



**DCC plc**

**Terms of Reference**

**for the Nomination and Governance Committee**

**5 April 2011**

# **DCC plc**

## **Terms of Reference for the Nomination and Governance Committee**

The Nomination and Governance Committee (the Committee) is a committee of the Board of Directors of DCC plc (the Board), from which it derives its authority and to which it regularly reports.

### **1. Constitution and Authority**

- 1.1 The Committee is authorised by the Board to seek any information it requires from any director, officer or employee of the Company in order to perform its duties.
- 1.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice.
- 1.3 The Committee shall, at least once a year, review its own performance and terms of reference to ensure it is operating at maximum effectiveness and report the conclusions and recommendations for any changes it considers necessary to the Board for approval.

### **2. Membership**

- 2.1 Members of the Committee shall be appointed by the Board.
- 2.2 The Committee shall comprise the Chairman of the Board, the Deputy Chairman / Senior Independent Director and up to three other non-executive Directors, so that the majority of the members are independent non-executive directors.
- 2.3 The Board shall appoint the Committee Chairman, who shall be the Chairman of the Board, the Deputy Chairman / Senior Independent Director or an independent non-executive Director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 2.4 A quorum shall be two members.
- 2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided that the majority of the Committee members remain independent.
- 2.6 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

### **3. Meetings**

- 3.1 The Committee shall meet at least four times a year.
- 3.2 Only members of the Committee have the right to attend Committee meetings. However, other Directors and executives and external advisors may be invited to attend for all or part of any meeting as and when appropriate.

- 3.3 The Group Secretary shall act as Secretary to the Committee.
- 3.4 Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

#### **4. Duties**

##### **Composition of the Board:**

The duties of the Committee in relation to the Board are as follows:

- 4.1 to regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- 4.2 to keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 4.3 to give full consideration to succession planning for Directors, in particular the Chairman and Chief Executive, and Group senior management taking into account the challenges and opportunities facing the Company and what skills and expertise are needed;
- 4.4 to identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 4.5 before making a nomination, to evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation, to prepare a description of the role and capabilities required for a particular appointment;
- 4.6 in identifying suitable candidates, the Committee shall (i) use such methods to facilitate the search as it deems necessary (ii) consider candidates on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender and (iii) establish that candidates will have sufficient time to devote to the position;
- 4.7 for the appointment of a Chairman, to prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises;
- 4.8 to ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.
- 4.9 The Committee shall also make recommendations to the Board as regards:
- the appointment of suitable candidates for the role of Deputy Chairman / Senior Independent Director;
  - the appointment of Chairmen and members of the Committee and of the Audit and Remuneration Committees;

- the appointment of the Company Secretary;
- the re-appointment of any non-executive Director at the conclusion of their specified term of office;
- the re-election by shareholders of any Director under the retirement by rotation provisions in the Company's Articles of Association;
- if and when circumstances deem necessary, the appropriateness of the continuation in office of any Director; and
- the approval of significant changes in the responsibilities of any executive Director.

### **Corporate Governance:**

The duties of the Committee in relation to Corporate Governance are as follows:

- 4.10 to monitor the Company's compliance with corporate governance best practice and with applicable legal, regulatory and listing requirements (including but not limited to the Companies Acts, the Listing Rules and the UK Corporate Governance Code) and to recommend to the Board such changes or additional action as the Committee deems necessary;
- 4.11 to advise the Board periodically of significant developments in the law and practice of corporate governance; and
- 4.12 to review and approve the Corporate Governance statement in the Annual Report and any other material information being made public in respect of the Company's corporate governance.

### **5. Reporting**

- 5.1 The Chairman of the Committee shall report to the Board following each meeting of the Committee.
- 5.2 The Annual Report shall include details of the membership of the Committee and a description of its duties and activities, including the process used for Board appointments and explain if neither external advice nor open advertising was used in the appointment of the Chairman or a non-executive Director.
- 5.3 The Chairman of the Committee shall attend the Annual General Meeting to answer questions on the Committee's activities.