

BALFOUR BEATTY plc

BOARD COMMITTEES

3. NOMINATION COMMITTEE

1. Membership

- 1.1 The Committee shall be appointed by the Board and its membership shall be as set out in the Board Committee Membership Schedule. The Committee shall comprise the Chairman of the Company and at least four other members.
- 1.2 A majority of members of the Committee shall be independent Non-Executive Directors.
- 1.3 The Board shall appoint the Committee Chairman who may be the Chairman of the Board. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
- 1.4 The Chief Executive and the Human Resources Director shall normally attend at the invitation of the Committee.
- 1.5 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods provided that the majority of the Committee members continue to be independent.

2. Secretary

The Secretary of the Company (or their nominee) shall act as the Secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be two both of whom must be independent Non-Executive Directors.

4. Frequency of meetings

The Committee shall meet at such times as the Chairman of the Committee shall require and at least once a year.

5. **Notice of Meetings**

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman of the Committee or any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be provided to each member of the Committee no fewer than three working days (if practicable) prior to the date of the meeting. Supporting papers shall be sent to members of the Committee and to other attendees as appropriate, at the same time.

6. **Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Chairman shall ensure that, in the event of any conflicts of interest being noted, appropriate control measures are taken in the way such conflicts are managed at that meeting.
- 6.3 Minutes of the Committee meeting shall be circulated to all members of the Committee and to the other Non-Executive Directors (unless a conflict of interest exists).

7. **Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting of the Company and shall respond to any shareholder questions on the Committee's activities and responsibilities.

8. **Duties**

- 8.1 The Committee shall:
 - 8.1.1 regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
 - 8.1.2 be responsible for identifying and nominating candidates from a wide range of backgrounds for the approval of the Board, to fill Board vacancies as and when they arise;
 - 8.1.3 evaluate the balance of skills, knowledge and experience on the Board and of the role and capabilities required before recommending an appointment;

- 8.1.4 satisfy itself with regard to succession planning, that the processes and plans are in place with regard to both Board and senior appointments;
 - 8.1.5 keep under review the leadership needs of the organisation, both at Board level and for senior appointments with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
 - 8.1.6 make arrangements as it sees fit for the evaluation of the performance of all members of the Board and of the Board and its Committees itself and take steps to ensure that the Directors' Report and Accounts includes a statement about such evaluation process as required by the Combined Code;
 - 8.1.7 ensure on appointment that a candidate has sufficient time to undertake the role and review his commitments, ensuring that if he is an executive of another company this will be his sole non-executive appointment and, in the event that a candidate for Chairman is being considered, take note that he cannot be a chairman of more than one FTSE100 company or equivalent; and
 - 8.1.8 ensure that the Secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and proposing an induction plan in a form approved from time to time by the Chairman.
- 8.2 It shall also make recommendations to the Board:
- 8.2.1 as regards the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office, especially when they have concluded their second term;
 - 8.2.2 concerning the re-election by shareholders of any Director under the "retirement by rotation" provisions in the Company's articles of association;
 - 8.2.3 concerning the appointment of any Director to executive or other office;
 - 8.2.4 as regards suitable candidates for the role of Senior Independent Director; and
 - 8.2.5 regarding information proposed to be published in the Directors' Report and Accounts relating to the activities of the Committee including the number of meetings and attendance levels and the reasons why a Director should be appointed by shareholders at a forthcoming Annual General Meeting.

9. **Reporting Procedures**

- 9.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board.

10. **Authority**

- 10.1 The Committee is authorised by the Board to:
 - 10.1.1 seek any information it requires from any employee of the Company in order to perform its duties;
 - 10.1.2 obtain external professional services, funded by the Company, on any matter it considers appropriate to its terms of reference and such advisors may attend meetings as necessary.

Approved 7 October 2008
Effective from 7 October 2008