

Terms of reference for the United Drug plc Nomination Committee

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board. The Board shall also be responsible for setting the term of members' appointments and for the revocation of any such appointment. The Committee shall be made up of at least three members, the majority of whom shall be independent non-executive directors.
- 1.2 Only members of the Committee have the right to attend committee meetings. However, other individuals and external advisors may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods.
- 1.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director.

2. Secretary

- 2.1 The Company Secretary, or such other person as the Committee shall consider appropriate, shall be Secretary of the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two non-executive directors. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. All or any members of the Committee may participate in a meeting by teleconference or videoconference. A person so participating is deemed to be present in person at the meeting and shall be counted in quorum accordingly.

4. Meetings

- 4.1. The Committee shall meet at least once a year and additionally as required.
- 4.2 In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair the meeting.
- 4.3 The Chairman of the Board should not chair a meeting when it is dealing with the matter of succession to the chairmanship.
- 4.4 The Secretary shall minute the proceedings and resolutions of all Committee

meetings, including the names of those present and in attendance.

5. Annual General Meeting

- 5.1. The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder queries regarding the Committee's activities.

6. Duties

- 6.1. 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.
- 6.2. Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore needed on the Board in the future.
- 6.3. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 6.4. Before making an appointment, evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
 - (i) Use open advertising or the services of external advisers to facilitate the search, if required;
 - (ii) consider candidates from a wide range of backgrounds and skills as considered appropriate; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- 6.5 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.
- 6.6 Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.

- 6.7 Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 6.8 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.
- 6.9 The Committee shall also make recommendations to the Board concerning:
- 6.9.1 plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
 - 6.9.2 suitable candidates for the role of Senior Independent Director;
 - 6.9.3 membership of the Audit, Remuneration and other Board Committees, in consultation with the Chairmen of those Committees;
 - 6.9.4 the re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 6.9.5 the retirement age for Directors and its application;
 - 6.9.6 the re-election by shareholders of any director under the 'retirement by rotation' provisions in the Company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - 6.9.7 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law; and
 - 6.9.8 the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the full Board.

7. Reporting Responsibilities

- 7.1. The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 7.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 7.3. A separate section of the annual report should describe the work of the Committee in discharging its responsibilities.

8. Other Matters

The Committee shall:

- 8.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance if required;
- 8.2 review its terms of reference and its own effectiveness on an annual basis; and
- 8.3 undertake other related duties as agreed with the Board.

9. Authority

The Committee is authorised to:

- 9.1 investigate any activity within its terms of reference;
- 9.2 obtain, at the Group's expense, independent legal or other professional advice when the Committee believes it necessary to do so; and
- 9.3 seek any information that it requires from any employee of the Group in order to perform its duties.