

WH SMITH PLC

TERMS OF REFERENCE – NOMINATIONS COMMITTEE

1. COMPOSITION

- 1.1 The Nominations Committee shall be a Committee of the Board and its members appointed by the Board.
- 1.2 The Committee shall comprise not less than two independent non-executive directors of the Company of which at least one member will have recent and relevant experience. The Board shall appoint the Chairman of the Committee.
- 1.3 The Chairman of the Committee shall be either the Chairman of the Board or an independent non-executive director but the Chairman of the Board should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship.
- 1.4 The Company Secretary or his nominee shall be the Secretary to the Committee.
- 1.5 Each member shall hold office as a committee member for a period of up to three years, which may be extended by additional three-year periods, so long as the member, if appropriate, continues to be an independent non-executive director.
- 1.6 The Chairman and members shall be listed each year in the Company's Annual Report.

2. MEETINGS

- 2.1 The quorum for any meeting shall be two of the Committee members present at all times or by telephone.
- 2.2 The Committee shall normally meet at least two times a year and additionally as and when required. The Chairman of the Committee may convene meetings at his discretion. A meeting of the Committee may be called by any member of the Committee or by the Secretary.
- 2.3 Notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall be forwarded to each member of the Committee and to each other person invited to attend, not less than three working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Committee to all members of it and to arrange such meetings so that members are able to attend them.
- 2.4 A member of the Committee may participate in a Committee meeting by telephone.
- 2.5 In the event of equality of votes, the Chairman of the Committee shall have a casting vote.
- 2.6 If any member of the Committee is unable to act for any reason, the Chairman of the Committee may appoint another non-executive director of the Company agreed by other members of the Committee to act as that member's alternate.
- 2.7 The members of the Committee shall serve on the Committee at the discretion of the Board and may be removed by the Board.

3. RESPONSIBILITIES

3.1 The responsibilities of the Committee are:

- (a) 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;
- (b) to 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 company, and what skills and expertise are therefore needed on the Board in the future;
- (c) to be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- (d) before appointment is made by the Board, to 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;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (e) 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;
- (f) to keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (g) to 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;
- (h) 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;
- (i) prepare a job specification for the appointment of a Chairman, including assessment of the time commitment expected, recognising the need for availability in the event of crisis;
- (j) prepare a statement for inclusion in the Annual Report which complies with the requirements of the Combined Code; and
- (k) make available these terms of reference, explaining the role and the authority delegated to it by the Board.

3.2 The Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;

- (b) suitable candidates for the role of Senior Independent Director;
- (c) appointment of the Company Secretary;
- (d) membership of the Audit and Remuneration Committees, in consultation with the chairmen of those Committees;
- (e) 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;
- (f) the continuation (or not) in service of any director;
- (g) the re-election by shareholders of any director under the 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;
- (h) 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 their service contract; and
- (i) 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.

4. ANNUAL GENERAL MEETING

- 4.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

5. REPORTING PROCEDURE

- 5.1 The Chairman of the Committee shall make a verbal report to the next meeting of the Board of matters considered by the Committee.
- 5.2 The Secretary shall circulate to all members of the Board and invited attendees the minutes of the meetings of the Committee after the approval and signature by the Chairman.

6. TERMS OF REFERENCE - REVIEW

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

7. AUTHORITY

- 7.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 7.2 The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.