

SMITHS GROUP PLC

NOMINATION COMMITTEE

Terms of Reference

The Nomination Committee shall have the following terms of reference

1. Constitution

- 1.1 The Board has established a committee of the Board known as the Nomination Committee.
- 1.2 The Terms of Reference for the Committee outlined below are defined by the Board and may be amended by the Board at any time.

2. Membership and Operation

- 2.1 The Nomination Committee shall, unless otherwise determined by the Board, comprise the Company Chairman and a minimum of three Directors. The majority of members of the Committee shall be independent Non-Executive Directors. The quorum shall be two Committee members present throughout the meeting in person or by telephone. All members of the Committee shall be advised of the business to be transacted at any meeting even if they are unable to be present.
- 2.2 The Board is the sole authority for the appointment of members and the Chairman of the Nomination Committee and for the revocation of any such appointments.
- 2.3 An appointment to the Nomination Committee shall be for a period of three years, which may be extended for a second three year period and, only after rigorous review by the Board, a further three year period, provided that the majority of the Committee remain independent.
- 2.4 In the event that the Board appoints the Company Chairman as Chairman of the Nomination Committee, he would not chair the Committee when it is dealing with the appointment of his successor, when the members of the Committee would elect a chairman from among its members for the whole or relevant part of the meeting. No one other than the members of the Committee is entitled to be present at Committee meetings. However, the Chief Executive shall normally be invited to attend and external advisers may be invited to attend for all or part of any meeting. The Chairman and members of the Committee shall have the discretion to decide who else shall be invited to attend.

- 2.5 The Nomination Committee shall consult the Chief Executive about its proposals. The Company Secretary shall act as secretary to the Committee and shall provide notice of the Committee's meetings and produce such papers for and minutes of the meetings as are appropriate, in a timely manner. After approval and signature by the Chairman of the Committee, the secretary shall circulate them to all members of the Committee and, unless otherwise indicated by the Chairman of the Committee, the other Non-Executive Directors of the Company and the Chief Executive.
- 2.6 The Nomination Committee shall be provided with sufficient resources to undertake its duties. The Committee is authorised by the Board to obtain legal or other professional advice from both inside and outside the group as and when required, at the Company's expense, and to appoint external consultants and advisers if it considers this necessary or desirable. The Committee shall be exclusively responsible for appointing external consultants to provide advice to the Committee.
- 2.7 Each member of the Nomination Committee shall disclose to the Committee:
- (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.
- Any such member shall abstain from voting on resolutions of the Nomination Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and, if so requested by the Board, shall resign from the Committee.
- 2.8 A member of the Nomination Committee may participate in a Committee meeting by telephone.
- 2.9 In the event of equality of votes, the Chairman of the Nomination Committee shall have a casting vote.

3. Frequency of meetings

- 3.1 Meetings of the Nomination Committee shall be held as necessary but not less than once a year and at such other times as the Chairman of the Committee shall require.

4. Duties

- 4.1 The Nomination Committee shall:
- i. regularly review the structure, size and composition (including the required skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes;

- ii. give full consideration to succession planning for Directors and senior management;
- iii. before an appointment to the Board is made, 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:
 - use the services of external advisers to facilitate the search, at the Company's expense;
 - consider candidates from a wide range of backgrounds; and
 - consider candidates on merit and against objective criteria, taking care that an appointee shall have enough time available to devote to the position;
- iv. review annually the time required from Non-Executive Directors and assess whether each Non-Executive Director contributes effectively and demonstrates commitment to the role;
- v. ensure that on appointment to the Board, a Non-Executive Director receives a formal Letter of Appointment setting out clearly what is expected of him in terms of time commitment, Committee service and involvement outside Board meetings; and
- vi. prepare a job specification for the appointment of a Chairman of the Company, including an assessment of the time commitment expected, recognising the need for availability in the event of crises.

4.2 The Nomination Committee shall also make recommendations to the Board concerning:

- i. plans for succession for both Executive and Non-Executive Directors;
- ii. suitable candidates for the role of Senior Independent Director;
- iii. membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those Committees;
- iv. the re-appointment of any Director or Non-Executive Director at the conclusion of his term in office;
- v. any matters relating to the continuation in office of any Director at any time including whether a Director should be put forward for re-appointment; and
- vi. the appointment of any Director to executive or other office.

- 4.3 The Nomination 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.

5. Other Matters

- 5.1 The Nomination Committee will consider and recommend to the Board the content of a statement to be included in the Annual Report, which complies with the requirements of the Combined Code on Corporate Governance, about its activities and the process used to make appointments. The Chairman and members of the Committee shall be listed in the Annual Report together with a statement of the number of Committee meetings and attendance by each member.
- 5.2 The Chairman of the Nomination Committee shall be available to answer questions at the Annual General Meeting on the Committee's activities.
- 5.3 The Nomination Committee shall undertake any other duties as directed by the Board.
- 5.4 The Nomination Committee shall make available these Terms of Reference, explaining its role and the authority delegated it by the Board, on request and by including the information on the Company's website.

These Terms of Reference were adopted by the Board on 18 May 2004.