

**Invensys plc
Nominating Committee
Terms of Reference**

As adopted on 20 September 2006

The Nominating Committee (“the Committee”)
The Board of Directors of Invensys plc (“the Board”)
Invensys plc (“the Company”)

1. Constitution

- 1.1 The Committee is a sub-committee of the Board appointed in accordance with Article 105 of the Company’s Articles of Association.
- 1.2 The Terms of Reference for the Committee are defined by the Board and may be amended by the Board at any time.

2 Membership

- 2.1 Members of the Committee will be appointed by the Board and will be made up of least 3 members, the majority of whom should be independent non-executive directors.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.3 Appointments to the Committee will 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.
- 2.4 The Board will appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present will elect one of their number to chair the meeting. The Chairman of the Board will not chair the Committee when it is dealing with the matter of succession to the chairmanship.

3. Secretary

- 3.1 The Company Secretary or their nominee will act as the Secretary of the Committee.
- 3.2 The Company Secretary will ensure that these Terms of Reference are publicly available.

4. Quorum

- 4.1 The quorum necessary for the transaction of business will be 2 both of whom must be independent non-executive directors. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Frequency of Meetings

- 5.1 The Committee will meet at such other times as the Chairman of the Committee will require.

6. Notice of Meetings

- 6.1 Meetings of the Committee will be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.

7. Minutes of Meetings

- 7.1 The Secretary will minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Minutes of Committee meetings will be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

8. Annual General Meeting

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

9. Duties

- 9.1 The Committee will:
- 9.1.1 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;
 - 9.1.2 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 company, and what skills and expertise are therefore needed on the Board in the future;

- 9.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
 - 9.1.4 before any appointment is made by the Board, 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 will:
 - 9.1.5 use open advertising or the services of external advisers to facilitate the search;
 - 9.1.6 consider candidates from a wide range of backgrounds; and
 - 9.1.7 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - 9.1.8 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;
 - 9.1.9 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
 - 9.1.10 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;
 - 9.1.11 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;
 - 9.1.12 for the appointment of a Chairman of the Board, the Committee should prepare a job specification, including an assessment of the time commitment, recognising the need for availability in the event of crises. A Chairman's significant commitments should be disclosed to the Board before appointment. No individual should be appointed to a second chairmanship of the FTSE 100 company.
- 9.2 The Committee will also make recommendations to the Board concerning:
- 9.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive (subject to 9.2.7 below);

- 9.2.2 the continuation (or not) in service of any director who has reached the age of 70;
- 9.2.3 suitable candidates for the role of senior independent director;
- 9.2.4 membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees;
- 9.2.5 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;
- 9.2.6 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;
- 9.2.7 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 their service contract; and
- 9.2.8 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.

10. Reporting Responsibilities

- 10.1 The Committee Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee will make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Chairman's other significant commitments should be included in the annual report for the year in which the appointment is made.

11. Other

- 11.1 The Committee will, 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.

- 11.2 The terms and conditions of appointment of non-executive directors should be made available for inspection at the Company's registered office and at the Company's annual general meeting.

12. Authority

- 12.1 The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 12.2 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.