

NOMINATION COMMITTEE REPORT

Role of the Nomination Committee

The Nomination Committee is a sub-committee of the board whose purpose is to advise the board on the appointment and, if necessary, dismissal of executive and non-executive directors. The full terms of reference of the Nomination Committee are provided on the company's website at www.matthey.com.

Composition of the Nomination Committee

The Nomination Committee comprises all the independent non-executive directors together with the group Chairman. The quorum necessary for the transaction of business is two, each of whom must be an independent non-executive director. Biographical details of the independent directors and the group Chairman are set out on pages 38 and 39. Their remuneration is set out on page 50.

The group Chairman acts as the Chairman of the Nomination Committee, although the group Chairman may not chair the Nomination Committee when it is dealing with the matter of succession to the Chairmanship of the company. A non-executive director may not chair the Nomination Committee when it is dealing with a matter relating to that non-executive director.

Only members of the Nomination Committee have the right to attend Nomination Committee meetings. However, other individuals, such as the Chief Executive, the Director of Human Resources and external advisers, may be invited to attend for all or part of any meeting as and when appropriate.

The Company Secretary is secretary to the Nomination Committee.

The Nomination Committee has the authority to seek any information that it requires from any officer or employee of the company or its subsidiaries. In connection with its duties, the Nomination Committee is authorised by the board to take such independent advice (including legal or other professional advice, at the company's expense) as it considers necessary, including requests for information from or commissioning investigations by external advisers.

Main Activities of the Nomination Committee

The Nomination Committee met six times during the financial year ended 31st March 2009; on 1st and 29th April, 3rd June and 24th November 2008 and on 3rd February and 31st March 2009.

The Nomination Committee met on 1st April 2008 to discuss and make recommendations to the board for the appointments of a Senior Independent Director and Chairman of the Management Development and Remuneration Committee following the retirement of Mr C D Mackay from the board on 31st March 2008. After full discussion, taking into account all relevant factors and considering the corporate governance and Combined Code background to the proposed appointments (including the role of the Senior Independent Director under the Combined Code), the Nomination Committee agreed to recommend to the board that Mr A M Thomson be appointed Senior Independent Director and that Mr R J W Walvis be appointed Chairman of the Management Development and Remuneration Committee. The board approved the recommendations at its meeting on 1st April 2008.

At its meeting on 1st April 2008, the Nomination Committee went on to discuss and agree the process for the selection and appointment of a non-executive director to replace Mr I C Strachan, who would be retiring from the board on 31st March 2009. The Nomination Committee evaluated the balance of skills, knowledge and experience on the board and, in the light of this evaluation, prepared a description of the role and capabilities required for the appointment. At its meetings between 1st April 2008 and 3rd February 2009 the Nomination Committee agreed the appointment of an external search consultant, formed an interview panel comprising the Chairman, Senior Independent Director and the Chief Executive and considered a shortlist of candidates. The suitability of each proposed candidate was carefully considered, including whether they could devote sufficient time to the role. At its meeting on 3rd February 2009, the Nomination Committee agreed to recommend the appointment of Sir Thomas Harris with effect from 1st April 2009, following the retirement of Mr Strachan. The board accepted the recommendation at its meeting later that day.

Also at its meeting on 1st April 2008, the Nomination Committee began consideration of the process for the selection and appointment of a new Group Finance Director to replace Mr J N Sheldrick on his proposed retirement from the board on 7th September 2009. The Nomination Committee took further steps in the selection and appointment process at its meetings between 1st April 2008 and 3rd February 2009. The Nomination Committee considered the skills, knowledge and experience which the role demanded and a specification was drawn up. An external search consultant was appointed to assist in the process. A sub-committee of the Nomination Committee, comprising the Chairman and the Senior Independent Director, assisted by the Chief Executive, was appointed to take the selection process forward. Several candidates were interviewed by the sub-committee. At its meeting on 3rd February 2009, following feedback from its sub-committee, the Nomination Committee agreed to recommend to the board the appointment of Mr R J MacLeod as an executive director and Group Finance Director designate with effect from 22nd June 2009. The board approved the appointment of Mr MacLeod at its meeting on 3rd February 2009.

At its meeting on 31st March 2009, the Nomination Committee considered and recommended to the board the proposed appointment of Mr W F Sandford as an executive director following Dr P N Hawker's decision to retire from the board at the forthcoming Annual General Meeting on 21st July 2009. It also considered and recommended to the board the proposed change in responsibilities of Mr L C Pentz to Executive Director, Environmental Technologies. Proposals for new appointments to the Chief Executive's Committee with effect from 1st April 2009 were also discussed. The board approved the appointment of Mr Sandford and the change in responsibilities of Mr Pentz at its meeting on 31st March 2009.

On behalf of the Nomination Committee:



Sir John Banham
Chairman of the Nomination Committee