

## **NOMINATIONS COMMITTEE**

### **Terms of Reference**

**Adopted 16 January 2015**

#### **1. Constitution**

The board of directors of the Company (“the board”) has established a committee of the board to be known as the Nominations Committee as part of the process for establishing formal rigorous and transparent procedure for the appointment of new directors to the board.

#### **2. Membership**

2.1. The committee shall comprise at least three directors and a majority of the members of the committee shall be independent non-executive directors. Only members of the committee have the right to attend committee meetings, however, other individuals, including the executive directors, may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

2.2. Appointments to the committee are made by the board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the director still meets the criteria for membership of the committee.

2.3. The board shall appoint the committee chairman, who should either be the chairman of the board or an independent non-executive director. In the absence of the committee chairman at any meeting, the remaining members present shall elect one of themselves to chair the meeting from those qualifying under these terms of reference to be appointed to that position by the board. The chairman of the board shall not chair the committee when it is dealing with the matter of the chairman’s succession.

2.4. A quorum shall be two of whom at least one must be a non-executive director.

#### **3. Secretary**

The Company Secretary or his or her nominee shall act as secretary of the committee.

#### **4. Quorum**

The quorum necessary for the transaction of business shall be two, both of whom shall be independent 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 discretion vested in or exercisable by the committee.

#### **5. Frequency of meetings**

The committee shall meet at least once a year and otherwise as required.

## **6. Notice of meetings**

- 6.1. Meetings shall be called by the secretary of the committee at the request of the committee chairman.
- 6.2. Unless otherwise agreed, notice of meeting confirming the time, date and venue and accompanied by an agenda of matters to be discussed and any supporting papers, shall be sent to each member of the committee, and any other person requested to attend if appropriate, at least five days before the date of the meeting.

## **7. Minutes of meetings**

- 7.1. The secretary shall minute the proceedings and resolutions of all committee meetings.
- 7.2. Draft minutes of the committee meetings shall be circulated promptly to all members of the committee and, once approved, the minutes should be circulated to other members of the board unless it would be inappropriate to do so.

## **8. Annual General Meeting**

The committee chairman should attend the annual general meeting of the Company to answer any shareholder questions on the committee's activities.

## **9. Duties**

9.1. The duties of the committee shall be to:

- 9.1.1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board with regard to any changes that are deemed necessary;
- 9.1.2. satisfy itself with regard to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the board in the future;
- 9.1.3. keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the market in which it operates;
- 9.1.4. be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
- 9.1.5. before any appointment is made by the board, evaluate the balance of skills, experience, independence and knowledge on the board and, in the light of this evaluation, prepare or approve a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the committee shall:
  - (a) consider whether open advertising or the services of external advisers are appropriate to facilitate the search;
  - (b) consider candidates from a wide range of backgrounds;
  - (c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender.

- 9.1.6. ensure on appointment that a candidate has sufficient time to undertake the role;
  - 9.1.7. for an appointment of a chairman, prepare a job description, including the time commitment expected, and request the proposed chairman to disclose his other significant commitments to the board;
  - 9.1.8. prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest with the Company;
  - 9.1.9. ensure that on appointment to the board, all non-executive directors receive a formal letter of appointment setting out clearly the time commitment expected of them in carrying out their role;
  - 9.1.10. review the results of the board performance evaluation process that relate to the composition of the board;
  - 9.1.11. 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 fulfill their duties; and
  - 9.1.12. work and liaise as necessary with all other board committees.
- 9.2. The committee shall also make recommendations to the board concerning:
- 9.2.1. succession plans for both executive and non-executive directors and, in particular, the key roles of chairman and chief executive;
  - 9.2.2. suitable candidates for the role of senior independent director;
  - 9.2.3. membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees;
  - 9.2.4. the re-appointment of any non-executive director at the conclusion of his or her specified term of office, having given due regard to his or her performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years);
  - 9.2.5. the re-election by shareholders of any director under the retirement provisions in the company's articles of association and the annual re-election provisions of the Code, if applicable, having due regard to their performance and ability to continue to contribute to the board;
  - 9.2.6. 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 law and his or her service contract; and
  - 9.2.7. concerning the appointment of any director to executive or other office.

## **10. Reporting procedures**

- 10.1. The committee chairman shall report to the board on its proceedings after each meeting.
- 10.2. The committee shall make whatever recommendations to the board that it deems appropriate on any area within its remit.
- 10.3. A section will be included in the corporate governance section of the annual report describing the committee's work and disclosing the following:-
  - An explanation of the terms of reference of the committee;
  - The names of all members of the committee during the period;
  - The number of meetings held and attendance levels;
  - A statement detailing the activities and process used for appointments to the board during the period, including whether open advertising or external search consultants were used in the appointment of a chairman or non-executive director and an explanation if not used;
  - Where external search consultants were used, their name and whether they have any other connection with the Company; and
  - A description of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

## **11. Other matters**

- 11.1. The committee is authorised by the board to investigate any activity within its terms of reference and to seek any information it requires from any employee of the Company.
- 11.2. The committee shall have access to sufficient resources to enable it to carry out its duties, including access to the company secretary for assistance where required.
- 11.3. The committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 11.4. The committee is authorised by the board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 11.5. The committee shall give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules.
- 11.6. The committee shall arrange for periodic reviews of its own performance and, at least annually, review its 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.