



EVERSHEDS

Dated 17 October 2014

Eurocell plc

Terms of reference for the Audit Committee

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EUROCELL PLC
AUDIT COMMITTEE
TERMS OF REFERENCE

1. PURPOSE

The purpose of the Committee is to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the UK Corporate Governance Code, and to maintain an appropriate relationship with the Company's auditors, as required by section C.3 of the UK Corporate Governance Code.

2. CONSTITUTION AND MEMBERSHIP

2.1 The Audit Committee has been established as a committee of the Board by resolution of the Board.

2.2 The members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee and in consultation with the chairman of the audit committee. The Committee shall comprise at least two members, all of whom shall be independent non-executive directors. The Chairman of the Company may be a member of, but not chair the Committee, provided he or she was considered independent on appointment. At least one member of the Committee should have significant, recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

2.3 The chairman of the Committee shall be appointed by the Board, on the recommendation of the nomination committee. In the absence of the chairman of the Committee, the members present shall select one of their number present (other than the Chairman of the Company, if he is a member of the Committee) to chair the meeting.

2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further periods of up to three years, provided the director still meets the criteria for membership of the Committee.

2.5 The Committee shall nominate one of its members to act as secretary of the Committee.

3. ATTENDANCE

3.1 The Committee shall invite a representative of the external auditors and the head of the internal audit function to attend meetings of the Committee on a regular basis. In each year, the Committee should have at least one meeting, or part of a meeting, with the external auditors without management being present.

3.2 The Committee may request the Chairman of the Company, CEO, CFO, other directors, the heads of risk, compliance and internal audit, representatives from the finance function and any relevant senior management to attend meetings of

the Committee, either regularly or by invitation, but such invitees have no right of attendance.

- 3.3 The Committee shall meet the head of internal audit at least once a year without management being present. In addition the head of the internal audit function shall have the right of direct access to the chairman of the Committee.

4. MEETINGS

- 4.1 The Committee will meet at least three times each year, having regard to the Company's financial reporting and audit cycle, and at such other times as the chairman of the Committee shall think fit.
- 4.2 Meetings of the Committee will be arranged to tie in with the publication of the Company's financial statements. Meetings should be held at least five working days prior to any board meeting at which accounts or financial statements are to be approved, unless all the members of the Committee agree otherwise.
- 4.3 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the chairman of the Committee, or at the request of external or internal auditors if they consider it necessary.
- 4.4 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant papers, should normally be circulated to each member of the Committee, to any other person required to attend, and to all other non-executive directors, at least five working days prior to the date of the meeting.
- 4.5 The quorum for meetings of the Committee shall be two members at least one of whom has significant recent and relevant financial experience.
- 4.6 Decisions of the Committee will be made by majority vote. In the event of an equality of votes, the chairman of the Committee will have a second or casting vote.

5. REPORTING

- 5.1 Sufficient time should be allowed after committee meetings for the committee to report to the board on the nature and content of discussion, on recommendations, and on actions to be taken. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, and shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, and to the Company Secretary unless it would be inappropriate to do so.
- 5.2 The chairman of the Committee shall report formally to the Board of the Company on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report on how it has discharged its responsibilities. This report shall include:

- 5.2.1 the significant issues that it considered in relation to the financial statements (required under **paragraph 6.1.1**) and how these were addressed;
 - 5.2.2 its assessment of the effectiveness of the external audit process (required under **paragraph 6.5**) and its recommendation on the appointment or reappointment of the external auditor; and
 - 5.2.3 any other issue on which the Board had requested the Committee's opinion.
- 5.3 The chairman of the Committee or, as a minimum, another member of the Committee, shall attend the Board meeting at which the Company's accounts are approved.
- 5.4 The Committee shall make whatever recommendations to the Board that it deems appropriate on an area within its remit where action or improvement is needed.
- 5.5 The Committee shall prepare a report on its activities to be included in the Company's annual report and accounts.
- 5.6 The report shall include an explanation of how the committee has addressed:
- 5.6.1 the effectiveness of the external audit process;
 - 5.6.2 the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor; and
 - 5.6.3 all other information requirements set out in the UK Corporate Governance Code.
- 5.7 The chairman of the Committee should be present at the Company's AGM to respond to questions on matters within the responsibility of the Committee.

6. DUTIES OF THE COMMITTEE

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

6.1 Financial Statements

- 6.1.1 The Committee shall monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing and reporting to the board on significant financial reporting issues and judgements contained in them having regard to matters communicated to it by the auditor.
- 6.1.2 In particular, the Committee shall review and challenge where necessary:

- 6.1.2.1 the consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Company/group;
- 6.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
- 6.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- 6.1.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made;
- 6.1.2.5 significant adjustments resulting from the audit;
- 6.1.2.6 the going concern assumption;
- 6.1.2.7 compliance with accounting standards;
- 6.1.2.8 compliance with stock exchange and other legal requirements; and
- 6.1.2.9 all material information presented with the financial statements, such as the strategic report and the corporate governance statement relating to the audit and to risk management.

- 6.1.3 Where the Committee is not satisfied with any aspect of the proposed financial reporting by the company it shall report its views to the board.

6.2 Narrative reporting

Where requested by the Board, the Committee should review the content of the annual report and accounts and advise the board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

6.3 Internal Control and Risk Assessment Systems

The Committee shall

- 6.3.1 keep under review the adequacy and effectiveness of the Company's internal financial reporting and internal control policies and systems, covering all material controls, including financial, operational and compliance controls, and the Company's procedures for the identification, assessment, management and reporting of risks; and

- 6.3.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.

6.4 Compliance, Whistleblowing and Fraud

The Committee shall:

- 6.4.1 review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and Independent Investigation of such matters and appropriate follow up action;
- 6.4.2 review the Company's procedures for detecting fraud;
- 6.4.3 review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- 6.4.4 review regular reports from the money laundering reporting officer and the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- 6.4.5 review regular reports from the compliance officer and keep under review the adequacy and effectiveness of the company's compliance function.

6.5 Internal Audit

The Committee shall:

- 6.5.1 approve the appointment or termination of appointment of the head of the internal audit function;
- 6.5.2 review and approve the remit of the internal audit function and ensure it has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with the appropriate professional standards for internal auditors;
- 6.5.3 ensure that the internal auditor has direct access to the board chairman and to the committee chairman and is accountable to the committee;
- 6.5.4 review and assess the annual internal audit plan;
- 6.5.5 receive a report on the results of the internal auditor's work on a periodic basis;
- 6.5.6 review and monitor management's responsiveness to the internal auditor's findings and recommendations;

- 6.5.7 meet the head of internal audit at least once a year, without management being present; and
- 6.5.8 monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.

6.6 External Audit

The Committee shall:

- 6.6.1 consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 6.6.2 ensure that at least once every ten years the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure all tendering firms have such access as is necessary to information and individuals during the tendering process;
- 6.6.3 if an auditor resigns investigate the issues leading to this and decide whether any action is required;
- 6.6.4 oversee the relationship with the external auditor including (but not limited to):
 - 6.6.4.1 recommendations on their remuneration, whether fees for audit or non-audit services and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;
 - 6.6.4.2 approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 6.6.4.3 assessing annually their independence and objectively taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - 6.6.4.4 satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

- 6.6.4.5 agreeing with the Board a policy on the employment of former employees of the Company's auditor's, and monitoring the implementation of this policy;
- 6.6.4.6 monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- 6.6.4.7 assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 6.6.4.8 as part of assessing the effectiveness of the audit process annually, matters which may be considered include:
 - (a) reviewing whether the external auditor has met the agreed audit plan and understand the reasons for any changes;
 - (b) considering the robustness and perceptiveness of the external auditors in their handling of key accounting and audit judgements identified;
 - (c) obtaining feedback about the conduct of the audit from key employees engaged in the process; and
 - (d) reviewing and monitoring the content of the external auditor's management letter and establishing whether recommendations have been acted upon and if not, the reasons why they have not been acted upon;
- 6.6.4.9 seeking to ensure co-ordination with the activities of the internal audit function; and
- 6.6.4.10 evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of withdrawal of their auditor from the market in that evaluation;
- 6.6.5 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;

- 6.6.6 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to seniority, expertise and experience of the audit team; and
- 6.6.7 review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - 6.6.7.1 a discussion of any major issues which arose during the audit;
 - 6.6.7.2 key accounting and audit judgements;
 - 6.6.7.3 levels of errors identified during the audit; and
 - 6.6.7.4 the effectiveness of the audit.

The Committee shall also:

- 6.6.8 review any representation letter(s) requested by the external auditor before they are signed by management;
- 6.6.9 review the management letter and management's response to the auditor's findings and recommendations; and
- 6.6.10 develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to audit an objectivity and independence, taking into account any relevant ethical guidance on the matter.

7. OTHER MATTERS

The Committee shall:

- 7.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 7.2 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;
- 7.3 give due consideration to 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 and any other applicable rules, as appropriate;
- 7.4 be responsible for co-ordination of the internal and external auditors;
- 7.5 oversee any investigation of activities which are within its terms of reference; and

- 7.6 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.

8. **AUTHORITY**

The Committee is authorised to:

- 8.1 seek any information it requires from any employees or officers in order to perform its duties;
- 8.2 obtain, at the Company's expense, expert independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- 8.3 call any employee to be questioned at a meeting of the Committee as and when required; and
- 8.4 have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the Board.

These terms of reference were adopted by resolution of the Board passed on **3**
March 2015.



Dated 17 October 2014

Eurocell plc

Terms of reference for the Remuneration Committee

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14 November 2014

EUROCELL PLC

REMUNERATION COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

The purpose of the Committee is to establish a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual directors, as required by section D.2 of the UK Corporate Governance Code.

2. CONSTITUTION AND MEMBERSHIP

2.1 The Remuneration Committee has been established as a committee of the Board by resolution of the Board.

2.2 The members of the Committee shall be appointed by the Board, on the recommendation of the nomination committee and in consultation with the chairman of the Remuneration Committee. The Committee shall comprise at least two members, all of whom shall be independent non-executive directors. In addition the Company Chairman may also be a member of, but not chair, the committee if he or she was considered independent on appointment as Chairman.

2.3 The chairman of the Committee shall be appointed by the Board, on the recommendation of the nomination committee. In the absence of the chairman of the Committee, the members present shall select one of their number present to chair the meeting. The Chairman of the Company shall not be eligible to be appointed as chairman of the Committee.

2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended by no more than two further periods of up to three years, provided the director still meets the criteria for membership of the Committee.

2.5 The Committee shall nominate one of its members to act as secretary of the Committee.

3. ATTENDANCE

3.1 The Committee may request the Chairman of the Company, CEO, CFO, HR Director and any relevant senior management to attend meetings of the Committee, either regularly or by invitation, but such invitees have (save as set out in the following paragraph, or, in the case of the Chairman of the Company, save as appointed to the Committee in accordance with **paragraph 2.2**), no right of attendance.

- 3.2 The Chief Executive shall have the right to address any meeting of the Committee.

4. MEETINGS

- 4.1 The Committee will meet at least twice each year and at such other times as the chairman of the Committee shall think fit.
- 4.2 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the chairman of the Committee.
- 4.3 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant papers, should normally be circulated to each member of the Committee, to any other person required to attend, and to all other non-executive directors, at least five working days prior to the date of the meeting.
- 4.4 The quorum for meetings of the Committee shall be two members.
- 4.5 Decisions of the Committee will be made by majority vote. In the event of an equality of votes the chairman of the Committee will have a second or casting vote.

5. REPORTING

- 5.1 Sufficient time should be allowed after committee meetings for the committee to report to the board on the nature and content of discussion, on recommendations, and on actions to be taken. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, and to the Company Secretary unless it would be inappropriate to do so.
- 5.2 The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 5.3 The Committee shall ensure that provisions regarding disclosure of information including pensions, as set out in the Large and Medium Sized Companies and Groups (Accounts & Reports) Regulation 2008 and the UK Corporate Governance Code as fulfilled and produce a report on the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any connection with the Company.

- 5.4 The Committee shall make whatever recommendations to the Board that it deems appropriate on an area within its remit where action or improvement is needed.
- 5.5 The chairman of the Committee should be present at the Company's AGM to respond to questions on matters within the responsibility of the Committee.
- 5.6 Through the chairman of the board, ensure that the Company maintains contact as required with its principal shareholders about remuneration.

6. DUTIES OF THE COMMITTEE

- 6.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.
- 6.2 The Committee shall:
 - 6.2.1 have responsibility for setting a remuneration policy for all executive directors, the Chairman of the Company and such other members of the executive management as it is designated to consider. Such policy shall be approved by shareholders as required under the Companies Act 2006;
 - 6.2.2 recommend and monitor the level and structure of remuneration for senior management;
 - 6.2.3 In determining the remuneration policy, take into account all factors which the Committee deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of the policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Company and alignment to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate individual performance and to promote the long term success of the Company;
 - 6.2.4 when setting remuneration policy for directors, review and have regard to the pay and employment conditions across the Company or group especially when determining annual salary increases;
 - 6.2.5 Investigate any matter within its terms of reference (at the cost of the Company). The Committee is authorised to seek any information it

requires from any employee in order to perform its duties and all employees are directed to co-operate with any requests made by the Committee;

- 6.2.6 review the ongoing appropriateness and relevance of the remuneration policy and ensure that it is approved by shareholders at least every three years;
- 6.2.7 within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of the Chairman, each executive director, company secretary and other designated senior executives including bonuses, incentive payments and share options or other share awards. The board itself or, where required by the Articles of Association, the shareholders should determine the remuneration of non-executive directors within the limits set in the agreed remuneration policy and the Articles of Association. No director or manager shall be involved in any decisions as to his or her own remuneration;
- 6.2.8 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company but within any budgetary restraints imposed by the Board;
- 6.2.9 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 6.2.10 within the terms of the agreed remuneration policy, approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- 6.2.11 within the terms of the agreed remuneration policy, review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, company secretary and other designated senior executives and the performance targets to be used;
- 6.2.12 determine, as part of the general remuneration policy, as approved by shareholders, the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;

- 6.2.13 ensure that contractual terms on termination, and any payments made, are in line with the Company's remuneration policy, as adopted by shareholders, fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 6.2.14 oversee any major changes in employee benefits structures throughout the Company or group;
- 6.2.15 when required, request that the Board seek shareholder approval of all new employee share schemes, as required by the Listing Rules;
- 6.2.16 administer and review all aspects of any share option scheme operated by or to be established by the Company (excluding any SAYE share scheme), (subject always to the rules of that scheme and any applicable legal and regulatory requirements) including but not limited to:
 - 6.2.16.1 the selection of those eligible directors and employees of the Company and its subsidiary companies to whom options should be granted;
 - 6.2.16.2 the timing of any grant of options;
 - 6.2.16.3 the numbers of shares over which options are to be granted;
 - 6.2.16.4 the exercise price at which options are to be granted; and
 - 6.2.16.5 the imposition of any objective condition which must be complied with before any option may be exercised;
- 6.2.17 agree the policy for authorising claims for expenses from directors;
- 6.2.18 work and liaise as necessary with all other board committees; and
- 6.2.19 In exercising its powers, to take into account the duties of directors under Chapter 2 of Part 10 of the 2006 Act including, in particular, section 172 of the 2006 Act, which requires a director to act in a way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - 6.2.19.1 the likely consequences of any decision in the long term;
 - 6.2.19.2 the interests of the company's employees;

- 6.2.19.3 the need to foster the company's business relationships with suppliers, customers and others;
- 6.2.19.4 the impact of the company's operations on the community and the environment;
- 6.2.19.5 the desirability of the company maintaining a reputation for high standards of business conduct; and
- 6.2.19.6 the need to act fairly as between members of the company.

7. **OTHER MATTERS**

The Committee shall:

- 7.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 7.2 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;
- 7.3 give due consideration to laws and regulations, and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but limited to the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Investment Association and the National Association of Pension Funds and any other applicable rules, as appropriate; and
- 7.4 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.

8. **AUTHORITY**

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.

These terms of reference were adopted by resolution of the Board passed on *March* 2015. 3



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Dated 17 October 2014

Eurocell plc

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31 October 2014 plantt

EUROCELL PLC

NOMINATION COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

- 1.1 The purpose of the Committee is to establish a formal, rigorous and transparent procedure for the appointment of new directors to the Board, as required by section B.2 of the UK Corporate Governance Code.

2. CONSTITUTION AND MEMBERSHIP

- 2.1 The Nomination Committee has been established as a committee of the Board by resolution of the Board.
- 2.2 The members of the Committee shall be appointed by the Board. The Committee shall comprise at least three members, the majority of whom shall be independent non-executive directors.
- 2.3 The chairman of the Committee shall be appointed by the Board and should either be the Chairman of the Company or an independent non-executive director. In the absence of the chairman of the Committee, the members present shall elect one of their number present to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The chairman of the Company should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship.
- 2.4 Appointments to the Committee 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.
- 2.5 The Committee shall nominate one of its members to act as secretary of the Committee.

3. MEETINGS

- 3.1 The Committee will meet at least twice each year and at such other times as the chairman of the Committee shall think fit.
- 3.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of the chairman of the Committee.
- 3.3 Unless otherwise agreed by all members of the Committee, notice of meetings, confirming the venue, time and date together with an agenda and all relevant

papers, should normally be circulated to each member of the Committee, to any other person required to attend, and (unless it would be inappropriate to do so) to all other directors, at least five working days prior to the date of the meeting.

- 3.4 The quorum for meetings of the Committee shall be two members, both of whom must be independent non-executive directors.
- 3.5 Decisions of the Committee will be made by majority vote. In the event of an equality of votes the chairman of the Committee will have a second or casting vote.

4. REPORTING

- 4.1 Sufficient time should be allowed after committee meetings for the committee to report to the board on the nature and content of discussion, on recommendations, and on actions to be taken. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, and to the Company Secretary unless it would be inappropriate to do so.
- 4.2 The Committee chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 4.3 The Committee shall make whatever recommendations to the Board that it deems appropriate on an area within its remit where action or improvement is needed.
- 4.4 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 4.5 The report referred to in 4.4 should include a statement of the board's policy on diversity, including gender, any measurable objectives that it has for implementing the policy and progress on achieving the objectives.
- 4.6 The chairman of the Committee should be present at the Company's annual general meeting to respond to questions on matters within the responsibility of the Committee.

5. DUTIES OF THE COMMITTEE

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate.

The Committee shall:

- 5.1 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;
- 5.2 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 the skills and expertise needed on the Board in the future, in particular they should be mindful of the FRC's Guidance on Board Effectiveness, Section 4 Board Composition and Succession Planning;
- 5.3 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;
- 5.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 5.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies and when they arise;
- 5.6 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity 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:
 - 5.6.1 use open advertising or the services of external advisers to facilitate the search;
 - 5.6.2 consider candidates from a wide range of backgrounds; and
 - 5.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position;
- 5.7 for the appointment of a chairman, prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;
- 5.8 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 and be required to report any future business interests that could result in a conflict of interest;

- 5.9 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;
- 5.10 review the results of the Board performance evaluation process that relate to the composition of the Board;
- 5.11 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 fulfil their duties; and
- 5.12 work and liaise as necessary with all other board committees.

The Committee shall also make recommendations to the Board concerning:

- 5.13 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of the chairman and chief executive;
- 5.14 suitable candidates for the role of senior independent director;
- 5.15 membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees;
- 5.16 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;
- 5.17 the re-election by shareholders of directors under the annual re-election provisions of 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 and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
- 5.18 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
- 5.19 the appointment of any director to executive or other office.

6. **OTHER MATTERS**

The Committee shall:

- 6.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 6.2 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;
- 6.3 give due consideration to 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 and any other applicable rules, as appropriate; and
- 6.4 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.

7. **AUTHORITY**

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.

These terms of reference were adopted by resolution of the Board passed on 8
March 2015.