



ELECO[®]



Nomination Committee Terms of Reference

Eleco plc
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Nomination Committee Terms of Reference

1. Constitution

- 1.1 This committee of the board known as the Nomination Committee (the "**Committee**") is established under Article 86 of the Articles of Association of the Company.

2. Membership

- 2.1 Members of the Committee shall be appointed by the Board and shall be made up of least two members, the majority of whom should be independent non-executive directors of the Company.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer 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 shall be for an initial period of up to three years, which may be extended, provided that the majority of the Committee members remain independent.
- 2.4 The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairpersonship.

3. Secretary

- 3.1. The secretary of the Committee shall be such person as the Committee shall from time to time decide.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two members, present in person or by audio or video conference, both of whom must 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 discretions vested in or exercisable by the Committee.

5. Frequency of Meetings

- 5.1. The Committee shall meet at least once a year and at such other times as the Committee Chair shall require.

6. Notice of Meetings

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

7. Voting Arrangements

- 7.1 Subject to Paragraph 7.2 and Paragraph 7.3, each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 7.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 7.3 Except where he or she has a personal interest, the Committee Chair shall have a casting vote.
- 7.4 The Committee Chair may ask any attendee of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

8. Minutes of Meetings

- 8.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 8.3 Draft minutes shall be agreed with the Committee Chair and then be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists.
- 8.4 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

9. Annual General Meeting

- 9.1 The Committee Chair shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

10. Duties

- 10.1 The Committee shall:
 - 10.1.1 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;
 - 10.1.2 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;
 - 10.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
 - 10.1.4 before 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 shall:
 - 10.1.4.1 consider the use of open advertising or the services of external advisers to facilitate the search;
 - 10.1.4.2 consider candidates from a wide range of backgrounds; and

- 10.1.4.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 10.1.5 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
- 10.1.6 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.
- 10.2. The Committee shall also make recommendations to the Board concerning:
 - 10.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chair and Chief Executive Officer (but see 10.2.8 below);
 - 10.2.2 suitable candidates for the role of Senior Independent Director;
 - 10.2.3 membership of the Audit and Remuneration Committees, in consultation with the chairs of those committees;
 - 10.2.4 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;
 - 10.2.5 the continuation (or not) in service of any director who has reached the age of 70;
 - 10.2.6 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;
 - 10.2.7 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
 - 10.2.8 the appointment of any director to executive or other office other than to the positions of Chair and Chief Executive Officer, the recommendation for which would be considered at a meeting of the full board.

11. Reporting Responsibilities

- 11.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall 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.

12. Other

- 12.1 The 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.

13. Authority

- 13.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 13.2 The Committee is authorised to obtain, at the Company's expense, after notification, outside legal or other professional advice on any matter within its terms of reference.