

## 1 Membership

- 1.1 The Committee shall comprise of not less than 3 members. A majority of members of the Committee shall be independent non-executive directors
- 1.2 Only members of the Committee have the right to attend 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 and necessary
- 1.3 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
- 1.4 The Board shall 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 shall elect one of themselves 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 Committee shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

## 2 Secretary

The Company Secretary, or a nominee, shall be the secretary of the Committee.

## 3 Quorum

A quorum is 2 members of the Committee. 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.

## 4 Frequency of Meetings

The Committee will meet with sufficient frequency to fulfill its responsibilities but will normally meet at least twice a year

## 5 Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 Unless otherwise agreed notice of each meeting confirming venue time and date together with an agenda of items to be discussed shall be forwarded to each member, any other person required to attend and other Non-Executive Directors, together with supporting documents, not later than 3 days before the meeting.

## **6 Authority**

### **The Committee is authorised by the Board to:**

- 6.1 Seek any information it requires from any employee of the Company in order to perform its duties;
- 6.2 Obtain external legal or independent professional advice at the expense of the Company (within budgetary constraints) on matters within its terms of reference.

## **7 Annual General Meeting**

The Committee Chairman should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## **8 Duties of the Committee**

The Committee shall

- 8.1 Regularly review the structure, size and composition (including the skills, knowledge experience and diversity) required of the Board and make recommendations to the Board with regard to any change.
- 8.2 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.
- 8.3 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.
- 8.4 Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- 8.5 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 8.6 Before any appointment is made to 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;
  - 8.6.1 use open advertising or the services of external advisers to facilitate the search;
  - 8.6.2 consider candidates from a wide range of backgrounds,
  - 8.6.3 consider candidates on merit and against objective criteria, with due regard for the benefits of diversity on the Board, including gender, and taking care that appointees have enough time available to devote to the position.

- 8.7 For the appointment of a Chairman, the Committee should 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.
- 8.8 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.
- 8.9 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 the Board meetings.
- 8.10 Review the results of the Board performance evaluation process that relate to the composition of the Board
- 8.11 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

The Committee shall also make recommendations to the Board concerning:

- 8.12 Formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive.
- 8.13 Suitable candidates for the role of Senior Independent Director.
- 8.14 Membership of the Audit, Risk & Compliance and Remuneration Committees in consultation with the Chairmen of those Committees
- 8.15 The reappointment 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
- 8.16 The re-election by shareholders of directors under the re-election provisions of the UK Corporate Governance Code (the Code) or 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 and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years).
- 8.17 Any matters relating to the continuation in office of any director at any time including the suspension or termination of an executive director as an employee of the company, subject to the provisions of the law and their service contract.

8.18 The appointment of any director to executive or other office.

## **9 Reporting Procedures**

- 9.1 The Chairman of the Committee shall report to the Board at regular intervals on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 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.

## **10 Other Matters**

The Committee shall;

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance required.
- 10.2 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.
- 10.3 Give due consideration to laws and regulations, the provisions of the 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
- 10.4 Arrange for periodic reviews of its own terms of reference 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.

**Approved by the CPP-Group PLC Board on 30 January 2013**