

# HANSTEEN HOLDINGS PLC

## TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

Amended and Adopted on 15 October 2013

Last reviewed on 20 October 2016

*In this document, the "**Board**" shall mean the Board of directors of the Company; the "**Chairman**" shall mean the Chairman of the Nomination Committee; the "**Chief Executive Officer**" shall include each of the Joint Chief Executive Officers as the context requires and the "**Group**" shall mean the Company and its subsidiaries.*

### 1. ESTABLISHMENT AND ROLE

The Nomination Committee has been established by resolution of the Board and is known as the Nomination Committee. These terms of reference have been produced to identify and formalise the roles, tasks and responsibilities of the Nomination Committee and to assist the Nomination Committee in achieving best practice in corporate governance for the Company and the Group.

### 2. MEMBERSHIP

- 2.1 The members of the Nomination Committee shall be appointed by the Board. The Nomination Committee shall be made up of at least three members, the majority of whom shall be independent non-executive directors of the Company. The chairman of the Board may also serve on the Nomination Committee as an additional member if he or she was considered independent on appointment as chairman of the Board.
- 2.2 The Chairman shall be either the chairman of the Board or an independent non-executive director who shall be appointed by the Board. In the absence of the Chairman and/or an appointed deputy, the remaining members shall elect one of themselves to chair any relevant meetings.
- 2.3 The chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship.
- 2.4 Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended for two further three year periods, provided the majority of the Nomination Committee still meets the criteria for membership of the Nomination Committee.

### 3. ATTENDANCE AT MEETINGS

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

### 4. SECRETARY

- 4.1 The Company secretary or their nominee shall act as secretary of the Nomination Committee.
- 4.2 The secretary of the Nomination Committee shall also act as a coordinating intermediary between the Board and the Nomination Committee.

## **5. QUORUM**

The quorum necessary for the transaction of business shall be two members of the Nomination Committee. A duly convened meeting of the Nomination 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 Nomination Committee.

## **6. FREQUENCY OF MEETINGS**

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

## **7. NOTICE OF MEETINGS**

7.1 Meetings of the Nomination Committee shall be called by the secretary of the Nomination Committee at the request of any of its members.

7.2 Notice of each meeting confirming the venue, place and time, and enclosing an agenda of items to be discussed, shall be forwarded to each member of the Nomination Committee not less than five working days before such meetings, or such lesser period to which all members agree. Supporting papers shall be sent to Nomination Committee members and to other attendees as appropriate at the same time.

7.3 Meetings of the Nomination Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

## **8. CONDUCT OF MEETINGS**

Except as outlined above, meetings of the Nomination Committee shall be conducted in accordance with the provisions of the Company's Articles of Association governing the proceedings of directors.

## **9. MINUTES OF MEETINGS**

9.1 The secretary shall minute the proceedings and resolutions of all Nomination Committee meetings, including the names of those present and in attendance.

9.2 Draft minutes of Nomination Committee meetings shall be circulated promptly to all members of the Nomination Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so.

## **10. ANNUAL GENERAL MEETING**

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

## **11. DUTIES**

11.1 The Nomination Committee should carry out the duties below for the Company, its subsidiary undertakings and the Group as a whole, as appropriate.

11.2 The Nomination Committee shall:

- (A) 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;
- (B) 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;

- (C) 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;
- (D) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (E) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- (F) before any 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 Nomination Committee may:
  - (1) use open advertising or the services of external advisers to facilitate the search;
  - (2) consider candidates from a wide range of backgrounds;
  - (3) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (G) for the appointment of a chairman, the Nomination 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;
- (H) 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;
- (I) review the results of the Board performance evaluation process that relate to the composition of the Board;
- (J) 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 fulfilling their duties; and
- (K) 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.

11.3 The Nomination Committee shall also make recommendations to the Board concerning:

- (A) formulating plans for succession for both Executive and non-executive directors and in particular for the key roles of the Chairman and the Chief Executive Officer;
- (B) suitable candidates for the role of senior independent director;
- (C) membership of the audit and remuneration committees, in consultation with the chairmen of those committees;
- (D) 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;
- (E) 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 and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
- (F) 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
- (G) the appointment of any director to executive or other office.

## **12. REPORTING PROCEDURES**

- 12.1 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the Nomination Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.2 All decisions of the Nomination Committee shall be referred to the Board and shall take effect only upon approval thereof by resolution of the Board at a meeting which is properly convened and constituted and in accordance with the Company's Articles of Association, provided that the Board shall only have the power to approve without modification or reject the decisions of the Nomination Committee.
- 12.3 The Nomination Committee shall produce a statement about its activities, the process used to make appointments and explain if external advice or open advertising has not been used. This statement will form part of the Company's Annual Report and Accounts.

## **13. OTHER MATTERS**

- 13.1 The Nomination Committee shall:
  - (A) have access to sufficient resources in order to carry out its duties, including access to the Company secretary for assistance as required;
  - (B) 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;

- (C) 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 Rules, Prospectus and Disclosure and Transparency Rules as appropriate; and
- (D) arrange for an annual review 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.

**14. AUTHORITY**

14.1 The Nomination Committee is authorised by the Board to investigate any matter within its term of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any reasonable requests made by the Nomination Committee.

14.2 The Nomination Committee is authorised by the Board to obtain, at the Company's expense, outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Nomination Committee will act in conjunction with the chairman of the Board.

**15. PROCEDURE**

Subject to the constitutional documents of the Company and these terms of reference, the Nomination Committee shall determine its own procedures.