

**HARGREAVES SERVICES PLC**  
**NOMINATIONS COMMITTEE**  
**TERMS OF REFERENCE**

**1. Membership**

- 1.1 The Committee shall be appointed by the board of Hargreaves Services plc (“the Board”).
- 1.2 The Committee shall comprise all of the non-executive directors and the Chief Executive. A member of the Committee can be removed at any time.
- 1.3 The Board shall appoint the Chairman of the Company as Chairman of the Committee.
- 1.4 Only members of the Committee have the right to attend committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.5 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. Meetings and attendance**

- 2.1 The Committee shall meet at least once a year and at such other times as it sees fit and as required.
- 2.2 A meeting may also be requested by any member of the Committee who considers that one is necessary and by any member of the Board if approval is given by the Chairman of the Board. 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 and any other person required to attend no fewer than five working days prior to the date of the meeting.
- 2.3 The quorum necessary for the transaction of business shall be two. 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.
- 2.4 The Company Secretary shall normally attend meetings. Other directors shall not have the right to attend meetings but may be invited to attend all or part of any meeting as and when appropriate.

2.5 The Company Secretary shall be the secretary of the Committee but shall not attend any meeting of the Committee at which the Chairman has stipulated that no executive directors shall be present. At such meetings, the Chairman shall nominate another member of the Committee to act as secretary.

2.6 The chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Company or of the Committee.

2.7 The Company Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.

2.8 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any questions from shareholders concerning the activities of the Committee.

### **3. Authority**

3.1 The Committee is authorised by the Board to carry out any investigation within its terms of reference.

3.2 The Committee is authorised to seek any information it requires at the Company's expense from any employee and all employees are directed to co-operate with any request made by the Committee.

3.3 The Committee is authorised by the Board to obtain expert advice on matters within its terms of reference from the Company's outside legal or other independent professional advice or otherwise and to request the attendance of such employees or advisers as it sees fit.

### **4. Duties**

4.1 The duties of the Committee shall be but not limited to:

4.1.1 regularly reviewing of 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;

4.1.2 giving full consideration to succession planning for main board directors 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;

- 4.1.3 being responsible for identifying and nominating for the approval of the Board candidates to fill board vacancies as and when they arise;
- 4.1.4 keeping under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- 4.1.5 keeping up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 4.1.6 evaluating the balance of skills, knowledge and experience on the Board, before any appointment is made by 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:
  - 4.1.6.1 use open advertising or the services of external advisers to facilitate the search;
  - 4.1.6.2 consider candidates from a wide range of backgrounds;
  - 4.1.6.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- 4.1.7 reviewing 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;
- 4.1.8 ensuring, prior to the appointment of a director, that the proposed appointee is required to disclose any other business interests that may result in a conflict of interest and be required to report to any future business interests that could result in a conflict of interest;
- 4.1.9 ensuring 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 of board meetings;
- 4.2 The Committee shall also make recommendations to the Board concerning:
  - 4.2.1 formulating plans for succession for main board executive and non-executive directors and in particular for the key roles of chairman and chief executive;
  - 4.2.2 suitable candidates for the role of senior independent director;

- 4.2.3 membership of the audit and remuneration committees, in consultation with the chairmen of those committees;
- 4.2.4 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;
- 4.2.5 the continuation (or not) in service of any director as required by the articles;
- 4.2.6 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;
- 4.2.7 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;
- 4.2.8 the appointment of any director to executive or other office.

## **5. Reporting Procedures**

- 5.1 The Company Secretary shall circulate the minutes of meetings of the Committee to all members of the Committee and, once agreed, to all members of the Board.
- 5.2 The Chairman of the Committee shall report formally to the Board on its proceedings and the Committee shall make such recommendations to the Board as it deems appropriate on any matter within its remit.
- 5.3 The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.
- 5.4 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.