

## RICARDO PLC

### Nomination Committee

#### Terms of Reference

##### **1. Membership**

Members of the Committee shall be appointed by the board the majority of whom shall be independent non-executive directors.

The Board shall appoint the Committee Chairman from among the members of the Committee who shall be either the Chairman of the Board or an independent non-executive director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship, and such meetings shall be chaired by the Senior Independent Director. In the absence of the Chairman of the Committee, the members present at any meeting of the Committee shall elect the Senior Independent Director and, if he is not present, one of their number to chair the meeting.

The Chairman and members shall be listed each year in the annual report.

Each member shall hold office as a Committee member for a period of up to three years, which may be extended by no more than two additional three-year periods.

Each member of the Committee shall disclose to the Committee:

any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or

any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the board) shall resign from the Committee.

The company secretary or her nominee shall act as the secretary of the Committee.

##### **2. Quorum**

The quorum necessary for the transaction of business shall be two, 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.

In the event of equality of votes, the Chairman of the Committee shall have a casting vote.

##### **3. Frequency and Notice of Meetings**

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require.

Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman.

Notice of meetings shall be given to all members of the Committee, the Chairman of the board and the Chief Executive Officer. Notice shall be given no later than four working days before the date of the meeting. A set of supporting papers, where appropriate, together with an agenda of items to be discussed shall be sent with the notice of meeting.

#### **4. Attendance at Meetings of the Committee**

No-one other than the Chairman and members of the Committee is entitled to be present at a meeting of the Committee. The Committee may ask other individuals, including external advisers, to attend meetings, but such invitees have no right of attendance.

#### **5. Authority**

The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties. All employees are directed to co-operate with any request made by the Committee.

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.

The Committee is authorised by the board to investigate any activity within the scope of its duties.

#### **6. Duties**

The Committee shall:

- \* 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;
- \* 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;
- \* lead the process for board appointments and be responsible (having taken into account, to the extent the Committee considers appropriate, the recommendations of others) for identifying and
- \* nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
- \* 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:

- \* where appropriate, use open advertising or the services of external advisers to facilitate the search;
- \* consider candidates from varied backgrounds with a wide range of capabilities and experience;
- \* consider diversity and the international nature of the Company; and
- \* consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- \* keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- \* keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- \* review annually the time required from non-executive directors and assess whether each contributes effectively and demonstrates commitment to the role. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- \* ensure that no executive director is a non-executive director in more than one FTSE 100 company or the Chairman of such a company;
- \* 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;
- \* ensure that the terms and conditions of appointment of non-executive directors is made available for inspection by any person in accordance with the UK Corporate Governance Code;
- \* prepare a job specification for the appointment of a Chairman, including an assessment of the time commitment expected, recognising the need for availability in the event of crises; and
- \* make available on the Company's website these terms of reference, explaining the role and the authority delegated to it by the board.

The Committee shall also make recommendations to the board concerning:

- \* plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
- \* suitable candidates for the role of Senior Independent Director;
- \* 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;

- \* the re-election by shareholders of any director under the retirement 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;
- \* 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;
- \* the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive, the recommendation for which would be considered at a meeting of the full board; and
- \* the membership of the Audit, Remuneration and Nomination Committees after consultation with the chairmen of such Committees.

The Committee has the following reporting responsibilities:

- \* the Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- \* the Committee shall prepare a statement for inclusion in the annual report which complies with the requirements of the UK Corporate Governance Code.

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.

## **7. Reporting Procedures**

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

The Chairman shall report formally to the board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.

*Reviewed January 2016*