

Vp plc

NOMINATION COMMITTEE – TERMS OF REFERENCE

*Reference to 'the Committee' shall mean the Nomination Committee
Reference to 'the Board' shall mean the Board of Directors of Vp plc*

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board and shall be made up of at least three members, including the Chairman of the Board, the majority of whom should be independent non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals, including external advisors, may be invited to attend for all or part of any meeting as and when appropriate.
- 1.3 The Board shall appoint the Committee Chairman who should normally be the Chairman of the Board. In the absence of the Committee Chairman, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

2. Secretary

- 2.1 The members shall appoint a Secretary to the Committee.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members, including the Chairman. 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

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

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

- 5.2 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.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall 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.
- 6.3 The Secretary shall ascertain, during the meeting, the existence of any conflicts of interest and minute them accordingly.

7. Annual General Meeting

- 7.1 The Chairman of the Committee shall be prepared to respond to any shareholder questions on the Committee's activities at the Annual General Meeting.
- 7.2 The Chairman of the Committee shall be prepared to respond to any reasonable requests from shareholders to discuss the committee's activities during the year.

8. Duties

- 8.1 The Committee shall:
 - 8.1.1 periodically review the structure, size and composition (including the skills, knowledge and experience) required of the Committee compared to its current position and make recommendations to the Board with regard to any changes;
 - 8.1.2 give consideration to proposals for succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future;
 - 8.1.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

- 8.1.4 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:
 - 8.1.4.1 use open advertising for the services of external advisers to facilitate the search;
 - 8.1.4.2 consider candidates from a wide range of backgrounds; and
 - 8.1.4.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
 - 8.1.5 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 market place;
 - 8.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
 - 8.1.7 review annually the time required from non-executive directors;
 - 8.1.8 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;
 - 8.1.9 in the case of the appointment of executives to the Board, ensure that they are formally informed of any additional requirements or responsibilities arising from their appointment.
- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Group Managing Director;
 - 8.2.2 suitable candidates for the role of senior independent director;
 - 8.2.3 membership of the Audit and Remuneration Committees, in consultation with the chairmen of those Committees;
 - 8.2.4 the re-appointment of any non-executive director at the conclusion of their specified term of office;

- 8.2.5 the continuation (or not) in service of any director who has reached the age of 70;
- 8.2.6 the re-election by shareholders of any director under the 'retirement by rotation' provisions in the company's articles of association;
- 8.2.7 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
- 8.2.8 the appointment of any director to executive or other office, the recommendation for which would be considered at a meeting of the full board.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting 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 make a statement in the annual report about its activities, the process used to make appointments and the extent to which external advice or open advertising has been used.

10. Other Matters

- 10.1 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.

11. Authority

- 11.1 The Committee is authorised by the Board to seek any information it requires from any employee of the company in order to perform its duties. It would normally channel such enquiries through the Chairman of the Board.
- 11.2 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 will normally seek the agreement of the Chairman of the Board to the proposed extent and cost of such assignments.