

Dated 9 February 2017

TERMS OF REFERENCE – NOMINATION
COMMITTEE

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UP GLOBAL SOURCING HOLDINGS PLC

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

1 CONSTITUTION

- 1.1 The nomination committee (**Committee**) was constituted as a committee of the board of directors (**board**) of the UP Global Sourcing Holdings plc (**Company**) at a full meeting of the board held on 9 February 2017 in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

2 ROLE

The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new directors to the board, to lead the process for board appointments and make recommendations to the board. The Committee is to assist the board in ensuring its composition is regularly reviewed and refreshed so that it is effective and able to operate in the best interests of shareholders; and in doing so, the Committee shall work and liaise with other board committees, as appropriate.

3 DUTIES AND TERMS OF REFERENCE

The Committee shall carry out the following duties for the Company, its major subsidiary undertakings and the group as a whole, as appropriate.

3.1 Composition of the Board

The Committee shall:

- 3.1.1 regularly review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the board and make recommendations to the board with regard to any changes that are deemed necessary;
- 3.1.2 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;

- 3.1.3 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
- 3.1.4 set measurable objectives for board diversity and prepare a policy on how to promote board diversity and increase the number of the under-represented gender on the board to meet those objectives.

3.2 **Succession planning**

The Committee shall:

- 3.2.1 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, experience, independence, knowledge and diversity needed on the board in the future; and
- 3.2.2 satisfy itself that plans are in place for orderly succession for appointments to the board and senior management.

3.3 **Appointments to the board**

The Committee shall:

- 3.3.1 be responsible for identifying and nominating for the board's approval, candidates from a wide range of backgrounds to fill board vacancies as and when they arise;
- 3.3.2 consider proposals for the re-appointment or promotion of directors and also any proposal for their dismissal, retirement, non-re-appointment or any substantial change in their duties or responsibilities or the term of their appointment;
- 3.3.3 before the board makes any appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
 - 3.3.3.1 use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
 - 3.3.3.2 consider candidates from a wide range of backgrounds; and

- 3.3.3.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, taking care that appointees have enough time available to devote to the position;
- 3.3.4 for the appointment of a chairman, prepare a job specification, including the time commitment expected, and require a proposed chairman to disclose other significant commitments to the board before appointment and disclose any changes to the chairman's commitments to the board as they arise;
- 3.3.5 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 and the induction process; and
- 3.3.6 keep under review the number of external directorships held by each director.

3.4 Induction and training

The Committee shall:

- 3.4.1 ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director; and
- 3.4.2 consider any training requirements for the board as a whole.

3.5 Conflicts of interest

The Committee shall:

- 3.5.1 before appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- 3.5.2 consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors;
- 3.5.3 keep under review at least annually potential conflicts of interests of directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary;

- 3.5.4 at all times take care to minimise the risk of any conflict of interest within the Committee that might be seen to give rise to an unacceptable influence; and
- 3.5.5 instruct the company secretary to ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

3.6 **Board evaluation**

The Committee shall:

- 3.6.1 assist the chairman of the board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the board and its committees, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, including gender, how the board works together as a unit, and other factors relevant to the board's effectiveness;
- 3.6.2 review the results of the board performance evaluation process that relate to the composition of the board;
- 3.6.3 ensure that evaluation of the board is externally facilitated at least every three years;
- 3.6.4 review the results of the performance evaluation of the Committee; and
- 3.6.5 review annually the time required from non-executive directors, including the chairman and senior independent director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfill their duties.

4 **BOARD RECOMMENDATIONS**

The Committee shall also make the following recommendations to the board, as appropriate.

4.1 **Nominations and succession planning**

The Committee shall make recommendations to the board on:

- 4.1.1 the appointment of any director to executive or other office, other than to the positions of chairman and chief executive, the recommendation for which is to be considered at a meeting of the full board;

- 4.1.2 the chairman of the board, having assessed every three years whether the present incumbent shall continue in post, taking into account the need for continuity versus freshness of approach;
- 4.1.3 suitable non-executive directors for the role of senior independent director;
- 4.1.4 membership and chairmanship of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees; and
- 4.1.5 formulating succession plans for both executive and non-executive directors and in particular for the key roles of chairman and chief executive.

4.2 Re-appointment of directors

The Committee shall make recommendations to the board on:

- 4.2.1 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; and
- 4.2.2 re-election by shareholders in accordance with the UK Corporate Governance Code (Provision B.7.1) or the retirement by rotation provisions in the articles of association, having regard to their performance and commitment to the role (particularly in relation to non-executive directors being re-elected for a time beyond six years).

4.3 Continuation of office

The Committee shall make recommendations to the board on 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.

5 MEMBERSHIP

- 5.1 The Committee shall comprise a chairman and a minimum of two members, a majority of whom shall be independent non-executive directors, as determined by the board (in accordance with the principles of the UK Corporate Governance Code).
- 5.2 Appointments to the Committee are made by the board on the recommendation of the Committee, in consultation with the Committee chairman and shall be for a

period of up to three years, which may be extended for two further periods of up to three years, provided the member still meets the criteria for membership of the Committee.

- 5.3 The board shall appoint the Committee chairman, who shall be either the chairman of the board or an independent non-executive director, and determine the period for which the Committee chairman shall hold office. In the absence of the Committee chairman and/or an appointed deputy, the senior independent director will chair meetings of the Committee or, in his absence, 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 board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 5.4 The Committee chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 5.5 The company secretary or his or her nominee shall act as the secretary of the Committee and will provide all necessary support to the Committee including the recording of Committee minutes.

6 ATTENDANCE AT MEETINGS

- 6.1 The Committee shall meet at least once a year and otherwise as required.
- 6.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the chief executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee chairman. The Committee chairman shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.
- 6.3 The company secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.4 Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.

7 NOTICE OF MEETINGS

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman or any member of the Committee.
- 7.2 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chairman.

8 **QUORUM**

The quorum necessary for the transaction of business at a Committee meeting shall be two members present in person or by audio or video conference (which must at least one independent non-executive director). In the event of difficulty in relation to achievement of a quorum, non-executive directors who are not members of the Committee may be co-opted as members for individual meetings.

9 **VOTING ARRANGEMENTS**

9.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee (whether in person or by audio or video conference).

9.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

9.3 Except where he has a personal interest, the Committee chairman shall have a casting vote.

9.4 The Committee chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

10 **MINUTES OF MEETINGS**

10.1 The company secretary (or his or her nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

10.2 Draft minutes of Committee meetings shall be circulated promptly to all Committee members. Once approved, minutes shall be circulated to all other board members unless in the opinion of the Committee chairman it would be inappropriate to do so.

10.3 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

11 ANNUAL GENERAL MEETING

All members of the Committee shall attend the annual general meeting and the Committee chairman (or any other appropriate member) shall be available to respond to any shareholder questions on the Committee's activities.

12 REPORTING RESPONSIBILITIES

- 12.1 The Committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall be included in the board papers for a subsequent board meeting.
- 12.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the membership of the Committee, number of meetings and attendance over the course of the year, the process used to make appointments, the outcomes of its formal annual review and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement as to whether it has any connection with the Company.
- 12.4 The report referred to in clause 12.3 shall also include a description of the board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 12.5 The Committee shall make available its terms of reference to any shareholder on request and on the Company's website.

13 GENERAL MATTERS

- 13.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the company secretary for assistance as required.
- 13.2 The Committee shall 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. Individual training to be discussed and agreed with the company secretary.
- 13.3 In carrying out its duties, the Committee shall give due consideration to all relevant laws and regulations, in particular, the directors' duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure

Guidance and Transparency Rules and any other applicable rules, as appropriate.

- 13.4 The Committee shall arrange for periodic reviews 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 board authorises the Committee to carry out the duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within its terms of reference, as it considers necessary.
- 14.2 The board authorises the Committee to seek any information it requires from any employee or director of the Company, and all such employees or directors will be directed to co-operate with any request made by the Committee.
- 14.3 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.

Adopted at the board meeting of the Company on 9 February 2017.