

## **Vertu Motors plc (Company)**

### **NOMINATION COMMITTEE TERMS OF REFERENCE**

#### **1. Constitution**

The Committee was constituted at a full meeting of the board of directors (**Board**) held on 17 November 2006 in accordance with the articles of association of the Company.

#### **2. Duties and terms of reference**

2.1 The Committee shall:

- (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) 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 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) receive reports on the succession planning for CEO Com and Vertu House Executive roles from the Executive Directors;
- (d) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (e) 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:
  - (i) use open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds;
  - (iii) 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;
- (f) require any candidate for the Board to disclose any other business interests that may result in a conflict of interest and any other time commitments;

- (g) ;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;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (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 to fulfil their duties;
- (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; and
- (l) work and liaise as necessary with other board committees.

2.2 The 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 Chairperson and Chief Executive Officer;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairpersons 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 other than to the positions of Chairman and Chief Executive Officer, the recommendation for which would be considered at a meeting of the full board.

2.3 To consider such other matters as may be requested by the Board.

### **3. Membership**

3.1 The members of the Committee shall be appointed by the Board. The majority of the members of the Committee should be independent non-executive directors. The Board shall appoint the chairperson of the Committee who should be either the chairperson of the Company or an independent non-executive director. The chairperson of the Company shall not chair the Committee when it is dealing with the matter of succession to the chairmanship. In the absence of the chairperson of the Committee, the members of the Committee present shall elect one of their number present to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

3.2 Appointments to the Committee shall be for a period of up to three years, which may be extended for further periods of up to three years in duration provided the majority of the Committee members remain independent and the director still meets the criteria for the membership of the Committee.

3.3 The Committee shall have at least two members.

3.4 A quorum shall be any two independent non-executive director members of the Committee. The members of the Committee can be varied at any time by the Board save that the majority of the Committee must remain independent and non-executive directors.

### **4. Voting arrangements**

4.1 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.

4.2 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 on that matter at the meeting.

4.3 Decisions of the Committee will be made by majority vote. Save where he/she has a personal interest, the chairperson will have a casting vote.

## **5. Attendance at meetings**

5.1 The Committee will meet at least once a year. The Committee may meet at other times during the year as agreed between the members of the Committee or as otherwise requested by the Board.

5.2 Only members of the Committee have the right to attend Committee meetings but other directors and persons (such as the head of human resources) and external advisers may be invited to attend all or part of any meeting as and when appropriate in the opinion of the Committee chairperson or the majority of its members.

5.3 The company secretary or his/her nominee shall be the secretary of the Committee. Where the company secretary is also an executive director, the Committee may nominate one of its members to act as secretary for any meeting which the Committee wishes to hold without executive directors being present.

## **6. Notice of meetings**

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

## **7. Authority**

The Committee is authorised by the Board to examine any activity within its terms of reference and is authorised to have unrestricted access to the Company's external auditors and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. 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. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

## **8. Reporting**

- 8.1 Draft minutes of each meeting will be circulated to all members of the Committee. On finalisation and signature by the Chairman, the minutes of each meeting will be submitted to the Board as a formal record of the decisions of the Committee on behalf of the Board.
- 8.2 The Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments 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 made as to whether it has any connection with the Company.

## **9. General matters**

- 9.1 The chairperson of the Committee should make himself or herself available at each annual general meeting of the Company to answer questions concerning the Committee's work during the preceding year.
- 9.2 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.
- 9.3 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required.
- 9.4 The Committee shall give due consideration to applicable laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the London Stock Exchange's rules for AIM companies, as appropriate and the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules;