



## Hydrodec Group plc

### Nomination Committee – Terms of Reference

1. The objectives of the Nomination Committee are:
  - to ensure that the Company has a formal and transparent procedure for the appointment of new executive and non-executive directors to the Board; and
  - to ensure that the Company reviews the balance and effectiveness of the Board, identifying the skills needed and those individuals who might best provide them.
2. The Nomination Committee comprises not less than three directors of the Company, to be selected by the Board. A majority of the members of the Nomination Committee should be non-executive directors who are independent in character and judgement and free from any relationships or circumstances which are likely to affect, or could appear to affect, the Committee member's judgement. The Board must regularly review the composition of the Nomination Committee to ensure that, subject to the numbers of non-executive directors on the Board, membership of the Nomination Committee rotates amongst the Company's non-executive directors, and having regard to the value of ensuring that undue reliance is not placed on particular individuals.
3. The chairman of the Nomination Committee, who should be the chairman of the Board or an independent non-executive director, shall be appointed by the Board. In the absence of the chairman of the Nomination Committee, the remaining members present shall elect one of their number to chair the meeting. The chairman of the Board should not chair the Nomination Committee when it is dealing with the appointment of a successor to the chairmanship.
4. The Company Secretary is the secretary of the Nomination Committee.
5. The quorum for meetings of the Nomination Committee is two of its members both of whom must be independent non-executive directors.
6. No one other than a Committee Member is entitled to attend meetings of the Nomination Committee but others may attend by invitation.
7. Meetings of the Nomination Committee are to be held not less than twice a year. Any of the Committee members may request a meeting of the Nomination Committee if he or she considers it necessary, to be arranged by the secretary.



8. The Nomination Committee is authorised by the Board:
  - 8.1 to obtain such legal or other independent professional advice as it deems necessary to fulfil its responsibilities;
  - 8.2 to obtain the advice and assistance of any of the Company's executives provided their role in providing such advice and assistance is clearly separated from their role within the business and to seek any information it requires from any employee in order to perform its duties; and
  - 8.3 to secure the attendance of other persons at its meetings if it considers this necessary.
9. The duties of the Nomination Committee are:
  - 9.1 to review regularly the structure, size and composition of the Board (with particular regard to the balance of executive and non-executive directors, including independent non-executives) and to make recommendations to the Board with regard to any adjustments that the Nomination Committee considers necessary;
  - 9.2 to put in place plans for the orderly succession of appointments to the Board and to senior management, taking into account the current requirements and future developments facing the company and the skills and experience needed within the company and on the Board;
  - 9.3 to identify and nominate candidates, for the approval of the Board, to fill Board vacancies as and when they arise. In identifying suitable candidates, the Nomination Committee shall consider candidates on merit and against objective criteria, taking care that candidates have sufficient time to devote to the particular appointment;
  - 9.4 to evaluate the balance of skills, knowledge and experience on the board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
  - 9.5 for the appointment of a chairman, to prepare a job specification including an assessment of the time commitments expected, recognising the need for availability in the event of crises. The chairman's other significant commitments should be disclosed to the board before appointment.
  - 9.6 to ensure on appointment that a candidate has sufficient time to undertake the role;
  - 9.7 to ensure that on appointment non-executive directors receive a formal letter setting out what is expected of them in terms of time commitment;
  - 9.8 to ensure, in conjunction with the chairman of the Board, that new directors receive a full, formal and tailored induction;



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- 9.9 to make recommendations to the Board concerning 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;
  - 9.10 to make recommendations to the Board concerning suitable candidates for the role of senior independent director (if applicable);
  - 9.11 to make recommendations to the Board on the membership of the Audit and Remuneration Committees, in consultation with the chairman of those committees;
  - 9.12 to make recommendations to the Board concerning the reappointment of any non-executive director at the conclusion of his or her specified term of office. Any term beyond six years should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the board;
  - 9.13 to make recommendations to the Board for the continuation, or not, in service of an executive director as an executive or non-executive director;
  - 9.14 to make recommendations to the Board for the continuation, or not, in service of any director who has reached the age of 70;
  - 9.15 to recommend to the Board directors who will be retiring by rotation to be proposed for re-election;
  - 9.16 to recommend to the Board directors who will have been in office for 3 years to stand for re-election;
  - 9.17 to review annually the time required from the chairman and the non-executive directors. Performance evaluation should be used to assess whether the chairman and the non-executive directors are spending enough time to fulfil their duties;
  - 9.18 to keep under review its own performance, constitution and terms of reference and to make the terms of reference available to the public;
  - 9.19 to consider other matters as referred to the Nomination Committee by the Board; and
  - 9.20 generally, to have regard to the Combined Code in carrying out its duties.
  10. The chairman of the Nomination Committee should attend the Company's annual general meeting to be available to answer shareholders' questions on the activities of the Nomination Committee.
  11. The secretary must send the minutes of meetings of the Nomination Committee to all members of the Nomination Committee and the chairman of the Board.