

VELOCYS PLC

NOMINATION & GOVERNANCE COMMITTEE TERMS OF REFERENCE AS ADOPTED BY BOARD RESOLUTION ON 5 APRIL 2017

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board and shall be made up of at least 3 members, 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 such as the Chief Executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3. Appointments to the Committee shall be for a period of up to three years, which may be extended for further three-year periods provided that the majority of the Committee members remain independent.
- 1.4. If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another director of the Company to serve as an alternate member having due regard to maintaining the required balance of executive and independent non-executive members.
- 1.5. The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, 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 Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

- 3.1. 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.

4. Frequency of Meetings

- 4.1. The Committee shall meet at such times as the Chairman of the Committee shall require, but no less than once per year.

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 and any other person required to attend no later than 5 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. After approval and signature by the Committee Chairman, the minutes shall be submitted to all other members of the Committee and to the other members of the Board, unless a conflict of interest exists.

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Remit – The Board

With regard to the Board and its composition, the remit of the Committee shall be:

- > To review regularly the Board structure, size and composition (including the skills, knowledge, experience and diversity) and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- > to ensure plans are put in place for succession of the directors, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future;
- > to be responsible for identifying and nominating candidates for the approval of the Board, to fill Board vacancies as and when they arise;
- > to make recommendations to the Board for the continuation (or not) in service of an executive director as an executive or non-executive director;
- > to make recommendations to the Board for the continuation (or not) in service of any director who has reached the age of 70;
- > recommend directors who are retiring by rotation to be put forward for re-election;
- > to ensure there is a formal, rigorous and transparent procedure for the appointment on new directors to the board;
- > 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;
- > for the appointment of a chairman, the nomination committee should prepare a job specification, including an assessment of the time commitment expected, recognizing the need for availability in the event of crises;
- > membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees;
- > keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- > to perform regular reviews of the committee's performance as a whole and of the individual committee members, to ensure all members are contributing effectively to the committee.

9. Remit – Governance

With regard to the governance of the Company, the remit of the Committee shall be:

- > To assist the Board in its oversight of the Company's corporate governance practices and procedures to ensure they meet all relevant UK and overseas legislation and best practices;
- > to recommend approval to the Board of any statements to be made in the annual and interim statements to the extent not covered by the remit of the Audit Committee covering internal controls;
- > to make a statement in the annual report about its activities, and, where applicable, the process used to make appointments and explanation if external advice or open advertising has not been used.

In addition, the Committee shall have the power to employ the services of such advisers as it deems necessary to fulfil its responsibilities.