

Renishaw plc

Nomination Committee Terms of Reference

(approved by the Board and adopted by the Committee on 21 July 2014)

1. **Membership**

- 1.1 The Committee shall be appointed by the Board and shall comprise a chair and at least 2 other members. Each appointment shall continue for such period as decided by the Board, bearing in mind the desirability of continuity, and conditional on the relevant director continuing to meet the criteria for membership of the Committee.
- 1.2 A majority of the members of the Committee shall be independent non-executive directors.
- 1.3 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence
- 1.4 The Board shall appoint the chair of the Committee. In the absence of the chair of the Committee, the remaining members present shall select one of their number present 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 chair of the Committee.
- 1.5 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when deemed by the Committee to be appropriate and necessary.

2. **Secretary**

The Company Secretary shall act as the secretary of the Committee.

3. **Quorum**

The quorum necessary for the transaction of business shall be 2. 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**

The Committee shall meet not less than twice a year and at such other times as the chair of the Committee shall require.

5. **Notice of meetings**

- 5.1 Meetings of the Committee shall be convened by the secretary of the Committee at the request of any member 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 attending the meeting no less than 3 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 of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The secretary should ascertain at the beginning of each meeting the existence of any conflicts of interest and minute them accordingly.

6.3 Minutes of Committee meetings shall be made available to others members of the Board upon request unless in the opinion of the chair of the Committee it would be inappropriate to do so.

7. **Annual General Meeting**

The chair of the Committee shall attend the Annual General meeting to respond to any shareholder questions on the Committee's activities.

8. **Duties**

8.1 The Committee shall:

- (a) regularly review the structure, size and composition (including skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes;
- (b) satisfy itself with regard to 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;
- (c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (d) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity 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:
 - (1) consider using open advertising or the services of external advisers to facilitate the search;
 - (2) consider candidates from a wide range of backgrounds; and
 - (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;
- (e) prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (f) 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 services and involvement outside Board meetings;
- (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 regularly 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;
- (j) review the results of the Board performance evaluation process that relate to the composition of the Board; and
- (k) work and liaise as necessary with all other Board committees.

- 8.2 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 chairman and chief executive;
 - (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 chairs 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 under the annual re-election provisions of the UK Corporate Governance Code or 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.
- 8.3 The chair of the Committee shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.4 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.5 The Committee shall provide a report to be included in the 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.
- 8.6 The report referred to in 8.5 above should include a statement 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.

9. **Authority**

The Committee is authorised:

- 9.1 to seek any information it requires from any employee of the Company in order to perform its duties; and
- 9.2 to obtain, at the Company's expense within an agreed budget, external legal or other professional advice on any matters within its terms of reference.

10. **Review of performance**

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. **Other matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 11.2 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; and
- 11.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate.