

**Ultra Electronics Holdings PLC (the “Company”)**

**Terms of Reference of the Nomination Committee (the “Committee”)**  
**(adopted 28 January 2019)**

**1. CONSTITUTION**

The Board has resolved to establish a Committee of the Board to be known as the Nomination Committee.

**2. PURPOSE OF COMMITTEE**

The purpose of the Committee is to:

- 2.1 keep under review the structure, size and composition of the Board as well as succession planning for Directors;
- 2.2 oversee the development of a diverse pipeline for succession to both the Board and Senior Management positions; and
- 2.3 lead the process for identifying and nominating for approval by the Board, candidates to fill Board and Committee vacancies.

**3. MEMBERSHIP**

- 3.1 The Committee shall comprise at least three members. Members of the Committee shall be appointed by the Board.
- 3.2 A majority of the members of the Committee shall be independent Non-Executive Directors.
- 3.3 Only members of the Committee have the right to attend Committee meetings. However other individuals such as the Chair of the Board (if he is not a member of the Committee), the Chief Executive, the Group Human Resources Director and external advisers may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 3.4 Unless determined otherwise by the Board, 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 provided the member still meets the criteria for membership of the Committee.
- 3.5 The Board shall appoint the Chair of the Committee who shall be either the Chair of the Board or an independent Non-Executive Director. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with the matter of his/her succession. Nor should the Chair of the Committee (if it is not the Chair of the Board) chair the meeting when it is dealing with the matter of his or her own succession.

**4. SECRETARY**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

## **5. QUORUM**

A quorum shall be two members, both of whom must be independent Non-Executive Directors. No meeting may be convened unless all members of the Committee have received notice of the meeting. Whenever it is practicable, meetings should be arranged so that all Committee members can be present.

## **6. FREQUENCY OF MEETINGS**

A meeting shall be held at least twice a year and otherwise as required.

## **7. NOTICE OF MEETINGS**

- 7.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.
- 7.2 Unless otherwise agreed by all members of the Committee, 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.

## **8. MINUTES OF MEETINGS**

- 8.1 The Secretary of the Committee shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 8.2 Draft Committee minutes shall be circulated promptly to all Committee members. Once approved, the minutes shall be circulated to all other Board members unless the Chair of the Committee considers it inappropriate to do so.

## **9. ANNUAL GENERAL MEETING**

The Chair of the Committee should attend the Annual General Meeting to answer shareholder questions on the Committee's activities.

## **10. DUTIES**

The Committee shall:

- 10.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and Senior Management and make recommendations to the Board with regard to any changes;
- 10.2 give full consideration to succession planning for Directors and other Senior Management, including overseeing the development of a diverse pipeline for succession, based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

- 10.3 keep under review the leadership needs of the Group, both Executive and Non-Executive Directors, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- 10.4 identify and nominate for approval of the Board, candidates to fill Board vacancies as and when they arise PROVIDED ALWAYS that the Chair of the Committee shall not lead the succession process for his or her successor;
- 10.5 subject as provided in paragraph 10.4 above, before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and the length of service of the Board as a whole. In the light of this evaluation, the Committee shall ensure the preparation of a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - 10.5.1 use open advertising and/or the services of external advisers to facilitate the search;
  - 10.5.2 consider candidates from a wide range of backgrounds; and
  - 10.5.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board;
- 10.6 prior to the appointment of a Director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and ensure that they are aware of reporting any future business interests that could result in a conflict of interest;
- 10.7 for the appointment of the Chair of the Board, approve a job description including the time commitment expected. A proposed Chair of the Board's commitments should be disclosed to the Board before appointment and any changes should be reported to the Board when they arise;
- 10.8 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 that a formal full induction to the business is provided for each new Non-Executive Director;
- 10.9 ensure that an annual evaluation of the performance of the Board and individual directors is carried out in accordance with the requirements of the UK Corporate Governance Code and review the results of that process and ensure conclusions and recommendations are reported to the Board;
- 10.10 review annually the time required from Non-Executive Directors to fulfil their duties (including using performance evaluations to assess whether Non-Executive Directors are spending sufficient time to fulfil their duties);
- 10.11 when making new appointments, the Committee should take into account other demands on directors' time, ensuring that any significant commitments should be disclosed with an indication of the time involved prior to appointment;

10.12 make recommendations to the Board concerning:

- 10.12.1 the formulation of plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chair of the Board and Chief Executive Officer;
- 10.12.2 suitable candidates for the role of Senior Independent Director;
- 10.12.3 membership of the Audit and Remuneration Committees and any other Board Committees as appropriate, in consultation with the Chair of those Committees;
- 10.12.4 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;
- 10.12.5 the re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code (the 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;
- 10.12.6 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
- 10.12.7 the appointment of any Director to executive or other office.

## **11. REPORTING RESPONSIBILITIES**

- 11.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:
  - 11.1.1 any recommendations requiring Board approval and/or action; and
  - 11.1.2 any other issues on which the Board has requested the Committee's opinion or the Committee believes should be brought to the attention of the Board.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall approve and recommend to the Board a report on its activities for inclusion in the Company's Annual Report and Accounts. The report should include:
  - 11.3.1 the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline. If external advice or open advertising has not been used an explanation of why not. Where an external search agency has been used, it shall be identified and a statement made as to whether it has any connection with the Company or individual Directors; and

- 11.3.2 how the annual board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition; and
- 11.3.3 a statement of the Board's policy on diversity and inclusion including gender and social and ethnic backgrounds, and inclusion, its objectives and linkage to company strategy, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives; and
- 11.3.4 the gender balance of those in the senior management and their direct reports.

## **12. OTHER MATTERS**

The Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 12.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 12.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 12.4 work and liaise as necessary with all other Board Committees;
- 12.5 oversee any investigation of activities which are within its terms of reference; and
- 12.6 arrange for periodic reviews of its own performance as part of the performance review process 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. The Board shall also review the Committee's effectiveness on a two year cycle.

## **13. AUTHORITY**

The Committee is authorised to obtain at the Company's expense, outside legal or professional advice on any matter within its terms of reference.