



**ARC MINERALS LTD**  
(the "Company")

**NOMINATION COMMITTEE**

**TERMS OF REFERENCE**

*Last review: June 2019*

**1. CONSTITUTION**

The Nomination Committee ("Committee") shall be constituted by resolution of the Board of Directors and in accordance with the Articles of Association of the Company.

**2. MEMBERSHIP**

- 2.1 Members of the Committee shall be appointed by the Board and shall comprise a Chairman and at least two other members.
- 2.2 All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement.
- 2.3 Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence. Where possible, the Chairman and members of the Committee should be rotated on a regular basis.
- 2.4 Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, provided that the director continues to meet the criteria for membership of the Committee.
- 2.5 The Board shall appoint the Chairman of the Committee who shall be a non-executive director and determine the period for which he or she shall hold office. The Chairman of the Board shall not be eligible to be appointed as Chairman of the Committee. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of the non-executive members present to chair the meeting.
- 2.6 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals and/or external advisers may be invited to attend for all or part of any meeting as and when appropriate.

**3. SECRETARY**

The Company Secretary or his or her nominee shall act as the Secretary of the Committee.

#### **4. QUORUM**

The quorum necessary for the transaction of business shall be two. 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 Chairman of the Committee shall have a casting vote.

#### **5. FREQUENCY OF MEETINGS**

The Committee shall meet at least once a year and at such other times as the Chairman of the Committee shall require or as may be requested by the Board of Directors.

#### **6. NOTICE OF MEETINGS**

6.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof.

6.2 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, any other person required to attend and all other non-executive directors, no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time.

#### **7. MINUTES OF MEETINGS**

7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

7.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

7.3 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all members of the Board.

#### **8. ANNUAL GENERAL MEETING**

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

#### **9. DUTIES**

9.1 **In respect of nomination of directors, the Committee shall:**

9.1.1 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

9.1.2 before making an appointment, evaluate the balance of skills, knowledge, experience, independence 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:

- (a) use open advertising or the services of external advisers to facilitate the search;
- (b) consider candidates from a wide range of backgrounds; and
- (c) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;

9.1.3 for the appointment of a chairman, the Committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise.

9.1.4 review annually the time required from a non-executive director. Performance evaluation should be used to assess whether the non-executive director is spending enough time to fulfil his or her duties;

9.1.5 give full consideration 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 needed on the Board in the future;

9.1.6 regularly review the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board and make recommendations to the Board with regard to any changes;

9.1.7 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;

9.1.8 make a statement in the annual report about its activities, the process used for appointments and explain if external advice or open advertising has not been used and the membership of the Committee, number of Committee meetings and attendance over the course of the year;

9.1.9 make available its terms of reference explaining clearly its role and the authority delegated to it by the Board;

9.1.10 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;

9.1.11 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

9.1.12 nominate members to Board committees in consultation with the Chairmen of the committees; and

9.1.13 The Committee shall make recommendations to the Board concerning:

- (a) plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman of the Board and Executive Officers;
- (b) suitable candidates for the role of senior independent director;
- (c) 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 contribute to the Board in the light of skills, knowledge, experience, independence

and diversity required (particularly in relation to directors being re-elected for a term beyond six years);

- (d) the re-election by shareholders of any director;
- (e) any matters relating to the continuation in office of any director at any time; and
- (f) 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 Board;

## 9.2 **Other Matters**

The Committee shall:

- 9.2.1 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;
- 9.2.2 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed / non-listed companies and formation and operation of share schemes, including but not limited to the provisions of the AIM Rules of the London Stock Exchange, the QCA Corporate Governance Code, as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate;
- 9.2.3 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; and
- 9.2.4 work and liaise as necessary with all other Board committees.

## 10. **AUTHORITY**

The Committee is authorised by the Board:

- 10.1 to seek any information it requires from any employee of the Company in order to perform its duties;
- 10.2 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 10.3 to commission any reports or surveys which it deems necessary to help it fulfil its obligations; and
- 10.4 to call any member of staff to be questioned at a meeting of the Committee as and when required.

## 11. **REPORTING RESPONSIBILITIES**

- 11.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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 produce an annual report of the Company's remuneration policy and practices which will form part of the Company's annual report. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.

## 12. DEFINITIONS

**"Board"**

shall mean the full Board of Directors;

**"Committee"**

shall mean the Remuneration Committee.