

STOBART GROUP LIMITED (the "Company")

NOMINATION COMMITTEE - TERMS OF REFERENCE

1 MEMBERSHIP

- 1.1 The Members of the Nomination Committee shall be appointed by the Board.
- 1.2 The Nomination Committee shall have at least three members. The majority of the members shall be Independent Non-Executive Directors, that is, independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.
- 1.3 Appointments to the Nomination Committee shall be made by the Board, in consultation with the chairman of the Nominee Committee. The Chairman of the Nomination Committee shall be appointed by the Board and should be the Chairman of the Board or an Independent Non-Executive Director, but the Chairman of the Board should not chair the Nomination Committee when it is dealing with the Appointment of a Successor to the Chairmanship of the Board. In the absence of the Chairman and/or an Appointed Deputy of the Nomination Committee the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.
- 1.4 If a member is unable to act for any reason, the Chairman of the Nomination Committee may appoint another Non-Executive Director as an additional member provided always that the majority of members of the Committee shall be independent as described in paragraph 1.2 above.
- 1.5 Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the Director remains independent.
- 1.6 Only Members of the Nomination Committee have the right to attend Committee Meetings. However, other individuals such as the Chief Executive, the Head of Human Resources and External Advisers may be invited to attend for all or any part of any meeting, as and when appropriate and necessary.

2 SECRETARY

The Secretary of the Nomination Committee shall be the Secretary of the Company or such other person as the Nomination Committee may appoint.

3 QUORUM

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 least once a year whether in person or by audio or video conference. These meetings shall be convened by the Secretary of the Nomination Committee at the request of its Chairman.
- 4.2 The Nomination Committee may meet at other times during the year as agreed between its Members.

5 NOTICE OF MEETINGS

- 5.1 Meetings of the Nomination Committee shall be called by the Secretary of the Nomination Committee at the request of the Nomination Committee chairman.
- 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, 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.

6 MINUTES OF MEETINGS

- 6.1 The Secretary of the Committee shall minute the proceedings and resolutions of all Nomination Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of meetings of the Nomination Committee shall be circulated promptly to all Members of the Committee. Once approved, minutes should be circulated to all other Members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

7 AUTHORITY

The Nomination Committee is authorised by the Board to:

- 7.1 investigate any activity within its terms of reference;
- 7.2 seek any information it requires from any employee;
- 7.3 obtain outside legal or other independent professional advice at the Company's expense when the Nomination Committee reasonably believes it is necessary to do so; and
- 7.4 instruct external professional advisers to attend any meeting at the Company's expense if the Nomination Committee considers this necessary or appropriate.

8 FUNCTION AND DUTIES

- 8.1 The Nomination Committee shall carry out the duties below for the Company and major subsidiary undertakings of the Company (together the '**Group**'), as appropriate.
- 8.2 Generally, the Nomination Committee should lead the process for Board appointments and make recommendations to the Board. In particular, the Nomination Committee shall:

- (a) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- (b) give full consideration to succession planning for Directors and other Senior Executives in the course of its work, 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 and experience 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 Nomination Committee shall:
 - (i) use open advertising or the services of External Advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (e) 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;
- (f) keep up to date and be fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (g) review annually 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; and
- (h) 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;
- (i) 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;
- (j) 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;
- (k) review the results of the Board performance evaluation process that relate to the composition of the Board;

- 8.3 The Nomination 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 of the Board and Chief Executive Officer (but see 8.3(g)below);
 - (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 Chairmen 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 of any Director under 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;
 - (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 his/her service contract; and
 - (g) the appointment of any Director to Executive or other office other than to the positions of Chairman of the Board and Chief Executive Officer, the recommendation for which should be considered at a meeting of the Full Board.
- 8.4 The Nomination Committee shall consider such other matters as may be requested by the Board.

9 PROCEDURE

- 9.1 The Nomination Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties.
- 9.2 The Nomination Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
- 9.3 The Company's Chief Executive or Head of HR or External Advisers may be invited to attend and speak at meetings (or parts thereof) of the Nomination Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chairman of the Nomination Committee.

10 REPORTING

- 10.1 The Chairman of the Nomination Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 10.2 The Chairman of the Nomination Committee should attend the Company's Annual General Meeting for the purpose of handling any questions or enquiries at the meeting concerning the work of the Nomination Committee during the preceding year.
- 10.3 The Nomination Committee shall produce a report to be included in the Company's Annual Report about its activities and the process used to make appointments and explain if external advice or open advertising has not been used.
- 10.4 The Committee shall make available to shareholders these terms of reference by placing them on the Company's website.

11 OTHER MATTERS

The Nomination 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 of the Committee and on an ongoing basis for all members of the Committee;
- 11.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules and the UK Listing Authority's Listing, Prospectus, Disclosure and Transparency Rules and any other applicable rules and guidelines as appropriate;
- 11.4 arrange for periodic reviews of its own performance and, at least annually, review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.