Endace Nominations Committee Terms of Reference

1 Membership

Members of the Committee shall be the Chairperson and at least one other independent non-executive director appointed by the Board.

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 appropriate.

Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.

The Board shall appoint the Committee Chairperson who should be either the Chairperson of the Board or an independent non-executive director. In the absence of the Committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairperson of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairpersonship.

2 Secretary

Endace Secretary or their nominee shall act as the Secretary of the Committee.

3 Quorum

The quorum necessary for the transaction of business shall be 2 one of whom must be an 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

The Committee shall meet at least twice a year and at such other times as the Chairperson of the Committee shall require.

5 Notice of Meetings

Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairperson of the Committee.

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 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

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

Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairperson of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

7 Annual General Meeting

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

8 Duties

The 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 Endace, 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 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 fully informed about strategic issues and commercial changes affecting Endace 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.

The Committee shall also make recommendations to the Board concerning:

(i) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairperson and Chief Executive (but see (p) below);

(j) suitable candidates for the role of senior independent director;

(k) membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees;

(l) 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;

(m) the continuation (or not) in service of any director who has reached the age of 70;

(n) the re-election by shareholders of any director under the 'retirement by rotation' provisions in Endace'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;

(o) 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 Endace subject to the provisions of the law and their service contract; and

(p) the appointment of any director to executive or other office other than to the positions of Chairperson and Chief Executive, the recommendation for which would be considered at a meeting of the full board.

9 Reporting Responsibilities

The Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

The Committee shall make a statement 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.

10 Other

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 Authority

The Committee is authorised to seek any information it requires from any employee of Endace in order to perform its duties.

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