

Adopted at the Board of Directors meeting of 27 February 2012

Reviewed and updated at the Board of Directors meeting on 18<sup>th</sup> June 2015

## **EVRAZ plc (the “Company”)**

### **Terms of Reference – Nominations Committee**

Reference to “the Committee” shall mean the Nominations Committee.

Reference to “the Board” shall mean the Board of Directors.

#### **1 Membership**

- 1.1** The Committee shall comprise at least three directors. A majority of the members of the Committee should be independent non-executive directors.
- 1.2** Only members of the Committee and the Secretary of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the head of human resources and external advisers may be invited to attend for all or part of any Committee meeting, as and when appropriate and necessary.
- 1.3** Appointments to the Committee are made by the Board and shall be for a period of one year, which may be extended for further periods of another one year, provided the director still meets the criteria for membership of the Committee.
- 1.4** The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, 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. The Chairman of the Board or an independent non-executive director serving as the Committee Chairman shall not chair the Committee meeting when it is dealing with the matter of succession to their respective chairmanships.
- 1.5** Current members of the Committee are:
- (i) Sir Michael Peat (Committee Chairman);
  - (ii) Alexander Abramov;
  - (iii) Karl Gruber;
  - (iv) Alexander Izosimov; and
  - (v) Eugene Shvidler.

#### **2 Secretary**

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

#### **3 Quorum**

- 3.1** 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.

**3.2** Each member shall have one vote. The Committee Chairman shall not have a second or casting vote.

#### **4 Frequency and Proceedings of Meetings**

**4.1** The Committee shall meet not less than once a year and otherwise as required.<sup>1</sup>

**4.2** Proceedings and meetings of the Committee will be governed by the provisions of the Articles for regulating meetings and proceedings of the Board, in so far as they are applicable and not inconsistent with these terms of reference.

#### **5 Notice of Meetings**

**5.1** Meetings of the Committee shall be called by the Secretary of the Committee at the request of the 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 three working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate reasonably in advance.

#### **6 Minutes of Meetings**

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

**6.2** The Secretary of the Committee should ascertain the existence of any conflicts of interest and minute them accordingly. If any conflicts of interest exist with a particular member of the Committee on any particular issue then such member of the Committee shall not participate or vote on the issue that gave rise to such conflict of interest.

**6.3** Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so, for example, due to the existence of a conflict of interests.

#### **7 Annual General Meeting**

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

#### **8 Duties**

**8.1** The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the group as a whole, as appropriate.

**8.2** The Committee shall:

**8.2.1** regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board (with particular regard to the balance of

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<sup>1</sup> Meetings should be organised so that attendance is maximised (for example by timetabling them to coincide with Board meetings).

executive and non-executive directors, including independent non-executive directors) compared to its current position and make recommendations to the Board with regard to any changes;

- 8.2.2** 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;
- 8.2.3** 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;
- 8.2.4** be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.2.5** 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:
  - (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 and with due regard for the benefits of diversity on the Board, including gender and nationality, taking care that appointees have enough time available to devote to the position;
- 8.2.6** for the appointment of a Chairman of the Board, 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;<sup>2</sup>
- 8.2.7** 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;
- 8.2.8** keep under review the independence of the Company's independent non-executive directors;
- 8.2.9** review the results of the Board performance evaluation process that relate to the composition of the Board; and
- 8.2.10** review annually the time required to be committed by non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.

**8.3** The Committee shall also make recommendations to the Board concerning:

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<sup>2</sup> This information should also be disclosed in the next Annual Report.

- 8.3.1 formulating and making 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;
- 8.3.2 suitable candidates for the role of senior independent director;
- 8.3.3 membership of the Audit and Remuneration Committees and any other Board Committees as appropriate, in consultation with the chairmen of those committees;
- 8.3.4 the appointment of, or reappointment at the conclusion of their specified term of office of, directors 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;
- 8.3.5 the re-election by shareholders of directors 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);
- 8.3.6 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
- 8.3.7 the appointment of any director to executive or other office.

## **9 Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the Company's 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 Matters**

- 10.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required.
- 10.2 The Committee shall 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.
- 10.3 The Committee shall give due consideration to laws and regulations, including the provisions of the UK Corporate Governance Code, the requirements of the Listing Rules, the Prospectus Rules and the Disclosure and Transparency Rules (all of which are made by the Financial Services Authority under Part VI of the Financial Services and Markets Act 2000) and any other applicable rules, as appropriate.
- 10.4 The Committee shall arrange for periodic reviews of its own performance and 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.

## **11 Authority**

- 11.1** The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties and to call any employee to be questioned at a meeting of the Committee as and when required, and all employees are directed to co-operate with any such request made by the Committee.
- 11.2** The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference. Such advisers will be advisers solely to the Committee.