

SPIRE HEALTHCARE GROUP PLC (THE COMPANY)

NOMINATION COMMITTEE - TERMS OF REFERENCE

**adopted by the Board on 3 July 2014 and amended
on 23 July 2015, 17 December 2015 and 1 February 2018**

1. BACKGROUND

The board of directors of the Company (the *Board*) has resolved to establish a nomination committee (the *Committee*). These terms of reference replace any previous terms of reference for any nomination committee of the Board.

2. THE COMMITTEE'S DUTIES

2.1 To lead the process for Board appointments and make recommendations to the Board for all directors including chairman of the Board, Chief Executive Officer and Deputy Chairman/Senior Independent Director.

2.2 To review regularly the structure, size and composition of the Board (including its qualifications, competence, skills, knowledge, independence, experience and diversity, including gender) and make recommendations to the Board about any changes.

2.3 To consider plans and make recommendations to the Board for orderly succession for appointments to the Board, to maintain an appropriate balance of qualifications, competence, skills and experience within the Company and on the Board and to ensure progressive refreshing of the Board, taking into account the challenges and opportunities facing the Company and its subsidiary undertakings (the *Group*).

2.4 To keep the executive and non-executive leadership needs of the Group under review, with a view to ensuring it continues to compete effectively in the marketplace.

2.5 To keep up-to-date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates.

2.6 To be responsible for identifying and nominating candidates for appointment to the Board for the Board's approval.

2.7 The Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 ("the Regulations") impose statutory obligations on entities which are registered with the Care Quality Commission to ensure that Executive or Non-Executive Directors meet the Fit and Proper Person Test set out under those Regulations.

2.8 The Board, having determined that it will comply with the principles of the Regulations as if they applied to the Company, has resolved to ensure that its own Executive and Non-Executive Directors meet the Fit and Proper Person Test under the Regulations.

2.9 When the Board wishes to appoint a director, to evaluate the balance of qualifications, competence, skills, knowledge, experience, independence and diversity on the Board, and prepare a description of the role, required capabilities and expected time commitment, and to consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

2.10 To monitor any external directorships held, and ensure they comply with any applicable provisions in the UK Corporate Governance Code.

2.11 To review the results of the Board performance evaluation process as they relate to the composition of the Board.

2.12 To review each year the time Non-Executive Directors are expected to spend on the Company's affairs and whether each non-executive director is devoting enough time to his or her duties.

2.13 To make recommendations to the Board about candidates for membership of the audit and remuneration committees of the Board and any other Board committees as appropriate, in consultation with the chairs of the relevant committee.

2.14 To make recommendations to the Board about whether to reappoint a director at the end of his or her term of office subject to re-election at the Company's annual general meeting.

2.15 To make recommendations to the Board about any matters relating to the continuation in office of any director at any time, including any concerns or complaints which arise which may impact on the director remaining a fit and proper person within the meaning of the Regulations, the suspension or termination of service of an executive director as an employee of the Company.

2.16 To support and work with the Chief Executive Officer in building and maintaining a strong executive leadership team by giving input to organisation design, reviewing the performance of, and succession plans for, Executive Committee members on at least an annual basis. The Committee will also approve the Chief Executive Officer's recommendations for changes to the Executive Committee.

3. PROCEDURES FOR APPOINTING DIRECTORS

3.1 The Committee will oversee the process for appointing all directors to the Board. The key principles are:

- (a) the Committee will approve a job description and position specification;
- (b) where external candidates are required an executive search firm will be appointed which will be approved by the Committee;
- (c) where there are internal candidates they will, whenever possible, be benchmarked against external candidates and reviewed through the same process as external candidates;
- (d) candidates will be selected for the short list and for the final appointment with due consideration given to the overall mix of skills, experience and diversity of the board;
- (e) the Committee will review and approve the short list;
- (f) candidates will be interviewed by all members of the Committee, unless conflicted, and other directors as agreed by the Committee;
- (g) the Committee will take references on external candidates; and

(h) the Committee will make a recommendation for appointment to the Board once the above process is completed.

3.2 The recruitment process will be led by:

(a) The chairman of the Board, supported by the Senior Independent Director /Deputy Chairman, in the case of the Chief Executive Officer and the Non-Executive Directors (except the Chairman of the Board);

(b) the Chief Executive Officer, supported by the chairman of the Board, in the case of Executive Directors (except the Chief Executive Officer); and

(c) the Senior Independent Director/Deputy Chairman, supported by another member of the Committee in the case of the chairman of the Board.

3.3 The Committee may request that the Chief Executive Officer and/or Company Secretary confirm to the Committee that, in respect to executive Board level appointments, all appropriate checks and selection processes have been undertaken to ensure that the director is a fit and proper person within the meaning of the Regulations.

3.4 The Committee shall provide the chairman of the Board with such information as if necessary in order for the chairman of the Board may discharge his responsibilities in respect of the requirements of the Fit and Proper Person Test.

3.5 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.

4. COMPOSITION

4.1 The Committee must have at least three members. Members of the Committee are appointed by the Board. A majority of the members of the Committee must be independent non-executive directors. If the Board decides that a member of the Committee is no longer independent and as a result a majority of the members of the Committee are not independent non-executive directors, that member will cease to be a member of the Committee.

4.2 The Board appoints the chairman of the Committee, who must be either the chairman of the Board or an independent non-executive director.

4.3 Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others to attend all or part of any meeting if it thinks it is appropriate or necessary.

4.4 Appointments to the Committee are for a period of up to three years, extendable for two further three-year periods, provided that the majority of the Committee members remain independent.

4.5 Members of the Committee will not, unless specifically requested by the other members of the Committee, participate in discussions and the appointment process for successors to their own position. In the absence of the Committee Chairman or an appointed

deputy, the remaining members of the Committee may appoint one of the independent non-executive directors to chair the meeting.

5. QUORUM

5.1 The quorum necessary for the transaction of business is two members, both of whom must be independent non-executive directors.

5.2 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

6. MEETING ADMINISTRATION

6.1 The Committee shall meet as often as it deems necessary but in any case at least twice a year, at such times and places determined by the Committee chairman. Additional meetings may be called by the Committee chairman. Where possible a sufficient interval should be allowed between Committee meetings and main Board meetings to allow any work arising from the Committee meeting to be carried out and reported to the Board as appropriate. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the chairman.

6.2 Meetings of the Committee are called by the secretary of the Committee at the request of the Committee chairman.

6.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date (and dial-in details if required) of the meeting must be sent, with an agenda of the items to be discussed and any supporting papers, to each member of the Committee, any other person required to attend the meeting and all other non-executive directors as soon as practicable, and in any event no later than three working days before the date of the meeting.

7. SECRETARY

7.1 The Company Secretary or such person as the Committee chairman approves acts as the secretary of the Committee (the *Secretary*).

7.2 The Secretary must ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

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

7.4 The Secretary must ascertain, at the beginning of each meeting, whether any conflicts of interest exist and, if so, minute them accordingly.

7.5 Draft minutes of Committee meetings must be sent promptly to all members of the Committee. Once approved, minutes must be sent to all members of the Board, unless the chairman of the Committee thinks it is inappropriate to do so.

8. SELF-EVALUATION

8.1 The Committee must review its own performance, composition and terms of reference at least once a year and recommend to the Board any changes it considers necessary or desirable.

9. REPORTING RESPONSIBILITIES

9.1 After each Committee meeting, the Committee chairman must report formally to the Board on the Committee's proceedings.

9.2 The Committee may make such recommendations to the Board it deems appropriate on any area within its remit where action or improvement is desirable.

9.3 The Committee chairman must attend the Company's annual general meeting and respond to any shareholder questions on matters within the Committee's area of responsibility, as directed by the chair of the Company's annual general meeting.

9.4 The Committee must compile a report to shareholders on its activities and the process used to make appointments to be included in the Company's annual report. The report should also:

- (a) if external advertising or advice has not been used, give reasons for this;
- (b) identify any external search agency used by the Company, and state whether it has any connection with the Company; and
- (c) describe the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

10. OTHER MATTERS

The Committee must:

- (a) have access to sufficient resources to carry out its duties, including access to the Company secretariat for assistance as required on all Committee matters;
- (b) be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- (c) give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- (d) oversee any investigation of activities which are within its terms of reference; and
- (e) work and liaise as necessary with all other Board committees.

11. AUTHORITY

The Board authorises the Committee to:

- (a) undertake any activity within its terms of reference;

- (b) seek any information from any Group employee or contractor that it requires to perform its duties;
- (c) obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and to invite persons giving such advice to attend Committee meetings;
- (d) call any Group employee or contractor to be questioned at a Committee meeting, as and when required;
- (e) delegate any of its powers to one or more of its members or the secretary.