

## **VERONA PHARMA PLC**

### **NOMINATION AND CORPORATE GOVERNANCE COMMITTEE TERMS OF REFERENCE**

#### **CONSTITUTION**

- 1** The board hereby resolves to establish a committee of the board to be known as the nomination and corporate governance committee (the “Committee”):
  - (a) to increase shareholder confidence in the Company’s corporate governance capability;
  - (b) to identify and recommend individuals qualified to become board members; and
  - (c) to review the Company’s succession planning with respect to both board members and senior management appointments.

#### **MEMBERSHIP**

- 2** The Committee shall be appointed by the board and shall comprise at least two members, a majority of which must be independent non-executive directors.
- 3** The chairman of the Committee shall be appointed by the board. The membership of the Committee shall be set out in the annual report of the Company. Appointment to the Committee shall be for a period of up to 3 years, which may be extended for two further periods, provided the director remains independent.
- 4** A quorum of the Committee shall be two members.

#### **ATTENDANCE AT MEETINGS**

- 5** Other board members shall have the right to attend Committee meetings. The Committee may invite any outsiders to attend its meetings as it deems appropriate. The Committee may nominate one of its members, the company secretary or such other person as it deems appropriate to be the secretary of meetings.

#### **FREQUENCY OF MEETINGS**

- 6** Meetings shall be held not less than once a year and at such other times as the chairman of the Committee shall require.

#### **NOTICE OF MEETINGS**

- 7** Meetings of the Committee shall be summoned at the request of any of its members.
- 8** Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than 5 days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee (as appropriate) at the same time.

#### **VOTING ARRANGEMENTS**

- 9** Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

**10** If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

**11** Save where he has a personal interest, the chairman will have a casting vote.

## **AUTHORITY**

**12** The Committee is authorised by the board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee in order to perform its duties.

**13** The Committee is authorised to obtain, at the Company's expense, outside legal or other independent professional advice on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **DUTIES AND TERMS OF REFERENCE**

**14** The Committee shall:

- (a) regularly evaluate the structure, size and composition (including the skills, knowledge and experience) of the board and make recommendations to the board with regard to any adjustments that are deemed necessary;
- (b) in light of the evaluation under paragraph (a) above, prepare a description of the role and capabilities required for a particular appointment;
- (c) identify and nominate, for the approval of the board, candidates to fill board vacancies as and when they arise. In identifying suitable candidates, the Committee shall consider candidates on merit and against objective criteria, taking care that candidates have sufficient time to devote to the particular appointment;
- (d) put in place plans for the orderly succession of appointments to the board and to senior management, taking into account the challenges and opportunities facing the Company and the skills and experience needed within the Company and on the board;
- (e) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the market;
- (f) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (g) ensure that on appointment non-executive directors receive a formal letter setting out what is expected of them in terms of time commitment;
- (h) make recommendations to the board on the membership of the Audit and Remuneration Committees, in consultation with the chairman of those committees;
- (i) make recommendations to the board concerning the reappointment, or not, of any non-executive director at the conclusion of his or her specified term of office;
- (j) make recommendations to the board for the continuation, or not, in service of an executive director as an executive or non-executive director;

- (k) make recommendations to the board for the continuation, or not, in service of any director who has reached the age of 70;
- (l) recommend to the board directors who will be retiring by rotation to be proposed for re-election;
- (m) recommend to the board directors who will have been in office for 3 years to stand for re-election; and
- (n) consider other matters as referred to the Committee by the board.

**15** The Committee shall:

- (a) give due consideration to applicable laws and regulations, the provisions of the Combined Code, the QCA Corporate Governance Guidelines on AIM companies and the requirements of the London Stock Exchange's rules for AIM companies as appropriate; and
- (b) 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.

## **REPORTING PROCEDURES**

- 16** The Committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 17** The secretary shall circulate the minutes of meetings of the Committee to all members of the board. The Committee may, in addition, at any time request a full meeting of the board at which its conclusions shall be reported.
- 18** The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 19** The recommendations of the Committee minutes must be approved by the board of directors before they can be implemented.
- 20** The Committee shall compile a report to shareholders on its activities to be included in the Company's annual report.
- 21** The chairman of the Committee shall attend each Annual General Meeting of the Company to respond to any questions on the Committee's activities.