

STOCK SPIRITS GROUP PLC

NOMINATION COMMITTEE TERMS OF REFERENCE

The following are the terms of reference of the Nomination Committee (the “**Nomination Committee**”) of **Stock Spirits Group PLC** (the “**Company**”) and its subsidiaries (together, the “**Group**”).

1. Membership

- 1.1 The Nomination Committee shall comprise at least three members.
- 1.2 Members of the Nomination Committee (other than the initial members of the Committee) shall be appointed by the board of directors of the Company (the “**Board**”) and shall be made up of a majority of independent non-executive directors.
- 1.3 The Board shall appoint the chairman of the Nomination Committee (the “**Chairman**”) who shall be an independent non-executive director. In the absence of the Chairman, the remaining members present shall elect one of their number to chair the meeting. The chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship.
- 1.4 Only Nomination Committee members have the right to attend Nomination Committee meetings. However, the Nomination Committee may invite any directors or other executives of the Company, including the Chief Executive Officer, or any external professional advisors to attend all or part of any meetings as and when appropriate. An executive will not attend when their own nomination is under discussion.
- 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 that the majority of the Nomination Committee members remain independent.
- 1.6 The Company Secretary is the secretary of the Nomination Committee (the “**Secretary**”).

2. Quorum

- 2.1 The quorum necessary for the transaction of business shall be two members of the Nomination Committee, both of whom must be independent non-executive directors.
- 2.2 A duly convened meeting of the Nomination Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

3. Frequency of meetings

- 3.1 The Nomination Committee shall meet at least twice in each year and at such other times as otherwise required. Meetings can be convened by telephone when necessary.

4. Notice of meetings

- 4.1 Meetings of the Nomination Committee shall be called by the Secretary at the request of the Chairman.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Nomination Committee, and to other attendees as appropriate, no later than five working days before the date of the meeting. Supporting papers shall be sent to Nomination Committee members and to other attendees as appropriate, at the same time.

5. Minutes of meetings

- 5.1 The Secretary shall minute the proceedings and decisions of all Nomination Committee meetings, including the names of those present and in attendance.
- 5.2 The members of the Nomination Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.
- 5.3 Draft minutes of Nomination Committee meetings shall be circulated promptly to the Chairman and, once agreed, to all members of the Nomination Committee and, unless it would be inappropriate to do so, to all other members of the Board.

6. Annual General Meeting

- 6.1 The Chairman shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Nomination Committee's activities and responsibilities.

7. Authority

- 7.1 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.

8. Responsibilities

- 8.1 The Nomination Committee shall:
- (A) regularly review the structure, size and composition (including the skills, knowledge, independence 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 in the course of the work of the Nomination Committee, taking into account the challenges and opportunities facing the Company, and the skills and expertise that will, therefore, be needed on the Board in the future; and

- (C) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- 8.2 The Nomination Committee will take into account the provisions of the UK Corporate Governance Code (the “**Code**”) and any regulatory requirements that are applicable to the Company.
- 8.3 Before an appointment is made by the Board, the Nomination Committee will evaluate the balance of skills, knowledge, independence and experience on the Board, and, in light of this evaluation prepare a description of the role and capabilities required for a particular appointment (including, for the appointment of a chairman of the Board, an assessment of the time commitment expected, recognising the need for availability in the event of crises – 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).
- 8.4 In identifying suitable candidates, the Nomination Committee shall:
 - (A) use open advertising or the services of external advisers to facilitate the search;
 - (B) consider candidates from a wide range of backgrounds; and
 - (C) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to that position, and with due regard to the benefits of diversity on the Board, including gender.
- 8.5 The Nomination Committee shall 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.
- 8.6 The Nomination Committee shall keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- 8.7 The Nomination Committee will review the time required from non-executive directors annually. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 8.8 The Nomination Committee will 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. A proposed non-executive director’s other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved and the Board should be informed of subsequent changes as they arise.
- 8.9 The Nomination Committee will also ensure that the terms and conditions of the appointment of a non-executive director shall be made available for inspection at the Company’s offices during normal business hours and at the Company’s annual general meeting.

- 8.10 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 the chairman of the Board and the Chief Executive Officer;
 - (B) suitable candidates for the role of senior independent director;
 - (C) membership of the Audit Committee, the Remuneration Committee 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 annual re-election provisions of the Code 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);
 - (F) any matters relating to the continuation in office of any director at any time; and
 - (G) the appointment of any director to executive or other office.
- 8.11 The Nomination Committee shall, prior to the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and require him/her to report any future business interests that could result in a conflict of interest.
- 8.12 The Nomination Committee shall ensure that the evaluation of the Board is externally facilitated at least every three years. The external facilitator shall be identified in the annual report and a statement made as to whether the external facilitator has any other connections with the Group.

9. Reporting Responsibilities

- 9.1 The Chairman shall report formally to the Board on the Nomination Committee's proceedings after each meeting of the Nomination Committee on all matters within its duties and responsibilities.
- 9.2 The Nomination Committee shall make whatever recommendation to the Board it deems appropriate on any area within its remit where action or improvement is needed. Any recommendation of the Nomination Committee shall take effect only if approved by the Board.

- 9.3 The Nomination Committee shall produce a report to be included in the Company's annual report and accounts about its activities, the process used to make appointments and an explanation as to whether external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company.
- 9.4 The report referred to in 9.3 above should include a statement of 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

- 10.1 The Committee shall:
- (A) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
 - (B) 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;
 - (C) give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate; and
 - (D) arrange for periodic reviews of its own performance and, at least annually, 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.

These terms of reference were reviewed and approved by the Board on 21 October 2013.