Gooch & Housego PLC
(the "Company")

Terms of Reference for the Nomination Committee

(as adopted by the Board on 17 May 2017)

1. Constitution
The Board has established a Committee of the Board known as the Nomination Committee (the "Committee").

2. Purpose
The purpose of the Committee is to advise the Board on succession planning, appointments, retirements and resignations from the Board and its Committees. In particular, the Committee should ensure that the procedure for the selection of potential candidates for Board appointments - either as an executive or non-executive Director - is formal, rigorous and transparent and undertaken in a manner consistent with best practice.

3. Membership
3.1 Members of the Committee shall be appointed by the Board and shall be made up of at least three directors, the majority of whom should be independent non-executive directors.
3.2 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two further periods of up to three years, provided that the majority of the Committee members remain independent.
3.3 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair a given meeting. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
3.4 The Company Secretary or their nominee shall act as the Secretary of the Committee.

4. Meetings
4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.
4.2 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman of the Committee.
4.3 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 five 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.
4.4 Meetings may be held by telephone or internet conference.

4.5 Only members of the Committee have the right to attend Committee meetings, although other individuals may be invited to attend for all or part of any meeting, as and when appropriate.

4.6 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.

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

4.8 Minutes of Committee meetings shall be circulated promptly to all members of the Committee.

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

5. Role and Responsibilities

5.1 The role and responsibilities of the Nomination Committee shall be:

5.1.1 To regularly review the structure, size and composition (including the skills, knowledge experience and diversity) of the Board and make recommendations to the Board with regard to any changes.

5.1.2 To 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 the skills and expertise needed on the Board in the future.

5.1.3 To identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise.

5.1.4 Prior to any appointment being made by the Board, to 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:

5.1.4.1 use open advertising or the services of external advisers to facilitate the search

5.1.4.2 consider candidates from a wide range of backgrounds

5.1.4.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position.

5.1.5 To 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.

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

5.1.7 To 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.

5.1.8 For the appointment of a director or chairman, to prepare a job specification, including the time commitment expected. A proposed director's or chairman's other significant commitments should be disclosed

to the Board before appointment and any changes to these commitments should be reported to the Board as they arise.

5.1.9 Prior to the appointment of any director or chairman, to require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

5.1.10 To 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.

5.2 The Committee shall also make recommendations to the Board concerning:

5.2.1 Formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive.

5.2.2 Suitable candidates for the role of Senior Independent Director.

5.2.3 Membership of the Audit and Remuneration Committees and other Board committees as appropriate, in consultation with the chairmen of those committees.

5.2.4 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.

5.2.5 The re-election by shareholders of directors under the annual re-election provisions 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).

5.2.6 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.

5.2.7 The appointment of any director to executive or other office.

6. Reporting Procedures

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

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

6.3 The Committee shall at least once a year, review its own performance (or arrange for an external evaluation of its performance), constitution and terms of reference to ensure it is operating effectively and recommend to the Board for approval any changes it considers necessary.

6.4 The Committee shall provide a report to be included in the Company's annual report about its activities and the process used to make appointments.

7. Authority

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

7.2 The Committee is authorised to obtain, at the Company's expense (in accordance with internal guidelines), outside legal or other professional advice on any matters within its terms of reference.

8. Other Matters

8.1 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.

8.2 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.