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DIGNITY PLC

**NOMINATION COMMITTEE:
TERMS OF REFERENCE**

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DIGNITY PLC

("Company")

NOMINATION COMMITTEE: TERMS OF REFERENCE

1. DEFINITIONS

In these terms of reference:

"**Board**" means the board of directors of the Company;

"**Committee**" means the nomination committee of the Board; and

"**Group**" means the Company and its subsidiary undertakings from time to time.

2. INTRODUCTION

The primary purpose of the Committee is to lead the process for Board appointments and to make recommendations to the Board to achieve the optimal composition of the Board having regard to:

- its size and composition;
- the extent to which required skills, experience or attributes are represented; and
- the need to maintain the highest standard of corporate governance,

and ensuring that it consists of individuals who are best able to discharge the responsibilities of directors.

3. MEMBERSHIP

- 3.1 The Committee shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors.
- 3.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the chief executive, the head of human resources and external advisers) may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 3.3 Appointments to the Committee shall be made by the Board and shall be for a period of up to three years, which may be extended for two further periods of up to three years provided the director still meets the criteria for membership of the Committee.
- 3.4 The Board shall appoint the chairman of the Committee, who shall be either the chairman of the Board or an independent non-executive director. In the absence of the chairman of the Committee 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 shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

4. SECRETARY

The Company secretary or his/her nominee shall act as the secretary of the Committee.

5. QUORUM

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

6. FREQUENCY OF MEETINGS

The Committee shall meet at least twice a year and otherwise as required.

7. NOTICE OF MEETINGS

7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the chairman of the Committee.

7.2 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 or invited 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.

8. MINUTES OF MEETINGS

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

8.2 The secretary of the Committee shall ascertain, at the beginning of each Committee meeting, the existence of any conflicts of interest and minute them accordingly.

8.3 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 a conflict of interest exists or, in the opinion of the chairman of the Committee, it would otherwise be inappropriate to do so.

9. AGM

The chairman of the Committee shall attend the annual general meeting to answer any shareholder questions on the Committee's activities.

10. DUTIES

The Committee shall carry out the duties below for the Company, parent company, major subsidiary undertakings and the Group as a whole, as appropriate.

10.1 The Committee shall:

10.1.1 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;

- 10.1.2 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 the skills, and expertise needed on the Board in the future;
- 10.1.3 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 market place;
- 10.1.4 be responsible for identifying, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 10.1.5 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:
 - 10.1.5.1 use open advertising or the services of external advisers to facilitate the search;
 - 10.1.5.2 consider candidates from a wide range of backgrounds; and
 - 10.1.5.3 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;
- 10.1.6 for the appointment of a chairman, 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 and disclosed in the next annual report;
- 10.1.7 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;
- 10.1.8 when considering the appointment of both executive and non-executive directors to the Board, review such directors' positions and interests in other companies or firms, in order to identify any conflicts or potential conflicts of interest and make recommendations to the Board as to whether these positions and interests should be authorised;
- 10.1.9 review each director's conflicts authorisations annually to check it is appropriate for the relevant matters to remain authorised and make recommendations to the Board accordingly;
- 10.1.10 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, service on committees and involvement outside Board meetings;
- 10.1.11 review the results of the Board performance evaluation process that relate to the composition of the Board;

- 10.1.12 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; and
 - 10.1.13 work and liaise as necessary with all other board committees.
- 10.2 The Committee shall also make recommendations to the Board concerning:
- 10.2.1 formulating 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 (but see paragraph 10.2.7 below);
 - 10.2.2 suitable candidates for the role of senior independent director;
 - 10.2.3 membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairmen of those committees;
 - 10.2.4 the re-appointment of any non-executive director at the conclusion of his/her specified term of office, having given due regard to his/her performance and ability to continue to contribute to the Board in the light of the skills, knowledge and experience required;
 - 10.2.5 the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code or "retirement by rotation" provisions in the Company's articles of association, having given due regard to his/her performance and ability to continue to contribute to the Board in the light of the skills, knowledge 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);
 - 10.2.6 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 any relevant legal requirements and his/her service contract); and
 - 10.2.7 the appointment of any director to executive or other office (including, for the avoidance of doubt, the positions of chairman of the Board and chief executive, the recommendation for which would be considered at a meeting of the Board).
- 10.3 In carrying out his/her specific duties set out above, each member of the Committee should also consider his/her general duties as a director of the Company, including:
- 10.3.1 his/her duty to act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to all relevant factors;
 - 10.3.2 his/her duty to exercise independent judgment;
 - 10.3.3 his/her duty to exercise reasonable care, diligence and skill;
 - 10.3.4 his/her duty to avoid conflicts of interest; and

- 10.3.5 his/her duty to act in accordance with the Company's constitution and only exercise his/her powers for the purposes for which they were conferred.

11. REPORTING RESPONSIBILITIES

- 11.1 The chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall make a statement in the Company's annual report and accounts about its activities, the process used to make appointments and explain if external advice or open advertising has not been used.

12. OTHER MATTERS

The Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 12.2 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;
- 12.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 12.4 give due consideration to laws and regulations, and the provisions of the UK Corporate Governance Code, as appropriate;
- 12.5 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; and
- 12.6 ensure that these terms of reference are made available by placing them on the Company's website.

13. AUTHORITY

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.