

CORERO NETWORK SECURITY PLC

NOMINATION COMMITTEE
TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

1. MEMBERSHIP

- 1.1. The Nomination Committee ("Committee") shall be appointed by the Board and shall consist of at least two non-executive directors.
- 1.2. The chairman of the Committee shall be appointed by the Board.
- 1.3. The chairmanship of the Committee will be subject to annual review by the Board.
- 1.4. The Company CFO or his or her nominee shall act as the secretary of the Committee.

2. PURPOSE OF THE COMMITTEE

- 2.1. The role of the Committee is to assist the Board of directors to review and recommend nominees as new directors to the Board.

3. NOTICE AND MINUTES OF MEETINGS

- 3.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairman.
- 3.2. 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 to attend and all other non-executive directors, no later than three 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.
- 3.3. The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 3.4. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.

4. RESPONSIBILITIES OF THE COMMITTEE

- 4.1. 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.
- 4.2. Keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace.
- 4.3. Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- 4.4. 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:

- use advertising or the services of external advisers to facilitate the search;
 - consider candidates from a wide range of backgrounds;
 - 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;
- 4.5. 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.
- 4.6. 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.
- 4.7. 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.
- 4.8. Review the results of the board performance evaluation process that relate to the composition of the Board.
- 4.9. 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.

The Committee shall also make recommendations to the Board concerning:

- 4.10. Formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive.
- 4.11. Suitable candidates for the role of senior independent director.
- 4.12. Membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees.
- 4.13. 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 knowledge, skills and experience required.
- 4.14. The re-election by shareholders of directors under the retirement by rotation provisions in the Company's Articles of Association, 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.
- 4.15. 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. AUTHORITY

- 5.1. 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 director or employee and all directors and employees are directed to co-operate with any request made by the Committee.
- 5.2. The Committee may propose to the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary.
- 5.3. No director should be involved in any decisions as to their own remuneration (and should be excluded from any vote in relation to their remuneration).

6. ATTENDANCE AT MEETINGS

- 6.1. Executive directors and other members of senior management as may be required. Professional advisors and board members as may be required by the Committee.
- 6.2. No attendee shall have a vote at meetings of the Committee.

7. FREQUENCY OF MEETINGS

- 7.1. Meetings of the Committee will be held as frequently as the Committee considers appropriate but subject to a minimum of one meeting a year.
- 7.2. The quorum for decisions of the Committee shall be any two members of the Committee present throughout the meeting of the Committee.

8. OTHER MATTERS

The Committee shall:

- 8.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required.
- 8.2. 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.
- 8.3. Give due consideration to laws and regulations, the provisions of the QCA Code and the requirements of AIM rules, as appropriate.
- 8.4. 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.