

## **ADAMIND LTD (the "Company")**

### **THE NOMINATIONS COMMITTEE**

#### **TERMS OF REFERENCE**

(Adopted by the board of directors of the Company on 10 February 2005)

- 1 There shall be a Committee of the board of directors to be known as "the Nominations Committee".
- 2 The Nominations Committee shall comprise two independent non-executive directors of the Company, at least one of whom shall be an External Director (as defined in the Israeli Companies Law, 1999). A quorum shall be two members. For the purposes of this Committee the chairman of the board of directors (the "Company Chairman") shall be deemed to be independent for the purposes of the Combined Code.
- 3 The board of directors will appoint the non-executive director who is not Company Chairman as chairman of the Nominations Committee. Not sure I understand this comment
- 4 Only members of the Nominations Committee have the right to attend Committee meetings. However, other individuals such as the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 5 Appointments to the Nominations Committee shall be for such periods as the members thereof are elected to serve as directors of the Company in accordance with the Company's articles of association, the Israeli Companies Law and the Combined Code
- 6 The Company Secretary shall be the secretary of the Nominations Committee and shall keep appropriate minutes of its proceedings which shall be circulated to all members of the Nominations Committee and the Company Chairman and once agreed, to all other members of the board of directors, unless a conflict of interest exists.
- 7 Committee meetings shall be held not less than once a year and in any event in good time prior to each Annual General Meeting to allow the Nominations Committee to identify and recommend suitable board appointments for the approval of the board prior to the directors approval by the shareholders of the Company in that Annual General Meeting.
- 8 Meetings of the Nominations Committee shall be summoned by the secretary of the Nominations Committee at the request of the chairman of the Nominations Committee.
- 9 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 Nominations Committee, any other person required to attend and all (if any) other non-executive directors, no later than 5 working days before the date of the meeting. Unless otherwise agreed, supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 10 The chairman of the Nominations Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Nominations Committee's activities.
- 11 The Nominations Committee is authorised to obtain outside independent professional advice relevant to its duties.
- 12 The Nominations Committee shall:

- (a) regularly review the structure, size and composition (including the skills, knowledge and experience) required of the board of directors compared to its current position and make recommendations to the board of directors with regard to any changes;
- (b) 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 what skills and expertise are therefore needed on the board of directors in the future;
- (c) be responsible for identifying and nominating, for the approval of the board of directors, candidates to fill board of directors vacancies as and when they arise;
- (d) before making an appointment, evaluate the balance of skills, knowledge and experience on the board of directors, 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 Nominations Committee shall:
  - (i) use open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (e) 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;
- (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) 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
- (h) ensure that on appointment to the board of directors, 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.

13 The Nominations Committee shall also make recommendations to the board of directors concerning:

- (a) plans for succession for both executive and non-executive directors and in particular for the key roles of Company Chairman and Chief Executive subject to paragraph 13(h);
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit and Remuneration Committees, 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 of directors in the light of the knowledge, skills and experience required;

- (e) the continuation (or not) in service of any director who has reached the age of 70;
  - (f) the re-election by shareholders of any director 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 of directors in the light of the knowledge, skills and experience required;
  - (g) 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; and
  - (h) the appointment of any director to executive or other office other than to the positions of Company Chairman and Chief Executive, the recommendation for which would be considered at a meeting of full board.
- 14 The Nominations Committee chairman shall report formally to the board of directors on its proceedings after each meeting on all matters within its duties and responsibilities.
- 15 The Nominations Committee shall make whatever recommendations to the board of directors it deems appropriate on any area within its remit where action or improvement is needed.
- 16 The Nominations Committee shall make a statement in the annual report about its activities, the process used to make appointments and explain if external advice or open advertising has not been used; the membership of the Nominations Committee; number of meetings of Nominations Committee and attendance over the course of the year.
- 17 The Nominations Committee shall, 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 of directors for approval.
- 18 The Nominations Committee is authorised by the board of directors to seek any information it requires from any employees of the Company in order to perform its duties.

In these Terms of Reference, "Combined Code" shall mean the Combined Code on Corporate Governance appended to the Listing Rules of the UK Listing Authority.