

EVE SLEEP PLC (the Company)

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

In these Terms of Reference:

Audit Committee means the audit committee appointed by the Board

Board means the board of directors of the Company;

Chairman means the chairman of the Board;

Chief Executive means the chief executive officer of the Company;

Committee means the Nomination Committee;

Group means the Company and its subsidiary undertakings from time to time; and

Remuneration Committee means the remuneration committee appointed by the Board.

1 Introduction

These Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies produced by the Quoted Companies Alliance (and for compliance with the Corporate Governance Code issued by the Financial Reporting Council in April 2016 in so far as it can be applied practically, given the size of the Group and the nature of its operations) and to assist the Committee in achieving best practice in corporate governance for the Group.

2 Constitution

The Committee was constituted at a full meeting of the board of directors held on 28 April 2017 in accordance with the articles of association of the Company.

3 Membership and Attendance

- 3.1 The Committee shall be appointed by the Board on the recommendation of the Committee, in consultation with the Committee chairman (other than in respect of the initial members of the Committee as set out in paragraph 3.2 below) from amongst the directors of the Company and shall be made up of at least three directors.
- 3.2 The initial members of the Committee shall be Paul Pindar and Peter Hepworth.
- 3.3 The Board shall appoint the Committee chairman. The first chairman of the Committee shall be Thomas Enraght-Moony. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair any meeting of the Committee 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 appointment of a successor to the chairmanship.
- 3.4 Only members of the Committee shall have the right to attend and vote at Committee meetings. However, other individuals such as the chief executive, the Company's head of human resources and external advisers of the Company may be invited to attend for all or part of any meeting as and when appropriate and necessary.

3.5 Members of the Committee shall be appointed by the Board for a period of up to three years. Such appointment may then be extended by further periods of up to three years, provided the director continues to meet the criteria for membership of the Committee.

3.6 The Committee chairman shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.

4 Secretary

The Company secretary or his/her nominee shall act as the secretary of the Committee (**Secretary**).

5 Quorum

The quorum necessary for the transaction of business shall be two members, present in person or by audio or video conference.

6 Frequency of Meetings

The Committee shall meet at least twice a year and at such other times as may be required.

7 Notice of Meetings and Proceedings at Meetings

7.1 Meetings of the Committee shall be summoned by the Secretary at the request of the chairman of the Committee or any member of the Committee.

7.2 Unless otherwise agreed by the Committee chairman, 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 of the Company, no later than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. Papers required by the Committee may be provided electronically.

7.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

7.4 A resolution in writing and signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

7.5 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee (whether in person or by audio or video conference).

7.6 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

7.7 Except where he has a personal interest, the Committee chairman shall have a casting vote.

7.8 The Committee chairman may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

8 Minutes of Meetings

8.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance).

- 8.2 The Secretary should ascertain, at the beginning of each 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 and, once approved, to all other members of the Board, unless, in the opinion of the Committee chairman, it would be inappropriate to do so.

9 Annual General Meeting

- 9.1 The chairman of the Committee shall attend the Company's Annual General Meeting prepared to answer any shareholder questions on the Committee's activities.

10 Duties

- 10.1 The Committee shall, in conducting all of its duties in accordance with these Terms of Reference, act in a way it considers in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, the Committee must have regard (among other matters) to:
- (a) the likely consequences of any decision in the long term;
 - (b) the interests of the Company's employees;
 - (c) the need to foster the Company's business relationships with suppliers, customers and others;
 - (d) the impact of the Company's operations on the community and the environment;
 - (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - (f) the need to act fairly as between the members of the Company.
- 10.2 The Committee shall:
- (a) 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;
 - (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 the skills and expertise needed on the Board in the future;
 - (c) satisfy itself that plans are in place for orderly succession for appointments to the Board and senior management;
 - (d) 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;
 - (e) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
 - (f) prepare a policy on how to promote Board diversity;
 - (g) be responsible for identifying and nominating for the approval of the Board, candidates from a wide range of backgrounds to fill Board vacancies as and when they arise;

- (h) 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:
 - (i) use such methods as it deems appropriate, including the use of 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 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;
- (i) ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director;
- (j) consider any training requirements for the Board as a whole;
- (k) for the appointment of a chairman of the Company, 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;
- (l) ensure that prior to the appointment of a director, the proposed appointee is 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;
- (m) consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors;
- (n) keep under review at least annually potential conflicts of interests of directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary;
- (o) at all times take care to minimise the risk of any conflict of interest within the Committee that might be seen to give rise to an unacceptable influence;
- (p) 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 and the induction process;
- (q) assist the chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its committees, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, including gender, how the Board works together as a unit, and other factors relevant to the Board's effectiveness;
- (r) review the results of the Board performance evaluation process that relate to the composition of the Board and ensure that evaluation of the Board is externally facilitated at least every three years;
- (s) review annually the time required from non-executive directors and keep under review the number of external directorships held by each director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;

- (t) work and liaise as necessary with other Board committees,
- (u) have the authority to engage any search firm to assist in identifying director candidates and have the authority to seek advice from internal and external sources, as the Committee deems appropriate to assist in discharging its responsibilities; and
- (v) ensure that one third of the directors offer themselves for annual re-election by shareholders in accordance with the retirement by rotation provisions in the Company's articles of association, having 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 non-executive directors being re-elected for a term beyond six years).

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

- (a) the appointment of any director to executive or other office other than to the positions of chairman and chief executive, the recommendation for which is to be considered at a meeting of the full Board;
- (b) the chairman of the Board, having assessed every three years whether the present incumbent shall continue in post, taking into account the need for continuity versus freshness of approach;
- (c) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairman and chief executive officer of the Company;
- (d) suitable candidates for the role of senior independent director;
- (e) membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees,
- (f) 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;
- (g) 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 in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to non-executive directors being re-elected for a term beyond six years);
- (h) 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
- (i) the appointment of any director to executive or other office.

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 produce a report to be included in the Company's annual report about its activities, the membership of the Committee, number of meetings and attendance over the course of the year, the outcome of its formal annual review, the process used to make

appointments and explain if 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.

- 11.4 The report referred to in paragraph 11.3 should include a statement of the Board's policy on diversity, including gender, any measureable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 11.5 The Committee shall make available to shareholders these Terms of Reference.

12 Other Matters

- 12.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required and shall have the authority to engage any search firm to assist in identifying director candidates and have the authority to seek advice from internal and external sources, as the Committee deems appropriate to assist in discharging its responsibilities.
- 12.2 The Committee shall work and liaise as necessary with other Board committees.
- 12.3 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.
- 12.4 The Committee shall arrange for periodic reviews of its own performance and, at least annually, review its constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 12.5 The Committee shall give due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies, the Corporate Governance Code and the requirements of the London Stock Exchange's AIM Rules for Companies and any other applicable rules as appropriate.

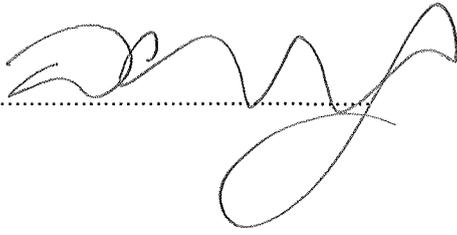
13 Authority

- 13.1 The Board authorises the Committee to carry out the duties set out in these Terms of Reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate professional advice on any matter within these Terms of Reference, as it considers necessary.
- 13.2 The Board authorises the Committee to seek any information it requires from any employee or director of the Company, and all such employees or directors will be directed to co-operate with any request made by the Committee.
- 13.3 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.
- 13.4 The Committee has the delegated authority of the Board in respect of the functions and powers set out in these Terms of Reference.
- 13.5 The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation, the establishment of sub-committees which are to report back to the Committee.

14 Procedure

Subject to the constitutional documents of the Company, the Committee shall determine its own procedures.

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Signed by:



(Thomas Enright - Mooney)

Dated: 28 April 2017

