

## Nomination Committee

### Terms of Reference (Approved 27.03.2019)

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***Reference to "the committee" shall mean the Nomination Committee.***

***Reference to "the board" shall mean the Board of Directors.***

***Reference to the "Code" shall mean the UK Corporate Governance Code 2018.***

#### **1. Membership**

- 1.1. The committee shall comprise of at least 3 directors appointed by the board and shall include the chairman and at least two other members.
- 1.2. A majority of members of the committee shall be independent non-executive directors.
- 1.3. The board shall appoint the committee chairman who may be 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 the meeting.
- 1.4. Appointments to the committee shall be for a period of up to three years, which may be extended by two further three-year periods provided that the majority of the committee members remain independent. Each extended period to be minuted accordingly.
- 1.5. Only members of the committee have the right to attend committee meetings. However, other individuals such as the chief executive and external advisors may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.6. If a regular member is unable to act due to absence, illness or any other cause, the chairman of the committee may appoint another director of the company to serve as an alternate member having due regard to maintaining the required balance of executive and independent non-executive members.
- 1.7. Care should be taken to minimise the risk of any conflict of interest that might be seen to give rise to an unacceptable influence.
- 1.8. The chairman of the board shall not chair the committee when it is dealing with the matter of succession to the chairmanship.

#### **2. Secretary**

- 2.1. The company secretary or his nominee shall act as the secretary of the committee.

#### **3. Quorum**

- 3.1. The quorum necessary for the transaction of business shall be three; of whom at least one must be the chairman and one a non-executive director. 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. Frequency of Meetings**

- 4.1. The committee shall meet not less than once a year and at such other times as the chairman of the committee shall require.

#### **5. Notice of Meetings**

- 5.1. Meetings of the committee shall be summoned by the secretary of the committee at the request of the chairman of the committee.
- 5.2. 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 no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to the committee members and to other attendees, as appropriate, at the same time.

## **6. Minutes of Meetings**

- 6.1. The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be made available on request to all other members of the board, unless in the opinion of the committee chairman it would be inappropriate to do so.

## **7. Annual General Meeting**

- 7.1. The chairman of the committee shall attend the annual general meeting prepared to respond to any shareholder questions on the committee's activities.

## **8. Duties**

The committee shall:

- 8.1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board, taking into account the company's strategic priorities and the matters affecting the company referred to in paragraph 8.6, and make recommendations to the board with regard to any changes;
- 8.2. give full consideration to succession planning for directors and other senior management in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise therefore needed on the board in the future;
- 8.3. 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;
- 8.4. oversee the development of a diverse pipeline for succession;
- 8.5. set objectives for diversity and inclusion in relation to the board and senior management and, in conjunction with human resources, set diversity objectives and strategies for the company as a whole and monitor the impact and outcomes of diversity initiatives;
- 8.6. keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- 8.7. be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
- 8.8. before any appointment is made by the board, evaluate the balance of skills, knowledge, experience and diversity on the board, and the future challenges affecting the Company, 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 consider:

- 8.8.1. open advertising or the services of external advisors to facilitate the search;
- 8.8.2. candidates from a wide range of backgrounds;
- 8.8.3. candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, social and ethnic backgrounds, and cognitive and personal strengths taking care that appointees have enough time available to devote to the position;
- 8.9. review annually the time required from non-executive directors. Performance evaluation, either formal or informal, should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- 8.10. review the number of external appointments held by each director and ensure that any new additional external appointments are approved in advance by the board before being accepted;
- 8.11. ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly the expectations in terms of time commitment, committee service and involvement outside board meetings;
- 8.12. 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;
- 8.13. 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;
- 8.14. review results of the board performance evaluation process that relate to the composition of the board, its diversity and how effectively members of the board work together to achieve objectives;
- 8.15. work and liaise as necessary with all other board committees.

The committee shall also make recommendations to the board concerning:

- 8.16. formulating plans for succession for executive and non-executive directors (in particular for the key roles of the chairman and the chief executive) and senior management based on merit and objective criteria and taking into account the skills, experience, independence, knowledge and diversity needed on the board in the future, the length of service of the board as a whole and the need for its membership to be regularly refreshed;
- 8.17. suitable candidates for the role of senior independent director;
- 8.18. membership of the audit and remuneration committees, in consultation with the chair of those committees;
- 8.19. the reappointment 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 and the company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed;
- 8.20. the re-election by shareholders of any director under the annual re-election provisions of the Code or '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 and the company's long-term sustainable success 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);

- 8.21. setting any limits on the number of external appointments that may be held by executive and non-executive directors;
- 8.22. any matters relating to the continuation in office of any director at any time including the suspension or termination of office of an executive director as an employee of the company subject to the provisions of the law and their service contract;
- 8.23. the appointment of any director to executive or other office;
- 8.24. the diversity of the board and senior management team, including with regard to gender, social and ethnic backgrounds and cognitive and personal strengths.

## **9. Reporting responsibilities**

- 9.1. The committee chair shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3. The committee shall produce a report to be included in the company's annual report about its activities, the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline 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 or individual directors.
- 9.4. The report referred to in 9.3 above should:
  - 9.4.1. include a statement of the board's policy on diversity and inclusion, its objectives and linkage to company strategy, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives and the gender balance of those in senior management and their direct reports; and
  - 9.4.2. describe how the board evaluation has been conducted, identify any external evaluation (together with a statement about any other connection the evaluator has with the Company or any individual director), the nature and extent of any external evaluator's contact with the board and individual directors, the outcomes and actions taken, and its influence on board composition.

## **10. Other matters**

The committee shall:

- 10.1. have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required;
- 10.2. be provided with appropriate and timely training, both in the form of an induction programme for new members and on-going basis for all members;
- 10.3. give due consideration to laws and regulations, the provisions of the Code and the



requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate; and

10.4. 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.

#### **11. Authority**

11.1. 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.