

**TERMS OF REFERENCE for the NOMINATION COMMITTEE**

**Updated and Adopted by the Board on the recommendation of the Committee on 20 May 2020**

**The Nomination Committee is appointed by the Board in accordance with the Articles of Association of the Company under the following terms of reference.**

**Composition**

The Committee shall comprise all independent non-executive directors and shall not be less than three members. Any Committee member who fails to remain independent will step down. Appointments to the Committee shall be from appointment until retirement as Director, unless otherwise determined by the Board. The Chair of the Committee shall be appointed by the Board from the independent non-executive directors.

The Chair of the Board shall be eligible to be a member and Chair of the Committee but will not chair the Committee when it is dealing with the appointment of the Chair successor.

**Quorum**

The quorum necessary for the transaction of business shall be the Chair plus two independent non-executive directors.

**Attendance at Meetings**

Only members of the Committee have the right to attend Committee meetings. However, external advisers may be invited to attend for all or part of any meeting, as and when appropriate. The company secretary shall be secretary of the Committee.

**Engagement with Shareholders**

The Chair of the Committee shall attend the Annual General Meeting (AGM) to respond to any questions which may be raised by shareholders on matters within the Committee's area of responsibility.

**Frequency of Meetings**

There should be at least one meeting a year, close to the year-end, to consider whether or not directors should be put forward for re-appointment at the AGM and to review the statement in the annual report concerning its activities.

Other meetings will be called when necessary to deal with Board appointments or other matters within the Committees' remit.

**Authority**

The Committee is authorised by the Board to:

- Seek any information it requires from any third party provider to the Company in order to perform its duties;
- Obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference; and
- Investigate any activity within its terms of reference.

**Responsibilities**

The responsibilities of the Committee shall be:

1. To apply the principles set out in the AIC Code in the consideration of appointment to the Board;
2. To regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board;

3. Ensure plans are in place for orderly succession to the Board and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
4. To consider and formulate plans for succession in particular the keys roles of Chair of the Board, Chair of the Board committees, Senior Independent Director and the membership of the Board committees;
5. To prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
  - 4.1 use open advertising or the services of external advisers to facilitate the search;
  - 4.2 consider candidates from a wide range of backgrounds; and
  - 4.3 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position.
6. Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
7. 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;
8. To keep under review and agree the terms on which directors are appointed and to 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
9. Prior to the appointment of a director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board.

#### **Recommendations to the Board**

10. The Committee shall also make recommendations to the Board concerning:
  - 10.1 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, especially any director who has served more than nine years;
  - 10.2 The re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the Company's articles of association, having due regard to their performance and ability, and why their contribution is important to the Company's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the Chair and the Board as whole; and
  - 10.3 any matters relating to the continuation in office of any director at any time subject to the provisions of the law and their letter of appointment. The Committee shall periodically review its terms of reference and recommend and amendments to the Board.

#### **Reporting Responsibilities**

11. The Committee shall produce a report to be included in the Company's Annual Report describing the work of the Committee, including:

- the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;
- how board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has influenced or will influence board composition;
- the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives, and the gender balance of the Board; and
- If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the Company or individual directors.