

**NOMINATION COMMITTEE  
TERMS OF REFERENCE  
adopted 12 May 2020**

**1. Membership**

- 1.1 The Committee shall be appointed by the Board and shall comprise of a 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 should be either the Chairman of the Board or an independent non-executive director. The Chairman of the Board shall not chair a meeting when it is dealing with the matter of succession to the Chairmanship. 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 from those who would qualify under these terms of reference to be appointed to that position by the Board.
- 1.4 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years provided the director still meets the criteria for membership of the Committee.

**2. Secretary**

- 2.1 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

**3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two members, both of whom should be independent non-executive directors. 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 discretion vested in or exercisable by the Committee.

**4. Meetings**

- 4.1 The Committee shall meet not less than twice 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, 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.
- 5.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals including the Chairman of the Board (where not a member of the

Committee), the Chief Executive, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting when considered appropriate.

## **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 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of the Board, unless a conflict of interest exists.

## **7 Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

- 8.1 The Committee shall:

- 8.1.1 regularly review the structure, size and composition (including the balance of skills, experience, independence, knowledge and diversity, including gender, ethnic and social backgrounds) of the Board and make recommendations to the Board with regard to any changes, taking into consideration how effectively the members of the Board work together to achieve objectives and the length of the service of the Board as a whole;

- 8.1.2 oversee succession planning for directors and senior management, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future so as to maintain an appropriate balance of skills and experience within the Company and on the Board, to ensure progressive refreshing of the Board and the development of a diverse pipeline for succession;

- 8.1.3 lead the process for Board appointments and be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

- 8.1.4 before an appointment is made by the Board, evaluate the balance of skills, experience, independence, knowledge, 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:

- 8.1.4.1 use open advertising or the services of external advisers to facilitate the search;

- 8.1.4.2 consider candidates from a wide range of backgrounds; and;

- 8.1.4.3 consider 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, cognitive and personal strengths), and taking care that appointees have enough time available to devote to the position;

- 8.1.5 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;
  - 8.1.6 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - 8.1.7 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;
  - 8.1.8 ensure that, prior to the appointment of a director, the proposed appointee is required to disclose: (i) 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; and (ii) any significant commitments with an indication of time involved;
  - 8.1.9 consider requests for approval of additional appointments and advise the Board where any director seeks consent to take on an additional external appointment, and ensure that the reasons for permitting any significant appointment are disclosed in the annual report;
  - 8.1.10 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;
  - 8.1.11 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
  - 8.1.12 working with the Company's HR department, take an active role in setting and meeting diversity objectives and strategies for the Company, and in monitoring the impact of diversity initiatives;
- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
  - 8.2.2 suitable candidates for the role of senior independent director;
  - 8.2.3 membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees;

- 8.2.4 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 effectively to the Board in the light of the knowledge, skills and experience and independence required and whether their contribution is, and continues to be, important to the long-term sustainable success of the Company;
- 8.2.5 the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code or the 'retirement by rotation' provisions in the Company's Articles of Association, having due regard to their performance and ability to continue to contribute effectively 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 directors being re-elected for a term beyond six years);
- 8.2.6 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
- 8.2.7 the appointment of any director to executive or other office.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman 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 annual report about:
  - 9.3.1 its activities and the process used to make appointments and its approach to succession planning, including how these both support developing a diverse succession pipeline,
  - 9.3.2 how the 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 or will influence Board composition;
  - 9.3.3 a description of the Board's policy on diversity (including, but not limited to, gender and ethnicity) and inclusion, its objectives and linkage to the Company strategy, how it has been implemented and progress on achieving the objectives and the gender balance of those in senior management positions and their direct reports; and
  - 9.3.4 an explanation if neither external advice nor open advertising have been used in the appointment of the Chairman or a non-executive director.

## **10. Other**

- 10.1 The Committee shall

- 10.1.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 10.1.2 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;
- 10.1.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the London Stock Exchange's Listing Rules, the Market Abuse and Transparency Regulations, the UK Listing Authority's Listing Rules, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate; and
- 10.1.4 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 to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.