

**Terms of Reference for the  
Nomination Committee  
(the “Committee”)**

**12 December 2018**

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## **1. Background**

- 1.1 The Board has resolved to establish a Nomination Committee.

## **2. Composition**

- 2.1 The Committee must have at least three members. Members of the Committee are appointed by the Board in consultation with the Chair of the Committee. A majority of the members of the Committee must be independent Non-executive Directors. If the board decides that a member of the Committee is no longer independent and as a result a majority of the members of the Committee are not independent Non-executive Directors, that member will cease to be a member of the Committee.
- 2.2 The Board appoints the Chair of the Committee, who must be either the Chair of the Board or an independent Non-executive Director. The Chairman of the Board must not chair the Committee when it is dealing with the appointment of his/her successor. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present may elect one of the independent Non-executive Directors present to chair the meeting.
- 2.3 Only members of the Committee have the right to attend Committee meetings, but the Committee may invite others to attend all or part of any meeting if it thinks it is appropriate or necessary.
- 2.4 Appointments to the Committee are for a period of up to three years, extendable for two further three-year periods, provided that the majority of the Committee members remain independent.

## **3. Secretary**

- 3.1 The Company Secretary or such person as the Company Secretary nominates acts as the Secretary of the Committee.
- 3.2 The Secretary must ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to them.
- 3.3 The Secretary must minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 3.4 The Secretary must ascertain, at the beginning of each meeting, whether any conflicts of interest exist and, if so, minute them accordingly.

## **4. Quorum**

- 4.1 The quorum necessary for the transaction of business is two members, both of whom must be independent Non-executive Directors.

- 4.2 A duly convened meeting of the Committee at which a quorum is present is competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

## 5. Meeting Administration

- 5.1 The committee must meet as often as it deems necessary but in any case at least twice a year, at such times and places determined by the Committee Chair. Additional meetings may be called by the Committee Chair. The Committee may hold meetings by telephone or using any other method of electronic communication, and may take decisions without a meeting by unanimous written consent, when the Chair of the Committee considers this to be necessary or desirable.
- 5.2 Meetings of the Committee are called by the Secretary of the Committee at the request of the Committee Chair.
- 5.3 Unless otherwise agreed by all Committee members, notice of each meeting confirming the venue, time and date (and dial-in details if required) of the meeting must be sent, with an agenda of the items to be discussed and any supporting papers, to each member of the committee, any other person required to attend the meeting and all other Non-executive Directors as soon as practicable, and in any event no later than five working days before the date of the meeting.

## 6. The Committee's Duties

### ***Board Composition and Succession Planning***

- 6.1 To monitor and assess regularly the structure, size and composition of the Board including its skills, knowledge, independence, experience and diversity of its members, and the length of service of the Chair, individual Directors and the Board as a whole.
- 6.2 To monitor and assess regularly the skills, knowledge, experience and diversity of Senior Management.
- 6.3 To conduct a regular and proactive process of planning and assessment for orderly succession to Board and Senior Management positions, and oversee the development of a diverse pipeline for succession taking into account the Company's purpose, values, strategy and culture, and the main trends and factors affecting the long-term success and future viability of the Company.

### ***Board appointments***

- 6.4 To develop and apply a formal, rigorous and transparent procedure for Board appointments, based on merit and objective criteria and promoting diversity.
- 6.5 To lead the process for Board appointments and make recommendations to the Board.

6.6 In relation to any specific appointment process, to prepare specifications of the role and responsibilities (including expected time commitments) and, in the case of the Chair of the Board and Non-executive Directors, to use open advertising and/or an external search consultancy to facilitate the search.

6.7 To require proposed appointees to the Board to disclose:

- a. all significant commitments, with an indication of the time involved; and
- b. the nature and extent of any actual or potential conflicts of their interests with the interests of the company.

and make recommendations to the Board as appropriate,

6.8 To ensure that Non-executive Directors receive a formal letter of appointment setting out the Company's expectations on Board meetings, committee service, time commitment, training, information and other expected involvement in the Company's activities.

***Director's continuation in office and/or employment***

6.9 To make recommendations to the Board about any matters relating to the continuation in office of any director, including the suspension or termination of service of an Executive Director as an employee of the company.

6.10 To make recommendations to the Board about the annual re-election of directors.

***The Senior Independent Director and Board Committees***

6.11 To make recommendations to the Board in relation to the role of Senior Independent Director.

6.12 To make recommendations to the board in relation to the composition of the Audit & Risk and Remuneration Committees of the Board and any other Board Committees as appropriate, including the skills and knowledge of members, in consultation with the Chair of the Board and the Chair of the relevant committee.

***Directors' Conflicts of Interest***

6.13 To require Directors to disclose the nature and extent of any actual or potential conflicts of their interests with the interests of the Company, to monitor and assess such disclosures regularly, and make recommendations to the Board.

***Directors' External Commitments***

6.14 To require Directors to disclose all significant commitments, with an indication of the time involved, to monitor and assess such disclosures regularly, and make recommendations to the Board as appropriate in relation to the approval of such commitments and the disclosure of the reasons for approval of any approved commitment.

***Board Training and Evaluation***

6.15 To oversee appropriate induction training for new Directors and ongoing training as appropriate for the Board, its Committees and individual Directors.

- 6.16 To oversee, with the Chair of the board, a formal and rigorous annual evaluation of the performance of the Board, its Committees and individual Directors and, in particular, to determine with the Chair of the Board whether the board evaluation should be externally facilitated and, if so, the nature and extent of an external evaluator's contact with the Board, its Committees and individual Directors.
- 6.17 To review and assess the results of the evaluation process and make recommendations to the Board in relation to outcomes and further actions.

***Diversity and Inclusion***

- 6.18 To oversee the Company's policy, objectives and strategy on Board, Senior Management and workforce diversity and inclusion, taking into account the Company's strategy, objectives and culture, and monitor and assess regularly the implementation of the policy and progress towards objectives.

***Shareholder Engagement***

- 6.19 To seek effective engagement through the Committee Chair with shareholders on significant matters related to the areas of the Committee's responsibilities.

## **7. Self-Evaluation**

- 7.1 The Committee must review its own performance, composition and terms of reference at least once a year and recommend to the Board any changes it considers necessary or desirable.

## **8. Reporting Responsibilities**

- 8.1 After each Committee meeting, the Chair of the Committee must report formally to the Board on the Committee's proceedings.
- 8.2 The Committee may make such recommendations to the Board it deems appropriate on any area within its remit where action or improvement is desirable.
- 8.3 The Committee Chair must attend the Company's Annual General Meeting and be available to answer questions on matters within the Committee's area of responsibility, as directed by the Chair of the Annual General Meeting.
- 8.4 The Committee must compile a report to shareholders describing its work to be included in the Company's Annual Report, including:
- a. the process used in relation to appointments, its approach to succession planning and how both support a diverse pipeline;
  - b. 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;

- c. 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
- d. the gender balance of those in the senior management and their direct reports.

## 9. Other Matters

### 9.1 The Committee must:

- a. have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required on all Committee matters;
- b. be given appropriate and timely training, in the form of an induction programme for new members and on an ongoing basis for all members;
- c. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- d. oversee any investigation of activities which are within its terms of reference; and
- e. work and liaise as necessary with all other Board Committees.

## 10. Authority

### 10.1 The Board authorises the Committee to:

- a. undertake any activity within its terms of reference;
- b. seek any information from any group employee, contractor, consultant or other provider of services to the Company that the Committee requires to perform its duties, and call any such person to be questioned at a Committee meeting, as and when required;
- c. obtain external legal or other professional advice on any matter within its terms of reference at the Company's expense, and to invite persons giving such advice to attend Committee meetings; and
- d. delegate any of its powers to one or more of its members or to the Secretary of the Committee.