



## NOMINATION COMMITTEE TERMS OF REFERENCE

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**1. Membership**

- 1.1 The Committee shall comprise at least three Directors, all of whom shall be independent non-executive Directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend for all or part of the meeting, as and when deemed to be appropriate and necessary, and agreed in advance of the meeting by the Committee Chairman.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years. Appointments may be extended for further periods of up to three years, provided that the Director still meets the criteria for membership of the Committee and subject to re-election by the Board.
- 1.4 The Board shall appoint the Committee Chairman who should be either 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 themselves to chair the meeting 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 matter of succession to the Chairmanship.

**2. Secretary**

The Company Secretary or his or 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 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 discretions vested in or exercisable by the Committee.

The members of the Committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all or any of the members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons so participating in the meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

#### **4. Frequency of meetings**

The Committee shall meet as and when required.

#### **5. Notice of meetings**

5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.

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 and any other person required to attend, no later than five 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 The notice period set out in 5.2 may be reduced at the sole discretion of the Committee Chairman to whatever he/she considers appropriate.

#### **6. Minutes of meetings**

6.1 The Company 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 following the meeting. Once approved, minutes should be circulated 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**

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

#### **8. Duties**

The Committee should carry out the duties detailed below:

8.1. 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;

8.2 give full consideration to succession planning for Directors 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;

8.3 keep under review the leadership needs of the organisation, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;

8.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

8.5 be responsible for identifying, and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

- 8.6 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:
- 8.6.1 consider open advertising or the services of external advisers to facilitate the search;
  - 8.6.2 consider candidates from a wide range of backgrounds; and
  - 8.6.3 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 to devote to the position;
- 8.7 for the appointment of a Chairman, the Committee should prepare a job specification (if required), including the time commitment expected and a proposed Chairman's other significant commitments should be disclosed to the Board before appointment. Any changes to the Chairman's commitments should also be reported to the Board, as they arise;
- 8.8 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;
- 8.9 ensure that on appointment to the Board, 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;
- 8.10 review the results of the Board performance evaluation process that relate to the composition of the Board;
- 8.11 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; and
- 8.12 work and liaise as necessary with all others Board committees.

The Committee shall also make recommendations to the Board concerning:

- 8.13 formulating plans for succession for non-executive Directors and, in particular, the role of the Chairman;
- 8.14 suitable candidates for the role of senior independent Director or the Deputy Chairman;
- 8.15 the re-election by shareholders of Directors under the annual re-election provisions in the Association of Investment Companies' ("AIC") Corporate Governance Code, having due regard to their performance and ability to

continue to contribute to the Board in 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);

- 8.16 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;
- 8.17 membership of the Audit Committee, and any other Board Committees as appropriate, in consultation with the Chairpersons of those Committees; and
- 8.18 any matters relating to the continuation in office of any Director at any time.

## **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 Company's annual report about its activities, 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; and
- 9.4 The report referred to in 9.3 above should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

## **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 and external advisers 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 an ongoing basis for all members if deemed to be appropriate;
- 10.3 give due consideration to laws and regulations, the provisions of the AIC Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance 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**

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.