

Terms of Reference – Nomination Committee

Constitution
Membership and Quorum
Attendance at Meetings
Frequency of Meetings
Duties
Authority
Reporting Procedures

1. **Constitution**

The Board has resolved to establish a Committee of the Board to be known as the Nomination Committee (the “Committee”).

2. **Membership and Quorum**

2.1 The members of the Committee shall be the Chairman, the Chief Executive Officer and all non-executive Directors appointed by the Board. A majority of members shall be independent non-executive Directors;

2.2 A quorum shall be two members including the Chairman (except when his successor is being considered);

2.3 The Chairman of the Board shall be the Chairman of the Committee, but the Chairman shall not chair the Committee when it is dealing with the appointment of his successor.

3. **Attendance at Meetings**

The Company Secretary shall be Secretary to the Committee.

4. **Frequency of Meetings**

Meetings shall be held as and when required but at least once a year.

5. **Duties**

The duties of the Committee shall be to:

5.1 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;

5.2 Give full consideration to succession planning for Directors and other senior executives 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;

5.3 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 marketplace;

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

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

5.6 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:

- use open advertising or the services of external advisors to facilitate the search;
 - consider candidates from a wide range of backgrounds;
 - 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 available to devote to the position;
- 5.7 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; 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;
- 5.8 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;
- 5.9 Review the results of the Board performance evaluation process that relate to the composition of the Board;
- 5.10 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 fulfill their duties;
- 5.11 Work and liaise as necessary with all other Board Committees;

The Committee shall also make recommendations to the Board concerning:

- 5.12 Formulating plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive Officer;
- 5.13 Suitable candidates for the role of Senior Independent Director;
- 5.14 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 knowledge, skills and experience required;
- 5.15 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;
- 5.16 The appointment of any Director to executive or other office.

6. **Authority**

The Committee is authorised by the Board, at the Company's cost, to engage independent search consultants and advisors with relevant experience and expertise if it considers this necessary.

7. **Reporting Procedures**

- 7.1 Agendas and papers for meetings will normally be circulated by the Secretary at the direction of the Chairman of the Committee at least five days before the meeting. All non-executive Directors whether or not members of the Committee will receive copies of the agenda and papers for a meeting;
- 7.2 The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board;
- 7.3 The Committee shall produce a report to be included in the Company's annual report on its responsibilities and activities; the process used for appointments, explaining 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); the membership of the Committee; number of Committee meetings and attendance over the course of the year;



- 7.4 The terms of reference of the Committee, explaining its role and the authority delegated to it by the Board, and the terms and conditions of non-executive Directors shall be made available.

Approved by the Board of Directors of De La Rue plc on 21 March 2018