

**HUNTSWORTH PLC (“the Company”)**  
**Terms of Reference – Nomination Committee**

**1. Membership**

- 1.1. The Nomination Committee (“the Committee”) shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the head of human resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3. 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.
- 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**

The quorum necessary for the transaction of business shall be two, at least one of whom must be an independent non-executive director.

**4. Frequency of Meetings**

The Committee shall meet as required to fulfil the duties as set out in clause 7 below.

**5. Notice of Meeting**

- 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, any other person required to attend and all other non-executive directors, 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.

**6. Annual General Meeting**

The Committee Chairman should attend the Annual General Meeting to answer any shareholder questions on the Committee’s activities.

## **7. Duties**

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, and advise the Board appropriately.

The Committee shall:

### **Composition of the Board and succession planning**

- 7.1 regularly review the structure, size and composition of the Board and its Committees to ensure the correct combination of skills, experience and knowledge and make recommendations to the Board with regard to any changes. Consideration should be given to the length of service of the Board as a whole, and the need for its membership to be regularly refreshed
- 7.2 ensure plans are in place for an orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession. Succession plans should be based on merit and objective criteria, and within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths
- 7.3 keep under review the leadership needs of the organisation, relating to both executive and non- executive directors of the Board and senior management, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
- 7.4 consider how talent is managed throughout the group
- 7.5 keep up to date and fully informed about strategic issues and commercial changes affecting the Company, its long-term success and future viability, and the market in which it operates

### **Appointments to the Board**

- 7.6 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise
- 7.7 before 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, and as appropriate, prepare a description of the role and capabilities required for a particular appointment, including the time commitment expected. In identifying suitable candidates the Committee shall:
  - 7.7.1 where appropriate, use open advertising and/or the services of external advisers to facilitate the search for the appointment of the chair and non-executive directors
  - 7.7.2 consider candidates from a wide range of backgrounds
  - 7.7.3 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, and cognitive and personal strength, taking care that appointees have enough time available to devote to the position
- 7.8 a proposed director's other significant commitments should be disclosed to the Board before appointment, with an indication of the time involved. Any changes to the director's commitments should be reported to the Board as they arise. Additional external appointments should not be undertaken without prior approval of the Board

- 7.9 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
- 7.10 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

#### **Review of Board and director performance evaluation**

- 7.11 review the results of the Board performance evaluation process that relate to the composition of the Board, its diversity, how effectively members work together to achieve objectives and whether each director continues to contribute effectively
- 7.12 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

#### **Other**

- 7.13 work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 7.14 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive
- 7.15 suitable candidates for the role of senior independent director
- 7.16 membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees
- 7.17 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
- 7.18 the re-election by shareholders of any director under the annual re-election provisions of the applicable UK Corporate Governance Code (“the 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 to the Board in the light of the knowledge, skills and experience required, their contribution to Company’s long-term sustainable success and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years)
- 7.19 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
- 7.20 the appointment of any director to executive or other office.

#### **8. Reporting Responsibilities**

- 8.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall produce a report to be included in the Company's Annual Report about its activities, including:
- 8.3.1. the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline
  - 8.3.2. 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
  - 8.3.3. the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives
  - 8.3.4. the gender balance of those in the senior management and their direct reports
  - 8.3.5. 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 or individual directors
  - 8.3.6. explaining the reasons for permitting a director's additional significant external appointments

## **9. Other Matters**

The Committee shall:

- 9.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required
- 9.2 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
- 9.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate
- 9.4 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
- 9.5 the Committee Chairman should seek engagement with shareholders on significant matters related to his area of responsibility.

## **10. Authority**

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.

**21 November 2019**