

# NOMINATION COMMITTEE - TERMS OF REFERENCE



## **Constitution**

The Board of Hill & Smith PLC has established, in line with Corporate Governance best practice, a committee of the Board, henceforth known as the Nomination Committee ('the Committee').

### **1. Membership**

- 1.1 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 and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent non-executive director. In the absence of the Committee Chair 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 Chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chair.

### **2. Secretary**

The Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### **3. Quorum**

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

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

The Committee shall meet at least twice a year and otherwise as 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 Chair.
- 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.

### **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 Draft minutes of Committee meetings shall be approved by the Chair.

## 7. Annual General Meeting

The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## 8. Duties

The Committee should carry out the duties below for the parent company, major subsidiary undertakings, and the Group as a whole, as appropriate.

The Committee shall:

### Board composition and succession planning

- 8.1 **Review** regularly the structure, size, and composition (including the skills, knowledge, experience, and diversity) of the Board and committees and recommend to the Board any changes. In doing so the Committee should review the results of the Board performance evaluation process that relate to the composition of the Board.
- 8.2 **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.
- 8.3 **Oversee** Group-wide succession planning for all statutory directors and other senior executives including an assessment whether internal candidates might be developed into roles with appropriate training and/or mentoring, or whether such appointments may require an external appointment. Such an assessment should take into account the challenges and opportunities facing the company, and the skills and expertise expected to be required in the future. In particular, ensure a succession plan is always in place for the key roles of Group Chair, Group Chief Executive, Group Financial Officer and Company Secretary.
- 8.4 **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.

### Director appointment

- 8.5 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, **approve** a description of the role and capabilities required for a particular appointment, including the time commitment expected.
- 8.6 **Identify**, and **recommend** to the Board for approval (or for onward recommendation to the shareholders), suitable candidates to fill Board vacancies or where re-appointment is required. This includes membership of committees (in consultation with the relevant committee Chair) and the role of the Senior Independent Director. In doing so, the Committee shall:
  - use open advertising or the services of external advisers to facilitate the search and agree the recruitment process, ensuring that candidates from a diverse range of backgrounds are not disadvantaged;
  - 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;
  - take care that appointees have enough time available to devote to the position;

- ensure requirements regarding the composition of committees are satisfied;
- ensure requirements or recommendations regarding terms of office in the company's articles or the UK Corporate Governance Code are satisfied; and
- for re-appointments, have due regard to a candidate's evaluated performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board.

- 8.7 **Ensure** that prior to the appointment of a director, the proposed appointee is required to disclose any other business interests that may result in a conflict of interest and is also required to report any future business interests that could result in a conflict of interest.
- 8.8 **Ensure** that prior to the appointment of the Chair, the proposed appointee is required to disclose other significant commitments and that any changes to the Chair's commitments should be reported to the Board as they arise.
- 8.9 **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.
- 8.10 **Approve**, on the recommendation of the CEO:
- 1) any incoming appointment, whose appointment is not the responsibility of the Board, where the individual is to become a member of the Executive Board; and
  - 2) all internal appointments to the Executive Board.
- 8.11 **Approve** and **annually review** the list of Persons Discharging Managerial Responsibility (as defined under the Market Abuse Regulations) within the Company.

## 9. Diversity

- 9.1 Ensure that in recommending an individual for appointment to the Board, the Committee has considered the targets set by Hampton Alexander for gender diversity; and the Parker Review for ethnic diversity before making such recommendations.
- 9.2 Determine the diversity objectives, initiatives, and strategies for the company as a whole and, at least annually, review their effectiveness.

## 10. Reporting responsibilities

- 10.1 The Committee shall report to the Board any matters in relation 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.
- 10.2 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.4 The Committee shall ensure that company's annual report includes a report about its activities during the period under review. The report will include, but not limited to:

- information on 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;
- 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; and
- detail regarding the Board evaluation process, including the facilitator's name (where the performance evaluation was facilitated externally) and a statement regarding their independence to the company and the extent of contact between the evaluator and the directors during the process.

10.5 The Committee should ensure that any papers sent to shareholders accompanying a resolution dealing with the election or re-election of a non-executive director should explain why the Board believes that an individual should be elected or re-elected.

10.6 The Board or the Committee will, at least annually, review the committee's performance, constitution, and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes that are considered necessary.

## 11 Authority, advice and resources

11.1 The Committee is authorised by the Board to determine company policy within its terms of reference giving due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.

11.2 In carrying out its duties, the Committee is authorised to seek any information it requires from any employee and all employees shall be directed to co-operate with any request made by the committee, it shall have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required and 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.

11.3 The Committee will 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.

**Approved by the Board  
January 2023**