



FORESIGHT GROUP HOLDINGS LIMITED

**NOMINATION
COMMITTEE**

TERMS OF REFERENCE

3 FEBRUARY 2021

FORESIGHT GROUP HOLDINGS LIMITED (THE "COMPANY")

NOMINATION COMMITTEE – TERMS OF REFERENCE

1. CONSTITUTION

- 1.1 The board of directors of the Company (the "**Board**" or the "**Directors**", and each being a "**Director**") has established a committee of the Board known as the Nomination Committee (the "**Committee**").
- 1.2 The meetings and proceedings of the Committee are governed by these Terms of Reference which were adopted by the Board on 3 February 2021.

1. MEMBERSHIP

- 1.1 The members of the Committee for the time being shall be:

Michael Liston, OBE (Chair)

Geoffrey Gavey

Alison Hutchinson, CBE

- 1.2 The Committee shall consist of a minimum of three members appointed by the Board. A majority of the members of the Committee should be independent Non-Executive Directors. The Chair of the Committee shall be appointed by the Board, which shall determine the period for which they shall hold office and shall be an independent Non-Executive Director. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Executive Chair of the Board shall not serve on the Committee.
- 1.3 Appointments to the Committee are made by the Board on the recommendation of the Committee and shall be for a period of up to three years, which may be extended for additional periods of up to three years, provided the members continue to meet the criteria for membership of the Committee. The Committee may take decisions without a meeting by unanimous written consent, when deemed necessary or desirable by the Chair of the Committee.
- 1.4 Only Members of the Committee have the right to attend committee meetings, however, other individuals such as the Executive Chair, the Head of People and external advisers may be invited to attend all or part of the meeting, as and when appropriate.

2. SECRETARY

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

3. QUORUM AND LOCATION

- 3.1** The quorum for decisions of the Committee shall be any two members both of whom must be independent Non-Executive Directors.
- 3.2** 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.
- 3.3** The meetings of the Committee shall take place in Guernsey and all members of the Committee shall endeavour to attend in person, unless travel is not permitted or possible, in which case, the Company Secretary will seek advice to ensure the location has no legal and/ or tax implications.
- 3.4** Formal meetings of the Committee may be held by telephone or other communication equipment which allows those participating to hear and speak to each other and the quorum in that event shall be any two Committee members so linked.

4. FREQUENCY OF MEETINGS

The Committee shall meet at least once each year or otherwise as required.

5. NOTICE OF MEETINGS

- 5.1** Meetings may be called by Company the Secretary at the request of any member of the Committee.
- 5.2** At least five working days' notice of any meeting of the Committee shall be given, although such notice may be waived or shortened with the consent of all the members of the Committee for the time being. Notice of the meeting shall confirm the venue, time and date together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee, any other person required to attend and all other Non-Executive Directors. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time. Late submission or circulation of supporting papers will be permitted at the discretion of the Chair of the Committee
- 5.3** Notices and supporting papers may be circulated electronically (if the recipient has agreed to receive them in this way) or in hard copy as circumstances permit.

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 and the existence of any conflicts of interest.
- 6.2** The draft minutes of the meeting of the Committee shall be circulated to all members of the Committee and, once agreed, to the Board unless a conflict of interest exists or, exceptionally, it would otherwise be in appropriate to do so in the opinion of the Chair of the Committee.

7. ENGAGEMENT WITH SHAREHOLDERS

The Chair of the Committee shall be available at the Annual General Meeting of the Company to respond to any shareholder questions on the activities and achievements of the Committee. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. ROLE

The key objectives of the Committee are to:

- 8.1.1 lead the process for Board, Executive Committee and Company Secretary (together the "**Executive Group**") appointments, which should be subject to a formal, rigorous and transparent procedure.
- 8.1.2 ensure effective succession plans are in place for orderly succession to Executive Group positions.
- 8.1.3 evaluate the skills, experience and knowledge of the Board and its committees including an annual evaluation of the Board and the Directors.
- 8.1.4 oversee the development of a diverse pipeline for succession.

9. DUTIES

9.1 The Committee shall:

- 9.1.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes;
- 9.1.2 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 Group, regulatory requirements and what skills and expertise are therefore needed on the Board in the future and ensure plans are in place for orderly succession and oversee the development of a diverse pipeline for succession;
- 9.1.3 set measurable objectives for, and prepare a policy in relation to, Executive Group diversity;
- 9.1.4 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;
- 9.1.5 keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- 9.1.6 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 9.1.7 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 and the time commitment expected. In identifying suitable candidates the Committee shall:

- (a) use open advertising or the services of external advisers to facilitate the search or, if neither are used in the appointment of a Chair or a Non-Executive Director, explain the reasons for this;
- (b) consider candidates from a wide range of backgrounds; and
- (c) consider candidates on merit and against objective criteria and with due regard to the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position;

9.1.8 prior to the appointment of a Director, require the proposed appointee to disclose (i) any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest and (ii) any significant commitments, with an indication of the time involved. Any business interests that could result in a conflict of interest must be authorised by the Board prior to appointment. Any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board. Additional external appointments should not be undertaken without prior approval of the Board;

9.1.9 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 and that all Directors receive suitable induction materials and/or training to assist them in fulfilling their duties, obligations and responsibilities as Directors of the Company;

9.1.10 ensure that all Directors provide a letter of consent to their appointment;

9.1.11 review annually the time commitment 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;

9.1.12 review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning;

9.1.13 keep under regular review any authorisations granted by the Board in connection with a Director's conflict of interest; and

9.1.14 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.

9.2 The Committee shall also make recommendations to the Board concerning:

9.2.1 any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;

9.2.2 suitable candidates as new Directors and succession for existing Directors;

- 9.2.3** membership of the Audit and Risk and Remuneration Committees, and any other committees of the Board (as appropriate), in consultation with the chairs of those committees;
- 9.2.4** 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 light of the knowledge, skills and experience required;
- 9.2.5** the re-election by shareholders of any Director under the annual re-election provisions of the UK Corporate Governance Code having due regard to their performance and ability and why their contribution is important in the company's long-term sustainable success in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board taking into account the long-term of service of individual Directors, the Executive Chair of the Company and the Board as a whole;
- 9.2.6** 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; and
- 9.2.7** the appointment of any Director to executive or other office.

10. REPORTING RESPONSIBILITIES

- 10.1** All decisions of the Committee shall be reported formally to the Board by the Chair of the Committee.
- 10.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary. All decisions on recommendations referred to the Board shall take effect only upon approval thereof by resolution of the Board, at a meeting which is properly convened and constituted and in accordance with the Company's articles of association.
- 10.3** The Committee shall produce a report to be included in the annual report about:
 - 10.3.1** its activities, the number of meetings of the Committee and the individual attendance by each of the members;
 - 10.3.2** the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
 - 10.3.3** how 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 influenced or will influence Board composition;
 - 10.3.4** 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
 - 10.3.5** the gender balance of those in the Executive Committee and the Company Secretary roles and their direct reports, with an explanation if external advice or open advertising has not been used.

- 10.4** 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.
- 10.5** The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 10.6** The Committee shall conduct an annual review of its work and these terms of reference to ensure it is operating at maximum effectiveness and shall make recommendations about any changes it considers necessary to the Board.
- 10.7** The Chair of the Committee shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 10.8** The Committee shall make available its terms of reference on the Company's website explaining clearly its role and authority delegated to it by the Board.

11. OTHER MATTERS

The Committee shall:

- 11.1.1** have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required and is authorised to obtain outside legal or other independent professional advice at the cost of the Company, in accordance with the Company's Guidelines for Obtaining Professional Advice, on any matter within its terms of reference and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary (but such persons shall not be members of the Committee);
- 11.1.2** 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;
- 11.1.3** give due consideration to applicable laws and regulations, including the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules;
- 11.1.4** oversee any investigation of activities which are within its terms of reference; and
- 11.1.5** work and liaise as necessary with all other Board Committees, ensuring the interaction between committees and that the Board is reviewed regularly.
- 11.2** References in these terms of reference to the "**Group**" mean the Company and its direct and indirect subsidiaries and references to "**employee**" include employees, officers, members, partners and directors of any member of the Group.

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Foresight Group Holdings Limited

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