



HELICAL PLC  
(the “Company”)

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## TERMS OF REFERENCE FOR THE NOMINATIONS COMMITTEE

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### 1. Constitution and Role

- 1.1. The role of the Nominations Committee (“Committee”) is to ensure there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, to lead the process for Board appointments and make recommendations to the Board. The Committee is to assist the Board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the Board as a whole, so that it is effective and able to operate in the best interests of shareholders; and in doing so, the Committee shall work and liaise with other Board Committees, as appropriate including the Remuneration Committee in respect of any remuneration package to be offered to a new appointee of the Board.
- 1.2. The Committee shall ensure that plans are in place for orderly succession to positions on the Board and senior members of the management team, namely the Executive Committee, including the Company Secretary (together the ‘senior management’).
- 1.3. The Committee shall also oversee the development of a diverse pipeline for succession.
- 1.4. The Committee has the delegated authority of the Board in respect of the functions and powers set out in these terms of reference.
- 1.5. The Committee may sub-delegate any or all of its powers and authority as it thinks fit, including, without limitation the establishment of sub-committees which are to report back to the Committee.

### 2. Membership

- 2.1. The Committee shall comprise a Chairman and a minimum of three members, a majority of whom shall be independent Non-Executive Directors, as determined by the Board (in accordance with the UK Corporate Governance Code - the ‘Code’).
- 2.2. Appointments to the Committee are made by the Board on the recommendation of the Committee, in consultation with the Committee Chairman. It is recognised that the number of members may fall below three for temporary periods due to departures pending new appointments.
- 2.3. The Board shall appoint the Committee Chairman, who shall be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Committee Chairman 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.
- 2.4. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

- 2.5. The Committee Chairman shall review the membership of the Committee annually, as part of the annual performance evaluation of the Committee.

### 3. Secretary

- 3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee and will provide all necessary support to the Committee including the recording of minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

### 4. Quorum

- 4.1. The quorum necessary for the transaction of business at a Committee meeting shall be three members, present in person or by audio or video conference.

### 5. Frequency of Meetings and Attendance

- 5.1. The Committee shall meet at least once a year to consider whether Directors should be put forward for re-appointment at the next Annual General Meeting and otherwise as required.
- 5.2. Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chairman.
- 5.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Finance Director, external advisers and any relevant senior management may be invited to attend for all or part of any meeting, as and when appropriate and necessary and with the agreement of the Committee Chairman.
- 5.4. Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.
- 5.5. The Committee Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest which shall be minuted accordingly.

### 6. Minutes of Meeting

- 6.1. The Company Secretary or their nominee 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 Committee members. Once approved, minutes shall be circulated to all other members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 6.3. A resolution in writing signed by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## 7. Annual General Meeting

- 7.1 The Committee Chairman shall attend the Company's Annual General Meeting to respond to any shareholder questions on the Committee's activities. **Duties**

The Committee should carry out the duties below for the Company, its major subsidiary undertakings and the Group as a whole, and advise the Board as appropriate.

### 7.2. Composition of the Board

The Committee shall:

- a. regularly review the structure, size and composition (including the skills, knowledge, experience, independence, knowledge and diversity) of the Board and its committees, taking account of the Company's strategic priorities and the matters affecting the Company in paragraph 8.1(c), and make recommendations to the Board about any changes that are deemed necessary;
- b. keep under review the leadership needs of the organisation, relating to both the Board and senior management, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace; and
- c. keep up to date and fully informed about strategic and commercial issues, priorities, main trends and factors affecting the long-term success and future viability of the Company and the market in which it operates.

### 7.3. Succession Planning

The Committee shall

- a. give full consideration to succession planning for Directors and senior management, based on merit and objective criteria and taking into account the challenges and opportunities facing the Company, the skills, experience, independence, knowledge and diversity needed on the Board in the future, the length of service of the Board as a whole and the need for its membership to be regularly refreshed;
- b. satisfy itself that plans are in place for orderly succession for appointments to the Board and senior management; and
- c. oversee the development of a diverse pipeline for succession, having regard to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

### 7.4. Appointments to the Board

The Committee shall:

- a. be responsible for identifying and nominating for the approval of the Board, candidates from diverse backgrounds to fill board vacancies as and when they arise;
- b. consider proposals for the reappointment or promotion of Directors and also any proposal for their dismissal, retirement, non-reappointment or any substantial change in their duties or responsibilities or the term of their appointment;
- c. before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience, independence and diversity on the Board, and future challenges affecting the Company, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and set the process to identify, sift and interview suitable candidates. In identifying suitable candidates, the Committee shall:
  - (i) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from diverse backgrounds; and

- (iii) 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 strengths, taking care that appointees have enough time available to devote to the position.
- d. for the appointment of a Chairman, prepare a job specification, including the time commitment expected;
- e. before appointment, require proposed appointees, including the Chairman, to disclose other significant commitments to the Board indicating the time involved; any changes to the Chairman's commitments should also be reported to the Board as they arise;
- f. 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, involvement outside Board meetings and the induction process;
- g. ensure that all Directors offer themselves for annual re-election by shareholders in accordance with Provision 18 of the Code or the retirement by rotation provisions in the Articles of Association, having regard to their performance and ability to continue to contribute to the Board and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the Board as a whole and its membership being regularly refreshed (particularly in relation to Directors being re-elected for a term beyond six years); and
- h. keep under review the number of external directorships held by each Director.

#### **7.5. Induction and Training**

The Committee shall:

- a. ensure that all new Directors undertake an appropriate induction programme to ensure that they are fully informed about the Company's main areas of business activity, including those involving significant risk, and strategic priorities and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a Director; and
- b. consider any training requirements for the Board as a whole.

#### **7.6. Board Evaluation**

The Committee shall:

- a. assist the Committee Chairman or the independent Chairman of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its committees, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, how the Board works together as a unit and other factors relevant to the Board's effectiveness;
- b. review the results of the Board performance evaluation process that relate to the composition of the Board, its diversity and how effectively the members of the Board work together to achieve objectives;
- c. review the results of the performance evaluation of the Committee; and
- d. review annually the time required from Non-Executive Directors, including the Chairman of the Board and the Senior Independent Director. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.

#### **7.7. Board Recommendations**

The Committee shall make recommendations to the Board concerning:

- a. formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive;
- b. suitable candidates for the role of Senior Independent Director;
- c. membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairman of those Committees.

#### **7.8. Conflicts of Interest**

The Committee shall:

- a. prior to the appointment of a Director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and report any future business interests that could result in a conflict of interest;
- b. consider and, if appropriate, authorise situational conflicts of interest of directors and potential Directors;
- c. keep under review potential conflicts of interest of Directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary;
- d. at all times take care to minimise the risk of any conflict of interest within the Committee that might be seen to give rise to an unacceptable influence; and
- e. ascertain or instruct the Company Secretary to ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

### **8. Board Recommendations**

The Committee shall also make the following recommendations to the Board, as appropriate.

#### **8.1. Nominations and Succession Planning**

The Committee shall make recommendations to the Board on:

- a. the appointment of any Director to executive or other office;
- b. the Chairman of the Board, having assessed every three years whether the present incumbent shall continue in post, considering the need for continuity versus freshness of approach;
- c. suitable candidates for the role of Senior Independent Director;
- d. membership and chairmanship of the Audit & Risk and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairman of those Committees; and
- e. formulating succession plans for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive.

#### **8.2. Re-appointment of Directors**

The Committee shall make recommendations to the Board on:

- a. 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 and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the Board as a whole and its membership being regularly refreshed; and
- b. re-election by shareholders of Directors in accordance with Provision 18 of the Code) or the retirement by rotation provisions in the Articles of Association, having regard to their performance and commitment to the role and their contribution to the Company's long-term sustainable success (particularly in relation to Non-Executive Directors being re-elected for a term beyond six years).

### 8.3. Continuation of Office

The Committee shall make recommendations to the Board on 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.

## 9. Reporting Responsibilities

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 9.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area where action or improvement is needed.
- 9.3. The Committee shall:
  - a. make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
  - b. produce a report to be included in the Company's annual report including matters required by the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority and describing its work, including:
    - i. its activities, the membership of the Committee, number of meetings and attendance over the course of the year;
    - ii. the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
    - iii. identifying in the Annual Report any external search consultancy that has been engaged, together with a statement about any other connection it has with the Company or individual Directors;
    - iv. 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 its influence on Board composition; and
    - v. identifying in the annual report any external evaluator together with a statement about any other connection it has with the Company or individual Directors.
  - c. include in the report referred to in paragraph 10.3(b) a description of the Board's policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives; and the gender balance of those in the senior management and their direct reports;
  - d. ensure, through the Chairman of the Board, that the Company maintains contact and the Committee Chairman seeks engagement, as required, with the Company's major Shareholders and representative bodies on significant matters related to the Committee's areas of responsibility; and
  - e. make publicly available the Committee's terms of reference by placing them on the Company's website.

## 10. Other Matters

- 10.1. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
- 10.2. The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all

members as required. Individual training shall be discussed and agreed with the Company Secretary.

- 10.3. In carrying out its duties, the Committee shall give due consideration to laws and regulations, in particular, the Directors' duties contained in the Companies Act 2006, 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.
- 10.4. The Committee shall 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

- 11.1. The Committee is authorised by the Board to:
  - a. carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary;
  - b. seek any information it requires from any employee of the Company in order to perform its duties;
  - c. call any employee of the Company to be questioned at a Committee meeting as and when required; and
  - d. have the right to publish in the Company's annual report details of any issues that cannot be resolved between the Committee and the board.
- 11.2. 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.

Last updated and approved by the Board of Directors of Helical plc on 7 February 2019.