

Terms of Reference – Nomination Committee

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1. Constitution

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

2. Purpose

To lead the process for appointment to the De La Rue Board and ensure plans are in place for orderly succession for the Board and Senior Management¹ positions and, in so doing, oversee the development of a diverse pipeline for succession.

3. Membership and Quorum

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

3.2. A quorum shall be two members including the Chairman of the Board (except when his or her successor is being considered).

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

3.4. 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 up to two additional three-year periods, provided that the relevant Director continues to meet the criteria for membership of the Committee.

4. Attendance at Meetings

4.1. The Company Secretary shall be Secretary to the Committee.

4.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Director of Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

5. Annual General Meeting and Shareholder Engagement

The Chairman of the Committee should attend the Company’s Annual General Meeting to answer any shareholder questions on the Committee’s activities. In addition, the Chairman of the Committee should seek engagement with shareholders on significant matters related to the Committee’s areas of responsibility.

6. Frequency of Meetings

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

7. Duties

The duties of the Committee shall be to:

¹ Excluding the Company Secretary, whose appointment is a matter for the Board

- 7.1. 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;
- 7.2. Give full consideration to succession planning for Directors and other Senior Management including overseeing the development of a diverse pipeline for succession, taking into account the challenges and opportunities, strategic and commercial issues facing the Company and the markets in which it operates and the skills and expertise needed on the Board in the future;
- 7.3. Ensure that appointments to the Board are subject to a formal, rigorous and transparent procedure, and an effective succession plan for Board and Senior Management promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- 7.4. 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;
- 7.5. Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 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 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; and
 - 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;
- 7.8. Prior to the appointment of a Board Director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to the appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board;
- 7.9. 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;
- 7.10. Review the results of the Board performance evaluation process that relate to the composition of the Board;
- 7.11. Review how the Board evaluation has been conducted and the nature and extent of an external evaluator's contact with the Board;
- 7.12. Review annually the independence of non-executive Directors, 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;
- 7.13. Review the Board's diversity policy and its development and implementation; and
- 7.14. Work and liaise as necessary with all other Board Committees ensuring the interaction between Board Committees and with the Board is reviewed regularly.

The Committee shall also make recommendations to the Board concerning:

- 7.15. Formulating plans for succession for both Executive and non-executive Directors and in particular for the key roles of Chairman of the Board and Chief Executive Officer as well as any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;

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- 7.16. Suitable candidates for the role of Senior Independent Director;
- 7.17. Membership of the Audit Committee, Remuneration Committee and any other Board Committees as appropriate, in consultation with the Chairman of the relevant Board Committee;
- 7.18. 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;
- 7.19. The re-election by shareholders of Directors under the annual re-election provisions of the 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, and why their contribution is important to the Company’s long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of service of individual Directors, the Chairman of the Board and the Board as a whole;
- 7.20. 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
- 7.21. The appointment of any Director to executive or other office.

8. 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.

9. Reporting Procedures

- 9.1. 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.
- 9.2. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.
- 9.3. The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 9.4. 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.
- 9.5. The Committee shall produce a report to be included in the Company’s annual report on its responsibilities and activities, including:
 - the process used for appointments, its approach to succession planning and how these support developing a diverse pipeline, 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);
 - how the Board evaluation has been conducted, the nature and extent of an external evaluator’s contact with the Board and individual Directors, the actions taken and outcomes, and how it has influenced or will influence Board composition;
 - the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives;
 - the gender balance of those in the Senior Management team including their direct reports;
 - the membership of the Committee; and

¹ Excluding the Company Secretary, whose appointment is a matter for the Board

- the number of Committee meetings and attendance over the course of the year.
- 9.6. The terms of reference of the Committee, explaining its role and the authority delegated to it by the Board, shall be made available on the Company's website.

10. Other Matters

The Committee shall:

- 10.1. Have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for advice and assistance as required;
- 10.2. 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;
- 10.3. Give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, the requirements of the FCA's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- 10.4. Ensure a periodic evaluation of the Committee's own performance is carried out; and
- 10.5. At least annually, review the Committee's own terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

Approved by the Board of Directors of De La Rue plc in June 2020

¹ Excluding the Company Secretary, whose appointment is a matter for the Board