

## GRESHAM TECHNOLOGIES PLC

### Nomination Committee

#### Terms of Reference

(as adopted by the board of directors of the Company on 26 February 2019)

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*Reference to "the Committee" shall mean the Nomination Committee.*

*Reference to "the Company" shall mean Gresham Technologies plc and, where applicable, its subsidiaries*

*Reference to "the Board" shall mean the Board of Directors.*

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#### **1. Constitution, Membership and Quorum**

- 1.1. The Committee shall be constituted as a sub-committee of the Board.
- 1.2. Members of the Committee, including the Committee chairman, shall be appointed and removed by the Board as a whole. The Committee shall be made up of at least two members, the majority of whom shall be independent non-executive directors
- 1.3. The Board shall appoint the Committee chair who should be either the chairman 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 chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.
- 1.4. Appointments to the Committee shall be for a period of up to 3 years (subject to the election and re-election provisions in the Company's constitution and in the UK Corporate Governance Code), which may be extended for two further periods of up to 3 years each, provided the director concerned still satisfies the criteria (if he or she was to be a new member) for appointment to the Committee.
- 1.5. The quorum necessary for the transaction of business at a meeting of the Committee shall be two. 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.

#### **2. Duties**

- 2.1. The Committee should carry out the duties below for the Company, major subsidiary undertakings and the group as a whole, as appropriate. In carrying out these duties, the members of the Committee must comply with their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, whilst having regard to the interests of employees, stakeholders and other matters as required by section 172.
- 2.2. The Committee shall:

- 2.2.1. 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;
- 2.2.2. ensure plans are in place for orderly succession for directors and senior management in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- 2.2.3. be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 2.2.4. 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:
  - 2.2.4.1. use open advertising or the services of external advisers to facilitate the search, whilst having due regard to internal talent and capability;
  - 2.2.4.2. agree the process to be undertaken to identify, sift and interview suitable candidates, ensuring that the interview process is conducted so that candidates with diverse backgrounds are not disadvantaged;
  - 2.2.4.3. consider candidates from a wide range of backgrounds; and
  - 2.2.4.4. consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including but not limited to gender, taking care that appointees have enough time available to devote to the position;
- 2.2.5. ensure that each proposed appointee to the Board is required to disclose the time commitments involved in any business or other interests which he has, including any business or other interests which could result in a conflict of interest for him as a member of the Board, and is required to seek prior approval of the Board before taking on any additional external appointments;
- 2.2.6. review annually the time required from non-executive directors and evaluate annually whether each non-executive director is spending sufficient time to fulfil his or her duties;
- 2.2.7. consider whether to set limits on the number and scale of other appointments that Board members (and in particular the chair of the Board and other non-executives) may take on without compromising their effectiveness;
- 2.2.8. for the appointment of a chairman, the Committee should prepare a job specification, including the time commitment expected and require that a proposed chair is independent (when assessed against the circumstances set out in Provision 10 of the UK Corporate Governance Code). A proposed chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the chairman's commitments should be reported to the Board as they arise;

- 2.2.9. take an active role in setting and meeting diversity objectives and strategies for the Company as a whole, and in monitoring the impact of diversity initiatives, together with an active interest in how talent is managed throughout the organisation;
  - 2.2.10. 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;
  - 2.2.11. keep up to date and fully informed about strategic issues and commercial changes or challenges affecting the Company and the market in which it operates;
  - 2.2.12. 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;
  - 2.2.13. review the results of the Board performance evaluation process that relate to the composition of the Board;
  - 2.2.14. work and liaise as necessary with all other Board committees.
- 2.3. The Committee shall also make recommendations to the Board concerning:
- 2.3.1. formulating plans for succession for both executive and non-executive directors and, in particular, for the key roles of chairman and chief executive;
  - 2.3.2. suitable candidates for the role of senior independent director;
  - 2.3.3. membership of the audit and remuneration committees, and any other Board committees as appropriate, in consultation with the chairman of those committees;
  - 2.3.4. 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 the light of knowledge, skills and experience required;
  - 2.3.5. the re-election by shareholders of directors under the annual re-election provisions of 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 and the need for progressive refreshing of the Board (particularly in relation to directors being re-elected for a term beyond six years);
  - 2.3.6. 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
  - 2.3.7. the appointment of any director to executive or other office.

### **3. Reporting Obligations**

- 3.1. The Committee chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 3.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 3.3. The Committee shall produce a report to be included in the Company's annual report about its activities. The Committee's report shall in particular:
  - 3.3.1. describe the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline of talent;
  - 3.3.2. describe how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors (where applicable), the outcomes and actions taken, and how it has or will influence board composition;
  - 3.3.3. describe the policy on diversity (of gender, social and ethnic backgrounds, and cognitive and personal strengths) and inclusion, its objectives and linkages to company strategy, how it has been implemented and progress on achieving the objectives during the period covered by the report;
  - 3.3.4. set out the gender balance of those in the senior management (being the executive committee or first layer of management below board level, including the company secretary) and their direct reports;
  - 3.3.5. identify any external search consultancy engaged by the Company for the appointment of the chair and non-executive directors and state whether such party has any other connection with the Company, or explain if external advice or open advertising has not been used (as applicable); and
  - 3.3.6. where a director has been authorised by the Board to accept a significant external appointment, explain the reasons for permitting such significant appointments.
- 3.4. The report referred to in 3.3 above should include 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.

### **4. Other Matters**

- 4.1. The Committee shall:
  - 4.1.1. have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
  - 4.1.2. 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;

- 4.1.3. give due consideration to laws and regulations, the provisions of the UK Governance Code and associated guidance, the requirements of the UK Listing Authority's Listing, Prospectus Rules and Disclosure and Transparency Rules and any other applicable rules, as appropriate; and
- 4.1.4. 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.

## **5. Authority**

- 5.1. The Committee 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.

## **6. Meetings and Procedure**

- 6.1. The company secretary, or any other person selected for the task by the Committee, shall act as the secretary of the Committee.
- 6.2. The Committee shall meet at least annually and at such other times as the Committee chairman or the Board shall require. Meetings may be held in person, or, provided all members are able to hear and speak to each other throughout the meeting, by telephone or video conference.
- 6.3. Committee meetings shall be called on no less than 5 working days' notice, or at shorter notice if all the members of the Committee agree. Any Committee papers that are to be discussed at a meeting shall be circulated to the Committee members as far in advance of the meeting as reasonably practicable. Committee meetings may be called by any member of the Committee or by the Board or by the secretary at their request.
- 6.4. Only Committee members are entitled to attend Committee meetings. However, the Committee is authorised to invite non-members, including without limit any executive directors, and external advisers, to attend for all or part of any meeting where the Committee chair considers it necessary or appropriate to do so.
- 6.5. The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.6. Draft minutes of the Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated, to all other members of the Board, other than where, in the opinion of the chair of the Nomination Committee, it would be inappropriate to do so.
- 6.7. The Committee chair shall attend each annual general meeting of the Company prepared to respond to any shareholder questions on the Committee's activities.