

# Nomination Committee

## Terms of Reference

### 1 Constitution

- 1.1 The nomination committee (**Committee**) was constituted at a full meeting of the board of directors (**Board**) held on 11 September 2007 in accordance with the articles of association of AJ Bell plc (**Company**).
- 1.2 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 1.3 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 Role

The role of the Committee is to ensure that there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board and senior executives to the executive management board of the Company (**EMB**), to lead the process for Board and EMB appointments and make recommendations to the Board. The Committee is to assist the Board in ensuring its composition is regularly reviewed and refreshed 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.

### 3 Duties and terms of reference

The Committee shall carry out the following duties for the Company and its trading subsidiary undertakings, as appropriate.

#### 3.1 Composition of the Board and EMB

The Committee shall:

- a) regularly review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the Board, its Committees and the EMB and make recommendations to the Board with regard to any changes that are deemed necessary;
- b) 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;

- c) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates; and
- d) prepare a policy on how to promote Board diversity.

#### 3.2 Succession planning

The Committee shall:

- a) 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 Company, and the skills, experience, independence, knowledge and diversity needed on the Board and EMB in the future; and
- b) satisfy itself that plans are in place for orderly succession for appointments to the Board and senior management.

#### 3.3 Appointments to the Board and EMB

The Committee shall:

- a) be responsible for identifying and nominating for the Board's approval, candidates to fill Board and EMB vacancies as and when they arise;
- b) consider proposals for the re-appointment or promotion of directors and senior executives and also any proposal for their dismissal, retirement, non-re-appointment or any substantial change in their duties or responsibilities or the term of their appointment;
- c) before the Board makes any appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the Board or EMB, as applicable, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. 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 a wide range of 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, taking care that appointees have enough time available to devote to the position;

- d) for the appointment of a chair, prepare a job specification, including the time commitment expected, and require a proposed chair to disclose other significant commitments to the Board before appointment and disclose any changes to the chair's commitments to the Board as they arise;
- e) 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 the induction process;
- f) ensure that all directors offer themselves for annual re-election by shareholders in accordance with the UK Corporate Governance Code (Provision B.7.1) 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 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); and
- g) keep under review the number of external directorships held by each director.

### 3.4 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 strategic 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.

### 3.5 Conflicts of interest

The Committee shall:

- a) before appointment of a director, require the proposed appointee to disclose 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;
- b) consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors;
- c) keep under review at least annually potential conflicts of interests of directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary; and

- 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.

### 3.6 Board evaluation

The Committee shall:

- a) assist the chair of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board, its committees and the EMB, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, including gender, 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;
- c) consider external facilitation of the evaluation of the Board at least every three years;
- d) review the results of the performance evaluation of the Committee; and
- e) review annually the time required from non-executive directors, including the chair of the Board and senior independent director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties and compliance with any applicable FCA requirements.

## 4 **Board recommendations**

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

### 4.1 Nominations and succession planning

The Committee shall make recommendations to the Board on:

- a) the appointment of any director to executive or other office, other than to the positions of chair of the Board and chief executive, the recommendation for which is to be considered at a meeting of the full Board, and keep under review the number of external directorships held by non-executive directors;
- b) the chair of the Board, having assessed every three years whether the present incumbent shall continue in post, taking into account the need for continuity versus freshness of approach and that the chair of the Board must be independent on appointment and would not ordinarily hold office for more than nine years;
- c) suitable non-executive directors for the role of senior independent director;
- d) ensuring that the Board and/or EMB is not dominated by an individual or group in any way that the Board considers to be detrimental to the governance of the business;

- e) membership and chair of the audit, risk and compliance and remuneration committees, and any other Board committees as appropriate, in consultation with the chair of the relevant committee; and
- f) formulating succession plans for executive and non-executive directors and senior management, in particular for the key roles of chair of the Board and chief executive.

#### 4.2 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 in the light of the knowledge, skills and experience required; and
- b) re-election by shareholders in accordance with the UK Corporate Governance Code or the retirement by rotation provisions in the articles of association, having regard to their performance and commitment to the role (particularly in relation to non-executive directors being re-elected for a time beyond six years).

#### 4.3 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.

## 5 Membership

- 5.1 The Committee shall comprise a minimum of three members, a majority of whom shall be independent non-executive directors, as determined by the Board (in accordance with the principles of the UK Corporate Governance Code). The chair of the Board may be a member of the Committee.
- 5.2 Appointments to the Committee are made by the Board on the recommendation of the Committee, in consultation with the Committee chair, and shall be for a period of up to three years, which may be extended for two further periods of up to three years, provided the member still meets the criteria for membership and, if applicable, the Committee expressly recommends re-election for a time beyond six years.
- 5.3 The Board shall appoint the Committee chair, who shall be either the chair of the Board or an independent non-executive director, and determine the period for which the Committee chair shall hold office. The chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the chair.
- 5.4 In the absence of the Committee chair and/or an appointed deputy, the senior independent director will chair meetings of the Committee or, in his or her

absence, 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.

- 5.5 The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 5.6 The Company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

## 6 Attendance at meetings

- 6.1 The Committee shall meet at least once a year, and otherwise as required, to consider whether or not directors should be put forward for re-appointment at the next annual general meeting and otherwise as the chair of the Committee shall determine or as may be requested by any member of the Committee
- 6.2 Only Committee members of the have the right to attend and vote at Committee meetings. However, other individuals such as the chief executive, if not a member, the human resources director and external advisers 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 chair. The Committee chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.
- 6.3 The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.4 Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.

## 7 Notice of meetings

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any member of the Committee.
- 7.2 Unless the Committee otherwise agrees, 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 five 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair.
- 7.3 The Committee may send notices, agendas and supporting papers in electronic form where the recipient has agreed to receive documents in such a way.

## 8 Quorum

- 8.1 The quorum necessary for the transaction of business at a Committee meeting shall be three members, at least two of whom must be independent non-executive directors present in person or by audio or video conference.
- 8.2 A duly convened Committee meeting 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.

## 9 Voting arrangements

- 9.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).
- 9.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.
- 9.3 Except where he or she has a personal interest, the Committee chair shall have a casting vote.
- 9.4 The Committee chair may ask any attendees of a Committee meeting to leave the meeting to allow discussions of matters relating to them.

## 10 Minutes of meetings

- 10.1 The Company secretary, or his or her nominee, shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 10.2 Draft minutes of Committee meetings shall be agreed with the Committee chair and then be circulated promptly to all Committee members, unless in the Committee chair's opinion it would be inappropriate to do so. Once approved, minutes shall be circulated to all other Board members unless in Committee chair's opinion it would be inappropriate to do so.
- 10.3 A resolution in writing and 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.

## 11 Annual general meeting

The Committee chair shall attend the Company's annual general meeting to answer any shareholder questions on the Committee's activities.

## 12 Reporting responsibilities

The Committee shall:

- 12.1 Report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall, unless in Committee chair's opinion it would be inappropriate to do so, be included in the Board papers for a subsequent board meeting.
- 12.2 If required by the UK Corporate Governance Code, produce a report to be included in the Company's annual report about its activities, the membership of the Committee, number of meetings and attendance over the course of the year and the process used to make appointments and the outcomes of its formal annual review 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 as to whether it has any connection with the Company.
- 12.3 The report referred to in paragraph 12.2 shall also include a description 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.
- 12.4 Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.5 The Committee shall make available its terms of reference on the Company's website.

## 13 General matters

The Committee shall:

- 13.1 Have access to sufficient resources to carry out its duties, including access to the Company secretary for assistance as required.
- 13.2 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.
- 13.3 In carrying out its duties, give due consideration to all relevant laws and regulations, in particular, the directors' duties contained in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.
- 13.4 Work and liaise as necessary with all other Board committees.
- 13.5 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.

## 14 Authority

- 14.1 The Board authorises the Committee to carry out the 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 professional advice on any matter within its terms of reference, as it considers necessary.
- 14.2 The Board authorises the Committee to seek any information it requires from any employee or director of the Company or any of its subsidiaries, and all such employees or directors will be directed to co-operate with any request made by the Committee.
- 14.3 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.

Adopted at the Board meeting of the Company on 18 October 2018.