

Terms of reference

Nomination committee

Nucleus Financial Group plc

Adopted by resolution of the directors passed on 21 November 2019

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Nomination committee - Terms of Reference

1. Introduction

These terms of reference were adopted by a resolution of the board of directors of Nucleus Financial Group plc (the "**company**") passed on 21 November 2019. The principal purposes of these terms of reference are:

- 1.1 to give additional assurance regarding the approach taken by the company to identify the skills and experience required for the next stage in the company's development;
- 1.2 to give additional assurance regarding the rigour and transparency of procedures used by the board for the appointment of new directors to the board, and the appointment of new senior executives to either the board or senior management; and
- 1.3 to maximise the efficiency and effectiveness of the company's process for board and senior executive appointments and for determining the approach for the removal of any underperforming director or senior executive from the board or their senior management position.

2. Membership

- 2.1 The nomination committee (the "**committee**") shall be appointed by the board of directors of the company (the "**board**"). The committee shall be made up of at least three directors.
- 2.2 The majority of the members of the committee shall be independent non-executive directors of the company. The chair of the board may also serve on the committee as an additional member if they were considered independent on appointment as chair.
- 2.3 Appointments to the committee shall be for a period of up to three years, extendable by no more than two additional three year periods, provided that the director still meets the criteria for membership of the committee.
- 2.4 The chair of the committee shall be appointed by the board and shall be either the chair of the board or 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 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 chair of the board shall not chair the committee when it is dealing with the matter of succession to the chairship of the board. For the avoidance of doubt, the chair of the committee shall not have a second or casting vote.
- 2.5 The company secretary or their nominee shall be the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to all issues.
- 2.6 The persons listed in schedule 1 are the appointed chair, members and secretary of the committee and their responsibilities are provided for at schedule 2.

3. Attendance at meetings

- 3.1 Only members of the committee have the right to attend committee meetings. All board members may attend the committee meeting as observers.
- 3.2 Other individuals, such as the chief executive officer, the chief financial officer and the chief people officer and other external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 3.3 The quorum necessary for the transaction of business at a meeting of the committee shall be two directors provided that at least one is an independent director. 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.

4. Frequency of meetings

- 4.1 Meetings are held as and when appropriate, but not less than four times per year. The chair and any committee member may request a meeting if they consider that one is necessary or expedient.
- 4.2 A timetable of business is established once a year and can be found at schedule 3.

5. Notice of meetings

- 5.1 Meetings of the committee shall be called by the secretary of the committee at the request of the chair of the committee.

- 5.2 Unless otherwise agreed, notice of each meeting of the committee 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 working 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.

6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 The secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of committee meetings shall be circulated promptly to all members of the committee and, once agreed, minutes may, on request by the board, be tabled at subsequent board meetings.

7. Authority

- 7.1 The committee is authorised by the board to investigate any matter within its terms of reference and to seek any information it requires from any employee of the company in order to perform its duties. All employees are directed to co-operate (if required, on a confidential basis) with any request made by the committee.
- 7.2 The committee is authorised by the board, within the budget set, to obtain outside legal or other professional advice on any matters within its terms of reference at the cost of the company and to secure the attendance of outsiders with relevant experience and expertise on any matters within its terms of reference if it considers this necessary. The secretary to the committee shall maintain a register of independent advisers who provide services to the committee.

8. Duties

- 8.1 The committee is a sub-committee of the board of Nucleus Financial Group plc and acts to assist the board in fulfilling its oversight responsibilities of the Nucleus group. The committee should carry out the duties below for the parent company, subsidiary undertakings and the group as a whole, as appropriate.
- 8.2 The committee shall:
- 8.2.1 regularly review the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the board and make recommendations to the board with regard to any changes (including ensuring any regulatory requirements are met);
 - 8.2.2 give full consideration to succession planning for directors and other senior executives (comprising senior manager function holders ("**SMFs**") and certified staff) in the course of its work, taking into account the challenges and opportunities facing the company, regulatory requirements and the skills and expertise that are therefore needed on the board in the future;
 - 8.2.3 be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
 - 8.2.4 before an appointment is made by the board, evaluate the balance of skills, knowledge, experience, independence 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:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds;
 - (iii) consider candidates from the internal management pipeline;
 - (iv) consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the board, including gender; and
 - (v) with due regard to governance and regulatory requirements consider that appointees have enough time available to devote to the position;
 - 8.2.5 keep under review the leadership needs of the organisation, both executive and non-executive, the target operating model and organisational design with a view to ensuring the continued ability of the company and its subsidiary undertakings (together the "**Group**") to compete effectively in the marketplace;
 - 8.2.6 keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;

- 8.2.7 review the results of the board performance evaluation process that relate to the composition of the board;
 - 8.2.8 review annually the time 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;
 - 8.2.9 review annually the performance appraisals (against statements of responsibility in respect of SMFs) and fitness and proprietary assessments of each of the non-executive directors (including those that are SMFs) as well as for senior managers (SMFs and certified staff);
 - 8.2.10 for the appointment of a chair, the committee should prepare a job specification, including the time commitment expected. A proposed chair's other significant commitments should be disclosed to the board before appointment and any changes to the chair's commitments should be reported to the board as they arise;
 - 8.2.11 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest to be required to report any future business interests that would result in a conflict of interest;
 - 8.2.12 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; and
 - 8.2.13 review management reports on key appointments and leavers (covering at least SMF and certified staff) within the group.
- 8.3 The committee shall also make recommendations to the board concerning:
- 8.3.1 any changes to the diversity and inclusion policy;
 - 8.3.2 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chair of the board and chief executive officer;
 - 8.3.3 suitable candidates for the role of senior independent director (as and when required);
 - 8.3.4 membership of the audit, risk and remuneration and HR committees, and any other board committees as appropriate, in consultation with the chairs of those committees;
 - 8.3.5 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, independence and experience required;
 - 8.3.6 the re-election by shareholders of any director under 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, independence and experience required and the need for progressive refreshing of the board, particularly in relation to directors being re-elected for a term beyond a total nine years;
 - 8.3.7 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;
 - 8.3.8 the appointment to and resignation of any director or SMF from executive or other office; and
 - 8.3.9 any changes to the management responsibilities map, to any SMF statement of responsibilities or other associated changes to the organisational structure.

9. Reporting procedures

- 9.1 The chair of the committee shall report formally to the board on the proceedings of the committee after each meeting and on all matters within its duties and responsibilities.
- 9.2 The committee shall make whatever recommendations to the board it deems appropriate in any area within its remit where action or improvement is needed.
- 9.3 The committee shall produce a statement to be included in the annual report of the company about its activities, the process used to make appointments 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 made as to whether it has any connection with the company.
- 9.4 The statement referred to in paragraph 9.3 above should include a statement of the board's policy on diversity and inclusion, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 9.5 The chair of the committee shall attend the annual general meeting and shall answer questions, through the chair of the board, on the committee's activities and its responsibilities.

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 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 laws and regulations, the provisions of the UK Listing Authority's Prospectus and Disclosure and Transparency Rules and associated guidance (so far as is applicable), the AIM Rules and associated guidance and the QCA corporate governance guidance and, the UK Corporate Governance Code, FCA Handbook Rules and any other applicable rules, as appropriate; and
- 10.4 periodically review its own performance, 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.