

Smart DCC Limited (the “Company”)

NOMINATION COMMITTEE TERMS OF REFERENCE

(Adopted 30 June 2020)

Definitions

Reference to the “**Committee**” shall mean the Nomination Committee.

Reference to the “**Board**” shall mean the Board of Directors of the Company.

Reference to the “**Members**” shall mean the Members of the Committee.

Reference to the “**Code**” shall mean the UK Corporate Governance Code 2018

Reference to the “**Senior Management**” shall mean the Chief Executive Officer, the Chief Financial Officer, and their direct reports

1. Membership

1.1. The Committee shall comprise at least two Sufficiently Independent Directors (a “SID”). A majority of the Members of the Committee shall be SIDs. All Non-Executive Directors (both Sufficiently Independent Directors and Capita-appointed Non-Executive Directors) may be Members of the Committee

1.2. Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee and shall be for a period of up to three years, which may be extended by no more than two additional three-year periods, provided the Director still meets the criteria for Membership of the Committee.

1.3. Only Members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

1.4. The Board shall appoint the Committee Chair who should be either the Chair of the Board, the senior independent director, 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 Chair of the Board shall not chair the Committee when it is dealing with the matter of succession of the Chair of the Board

2. Secretary

2.1. The company secretary, or their nominee, shall act as 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 issues.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two, one of whom must be a Sufficiently Independent Director.
- 3.2. If there are more than two Members present, there shall be at least a balance of Sufficiently Independent Directors and Capita appointed Directors at any meeting.

4. Frequency of meetings

- 4.1. The Committee shall meet at least twice a year and otherwise as required.
- 4.2. The Committee shall meet at least once a year without the Chairman of the Board present.

5. Notice of meetings

- 5.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair or any of its Members.
- 5.2. Unless otherwise agreed, 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 and any other person required to attend 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 decisions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2. Draft minutes of Committee meetings shall be circulated to all Members of the Committee. Once approved, minutes should be circulated to all other Members of the Board and the company secretary unless, exceptionally, it would be inappropriate to do so.

7. Duties

The Committee shall:

- 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. Ensure plans are in place for orderly succession to Board and senior management positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future.

- 7.3. Keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- 7.4. Keep up-to-date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- 7.5. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- 7.6. 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 and the time commitment expected. In identifying suitable candidates the Committee shall:
 - 7.6.1 agree an appropriate route to market and recruitment campaign to attract the best candidates, and agree upon any open advertising or the services of external advisers to facilitate the search;
 - 7.6.2 consider candidates from a wide range of backgrounds; and
 - 7.6.3 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity, and the Company's diversity policy, on the Board and taking care that appointees have enough time available to devote to the position.
- 7.7. 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.
- 7.8. Review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning.
- 7.9. 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.
- 7.10. Work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.

The Committee shall also make recommendations to the Board concerning:
- 7.11. Any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved.
- 7.12. Suitable candidates as new Directors and succession for existing Directors.

- 7.13. Membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chair of those Committees.
- 7.14. The re-appointment of Non-Executive Directors 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 and the need for progressive refreshing of the Board, taking into account the length of service of individual Directors, the Chair and the Board as whole.
- 7.15. 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.
- 7.16. The appointment of any Director to executive or other office.

8. Reporting responsibilities

- 8.1. 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.
- 8.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary.
- 8.3. The Committee shall produce a report to be included in the company's annual report describing the work of the Nomination Committee, including
 - 8.3.1 the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;
 - 8.3.2 how 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 how it has influenced or will influence Board composition;
 - 8.3.3 the Company'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
 - 8.3.4 the gender balance of those in the senior management team and their direct reports.

9. Other matters

The Committee shall:

- 9.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required.
- 9.2. 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.

- 9.3. Give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, and any other applicable rules, as appropriate.
- 9.4. Arrange for a periodic review of its own performance as part of the annual Board evaluation and, at least once a year, 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; and

10. Authority

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.