

**R.E.A. HOLDINGS PLC**  
**TERMS OF REFERENCE OF THE NOMINATION COMMITTEE**  
**(Adopted pursuant to a resolution of the board dated 30 March 2020)**

**1. INTRODUCTION**

The UK Corporate Governance Code (the "**Code**") states that:

***Appointments to the board should be subject to a formal, rigorous and transparent procedure and an effective succession plan should be maintained for board and senior management.***

The Code further provides that:

***The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession.***

A copy of the Code, should members of the committee need to consult it, can be obtained from the company secretary.

These terms of reference set out the terms upon which the nomination committee of the board (the "**committee**") is now appointed, the role to be performed by the committee and the authority delegated to the committee by the board. Such terms take effect from 30 March 2020 and shall be in substitution for the previous terms of reference of the committee which shall be of no further effect.

**2. TERMS OF REFERENCE TO BE MADE AVAILABLE**

The committee shall make available these terms of reference by causing them to be published on the company's website and by providing copies upon written request.

**3. MEMBERSHIP**

3.1 The members of the committee shall be appointed by the board on the recommendation of the nomination committee.

3.2 The committee shall comprise at least two members, a majority of whom shall be independent non-executive directors.

3.3 The board shall appoint the chairman of the committee (the "**chairman**"), who shall be either the chairman of the board or an independent non-executive director. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board.

3.4 If the person chosen as chairman of the committee is the chairman of the board, then he/she should not chair the committee when it is dealing with the matter of succession of the chairmanship of the board.

**4. SECRETARY**

The company secretary or its nominee shall act as the secretary of the committee (the "**secretary**").

The secretary will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **5. MEETINGS**

- 5.1 **Frequency:** Meetings of the committee shall be held as required.
- 5.2 **Right to attend:** No one other than the committee members shall be entitled to be present at a meeting of the committee. However, others may attend for all or any part of the meeting at the invitation of the committee, as required.
- 5.3 **Notice:** Meetings of the committee shall be summoned by the secretary, at the request of the chairman or any of the committee members.

Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the committee and, to the extent appropriate, any other person invited to attend prior to the date of the meeting.

- 5.4 **Quorum:** The quorum necessary for the transaction of business shall be two members. 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.
- 5.5 **Voting:** The chairman shall have a casting vote on all matters in the event of an equality of votes.
- 5.6 **Minutes:** Minutes of the proceedings and resolutions of all committee meetings, including the names of those present and in attendance, shall be prepared.

Draft minutes of committee meetings shall be circulated to all members of the committee. Once approved, the minutes should be circulated to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

## **6. ENGAGEMENT WITH SHAREHOLDERS**

The chairman shall attend the annual general meeting to respond to any shareholder questions on the committee's activities. In addition, the chairman shall seek to engage with shareholders on significant matters related to the committee's areas of responsibility.

## **7. DUTIES**

The committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The committee shall:

- 7.1 regularly review the structure, size and composition (including 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 organisation 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:
  - (a) use open advertising or the services of external advisers to facilitate the search;
  - (b) consider candidates from a wide range of backgrounds;
  - (c) consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the board and taking care that appointees have enough time available to devote to the position.
- 7.7 prior to the appointment of a 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;
- 7.8 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;
- 7.9 review the results of the board evaluation process that relate to the composition of the board and succession planning;
- 7.10 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;
- 7.11 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:

- 7.12 any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;
- 7.13 suitable candidates as new directors and succession for existing directors;
- 7.14 membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees;
- 7.15 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;
- 7.16 the re-election of directors by shareholders 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, 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 chair and the board as a whole;

7.17 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.

7.18 the appointment of any director to executive or other office.

## **8. REPORTING RESPONSIBILITIES**

8.1 The chairman 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 available for board discussion when necessary.

8.3 The committee shall produce a report to be included in the annual report, describing the work of the nominations committee, including:

- (a) the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;
- (b) how board evaluation has been conducted, the nature and, if used, the 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;
- (c) the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives;
- (d) the gender balance of those in the senior management team and their direct reports.

8.4 Where an external search consultancy has been appointed by the committee, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

## **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, in the form of an induction programme for new members and 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, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure and Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate;

9.4 ensure that a periodic evaluation of the committee's own performance is carried out;

9.5 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.

**10. AUTHORITY**

- 10.1 The committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 10.2 The committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference, including authorisation to employ the services of search consultants.