

# Nomination, Governance and Remuneration Committee Terms of Reference

7 December 2023

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## **1. Membership**

- 1.1 The committee shall comprise at least three directors.
- 1.2 Appointments to the committee are made by the board on the recommendation of the Nomination, Governance and Remuneration Committee in consultation with the chair of the committee and shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the member 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 CEO, the Group Head of HR and external advisers or other individuals 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 or an independent non-executive director. In the absence of the committee chair, 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.

#### **4. Frequency of meetings**

- 4.1. The committee shall meet at least three times a year and otherwise as required.

#### **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 made available to all other members of the board and the company secretary unless, exceptionally, it would be inappropriate to do so.

#### **7. Conflicts of Interest**

- 7.1. It is each member's responsibility to disclose any interests that could constitute an actual or perceived conflict of interest and, in such circumstances, they may absent themselves from voting. If the chair decides in consultation with the other members (if necessary) that a member has an actual or perceived conflict of interest, the chair may determine that the member absent themselves from a particular committee business and/or that a recommendation should be made to the board that such member be removed as a member. Any decision of the chair (and/or of the board) shall be final and binding.

#### **8. Engagement with Owners**

- 8.1. The committee chair should attend the Annual Owners Meeting to answer any questions on the committee's activities.

#### **9. Duties**

- 9.1. The committee shall carry out the duties below for the PIDG Ltd and the Group as a whole, as appropriate.
- 9.2. Composition of the Board and its Committees
  - 9.2.1. The committee will regularly review the structure, size and composition of the PIDG Group company boards and PIDG Ltd board committees in consultation with the board and committee chairs, taking account of the results of the board performance evaluation process.

9.2.2. In making recommendations on the composition of board committees, the committee shall consider the benefits of cross membership on board committees and the benefits of progressive refreshing of the board committees to promote fresh perspectives.

### 9.3. New appointments

9.3.1. The committee shall be responsible to the PIDG board for leading the process for PIDG Group company board and PIDG Ltd committee appointments. The recruitment process must be open, formal, rigorous and transparent and include the use of open advertising and/or engagement of an external search consultancy if appropriate and be undertaken in line with the 'Recruitment Procedure' set out in the Appointments Policy.

9.3.2. The committee shall be responsible for identifying and nominating candidates for approval by the PIDG board for PIDG Group company boards and PIDG Ltd committees.

9.3.3. At the request of the chair of the board or the board, the committee will evaluate the balance of skills, experience, independence, knowledge and diversity, on the Group company boards and PIDG Ltd committees and, in the light of this evaluation, prepare a description of the role and capabilities required for an appointment.

9.3.4. The committee will ensure that prospective non-executive directors and committee members undertake that they will have enough time to fulfil their duties and that any significant new appointments outside the PIDG Group are subsequently disclosed for approval prior to their acceptance.

9.3.5. Having done so, the committee will, if it deems necessary, identify, review and recommend candidates for potential appointment as directors of PIDG Group companies and members of PIDG Ltd committees.

9.3.6. The committee shall be responsible for the appointment of directors or committee members to (or their removal from) the boards of the PIDG Group companies and PIDG Ltd committees for agreeing appropriate policies and processes to apply to the governance of those companies, save that:

- I. the appointment or removal of directors shall also require the approval of the PIDG Owners funding that entity;
- II. in respect of the appointment of the chair of any PIDG company, which is undertaken in line with the Appointment policy; and
- III. the appointment or removal of the PIDG Ltd chair shall require the approval of the Owners.

### 9.4. Succession Planning

9.4.1. The committee will assist the PIDG Chair with the review of and formation of recommendations to the Board, for Board succession over the longer term in order to maintain an appropriate balance of skills, experience, independence, knowledge and diversity and taking into consideration the length of service of the boards and committees to ensure its progressive refreshing. Particular attention shall be paid to succession in respect of the Chair of the Board.

9.4.2. The committee will assist the PIDG Chair with keeping the leadership needs of PIDG under review and the adequacy of proposals for succession, over the longer term, to key leadership positions, taking into account the challenges and opportunities facing the PIDG Group, and the skills, experience, independence, knowledge and diversity needed in the Executive Team in the future. Particular attention shall be paid to succession in respect of the Chief Executive Officer.

#### 9.5. Board Effectiveness

The committee shall:

9.5.1. Consider and set the criteria for the objective performance review of the PIDG Chair (in line with the Owners guidance), each non-executive director, each PIDG Group company board director and PIDG Ltd committee members.

9.5.2. Ensure that an annual performance evaluation is conducted of the composition, diversity and effectiveness of the board and its committees and the contribution of each director, such evaluation to be externally facilitated at least once every three years.

9.5.3. Ensure that the conclusions and recommendations arising from these reviews and evaluations of the PIDG Chair and CEO are reported to the board.

9.5.4. Agree an action plan addressing the results of the Board Effectiveness Review, particularly in relation to any changes required to succession planning, and periodically review progress against the plan.

9.5.5. Consider the effectiveness of each board evaluation carried out.

#### 9.6. Remuneration

The committee shall:

9.6.1. Have delegated responsibility for recommending the policy for directors' and CEO 's remuneration, in accordance with the Code, to the Owners for approval.

9.6.2. Review and approve remuneration policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the company's long-term strategy, and that enable the use of discretion to override formulaic outcomes.

9.6.3. In determining the remuneration policy, take into account all other factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of the Owners.

9.6.4. Review the ongoing appropriateness and relevance of the remuneration policy.

9.6.5. Within the terms of the agreed policy and in consultation with the chair and/or CEO, as appropriate, oversee the total individual remuneration package of each executive including bonuses.

9.6.6. Have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company. The committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

9.6.7. Review workforce remuneration and related policies.

## **10. Reporting responsibilities**

10.1. 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.

10.2. 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.

10.3. The committee shall produce a report to be included in the company's annual report describing the work of the nomination committee, including:

10.3.1. the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline.

10.3.2. 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.

10.4. If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

10.5. If the committee has appointed remuneration consultants, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

## **11. Other matters**

The committee shall:

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

11.2. Be provided by PIDG Ltd appropriate funding to obtain advice and assistance from internal or external legal, accounting, or other advisors at PIDG Ltd's expense, without the prior approval of the board up to a maximum cost of £10,000.

11.3. 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.

11.4. Give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance and any other applicable rules, as appropriate.

11.5. Ensure that a periodic evaluation of the committee's own performance is carried out.

- 11.6. At least annually, review the committee's terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval.

## **12. Authority**

The committee is authorised to:

- 12.1. Seek any information it requires from any employee of the company in order to perform its duties.
- 12.2. Call any employee to be questioned at a meeting of the committee as and when required.
- 12.3. Delegate any matter or matters to another committee or person(s) as it deems appropriate.
- 12.4. Publish in the PIDG Ltd's Annual Report details of any issues that cannot be resolved between the committee and the board.