

Appointment and Evaluation of Directors and Committee Members Policy

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Direct links to other relevant Policies, Standards, Procedures or Guidance notes:

[Nomination, Governance and Remuneration Committee Terms of Reference](#)

[PIDG Constitution](#)

1. Purpose

The purpose of this Policy is to set out the requirements relating to the appointment and evaluation of directors and committee members of the PIDG Board and its committees, and, where stated, the boards and committees of other PIDG Companies.

This Policy also sets out the principles and procedures relating to the reappointment and removal of directors and committee members of PIDG HoldCo and is intended to support high standards of corporate governance, transparency, accountability and Board effectiveness.

2. Scope

This Policy applies to all governance activities undertaken by, or on behalf of, the PIDG Board.

3. Roles and Responsibilities

The PIDG Board is responsible for approving this Policy following the recommendation from the NGRC and is accountable to the PIDG Owner-Members for the oversight of PIDG Board governance.

The NGRC is responsible for overseeing the appointment, reappointment, succession planning, removal and evaluation processes for the PIDG Board and its committees, in accordance with its terms of reference and this Policy.

The PIDG Chair is responsible for leading the Board effectively and, where provided for in this Policy, for overseeing individual and Board evaluation processes.

The Senior Independent Director shall provide support to the Chair, act as an additional sounding board, serve as an intermediary where appropriate, and lead the performance review of the Chair.

The Global Company Secretary shall support the PIDG Board, the Chair and the NGRC in the administration, documentation and integrity of all appointment and evaluation processes.

The Owner-Members shall exercise those rights reserved to them under the Constitution and shall be appropriately engaged throughout appointment, reappointment, removal and evaluation processes in accordance with this Policy.

4. Policy

4.1 General

PIDG is committed to ensuring that governance of the PIDG Board is appropriate, effective, transparent and demonstrably free from improper conduct, undue influence and unmanaged conflicts of interest.

In implementing this Policy, the expectation shall be to apply the principles of the 2024 UK Corporate Governance Code (Code), taking a comply or explain approach. In particular, this Policy is intended to support the Code's principles relating to Board leadership and company purpose, division of responsibilities, Board composition, succession and evaluation, and accountability.

https://www.frc.org.uk/documents/6709/UK_Corporate_Governance_Code_2024_a2hmQmY.pdf

The PIDG Board shall delegate the following responsibilities to the NGRC:

- a. leading the selection process for appointments to the PIDG Board.

- b. making recommendations to the PIDG Board with regard to the composition of, succession for, appointments (and extensions to appointments) to, and removals from, the PIDG Board and its committees; and
- c. leading the internal and external performance evaluation of the PIDG Board, directors, committees and their members.

The NGRC shall have clear terms of reference, explaining its role, responsibilities and delegated authority.

In exercising its responsibilities under this Policy, the NGRC shall ensure appropriate and timely engagement with Owner-Members, particularly in relation to Chair and director appointments, reappointments, removals and Board effectiveness reviews.

This Policy shall be applied in a manner that reflects lessons learned from prior governance reviews and material Board events, including the need for clear process ownership, transparent record-keeping, fairness, independence of judgement and timely escalation of material issues.

4.2 Recruitment Procedure

The recruitment process for appointments to the PIDG Board must be open, formal, rigorous, well-documented and transparent, and shall normally include the following steps:

- a. The NGRC shall agree whether the process will be led through open advertisement, executive search, or a combination of both.
- b. Where appropriate, an independent external search firm may be appointed, particularly for the recruitment of the PIDG Chair, the Senior Independent Director and non-executive directors.
- c. An indicative recruitment timetable shall be prepared, covering the key stages of search, longlisting, shortlisting, interviews, due diligence, recommendation and approval; and
- d. The PIDG HR team and Global Company Secretary shall ensure that an appropriate governance record is maintained for each recruitment process, including key decisions, conflicts checks, scoring outcomes and feedback received from Owner-Members where applicable.

The candidate specification for each position must include an accurate assessment of the required time commitment, including preparation time, meeting attendance requirements and any anticipated travel obligations associated with PIDG Board, committee and stakeholder meetings. In addition, the candidate specification should take due account of the Board's succession plans and future strategic needs. It should accurately reflect all elements of the role and state both the essential and desirable criteria in terms of skills, aptitudes, knowledge, availability and experience. Advertisements should be based on the candidate specification. Applications shall be by covering letter and curriculum vitae.

Appointments will be based on merit, and all applicants shall be assessed against the candidate specification and must meet the essential criteria as a minimum, including having sufficient time available to devote to the job. When making an appointment, consideration should be given to both the political exposure of the candidate and any conflicts of interest the candidate may have. Interview panels shall be responsible for agreeing a scoring matrix for assessing both the essential and desirable criteria in the candidate specification. Interview questions and the structure of the interview should be consistently applied to all candidates and should be based on the candidate specification. Interviewers shall take notes recording the salient points of each interview so that they can be used when assessing candidates against the candidate specification. Interviewers shall retain sufficient notes and records to support the integrity of the decision-making process and the audit trail.

4.3 Appointments

Directors and committee members of PIDG HoldCo shall have sufficient time to devote to their duties, and an appropriate range and balance of skills, experience, knowledge and, in particular, diversity of thought.

The majority of directors and committee members of PIDG HoldCo shall comprise independent non-executive directors. Where external committee members are appointed, the PIDG Board shall consider whether such individuals are independent in character and judgement, having regard to the principles of the UK Corporate Governance Code and any actual, potential or perceived conflicts of interest.

Appointments to the PIDG Board and its committees shall be subject to a formal, rigorous and transparent procedure, based on merit and objective criteria. Appointments shall be for an initial term of three years, which may be extended by up to two further terms of three years each provided the individual continues to meet performance criteria and, where relevant, independence criteria. Any extension of a director or committee member's term shall be considered in advance of the expiry of the relevant term. The NGRC shall review the proposed extension and make a recommendation to the PIDG Board, taking into account performance, attendance, contribution, independence where relevant, succession planning and the evolving needs of the PIDG Board. Where the extension relates to a PIDG Board member or the PIDG Chair, Owner-Member consent shall be required in accordance with the PIDG Constitution.

Succession plans and selection arrangements shall promote diversity, inclusion and equal opportunity, and ensure that memberships are appropriately refreshed.

The PIDG Chair shall be independent on appointment. Particular attention shall be given to the appointments of, and succession planning for, the PIDG Chair and Senior Independent Director roles to promote effective communication within the Board.

The PIDG Board shall appoint one of the independent directors to serve as Senior Independent Director. The Senior Independent Director shall be appointed through the same formal and transparent process applicable to Board leadership roles, taking account of the individual's experience, credibility and capacity to support effective Board dynamics. The role of the Senior Independent Director shall include supporting the Chair, serving as a sounding board, acting as an alternative point of contact where appropriate for directors and Owner-Members, and leading the annual performance review of the Chair.

Final decisions relating to the appointment and removal of the PIDG Chair and PIDG Board members are reserved to the Owner-Members in accordance with Schedule 2 (*Reserved Matters*) to the PIDG Constitution. If the PIDG Chair also acts as the NGRC Chair he/she shall not chair the NGRC when it is dealing with the appointment of his/her successor.

In respect of the process for a new appointment to the Board, the NGRC shall ensure that:

- a. Owner-Members are consulted on the candidate specifications, including the skills, experience and knowledge required for the role, having regard to the Board's succession plans and future strategic needs. Such consultation shall take place before the longlist and shortlist of candidates is finalised and presented. The agreed longlist of candidates is shared with Owner-Members for information, subject to appropriate confidentiality protections.

- b. The NGRC provides Owner-Members with an update following the longlisting stage and shortlisting stage, where appropriate, following the first stage of interviews.
- c. For the recruitment of the PIDG Board Chair, the interview process shall include appropriate representation from both the NGRC and Owner-Members, with the detailed arrangements to be agreed in advance with Owner-Members for the relevant appointment process. The interview panel shall comprise members of the NGRC and up to two Owner-Member representatives, who will participate in the longlisting, interview, scoring and assessment of shortlisted candidates before a final recommendation is made. Any material concerns raised by Owner-Members shall be considered by the NGRC and appropriately reflected in its recommendation to the PIDG Board.
- d. In respect of the process for recommending the reappointment or the removal of an existing PIDG HoldCo director or the PIDG Chair, the NGRC shall ensure that a robust, fair and balanced assessment as to the director's annual performance has been carried out within the previous three months and that a summary of the assessment is provided to Owner-Members alongside the recommendation.

Recommendations relating to the reappointment, extension of term or removal of a director or committee member shall be based on a documented and evidence-based assessment, including the individual's performance, attendance, contribution, conduct, continued independence where relevant, and the evolving needs of the PIDG Board and its committees.

4.4 Evaluation

The PIDG Board, its committees and directors shall be subject to rigorous and robust annual performance evaluations which are assessed through various methods, including self-assessments, peer reviews and chair evaluations, often using surveys or interviews. The board evaluations are either internally led or externally facilitated by independent experts to improve performance and accountability.

Annual performance reviews of directors

The PIDG Chair shall conduct individual annual performance reviews of the directors, taking into account feedback from all PIDG Board members and representatives of the PIDG Executive Team, to ensure the PIDG Board remains effective, accountable and aligned with PIDG's strategic goals. Such reviews shall apply state of the art assessment methodologies and consider contribution, preparedness, attendance, behaviours, independence where relevant, and alignment with PIDG's strategic needs and values.

The Senior Independent Director shall lead the annual performance review of the PIDG Chair, taking into account feedback from Directors and appropriate representatives of the Owner-Members. The process, timetable and scope of Owner-Member engagement shall be agreed in advance by the Senior Independent Director, with support from the Global Company Secretary, and reported to the NGRC. The review of the performance of the PIDG Chair is an Owner-Member consultation matter in accordance with Schedule 2 (*Reserved Matters*) to the Constitution. Where the review gives rise to any recommendation concerning the reappointment, extension of term, removal or replacement of the PIDG Chair, the matter shall be escalated to Owner-Members in accordance with the Constitution and applicable Reserved Matters process.

Annual internal board review

The PIDG Board as a whole and its committees shall be subject to an annual internal board review. This process provides a forum for feedback by all board members and for the PIDG Chair to assess effectiveness of Board and committee operation, including culture, behaviours, decision-making, composition and information flows.

A high-level summary of the key themes, conclusions and agreed actions arising from the annual internal PIDG board effectiveness review, including any relevant themes from the PIDG Chair's reflection or self-evaluation where appropriate, shall be shared with Owner-Members through formal debriefs as appropriate. This is intended to support transparency and constructive Owner-Member engagement, while preserving the confidentiality of individual PIDG director feedback and sensitive PIDG Board discussions.

External board effectiveness review

The PIDG Chair shall commission an externally facilitated board effectiveness review every three years.

The appointment process for such board effectiveness review shall be led by the PIDG Chair with the support of the Global Company Secretary and oversight from the NGRC. The external review shall include appropriate engagement with directors, relevant committee members and such Owner-Member representatives. To support transparency and effective Owner-Member engagement, the PIDG Chair and the NGRC shall establish a small advisory group, including an Owner-Member representative, to comment on the scope, terms of reference, inception report and key outputs of the review.

Following completion of the review, the PIDG Board shall consider the findings and agree to an action plan. A summary of the findings, together with the principal actions to be taken in response, shall be shared formally with the Owner-Members as required pursuant to Schedule 2 (*Reserved Matters*) to the Constitution, and will be disclosed in PIDG's annual report and accounts.

5. Further Information

If you have any questions relating to this Policy, please contact the Global Company Secretary at cosec@pidg.org.