

**Charles Stanley Group PLC**  
**(“CSG” or the “Company”)**

**Terms of reference for the CSG Nomination Committee**

**1. Purpose**

The Board of the Company has established a Nomination Committee (the “**Committee**”) to ensure that there is strong and responsible leadership at the head of Company, as well as on the Boards of its subsidiaries (including Charles Stanley & Co. Limited (“**CSC**”) (the “**Group**”)) together with an appropriate range of skills, knowledge and experience, to make recommendations in respect of appointments to the Boards of CSG and of the Boards of subsidiaries within the Group.

**2. Membership**

- 2.1 There shall be at least three members. A majority of the members of the Committee shall be Independent Non-Executive Directors.
- 2.2 Only members of the Committee have the right to attend Committee meetings. At the discretion of the Chair and at their invitation, non-members may attend all or part of any meeting where their attendance is necessary to facilitate improved debate and decision making. Subject to the discretion of the Chair, any non-member invited to attend a meeting shall remain at the meeting only for the duration of the relevant agenda item.
- 2.3 Appointments to the Committee are made by the CSG Board, and shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members continue to be independent.
- 2.4 The Board of the Company shall appoint the Committee Chairman who should be either the Chairman of the CSG 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 themselves to chair the meeting. The Chairman of Company should not chair the Committee when it is dealing with the matter of succession to the Chairmanship of the Company.

**3. Quorum**

The quorum for any meeting shall be two members, including the Chairman or his alternate and one member who must be an Independent Non-Executive Director, where possible.

**4. Secretary**

The Group Company Secretary, or his or her nominee, shall act as the secretary of the Committee (the “**Secretary**”) and will ensure that the Committee receives information in a timely manner to enable full and proper consideration to be given to the issues.

## **5. Frequency of meetings**

- 5.1 The Committee shall meet at least twice per annum and on an ad hoc basis otherwise as required.
- 5.2 Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.

## **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be convened by the Secretary at the request of the Committee Chairman or any Committee member.
- 6.2 Unless otherwise agreed, and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each Committee member no later than five business 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.

## **7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and all decisions made at the meeting, including recording the names of those persons present and in attendance. The Secretary shall ensure that the minutes of meetings are formally approved by the Committee at the following meeting.
- 7.2 The Secretary shall circulate draft minutes of meetings of the Committee to all members plus other attendees for review.
- 7.3 The Secretary shall ensure that draft minutes of meetings are submitted at the following Committee meeting for approval.

## **8. Annual General Meeting**

The Committee Chairman should attend the Annual General Meeting of CSG to answer shareholder questions on the Committee's activities.

## **9. Scope of duties**

The Committee shall carry out the following duties:

### ***Board and Committee composition***

- 9.1 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the CSG Board and its Committees (considering the benefits of cross membership and progressive refreshing) and making recommendations to the CSG Board with regard to any changes.
- 9.2 Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Boards of the subsidiaries in the Group and make recommendations to the CSG Board with regard to any changes.

- 9.3 Being responsible for identifying and nominating for the approval of the CSG Board, candidates to fill Board vacancies within the Group, as and when they arise and overseeing the development of a diverse pipeline for succession.
- 9.4 Before any appointment is made to the CSG Board, evaluate the balance of skills, knowledge, experience and diversity on the relevant 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:
- 9.4.1 use open advertising or the services of external advisers to facilitate the search;
  - 9.4.2 consider candidates from a wide range of backgrounds; and
  - 9.4.3 consider candidates on merit and against objective criteria and, within this context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths , taking care that appointees have enough time available to devote to the position.
- 9.5 For the appointment of the CSG Chairman, the Committee should prepare a job specification, including the time commitment expected. Any other significant commitments of a proposed CSG Chairman should be disclosed to the CSG Board before appointment and any changes to the CSG Chairman's commitments should be reported to the CSG Board as they arise.
- 9.6 Before any appointment, ensure a description is prepared of the role and capabilities required for each CSG Board Director position.
- 9.7 Considering and making recommendations to the CSG Board on the re-election of CSG Directors, either at an AGM or at the conclusion of their specified term of office, having due regard to their performance and ability to continue to contribute to the CSG Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the CSG Board (particularly in relation to Directors being re-elected for a term beyond six years).
- 9.8 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 and be required to report any future business interests that could result in a conflict of interest.
- 9.9 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.
- 9.10 Recommend suitable candidates for the role of senior independent director.

#### ***Director induction and training***

- 9.11 Keeping up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates.
- 9.12 Ensuring that Directors appointed to the CSG Board are equipped with an appropriate induction and ongoing continued professional development plan, tailoring each for Non-Executive Directors and Executive Directors needs whilst taking into account Committee membership, where applicable.

### ***Succession planning***

- 9.13 Regularly considering Group Board and Committee succession and recommending plans to the CSG Board, to maintain an appropriate balance of skills, experience, independence, knowledge and diversity.
- 9.14 Keeping under review the leadership needs of the Group, both Executive and Non-Executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace. Regularly considering the adequacy of proposals of the succession, over the longer term, to key leadership positions across the Group, taking into account challenges and opportunities facing the Group, the skills and expertise needed in the future as well as promoting diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths.

### ***Board and Committee evaluation***

- 9.15 Assisting the Board Chairman with the implementation of an annual performance evaluation of the effectiveness of the CSG Board and Committees and the contribution of each CSG Director. Including assessing the skills, knowledge and experience of individual CSG Directors and of the Board collectively and the time commitment of each CSG Non-Executive Director against expectations.
- 9.16 Review the results of the board performance evaluation process that relate to the composition of the Group board.

## **10. Reporting responsibilities**

- 10.1 The Committee Chairman shall report formally the CSG Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall make its minutes available to the CSG Board and the CSC Board.
- 10.2 The Committee shall make whatever recommendations to the CSG Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall compile a report on its activities to be included in CSG's Consolidated Annual Report and Accounts, which should include:
  - 10.3.1 the process used to make appointments to CSG , its approach to succession planning and how both support developing a diverse pipeline
  - 10.3.2 an explanation as to whether an external search consultancy or open advertising has been used. Where an external search agency has been used, it shall be identified and a statement made as to whether it has a connection with CSG;
  - 10.3.3 how the 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 or will influence board composition;
  - 10.3.4 a statement on the Group'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
  - 10.3.5 an explanation regarding the gender balance of those in the senior management and their direct reports.

10.4 The Committee shall make its terms of reference available to CSG shareholders via the CSG website.

## **11. Authority**

11.1 The Committee shall be authorised to obtain, at the Company's expense, independent legal or other professional advice on any matters it believes it necessary to do so within its terms of reference.

11.2 The Committee shall liaise with other Board level committees as appropriate, in particular the CSC Nomination Committee.

## **12. Other**

12.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretarial Department for assistance as required.

12.2 Each member will receive an induction upon appointment to the Committee. The level of induction needed will be considered by the Committee Chairman and the Group Company Secretary. The Committee will receive training on an ongoing basis.

12.3 The Committee shall give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

12.4 The Committee shall undertake a formal and rigorous annual review of its own performance and review its terms of reference at least annually, to ensure it is operating at maximum effectiveness. Any material changes to the Committee's terms of reference must be approved by the CSG Board.

**Approved by the CSG Board on 28 March 2019**