

# PAYPOINT NOMINATION COMMITTEE

## TERMS OF REFERENCE

ADOPTED 26 MARCH 2020

### 1. CONSTITUTION

- 1.1 The nomination committee (**Committee**) is constituted as a committee of the board of directors (**board**) of PayPoint plc (**Company**) in accordance with the articles of association of the Company.
- 1.2 The Committee has the delegated authority of the board in respect of the functions and powers set out in these terms of reference.
- 1.3 The Committee may not sub-delegate any of its powers.

### 2. ROLE

The role of the Committee is to:

- 2.1 Ensure that there is a formal, rigorous and transparent procedure for appointments to the board.
- 2.2 Lead the process for appointments and make recommendations to the board.
- 2.3 Assist the board in ensuring its composition is regularly reviewed and refreshed, taking into account the length of service of the board as a whole, so that it is effective and able to operate in the best interests of shareholders.
- 2.4 Ensure plans are in place for orderly succession to positions on the board and as regards the executive board.
- 2.5 Oversee the development of a diverse pipeline for succession.
- 2.6 Work and liaise with other board committees, as appropriate, including the remuneration committee in respect of any remuneration package to be offered to any new appointee of the board.

### 3. DUTIES AND TERMS OF REFERENCE

The Committee shall carry out the following duties for the Company and its subsidiaries (**Group**) and advise the board appropriately:

#### 3.1 Composition of the board and executive board

- (a) regularly review the structure, size and composition (including the skills, experience, independence, knowledge and diversity) of the board and its committees, taking account of the Company's strategic priorities and the matters affecting the Company in Paragraph 3.1(c) and make recommendations to the board with regard to any changes that are deemed necessary;
- (b) keep under review the leadership needs of the organisation, relating both to the board and the executive board, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (c) keep up to date and fully informed about the strategic and commercial issues and priorities and main trends and factors affecting the long-term success and future viability of the Company and the market in which it operates; and
- (d) set objectives for diversity and inclusion in relation to the board and prepare a policy on the promotion of diversity and inclusion on the board to meet those objectives.

### 3.2 Succession planning

- (a) in the course of its work, give full consideration to succession planning for directors and the executive board, based on merit and objective criteria and taking into account the challenges and opportunities facing the Company, the skills, experience, independence, knowledge and diversity needed on the board in the future, the length of service of the board as a whole and the need for its membership to be regularly refreshed;
- (b) satisfy itself that plans are in place for orderly succession for appointments to the board and the executive board; and
- (c) support efforts in the development of a diverse pipeline for succession, having regard to diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

### 3.3 Appointments to the board

- (a) be responsible for identifying and nominating for the board's approval, candidates from diverse backgrounds to fill board vacancies as and when they arise;
- (b) consider proposals for the reappointment or promotion of directors and also any proposal for their dismissal, retirement, non-reappointment or any substantial change in their duties or responsibilities or the term of their appointment;
- (c) before the board makes any appointment, evaluate the balance of skills, experience, independence, knowledge and diversity on the board, and the future challenges affecting the Company, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and set the process to identify, sift and interview suitable candidates. In identifying suitable candidates, the Committee shall:
  - (i) use such methods as it deems appropriate, including the use of open advertising or the services of external advisers to facilitate the search;
  - (ii) consider candidates from diverse backgrounds;
  - (iii) consider candidates on merit, against objective criteria and with due regard for promoting the benefits of diversity on the board, including of gender, social and ethnic backgrounds, and cognitive and personal strengths, taking care that appointees have enough time available to devote to the position;
- (d) for the appointment of a chair, prepare a job specification, including the time commitment expected;
- (e) before appointment, require proposed appointees, including the chair, to disclose other significant commitments to the board indicating the time involved;
- (f) 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, involvement outside board meetings and the induction process;
- (g) ensure that all directors offer themselves for annual re-election by shareholders in accordance with Provision 18 of the UK Corporate Governance Code (**Code**), having regard to their performance and ability to continue to contribute to the board and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed; and
- (h) keep under review the number of external appointments held by each director. Full time executive directors should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment.

### **3.4 Induction and training**

- (a)** ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about the Company's main areas of business activity, including those involving significant risk, and the strategic priorities and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director; and
- (b)** consider any training requirements for the board as a whole.

### **3.5 Conflicts of interest**

- (a)** before appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest;
- (b)** consider and, if appropriate, authorise situational conflicts of interest of directors and potential directors;
- (c)** keep under review at least annually potential conflicts of interests of directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary; and
- (d)** at all times take care to minimise the risk of any conflict of interest within the Committee that might be seen to give rise to an unacceptable influence.

### **3.6 Board evaluation**

- (a)** review the results of the board performance evaluation process that relate to the composition of the board, its diversity and how effectively the members of the board work together to achieve objectives;
- (b)** review the results of the performance evaluation of the Committee; and
- (c)** review annually the time required from non-executive directors, including the chair and senior independent director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.

## **4. BOARD RECOMMENDATIONS**

The Committee shall make recommendations to the board, as appropriate, on the following:

### **4.1 Nominations and succession planning**

- (a)** the appointment of any director to executive or other office, other than to the positions of chair and chief executive, the recommendation for which is to be considered at a meeting of the full board;
- (b)** the chair of the board, having assessed every three years whether the present incumbent shall continue in post, taking into account the need for continuity versus freshness of approach;
- (c)** suitable non-executive directors for the role of senior independent director;
- (d)** membership and chairmanship of the audit, and remuneration committees, and any other board committees, as appropriate, in consultation with the chair of those committees; and
- (e)** formulating succession plans for both executive and non-executive directors and in particular for the key roles of chair and chief executive.

## **4.2 Re-appointment of directors**

- (a)** the re-appointment of any non-executive director 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 and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the board as a whole and its membership being regularly refreshed; and
- (b)** re-election by shareholders of directors in accordance with Provision 18 of the Code, having regard to their performance and commitment to the role and their contribution to the Company's long-term sustainable success.

## **4.3 Continuation of office**

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.

## **5. MEMBERSHIP**

- 5.1** The Committee shall comprise a chair and a minimum of [three] members, a majority of whom shall be independent non-executive directors, as determined by the board (in accordance with the Code).
- 5.2** The board shall appoint members of the Committee, on the recommendation of the Committee, in consultation with the Committee chair.
- 5.3** Appointments to the Committee shall be for a period of up to three years, which may be extended for two further periods of up to three years, provided the member still meets the criteria for membership of the Committee.
- 5.4** The board shall appoint the chair of the Committee, who shall be either the chair of the board or an independent non-executive director. In the absence of the Committee chair or an appointed deputy, the remaining members present at the meeting 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 appointment of their successor.
- 5.5** The Committee chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 5.6** The company secretary, or his or her nominee, shall act as the secretary of the Committee and provide all necessary support to the Committee including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

## **6. ATTENDANCE AT MEETINGS**

- 6.1** The Committee shall meet at least once a year and otherwise as required.
- 6.2** 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 and necessary. The Committee chair shall have the discretion to decide who, other than Committee members, shall attend and address Committee meetings.
- 6.3** The secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

**6.4** Meetings of the Committee may be conducted when the members are physically present together or in the form of either audio or video conference.

## **7. NOTICE OF MEETINGS**

**7.1** Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chair or any member of the Committee.

**7.2** 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 calendar 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, but Committee papers may be forwarded at shorter notice with the approval of the Committee chair.

## **8. QUORUM**

**8.1** The quorum necessary for the transaction of business at a Committee meeting shall be two members both of whom must be independent non-executive directors. If there is difficulty in achieving a quorum, independent non-executive directors who are not members of the Committee may be co-opted as members for individual meetings.

**8.2** 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.

## **9. MINUTES OF MEETINGS**

**9.1** The secretary of the Committee shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

**9.2** Draft minutes of Committee meetings shall be circulated to all Committee members. Once approved, minutes shall be circulated to all other board members unless in the opinion of the Committee chair it would be inappropriate to do so.

**9.3** A resolution in writing and signed or approved by letter or a form of electronic communication by all Committee members will be as effective as a resolution passed at a Committee meeting. Any written resolution shall be tabled and noted at the next meeting of the Committee.

## **10. ANNUAL GENERAL MEETING**

The Committee chair shall attend the annual general meeting to answer shareholder questions on the Committee's activities and make a statement, if required, on the Committee's activities and achievements over the year (including details on engagement with shareholders on significant matters).

## **11. REPORTING RESPONSIBILITIES**

**11.1** The Committee chair shall report to the board on its proceedings after each meeting on all matters within its duties and responsibilities and the minutes of all Committee meetings shall be made available on request.

**11.2** The Committee shall:

(a) make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed;

(b) produce a report to be included in the Company's annual report including any matters required by the Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority and describing its work, including:

(i) its activities, the membership of the Committee, number of meetings and attendance over the course of the year;

- (ii) the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
  - (iii) identifying in the annual report any external search consultancy that has been engaged, together with a statement about any other connection it has with the Company or individual directors;
  - (iv) 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 its influence on board composition; and
  - (v) identifying in the annual report any external evaluator together with a statement about any other connection it has with the Company or individual directors;
- (c) include in the report referred to in Paragraph 12.2(b) a description of the board'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 the gender balance of those in the senior management and their direct reports;
  - (d) ensure, through the chair of the board, that the Company maintains contact and the Committee chair seeks engagement, as required, with the Company's major shareholders on significant matters related to the Committee's areas of responsibility; and
  - (e) make publicly available the Committee's terms of reference by placing them on the Company's website.

## **12. GENERAL MATTERS**

The Committee shall:

- 12.1** Have access to sufficient resources to carry out its duties, including access to the company secretary for assistance as required.
- 12.2** Be provided with an induction programme for new members. Any ongoing committee or individual training requirement is to be discussed and agreed with the company secretary.
- 12.3** Give due consideration to all relevant laws and regulations, in particular, the directors' duties in the Companies Act 2006, the provisions of the Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules published by the Financial Conduct Authority and any other applicable rules, as appropriate.
- 12.4** Arrange for periodic reviews of its own performance and, 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.

## **13. AUTHORITY**

The board authorises the Committee to:

- 13.1** Carry out all duties set out in these terms of reference, to have unrestricted access to the Company's documents and information and to obtain, at the Company's expense, appropriate independent legal or professional advice on any matter within its terms of reference as it considers necessary.
- 13.2** Seek any information it requires from any employee of the Group to perform its duties.
- 13.3** Call any employee of the Group to be questioned at a Committee meeting as and when required.

**THE NOMINATION COMMITTEE**  
**CURRENT MEMBERS (updated 20 May 2020)**

Giles Kerr (chairman)

Gill Barr

Rakesh Sharma

Ben Wishart