



## **NOMINATION COMMITTEE CHARTER**

## **1. PURPOSE OF THE CHARTER**

- 1.1 This Nomination Committee Charter (the Charter) sets out the role, composition and responsibilities of the Nomination Committee (the Committee) of the Board of Directors (the Board) of Capital Limited (the Company) within the governance structure of the Company and its subsidiaries (the Group).
- 1.2 The conduct of the Committee is also governed by the Company's Code of Conduct Policy and Articles of Association of the Company (the Constitution).
- 1.3 The Committee's primary functions as set out in this Charter are to make recommendations to the Board on:
  - A) the structure, size and composition of the Board and Board committees;
  - B) the necessary and desirable competencies, skills, knowledge and experience of Directors;
  - C) the Board succession plans; and,
  - D) the appointment, re-election and removal of Directors to the Board and Board committees.
- 1.4 The ultimate responsibility for the composition of the Board and Board Committees, including the appointment, re-election and removal of Directors rests with the full Board, subject to approval from Shareholders at the Annual General Meeting in accordance with the Company's Articles of Association.
- 1.5 The Charter has been updated to take account of the UK Corporate Governance Code (the Code) published in September 2014 and best practice guidance issued by the Financial Reporting Council. The Charter was adopted by the Board on 28 November 2018.

## **2. MEMBERSHIP, TERM AND VOTING**

- 2.1 The members of the Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Company and shall consist of not fewer than three members, a majority of whom must be Independent Non- Executive Directors as per the requirements contained within Article 2.2 of the Company's Board Charter.
- 2.2 A quorum shall be two members.
- 2.3 Where possible, the Chairman of the Committee shall be an Independent Non-Executive Director appointed by the Board.
- 2.4 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee.
- 2.5 The duties and responsibilities of a member of the Committee shall be in addition to those duties set out for a Director of the Board.



- 2.6 Appointments to the Committee shall be for a period of three years or such lesser period approved by the board by the Board, with Committee members generally being eligible for re-appointment for so long as they remain eligible under section 2.1 above. The effect of ceasing to be a Director of the Board is the automatic termination of appointment as a member of the Committee.
- 2.7 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting, and any such decision shall for all purposes be deemed a decision of the Committee.
- 2.8 In the case of equality votes, the Chairman of the Meeting, in addition to his deliberative vote, has a casting vote.

### **3. SECRETARY AND MINUTES**

- 3.1 The Company Secretary shall be the Secretary of the Committee and the minutes of meetings of the Committee shall be made available to all members of the Board, unless in the opinion of the Committee Chairman it would be inappropriate to do so. The Company Secretary shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
- 3.2 For the avoidance of doubt, the Company Secretary shall not be entitled to vote or be counted in the quorum in respect of any resolution of the Committee.

### **4. ATTENDANCE AND FREQUENCY OF MEETINGS**

- 4.1 Meetings of the Committee shall be called by the Company Secretary, at the request of the Committee Chairman. In addition, the Chairman shall call a meeting of the Committee if so requested by any Member of the Committee or by the Chairman of the Board.
- 4.2 The Secretary shall prepare an agenda for each meeting, to be agreed by the Chairman of the Committee and ensure the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- 4.3 Unless otherwise agreed, notice of the meeting will be sent to all members of the Committee no later than five working days before the date of the meeting.
- 4.4 Meetings shall be held when required, but in any event shall be held not less than once per calendar year.
- 4.5 The Committee shall maintain written minutes or other records of its meetings and activities. Minutes of each meeting of the Committee shall be distributed to each member of the Committee. The Secretary of the Company shall retain the original signed minutes for filing with the corporate records of the Company.
- 4.6 The Chairman of the Committee shall report to the Board following meetings of the Committee, and as otherwise requested by the Chairman of the Board.

- 4.7 Only members of the Committee have the right to attend the Committee meetings. Other Company directors, senior management and/or employees of the Company may be invited to attend any meeting (or part thereof) at the Committee Chairman's discretion.
- 4.8 No Director shall attend that part of a meeting at which the performance of that Director is being discussed.
- 4.9 Notwithstanding the above, if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee shall give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

## **5. CHAIRMAN OF THE COMMITTEE**

- 5.1 The Chairman of the Committee shall be selected by the Board and shall:
- A) maintain contact, as required, with its principal shareholders about the Company's nomination policy;
  - B) maintain dialogue with key individuals involved in the Company's nomination policy, including the Chairman of the Board and the Chief Executive Officer; and,
  - C) attend the Annual General Meeting to answer shareholder questions on the Committee's activities, where possible.

## **6. AUTHORITY AND RESOURCES**

- 6.1 The Committee is authorised by the Board to investigate any matter within its terms of reference and to make recommendations to the Board on any such matter. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any reasonable requests made by the Committee.
- 6.2 The Committee is authorised by the Board to obtain, at the Company's expense, outside professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. It is envisaged that in obtaining outside advice the Committee will act in conjunction with the Chairman and/or Chief Executive Officer of the Company.
- 6.3 The Committee shall have access to sufficient resources in order to carry out its duties, including legal or other professional advice on any matters within its terms of reference, including the assistance of the Company Secretary to fulfil its duties.
- 6.4 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

## **7. DUTIES**

### 7.1 The duties of the Committee include:

- A) regularly review of the structure, size and composition (including the skills, knowledge, experience and diversity) of the board, making recommendations to the board with regard to any changes;
- B) setting a formal and transparent procedure for selecting new directors for appointment and re-election to the Board, in the form of a Selection, Appointment and Re- Appointment of Directors Policy;
- C) giving full consideration to succession planning for Directors in the course of their work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board and in the Group in the future;
- D) keeping under review the leadership needs of the organisation with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- E) keeping up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- F) being responsible for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise;
- G) 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;
- H) review the results of the Board performance evaluation process that relate to the composition of the Board;
- I) review annually the time required from Non-Executive Directors. Performance evaluation shall be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties; and,
- J) work and liaise as necessary with all other Board Committees.

### 7.2 The Committee shall also consider the following in respect of appointments to the Board:

- A) for the appointment of Chairman, prepare a job specification which includes the time commitment expected and the proposed Chairman's other significant commitments, reporting the Committees findings to the Board;
- B) for the appointment of a Director, require that the proposed appointee 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; and,
- C) ensure that on appointment to the Board, no n-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.

7.3 The committee shall also make recommendations to the board concerning:

- A) formulating plans for succession for Directors and in particular for the key roles of Chairman and Chief Executive Officer;
- B) suitable candidates for the role of Senior Independent Director;
- C) membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairman of those committees;
- D) 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 in the light of knowledge, skills and experience required;
- E) the re-election by shareholders of Directors 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 to continue to contribute to the board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years);
- F) 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; and,
- G) the appointment of any Director or other officer within the Group.

## **8. REPORTING**

8.1 The Committee Chairman shall report to the Board on its proceedings following each meeting, making whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## **9. EVALUATION**

9.1 The Committee will 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.

## **10. REVIEW OF CHARTER**

10.1 The Board will review this Charter annually to ensure it remains consistent with the Board's objectives and responsibilities.



## **11. AMENDMENT OF THIS CHARTER**

- 11.1 This Charter has been adopted by the Board. Any amendment to this Charter can only be approved by the Board.
- 11.2 The Company Secretary in conjunction with the General Counsel is responsible for reviewing this Charter on an annual basis to ensure its continued compliance with legal and corporate governance requirements applicable to companies listed on any stock exchange on which the Company is listed and, if necessary, suggesting amendments to the Charter for consideration by the Board.

## **12. PUBLICATION OF THE CHARTER**

- 12.1 Key features of this Charter are to be outlined in the Annual Report.
- 12.2 A copy of this Charter is to be made available on the Company's website ([www.capdrill.com](http://www.capdrill.com)).
- 12.3 This Charter will be made available to the Company's shareholders upon request.