

# HERALD INVESTMENT TRUST PLC

## NOMINATION COMMITTEE TERMS OF REFERENCE

Approved at the Nomination Committee meeting held on 25 October 2022

- 1. Membership & quorum:** The Committee shall be appointed by the board, a majority of which will be independent non-executive directors and shall consist of not less than three members. A quorum will be two members.

The board shall appoint the Committee Chair who should be either the Chair of the board or an independent non-executive director. The Chair of the board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship of the Company.
- 2. Attendance at meetings:** Only members of the Committee have the right to attend meetings. However other individuals such as external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 3. Secretary:** Sanne Fund Services (UK) Limited will act as Committee secretary.
- 4. Frequency of meetings:** The Committee shall meet at least once a year and otherwise as required.
- 5. Training:** An induction programme is provided for new Committee members and on-going training is available for existing members of the Committee.
- 6. Authority:** The Committee is authorised by the board to investigate any activity within its terms of reference and seek any information it requires from the secretary, It is further authorised to obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- 7. Duties:** The duties of the Committee shall be:

  - 7.1 To review regularly the board structure, size and composition (including the knowledge, experience, skills and diversity) and make recommendations to the board with regard to any changes.
  - 7.2 To identify and nominate candidates for the approval of the board to fill board vacancies as and when they arise.
  - 7.3 Before any appointment is made by the board, to evaluate the balance of skills, knowledge, experience and diversity on the board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. In identifying suitable candidates the Committee shall:

    - 7.3.1 consider using open advertising or the services of external advisers to facilitate the search;
    - 7.3.2 consider candidates from a wide range of backgrounds; and
    - 7.3.3 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the board and taking care that appointees have enough time available to devote to the position.
  - 7.4 To 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 of board meetings.
  - 7.5 To monitor directors' performance and review the results of the board performance evaluation process that relate to the composition of the

board and succession planning. The senior independent director shall lead the appraisal of the Chair annually and report to the board in the Chair's absence.

- 7.6 To draw up plans for succession for the board taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the board in future. In this context, the Committee has oversight of the development of a diverse pipeline for succession to the board.
- 7.7 To review annually the board tenure and succession planning policy and recommend any changes it considers necessary to the board for approval.
- 7.8 To monitor the tenure of each director against the board tenure and succession planning policy and present its recommendations, if any, to the board.
- 7.9 To recommend to the board candidates for the role of senior independent director.
- 7.10 To review annually the board diversity policy and recommend any changes it considers necessary to the board for approval.
- 7.11 To recommend to the board membership of the Audit Committee.
- 7.12 To ensure the provision of an induction programme for new directors and monitor the professional development and training needs of existing directors.
- 7.13 In respect of directors who are retiring under the provisions of the UK Corporate Governance Code or the Company's Articles of Association or whose term of appointment is due to expire, to make recommendations to the board as to their suitability for re-election or re-appointment based on performance appraisals.
- 7.14 To assess and recommend which directors are independent or not independent for approval by the board and for disclosure in the annual report.
- 7.15 To review annually the time required to perform the duties of a director and assess whether the directors are spending enough time to fulfil these duties.
- 7.16 To consider directors' existing and potential conflicts of interest and make recommendations to the board as to their approval.

**8. Engagement with shareholders:**

The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition the Committee Chair should engage with shareholders on significant matters related to the Committee's areas of responsibility.

**9. Reporting:**

- 9.1 The Committee Chair shall report to the board on its proceedings after each meeting on all matters within its responsibilities.
- 9.2 The secretary shall circulate the minutes of the meetings of the Committee to all members of the board.
- 9.3 The Committee shall make a statement in the annual report about its activities including:

9.3.1 the process used for appointments, its approach to succession planning and how both support the development of a diverse pipeline;

9.3.2 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; and

9.3.3 the policy on diversity and inclusion, its objective and linkage to Company strategy, how it has been implemented and progress on achieving the objectives.

9.3.4 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.

The statement should include a description of the board's policy on diversity including gender.

**10. Other matters:**

The Committee shall arrange for periodic review of its own performance and, at least annually, review these terms of reference and recommend any changes it considers necessary to the board for approval.