

**ARROW GLOBAL GROUP PLC****NOMINATION COMMITTEE  
TERMS OF REFERENCE**

The following are the terms of reference of the Nomination Committee (the “**Nomination Committee**”) of Arrow Global Group Plc (the “**Company**”) and its subsidiaries (together, the “**Group**”).

**1. Membership**

- 1.1 Members of the Nomination Committee shall be appointed by the board of directors of the Company (the “**Board**”) and shall comprise at least three members.
- 1.2 A majority of the members of the Nomination Committee shall be independent non-executive directors.
- 1.3 The Board shall appoint the chairman of the Nomination Committee (the “**Chairman**”) who shall be either the chairman of the Board or an independent non-executive director. In the absence of the Chairman, the remaining members present shall elect one member to chair the meeting. The chairman of the Board shall not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship.
- 1.4 Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended by no more than two additional three year periods, so long as the director still meets the criteria for membership of the Nomination Committee.
- 1.5 The company secretary (or his or her nominee) shall act as the secretary of the Nomination Committee (the “**Secretary**”) and will ensure that the Nomination Committee receives information and papers in a timely manner to enable full and proper consideration of the issues.

**2. Quorum**

- 2.1 The quorum necessary for the transaction of business shall be two members of the Nomination Committee, both of whom must be independent non-executive directors.
- 2.2 A duly convened and quorate meeting of the Nomination Committee shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

**3. Frequency of meetings**

- 3.1 The Nomination Committee shall meet at least four times a year and at such other times as required. Meetings may be convened by telephone when necessary.

**4. Notice of meetings**

- 4.1 Meetings of the Nomination Committee shall be called by the Secretary at the request of the Chairman.
- 4.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Nomination Committee, and to other attendees as appropriate, no later than five working days before the date of the meeting. The Chairman shall have the sole discretion to reduce the above notice period to whatever the Chairman considers appropriate in the circumstances.

**5. Proceedings of the Nomination Committee**

- 5.1 Only Nomination Committee members have the right to attend Nomination Committee meetings. However, the Nomination Committee may invite any directors or other executives of the Company, including the Chief Executive Officer, the head of human resources or any external professional advisers, to attend all or part of any meeting as and when appropriate and necessary.
- 5.2 An executive will not attend when his or her own nomination is being discussed.

**6. Minutes of meetings**

- 6.1 The Secretary shall minute the proceedings and decisions of all Nomination Committee meetings and record the names of those present and in attendance.
- 6.2 The members of the Nomination Committee shall, at the beginning of each meeting, declare any conflicts of interest arising and the Secretary shall minute them accordingly.
- 6.3 Draft minutes of Nomination Committee meetings shall be circulated to all members of the Nomination Committee as soon as practicable after each meeting. Once approved, minutes shall be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Chairman.

**7. Annual general meeting**

- 7.1 The Chairman shall attend the annual general meeting of the Company prepared to respond to any shareholder questions on the Nomination Committee's activities and responsibilities.

**8. Authority**

- 8.1 The Nomination Committee is authorised by the Board to:
- (A) undertake any activity detailed within its terms of reference;
  - (B) seek any information that it requires from any Group employee or contractor in order to perform its duties;

- (C) obtain, at the Company's expense, external legal or other professional advice on any matters within its terms of reference and to invite those persons to attend meetings of the Nomination Committee; and
- (D) call any Group employee or contractor to be questioned at a meeting of the Nomination Committee, as and when required.

## 9. Responsibilities

### 9.1 The Nomination Committee shall:

- (A) regularly review the structure, size and composition (including the skills, knowledge, independence, experience and diversity) required of the Board compared with its current position and make recommendations to the Board with regard to any changes;
- (B) give full consideration to a diverse pipeline for succession planning for directors and other senior executives in the course of the work of the Nomination Committee, taking into account the challenges and opportunities facing the Company, and the skills and expertise that will, therefore, be needed on the Board in the future;
- (C) work and liaise as necessary with all other Board committees;
- (D) be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise; and
- (E) oversee the development of key talent in the business as a whole.

9.2 The Nomination Committee shall, where it considers it to be appropriate, invite the Company's other non-executive directors to attend meetings of the Committee where its responsibility under paragraph 9.1(B) above is being discussed.

9.3 The Nomination Committee will take into account the provisions of the UK Corporate Governance Code (the "**Code**") and any regulatory requirements that are applicable to the Company.

9.4 Before an appointment is made by the Board, the Nomination Committee will evaluate the balance of skills, knowledge, independence and experience on the Board and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment (including, for the appointment of a chairman of the Board, an assessment of the time commitment expected, recognising the need for availability in the event of crises – a proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise).

9.5 Prior to the appointment of a new director, the Nomination Committee should take into account other demands on a prospective director's time. Any significant commitments should be disclosed to the Board, with an indication of the time involved.

- 9.6 In identifying suitable candidates, the Nomination Committee shall:
- (A) use open advertising or the services of external advisers to facilitate the search;
  - (B) consider candidates from a wide range of backgrounds; and
  - (C) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to that position, and with due regard to the benefits of diversity on the Board, including gender, social and ethnic backgrounds, and cognitive and personal strengths.
- 9.7 Once a shortlist of potential candidates has been selected, those candidates will be invited to participate in an interview process. This process will involve a minimum of two interviews. All members of the Nomination Committee must participate in at least one of these interviews but the Nomination Committee may invite such other individuals as it sees fit (for example, executive directors and/or other non-executive directors) to attend one or more of the interviews.
- 9.8 The Nomination Committee shall keep under review the leadership needs of the organisation, both executive and non-executive, to ensure the continued ability of the organisation to compete effectively in the marketplace.
- 9.9 The Nomination Committee will review the time required from non-executive directors annually. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- 9.10 The Nomination Committee shall, before the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and require him/her to report any future business interests that could result in a conflict of interest. The Nomination Committee shall also arrange for financial and criminal background checks to be carried out before making any decision as to the preferred candidate.
- 9.11 Once the preferred candidate has indicated that they accept the offer, the Nomination Committee will seek to obtain Board approval to the appointment of the candidate as a director (subject to FCA approval). A proposed non-executive director's other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved, and the Board should be informed of subsequent changes as they arise.
- 9.12 Once Board approval has been obtained, the Nomination Committee will instruct the Company's Human Resources Department to issue a service contract (in the case of executive directors) and formal letter of appointment (in the case of non-executive directors) setting out clearly what is expected of them in terms of time commitment, committee service and involvement in outside Board meetings, for review by the candidate. The service contract or letter of appointment will make clear that any offer is subject to FCA approval (as set out in paragraph 9.12 below). Any

questions/negotiations on the drafting of the service contract or letter of appointment will be forwarded to the Nomination Committee for instruction. Once agreed, the service contract or letter of appointment should not be signed until FCA approval is obtained.

9.13 In parallel with the actions in paragraph 9.11, the Nomination Committee will undertake the following process for obtaining FCA approval of the appointment of the candidate:

- (A) The Nomination Committee will direct the General Counsel/Company Secretary to prepare an application for the appropriate FCA approval for the appointment of the candidate. The candidate must not commence the activity for which authorisation is sought until such approval is obtained.
- (B) The Nomination Committee will provide to the General Counsel/Company Secretary such paperwork and evidence in support of the application as may be necessary. This includes (but is not limited to) a completed 'competency framework' mapping the candidate's role profile to their individual skills, qualities, knowledge, competencies, diversity and experience.
- (C) If the FCA raise any questions in connection with the application, the Nomination Committee will work with the candidate and the General Counsel/Company Secretary to provide such information and documentation as the FCA may request.
- (D) If the FCA decide to interview the candidate, the Nomination Committee and/or the General Counsel (along with any other third party adviser engaged for this purpose) will assist the candidate for preparing for such an interview.
- (E) Once the application is approved by the FCA, the candidate and the Board will be notified and the service contract or letter of appointment will be signed. A copy of the signed service contract or letter of appointment will be provided to the candidate and a further copy sent to the Human Resources Department for safekeeping.
- (F) The Company Secretary will be instructed to notify Companies House of the new appointment and to make such other filings, announcements, registrations and updates to the Company records as may be necessary in connection with such appointment.

9.14 As soon as is reasonably practicable after joining the Board, the Nomination Committee will ensure that a) a formal induction programme is put in place for the new director to meet with the Company's senior executives and any other employee and/or contractor that they consider necessary in order to perform their duties and b) the new director is given an induction pack containing information on directors' duties, regulatory requirements and expectations, key Company policies and procedures and other relevant information. The new director will be required to confirm in writing that they have completed the formal induction programme and read and understood the material so provided. The new director will also be required to attend any training sessions organised on the material so provided.

- 9.16 Following their appointment, the Nomination Committee will also ensure that the terms and conditions of the appointment of a non-executive director shall be made available for inspection at the Company's offices during normal business hours and at the Company's annual general meeting.
- 9.17 The Nomination Committee shall also make recommendations to the Board concerning:
- (A) formulating plans for succession for both executive and non-executive directors and in particular for the key role of the chairman of the Board and the Chief Executive Officer;
  - (B) suitable candidates for the role of senior independent director;
  - (C) membership of the Audit Committee, the Risk Committee, the Remuneration Committee and any other Board committees as appropriate, in consultation with the chairmen 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 the knowledge, skills and experience required;
  - (E) the re-election by shareholders of any director under the annual re-election provisions of the Code 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 to executive or other office.
- 9.18 Subject always to the provisions of the Code, the Nomination Committee shall ensure that the evaluation of the Board is considered for an externally facilitated evaluation at least every three years and shall review the results of the Board performance evaluation process that relate to the composition of the Board. Should an external facilitator be utilised, the external facilitator shall be identified in the annual report and a statement made confirming whether the external facilitator has any other connections with the Group.

## **10. Reporting responsibilities**

- 10.1 The Chairman shall report formally to the Board on its proceedings after each meeting of the Nomination Committee on all matters within its duties and responsibilities.

- 10.2 The Nomination Committee shall make whatever recommendation to the Board it deems appropriate on any area within its remit where action or improvement is needed. Any recommendation of the Nomination Committee shall take effect only if approved by the Board.
- 10.3 The Nomination Committee shall produce a report to be included in the Company's annual report about its activities, the process used to make appointments and an explanation of whether external advice or open advertising has been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made confirming whether it has any connection with the Company.
- 10.4 The report referred to in paragraph 10.3 above should include a statement of the Board's policy on diversity, including gender diversity, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

## **11. Other matters**

- 11.1 The Committee shall:
- (A) have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required;
  - (B) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
  - (C) give due consideration to laws and regulations, the provisions of the Financial Conduct Authority's Handbook, the provisions of the Code and the requirements of the UK Listing Authority's Listing Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
  - (D) have regard to regulatory requirements including any applicable rules and guidance issued by regulatory bodies; and
  - (E) 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.

These terms of reference were reviewed and approved by the Board on 25 February 2019.