

DF Capital Group

DF Capital Group (includes Distribution Finance Capital Holdings PLC and its operating subsidiary DF Capital Bank Limited)

Nomination Committee Terms of Reference

Version Control

Version	Change History	Revised by	Date
1.0	Annual review: minor clarifying and formatting amends Further clarification on the 'how' sections after discussion held at previous Remco.	M Khan CM	01/02/2023
1.0	NomCo approval		01/02/2023
1.0	Board approval		01/02/2023

Policy Owner:	Company Secretary
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Approval Committee:	Board (via NomCo)

DF CAPITAL GROUP**NOMINATION COMMITTEE/NomCo (the “Committee”)****TERMS OF REFERENCE**

as adopted on 1 February 2023

1. The Nomination Committee is a sub-committee of the Group Boards (collectively the “**Board**”).

MEMBERS

2. The members of the Committee for the time being shall be:

Senior Independent Director	Committee Chair
Independent Non-Executive Directors	Deputy Chair (to be chosen from iNED committee members)
Company Chair	

3. The following are requirements for membership of the Committee:
 - 3.1 a minimum of 3 members (of which the majority shall be Senior Managers under the FCA/PRA regime);
 - 3.2 a majority of the members shall be independent non-executive directors;
 - 3.3 appointed by the Board of the Company (the “**Board**”), in consultation with the Chair of the Committee; and
 - 3.4 appointed for a period of up to three years, which may be extended by no more than two further three-year periods, provided the members (other than the Chair of the Board, if they are a member of the Committee) continue to meet the criteria for membership of the committee.
4. The following persons are invited to the Committee by standing invite:

Chief Executive Officer
Company Secretary
Head of People

5. Any other persons are invited to the Committee by prior arrangement with the Chair of the Committee with input from the CEO (based on the subject of discussion and where performance is discussed).

Chair

6. The Chair of the Committee (who shall be an independent non-executive director) shall be appointed by the Board, which shall determine the period for which they shall hold office.
7. The Chair of the Board shall not chair the Committee when it is dealing with the succession to the Chair of the Board.
8. In the absence of the Chair or the Deputy Chair, the remaining members present shall elect one of themselves to chair the meeting.
9. The Chair shall be responsible for:
 - 9.1 reporting all decisions of the Committee formally to the Board;
 - 9.2 setting the agenda for meetings, chairing those meetings and ensuring adequate time is available for discussion, and ensuring the overall effectiveness of the operation of the Committee;
 - 9.3 ensuring that the Committee addresses all of the tasks delegated to it;
 - 9.4 maintaining a dialogue with key individuals involved in the Company's governance; and
 - 9.5 attending the Company's Annual General Meeting ("**AGM**") as necessary to respond to any shareholder questions on the Committee and its activities and responsibilities.
10. The Committee will allow sufficient time and resources for the Chair of the Committee to deal with matters relating to the discharge of any individual responsibilities allocated to them under the Senior Managers Regime.

Secretary

11. The Company Secretary or their nominee shall act as Secretary of the Committee.
12. The Secretary of the Committee will be responsible for:
 - 12.1 working with the Chair of the Committee in setting the agenda for meetings and assisting in planning the committees work
 - 12.2 unless otherwise agreed, notice of each meeting confirming the venue, time and date of the meeting, together with an agenda of item to be discussed, shall be forwarded to each member of the committee and any other person required to attend;
 - 12.3 no later than 5 working days before the date of the meeting;
 - 12.4 supporting papers shall be sent to committee members and to other attendees, as appropriate, at the same time;
 - 12.5 taking minutes of Committee meetings and all resolutions made, including the names of



- those present and in attendance; and
- 12.6** circulating minutes to all members of the Committee and once agreed, to all members of the Board unless, in the opinion of the Chair of the Committee, it would be inappropriate to do so.

Quorum

- 13.** The quorum for decisions of the Committee shall be any 2 members.

ROLES/RESPONSIBILITIES

- 14.** The Committee shall, on behalf of the Board and the shareholders of the Company:

Role/Responsibility	How this will be achieved
Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board	Making recommendations to the Board with regard to any changes
Consider succession planning for directors and other senior executives in the course of its work	Considering the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future
Keep under review the leadership development/ needs of the organisation, both executive and non- executive	Ensuring the continued ability of the organisation to compete effectively in the marketplace
Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates	Ongoing and regular Board meetings, escalating issues for review, where appropriate, to Nominations Committee
Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise	All Board recruitment decisions require approval from Nominations Committee
Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board	Considering this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee: 1. may use open advertising or the services of external advisers to facilitate the search; 2. shall consider candidates from a wide range of backgrounds; and 3. shall consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position

For the appointment of a Chair, prepare a job specification	To include the time commitment expected
Prior to the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest	To obtain reports regarding any future business interests that could result in a conflict of interest
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
Review annually the time required from non-executive directors as well as individual performance	Annual appraisals should be used to assess whether the non-executive directors are spending enough time to fulfil their duties as well as reviewing their performance
Review the results of the Board performance evaluation that relate to the composition of the Board	This to be done annually.
Keep under regular review any authorisations granted by the Board in connection with a directors' conflict of interest	Annually and on ad hoc basis upon new appointments.
Agree with the Board the Company's policy on diversity and inclusion	Annual review of the Equality, Diversity and Inclusion Policy
Ensure that all legal and regulatory requirements regarding disclosure of information, and those set out in the QCA Code, are fulfilled	By producing any reports necessary for inclusion in the Company's annual report – including reports about the Committee's activities and the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company. Such report should include a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
Make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed	Including recommendations on: 1. formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chair and Chief Executive; 2. suitable candidates for the role of senior independent director provided that the candidate is an existing independent non-executive director of the Company; 3. membership of the Audit and

	<p>Remuneration Committees, in consultation with the Chairs of those committees;</p> <p>4. 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 light of the knowledge, skills and experience required;</p> <p>5. the re-election by shareholders of any director 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);</p> <p>6. 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</p> <p>7. the appointment of any director to executive or other office.</p>
Work and liaise as necessary with all other Board committees	Ongoing basis.
Review the standard data & management information received by the committee, annually, to ensure it is adequate	Develop and utilise a standard Management Information dashboard to present such information

PROCEDURE AND FREQUENCY OF MEETINGS

- 15.** Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which the contents of the Committee's annual report to shareholders are discussed.
- 16.** Meetings of the Committee:
- 16.1** shall be held at least once a year and at such other times as the Chair of the Committee requires;
- 16.2** may be held by telephone or video conference; and
- 16.3** may be called by the Secretary of the Committee at the request of any member of the Committee.
- 17.** The Committee shall:



- 17.1** have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 17.2** 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;
- 17.3** investigate any activity within its terms of reference and seek directly any information it requires from any employee or contractor of the Company (all such persons being directed
- 17.4** obtain outside legal or other independent professional advice at the cost of the Company in accordance with the Company's agreed procedure under which Directors may obtain independent advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary (but such persons shall not be members of the Committee); and
- 17.5** give due consideration to laws and regulations, the provisions of the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and Mid-size Quoted Companies (the "QCA Code"), the AIM Rules for Companies and any other applicable rules, as appropriate.
- 18.** The Committee shall, at least once a year, review its own performance, constitution, and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.