



Dated 1<sup>st</sup> January 2023

LSL PROPERTY SERVICES PLC (**LSL**)

NOMINATIONS COMMITTEE - TERMS OF REFERENCE

## LSL PROPERTY SERVICES PLC (Company or LSL)

### NOMINATIONS COMMITTEE (Committee) - TERMS OF REFERENCE

#### INTRODUCTION

The UK Corporate Governance Code published by the Financial Reporting Council in July 2018 (**Code**) states that:

*“Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths” (Principle J)*

*“The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed” (Principle K)*

*“Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively” (Principle L)*

A copy of the Code, should members of the Committee need to consult it, can be obtained from the Company Secretary.

#### CONSTITUTION

1. The Committee is established in accordance with the provisions of the Code and the members of the Committee for the time being shall be displayed on the Company’s website together with a copy of these Terms of Reference.
2. The Committee shall consist of a minimum of two members appointed by the Board. A majority of the members of the Committee should be independent non executive directors.
3. The Chair of the Committee shall be appointed by the Board and shall be the Chair of the Board or an independent non executive director. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those would qualify under these terms of reference to be appointed to that position by the Board. Where the Chair of the Board is also the Committee Chair, he/she shall not chair the Committee when it is dealing with the appointment of his/her successor (i.e. the role of Chair of the Board).
4. The Company Secretary shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
5. The quorum for decisions of the Committee shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any authorities, powers and discretions vested in or exercisable by the Committee.

## ROLE & RESPONSIBILITIES

6. The Nominations Committee has been established by the Board to lead the process for appointments to the Board and to ensure plans are in place for orderly succession to both the Board and Senior Management positions. The Committee shall also oversee the development of a diverse pipeline for succession.
7. In carrying out its roles and responsibilities, the Committee shall consider and have regard to the requirements of the Listing Rules, and Disclosure Guidance and Transparency Rules (together with any other requirements issued by the Financial Conduct Authority (**FCA**)), the Code together with guidance issued by the Financial Reporting Council (**FRC**) (including the *Guidance on Board Effectiveness*) together with any requirements of the Board. The Committee shall also have regard to the Company's ESG and Living Responsibly strategies and programmes. Copies of all documents referred to in these Terms of Reference are available from the Company Secretary.
8. The Committee will ensure that all Directors are subject to annual re-election and that the papers accompanying resolutions to elect each Director set out the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.
9. The Committee will monitor the terms of each Director and in relation to the Chair of the Board, ensure that shareholders receive a clear explanation in the event that the Chair remains in post beyond nine years from the date of his/her first appointment to the Board.
10. The Committee will consider the use of open advertising and/or an external search consultancy to assist with appointments to the Board. The Committee will also ensure that searches include candidates from a wide and diverse range of backgrounds. The Committee supports the use of search consultancies who have signed up to the Voluntary Code of Conduct<sup>1</sup> on diversity and best practice.
11. The Committee will ensure that each year the Directors undertake an evaluation of the Board and its Committees, the Chair of the Board and the individual Directors.
12. In discharging its role the Committee shall:
  - 12.1 taking into account the Company's strategy and the Board's knowledge and understanding of the Group's key stakeholders, regularly review the structure, size and composition taking into account the skills, knowledge, experience, expertise and diversity required of the Board and its committees and make recommendations to the Board with regard to any changes to the Board;
  - 12.2 recommend appointments after the evaluation of the balance of independence, skills, knowledge, experience, expertise, and diversity and, in the light of this evaluation, the Committee shall also prepare a description of the role and capabilities required for a particular appointment and the time commitment expected;
  - 12.3 give full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board and its committees in the future. The Committee should satisfy itself that plans are in place for orderly succession for appointments to the Board and to Senior Management, and oversee the development of a diverse pipeline of individuals for succession,

---

<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/659381/VOLUNTARY\\_CODE\\_OF\\_CONDUCT\\_FOR\\_SEARCH\\_FIRMS\\_NOVEMBER\\_2017.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/659381/VOLUNTARY_CODE_OF_CONDUCT_FOR_SEARCH_FIRMS_NOVEMBER_2017.pdf)

taking into account the challenges and opportunities facing the Company, and the skills, knowledge, expertise and experience required on the Board in the future;

- 12.4** identify and nominate for the approval of the Board, the selection and appointment of new executive and non executive directors in accordance with the Code. The search for candidates should be conducted, and appointments made, on merit, against objective criteria and with due regard for:
- (a) the benefits of diversity on the Board and taking into account the Company's Board, Committee and Senior Management Diversity Policy (**Diversity Policy**) which contains the Company's policies on diversity and inclusion, including any targets;
  - (b) taking care that appointees have sufficient time available to devote to the position; and
  - (c) the Group's key stakeholders;
- 12.5** review, on at least annually, the Company's Diversity Policy (including any targets included in the Policy);
- 12.6** review the results of the annual performance evaluation that relate to Board composition, and succession planning;
- 12.7** review annually the time required from non executive directors. Performance evaluation should be used to assess whether the non executive directors are spending enough time to fulfil their duties;
- 12.8** keep under review the leadership needs of the Group at varying levels with a view to ensuring the continued ability to compete effectively in the Group's marketplaces;
- 12.9** keep up-to-date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- 12.10** ensure that, on appointment to the Board, non executive directors receive a formal letter of appointment which sets out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- 12.11** ensure that the letter of appointment containing the terms and conditions of appointment of any non executive director is made available for inspection by any person at the Company's registered office during normal business hours and at the Company's Annual General Meeting (for 15 minutes prior to and during the meeting). Non executive directors should be appointed for specified terms, subject to re-election and to statutory provisions relating to the removal of a director. Any term beyond six years for a non executive director should be subject to particularly rigorous review, and should take into account the need for progressive refreshing of the Board;
- 12.12** ensure that for the appointment of the Chair of the Board, prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crises. A candidate's other significant commitments should be disclosed to the Board before appointment and also included in the annual report. The Committee shall ensure that changes to such commitments are reported to the Board as they arise, and their impact explained in the next annual report. The Group Chief Executive Officer should not (other than exceptionally) go on to be Chair of the Board and, also, the Chair of the Board should, on appointment, meet the independence criteria set out in the Code; and

- 12.13** work and liaise as necessary with other Board committees, ensuring the interaction between the other committees and with the Board is reviewed regularly.
- 13.** Prior to the appointment of a director, ensure that other significant time commitments are disclosed and that any additional future commitments will not be undertaken without prior approval of the Nominations Committee or Board (as appropriate). The Committee shall also ensure that any proposed appointee is also required to disclose any other business interests that may result in a conflict of interest. All conflicts of interest are required to be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board;
- 14.** The Committee should not recommend that the Board agree to a full time executive director taking on more than one non executive directorship in a FTSE 100 company, nor the chair of such a company;
- 15.** The Committee shall also make recommendations to the Board on the following matters:
- 15.1** succession plans for both executive and non executive directors, and in particular, for the key roles of the Chair of the Board and the Group Chief Executive Officer of the Company; and any changes needed to the succession planning process if its periodic assessment indicates that any documented desired outcomes have not been achieved;
- 15.2** the re-appointment of any non executive director at the conclusion of his/her specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in light of knowledge, skills and experience required and taking into account the total duration of the individuals appointment as a director on the Board at the date of the assessment;
- 15.3** the election and re-election by shareholders of any director. While the Company's Articles of Association provide for retirement by rotation at the third AGM after the meeting at which the director was elected, the Board has, in line with the Code's provisions, chosen to adopt a practice of annual election for all directors. In recommending re-election of directors the Committee shall have due regard to the individual's performance and ability, and why their contribution is important to the Company's long-term sustainable success in light of the skills, experience, expertise, knowledge and diversity required and the need for progressive refreshing of the Board. In undertaking this assessment the Committee will also take into account the length of service of the Board as a whole and the need for the membership to be regularly refreshed;
- 15.4** the continuation in office of any individual as a 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;
- 15.5** the appointment of any director to executive or other office other than to the positions of Chair of the Board and Group Chief Executive Officer of the Company, the recommendation for which would be considered at a meeting the Board constituted as follows:
- 15.5.1** all the non executive directors regarding the position of Group Chief Executive Officer; and
- 15.5.2** all the directors regarding the position of Chair of the Board;
- 15.6** reviewing suitable candidates for the roles of Deputy Chair, Senior Independent Director and Workforce Engagement Director; and

- 15.7 the membership and chair of the Audit & Risk Committee and Remuneration Committee, and any other Board committees as appropriate, in consultation with the chair of those Committees.

#### **REPORTING RESPONSIBILITIES**

16. The Chair of the Committee shall report to the Board after each meeting on the nature and content of the Committee's discussion, recommendations and any action to be taken.
17. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be made available for Board discussion when necessary.
18. The Committee will, taking into account any recommendations from the Executive Committee, determine the data to be reported and monitored by it for the Board in relation to the LSL Group, including its Board, its Committee's, the Senior Management teams and the Group's employees.
19. The Committee shall produce a report to be included in the Company's annual report describing the work of the Committee, including:
- 19.1 the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
  - 19.2 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 how it has or will influence Board composition;
  - 19.3 the Company's Diversity Policy, its objectives and its linkage to Company strategy, how they have been implemented and any progress on achieving the objectives;
  - 19.4 oversee the Company's diversity and inclusivity data to be included in the annual report and on LSL's website;
  - 19.5 the gender balance of those in executive director roles, senior management positions and all other Group employees; and
  - 19.6 if an external search consultant 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.

#### **PROCEDURE**

20. The Committee shall meet at least twice each year and at such other times as the Chair of the Committee shall require. Meetings may also be called at the request of any member of the Committee.
21. 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 working 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.
22. The Committee Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, and where instructed by the Board, minutes maybe be circulated to all other members of the Board unless, exceptionally, it would be inappropriate to do so.

23. The Chair of the Committee shall be available at the Annual General Meeting of the Company to respond to any shareholder questions on the activities and responsibilities of the Committee. In addition the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.
24. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat team for advice and assistance as required. Members will receive regular updates on matters relevant to the Committee responsibilities and new members will receive assistance to support their induction on to the Committee.
25. The Committee shall ensure that a periodic evaluation of the Committee's own performance is carried out.
26. The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
27. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
28. No one other than the Chair of the Committee and its members are entitled to be present at a meeting of the Committee but others (for example, the Group Chief Executive Officer, the Group HR Director or external advisers) may be invited to attend and speak at meetings (or parts thereof). Other persons may be called upon or shall be able to speak by prior arrangement with the Chair of the Committee.
29. The Committee shall conduct an annual review of its work and these terms of reference and shall make recommendations about this to the Board.

**Reviewed by the Nominations Committee and approved by the Board on 30<sup>th</sup> September 2022 with effect from 1<sup>st</sup> January 2023.**