



**KINGSWOOD
HOLDINGS
LIMITED**

**TERMS OF REFERENCE
FOR NOMINATION
AND
REMUNERATION
COMMITTEE**

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LIMITED

(the "Company")

TERMS OF REFERENCE FOR NOMINATION AND REMUNERATION
COMMITTEE

1. CONSTITUTION

The Committee was constituted at a full meeting of the board of directors held 26th March 2019 in accordance with the articles of association of the Company.

2. RESPONSIBILITIES AS REGARD TO APPOINTMENT OF DIRECTORS

- (a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the board with regard to any changes;
- (b) give full consideration to succession planning for directors and other senior executives 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 in the future;
- (c) be responsible for identifying and nominating for the approval of the board, candidates to fill board vacancies as and when they arise;
- (d) before appointment is made by the board, 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. In identifying suitable candidates the Committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) 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;

- (e) for the appointment of a chairman, prepare a job specification, including the time commitment expected. 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;
- (f) prior to the appointment of a director, inform the proposed appointee that he or she is required to disclose any other business interests that may result in a conflict of interest. The Committee is required to report any future business interests that could result in a conflict of interest;
- (g) keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- (h) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- (i) review the results of the board performance evaluation process that relate to the composition of the board;
- (j) 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; and
- (k) 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; and
- (l) work and liaise as necessary with other board Committees.

2.2 The 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 roles of chairman and chief executive;
- (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 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 UK Corporate Governance 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 to executive or other office.

2.3 To consider such other matters as may be requested by the board of directors.

3. RESPONSIBILITIES AS REGARDS TO REUMNERATION

- 3.1 The Committee shall determine and agree with the board the framework or broad policy for the remuneration of the chairman of the Company ("Company Chairman") and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the board or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration. The Committee shall recommend and monitor the level and structure of remuneration for senior management.
- 3.2 In determining such policy, the Committee shall take into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance. The objective of such policy shall be to attract, retain and motivate the executive management of the company without

paying more than necessary. The remuneration policy should bear in mind the Company's appetite for risk and be aligned to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company.

- 3.3 When setting remuneration policy for directors, the Committee shall review and have regard to the pay and employment conditions across the Company or group, especially when determining salary increases.
- 3.4 The Committee shall review the on-going appropriateness and relevance of the remuneration policy.
- 3.5 The Committee shall approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes.
- 3.6 The Committee shall review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 3.7 The Committee shall review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, the company secretary and other senior executives and the performance targets to be used.
- 3.8 The Committee shall determine the policy for, and scope of, pension arrangements for each executive director and other senior executives.
- 3.9 The Committee shall ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 3.10 Within the terms of the agreed policy and in consultation with the Company Chairman and/or chief executive as appropriate, the Committee shall determine the



total individual remuneration package of the Company Chairman, each executive director, the company secretary and other senior executives including bonuses, incentive payments and share options or other share awards.

3.11 The Committee shall:

- (a) ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised;
- (b) Oversee any major changes in employee benefits structures throughout the Company or group; and
- (c) agree the policy for authorising claims for expenses from the directors.

3.12 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.

3.13 The Committee shall obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board.

3.14 The Committee shall consider such other matters as may be requested by the board of directors.

4. MEMBERSHIP

4.1 The board shall appoint the chairman of the Committee ("Committee Chairman") who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the board. The Company Chairman shall not be chairman of the Committee. The chairman of the company shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

4.2 The members of the Committee shall be appointed by the board of directors on the recommendation of the chairman of the Committee. All of the members of the Committee should be independent non-executive directors. Appointments to the Committee shall be for periods of up to three years, which may be extended for no more than two additional three-year periods provided the members continue to be independent.

4.3 The Committee shall have at least two members. The Company Chairman may also serve on the Committee as an additional member, but not chair the Committee, if he or she was considered independent on appointment as chairman.

4.4 At the date of formation of the Committee, it has been agreed that the members of the Committee will be David Hudd and Jonathan Freeman and the Committee shall be chaired by David Hudd. A quorum shall be any two members of the Committee. The members of the Committee can be varied at any time by a majority resolution of the existing members of the Committee save that any additional appointment must still be an independent non-executive director.

5. VOTING ARRANGEMENTS

5.1 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

5.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote at the meeting.

5.3 Save where he has a personal interest, the Committee Chairman will have a casting vote.

6. ATTENDANCE AT MEETINGS

6.1 The Committee will meet at least once year. The Committee may meet at other times during the year as agreed between the members of the Committee.

6.2 Only members of the Committee have the right to attend Committee meeting but other

directors, persons and external advisers may be invited to attend all or part of any meeting as and when appropriate.

- 6.3 The company secretary or his or her nominee shall be 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 the issues.

7. NOTICE OF MEETINGS

- 7.1 Meetings of the Committee shall be summoned by the Group Chair or at the request of the Committee Chair.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required attending no later than five working days before the date of the meeting. Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

8. AUTHORITY

The Committee is authorised by the board of directors to examine any activity within its terms of reference and is authorised to have unrestricted access to the company's external auditors and to obtain, at the company's expense, legal or professional advice on any matter within its terms of reference. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. The Committee is authorised to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee.

9. REPORTING

- 9.1 The proceedings and resolutions of the Committee meetings, including the names of those present and in attendance shall be minuted by the company secretary. Draft minutes of each meeting will be circulated promptly to all members of the Committee. Once approved, the minutes of each meeting will be circulated to all other members of the board of directors unless, in the opinion of the Committee Chairman,

it would be inappropriate to do so. The Committee Chairman shall report to the board of directors on its proceedings after each meeting on all matters within its duties and responsibilities.

- 9.2 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the company's annual report about its activities, 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. The 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 objectives.

10. GENERAL MATTERS

- 10.1 The Committee Chairman should make him or herself available at each annual general meeting of the Company to answer questions concerning the Committee's work.
- 10.2 The Committee shall arrange for periodic reviews of its own performance and, at least once a year, 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 of directors for approval.
- 10.3 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the company secretary for assistance as required and 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.
- 10.4 The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes as appropriate.
- 10.5 The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.

- 10.6 The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the UK Corporate Governance Code, are fulfilled and produce a report of the Company's remuneration policy and practices to be included in the Company's annual report and ensure each year that it is put to shareholders for approval at the annual general meeting. If the Committee has appointed remuneration consultants, the annual report of the Company's remuneration policy should identify such consultants and state whether they have any other connection with the Company.
- 10.7 The Committee shall, through the Company Chairman, ensure that the Company maintains contact as required with its principal shareholders about remuneration.