

# Nominations Committee

## Terms of Reference

---

### 1. Definitions

“Board” means the Company’s Board of Directors

“Committee” means the Nominations Committee of the Company

“Company” means Dialight plc

“Group” means the Company’s group of companies.

### 2. Membership and Chairman

2.1 The Committee shall comprise at least three directors, excluding the Committee Chairman. A majority of the members of the Committee shall be independent Non-Executive Directors, as defined in the UK Corporate Governance Code.

2.2 Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chief Executive and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

2.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided that each director still meets the criteria for membership of the Committee.

2.4 The Board shall appoint the Committee Chairman who should be either the Group Chairman or an independent Non-Executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present at any meeting shall elect one of their number to chair any duly convened meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Group Chairman shall not chair the Committee when it is considering succession to chairmanship of the Board.

### 3. Secretary

3.1 The Company Secretary or their nominee shall act as the Secretary of the Committee.

### 4. Quorum

4.1 The quorum necessary for the transaction of business shall be two members, one of whom must be an independent Non-Executive Director. 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.

### 5. Frequency of Meetings

5.1 The Committee shall meet not less than twice a year and at such other times as the Committee Chairman shall require.

### 6. Notice of Meetings

6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.

- 6.2 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, any other person required to attend and all other Non-Executive Directors, no later than two 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.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

## **8. Annual General Meeting**

- 8.1 The Committee Chairman shall attend the Annual General Meeting to answer any shareholder questions on the Committee's activities.

## **9. Duties**

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 9.1 ensure that there is a formal rigorous and transparent procedure for appointments to the Board;
- 9.2 lead the process for appointments and make recommendations to the Board;
- 9.3 regularly review the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board and make recommendations to the Board with regard to any changes. In that regard the Committee will develop, where appropriate, and periodically review any objectives established for the implementation of diversity on the Board and monitor progress towards the achievement of those objectives;
- 9.4 give full consideration to succession planning for directors and other senior management in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- 9.5 keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- 9.6 keep up to date and fully informed about strategic issues and commercial priorities, and the main trends and factors affecting the long-term success and future viability of the Group and the markets in which it operates;
- 9.7 set measurable objectives and targets for diversity and inclusion in relation to the Board and senior management positions, prepare a policy on the promotion of diversity and inclusion on the Board and in senior management and address any imbalances (including, without limitation, those of gender) of those in senior management and their direct reports to meet such objectives and targets;
- 9.8 in conjunction with human resources, set diversity objectives and strategies for the Company as a whole and monitor the impact and outcome of diversity initiatives;

- 9.9 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 9.10 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of that evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - 9.10.1 use open advertising or the service of external advisers to facilitate the search;
  - 9.10.2 consider candidates from a wide range of backgrounds;
  - 9.10.3 consider candidates on merit and against objective criteria, 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.
- 9.11 for the appointment of Chairman, the committee should 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;
- 9.12 prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- 9.13 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 the induction process;
- 9.14 review the results of the Board performance evaluation process that relate to the composition of the Board, its diversity and how effectively the members of the Board work together to achieve objectives;
- 9.15 review annually the time required from Non-Executive Directors and the number of external appointments held by each director. Performance evaluation should be used to assess whether the Directors are spending enough time to fulfil their duties; and
- 9.16 work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 9.17 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of the Chairman of the Board and Chief Executive;
- 9.18 suitable candidates for the role of senior independent director;
- 9.19 membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the chairmen of those committees;
- 9.20 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;

- 9.21 the re-election by shareholders of directors under the annual re-election provisions of the UK Corporate Governance Code and in the Company's Articles of Association, having due regard to their performance and ability to continue to contribute to the Board and the Company's long-term sustainable success, 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);
- 9.22 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 provision of the law and their service contract; and
- 9.19 the appointment of any director to executive or other office.

## **10. Responsibilities**

- 10.1 In carrying out their responsibilities the Committee members shall act in accordance with the statement of Directors' Duties set out in sections 171 -177 of the Companies Act 2006.
- 10.2 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.3 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.4 The Committee shall produce a report to be included in the Group'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 or individual directors.
- 10.5 The report referred to in 10.4 above should include: (a) a statement on 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; and (b) how the board evaluation has been conducted, the nature and extent of any particular external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and its influence on board composition.

## **11. Other matters**

The Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 11.2 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;
- 11.3 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate; and
- 11.4 at least once a year, review its own performance, 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.

## **12. Authority**

- 12.1 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.