

# HENDERSON EUROPEAN FOCUS TRUST PLC

## Terms of Reference for the Nominations Committee

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### 1. Constitution

The Committee is constituted by the Board of Directors and assists the Board in meeting its responsibilities for ensuring that the Board retains an appropriate balance of skills, experience and diversity, and maintains an effective framework for succession planning.

### 2. Membership

2.1 The Committee shall be appointed by the Board in accordance with the articles of association of the Company and comprise a Chair and all the directors of the Company who are independent of the Manager.

2.2 The Chair of the Committee is the Chair of the Board. When the Committee considers matters relating to the effectiveness, succession or remuneration of the Board Chair, the Senior Independent Director ("SID") shall chair the meeting, and in the absence of the SID, another independent non-executive director shall chair the meeting.

2.3 Only members of the Committee have the right to attend meetings, but the Committee may invite others, including but not limited to any director, officer or employee of the Manager or any person whose advice is sought, to attend all or part of any meeting if it thinks it is appropriate or necessary.

2.4 Appointments to the Committee shall be for a period of up to three years, which may be extended.

### 3. Secretary

The Company Secretary or their nominee shall act as the Secretary of the Committee. A member of the Committee may act as Secretary in the Secretary's absence. The Committee shall have access to the services of the Secretary on all Committee matters.

### 4. Quorum

The quorum necessary for the transaction of business shall be two members.

### 5. Frequency of Meetings

The Committee shall meet at least on an annual basis and at such other times as the Committee Chair shall require.

### 6. Notice of Meetings

6.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof.

6.2 Unless otherwise agreed by the Committee, 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 the Committee members at the same time.

- 6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 Draft minutes of the meetings shall be agreed with the Committee Chair and then circulated to all members of the Committee, unless it would be inappropriate to do so in the opinion of the Committee Chair.
- 7.3 Draft minutes will be included in the next set of Board papers for the Board's review.

## **8. Annual General Meeting**

The Committee Chair should attend the annual general meeting to answer shareholder questions on the Committee's activities. In addition, the Committee Chair should engage with shareholders on significant matters related to the duties set out below.

## **9. Duties**

To fulfil their duties under section 172 Companies Act 2006, each individual director must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders as a whole and in doing so, have regard to a number of broader matters including:

- a) the likely consequences of any decision in the long-term;
- b) the need to foster the Company's business relationships with suppliers, customers and others;
- c) the impact of the Company's operations on the community and the environment;
- d) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- e) the need to act fairly between members of the Company.

**The Committee is responsible for:**

### **9.1 Board Composition**

- 9.1.1 regularly reviewing the structure, size and composition (including the skills, knowledge, diversity and experience) required of the Board compared to its current position and to make recommendations to the Board with regard to any changes;
- 9.1.2 ensuring plans are in place for orderly succession to the Board, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- 9.1.3 if appropriate, developing and periodically reviewing any objectives which may be established for the implementation of diversity, including skills, experience and background, on the Board and to monitor progress toward the achievement of those objectives;

## **9.2 Appointment of Directors**

- 9.2.1 identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arrive;
- 9.2.2 prior to making an appointment, evaluating the balance of skills, knowledge, diversity and experience on the Board, and in the light of this evaluation prepare a description of the role and capabilities required;
- 9.2.3 considering the process to be followed in making appointments, including the use of the services of external advisers to facilitate the search;
- 9.2.4 considering candidates from a wide range of backgrounds and considering candidates on merit and competence to task against objective criteria, taking care that appointees have enough time available to devote to the position and have no perceived conflicts of interest in assuming the role for which they are being appointed;
- 9.2.5 ensuring that on appointment to the Board non-executive directors receive a formal letter of appointment, as reviewed from time to time, setting out clearly what is expected of them in terms of time, commitment, committee service and involvement outside board meetings;

## **9.3 Independence and Time Commitment**

- 9.3.1 reviewing annually the time required from non-executive directors, much of which will be outside the attendance of board meetings. Performance evaluation should be used to assess whether the non-executive directors are spending enough time fulfilling their duties and exhibiting a positive contribution to the Board and its collective activities;
- 9.3.2 reviewing the independence of the non-executive directors and making an assessment on matters which may have arisen that give rise to a potential conflict of interest during the period of a board appointment;

## **9.4 Directors' fees**

- 9.4.1 reviewing the ongoing appropriateness and relevance of the remuneration policy at least annually and making any recommendations for change to the remuneration policy for the non-executive directors. In determining the remuneration policy the Committee will consider all factors which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the UK Code of Corporate Governance and the Association of Investment Companies Corporate Governance Code;
- 9.4.2 obtaining reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;
- 9.4.3 monitoring and reviewing annually the fees of the directors of the Company to assess whether the fee levels remain appropriate, using external measures as appropriate; and
- 9.4.4 agreeing the policy for authorising claims for expenses for the non-executive directors, including whether to gross up or pay net taxable benefits.

## **10. Performance Evaluation Methodology**

- 10.1 The Committee will review each director's performance and contribution, and the work of the Board as a whole, on an annual basis. The views of other parties to the Board may be taken into account as part of the appraisal. From time to time, and in accordance with provisions of the AIC Code of Corporate Governance, the Company may use external appraisers as part of the performance evaluation.
- 10.2 Work and liaise as necessary with other Board Committees, ensuring the interaction between Committees and with the Board is reviewed regularly.
- 10.3 The Committee will review the performance of the Chair on an annual basis, and the directors may meet without the Chair as part of this process.

## **11. Reporting Responsibilities**

- 11.1 The Committee Chair shall report formally to the Board on the nature and content of its discussion, recommendations and actions to be taken its proceedings after each meeting.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit.
- 11.3 The Committee shall make a statement in the Annual Report to describe the work of the Committee, including:
- the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;
  - how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact, the outcomes and actions taken, and its influence on Board composition;
  - the policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives. and
  - details of the membership of the Committee, the number of meetings held and attendance over the year.

## **12. Other Matters**

The Committee shall:

- 12.1 have authority to investigate any matters within its terms of reference and to be supplied with access to sufficient resource to carry out its duties and full access to information;
- 12.2 ensure that there is an appropriate induction process in place for new directors ,which should include both Board and Manager involvement and access to other parties to the Board's activities, as required (for example auditor or broker). Directors' ongoing training requirements will be reviewed as part of the annual performance evaluation process;
- 12.3 give due consideration to relevant laws and regulations, the provisions of the AIC Code of Corporate Governance and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate; and
- 12.4 review its own performance annually and keep these terms of reference under regular review.

### **13. Authority**

The Committee is authorised to:

- 13.1 seek any information it requires from any employee of the Manager in order to perform its duties; and
- 13.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so.

*(Amended: 17 September 2021)*