

LOWLAND INVESTMENT COMPANY PLC

Nominations Committee Terms of Reference

adopted on 10 September 2019

1. Membership

- 1.1 The Committee is appointed by the Board in accordance with the Articles of Association of the Company (Article 125).
- 1.2 Members of the Committee shall be appointed by the Board and shall be the independent non-executive Directors of the Company.
- 1.3 The Committee shall be chaired by the Chairman of the Company. The Chairman will not participate in the selection of a replacement Chairman, at which times, the Nominations Committee will be chaired by another independent Director.
- 1.4 Appointments to the Committee shall be for a period of up to three years which may be extended.
- 1.5 Members must declare any conflicts of interest or potential conflicts of interest at the start of each meeting

2. Secretary

The Secretary shall act as Secretary of the Committee. A member of the Committee may act as Secretary in the Secretary's absence.

3. Quorum

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

4. Frequency of Meetings

The Committee will meet at least annually and as and when deemed appropriate or convened by the Board.

5. Notice of Meetings

Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chairman or the Board.

6. Minutes of Meetings

- 6.1 The Secretary to minute the proceedings and resolutions of all Committee meetings including the names of those present and in attendance.
- 6.2 The minutes of the Committee meetings shall be circulated with the next set of Board papers for review.

7. Annual General Meeting

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

To fulfil the duty under section 172 of the 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.

Committee members should have regard to these matters when considering the business of the Committee.

The Committee shall:

- 8.1 review regularly the structure, size and composition (including the diversity, skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
- 8.2 give full consideration to succession planning for Directors taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board in the future to ensure plans are in place for orderly succession to the Board and to oversee and develop a diverse pipeline for succession;
- 8.3 Be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arrive;
- 8.4 lead the process for appointments evaluate the balance of skills, knowledge and experience on the Board and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment;
- 8.5 in identifying suitable candidates the Committee may use the services of external advisers to facilitate the search. It should consider candidates from a wide range of backgrounds to ensure candidates are drawn from a broad talent pool and that due regard to the benefits of diversity (including gender, social and ethnic backgrounds, cognitive and personal strengths) on the Board has been taken into consideration, and consider candidates on merit against objective criteria, taking care that appointees have enough time available to devote to the position;
- 8.6 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;

- 8.7 determine and disclose a policy on the tenure of the Chair;
- 8.8 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;
- 8.9 ensure there is a formal and rigorous performance evaluation of the Board and its Committees, the Chair, and of the individual Directors, on an annual basis, as detailed in point 9 below;
- 8.10 make a statement in the Annual Report about its activities, the process used for appointments and explain if external advice or open advertising has not been used. Furthermore the membership of the Committee, the number of Committee meetings held and attendance over the course of the year require disclosure in the Annual Report;
- 8.11 review annually the Directors' remuneration. It should consider remuneration in line with the Company's Remuneration Policy and determine if there should be any change to the existing level of remuneration;
- 8.12 consider the Remuneration Policy Disclosure in the Annual Report and confirm that it remains appropriate or make any changes to propose to the Board for approval; and
- 8.13 make available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

9. Performance Evaluation Methodology

- 9.1.1 The Chairman of the Nominations Committee (being the Chairman of the Board) will review each individual Director's performance and contribution, and the work of the Board and its Committees as a whole, on an annual basis.
- 9.1.2 The Committee may review the performance of the Chairman without the Chairman present.
- 9.1.3 To consider having a regular externally facilitated Board evaluation.

10. Recommendations to the Board

The Committee should make recommendations to the Board as regards:

- 10.1.1 Succession for non-executive Directors and in particular for the key role of Chairman.
- 10.1.2 The reappointment of any non-executive Director at the conclusion of their term of office having due regard to their performance, knowledge, skills, experience and ability to continue to contribute to the Board.
- 10.1.3 The re-election by shareholders of all Directors in line with the FRC and AIC Codes of Corporate Governance.
- 10.1.4 Any matters relating to the continuation in office of any Director at any time.
- 10.1.5 The appointment of any Director.

11. Reporting Responsibilities

- 11.1 The Committee Chairman shall report to the Board on 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 or where action or improvement is needed.
- 11.3 The Committee shall produce a report to be included in the Company's annual report to include:
 - 11.3.1 A description of the work of the Committee
 - 11.3.2 the process used in
 - 11.3.3 relation to appointments, its approach to succession planning and how both support and develop a diverse pipeline; and
 - 11.3.4 how the Board evaluation has been conducted, the nature and extent of an external evaluator's contract with the Board and individual Directors, the outcomes and actions taken and how it has or will influence Board composition.

12. Other

The Committee shall, at least once a year, review its own performance, constitution and terms of reference ensuring it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval

13. Authority

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.