

# Nomination Committee

## Terms of Reference

<b>The Company</b>	Provident Financial plc
<b>The Board</b>	The Board of Provident Financial plc
<b>Group</b>	Provident Financial plc and its subsidiaries
<b>Major subsidiaries</b>	Vanquis Bank Limited, Provident Financial Management Services Limited and Provident Personal Credit Limited (together known as “CCD”), Moneybarn No 1 Limited and Moneybarn Limited (together known as “Moneybarn”) and Cheque Exchange Limited.
<b>The Code</b>	The UK Corporate Governance Code

### 1. Name

This Committee of the Board shall be known as the Nomination Committee.

### 2. Membership and attendance

#### *Basic membership*

2.1 The membership of the Committee shall comprise at least three members.

#### *Requirements of membership*

2.2 A majority of members of the Committee shall be independent non-executive directors.

#### *Appointment*

2.3 Members of the Committee shall be appointed by the Board, in consultation with the chairman of the Nomination Committee.

- 2.4 The Chairman of the Committee will be appointed by the Board and should be either an independent non-executive or the Chairman of the Board. In the absence of the Chairman of the Committee or an appointed deputy, at a committee meeting, the remaining members present shall elect one of themselves to chair the meeting. The chairman of the board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Board.
- 2.5 Membership of the Committee will be reviewed by the Board on an annual basis.

#### *Attendance*

- 2.6 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited by the Chairman to attend for all or part of any meeting, as and when appropriate and necessary.

### **3. Secretary**

- 3.1 The Company Secretary, or his or her nominee in consultation with the Chairman of the Committee, is the Secretary of the Committee.
- 3.2 The Committee Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business will be two members.
- 4.2 In determining whether the members are participating in the meeting, it is irrelevant where the member is and how they are communicating with other attendees.

### **5. Meetings**

#### *Frequency*

- 5.1 Meetings will be held at least three times a year and otherwise as required at appropriate intervals.
- 5.2 Outside of the formal meeting programme, the Committee Chairman, and to a lesser extent the other committee members,

will maintain a dialogue with key individuals involved in the Group's governance, including the Board Chairman, the Chief Executive Officer, the Heads of the divisional Human Resources departments and external advisers.

*Notice*

- 5.3 Meetings of the Committee shall be called by the Committee Secretary at the request of the Chairman of the Committee.
- 5.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and the relevant supporting papers, shall be made available to each member of the Committee and any other person required to attend, as soon as reasonably practical and by five working days before the date of the meeting.

*Voting and conflicts*

- 5.5 The members of the Committee, at the beginning of the meeting, shall declare the existence of any conflicts arising and the Committee Secretary shall minute them accordingly.
- 5.6 Although normally decisions are reached on a consensus, in the event of a disagreement, decisions on any matter are made by the majority, with the Chairman having the casting vote in the event of a tie. A Committee member who remains opposed to a proposal after a vote is taken, can ask for his or her dissent to be noted in the minutes.

*Minutes*

- 5.7 The Committee Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.8 Draft minutes of Committee meetings shall be agreed with the Committee Chairman and then circulated promptly to all members of the Committee.
- 5.9 Once finalised, minutes will be made available to all members of the Board, unless it would be inappropriate to do so in the opinion of the Committee Chairman.
- 5.10 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records, in hard and soft copy where possible.

## 6. Annual General Meeting

The Chairman of the Committee should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

## 7. Duties

- 7.1 The Committee should have oversight of the group as a whole and, unless required otherwise by regulation, carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole.
- 7.2 The Committee shall:
- 7.2.1 Annually review the Directors' skills matrix to ensure it reflects the skills that the Group requires from its Directors;
- 7.2.2 regularly review the structure, size and composition (including the skills, knowledge, length of service, experience and diversity) of the Board and Committees and make recommendations to the Board with regard to any changes, making reference, where appropriate, to the board evaluation findings and the Directors' skills matrix;
- 7.2.3 ensure orderly succession and diverse pipeline for succession give full consideration to succession planning for to the Board and directors and other senior executives management, including those of the major subsidiaries, in the course of its work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board, in senior management and on the boards of the major subsidiaries in the future;
- 7.2.4 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;
- 7.2.5 keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- 7.2.6 ensure workforce policies and practices, which fall in the scope of the Committee, are consistent with the Group's values and support long term sustainable success;
- 7.2.7 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies and

candidates for vacancies on the boards of major subsidiaries, as and when they arise, making reference to the Directors' skills matrix;

- 7.2.8 set and recommend to the Board a policy promoting diversity on the Board and agree a target for the representation of the underrepresented groups on the Board, including actions on how to increase representation in order to meet that target on the Board;
- 7.2.9 review the Group's equality and diversity policy and the diversity action plans which relate to senior management and the wider workforce and recommend changes as required;
- 7.2.10 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:
  - 7.2.10.1 use open advertising or the services of external advisers to facilitate the search;
  - 7.2.10.2 consider candidates from a wide range of backgrounds;
  - 7.2.10.3 ensure a rigorous, formal and transparent process of appointment is followed;
  - 7.2.10.4 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths on the Board, taking care that appointees have enough time available to devote to the position;
- 7.2.11 for the appointment of the Chairman of the Board, 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;
- 7.2.12 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;

- 7.2.13 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;
- 7.2.14 review the results of the board performance evaluation process that relate to the composition to the Board, or those which relate to the Committee itself, and agree an action plan to address the results;
- 7.2.15 ensure that the Senior Independent Director leads the Directors in evaluating the Chairman;
- 7.2.16 review annually the time required from non – executive directors, including the Chairman. Performance evaluation should be used to assess whether the non – executive directors are spending enough time to fulfil their duties; and
- 7.2.17 work and liaise as necessary with all other Board committees.

7.3 The Committee shall also make recommendations to the Board concerning:

- 7.3.1 formulating plans for succession for both executive and non – executive directors and in particular, for the key roles of Chairman and Chief Executive Officer;
- 7.3.2 suitable candidates for the role of Senior Independent Director;
- 7.3.3 membership of the Audit, Risk and Remuneration committees, and any other Board committees as appropriate, in consultation with the chairman of those committees;
- 7.3.4 the re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their independence, performance and ability to continue to contribute to the Board in the light of knowledge, skills and experience required;
- 7.3.5 the re-election by shareholders of directors under the annual re-election provisions of the 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, length of service 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);
- 7.3.6 evaluate the independence of each non – executive director on an annual basis using the principles outlined in the Code;
- 7.3.7 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 and those directors of major subsidiaries, as an employee of the Group, subject to the provisions of the law and their service contract; and
- 7.3.8 the appointment of any director to executive or other office.

## 8. Reporting responsibilities

- 8.1 The Committee Chairman shall formally report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall produce a report to be included in the Company's annual report and financial statements 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 Group.
- 8.4 The report referred to in 8.3 above 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 the objectives.

## 9. Other matters

The Committee shall:

- 9.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

- 9.2 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;
- 9.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority’s listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
- 9.4 oversee any investigation of activities which are within this terms of reference;
- 9.5 work and liaise as necessary with all other Board committees; and
- 9.6 arrange for periodic reviews of its own performance and, at least annually, 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.

**10. Authority**

10.1 Seek The Committee is authorised by the Board to undertake any activity within its terms of reference.

The Committee is authorised to:

- 10.2 seek any information it requires from any employee of the Group in order to perform its duties;
- 10.3 obtain, at the Group’s expense, independent legal or other professional advice on any matter within its terms of reference it believes it necessary to do so, providing this does not exceed £20,000 (exclusive of VAT). Should it exceed this figure, approval from Board is to be obtained in advance;
- 10.4 call any employee to be questioned at a meeting of the Committee as and when required; and
- 10.5 have the right to publish in the company’s annual report, details of any issues that cannot be resolved between the Committee and the Board.

**11. Change Control**

Date	Summary of Changes	Approved By
10 October 1997	Various	Approved by the Board

9 December 1998	Membership amended	
12 May 2000	Membership amended	
22 June 2000	Membership amended	
12 October 2001	Membership amended	
11 December 2002	Various	Amended by the Board
26 June 2003	Membership amended	
10 December 2003	Various	Amended by the Board
1 January 2004	Membership amended	
13 December 2006	Various	Amended by the Board
1 February 2007 with effect from 28 February 2007	Membership amended	Amended by the Board
3 September 2007 with effect from 16 July 2007	Membership amended	Amended by the Board
21 October 2008	Various	Amended by the Board
6 May 2009	Membership amended	Amended by the Board
28 February 2011	Various	Amended by the Board
1 October 2012	Membership amended	
31 January 2013	Membership amended	
17 October 2013	Various	Amended by the Board
1 January 2014	Membership amended	
8 December 2016	Various	Amended by the Board
December 2017	Various	
22 January 2018	Various	Approved by the Board



Jauary 2019	Various	Approved by the Board
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