



## **NOMINATION COMMITTEE**

### **TERMS OF REFERENCE**

**Version 1.0**

**January 2016**

## **1 CONSTITUTION**

The Board of Directors (the “Board”) of Metro Bank PLC (the “Company”) has established a Committee of the Board, known as the Nomination Committee (“Committee”), with Terms of Reference as set out below.

## **2 MEMBERSHIP**

- 2.1 Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee. The Committee shall be made up of at least three members, a majority of whom shall be independent Non-Executive Directors.
- 2.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 2.3 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three year periods, provided members remain independent.
- 2.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or 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. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

## **3 SECRETARY**

The Chief People Officer of the Company 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, [both of whom must be independent Non-Executive Directors]
- 4.2 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.

- 4.3 Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy, nomination policy or the contents of any externally published report or disclosures.

## **5 FREQUENCY OF MEETINGS**

The Committee shall meet at least twice a year and otherwise as required.

## **6 NOTICE OF MEETINGS**

- 6.1 Meetings of the Committee shall be called by the Secretary 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 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 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 meetings of the Committee, including recording the names of those present and in attendance.
- 7.2 The Secretary shall record any conflicts of interest divulged at the meeting.
- 7.3 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

## **8 ANNUAL GENERAL MEETING**

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

## **9 DUTIES**

The Committee shall:

- 9.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board, as set out in the Board Composition and Succession Plan, compared to its current position and make recommendations to the board with regard to any changes;
- 9.2 give full consideration to succession planning for members of the Board and Executive Directors 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;
- 9.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 9.4 before an appointment is made by the Board, 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. In identifying suitable candidates the Committee may:
  - 9.4.1 seek recommendations from existing Board members for candidates;
  - 9.4.2 use open advertising or the services of external advisers to facilitate the search;
  - 9.4.2 consider candidates from a wide range of backgrounds, and
  - 9.4.3 consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
  - 9.4.4 circulate candidate details to all existing Board members so that they can meet with candidates prior to Board approval of any appointments
- 9.5 keep under review the leadership needs of the Bank, both Executive and Non-Executive, with a view to ensuring the continued ability of the Bank to compete effectively in the market place;
- 9.6 review annually whether each Non-Executive Director has been able to devote enough time to adequately fulfil their duties;

- 9.7 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
- 9.8 review the results of the Board performance evaluation process that related to the composition of the Board;
- 9.9 prior to the appointment of a director, the proposed appointee should be required to disclosed 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;
- 9.10 keep under regular review any authorisations granted by the Board in connection with a directors' conflict of interest.

The Committee shall also make recommendations to the Board concerning:

- 9.11 formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairman and Chief Executive;
- 9.12 suitable candidates for the role of senior independent Non-Executive Director;
- 9.13 membership of the Audit, Remuneration and Risk Management Committees, in consultation with the chairmen of those committees;
- 9.14 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;
- 9.15 the re-election by shareholders of directors 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 (particularly in relation to directors being re-elected for a term beyond six years);
- 9.16 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of any Executive Director as an employee of the Bank subject to the provisions of the law and their service contract.
- 9.17 the appointment of any director to executive of other office.

## **10 REPORTING RESPONSIBILITIES**

- 10.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 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 or 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.
- 10.4 The report referred to in 10.3 above should include a statement of the Board's policy on diversity, including gender, any measureable objectives it has set for implementing the policy, and progress on achieving the objectives.

## **11 OTHER MATTERS**

- 11.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat 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 on-going basis for all members.
- 11.3 Give due consideration to laws, regulations, the provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules.
- 11.4 Arrange for periodic review 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 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.

### 13 Appendix A - Summary of Nomination Committee decision making responsibilities

Decision	Proposer	Proposal prepared by	Nomination Committee role	Decision Owner	Decision referred to Board?
Board structure and succession plans	Chair of Nomination Committee, Chairman & CEO	Committee Chair & CEO (support from CPO)	Recommend to Board	Chairman	Yes
Approval of new Board members	Chair of Nomination Committee, Chairman & CEO	Committee Chair & CEO (support from CPO)	Recommend to Board	Chairman and Board	Yes
Executive & Non-Executive Director succession plans	Chair of Nomination Committee, Chairman & CEO	Chairman & CEO (support from CPO)	Recommend to Board	Board	Yes
Identification of suitable candidates for role of senior independent Non-Executive Director	Chair of Nomination Committee, Chairman & CEO	Chairman & CEO (support from CPO)	Recommend to Board	Board	Yes
Audit, Remuneration and Risk Operating Committee membership	Chair of Nomination Committee & CEO	Committee Chair & CEO (support from CPO)	Recommend to Board	Board	Yes

## Nomination Committee Version Control

Version Number	Key Changes	Date Agreed
1.0	First draft	26/1/2016 New separate terms agreed at Jan 2016 N&RC