1. PURPOSE

The purpose of the Committee is to establish a formal, rigorous and transparent procedure for the appointment of directors to the Board, assist with succession planning and to review the annual Board evaluation in accordance with the UK Corporate Governance Code.

2. MEMBERSHIP

2.1 The Committee shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors. If the Board decides that a member of the Committee is no longer independent and as a result a majority of the members of the Committee are not independent non-executive directors, that member will cease to be a member of the Committee.

2.2 Appointments to the Committee are made by the Board on the recommendation of the Nomination Committee and shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the director still meets the criteria for membership of the Committee.

2.3 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair, the Chief Executive Officer, the Company’s global head of people and policy and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

2.4 The Board shall appoint the Committee Chair who should be either the Chair or an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chair shall not chair the Committee when it is dealing with the matter of succession of the chair of the Board.

3. SECRETARY

The Company Secretary or their nominee shall act as the Secretary and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

4. QUORUM

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

5. FREQUENCY OF MEETINGS

The Committee shall meet at least twice a year and otherwise as required. The Committee may hold meetings at a physical place or by means of any electronic facility (or both in respect of the same meeting).

6. NOTICE OF MEETINGS

6.1 Meetings of the Committee shall be called by the Secretary at the request of the Committee Chair or any of its members.
6.2 Unless otherwise agreed, notice of each meeting confirming the venue (if relevant), the electronic facility to be used for the meeting (if relevant), 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.

6.3 Notices, agendas and supporting papers can be sent in electronic form.

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 promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board and the Company Secretary, unless, exceptionally, the Committee Chair thinks it would be inappropriate to do so.

7.3 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company’s records.

8. ANNUAL GENERAL MEETING

The Committee Chair should attend the AGM to answer any shareholder questions on the Committee’s activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee’s areas of responsibility.

9. DUTIES

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

9.2 The Committee shall:

(a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;

(b) ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;

(c) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;

(d) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

(e) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;

(f) 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 this evaluation
prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

(i) use open advertising or the services of external advisers to facilitate the search;

(ii) consider candidates from a wide range of backgrounds; and

(iii) consider candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position;

(g) prior to the appointment of a director, other significant time commitments should be disclosed and any additional future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment and any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board;

(h) oversee appropriate induction training for new directors and ongoing training as appropriate for the Board, its committees and individual directors;

(i) 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, Board meetings, committee service and involvement outside Board meetings;

(j) review the results of the annual Board performance evaluation process that relate to the composition of the Board and succession planning;

(k) 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; and

(l) work and liaise as necessary with all other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

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

(a) any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;

(b) suitable candidates as new directors and succession for existing directors;

(c) membership of the Audit and Risk Committee, the Remuneration Committee and any other Board committees as appropriate, in consultation with the chair of those committees;

(d) the re-appointment of any non-executive directors 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, and the need for progressive refreshing of the board;

(e) 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, and why their contribution is important to the Company’s long-term sustainable success
in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the Chair and the Board as whole;

(f) 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 provisions of the law and their service contract; and

(g) the appointment of any director to executive or other office.

10. REPORTING RESPONSIBILITIES

10.1 The Committee Chair shall report to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

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, and adequate time should be made available for Board discussion when necessary.

10.3 The Committee shall produce a report to be included in the Company’s annual report describing the work of the Committee, including:

(a) the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline;

(b) how the Board evaluation has been conducted, the nature and extent of an external evaluator’s contact with the Board and individual directors, the outcomes and actions taken, and how it has or will influence Board composition;

(c) 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

(d) the gender balance of those in the senior management and their direct reports.

10.4 If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual.

11. OTHER MATTERS

11.1 The Committee shall:

(a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;

(b) 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;

(c) give due consideration to all relevant laws and regulations, the provisions of the UK Corporate Governance Code and the related Guidance on Board Effectiveness, and the requirements of the UK Financial Conduct Authority’s Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;

(d) work and liaise as necessary with all other board committees, ensuring the interaction amongst committees and with the Board is reviewed regularly;
(e) ensure that a periodic evaluation of the Committee’s own performance is carried out; and

(f) at least annually, review the Committee’s 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

The Committee is authorised by the Board to:

(a) undertake any activity within its terms of reference;

(b) seek any information from any employee, contractor, consultant or other provider of services to the Company that the Committee requires to perform its duties, and call any such person to be questioned at a Committee meeting, as and when required;

(c) obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference, and invite persons giving such advice to attend Committee meetings.

13. DEFINITIONS AND INTERPRETATION

13.1 In these terms of reference, unless the context otherwise requires:

“AGM” means the annual general meeting of the shareholders of the Company;

“Audit and Risk Committee” means the audit and risk committee of the Company;

“Board” means the board of directors of the Company;

“Chair” means the chair of the Board;

“Chief Executive Officer” means the chief executive officer of the Company from time to time;

“Committee” means the nomination committee of the Company;

“Committee Chair” means the chair of the Committee;

“Company” means Darktrace plc;

“Company Secretary” means the secretary of the Company;

“Group” means the Company and its subsidiaries;

“Remuneration Committee” means the remuneration committee of the Company; and

“Secretary” means the secretary of the Committee.