

## **Nomination Committee Terms of Reference**

**References to “the Company” are to “CLS Holdings plc”**

**References to “the Committee are to “the Nomination Committee”**

**References to “the Board” are to “the Board of Directors of the Company”.**

### **1 Membership**

- 1.1 The Committee shall comprise at least three Directors, of which one shall be the nominated representative of the majority shareholder and another the Chair of the Board. Two members of the Committee shall be Independent Non-Executive Directors (which may include the Chair of the Board if they were independent upon appointment).
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Head of Group Human Resources and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 Appointments to the Committee are made by the Board on the recommendation of the Committee and shall be for a period of up to three years, which may be extended for up to two additional periods of up to three years, provided the director still meets the criteria for membership of the Committee.
- 1.4 The Committee Chair will be the nominated representative of the majority shareholder and will have the casting vote in the event of a deadlock. In the absence of the Committee Chair, the Chair of the Board shall chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

### **2 Secretary**

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

### **3 Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two, one of whom must be an independent non-executive director and, for so long as the Company has a majority shareholder, the other must be their appointed representative or an appointed deputy.

### **4 Frequency of meetings**

- 4.1 The Committee shall meet at least once a year and otherwise as required.

### **5 Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chair or any of its members.
- 5.2 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.

### **6 Minutes of meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

- 6.2 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 unless in the opinion of the Committee Chair it would be inappropriate to do so.

## **7 Annual general meeting**

- 7.1 The Committee Chair should attend the Annual General Meeting to answer any shareholder questions on the Committee's activities. In addition the Committee Chair should, where it deems appropriate, seek engagement with major shareholders on significant matters related to the Committee's areas of responsibility.

## **8 Duties**

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate. The Committee shall:

- 8.1 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;
- 8.2 Ensure plans are in place for orderly succession to 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;
- 8.3 keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 8.4 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 8.5 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 8.6 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 and the time commitment expected. In identifying suitable candidates the committee shall:
  - 8.6.1 where appropriate, use open advertising or the services of external advisers to facilitate the search;
  - 8.6.2 consider candidates from a wide range of backgrounds;
  - 8.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- 8.7 for the appointment of a Chair, the Committee should prepare a job specification, including the time commitment expected. A proposed Chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise;
- 8.8 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 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. These must be authorised by the Board prior to appointment and future business interests that could result in a conflict of interest must not be undertaken without prior authorisation of the Board;

- 8.9 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;
- 8.10 review the results of the board performance evaluation process that relate to the composition of the board and succession planning;
- 8.11 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
- 8.12 work and liaise as necessary with all other board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

The Committee shall also make recommendations to the board concerning:

- 8.13 formulating plans for succession for both executive, non-executive directors and other senior executives and in particular for the key roles of chairman (executive or otherwise), chief executive officer and chief financial officer;
- 8.14 any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved
- 8.15 suitable candidates as directors. Succession for existing directors and for the role of senior independent director;
- 8.16 membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chair of those committees;
- 8.17 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 knowledge, skills and experience required;
- 8.18 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 services of individual directors, the Chair and the Board as whole;
- 8.19 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
- 8.20 the appointment of any director to executive or other office.

## **9 Reporting responsibilities**

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 9.2 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.
- 9.3 The Committee shall produce a report to be included in the Company's annual report describing the work of the Committee, including:
  - 9.3.1 the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;

- 9.3.2 how 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 been implemented and progress on achieving objectives, and
  - 9.3.3 the gender and ethnicity balance of those in the senior management team and their direct reports
- 9.4 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 directors.

## **10 Other matters**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2 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.
- 10.3 give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, the requirements of the Financial Conduct Authority Rules, Prospectus and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- 10.4 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 for approval.

## **11 Authority**

- 11.1 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.

**Approved by the Board on 12 November 2024**