



National Wealth Fund Limited ('the Company')

(Company Number: 06816271)

# Nomination Committee

## Terms of Reference

### Document control

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## **1. Purpose**

The purpose of the Nomination Committee (the “Committee”), is to support and advise the Board by:

- 1.1 Overseeing the National Wealth Fund’s (‘the Company’s’) approach to succession planning for Executive Committee roles;
- 1.2 Leading the evaluation of the Board’s performance and composition;
- 1.3 Assessing the ongoing independence and effectiveness of individual directors; and
- 1.4 Considering the implementation of the Company’s policy on diversity and inclusion.

## **2. Membership**

2.1 The Committee shall comprise:

2.1.1 Chair of the Board

2.1.2 The Audit and Risk Committee Chair

2.1.3 The Remuneration Committee Chair

2.1.4 The Shareholder Representative Director (as defined in the Framework Document)

2.1.5 The Senior Independent Director will also be a Nominations Committee member if the role is not fulfilled by one of the Directors outlined above.

2.2 The Chair of the Committee may be appointed by the Shareholder in accordance with the Articles of Association<sup>1</sup>. The Committee Chair shall be the Board Chair or an independent Non-Executive Director.

2.3 Under the Articles of Association, the Shareholder may by ordinary resolution or by written notice appoint directors to Committees of the Board<sup>2</sup>.

2.4 Appointments to the Committee shall be for an initial term of no more than four years (or such shorter period as may be specified in the terms on which the director is appointed). The initial term may be followed by one further term of up to a maximum of four years, subject to mutual agreement and meeting required performance standards. The Board may vary membership of the Committee from time to time as it sees fit.

2.5 Any director may appoint an alternate director in accordance with the requirements of the Company’s Articles.

2.6 All Non-Executive Directors of the Company will have the right to attend Committee meetings in an observer capacity. The Chief Executive Officer, Chief People Office, Head of Reward, external advisers and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary, at the discretion of the Committee Chair.

2.7 In the absence of the Committee Chair and/or a deputy appointed by the Chair in advance (who shall also be an independent Non-Executive Director), the remaining members in attendance

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<sup>1</sup> Article 79(ii) states that ‘the shareholders may by ordinary resolution or unanimous written notice to the company from time to time appoint... (ii) a director to act as chair of any committee of the board.

<sup>2</sup> Article 79 (i) states that ‘the shareholders may by ordinary resolution or unanimous written notice to the company from time to time appoint... (i) one or more person(s) as director(s) to the board (or any committee thereof)’

shall elect one of themselves as deputy to chair the meeting, so long as they are an independent Non-Executive Director.

- 2.8 The Board Chair shall not chair a meeting (or part of a meeting) of the Committee if it is dealing with any matters pertaining to the succession of the Board Chair.

### **3. Secretary**

- 3.1 The Company Secretary, or their nominee(s), 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 matters arising.

### **4. Quorum and voting arrangements**

- 4.1 The quorum necessary for the transaction of business shall be two members. One of these must be the Committee Chair, or a nominated deputy; and another must be the Shareholder Representative Director (or an alternate director appointed by the Shareholder Representative Director). Directors acting in addition as alternate directors shall count only as one member for the purposes of determining whether a quorum is present.
- 4.2 Every person acting as an alternate director shall have one vote for each director for whom they act as alternate, in addition to their own vote if they are also a director. Decisions arising at a meeting shall be decided by a majority vote or be referred to the Board for further consideration. In the case of an equality of votes, the Committee Chair (or their deputy) shall have the casting vote.
- 4.3 In the absence of the Shareholder Representative Director, including where an alternate Shareholder Representative Director has been appointed, the Shareholder representative, UK Government Investments, may nominate a "Shareholder Representative Observer" to attend a meeting of the Committee. The Shareholder Representative Observer may not cast a vote in Committee decisions and shall not count towards the quorum.
- 4.4 At the start of each meeting of the Committee, each member will disclose to the Committee any actual or potential conflict of interest in any matter to be decided by the Committee. Any such member who cites disclosures may be asked to recuse themselves from the meeting if the Board determines that there is a conflict of interest in relation to a particular item of business to be discussed and will abstain from voting on those resolutions where a conflict is deemed to have arisen.

### **5. Frequency of meetings**

- 5.1 The Committee shall meet at least twice a year at appropriate intervals and otherwise as required.
- 5.2 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the governance of the Company, including the Board Chair (if a different individual to the Committee Chair), the Shareholder Representative Director, the Senior Independent Director, the Chief People Officer and the Company Secretary.

### **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the Company Secretary or their nominee(s) at the request of the Committee Chair or any of its members.

- 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, any other person required to attend, and all other directors, no later than five working days before the date of the meeting, wherever possible. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.
- 6.3 Notice is treated as properly given if it is given personally, by word of mouth or in writing (including electronically) to the director's last known address or any other address given by the director to the company for this purpose. Any director can waive entitlement to notice of any directors' meeting, including one which has already taken place and any waiver after the meeting has taken place will not affect the validity of the meeting or any business conducted at the meeting.

## **7. Minutes of meetings**

- 7.1 The Company Secretary (or their nominee) shall minute the proceedings and decisions of all Committee meetings including recording the names of those present and in attendance.
- 7.2 Draft minutes of each Committee meeting shall be shared with the Committee Chair within two weeks of the meeting. The minutes shall be made available to all other members of the Committee and the Company Secretary (unless it would be inappropriate to do so in the opinion of the Committee Chair) at the next Committee meeting. The minutes will be available to the Shareholder, if so requested, once finalised and approved by the Committee Chair subject to the caveat above.
- 7.3 Final copies of the Committee meeting approved minutes shall be maintained for the Company's records.

## **8. Engagement with the Shareholder**

- 8.1 The Shareholder Representative Director shall be a member of the Committee, helping to ensure the engagement of the Shareholder on significant matters related to the Committee's areas of responsibility.

## **9. Duties**

The Committee shall carry out the following duties, taking into account the relevant aspects of the UK Corporate Governance Code ("the Code") and paying due regard to the requirements of the Company's Framework document:

- 9.1 Ensure plans are in place for the orderly succession of Executive Directors and other senior executive positions, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future.
- 9.2 Keep under review the executive leadership needs of the Company, with a view to ensuring the continued ability of the organisation to function effectively.
- 9.3 Keep up to date and fully informed about governance, strategic issues and commercial changes affecting the Company and the market in which it operates.
- 9.4 Require Executive and Non-Executive Directors to report any business interests that could result in a conflict of interest.
- 9.5 Review the results of the Board performance evaluation process that relate to the composition of the Board.

- 9.6 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.
- 9.7 Annually review the number and scale of other appointments it considers the Board Chair and other Non-Executive Directors may take on without compromising their effectiveness.
- 9.8 Approve the undertaking of additional external appointments that fall within the parameters set in section 9.7.
- 9.9 Consider and make recommendations to the Board concerning:
- 9.9.1 Any changes needed to the succession planning process for Executive Directors and other senior executives if periodic assessments indicate that desired outcomes have not been achieved.
  - 9.9.2 Membership of the Audit and Risk and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairs of those Committees.
  - 9.9.3 Any matters relating to the continuation in office of any Executive 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.
  - 9.9.4 The appointment of any Executive Director, noting that this will require Shareholder approval as it is a Shareholder reserved matter under the Company's Articles of Association.

## **10. Reporting responsibilities**

- 10.1 The Committee Chair shall report formally to the Board on the Committee's 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.
- 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 compile a report on its activities to be included in the Company's Annual Report and Accounts. The report should include:
- 10.3.1 The process used to make appointments and an explanation of where external advice has been sought or open advertising has not been used. Where an external search agency has been used, a statement as to whether there is any related conflict of interest;
  - 10.3.2 How any 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 this evaluation has influenced or will influence board composition;
  - 10.3.3 The policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving objectives; and
  - 10.3.4 All other relevant information requirements set out in the Code.

## **11. Other matters**

The Committee shall:

- 11.1 Have access to sufficient resources in order to carry out its duties, including access to the Company Secretary and/or a member of their team for advice and 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 ongoing basis for all members.
- 11.3 Give due consideration to laws and regulations, the relevant principles and provisions of the Code and any other applicable rules or guidelines, as appropriate.
- 11.4 Oversee any investigation of activities which are within its terms of reference.
- 11.5 Work and liaise as necessary with all other Committees of the Board.
- 11.6 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.

## **12. Authority**

The Committee is authorised to:

- 12.1 Seek any information it requires from any employee of the Company in order to perform its duties.
- 12.2 Investigate any matter within its terms of reference.
- 12.3 Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes is necessary.
- 12.4 Call any employee to be questioned at a meeting of the Committee as and when required.
- 12.5 Have the right to publish in the Annual Report and Accounts details of any issues that cannot be resolved between the Committee and the Board.