



Pearson

Pearson plc

## **Nomination & Governance Committee - Charter and Terms of Reference**

These terms of reference were last reviewed and approved by the Board of Directors ("the Board") on 23 February 2017.

### **1. Purpose and Primary Duty**

The Committee is established by the Board for the purpose of:

- 1.1. Recommending to the Board all proposed appointments of directors through a formal, rigorous and transparent process.
- 1.2. Overseeing the Company's compliance with, and approach to, all applicable regulation and guidance related to corporate governance matters.

### **2. Membership**

- 2.1. Members of the Committee shall be appointed by the Board. The Committee shall comprise at least three non-executive directors as members, a majority of whom should be independent (as defined by The UK Corporate Governance Code (the "Code")).
- 2.2. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent.
- 2.3. 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 their number 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.
- 2.4. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the board, senior executives and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

### **3. Secretary**

The Company Secretary or their nominee shall act as the Secretary of the Committee.

### **4. Quorum**

The quorum necessary for the transaction of business shall be three members, two of whom must be independent non-executive directors. 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.

## **5. Frequency of Meetings**

The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.

## **6. Agenda for Meetings**

The Committee Chairman shall develop and set the Committee's agenda, in consultation with the Board Chairman and Pearson management.

## **7. Notice of Meetings**

7.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.

7.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date and 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.

## **8. Minutes of Meetings**

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

8.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so in the opinion of the Committee Chairman.

## **9. Annual General Meeting**

The Chairman of the Committee or his designee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **10. Duties**

10.1. The Committee shall:

10.1.1. regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes. The aim shall be to ensure that the board and its committees has the appropriate balance of skills, experience, independence, diversity and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively. In particular, in identifying suitable candidates for appointment to the board the Committee shall:

- a. consider candidates from a wide range of backgrounds;
- b. consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, and taking care that appointees have enough time available to devote to the position; and

- c. use open advertising or the services of external advisers to facilitate the search;
- 10.1.2. review succession planning for non-executive directors taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future;
- 10.1.3. review succession planning for executive directors and other senior executives;
- 10.1.4. be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise;
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- 10.1.5. for the appointment of a chairman, 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;
- 10.1.6. ensure that, 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;
- 10.1.7. review the Board's diversity policy, its development and implementation, including progress towards any measurable objectives;
- 10.1.8. supervise the Board evaluation process, and review the results of the evaluation process that relate to the composition of the Board and corporate governance generally;
- 10.1.9. 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;
- 10.1.10. keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 10.1.11. 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;
- 10.1.12. oversee plans for directors' induction, in conjunction with the Company Secretary, and ensure appropriate ongoing training;
- 10.1.13. 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
- 10.1.14. work and liaise as necessary with all other Board committees.

## 10.2. The Committee shall:

- 10.2.1. Establish appropriate corporate governance policies and practices, in accordance with applicable legal, regulatory and listing requirements (including but not limited to the Companies Acts, the UK Listing Authority's Listing Rules, the Code and the EU Market Abuse Regulation) to enable the Board and the Company to operate effectively and

efficiently;

- 10.2.2. Monitor the Company's compliance with internal corporate governance policies and practices and recommend to the Board such changes or additional action as the Committee deems necessary;
- 10.2.3. Receive and consider reports on views expressed by shareholders, shareholder representative bodies and other interested parties in relation to corporate governance;
- 10.2.4. Review the Corporate Governance Report to be contained in the annual report, focusing particularly on any areas in which the Company has departed from the provisions of the Code. The Committee shall make a recommendation to the Board as to the statement to be made by the Company regarding compliance with the Code, including any explanations of any areas of non-compliance.

10.3. The Committee shall also make recommendations to the Board concerning:

- 10.3.1. formulating plans for succession for both executive and non-executive directors, including the Chairman and the Chief Executive;
- 10.3.2. suitable candidates for the role of senior independent director;
- 10.3.3. membership of the Audit, Remuneration and Reputation & Responsibility Committees, in consultation with the chairmen of those committees and the full Board;
- 10.3.4. the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 10.3.5. the re-election by shareholders of any director 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 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);
- 10.3.6. 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
- 10.3.7. the appointment of any director to executive or other office.

## **11. Reporting Responsibilities**

- 11.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3. The Committee shall make a statement in the annual report 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 Company.

11.4. The report referred to in 11.3 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.

## **12. Other**

The Committee shall:

- 12.1. at least once a year, review its own performance, 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;
- 12.2. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 12.3. 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; and
- 12.4. 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.

## **13. Authority**

- 13.1. The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 13.2. The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.