

Card Factory plc
(the “Company”)

Terms of Reference: Nomination Committee

as adopted by the Board of Directors of the Company in January 2020

Reference to the “**Committee**” shall mean the Nomination Committee.

Reference to the “**Board**” shall mean the Board of Directors.

Reference to the “**Code**” shall mean the UK Corporate Governance Code (2018).

1 Membership

1.1 Members of the Committee shall be appointed by the Board and shall be made up of at least three directors. A majority of the members of the Committee shall be independent non-executive directors.

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Human Resources Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

1.3 Subject to the normal annual re-election of directors, appointments to the Committee shall be for an initial period of up to three years, which may be extended for further three-year periods provided the director continues to meet the criteria for membership of the Committee.

1.4 The Board shall appoint a Chairman of the Committee (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 from those who would qualify under these terms of reference to be appointed to that position by the Board. If the Chairman of the Board is appointed the Committee Chairman, he/she shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

1.5 The Board shall periodically review the membership of the Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals.

2 Secretary

The Company Secretary or their nominee shall act as the secretary of the Committee (the “**Committee Secretary**”) and shall attend all its meetings and shall prepare and circulate to members and all other non-executive directors (and invitees, as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues to be considered at the relevant meeting.

3 Quorum

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

3.2 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.

3.3 All reasonable efforts shall be made to give notice of meetings of the Committee to all members and invitees and to arrange such meetings so that all members and invitees are able to attend.

4 Frequency of Meetings

The Committee shall meet as frequently as the Committee Chairman shall require and also at regular intervals to deal with routine matters and, in any event, not less than once in each financial year. Any member of the Committee may request a meeting if he/she considers that one is necessary or expedient.

5 Notice of Meetings

5.1 Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chairman.

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, any other person required to attend and all other non-executive directors, 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 Committee Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. The Committee Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.

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 it would be inappropriate to do so, in the opinion of the Committee Chairman.

7 Annual General Meeting

The Committee Chairman shall attend the Company's annual general meeting to respond to any shareholder questions on the Committee's activities.

8 Duties

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

The Committee shall:

8.1 annually review the structure, size and composition of the Board (including the skills, knowledge, independence, experience and diversity) and its committees, taking into account the Company's strategic priorities and make recommendations to the Board with regard to any changes;

8.2 in the course of its work, give full consideration to succession planning for directors and senior management. Any appointments will be based on merit and objective criteria and taking into account the challenges and opportunities facing the Company, the skills,

experience, independence, knowledge and diversity needed on the Board in the future, the length of service of the Board as a whole and the need for its membership to be regularly refreshed;

- 8.3** be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.4** oversee the development of a diverse pipeline for succession, having regard to diversity of gender, social and ethnic backgrounds and cognitive and personal strengths;
- 8.5** in nominating directors, give due regard to the contents of the Code and associated guidance, to the extent appropriate and applicable;
- 8.6** before any appointment is made by the Board, evaluate the balance of skills, knowledge, independence, experience and diversity on the Board and the future challenges facing the Company 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:
 - 8.6.1** use open advertising or the services of external advisers to facilitate the search;
 - 8.6.2** consider candidates on merit, against objective criteria and with due regard for promoting the benefits of diversity on the Board taking care that appointees have sufficient time available to devote to the position (by considering their existing commitments);
- 8.7** take an active role in setting and meeting diversity objectives and strategies for the Company as a whole, and in monitoring the impact of diversity initiatives;
- 8.8** prior to the appointment of a Chairman, 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;
- 8.9** prior to the appointment of a director, ensure the proposed appointee is 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;
- 8.10** 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;
- 8.11** keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 8.12** 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;
- 8.13** work and liaise as necessary with all other Board committees;
- 8.14** 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;
- 8.15** review the results of the Board performance evaluation process that relate to the composition of the Board;

8.16 supervise the policy of the Board with respect to the selection criteria and appointment procedures for senior management; and

8.17 consider any matter specifically referred to the Committee by the Board.

The Committee shall also make recommendations to the Board concerning:

8.18 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive Officer (subject to 8.22);

8.19 suitable candidates for the role of senior independent director;

8.20 membership of the audit, remuneration committees and any other Board committees as appropriate, in consultation with the chairmen of those committees;

8.21 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 and to the Company's long-term sustainable success. Any such re-appointment must consider, the skills and experience required and the length of service of the Board as a whole.

8.22 the annual re-election of directors by:

8.22.1 shareholders in accordance with Provision 18 of the Code; or

8.22.2 the retirement by rotation provisions in the articles of association,

in each case having regard to their performance and ability to continue to contribute to the Board and the Company's long-term sustainable success, in the light of the knowledge, skills and experience required and the length of service of the Board as a whole and the merits of its membership being regularly refreshed;

8.23 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

8.24 the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive Officer, the recommendations for which should be considered at a meeting of the full Board.

9 Reporting Responsibilities

9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

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.

9.3 The Committee shall produce a report to be included in the Company's annual report about its activities, including:

9.3.1 the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline;

9.3.2 the identity of any external search consultancy engaged; and

9.3.3 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 its influence (if any) on Board composition.

9.4 The report referred to in 9.3 above should include a statement of the Board's policy on diversity, gender, inclusion, its objectives and linkage to the Company's purpose, culture, values and strategy. The report shall explain how the policy has been implemented and update on the progress on achieving the objectives and, in addition, will report upon the gender balance of those in senior management and their direct reports.

9.5 The Committee shall ensure, through the chair of the Board, that the Company maintains contact and the Committee Chairman seeks engagement, as required, with the Company's major shareholders on significant matters related to the Committee's areas of responsibility.

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 Secretary 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 laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules 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; and

10.5 make publicly available its terms of reference explaining clearly its role and the authority delegated to it by the Board.

11 Authority

The Committee is authorised by the Board:

11.1 to investigate any activity within its terms of reference;

11.2 to seek any information it requires from any employee or director of the Company, or any consultant or other provider of services to the Company, in order to perform its duties;

11.3 to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference and, within any budgetary constraints imposed by the Board, to appoint remuneration consultants, and to commission or purchase any relevant reports, surveys or information which it deems necessary to help it fulfil its duties; and

11.4 to call any employee to be questioned at a meeting of the Committee as and when required.

Although the Committee can seek the advice and assistance of the executive management, it must ensure that their role in this respect is clearly separated for their role within the business.

