



Nomination Committee

Terms of Reference

Status

- 1.1 The Nomination Committee is a sub-committee of the Board of the Company to which the Board has delegated consideration of the matters set out in 3 below.

Purpose

- 2.1 The purpose of the Committee is to actively keep under review the leadership needs of the Company and to oversee Board appointments in a way which ensures the Company's ongoing ability to compete effectively and comply with its regulatory obligations.

Definition

“Board”	means the board of directors of the Company;
“Committee”	means the Nomination Committee established in accordance with these terms of reference;
“Company”	means The London Metal Exchange;
“LME Group”:	means the Company and LME Clear Limited; and
“MIFI Regulations”	means the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 (SI 2017/701) ¹ .

Responsibilities

- 3.1 Subject to the requirements of the Articles of Association of the Company, the Committee shall:

Review and Evaluation

- 3.2 At least annually, assess the structure, size, composition (including but not limited to individual and collective skills, knowledge and experience) and performance of the Board, particularly taking into account the need to ensure that the decision making of the Board is not dominated by one individual or small group of individuals, in a manner that is detrimental to the Company's interests as a whole. Make any appropriate report or recommendations to the Board, including in relation to changes to the composition of the Board, in light of such review;
- 3.3 At least annually, review the time required from directors for effective fulfilment of their roles. Performance evaluation may be used to assess whether the directors are spending sufficient time in fulfilling their duties; and

¹ <http://www.legislation.gov.uk/ukSI/2017/701/regulation/44/made>



- 3.4 At least annually, review the Company's Recruitment and Diversity Policy and make recommendations to the Board.
- 3.5 In performing its obligations under 3.1 – 3.3 above, the Committee may draw on external advisors as appropriate. Where a review is conducted by external advisers, the external advisers shall report to the Committee on their findings and recommendations.

Recruitment

Subject to the requirements of the Articles of Association of the Company, the Committee shall:

- 3.6 Identify and recommend to the LME, for the approval of the Board, candidates to fill vacancies for the position of Independent Director under Clause 33.1(b) of the Articles of Association of the Company as and when they arise; and
- 3.7 Identify and recommend to the LME, for appointment by the holders of the majority of the shares, candidates to fill vacancies for the position of Chief Executive under Clause 33.1(a) and/or Additional Director under Clause 33.1(c) of the Articles of Association of the Company as and when they arise.
- 3.8 For all relevant appointments, the Committee shall prepare a job specification, including the roles, capabilities and time commitment expected. A proposed candidate's other significant commitments should be disclosed to the Board before appointment and any changes to the candidate's commitments should be reported to the board as they arise.
- 3.9 The Committee shall ensure that, on appointment to the Board, directors receive a formal letter of appointment and appropriate supporting documentation setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
- 3.10 In respect of any and all of its responsibilities with regard to recruitment, the Committee shall (a) evaluate the balance of knowledge, skills, diversity and experience of the Board, (b) decide on a target for the representation of the underrepresented gender on the Board and ensure this is covered by the LME's Recruitment and Diversity Policy, (c) engage a broad set of qualities and competencies, and (d) otherwise operate in accordance with relevant parts of the LME Recruitment and Diversity Policy.
- 3.11 In identifying and recommending members of the Board in accordance with paragraphs 3.5 and 3.6 above, the Committee shall ensure that members of the Board must not in total hold positions exceeding more than one of the following combinations: (a) one executive directorship with two non-executive directorships (or where so authorised by the FCA under regulation 44(1) of the MiFI Regulations, three non-executive directorships); or four non-executive directorships (or where so authorised by the FCA under regulation 44(1) of the MiFI Regulations, five non-executive directorships).
- 3.12 The Committee shall periodically review the policy of the Executive Committee of the LME for the selection and appointment of senior management and make recommendations accordingly.

Other

- 3.13 The Committee shall make recommendations to the Board concerning:



- (i) plans for succession of Board members, taking into account the challenges and opportunities facing the Company, and the skills and expertise that may be needed on the Board in the future;
 - (ii) changes to any director of the Company having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, balance of skills, diversity and experience required; and
 - (iii) the appointment of any director to executive or other office; and
 - (iv) the commencement, nature and duration of any independent review of the Board's performance which may take place from time-to-time.
- 3.14 The Committee shall keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
- 3.15 The Committee shall periodically 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.

Composition

- 4.1 The Board shall appoint the members of the Committee in accordance with this section.
- 4.2 The Committee shall have up to five members (excluding the secretary), each of whom must not perform an executive function within the Company.
- 4.3 The Board should appoint the chairman of the Committee from one of the Independent Directors. The chairman shall not chair the Committee when it is dealing with the matter of his/her own succession. In the absence of the committee chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 4.4 Members of the Committee shall usually be appointed initially for three years, and shall be eligible for reappointment. Members of the Committee may be appointed for a period shorter than three years, or for a specific assignment, where appropriate, and subject to the provisions of these terms of reference. If a member of the Committee ceases to be a director of the Company, their membership of the Committee shall automatically cease.
- 4.5 The Company Secretary or his nominee shall be the Secretary of the Committee.

Frequency of Meetings

- 5.1 The Committee shall meet at least once per year and more frequently when appropriate.
- 5.2 Committee meeting dates shall be agreed in advance affording adequate notice for maximum participation. Papers prepared for the Committee may be sent (by post, fax, email or other



medium) between meeting dates and decisions or recommendations solicited and received between meetings, where necessary, to avoid delays in the decision-making processes.

- 5.3 Minutes will be taken for all meetings and, when the Committee chairman deems appropriate, tabled at Board meetings.

Quorum

- 6.1 Three members shall constitute a quorum. The quorum shall include an Independent Director.
- 6.2 In the event that a vote is required, decisions shall be determined by simple majority and, in the event of a tie, the chairman of the Committee shall have the casting vote.

Reporting Responsibilities

- 7.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its purpose and responsibilities.
- 7.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

Authority

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

Confidentiality and Conflicts of interest

- 9.1 Committee members must ensure that, unless outside consultation is agreed, they maintain confidentiality with regard to all matters discussed and all materials and data made available to them in respect of their Committee-related activities.
- 9.2 Further, Committee members must not abuse their Committee status and must set aside any potential conflict of interest in their decision-making processes. Where Committee members find themselves in a position of conflict of interest in relation to any matter to be discussed at a Committee meeting, they should consider whether it is appropriate for them to absent themselves from the part of the meeting at which that matter is discussed. Furthermore, where the chairman feels that there will be a conflict of interest in respect of any matter to be discussed at a meeting and it is appropriate for a Committee member to leave all or part of a meeting, the chairman is empowered to ask the member to leave the meeting. No reason need be given.



- 9.3 The chairman is empowered to ask any Committee member to resign from the Committee if it feels their continued involvement is no longer appropriate. No reason need be given.

