

## MICRO FOCUS INTERNATIONAL PLC

### TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

References to "the Committee" shall mean the Nomination Committee.

References to "the Board" shall mean the Board of Directors.

References to "the Company" shall mean Micro Focus International plc.

References to "Executive Management Team" shall mean each member of the executive management team and the company secretary, present or prospective.

#### **1 Membership**

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

1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further periods of up to three years provided that the majority of the Committee members remain independent.

1.4 The Board shall appoint the Committee Chair who will normally be the Chair of the Board. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number, who shall be an independent non-executive director, to chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with the appointment of their successor. Appointment as the Committee Chair shall be for a period of up to three years, which may be extended for two further periods of up to three years.

#### **2 Secretary**

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

#### **3 Quorum**

3.1 The quorum necessary for the transaction of business shall be two both 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.

3.2 Members of the Committee may attend in person or participate by other means which allows those participating to hear and speak to each other, including teleconference or video conference and quorum in that event shall be any two Committee members so linked.

#### **4 Frequency of Meetings**

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

## 5 Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any member of the Committee.
- 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 or requested to attend and all other non-executive directors, no later than 5 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 (or other nominated person) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 The Secretary (or other nominated person) shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chair of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists or, exceptionally, in the opinion of the Chair of the Committee it would be inappropriate to do so.

## 7 Engagement with Shareholders

The Chair of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities and achievements. In addition, the Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## 8 Duties

- 8.1 The Committee shall:
  - 8.1.1 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;
  - 8.1.2 give full consideration to succession planning for directors and the Executive Management Team in the course of its work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future;
  - 8.1.3 ensure plans are in place for orderly succession and oversee the development of a diverse pipeline for succession;
  - 8.1.4 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;

- 8.1.5 before making an appointment, 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:
    - (i) use open advertising or the services of external advisers to facilitate the search, or, if neither are used in the appointment of a Chair or a non-executive director, explain the reasons for this;
    - (ii) consider candidates from a wide range of backgrounds; and
    - (iii) 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;
  - 8.1.6 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;
  - 8.1.7 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - 8.1.8 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;
  - 8.1.9 prior to the appointment of a director, the proposed appointee should be required to disclose (i) 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 interests and (ii) any significant commitments with an indication of the time involved;
  - 8.1.10 keep under review any authorisations granted by the Board in connection with a director's conflict of interest;
  - 8.1.11 keep under review the Company's "External Board Appointment Policy for Micro Focus Directors";
  - 8.1.12 review the result of the Board's performance evaluation process that relates to the composition of the Board; and
  - 8.1.13 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 and that all directors receive suitable induction materials and/or training to assist them in fulfilling their duties, obligations and responsibilities as directors of the Company.
- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 plans for succession for both executive and non-executive directors and in particular for the key roles of Chair of the Board and Chief Executive;
  - 8.2.2 suitable candidates as new directors and succession for existing directors;

- 8.2.3 membership of the Audit and Remuneration Committees (and any other committees of the Board, as appropriate), in consultation with the Chairs of those committees;
- 8.2.4 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;
- 8.2.5 the re-election by shareholders of any director under the annual re-election provisions of 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;
- 8.2.6 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
- 8.2.7 the appointment of any director to executive or other office (including as Chair of the Audit or Remuneration Committees), other than to the positions of Chair of the Board and Chief Executive, the recommendation for which would be considered at a meeting of the full board.

## **9 Reporting Responsibilities**

- 9.1 The Committee Chair shall report formally 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 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.
- 9.4 The report referred to in paragraph 9.3 above should include a statement on the Board's policy on diversity, including gender, any reasonable objectives that it has set for implementing the policy, how the policy has been implemented and the progress on achieving those objectives.
- 9.5 The Committee shall make these terms of reference available on the Company's website.

## **10 Other**

10.1 The Committee shall:

- 10.1.1 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;
- 10.1.2 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
- 10.1.3 be provided with appropriate and timely training, both in the form of an induction programme for new members and on-going basis for all members; and
- 10.1.4 work and liaise as necessary with all other Board committees.

## **11 Authority**

- 11.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 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.