

PEPCO GROUP N.V.

Terms of Reference of the Nomination Committee

The Nomination Committee (the **Committee**) consists of non-executive directors. The Committee will meet as required to fulfil its duties of reviewing the board of directors' structure and composition and identifying and nominating candidates to fill board of directors vacancies as they arise, but at least two times a year. The Committee will develop written specifications for each appointment and external consultants will be used, as necessary, to assist in identifying suitable candidates. The chair is responsible for providing a shortlist of candidates for consideration by the board of directors. The final candidate is then subject to formal nomination by the Committee and approval by the board of directors.

1.	Constitution
	The Committee assists the Board of Directors with the selection and appointment of the Directors. The duties of the Nomination Committee include preparing the selection criteria and appointment procedures for the Board of Directors and proposing the profile for the Non-executive Directors. The Nomination Committee also periodically assesses the scope and composition of the board of directors and the functioning of the individual directors, proposes appointments and reappointments and carries out the selection process.
2.	Membership
2.1	Only members of the Committee have the right to attend committee meetings and other individuals may be invited to attend for all or part of any meetings as and when appropriate and necessary.
2.2	The Committee chair should be either the chair of the board of directors or an independent non-executive director, or in the absence of the committee chair, whoever is appointed by the Committee to that position for the meeting. The chair of the board of directors shall not chair the Committee when it is dealing with the matter of succession to the chairship.
2.3	The company secretary or his or her nominee shall act as the secretary of the Committee.
2.4	The quorum for meetings is a majority of the members present. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee
3.	Frequency of meetings
3.1	The Committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
3.2	Meetings may be conducted by telephone or video conference and decisions made by such means shall be appropriately recorded and shall have the same effect as those conducted in person.
3.3	Resolutions of the Committee may also be adopted outside of a meeting in writing, provided that all members in office (in respect of whom no conflict of interest exists) have consented in writing to this manner of decision-making.
4.	Notice of Meetings
4.1	Meetings of the Committee shall be convened by the secretary of the Committee at the request of any of its members if considered necessary.
4.2	Unless otherwise agreed by the Committee, 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 no later than five days before the date of the meeting. Supporting papers shall be sent to committee members at the same time.
5.	Minutes
5.1	The secretary to the Committee shall minute the proceedings and decision of all meetings of the Committee, including recording the names of those present and in attendance.

	5.2	The secretary will ascertain, at the beginning of each meeting, the existence of any conflicts of interest not previously noted and minute them accordingly.
	5.3	Draft minutes of Committee meetings shall be agreed with the Committee chair and then circulated promptly to all members of the Committee.
6.	Duties	
		The Committee's primary duties are to review the board of directors structure and composition and identifying and nominating candidates to fill board of directors vacancies as they arise. In discharging these functions the Committee will;
	6.1	review and make recommendations to the board of directors on the structure, size and composition of the board of directors and make recommendations to the board of directors with regard to any changes
	6.2	manage succession planning for directors and provide oversight for other senior executives ¹ taking into account the challenges and opportunities facing the company and the skills and expertise needed in the future;
	6.3	identifying and nominating for board of directors' approval, candidates to fill board of directors vacancies or new positions as and when they arise
	6.4	evaluating the balance of skills, experience, knowledge, independence and diversity of the board of directors and its Committees
	6.5	keep under review the organisations' leadership needs, both executive and non-executive, with a view to ensuring its' continued ability to compete effectively in the marketplace
	6.6	keep up to date and fully informed about strategic issues and commercial challenges / changes affecting the company and the markets in which it operates
	6.7	consider candidates from various sources, a wide range of backgrounds giving due regard to benefits of diversity on the board of directors including gender and taking care that appointees have enough time to devote to the position;
	6.8	for the chair, other significant commitments should be disclosed prior to appointment and to the board of directors as they arise and their impact explained in the next annual report;
	6.9	ensure that non-executive directors receive formal letters of appointment that provide clear parameters of expectation in time commitment, committee service and other involvement;
	6.10	review the results of the board of directors' evaluation process that relate to the composition of the board of directors;
	6.11	make recommendations to the board of directors on: the re-appointment of any non-executive director at the conclusion of their specified term of office;
	6.12	consider any matters relating to the continuation in office of any director at any time; and the appointment of any director to executive or other office other than the positions of chair and chief executive, the recommendation for which would be considered at a meeting of the board of directors.
7.	Reporting	
	7.1	the Committee chair shall report to the board of directors on its proceedings after each meeting on all matters within its duties and responsibilities;
	7.2	the Committee shall make whatever recommendations to the board of directors it deems appropriate on any area within its remit where action or improvement is needed;
	7.3	the Committee shall make a statement in the annual report detailing its terms of reference, the authority delegated to it by the board of directors, its activities during the year (including membership of the committee) and/or external advisers used in any recruitment during the year and, if so, whether it has any connection with the group. The report should include the company's policy on diversity including gender together with a quantitative illustration of the gender balance of senior management and a description of the annual board of directors and Committee evaluation process;
	7.4	the Committee chair (or in their absence another nominee of the Committee) should attend the annual general meeting to answer any shareholder questions on the committee's activities.
8.	Authority	

	8.1	to investigate any activity or state of affairs within its terms of reference and to obtain any information it requires from any employees or officers
	8.2	to obtain, at the company's expense, expert advice from the company's auditors, professional advisors or otherwise, and to take independent professional advice and to require the attendance of outsiders with relevant experience and expertise if it considers necessary
9.	Other matters	
	The Committee shall:	
	9.1	have access to sufficient resources in order to carry out its duties, including access to the company secretariat as required;
	9.2	give due consideration to laws and regulations, the provisions of the Polish Corporate Governance Code and the requirements of other applicable rules as appropriate;
	9.3	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 of directors for approval.

24 May 2021

1. The term Senior Executives is used to describe those managers below the Board of directors in key leadership positions within the Group. This group will be reviewed periodically but is considered, at 24 May 2021, Andy Bond, Nick Wharton, Sean Cardinaal and Trevor Masters.