

# Report of the Nomination Committee



“The committee understands the importance of its role in ensuring the Board contains the right mix of skills and experience to support the business strategy.”

## Dear Shareholder,

I am pleased to present the Nomination Committee report for the year ended 31 March 2021. The composition of the Nomination Committee meets with the requirements of the AIC Code and, in line with good practice, membership is reviewed annually.

The committee’s work for 2022 will be focussed on composition of the Board and membership of its committees, succession planning, talent and diversity.

## Purpose and Aim

The terms of reference of the Nomination Committee, which are reviewed annually, are set out on the Company’s website ([www.hipgnosissongs.com](http://www.hipgnosissongs.com)). The principal responsibility of the Nomination Committee is to ensure that, collectively and at any given time, the members of the Board possess the necessary balance of knowledge, skills and experience to support and develop the strategy of the Company. In seeking to achieve this, the Nomination Committee recommends new Board appointments as and when considered appropriate and ensures that appropriate succession planning procedures are in place. In accordance with our Terms of Reference, I, as the Chair of the Nomination Committee, report our conclusions to the Board and it is the Board as a whole which is responsible for making new appointments upon our recommendation. The committee keeps under review and evaluates the composition of the Board and its committees to maintain the appropriate balance of skills, knowledge, experience and independence to ensure their continued effectiveness. Appropriate succession plans are also kept under review.

## Membership and Meetings

During the year the Nomination Committee met on four occasions, on 16 June 2020, 13 October 2020, 27 October 2020 and 15 December 2020. Attendance is disclosed on page 84. The committee also provides a formal update on their work to the Board at each scheduled quarterly board meeting. A quorum is two members. Members of the committee are not involved in matters affecting their own position. As at 31 March 2021, given the current size of the Board the composition of the committee is all Directors.

**Mr Paul Burger** (Chair of the committee)  
**Ms Sylvia Coleman**  
**Mr Simon Holden**  
**Mr Andrew Sutch**  
**Mr Andrew Wilkinson**

During the year, the Nomination Committee considered the Board’s composition, diversity and structure and engaged with the executive search firm Tyzack Associates resulting in the appointment of an additional Director, Vania Schlogel on 11 June 2021.

## Board Composition

The Nomination Committee gives full consideration to succession planning for Directors of the Company in the course of its work, considering the challenges and

opportunities facing the Company and determining what skills and expertise will thus be required on the Board in the future. In making recommendations for the annual re-election of the Chair and Non-executive Directors, the committee considers the skills, knowledge, experience, independence and also the time commitments of each Director to ensure that they have sufficient time to fulfil their responsibilities to the business.

Directors regularly meet with the senior management employed by the Investment Adviser both formally and informally to ensure that the Board remains regularly updated on all issues. New Directors receive an induction on joining the Board. The Board arranges for presentations from the Investment Adviser, the Company's brokers and other advisers on matters relevant to the Company's business. The Board assesses the training needs of Directors on an annual basis.

As part of corporate governance, the committee reviews its own performance annually and considers where improvements can be made. The committee's performance was reviewed in March 2021 as part of the Board and committee effectiveness as outlined on page 96.

### **Board Appointment Process**

In general terms, when considering candidates for appointment as Directors of the Company, the Nomination Committee drafts a detailed job specification and candidate profile. In drafting this, consideration is given to the existing experience, knowledge and background of Board members as well as the strategic and business objectives of the Company.

Once a detailed specification has been agreed with the Board, the committee would then work with an appropriate external search and selection agency to identify candidates of the appropriate calibre and with whom an initial candidate shortlist could be agreed. The consultants are required to work to a specification that includes the strong desirability of producing a full list of candidates who meet the essential criteria, whilst reflecting the benefits of diversity. The Board will only engage such consultants who are signed up to the voluntary code of conduct on gender diversity on corporate boards.

Shortlisted candidates would then be invited to interview with members of the committee and, if recommended by the committee, would be invited

to meet the entire Board before any decision is taken relating to the appointment. Appointments are therefore made on personal merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board whilst considering the existing balance of knowledge, experience and diversity. The Board also believes that diversity of experience and approach, including gender and racial diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

During the year, the committee dealt with the search for an additional Director. The Nomination Committee worked closely with Tyzack Associates to identify candidates with particular music-market related financial skills and knowledge of the streaming industry, while also seeking to increase Board diversity and considering the strategic objective of the Company to further expand in the USA. Tzyack Associates, who were appointed after a survey of potential outside advisors and after interviewing three search firms, worked earlier in the year with the Remuneration Committee on an independent Board remuneration review. They have no known relationships with the Directors. In advance of making their proposal, the Nomination Committee, presented the three most suitable candidates to the Chair of the Board for an interview. The Nomination Committee had confirmed to the Board that the proposed candidates were independent and had relevant experience. The Chair advised that following the interview process, each candidate had met with the Directors either in person or had spoken with them on the telephone. This process resulted in the appointment of Vania Schlogel to the Board on 11 June 2021. Vania brings a wealth of experience of asset management in the media, creative arts and entertainment sectors and a deep understanding of streaming technology platforms and content licensing.

### **Diversity**

The Board acknowledges the importance of diversity in its broadest sense in the boardroom as a driver of board effectiveness. This encompasses diversity of perspective, experience, background, directorship style and personality traits. The Board will keep under review and evaluate its balance and composition to ensure that both it and

its committees have the appropriate mix of skills, experience, independence and knowledge to ensure their continued effectiveness. In doing so, the Board considers diversity, including diversity of age, gender and cultural background, amongst other relevant factors. The Board recognises the progress being made to improve the governance of listed companies by increasing both gender and racial diversity amongst the Directors who serve these businesses. The Board supports the Hampton-Alexander recommendations and Parker Review recommendations. Female representation on the Board is currently at 33% following Vania Schlogel's appointment.

Our objective of driving the benefits of a diverse Board is underpinned by our Board Diversity Policy which was implemented during the year and which can be viewed on the Company's website ([www.hipgnosissongs.com](http://www.hipgnosissongs.com)). The Board keeps the Diversity Policy under review to ensure that it remains an effective driver of diversity having due regard to gender, ethnicity, social background, skillset and breadth of experience.

## **2022 Objectives**

It is the Nomination Committee's intention to continue to oversee the composition and structure of the Board, ensuring that the Company is at all times structured to successfully deliver its strategy and to compete effectively in the marketplaces within which it operates.

The proposed activities for the committee for the year ahead are to:

- review the Terms of Reference of the committee to ensure they reflect best practice under the Code;
- continue to monitor and assess the Board's composition and diversity;
- review the membership and composition of committees of the Board; and
- review longer-term strategy for the succession of Board members.

On behalf of the Nomination Committee,

### **Paul Burger**

Chair of the Nomination Committee

4 July 2021