

# Report of the Nomination Committee



**Paul Burger, Chair of the 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 2022. The composition of the Nomination Committee meets with the requirements of the AIC Code and, in line with good practice, membership is reviewed annually.

During the year, we recommended the appointment of an additional Director to the Board. Following executive search by Tyzack Associates, Vania Schlogel was appointed to the Board on 11 June 2021.

Our work for 2023 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 (<https://www.hipgnosissongs.com/governance/>). Our principal responsibility 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, we recommend new Board appointments as and when considered appropriate and ensure 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. We review the composition of the Board and its Committees and evaluate if the Board has 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 we met on one occasion, on 8 December 2021. Attendance is disclosed on page 88. We also provided a formal update on our 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 2022, 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**  
**Ms Vania Schlogel** (appointed 19 October 2021)  
**Mr Andrew Sutch**  
**Mr Andrew Wilkinson**

During the year we reviewed the results of the annual internal Board performance evaluation which was conducted during September 2021, and discussed where improvements could be made.

We also engaged Tyzack Associates to conduct an external Board evaluation which involved individual interviews with each Director and attendance at a Board meeting to make observations.

Further details of both the internal and external Board evaluation are outlined on page 90.

## Board Composition

We give full consideration to succession planning for Directors of the Company in the course of our 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, we consider 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 received an induction on joining the Board. During the year the Board arranged for presentations from the Investment Adviser, the Company's brokers and other advisers on matters relevant to the Company's business, and assessed the training needs of Directors.

As part of corporate governance, we review our own performance annually and consider where improvements can be made. Our performance was reviewed as part of the annual internal Board performance evaluation which was conducted during September 2021 as outlined on page 90.

## Board Appointment Process

In general terms, when considering candidates for appointment as Directors of the Company, we draft a detailed job specification and candidate profile, and will give consideration 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, we 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 us, 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.

## 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 and is compliant with the Hampton-Alexander and Parker Review recommendations with 33.33% female representation and one member from an ethnic minority background.

Our objective of driving the benefits of a diverse Board is underpinned by our Board Diversity Policy which can be viewed on the Company's website <https://www.hipgnosisongs.com/company-policies/>. 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.

## 2023 Objectives

It is our 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.

Our proposed activities 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 particularly with regard to the FCA's changes to the Listing Rules and the Disclosure Guidance and Transparency Rules announced in April 2022, as given the size of the Board this will present a challenge to us;
- review the membership and composition of Committees of the Board; and
- continue to review longer term strategy for the succession of Board members.

On behalf of the Nomination Committee,

### **Paul Burger**

Chair of the Nomination Committee

13 July 2022