

Approved by the Board on

25 February 2022



CAIRN HOMES PLC

NOMINATION COMMITTEE

TERMS OF REFERENCE

1. CONSTITUTION

1.1 The committee is established as a committee of the board and will act in a way which the committee considers to be most likely to promote the success of the Company.

2. MEMBERSHIP

2.1 The committee shall comprise at least three directors. A majority of the members of the committee shall be independent non-executive directors.

2.2 Only members of the committee have the right to attend the committee meetings. However, other individuals such as the CEO, the Human Resources Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.

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2.4 The chair of the board shall not chair the committee when it is considering their succession or in any other circumstance where there is a conflict of interest.

3. SECRETARY

3.1 The Company Secretary or his or her nominee shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues. The secretary shall ascertain at the beginning of each meeting of the committee, the existence of any conflicts and minute them accordingly.

4. QUORUM

4.1 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.

5. MEETINGS

5.1 The committee shall meet at least two times a year and at such other times as the chair of the committee shall require. Members may participate by means of telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other.

6. NOTICE OF MEETINGS

6.1 Meetings of the committee shall be convened by the secretary of the committee at the request of the chair of the committee or any of its members. Unless otherwise agreed with the chair of the committee, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the committee, (and where appropriate, to any other person required to attend), no later than five working days before the date of the meeting.

7. MINUTES OF MEETINGS

7.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.

7.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee, and once approved, minutes should be circulated to all other members of the board unless it would be inappropriate to do so.

8. ENGAGEMENT WITH SHAREHOLDERS

8.1 The chair of the committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the committee's activities.

9. DUTIES

The committee shall generally be responsible for leading the process for board appointments, ensuring plans are in place for orderly succession to both board and senior management positions and for overseeing the development of a diverse pipeline for succession. In particular the committee shall:

9.1 be responsible for board recruitment in accordance with these terms of reference and conduct a continuous and proactive process of planning and assessment, taking into account the Company's strategic priorities, main trends and factors affecting the long-term success and future viability of the Company;

9.2 evaluate the structure, size and composition of the board including the balance of skills (including softer skills such as courage, openness, tact, strength of character), knowledge, experience, independence and diversity (including of gender, social and ethnic backgrounds and cognitive and personal strengths), as well as future challenges affecting the business, and in light of this evaluation, identify the gaps that need to be filled and make recommendations to the board with regard to any changes;

9.3 oversee the utilisation of a skills matrix for continuous evaluation of the board's composition;

9.4 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;

9.5 be responsible for identifying and nominating, for the approval of the board, candidates for board appointments;

9.6 prepare a description of the role and capabilities required for any new appointments to the board including the time commitment expected, and in the case of the appointment of a new chair, the need to be available in the event of a crisis or significant event;

9.7 in identifying suitable candidates, (i) where possible, use open advertising or the services of external advisers to facilitate the search; (ii) consider candidates from a wide range of backgrounds; (iii) take due account of the matters referred to in paragraph 9.2 above; and (iii) always consider candidates on merit and against objective criteria with due regard for the benefits of diversity on the board;

9.8 ensure that the any brief prepared for the external agency is clear and unambiguous;

9.9 agree the process to be undertaken to identify and interview suitable candidates;

9.10 ensure that all existing Directors have the opportunity to meet any individual recommended for appointment to the board;

9.11 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 any additional commitment that may be required in a period of particularly increased activity;

9.12 annually review any conflicts of interest disclosed by Directors and the terms and conditions, if any, on which such conflicts of interest were authorised by the board, together with any new conflicts of interest which may have arisen;

9.13 oversee the process, and review the results, of the evaluation of the board and its committees so as to inform and influence succession planning, review skills, assess the composition of the board and its committees and agree plans for filling skills gaps, increase diversity and improve effectiveness;

9.14 annually review the time required from, and the independence of, Non-Executive Directors and, where necessary, use the evaluation process to assess whether the Non-Executive Directors are spending sufficient time to fulfil their duties and identify any matters that may affect their independence;

9.15 take an active interest in how talent is managed throughout the organisation; and

9.16 monitor and challenge the diversity objectives and strategies for the Company as a whole and of the impact of any diversity initiatives undertaken.

9.17 Work and liaise as necessary with other board committees, ensuring the interaction between committees and with the board is reviewed regularly.

The committee (after taking informal soundings from all board members, where it is appropriate to do so) shall also make recommendations to the board concerning:

9.18 succession plans for Executive and Non-Executive Directors, in particular for the key roles of chair and Chief Executive, and senior management taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the board in the future and the progressive refreshing of the board;

9.19 membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairs of those committees;

9.20 Suitable candidates as new directors and succession for existing directors.

9.21 suitable candidates for the role of senior independent director;

9.22 membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chairs of those committees;

9.23 re-appointment of any Non-Executive Director at the conclusion of their specified term of office, or if need be earlier, having given due regard to their performance and ability to continue to contribute to the board based on the knowledge, skills, experience and diversity required and the need for progressive refreshing of the board;

9.24 the re-election by shareholders of Directors under the annual re-election provisions of the Code, having due regard to their performance and ability, and why their contribution is important to the Company's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of service of individual Directors, the Chair and the Board as a whole.

9.25 retention of the chair or any other Non-Executive Director for a term beyond nine-years and justification for their continued independence;

9.26 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

9.27 the appointment of any director to executive or other office.

10. REPORTING RESPONSIBILITIES

The committee shall:

10.1 report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities;

10.2 make whatever recommendations to the board (having provided informal updates to the non-members, where it is appropriate to do so, via the chair) it deems appropriate on any area within its remit where action or improvement is required and adequate time should be made available for Board discussion when necessary;

10.3 produce a report to be included in the Company's annual report about its activities, including, but not limited to:

- i) the process used in relation to any appointments, its approach to succession planning and how both support developing a diverse pipeline;
- ii) how the board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition;
- iii) the board's policy on diversity and inclusion, its objectives and linkage to strategy, how it has been implemented and progress on achieving the objectives; and
- iv) the gender balance of those in senior management and their direct reports.

10.4 If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

11. OTHER MATTERS

The Committee will have regard to all applicable laws and regulations including, the provisions of the Companies Act 2014, the Code, the Irish Corporate Governance Annex, the requirements of the relevant Listing Rules, Prospectus, Market Abuse and Transparency Rules and any other applicable rules as appropriate.

12. AUTHORITY

12.1 The committee is authorised by the board to obtain, at the Company's expense, independent legal or other professional advice on any matters to help it discharge its duties.