



## KPMG HOLDING LLP

### Nominations Committee – Terms of Reference

*These Terms of Reference of a committee of the Board are those referred to in the Limited Liability Partnership Agreement of KPMG Holding LLP (“the LLPA”). In these Terms of Reference, capitalised words and expressions shall, unless the context otherwise requires, have the meanings assigned to them in the LLPA, the Operating Provisions and the Terms of Reference of the Board.*

*In these Terms of Reference, the “Group” shall have the same meaning assigned to it as outlined in the LLPA as follows: “Group” means Holding LLP and its subsidiaries from time to time.*

#### 1. Purpose

The purpose of the Nominations Committee (“**the Committee**”) is to assist the Board in:

- Ensuring that the Board’s size and composition are appropriate to support effective oversight of the strategic objectives and stewardship of the values of the Firm;
- Ensuring that the Board, its committees, together with the Executive Committee and its subgroups are diverse and generally representative of the Group’s geographies and capabilities.
- Fulfilling its oversight responsibilities with respect to the appointment and performance of the Executive Leadership of the Firm, in particular members of the Executive Committee;
- Overseeing and supporting the processes for appointment of the Board Chair, Board Members, the CEO and Executive Committee members, so as to ensure high quality candidates are appointed to any such position.

#### 2. Authority

- 2.1 The Nominations Committee is a committee of the Board from which it derives its authority and to which it reports.
- 2.2 The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference.
- 2.3 In addition, the Committee performs its direct duties under the LLPA.

#### 3. Constitution

##### 3.1 Chairperson

- 3.1.1 The Committee shall be chaired by the Board Chair (save with respect to matters concerning the election and appointment of the Board Chair, which shall be chaired by another Non-Executive Member).
- 3.1.2 In the absence of the Chair, the other Non-Executive Members shall elect one of themselves to chair the meeting.

3.1.3 In the event that the person chairing the Committee (**“the Committee Chair”**) declares a conflict of interest, or the Committee decides that such individual has a conflict of interest, then the Committee shall appoint an alternative member of the Committee to chair the relevant meeting or the relevant part of the meeting.

## **3.2 Membership**

3.2.1 In addition to the Board Chair the members of the Committee comprise two other Non-Executive Members of the Board provided that the Committee includes at least one Swiss Non-Executive Member of the Board.

3.2.2 Members of the Committee shall be appointed by the Board on the recommendation of the Board Chair in consultation with the Senior Elected Member.

3.2.3 Members can be co-opted onto the Committee for defined periods as the need arises to help fulfil the duties and obligations of the Committee. Depending on the specific nomination process and the reason for their being co-opted, such co-opted members may or may not be granted the right to vote on the Committee, as shall be deemed appropriate and specified in their respective appointments. These appointments shall be made by the Board on the recommendation of the Board Chair (or, where relevant with regard to matters related to the appointment of the Board Chair, on the recommendation of the Senior Elected Member).

3.2.4 Non-Executive Members shall comprise a majority of the Committee at all times.

3.2.5 Any or all members may be removed from the Committee at any time by the Board.

## **3.3 Duration of appointments**

3.3.1 Unless otherwise determined by the Board, the duration of appointments of members of the Committee shall be for a period of up to three years which may be extended by the Board for an additional period of two years.

## **3.4 Secretariat**

3.4.1 The Head of Governance (or, with the concurrence of the Committee Chair, their nominee) shall act as Committee Secretary to the Committee and attend all meetings.

3.4.2 The Committee Secretary shall record the proceedings and decisions of the Committee meetings and the minutes shall be circulated to all members and attendees, as appropriate, taking into account any conflicts of interest that may exist.

# **4. Proceedings of Meetings**

## **4.1 Frequency of Meetings**

4.1.1 The Committee shall meet at least twice a year and otherwise as required.

## **4.2 Notice of Meetings**

4.2.1 Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chair.

4.2.2 The Committee meeting agenda and papers in relation to the meeting shall, ideally, be circulated to all members at least five working days prior to the meeting.

## **4.3 Quorum**

- 4.3.1 Any two members of the Committee may form a quorum, provided at least one Swiss Non-Executive Member is in attendance for Group level or Swiss appointments. The Senior Elected Member must be in attendance for any discussions relating to the appointment of the Board Chair.
- 4.3.2 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.
- 4.3.3 The members of the Committee may participate in a meeting of the Committee from separate locations by means of conference technology or other communication equipment which allows those participating to hear each other and be heard and shall be entitled to vote and/or be counted in the quorum accordingly.

#### **4.4 Attendees**

- 4.4.1 Only the members of the Committee have the right to attend Committee meetings.
- 4.4.2 The following will be expected to attend Committee meetings on a regular basis by invitation:
- a) General Counsel of the LLP
  - b) Head of Governance (or their delegate).
  - c) Senior Elected Member (if not a member)
- 4.4.3 The CEO shall attend at the invitation of the Committee Chair, in particular for consideration of appointments of Executive Members to the Board and members of Executive Leadership. In addition, if a different person, the CEO of a subsidiary of the Firm shall attend at the invitation of the Committee Chair for consideration of any appointments to the management committee of that subsidiary which are being reviewed by the Committee.
- 4.4.4 The Local Chair shall attend at the invitation of the Committee Chair, in particular for consideration of Elected Member appointments to that subsidiary Board.
- 4.4.5 An Independent Non-Executive shall be required to attend any meeting where matters referenced in paragraph 8.1.7 are being considered.
- 4.4.6 Any Partner, officer or employee of the Partnership may attend at the invitation of the Committee Chair and they may collectively or individually be requested to withdraw from meetings of the Committee if required to do so by the Committee Chair.

#### **5. Conflicts of Interest**

If a member of the Committee has a conflict of interest, they shall immediately disclose this to the Chair and where appropriate recuse themselves from any deliberations or votes of the Committee concerning the relevant subject-matter. In such circumstance (including as contemplated in paragraph 3.1.3), the Committee, without the presence and vote of such conflicted member, shall determine the appropriate measures to ensure the integrity of the decisions made at such meeting.

#### **6. Confidentiality**

The meetings of the Committee shall have confidential status. The Committee shall reach agreement at meetings concerning key points and communication arrangements.

#### **7. Resolutions**

- 7.1 The Committee shall reach decisions by a simple majority of those voting on the issue in question. If the numbers of votes for and against a certain proposal are equal, the Committee Chair shall have a casting vote (unless the issue to be voted on concerns the appointment of the Board Chair, and in which case the Senior Elective Member shall have a casting vote).
- 7.2 Any resolution evidenced in writing or by electronic or voice recognition means, by such member or members of the Committee as would have been necessary to pass such resolution had all members of the Committee been present at a meeting to consider such resolution, shall be valid and effective as if it had been passed at a meeting of the Committee duly convened and held, provided that notice and details of the proposed resolution have been given in advance to each member of the Committee.

## 8. Responsibilities

The Committee shall, on behalf of the Board or, where appropriate, in support of the Board in fulfilling its responsibilities:

### 8.1 Leadership and Management

- 8.1.1 Make recommendations to the Board with respect to the election processes, including candidacy criteria, for the appointments of the Board Chair, the CEO and the Non-Executive Members of the Board; and oversee, in coordination with the General Counsel of the LLP, the implementation of such Board approved processes;
- 8.1.2 Review and recommend for Board approval and subsequent vote by the Partners one or more individual nominees for the appointment (or re-appointment as the case may be) of the Board Chair, the CEO and the Non-Executive Members of the Board;
- 8.1.3 Review and recommend for Board approval, the appointment of Executive Members of the Board, following nomination by the CEO in consultation with the Chair of the Board;
- 8.1.4 Review on a periodic basis the size and composition of the Board (including taking into account any recommendations and observations of triennial independent board effectiveness reviews) and making recommendations to the Board with respect thereto;
- 8.1.5 Review and recommend for approval by the relevant subsidiary's board, where required, and election by the relevant subsidiary's Partners one or more individual nominees for the appointment (or re-appointment as the case may be) of the CEO of any subsidiary of the LLP (a "**Local CEO**") and any elected members of its board, including the Chair ("**Local Chair**"), provided that, in the case of appointment of such a Local CEO or Local Chair, if a candidate is not elected by an ordinary majority of the relevant member firm's voting Partners, the Committee shall determine whether to repeat the vote or whether the appointment process for nomination should be restarted;
- 8.1.6 Oversee a formal, rigorous and transparent approach to senior appointments in the Group, including to management committees of subsidiary member firms, as set out in the appendix to these Terms of Reference ("**the Appendix**"). The NomCo shall have due regard to any recommendations or other input provided to it by any subsidiary Board or Committee of the LLP in connection with the appointment or removal of Executive Leadership.
- 8.1.7 Oversee a formal, rigorous and transparent approach to appointments and re-appointments of Independent Non-Executives and Audit Non-Executives, in consultation

with the Chair of the UK Oversight Board. The Committee shall assess the time commitments for the role and, when recommending new appointments, shall take into account other demands on the INEs' and ANEs' time. The Committee shall recommend appointments and re-appointments of Independent Non-Executives and Audit Non-Executives to the UK Oversight Board for their approval.

8.1.8 Oversee the appointment process for the Chair of the Public Interest Committee and Audit Board in consultation with the Chair of the UK Oversight Board.

8.1.9 Review and approve, in consultation as deemed appropriate with the UK Oversight Board Chair, Chair of the PIC or, as the case may be, the Chair of the Audit Board, any other external appointments proposed to be undertaken by INEs or ANEs, taking into consideration time commitments of the role and existing role(s). This responsibility may be delegated by the Committee to the Chair of the Committee

8.1.10 Oversee the maintenance of an effective framework for succession planning for the Board and Executive Committee with reference to the relevant skills matrix, including reviewing and commenting on the CEO's proposals for succession planning for Executive Leadership roles, as defined in the Appendix

8.1.11 Oversee the maintenance of an effective framework for succession planning of any subsidiary Board and/or Executive Committee of the LLP, including the position of Local Chair and Local CEO.

## **8.2 Evaluation**

8.2.1 Annually review the induction programme and skills training for new Board members;

8.2.2 Annually review the skills matrix for both the Board and Executive Committee;

8.2.3 Oversee the induction of all new Board members and ongoing training for existing Board members.

## **9. Reporting**

9.1 The Chair shall report to the Board after each meeting on matters within its duties and responsibilities.

9.2 The Committee shall work and liaise as necessary with other committees of the Board.

## **10. Governance and Resources**

10.1 The Committee shall conduct an annual self-assessment of its activities under these Terms of Reference and report any conclusions and recommendations to the Board and, as part of this assessment, shall consider whether or not it receives adequate and appropriate support in fulfilment of its role and whether or not its annual plan of work is manageable.

10.2 The Committee shall in its decision making, give due regard to any relevant legal or regulatory requirements of the Group as a whole and the subsidiaries of the LLP, and associated best practice guidance of the Group as a whole and the subsidiaries of the LLP, as well as to the risk and reputation implications of its decisions to the Group as a

whole and the subsidiaries of the LLP (liaising where relevant with other committees).

- 10.3 In order to ensure the integrity of its decision making, where the Committee is considering any proposal related to the appointment as an Executive Member of the Board, who either (i) is a member of the Committee; or (ii) was within the previous 12 months a member of the Committee for the purposes of the CEO election, then the Committee shall co-opt at least one additional Non-Executive Member.
- 10.4 The Committee shall have access to sufficient resources in order to carry out its duties and have the power to engage independent counsel and other professional advisers and to invite them to attend meetings.

## 11. Terms of Reference

The Committee shall annually review its Terms of Reference and may recommend to the Board any amendments to its Terms of Reference.

### Appendix

#### Appointment of Executive Leadership

*“Executive Leadership” means all leaders who report directly to the CEO (including all members of the Executive Committee), together with respective Local CEOs and members of the management committee of a member firm in the Group who report to them (e.g. UK, Switzerland).*

- Nominations Committee has oversight of the quality and composition of the Executive Committee and holds the CEO accountable accordingly.
- Nominations Committee will review any significant role changes within Executive Leadership and will periodically review the CEO’s assessment of the balance of skills of the members of the Executive Committee (including when there are significant changes to its composition and in any event at least annually in a closed private session with the CEO).
- The CEO will provide reasonable advance notice (i.e., no less than one month, save in an emergency) to the Chair of the Nominations Committee of any anticipated appointments to the Executive Leadership.
- Nominations Committee, in addition to the direct powers under the LLPA, has delegated power from the Board to approve the appointment of the Firm’s Executive Committee members by the CEO and review certain designated Executive Leadership appointments, whether internal or external candidates, prior to appointment by the CEO. At the date of this document, such designated roles are Chief Risk Officer and Group Managing Partner (or, if separate roles, Chief Financial Officer and Chief Operating Officer).
- The Nominations Committee shall nominate one or more nominees to be Local CEO of a member firm within the Group, provided that such appointment shall be subject to a vote of the partners in the relevant subsidiary of the Group (“**Local Partners**”). If a nominee is not elected by ordinary majority vote of the Local Partners, the Nominations Committee shall determine whether to repeat the vote, or whether the Local CEO nomination process should be restarted.
- The Nominations Committee shall review and has the delegated power to ratify the nomination of the members of the management committee of a member of the Group by its Local CEO, having due regard to input from all relevant local governance bodies (including, in the case of the nomination of the UK Head of Audit, the UK Audit Board).
- The Nominations Committee must be satisfied both that the process for identification of potential candidates for Executive Leadership has been appropriate and that the

candidate(s) for these roles are acceptable, by reference to the written criteria for each role and taking account of the overall composition of the respective executive body.

- Removal of members of the Executive Committee from their position is a decision for the CEO; however, the Nominations Committee can ask for an Executive Committee member to be removed from role (including on the basis of KPMG Global input) with escalation to the Board if necessary.
- The Nominations Committee is responsible for Board election processes and therefore is responsible for making recommendations as regards any member of the Executive Leadership being put forward by the CEO as a proposed member of the Board.
- Nominations Committee oversight includes review of Executive Leadership talent reviews and succession planning.
- Candidates for the designated Executive Leadership roles above should be interviewed by the Chair of the Nominations Committee or, for proposed Executive Members of the Board, by the Chair (or by another Board Member nominated by them as an alternate). The independent non-executive member of the Board may also be involved in the interview and review process (in a non-voting capacity), upon the request of the Chair of the Nominations Committee.
- Although it is not essential for more than one candidate to be presented when the Nominations Committee reviews a proposed appointment, the Nominations Committee must be satisfied a proper process has been followed and documented, and principles of Inclusion, Diversity and Equity are respected.
- The Chair of the Nominations Committee and the CEO shall liaise with regards to determining the relevant process for any other appointments to Executive Leadership roles (including the level of involvement and visibility on the part of the Nominations Committee). However, in any event, having received advance notice of any other such appointment, the Nominations Committee is entitled to call in such proposed appointment for its review, which will be conducted on a basis determined by the Chair of the Nominations Committee, in consultation with the CEO.

#### Documentation:

- Documentation of the process agreed by the Nominations Committee to be followed for each Executive Leadership appointment including decision as to whether to run an open process or not.
- Documentation that the approver (Chair of the Nominations Committee and the CEO to decide on who the approver will be depending on who makes up the panel) has obtained and reviewed the results of any relevant external assessment, panel interview and independence checks to determine whether the assessment made is appropriate in accordance with the Firm's standards within its system of quality management and that the candidate:
  - has the appropriate experience and knowledge to fulfil the assigned accountabilities and responsibilities;
  - demonstrates a commitment to quality through their actions and behaviours, including recognizing and reinforcing the importance of professional ethics, values, attitudes, and establishing the expected behaviour of personnel relating to the performance of engagements and activities within the system of quality management; and
  - has the appropriate competency and capability based on experience and knowledge to fulfil the accountabilities and responsibilities.
- Documentation that shows that any steps recommended by the Nominations Committee have been considered for action. This documentation will then be retained for all future Executive Leadership appointments.