



The voice of corporate governance
in Luxembourg



TERMS OF REFERENCE - NOMINATION AND REMUNERATION COMMITTEE

Interactive tool

TERMS OF REFERENCE

As every company is different, the recommendations should be adapted accordingly to the specific needs.

We have therefore set up an interactive tool to prepare the terms of reference for the Remuneration and Nomination Committee. The tool includes a wide range of options so that the terms of reference can be tailored to the needs of the company and put in final form with minimal review.

You will find this tool here

<https://forms.gle/Mbh4zPMm2y7b6WAf8>



Scan the code to access the interactive Terms of reference

Below you will find the most important topics that should be treated in the terms of reference.

TOPIC	TERMS OF REFERENCE
Good Practice or Requirement	<p>The Committee has been established by the board by decision of (x date) and in accordance with the requirements of (state relevant regulations).</p> <p>The terms of reference will be reviewed annually and any updates will be assessed and need to be approved by the board.</p>
Roles and Responsibilities	<p>The Committee will establish an annual and long-term work plan to clearly identify focus and actions.</p> <p>The plan will be submitted to the board for review and approval (indicate date or quarter).</p> <p>Choose responsibilities</p>
<p>Composition</p> <ul style="list-style-type: none"> • Number of members • Sources • Delegation to third parties • Appointment • Selection of chair • Skill/Knowledge • Term/Tenure 	<p>The Committee will consist of x members.</p> <p>The Committee will be drawn from the non-executive members of the board.</p> <p>The Committee may seek assistance from external experts for the fulfilment of its duties.</p> <p>The board will confirm appointment to the Committee in consultation with the chair of the Committee</p> <p>The chair will be an independent non-executive director and will be appointed from amongst the committee members by the board or by the Committee.</p> <p>Committee members must have the necessary knowledge and experience to fulfil their functions. They should be assessed in relation to established criteria regarding skills, knowledge, experience, diversity, independence and time availability.</p> <p>Committee members will be appointed for terms of X years, with up to Y consecutive renewals.</p>



<div>Meetings</div> <ul style="list-style-type: none">AttendeesFrequencyAccess to information	<p>Only members of the Committee have the right to attend and to vote at Committee meetings. They may invite the corporate secretary to attend as a permanent non-voting member to take responsibility for maintaining minutes. They may invite others to attend to discuss specific matters, such as the chief executive officer, the head of human resources and external advisers as and when appropriate. The Committee should ensure that it has scope for adequate in-camera meetings.</p> <p>The Committee shall meet at least X times per year and shall establish a work plan and/or calendar.</p> <p>The Committee may request any relevant information or special reports on matters relating to its respective Responsibilities</p>
<div>Voting, Decision Quorum and Disclosure of Conflict of Interest</div> <ul style="list-style-type: none">VotingDecision QuorumDisclosure of Conflict of InterestMinutesNotice of meetingsConfidentiality	<p>Only appointed members of the committee may vote. Decisions will be approved based on majority vote.</p> <p>A quorum for meetings is two thirds of its members.</p> <p>All Committee members must disclose any material personal interest or potential conflict or interest in a matter that relates to the affairs of the entity. A standard disclosure form should be completed and signed annually.</p> <p>Committee shall ensure that minutes are prepared promptly after each meeting and circulated to Committee members for comment. Proposals and resolutions to the board should be contained in the Committee minutes.</p> <p>Meetings of the Committee shall be called by the Committee chair.</p> <p>The details of the deliberations of the Committee are handled with the utmost discretion and should not be communicated outside of the Committee.</p>



<p>Communication and engagement</p> <ul style="list-style-type: none">• Board• Management• Other committees• Other stakeholders	<p>The Committee chair ensures that the board is kept informed in a timely and appropriate manner. The Committee will submit an annual report to the board, detailing its activities of the past year and the priorities and plan for the next year. This will form the base for reporting to shareholders</p> <p>The Committee should regularly invite and discuss with the CEO. It should also ensure proper involvement of other competent functions such as internal control, human resources, strategic planning.</p> <p>The Committee should collaborate with other board committees whose activities may have an impact on their responsibilities. (may provide a list of relevant committees)</p> <p>The Committee should create a stakeholder map and assess the priority of each and the nature of any engagement.</p>
<p>Evaluation and assessment</p> <ul style="list-style-type: none">• Frequency and form	<p>Committee shall annually/periodically assess its effectiveness and make recommendations to the board regarding any necessary adjustments to its terms of reference, composition, education needs or external assistance.</p>



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