

## **GW PHARMACEUTICALS PLC**

### **TERMS OF REFERENCE OF THE NOMINATIONS AND GOVERNANCE COMMITTEE**

#### **1. Definitions**

- (a) Reference to "the Committee" will mean the Nominations Committee.
- (b) Reference to "the Board" will mean the Board of Directors.

#### **2. Membership**

- (a) Members of the Committee will be appointed by the Board and will be made up of at least three independent non-executive directors.
- (b) Only members of the Committee have the right to attend Committee meetings. However, other individuals such as any executive director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- (c) Appointments to the Committee will be for a period of up to three years, which may be extended for two further three year periods provided that Committee members continue to be independent non-executives.
- (d) The Board will appoint the Committee Chairman who should be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present will elect one of their number to chair the meeting.

#### **3. Secretary**

- (a) The Company Secretary or their nominee will act as the Secretary of the Committee.

#### **4. Quorum**

- (a) The quorum necessary for the transaction of business will be two members. A duly convened meeting of the Committee at which a quorum is present will be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

#### **5. Frequency of meetings**

- (a) The Committee will meet at least twice a year and at such other times as the Chairman of the Committee may require.

## 6. **Notice of meetings**

- (a) Meetings of the Committee will be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- (b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, will be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.

## 7. **Minutes of meetings**

- (a) The Secretary will minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- (b) Minutes of Committee meetings will be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.

## 8. **Annual General Meeting**

- (a) The Chairman of the Committee will attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## 9. **Duties**

- (a) The Committee will:
  - (i) review regularly the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current composition and make recommendations to the Board with regard to any changes;
  - (ii) conduct annually an evaluation of the performance of individual directors and for the Board as a whole, **and of its sub-committees**. This process should consider whether each director is continuing to contribute effectively and demonstrating commitment to the role (including commitment of time for Board and sub-committee meetings and any other duties).

The non-executive members of the committee, led by the senior independent Director, should appraise the performance of the chairman, taking into account the views of the executive Directors.

If considered necessary, the nominations committee may elect to use an external independent facilitator to assist with the Board appraisal process.

- (iii) before appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee will:
  - (A) where applicable use open advertising or the services of external advisers to facilitate the search and also consider other sources of introduction;
  - (B) consider candidates from a wide range of backgrounds; and
  - (C) consider candidates on merit and against objective criteria, with due regard to the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- (iv) give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future;
- (v) be responsible for identifying and nominating, for the approval of the Board, candidates to fill board and board sub-committee vacancies as and when they arise;
- (vi) 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;
- (vii) keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- (viii) review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties (including a review of attendance at Board and committee meetings and compliance with CPD training);
- (ix) ensure that on appointment to the Board, a director receives a formal induction regarding the business in general and tailored to their specific role;
- (x) 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

- (xi) review annually the level and quality of the continuing professional development ('CPD') training undertaken by the directors and make recommendations to the Board with regards to any changes.
- (b) The Committee will also make recommendations to the Board concerning:
- (i) formulating plans for succession for both executive and non-executive directors;
  - (ii) suitable candidates for the role of senior independent director;
  - (iii) membership of the Audit and Remuneration Committees, in consultation with the chairmen of those committees;
  - (iv) the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance, independence and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
  - (v) the re-election by shareholders of any director under the "retirement by rotation" provisions in the company's articles of association having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required; and
  - (vi) 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.
- (c) Oversee the Company's compliance with legal and regulatory requirements.

## 10. **Reporting responsibilities**

- (a) The Committee Chairman will report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- (b) The Committee Chairman will report to the Chairman of the Board to enable him to report to shareholders present at the AGM that the performance of Directors seeking re-election has been appraised and is considered to be satisfactory.
- (c) The Committee will make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## 11. **Other**

- (a) The Committee will, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

12. **Authority**

- (a) The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- (b) The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

As adopted by resolution of the Board of Directors of GW Pharmaceuticals plc at a meeting held on 28 June 2018, to take effect immediately.

Committee membership – as at 28 June 2018:

Cabot Brown – Committee Chairman and independent non-executive Director

James Noble – Senior independent non-executive Director

William Waldegrave – independent non-executive Director