

**DIVERSIFIED ENERGY COMPANY PLC**

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**NOMINATION & GOVERNANCE COMMITTEE**

**CHARTER**

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## **1. DEFINITIONS AND INTERPRETATION**

1.1 In this charter, unless the context otherwise requires:

“*AGM*” means the annual general meeting of the shareholders of the Company;

“*Audit and Risk Committee*” means the audit and risk committee of the Company;

“*Board*” means the board of directors of the Company;

“*Chair*” means the chair of the Board;

“*Chief Executive Officer*” means the chief executive officer of the Company from time to time;

“*Committee*” means the Nomination and Governance Committee of the Company;

“*Committee Chair*” means the chair of the Committee;

“*Company*” means Diversified Energy Company PLC;

“*General Counsel*” means the general counsel of the Company from time to time;

“*Group*” means the Company and its subsidiaries;

“*Remuneration Committee*” means the remuneration committee of the Company; and

“*Secretary*” means the secretary of the Committee, which shall be the General Counsel unless another individual and entity is appointed by the Committee Chair.

## **2. PURPOSE**

The purpose of the Committee is to establish a formal, rigorous and transparent procedure for the appointment of directors to the Board, assist with succession planning, to review the annual Board evaluation in accordance with the UK Corporate Governance Code, and oversee the Company’s governance structure as well as trends and compliance in governance best practices.

## **3. CONSTITUTION**

The Committee was previously established by the Board in due course and is to be known as the Nomination & Governance Committee.

## **4. MEMBERSHIP**

4.1 The Committee shall comprise not less than three directors. A majority of the members of the Committee shall be independent non-executive directors. If the Board decides that a member of the Committee is no longer independent, and, as a result, a majority of the members of the Committee are not independent non-executive directors, that member will cease to be a member of the Committee.

4.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chair, the Chief Executive Officer, other Board members, and external professional advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

4.3 All appointments to the Committee shall be made by the Board and shall be for a period of up to three years, which may be extended for a further period of up to three years, provided the members still meet the criteria for membership of the Committee.

- 4.4 The Board shall appoint the Committee Chair. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting from those who would qualify under this charter to be appointed to that position by the Board. The Chair shall not chair the Committee when it is dealing with the matter of succession to the chair.
- 4.5 If any member of the Committee is unable to act for any reason, subject to paragraph 4.1, the Committee Chair may appoint any other non-executive director of the Company to act as his or her alternate.
- 4.6 Decisions of the Committee will be made by majority vote. In the event of an equality of votes, except where he or she has a personal interest, the Chair shall have a casting vote.

## **5. SECRETARY**

The Secretary or their nominee shall act as the Secretary 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.

## **6. QUORUM**

The quorum necessary for the transaction of business by the Committee shall be two members. 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.

## **7. FREQUENCY OF MEETINGS**

- 7.1 Meetings of the Committee shall be convened by the Secretary at the request of the Committee Chair. Any two members or the Committee Chair may call a meeting of the Committee upon due notice to each other member at least 48 hours prior to the meeting.
- 7.2 The Committee shall meet at least twice a year and at such other times as required. Decisions may be taken by the Committee without a meeting if all of the members of the Committee provide their approval in writing.

## **8. NOTICE OF MEETINGS**

- 8.1 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded by the Secretary to each member of the Committee, any other person required to attend and all other directors no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

## **9. MINUTES OF MEETINGS**

- 9.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.
- 9.2 The Secretary shall also ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. If any conflicts of interest exist in relation to a particular member of the Committee on any particular issue, then such member of the Committee shall not participate or vote on the issue that gave rise to such a conflict of interest.
- 9.3 Draft minutes of Committee meetings shall be circulated to the Committee Chair and, once agreed, minutes should be circulated to all other members of the Board, unless, exceptionally, the Committee Chair considers it inappropriate to do so.

- 9.4 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records.

## **10. ANNUAL GENERAL MEETING**

The Committee Chair shall attend the AGM and should be prepared to make a statement on the activities and achievements of the Committee over the previous year and respond to any shareholder questions on the Committee's activities.

## **11. DUTIES**

- 11.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

- 11.2 The Committee shall:

- (a) lead the process for appointments, ensure plans are in place for orderly succession to both the Board and senior management positions, and oversee the development of a diverse pipeline for succession;
- (b) 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;
- (c) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes;
- (d) ensure that appointments and succession plans are based on merit and objective criteria and, within that context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- (e) conduct a formal and rigorous annual evaluation of the performance of the Board, its committees, the Chair and individual directors;
- (f) ensure that the Chair acts on the results of any evaluation by recognising the strengths and addressing any weaknesses of the Board.
- (g) ensure that each director engages with the process and takes appropriate action when development needs have been identified;
- (h) be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (i) before an appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity 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 shall:
  - (i) if prudent, use open advertising or the services of external search consultancies to facilitate the search;
  - (ii) consider candidates from a wide and a diverse range of backgrounds;
  - (iii) consider candidates on merit and against objective criteria, and with due regard for the benefits of diversity on the Board, taking care that appointees have the

necessary skills and expertise as well as enough time available to devote to the position; and

- (iv) evaluate the skills, experience and knowledge on the Board, and the future challenges affecting the business, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment;
- (j) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace;
- (k) keep up to date and fully informed about strategic issues, commercial changes, and governance trends and policies, affecting the Company and the market in which it operates;
- (l) a proposed Chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise;
- (m) prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- (n) 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;
- (o) review the results of the annual Board performance evaluation process that relate to the composition of the Board, its committees, the Chair and individual directors;
- (p) 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;
- (q) work with the management team to set and meet diversity objectives and strategies for the Group, and monitor the impact of the Group's diversity policies;
- (r) oversee the Company's governance structure and compliance in governance best practices;
- (s) ensure that workforce policies and practices are consistent with the Company's values and support its long-term sustainable success; and
- (t) work and liaise as necessary with all other Board committees.

11.3 The Committee shall also make recommendations to the Board concerning:

- (a) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chair and Chief Executive Officer;
- (b) suitable candidates for the role of senior independent director;
- (c) membership of the Audit and Risk Committee, the Remuneration Committee and any other Board committees as appropriate, in consultation with the chair of those committees;

- (d) the re-appointment of any non-executive directors at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- (e) the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code or the retirement by rotation provisions in the Company's articles of association;
- (f) any strategic hires or acquisitions/implementations of systems or processes designed to further governance compliance;
- (g) 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
- (h) the appointment of any director to executive or other office.

## **12. REPORTING RESPONSIBILITIES**

- 12.1 The Committee Chair shall report formally to the Board on the Committee's proceedings after each meeting on all matters within its duties and responsibilities.
- 12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 12.3 The Committee shall produce a report to be included in the Company's annual report about its work, including:
- (a) the process used in relation to appointments, its approach to succession planning and how both support developing a diverse pipeline. Where an external consultancy has been used for the purpose of searching for, or making appointments of, directors and senior managers, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company or individual directors;
  - (b) 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;
  - (c) improvements and milestones reached in the Company's governance practices over the year;
  - (d) the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives; and
  - (e) the gender balance of those in the senior management and their direct reports.
- 12.4 The report referred to in paragraph 12.3 above should include a statement of the Board's policy on diversity (including but not limited to gender), any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- 12.5 The Committee shall have the authority to delegate to any subcommittees of the Committee any responsibilities of the full Committee and to officers of the Company such responsibilities of the full Committee, in each case to the extent permitted by applicable laws, rules or regulations.

## **13. OTHER MATTERS**

- 13.1 The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required;
- (b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- (c) annually review its own performance, constitution, and charter periodically to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval; and
- (d) give due consideration to laws and regulations, including the general duties of directors set out in the Companies Act, 2006, the provisions of the UK Corporate Governance Code and the related Guidance on Board Effectiveness, and the requirements of the UK Financial Conduct Authority's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate.

#### **14. AUTHORITY**

The Committee is authorised to:

- (a) investigate any activity within its charter;
- (b) seek any information it requires from any employee of the Company in order to perform its duties;
- (c) obtain, in accordance with the relevant Company guidelines and at the Company's expense, independent legal or other professional advice on any matter it believes is necessary to do so, and determine compensation for such advisors;
- (d) determine appropriate funding needs for its own ordinary administrative expenses that are necessary and appropriate to carrying out its duties; and
- (e) call any employee to be questioned at a meeting of the Committee as and when required.