

## **Terms of reference - Nominations Committee**

### **1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board and shall be made up of at least three members, the majority of whom should be independent non-executive Directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Group HR Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may extend for two further three-year periods, provided that the majority of the Committee members remain independent.
- 1.4 The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent non-executive Director. In the absence of the Committee Chairman 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 these terms of reference to be appointed to that position by the Board. (ie. an executive director cannot chair a meeting). The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship.

### **2. Secretary**

- 2.1 The Company Secretary or his/her nominee shall act as the Secretary of the Committee.

### **3. Quorum**

- 3.1 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.

### **4. Frequency of Meetings**

- 4.1 The Committee shall meet generally twice a year and at such other times as the Chairman of the Committee shall require.

### **5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 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 to each member of the Committee, any other person required to attend and all other non-executive Directors, no later than 5 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.

## **6. Minutes of Meetings**

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists or it would be inappropriate to do so.

## **7. Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8. Duties**

- 8.1 The Committee should carry out the duties below as appropriate:
  - 8.1.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board compared to its current position and make recommendations to the Board with regard to any changes;
  - 8.1.2 oversee the development of a diverse pipeline for succession to the Board and senior management , taking into account the challenges and opportunities facing the group, and the skills, experience, expertise and diversity needed on the Board and in the senior management pipeline in the future;
  - 8.1.3 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;
  - 8.1.4 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
  - 8.1.5 before appointment of a non-executive Director 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 for non-executive Directors the Committee shall:
    - 8.1.5.1 use open advertising or the services of external advisers to facilitate the search;
    - 8.1.5.2 consider candidates from a wide range of backgrounds;

and

- 8.1.5.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, social and ethnic backgrounds, cognitive and personal strengths, taking care that appointees have enough time available to devote to the position;
- 8.1.6 before appointment of an executive Director 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 for executive Directors, consider internal candidates and if none are available the Committee shall:
  - 8.1.6.1 use open advertising or the services of external advisers to facilitate the search;
  - 8.1.6.2 consider candidates from a wide range of backgrounds; and
  - 8.1.6.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the board, including gender, social and ethnic backgrounds, cognitive and personal strengths;
- 8.1.7 for the appointment of a chairman, the committee should prepare a job specification, including the time commitment expected. A proposed chairman's other significant commitments should be disclosed to the board before appointment and any changes to the chairman's commitments should be reported to the board as they arise.
- 8.1.8 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;
- 8.1.9 prior to the appointment of a new director, the proposed appointee should be required to disclose other significant commitments with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the Board.
- 8.1.10 review the results of the board performance evaluation process that relate to the composition of the board;
- 8.1.11 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; and
- 8.1.12 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.

- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 formulating plans for succession for both executive and non-executive Directors and in particular for the key roles of Chairman and Chief Executive;
  - 8.2.2 suitable candidates for the role of senior independent non-executive Director;
  - 8.2.3 membership of the Audit and Remuneration Committees, in consultation with the chairman of those committees;
  - 8.2.4 the re-appointment of any non-executive Director 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 light of the knowledge, skills and experience required;
  - 8.2.5 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 light of the knowledge, skills and experience required and the potential benefit of progressive refreshing of the board (particularly in relation to directors being re-elected for a term beyond six years);
  - 8.2.6 any matters relating to the continuation in office of any Director or 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
  - 8.2.7 the appointment of any Director.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall make a statement in the annual report about its activities, including the process used in relation to appointments and succession planning and how both support developing a diverse pipeline, it shall also explain if external advice or open advertising has not been used in the appointment process. This section should include a description of the Board’s policy on diversity, its objectives and linkage to company strategy, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

## **10. Other**

- 10.1 The Committee shall have access to sufficient resources to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.
- 10.3 The Committee shall give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.
- 10.4 The Committee shall, 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.

## **11. Authority**

- 11.1 The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within the Committee's terms of reference.