

## **Nominations Committee – Terms of Reference**

(adopted by the Board on 18 December 2003  
and last updated on 11 December 2018)

### **Directors' duties**

It is the duty of the Company's Directors to promote the success of the Company for the benefit of members as a whole. Directors must have regard to sections 171 to 177 of the Companies Act 2006 which set out Directors' Duties in more detail. In doing so Directors must have regard, amongst other things, to the following:-

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster business relationships;
- d. the impact of the Company's operations on community and environment;
- e. the desirability of the Company maintaining reputation for high standards of business and conduct; and
- f. the need to act fairly as between members.

### **1. Membership**

- 1.1. Members of the Committee shall be appointed by the Board. The Committee shall comprise the Chairman, Chief Executive and all of the independent Non-Executive Directors of the Company. The independent Non-Executive Directors must form a majority on the Committee.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Finance Director, Group Business Development Director, Group Company Secretary 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 by the Board for a period of up to three years, which may be extended for two further three-year periods provided that the majority of the Committee members remain independent Non-Executive Directors. In exceptional circumstances an appointment may be extended beyond this provided that the Board considers that the individual Committee member remains independent.
- 1.4. The Chairman of the Board shall act as Chairman of the Committee. 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 who shall be an independent Non-Executive Director. 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 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 at least 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 called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed together with supporting papers, if any, shall be forwarded to each member of the Committee, any other person required to attend, no later than five working days before the date of the meeting.

#### **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. 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.

#### **7. Annual General Meeting**

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

#### **8. Duties**

- 8.1. The Committee shall:
  - 8.1.1. 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;
  - 8.1.2. give full consideration to succession planning for Directors and other senior executives in the Group, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board and in the Group in the future;
  - 8.1.3. be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
  - 8.1.4. before any 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:
    - 8.1.4.1. use open advertising or the services of external advisers to facilitate the search;
    - 8.1.4.2. consider candidates from a wide range of backgrounds; and

- 8.1.4.3. consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
  - 8.1.5. 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;
  - 8.1.6. keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
  - 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. 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;
  - 8.1.10. 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
  - 8.1.11. review the results of the board performance evaluation process that relate to the composition of the board.
  - 8.1.12. work and liaise as necessary with all other board committees.
- 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 Director;
  - 8.2.3. membership of the Audit and Remuneration Committees and any other Board Committees as appropriate, in consultation with the Chairmen 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 the light of the knowledge, skills and experience required;
  - 8.2.5. the re-election by members of any Director under the 're-appointment' 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 the need for 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 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 to executive or other office.

## **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 Company's Annual Report about its activities during the year, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the Annual Report and a statement made as to whether it has any connection with the Company. The Report should take into account the requirements of the UK Corporate Governance Code.
- 9.4. The statement in the Annual Report should include a statement of the Board's policy on diversity, including gender, 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 in order 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 on-going basis for all members.
- 10.3. The Committee shall give due consideration to the laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate.
- 10.4. The Committee shall, at least once a year, review its own performance by reference to its objectives for that year, 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 to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2. 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.

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