

**Appendix 5**

**Nomination Committee - Terms of Reference**

**1. Membership**

- 1.1 Members of the Committee shall be appointed by the Board. The Committee shall be made up of at least three members, the majority of whom shall be independent Non-Executive Directors. The Chief Executive shall not be a member of the Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, Group People Director and external advisors 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 be extended 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 themselves to chair the 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. Attendance may be either in person or by telephone or video conferencing facility. 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 required.

**5. Notice of Meetings**

- 5.1 Meetings of the Committee shall be called 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 and any other person required to attend, no later than three 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 recording 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.

**7. Annual General Meeting**

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

**8. Duties**

The Committee shall carry out the duties below for the parent company, major subsidiary undertakings and the Group as a whole, as appropriate:

- 8.1 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;
- 8.2 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 the skills and expertise needed on the Board in the future;
- 8.3 be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 8.4 before 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:
  - 8.4.1 use open advertising or the services of external advisors to facilitate the search;
  - 8.4.2 consider candidates from a wide range of backgrounds; and
  - 8.4.3 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;
- 8.5 keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 8.6 keep up to date and fully informed about strategic issues and commercial changes affecting the Group and the market in which it operates;
- 8.7 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;

- 8.8 for the appointment of a Chairman, prepare a job specification, including the time commitment expected. The 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;
- 8.9 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;
- 8.10 review potential conflict of interest situations for new appointments to the Board and make recommendations to the Board as to their authorisation;
- 8.11 review the results of the Board performance evaluation process that relate to the composition of the Board; and
- 8.12 work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 8.13 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
- 8.14 suitable candidates for the role of Senior Independent Director;
- 8.15 membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees;
- 8.16 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;
- 8.17 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, 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;
- 8.18 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
- 8.19 the appointment of any director to executive or other office other than to the position of Chairman, the recommendation for which would be considered at a meeting of the full Board.

## **9. Reporting Responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board on its proceedings as appropriate 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, 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.
- 9.4 The report referred to in 9.3 should include a statement of the Board's policy on diversity, including gender, any measurable objectives it has set for implementing the policy and progress on achieving the objectives.

**10. Other**

The Committee shall:

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

**11. Authority**

The Committee is authorised by the Board:

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