

TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE

1. CONSTITUTION

The Committee has been established by resolution of the board of directors of the Company (the "**Board**") and is to be known as the Nomination Committee.

2. MEMBERSHIP

2.1 The members of the Nomination Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members.

2.2 A majority of the members of the Nomination Committee shall be independent non-executive directors of the Company.

2.3 The Board shall appoint a chair of the Nomination Committee (the "**Chair**") and shall decide his or her period of office. The Chair shall be the chairman of the Company or an independent non-executive director of the Company, except when dealing with the appointment of their successor¹

2.4 The Board shall regularly review the membership of the Nomination Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Nomination Committee and other Board committees.

2.5 The Nomination Committee may invite the chairman and the chief executive of the Company or any other person to advise and/or to join meetings of the Nomination Committee when required notwithstanding that they are not members of the Nomination Committee.

3. QUORUM

A quorum shall be two members of whom at least one must be a non-executive director. A duly convened meeting of the Nomination 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 Nomination Committee.

4. ATTENDANCE AT MEETINGS

4.1 No one other than the Nomination Committee Chair and members is entitled to attend or vote at a meeting of the Nomination Committee, although executive directors, members of senior management and other third parties may attend if invited to do so by the Nomination Committee.

4.2 The chairman of the Company, chief executive, Human Resources director and any other executive or member of senior management may be called upon or shall be able to speak at any meeting of the Nomination Committee by prior arrangement with the Chair.

¹ [Code Provision 17]

5. SECRETARY

The Company Secretary shall act as the secretary of the Nomination Committee and shall keep a record of the membership of and the dates of changes to the membership of the Nomination Committee.

6. FREQUENCY OF MEETINGS

Meetings shall normally be held at such times as the Nomination Committee deems appropriate, and in any event shall be held not less than twice a year.

7. PROCEEDINGS

7.1 Unless varied by these terms of reference, meetings and proceedings of the Nomination Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.

7.2 Meetings of the Nomination Committee shall be called by the Secretary of the Nomination Committee at the request of the Chair or any member thereof.

7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Nomination Committee and any other person required to attend not later than 48 hours prior to the date of the meeting.

7.4 The Secretary of the Nomination Committee shall record the proceedings and resolutions of meetings of the Nomination Committee and shall circulate the minutes of such meetings to all members of the Nomination Committee and, if the Chair so decides, upon request, to all members of the Board.

8. AUTHORITY

8.1 The Nomination Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee in order to perform its duties, and all employees are directed to co-operate with any requests made by the Nomination Committee.

8.2 The Nomination Committee is authorised by the Board to obtain external professional advice at the expense of the Company and to secure the attendance of third parties with relevant experience and expertise at meetings of the Nomination Committee if it considers this necessary.

8.3 These terms of reference may be amended from time to time as required, subject to approval by the Board.

9. DUTIES

9.1 The Nomination Committee shall be responsible for all aspects of the appointment of directors of the Company and the duties of the Nomination Committee shall be:

9.1.1 to regularly evaluate the structure, size and composition of the Board (including the skills, knowledge, experience and diversity) taking into

account the current requirements, future development of the Company and future challenges affecting the business of the Company and make recommendations to the Board with regard to any adjustments that are deemed necessary;

- 9.1.2 to identify, nominate and recommend for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 9.1.3 before beginning to search for candidates for a particular appointment, to prepare a written description of the role and capabilities required for that appointment, having evaluated the balance of skills, knowledge, experience, independence and diversity already on the Board
- 9.1.4 to seek advice from external advisers and/or use open advertising, if appropriate, in relation to seeking and selecting candidates for any appointments, having regard to the requirement to give an explanation in the annual report if neither external consultants nor open advertising have been used;
- 9.1.5 to ensure that a candidate's other significant commitments are disclosed to, and approved by, the Board before appointment and that, on appointment, a candidate has sufficient time to undertake the role. In particular, if the candidate is a full-time executive director of another company, to ensure that his appointment to the Company is his sole non-executive appointment and that he is not chairman of a FTSE 100 company. Any additional external appointments an existing director proposes to undertake should be reported to, and approved by, the Board prior to acceptance, and reasons for the Board's approval of any significant appointments should be disclosed in the annual report²;
- 9.1.6 to consider candidates on merit and against objective criteria, and within this context, promoting diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, and taking care that appointees have enough time available to devote to the position to enable them to carry out their role effectively³;
- 9.1.7 to oversee development of a diverse pipeline for both Board and senior management roles having regard to the factors set out in paragraph 9.1.6 above⁴;
- 9.1.8 to ensure that on appointment, all non-executive directors receive formal written terms of appointment;
- 9.1.9 to make recommendations regarding the membership of the Audit, Remuneration, Risk and CSR Committees in consultation with the Board and the chair of these committees, having had due regard to time commitment required⁵, the need to ensure that the Board and its committees have an appropriate balance to enable them to discharge

² [Provision 15]

³ [Principle J]

⁴ [Principle J]

⁵ [Principle K]

their respective duties and responsibilities effectively and the need to periodically refresh committee membership⁶;

9.1.10 to review annually the time needed to fulfil a role on the Board (taking into account committee memberships) and, with reference to the annual performance evaluation, to review whether all members of the Board have devoted sufficient time to their duties;

9.1.11 to investigate and make recommendations to the Board concerning any matters relating to the continuation in office as a director of any director at any time;

9.1.12 as regards the re-appointment of any non-executive director, to review performance, at the conclusion of his or her specified term of office; particularly once a second term of office has been completed;

9.1.13 to recommend the re-election (or not) by shareholders of any director under the retirement and re-election provisions in the Company's Articles of Association;

9.1.14 to make recommendations to the board regarding the appointment of any director to executive or other office (except for the positions of chairman and chief executive, which shall be matters for the Board);

9.1.15 to ensure that the Company's Annual Report includes a statement describing:

(A) A. the activities of the Nomination Committee

(B) process used to make appointments⁷

(C) the policy on diversity and inclusion, including gender, social and ethnic background, cognitive and personal strengths, its objectives and linkage to strategy, how it has been implemented and progress on achieving the objectives⁸;

9.1.16 generally, to have regard to laws and regulations, the provisions of the Code and the requirements of Listing Rules, Prospectus Rules and Disclosure Guidance in carrying out the duties specified above.

10. ANNUAL GENERAL MEETING

The Chairman shall be available at the Annual General Meeting to answer questions on the Nomination Committee's activities and procedures. He or she should also ensure that the Company maintains good contact with shareholders about the appointment of directors in the same way as for other matters.

October 2019

⁶ [Code guidance and application];

⁷ [Provision 23]

⁸ [Provision 23]