
1 Membership

- 1.1 The Committee shall comprise at least three Directors. A majority of the members of the Committee should be independent Non-Executive Directors.
- 1.2 Appointments to the Committee are made by the Board and shall be for a period of up to three years, which may be extended for further periods of up to three years, provided the Director still meets the criteria for membership of the Committee.
- 1.3 Only members of the Committee have the right to attend meetings although other individuals such as the Executive Directors, the Group HR Director or external advisors may be invited to attend for all or any part of a meeting, as and when appropriate.
- 1.4 The Board shall appoint the Committee Chair who should be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not Chair the Committee when it is dealing with the matter of succession of the Chairman of the Board.

2 Secretary

The Company Secretary or his or her nominee shall act as the secretary of the Committee 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.

3 Quorum

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

4 Frequency of meetings

The Committee shall meet at least once a year and otherwise 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 Committee Chair or any of its members.

- 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 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.

6 Minutes of meetings

- 6.1 The Company Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless it is considered inappropriate to do so.

7 Engagement with shareholders

The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters which relate to the Committee's areas of responsibility.

8 Duties

The Committee should carry out the duties below for the parent company, major subsidiary undertakings and the group as a whole, as appropriate.

The Committee shall:

- 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 Oversee plans for orderly succession to Board and senior management positions ensuring that an appropriate balance of knowledge, diversity, skills and expertise is present on the Board to effectively deliver strategy, and to manage the challenges and opportunities facing the company in the future.

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- 8.3 Keep under review the leadership 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.
- 8.4 Be responsible for identifying and nominating (for the approval of the Board) candidates to be appointed to the Board from time to time.
- 8.5 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:
- 8.5.1 consider candidates from a wide range of backgrounds;
 - 8.5.2 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position; and
 - 8.5.3 use open advertising or the services of external advisors in connection with the appointment of the Chairman or Non-Executive Directors.
- 8.6 Prior to the appointment of a director, other significant commitments should be disclosed, and any additional future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also 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. Any such interests must be approved by the Board prior to the appointment and any future business interests that could result in a conflict of interests must not be undertaken without prior authorisation of the Board.
- 8.7 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.
- 8.8 Review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning.
- 8.9 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.

The Committee shall also make recommendations to the Board concerning:

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- 8.10 The formulation of plans for succession for both Executive and Non-Executive Directors.
 - 8.11 Any changes needed to the succession planning process if its periodic assessment indicates that desired outcomes have not been met.
 - 8.12 Suitable candidates as new directors and succession for existing directors.
 - 8.13 Suitable candidates for the role of Senior Independent Director.
 - 8.14 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 knowledge, skills and experience required.
 - 8.15 Membership of Board Committees, in consultation with the Chairs of such Committees.
 - 8.16 The re-election by shareholders of directors under the annual re-election provisions of the Code or the retirement by rotation provisions in the company's articles of association, having due regard to their performance and ability, and why their contribution is important to the company's long-term sustainable success in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board, taking into account the length of service of individual Directors, the Chairman and the Board as a whole.
 - 8.17 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.

9 Reporting responsibilities

- 9.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities, making recommendations where appropriate.
- 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, and adequate time should be made available for Board discussion where necessary.
- 9.3 The Committee shall produce a report to be included in the company's 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 above 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 matters

The Committee shall:

- 10.1 Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 10.2 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 Give due consideration to laws and regulations, the provisions of the Code and the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules and any other applicable rules, as appropriate.
- 10.4 Arrange for periodic reviews of its own performance and, at least annually, review its 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

The Committee is authorised by the Board 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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