



# Governance Committee

# Terms of Reference

November 2020

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## **1. Membership**

- 1.1 The Governance Committee (the “**Committee**”) shall comprise of at least three members. All members of the Committee shall be independent non-executive directors.
- 1.2 Members of the Committee shall be appointed by the Caledonia Investments plc (the “**Company**”) board of directors (the “**Board**”) on the recommendation of the Nomination Committee.
- 1.3 Only members of the Committee and the Company Secretary have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend all or part of any meeting where considered appropriate and necessary.
- 1.4 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman, 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.

## **2. Secretary**

The Company Secretary, or his or her nominee, shall act as the secretary of the Committee (the “**Committee Secretary**”) and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration of the matters to be considered.

## **3. Quorum**

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all and any of the authorities, powers and discretions vested in, or exercisable by, the Committee.

## **4. Frequency of meetings**

The Committee shall meet at least annually and such other times as may be required.

## **5. Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the Committee Secretary at the request of the Committee Chairman 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 and any other person required to attend no later than five 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 Committee Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee and, once approved, to all other members of the Board unless, exceptionally, it would be inappropriate to do so.

## **7. Engagement with shareholders**

The Committee Chairman should attend the Company's annual general meeting (the "AGM") to answer any shareholder questions on the Committee's activities. In addition, the Committee Chairman should, where considered appropriate, seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **8. Duties**

The Committee shall:

- 8.1 Monitor and review the ability of each director, with regard to any matter requiring his or her consideration as a director of the Company (whether as a member of the Board or as a member of any committee thereof):
- 8.1.1. to act in the interests of shareholders as a whole;
  - 8.1.2. to exercise independence of judgement free from relationships or circumstances which are likely to affect, or could appear to affect, his or her judgement; and
  - 8.1.3. in particular to monitor and review the position against such criteria of any director who may be a director of or otherwise connected with a substantial shareholder.
- 8.2 In the event of the Committee concluding that the criteria referred to in 8.1 above are not in all respects satisfied with regard to any director, make such recommendations to such director and to the Board as the Committee may think fit, including that he or she abstains from participating in any decision of the Board or committee (as the case may be) on the matter concerned and that he or she should not preside as chairman for such part of any meeting of the Board or committee as that matter shall be discussed.
- 8.3 Monitor and review the Company's compliance with the Financial Conduct Authority's (the "FCA") Listing Rules relating to companies with controlling shareholders and in particular with the independence provisions included in the agreements required to be entered into by the Company with such controlling shareholders.
- 8.4 Keep under review other corporate governance issues relating to the Company and making such recommendations to the Board and any other committee of the Board as it may consider appropriate.

**9. Reporting responsibilities**

- 9.1 The Committee Chairman shall report formally to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 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 when necessary.
- 9.3 The Committee shall produce a report to be included in the Company's annual report describing the work of the Committee.

**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 advice and 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 all relevant laws and regulations, the provisions of the UK Corporate Governance Code and associated guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.
- 10.4 Work and liaise as necessary with all other committees of the Board ensuring interaction between committees and with the Board is reviewed regularly.
- 10.5 Ensure that a periodic evaluation of the Committee's performance is carried out.
- 10.6 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**

- 11.1 The Committee is authorised to seek any information it may require from any officer or employee of the Company and all such individuals are directed to cooperate with any request by the Committee made within its terms of reference.
- 11.2 The Committee is also authorised by the Board to obtain, at the Company's expense, outside legal, accounting or other professional advice on any matters within its terms of reference.