



Nomination Committee

Terms of Reference

November 2020

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1. Membership

- 1.1 The Nomination Committee (the “**Committee**”) shall comprise of at least three members. A majority of the 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 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 who shall be chairman of the Board or an independent non-executive director. 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. The chairman of the Board shall not chair meetings of the Committee when it is dealing with the matter of succession to the chairmanship of 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 of whom one must be an independent non-executive director. 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 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, if requested by the Board, other senior executives, taking into account the challenges and opportunities facing the Company, and the skills and expertise that may be needed on the Board in the future and have regard to merit and objective criteria and, within this context, the promotion of diversity of gender, social and ethnic backgrounds, and cognitive and personal strengths.
- 8.3 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise, taking into account the balance of skills, knowledge, experience and diversity on the Board at the time and, in the light of this evaluation, preparing a description of the role and capabilities required for a particular appointment.
- 8.4 Keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in its marketplace.
- 8.5 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.
- 8.6 Review the results of the Board performance evaluation process that relate to the composition of the Board.
- 8.7 Review annually the time required from non-executive directors.

- 8.8 Compile a report on its activities to be included in the annual report, including information required by the UK Corporate Governance Code (the “Code”).

The Nomination Committee shall also make recommendations to the Board concerning:

- 8.9 The formulation of plans for succession, for both executive and non-executive directors and, in particular, for the Chairman and the Chief Executive.
- 8.10 Suitable candidates for the role of senior independent non-executive director.
- 8.11 Membership of the Audit, Governance and Remuneration Committees, in consultation with the chairmen of those committees.
- 8.12 The re-appointment of any non-executive director at the conclusion of his or her specified term of office, having due regard to the director’s performance and ability to continue to contribute to the Board in the light of the knowledge, skills, experience and diversity required.
- 8.13 The re-election by shareholders of any director 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 that director’s performance and ability to continue to contribute to the Board in the light of the knowledge, skills, experience and diversity required.
- 8.14 Any matters relating to the continuation in office as a director of any director at any time, including the suspension or termination of service of an executive director as an employee subject to the provisions of the law and that director’s service contract.
- 8.15 The appointment of any director to executive or other office.

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 its work, including all information required by the Code.

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 Code and associated guidance, the requirements of the Financial Conduct Authority’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.