

## **HomeServe plc**

### **Terms of Reference – Nomination Committee**

#### **1. Purpose**

The UK Corporate Governance Code (the Code) states that:

Appointments to the board should be subject to a formal, rigorous and transparent procedure and an effective succession plan should be maintained for board and senior management.

It also provides that:

The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions and oversee the development of a diverse pipeline for succession. Succession and diversity may also be discussed at the People Committee of the Board.

The purpose of these terms of reference is to ensure compliance with the principles of the Code based on guidance produced by The Chartered Governance Institute.

Reference to “the Committee” shall mean the Nomination Committee. Reference to “the Board” shall mean the Board of Directors.

#### **2. Membership**

- 2.1. Members of the Committee shall be appointed by the Board in consultation with the Chairman of the Committee and shall be made up of least three members, the majority of whom should be independent non-executive directors.
- 2.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive or Group People Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 2.3. 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 their number 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.

### **3. Secretary**

- 3.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

### **4. Quorum**

- 4.1. The quorum necessary for the transaction of business shall be two both of whom must be independent non-executive directors. 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.

### **5. Frequency of Meetings**

- 5.1. The Committee shall meet at least once a year and then on an hoc basis as the Chairman of the Committee considers necessary.

### **6. Notice of Meetings**

- 6.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of the Chairman of the Committee.
- 6.2. 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.

### **7. Minutes of Meetings**

- 7.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless it would be inappropriate to do so.

### **8. Engagement with Shareholders**

- 8.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities. In addition, the Chairman should seek to engage with shareholders on significant matters related to the Committee's responsibilities.

## 9. Duties

The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole as appropriate.

The Committee shall:

- 9.1. 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;
- 9.2. ensure plans are in place for orderly succession to Board and senior management positions, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the company, and the skills and expertise that are therefore needed on the Board in the future (in practice, succession and diversity will also be within the remit of the People Committee);
- 9.3. keep under review the leadership needs 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;
- 9.4. keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- 9.5. be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- 9.6. 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:
  - 9.6.1. use open advertising or the services of external advisers to facilitate the search;
  - 9.6.2. consider candidates from a wide range of backgrounds; and
  - 9.6.3. consider candidates on merit and against objective criteria, 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;
- 9.7. prior to the appointment of a director, other significant time 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. These must be authorised by the Board prior to appointment and any future business interests that could result in a

conflict of interest must not be undertaken without prior authorisation of the Board;

- 9.8. 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;
- 9.9. 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;
- 9.10. Work and liaise as necessary with other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 9.11. any changes needed to the succession planning process if an assessment indicates that the desired outcomes have not been achieved;
- 9.12. suitable candidates as new directors and succession for existing directors;
- 9.13. membership of the Audit & Risk and Remuneration Committees, and any other Board committees in consultation with the chairmen of those committees;
- 9.14. 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 the knowledge, skills and experience required;
- 9.15. 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 to continue to contribute to the Board 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;
- 9.16. 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;
- 9.17. the appointment of any director to executive or other office.

## **10. Reporting Responsibilities**

- 10.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 10.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3. The Committee shall make a statement in the annual report about its activities including the process used to make appointments, the approach to diversity and the gender balance of the senior management team.
- 10.4. If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection with the Company or individual directors.

## **11. Other matters**

The Committee shall

- 11.1. have access to sufficient resources in order to carry out its duties;
- 11.2. be provided with appropriate training;
- 11.3. give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, the requirements of the FCA's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate;
- 11.4. 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.

## **12. Authority**

- 12.1. The Committee is authorised to seek any information it requires from any employee of the company in order to perform its duties.
- 12.2. The Committee is authorised to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.