

**NATIONAL EXPRESS GROUP PLC  
NOMINATIONS COMMITTEE  
OF THE BOARD**

**TERMS OF REFERENCE**

**Approved 28 July 2020**

## NATIONAL EXPRESS GROUP PLC

### NOMINATIONS COMMITTEE – TERMS OF REFERENCE

#### Notes:

References to: “Committee” shall mean the Nominations Committee; “Board” shall mean the Board of Directors; “Company” shall mean National Express Group PLC; “Group” shall mean National Express Group PLC and its subsidiaries; “Directors” shall mean the Directors of the Company; “member of the Group’s workforce” shall mean any employee or other member of the workforce of the Group; “Shareholders” shall mean shareholders of the Company; and “Code” shall mean the UK Corporate Governance Code.

The expression “diversity” shall include diversity as regards gender, social and ethnic backgrounds, cognitive strengths and other personal attributes.

The expression “senior management” shall mean the senior managers of the Group who operate immediately below Board level, being members of the Company’s Group Executive Committee.

#### **1 PURPOSE**

- 1.1 The primary function of the Committee is to monitor the balance of skills, knowledge, experience, independence and diversity of the Board and its Committees and ensure that appropriate procedures are in place for the nomination, selection, training and evaluation of Directors and for succession plans of the Executive Directors and senior management.
- 1.2 In discharging its functions, the Committee shall have regard to the duty of Committee members, as Directors, to promote the success of the Company for the benefit of its members in accordance with the provisions of Section 172 of the Companies Act 2006 and having regard, as appropriate, to the matters specifically referred to in paragraphs (a) to (f) of that Section.

#### **2 MEMBERSHIP**

- 2.1 The Committee is established under the Company’s Articles of Association as a committee of the Board and shall consist of at least three Non-Executive Directors, the majority of whom shall be independent Non-Executive Directors.
- 2.2 Members of the Committee shall be appointed by the Board on the recommendation of the Committee. Appointments will be for a period of up to three years, which may be extended for up to two additional three-year periods and then, in respect of any non-independent Non-Executive Directors who are comprised in the minority of members, for one or more additional one year periods thereafter.
- 2.3 The Committee will, at least annually, review its composition and membership and make recommendations for change to the Board as it sees fit.
- 2.4 The Board shall appoint the Committee Chair. In the absence of the Committee Chair, the remaining members present shall (provided they form a quorum) elect one of themselves to chair the meeting.

- 2.5 The Chairman of the Board shall not chair the Committee or participate in its discussions when it is dealing with the matter of his/her succession. In addition, other members of the Committee shall not participate in discussions relating to the succession of the Chairman if they are under consideration as potential successors to the Chairman. In such circumstances, members of the Committee may nominate alternate members from among the Non-Executive Directors in order to ensure that the Committee remains quorate.
- 2.6 Only members of the Committee have the right to attend Committee meetings. However other Non-Executive Directors and individuals, such as the Group Chief Executive, the Group Human Resources Director and external advisers, may be invited to attend for all or part of any meeting, as and when appropriate, but not in relation to matters concerning themselves.
- 2.7 The Company Secretary, or his or her nominee, shall be 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 MEETINGS**

- 3.1 Meetings and proceedings of the Committee shall be governed by the provisions of the Company's Articles of Association regulating the meetings and proceedings of the Board.
- 3.2 The Committee shall meet at least three times a year and otherwise as required. Meetings of the Committee shall be convened by the Company Secretary at the request of the Committee Chair or any member.
- 3.3 The quorum for meetings of the Committee shall be three members, at least two of whom are 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.
- 3.4 Notice of each meeting of the Committee confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be circulated to all Committee members and any other person required to attend no later than five working days in advance of the meeting (except in exceptional or emergency circumstances or as otherwise agreed by the members).
- 3.5 Outside the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the provision of nominations information/advice to the Committee, including the Group Chief Executive, the Group HR Director and any external recruitment advisors.

### **4 MINUTES OF MEETINGS**

- 4.1 The Secretary shall minute the proceedings of and decisions taken at all meetings of the Committee, including recording the names of those present and in attendance.
- 4.2 Committee Chair approved draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Unless deemed inappropriate to do so by the Committee Chair, they shall also be circulated to all other members of the Board and attendees.

**5 ANNUAL GENERAL MEETING AND SHAREHOLDER RELATIONS**

- 5.1 The Committee Chair shall attend the Annual General Meeting to respond to any shareholder questions on the Committee's activities.
- 5.2 The Committee Chair shall seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

**6. AUTHORITY**

The Committee is authorised by the Board in the performance of its duties to:

- 6.1 conduct any activity within its Terms of Reference;
- 6.2 seek any information it requires from any member of the Group workforce and all members of the Group workforce will be directed by management to co-operate with any request made by the Committee;
- 6.3 ask any member of the Group workforce or external adviser to attend meetings of the Committee as and when required;
- 6.4 obtain, at the Company's expense, independent legal, financial or other professional advice on any matter it believes it necessary to do so; and
- 6.5 delegate any of its powers to one or more of its members.

**7 DUTIES**

The Committee shall:

- 7.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and its Committees and make recommendations to the Board with regard to any changes deemed necessary, including having regard to the need to regularly refresh the Board;
- 7.2 develop and maintain effective succession plans for the Board and senior management, including by reviewing talent development in the business and having due regard to Company's strategy and direction and the challenges and opportunities facing the Company and the skills and expertise needed on the Board and its Committees to ensure the delivery of the Company's strategy and the long-term sustainable success of the Company;
- 7.3 oversee the development of a diverse pipeline for succession planning, including by monitoring the Company's diversity strategies and initiatives and the effectiveness of the same;
- 7.4 lead the process for identifying, interviewing, selecting and recommending candidates to serve as Directors on the Board and its Committees as and when necessary and ensure that a formal, rigorous and transparent procedure is followed in making nominations. All recommendations of the Committee in respect of the nominations to the Board shall only take effect when approved by the Board;

- 7.5 before an appointment is made by the Board, evaluate the balance of skills, knowledge, experience, diversity and independence 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:
  - 7.5.1 consider internal candidates who may be suitable for promotion to the Board in an executive capacity;
  - 7.5.2 where appropriate use open advertising or the services of external advisers to facilitate the search for external candidates;
  - 7.5.3 consider candidates on merit and against objective criteria, with due regard to the benefits of diversity; and
  - 7.5.4 consider candidates' time availability having regard to their other commitments;
- 7.6 ensure that, prior to the appointment of a Director, other significant time commitments and actual and potential conflicts of interest are disclosed and, upon appointment, Directors become bound to seek prior Board approval before taking on any additional significant commitments or assuming or acquiring any business interests that could result in an actual or potential conflict of interest;
- 7.7 ensure that, upon appointment to the Board, Non-Executive Directors receive a formal letter of appointment from the Company setting out clearly what is required of them in terms of Board and Committee service, involvement in the Company's business outside of Board and Committee meetings and the time commitment required of them;
- 7.8 ensure that, upon appointment to the Board and commencement of their employment, Executive Directors enter into a formal executive service contract with the Company setting out clearly their role and responsibilities and all matters required by employment law;
- 7.9 assist the Board Chairman with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its Committees, and ensure that such an evaluation is externally facilitated at least every three years, and:
  - 7.9.1 review the results of such annual performance and effectiveness evaluation process as it relates to the composition of the Board and its Committees;
  - 7.9.2 use the annual performance and effectiveness evaluation process to assess whether Non-Executive Directors continue to have sufficient time to discharge their responsibilities.
- 7.10 keep under review potential and declared conflicts of interest which Directors are required to disclose to the Company (both pre and post appointment) and develop appropriate processes for managing such conflicts;
- 7.11 make recommendations to the Board concerning:
  - 7.11.1 orderly plans for succession for both Executive and Non-Executive Directors, and in particular for the key roles of Chairman and Group Chief Executive;

- 7.11.2 any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;
- 7.11.3 suitable candidates for the role of Senior Independent Director;
- 7.11.4 membership of the Audit, Remuneration and Safety & Environment Committees, in consultation with the Chair of those committees;
- 7.11.5 the continued appointment of any Non-Executive Director having given due regard to their performance and ability to continue to contribute to the Board in the light of their knowledge, skills and experience in the context of the Company's business and strategy, their independence and their ability to commit sufficient time and attention to the role;
- 7.11.6 proposals to be made by the Board to shareholders regarding the re-election of Directors in accordance with the re-election provisions of the Code and the Company's Articles of Association having given due regard to their performance and ability to continue to contribute to the Board in the light of their knowledge, skills and experience in the context of the Company's business and strategy, their independence and their ability to commit sufficient time and attention to the role;
- 7.11.7 the continuation in office at any time of any Director having regard to their performance and their compliance (or otherwise) with the terms of their service contract or appointment letter, 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 and the termination of appointment of any Non-Executive Director subject to the provisions of the law and their appointment letter;
- 7.11.8 the appointment of any Director to external offices or functions, having regard to their duties and responsibilities on the Board and its Committees and the number and time commitment required in respect of their other external offices and functions; and
- 7.11.9 on any other matter within its remit where it considers action or improvement is needed.

## **8 Reporting Responsibilities**

- 8.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting, on all its other activities within its remit and on how the Committee has discharged its duties and responsibilities.
- 8.2 The Committee shall produce a report to shareholders, for approval by the Board, on its activities to be included in the Company's Annual Report. The report shall include:
  - a statement about its activities;
  - an explanation of the Committee's approach to succession planning and a description of the process used to make Board appointments (and, if an external search agency or open advertising has not been used, an explanation why not or, if an external search agency has been used, confirmation of whether or not that agency has any connection with the Company) and how both support the development of a diverse pipeline;
  - a statement of the Board's policy on diversity and inclusion, its objectives, how that policy links to the Company's strategy, how that policy has been implemented and the progress made in achieving such objectives, together with an explanation of how the Committee's approach to succession planning and process of making Board appointments support diversity;

- information about the gender balance of the Board and senior management and senior management's direct reports;
- an explanation of the Board and Committee annual evaluation process, the outcomes and actions taken and how the outcomes have influenced the composition of the Board and Committees;
- the frequency of and attendance by members at Committee meetings held during the year; and
- all other information required in accordance with applicable law and regulations and any additional information recommended by the Code.

8.3 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website.

## **9 Other Matters**

The Committee shall:

9.1 consider the disclosures relating to the role of the Committee to be included in the Company's Annual Report;

9.2 consider other topics and review other disclosures or documents as determined by the Board from time to time;

9.3 work and liaise as necessary with all other Board committees;

9.4 have access to sufficient resources in order to carry out its duties, including to the Company Secretary for assistance as required;

9.5 be provided with appropriate and timely training, both in the form of an appropriate induction programme for new members and on an ongoing basis for all members;

9.6 ensure compliance with all applicable and relevant laws and regulations, including (without limit) the requirements of the Companies Act 2006 (including any regulations made under that Act) and the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and give due consideration to corporate governance best practice, including (without limit) the provisions of the Code and, as deemed appropriate, any relevant guidelines published by institutional investors or shareholder representative bodies;

9.7 on an annual basis, review its membership, evaluate its own performance against its Terms of Reference and best practice, using external evaluators where and when appropriate, to ensure it is operating at maximum effectiveness and report the results of this review to the Board and recommend any changes it considers necessary; and

9.8 on an annual basis, review and, if necessary, update its own Terms of Reference, requesting Board approval for all proposed changes.