

Grafton Group plc
Terms of Reference – Nomination Committee

1. Membership

- 1.1. Members of the Committee shall be appointed by the Board. Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three year periods provided the director still meets the criteria for membership. The Committee shall be made up of at least three members, the majority of whom should be independent non-executive directors.
- 1.2. Only members of the Committee have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3. The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent non-executive director. In the absence of the Committee Chair the remaining members present shall elect one of their number to chair the meeting. The Chair of the board should not chair the Committee when it is dealing with the appointment of their successor.

2. Secretary

- 2.1. The Company Secretary shall act as the Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be two. 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. All or any members of the Committees may participate in a meeting by teleconference or videoconference. A person so participating is deemed to be present in person at the meeting and shall be counted in a quorum accordingly.

4. Frequency of Meetings

- 4.1. The Committee shall meet at such times as required.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be convened at the request of the Chair of the Committee or the Board.
- 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 generally no

later than five working days before the date of the meeting, or such shorter period as agreed by the Chair of the Committee from time to time. 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 Secretary shall minute the proceedings and resolutions of all Committee meetings.
- 6.2. Minutes of Committee meetings shall be circulated to all members of the Board.

7. Annual General Meeting

- 7.1. The Chair of the Committee shall be available to answer questions at the Annual General Meeting on the Committee's activities.

8. Duties

- 8.1. The Committee shall:
 - 8.1.1 ensure the Board and its Committees have a combination of skills, experience and knowledge;
 - 8.1.2 regularly review the structure, size, composition, skills, knowledge and experience on the Board, and the future challenges and opportunities affecting the business, and, in light of this evaluation, prepare a description of the role and capabilities for a particular appointment required by the Board and its Committees and make recommendations to the Board concerning any changes that the committee considers desirable. The vision of the Chair of the Board for achieving the optimal Board composition will help the Committee review the skills required, identify the gaps, develop transparent appointment criteria and inform succession planning.
 - 8.1.3 give full consideration to succession planning for directors and other senior executives, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future. Executive directors may be recruited externally, but the Group should also develop internal talent and capability through middle management development programmes, facilitating engagement between middle management and non-executive directors as well as partnering and mentoring schemes;
 - 8.1.4 give consideration to the length of service of the Board as a whole and consider regular membership refreshment in order to ensure the orderly rotation of Non-Executive Directors;

- 8.1.5 ensure there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board and be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- 8.1.6 In identifying suitable candidates the Committee shall:
 - 8.1.6.1 use open advertising and/or work with the services of an external search consultant who has made a commitment to promote diversity to access a more diverse pool of candidates from which to make an appointment; and
 - 8.1.6.2 consider candidates from a wide range of backgrounds and skills as considered appropriate.
- 8.1.7 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;
- 8.1.8 consider plans for orderly succession to senior management positions, and oversee the development of a diverse pipeline for succession;
- 8.1.9 ensure both appointments and succession plans are based on merit and objective criteria and, within this context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- 8.1.10 keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates;
- 8.1.11 prior to the appointment of a director, require the proposed appointee to disclose any other business interests that may result in a conflict of interest and ensure the proposed appointee is required to report any future business interests that could result in a conflict of interest;
- 8.1.12 ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment, which should be available for inspection, that includes an undertaking that they will have sufficient time to effectively meet what is expected of them. It should clearly set out the time commitment required by board, committee service and involvement outside of board meetings. The letter should also indicate the possibility of additional commitment when the company is undergoing a period of increased activity. The Committee may consider whether to set limits from time to time on the number and scale of other commitments it considers that the Chair and other non-executive directors may take on without compromising their effectiveness;

- 8.1.13 review annually the time required from non-executive directors. Performance evaluations should be used to assess whether the non-executive directors are spending enough time to fulfil their duties and contribute effectively;
 - 8.1.14 for the appointment of a Chair of the Board prepare a job specification, including the time commitment expected. A proposed Chair's other significant commitments should be disclosed to the board before appointment and any changes to the Chair's commitments should be reported to the board as they arise;
 - 8.1.15 approve the terms of reference for any external person or agency engaged to facilitate the evaluation of board performance; and
 - 8.1.16 ensure diversity policy is linked to company strategy and report on actions and outcomes.
- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 plans for succession for both executive and non-executive directors and, in particular, for the key role of chief executive officer.
 - 8.2.2 suitable candidates for the role of Senior Independent Director;
 - 8.2.3 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;
 - 8.2.4 the retirement age of Directors and its application;
 - 8.2.5 the re-election by shareholders of directors under the annual re-election provisions of the code having due regard to their performance and ability to continue to contribute to the company's long-term sustainable success in light of the knowledge, skills and experience required;
 - 8.2.6 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; and
 - 8.2.7 the appointment of any director to executive or other office other than to the position of Chair, the recommendation for which would be considered at a meeting of the full board.
- 8.3 The non-executive directors, led by the senior independent director, should be responsible for performance evaluation of the Chair, taking into account the views of executive directors.

- 8.4 The Committee shall periodically 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.
- 8.5 The Committee Chair should seek engagement with shareholders on significant matters within the Committee's remit.

9 Reporting Responsibilities

- 9.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 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.
- 9.3 The Committee shall produce a statement to be included in the Group's Annual Report about its activities, in particular:
 - 9.3.1 the process used to make appointments, its approach to succession planning and how both support developing a diverse pipeline both at Board and senior management level;
 - 9.3.2 how the board evaluation has been conducted, any other connection the external evaluator has with the Group or individual directors, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken and how it has or will influence board composition;
 - 9.3.3 to explain if external advice or open advertising has not been used when making appointments to the Board Where an external search consultancy has been used, it should be identified and an account as to whether it has any other connection with the Group or individual directors should be given;
 - 9.3.4 a description of the board's policy on diversity and inclusion, its link to Group strategy, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives; and
 - 9.3.5 the gender balance of those in the senior management and their direct reports.

10 Authority

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