

Balfour Beatty plc

(“Company”)

Nomination Committee (“Committee”)

TERMS OF REFERENCE

1. Membership

- 1.1 The Committee shall be appointed by the Board and its membership shall be as set out in the Board Committee Membership Schedule (as amended from time to time).
- 1.2 The Committee shall comprise the Chair of the Company and at least four other members. A majority of members of the Committee shall be independent Non-Executive Directors.
- 1.3 The Board shall appoint the Committee Chair who may be the Chair of the Board and must otherwise be an independent Non-Executive Director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. Where a meeting is considering issues relating to the Chair of the Board, including the appointment of his successor, the Chair of the Board shall not chair the Committee and the Senior Independent Director, or another independent Non-Executive Director shall take the Chair.
- 1.4 The Chief Executive and the Human Resources Director shall normally attend at the invitation of the Committee. Other Board members, members of management, employees of the Company and any advisers appointed by the Committee may attend any meeting of the Committee if invited by the Committee, except for any part of a Committee meeting at which their own position is being discussed.
- 1.5 Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods provided that the majority of the Committee members continue to be independent.

2. Secretary

The Secretary of the Company (or their nominee) shall act as the Secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be two members of the Committee, both of whom must be independent Non-Executive Directors, unless one such member is the Chair of the Company in which case, the second member must be an independent Non-Executive Director.

4. Frequency of Meetings

The Committee shall meet at such times as the Chair of the Committee shall require and at least once a year.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of the Chair of the Committee 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 provided to each member of the Committee and any other person invited or required to attend no fewer than three working days (if practicable) prior to the date of the meeting. Supporting papers shall be sent to members of the Committee 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 meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary shall ascertain at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Chair shall ensure that, in the event of any conflicts of interest being noted, appropriate control measures are taken in the way such conflicts are managed at that meeting.
- 6.3 Once approved by the Chair of the Committee, minutes of a Committee meeting shall be circulated to all members of the Board unless a conflict of interest exists.

7. Annual General Meeting

The Chair of the Committee shall attend the Annual General Meeting of the Company and shall respond to any shareholder questions on the Committee's activities and responsibilities.

8. Purpose and Duties

- 8.1 The Committee is responsible for Board recruitment ~~and will conduct a continuous and proactive process of planning and assessment, taking into account the Company's strategic priorities and the main trends and factors affecting the long term success and future viability of the Company.~~
- 8.2 On behalf of the Board, the Committee shall:
- ~~8.2.1 regularly review the structure, size and composition (including the balance of skills, knowledge and experience) of the Board (consider the length of service of the Board as a whole) and make recommendations to the Board with regard to any adjustments that are deemed necessary;~~
- ~~8.2.2 be responsible for identifying and nominating candidates from a wide range of backgrounds for the approval of the Board, to fill Board vacancies as and when they arise, with regard to the role and capabilities required for a particular appointment based on evaluation of the skills, experience and knowledge on the Board and the future challenges affecting the business;~~

- ~~8.2.38.2.1~~ ensure that appointments ~~and succession plans~~ are based on merit and objective criteria and, within that context, promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- ~~8.2.4~~ ~~evaluate the balance of skills, knowledge and experience on the Board and of the role and capabilities required before recommending an appointment;~~
- ~~8.2.5~~ ~~ensure processes and plans are in place for an orderly succession to Board and senior management positions, as defined by the UK Corporate Governance Code 2018 (“Code”), and oversee the development of a diverse pipeline for succession;~~
- ~~8.2.6~~ ~~keep under review the leadership needs of the organisation, both at Board level and for senior appointments with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;~~
- ~~8.2.78.2.2~~ when identifying suitable candidates for [appointment as](#) the Chair of the Board or a Non-Executive Director, use open advertising or the services of external advisers to facilitate the search, unless the Committee believes there is a good reason not to do so;
- ~~8.2.8~~ ~~make arrangements as it sees fit (and in collaboration with the Chair of the Board and Senior Independent Director) for the evaluation of the performance of all members of the Board, including the Chair, and of the Board itself and its Committees (with an externally facilitated board evaluation considered at least every 3 years);~~
- ~~8.2.9~~ ~~approve the Board’s approach to diversity and inclusion;~~
- ~~8.2.108.2.3~~ ensure on appointment that a candidate has sufficient time to undertake the role and review his commitments requesting, prior to appointment, that significant interests be disclosed with an indication of the time involved. Additional external appointments should not be undertaken without prior approval of the Board and full-time executive directors of the Company should not take on more than one non-executive directorship in a FTSE 100 company or other significant appointment or, if they are to be an executive of another company, that their appointment as a non-executive director of the Company must be their sole non-executive appointment;
- ~~8.2.118.2.4~~ ensure that prior to the appointment of a director, the proposed appointee discloses any other business interests that may result in a conflict of interest and that they be required to report any future business interests that could result in a conflict of interests; and,
- ~~8.2.128.2.5~~ ensure that the Secretary on behalf of the Board has formally written to any appointees, detailing the role and time commitments and proposing an induction plan in a form approved from time to time by the Chair.

8.3 It shall also make recommendations to the Board:

- 8.3.1 as regards the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office, especially when they have concluded their second term;
- 8.2.2 concerning the re-election by shareholders of any Director under the “retirement by rotation” provisions in the Company’s articles of association;
- 8.3.3 concerning the appointment of any Director to executive or other office;
- 8.3.4 as regards suitable candidates for the role of Senior Independent Director;
- 8.3.5 relating to each directors’ actual, potential and perceived conflicts of interests with the Committee responsible for authorising any potential conflicts of interest which arise as a matter of urgency between Board meetings; and
- 8.3.6 relating to each Non-Executive Director’s independence including their time commitment and performance, taking account of the independence criteria set out in the [U.K. Corporate Governance Code](#) (the “Code”).

9. Reporting Procedures

- 9.1 The Chair of the Committee 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, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board.
- 9.3 The Committee shall produce a report to be included in the Company’s annual report about its activities, including:
 - 9.3.1 the number of meetings of the Board and its Committees, and the individual attendance by the Directors;
 - 9.3.2 the reasons for permitting significant additional external appointments for individual Directors;
 - ~~9.3.3~~ [9.3.4](#) if not included in other papers accompanying the resolution to elect each Director, the reason why a Director should be appointed by the shareholders at a forthcoming Annual General Meeting i.e. the specific reasons why their contribution is, and continues to be, important to the Company’s long-term sustainable success;
 - ~~9.3.4~~ [9.3.5](#) the process used in relation to the appointments, ~~the Committee’s approach to succession planning and how both support developing a diverse pipeline;~~
 - 9.3.5 how the Board evaluation has been conducted [by the Remuneration Committee](#), the nature and the 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; [and](#)

~~9.3.6 the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving those objectives;~~

~~9.3.7 the gender balance of those in senior management, as defined in the Code, and their direct reports; and,~~

~~9.3.8~~ 9.3.6 if an external search consultancy is engaged, identification of the consultancy and a statement about any connections it has with the Company or individual directors.

10. Authority

10.1 The Committee is authorised by the Board to:

10.1.1 investigate, or cause to be investigated, any activity within its terms of reference;

10.1.2 seek any information it requires from any employee of the Company in order to perform its duties; and all employees are directed to co-operate with any request made by the Committee;

10.1.3 obtain external professional services, funded by the Company, on any matter it considers appropriate to its terms of reference and invite such or other advisors to attend meetings as it deems necessary;

10.1.4 meet for despatch of its business, adjourn and otherwise regulate its meetings as it sees fit;

10.1.5 delegate any of its duties as is appropriate to such persons or person as it thinks fit; and

10.1.6 avail itself of training it considers appropriate to ensure members have a sufficient understanding of the business of the Company and the environment in which it operates, and are kept up to date with relevant accounting, regulatory and legal developments including the general duties of directors set out in the Companies Act 2006, the provisions of the ~~UK Corporate Governance~~ Code and the requirements of the FCA's Listing, Prospectus Regulation, and Disclosure Guidance and Transparency Rules as appropriate. This should include ensuring appropriate induction for new members, covering the role of the Committee, including its terms of reference and expected time commitment by members, and an overview of the Company's business model and strategy, identifying the main business and financial dynamics and risks, and meeting with key employees where relevant.

10.2 The Committee will be provided with sufficient resources to undertake its duties.

Comparison Details	
Title	DocsCorp Compare Comparison Results
Date & Time	03/03/2020 08:50:46
Comparison Time	3.13 seconds
compareDocs version	v4.3.301.4

Sources	
Original Document	2019 TERMS OF REFERENCE - Nomination Committee - CLEAN (003).docx
Modified Document	A41219602 v0.0 2019 TERMS OF REFERENCE - Nomination Committee_LL Comments_03 March 2020.docx

Comparison Statistics	
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