

## **Balfour Beatty plc**

("Company")

### **Nomination Committee ("Committee")**

## **TERMS OF REFERENCE**

### **1. Membership**

1.1 The Committee shall be appointed by the Board.

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 themselves to chair the meeting. The Chair of the Board shall not chair the Committee when it is dealing with the matter of succession of the Chair of the Board.

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 of the Committee may attend committee meetings if invited, 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 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. 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 twice 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 forwarded to each member of the committee and any other person required to attend no later 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 decisions of all Committee meetings, 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 Draft minutes of Committee meetings shall be circulated to all members of the Committee. 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. Engagement with Shareholders**

The Committee Chair shall attend the Annual General Meeting of the Company to answer any shareholder questions on the committee's activities. In addition, the Committee Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **8. Duties**

The Committee should carry out the duties below for the Board.

The Committee shall:

8.1 Regularly review the structure, size, composition and diversity of the Board and make recommendations to the Board with regard to any changes that are deemed necessary.

8.2 Regularly review the skills, knowledge, experience of the Board and recommend any training requirements, both for individual directors and for the Board as a whole.

8.3 Ensure plans are in place for orderly succession to Board and Executive Committee 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 needed on the Board in the future.

8.4 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.

8.5 Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.

8.6 Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience, and diversity on the Board and, in light of this evaluation, prepare a description of the

role and capabilities required for a particular appointment and the time commitment expected. In identifying suitable candidates, the committee shall:

- 8.6.1 use open advertising or the services of external advisers to facilitate the search;
  - 8.6.2 consider candidates from a wide range of backgrounds including, but not limited to, gender, social and ethnic backgrounds, cognitive and personal strengths;
  - 8.6.3 consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position.
- 8.7 Prior to the appointment of a Director, other significant time commitments should be disclosed, and any additional future external appointments 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.
- 8.8 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.
- 8.9 Ensure that, on appointment to the Board, the Secretary has formally written to any appointees, detailing the role, time commitment, and proposing an induction plan in a form approved from time to time by the Chair.
- 8.10 Review the results of the Board performance evaluation process that relate to the duties of the Committee.
- 8.11 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.
- 8.12 Work and liaise with other Board Committees where necessary, ensuring the interaction between committees and with the Board is reviewed regularly.
- 8.13 The Committee shall also advise the Board concerning:
- 8.13.1 Any changes needed to the succession planning process if its period assessment indicates the desired outcomes have not been achieved.
  - 8.13.2 Suitable candidates for roles as new Directors and succession for existing Directors.
  - 8.13.3 Membership of the Audit and Risk, Safety and Sustainability, and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chair of those Committees.
  - 8.13.4 The re-appointment of Non-Executive Directors 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 knowledge, skills and experience required.

8.13.5 The re-election by shareholders of Directors under the annual re-election provisions of the U.K. Corporate Governance Code (the “Code”) or the retirement by rotation provisions in the Company’s Articles of Association, having due regard to their performance and ability, and why their contribution is important to the Company’s long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board, taking into account the length of services of individual Directors, the Chair and the Board as whole.

8.13.6 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.

8.13.7 The appointment of any Director to Executive or other office.

## **9. Reporting Procedures**

9.1 The Committee Chair 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, at least once a year, review its own performance, constitutions, 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 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.

9.4 The Committee shall produce a report to be included in the Company’s annual report describing the work of the Nomination Committee including:

9.4.1 The process used in relation to appointments, the reasons for permitting significant additional external appointments for individual Directors, its approach to succession planning and how both support the development of a diverse pipeline;

9.4.2 How Board evaluation has been conducted, 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 influenced or will influence Board composition;

9.4.3 The number of meetings of the Board and its Committees, and the individual attendance by Directors;

9.4.4 If not included in other papers, the resolution to elect each Director, the reason why a Director should be appointed by shareholders at a forthcoming AGM i.e., the specific reasons why their contribution is, and continues to be, important to the Company’s long-term sustainable success;

9.4.5 The process used in relation to appointments, the Committee’s approach to succession planning and how both support developing a diverse pipeline;

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

9.4.7 The gender balance of those in the Executive Committee, as defined in the Code, and their direct reports.

9.5 If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the Company or individual Directors.

## **10. Other Matters**

The committee shall

10.1 Have access to sufficient resources to carry out its duties, including access to the Company Secretariat and any employee of the Company 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 to ensure members have a sufficient understanding of the business of the Company and the environment in which it operates. The training should cover 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.

10.3 Give due consideration to all relevant laws and regulations, the general duties of Directors set out in the Companies Act 2006 (the "**Act**"), the provisions of the Code and associated guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate.

## **11. Authority**

The committee is authorised by the Board to

11.1 Obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

11.2 Investigate, or cause to be investigated, any activity within its terms of reference.

11.3 Meet for despatch of its business, adjourn and otherwise regulate its meetings as it sees fit.

11.4 Delegate any of its duties as is appropriate to such persons or person as it thinks fit.