

## CO-OPERATIVE GROUP LIMITED

### NOMINATIONS COMMITTEE

#### Terms of Reference

(as approved by the Board of Co-operative Group Limited on 19 July 2017)

#### 1. SCOPE

This document sets out the Terms of Reference of the Nominations Committee (**NomCo**) of Co-operative Group Limited (the **Society**). The NomCo is a committee of the Society's Board (the **Group Board**) established under Rule 45.

#### 2. INTERPRETATION

2.1 Capitalised terms used but not defined in these Terms of Reference shall have the meaning given to them in the Society's Rules (the **Rules**).

2.2 References to a Director or Directors in these Nominations Committee Terms of Reference mean Independent Non-Executive Directors and Executive Directors and not Member Nominated Directors ("MNDs") unless otherwise stated

#### 3. RESPONSIBILITIES

The responsibilities of the NomCo are as follows:

- 3.1 To lead the nomination and appointment process for Directors of the Group Board having regard to the requirements set out in the Rules, the Board Composition Charter, the Membership Regulations, the Board Election Regulations, the Values and Principles and such other Group policies, codes and regulations as may be relevant to the appointment or election of Directors from time to time.
- 3.2 To ensure the integrity of the search and nominations process for the Group Chair, the Senior Independent Director, the Independent Non-Executive Directors, the Executive Directors and other specified non Group Board appointments. This includes (without limitation):
  - (a) determining how vacancies on the Group Board for Independent Non-Executive Directors or Executive Directors shall be advertised, and whether or not external advisors should be used to facilitate the search for suitable candidates;
  - (b) considering candidates from a wide range of backgrounds on merit and against objective criteria with due regard to the benefits of diversity on the board taking care that appointees have enough time available to devote to the position, in accordance with the relevant provisions of the Board Composition Charter;
  - (c) for the appointment of a Group Chair, preparing a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Group Board before appointment and any changes to their commitments should be reported to the Group Board as they arise;

- (d) ensuring prior to appointment of a Director that, the proposed appointee disclose any other business interests that may result in a conflict of interest and report any future business interests that could result in a conflict of interest.
  - (e) leading the selection process for new Independent Non-Executive Directors and Executive Directors and making recommendations to the Group Board to assist the Group Board in making such appointments;
  - (f) ensuring that on appointment to the Group Board, Independent Non-Executive Directors and MND's 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.
  - (g) reviewing and approving the qualification and commercial experience requirements of Independent Non-Executive Directors and Executive Directors and confirming whether or not they satisfy such requirements (including the Membership Criteria and Eligibility Criteria) throughout their term of office and before they are appointed, elected or re-elected to the Group Board in accordance with the Rules and the Board Election Regulations;
  - (h) Subject to paragraph (g) above, making recommendations to the Group Board in respect of the election or re-election of Independent Non-Executive Directors and Executive Directors; and
  - (i) Subject always to the overriding requirements set out in the governing documents of the relevant subsidiary and if/when requested by the Group Board, to make recommendations to the Group Board in respect of other appointments.
- 3.3 Under the direction of the Group Chair, to keep the effectiveness of the Group Board under review by ensuring that the composition of the Group Board provides an appropriate balance of skills, experience, diversity and gender balance to provide effective leadership and oversight of an organisation of the size and complexity of the Group. This includes a formal and rigorous evaluation of the Group Board's performance annually (the **Annual Board Evaluation**) conducted in accordance with Rule 59.
- 3.4 To evaluate the performance of Directors (including Member Nominated Directors) both individually and collectively, to monitor whether Directors (including Member Nominated Directors) satisfy the Membership Criteria and Eligibility Criteria throughout their terms of office and to ensure that appropriate succession plans are in place for key roles.
- 3.5 To submit proposals to the Non-Executive Directors' Fees Committee of the Council in respect of the remuneration of the Group Chair, Independent Non-Executive Directors and Member Nominated Directors of the Group Board, (such proposals to reflect the Group's remuneration policy in force at the time), and have regard to advice and guidance provided by the Remuneration Committee, including in relation to relevant market benchmarking data and the need to attract individuals of the appropriate quality for an organisation of the size and complexity of the Group.
- 3.6 To agree the terms of reference of the Scrutiny Committee with the Council.
- 3.7 Subject always to the overriding requirements set out in the Rules and in each case in accordance with the terms of reference of the relevant committee of the Group Board, to make recommendations to the Group Board in respect of the composition of each

committee appointed by the Group Board (with the exception of the NomCo itself) to assist the Group Board in making such appointments.

- 3.8 To perform any other functions delegated or referred to it by the Group Board from time to time.

#### **4. DELEGATION OF AUTHORITY**

The NomCo may delegate any or all of its responsibilities to a sub-committee, including one established solely for that purpose.

#### **5. MEMBERSHIP**

- 5.1 Members of the NomCo that are not members by virtue of their office shall be appointed by the Group Board.
- 5.2 The NomCo shall comprise the Group Chair, two Independent Non-Executive Directors (one of whom will be the Senior Independent Director), two MNDs and the President. If at any time there is a casual vacancy relating to the Group Chair, Senior Independent Director or President, or any temporary shortfall in the number of MNDs or Independent Non-Executive Directors on the Group Board, the initial or continuing members of NomCo may act notwithstanding any vacancies in their number. In these circumstances steps will be taken to rectify any shortfall as soon as reasonably practicable.
- 5.3 The Group Chair shall chair the NomCo unless the committee is dealing with the appointment of a successor to the position of Group Chair, in which case the NomCo shall be chaired by the Senior Independent Director. In the absence of the Group Chair, the NomCo shall be chaired by the Senior Independent Director. In the absence of the Senior Independent Director, the members present at a duly convened and quorate meeting of the NomCo shall elect one of their number to chair the meeting.
- 5.4 The Group Secretary, or his or her nominee, shall be secretary of the NomCo.
- 5.5 The Group Board shall be entitled to terminate the membership of any member of the NomCo who is not a member of NomCo by virtue of his or her office at any time whether for cause or where otherwise appropriate or expedient to do so.
- 5.6 No Director facing re-election shall be eligible to participate in any discussions with the NomCo or otherwise relating to his/her renomination or re-election to the Group Board.

#### **6. MEETINGS**

- 6.1 The NomCo shall meet at such times as the chair of the committee shall require.
- 6.2 The quorum for meetings of the NomCo shall be three members present throughout the meeting in person or by telephone, of whom at least one shall be the President or a MND and at least one shall be the Group Chair or the Senior Independent Director. In the event that a meeting is inquorate the secretary of NomCo may call a further meeting where the quorum shall be any three members of NomCo present throughout the meeting in person or by telephone. A duly convened meeting of the NomCo 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 NomCo.

- 6.3 Meetings of the NomCo shall be called by the secretary of the NomCo at the request of the chair of the NomCo. Notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate will normally be provided to each member of the NomCo no later than seven days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the NomCo to all members of it and to arrange such meetings so that members are able to attend them.
- 6.4 A member of the NomCo may participate in a committee meeting by telephone or video conference.
- 6.5 Only members of the NomCo have the right to attend committee meetings, however the NomCo may also invite such other attendees as it deems necessary or appropriate to enable it to discharge its responsibilities as set out in paragraph 3 above. The following may, at the invitation of the NomCo, be in regular attendance, namely:
- (a) the Group Chief Executive;
  - (b) the Chief HR Officer; and
  - (c) representatives from appointed professional search firm(s).
- 6.6 The secretary of the NomCo shall prepare minutes of any meeting of the NomCo, including the names of those present and in attendance, and, after approval and signature by the chair of the NomCo, shall circulate the minutes to all members of the NomCo and to all other members of the Group Board, unless it would be inappropriate to do so.

## **7. VOTING**

- 7.1 In exercising its powers to make recommendations to the Group Board in respect of the appointment, election or re-election of any Independent Non-Executive Director or Executive Director, such recommendations must be a unanimous decision of those present (in person or by telephone/video conference) and entitled to vote at a duly convened meeting of the NomCo.
- 7.2 Other matters will be decided by a majority decision of those present (in person or by telephone/video conference) and entitled to vote at a duly convened meeting of the NomCo. If votes are equal (and neither NomCo members ineligible to vote at such meetings nor abstentions shall be taken into account for the purposes of determining whether a vote is equal), the chair of the meeting has a second, casting vote.

## **8. GOVERNANCE, RESOURCING AND TRAINING**

- 8.1 The NomCo shall have access to sufficient resources in order to carry out its duties, including access to the Group Secretariat department for assistance as required.
- 8.2 The NomCo is authorised by the Group Board to employ the services of such advisors as it deems necessary to fulfil its responsibilities, including employing search consultants or outside legal or other independent professional advice, at the Group's expense.
- 8.3 The NomCo is authorised to seek any information it requires from any officer, employee, contractor or advisor of the Group in order to fulfil its duties.

- 8.4 Members of the NomCo will be provided with appropriate and timely training, both through a tailored induction process for new members of the NomCo and on an ongoing basis for all members, to enable them to discharge effectively their roles and responsibilities as members of the NomCo.
- 8.5 Any proposed changes to these Terms of Reference shall be effective only if and when approved by the Group Board.
- 8.6 These Terms of Reference (as amended, if appropriate), shall be made public and a copy of the current version of these Terms of Reference shall be published on the Group's external website.

## **9. REPORTING**

- 9.1 The NomCo will report to and be accountable for its activities to the Group Board. It will normally report on its activities at the Group Board meeting immediately following its meeting.
- 9.2 The chair of the NomCo shall report on committee business and highlight issues together with any related recommendations to the Group Board.
- 9.3 The NomCo will provide a report to be included in the Group's Annual Report and Accounts about its activities which shall include:
- a) The process used to make appointments and explanation if external advice nor open advertising has been used;
  - b) Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Group.
  - c) A statement of the Board's policy on diversity, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives.
- 9.4 The chair of the NomCo shall be available to answer questions about the committee's activities at the Society's Annual General Meeting.
- 9.5 The NomCo is accountable to the Group Board, however if the NomCo believes any issues should be drawn to the attention of any of the Society's subsidiaries, the secretary of the NomCo will ensure that a note of that issue is submitted to the relevant subsidiary.