

Terms of Reference – Chair of the Board

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Terms of Reference - Chair of the Board

1. Board Leadership and Management

1.1 The chair of the Board (the **Chair**) shall:

- (a) ensure the effectiveness of the board of directors (the **Board**) in all aspects of its role, including the satisfaction of its legal, regulatory and shareholder responsibilities;
- (b) facilitate the effective contribution of the non-executive directors (the **Non-Executive Directors**) and encourage active engagement and appropriate challenge by Board members;
- (c) in conjunction with the chief executive officer (the **CEO**) and Company Secretary, set the Board's agenda and the regularity, frequency and timing of meetings, ensuring that the agenda reflects the important issues facing the Group, and that adequate time is available for full and open discussions, in particular for strategic, complex or contentious issues;
- (d) ensure that the directors receive accurate, timely and clear information on which to base sound decisions, monitor effectively and provide advice to management to promote the success of the Company and that the Non-Executive Directors are kept fully informed of strategic or important developments affecting the Company in a timely manner;
- (e) facilitate resolution of any differences of opinion or approach between directors and ensure that directors have the opportunity, and are encouraged, to participate in open and frank debate and discussion in Board meetings and otherwise;
- (f) build an effective, diverse and complementary Board and, in conjunction with the Company's nomination committee (the **Nomination Committee**), initiate change and consider succession planning (except that of a successor to the Chair) and Board composition;
- (g) keep under review with the Board, the general progress and long-term development of the Company and ensure that effective strategic planning for the Company is undertaken by the CEO and endorsed by the Board after discussion, consistent with creating shareholder value and promoting the long-term success of the Company for the benefit of its stakeholders as a whole;
- (h) ensure that the Board determines the nature and extent of the Company and its subsidiaries' (the **Group**) risk appetite and that there are no impediments to the effective oversight of risk;
- (i) ensure, subject to the view of the Company's remuneration committee (the **Remuneration Committee**), that the executive directors (the **Executive Directors**) are appropriately rewarded;

- (j) lead the Board in monitoring the CEO's performance, set objectives and undertake the CEO's performance appraisal; and
- (k) ensure he or she is fully informed about all issues on which the Board will be required to make a decision.

2. Governance

2.1 The Chair shall:

- (a) ensure appropriate governance arrangements for the Board and its committee structure;
- (b) ensure that all board committees (the **Committees**) operate effectively with appropriate terms of reference and that there is sufficient time allowed at Board meetings for discussion of audit, risk, nomination, remuneration, disclosure and balance sheet issues considered by the Committees;
- (c) promote high standards of corporate governance, seeking to achieve compliance with all provisions of the UK Corporate Governance Code (the **Code**) where possible;
- (d) devote as much of their time, attention, ability and skills as are reasonably required for the performance of their duties; and
- (e) ensure that in carrying out their responsibilities, Board members are able to comply with all relevant legislative and regulatory rules applicable to directors - in particular, taking into account the Directors' Duties contained in the Companies Act 2006, the best practice principles of the Code, the Listing Rules, the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority, and any other relevant factors.

3. Board Induction, Development and Evaluation

3.1 The Chair shall ensure that the directors continually update their skills and their knowledge and familiarity with the Company required to fulfil their role both on the board and on Committees.

3.2 The Chair shall:

- (a) ensure, with the assistance of the Company Secretary, that new directors are provided with a comprehensive, formal and tailored induction programme and that on-going training is provided for all directors, taking into account the needs of individual directors and the Board collectively;
- (b) ensure that the development and on-going training needs of individual directors and the Board as a whole are reviewed regularly;
- (c) ensure that the performance of the Board, its main Committees and each director are evaluated at least annually, and externally every 3 years;
- (d) ensure appropriate action plans are put in place and implemented as a result of the evaluation; and

- (e) hold meetings with the Non-Executive Directors, where the Executive Directors are not present (at least once per year).

4. Shareholder and Stakeholder Responsibilities

4.1 The Chair shall:

- (a) ensure effective communication with shareholders and other stakeholders, in order to understand their issues and concerns (in particular discussing governance, strategy and remuneration with them), and communicate issues to the Board;
- (b) ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders; and
- (c) arrange for all the directors to attend annual general meetings of the Company and ensure that the chair of each Committee is available to answer questions.

5. Relationship of the Chair and the CEO

5.1 The roles of the Chair and the CEO must be complementary and shall not be occupied by the same individual. The CEO is responsible for running the business within the authority delegated by the Board, whilst the Chair is responsible for the leadership, management and effectiveness of the Board.

5.2 The CEO and the Chair must ensure that each is appropriately informed of the other's current areas of activities. They must work closely together as a team to promote the long-term success of the Group.

5.3 The relationship of the CEO and the Chair must be based on mutual respect and trust, with problem areas being addressed openly.

5.4 The Chair must have such direct access to senior executives as he deems necessary.

5.5 The CEO and the Chair must agree on their respective roles in setting major tasks and in taking new initiatives.

5.6 These guiding principles will only be modified by mutual agreement between the CEO and the Chair and with the prior approval of the Board.

6. Personal Standards and Behaviours

6.1 The Chair shall:

- (a) uphold the highest standards of integrity, diversity and probity and set clear expectations in respect of the Group's culture, values and behaviours;
- (b) provide an independent perspective and constructive challenge;
- (c) promote a culture of openness and debate, facilitating effective contributions from Non-Executive Directors;
- (d) ensure constructive relations between Executive and Non-Executive Directors;

- (e) establish a close relationship of trust with the CEO and Chief Financial Officer, providing support and advice whilst respecting executive responsibility;
- (f) consult with the Senior Independent Director on Board matters;
- (g) represent the Group externally with key stakeholders; and
- (h) promote the highest standards of corporate governance and adhere to the spirit of the principles of the Group.