



**Ibstock**  
Plc

## Terms of Reference of the Nomination Committee of Ibstock Plc

### 1. PURPOSE

- 1.1 The role of the Nomination Committee (the **Committee**) is to develop and maintain a formal, rigorous and transparent procedure for making recommendations on appointments and re-appointments to the board of the Company (the **Board**). In addition, it is responsible for reviewing the succession plans for the executive directors (the **Executive Directors**) and the non-executive directors (the **Non-Executive Directors**, together with the Executive Directors, the **Directors**), and for ensuring that appropriate succession plans are in place for the executive leadership team (ELT)
- 1.2 The Committee's responsibility and authority covers the Company and its direct and indirect subsidiaries (the **Group**).

### 2. MEMBERSHIP

- 2.1 The Committee shall comprise at least three members. A majority of the members of the Committee (excluding the chair of the Committee (the **Committee Chair**)) shall be independent Non-Executive Directors.
- 2.2 Only members of the Committee shall have the right to attend and vote at Committee meetings. However, other individuals such as the Chief Executive Officer, the head of human resources, other Directors and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary and with the agreement of the Committee Chair. The Committee shall remain independent of management and majority shareholders at all times.
- 2.3 Appointments to the Committee are made by the Board on the recommendation of the Committee, in consultation with the Committee Chair and shall be for a period of up to three years, extendable by no more than two additional three-year periods provided the member still meets the criteria for membership of the Committee. Each member of the Committee should be capable of making a valuable contribution to the Committee such that the Committee, collectively, has the appropriate knowledge and expertise.
- 2.4 The Board shall appoint the Committee Chair from among the members of the Committee, and who shall be either the chair of the Board (the **Chair**) or an independent Non-Executive Director on the recommendation of the Committee. In the absence of the Committee Chair and/or an appointed alternate member, the members present at any meeting shall elect one of their numbers who would qualify under these terms of reference to be appointed to that position by the Board to chair the meeting. The Chair must not chair the Committee when it is dealing with the appointment of a successor to the chairship. If any member of the Committee is unable to act for any reason, the Committee Chair may appoint another independent non-executive director of the Company agreed by the other members of the Committee to act as that member's alternate.

- 2.5 The Company Secretary, or his or her nominee, shall act as the secretary of the Committee (the **Secretary**) and shall ensure that where members have concerns on any matters raised or any proposed action, those concerns are recorded in the Committee minutes.
- 2.6 Each member of the Committee shall disclose to the Committee:
- (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
  - (b) any potential conflict of interest arising from a cross-directorship.
- 2.7 Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the Board) shall resign from the Committee.

### **3. QUORUM**

- 3.1 The quorum necessary for the transaction of business at Committee meetings shall be three members, the majority of whom shall be independent Non-Executive Directors. 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.

### **4. MEETINGS**

- 4.1 The Committee shall meet at least twice a year and at such other times as the Committee Chair or any member of the Committee may request.
- 4.2 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers shall, unless otherwise agreed, be issued to each Committee member and, as appropriate, any other person invited to attend, no later than three working days before the date of the meeting, to enable full and proper consideration to be given to the issues. All reasonable efforts should be made to arrange such meetings so that members are able to attend them.
- 4.3 Members of the Committee may participate and be included in any quorum in any Committee meetings by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other. Such meetings shall be deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the Committee Chair is.
- 4.4 The Committee Chair shall have a casting vote in the event of an equality of votes and attendees may be asked to leave to allow discussions of matters relating to them.
- 4.5 The Secretary shall ascertain at the beginning of each meeting of the Committee the existence of any conflicts of interest and minute them accordingly.

### **5. AUTHORITY**

- 5.1 The Board authorises the Committee to:
- (a) investigate any activity within its Terms of Reference and make recommendations to the Board which it deems appropriate on any area within its remit where action or improvement is needed;

- (b) seek any information it requires from or request the attendance at any of its meetings of any director or any employee of the Group and all directors and employees are expected to co-operate with any requests made by the Committee;
- (c) use any form of resource that it considers to be appropriate, including obtaining, at the Company's expense (such expense to be agreed in advance with the Committee Chair) legal or other independent professional advice as it considers necessary to fulfil its responsibilities on any matter within its Terms of Reference and to secure attendance of outsiders with relevant experience and expertise; and
- (d) where directors have concerns which cannot be resolved about the business of the Committee or a proposed action, they should ensure that their concerns are recorded in the Committee minutes. On resignation, a Non-Executive Director should provide a written statement to the Committee Chair, for circulation to the Board, if they have any such concerns.

## **6. DUTIES AND RESPONSIBILITIES**

6.1 The Committee should make available its Terms of Reference, by including the information on the Company's website, explaining its role and the authority delegated to it by the Board.

### **Board composition**

6.2 The Committee shall:

- (a) keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- (b) keep up to date and fully informed about strategic issues and commercial changes facing the Group and the markets in which it operates;
- (c) regularly (at least annually), review the structure, size and composition of the Board to ensure it has an appropriate balance of skills, diversity, experience, knowledge and independence, and report and make recommendations to the Board with regard to any changes;
- (d) regularly, and at least annually, assess the knowledge, skills and experience of individual members of the Board and report the results to the Board;
- (e) ensure that no individual or small group of individuals dominate decision making to the extent that it is detrimental to the Group as a whole; and
- (f) oversee the production and annual review of an appropriate Board diversity policy.

6.3 In carrying out its duties, the Committee shall have regard to the following factors:

- (a) total number of Directors, taking into account the optimum size of the Board as determined by the Committee from time to time;
- (b) balance of the number of Executive and Non-Executive Directors;
- (c) balance of the number of independent Non-Executive Directors;

- (d) adequate collective knowledge and experience required relevant to the activities of the Group;
- (e) length of service and likely retirement dates of existing Directors;
- (f) diversity, including skills mix, industry experience, background and gender of Directors;
- (g) responsibilities of specific Directors;
- (h) scope and mix of outside experience brought to the Board; and
- (i) the expected time commitment required of Non-Executive Directors and each key Board position.

### **Board appointments and commitments**

6.4 The Committee shall:

- (a) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (b) before any appointment is made to the Board, evaluate the balance of skills, knowledge, independence, experience and diversity on the Board, including the balance of Non-Executive Directors to Executive Directors and, in the light of this evaluation, prepare a description of the role and capabilities required of the particular appointment and assess the time commitment expected.
- (c) in identifying suitable candidates the Committee shall:
  - (i) use open advertising or the services of external independent advisers to facilitate the search;
  - (ii) consider candidates from a wide range of backgrounds; and
  - (iii) consider candidates on merit against objective criteria with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position;
- (d) for the appointment of the Chair, the Committee shall prepare a job description, 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;
- (e) prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict; and
- (f) ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings and propose an induction plan produced in conjunction with the Chair;

- (g) arrange for the terms and conditions of appointment of Non-Executive Directors be made available for inspection at the Company's registered office during normal business hours and at the annual general meeting;
- (h) review annually the time required from Non-Executive Directors (the use of performance evaluation should be considered to assess whether the Non-Executive Directors are spending enough time to fulfil their duties); and
- (i) review the independence of the independent Non-Executive Directors annually.

### **Succession planning**

6.5 The Committee shall:

- (a) give full consideration at regular intervals to succession planning for Directors in the course of its work, taking into account the challenges and opportunities facing the Group and the skills and experience needed in the future;
- (b) be responsible for formulating plans for recommendation to the Board on succession for both Executive and Non-Executive Directors and, in particular, for the key roles of Chair and Chief Executive Officer; and
- (c) ensure that succession plans are in place for ELT positions, and provide oversight of the development of an appropriately diverse pipeline for succession.

### **Other matters**

6.6 The Committee will make recommendations to the Board on:

- (a) membership of the Audit, Disclosure and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the chairmen of those Committees;
- (b) 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;
- (c) the annual re-election by shareholders of any Director under the annual re-election provisions of the UK Corporate Governance Code and associated guidance (the **Code**) or the retirement by rotation provisions in the Company's articles of association, having given due consideration to their performance and ability to continue to be effective and contribute to the Board in the light of the knowledge, skills and experience required and specific account being taken of the need for progressive refreshing of the Board particularly where a non-executive director has served for 6 years or more
- (d) 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
- (e) the appointment of any Director to an executive or other office, including the role of Senior Independent Director.

## **Board evaluation**

- 6.7 The Committee shall:
- (a) consider and set the criteria for the performance review of each Non-Executive Director;
  - (b) ensure that annual assessments of the performance of the Chair, the Chief Executive Officer, and the Chief Financial Officer are undertaken;
  - (c) ensure an annual performance evaluation is undertaken of the effectiveness of the Board, each Committee of the Board and the contribution of each Director, such evaluation to be externally facilitated at least once every three years;
  - (d) ensure the Committee reviews the results of the board evaluation processes that relate to the Board composition;
  - (e) ensure that the conclusions and recommendations arising out of the annual board evaluation and the individual performance evaluations are reported to the Board; and
  - (f) agree an action plan addressing the results of the board evaluation and monitor performance on a regular basis against the agreed plan.
- 6.8 In carrying out the responsibilities of the Committee, the members will act in accordance with all relevant legislative and regulatory rules applicable to directors. In particular, they will take into account the Listing Rules and the Disclosure and Transparency Rules issued by the Financial Conduct Authority, the Directors' Duties contained in the Companies Act 2006, best practice principles of the Code and any other relevant factors.

## **7. REPORTING RESPONSIBILITIES**

- 7.1 The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 7.2 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board, unless it would be inappropriate to do so.
- 7.3 The Committee shall provide such recommendations to the Board as it deems appropriate on any areas within its remit where action or improvement is needed or desirable.
- 7.4 The Committee shall make a statement in the Company's annual report of its membership and a description of its duties and activities including:
- (a) the process it has used in relation to Board appointments and explain if external advice or open advertising has not been used; and
  - (b) a description of the Board's policy on diversity, including gender, and measurable objectives that it has set for implementing the policy and progress on achieving the objectives.

7.5 The Committee Chair shall be available to answer questions about the Committee's activities at the annual general meeting of the Company. All other members of the Committee shall also attend the annual general meeting.

## **8. REVIEW**

8.1 The Committee will conduct an annual review of its performance and ensure that it is provided with sufficient resources to undertake its duties, and that sufficient training is provided to members on appointment and on an on-going basis and recommend any changes that it considers necessary to the Board for approval.

8.2 These Terms of Reference and the constitution of the Committee shall be reviewed by the Committee and, where necessary updated, at least once a year.

**Approved by the Board 8 October 2015**

**Reviewed and adopted by the Nomination Committee 24 February 2016**

**Reviewed by the Nomination Committee 22 November 2016**

**Reviewed by the Nomination Committee 22 November 2017**

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