



**Costain Group PLC**  
**Nomination Committee - Terms of Reference**

**1. Definitions**

In these Terms of Reference:

references to **"the Board"** shall mean the board of directors of the Company;

references to **"the Chair of the Committee"** shall mean the Chair of the Nomination Committee;

references to **"the Chair of the Company"** shall mean the Chair of the Company;

references to **"the Chief Executive"** shall mean the Chief Executive of the Company;

references to **"the Code"** shall mean the 2018 UK Corporate Governance Code;

references to **"the Committee"** shall mean the Nomination Committee;

references to **"the Company"** shall mean Costain Group PLC;

references to **"directors"** means the directors of the Board;

references to **"executive directors"** shall mean those members of the Board who are executive directors; and

references to **"non-executive directors"** shall mean those members of the Board who are non-executive directors.

**2. Membership**

2.1 The Committee shall be appointed by the Board and shall comprise the Chair of the Committee and all the non-executive directors of the Board.

2.2 A majority of the members of the Committee shall be independent non-executive directors.

2.3 The Chair of the Company shall be the Chair of the Committee. In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board.

2.4 The Chair of the Company shall not chair any meeting at which the appointment of a successor as Chair of the Company is to be considered. In such circumstances, an independent non-executive director shall chair the meeting.

- 2.5 If a regular member is unable to act due to absence, illness or any other cause, the Chair of the Committee may appoint another director of the Company to serve as an alternate member, having due regard to maintaining the required balance of executive and independent non-executive members.
- 2.6 Only Committee members have the right to attend Committee meetings. However, the Committee may ask or invite other individuals, such as the Chief Executive, the HR Director, other directors and external advisers or any other person, to attend for all or part of any Committee meeting as and when appropriate.
- 2.7 Appointments to the Committee shall be for a period of up to three years. This period may be extended for two additional periods of up to three years, provided the director still meets the criteria for membership of the Committee.

### **3. Quorum**

The quorum necessary for the transaction of business shall be two members of the Committee of whom at least one must be an independent non-executive director. 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. Secretary**

The Company Secretary, or their nominee, shall act as the Secretary of the Committee ("**the Secretary**"). The Secretary will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

### **5. Frequency of Meetings**

The Committee shall meet at least twice a year and at such other times as the Chair of the Committee or other members of the Committee shall require.

### **6. Notice of Meetings**

- 6.1 Meetings of the Committee shall be summoned by the Secretary at the request of the Chair of the Committee or any member of the Committee.
- 6.2 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 to any other person required to attend, on reasonable notice and no fewer than three working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

## **7. Minutes of Meetings**

- 7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 7.2 Draft minutes of Committee meetings shall be circulated to all members of the Committee promptly. Once approved by the Committee, minutes of the Committee meeting should be circulated to the members of the Committee, other members of the Board and to the Company Secretary, unless, exceptionally, it would be inappropriate to do so.

## **8. Engagement with shareholders**

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

## **9. Duties**

- 9.1 The Committee shall carry out the duties detailed below for the Company, its subsidiary undertakings and the group as a whole, as appropriate.
- 9.2 The Committee shall:
- (A) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity (including, without limitation, diversity of gender, social and ethnic backgrounds)) of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
  - (B) before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity (including, without limitation, diversity of gender, social and ethnic backgrounds) of the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected and lead the process for making any such appointment. In identifying suitable candidates, the Committee shall:
    - (i) use open advertising or the services of external advisers to facilitate the search;
    - (ii) consider candidates from a wide range of backgrounds; and
    - (iii) 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;

- (C) be responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- (D) satisfy itself with regard to succession planning (including the development of a diverse pipeline for succession), that the processes and plans in place with regard to both Board and senior appointments give full consideration to succession planning for directors and other senior executives in the course of their work, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in future;
- (E) assess and articulate the time needed to fulfil the role of Chair of the Company, senior independent director and non-executive director, and undertake an annual performance evaluation to ensure that all members of the Board have devoted sufficient time to their duties;
- (F) for the appointment of a director, prepare a job specification, including an assessment of the time commitment expected, recognising the need for directors to allocate sufficient time to the Company to discharge their responsibilities effectively;
- (G) ensure on appointment that a candidate has sufficient time to undertake the role and review their commitments. A proposed appointee's other significant time commitments should be disclosed and any additional future commitments should not be taken without prior approval of the Board. In addition, 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;
- (H) 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;
- (I) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (J) ensure that the Secretary, on behalf of the Board, has formally written to any appointees, detailing the role, time commitments and involvement outside board meetings and proposing an induction plan produced in conjunction with the Chair of the Company; and
- (K) work and liaise as necessary with other board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

9.3 The Committee shall also make recommendations to the Board:

- (A) concerning formulating plans for succession for both executive and non-executive directors and any changes needed to the succession planning process if its periodic assessment indicates that desired outcomes have not been achieved;
- (B) with regard to the Chair of the Company, having assessed every three years whether the present incumbent should continue in post, taking into account the needs of continuity versus freshness of approach;
- (C) concerning suitable candidates as new directors and succession for existing directors;
- (D) as regards the re-appointment of any non-executive director at the conclusion of their specified term of office (in particular, when they have served on the Board for any term beyond six years) taking into account the need for progressive refreshing of the Board and having due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required;
- (E) concerning the re-election by shareholders of any director under the annual re-election provisions of the Code and the retirement 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 service of individual directors, the Chair of the Company and the Board as a whole;
- (F) concerning any matters relating to the continuation in office as a director 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);
- (G) concerning the appointment of any director to executive or other office (other than for the position of Chair and Chief Executive, recommendations will be considered at a meeting of all the non-executive directors);
- (H) detailing items that should be published in the Company's Annual Report relating to the activities of the Committee; and
- (I) with regard to the membership (including the position of chair) of the Audit Committee, the Remuneration Committee and any other Board committees, as appropriate, in consultation with the chairs of those committees.

## **10. Reporting responsibilities**

- 10.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on the nature and content of its discussion, recommendations and action to be taken.
- 10.2 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.
- 10.3 The Committee shall produce a report to be included in the Company's Annual Report describing the work of the nomination committee, including:
- (A) the process used to make appointments, its approach to succession planning and how both support the development of a diverse pipeline;
  - (B) 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;
  - (C) 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
  - (D) the gender balance of those in the senior management team and their direct reports.
- 10.4 If an external search consultancy has been engaged, it should be identified in the Company's Annual Report alongside a statement about any other connection it has with the Company or individual directors.

## **11. Authority**

- 11.1 The Committee is a committee of the Board from which it derives its authority and to which it regularly reports.
- 11.2 The Committee has delegated authority from the Board in respect of the functions and powers set out in these Terms of Reference. The Committee may sub-delegate any or all of its powers and authority as it sees fit, including, without limitation, the establishment of sub-committees to analyse particular issues or themes and to report back to the Committee.
- 11.3 The Committee has authority to investigate any matters within its responsibilities and to obtain such information as it may require from any director, officer or employee of the group.

- 11.4 The Committee is authorised by the Board to obtain, at the Company's expense (within any budgetary restraints imposed by the Board), outside legal or other professional advice on any matters within these Terms of Reference.

**12. Other matters**

The Committee shall:

- 12.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for advice and assistance as required;
- 12.2 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;
- 12.3 give due consideration to all relevant laws and regulations, the provisions of the Code and associated guidance, the requirements of the FCA'S Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate; and
- 12.4 ensure that a periodic evaluation of its own performance is carried out and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

**CHAIR**

**8 JULY 2020**