

**OSB GROUP PLC**  
**(THE "COMPANY")**

**GROUP NOMINATION AND GOVERNANCE COMMITTEE**

**TERMS OF REFERENCE**

**1. OBJECTIVES**

The Group Nomination and Governance Committee (the "**Committee**") is a Committee of the Board. The primary objective of the Committee is to lead the process for the appointment of new members of the Board and provide oversight and guidance to the Board on all matters of Corporate Governance relating to the Company and its subsidiaries (the "**Group**") not covered by other Committees. This includes, but is not limited to:

- (a) Ensuring that the Board sets the tone from the top in relation to the values, ethics and culture of the business leading to a sustainable business.
- (b) Ensuring that the Board operates effectively, including ensuring that the Board and its Committees, and the boards of the subsidiaries, have an appropriate balance of diversity, skills, experience, availability, independence and knowledge of the Group to enable them to discharge their respective responsibilities effectively.
- (c) Ensuring that the Group adheres to best practice in relation to Corporate Governance in a manner that is proportionate to the size and complexity of the Group, and is in line with the UK Corporate Governance Code (the "**Code**"), the requirements of the Prudential Regulation Authority (the "**PRA**") and the Financial Conduct Authority (the "**FCA**").

**2. CONSTITUTION, MEMBERSHIP AND QUORUM**

- 2.1 The Committee shall comprise of at least three members.
- 2.2 All of the members of the Committee shall be Non-Executive Directors and a majority shall be independent Non-Executive Directors.
- 2.3 All appointments to the Committee shall be made by the Board.
- 2.4 Only members of the Committee have the right to attend Committee meetings, however other individuals such as the Chief Executive Officer and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 2.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods subject to members continuing to meet the criteria for membership.
- 2.6 The Board shall appoint the Chair of the Committee who should be either the Chairman of the Board or an independent Non-Executive Director. In the absence of the Chair of the Committee, the remaining members present shall elect one of themselves to chair the meeting.
- 2.7 The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Company.

2.8 The quorum necessary for the transaction of business shall be two. 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.

2.9 Meetings of the Committee may be held by telephone or by any other means whereby the participants are able to communicate effectively with each other.

### **3. SECRETARY**

The Company Secretary 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 the issues.

### **4. VOTING ARRANGEMENTS**

4.1 Each Committee member shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a Committee meeting (whether in person or by audio or video conference).

4.2 If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly has a personal interest, that member shall not be permitted to vote on that matter.

4.3 Except where he has a personal interest, the Chair of the Committee shall have a casting vote.

### **5. FREQUENCY OF MEETINGS**

The Committee shall meet at least three times a year at appropriate intervals. Additional meetings may be called at such other times as the Chair of the Committee shall determine.

### **6. NOTICE AND MINUTES**

6.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair of the Committee.

6.2 The Secretary will normally distribute the agenda and papers for meetings at least five days before the date of the meeting.

6.3 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.

6.4 Draft minutes of the meeting will be distributed promptly to the Chair of the Committee. Once approved, minutes should be distributed to all other members of the Board, unless in the opinion of the Chair of the Committee it would be inappropriate to do so.

### **7. ANNUAL GENERAL MEETING**

7.1 The Chair of the Committee should attend the annual general meeting to answer shareholder questions on the Committee's activities.

7.2 The Chair of the Committee should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

## **8. REPORTING RESPONSIBILITIES**

- 8.1 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall compile a report on its activities, the process used to make appointments and explain if external advice or open advertising has not been used to be included in the Company's annual report. 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 Company or an individual Director.
- 8.4 In compiling the report referred to in 8.3, the Committee should include:
- (a) the process used in relation to appointments, the Committee's 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 any individual Director, the outcomes and actions taken, and how it has influenced or will influence Board composition;
  - (c) the gender balance of those in the senior management team and their direct reports; and
  - (d) a statement of the Board's policy on diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

- 8.5 The Committee shall be responsible for signing off the Corporate Governance Report and the Corporate Sustainability Report sections of the annual report and accounts.

## **9. OTHER MATTERS**

The Committee shall:

- (a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- (b) 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;
- (c) give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure Guidance and Transparency Rules and any other applicable Rules, as appropriate;
- (d) arrange for periodic reviews of its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board; and
- (e) work and liaise as necessary with all other Committees of the Board.

## **10. AUTHORITY**

- 10.1 The Board has delegated the powers, authorities and discretions set out in this Terms of Reference and the attached Schedule to the Committee. The Committee may sub-delegate (unless expressly prohibited by the Board) some of its powers and authorities, including the establishment of sub-committees to analyse particular issues or themes and report back to the Committee.
- 10.2 The Committee has authority to investigate any matter relating to the Group. It also has authority to:
- (a) seek any information it requires from any Director, Officer or employee of the Group in order to perform its duties;
  - (b) obtain, at the Group's expense, independent legal or other professional advice (including advice from external employment search firms) on any matter and if necessary, invite external advisers with relevant experience to attend meetings of the Committee; and
  - (c) call any employee to be questioned at a meeting of the Committee as and when required.

**OSB GROUP PLC**  
**Group Nomination and Governance Committee**  
**Authorities, Powers and Discretions**

<b>Document control information</b>			
<b>Version</b>	1.0	<b>Owner</b>	Company Secretariat
<b>Review Frequency</b>	Annually or as required for material amendments	<b>Next Review date</b>	March 2021

## Contents

1. Composition of the Board and succession planning .....	3
2. Board Effectiveness.....	5
3. Conflicts of Interest .....	6
4. Corporate Governance .....	7
5. Sustainability .....	8

## 1. Composition of the Board and succession planning

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
1.1	<b>Review and oversee</b> the structure, size and composition (including the balance of skills, knowledge, experience and diversity, including gender) of the Board <b>and make recommendations</b> to the Board with regard to any changes.	Board (upon recommendation from Group Nomination and Governance Committee)	Chair of Group Nomination and Governance Committee
1.2	<b>Review and oversee</b> the composition (including the skills, knowledge, experience and diversity, including gender) of Committees of the Board, including consideration of rotation of membership of Committees and succession planning for chairs of the various committees and the Senior Independent Director, and <b>make recommendations</b> to the Board with regard to any changes.		Chair of Group Nomination and Governance Committee
1.3	<b>Review and oversee</b> succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills, expertise and diversity needed on the Board in the future.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
1.4	<b>Identify and recommend</b> for the approval of the Board, candidates to fill Board vacancies as and when they arise.	Board (upon recommendation from Group Nomination and Governance Committee)	Chair of Group Nomination and Governance Committee
1.5	In fulfilling its role in 1.1 above, <b>review and oversee</b> the description of the role and capabilities required for a particular appointment to the Board. In identifying suitable candidates the Committee shall: <ul style="list-style-type: none"> <li>(a) use open advertising or the services of external advisers to facilitate the search;</li> <li>(b) consider candidates from a wide range of backgrounds;</li> <li>(c) consider candidates on merit and against objective criteria and 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;</li> <li>(d) consider any other business interests and time commitments of candidates to determine whether there are any conflicts of interests, whether a candidate can be considered independent and also has sufficient time available to devote to the role; and</li> <li>(e) receive assurance that the proposed appointee is likely to meet the FCA's and PRA's Fit and Proper test criteria and/or any other requirements under the Senior Managers Regime.</li> </ul>	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee

## 1. Composition of the Board and succession planning

1.6	<b>Monitor, oversee</b> and keep the Board aware of strategic corporate governance issues and changes affecting the Company and the market in which it operates.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
1.7	<b>Review</b> whether Directors continue to meet the independence criteria at least annually.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
1.8	<b>Review</b> annually the time required from Non-Executive Directors. Performance evaluation by the Chairman should be used to assess whether the non-executive Directors are spending enough time to fulfil their duties.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee and Chairman of the Board
1.9	Following Board approval of appointments, <b>review and approve</b> Board and Non-Executive Directors formal letters of appointment, ensuring they set out clearly what is expected of them in terms of responsibilities (including those under the Senior Managers' Regime) time commitment, service on Committees of the Board and other involvement outside Board meetings and a satisfactory and appropriate induction programme is available.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee and Company Secretary
1.10	<b>Oversee</b> the re-appointment and re-election of a non-executive Director at the conclusion of their specified term of office, ensuring it has been subject to review of their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for a term beyond six years). In doing so, consideration should be given to the UK Corporate Governance Code and associated guidance and/or the retirement by rotation provisions in the Company's articles of association.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee and Company Secretary
1.11	<b>Consider</b> and advise the Board regarding any matters relating to the appointment or 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.	Board (upon advice from Group Nomination and Governance Committee)	Chairman of the Board and Chair of the Group Nomination and Governance Committee



## 2. Board Effectiveness

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
2.1	<b>Review and approve</b> the criteria for the objective and rigorous performance review of each non-executive Director, the Board and each Committee of the Board (including the Committee).	Group Nomination and Governance Committee	Chairman of the Board, Chair of Group Nomination and Governance Committee and Chairs of respective Board Committees
2.2	<b>Oversee</b> the annual performance evaluation of the effectiveness of the Board, and each committee of the Board, including the contribution of each Director. Ensure such evaluation is externally facilitated at least once every three years.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee and Company Secretary
2.3	<b>Oversee</b> the follow up actions arising out of the annual Board effectiveness review. Ensure the annual performance evaluations of the Chairman of the Board and Chief Executive Officer, by the Senior Independent Director and Chairman of the Board respectively are reported to the Board.	Board (upon recommendation from Group Nomination and Governance Committee)	Chair of Group Nomination and Governance Committee

### 3. Conflicts of Interest

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
3.1	<p><b>Consider and where appropriate, authorise</b>, subject to ratification at the next Board meeting, a situation in which a Director has, or could have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company providing that the situation cannot reasonably be regarded as likely to give rise to a conflict of interest at the time that authorisation is sought.</p> <p>When considering the ratification of these situations, the Committee will have regard to the possible time required to fulfil this, and all other outside commitments notified by the Director, and whether it could impede the Director from spending sufficient time to fulfil his/her obligations to the Company.</p>	Board (upon recommendation from Group Nomination and Governance Committee)	Chairman of the Board and Chair of Nomination and Governance Committee
3.2	<p><b>Review annually</b> the Directors and Executive Committee Conflicts Register, including review of any disclosure relating to conflicts of interest to be made public.</p>	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee

#### 4. Corporate Governance

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
4.1	<b>Review and approve</b> changes to the Board's Corporate Governance guidelines, including role profiles, monitor the Group's compliance with such guidelines and with applicable legal, regulatory and listing requirements and recommend to the Board such changes or additional action as it deems necessary.	Board (upon recommendation from Group Nomination and Governance Committee)	Chair of Group Nomination and Governance Committee
4.2	<b>Review and recommend</b> to the Board for approval the Corporate Governance report for inclusion in the Annual Report.		Chair of Group Nomination and Governance Committee
4.3	<b>Monitor</b> developing trends, initiatives or proposals in relation to legal developments, Board governance issues and best corporate governance practice in order to determine the extent to which these initiatives impact the Company and provide periodic updates to the Board.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
4.4	<b>Review and approve</b> any material information of the Group made public or made available to any public body by the Group relating to corporate governance.	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee

## 5. Sustainability

Type of Activity		Approval <i>(any one of unless otherwise stated)</i>	Accountability
5.1	<p><b>Oversee</b> the effectiveness of the Group's strategy, policies and practices that have the potential to materially affect the Group's business, brand or reputation, including the policies on:</p> <p>(a) social matters including the promotion of equality of opportunity and diversity;</p> <p>(b) environmental matters;</p> <p>(c) reputational matters to the extent that they fall within the Committee's remit;</p> <p>(d) lending to socially or environmentally sensitive industry sectors or customer segments; and any other matter of legitimate public concern.</p>	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
5.2	<p><b>Arrange</b>, using such internal or external resources as the Committee may consider appropriate, for such assurance as the Board or the Committee shall consider necessary or desirable that the Group's policies are being implemented and applied.</p>	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
5.3	<p><b>Advise</b> the Board on any Values Statements and Business Principles or Group Standards for reputational and environmental risks and the adoption of appropriate Corporate Sustainability targets and measures.</p>	Board (upon recommendation from Group Nomination and Governance Committee)	Chair of Group Nomination and Governance Committee
5.4	<p><b>Review and advise</b> the Board on the Group's Corporate Sustainability reporting.</p>		Chair of Group Nomination and Governance Committee
5.5	<p><b>Review and oversee</b> the annual assessment of the Group's environmental performance and progress, to consider and approve methods of measuring, assessing or validating Group Corporate Sustainability performance, and, where appropriate, commission an external independent assessment of the direct and indirect impact of any aspect of the Group's operations.</p>	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee
5.6	<p><b>Oversee</b> the Group's charitable activities and any environmental partnerships.</p>	Group Nomination and Governance Committee	Chair of Group Nomination and Governance Committee