

### Constitution and Authority

1. The Committee is established as a committee of the Board pursuant to the Articles of Association of the Company and in accordance with the principles set out in The UK Corporate Governance Code published by the Financial Reporting Council (the “Code”).
2. The Committee is authorised by the Board to undertake any activity within these terms of reference and to seek any information it properly requires to perform its duties from any employee or director of the company or any of its subsidiary companies. All employees and directors are directed to co-operate with any request made by the Committee.
3. The Committee is authorised by the Board to obtain, at the Company’s expense, such internal or external independent professional advice as the Committee considers appropriate to fulfil its duties.
4. These terms of reference of the Committee are authorised by the Board and subject to amendment only by the Board.

### Purpose

5. To facilitate a formal, rigorous and transparent procedure for the appointment of directors to the Board and to make recommendations to the Board regarding appointments.
6. To evaluate the balance of skills, experience, independence and knowledge of the Board as well as its diversity (including gender diversity) and to make recommendations to the Board to address any requirements that are not adequately met.
7. To ensure that effective systems and processes are in place to support succession planning.

### Membership

8. The initial members of the Committee shall be appointed by the Board and the majority of members shall be independent Non-Executive Directors. The Committee shall consist of at least three members.
9. The Board shall appoint the Chairman of the Committee who should either be the Chairman of the Board or an independent Non-Executive Director. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the chairmanship of the Board.
10. Committee members will normally serve for a period of up to three years, extendable by up to two further periods of three years, subject to the relevant person continuing to meet the criteria for membership of the Committee and the majority of the Committee members remaining independent.
11. The members of the Committee shall be identified in the Board’s Annual Report to Shareholders. Membership of the Committee can be varied at any time by a majority resolution of the existing members of the Committee, provided that all members meet the membership criteria.

### Meetings

12. The Committee will normally appoint the Company Secretary or his/her nominee as Secretary to the Committee.
13. A quorum shall be two members, both of whom must be an independent Non-Executive Director. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting. Save where the Chairman of the Committee has a personal interest or conflict in the matter being considered, the Chairman will have a casting vote.
14. Each member of the Committee shall disclose to the Committee:

- a. any personal interest (other than as a shareholder of the Company) in any matter to be decided by the Committee; or
- b. any potential conflict of interest, for example, arising from a cross-directorship or other activity.

Any such member will abstain from voting on resolutions of the Committee in relation to which such interest or conflict exists and from participating in the discussions concerning such resolutions and, if so required by the Committee or Board, will resign from the Committee with immediate effect.

15. Meetings are held as and when appropriate, as determined by the Committee, but at least two times per year. A timetable of business is established once per year, subject to amendment by the Committee. Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members. Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda, shall be forwarded to each Committee member and any other person required to attend, no later than five (5) days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
16. In the absence of the Chairman of the Committee or any appointed deputy, the remaining members present shall elect one of their number to chair the meeting.
17. Only members of the Committee have the right to attend Committee meetings. Other directors (and the Chairman of the Board if not a member of the Committee), employees or external advisors may be invited to attend all or part of Committee meetings, as and when appropriate and necessary. An executive Director will not attend that part of the discussion where a decision or final recommendation is made with respect to their own nomination.

### Duties

18. The duties of the Committee are as follows:

- a. *Board Structure:* The Committee shall regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any changes considered advisable to ensure that it has the necessary skills, knowledge, experience and diversity (including gender diversity) to enable the continued success of the Company. In relation to this objective, the Committee shall keep under review the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace. The Committee should also keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
  - I. *Executive Directors:* The Committee shall recommend to the Board the number of Executive Directors, the position descriptions of each role and the capabilities required to fulfil each role. The Committee shall recommend to the Board candidates for appointment to Executive Director positions. The Committee shall evaluate both the candidates available through internal succession and the candidates available through external recruitment before making a final recommendation for any appointment. Executive Directors should be submitted for re-election at the Annual General Meeting every year, in line with the Code, subject to continued satisfactory performance. The Board should not agree to a full-time Executive Director taking on more than one Non-Executive Directorship at a FTSE100 company nor the chairmanship of such a company. The Committee shall ensure that appropriate induction and training is made available to newly appointed Executive Directors and on an ongoing basis for all members.
  - II. *Non-Executive Directors:* The Committee shall recommend to the Board the number of Non-Executive Directors, the position descriptions of each role and the capabilities required to fulfil each role. The Committee shall recommend to the Board candidates for appointment to Non-Executive Director positions and for the position of Senior Independent Non-Executive Director. In light of the Code, the Committee shall consider and make recommendations to the Board concerning the continuation of Directors who are eligible for re-election. Non-Executive Directors

should be submitted for re-election at each Annual General Meeting, subject to continued satisfactory performance. The Committee shall review annually the time commitment required from Non-Executive Directors and keep under review the number of external directorships held. Performance evaluation will be used to assess whether the Non-Executive Directors are committing sufficient time to fulfil their duties. The Committee shall ensure that induction and training is made available to newly appointed Non-Executive Directors and on an ongoing basis for all members. The terms and conditions of appointment of Non-Executive Directors should be made available for inspection at the Company’s registered office.

b. *Appointments:* The Committee shall:

- I. be responsible for identifying, and recommending for the approval of the Board, candidates to fill Board vacancies as and when they arise. Before any appointments are made, the Committee shall evaluate the balance of skills, knowledge, diversity (including gender diversity) and experience on the Board, and in light of this evaluation, prepare a position description and the capabilities required for each appointment;
- II. use open advertising or the services of external advisors to facilitate the search, ensure that candidates are considered from a wide range of backgrounds and 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;
- III. obtain details of and review any interests the candidate may have which conflict or may conflict with the interests of the Company. The Committee shall consider whether, despite any such conflict, there are nevertheless grounds for recommending the candidate for appointment and for the Board to authorise the relevant conflict. The Committee shall, as part of any proposal to the Board for appointment of the relevant candidate, explain these grounds and make recommendations as to the terms and conditions on which any authorisation of the conflict should be given by the Board;
- IV. ensure that on appointment to the Board, Non-Executive Directors and Executive Directors receive a formal letter of appointment, the terms of which shall be determined by the Remuneration Committee. In the case of Non-Executive Directors, the letter shall clearly set out what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- V. ensure that Non-Executive Directors are appointed for specified terms of up to three years, subject to re-election and to statutory or other adopted provisions relating to the removal or re-election of a director. Any term beyond six years for a Non-Executive Director shall be subject to particularly rigorous review and shall take into account the need for progressive refreshing of the Board. It is the expectation that any reappointment beyond six years shall be made on an annual basis;
- VI. consider 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;
- VII. be responsible for recommending the membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those committees; and
- VIII. with respect to the appointment of the Chairman of the Board, the Committee shall prepare a job specification, including an assessment of the time commitment expected, recognising the need for availability in the event of crisis. The Committee should ensure a Chairman’s other significant commitments are disclosed to the Board before appointment and included in the Annual Report of the Company. Changes to such commitments should be reported to the Board as they arise, and their impact explained in the next Annual Report.

- c. *Succession Planning:* The Committee shall ensure that systems and processes to support succession planning are in place and effective for both Executive and Non-Executive Directors, taking into account the challenges and opportunities facing the Company and the skills, expertise and diversity needed on the Board in the future. The Committee shall require the Executive Directors to report on succession planning for management positions leading to further Executive Director appointments. The Committee shall review the management development programmes in place to support development and succession. The Committee shall require evidence of assessment and development plans for internal candidates for Executive Director appointments. The Committee shall put in place appropriate plans for succession amongst Non-Executive Directors. The Chairman of the Board is expected to work closely with the Committee in the selection of the Chief Executive Officer.
- d. *BTG Subsidiary Companies:* The Committee will be advised of any planned appointments to senior management positions in major Company subsidiaries.
- e. *Matters arising:* The Committee shall make recommendations to the Board concerning matters relating to:
  - I. 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 regards any relevant matter;
  - II. any conflicts of interest that arise with existing members of the Board, explaining the basis for the recommendations. The approval of any conflict of interest must however be made by the Board itself; and
  - III. plans for emergency cover for key managers and Directors, should they become temporarily or permanently indisposed.
- f. *Reporting:* The Committee shall produce a report to be included in the Company’s Annual Report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; membership of the committee, number of Committee meetings and attendance of the members over the course of the year. 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. The report should include 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. A draft of each year’s submission to the Company’s Annual Report will be reviewed at a meeting in advance of the publication of the Annual Report. The Chairman of the Committee should make himself available at each Annual General Meeting of the Company to answer questions concerning the Committee’s work during the preceding year.

The Committee will make publicly available its terms of reference. The secretary of the Committee shall minute proceedings and will circulate the minutes of the meetings of the Committee to all members of the Committee. On finalisation and signature by the Chairman of the Committee, the minutes of each meeting will be submitted to the Board as a formal record of the decisions of the Committee on behalf of the Board. The Committee shall otherwise report to the Board at such times and in such manner as the Board may require.

- g. Review the results of the Board performance evaluation process that relate to the composition of the Board. The Committee shall ensure that the evaluation of the Board is externally facilitated at least every three years. The external facilitator shall be identified in the annual report and a statement made as to whether the external facilitator has any other connections with the Group.
- h. Review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfil their duties.
- i. The Committee shall ensure that the terms and conditions of the appointment of a Non-Executive Director shall be made available for inspection at the Company’s offices during normal business hours and at the Company’s annual general meeting.

- j. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

### General matters

19. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required.
20. As appropriate, the Committee is authorised to obtain, at the Company’s expense, external advice and will consult with the Human Resources function of the Company and will obtain approval from the Board before any recommendations can be implemented.
21. In carrying out its duties under these terms of reference, the Committee should have regard to laws and regulations, the provisions of the Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, developments in best practice, and formal guidance on governance matters for publicly listed companies.
22. The Committee will pay particular heed to the balance between public disclosure where appropriate and the data protection obligations and sensitivity of personal information concerning Directors and senior personnel.
23. The Committee shall, at least once a year, review its own performance (and state in the Annual Report how performance evaluation has been conducted), constitution and terms of reference to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.
24. The Committee shall, work and liaise as necessary with all other Board committees.

**Approved 10 May 2017**