

POST OFFICE LIMITED
("the Company")
Terms of Reference of the Nominations Committee

The Nominations ~~C~~committee (the "Committee") is a Sub-Committee of the ~~Post-Office Limited Company~~ Board ("the Board") from which it derives its authority and to which it reports after each meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

A. PURPOSE

1. The purpose of the Committee is to:

- (i) ~~Recommend to the Board the appointment, re-appointment or removal of individuals to the Board of Post-Office Limited (the Company).~~
- (ii) ~~Recommend to the Board the appointment, re-appointment or removal of individuals to the Board sub-committees.~~
- (iii) ~~Recommend to the Board the appointment or removal of the Group Company Secretary.~~
- (iv) ~~Approve the nomination for appointment and reappointment of individuals employed by the Company to the First Rate Exchange Services Holdings Limited ("FRESH") Board, and approve the proposal for removal of individuals employed by the Company from the FRESH Board.~~
- (v) ~~Recommend to the Board~~ ~~Approve the appointment, re-appointment or removal of the Group Executive positions that report directly to the Group Chief Executive.~~
- (vi) ~~Recommend to the Board~~ ~~Approve the appointment of individuals to the Post Office Company sSubsidiary bBoards¹.~~
 - ~~Consider and, if necessary, recommend to the Board any proposals to remove or replace Board members of the Company.~~
 - ~~Consider and if necessary, recommend to the Board any proposal to remove the Group Company Secretary.~~
 - ~~Consider and if necessary, recommend to the Board any proposals to remove Group Executive positions that report to the Group Chief Executive.~~
 - (i) ~~Consider and, if necessary, recommend to the Board any proposal to remove individuals of the Post Office Subsidiary Boards~~

~~Recommend the appointment of individuals:~~

- ~~• to the Board of Post Office Limited (the Company);~~
- ~~• to the sub-committees of the Board;~~
- ~~• to Group Executive positions which report directly to the Group Chief Executive;~~
- ~~• to the position of Company Secretary; and~~
- ~~• to the Board of Post Office Management Services Limited (POMS) Board and Payzone Bill Payments Limited Board (PZBL);~~

- (i) ~~Consider and, if necessary, recommend to the Board any proposals to remove or replace:~~

¹ ~~Currently, Post Office Insurance (registered name, Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.~~

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Post Office Limited
Terms of Reference of the Nominations Committee

- individuals holding office as a Statutory Director of the Company or PQMS and PZBL;
- those who report directly to the Group Chief Executive; and
- the Company Secretary.

1.2. It is acknowledged that the actions of the Committee under which any proposal for the appointment or removal of a director of Company requires the consent of the Shareholder².

B. DUTIES AND RESPONSIBILITIES WITH REGARDS TO THE COMPANY

The main duties and responsibilities of the Committee with regards to the Company are:

3. **Review** the structure, size and composition of the Board (taking account of the skills, experience, knowledge and diversity of its members), to ensure that the key roles of Board Chairman, Group Chief Executive, Group Chief Financial Officer and Senior Independent Director are filled and to recommend changes to the Board's composition as thought necessary.
4. **Monitor** the independence, and process for evaluation of, Board sub-committees and the skills and experience available within the Board, in order to recommend new appointments to committees, or the replacement of individuals on those committees, as required from time to time.
5. **Review** the results of the performance appraisal of executive directors and the results of any committee evaluation process which may relate to the time required from non-executive directors and whether non-executive directors are spending enough time to fulfil their duties, the composition of the Board, any of its sub-committees or the Group Executive.
6. **Consider/Review** 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 knowledge, skills and experience required.
7. **Lead/Approve** the process for identifying and nominating candidates for appointment to the Board, including the formulation and approval of appropriate role descriptions and specifications and considering candidates from a wide range of backgrounds, on merit and against a range of objective criteria and with due regard for the benefits of diversity on the Board, including gender, and which seek to attract a wide range of talent and promote diversity within the organisation. Such deliberations should also assess whether appointees have enough time available to devote to the position.
8. **Ensure** that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

² The Department for Business, Energy and Industrial Strategy

Post Office Limited
Terms of Reference of the Nominations Committee

9. **Consider-Review** for each proposed appointment the respective merits of open advertising and the use of specialist advisers to facilitate the search for appropriately qualified candidates.
10. **Review** the processes for the engagement of external search agents for senior appointments.
11. **Consider-Review** recommendations made by the Group Chief Executive on appointments to Group Executive positions which report directly to the Group Chief Executive and the Company Secretary to ensure that a fair, open and transparent process is followed in identifying and interviewing candidates for Group Executive positions.
12. **Ensure** that the business puts in place plans for development of potential and succession plans for key roles on the Board and on the Group Executive, taking into account the challenges and opportunities facing the Company and the skills and expertise needed for leadership of the Post Office in the future.
13. **Review**, on behalf of the Board, the progress of building talent and diversity within the Post Office and to report to the Board progress against the targets set for performance measurement in this area.
14. **Ensure** that any proposed appointee to the Board discloses other business interests and any potential conflict of interest, in line with the recommendations of the UK Corporate Governance Code (the Code) and the precepts set by the Nolan Committee on Standards in Public Life.
15. **Work Engage** with the Remuneration Committee in respect of new hires, to ensure that the proposed package for new senior appointments reflects the responsibilities of the role and is designed to attract talent but is not excessive.
16. **Ensure** that consent is sought from ~~the Shareholder~~**The Secretary of State for Business, Innovation and Skills** for the appointment to the Board of any new director on terms agreed between the Nominations Committee and the Remuneration Committee.
17. **Respond** to any queries from the Shareholder on the processes for selection of candidates or the contractual terms proposed for any senior appointment.
18. **Consider-Review** on behalf of the Board any matters relating to the continuation in office of any director or direct report of the Group Chief Executive and the **Group** Company Secretary, including the suspension or termination of any contract of employment or contract for services, subject to the provisions of the law.
19. **Approve** the nomination for appointment and re-appointment of individuals by employed by the Company to the FRESH Board, and **approve** the proposed removal of individuals employed by the Company from the FRESH Board.
- ~~18-20.~~ **Determine** the adequacy of the Group's Governance Framework.

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Post Office Limited
Terms of Reference of the Nominations Committee

~~19. Undertake any other oversight function delegated to the Committee by the full Board.~~

~~20-21.~~ The Committee shall also make recommendations to the Board concerning:

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- (i) Any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved.
- (ii) Suitable candidates as new directors and succession for existing directors.
- (iii) Membership of the audit and remuneration committees, and any other board committees as appropriate, in consultation with the chair of those committees.
- (iv) The re-appointment of non-executive directors 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 knowledge, skills and experience required.
- (v) 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.
- (vi) The appointment of any director to executive or other office.

C. DUTIES AND RESPONSIBILITIES WITH REGARDS TO ~~THE POST OFFICE COMPANY SUBSIDIARY BOARDS~~ POMS and PZBL

The main duties and responsibilities of the Committee with regard to ~~the Post Office Company s~~ Subsidiary Boards POMS and PZBL are to:

~~21-22.~~ **Review** the structure, size and composition of the ~~POMS and PZBL~~ boards (taking account of the skills, experience, knowledge and diversity of its members), to ensure that the key roles are filled and to recommend changes to the ~~POMS and PZBL~~ board composition as thought necessary.

~~22-23.~~ **Review/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 ~~POMS and PZBL~~ boards in the light of knowledge, skills and experience required.

~~23-24.~~ **Lead/Approve** the process for identifying and nominating candidates for appointment to the ~~POMS and PZBL~~ boards, including the formulation and approval of appropriate role descriptions and specifications and considering candidates from a wide range of backgrounds, on merit and against a range of objective criteria and with due regard for the benefits of diversity on the ~~POMS and PZBL~~ boards, including gender, and which seek to attract a wide range of talent and promote diversity within the organisation. Such deliberations should also assess whether appointees have enough time available to devote to the position.

Post Office Limited
Terms of Reference of the Nominations Committee

~~24.25.~~ **Ensure** that any proposed appointee to the ~~POMS and PZBL~~ board discloses other business interests and any potential conflict of interest, in line with the recommendations of the Code and the precepts set by the Nolan Committee on Standards in Public Life.

~~25.26.~~ **Work Engage** with the Remuneration Committee in respect of new hires, to ensure that the proposed package for new senior appointments reflects the responsibilities of the role and is designed to attract talent but is not excessive.

~~26.27.~~ **Consider Review** on behalf of the Board any matters relating to the continuation in office of any ~~POMS and PZBL~~ board director, including the suspension or termination of any contract of employment or contract for services, subject to the provisions of the law.

D. REPORTING RESPONSIBILITIES

~~27.28.~~ The Committee Chair (the Chair) shall **report** to the board after each meeting on the nature and content of its discussion, recommendations and action to be taken.

~~28.29.~~ **Report Make** ~~whatever recommendations to the Bboard whatever recommendations~~ 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.

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~~29.30.~~ **Report on its activities Produce** ~~a report to be included~~ in the ~~C~~company's annual report describing the work of the Committee, including:

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- i. The process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline.
- ii. 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.
- iii. The policy on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives.
- iv. The gender balance of those in the senior management team and their direct reports.

30. If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

E. AUTHORITY

31. The Committee is authorised by the ~~B~~board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.

Post Office Limited
Terms of Reference of the Nominations Committee

F. COMPOSITION AND GOVERNANCE

Membership

30. The Committee Chair (the Chair) and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee.
31. It shall consist of three members, including at least two independent non-executive directors.
32. The Chairman of the Company shall chair the Committee.
33. Members will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Committee for a period of more than six years.

Quorum

34. The quorum necessary for the transaction of business shall be two members. In the absence of the Chair at any meeting, the Committee members present shall determine who shall chair the meeting.

Committee Secretary

35. The Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

Frequency

36. The Committee shall meet as often as required but at least two times per year.

Governance

37. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
38. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
39. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings

Post Office Limited

Terms of Reference of the Nominations Committee

in conjunction with the Chair. All papers supporting the meeting will be issued in good time, one week in advance of the meeting date.

40. The Chair will report regularly to the Board. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
41. The ~~Committee Secretary shall Company will~~ provide current and new Committee members with any training, briefings or induction required under the supervision of the Chair.
42. Only members of the ~~C~~committee have the right to attend Committee meetings. The Group Chief Executive and the Group Chief People Officer (or the holder of any equivalent position) and external advisors shall be informed of the date of each meeting and may be invited by the Chair to attend all or part of any meeting, as and when appropriate.
43. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the ~~Group~~ Company Secretary and members of the ~~Human Resources~~ People? team.
44. The Committee shall have authority to appoint executive search consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
45. If there should be disagreement between the ~~Nominations~~ Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved.

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G. ANNUAL REVIEW AND APPROVAL

46. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to the Board for approval (notwithstanding amendments approved by the Board whenever so required).

Approved by:	Date:	Version:	Effective from:
Post Office Board	25 November 2015	V1	25 November 2015