



## **Terms of reference for the Chairman**

*(Approved: 13 December 2017)*

### **1. Leadership of the Board**

- 1.1 The Chairman is responsible for the leadership of the Board and for ensuring the effectiveness of the Board in all aspects of its role.
- 1.2 The Chairman should demonstrate ethical leadership and promote the highest standards of integrity, probity and good corporate governance.
- 1.3 The Chairman should set clear expectations concerning the Company's culture, values and behaviours and should ensure that the Board has considered the Company's exposure to and appetite for risk in implementing its strategy.
- 1.4 The Chairman should promote a culture of mutual respect, openness and debate by facilitating the effective contribution and engagement of all Directors, in particular Non-Executive Directors.
- 1.5 The Chairman should ensure that Directors receive timely, accurate and clear information in relation to the affairs of the Company and the Group, including information on current performance and future activity, and that there are effective decision-making and monitoring processes.
- 1.6 The Chairman should hold periodic meetings with the Non-Executive Directors without the presence of Executive Directors.
- 1.7 The Chairman should consult the Senior Independent Director on Board matters where appropriate.
- 1.8 The Chairman should ensure that there are constructive relations between Executive and Non-Executive Directors and that there is appropriate delegation of authority to executive management.

### **2. Conduct and duties.**

- 2.1 The Chairman should, on appointment, be independent.
- 2.2 The Chairman should act in good faith and in a way that is most likely to promote the success of the Company for the benefit of its members as a whole.

- 2.3 In performing his or her duties, the Chairman should have regard to relevant obligations under prevailing law and regulation, with particular regard to the Financial Reporting Council's UK Corporate Governance Code and associated Guidance on Board Effectiveness in respect of the role of the Board, the Non-Executive Directors and the Chairman.
- 2.4 The Chairman should ensure that he or she is fully informed about all issues to be discussed by the Board through meetings and/or briefings with the Chief Executive, the Company Secretary and/or other members of executive management as appropriate
- 2.5 The Chairman should establish a productive working relationship with the Chief Executive, the Company Secretary, other Executive Directors and executive management as appropriate, based on trust and openness, and provide constructive advice and support while respecting executive responsibility.
- 2.6 The Chairman is expected to be available in the event of a crisis, and to make available sufficient time for the performance of his or her duties. Any significant commitments should be disclosed to the Board and reported in the Annual Report. Changes to such commitments should be reported to the Board as they arise.

### **3. Meetings**

- 3.1 The Chairman is responsible for chairing Board and general meetings of the Company. The Chairman is expected to chair the Nomination Committee except when it is considering the appointment of the Chairman's successor.
- 3.2 The Chairman should set the Board agenda, taking account of the concerns of all members of the Board, and ensuring that the Board focuses primarily on strategy, performance, value creation and accountability. The Chairman should ensure that adequate time is available for discussion of all agenda items, in particular strategic, complex and/or contentious issues, and that there is scope for constructive challenge.
- 3.3 The Chairman has responsibility for ensuring that meetings are held with sufficient regularity and frequency to enable the Board to operate effectively, and to allow Directors sufficient time to consider critical issues while avoiding unrealistic deadlines.
- 3.4 The Chairman should encourage Directors to engage in Board and Committee meetings by drawing on their skills, experience, and knowledge and, where appropriate, independence.
- 3.5 The Chairman has responsibility for overseeing the effective implementation of Board and Committee decisions.

#### **4. Evaluation and Development**

- 4.1 The Chairman should ensure there are succession plans to replenish and enhance Board skills and is expected to take the lead in initiating change and planning for succession. The Chairman should seek to build an effective board and ensure that at all times it includes appropriate skills, experience and diversity.
- 4.2 The Chairman should ensure that members of the Board continually update their skills and the knowledge and familiarity with the Company needed to perform their Board and Committee roles.
- 4.3 The Chairman should ensure that all new Directors receive a full, formal and tailored induction on joining the Board.
- 4.4 The Chairman should regularly review and agree with Directors their training and development needs, and ensure that these needs are met.
- 4.5 The Chairman should ensure that the performance of the Board, its Committees and individual Directors is evaluated at least annually. The Chairman must act on the results of board evaluation by recognising the strengths and addressing the weaknesses of the Board, and where appropriate proposing new members of the Board or seeking the resignation of Directors.
- 4.6 The Chairman should confirm to shareholders when proposing any Director for re-election that the performance evaluation has taken place and that the individual is effective and committed to their role.

#### **5. Effective communication with shareholders.**

- 5.1 The Chairman should ensure the Company maintains contact as required with its principal shareholders about remuneration.
- 5.2 The Chairman should ensure that there is effective communication between shareholders and the Board as a whole. Directors should be made aware of major shareholder issues and concerns and develop an understanding of the views of shareholders generally.
- 5.3 The Chairman should be available to discuss governance and strategy with major shareholders. The Chairman is responsible for reporting to the Board on governance matters.
- 5.4 The Chairman should arrange for the Chairmen of Board Committees (Audit, Remuneration and Nomination) to be available to answer questions at the Company's Annual General Meeting, and for all Directors to attend the Annual General Meeting.

5.5 The Chairman should ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (e.g. employees, customers, suppliers and the wider community).