

PUNCH TAVERNS PLC
(the “Company”)

TERMS OF REFERENCE FOR
THE NOMINATION & GOVERNANCE COMMITTEE
(the “Committee”)

1. Role of the Committee

1.1 The principal roles of the Committee are:

- (i) to review the balance, structure and composition of the Board and its committees. Its role also encompasses the selection and appointment of the Company’s Executive and Non-executive Directors and giving full consideration to succession planning and the skills and expertise required by the Board to lead and manager the Company in the future; and
- (ii) to keep the Company’s governance arrangements under review and make appropriate recommendations to ensure that the Company’s arrangement are, where appropriate, consistent with best practice governance standards.

2. Membership and Secretary

2.1 **Composition:** The Committee shall consist of at least three members, each of whom shall be a director of the Company provided always that a majority of members shall be independent Non-executive Directors of the Company. The members of the Committee and the Chairman of the Committee shall be appointed from time to time by a resolution of the Board And shall be for a period of up to three-years, which may be extended for further periods, provided the director still meets the criteria for membership of the Committee.

2.2 **Chairman:** The Board shall appoint the Committee Chairman who should be either the Chairman of the Board or an independent Non-executive Director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chairman of the Board should not chair the Committee when it is dealing with the appointment of a successor to the chairmanship.

2.3 **Alternate:** If a regular member is unable to act due to absence, illness or any other cause, the Chairman of the Committee may appoint another director of the Company to serve as an alternate member, provided always that a majority of members shall be Non-executive Directors of the Company.

2.4 **Secretary:** The Company Secretary, or his nominee, shall be the secretary of the Committee.

3. Meetings

- 3.1 **Frequency:** Meetings shall be held at least twice annually and at such other times as deemed necessary by the Chairman of the Committee.
- 3.2 **Quorum:** The quorum necessary for the transaction of the business of the Committee shall be two, both of whom must be Non-executive Directors. 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. A Committee member may participate in a Committee meeting by telephone and may also be counted in the quorum.
- 3.4 **Notice:** Meetings shall be summoned by the secretary of the Committee at the request of the Chairman of the Committee by notice, no later than five working days before the date of the meeting, to each member of the Committee and any other person required to attend confirming the venue, time and date, and enclosing an agenda of items to be discussed. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 3.5 **Attendance:** Only members of the Committee have the right to attend meetings. However, other individuals may be invited to attend for all or part of any meeting, as and when appropriate. No Director shall be present when his own position is being discussed.
- 3.6 **Duration:** Sufficient time should be allowed to enable the Committee to undertake as full a discussion as may be required at its meetings.
- 3.7 **Minutes:** The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Minutes of Committee meetings shall be circulated to members as soon as practicable following the meeting and to all other Directors unless there is a conflict of interest.

4. Authorities

The Committee shall:

- 4.1 **Resources and support:** be provided with sufficient resources to undertake its duties. The Committee shall have access to the services of the Secretary and the Group HR Director on all Committee matters.
- 4.2 **Information:** be authorised to seek any information it requires from any employee of the Company or any subsidiary of the Company in order to perform its duties.
- 4.3 **Training:** 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.

4.4 **Legislation:** give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate.

4.6 **Advice:** In connection with its duties, the Committee is authorised by the Board, at the Company's expense, to obtain such outside legal or other independent professional advice and to secure the attendance of external professional advisers at its meetings as it deems necessary.

5. Duties

5.1 The Committee shall carry out the duties below for the Company and Group as a whole, as appropriate:

(A) **Structure, size and composition:** regularly review the structure, size and composition of the Board (including the skills, knowledge and experience) and make recommendations to the Board with regard to any adjustments that are deemed necessary.

(B) **Succession planning:** conduct an annual review of succession planning for Directors, Non-executive Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and what skills and expertise are therefore needed on the Board in the future.

(C) **Leadership:** 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;

(D) **Information:** keep up-to-date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

Board candidates: be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise for the approval of the Board

(E) **Job description:** before appointment is made, evaluate the balance of skills, knowledge and experience on the Board, and, in light of this evaluation prepare a description of the role and capabilities required for a particular 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;
- iii) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking

care and that appointees have enough time available to devote to the position.

- (F) **Time commitment:** review the time required from Non-executive Directors. Performance evaluation shall be used to assess whether the Non-executive Directors are spending enough time to fulfil their duties, contributing effectively and demonstrating commitment to the role (including the commitment of time for Board and committee meetings and other duties).
- (G) **Conflict of interests:** before appointment is made by the Board, obtain details of and review any interests the candidate may have which conflict or may conflict with the interests of the Company. 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. Explain the grounds for appointment and make recommendations as to the terms and conditions on which any authorisation of the conflict should be given by the Board.
- (H) **Leadership:** 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 market.
- (I) **Chairman:** have a job specification for the appointment of a Chairman, including an assessment of the time commitment expected, recognising the need for availability in the event of crises.
- (J) **Letter of appointment:** 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.
- (K) **Board performance review:** oversee the annual evaluation of the performance of the Board (including the performance of individual directors, as required) and its principal committees and review with the Board the results of these assessments, as appropriate, and overseeing the implementation of any resulting action plan.
- (L) **Committee performance review:** at least once a year, review its own performance, composition and Terms of Reference to ensure that it is operating effectively and that the terms remain appropriate and to recommend any changes it considers necessary to the Board for approval.
- (M) **Board governance:** monitor developing trends, initiatives or proposals and make recommendations on implementation to the Board on Board governance issues including Board policies and practices as necessary or appropriate to enable the Board to operate effectively and efficiently.

- (N) **Corporate governance report:** review and approve the annual Corporate Governance Report for inclusion in the Company's annual report and accounts.

6. Corporate Governance Standards

- 7.1 In discharging its responsibilities, the Committee shall have regard to established and evolving best practice corporate governance standards including voluntary codes. Where the Committee believes that departure from these standards or codes, including the UK Corporate Governance Code, is appropriate, it shall recommend to the Board the appropriate explanation or justification as required for inclusion in the Company's external disclosures.

7. Recommendations

- 7.1 The Committee shall make recommendations to the Board concerning:
- (A) **Size, structure and composition:** matters arising out of its review of the size, structure and composition of the Board;
 - (B) **Re-appointment of Non-executive Directors:** the re-appointment of any Non-executive Director at the conclusion of his term of office, having given due regard to his performance, commitment to the role and ability to continue to contribute to the Board in light of the knowledge and skills required;
 - (C) **Secretary:** the appointment or removal of the Company Secretary;
 - (D) **Succession:** the succession of Executive and Non-executive Directors and in particular for the roles of Chairman and Chief Executive Officer;
 - (E) **SID:** suitable candidates for the role of Senior Independent Non-executive Director;
 - (F) **Other committees:** membership of the Audit & Risk, Nomination & Governance and Remuneration Committees, in consultation with the Chairmen of those committees;
 - (G) **Continuation in office:** make recommendations to the Board for the continuation (or not) in service of an executive director as a director;
 - (H) **Re-election:** the re-election by shareholders of directors under the annual re-election provisions of the UK Corporate Governance Code or the retirement provisions in the Company's Articles of Association, 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 and the need for progressive refreshing of the Board

(particularly in relation to Directors being re-elected for a term beyond six years);

- (I) **Appointments:** the appointment of any director to executive or other office other than to the positions of Chairman and Chief Executive Officer, the recommendation for which would be considered at a meeting of the full Board;
- (J) **Executive Directors:** 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 any applicable service contract;
- (K) **Conflicts of Interest:**

The Committee shall:

- (i) in respect of each Director, review any interests the Director may have which conflict or may conflict with the interests of the Company;
- (ii) make recommendations to the Board as to whether any such conflict should be authorised and, if so, as to the terms and conditions on which any such authorisation should be given by the Board;
- (iii) review on a bi-annual basis any authorisation given by the Board in order to determine whether the authorisation given should stand on the terms and conditions on which it has been given or whether additional terms and conditions should be imposed or whether the authorisation should be revoked (subject to giving the relevant Director notice of the proposed revocation), and
- (iv) in the case of review of the interests of, and authorisations given by the Board to, members of the Committee, the affected Director shall not participate in the review or in discussions or decisions of the Committee which relate to that Director.

8. Reporting

- 8.1 **The Board:** The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- 8.2 **Annual report:** The Committee Chairman and members shall be identified each year in the Company's annual report. The Committee shall also make a statement in the annual report about its activities during the year.

9. Annual General Meeting

The Chairman of the Committee shall attend the annual general meeting of the Company to answer shareholders' questions relating to the activities of the Committee.

Approved by Punch Taverns plc –