

Terms of Reference Colleague Engagement Committee

February 2024

**TERMS OF REFERENCE OF THE
COLLEAGUE ENGAGEMENT COMMITTEE
(approved by the Board and by the Committee)**

Constitution

1. It is resolved that a committee of the Board be established, to be known as the Colleague Engagement Committee (Committee).

Membership

2. The Committee members shall be appointed by the Board in accordance with the Company's articles of association from amongst the independent Non-Executive Directors (NED) of the Company, identified by the Board as independent in accordance with the requirements of the UK Corporate Governance Code.
3. The Committee shall comprise at least three members, one of whom shall be appointed by the Board as the Colleague Engagement Chair. The Chair of the Board may be a member of the Committee provided that the Chair was independent on appointment. The Chair of the Committee must be an independent Non-Executive Director.
4. Each member shall hold office as a Committee member for a period of up to three years, which may be extended for two further three year periods, subject to the relevant NED's Letter of Appointment to the Board and the UK Corporate Governance Code.
5. In the absence of the Committee Chair (and/or an appointed alternate member), the members present at any meeting of the Committee shall elect one of their number to chair the meeting.
6. The Committee Chair and members of the Committee shall be listed each year in the annual report.
7. The Company Secretary or the Committee's nominee shall be 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 issues.
8. Each member of the Committee shall disclose in writing to the Committee and the Secretary as soon as the member becomes aware of the interest or the conflict:
 - 8.1. Any personal interest including financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
 - 8.2. Any potential conflict of interest.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so requested by the Board) shall resign from the Committee.

Attendance at Meetings

9. No one other than the Committee Chair and members of the Committee is entitled to be present or vote at a meeting of the Committee. The Committee Chair and members of the Committee shall, however, have the discretion to decide if non-members should be invited to attend for a particular meeting or a particular agenda item.

The Group Chief Executive, the Group Human Resources Director, the Group Chief Financial Officer or any other Executive member of Group management, as well as the Group Head of Colleague Experience and the Secretary of the Committee shall be invited by the Committee to attend meetings as necessary.

Meetings

10. The Committee Chair, in consultation with the Secretary and Group Human Resources Director, shall decide the frequency and timing of the Committee's meetings. A meeting of the Committee may be called by any member of the Committee, but in any event, meetings shall be held at least twice a year. The Secretary shall call a meeting as soon as reasonably practicable upon a request for such meeting by any Committee member.
11. The quorum for meetings of the Committee shall be the Committee Chair and at least two other members present throughout the meeting in person or by telephone or by video conference. 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.
12. Notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers where appropriate shall be forwarded to each member of the Committee and to each other person invited to attend, no fewer than three working days prior to the date of the meeting. All reasonable efforts shall be made to give notice of meetings of the Committee to all members of it and to arrange such meetings so that members are able to attend them. Outside the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Company's governance, including the Chair of the Board, the Group Chief Executive, the Chief Financial Officer and the Group Human Resources Director.
13. The Secretary shall keep a record of the membership, and the dates of any changes to the membership, of the Committee.
14. The Secretary shall record the proceedings and resolutions of meetings of the Committee.
15. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, to all members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chair.
16. The Committee Chair shall be available to answer questions about the Committee's activities and responsibilities at the Annual General Meeting of the Company. All members of the Committee shall also attend the Annual General Meeting.
17. Annually, the Committee will report to the Board on its achievement against its objectives.

Authority and Duties

18. The purpose of the Committee will be to provide oversight and make recommendations to the Board on all aspects of colleague engagement. The Committee shall ensure that the voice of the workforce is fully considered in all decisions of the Board. Consideration will be given to the matters set out in Principle E and Provisions 5 and 6 of the UK Corporate Governance Code 2018, in so far as they pertain to colleague engagement:

E. The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

5. *The board should understand the views of the company's other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision-making. The board should keep engagement mechanisms under review so that they remain effective.*

For engagement with the workforce, one or a combination of the following methods should be used:

- a director appointed from the workforce;*
- a formal workforce advisory panel;*
- a designated non-executive director.*

If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.

6. *There should be a means for the workforce to raise concerns in confidence and - if they wish - anonymously. The board should routinely review this and the reports arising from its operation. It should ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action.*

19. The duties of the Committee shall be:

- 19.1. Regularly engage directly with senior management of all Group businesses to understand ongoing and developing engagement practices across the Group;
- 19.2. In accordance with the Board Colleague Engagement Approach and Principles, maintain a programme of Board engagement activities to enable the Board (and Non-Executive Directors in particular) to have regular dialogue with colleagues across the Group to inform the Board's view of colleague engagement. The programme will be practical and pragmatic, building on existing opportunities and in proportionate time and expense, and will be reflective of the geography and demography of the organisation;
- 19.3. Support the Audit Committee and the Board in ensuring that a procedure is in place for colleagues to raise concerns in confidence and anonymously, such as the Company's whistle blowing facility. Specifically, the Committee shall confirm with participants of each Focus Group that the whistle blowing facility has been effectively advertised and that the participants know how to access the facility;
- 19.4. Oversee the approach to, the results and resulting action-plans following each bi-ennial Global colleague engagement survey;

- 19.5. Have regard to the latest legislation, corporate governance best practices, FCA Listing Rules and FRC guidance and requirements with respect to colleague/workforce engagement;
 - 19.6. Assist the Board in preparing an annual report to shareholders setting out the Company's approach to colleague engagement. The report will form part of, or be annexed to, the Company's annual report and accounts; and
 - 19.7. Consider any other matters as referred to the Committee by the Board.
20. In discharging its functions, the Committee shall also have regard to the duty of Committee members, as directors of the Company, to promote the success of the Company for the benefit of its members in accordance with the provisions of Section 172 of the Companies Act 2006 and having regard, as appropriate, to the matters specifically referred to in paragraphs (a) to (f) of that section.
 21. The Committee is authorised by the Board to obtain inside and outside legal or other professional advice, as well as information about employment engagement practices elsewhere. The Committee may, if it thinks fit, supply to others information about the Company's employment engagement practices and secure the attendance at meetings of outsiders with relevant experience and expertise at the Company's expense.
 22. The Committee is authorised to investigate any activity within its Terms of Reference and to seek any information it requires from any employee of the Company or any of its subsidiaries in order to perform its duties.