

**FERGUSON PLC**  
(the "Company")

**TERMS OF REFERENCE FOR THE NOMINATIONS COMMITTEE**

**1. Membership**

- 1.1 The Nominations Committee ("Committee") shall be appointed by the Board of the Company and shall comprise the Company's Chairman and all Non Executive Directors.
- 1.2 Only members of the Committee have the right to attend committee meetings. However, other individuals such as the Group Chief Executive, Group HR Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate.
- 1.3 The Board shall appoint the Committee chairman who shall be either the Chairman of the Board or an independent Non Executive Director. In the absence of the Committee chairman, the remaining members shall elect one of their number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board. The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

**2. Secretary**

The Company Secretary shall act as the Secretary of the Committee ("Secretary").

**3. Quorum**

The quorum necessary for the transaction of business shall be two members, 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.

**4. Frequency of Meetings**

- 4.1 The Committee shall meet at such times as the Chairman of the Committee shall require.
- 4.2 Meetings of the Committee shall be called by the Secretary at the request of the Committee's Chairman.

**5. Minutes of Meetings**

The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names and roles of those present and in attendance. Minutes of Committee meetings shall be circulated to all members of the Committee. In addition, the minutes shall be made available on request to other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

**6. Annual General Meeting**

The Chairman of the Committee shall attend the Annual General Meeting in order to respond to any shareholder questions on the Committee's activities.

## 7. Duties

The Committee shall:

### Succession

- (a) regularly review the structure, size and composition (including skills, knowledge, independence, experience and diversity) of the Board and make recommendations to the Board with regard to any changes that are deemed necessary. This will include keeping under review the policy on diversity;
- (b) 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;
- (c) give full consideration to succession planning for Directors and other senior executives including identifying any roles, skills, experience or diversity required by the Company in the future at Board or senior management level to support the development and implementation of the Company's strategy;
- (d) receive reports from the Group Chief Executive on: succession plans for Executive Committee members and other senior management; the roles, skills, knowledge, diversity and experience required by the business in the future; and the plans in place to develop senior managers and build up required capabilities;

### Appointments

- (e) be responsible for identifying and nominating, for the Board's approval, candidates to fill Board vacancies as and when they arise, having regard to the matters considered by the Committee in its reviews of Board composition and succession and the ability of the candidates to fulfil the required time commitment;
- (f) make recommendations to the Board regarding the appointment of suitable candidates for the role of Senior Independent Director and for the membership and chairmanship of the Audit Committee, Remuneration Committee and any other formally constituted Committee of the Board;
- (g) before any appointment is made to the Board, consider the consistency of proposed payments to the proposed new Director with the remuneration policy most recently approved by shareholders, if required;

### Other

- (h) periodically, and at least annually, assess the knowledge, skills, experience and independence of individual members of the Board and of the Board collectively, and report to the Board. Performance evaluation should be used to assess whether the Non Executive Directors are spending enough time to fulfil their duties;
- (i) make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time, including: whether to re-appoint Non Executive Directors at the end of their respective terms of office and in relation to any term beyond six years undertaking a particularly rigorous review; and the suspension or termination of service of any Director; and
- (j) monitor developing trends, initiatives or proposals in relation to board governance and succession issues.

## **8. Reporting**

- 8.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The Committee shall make a statement in the annual report about its activities and the process used to make appointments and explain if external advice or open advertising has not been used. The statement in the annual report should include a description of the board's diversity, including gender, any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.

## **9. Review of Performance**

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **10. Authority**

- 10.1 The Committee is authorised to seek any information it requires from any employee of the Company and group in order to perform its duties.
- 10.2 The Committee is authorised to obtain, at the Company's expense, outside advice on any matters within its terms of reference.

Approved by the Board  
22 March 2019