

GRAINGER PLC (Grainger or The Company)

NOMINATIONS COMMITTEE (Committee)

TERMS OF REFERENCE

Terms of Reference

The UK Corporate Governance Code (**Code**) published by the Financial Reporting Council **FRC**) in January 2024 provides that:

“Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan for board and senior management should be maintained. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.” (Principle J)

“The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.” (Principle K)

“Annual evaluation of the board should consider its performance, composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.” (Principle L)

A copy of the Code is available at [UK Corporate Governance Code 2024](#). Copies of the Code together with associated guidance can also be from the Company Secretary.

1 Membership

- 1.1 The Committee shall be made up of at least three members, all of whom shall, in the opinion of the Board, be independent non-executive directors. All appointments to the Committee shall be made by the Board.
- 1.2 The Board shall appoint the Committee Chair who should be either the Chair of the Board or an independent non-executive director. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The Chair of the Board shall not Chair the Committee when it is dealing with the matter of succession of the Chair.
- 1.3 Where any matter to be considered by the Committee concerns one of the Committee members, that Committee member shall be replaced for the purposes of that discussion by another independent non-executive director selected by the Committee Chair (unless the matter concerns the Committee Chair, in which case the replacement shall be selected by the remaining Committee members).
- 1.4 Appointments to the Committee shall be for a period the Board shall determine from time to time, provided that the majority of the Committee members remain independent and continue to meet the criteria for membership.

2 Secretary

- 2.1 The Company Secretary or their nominee shall act as the secretary of the Committee and shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3 Quorum

- 3.1 The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, power and discretion vested in or exercisable by the Committee.

4 Frequency of meetings

- 4.1 The Committee shall meet at least twice a year and at such other times as the Committee Chair or the Committee members shall require.

5 Attendance at meetings

- 5.1 Except as otherwise provided, no one other than Committee members shall be entitled to attend Committee meetings, and the Committee shall have the discretion to decide who, other than its members, shall attend its meetings.
- 5.2 As and when appropriate and necessary, the Chair of the Board (if not a member of the Committee), other non-executive directors, the CEO, the Company Secretary, the Chief People Officer or other persons, and external advisers may attend meetings at the invitation of the Committee.

6 Voting

- 6.1 Decisions of the Committee will be made by majority vote. Each member of the Committee shall have one vote which may be cast on matters considered at the meeting.
- 6.2 If a matter that is considered by the Committee is one where a Committee member, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.
- 6.3 In the event of any equality of votes, save where they have a personal interest, the Committee Chair will have a second or casting vote.

7 Notice of meetings

- 7.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.
- 7.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than three working days before the date of the meeting. Any supporting papers shall be sent to Committee members and to other attendees (as appropriate), at the same time.
- 7.3 Meetings may, particularly if required on short notice, be held by telephone or any other method of communication approved by the Committee Chair.

8 Minutes of meetings

- 8.1 The secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 8.2 Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all the members of the Board, unless in the opinion of the Committee Chair it would be inappropriate to do so.

9 Engagement with shareholders

- 9.1 The Committee Chair shall attend the annual general meeting and be available to respond to any shareholder questions on the Committee's activities. In addition, the Committee Chair shall seek shareholder engagement with shareholders on significant matters related to the Committee's areas of responsibility.

10 Duties

The duties of the Committee shall be:

10.1 Board and Committee composition

- a) to regularly review the structure, size and composition (including the skills, knowledge, experience, independence, diversity and length of service) of the Board as a whole and its committees and make recommendations to the Board with regards to any changes;
- b) to ensure plans are in place for orderly succession to board and other senior management positions and to oversee the development of a diverse pipeline for succession to the Board and senior management roles, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board and across the Group in the future and to recommend plans for succession for both executive and non-executive directors to the Board;
- c) to 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) to review the Company's policy on diversity and inclusion and its objectives and linkage to Company strategy;
- e) to keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;

10.2 New appointments

- a) to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- b) before seeking candidates, to evaluate the balance of skills, knowledge, experience, independence and diversity on the Board, and, in light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected.
- c) in identifying suitable candidates, the Committee shall:
 - i. use the services of external advisors to facilitate the search or, where appropriate, open advertising;
 - ii. consider candidates from a wide range of backgrounds; and
 - iii. consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available to devote to the position;

- d) for the appointment of Chair of the Board, the Committee should prepare a job specification, including the time commitment expected. A proposed Chair's other significant commitments should be disclosed to the Board before appointment and any changes to the Chair's commitments should be reported to the Board as they arise;
- e) prior to the appointment of a director, the proposed appointee should be required to disclose other significant time commitments, and any future commitments should not be undertaken without prior approval of the Board. The proposed appointee should also be required to disclose any business interests that may result in a conflict of interest. These must be authorised by the Board prior to appointment. Any future business interests that could result in a conflict of interest must not be undertaken without prior authorisation by the Board;
- f) to 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 of Board meetings;
- g) to ensure that all new directors undertake an appropriate induction programme to ensure that they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director;
- h) to recommend to the Board the appointment of any director to executive or other office;

10.3 Serving directors

- a) to review annually the time required to fulfil the role of chair, senior independent director and non-executive directors (taking into account committee memberships). Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- b) to recommend to the Board the re-appointment of any non-executive director at the conclusion of their specified term of office to the Board, having given due regard to their performance and ability and why their contribution is important to the Company's long-term sustainable success in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;
- c) to recommend to the Board the re-election by shareholders of any director under the annual re-election provisions of the UK Corporate Governance Code having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required and the need for progressive refreshing of the Board, taking into account the length of service of individual directors, the Chair of the Board and the Board as a whole;
- d) to make recommendations to the Board on any matters relating to the continuation in office (or cessation) of any director at any time;
- e) to make recommendations to the Board in relation to membership of the Audit, Remuneration, Business Responsibility and other Board committees, in consultation with the chairs of the Committees;
- f) at least annually, review potential conflicts of interests of the directors disclosed to the Company and develop appropriate processes for managing such conflicts if the Committee considers this to be necessary;

- g) to keep under review the number of external directorships held by each director;

10.4 Board performance evaluation

- a) On assist the Chair of the Board with the implementation of an annual evaluation process to assess the overall and individual performance and effectiveness of the Board and its Committees, including consideration of balance of skills, experience, independence and knowledge of the Company, its diversity, including gender, how the Board works together as a unit, and other factors relevant to the Board's effectiveness;
- b) review the results of the Board performance evaluation process that relates to the composition of the Board;
- c) review annually the time required from non-executive directors, including the Chair and Senior Independent Director. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties;
- d) ensure that evaluation of the Board is externally facilitated at least every three years; and
- e) review the results of the performance evaluation of the Committee, and consider any training requirements for the Board as a whole.

11 Reporting responsibilities

- 11.1 The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 11.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 11.3 The Committee shall produce a report to be included in the Company's annual report about its activities, the approach taken to succession planning and the process used to make appointments, including explaining if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the Annual Report and a statement made whether it has any other connection with the Company.
- 11.4 Statements shall also be made in respect of the Board's policy on diversity, any measurable objectives that it has set for implementing the policy and progress on achieving the objectives. The statements will comply with the Companies Act 2006, the UK Listing Authority Listing Rules and Disclosure Guidance and Transparency Rules, and any other applicable rules, as appropriate.

12 Other matters

- 12.1 The Committee will:
 - a) have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
 - b) 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; and

- c) at least once a year, review its performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

13 Authority

13.1 The Committee is authorised by the Board to:

- a) undertake any activity relevant to its terms of reference;
- b) seek any information it requires from any employee of the Company in order to perform its duties, and request the attendance of any employee to be questioned at a meeting of the Committee as and when required; and
- c) obtain, at the Company's expense, outside legal or other independent professional advice, at the Company's expense, on any matter within its terms of reference, and seek the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Document Approval

Reviewed by the Nominations Committee and approved by the Board on 13 May 2025 with effect from 1 October 2025.