

NEXT

Nomination Committee Terms of Reference

NEXT plc (the Company)

1. Membership

- 1.1 The Committee shall comprise at least three directors. A majority of the members of the Committee shall be independent non-executive directors.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals (such as the Chief Executive and the head of human resources) and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.3 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 themselves 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 or his or her nominee shall act as the secretary of the Committee.

3. Quorum

The quorum necessary for the transaction of business shall be two, both of whom must be independent non-executive directors.

4. Frequency of meetings

The Committee shall meet at least once a year, and otherwise as required, and may be held in person or by telephone or videoconference.

5. Notice of meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 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, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee.

7. Annual General Meeting (AGM)

The Committee Chairman should attend the AGM to answer any shareholder questions on the Committee's activities.

8. Duties

The Committee should carry out the duties below for the parent Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The primary responsibilities of the Committee shall be:

- 8.1 to lead the process for appointments to the Board;
- 8.2 to ensure plans are in place for orderly succession to both the Board and senior management positions; and
- 8.3 to oversee the development of a pipeline for succession.

In order to discharge these responsibilities effectively, the Committee shall:

- 8.4 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, taking into account the Company's strategic priorities, its challenges and opportunities, and the main trends and factors affecting its long-term success and future viability;
- 8.5 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;
- 8.6 be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- 8.7 before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall, where appropriate:
 - 8.7.1 use open advertising of the services of the external advisers to facilitate the search;
 - 8.7.2 consider candidates from a wide range of background; and
 - 8.7.3 consider candidates on merit and against objective criteria and with due regard to the future challenges affecting the business and the benefits of diversity on the Board, taking care that the appointees have enough time available to devote to the positions.

- 8.8 for the appointment of a Chairman, prepare a job specification, including the time commitment expected, recognising the need for availability in the event of crises;
- 8.9 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;
- 8.10 review the results of the Board performance evaluation process that relate to the composition of the Board;
- 8.11 review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties; and
- 8.12 work and liaise as necessary with all other Board committees.

The Committee shall also make recommendations to the Board concerning:

- 8.13 formulating plans for succession for both executive and non-executive directors and in particular for the key roles of Chairman and Chief Executive;
- 8.14 suitable candidates for the role of senior independent director;
- 8.15 membership of the Audit and Remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairmen of those Committees;
- 8.16 the re-appointment of any non-executive director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 8.17 the re-election by shareholders of directors under the annual re-election provisions of the Corporate Governance Code or the retirement by rotation 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);
- 8.18 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 their service contract; and
- 8.19 the appointment of any director to executive or other office.

9. Reporting responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings as appropriate on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report to be included in the Company's annual report about its activities, including:
 - 9.3.1 the process used to make appointments, its approach to succession planning and how both support developing a pipeline;
 - 9.3.2 how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and how it has or will influence Board composition;

- 9.3.3 the policy on diversity and inclusion, its objectives and linkage to Company strategy, how it has been implemented and progress on achieving the objectives; and
- 9.3.4 the gender balance of senior management and their direct reports.
- 9.4 Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company or individual directors.

10. Other matters

- 10.1 A proposed director's other significant commitments should be disclosed to the Board before appointment with an indication of the time involved. Any additional external appointments which would result in a significant increase to the director's time commitments should be reported to the Board for approval as they arise.
- 10.2 Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

The Committee shall:

- 10.3 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 10.4 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;
- 10.5 give due consideration to laws and regulations, the provisions of the Corporate Governance Code and the requirements of the Financial Conduct Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate; and
- 10.6 arrange for periodic reviews by the Board of the Nomination Committee's performance and, at least annually, review its 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.

11. Authority

The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and within any budgetary constraints imposed by the Board.

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