

NOMINATION COMMITTEE REPORT

The Nomination Committee (the 'Committee') is responsible for monitoring the performance, appropriateness and future succession of the Company's executive and Board talent.

Appointments to the Board are recommended, as appropriate, by the Committee. Board appointments are subject to approval by the Board as a whole.

The Committee met once during 2016.

Composition

The members of the Committee comprise the Chairman of the Company and the two Independent Non-Executive Directors. The Committee is chaired by myself. Membership of the Committee is, therefore, in compliance with provision B.2.1 of the Financial Reporting Council's UK Corporate Governance Code 2014. The Chief Executive Officer is also invited to attend the meetings.

Roles and Responsibilities

The principal responsibilities of the Committee are:

- reviewing the Board structure, size and composition;
- identifying and nominating candidates to fill Board vacancies;
- keeping up to date and fully aware of the strategic and commercial changes affecting the Group and the markets in which it operates;
- keeping under review the leadership needs of the business with a view to ensuring the continued ability to compete effectively in the marketplace;
- considering the continuing service of a Director; and
- providing recommendations for reappointment of Directors retiring by rotation.

The Committee undertakes its responsibilities proactively, recognising it is important to plan Board succession well in advance, and to ensure that the Company's Board and executive leadership skills are fully aligned to the Company's long-term strategy. The Committee therefore takes care to ensure that there is a continuous pipeline of high-performing and executive talent beneath Board level.

What the Committee did in 2016

The main focus of the Committee's work in 2016 included:

- reviewing the Committee's terms of reference, and conducting the annual review of the Committee's performance;
- reviewing the independence of each Non-Executive Director, including each Non-Executive Director's actual, potential or perceived conflicts of interest and concluding that each Non-Executive Director was independent in character and judgement and that there were no circumstances that were likely to affect their judgement; and
- recommending each Director for re-election at the forthcoming Annual General Meeting.

Diversity

Whilst we pursue diversity, including gender diversity, we are not committing to any specific targets. Instead, and when applicable, we will seek to use executive search firms who have signed up to the voluntary code of conduct setting out the seven key principles of best practice to abide by throughout the recruitment process and we will continue to follow a policy of appointing talented people at every level to deliver high performance. We will also ensure that our development in this area is consistent with our own strategic objectives and is enhancing in terms of Board effectiveness.

Paul Moody
Chairman, Nomination Committee
28 February 2017