

NOMINATION COMMITTEE REPORT

Objectives

The key objective of the Nomination Committee (the 'Committee') is to monitor the performance, appropriateness and future succession of the Company's executive and Board talent in order to ensure that the Board comprises individuals with the right blend of skills, knowledge and experience to maintain a high degree of effectiveness in discharging its responsibilities. 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 three times during 2017.

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 2016. The Chief Executive Officer ('CEO') is also invited to attend the meetings.

Roles and Responsibilities

The principal responsibilities of the Committee are:

- reviewing the structure, size and composition of the Board and its committees;
- 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;
- assessing the roles of the existing directors in office to ensure that there continues to be a balanced board in terms of skills, knowledge, experience and diversity;
- 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 2017

The main focus of the Committee's work in 2017 included:

- identifying a suitable successor to the role of CEO – see below for further details;
- 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.

CEO Succession

Succession planning at Board level has, and continues to be, a key area of focus for Committee discussions and activities. In September 2017, we announced a significant change in the Group's Board. Chris Sander, who has been an outstanding CEO for the past four years, announced his intention to retire from the Group in 2018. It has been a huge pleasure to work with Chris and, on behalf of the Board, I want to thank him for his extraordinary contribution to the Group.

I am delighted that Chris will be succeeded by Peter Egan, currently Managing Director of our Apparelmaster workwear business. Peter is a key member of the Group's senior management team, with over 25 years of experience in the textile services sector and having already contributed significantly to the Group. Peter has the leadership skills combined with the industry and operational experience to lead the Group to continued future success having been instrumental in developing Apparelmaster's strategy and driving its growth, while also actively contributing to the development and execution of the Group's strategic plan. He also benefits from the support of a very strong senior management team and together they will continue to build on the Group's strong track record under the tenure of Chris Sander.

Peter will be appointed to the Board of Directors on 1 April 2018 as Chief Operating Officer ('COO'), ahead of assuming the role of CEO. Chris remains flexible over the date of his retirement and has agreed to remain with the Group until the end of 2018 to ensure a smooth and effective transition to Peter.

Peter's appointment was the result of a rigorous succession process. The Board employs the services of executive search firms as part of the external search process to identify potential Board and senior management candidates. In preparation for the CEO succession, the Committee considered the credentials of a number of providers before recommending the appointment of the recruitment firm considered best placed to meet the brief. The recruitment firm chosen, Korn Ferry, was considered to be independent of, and had no other links with, the Company or its Directors in connection with the brief.

The candidate assessment process included the development of a success profile, an assessment of senior Group executives and a parallel mapping of external candidates. The Committee, led by myself, managed the assessment process. The initial key element of the process was to build consensus and clarity on the major challenges and opportunities to face the next CEO and to translate this into a profile of the ideal candidate. Internal potential successors were assessed against this profile which was also used as a yardstick against which to measure and compare possible external nominees. The profile covered four important elements of leadership: past experience, leadership competences, personality traits and individual motivations and drivers. A detailed success profile was then developed which was discussed and agreed by the Committee.

Candidates, both internal and external, were then rigorously assessed against the profile in order to determine their suitability, in particular, exploring and understanding their past experiences and career, their behavioural competences and their leadership potential. Following this, a short list of three potential candidates was selected. Each candidate met individually with each member of the Board, who explored specific predetermined areas with them. Board members then provided written feedback to myself on each of the candidates.

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After detailed discussions and careful debate, the Committee concluded, having taken all of the feedback into consideration that Peter, having already contributed significantly to the Group, had the leadership skills combined with the industry and operational experience to lead the Group to continued future success and hence the Committee was able to make a recommendation to the Board that he should succeed Chris as CEO.

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
27 February 2018