

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.

As set out below, the Committee met four times during 2018:

	February	May	August	October
Chairman:	Paul Moody	Bill Shannon	Bill Shannon	Bill Shannon
	Nick Gregg			Nick Gregg
Attendees:	Bill Shannon	Nick Gregg	Nick Gregg	Chris Girling

Composition

The members of the Committee comprise the Chairman of the Company and the two Independent Non-Executive Directors. The Committee is currently 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.

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 2018

The main focus of the Committee's work in 2018 included:

- 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 judgment and that there were no circumstances that were likely to affect their judgment;
- recommending each Director for re-election at the Annual General Meeting;
- recommending to the Board the appointment of myself as Non-Executive Chairman of the Company following the retirement of Paul Moody;
- following an extensive selection process, which involved an independent external search consultancy, recommending to the Board the appointment of Chris Girling as a Non-Executive Director – see below for further details;
- recommending to the Board that Chris Girling be nominated as the Senior Independent Non-Executive Director;
- recommending to the Board that Nick Gregg's service agreement be extended for a further three years until 31 December 2021; and
- reviewing the Committee's terms of reference and conducting the annual review of the Committee's performance.

Appointment of Non-Executive Director

Chris Girling was appointed to the Board as an Independent Non-Executive Director on 29 August 2018.

Chris' appointment was the result of a rigorous selection process. The Board employs the services of external search consultancies as part of the process to identify potential Board candidates. 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 consultancy firm chosen, Odgers Berndtson, was considered to be independent of, and had no other links with, the Company or its Directors in connection with the brief.

The Committee, led by myself, managed the candidate assessment process. The process included the development of a success profile which was discussed and agreed, in conjunction with input from the Executive Directors, by the Committee. Candidates were rigorously assessed against this profile in order to determine their suitability, in particular, exploring and understanding what their past experiences and career may offer to the Group. Following this, a short list of three potential candidates was selected. Each candidate met with myself, Nick Gregg and Yvonne Monaghan to explore specific predetermined areas with them. The three of us then discussed each of the candidates and recommended a preferred individual, Chris Girling, to the Board. Chris then met with Chris Sander and Peter Egan both of whom provided further feedback to the Committee.

After detailed discussions and careful debate, the Committee concluded, having taken all of the feedback into consideration that Chris had the necessary skills and experience; accordingly, the Committee was able to make a recommendation to the Board that he should be appointed to the Board as an Independent Non-Executive Director.

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. However, our primary consideration is to have the right blend of skills, knowledge, experience and independence and for that reason, 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.



Bill Shannon
Chairman, Nomination Committee

4 March 2019