

Nomination Committee Report

Dear Shareholder.

On behalf of the Board, I am pleased to present the Nomination Committee's Report for the financial year ended 31 December 2020.

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, experience and diversity 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.

Composition

During the year, the members of the Committee comprised the Chairman of the Company and the two Independent Non-Executive Directors. The Committee is currently chaired by myself, however, two out of the three meetings in 2020 were chaired by Chris Girling, in his role as Senior Independent Director, when the Committee was dealing with the appointment of my successor. Membership of the Committee is therefore in compliance with Provision 17 of the Financial Reporting Council's UK Corporate Governance Code 2018 (the '2018 Code'). Subsequent to the end of the year, Jock Lennox was also appointed to the Committee on 5 January 2021, the same date as he was appointed to the Board as a Non-Executive Director. Following my forthcoming retirement on 5 May 2021, Jock will take up the position of Chairman of the Committee.

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 regularly reports to the Board on how it has discharged its responsibilities. The full terms of reference of the Committee are available on the Company's website, or on request to the Company Secretary.

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 2020

The main focus of the Committee's work during the year included:

- reviewing the performance of the Executive Directors and concluding that their performance continues to be effective and that each demonstrates sufficient commitment to their role;
- following an extensive selection process, which involved an independent external search consultancy, recommending to the Board the appointment of Jock Lennox as an Independent Non-Executive Director and Chairman Designate – see below for further details;
- 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;
- reviewing the Committee's terms of reference and conducting the annual review of the Committee's performance; and
- recommending each Director for re-election at the Annual General Meeting.

Diversity Policy

Our policy remains to identify the most suitable candidate to join the Board having regard to the individual's skills, experience and knowledge. However, when considering succession plans the Board remains cognisant of the need to ensure that there is a diverse range of individuals who are included in the plan. The business as a whole continues to promote diversity and inclusion from within, particularly in respect of supporting female employees to progress up the career ladder.

The aim of our policy is to ensure that diversity in its broadest sense, including gender, ethnicity, age, sexuality, social class, education, experience, ways of thinking and more, is reflected throughout the business including within the composition of the Board, to provide the range of perspectives, insights and challenge needed to support good decision making.

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The Board, together with the Nomination Committee, will:

- continue to aim to improve in all aspects of diversity, including gender diversity and ethnic diversity, at Board and Senior Management level, without the need for quotas;
- seek to ensure that Board candidates bring the right skills, knowledge and experience to complement the existing balance of the Board, taking into account the diversity benefits the candidate can bring to the Board's composition;
- only work with executive search consultants that have adopted a voluntary code of conduct addressing diversity;
- take into account any regulatory requirements and best practice guidance when reviewing the balance and composition of, and succession plans for, the Board and Senior Management, whilst having regard to the individual skill sets and the general and sector-specific knowledge needed to drive corporate performance; and
- remain fully aware of the need to ensure that the business recruits and maintains a diverse workforce.

Appointment of Non-Executive Director

Jock Lennox was appointed to the Board as an Independent Non-Executive Director and Chairman Designate on 5 January 2021.

Jock's' 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 Chris Girling in his role as Senior Independent Director, 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. A diverse range of 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 potential candidates was selected for interview. Each candidate then met with Chris Girling and Nick Gregg as well as with each of the Executive Directors. Feedback from the interviews was collated and considered by the Committee.

After detailed discussions and careful debate, the Committee concluded, having taken all of the feedback into consideration, that Jock 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 and Chairman Designate.



Bill Shannon
Chairman, Nomination Committee

19 March 2021