

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 2023.

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

The Committee is chaired by myself with remaining membership comprising the four other Independent Non-Executive Directors including, with effect from 1 August 2023, Kirsty Homer. Membership of the Committee is therefore in compliance with Provision 17 of the Financial Reporting Council's UK Corporate Governance Code 2018 (the 'Code').

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 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 2023

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

- following initiation of a review process in October 2023, 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 external search consultancy, recommending to the Board the appointment of Kirsty Homer as an additional Independent Non-Executive Director;
- 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;
- considering the structure and composition of the Board and, in particular, succession planning for both Executive and Non-Executive roles as well as key management roles within the Group;
- 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.

Appointment of Independent Non-Executive Director

Kirsty Homer was appointed to the Board as an Independent Non-Executive Director on 1 August 2023. Kirsty's appointment was the result of a rigorous selection process which was initiated in January 2023. The Board employs the services of external search consultancies as part of the process to identify potential Board candidates. The consultancy firm chosen, MWM Consulting, 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 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 potential candidates was selected. Each shortlisted candidate met with each member of the Board to explore specific predetermined areas with them. Each member of the Board provided their feedback to the Committee and, after detailed discussions and careful debate, the Committee concluded, having taken all of the feedback into consideration, that Kirsty had the necessary skills and experience. Accordingly, in July 2023, the Committee was able to make a recommendation to the Board that she should be appointed to the Board as an Independent Non-Executive Director.

Diversity Policy

Our policy remains to make appointments based on merit and to identify the most suitable candidate to join the Board having regard to the individual's skills, experience and knowledge. 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. In furtherance of the Group's sustainability agenda, in November 2022, the Board approved for adoption a new Group wide Equity, Diversity & Inclusion (ED&I) policy for publication internally and externally. This policy is intended as the overarching statement for the whole Group across this topic and will apply to all employees, contractors and agency staff across the Group. Further details can be found on page 32.

We are proud to have a diverse workforce and, as explained further on pages 32 to 33, we are committed to promoting Equity, Diversity & Inclusion throughout the business to build a culture that is inclusive to all, actively values difference, ensures everyone is treated fairly and is free from unlawful discrimination. Accordingly, 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.

Although the Company's shares are admitted to trading on the AIM division of the London Stock Exchange, the Board is cognisant of governance developments regarding Board composition and diversity, including the FCA's changes to the Listing Rules (applicable to issuers with equity shares admitted to the premium or standard segments of the FCA's Official List (the "Main Market")) requiring at least 40 per cent of the Board to be women; at least one of the senior Board positions (Chair, Chief Executive, Chief Financial Officer or Senior Independent Director) to be a woman; and at least one member of the Board to be from an ethnic minority background, as well as the conclusions and recommendations of the Hampton-Alexander and Parker Reviews regarding board composition in FTSE 350 companies.

Against this backdrop, and although not a Main Market company, the Board welcomes and intends to meet, over time, the Board diversity and composition requirements applicable to Main Market companies. The Board is pleased to have made strong progress in this regard having welcomed the appointment of Kirsty Homer to the Board, as an additional Independent Non-Executive Director, in August 2023, increasing the proportion of female representation on the Board to 43 per cent. In addition, the Board has, since 2007, had a female Chief Financial Officer. However, work on Board composition and diversity continues and the Board's composition does not, currently, include at least one member from an ethnic minority background. Accordingly, the Board will continue to have regard to and will seek to promote diversity of background, gender, ethnicity and experience in Board composition as and when vacancies arise and new roles are identified over time. Demand for talent amongst UK listed companies in this regard is high and it is therefore acknowledged that, as an AIM company, achieving Board composition in alignment with the diversity requirements of the Listing Rules (applicable to Main Market companies) may take time.

Accordingly, the Board, together with the Nomination Committee, will:

- continue to aim to ensure appropriate balance in all aspects of diversity in its broadest sense, including gender, ethnicity, age, sexuality, social class, education, experience, ways of thinking and more, 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;

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- 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.

Jock Lennox

Chair, Nomination Committee

4 March 2024