

# LETTER FROM THE CHAIRMAN OF THE NOMINATIONS COMMITTEE



**SIMON FRASER**  
CHAIRMAN OF THE NOMINATIONS COMMITTEE

Dear Shareholder,

I am pleased to present the Committee's report for 2015.

During the year, the Committee's main activity was the recruitment of two non-executive Directors. This brought into focus a number of the Committee's key responsibilities relating to the maintenance of a stable and appropriately constituted Board. The first was to identify the skills that the new non-executives would need to possess for the Board to retain both the necessary skills and the required level and breadth of knowledge.

The second matter to consider was the diversity of the Board. The Committee had previously made a commitment to appoint at least one additional female director to the Board by 2015. Fulfilling this undertaking whilst preserving the Board's policy of only recruiting on merit was largely dependent on the candidates put forward by the executive search agency. In this instance the Committee appointed Spencer Stuart who subscribe to the Voluntary Code of Conduct for Executive Search Firms and they were instructed accordingly. Spencer Stuart has no other connection with the Company.

Once the new non-executives had been identified, the final matter to consider was their induction to the Company and its culture. Together with the Company's executives, the Committee arranged a comprehensive process that included meetings with the Group's auditor and corporate lawyer as well as visits to some of the Group's properties with members of staff. It is rewarding to note that in the latest Board and Committee appraisal exercise, the recruitment process was judged to have achieved its objectives.

Looking to next year, we expect the performance of Nominations Committees to receive more attention from the FRC following the publication of its discussion paper on UK Board Succession Planning and the launch of its Culture Project, both in October 2015. Guidance arising from these two projects is expected to be issued during 2016.

**SIMON W.D. FRASER**  
CHAIRMAN OF THE NOMINATIONS COMMITTEE

25 FEBRUARY 2016

# REPORT OF THE NOMINATIONS COMMITTEE

At the start of the year the Committee consisted of June de Moller, Simon Fraser and Richard Dakin under the chairmanship of Stuart Corbyn. Cilla Snowball joined the Committee in September 2015 and June de Moller stepped down at the end of the year. In January 2016, Simon Fraser took over chairmanship of the Committee. All members are considered independent by the Company having no day-to-day involvement with the Company.

## Rules and responsibilities

The terms of reference for the Committee are available on the Company's website.

## Meetings

The Committee meets at least once a year to arrange for the annual appraisal of the Board and its Committees. Further meetings are arranged, as required, to discharge the Committee's responsibilities in connection with identifying and nominating new Board members. The Committee met twice in 2015.

## Work of the Committee

During the year the Committee has carried out the following tasks:

- Led the annual appraisal of the Board, its Committees and the Chairman. The appraisal was carried out by Lintstock, an independent corporate advisory firm which provides no other services to the Group.
- Completed the recruitment of two non-executive Directors.
- Arranged a comprehensive induction process for the new non-executive Directors.
- Considered whether the Committee's recruitment procedure was adequate given the gender diversity matters raised in the UK Corporate Governance Code and by Lord Davies.
- Reviewed the Group's succession planning for executive and non-executive Directors and senior management.
- Reviewed the terms of reference for the Committee.
- Considered the results of the annual appraisal of the Committee's performance.

**SIMON W.D. FRASER**  
CHAIRMAN OF THE NOMINATIONS COMMITTEE

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