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