



Avril Palmer-Baunack

Committee Chairman

Committee membership

The members of the Committee are shown in the table below. Details of their experience and qualifications are shown on pages 84 to 85.

Committee membership	Number of meetings
Avril Palmer-Baunack	2/2
Mark Butcher	2/2
Bindi Karia	2/2
John Pattullo	2/2
Nicola Rabson (joined the Committee on 9 November 2022)	2/2



I am delighted to welcome Nicola to the Board. Nicola is a well-known figure in the employment world and brings significant experience to the Board."

Dear stakeholder,

I am pleased to present the Report of the Nominations Committee (the Committee) for the year ended 30 April 2023. As a committee our core responsibilities include promoting diversity and inclusion, reviewing the structure of the Board and its committees, recommending new Board appointments, and ensuring adherence to formal, rigorous selection, appointment and induction processes for new directors.

Committee purpose

The Committee assists the Board in reviewing the structure, size, skills and experience of the Board. It is also responsible for reviewing succession plans for the Group Directors, including the Chairman and the CEO and other senior executives. The Committee's role, authority, responsibilities and scope are set out on pages 81 to 83 and in detail in its terms of reference which are available on the governance section of our website.

Operation of the Nominations Committee

The Committee keeps the overall structure, size and composition of the Board under continuous review, and is responsible for evaluating the balance of skills, knowledge and experience of the Board and its committees.

Board recruitment

As reported in our 2022 Annual Report and Accounts, the Committee appointed Bindi Karia in May 2022. Nicola Rabson was appointed in November 2022. Bindi has

brought significant expertise and focus on technology and innovation. Nicola is a partner in the London office of Linklaters LLP and was global head of Linklaters LLP's employment and incentives group from 2014 to 2021. Nicola brings significant experience in advising public companies and other clients on people, governance and workplace culture. In addition, John Pattullo, our Senior Independent Director, took on the responsibility of Chairman of the Remuneration Committee in addition to his existing role, and the Board has greatly benefitted from his leadership in our activities in this area, including our extensive shareholder engagement on our proposed Remuneration Policy for 2023.

The recruitment process involved in appointing a new Non-Executive Director, generally involves the Committee preparing a description of the role and the attributes required in the candidates, which will include a job specification and an estimate of the time commitment expected. The Committee then compiles a shortlist taking account of known candidates and candidates suggested by the Group's Board, advisers and/or appointed recruitment consultants. The appointment process takes account of the benefits of diversity of the Board, including gender diversity, and in identifying suitable candidates, the Committee considers candidates from a range of backgrounds.

The Committee oversees succession planning for Directors and senior management, as well as broader consideration of the leadership needs of the business and senior management development.

Report of the Nominations Committee *continued*

Following the appointment of Nicola and Bindi, the Board is now compliant with the recommendations of the Parker Review and has made significant progress towards its target of meeting the Board Diversity Targets as set out in Listing Rules LR 9.8.6R(9) and LR 14.3.33R(1), with women (including myself as Chairman) representing 37.5% (2022: 14.5%) of the Board.

Induction

Given the strategic breadth and focus of the Group's activities, the Group carries out extensive inductions for its new Non-Executive Directors. Bindi Karia and Nicola Rabson received a tailored induction that focused on the Group's, stakeholders, strategy, structure, operations and governance. Both directors met the Board collectively and on a one-to-one basis. In addition, Bindi and Nicola attended a strategy briefing day at the Company's head offices in Darlington, where they received presentations from senior leaders from the business and had the opportunity to meet colleagues more widely. In addition, during the year, both new Directors have received appropriate briefings from the Group's advisers on the Group's regulatory and governance landscape and their legal and regulatory responsibilities. In addition, Bindi and Nicola held meetings with other Directors, the Company Secretary and members of the Group Management Boards and other senior leaders to discuss the Group's strategy (including with respect to sustainability, business, operations and risks).

Independence of the Non-Executive Directors

During the year, the Committee considered the tenure and independence of existing Non-Executive Directors, and whether a Director's length of service had in any way impacted his or her ability to remain independent in character and judgement in performing his or her duties. The Board considers all the Non-Executive Directors except for Mark McCafferty and the Chairman whose independence was not assessed, but who was independent on appointment, to be independent of management and free from any business or other relationship which could materially interfere with their ability to exercise independent judgement.

In accordance with the results of the independence assessment, and in line with the requirements of the Code, all Directors will retire at this year's AGM and, submit themselves for re-appointment (appointment in respect of Nicola Rabson) by shareholders. Biographical details of the Directors, including their skills and experience, can be found on pages 84 to 85.

Board diversity

The Board considers that its composition should be designed to ensure it has the best experience and skills to advance the Group's strategy for the benefit of all its stakeholders, and that as part of this the benefits of all aspects of diversity should be considered, including, but not limited to, gender and ethnicity. The Group maintains an appropriate diversity and inclusion policy for all of its workforce, including our senior management and the Board. Accordingly, the Committee will consider candidates on merit against objective criteria, with regard to the benefits of diversity when identifying suitable candidates for appointment to the Board. The Board is also committed to operating in a way that supports diversity and inclusivity including ensuring appropriate consideration of diversity and inclusion in succession planning at senior management and Board level. When searches for an appointment to the Board are conducted by the Company with external search firms, these firms will identify and present a list of qualified potential candidates, including having regard to diversity.

As at 30 April 2023, one of the senior positions on the Board was held by a woman. The Board included one Director from an ethnic minority background and the representation of women on the Board was 37.5% (this remains the case as at the date of this Annual Report and Accounts). Whilst the Board recognises that the representation of women on the Board does not currently meet the UK Listing Rules target of 40%, the Company notes the significant progress made this year through the appointment of Bindi Karia and Nicola Rabson and the need to maintain a balance of experience and continuity on the Board. The Nominations Committee and the Board, whilst mindful of the targets set by the Listing Rules, will continue to make appointments based on merit having regard to diversity.

Report of the Nominations Committee *continued*

Gender representation for Board and senior management as at 30 April 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management ¹	Percentage of executive management
Men	5	62.5	3	12	75
Women	3	37.5	1	4	25

Ethnic background of Board and executive management as at 30 April 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chairman)	Number in executive management ¹	Percentage of executive management
White British or other (including minority-white groups)	7	87.5	4	16	100
Asian/Asian British	1	12.5			

¹ Executive management includes the Group Management Boards (most senior executive bodies below the Board) and the Company Secretary, excluding administrative and support staff, as defined by the UK Listing Rules.

Gender and ethnicity data relating to the Board, Group Management Boards and Company Secretary is collected on an annual basis applying a standardised process managed by the Company Secretary and the Group's HR functions. Each Board member, Group Management Board member and the Company Secretary is requested to confirm, on a strictly confidential and voluntary basis, their ethnicity and gender identity (or specifies they do not wish to report such data). The criteria of the standard form questionnaire are fully aligned to the definitions specified in the UK Listing Rules, with individuals requested to specify: (1) Self-reported gender identity. Selection from (a) male; (b) female; (c) other category/ please specify; (d) not specified (due to local data privacy laws); or prefer not to say.

2) Self-reported ethnic background (classifications as designated by the UK Office of National Statistics). Selection from: (a) White British or other white; (b) Mixed or multiple ethnic groups; (c) Asian or Asian British; (d) Black; (e) Other ethnic group/ please specify (f) not specified (due to local data privacy laws); or prefer not to say.

Board and committee evaluation and continuing training

The Board also conducted its annual evaluation process, which demonstrated the significant and continuing effectiveness of the operation of the Board as well as its committees (including the Nominations Committee). The evaluation was conducted based on a framework established by the external Board evaluation conducted by Korn Ferry in FY2021 and reflect the Board's view that it is a strong and cohesive body, as a main Board and across its committees, with a clear view of its purpose and values.

The further enhancement of the Board's composition and balance of skills, experience and capabilities following the appointment of Bindi and Nicola was reflected very clearly in feedback.

In October the Board visited the Group's offices and operations in Madrid. This provided the Board with an opportunity to view first-hand the high calibre of the Group's operations in Spain, including innovative initiatives, and the breadth and quality of our commercial proposition in Spain. In addition, the Board were able to spend time meeting the Spanish leadership team and discussing the Group's strategy with them.

During the year, the Board has had an increasing focus on sustainability, as part of the development of the Group's sustainability strategy, and in the form of specific training from its external advisors. The Board has also received strategy presentations on a variety of the Group's current and future initiatives including those relating to the expected future transition of the fleet away from non-ICE vehicles.

Future priorities

In FY2024, the Committee intends to continue reviewing succession plans for the Board to make sure the Board continues to operate effectively and add value to the Group.

Avril Palmer-Baunack
Chairman
5 July 2023