



Sir John Armitt CBE
Committee Chair

“The Nominations Committee’s ambition is to ensure we have the best people governing our business today and excellent and diverse talent in the pipeline to potentially govern the business tomorrow”



Primary role

To monitor the balance of skills, knowledge, experience, independence and diversity of the Board and its Committees. To ensure that appropriate procedures are in place for the nomination, training and evaluation of Directors. To develop and facilitate the implementation of succession plans for the Board, its Committees and senior management.

The Committee’s terms of reference, reviewed and approved annually, are available on the Company’s website at www.nationalexpressgroup.com

Key responsibilities

- Monitor the structure, size and composition (including the skills, knowledge, experience, independence and diversity) of the Board and its Committees and make recommendations to the Board regarding any changes
- Develop and implement effective succession plans for the Board, its Committees and senior management, having regard to the skills and expertise needed to ensure the long-term sustainable success of the Company, including by overseeing the development of a diverse talent pipeline and monitoring the Company’s diversity policies and

- initiatives and their effectiveness
- Lead a rigorous and transparent process for identifying, interviewing and selecting candidates to serve as Directors on the Board and its Committees and make recommendations to the Board for their appointment
- Assist the Chairman with the annual evaluation of the effectiveness of the Board, its Committees and the Directors

Activity highlights

- Reviewed the structure, size and composition of the Board and its Committees, including the skills, experience, independence and diversity of its members, in anticipation of Non-Executive Director changes to the Board and its Committees
- Led the process to recruit two new Non-Executive Directors with relevant skills and experience to the Board and certain of its Committees, thereby enhancing their strength and diversity
- Reviewed the Board and senior management succession plans, including via a review of potential internal successors for executive and senior management positions and other high potential talent
- Reviewed the Board’s Diversity & Inclusion Policy and the Company’s diversity initiatives

Dear fellow shareholder

I am pleased to present the Nominations Committee Report which explains our work during 2019.

The Committee’s ambition is to ensure we have the best people governing our business today and excellent and diverse talent in the pipeline to potentially govern the business tomorrow. The best people will have the necessary experience and skills to shape and support the Company’s strategy, including through bringing diverse perspectives to bear on strategic decisions in a way that complements and reflects the diversity of the Company’s business.

Board and Committee composition and succession planning

2019 was a busy year for the Committee as we began to implement the succession plans we have previously developed to ensure the continued effectiveness of the Board and its Committees, having regard to the Company’s strategic priorities.

On 1 October 2019, two new independent Non-Executive Directors – Ana de Pro Gonzalo and Karen Geary – joined the Board and certain of its Committees¹. Ms de Pro Gonzalo is the serving Chief Financial Officer of Amadeus IT Group, S.A. and, prior to this, she held a number of financial and management roles in various industries. Her strong financial credentials and deep managerial experience, including in a major technology company, bring additional strength to the Company’s Board and its Audit Committee. Ms Geary has served in many executive and non-executive HR roles over her career, including currently as a non-executive director and chair of the remuneration committee of online retailer ASOS plc. She brings her focus on people into the Boardroom and Remuneration Committee.

Further details of the new Directors’ experience and their key strengths, together with those of their fellow Directors, in supporting the Company’s strategy are set out on page 64.

Membership, meetings and attendance

Committee member ¹	Appointed	Meetings attended
Sir John Armitt CBE (Chair) ²	01.01.13	● ●
Jorge Cosmen	01.12.05	● ●
Lee Sander ³	01.06.11	● ●
Chris Muntwyler ^{3,4}	11.05.11	● ○
Joaquín Ayuso ³	01.06.11	● ●
Jane Kingston ³	26.07.16	● ●

¹ Committee membership is shown as at 31 December 2019. Since the end of the year, Joaquín Ayuso, Jane Kingston, Chris Muntwyler and Lee Sander have stepped down from the Committee and Dr Ashley Steel, Matthew Crummack, Karen Geary, Mike McKeon and Ana de Pro Gonzalo have been appointed to the Committee

² Chairman of the Board

³ Independent Non-Executive Director

⁴ Mr Muntwyler was unable to attend the July Committee meeting due to another commitment that was notified to and approved by the Chairman at the beginning of the year - please see page 78 for the Board’s process for ensuring Directors’ involvement in meetings they cannot attend

Other attendees: Company Secretary, Group Chief Executive and Group Human Resources Director. Further information about the Committee members is set out on pages 60 to 64

¹ Ana de Pro Gonzalo joined the Audit Committee, Karen Geary joined the Remuneration Committee and both of them joined the Safety & Environment Committee, in each case effective from 1 October 2019. In addition, since the end of the year, both Ms de Pro Gonzalo and Ms Geary have joined the Nominations Committee

Composition, succession and evaluation

Nominations Committee Report *continued*

Effective from 31 December 2019, two of the Company's Non-Executive Directors – Joaquín Ayuso and Jane Kingston – also stepped down from the Board and its Committees¹, Mr Ayuso as he was approaching his retirement and Ms Kingston in view of her commitments on other UK listed company boards. On behalf of the Board, I would like to extend my sincere thanks to Mr Ayuso and Ms Kingston for their long and valued service to the Company.

The Committee expects to continue to implement its succession plans for the Board and its Committees into 2020 and beyond to further enhance their strength and diversity.

The general approach taken by the Committee to succession planning is to maintain and regularly review a matrix of the Directors' experience and skills to ensure that the Board and its Committees are composed of individuals who have the right experience and skills to enable them to shape (and, in the case of the Executive

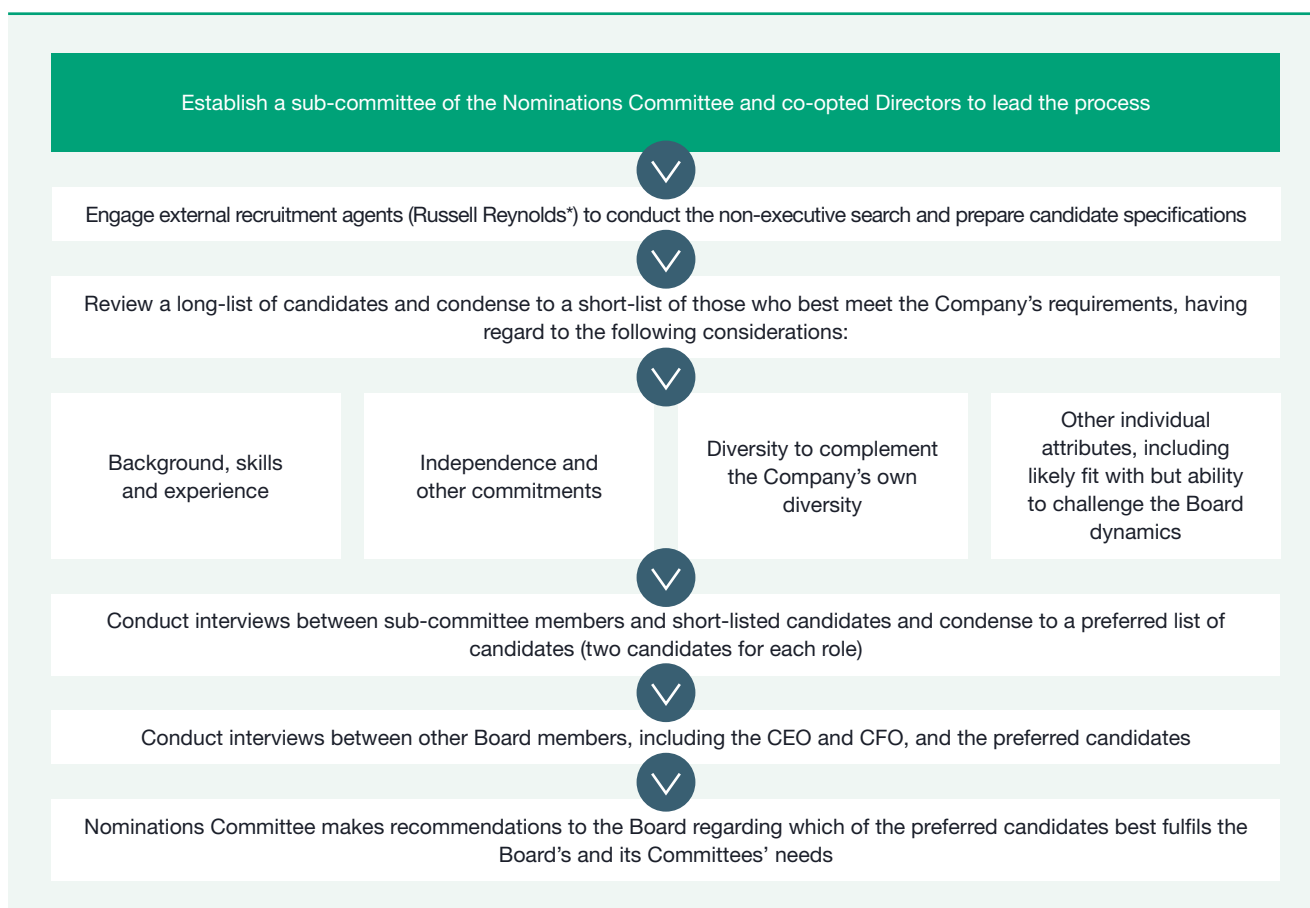
Directors, deliver) the Company's strategy and to monitor and assess the effectiveness of the Company's control environment and the management of risk. A summary of the current matrix is set out on page 83. In the case of Executive Directors, this is supplemented by my and my fellow Non-Executive Directors' continual assessment of their performance. In the case of Non-Executive Directors, the Committee also carefully considers their independence and other commitments. Through these means and having regard also to the Board's Diversity & Inclusion Policy (as set out on the next page), the Committee is best able to identify any gaps in skills, any further development and diversity needed and the best time to implement succession plans.

The effectiveness of the Committee's succession plans is demonstrated by the new Non-Executive Director appointments in 2019 having filled the potential gaps in experience and skills, and reduction in diversity, that would have resulted from the two Directors leaving the Board in 2019.

The process that the Committee followed, together with the particular considerations it took into account, in identifying and nominating the two new Non-Executive Directors is set out in the diagram below. Following their appointment and prior to attending their first Board and Committee meetings, both new Non-Executive Directors also undertook a comprehensive induction programme, details of which are set out on pages 85 and 86.

Senior management succession planning

During the year, the Board, led by the Committee, has also undertaken its usual programme of senior management succession planning. Senior management for these purposes includes the members of the Group Executive Committee (GEC) who are direct reports to the Group Chief Executive as well as all those talented individuals who have demonstrated the potential for promotion to higher or broader positions in the Group's senior management structure.



¹ Joaquín Ayuso and Jane Kingston have both stepped down from the Nominations Committee and the Safety & Environment Committee and Ms Kingston has also stepped down from the Remuneration Committee

* Russell Reynolds Associates was engaged to conduct the Non-Executive Director search in view of their knowledge of the Company's current Board members, international reach, strong credentials and participation in the voluntary code of conduct to address gender diversity on UK listed company boards of directors. Beyond their appointment by the Company to conduct executive and non-executive searches, Russell Reynolds does not have any connection with the Company or its individual Directors