



**Sir John Armitt CBE**  
Committee Chair (until  
4 November 2020)

“ In a challenging year for our business and its people, the Nominations Committee’s priority has been to ensure that we still have the best people governing the business and leading our people through the challenges. The CEO and Senior Management succession work the Committee undertook during year under review sought to deliver on this priority.”



**Jorge Cosmen**  
Committee Chair (from  
4 November 2020)

“ I thank Sir John for his sound leadership of the Committee, particularly through the work it undertook in 2020, and I am honoured to take on the Chair role. In addition to continuing to progress our Board succession plans, my focus going forwards is to ensure we have a strong pipeline of talent for Executive Director and Senior Management roles, that we recognise, reward and develop talent across our Group and that we bolster diversity and inclusion across and at all levels of our global businesses.”

## Dear fellow Shareholder

We are both pleased to present the Nominations Committee Report, having both held the role of Chair of the Committee for parts of the year under review. I (Sir John Armitt) present those parts of this Report which look back at the Committee’s work during the year under review and I (Jorge Cosmen) present those parts which look ahead to the Committee’s work and priorities in this current and future years.

### Primary role

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

The Committee’s terms of reference, reviewed and approved annually, are available on the Company’s website at [www.nationalexpressgroup.com](http://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 to such matters
- 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

\* References in this Report to Senior Management or Senior Managers are to the divisional managing directors and Group functional leads who are direct reports to the Group CEO and/or Group CFO and who together form the Group Executive Committee.

the Company’s diversity policies and initiatives and their effectiveness

- Lead a rigorous and transparent process for identifying and selecting candidates to serve as Directors on the Board and its Committees and making 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

- Led the process to identify and recommend to the Board a new Group Chief Executive Officer
- Reviewed the structure, size and composition of the Board and its Committees, including the skills, experience, independence and diversity of their members, and recommended changes to Committee membership to ensure independence, as part of ongoing Board and Committee succession plans
- Reviewed Senior Management succession plans, including via an in-depth review of Senior Managers and other high potential talent
- Reviewed and approved certain changes to the Senior Management\* team

## Membership, meetings and attendance

Committee member	Appointed	Resigned	Meetings attended/ meetings held
Sir John Armitt (Chair) <sup>1</sup>	01.01.13	–	8/8
Jorge Cosmen (Chair) <sup>1</sup>	01.12.05	–	8/8
Karen Geary <sup>2</sup>	01.10.19	–	8/8
Matthew Crummack <sup>2</sup>	28.01.20	–	8/8
Dr Ashley Steel <sup>2</sup>	28.01.20	–	8/8
Mike McKeon <sup>2,3</sup>	25.02.20	–	7/7
Ana de Pro Gonzalo <sup>2,3</sup>	25.02.20	–	7/7
Lee Sander <sup>4</sup>	01.06.11	25.02.20	1/1
Chris Muntwyler <sup>4</sup>	11.05.11	25.02.20	1/1

<sup>1</sup> Sir John Armitt, the Company Chairman, chaired the Committee until 4 November 2020, when Jorge Cosmen, the Deputy Chairman, became Chair

<sup>2</sup> Independent Non-Executive Director

<sup>3</sup> Mike McKeon and Ana de Pro Gonzalo joined the Committee on 25 February 2020 and attended all meetings of the Committee while they were members

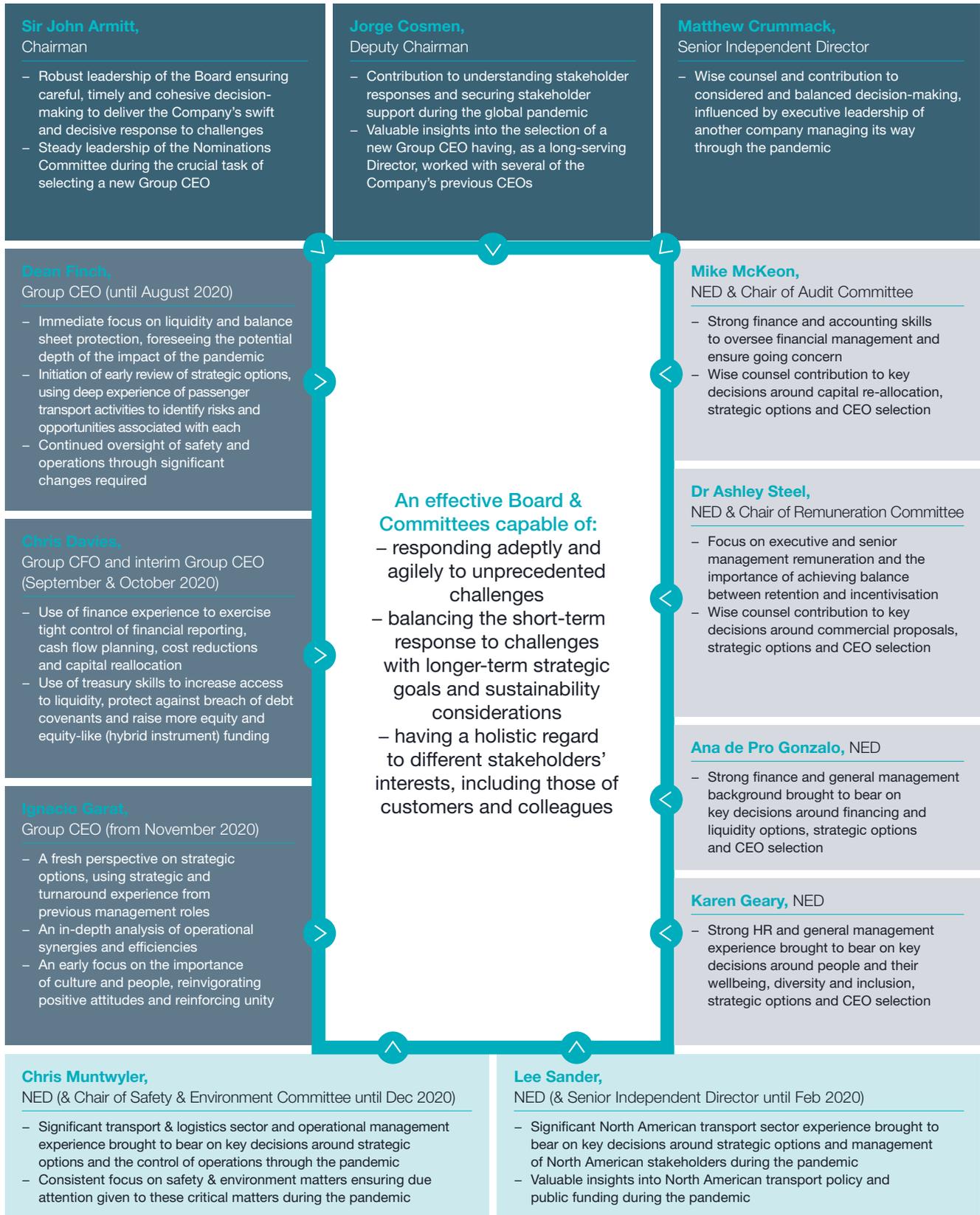
<sup>4</sup> Chris Muntwyler and Lee Sander stood down from the Committee on 25 February 2020 and attended the only meeting of the Committee held while they were members

Other attendees: Company Secretary and, by invitation, Group Chief Executive Officer and Group Human Resources Director

## Board and Committee composition

One of the Committee's principal responsibilities, as noted on page 76, is to ensure that the Board and its Committees are comprised of Directors with the right balance of experience, skills and expertise. It has never been more important to have this balance to enable the Board to respond to the unprecedented challenges the Company has faced as a result of the Covid-19 pandemic.

In previous Annual Reports, we have included information demonstrating the general nature and breadth of Directors' experience. The diagram below demonstrates the specific skills, experience and focus each Director has been able to bring to leading the Company through the challenges of the pandemic:



## Board and Committee succession planning

Following Dean Finch tendering his resignation as Group CEO at the end of June 2020, the Committee's priority became identifying and recommending to the Board a new Group CEO. In accordance with succession plans developed over the last few years, there were some strong internal candidates for the role. However, the Board endorsed the Committee's recommendation to also consider external candidates in view of the critical importance of selecting a new Group CEO who would be able to both meet the Company's short term needs and be best placed to lead the Company in delivering its strategy and fulfilling its potential over the long term. The Committee therefore engaged an external executive search agency<sup>1</sup> to assist it in conducting a full market search, identifying external candidates and assessing both internal and external candidates.

To ensure the Committee was afforded the appropriate time and space to conduct an in-depth market search, carefully assess internal and external candidates and bring the best recommendation to the Board, and also to ensure consistency of leadership and a smooth and seamless transition of CEOs, the Board, on the Committee's advice, also agreed that Mr Finch would leave his role before the end of the year and appointed Mr Davies, the Group's CFO, as the interim Group CEO. Mr Davies ably fulfilled this role while the Committee undertook its deliberations.

Following the conclusion of those deliberations and on the Committee's recommendation, the Board selected and the Company appointed Ignacio Garat as the new Group CEO due to:

- his strong strategic and operational experience in an adjacent industry sector;
- his focus on safety, financial performance, customer experience and digital transformation;
- his ability to lead and galvanise international businesses towards common goals; and
- his strengths in building relationships with customers, strategic partners and colleagues.

From before (under appropriate confidentiality undertakings) and since joining the Company, Mr Garat has undertaken a detailed induction programme alongside fulfilling his executive leadership role. Details of Mr Garat's induction are set out on page 71.

<sup>1</sup> Egon Zehnder was engaged on the CEO succession process because of its strong credentials, international reach and participation in the voluntary code of conduct to address gender diversity on UK listed company boards of directors. Beyond its engagement in this capacity, Egon Zehnder does not have any connection with the Company or its individual Directors.

Wider Board and Committee succession plans were intentionally delayed during 2020 to ensure stability of the Board through the early stages of the Covid-19 pandemic and then latterly through the change in Group CEO. However, we intend to progress these plans in 2021 with the appointment of at least one additional Non-Executive Director to expand the geographical and cultural diversity of our Board. As I (Sir John Armit) will also reach my nine-year tenure as Chairman in 2022, the Committee has also commenced planning for my own succession.

To facilitate these ongoing succession plans and ensure continuous refreshment and an appropriate independent balance of the Board and its Committees, the Board, on the Committee's recommendation, agreed:

- in January 2020, that Matthew Crummack and Dr Ashley Steel would join the Nominations Committee;
- in February 2020, that Mike McKeon and Ana de Pro Gonzalo would join the Nominations Committee and also that Chris Muntwyler and Lee Sander would stand down from the Nominations, Audit and Remuneration Committees (but would both continue on the Safety & Environment Committee);
- in November 2020, having served on the Company's Board for nearly 10 years, that Chris Muntwyler and Lee Sander would stand down from the Board and the Safety & Environment Committee on 30 December 2020;
- having regard to the importance of safety to the Company and the relatively early-stage but fast-developing nature of the Company's environmental ambitions, and to ensure continued and consistent focus on these matters through other Board changes, that Mr Muntwyler would be retained by the Company as an adviser to the Board and co-opted as a non-Director member of the Safety & Environment Committee; and lastly,
- that I (Jorge Cosmen) would be elected as Chair of the Committee going forwards.

On behalf of the Board, we both take this opportunity to thank Mr Sander and Mr Muntwyler for their long and valued service as Directors of the Company and to Mr Muntwyler for continuing in the role of an adviser.

I (Jorge Cosmen) also look forward to leading the Committee through the further development and implementation of our Board and Committee succession plans over the coming years. Although I am a non-independent Director due to my, and my family's, shareholding in the Company and my long tenure on the Board, I am passionate about the Company and its success and believe that I, supported by my fellow Committee members (the

majority of whom are and will remain independent Non-Executive Directors), can fulfil our duties to shareholders by helping to ensure we have the best people leading the Company. To alleviate any residual concerns shareholders may have about my non-independent status, I intend to work closely with Matthew Crummack, our Senior Independent Director, and my other fellow independent Committee members, on all Board and Committee succession matters, and I confirm that I do not have a casting vote at Committee meetings.

## Senior Management succession planning

A number of Senior Management changes also took place during the year under review, with the resignation or retirement of three members of the Group Executive Committee (GEC) and some consequential changes among their direct reports.

The Company also sadly lost two highly valued colleagues in Richard Millington, our Head of Risk & Insurance, and Nigel Lloyd, a member of our internal audit team who had worked with National Express for more than 20 years, both of whom died suddenly due to non-Covid-related reasons and to whose families and friends we extend our deepest sympathies.

Following such changes, and on the Committee's recommendation, the Board promoted Gary Waits to become CEO of the whole North American division, bringing the school bus and transit businesses back under common management and facilitating a joined up response by such businesses to the common challenges created by Covid-19. Mr Waits is supported by Liz Sanchez, who was promoted as COO of the North American business, and by two newly promoted finance managers in North America.

Internal promotions or reallocation of responsibilities were also made to ensure the roles of Senior Managers who have left were fulfilled while also reducing costs in a critical year for making cost savings and synergies wherever possible.

The Board, led by the Committee, continues to regularly review Senior Management succession plans and to identify and track the progress of high potential talent across the Company's global businesses. This is done by detailed formal review in the Boardroom of Senior Managers' and high potentials' experience, skills and notable achievements, and more informal reviews of their leadership style, attributes, colleague and stakeholder relationships and business plans and ideas when they present to the Board or when Directors visit the businesses they manage or work in.

### The Board's policy on diversity and inclusion is:

- to achieve and then maintain at least one third female representation on the Board;
- to achieve and then maintain ethnic minority representation on the Board;
- to ensure that its membership reflects the diversity of the geographies and customers that the Group serves; and
- to respect the differences of its members and value and encourage the diversity of thought that such differences can bring

in each case and always within the context of Board members having, between them, the experience and skills required to support the development, oversight and delivery of the Company's strategy.

Senior Management succession planning and talent development is an area that I (Jorge Cosmen) wish to focus more of the Committee's attention on in future. Adopting the model used by our Audit Committee in conducting 'deep dives' into assessing divisional risk, I intend for the Committee to undertake 'deep dives' into the succession plans for divisional management and Group functional leads and into development plans for the strong talent pipeline we already have. The Committee will provide feedback and recommendations from this undertaking to the Board.

### Board and Company commitment to diversity and inclusion

The Board and Company remain committed to enhancing diversity at each of Board, Senior Management and middle management levels and generally among colleagues across the Company's businesses. Inclusion – in the sense that all colleagues from all backgrounds should be and feel included and accepted in all aspects of Company life, from getting respect from their managers and colleagues to having equal opportunities for pay and progression – is clearly as important a priority as enhancing diversity, as well as itself being a means to enhancing diversity. The disproportionate impact of the Covid-19 pandemic on people from ethnic minorities and the racial tensions this has exacerbated in various countries around the world, particularly the USA where we have a significant number of colleagues from ethnic minority backgrounds, has also served to ensure that diversity and inclusion are and will remain key Board and Committee priorities going forwards.

The Board, whose own diversity and inclusion policy has been updated and is set out in the box to the left, intends to lead by example on these matters. With it having met the Hampton-Alexander Review target of having at least one third female Board representation, but not yet having any ethnic minority representation, the Committee's focus will now turn to enhancing the Board's ethnic diversity when implementing its future Board succession plans, as indicated earlier in this Report.

The Committee will also ensure that diversity considerations form part of its reviews of Senior Management and high potential talent succession plans, specifically by reviewing whether opportunities for progression and development are equally available to those from all different backgrounds and by overseeing the Company's work on promoting the inclusion of colleagues at all levels of the business.

The Company's wider commitment to diversity and inclusion, which is important for those reasons explained in the box to the right, continues to be championed by the Company's Diversity & Inclusion Council (D&I Council). In 2020, the D&I Council developed, approved and communicated an overarching strategy which set out three core goals:

1. to increase the numbers of those in under-represented groups at all levels of the Group's workforce, with a key emphasis on those in management roles, in order to better reflect the communities the Group operates in;
2. to ensure the Group has an inclusive and accessible working environment, free from racism and any other forms of discrimination, where people respect and value each other's diversity and the contribution they make; and
3. to empower all National Express leaders at all levels to take effective ownership of diversity and inclusion and deliver demonstrable change.

The D&I Council also mandated a number of actions to ensure suitable focus on achieving these core goals, including:

- the development of divisional action plans, which must include:
  - checking that all recruitment materials contain inclusive language which is not biased towards any specific demographic;
  - developing other actions to increase applications from under-represented groups and putting processes in place to measure progress against them;

- providing unconscious bias training to all managers and those involved in selection and promotion decisions;
- have clearly defined flexible working policies; and
- celebrating diversity events;
- measuring colleagues' views on diversity and inclusion through regular colleague surveys; and
- quarterly reporting to the GEC and Board on diversity data and on progress against action plans.

During the 2020 year, many of the Group's managers already undertook unconscious bias training and, in the UK division, a survey was undertaken to find out whether colleagues had experienced any form of inappropriate behaviour while working at National Express, with the findings informing the action plans. The Company intends to conduct similar surveys in its ALSA and North America divisions.

The D&I Council is also working on refining the accuracy of diversity data across the Group to achieve greater consistency in reporting and to better track progress of delivery of the strategy to enhance diversity.

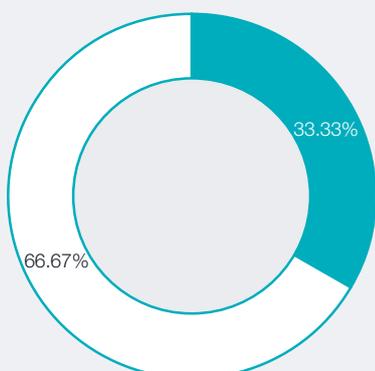
### The Company is committed to ensuring diversity, in all its forms, and inclusion among its colleagues, as these can:

- improve decision-making at all levels of business by ensuring that diverse perspectives are brought to bear in those decisions;
- attract, retain and promote the best talent by developing a culture of inclusion where all individuals are respected and supported to reach their full potential; and
- better serve our customers, other stakeholders and the communities in which we work by ensuring the diversity of our workforce is representative of the diversity of our stakeholders.

These ambitions are aligned with our People and Customers Values, which Values in turn support our strategy to grow our business by retaining and winning business through having the best talent delivering the best service for our customers.

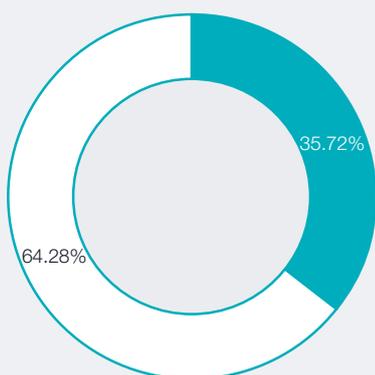
**Gender diversity**

**Board**



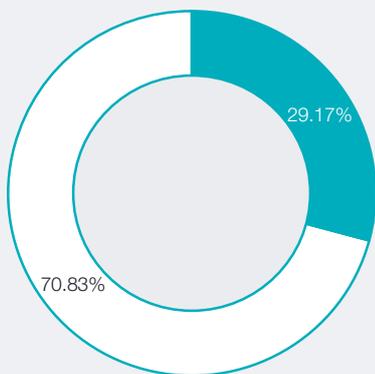
Male 6  
 Female 3

**GEC**



Male 9  
 Female 5

**Direct reports to GEC**



Male 68  
 Female 28

The charts to the left illustrate the gender balance of the Board as at 31 December 2020 and of the GEC and direct reports to members of the GEC as at the Hampton-Alexander reporting date for those groups of 31 October 2020. Comparing these with the position last year:

- we have enhanced the gender diversity of the Board, increasing female representation from 25% at the end of 2019 to 33.3% at the end of 2020;
- we have improved the gender diversity of the GEC, from 31% female members on 31/10/19 to nearly 36% on 31/10/20; and
- the gender diversity of direct reports to GEC members has reduced slightly from 30% female reports on 31/10/19 to 29% on 31/10/20 (and, when combined with GEC members, we did not unfortunately meet the Hampton-Alexander 33.3% target for this combined group but will continue to endeavour to do so).

Across the Group’s divisions and corporate functions, we have a wide variety of gender splits but, as there are generally fewer females in management roles across the Group, we continue with various initiatives to enhance female representation among middle and senior management by recruiting more female graduates and encouraging more female colleagues to join leadership development programmes. The actions being driven by the D&I Council noted above are also intended to assist in improving gender, ethnic and other diversity from the ground level up.

**Board and Committee independence, commitment and effectiveness**

As part of its review of Board and Committee composition, the Committee considers the independence of individual Directors and the overall independent balance of the Board and its Committees. The Committee’s views on which Directors are independent are included in Directors’ biographies on pages 59 to 61. The Committee confirms that there is an appropriate independent balance on both the Board and, having regard to the changes in its own composition during the year, on this Committee. It has further ensured that the Audit and Remuneration Committees remain composed of all independent Non-Executive Directors.

The Committee also assesses individual Directors’ commitments to the Company and whether, having regard to their role in the Company and their other commitments, they have been able to dedicate sufficient time and attention to fulfil their duties to the Company. The Committee considers that all Directors demonstrated very strong commitment to Company in the year under review, by carrying out all usual Board and

Committee work and attending multiple further formal and informal meetings to discuss and determine the Company’s response to the Covid-19 pandemic. A timeline of and details about the nature of the Board’s activities in 2020 are set out on pages 62 and 63. More information about the independence and commitment of Directors is on pages 74 and 75.

Due to the heavy additional demands on the Board and its Committees during the year and Board members’ desire to focus on such demands and contribute to critical cost savings, the Board elected to defer its scheduled external performance evaluation in 2020 and conduct instead a third consecutive internal evaluation. The key outcomes of this evaluation are set out in Appendix 1 to this Report. Information about the ongoing training and development of Directors is also set out in Appendix 2 to this Report. In view of the evaluation outcomes and Directors’ ongoing development, the Committee is satisfied that the Board and its Committees continue to function effectively, notwithstanding the additional work and challenges faced during the year. These challenges have rather proved the strength and versatility of the Board, and the dedication of each of its Directors.

**Proposed election and re-election of Directors**

As such, the Board, on the advice of the Committee, is recommending to shareholders the election of the new Group CEO and the re-election of all other current Directors at the Company’s 2021 Annual General Meeting. We look forward to engaging with shareholders at this meeting and answering any questions you have on our work.

**Sir John Armitt CBE**  
 Company Chairman and former Nominations Committee Chair  
 18 March 2021

**Jorge Cosmen**  
 Deputy Chairman and current Nominations Committee Chair  
 18 March 2021

## Appendix 1 – Board and Committee evaluation

As explained on page 80, to ensure the Board and its Committees were able to focus on their usual work as well as the significant additional work of responding to the challenges created by the Covid-19 pandemic, and to contribute to critical cost savings, the Board deferred its scheduled external performance evaluation in 2020 and instead carried out a third consecutive internal evaluation.

In line with previous practice, the 2020 internal evaluation was conducted via a combination of an online anonymous survey and one-to-one discussions between the Chairman and individual Directors (as regards Director performance), and between the Senior Independent Director and individual Directors (as regards Chairman performance), all of which results were reported back to and discussed by the Board and Committees. The survey focused on how well Directors considered that each of: (i) the composition of the Board and its Committees; (ii) the nature of information provided to them; (iii) the effectiveness of their discussions and decision-making; and (iv) their corporate governance practices, were serving the Company during and having regard to the challenges posed by the Covid-19 pandemic, and what should be areas of focus or could be improved in the future.

The key strengths and areas for improvement or continued focus, together with the progress made in the areas for improvement identified in the Board's and its Committees' 2019 performance evaluation, are identified in the table below:

Board/ Committee	Key strengths	Areas of focus or improvement	Progress since prior year (where relevant)
<b>Board</b>	<ul style="list-style-type: none"> <li>– A passionate commitment to the success of the Company, with all Directors dedicating significant time to seek to ensure its success</li> <li>– Excellent provision of information and transparency, especially on Covid-19 related developments</li> <li>– Strong and evolving corporate governance practices</li> </ul>	<ul style="list-style-type: none"> <li>– Elevate oversight of the Company's culture throughout the remainder of the Covid-19 pandemic</li> <li>– Continue with workforce engagement events and, if Covid-related restrictions permit, re-engage in person with colleagues and wider stakeholders, in view of how valuable to Directors and well received by colleagues such engagement is (see pages 68 to 69)</li> </ul>	<ul style="list-style-type: none"> <li>– Last year, in response to a Board request that the best methods of understanding stakeholder views be kept under review, emerging best practice was assessed and processes were enhanced during the year</li> <li>– In response to a continued call from the Board for more external perspectives to be brought into the Boardroom, two external stakeholders gave presentations to the Board (see page 72)</li> </ul>
<b>Nominations Committee</b>	<ul style="list-style-type: none"> <li>– The CEO succession process was conducted via open, honest, challenging and professional discussions, through to successful conclusion</li> </ul>	<ul style="list-style-type: none"> <li>– Board and Senior Management succession planning should remain high on the Nominations Committee's agenda to further enhance existing plans</li> </ul>	<ul style="list-style-type: none"> <li>– Last year, Directors also wanted to ensure Board succession planning remained high on this Committee's agenda, which it did, facilitating the CEO succession process, although certain other Board succession plans were intentionally deferred due to Covid-19 (as explained on page 78)</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>– Strong oversight of all significant accounting matters and judgements and of internal controls, particularly to give assurance to the Board on going concern and viability having regard to the deep impact of the Covid-19 pandemic</li> <li>– Good transparency and high quality of information</li> </ul>	<ul style="list-style-type: none"> <li>– Following development of the internal audit function last year through its adoption of the three lines of defence model, continue oversight of such function's development in its third line of defence role</li> <li>– Following the outcome of the audit tender, maintain oversight of external audit quality and ensure the re-appointed firm delivers on its proposals and adopts the Committee's suggestions</li> </ul>	<ul style="list-style-type: none"> <li>– n/a</li> </ul>

Board/Committee	Key strengths	Areas of focus or improvement	Progress since prior year (where relevant)
<b>Remuneration Committee</b>	<ul style="list-style-type: none"> <li>– Open and transparent debate facilitating effective and efficient decision-making on difficult decisions to balance incentivisation and retention with restraint on pay</li> <li>– Good quality information and external support which aided effective and timely decision-making</li> </ul>	<ul style="list-style-type: none"> <li>– Continue to enhance the Committee’s understanding of broader pay and benefit structures across the Group</li> <li>– Gain further insight into the succession talent pipeline to ensure talent is supported through appropriate remuneration</li> </ul>	– n/a
<b>Safety &amp; Environment Committee</b>	<ul style="list-style-type: none"> <li>– Excellent oversight of the Group’s safety policies and performance</li> <li>– Appropriate focus on new Covid-19 health and safety precautions taken by the Group</li> <li>– Appropriately wide membership with all Non-Executive Directors being members</li> </ul>	<ul style="list-style-type: none"> <li>– Still more attention to be given by the Committee to environmental matters, to reflect the Group’s growing ambitions and developing plans in this area</li> </ul>	<ul style="list-style-type: none"> <li>– Last year, Directors also considered this Committee should give more focus to environmental matters and, whereas more focus was given during the year, this remains a work in progress</li> </ul>

## Appendix 2 – Board ongoing training and development

On joining the Board, each Director undertakes a structured and comprehensive induction programme comprised of certain basic modules and additional bespoke modules tailored to the requirements of their role.

Throughout their tenure on the Board, Directors keep their knowledge and skills up to date, partly through experience acquired on the job (in the case of Executive Directors) or acquired in other roles (in the case of Non-Executive Directors), and partly by attending external seminars and briefings as required, for example those provided by the Deloitte Academy and other professional advisers.

Directors also receive a range of briefings directly from the divisional businesses and Group functional leads which serve to ensure a deep understanding of the Group’s businesses, strategy, risks and management of the same, as outlined in the box to the right.

During 2020, in addition to regular briefings from the Group CEO and Group CFO on the Group’s safety, operational and financial performance, the Board received:

- detailed briefings from management of the Group’s business divisions on how each business was performing generally and in response to the Covid-19 pandemic, including financial performance (including detailed cost saving plans), operational performance (including service reductions and ramp-ups), people impact (including additional health and safety measures being taken to protect colleagues), impact on wider stakeholder relations (including levels of financial and other support from customers and government authorities and levels of service being provided) and impact on near and long-term strategy and risk management (including new strategic options and new risk management processes);
- briefings given by heads of the Group’s major functions, including legal, governance, tax, treasury, insurance and internal audit, on their general work and specific actions taken to manage the additional risks or compliance required as a result of the Covid-19 pandemic;
- various presentations from and detailed discussions with the Company’s brokers, banks and strategic advisers on strategic options for managing liquidity and strengthening the balance sheet, managing equity and debt stakeholder relations and otherwise managing the challenges created by Covid-19; and
- continued quarterly reports on human capital, focusing on resourcing and retention, employee engagement, diversity and inclusion, talent management and employee relations, together with regular briefings on the direct impact of Covid-19 on colleagues and on the output of colleague wellbeing surveys.

