



Committee members

Alan Dickinson (Chair)

June Barnes

Ian Barlow

Jon Di-Stefano

Key activities in 2018/19

- Change in the remit of the Committee
- Appointment of two new independent Non-Executive Directors
- Ongoing review of succession plans for the Board and Senior Management
- Review of Board committee membership
- Approval of updated diversity policy and equal opportunities policy

Key focus areas for 2019/20

- Review and action the results of the 2019 Board evaluation
- Continued review of succession plan for the Board and identification of clear succession plan for the Chair
- Focus on succession plans for senior management
- Monitor compliance with the diversity and equal opportunities policies

→ The terms of reference of the Nomination and Governance Committee are on the Company's website:
www.urbanandcivic.com/about-us/corporate-governance/nomination-governance-committee/



We seek to ensure effective succession planning and the development of a diverse Board. We encourage diversity throughout the Group.

Alan Dickinson

Chair of the Nomination and Governance Committee

Nomination and Governance Committee report

Dear Shareholder,

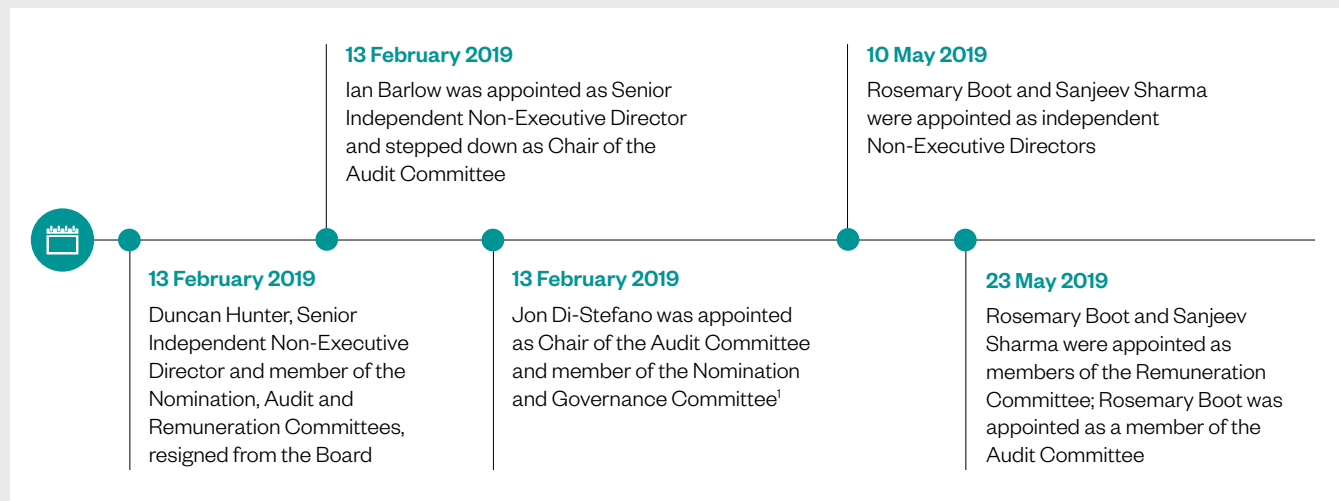
I am pleased to present the report of the Nomination and Governance Committee describing our work in the year ended 30 September 2019.

Introduction

During the year, the Nomination Committee was renamed the Nomination and Governance Committee. This committee retains all the duties and responsibilities of the Nomination Committee, including regular review of the size, structure and composition of the Board and its committees, review of the adequacy of succession planning of the Board and senior management, leading the process for new appointments to the Board, overseeing a diverse pipeline for succession, and leading the Board evaluation process. In addition, the Committee will be responsible for reviewing and monitoring compliance with relevant corporate governance rules and guidelines, such as the UK Corporate Governance Code, and guidelines issued by institutional investor bodies. The Committee is responsible for the ongoing development and review of the Group's governance framework and policies, designed to promote proper governance within the Group. Such compliance will be reviewed at least annually. Ultimate approval of Group policies and governance matters remains with the Board but this Committee will oversee and, where appropriate, make recommendations relating to governance arrangements across the Group. The Committee is also responsible for review of the diversity and equal opportunities policies in place and for ensuring that these policies are conveyed throughout the Group in relation to recruitment, retention, development and succession planning.

During the year

During the year, the Committee undertook a review of Board and Committee membership following the retirement of Duncan Hunter from the Board and in light of ongoing succession planning, taking into account the requirements of UK Corporate Governance guidelines. A summary of Board changes that took place during the year is below:



1. Subsequent to the year end, on 18 November 2019, Jon Di-Stefano stepped down as member and chair of the Audit Committee and Ian Barlow resumed the role of chair, as explained further on page 67.

The Committee also agreed the approach for the 2019 Board evaluation, as described later in this report. The terms of reference of the Committee were reviewed during the year and amended to reflect the revised remit of the Committee and to ensure compliance with best practice guidelines.

Membership and meetings

On 13 February 2019, Jon Di-Stefano was appointed as a member of the Committee. Duncan Hunter resigned as a Non-Executive Director and member of the Committee on the same date. There were no other changes to the Committee membership during the year.

Attendance by the members of the Committee at the five scheduled meetings held during the year ended 30 September 2019 is shown below:

		Independent	Date of appointment to the Committee	Committee tenure as at 30 September 2019	Meetings attended/ eligible to attend
Alan Dickinson	Chair	Yes ¹	22/05/14	5 years 4 months	5/5
Ian Barlow	Member	Yes	01/09/16	3 years 1 month	5/5
June Barnes	Member	Yes	22/05/14	5 years 4 months	5/5
Jon Di-Stefano	Member	Yes	13/02/19	7 months	3/3

1. On appointment.

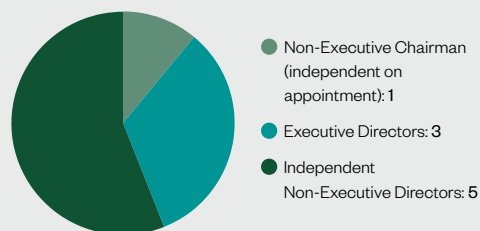
Committee meetings are attended by all members of the Committee and the Company Secretary. Other Directors and advisers attend by invitation. As Chair of this Committee and the Board, I will not chair meetings when dealing with the appointment of my successor or with any matters pertaining to the role of Chair.

Agenda items are linked to an annual calendar of discussion items to ensure that the Committee carries out a thorough and effective review of key regulatory and governance areas. The calendar is updated on a regular basis to ensure that it is current and reflects up-to-date guidance and requirements and it was updated during the year to reflect the requirements of the 2018 Code.

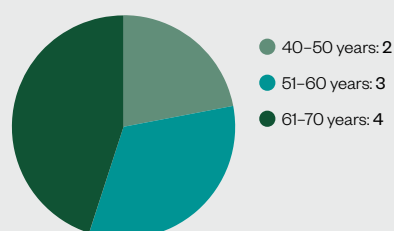
The composition of the Committee, which is reviewed by the Board annually, complies with Provision 17 of the 2018 Code with all members being independent Non-Executive Directors.

Board and senior management at a glance

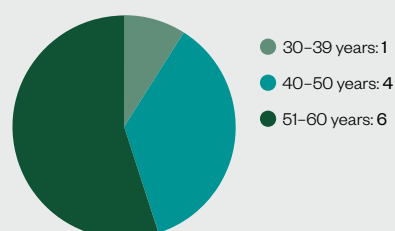
Board composition



Age of Directors

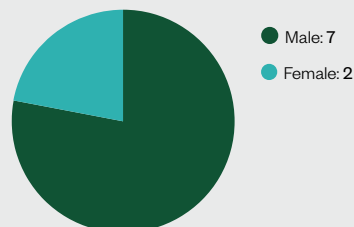


Age of senior management¹

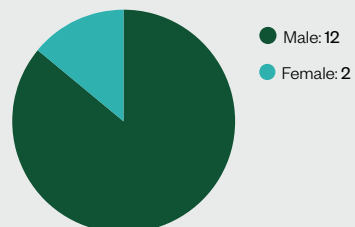


Gender diversity

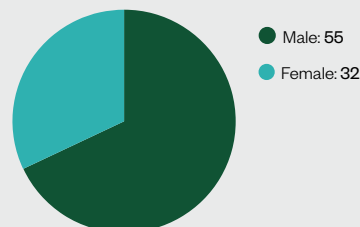
Board



Senior management



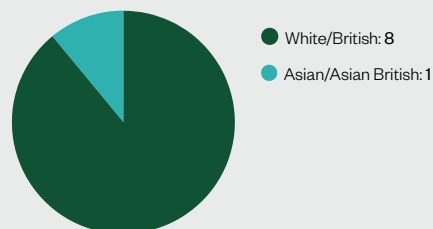
Employees¹



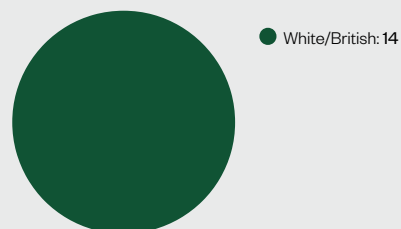
1. Excluding Executive Directors.

Ethnic diversity

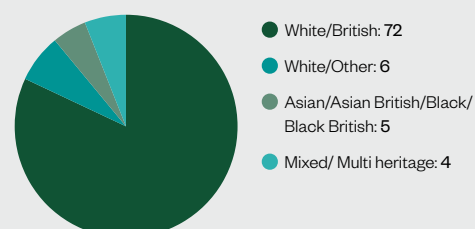
Board



Senior management

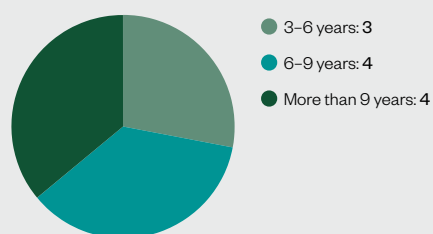


Employees¹



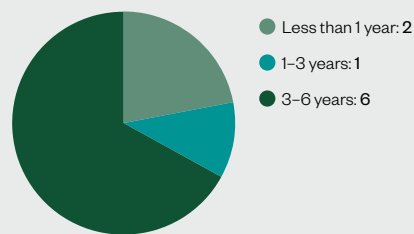
1. Employees other than Executive Directors.

Senior management length of service¹



1. Excluding Executive Directors.

Length of tenure of Directors



As at 30 September	2014	2015	2016	2017	2018	2019
Alan Dickinson						
Ian Barlow						
June Barnes						
Rosemary Boot						
Robin Butler						
Jon Di-Stefano						
Nigel Hugill						
Sanjeev Sharma						
David Wood						

Composition of the Board

When considering the composition of the Board and committee membership, which we do annually, we take into account the balance of Executive Directors to Non-Executive Directors and the background, skills and experience, independence and diversity of Directors. We recognise the need to balance continuity with refreshment of the Board and seek to ensure effective succession planning and the development of a diverse Board.

Details of the composition of the Board, its committee structure and responsibilities, and the division of responsibilities between the Chairman, Senior Independent Director and Executive Directors are contained in the corporate governance report. The Board has three standing committees (Nomination and Governance, Audit and Remuneration) and reports from the chairs of all these committees setting out their composition, duties and activities, are contained in the governance section of the Annual Report.

The Board consists of a Non-Executive Chairman (independent on appointment), three Executive Directors and five independent Non-Executive Directors.

During the year, we carried out an analysis of the Directors' skillsets and experience (summarised below) and have concluded that the Board demonstrates a good spread of background, skills, effectiveness and experience and provides strong and effective leadership. We endeavour to retain and enhance this balance when appointing any new Directors and will use the analysis as a useful tool to identify areas of focus to consider when appointing new members of the Board and when considering the succession planning and talent

management of senior management. The range of skills and background enables each Director to bring the benefit of their experience to boardroom debate. The analysis also included a review of the number of appointments held by Directors outside of this Group and the time commitment of these roles. We are mindful of the need to ensure that Directors do not overcommit to roles in addition to their position on the Board of this Company and are satisfied that external appointments held by Directors do not impact their ability to allocate sufficient time to discharge their responsibilities to the Company. Any changes to outside commitments are reported to the Board, following approval by the Chairman. Outside directorships of the Executive Directors are permitted (subject to Board approval) but they are required to devote substantially all their working time to their role at Urban&Civic.

The ability of the Board as a whole and of individual Non-Executive Directors to maintain an effective and constructive relationship with the Executive Directors is important, ensuring shared values across the Group. We believe that the current composition of the Board and its committees is appropriate and will continue to hold this under regular review.

Appointment process

The Nomination and Governance Committee is responsible for overseeing the appointment process for new Directors, from the identification of the need for appointment through to the selection of candidates and the eventual recommendation to the Board for their appointment.

Skills and experience of Directors

Experience	Non-Executive Directors						Executive Directors		
	Alan Dickinson	Ian Barlow	June Barnes	Rosemary Boot	Jon Di-Stefano	Sanjeev Sharma	Nigel Hugill	Robin Butler	David Wood
Property industry experience	●	●	●	●	●	●	●	●	●
Knowledge of sector	●	●	●	●	●	●	●	●	●
Strategy – planning, development and implementation	●	●	●	●	●	●	●	●	●
Accounting	●	●	●	●	●	●	●	●	●
Finance and banking	●	●	●	●	●	●	●	●	●
Risk management experience	●	●	●	●	●	●	●	●	●
Project management experience	●	●	●	●	●	●	●	●	●
Health and safety knowledge	●	●	●	●	●	●	●	●	●
Environment knowledge	●	●	●	●	●	●	●	●	●
Leadership and people management	●	●	●	●	●	●	●	●	●
Executive performance management	●	●	●	●	●	●	●	●	●
Mentoring abilities	●	●	●	●	●	●	●	●	●
Investor relations	●	●	●	●	●	●	●	●	●
Corporate governance	●	●	●	●	●	●	●	●	●

● Highly experienced

Appointment process continued

The appointment process involves the selection of an external recruitment consultant and discussion with them of the candidate specification. The Board believes that the overriding criteria for selection should be suitability for the role based on independence, skills, knowledge, experience and ability to promote the success of the Company.

It has previously been decided not to impose a quota relating to gender balance at Board level, but the Committee gives full consideration to achieving a diverse working environment when considering the appointment of any new Directors.

Following a review of potential candidates identified by the consultant, the Committee will select a shortlist for initial interviews with members of this Committee, followed by interviews with other Board members. The Committee will then make a recommendation to the Board for appointment to the Board and any Committees.

Following this process, an induction programme will be organised by the Company Secretary, as described below.

All Directors will be proposed for election by shareholders at the first AGM following their appointment.

On the appointment of a new Director, a formal letter of appointment or service agreement will be issued. For Non-Executive Directors, this will contain details of the terms of appointment, including the time commitment of the role. All new Directors are also asked to declare any interests which may constitute a conflict or a potential conflict of interest and details of these are included on the Company's register of conflicts, which is maintained by the Company Secretary. This is updated throughout the year as required, with a standing item on all Board agendas. All Directors sign a compliance declaration as at the financial year end.

In 2019, we engaged the services of an external search consultancy, Russell Reynolds, for the identification of suitable candidates for Non-Executive Director roles. They were instructed to identify candidates with a range of backgrounds and experience. This process culminated in the appointment of Rosemary Boot and Sanjeev Sharma as Non-Executive Directors. Russell Reynolds did not have any prior connection with the Company or its Directors other than in relation to the previous appointment of Directors.

We ensure that any executive search consultant we engage has adopted an industry standard Voluntary Code of Conduct addressing gender and ethnic diversity.

Board induction

Following the appointment of a new Director, the Company Secretary organises an induction process tailored to their individual needs. This process will be agreed with the Chair and the Director involved and ensures that meetings and activities meet the individual requirements of each new Director and their role.

Rosemary Boot and Sanjeev Sharma both joined the Board in May 2019 and were provided with a comprehensive pack of documents including Board and committee minutes and related papers, Group policies and procedures, and information on annual Board timetables and governance matters.

During their first few months in office a detailed itinerary of meetings and site visits took place. One-to-one meetings were arranged with key members of the senior management team and with external advisers such as the Group's auditor, BDO, and valuers, CBRE. Detailed briefings with the Chief Executive, Managing Director and Finance Director were also arranged. Visits to key sites led by senior management, including Alconbury Weald, Waterbeach, Priors Hall, Wintringham, RadioStation Rugby and Manchester took place, to enable a good understanding of the Group's operations.

Ongoing training for Directors takes place with regular presentations at Board meetings by management and advisers and attendance at external seminars, workshops and lectures. Non-Executive Directors visit our Group offices and operational sites throughout the year and receive updates on all operations at each Board meeting. In between Board meetings, bespoke guidance on technical, regulatory or governance matters is issued to Directors on topics as required. Directors are encouraged to identify any additional areas in which they require information, briefings or training.

The induction programme is designed to ensure that new Directors have a sound understanding of the Group's long-term strategy, business operations and performance.

The induction covers:



Strategy, culture and values

- Visits to our key strategic sites
- Meetings with the Chief Executive and Managing Director



Operations

- One-to-one meetings with all Executive Directors
- Meetings with senior management
- Meetings with key advisers



Governance

- Guidance on the Group's policies and procedures and on the legal, regulatory and governance framework of the Board



Finance

- Meetings with the Group Finance Director
- Meetings with the Group Auditor



Board induction

Q&A

with our new Independent Non-Executive Directors, Rosemary Boot and Sanjeev Sharma

Q What attracted you to the role of NED at U&C?

RB: It brings together a number of areas of interest to me. I am interested in contributing to fulfilling the UK's need for housing and had previously spent some time working for a large social housing business. The Master Developer business model was something that I hadn't seen before and looked very compelling. I knew of and was impressed by Nigel and Robin and their track record. The other Board members were people that I respected and wanted to work with. I felt that I would be able to make a complementary contribution to the Board based on my experiences as an investment banker, in climate change mitigation, housing, care homes, utilities and future cities. I have also spent time as the Group FD of a growing business.

SS: Following my own research and the in-depth selection and interview process for the role, a number of factors make U&C very appealing.

Time and time again from my real estate contacts, including within my business (M&G Real Estate), there is very high regard for what Nigel Hugill, and Robin Butler, have achieved within the industry over 30+ years. This respect carries into what U&C stands for and what is regarded as its unique competitive position as a "Master Developer".

Not only are the Executive Directors and senior management team at U&C of some of the highest calibre, the significant experience and knowledge of the current Board was a huge appeal. I felt I would gain a great deal from the current Board and also be able to bring a different perspective as someone who is still in a full-time executive role within the industry.

Q What are your initial impressions of the Group?

RB: The strategic sites are very impressive and the business model is working well. I think we have high quality, committed people who are ambitious for the success of the Group. The culture seems to be very open and supportive.

SS: Better than I expected, and my expectations were high to begin with. From the recruitment, selection process and induction, and through to ongoing Board responsibilities, the high standards and professional approach shown has been very impressive. I also feel that everyone's contributions are welcomed. The Group is extremely well managed, with staff clear about the business and its objectives and with a real enthusiasm to deliver to all stakeholders whilst providing a very much needed social purpose to the UK economy – housing. The general environment and culture is one of everyone "pulling together".

Q How valuable has the induction process been?

A RB: It has been invaluable to meet people and see the sites. Meeting people and seeing sites during the induction is vital to really “get under the skin” of the Group to enable me to contribute from an understanding of how things actually work on the ground.

SS: Extremely. The induction has been a very extensive, thorough and well organised process. This has enabled me to get to know and understand the business and therefore contribute far more quickly than would otherwise be the case. Everyone I have met has been welcoming, open and wanting to engage.

Q How do you feel that your background and experience equips you for your role at U&C?

A RB: See my response to the first question above. I am also a NED at a couple of other companies and there are benefits from sharing experiences of issues being considered at other boards, and audit and remuneration committees, not least with the recent changes to the UK Corporate Governance Code.

SS: I have worked within the real estate sector for over 30 years, across a number of organisations and in various roles. I believe this gives me a very good insight into the sector, as well as a broader perspective across a number of functions that would be of benefit to U&C. I have held senior roles in HR and operations, in large established organisations – NatWest Corporate Property and M&G Real Estate Limited, my current employer, which is one of the largest real estate investors globally with £33 billion assets under management). I am able to bring this to bear within U&C be that at meetings of the Board, or the Remuneration Committee, of which I am a member. I have been a member of the M&G RE board since 2001, during which the company has expanded considerably both in terms of product base and geographical spread, not to mention its focus on sustainability. I believe I have picked up invaluable insights into what is required of businesses and their people during such periods to sustain not only growth of new clients and opportunities but also to ensure existing clients and business continue to be managed to the highest standards.

Q What have you enjoyed the most about your role so far?

A RB: Meeting the people and visiting the sites. The quality of Board discussion and experiencing the Board dynamics.

SS: The diversity of the organisation, be that the nuances of each of U&C’s strategic sites, or meeting and getting to understand various stakeholders’ contributions and expectations of the business. Most of all, I am excited by the considerable opportunities that the business has for the future.

Q What skills and competencies make an ideal Non-Executive Director?

A RB: It obviously depends on the company, but the role of the NED is to provide an appropriate balance of challenge and support to the executive team, focusing on oversight and governance, and looking forward – considering strategy and possible bumps in the road, and having the right people and culture.

So the board as a whole needs to have competence in the areas of importance to the company, bringing diversity of opinion as well as a good mix of relevant experience from the directors’ previous and other current roles. A good NED needs to be a good listener and know how to contribute effectively in a non-executive capacity, as well as to know when to stick to an unpopular line!

SS: Having a broad set of experiences and skills to bring to bear rather than a narrow specialised background. Clearly any NED needs to understand the expectations of shareholders, other stakeholders and the Corporate Governance Code but it is very much about having an open mind, listening and being able to distil complex issues to support the strategy and objectives of the business.

Q What do you foresee the next 12 months will entail?

A RB: Personally I’m looking forward to getting fully up to speed and meeting more of the people. For the Group, probably balancing the progression of the existing strategic sites and continuing to prove the business model by identifying and bringing forward the next strategic sites. Also we may see the impact of Brexit on the housing market and whether it affects the resilience of our business model.

SS: With Brexit, anyone’s guess! However, for our sector, recognising the Government’s commitment to building 300,000 new homes a year means that a company like U&C clearly has significant demand-led opportunities and its unique position and reputation make it an ideal partner for both the Government, Government agencies like Homes England and others such as housing associations, house builders, etc. This will help to ensure that our focus is very much on making the most of the opportunities and growing the business whilst ensuring we deliver on our already substantial pipeline of sites that are at varying stages. The Board and senior management will clearly have a lot to focus on to ensure the business continues to deliver to all stakeholders.

Q What do you think makes U&C unique?

A RB: The listed Master Developer is extremely unusual – there’s a tension about the use of cash flows to grow the business vs paying dividends.

The degree of high level political support and also funding from Homes England.

The quality of the relationships with landowners and local authorities as well as housebuilders, which all depends on the quality of the team.

SS: Having some of the best strategic sites in the country and a reputation for high quality delivery.

The culture of the business and its entrepreneurialism that runs throughout the Company.

The quality of its partnerships, be that Government agencies, suppliers, housebuilders, etc.

The lack of real competition as an established, proven “Master Developer”.



Main activities of the Committee during the year ended 30 September 2019

▶ Board balance and skills

- Reviewed the structure, size and composition of the Board.
- Oversaw the process for the appointment of two new Non-Executive Directors during the year.
- Carried out a review of committee membership.
- Assessed the skills, knowledge and experience of the Board members.
- Carried out a review of the contribution to the Board by the Directors proposed for reappointment at the AGM.
- Reviewed the training and development needs of Directors.

▶ Leadership

- Continued monitoring of the Group's talent management structure by the review of the measures in place for the development, progression and retention of senior management.
- Received updates on the employee performance review system and the induction process, both of which are important tools in the wider remit of development and retention of employees.

▶ Evaluation

- Agreed the approach to the 2019 Board evaluation.
- Carried out a review of the Committee's performance and compliance with its terms of reference.

▶ Diversity

- Updated the Group diversity policy and equality policy and recommended their approval to the Board.
- Reviewed the management structure and gender diversity throughout the Group.

▶ Governance

- Approved the Nomination Committee report for inclusion in the 2018 Annual Report.
- Carried out a review of Non-Executive Directors' fees prior to review by the Board, in relation to changes to the Board structure and committee membership.
- Approved revised terms of reference for the Committee reflecting governance regulations and best practice and updated to reflect the Committee's expanded remit to include governance responsibilities.

Succession planning

Throughout the year, the Nomination and Governance Committee has continued to focus on succession planning, paying due regard to diversity within the Group. The Committee has reviewed the succession plans in place for the Board, including both Executive and Non-Executive Directors. The year under review saw a refreshment of the Board by the appointment of two new independent Non-Executive Directors. We continue to be mindful of the tenure of the current Directors and regularly review the succession plans for the Board to ensure that the refreshing of the Board is properly planned and managed in an orderly way.

The Committee reviews regular reports on the ways in which we seek to retain and develop the senior management pipeline and considers the succession planning of management. We assess areas such as:

- financial incentives;
- non-financial incentives;
- potential for career progression;
- learning and development;
- internal communication and access to Executive Directors and Non-Executive Directors;
- involvement across projects; and
- team environment.

The input of the Chief Executive and Managing Director is crucial in these discussions and the Committee values their opinion, guidance and recommendations. During the year, we carried out a review of the organisational structure across the Group allowing us to gain a useful overall view of the team structure in place and succession plans for management and Executive Directors. We are satisfied that suitable progression, talent management and succession plans are in place for both Executive Directors and for the management layer below Board level.

The importance of employee engagement is a key factor in encouraging staff retention and the activities in this area of the Board, its committees and management are set out in the corporate governance report. All Non-Executive Directors hold meetings with employees in the absence of Executive Directors throughout the year and these meetings provide invaluable insight into the issues affecting the workforce and employee retention.

Structured employee performance reviews take place on an annual basis, with six-monthly follow-up meetings. This is part of an ongoing feedback process and provides a useful forum to identify objectives and progression throughout the Group.

During the year, an internal learning and development function was established and, together with the input from the HR Manager, this workstream ensures that employees are developed to their full potential and that training addresses any issues that may have been identified as part of the performance review process.

NOMINATION AND GOVERNANCE COMMITTEE REPORT CONTINUED

Succession planning continued

This forms an important part of the development and enhancement of our talent pool, facilitating an orderly succession plan, and also encourages retention of employees. This is reflected in the Group's low turnover rate, indicating loyalty and satisfaction with both the working environment and remuneration arrangements. During the year, 15 new employees were appointed and only seven resigned.

The learning and development role oversees and co-ordinates the training and personal development of employees, implementing the Group's policy of investing time and resources in its workforce. Employees are encouraged to seek development by the broadening of their skills and experience.

As part of ongoing succession planning discussions for Non-Executive Directors, the Committee gives due consideration to corporate governance guidelines on length of service. Non-Executive Directors are appointed to the Board for a fixed initial term and will typically serve a second three-year term. A third term of up to three years may be served in certain circumstances but this would only be considered following a thorough review of the individual and of the Board composition. All appointments are subject to annual re-election. Charts found earlier in this report set out the length of service of the Directors and senior management as at 30 September 2019.

Diversity and equal opportunities

The Group is committed to the principle of equal opportunity in employment and recognises the importance and value of diversity across the Board and the Group. We reviewed and updated the Group's diversity policy to ensure that it reflects current governance guidelines and to strengthen the personal responsibility of employees to comply with the policy and to strive towards our diversity objectives. Our policy promotes diversity and inclusion and ensures that there is no discrimination on the basis of age, gender, race, disability or

social background. Through this policy, the Board and senior management undertake to be an inclusive employer and to eliminate discrimination. We commit to creating a culture where difference is valued and all forms of diversity are considered beneficial to the Company. We provide equality and fairness in all aspects of recruitment and employment, and ensure that equal training, development and progression opportunities are available to all employees. We will not tolerate any form of harassment, victimisation or bullying in our working environment.

In conjunction with our diversity policy, we also adopted an equal opportunities policy with the stated commitment of equality of opportunity in all areas of employment, thus ensuring that all employees and those applying to work for the Company are treated fairly and equally and offered the same opportunities. Both policies can be found on our website:

www.urbanandcivic.com/aboutus/corporategovernance.

We believe that by creating an open, diverse and inclusive working environment we encourage the optimum performance of all our employees which drives the successful attainment of our strategic goals. To a large extent, our performance is determined by the quality of our recruitment and development of employees, and by the enthusiasm and commitment to our goals by employees across the Group.

The Company ensures compliance with these policies by monitoring the composition of job applicants and resulting recruitment decisions, maintaining records to analyse the composition of our workforce (age and gender profiling), ensuring equal access to benefits, training, promotion and other opportunities and monitoring the criteria considered in the case of any dismissals and other terminations. We continuously assess the impact of our employment policies by open discussions with employees and by taking into account the views of management.



Board visit to
Middlebeck, Newark.

During the year, we carried out a review of succession plans in place for management and their reports and a more general review of the diversity of the Group. In reviewing the management and reporting structure throughout the Group, we reviewed the gender diversity of senior management and their direct reports, grouped by business unit and job family.

The overriding principle for the appointment and succession plans of employees is merit and ability to perform in the role but the Group's policy is to promote gender, social and ethnic diversity and diversity for all minority groups. The Company is committed to achieving a working environment providing equal opportunities to all and we seek to encourage the recruitment, development and retention of a diverse workforce and to eliminate discrimination. We recognise the challenges faced by the property industry in addressing gender diversity and acknowledge that diversity of recruitment will be subject to the availability of suitable candidates. We actively engage with recruiters to ensure a diverse candidate selection and monitor compliance with our equal opportunities policy.

We do not tolerate any form of discrimination and all our employees are expected to act in accordance with the Group's diversity and equal opportunities policies.

Gender and ethnic diversity of the Board, senior management and employees as at 30 September 2019 is shown in the charts earlier in this report.

Board performance and evaluation

The Board undertakes performance evaluations to ensure its continued effectiveness and, as explained last year, undertook to carry out an externally facilitated evaluation at least every three years.

In 2018, the review of the effectiveness of the Board and its committees took the form of the completion by Directors of online questionnaires, with the Company Secretary collating responses and providing reports for consideration by the Chairman and the chairs of each committee. The questionnaires had been devised by Independent Audit in conjunction with the Company Secretary and covered the operations of the Board, Nomination Committee, Remuneration Committee, Audit Committee and our management and reporting of risk. The findings were discussed by the Committee and reported to the Board, which tracked progress on the outcomes identified. The 2018 process followed an external evaluation carried out by Independent Audit in 2017.

The progress against actions for the Board identified in the 2018 internal evaluation and as reported last year is as follows:

Action	Progress made
Board to review past decisions for lessons learnt.	Board meeting discussions facilitate such review.
Joint venture relationships to be further reviewed.	Grant Thornton was engaged to carry out an internal audit of joint venture relationships.
Ensure that there is scope for the Directors to further enhance and refresh their knowledge.	Directors are encouraged to seek additional training on any relevant area.
Review the role of the Remuneration Committee in light of the 2018 UK Corporate Governance Code.	The role of the Remuneration Committee has been expanded to reflect the 2018 Code requirements. Further details are found in the report of the Remuneration Committee.
Devote more time to risk discussions.	Agendas of the Audit Committee and Board devote time to risk discussions.
Nomination Committee to put in place adequate succession plans for Non-Executive Directors and senior management.	Succession plans for the Board and senior management are regularly discussed at Committee meetings.

Overall, the conclusion of the review was that the Board continues to work effectively and efficiently and operates well.

Our intention, as set out in last year's report, was to carry out an internal evaluation in 2019, being Year 3 of our evaluation cycle, and for Year 4 (2020) to see a second external evaluation process. However, in light of the changes to the Board composition and committee membership this year, it was decided to engage Belinda Hudson Limited, an independent consulting firm, to carry out an externally facilitated assessment in 2019.

Board performance and evaluation continued

This Board evaluation will cover an in-depth review of the Board and its committees, including the governance framework and the alignment between the Board and committees in terms of accountability, information and communication. The feedback will also cover a review of the Chair's performance and of individual Directors. The agreed approach is:

Phase 1	October 2019	Research and fact finding	Analysis of Board and committee papers and governance documents in addition to other published material about the Company and its operations.
	October/ November 2019	Interviews	One-to-one interviews with all Directors and the Company Secretary.
	November 2019	Board observation	Attendance and observation at a Board meeting.
Phase 2	January/ February 2020	Reporting	Written report for discussion with the Chairman. Presentation of this report at a Board meeting.
	2020	Follow-up	Discussion and implementation of suggested areas for development.
Phase 3			

The evaluation process not only reviews the effectiveness of the Board and its committees but also seeks to identify areas for enhancement in processes, performance and future development, enabling continuous improvement. The Committee will ensure that individual Directors and the Board as a whole address any areas where weaknesses have been identified and also enhance areas where strengths have been recognised. I will report further in next year's report.

The year ahead

We will continue our focus on succession plans for the Board and senior management, paying particular attention to succession plans for the Chair and for management below Board level, and will continue to seek to encourage diversity in the Group and to monitor compliance with the Group's diversity and equal opportunities policies. The Committee will review the results of the 2019 Board evaluation process and will monitor and oversee the adoption of any recommendations.

Annual General Meeting

All Directors are subject to annual election by shareholders. On the recommendation of the Committee, the Board considers it appropriate to propose the reappointment of those Directors seeking election or re-election at the Annual General Meeting to be held on 6 February 2020.

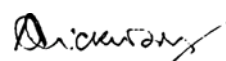
Accordingly, the following resolutions relating to the appointment of Directors will be proposed:

- the re-election of Alan Dickinson as Chairman;
- the re-election of Nigel Hugill, Robin Butler and David Wood as Executive Directors;
- the election of Rosemary Boot and Sanjeev Sharma as Non-Executive Directors; and
- the re-election of Ian Barlow, June Barnes and Jon Di-Stefano as Non-Executive Directors.

The Chairman was independent on appointment and the Board considers all other Non-Executive Directors seeking election or re-election to be independent.

Further biographical information on all Directors can be found on pages 68 and 69.

The Nomination and Governance Committee has concluded that all of the Directors seeking election or re-election continue to be effective and to demonstrate commitment to their role, and confirms to shareholders that they have the necessary skills, knowledge and experience to continue to discharge their duties effectively. The Board considers that each individual Director provides valuable input to the operation of the Board and that their contribution is important to the Company's long-term sustainable success, bringing a diverse range of skills from different sectors and experience. Further details are set out in the table on page 91 and in the notice of AGM. I hope that shareholders will support the Committee and vote in favour of these resolutions.



Alan Dickinson
 Chair of the Nomination and Governance Committee
 27 November 2019