

## CHAIRMAN'S INTRODUCTION TO GOVERNANCE



**“The Board is committed to maintaining very high standards of corporate governance and ensuring values and behaviours are consistent across the business.”**

### Dear Shareholders,

I am pleased to present Halma's Corporate Governance report on behalf of our Board. The report deals with how the Board and its committees discharged their governance duties which I hope provides you with a clear and meaningful explanation of how we apply the principles of good governance enshrined in the UK Corporate Governance Code (the Code).

The Board is committed to maintaining very high standards of corporate governance and ensuring values and behaviours are consistent across the business. We have sought to manage the affairs of the Company not by merely following regimented rules, but by promoting open and transparent discussion, constructive challenge and support in the Board and across the Group. I continue to be pleased with the progress Halma has made. We continually seek to ensure best practice is maintained and that governance is integral to our strategy and decision-making processes for the benefit of our shareholders.

As I indicated in last year's Annual Report, after ten years of exemplary service, Richard Stone stepped down from the Board in July 2011. We strengthened and refreshed the composition of our Board with the appointment of Daniela Barone Soares in November 2011, who together with our existing Board members form a committed and diverse team.

I have always maintained that a key part of my role involves ensuring that there is a sufficient cadre of individuals being nurtured throughout the Group to enable effective succession planning. The promotions of Rob Randelman and Philippe Felten to the Executive Board, in April 2011 and April 2012 respectively, demonstrate the importance the Group places on developing in-house talent. Reviews of management capabilities and potential are performed on a routine basis and I am satisfied that sufficient resources exist within the Group, and that talent continues to be developed through programmes such as the Halma Executive Development Programme which itself evolves to meet the changing needs of the Group. Whenever we identify a need for improvement to management resources we take action to ensure full strength is attained as soon as practicable.

Lastly, I would like to encourage all shareholders to find the time to attend our AGM on 24 July 2012. It is an excellent opportunity to meet the Board, the Executive Board and a selection of the managing directors from our operating companies.

**Geoff Unwin**  
**Chairman**  
14 June 2012

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# CORPORATE GOVERNANCE

## Compliance with the Code of best practice

As required by the Listing Rules of the Financial Services Authority this Report explains how the Company applies the principles and complies with the provisions of the Financial Reporting Council UK Corporate Governance Code (the Code) published in June 2010 which applied to the Company throughout the year ended 31 March 2012.

Throughout the year, the Company has fully complied with the provisions as set out in section 1 of the Code.

The Board has determined its ideal composition as a Chairman, five independent non-executive Directors and four executive Directors. The Board adjudged this composition as an appropriate structure for the Company providing valuable direct knowledge of operations and effective challenge surrounding the issues facing the Group.

In accordance with the Code all the Directors, being eligible, will offer themselves for re-election at the Annual General Meeting

## The Board

The Board considers the Chairman and each of the non-executive Directors to be independent. In assessing independence, the Board considers that the Chairman and non-executive Directors are independent of management and free from business and other relationships which could interfere with the exercise of independent judgment now and in the future. The Board believes that any shareholdings of the Chairman and non-executive Directors serve to align their interests with those of shareholders.

Upon appointment and at regular intervals, all Directors are offered appropriate training. Under the Company's Articles, each Director is subject to re-election at least once every three years however, commencing last year, the Board has agreed that each Director shall stand for annual re-election. The Board confirms that all Directors standing for re-election continue to be effective and demonstrate commitment to their roles. Details of Directors' biographies appear on pages 68 and 69 and in the Notice of Meeting.

The Directors retain responsibility for the formulation of corporate strategy, investment decisions and treasury and risk management policies. There is a formal schedule of matters reserved for the Board's decision and the Board meets at least six times each year with further ad hoc meetings as required. Directors are issued an agenda and comprehensive board papers in the week preceding each Board meeting. All Directors have access to the advice and services of the Company Secretary as well as there being an agreed procedure for obtaining independent professional advice.

## Chairman's responsibilities

### Governance

- promoting high standards of corporate governance;
- leading, chairing and managing the Board;
- ensuring all Board committees are properly structured and operate with appropriate terms of reference;
- to regularly consider the composition and succession planning of the Board and its committees;
- ensuring that the Board and its committees' performances are evaluated on a regular basis;
- ensuring adequate time is available for all agenda items.

### Strategy

- leading the Board in developing the strategy of the business and achievement of its objectives;
- promoting open and constructive debate in Board meetings;
- ensuring effective implementation of Board decisions with the support of the Chief Executive;
- ensuring the Board manages risk effectively;
- consulting where appropriate with the Senior Independent Director on Board matters.

### People

- chairing the Nomination Committee;
- identifying and meeting the induction and development needs of the Board and its committees;
- developing a strong working relationship with the Chief Executive;
- ensuring a strong working relationship between executive and non-executive directors;
- setting clear expectations concerning the Company's culture, value and behaviours; and
- ensuring effective relationships are maintained with all major stakeholders in the business.

## Chief Executive's responsibilities

- providing coherent leadership and management of the Company with the Chairman;
- developing objectives, strategy and performance standards to be agreed by the Board;
- providing input to the Board's agenda;
- providing effective leadership of the Executive Board to achieve the agreed strategies and objectives;
- securing an Executive Board of the right calibre, with specific responsibility for its composition, and that its succession plan is reviewed annually with the Chairman and the non-executive Directors;
- monitoring, reviewing and managing key risks and strategies with the Board;
- ensuring that the assets of the Group are adequately safeguarded and maintained;
- building and maintaining the Company's communications and standing with shareholders, financial institutions and the public and effectively communicating the Halma plc investment proposition to all stakeholders;
- ensuring the Board is aware of the view of employees on issues of relevance to Halma plc;
- living and fostering the Group values which promote ethical practices, integrity and a positive work climate, enabling the Group to attract, retain and motivate a diverse group of high quality employees; and
- leading by example in establishing a performance orientated, customer focused and publicly responsible Group culture.

## Board meeting attendance

During the year attendance by Directors at Board and Committee meetings was as follows:

### Board attendance

	Committees				Overall attendance %
	Board	Audit	Remuneration	Nomination	
<b>Total meetings</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>2</b>	
Geoff Unwin	6	–	3	2	100%
Andrew Williams	6	–	–	2	100%
Kevin Thompson	6	–	–	–	100%
Stephen Pettit	6	3	3	2	100%
Neil Quinn	6	–	–	–	100%
Richard Stone <sup>2</sup>	4	1	2	–	100%
Jane Aikman	6	3	–	–	100%
Adam Meyers	6	–	–	–	100%
Lord Blackwell	6	3	3	–	100%
Steve Marshall	6	3	3	2	100%
Daniela Barone Soares <sup>1</sup>	2	2	–	–	100%

<sup>1</sup> Daniela Barone Soares attended both meetings of the Board and Audit Committee after her appointment on 10 November 2011.

<sup>2</sup> Richard Stone attended all four Board meetings, one Audit Committee meeting and two Remuneration Committee meetings before his retirement from the Board on 28 July 2011.

### Board constitution

Following Richard Stone's resignation from the Board in July 2011, Stephen Pettit was appointed Senior Independent Director and Steve Marshall assumed responsibility for the Chairmanship of the Remuneration Committee. We have also made further progress in refreshing the composition and diversity of our Board with the appointment of Daniela Barone Soares in November 2011.

### Board induction

Newly appointed non-executive Directors follow an induction programme which include scheduled trips to companies in each of the twelve sub-sectors to be achieved over a three-year period. As Daniela Barone Soares had no previous experience in the industry nor as a director

of a listed company, an induction programme was designed for her, to ensure she obtained an in-depth understanding of the industry, the organisation and directors' responsibilities to enable her to contribute to the Board effectively.

### Board diversity

The Board reviewed the report of Lord Davies published in February 2011 on Boardroom Diversity and contributed to the FRC review of Gender Diversity on Boards noting its support for the benefits of greater diversity, which is not just gender specific, but relates also to other factors such as market and international experience and diversity of thought. It was agreed by the Board that a manufacturing and technology company such as Halma would have to adopt policies to attract a greater number

of females into management roles. The Board hopes to support these aims through the adoption and implementation of Halma's Diversity Policy rather than set quotas.

Following Daniela Barone Soares' appointment, the Board has a total of ten Directors. The skill set of the non-executive Directors includes financial, economics, banking, engineering, technology, IT, communications and consumer expertise. They include eight British, one American and one Brazilian nationals. 20% of the Board are women.

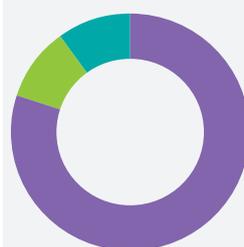
Halma has the ambition to increase the number of executives based outside Europe and the USA to better reflect the proportion of our revenue generated outside those markets.

Board composition



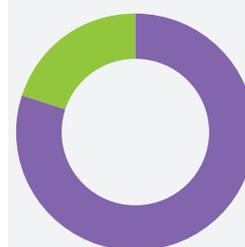
Executive Directors	4
Chairman	1
Independent non-executive Directors	5

Board composition by nationality



UK	8
USA	1
Brazil	1

Board composition by gender



Male	8
Female	2

**Board activity throughout the year 2011/12**

During the year the Board received training and briefing updates on changes in corporate governance, risk management and compliance, audits, bribery and corruption, health and safety, environmental matters, city and shareholders matters and other relevant legislative and accounting changes.

The Directors have a programmed schedule of meetings and visits with the Executive Board, Group companies and Halma's development programmes to ensure that they are able to engage with management and employees at all levels.

**Board performance and evaluation**

The Board considers the evaluation of its performance and that of the Audit, Nomination and Remuneration Committees annually, with each Committee also evaluating its own performance. This year, the Board engaged an external facilitator for full Board and Committee evaluations.

Dr Tracy Long of Boardroom Review carried out the evaluation. Dr Long has no other connection with the Company. The board effectiveness review covered three key areas namely the Board's:

- definition of its role and approach to its work;
- ability to work together effectively; and
- ability to optimise its use of time and contribution to the Company.

The evaluation process included a one-to-one interview with each Director and the Company Secretary and Dr Long observed the workings of the Board and its Committees during the February 2012 Board and Committees meetings. The key conclusions of the 2011/12 evaluation were first discussed with the Chairman and subsequently presented to the full Board. The evaluation results were discussed by the Board at the April 2012 Board meeting.

The review concluded that the Board was effective, methodical and thorough in the way it approaches its work. There was open and transparent debate and an even contribution from all members of the Board. There was an active and collaborative approach to performance management reflected in the constructive debates in the Remuneration Committee. The Board spent a significant amount of time considering risks and controls and was assisted by strong financial information, effective internal and external audit processes and a strong Audit Committee. Overall, the process confirmed the right blend of behaviours and skills around the Halma Board table. The Board freely and openly expresses any concerns which results in more considered outcomes emphasising collective responsibility, transparency, clarity and integrity.

The Board agreed the following recommendations from the review which would enable the Board to add further value to the business:

- i) greater level of non-executive's knowledge regarding competitive and customer landscapes;
- ii) greater individual contributions encouraged with enhancements from changes in Board composition; and
- iii) provide more opportunities in the Board schedule to improve communication between executives and non-executives.

As in prior years, the Board also met in February 2012 before the scheduled Board meeting. There was a meeting of the Chairman and non-executive Directors with the Chief Executive. This was followed by a meeting of the Chairman and non-executive Directors only. The Senior Independent Director also led a meeting with the non-executive Directors without the Chairman present. The Executives were also given the opportunity to meet with the Chairman and/or the Senior Independent Director separately. The outcome of these meetings was then fed back to individuals by the Chairman, Senior Independent Director or Chief Executive, as appropriate.

**Investor relations**

The Board recognises the importance of effective communication with our shareholders. In regular meetings with shareholders and analysts the Chief Executive and Finance Director communicate the Group's strategy and results, disclosing such information as is permitted within the guidelines of the Listing Rules. Such meetings ensure that institutional shareholders representing over 50% of the Company's issued share capital meet or hold discussions with the Company on a regular basis. Major shareholders are also offered the opportunity to meet the Chairman and/or Senior Independent Director. Notes from all investor meetings are circulated to the Chairman with investor feedback results from roadshows circulated to the whole Board.

All shareholders are encouraged to attend the annual general meeting where they can gain a better understanding of the Company. Shareholders are able to pose questions to the Board on the matters put to the meeting, including the Annual Report and the management of the Company. Major shareholders are also invited to briefings following the half-year and annual results. The content of presentations to shareholders and analysts at results announcements and all announcements are available on the Group website: [www.halma.com](http://www.halma.com).

The Group website also contains electronic versions of the latest Annual Report and Accounts, Half-Year Reports, biographical

information on Directors and the Executive Board, share price information, and full subsidiary company contact details as well as links to their own websites. The website also features the facility to request e-mail alerts relating to announcements made by the Group.

The Financial calendar is set out on page 148.

### Committees of the Board

Our Committees are a valuable part of the Company's corporate governance structure. The workload of the Committees includes the table of scheduled meetings as well as ad hoc meetings and communications frequently requiring considerable amounts of time. Our appointment of an additional non-executive Director at the end of 2011 enabled us to review the Committee allocations during the year to ensure their resources matched the workload.

Halma has six committees and sub-committees of the Board: the Audit Committee, the Nomination Committee, the Remuneration Committee, the Share Plans Committee, the Bank Guarantees and Facilities Committee and the Acquisitions and Disposals Committee. Each of these committees has terms of reference approved by the Board, copies of which are available on the website or on request from the Company Secretary.

Minutes of Committee meetings are made available to all Directors and the Chairmen of each of the three key Board Committees, the Audit, Nomination and Remuneration Committees, provide regular updates to the Board.

A chart setting out the Company's Board and Committees' structure is given below with the Board and Committee memberships and Directors' biographical details shown separately on pages 68 and 69. The responsibilities of the key Board Committees and the key issues and activities during 2011/12 are set out in the following Committee reports on pages 76 to 86.

### Internal control

The Board has overall responsibility to the shareholders for the Group's system of internal control and risk management, and the review of the system's effectiveness has been delegated to the Audit Committee. Whilst not providing absolute assurance against material misstatements or loss, this system is designed to identify and manage those risks that could adversely impact the achievement of the Group's objectives. The Group's risk management structure and process is detailed on pages 59 and 60. The Group's principal risks and uncertainties are detailed on pages 61 to 63.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. This process has been reviewed by the Board and the Board is satisfied that the Group accords with the Turnbull guidance. The Board will continue to review the system routinely to ensure that the system of internal control and risk management remains fit for purpose.

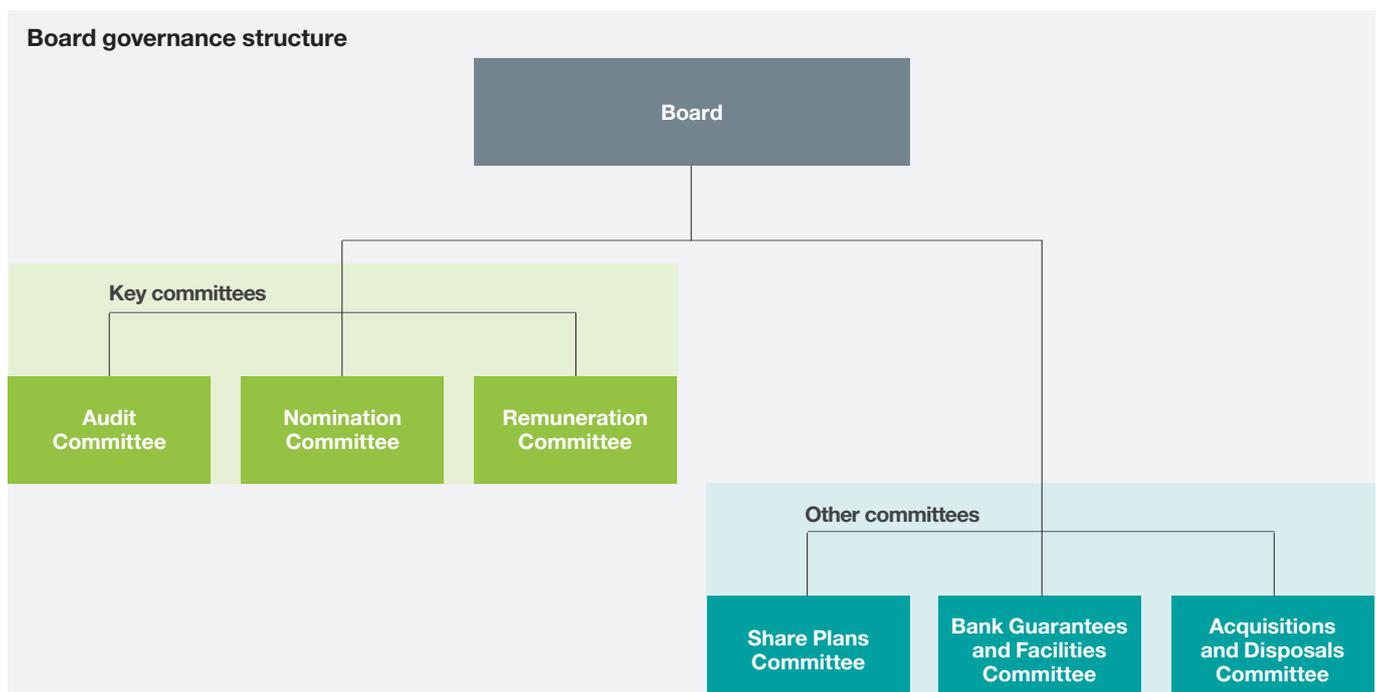
The Group's external auditors, Deloitte LLP, have audited the financial statements and have reviewed the internal financial control systems to the extent they consider necessary to support their audit report.

### Going concern

The Group's business activities, together with the main trends and factors likely to affect its future development, performance and position, and the financial position of the Group, its cash flows, liquidity position and borrowing facilities, are set out in the Business Review. In addition, note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to currency and liquidity risks.

The Group has considerable financial resources (including a £260m five-year revolving credit facility) together with contracts with a diverse range of customers and suppliers across different geographic areas and industries. No one customer accounts for more than 2% of Group turnover. As a consequence, the Directors believe that the Group is well placed to manage its business risks successfully.

After conducting a formal review of the Group's financial resources, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.



# AUDIT COMMITTEE REPORT



## Members

- Jane Aikman (Chairman)
- Stephen Pettit
- Norman Blackwell
- Steve Marshall
- Daniela Barone Soares (from 10 November 2011)
- Richard Stone (until 28 July 2011)

## Responsibilities

The Audit Committee is appointed by the Board from the non-executive Directors of the Group. The Audit Committee's terms of reference include all matters indicated by Disclosure and Transparency Rule 7.1 and the Code. The terms of reference are considered annually by the Audit Committee and are then referred to the Board for approval. The full terms of reference were last revised in February 2011 and can be found on the Company's website or can be obtained from the Company Secretary.

The primary responsibilities of the Audit Committee are to:

- monitor the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance and review significant financial reporting judgments;

- have oversight of risk management, including the review of the Group's financial, operational and compliance internal controls, as well as whistleblowing and fraud prevention procedures;
- monitor and review the effectiveness of the Group's internal audit function;
- make recommendations to the Board, for a resolution to be put to the shareholders for their approval at the general meeting, on the appointment of the external auditors and the approval of the remuneration and terms of engagement of the external auditors;
- review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration the periodic rotation of audit personnel and relevant UK professional and regulatory requirements; and
- develop and implement a policy on the engagement of the external auditors to supply non-audit services, taking into account relevant guidance regarding the provision of non-audit services by the external audit firm.

## Key issues and activities

The Committee not only reviews the financial reporting of the Company, but spends a significant amount of its time reviewing the effectiveness of the Group's internal control process. Combined with the Committee's review of the internal and external audit functions, it is able to obtain sufficient information to discharge its responsibilities.

More specifically, during the year the Committee reviewed its own effectiveness and looked at its activities as detailed in the table below.

## Audit Committee activities

Financial statements and reports	Risk management	Internal audit	External auditors and non-audit work
<ul style="list-style-type: none"> <li>• reviewed the 31 March 2012 Annual Report and Accounts, the 1 October 2011 Half Year report and the IMSs issued in July 2011 and February 2012. As part of these reviews the Committee received a report from the external auditors on their audit of the Annual Report and Accounts;</li> <li>• reviewed the effectiveness of the Group's internal controls and disclosures made in the annual report and financial statements;</li> <li>• considered acquisition valuation methodology;</li> <li>• review of pension fund accounts; and</li> <li>• review of taxation provisions.</li> </ul>	<ul style="list-style-type: none"> <li>• considered the output from the Group-wide risk review process to identify, evaluate and mitigate risks, the Group's changing risk profile and future risk reports; and</li> <li>• agreed to extend the time devoted to risk at future meetings to adequately address risk management in the Group.</li> </ul>	<ul style="list-style-type: none"> <li>• evaluated the effectiveness and the scope of work to be undertaken by the Internal Audit function;</li> <li>• reviewed management responses to audit reports issued during the year; and</li> <li>• reviewed the Group's whistleblowing policy which allows Internal Audit to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters.</li> </ul>	<ul style="list-style-type: none"> <li>• reviewed and agreed the scope of the audit work to be undertaken by the external auditors;</li> <li>• evaluated the independence and objectivity of the external auditors; and</li> <li>• agreed the terms of engagement and fees to be paid to the external auditors for their audit of the 31 March 2012 financial statements.</li> </ul>

## Governance

The Audit Committee was in place throughout the financial year with Jane Aikman as the Chair. All five members are independent non-executive Directors in accordance with provision C.3.1 of the Code. The Chief Executive, Finance Director and representatives from the external Auditors attend Committee meetings by invitation in order to provide appropriate advice. The Committee meets at least three times per year and routinely meets the Auditors without the involvement of the executive Directors. The Board has designated Jane Aikman as the member of the Audit Committee with recent and relevant financial experience. She is a chartered accountant, was recently a finance director and has listed company experience.

## Training

The Audit Committee has extended all of its meetings by an hour to incorporate additional training on relevant topics, for example bribery and corruption, cyber security, financial reporting, internal control and governance.

## Auditor independence

Deloitte LLP has been the external auditor of the Group since 2003. A review of the independence of Deloitte LLP was undertaken during the year, and the Committee concluded that the relevant independence continued to be met. It is of prime importance that adequate procedures are in place to safeguard the auditors' objectivity and independence. At the year-end the auditors formally confirmed their independence and that objectivity has been maintained. In addition, they are required to rotate the audit partner responsible for the Group audit every five years. Following a rigorous evaluation of the audit service and a change in audit partner in 2010/11, the Audit Committee agreed that a full tender was not required for the 2011/12 audit. There are no contractual obligations restricting the Committee's choice of external auditors.

The Group's 'Policy on Auditor Independence and Services provided by the External Auditor' sets out restrictions on the categories of non-audit services which the external auditors are allowed to provide to the Group. A summary of which is provided in the table below. This policy is regularly reviewed and states that the Group will only use the appointed external auditor for non-audit services in cases where these services do not conflict with the auditor's independence.

The Committee confirms that Deloitte LLP remains best placed to advise the Group on matters related to tax compliance and the structure of the Group. The Committee accepts that certain work of a non-audit nature is best undertaken by the external auditors, and appointments are made taking into account factors including expertise and cost. The Committee regularly reviews the amount and nature of the non-audit work the external auditors perform. The Audit Committee is notified of all non-audit services with external auditors' fees between £50,000 and £100,000. The policy also sets a fee level per project of £100,000 above which non-audit services are subject to a tendering process. The above fee levels for non-audit services are also subject to an annual cap equal to the audit fee. At each meeting, the Audit Committee also receives a summary of all fees, audit and non-audit, payable to the external auditor.

The audit fees payable to Deloitte LLP during 2011/12 were £660,000 (2011: £653,000) and non-audit service fees were £210,000 (2011: £251,000). The principal non-audit service is tax related. A summary of fees paid to the external auditors is set out in note 6 to the Accounts on page 107.

In accordance with International Standards on Auditing (UK & Ireland) 260 and Ethical Standard 1 issued by the Accounting Practices Board, and as a matter of best practice, the external Auditors have confirmed their independence as auditors of the Company, in a letter addressed to the Directors.

Accordingly, the Committee unanimously recommended to the Board that a resolution for the reappointment of Deloitte LLP as the Company's independent auditors be proposed to shareholders at the AGM in July 2012 and the Board has accepted and endorsed this recommendation.

On behalf of the Audit Committee

**Jane Aikman**  
Chairman

14 June 2012

## Policy of auditor independence and services

Prohibited non-audit services	Audit-related services not subject to separate tender if fees < £100,000	Permitted non-audit services, subject to approval
<ul style="list-style-type: none"> <li>• appraisal or valuation services;</li> <li>• financial information systems design and implementation;</li> <li>• bookkeeping services;</li> <li>• management functions;</li> <li>• executive recruiting and resource services;</li> <li>• broker-dealer services; and</li> <li>• legal services.</li> </ul>	<ul style="list-style-type: none"> <li>• audits of businesses acquired or to be sold and due diligence services;</li> <li>• opinions/audit reports on information provided by the company upon request from a third party;</li> <li>• advice on accounting policies;</li> <li>• electronic data processing audits; and</li> <li>• tax services including local tax compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• due diligence services relating to acquisitions of new businesses or significant investments, joint ventures or strategic alliances with fees in excess of £100,000;</li> <li>• public reporting on investment circulars; and</li> <li>• liquidation services in respect of redundant subsidiaries or associate companies.</li> </ul>

# NOMINATION COMMITTEE REPORT



## Members

- Geoff Unwin (Chairman)
- Andrew Williams
- Stephen Pettit
- Steve Marshall

## Responsibilities

The Nomination Committee is appointed by the Board from the non-executive Directors of the Group and the Chief Executive. The Nomination Committee's terms of reference include all matters indicated by the UK Corporate Governance Code. The terms of reference are considered annually by the Nomination Committee and are then referred to the Board for approval. The full terms of reference remain unchanged and can be found on the Company's website or can be obtained from the Company Secretary.

The primary responsibilities of the Nomination Committee are to:

- regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board compared to its current position and making recommendations to the Board with regard to any changes;
- give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future; and
- identify and nominate, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

## Governance

The Nomination Committee was in place throughout the financial year. It is chaired by the Chairman of the Company who was deemed to be independent on appointment to the Board. Three of the four members of the Committee are independent non-executive Directors in accordance with provision B.2.1 of the UK Code.

## Key issues and activities

The Committee met on two occasions during the year and considered:

- the reappointment of all Directors at the July 2011 AGM;
- succession planning;
- external board evaluation;
- Richard Stone's retirement;
- Stephen Pettit's appointment as Senior Independent Director;
- Steve Marshall's appointment as Chairman of the Remuneration Committee; and
- the nomination and appointment of Daniela Barone Soares as a non-executive Director.

When the need to appoint a Director is identified, a candidate profile is developed indicating the skills, knowledge and experience required taking into account the Board's existing composition. External search consultancies are retained when recruiting non-executive Directors and are used to evaluate internal and external candidates for succession planning. One of the reasons the Committee identified Daniela Barone Soares as the right candidate was her less 'conventional' career path compared to existing members of the Board. Her appointment brings greater diversity of thought to the Board discussions. As noted on page 73, the process of appointments to the Board is paramount in ensuring the Company's performance is maintained and continually improved upon.

On behalf of the Nomination Committee

**Geoff Unwin**  
**Chairman**

14 June 2012