

Nomination Committee Report



Michael McLintock
Nomination Committee Chair

Members

At the date of this report, the following are members of the Committee:

- Michael McLintock (Chair)
- Graham Allan
- Ruth Cairnie
- Richard Reid
- Wolfhart Hauser

All members served on the Committee throughout the year.

Meetings

The Committee met three times during the year under review.

Primary responsibilities

In accordance with its terms of reference, the Nomination Committee's primary responsibilities include:

- leading the process for Board appointments and making recommendations to the Board;
- reviewing regularly the Board structure, size and composition (including skills, knowledge, independence, experience and diversity) and recommending any necessary changes;
- considering plans for orderly succession for appointments to the Board and to senior management, to maintain an appropriate balance of skills and experience within the Company and to ensure progressive refreshment of the Board;
- keeping under review the leadership needs of the Group, both executive and non-executive, to ensure the organisation competes efficiently in the marketplace; and
- being responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Governance

Members of the Nomination Committee are appointed by the Board from amongst the directors of the Company, in consultation with the Chairman. The Committee comprises a minimum of three members at any time, a majority of whom are independent non-executive directors. A quorum consists of two members being either two independent non-executive directors or one independent non-executive director and the Chairman.

Only members of the Committee have the right to attend Committee meetings. Other individuals such as the Chief Executive, members of senior management, the Chief People and Performance Officer and external advisers may be invited to attend meetings as and when appropriate.

The Committee may take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Committee Chair reports the outcome of meetings to the Board.

The terms of reference of the Nomination Committee are available on the Investors section of the Company's website: www.abf.co.uk.

Committee activities during the year

Succession planning

Priorities previously identified and carried through into the 2020/21 financial year included continuing to emphasise generalist skills in Board recruitment and continuing to factor in gender and ethnic diversity. In the continuous consideration of these topics, there was recognition of the appropriateness of creating greater diversity in Board membership and the potential need to increase the size of the Board in order to create such diversity.

We announced in last year's annual report that a process was underway to engage an external search consultancy with a view to appointing a new director and further details of the successful outcome of that process are included below.

A detailed review of succession planning in respect of senior management was presented to the Board by the Chief People and Performance Officer at the Board meeting in May 2021. This included focus on people review processes, functional talent development, specific emerging talent pipelines, diversity, equity and inclusion, and learning and development initiatives.

Board appointments process

The process for making new appointments is led by the Chairman. Where appropriate, external, independent consultants are engaged to conduct a search for potential candidates, who are considered on the basis of their skills, experience and fit with the existing members of the Board. The Nomination Committee has procedures for appointing a non-executive or an executive director and these are set out in its terms of reference.

Appointment of a new independent non-executive director

During the year, the Chairman led the process for the appointment of a new non-executive director following the statements last year that we would be looking to expand the Board by adding one new member.

Lygon Group, an external executive search consulting firm, was engaged to help identify potential candidates. Lygon Group is independent of the Company, with no other connection to it or to its individual directors. The firm is one of the initial signatories to the 'Voluntary Code of Conduct for Executive Search Firms' on gender diversity and best practice as well as being a member of the CBI's Change the Race Ratio and is accredited by the Hampton-Alexander Committee for promoting diversity in the make-up of boards. Potential candidates were considered on the basis of their skills and experience in the context of the range of skills and experience held within the existing Board as a whole. Following a rigorous process of interviews and assessments and, on the recommendations of the Nomination Committee, the Board approved the appointment of Dame Heather Rabbatts with effect from 1 March 2021 both to the Board of the Company and to the Audit and Remuneration Committees.

Election/re-election of non-executive directors

The Committee members considered the composition of the Board and the time needed to fulfil the roles of Chairman, Senior Independent Director and non-executive director.

The Committee members considered the election/re-election of directors prior to their recommended approval by shareholders at the AGM.

Nomination Committee Report *continued*

Performance evaluation

The performance of the Nomination Committee was considered in the external Board evaluation. It was noted that the Nomination Committee had kept the composition of the Board under review and that the Board had addressed executive succession planning on an ongoing basis.

Diversity and inclusion

As a Board, we recognise that diversity and inclusion is important for introducing different perspectives into Board debate and decision-making and that this is a wider issue than just gender and ethnicity. We believe that members of the Board should collectively possess a diverse range of skills, expertise, industry knowledge, business and other experience necessary for the effective oversight of the Group. We publish below a director skill sets matrix which seeks to provide a snapshot of that diversity of skills.

We operate under a principle that we must be a Group where anyone with ambition and talent can have a great career, regardless of their gender, race, sexual orientation or any of the other things that make people unique. We believe that this approach promotes diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The Nomination Committee considers diversity and inclusion as one of many factors when recommending new appointments to the Board, although gender and ethnicity remain important factors and are a factor in searches for new candidates, as identified in our priorities for 2019 and carried on beyond then. The Board now meets the expectations of the Hampton-Alexander Review by having at least 33 per cent female representation and the recommendation of the Parker Review that all FTSE 100 boards should have at least one person from an ethnic minority background as a director. Further, Ruth Cairnie has occupied the position of Senior Independent Director since 2018.

Inclusion is intrinsic to our values as a Group. We strongly believe that everyone has a right to belong, be listened to, respected and supported – at all levels – and that everyone has the right to develop their careers subject to their own ambitions and talent, regardless of gender, ethnicity or any other characteristic. Diversity and inclusion was a topic of discussion at the Chief Executive's (virtual) conference with the divisional chief executives in October 2020 and progress on diversity and inclusion is written into the objectives of the divisional chief executives, as well as those of the Chief Executive and Finance Director.

For details of diversity and inclusion as it applies to the Group's wider workforce and the gender balance of senior managers and direct reports, please see page 81.

The Group DEI Network, with the support of the Board, is additional to the ownership of diversity and inclusion strategies and plans within the businesses, acting as a network to leverage the knowledge and scale of the Group. Details of other initiatives across the Group to promote diversity are provided on page 81.

Whilst there is no groupwide diversity policy, some of our businesses choose to have their own written diversity and inclusion policies, such as the AB Agri Equality, Diversity & Inclusion policy.

Director skill sets

Director	Food/ Retail	Financial/ Audit/ Risk	Legal/ Public Policy	Senior Executive	Cybersecurity/ IT	Comms/ Marketing/ Customer Service	Environmental/ Social	International Markets	Technical/ Engineering	Health & Safety	Manufacturing/ Supply Chain
Michael McLintock		●	●	●		●					
George Weston	●			●			●	●	●	●	●
John Bason	●	●		●	●	●	●	●		●	●
Ruth Cairnie			●	●			●	●	●	●	●
Emma Adamo	●						●	●			
Graham Allan	●	●	●	●	●	●	●	●		●	●
Wolfhart Hauser			●	●	●		●	●	●	●	
Dame Heather Rabbatts		●	●	●		●	●	●		●	
Richard Reid	●	●		●		●		●			