

LETTER FROM THE CHAIRMAN OF THE NOMINATIONS COMMITTEE

Dear Shareholder

I am pleased to present the report of the Nominations Committee for 2012.

The year started with an external appraisal of the Board being undertaken for the first time and I was pleased that the overall conclusion on the balance and performance of the Board was positive.

This was the third year of the Board refreshment process that was commenced in 2010. The process was introduced to ensure that a number of independence issues that were identified at that time were addressed in an orderly manner. It has seen the appointment of Stephen Young in 2010 and Simon Fraser in 2012 and it is intended that a further independent non-executive Director will be appointed in 2013. At this point the issues identified back in 2010 will have been resolved but with seven non-executive Directors on the Board the process of change and refreshment is continuous.

A major consideration for the Committee when identifying new directors is the overall diversity of the Board and, in particular, its gender diversity. We were therefore pleased to note that the list of candidates provided by Spencer Stuart, the independent executive search agency appointed by the Committee to assist with the recruitment process, contained a number of high quality female candidates. The Board remains of the opinion that an appointment to the Board must be based primarily on merit and not tainted by any suggestion of positive discrimination.

Accordingly, a comprehensive programme of interviews was undertaken involving both Committee members and other Directors, which resulted in the appointment of Simon Fraser in September.

Stuart A. Corbyn
Chairman of the Nominations Committee

28 February 2013