

Nomination Committee Report



Michael McLintock
Nomination Committee Chair

Members

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

- Michael McLintock (Chair)
- Graham Allan
- Wolfhart Hauser
- Dame Heather Rabbatts
- Richard Reid

All members served on the Committee throughout the year, with the exception of Dame Heather Rabbatts who was appointed on 2 November 2022. Ruth Cairnie served on the Committee until she stepped down from the Board on 31 August 2023.

Meetings

The Committee met four times during the year under review.

Primary responsibilities

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

- leading the process for Board appointments (both executive and non-executive) and making recommendations to the Board;
- reviewing regularly the Board structure, size and composition (including skills, knowledge, experience and diversity) and recommending any necessary or desirable changes;

- ensuring effective succession plans are in place for the Board and senior management and overseeing the development of a diverse pipeline for orderly succession based on merit and objective criteria, with due regard to diversity of age, gender, ethnicity, sexual orientation, disability, educational, professional and socio-economic background, cognitive and personal strengths; and
- making recommendations to the Board on the Board's policy on boardroom diversity and inclusion, its objectives and linkage to strategy, how it has been implemented and progress on achieving its objectives.

Governance

Members of the Nomination Committee are appointed by the Board from amongst the directors of the Company, in consultation with the Committee Chair. The Nomination 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 Nomination Committee have the right to attend Nomination Committee meetings. Other individuals such as the Chief Executive, Finance Director, members of senior management, the Chief People and Performance Officer and external advisers may be invited to attend meetings as and when appropriate.

The Nomination Committee may take outside legal or other professional advice on any matters covered by its terms of reference at the Company's expense but within any budgetary constraints imposed by the Board.

The Nomination Committee Chair reports the outcome of meetings to the Board to the extent that any Board members are not in attendance at the relevant meeting.

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

Committee activities during the year

Succession planning

The Board continues to emphasise generalist skills in Board recruitment as well as continuing to factor in all forms of diversity, including gender and ethnic diversity.

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 July 2023. This included a focus on: overall principles for succession (including an aim to have an increasingly diverse potential internal successor pool for all our leadership roles); potential succession candidates for the corporate centre roles; potential succession candidates for divisional CEO and CFO roles; diverse succession talent planning, including specifically identifying, developing and sponsoring emerging talent; group-wide learning and development initiatives to support diverse talent (e.g. the Executive Leadership Programme; the Senior Executive Induction Programme; the Finance Excellence Programme; and the Business Acumen Programme); and inclusion and diversity networks throughout the Group (e.g. Women in ABF; Early Careers Network; and the DEI Network).

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 directors and these are set out in its terms of reference.

During the year, the Chairman led the process for conducting a search for new non-executive directors. Lygon Group, an external executive search consulting firm, was engaged to help identify potential candidates. In line with our Board Diversity Policy, the firm is a signatory to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity. The firm is also a signatory to the Change the Race Ratio. Lygon has no other connection to the Company or the directors.

Potential candidates were considered on the basis of their skills and experience as well as their fit with the Group's strategy. Following a rigorous process including interviews with members of the Nomination Committee and the Chief Executive and following recommendations of the Nomination Committee, in May 2023 the Board approved the appointment of Annie Murphy as a Non-Executive Director with effect from 6 September 2023. Following a similar process, in August 2023 the Board approved the appointment of Kumsal Bayazit as a Non-Executive Director with effect from 1 December 2023.

Re-election of directors

The Nomination 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. They also considered the election/re-election of directors prior to their recommended approval by shareholders at the AGM.

Performance evaluation

The performance of the Nomination Committee was considered as part of the internal Board evaluation. The overall view was that it appeared to be working well and it was noted that the work of the Nomination Committee had led to securing good new non-executive director appointments.

Diversity and inclusion

We operate under the principle that we should be a Group where anyone with ambition and talent can have a great career, regardless of their age, gender, ethnicity, sexual orientation, disability, educational and socio-economic background, cognitive and personal strengths or any of the other qualities that make people unique. This applies as much to the Board and to its Remuneration, Audit and Nomination Committees as it does to the Group as a whole.

In furtherance of this principle, we aim to ensure that there are no obstacles or barriers to people joining the Group and progressing their careers with us. Across all of our operations, our objective is that everyone should feel respected, valued and included.

In November 2022, the Board approved a Board Diversity Policy which is available online at: www.abf.co.uk. This was taken into account in the appointments approved during the course of the financial year.

The objectives under our Board Diversity Policy include:

- continuing to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity;
- committing to maintain at least 33% female directors on the Board and at least one person from an ethnic minority background on the Board;
- aspiring to have at least 40% female directors on the Board by the end of 2025 and to maintain at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role;
- with a view to attracting non-executive directors from more diverse socio-economic backgrounds, reducing the shareholding expectation for non-executive directors to 'a meaningful level of shareholding'; and
- overseeing the development of a diverse pipeline for orderly succession of appointments to both the Board and to senior management, so as to maintain an appropriate balance of skills and experience, taking into account the challenges and opportunities facing the Group. This includes continuing to receive detailed annual updates on succession planning and talent management from the Chief People and Performance Officer in recognition of its importance in supporting the Group's strategy.

By way of update, with the appointment of Annie Murphy on 6 September 2023 and with the forthcoming appointment of Kumsal Bayazit on 1 December 2023 (including the appointment of both to the Audit and Remuneration Committees), the Board will have met its aspiration as set out in the Board Diversity Policy to increase female representation to at least 40%, as recommended by the FTSE Women Leaders Review. We continue to meet our commitment to have at least one person from an ethnic minority background as a director, in line with the recommendations of the Parker Review. The Board has also maintained at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role, with Dame Heather Rabbatts taking up the position of Senior Independent Director from Ruth Cairnie in May 2023.

The Board also reviews progress on diversity and inclusion with the divisions as part of their business updates and with the Chief People and Performance Officer as an element of the talent and succession planning reviews. Details of other initiatives across the Group to promote diversity are provided on page 51, as is information on the gender balance of senior managers and direct reports.

On the next page we also publish a director skill sets matrix which seeks to provide a snapshot of the diversity of skills of the Board, as well as gender and ethnicity representation at Board and executive management levels.

Michael McLintock Nomination Committee Chair

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 and Safety	Manufacturing/ Supply Chain
Michael McLintock		●	●	●		●					
George Weston	●			●			●	●	●	●	●
Eoin Tonge	●	●		●	●	●	●	●		●	●
Dame Heather Rabbatts		●	●	●		●	●	●		●	
Emma Adamo	●						●	●			
Graham Allan	●	●	●	●	●	●	●	●		●	●
Wolfhart Hauser			●	●	●		●	●	●	●	
Annie Murphy	●			●		●	●	●			●
Richard Reid	●	●		●		●	●	●			

Board and executive management gender and ethnicity metrics

New Listing Rules targets for gender and ethnic diversity apply to the Company for the first time this financial year. As at 16 September 2023, the Company had met the new Listing Rules targets for gender and ethnic Board diversity with the exception of the target for 40% female representation on the Board. This remains the case as at the date of this Annual Report. However, following the appointment of Kumsal Bayazit as a director with effect from 1 December 2023 (subject to Kumsal's election by shareholders at the upcoming AGM), the Company will then meet all of the Listing Rules Board diversity targets as it will increase female representation on the Board to 40%.

The following metrics set out the range of gender and ethnicity as they relate to our Board and executive management as at 16 September 2023. In the absence of an Executive Committee, by 'executive management' we refer to the most senior level of managers reporting to the Chief Executive, including the Company Secretary but excluding administrative and support staff, in accordance with the definition in the Listing Rules. The process by which diversity data was collected was, where permitted by relevant laws, to contact relevant individuals and ask them how they identified using the categorisations set out in the Listing Rules. Where we already held gender or ethnicity data for executives, with consents in place to use it for reporting on an anonymous basis, we used that data.

Gender representation at Board and executive management level

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
Men	6	66.7%	3	10	71.4%
Women	3	33.3%	1	3	21.4%
Not specified/prefer not to say	–	–	–	1	7.2%

Ethnicity representation at Board and executive management level

	Number of Board members	% of the Board	Number of senior Board positions (CEO, CFO, SID, Chair)	Number in executive management	% of executive management
White British or other White (incl. minority white groups)	8	88.9%	3	10	71.4%
Mixed/Multiple Ethnic Groups	1	11.1%	1	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	1	7.2%
Not specified/prefer not to say*	–	–	–	3	21.4%

* This includes, as permitted by Listing Rule 9.8.6G, those people in respect of whom data protection laws in the relevant jurisdiction (e.g. France) prevent the collection or publication of some or all of the personal data required to be disclosed.