



## Nomination Committee report

Director	Appointed to the Committee	Number of meetings	Out of possible
Graham Holden – Chairman	November 2007	6	6
Liz Barber	April 2015	6	6
Patrick De Smedt	January 2016	6	6
Peter Smith	January 2015	6	6

**“The Board fully recognises the importance of the benefits of diversity of all types, including gender, professional and ethnic diversity.”**

### Dear shareholder

On behalf of the Nomination Committee and the Board, I am pleased to present the Nomination Committee report for the year ended 31 March 2018.

This has been a year of significant activity for the Nomination Committee with the announcement on 22 February 2018 of the start of a recruitment process to effect a managed succession for our Chief Executive, Bill Halbert. In addition, since the year end, on 17 May 2018, we have also announced the departure of our Chief Financial Officer, which will take effect on 30 June 2018.

The role of the Nomination Committee is to continually review the structure, size and composition of the Board and ensure that the balance of skills, knowledge and experience of the Board meets the requirements of the business, for both the current challenges and opportunities and the skills and expertise that are expected to be needed in the future.

### Chief Executive succession

Our Chief Executive, Bill Halbert, joined KCOM in September 2006 as a Non-Executive Director and stepped up to an Executive role in July 2009. He has made a significant contribution to the development of the business and, under his leadership, the business has been fundamentally strengthened in terms of its financial position and its reputation in its chosen markets. The Nomination Committee met several times during the year to consider the future leadership needs of the business.

## Nomination Committee report continued

### Chief Executive succession continued

The outcome of these meetings was the decision that the Board should start seeking a successor to Bill, to lead the business in the delivery of its future strategy. This recruitment process, which is being overseen by the Nomination Committee, is well underway and an announcement of the outcome of the process will be made as soon as possible. The Committee has selected Lygon Group, as external independent advisors, to lead the search. In the meantime, Bill continues to drive the business forward and has agreed to remain with us to ensure an orderly handover of his responsibilities when needed.

### Chief Financial Officer departure

After the year end, on 17 May 2018, we announced that Jane Aikman, our Chief Financial Officer, had decided to leave the business to pursue other opportunities. Jane will leave the business on 30 June 2018 and we wish her all the best for the future. The Nomination Committee oversaw the discussions with Jane regarding her departure and agreed the terms on which she left.

**“The work of the Nomination Committee over the last 15 months has required considerable additional time from our independent Non-Executive Directors and I would like to thank them for their commitment to KCOM throughout.”**

As an interim measure Anna Bielby, one of our Finance Directors, has agreed to step up into the role of Chief Financial Officer, with effect from 1 July 2018. A process to recruit a permanent replacement for Jane will begin following the appointment of our new Chief Executive. Anna is a Fellow of the Institute of Chartered Accountants in England and Wales and has worked closely in a supporting role to the Chief Financial Officer at KCOM for the last four years. Anna is well known to the Board and the Committee believes she has the required skills not only to perform the role well but will also bring additional value to the organisation while doing so.

### Developing talent

In addition to reviewing the composition of the Board, the Nomination Committee believes that it has a key role to play in developing talent in the organisation, to identify and promote those who are potential future Board members, either of KCOM or elsewhere. This includes ensuring that there are equal opportunities for development for both men and women.

Our gender pay gap report indicated that we have a number of traditionally male-dominated areas in our business where the ratio of male to female employees is not what we would want it to be. The Nomination Committee has requested that the Board has clear oversight of the initiatives being put in place across the business to encourage greater female participation in these fields, as well as the initiatives to encourage women to move through the various leadership levels of our organisation, through additional support and the removal of any obstacles that exist.

The full text of our gender pay gap report can be found on our website at [www.kcomplc.com](http://www.kcomplc.com).

### Thanks and feedback

The work of the Nomination Committee over the last 15 months has required considerable additional time from our independent Non-Executive Directors and I would like to thank them for their commitment to KCOM throughout.

Any feedback on the performance of the Nomination Committee is always welcome and this can be directed to me through our Company Secretary, Kathy Smith, who can be contacted at [kathy.smith@kcom.com](mailto:kathy.smith@kcom.com).

### Graham Holden

Chairman, Nomination Committee  
8 June 2018

The Nomination Committee is a sub-committee of the Board and meets as often as required each year. The membership and attendance at Committee meetings during the year are shown in the table on page 49.

### Board Appointments policy and diversity

We have a Board Appointments policy, which sets out the procedure that will be followed in the event of a Board vacancy, along with our approach to diversity on the Board.

The key principle set out in the policy is that the Board will always seek to appoint on merit. The Board fully recognises the importance of the benefits of diversity of all types, including gender, professional and ethnic diversity, and will always aim to develop the diversity of the Board in order to promote a range of perspectives in the boardroom, while remaining true to the key principle of appointing on merit. We also have an Equality policy that applies across the Group to ensure we provide equality and fairness for all in our employment, and do not discriminate on any grounds. The policy sets out the responsibilities for all, the principles of equality and how these are applied to our employment practices.

The Board Appointments policy also states that the Nomination Committee will only use advisory firms that have signed up to the Executive Search Firms' Voluntary Code of Conduct, addressing gender diversity and best practice; that female applicants are given the same consideration and opportunity as male applicants; and that gender diversity is considered specifically when drawing up a list of potential candidates.

### Balance of Executive and Non-Executive Directors (as at 31 March 2018)



### Balance of male and female Directors (as at 31 March 2018)



In addition, through the Board Appointments policy, the Board has committed to:

- > continue to seek to identify and develop the talented individuals in the business, regardless of gender;
- > review regularly the proportion of women at each level in the organisation to ensure that equal opportunities are being presented to individuals at every level; and
- > always ensure that there is a confidential way in which concerns can be raised without fear of repercussion if anyone, regardless of gender, has a concern about the opportunities available to them.

We are proud to note that whilst the number of females in the organisation is 33 per cent of our total number of employees, the number of females in our ELT was at 38 per cent as at the year end, which is reflective of the equal opportunities that we provide across the organisation. We have also two female Directors on the Board and a female Company Secretary who participates fully in our Board and other meetings.

When Board vacancies arise, the Nomination Committee is responsible for preparing a description of the role and capabilities required for a particular appointment and then identifying and nominating candidates for the approval of the Board. In order to identify suitable candidates the Committee uses open advertising or the services of external advisors to facilitate the search, where appropriate.

### Succession planning

The Committee is responsible also for considering succession planning for the Board and for key senior management across the business, although this is a matter also considered by the full Board.

For Board succession planning, the Committee works to the principle of continuity elsewhere on the Board, where possible, when planned changes take place at a senior level. The Committee has considered both short-term emergency succession planning and longer-term succession planning in the year.

### Other Committee responsibilities

The Nomination Committee reviews annually the time required from each of the Directors to perform their roles effectively. Following this review, the Committee is satisfied that each of the Directors has committed sufficient time during the year to fulfil their duties as Directors of the Company.

The Committee reviews the re-appointment of all of the Directors standing for re-election at the AGM, giving regard to their performance and ability to continue to contribute to the requirements of the Board. The performance of Directors with more than six years' service is given particular attention, including a review of their independence, where applicable. The Nomination Committee then makes recommendations to the Board on whether each Director should be put forward for re-election. Information on the recommendations for re-election this year can be found on page 44.

The Committee's Terms of Reference are in line with the recommendations in the UK Corporate Governance Code and the Institute of Chartered Secretaries and Administrators' (ICSA) Guidance on Terms of Reference for Nomination Committees. Copies of the Terms of Reference are available from the Company Secretary and are on our website, [www.kcomplc.com](http://www.kcomplc.com).