

Nomination Committee Report

Chairman's Letter

The Committee's role is to:

- review the size, structure and composition of the Board;
- consider succession planning; and
- identify and make recommendations to the Board on potential candidates for the Board.

Its key objective is to ensure that the Board comprises individuals with the necessary skill, knowledge, experience and diversity to ensure that the Board is effective in discharging its responsibilities. The Committee is also tasked with ensuring that succession plans are in place for the Senior Management Team.



Dennis Millard
Chairman of the Nomination
Committee



The Company . . . has created a more balanced and diverse Board and Senior Management Team and continues to work to ensure this is replicated across the entire business . . .

Committee Composition

During the year, the Committee comprised:

Dennis Millard (Chairman)
David Adams
Claudia Arney
Helen Jones
Jill McDonald

There were two Committee meetings held during the year, attended by all members and after each Committee meeting I reported to the Board on the key issues that we had discussed. A number of informal discussions were also held between Committee members and me throughout the year as the need arose.

Activities During the Year

During the year, the Committee:

- reviewed the composition of the Board and its succession plan;
- carried out an annual review of the Committee's Terms of Reference;
- recommended re-election of the Board at the forthcoming Annual General Meeting; and
- reviewed the results of the Board performance evaluation process.

Diversity

During the year, the Board also renewed the Group's Diversity Policy ("Diversity Policy") which sets out our commitment to eliminating unlawful discrimination and promoting equality of opportunity. This applies to all our activities, including our role as an employer and as a provider of services, ensuring that no colleague, potential colleague, customer, visitor or contractor will receive less favourable treatment on the grounds of: age; disability; gender reassignment; race; religion or belief; gender; sexual orientation; marital or civil partnership status; pregnancy or maternity; or disability.

The Company does not currently publish specific diversity targets but in practice, it has created a more balanced and diverse Board and Senior Management Team. We continue to work to ensure this is replicated across the entire business, in particular in relation to gender diversity.

Further information regarding Board diversity can be found on page 66 and gender diversity in the Group as a whole on page 31.

Looking Ahead

In the year ahead, as I intend to step down from the Board at the Annual General Meeting in July 2018, having by then served nine years as Chairman, the Committee will begin the process in the second half of the financial year ahead to identify suitable candidates and recommend an appointment to the Board. On 3 May 2017, it was announced that the Company's Chief Executive Officer, Jill McDonald, has resigned from the business to take up another role. Jill will remain as Chief Executive Officer until the expiry of her notice period in October 2017. The process is underway by the Committee to find her replacement.

The Committee will also continue to assess the Board and Senior Management Team composition and how they both may be enhanced.



The Committee's Terms of Reference are available on the Company's corporate website www.halfordscompany.com/investors/governance/our-committees

Dennis Millard

Chairman of the Nomination Committee
24 May 2017

