



# 18. Nomination Committee Report

**David Grigson**  
Nomination Committee  
Chairman

“  
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Dear Shareholder,

I am pleased to present the report of the Nomination Committee for the financial year ended 29 November 2015.

During the year, the Nomination Committee has undertaken a number of activities, the results of which led to the Company’s announcement on 28 January 2016 concerning some changes to the Board. We appointed Andrew Harrison, with effect from 1 March 2016. This provides a period of continuity until my retirement from the Board at the AGM on 4 May 2016.

This report outlines the work of the Nomination Committee in reviewing Board composition and succession plans and overseeing the Director recruitment process.

I will be available at the AGM to answer any questions about the work of the Nomination Committee.

**David Grigson**  
Nomination Committee Chairman  
2 February 2016

Read the Chairman’s Governance Introduction on pages 52 and 53

Read more about the Board of Directors on pages 50 and 51

## Membership and Meetings

The membership and attendance of the Nomination Committee, together with the appointment dates, are set out below:

David Grigson Chairman	Robert Gorrie	Jörn Rausing	Ruth Anderson	Douglas McCallum	Alex Mahon	Lord Rose
Nomination Committee member since 9 March 2010 Number of meetings: 2 Number attended: 2	Nomination Committee member since 9 March 2010 Number of meetings: 2 Number attended: 2	Nomination Committee member since 9 March 2010 Number of meetings: 2 Number attended: 2	Nomination Committee member since 9 March 2010 Number of meetings: 2 Number attended: 1	Nomination Committee member since 3 October 2011 Number of meetings: 2 Number attended: 2	Nomination Committee member since 1 June 2012 Number of meetings: 2 Number attended: 2	Nomination Committee member since 11 March 2013 Number of meetings: 2 Number attended: 2

The appointment of Alex Mahon was renewed for a further three-year period from June 2015. The biography of each member of the Nomination Committee is set out in the Board of Directors section on pages 50 and 51.

Since the period end, the Company announced that the Nomination Committee composition will change as a result of the retirement of David Grigson at the AGM and the appointment of new Non-Executive Director Andrew Harrison with effect from 1 March 2016. Andrew Harrison will become a member of the Nomination Committee with effect from 1 March 2016. Lord Rose will become Chairman of the Nomination Committee with effect from the AGM.

Other attendees at the Nomination Committee meetings include the Chief Executive Officer, the People Director and the Deputy Company Secretary.

## Principal Activities of the Nomination Committee During 2015

The Nomination Committee undertook a number of activities during the period as described below.

**Succession Plans:** The Nomination Committee is responsible for overseeing the process of succession and management development for the Executive Directors and the next layer of management, the Management Committee. The Chief Executive Officer and the People Director reported to the Nomination Committee the progress made on the succession plans for the Group. The Nomination Committee's focus is on ensuring that the business has appropriate plans for responding to the changing needs of the business given its rapid growth in technology and potential overseas expansion with the Ocado Smart Platform. The Nomination Committee was assured that appropriate succession and development plans are in place for senior management.

**Reviewing Board Composition:** The Nomination Committee undertook a review of the Board's size and composition with a view to refreshing the Board's succession plans. The review of Board composition took into account various considerations including diversity, Director tenure, independence and mix of Board knowledge, skills and experience. For an explanation of these considerations in relation to the current Board see the Statement of Corporate Governance on pages 54 to 62.

The Nomination Committee is responsible for reviewing the composition of the Board, to ensure that its membership represents a mix of backgrounds and experience that will enhance the quality of its deliberations and decisions. Diversity considerations and the Board's diversity policy were taken into account when reviewing the Board's succession plans. For further information on Board diversity refer to the Statement of Corporate Governance on page 58 and on employee diversity refer to page 46 of the Our People section.

The Nomination Committee recommended that the Board undertake a review of the current skills and experience of the Board. The review was intended to help the Board ensure that it has the right mix of skills, experience and backgrounds to support the Company's strategic objectives in the future. This review was carried out by way of a self-assessment questionnaire which was prepared by the Company Secretary and completed by all Directors. A summary of the findings of the review was presented and discussed by the Board. Some of the review results are set out in the Statement of Corporate Governance on page 58. The skills review formed part of the discussions of the Nomination Committee around the necessary skills and experience of future appointees to the Board as existing Non-Executive Directors retire from the Board. When considering the skills and experience that could be added to the Board it concluded that it would be valuable for a prospective Non-Executive Director to have experience in a number of areas, including the technology sector, e-commerce experience and international operations. This reflected the changing emphasis of the Group's strategy to monetising its technology and intellectual property and selling the Ocado Smart Platform to international retailers.

**Non-Executive Director Succession:** Following its review of Board composition, the Board agreed a plan for Director recruitment. The Board agreed to seek one or more candidates for the role of Non-Executive Directors.

The Group carried out a recruitment process to identify suitable candidates, with the support of Ridgeway Partners. Ridgeway Partners, an external and independent executive search consultant (without connections to the Company), was appointed to carry out recruitment searches, following a competitive tender process. Ridgeway Partners is an accredited firm under the Enhanced Voluntary Code of Conduct for Executive Search Firms.

Potential candidates were compiled by Ridgeway Partners based on an agreed Non-Executive Director role description. From this list, the Chairman compiled a list for interview. Initial interviews were conducted with the Chairman, the Chief Executive Officer and the Chief Financial Officer. A shortlist of candidates was compiled and these final candidates were interviewed by most of the remaining Directors. The Nomination Committee recommended that the Board appoint Andrew Harrison as an independent Non-Executive Director. For information concerning Andrew Harrison's remuneration arrangements, refer to the Directors' Remuneration Report on pages 80 to 117.

As part of the Board changes, current Senior Independent Director, David Grigson, will retire from the Board with effect at the AGM on 4 May 2016. This will allow time for an orderly handover of responsibilities from David Grigson. The Nomination Committee recommended that Alex Mahon take up the role of Senior Independent Director with effect from 4 May 2016. The Chairman, Lord Rose, will assume responsibility for chairman of the Nomination Committee at the same time. The Nomination Committee also recommended some changes to the composition of the Board committees, as outlined in the respective committee reports.

**Annual Review:** In addition to its annual performance evaluation, discussed in the Statement of Corporate Governance on page 60, the Nomination Committee carried out a review of its terms of reference during the period. The review resulted in no changes to the terms of reference.