

LETTER FROM THE CHAIRMAN



After a number of significant changes to the Board in 2015, I am pleased to report that, as we enter 2016, we have a strong Board, equipped to lead the Group through this very important phase in its development.

In April 2015, we welcomed Paul Taaffe as Group CEO. We also announced the appointment of Neil Jones as Group CFO, who joined on 1 February 2016. We are confident this new executive team is well placed to deliver our key operational objectives of returning the Group to sustainable revenue and profit growth.

The new Non-Executive Directors appointed at the beginning of 2015 have established themselves as highly effective stewards of the Group through their work on the Board's Committees as well as on the main Board. Pat Billingham also joined the Board as a Non-Executive Director and a member of both the Audit and Remuneration Committees effective from 1 December 2015, following the resignation of Farah Ramzan Golant CBE. Oscar Zhao stepped down from the Board on 30 June 2015, although BlueFocus remains one of Huntsworth's largest shareholders. We have also been fortunate during 2015 to have had the financial guidance of interim CFO, Brian Porritt.

Throughout the Corporate Governance sections of this Annual Report we have sought to provide insight into the activities of the Board during the year and how the Board operates.

The Board has made significant progress in 2015. The strategic review led by Paul Taaffe revealed a number of key strengths, but also opportunities where our businesses can improve. Our development of the Group's strategy during the year included detailed consideration as to where the risks lie across the Group and how these can best be managed and mitigated. Our risk assessment and reporting framework has been refreshed in the year to better align it with the Group's strategy.

The Board has also reinvigorated the Group's strategic planning, implementing a new three-year plan process and driving a more disciplined approach to budgeting and forecasting.

Establishing a stable Board has enabled me to lead a full Board evaluation process, including a review of the Board's individual members and its Committees. I was pleased to conclude that the Board is operating effectively and has the skills and experience to lead the Group in 2016 and beyond.

Compliance with the 2014 UK Corporate Governance Code

The Board has been able to operate effectively and within the principles of good governance. I am pleased to report that we have complied throughout the year ended 31 December 2015 with all of the provisions of the Corporate Governance Code published by the Financial Reporting Council in 2014 ('the Code' available at www.frc.org.uk) relevant to a smaller company outside of the FTSE 350.

Derek Mapp
Chairman

CORPORATE GOVERNANCE REPORT

The role of the Board

The Board is responsible for delivering shareholder value over the long term, through the Group's strategy, values and governance. The Non-Executive Directors have a particular responsibility for challenging the Group's strategy and monitoring the performance of Executive Directors against goals and objectives.

The formal Schedule of Matters reserved for the Board includes various strategic, financial, operational and governance responsibilities. A summary of the key activities of the Board during the year, in accordance with the formal Schedule, can be found on page 37.

The Board is supported by the Audit, Remuneration and Nomination Committees. Each Board Committee has defined terms of reference, which can be found online at www.huntsworth.com. The activities of each of these Board Committees are set out in separate sections of this Report.

Decisions on operational matters and the day-to-day management of the business are delegated to the Executive Directors and divisional management. This includes implementing Group policy, managing client service, monitoring financial performance and human resource management.

Key roles and responsibilities

Effective operation of the Board relies on clarity of the various roles and responsibilities of the individual Board members. Of particular importance are the roles of the Chairman and Chief Executive, whose roles are set out in writing and have been agreed by the Board. The key responsibilities of these roles, and those of the Senior Independent Director, are set out as follows:

Chairman: Derek Mapp

Key responsibilities:

- running the Board and ensuring its effectiveness in all aspects of its role;
- ensuring that the Directors receive accurate, timely and clear information;
- identifying development needs of Directors and ensuring that the Directors continually update their skills and their knowledge and familiarity with the Group;
- ensuring that the performance of the Board, its Committees and individual Directors are evaluated at least once a year; and
- maintaining contact with major shareholders and ensuring that their views are communicated to the Board.

The other significant commitments of the Chairman are set out in his biography on page 34.

Chief Executive Officer: Paul Taaffe

Key responsibilities:

- development and implementation of the Group's strategy;
- management of the day-to-day operations of the Group;
- recommending to the Board an annual budget;
- identifying and executing new business opportunities and investments;
- managing the Group's risk profile and ensuring appropriate internal controls are in place; and
- ensuring effective communication with shareholders.

Senior Independent Director: Tim Ryan

Key responsibilities:

- providing a sounding board to the Chairman;
- serving as an intermediary for the other Directors when necessary;
- being available to shareholders if they need to convey concerns to the Board; and
- leading a performance evaluation of the Chairman.

Activities of the Board

Seven Board meetings were held during the year. If a Director is absent from a meeting, his or her views are sought in advance where possible and then put to the meeting. The table below sets out for each Director both the number of meetings attended and the maximum number of meetings that could have been attended.

Board meetings attended in 2015

Derek Mapp	7 of 7
Paul Taaffe ¹	5 of 5
Lord Chadlington ¹	1 of 2
Terence M. Graunke	6 of 7
Andy Boland	6 of 7
Tim Ryan	7 of 7
Nicky Dulieu	7 of 7
Pat Billingham ¹	1 of 1
Farah Ramzan Golant CBE ¹	2 of 4
Oscar Zhao ¹	1 of 3

1. Denotes that the Director was appointed or retired/resigned during the year and thus was not eligible to attend all meetings.

In addition to the sub-committee meetings above there were two ad hoc Board meetings, which approved the 2014 Annual Report and Accounts and the 2015 Interim Report respectively, with delegated authority from the Board. These sub-committees included the Chairman and the Chair of the Audit Committee and the views of the whole Board were taken into consideration.

A summary of the Board's activities in the year is set out below:

Responsibilities	Activities
Annual budget	Approved the 2015 budget. Approved the 2016 budget.
Strategy	Debated strategy following completion of strategic review and presentations from divisional management teams. Approved the Group's three-year plan.
Performance and operational matters	Monitored performance of the individual business divisions. Presentations on performance from divisional management teams. Reviewed global real estate portfolio and strategy.
Financial statements	Approved the 2014 Annual Report and recommended final dividend. Approved the 2015 Interim Report and recommended interim dividend.
Finance and capital	Approved reduction in the Group's loan facilities to £70 million. Approved the Group's foreign exchange and interest rate hedging strategy. Reviewed the Group's capital structure.
People	Managed CEO transition arrangements. Approved appointments of Neil Jones and Pat Billingham. Reviewed and approved changes to the Grayling senior management team. Reviewed and approved divisional bonus plans.
Acquisitions and disposals	Reviewed potential acquisition and transaction opportunities.
Governance	Reviewed reports from Board Committees.
Risk and internal control	Reviewed and approved the Group's 2015 Viability Statement. Robust assessment of principal risks. Sponsored the launch of a new policy management system. Reviewed reports from Board Committees on risk management. Reviewed the effectiveness of the Group's risk management and internal control systems.
Investor communications	Discussed analyst and investor feedback on strategic and operational review.
Board effectiveness review	Discussion of results of Board, Committee and Director evaluations.

How the Board operates

Board information

Board papers containing, amongst other things, current and forecast trading results; governance, litigation and risk updates; and treasury and shareholder information, are distributed in advance of the meetings to allow the Directors sufficient time for preparation. Minutes of the meetings are also circulated to all Directors. The Board receives presentations from Executive Directors and from divisional management on specific issues as well as having direct access to senior operational management within the Group as required. Executive Directors are also members of operating company boards and are involved in regular meetings to consider financial, operational and compliance matters arising throughout the year.

Independent advice

All Directors have access to the advice and services of the Company Secretary who, through the Chairman, is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, all Directors have access to independent professional advice, if required, at the Company's expense. The Chairman also holds meetings with the Non-Executive Directors without the Executive Directors being present.

Induction and personal development

The Chairman is responsible for ensuring that induction and training is provided to each Director. The Company Secretary organised the induction process for Paul Taaffe, Neil Jones and Pat Billingham in 2015. Each new Director received an induction pack and undertook a bespoke induction programme that provided them with information on the Group, their responsibilities and obligations. The induction pack included information on Directors' duties, matters reserved for the Board, Company policies and other operational and corporate governance matters, as well as practical information on the Company's Virtual Boardroom and other Board facilities.

In order to give new Directors insight into the various businesses within the Group, a series of meetings are held with the Board members and senior executives. Meetings are also held with the external auditor and/or other advisors as appropriate.

All Board members receive updates on regulatory and legal changes as well as operational briefings. Training and development needs are kept under review by the Chairman.

Board performance evaluation

During 2015, the Chairman conducted a Board evaluation process, covering the individual members of the Board and its Committees. The evaluation was carried out using structured interviews with each Director. The evaluation results were presented to the Board at its December meeting. The Chairman is monitoring progress against all action points identified. The Senior Independent Director also led an evaluation of the Chairman through interviews with relevant Directors.

CORPORATE GOVERNANCE REPORT CONTINUED

Composition of the Board

The Board aims to have a diversity of skills, experience, length of service, knowledge and gender. The biographies of the Directors are set out on pages 34 to 35. These demonstrate a broad range of experience, expertise, and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

Independence

The Board considers that, notwithstanding their interests in the shares of the Company as set out in the Report of the Directors on Remuneration, all of the current Non-Executive Directors are independent of the management of the Group and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

Terence M. Graunke manages and controls entities on behalf of Lake Capital, a private equity fund, which owns a 7.59% shareholding in the Company. Mr Graunke was appointed to the Huntsworth Board for his wide experience in the marketing services sector to complement the skills of his fellow Directors and not to represent the interests of Lake Capital. The Board has reviewed Mr Graunke's role and has determined that he is independent in character and judgement and brings significant value to the business.

Oscar Zhao was a Non-Executive Director of the Company up to 30 June 2015. During this period, he was also the CEO of BlueFocus Communication Group Co. Ltd which, through its subsidiary BlueFocus International Limited (together 'BlueFocus'), holds 19.4% of the Company's issued share capital. Pursuant to the Subscription Agreement dated 25 April 2013 BlueFocus is entitled to nominate one Non-Executive Director to the Board. Accordingly, the Huntsworth Directors determined that, for the purposes of the Code, Mr Zhao was not considered independent in character and judgement for the period he was a Non-Executive Director. As at the date of this report, BlueFocus has not exercised its right to appoint a Non-Executive Director to replace Oscar Zhao. The right of BlueFocus to appoint or reappoint a Non-Executive Director lapses if it ceases to hold at least 47,250,000 ordinary shares in the capital of the Company.

All Directors are subject to reappointment by shareholders at the first Annual General Meeting after their appointment and thereafter as required by the Articles of Association. All Non-Executive Directors are appointed for an initial period of three years, subject to reappointment.

Conflicts of interest

The Company's Articles of Association permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has put in place a formal system for Directors to declare conflicts to be considered for authorisation by those Directors who have no interest in the matter being considered. Furthermore, the Board has in place measures to manage any actual or potential conflict of interest situations that may arise, which operate effectively. In deciding whether to authorise a potential or actual conflict, the non-conflicted Directors are required to act in the way that they consider would be most likely to promote the success of the Company. They may impose limits or conditions when giving authorisation or subsequently, if they think this is appropriate.

Oscar Zhao was a Non-Executive Director until his resignation on 30 June 2015 and, as noted above, he was also the CEO of BlueFocus Communication Group Co. Ltd. As a result of this conflict of interest, Mr Zhao did not vote on, was not present at any discussion of, nor received any information relating to any matter in respect of which it was considered that he and/or BlueFocus had a direct or indirect conflict of interest.

The potential conflict of interest arising from Terence M. Graunke's continuing position as Executive Chairman of Engine was reconsidered by the Board and the Board agreed to continue to authorise this conflict situation.

Risk management and internal control

The Board has ultimate responsibility for establishing, monitoring and maintaining the Group's risk management and internal control systems. These systems are designed to enable the Board to be confident that such risks are mitigated or controlled as far as possible, although no system can eliminate the risks entirely.

The Group's divisions have some autonomy with regard to the implementation of risk management and internal control systems which meet their particular business risks and requirements. The design and effectiveness of these risk management and internal control systems is subject to central oversight. The Board delegates the monitoring of these internal control and risk management processes to the Audit Committee.

The Board has established a number of ongoing processes to identify, evaluate and manage the key financial, operating and compliance risks faced by the Group and for determining the appropriate course of action to manage and mitigate those risks. These measures have been in place throughout the year and up to the date of this Report.

The Group has sought to implement the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Further details are included in the Audit Committee Report.

The key features of the risk management and internal controls system, which the Directors have established with a view to providing effective internal control are:

- ongoing review of strategy by the Board, which aims to identify potential strategic risks facing the Group;
- establishing and monitoring of the formal schedule of matters reserved for decision by the Board;
- establishing a defined list of authority and approval limits;
- monitoring of actual performance against budget. A detailed monthly management pack is prepared, which includes consolidated results and summarised results for each individual business and division. The performance of each business is reviewed monthly by the Executive Directors and reported to the Board at each meeting;
- Executive attendance at the Board meetings of each division, which cover any emerging operational, financial, strategic or compliance issues and controls;
- Board review of the principal risks identified at least annually;
- confirmations of key internal controls, including financial controls, are received quarterly from each business. The purpose of these confirmations is to confirm the operation of an appropriate system of internal controls and to highlight any potential new risks facing the business;
- the Executive Directors are responsible for appraising investments; those which are above pre-specified limits are put to the Board for approval;
- the Audit Committee reports to the Board at each Board meeting. Risks and controls are reviewed to ensure effective management of appropriate strategic, financial, operational and compliance issues; and
- the Group's internal audit function provides an independent assessment of the systems and controls in place across the Group. Businesses are selected for internal audit on a risk focused basis; the results of internal audit are reported to management and to the Audit Committee.

The Board and Group management continue to review and enhance the Group's risk management framework to ensure that they are actively identifying and managing risks in the most efficient and effective way for the Group.

Company ethics and whistleblowing

The Company is committed to the highest standards of integrity and honesty and expects all employees to maintain the same standards in everything they do at work. The Company recognises that effective and honest communication is essential to maintain our business values and to ensure that any instances of business malpractice are detected and dealt with.

The Company has a number of policies available via an online policy management portal. This includes a Code of Ethics, an Anti-Bribery and Corruption Policy, Guidance on Gifts and Entertainments Policy and a Whistleblowing Policy. In particular, the Whistleblowing Policy has procedures for disclosing malpractice and is intended to act as deterrent to fraud or other corruption or serious malpractice. It is also intended to protect the Group's business and reputation.

During 2015, an external firm continued to provide access to confidential whistleblowing helplines across the Group. The Whistleblowing Policy encourages reporting of any instances of malpractice for investigation and action as required. During the year, no issues of significance were raised.

Investor relations

Relations with shareholders

The Company is committed to ongoing dialogue with all of its shareholders.

The Company holds presentations and conducts meetings with its institutional shareholders and City analysts throughout the year. The Chairman also meets with various institutional shareholders from time to time. The outcomes of the meetings are reported to the Board to ensure that the Board keeps in touch with shareholder views.

During the year the Board has consulted with principal shareholders to obtain their views on the new Remuneration Policy and Share Schemes to be proposed at the 2016 AGM. The consultation also covered the proposed approach for remuneration in 2016 for both the Executive and senior management plus the levels of employee share awards that can be satisfied by issuing new shares.

All shareholders are welcome to attend the Company's Annual General Meeting and are encouraged to take advantage of the opportunity to direct questions to members of the Board. An overview of the Company's results and future development plans is given by the Chairman at the Annual General Meeting prior to the commencement of the formal business of the meeting.

Information on share capital and other matters

The information on share capital required to be included in this Report can be found in the Report of the Directors.

CORPORATE GOVERNANCE REPORT CONTINUED

Audit Committee Report

		Andy Boland (Chair)
Members at the date of this Report:		Attendance at meetings during 2015
– Andy Boland (Chair)		4 of 4
– Nicky Dulieu (appointed 1 January 2015)		4 of 4
– Tim Ryan (appointed 1 January 2015)		4 of 4
– Pat Billingham (appointed 1 December 2015)		0 of 0
Changes in Committee membership		
– Terence M. Graunke (resigned 1 January 2015)		0 of 0
Key responsibilities:		
<ul style="list-style-type: none"> • reviewing and providing a recommendation to the Board for the adoption of the Interim Report and Annual Report and Accounts; • reviewing significant financial reporting judgements contained within those reports, including challenging assumptions and estimates used in the preparation of the financial statements; • monitoring the financial reporting process; • advising the Board whether the Committee believes that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy; • monitoring and reviewing the effectiveness of the Group's internal controls, including review and approval of the scope of the internal audit programme, reviewing the findings of internal audits completed in the period, and conducting an overall review of the effectiveness of the risk management and internal audit functions; and • oversight of all aspects of the relationship with the external auditor, including independence, objectivity and effectiveness of the audit process and the provision of additional services by the external auditor. 		

The Committee's terms of reference were reviewed and updated during 2015 and are available on the Company's website at www.huntsworth.com.

Members of the Audit Committee are provided with sufficient resources, and have broad business and financial experience which has been gained in a variety of disciplines, which the Board considers provides recent and relevant experience to enable the Committee to carry out its responsibilities. The Directors' biographies on pages 34 to 35 provide further detail.

Committee meetings

The Audit Committee held four meetings during the year. The Audit Committee provides a forum for reporting by the Group's external auditors. Meetings were also attended, by invitation, by the interim CFO, the Group Financial Controller and the Head of Internal Audit. Provision is made for the external auditors and Head of Internal Audit to discuss any concerns they may have with the Committee in the absence of management.

The Committee receives reports from management which provide additional information to facilitate their review.

Activities of the Committee

The activities of the Committee are designed to assist the Board in carrying out its responsibilities in respect of financial reporting, risk management and internal control. The Committee considered, discussed and made decisions in relation to a range of matters throughout the course of the year, the most significant of which are highlighted below:

Financial reporting

The Committee reviewed with management and the external auditor:

- whether the 2015 Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy; and
- the appropriateness of adopting the going concern basis of accounting and whether the Group can meet its liabilities as they fall due over a three-year period (the viability assessment); and
- the significant issues and material judgements which were made in preparing the 2015 Interim Report and the 2015 Annual Report and Accounts.

The primary issues and areas of judgement considered by the Committee in relation to the 2015 Interim Report and 2015 Annual Report and Accounts were:

Goodwill impairment

The assumptions underlying the calculation of value in use require significant judgement to be exercised, primarily in respect of the achievability of budgets and medium-term forecasts. This is challenging for a group of this size, which is exposed to a wide variety of economic factors in a number of different markets.

The Committee has addressed these issues through review, and raising challenge where appropriate, of reports prepared by management outlining the basis of their assumptions and analysing the impact of a number of different scenarios, particularly for the CGUs where impairments have been recognised. Individual business forecasts are reviewed and approved by the Board. Further detail is included in Note 11.

Covenant compliance, going concern and viability

The Group has to demonstrate that it can continue to meet the covenants of its banking facility for a period of at least 12 months from the date of approval of the financial statements in order for the Board to conclude that the Group is a going concern.

Budgets, forecasts and assumptions underlying the cash flow and covenant compliance model are approved by the Board and different scenarios are prepared by management for the Committee to consider.

The Board also has to make an assessment of the prospects of the Company over a longer period of three years and state whether they consider the Group to be viable over this period.

The Committee reviewed the processes undertaken by management in preparing the viability assessment, including the potential impact of principal risks and mitigating actions. Management and the Board considered a number of scenarios and performed stress testing before concluding they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Further detail on the viability assessment process can be found on page 31.

Revenue recognition

Revenue reflects the fair value of the proportion of the work carried out in the year and therefore judgement exists over revenue cut off at year end.

Management reports to the Committee on this matter, including details of any significant judgements made.

Highlighted items

Certain acquisition and transaction-related costs, restructuring costs, amortisation charges and the impairment of goodwill and software development costs have been classified as highlighted items, in line with the Group's accounting policies.

Particular consideration was given to the consistency of classification of highlighted items and whether their presentation can be considered fair, balanced and understandable. The Committee addressed this judgement by reviewing with management the definition of highlighted items as per the Group's accounting policy and the items disclosed to satisfy themselves that they are in accordance with this policy. Refer to detailed disclosure in Note 5.

All of the above were key areas of audit focus and Ernst & Young LLP also provided detailed reports to the Committee on their procedures, findings and conclusions.

- reviewing the Group's risk register;
- conducting an evaluation of the controls which are in force to ensure the integrity of the information reported to shareholders;
- assessing the effectiveness of the Group's risk management systems, including fraud and bribery risk and controls; and
- reviewing the Group's IT and cyber security arrangements.

Having undertaken the review processes detailed above, the Audit Committee is satisfied with the underlying assumptions and judgements made in respect of these issues and supports the conclusions reached by management.

Risk management and internal control

The Audit Committee monitors controls which are in force and any perceived gaps in the control environment, and also considers and determines relevant action in respect of any control issues raised by the external and internal auditors. The findings of the Audit Committee are communicated to the Board.

The Committee reviewed and challenged a number of reports prepared by management in conducting these activities.

Internal audit

The Group has an internal audit function that performs reviews as part of a programme approved by the Audit Committee. The Head of Internal Audit has a direct reporting line to the Chairman of the Audit Committee. The Committee considers any issues or risks arising from internal audit reviews and monitors the implementation of actions arising.

The main areas of activity for the Audit Committee during the year were:

- reviewing the Group's risk matrices and challenging the classification and completeness of the risks identified;

CORPORATE GOVERNANCE REPORT CONTINUED

The main activities of the Audit Committee during the year were:

- reviewing and approving the scope of internal audit activities for 2015;
- monitoring the effectiveness of internal audit activities, including reviewing the results of all internal audit procedures undertaken during the year; and
- reviewing internal audit resourcing, with a focus on ensuring that the function has the right calibre of resource in place.

External audit

Ernst & Young LLP are the Group's auditors and provide the Committee with relevant reports, reviews, information and advice throughout the year, as set out in their engagement letter.

The remit of the Audit Committee included:

- advising the Board on the reappointment of the external auditor and on their remuneration both for audit and non-audit work;
- approving the nature and scope of the external audit with the external auditor;
- discussing the findings of the external audit with the external auditor and assessing the effectiveness of the audit; and
- reviewing the independence and objectivity of the external auditor, including the level of fees paid.

Evaluation and reappointment of auditors

The Committee is responsible for making a recommendation to the Board, relating to the appointment, reappointment and removal of the external auditors.

One of the key responsibilities of the Audit Committee is to assess the effectiveness of the external audit process. The Committee reviews the reports they receive from Ernst & Young LLP, including the audit plan and the results of the audit work performed. The Committee challenged, where necessary, the risks identified and the results of the work performed, and sought feedback from management on the effectiveness of the audit process.

The Audit Committee performed a review of the cost effectiveness, independence, objectivity and expertise of the external auditors and following this review recommended to the Board that Ernst & Young LLP be proposed for reappointment as the external auditors for 2015.

Audit firm tendering

It is the Committee's policy to ensure that there is audit partner rotation every five years to safeguard the external auditor's objectivity and independence. A new senior statutory auditor took over the engagement during 2014. Ernst & Young LLP have been the incumbent auditors since 2000. The external audit was last put out to formal tender in 2009.

Auditor's independence and objectivity and non-audit services

The Committee continually reviews the nature and extent of non-audit services provided to the Group by the external auditor and receives confirmation from them, at least annually, that in their professional judgement, they are independent with respect to the audit. The Audit Committee oversees the nature and amount of non-audit work undertaken by the external auditor each year to ensure that external auditor independence and objectivity is safeguarded.

During the year, in order to ensure the continued independence and objectivity of the external auditor, the Audit Committee refreshed its policy governing the use of the external auditor for non-audit related services. The policy prohibits the external auditor from engaging in certain services that may give rise to actual or perceived audit independence issues. In addition, the Committee has to approve all services that are to be provided by the external auditor that exceed a prescribed monetary threshold. A copy of the policy is available on the Company's website (www.huntsworth.com).

In 2015, non-audit services were provided for review and covenant compliance services. Details of the non-audit fees paid to the external auditors are set out on page 92. The provision of non-audit services, within the constraints of applicable UK rules, is assessed on a case-by-case basis so that the best-placed advisor is engaged.

Nomination Committee Report

	Derek Mapp (Chair)	
		Attendance at meetings during 2015
Members at the date of this Report:		
- Derek Mapp (Chair)		1 of 1
- Andy Boland		0 of 1
- Tim Ryan (appointed 1 January 2015)		1 of 1
Changes in Committee membership		
- Terence M. Graunke (resigned 1 January 2015)		0 of 0
Key responsibilities:		
<ul style="list-style-type: none"> identifying and recommending candidates to the Board to be appointed as Directors; making recommendations to the Board on the composition of the Board Committees; and considering succession planning for Directors and other senior executives, taking into account the challenges and opportunities facing the Group, and what skills and expertise are therefore needed on the Board in the future. 		

The Nomination Committee meets as necessary and ensures that for all senior and main Board appointments, including the composition of the Board Committees, due consideration of both external and internal candidates is given prior to making recommendations to the full Board.

Appointments are made on merit alone, with due consideration of the benefits of diversity in its broadest sense, including gender. The Board currently has 25% female representation (two out of eight). The Board understands the benefits of boardroom diversity and its aspiration and expectation is to maintain the current proportion of women on the Board, while maintaining flexibility to ensure that all appointments are made on merit, regardless of gender.

The Nomination Committee was responsible for identifying and nominating candidates for the approval of the Board. In making its recommendations to the Board, the members of the Nomination Committee considered the balance of skills, knowledge, independence and experience of the Board and the members of the Committees.

The Board engaged Korn Ferry to perform executive search services to support the appointment of Neil Jones. Korn Ferry does not have any conflicting connection with the Company. Neither an external search agency nor open advertising was used for the appointment of Pat Billingham, as she already had a strong reputation with a number of Board members. After meeting with all members of the Nomination Committee, Ms Billingham's appointment was endorsed by the Nomination Committee prior to being recommended to the Board.

Remuneration Committee Report

	Nicky Dulieu (Chair)	
		Attendance at meetings in 2015
Members at the date of this Report:		
- Nicky Dulieu (Chair) (appointed 1 January 2015)		4 of 4
- Tim Ryan (appointed 1 January 2015)		4 of 4
- Pat Billingham (appointed 1 December 2015)		1 of 1
Changes in Committee membership		
- Andy Boland (resigned 1 January 2015)		0 of 0
- Terence M. Graunke (resigned 1 January 2015)		0 of 0
- Farah Ramzan Golant CBE (appointed 1 January 2015, resigned 5 October 2015)		2 of 2
Key responsibilities:		
<ul style="list-style-type: none"> setting the remuneration policy for Executive Directors and the Company's Chairman; determining the total remuneration packages for each Executive Director and the Chairman; approving the design of, and determining targets for, performance-related pay schemes; selection of remuneration consultants as required; and approving the Report of the Directors on Remuneration. 		

The Committee endeavours to ensure that the Group's remuneration strikes an appropriate balance between the interests of the Company's shareholders and rewarding and motivating the Executive Directors and other senior executives of the Group. The Committee is responsible for the design and development of remuneration policies for the Executive Directors of the Company and certain other senior executives of the Group.

Other Directors attend Remuneration Committee meetings by invitation only. The Board as a whole reviews the policy and sets the remuneration for Non-Executive Directors.