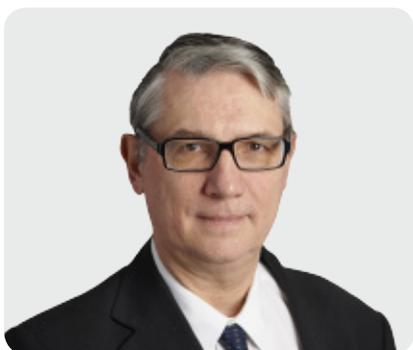


Nominations Committee report



“The Committee plays an important role in ensuring the Board has the right balance of experience and skills to support the Group’s strategy”

LESLIE VAN DE WALLE

CHAIRMAN OF THE NOMINATIONS COMMITTEE

Purpose and aim

The Nominations Committee has an important role to play in ensuring that the Board has the right balance of experience and skills to support the Group’s strategy. Its principal duty is the nomination of suitable candidates for the approval of the Board to fill executive and non-executive vacancies on the Board. Members of the Committee are not involved in matters affecting their own positions.

The Committee keeps under review and evaluates the composition of the Board and its Committees to maintain the appropriate balance of skills, knowledge, experience and independence to ensure their continued effectiveness. Appropriate succession plans for the Non-Executive Directors, Executive Directors and the Group’s senior management are also kept under review.

Meetings and membership

During the year the Committee met on five occasions. A quorum is three members, the majority of whom shall be independent Non-Executive Directors. The Committee operates under written Terms of Reference, which are consistent with current best practice and are available on the Company’s website (www.sigplc.com).

As at 31 December 2016, the Committee comprised the Chairman, the Interim Chief Executive and the four independent Non-Executive Directors of the Company.

Chairman of the Committee	Members
Mr L. Van de Walle	Ms J.E. Ashdown Mr C.V. Geoghegan Mr J.C. Nicholls Ms A. Abt Mr M. Ewell

Responsibilities and activities during the year

The Committee reviews the structure, size, diversity and composition of the Board and makes recommendations concerning the reappointment of any Non-Executive Director at the conclusion of their specified term of office and in the identification and nomination of new Directors. During the year, the Committee (in recognising the impact of the Davies Report) ensured that skills, experience, potential and overall balance of the Board, as well as diversity including gender, were fully considered in relation to the Board appointments made during the year. The Committee retains external search and selection consultants as appropriate. The Committee also advises the Board on succession planning for Executive Board appointments although the Board itself is responsible for succession generally. All appointments to the Board will continue to be made on merit; however, differences in background, skills, experience and other qualities as well as gender and ethnicity are considered in determining the optimum composition of the Board, with the aim to balance them appropriately.

Board succession planning

In accordance with best practice and The Financial Reporting Council’s (“FRC”) discussion paper entitled ‘UK Board Succession Planning’, the Committee continues to review and monitor its Board succession planning process, in particular by rigorously reviewing and taking into account the need for progressive refreshing of the Board. The Committee carefully reviews and makes recommendations to the Board concerning the reappointment of any Non-Executive Director at the conclusion of their specified terms of office.

As part of the Board succession planning process, which was discussed at the Committee’s December 2015 meeting, a search and selection procedure for Independent Non-Executive Directors was undertaken in 2016 by the Committee.

The Committee considered the position of Mr C.V. Geoghegan, who had completed his second three year period of office in July 2015, and who was appointed to serve for a further term of office expiring at the May 2016 Annual General Meeting. It was the Committee’s view that, noting the experience and tenure of Mr Geoghegan, together with the Company’s ongoing implementation of its strategic initiatives and the focus on achieving a strong recovery in 2017, it would be in the best interests of the Company’s Shareholders, subject to careful and rigorous review, for Mr Geoghegan to offer himself for re-election at the 2017 Annual General Meeting. In the Committee’s view, Mr Geoghegan brings considerable management experience and an independent perspective to the Board’s discussions and is considered to be independent of management and free from relationship or circumstance that could affect or appear to affect, the exercise of his independent judgment, therefore providing continued valuable support. Therefore, Mr Geoghegan has, subject to his re-election by Shareholders at the Annual General Meeting in May 2017, been invited to serve for a further term of office expiring at the May 2018 Annual General Meeting.

The Committee also considered the position of Ms J.E. Ashdown who would have completed her second three-year period of office in July 2017. Following a rigorous review the Committee concluded that Ms Ashdown brings considerable management experience and an independent perspective to the Board's discussion and is free from relationship or circumstance that could affect or appear to affect the exercise of her independent judgment. Ms Ashdown has, subject to her re-election by Shareholders at the AGM in May 2017, been invited to serve for a further term of office expiring at the May 2018 AGM.

Mr I.B. Duncan was appointed a Non-Executive Director with effect from 1 January 2017 and will offer himself for election at the May 2017 Annual General Meeting. Mr J.C. Nicholls will retire from the Board on 31 March 2017 as a Non-Executive Director and Chair of the Audit Committee. Mr Duncan will succeed Mr Nicholls as Chair of the Audit Committee following Mr Nicholls' retirement.

Mr S.R. Mitchell stepped down from the Board as Chief Executive by mutual agreement on 11 November 2016. Mr M. Ewell, a Non-Executive Director, was appointed as Interim Chief Executive from 11 November 2016 on a full time basis whilst the Board conducts an external search for a new Chief Executive, which is currently underway. It is expected that Mr M. Ewell will resume his Non-Executive Director duties upon the recruitment of a new Chief Executive. The Committee has produced a detailed specification for a new Chief Executive and appointed Korn Ferry to undertake the search for a new Chief Executive. The process has reached the stage of a candidate shortlist and the Committee hopes to be able to recommend a candidate to the Board in the near future.

Mr D.G. Robertson retired from the Board as Group Finance Director with effect from 31 January 2017 and was succeeded by Mr N.W. Maddock with effect from 1 February 2017. Mr Maddock will offer himself for election at the May 2017 Annual General Meeting.

General

In general terms, when considering candidates for appointment as Directors of the Company, the Nominations Committee, in conjunction with the Board, drafts a detailed job specification and candidate profile. In drafting this, consideration would be given to the existing experience, knowledge and background of Board

members as well as the strategic and business objectives of the Group.

Once a detailed specification has been agreed with the Board, the Committee would then work with an appropriate external search and selection agency to identify candidates of the appropriate calibre and with whom an initial candidate shortlist could be agreed. The consultants are required to work to a specification that includes the strong desirability of producing a full list of candidates who meet the essential criteria, whilst reflecting the benefits of diversity. The Board will only engage such consultants who are signed up to the voluntary code of conduct on gender diversity on corporate boards. The policy on board diversity is available on the Company's website (www.sigplc.com).

Shortlisted candidates would then be invited to interview with members of the Committee and, if recommended by the Committee, would be invited to meet the entire Board before any decision is taken relating to the appointment.

During the year under review, in connection with the appointments of Mr I.B. Duncan and Mr N.W. Maddock, the Committee used the services of The Zygos Partnership (who have no other connection with the Company).

The process described above was followed in respect of the appointments of Mr I.B. Duncan as a Non-Executive Director with effect from 1 January 2017 and Mr N.W. Maddock as Chief Financial Officer with effect from 1 February 2017.

Following the appointment of a new Director, the Chairman, in conjunction with the Company Secretary and the Group Human Resources Director, is responsible for ensuring that a full, formal and tailored induction to the Company is given. Although not an exhaustive list, the induction includes one-to-one meetings with key management (including HR, Finance, Risk, Investor Relations and Corporate Development) and an overview of the Group's structure and strategy (including site visits and an overview of operations).

The Committee also carefully reviews and makes recommendations concerning the reappointment of any Non-Executive Director at the conclusion of their specified term of office.

SIG supports the principles of gender diversity and, following the appointment of Ms A. Abt on 12 March 2015, female representation on the Board

had risen to 25%. The Committee will continue to consider gender diversity when recommending any future Board appointments, and final appointments will always be made on merit. The Committee is seeking to increase female representation, in particular at senior management level across the Group.

As part of corporate governance, the Committee reviews its own performance annually and considers where improvements can be made. The Committee reviewed its own performance in December 2016 and the results of this review were reported to the Board.

The proposed activities for the Committee in 2017 will be to continue to monitor and assess the Board's composition and diversity, longer-term succession planning and potential further recruitment of Non-Executive Directors, in conjunction with the FRC's discussion paper on UK Board Succession Planning. The Committee's main aim for 2017 will be the successful recruitment of a new Chief Executive.

LESLIE VAN DE WALLE
CHAIRMAN OF THE
NOMINATIONS COMMITTEE
13 March 2017