



## Nomination committee report

I am pleased to present the committee's report into its activities during 2017/18.

The primary focus of the committee was on the appointment of Mike Putnam, a non-executive director. Mike is experienced in infrastructure development as well as construction and delivery. He has a background of successfully driving operational performance and business improvements. Mike's biography can be found on page 52, and further details of the appointment and induction processes are on page 71.

The committee has also reviewed the membership of board committees following Mike's appointment and the external commitments of other non-executive directors. As a result, Mike was appointed to the safety, health and environment committee, Rob Brighthouse stood down from the treasury committee and Sharon Flood relinquished her membership of the remuneration committee.

Following chief executive Mark Carne CBE's announcement on 6 February 2018 that he planned to retire from Network Rail during 2018, the committee commenced a search for his replacement. On 21 May 2018 Network Rail announced that Andrew Haines OBE would be appointed as chief executive upon Mark Carne CBE's retirement. Details of that process and the outcome will be reported in the 2019 annual report and accounts.

During the year, Network Rail has undertaken effectiveness reviews of the main Board, the safety, health and environment (SHE) committee, the audit & risk committee (ARC) and the property supervisory board. The findings from those reviews have been assessed, and action plans have been put in place to address any issues of concern. More information can be found regarding the main Board effectiveness review on page 59, the SHE committee review on page 61 and the ARC review on page 63.

**Bridget Rosewell OBE,**  
Chair, nomination committee  
27 June 2018

Committee members	Formal appointment to the committee	Number of meetings attended during the year
Bridget Rosewell OBE (chair)	Sep 2016	2/2
Richard Brown CBE	Oct 2015	2/2
Sir Peter Hendy CBE	Oct 2015	2/2
Michael O'Higgins	Sep 2016	2/2

### Committee attendees

The chief executive and the group general counsel and company secretary attend meetings of the Committee, by invitation.

### Role of the committee

The role of the committee is to assess, review and monitor Board composition, as well as assessing the effectiveness of the Board and its committees. Following each committee meeting, the chair provides a summary of the committee's activity to the next Board meeting, and makes recommendations as appropriate.

The terms of reference of the committee can be found on our website: [networkrail.co.uk](http://networkrail.co.uk)

### Principal activities during the year 2017/18

Matters considered by the committee during the year included:

#### Renewal of non-executive director appointments

The performance and independence of two non-executive directors whose term of appointment was due for renewal during the year, were considered. While letters of appointment refer to appointments being for a three year term, all directors are subject to election or re-election at the Annual General Meeting each year.

Richard Brown CBE is appointed by the Secretary of State for Transport, so in his case the committee's review was to consider recommending his reappointment to the Secretary of State. Richard did not participate in any discussion related to his own reappointment.

For Sharon Flood, following an assessment of her performance, outside commitments and independence the

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committee was able to recommend her reappointment to the Secretary of State, who endorsed Sharon's reappointment.

### Search for and appointment of non-executive director

An independent executive search firm, Korn Ferry, was used to manage and support the search and appointment process for a non-executive director to replace Malcolm Brinded who retired from the Board in July 2016.

Following the placement of an advertisement for this role in a national newspaper, a long list of candidates was drawn up by Korn Ferry, which discussed the role with the candidates. Korn Ferry then reviewed the long list with Network Rail, and a short list of candidates identified.

Those on the short list were interviewed by Bridget Rosewell OBE, Sir Peter Hendy CBE and Michael O'Higgins. Following those interviews, Mike Putnam was identified as the 'preferred candidate'. He met with Mark Carne CBE following which a recommendation was made to the Secretary of State for Transport that Mike be appointed as a non-executive director. The Secretary of State approved Mike's appointment, which was effective from 8 January 2018.

### Non-executive director induction programme

A comprehensive induction programme was developed, which took account of Mike Putnam's background knowledge and experience.

Mike met individually with Board colleagues, members of the executive committee, senior executives from around the business and colleagues at the Department for Transport and UK Government Investments.

He undertook a number of site visits to learn about a range of infrastructure programmes in process.

In addition, Mike was provided with a wide range of reading material.

### Board Effectiveness Review

In Autumn 2017 Network Rail undertook an externally facilitated, light-touch review of the Board's effectiveness. This was led by Independent Audit, and independent governance experts.

The review involved interviews with all Board directors, the group general counsel and company secretary, two route managing directors, a member of the executive committee and representatives from the Department for Transport, UK Government Investments and the Office of Rail and Road.

The reviewer also observed one Board meeting, having also reviewed the papers for that meeting.

The outcome of the review was presented to the Network Rail Board in March 2018.

Further information can be found in the corporate governance report on page 59.

### Planned activities during the coming year 2018/19

- The search for and appointment of a further non-executive director to replace someone who had indicated their intention to step down from the Board during summer 2018.
- A detailed, independent evaluation of the Board's effectiveness in 2018.
- Consideration of a proposal to amalgamate the nomination and remuneration committees.