

# NOMINATIONS COMMITTEE REPORT

**THE BOARD HAS ADOPTED A FORMAL AND TRANSPARENT PROCEDURE FOR THE APPOINTMENT OF NEW DIRECTORS TO THE BOARD BY APPOINTING A NOMINATIONS COMMITTEE TO LEAD THE PROCESS OF APPOINTMENT AND MAKE RECOMMENDATIONS TO THE BOARD.**

**Lee Feldman**  
Chairman  
5 March 2019



The Nominations Committee also advises the Board on its structure, size, composition and matters of Director and senior management succession. The terms of reference for the Nominations Committee are available on GVC's corporate website at

<https://gvc-plc.com/wp-content/uploads/2017/07/Nomination-Committee-tor.pdf>

## Membership and attendance

The following Directors are or were members of the Nominations Committee in the period 1 January 2018 to date and they each attended the following number of meetings:

Member	Number of meetings entitled to attend	Number of meetings attended
Lee Feldman	3	3
Jane Anscombe	3	3
Stephen Morana	1	1
Will Whitehorn*	2	1

\* Note: Will Whitehorn stepped down from the Board on 6 June 2018.

The Company Secretary attends all Nominations Committees to record meetings and provide advice to the Directors. The CEO is normally invited to attend each meeting and the Group HR Director may be invited to attend from time-to-time to participate in discussions about succession planning.

## Business during the year

During 2018 the main areas of business for the Nominations Committee were:

- The recruitment of three new independent Non-executive Directors; and
- Succession planning, particularly in relation to the change of CFO.

Supported by the independent recruitment firm, Russell Reynolds, the Nominations Committee successfully selected Virginia McDowell in June and Pierre Bouchut in September and the Board accepted the Nominations Committee's recommendation and made these appointments in those respective months.

The search for the third Non-executive Director is well advanced and is being undertaken to find a successor for Karl Diacono who retired last December after 10 years' of service. A number of candidates have been interviewed and the Nominations Committee expects to make a recommendation to the Board later in the year.

The Nominations Committee has spent a considerable amount of time during 2018 reviewing and feeding into the succession plans for the Board members and senior executives. This proved to be extremely worthwhile when in the autumn our current CFO indicated he was considering leaving to take up a new opportunity in private equity. By running through the succession work that had already been done and engaging Russell Reynolds to do some further benchmarking of external and internal candidates, the Nominations Committee was able to recommend that Rob Wood, the Ladbrokes Coral Retail CFO be appointed CFO if Paul Bowtell decided to leave GVC.

As part of the development of the Group's succession plans, the Nominations Committee has directed the Group HR Director to ensure that these plans also address succession below the senior executive team and that sufficient training and mentoring is provided to assist colleagues to step up into the shoes of their predecessors.

Throughout any recruitment process the Nominations Committee operates within the parameters of the Company's diversity policy. The diversity policy ensures the Group engages trains and promotes employees on the basis of their capabilities, qualifications and experience. The policy forbids discrimination or pressure to discriminate by its employees or others acting on the Group's behalf or their employees, contractors or customers in respect of age, gender, sexual orientation, race, ethnic origin, marital status or civil partnership, nationality, disabilities, political or religious beliefs, or on any other criteria unrelated to an individual's ability to perform the duties. The policy also sets out how the diversity guidelines impact recruitment, selection and promotion, learning and development, the management of part-time workers and individual employee responsibilities for ensuring enforcement and compliance with the policy. Owing to the breadth of diversity existing across the Group, diversity ratios or objectives have not been set.

The UK Corporate Governance Code (the "Code") was updated in July 2018 and this applies to listed companies reporting in respect of accounting periods beginning on or after 1 January 2019. One of the new recommendations is that the tenure of the chairman of the board should not exceed nine years. As I have been a Director of GVC since 2004 and Chairman since 2008 my tenure could become an issue under the forthcoming version of the Code which will be in full effect for GVC in 2020. In preparation for this the Senior Independent Director is leading the debate with the Board about this governance development and he reports below on this matter.

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**Lee Feldman**

Chairman of the Nominations Committee  
5 March 2019

**Statement on Chairman's Succession**

In July 2018, the update to the Code saw a change in recommended practice regarding a Chairman's tenure, with the move towards a Chairman stepping down after nine years of service. Lee Feldman has been the Chairman of GVC since 2008, so his tenure exceeds the new recommended maximum duration.

As Senior Independent Director, I have led the Board discussion on this matter as we try and find a balance between adherence with the Code, and doing what is best for the business and shareholders. Whilst it is the Board's aim to comply with the Code's recommendations, the overriding duty is to ensure that any action taken to comply is in the Company's best interests overall.

There are a number of factors that we as a Board need to take into account when reviewing this issue:

- The successes that GVC has seen under Lee's tenure, including sector leading returns on investment, an ambitious M&A strategy and an exciting new Joint Venture in the US;
- The improvements in our corporate governance processes and controls over the last few years as we moved to a full listing;
- The lack of "muscle memory" in our current non executive Board members, all of whom have been appointed within the last three years; and
- A new CFO joining the Board – whilst we are very lucky to have someone of Rob Wood's calibre within the business, this will be his first PLC role.

In November 2018, I met with the majority of our largest shareholders and had detailed conversations on this matter. I received very strong feedback that, although they believe that over time we do need to find a successor to Lee, they would be very concerned were we to prioritise compliance with the Code to the detriment of the business, especially given the above factors.

To that end, we believe that non-compliance with this aspect of the updated Code at this time is preferable given the unique circumstances the business faces, and the value-add that Lee continues to bring in the role as Chairman. That said, we will look to commence a search for a new Chairman during the course of the next year. We believe that this is the right decision for all stakeholders, and I will continue to maintain dialogue with shareholders on this issue.

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**Stephen Morana**

Senior Independent Director  
5 March 2019