

KAREN SLATFORD  
Chair, Nomination committee



I am pleased to introduce the nomination committee report for the year ended 31 October 2019.

**Nomination committee members and meeting attendance**

	Meeting attendance
Karen Slatford	5/5
Richard Atkins	5/5
Lawton Fitt	5/5
Darren Roos	3/3

Amanda Brown and Silke Scheiber joined the committee on 17 October 2019 but no meetings were held during the remainder of the year.

**COMMITTEE CHAIR'S INTRODUCTION**

Dear fellow shareholders,

I am pleased to introduce the nomination committee report for the year ended 31 October 2019. Following a number of board changes in recent years, this has been a year of consolidation. As indicated in last year's report, we successfully transitioned the role of Chief Financial Officer from Chris Kennedy to Brian McArthur-Muscroft in February 2019. The committee focused its attention in the year on cultural issues, including employee engagement, diversity and inclusion, governance matters and, of course, succession planning for board and senior executive roles.

**Composition of the committee**

The nomination committee comprises Karen Slatford (who serves as its Chair), Richard Atkins and Lawton Fitt and, from 17 October 2019, Amanda Brown and Silke Scheiber. Darren Roos also served as a member until 2 September 2019, on which date he ceased to serve as a director. All members of the committee are independent non-executive directors. Executive directors and senior executives are invited to attend the meetings by invitation, as required, but do not do so as of right.

The committee normally meets at least twice during each financial year, and more frequently as required.

## Role and responsibilities

The committee's principal responsibility is proposing candidates for appointment to the board, having regard to the balance and structure of the board and taking into consideration the benefits of diversity in all its forms, including gender, ethnicity, religion, disability, age and sexual orientation. The terms of reference of the committee include, among other matters, the following responsibilities:

- To review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the board and make recommendations to the board with regard to any changes;
- To identify and nominate, for the approval of the board, candidates to fill board vacancies as and when they arise;
- To give full consideration to succession planning for directors and other senior executives;
- To keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace; and
- To review annually the time required from non-executives, evaluating whether they are spending enough time to fulfil their duties.

The committee's terms of reference are published on the Company's website, [www.microfocus.com](http://www.microfocus.com).

## Diversity

The board has considered diversity in broader terms than just gender and believes it is also important to reach the correct balance of skills, knowledge, experience and independence on the board. During the prior year, the committee reviewed the Company's diversity policy to include a strategy to promote equal opportunity and attract a wider range of ethnicity, while continuing to attract and retain the most talented people who can deliver sustained outstanding performance. The Group has formal policies in place to promote equality of opportunity across the whole organisation, regardless of gender, ethnicity, religion, disability, age or sexual orientation.

At 31 October 2019 the board comprised four men (50%) and four women (50%). The Company Secretary is also a woman. As opportunities arise the board will seek to broaden the wider diversity of the directorate, in line with its policy goals. Our most senior management forum, the operating committee, has four male members and two female members, so 33% of its members are female. Of the 44 employees who report directly to the operating committee members, 14 are female, being 32%.

## Policy on board appointments

All board appointments are made on merit with the aim of achieving a correct balance and blend of skills, experience, backgrounds and diversity, in all its forms. Our overriding objective is to appoint the best possible candidate available in the market at the time of recruitment. Where board appointments are being contemplated, the committee would generally use search consultants to identify suitable candidates but would consider open advertising in appropriate circumstances. The brief to external search consultants would include diversity criteria.

## Key activities in the year ended 31 October 2019

The committee met five times during the year and attendance at those meetings is shown in the table on page 86. The main items of business discussed at those meetings were:

Reviewing succession planning for board and senior executive roles

Updating the Company's policy on external board appointments

Reviewing culture and engagement within the Group, including reward and recognition schemes

Reviewing the results of the Group's MyVoice employee attitude survey

Reviewing the status of the Company's diversity and inclusion initiatives

Recommending to the board that Amanda Brown be offered an additional term of office as a non-executive director

Reviewing the composition of board committees, in anticipation of the recommendations in the 2018 edition of the UK Corporate Governance Code.

## Board changes

During the year ended 31 October 2019 there have been three changes to the board, two of which were discussed in last year's report:

- Chris Kennedy ceased to serve as Chief Financial Officer and as an executive director on 21 February 2019;
- Brian McArthur-Muscroft joined the board as Chief Financial Officer and as an executive director on 21 February 2019; and
- Darren Roos ceased to serve as a non-executive director on 2 September 2019.

The process that led to the appointment of Brian McArthur-Muscroft was led by the committee and was formal, rigorous and transparent. An external search agency, Odgers Berndtson, was used which has no other connection with the Company. A sub-committee of Kevin Loosemore, Richard Atkins and Stephen Murdoch reviewed potential candidates and provided their views to the committee, which then delivered its own recommendation to the board.

## Committee evaluation

As noted on page 73, an externally facilitated review was undertaken during the year. The main finding was that, while the committee's work tended to be reactive, having a more structured calendar of meetings on key topics, such as board and senior management succession planning, would be welcomed by its members, and this is being implemented.

## Karen Slatford

Chair, Nomination committee  
3 February 2020