

Nomination Committee Report

I am pleased to present the Report of the Nomination Committee for 2019. This Report provides shareholders with an overview of the activities carried out by the Committee during the year.

On 5 July 2018 I succeeded Sir Brian Stewart as Chairman of the Committee. Sir Brian was an outstanding Chairman, who guided the Company through challenging times, but always with a view to the longer term. We will all miss his unparalleled knowledge of international drinks, indeed, he is a hard act to follow. We wish him the very best in the future.

Following a review of the composition of the Board to ensure we had the right balance of skills, knowledge, experience and diversity (including gender) in light of the strategically important acquisition of Matthew Clark and Bibendum in April 2018, we determined that the International Division, represented by Joris Brams, would no longer be represented on the Board. Separately, Richard Holroyd having been a non-executive Director since 2004 and having overseen the smooth transition of Chairman informed the Board of his wish to step down and leave the Board. Geoffrey Hemphill also informed us of his intention to stand down from the Board to concentrate on other business interests. We announced those changes in Board composition on 25 October 2018. We are very grateful to Richard, Geoffrey and Joris for the individual contributions each of them has made to the Group's long-term development. Joris laid the foundation for our export business through his international knowledge, experience and network. I should like to say a special thank you to Richard, who has made an outstanding contribution to the Board, particularly during his time as Senior Independent Director. He has been invaluable, as a source of challenge and wise counsel. In the last year, Richard has played a key role in the transition to the new Board structure. We wish him all the very best in the future.

A detailed search then followed for new non-executive Directors with the appropriate skills, knowledge, independence and experience, and having regard to the benefits of diversity (including gender) to join the Board. This resulted in the announcement of the appointment on 7 February 2019 of Jill Caseberry and Helen Pitcher and on 1 March 2019 of Jim Thompson, as independent non-executive Directors, following a recommendation by the Committee of the Board.

Looking forward, the Committee will continue to review long term succession plans for the Board, with the aim of ensuring that an appropriate balance of skills, knowledge, experience and diversity is maintained.

I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

On behalf of the Board

Stewart Gilliland

Chairman of the Nomination Committee
22 May 2019



Roles and Responsibilities of the Committee

The Committee has defined Terms of Reference which can be found in the Investor Centre section of the Group's website at www.candcgroupplc.com.

Membership and Meeting Attendance

The following non-executive Directors served on the Committee during the year.

Member	Member Since	Number of Meetings Attended	Maximum Possible Meetings	% of Meetings Attended
Stewart Gilliland (Chairman)	24 October 2017	3	3	100
Sir Brian Stewart (Retired 5 July 2018)	10 February 2011	1	1	100
Richard Holroyd	28 October 2013	3	3	100
Emer Finnan	5 July 2018	2	2	100

All members of the Committee are and were, throughout the year under review, considered by the Board to be independent.

No member of the Committee nor any other Director participates in discussions concerning or votes on his or her own re-election or evaluation of his own performance. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 50 and 51. Their remuneration is set out in the Remuneration Report.

The quorum necessary for the transaction of business by the Committee is two, each of whom must be a non-executive Director. Only members of the Committee have the right to attend Committee meetings, however, during the year, Stephen Glancey (Chief Executive) and Vincent Crowley, non-executive Director were invited to attend meetings.

The Company Secretary is Secretary to the Committee.

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Meeting Frequency and Main Activities during the year

The Committee met on three occasions during the year ended 28 February 2019 and subsequent to 28 February 2019 on two occasions. All members of the Committee attended each meeting.

During the year ended 28 February 2019, the Committee:

- reviewed the size, structure and composition of the Board;
- commenced the search, led by the Senior independent Director, Richard Holroyd, for a candidate to succeed Sir Brian Stewart as Chairman of the Company and following a detailed search process, recommended to the Board that Stewart Gilliland be appointed as Chairman of the Company from the conclusion of the AGM on 5 July 2018; and
- commenced the search for new non-executive Directors with appropriate skills and experience, having regard to the benefits of diversity (including, but not limited to, experience, ethnicity, gender and social backgrounds), to join the Board. Following a detailed search process, the Committee recommended to the Board that Jill Caseberry and Helen Pitcher be appointed as non-executive Directors with effect from 7 February 2019 and that Jim Thompson be appointed as a non-executive Director with effect from 1 March 2019. Helen Pitcher was additionally appointed as Chairman of the Remuneration Committee from 1 March 2019.

Since 28 February 2019, the Committee met on two occasions to:

- recommend to the Board that all of the Directors who have indicated their willingness to stand for re-election be proposed for re-election as Directors at the forthcoming AGM;
- review the Committee's report within the 2019 Annual Report and Accounts and recommend its approval to the Board;
- recommended revisions to the Board to the Committee's Terms of Reference;
- approved the Board Diversity Policy; and
- recommend to the Board that Vincent Crowley be appointed as the Senior Independent Director from 1 June 2019.

Board Composition/Succession Planning

The Board plans for its own succession, with the support of the Committee. The Committee remains focused, on behalf of the Board, on Board succession planning for both Executive and non-executive Directors.

The Committee aims to ensure that:

- the succession pipeline for senior executive and business critical roles in the organisation is strong and diverse;
- processes are in place to identify potential successors and manage succession actively;
- there is a structured approach to developing and preparing possible successors; and
- processes are in place to identify "at risk" posts.

On at least an annual basis each Director's intentions are discussed with regard to continued service on the Board and their succession is considered in the context of the composition of the overall Board and the corporate governance guidance on non-executive tenure. This transparency allows for an open discussion about succession for each individual, both for short term emergency absences as well as longer terms plans.

As in previous years, we conducted an analysis of the balance of experience, skills, gender and diversity on the Board as a whole, taking account of the future needs of the business in the light of the business strategy, the Board changes set out above, and the knowledge, experience, length of service and performance of the Directors, including their ability to continue to contribute effectively to the Board. In accordance with our policy, we also had regard to the requirement to achieve a diversity of characters, backgrounds, experience and gender amongst Board members.

Summary of Board Changes

- May 2018 – Sir Brian Stewart announced his intention to retire and that Stewart Gilliland was to succeed Sir Brian Stewart as Chairman at the conclusion of the AGM on 5 July 2018;
- July 2018 – Sir Brian Stewart retired as Chairman and was succeeded by Stewart Gilliland;
- October 2018 – Geoffrey Hemphill announced his intention to resign as a non-executive Director, Richard Holroyd announced his intention to resign as Senior Independent Director and non-executive Director and Joris Brams announced his intention to resign as a Director;
- February 2019 – Joris Brams resigned as a Director;
- February 2019 – Jill Caseberry and Helen Pitcher joined the Board as non-executive Directors, with Helen Pitcher succeeding Vincent Crowley as Chairman of the Remuneration Committee from 1 March 2019;
- March 2019 - Jim Thompson joined the Board as a non-executive Director.

Chairman Succession

Mindful that he was entering his ninth year as Chairman of the Company, in accordance with corporate governance best practice, Sir Brian Stewart advised on 24 May 2018 that he would be stepping down as Chairman at the AGM on 5 July 2018.

In preparing the job specification, assessing the time commitment expected and agreeing the skills and experience desired for a potential successor Chairman, considerable emphasis was placed on identifying a candidate with considerable and recent experience

of the drinks industry and the ability to work closely and effectively with the Chief Executive in delivering the Company's strategy whilst providing the necessary degree of independence and challenge. The Board agreed this outline specification and appointed the Senior Independent Director, Richard Holroyd, to lead the Committee in identifying and interviewing potential candidates and making a recommendation to the Board.

The Company appointed an external agency, Russell Reynolds Associates, to assist the Committee in that search. Russell Reynolds did not and does not have any connection to the Company other than in respect of provision of these services. A detailed search and selection process then followed, culminating with the announcement on 24 May 2018, following a recommendation by the Committee to the Board, that Stewart Gilliland had been appointed as Chairman with effect from the close of the AGM on 5 July 2018, subject to approval by shareholders. Stewart Gilliland's considerable experience in the drinks industry was considered invaluable, as was his thoughtful challenge and insight to Board and various Committee discussions since his appointment to the Board in April 2012.

Non-Executive Director Search

To assist it in the search for new non-executive Directors, the Committee again engaged Russell Reynolds. Russell Reynolds was provided with a detailed brief of the desired candidate profiles based on merit and against objective criteria (including an assessment of the time commitment expected). The Committee considered in all instances a list of potential candidates with the skills, knowledge and independence and offering diversity in its widest sense (gender, nationality, age, experience, ethnicity and social backgrounds) which would benefit the Company.

The Company did not use open advertising to search for suitable candidates for the roles of Chairman or non-executive Directors, as we believe that the optimal way of recruiting for these positions is generally to use targeted recruitment based on the skills and experience required.

A detailed search, adopting the same process as with the Chairman, resulted in the appointment on 7 February 2019, following a recommendation by the Committee to the Board, of Jill Caseberry, who brings considerable experience in brand management and marketing and Helen Pitcher, who brings a wealth of experience and knowledge of governance and board effectiveness. We also announced on 7 February 2019 the appointment of Jim Thompson, who has considerable experience in value investment, with effect from 1 March 2019.

On the question of independence, the Committee and the Board were particularly mindful of the need to assess whether any non-executive Director is independent. As regards Jim Thompson, whilst he had worked for Southeastern Asset Management ('South Eastern'), one of the Company's shareholders, the Committee reached that view, having regard to the period of time since his departure, his lack of involvement/continued relationship with South Eastern since departure from that Company in 2017 and the fact we have no relationship with South Eastern other than in their capacity as a shareholder, he was and is independent.

The Committee additionally made an assessment of the time commitment expected of/required from the non-executive Directors. The Committee were very conscious of Jill Caseberry's other commitments, particularly her two other roles as Chair of the Remuneration Committees of listed companies and the fact that she was shortly to be announced as Chair of a third, namely, Halfords plc. In all cases, the Committee were of the view that each candidate had sufficient time to devote to the role.

Jill Caseberry and Helen Pitcher also joined the Remuneration Committee, with Helen Pitcher succeeding Vincent Crowley as Chairman of the Remuneration Committee from 1 March 2019. Helen is Chairman of Remuneration Committees of Pladis Global and CIPD and as such, whilst those companies were not listed, the Committee considered that Helen was ideally suited to take over the Chairmanship of the Remuneration Committee.

Skills Balance and Directors' Performance Evaluation

During the year, the Committee also considered the composition of the Board and each of its Committees. The Committee continues to actively review the long term succession planning process for Directors to ensure the structure, size and composition (including the balance of skills, experience, independence, knowledge and diversity (including gender, ethnic and social backgrounds)) of the Board and its Committees continues to be effective, thus ensuring appropriate levels of corporate governance and best practice and support for the Company as it pursues its strategy.

As part of its review, the Committee considered the performance and independence of Stewart Gilliland, Jim Clerkin, Vincent Crowley and Emer Finnan, each of them having confirmed their willingness to stand for re-election at the forthcoming AGM.

Having undertaken a performance evaluation, the Committee considered that the performance of each of the non-executive Directors proposed for re-election, being Stewart Gilliland, Jim Clerkin, Vincent Crowley and Emer Finnan, was effective and that they had each demonstrated a strong commitment to their role. The Committee had also undertaken a review of each of

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the non-executive Directors' other interests and external time commitments, such review being particularly rigorous in the case of Stewart Gilliland as he has served seven years on the Board, and has concluded that each of them is independent in character and judgement and that there are no relationships or circumstances likely to affect (or which appear to affect) his or her judgement. The Committee is also satisfied that each of them continues to be able to devote sufficient time to their role. Stewart Gilliland and Emer Finnan did not participate in the evaluation of his/her own performance or time commitments.

The Committee were satisfied that each of the Directors proposed for re-election had the appropriate balance of skills, experience, independence and knowledge of the Company to enable him or her to discharge the duties and responsibilities of a Director effectively. Accordingly, the Committee recommended to the Board that they each be proposed for re-election as a Director at the forthcoming AGM.

Diversity Policy

The Board recognises the benefits of diversity. Our Directors come from different backgrounds, nationalities, a wide range of professions and each brings unique capabilities and perspectives to our Board discussions.

We are committed to maintaining a diverse Board. Appointments to the Board and throughout the Company will continue to be made on merit and overall suitability for the role against objective criteria with due regard to the benefits of diversity (including, but not limited to, ethnicity, experience, gender, nationality, age and educational and social backgrounds as well as individual characteristics such as broad life experience).

When recruiting, we require any search agency to have signed up to the "Voluntary Code of Conduct for Executive Search Firms" developed in response to the Davies Report covering Board appointments.

The Board monitors progress against this policy. In terms of Board diversity, an analysis of Directors by gender as at 28 February 2019 is as follows:

	Male Number/Percentage	Female Number/Percentage
Director	9/75%	3/25%

Any future appointments will continue to be made to the Board on merit and with the aim of recruiting Directors who offer the right skills and who can complement the rest of the Board with a view to achieve effective diversity, in its widest sense.

The Committee and the Board further realise that diversity extends beyond the Board and in this regard seeks to ensure that all recruitment decisions are fair and non-discriminatory and that all employees get an equal opportunity to achieve their full potential.

Statistical gender diversity employment data for the Company can be found in the Corporate Social Responsibility Report on page 42.

Committee Performance and Effectiveness

The Board additionally undertook an annual review of the Committee's performance and effectiveness and concluded that the Committee operated effectively.

This report was approved by the Board of Directors on 22 May 2019.

Stewart Gilliland

Chairman of the Nomination Committee