

NOMINATION AND REMUNERATION COMMITTEE REPORT

2022/23 was another challenging year for Network Rail, train operating companies and our passengers and freight users. While as a country we continued to emerge from the pandemic, the rail industry faced sustained industrial action due to disputes with the trade unions.

Bearing this in mind, I present my report on behalf of the nomination and remuneration committee.

While Network Rail's revenue continued to be impacted by changing passenger numbers post-pandemic, the cost of living crisis and aforementioned industrial action further constrained our finances. So again during this financial year, we've had to make difficult decisions related to our people, both in terms of pay and also reviewing the structure and size of our teams as we modernise our business.

The nomination and remuneration committee is a single committee however we report on its work in two parts. The first section of the report examines the 'nomination' aspects of the committee's work, and the second section reports the prescribed elements of the directors' remuneration report. Areas subject to overlap will be highlighted where appropriate.

David Noyes

chair, nomination and remuneration committee

13 July 2023



Committee members	Formal appointment to the committee	Number of meetings attended during the year
David Noyes	October 2018	5/5
Michael Harrison	May 2020	4/5
Peter, Lord Hendy of Richmond Hill, CBE	October 2015	3/5
Fiona Ross	September 2020	5/5
Ismail Amla	April 2021	4/5

Committee attendees

The committee ordinarily invites the chief executive, the group general counsel and company secretary, the group Human Resources director, the Human Resources director national and the senior reward manager to attend meetings. Others may attend for specific items. Meetings are routinely attended by a representative from the Department for Transport.

Role and responsibilities of the committee

The committee's role is to consider and comment on:

- board appointments and the induction of new directors
- board culture and diversity
- board effectiveness
- board and senior executive remuneration
- any other matter within its remit that it may consider necessary or appropriate.

After each meeting the committee chair briefs the full Board on the committee's work and makes recommendations as appropriate.

During 2022/23 the committee's remit was expanded to include oversight and assurance of Great British Railways Transition Team Limited matters.

The committee's terms of reference are available on our website: www.networkrail.co.uk

Principal nomination activities during the year

Network Rail board reappointments

During the 2022/23 financial year, the committee managed the reappointments of Silla Maizey, Mark Bayley and Fiona Ross as non-executive directors, subject to the approval of the Secretary of State and the Prime Minister.

Peter, Lord Hendy of Richmond Hill and Michael Harrison's terms of appointment were reviewed by the DfT following a recommendation from the committee that they should be reappointed. Both were reappointed by the Secretary of State, having secured the Prime Minister's approval.

In making its recommendations to the DfT, the committee considered (i) the individual performance of the director, (ii) the skills and expertise that they each contributed to the board and the Company as a whole, and (iii) the requirements of the business now and over the medium term.

Having completed two three-year terms, Silla Maizey was appointed for a further one year term, expiring on 21 November 2023. Mark Bayley and Fiona Ross were both appointed for a second three-year term to expire on 10 May 2026, subject always to the status of the Network Rail board in the context of rail reform.

Peter, Lord Hendy of Richmond Hill was appointed for a further two year term to expire on 15 July 2025. Michael Harrison was reappointed as special director for a second three-year term to expire on 10 May 2026, subject always to the status of the Network Rail board in the context of rail reform.

Great British Railways (GBR) Transition Team (GBRTT) board

From 1 September 2022 GBRTT Limited had been formally established as a legal entity, within the Network Rail group

of companies. The GBRTT advisory panel members had been appointed as directors GBRTT Limited, initially for a period of one year. This was another step towards the development of GBR.

The GBRTT Limited board oversees delivery of rail reform, allowing the Network Rail Board to remain focussed on that business' core strategy, operations and activity.

Directors of GBRTT Limited continue to be unpaid appointments.

Succession planning for the Network Rail route director roles

The talent and succession pool for the role of route director was reviewed. In particular there was a focus on what was being done to address the lack of diversity amongst this group, and indeed more generally across the talent pool.

Planned activities for 2023/24

In the year ahead, the committee will:

- consider the need for a board effectiveness evaluation to be carried out
- consider any necessary appointments to the Network Rail and GBRTT Boards in light of any directors reaching the end of their terms in office, with a focus on Board diversity and inclusion
- continue to consider the future of Network Rail as a corporate body in the context of rail reform
- manage any relevant matters relating to rail reform and/or workforce modernisation
- continue to review talent development strategies to ensure the organisation has the appropriate skills and capabilities in place to execute its accountabilities effectively.