

# REMUNERATION AT A GLANCE

To incentivise our employees to achieve our strategy, we provide market competitive remuneration which is both transparent and aligned with our culture.

## BOARD SUCCESSION

With effect from 17 May 2019, the Committee agreed:

- John Burns' Non-Executive Chairman fee will be £250,000 per annum
- Paul Williams' CEO base salary will be £600,000 per annum
- There will be no payments for loss of office for Robert Rayne

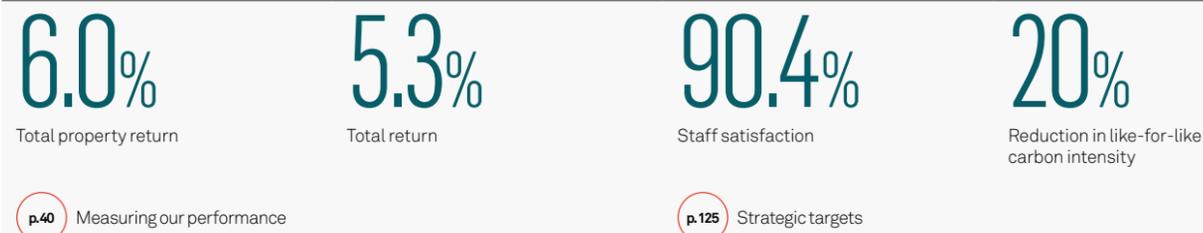
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## REMUNERATION POLICY REVIEW

The Committee will develop a post-employment shareholding policy and review its malus and clawback provisions in 2019. This will form part of the wider Remuneration Policy review. Pension opportunity for any new Executive Directors joining the Board from 2019 will be 15% of salary, in line with a significant proportion of our workforce.

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## GROUP PERFORMANCE IN 2018



## HIGHLIGHTS



## ANNUAL REPORT ON REMUNERATION

This part of the Directors' remuneration report explains how we have implemented our Remuneration Policy during 2018. The Remuneration Policy in place for the year was approved by shareholders at the 2017 AGM. We have provided a summary of our Remuneration Policy on pages 121 to 122. Our full Remuneration Policy can be found on our website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees)

This Annual report on remuneration will be subject to an advisory vote at our 2019 AGM on 17 May 2019.

### Role of the Remuneration Committee

The role of the Committee is to determine and recommend to the Board the Remuneration Policy for Executive Directors, and set the remuneration for the Chairman, Executive Directors and senior management. In doing so, the Committee ensures that the Remuneration Policy is aligned with the Company's key remuneration principles.

<b>Attract, retain and motivate</b>	Support an effective pay for performance culture which enables the Company to attract, retain and motivate Executive Directors who have the skills and experience necessary to deliver the Group's objectives and long-term strategy.
<b>Simple and transparent</b>	Ensure that remuneration arrangements are simple and transparent to key stakeholders and take account of remuneration and related policies for the wider workforce.
<b>Alignment</b>	Align remuneration with the Group's objectives and long-term strategy and reflect our culture through a balanced mix of short and long-term performance-related pay and ensure that performance metrics remain effectively aligned with strategy.
<b>Risk management</b>	Promote long-term sustainable performance through sufficiently stretching performance targets, whilst ensuring that the incentive framework does not encourage Executive Directors to operate outside the Group's risk appetite (see page 112).
<b>Stewardship</b>	Promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests.
<b>Fairness</b>	Total remuneration should fairly reflect the performance delivered by the Executive Directors and the Group.

The terms of reference for the Committee can be found on the Company's website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees) and were last updated in February 2019 to reflect the requirements of the 2018 UK Corporate Governance Code.

### Committee composition

None of the members who have served on the Committee during the year had any personal interest in the matters decided by the Committee and are all considered to be independent. The Company Secretary acted as Secretary to the Committee.

	Independent	Number of meetings	Attendance
Claudia Arney, Chair	Yes	4	100%
Simon Fraser	Yes	4	100%
Stephen Young	Yes	4	100%
Helen Gordon	Yes	4	100%

Lucinda Bell will replace Stephen Young as a member of the Committee from 17 May 2019. The Committee's composition, responsibilities and operation comply with the principles of good governance (as set out in the UK Corporate Governance Code), with the Listing Rules (of the FCA) and with the Companies Act 2006.

### Advisers to the Committee

The Committee has authority to obtain the advice of external independent remuneration consultants. New Bridge Street (a trading name for Aon plc) had been retained as the Committee's principal consultants since 2002, with the last competitive tender being conducted in 2012.

During 2018, the Committee completed a competitive tender for the role of its principal consultants which included three independent candidates. Following the completion of the tender, the Committee unanimously appointed Deloitte as its independent remuneration consultants with effect from 2 July 2018.

During the year under review, Deloitte also provided sustainability and health and safety audit assurance consultancy, corporate tax consultancy and employment tax consultancy services to the Group. Prior to appointing Deloitte as its independent consultants, the Committee took this work into account and due to the nature and extent of the work performed, concluded that it did not impair Deloitte's ability to advise the Committee objectively and free from influence. It is the view of the Committee that the Deloitte engagement partner and team that provide remuneration advice to the Committee do not have connections with Derwent London that may impair their independence. The Committee therefore deem Deloitte capable of providing appropriate, objective and independent advice. Deloitte is one of the founding members of the Remuneration Consulting Group. The Committee has been fully briefed on Deloitte's compliance with the voluntary code of conduct in respect of the provision of remuneration consulting services.

For the period 2 July to 31 December 2018, Deloitte provided independent assistance to the Committee on the setting of the Chief Executive's remuneration, the setting of the Chairman's fees and provided updates on market practice and governance (including the requirements of the 2018 UK Corporate Governance Code). The fees paid to Deloitte and New Bridge Street for their services during the year, based on time and expenses, amounted to £30,500 and £32,800 respectively.