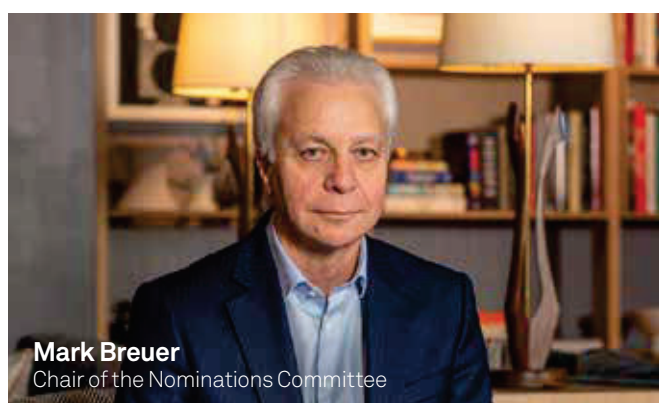


# NOMINATIONS COMMITTEE REPORT



**Mark Breuer**  
Chair of the Nominations Committee

## 2022 FOCUS AREAS

- Continue to monitor the Group's talent and development pipeline (see pages 60 and 146)
- Review the wider recommendations arising from the FCA's consultation on diversity and inclusion (page 147 and 171) and continue to monitor diversity initiatives
- Ensure a smooth handover of responsibility to a new Risk Committee Chair when Richard Dakin steps down from the Board

### Dear Shareholder,

This is my first report to you as Chair of the Nominations Committee and I am pleased to present an overview of the Committee's work during 2021. It has been a particularly busy year for the Committee which included recruiting a new Non-Executive Director, monitoring the Group's diversity initiatives, talent development and succession plans.

### Non-Executive Director changes

In October 2021, we welcomed Sanjeev Sharma as an independent Non-Executive Director, Simon Fraser stepped down after serving nine years on the Board, and Helen Gordon was appointed Senior Independent Director. All of these changes were managed efficiently and the induction programme was thorough (an overview is provided on page 146).

As Richard Dakin (Non-Executive Director) approaches his ninth anniversary on the Board, it is anticipated that he will step down as a Director by the end of 2022. The Committee have considered the composition of the Board, its effectiveness and diversity, and has concluded that no further appointments to the Board will be made during 2022.

### Executive Director changes

David Silverman (Executive Director) will be leaving the Group on 14 April 2022 after 13 years as a Board Director. David Silverman's current responsibilities will be allocated amongst the other Executive Directors and the Board will not seek to appoint a replacement Executive Director.

Since 2018, and through natural succession changes, the number of Executive Directors on the Board has reduced from six to four, which is more aligned with other FTSE 250 companies.

### Diversity and inclusion

Over the past few years, the business has introduced various initiatives to address gender diversity and we are pleased with the great strides that have been made. In total, 52% of employees are female and we are seeing progressive improvement in the number of women at executive level and as direct reports to the Executive Committee (see pages 147, 169 and 171).

The Board is fully compliant with the gender diversity recommendations of the Hampton-Alexander Review and the proposed Board diversity targets contained in the FCA's consultation on 'Diversity and inclusion on company boards and executive committees' (see page 147).

In respect to ethnic diversity, the Board's composition is in accordance with the Parker Review recommendation that at least one Director is from an ethnic minority background by 31 December 2024. Although there has been improvement in the ethnic diversity of the Board, and within the Group's senior management teams, we are mindful that this remains a focus area so that we can further harness the benefits of diversity. We intend to continue to support the diversity and development of the Group's talent pipeline.

### Further engagement

If you wish to discuss any aspect of the Committee's activities, I will be attending the forthcoming AGM on 13 May 2022 and would welcome your questions. I am also available via our Company Secretary, David Lawler (telephone: +44 (0)20 7659 3000 or email: [company.secretary@derwentlondon.com](mailto:company.secretary@derwentlondon.com)).

### Mark Breuer

Chair of the Nominations Committee  
23 February 2022

## Committee composition and performance

Our Committee consists of seven independent Non-Executive Directors (biographies are available on pages 126 and 127). At the request of the Committee, Executive Directors, members of the senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

During the year under review, the Committee was particularly busy and held eight formal meetings (2020: seven meetings), to oversee the search for a new Non-Executive Director (Sanjeev Sharma).

	Independent	Number of meetings	Attendance <sup>(i)</sup>
Mark Breuer, Chair <sup>(ii)</sup>	Yes	6	100%
Claudia Arney	Yes	8	100%
Lucinda Bell	Yes	8	100%
Richard Dakin	Yes	8	100%
Helen Gordon	Yes	8	100%
Sanjeev Sharma <sup>(iii)</sup>	Yes	1	100%
Cilla Snowball	Yes	8	100%
Simon Fraser <sup>(iii)</sup>	Yes	7	100%

Notes:

<sup>(i)</sup> Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2021.

<sup>(ii)</sup> Mark Breuer and Sanjeev Sharma joined the Committee following their appointment to the Board on 1 February 2021 and 1 October 2021, respectively.

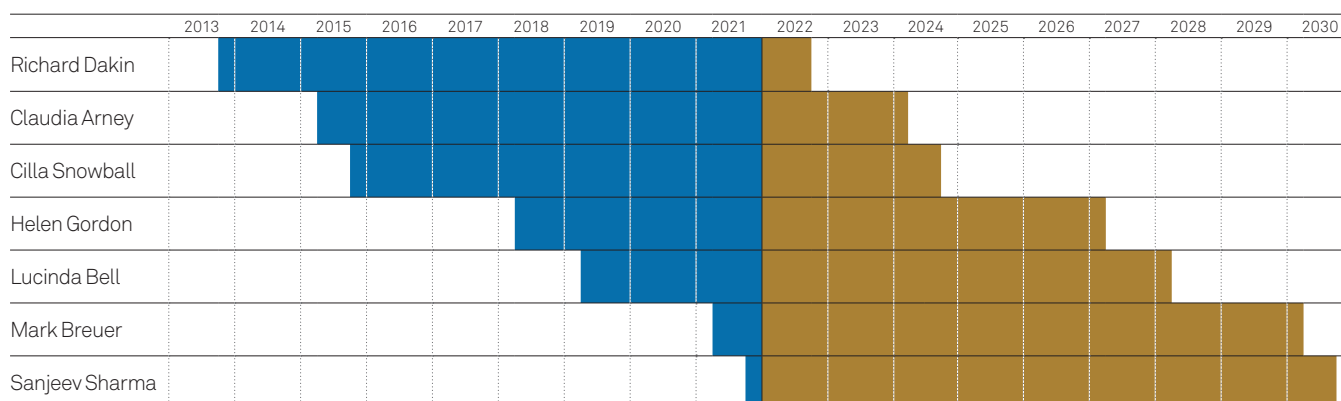
<sup>(iii)</sup> Simon Fraser joined all meetings of the Committee until his retirement from the Board on 31 October 2021. Simon Fraser stepped down as Committee Chair, and was succeeded by Mark Breuer, following the conclusion of the 2021 AGM.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in May 2021 and are on the Company's website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees)

The 2021 evaluation of the Board, its committees and individual Directors, was internally facilitated by Mark Breuer, the Chairman of the Board, in accordance with our three-year cycle of evaluations (see page 141). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

## Non-Executive Directors' tenure

The Committee monitors a schedule of the Non-Executive Directors' tenure and reviews potential departure dates assuming the relevant Directors are not permitted to serve more than three three-year terms (nine years) from their appointment date, unless in exceptional circumstances (see the chart below).



Based on Richard Dakin's tenure, it is anticipated that he will step down as a Director by the end of 2022. Further information on succession planning is on page 146.

## Board and committee composition

On an annual basis, the Nominations Committee considers the composition of the Board and its committees in terms of its balance of skills, experience, length of service, knowledge of the Group and wider diversity considerations. The Committee did not identify any material skill gaps on the Board or its committees. An overview of the Board's skills, experience and knowledge is on page 140.

The Committee's review also aims to ensure each committee is appropriately composed to be effective and is conducted alongside discussions on Board succession and Non-Executive Director (NED) tenure.

The table below provides an overview of the composition of the Board's five principal committees as at 1 January 2022. Further information on the Board's diversity is on pages 147 and 171.

	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee	Responsible Business Committee
Mark Breuer				Chair	
Richard Dakin	✓	Chair		✓	
Claudia Arney	✓		Chair	✓	✓
Cilla Snowball		✓		✓	Chair
Helen Gordon			✓	✓	
Lucinda Bell	Chair	✓	✓	✓	
Sanjeev Sharma	✓	✓		✓	
Number of independent NEDs	4	4	3	7	2
Number of Executive Directors	-	-	-	-	1
Number of employee representatives	-	-	-	-	4
<b>Total membership</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>7</b>

Following the Committee's review, it was confirmed that the membership of the five principal committees continues to be appropriate, effective and in accordance with the 2018 UK Corporate Governance Code.

## NOMINATIONS COMMITTEE REPORT CONTINUED

### Non-Executive Director appointment

During the year under review, the Nominations Committee led the selection and appointment process for a new Non-Executive Director, as Simon Fraser approached his ninth year on the Board. Spencer Stuart, an executive search consultancy, provided assistance to the Committee and was made aware of the Board's diversity policy (see page 147). Spencer Stuart has no other connection to the Company or individual Directors.

It was a key component of our specification that a new member of the Board has an understanding of the property sector, an entrepreneurial mindset, a passion for culture and diversity, and extensive people management experience. Spencer Stuart provided a long list of potential candidates, and first stage interviews were conducted by the Chair of the Committee and Cilla Snowball, Non-Executive Director. A shortlist of two candidates was selected for final stage interviews with the Committee members, CEO and CFO.

Following satisfactory conclusion of a thorough due diligence and referencing process, the Committee unanimously recommended Sanjeev Sharma's appointment to the Board. We were delighted that Sanjeev joined our Board on 1 October 2021. Sanjeev's biography is available on page 127.

### Induction

The Company provides new Directors with a comprehensive and tailored induction process which includes visiting a number of the Group's properties, meetings with the Group's audit partner and corporate lawyer, together with meetings with the Executive Directors, Executive Committee and senior management.

Induction programmes are developed by the Group's Company Secretarial team and approved by the Chair of the Committee. If considered appropriate, new Directors are also provided with external training that addresses their role and duties as a Director of a quoted public company.

We aim to limit the amount of information provided as reading material during an induction process. All new Directors are provided with access to our electronic Board paper system and the Group intranet which provides easy and immediate access to the following key documents:

- Our latest budget and five-year plan.
- Recent broker reports and feedback from our stakeholder engagement programmes.
- Information on our sustainability initiatives, including our Net Zero Carbon Pathway.
- The Group's Risk Register, Schedule of Principal Risks and Schedule of Emerging Risks.
- Recent Board evaluation reports, including the report from the latest externally facilitated review.
- Recent reports from the external Auditor, PwC.
- Organisation and legal charts, overview of the committees' membership and Non-Executive Director tenure.
- Matters reserved for the Board and the committees' terms of reference.

During the year under review, the Company conducted two induction processes for Mark Breuer and more recently Sanjeev Sharma.

### Appointment review

As Claudia Arney, Cilla Snowball and Lucinda Bell approached the end of their current term of office, the Committee performed a rigorous review of their appointments during 2021. None of the Non-Executive Directors were present when their term of appointment was considered by the Committee.

As part of this review, the Committee considered the following factors: contribution to boardroom discussion, independence, industry knowledge, length of tenure on the Board, outcome of their latest individual annual effectiveness review, Board composition (including diversity considerations), and time commitment to the appointment (including other external appointments).

The Committee is pleased to report that it is satisfied with the ongoing performance and commitment of Claudia, Cilla and Lucinda and recommended that their appointments be extended for another three-year term.

### Succession planning

As Directors we have a duty to ensure the long-term success of the Company, which includes ensuring that we have a steady supply of talent for executive positions and established succession plans for Board changes. The Committee considers the Group's succession planning on a regular basis to ensure that changes to the Board are proactively planned and co-ordinated.

Over the past couple of years, the Committee has led the succession plans for the recent Board changes including the appointment of Paul Williams as CEO, Mark Breuer as Non-Executive Chairman and Helen Gordon as Senior Independent Director. David Silverman will be leaving the Group on 14 April 2022 and the Board has agreed that David's responsibilities will be allocated amongst the other Executive Directors and therefore a replacement Executive Director will not be appointed.

In November 2021, the Committee reviewed the Group's long-term talent pipeline and succession plans, with particular attention being given to individuals showing potential to be 'leaders of the future', current and future skill gaps (including training needs) and areas of risk within the business (including impending retirements). As part of its review, the Committee requested an update on specific development plans for key talent and suggested that the Remuneration Committee review the Group's long-term incentive schemes for employees, as part of its Remuneration Policy review in 2022, to ensure they remain appropriate and effective for talent retention.

The Committee's succession planning activities during 2022 will therefore primarily focus on Non-Executive Directors, the Executive Committee and the wider talent pipeline.

The Executive Directors are responsible for the Group's succession plans below the Board. The Committee receives periodic updates on these succession plans, and monitors the development of the executive team below the Board, to ensure that there is a diverse supply of senior executives and potential future Board members with appropriate skills and experience.

As at 1 January 2022, the Executive Committee consists of five Executive Directors, the Company Secretary and six senior managers. Victoria Steventon (Head of Property Management), Vasiliki Arvaniti (Head of Asset Management) and John Davies (Head of Sustainability) were appointed members of the Executive Committee from 1 January 2022. The diversity balance of the Executive Committee is now 33% female and 8% from an ethnic minority background. Further information on the gender diversity of the Executive Committee, and its direct reports, is provided in the chart below. The membership of the Executive Committee will be considered further during 2022.

The Group's talent pipeline has been strengthened through a number of external appointments and internal promotions (see page 60).

### Non-Executive Director succession

Richard Dakin is nearing the ninth anniversary of his appointment (see page 145) and it is anticipated that he will step down as a Director by the end of 2022. The Committee does not intend to recruit a Non-Executive Director following Richard's retirement from the Board.

In preparation for Claudia Arney reaching her ninth anniversary on the Board in the first half of 2024, Sanjeev Sharma will join the Remuneration Committee during 2022 to ensure he has the knowledge to succeed Claudia Arney as Chair, in accordance with the UK Corporate Governance Code (provision 32).

### Board diversity

A diversified Board brings constructive challenge and fresh perspectives to discussions. We consider diversity, in its widest sense (and not limited to gender), during our Board composition reviews and the development of recruitment specifications.

The Board's diversity policy requires that, where possible, each time a Director is recruited at least one of the shortlist candidates is female, and wherever possible, at least one of the candidates is non-white. Whilst we have identified areas where we could further improve our diversity balance, principally our ethnic diversity, we do not positively discriminate during the recruitment process and are conscious that altering the diversity of the Board can only be done in conjunction with the underlying Board refreshment programme.

The Committee is aware of the FCA's consultation on 'Diversity and inclusion on company boards and executive committees' and welcomes all recommendations which seek to improve transparency. The Committee can confirm that as at 1 January 2022, the Board complies with the proposed changes to the Listing Rules in respect to Board diversity targets:

- **At least 40% of the board are women (including individuals self-identifying as women):** 42% of our Board are women (improving further to 46% after David Silverman steps down from the Board on 14 April 2022).
- **At least one of the senior board positions (Chair, CEO, SID or CFO) is held by a woman (including individuals self-identifying as women):** Helen Gordon is our Senior Independent Director.
- **At least one member of the board is from a non-white ethnic minority background:** Sanjeev Sharma (Non-Executive Director) is from a non-white ethnic minority background.

During 2022, the Committee will review the wider proposals contained in the FCA consultation and will monitor the release of the final recommendations.

The diversity of our Board is in accordance with the Hampton-Alexander Review and Parker Review recommendations. An overview of our recent progress against the Hampton-Alexander recommendations is provided below.

## HAMPTON-ALEXANDER REVIEW: OUR PROGRESS

### Women on the Board

(including the Chairman)  
1 January 2021: 33%

**42%** ↑

Number: 5 (+1 from 2020)

### Women on the Executive Committee<sup>(ii)</sup>

1 January 2021: 22%

**33%** ↑

Number: 4 (+2 from 2020)

### Female Non-Executive Directors

(excluding the Chairman)  
1 January 2021: 66%

**66%**

Number: 4 (no change)

### Female direct reports to the Executive Committee<sup>(iii)</sup>

1 January 2021: 36%

**49%** ↑

Number: 25 (+13 from 2020)

### Women in senior Board positions<sup>(i)</sup>

(including the Chairman)  
1 January 2021: 0%

**25%** ↑

Number: 1 (+1 from 2020)

### Women in senior management<sup>(iv)</sup>

1 January 2021: 33%

**32%**

Number: 6 (+1 from 2020)

#### Notes:

<sup>(i)</sup> Senior positions on the Board include the CEO, CFO, Chairman and Senior Independent Director.

<sup>(ii)</sup> The combined diversity balance of the Executive Committee and its direct reports (excluding administrative and support staff) is 53.4% women.

<sup>(iii)</sup> Direct reports to the Executive Committee, excluding administrative and support staff, is 49.0% women. Direct reports to the Executive Committee, including administrative and support staff, is 57.4% women.

<sup>(iv)</sup> Senior management are on pages 128 and 129. During 2021, there was a net change in the composition of the senior management team of two new members, of which one was female and one was male. The number of women in senior management increased from five to six.