

# Nominations Committee report



**Simon Fraser**

Chair of the Nominations Committee

## 2021 Focus areas

- Ensure a smooth handover of responsibility as Mark Breuer succeeds John Burns as Non-Executive Chairman
- Review the composition of the Board in order to agree the specifications for future Non-Executive Director appointments
- Continue to monitor diversity initiatives, in particular those which respond to the Parker Review recommendations (see page 127)
- Monitor succession planning and our talent pipeline at Board and Executive Committee level

### Dear Shareholder,

I am pleased to present to you the report of the work of the Nominations Committee for 2020.

### Chair succession

A key focus area for the Committee in 2020 was to find a successor to John Burns. On 26 January 2021, we were delighted to announce the appointment of Mark Breuer as a Director with effect from 1 February 2021. Mark will succeed John Burns as our independent Non-Executive Chairman following conclusion of the 2021 AGM.

Mark worked in investment banking for thirty years and, in 2017, retired from a 20-year career at JP Morgan in London, where he held the position of Vice Chairman Global M&A and was a member of the Global Strategic Advisory Council. During his career, Mark served in numerous client facing and management roles advising on strategy, finance and corporate development. Mark is a Fellow of the Institute of Chartered Accountants of England and Wales and currently serves as a Non-Executive Director on the Board of DCC plc and Arix Bioscience plc. We have provided an overview of our succession activities and Mark's induction on page 126.

The Committee would like to take this opportunity to thank John Burns for his remarkable achievements in founding and leading Derwent London for so many years, and for his excellent chairmanship over the past two years.

### Board appointments

Simon Silver retired from the Board on 26 February 2021 and Emily Prideaux was appointed an Executive Director from 1 March 2021. This internal appointment demonstrates the importance of creating a strong talent pipeline.

A focus area for the next 18 months will be Non-Executive Director recruitment, as Richard Dakin and I approach the ninth anniversary of our appointments. The recruitment process will be led by Mark Breuer, as Non-Executive Chairman, and will be supported by the Nominations Committee.

### Diversity

As a business we have put various initiatives into practice to address gender diversity, which has resulted in us exceeding two of the Hampton-Alexander Review targets in advance of the 31 December 2020 deadline, see page 127. Despite the gender balance of the Executive Committee remaining an area for further improvement, we are pleased with the great strides we have made in respect to gender diversity, particularly at Board level and within the Group's talent pipeline.

The Board are mindful that ethnic diversity remains a challenge. As at 1 January 2021, 23% of our workforce and 16% of the direct reports to the Executive Committee identified as non-white however, none of the leadership team or Board are from an ethnic minority background. To further harness the benefits of a diversified Board, the Committee is aiming to achieve the Parker Review recommendation that at least one Director is of colour by 31 December 2024. We also intend to continue to support and develop our talent pipeline in respect to cultural and ethnic diversity.

### Further engagement

If you wish to discuss any aspect of the Committee's activities, I will be attending the forthcoming AGM on 14 May 2021 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)).

### Simon Fraser

Chair of the Nominations Committee  
10 March 2021

### Committee composition

Our Committee consists of six independent Non-Executive Directors (biographies are available on pages 106 to 107). At the request of the Committee, members of the Executive Committee, senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

	Independent	Number of meetings	Attendance
Simon Fraser, Chair	Yes	7	100%
Claudia Arney	Yes	7	100%
Lucinda Bell	Yes	7	100%
Richard Dakin	Yes	7	100%
Helen Gordon	Yes	7	100%
Dame Cilla Snowball	Yes	7	100%

Note:  
 (i) Mark Breuer became a member of the Committee following his appointment on 1 February 2021.

The Committee’s role and responsibilities are set out in the terms of reference, which were last updated in November 2020 and are on the Company’s website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees).

### Meetings of the Committee

During the year under review, the Committee held seven formal meetings (2019: three meetings).

### Committee performance evaluation

The 2020 evaluation of the Board, its committees and individual Directors was internally facilitated by Simon Fraser, the Senior Independent Director, in accordance with our three-year cycle of evaluations (see page 121). There were no significant matters raised.

### 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’s review aims to ensure each committee is appropriately composed to be effective and is conducted alongside discussions on Board succession and Non-Executive Director tenure.

The table below provides an overview of the composition of the Board’s five principal committees as at 31 December 2020. Further information on the Board’s diversity is on pages 119 and 127.

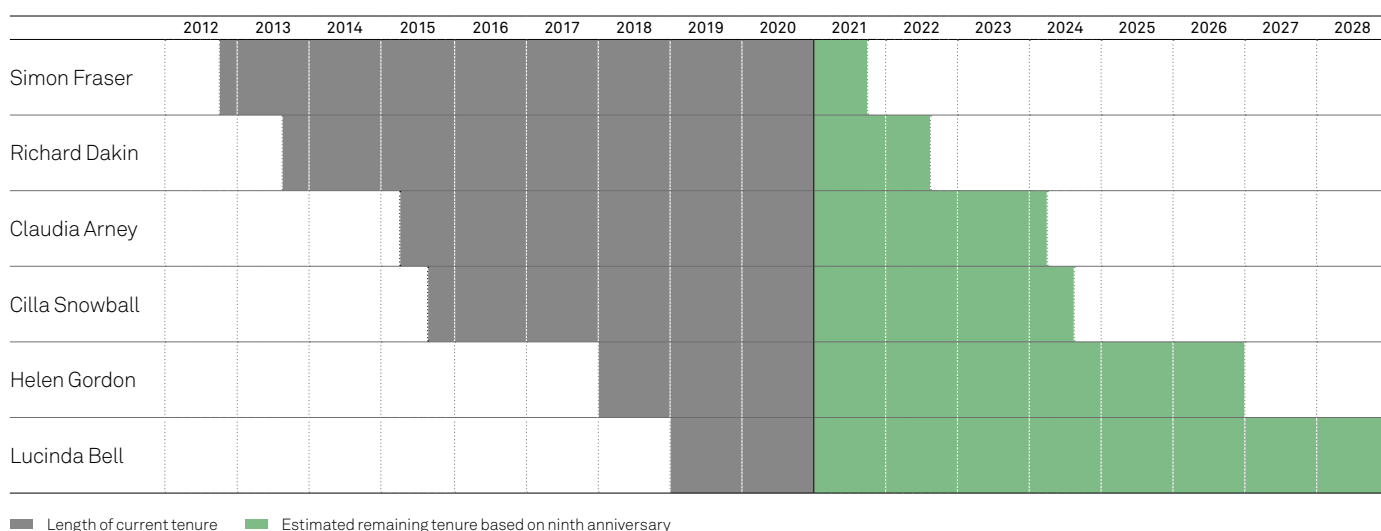
	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee	Responsible Business Committee
Simon Fraser	✓		✓	Chair	
Richard Dakin	✓	Chair		✓	
Claudia Arney	✓		Chair	✓	✓
Cilla Snowball		✓		✓	Chair
Helen Gordon			✓	✓	
Lucinda Bell	Chair	✓	✓	✓	
Number of independent NEDs	4	3	4	6	2
Number of Executive Directors	–	–	–	–	1
Number of employee representatives	–	–	–	–	3
<b>Total membership</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>6</b>

Note:  
 (i) During the year, a further employee (Davina Stewart) was appointed to become a member of the Responsible Business Committee (see page 147).

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.

### 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).



The Committee’s focus for 2020 was on the appointment of an independent Non-Executive Chairman to succeed John Burns. During 2021, the Committee will begin searching for an additional Non-Executive Director, as Richard Dakin and Simon Fraser approach the ninth anniversary of their appointments. Further information on succession planning is on page 126.

## Nominations Committee report continued

### Chairman appointment

The Committee led the selection and appointment process for a new Chairman to succeed John Burns with assistance from Spencer Stuart, an executive search consultancy. Spencer Stuart has no other connection to the Company or individual Directors.

At the forefront of the Committee's discussions was the need to ensure an orderly succession and preservation of the Group's culture, which remains a valuable core strength of the business. A gender-balanced shortlist of candidates were interviewed by the Nominations Committee in December 2020, following which Mark Breuer was identified as the preferred candidate. Following satisfactory conclusion of a thorough due diligence and referencing process, the Committee recommended his appointment to the Board.

Mark joined Derwent London as a Director on 1 February 2021 to begin his induction process and it is scheduled to be completed well in advance of the 2021 AGM.

### 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 department 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 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 committee's membership and Non-Executive Director tenure.
- Matters reserved for the Board and the committees terms of reference.

During the year under review, the Company did not need to conduct an induction process.

### 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 coordinated.

Over the past couple of years, the Committee has led the succession plans relating to the retirement of Robbie Rayne, John Burns and Simon Silver and the appointment of Paul Williams as CEO, Mark Breuer as Chairman Designate and Emily Prideaux as an Executive Director. Following this period of heightened activity, the Committee's activities will primarily focus on Non-Executive Director and Executive Committee succession.

### Non-Executive Director succession

The Board have two Non-Executive Directors, Simon Fraser and Richard Dakin, nearing the ninth anniversary of their appointments (see page 125). The Committee intends to prepare a specification for the appointment of a new Non-Executive Director following completion of a detailed composition review of the Board, including of its skills, experience and diversity.

[p.127](#) Board's diversity policy

### Executive Committee succession

The Committee 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.

During 2020 and early 2021, the Executive Committee composition was altered due to natural succession changes which included Rick Meakin departing the business in October 2020 and Simon Silver retiring from 26 February 2021. As at 1 March 2021, the Executive Committee consists of five Executive Directors and three senior managers, with a diversity balance of 25% female.

The Executive Committee considers the adequacy of the Group's succession plans below the Board as part of the five-year strategy review and provides updates to the Committee. Further information on the role of the Executive Committee is on page 113.

The Group's talent pipeline has been strengthened through a number of external appointments and internal promotions, including:

- the recruitment of Vasiliki Arvaniti (Head of Asset Management), Nathan Johnstone (Head of Facilities Management) and Victoria Steventon (Head of Property Management); and
- the internal promotion of Matt Cook (Head of Digital Innovation & Technology), Jay Joshi (Treasurer) and Heethen Patel (Financial Controller).

Information on the gender diversity of the Executive Committee and its direct reports is on page 127. There were 10 internal promotions across the Group during 2020, 40% of which were female and 40% ethnic minorities.

[p.128](#) Diversity focus areas

## Diversity and inclusion

Having a diverse, highly talented and skilled group of people at all levels at Derwent London is fundamental to our business success. Diversity and inclusion bring new ideas and fresh perspectives which fuel innovation and creativity. This is why we actively work to attract, retain and develop employees to improve our talent pipeline (further information on pages 50 and 51).

We are founding supporters of Real Estate Balance and we are members of the City Women Network (CWN) which provides membership to all our senior female employees.

In 2020, we established a new Diversity & Inclusion Working Group chaired by our CEO and during 2021 the Group will work towards receiving accreditation for the UK National Equality Standard.

**p.149** UK National Equality Standard

**p.50** Our people

### 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 Board's gender balance is in accordance with the Hampton-Alexander Review recommendations and will further improve following the announced Board changes to be 42% female following conclusion of the 2021 AGM. The Board, with assistance from the Nominations Committee, has committed to implement the Parker Review recommendations, including that the Board should have at least one Director of colour by 2024.

### Hampton-Alexander Review: gender diversity targets

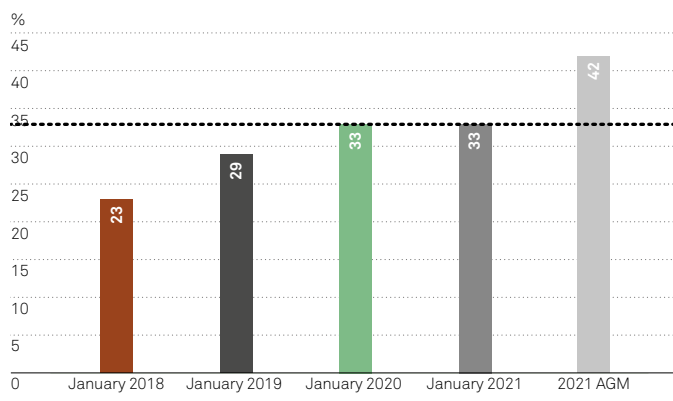
The Company has been working towards achieving the recommendations of the Hampton-Alexander Review and have 33% female representation on its Board, Executive Committee and senior management teams (direct reports to the Executive Committee) by 31 December 2020.

The target for boardroom diversity and direct reports to the Executive Committee had been achieved well in advance of the deadline, however, the gender balance of the Executive Committee remains a challenge. Following natural succession changes, the gender diversity of the Executive Committee improved to 25% as at 1 March 2021. The gender balance of the Executive Committee will continue to remain an area of focus during 2021.

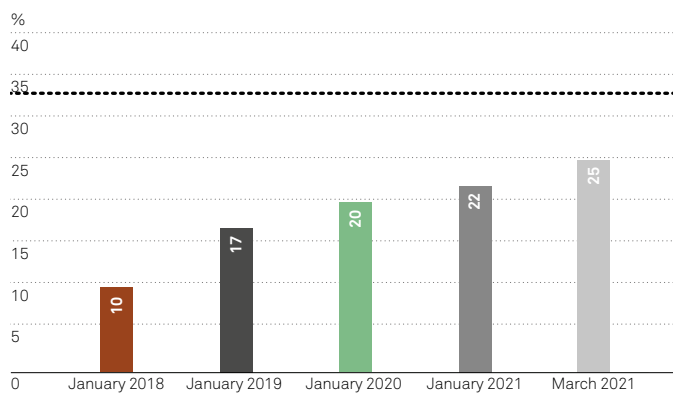
An overview of our progress against the Hampton-Alexander recommendations since January 2018 is provided to the right.

## Hampton-Alexander Review: our progress

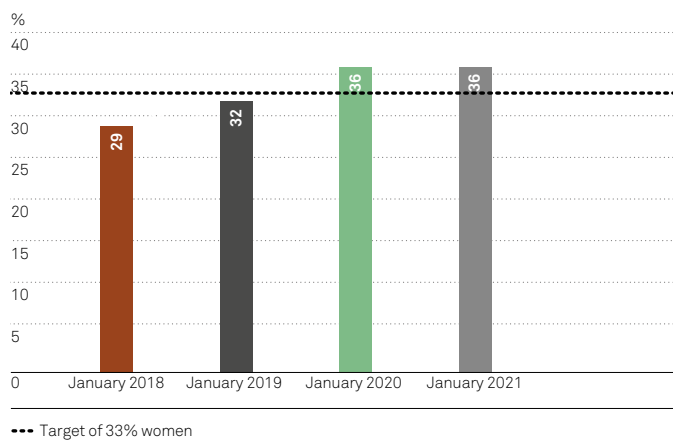
### Board



### Executive Committee



### Direct reports



#### Notes:

- (i) The Executive Committee is composed of five Executive Directors and three senior managers (see pages 108 and 109).
- (ii) The combined diversity balance of the Executive Committee and its direct reports (excluding administrative and support staff) is 34.1% women as at 1 January 2021.
- (iii) Direct reports to the Executive Committee, excluding administrative and support staff, is 36.4% women. Direct reports to the Executive Committee, including administrative and support staff, is 50.0% women.

## Nominations Committee report continued

### Diversity focus areas

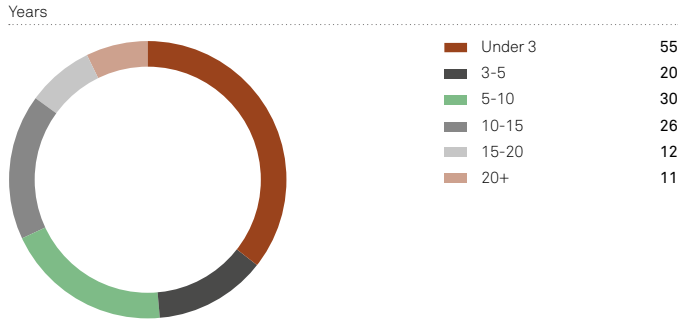
The Board has established clear focus areas which aim to promote the importance of diversity at all stages from attracting diverse and talented employees through to retention and promotion. The key focus areas have been widened to ensure sufficient attention is being given to ethnic diversity in addition to other diversity considerations.

Focus	Actions taken during 2020	Further actions required in 2021
<b>Attracting diverse, highly skilled and talented employees</b> <ul style="list-style-type: none"> <li>Tackle unconscious bias</li> <li>Candidate shortlists to have gender balance</li> <li>All recruiters are signatories to the Standard Voluntary Code of Practice</li> <li>Recruit from a wide pool of talent (including women returning to work)</li> </ul>	<ul style="list-style-type: none"> <li>We intended to roll out the unconscious bias training undertaken by Directors and senior managers in 2019 to all employees. Unfortunately, these sessions had to be put on hold due to the Covid-19 pandemic as the sessions are more effective when undertaken in a face to face format</li> <li>A guest speaker from a BAME background presented to the Executive Committee and to all employees via a town hall meeting to share their life/work experiences in the property industry</li> <li>All current recruitment agencies are signatories to the Code of Practice</li> <li>During the year under review:               <ul style="list-style-type: none"> <li>43.3% of new recruits have been female and 23.3% of new recruits were non-white</li> <li>69.2% of new female recruits were for 'professional' roles and 55.5% of the professional female recruits were non-white</li> </ul> </li> <li>We continued with current initiatives, which included ensuring all shortlists had gender balance where possible</li> </ul>	<ul style="list-style-type: none"> <li>Recommence unconscious bias training for all employees</li> <li>Continue with current initiatives including our social responsibility messaging, communicating our culture and inclusive values to the market</li> <li>Relaunch our recruitment guidelines booklet</li> </ul>
<b>Retaining the best talent</b> <ul style="list-style-type: none"> <li>Focus on women returning to work</li> <li>Promote the importance of work/life balance</li> <li>Equal opportunities for all</li> </ul>	<ul style="list-style-type: none"> <li>Continued with parental transition coaching for those returning from a period of extended leave</li> <li>Focus on work/life balance and wellbeing during the pandemic (especially during school closures)</li> <li>Conducted short pulse survey in June 2020 to measure communication, support and guidance from the senior management team and health and wellbeing support</li> <li>Set up new Diversity &amp; Inclusion Working Group, chaired by our CEO</li> <li>A further 26 employees commenced the 'Fit for the Future' programme</li> <li>Core Skills sessions and technical workshops continued virtually</li> </ul>	<ul style="list-style-type: none"> <li>Working towards achieving the UK National Equality Standard accreditation (see page 149)</li> <li>Continue with the Fit for the Future programme which is due for completion in summer 2021</li> <li>4th employee survey to be rolled out during 2021</li> </ul>
<b>Promoting diversity</b> <ul style="list-style-type: none"> <li>Gender balance within our internships and work experience placements</li> <li>Aim to encourage more girls to be interested in the construction and property industry and challenge harmful gender stereotyping</li> <li>Heads of Department demonstrate that we are an inclusive employer</li> </ul>	<ul style="list-style-type: none"> <li>Internship programmes and work experience placements put on hold during 2020 due to Covid-19</li> <li>Our fortnightly town hall meetings, hosted by our CEO focused on diversity and inclusion on a regular basis</li> <li>Increased the number of employee representatives on our Responsible Business Committee to three (including a BAME representative)</li> <li>Our monthly employee newsletters and intranet newsfeed focused on diversity and inclusion e.g. recognising and celebrating Black History Month</li> <li>Signed up to the #10,000 Black Interns programme which offers paid work experience, training, mentorship and development opportunities for the Black community</li> </ul>	<ul style="list-style-type: none"> <li>Participate in careers and volunteering events during 2021</li> <li>Seek to have gender and ethnic balance within our internships and work placements</li> <li>Identify ways in which we can support 'Pathways to Property'</li> <li>Host three interns in 2021 under the #10,000 Black Interns programme</li> </ul>

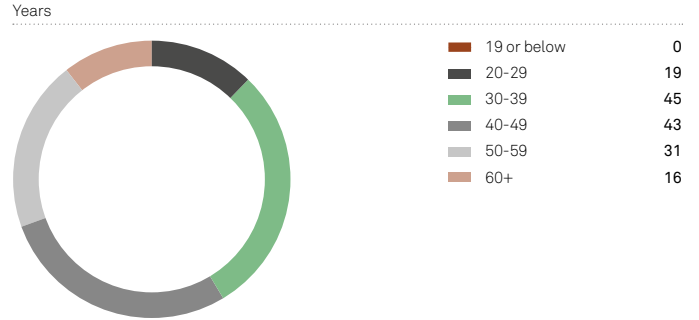
**The Group's composition and diversity**

We have an experienced, diverse and dedicated workforce. The charts below provide a breakdown of our diversity as at 1 January 2021. The Board's composition as at 1 January 2021 is shown on pages 119 and 127.

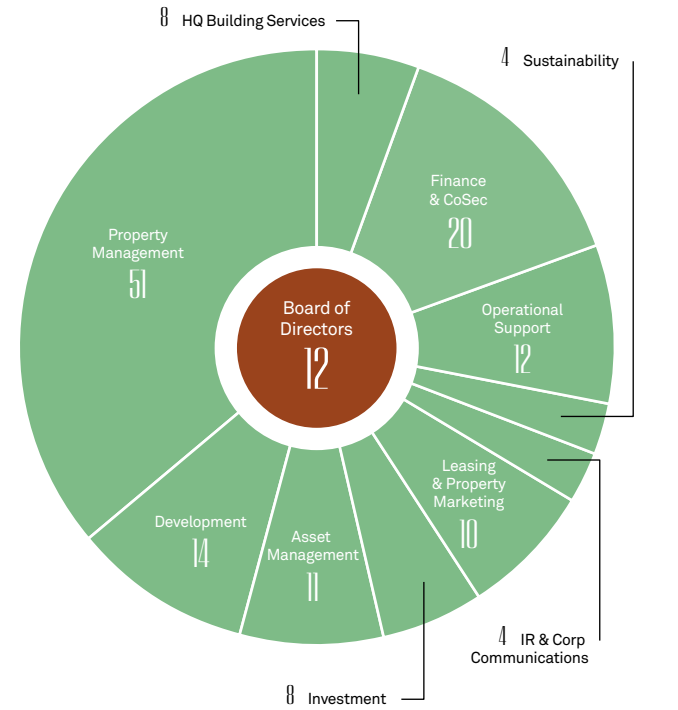
**Length of service**



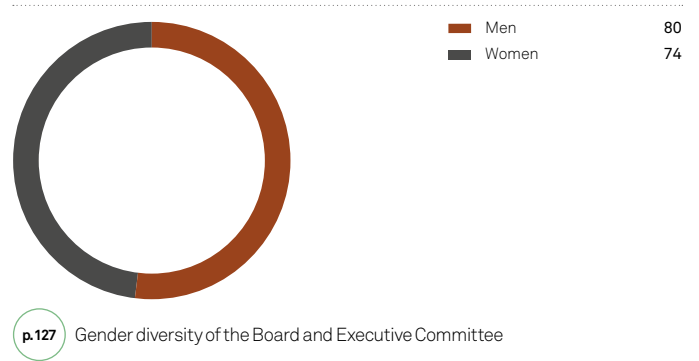
**Employees by age**



**Headcount by department**



**Gender diversity**  
(including Board of Directors)



**Ethnic origin**

