

# NOMINATIONS COMMITTEE REPORT



## MARK BREUER

Chair of the Nominations Committee

### 2023 FOCUS AREAS

- Ensure a smooth transition of responsibility to Helen Gordon as she succeeds Richard Dakin from 1 March 2023 as Risk Committee Chair
- Commence recruitment of a new Non-Executive Director in Q3 2023, based on a review of the Board's composition, skills and diversity
- Continue to monitor the Group's long-term succession and talent development pipeline

### COMMITTEE MEMBERSHIP DURING 2022

	Independent	Number of meetings <sup>1</sup>	Attendance <sup>2</sup>
Mark Breuer	Yes	3	100%
Claudia Arney	Yes	3	100%
Lucinda Bell	Yes	3	100%
Richard Dakin	Yes	3	100%
Helen Gordon	Yes	3	100%
Sanjeev Sharma	Yes	3	100%
Cilla Snowball	Yes	3	100%

<sup>1</sup> The Committee attended three scheduled meetings with an additional ad hoc meeting being held in February. Due to prior business arrangements Claudia Arney and Cilla Snowball were unable to attend the ad hoc meeting.

<sup>2</sup> Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2022.

Dear Shareholder,

I am pleased to present an overview of the Committee's work during 2022. The Committee has principally focused on succession planning and talent development.

#### Succession planning

Richard Dakin (Non-Executive Director) will step down from the Board on 28 February 2023. Helen Gordon, who is currently a member of the Risk Committee, will take over responsibility for chairing the Risk Committee from 1 March 2023.

The Committee monitors the tenure of Non-Executive Directors to effectively manage succession planning (see page 154). Claudia Arney will approach the end of her ninth year on the Board in Q1 2024 and will be succeeded by Sanjeev Sharma as Remuneration Committee Chair. During Q3 2023 the Committee will lead the recruitment process for a new Non-Executive Director in preparation of Cilla Snowball approaching the end of her ninth year anniversary on the Board in the second half of 2024.

#### Talent development

I am delighted to see a number of internal promotions as well as the strengthening of teams through external appointments. Derwent London's talented and diverse employees are a key asset and as such, the Committee met regularly to review succession and talent development plans. A number of key appointments to the senior management team have been made during 2022, further details are on page 154.

#### Diversity and inclusion

The Board is fully compliant with the diversity recommendations arising from the Parker Review and the FTSE 350 Women Leaders Review (see page 155). In respect to ethnic diversity, 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 12 May 2023 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

27 February 2023

### Committee composition and performance

Our Committee consists of six independent Non-Executive Directors as well as our independent Chairman (biographies are available on pages 134 to 135). At the request of the Committee, members of the Executive 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 held three meetings (2021: eight meetings). 2021 was a particularly busy year for the Committee with the appointment of both a new Non-Executive Director and Chairman, leading to a higher number of meetings being held.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in August 2022 and are on the Company's website at: [www.derwentlondon.com/investors/governance/board-committees](http://www.derwentlondon.com/investors/governance/board-committees)

### Board and committee composition

The 2022 evaluation of the Board, its committees and individual Directors was externally facilitated by Manchester Square Partners LLP, in accordance with our three-year cycle of evaluations (see page 149). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

On a regular 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 147.

The table below provides an overview of the composition of the Board's five principal committees as at 1 January 2023. Further information on the Board's diversity is on page 155.

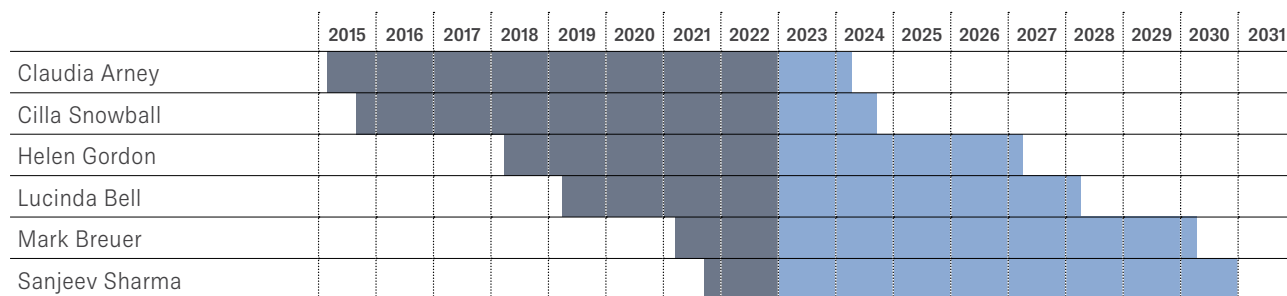
### Board and committee composition table

	Audit	Risk	Remuneration	Nominations	Responsible Business
Mark Breuer				Chair	
Richard Dakin	✓	Chair		✓	
Claudia Arney	✓		Chair	✓	✓
Cilla Snowball		✓		✓	Chair
Helen Gordon		✓	✓	✓	
Lucinda Bell	Chair	✓	✓	✓	
Sanjeev Sharma	✓	✓	✓	✓	
Number of independent NEDs:	4	5	4	7	2
Number of Executive Directors:	-	-	-	-	1
Number of employee representatives:	-	-	-	-	4
<b>Total membership:</b>	<b>4</b>	<b>5</b>	<b>4</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.

### 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).



# NOMINATIONS COMMITTEE REPORT continued

## 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.

### Non-Executive Director succession

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. Details of the Non-Executive Directors' tenure is on page 153.

Richard Dakin will step down from the Board on 28 February 2023. The extension of Richard's appointment from August 2022 to February 2023 facilitated an effective handover of responsibility to Helen Gordon who will succeed Richard Dakin as Risk Committee Chair from 1 March 2023.

The Committee is aware that both Claudia Arney and Dame Cilla Snowball are approaching their ninth anniversary on the Board. In preparation, Sanjeev Sharma joined the Remuneration Committee during 2022 and has been fully involved in the Remuneration Policy review. Sanjeev's appointment to the Committee ensures that he will have served on a Remuneration Committee for 12 months prior to succeeding Claudia Arney as Chair, in accordance with the 2018 UK Corporate Governance Code. The Committee will seek to recruit a new Non-Executive Director during the second half of 2023 in advance of Dame Cilla Snowball reaching her ninth anniversary on the Board.

### Executive Committee

The Group's talent pipeline has been strengthened through a number of internal promotions. During the year, Philippa Davies (Head of Leasing) joined the Executive Committee and effective from 1 January 2023, Robert Duncan (Head of Investor Relations & Strategic Planning) and Katy Levine (Head of Human Resources) also became Executive Committee members.

As at 1 January 2023, the composition of the Executive Committee consists of four Executive Directors, the Company Secretary and nine senior managers. The gender diversity composition of the Executive Committee is now 42.9% female, achieving the FTSE 350 Women Leaders Review target of 40% (see page 155).

## Senior management

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. During the year, these discussions led to the creation of personal development plans for specific individuals, coaching sessions and the appointment of mentors.

Alongside a number of executive promotions there have been external recruitments to strengthen teams further, including the appointment of Richard Dean as Director of Investments and Matt Peaty as Head of Health and Safety.

## Board appointments

The Committee is responsible for leading the recruitment process for new directors. Generally, the Committee will utilise either open advertising or an external search consultancy when recruiting a Chairman for the Board or a new Non-Executive Director. During the year under review, there have not been any new appointments made to the Board.

The Board's appointment policy requires that, where possible, each time a Director is recruited at least one of the shortlisted candidates is female and at least one of the candidates is from an ethnic minority group. 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.

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 key documents.

## 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 and committee composition reviews and the development of recruitment specifications during recruitment.

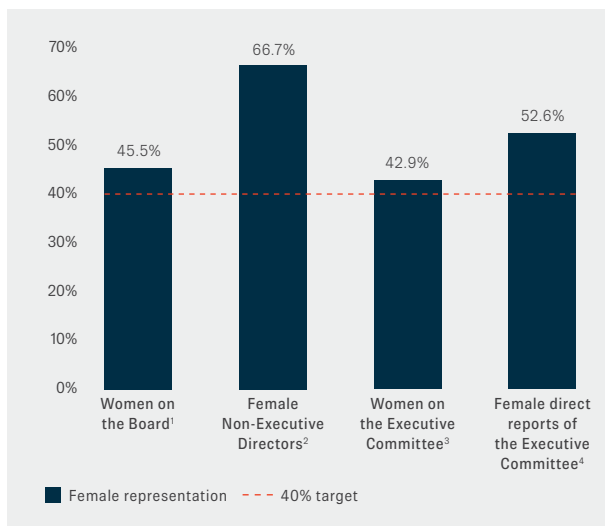
The Listing Rules were updated to include specific diversity targets which require companies to report against on a 'comply or explain' basis.

Target	Compliance
<b>At least 40% of the Board are women</b>	45.5% of our Board are women
<b>At least one of the senior Board positions is held by a woman</b>	Helen Gordon is our Senior Independent Director
<b>At least one member of the Board is from a minority ethnic background</b>	Sanjeev Sharma joined the Board in October 2021

### FTSE 350 Women Leaders Review

During 2022, the FTSE 350 Women Leaders Review published its recommendations which aim to further female representation on boards beyond the Hampton Alexander Review targets, increasing the target from 33% to 40%.

We are pleased that Derwent London's efforts to actively promote the importance of diversity has ensured our Board and senior management teams achieve the targets set by the FTSE 350 Women Leaders Review, the Listing Rules and the Parker Review.



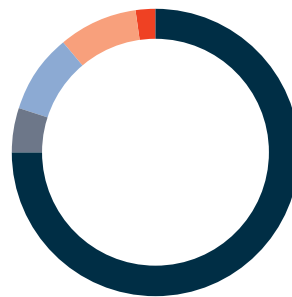
1 The Board, including the Chairman.  
 2 Independent Non-Executive Directors, excluding the Chairman.  
 3 The combined diversity balance of the Executive Committee and its direct reports (excluding administrative and support staff) is 50.7% women.  
 4 Direct reports to the Executive Committee, excluding administrative and support staff, is 52.6% women. Direct reports to the Executive Committee, including administrative and support staff, is 59.4% women.

## Ethnic diversity

The Parker Review continues to monitor and champion ethnic diversity on boards. During 2022, an updated report of the Parker Review was published which outlined the progress made to date. Within the FTSE 250, 128 companies had achieved the Parker Review's recommendations, which included Derwent London.

The Diversity and Inclusion Working Group (D&I Working Group) has established initiatives and events which focused on further harnessing, and celebrating, the benefits of diversity. Further information on the actions of the D&I Working Group is on page 186.

### Diversity of all Derwent London employees



White British/White Other	75.0%
Mixed/Multiple Ethnic Groups	4.9%
Asian/Asian British	9.2%
Black/African/Caribbean/Black British	8.7%
Other Ethnic Group	2.2%

## BOARD DIVERSITY

# 9.1%

of the Board (including the Chairman) is from an ethnic minority group