

NOMINATIONS COMMITTEE REPORT



Mark Breuer
Chair of the Nominations Committee

2024 Focus areas

- Recruit a new Non-Executive Director in H1 2024
- Continue to monitor the talent development pipeline
- Further discuss the long-term succession of senior executives
- Ensure a smooth transition of responsibility to Sanjeev Sharma as he succeeds Claudia Arney as Remuneration Chair from 10 May 2024

Committee membership during 2023

	Independent	Number of meetings	Attendance ¹
Mark Breuer	Yes	2	100%
Claudia Arney	Yes	2	100%
Lucinda Bell	Yes	2	100%
Helen Gordon	Yes	2	100%
Sanjeev Sharma	Yes	2	100%
Cilla Snowball	Yes	2	100%

¹ Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2023.

Dear Shareholder,

I am pleased to present an overview of the Committee's work during 2023. The Committee has principally focused on succession planning and the recruitment of a Non-Executive Director.

Board changes

Claudia Arney will step down from the Board at the 2024 AGM as she reaches her ninth year anniversary. The Board thanks Claudia for all her support and valuable contributions over the years. Sanjeev Sharma who is currently a member of the Remuneration Committee, will take over responsibility for chairing the Remuneration Committee from 10 May 2024.

During H1 2024, the Committee will recruit a new Non-Executive Director. Further information is on page 142. To ensure we have the correct skills and experience, the Committee has prepared a specification for a new Non-Executive Director based on the Board's skills, experience and diversity.

Executive development and succession planning

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.

During 2023, the Committee has focused on succession planning particularly in respect to the Executive Directors.

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 143). In respect to ethnic diversity, we are mindful that this remains a focus area so that we can further harness its benefits.

In accordance with the latest Parker Review recommendations, we are setting a target for the percentage of our senior management team self-identifying as being of an ethnic minority by December 2027. Due to being a relatively small company in respect to the number of people we employ, we feel the target we have set is challenging but realistic.

Further engagement

If you wish to discuss any aspect of the Committee's activities, I will be attending the forthcoming AGM on 10 May 2024 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

Mark Breuer
Chair of the Nominations Committee
27 February 2024

Committee composition and performance

Our Committee consists of five independent Non-Executive Directors as well as our independent Chairman (biographies are available on pages 122 and 123). 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 two meetings (2022: three meetings).

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; alongside considering whether each Non-Executive Director has sufficient time to discharge their duties (see page 135).

The Committee did not identify any material skill gaps on the Board or its committees, but agreed that Cilla Snowball should be appointed to the Audit Committee in August. An overview of the Board's skills, experience and knowledge is on page 136.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in November 2023 and are on the Company's website at: www.derwentlondon.com/investors/governance/board-committees

The 2023 evaluation of the Board, its committees and individual Directors was internally facilitated by the Senior Independent Director, Helen Gordon, in accordance with our three-year cycle of evaluations (see page 137). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

The table below provides an overview of the composition of the Board's five principal committees as at 31 December 2023. Further information on the Board's diversity is on page 143.

Board and committee composition

	Audit	Risk	Remuneration	Nominations	Responsible Business
Mark Breuer				Chair	
Claudia Arney	✓		Chair	✓	✓
Cilla Snowball	✓	✓		✓	Chair
Helen Gordon		Chair	✓	✓	
Lucinda Bell	Chair	✓	✓	✓	
Sanjeev Sharma	✓	✓	✓	✓	
Number of independent NEDs:	4	4	4	6	2
Number of Executive Directors:	-	-	-	-	1
Number of employee representatives:	-	-	-	-	4
Total membership:	4	4	4	6	7

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).

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Claudia Arney ¹																	
Cilla Snowball																	
Helen Gordon																	
Lucinda Bell																	
Mark Breuer																	
Sanjeev Sharma																	

¹ Claudia Arney will step down from the Board at the 2024 AGM.

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.

Executive and Non-Executive Director succession

The Committee considers the Group's succession planning on a regular basis to ensure that changes to the Board are proactively planned and coordinated. During the year, the Committee had a detailed discussion on the succession of the Executive leadership team.

The Committee continues to monitor the Non-Executive Directors' tenure (see page 141). To identify and capture any future requirements for Non-Executive Directors, the Committee has prepared a specification following a detailed composition review of the Board, including of its skills, experience and diversity.

Claudia Arney will step down at the 2024 AGM as she reaches her ninth year on the Board. The Committee has facilitated an effective handover of responsibility to Sanjeev Sharma who will succeed Claudia Arney as Remuneration Chair from 10 May 2024. The Committee is aware that Dame Cilla Snowball will also be approaching her ninth anniversary on the Board during 2024.

Board appointments

The Committee is responsible for leading the recruitment process for new Directors. Generally, the Committee will utilise 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 but the recruitment process has commenced for a new Non-Executive Director.

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 Chairman. 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.

Appointment review

As Mark Breuer and Helen Gordon reached the end of their current three-year terms, the Committee performed a rigorous review of their appointments. Mark and Helen were not present when their terms of appointment were considered by the Committee, respectively. The Committee is pleased to report that it is satisfied with both Mark's and Helen's ongoing performance and commitment and has recommended that their appointments be extended for another three years.

Executive Committee

The Group's talent pipeline has been strengthened through a number of internal promotions. During the year, Richard Dean (Director of Investment) joined the Executive Committee.

As at 31 December 2023, the composition of the Executive Committee consists of four Executive Directors, the Company Secretary and 10 senior managers. The gender diversity composition of the Executive Committee is now 40% female, achieving the FTSE 350 Women Leaders Review target of 40% (see page 143).

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 management 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.

Non-Executive Director recruitment process

Stage 1

The specification for a new Non-Executive Director following the Committee's review of the Board's composition of skills, experience and diversity was agreed at the Committee meeting on 30 October.

Stage 2

At the Nominations Committee meeting on 27 November the Committee agreed to appoint an external search consultancy from the shortlisted firms provided.

Stage 3

External search consultancy to provide a 'Long List' of candidates with the first stage interviews conducted by the Chairman.

Stage 4

A final 'Short List' of candidates to be selected for final stage interviews with the Committee members, CEO and Chairman.

Stage 5

The Committee to make their final recommendation to the Board.

Stage 6

A comprehensive induction programme will be organised by the Company Secretarial team with input from the Chairman

The Board confirms that the external search consultancy was appointed free from any conflicts of interest.

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 include specific diversity targets which require companies to report against on a ‘comply or explain’ basis.

Target	Compliance
At least 40% of the Board are women	50.0% of our Board are women
At least one of the senior Board positions is held by a woman	Helen Gordon is our Senior Independent Director
At least one member of the Board is from a minority ethnic background	Sanjeev Sharma joined the Board in October 2021

Ethnic diversity

The Parker Review continues to monitor and champion ethnic diversity on boards. During 2023, the Parker Review issued the results of the 2022 voluntary census. Derwent London achieved the 2024 target in 2021 with the appointment of Sanjeev Sharma to the Board. Within the FTSE 250, 224 companies responded to the Parker Review questionnaire, with 149 out of the 224 (67%) currently meeting the December 2024 target.

During the results publication of the 2022 voluntary census the Parker Review published a new recommendation for a December 2027 target. In accordance with these latest recommendations, we are setting a target of at least 15% of our senior management team self-identifying as being of an ethnic minority by December 2027. In accordance with the Parker Review we have defined our senior management team as being our Executive Committee (inclusive of Executive Directors) and our senior managers (see pages 122 to 125). The Board recognises that this is a challenging but realistic target. As at 31 December 2023, we had 26 managers in our senior management team of which three self-identify as being of an ethnic minority (11.5%).

Throughout the year, 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 168.

FTSE 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.

50.0%

Women on the Board
Target: 40%

40.0%

Women on the Executive Committee¹
Target: 40%

80.0%

Female Non-Executive Directors²
Target: 40%

45.6%

Female direct reports of the Executive Committee³
Target: 40%

1 The combined diversity balance of the Executive Committee and its direct reports (excluding administrative and support staff) is 44.4% women.

2 Independent Non-Executive Directors, excluding the Chairman.

3 Direct reports to the Executive Committee, excluding administrative and support staff, is 45.6% women. Direct reports to the Executive Committee, including administrative and support staff, is 53.7% women.