



28th April 2022

LSL PROPERTY SERVICES PLC

LSL BOARD, COMMITTEE, AND SENIOR MANAGEMENT DIVERSITY POLICY

LSL Property Services plc (LSL)
LSL Board, Committee and Senior Managers Diversity Policy

1. Introduction:

This policy sets out LSL's approach to diversity and inclusion in relation:

- a. to its board of Directors (**Board**) and the Committees which have been established by the Board (**Committees**) (Nominations Committee; Remuneration Committee and Audit & Risk Committee); and
- b. to LSL's Senior Managers¹.

This policy, which is applicable to the LSL Board, its Committees and its Senior Managers only, sits alongside other Group employee policies which seek to promote diversity and inclusion across the LSL Group.

This policy takes into account the Board's objectives together with the requirements of the FRC's UK Corporate Governance Code (**Code**) and the FCA's Listing Rules.

2. Importance of Diversity to LSL:

The Code states that "*appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths*".

Changes to the ongoing reporting requirements announced by the FCA in April 2022² which are to be set out in the Listing Rules, require listed companies to report on gender and ethnic diversity within the Board, its Committees and the Senior Management Team.

The LSL Board also recognises the benefits of having diversity on its Board, its Committees and its Senior Managers. Through its recruitment, appointment and succession planning arrangements, LSL seeks to promote diversity including professional skills, experience, social backgrounds, gender and ethnicity in addition to individual cognitive and personal strengths. LSL believes that a diverse Board has a positive effect on decision making and benefits its shareholders and stakeholders.

LSL recognises that the Board and Committees set the tone for diversity and inclusion throughout the Group and that by actively reviewing, monitoring and engaging with discussion of diversity and inclusion it is best able to drive a positive impact to the advantage of all stakeholders.

While this policy includes targets in relation to gender and ethnicity, LSL's recognises that other types of diversity exist in addition to gender and ethnicity, including: sexual orientation, disability, neurodiversity and socio-economic background.

3. Role of the Nominations Committee:

The Board has established a Nominations Committee to lead the process for appointments to the Board and its Committees, and to ensure that plans are in place for orderly succession to both the Board and Senior Management positions. The Nominations Committee also oversees the development of a diverse pipeline for succession.

Further details of the Nominations Committee's role and responsibilities are set out in the *Nominations Committee terms of reference*³.

a. Recruitment and Appointments to the Board and its Committees:

¹ Senior Managers is determined by the Board and includes members of the Executive Committee and their direct reports.

² <https://www.fca.gov.uk/publications/policy-statements/ps22-3-diversity-inclusion-company-boards-executive-management>

³ https://d2hq6lxzg5ob4i.cloudfront.net/lslps/uploads/asset_file/NC-Terms-of-Ref-Sept21-draft-v2A-12.01.22.pdf?ts=1642090639632

Appointments to the Board and its Committees is led by the Nominations Committee which ensures that consideration is given to the use of open advertising and/or external search consultancy to assist with recruitment and that selection processes are based on merit. The Nominations Committee also ensure that searches include candidates from a wide and diverse range of backgrounds and LSL only supports the use of search consultancies who have signed up to the Voluntary Code of Conduct⁴ on diversity and best practice.

Prior to making a recommendation to the Board on an appointment, the Nominations Committee will evaluate the balance of independence, skills, knowledge, experience, expertise and diversity required, and in light of this evaluation, the Nominations Committee will prepare a description of the role and capabilities required for a particular appointment.

The Nominations Committee will also ensure that in any search and selection for appointment of new Director(s), the search is conducted, and any appointments are made, based on merit and against objective criteria having due regard for:

- i. the benefits of diversity on the Board;
- ii. taking care that appointees have sufficient time available to devote to the position; and
- iii. the Group's key stakeholders.

b. Succession planning:

The Nominations Committee ensures that succession plans are in place and that they are based on merit and objective criteria and have regard to the experience and expertise that are required for the Board and its Committees to be effective and the benefits of having a diverse composition.

c. Regular composition reviews:

The Nominations Committee will regularly review the Board and Committees composition, size and structure taking into account LSL's strategy. This review will also consider the size and composition of the Board and its Committees in addition to considering the skills, knowledge, experience, expertise and diversity requirements of the Board and its Committees. Following this review, the Nominations Committee will make recommendations to the Board for consideration and adoption.

d. Monitor and reporting of data:

The Nominations Committee will, taking into account recommendations from the Executive Committee, determine the data to be reported and monitored by it for the Board in relation to the LSL Group, including its Board, its Committees, the Senior Management teams and the Group's employees. The Nominations Committee will also oversee LSL's diversity and inclusion data to be included in its annual reporting and on its website.

4. *Role of the Remuneration Committee:*

The Remuneration Committee has been established by the Board and has delegated responsibility for determining the remuneration policy relating to the Chair, the Executive Directors and Senior Management (including the Company Secretary). The Remuneration Committee also reviews workforce remuneration and related policies and the alignment of incentives and rewards with culture and the promotion of diversity and inclusion in the LSL Group.

Further details of the Remuneration Committee's role and responsibilities are set out in the *Remuneration Committee terms of reference*⁵.

5. *Annual Evaluation:*

As part of its annual Board and Committee evaluation exercise, the Directors consider Board and Committee composition, diversity and how the effectively members work together to achieve LSL's objectives.

⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/659381/VOLUNTARY_CODE_OF_CONDUCT_FOR_SEARCH_FIRMS_NOVEMBER_2017.pdf

⁵ https://d2hq6lxzg5ob4i.cloudfront.net/lslps/uploads/asset_file/RC-Terms-of-Reference-Dec21-Final.pdf?ts=1642086493571

6. *Diversity Targets:*

LSL supports the aims and recommendations outlined in the *Hampton-Alexander Review*⁶ and the *Parker Review*⁷ and the FCA's Policy Statement (published in April 2022) on "Diversity and inclusion on company boards and executive management" (PS22/3)⁸. Measurable objectives for diversity of the Board and the Senior Management will be set from time to time by the Nominations Committee and the Board.

Board

The targets which apply to the Board with effect from the 28th April 2022 are:

- gender diversity:
 - a. at least 40% women; and
 - b. at least one woman in the role of Chair; Group CEO; Group CFO; or SID.
- ethnic diversity: at least one director who is from a minority ethnic background⁹.

Senior Management

The targets which apply to Senior Management with effect from 28th April 2022 are:

- a. Gender diversity: by 1st January 2023 at least 33% are women and at least 33% are men; and
- b. Ethnic diversity: by 1st January 2023 at least 11% are from a minority ethnic background.

The targets will be reviewed during 2022 and they may be adjusted by the Board on the recommendation of the Nominations Committee.

7. *Annual Reporting:*

LSL will report annually in the *Corporate Governance Report (including Nominations Committee Report)* contained in the annual report and accounts, on whether LSL has met the above targets and if not, the reasons for not meeting the targets.

The reporting will also include details of the processes used in relation to appointments to the Board, its Committees and Senior Managers and their succession plans, and it will detail any changes to the Board that have occurred between the 31st December and the date that the annual report and accounts are approved by the Board.

Finally, the reporting will include an explanation of LSL's approach to collecting data used for the purposes of making the disclosures required by the Listing Rules.

8. *Policy Review:*

This policy is subject to an annual review by the Nominations Committee on behalf of the Board.

Reviewed and approved by the Nominations Committee and adopted with immediate effect by the Board on 28th April 2022.

⁶ <https://ftsewomenleaders.com/about-us/>

⁷ <https://www.gov.uk/government/publications/ethnic-diversity-of-uk-boards-the-parker-review>

⁸ <https://www.fca.org.uk/publications/policy-statements/ps22-3-diversity-inclusion-company-boards-executive-management>

⁹ Defined in Glossary (Listing Rules) as: (1) Asian/Asian British; (2) Black/African/Caribbean/Black British; (3) Mixed/Multiple Ethnic Groups; and (4) Other ethnic group, including Arab.