

CORPORATE GOVERNANCE STATEMENT continued

PURPOSE

Why we do what we do

Our purpose communicates the Group's strategic direction and intentions to our employees, occupiers and wider stakeholders. Due to its importance, it is regularly reviewed by the Board.

During the year under review, the Board continued its discussions on how best to streamline our purpose and provide greater clarity to stakeholders on what is important to Derwent London (our core values). With assistance from third party advisers, the Board agreed its vision, made refinements to the Group's purpose and condensed our values into three 'core values'. Our progress towards achieving our purpose during 2022 can be reviewed on the following pages:

- LONG-LIFE, LOW CARBON, INTELLIGENT BUILDINGS / See page 23
- DELIVERING ABOVE AVERAGE LONG-TERM RETURNS FOR ALL OUR STAKEHOLDERS / See pages 46 and 205

VALUES

The qualities we embody

Our values articulate the qualities we embody and our underlying approach to doing business. They are embedded in our operational practices through the policies approved by the Board and the direct oversight and involvement of the Executive Directors.

The Executive Directors have been delegated responsibility for ensuring that policies and behaviours set at Board level are effectively communicated and implemented across the business. If the Board is concerned or dissatisfied with any behaviours or actions, it seeks assurance that corrective action is being taken. No such action was required during 2022.

- A DYNAMIC AND INCLUSIVE TEAM / See page 28
- DESIGN-LED DEVELOPMENT / See page 23
- ESG HIGHLIGHTS / See page 7

CULTURE

How we work together

Our culture has developed from our values and is a key strength of our business. The benefits of a strong culture is seen in our employees' engagement scores, retention rate and levels of productivity. As the cultural tone of a business comes from the boardroom, safeguarding our culture is a key factor in the development of the Board's succession plans.

Embedding our culture

The Board reinforces our culture and values through its decisions, strategy and conduct. Culture and value 'fit' is a key consideration during our recruitment process, which is reinforced during our induction programme, monthly town halls run by the CEO, and is monitored through performance appraisals.

As part of the six-monthly performance review cycle, our employees reflect on whether they demonstrate the core 'competencies' outlined in the review. These competencies include the ability to build strong internal and external relationships, communicate clearly, build trust, and demonstrate creativity, initiative and teamwork. These discussions reinforce the behaviours we wish to foster within our workforce and link our culture to our reward mechanisms.

Our senior management team undertake training to ensure they are supporting their teams and encouraging the behaviours which align with our culture. During 2022, management training covered allyship and inclusion, recognising and supporting mental health concerns and unconscious bias.

Assessment and monitoring

The Board measures the culture of the Group via:

- Regularly meeting with management and inviting employees to present at Board and committee meetings.
- Receiving feedback via the four employee representatives that sit on our Responsible Business Committee.
- Assessing cultural indicators such as:
 - management's attitude to risk;
 - health and safety data;
 - compliance with the Group's policies and procedures; and
 - key performance indicators, including staff retention.
- Feedback from our wider stakeholders, including from occupier 'pulse surveys'.
- Promptness of payments to suppliers.
- Independent assurance is sought via the outsourced internal audit function and other advisers.

The feedback received from employee surveys provides valuable insights into what is valued and seen as corporate norms. The biennial Employee Survey includes a specific question on how our employees would describe our culture. These monitoring activities helped to inform the Board's discussions on our vision, purpose and values during 2022.

- ATTRACTING AND OPTIMISING TALENT / See page 59
- INVESTING IN TEAM COACHING / See page 61