

# CORPORATE GOVERNANCE STATEMENT CONTINUED

## KEY ACTIVITIES OF THE BOARD DURING 2019

### Overview

The Board met seven times during the year (including the Annual General Meeting). One meeting every year is arranged specifically to consider the Group's strategy and five-year plan. Additional meetings are arranged if necessary for the Board to properly discharge its duties. An overview of our Board's key activities is provided below.

#### Property portfolio

- Approved the sale of:
  - The Buckley Building EC1 for £103m before costs
  - Premier House SW1 for £50m before costs
  - 9 and 16 Prescott Street E1 for £57.5m before costs
- Received regular updates on the key construction projects:
  - Brunel Building W2
  - 80 Charlotte Street W1
  - Soho Place W1
  - The Featherstone Building EC1
- Reviewed quarterly project cost reports
- Provided with regular updates on asset management, leasing and investment activities from the senior management team
- Reviewed and approved the half-yearly independent valuations of the Group's property portfolio

#### Link to strategic objectives:

1. 2. 4.

#### Strategy and financing

- Annual strategic review in June 2019 to approve the five-year plan which included receiving presentations from the Executive Committee and updates from external advisers
- Ongoing updates from the Executive Committee on the implementation of strategy throughout the year
- Regularly reviewed the Group's financial structure and position, including:
  - Approved the offering of £175m of convertible bonds due 2025 and the concurrent repurchase of the outstanding £150m 1.125% convertible bonds due 2019
  - Approved a new 'green' Revolving Credit Facility (see page 74)
- Regularly considered the impact of Brexit and political uncertainty on our business and strategy

#### Link to strategic objectives:

1. 4. 5.

#### Risk management and internal control

- Reviewed the Group's principal risks and considered emerging risks which could impact on the five-year plan
- Verbal updates from the Risk and Audit Committee chairs on the key areas discussed
- Updates on the assurance audits performed by RSM and the priority actions arising
- Received regular reports on health and safety matters
- Reviewed the results of a legal audit into our GDPR procedures
- Complete compliance training programme (see page 134)
- Reviewed the tenant at risk register

#### Link to strategic objectives:

2. 3. 4.

	FEBRUARY	MARCH	APRIL	MAY
<b>Board and Committee meetings</b>	<ul style="list-style-type: none"> <li>• Main Board</li> <li>• Audit Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration Committee</li> </ul>		<ul style="list-style-type: none"> <li>• Main Board</li> <li>• Audit Committee</li> <li>• Risk Committee</li> <li>• Responsible Business Committee</li> <li>• Annual General Meeting (AGM)</li> </ul>
<b>Key announcements</b>	<ul style="list-style-type: none"> <li>• 2018 year-end announcement</li> </ul>	<ul style="list-style-type: none"> <li>• Brunel Building office space fully pre-let</li> </ul>	<ul style="list-style-type: none"> <li>• Publication of Annual Report and Notice of AGM</li> <li>• Notice of Bondholders' meeting</li> <li>• First office pre-let at Soho Place W1</li> </ul>	<ul style="list-style-type: none"> <li>• Q1 Business update</li> <li>• Adjustment to conversion price</li> <li>• Result of AGM</li> </ul>

**Key Strategic objectives**

- |   |   |  |
|---|---|--|
| <p><b>1.</b> To optimise returns and create value from a balanced portfolio</p> | <p><b>3.</b> To attract, retain and develop talented employees</p>        | <p><b>5.</b> To maintain strong and flexible financing</p> |
| <p><b>2.</b> To grow recurring earnings and cash flow</p>                       | <p><b>4.</b> To design, deliver and operate our buildings responsibly</p> |  |

**Corporate reporting and performance monitoring**

- Reviewed the rolling forecasts and approved the 2020 budget
- Received updates from the chair of the Remuneration Committee on the key areas discussed
- Conducted a review of the Company's viability over the next five-year period
- Approved the year-end and interim results
- Approved the Q1 and Q3 business updates
- Reviewed the 2019 Annual Report to check it is fair, balanced and understandable

Link to strategic objectives:

**1. 2. 5.**

**Stakeholder engagement**

- Met shareholders at the Annual General Meeting (AGM) held on 17 May 2019
- Accelerated our target to become net zero carbon by 2030 (see page 80)
- Received updates from the chair of the Responsible Business Committee on the Group's sustainability initiatives
- Received updates on our investor engagement programmes and regular investor relations reports
- Reviewed the results of the third employee survey conducted in Q4 2019 (see page 84 to 85)
- Approved the first grant under the Group-wide Sharesave Plan (see page 159)
- Received progress updates on our diversity targets and focus areas (see pages 119 to 121)

Link to strategic objectives:

**3. 4.**

**Governance**

- Ensured the separation of leadership between the roles of Chairman and CEO (see page 116)
- Participated in an externally facilitated evaluation of the Board, its Committees and all Directors
- Performed an annual review of the Committees' terms of reference and that the Committees' membership remained appropriate
- Received regular governance updates from the Company Secretary
- Reviewed the Matters reserved for the Board
- Routinely considered the Board's conflicts of interests
- Received regular updates from the Remuneration Committee on the Remuneration Policy review and the feedback received from shareholders during consultation (see page 146)

Link to strategic objectives:

**1. 3.**

**JUNE**

- Strategy awayday

**AUGUST**

- Main Board
- Audit Committee
- Risk Committee
- Nominations Committee
- Remuneration Committee

**OCTOBER**

- Remuneration Committee

**NOVEMBER**

- Main Board
- Audit Committee
- Risk Committee
- Nominations Committee
- Remuneration Committee

**DECEMBER**

- Main Board
- Remuneration Committee
- Responsible Business Committee

- Convertible bond offering and concurrent repurchase
- Convertible bond conversion and repurchase price

- 2019 Interim results
- Sale of The Buckley Building EC1

- Derwent London first UK REIT to sign a RCF with a 'green' tranche

- Q3 Business update
- Apollo pre-letting at 1 Soho Place W1

- Disposal of 40 Chancery Lane WC2