

CORPORATE GOVERNANCE STATEMENT

Structure of the Governance section

The Governance section has been organised to follow the structure and principles (A to R) of the 2018 UK Corporate Governance Code (the Code) and illustrates how we have applied the Code principles and complied with the provisions. Further information on the Code and our compliance is on page 123.

1. Board leadership and Company purpose	Page 130 to page 137
A Effective Board (page 130)	
B Purpose, values and culture (page 131)	
C Governance framework and Board resources (pages 132 and 133)	
D Stakeholder engagement (page 134) Responsible Business Committee (pages 166 to 171)	
E Workforce policies and practices (page 136)	
2. Division of responsibilities	Page 138 to page 143
F Board roles (page 138)	
G Independence (page 139)	
H External appointments and conflicts of interest (page 139)	
I Key activities of the Board in 2021 (page 142)	
3. Composition, succession and evaluation	Page 140 to page 147
J Appointments to the Board (pages 140 and 146)	
K Board skills, experience and knowledge (page 140)	
L Annual Board evaluation (page 141)	
4. Audit, risk and internal control	Page 148 to page 171
M Financial reporting (page 149) External Auditor & Internal audit (pages 155 to 157)	
N Review of the 2021 Report & Accounts (page 150)	
O Internal financial controls (page 154) Risk management (page 159)	
5. Remuneration	Page 172 to page 193
P Linking remuneration with purpose and strategy (pages 174 and 175)	
Q Remuneration Policy review (page 173)	
R Performance outcomes in 2021 (pages 183 to 185) Strategic targets (pages 179 and 184)	

BOARD LEADERSHIP AND COMPANY PURPOSE

Effective Board

Our Board is composed of highly skilled professionals who bring a range of skills, perspectives and corporate experience to our boardroom (see pages 126, 127 and 140). To ensure sufficient time for discussion, the Board utilises its five principal committees to effectively manage its time (see page 133). At each Board meeting, the agenda ensures sufficient time for the committee chairs to report on the contents of discussions, any recommendations to the Board which require approval and the actions taken.

The Board conducts a detailed annual review of our strategy (including our purpose and strategic objectives). Some of the key aspects discussed by the Board during its strategy discussions included:

- our aspirations, culture and purpose (see page 131);
- the role and future of the office (see page 15), tenant sectors to watch and, changes in occupier demand;
- changes to the London office market and investment market;
- succession planning (see page 146);
- feedback received from our employees and other key stakeholders;
- our development pipeline in respect to its replenishment and future potential (see pages 20 and 21); and
- climate change risk and opportunities.

Promoting the long-term success of Derwent London

In accordance with the Code, the role of the Board is to promote the long-term sustainable success of the Company, generate value for shareholders and contribute to wider society. The appropriateness of our business model is regularly reviewed by the Board at its strategy review meetings to ensure it remains capable of generating long-term sustainable value for our shareholders and other key stakeholders. In order for the business to continue to generate long-term sustainable value, the Board's actions during 2021, included:

- We completed a number of important acquisitions which has helped to restock the Group's development pipeline (see page 20). A well-stocked pipeline of potential development opportunities is a source of future returns for the Group and a key factor in our ability to continue to deliver above average returns to our stakeholders.
- During the year, we began to pursue opportunities to self-generate renewable energy from our land holdings in Scotland and liaised with our occupiers to align our net zero carbon journeys (see page 13).
- We understand the importance of amenities to our occupiers. During 2021, we opened DL/78, launched the new DL/ App, and further improved the facilities available in our buildings (see page 30).
- We increased the availability of long-term funding. An additional £350m of finance was raised via a green bond and we extended our Revolving Credit Facilities. As at 31 December 2021, our weighted average term of borrowings increased to 7.2 years.

Further information on how we create long-term value is available on the following pages:

[Reasons to invest page 6](#) →

[Our strategy page 32](#) →

[The section 172\(1\) statement page 124](#) →



Our purpose, values and culture are disclosed on pages 1 and 122.

Purpose and values

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. At the Board's strategy review meeting in June 2021, it was agreed that our purpose could be simplified to ensure greater clarity and reference to the importance of our net zero carbon journey (see page 1). Our progress towards achieving our purpose during 2021 can be reviewed on the following pages:

- How we have helped to improve and upgrade the stock of office space in central London (pages 20 to 25).
- The above average long-term returns to our shareholders (pages 46 and 187).
- The social, environmental and economic benefits brought to all our stakeholders (pages 50 to 75).

Our values articulate the qualities we embody and our underlying approach to doing business. Our values 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 will seek assurance that corrective action is being taken. No such action was required during 2021.

Culture

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 year-on-year 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.

Assessment and monitoring

The Board monitors and assesses the culture of the Group via:

- Regularly meeting with management and inviting employees to present at Board and committee meetings.
- Gleaning feedback via the 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 at our Stakeholder Day and from occupier pulse surveys.
- Messages received via the Group's whistleblowing system.
- Promptness of payments to suppliers.
- Independent assurance is sought via the outsourced internal audit function and other advisers.

The biennial employee surveys provide valuable insights into what is valued and seen as corporate norms. The Board was pleased to note that when our employees described the core characteristics of our culture in the 2021 employee survey, the top responses were 'passionate', 'professional', 'hardworking' and 'reputable'. In addition, 'diverse' and 'inclusive' were attributes of our culture which were used substantially more than in our last employee survey in 2019, highlighting the effectiveness of our initiatives and progress in these areas (see page 59).

With assistance from advisers, the Board will seek independent assurance that the Group's culture is clearly understood by our employees and key stakeholders during 2022 (see page 141).

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 2021, management training covered recognising and supporting mental health concerns, diversity and inclusion, and unconscious bias.

Maintaining our culture during uncertainty and periods of change

The Covid-19 pandemic caused disruption and required adjustment to the way we work, lead our teams, collaborate and communicate. Early emphasis was placed on supporting our key stakeholder groups, including our employees, occupiers and local communities.

For our employees, we provided clear communication, reassurance and implemented further initiatives to support their mental health and wellbeing (see page 56).

It was critical that any new joiners during this period, who were unable to physically meet their teams or experience the office environment, gained a clear sense of our cultural identity. This was principally facilitated through frequent team video/conference calls, our employee newsletters, vast information on our intranet site and monthly town halls. As part of National Inclusion Week, 'coffee catchups' were organised for randomly selected staff to get to know someone they perhaps had not had a chance to meet yet. This initiative was particularly helpful for new starters who had joined throughout the year and had limited interaction with other departments.

In addition, we hosted two in-person induction sessions in July and September which included a discussion with Davina Stewart (an employee member of the Responsible Business Committee) on the topic of diversity and inclusion and our culture. At our Property & Building Management Awayday, the HR team hosted an interactive session on Derwent London's culture and values.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Governance arrangements and Board resources

Corporate governance is essential to ensuring our business is run in the right way for the benefit of all of our stakeholders. Our governance arrangements support the development and delivery of strategy by:

- ensuring accountability and responsibility;
- facilitating the sharing of information to inform decisions;
- establishing engagement programmes with key stakeholders (see pages 26 and 27);
- maintaining a sound system of risk oversight, management and an effective suite of internal controls (see pages 154, 159, 160 and 164);
- providing independent insight and knowledge from the Non-Executive Directors; and
- facilitating the development and monitoring of key performance indicators (see pages 44 to 49).

If any Director has concerns about the running of the Group or a proposed course of action, they are encouraged to express those concerns which are then minuted. No such concerns were raised during 2021.

The Board maintains a formal schedule of matters which are reserved solely for its approval. These matters include decisions relating to the Group's strategy, capital structure, financing, any major property acquisition or disposal, the risk appetite of the Group and the authorisation of capital expenditure above the delegated authority limits.

On 6 August 2021, a detailed review of the Board's delegated authority limits was conducted, and amendments were made in respect to the limits for major property acquisitions/disposals and major capital expenditure projects. The revised authority limits are detailed below:

Board approval is required for:	Level of approval:
Major property acquisition or disposal	Valued above £40m (previously £20m)
Major capital expenditure project	Projected costs above £20m (previously £10m)
Material occupier lease or contract	Rental income greater than 7.5% of the Group's total rental income

Although the Board is formally required to authorise capital expenditure above this limit, the open nature of our organisation means that the Board is aware of all active projects within our portfolio.

The Directors utilise an electronic Board paper system which provides immediate and secure access to papers. The Chairman of the Board and the chairs of the committees set the agendas for upcoming meetings with support from the Company Secretary.

We aim to ensure that the information shared with our Board is of sufficient depth to facilitate debate and to fully understand the content without becoming unwieldy and unproductive. Papers are required to be clear and concise with any background material included as an appendix. We often invite the preparer of the report to attend meetings so the Board can gain a better understanding and question management directly.

All Directors have access to the services of the Company Secretary and any Director may instigate an agreed procedure whereby independent professional advice may be sought at the Company's expense. No such advice was sought by any Director during the year.

Board members and attendance in 2021

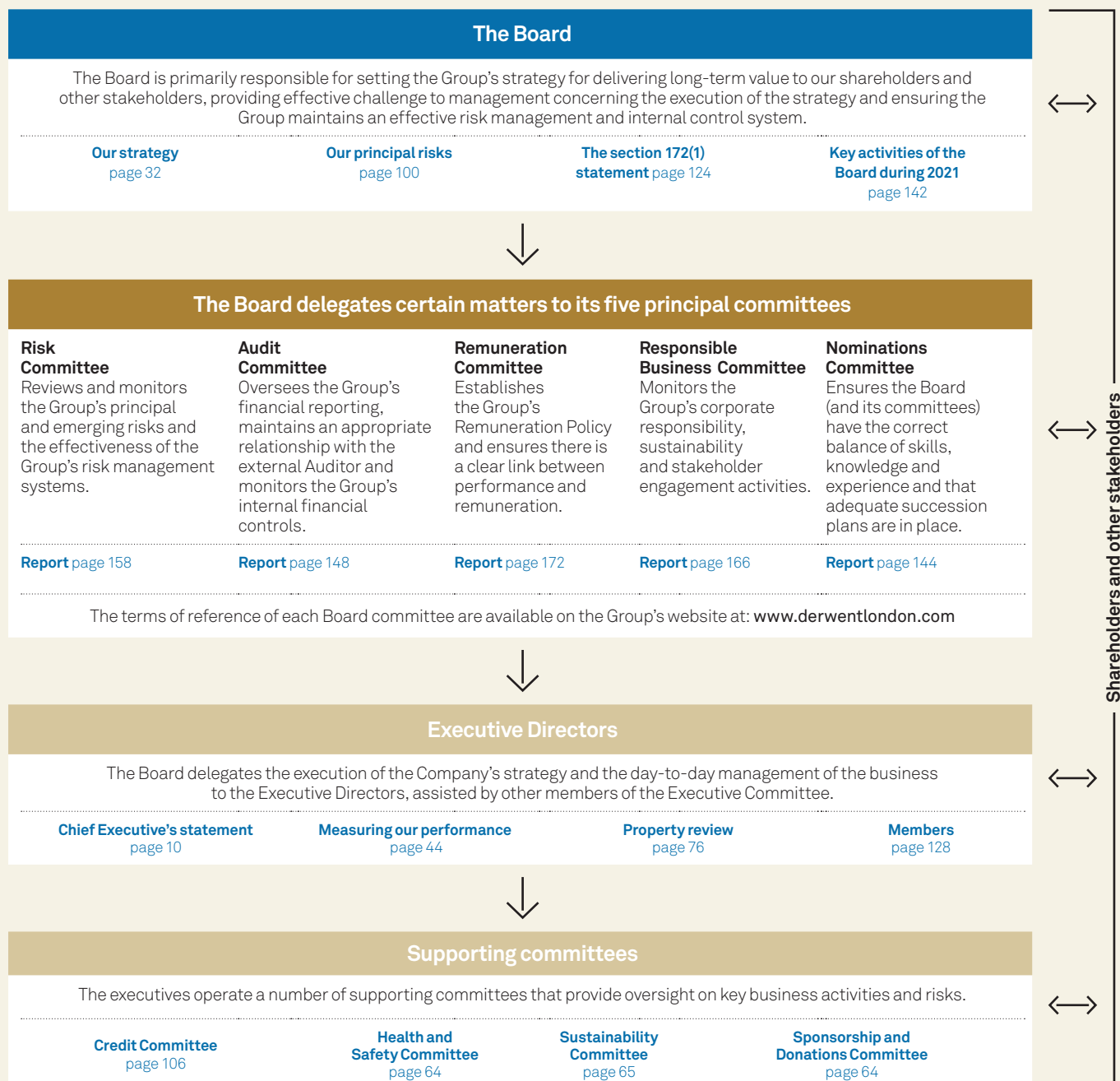
	Attendance at Board meetings ⁽ⁱ⁾
Chairman	
Mark Breuer (from 1 February 2021)	100%
John Burns (until 14 May 2021)	100%
Executive Directors	
Paul Williams, CEO	100%
Damian Wisniewski, CFO	100%
Nigel George	100%
Emily Prideaux (from 1 March 2021)	100%
Simon Silver (until 26 February 2021)	100%
David Silverman (until 14 April 2022)	100%
Independent Non-Executive Directors	
Claudia Arney	100%
Lucinda Bell	100%
Richard Dakin	100%
Simon Fraser (until 31 October 2021)	100%
Helen Gordon	100%
Cilla Snowball	100%
Sanjeev Sharma (from 1 October 2021)	100%

Notes:

⁽ⁱ⁾ Percentages based on the meetings entitled to attend for the 12 months ended 31 December 2021

GOVERNANCE FRAMEWORK

We pride ourselves on conducting our business in an open and transparent manner. Our well-established culture ensures that our governance framework remains flexible, allowing for fast decision making and effective oversight (further information on page 132).



Our shareholders and other key stakeholders play an important role in monitoring and safeguarding the governance of our Group. Further information on how we engage with our shareholders (see page 137), employees (see page 135) and other key stakeholders are on pages 26 to 27.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Stakeholder engagement

We recognise the importance of clear communication and proactive engagement with all of our stakeholders. Our stakeholder engagement programmes are kept under routine review by the Board.

Stakeholder engagement has been particularly important in the past two years, due to the uncertainty and economic difficulties caused by Covid-19. Some of our engagement methods required adjustment in response to the restriction imposed by the government to slow the spread of the virus, including the use of conference call facilities to hold our 2020 and 2021 Annual General Meeting (see page 197) and the postponement of our 2020 Stakeholder Day which took place in 2021.

During the year under review, we utilised various engagement channels to receive invaluable feedback from our key stakeholders (see pages 26 to 27) which was factored into our principal decisions and activities (see pages 124 and 125).

For further information see the following disclosures:

[Our strategy](#) page 32 →

[Our people](#) page 56 →

[National Equality Standard](#) page 58 →

[The section 172\(1\) statement](#) page 124 →



Stakeholder Day 2021

“It was tremendous to see how much Derwent value the opinion and engagement of their stakeholders”.

Andrew Ridley-Barker,

Multiplex Construction Europe Ltd.
Stakeholder Day attendee

STAKEHOLDER DAY

To enhance our understanding of our stakeholders' views and concerns, we held our first Stakeholder Day on 29 September 2021 at DL/78. Attendees included the Executive Directors, Mark Breuer (Chairman) and Cilla Snowball (Non-Executive Director) as well as occupiers, local charities, contractors, suppliers, advisers and members of the local authorities.

At the event our stakeholders were informed of our purpose, values, our 2030 Net Zero Carbon Pathway, and future projects including our 'Intelligent Building' initiatives.

The event was well received by attendees and further emphasised that strong stakeholder relationships are central to our collaborative approach.

STAKEHOLDER CHARITY AUCTION

Following consultation with our employees, Derwent London nominated two charities to support during 2021. In order to raise funds for the chosen charities we held a virtual auction from 15 to 19 November.

The online auction site was open to all of our occupiers via the DL/ App and saw a high level of interaction from suppliers and friends of Derwent London through generous donations and bids. Gifts donated by our stakeholders included a signed Cristiano Ronaldo football boot and a 'Spa for two' at Mandarin Oriental. We were delighted with the level of engagement and support we received.

£13,857

was raised and divided equally between our chosen charities, MIND and The Teenage Cancer Trust

INVESTOR DAY

On 28 September 2021, we held an Investor Day which included presentations from the Executive Directors on the London office market, the sustainability of our portfolio (our Net Zero Carbon Pathway), our future developments and investment activity.

The day included a property tour of six properties in our portfolio (including the recent acquisitions from Lazari investments) and a drinks reception with the Chairman, Executive Directors and members of senior management.

How do we engage with our employees?

We have an experienced, diverse and dedicated workforce which is recognised as a key asset of our business. The Board and its committees routinely invite members of the management team to join meetings to present on the matters being discussed. In order to reach all employees, the Board utilises a combination of formal and informal engagement methods which are detailed below.

[How the Board factored employee engagement into its decisions in 2021](#) [page 125](#) →

Dedicated Non-Executive Director

Dame Cilla Snowball is the dedicated Non-Executive Director for gathering the views of the workforce. As Chair of the Responsible Business Committee, Cilla oversaw and received updates on our employee engagement methods. During 2021, Cilla attended the Stakeholder Day and various employee events. Further information on Cilla's role is on page 138.

Responsible Business Committee

The Responsible Business Committee has appointed four employees as members. Having employee members on a Board-level committee, enables the diverse voice of our employees to be brought directly into our Boardroom, providing invaluable insight. The Committee also strengthens the Board's oversight of environmental and social issues and, monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities (see pages 166 to 171).

Whistleblowing

Our whistleblowing system offers an anonymous reporting line for employees to raise any concerns directly with the Board. The whistleblowing system allows concerns to be raised either via telephone or online web-reporting. Further information on page 136. Due to the 'open door' nature of our business, concerns are often raised directly with management, the CEO or HR team, and appropriately investigated.

Town hall meetings

The CEO hosts monthly virtual town hall meetings to ensure all employees are kept informed of business activity, reassured and engaged. Employees were encouraged to put questions forward in advance (anonymously if they wished), which were then answered during the sessions. In 2021, our Occupational Health provider was invited to present at town hall meetings on topics including 'long covid', vaccines, variants, responsible behaviour and supporting others.

HOW DO WE ENGAGE WITH OUR EMPLOYEES?

Social Media channels

A variety of Social Media channels are utilised to enhance engagement and the exchange of information on the Company's activities to all stakeholders. These channels include, Facebook, Twitter, Instagram, the DL/ App and our Intranet. In particular our intranet is used as a popular platform for employees to access our policies and to receive information on wellbeing, health and safety, and training.

Awaydays

Awaydays provide an opportunity for our CEO to share the vision and strategy for the future, encourage collaboration across the business and, most importantly, have fun. Our next employee awayday is provisionally scheduled for September 2022. During 2021, we organised an awayday for our property and building managers which focused on risk management, contractor management and excellence in customer care.

Employee surveys

We gather feedback regularly from our employees to assess their levels of engagement. We conduct a formal biennial employee survey, designed and developed in conjunction with an independent provider (see page 60). A working group is established after each formal employee survey with the aim of making recommendations to the Executive Committee.

Working Groups

The Group currently operates a number of working groups covering areas such as diversity and inclusion, innovation, and social events. Feedback received from these working groups are given to the Responsible Business Committee or the Executive Directors, and ultimately the Board.

[The Diversity and Inclusion Working Group](#) [page 169](#) →

CORPORATE GOVERNANCE STATEMENT CONTINUED

Workforce policies and practices

The Executive Directors, with assistance from members of the Executive Committee, review and approve all key policies and practices which could impact on our workforce or influence their behaviours to ensure they support the Group's purpose and reflect our values (see page 131).

Policies are published on the intranet and where relevant included in the employee handbook. Our employees are required to confirm their understanding of these policies upon recruitment and on an annual basis.

To ensure policies are embedded in our business practices, we hold presentations to staff which highlight the key messages and notify them of any changes. We operate a mandatory training programme which aims to reinforce key compliance messages in areas such as anti-bribery, modern slavery, conflicts of interest, etc.

[Compliance training page 161](#) →

All employees (including the Board) are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of potential conflicts of interest is regularly reviewed to ensure it remains up to date. The Board is satisfied that potential conflicts have been effectively managed throughout the year (see page 139).

The Board approve the Remuneration Policy for the Executive Directors and, via the Remuneration Committee, has oversight of the wider workforce remuneration practices (further information on page 176). Our remuneration policies and practices are aligned with our pay principles, described on page 175.

As a business, we seek to conduct ourselves with honesty and integrity and believe that it is our duty to take appropriate measures to identify and remedy any malpractice within or affecting the Company. Our employees embrace our high standards of conduct and are encouraged to speak out if they witness any wrongdoing which falls short of those standards.

Our whistleblowing procedures are included within our employee handbook, on our Group intranet and staff noticeboards. In addition to an independent telephone line and online portal for anonymous reporting of concerns, the Senior Independent Director acts as an independent point of contact for whistleblowing concerns. Following receipt of a whistleblowing message we have procedures in place to ensure an independent and proportionate investigation. Any significant issue relating to potential fraud is escalated to the Chair of the Audit Committee immediately. In addition, Dame Cilla Snowball (Chair of the Responsible Business Committee and designated Director for gathering the views of the workforce) will be advised of any significant concerns raised by our employees.

During 2021, the Group migrated to a new whistleblowing system provider. The new arrangements were rolled out to all employees, including the building management teams. In the 2021 employee survey, 84% of employees confirmed they would feel able to speak up if they witnessed or experienced behaviour which was not consistent with our culture/policies.

Although this is an encouraging figure, we aspire for this to be 100%. We have therefore set 'wrongdoing and the reporting of concerns' as the topic for Q1 2022 under our compulsory compliance training programme.

The Board receives updates from the Company Secretary on the operation of the whistleblowing system. During the year under review, we did not receive any messages via our whistleblowing system (2020: no messages). Due to the 'open door' nature of our business, concerns are often raised directly with management, the CEO or HR team, and appropriately investigated.

Stakeholder impact analysis

The Board's procedures require a stakeholder impact analysis to be completed for all material decisions requiring its approval that could impact on one or more of our stakeholder groups. The stakeholder impact analysis assists the Directors in performing their duties under s172 of the Companies Act 2006 and provides the Board with assurance that the potential impacts on our stakeholders are being carefully considered by management when developing plans for Board approval.

The stakeholder impact analysis identifies:

- potential benefits and areas of concern for each stakeholder group;
- the procedures and plans being implemented to mitigate against any areas of concern; and
- who is responsible for ensuring the mitigation plans are being effectively implemented.

Board decisions which are likely to have the greatest impact on our stakeholders are those relating to our development projects particularly in respect to demolitions and rebuilds. These projects can cause:

- traffic disruption;
- noise and dust;
- vibrations; and
- impact on the surrounding area, communities and businesses.

To mitigate these issues, we enrol our development projects in the Considerate Constructors Scheme, conduct detailed traffic management risk assessments, noise and dust monitoring, and work in accordance with the relevant local authorities' Construction Management Plan. The construction methods to be used are modelled in software in order to calculate noise levels and if the model exceeds trigger levels, adjustments are made until the required noise levels are met.

At all times, work on our development sites is carried out in a safe and considerate manner with due regard to the public, adjoining properties, businesses, and road users. We maintain regular contact with local communities via various channels including, community engagement forums, newsletters, letters, public exhibitions and consultations. We disclosed on pages 117 and 107 of the 2020 and 2019 Report & Accounts, the outcome of stakeholder impact analyses performed for the 19-35 Baker Street W1 and Soho Place W1 projects, respectively.

How do we engage with our shareholders?

Shareholders play a valuable role in safeguarding the Group's governance through, for example, the annual re-election of Directors, monitoring and rewarding their performance and engagement and constructive dialogue with the Board.

The Group aims to be as transparent as possible with the information it provides to investors and welcomes face-to-face interaction. Our Chairman aims to routinely meet with institutional investors and report their views to the Board. Upon his appointment to Chairman, Mark Breuer wrote to all major shareholders inviting them to meet with him to discuss any areas of concerns or provide feedback. For our private investors, there is an opportunity to meet the entire Board (including the Non-Executive Directors) at our Annual General Meeting (AGM). Our Senior Independent Director, Helen Gordon, is also available to discuss any shareholder concerns.

We describe our main engagement methods in the table below.

Shareholder consultation	We will always seek to engage with shareholders when considering material changes to either our Board, strategy or remuneration policies. During 2022, the Remuneration Committee will consult with shareholders on proposed changes to our Remuneration Policy (see page 173).
Investor meetings	During 2021, the Group held 267 investor meetings with 214 existing and potential investors. Of these, 69 were shareholders at the year end and their ownership represented c.60% of the shares in issue. Due to the pandemic the majority of these were virtual meetings. These meetings are predominantly attended by our CEO, CFO and at least one other senior executive. The meetings focused on the Group's portfolio, strategy, the future of offices, the impact of Covid-19 and working from home. Where significant views were expressed, either during or following the meetings, these were recorded and circulated to all Directors.
Investor presentations and property tours	During 2021, we hosted virtual year end and interim results presentations and three property tours. Property tours and roadshow activity were severely restricted by the pandemic. On 28 September 2021, we held an Investor Day which included a property tour of six properties in our portfolio (including the recent acquisitions from Lazari Investments).
Property conferences	Due to the Covid-19 pandemic, the majority of conferences moved to a virtual format. During 2021, we attended 11 virtual property conferences.
AGM	The AGM provides an opportunity for private shareholders, in particular, to question the Directors and the chairs of each of the Board Committees. It was necessary to hold the 2020 and 2021 AGMs virtually due to the UK Government's lockdown restrictions. However, proceedings included a Q&A session for any shareholder or interested stakeholder to ask questions of the Board. Information on the 2022 AGM is on page 197, including how we would engage with shareholders in the event of a significant vote against an AGM resolution. We ensure that the Notice of AGM is issued at least 20 working days in advance of the AGM date.
Articles of Association	At the 2021 AGM we sought, and received, shareholder approval for a number of amendments to our Articles of Association (the Articles) which primarily reflected updates to legislation, the UK Corporate Governance Code 2018 and to provide for procedural mechanics governing how the Company may hold general meetings, including annual general meetings, through a combination of a physical meeting and the use by shareholders of an electronic facility. An explanation for the changes was contained in the 2021 Notice of AGM (on pages 15 and 16) which is available on our website. At the 2022 AGM, we will be seeking shareholder approval to raise the aggregate maximum fees payable to our Non-Executive Directors under the Articles by £100,000 to £800,000 a year (see page 197).
Annual Report & Accounts	Our annual Report & Accounts is available to all shareholders. Through our electronic communication initiatives, we aim to make our annual Report & Accounts as accessible as possible. Shareholders can opt to receive a hard copy in the post, or PDF copies via email or from our website. Additionally, if a shareholder holds their Derwent London shares via a nominee account and encounters difficulty receiving our annual Report & Accounts via their nominee provider, they are welcome to contact the Company Secretary to request a copy.
Corporate website	Our website, www.derwentlondon.com , has a dedicated investor section which includes our annual Report & Accounts, results presentations (which are made to analysts and investors at the time of the interim and full year results) and our financial calendar for the upcoming year.
Development websites	We also create websites for specific developments which are used to explain the Group's current projects in greater detail. For example, you can find further information on Soho Place W1 and The Featherstone Building EC1 here: www.1oxfordstreet.london www.thefeatherstonebuilding.london
Senior Independent Director	If shareholders have any concerns, which the normal channels of communication to the CEO, CFO or Chairman have failed to resolve, or for which contact is inappropriate, then our Senior Independent Director, Helen Gordon, is available to address them. Helen Gordon can be contacted via the Company Secretary whose contact details are on page 278.
Other contacts	Contact details for our Investor relations team, Company Secretary and Registrars are available on page 278.

[How the Board factored shareholder engagement into its decisions in 2021 page 125](#) →

[Investor Day page 134](#) →

[Annual General Meeting page 197](#) →

CORPORATE GOVERNANCE STATEMENT CONTINUED

DIVISION OF RESPONSIBILITIES

Board roles

There is clear division between executive and non-executive responsibilities which ensure accountability and oversight. The roles of Chairman and Chief Executive are separately held and their responsibilities are well defined, set out in writing and regularly reviewed by the Board.

Chairman, Mark Breuer

- Responsible for the effective running of the Board and ensuring it is appropriately balanced to deliver the Group's strategic objectives
- Promote a boardroom culture that is rooted in the principles of good governance and enables transparency, debate and challenge
- Ensure that the Board as a whole plays a full and constructive part in the development of strategy and that there is sufficient time for boardroom discussion
- Effective engagement between the Board, its shareholders and other key stakeholders

Senior Independent Director, Helen Gordon

- Provide a 'sounding board' for the Chairman in matters of governance or the performance of the Board
- Available to shareholders if they have concerns which have not been resolved through the normal channels of communication
- To at least annually lead a meeting of the Non-Executive Directors without the Chairman present to appraise the performance of the Chairman
- To act as an intermediary for Non-Executive Directors when necessary and act as Chairman, if the Chairman is conflicted
- To act as an independent point of contact in the Group's whistleblowing procedures

Designated NED for gathering the views of our workforce⁽ⁱ⁾, Dame Cilla Snowball

Cilla Snowball has been designated the NED responsible for gathering the views of our workforce. This is achieved by:

- Attendance at key employee and business events, including property launches and the Summer Party
- Review messages received through the whistleblowing system from the Group's employees
- Monitor the effectiveness of engagement programmes established for employees
- Provide regular updates to the Board
- Monitor the outcome of employee surveys and provide input on their design

Non-Executive Directors (NEDs)

- Provide constructive challenge to our executives, help to develop proposals on strategy and monitor performance against our KPIs
- Ensure that no individual or group dominates the Board's decision making
- Promote the highest standards of integrity and governance throughout the Company, particularly at Board level
- Determine appropriate levels of remuneration for the senior executives
- Review the integrity of financial reporting and that financial controls and systems of risk management are robust

Chief Executive, Paul Williams

- To provide clear and visible leadership
- Execute the Group's strategy and commercial objectives together with implementing the decisions of the Board and its committees
- To keep the Chairman and Board apprised of important and strategic issues facing the Group
- To ensure that the Group's business is conducted with the highest standards of integrity, in keeping with our culture
- Manage the Group's risk profile and ensure actions are compliant with the Board's risk appetite
- Investor relation activities, including effective and ongoing communication with shareholders

Chief Financial Officer, Damian Wisniewski

- Support the CEO in developing and implementing strategy
- Provide financial leadership to the Group and align the Group's business and financial strategy
- Responsible for financial planning and analysis, treasury and tax functions
- Responsible for presenting and reporting accurate and timely historical financial information
- Manage the capital structure of the Group
- Investor relation activities, including communications with investors, alongside the CEO

Other Executive Directors

- Support the CEO in developing and implementing strategy
- Oversee the day-to-day activities of the Group
- Manage, motivate and develop staff
- Develop business plans in collaboration with the Board
- Ensure that the policies and practices set by the Board are adopted at all levels of the Group
- Investor relation activities, including communications with investors, alongside the CEO

Company Secretary, David Lawler

- Secretary to the Board and its committees
- Develop Board and committee agendas and collate and distribute papers
- Ensure compliance with Board procedures
- Advise on regulatory compliance and corporate governance
- Facilitate induction programmes for Directors and assist with their training and development, as required
- Responsible for communications with retail shareholders and the organisation of the Annual General Meeting
- Available to support all Directors

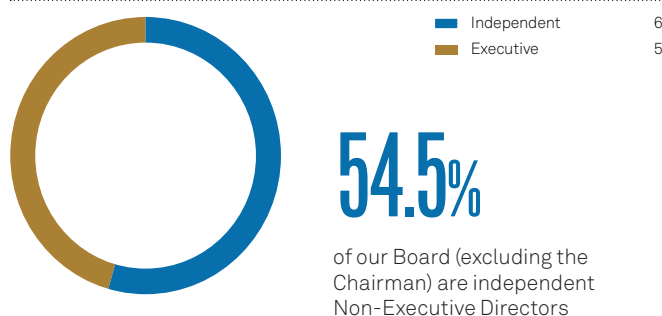
⁽ⁱ⁾ Although Cilla Snowball is the designated Director for gathering the views of our workforce, the Chairman ensures that all Directors continue to remain engaged with our employees and challenge and contribute to discussions on workforce engagement.

Independence

The Board has identified on page 132 which Directors are considered to be independent. The Board has reconfirmed that our Non-Executive Directors remain independent from executive management and free from any business or other relationships which could materially interfere with the exercise of their judgement.

Independence of the Board (excluding the Chairman)

Status

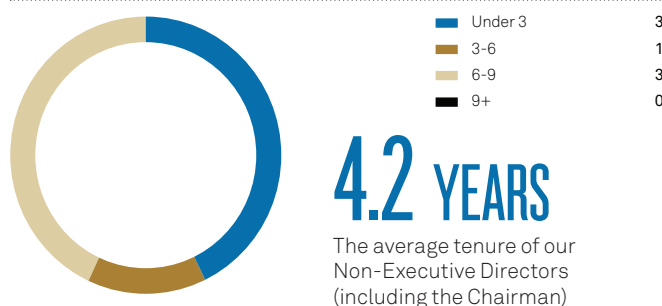


The Non-Executive Directors play an important role in ensuring that no individual or group dominates the Board's decision making. It is therefore of paramount importance that their independence is maintained.

To safeguard their independence, Non-Executive Directors are not permitted to serve more than three three-year terms unless in exceptional circumstances (see page 145).

Tenure of the Non-Executive Directors (including the Chairman)

Years



The Chairman held a number of meetings with the Non-Executive Directors without executive management being present. These meetings are useful to safeguard the independence of our Non-Executive Directors by providing them with time to discuss their views in a more private environment.

John Burns, co-founder of Derwent London plc and the CEO for over 30 years, was appointed Non-Executive Chairman for a two-year term until the conclusion of the 2021 AGM. As our Chairman was not independent upon appointment, we were unable to comply with provisions 9 and 19 of the Code until Mark Breuer succeeded John as independent Non-Executive Chairman on 14 May 2021 (see page 123).

Other external appointments

The Board takes into account a Director's other external commitments when considering them for appointment to satisfy itself that the individual can discharge sufficient time to the Derwent London Board and assess any potential conflicts of interest.

Our Directors are required to notify the Chairman of any alterations to their external commitments that arise during the year with an indication of the time commitment involved. During the year under review, Simon Fraser became a Non-Executive Director of Segro plc with effect from 1 May 2021. Simon notified the Chairman in advance of his appointment, and the Board confirmed that it does not believe that this additional directorship affected Simon's commitment to, or involvement with, the Derwent London Board, nor did it give rise to a potential conflict of interest.

Executive Directors may accept a non-executive role at another company with the approval of the Board. Currently, none of our Executive Directors are directors of other listed companies. However, several of our Executive Directors are Trustees of charitable organisations or members of industry-related bodies.

When assessing additional directorships, the Board considers the number of public directorships held by the individual already and their expected time commitment for those roles (see biographies on pages 126 and 127). The Board takes into account guidance published by institutional investors and proxy advisers as to the maximum number of public appointments which can be managed efficiently.

All Directors have confirmed (as they are required to do annually) that they have been able to allocate sufficient time to discharge their responsibilities effectively (see table on page 132 for Board meeting attendance).

Conflicts of interest

As a Non-Executive Director's independence could be impacted where a Director has a conflict of interest, the Board operates a policy that restricts a Director from voting on any matter in which they might have a personal interest, unless the Board unanimously decides otherwise.

Prior to all major Board decisions, the Chairman requires the Directors to confirm that they do not have a potential personal conflict with the matter being discussed. If a conflict does arise, the Director is excluded from discussions.

An example of this policy in effect is in relation to Richard Dakin, who is the Managing Director of Capital Advisors Limited (a wholly-owned subsidiary of CBRE), who are the Group's external valuers. To mitigate against a potential conflict of interest, Richard does not take part in any discussions on the valuation of the Group's property portfolio at either Board or committee level. In addition, he has no involvement in any decisions regarding the appointment of CBRE or the fees paid to them.

During the annual performance evaluation of the Board, its committees and individual Directors, the impact of this role on Richard's independence has been considered. The Board continue to conclude that Richard remains independent both in character and judgement.

CORPORATE GOVERNANCE STATEMENT CONTINUED

COMPOSITION, SUCCESSION AND EVALUATION

Appointments to the Board

At Derwent London, we ensure that appointments to our Board are made solely on merit with the overriding objective of ensuring that the Board maintains the correct balance of skills, length of service and knowledge of the Group to successfully determine the Group's strategy.

Appointments are made based on the recommendation of the Nominations Committee with due consideration given to the benefits of diversity in its widest sense, including gender, social and ethnic backgrounds and personal strengths. The Nominations Committee report on pages 144 to 147 provides further information on:

- Board composition and Non-Executive Director tenure;
- Board appointments and induction;
- succession planning; and
- Board diversity.

Board skills, experience and knowledge

An effective Board requires the right mix of skills and experience. Our Board is a diverse and effective team focused on promoting the long-term success of the Group for the benefit of all stakeholders. The Directors' biographies are available on pages 126 and 127. The chart below provides an overview of the skills and experience of our Directors as at 31 December 2021.

Training

With the ever-changing environment in which Derwent London operates, it is important for our Executive and Non-Executive Directors to remain aware of recent, and upcoming, developments. We require all Directors to keep their knowledge and skills up to date and include training discussions with the Chairman in their annual performance reviews.

As required, we invite professional advisers to provide in-depth updates. Updates and training are not solely reserved for legislative developments but aim to cover a range of issues including, but not limited to, market trends, the economic and political environment, environmental, technological and social considerations.

Our Company Secretary provides regular updates to the Board and its committees on regulatory and corporate governance matters. In addition, we invite our Directors to attend courses hosted by the Deloitte Academy and PwC.

Our Directors receive training on their duties under section 172(1) of the Companies Act 2006 as part of their induction process from the Group's corporate lawyers, Slaughter & May LLP. The training is uploaded to the Board's paper portal for easy reference. In addition, at each meeting, the Board's pack of documents includes the codification of its duties alongside the meeting agenda, to ensure it is at the forefront of discussions.

During 2021:

- All Directors participated in online compliance training courses on a range of topics including social media awareness, data privacy and unconscious bias (see page 161).
- The Board received regular market and leasing updates.
- External independent advisers frequently presented to the Board on the political and economic environment.
- The Responsible Business Committee received a presentation from EY on the National Equality Standard.
- The Audit Committee received training from Deloitte on ESG/sustainability assurance.
- The Risk Committee received a legal update from Slaughter & May LLP in November.
- All Directors attended regular external briefing sessions from the major accountancy firms.

Skills and experience

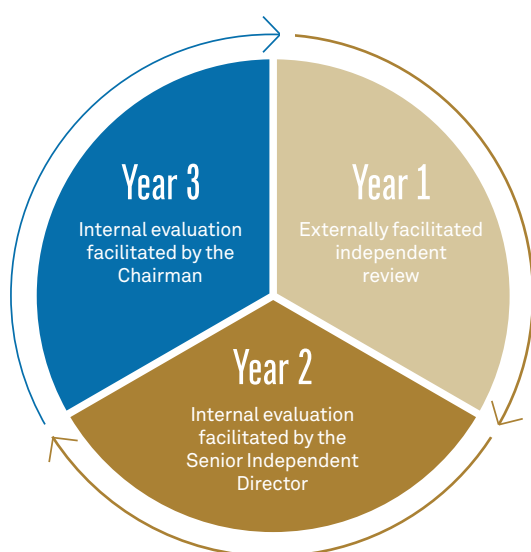
Executive and strategic leadership Senior executive and directorship experience	7	5	Corporate responsibility and community relations Experience in corporate or social responsibility, charitable bodies or human resources	4	4
Financial acumen Senior executive experience in financial accounting, reporting or corporate finance	4	2	Health and safety, risk management Experience in health and safety, risk management or internal controls	4	2
Climate change Relevant skills, experience or knowledge of climate change and its associated risks and opportunities	2	3	Investor relations and engagement Experience in investor relations (private or institutional) and engagement	7	5
Property and real estate Experience in property development, construction or real estate management	4	5	Capital projects Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons	6	5
Governance and compliance Prior experience as a Board member, industry or membership of governance bodies	7	3	Remuneration Prior Remuneration Committee membership and/or experience in relation to remuneration including incentive programmes	3	0

■ Number of Non-Executive Directors (including the Chairman)
■ Number of Executive Directors

Annual Board evaluation

On an annual basis, an evaluation process is undertaken which considers the effectiveness of the Board, its principal committees and individual Directors. This review identifies areas for improvement, informs training plans for our Directors and identifies areas of knowledge, expertise or diversity which should be considered in our succession plans.

The Board follows a formal three-year cycle that was developed to enable reviews to be led from a fresh perspective, each year. The next externally facilitated evaluation is due to be conducted for the year ending 31 December 2022.



The evaluation for the year ended 31 December 2020

Last year's evaluation was described in the 2020 Report & Accounts on page 121 and was internally facilitated by Simon Fraser (our previous Senior Independent Director). The evaluation identified a number of focus areas which the Board and its committees addressed during 2021:

Focus area	Actions during 2021
The induction of Mark Breuer as Chairman Designate, and handover of responsibility from John Burns	— Mark joined Derwent London as a Director on 1 February 2021 to begin his induction process which was completed well in advance of the 2021 AGM
Ensuring the Group's strategy remains appropriate in the current economic environment	— Two strategy meetings were held in May and June 2021, the implementation of the actions arising were monitored by the Board
Board diversity which will be factored into the Board's recruitment processes	— Sanjeev Sharma was appointed a Non-Executive Director on 1 October 2021 and is from a non-white ethnic minority background

The evaluation for the year ended 31 December 2021

The 2021 performance evaluation was internally facilitated by Mark Breuer (Chairman) and was informed by the recommendations arising from the 2020 evaluation.

The process covered the following areas:

- the Group's strategy and its effectiveness;
- the management of the business, and stakeholder engagement, during the Covid-19 pandemic;
- the significant challenges that Derwent London is likely to face over the next 12 months;
- the composition of the Board and its principal committees;
- each Director's contribution to the Board's discussions; and
- whether there are any issues concerning the Board's procedures and processes, including information provided to the members, and the resources made available to the Board.

The responses were collated and provided on an anonymous basis to the chairs of each committee.

As a result of this evaluation, the Board is satisfied that its structure, balance of skills and operation continues to be satisfactory and appropriate for the Group. Although the feedback received was extremely positive from all Board members, the Board identified a number of areas which it wishes to focus upon during 2022:

Focus area	Actions for 2022
Company culture	— With assistance of advisers, ensure the Group's culture is clearly understood by our employees and key stakeholders
Employee development and career management	— Nominations Committee to continue its focus on employee development and career management during 2022
Board papers	<ul style="list-style-type: none"> — Continue to streamline Board papers, with supporting papers included as appendices — Endeavour to distribute committee papers to committee members a week prior to each meeting

In respect to the evaluation of the Chairman, Helen Gordon (Senior Independent Director) met with the Non-Executive Directors in private sessions to consider Mark Breuer's individual performance as Non-Executive Chairman. The Non-Executive Directors were unanimous in agreeing that Mark has shown commitment to the role, objective judgement and has created a culture in the Boardroom which facilitates openness and debate.

The evaluation for the year ending 31 December 2022

In accordance with our three-year cycle, the performance evaluation for the year ending 31 December 2022 will be externally facilitated by an independent provider. The Chairman and Senior Independent Director met with potential reviewers and made a recommendation to the Board on 22 February 2022. The evaluation process will commence in Q4 2022, and the outcome of the evaluation will be reported in the 2022 Report & Accounts.

CORPORATE GOVERNANCE STATEMENT CONTINUED

KEY ACTIVITIES OF THE BOARD DURING 2021

Overview

The Board met nine times during the year (including the Annual General Meeting). Additional meetings are arranged, if necessary, for the Board to properly discharge its duties.

Property portfolio

- Approved the acquisitions of:
 - Bush House WC2 Headlease for £13.5m before costs
 - 250 Euston Road NW1, £189.9m inclusive of costs
 - 171-174 Tottenham Court Road W1, £24.7m inclusive of costs
 - Agreed joint venture with Lazari Investments to develop three leasehold properties in Baker Street, initial consideration of £64.0m inclusive of costs
 - 230 Blackfriars Road SE1 for £55.0m before costs
 - Terms agreed to acquire The Moorfields Estate EC1
- Approved the disposal of:
 - Angel Square EC1 for £86.5m before costs
 - New River Yard EC1 for £67.5m before costs
- Received regular updates on key construction projects from asset and property management, and investment activities from the senior management team

Link to strategic objectives:

1. 2. 4.

Strategy and financing

- Reviewed the short- and long-term implications of Covid-19 on the Group, our developments and occupiers
- Ongoing updates from the Executive Directors on the implementation of strategy throughout the year
- Received regular updates on lease expiries and potential vacancies
- Regularly reviewed the Group's financial structure and position:
 - Raised £350m via a 10-year 1.875% green bond
 - Extended the Group's two Rolling Credit Forecasts
 - Received an update on our Green finance initiatives
- Reviewed the Group's five-year forecast including a review of the pipeline for next five years
- Reviewed the quarterly project cost report

Link to strategic objectives:

1. 2. 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
- Received regular reports on health and safety matters, including those related to the Covid-19 pandemic
- Reviewed Covid Risk Management including managing the portfolio, development, tenants and property management
- Ongoing review of the development risks at Soho Place and the Featherstone Building
- Received an update on Cyber & IT Security
- Verbal updates from the Risk and Audit Committee chairs on the key areas discussed
- Updates on the assurance audits performed by RSM and the actions arising
- Reviewed the compliance training completion rates and approved the 2021/2022 training programme

Link to strategic objectives:

2. 3. 4.

January

Board and committee meetings

- Main Board
- Nominations Committee

February

- Executive Committee
- Main Board

March

- Audit Committee
- Main Board
- Nominations Committee
- Remuneration Committee
- Valuers Committee

April

- Executive Committee
- Nominations Committee
- Risk Committee

May

- Audit Committee
- Executive Committee
- Main Board
- Nominations Committee
- Responsible Business Committee
- AGM

Key announcements

- December 2020 rent collection
- Appointment of Mark Breuer as Chairman Designate
- Full year results announcement date

- Results for year ended 31 December 2021

- March 2021 rent collection
- Annual Report 2020 & Notice of AGM

- Q1 Business update
- LMS Bondholders meeting
- Published results of the 2021 AGM

Key

Strategic objectives

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

2021 has been an active and progressive year for the Group. As well as managing the risks which have arisen from the Covid-19 pandemic, the Group has made a number of key acquisitions, issued a green bond, and has held its first Stakeholder Day. An overview of our Board's key activities is provided below.

Corporate reporting and performance monitoring

- Reviewed the rolling forecasts and approved the 2022 budget
- Received regular updates on the Group's Net Zero Carbon Pathway to 2030
- Approved the year end and interim results
- Approved the Q1 and Q3 business updates
- Received assurance reports from Deloitte in respect to our Green finance framework and disclosures under the Task Force on Climate-Related Financial Disclosures (TCFD)
- Published rent collection statistics as at March, June, September and December 2021
- Reviewed the 2021 Report & Accounts to ensure it is fair, balanced and understandable
- Published our annual Responsibility Report
- Reviewed and approved the half-yearly valuations of the Group's property portfolio

Link to strategic objectives:

1. 2. 5.

Stakeholder engagement

- Virtually hosted the Annual General Meeting (AGM) on 14 May 2021
- Hosted our Investor Day on 28 September (see page 134)
- Hosted our first Stakeholder Day on 29 September 2021 (see page 134)
- Received updates from the Responsible Business Committee on the Group's sustainability and stakeholder initiatives including:
 - Our diversity targets and focus areas from the Diversity & Inclusion Working Group (see pages 169 to 171)
 - The results of employee and occupier pulse surveys
- Received updates on our investor engagement programmes and regular investor relations reports

Link to strategic objectives:

3. 4.

Governance

- Appointed Mark Breuer as Independent Chairman
- Appointed Helen Gordon as Senior Independent Director
- Appointed Sanjeev Sharma as a Non-Executive Director
- Routinely considered the Board's conflict of interests
- Performed a review of the Board, its Committees and all Directors led by the Chairman, including the review of the Committees' membership (see page 141 and 145)
- Received updates from the chairs of the Remuneration and Audit Committees on the key areas discussed
- Reviewed the outcome of the assessment performed by EY for the National Equality Standard accreditation (see page 58)
- Received regular governance updates from the Company Secretary

Link to strategic objectives:

1. 3.

June

- Main Board strategy awayday

July

- Executive Committee
- Nominations Committee

August

- Audit Committee
- Main Board
- Nominations Committee
- Risk Committee
- Valuers Committee

September

- Executive Committee

October

- Executive Committee

November

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

December

- Main Board
- Responsible Business Committee

- June 2021 rent collection
- Disposal of Angel Square EC1
- Fora lets 6-8 Greencoat Place SW1

- Acquisition of Bush House WC2 Headlease for £13.5m before costs
- Appointment of Sanjeev Sharma and the retirement of Simon Fraser
- Interim results
- Acquisition of 250 Euston Road NW1, 171-174 Tottenham Court Road and Baker Street W1 joint venture with Lazari Investments

- Investor and Analyst Presentation held on 28 September 2021

- Resignation of David Silverman

- Raised £350m 10-year 1.875% green bond
- Acquisition of 230 Blackfriars Road SE1 for £55.0m before costs

- Terms agreed to acquire The Moorfields Estate EC1