

# GOVERNANCE AT A GLANCE

At Derwent London, we do not view corporate governance as an exercise in compliance but as an evolving and core discipline which generates value for our stakeholders and underpins our success.

## HIGHLIGHTS AT A GLANCE

**65.9p**

Dividend per share in 2018. An increase of 10.2%

**90%**

Employee retention rate for the year ended 31 December 2018

**100%**

Board and Committee meeting attendance for the year ended 31 December 2018

**54%**

Board independence as at 1 January 2019

**29%**

Female representation on our Board as at 1 January 2018. This increased to 33% following the implementation of the Board's succession plans

## BOARD CHANGES

Board succession and strengthening the independence of the Board was a key priority for 2018.

- Robert Rayne will retire at the 2019 AGM after 12 years as Board Chairman.
- From the 2019 AGM, John Burns will become Non-Executive Chairman for two years (until May 2021).
- Paul Williams, who has been a Director of the Group since 1998, will become Chief Executive from 17 May 2019.
- Lucinda Bell joined the Board as a Non-Executive Director on 1 January 2019 and will become the Audit Committee Chair when Stephen Young steps down from the Board.
- Received positive feedback from major shareholders, representing 57.5% of our share capital, during consultation on the Board's succession plans.

**p.100** Nominations Committee's report

## GOVERNANCE IMPROVEMENTS

The Board has taken a number of steps during the year under review to further strengthen its governance framework and processes including:

- Appointed Cilla Snowball as the designated Director for gathering the views of the workforce.
- Appointed RSM to act as an outsourced internal audit/business assurance function.
- Appointed Deloitte as the Remuneration Committee's new independent advisers.
- Updated and approved the Board's procedures and Committee's terms of Reference in response to the 2018 UK Corporate Governance Code.
- Strengthened whistleblowing procedures through the introduction of an independent reporting line for anonymous reporting of concerns.
- Established the Responsible Business Committee to focus on social and environmental matters.

**p.92** Corporate governance statement

## MAJOR BOARD DECISIONS

The Board factored the needs and concerns of our stakeholders into its decisions in accordance with s172 of the Companies Act 2006 (see pages 18 to 19). The major decisions taken by the Board and its Committee's during 2018 include:

- Approved Soho Place development which will deliver 285,000 sq ft of offices, retail and a new public theatre.
- Approved the comprehensive redevelopment of The Featherstone Building which will deliver c.125,000 sq ft of commercial and retail space (a substantial 95% increase on the existing net area of 64,100 sq ft).
- Approved the US private placement which raised £250 million via senior unsecured notes drawn down in January 2019.
- Approved the acquisition of the 45,900 sq ft 36-year leasehold interest in 88-94 Tottenham Court W1.

**p.95** Key activities of the Board during 2018

## 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.

### The Board

The Board is primarily responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders, providing effective challenge to management concerning the execution of the strategy and ensuring the Group maintains an effective risk management and internal control system.

**p.88** Biographies

**p.95** Board activities in 2018

**p.96** Roles and responsibilities

### The Board delegates certain matters to its five principal committees

Nominations Committee	Audit Committee	Risk Committee	Remuneration Committee	Responsible Business Committee
Ensures the Board (and its Committees) have the correct balance of skills, knowledge and experience and that adequate succession plans are in place.	Oversees the Group's financial reporting, maintains an appropriate relationship with the External Auditor and monitors the Group's internal controls.	Reviews and monitors the Group's principal and emerging risks and the effectiveness of the Group's risk management systems.	Establishes the Group's Remuneration Policy and ensures there is a clear link between performance and the remuneration we pay.	Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities.

**p.100** Report

**p.104** Report

**p.110** Report

**p.116** Report

**p.74** Responsibility

The terms of reference of each Board Committee are available on the Group's website at: [www.derwentlondon.com](http://www.derwentlondon.com)

### Executive Committee

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Executive Committee.

**p.30** Our strategy

**p.90** Members

### Supporting committees

The Executive Committee operates a number of supporting committees which provide oversight on key business activities and risks such as: the Credit, Cost, Health and safety, IT/liaison and Sustainability Committees.