

# CHAIRMAN'S INTRODUCTION

NICHOLAS THOMPSON



## Dear Shareholder

**I am pleased to introduce our 2019 Corporate Governance Report. This year we are reporting against the UK Corporate Governance Code 2016.**

## Board composition

Both Robert Sinclair and Vic Holmes retired from the Board on 30 September 2018, following the Company moving its management and control to the UK. I would like to express my sincere thanks for their important contributions to the success of the business over many years.

I am very pleased that Maria Bentley agreed to join the Board as a non-executive director, from 1 October. Maria has taken over from Vic as Chair of the Remuneration Committee, and, with her previous experience, will bring a fresh perspective to the Board.

As I set out last year, in line with our change from an investment company to a commercial company, we have moved to a more traditional board structure with both executive and non-executive directors. From 1 October therefore, Michael Morris has become the Chief Executive of Picton, and has been joined on the Board by Andrew Dewhurst, who has assumed the role of the Group's Finance Director.

In line with the UK Corporate Governance Code 2018, the Board comprises 50% independent non-executive directors.

---

**“ With the conversion to a UK REIT now complete, it is my intention to step down from the Board.”**

---

## Succession planning

The Board has been focused on succession planning to ensure both refreshment and sustainable corporate performance, while mindful of the conversion to a UK REIT and the need to maintain continuity and knowledge at Board level throughout that transition.

I have now served on the Board, and as Chairman, since 2005. With the conversion to a UK REIT now complete, it is my intention to step down from the Board once a suitable

successor has been identified and is in post. We have commenced the process of seeking a new Chairman, and this is discussed further in the Nomination Committee Report. Maria has taken over as Chair of the Nomination Committee while this process is taking place.

Roger Lewis has now served on the Board for nine years. Roger will also step down from the Board in the near future, once my successor has been appointed, so that the changes can take place in an orderly and coordinated manner.

### **Governance**

Following our conversion to a UK REIT and a commercial company, we have established a new internal governance structure more in keeping with our status as a UK managed business. The Board committees are unchanged, but we have set up a new Executive Committee, headed by Michael Morris and also comprising other members of senior management. The Executive Committee is responsible for the day-to-day running of the business within the strategy agreed by the Board.

As support to the Executive Committee, we have established two further management committees – the Transaction and Finance Committee, and the Responsibility Committee, to assist in running the business. These committees include other members of staff so that there is greater engagement and wider experience below the senior management level. The remit of these two committees is set out later in this Governance section, and I would highlight that the new Responsibility Committee has as part of its remit to consider employee wellbeing.

### **Our people and culture**

The Board seeks to maintain and promote an environment consistent with the culture and values of the business, where our employees are able to maximise their potential. We are proud to have in place a strong company culture, guided by our vision as a company and our values, co-created by our employees. We promote an inclusive working environment with equal opportunities for all. We encourage our employees to take part in community activities, and are working with a local charity to provide volunteering opportunities for the team.

The Board works in an open and transparent manner with constructive discussion and challenge. This open and approachable culture is encouraged throughout the business. The Company holds regular team meetings and activities throughout the year. The Picton team is professional in its dealings with other stakeholders and third parties and have a code of business conduct that we expect our suppliers to follow. We have in place the Picton Teamship rules which all employees are expected to abide by, and these set out how employees should conduct themselves in the workplace.

We have agreed that Maria Bentley will be our designated non-executive director with responsibility for engagement with employees. Her role will be to feed back to the Board on the views of all employees.

---

**“ I am pleased to report that we have appointed Mark Batten as Senior Independent Director.”**

---

### **Board evaluation**

During the year we had an external evaluation of the Board carried out by BoardAlpha. An external evaluation is carried out every three years alongside our own internal review annually. The review made a number of recommendations, and these have been considered by the Board. One outcome that I am pleased to report is that we have appointed Mark Batten as Senior Independent Director. Another important issue raised was that of succession planning, which I have discussed above and is detailed further in the Nomination Committee Report.

Finally, I hold regular one-to-one meetings with each of the non-executive directors and conduct the annual and half-year reviews with the Chief Executive.

### **Nicholas Thompson**

Chairman