

Introduction to the Corporate Governance Report



Lena Wilson CBE
Chair

I am pleased to introduce our 2021 Corporate Governance Report.

Dear Shareholder

This year the Board and leadership team have had to adapt their way of working to comply with the restrictions imposed as a result of the Covid-19 pandemic. All of the regular Board and Committee meetings have been held virtually for the whole year, and our Annual General Meeting was unfortunately a closed event for shareholders. I very much hope that we will soon be able to meet again in person and return to our previous routines.



Visit our website
www.picton.co.uk



This year we have completed the succession process and made some changes to the Board.

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Board composition

This year we have completed the succession process that has been a main focus of our governance activities since the Company became resident and managed in the UK in 2018.

My predecessor, Nick Thompson, stepped down from the Board at the end of January this year. I would like to extend my thanks to him for his help in making my transition to Chair so smooth. On behalf of all my new colleagues at Picton I would like to thank him for all his hard work and contribution to Picton since he joined in 2005.

We have also welcomed Richard Jones to the Board, who joined on 1 September 2020 and has replaced Roger Lewis. Roger served on the Board from 2010 and again I would like to thank him for his contribution to the business over many years. Richard has also taken over as Chair of the Property Valuation Committee, bringing his wealth of previous property experience to that role.

The selection process for the Board appointments that have taken place this year is set out in the Nomination Committee report.

Governance

Our Statement of Compliance with the Corporate Governance Code is set out within the Directors' Report. I am pleased to report that we have fully complied with the Code, except for the tenure of two long-serving Directors, and this exception has now been resolved.

The following reports describe the activities of each of the Board Committees in more detail, and I believe that our current Committee structure remains appropriate for the good governance of the Company.

Remuneration

Our current Directors' Remuneration Policy was put in place in 2018 and so is due to be reviewed this year to ensure it remains appropriate and in accordance with best practice. We have carried out a consultation exercise with our largest shareholders in respect of potential changes to the policy, and this is described in more detail in the Remuneration Report.

Purpose

In 2019 we redefined our purpose to include 'being a responsible owner of commercial real estate, helping our occupiers succeed and being valued by all our stakeholders'. The events of the last year have very much emphasised the importance of this statement, and how our engagement with occupiers has not only helped them but also has been to the long-term benefit of Picton, and all of its stakeholders.

Our people and culture

We have maintained our programme of employee engagement this year, despite the difficulties of working remotely. Maria Bentley is our Non-Executive Director with responsibility for employee engagement. This year we have again carried out an employee survey, and I am pleased that the results were equally as positive as last year. The survey was followed up with a virtual meeting with the team and both Maria and Richard, but not the Executive Directors. The issues associated with home working were the main focus of discussion, and it was good to hear that the team had taken this in their stride, and that morale has remained high.

Our stakeholders

Our occupier focused approach is a key part of our business culture. This year our engagement with occupiers has been critical to the business, helping us to give the right support to our occupiers while maintaining income and values.

2020 marked the fifteenth anniversary of the launch of the Company. In order to mark this anniversary we created a funding award of £15,000 to support local community organisations or charities where we own buildings. We received many applications and selected five worthwhile projects to receive an award. With charity activities and volunteering opportunities severely curtailed this year I am very pleased that we were able to provide support in this way.

Reporting

This year we have decided to use the authority in our Articles to reduce the number of printed versions of our Annual Report and instead for shareholders to view the Report online at our website. As well as the environmental benefit of reducing the amount of paper used in issuing the Report to all shareholders, there will also be the financial benefit to the Company from reducing costs. Shareholders who still wish to receive a hard copy will be able to do so, but I hope that most will take up the electronic option.

We aim to always produce reports that are transparent and informative, and I am pleased to report that last year's Annual Report and Sustainability Report both received an EPRA Gold award.

Board evaluation

This year the Board carried out an internal evaluation, the results of which are discussed in the following Corporate Governance Report. The conclusions reached from the evaluation will be followed up over the forthcoming year. The next Board evaluation will be carried out externally, in accordance with our policy of undertaking an external evaluation every three years.

Lena Wilson CBE

Chair
26 May 2021