

THE SECTION 172(1) STATEMENT

The Board of Directors confirm that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006.

Issues, factors and stakeholders

The Board has direct engagement principally with our employees and shareholders but is also kept fully apprised of the material issues of other stakeholders through the Responsible Business Committee and Executive Directors, reports from senior management and external advisers. On pages 26 and 27 we outline the ways in which we have engaged with key stakeholders and the material issues that they have raised with us.

s172 factor	Relevant disclosures
(a) the likely consequences of any decision in the long-term	Company purpose (pages 1 and 131) Central London office market (page 14) Reshaping the portfolio, restocking the pipeline (page 20) Pipeline projects & super-sites (page 24) Our business model (page 28) Our strategy (page 32)
(b) the interests of the Company's employees	Our people (page 56) Diversity and inclusion (page 57) National Equality Standard (page 58) Non-financial reporting (page 66) Employee engagement (page 135)
(c) the need to foster the Company's business relationships with suppliers, customers and others	Providing enhanced amenities (page 30) Human rights and modern slavery (pages 65 and 167) Stakeholder Day (page 134) Responsible payment practices (page 169) Supply Chain Sustainability Standard (page 169)
(d) the impact of the Company's operations on the community and the environment	Environmental (page 52) Our pathway to net zero carbon (page 12) TCFD disclosures, GHG and energy data (pages 68 to 75) Community Fund (page 61)
(e) the desirability of the Company maintaining a reputation for high standards of business conduct	Derwent London brand (page 102) Purpose, values and culture (pages 1 and 131) Whistleblowing (page 136) Internal financial controls (page 154) Anti-bribery and corruption (page 165) Awards and recognition (see inside back cover)
(f) the need to act fairly between members of the Company	Shareholder engagement (page 137) Annual General Meeting (AGM) (page 197) Rights attached to shares (page 196) Voting rights (page 196)

PUBLIC INTEREST STATEMENT – 2021

As a business that designs and manages office space, we are aware of our wider obligations to be a responsible business partner to our occupiers and to the communities in which we operate. As our activities impact on multiple stakeholder groups (see page 26), our Board ensures that stakeholder matters are central to its decision making alongside the long-term financial success of our business.

We extend our obligations beyond the statutory requirements to add value and build long-term mutually beneficial relationships. Our obligations are incorporated into our purpose, which strongly influences our values (see page 131). We have detailed on pages 12, 13, 26, 27, 30, 31 and 50 to 75 how we have acted in the public interest during 2021.

Methods used by the Board

The main methods used by the Directors to perform their duties include:

- the Board sets the Group's purpose, values and strategy and ensures they are aligned with our culture (see page 131);
- the Responsible Business Committee monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities and reports to the Board on its activities (see pages 166 to 171);
- the Board assess the potential impact of significant capital expenditure decisions on our stakeholders (see page 136);
- the Board's risk management procedures identify the potential consequences of decisions in the short-, medium- and long-term so that mitigation plans can be put in place (see pages 160 and 164);
- strategy reviews which assess the long-term sustainable success of the Group and our impact on key stakeholders;
- direct and indirect stakeholder engagement (see pages 26 to 27 and 134 to 137);
- external assurance is received from stakeholder surveys, brokers and advisers; and
- specific training for our Directors and senior managers.

In response to the continuing uncertainty and difficulties facing our stakeholders due to the Covid-19 pandemic, and in addition to the main methods listed above, the Board also:

- held two strategy meetings in 2021 to ensure our strategy remains fit for purpose (see page 130);
- organised the Group's first Stakeholder Day and an Investor Day which were attended by the Chairman, Executive Directors and senior management (see page 134);
- continued to oversee management's decisions and policies in respect to:
 - our ability to safely operate our buildings;
 - supporting the local community; and
 - providing clear communications and support to our employees.
- in addition to the feedback received at the Stakeholder Day and Investor Day, the Board received more regular feedback from our stakeholders through:
 - the occupier carbon aspiration questionnaire (see page 13);
 - the 2021 biennial employee survey and employee pulse surveys (see page 60); and
 - updates on engagement with occupiers and suppliers.

Principal decisions in 2021 and how we have met our public interest obligations

The key activities and principal decisions undertaken by the Board in 2021 are detailed on pages 142 and 143. We detail below how the Board factored stakeholders, and the information we received through engagement, into its decisions in 2021.

Engagement we received	Our response
<p>Occupiers</p> <p>During 2021, the Asset Management team contacted most of our occupiers and maintained this contact throughout.</p> <p>Two occupier surveys were conducted during 2021 to gather feedback to better understand the impact of the pandemic on our occupiers and their key concerns. The results of these engagement activities were shared with the Board and Responsible Business Committee.</p> <p>In addition, the Sustainability team conducted an occupier survey which focused on their carbon aspirations. Further information on this survey, and our response to the engagement received, is on page 13.</p>	<ul style="list-style-type: none"> — To monitor good air quality, we ensured all building ventilation systems were compliant with Covid-19 regulations and introduced CO₂ monitoring to assess ventilation levels and provide comfort to our occupiers. — Requests for financial support was tailored to businesses individual needs rather than a blanket approach. Particular attention was given to occupiers perceived to be most at risk, including retail and hospitality occupiers. The Board's support for these occupiers not only assisted the businesses themselves but also helped to preserve the amenity for the buildings' other occupiers and the local community. — Due to the pandemic, more occupiers were utilising the bike racks at our buildings. It was identified that additional bike racks were required for some of our buildings, and these were installed. This was a relatively small capital expenditure however, it reflected the changing needs of our occupiers and helped to support their wellbeing (see page 30). — In response to feedback from our occupiers, we installed farm towers at Oliver's Yard and the White Chapel building to add more biophilia in our buildings and to support wellbeing.
<p>Employees</p> <p>The Board and Responsible Business Committee were made aware via our employee survey and feedback received from the D&I Working Group that:</p> <ul style="list-style-type: none"> — there was a proportion of employees that found homeworking was leading to longer working days. — there was some anxiety and uncertainty surrounding the measures in place for when employees started to return to the office environment. 	<ul style="list-style-type: none"> — Guidance was provided to employees on how to support their wellbeing and safeguard their health whilst at home. At a number of town hall meetings, the CEO reiterated the importance of balancing work and personal commitments. In recognition of their hard work, the Board gave all employees extra days off on 1 June and 24 December. — In advance of returning to the office, an updated protocol guide and a compulsory 30-minute online induction were distributed on the Covid-19 safety measures in place. — Our Occupational Health provider was invited to present at town hall meetings on topics including 'long covid', vaccines, variants, responsible behaviour and supporting others. — Increased our mental health champions' network: 13% of the business are now trained as mental health champions (see page 56).
<p>Local communities and others</p> <p>The feedback we received in 2021, highlighted that homelessness and mental health remained a concern within communities.</p> <p>We were aware that certain University College Hospital staff were being housed in hotels as they were unable to stay with their families during the height of the pandemic (see pages 13 and 105 of the 2020 Report & Accounts).</p> <p>We sought engagement from the Chickenshed Youth Taskforce on our Community Fund guidelines, to ensure it remains accessible and true to its original intention of supporting local communities.</p>	<ul style="list-style-type: none"> — We donated £40,000 to groups supporting the homeless and £30,000 to mental health charities. We donated over £130,000 to organisations seeking to address diversity and inclusion within the property sector, including a three-year bursary supporting an undergraduate student at the Reading Real Estate Foundation and supporting the establishment of the Academy of Real Assets (see page 62). — The total for charitable donations, sponsorship and community funding during 2021 was £704,000. — The business extended use of 16 furnished flats at Charlotte Apartments to NHS staff at University College Hospital free of charge. This was initially agreed in 2020 for seven months, before being extended for a further six months in 2021, and has a total equivalent rental value of c.£598,000. — The feedback received from the Chickenshed Youth Taskforce will be used to refresh our guidelines, application and evaluation process during 2022.
<p>Suppliers</p> <p>Through close collaboration with our principal contractors and main subcontractors we were kept apprised of their response to the pandemic and how it was impacting on their business, finances and staff.</p>	<ul style="list-style-type: none"> — The Finance team worked hard to reduce our average payment days to 20 days, which assisted our contractors with their cash flow and liquidity. — To support furloughed third party service staff, Derwent London continued to 'top-up' wages by 20% so that there was no drop in income during the furlough period between March 2020 to 30 September 2021. The Board were mindful that a significant number of these workers were on relatively low wages and a 20% reduction under the Coronavirus Job Retention Scheme would be significant. After the furlough period ended, we reinstated all service staff back to our buildings. This helped to ensure jobs and salaries remained protected.
<p>Central and local government</p> <p>Paul Williams (CEO) is Chairman of the Westminster Property Association (WPA), a not-for-profit advocacy group, which focuses on policy, research and maintaining excellent relationships with Central London's local authorities. In 2021, WPA launched two research papers on net zero carbon and sustainability which included contribution from Derwent London.</p> <p>Tackling climate change is a serious challenge and requires coordinated action.</p> <p>Islington Council was working towards becoming a London Living Wage Borough and was seeking support from businesses.</p>	<ul style="list-style-type: none"> — Through his WPA role, Paul receives invaluable feedback from local authorities and other stakeholders which can be brought to our Board and inform our decision making. — Paul Williams and John Davies (Head of Sustainability) attended and presented at COP26. We also hosted a tour of our Scottish land where planning permission is being sought for renewable energy initiatives (see page 13). Damian Wisniewski (CFO) spoke at the London Climate Action Week summit in June 2021 on how we can work together to make progress on climate change. Derwent London's Net Zero Carbon Pathway is aligned with the target for London to be carbon neutral by 2030. — Derwent London became a part of Islington's London Living Wage Action Group. In celebration of Living Wage Week 2021, White Collar Factory hosted an event for Islington Council, which brought together some of the Islington businesses that have become Living Wage accredited employers over the past 12 months. We also signed-up to participate in the 'Making Living Wage Places' initiative, run by the Living Wage Foundation. Derwent London has been London Living Wage Foundation accredited since 2017 (see page 62).
<p>Shareholders</p> <p>The Covid-19 pandemic continued to have an impact on the stock market. There was considerable uncertainty surrounding whether dividend payments would be made to shareholders and the ability of businesses to weather the continuing uncertainty.</p>	<ul style="list-style-type: none"> — The Board considered the financial strength of the business and agreed to continue to pay the 2020 final dividend in June 2021 and to pay an interim 2021 dividend in October. This decision provided security to our shareholders who value the regular income received from our dividend payments. — We hosted an Investor Day on 28 September, which provided an opportunity for our investors to meet with members of the Board and raise any questions (see page 134). — Despite being unable to host an in person AGM in 2021, the Directors ensured there were audio facilities so that our shareholders could follow proceedings and ask questions.