

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 informed of the material issues of other stakeholders through the Responsible Business Committee, Executive Directors, reports from senior management and external advisers.

On pages 8, 9 and 132 we outline the ways in which we have engaged with key stakeholders.

s.172 factor	Relevant disclosures
a) the likely consequences of any decision in the long-term	Company purpose (page 1) Central London office market (page 32) Our business model (page 36) Our strategy (page 38)
b) the interests of the Company's employees	Our people (page 59) Diversity and inclusion (page 60 and 186) Non-financial reporting (page 67) Employee engagement (page 144)
c) the need to foster the Company's business relationships with suppliers, customers and others	Occupier-focused solutions (page 24) Social value strategy (page 17) Responsible payment practices (page 185) Modern slavery (page 185) Supply Chain Responsibility Standard (page 185)
d) the impact of the Company's operations on the community and the environment	Environmental (page 52) Net zero carbon (page 27) SECR and TCFD disclosures (pages 69 to 85) Community Fund (page 57)
e) the desirability of the Company maintaining a reputation for high standards of business conduct	Derwent London brand (page 114) Purpose, values and culture (page 140) Whistleblowing (page 139) Internal financial controls (page 160) Risk management (page 171) Anti-bribery and corruption (page 177) Awards and recognition (see inside back cover)
f) the need to act fairly between members of the Company	Shareholder engagement (page 143) Annual General Meeting (page 226) Remuneration Policy (page 194) Rights attached to shares (page 227) Voting rights (page 226)

Methods used by the Board

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

- strategy reviews which assess the long-term sustainable success of the Group and our impact on key stakeholders;
- 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 182 to 189);
- assessing the potential impact of significant capital expenditure decisions on our stakeholders;
- identifying the risk management procedures for the potential consequences of decisions in the short-, medium- and long-term so that mitigation plans can be put in place;
- direct and indirect stakeholder engagement (see pages 8 to 9 and 142 to 144);
- external assurance is received from stakeholder surveys, brokers and advisers; and
- specific training for our Directors and senior managers, in addition to the mandatory compliance training programme (see page 148).

In addition to the main methods listed above, during the year under review the Board also:

- held a strategy review meeting to ensure our strategy remains fit for purpose (see page 138);
- consulted with shareholders on the proposed refinements to the Remuneration Policy (see page 198);
- completed an external Board performance evaluation aligned with the three-year cycle (see page 149);
- reviewed the Group's vision, purpose and values with support from an external consultant (see page 140); and
- conducted both employee and occupier 'pulse surveys' (see pages 61 and 94).

Public Interest Statement – 2022

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 142), 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 1). We have detailed on pages 7 to 9, 24, 27, 50 to 85 and 132 to 133 how we have acted in the public interest during 2022.

THE SECTION 172(1) STATEMENT continued

Key to strategic objectives



TO OPTIMISE RETURNS AND CREATE VALUE FROM A BALANCED PORTFOLIO



TO GROW RECURRING EARNINGS AND CASH FLOW



TO ATTRACT, RETAIN AND DEVELOP TALENTED EMPLOYEES



TO DESIGN, DELIVER AND OPERATE OUR BUILDINGS RESPONSIBLY



TO MAINTAIN STRONG AND FLEXIBLE FINANCING

The impact of stakeholder engagement on Board decision making

We utilise various engagement channels to receive informative feedback from our key stakeholders which can be factored into our principal decisions and activities.

The key activities and principal decisions undertaken by the Board in 2022 are detailed on pages 150 to 151. For further information see:

➤ OUR PEOPLE / [See page 59](#)

➤ EMPLOYEE ENGAGEMENT / [See page 144](#)

➤ SHAREHOLDER ENGAGEMENT / [See page 143](#)

➤ OCCUPIER ENGAGEMENT / [See page 142](#)

➤ WIDER WORKFORCE REMUNERATION CONSIDERATIONS / [See page 207](#)

Stakeholder

Engagement methods

Occupiers

Strategic objectives:



- Regular communication via our Asset and Property Management teams
- Dedicated Customer Engagement & Communications Managers
- Occupier-focused amenity (for example, DL/78) and events
- Interaction and use of the DL/App
- Constructive and collaborative discussions on sustainability initiatives and achieving net zero carbon
- Occupier 'pulse surveys'

Employees

Strategic objectives:



- Employee surveys and Employee Working Groups
- Employee awaydays and town hall meetings
- Health and wellbeing programmes
- Independent whistleblowing system
- A dedicated Non-Executive Director for gathering the views of the workforce
- Employee members of the Responsible Business Committee
- Intranet for sharing news and achievements

Local communities & others

Strategic objectives:



- Operation of our Community Fund
- Volunteering and charitable donations
- Provided employment and work experience opportunities
- Engagement throughout the planning and development process
- Engaged with Non-Governmental Organisations (NGOs), Business Improvement Districts and industry bodies

Suppliers

Strategic objectives:



- Regular correspondence and update meetings
- Our Supply Chain Responsibility Standard and the request for evidence of compliance
- Signatories to the CICM Prompt Payment Code
- Publication of our latest Modern Slavery Statement

Central & local government

Strategic objectives:



- Derwent London is a member of London Borough of Islington's Living Wage Action Group
- Maintain proactive relationships through regular dialogue and correspondence with government departments such as HMRC
- Ongoing engagement with local authorities to ensure high quality planning applications are submitted

Shareholders & debt providers

Strategic objectives:



- Annual General Meeting (AGM)
- Annual Bondholders Meeting
- Investor meetings, presentations and property tours
- Attendance of property conferences
- Shareholder consultations
- Regular announcements via RNS
- Our annual Report & Accounts

Engagement we received	Our response
<p>Since opening in 2021, our occupiers have provided valuable feedback on DL/78 in Fitzrovia, in respect to the range of amenities available.</p> <p>Our Property Management team are in regular contact with our occupiers. Through discussions we were aware that rising utility costs was of concern for many of our occupiers.</p>	<p>In response to the feedback, the Board approved the creation of a similar shared amenity hub at The Featherstone Building (DL/28) which has been designed to reflect feedback from occupiers.</p> <p>We assured our occupiers that we place our energy contracts via an independent energy consultant, to provide market competitive benchmarking. Due to the energy pricing crisis, we have undertaken a separate third party review of contract pricing to ensure that the prices offered are in line with the wider market conditions. We have provided a breakdown of utility pricing to our occupiers who have been affected by recent contract renewals and are separately highlighting the utility charges within our managed portfolio service charge budgets to ensure transparency.</p>
<p>The Board and Executive Committee were made aware through various employee engagement channels that employees were concerned by the 'cost of living crisis' in particular rising inflation, interest rates and utility costs.</p> <p>There has been continuous improvement towards diversity and inclusion (D&I) across the Company, however, the response from the latest Employee Survey showed that we can always strive to further increase the positive impact of D&I across the business.</p>	<p>We provided additional financial help to employees for whom the economic burden is most challenging, for further information see page 208. In addition, a 'Financial Wellness' seminar was organised for all employees which provided practical tips on budgeting, debt, protection and savings.</p> <p>To further promote D&I across the business, Derwent introduced a reverse mentoring initiative under the 10,000 Black Interns programme, involving the senior leadership and Executive team. This was an initiative that provided the chance to listen and learn from the lived experiences of young black students. Following the disability awareness training modules, the D&I Working Group made recommendations to Directors on initiatives the business could consider.</p>
<p>The Development team conduct a significant amount of consultations as part of our development projects. For the 50 Baker Street development (a Joint Venture with Lazari Investment), we engaged with local community groups, including the Baker Street Quarter Partnership (BSQ), who are currently based in one of the buildings on the site. Through this engagement we were advised that the local area would benefit greatly from a community space/hub.</p>	<p>Following receipt of this feedback, the Directors of the Joint Venture decided to convert one of our proposed retail spaces on Broadstone Place to a new community facility, which will be operated by BSQ for a peppercorn rent.</p> <p>The new facility will provide a space for local exhibitions, pop-ups for local entrepreneurs and fledgling businesses and wellbeing activities. We are working alongside the BSQ to plan the space and are excited about the prospects of delivering a vibrant community facility within our development.</p>
<p>As part of our Net Zero Carbon Pathway, we seek to ensure we are designing buildings, and using efficient build methodology, to achieve our targets. For our Network W1 development, we appointed Kier to assist with this process with the aim of bringing our upfront carbon (A1-A5) below 600 kgCO₂e/m².</p>	<p>During design meetings on Network W1, Kier provided practical suggestions on how we could rationalise our design to improve carbon efficiency. In addition, through supply chain engagement, feedback was received on materials and methodology, for example cement replacement opportunities and use of reused and recycled raised-access floor tiles. By acting on these suggestions, we have been able to agree a design which can achieve our carbon targets.</p>
<p>Paul Williams (CEO) is currently 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. As outlined in our ESG disclosures, tackling climate change remains a serious challenge and requires coordinated action by all key stakeholders.</p>	<p>In 2022, WPA and Westminster City Council jointly launched London's first Sustainable City Charter, which provides a new framework for decarbonising the building environment.</p> <p>Paul Williams sits on the Terra Carta Sustainable Markets Initiative as its only real estate representative and attended two events by invitation of HRH King Charles at Buckingham Palace. The aim of the initiative is to put nature, people and the planet at the heart of global value creation. In addition, as members of the British Property Federation (BPF) and various industry panels, including the Green Council and Better Building Partnership, we have engaged with best practice guidance.</p>
<p>The Remuneration Committee consulted with shareholders representing c.64% of our issued share capital on its proposed new Remuneration Policy.</p> <p>Attendance at a debt provider forum generated capital structure feedback from investors.</p> <p>From shareholder meetings, we were advised that they would appreciate more frequent updates on our portfolio's Energy Performance Certificate (EPC) ratings and our progress to achieving the 2023 and (proposed) 2030 regulatory requirements.</p>	<p>During consultation, a shareholder requested clarity on the impact of purchasing carbon offsets on the new PSP performance metrics. We confirmed that there would be no impact and ensured this was clear in our disclosures (see page 212).</p> <p>It was valuable to the Board to receive feedback from debt investors on their preferences which can inform the Board's future financing initiatives.</p> <p>We have introduced additional EPC-related disclosures into our interim, quarterly results announcements and results presentations.</p>