

RESPONSIBLE BUSINESS COMMITTEE REPORT



Dame Cilla Snowball
Chair of the Responsible Business Committee

2022 FOCUS AREAS

- Review the recommendations arising from the Employee Survey Working Group and occupier pulse surveys
- Oversee the work of the Diversity and Inclusion Working Group and provide support for its initiatives
- Ensure adherence to the Group's Net Zero Carbon Pathway and receive regular updates on progress
- Continue to monitor the Group's community, charitable and sponsorship initiatives



Britain's Most Admired Companies –
sector winner and 38th overall

Dear Shareholder,

As the Chair of the Responsible Business Committee, I am pleased to present our report of the work of the Committee for 2021. I would suggest that this report is read alongside the Responsibility section on pages 50 to 75.

Supporting our stakeholders

We continue to prioritise stakeholder engagement as a key driver of the business. This has been especially critical during the pandemic when the Committee has received detailed updates on the input from, and support to, our employees, occupiers, communities and the supply chain. We were particularly pleased to see the many proactive efforts that Derwent London has made to support communities over such a difficult year.

We were pleased to review the results of the 2021 Employee Survey showing continuing high levels of pride and job satisfaction at Derwent London, in spite of the challenges of Covid. Pulse surveys among our occupiers were also conducted through the various stages of lockdown, hybrid working and return to the office. The Committee was pleased to participate in the Stakeholder Day at DL/78 in September (see page 134).

Diversity and inclusion

The Committee received regular updates from the Diversity and Inclusion Working Group on its activities and discussions (see page 169). The Committee also reviewed the Group's progress towards achieving the National Equality Standard accreditation and was delighted to see Derwent London achieve full compliance across all 35 of the competencies at the end of 2021. A remarkable achievement and testament to the hard work of Katy Levine (Head of HR) and the Diversity and Inclusion Working Group.

Net zero carbon

The Committee received updates on the Group's progress towards being net zero carbon by 2030. Of particular interest was stakeholder engagement with our occupiers on our net zero plans and how Derwent London can partner with their own sustainability efforts (see page 13). This was an important discussion at the Stakeholder Day, held at DL/78 in the 80 Charlotte Street building, Derwent London's first all-electric building, demonstrating the Group's sustainability principles in action. We were also pleased to see Derwent London actively participate at COP26.

Employee members

The benefits of having employees on the Committee have been evident in 2021, particularly when, during periods of remote working due to the pandemic, the Board were able to be closely informed of staff welfare and engagement.

I would like to thank Ally Clements, Jonathan Theobald and Davina Stewart for their insights and contributions to the Committee and their tireless efforts over the past year. Ally and Jonathan both retired from the Committee at the end of their term in December 2021 and we are grateful to them for setting such a high bar as the first employee representatives on the Committee. We welcome Matt Massey, Lucy Taylor and Kirsty Williams, who join Davina as employee representatives in 2022 (see page 168).

If you wish to discuss any aspect of the Committee's activities, I will be available at the 2022 AGM and would welcome your questions. I am also available via our Company Secretary, David Lawler (telephone: +44 (0)20 7659 3000 or email: company.secretary@derwentlondon.com).

Dame Cilla Snowball

Chair of the Responsible Business Committee
23 February 2022

Committee composition and performance

During 2021, our Committee consisted of two independent Non-Executive Directors, the Chief Executive and three employee members. At the request of the Committee, Executive Directors, members of senior management, other Board members and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

During the year under review, the Committee held two formal meetings (in May and December) (2020: two meetings). In addition to the formal meetings, the Committee holds ad hoc informal meetings. The Chair of the Committee is also the Group's designated NED for gathering the views of our workforce (see page 138).

	Independent	Number of meetings	Attendance
Cilla Snowball, Chair	Yes	2	100%
Claudia Arney	Yes	2	100%
Ally Clements ^①	Employee	2	100%
Davina Stewart	Employee	2	100%
Jonathan Theobald ^①	Employee	2	100%
Paul Williams	No	2	100%

Note:

^① Jonathan Theobald and Ally Clements tenure on the Committee ended on 3 December 2021 and they have now stepped down as members. Matt Massey, Lucy Taylor and Kirsty Williams were appointed as employee members of the Committee from 1 January 2022 and were invited to attend the 3 December 2021 meeting as observers.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in May 2021 and are available on the Company's website at: www.derwentlondon.com/investors/governance/board-committees

The 2021 evaluation of the Board, its committees and individual Directors, was internally facilitated by Mark Breuer, the Chairman of the Board, in accordance with our three-year cycle of evaluations (see page 141). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

Reporting frameworks

The Group reports under several frameworks to provide a complete picture of our responsibility progress and activities and to allow comparison with our peers and other companies.

Our reporting aims to show not only a property sector specific perspective (EPRA Best Practice Reporting measures) but also a broader international perspective (the Global Reporting Index and the United Nations Sustainable Development Goals). For further details on our EPRA measures, please see pages 269 to 271, and for our Global Reporting Index disclosures and United Nations Sustainable Development Goals alignment, see our annual Responsibility Report.

Human rights and modern slavery

The protection of human rights and fundamental freedoms is one of our key ESG priorities which we manage from an internal (within our business) and external perspective (within our supply chain and our relationships with contractors).

Internally, the Board monitors our culture to ensure we maintain our values and high standards of transparency and integrity. Our Human Resources team ensures that we have the right systems and processes in place to strengthen and sustain our culture. The Board's role in managing the Group's culture can be found on page 131.

Externally, we are active in ensuring our ESG standards are clearly communicated to our supply chains, principally via our Supply Chain Sustainability Standard. In addition, we are clear on our zero-tolerance position with regards to slavery and human trafficking as set out in our Modern Slavery Statement, which can be found at: www.derwentlondon.com/investors/governance/modern-slavery-act

During 2021, we continued to identify and implement ways to strengthen our policies and procedures in respect of the protection of human rights and prevention of modern slavery. The Committee receive annual updates on progress from our designated 'champion', who is a senior manager responsible for ensuring the Board's policies on modern slavery are implemented. In addition, the Committee reviewed in detail the answers provided by suppliers in respect to modern slavery following the supplier audit performed in 2019 on the Supply Chain Sustainability Standard (see page 169).

Key activities of the Committee during 2021

The Committee continued to focus on how the Group has been supporting its key stakeholders during the Covid-19 pandemic and the continuing uncertainty. Climate change is a major global challenge and at each of its meetings, the Committee reviewed the Group's progress against our Net Zero Carbon Pathway (see pages 12 and 13). During 2021, the Committee's key activities were:

- **Stakeholder engagement:**
 - Received an update on our community initiatives and engagement (see pages 26 to 27 and 62 to 63)
 - Reviewed the results of the Covid-19 employee and occupier pulse surveys
 - Agreed the content of the 2021 employee survey and reviewed its results (see page 60)
 - Received a presentation on occupier engagement and an update on the work of the Asset Management team
 - Received regular updates on how we are engaging with, and developing, our employees (see page 60)
- **Diversity and inclusion:**
 - Received a presentation from EY on the National Equality Standard and received updates on the Group's progress to being accredited (see page 58)
 - Received regular updates on the Diversity and Inclusion Working Group and its activities and discussions (see page 169)
- **Net zero carbon:**
 - Monitored our progress to net zero carbon by 2030 (see page 52)
 - Received an update on stakeholder engagement in respect to communicating our Net Zero Carbon Pathway and assisting our stakeholders in achieving their own goals (see page 13)
- **Responsible business:**
 - Reviewed the revised Supply Chain Sustainability Standard and received an update on engagement with key suppliers during 2021 (see page 169)
 - Received an update on the Group's modern slavery initiatives and recommendations

RESPONSIBLE BUSINESS COMMITTEE REPORT CONTINUED

COMMITTEE EMPLOYEE MEMBERS



Lucy Taylor

Investment Manager

Joined Derwent London in March 2019

Appointed to the Committee: January 2022

Expected term expiry: December 2024

Kirsty Williams

Business Liaison Manager

Joined Derwent London in February 2007

Appointed to the Committee: January 2022

Expected term expiry: December 2024

Matt Massey

Senior Project Manager

Joined Derwent London in March 2014

Appointed to the Committee: January 2022

Expected term expiry: December 2024

Davina Stewart

Property Accounts Manager

Joined Derwent London in June 2015

Appointed to the Committee: October 2020

Expected term expiry: December 2023

Employees on the Responsible Business Committee

The employee members of the Committee are fully involved in all aspects of the Committee's activities, including attendance at meetings and contribution to discussions and decisions. The employee members also extend the Committee's influence within the business, by being actively involved in employee engagement diversity and inclusion initiatives.

Ally Clements and Jonathan Theobald completed their tenure on the Committee in December 2021. The Committee is thankful for the level of commitment both have shown in the role and their involvement in the Committee's activities. Having employee members on a Board-level committee, enables the diverse voice of our employees to be brought directly into our Boardroom, providing invaluable insight.

Due to the number and high quality of applicants, in December, three new employees were appointed to the Committee. The Committee agreed that the three new members would serve on the Committee for three years.

“Being part of the Responsible Business Committee was such a fantastic experience. Representing the voice of employees at Board level whilst also contributing towards important ESG topics that affect how we operate and are regarded as a business, was a real privilege.”

Ally Clements

Senior Property Marketing Co-ordinator

Member of the Committee from January 2019 to December 2021

Supply Chain Sustainability Standard

All suppliers with whom we spend more than £20,000 per annum are required to comply with, and provide evidence of how, they are implementing our Supply Chain Sustainability Standard (the Standard). The Standard sets out our principles and expectations in terms of the environmental, social, ethical and governance issues which relate to our supply chains and renews our commitment to ensuring our supply chain remains as engaged as we are in setting the highest standards.

In August 2021, we published a revised Standard which is available to download on our website. The Standard now includes our expectations in respect of diversity and inclusion, environmental issues and preventing modern slavery. In respect of diversity and inclusion, our Standard extends beyond basic compliance and requires our suppliers to advise how diversity and inclusion is embedded in their working practices.

During 2021, we requested evidence that our major suppliers were compliant with the Standard. This involved completion of a questionnaire and providing copies of key policies and procedures. Overall, we received an excellent response rate, with all 49 suppliers responding.

- All suppliers confirmed they have an equality, diversity and inclusion policy that aligns with the Equality Act 2010, and 48 suppliers confirmed this is communicated to their staff.
- All suppliers confirmed they have a policy/procedure in place to ensure that bullying, harassment, and discrimination (based on all protected characteristics) is not tolerated.
- All suppliers confirmed they have a modern slavery policy that addresses items raised in the Modern Slavery Act 2015, and 44 suppliers confirmed they provide staff training on the subject.
- Three suppliers advised that they use limited zero hour contracts. After engagement, these suppliers clarified that zero hour contracts are not used at any Derwent London sites. As the use of zero hour contracts is not aligned with our principles, we will seek to engage with these suppliers further during 2022.

All suppliers who have not confirmed compliance with our Standard will be contacted to understand the reason and to agree a time plan for compliance.

Responsible payment practices

Derwent London is a signatory to the Chartered Institute of Credit Management (CICM) Prompt Payment Code, which confirms our commitment to best practice payment practices and the fair and equal treatment of suppliers. We are clear about our payment practices. Unless otherwise stated, we aim to pay our suppliers within 30 days or otherwise will do so in accordance with specified contract conditions. We expect our suppliers to adopt similar practices throughout their supply chains to ensure fair and prompt treatment of all creditors. In 2021, our average payment days was 20 days (see page 107).

On 19 January 2021, the Prompt Payment Reforms were announced which require 95% of invoices from small businesses (defined as those with fewer than 50 employees) to be paid within 30 days. The reforms become applicable from 1 July 2021. During 2021, we liaised with our suppliers to identify those which fall within the new requirements. Although we currently pay all invoices on average within 30 days of receipt, determining our small business suppliers and recording their specific payment days will remain a priority for 2022.

Diversity and inclusion

Having a diverse, highly talented and skilled group of people at all levels at Derwent London is fundamental to our business success. Diversity and inclusion bring new ideas and fresh perspectives which fuel innovation and creativity. Further information on how diversity and inclusion factors into our strategy is on page 41.

We are founding supporters of Real Estate Balance and we are members of the City Women Network (CWN) which provides membership to all our senior female employees.

During 2021, in order to assess the Group's strengths and key areas for improvement in respect to equality, diversity and inclusion, Derwent London was independently assessed under the National Equality Standard. The Committee reviewed the results of the assessment and was delighted that the Group was awarded the accreditation (further information on page 58).

The Diversity and Inclusion Working Group

The Diversity and Inclusion Working Group (the D&I Working Group) consists of 13 members and meets monthly to further advance the Group's diversity and inclusion vision and strategy.

Each month, an Executive Director and Head of Department are invited to join the D&I Working Group's meetings. This provides the Directors and senior management with insights into the diversity and inclusion initiatives being developed, understand what the working group is trying to achieve, and how they can support and promote the initiatives. The Committee received updates on the work of the D&I Working Group at each meeting, which during 2021 included:

- Employee induction programme: Diversity and inclusion is now incorporated into our induction programme and presents an opportunity for new employees to understand our vision and strategy and share ideas or initiatives.
- Redesign of the corporate website: The D&I Working Group shared with the Board that there was a lack of perceived diversity on our website. The website was subsequently redesigned to better represent the people and culture of Derwent London.
- 2021 Employee Survey: At the request of the D&I Working Group, the 2021 employee survey asked for respondents' gender, ethnicity, sexual orientation and disability. This addition to the survey will allow the Directors to establish if there are variances/inconsistency in experiences.
- Promoting the work of the D&I Working Group: At a town hall meeting, the D&I Working Group introduced its members, role and the Company's diversity and inclusion strategy. In addition, a diversity and inclusion 'mailbox' has been created for sharing ideas, and a dedicated page has been created on the intranet.
- National Inclusion Week coffee 'catch up'.

In 2022, the D&I Working Group will continue to raise awareness of all aspects of diversity, inclusion and equality, further embed our 2021 initiatives, promote the relevant training and welcome inspiring guest speakers to town hall meetings.

For further information, see the following disclosures:

[More on diversity and inclusion page 57](#) →

[National Equality Standard page 58](#) →

[Board's diversity policy page 147](#) →

RESPONSIBLE BUSINESS COMMITTEE REPORT CONTINUED

Diversity focus areas

The Board has established clear focus areas which aim to promote the importance of diversity at all stages from attracting diverse and talented employees through to retention and promotion. The key focus areas have been widened to ensure sufficient attention is being given to ethnic diversity in addition to other diversity considerations.

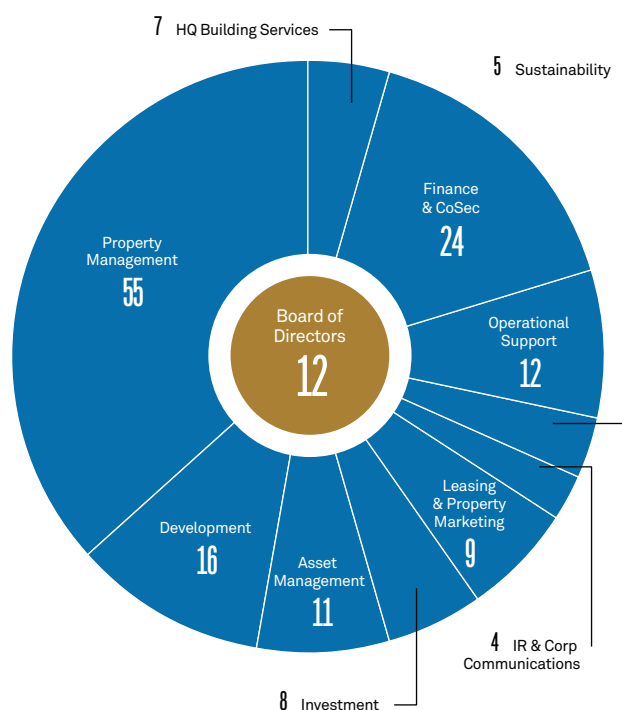
Focus	Actions taken during 2021	Further actions required in 2022
Attracting diverse, highly skilled and talented employees <ul style="list-style-type: none"> — Tackle any unconscious bias — All candidate shortlists to have gender balance — Recruit from a wide pool of talent (including women returning to work) 	<ul style="list-style-type: none"> — Working closely with all recruitment consultants to ensure diversity shortlists are received for every vacancy — Launched new recruitment guidelines to ensure consistency of approach — Launched a recruitment log to ensure that the data and demographics are analysed within a recruitment process including candidate pool, interview pool and hires — Updated and relaunched our Diversity & Inclusion page on the internet to publicise our employee value proposition — Increased focus on actively promoting ourselves as an employer that embraces Diversity & Inclusivity — Relaunched our unconscious bias training alongside Chickenshed for all employees — Two guest speakers from an ethnic background, within the property industry, presented to the Executive Committee and employees via a town hall meeting to share their experiences, challenges and journeys — During the year under review: <ul style="list-style-type: none"> – 60% of new recruits have been female – 37% of new recruits were non-white – 72% of new female recruits were for 'professional' roles (i.e. excludes administrative, trainee and support roles) – 91% of new ethnic minority recruits were for 'professional' roles 	<ul style="list-style-type: none"> — Continue with current initiatives including our social responsibility messaging, communicating our culture and inclusive values to the market — Continue with our unconscious bias training programme — Continue to work closely with all recruitment consultants
Retaining the best talent <ul style="list-style-type: none"> — Focus on women returning to work — Promote the importance of work/life balance — Equal opportunities for all 	<ul style="list-style-type: none"> — Created and set up a new Diversity & Inclusion Working Group Worked towards achieving the National Equality Standard accreditation — Rolled out Inclusive Leadership & Behaviour training to the Executive Committee and other Senior Managers — Continued with parental transition coaching for those returning from a period of extended leave — Strong focus on supporting work/life balance and health and wellbeing — Launched our new agile working policy — Enhanced and relaunched our Family Friendly policies — A further 26 employees participated in the 'Fit for the Future' programme — Core Skills sessions and technical workshops continued virtually — Rolled out our fourth full employee survey run by an independent provider 	<ul style="list-style-type: none"> — Focus on mental health and wellbeing — Analyse and digest the feedback from the employee survey and explore recommendations and actions through focus groups — Host an employee awayday — Continue to offer Core Skills sessions and training opportunities
Promoting diversity <ul style="list-style-type: none"> — Gender balance within our internships and work experience placements — Aim to encourage more females to be interested in the construction and property industry and challenge harmful gender stereotyping — Heads of Department demonstrate that we are an inclusive employer 	<ul style="list-style-type: none"> — Internship programmes and work experience placements format was tweaked in line with Covid-19 restrictions — Our monthly town hall meetings, hosted by our CEO focused on diversity and inclusion on a regular basis — We increased the number of employee representatives on our Responsible Business Committee to four — Our intranet and screensavers focused on diversity and inclusion e.g. recognising and celebrating Black History Month, Eid, Jewish Holidays etc. — Working with Pathways to Property 	<ul style="list-style-type: none"> — Participate in careers and volunteering events during 2022 — Continue to have gender and ethnic balance within our internships and work placements — Host three interns under the #10000BlackInterns programme — Continue with training on diversity and inclusivity e.g. allyship — Continue to use the town halls to communicate diversity and inclusivity initiatives and guest speakers

The Group's composition and diversity

We have an experienced, diverse and dedicated workforce. The information below provides a breakdown of our diversity as at 1 January 2022. Further information on the Board's composition as at 1 January 2022 is shown on pages 139 and 147. We will monitor the outcome of the FCA's consultation on 'diversity and inclusion on company boards and executive committees' and will address the recommendations once they are finalised. The variance between genders in responses to employee surveys is taken into account by the Remuneration Committee when determining the annual bonus payout for Executive Directors in relation to the staff satisfaction metric (see page 184).

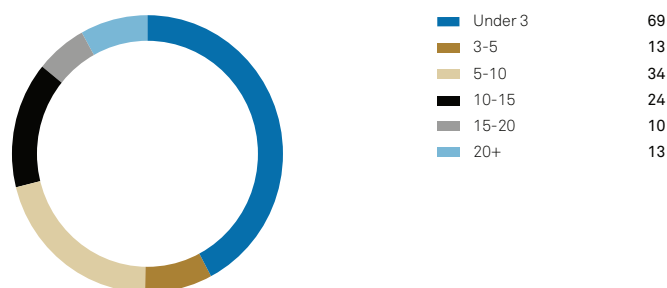
Headcount by department

Number



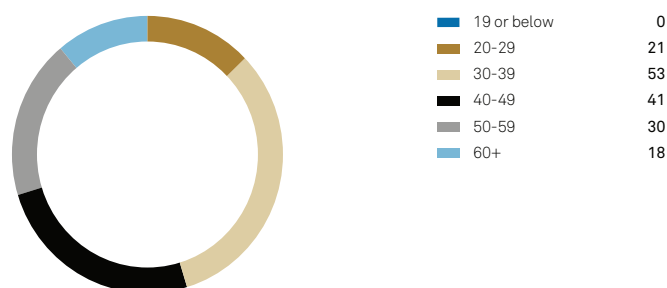
Length of service

Years



Employees by age

Years



	Number of total employees ⁽ⁱ⁾	% of total employees	Number in the executive committee and its direct reports ⁽ⁱⁱ⁾	% of executive committee and its direct reports ⁽ⁱⁱ⁾	Number of Board members ⁽ⁱⁱⁱ⁾	% of Board ⁽ⁱⁱⁱ⁾	Number of senior positions on the Board ^(iv)
Gender							
Men	79	48.5%	34	54.0%	7	58.3%	3
Women	84	51.5%	29	46.0%	5	41.7%	1
Not specified/prefer not to say	-	-	-	-	-	-	-
Ethnicity							
White British or White Other	123	75.5%	54	85.6%	11	91.7%	4
Mixed/Multiple Ethnic Groups	6	3.7%	2	3.2%	-	-	-
Asian/Asian British	16	9.8%	2	3.2%	1	8.3%	-
Black/African/Caribbean/Black British	13	7.9%	2	3.2%	-	-	-
Other Ethnic Group	5	3.1%	3	4.8%	-	-	-
Not specified/prefer not to say	-	-	-	-	-	-	-
Total	163	-	63	-	12	-	4

Notes:

⁽ⁱ⁾ Total employees include the Board of Directors.

⁽ⁱⁱ⁾ Includes the Executive Committee and its direct reports (excluding administrative and support staff).

⁽ⁱⁱⁱ⁾ The Board includes the Chairman, Executive Directors and Non-Executive Directors.

^(iv) Senior positions on the Board include the CEO, CFO, Chairman and Senior Independent Director.