

Responsible Business Committee report



Dame Cilla Snowball

Chair of the Responsible Business Committee

2021 Focus areas

- Review the findings of the UK National Equality Standard assessment being independently conducted by EY
- Ensure adherence to the Group's Net Zero Carbon Pathway
- Review and approve the structure and contents of the 2021 employee survey
- Monitor the Group's community, charitable and sponsorship initiatives

Dear Shareholder,

I am pleased to present to you the report of the work of the Responsible Business Committee for 2020. I would suggest that this report is read alongside the Responsibility section on pages 46 to 63 which provides further information on Derwent London's ESG activities.

Supporting our stakeholders

In these unprecedented times, our responsibility to our stakeholders and the wider community is of paramount importance. At each meeting during 2020, the Committee received detailed updates on how the business was proactively responding and offering support to our key stakeholders, including our employees, local communities, occupiers and supply chain.

During the year, the Group's commitment to charitable donations, sponsorships and community funding was increased by 179% to £1.1m (see pages 52 and 53). This included the donation of 16 furnished flats at Charlotte Apartments to University College Hospital, to use free of charge, for 12 months (see page 13).

Derwent London supported employees throughout the pandemic by ensuring job security (no redundancy or furlough), clear communication and a strong focus on physical health and mental wellbeing (see pages 12, 51 and 115). The Committee's employee representatives also prepared monthly newsletters which shared news and welcomed new starters.

Diversity and inclusion

The Group is committed to being an inclusive and respectful employer that welcomes diversity and promotes equality, acceptance and teamwork. In response to the Black Lives Matter movement, the Committee reviewed our anti-racism and ethnic diversity initiatives. These discussions received input from our employee representatives, Ally, Davina and Jonathan.

One outcome of the discussions was agreement that the Group would be independently assessed by Ernst & Young (EY) under the UK National Equality Standard (NES). The NES assessment will provide Derwent London with an independent, comprehensive quality review of our equality, diversity and inclusion policies and practices, identifying areas for improvement and a detailed roadmap with recommendations (see page 149).

Net zero carbon

The Group's Net Zero Carbon Pathway was published in July 2020 and details the steps the Group will take in order to be net zero carbon by 2030. The Committee reviewed and approved the pathway prior to its release and will continually monitor progress to ensure the business remains on track.

Employee members

The benefits of employees on the Committee has been evident and the Board agreed that a further employee would be appointed during the year. We were delighted to welcome Davina Stewart to the Committee from October 2020 (see page 147). During 2020, all employee-members of the Committee have been fully engaged in the Committee's activities and have strengthened the employee voice in our boardroom.

If you wish to discuss any aspect of the Committee's activities, I will be available at the 2021 AGM on 14 May 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
10 March 2021

Committee composition

Our Committee consists of two independent Non-Executive Directors, the Chief Executive and three employee-members. At the request of the Committee, members of the Executive Committee, senior management team and external advisers may be invited to attend all or part of any meeting, as and when appropriate.

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

⁽ⁱ⁾ Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2020.

⁽ⁱⁱ⁾ Davina Stewart was appointed as an employee-member of the Committee on 8 October 2020.

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in December 2019 and are available on the Company's website at: www.derwentlondon.com/investors/governance/board-committees

Meetings of the Committee

During the year under review, the Committee held two formal meetings (in May and October) (2019: two meetings). In addition to the formal meetings, the Committee holds ad hoc informal meetings, and the Committee chair meets privately with the employee-members.

Committee performance evaluation

The 2020 evaluation of the Board, its committees and individual Directors was internally facilitated by Simon Fraser, the Senior Independent Director, in accordance with our three-year cycle of evaluations (see page 121). There were no significant matters raised.

Key activities of the Committee during 2020

The main focus areas for the Committee during 2020 was monitoring how the Group was supporting its key stakeholders during the Covid-19 pandemic and approving the Group's pathway to becoming net zero carbon by 2030. In addition, the Committee:

- **Stakeholder engagement:**
 - Reviewed the results of the Covid-19 employee and occupier pulse surveys.
 - Received a presentation on wellbeing and health initiatives available to employees (including, mental health) during the home working period.
 - Reviewed the suggestions and actions arising from the 2020 Employee Survey Working Group.
- **Diversity and inclusion:**
 - Received a presentation from EY on the UK National Equality Standard and agreed that an independent assessment of the Group would be undertaken in the first half of 2021 (see page 149).
- **Net zero carbon:**
 - Received updates on our progress to net zero carbon by 2030.
 - Received an update on feedback received following the publication of our Net Zero Carbon Pathway.
- **Responsible business:**
 - Reviewed the socio-economic impact assessment for White Collar Factory EC1.
 - Agreed the Modern Slavery focus areas for 2020.

Employees on the Responsible Business Committee



Ally Clements

Senior Property Marketing Co-ordinator

Joined Derwent London: March 2013
Appointed to the Committee: January 2019



Davina Stewart

Property Accounts Manager

Joined Derwent London: June 2015
Appointed to the Committee: October 2020



Jonathan Theobald

Associate, Investment

Joined Derwent London: December 2012
Appointed to the Committee: December 2019

Employee engagement

During 2020, the Company engaged actively with employees and communities to ensure these two key stakeholder groups were fully supported (see pages 12 and 13). The employee members of the Committee assisted by organising monthly staff newsletters which aims to promote the wellbeing and connectivity of staff, being available for fellow employees to voice any concerns as well as raising questions that can then be discussed in the Company town hall meetings. Ally, Davina and Jonathan also hosted the Employee Survey Working Group meetings and joined discussions with the Directors on diversity and inclusion matters.



Monthly staff newsletter

Responsible Business Committee report continued

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), which includes a minimum requirement that any form of corruption, bribery or anti-competitive behaviour or actions are not tolerated within our supply chain.

A summary of the Standard is below. The complete Standard is available to download on our website.

Aspect	Standards expected from our suppliers
Anti-bribery and corruption	<ul style="list-style-type: none"> Operate an ethical business policy which sets out how they govern their business and supply chains. We will not tolerate any form of corruption, bribery or anti-competitive behaviour in our supply chain.
Employment and labour practices	<ul style="list-style-type: none"> Fair pay and working time practices which ensure compliance with the National Minimum Wage and the London Living Wage together with working time legislation. No use of exclusive 'zero hours' contracts. No illegal, forced or child labour. Suppliers to have appropriate equality and diversity policies to ensure the active promotion of employment diversity.
Health and safety	<ul style="list-style-type: none"> Adequate health and safety policies and management systems appropriate to the nature and scale of their business and service provision. To comply with Derwent London's health and safety standards and procedures.
Community	<ul style="list-style-type: none"> Support us in the successful delivery of our Community Strategy. Development contractors on our larger schemes have to achieve a minimum target score (currently 38) in the Considerate Constructors Scheme, and to undertake at least one community day every year during the life of a project. Offer full and fair opportunity for local suppliers to actively participate in our supply chains. Offer local employment and apprenticeship opportunities.
Environmental	<ul style="list-style-type: none"> Suppliers are to have robust environmental management policies and procedures in place. To comply with the Derwent London Sustainability Framework for Developments and/or Assets. We expect our main contractors to have a certified environmental management system (EMS) in place, accredited to ISO14001 or EMAS (Eco-Management and Audit Scheme).
Payment practices	<ul style="list-style-type: none"> Unless otherwise stated, we aim to pay our suppliers within 30 days or otherwise will do so in accordance with specified contract conditions. We are signatories of the Prompt Payment Code. Suppliers are required to adopt similar payment practices throughout their supply chains to ensure fair and prompt payment.

During 2019, we requested evidence that our major suppliers were compliant with the Supply Chain Sustainability Standard. This involved completion of a questionnaire and providing copies of key policies and procedures. Overall, we received an excellent response rate of 98%. Due to the Covid-19 pandemic, it has been agreed that we will engage with our suppliers on the Standard during the second half of 2021.

p.12 How we supported our suppliers in 2020

p.57 Supply chain governance

1 Oliver's Yard EC1



UK National Equality Standard

In order to assess the Group's strengths and key areas for improvement in respect to equality, diversity and inclusion, the Committee agreed that Derwent London would be independently assessed under the UK National Equality Standard. The UK National Equality Standard is supported by the Home Office and the Confederation of British Industry (CBI) and the Equality and Human Rights Commission (EHRC) was involved in its development and launch.

The assessment will be completed during the first half of 2021 and will focus on 35 competencies which are broken into five categories. The assessment process will include stakeholder interviews and document review, alongside employee interviews and focus groups.

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. Further information on the development of our employees can be found on page 50. The Board's role in managing the Group's culture can be found on page 111.

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 2020, 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 148). We also continued to monitor and cross-check our supply chain, from procurement to delivery.

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 243 to 245, and for our Global Reporting Index disclosures and United Nations Sustainable Development Goals alignment, see our annual Responsibility Report.

Socio-economic impact assessment of White Collar Factory ECI

White Collar Factory is a 291,000 sq ft development, completed in H1 2017, which contains offices, retail, residential units and a public square.

Since 2013 one of Derwent London's objectives has been to carry out a socio-economic survey on its major developments once they have been occupied for more than one year. We believe it is important to understand our developments' impacts on their neighbourhoods. At White Collar Factory we also measured the building's impact on occupiers' wellbeing.

The assessment was compiled before the Covid-19 pandemic and included three phases. A desktop research stage which involved a site visit, stakeholder mapping and interviews. This was followed by a period of on-site research which included street surveys with local businesses and with occupiers. Finally, an analysis of the data and production of a report which was reviewed by the Committee in October 2020.

A broad range of stakeholders were covered as part of the assessment:

- Building occupiers
- Building staff
- Local businesses
- Local residents
- Local workers
- Local Authority (London Borough of Islington)

On-street responses revealed good knowledge of the building and how it fits within the locality, with positive comments on the green space, open areas, safety aspects, cleanliness and architecture.

We believe it is important for our occupiers to enjoy the local area and, as a direct result, boost the local economy. Results of the assessment showed that the development is having a positive impact on local footfall and revenue. Local businesses estimated that there has been a 7% increase in footfall with a total occupier spend of £6.6m per annum with local businesses.

The impact assessment also provided recommendations to maintain and improve the positive impact of White Collar Factory on its occupiers and the wider community. The Committee discussed these in detail with management.



Socio-economic impact assessment of White Collar Factory