

RESPONSIBLE BUSINESS COMMITTEE REPORT



DAME CILLA SNOWBALL
Chair of the Responsible Business Committee

2023 FOCUS AREAS

- Commence work with the Business Disability Forum to help improve business practices
- 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
- Review the composition of the Committee's employee members during Q2 2023, in advance of Davina Smith reaching her three-year term in December 2023

COMMITTEE MEMBERSHIP DURING 2022

	Independent	Number of meetings	Attendance ¹
Cilla Snowball	Yes	2	100%
Claudia Arney	Yes	2	100%
Matt Massey	Employee	2	100%
Davina Smith ²	Employee	2	100%
Lucy Taylor	Employee	2	100%
Kirsty Williams	Employee	2	100%
Paul Williams	No	2	100%

¹ Percentages are based on the meetings entitled to attend for the 12 months ended 31 December 2022.

² The composition of the employee members will be reviewed during Q2 2023 as Davina Smith comes to the end of her tenure on the Committee.

Dear Shareholder,

As the Chair of the Responsible Business Committee, I am pleased to present our report of the work of the Committee for 2022. I would suggest that this report is read alongside the Responsibility section on pages 50 to 85.

Engagement with our stakeholders

Building long-term relationships with our stakeholders is essential to the delivery of our strategy. The Committee has continued to examine the detail of our activities and engagement with employees, communities, occupiers and suppliers.

Over the year, the four employee Committee members have worked hard to address the priority areas identified in the 2021 Employee Survey. As a result, an employee hub was approved to signpost training and development, along with allyship training, a new Smart Working Policy and a range of wellbeing sessions on sleep, menopause, mental health awareness and men's health.

We were pleased to see that the 2022 'pulse survey' showed improved, and consistently high, employee engagement levels across all metrics, with 91% of employees saying they are 'proud to work at Derwent London'.

The Committee received regular updates on the excellent community engagement work that has been undertaken over the year, including the Community Fund, sponsorships and donations, staff volunteering and social value impact measurement. A review of the Supply Chain Responsibility Standard was undertaken, and policies and procedures on the prevention of modern slavery were shared, with training. The Committee recognises that the 'cost of living' challenges are impacting all of our stakeholders, and the Committee is sensitive to the risks, and the need for responsible mitigations.

Diversity and inclusion

The Committee received regular updates from the Diversity and Inclusion Working Group (the 'D&I Working Group') on its activities and discussions. With full National Equality Standard accreditation, we were pleased to see the further work being undertaken on disability awareness, including membership of the Business Disability Forum, which will audit and assess inclusion across our business. The Committee also reviewed the latest report issued by the Parker Review Committee on ethnic diversity. Participation in the 10,000 Black Interns programme in 2022 provided reverse mentoring, work experience and apprenticeships.

Employee members

The four employee members of the Committee continue to add enormous value to our discussions and outputs, and we thank Davina Smith, Matt Massey, Lucy Taylor and Kirsty Williams for their hard work and contributions. In particular, their work on the Employee Survey has ensured areas of particular interest and priority to staff can be quickly turned into action, strengthening our employee engagement overall.

Net zero carbon

The Committee received regular updates on the Group's progress towards being net zero carbon by 2030, including energy saving measures across the portfolio and engagement with occupiers on a range of matters including 'Green Forums', energy usage data, planning assumptions and climate change risk.

Further engagement

If you wish to discuss any aspect of the Committee's activities, I will be available at the 2023 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
 27 February 2023

Committee composition and performance

During 2022, our Committee consisted of two independent Non-Executive Directors, the Chief Executive and four employee members. At the request of the Committee, members of the Executive Committee, senior management team, 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) (2021: 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 145).

The Committee's role and responsibilities are set out in the terms of reference, which were last updated in May 2022 and are available on the Company's website at: www.derwentlondon.com/investors/governance/board-committees

The 2022 evaluation of the Board, its committees and individual Directors was externally facilitated by Manchester Square Partners LLP, in accordance with our three-year cycle of evaluations (see page 149). The review confirmed that the Committee continues to operate effectively, with no significant matters raised.

KEY ACTIVITIES OF THE COMMITTEE DURING 2022

The Committee continued to strengthen the Board's oversight of environmental and social issues, and monitored the Group's corporate responsibility, sustainability and stakeholder engagement activities.

During 2022, the Committee's keys activities were:

Responsible business

- Revised the Group's Code of Conduct & Business Ethics
- Reviewed the Supply Chain Responsibility Standard to ensure continued validity following 2021 publication
- Reviewed the Group's modern slavery practices as well as the 2022 Modern Slavery Statement

Stakeholder engagement

- Received regular updates on our community initiatives and engagement (see page 57)
- Reviewed the feedback from the employee and occupier 'pulse surveys' (see pages 59 and 94)
- Received an update on how management are addressing the recommendations arising from the 2021 Employee Survey (see page 59)

Diversity and inclusion

- Committed to becoming a member of the Business Disability Forum
- Received regular updates on the D&I Working Group and its activities and discussions (see page 186)
- Reviewed the latest report issued by the Parker Review Committee on the progress towards ethnic diversity
- Responded to employee feedback from the 2021 Employee Survey by introducing a 'reverse mentoring' initiative in the 10,000 Black Interns programme (see page 60)

Employees

- Approved the creation of an 'employee hub' to provide easy access to information on training and development opportunities, in addition to the intranet
- Arranged interactive allyship training for management to create an even more inclusive and supportive working environment
- Approved a re-branded Smart Working Policy, which was well received by employees

Net zero carbon

- Monitored our progress to net zero carbon (see page 52)
- Reviewed Derwent London's involvement in COP26 and assessed key takeaways
- Received a verbal update on climate change risk

RESPONSIBLE BUSINESS COMMITTEE REPORT

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EMPLOYEES ON THE RESPONSIBLE BUSINESS COMMITTEE

The employee members are fully engaged in all aspects of the Committee's activities. Additionally, they extend the Committee's influence by meeting regularly with the HR team to review initiatives and provide six-monthly updates to the Executive Committee and wider workforce.

During 2022, they participated in the Employee Survey Working Group meetings, which review the results of the latest Employee Survey and propose recommendations to the Executive Committee to address areas of particular interest or concern for staff (see page 59).

Davina Smith

Property Accounts Manager

Joined Derwent London in June 2015

Appointed to the Committee: October 2020

Expected term expiry: December 2023

Matt Massey

Head of Project Management

Joined Derwent London in March 2014

Appointed to the Committee: January 2022

Expected term expiry: December 2024

Lucy Taylor

Investment Manager

Joined Derwent London in March 2019

Appointed to the Committee: January 2022

Expected term expiry: December 2024

Kirsty Williams

Associate, Property Management

Joined Derwent London in February 2007

Appointed to the Committee: January 2022

Expected term expiry: December 2024

“It is a privilege being an employee member of the Responsible Business Committee. I appreciate the opportunity to contribute to meaningful Board discussions on behalf of my colleagues. Responsible Business Committee meetings are also a reminder of the positive impact Derwent London strives to make to local communities through our social and environmental initiatives.”

DAVINA SMITH

Property Accounts Manager

Employee member of the Responsible Business Committee



Committee employee members

SUPPLY CHAIN RESPONSIBILITY STANDARD

The primary purpose of the Supply Chain Responsibility Standard (the Standard) is to clearly set out our principles and expectations in terms of the environmental, social, ethical and governance issues which relate to our supply chains.

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 the Standard. Those suppliers with whom we spend less than £20,000 will still be expected to identify and address any significant risks areas which we identify via an ESG risk analysis, last conducted in Q4 2022.

During 2022, a review was conducted to ensure the Standard remains valid following the publication of the revised version in August 2021, which is available to view on our website.

Biennially we request evidence that our major suppliers are compliant via a questionnaire. This extends beyond basic compliance and requires our suppliers to advise how they are embedding best practice into their working practices. During 2023, we will seek assurance that our suppliers have:

- An equality, diversity and inclusion policy that aligns with the Equality Act 2010 and is communicated to all staff.
- A policy to ensure that bullying, harassment, and discrimination (based on all protected characteristics) is not tolerated.
- A modern slavery policy that addresses items raised in the Modern Slavery Act 2015 and training is provided on the subject to all staff.

Following our review, all suppliers who have not confirmed compliance with our Standard will be contacted.

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 our suppliers.

Unless otherwise agreed, 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 2022, our average payment term was 22.6 days, which continues to remain below our payment terms of 30 days.

MODERN SLAVERY

We endeavour to ensure that the risk of modern slavery and human trafficking occurring in any of our activities, our supply chains or in any part of our wider business is reduced as much as possible. As a result of wider factors, such as inflation and recession, many of the underlying causes of modern slavery such as poverty, inequality and unemployment have worsened.

During 2022, 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. Modern slavery issues and updates were included on the agenda of our ongoing Principal Contractor Customer Improvement Groups led by the Health and Safety team. Refresher training was also provided to all employees (including the Board) on how to identify modern slavery risks in the supply chain.

Risk	The potential greatest risk exists in the supply chains of our construction contractors as well as the property management suppliers and maintenance contractors used in our buildings, which include cleaning and security services.
Governance	We require our suppliers to adhere to our Supply Chain Responsibility Standard which requires, as a minimum, that suppliers comply with the Modern Slavery Act 2015. In addition, we expect suppliers to provide modern slavery training to employees, and have provisions in place that endeavour to ensure their supply chain also adheres to the Act.
Policies	We have a number of internal policies that promote our culture and expected behaviours in accordance with the Act's objectives. This includes our newly revised Code of Conduct & Business Ethics.
Engagement	We are clear on our zero-tolerance position and all suppliers receive Derwent London's latest modern slavery statement. Similarly, modern slavery statements are obtained from all suppliers. We expect our main contractors to conduct due diligence within their supply chains to ensure that the risk of modern slavery or human trafficking occurring is checked and minimised.
Effectiveness	All new starters are required to complete a 'core skills' programme which includes training on modern slavery. Ongoing training initiatives and our mandatory compliance training programme ensures that employees are kept up to date with the latest requirements.

Our latest Modern Slavery Statement is available on our website: www.derwentlondon.com/investors/governance/modern-slavery-act

RESPONSIBLE BUSINESS COMMITTEE REPORT

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DIVERSITY AND INCLUSION

Having a diverse, highly talented and skilled group of employees at all levels in Derwent London is vital to the successful delivery of our strategy and long-term business performance. Diversity and inclusion brings new ideas and fresh perspectives which fuel innovation and creativity.

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.

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 discuss the progress being made towards the Group's diversity and inclusion vision, strategy and KPIs.

Throughout the year, Executive Directors and/or Heads of Departments are invited to join the D&I Working Group's meetings, which provides insights into the diversity and inclusion initiatives being discussed. Management receive an understanding of what the D&I Working Group are aiming to achieve and offer support through a top down approach.

The Committee received updates on the work of the D&I Working Group at each meeting, during 2022 this included:

- **Levelling up:** As part of the 10,000 Black Interns programme, four interns joined Derwent London on a six-week placement, rotating around the business and portfolio. Positive feedback was received from the trial of reverse mentoring between the interns and members of the Executive Committee (see page 60). Through our work experience scheme, we continue to offer opportunities to a broad range of students from varying socio-economic backgrounds, ethnicities, and genders.
- **Training:** All Heads of Departments attended a presentation on allyship and inclusion by the founder and CEO of We Rise In, Faith Locken. Mental health awareness training was offered to all employees with four workshops being run as well as an online session. The Group continued their work with Chickenshed providing unconscious bias training to employees.
- **Communication:** We increased the use of our social media channels to communicate the D&I strategy and initiatives to all stakeholders. The Group has also been contacted by a number of businesses to share how we achieved all 35 competencies of the National Equality Standard in 2021.

In 2023, the D&I Working Group will be rotating its members and continue to raise awareness of all aspects of diversity, inclusion and equality and work to further embed our 2022 initiatives including signing up to the Business Disability Forum from 1 March 2023.

Diversity key performance indicators (KPIs)

The Board receives updates on our diversity focus areas including the following diversity KPIs:

51.0%

total number of female employees as at 31 December 2022

48.9%

of new recruits during 2022 were female

35.6%

of new recruits during 2022 were from an ethnic minority group

77.3%

of new female recruits during 2022 were for professional or managerial roles*

50.0%

of ethnic minority recruits during 2022 were for professional or managerial roles*

*excludes administrative and support roles

➤ MORE ON DIVERSITY AND INCLUSION / See page 60

➤ BOARD'S APPOINTMENT POLICY / See page 154

Diversity focus areas

The Board has established clear focus areas which aim to build an inclusive culture that promotes, encourages and celebrates the importance of diversity and inclusion at all stages from attracting diverse and talented individuals through to retention and career opportunities. Ensuring sufficient attention is being given to diversity in its fullest consideration continues to be the key focus area.

Focus	Actions taken during 2022	Further actions required in 2023
Attracting diverse, highly skilled and talented employees <ul style="list-style-type: none"> Tackle any unconscious bias. All shortlists to have due regard for diversity considerations (not limited to gender and ethnicity). Recruit from a wide pool of talent (including women returning to work). 	<ul style="list-style-type: none"> Worked closely with recruitment consultants to ensure diversity shortlists are received for every vacancy. Promoted the achievement of the National Equality Standard through our website, social media and during the recruitment process. Ongoing recruitment log to ensure that the data and demographics are analysed within a recruitment process including candidate pool, interview pool and hires. Increased use of our social media channels with a focus on actively promoting ourselves as an employer that embraces diversity, equality and inclusivity. Continued with our compulsory unconscious bias training alongside Chickenshed for all employees. 	<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 to make it a requirement for recruitment consultants to provide a diverse pool of candidates. Sign up to the Business Disability Forum (from 1 March 2023) and complete the Smart Audit.
Retaining the best talent <ul style="list-style-type: none"> Focus on women returning to work. Promote the importance of Smart Working. Equal opportunities for all. 	<ul style="list-style-type: none"> Hosted our third employee awayday to build relationships and encourage collaboration. Held an inclusive management session with Heads of Departments. Continued with parental transition coaching for those returning from a period of extended leave. Strong focus on supporting health and wellbeing. Launched our new Smart Working policy. Core Skills sessions and technical workshops continued. Rolled out mental health awareness training for all employees, mental health and sleep, menopause and men's health sessions. Ran a number of inclusive social events for all employees. The importance of diversity, equality and inclusion was emphasised in our induction programme by our CEO. 	<ul style="list-style-type: none"> Continue to focus on mental health and wellbeing. Analyse and digest the feedback from the October 2022 employee 'pulse survey' and explore recommendations and actions. Further training for all line managers including coaching conversations, personal development plans and leading an inclusive team. Roll out our fifth full Employee Survey run by an independent provider. To review the performance appraisal process, succession plans and career development opportunities that have been identified for all employees.
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 Departments to demonstrate that we are an inclusive employer. 	<ul style="list-style-type: none"> Hosted four interns under the 10,000 Black Interns programme in the Summer of 2022. Arranged work experience placements from a variety of backgrounds/disciplines. Our monthly town hall meetings, hosted by our CEO, focused on diversity and inclusion on a regular basis. Our intranet and screensavers continued to create and encourage discussion and awareness on diversity and inclusion e.g. recognising and celebrating Black History Month, religious holidays, Menopause Awareness Day, national campaigns etc. All employees attended compulsory compliance training on disability awareness. Working with Pathways to Property. The D&I Working Group has continued to meet monthly and shared best practice with other companies. Engaged with external D&I specialist to ensure best practice continues. 	<ul style="list-style-type: none"> Continue to participate in careers and volunteering events during 2023. Continue to have gender and ethnic balance within our internships and work placements. Continue with training on diversity and inclusivity e.g. allyship. Continue to use the town hall meetings, intranet, email and guest speakers to keep diversity and inclusivity initiatives high on the agenda highlighting one D&I related event/communication per quarter. Continue to engage with and learn from external specialists.

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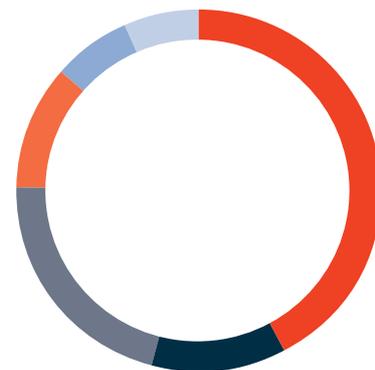
THE GROUP'S COMPOSITION AND DIVERSITY

The information below provides a breakdown of our diversity as at 1 January 2023. Further information on the Board's composition as at 1 January 2023 is shown on page 147. 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 216).



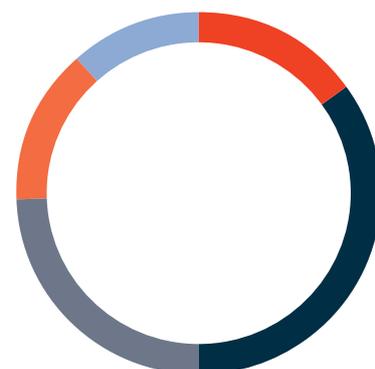
Headcount by department

Number	
11	Board of Directors
18	Asset Management
7	Company Secretarial & HR
17	Development
8	Digital Innovation & Technology
21	Finance
7	Health & Safety
8	Investment
6	IR & Corporate Communications
12	Leasing & Property Marketing
11	Operational Support
52	Property Management
6	Sustainability



Length of service

Years	
Under 3	78
3-5	22
5-10	39
10-15	20
15-20	13
20+	12



Employees by age

Years	
20-29	28
30-39	64
40-49	45
50-59	26
60+	21

Gender diversity and ethnic origin

	Total employees ¹		Executive Committee & its direct reports ²		Board ³		Senior positions on the Board ⁴
	Number	%	Number	%	Number	%	Number
Gender⁵							
Men	90	49.0%	35	49.3%	6	54.5%	3
Women	94	51.0%	36	50.7%	5	45.5%	1
Other	–	–	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–	–	–
	184		71		11		4
Ethnicity⁵							
White British/ White Other	138	75.0%	64	90.1%	10	90.9%	4
Mixed/Multiple Ethnic Groups	9	4.9%	1	1.4%	–	–	–
Asian/Asian British	17	9.2%	2	2.9%	1	9.1%	–
Black/African/ Caribbean/Black British	16	8.7%	1	1.4%	–	–	–
Other Ethnic Group	4	2.2%	3	4.2%	–	–	–
Not specified/ prefer not to say	–	–	–	–	–	–	–
Total	184		71		11		4

1 Total employees include the Board of Directors.
 2 Includes the Executive Committee and its direct reports (excluding administrative and support staff).
 3 The Board includes the Chairman, Executive Directors and Non-Executive Directors.
 4 Senior positions on the Board include the CEO, CFO, Chairman and Senior Independent Director.
 5 The information disclosed, and the format of the table, is prescribed by Listing Rule 9.8.6R(10).



2022 Facilities and Building Management apprentices