

RESPONSIBLE BUSINESS COMMITTEE REPORT



Dame Cilla Snowball
Chair of the Responsible Business Committee

2024 Focus areas

- Monitor the Group's Net Zero Carbon Pathway and receive regular updates on progress
- Recruit new employee members during Q3 2024
- Focus on the feedback from the Business Disability Forum self-assessment framework and formulate a Disability Inclusion Strategy
- Continue to monitor the Group's community, charitable and sponsorship initiatives

Committee membership during 2023

	Independent	Number of meetings	Attendance ¹
Cilla Snowball	Yes	2	100%
Claudia Arney	Yes	2	100%
Matt Massey	Employee	2	100%
Davina Smith	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 2023.

Dear Shareholder,

As the Chair of the Responsible Business Committee, I am pleased to present our report for 2023.

Engagement with our stakeholders

Stakeholder engagement is a core priority in our business and the Committee regularly reviews feedback from and impact with our employees, occupiers, the supply chain and communities. 2023 marked the 10th year of Derwent's Community Fund which over the decade has supported 164 projects with grants totalling over £1.1m. This is a key driver of our Social Value Strategy which focuses on helping our neighbours, communities and the local economy to thrive.

We were pleased with our strong performance in the Sunday Times Best Places to Work Survey, with scores way above industry averages on employee reward and recognition, empowerment, wellbeing, pride, and job satisfaction (see page 52). Similarly, in our 2023 Employee Survey we saw an exceptional response rate and very high employee pride and satisfaction levels. Importantly the Committee employee members have played a key role in listening and responding to any improvement actions arising from these surveys.

We engaged with suppliers to ensure compliance with our Supply Chain Responsibility Standard and appointed Unseen UK to undertake analysis of and best practice on modern slavery risk mitigation. For further information see page 169.

Diversity and inclusion

The Committee was pleased to receive regular updates from the Diversity & Inclusion (D&I) Working Group who reported strong progress with the Business Disability Forum (BDF), carrying out the first disability survey and self-assessment, with strategy and action plans in formulation, in line with the BDF Framework. The Committee also approved the new Parker Review target for ethnicity representation in senior management by 2027 (see page 143).

Wider D&I impact and awareness is being felt within the organisation which is positively impacting team performance, inclusion and employee wellbeing. The Committee is grateful to the D&I Working Group for the progress and momentum which has been built over the year.

Net zero carbon

In its oversight role, the Committee was pleased to receive dashboard updates on the Group's progress towards being net zero carbon by 2030, reviewing impacts to date and progress to be made on reducing carbon emissions, renewable energy, reducing embodied carbon and offsetting residual emissions. We reviewed progress on occupier engagement with sustainability.

Employee members

The Board and Committee are grateful for the wise and valuable contributions made by our employee members who bring such insight, energy and momentum to our Committee discussions and decisions. The Board truly values this interface. Davina Smith concluded her three-year term in December 2023 and leaves the Committee with thanks for her wonderful work.

New employee members will be recruited in 2024 when the other members’ terms are completed.

Further engagement

I would recommend that this report is read alongside the Responsibility section on pages 44 to 61. If you wish to discuss any aspect of the Committee’s activities, I will be available at the 2024 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 2024

Committee composition and performance

During 2023, our Committee consisted of two independent Non-Executive Directors, the Chief Executive and four employee members. As Claudia Arney steps down from the Board at the 2024 AGM, Mark Breuer will join the Committee. The Committee thanks Claudia for all her valuable contributions and insight.

At the request of the Committee, members of the Executive Committee, senior management team, other Board members and external advisers were 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) (2022: two meetings).

The Chair of the Committee is also the Group’s designated NED for gathering the views of our workforce (see page 134).

The Committee’s role and responsibilities are set out in the terms of reference, which were last updated in December 2023 and are available on the Company’s website at: www.derwentlondon.com/investors/governance/board-committees

The 2023 evaluation of the Board, its committees and individual Directors was internally facilitated by Helen Gordon, Senior Independent Director, in accordance with our three-year cycle of evaluations (see page 137). The review confirmed that the Committee continues to operate very effectively.

Employees on the Responsible Business Committee

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. 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 2023, the employee members continued to work closely with teams across the business to receive and respond to suggested areas of improvement which were highlighted by employees directly and through the results of the 2022 ‘pulse survey’. After three years as an employee member, Davina Smith reached the end of her tenure on the Committee in December 2023. The Committee is thankful for the level of commitment Davina has shown in her role.



Davina Smith
 Property Account
 Manager
 Appointment: October 2020

Kirsty Williams
 Associate, Property
 Management
 Appointment: January 2022

Lucy Taylor
 Senior Investment
 Manager
 Appointment: January 2022

Matt Massey
 Head of Project
 Management
 Appointment: January 2022

Key activities of the Committee during 2023

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 2023, the Committee's key activities included:

Responsible business

- Reviewed the outcome of an independent review of our modern slavery policies and practices and the proposed action plan for implementing the best practice recommendations (see page 169)
- Engagement was sought with our major suppliers to ensure compliance with our Supply Chain Responsibility Standard
- Approved the development of a Modern Slavery Policy

Stakeholder engagement

- Received regular updates on our community initiatives and engagement (see pages 50 and 51)
- Finalised the Social Value Strategic Framework
- The Sponsorship & Donations Committee committed £339k for a variety of causes to be supported throughout the year

Diversity and inclusion

- Received regular updates on the D&I Working Group and its activities and discussions (see page 53)
- Conducted our first internal disability survey following our membership of the Business Disability Forum
- Agreed the new Parker Review target for ethnicity in senior management by December 2027 (see page 143)
- Launched our first diversity and inclusion (D&I) newsletter to ensure wider communication of D&I initiatives

Employees

- Reviewed the excellent results of the Sunday Times Best Places to Work Survey
- Reviewed the feedback from the biennial employee survey conducted in October
- Offered a series of initiatives including 1:1 Health Checks for all employees to support in proactively managing health and wellbeing
- Celebrated the careers and achievements of individual employees through the 'Monday Meets' initiative
- Organised a 'meet the Board' evening for a selection of employees

Net zero carbon

- Reviewed the revised Net Zero Carbon Dashboard which will assist the Committee in monitoring the Group's progress to net zero
- Discussed the engagement received from our occupiers on sustainability
- Reviewed the change in guidance and standards on embodied carbon as well as our current embodied carbon targets for 2025 and 2030

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.

The Diversity and Inclusion Working Group

The Diversity and Inclusion Working Group (the D&I Working Group) consists of 12 members and meets monthly to discuss the progress being made towards the Group's diversity and inclusion vision, strategy and KPIs.

On an ad hoc basis and when deemed necessary, Executive Directors and/or Heads of Departments are invited to join the Group's meetings, which provides insights into the diversity and inclusion initiatives being discussed. The Committee received updates on the work of the D&I Working Group at each meeting during 2023 which included:

- **Business Disability Forum (BDF):** Derwent London became a member of the BDF from 1 March 2023. During the year, the D&I Working Group prioritised stage one of the Disability Smart Audit, in the form of a Business Disability Self-Assessment. The feedback from the Self-Assessment was used to develop an action plan for all 10 of the BDF Framework areas. Each of the areas will continue to be reviewed individually to ensure we are best placed to communicate our Disability Strategy.
- **Wellbeing initiatives:** During the year, all employees were invited to attend a range of wellbeing initiatives. The initiatives were well attended and included sessions on Neurodiversity, Mental Health Awareness, Brain & Heart Health and the Impact of the Change of Seasons. Additionally, 1:1 Health Checks were offered to support employees in proactively managing their health and wellbeing.
- **Communication:** The importance of D&I has continued to be communicated via staff inductions, town halls and the intranet. The first D&I newsletter was launched to all employees with positive engagement achieved. To further share in the careers and achievements of individual employees the D&I Working Group continued to post 'Monday Meets' via the Intranet and social media channels.

In 2024, the D&I Working Group will continue to focus on the Business Disability Forum Framework and action plan, as well as the ongoing wellbeing strategy and inclusive management training. We have also committed to the #10,000 Interns programme.

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.

It renews our commitment to ensuring our supply chain remains as engaged as we are in setting the highest standards. All our suppliers are expected to read, acknowledge and comply with the Standard.

Our Standard addresses the following headline themes:

- Governance
- Employment and labour practices
- Modern Slavery
- Diversity and inclusion
- Payment practices
- Health and safety
- Environmental standards
- Community

In accordance with the Standard, all suppliers with whom we spend more than £20,000 per annum are required to periodically provide evidence of their compliance.

During 2023, we requested evidence that our major suppliers were compliant with the Standard through a questionnaire. This extends beyond basic compliance and requires our suppliers to advise on how they are embedding best practice into their working practices. Additionally, the Maru Group were commissioned to assist in assessing supplier compliance with both the Standard and other key policies. This review provided valuable insight into other important areas outlined in the questionnaire, such as diversity & inclusion and modern slavery.

Overall, the results of both the questionnaire and third party review provided reassurance that our supply chain is in alignment with the standards and expectations set out in our Supply Chain Responsibility Standard.

Responsible payment practices

Derwent London is a signatory to the Office of the Small Business Commissioner (OSBC) 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. We expect our suppliers to adopt similar practices throughout their supply chains to ensure fair and prompt treatment of all creditors.

In 2023, our average payment term was 19 days, which continues to remain below our payment terms of 30 days and well below the industry average.

Modern slavery

We endeavour to ensure that the risk of modern slavery and human trafficking occurring in our activities, our supply chains or in any part of our wider business is reduced as much as possible.

During the year, we continued to identify and implement ways to strengthen our policies and procedures. In support of this, the independent anti-slavery charity, Unseen UK, were commissioned to conduct a detailed review of our procedures and identify areas for further improvement. Through this review, we were able to receive independent assurance that our procedures are sufficiently robust and in accordance with best practice.

Overall, the review provided us with useful insights to help enhance our ability to prevent and detect modern slavery. During 2024, our Community & Social Value Manager and Company Secretarial team will work with the wider business to implement the key recommendations, including the development of a Modern Slavery Policy.

Our latest Modern Slavery Statement is available to view on our website www.derwentlondon.com, with our key modern slavery practices outlined below.

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.
Governance	The Modern Slavery Act 2015 requires companies with an annual turnover of £36m to provide a modern slavery statement. Where legally required, our suppliers publish a modern slavery statement. Regardless of this threshold we encourage all suppliers to adhere to the Act. Suppliers are expected to provide modern slavery training to employees and ensure they have provisions in place for full compliance.
Policies	We have a number of internal policies that promote our culture and expected behaviours in accordance with the Act's objectives.
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.

RESPONSIBLE BUSINESS COMMITTEE REPORT continued

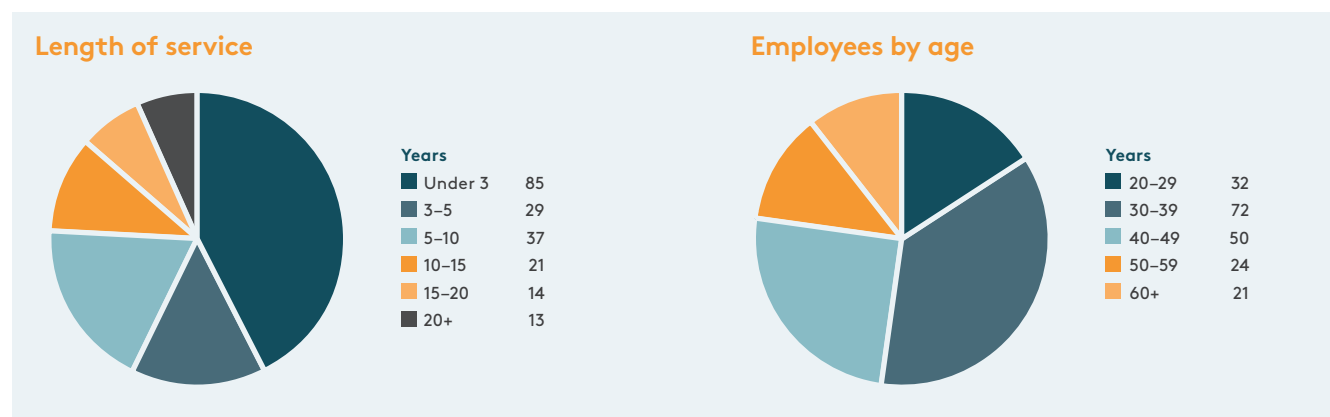
Diversity focus areas

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 continues to be a key focus area.

Focus	Actions taken during 2023	Further actions proposed in 2024
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"> Continued to work closely with recruitment consultants to ensure a diverse pool of candidates for all vacancies Continued to promote our accreditation to the National Equality Standard, our membership of the Business Disability Forum and 'Monday Meets' posts which celebrate the careers and achievements of individual employees, via our website and social media channels Ensured our recruitment guidelines are adhered to, ensuring consistency across the business Maintained our internal recruitment log to ensure data and demographics are captured during the recruitment process Launched our Code of Conduct (internally and externally) Established a Health, Safety & Accessibility Working Group 	<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 To focus on our wellbeing strategy for 2024 taking into account the feedback from our internal disability survey
Retaining the best talent <ul style="list-style-type: none"> Focus on supporting women returning to work Promote the importance of wellbeing initiatives Prioritise training and development Equal opportunities for all Maintain high levels of employee satisfaction 	<ul style="list-style-type: none"> Inclusive social events were held more regularly and open to everyone to support in building relationships across the business Arranged a number of 'Lunch and Learns' relating to mental health and wellbeing, including 1:1 Health Checks Acted on the feedback from the October 2022 employee 'pulse survey' and implemented recommendations Held a training session for line managers on devising and using Personal Development Plans & Strengths Profiles Rolled out our fifth full employee survey in October 2023 run by an independent provider Focused on succession planning across the business Continued to review and get feedback on our Smart Working Policy Core skills programme was varied and included topics on 'inclusive and collaborative working' and 'leading from any seat in the room' 	<ul style="list-style-type: none"> Analyse the feedback from our fifth biennial employee survey, hold focus groups and agree an action plan Review the performance appraisal process Further training for all line managers on how to upskill with the tools needed to manage diverse teams inclusively Launch our core skills programme for 2024 including, but not limited to, emotional intelligence and thriving personally and professionally
Promoting diversity <ul style="list-style-type: none"> Gender balance within our internships and work experience placements Aim to attract more women to the construction and property industry Heads of Departments to demonstrate that we are an inclusive employer 	<ul style="list-style-type: none"> Participated in careers and volunteering events The importance of diversity and inclusion was regularly reinforced in our induction programme, town halls and via our intranet and guest speakers Continued to engage with, and learn from, external specialists e.g. Business Disability Forum The D&I Working Group have continued to meet monthly to share best practice and ensure the lines of communication internally and externally remain open through a newsletter and town halls All employees were required to complete compliance training on disability awareness Rolled out an internal disability survey to provide us with a greater understanding of our employee base and enable us to provide the necessary support or adjustments 	<ul style="list-style-type: none"> Host four individuals through the #10,000 Interns programme in the summer of 2024 Continue to participate in community, careers and volunteering events Continue to work through the Business Disability Assessment Framework and recommendations

The Group's composition and diversity

The information below provides a breakdown of our diversity as at 31 December 2023. Further information on the Board's composition is shown on page 136. The variance between genders in response 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 191).



Diversity key performance indicators (KPIs)



Gender diversity and ethnic origin⁵

	Total employees ¹		Executive Committee & its direct reports ²		Board ³		Senior positions on the Board ⁴
	Number	%	Number	%	Number	%	Number
Gender							
Men	95	48%	40	55.6%	5	50%	3
Women	104	52%	32	44.4%	5	50%	1
Other	–	–	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–	–	–
	199		72		10		4
Ethnicity							
White British/White Other	143	71.8%	63	87.5%	9	90%	4
Mixed/Multiple Ethnic Groups	12	6.03%	2	2.8%	–	–	–
Asian/Asian British	21	10.5%	3	4.2%	1	10%	–
Black/African/Caribbean/Black British	16	8.0%	2	2.8%	–	–	–
Other Ethnic Group	6	3.0%	2	2.8%	–	–	–
Not specified/prefer not to say	1	0.5%	–	–	–	–	–
Total	199		72		10		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).