

# Responsibility

Corporate responsibility underpins how we create long-term shareholder value. It is embedded in our culture, guiding how we operate and allocate capital across the business, from investment and development decisions through to asset management and day-to-day operations.

This approach, grounded in our commitment to integrity, transparency and safety, supports positive outcomes for our stakeholders, including local communities, and the wider environment.

## Our responsibility approach and framework

Our responsibility strategy sets out how we address the most material environmental, social and governance (ESG) issues to our business. It provides a structured framework for action across the Group, covering the full life cycle of our developments and operations – from reducing carbon and improving building performance to supporting our people, engaging with occupiers and maintaining responsible supply chain standards.

This strategy is based around seven ESG priorities and a series of targeted frameworks. Together, these enable a consistent approach to managing and reporting on our ESG pillars.

## Responsibility embedded in our corporate strategy

Responsibility considerations are embedded within our corporate strategy, informing our strategic objectives, risk management processes and investment decisions. This is supported by clear Board-level oversight and accountability through dedicated committees.

Our executive remuneration policy incorporates ESG measures, aligning leadership incentives with long-term, responsible performance. The composition of our Board reflects the expertise, independence and diversity required to oversee responsible growth and uphold high standards of governance.

## Highlights of the year:

During the year, we made strong progress across our responsibility priorities. These achievements highlight the integral role that responsibility plays in shaping our business and creating sustainable, long-term value.

Key achievements include:

- updated our Net Zero Carbon Pathway;
- broader adoption of circular economy principles;
- supporting charities through utilisation of our DL/Lounges;
- updated our Supply Chain Responsibility Standard;
- launched employee 'Rewards and Recognition' programme;
- delivered H&S Legal Duties session with 100% Board and Director participation;
- achieved embodied carbon target and BREEAM 'Outstanding' at 25 Baker Street following practical completion;
- 40% of managed portfolio buildings now all-electric, from 6% in 2020; and
- four new employee representatives joined the RBC bringing new perspectives to the employee voice.

Pillars	Environmental	Social	Governance
Priorities	<ol style="list-style-type: none"> <li>1. Designing and delivering buildings responsibly</li> <li>2. Managing our assets responsibly</li> </ol>	<ol style="list-style-type: none"> <li>3. Creating value in the community</li> <li>4. Engaging and developing our employees</li> <li>5. Ensuring the highest standards of health and safety</li> <li>6. Protecting human rights</li> </ol>	<ol style="list-style-type: none"> <li>7. Setting the highest standards of corporate governance</li> </ol>
Frameworks	<ul style="list-style-type: none"> <li>▪ Net Zero Carbon Pathway</li> <li>▪ Responsible Asset Framework</li> <li>▪ Responsible Development Brief</li> <li>▪ Whole Life Carbon Assessment Brief</li> <li>▪ Green Finance Framework</li> </ul>	<ul style="list-style-type: none"> <li>▪ Social Value Strategic Framework</li> <li>▪ Our Code of Conduct &amp; Business Ethics</li> <li>▪ Group Health &amp; Safety Policy Statement</li> </ul>	<ul style="list-style-type: none"> <li>▪ Governance Framework</li> <li>▪ Our Code of Conduct &amp; Business Ethics</li> <li>▪ Supply Chain Responsibility Standard</li> <li>▪ Modern Slavery Statement</li> <li>▪ Statement of Tax Principles</li> </ul>

### ROSPA Gold Award

Third consecutive year



Reduction in energy intensity  
compared to 2019 baseline

# 25%



# £504k

Community funds and  
sponsorship donations committed  
in 2025

# 16%

Reduction in Scope 1, 2 and 3  
operational carbon emissions

Overall employee satisfaction

# 86.5%

### 2025 GRESB: Greenstar status

A-rated public disclosure

Development – 5 stars  
with a score of 98

Standing Investments  
– 4 stars with a score  
of 86



### Fair Payment Code 2025 Bronze Award



Fair  
Payment  
Code

Bronze  
Until 2027

## Our updated Net Zero Carbon Pathway

Reducing operational  
energy and carbon  
emissions

➤ See page 69

Procuring and  
investing in  
renewable energy

➤ See page 70

Reducing the  
embodied carbon of  
development projects

➤ See page 71

Offsetting residual  
carbon emissions

➤ See page 73

Nature and  
resilience

➤ See page 73

## Responsibility continued

# Double materiality

We recognise the role of materiality in determining the relative importance of key ESG issues to the business and our stakeholders.

Materiality assessments provide a framework for prioritising issues and ensuring our responsibility strategy and management action are appropriately focused and targeted.

We keep our material issues under review to ensure changes are captured on a timely basis and remain aligned with the independent climate risk assessment and scenario analysis which forms part of our TCFD disclosure (see pages 86 to 99).

In 2024, we completed a double materiality assessment, with support from an independent third party consultant.

This identified 17 material topics, of which 12 were considered to have High or Very High materiality under either the Financial or Impact perspective – see chart. The topics with Low or Medium materiality are listed below.

The material topics were already known and captured through our various strategies and management procedures. However, the assessment provided additional insight to support the prioritisation of future actions.

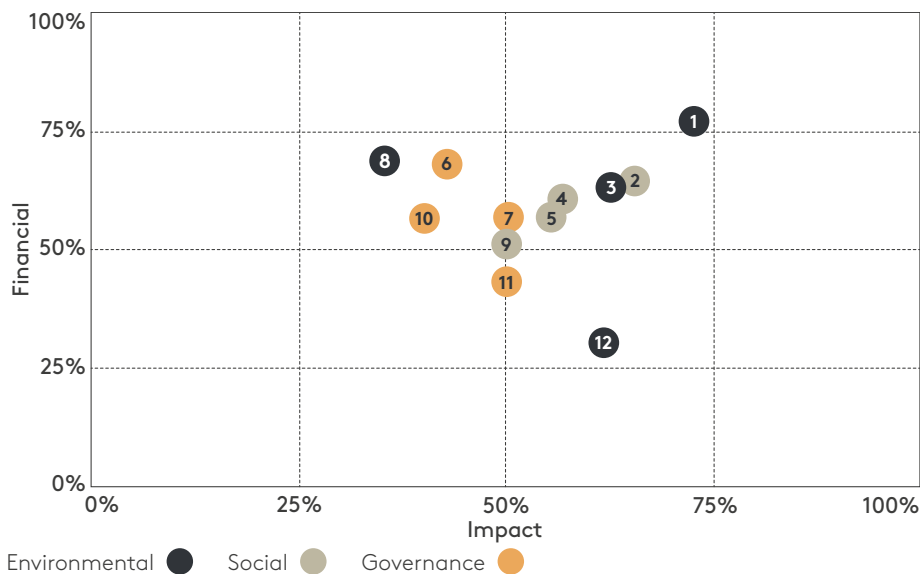
Our double materiality assessment is aligned with our wider processes for identifying and assessing the principal risks we report in the Managing Risks section (see pages 100 to 111).

### Low/Medium materiality topics

- Diversity, equity & inclusion
- Health, safety & wellbeing
- Operational water use & management
- Operational waste management & circular economy
- Leasing transaction satisfaction

Our stakeholders identified these topics as Low/Medium materiality. We continue to monitor and prioritise them as appropriate and will ensure resources are available as required.

The table provides further detail of where our material issues can be located within our risk management and other reporting.



Most material topics		Page
<b>1 Sustainable building design &amp; construction</b>	Principal risk, 'Our resilience to climate change'	108
	Emerging risk, 'The evolving nature of office occupation'	110
	TCFD transition risk, 'Planning requirements'	92
<b>2 Local economic growth &amp; placemaking</b>	Our Communities	76 to 77
<b>3 Operational GHG emissions &amp; energy efficiency</b>	Principal risk, 'Our resilience to climate change'	108
	Emerging risk, 'Climate-related risks'	110
	Our Net Zero Carbon Pathway	69 to 73
<b>4 Occupier wellbeing</b>	Principal risk, 'Health and safety'	108
	Emerging risk, 'The evolving nature of office occupation'	110
	Health and safety	80 to 81
<b>5 Talent attraction, retention &amp; development</b>	Responsible Business Committee report	164 to 171
	Our people	78 to 79
<b>6 Ethical &amp; responsible business conduct</b>	Principal risk, 'Non-compliance with law and regulations'	109
	Responsible Business Committee report	164 to 171
<b>7 Responsible &amp; local procurement</b>	Responsible Business Committee report	164 to 171
<b>8 Climate change adaptation &amp; resilience</b>	Principal risk, 'Our resilience to climate change'	108
	Task Force on Climate-related Financial Disclosures (TCFD)	86 to 99
<b>9 Social value impact</b>	Our Communities	76 to 77
	Social Value Strategic Framework	76
<b>10 Cyber security</b>	Principal risk, 'Cyber attack on our IT systems'	107
	Principal risk, 'Cyber attack on our buildings'	107
	Emerging risk, 'Accelerating technological change'	110
	Risk Committee report	154 to 163
<b>11 Human rights &amp; fair pay across the value chain</b>	Principal risk, 'Non-compliance with law and regulations'	109
	Responsible Business Committee report	164 to 171
<b>12 Biodiversity &amp; urban greening</b>	See page 12 and 15 of <b>Net Zero Carbon Pathway (2025)</b>	

These risks are monitored via the Group's Risk Register which is not disclosed in the annual Report & Accounts. Refer to pages 104 to 111 for the Group's principal and emerging risks.

# Responsibility – Environmental

## Our Net Zero Carbon Pathway

### 01 Reducing operational energy and carbon emissions

#### Our commitment

We are committed to operating our investment portfolio on a net zero carbon basis by 2030. This requires a sustained and significant reduction in our energy consumption, upgrading and retrofitting our properties to improve efficiency and removal of gas use where feasible, as well as close collaboration with our occupiers.

#### Actions and outcomes

##### Portfolio decarbonisation

In 2025, we continued to invest in decarbonisation works across the portfolio. Following the installation of air source heat pumps (ASHP) at 1-2 Stephen Street W1 in 2024, an ASHP was installed at Charlotte Building W1 alongside a broader mechanical, engineering and plant (MEP) upgrade. We are also installing point of use electric hot water supplies for WCs to decarbonise hot water supplies. 40% of buildings in our managed portfolio are now all-electric. To enable effective monitoring of mains water use across the managed portfolio, a Smart Flow monitoring system was rolled out across 70% of the portfolio.

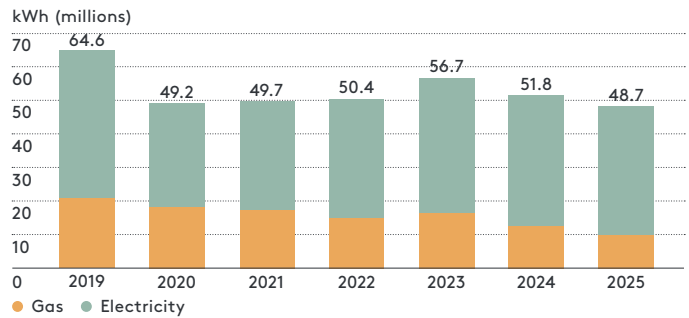
##### Occupier engagement

Our recent 'You Hold the Power to Save' campaign (launched in Q4) was well-received by occupiers across the managed portfolio. To maximise impact, engagement was focused on our 10 highest energy consuming buildings, which represent 78% of managed portfolio energy. In total, we engaged with 77% of occupiers in 2025.

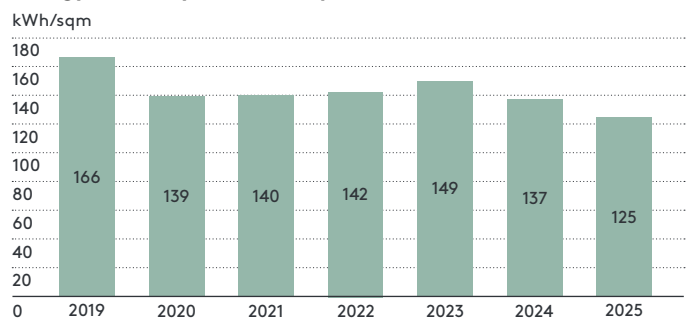
##### Further energy reduction

Building on the significant 20% reduction in energy consumption across our managed portfolio between 2019 and 2024, 2025 saw a further 6% decrease to 48.7m kWh. Energy intensity of 125 kWh/sqm is down 9% compared to 2024 (137 kWh/sqm) and 25% below our 2019 baseline (166 kWh/sqm). This compares well to our 2030 target of 123 kWh/sqm. When combined with ongoing decarbonisation of the UK's energy grid, our location-based operational carbon footprint reduced 16% in 2025 to 10,434 tCO<sub>2</sub>e (2024: 12,357 tCO<sub>2</sub>e).

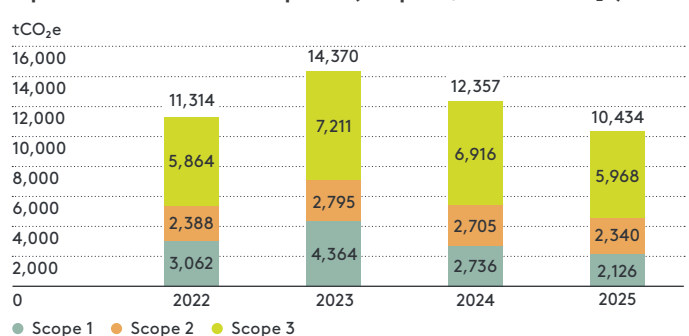
Energy usage<sup>1</sup> (electricity and gas split in kWh)



Energy intensity<sup>1</sup> (in kWh/sqm)



Operational carbon footprint<sup>1</sup> (Scopes 1, 2 & 3 in tCO<sub>2</sub>e)



#### Water and waste

Water consumption reduced 2% in 2025 compared to 2024. The majority of the decrease is related to installation of Smart Flow monitoring technology during 2025.

The managed portfolio waste recycling rate improved in 2025 to 72% from 69% in 2024. We maintained an active programme of engagement, particularly targeting new occupiers.

<sup>1</sup> Data relates to the Group's managed portfolio only.

## Responsibility – Environmental continued

### 02 Procuring and investing in renewable energy

#### Our commitment

The Group is committed to ensuring that the energy we consume is from renewable sources. For procurement, this means contracting electricity on renewable tariffs backed by Renewable Energy Guarantees of Origin (REGO) certificates and gas contracts backed by Renewable Gas Guarantees of Origin (RGGO) certificates. Our Scottish land also provides several self-generation opportunities which we are progressing.

#### Actions and outcomes

##### Energy on renewable tariffs in 2025

- Electricity (REGO-backed): 100% (2024: 99%)
- Gas (RGGO-backed): 100% (2024: 100%)
- As at 31 December 2025, 100% of our electricity and gas contracts were on renewable tariffs backed by REGOs/ RGGOs

All REGO-backed electricity is procured from UK-based solar, wind or hydro projects.

#### Investing in self-generation

##### Lochfauld Solar Park in Scotland

Following receipt of planning consent in 2023 for a c.100-acre, 18.4 MW solar park at our Lochfauld site in Scotland, significant progress on site has been made. Installation of the frames and photovoltaic (PV) panels, alongside supporting site infrastructure has completed and panel connection and inverter works are currently underway. Testing, commissioning and grid connections are expected to complete in mid-2026, followed by energisation thereafter. We expect the solar park to generate c.40% of our London managed portfolio's electricity requirements (based on 2019 baseline energy consumption).

##### London portfolio

Where feasible, we install PV panels on our buildings, six of which now have PV arrays. In addition, we have a small PV array at our Easter Cadder central hub in Scotland, covering the electricity consumption of our Scottish office.

As part of our Section 106 agreement for 50 Baker Street W1, we agreed with Westminster City Council to carry out a carbon saving project at St Mary's Bryanston Square Primary School. We installed an 83 PV panel array, equivalent to 36 kW. The first year of performance generated 24,400 kWh, in excess of 50% of the school's electricity consumption, saving approximately 5 tCO<sub>2</sub>e.



Lochfauld Solar Park

## 03 Reducing the embodied carbon of development projects

### Our commitment

Under our Net Zero Carbon Pathway, new developments and major refurbishments will be net zero carbon on completion. In 2024, we updated our reporting methodology to better align the timing of emissions and offsetting. Forecast emissions from major projects are recognised on a phased basis over the construction period, with emissions offset over the same profile.

### Defining embodied carbon targets

Whole life carbon assessments are performed on our projects to inform design decisions and report on the 'Cradle to Completed Development' (A1-A5) aspects. Refer to our Whole Life Carbon Assessment Brief at [www.derwentlondon.com/news/publications/responsibility-policies](http://www.derwentlondon.com/news/publications/responsibility-policies)

Our phased targets for commercial office new build developments align with the Greater London Authority (GLA) and LETI targets (under RICS v1, which excludes demolition):

- From 2025:  $\leq 600$  kgCO<sub>2</sub>e/sqm
- From 2030:  $\leq 500$  kgCO<sub>2</sub>e/sqm

For our next major redevelopment projects, Holden House W1 and 50 Baker Street, we intend to report embodied carbon intensity under both RICS v1 and RICS v2, the latter of which accounts for demolition and enabling works.

For major refurbishments, our target is  $\leq 350$  kgCO<sub>2</sub>e/sqm.

### Actions and outcomes

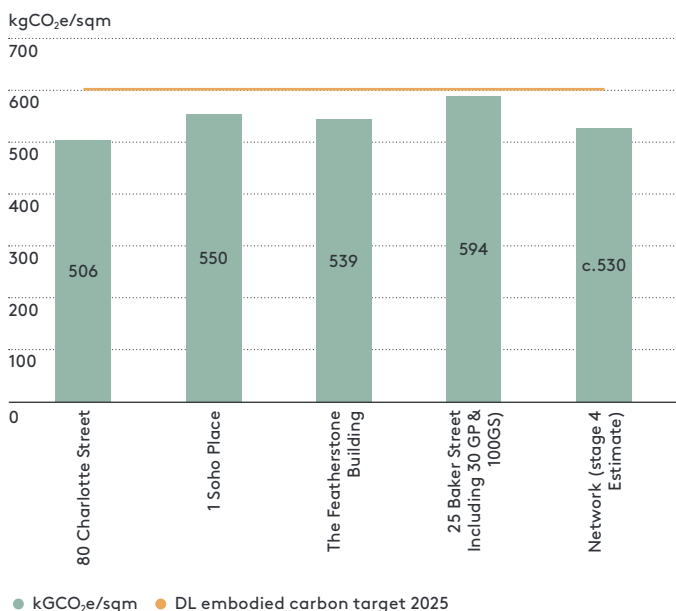
We work collaboratively with our development supply chain to assess and reduce a scheme's embodied carbon footprint. At each design stage, we hold detailed workshops with our teams and ensure early engagement on procurement of low carbon materials. The wider industry needs to adapt and work together for us to fully achieve our aims and we are active in this endeavour – see page 72 for details on our works to accelerate the use of low carbon concrete and the circular economy.

Our three major projects which were on site during 2025 are being delivered to align with our 2025 target:

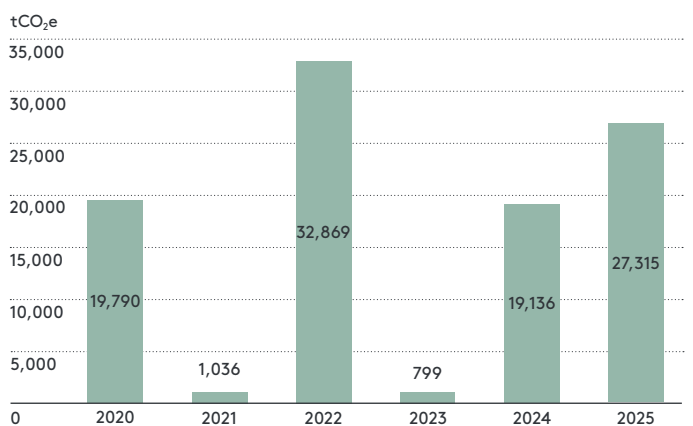
- 25 Baker Street W1 (completed Aug 2025): 594 kgCO<sub>2</sub>e/sqm (a c.13% reduction compared to the Stage 4 estimate)
- Network W1: c.530 kgCO<sub>2</sub>e/sqm
- Holden House W1: c.590 kgCO<sub>2</sub>e/sqm

The current forecast for 50 Baker Street is c.530 kgCO<sub>2</sub>e/sqm.

Embodied carbon intensity of major projects



Embodied carbon (S3, C2) emissions recognised in year



## Responsibility – Environmental continued

### Accelerating Concrete-Decarbonisation Group

#### Aiming to bridge the gap between supply of low carbon concrete, specification needs and market demand

- Derwent London established the Accelerating Concrete-Decarbonisation Group (AC-DG) in June 2024 and has continued to lead the initiative. It is a UK developer-led, industry-wide initiative to accelerate the adoption and use of market-ready, technically viable low carbon concrete mixes in construction projects.
- The aim is to reduce the barriers for use of lower carbon concrete, prototype testing and knowledge sharing, ultimately reducing embodied carbon.
- The lack of specific empirical test data is a key barrier, preventing engineers and clients from specifying low carbon concrete without adding technical, programme and cost risks into projects.
- By supporting more rapid collection and distribution of critical data for these innovative concrete mixes, AC-DG seeks to enable a faster route to market, facilitating specification for construction projects.
- The seven AC-DG workshops to date have been informative, circulating knowledge more quickly across the sector on low carbon concrete available for use in the UK today, as well as the emerging suppliers.
- Through the AC-DG, Derwent London and 30 other key organisations have signed a collaboration agreement enabling prototyping works and testing to commence in H1 2026 on three low carbon mixes. These have the potential to reduce concrete carbon emissions by up to 70%.
- Derwent London is also a founding signatory of the Advanced Market Commitment (AMC), a government funded initiative aligned with the AC-DG. The aim of the AMC is to signal to the supply chain that low carbon concrete is a priority for industry.



Network W1

### Our circular economy approach

#### Optimising reuse across our portfolio and reducing embodied carbon without compromising on quality

- Our circular economy approach goes hand in hand with reducing embodied carbon.
- In 2025, Derwent London strengthened its leadership in circular economy practices, embedding resource efficiency and material reuse across its development pipeline and operational portfolio, alongside our partner Material Index.
- Since we formalised our circular economy strategy, c.500 tonnes of material have been donated or brokered.
- At our smaller refurbishment projects, retention and on-site reuse has averaged 44%. Examples include the sale or donation of kitchenette units from Oliver's Yard EC1, and timber panelling from 1-2 Stephen Street W1.
- The circular economy is also being incorporated across our major projects:
  - Network W1 is our first whole building redevelopment to use refurbished raised access flooring.
  - At Holden House W1, 64% of the temporary work steel to retain the façade is reused, chimney stacks are being reused and 95% of the glass has been recovered for reprocessing. This is in addition to internal fittings, finishes and lighting being donated. The bricks are currently being tested for off-site reuse.
  - At 50 Baker Street W1, we are pioneering the piece-wise reuse of the existing concrete structure in what is the largest scale project of this type in the UK.
  - Greencoat & Gordon House SW1 is setting the blueprint for retention and reuse across our refurbishment projects.



Holden House W1

## 04 Offsetting residual carbon emissions

### Our commitment

The Group's business model of office regeneration and operation will, by its nature, result in the emission of embodied and operational carbon across Scopes 1, 2 and 3. For this reason, we will prioritise achieving our ambitious targets to reduce our carbon footprint as far as possible. We have committed to offset any residual carbon that we are unable to either manage out or eliminate.

### Actions and outcomes

We have a phased pipeline of regeneration schemes over the coming years. Occupational market dynamics are forecast to remain favourable and we expect to commence the next phase of our pipeline over the coming year. Beyond this, we have a longer term pipeline which is expected to commence from 2027 onwards.

### Forward purchase of carbon offsets

This project visibility allows us to forecast our embodied carbon emissions and plan accordingly. The Group has forward-purchased carbon offset credits equivalent to c.195,600 tCO<sub>2</sub>e since 2020 for a combined consideration of c.£4.9m or an average of c.£25/tCO<sub>2</sub>e. In 2020, we began offsetting the embodied carbon associated with our regeneration activity, through retirement of our carbon credits, and have offset a cumulative c.100,945 tCO<sub>2</sub>e, of which 27,315 were retired in relation to 2025. The remaining offsets cover our forecast embodied carbon emissions to 2030.

Working with our offset partner, Climate Impact Partners, we carried out significant pre-acquisition due diligence to ensure the environmental projects meet our quality standards. This includes being validated under a robust, credible scheme such as the Verified Carbon Standard (VCS) or the American Carbon Registry (ACR). We acknowledge this is a changing landscape and refer to latest guidance from the UKGBC (Carbon Offsetting & Pricing Guidance).

### Tree planting

The Group continues to progress tree planting opportunities across its Scottish land. Additional land has been identified as potentially suitable for planting, subject to further appraisals and planning consent.

## 05 Nature and resilience

### Our commitment

Nature and resilience was added as a fifth pillar of our Net Zero Carbon Pathway in 2025. We are committed to enhancing biodiversity across our portfolio, including at both standing investments and regeneration projects. To support this, as well as ensuring our business resilience to a changing climate, we will carry out climate risk and opportunity assessments every three years as part of the WTW risk assessment, to proactively manage our climate risk, which includes biodiversity-related aspects.

### Actions and outcomes

#### Biodiversity net gains at major projects

Each of our new build pipeline projects received planning approval prior to the Biodiversity Net Gain (BNG) legislation coming into effect. However, many boroughs already required a minimum BNG of 10%. Consequently, all our recently completed schemes and next phase of projects have achieved, or intend to achieve, a BNG significantly greater than 10%.

- 25 Baker Street W1: 180%
- Network: 110%
- Holden House: 210%
- 50 Baker Street: 273%

For our schemes which are currently in design, we expect to achieve the agreed urban greening factor.

#### Scottish land

Part of our Scottish land at Bargenny Hill has been designated as a Site of Special Scientific Interest (SSSI). The site is one of the largest and best remaining examples of lowland neutral grassland, which supports a variety of rare plants, flowers and wildlife, in south-western Scotland. The SSSI designation at this site forms part of a wider Agri-Environment Climate Scheme (AECS). We have also transitioned to more sustainable farming practices, utilising green manure, creating grass strips and water margin in arable fields as well as creating new wetlands.



Bargenny Hill

## Responsibility – Environmental continued

# Streamlined Energy and Carbon Reporting (SECR) disclosure

In line with SECR regulations, the adjacent table sets out the carbon emissions (tCO<sub>2</sub>e) across Scopes 1, 2 and 3 together with relevant intensity ratios (kgCO<sub>2</sub>e/sqm) from our managed portfolio. We also show the global energy consumption (kWh) used to calculate our emissions.

### Energy efficiency actions

The Group undertook a number of energy efficiency actions in 2025. These included:

- decarbonisation initiatives at Charlotte Building W1 (air source heat pump) and 9-10 Rathbone Place W1 (variable refrigerant flow technology);
- implementation of occupier engagement strategy ('You Hold the Power to Save'), focused on the top 10 consuming buildings;

- ongoing LED lighting and other MEP upgrades across the managed portfolio;
- streamlined plant run times implemented alongside relaxed temperature set points, following successful trials in 2024; and
- enhanced out of hours usage monitoring, facilitated by our metering upgrade programme, and out of hours lighting assessment.

As a result of these actions and interventions, year-on-year energy consumption reduced by 6% and energy intensity by 9% in 2025. Compared to our 2019 baseline, energy intensity has reduced by over 25%.

See page 69

Data notes	
<b>Boundary (consolidation approach)</b>	We use the 'operational control' approach. This incorporates properties where the Group has management control and influence over the operations, referred to as the 'managed' portfolio. This is located in central London (UK) and comprised 37 properties in total during 2025. Landlord emissions from our retail park in Glasgow are also included.
<b>Alignment with financial reporting</b>	The only variation from our financial reporting approach is the exclusion of energy data and GHG emissions for buildings where the Group does not have control or influence. These are our single-let properties (also referred to as FRI or the unmanaged portfolio). Estimated emissions for these properties are disclosed as a footnote to the SECR table. The rental income and valuation of these properties is included in the consolidated financial statements.
<b>Reporting method</b>	GHG emissions reporting is in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Further details on our data calculation methodology is set out in the Environmental Basis of Reporting within our <b>2025 Responsibility Report</b> .
<b>Prior year restatements</b>	No restatements have been made to 2024 data.
<b>Emissions factor source (location-based)</b>	UK government emissions factors are used to convert energy usage into location-based carbon equivalents. These can be found at <a href="http://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025">www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025</a>
<b>Market-based emissions</b>	The Scope 2 market-based factor is based on the provenance of energy supplies. In 2025, 100% of electricity was purchased on REGO-backed tariffs.
<b>Embodied carbon (Scope 3, Category 2)</b>	Embodied carbon emissions from major projects (including refurbishments) are reported annually on a phased basis. Total estimated emissions from the RIBA Stage 4 report are spread equally over the construction period. Following practical completion, the as-built embodied carbon assessment is reported, and any true-ups are captured in the final reporting year. For smaller projects, embodied carbon is recognised in full in the year of completion where feasible. The reported carbon tonnage is offset in the year of reporting.
<b>Independent assurance</b>	Selected 2025 metrics, denoted with an (a), have been subject to independent limited assurance by PricewaterhouseCoopers LLP (PwC) in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards. Our Environmental Basis of Reporting and PwC's assurance report can be found in the <b>2025 Responsibility Report</b> .

## GHG emissions

	Location/ Market- based	tCO <sub>2</sub> e		% change
		2025	2024	2025 vs 2024
<b>Scope 1</b>				
Combustion of fuel <sup>1</sup>	Location	1,852	2,378	(22)
Fugitive emissions <sup>2</sup>	Location	274	358	(23)
<b>Total Scope 1 emissions</b>	Location	<b>2,126<sup>(a)</sup></b>	2,736	<b>(22)</b>
<b>Scope 2</b>				
Total Scope 2 emissions – location-based <sup>3</sup>	Location	2,340 <sup>(a)</sup>	2,705	(13)
Total Scope 2 emissions – market-based <sup>3</sup>	Market	4 <sup>(a)</sup>	19	(76)
<b>Total Scope 1 &amp; 2 emissions</b>	Location	<b>4,466</b>	5,441	<b>(18)</b>
<b>Total Scope 1 &amp; 2 emissions intensity (kgCO<sub>2</sub>e/sqm)</b>	Location	<b>11.4</b>	13.6	<b>(16)</b>
Proportion UK-based		100%	100%	–
<b>Scope 3 emissions<sup>4</sup></b>				
Category				
1. Purchased goods and services (includes water)		36	30	20
2. Capital goods (embodied carbon)		27,315 <sup>(a)</sup>	19,136	43
3. Fuel and energy-related activities		1,235	1,283	(4)
5. Waste generated in operations		44	52	(16)
6. Business travel		60	117	(49)
7. Employee commuting		110	110	0
13. Downstream leased assets <sup>5</sup>		4,482	5,324	(16)
<b>Total Scope 3</b>		<b>33,283<sup>(a)</sup></b>	26,052	<b>28</b>
<b>Total Scope 1, 2 &amp; 3 emissions</b>	Location	<b>37,749</b>	31,493	<b>20</b>
<b>Total Scope 1, 2 &amp; 3 (excluding embodied carbon) emissions</b>		<b>10,434</b>	12,357	<b>(16)</b>

1 Managed portfolio gas use and fuel use in Derwent London owned vehicles.

2 Managed portfolio refrigerant loss from air-conditioning and heating/chilling systems.

3 Managed portfolio electricity use for common parts and shared services (landlord-controlled areas).

4 Categories 4, 8, 9, 10, 11, 12, 14 & 15 are currently identified as non-material to scope of business or not relevant.

5 Emissions from tenant electricity consumption for the managed portfolio only. Where the Group does not exercise 'operational control' (the unmanaged portfolio, as well as retail, residential and unmanaged office units within the managed portfolio), consumption is excluded from our global energy use and emissions are not reported within our managed portfolio carbon disclosure (within Scope 3, Category 13). For completeness, using anonymised aggregated third party data, we estimate energy consumption for the unmanaged portfolio at c.34.6m kWh, which equates to carbon emissions of c.6,176 tCO<sub>2</sub>e.

## Global energy use

	kWh		% change
	2025	2024	2025 vs 2024
Total gas use	10,099,638 <sup>(a)</sup>	12,981,252	(22)
Electricity (consumption from landlord-controlled areas)	13,320,416	13,150,182	1
Electricity (consumption from tenant-controlled areas)	25,324,570	25,713,301	(2)
Total electricity use	38,644,986 <sup>(a)</sup>	38,863,483	(1)
Total energy landlord	23,420,054 <sup>(a)</sup>	26,131,434	(10)
Total energy use	48,744,624 <sup>(a)</sup>	51,844,735	(6)
Derwent London vehicles (fuel combustion)	16,416	16,278	1
Electricity intensity (kWh/sqm)	104 <sup>(a)</sup>	105	(1)
Gas intensity (kWh/sqm)	31 <sup>(a)</sup>	38	(19)
Energy intensity (kWh/sqm)	125 <sup>(a)</sup>	137	(9)

For more analysis of our GHG emissions, energy consumption and renewable energy generation, use and procurement, visit our **2025 Data Report**.

# Responsibility – Social

## Our social contributions

### 2025 highlights

- Raised £232,000 for Teenage Cancer Trust at our ‘Big Lunch’ event
  - Received Special Recognition Award as its longest-standing corporate supporter
- Delivered £1.4m in funding through our community funds since their inception in 2013
  - Introduced a multi-year funding model, giving charities greater certainty and visibility for forward planning
- Committed £119,000 through our Sponsorship & Donations Committee to tackle homelessness

We strive to ensure our buildings deliver lasting social value for the communities in which they sit and for all stakeholders.

### Our approach to social value

Delivering social value is integral to our business. We maximise positive impact through targeted financial support provided by our Sponsorship & Donations Committee and our Community Fund. This is complemented by active engagement with local communities. Volunteering, work experience and opening our buildings up to community groups help us stay connected to the community so we can understand local needs and deliver meaningful outcomes.

Our Social Value Strategic Framework is based on three themes which guide how we create meaningful impact in our communities. We continued to deliver against these themes in 2025. In 2026, we intend to undertake a full review of the framework, initially published in 2023, to ensure it remains relevant and effective. This will help us ensure our approach continues to maximise our social impact as community needs, societal expectations and best practice continue to evolve.

Progress against each theme in 2025:

- **‘Part of the neighbourhood’**  
Fitz Music supports Fitzrovia’s cultural heritage by delivering a free, inclusive programme of cultural events. We have committed three years of funding to this initiative through our Community Fund.
- **‘Great places to work’**  
We design buildings and spaces that support connection, health and wellbeing. In April, occupiers from across the portfolio took part in the White Collar Factory rooftop half marathon to raise funds for charity.
- **‘A thriving local economy’**  
As part of the Network W1 construction programme, our building contractor, Kier, embedded a focused approach to local employment, skills and progression – delivering benefits to the local community and economy.

£504k

Community funds & sponsorship donations committed in 2025

20

Community Fund projects supported in 2025

£4.6m

Sponsorship donations provided to date

### Opening doors to opportunity

This year we partnered with Islington Council’s Youth Employability and Skills (YES) programme and our front-of-house service partner PROception to create a tailored work experience placement at 80 Charlotte Street W1. The YES programme supports young adults aged 18-25 who face barriers to employment, offering pre-employment coaching and real-world experience.

Through this collaboration, a young person gained hands-on front-of-house experience in a professional environment, supported by PROception’s expert team. The placement built the candidate’s confidence and customer service skills, and led to further work experience at Brunel Building W1, thereby strengthening the individual’s career prospects.

This initiative is a good example of how we work with local authorities and service partners to deliver social value beyond funding by creating practical pathways into employment and helping young people build sustainable futures.



## Continued to support our community funds

We operate two community funds: Community Fund West (est. 2013) and Community Fund East (est. 2016). These funds support grassroots projects focused on community events, environmental improvements, health and wellbeing activities, music and culture, and support for marginalised groups. By extension, our approach also promotes wider engagement through corporate volunteering, school partnerships, and work experience.

Following the launch in 2013, over £1.4m has been awarded, supporting more than 200 projects – from renewing children’s playgrounds to running music sessions in care homes and funding lunch clubs for older people.

We introduced a new multi-year funding model in 2025 – committing £450,000 for 2025 to 2027 – providing charities with greater certainty and visibility for forward planning.

## Other activities

In 2025, our Sponsorship & Donations Committee committed £350,000 in charitable donations. Some of the ways these funds were used to create value in the community during the year included:

### EY Foundation's Real Estate Futures Programme

We supported work experience placements and mentoring for young people interested in real estate careers. Several employees acted as mentors, helping participants develop skills and confidence. We intend to participate in the programme again in 2026.

### NSPCC Proper Trek

We sponsored NSPCC’s first property-sector fundraiser, with White Collar Factory EC1 acting as the penultimate host building for the walkers.

### Host the Teacher event

In collaboration with The Academy of Real Assets, our White Collar Factory building hosted an event bringing together teachers, occupiers and service partners to discuss career pathways for young people within the real estate sector.

## Enduring partnerships that make a difference

Our long-standing relationships with Teenage Cancer Trust (TCT) and LandAid demonstrate the power of sustained, high-impact community investment. Together, they have raised approximately £2.4m to date, delivering measurable benefits in a cost-efficient way.

These enduring collaborations reflect our belief in long-term relationships that deliver real social value and adapt to changing needs over time.

### Teenage Cancer Trust – Over 20 years of support

In 2025, our biennial Big Lunch fundraiser raised £232,000, contributing to total fundraising of more than £2.2m since the partnership began in 2001. This year, we were honoured with a Special Recognition Award from TCT, acknowledging our role as its longest-standing corporate supporter and our commitment to transforming the lives of young people with cancer.



### LandAid – 15 years of impact

Our partnership with LandAid reflects our commitment to addressing youth homelessness through targeted grants and initiatives. By combining resources and expertise, we help create safe, supportive environments for vulnerable young people across London and beyond.

Our support in 2025 included participation in LandAid fundraising events and sponsorship of its Gala Dinner, which raised £364,000 on the night to help change young lives. Since the partnership began 15 years ago, we have raised £218,000 directly for LandAid.

“Derwent London’s dedication to supporting LandAid’s mission is remarkable. From involvement in our events, to the team’s impressive fundraising skills, it’s a pleasure to work alongside you. I look forward to another meaningful year ahead, particularly as we celebrate 40 years of impact in 2026. Thank you for standing with us to end youth homelessness – together, we are making a real difference.”

**Jess Strudwick**  
LandAid – National Partnerships  
Manager

## Responsibility – Social continued

# Our people

Our people are instrumental to the success of our business. We aim to cultivate an inclusive, diverse and collaborative culture that attracts and retains talented individuals, while investing in their growth and developing our next generation of leaders.



We actively support continuous development, career progression and succession planning, and encourage our employees to pursue ongoing professional growth. To facilitate this, we invest in our employees by offering learning and development opportunities at all levels. These include core skills and technical workshops, management skills training, as well as one-to-one and team coaching. Alongside annual objectives, employees are encouraged to complete personal development plans. In 2025 we awarded 19 internal promotions – 11 males and eight females.

### Employee engagement and insight

We value open dialogue and want our employees to feel empowered to speak up. Feedback is gathered through anonymous annual employee surveys, providing insight into engagement, workplace experiences and satisfaction levels. This consists of a short 'pulse survey' and a comprehensive independent survey in alternative years. Following feedback from our 2024 pulse survey, in 2025 we refreshed and relaunched our Refer a Friend Policy and enhanced our Long Service Awards to recognise employee five-year milestones. In addition, we launched a new 'Rewards and Recognition' programme to recognise those individuals who embody our values and demonstrate strong collaboration and creativity in carrying out their role, with nominations encouraged from across the business.

Our biennial employee survey, conducted in October 2025, achieved an 86% response rate and reported an overall satisfaction score of 86.5%. In 2026 members of our Responsible Business Committee will hold focus groups to gather insights and present any recommendations to the Executive Committee.

### 2025 highlights

- Launched employee 'Rewards and Recognition' programme
- Achieved high satisfaction score of 86.5% in our employee survey
- Improved Business Disability Forum (BDF) Smart Self Assessment score by 28%
- Introduced 'Lunchtime conversations with the Directors' to foster open dialogue
- Awarded 19 internal promotions

### Attracting and developing talent

Our employees play a critical role in delivering our strategy and long-term performance. We are committed to fostering a culture that empowers our diverse workforce to thrive, have a voice and contribute authentically.

As of 31 December 2025, our total workforce comprised 206 employees (201 as of 31 December 2024) and during 2025 we maintained a high employee retention rate of 91% (excluding contractors and retirees). We seek to balance continuity with fresh ideas, experience and skills, and we welcomed 30 new joiners during the year.

## Emphasis on health and wellbeing

We believe our people perform best when they experience physical and mental wellbeing and feel socially connected. In addition to a comprehensive employee benefits package, we provide access to trained mental health champions, an employee assistance programme and occupational health support. We encourage proactive self-care by offering employees opportunities to broaden their knowledge through resources on our intranet, 'lunch and learn' sessions and other wellbeing presentations. Our 2025 Health & Wellbeing plan included sessions to raise awareness on topics such as pensions, healthcare benefits, musculoskeletal health, managing anxiety, cholesterol, diabetes and blood pressure. We also introduced on-site health checks for all employees, with 62% of the business participating.

To continue building healthy, nurturing and supportive relationships, while cultivating a genuine sense of community, our Social Committee organises regular, inclusive events. Numerous volunteering opportunities are also available to all employees, enabling them to contribute positively to the local community.

## Advancing diversity & inclusion

We are committed to fostering an inclusive culture where diverse perspectives are valued and respected. In our 2025 employee survey, 83% of employees agreed their 'team provides an inclusive environment where everyone's views are valued'. Our Diversity & Inclusion (D&I) Working Group comprises 14 individuals and has been operational for several years. Key activities carried out by the group during the year included campaigns to highlight Mental Health Awareness Week, Pride Month and Black History Month, as well as D&I newsletters

to maintain employee awareness. We continued to review and enhance our policies and benefits and this year introduced a popular workplace nursery scheme enabling working parents to pay nursery fees via a salary exchange arrangement.

Following our 2024 National Equality Standard (NES) assessment, EY hosted two focus groups to provide colleagues from ethnically diverse backgrounds with a confidential and anonymous forum to share their experiences and explore the survey findings in greater depth. Many participants expressed appreciation for the opportunity, reinforcing the value of inclusive listening within the organisation.

Throughout the year, disability and accessibility remained key priorities as we advanced our commitment to disability inclusion. For further details, refer to the case study below.

## Disability and accessibility inclusion in action

In March 2023, we embarked on a journey with the Business Disability Forum (BDF) towards being fully inclusive and accessible to anyone who works in, lives in or visits our buildings. We began by undertaking the BDF's Disability Smart Self-Assessment, which offered valuable insights into our organisation's performance regarding disability inclusion and established a benchmark for measuring our progress. This also highlighted priority areas for improvement.

Using the BDF Framework, the D&I Working Group worked to address several key areas in collaboration with the Health, Safety and Accessibility (HS&A) Working Group. Key initiatives to date include:

- enhancing workplace adjustments to support disabled employees entering or returning to work;
- improving accessibility to our buildings in accordance with recommendations provided by the external review conducted by design consultancy firm Motionspot;
- providing autism awareness training in partnership with the National Autistic Society to our front of house, reception, building management and HR teams; and
- recently completed BDF's Disability Smart Self-Assessment for the second time, improving our score by nearly 28% over two years, demonstrating meaningful progress and commitment in our approach to disability inclusion.

**“Derwent took a ‘best practice’ approach to completing BDF’s online management tool and it is a privilege working with their dedicated and specialist colleagues across the HS&A and D&I working groups.”**

**Sarah Eason**  
Business Disability Forum –  
Head of Memberships



## Responsibility – Social continued

# Health and safety

The health, safety and wellbeing of our people, occupiers, residents, service partners, contractors and the public is a high priority for us. We manage this through a culture of shared responsibility and robust, effective risk management.

### 2025 highlights

- Achieved Royal Society for Prevention of Accidents (ROSPA) Gold Award for the third consecutive year
- Supported one of the UK's first successful 'Gateway 3' submissions at 25 Baker Street
- Delivered H&S Legal Duties session with 100% Board and Director participation
- Updated supplier due diligence to meet new building safety requirements and Build UK standards
- Launched H&S audit programme across our managed portfolio service partners; all seven were audited in 2025
- Enhanced contractor controls and safely prepared 25 Baker Street W1 and 100 George Street W1 projects for occupation

### Embedding health, safety and wellbeing across our business

Health, safety and wellbeing (HS&W) are embedded across every aspect of our operations, shaping how we manage people, assets and developments across London and Scotland. Our objective is to create safe, healthy and secure environments for colleagues, customers and contractors, supported by robust systems and strong governance.

Our integrated approach ensures that HS&W is considered at every stage of a building's life cycle: from acquisition, through development, leasing, management and disposal.

We achieve this by:

- designing and proactively managing appropriate HS&W systems;
- establishing and maintaining policies and procedures that meet current legislation;
- assigning work to competent individuals and monitoring through audits;
- training and developing our people on legal responsibilities and best practice to ensure competence in managing HS&W risks;
- reviewing performance at Board, Executive and Committee levels; and
- learning from accidents, incidents and near misses, and implementing changes to prevent reoccurrence.

### Providing a safe work environment for our people

We prioritise both physical and mental wellbeing to create a workplace where employees feel safe and supported. We achieve this through clear communication and training on H&S requirements, standards and best practice. This is reinforced through collaboration across the business – from property management and construction to marketing and events – ensuring understanding, capability and accountability at every level.

In 2025, we delivered 119 person days of training, alongside formal courses, topical health and wellbeing webinars, toolbox talks and tailored site inductions for new employees. These initiatives strengthen understanding of health and safety requirements and reinforce safe working practices. They are supported by our H&S training matrix, which identifies role-specific requirements and helps maintain competency across the business.

Employee engagement is supported by our Health, Safety and Accessibility Working Group, which meets bi-monthly to share insights and outcomes with the Group H&S Committee. The Property Management Sub-Committee also feeds outcomes into the Group H&S Committee, ensuring clear governance and accountability at every level.

### Making our assets safe to occupy

We take responsibility for ensuring our occupiers, visitors and those living and working in and around our buildings are safe and healthy. Health and safety considerations are embedded throughout design, construction, maintenance and operation, supported by early intervention, recognised standards and best practice across the business.

Our in-house H&S team works closely with our Property Management team. Dedicated H&S Managers are assigned to each building to ensure they are operated safely, supporting and advising the local building management teams while monitoring and auditing performance to minimise risk.

Our use of the RiskWise system provides live compliance reporting, incident management and permit control across our managed portfolio. Formal inspections including annual 'Property Health Checks' and Fire and Water Risk Assessments, are complemented by ongoing reporting and monitoring of key areas such as 'legionella' control, fire safety, asbestos management and structural safety.

## High health and safety standards on construction sites

We maintain strong relationships with our principal and main contractors and seek to lead by example as an informed and responsible construction client. In 2025, we worked with 25 different principal contractors across our development and managed property portfolios.

Health and safety is central to our construction activities. We promote safer environments through collaboration, client input, consistent standards, and a continued focus on key industry risks. Performance monitoring is undertaken internally and through external schemes such as the Considerate Constructors Scheme, providing assurance and supporting continuous improvement.

In 2025, there were four construction-related RIDDORs (2024: three). Three of these were relatively minor, being Indirect RIDDORs involving an 'over 7-day injury absence from work'. The fourth was a Direct RIDDOR involving a 'specified injury' at Strathkelvin Retail Park Project. While the Total RIDDOR AFR increased year-on-year, the construction-related Direct RIDDOR AFR reduced to 0.98 (2024: 1.17).

The H&S and Development teams work closely on all projects with a dedicated Derwent H&S Manager involved from the early design phase. This proactive approach enables early identification of potential construction or operational risks, ensuring they are eliminated or mitigated at an advanced design opportunity.



25 Baker St. W1 site

## Health and safety data

The table below details our key H&S statistics. Those denoted with an (a) have been subject to independent limited assurance by PricewaterhouseCoopers LLP (PwC) in accordance with the ISAE 3000 (Revised) Standard. This data allows us to identify trends and highlight areas of focus for the business. The Health and Safety Basis of Reporting and PwC's assurance report can be found in the **2025 Responsibility Report**.

	Employee		Managed portfolio		Construction projects		Totals	
	2025	2024	2025	2024	2025	2024	2025	2024
<b>Indicators</b>								
Person hours worked	272,835*	259,822	1,008,304*	981,639	1,015,360	1,716,207	2,296,499	2,957,668
Minor injuries	3	2	18	23	6	18	27 <sup>(a)</sup>	43
Near miss	1	1	35	29	19	40	55	70
Lost time injuries	0	1	2	2	5	4	7 <sup>(a)</sup>	7
Lost time days	0	2	3	5	10	10	13	17
RIDDORs (TOTAL)	0	0	0	3	4	3	4 <sup>(a)</sup>	6
RIDDORs (Direct)	0	0	0	2	1	2	1 <sup>(a)</sup>	4
Dangerous occurrences	0	0	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0	0 <sup>(a)</sup>	0
Improvement notices	0	0	0	0	0	0	0	0
Prohibition notices	0	0	0	0	0	0	0	0
<b>Rates</b>								
Injury rate	11.00	7.70	17.85	23.43	5.91	10.49	11.76 <sup>(a)</sup>	14.54
Lost day rate	0.00	7.70	2.98	5.09	9.85	5.83	5.66 <sup>(a)</sup>	5.75
Severity rate	0.00	0.67	0.15	0.18	0.67	0.40	0.34	0.30
RIDDOR AFR (TOTAL)	0.00	0.00	0.00	3.06	3.94	1.75	1.74 <sup>(a)</sup>	2.03
RIDDOR AFR (Direct)	0.00	0.00	0.00	2.04	0.98	1.17	0.44 <sup>(a)</sup>	1.35
Document Compliance % score (Quarter Average)			98.00	97.75			98.00 <sup>(a)</sup>	97.75

\* Denotes that person hours worked for 'Employees' includes 'Derwent Lounges,' but does not include Building Managers' and 'Caledonian Properties' employees' working hours, which are subtracted from submitted internal 'Employees' data and added to 'Managed portfolio' data.

# Responsibility – Governance

## Responsibility governance

Acting in a transparent and responsible manner is fundamental to our business and underpins our key governance practices.

### 2025 highlights

- Updated our Net Zero Carbon Pathway
- Published climate-related financial disclosures consistent with TCFD Recommendations (Listing Rule 9.8.6 (8) (b))
- Published our updated Supply Chain Responsibility Standard and introduced a third party whistleblowing line for existing suppliers
- Consulted shareholders (equivalent to 68% of issued share capital) on proposed Remuneration Policy changes
- Delivered training to members of the Executive Committee and other employees from across the business on the new ‘failure to prevent fraud’ offence under the Economic Crime and Corporate Transparency Act 2023
- Published our latest Modern Slavery Statement
- Continued mandatory compliance training for all employees, including the Board

### A responsible business

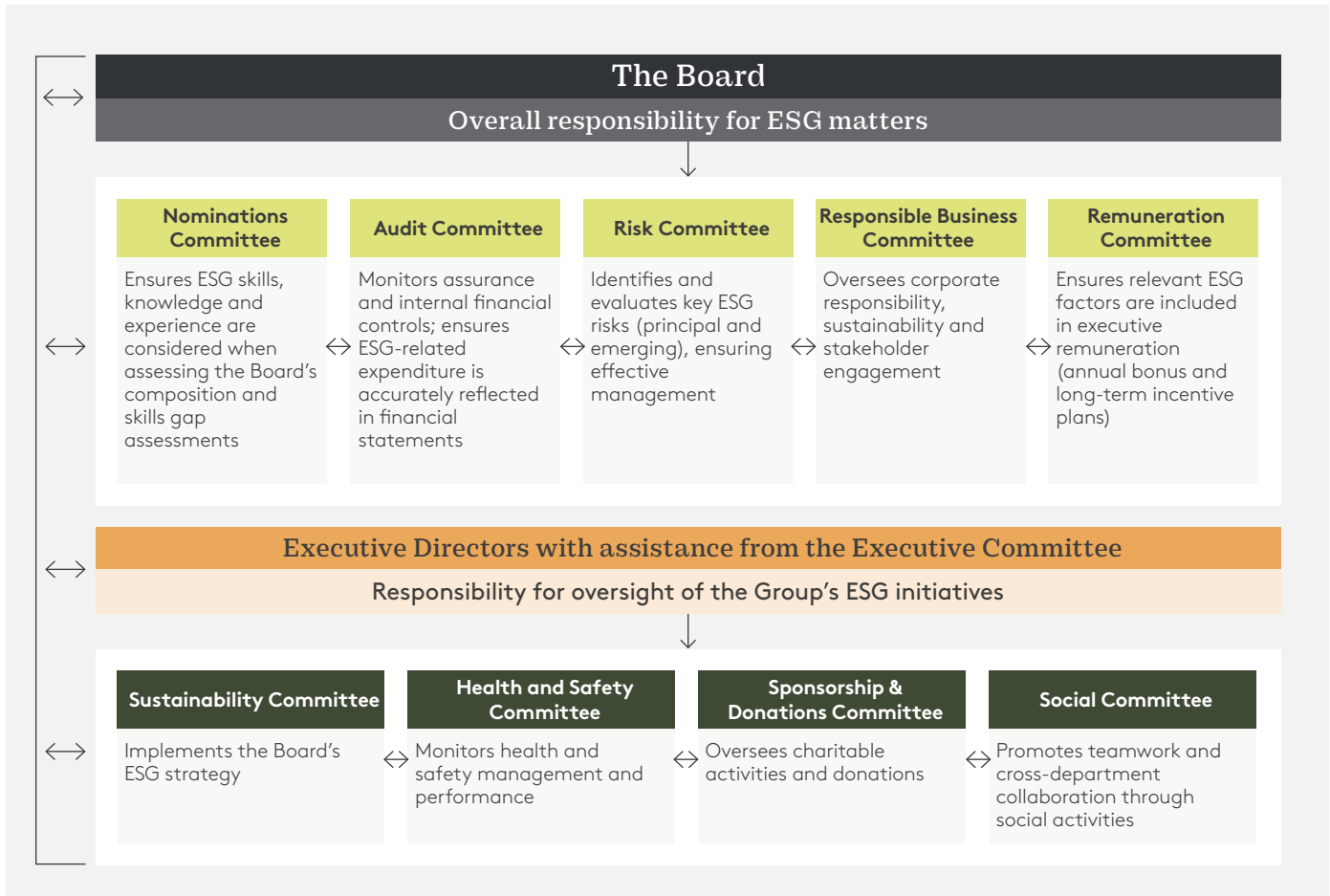
Effective oversight of ESG matters is critical as it enables the Board to understand the impact of its decisions on stakeholders and the environment. It also helps the Board identify emerging trends and risks, and stay alert to market changes, informing strategic considerations.

We conduct business with integrity and work with stakeholders who share our values and ethical principles.

ESG is overseen principally by the Board, Responsible Business Committee and Sustainability Committee.

Our Chief Executive, Paul Williams, is the designated Director with overall accountability for ESG matters, chairing the Sustainability Committee and serving on the Responsible Business Committee.

 [Governance Framework / See page 127](#)



## Climate change governance

The Board is ultimately accountable for the governance of climate change risks and opportunities. However, day-to-day responsibility and management is delegated to the Executive Committee, and Sustainability and Investor Relations teams.

The Board approves and monitors progress against our Net Zero Carbon Pathway targets, including energy and carbon (both operational and embodied). In 2025, we published an updated Net Zero Carbon Pathway, introducing 'nature and resilience' as a fifth pillar. During the year, the Board, Responsible Business Committee and Executive Committee received formal updates on the Group's performance against targets.

### ▢ Updated Net Zero Carbon Pathway

Following a competitive tender, PwC was appointed as the new non-financial assurance provider, providing limited assurance over climate-related and Health and Safety performance indicators. PwC's assurance statement is available to view within the **2025 Responsibility Report**.

## Green finance governance

Our Green Finance Framework (the Framework) demonstrates the clear link between our financing activities and our broader environmental objectives. PwC has provided reasonable assurance over selected green finance KPIs for the year ended 31 December 2025. Its assurance statement is available to view within the **2025 Responsibility Report**.

The Framework has been prepared in alignment with the Loan Market Association (LMA) Green Loan Principles 2021 and International Capital Market Association (ICMA) Green Bond Principles 2021 guidance document. It has also been externally reviewed and a Second Party Opinion (SPO) has been obtained. The latest version of the Framework and the accompanying SPO are available on our website at [www.derwentlondon.com](http://www.derwentlondon.com).

## Protecting human rights

Protecting human rights and fundamental freedoms is a core ESG priority for us, managed from an internal (within our business) and external perspective (with our supply chain and our relationships with contractors).

Internally, the Board monitors culture to uphold our values and high standards of transparency and integrity. The biennial employee survey provides valuable insights and during the year 89% of employees said that they were proud to work for Derwent London. Our HR team ensures effective systems and processes are in place to strengthen and sustain our culture. Based on our ongoing risk assessment, we believe the residual risk of slavery or human trafficking among our employees is very low.

### ▢ Promotes the desired culture and values / See page 126

Externally, we actively communicate our ESG standards to our supply chain and during the year published an updated Supply Chain Responsibility Standard.

Our supply chain governance procedures clearly define these standards and ensure our supply chain is aware that respecting human rights is paramount to us. The full Modern Slavery Statement is available at: [www.derwentlondon.com/investors/governance/modern-slavery-act](http://www.derwentlondon.com/investors/governance/modern-slavery-act)

### ▢ Modern slavery / See page 169

## Supply chain governance

We require our suppliers and construction partners to operate responsibly and uphold our ESG principles. Suppliers with whom we spend more than £20,000 per annum may be required to provide evidence of how they are complying with our Supply Chain Responsibility Standard.

In conjunction with the publication of our updated Supply Chain Responsibility Standard, a third party whistleblowing line was introduced to enable suppliers to report any concerns anonymously.

### ▢ Supply Chain Responsibility Standard / See page 168

## Responsible payment practices

Responsible payment practices remain an important area of focus for the Group as we are committed to being clear, fair and collaborative with our suppliers. The Fair Payment Code (the Code) replaced the Prompt Payment Code in December 2024, with the new Code intended to set higher standards, support businesses to improve their payment practices, and create a more robust approach to compliance.

During the year, the Group achieved Bronze level accreditation. As the Group continues to enhance its reporting systems, we will have the ability to report upon additional elements required to achieve a higher level accreditation, further demonstrating the Group's commitment to the prompt and fair payment of suppliers.

## Tax governance

The Group is committed to strong tax governance and risk management processes. Our Statement of Tax Principles, approved annually by the Board and overseen by the Audit Committee, ensures transparency, integrity and compliance and is available at: [www.derwentlondon.com/investors/governance/tax-principles](http://www.derwentlondon.com/investors/governance/tax-principles)

Responsibility for managing the Group's tax affairs and implementation of our Statement of Tax Principles is delegated to the Head of Tax. The Group continues to maintain a low appetite for tax risk, applying robust internal controls and processes, and does not engage in aggressive tax planning. An open and collaborative relationship with HMRC is maintained, anticipating potential risk early and clarifying any uncertainties as they arise as well as proactively supporting HMRC's consultations. The Group's overall approach to tax governance aligns with our ESG commitments by promoting tax practices that contribute to sustainable value creation for our stakeholders.

## Responsibility – Governance continued

### Reporting frameworks and ESG data

#### Non-financial reporting







As we have fewer than 500 employees, the non-financial and sustainability information statement (NFSIS) requirements contained in the Companies Act 2006 do not apply to us. However, due to our commitment to promoting transparency, we have elected to provide additional information in the table below to enhance clarity and accountability.

Category	Our key policies and standards	Additional Information	
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>▪ Responsibility Policy</li> <li>▪ Net Zero Carbon Pathway</li> <li>▪ Science-based carbon targets</li> <li>▪ Task Force on Climate-related Financial Disclosures (TCFD)</li> <li>▪ Streamlined Energy and Carbon Reporting (SECR) disclosure</li> </ul>	<b>2025 Responsibility Report</b>	
		<a href="http://www.derwentlondon.com/responsibility/publications">www.derwentlondon.com/responsibility/publications</a>	
		Our Net Zero Carbon Pathway	Pages 69 to 73
		Climate change governance	Pages 83 and 95
		Risk management	Pages 159 and 100 to 111
		Executive Directors' LTIP 2025	Page 204
		UN SDGs	Page 85
		TCFD	Pages 86 to 99
<b>Social and employee aspects</b>	<ul style="list-style-type: none"> <li>▪ Volunteer Policy</li> <li>▪ Equal Opportunities and Diversity Policy</li> <li>▪ Professional development and training</li> <li>▪ Shared parental leave</li> <li>▪ Smart Working Policy</li> </ul>	SECR	Pages 74 to 75
		Community Fund	Pages 76 to 77
		Our people	Pages 78 to 79
		Executive Directors' annual bonus	Pages 201 to 202
		Diversity and inclusion	Pages 170 to 171
		Employees on a committee	Page 165
		The Section 172(1) Statement	Page 130
		<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>▪ Individual Rights Policy</li> <li>▪ Health and Safety Policy Statement</li> <li>▪ Supply Chain Responsibility Standard</li> <li>▪ Modern Slavery Statement &amp; Policy</li> <li>▪ Code of Conduct and Business Ethics</li> </ul>
Human rights	Page 83		
Modern slavery	Page 169		
Supply Chain Responsibility Standard	Page 168		
<b>Anti-corruption and bribery issues</b>	<ul style="list-style-type: none"> <li>▪ Anti-bribery Policy</li> <li>▪ 'Speak up' Policy</li> <li>▪ Expenses Policy</li> <li>▪ Money Laundering and Terrorist Financing Policy</li> <li>▪ Preventing Facilitation of Tax Evasion Policy</li> <li>▪ Prevention of Fraud Policy</li> </ul>		
		Risk Committee report	Pages 154 to 163
		Anti-bribery and corruption	Page 163
		Our principal risks	Pages 104 to 109
		Our emerging risks	Pages 110 to 111
		Compliance training	Page 163
		Fraud Risk Management	Page 148

## UN SDG disclosures

The United Nations Sustainable Development Goals (SDGs) are an international framework developed to support global change and sustainable growth.

We have reviewed all 17 goals and identified those most relevant to our ESG priorities, informed by our double materiality assessment. We believe that we have a role in supporting the UK in responding to this standard and helping positively effect change. Set out in the table below is a summary of our progress against the selected goals.

Our ESG priority	UN SDG Goal	Target	Indicator	Our progress
Creating value in the community and for our wider stakeholders		4.4	4.4.1	Our Community Fund enables us to invest in and support groups which develop skills and improve education outcomes for young people from socially and economically challenged backgrounds. We support Team Up for Social Mobility, a charity that works to recruit, train and support volunteer tutors for 9-16 year olds from low-income backgrounds. Its Tuition and Enrichment Programme helps young people to build academic skills and confidence, supporting progression through GCSEs and beyond.
		4.a	4.a.1	Our Sponsorship & Donations Committee funded the participation of two young people on the Ernst & Young (EY) Foundation's Real Estate Futures programme. The programme supports young people from low-income backgrounds to develop workplace skills and career aspirations, providing real estate sector insight, work experience and access to a mentor for at least six months.
Protecting human rights; Engaging and developing our employees		5.1	5.1.1	Beyond our legislative requirements we are active in ensuring meaningful gender equality across the business. In 2024, we achieved re-accreditation for the National Equality Standard (NES), scoring in the top 5% of assessed organisations. Our Diversity & Inclusion Committee continues to ensure progress is being made and best practice is implemented. Our training and development initiatives are available company-wide. We have adopted a smart working policy and offer enhanced parental leave. Feedback from our employee surveys helps us identify potential gender and ethnicity differentials.
		5.5	5.5.2	Our gender balance ratio is 47%:53% male/female, with women comprising 38% of our senior management team. In 2025, there were 19 internal promotions, 42% of which were women.
Designing and delivering buildings responsibly; Managing our assets responsibly		7.2	7.2.1	We aim to purchase renewable energy across our managed portfolio. As at the end of 2025, all electricity contracts were on renewable tariffs backed by REGOs and gas contracts were RGGO backed. In support of our net zero carbon programme, construction is underway on our 100-acre, 18.4 MW solar park on our Scottish land, which is due to energise in mid-2026.
		7.3	7.3.1	We have developed building-specific energy intensity reduction targets to measure and improve the energy efficiency of our managed properties, supporting progress towards net zero carbon.
Creating value in the community and for our wider stakeholders		11.7	11.7.1	We actively promote the inclusion of public spaces in and around our buildings and ensure they are fully accessible. In addition, we are signatories of the Westminster City Charter, supporting Westminster City Council in its ambition to become a zero carbon borough by 2040.
Managing our assets responsibly		12.5	12.5.1	We have a portfolio-wide minimum recycling target of 75% (2025: 72%) and a no waste to landfill policy. In 2025, we implemented a new circular economy strategy covering both our managed properties and regeneration projects.
		12.6	12.6.1	We integrate comprehensive sustainability information into our company and public reporting cycles.
Designing and delivering buildings responsibly; Managing our assets responsibly		13.2	13.2.2	Our science-based carbon targets are aligned to a 1.5°C scenario, verified by the Science Based Targets initiative (SBTi). In addition, we have set embodied carbon and energy intensity reduction targets for our developments and managed properties respectively. We are committed to reducing carbon emissions and ensuring our portfolio is climate resilient. In 2025, we updated our Net Zero Carbon Pathway, introducing nature and resilience as a core focus.

## Responsibility – Governance *continued*

# Task Force on Climate-related Financial Disclosures (TCFD)

We are proactive in finding solutions to further reduce emissions and develop renewable energy sources.

### TCFD compliance statement

Our disclosures in this section are consistent with the TCFD's Recommendations and Recommended Disclosures. When assessing the consistency of our disclosures, we have had due regard for all relevant guidance including the TCFD's Guidance for All Sectors.

We have adapted our disclosure to reflect some of the key aspects within the sustainability disclosure standards IFRS S1 and S2 which were published by the International Sustainability Standards Board in 2023.

We separately publish a Responsibility Data Report alongside our annual Report & Accounts which provides more detailed climate-related data sets and performance metrics.

This can be found at [www.derwentlondon.com/responsibility/publications](http://www.derwentlondon.com/responsibility/publications). We structure our reporting in this way to satisfy the requirements of our various stakeholders.

### TCFD directory

In line with the UK's Financial Conduct Authority Listing Rules, we have identified in the table below where our responses to the TCFD's 11 recommendations are located. We retain sufficient evidence/records to support our compliance statement (on page 86) and our data disclosures in our annual Report & Accounts and Responsibility Reports.

<b>Governance</b>	a) Describe the Board's oversight of climate-related risks and opportunities	☒ See pages 94 to 95
	b) Describe management's role in assessing and managing climate-related risks and opportunities	☒ See pages 90 to 95
<b>Strategy</b>	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term	☒ See pages 88 to 91
	b) Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	☒ See pages 92 to 93
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	☒ See pages 88 to 91
<b>Risk management</b>	a) Describe the organisation's processes for identifying and assessing climate-related risks	☒ See pages 87 to 93
	b) Describe the organisation's processes for managing climate-related risks	☒ See pages 108, 94 to 97
	c) Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management	☒ See page 87
<b>Metrics and targets</b>	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	☒ See pages 74, 75 and 97
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	☒ See pages 74 to 75
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	☒ See pages 69 and 97

## The built environment

Climate change is a major global challenge which will impact how business operates in the future. The built environment contributes approximately 40% (including the residential sector) to the UK's overall carbon footprint. Consequently, we take a proactive approach in finding solutions to further reduce emissions and develop renewable energy sources (see pages 69 to 73).

As part of our commitment to being a net zero carbon business by 2030, we are helping to lead the industry in supporting the Government's net zero carbon ambitions and improving the carbon footprint of the built environment. We are also helping to develop best practice guidance for our sector through engagement with industry partners and organisations such as the Better Building Partnership and the British Property Federation.

Examples include:

- **Westminster City Council Sustainable City Charter:** We were early signatories to the Westminster City Council (WCC) Sustainable City Charter, which provides a framework for reducing carbon emissions from non-domestic buildings across Westminster; and
- **Sustainable Markets Initiative (SMI) Sustainable Buildings Taskforce:** Our CEO, Paul Williams, sits on the Sustainable Markets Initiative (SMI) Sustainable Buildings Taskforce which is part of His Majesty King Charles III's Terra Carta. The aim of the initiative is to put nature, people and the planet at the heart of global value creation.

### Engagement

We seek to actively engage with our peers, occupiers and other stakeholders to reduce energy use and carbon emissions within the built environment. If you wish to discuss our Net Zero Carbon Pathway, please email [sustainability@derwentlondon.com](mailto:sustainability@derwentlondon.com)

## Our approach

Climate change is a material issue for our business. We deem an issue to be 'material' when it is assessed as being sufficiently important to both our business and our stakeholders. Our properties are subject to climate-related risks such as increasing temperatures which could lead to greater physical stresses. Our strategy involves the acquisition and repositioning of older properties and ongoing investment in more modern properties.

We ensure a high degree of resilience in our new developments and repositioning of older properties by setting high standards for sustainability. When managing our core income portfolio, we focus on energy and carbon reduction (as dictated by our energy intensity reduction targets), ensuring our buildings operate as efficiently as possible. Our strategy centres around the concept of continual improvement to ensure a high degree of both climate and financial resilience. Our environmental priorities are on pages 69 to 73.

### Climate risk assessment

We identify and monitor climate change risks and opportunities as part of our wider risk management procedures which are overseen by the Board and its principal committees (see pages 94 to 95 and 144).

We structure our risk management framework, which is disclosed on page 158, into four stages. Our climate risk disclosures, shown on pages 86 to 99, are structured in accordance with this four-stage approach.

Owing to their complex nature, the identification and assessment of climate-related risks and opportunities are undertaken with the support of third party expertise. In 2024, Willis Towers Watson (WTW) performed an updated independent climate risk assessment and scenario analysis. The scope of the assessment included our entire London-based investment portfolio (including our head office) and our Scottish portfolio.

During our climate risk assessments, short, medium and long-term time horizons were considered (see page 94 to 95). We recognise that climate-related issues, in particular physical risks, are often (but not exclusively) linked to the medium to long-term and that the properties within our investment portfolio have a long lifespan of many decades.

The climate risk assessments sought to identify the transition and physical risks and opportunities applicable to the Group. As our business is based in and solely focused on the UK, the risks/opportunities were not considered on an international and/or segmental basis.

Through this process we identified and reviewed nearly 35 transition and physical risks and opportunities. On page 88 we have disclosed the most material risks and opportunities in terms of impact, likelihood (transition risk) and exposure (physical risk). Once the risks and opportunities had been identified, three pre-defined climate scenarios were applied, where appropriate, to test the resilience of our business, strategy and financial planning.

#### Identification

#### Assessment

#### Monitoring

#### Response

➤ See page 88

➤ See page 90

➤ See page 94

➤ See page 96

## Responsibility – Governance *continued*

# Identification

### Transition

Transition risks and opportunities are those which arise from the transition to a low carbon economy. These were identified and assessed, in terms of their impact and likelihood, via a facilitated workshop with cross-functional representation from across our business. As part of our risk assessment, we considered how these risks changed under a 1.5°C aligned scenario (the 'Low Carbon World'). Overall, our transition risk exposure under the 'Low Carbon World' scenario was assessed to be low to moderate in both the short-term (2030) and the medium-term (2040) (see table below).

The impact and likelihood of each identified risk were challenged in the context of the latest regulatory updates and WTW's/our experience with the real estate sector.

We also estimated the financial impact (whether to the balance sheet or income statement) and assigned high and low impact estimates to applicable cost components, depending on the effectiveness of our planned mitigating actions. Through the assessment process, we applied mitigation measures already captured within the scope of our Net Zero Carbon Pathway and those within our existing business processes, to define our residual risk profiles. Due to the strength of our mitigation strategies, the impact of these risks reduced significantly on a residual basis.

Based on our assessment, the table below shows the most material transition risks and opportunities applicable to our business.

### Material transition risks and opportunities identified:

	'Low Carbon World' (~1.5°C)			
	Risks		Opportunities	
	0-5 years	5-15 years	0-5 years	5-15 years
<b>Risk rating on a residual basis</b>				
Enhanced emissions reporting requirements	Low	Low		
Change in customer demand			Moderate	Moderate
Emissions offsets	Low	Moderate		
Planning approval changes	Moderate	Moderate		
Cost of raw materials	Low	Low		
Employee attitude to climate change and sustainability	Low	Low		
Cost of low carbon emission technologies	Low	Low		

 Risk rating / See page 102

### Physical

Physical risks were identified and assessed through an asset-by-asset exposure/susceptibility analysis using a range of acute and chronic climate hazards (risks). The scenarios were tested as at the present day, as well as for future projections under three climate scenarios (see table below). This was supplemented by a climate risk modelling analysis, undertaken by WTW, for flood and windstorm, as well as more chronic risks like heat, drought and subsidence. Physical assets were considered exposed if they are located in an area where a climate hazard may occur. The degree of exposure was defined by the severity/intensity of that hazard, with each hazard having its own intensity scale. If an exposure was deemed to be moderate or above it could have a material impact.

It should be noted that the scores were based on a global scale. For the UK, a modest increase in a chronic hazard, such as heat-stress (heatwaves), from very low to low could have wider implications on properties and infrastructure.

Our exposure to physical risks increases into the medium and long-term and as global temperatures rise. Based on our assessment, we consider windstorm and flooding to be the most material physical risks to our business. While subsidence is a material physical risk, there is no clear financial quantification model available within the data sets used.

### Material physical risks identified:

	Short-term 0-5 years		Medium-term 5-15 years		Long-term 15+ years	
	Present day	'Low Carbon World' (~1.5°C)	'Current Policies' (~2 to 3°C)	'Hot House World' (>4°C)	'Current Policies' (~2 to 3°C)	'Hot House World' (>4°C)
	Heat stress	Very low	Very low	Very low	Low	Low
Flooding	Low	Low	Low	Moderate	Moderate	Moderate
Drought	Very low	Low	Low	Low	Low	Moderate
Fire	Very low	Low	Low	Low	Low	Low
Windstorm (Severe weather event)	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
Subsidence			High	High	High	High

## Decarbonising our portfolio

### Phased decarbonisation

Working with our Asset and Property Management teams, as lease expiries/breaks have occurred, c.80% of 1-2 Stephen Street has now been converted to be all-electric, through the installation of Air Source Heat Pumps (ASHP) and removal of gas for domestic hot water. We are targeting full decarbonisation by 2029.

When floors become available, retention and reuse is a priority, with raised access floors being retained and MEP reused where suited to the new ASHP system. We have worked closely with the supply chain to develop a custom design-led low carbon ceiling which meets quality, aesthetic and carbon requirements. As floors return, we keep learning and improving on our existing benchmarks.

### Risk: Timing and cost

Our portfolio comprises buildings of different ages. Some projects require a greater level of intervention (for example, where on floor MEP equipment cannot be reused). Consequently, some buildings may take longer to decarbonise as we align our works with lease expiries and breaks to minimise disruption.

### Opportunity: Innovation

1-2 Stephen Street has helped us develop a phased decarbonisation blueprint which allows us to continue decarbonising our portfolio whilst limiting disruption to occupiers. This approach is being rolled out across other buildings within the portfolio, including 9-10 Rathbone Place W1 and 17 Gresse Street W1 (Charlotte Building), where projects were completed during 2025. This both aligns with our Net Zero Carbon Pathway and improves EPC ratings.



9-10 Rathbone Place W1

## Responsibility – Governance continued

# Assessment

Of the risks identified, none were deemed likely to have an impact such that the viability of our business would be interrupted, although our cost profile could increase.

### Testing our resilience

The risks and opportunities we identified were applied against at least two climate scenarios for transition risk and three for physical risk to test the resilience of our business, strategy and financial planning.

Our approach to creating scenarios followed the updated guidelines produced by the TCFD within its Guidance on Scenario Analysis for Non-Financial Companies and aligns with IFRS S2. We set out on page 99 the assumptions and risk data sources that were used in our most recent climate scenarios.

When conducting the scenario analysis, we had due regard to the following:

- **Forecasting:** scenarios are a way to imagine plausible states of the world and plan for our resilience. They are not intended as forecasts of the future.
- **Balance:** they should have aspects of quantification, but not so much that it impairs strategic thinking.
- **Challenge:** they must ensure we challenge our own thinking about our organisation and business model.
- **Certainty:** some drivers within the scenarios may be relatively certain and predictable whilst others are highly uncertain as to their development and impacts over time.
- **Breadth:** the resilience of our strategy should be investigated under multiple scenarios, including a 2°C or lower scenario.

The tables on pages 92 and 93 illustrate how we have incorporated these risks and opportunities into our strategy and financial planning. Ultimately, we do not envisage having to make changes to our overall strategic approach when considering climate-related scenarios.

 **Risk rating / See page 102**

### Scenario 1

## 'Low Carbon World'

~1.5°C

### Assumptions

#### A low temperature rise scenario as the world transitions to a low carbon economy

- Pricing of voluntary carbon offsets increases significantly.
- Increased stringency of building planning and design requirements to meet net zero targets.
- Increased demand for lower emission technologies to enable transition to a low carbon world.
- Increased cost of high carbon raw materials (e.g. steel, glass and concrete), which is further impacted by a carbon tax.
- Increased demand for enhanced climate-related disclosures.
- Climate change and sustainability remain concerns for employees.

### Transition risks

Low to Moderate

Our overall risk exposure under the 'Low Carbon World' (~1.5°C) scenario is low to moderate in both the short-term (2030) and the medium-term (2040). The most material transition risks identified were EPC rating requirements, planning approvals and rising emission offset prices.

### Physical risk exposure

Very Low to Moderate

Our physical risk exposure was low under this scenario. However, our Scottish land had greater exposure to windstorm and river floods in comparison to our London portfolio.

### Potential financial impacts

Moderate

In 2021, approximately £97m of capex was identified to achieve an EPC rating of B across our London commercial portfolio. This has since been revised to £73.7m to reflect the latest scope (change in building regulations), inflation, disposals, the acquisition of the remaining 50% interest in 50 Baker Street W1, and the work carried out to date.

We have mitigated the impact of near- to medium-term cost increases in market pricing of carbon offsets by forward-purchasing high quality, nature-based removal credits for our regeneration pipeline to 2030. However, we remain vigilant to pricing shifts in the voluntary carbon market.

### Potential impact on strategy

Low

Our strategy and financial planning already reflect more stringent planning and design requirements, guided by the introduction of our Net Zero Carbon Pathway in July 2020 (updated in 2025). We estimate that the cost impact of achieving our pathway requirements is approximately 5% to 10% of our development costs which is factored into our appraisals.

Over the long-term, we can reduce the cost impact of carbon offsets on our financial returns by extending our carbon removal projects (e.g. tree planting) on our Scottish land which will help to reduce our reliance on the voluntary carbon market. However, in this scenario we are unlikely to realise the full value for some time, given such projects take time to yield a significant number of credits. In 2020 and 2024, we forward-purchased c.195,600 carbon credits for a combined price of c.£4.9m.

## Scenario 2 'Current Policies' ~2°C to 3°C

### Assumptions

#### The world follows the emissions trajectory based on current policies/practices

- Offset prices increase but not by as much as under the 'Low Carbon World' scenario.
- There are no changes to existing planning and design requirements for developments.
- No change in the demand for lower emissions technologies.
- The increase in cost of low carbon materials is anticipated to be lower than in the 'Low Carbon World' scenario.
- No discernible change in demand for enhanced climate-related disclosures.
- No change in employees' attitude to climate change and sustainability.

### Transition risks Low to Moderate

Under this scenario, the risk impact and likelihood profiles for transition risks were unchanged in comparison to the 'Low Carbon World' scenario. This is because strategically we are expecting to decarbonise in a shorter time frame compared to the current policy approach.

### Physical risk exposure Low to Moderate

Within this climate scenario there was no scientific evidence to suggest that intensity or frequency of windstorms would increase significantly, therefore the risk profile has been deemed to be broadly similar to that in the short-term. However, subsidence starts to represent a material risk in this scenario, albeit currently there is little or no data available on its impact, either financially or structurally at the asset level. All our London portfolio assets are either out of risk zones or are protected by the Thames Barrier. Four agricultural assets in our Scottish portfolio are currently exposed to very high flooding risk. Flooding consequently represents a moderate risk in this scenario.

### Potential financial impacts Low to Moderate

Generally, the transition risk cost impact is lower than in the 'Low Carbon World' scenario where demand for instruments such as offsets is greater, leading to supply constraints.

Physical risk cost impact is not discernible in this scenario.

### Potential impact on strategy Low

Sustainability has always been part of our strategy. This puts us in a good position to take advantage of market and occupier demand for more sustainable spaces, and the associated higher rental premiums. There are also operational cost savings that can be achieved from reduced energy intensity of more efficient spaces.

Under this scenario, we would continue to retrofit and improve our properties in line with our net zero strategy and overall business model.

It is assumed the opportunities available in our Scottish portfolio remain the same.

## Scenario 3 'Hot House World' >4°C

### Assumptions

#### A high carbon scenario where the world fails to transition, and temperatures rise

- No change in EPC rating requirements.
- Current policies promoting sustainability are removed.
- No carbon pricing exists.
- Exploitation of abundant fossil fuel resources.
- Little or no development in low carbon technology.
- Adoption of resource and energy intensive lifestyles.

### Transition risks n/a

Transition risks were not modelled under this scenario. These risks only arise if the world actively attempts to transition to a low carbon economy.

### Physical risk exposure Moderate to High

Our London portfolio could see a moderate risk of drought, of between three to four months per year, a notable increase over today's climate. Under this scenario, there is increased susceptibility of subsidence, with all the London portfolio having 'probable' increases and instability issues in line with the wider London area. There was no scientific evidence to suggest that intensity or frequency of windstorms would increase significantly. Consequently, the risk profile has been deemed to be broadly similar to that in the 'Current Policies' scenario.

### Potential financial impacts Low

Within the next 10 years, modelling showed that there was a 10% probability of windstorm damage to the portfolio costing approximately £1.8m to £4.0m in the most extreme years. Likewise, in the same extreme years flood damage could cost £0.3m to £3.6m, rising to approximately £2.1m to £6.1m by 2050, across both the London and Scottish portfolios.

### Potential impact on strategy Low

Drought might create water stress issues and shortages in the water supply for London. Our water management strategy would need to be adapted for more optimal water usage (reuse, collections etc.) which could lead to higher maintenance and regeneration costs.

Although overall flood risk is not significant, projected changes indicate that the frequency of flood events could increase in the UK (and more for Scotland) and create additional direct building and infrastructure damage and more frequent interruptions. Flood risk assessment forms part of our acquisition appraisal process.

Subsidence presents a risk to our London portfolio, although the lack of data makes it difficult to ascertain the impact, if any, on our business strategy.

## Responsibility – Governance continued

### Assessment continued

#### Impact on our strategy and financial planning

The outputs from the risk and scenario assessments (see pages 88 to 91) have been embedded into our business to ensure all of our core activities accurately reflect the required actions and investments. Our strategy remains unchanged as we continue to develop design-led, amenity-rich, low carbon office space in line with market and customer demand.

#### Strategic objectives

- 1** To optimise returns and create value from a balanced portfolio
- 2** To grow recurring earnings and cash flow
- 3** To attract, retain and develop talented employees
- 4** To design, deliver and operate our buildings responsibly
- 5** To maintain strong and flexible financing

Material risk	Exposure			Impact on strategy	Impact on financial planning
	0-5 years	5-10 years	15+ years		
<b>Transition risks</b>					
<b>Planning requirements</b> It is likely that the UK will need to incrementally increase the stringency of building planning and design requirements as part of its efforts to meet its net zero targets. This would affect our development pipeline, including increasing development costs to ensure all new buildings are net zero carbon ready.	●	●		Our Responsible Development Brief and updated Net Zero Carbon Pathway aim to ensure that our properties are more climate resilient, built for a longer life, flexible to occupy and operate, less reliant on mechanical cooling and free from fossil fuel use i.e., all electric heating and cooling.  <b>Strategic objectives:</b> 1 2 4 <b>Business model:</b> Refurbishment & Development	The requirement to be net zero aligned is already factored into our development appraisal process and ensures we have a robust level of cost certainty and financial forecasting ability. Access to good quality, affordable finance is also important to enable us to deliver our development pipeline effectively. Further information on our green finance initiatives is on pages 60 to 61.
<b>Emissions offsets</b> As more companies commit to net zero, the demand for high quality carbon removal offsets is increasing, resulting in higher prices. There is also increasing reputational risk associated with the use of emission offsets if carbon offsetting is chosen as the only net zero measure, instead of focusing on reducing energy consumption and emissions first.		●		We have put in place energy intensity reduction targets for the properties in our managed portfolio which look to reduce intensity by c.4% year-on-year between our 2019 baseline and 2030. These are designed to ensure (alongside our renewable energy procurement) that we drive down operational carbon as much as possible.  Our strategy has been to utilise our Scottish land to generate our own offsets, initially via tree planting schemes.  <b>Strategic objectives:</b> 4 <b>Business model:</b> All of our core activities	To offset our development-based residual embodied carbon we use carbon removal offsets purchased from the voluntary carbon market. Our development appraisals include a cost of carbon for these offsets, currently set at £34 per tonne, the price at which we forward-purchased c.114,000 carbon credits in 2024 which covers our forecast embodied carbon. This is complemented by our stretching embodied carbon targets, which aim to drive down the amount of embodied carbon on scheme completion and subsequently the need for and cost of offsetting.

Material risk	Exposure			Impact on strategy	Impact on financial planning
	0-5 years	5-10 years	15+ years		
<b>Physical risks</b>					
<p><b>Windstorm</b></p> <p>The risk arising from windstorms is damage to our buildings (which could include façade and roof damage and power outages), primarily caused by flying debris.</p>	●	●		<p>Our buildings are in storm susceptible regions, with our land in Scotland being at highest risk. Overall, the impact of windstorms on our portfolio does not impact on our business strategy. We have adequate building maintenance and management measures in place.</p> <p><b>Strategic objectives:</b> 1 2 3 4 5</p> <p><b>Business model:</b> All of our core activities</p>	<p>As modelling showed a minor potential financial loss of approximately £2-4m in an extreme year, we currently do not believe that it will impact our financial planning. Recommendations from the climate assessments will be factored into our property management strategy and planned preventive maintenance schedules.</p>
<p><b>Flooding</b></p> <p>All of our London assets are out of flood risk zones or protected by the Thames Barrier. In Scotland (c.2% of our total portfolio), we have locations, mainly used for agricultural purposes, which are currently exposed to very high flooding risk.</p>		●		<p>The risks from flooding do not impact our overall business strategy, albeit we are likely to undertake a greater level of due diligence during the acquisition process given future purchase targets could potentially be in flood zones.</p> <p><b>Strategic objectives:</b> 2 4</p> <p><b>Business model:</b> All of our core activities</p>	<p>To ensure we understand the flood risk of potential new acquisitions, our due diligence procedures will need to be enhanced to account for a greater level of flood mapping to avoid introducing higher levels of risk and loss exposure into the portfolio.</p>

Further information on how we have addressed these risks can be found on the following pages:

- ▢ [Our Net Zero Carbon Pathway / See pages 69 to 73](#)
- ▢ [Occupier engagement on climate change / See page 69](#)



The Featherstone Building EC1

## Responsibility – Governance *continued*

# Monitoring

### Role of the Board


The Board has overall accountability for climate-related risks and opportunities. It is responsible for ensuring that climate change is adequately reflected in the Group's strategy to ensure our future resilience. Due to its importance, climate-related matters are regularly discussed during the Board's strategy reviews and factored into the Board's viability assessment, with support from third party experts as required (see page 65). The Group's non-financial assurance tender (see page 145) was overseen by the Audit Committee and approved by the Board. The Responsible Business Committee approved publication of the updated Net Zero Carbon Pathway.

Climate resilience has been classified as a principal risk for the Group and is contained on our Schedule of Principal Risks (see page 104). The Board reviews and approves the Group's risk registers on at least an annual basis and they are subject to review by the Risk Committee regularly.

Climate-related topics are included on the agendas of several Board committees, including: Responsible Business, Sustainability, Risk and Audit. The climate risk governance framework is on page 95.

To embed a further level of oversight, we have linked climate-related performance measures into our Remuneration Policy for the Executive Directors (see pages 178 to 187). These targets are directly linked to our Net Zero Carbon Pathway.

Further information on the role of the Board and its committees in respect of climate change is available on the following pages:

 **Audit Committee report / See page 142**

 **Remuneration Committee report / See page 172**

The Schedule of Matters Reserved for the Board outlines that climate change and other environmental factors which could impact the design or management of our portfolio is reserved for the Board and two of its principal committees; the Responsible Business and Audit Committees. This responsibility of oversight is also formalised in the terms of reference of the respective committees.

The Board's assessment of its skills, experience and knowledge is on page 135 and incorporates reference to environmental matters, including climate change.

### Role of management

As Chief Executive, Paul Williams has overall accountability for climate-related issues. However, oversight of climate-related issues (which includes identification) is delegated to the Sustainability Committee. The Investment, Asset Management, Property Management, Development and Company Secretarial teams are responsible for day-to-day implementation as appropriate.

Throughout the year, the Executive Committee reviews the Group's risk registers, which include sustainability/climate change-related risks. These reviews consider the risk severity, likelihood and the internal controls and/or mitigation actions required to reduce our risk exposure, so that it is aligned with or below our risk tolerance. This approach allows the effects of any mitigating procedures to be considered properly, recognising that risk cannot be eliminated in every circumstance.

The Sustainability Committee comprises key department leaders, many of whom have a responsibility for implementing climate-related issues within their department. At each meeting, a 'performance and data' dashboard is produced for discussion and analysis.

Members from key departments were involved in the most recent climate risk assessment and climate scenarios conducted with WTW, the outputs of which underpin our disclosure.

### Climate risk governance framework

As climate risks and opportunities are likely to have an impact on various aspects of our business, all the Board’s committees are involved in the oversight of climate-related matters. As illustrated below, the business has a ‘top-down, bottom-up’ approach to the oversight of climate-related aspects, from individual departments to the Board.



## Responsibility – Governance continued

# Response

### Capturing opportunities

As a responsible business, we understand, balance and manage our environmental opportunities proactively; it is visible in our culture and approach, and the design and management of our buildings. Our management structure and style ensure that we can respond to changes in regulation and occupier demand. Likewise, this enables us to plan more effectively for the long-term and ensure we are putting the right systems and processes in place to maintain our position as London's leading office-focused REIT and capture the opportunities which arise.

Through our climate risk assessment, we identified the opportunities that we could embrace. Of those identified, changing occupier requirements and cost of debt through green initiatives were considered most material. We detail below some of the ways in which we are capturing climate-related opportunities.



<b>Green finance</b>	Our Green Finance Framework was specifically developed to link an element of our debt funding to our net zero carbon ambitions and in particular our development and refurbishment activities. Our £350m green bond, issued in 2021, is linked to our framework and provides an attractive source of finance to part-fund our eligible projects. Further information on our Green Finance Framework is on pages 60 to 61.
<b>Building upgrades</b>	Refurbishing space to optimise rents as vacancies occur is an integral part of our business model. In addition to physical upgrades, we also seek to improve a building's environmental credentials. Where appropriate, we are removing gas from properties and where this is not possible, we are retrofitting specialist equipment to enhance performance – see page 69 for further details. These works, which also form part of our strategy to ensure compliance with evolving EPC legislation, are factored into all refurbishment projects. Since the independent third party assessment in 2021, we have invested £24m of capital expenditure on EPC upgrade works.
<b>Operationalising data</b>	The volume and quality of environmental data we collect from our buildings continue to rise. As well as retrofitting sensors as part of our refurbishment activity, we have developed a bespoke in-house environmental database which operates alongside our Intelligent Building programme. Our building managers now have better access to near-real time data, facilitating lower energy consumption and delivering savings in cost and operational carbon to our occupiers.
<b>Self-generation</b>	The provenance of energy is under increasing scrutiny as businesses seek to optimise GHG emissions. Aligned with this, we aim to procure 100% of the energy consumed across our portfolio on renewable contracts. Our land in Scotland presents several opportunities for us to reduce our carbon impact, including self-generation. Construction of our 100-acre, 18.4 MW solar park is nearing completion (total development cost c.£16m). Energisation is due in 2026 and we expect it to generate in excess of 40% of the electricity needs of our London managed portfolio.

## Metrics and targets

The Group reports annually on its progress towards net zero by 2030. A brief outline of our progress in 2025 is set out on pages 69 to 73. To help our stakeholders understand our performance, our annual Responsibility Data Report, which sits alongside our annual Responsibility Report sets out a broad range of climate and energy performance data and metrics. This includes extensive carbon reporting and historical performance data to allow for trend analysis. Our Data Report and Responsibility Report are available on our website.

We align our Responsibility Report disclosures to externally recognised frameworks including the EPRA Sustainability Best Practices Recommendations (sBPR) and the International Sustainability Standards Board (ISSB). We participate in internationally recognised indices, namely CDP and GRESB, and our performance against these can be found on the inside back cover.

Since 2023, embodied carbon reduction and energy intensity reduction performance metrics have been included within the Executive Director and Executive Committee incentive plan (the PSP). This is currently being reviewed by the Remuneration Committee as part of the 2026 Remuneration Policy consultation. Further information is on pages 178 to 187.

In 2025 we updated our Net Zero Carbon Pathway. This is aligned to the Better Buildings Partnership (BBP) Climate Change Commitment, and includes a series of ambitious climate-related targets, which we show on the right.

## Reducing operational energy and carbon emissions

- An annual reduction in energy intensity of our managed portfolio to achieve 123 kWh/sqm by 2030.
- Near-term: we commit to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030 from a 2022 baseline (5,450 tCO<sub>2</sub>e) and to measure Scope 3 emissions.
- Long-term: reduce absolute Scope 1, 2 and 3 GHG emissions by 90% by 2040 from a 2022 baseline (44,183 tCO<sub>2</sub>e).

## Reducing embodied carbon of development projects

- New build commercial office schemes completing from 2025 to achieve: ≤600 kgCO<sub>2</sub>e/sqm (upfront carbon, A1-A5, RICS v1).
- New build commercial office schemes completing from 2030 to achieve: ≤500 kgCO<sub>2</sub>e/sqm (upfront carbon, A1-A5, RICS v1).
- Major refurbishments: ≤350 kgCO<sub>2</sub>e/sqm.

## Energy and carbon reporting

We publish a full breakdown of our corporate carbon footprint (inclusive of Scopes 1, 2 and 3) and energy usage in our Streamlined Energy and Carbon Reporting (SECR) disclosure on pages 74 to 75. Our Scope 1, 2 and 3 totals in 2025 have been subject to independent limited assurance by PwC LLP in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards.

[SECR disclosures / See page 74 to 75](#)

## Responsibility – Governance continued

### EPC ratings

EPC ratings indicate the energy efficiency of a building. We are following a phased programme of works to upgrade the EPC ratings of our portfolio. We target a minimum EPC of A for major new build schemes and 'B' for major refurbishments.

# 71.7%

of our portfolio (by ERV) has an EPC rating of A or B (including projects)

# 16.2%

of our portfolio (by ERV) has an EPC rating of C

Percentage of portfolio (by ERV)	2025	2024	2023
Rated A	23%	10%	10%
Rated B	40%	48%	47%
Rated C	16%	18%	19%
Rated D	8%	8%	8%
Rated E	4%	5%	5%
Rated F	0%	0%	0%
Rated G	0%	0%	0%
Properties in development	9%	11%	11%
Exempt/under review/outstanding	0%	0%	0%

### Renewable energy

The Group is committed to ensuring that all the energy we procure, electricity and gas, is from renewable sources.

# 100%

of our electricity is from renewable sources

# 100%

of our gas is from renewable sources

	2025	2024	2023
Percentage of electricity from renewable sources <sup>1</sup>	100%	99%	99%
On-site renewable energy generation (kWh)	99,602	86,136	97,440
Percentage of gas from renewable sources <sup>2</sup>	100%	100%	99%

1 Electricity purchased on renewable tariffs backed by REGOs.

2 Gas purchased on renewable tariffs backed by RGGOs.

### Certification

BREEAM and LEED certifications recognise the sustainability of our buildings, their construction and operation. We target minimum BREEAM ratings of 'Excellent' for major developments and 'Very Good' for major refurbishments (see page 33 for our progress in 2025).

Percentage of portfolio (by floor area – NIA)	2025	2024	2023
BREEAM certified	38%	33%	35%
LEED certified	27%	22%	22%

### Our progress

As part of our commitment, we analyse our activities to ensure we are reducing our carbon footprint across all our spheres of influence. Our pathway focuses on five principal areas:

- Reducing operational energy and carbon emissions through setting annual reduction targets and engaging with our occupiers.
- Procuring and investing in renewable energy.
- Reducing the embodied carbon of our future pipeline.
- Offsetting residual carbon emissions we cannot eliminate.
- Nature and resilience.

Further information on these commitments and our progress in 2025 is detailed on pages 69 to 73.

### Future priorities

On page 27 we have outlined our priorities for 2026. In addition to these focus areas, we intend to action the following:

- **Governance:** The Board will continue to build its competency through training and monitoring of developing best practice.
- **Strategy:** Monitor construction of our 18.4 MW solar park in Scotland which is expected to complete in H1 2026.

## Climate scenarios – assumptions and risk data sources

### WTW risk assessment

Scenario Name	'Low Carbon World' (~1.5°C)	'Current Policies' (~2 to 3°C)	'Hot House World' (>4°C)
<b>Temperature range</b>	1.4°C (median, 2100, IEA NZE2050) ~1.5°C (median, 2100, RCP2.6)	2.6°C (median, 2100, IEA STEPS) ~2.3°C (mean, 2100, RCP4.5)	~4.2°C (mean, 2100, RCP8.5)
<b>Sources</b>	IEA – Energy Outlook 2021: NZE2050 IPCC, 2014: Synthesis Report: RCP2.6 Narratives for Shared Socioeconomic Pathways (SSPs): SSP1	IEA – Energy Outlook 2021: STEPS IPCC, 2014: Synthesis Report: RCP4.5 Narratives for SSPs: SSP2	IPCC, 2014: Synthesis Report: RCP8.5 Narratives for SSPs: SSP5
<b>Primary risks</b>			
	Transition risks (2025 and 2030)	Moderate transition (2025 and 2030) and physical risks (current, 2030, 2050)	Physical risks (current, 2030, 2050)
<b>Underlying assumptions</b>			
<b>Global net zero achieved by:</b>	2050 (IEA NZE2050)	Not achieved before 2100 (IEA STEPS)	Not achieved
<b>Carbon price</b>	Advanced economies <b>2025:</b> \$75/tonne <b>2030:</b> \$130/tonne <b>2040:</b> \$205/tonne <b>2050:</b> \$250/tonne (IEA NZE2050)	EU <b>2030:</b> \$65/tonne <b>2040:</b> \$75/tonne <b>2050:</b> \$90/tonne (IEA STEPS)	No carbon pricing in existence. (SSP5)
<b>Building sector policies</b>	Implementation of more stringent building energy conservation building codes for existing and new buildings, including net zero emission requirements by 2030 and 85% of all buildings are zero carbon-ready in 2050. (IEA NZE2050)	In the UK, Low Carbon Heat Support and Heat Networks Investment Project; various retrofit incentive schemes for improving buildings efficiency as part of Plan for Jobs. It does not however assume increasing stringency of EPC requirements. (IEA STEPS)	Assumes current policies promoting sustainability are removed. (SSP5)
<b>Social assumptions</b>	Assumes low growth in material consumption and increasing consumer pressure on businesses to drive sustainability. (SSP1)	The world follows a path in which social, economic and technological trends do not shift markedly from historical patterns. Global and national institutions work towards, but make slow progress in achieving, sustainable development goals. (SSP2)	The push for economic and social development is coupled with the exploitation of abundant fossil fuel resources and the adoption of resource and energy intensive lifestyles around the world. (SSP5)
<b>Technology assumptions</b>	Promotion of alternative fuels and technologies such as hydrogen, biogas, biomethane and carbon capture utilisation and storage across sectors. The share of renewables by 2030 in the global electricity supply would increase to approximately 61%, shifting economies from being fossil fuel-dependent to renewable energy driven. (IEA NZE2050)	Phase out of traditional coal-fired power by 2024 in the UK and the Ten Point Plan, with up to 40 GW offshore wind capacity by 2030. Electrification component of the Sixth Carbon Budget and Industrial Energy Transformation Fund provides grant funding for energy efficiency projects. (IEA STEPS)	Little to no development in low carbon technology. (SSP5)
<b>Physical risk data sources</b>			

Willis Towers Watson's Global Peril Diagnostic and Climate Diagnostic tools, data from the MunichRe hazard databases, and the Intergovernmental Panel on Climate Change (IPCC). For climate loss modelling, the catastrophe model of RMS (Risk Management Solutions) was used.