

An aerial photograph of a city skyline, likely London, with a rooftop solar panel array in the foreground. The solar panels are arranged in a grid pattern and are covered with a layer of gravel. The city skyline in the background features several prominent skyscrapers, including the Gherkin and the Shard. The sky is a clear, pale blue.

— SUSTAINABILITY —  
STRATEGY

DERWENT  
LONDON

# EXECUTIVE BOARD INTRODUCTION

From the outset our business has followed a sustainable path, not only in terms of how we manage our business and create value for our shareholders, but also how we approach the development of our buildings and the spaces we provide.

Our sustainability work to date has seen us achieve a great deal, champion new technologies and approaches and grow our understanding of this increasingly important agenda. This strategy provides further impetus to progress our sustainability agenda by encapsulating what sustainability means to our business, the principles we value most, and the long term priorities we must address in order for our business to continue to grow and deliver value to our key stakeholder groups.

In this document the Executive Committee present this new strategy.

Signed on behalf of the board by:



**Paul Williams**  
Executive Director



# FOREWORD

By Paul King, Chief Executive of the UK Green Building Council



Over the last 10 years sustainability, for the construction and property industry, has moved from the fringes to the mainstream. But for the most part this still means it is widely talked about, rather than acted upon in a meaningful way. Derwent London's strategy demonstrates a commitment to take sustainability to the heart of the business, to embed it in everything they do.

There are a number of motivations for a business to embrace sustainability, sometimes characterised as: risk, reputation, reward and the right thing to do. Derwent London recognises the moral imperative to act, in a sector that has a big opportunity and responsibility to make a difference socially and environmentally. However, the strategy is all the stronger for its emphasis on economic sustainability, and the financial case for doing business well.

The business case for 'green', 'low carbon' and 'sustainable' buildings is increasingly recognised. There is evermore evidence that buildings designed, built and operated in a sustainable way can attract asset and rent premiums, reduce void rates, reduce operating costs, and reduce the risk of exposure to forthcoming regulations. But one of the most compelling reasons to recognise the importance of sustainability, and the need to embed it from the very beginning of the development process, is that good buildings promote good health, well-being and productivity of the people that occupy them. Derwent's commitment to evaluating Whole Life Cost is justified by an understanding of Whole Life Value; in other words, a relatively small extra investment upfront will pay very significant dividends over the life of the building.

Derwent London recognises the needs of a wide range of stakeholders in the business, the potential benefits of ensuring a sustainable approach and the costs of getting it wrong. Not only meeting but exceeding the ever-growing expectations of policy makers, investors, customers and employees is a smart strategy that will put them ahead of their competitors, and make Derwent London stand out from the rest in terms of a reputation for being always a step ahead.

Many across the industry wait for government to take the lead, to show the way, but in reality this rarely happens, and policy and regulation follow good and best practice. There is a lot to be gained from taking a leadership position, a commitment to be in the vanguard, and the Green Building Council endorses and will support that approach, helping to increase awareness and the profile of Derwent's successes in a way that will hopefully translate into reward and new business won.

Derwent London should continue to push the boundaries and be confident enough to set very public targets and sustainability commitments. They should invite stakeholder feedback, comment and constructive criticism as they report on their progress. Performance management throughout the business should embed sustainability targets alongside traditional financial ones, such that they can seek to deliver optimal outcomes for people and minimising negative impacts for society and the wider environment.

**Paul King**  
Chief Executive of the UK Green Building Council

## INTRODUCTION

In developing a strong, sustainable business, good corporate governance is vital. This means having in place the right checks and balances, good decision-making frameworks and robust management processes. We believe sustainability plays an important part in this as it enhances decision-making and promotes long term thinking, ultimately improving our approach to governance.

This strategy expands our Sustainability Policy and articulates in more detail what sustainability means to our business. Moreover, it sets out the guiding principles which frame our decision-making process and enables us to operate responsibly. It also sets out clear, long term strategic priorities, from which we can set meaningful direction and robust performance measurement criteria across our business activities.

It also provides a focal point for all our internal and external stakeholders who are interested in our sustainability journey, and enables them to understand our sustainability goals and aspirations easily.

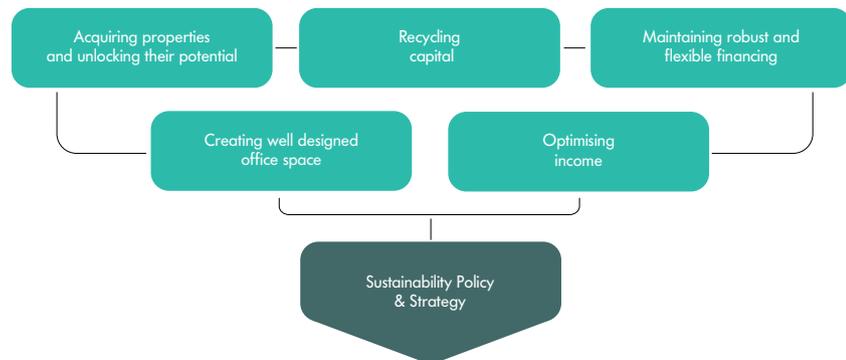
The strategy is aligned with our business planning cycle, and the Sustainability Committee will review it annually to ensure it remains up to date and relevant.

## LINKAGE TO OUR BUSINESS MODEL

We believe that in order to realise the full benefits sustainability can bring to an organisation, it must first be intrinsic to its business model and activities. Sustainability is intrinsic to our business model and is woven through the five core strands which make it up, these being:

1. Creating well designed spaces
2. Optimising income
3. Acquiring property and unlocking its potential
4. Recycling capital and
5. Maintaining robust and flexible financing

Although sustainability runs through each of the strands placing it at the heart of our model, there are two strands in particular, 'Creating well-designed spaces' and 'Optimising income', which establish the starting point for our sustainability strategy.



## OUR VISION

We recognise that our activities are responsible, both directly and indirectly, for a variety of environmental, social and economic benefits and impacts. As a result we are committed to continuing to understand and improve our performance using the guiding principles set out in this strategy, and aim to be recognised as one of the leading organisations in the property sector in terms of sustainability.

We are committed to maximising the positive impacts our business has on the environment and local communities through the continuous improvement of our performance, and through the responsible design, delivery and operation of our assets.

The overall aim of our strategy is to:

“Ensure our spaces are designed, delivered and operated responsibly whilst delivering value to our key stakeholder groups”

## GUIDING PRINCIPLES

In order to guide our business in delivering this strategy we will use the following principles to help frame our decision making and enable us to perform to the highest standards.

### 1. Sustainable Development

The main principle applicable to our business is that of sustainable development. Through the acquisition, design, development, operation and disposal of our assets, we must demonstrate that maximum consideration has been given to the principles of sustainable development by considering how they not only contribute to our own business but how they support and align with the UK Government's four sustainable development priority areas for action which are:

1. Sustainable consumption and production;
2. Climate change and energy;
3. Natural resource protection and environmental enhancement; and
4. Sustainable communities.

Whilst we recognise that our business activities will not always align to each one of these all of the time, by applying the principles of sustainable development, the physical, social and economic environments are included in our decision-making, helping to minimise adverse and maximise positive impacts.

### 2. Value creation

A fundamental trait of responsible business is value creation. In order to maintain and grow a strong business we must understand and balance the needs of our five key stakeholder groups, which we have identified as:

- Investors
- Employees
- Customers
- Communities and
- Suppliers

It is important that all our stakeholders benefit from our business activities.

### **3. Continuous improvement, performance monitoring and measurement**

We will monitor and measure our performance through review and audit. This will enable the identification of areas of under-performance as well as strong performance. In turn this will allow us to identify opportunities for future improvement. We will seek to incorporate the right expertise, processes and systems to enable this monitoring and measurement to take place across our business activities.

### **4. Holistic Approach**

We aim to have a holistic approach to improving the sustainability performance of our business. Sustainability benefits and impacts are often interrelated, which means decisions should not be made in isolation. Moreover, the design and development of our buildings should incorporate life-cycle based decision-making such that we can realise operational and community based benefits in both the short and long term.

### **5. Precautionary Principle**

Our business must take account of the precautionary principle, which requires that risk assessment and risk management techniques be used to identify and limit any adverse impacts. Meeting the requirements of future sustainability legislation and trends requires us to set long term realistic priorities and objectives in order to maintain high level levels of performance across our business.

## LONG TERM PRIORITIES

In order to help us focus our efforts in delivering this strategy, we have identified four long term priorities, which are intrinsic to our business and to the needs of our stakeholders. These priorities will be used to focus our future performance measures, monitor our progress and ultimately gauge our success.

### **Designing & Delivering Buildings Responsibly**

A key part of our preferred development approach is to harness good design to refurbish and regenerate buildings. A fundamental trait of good design, we believe, is its ability to help deliver inherently sustainable spaces. From experience we see that well designed, sustainable spaces let more quickly and on better terms, therefore clearly demonstrating the value of our approach. In addition, we believe such spaces promote higher levels of occupant well-being which can lead to increased levels of productivity.

Objective:

To ensure sustainability is considered and implemented at every stage of the design and delivery of our projects.

### **Managing our Assets Responsibly**

As owner-operators it is vital that we take a responsible approach to the management and maintenance of our assets. Although we always seek to design and deliver buildings which are sustainable and efficient to run, rigorous management is still required in order to maximise performance and deliver the potential savings of which the buildings are capable. Coupled with this we believe it is important to engage proactively with our customers to assist them in operating their spaces as efficiently as possible, thereby making our management efforts even more effective.

Objective:

To ensure all our assets are managed and maintained in a responsible manner in order to maximise their efficiency.

### **Creating Value in the Community**

Looking beyond the bricks and mortar of our buildings we are committed to supporting the communities in which we operate. As part of this we want to understand how we can enable value creation and develop and maintain strong relationships in these communities. We want to understand the benefits our assets can bring to local business, the public realm, building occupants and local residents.

Objective:

Enable value creation and develop and maintain strong relationships within the communities in which we operate.

### **Engaging & Developing our Employees**

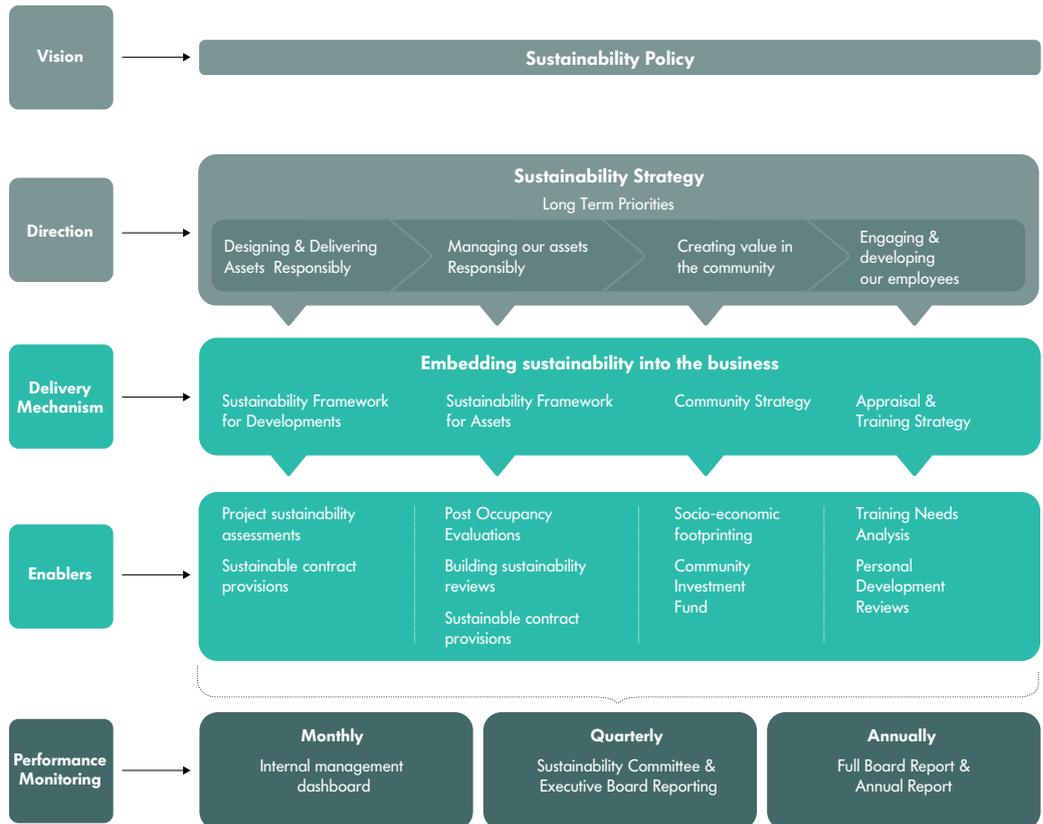
The continued strong performance of our business would not be possible without motivated and highly skilled employees. Therefore, it is important that we continue to create the right environment by encouraging and creating opportunities for individuals and teams to realise their full potential; thereby enabling our business to achieve its strategic goals and targets.

Objective:

Create a working environment that actively engages employees by encouraging continuous personal development and recognising and nurturing high performance.

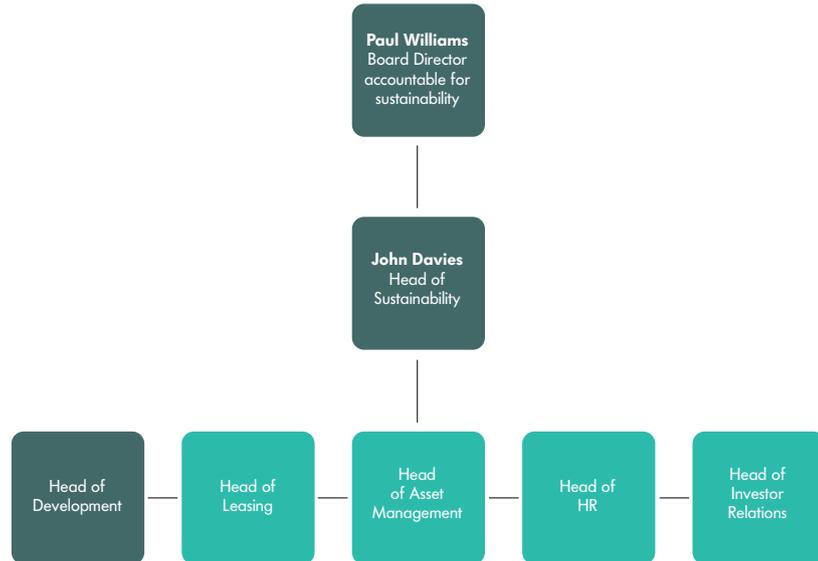
## DELIVERY FRAMEWORK

We recognise that a business can only demonstrate its commitment to sustainability by developing a meaningful policy and strategy, setting quantifiable measures to improve performance, and achieving them in partnership with its stakeholders. In addition, there should be a clear framework in place which shows how the policy and strategy will be implemented. As a result we use our 'Sustainability Map', which sets out the framework for us to deliver our vision and long term priorities. It also ensures that we have the correct processes in place across our business functions in order to meet the requirements of this strategy and our policy.



## MANAGEMENT

To manage and ensure the effective implementation of the Sustainability Map there is a clear management hierarchy and responsibility path for sustainability with our business. This starts with board level accountability, filtering down to each business function Head, who each in turn are required to ensure that sustainability is integrated into the particular aspects of their work. To oversee effective day-to-day management the Head of Sustainability is responsible for ensuring delivery across the business and supporting teams in maximising their performance.



An aerial, high-angle photograph of several solar panels installed on a roof. The panels are dark blue with a grid of silver lines. They are mounted on a dark, gravelly surface. The perspective is from above, looking down at the panels, which are arranged in a staggered pattern. The lighting is bright, creating strong shadows and highlights on the panels and the gravel.

DERWENT  
LONDON

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