

# Net Zero Carbon Pathway

## 2025 Update



DERWENT  
LONDON



# Contents

Executive summary .....	3
Why .....	5
How .....	6
Progress .....	9
Looking ahead .....	12
Governance .....	14
Appendix 1 - Targets & Metrics .....	15
Appendix 2 - Scope .....	16
Appendix 3 - Guiding Principles .....	18

# Executive summary

As a leading property investor, we recognise our responsibility to commit to being a net zero carbon (NZC) business and our ambition is to achieve this by 2030.

As well as helping us manage our contributions to the global goal of limiting climate warming to 1.5°C above pre-industrial levels, our Pathway also provides a roadmap as we future proof our assets for our occupiers, employees and wider stakeholders.

In the five years since we launched our Net Zero Carbon Pathway, we have made substantial progress. For example, our portfolio energy intensity of 137 kWh/m² compares well against industry benchmarks and we have identified a series of initiatives to further improve our performance.



## Progress since 2020

17% lower

Portfolio energy intensity  
(to 137 kWh/m² in 2024)

20%

Reduction of energy consumption  
between 2019-2024

40%

Managed portfolio buildings  
that are now all-electric

18.4 MW

Construction of solar park at Lochfauld  
(Scotland) close to energisation

AC-DG

Founded Accelerating  
Concrete-Decarbonisation Group

Circular economy

Strategy implemented  
across portfolio

You Hold the  
Power to Save

Formalised our ongoing portfolio-wide  
occupier engagement campaign

≤600 kgCO<sub>2</sub>e/m²

2025 embodied carbon  
targets achieved



# Executive summary (continued)

## Updated 2030 targets

123 kWh/m<sup>2</sup>

Portfolio energy intensity target  
(25% reduction from 2019)

42% lower

Scope 1 and 2 emissions reduction  
(from 2022)

All-electric

Continue the transition to  
all-electric buildings where feasible

≥40%

Electricity consumption of our managed  
portfolio delivered by Lochfauld solar park

AC-DG

Prototyping lower carbon  
concrete via Accelerating  
Concrete-Decarbonisation Group

Re-use

Increase re-use across our own  
portfolio and contribute to the  
industry-wide circular economy

Biodiversity

Enhancement of existing assets,  
including our Scottish portfolio

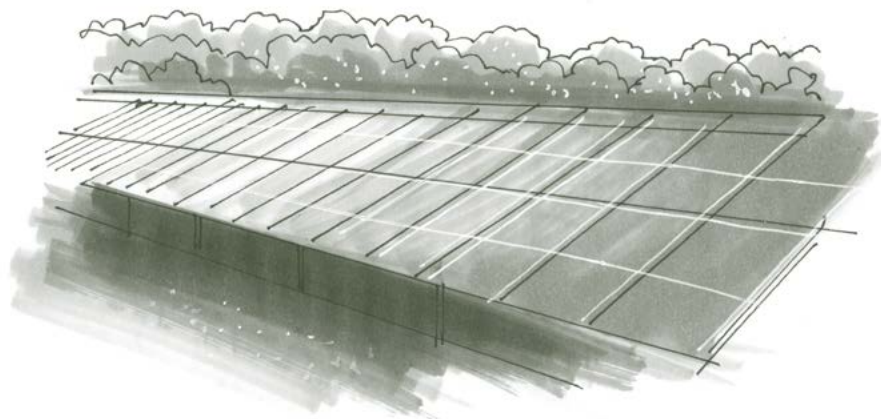
Offsetting

Prioritising reductions, we will use  
verified offsets for the remaining  
operational carbon

We have set out our updated targets and key actions,  
to deliver on our 2030 net zero commitment.

## Beyond 2030

Our commitment does not stop at 2030, and we have  
also set a series of longer-term targets. These will be  
reviewed at key milestones to account for industry  
decarbonisation.



# Why

As a leading property investor, we recognise our responsibility to commit to NZC and manage the impact climate change will have on our occupiers, assets and employees. As well as being the right thing to do from an environmental perspective, we recognise this is essential for future-proofing our business.

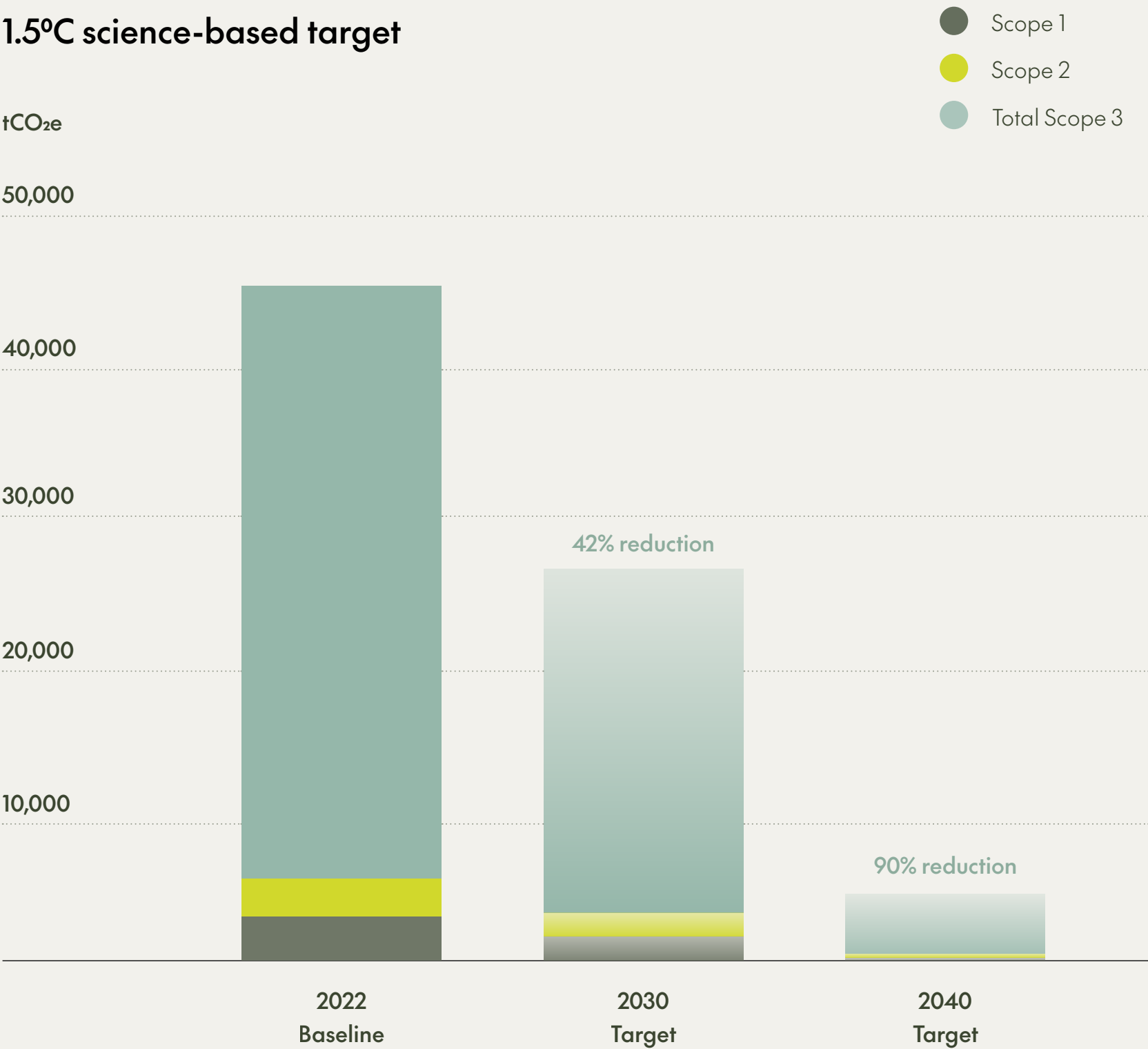
Climate change is a material, long-term risk for society and the sector, and we dedicate significant time and resources proactively managing these risks as a responsible REIT.

## Our ambition

To achieve our ambition of being a NZC business by 2030, we need to continue to reduce energy consumption and greenhouse gas (GHG) emissions across our managed portfolio in line with a 1.5°C climate warming scenario. The residual emissions we cannot eliminate will be offset using high quality, verified carbon removal schemes.

We do this for our occupiers, employees and to future-proof our portfolio for all our stakeholders.

## 1.5°C science-based target





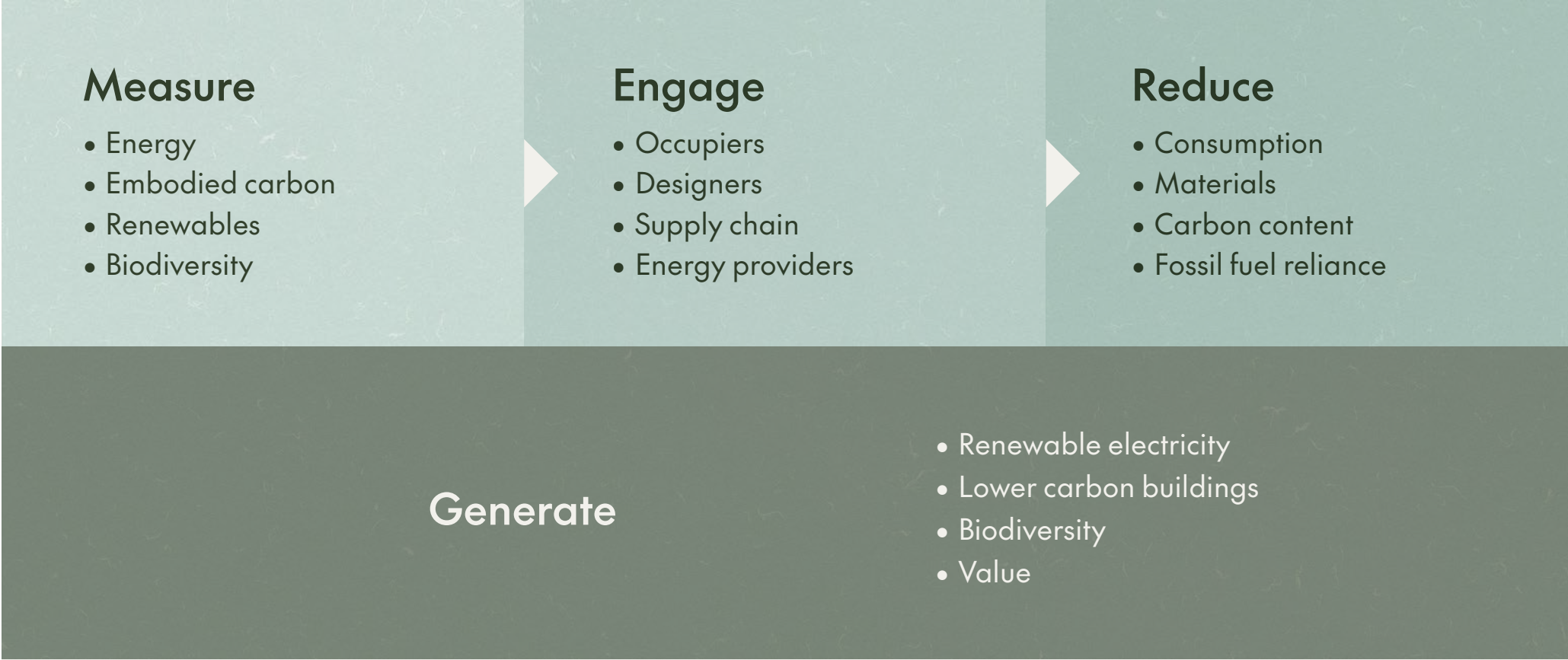
# How

## The Process

Our NZC Pathway is focused on the activities and outcomes we can either control or influence.

We schedule building decarbonisation works to align with lease timelines. We also work in partnership with our wider supply chain to innovate and accelerate the decarbonisation of products and materials.

To capture these elements while continuing to progress, our approach is simple: measure, engage, reduce, generate. This process is focused yet flexible and will allow us to develop alongside industry on this critical journey.



We have five key targets to deliver our net zero strategy by 2030:

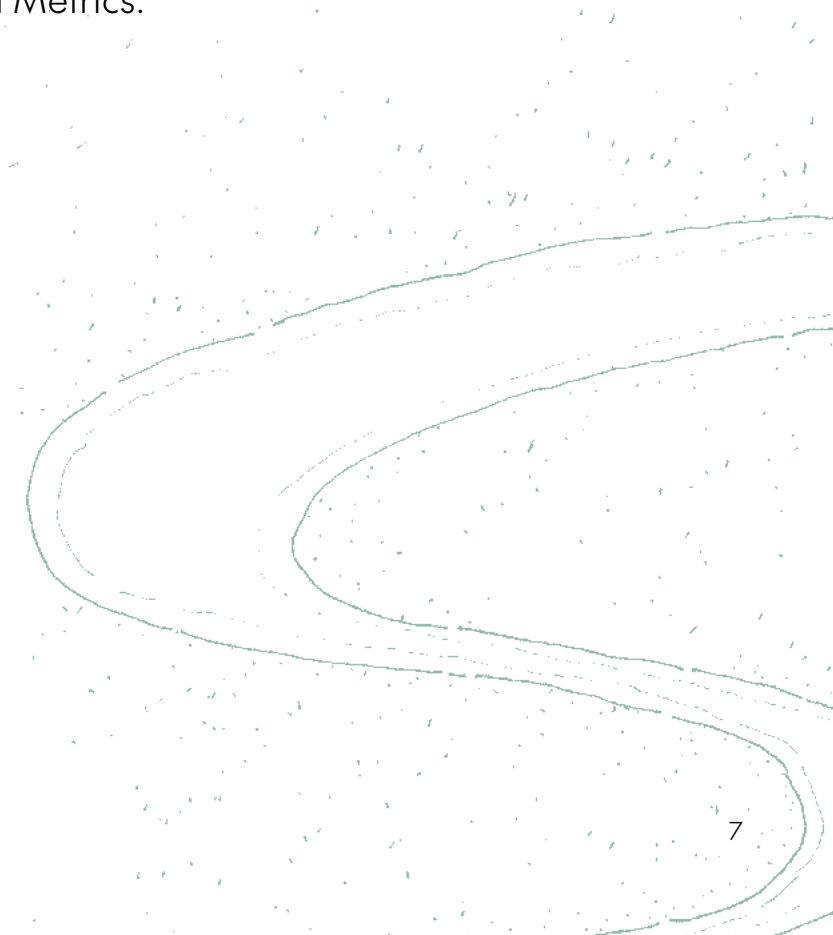
1	Energy intensity	25% reduction from 2019 baseline (to 123 kWh/m² CRREM-aligned)
2	Carbon	42% reduction in Scope 1 & 2 by 2030 from 2022 baseline
3	Embodied carbon intensity	≤600 kgCO <sub>2</sub> e/m² (+ demolition) for commercial office developments achieving practical completion from 2025
4	Self-generation	≥40% deliver and energise Lochfauld solar park, to self-generate ≥40% of our managed portfolio electricity
5	Biodiversity	15% net gain for major developments

These quantitative targets are supported by our operational activity:

- Occupier engagement
- Decarbonisation of our buildings
- Collaboratively working to reduce the carbon content of concrete
- Circular economy initiatives
- Exploration of further self-generation opportunities

Looking to the longer-term, we have set a series of 2040 targets and will revisit our Pathway in 2030 to ensure it remains ambitious yet achievable and relevant to our corporate goals.

For more details refer to Appendix 1 – Targets and Metrics.





# How (continued)

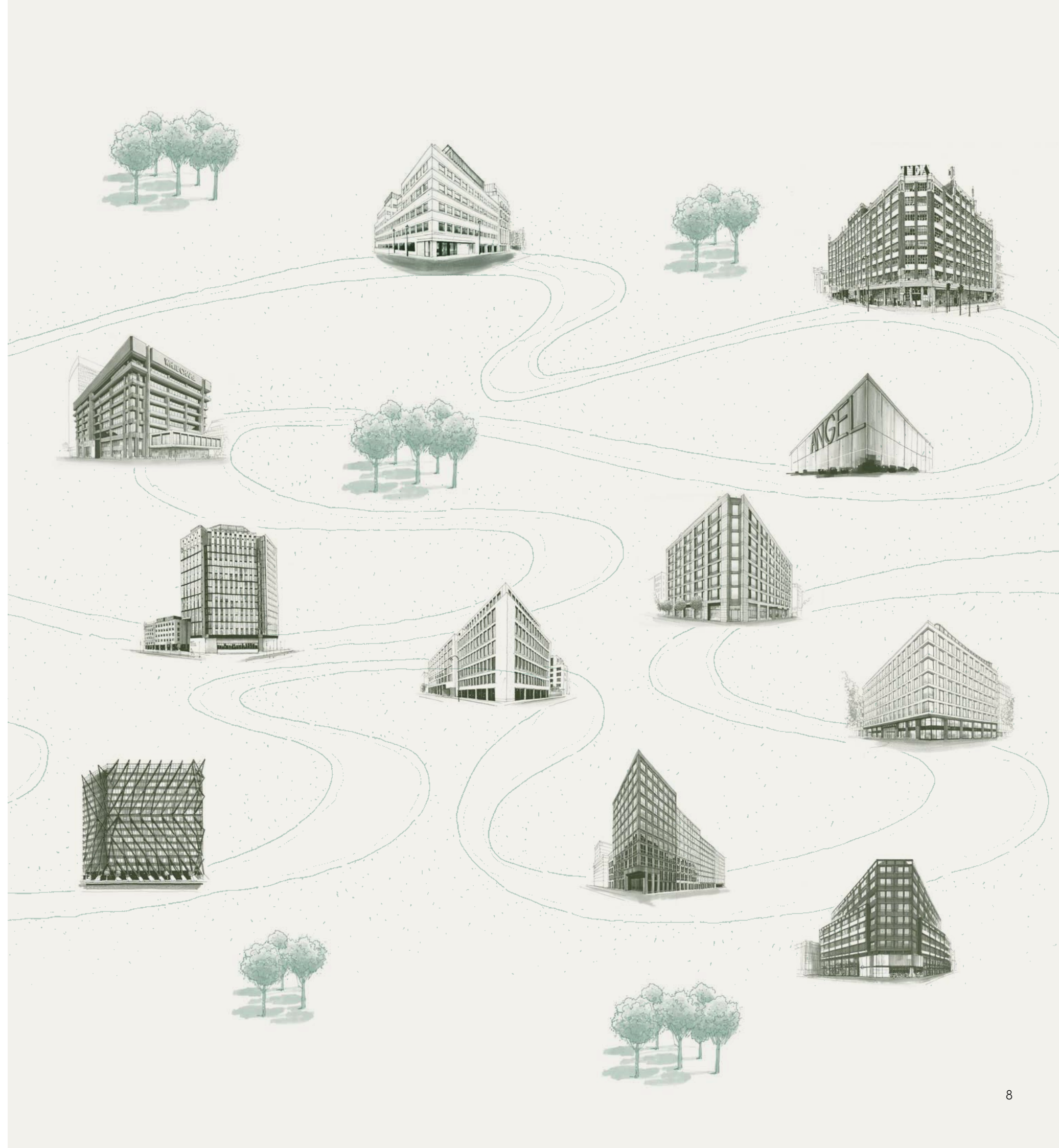
## Offsetting

We seek to reduce our GHG emissions as much as we can to keep offsetting to a minimum, while recognising that it is not realistically attainable to reduce our emissions to zero. Our business model of office regeneration and operation will, by its nature, result in the emission of carbon (embodied and operational) across all Scopes.

Once we have minimised the emissions which are within our control, we will offset the residual carbon using rigorously verified carbon-removal schemes. These include VCS (Verified Carbon Standard), CCB (Climate, Community and Biodiversity), ACR (American Carbon Registry) and Plan Vivo projects. In addition, the credits we use will be ICROA (International Carbon Reduction and Offset Alliance) endorsed and ICVCM (Integrity Council for the Voluntary Carbon Market) Core Carbon Principle-labelled.

We deliberately prioritise nature-based carbon removal credits with a five-year vintage, and continually seek higher quality solutions with greater permanence. A good example of this is our recent purchase of biochar project credits.





We have mitigated the risk of increases in the price of offsets by forward-purchasing sufficient credits for our development pipeline up to 2030 and will continue working to reduce emissions to maximise their impact.





# Progress

The first five years of our Pathway have been busy. The timeline shows the significant progress we have made against the actions outlined in 2020 (in green), as well as our additional achievements (in black).

Pillars	2020-21	2022	2023	2024	2025
<div>Reducing energy &amp; carbon emissions</div> <div></div>	<ul style="list-style-type: none"><li>Set building specific energy and water intensity targets</li><li>Specified Design for Performance (DfP) assessments and all-electric heating and cooling systems for new developments</li></ul>	<ul style="list-style-type: none"><li>Updated lease agreements to enhance occupier engagement for new leases</li></ul>	<ul style="list-style-type: none"><li>Rebased our science-based targets to align with a 1.5°C climate warming scenario</li><li>Decarbonisation strategies developed across the portfolio, with implementation underway and phased plans for future assets</li></ul>	<ul style="list-style-type: none"><li>Enhanced Green Forums to focus on energy reduction measures occupiers can take forward</li><li>Energy consumption reduced by 20% and energy intensity of 137 kWh/m² achieved, down by 17% from 2019 baseline</li></ul>	<ul style="list-style-type: none"><li>Rolled out a programme for occupier engagement across our managed and unmanaged portfolio</li><li>Implemented strategy for gaining access to occupier utility data which we do not procure</li></ul>
<div>Reducing embodied carbon</div> <div></div>	<ul style="list-style-type: none"><li>Set new build office embodied carbon targets for developments</li></ul>	<ul style="list-style-type: none"><li>Updated investment and development appraisal process to consider retrofit-first design</li></ul>	<ul style="list-style-type: none"><li>Set embodied carbon targets for refurbishments</li></ul>	<ul style="list-style-type: none"><li>Initiated the cross-industry Accelerating Concrete-Decarbonisation Group</li></ul>	<ul style="list-style-type: none"><li>Launched our in-house embodied carbon tool to assist occupiers in reducing the carbon of their fit-outs</li><li>Partnered with Material Index to optimise re-use</li></ul>
<div>Renewable energy</div> <div></div>	<ul style="list-style-type: none"><li>Procured 100% of gas and electricity from renewable sources</li></ul>		<ul style="list-style-type: none"><li>Received planning permission for Lochfauld solar park</li></ul>	<ul style="list-style-type: none"><li>Commenced construction of Lochfauld solar park</li></ul>	
<div>Offsetting residual emission</div> <div></div>	<ul style="list-style-type: none"><li>First purchase of carbon offsets: c.81,000 tCO<sub>2</sub>e verified and have been offsetting development projects since 2020</li></ul>			<ul style="list-style-type: none"><li>Updated our approach to carbon offsetting and forward purchased credits for development projects from 2024 to 2030 (c.114,000 tCO<sub>2</sub>e)</li></ul>	



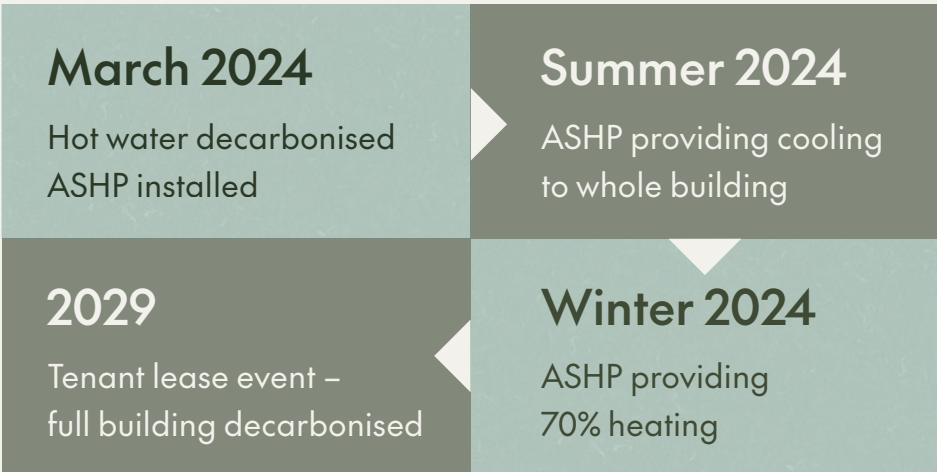
# Our work in action

1+2 Stephen Street W1



## 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. We are targeting full decarbonisation by 2029.



## Embodied carbon & circular economy initiatives

- Raised access floors retained and re-used where possible; re-used materials sourced where retention was not feasible
- Re-use of existing on-floor MEP maximised
- Developed a custom design-led low carbon ceiling tile
- Lower carbon wall and floor finishes installed
- Benchmark established for ongoing refurbishments

This approach is now being rolled out across other buildings within the portfolio, including 17 Gresse Street W1 (Charlotte Building) and 9-10 Rathbone Place W1, where projects were completed during 2025.

To watch the video, please click [here](#).



## Our work in action (continued)

25 Baker St. W1



## Stakeholder collaboration

Effective collaboration across the supply chain contributed to embodied carbon being driven lower throughout construction. The commercial element of 25 Baker St. W1 achieved an intensity of 593 kgCO<sub>2</sub>e/m<sup>2</sup>, meeting our embodied carbon target and achieving a 13% reduction from Stage 4 design.

Energy efficiency specifications were improved during construction.

Occupational leases were updated to include more robust sustainability provisions, in particular relating to NABERS UK (an operational energy rating system). Early occupier discussions emphasised the importance of efficient building operation.






This marks the next phase of our NABERS journey, with valuable insights gained and already integrated into our development pipeline.





# Looking ahead

Here's what we have planned for the next five to 15 years to get us to Net Zero.

Pillars	2026	2027-29	2030	2035	2040 aspirations
<b>Reducing energy &amp; carbon emissions</b> 	<ul style="list-style-type: none"> <li>Monitor progress against all-electric retrofit and energy efficiency for the investment portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Rebase SBTi target in-line with 5 year guidance</li> <li>Continue occupier engagement to reduce consumption</li> </ul>	<ul style="list-style-type: none"> <li>Reduce absolute Scope 1 and 2 GHG emissions 42% by 2030 from a 2022 base year</li> <li>Energy intensity target of 123 kWh/m<sup>2</sup> by 2030</li> <li>Report percentage of all-electric buildings in managed portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Monitor progress against all-electric retrofit and energy efficiency for the investment portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Reduce absolute Scope 1, 2 and 3 GHG emissions 90% from a 2022 base year</li> <li>50% reduction in energy intensity from 2019 baseline by 2040</li> <li>Report percentage of all-electric buildings in managed portfolio</li> </ul>
<b>Reducing embodied carbon</b> 	<ul style="list-style-type: none"> <li>Embed circular economy strategy</li> <li>Prototype low carbon concretes</li> </ul>	<ul style="list-style-type: none"> <li>Increase re-use across portfolio and contribution to the wider circular economy</li> </ul>	<ul style="list-style-type: none"> <li>New build commercial office: ≤500 kgCO<sub>2</sub>e/m<sup>2</sup> (+ demolition)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to trial innovative products to reduce embodied carbon of developments</li> <li>Increase use of timber in our developments</li> </ul>	<ul style="list-style-type: none"> <li>Reassess embodied carbon targets based on material decarbonisation</li> </ul>
<b>Renewable energy</b> 	<ul style="list-style-type: none"> <li>Energisation of Lochfauld solar park</li> </ul>	<ul style="list-style-type: none"> <li>Develop strategy for storage and self-generation of remaining electricity consumption. Explore opportunities for renewable gas self-generation</li> </ul>	<ul style="list-style-type: none"> <li>≥40% of electricity to be self-generated from Lochfauld solar park and rooftop PVs</li> </ul>		
<b>Offsetting residual emission</b> 	<ul style="list-style-type: none"> <li>Calculate carbon of our Scottish agricultural activities</li> <li>Plant more trees across Scottish portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Due diligence on offsets required for operational emissions</li> <li>Set commitment and Pathway beyond 2030</li> </ul>	<ul style="list-style-type: none"> <li>Offset 100% of residual emissions (embodied and operational)</li> </ul>	<ul style="list-style-type: none"> <li>Start to use carbon offsets from our trees planted in 2015</li> </ul>	<ul style="list-style-type: none"> <li>Increase offsetting through in-portfolio tree planting</li> </ul>
<b>Nature &amp; resilience</b> 	<ul style="list-style-type: none"> <li>Review and implement actions from internal biodiversity survey</li> <li>Developments to achieve 15% biodiversity net gain</li> </ul>	<ul style="list-style-type: none"> <li>Increase nature-based reporting</li> </ul>		<ul style="list-style-type: none"> <li>Continue to carry out climate risk assessments every three years</li> </ul>	

# Key projects to deliver our NZC commitment



## Portfolio circular economy

Enhance re-use across our portfolio to reduce embodied carbon. Contribute material to drive the wider circular economy, via our partnership with Material Index to reduce waste from the built environment.



## You hold the power to save

Making sure we maximise our occupier reach and getting people involved in energy efficiency and decarbonisation activities.



## Accelerating Concrete-Decarbonisation Group (AC-DG)

Developer-led supply chain-wide industry group seeking to accelerate delivery of lower carbon concrete to the market via prototyping and knowledge sharing.



# Governance

This updated Pathway is aligned with the latest national, international and sector guidance. We remain a signatory of the Better Building Partnership’s (BBP) Climate Change Commitment. Refer to Appendix 2 which outlines the scope of this Pathway. Our science-based targets are aligned with a 1.5°C climate scenario and have been validated by the SBTi (SME route).

We will continue to provide annual updates demonstrating the further progress we have made towards achieving our NZC 2030 milestones. Refer to Appendix 3 which provides the guiding principles of the Pathway.






Governance of our Pathway is in line with our climate change governance:



Board	The Board has overall responsibility for ESG including Net Zero
Responsible Business Committee	Composed of two independent Non-Executive Directors, an Executive Director and four employees; meets twice a year
Sustainability Committee	Director and executive level committee; meets quarterly
Net Zero Carbon Committee	Employee level; meets quarterly. A member of each department sits on the committee to ensure business-wide commitment to net zero activities

# Appendix 1

## Target & Metrics

Pillars	Target	Action	Long-term (2040)
<b>Reducing energy &amp; carbon emissions</b> 	<ul style="list-style-type: none"> <li>Carbon: 42% reduction in Scope 1 and 2 by 2030 from 2022 baseline</li> <li>Energy intensity target: 25% reduction from 2019 baseline (123 kWh/m² CRREM-aligned)</li> </ul>	<ul style="list-style-type: none"> <li>Continue transitioning buildings to be all-electric where feasible</li> <li>Implement portfolio-wide occupier engagement campaign</li> </ul>	<ul style="list-style-type: none"> <li>Carbon: 90% reduction in Scope 1, 2 and 3 by 2040 from 2022 baseline</li> <li>Energy intensity target: 50% reduction in energy intensity from a 2019 baseline, equivalent to 85 kWh/m² (CRREM-aligned). This is an ambitious target and will be reassessed in 2030</li> </ul>
<b>Reducing embodied carbon</b> 	<p>Embodied carbon targets:</p> <ul style="list-style-type: none"> <li>Commercial office developments achieving practical completion from 2025: ≤600 kgCO<sub>2</sub>e/m² (+ demolition)</li> <li>Achieving practical completion 2030: ≤500 kgCO<sub>2</sub>e/m² (+ demolition)</li> <li>Major refurbishments: ≤350 kgCO<sub>2</sub>e/m²</li> </ul>	<ul style="list-style-type: none"> <li>Optimise design to reduce concrete volumes and drive concrete decarbonisation</li> <li>Promote and report circular economy metrics</li> </ul>	<ul style="list-style-type: none"> <li>Carbon: 90% reduction in Scope 1, 2 and 3 by 2040 from 2022 baseline</li> <li>Reassess embodied carbon targets following industry decarbonisation</li> </ul>
<b>Renewable energy</b> 	<ul style="list-style-type: none"> <li>Deliver Lochfauld solar park to significantly increase electricity self-generation</li> </ul>	<ul style="list-style-type: none"> <li>Continue to explore self-generation opportunities for remaining energy consumption</li> </ul>	
<b>Offsetting residual emission</b> 	<ul style="list-style-type: none"> <li>Offset embodied carbon on developments using pre-purchased offsets</li> </ul>	<ul style="list-style-type: none"> <li>Start offsetting operational carbon by 2030</li> <li>Continue to carry out due diligence on offsets</li> </ul>	
<b>Nature &amp; resilience</b> 	<ul style="list-style-type: none"> <li>15% biodiversity net gain for major developments</li> </ul>	<ul style="list-style-type: none"> <li>Enhance biodiversity of existing assets, including Scottish portfolio</li> <li>Carry out climate risk and opportunity assessments tri-annually</li> </ul>	



# Appendix 2

## Scope

Our investment portfolio comprises the managed and unmanaged portfolios. Our Net Zero Pathway principally relates to our managed portfolio, where we exercise operational control and purchase energy, water and waste services on behalf of occupiers.

Our business model involves buying older buildings, regenerating them and improving their environmental performance, followed by disposal at the appropriate time. Depending on an asset’s lifecycle stage, we may exclude its energy consumption from our managed portfolio energy intensity calculation as outlined opposite.

## Development projects

During construction, properties are excluded from our managed portfolio, with the associated energy consumption/GHG emissions captured through our embodied carbon disclosure. In recognition of the performance gap post-completion and the impact of occupier fit-outs, development projects are incorporated into our energy intensity calculation as follows:

- Developments and comprehensive refurbishments: included 18 months after practical completion to allow for completion of the majority of occupier fit-out works
- Rolling refurbishment projects: included from practical completion
- ‘Furnished + Flexible’: included from practical completion

## Acquisitions/disposals

New acquisitions are excluded from our managed portfolio energy intensity target for three years. Where an asset is acquired for regeneration, this gives us time to commence the planning and design process. During this period, we will seek to influence energy purchasing decisions and improve operational performance.

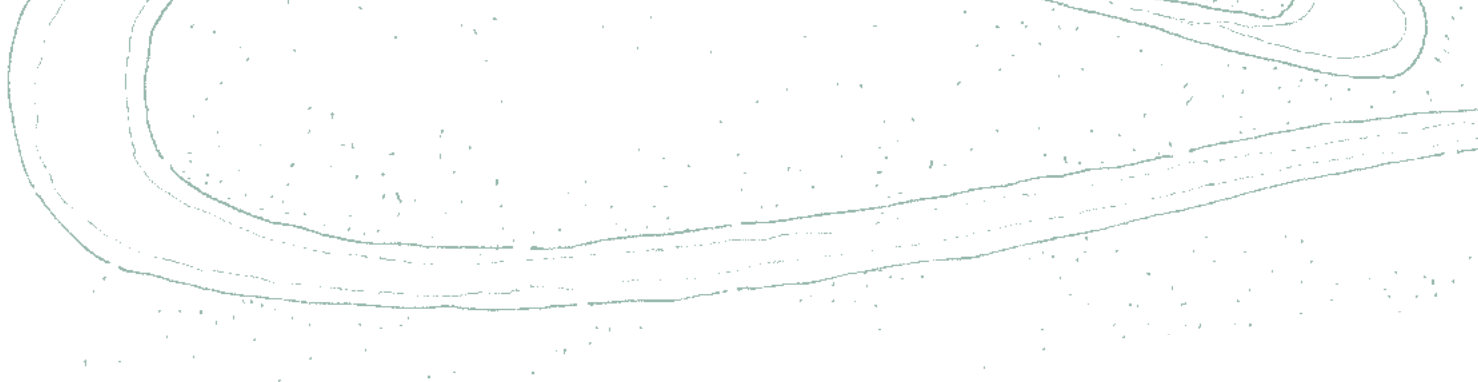
If acquisitions or disposals result in a change to our portfolio size or composition exceeding 15% of the previous year’s total floor area, we will review the scope of our commitment to ensure it remains appropriate. Similarly, if there is a significant change to our business, such as a merger or a change in business model, we will review our targets to ensure suitability for the updated portfolio.

	Energy	Water	Waste	Travel
Corporate activities	Operational energy consumption	Operational water consumption	Operational waste	Business travel and staff commuting
Developments	Embodied carbon of new developments, refurbishments, and managed fit outs	Water captured through embodied carbon calculations	Waste captured through embodied carbon calculations	Transport captured through embodied carbon calculations
Investment portfolio	Landlord & occupier energy consumption	Landlord & occupier water consumption	Managed portfolio operational waste	



# Appendix 2 (continued)

## BBP scope alignment



### Alignment with Better Building Partnership scope

Activity	Carbon Scope	BBP Requirement	In Scope	Comments
Operational energy consumption	1, 2	No	Corporate	
Operational water consumption	3	No	Corporate	
Operational waste production	3	No	Corporate	
Company vehicles	1	No	Corporate	
Business travel	3	No	Corporate	
Employee commuting	3	No	Corporate	
Purchased goods and services	3	No	No	Currently limited oversight however we will aim to increase our understanding of the carbon impact arising from this activity over the long-term
Landlord purchased energy (electricity & fuels)	1, 2	Yes	Managed portfolio	
Occupier (managed and unmanaged) purchased energy (electricity and fuels)	3	Yes	Managed portfolio Unmanaged portfolio	
Retail energy consumption	3	Yes	No	In 2025 we will have visibility over these supplies. Currently represents less than 8% of our portfolio
Residential energy consumption	3	Yes	No	No oversight or influence over operational consumption and not material as represents less than 1% of portfolio. We will increase data visibility
Landlord refrigerants	3	Yes	Managed portfolio	
Occupier refrigerants	3	No	No	
Landlord purchased water	3	Yes	Managed portfolio	

Activity	Carbon Scope	BBP Requirement	In Scope	Comments
Landlord purchased water	3	Yes	Managed portfolio	
Occupier purchased water (managed and unmanaged)	3	Yes	N/A	For our managed portfolio we procure water on our occupier's behalf
Landlord managed operational waste	3	Yes	Managed portfolio	
Occupier managed operational waste	3	Yes	N/A	For our managed portfolio our occupiers utilise our waste contractor so captured above
Visitor transport	3	No	No	
Customer supply chain emissions	3	No	No	
Landlord purchased goods and services	3	Yes	No	Currently limited oversight however we will aim to increase our understanding of the carbon impact arising from this activity over the long-term
Occupier supply chain emissions	3	No	No	
Visitor transport emissions	3	No	No	
New development (including funding)	3	Yes	Development	
Refurbishments	3	Yes	Development	
Landlord controlled fit-out	3	Yes	Development	
Occupier controlled fit-out	3	Yes	No	We have developed an in-house carbon fit-out calculator to estimate and inform occupiers. This continues to be excluded from our embodied carbon figures
End of life	3	No	No	



# Appendix 3

## Guiding principles

We have five guiding principles to achieve Net Zero Carbon

### 1. Transparency

Transparency in what we do and how we do it is fundamental to our business. We will disclose progress against our Net Zero Carbon Pathway annually.

### 2. Integrity

Integrity in our approach to net zero is fundamental to limiting our contribution to climate change and increasing the resilience of our business. That is why we will prioritise energy reduction initiatives to drive down carbon emissions and use offsetting as a last option.

### 3. Influence

Although we may not have direct control over all sources of emissions associated with our business activities, we do have a level of influence in many cases. We will utilise this influence to reduce our Scope 3 emissions, particularly those arising from occupier energy consumption.

### 4. Innovation

Innovation will be key if we are to achieve Net Zero by 2030. Exploring new technologies and ways of working is an important part of our Pathway and we will look to support relevant research and trial new ideas where possible.

### 5. Accountability

The Net Zero Carbon Committee will lead on implementation of the Pathway. However, we recognise that all staff have a role to play in achieving our ambition. The main Board and Senior Management team are ultimately accountable for delivering Net Zero Carbon.





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