RESPONSIBILITY

Derwent London is committed to high standards of integrity, transparency and safety, whilst ensuring our buildings are designed, delivered and operated responsibly to manage our carbon footprint and ensure climate resilience.

Our seven Environmental, Social & Governance priorities

Our Responsibility Policy and Strategy set out what operating responsibly means to us.

See our website

Environmental

1 Designing & delivering buildings responsibly

2 Managing our assets responsibly

See page 46

Social

3 Creating value in the community

4 Engaging & developing our employees

5 Ensuring the highest standards of health & safety

6 Protecting human rights

See page 50

Governance

7 Setting the highest standards of corporate governance

See page 56

Why	How
Well-designed, thoughtfully delivered real estate can positively impact the environment. Our energy reduction targets are aligned with a 1.5°C climate scenario. To ensure we proactively comply with forthcoming environmental legislation.	Energy intensity down 10% since 2019 on our journey to **net zero carbon** **Collaborating with stakeholders,** including occupiers and supply chain Developing solar park in Scotland as part of **electricity self-generation** initiative Purchasing **renewable energy** on REGO/RGGO-backed tariffs Stretching **embodied carbon** targets for regeneration projects £650m of **green finance** facilities; £416.5m has been drawn for green capex High quality carbon credits used to **offset residual** £95m **EPC upgrade programme** to maintain compliance **Partnering** with like-minded organisations to amplify impact
As a long-term investor, the success of our buildings and our collaborative approach has a positive social impact.	**Supporting local communities** through community funds and donations **Social value creation** measured through new Social Value Strategic Framework **Local authority engagement** and monitoring of post-completion social impact
Our employees are key to our successful performance and will provide the next generation of leadership talent. High employee retention ensures continuity.	Ongoing vocational and compliance **training & mentoring** **Internship opportunities** for people from diverse backgrounds Proactive mental and physical **wellbeing** programme Regularly measuring and addressing **employee satisfaction** levels
We seek to minimise risks and promote a safe working environment working with our supply chain and industry peers, supported by our Responsible Business Committee.	Collaborating with peers on **benchmarking and best practice** **Empowering** employees and contractors to speak up
Acting in a fair and responsible manner is a core element of our business which runs through all levels starting with the Board.	**Remuneration** clearly linked to sustainability outcomes **Accountability** throughout our organisation **Proactively adopting** new and emerging legislation Respect for **human rights** across our supply chain Obtaining **third party assurance** on our actions and outcomes Providing staff with access to independently operated **whistleblowing** system

Climate change

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 involves driving down our energy consumption significantly, upgrading and retrofitting our properties to remove gas use and improve efficiency where feasible, as well as collaborating with our occupiers.

Energy saving opportunities

Every four years, we are required to perform a portfolio-wide Energy Savings Opportunity Scheme (ESOS) assessment. Our 2023 assessment identified several operational and capex-led opportunities, many of which are already being implemented across the portfolio, including changing plant set points, LED lighting, upgrading BMS sensors, additional insulation, M&E upgrades and installation of air source heat pumps.

Data environment upgrade

In 2023, we undertook significant work upgrading our data environment to enhance our data capture and analysis processes. We also changed our corporate energy broker, which identified a number of existing energy contracts that needed to be included. In addition, a comprehensive floor area review was carried out based on new and updated surveys, alongside an update in apportionment methodology. Combined, these resulted in the restatement of Scope 1, 2 and 3 carbon as well as historic energy figures and intensity metrics – see page 60 for full details. This results in a revised 2019 baseline energy intensity of 166 kWh/sqm. Our 2030 target is unchanged at 90 kWh/sqm. To achieve our target, a 4.2% annual reduction against the 2019 baseline is required.

Occupier engagement

In addition to having a Net Zero Carbon Action Plan for each building within the managed portfolio, we have undertaken significant occupier engagement (2023: 104 occupiers representing 44% of portfolio ERV) and implemented a variety of opportunities:

- Upgrading existing **green lease clauses** in our standard documentation;
- Rolling out **intelligent building** infrastructure across managed portfolio for more granular data;
- Providing **energy usage data** and recommended **reduction targets** to occupiers;
- **Best practice sharing** and issued guidance notes on energy and water reduction; and
- Holding **behaviour change events** such as Recycling Awareness days.

Procuring and investing in renewable energy

Our commitment

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

99% of energy on renewable tariffs in 2023

During 2023, 99% of purchased electricity was on REGO-backed tariffs (2022: 99%) and 99% of purchased gas was on RGGO-backed tariffs (2022: 80%). Together, 99% of energy (electricity and gas combined) purchased in 2023 was on green contracts (2022: 93%).

All electricity is procured from within the UK and is from solar, wind or hydro projects which are less than 15 years old.

At 31 December 2023, 100% of our electricity and gas contracts were on renewable tariffs backed by REGOs/RGGOs.

Self-generation in Scotland and London

Our Scottish land provides several opportunities which support our journey to net zero. Among others, in 2023 we received full planning consent for a c.100 acre, 18.4 MW solar park at Lochfaulds. Construction is expected to commence in 2024. On completion in mid-2025, it is forecast to generate c.40% of the electricity used across our London managed portfolio (compared to a 2019 baseline).

Where feasible, we install solar photovoltaic (PV) panels on our buildings. At 31 December 2023, six buildings have PV arrays. In addition, we also have a small PV array at Easter Cadder in Scotland.

During 2024, we will seek to identify our strategy to self-generate the remaining electricity across the managed portfolio.

Climate change is a material issue for society, our sector and our business. Incorporating the right environmental and climate change measures throughout our business enables us to operate responsibly across our portfolio and within the community.

Reducing the embodied carbon of development projects

Our commitment

Under our net zero pathway, new developments and major refurbishments will be net zero carbon on completion. We account for 100% of the embodied carbon in the year an eligible project completes, at which point it will be offset.

Defining embodied carbon

We carry out whole life cycle assessments 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**.

The 'Completed Development' stage of delivery can be either 'Shell and Core' or 'Cat A' depending on commercial negotiations with occupiers and may differ by project.

Stretching targets

We work closely with our design and construction teams and broader supply chain to assess and reduce a scheme's embodied carbon footprint. The wider industry needs to adapt and work together to fully achieve our aims and we are active in this endeavour.

Our targets for commercial office new build developments align with the Greater London Authority (GLA) and LETi targets. They are phased by completion dates:

- From 2025: ≤600 $kgCO_2e$/sqm
- From 2030: ≤500 $kgCO_2e$/sqm

Our on-site projects are being delivered to align with our 2025 target:

- 25 Baker Street W1: c.600 $kgCO_2e$/sqm
- Network W1: c.530 $kgCO_2e$/sqm

To achieve these targets we hold detailed workshops with our design teams at each stage of design and ensure early supply chain engagement on procurement of low carbon materials. We also collaborate on industry-wide initiatives.

No major projects completed in 2023. Consequently, with only six smaller refurbishments completing, our Scope 3, Category 2 (Capital Goods) footprint reduced to 799 tCO_2e from 32,869 tCO_2e in 2022 when two major projects – Soho Place W1 and The Featherstone Building EC1 – and several smaller projects completed. This has been offset using robust and verified carbon credits.

Offsetting residual carbon emissions we cannot eliminate

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, whilst we have set 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.

A focus on quality

These residual emissions will be offset using robust, verified carbon offset schemes. We plan ahead for our regeneration projects which may involve the forward purchase of carbon credits. We acknowledge this is a changing landscape and refer to latest guidance from the UKGBC (Carbon Offsetting & Pricing Guidance).

We purchase carbon offsets through our provider Climate Impact Partners. Offsets already purchased are validated under the Verified Carbon Standard (VCS) or the Climate, Community and Biodiversity Standard (CCB).

We are reviewing a number of offsetting opportunities across our Scottish portfolio. In 2015, we planted 30ha of trees under the Woodland Carbon Code, the first verified credits from which were received in 2021. We have now progressed our tree planting feasibility study and intend to plant c.50ha over the next two years. In addition, a further c.240ha of land has been identified as potentially suitable for planting, subject to further appraisals.

Tree planting on our Scottish land

Our pathway to net zero

Achievements

Our net zero journey requires a collaborative approach which is focused on both the large and the small details. We have made good progress, but there is more to do.

- Occupier engagement strategy following net zero survey, including holding green forums for occupiers
- Energy saving measures implemented: initial roll out of LED lighting and passive infrared (PIR) sensors, EPC upgrade works, electric panel heater replacements and adding time controls to chillers/boilers
- Building Management System (BMS) health checks carried out
- Out of hours energy assessments conducted across 35% of portfolio

Future initiatives

- Continue to roll out LED lighting and PIR sensors across managed portfolio
- Incorporate semi-annual BMS checks into maintenance contracts to ensure alignment with summer/winter operation
- Implement recommendations of 2023 ESOS assessment
- Progress removal of gas supplies from buildings
- Ongoing occupier engagement: increase data sharing, introduce league tables etc
- Carry out EPC upgrade works
- Implement actions identified in Intelligent Building reports

Land in our Scottish portfolio

2023 Highlights

- SBTi-verified targets rebased to 1.5°C-aligned scenario (42% reduction in Scope 1 & 2 by 2030 from 2022 baseline)
- Engaged with 44% of occupiers by ERV as part of our work to reduce energy usage
- Scope 3 inventory now captures categories 1, 6 & 7 (Purchased goods and services; Business travel; Employee commuting)
- New environmental database
- Refined energy intensity calculation methodology (2022: 142 kWh/sqm, revised up 15%)

2024 Priorities

- Update and finalise our long-term SBTi-verified net zero target
- Carry out double-materiality assessment[1]
- Review Scope 3 materiality, with a particular focus on Purchased goods and services (category 1)
- Continue occupier engagement to further reduce energy consumption and gain additional visibility over energy we do not procure

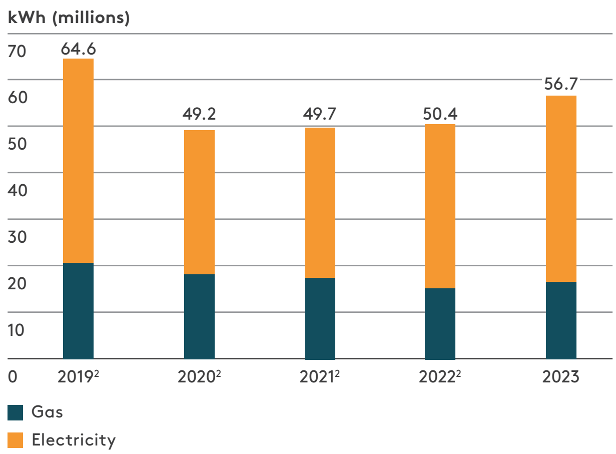
Water and waste

Water consumption was 29% higher in 2023 compared to 2022. The majority of the increase relates to Soho Place W1, The Featherstone Building EC1 and Francis House SW1 becoming operational following major works.

The recycling rate across the portfolio improved to 71% in 2023 from 68% in 2022. We performed more than 30 waste floor walks with occupiers in the year as part of our ongoing engagement to improve recycling practices.

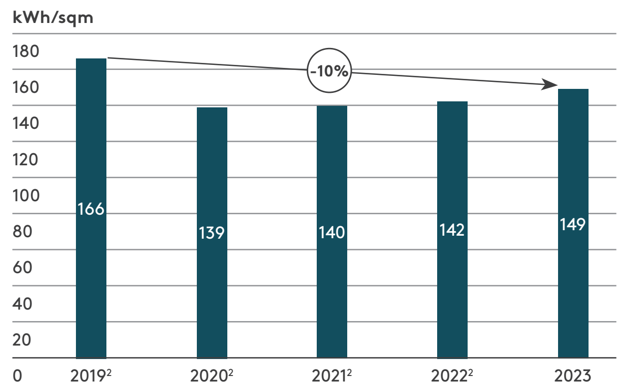
1 Double materiality requires a company to assess how their business is impacted by ESG issues and how their activities impact society and the environment.

Energy usage – electricity and gas



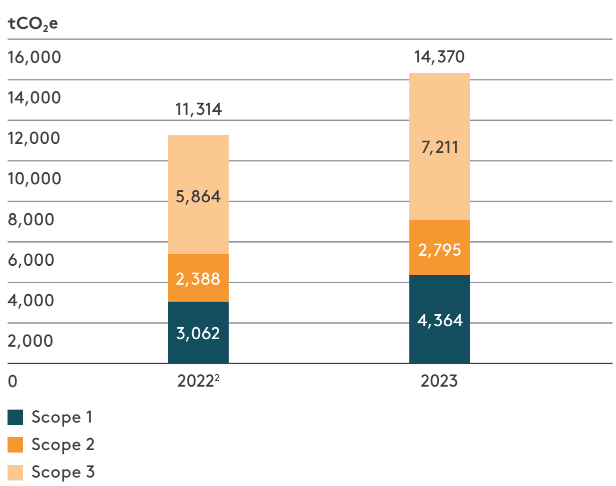
- Overall consumption increased in 2023; electricity up by 14%, gas up by 9%
- The increase is primarily associated with Soho Place W1, The Featherstone Building EC1 and Francis House SW1 becoming operational following major works
- Landlord electricity rose 9% and tenant electricity increased 16%
- On a like-for-like basis, total electricity increased by 1% and gas decreased by 7%

Energy intensity



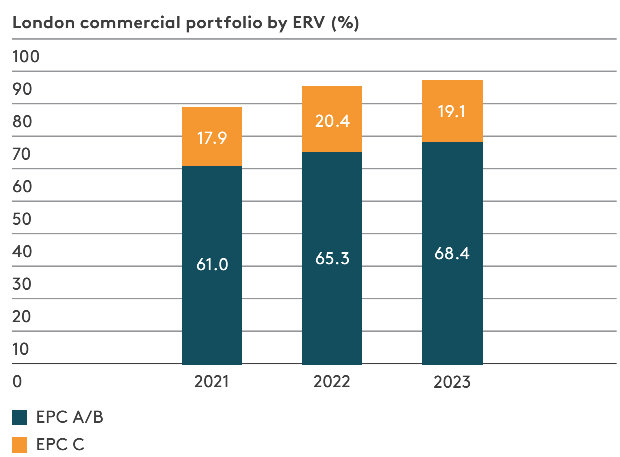
- Managed portfolio energy intensity increased 5% in 2023, but is 10% lower than our 2019 baseline
- Building optimisation works over several years helped reduce intensity at several buildings (see 'Achievements' on page 48)
- Energy reduction is unlikely to be linear and will be impacted by the completion of upgrade and regeneration projects, as well as the timing of service charge-related interventions
- We rebased our energy intensity methodology in 2023 to more accurately reflect data coverage. Our key focus for 2024 is to gain visibility over occupier electricity we do not procure

'Operational' carbon footprint – Scopes 1, 2 & 3



- 'Operational' carbon footprint up 27% year-on-year (location-based; excludes embodied carbon)
- This was primarily driven by the completion of two major projects, as well as a 7% increase in the Government's UK grid carbon conversion factor for electricity

EPC ratings



- 68.4% of portfolio rated EPC 'A' or 'B' (including on-site projects) with a further 19.1% EPC 'C'
- EPC upgrade works are factored into all refurbishment projects to ensure ongoing compliance with evolving legislation

2 2019 to 2022 data restated – see page 60 for details.

Our social contribution

We recognise that our buildings can have a significant impact on the communities in which they sit, and we strive to create value where possible for all our stakeholders.

2023 Highlights

- Finalised and published our Social Value Strategic Framework
- 10 years of operating our community funds – £1.1m of funding to date
- Pledged a four year funding commitment to London's Air Ambulance
- Funded refurbishment of UCLH staff room

2024 Priorities

- Continue investment in our community funds
- Embed the new Social Value Strategic Framework into our community work across the portfolio
- Prioritise homelessness as a key focus of the Sponsorship and Donations Committee

£464k
Community fund & sponsorship donations committed in 2023

18
Community fund projects supported in 2023

£1.1m
Community funds provided to date

Our approach to social value

Our commitment to delivering social value has been a core part of our business practice for many years. This commitment takes many forms to ensure we maximise the positive impact we have on local communities. Financial support through our corporate giving and community funds is important. We place equal value on being part of each community to ensure we remain alert to their concerns and aspirations and can have a meaningful impact. Employee volunteering, work experience opportunities and building open-days have all contributed to establishing and maintaining effective connections with these communities.

Published our Social Value Strategic Framework

Since 2022 we have been working with external consultants to help us define a framework which outlines our primary goals and how they will be measured and achieved in respect of the social value we create. This culminated in the publication of our Social Value Strategic Framework in December 2023. This strengthens our commitment and will clearly demonstrate the benefits we are delivering to local residents, businesses, our occupiers and the broader public. See **www.derwentlondon.com/responsibility/social/communities** for more details.

UCLH staff room

Refurbishment of a rest area for UCLH staff

At the beginning of 2023, we funded the refurbishment of a staff room at UCLH. Prior to this, the staff were using part of a three-bedded bay as a staff area as they did not have the capacity to house a room suitable for the number of employees on the ward. Staff areas for rest and relaxation became a focus for the hospital trust during the pandemic as staff wellbeing was a high priority due to the difficult circumstances many of them were experiencing while they cared for patients with Covid-19. The new staff/seminar room provides a comfortable, relaxing space where staff can meet, eat, sit and relax during time away from patients.

> We are very grateful to Derwent for recognising the importance of clinical staff having somewhere comfortable, clean and well-equipped to rest during long, demanding days.

Carol Haraldsson
Head of Charitable Giving, UCLH Charity

Community fund stories

To mark the 10th anniversary of the inception of our first community fund we published a '10 Years 10 Stories' feature, highlighting some of the enterprises we have helped with the £1.1m of funds invested across a variety of local projects over this period. Here are some of those stories.

The Soup Kitchen at the American International Church – Preparing 120 meals daily, The Soup Kitchen at the American International Church is a vital community service. As well as benefiting from our funding, the kitchen is frequently assisted by our volunteers, and companies in our supply chain helped build and support a cabin, providing mental health support.

All Souls Clubhouse – Beating loneliness among older people in the community is the worthy mission of this charity. Over the years, we have provided them with new kitchen facilities, helped fund their Wednesday lunch club and other social activities and provided volunteers at Christmas.

Fitzrovia Youth in Action – The Warren five-a-side football pitch generates income that supports Fitzrovia Youth in Action's essential work with young people. The Fund helped resurface the pitch and set up a football league. We've also supported intergenerational activities, youth social action programmes and Christmas lunches for the community.

Staff volunteering at The Soup Kitchen

Continued to support our community funds

We operate two community funds: Fitzrovia and West End (founded in 2013) and the Tech Belt (founded in 2016). The key priority of these funds is to support and create value in the community by providing funding for a variety of grassroots projects with a focus on community events, environmental improvements, health and wellbeing activities, music and culture, and ongoing help for disadvantaged/isolated groups. It also acts as a springboard for further engagement with local neighbourhoods, leading to corporate volunteering, school engagement and work experience opportunities. In addition, it enables us to anticipate further funding needs.

This year we celebrated 10 years since the inception of the first fund and to date have provided over £1.1m of combined funding across 164 different projects.

To mark this milestone, we published a '10 Years 10 Stories' feature on our Community page on Instagram (see box above for more details). In 2022 we made a number of improvements to the application process to make it more flexible and inclusive, including removal of the £10,000 cap for registered charities which a number of organisations benefited from in 2023.

Other activities

In 2023, our Sponsorship and Donations Committee approved £339,000 of charitable donations to good causes. Below are some of the ways these funds have been used to create value in the community during the year.

Supporting UCLH staff members – We provided funding to refurbish a staff room at University College Hospital. See opposite page for more details.

Bartlett scholarship – We continued to support a student on their educational journey to becoming an architect.

Donation to Westminster Wheels – We donated funds towards a trainee's six month placement at Westminster Wheels, an organisation which helps unemployed local residents develop the skills to become qualified bike mechanics.

London's Air Ambulance – We pledged a four year commitment to provide funds to London's Air Ambulance.

In addition, our employees took part in a variety of activities during the year, including fundraising and participation in London's Air Ambulance Charity abseil down the highest rooftop helipad in Europe and regular volunteering at The Soup Kitchen.

Our people

We aim to attract, inspire and engage a talented and diverse workforce. In a year dominated by geopolitical and macroeconomic uncertainty, the dedication of our people enabled the business to remain resilient.

2023 Highlights

- Won three employer awards – see below
- Became a member of the Business Disability Forum and completed the self-assessment
- Offered one-to-one employee health checks
- Completed fifth full employee survey

2024 Priorities

- Host four individuals through the #10,000 Interns programme
- Provide inclusive management training to line managers
- Formulate a Disability Strategy and Action Plan
- Action focus group feedback from 2023 Employee Survey

The Sunday Times – Best Places to Work 2023

EG Awards – Employer of the Year

Westminster Business Council Awards – Employer of the Year

Attracting and optimising talent

The top talent we employ and develop are instrumental to the success of the business. Our aim is to create a culture which enables our exceptional and diverse workforce to thrive, have a voice and be their authentic selves.

We enjoy high employee retention (88% for 2023) and a long average tenure – 43% of our workforce have five or more years of service, and 24% are 10+ years. We seek to balance continuity with fresh ideas, experience and skills and in 2023 we recruited 38 people externally, 39% of which were for newly created roles.

Ongoing development and career progression is important to us, and we actively consider and encourage succession planning. To facilitate this, we invest in our employees with comprehensive learning and development programmes – both behavioural and technical – at all levels. These include core skills and technical workshops, one-to-one and team coaching, as well as mandatory compliance training. We also encourage regular feedback and performance conversations, in addition to formal review meetings. In 2023 there were 18 internal promotions (eight women and ten men), including three new Executive Committee appointments.

Investing in existing talent is not enough. For the real estate industry to appeal to a broader cross-section of society, creating opportunities for people from different backgrounds is important.

In 2023, we:

- Hosted seven work experience candidates;
- Provided mock interview practice for students at two Westminster schools;
- Provided career advice as part of Islington's World of Work initiative; and
- Co-hosted an event for Construction Youth Trust with Laing O'Rourke.

Employee engagement

Employee engagement and communication is important, facilitated by our 'open-door' policy. 74% of employees are based at our head office which enables effective, regular face-to-face interaction. Together with a range of formal and informal communication channels, including our regular town hall meetings, we have a highly engaged workforce.

We use anonymous annual employee surveys to obtain staff feedback and gauge satisfaction levels. This consists of a short 'pulse survey' and a full independent survey in alternating years. In 2024, we will establish employee focus groups, comprising individuals from varying departments, gender, ethnicity, age and length of service to review the 2023 survey results and put forward recommendations to the Executive Committee.

We achieved a 94% response rate to our 2023 survey, demonstrating our open culture. The results indicate a high satisfaction rate:

88%
Overall employee satisfaction

89%
'I am proud to work for Derwent London'

87%
'I feel I can make a valid contribution to the success of Derwent London'

83%
'We have an inclusive working environment'

Members of the Health, Safety & Accessibility Working Group

Health and wellbeing

The health and wellbeing of our people remained a priority during 2023. We know that people are most productive when they are physically and mentally thriving and socially connected.

In addition to a suite of employment benefits, we have trained mental health first aiders, an employee assistance programme and occupational health support. We ran a series of 'lunch and learn' sessions covering topics such as neurodiversity, brain and heart health, and the impact of changing seasons. We also launched new Menopause Guidelines and offered on-site one-to-one health checks and annual flu jabs.

Staff survey results demonstrate the value this brings to our employees. 85% of respondents agreed that 'the Health & Wellbeing initiatives were useful and informative'.

To allow us to continue to build healthy, nurturing and supportive relationships and foster a genuine community spirit, our social committee work hard to arrange regular inclusive events and volunteering opportunities are open to everyone.

Diversity and inclusion (D&I)

We believe a diverse and inclusive workforce helps foster collaboration, productivity and innovation. This year we placed an emphasis on disability awareness which included conducting an employee survey to identify what proportion of our people have a disability or long-term condition. We also became a member of the Business Disability Forum (BDF) – see adjacent box.

As part of our commitment to encouraging inclusive behaviour and a consistent approach to performance management, all line managers attended Personal Development Plan training to assist them in conducting effective performance discussions with individual team members.

One of our objectives this year was to increase communication around D&I and our activities in this area. Internally this included increasing awareness around different religious festivals and cultural celebrations, as well as issuing our first D&I Working Group newsletter which provided a comprehensive update to staff on the Group's initiatives and focus areas for 2024. Externally, we improved our social responsibility messaging and shared our inclusive values to the market via social media channels.

A focus on disability

During 2023, we had a particular focus on disability. In March, we became a member of the Business Disability Forum (BDF), a leading business membership organisation in disability inclusion.

To ensure it is integrated throughout the business, our Diversity & Inclusion and newly formed Health, Safety & Accessibility Working Groups have worked together to undertake stage 1 of the Disability Smart Audit, an in-depth Self-Assessment. This has enabled us to assess how we are performing against the ten areas in the BDF Framework and where we are in our 'disability smart' journey.

To understand, measure and improve the experiences of our employees who have a disability or long-term condition, we rolled out a short 'Disability Data' survey to which we received an 87% response rate. The results of this survey have fed into our health & wellbeing strategy and will continue to inform our work on disability in 2024.

Business Disability Forum Member

Health & Safety

The health, safety and wellbeing of our people, occupiers, residents, service partners, contractors and the public is a high priority for us. This is achieved through robust and effective risk management.

2023 Highlights

- Set up internal Health, Safety and Accessibility forum
- Developed health and wellbeing programme for employees in partnership with Human Resources
- Embedded H&S policies and procedures into the Scottish portfolio operations
- Interpreted the Building Safety Act outcomes and provided clear guidance across the business to enhance awareness
- Achieved a Royal Society for Prevention of Accidents (RoSPA) Gold Award

2024 Priorities

- Roll out Building Safety Act plans for our 'in-scope' residential development and managed properties
- Implement a 'client audit' and early H&S risk review for our design team on our major projects
- Set up the Continuous Improvement Group (CIG) for our architects, principal designers and project managers
- Enhance our Fire Safety Management system and obtain Primary Authority fire service agreement

Our approach to health, safety and wellbeing

Our approach is centred around people, assets and developments. For our rural and agricultural portfolio in Scotland we have a separate suite of health and safety (H&S) standards tailored to their activities.

- **Our aim** is to provide healthy, safe and secure environments for our people, customers and contractors to work, live, visit and relax.
- **Our people** are fundamental to the success of our business, which is why we invest in and train them to ensure healthy and safe work environments.
- **Our integrated approach** ensures that health, safety and wellbeing is considered at every stage of a building's life cycle: from acquisition, through development, management, leasing and disposal.

We achieve this by:

- Designing suitable health, safety and wellbeing systems which are proactively managed.
- Establishing and maintaining robust policies and procedures which comply with latest legislation.
- Ensuring work is assigned to competent individuals.
- Carrying out rigorous and ongoing training on best practices.
- Regularly reviewing our health and safety performance.
- Ensuring we learn when incidents occur and make appropriate changes.

Providing a safe work environment for our people

Providing a safe place for our people to work is of paramount importance to us, with focus on both physical and mental wellbeing to enable our employees to thrive. This is achieved by ensuring staff are well informed in H&S best practices through ongoing internal and external training. During 2023 this included 182 person days of H&S training covering topics such as Legionella (City & Guilds), Emergency First Aid and Fire Marshal (British Red Cross), Safe Systems of Work/RAMS, as well as topical H&S webinars, live coaching sessions and health check-ups.

We use an H&S training matrix to identify specific training requirements by job profile. During 2023 a comprehensive review of the matrix and programme was undertaken and updates were made.

In 2023 we set up an employee Health, Safety and Accessibility forum with wide representation from across the business. As well as considering H&S matters, this forum seeks to address the main barriers that people with disabilities encounter in the workplace. The forum also highlights where an early design stage accessibility review can be beneficial in creating more accessible schemes. To support this, the Group became a member of the Business Disability Forum (BDF) – see page 53.

Making our assets safe to occupy

Ensuring our occupiers, visitors and those who live and work in and around our buildings are safe and healthy is critical. This requires designing, building, maintaining and operating our buildings using best practices, and involves collaboration across the business.

Our in-house H&S team supports our Property Management team throughout the year to ensure our buildings are being operated safely and with minimal risk.

During 2023 the H&S team reviewed the Building Safety Act outcomes and provided guidance on its application to the Property Management and Development teams. Buildings which are in-scope were registered prior to the 1 October 2023 deadline.

To monitor and report on H&S risk and compliance across the managed portfolio we use the RiskWise system.

Ongoing monitoring includes annual inspections and fire risk assessments for each building. We also use data from the Real Estate Benchmarking Group, which we co-founded in 2021, to assess our relative H&S performance against peers in our sector.

In 2023 we achieved the Royal Society for Prevention of Accidents (RoSPA) Gold Award for the Derwent London H&S management system in respect of our managed portfolio.

High health and safety standards on construction sites

We have strong relationships with our principal and main contractors, endeavouring to lead by example as an informed and responsible construction client. As well as both independent and internal H&S monitoring of our construction sites, we require our supply chain to achieve specific stretching target scores for Construction Logistics and Community Safety (CLOCS) and Considerate Constructors Scheme (CCS).

With 437,000 sq ft of space on site, 2023 was a busy year for major developments. The RIDDOR accident frequency rate (AFR) on our developments was 4.38. This was an increase from the rate of 3.60 in 2022, principally due to our major development schemes moving into higher risk construction phases, smaller projects starting, and a general rise in 'Over 7 day injuries'.

Our H&S team continue to work closely with the Development team to improve visibility and identification of design elements which could have H&S risk implications to ensure these are addressed at an early stage of the project.

Members of the Development and Health & Safety teams

Health and Safety data

The table below details our key H&S statistics which have been subject to independent limited assurance by Deloitte LLP in accordance with the ISAE 3000 (Revised) Standard. This data allows us to identify trends and highlights areas of focus for the business. Refer to the Health and Safety Basis of Reporting in the **Responsibility Report**.

	Employees		Managed portfolio		Developments	
	2023	2022	2023	2022	2023	2022
Person hours worked	**266,513**	288,000	**920,142**[1]	370,314	**913,843**	833,258
Minor injuries	**0**	0	**27**	20	**10**	18
Near miss	**1**	0	**20**	20	**37**	17
Lost time injuries[7]	**3**	0	**3**	0	**4**	2
RIDDORs	**1**	0	**3**[2]	0	**4**	3
Dangerous occurrences	**0**	0	**0**	0	**0**	0
Fatalities	**0**	0	**0**	0	**0**	0
Improvement notices	**0**	0	**0**	0	**0**	0
Prohibition notices	**0**	0	**0**	0	**0**	0
Injury rate[3,7]	**0**	0.00	**29.34**	54.01	**10.94**	21.60
Lost day rate[4,7]	**48.78**	0.00	**10.87**	0.00	**5.47**	2.40
Severity rate[5,7]	**3.25**	0.00	**0.30**	0.00	**0.28**	0.11
RIDDOR AFR[6]	**3.75**	0.00	**3.26**	0.00	**4.38**	3.60

1 Person hours worked – significant increase in managed portfolio in 2023 due to full inclusion of third party contractor hours across all properties.
2 RIDDORs – increase in managed portfolio in 2023 due to full inclusion of third party contractor data across all properties.
3 Injury rate – (injuries excluding RIDDOR and lost time injuries)/(total hours worked) x 1,000,000.
4 Lost day rate – (lost time injuries excluding RIDDOR)/(total hours worked) x 1,000,000.
5 Severity rate – total number of lost work days (excluding RIDDORs)/total number of incidents x 1,000,000.
6 RIDDOR accident frequency rate (AFR) – the number of RIDDORs/(total hours worked) x 1,000,000.
7 Deloitte LLP do not assure lost time injuries, injury rate, lost day rate or severity rate for 'Employees'.

Responsibility governance

2023 Highlights

- Publication of climate-related financial disclosures consistent with the TCFD Recommendations as required by the Listing Rule 9.8.6 (8) (b)
- Revised the long-term remuneration targets under the Performance Share Plans to include embodied carbon and energy intensity reduction
- HMRC reaffirmed the Group's low-risk status across all tax regimes following the Business Risk Review+
- Requested evidence that our major suppliers are compliant with the Supply Chain Responsibility Standard
- Published our latest Modern Slavery Statement
- Continued mandatory compliance training for all employees (including the Board) which covered competition law, conflicts of interest, anti-bribery and cyber fraud awareness

A responsible business

The oversight of ESG matters is critical. It not only allows the Board to appreciate the overall impact of its decisions on key stakeholders and the environment, but also ensures it is kept aware of any significant changes in the market. This includes the identification of emerging trends and risks, which in turn can be factored into its strategy discussions. 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.

Governance Framework / **See page 127**

Our Chief Executive, Paul Williams, is the designated Director with overall accountability for ESG matters. However, the responsibility for overseeing it is delegated to Nigel George (Executive Director). Paul Williams oversees the review and performance of our responsibility work as Chair of the Sustainability Committee and as a member of the Responsible Business Committee.

The Board

Overall responsibility for ESG matters

Nominations Committee	Audit Committee	Risk Committee	Remuneration Committee	Responsible Business Committee
Ensures ESG skills, knowledge and experience is a consideration when assessing the Board's composition and the identification of any skill gaps	Monitors assurance and internal financial control arrangements. Ensures ESG-related expenditure is appropriately reflected in our financial statements	Identifies and evaluates key ESG risks (principal and emerging), ensuring they are appropriately managed	Ensures ESG factors are included in executive remuneration (long-term incentive plans)	Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities

Executive Directors with assistance from the Executive Committee

Responsibility for oversight of the Group's ESG initiatives

Sustainability Committee	Health and Safety Committee	Sponsorship and Donations Committee	Social Committee
Responsible for implementing the Board's ESG strategy	Responsible for monitoring health and safety management and performance	Responsible for the Group's charitable activities and donations	Aims to encourage team working and collaboration between departments through social activities

Acting in a transparent and responsible manner is a core element of our business and underpins our key governance practices.

Climate change governance

The governance of climate change risk and opportunities is ultimately the responsibility of the Board. However, day-to-day management is delegated to the Executive Committee and senior management.

The Board monitors the Group's progress against our published net zero carbon targets, specifically energy intensity, operational carbon footprint and embodied carbon intensity on major projects. In addition, specific performance indicators are assured by Deloitte LLP and these can be found in their assurance statement which is available within the latest Responsibility Report.

Responsibility Report / **www.derwentlondon.com/responsibility/publications**

Our strategy and targets for energy consumption and carbon emissions are set and monitored by the Board. The Board, Responsible Business Committee and Executive Committee receive regular updates and presentations on sustainability performance from the Head of Sustainability. In addition, the Audit Committee received training in respect of climate-related reporting (see page 147).

Green finance governance

Our Green Finance Framework allows us to clearly link our financing to the environmental benefits our activities generate. The Audit Committee receives annual updates on our green finance initiatives including in respect to our reporting disclosures.

Our Green Finance Framework received a Second Party Opinion (SPO) from DNV that it is aligned with the Loan Market Association's Extended Green Loan Principles and the International Capital Market Association's Green Bond Principles. The SPO is available on our website. Deloitte have also provided reasonable assurance over selected green finance KPI disclosures. Their assurance statement is available within the latest Responsibility Report.

Our Green Finance Framework / **See page 84**

£754m

Cumulative Eligible Green Project (EGP) capex at 31 December 2023 across five eligible projects

Supply chain governance

It is important to us that our suppliers and construction partners operate responsibly and share our ESG business principles.

Our supply chain governance procedures ensure our suppliers are aware of the standards we expect from them and the business practices which we will not tolerate. All suppliers with whom we spend more than £20,000 per annum are required to provide evidence of how they are complying with our Supply Chain Responsibility Standard, which sets out our principles and expectations in terms of the environmental, social, ethical and governance issues which relate to our supply chains.

Supply Chain Responsibility Standard / **See page 169**

Ensuring our payment practices are fair is a key requirement in governing our supply chain. This will remain an area of particular importance and focus for the Group, due to the economic uncertainty businesses are currently experiencing.

Protecting human rights

The protection of human rights and fundamental freedoms is one of our key ESG priorities which we manage from an internal (within our business) and external perspective (with our supply chain and our relationships with contractors). Internally, the Board monitors our culture to ensure we maintain our values and high standards of transparency and integrity. Our HR team ensures that we have the right systems and processes in place to strengthen and sustain our culture.

The Board's role in managing the Group's culture / **See page 129**

Externally, we are active in ensuring our ESG standards are clearly communicated to our supply chain, principally via our Supply Chain Responsibility Standard. To ensure the human rights of our supply chain are respected we are clear on our zero-tolerance position with regards to slavery and human trafficking as set out in our Modern Slavery Statement.

Based on our ongoing risk assessment, we continue to believe the risk of any slavery or human trafficking in respect of our employees is very low. Further information on our efforts to prevent modern slavery occurring in our supply chain is on page 169.

Modern Slavery Statement / **www.derwentlondon.com/investors/governance/modern-slavery-act**

Tax governance

We take our obligations as a taxpayer seriously and focus on ensuring that, across the wide range of taxes that we deal with, we have the governance and risk management processes in place to allow us to meet all our continuing tax obligations. The Board has overall responsibility for our tax strategy, risk assessment and tax compliance.

Our statement of tax principles, which is approved by the Board, is available on our website: **www.derwentlondon.com/investors/governance/tax-principles**

We have an open and transparent relationship with HMRC and seek to anticipate any tax risks at an early stage, including clarifying areas of uncertainty as they become evident.

We keep HMRC informed of how our business is structured and respond to all questions or requests promptly. Senior members of our tax department regularly engage with HMRC to support consultations or to seek legislative clarification in areas that could potentially impact our business. HMRC have awarded the Group a low-risk status across all tax regimes following the Business Risk Review+ (BRR+) review.

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 in our reporting and business practices, we have elected to provide further information in the table below.

Category	Our key policies and standards	Additional Information	
Environmental matters	• Responsibility Policy • Net Zero Carbon Pathway • Science-based carbon targets • Task Force on Climate-related Financial Disclosures (TCFD) • Streamlined Energy and Carbon Reporting (SECR) disclosure	Responsibility Report **www.derwentlondon.com/responsibility/publications**	
		Our pathway to net zero carbon	Pages 48 and 49
		Climate change governance	Pages 57 and 113
		Risk management	Pages 160 and 161, 164
		Executive Directors' LTIP 2023	Pages 192 to 194
		UN SDGs	Page 59
		TCFD	Pages 104 to 107
		SECR	Pages 60 and 61
Social and employee aspects	• Volunteer Policy • Equal Opportunities and Diversity Policy • Professional development and training • Shared parental leave • Smart Working Policy	Community Fund	Pages 50 and 51
		Our people	Pages 52 and 53
		Executive Directors' annual bonus	Page 190
		Diversity and inclusion	Pages 53 and 168
		Employees on a committee	Page 167
		The Section 172(1) Statement	Pages 130 to 133
Respect for human rights	• Individual Rights Policy • Health and Safety Policy Statement • Supply Chain Responsibility Standard • Modern Slavery Statement • Code of Conduct & Business Ethics	Health and safety	Pages 54 and 55
		Human rights	Page 57
		Modern slavery	Page 169
		Supply Chain Responsibility Standard	Page 169
Anti-corruption and bribery issues	• Anti-bribery Policy • Speak up Policy • Expenses Policy • Money Laundering and Terrorist Financing Policy • Preventing Facilitation of Tax Evasion Policy	Audit Committee report	Pages 144 to 155
		Risk Committee report	Pages 156 to 165
		Anti-bribery and corruption	Page 165
		Our principal risks	Pages 94 to 101
		Our emerging risks	Pages 102 and 103
		Compliance training	Page 165

UN SDG reporting

The United Nations Sustainable Development Goals (SDGs) are an international standard developed to support global change and sustainable growth. We believe that we have a role in supporting the UK in responding to this standard and helping positively affect change.

We have reviewed the suite of 17 goals and have selected those goals which align most closely to our ESG priorities. Set out below is a summary of our efforts against the selected goals.

Our ESG priority	UN Goal	Target	Indicator	Our efforts
Creating value in the community and for our wider stakeholders	4 QUALITY EDUCATION	4.4	4.4.1	Our Community Fund enables us to invest in and support groups who work with and upskill young people from socially and economically challenged backgrounds. For example, the work of London Village Network and their Amplify programme aims to help young people identify their strengths and equip them to gain meaningful employment by way of mentoring programmes in schools with business volunteers that share their career journeys and provide industry insights and visits.
		4.a	4.a.1	Similar to the above the work of The Doorstep Library, a literacy-outreach charity, seeks to boost and improve children's reading skills in their homes, resulting in improved outcomes at school. Increased literacy and confidence stay with the children through their time in education and into the workplace.
Protecting human rights, Engaging and developing our employees	5 GENDER EQUALITY	5.1	5.1.1	Beyond any legislative requirements we are active in ensuring meaningful gender equality across our business. In 2022 we achieved the National Equality Standard accreditation and our Diversity & Inclusion Working Group work hard to ensure that progress is being made and best practice is implemented. All our training and development initiatives are available company-wide, we adopt smart working practices, offer enhanced family leave policies and our employee surveys enable us to identify any differentials with regards to gender and ethnicity.
		5.5	5.5.2	We have a 48%:52% male/female ratio and 31% of Senior Managers are women. In 2023 there were 18 internal promotions with 44% being female.
Designing and delivering buildings responsibly, Managing our assets responsibly	7 AFFORDABLE AND CLEAN ENERGY	7.2	7.2.1	Our aim is to ensure we purchase renewable energy in line with our RE100 commitment. During 2023, 99% of energy procured was on renewable tariffs. At the end of 2023, 100% of electricity contracts were on REGO-backed tariffs, and 100% of gas contracts were on RGGO-backed tariffs. As part of our net zero carbon pathway, we are developing a 100-acre solar park on our Scottish land. Planning consent has been received and construction will commence during 2024.
		7.3	7.3.1	We have developed specific energy intensity reduction targets designed to help us improve the energy efficiency of our managed properties and movement towards net zero carbon.
Creating value in the community and for our wider stakeholders	11 SUSTAINABLE CITIES AND COMMUNITIES	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 part of the London Mayor's Business Climate Leaders Group which was set up to help London become a zero-carbon city by 2030.
Managing our assets responsibly	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	12.5	12.5.1	We have established a portfolio-wide minimum recycling target of 75% and a no waste to landfill policy.
		12.6	12.6.1	We integrate comprehensive sustainability reporting information into our company reporting cycles and public reporting.
Designing and delivering buildings responsibly, Managing our assets responsibly	13 CLIMATE ACTION	13.2	13.2.2	We have new independently verified science-based carbon targets which have been rebased to a 1.5°C scenario. In addition, we have set embodied carbon and energy intensity reduction targets for our developments and managed properties respectively. This means we are committed to reducing our carbon emissions and making sure our portfolio is climate resilient.

Streamlined Energy and Carbon Reporting (SECR) disclosure

In line with SECR regulations, the adjacent table shows our carbon emissions (tCO_2e) across Scopes 1, 2 and 3 together with appropriate intensity ratios ($kgCO_2e/sqm$). We also show the global energy consumption (kWh) used to calculate our emissions.

www.derwentlondon.com/responsibility/publications

Embodied carbon emissions associated with our asset regeneration activity, included within Scope 3, Category 2 – Capital goods, are recognised in full in the year of completion. No major projects completed in 2023.

Energy efficiency actions

The Group undertook a number of energy efficiency actions in 2023. These included:

- occupier engagement with a cross-section of occupiers, some of whom we have previously engaged and others for the first time;
- six Green Forums, covering energy analysis and sharing of both best practice and 'easy wins';
- recycling and energy audits, with communication of follow-up Recycling Improvement Strategies;
- introduction to new organisations that our occupiers already work with to enhance energy saving and/or biodiversity;
- out of hours assessments to identify actions for application across the portfolio, including external light assessments with findings reported to occupiers across the portfolio; and
- ongoing roll-out of LED lighting and PIR sensors, building on work carried out in previous years.

As the average occupation level across our portfolio has continued to rise and two new large buildings became operational (Soho Place W1 and The Featherstone Building EC1), energy consumption has increased. However, as the result of the actions noted above, consumption remains below pre-pandemic levels. Compared to our 2019 baseline, energy usage has reduced 12%, or 10% on an intensity basis.

See page 49

Data notes

Boundary (consolidation approach)	Operational control, based on our corporate activities and managed property portfolio which is principally in central London (UK). Landlord emissions from our retail park in Glasgow are also included.
Alignment with financial reporting	The only variation to our financial reporting approach is that GHG emissions and energy data are excluded for buildings where the Group does not have control or influence. These are either single-let properties (also referred to as FRI) or areas for which we do not have management control (e.g. we do not procure utilities). The rental income of these properties is included in the consolidated financial statements.
Reporting method	GHG emissions reporting is in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Further details on our data calculation methodology can be found in the data section of our annual **Responsibility Report**.
Emissions factor source (location-based)	UK Government emissions factors are used to convert energy usage into location-based carbon equivalents (**www.gov.uk/government/collections/government-conversion-factors-for-company-reporting**).
Prior year restatements	There are three principal restatements to the 2022 data. First, an energy and water contract audit identified several existing supplies which have now been included where appropriate. Secondly, the landlord/occupier floor area allocation has been amended following a comprehensive floor area (GIA to NIA) reconciliation and new building measurements obtained. Thirdly, our energy intensity methodology has been updated to more clearly align floor areas and energy consumption. For further details, refer to the Environmental Basis of Reporting in the 2023 **Responsibility Report**.
Market-based emissions	The Scope 2 market-based factor is based on the provenance of electricity supplies, 99% of which were on REGO-backed tariffs in 2023. For gas, 99% of supplies in 2023 were RGGO-backed.
Embodied carbon	Embodied carbon, included within Scope 3, Category 2 – Capital goods – is reported in full in the year a project completes. This can lead to significant variances year on year depending on completions. Following the completion of two major projects in 2022, there were no major completions in 2023. Six smaller refurbishment projects completed in 2023.
Independent assurance	Selected 2023 metrics were subject to independent limited assurance by Deloitte LLP in accordance with ISAE 3000 (Revised) and ISAE 3410 Standards. Their unqualified assurance opinion and our Environmental Basis of Reporting can be found in the 2023 **Responsibility Report**.

GHG emissions

	Location/ Market-based	tCO₂e 2023	tCO₂e 2022	% change 2023 vs 2022
Scope 1				
Combustion of fuel[1, 7]	Location	**3,007**	2,750	**9**
Fugitive emissions[2]	Location	**1,357**	312	**335**
Total Scope 1 emissions[7]	**Location**	**4,364**(A)	3,062	**43**
Scope 2				
Purchased electricity, heat, steam and cooling for own use[3, 7]	Location	**2,795**(A)	2,388	**17**
Renewable tariff REGO-backed electricity[7]	Market	**29**(A)	36	**(21)**
Total Scope 1 & 2 emissions[7]	Location	**7,159**	5,450	**31**(A)
Total Scope 1 & 2 emissions intensity ($kgCO_2e/sqm$)[7]	Location	**18.2**	14.7	**23**
Proportion UK-based		**100%**	100%	**–**
Scope 3 emissions[4]				
Category				
1. Purchased goods and services (includes water)[7]		**36**	38	**(5)**
2. Capital goods[5]		**799**(A)	32,869	**(98)**
3. Fuel and energy-related activities[7]		**1,411**	1,309	**8**
5. Waste generated in operations		**79**	60	**32**
6. Business travel[7]		**58**	24	**142**
7. Employee commuting		**110**	<5%	**–**
13. Downstream leased assets[6,7]		**5,517**	4,433	**24**
Total Scope 3[7]		**8,010**(A)	38,733	**(79)**
Total Scope 1, 2 & 3 emissions[7]		**15,169**	44,183	**(66)**
Total Scope 1, 2 & 3 (excluding embodied carbon) emissions[7]		**14,370**	11,314	**27**
Total Scope 1, 2 & 3 (excluding embodied carbon) emissions intensity ($kgCO_2e/sqm$)[7]		**36.4**	30.6	**19**

1 Managed portfolio gas use and fuel use in Derwent London owned vehicles.
2 Managed portfolio refrigerant loss from air conditioning systems.
3 Managed portfolio electricity use for common parts and shared services (landlord-controlled areas); no heat, steam or cooling was/is purchased.
4 Categories 4, 8, 9, 10, 11, 12, 14 & 15 are currently a) not identified as material to scope of business or b) not relevant.
5 Embodied carbon emissions from projects that completed in the year.
6 Emissions from tenant electricity consumption.

Metrics denoted with an (A) have been subject to independent limited assurance by Deloitte LLP – see Data notes on page 60.

Global energy use

	kWh 2023	kWh 2022[7]	% change 2023 vs 2022[7]
Gas (combusted on a whole building basis)	**16,424,375**(A)	15,027,749	**9**
Electricity (consumption from landlord-controlled areas)	**13,596,037**(A)	12,427,759	**9**
Electricity (consumption from tenant-controlled areas)	**26,642,461**(A)	22,926,293	**16**
Total energy (consumption from landlord areas for electricity and gas)	**30,020,412**(A)	27,455,508	**9**
Total building energy (consumption from landlord and tenant-controlled areas and gas)	**56,662,873**(A)	50,381,801	**12**
Derwent London vehicles	**11,245**	26,715	**(5)**

7 2022 carbon and energy data restated – see page 60 for details.

For more analysis of our GHG emissions, energy consumption and renewable energy generation, use and procurement, visit the data section of our latest **Responsibility Report**.