

# Responsibility

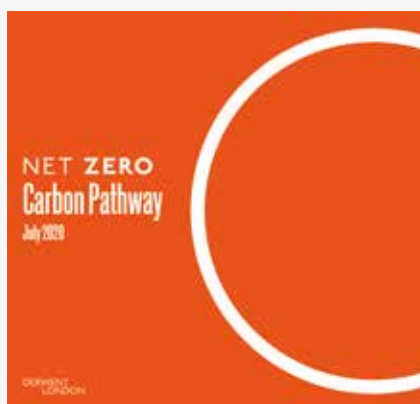
To operate responsibly requires a clear understanding of the environmental, social and governance (ESG) issues relevant to our business. It is important we balance and manage these effectively so we can create long-term value for all our stakeholders.

## ESG reporting structure and 2020 highlights

### Environmental

p.48 to p.49

- Climate resilience
- Net zero carbon



In 2020 we announced our ambitious target to become net zero carbon by 2030 and launched our pathway setting out the detail to achieve that. In this report, we feature our work on climate risk analysis which is an important part of understanding how and where to prioritise our actions.

# 23%

Reduction in managed portfolio energy use

# 27%

Reduction in like-for-like carbon intensity

### Social

p.50 to p.55

- Our people
- Community
- Health and safety



2020 has been a year like no other where the health, wellbeing, safety and support of people has never been greater. We have made particular efforts over the year to prioritise the needs of our employees, communities, occupiers, contractors and suppliers. Our Community Fund has continued apace with many projects transferring online.

"A wonderful project harnessing the power of music to heal and enhance wellbeing."

Music and deep healing by  
The Spitz Charitable Trust for  
Bridgeside Lodge care home

### Governance

p.56 to p.57

- Climate change governance
- Tax governance
- Human rights



For Derwent London, governance is not an exercise in compliance but an evolving core discipline which generates value for our stakeholders and underpins our success. The oversight of ESG matters is critical, allowing the Board to fully understand the impact of its decisions on key stakeholders as well as emerging risks.

Commissioned an independent climate risk analysis for 2020

p.49 Climate risk analysis

## What ESG means to us


We believe that operating a strong, successful business can only be possible if there is clear recognition, understanding and management of the environmental, social and governance (ESG) issues that are important to both our stakeholders and our business.

For us this means incorporating ESG aspects into our business strategy (see page 32), decision-making and management approach to ensure we continue to operate a successful long-term business. This forward thinking, more holistic perspective enables better long-term thinking, reduces risk and maximises value for our stakeholders.

## ESG reporting

Robust performance monitoring and reporting underpins our approach to managing ESG risks and opportunities. It is vital that we are capable of accurately measuring our performance and that our data is detailed, relevant and transparently reported. Our environmental, green finance, and health and safety data is all subject to 'reasonable assurance' verification by Deloitte LLP, as determined by the ISAE 3000 (revised). The assurance statements are published in our latest Responsibility Report, which is available to download on our website.

The Group reports under several frameworks to provide a complete picture of our responsibility progress and activities (see page 149) and to allow comparison with our peers and other companies. An overview of our ESG data and reporting outputs is available on pages 58 to 62.

 Non-financial reporting

 Our latest Responsibility Report is available to download on our website: [www.derwentlondon.com/responsibility](http://www.derwentlondon.com/responsibility)

## 2020 Ratings

- GRESB (Global Real Estate Sustainability Benchmark) 2020 – score of 80, Greenstar status



- CDP 2020 – B rating



- ISS Oekom – Prime status



- MSCI – A rating



- EPRA Sustainability Reporting Awards 2020 – Gold award



## Our 7 ESG priorities

Our Responsibility Policy and Strategy (available on our website) set out what being a responsible business means to us, coupled with clear guiding principles and seven long-term priorities which are fundamental to our business and the needs of our stakeholders, these being:

1 Designing and delivering buildings responsibly

2 Managing our assets responsibly

3 Creating value in the community and for our wider stakeholders

4 Setting the highest standards of health and safety

5 Engaging and developing our employees

6 Protecting human rights

7 Setting the highest standards of corporate governance

## Responsibility continued

# Environment

We ensure our investment portfolio and development pipeline incorporate the right environmental management and resilience measures to mitigate any potential negative impacts of climate change.

## Climate resilience

### What it means to us

Ensuring our investment portfolio and development pipeline incorporate the right resilience measures to mitigate any potential negative impacts of climate change is important to us. It is a material risk for our business, and we invest significant management time and effort into ensuring we are managing the risks it presents appropriately.

### Our commitment

As part of our net zero carbon ambition, we are committed to understanding the climate-related risks associated with our business. This means analysing how our portfolio could be affected by shifting climate conditions and ensuring we are prepared for the move towards a new low-carbon economy.

We adopt the use of the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and reporting framework, to describe our approach to managing climate-related risks and our plans to deal with them (see pages 60 and 61).

To complement our extensive work in this area, during 2020, we commissioned Willis Towers Watson to perform a detailed business-wide climate risk analysis (looking at both physical and transition risks). By assessing various scenarios, and the potential impacts, we can ensure our management and business strategy is relevant, robust and effective (see page 49).

## NET ZERO

During 2020, we set our ambition to become a net zero carbon business by 2030 – 20 years earlier than our previous target date of 2050. We were also the first UK property company to release a detailed pathway to net zero carbon, aligned to the Better Buildings Partnership (BBP) Net Zero Carbon Framework and in response to our signing of their Climate Change Commitment.

As part of this commitment, we are required to report on our annual progress and the steps we are taking along our pathway to achieve our net zero carbon ambition. We have set out below a brief outline of our progress during the year. A more detailed review, including disclosures on the energy performance of our portfolio, can be found in our latest Responsibility Report available on our website.

### 2020 Progress

Although we only released our pathway in July 2020, we have started to make good progress in implementing it across our business.

### Developments

**Commitment** – New developments and major refurbishments are to be net zero carbon on completion. They will be designed to operate using renewable energy, the embodied carbon produced in the development process will be offset, and they will have in place appropriate energy reduction targets to reduce operational energy consumption.

**Progress** – 80 Charlotte Street W1, completed in June 2020, serves as an important blueprint for future schemes. It is our first all electric building, with the heating and cooling needs supplied by air source heat pumps. In addition, the building is powered by renewable REGO-backed electricity and the embodied carbon associated with its construction has been offset – see below for further details.

### Investment portfolio

**Commitment** – Our investment portfolio comprising both managed and unmanaged properties will be operated on a net zero carbon basis by 2030. This will involve driving down our energy consumption significantly, upgrading and retrofitting some of our properties to remove gas use and improve efficiency, and proactive engagement and collaboration with our occupiers.

**Progress** – Our Net Zero Carbon Committee connects our various business departments around a comprehensive action plan. The interconnected nature of the plan requires multiple departments to work together on individual actions. A comprehensive review of our progress can be found in our latest Responsibility Report.

### Corporate activities

#### Renewable energy

**Commitment** – Ultimately our ambition is to ensure that all the energy we procure is from renewable sources i.e. both electricity and gas.

**Progress** – We continue to procure 100% renewable, REGO-backed electricity. To date, 1% of our gas supplies are from green gas sources and we are reviewing how this could be increased. We continue to investigate renewable energy generation opportunities that are available to us on our Scottish estate to reduce our market-based dependency.

### Offsetting

**Commitment** – Where we are unable to manage out or eliminate carbon from our business activities, these emissions will be offset using robust, verified schemes.

**Progress** – During 2020 we reviewed the offsetting market and appointed Natural Capital Partners (specialists in climate finance and carbon neutrality) as our provider. We have offset the embodied carbon associated with our 80 Charlotte Street development. This totalled 19,790 tCO<sub>2</sub>e (cradle to completed construction, A1-A5). We purchased offsets from a community reforestation project in East Africa which is validated under VCS (Verified Carbon Standard) and CCB (Climate, Community and Biodiversity) standards.



For a more detailed breakdown of our progress, see our Responsibility Report on our website



## Responsibility continued

### Social

#### Our people

We aim to attract, inspire and engage a talented and diverse workforce, one that flourishes and is proud to work for Derwent London.

#### 2020 Achievements

- Provided mental health awareness training for line managers and created mental health champions
- Promoted individual wellbeing within a respectful, inclusive and collaborative culture
- Launched second cohort of 'Fit for the Future' (FFTF) programme
- Steering group reviewed results of the 2019 employee survey

#### Attracting and optimising talent

We recognise that our employees are essential to the delivery of Derwent London's strategy and to our long-term performance. We aim to create a culture in which our talented and diverse workforce can thrive.

Of our employees, 51.3% have more than five years' service and 35.7% of external talent has joined over the past three years (see page 129). This provides the business with the right level of continuity and knowledge, balanced with fresh ideas, experience and skills.

We continue to invest significantly in our employees. There is a comprehensive learning and development programme catering to our employees' behavioural and technical needs at all levels. This programme includes our induction programme, a suite of core skills training, internal technical workshops, mandatory compliance training (see page 141), bespoke training for building managers, 360° feedback and the FFTF programme.

Derwent London has a continuous feedback approach and encourages regular performance conversations with line managers throughout the year, in addition to formal reviews.

It is important for us to have a strong talent pipeline. We have regular succession planning discussions, and these are supported by our FFTF programme. To date, 29 employees have benefited, with a further 26 employees enrolled for 2020/21. Each group is mentored by a dedicated executive coach and sponsored by two members of the Executive Committee. The latter are heavily involved in the design and content of the modules which include personal development, negotiation skills and collaboration. The modules are supplemented with one-to-one and group coaching sessions.

# 93%

Employee retention rate

# 52:48

Male:Female ratio

#### Diversity and inclusion

We are a respectful employer that welcomes diversity and promotes equality, tolerance and teamwork. It is important to us that we create an inclusive workplace in which our people can bring their whole selves to work, feel valued and able to make an impact. The Group's belief in 'diversity of thought' extends our conception of diversity beyond the traditional facets of gender, ethnicity, age and sexual orientation to include personality, communication and work styles. We recognise that diversity enriches our creativity and adds value for our stakeholders.

Derwent London has been working towards achieving the Hampton-Alexander Review gender diversity targets for female representation on its Board, Executive Committee and senior management teams. An overview of our progress since January 2018 is provided on page 127.

To enable us to achieve our overarching aim of becoming a truly inclusive company, we appointed a third employee to our Responsible Business Committee (see page 147), established a new Diversity and Inclusion Working Group, chaired by our CEO, and signed up to working towards achieving the National Equality Standard during 2021 (see page 149). Ongoing activities to advance diversity include:

- Mandatory unconscious bias training for all employees
- Nurturing a culture of transparency and openness which encourages people to raise any concerns and speak out about bias or discrimination
- Review of our family friendly policies
- Working with recruitment agencies to provide gender-balanced shortlists
- Continuing with Parental Transition Coaching for employees before, during and when returning from an extended period of leave
- Attracting women into our industry through work experience and mentoring opportunities

#### Diversity and Inclusion Working Group



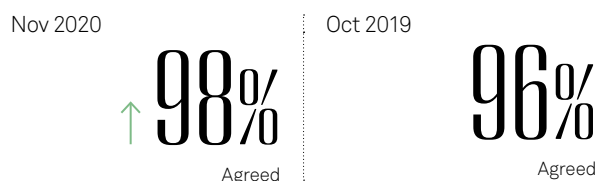
Vasiliki Arvaniti, Victor Ezimogho, Helen Joscelyne, Jay Joshi, Katy Levine, Maruf Miah, Dupe Odunsi, Rosie Scott, Davina Stewart, Paul Williams and Vivian Wong

## Employee engagement

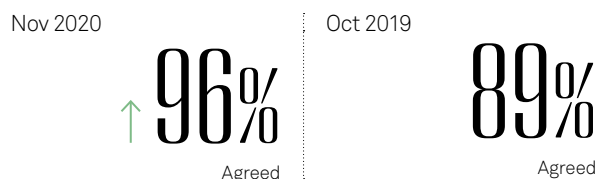
An 'open-door' policy is part of our culture and encourages interaction between employees and management. This, together with a range of formal and informal communication channels (see pages 26 and 115), has helped create a highly engaged workforce.

A valuable method for us to gather feedback and assess engagement is via our formal biennial employee survey. The next survey is due to take place in October 2021. In the meantime, we conducted a short survey in November 2020 and were delighted to achieve a 100% response rate which we believe is a testament to the open culture we foster.

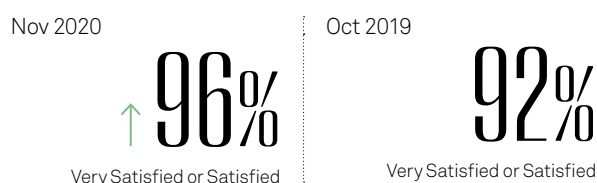
### I am proud to work for Derwent London



### I would recommend Derwent London as a great place to work



### Overall satisfaction with working for Derwent London



"The town halls have played a big part in keeping the business abreast of the Company's performance, showcasing other departments whilst keeping it very personal."

"A very supportive company that I am proud to be working for."

"I believe Derwent has gone above and beyond to ensure the health and wellbeing of employees."

## Wellbeing

Safeguarding and supporting the health and wellbeing of our employees is a core part of our HR strategy. We provide benefits, services and support mechanisms to maintain and improve physical and psychological wellbeing, whilst encouraging our employees to take a more active role in their own wellbeing.

Our commitment to wellbeing has been central to how we have supported employees through the pandemic. A Covid-19 Working Group was established which focused on clear communication, transparency and support. Our CEO has hosted fortnightly virtual town hall meetings to offer support, reassurance and answer questions from across the business, with presentations on our activities from different teams.

During the initial lockdown in June, we asked employees, via a questionnaire, how supported they felt whilst working from home. The response rate was 93% and we received constructive feedback on what was working well, any concerns and overall sentiment. All respondents agreed that the Group provided clear guidance in relation to its Covid-19 response and 95% agreed that their line manager had been accessible, in regular contact and provided the necessary support.

During periods when our employees were allowed to return to the office, we provided Covid-19 antibody testing and an online session to communicate the Covid-19 secure adaptations made to the office, to ensure peace of mind and alleviate any anxiety.

This year, activities focused on resilience and all aspects of positive wellbeing whether physical, psychological or financial, including:

- Mental health training for line managers, providing guidance in having open conversations and being able to spot 'early warning signs' in themselves and others
- Setting up a dedicated 'lockdown link' hub on our intranet providing information on our benefit providers, employee assistance programme, internal newsletters, seminars, health and fitness and guidance about homeworking and home schooling
- Bespoke virtual yoga, Pilates, bootcamp and mindfulness classes
- Working closely with our occupational health provider in relation to advice, referrals, pneumonia jabs and flu vouchers
- Social Committee events to build relationships in a fun, relaxed environment whilst at home, including a fortnightly lockdown quiz
- Launch of an Invest@Work scheme providing an opportunity for employees to save for their future
- Involvement with community projects and volunteering remotely (see page 52)

Our November survey indicated that 97% of respondents felt that we put appropriate, supportive protocols in place whilst working from home and in the office during the Covid-19 pandemic.

## Health assessments

We were delighted that 97% of respondents to our June Pulse survey said that they agreed that health and wellbeing was a priority for the Group. Following the initial lockdown, we worked in partnership with a health and wellbeing specialist to offer all employees the opportunity of signing up to an on-site 1-1 employee health check. Of our employees, 80% signed up and received a same day health report with the aim of helping each person make positive lifestyle changes and identify areas of their health which could be improved.

## Responsibility continued

### Social

#### Community, occupiers and other stakeholders

We recognise our central role in ensuring our buildings are an integral part of the communities they sit within and that we must constantly strive to create value and opportunities wherever possible for local neighbourhoods.

#### 2020 Highlights

- Established the first Derwent London architectural scholarship at The Bartlett, University College London
- Focused on supporting the NHS and key workers during lockdown
- Publication of socio-economic impact assessment of White Collar Factory (see page 149)
- Provided remote volunteering support throughout the year

"We are so incredibly grateful for Derwent's support – especially through this particularly rough year. Your financial support, but also your kind voice at the end of emails, and your desire to go above and beyond in your support of our Senior Care, is such an encouragement and joy to us."

Sarah Bennington, All Souls Clubhouse W1

#### Enabling thriving communities

Our community engagement has at its heart the goal of supporting local groups in the communities in which we operate and to ensure that our business recognises its role within this. There are many strands to our engagement to ensure maximum benefit to local communities.

Financial support through our corporate giving and Community Fund plays its part, however we place equal value on actively supporting and being part of communities so we can make a real impact. Employee volunteering, work experience opportunities and opening our buildings up to their local communities have all contributed to establishing and maintaining effective connections.

Over time, collaborative conversations with the organisations we work with refresh our focus and ensure we address the aspirations that communities have for everyone, increasing access to opportunities and supporting long-term ambitions towards empowering people.

p.13 Supporting communities



Audience member at a relaxed performance of the West End production Mamma Mia! (pre Covid-19) arranged by Mousetrap Theatre Projects. Derwent London's Community Fund provided core funding assistance during the 2020 lockdown.

Photo credit Alex Rumford

## Creating value in the community

### Themes

Local prosperity  
Access to opportunities  
Wellbeing  
Empowering communities

### People

Neighbourhoods  
Occupiers  
Building and property management teams  
Employees

### Outputs

Community Fund  
Sponsorships and donations  
Planning contributions  
Volunteering/  
pro bono contributions

## Our Community Fund

Our Community Fund forms part of our ongoing sustainability programme and commitment to developing engagement with the local community, who we recognise as a key stakeholder. The fund's key priority is to support and create value in the community. We support grassroot projects with a focus on community events, environmental improvements, health and wellbeing activities, music and culture and ongoing help for disadvantaged groups. In 2020, the application guidelines were relaxed to allow a wider group to apply for critical financial assistance during the pandemic.

We remain steadfast to the original intention of the Community Fund, first established in 2013 in Fitzrovia and in 2016 in the Tech Belt: to help us engage effectively and to build strong relationships with local groups. Over the years both funds have enriched our knowledge of local areas and have opened up new avenues for us to explore when responding to the needs of community groups.

To date, over £750,000 has been given to over 110 projects. During 2020 a total of £97,715 was awarded to 18 projects across the two funds.

## Corporate activities

Derwent London places great value on our relationships and the support we give to communities through a number of activities.

Over the last five years the Sponsorship and Donations Committee has approved over £1.03m of charitable donations to good causes, with a further £500,000 of sponsorships.

In 2020 we continued our particular focus on mental health and homelessness and funded the refurbishment of a counselling room within The Soup Kitchen in Fitzrovia; a collaborative effort alongside TTP on the build and AHMM as architects on a pro bono basis.

Some of our Building Management team took part in LandAid's annual sleepout in February, braving what turned out to be one of the coldest nights of the month to raise money towards LandAid's mission to end youth homelessness.

A team of building managers and property managers showed their support for frontline workers and raised money for the NHS Barts Charity by walking (virtually) from our London head office to Glasgow (our furthest office) and back, 690 miles.

We also marked Mental Health Awareness Week in May across the managed portfolio via positive daily Instagram posts and the circulation of information sheets promoting good mental health advice and signposting services to our occupiers.



Responsibility Report on our website

## Community expenditure 2020

Sponsorships and donations	£540,000
Community Fund	£97,715

# 18

Community Fund projects across Fitzrovia & West End and Tech Belt

# 69

Projects supported through the Sponsorships and Donations Committee

## Collaboration with The Paddington Partnership

During lockdown many charities were faced with having to cancel their volunteering programmes for the safety of everyone. However, the need still remained for volunteers to ensure that communities were supported on the ground.

The Paddington Partnership, an organisation Derwent London has a long-standing relationship with, had also galvanised themselves in the early stages of the pandemic to address the urgent needs of the community and had worked tirelessly to match donations of food, clothing and toiletries from businesses to their community partners. Our employees were able to provide their time to assist with video conference training for a school in Paddington, marketing and website advice for a community centre, phone calls to the elderly to reduce isolation and virtual career talks to sixth form students.



Derwent London employees volunteering for The Great British September Clean at Paddington Basin

## The Derwent London Bartlett Promise Scholarship

One of our major sponsorships starting in 2020 was a bursary for a new MSci Architecture course at UCL's Bartlett School of Architecture, condensing the usual seven years course into five. The Bartlett Promise scheme is aimed at under-represented students and those from disadvantaged backgrounds, which perfectly matches our desire to see greater diversity and inclusion in the built environment professions. UCL believe that it is the only initiative of its kind at an architecture school in the UK. Derwent London's contribution provides one student with a full fees and living costs scholarship. This ensures that the lack of access to funds is not an obstacle to accessing a university education.



'Business as usual' – still from a short film about climate change by Samuel Jackson, beneficiary of Derwent London's Bartlett Promise Scholarship 2020-2024 for their new MSci Architecture course



## Responsibility continued

### Social

#### Health and safety

Since the outbreak of the Covid-19 pandemic, we have been continually adjusting our health and safety operations as the situation unfolds, whilst continuing to manage and mitigate risk in these challenging times.

#### 2020 Achievements

- Improved compliance reporting across all commercial and residential sites
- Completed enhanced third party slip testing programme across all sites
- Completed accessibility review across all sites
- Introduced online health and safety training
- Introduction and implementation of the 'Derwent Way', Accessibility Audits and our internal Inclusive Design Guide

#### Why it matters

Our primary focus is the health, safety and wellbeing of our people, tenants, residents, contractors and the public. The outbreak of the Covid-19 pandemic and the ever-changing restrictions raised many additional challenges. Our Health and Safety team has ensured the Group continues to meet its health and safety requirements, whilst continuing to manage and mitigate its risks. During 2020, we were also able to further develop the team by setting out its foundations and protocols for the future. These changes are now being promoted across the Group and with external stakeholders.

Derwent London has developed a robust set of due diligence policies and procedures, which are readily available and communicated to our customers.

p.101 Governance



The health, safety and wellbeing of our contractors is paramount – The Featherstone Building EC1

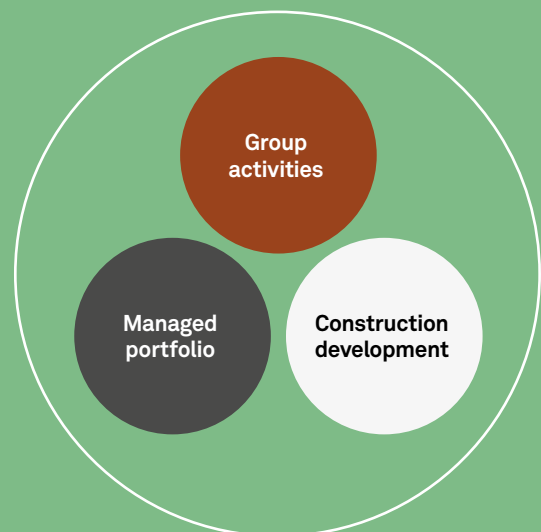
## Our approach to health and safety

#### The Derwent Way

The Derwent Way represents our health and safety approach. It provides a suite of best practice procedures and explains our inclusive health and safety culture to internal and external stakeholders.

Our integrated approach to health, safety and wellbeing ensures that it is considered at every stage during the life cycle of our properties – from acquisition, through to development, management, leasing and disposal. This requires working collaboratively with our internal and external stakeholders to design, build, maintain and operate our buildings using robust working practices in order to ensure they are safe and healthy environments to occupy.

#### Inclusive health and safety



#### Mates in Mind (MIM)

During 2020 Derwent London became a MIM supporter and developed the Derwent Way Health and Wellbeing Standard, which binds our contractors to the MIM mental health programme.



Construction  
Logistics and  
Community Safety

#### Why CLOCS?

Every year over 5,500 pedestrians, pedal cyclists and motorcyclists in Britain are killed or injured in collisions, with construction vehicles commonly involved. Derwent London are a CLOCS champion and committed to demonstrating our commitment to protection of vulnerable road users, from a client and contractor perspective.

## Health

For many years there has been a greater emphasis on safety within the construction industry due to the immediacy of incidents and accidents. This has led to a significant reduction in the number of workplace incidents across the industry in general. Our approach is to give health, both physical and mental, the same prominence as safety so that occupational health-related matters are also considered.

Mental health has become a major focus of our team during the various lockdowns and there are currently 23 mental health first aiders and numerous Mates in Mind champions within our projects. This demonstrates the influence the Group can have on project health, safety and wellbeing. We will continue to drive this in 2021.

## Fire Safety Management System

Throughout 2020 we have worked hard to develop our Fire Safety Management System in line with BS9997 and this is now ready for external certification with implementation planned for 2021.

## Managed portfolio

Following health and safety inspections of our commercial properties within the managed portfolio in 2019, the Property Management team has extended the compliance platform to include residential properties. Further, as a part of a wider compliance review, external slip testing and accessibility surveys were carried out across our portfolio. The results of which are assisting our contractors to ensure the safety and accessibility of our buildings. We completed our workplace health and safety reviews in-house this year and the results will enable us to improve our standards further in 2021.

The Health and Safety team has supported the Property Management team throughout the year to ensure that our buildings and projects are being operated safely while minimising the risk of spreading Covid-19.

## Development

The Construction Leadership Council (CLC) was quick to respond to the first lockdown and set up a Covid-19 Task Force, a panel of industry experts, which included our Head of Health and Safety. The outcome was the publication of Covid-19 Site Operating Procedures by the CLC which we have implemented across all of our construction sites, providing safe and healthy environments for our contractors. 2020 was another busy development year, with over 1m sq ft of projects either in concept, planning or construction stage. This was made even more challenging by the lockdowns and management issues caused by Covid-19. Our teams and the entire supply chain, together with contractors, proved they were up to the challenge. Throughout the year, we have maintained good performance standards in what has been a very difficult period (see page 62).

## Health and safety on site



## Between Derwent London, our contractors and external consultants we have delivered:



## Training

Ongoing training is important to ensure that we maintain the highest level of health and safety standards and that awareness is raised throughout the organisation. With Covid-19 restrictions in place during 2020, we had to change the format of our health and safety training and communication. Working with an external consultant, we developed a suite of online training modules relevant to our sector which have proven very popular and effective. We are proud to say the team have worked hard to make them as interactive as possible, which has produced excellent results. We also developed a new compliance-focused health and safety training matrix which has been rolled out to our Property Management and Development teams. In addition, we have continued to enrol our people on external courses, such as NEBOSH, IOSH and mental health first aid courses. Collectively, 162 workdays of training was completed during 2020.

## Priorities for 2021

- We will continue to set the tone and push the boundaries for health and safety best practice
- Inspire visible leadership in health and safety
- Continue to raise awareness within our organisation and supply chain
- Deliver safe, healthy and secure developments without incident
- Provide safe, healthy and secure places for our people, customers and contractors to work, live, visit and relax
- Continue to emphasise the importance of physical and mental health

As a responsible developer we have set high principles for health and safety. Under the banner of the 'Derwent Way', we provide a suite of best practice standards for our contractors which covers topics such as working at height, asbestos, lead, fire, health and wellbeing and design. The relevant standards now form part of our contractual requirements. In line with our priority to ensure that health is treated with equal importance as safety, we became a Mates in Mind supporter in 2020.

## Responsibility continued

# Governance

At Derwent London, acting in a fair and responsible manner is a core element of our business practice.

## 2020 Highlights

- Responsible Business Committee approved the Net Zero Carbon Pathway which was published in July 2020 (see page 28)
- Deloitte performed an independent assurance assessment of our green financing arrangements
- Continued mandatory compliance training programme for all employees (including Directors) which covered topics such as fraud awareness, cyber security and competition law (see page 141)
- HMRC confirmed our 'low-risk' tax rating status until 2022

### A responsible business

The oversight of ESG matters is critical. It not only allows the Board to understand more holistically the 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.

ESG is overseen principally by the Board, Responsible Business Committee and Sustainability Committee (see our ESG governance framework). Our Chief Executive, Paul Williams, is the designated Director with overall accountability for ESG matters. He oversees the review and performance of our responsibility work as chair of the Sustainability Committee and as a member of the Responsible Business Committee.

## Additional governance disclosures

- |   |  |
|---|--|
| <b>p.104</b> The section 172(1) statement | <b>p.142</b> Anti-bribery and corruption |
| <b>p.116</b> Whistleblowing               | <b>p.86</b> Tax risk                     |
| <b>p.141</b> Compliance training          |  |

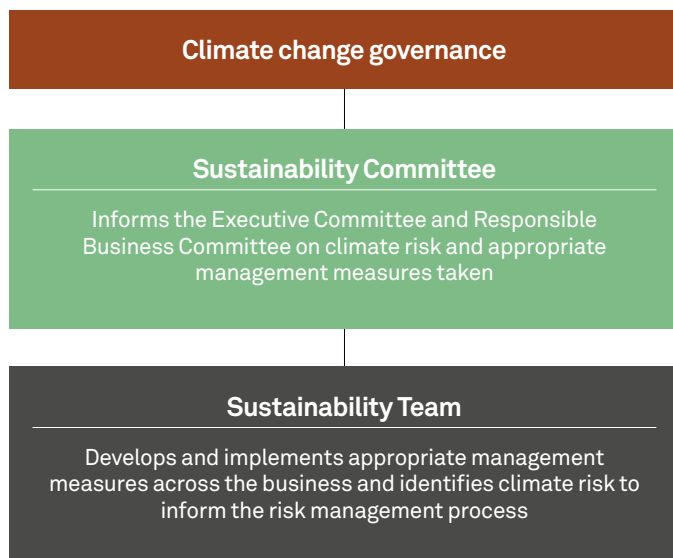
## Our ESG governance framework



## 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.

In July 2020, the Board published its pathway to becoming net zero carbon by 2030 (see pages 28 and 29). Our strategy and targets for energy consumption and carbon emissions are set and monitored by the Board. The Board and Executive Committee receive regular updates and presentations on environmental and sustainability performance from the Head of Sustainability.



## Climate change progress and accountability

The Board monitors the Group's progress through our science-based targets, which were independently validated and approved by the Science-Based Target initiative (SBTi) in 2019. In addition, performance is externally assured by Deloitte LLP and our 2020 Scope 1, 2 and 3 GHG emissions data, intensity ratio and energy data received 'Public Reasonable Assurance'. A risk analysis of climate change over the next 10 years was performed by Willis Towers Watson; the results of which will be presented to the Risk Committee in 2021 (see page 49).

We report under several frameworks to provide a complete picture of our progress and activities and to allow comparison with our peers and other companies (see pages 58 to 62 and 149). Our sustainability work has drawn external recognition. We maintain Greenstar status in the Global Real Estate Sustainability Benchmark (GRESB) index with a score of 80, we are listed in the FTSE4Good index and maintain our CDP rating of Management B.

**p.62** SECR disclosure

## Green finance governance

Our Green Finance Framework allows us to clearly link our financing to the environmental benefits our activities generate. Our Green Finance Framework received independent assurance from Deloitte that it is aligned with the Loan Market Association's Extended Green Loan Principles from December 2018 and the complete assurance statement is available on our website. Further information on our Green Finance Framework is on page 79.

## Supply chain governance

It is important to us that our suppliers and construction partners operate ethically and share our ESG business principles. Our development projects can span several years and impact upon numerous stakeholders and the environment. It is therefore critical that we carefully chose and manage our development relationships.

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 Sustainability Standard (the Standard), which includes a minimum requirement that any form of corruption, bribery or anti-competitive behaviour or actions are not tolerated within our supply chain (see page 148 for further information).

Ensuring our payment practices are ethical is a key requirement in governing our supply chain. This was of particular importance during 2020 due to the Covid-19 pandemic and its impact on businesses.

**p.135** Responsible payment practices

## 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 (within our supply chain and our relationships with contractors) (see page 149).

Based on our ongoing risk assessment, we continue to believe the risk of any slavery or human trafficking in respect of our employees is low. The risk assessment of our supply chain indicated the potential greatest risk existed in the use of building contractors for our development schemes, as their work involves the use of subcontractors. This risk also exists in some of the companies that provide Derwent London with services such as cleaning and security. We ensure all of these suppliers are aware of the Modern Slavery Act 2015 and we require them to formally confirm they are in compliance with the legislation. We monitor and cross-check our supply chain, from procurement to delivery.

## 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.

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 with HMRC as they become evident. We keep HMRC informed of how our business is structured and respond to all questions or requests promptly. Our Head of Tax also regularly engages with HMRC via his roles with the Chartered Institute of Tax and the British Property Federation to support consultations or to seek legislative clarification in areas that could potentially impact our business.

## Responsibility continued

# ESG data and reporting frameworks

New for this year, we have consolidated our ESG data and our disclosures with the wide range of reporting frameworks and indices which are important to our stakeholders.

To enable our stakeholders to get a rounded view of our ESG approach we align our reporting outputs with several recognised reporting frameworks, such as the EPRAs Best Practice Reporting measures (both financial and sustainability), the United Nations Sustainable Development Goals (UNSDGs), and the Task Force on Climate-related Financial Disclosures (TCFD). In addition to the summaries presented here, we also provide detailed disclosures in our annual Responsibility Report.



Tea Building E1

## Non-financial reporting

As we have fewer than 500 employees, the Non-Financial Reporting 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.

	Our key policies and standards	Additional information
<b>Environmental matters</b>	<ul style="list-style-type: none"> <li>• Responsibility Policy</li> <li>• Our target to be net zero carbon by 2030</li> <li>• Science-based carbon targets</li> <li>• Task Force on Climate-related Financial Disclosures</li> <li>• Streamlined Energy and Carbon Reporting (SECR) disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Responsibility Report (see our website)</li> <li>• Net zero carbon strategy (see page 28)</li> <li>• Climate change governance (see page 57) and risk management (see pages 96 and 97)</li> <li>• Executive Directors' annual bonus (see page 161)</li> </ul>
<b>Social and employee aspects</b>	<ul style="list-style-type: none"> <li>• Volunteering Policy</li> <li>• Equal Opportunities and Diversity Policy</li> <li>• Professional Development and Training</li> <li>• Shared Parental Leave</li> <li>• Flexible Working Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Our Community Fund (see page 53)</li> <li>• Our people (see pages 50 and 51)</li> <li>• Diversity and inclusion (see pages 50 and 127)</li> </ul>
<b>Respect for human rights</b>	<ul style="list-style-type: none"> <li>• Individual Rights Policy</li> <li>• Health and Safety Policy Statement</li> <li>• Supply Chain Sustainability Standard</li> <li>• Modern Slavery Statement</li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety (see page 54)</li> <li>• Human rights and modern slavery (see pages 57 and 149)</li> <li>• Supply Chain Sustainability Standard (see page 148)</li> </ul>
<b>Anti-corruption and bribery issues</b>	<ul style="list-style-type: none"> <li>• Anti-bribery Policy</li> <li>• Whistleblowing Policy</li> <li>• Expenses Policy</li> <li>• Money Laundering and Terrorist Financing Policy</li> <li>• Preventing facilitation of Tax Evasion Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee report (see pages 130 to 137)</li> <li>• Risk Committee report (see pages 138 to 145)</li> <li>• Our principal risks (see pages 84 to 99)</li> <li>• Compliance training (see page 141)</li> </ul>







## UNSDG disclosures

The United Nations Sustainable Development Goals (UNSDGs) are an international standard developed to support global change and sustainable growth. We believe that we have a part to play in supporting the UK in responding to this standard and helping to effect change in London – the primary focus of our business operations and a major international city.

We have reviewed the suite of 17 goals and have selected those goals which align most closely to our ESG priorities.

### Additional disclosures

Set out in the table below is a summary of our progress against the goals which are particularly significant to our business.

Our ESG priority	UN Goal	Applicable target	Applicable indicator	Our efforts
Creating value in the community and for our wider stakeholders		4.4	4.4.1	Through our Community Fund we invest in and support youth and adult ICT education and skills training – both technical and vocational. Examples of this include working with The Young Coney's School for Grown Ups and their project to upskill 7 to 13 year olds in interdisciplinary digital and creative skills. Likewise, our work with SoapBox Online and their Soundscapes project, which is a multimedia project co-produced by socially excluded young people, producing audio visual representations of young people's experience and impact of Covid-19.
		4.a	4.a.1	Through our Community Fund we invest in and support projects which look to upgrade and improve youth education facilities. A recent example of this is the St Mary Magdalene School library bus project, where we helped the school create a well needed library space for pupils and the community. The project involved refurbishing a 1970s double decker bus into a fun, creative, inspiring space where pupils can read and learn.
Protecting human rights, Engaging and developing our employees		5.1	5.1.1	Beyond any legislative requirement, we are active in ensuring meaningful gender equality in our business. Whether that is making sure our business structure is representative or making sure our suppliers have the same policies and approaches in their businesses. Some of our recent work internally includes the formation of a new Diversity and Inclusion Working Group, unconscious bias training and starting our journey towards achieving the National Equality Standard.
		5.5	5.5.2	Within our business, 33% of women are in managerial roles/positions.
Designing and delivering buildings responsibly, Managing our assets responsibly		7.2	7.2.1	We purchase 100% REGO-backed electricity which supplies our buildings, and as part of our net zero carbon programme we are looking at how we can procure renewable gas supplies and incorporate higher levels of on-site renewable energy generation.
		7.3	7.3.1	As part of our science-based targets we have a specific energy intensity target (see our latest Responsibility Report), designed to help us improve our energy intensity.
Creating value in the community and for our wider stakeholders		11.7	11.7.1	We actively promote the inclusion of public spaces in and around our buildings and ensure they are fully accessible to those with disabilities. 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		12.5	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 and Managing our assets responsibly		13.2	13.2.2	We have independently verified science-based carbon targets which are set to a 2°C reduction scenario. This means we are committed to reducing our carbon emissions and making sure our portfolio is climate resilient.

## Responsibility continued

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

We have made disclosures in line with the TCFD recommendations since 2018 and have been continuously refining the quality of our reporting to give our stakeholders a holistic view of our approach to climate risk. To further integrate our reporting, we have linked the relevant section of our disclose to the relevant section of our report.

Governance <span style="float: right;">p.101</span>	
<b>Describe the board's oversight of climate-related risks and opportunities.</b>	The Board has overall responsibility for ESG matters, in which climate related aspects are included. The Responsible Business Committee, a principal committee of the main Board, monitors the management of our climate related risks and opportunities, which is in turn informed by our Sustainability Committee. Both CEO, Paul Williams, and Head of Sustainability, John Davies, provide regular updates to all of these committees on our climate related work and the associated risks and opportunities. Data and performance dashboards are provided to the committees to provide oversight.
<b>Describe management's role in assessing and managing climate-related risks and opportunities.</b>	Paul Williams, CEO, is the main Board member with overall accountability for sustainability. In addition, he is chairman of the Sustainability Committee and oversees the performance of our climate-related work. Data and performance dashboards are provided to the committees to provide oversight. The Sustainability team, led by John Davies, has day-to-day management responsibility of climate related issues.
Strategy <span style="float: right;">p.32</span>	
<b>Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.</b>	<p>Short-term (0-5 years) – market shift in terms of stricter legislation e.g. the introduction in the UK of the potential new minimum energy efficiency standards (MEES) for commercial and domestic property in response to the UK committing to becoming net zero carbon by 2050.</p> <p>Medium-term (5-10 years) – market demand from occupiers for buildings and spaces with higher levels of efficiency, climate resilience and lower carbon footprints.</p> <p>Long-term (15+ years) – changing climatic conditions in London, principally storm events and rising temperatures, and their impact on our buildings.</p>
<b>Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.</b>	<p>As a central London focused real estate investment trust (REIT) we invest in, develop, and manage property in central London and, as such, climate-related issues affect the way we develop new buildings and how we manage existing ones.</p> <p>Recognising that climate change has an impact on our business and subsequently our stakeholders has led us to develop our Net Zero Carbon Pathway and announce our ambition to be a net zero carbon business by 2030 (aligned to a 1.5°C climate scenario) – to find out more please see our website. Our pathway covers the breadth of our business activities to ensure we are reducing our carbon footprint and exposure to risk, examples include:</p> <p><b>Developments</b> – our Sustainability Framework for Developments ensures we are designing buildings to be resilient to physical risks such as changes in future weather patterns by making them long life, flexible and less reliant on mechanical cooling and free from fossil fuel use (i.e. all electric heating and cooling).</p> <p><b>Financial planning (capital expenditure and allocation)</b> – we are looking to develop our approach to carbon accounting so that we can include the cost of carbon in our financial appraisals and forecasting, which will enable us to understand and capture the cost of carbon in our new schemes and business activities.</p> <p><b>Managing assets</b> – our Sustainability Framework for Assets ensures we have Building Sustainability Plans in place for each asset which sets out how we will reduce energy consumption/carbon emissions effectively.</p> <p><b>Acquisitions</b> – our business model is based on acquiring older buildings and improving them to add value. During the acquisition process, we look to assess the true carbon cost of a potential purchase and how we can transition it to a net zero carbon pathway, including the eventual adoption of carbon appraisals.</p> <p><b>Access to capital</b> – our Green Finance Framework has been specifically developed to allow us to link our finances to our net zero carbon ambitions by setting out performance criteria and a governance framework which enable us to show the direct link between the use of our debt facilities and our development and refurbishment activities. For further details please see our website.</p>
<b>Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</b>	<p>As mentioned above we recognise that climate change does have an impact on our business, and part of our strategic evolution has been our commitment to becoming a net zero carbon business by 2030 so that we can transparently address the transitional and physical risks and opportunities which apply to our business. This is in addition to our existing science-based targets, which are already aligned to a 2°C scenario.</p> <p>Our pathway sets out a clear plan on how we will transition towards becoming a net zero carbon business by:</p> <ul style="list-style-type: none"> <li>• Reducing the energy consumption and improving the efficiency of our assets</li> <li>• Increasing renewable energy procurement e.g. green gas procurement, self-generated energy managing the future risk of higher energy costs</li> <li>• Adopting carbon accounting to enable us to anticipate the future cost of carbon so we can inform our decision-making</li> <li>• Reducing the embodied carbon associated with our development schemes</li> <li>• For those carbon emissions we cannot eliminate we will offset using verified schemes which remove carbon from the atmosphere</li> </ul> <p>For more detail on our Net Zero Carbon Pathway please see our website.</p>

## Risk management

p.84

**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**

Each year senior managers from the various business functions report their key risks (which includes sustainability/climate change related risks) to the Executive Committee. The risks are assessed by the Committee to understand their severity, likelihood and the optimal controls and/or mitigation required. For more detail on our risk management process please see pages 96 and 97 in this report.

During 2020 we engaged Willis Towers Watson to assist us with a deeper dive analysis of climate-related risk set across different climate scenarios – namely 2°C and 4°C scenarios. Further insight into the outputs from this work can be found on page 49 and in our annual Responsibility Report.

### **2°C scenario – aligned with the 1IPCC's RCP 2.6** Transition risk and opportunities

- Stricter carbon legislation – tougher minimum energy efficiency standards are likely to be introduced which could require additional investment in our portfolio to ensure compliance.
- Change in occupier demands – by adopting our net zero carbon ambition we can demonstrate good competitive advantage and be able to capitalise on the demand for lower carbon assets which meet the changing market.
- Pricing of GHG emissions – while the cost of carbon is likely to continue to rise, without investment in our portfolio this could result in higher costs.
- Cost of raw materials – climate change could affect the input costs to produce traditional development related materials, but utilising more innovative low carbon materials could allow us to mitigate some of the potential impacts this risk might pose.

### **Physical risks**

- Heat stress – whilst within this climate scenario, and coupled with our management approach, this is not a high risk to our business, we remain vigilant to any increase in temperature and the effect it could have e.g. increased cooling demands and subsequent increases in energy consumption.
- Subsidence – although not a significant risk to our business, in this scenario temperature increases in different climate scenarios, coupled with increased rainfall or flooding, could affect some of our older properties.
- Critical infrastructure – water and energy utilities together with road transportation could see increased demand due to the increased probability of hot spells and drier summers, which could cause disruption to our business.

### **4°C scenario – aligned with the 2IPCC's RCP 8.5** Transition risk and opportunities

As a business we have chosen a transition pathway which is aligned to 1.5°C therefore we have not mapped the risks here for a 4°C scenario.

### **Physical risks**

- Heat stress – hotter summers (10-20 days of London being in a heatwave) will have an impact on our business, by increasing cooling demands and subsequent increases in energy consumption in our buildings and maintenance costs.
- Flooding – in this climate scenario flood defences such as the Thames Barrier could be placed under increased stress which could lead to failures, albeit this would only possibly affect four of our properties. In addition, flash flood risk could increase.
- Subsidence/critical infrastructure – in this climate scenario instances of subsidence and critical infrastructure disruption are likely to be more probable over the 2°C scenario.

## Metrics and targets

p.45

**Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**

To enable our stakeholders to understand our impact and subsequent performance we report an extensive range of consumption and intensity metrics relating to energy, carbon, waste and water in our annual Responsibility Report.

**Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**

We provide comprehensive disclosure of our Scope 1, 2 and 3 emissions in our Streamlined Energy and Carbon Reporting (SECR) on page 62 in addition to the detailed energy and carbon data reporting in our annual Responsibility Report.

**Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**

We have developed a set of science-based targets which have been approved by the Science-Based Targets Initiative (SBTi). These targets align our carbon reduction programme with our business activities and minimise the effects of climate change on our managed portfolio. Please see our annual Responsibility Report for further details on our science-based targets.

<sup>1</sup> Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6 assumes a high likelihood that global temperatures will not generally exceed 2°C over pre-industrial levels by the end of this century.

<sup>2</sup> Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 assumes that the climate will increase in temperature by up to 4°C by 2100.



## Responsibility continued

### Streamlined Energy and Carbon Reporting (SECR) disclosure

In line with the SECR regulations, we present below our disclosure which is comprised of our carbon footprint presented across Scopes 1, 2 and 3, together with an appropriate intensity metric – tCO<sub>2</sub>e/m<sup>2</sup>, and our total energy use (kWh) from electricity, gas and biomass use.

#### Energy efficiency actions

Our focus on energy efficiency in 2020 was impacted by Covid-19 which required us to introduce different operating procedures for ventilation and air conditioning in our buildings. To ensure a safe working environment for our occupiers and building staff, we increased the amount of fresh air intake to 100%, with no recirculated air, and enhanced the air filtration to provide an added layer of protection. During the year we have been able to collaborate with our occupiers to deploy localised strategies, using our BMS systems to divert services to active/occupied zones only. As a result, we saw a significant reduction in energy consumption of over 23% in the period. Some of the innovations and optimisation measures includes:

- BMS health checks and time clock re-sets
- Ongoing LED/PIR rollout
- Reducing plant run time to collaborate with building occupancy

#### GHG and energy data

	2020	2019	Difference
Total Scope 1 emissions (tCO <sub>2</sub> e)	3,326	4,650	-28%
Total Scope 2 emissions (tCO <sub>2</sub> e)	1,947 (location-based)	2,925 (location-based)	-33%
	0 (market-based)	0 (market-based)	
Total Scope 3 emissions (tCO <sub>2</sub> e)	7,749	11,809	-34%
Carbon intensity ratio (tCO <sub>2</sub> e/m <sup>2</sup> )	0.015	0.019	-22%
Total energy use (kWh of electricity, gas and biomass use)	26,468,508	34,194,690	-23%

#### Health and safety statistics

The table below details our key health and safety statistics and accident frequency rate (AFR) for 2019 and 2020. In addition, we also present our AFR for our development projects, which has increased, for which there are a number of reasons. We brought the Client CDM monitoring role in-house to ensure full visibility of our construction activities. We also now require contractors to provide monthly reports capturing our data (for projects greater than four weeks). This data now allows us to identify trends and highlights where we should focus. A change in our health and safety strategy, processes and behaviours has helped us make improvements for contractors on site.

	Employees		Managed portfolio		Developments	
	2020	2019	2020	2019	2020	2019
Person hours worked	n/a	n/a	n/a	n/a	2,204,499	2,335,651
Minor accidents	1	7	10	48	46	34
RIDDORS	0	0	0	5	6	2
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
RIDDOR (AFR)	n/a	n/a	n/a	n/a	2.72	0.08

Notes:

<sup>(i)</sup> Public reasonable assurance provided by Deloitte LLP over all minor accidents, RIDDORS, fatalities and improvement notices data. Our assurance statement can be found in our annual Responsibility Report. This does not include Covid-19 events as there is no evidence that this is work-related.

<sup>(ii)</sup> RIDDOR Accident Frequency Rate = 2.72 (6 RIDDORS / 2,204,499 man hours)\*1,000,000

Data notes (reporting period 1 January to 31 December 2020)	
Reporting period	1 January to 31 December 2020
Boundary (consolidation approach)	Operational control, based on our corporate activities and managed property portfolio, all of which are located in central London (UK).
Alignment with financial reporting	The only variation is that our GHG emission/energy data presented does not account for single-let properties or properties for which we do not have management control. This is because we have no control or influence over the utility consumption in these buildings. However, the rental income of these properties is included in our consolidated financial statements.
Reporting method	We arrange our GHG emissions reporting in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. For further details on our data calculation methodology please visit the data section of our annual Responsibility Report.
Emissions factor source	DEFRA, 2020 - <a href="https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting">https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting</a> for all emissions factors apart from the Scope 2 market based factor which is based on the provenance of our electricity supplies which are from renewable sources.
Scope 3 emissions	We use the GHG Protocol Scope 3 Standard to collate and report on our relevant Scope 3 emissions. Our relevant emissions categories include fuel and energy related activities, waste generated in operations, business travel, water use and emissions from downstream leased assets (tenant emissions).
Independent assurance	Public reasonable assurance (using ISAE 3000) has been provided by Deloitte LLP over all Scope 1, 2 and 3 GHG emissions data, intensity ratio and energy data. Our assurance statement can be found in our annual Responsibility Report.

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

# ESG focus areas for 2021

## Leadership commitment

As a responsible business, we balance and manage our environmental, social and governance (ESG) risks and opportunities proactively, to add long-term sustainable value to our business model for the benefit of our stakeholders.

ESG is visible in our strategy, culture and the design and management of our buildings. Having issued our Net Zero Carbon Pathway, we believe we are playing an important role in improving the performance and resilience of London's building stock and supporting the UK in tackling the country's overall carbon footprint.

ESG will continue to rise in prominence, as the UK focuses on confronting climate change and as our stakeholders demand sustainable workspaces. We are confident that our early adoption and understanding of the ESG issues material to our business, provides us with a solid foundation to further improve the sustainability of our portfolio and continue to deliver long-term value.

**Paul Williams**  
Chief Executive

## Environmental

- Continue to deliver our Net Zero Carbon Pathway
- Develop, refine and embed our approach to carbon accounting
- Develop our net zero carbon tenant engagement plans
- Continue to research and assess the opportunities for renewable energy generation on our Scottish estate

## Social

### People

- Continue with and conclude our second FFTF programme
- Conduct our full 4th employee survey in October 2021
- Work towards achieving the UK National Equality Standard

### Community

- Continue to support equal access to higher education with a bursary at Reading Real Estate Foundation
- Extend our Sponsorship and Donations commitment to prioritising mental health and homeless organisations
- Focus on empowering local groups to effect the change they want to see in their neighbourhoods through our Community Fund

### Health and Safety

- Progress our Fire Safety Management System ready for third party accreditation
- Implement the requirements of the Fire Safety and Building Safety Bills and integrate across the business
- Procure and embed improved compliance and e-permit systems across the managed portfolio
- Focus on reducing RIDDORs across our development projects

## Governance

- Review the results of the UK National Equality Standard assessment in Q1 2021
- Publish our 2021 Modern Slavery Statement and agree focus areas to further strengthen our processes
- Host the Group's first Stakeholder Day in 2021, subject to no Covid-19 restrictions in H2 2021 (see page 114)
- Review the results of the climate change risk analysis performed by Willis Towers Watson