Responsibility Report

2020

DERWENT LONDON

Brought to you by ...

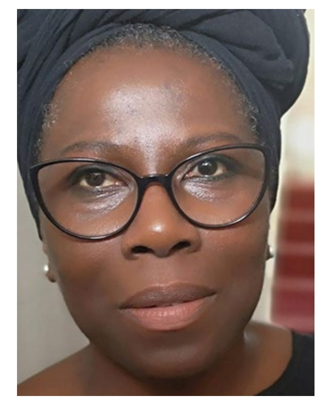

John Davies


Helen Joscelyne


Herman Wa


Justyna Tobolska


Samantha Carlsson


Dupe Odunsi


Susannah Woodgate


Olivia Allen (1987–2020)

Olivia – for the short time you were with us, you left behind a powerful and lasting impression. Thank you for your energy, drive, humour, challenge and commitment in helping create our net zero carbon pathway which bears your hallmark and will make not only a huge impact on our business but also for future generations. So, thank you Olivia from all your friends and colleagues at Derwent London – it was a privilege to have worked alongside you. You are greatly missed and never far from our thoughts. Rest in peace.

Foreword

2020 has been an extraordinary year dominated by the Covid-19 pandemic. Derwent London started off with a positive outlook, but few then imagined how events would unfold. Recovery may take time, but 2020 ended with the UK leaving the EU with a trade deal and, at the start of 2021, the rollout of a national vaccination programme. Covid-19 has had a significant impact on everyone and our teams have been working extremely hard to ensure we have continued to function effectively and to respond quickly to support all our stakeholders.

Climate change remains the major global challenge of our time, which is why we made the significant commitment to become a net zero carbon business by 2030. In July 2020, we published our detailed pathway showing how we propose to achieve this. We continue to push the opportunities for better buildings and to work with our partners. So, as the world looks towards new initiatives emerging from COP26 in Glasgow later this year, Derwent London is fully committed to reducing its impact on climate change.

This recent period has clearly demonstrated the value of our long-lasting relationships which have continued to strengthen as we supported each other. We increased our community and sponsorship donations by 179% to £1.1m, including the temporary use by NHS staff of 16 flats at Charlotte Apartments.

Other relationships have proven equally important. Many of our community partners have been severely affected and we expanded the remit of our Community Fund to allow groups to apply for critical core financial assistance during the pandemic. It was inspiring to see how many adapted to ensure they could continue to help communities and individuals.

We also quickly introduced Covid-19 compliant protocols in our buildings, and our teams assisted occupiers as restrictions developed, applying a 25% service charge discount across the portfolio for two quarters and, for those most in need, deferring or waiving rents.

In our own office, employees were able to work remotely to ensure business continuity as well as allowing flexibility in their home lives. We recognise the importance of mental health – for our team and others. We have remained in close contact with our staff with our staff through fortnightly town hall meetings, online social events and appointed mental health champions. In addition, to progress our inclusive approach, we have launched a diversity and inclusion working group with 11 employees – as important for the industry and employees alike. In 2021 we shall work towards achieving the National Equality Standard.

We are finding our investment in ESG is increasingly recognised and believe that this, along with our reputation for creating modern adaptable office buildings, will enable Derwent London to find new opportunities. This will be important as London seeks to raise the quality of its existing office stock to reduce its carbon footprint whilst improving the economic and wellbeing impacts on its occupiers and local communities. There is no quick fix but, we believe, Derwent London is very well placed to make an important contribution.

I am enormously proud of the Derwent London team and what they have achieved this year. Many of my colleagues have worked very long hours to ensure we met our operational objectives and the needs of all our stakeholders. Maintaining a work-life balance can be difficult, and the focus has been on the wellbeing of our teams.

I would like to thank our teams for responding to the challenges so well, which enables us to continue to support the wider community.

Paul Williams
Chief Executive

"ESG is visible in our strategy 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."
Paul Williams
Chief Executive

80 Charlotte Street W1

80 Charlotte Street W1

Introduction

Welcome to the ninth edition of our annual Responsibility Report. I think it is fair to say that 2020 did not unfold as we had expected. This year's report, like last year's, is published against the backdrop of the Covid-19 pandemic, which continues to challenge our economy and stakeholders alike. However, that has not stopped our proactive and supportive approach to our stakeholders, and we have continued to utilise our strong financial position to work with our occupiers and local community groups to help them deliver their vital services and support.

This proactive approach continues across our business, not least in our work on climate change, which saw us release our Net Zero Carbon Pathway in July 2020 – the first UK Real Estate Investment Trust (REIT) to do so. Within the pathway we have detailed the scope of our ambition, the actions we will take and how we intend to measure our progress on our journey as we head towards 2030. Our first annual net zero carbon report is set out on pages 12–15. In addition, we have progressed our climate risk assessment work by analysing the physical and transitional risks relevant to our business and how our portfolio might respond in various climate scenarios – further insights can be found on pages 40–42.

We have updated our materiality assessment to ensure our ESG approach. Our seven priority areas are still relevant and in line with stakeholder expectations, and ensure we are addressing the right issues. More details on materiality can be found on pages 10–11.

The government lockdown has meant many of our occupiers have not been able to fully utilise their spaces over the past year. This, in turn, has affected our energy consumption and subsequent carbon emissions. Overall, we have seen a 23% reduction in total energy consumption (tenant and landlord) across our managed portfolio. This meant our total carbon footprint dropped by 32% during 2020 in line with the fall in energy consumption. Much of this reduction can be attributed to lower occupancy but, where our occupiers have been using their spaces, we have also been able to work with them to provide targeted services to avoid unnecessary usage. Please see the data section on pages 117–136 of the report for an in-depth review of our energy and carbon performance.

Looking externally, we are delighted to retain our Global Real Estate Sustainability Benchmark (GRESB) Greenstar status together with a score of 80, maintain our CDP rating of B and achieve EPRA gold award for our sustainability reporting.

I hope you find our report insightful and should you have any feedback or would like to find out more about our responsibility work, please do get in touch at sustainability@derwentlondon.com

John Davies
Head of Sustainability

GRESB (Global Real Estate Sustainability Benchmark) 2020 – Greenstar status with a score of 80

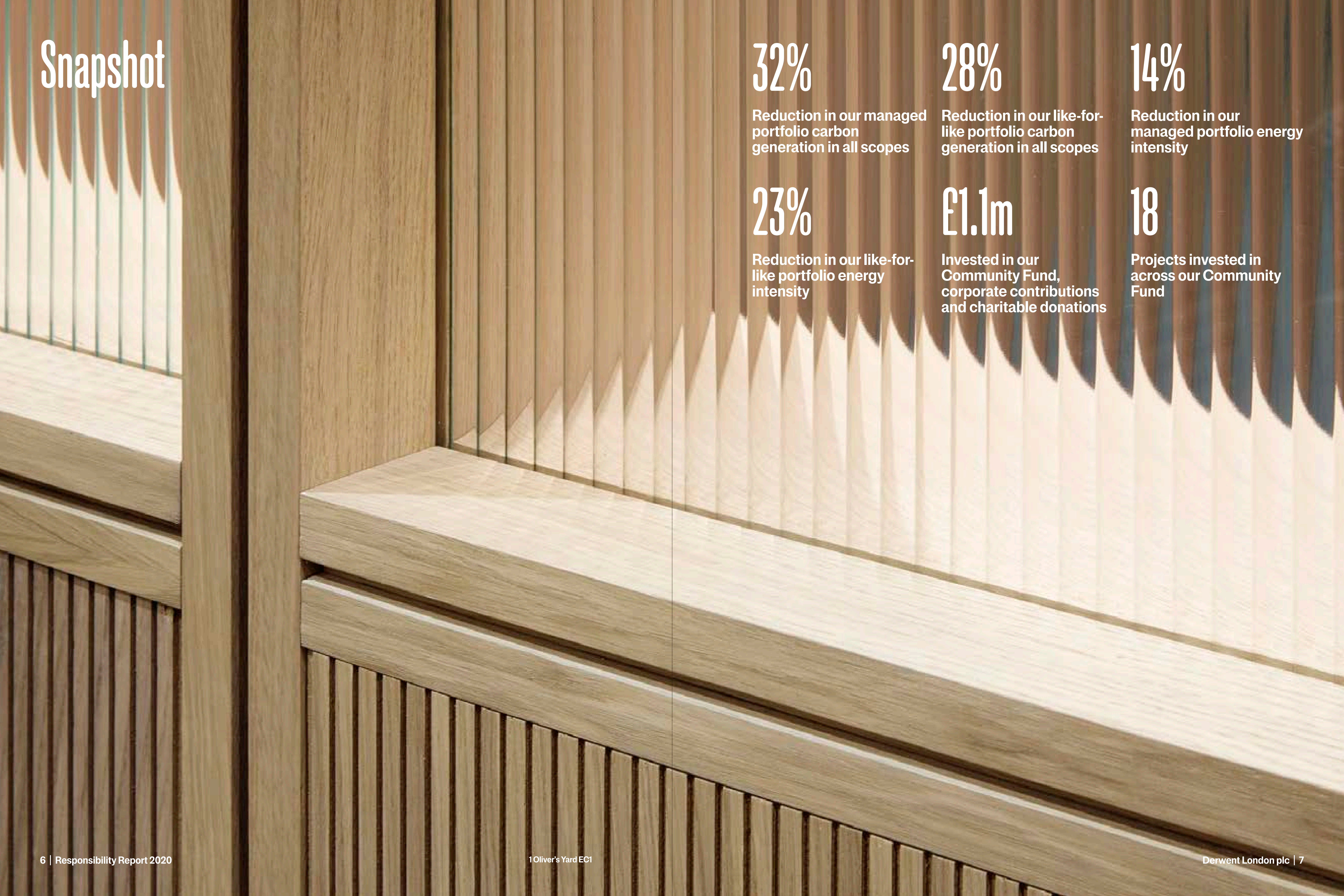
CDP 2020 – Management B rating

EPRA Sustainability Reporting Awards 2020 – Gold Award

FTSE4Good

ISS Oekom prime

Snapshot



1 Oliver's Yard EC1

32%
Reduction in our managed portfolio carbon generation in all scopes

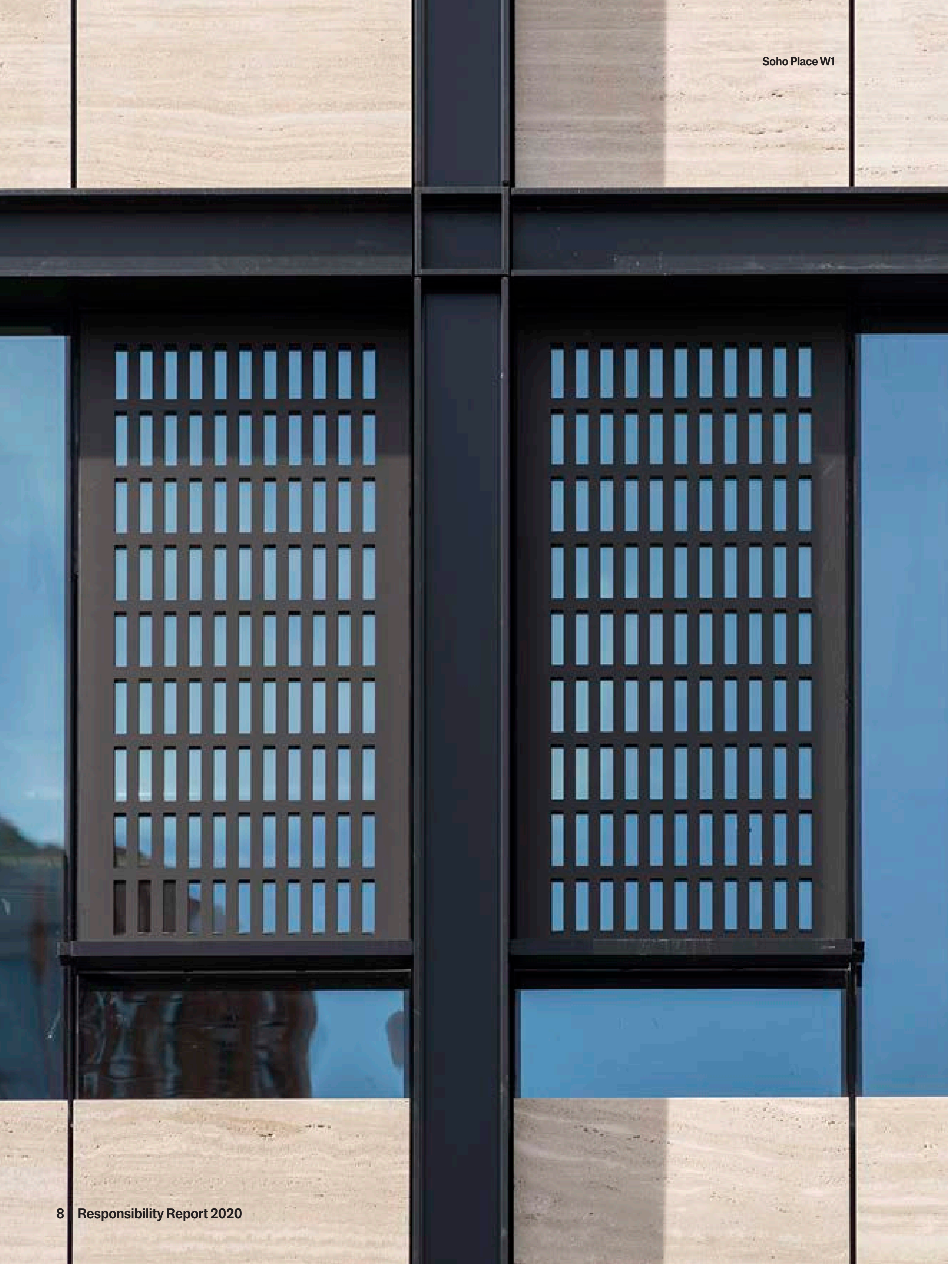
28%
Reduction in our like-for-like portfolio carbon generation in all scopes

14%
Reduction in our managed portfolio energy intensity

23%
Reduction in our like-for-like portfolio energy intensity

£1.1m
Invested in our Community Fund, corporate contributions and charitable donations

18
Projects invested in across our Community Fund



Soho Place W1

About our report

Scope and boundaries
This report relates to the work undertaken in our last financial year – 1 January to 31 December 2020. Its scope reflects our business activities – real estate investment, management and development in central London. Our data boundaries, together with the calculation and aggregation methods, are set out in our data report on pages 117–136.

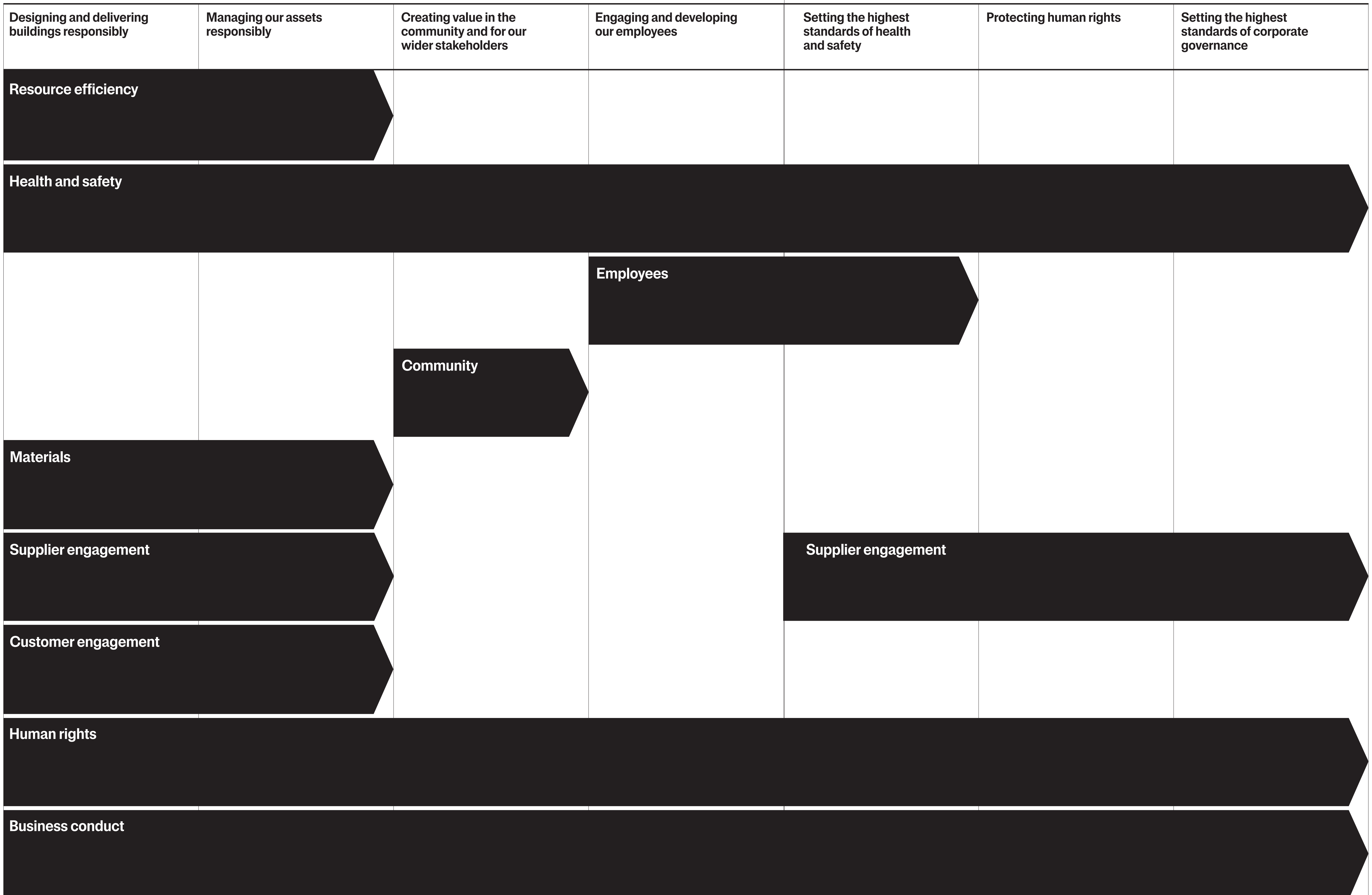
Structure and materiality
Our report reflects how we manage our material ESG issues in the context of our day-to-day business activities. The core of the report is arranged around our seven key ESG priority pillars, supported by extensive data and material issues analysis such as climate change. On pages 10–11 we set out our updated materiality matrix which puts the seven priorities into context against the issues material to our business.

Reporting frameworks
We compile and align our outputs with two reporting frameworks – GRI Standards and the EPRA Best Practices Recommendations on Sustainability Reporting. This allows for a broad reporting format comparison (GRI) and a real estate-specific one (EPRA). Summaries of both can be found on pages 97–107 and 93–95 respectively. In addition, we set out a review of our progress in supporting the UN Sustainable Development Goals (SDGs) which can be found on pages 109–110. Likewise, we set out our disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations which can be found on pages 81–85.

Assurance
Our environmental, health and safety and green finance data is independently assured at the reasonable level by Deloitte LLP. Their opinion can be found in the joint environmental and health and safety statement on pages 90–91 and in the green finance statement on pages 24–26.

We have provided a summarised account of our performance in the Responsibility section of our 2020 Report and Accounts, which can be found at www.derwentlondon.com/investors/results-and-reports.

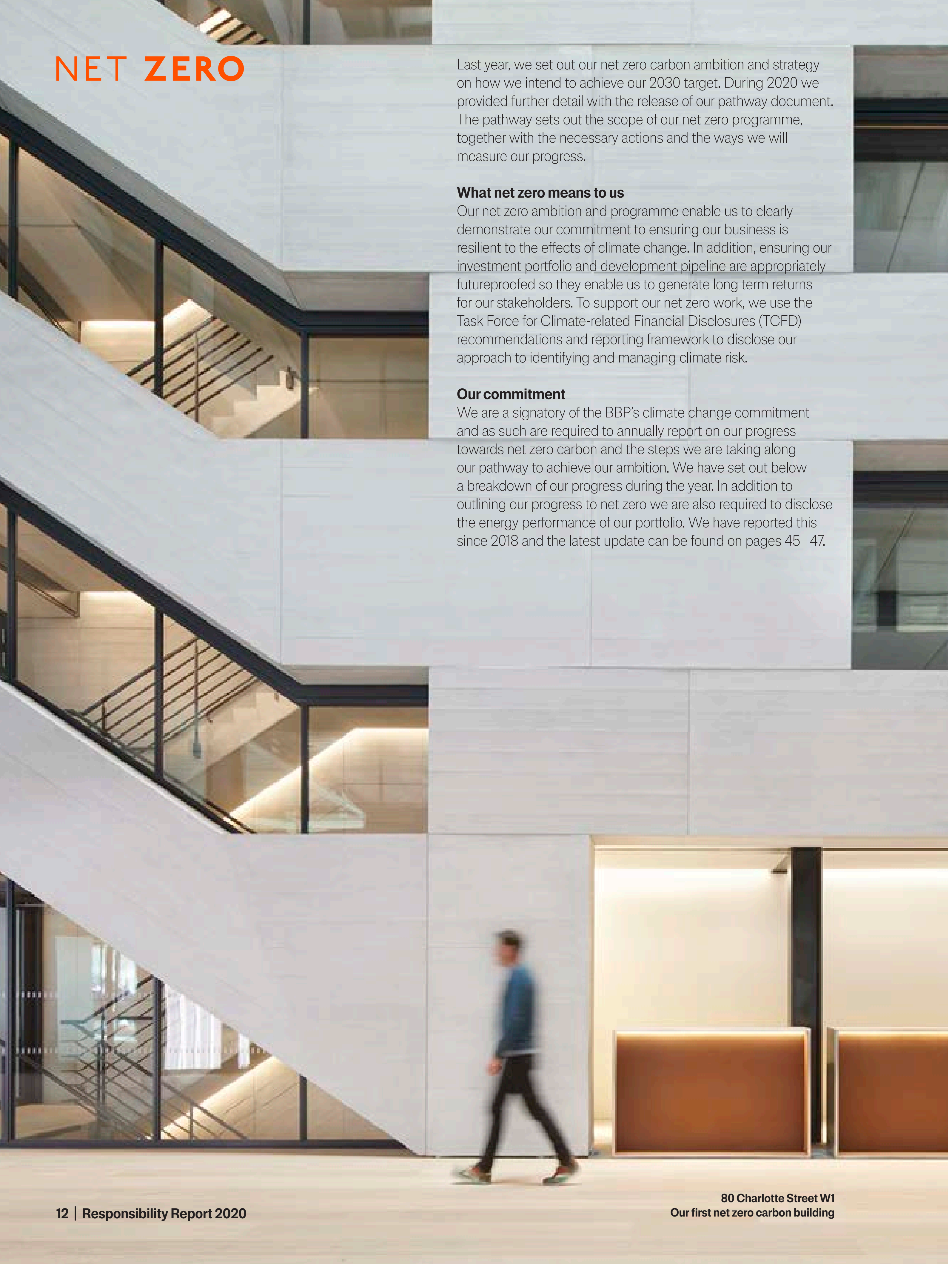
Materiality Matrix



During 2020 we worked with external consultants to review the broad spread of ESG-based aspects relevant to our business to ensure they are captured effectively in our updated corporate strategy and new net zero carbon ambition. As part of the assessment a four step process: **identification**, **prioritisation**, **validation** and **review**, was used to ensure the appropriate issues are brought forward and assessed properly. The results from this exercise were assessed by the Sustainability and Executive Committees to establish the priority and relative importance of each of the issues to both our business and stakeholders and alignment with our corporate risk register.

Our material ESG issues are:

1 Resource efficiency (including energy efficiency, greenhouse gases, climate change, water and waste)
2 Health and safety
3 Employees (including development, engagement and diversity)
4 Community (including investment and engagement)
5 Materials (including timber use, steel, concrete etc)
6 Supplier engagement
7 Customer engagement
8 Human rights (including modern slavery)
9 Business conduct (including tax principles and regulatory actions)



NET ZERO

Last year, we set out our net zero carbon ambition and strategy on how we intend to achieve our 2030 target. During 2020 we provided further detail with the release of our pathway document. The pathway sets out the scope of our net zero programme, together with the necessary actions and the ways we will measure our progress.

What net zero means to us

Our net zero ambition and programme enable us to clearly demonstrate our commitment to ensuring our business is resilient to the effects of climate change. In addition, ensuring our investment portfolio and development pipeline are appropriately futureproofed so they enable us to generate long term returns for our stakeholders. To support our net zero work, we use the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and reporting framework to disclose our approach to identifying and managing climate risk.

Our commitment

We are a signatory of the BBP's climate change commitment and as such are required to annually report on our progress towards net zero carbon and the steps we are taking along our pathway to achieve our ambition. We have set out below a breakdown of our progress during the year. In addition to outlining our progress to net zero we are also required to disclose the energy performance of our portfolio. We have reported this since 2018 and the latest update can be found on pages 45–47.

80 Charlotte Street W1
Our first net zero carbon building

Aspect	Actions	Metrics	Outcomes	2020 progress
Operational energy and carbon	Rebase current science-based target to align with a 1.5 °C climate warming scenario and verify with the Science Based Target Initiative (SBTi).	kWh/m² tCO_2e/m^2	Monitor progress of reducing carbon emission intensity in line with the preferred warming scenario as identified by the 2015 Paris Agreement	We are continuing to investigate suitable, agreed 1.5°C scenarios on which to rebase our current targets.
	Specify all electric heating and cooling systems for new developments and major refurbishment projects.	Percentage of new developments and major refurbishments with all electric systems	Avoid onsite combustion of gas and reduce the carbon intensity of new developments	We have introduced new all electrification requirements for our new developments and major refurbishments going forward.
	Reduce the operational energy performance gap by mandating 'Design for Performance' (DfP) assessments for new developments and major refurbishment projects	Operational energy intensity rating: kWh/m²	Reduce the performance gap and the operational energy intensity of new developments	We have introduced a minimum NABERS UK (previously known as Design for Performance) 4-star requirement for new developments and major refurbishments going forward.
	Identify properties in the investment portfolio for retrofit to all electric heating and cooling systems	Percentage of buildings with all electric retrofit programmes	Avoid onsite combustion of gas and reduce the carbon intensity of the investment portfolio	All electric retrofitting has already begun with two refurbishment schemes – Francis House and 6–8 Greencoat Place SW1 and 90 Tottenham Court Road W1, see page 39 for further details. Work will continue to identify properties where all electrification will be possible.
	Set out energy efficiency measures in the five-year asset management plans and maintenance programmes for all properties including new acquisitions	Percentage of buildings with energy efficiency measures included in the five-year plans	Reduce the overall energy demand of the investment portfolio	We have been working to develop the appropriate net zero measures within our asset management strategies. Work will continue to develop and embed them within our plans.
	Increase the granularity of energy and water consumption data (landlord and occupier) by ensuring the accuracy of existing meters and the installation of additional metering/ sub-metering	Percentage of buildings with landlord and occupier electricity / gas / water sub-metering linked to BMS	Use enhanced data to inform occupier engagement projects and building management plans to reduce energy demand across the investment portfolio	We have started further investigations to see where we can update building metering to make it more granular and where possible enhance building BMS controls.
	Review the energy demand of occupied buildings, set operational energy intensity targets and monitor ongoing performance	Monitoring electricity and gas consumption and intensity on a monthly basis: kWh tCO_2e kWh/m² (intensity) tCO_2e/m^2 (intensity)	Promote the efficient operation of the investment portfolio	Work is currently being undertaken to refine an appropriate set of energy-use intensity targets. We are looking to have targets in place by the end of 2021.
	Review the water demand of occupied buildings, set operational water intensity targets and monitor ongoing performance	Monitor water consumption and intensity on a monthly basis: m³/m²	Promote the efficient operation of the investment portfolio	These targets will be created in line with our other targeting work.

Aspect	Actions	Metrics	Outcomes	2020 progress
Operational energy and carbon	Review the waste production and recycling figures of managed buildings, set reduction and recycling targets and monitor ongoing performance	Monitor building waste and recycling figures on a monthly basis: tonnes produced percentage recycled.	Reduce the carbon emissions associated with the production and management of waste	As above
	Develop an approach to understanding the carbon impact of the unmanaged portfolio which includes a methodology for estimating energy consumption where actual data is not readily available	Operational carbon impact of unmanaged buildings kWh m^3 tCO_2e tCO_2e/m^2 (intensity)	Gain a better understanding of the carbon impact of our unmanaged portfolio to inform occupier engagement projects	As above
	Develop a programme for occupier engagement to improve building performance, including energy and water consumption and waste production	Percentage of buildings with occupier sustainability engagement plans Monitor the number of occupiers engaged with on a quarterly basis	Raise awareness of building performance and encourage behaviour change to reduce carbon emissions from operational activities	We have started to develop a range of tenant engagement materials which will be rolled out during 2021.
	Explore opportunities for reducing carbon emissions from business travel	Monitor business travel emissions and intensity on a quarterly basis: tCO_2e tCO_2e/FTE	Reduce carbon emissions associated with business travel	Work to start in 2021.
	Explore energy storage and heat recovery technologies that could be incorporated in new developments and the investment portfolio	Number of technologies reviewed, and buildings installed in	Support the transition to all electric buildings and balance grid demand	As part of our net zero requirements for developments each project is required to review the opportunities to include energy storage and heat recovery.
Renewable energy procurement and investment	Specify onsite renewables for new developments and assess their feasibility for major refurbishments	Generation of onsite renewable energy supplies across the portfolio as a percentage of building demand: kWh	Reduce grid energy demand of new developments and associated carbon emissions	As part of our net zero requirements for developments each project must review the opportunities to include onsite renewable energy generation.
	Procure 100% of gas and electricity from Green Gas Certified and REGO-backed sources for the managed portfolio	Percentage of electricity and gas supplies from renewable sources	Support additionality of renewable energy to the UK grid and reduce the carbon intensity of the portfolio	Currently all our electricity supplies are on REGO-backed tariffs and only 1% of our gas supplies are Green Gas Certified. During 2021 we will be investigating how we can increase our use of green gas.
	Explore opportunities for self-generated renewable energy on our Scottish estate and elsewhere in the UK	Number of direct investments in renewable energy generators Total energy (gas and electricity) produced by investments: MWh kWh	Support additionality of renewable energy to the UK grid, reduce the carbon intensity of the portfolio and increase reliance on self-generated energy	Investigations continued during 2020 on renewable energy opportunities and these will continue during 2021.

Aspect	Actions	Metrics	Outcomes	2020 progress
Embodied carbon	Develop a process for including carbon accounting in scheme appraisals, including an appropriate price per tonne of carbon	Embodied carbon for proposed schemes: tCO_2e £/tCO_2e	Inform decision making to support schemes with lower embodied carbon	We have developed an embodied carbon appraisal tool which allows us to map embodied carbon through both our acquisition and development appraisal processes. This allows us to develop a carbon cost for a given asset or project which can be used to generate an offset cost or shadow price of carbon.
	Set appropriate embodied carbon reduction targets for new developments and major refurbishments and include in the Derwent London Embodied Carbon Assessment Brief	Monitor embodied carbon intensity during design and construction: tCO_2e/m^2	Reduce the embodied carbon of new developments and refurbishments	Work to be started in 2021.
	Explore new low embodied carbon materials and building methods that could be utilised for future developments	Number of technologies investigated and installed in buildings	Reduce the embodied carbon of new developments and refurbishments	As part of our net zero requirements for developments each project is required to review the opportunities to reduce embodied carbon including the use of low carbon materials and build methodologies.
Carbon offsetting	Appoint an appropriate provider to support the implementation of a Derwent London carbon offsetting strategy for emissions that cannot be eliminated	Number of carbon offsets procured: tCO_2e Number and type of offsetting schemes invested in	Ensure carbon offsets procured achieve the carbon removal benefit expected along with creating additional value where possible	During 2020 we reviewed the offsetting market and appointed Natural Capital Partners – specialists in climate finance and carbon neutrality – as our provider. We offset the embodied carbon arising from our 80 Charlotte Street W1 development. See below for further details.
	Explore the opportunities for carbon offsetting projects on the Scottish estate	Hectares of the Scottish estate used for tree planting Number of verified carbon credits achieved on the Scottish estate	Increase the availability of self-generated carbon removal schemes to support our net zero ambition	Investigations continued during 2020 on renewable energy opportunities and these will continue during 2021.
	Explore opportunities to support offsetting research and development projects	Number of research institutes engaged with and projects supported	Support the development of the science and technologies associated with carbon offsetting	Work yet to start.
Climate resilience	Complete climate resilience assessments for new developments and the investment portfolio	Percentage of new developments and investment portfolio where assessments have been undertaken	Understand the potential risks and opportunities of climate change at an asset level to improve adaptation measures	Whilst we have undertaken a climate risk analysis of our portfolio, we will now start to look at individual buildings and the specific adaption measures required for climate resilience.

Reducing energy demand

The first, and perhaps most critical part of our net zero approach, is energy reduction which is something we have been working hard on for many years. However, as part of our programme we recognise that we need to go further to achieve our ambition, which means closing the energy performance gap of our developments and introducing effective, yet challenging, energy intensity targets to help us reduce our consumption.

Operational energy certification
During 2019, we supported the BBP in developing its innovative Design for Performance (DfP) initiative. We were one of the pioneer organisations to fund and trial the initiative, which aims to help close the energy performance gap currently experienced by most new developments. We have been trialling its use on our 19–35 Baker Street W1 scheme and over the past year the initiative has developed significantly. The scheme has now been successfully launched into the market as NABERS UK.

In line with our pathway commitments, we have now mandated that all our new developments and major refurbishments must meet a minimum NABERS rating of 4 stars, please see our new targets section on page 13. As a result, we continue to embed NABERS within our Baker Street development and have started to introduce it within our development pipeline.

Energy use intensity targets
Alongside our work in closing the performance gap, we are now developing a series of energy use intensity targets to cover our managed portfolio. These will be individual to each property to ensure each contributes effectively to our overall ambition, align with our science-based targets, and demonstrate leadership. We will publish further details about our progress in our next annual report.

Renewable energy

Electricity & gas
All our electricity supplies come from REGO-backed sources. Likewise, we are investigating how we can increase the amount of renewable gas utilised in our managed portfolio, as currently only 1% of our gas supplies come from certified renewable suppliers.

Looking ahead we recognise the need to invest in additional renewable energy generation and that REGO-backed tariffs do not always allow us to show this effectively. Therefore, we will look to work with our energy brokers and suppliers to see how we can derive our supplies from nominated sources, while recognising this is an emerging area.

To supplement our market sources, we are also investigating how we can generate our own renewable energy off-site on our Scottish Estate. We hope to provide an update on our efforts later in the year.

We will continue to include on-site renewable provision within our development schemes, for example by installing photovoltaics (PVs) or solar thermal.

Carbon offsetting

NATURAL CAPITAL PARTNERS

Whilst our pathway centres around energy and carbon reduction, we are realistic that there are currently emissions within our footprint that we cannot eliminate, for example, residual embodied carbon from our developments. As a result, offsetting forms a part of our approach, albeit as the last option after all reduction measures have been exhausted.

During 2020 we developed our offsetting strategy which focuses more towards nature-based carbon removal projects, in preference to avoidance or renewable energy projects. In developing our strategy, we also reviewed the offsetting market and current providers. Following this exercise, we appointed Natural Capital Partners (specialists in climate finance and carbon neutrality) as our preferred provider to support us in purchasing offsets from the voluntary market.

Our first purchased offsets relate to the residual embodied carbon from the 80 Charlotte Street development which completed in June 2020, with its baseline embodied carbon footprint reduced by over 30% at practical completion. The residual embodied carbon from this scheme totalled 19,790 tCO_2e, measured from cradle to completed construction, or A1–A5 under the BS EN 15978:2011 assessment framework, which represents an intensity of 506 kg/CO_2e per m^2. To offset the carbon for the scheme we purchased nature-based removal offsets from a community reforestation project based in east Africa.

Natural Capital Partners – Community Reforestation, East Africa
The project organises community-based tree planting initiatives with over 12,000 small groups involving 90,000 farmers in Kenya and Uganda. Under traditional practices, farmers clear trees to increase available agricultural land, which erodes quality by removing nutrients from the soil. Forestry projects such as this combine carbon sequestration with sustainable development, helping to improve community livelihoods through education, training and the creation of additional sources of income beyond smallholder farming. In addition, carbon finance is paid to farmers for surviving trees. Over 15 million trees have been planted and are alive, growing and being monitored because of the project.

In addition to delivering approximately 42,000 tonnes of emissions reductions annually to help take urgent action to combat climate change (SDG 13), the project also delivers numerous other sustainable benefits, including no-poverty, zero-hunger and gender equality.

The project was validated under both the VCS (Verified Carbon Standard) and CCB (Climate, Community and Biodiversity) standards. We will report on any further offsetting activities during 2021 in our next annual report.

For further information, visit https://www.naturalcapitalpartners.com/projects/project/community-reforestation-east-africa

Green finance

Our Green Finance Framework is an important tool in our move towards becoming a net zero carbon business, as it demonstrates the clear link between our development and refurbishment financing and our net zero objectives. It sets out how we enter green financing transactions (GFTs) to fund projects that will deliver environmental benefits alongside supporting our business strategy and purpose.

In line with the reporting requirements of the Framework, we set out below our annual disclosure of the qualifying expenditure against our current eligible projects, their impact to date, and the independent assurance statement from our non-financial auditors, Deloitte LLP.

Reporting period
Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2020.

Reporting scope
We report and measure the progress of our Eligible Green Projects (EGPs) across eight areas:

- **Project name** – Identification of the scheme/asset(s)
- **Description** – A description of the scheme/asset(s)
- **Expected completion date** – Estimated scheme/asset(s) completion date
- **Size** – Scheme/asset(s) floor area
- **Total cost** – Projected total project cost
- **Category for eligibility** – The criteria used to determine whether the scheme/asset(s) will qualify as an eligible green project as set out in section 3.1 – Use of Proceeds in the Green Finance Framework
- **Impact reporting indicators** – The reporting indicator(s) used to demonstrate the impact of the eligible green project
- **Impact performance reporting** – Performance against the impact reporting indicators

Framework criteria for eligibility
Within the Framework is an extensive list of eligibility criteria set out in section 3.1 of the Framework. The criteria are used to clearly establish the sustainability credentials of a project and ensure alignment with our overall strategic priorities and the UN Sustainable Development Goals. To be considered for election each project must meet at least one of the criteria.

The borrowings under the Framework must also align with the Loan Market Association (LMA) Green Loan Principles.

Eligible Green Project selection & approval
Prior to approval a project is fully appraised to identify the financial returns together with a full risk assessment to analyse the benefits and impacts on our stakeholders. In addition, new projects are assessed to see whether they are eligible for green finance and, in turn, which eligibility criteria within the Framework they align with. The capital expenditure budget is approved through three main committees, each with their own tiered approval authority level. These are:

1. Cost Committee
2. Executive Committee
3. The Board

As part of the approval process each project then undergoes a final review by the Head of Sustainability and the Group Treasurer, via the completion of the Green Finance Eligibility form, to determine correct alignment with the Framework criteria and whether the project can be elected as an EGP.

Impact performance reporting
To monitor the ongoing progress of each EGP, each project is required to have a Project Sustainability Plan in place, which is a requirement of our Sustainable Development Framework. Each plan contains a series of performance criteria which are thematically aligned to the eligibility criteria set out in section 3.1 of the Green Finance Framework. The performance of the plans is monitored by both the Development and Sustainability teams with formal reporting through to the Sustainability Committee via the Committee reporting dashboard.

Where the impact reporting has yet to be fully achieved, for instance where a scheme is still to receive its final assessment methodology certificate, we will always continue to track progress via regular monthly and quarterly reporting which is mandatory for our development projects. This ensures we can provide a meaningful update on our progress and that we are tracking funding correctly.

Each of the three EGPs funded from the green tranche of our revolving credit facility have been elected against the 'Green Building: criteria 1' of the Framework. To date the projects have achieved their targeted design stage BREEAM certification ratings and are all currently on course to achieve their final post construction certification at the required rating level. In addition, they are all on track to achieve their targeted LEED ratings which will be confirmed after project completion.

Current Eligible Green Projects

The Green Projects benefiting from the green funding element (£300m) of the £450 million RCF as at 31 December 2020 are: 80 Charlotte Street W1 (excluding Asta House and Charlotte Apartments), Soho Place W1 (excluding Site B – theatre) and The Featherstone Building EC1.

Soho Place W1

This 285,000 sq ft mixed-use scheme on the corner of Oxford Street and Charing Cross Road, directly above Tottenham Court Road station, is now on site. It will comprise 209,000 sq ft of offices, 36,000 sq ft of retail, a 40,000 sq ft theatre and new public realm.

The project will have 115m² of photovoltaics (solar panels) installed which will generate approximately 18 MWh of electricity per annum. 40% of the total roof area will be covered with brown roof which will be designed to attract a wide variety of biodiversity.

Due to unique nature of the theatre at Site B it does not meet the green project eligibility criteria and is therefore not financed with green funding.

Expected completion date:	**2022**	
Size:	**285,000 sq ft**	
Total cost:	**£405m**	
Categories for eligibility:	**Green building, criteria 1**	
Impact reporting indicators:	**Building certification achieved (system & rating)**	
Impact Performance reporting:	**Achieved:**	**BREEAM – Outstanding (design stage)**
Site A	**Expected:**	**BREEAM – Outstanding (post construction), on target**
		LEED target – Gold, on target
		EPC target – B, on target
Site B – Offices	**Achieved:**	**BREEAM – Excellent (design stage)**
(excluding theatre)	**Expected:**	**BREEAM – Excellent (post-construction), on target**
		EPC – B, on target

80 Charlotte Street W1

This mixed-use scheme completed in June 2020 comprises 322,000 sq ft of offices, 43,000 sq ft of residential (10,000 sq ft affordable housing), 12,000 sq ft of retail and a new public realm park.

The project is our first all electric scheme with all the central heating and cooling provided from air source heat pumps, significantly reducing carbon emissions.

The project includes Asta House and Charlotte Apartments which are not financed with green funding as they do not meet the green project eligibility criteria.

Completion date:	**Completed June 2020**	
Size:	**377,000 sq ft**	
Categories for eligibility:	**Green building, criteria 1**	
Impact reporting indicators:	**Building certification achieved (system & rating)**	
Impact Performance reporting:	**Achieved:**	**BREEAM – Excellent (design stage)**
	Expected:	**BREEAM – Excellent (post construction), on target**
		LEED – Gold, on target
		EPC – B, on target

The Featherstone Building EC1

Planning permission was obtained in February 2016 for a 125,000 sq ft office development – an 81% floor area uplift. Demolition of the existing two buildings finished in September 2019 and construction is under way, with completion in 2022.

The project will utilise concrete core cooling which is a highly efficient cooling solution integrated into the ceiling slabs which removes the need for traditional air conditioning. It will also be powered using combined heat and power (CHP).

Expected completion date:	**2022**	
Size:	**125,000 sq ft**	
Total cost:	**£143m**	
Categories for eligibility:	**Green building, criteria 1**	
Impact reporting indicators:	**Building certification achieved (system & rating)**	
Impact Performance reporting:	**Achieved:**	**BREEAM – Outstanding (design stage)**
	Expected:	**BREEAM – Outstanding (post construction), on track**
		LEED – Platinum, on target
		EPC – A, on target

Cumulative spend on each EGP as at the reporting date

EGP	Start of look back period	Look back spend[1] £m	Subsequent spend[2]		Cumulative spend £m
			Prior period £m	2020 spend £m	
80 Charlotte Street W1	H1 2014	185.6	16.9	16.9	219.4
Soho Place W1	H2 2015	66.3	13.4	61.5	141.2
The Featherstone Building EC1	H1 2014	29.1	5.2	24.8	59.1
		281.0	**35.5**	**103.2**	**419.7**

1 Look back spend is for the period 1 January 2014 to 30 September 2019, rather than 30 October 2019 (refinancing date). This is to align with the Group's quarter end reporting period.
2 Subsequent spend prior is for the period 1 October 2019 – 31 December 2019, Subsequent spend 2020 is for the period 1 January 2020 to 31 December 2020

Financial monitoring

Qualifying expenditure on each EGP is tracked and reviewed against the budget and reported internally on a quarterly basis.

External reporting and monitoring requirements to be met are set out in section 3.5 of the Framework.

Qualifying 'green' expenditure and green funding

The qualifying 'green' expenditure as at 31 December 2020 for each project is set out in the table below. This includes an element of 'look back' capital expenditure on live projects which had already been incurred as at the refinancing date (October 2019), including the 80 Charlotte Street scheme which commenced in 2015. Soho Place and The Featherstone Building both commenced on site in 2019. There have been no new EGPs elected in 2020.

The cumulative qualifying expenditure on EGPs was £419.7m, with £103.2m of this being incurred in 2020.

The drawn borrowings from Green Financing Transactions (GFTs) as at 31 December 2020 were £80m; therefore, there was £220m of available unallocated headroom within the £300m green tranche of the Group's £450m revolving credit facility as at 31 December 2020.

A requirement under the Framework and the facility agreement is for there to be an excess of qualifying spend on EGPs, which are still owned by the Group, over the amount of drawn borrowings from GFTs which, as shown above, has been met.

Soho Place W1
Soho Place will have 115m² of photovoltaics (solar panels) installed which will generate approximately 18 MWh of electricity per annum. 40% of the total roof area will be covered with brown roof which will be designed to attract a wide variety of biodiversity. The project will complete in 2022.

Green finance assurance statement


Katherine Lampen


Tasha Clarbour


Susie Douty


Simon Adcock


Shyanne Pasha


Cheryl Zhang

Independent assurance statement by Deloitte LLP to Derwent London plc on the application of the Green Finance Framework ('the Framework') in the financing of eligible green projects and in calculating qualifying green finance expenditure and selected environmental impact performance indicators disclosed within the Responsibility Report and the Annual Report and Accounts, respectively, ('the Reports'), for the year ended 31 December 2020 in accordance with the LMA's Extended GLPs (December 2018).

What we looked at: scope of our work
Derwent London plc engaged us to perform **reasonable assurance** procedures for the year ended 31 December 2020 on the following subject matters:

· The application of the Framework (February 2020) in accordance with the LMA's Extended GLPs (December 2018) in the financing of Derwent's eligible green projects (80 Charlotte St (excluding Asta House and Charlotte Apartments), Soho Place Site A and Site B (excluding Site B Soho Place theatre), and the Featherstone Building), in calculating qualifying green finance expenditure and reporting on selected environmental impact performance indicators within the Reports:

- Eligible green project listing (80 Charlotte St, Soho Place, and the Featherstone Building);
- Green funds allocated in aggregate to the eligible green projects (£80m as at 31 December 2020); and
- Remaining balance of unallocated funds within the green element of the RCF (£220m as at 31 December 2020).

Using the evaluation criteria – the Company's Green Finance Framework (February 2020).

Environmental performance indicators:
Building certification achieved (system & rating) on eligible green projects (80 Charlotte St, Soho Place, and the Featherstone Building):
- 80 Charlotte St achieved BREEAM Excellent at design stage;
- Soho Place Site A achieved BREEAM Outstanding at design stage;
- Soho Place Site B achieved BREEAM Excellent at design stage; and
- The Featherstone Building achieved BREEAM Outstanding at design stage.

Building certification expected (system & rating) per eligible green project:
- 80 Charlotte St expected BREEAM Excellent at post-construction stage, LEED Gold and EPC B;
- Soho Place Site A expected BREEAM Outstanding at post-construction stage, LEED Gold and EPC B;
- Soho Place Site B expected BREEAM Excellent at post-construction stage and EPC B; and
- The Featherstone Building expected BREEAM Outstanding at post-construction stage, LEED Platinum and EPC A.

Using the evaluation criteria – the Company's Green Finance Basis of Reporting.

What we found: our unqualified assurance opinion
Based on the scope of our work and the assurance procedures we have performed, we conclude that the selected qualifying green finance expenditure and environmental impact performance data for the Company's eligible green projects, are in all material respects, fairly stated in accordance with the applicable criteria, and that in all material respects the Framework (February 2020) has been applied in the financing of eligible green projects in accordance with the LMA's Extended GLPs (December 2018).

What standards we used: basis of our work and level of assurance
We carried out reasonable assurance on the selected key performance indicators specified above in accordance with the International Standard on Assurance Engagements 3000 (Revised) (ISAE 3000 (Revised)). To achieve assurance, ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion. The evaluation criterion used for our assurance are the Company's definitions as described by Derwent London plc in its:

- Green Finance Framework (February 2020) available at: https://www.derwentlondon.com/investors/governance/green-finance
- Green Finance Basis of Reporting for environmental performance impact indicators reported within the Green Finance section of the 2020 Responsibility Report and disclosed within the Financial Review section of the 2020 Annual Report and Accounts.

What we did: our key assurance procedures
Our work was planned to mirror Derwent London's own project approval, green financing, and compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by corporate head office and included in the Reports.
To form our conclusions, our procedures comprised:

- holding interviews with management including the Sustainability team, Treasury and Finance function and those with operational responsibility for project evaluation and selection, management of proceeds, and reporting;
- reviewing and evaluating the criteria for assessing green project eligibility and management of proceeds as set out in the Framework, in accordance with the LMA's Extended GLPs (December 2018) and in comparison, to the green finance and EGP green credentials disclosed within the Green Finance Basis of Reporting;
- virtually verifying the existence of Derwent London's eligible green projects financed under the Framework;
- reviewing and evaluating the measurement and reporting criteria for the qualifying green expenditure of Derwent London's allocation of drawn funds from the green finance proceeds under the Framework and comparing this to qualifying expenditure disclosures within the Green Finance Basis of Reporting;
- reviewing and evaluating the criteria for the measurement and reporting of each eligible green project impact performance indicator as set out in the Green Finance Basis of Reporting by inspecting: external green accreditations achieved; and third party contractor reports for anticipated project outcomes, against green accreditation requirements to support Derwent London's best estimate of the status of targeted credentials, where relevant;
- inspecting Board minutes to confirm that for each EGP its project development plan and eligibility as a green project had been considered and approved and inspecting the latest Executive Committee meeting minutes to evidence ongoing monitoring of EGP capex, actual and expected costs and available headroom on the green finance facility on a quarterly basis;
- inspecting a sample of eligible green project sustainability plans and quarterly contractor reports to confirm that the use of proceeds of eligible green projects were consistent with the categories in the 'Use of proceeds' section 3.1 of the Framework;
- inspecting the internal monitoring of the EGP criteria, the capital expenditure to date and the headroom on the Green Finance Facility;
- inspecting the status of EGP indicators within the Sustainability Dashboards reported to the Sustainability Committee and Responsibility Committee;
- inspecting records maintained in Derwent London's financial reporting systems and property management system to confirm the existence and ownership of eligible green projects, and to confirm that qualifying green expenditure was recorded in the green finance listing, including reviewing the green expenditure capex reconciliation to the audited group financials and management report;
- performing substantive testing on a sample basis on EGP qualifying green finance expenditure to validate it had been allocated in line with the Framework and had been appropriately measured, recorded and reported, including inspecting capex invoices, payment instructions, bank statements and records maintained in Derwent London's financial reporting systems;
- performing testing procedures on the drawdown of green finance proceeds to validate if: funding had been used for qualifying green finance expenditure on the EGPs in line with the Framework, if drawdowns had been

appropriately recorded, reported and had been made in line with the terms of the Agreement and if there was an excess of qualifying green expenditure on EGPs owned by Derwent London, over the amount of drawn borrowings from green finance proceeds as per the Framework. This procedure included inspecting drawdown and re-drawdown instructions, bank statements and records maintained in Derwent London's financial reporting systems;

— reviewing and evaluating the quarterly headroom calculation, reconciliation and sign-off process (prior to internal Executive Committee reporting) to verify that there was an excess of qualifying green expenditure on EGPs owned by Derwent London, over the amount of drawn borrowings from all green finance transactions, including any green revolving credit facilities; and
— reviewing the content of the Green Finance Basis of Reporting and the 2020 Report and Accounts against the findings of our work making recommendations for improvement where necessary.

Inherent limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Derwent London publishes the methodologies used to appraise green projects, manage qualifying green expenditure, and prepare the reported information ("the Framework (February 2020)" and "the Green Finance Basis of Reporting criteria", respectively). We have carried out our assurance against these criterion and it should be read together with this assurance statement.

Our work did not include undertaking controls testing of the third party controls or systems involved in Derwent London's green project impact data collection processes. Our assessment of management's expectation of building accreditations anticipated but not yet received has been limited to comparing design accreditations received to those expected on competition, and enquiry of management to confirm basis for their assessment of project as "on track" or "not on track".

Responsibilities of directors and independent assurance provider Derwent London plc's responsibilities

The Directors are responsible for the preparation of the Framework (February 2020), the Reports for the year ended 31 December 2020 and for the information and statements contained within. The Directors are responsible for determining the Company's sustainability objectives and for establishing and maintaining appropriate performance management and internal control procedures, systems and controls to enable the Company to report accurate and complete information from which the application of the Framework (February 2020) and the contents of the Reports are derived. The Directors are responsible for meeting the Company's contractual obligations with its lenders and for establishing and maintaining appropriate internal control procedures, systems and controls required to fulfil these obligations.

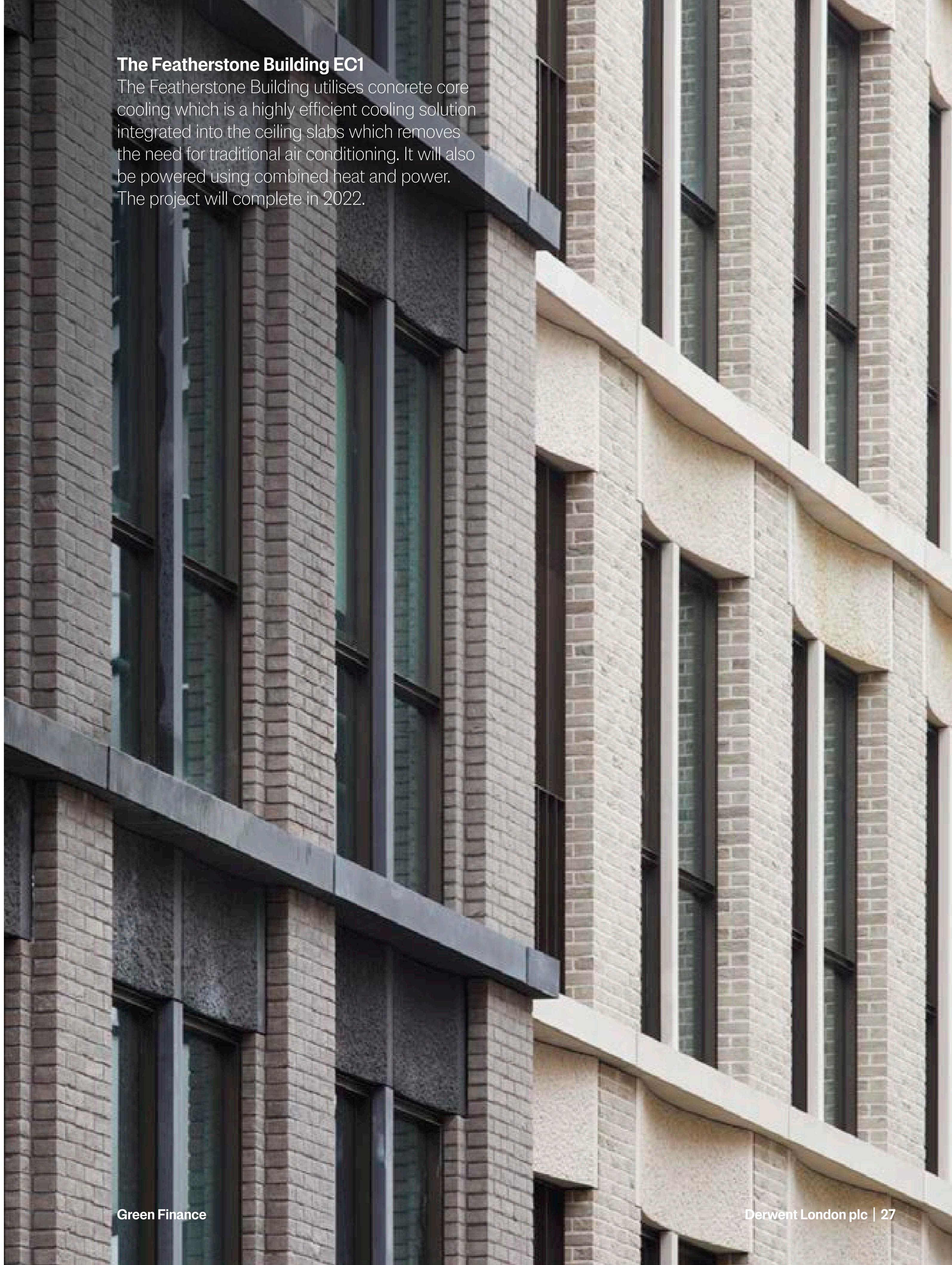
Deloitte's responsibilities

We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants in their role as independent auditors and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality and from any involvement in the preparation of the Reports. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have confirmed to the Company that we have maintained our independence and objectivity throughout the engagement and in particular that there were no events or prohibited services provided which could impair our independence and objectivity. Our team consisted of a combination of accountants, green finance, and assurance professionals with environmental impact reporting expertise.

Our responsibility is to independently express a conclusion on the application of the Company's Framework (February 2020), qualifying green finance expenditure and environmental impact performance indicators within the Reports as defined within the scope of work above to the Company in accordance with our letter of engagement. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Derwent London plc for our work, for this statement, or for the conclusions we have formed.

Deloitte LLP
London, United Kingdom
10 March 2021



The Featherstone Building EC1
The Featherstone Building utilises concrete core cooling which is a highly efficient cooling solution integrated into the ceiling slabs which removes the need for traditional air conditioning. It will also be powered using combined heat and power. The project will complete in 2022.

Environmental

80 Charlotte Street W1
80 Charlotte Street is our first net zero carbon, all electric scheme which completed in June 2020, with all the central heating and cooling provided from air source heat pumps, significantly reducing carbon emissions.

Brunel Building W2 – 'The Plug' artwork by Gavin Turk
Gavin Turk's 'The Plug', while a humorous reference to its location at Paddington Basin, also serves as a marker to the top of the two 180m-deep boreholes accessing the substrata aquifer which provide geothermal heating and cooling to the building.

Designing and delivering buildings responsibly

Highlights

Soho Place and The Featherstone Building on track to achieve their final BREEAM Outstanding and LEED Gold ratings

Delivered our first all electric and net zero carbon development – 80 Charlotte Street

Completed the development of our early stage embodied carbon tool

By designing and delivering our buildings responsibly we ensure that we set the highest standards, which in turn help our occupiers achieve their own sustainability ambitions and objectives. In addition, it forms one of our five strategic business objectives. Our business model looks to take older buildings and regenerate them to produce more efficient, flexible and desirable spaces. This approach provides us with an opportunity to raise the environmental performance of our portfolio and likewise London's commercial building stock.

One of our latest developments, The Featherstone Building, which will complete in 2022, will provide:

- Concrete core cooling that lowers the operational carbon of the property, gives excellent thermal mass and extends the operational life of the building
- On-site solar PVs which will provide at least 2% of the electricity for the building, supplemented with market purchased renewable energy; the residual embodied carbon associated with the scheme will be offset using certified nature-based removal projects to complete the net zero picture
- Enhanced ventilation and fresh air through openable windows which contribute to occupier comfort and productivity, in line with many of our other schemes
- Biodiverse green roofs on site which will encourage a net gain in biodiversity and we are supporting London Wildlife Trust to help restore reedbed habitat and increase the diversity of wildflowers at Woodberry Wetlands in Hackney

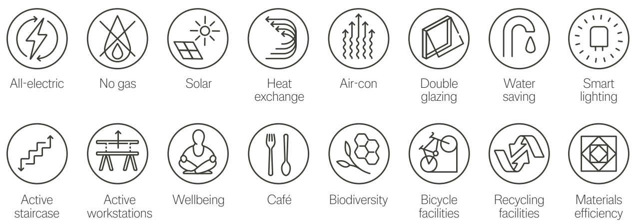
We recognise the importance of climate-resilient design and as part of our net zero carbon ambitions we want to ensure our buildings remain adaptable and desirable places for our occupiers both now and in the future. Therefore, we approach the design of our future buildings and spaces differently: by introducing lower carbon materials which rely less on, and which will ultimately eliminate, fossil fuel heating, we are making our buildings digitally smart. So what will net zero carbon buildings look like? See overleaf.

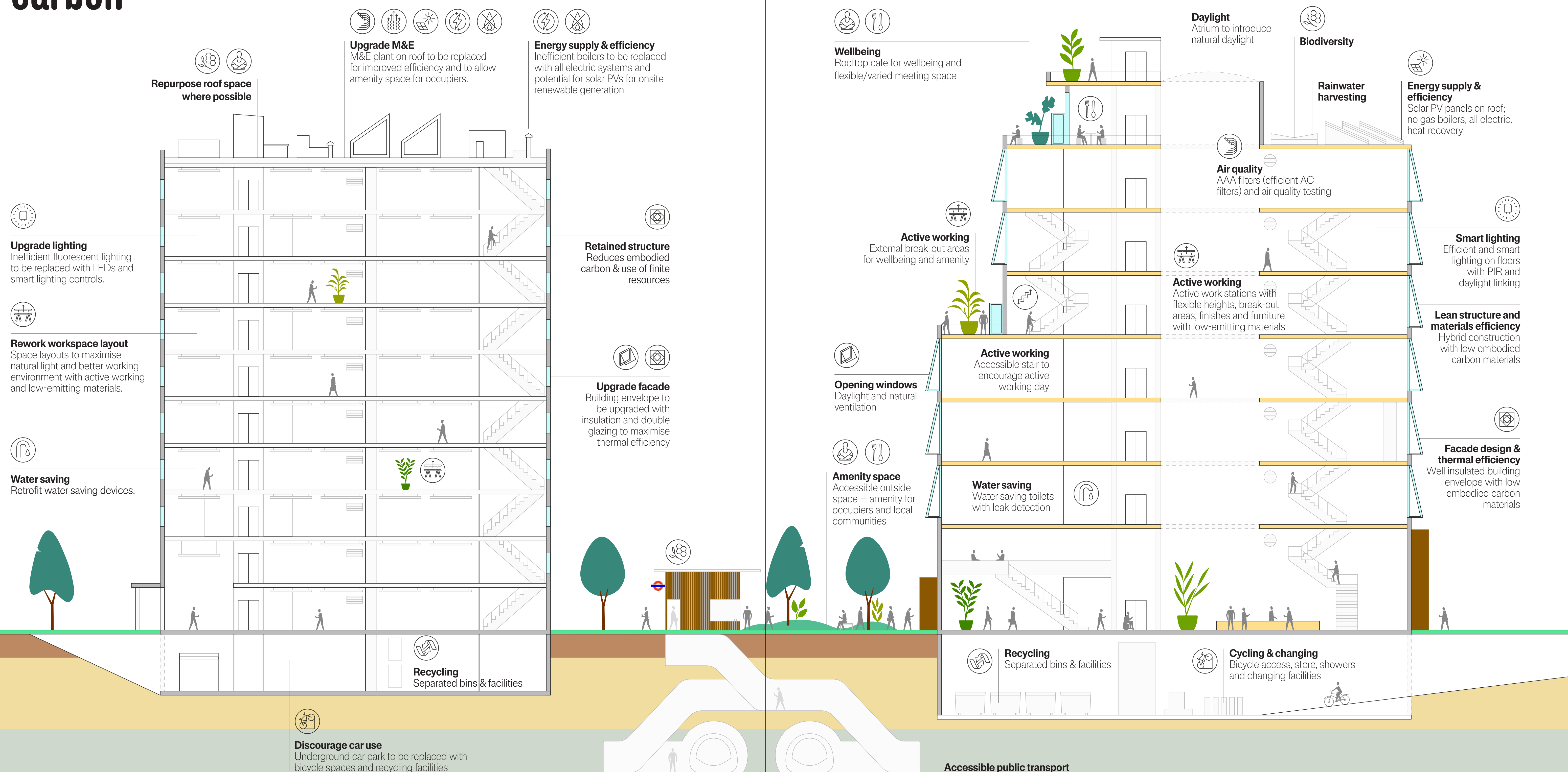
How to make buildings net zero carbon

Our existing assets undergo a regular programme of rolling refurbishment and upgrades to systems to maximise their environmental performance. All operational electricity is supplied by 100% REGO-certified tariffs. Where we are unable to reduce our emissions further we have partnered with Natural Capital Partners to offset remaining embodied carbon emissions.

Existing buildings – upgrades
Our existing assets undergo a regular programme of rolling refurbishment and upgrades to systems to maximise their environmental performance.

New developments – net zero carbon ready
Our new developments are modelled on the 'long-life loose-fit' principle with carbon reduction, flexibility, circular economy and active lifestyle at the core.





Embodied carbon

To ensure we reduce carbon emissions from our developments not only do we look to target operational carbon, but we also extensively assess the embodied carbon impact. We have done this since 2013 when we released our Embodied Carbon Assessment brief which sets out our measurement approach across our development pipeline. Since then, we have further refined our brief and have also developed a tool to help us understand the embodied carbon footprint of a potential acquisition and its footprint during the early stages of our appraisals. Previously, we have not been able to track a property's footprint from purchase to redevelopment. However, with this new insight we are confident we can further reduce the embodied carbon of our portfolio.

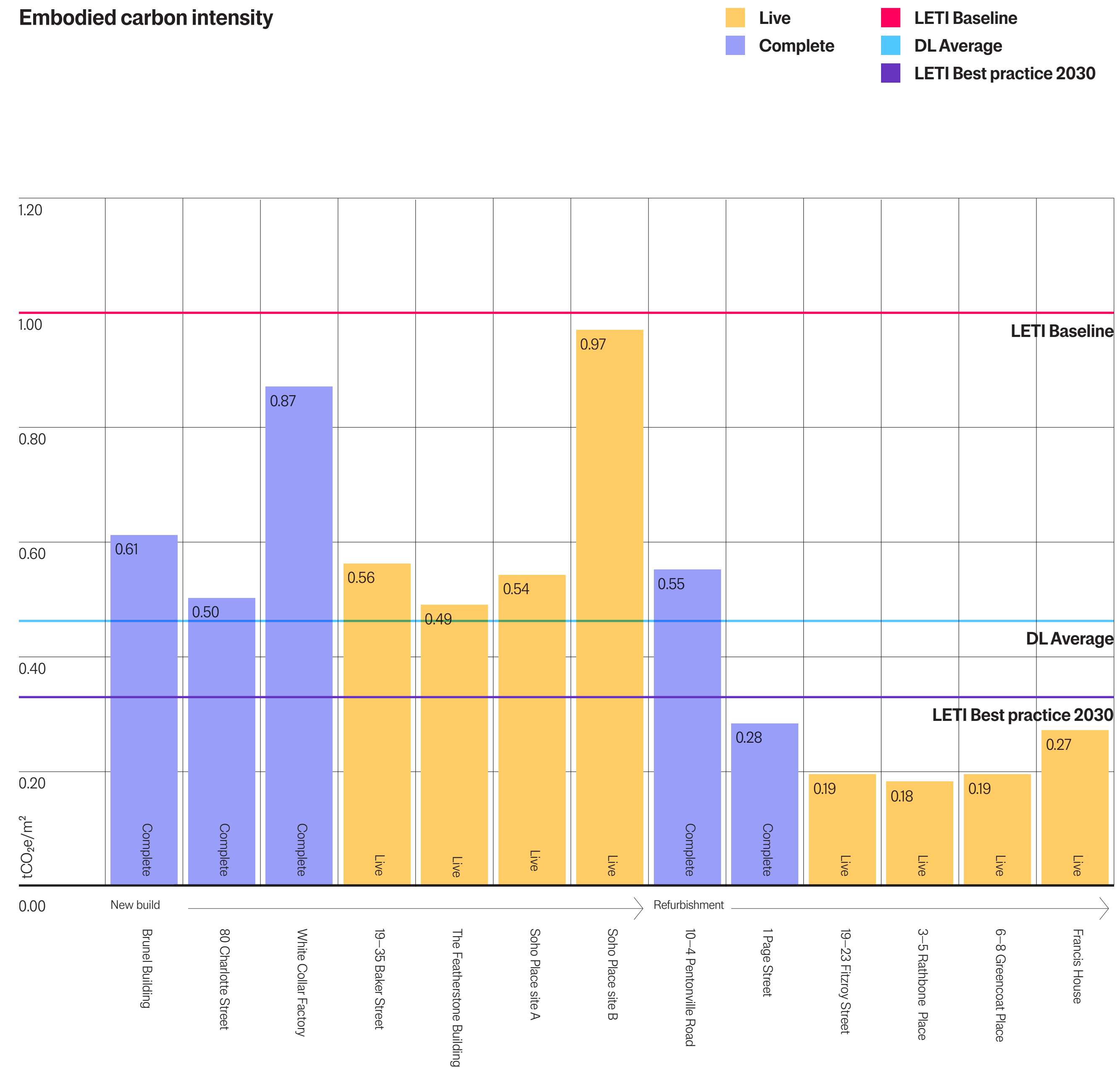
During 2021 we will commence working on a set of appropriately challenging reduction targets which will allow us to further drive down our carbon footprint.

We set out below and opposite the carbon footprints of our recently completed and onsite schemes against a range of industry benchmarks.

Project	Embodied carbon footprint (tCO_2e) (A1-A5)	Status	Completion	Confirmed/estimated
Brunel Building	19,287	New build	2019	Confirmed
80 Charlotte St	19,790	New build	2020	Confirmed
White Collar Factory	27,222	New build	2017	Confirmed
19–35 Baker Street	14,400	New build	2025	Estimated
The Featherstone Building	7,918	New build	2022	Estimated
Soho Place (Site A & B)	22,122	New build	2022	Estimated
10–4 Pentonville Road	2,751	Refurbishment	2012	Confirmed
1 Page Street	4,330	Refurbishment	2013	Confirmed
19–23 Fitzroy Street	95	Refurbishment	2021	Estimated
3–5 Rathbone Place	156	Refurbishment	2021	Estimated
6–8 Greencoat Place	763	Refurbishment	2021	Estimated
Francis House	1,275	Refurbishment	2022	Estimated

Confirmed = full assessment at practical completion.
Estimated = during design stages

Embodied carbon intensity



Performance against our targets

Performance measure	Commentary	Status
Designing and delivering buildings responsibly		
Minimum of an 'A' EPC rating for new build. Minimum of a 'B' EPC rating for all major refurbishments	Our latest development projects are on target to achieve required targets.	**Ongoing**
Achieve a minimum of BREEAM Excellent for all new build projects and major refurbishments	All new build projects are on track to achieve the minimum Excellent rating with two currently exceeding this and achieving an Outstanding rating at design stage.	**Ongoing**
Trial the use of Design for Performance (DfP) on our next major scheme	NABERS 4* rating has been agreed for Baker Street development and, based on Stage 4 design, is on track.	**Achieved**
Ensure the shell and core aspects of our schemes are WELL-enabled using the most up-to-date version.	All future projects are targeted to achieve this.	**Partially achieved**
Achieve a minimum of LEED Gold for all major new build projects	Compliant on all ongoing projects.	**Ongoing**
Achieve a minimum of Home Quality Mark 4 stars on all new residential development	This applies to one project which has a residential element within it, and it is on track to achieve a 4-star rating.	**Ongoing**
All new projects to create and maintain a Project Sustainability Plan (PSP)	PSP template has been updated to reflect all net zero carbon targets, NABERS UK and circular economy considerations. Currently in use across all projects.	**Achieved**
All new build and major refurbishment projects to undertake a design in-use energy assessment based on CIBSE TM54	All applicable projects have undertaken TM54-compliant studies, with the results fed back into the design process.	**Ongoing**
All new build and major refurbishment projects to have 100% of meters AMR capable and BMS linked and installed on: all main incoming feeds (electricity/water/gas); landlord lighting and small power; tenant lighting and small power; all major energy producing/consuming equipment e.g. heating and cooling plant; and renewable & low carbon energy generation sources e.g. PV, CHP plant etc	All applicable projects have these requirements incorporated into their design strategies and contractual documents. The target will be complete once installation and commissioning confirmation is gained.	**Ongoing**
All new build and major refurbishment projects at RIBA Stage 2 through to RIBA Stage 4 to undertake an embodied carbon assessment in line with the Derwent London embodied carbon brief for developments, and contractors to map and monitor the footprint during the delivery phases.	All applicable projects have completed their assessments to Stages 3 & 4 respectively, and those on site are starting to report on embodied carbon on a quarterly basis.	**Ongoing**
All new build and major refurbishment projects to be designed to achieve mains water usage of 0.40m³/m² or better	This has been designed into all projects except for one where further efficiency reviews are being undertaken to ensure the non-Derwent London controlled retail elements meet the same standards.	**Partially achieved**
Divert at minimum 95% of total construction and demolition waste tonnage from landfill	Compliant on all live projects.	**Achieved**
100% of timber procured to be from FSC or PEFC sources	Compliant on all ongoing projects.	**Achieved**
All new build and major refurbishment projects to achieve a net gain in biodiversity as measured through BREEAM	All applicable projects have achieved a net gain in biodiversity.	**Ongoing**
All new building and major refurbishment projects to undertake a full Post Occupation Evaluation 12 months after full occupation and where we still retain control of the building.	There is no BREEAM requirement for post-occupancy evaluation (POE). LEED requirement for review and interviews 10 months after occupation. The next building to undertake a POE will be our Brunel Building W2 and details for DfP to be discussed in 2021.	**Ongoing**

90 Tottenham Court Road W1
Work has recently completed at 90 Tottenham Court Road which is an older multi-let office building occupied by University College London. In parallel with UCL's own sustainability agenda, we have upgraded the gas-fired boilers, replacing them with electric heat pumps. Although the electric system has a higher operating cost than gas boilers, the CO_2 emission is more than halved, saving c.14 tonnes of CO_2 pa.

Managing our assets responsibly

Highlights

32% reduction in total managed portfolio carbon emissions

23% reduction in total managed portfolio energy consumption

18% reduction in gas consumption

Managing our buildings responsibly means we must monitor and track utility consumption, for a variety of reasons, not least to ensure we meet our science-based target requirements and our net zero carbon ambitions. However, during 2020 we were challenged by the continued impacts of the Covid-19 pandemic which meant we had to introduce different operating procedures for the 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. Whilst in some circumstances these approaches might have had a negative impact on our consumption figures, during the year we were able to collaborate with our occupiers to deploy localised strategies using our BMS systems to divert services to only active/occupied zones. As a result, we saw a significant reduction in energy consumption: 23% in the period.

As part of our net zero programme, we are looking at our managed portfolio and how we can improve their carbon footprint. During 2020 we began retrofitting two properties and started on a third in 2021. We give two examples here.

Francis House SW1
The refurbishment process for this property started in 2021 and will remove the old gas boilers and replace them with an all electric heating system. In addition, high efficiency heat recovery air conditioning with state-of-the-art energy monitoring systems will be installed to optimise energy efficiency and encourage occupier engagement and ownership. Further improvements include installing openable double-glazed windows and a large cycle store with showers served by a low energy air source heat pump. High efficiency LED lighting and controls will also be installed.

90 Tottenham Court Road W1
As part of the refurbishment the gas-fired boilers have been replaced with electric heat pumps, ensuring the transition to being all electric. The removal of combustion on site also has air quality benefits for the local area. Similar to Francis House, high efficiency LED lighting and controls have been installed to allow for even more efficient operation.

Mapping climate change risk

During 2020 we engaged Willis Towers Watson to support us with investigating the climate-related transitional and physical risks which might impact our business to ensure we are focusing our management efforts in the right areas so that we remain resilient. The analysis looked at the transitional risk based on a 2°C scenario to reflect our corporate ambition to be net zero by 2030. The physical risk was reviewed within both a 2°C and 4°C scenario, that is, the best case and worst case respectively to ensure we were stress-testing our business appropriately. The scenarios used were:

1. Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 2.6 – this assumes a high likelihood that global temperatures will not generally exceed 2°C over pre-industrial levels by the end of this century; and
2. IPCC RCP 8.5 – this assumes that the climate will increase in temperature by up to 4°C by 2100.

Through a series of risk workshops with members of the Sustainability and Executive Committees and extensive modelling, the results of the assessments showed the following:

Transition risk
The scenario used for the transition analysis aligns with projections to keep global warming below +2°C above pre-industrial temperatures, the Paris Agreement, and it also assumes mitigation strategies to reduce energy consumption to reach net zero carbon by 2030.

The transition risks identified across three principal transition areas were:

Policy & legal
- Pricing of GHG emissions
- Energy Performance Certificate rating requirements
- Emissions offsets
- Planning approval changes
- Climate change litigation
- Enhanced emissions reporting obligations

Market
- Change in customer demands
- Cost of debt
- Increased cost of raw materials

Reputation
- Investment risk

The financial impacts for each risk were estimated using a structured template to capture any impacts to the profit and loss (revenue and expenditures) and impacts to the balance sheet (assets and liabilities and capital/financing). High and low impact estimates were given to applicable cost components depending on the success of planned mitigating actions, and risks given a 1 to 5 impact rating according to a defined rating criterion.

Working through the assessment process, and applying mitigation measures already captured within the scope of our Net Zero Carbon Pathway and those within our existing business processes, demonstrated that few of these risks showed residual impact. Those which did show were:

- **Energy Performance Certificate rating requirements** – tougher minimum energy efficiency standards are likely to be introduced in 2030 which could demand additional investment requirements in our portfolio to ensure compliance.
- **Cost of raw materials** – climate change could affect the input costs to produce traditional development related materials or building services e.g. energy or water. Utilising more innovative low carbon materials could allow us to mitigate some of the potential impacts this risk might pose.
- **Emissions offsets** – the cost of high quality carbon offsetting is likely to continue to rise due to supply constraints. However, the energy/carbon reduction effort and investment into our portfolio should enable us to reduce our reliance on offsetting and subsequent exposure to adverse cost movements.

Physical risk
As mentioned earlier the physical risk assessment was undertaken through two plausible climate scenarios (IPCC RCP 2.6 and 8.5), within which the analysis focused on three time horizons:

1. Current climate (2020 to 2030)
2. Medium term climate change impact (2050)
3. Longer term impact (2080 to end of century) where models were available for key perils and where a clear climate change signal warranted modelling of the time horizon or scenario

The assessment also included a review of current climate exposures, climate change implications for those exposures, indicative loss modelling and analysis and forecasts of the likely electricity and gas usage for selected properties.

The physical risks were identified across two types:

Chronic
- Heat stress
- Subsidence
- Coastal flooding & sea level rise

Acute
- Flooding
- Storms
- Infrastructure

Physical climate risk scenarios

Risk Level	Current climate Now – 2030	<2°C 2030 – 2100	4°C 2030 – 2100
Severe			Heat stress
High	Storm	Storm	Storm Subsidence Infrastructure
Moderate		Heat stress Subsidence Infrastructure	Flooding Coastal flood and sea level rise
Low	Heat stress Flooding Coastal flood and sea level rise Subsidence Infrastructure	Flooding Coastal flood and sea level rise	

2°C scenario

Assessing these risks within a 2°C scenario showed that our physical climate risk was not significant. However, in this scenario one risk was assessed as still having some residual significance:

- **Storms** – many of our buildings could be exposed to windstorm damage especially during the winter season. This will mean we need to ensure we have the right protection features in place to protect our building facades.

Whilst storms showed the most risk, heat stress, subsidence and infrastructure also had a level of 'possible risk' within this scenario but were restricted due to the lower temperature increases forecast under this scenario.

4°C scenario

Looking at the same risks in a 4°C scenario the risk profile changed with one risk in particular presenting itself as high:

- **Heat stress** – hotter summers in a 4°C world, i.e. 10–20 days of London being in a heatwave, impact our business by increasing cooling demands which increases energy consumption in our buildings and leads to additional maintenance stress and costs.

Although heat stress stood out as the most significant risk, storms, flooding, subsidence and infrastructure become more significant but not to the same extent.

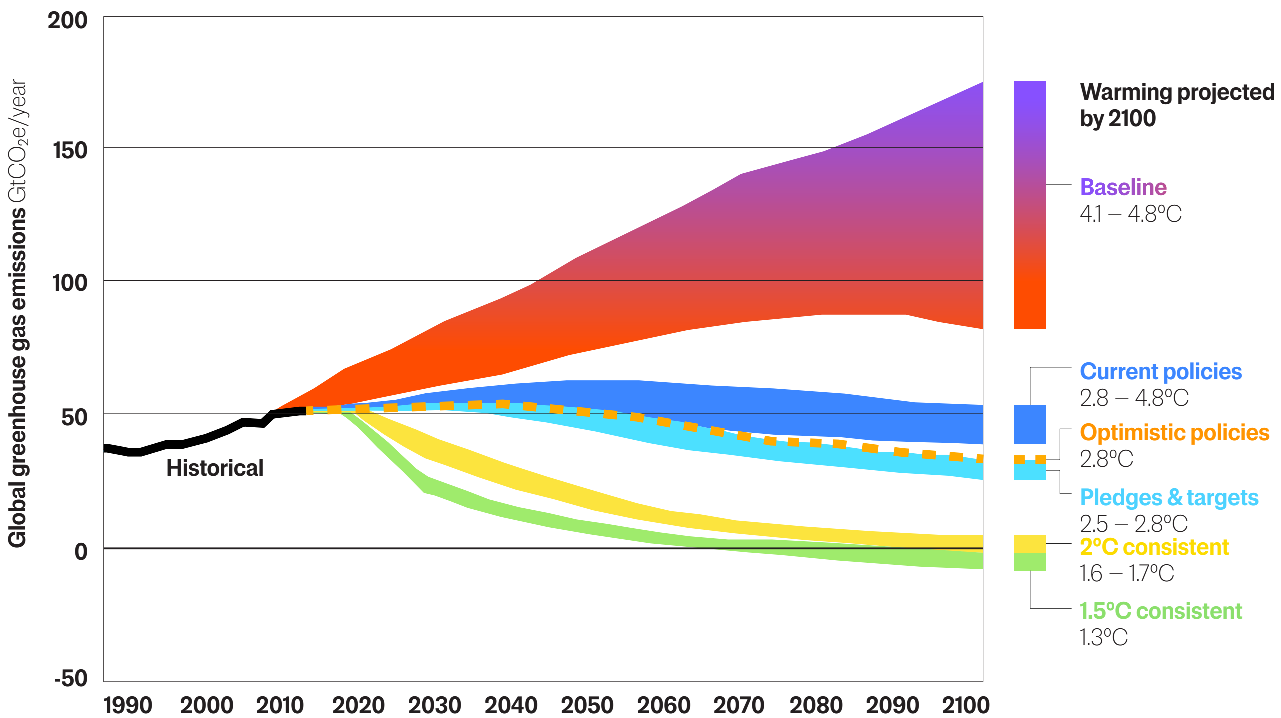
Whilst it is not hard to imagine that a warmer climate will have a greater impact on our business, we believe that our net zero carbon ambition will ensure we are framing and acting on these appropriately and working towards becoming resilient to their effects.

So what next?

We will include the findings from these assessments into our corporate risk management processes to ensure we are capturing them appropriately. In addition, we will look to embed the relevant recommendations into our asset management strategies for our managed portfolio to complement our net zero work.

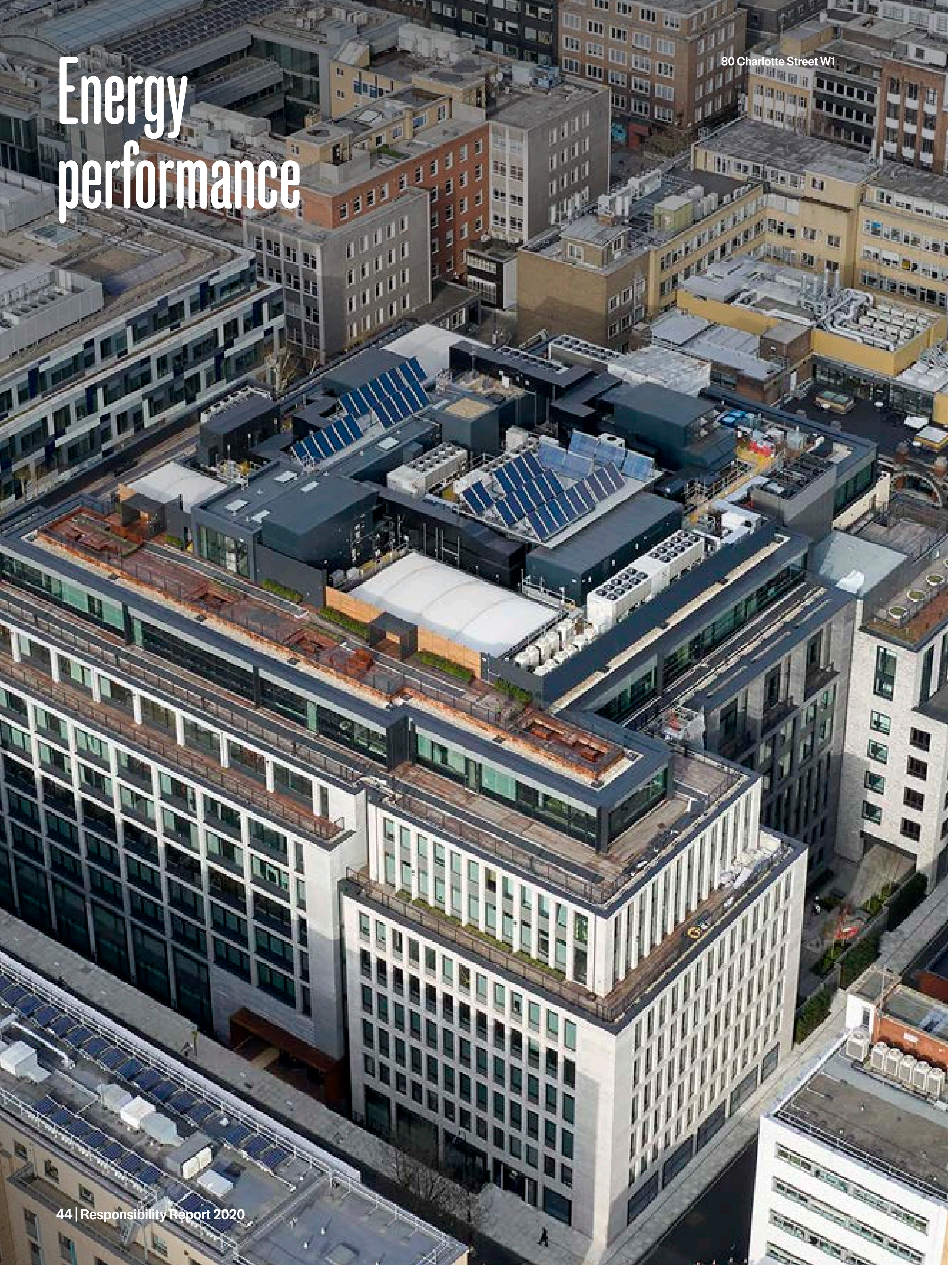
For wider insights into our holistic approach to climate-related risk please see our TCFD disclosure on pages 81–85.

2100 Warming projections – as projected by the Intergovernmental Panel on Climate Change (IPCC)
Emissions and expected warming based on pledges and current policies



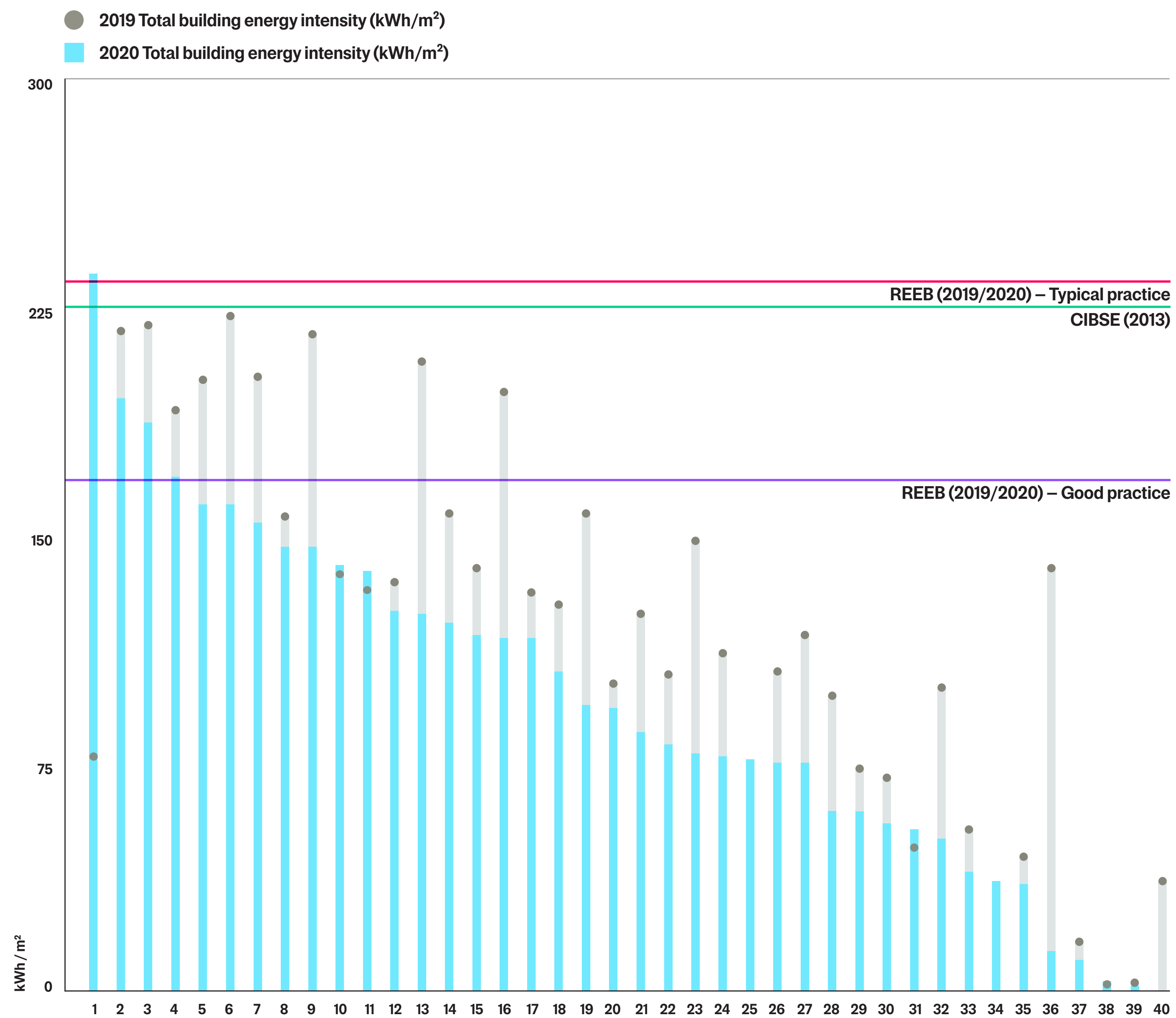
Francis House SW1
The refurbishment process will remove the old gas boilers replacing them with an all electric heating system. A high efficiency heat recovery air conditioning system with state-of-the-art energy monitoring systems will be installed to optimise energy efficiency and encourage occupier engagement and ownership. Further improvements include installing openable double-glazed windows, high efficiency LED lighting and controls and a large cycle store with showers served by a low energy air source heat pump.

Energy performance



Ensuring we operate our buildings as designed is vital if we are to meet our net zero ambitions. To help us on that journey we use a variety of tools and techniques to track and assess our energy intensity. For example, we ask for TM54 energy modelling to be undertaken during the design stage of our developments and have recently committed to mandating NABERS UK on our new developments and major refurbishments. Further to this we also look to benchmark the performance of our existing portfolio, to help us track and assess our progress. We have set out below a snapshot of the energy intensity performance (both landlord and tenant) of our managed portfolio during 2020 and 2019 to aid comparison, together with a series of industry benchmarks.

Total building energy performance (landlord and tenant) (kWh/m²)



Energy performance of selected buildings

To add further detail to our portfolio analysis we have selected four buildings to show the breakdown of their performance of energy use types. The lower performance in 2020 can be attributed to reduced occupation throughout the year.

Stephen Street W1

195 kWh/m^2

EPC C

- **50% Electricity**
- **50% Gas**

25 Savile Row W1

140 kWh/m^2

EPC B

- **83% Electricity**
- **17% Gas**

White Collar Factory EC1

116 kWh/m^2

EPC A

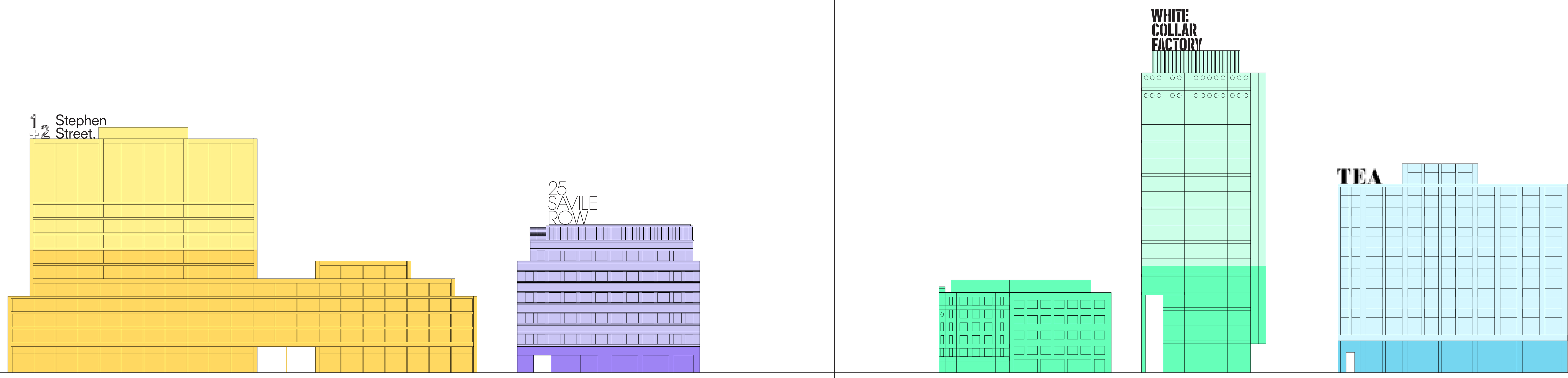
- **67% Electricity**
- **33% Gas**

Tea Building E1

81 kWh/m^2

EPC C

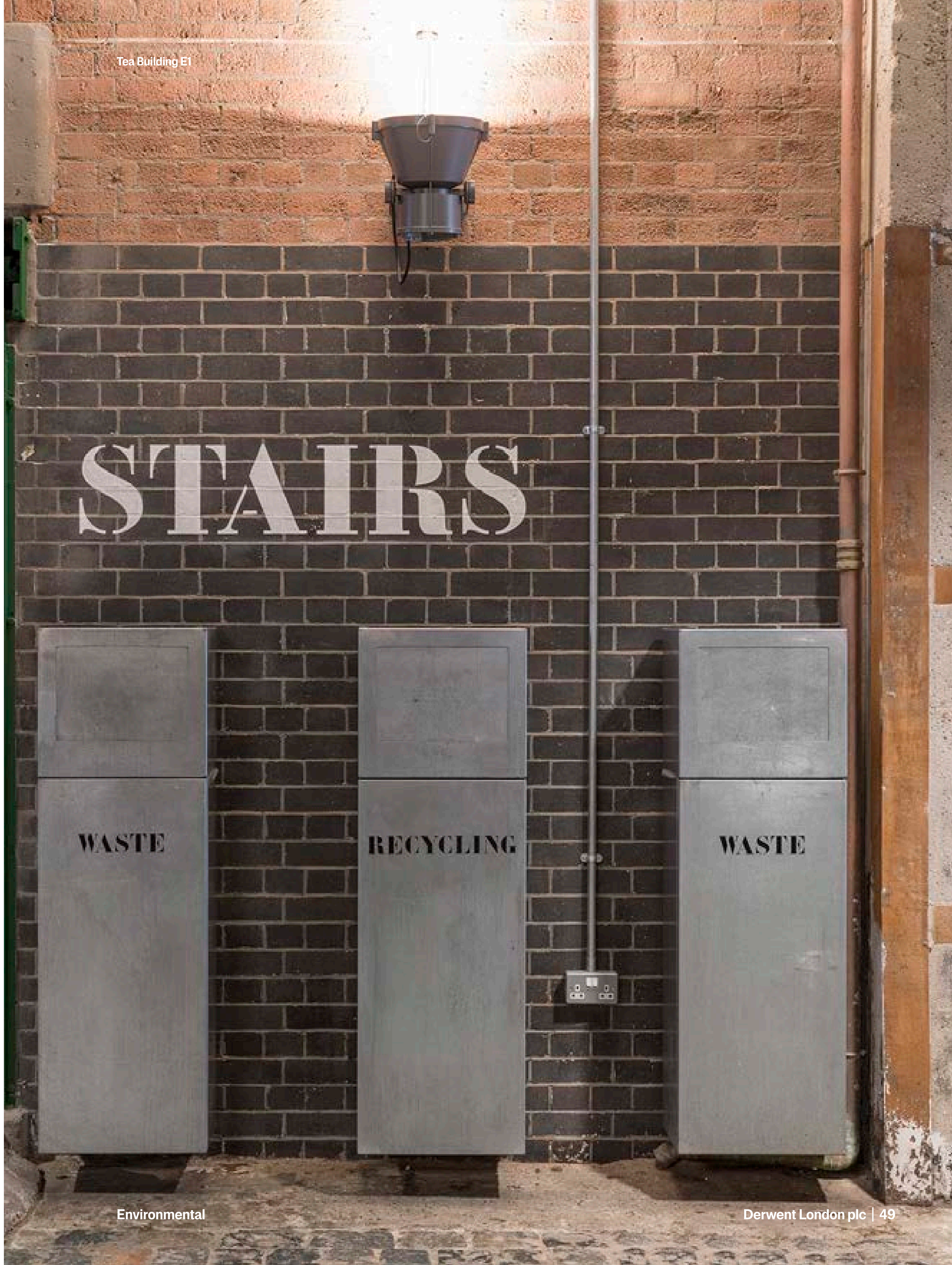
- **85% Electricity**
- **15% Gas**



Performance against our targets

Performance measure	Commentary	Status
Managing our assets responsibly		
Achieve a reduction in carbon intensity of 55% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline	On target – achieved 57% reduction against our 2013 baseline.	**Ongoing**
Achieve a reduction in energy intensity of 16% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline	On target – achieved 34% reduction against our 2013 baseline.	**Ongoing**
Continue to purchase 100% renewable, REGO-backed electricity for our managed properties	Currently all our electricity supplies are on REGO-backed tariffs.	**Achieved**
Set in place a green gas procurement strategy which will support our move towards becoming a net zero carbon business	Green gas procurement was explored with our energy brokers and it is our preferred option when utility contracts are re-tendered or renewed.	**Ongoing**
Ensure our managed portfolio achieves a minimum recycling rate of 75%	66% recycling across the whole portfolio, 66% on like-for-like portfolio (impact due to reduced occupancy)	**Not achieved**
Send zero waste to landfill from properties for which Derwent London has waste management control	All waste continues to be diverted from landfill.	**Achieved**
Continue to investigate and implement policies and programmes to phase out single-use plastics at our head office and managed properties	Options are being investigated.	**Partially achieved**
Set in place a water management strategy for our managed portfolio which will set out how we intend to reduce our consumption and how we will measure our performance	Water management to be set during 2021.	**Not achieved**
Maintain portfolio mains water consumption intensity in the like-for-like managed portfolio below 0.51 m^3/m^2	Our current consumption intensity is 0.32m^3/m^2.	**Achieved**
Produce one edition of the tenant sustainability newsletter	An edition of 'Sustainable' was produced in the autumn.	**Achieved**
Ensure our contracted operational supply chain operatives in our managed portfolio are receiving the London Living Wage	We have received confirmation from our operational suppliers that operatives are receiving the London Living Wage.	**Achieved**
Develop and monitor appropriate sustainability KPIs within our property management engineering and services contracts	A new series of sustainability KPIs are being developed for our latest set of contracts. We will report as they become operational.	**Partially achieved**

Tea Building E1



Great British September Clean with the Paddington Partnership

The Paddington Partnership galvanised themselves early in the pandemic to address the urgent needs of the community and 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. As part of the Great British September Clean, some employees took to the waterways by paddleboard to help keep Paddington Basin free from plastic pollution.

S

Social

Creating value in the community

Highlights

Over £97,000 awarded to 18 projects during 2020 through our Community Fund

£540,000 in charitable donations and sponsorships made during 2020

Established the first Derwent London architectural scholarship at The Bartlett, University College London

To successfully engage with local communities, we know that we need to adopt a range of approaches e.g. charitable giving, our Community Fund, volunteering events, pro bono work, work experience opportunities as well as using our buildings to facilitate and participate in community interaction and cohesion. This approach means we can establish and maintain effective connections, deliver real impact and remain proactive to the current issues that communities may be facing.

Our Community Fund continues with its goal of creating value in the community through supporting grass roots projects and all of the 18 projects we funded during 2020 have, at their core, the desire to offer positive benefits to their communities. In recognition of the financial hardship charities were facing we considered not just applications for projects, but also for core funding. This has now been extended into 2021 to help organisations cope with the ongoing impact of the pandemic. This was also reflected in our corporate giving which significantly increased during the year to £540,000. It included £50,000 solely for groups that were helping the most vulnerable, for example soup kitchens, homeless outreach centres and support groups for the elderly. Our support also extended to our Scottish portfolio with several donations made to organisations supporting their communities.

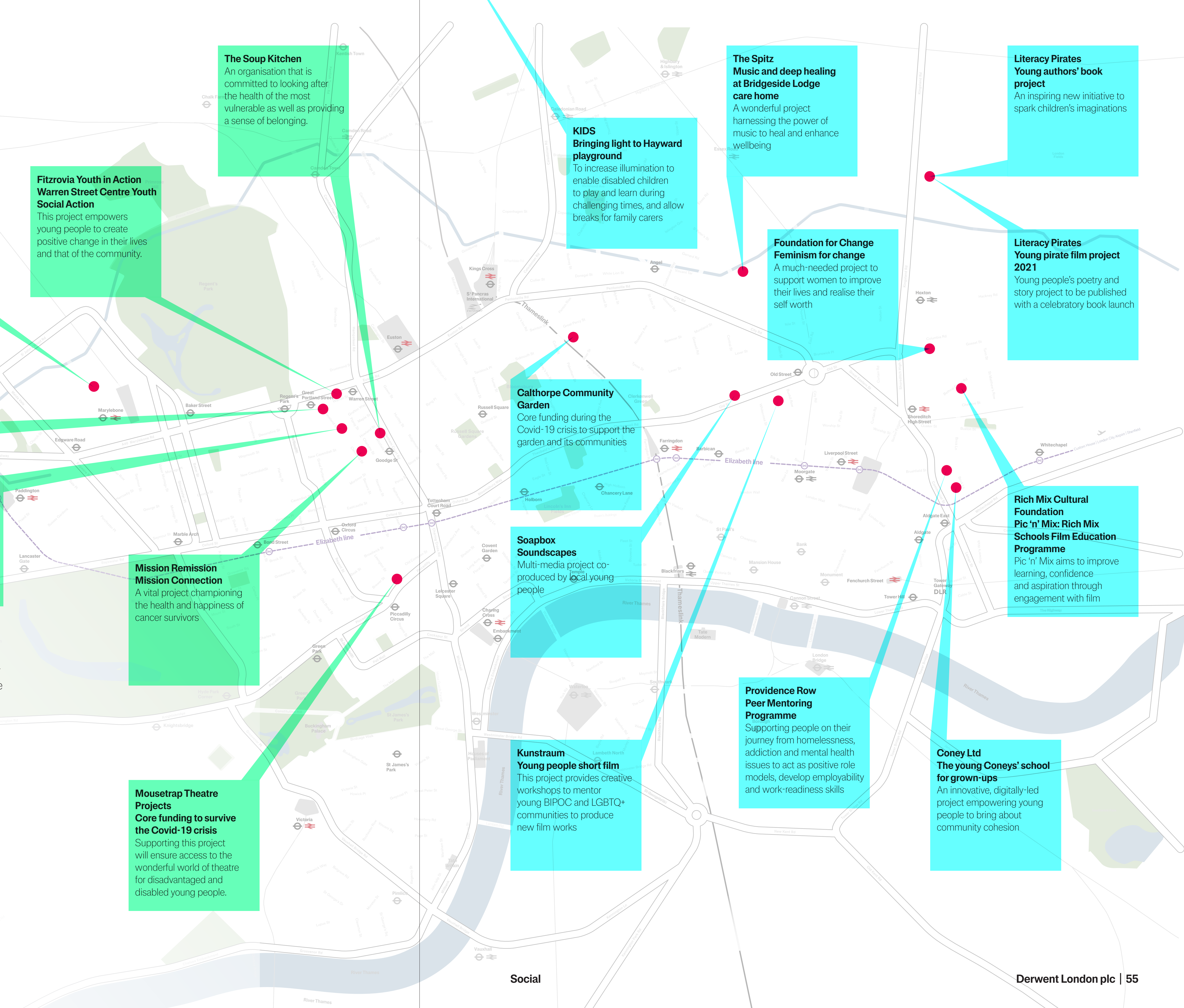
We may not have been able to volunteer in person as much in 2020, due to social distancing restrictions: however, we still offered our skills remotely to groups who wanted to continue running their services. We took part in virtual career insight sessions for young people, a befriending service for the elderly and provided digital skills advice to school staff at the onset of remote learning.

Our recent acquisition of Blue Star House in Brixton means we find ourselves at the start of a new community engagement journey and getting to know an even broader group of stakeholders. During 2020 we engaged with groups such as The Brixton Soup Kitchen, Black Thrive, Juvenis and Slade Adventure Playground. In 2021 we will build on these to become more familiar with the area and to enter into new relationships with local groups.

Literacy Pirates – Book project
"Literacy Pirates coaches children aged 9–12 who are falling behind at school. The Young Pirates write a poem and a story about a topic that is related to them and we coach them through volunteers and trained teachers. This is published as an anthology with a special book launch. It's a really special project for them, because it's the first time they'll ever be published authors."
Carmen Nasr, Literacy Pirates

Community Fund map

- Fitzrovia & West End Community Fund
- Tech Belt Community Fund



DERWENT LONDON
COMMUNITY FUND

Our dedicated voluntary Community Fund is a central part of our sustainability programme. Originally launched in 2013 its purpose is to support projects that matter most to local groups and that can demonstrate benefits to the local community in the areas in which they operate. The Fund welcomes projects that focus on increasing employment opportunities for disadvantaged local people, health and wellbeing, small public space improvements, arts, culture and educational projects.

Around £100,000 is available annually and divided between Fitzrovia & West End and the Tech Belt area. To date approximately £750,000 has been invested in over 110 projects across the two areas.

In response to the Covid-19 pandemic and the added pressures this has put on charities, it was decided that the Fund would also consider applications for core funding in order to extend our scope of support. This map shows the projects that were supported by the Fund during 2020.

White Collar Factory socio-economic study

7% increase in footfall for local businesses

£6,636,800 occupier spend per annum with local businesses

65% of local businesses believe the area has changed positively since Old Street Yard opened

With a full year of tenant occupation under its belt we undertook a socio-economic impact assessment of our White Collar Factory campus in line with our sustainability targets. These assessments are a key part of our community strategy and include stakeholder questionnaires, local business/economic impacts and community group feedback; all of which, when combined, allow us to assess whether our initial ambitions for a development's contribution to its surroundings have been achieved.

We believe that our developments must contribute positively to the area's local economy and the assessment showed the development brought a 7% increase in footfall for local businesses, and that occupier spend is also contributing to the area's prosperity.

It is important that our community strategy remains relevant and in the case of a socio-economic impact assessment it means we need to ensure we are asking the right questions. Therefore, not only did we consider the development's impact on local stakeholders, but we also explored occupier wellbeing as we fully recognise how important the subject of wellbeing is in all aspects of our lives at home and at work. We were pleased to discover that the development has a positive impact on people, particularly its green space which scored well in terms of its quality and inclusivity. In addition, positive comments were made about the development's modern and airy feeling, as well as its rooftop space, running track and cycle/shower storage facilities.

We also considered new and alternative ways of measuring how people interact with their environment. Neuroscience is demonstrating the links between place and health and wellbeing. This work could help us explore and understand further how people benefit from a place and to provide the best possible working environments.

Accessibility – the development has been designed to create an inclusive space for occupiers, visitors and for others who may want to use the publicly accessible spaces.

Noise – noise proofing and testing were an integral part of the planning process.

Physical commuting – cycling provisions on site help occupiers to choose an alternative to tube and train journeys.

Saliency – the development aims to create an environment in which occupiers can be productive, creative and focused on work.

Green space – the scheme has been designed with wellbeing at its heart and includes new green space and outdoor areas for people to enjoy and share.

These assessments are also another opportunity to discover ways in which our developments can improve on their engagement and performance within the local area and, to this end, the assessment is a valuable tool for guiding a building's strategy for the coming years.

"Derwent London engage the local community and understand the needs better than any other developer we work with. Hopefully they can effect positive change"
Local authority interview

Hive Cleaning

"It is wonderful to see how our clients have embraced our initiative of adopting a beehive with every new contract. Helping to raise awareness, protect millions of urban bees and grow their population is something we are very proud of."
Louis Beaumont, Managing Director, Hive Cleaning

We place great importance on ensuring that we align with our supply chain on issues such as governance, employment and labour practices, health and safety, environmental standards and of course community. As a result, we require all our suppliers to read, acknowledge and comply with our Supply Chain Sustainability Standard. It is essential to us that we and our suppliers share the same core values so that we can continue to have successful working relationships.

One such company is Hive Cleaning who have worked with Derwent London for over two years, and are equally committed to being a responsible business. Hive commits to using 100% non-toxic eco-friendly cleaning products, an all-electric fleet 100% powered by renewable energy, a zero waste to landfill policy and the adoption of a single-use plastic reduction strategy. One of their more unusual ideas is the adoption of beehives with every contract signed. This innovative idea stems not just from its name, but from a desire to start conversations about sustainability with their customers and the wider community. The charity Bee Urban, a social enterprise that aims to work with communities to improve the environment for the benefit of everyone, has been able to turn Hive's idea into reality. They became a perfect partner for Hive to work with.

Bees are well-loved and are recognised as a crucial part of our fragile ecosystem. As Einstein once said, "if the bee disappears from the surface of the earth, man would have no more than four years to live." We are really pleased to be supporting this scheme and look forward to being kept up to date with our 360,000 Derwent London bees and their delicious honey.


Urban Bee, Kennington Park SE11

Community projects

In addition to our Community Fund, we support numerous other charities and organisations working in our local areas. During the pandemic, our priority to support disadvantaged communities and individuals has never been more relevant. Our main themes focus around homelessness, mental health and access to education and opportunity. Events that bring our occupiers together are also important. They enable our building teams and the companies within a building to mix and foster a sense of community within our buildings.

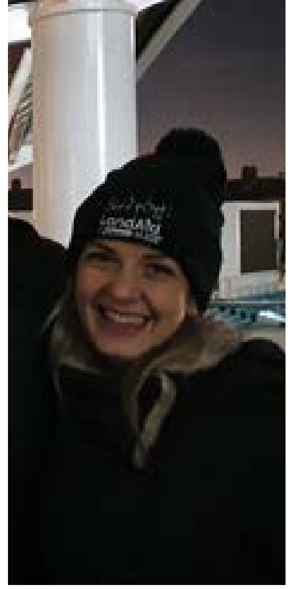
Fitzrovia Youth in Action – Warren Centre Youth Social Action
The Warren Centre is a space for young leaders, activists and volunteers to develop skills and plan their community projects. The programme focuses on empowering young people with lived experience to help others identify how they can avoid negative, unsafe influences and where to access the help and support they need, and to give them access to peers and decision makers to influence future initiatives.

Time to Talk days at The White Chapel Building E1
Such events offer a range of physical and wellbeing-focused activities for our occupiers at the White Chapel Building, ranging from a 'food disco', yoga, consultations on pain and injury to an introduction on mental health awareness.

Note – all photos were taken prior to the March 2020 lockdown before social distancing was required.

Chickenshed – Day One Big School
Day One Big School, supports the transition from year 6 primary to year 7 secondary, especially amongst young people at risk of exclusion and gang 'grooming'. During 2020 the project was provided via online sessions.

"I feel more connected to everyone – solidarity between us all and through our shared experiences and concerns. We are actually able to connect in ways we never have before".
Student



Royal Academy of Music scholarship
2020 sees the end of a 4 year partnership with the Royal Academy of Music to support renowned cellist Sheku Kanneh-Mason. Originally studying at the Junior Academy, the scholarship enabled Sheku to continue his studies after school at the Academy. Inspired by this successful relationship with RAM, we will enter into a new 4-year agreement in 2021 to support another student to ensure that such a prestigious opportunity is open to all, regardless of background.

LandAid – Sleep-out
Derwent London staff members took part in the sleep-out, braving the cold of February to help raise awareness of young people facing the same prospect, raising over £3,300.

UCL Bartlett School 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.

To the right is a still from 'Business as Usual!' a short film about climate change by Samuel Jackson, beneficiary of the scholarship.

Performance against our targets

Performance measure	Commentary	Status
Creating value in the community		
Successfully deliver the next year of the Derwent London Community Fund	Both spring and autumn rounds of the Community Fund were successfully delivered. The guidelines were expanded in order to consider core funding applications.	**Achieved**
Establish a system of wider support to community groups and projects utilising our Community Fund and corporate giving programme	The community group email continues to be a source for circulating news, advice and even offers of furniture and equipment for recipients.	**Achieved**
Carry out a socio-economic assessment on our Brunel Building	Deferred until 2021 due to access restrictions as a result of Covid-19	**Partially achieved**
Investigate providing an energy audit and energy/carbon advice and support to another local community group	Deferred until 2021 due to access restrictions as a result of Covid-19	**Partially achieved**

Engaging and developing our employees

Highlights

Management Today's 'Britain's Most Admired Companies' awards 2020 – 1st in the Property Sector and 10th overall in the awards.

Pulse survey in November 2020: 98% of respondents said they are proud to work for Derwent London.

96% of employees would recommend Derwent London as a great place to work.

25 Savile Row W1

A year like no other

Following the pandemic, we were very pleased that the transition to homeworking was extremely successful and smooth, especially as it coincided with one of the busiest periods for our business – our annual reporting cycle. To help with this, we set up an internal Covid-19 working group who continue to work closely with our occupational health provider and monitor the latest Government advice.

We have not furloughed any of our employees and our priority has been, and continues to be, to support our employees' health and wellbeing, as we appreciate that for some, a period of self-isolation or prolonged working from home can be challenging. We are committed to ensuring that our employees know that there continues to be a solid network in place to enable them to stay positive, connected and productive, whilst feeling valued and supported.

Communication

Our employees thrive in our open, collaborative culture so, for us, it was important that our communication channels continued during lockdowns. All employees have 'virtually' attended fortnightly updates via our online town hall meetings, run by our CEO and supported by our Directors. We have had interactive Q&A sessions, team and development updates, guest speakers and a special session to 'meet the non-executives'. These were put in place to ensure lines of communication remained open, knowledge sharing continued and to alleviate any concerns.

We have launched a monthly internal newsletter which has been driven by the employees who sit on our Responsible Business Committee and our intranet hosts a wealth of information and a dedicated 'lockdown hub'.

Wellbeing

During the year, our line managers received mental health training and have been working hard to support their teams remotely, encouraging regular breaks and interaction with colleagues. In addition, we have appointed mental health first aiders and are looking to expand this network during 2021.

Social events have continued 'virtually' with a cross-team interactive fortnightly quiz, in addition to mindfulness, Pilates, yoga and bootcamp classes. We have highlighted all the employee benefits we have in place in the event an individual (or a family member) needs some additional support or advice.

Following the initial lockdown, we offered all employees the opportunity to receive an onsite 1 to 1 health check. 80% of our employees signed up and received a same day health report with the aim of helping each person identify areas of their health which need improvement and make proactive positive lifestyle changes.

Training & development

We made the decision to continue with our Fit for the Future management and leadership programme on a 'virtual' basis, which has allowed for regular cross-team communication alongside group and 1-to-1 coaching, in addition to our core skills and technical workshops and new joiner inductions.

Our office

When Government guidance allowed, we reconfigured our head office layout to allow socially distanced working. In addition, we developed a booking system to ensure that our office provided a safe working environment well within the guided requirements. Personal protective equipment is provided and a suite of protocols are in place to alleviate any concerns or anxiety employees may have about returning to the office. These measures are regularly reviewed and updated.

Staff satisfaction & engagement

We recognise that our employees are essential to the successful delivery of our business strategy and to sustain our long-term performance. 51% of our employees have more than five years' service, and 36% have joined us over the past three years. We have continued to recruit during 2020 and induct new joiners remotely.

During June 2020, we conducted a short Covid-19 survey to gather feedback on our initiatives, to ensure that the senior management team had been sufficiently visible and accessible, our IT systems were working well and to check that the guidance in relation to our Covid-19 response was clear. We received a 93% response. Overall it was reassuringly positive but also provided an array of feedback on homeworking challenges and suggestions for improvements.

In November 2020, we rolled out a 'pulse check' survey to gather feedback regarding levels of engagement and satisfaction. We were delighted to receive a response rate of 100%. Compared to previous surveys, year-on-year, our overall engagement score remains very high, with 98% of respondents saying they are proud to work for Derwent London. Moreover, 96% said they would recommend Derwent London as a great place to work and 95% feel that they can make a valid contribution to the success of the Group. Overall employee satisfaction, which is one of the company's key performance indicators, remains exceptionally high at 96%.

Our fourth full company-wide employee survey is scheduled to take place during October 2021 focusing on leadership, teamwork, day-to-day experience, personal development, health and wellbeing, and diversity and inclusivity.

Diversity & inclusion

We welcome diversity and promote equality. It is very important to us that we create a workplace in which our people can bring their whole selves to work, feel valued and are able to make an impact. To enable us to achieve our overarching aim of becoming a truly inclusive company, we appointed a third employee to our Responsible Business Committee and established a new Diversity and Inclusion Working Group, chaired by our CEO. We have also signed up to working towards achieving the National Equality Standard.

We have a suite of activities and initiatives to advance diversity and inclusivity going forward, including continuing with our unconscious bias training programme alongside the charity Chickenshed, reviewing our family friendly policies, welcoming guest speakers and attracting women into our industry through work experience and mentoring opportunities. In addition, we continue to work towards achieving the recommendations of the Hampton-Alexander Review.

Employees on the Responsible Business Committee

Ally Clements

Davina Stewart

Jonathan Theobald

Being a responsible business is embedded in Derwent London – it is visible in our culture, approach to risk and in the design and management of our buildings. Central to the success of this approach is the linkage of ESG matters to our strategy.

Our Responsible Business Committee (RBC) is dedicated to overseeing our societal and environmental issues as well as monitoring our corporate responsibility, sustainability and stakeholder engagement activities. This Committee is chaired by Dame Cilla Snowball as the dedicated Non-Executive Director for gathering the views of our workforce. During 2019, two employees were nominated by the workforce to become members of the RBC (Ally Clements and Jonathan Theobald) and in 2020 an additional employee (Davina Stewart) was appointed.

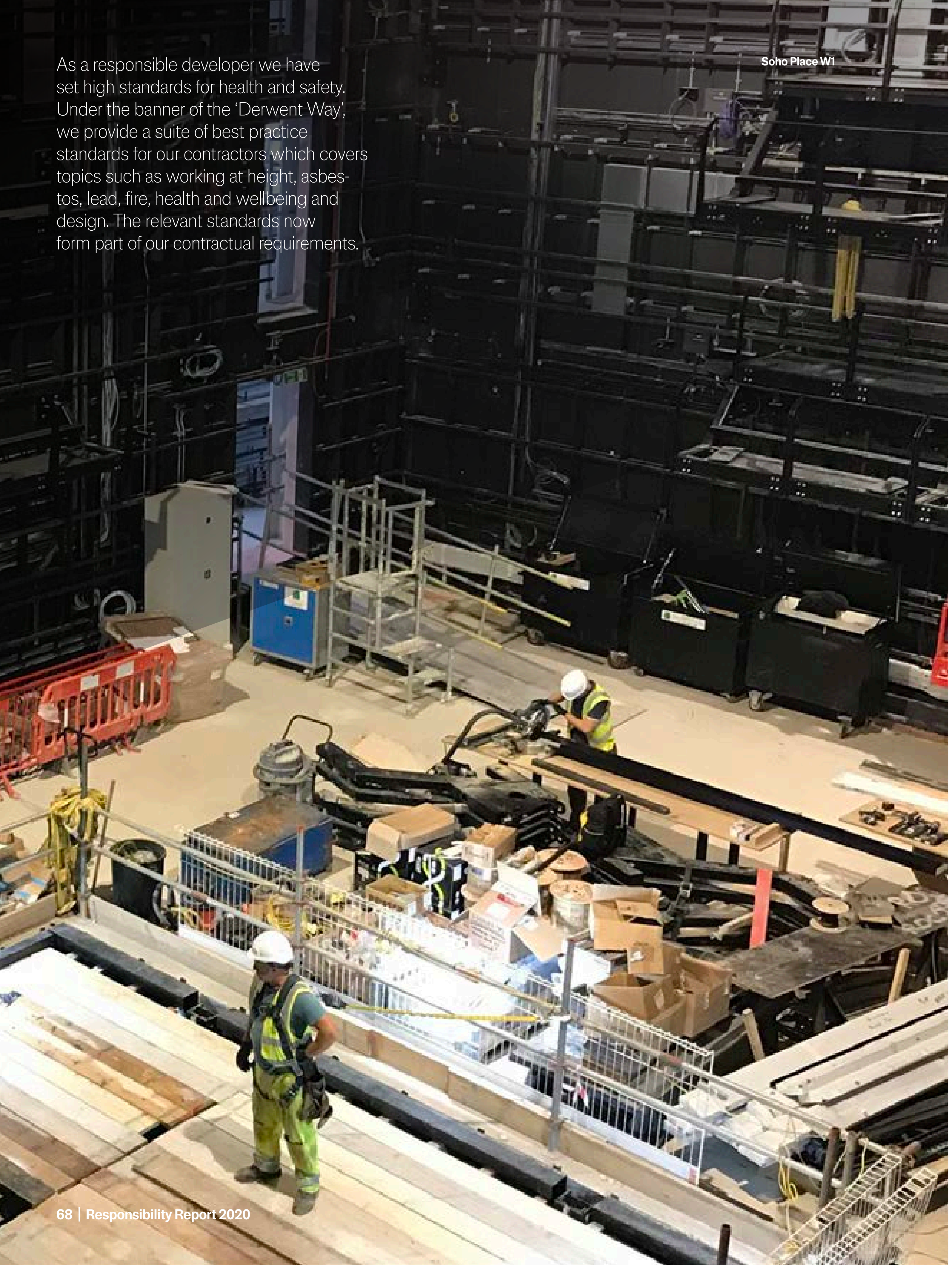
Together, with comprehensive knowledge of day-to-day operations, they ensure that there is a voice that represents all employees around the Boardroom table. Equally they are heavily involved in the design, analysis and follow-up on our employee satisfaction and engagement surveys.

"In a year where there has been relative isolation for many and new challenges for all, providing a listening ear and voice for employees has been focal to our role within the RBC."
Employee representatives on the RBC – Ally Clements, Davina Stewart and Jonathan Theobald

Performance against our targets

Performance measure	Commentary	Status
Engaging and developing our employees		
Deliver at least two technical/knowledge sharing workshops	Virtual workshops focusing on our Net Zero pathway and our latest developments have been delivered throughout the year.	**Achieved**
Establish regular 'virtual' town halls, emails and advice on the intranet to all employees to ensure communication is ongoing during the period of homeworking	Regular town halls, hosted by our CEO, have taken place through the year on a fortnightly basis. The intranet hosted regular informative features as well as virtual social events such as quizzes.	**Achieved**
Undertake a 'pulse check' in December 2020/January 2021 to measure employee satisfaction	An employee satisfaction survey was conducted in November 2020 with 100% response rate.	**Achieved**
Establish a working group to analyse and discuss the feedback from the previous employee survey results, with ideas and recommendations to be presented back to the Executive Committee before the year end if practicable	Working group was set up successfully. Discussions took place 'virtually' to explore some of the lower scoring areas in addition to looking at agile working and any further support needed. Recommendations and action points were presented to the Executive Committee.	**Achieved**
Roll-out of mental health training for all line managers and appoint and train mental health champions across the business	Mental health training was given to 16 line managers and a mental health first aider network set up within our internal health & safety team.	**Achieved**
To enable employees to proactively manage their health and wellbeing, develop and offer onsite health screening.	80% of employees undertook assessments by a professional health assessor.	**Achieved**
Continue to support and reassure through the transition to effective home working via the provision of effective IT equipment and remote wellbeing support	Laptops with VPN connections back to the corporate network were issued to all employees to enable full access to all IT resources from home. Additional screens, wireless mice and keyboards and printers were supplied on an ad-hoc basis upon request. Microsoft Teams and Zoom video conferencing was also made available to everyone to enhance remote collaboration and communication between colleagues and external contacts.	**Achieved**
Following the success of the 2019 unconscious bias training, aim to roll this out across the rest of the business during H2 2020	One session took place prior to lockdown with the remaining sessions having to be rescheduled to late 2021, due to Covid-19.	**Partially achieved**

As a responsible developer we have set high standards 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.



Soho Place W1

Setting the highest standards of health and safety

Highlights

Improved compliance reporting across all commercial and residential sites

Introduced and implemented the ‘Derwent Way’, accessibility audits and our Inclusive Design Guide

Introduced online health and safety training

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 to ensure they are safe and healthy environments.

The principles of ensuring safe and healthy buildings and working practices are achieved by specifying the appropriate materials and design approach during the development of our new schemes through to ensuring that maintenance and management activities can be carried out without undue risk. Ultimately our approach is centred around three pillars – people, assets and developments.

People – safety, health and wellbeing of our employees

Our employees are fundamental to the continued success of our business, which is why we invest in ensuring safe, healthy and secure environments for them to work in. Over the past year our ongoing training has continued 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 proved very popular and effective. 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 work days of training were completed during 2020. As a result, there has been an improvement in skills and general knowledge, positively impacting the day-to-day running of our building operations and developments. The training was conducted at all levels of the business from the Board downwards. For 2021 we will continue our programme by rolling out several further initiatives with a greater emphasis on wellbeing, together with mental health and resilience training, which we believe are integral not only to the health and safety agenda but to our business future.

Assets – safeguarding our occupiers, visitors and those who work and live in our managed portfolio

Ensuring our occupiers, visitors and those who live and work in and around our buildings are safe, secure and healthy is critical. After commissioning external risk reviews on all our buildings, we were able to focus our resources onto specific issues and look for improvements across our health and safety management system. Subsequently we tendered for a new compliance system to improve our monitoring and reporting. The new system will be introduced in 2021.

We have continued to develop our buildings’ fire risk assessments and life safety arrangements. Every property for which we are responsible had a health and safety inspection, and for the coming year we will be implementing a Fire Safety

Management System (FSMS) to meet the new requirements of BS 9997 – Fire Risk Management Systems and the two new Fire Safety Bills expected for publication late 2021 early 2022. In addition, we will continue to focus on the physical wellbeing factors of our buildings with reviews on lighting, air and water quality and where necessary instigate improvements. This ensures we are taking a much more holistic approach to risk as well as improving employer and occupier wellbeing.

Developments – designing and delivering our projects safely and without risk to health

We continue to strive to ensure our development projects maintain an excellent health and safety record and 2020 was no different. With over 1m sq ft of projects either in concept design, planning or construction, our pipeline is extremely busy and made even more challenging by the impacts of the Covid-19 pandemic. Our internal teams have been working across the supply chain in conjunction with our main contractors to ensure our sites continue to operate effectively but, above all, safely.

During the year, 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, including our Head of Health and Safety. The panel published a set of Covid-19 site operating procedures, which we have implemented across all our construction sites, providing safe and healthy environments for our contractors.

From a design point of view one of our key sustainability targets is that all the shell and core aspects of our schemes are addressing key health and wellbeing metrics, using the principles behind the latest version of the WELL Building Standard as the guideline.

Health and safety statistics

Set out below are our 2020 health and safety statistics together with our 2019 data for comparison.

In addition, we also present our AFR for our development projects, which has increased for 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 new data allows us to identify trends and highlights the areas 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

Data notes:
All minor accident, RIDDOR, fatality and improvement notice data are audited to the reasonable level by Deloitte LLP.
A copy of their audit assurance statement can be found on pages 90–91.

Soho Place W1

Governance


White Collar Factory EC1

Setting the highest standards of corporate governance

What governance means to us

At Derwent London, we do not view corporate governance as an exercise in compliance, but as an evolving and core discipline which generates value for our stakeholders and underpins our success. Full details of how we manage corporate governance are on pages 101–175 of our 2020 Report and Accounts.

The oversight of environmental, social and governance (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 (RBC) and Sustainability Committee.

ESG governance framework

The Board	
Overall responsibility for ESG matters	
Risk Committee	**Responsible Business Committee**
Identifies and evaluates key ESG risks (principal and emerging) ensuring they are appropriately managed	Monitors the Group's corporate responsibility, sustainability and stakeholder engagement activities
Audit Committee	**Remuneration Committee**
Monitors assurance and internal financial control arrangements	Ensures ESG factors are included in the executive remuneration framework
Executive Committee	
Responsible for overseeing the Group's ESG initiatives	
Sustainability Committee	**Health & Safety Committee**
Responsible for implementing the Board's ESG strategy	Responsible for monitoring health and safety management and performance
Sponsorship & Donations Committee	**Social Committee**
Responsible for the Group's charitable activities and donations	Aims to encourage team working and collaboration between departments through social activities

ESG governance

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 RBC.

Climate change

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.

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.

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'.

Climate change risks are identified and included within our risk register and monitored as part of our wider risk management procedures and are overseen by the Board and Responsible Business Committee. When assessing climate change, the Board considers both the direct and indirect risks they pose, please see page 86 of our 2020 Report and Accounts for further detail.

Human rights and modern slavery

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). Internally, the Board monitors our culture to ensure we maintain our values and high standards of transparency and integrity. Our Human Resources team ensures that we have the right systems and processes in place to strengthen and sustain our culture.

Externally, we are active in ensuring our ESG standards are clearly communicated to our supply chains, principally via our Supply Chain Sustainability Standard. In addition, we are clear on our zero-tolerance position regarding slavery and human trafficking as set out in our Modern Slavery Statement, which can be found on the UK Government's new modern slavery statement registry and at www.derwentlondon.com/investors/governance/modern-slavery-act.

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 found the greatest potential risk existed in the use of building contractors for our development schemes, and their 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 these suppliers are aware of the Modern Slavery Act 2015 and we require them to formally confirm they comply with the legislation.

During 2020, we continued to identify and implement ways to strengthen our policies and procedures in respect of the protection of human rights and prevention of modern slavery. These included the following:

- More detailed and targeted staff training
- Updates on progress from our designated modern slavery 'champion'
- Following the supplier audit performed in 2019 on the Supply Chain Sustainability Standard, the RBC reviewed in detail the answers provided by suppliers in respect of modern slavery
- Continued to monitor and cross-check our supply chain, from procurement to delivery

Supply chain

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 choose 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, which includes a minimum requirement that any form of corruption, bribery or anti-competitive behaviour or actions are not tolerated within our supply chain.

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.

Derwent London is a signatory to the Chartered Institute of Credit Management (CICM) Prompt Payment Code which confirms our commitment to best practice payment practices and the fair and equal treatment of suppliers. We are clear about our payment practices. Unless otherwise stated, we aim to pay our suppliers within 30 days or otherwise will do so in accordance with specified contract conditions. We expect our suppliers to adopt similar practices throughout their supply chains to ensure fair and prompt treatment of all creditors.

In 2018 we disclosed an average payment term of 28 days, which improved to 25 days in 2019. Despite the challenges of lockdowns and home working, we further reduced our average payment days to 20 days in 2020.

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 at www.derwentlondon.com/investors/governance/tax-principles

The Group's Senior Accounting Officer is our Chief Financial Officer, Damian Wisniewski, and we employ an experienced Head of Tax, David Westgate, who has dealt with our tax and REIT compliance since 2008. Together, they report to the Board, Audit and Risk Committee on the implementation of the Group's tax strategy and compliance. They also report on key changes in relevant tax legislation and practice. When appropriate, the tax consequences of all significant commercial transactions are reviewed by the Board as part of its 'due diligence' considerations.

To maintain our REIT status, we are required to comply with the REIT regulations. The Board receives frequent reports on our compliance with the regulations, and the Audit Committee meets with the Head of Tax at least annually. Regular oversight of tax governance is provided by the Audit Committee and, where appropriate, the Risk Committee. Day-to-day tax administration is delegated to suitably trained members of the finance team, with the input of qualified external tax advisers where necessary. An overview of our internal controls for taxation, including how we seek external assurance from third parties, is on page 134 of the 2020 Report and Accounts.

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 Group 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. We were delighted that HMRC reaffirmed our 'low-risk' tax status until 2022.

Tea Building E1

Science-based carbon targets performance

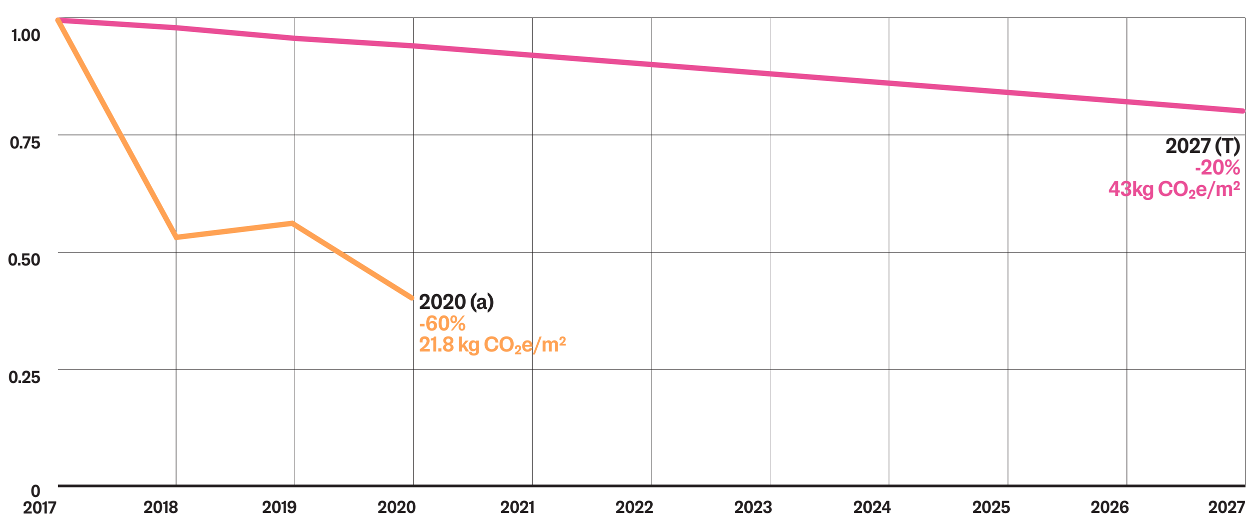
During 2017 we joined over 1,000 pioneering companies taking action to reduce global temperature rises to well below 2°C above pre-industrial levels by setting ambitious GHG emissions reduction targets, verified by the Science Based Targets initiative (SBTi).

We have pledged to reduce our scope 1 and 2 GHG emissions by 55% by 2027 and, six years ahead of the target, we have reduced those scopes by 57%. To align with our net zero strategy, we are looking to update our target to be consistent with the 1.5°C scenario, which will allow us to set new reduction milestones and look forward to presenting these in our future reporting.

Audit assurance

As part of our non-financial audit assurance programme our progress against these targets is reviewed and tested by our auditors Deloitte LLP. Their opinion of our performance can be found in their statement on pages 90–91.

Scope 3 intensity emissions

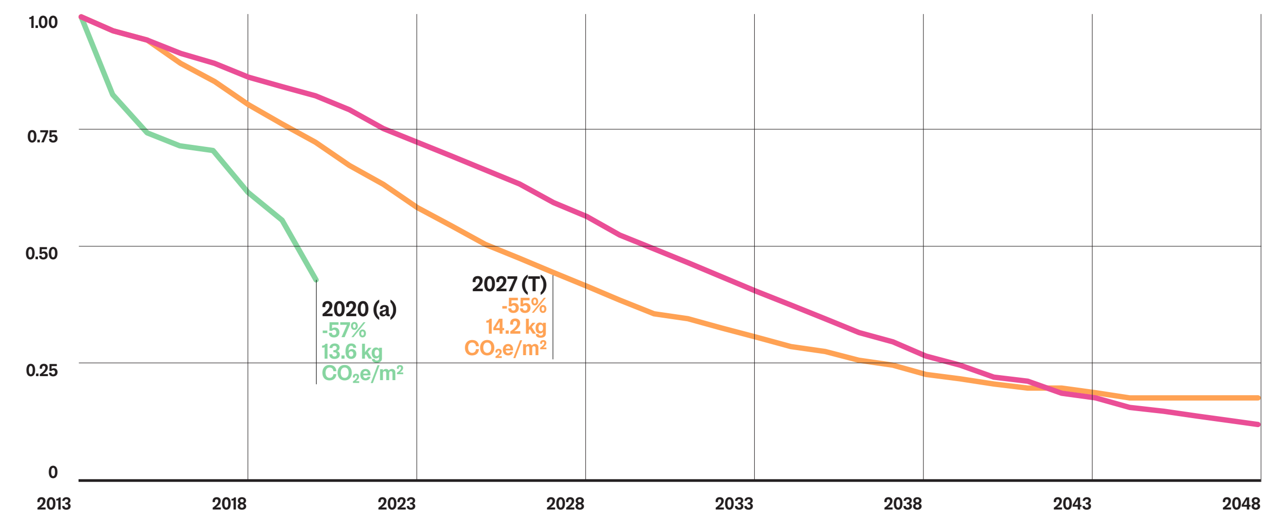


(a) savings achieved against 2017 baseline
(T) target to achieve against 2017 baseline

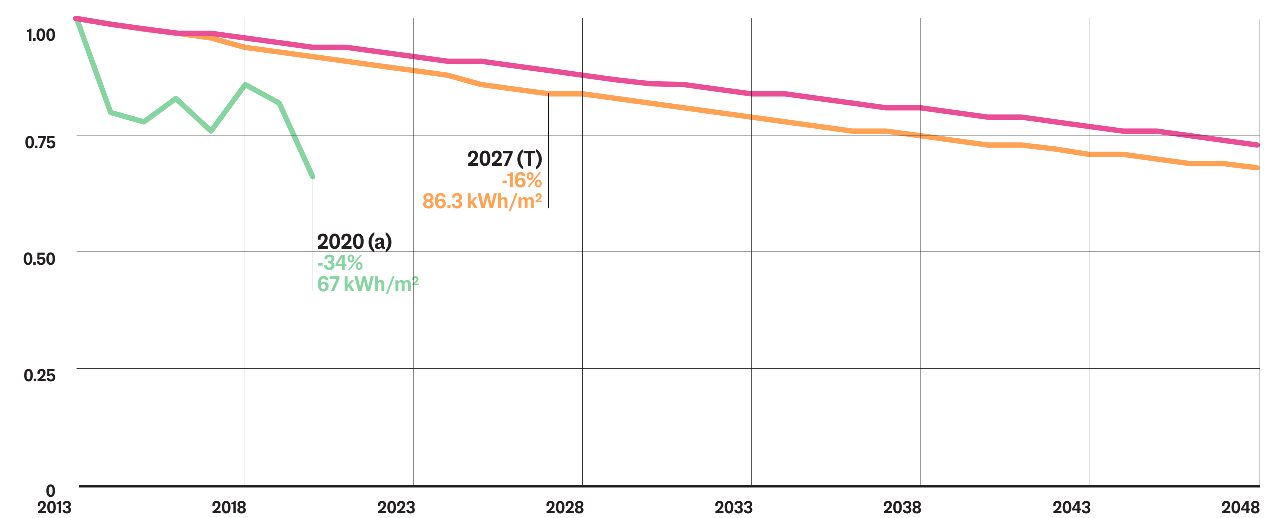
Scope 3 target
Scope 3 intensity change

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Carbon intensity reductions



Energy intensity reductions



(a) savings achieved against 2013 baseline
(T) target to achieve against 2013 baseline

IEA ETP Emissions
UK MARKAL
Derwent London Actual

Renewable energy

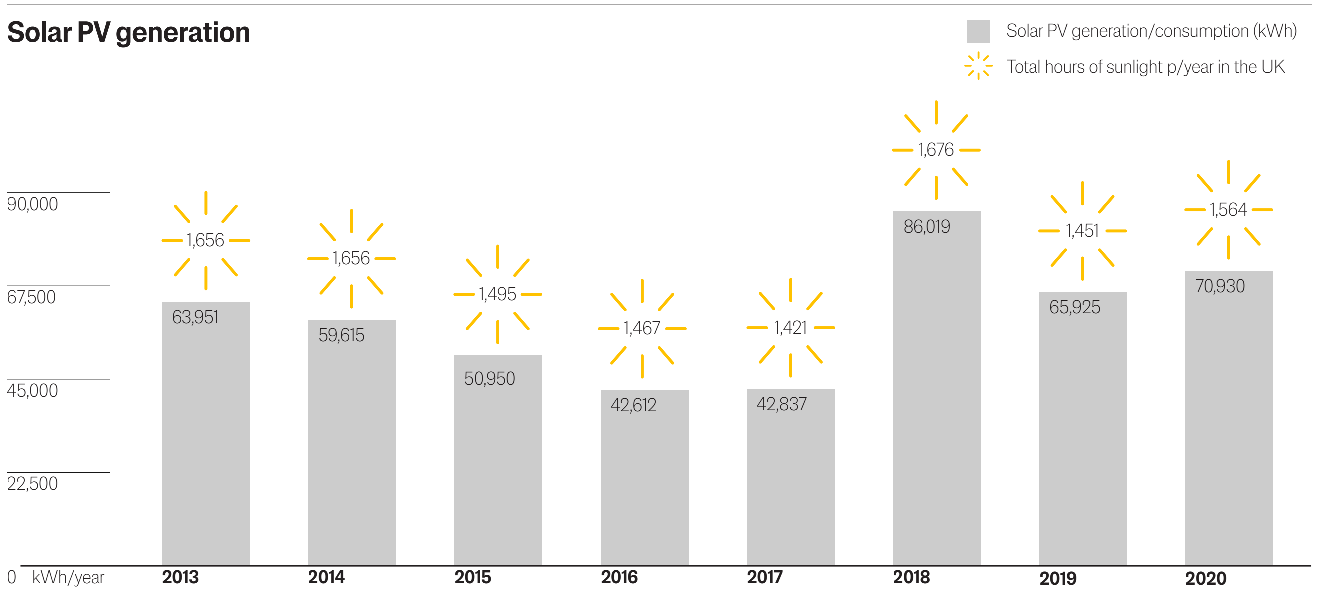
RE100

As members of RE100 we are committed to procuring renewable electricity. All the electricity we purchase for our properties comes from 100% Renewable Energy Guarantees of Origin (REGO) backed tariffs. However, we recognise the need to demonstrate investment into additional renewable energy generation and that REGO-backed tariffs do not always allow us to show this effectively. Therefore, we will look to work with our energy brokers and suppliers to see how we can derive our supplies from nominated sources, recognising this is an emerging area. In addition, we are also investigating how we can generate our own renewable energy on our Scottish Estate and are hopeful that we can provide an update on our efforts on this in future reports.

To complement our renewable electricity supplies we are investigating how we can increase the amount of renewable gas utilised in our managed portfolio: currently only 1% of our gas supplies come from certified renewable supplies.

For our onsite renewable energy generation, we generated 70,930 kWh of electricity from photovoltaic (PV) panels installed across our buildings. This represents 0.23% of our total electricity consumption.

Solar PV generation



TCFD disclosure

Set out below is our latest disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to this below please refer to our GRI Index on pages 97–107 for complementary disclosures on climate-related aspects.

Governance

Describe the board's oversight of climate-related risks and opportunities	The Board has overall responsibility for ESG matters, in which climate-related aspects are included. The Responsible Business Committee is a principal committee of the Board and its remit amongst other things is to oversee and guide our approach to climate-related risks and opportunities. This committee is comprised of two Non-Executive Directors – Dame Cilla Snowball (Chair) and Claudia Arney, the Chief Executive, Paul Williams and three employee representatives. The committee meets twice a year and receives reports from the Sustainability Committee and other committees as necessary. The outputs from this committee are fed through to the Board where they are used to inform decision making and planning. Day-to-day oversight of climate-related issues is undertaken by the Sustainability Committee, which is chaired by Paul Williams. This group meets quarterly and comprises key department members – John Davies (Head of Sustainability), David Lawler (Company Secretary), Richard Baldwin (Director of Development), Emily Prideaux (appointed as Executive Director in March 2021), Katy Levine (Head of HR), Victoria Steventon (Head of Property Management) and Vasiliki Arvaniti (Head of Asset Management). Department leaders then take the conclusions from the committee meetings and feed them into their respective teams and processes and then report back on progress. This in turn is communicated back to the Executive Committee and Responsible Business Committee. A performance and data dashboard (inclusive of climate-related targets/metrics) is produced for discussion during the Committee meetings.
Describe management's role in assessing and managing climate-related risks and opportunities.	Paul Williams, Chief Executive, is the Sustainability Committee Chairman and is the Board Director with overall accountability for sustainability. Carbon and energy management, which is directly linked to climate change, forms a distinct part of our sustainability agenda, and so is included within Paul's accountability. Therefore, Paul can update the Board and the Responsible Business Committee on our outlook and activities. Both the Responsible Business and Sustainability Committees review company performance, in terms of climate-related activities, which include our science-based carbon targets, energy efficiency and greenhouse gas emissions linked to climate change. A performance and data dashboard (inclusive of climate-related targets/metrics) is produced and discussed during these committee meetings.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We consider short, medium and long-term time horizons to be 0–5, 5–15 and 15+ years respectively, recognising that climate-related issues are often linked to the medium to long-term, and our properties have a service life of many decades. **Short-term**—we have seen a greater shift in terms of legislation, firstly with the introduction in the UK of the Minimum Energy Efficiency Standards (MEES) for commercial and domestic property and, more recently, the UK Government's legislation to make the UK net zero carbon by 2050. Likewise, occupier demand continues to drive the requirement for ever more efficient and sustainable buildings, which are cost-effective to occupy and promote high levels of health and wellbeing. **Medium-term**—issues are a direct consequence of what we see in the short term i.e. we must continually invest in and develop our new and existing properties to ever higher standards and levels of efficiency to ensure we continue to attract occupiers. **Long-term**—we will have to continue to invest in our existing portfolio and our development pipeline to ensure they are climate-resilient such that our central London buildings remain occupiable. The processes used to determine the risks which are material to our business are set out in the risk management section below.
Describe the impact of climate-related risks and opportunities on the organisation's business strategy, and financial planning.	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, how we manage existing ones, and the kinds of suppliers we use to support us in these activities. Therefore, we take a proactive approach to managing these issues. Our Responsibility Strategy drives our corporate approach and is supported by our Framework documents for our development and asset management activities. These documents can be found at www.derwentlondon.com/responsibility. They set out how we manage these risks within our developments and property management activities and the necessary performance standards so that climate-related risks do not adversely affect our work. For example, in our framework for developments there are requirements to attain high EPC and BREEAM/LEED ratings which, in turn, help to make our new buildings more efficient. Likewise, in the framework for assets, performance measures are set out which require the constant monitoring of energy, carbon, water and waste together with plans to reduce consumption. 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 target to be a net zero carbon business by 2030 (aligned to a 1.5°C climate scenario) – to find out more please see here https://www.derwentlondon.com/media/publications/responsibility-policies and refer to pages 12–15 for an update on progress. Our Pathway covers the breadth of our business activities to ensure we are reducing our carbon footprint and exposure to risk, examples include: **Developments** – our Sustainable Development Framework ensures we design 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 (all electric heating and cooling). **Financial planning (capital expenditure & allocation)** – we are looking to develop our approach to carbon accounting such that we are including the cost of carbon in our financial appraisals and forecasting, so we understand and capture the cost of carbon in our new schemes and business activities. **Managing assets** – our Responsible Framework for Assets ensures we have Building Sustainability Plans in place for each asset which set out how we will reduce energy consumption/carbon emissions effectively. **Acquisitions** – our business model is based on acquiring older buildings and improving them to add value. We now look to undertake carbon appraisals during the acquisition process to reflect the true carbon cost of a potential purchase and how we can transition it onto a Net Zero Carbon Pathway. **Access to capital** – our Green Finance Framework has been specifically developed to allow us to link debt facilities (such as one of our latest revolving credit facilities) to our net zero ambitions by setting out performance criteria and a governance framework which enable us to clearly show the link between our debt usage and our development and refurbishment activities. For further details please see https://www.derwentlondon.com/media/publications/responsibility-policies
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our properties are subject to climate-related risks such as increasing temperatures which could lead to greater physical stresses and, in turn, increase our cost base e.g. management and utility costs. Our business strategy involves both investing in new developments and acquiring older properties with future regeneration opportunities. We ensure a high degree of resilience in our new developments and the regeneration of older properties by setting high standards for environmental responsibility. When managing our core income portfolio, we have a significant focus on energy and carbon reduction, ensuring our buildings operate as efficiently as possible. As a result, our strategy centres around the concept of continual improvement which ensures a high degree of both climate and financial resilience. Ultimately, we do not envisage having to make changes to our strategic approach when considering climate-related scenarios. 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 we will need to transparently address the transitional and physical risks and opportunities which apply to our business. This is in addition to our existing science-based target, which is currently aligned to a 2°C scenario. Our pathway sets out a clear plan on how we will transition towards net zero by: — Increasing energy reduction and efficiency in our assets — Increasing renewable energy procurement e.g. green gas procurement and self-generated energy managing the future risk of higher energy costs — Carbon accounting to enable us to anticipate the future cost of carbon so we can improve our decision-making — Reducing the embodied carbon associated with our development schemes — For those carbon emissions we cannot eliminate we will offset using verified schemes which remove carbon from the atmosphere As set out in the metrics and targets section below, our science-based carbon targets are set against recognised 2°C transition scenarios, namely the IEA ETP 2DS and the nationally determined UK climate change commitments. This allows us to calculate the shape of the reduction trajectory needed to achieve our targets between now and 2050. As part of our accelerated ambition to be net zero carbon by 2030 we will be looking to rebase our targets to a 1.5°C climate warming scenario – we will provide further details of this in our future reporting.

Risk management

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	The responsibility for managing our corporate risk process rests with the Executive Committee, Board and our Risk Committee. Each year senior managers from the various business functions collate their key risks (which include sustainability/climate change-related risks) and feed them through to the Executive Committee. The risks are then assessed by the committee to understand their severity, likelihood and the optimal controls and/or mitigation required. This approach allows the effects of any mitigating procedures to be considered properly, recognising that risk cannot be eliminated in every circumstance. The register is then passed to the Board and Risk Committee for consideration and adoption. Climate-related risks and opportunities are highlighted and reviewed by the Responsible Business and Sustainability Committees. These risks include regulatory risk, reputational risk, and physical environmental risk. During 2020 we engaged Willis Towers Watson to support us with a deep dive analysis of climate-related risk set across different climate scenarios – namely both a 2°C scenario for transition risk and a 2°C and 4°C scenario for physical risk. Set out below is a summary of their findings: **2°C scenario – aligned with the IPCC's RCP 2.6** *Transition risk & opportunities* — Stricter carbon legislation – tougher minimum energy efficiency standards are likely to be introduced which could lead to additional investment requirements in our portfolio to ensure compliance.

- Change in occupier demands – by adopting our net zero carbon pathway we can demonstrate good competitive advantage and be able to capitalise on the demand for lower carbon assets.
- Pricing of GHG emissions – the cost of carbon is likely to continue to rise and, without investment into our portfolio, this could result in higher costs.
- Cost of raw materials – climate change could affect the input costs to produce traditional development materials, but utilising more innovative low carbon materials could allow us to mitigate some of the potential impacts this risk might pose.

Physical risks
- Storms – many of our buildings could be exposed to windstorm damage especially during the winter season. This was the most significant risk in this scenario and will mean we need to ensure we have the right protection features in place to protect our building facades.
- 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.

4°C scenario – aligned with the IPCC's RCP 8.5

Physical risks
- Heat stress – hotter summers (10-20 days of London 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 than in the 2°C scenario.

For more details refer to pages 40–42

Metrics and Targets

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 climate-related impact and subsequent performance our data report includes an extensive range of consumption and intensity metrics for energy, carbon, waste and water, and reflect those highlighted in the buildings and materials groups, namely:

- Total energy consumed, broken down by source (e.g. purchased electricity and renewable sources) – see page 127
- Total fuel consumed percentage from coal, natural gas, oil, and renewable sources – see see page 127
- Building energy intensity (by area) – see page 123
- Building water intensity (by area) – see page 130
- GHG emissions intensity from buildings (square area) and from new construction and redevelopment – see page 121
- For each property type, the percentage certified as sustainable – see page 133

All the above metrics are presented in our data report with at least the previous year's data to allow for comparison and historical trending.

As identified in our materiality review, which can be found on pages 10–11, resource efficiency (which includes energy efficiency, greenhouse gases, climate change and water) is a material issue for our business and, as such, forms a principal risk in our corporate risk register, which can be found in our 2020 Report and Accounts on pages 96–76. Further to this, performance against our science-based carbon targets form a part of our Executive Directors' remuneration – details of which can be found on page 161 of our 2020 Report and Accounts.

In addition to the above metrics, we also use our science-based carbon targets and a specific scenario analysis tool to support us in the strategic planning of our portfolio and undertake future projections of carbon intensity reduction set against recognised 2°C transition scenarios namely the IEA ETP 2DS and the nationally determined UK climate change commitments modelling trajectory.

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

We publish a detailed data report which sets out our environmental data performance. As part of this we publish extensive carbon reporting across all scopes: Scopes 1, 2 and 3 using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Likewise, we provide trend analysis across several years to show progress and historical performance.

Please refer to the data report section on pages 117–136 for our carbon reporting which also includes full details of the aggregation and calculation methodology. Moreover, we publish a summary of our corporate carbon footprint in our 2020 Report and Accounts on page 62.

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

Following our review of the Paris International Climate Change Agreement in 2016, we developed a set of science-based carbon targets to ensure we align our carbon reduction programme to its objectives, as well as minimising our risk exposure to climate change on our managed portfolio.

In 2019 we worked with the Science-Based Target initiative (SBTi) to verify our targets with their methodology and we are pleased to confirm that the validation is now complete, with the addition of a new Scope 3 emissions target. As a result, our targets are:

"We commit to reduce scope 1 and 2 GHG emissions 55% per square metre by 2027 from a 2013 base year. Derwent London also commits to reduce scope 3 GHG emissions 20% per square metre by 2027 from a 2017 base year."

As part of our new net zero ambition, we will be reviewing these targets again to align them with a 1.5°C climate warming scenario and we will provide further updates in future reporting.

To see the latest progress against these targets please see the science-based carbon target performance section on pages 78–79 for more details.

London Business Climate Leaders

Derwent London is part of the London Business Climate Leaders group, organised by the Greater London Authority (GLA). It was created to help accelerate agreed targets and goals, by combining resources, influence and innovation to deliver climate change strategies to support the Mayor's ambition for London to become a net zero carbon city.

At launch in 2018, its target for net zero was by 2050 and a set of baseline commitments were agreed, however the group selected 'further faster' actions according to their specific operations and expertise and so in 2020 the Mayor revised its target for London to become net zero by 2030. Below we set out our latest progress against the baseline commitments.

The leadership group consists of nine influential London based companies leading the transition towards a low carbon economy, and its objectives are to:

- Engage in a constructive dialogue with Greater London Authority (GLA) policy makers
- Make measurable and significant impacts through concrete London-based actions and commitments
- Reach their own global corporate climate targets and GLA's ones faster via this collaborative mechanism
- Help to accelerate progress towards the Paris Agreement goals and the UK Nationally Determined Contributions
- Identify synergies and building more cohesive and coordinated engagement with the GLA
- Foster collaborations between members

Aspect	Commitment	Our Progress
Buildings	Set energy efficiency targets for 2020, 2030 and 2050 that demonstrates a trajectory towards zero carbon buildings by 2050 in London.	Setting our science-based carbon targets was the first step in demonstrating our journey towards zero carbon buildings. In July 2020 we released our Net Zero Carbon Pathway and launched our first net zero carbon building — 80 Charlotte Street W1.
Renewable energy	100% renewable electricity and mapping onsite renewable potential by 2020.	All our electricity supplies are renewable and REGO-backed and as part of our new net zero carbon programme we have started the process of procuring green gas.
Transport/fleet	Switch to zero emission-capable vehicles and/or support the development of electric vehicle (EV) charging by 2025.	We ensure that EV charging points are installed in all new developments. We communicate the importance of electric vehicles and EV points being available to our supply chain. We are proud to announce that our waste contractor has purchased two electric recycling trucks and will be serving the majority of our properties.
Circular Economy and waste	Reduce waste generated by 50% by 2030; 75% recycling rate and zero waste to landfill by 2025.	Recycling rates across our properties are high and none of our waste goes to landfill. We are working on increasing levels of our engagement with tenants, improving training to our cleaning teams, and increasing the number of waste audits we provide to our tenants.

Data performance summary

The changes to our working model in response to Covid-19 have helped us decrease our energy emissions. Following the government guidance ensuring that our properties are Covid-secure we have increased the amount of fresh air intake to 100% with no recirculated air and we enhanced air filtration systems to provide an added layer of protection. Overall, we saw a significant reduction in energy consumption.

During 2020 we:
- Reduced our managed portfolio carbon generation in all scopes by 32%
- Reduced our like-for-like portfolio carbon generation in all scopes by 28%
- Reduced our managed portfolio energy intensity by 14%
- Reduced our like-for-like portfolio energy intensity by 23%
- Dropped our recycling rate to 66%

Whilst we set and drive many of the energy and waste improvement initiatives, we are also supported by a network of suppliers who we collaborate with to help us deliver many of the results we show here.

Energy
We undertake monthly mechanical and electrical (M&E) reviews across all managed properties. One of the areas we discuss is a building's energy efficiency and any innovations that have been implemented by the contractor to drive the emissions down. Having the expertise and insight of how buildings are operated helps us focus on inefficiencies.

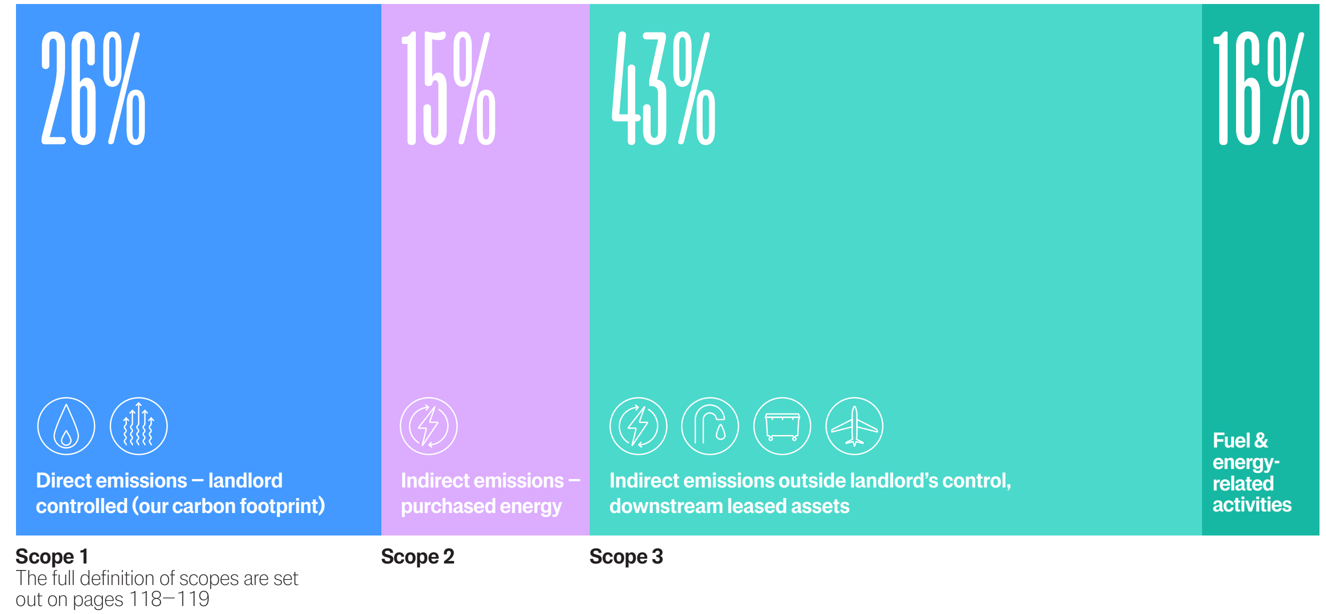
This year we have focused on innovations and optimisation measures including:
- BMS health checks and resetting time clocks
- Ongoing LED/PIR roll out
- Reducing plant run time to correlate with building occupancy
- AC filters replaced by AAA more efficient ones

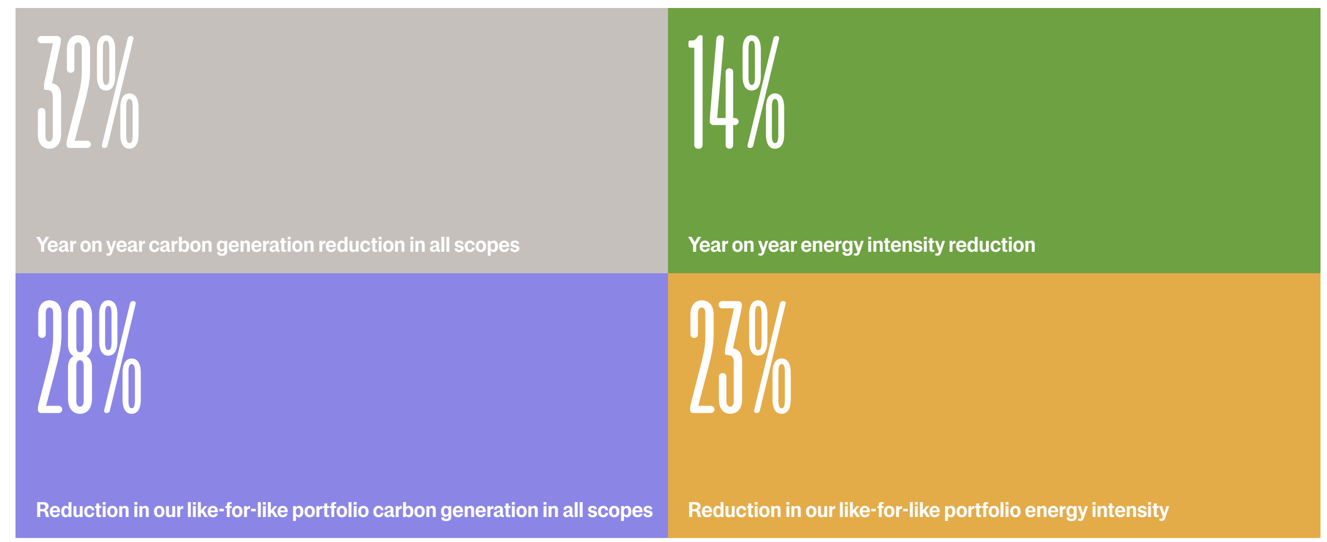
Waste
During early 2020 we have prioritised introducing more segregations across our properties focusing on the most impactful streams like food waste, coffee cups, paper and coffee grounds. We have also focused on reducing contamination by rebranding posters and providing training to our onsite teams.

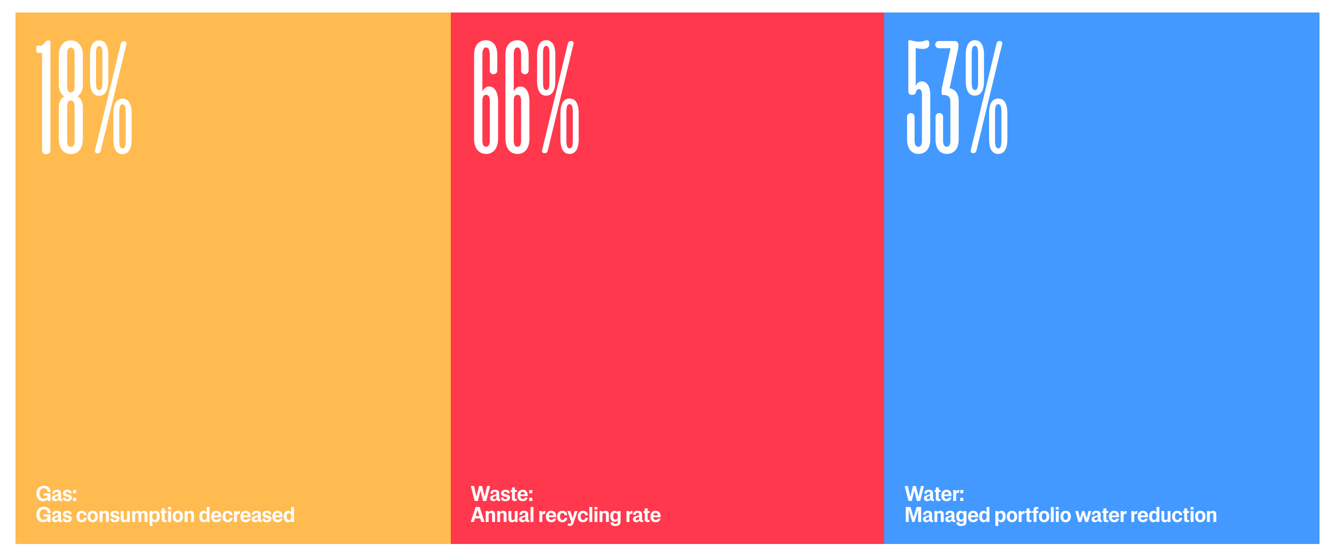
During the pandemic we have noticed that glass, food and cardboard streams dropped due to reduced ooccupancy, as a result our recycling rate reduced from 76% in 2019 to 66% in 2020.

Gas consumption
This year, the portfolio's gas consumption has decreased by 18% compared to 2019. Reduced occupation across our properties and adjusting the operation of our plant contributed to reduction in our consumption.

For detailed performance data, please refer to the appendix on 117–135.







Environmental & Health & Safety assurance statement





Top row:
Katherine Lampen
Alex Bexon
Kim Van Lieshout

Bottom, row:
Rosie Woodall
Sam Coote
Maria Batslova (not shown)

Independent assurance statement by Deloitte LLP to Derwent London plc on key environmental and health and safety indicators included within the Responsibility Report 2020 ("the Report")

What we looked at: scope of our work

Derwent London plc engaged us to perform reasonable assurance procedures for the year ended 31 December 2020 on the following subject matters:

Performance metrics:

- Scope 1 and Scope 2 (location-based) greenhouse gas emissions per square metre across managed portfolio (tCO_2e/m^2)
- Scope 1 and Scope 2 (location-based) greenhouse gas emissions per square metre across like-for-like managed portfolio (tCO_2e/m^2)
- Scope 1 and Scope 2 (location-based) greenhouse gas emissions across managed portfolio (tCO_2e)
- Scope 1 and Scope 2 (location-based) greenhouse gas emissions across like-for-like managed portfolio (tCO_2e)
- Scope 1 (market-based) greenhouse gas emissions across managed portfolio (tCO_2e)
- Scope 1 (market-based) greenhouse gas emissions across like-for-like managed portfolio (tCO_2e)
- Scope 1 (market-based) greenhouse gas emissions per square metre across managed portfolio (tCO_2e/m^2)
- Scope 1 (market-based) greenhouse gas emissions per square metre across like-for-like managed portfolio (tCO_2e/m^2)
- Scope 2 (market-based) greenhouse gas emissions across managed portfolio (tCO_2e)
- Scope 2 (market-based) greenhouse gas emissions across like-for-like managed portfolio (tCO_2e)
- Scope 2 (market-based) greenhouse gas emissions per square metre across managed portfolio (tCO_2e/m^2)
- Scope 2 (market-based) greenhouse gas emissions per square metre across like-for-like managed portfolio (tCO_2e/m^2)
- Scope 3 greenhouse gas emissions of the organisation across managed portfolio (tCO_2e)
- Scope 3 greenhouse gas emissions of the organisation across like- for-like portfolio (tCO_2e)

- Total water use per square metre across managed portfolio (m^3/m^2)
- Total water use per square metre across like-for-like managed portfolio (m^3/m^2)
- Total water use across managed portfolio (m^3)
- Total water use across like-for-like managed portfolio (m^3)

- Electricity per square metre across managed portfolio (kWh/m^2)
- Electricity per square metre across like-for-like managed portfolio (kWh/m^2)
- Electricity use across managed portfolio (kWh)
- Electricity use across like-for-like managed portfolio (kWh)

- Gas use per square metre across managed portfolio (kWh/m^2)
- Gas use per square metre across like-for-like managed portfolio (kWh/m^2)
- Gas use across managed portfolio (kWh)
- Gas use across like-for-like managed portfolio (kWh)

- Waste to landfill across managed portfolio (tonnes)
- Waste to landfill across like-for-like managed portfolio (tonnes)

- Recycling rate across managed portfolio (%)
- Recycling rate across like-for-like managed portfolio (%)

- Minor accidents across employees, managed properties and construction properties
- RIDDORs across employees, managed properties and construction properties
- Dangerous occurrences across employees, managed properties and construction properties
- Fatalities across employees, managed properties and construction properties
- Improvement notices across employees, managed properties and construction properties

Progress against targets (2020 performance against 2013 baseline):

- % reduction in carbon emissions intensity of 36% by 2022 and 55% by 2027
- % reduction in energy intensity across managed like-for-like portfolio of 9% by 2022 and 16% by 2027

Offsetting practices:

- Percentage of electricity emissions covered by REGO certification for 80 Charlotte Street (%)
- Percentage of embodied carbon covered by offsetting practices for 80 Charlotte Street (%).

What we found: our unqualified assurance opinion

Based on the scope of our work and the assurance procedures we performed we conclude that the selected key performance data and the progress against selected targets described above, are in all material respects, fairly stated in accordance with the applicable criteria.

What standards we used: basis of our work and level of assurance

We carried out reasonable assurance on the selected key performance indicators specified above in accordance with the International Standard on Assurance Engagements 3000 (Revised) (ISAE 3000 (Revised). To achieve assurance, ISAE 3000 (Revised) requires that we review the processes, systems and competencies used to compile the areas on which we provide assurance. Considering the risk of material error, we planned and performed our work to obtain all of the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion.

The evaluation criteria used for our assurance are the definitions as described by Derwent London plc which can be found on the Derwent London website.

Inherent limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Derwent London publishes the methodologies used to prepare the reported information ("the reporting criteria"). We have carried out our assurance against this criteria and it should be read together with this report.

Please note that assessment of the methodology behind the embodied carbon of 80 Charlotte Street is not within the scope of our assurance or reporting.

What we did: our key environmental assurance procedures

Our work was planned to mirror Derwent London plc's own group level compilation processes, tracing how data for each indicator within our assurance scope was collected, collated and validated by corporate head office and included in the Report.

Our work did not include undertaking controls testing of the third party systems involved in Derwent London's data collection processes.

To form our conclusions, our environmental procedures comprised:

- interviewing management at the Company's head office*, including the Sustainability team and those with operational responsibility for performance in the areas we are reporting on;
- interviewing staff at Derwent London's energy and environmental consultants, Briar Associates, with responsibility for collection and assurance of data in the areas we are reporting on;
- conducting site visits remotely* for a sample (11 sites) of Derwent London's managed sites and the waste management and business recycling company, Paper Round waste depot to understand and review data collection processes and to verify the accuracy of source evidence collected onsite;
- reviewing and evaluating the criteria for measurement and reporting of each indicator as set out in the Basis of Reporting;
- reviewing and evaluating the criteria for the measurement of, and reporting of progress against, performance against the targets selected by the Company;
- understanding, analysing and testing on a sample basis the key structures, systems, processes, procedures and controls relating to the aggregation, validation and reporting of the environmental performance data set out above; and
- reviewing the content of the Report against the findings of our work and making recommendations for improvement where necessary.

What we did: our key health and safety assurance procedures

To form our conclusions, our key health and safety procedures comprised:

- interviewing management at the Company's head office*, including the health and safety team and those with operational responsibility for health and safety performance. This included interviewing onsite health and safety leads and a selection of employees at a sample of live construction sites and managed sites (see below);
- conducting site visits remotely* for a sample (9 sites) of Derwent London's sites to understand and review data collection processes and to verify the accuracy of source evidence collected onsite;
- reviewing and evaluating the criteria for measurement and reporting of each indicator as set out in the Basis of Reporting;
- understanding, analysing and testing on a sample basis the key structures, systems, processes, procedures and controls relating to the aggregation, validation and reporting of the health and safety performance data set out above; and
- reviewing the content of the Reports against the findings of our work and making recommendations for improvement where necessary.

Responsibilities of directors and independent assurance provider

Derwent London plc's responsibilities

The Directors are responsible for the preparation of the Report and for the information and statements contained within it. They are responsible for determining the sustainability objectives and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Deloitte's responsibilities

We complied with Deloitte's independence policies, which address and, in certain cases, exceed the requirements of the International Federation of Accountants Code of Ethics for Professional Accountants in their role as independent auditors and in particular preclude us from taking financial, commercial, governance and ownership positions which might affect, or be perceived to affect, our independence and impartiality and from any involvement in the preparation of the Report. The firm applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have confirmed to Derwent London plc that we have maintained our independence and objectivity throughout the year and in particular that there were no events or prohibited services provided which could impair our independence and objectivity. Our team consisted of a combination of sustainability and assurance professionals with environmental expertise, including many years' experience in providing sustainability report assurance.

Our responsibility is to independently express a conclusion on the Report as defined within the scope of work above to Derwent London plc in accordance with our letter of engagement. Our work has been undertaken so that we might state to Derwent London plc those matters we are required to state to them in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Derwent London plc for our work, for this statement, or for the conclusions we have formed.

Deloitte LLP
London, United Kingdom
15 February 2021

*As per current government Covid-19 guidance, we conducted all site visits remotely via Zoom/Teams.

Reporting frameworks

Asta House W1

EPRA reporting

Set out below is a comprehensive breakdown of our full alignment with the EPRA best practice recommendations on sustainability reporting. We have also listed our performance measures data in our 2020 Report & Accounts on page 243.

Environmental sustainability performance measures

Elec-Abs (total electricity consumption) (annual kWh)
8,398,662 – shown in Table 5– Energy use across our total managed portfolio (landlord-controlled areas), page 127

Elec-LfL (like-for-like total electricity consumption) (annual kWh)
8,021,003 – shown in Table 6 – Energy use across our like-for-like portfolio (landlord-controlled areas), page 127

DH&C-Abs (total district heating and cooling consumption) (annual kWh)
None of our properties are connected to or benefit from district heating and cooling.

DH&C-LfL (like-for-like total district heating and cooling consumption (annual kWh)
None of our properties are connected to or benefit from district heating and cooling.

Fuels-Abs (total fuel consumption) (annual kWh)
18,069,846 – shown in Table 5 – Energy use across our total managed portfolio (landlord-controlled areas) (a total of gas and biomass consumption), page 127

Fuels-LfL (like-for-like total fuel consumption) (annual kWh)*
15,135,365 – shown in Table 6 – Energy use across our total managed portfolio (landlord-controlled areas) (a total of gas and biomass consumption), page 127

Energy-Int (building energy intensity) (kWh per m^2)
72.47 – shown in the energy intensity performance against 2013 baseline (landlord areas) graph, page 122

GHG-Dir-Abs (total direct greenhouse gas emissions) (annual metric tonnes CO_2e)
3,326 – shown in Tables 3 and 3a – Total managed portfolio emissions (landlord influenced portfolio emissions) (a total of Scope 1 emissions), pages 123–124

GHG-Indir-Abs (total indirect greenhouse gas emissions) (annual metric tonnes CO_2e)
1,947 – shown in Tables 3 and 3a – Total managed portfolio emissions (landlord influenced portfolio emissions) (a total of Scope 1 emissions), pages 123–124

GHG-Dir-LfL (like-for-like direct greenhouse gas emissions) (annual metric tonnes CO_2e)
2,783 – shown in Tables 4 and 4a – Like-for-like emissions (landlord influenced portfolio emissions, building related only) (Scope 1 energy use), page 125–126

GHG-Indir-LfL (like-for-like indirect greenhouse gas emissions) (annual metric tonnes CO_2e)
1,853 – shown in Tables 4 and 4a – Like-for-like emissions (landlord influenced portfolio emissions, building related only) (Scope 2 energy-use), pages 125–126

GHG-Int (greenhouse gas intensity from building energy consumption) ($tCO_2e/m^2/year$)[2]
0.015 – shown in Table 1 – Intensity (Scopes 1 & 2) per m^2/£m turnover/fair market value (reported in tCO_2e/m^2), page 123

Water-Abs (total water consumption) (annual m^3)
95,719 – shown in Table 8 – Water use across our total managed portfolio (excluding retail consumption), page 130

Water-LfL (like-for-like total water consumption) (annual m^3)
85,852 – shown in Table 9 – Water use across our like-for-like portfolio (excluding retail consumption), page 130

Water-Int (building water intensity) ($m^3/m^2/year$)
0.29 – shown in Table 8 – Water use across our total managed portfolio (excluding retail consumption), page 130

Waste-Abs (total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route) 1,162 total weight, 762 recycled (66%), 401 incinerated (34%) (with energy recovery), 0 to landfill (0%)
(all non-hazardous) – shown in Table 10 – Waste generated across our total managed portfolio, page 132

Waste-LfL (like-for-like total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)
874 total weight, 578 recycled (66%), 295 incinerated (34%) (with energy recovery), 0 to landfill (0%)
(all non-hazardous) – shown in Table 11 – Waste generated across our like-for-like portfolio, page 132

Cert-Tot (type and number of sustainability certified assets) (total number by certification/rating/labelling scheme)
– shown on page 133

Social Performance Measures

Diversity-Emp Employee gender diversity (% of employees) – please see our 2020 Report & Accounts page 129

Diversity-Pay Gender pay ratio – as we have fewer than 250 employees, we are not obliged by The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to disclose our gender pay information.

Emp-Training Employees training and development (average hours) – please see our 2020 Report & Accounts page 50 and 141.

Emp-Dec Employee performance appraisals (% of employees) – please see page 65.

Emp-Turnover New hires and turnover (total number and rate) – please see our 2020 Report & Accounts page 50.

H&S-Emp Employee H&S (injury rate, absentee rate and no. of work-related fatalities) – please see our 2020 Report & Accounts pages 54–55 and 62.

H&S-Asset Asset health and safety assessments (% of assets) – please see our 2020 Report & Accounts pages 54–55 and 62.

H&S-Comp Asset health and safety compliance (no. of incidents) – please see our 2020 Report & Accounts page 62

Comty-Eng Community engagement, impact assessments and development programmes (% of assets) – please see pages 52–63 (community section)

Governance Performance Measures

Gov-Board Composition of the highest governance body (total no.) – please see our 2020 Report & Accounts pages 106–107, 120, 124, 126–127 and 129.

Gov-Selec Process for nominating and selecting the highest governance body (narrative on process) – please see our 2020 Report & Accounts pages 120–121 and 124–125.

Gov-Col Process for managing conflicts of interest (narrative on process) – please see our 2020 Report & Accounts page 119.

Overarching recommendations

5.1 Organisational boundaries
This is explained in the Reporting boundary section, see page 117

5.2 Coverage
Please see our reporting scope on page 117 for a full breakdown of our various reporting scopes and subsequent coverage.

5.3 Estimation of landlord-obtained utility consumption
None of our data presented above is estimated, except where a property exited or came into the portfolio during the year, where we pro-rata the data to annualise the consumption as part of our intensity portfolio reporting to ensure fair representation. We have stated which properties this affects and against which utility type. Please see our reporting scope sections on pages 117, 129 and 131 for our approach to data pro-rating.

5.4 Third Party Assurance
We undertake assurance on our resource efficiency data in accordance with ISAE3000 to a reasonable level. A public assurance statement from our auditors Deloitte LLP can be found on pages 90–91.

5.5 Boundaries – reporting on landlord and tenant consumption
We report both landlord and tenant derived consumption for electricity and subsequently carbon, which is clearly shown in each relevant section of our data report. We report gas, biomass (energy) and water consumption on a whole building basis. Please see our reporting boundary section on page 117.

5.6 Normalisation
Intensity indicators based on floor area (m^2) are provided for energy, water and carbon. Please refer to the respective data report sections for the relevant intensity indicator. We also add a financial intensity indicator of tCO_2e/£m turnover and tCO_2e/fair market value to our carbon reporting for additional performance context.

5.7 Analysis – Segmental analysis (by property type, geography)
All our reporting portfolios (total managed, like-for-like and intensity) report on the one typology – commercial office space, which is all located in central London. As a result, it is not possible to compare location and typology (segmentation) within our portfolio to establish geo-spatial differences across varying property types. Please see the Scope section on pages 117–119 for confirmation of the basis of our reporting.

5.8 Disclosure on own offices
Please see Table 7 on page 128 for a breakdown of the energy use at our head office buildings.

5.9 Narrative on performance
Please see our performance summary on pages 88–89. Likewise, we provide commentary on the shifts in our carbon footprint in our carbon footprint section, see pages 78–79.

5.10 Location of EPRA sustainability performance measures in companies' reports
We provide a dedicated section in our 2020 Report & Accounts on sustainability (page 244), which also includes a full summary of our carbon footprint and headline performance and data results. This annual responsibility report then provides a detailed review of our sustainability work, performance and resource efficiency data. Moreover, we have developed this section of the report to enable our stakeholders to easily access the best practice aspects set out in the EPRA recommendations document.

Other issues to consider

6.1 Materiality
The results of our materiality assessment/review are shown in the 'Materiality' section of this report on pages 10–11.

6.2 Emerging indicator – return on carbon emissions (ROCE)
We report two sets of financially orientated carbon intensity measures – tCO_2e/£m turnover and tCO_2e/fair market value. These are presented in table 1 on page 123.

6.3 Socio-economic indicators related to sustainability performance
We have mandated a performance measure to undertake socio-economic assessments of our new developments 12 months after full occupation. Moreover, we are the only UK based REIT that operates its own self-funded Community Fund – details are provided in the community section of this report, please see pages 52–63.

Likewise, we report on the community contributions via planning – this can be seen on pages 52.

6.4 Transport
We have measured our employee commuting carbon and have found it to be de minimus i.e. <5% of our total footprint, therefore we have not included it in our Scope 3 carbon reporting. However, we will continue to monitor it.

We do not yet measure and report the emissions associated with employee tenants travelling to and from our properties.

6.5 Refrigerant gases
We report fugitive emissions from our managed air conditioning and chilling equipment as part of our Scope 1 carbon figures. To see our emissions footprint please see tables 3 and 3a on pages 123–124 for more details.

Tea Building E1

GRI reporting

This report has been prepared in accordance with the GRI Standards: Core option to allow our stakeholders to gauge the robustness of our reporting. Our index table below reflects the outcomes of our materiality assessment and links together the supporting evidence for each indicator, its location and whether it has been subject to external assurance.

General Standard Disclosures

GRI Indicator		Location	Omission	Comments
Organisational profile				
GRI 102: General Disclosures 2018	**102-1 Report the name of the organisation**	Front/back cover R&A – front/back cover		
GRI 102: General Disclosures 2018	**102-2 Report the primary brands, products, and services**	R&A – pages 18–23		
GRI 102: General Disclosures 2018	**102-3 Report the location of the organisation's headquarters**	Back cover R&A – front/back cover		
GRI 102: General Disclosures 2018	**102-4 Report the number of countries where the organisation operates**	R&A – pages 1, 195		Our business is focused on central London commercial office space, together with our Strathkelvin retail park (the only property of this type we own) which is located in the suburbs of Glasgow, Scotland.
GRI 102: General Disclosures 2018	**102-5 Report the nature of ownership and legal form**	R&A – page 1		
GRI 102: General Disclosures 2018	**102-6 Report the markets served**	pages 1, 195		
GRI 102: General Disclosures 2018	**102-7 Report the scale of the organisation**	R&A – pages 4–5, 18–19, 246–247		
GRI 102: General Disclosures 2018	**102-8 Report total workforce by employment type, employment contract, and region, broken down by gender**	R&A – page 129	Employee figures not broken down by contract type	
GRI 102: General Disclosures 2018	**102-9 Describe the organisations supply chain**	R&A – page 57		

GRI Indicator		Location	Omission	Comments
GRI 102: General Disclosures 2018	**102-10 Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain**	R&A – pages 14–17		Paul Williams was appointed as CEO in May 2019
GRI 102: General Disclosures 2018	**102-11 Report whether and how the precautionary approach or principle is addressed by the organisation**	R&A– pages 138–139		
GRI 102: General Disclosures 2018	**102-12 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses**	Page 5		
GRI 102: General Disclosures 2018	**102-13 List memberships of associations (such as industry associations)**	Page 5 R&A – back page		
Strategy				
GRI 102: General Disclosures 2018	**102-14 Statement from the most senior decision-maker in the organisation**	R&A – Chairman's statement, page 14 R&A – CEO statement page 16		
Ethics and integrity				
GRI 102: General Disclosures 2018	**102-16 Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics**	R&A – page 30		
Governance				
GRI 102: General Disclosures 2018	**102-18 Governance structure of the organisation, including committees of the highest governance body responsible for decision-making on economic, environmental and social topics**	R&A – page 113		

GRI Indicator		Location	Omission	Comments
Stakeholder engagement				
GRI 102: General Disclosures 2018	**102-40 Provide a list of stakeholder groups engaged by the organisation**	Pages 10–11 R&A – pages 12–13 and 26–27		Our key stakeholder groups: Occupiers Employees Local communities Suppliers Central and local government Debt providers Shareholders
GRI 102: General Disclosures 2018	**102-41 Report the percentage of total employees covered by collective bargaining agreements**	N/a		There are no collective bargaining agreements within our business; however, employees are free to join a trade union should they wish.
GRI 102: General Disclosures 2018	**102-42 Report the basis for identification and selection of stakeholders with whom to engage**	Pages 10–11 (matrix)		
GRI 102: General Disclosures 2018	**102-43 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group**	R&A – pages 12–13, 50-53 WEB Communities: https://www.derwentlondon.com/responsibility/social/communities Suppliers: https://www.derwentlondon.com/media/publications/responsibility-policies		
GRI 102: General Disclosures 2018	**102-44 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting**	Pages 10–11 (matrix) R&A – pages 26–27		Via our latest materiality assessment, we were able to ascertain those core issues pertinent to our business and those of our stakeholders

GRI Indicator		Location	Omission	Comments
Reporting Practices				
GRI 102: General Disclosures 2018	**102-45 List of entities included in the organisation's consolidated financial statements or equivalent documents**	R&A – pages 246–247		
GRI 102: General Disclosures 2018	**102-46 Process for defining report content**	Pages 10–11 (matrix)		
GRI 102: General Disclosures 2018	**102-47 List of material topics identified in the process for defining report content**	Pages 10–11 (matrix)		
GRI 103: Management Approach 2018	**103-1 Explanation of the material topic and its boundaries**	See Specific Standards Disclosure table below		
GRI 103: Management Approach 2018	**103-1 b, c Explanation of the material topic and its boundaries**	See Specific Standards Disclosure table below		
GRI 102: General Disclosures 2018	**102-48 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements**	Pages 117–118		Our methodology for determining the like-for-like portfolio has been adjusted to increase the comparability of year-on-year reporting.
GRI 102: General Disclosures 2018	**102-49 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries**	Pages 117–118		As above.
GRI 102: General Disclosures 2018	**102-50 Reporting period**	Page 9		1 January – 31 December 2020
GRI 102: General Disclosures 2018	**102-51 Date of most recent previous report**			2019 Annual Responsibility Report – published April 2020
GRI 102: General Disclosures 2018	**102-52 Reporting cycle**	Front cover Page 9		Annual, in line with our 2020 Report & Accounts.
GRI 102: General Disclosures 2018	**102-53 Provide the contact point for questions regarding the report or its contents**	WEB Sustainability contact: www.derwentlondon.com/sustainability/contact		John Davies, Head of Sustainability +44 (0)20 7659 3000 sustainability@derwentlondon.com
GRI 102: General Disclosures 2018	**102-54 Claims of reporting in accordance with the GRI standards**	Page 9		
GRI 102: General Disclosures 2018	**102-55 GRI content index**	Page 97		
GRI 102: General Disclosures 2018	**102-56 External assurance report, statements or opinions**	Pages 24–26 and 90–91 R&A – pages 131, 134–135, 179		

Specific Standards Disclosure

Energy

DMA

Why is it material?
Energy consumption and efficiency is fundamental to organisations like ours, with energy consumption from the built environment accounting for nearly half the UK's CO_2 emissions. As such our stakeholders expect us to take a proactive stance to minimise our consumption, reduce costs and ensure our buildings are operating efficiently.
What we do
We have put into place a series of management tools and interventions across our development pipeline and managed portfolio as part of our energy management programme. This has seen us significantly reduce our energy consumption, underpinned by performance reduction targets.

Aspect boundaries

Internal (within):	External (outside):
Sustainability Team Property Management Teams Development Team	UK Government and policy makers Our tenants (customers) Our design and engineering/FM supply chains

GRI Indicator		Location	Comments
302-1	**Energy consumption within the organisation**	Page 121	
302-3	**Energy intensity**	Page 122	
302-4	**Reduction of energy consumption**	Page 121	

Greenhouse gas emissions

DMA

Why is it material?
Like energy efficiency, GHG emissions are a significant issue for the built environment and property companies like us, not least for the regulatory requirements from mechanisms such as SECR and ESOS. Our stakeholders therefore place a similar, if not near identical, level of significance on this issue.
What we do
Our energy and carbon management (GHG emissions reduction) work go hand-in-hand, and our energy management programme addresses both issues simultaneously and has seen us significantly reduce our footprint.

Aspect boundaries

Internal (within):	External (outside):
Sustainability Team Property Management Teams Development Team	UK Government and policy makers Our occupiers (customers) Our design and engineering/FM maintenance supply chains

GRI Indicator		Location	Comments
305-1	**Direct greenhouse gas (GHG) emissions (Scope 1)**	Pages 123–124	
305-2	**Energy indirect greenhouse gas (GHG) emissions (Scope 2)**	Pages 123–124	
305-3	**Other indirect greenhouse gas (GHG) emissions (Scope 3)**	Pages 123–124	

Water

DMA

Why is it material?
Water scarcity is becoming an increasingly important issue in many parts of the UK with areas such as London coming under increased stress. As a result, it is vital we work with our tenants and suppliers to reduce consumption and wastage.
What we do
Water management forms a key part of our building sustainability plans and we have an active management programme in place. We have an ongoing water intensity reduction target to help focus our efforts even more.

Aspect boundaries

Internal (within):	External (outside):
Sustainability Team Property Management Teams Development Team	UK Government and policy makers Our occupiers (customers) Our design and engineering/FM supply chains

GRI Indicator		Location	Comments
303-1	Total water withdrawal by source	Page 130	

Effluents and waste

DMA

Why is it material?
Waste is important from both an operational perspective i.e. the day-to-day running of buildings and a construction perspective. Both operations generate significant amounts of waste.
What we do
We have a long-standing requirement to ensure we send zero waste to landfill from our managed properties. Likewise, we have set a stretching recycling target aiming to achieve a 75% recycling rate. Moreover, we have a 90% diversion from landfill minimum target for our construction projects, we are currently achieving a 99% diversion rate.

Aspect boundaries

Internal (within):	External (outside):
Sustainability Team Property Management Teams Development Team	UK Government and policy makers Our occupiers (customers) Our waste management and construction supply chains

GRI Indicator		Location	Comments
306-2	Total weight of waste by type and disposal method	Page 132	

Community investment and engagement

DMA

Why is it material?
Looking beyond the bricks and mortar of our buildings we are committed to supporting the communities in which we operate. It is important that we understand and address the impacts our business has on our community stakeholders such that we can enable positive value creation and ensure our stakeholders can benefit from our activities.
What we do
In addition to public consultation events for potential development proposals we also operate a unique Community Fund which has invested over £750,000 to date in various grass roots projects and initiatives. Moreover, we also actively monitor the impact of our new developments by undertaking socio-economic assessments 12 months after full occupation.

Aspect boundaries

Internal (within):	External (outside):
Sustainability/Community Team Development Team	Local community stakeholders Our occupiers (customers) Our investors

GRI Indicator		Location	Comments
431-1	Percentage of projects with local community engagement initiatives above and beyond those required during planning as stipulated by local authority regulations	Page 52 WEB – Community and Community Fund https://www.derwentlondon.com/sustainability/priorities/community/community-fund	We go beyond the statutory local authority requirements for community consultation during the planning phase of a major development. Our community work involves not only our Community Fund we manage in-house and engage directly with community stakeholders to distribute funds and garner feedback, but we also measure the socio-economic impacts of our new developments to ascertain their success in the community and to learn lessons for our future projects. Our performance is tracked by our Sustainability team which manages our community work and socio-economic assessments. We have created this custom indicator to allow us to demonstrate more effectively the breadth of our community work.

Health and safety

DMA

Why is it material?
Ensuring we have a clear and robust approach to health and safety is of utmost importance to us, not least because of all the inherent risks associated with the delivery and management of built assets. Thus, it remains a significant issue for us to manage effectively.
What we do
We have a very thorough approach to managing our health and safety responsibilities and communicating our expectations to our supply chains. We utilise the latest safety management and monitoring systems and have a dedicated in-house health and safety team that ensures both our operations and those of our supply chains are fit for purpose and robust.

Aspect boundaries

Internal (within):	External (outside):
Health and Safety Team Property Management Teams Development Team	Our occupiers (customers) Our design, engineering/FM maintenance and construction supply chains Local community stakeholders

GRI Indicator		Location	Comments
403-1	Occupational health and safety management system	Page 136	
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	R&A page 62 Page 60	Figures not reported by gender.
403-5	Worker training on occupational health and safety	Pages 69–70	
403-6	Promotion of worker health	Pages 69–70	
403-8	Workers covered by an occupational health and safety management system	Pages 69–70	
403-9	Work-related injuries	Pages 70 and 136	

Employees' engagement

DMA

Why is it material?
In addition to the various regulatory instruments e.g. Companies Act 2006, the development and engagement of our employees is a key part of our culture as it enables us to attract and retain a diverse range of the most talented people in the property industry. This in turn helps to ensure the long-term growth and success of our business, so remains an important focus for us.

What we do
We ensure our employees are supported to develop and grow within their roles and respective disciplines. We have a biannual review process in place with tailored personal development and training identified as part of the process. Moreover, we have a comprehensive reward and recognition structure which ensures employees are recognised for their efforts.

Aspect boundaries

Internal (within):	External (outside):
HR Team Executive Committee	Local community stakeholders Our occupiers (customers) Our investors

GRI Indicator		Location	Comments
401-1	**Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation**	R&A – pages 50–51	

Training and education

GRI Indicator		Location	Comments
404-3	**Percentage of employees receiving regular performance and career development reviews, by gender and by employee category**	Page 65	100% of our employees receive regular performance reviews.

Diversity and equal opportunity

GRI Indicator		Location	Comments
405-1	**Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity**	R&A – pages 50 and 127–129	

Anti-corruption

DMA

Why is it material?
Compliance with legislation and our own internal safeguarding procedures is a basic requirement for our employees. Failure to do this could result in financial risks and reputational damage, and so affect our commercial performance. Therefore, this is seen as a significant issue.

What we do
To ensure we meet the highest standards of regulatory compliance we set clear standards for our own employees and our supply chains via legal, policy and voluntary standards and tools – covering issues such as anti-corruption, ethical standards and health and safety practices.

Aspect boundaries

Internal (within):	External (outside):
Company Secretarial Team The Board Executive Committee	UK Government Our occupiers (customers) Our investors

GRI Indicator		Location	Comments
205-2	**Communication and training on anti-corruption policies and procedures**	R&A – pages 143–145	

Customer satisfaction

DMA

Why is it material?
Our business is underpinned by our close relationships with our occupiers. Only by understanding their needs, being flexible and providing the kind of spaces they wish to occupy can our business continue to thrive.

What we do
The relationship we have with our occupiers is one of the key factors for the strong demand for our space and resultant low void rates. Frequent communication is key to ensure we meet all their expectations and understand their current and future needs.

Aspect boundaries

Internal (within):	External (outside):
Leasing Team Property Management Teams	Our occupiers (customers) Our investors

GRI Indicator		Location	Comments
102-2	**Results of surveys measuring customer satisfaction**	R&A – page 11	

Marketing and labelling

DMA

Why is it material?
Natural resources are finite, and the construction of new buildings and spaces is a resource-intensive activity. Therefore, it is essential we are prudent with their use, which is not only environmentally sound but also cost efficient.

What we do
Our business model favours the re-use and regeneration of buildings which is inherently resource-efficient: likewise our design approach advocates lean specification. Where we do introduce new materials and systems, we ensure, through our Project Sustainability Plans, that recycled content and embodied carbon are measured, reduced and monitored. Likewise, where we are specifying materials, we ensure that they are responsibly sourced e.g. timber.

Aspect boundaries

Internal (within):	External (outside):
Sustainability Team Development Team Property Management Teams	Our design and construction supply chains Our occupiers (customers) Our investors

GRI Indicator		Location	Comments
417-1	**Type of product and service information required by the organisation's procedures**	Pages 36–37 and 48	We actively target the procurement of responsibly sourced timber, stipulating our timber must come from either FSC or PEFC sources. Our latest progress against this target is published in this report in our summary of our performance against our targets on page 37.

Supplier engagement

DMA

Why is it material?
We are a relatively small organisation which operates an outsourced business model for the design, delivery and maintenance of our buildings and spaces. As a result, we work very closely with our supply chains to ensure we achieve the standards we expect e.g. meeting the Living Wage Standard or procuring materials responsibly. If we did not do this, it would impact on our ability to deliver the kinds of spaces our tenants expect from us and therefore our reputation and returns to investors.

What we do
Our close relationship with our various supply chains enables us to deliver market leading spaces. To ensure we communicate effectively our standards and aspirations – be they environmental, ethical or financial – we use a range of tools such as contract clauses, briefings, sustainability plans, and our Supply Chain Sustainability Standard to ensure we are clear on our expectations with our supply chains.

Aspect boundaries

Internal (within):	External (outside):
Sustainability Team Development Team Property Management Teams	Our design and construction supply chains Our occupiers (customers) Our investors

GRI Indicator		Location	Comments
Custom Indicator	**Total number and percentage of engineering maintenance contractor contracts that include clauses regarding the monitoring and progress of sustainability KPIs**	Pages 75–76 R&A – page 148	We believe it is more important to evaluate actual supplier performance than to simply screen suppliers' compliance against a given parameter during the tendering process e.g. having an environmental policy in place. We have set ourselves a target to create and implement a series of sustainability KPIs for our engineering maintenance contracts. These KPIs focus on requiring our service providers to track utility performance and efficiency and identify new and innovative practice to help run our properties as efficiently as possible. Performance against these is tracked by our in-house Property Management Team who review our contractors' performance on a six-monthly basis. By creating this custom indicator, it allows us to demonstrate more effectively how we manage and incentivise our engineering maintenance contractors from a sustainability perspective.

Non-discrimination

DMA

Why is it material?
Human rights are a fundamental issue for any business, and whilst there is legislation in place to tackle some of these issues e.g. The Modern Slavery Act 2015 and the Companies Act 2006, we, like our stakeholders, want to ensure that we are not having any negative impacts on the human rights of our employees, customers or supply chains.
What we do
We closely monitor our activities and those of our supply chains to ensure our activities are neither impacting on human rights nor discriminatory. We use our Supply Chain Sustainability Standard to communicate our position on human rights and to monitor compliance against it.

Aspect boundaries

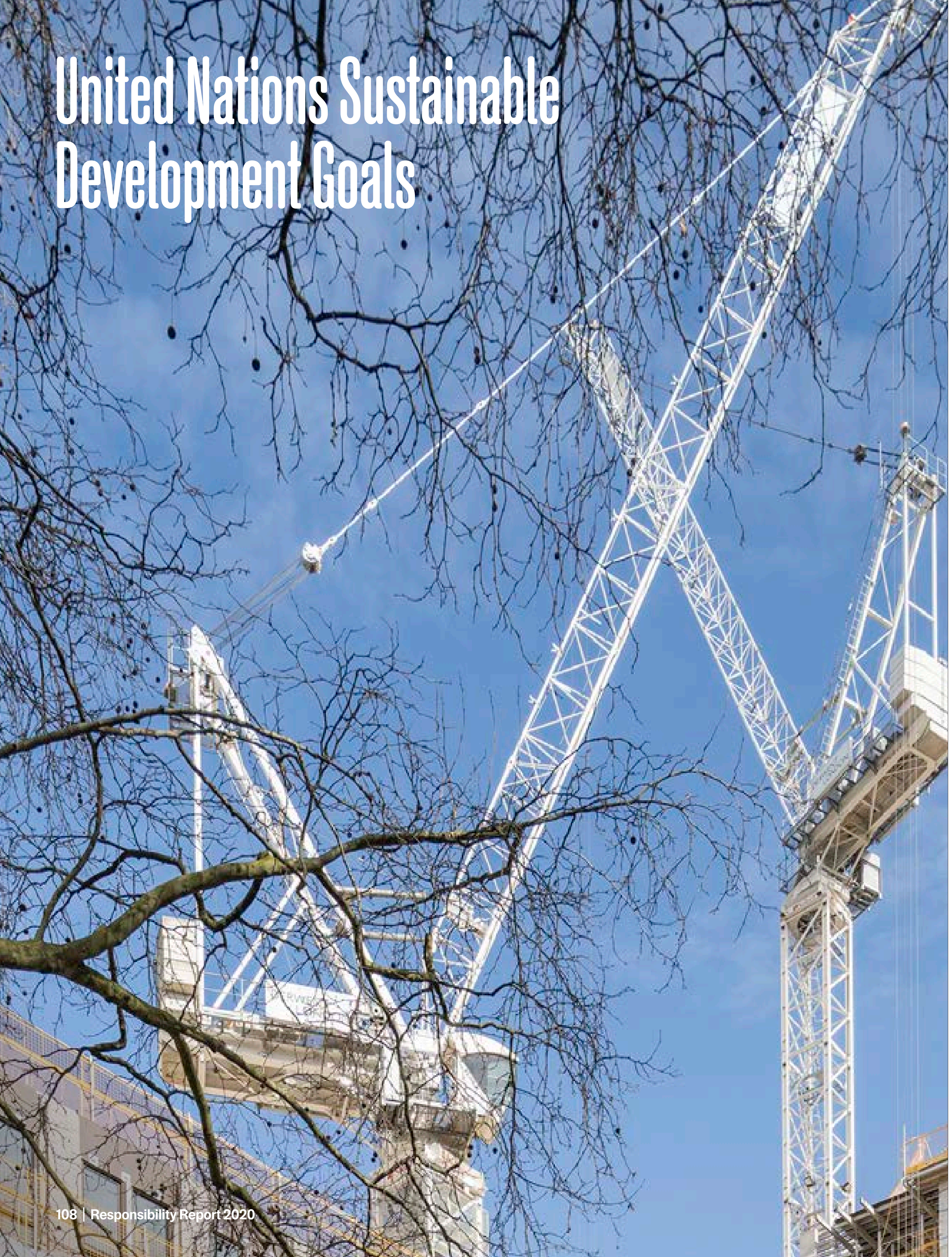
Internal (within):	External (outside):
Company Secretarial Team The Sustainability Team Executive Committee	UK Government and policy makers Our design, engineering/FM maintenance and construction supply chains Our investors

GRI Indicator		Location	Comments
406-1	**Total number of incidents of discrimination and corrective actions taken**	R&A - page 145, 147–-148	There are no incidents to report

Note on aspect boundaries:
All our material issues have both internal and external impacts; however, we have attempted to provide clarity and context to identify which entities and/or stakeholders these might impact on or be relevant to. As such, we have provided a list of the key internal and external stakeholders and entities for each issue which is by no means exhaustive. For our internal stakeholders we have indicated the teams or departments which have a direct responsibility to deal with or manage the impact of the issue(s). We believe this is appropriate given the relatively small size and geographically focused nature of our business.

In terms of where the impacts from these issues occur, our business operations (including our subsidiaries) are entirely focused in the UK, more specifically central London (save for our third-party managed shopping centre in Strathkelvin, Scotland). However, we recognise that we do have impacts beyond the UK in our supply chains: our construction supply chains, for example, have an international reach e.g. sourcing products and systems globally, such as façade systems to construct our buildings.

Abbreviations
R&A – Report & Accounts
DMA – Disclosure on Management Approach
WEB – Derwent London website (www.derwentlondon.com)



United Nations Sustainable Development Goals

The United Nations' 17 Sustainable Development Goals (SDGs) are an international standard aimed at addressing global challenges including inequality, climate change and environmental degradation. As a responsible business, we recognise our role in supporting the UK in its response to this standard and helping to effect change in the areas in which we operate. Although our business is geographically concentrated, London is a major international hub where many global organisations are headquartered, and where many of the world's key commercial sectors are based and standards set. Therefore, we think we have an excellent opportunity to set an example of how local action can create positive outcomes on a wider scale.

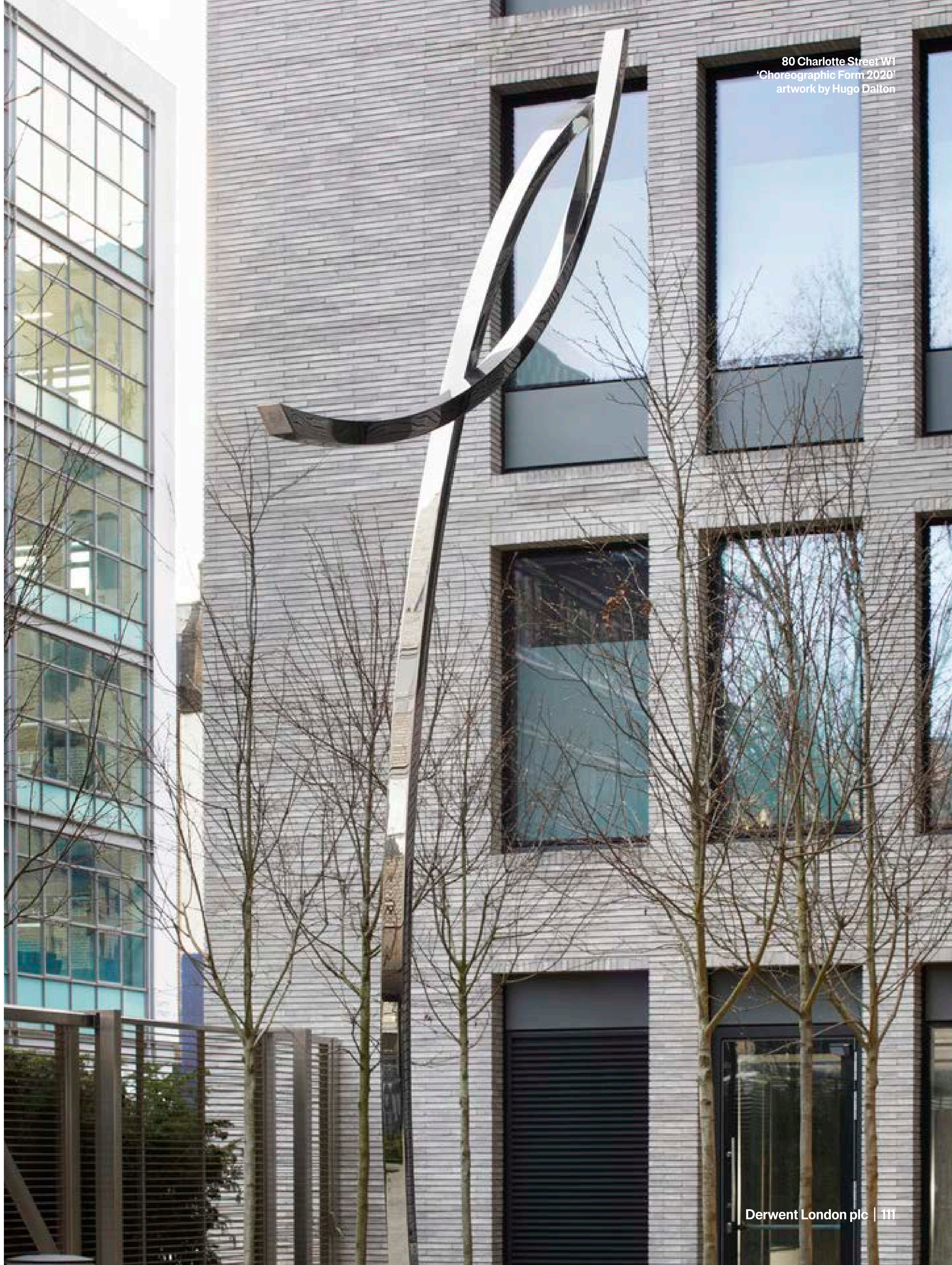
We have reviewed the suite of 17 goals and have selected those goals which align most closely to our ESG priorities, these are:

- Goal 4 – quality education
- Goal 5 – gender equality
- Goal 7 – affordable and clean energy
- Goal 11 – sustainable cities and communities
- Goal 12 – responsible consumption and production
- Goal 13 – climate action

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.Quality education**	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 Coneys' School for Grown Ups and their project upskilling 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 library bus project, where we helped the school create a much-needed library space for pupils and the community. The project involved refurbishing a 1970's double decker bus into a fun, creative, inspiring space where pupils can read and learn.
Protecting human rights & Engaging and developing our employees	**5. Gender equality**	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 & Inclusion Working Group, unconscious bias training and starting our journey towards achieving the National Equality Standard.
		5.5	5.5.2	33% of the women within our business are in managerial roles.

Our ESG priority	UN Goal	Applicable target	Applicable indicator	Our efforts
Designing and delivering buildings responsibly & Managing our assets responsibly	**7. Affordable & clean energy**	**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 procure renewable gas supplies and incorporate higher levels of onsite renewable energy generation.
		7.3	**7.3.1**	As part of our science-based targets we have a specific energy intensity target (see pages 78–79 in our latest Responsibility Report) designed to help us improve our energy intensity.
Creating value in the community and for our wider stakeholders	**11. Sustainable cities & 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 to those with disabilities. In addition, we are part of the Mayor's London Business Climate Leaders group which was set up to help London become a zero-carbon city.
Managing our assets responsibly	**12. Responsible consumption & production**	**12.5**	**12.5.1**	We have established a portfolio wide minimum recycling target of 75% and a zero 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 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. We are continuing to investigate suitable 1.5°C scenarios to which to rebase our current targets.



80 Charlotte Street W1
'Choreographic Form 2020'
artwork by Hugo Dalton

What's next?

19–35 Baker Street W1
We expect to start this mixed-use 297,000 sq ft development in 2021 and it will utilise NABERS UK. It will have all electric heating and cooling, air source heat pumps, openable windows, sensors to allow energy monitoring and greywater harvesting to reduce water wastage. There will be a significant number of cycle racks and shower facilities, as well as biodiverse roofs and an expansive courtyard area for public use.

CGI of proposal for 19–35 Baker Street W1

Whilst we continue to work against the backdrop of the pandemic we remain confident that we are in a good position to maintain our high levels of service as well as deliver our new projects, ensure the health and wellbeing of our employees and stakeholders and support our communities. We remain committed to mitigating the long-term issues that affect our business, most notably climate change, and will continue to promote the wider ESG agenda in a responsible and transparent way.

Our 2021 targets continue to be relevant and aligned with our strategy and material issues but they also reflect the impact of the pandemic on our day-to-day activities.

2021 Targets

Development

Aspect	Metric	Target
Building assessment methods	**Rating achieved**	Minimum of an 'A' EPC rating for new builds. Minimum of a 'B' EPC rating for all refurbishments, and where feasible uplift to an 'A' EPC rating for major refurbishments.
		Achieve a minimum 4 star NABERS UK rating for new build projects and major refurbishments
		Achieve a minimum of BREEAM Excellent for all new build projects and major refurbishments
		Achieve a minimum of LEED Gold for all major new build projects
		Achieve a minimum of Home Quality Mark 4 stars on all new residential development
		Ensure the shell and core aspects of our schemes are WELL-enabled using the most up to date version.
Project Sustainability Plan	**Implementation**	All applicable projects to create and maintain a Project Sustainability Plan (PSP)
Energy & carbon	**Installed metering**	On all new build and major refurbishment projects 100% of meters to be AMR capable and BMS linked and installed on: all main incoming feeds (electricity/water/gas); landlord lighting and small power; tenant lighting and small power; all major energy producing/consuming equipment e.g. heating and cooling plant; and renewable & low carbon energy generation sources e.g. PV, CHP plant etc
	Embodied carbon assessment	All new build and major refurbishment projects at RIBA Stages 2, 3 and 4 to undertake embodied carbon assessments in line with the Derwent London embodied carbon brief and certification standards such as BREEAM. In addition, contractors are to map and measure embodied carbon during the delivery phases using the same assessment approach used during design.
	Implementation	All new building and major refurbishment projects to undertake a full Post Occupation Evaluation 12 months after full occupation where we still retain control of the building.
	Predicting whole building energy use	All refurbishment projects to undertake a design in-use energy assessment based on CIBSE TM54 and ensure it is updated regularly in line with design progress/changes
	Designed usage (m^3/m^2)	All new build and major refurbishment projects to be designed and delivered to achieve mains water usage of $0.40m^3/m^2$ or better
Waste	**% diversion from landfill**	Divert at minimum 95% of total construction and demolition waste tonnage from landfill
Materials	**% of certified sustainable timber procured**	100% of timber procured is to be from FSC or PEFC sources
Biodiversity	**Net gain**	All new build and major refurbishment projects to achieve a net gain in biodiversity as measured through BREEAM

Property Management

Aspect	Metric	Target
Climate change	**% reduction**	Achieve a reduction in carbon intensity of 55% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline
		Achieve a reduction in energy intensity of 16% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline
Energy & carbon	**Management**	Continue to purchase 100% renewable, REGO-backed electricity for our managed properties
	Management	Develop a green gas procurement strategy which will support our move towards becoming a net zero carbon business.
Waste	**% recycled**	Ensure our managed portfolio achieves a minimum recycling rate of 75%
	% diversion from landfill	Send zero waste to landfill from properties for which Derwent London has waste management control
Water	**Management**	Undertake water audits and set in place water management strategies for our managed portfolio which will set out how we intend to reduce our consumption and how we will measure our performance.
	Management	Maintain portfolio mains water consumption intensity in the like-for-like managed portfolio below 0.51 m^3/m^2
Occupiers/ Suppliers	**Measurement**	Develop and monitor appropriate sustainability KPIs within our property management engineering and services contracts
	Measurement	Ensure our contracted operational supply chain operatives in our managed portfolio are receiving the London Living Wage

Community

Aspect	Metric	Target
Community engagement	**Community Fund delivery**	Successfully deliver the next year of the Derwent London Community Fund
Community engagement	**Covid-19 response**	Maintain wider support to community groups and projects utilising our Community Fund and corporate giving programme

Employees

Aspect	Metric	Target
Knowledge	**Knowledge dissemination**	Deliver at least two technical/knowledge sharing workshops during 2021.
Knowledge	**Covid-19 response**	Continue regular 'virtual' town halls, emails and advice on the intranet to all employees to ensure clear communication is ongoing during the period of homeworking.
Employee development	**Engagement**	Undertake our 4th in-depth employee survey in October 2021 to measure employee satisfaction and engagement and establish trends year-on-year.
Health & wellbeing	**Health & wellbeing**	Continue to appoint and train mental health champions across the business.
	Health & wellbeing	To continue to support and encourage employees to proactively manage their health and wellbeing through occupational health talks, wellbeing classes/workshops, virtual social events.
Skills	**Diversity & inclusion**	Continue working towards achieving the National Equality Standard

CGI of proposal for 19–35 Baker Street W1

Appendix – Data performance

Base data methodology

Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2020.

For 2020 our reporting scope consists of the following portfolios:

Whole portfolio (84 properties, 516,957m^2)
Managed portfolio (47 properties, 403,858m^2)
Like-for-Like portfolio (39 properties, 343,369m^2)
Single-let portfolio (37 properties, 113,099m^2)

We measure and report utility usage and waste generated from our managed and like-for-like portfolios. We do not report data from single-let properties as we do not have any management control or influence over these properties, and therefore report on the following basis:

Managed portfolio	Electricity	Water	Gas and biomass	Waste
Includes	Landlord common areas consumption and tenant consumption	Whole building consumption	Whole building consumption	Properties under the Derwent London waste management contract
Excludes	Retail consumption Refurbishment/development projects. Single-let properties with no management control and access to utilities data.			

Our data is collected monthly via smart meters (AMR), manual meter readings taken by our Building Management teams, and from utility invoices. These are recorded and consolidated by us and our third-party utility brokers for each managed property. The AMR data is used as the primary source for our reporting, which is validated against utility invoices. To ensure the robust accounting of our data, internal audits are undertaken by our in-house finance team. During an audit, the team randomly selects at least a 15% property sample from our managed portfolio and examine meter readings, utility invoices and AMR data to validate the reported/recorded consumption amounts.

Managed portfolio methodology

We report consumption from areas controlled by landlord (common areas). To establish these areas, we deduct the net lettable floor areas (NLA) from the gross internal areas (GIA) for each property. Where the GIA figure is unknown, we take the gross external areas (GEA) from our fire insurance valuations and reduce this by 2% in line with standard industry practice. To calculate the common area usage (kWh/m^2) we divide total building consumption by the total building area, and then multiply the figure by the total common area. We also report our tenant's consumption (kWh/m^2) by deducting the common area use from the total building use. This approach does result in a minor misalignment in our landlord energy and landlord carbon intensity calculations because gas and water use a denominator of floor area based on GIA, whereas electricity uses common areas only. To balance this misalignment, we include figures for common areas (landlord usage) and total building (landlord and tenant usage).

In 2020, the measured floor areas within the fire insurance valuations were based on measured GIA as opposed to GEA which was used previously. The variation in floor areas between the calculated GIA from GEA and the measured GIA has been assessed as immaterial, therefore we have kept the existing calculated floor areas for consistency.

Recycling and general waste figures are provided for properties where we have waste management control. We exclude retail and development waste from our total figures due to no management control or influence over these waste streams. All waste is either recycled or sent to a waste-to-energy plant, with none sent to landfill.

Like-for-like methodology
Our like-for-like portfolio includes properties that have been with the portfolio for the entirety of the current and prior reporting year. Each year we will restate the prior year's data to align with the updated like-for-like portfolio.

Carbon methodology
We report our emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard with emissions reported under the following categories:

Scope 1 – direct emissions
Scope 2 – indirect emissions (location and market based)
Scope 3 – other indirect emissions (breakdown of categories below)

To identify Scope 1 fugitive emissions, we calculate refrigerant losses using equipment service records stating the refrigerant recharge amounts (top-ups). Those figures are included in our managed portfolio carbon intensity emissions. This year we have reported 0 emissions.

Air travel emissions are calculated using the distance between the start and end destinations, using an online distance calculator (www.mapcrow.info). Defra carbon conversion factors for air travel were applied which include the uplift for radiative forcing. The emissions from company cars are calculated using data for distance travelled per car. Different carbon conversion factors were applied to each car according to its type e.g. luxury, 4×4 etc. and fuel type.

To calculate the financial intensities, we use a total turnover figure and fair market value figure. The turnover figure stated in the 2020 Report and Accounts is £204,652,968. Likewise, the fair market value figure was stated at £5,355,506,000.

During 2020 we have secured green (renewable) gas contracts for two properties (which is reflected in our Scope 1 reporting). All our purchased electricity supplies are REGO-backed.

Total buildings carbon emissions

Scope	Assured	Source	Unit	Quantity
Scope 1 GHG emissions (location-based)	Y	Combustion of fuel and operation of buildings and business travel	Metric tonnes of CO_2e	3,326
Scope 1 GHG emissions (market-based)	Y	Combustion of fuel and operation of buildings	Metric tonnes of CO_2e	3,291
Scope 2 GHG emissions (location-based)	Y	Purchased electricity	Metric tonnes of CO_2e	1,947
Scope 2 GHG emissions (market-based)	Y	Purchased electricity	Metric tonnes of CO_2e	0
Scope 3 GHG emissions	Y	Tenant and landlord related activities	Metric tonnes of CO_2e	7,749

Scope 3 – categories		2020	%
1. Purchased goods and services	Not relevant		
2. Capital goods	Measured but not yet reported within our Scope 3 footprint*		
3. Fuel and energy related activities (landlord and tenant emissions)		2,118	27%
4. Upstream transportation & distribution	Not relevant		
5. Waste generated in operations (landlord and tenant)		25	0.32%
6. Business travel (corporate emissions)		14	0.18%
7. Employee commuting			<5%
8. Upstream leased assets	Not relevant		
9. Downstream transportation & distribution	Not relevant		
10. Processing of sold products	Not relevant		
11. Use of sold products	Not relevant		
12. End-of-life treatment of sold products	Not relevant		
13. Downstream leased assets (tenant electricity consumption)		5,555	72%
14. Franchises	Not relevant		
15. Investments	Not relevant		
16. Water generated (total building)	Not relevant	37	0.50%
Total		7,749	100%

*We measure the embodied carbon footprint of all our development schemes which is relevant for inclusion in the capital goods category. However, there are as yet no agreed, property-specific accounting principles in place to capture the footprint of these emissions appropriately which avoids the possible under or over inflation of the Scope 3 figures on an annual basis. We will continue to work with our sector to develop appropriate measures overtime. Until there are appropriate measures in place, we will report our embodied emissions separately so our stakeholders can gain an understanding of the emissions from our development pipeline.

For further information and data tables on embodied carbon, please see pages 34–35.

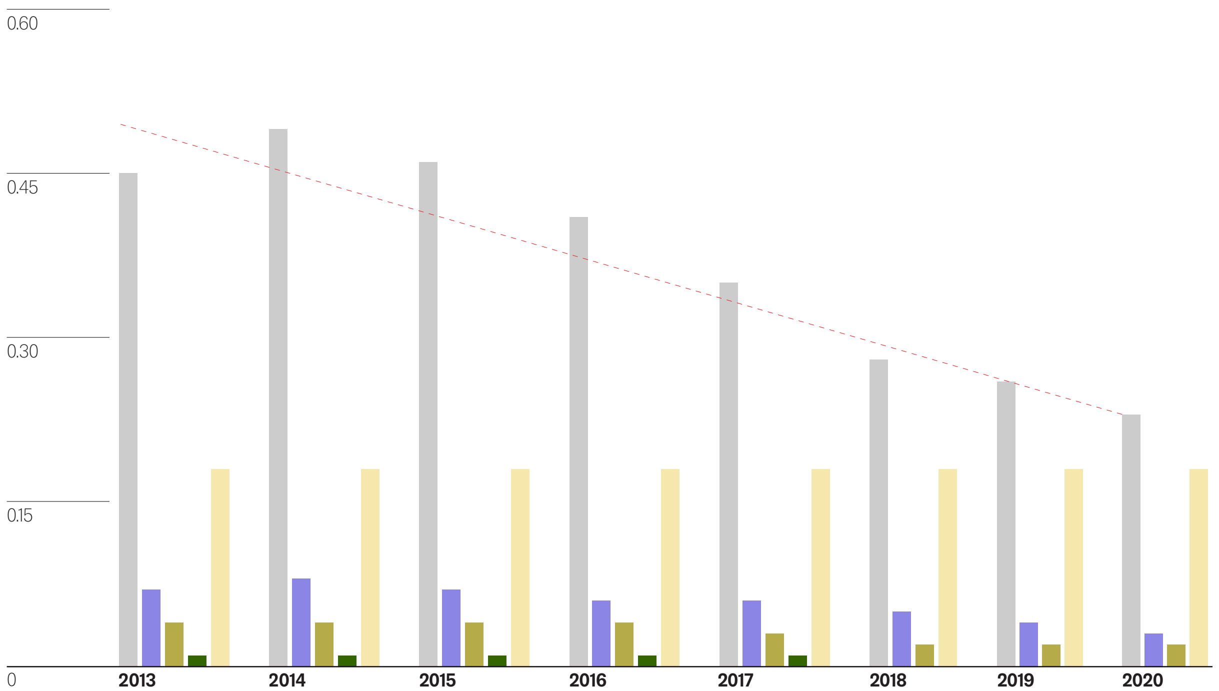
Carbon conversion factors

In order to report our greenhouse gas emissions, we must convert our energy, travel and waste generation into carbon emissions.

A new set of conversion factors is released every year by Defra (Greenhouse gas reporting: conversion factors 2020) and the graph below reflects the changes.

Scope 2 factors are the most significant, dropping by 49% comparing to our 2013 baseline.

Carbon conversion factors

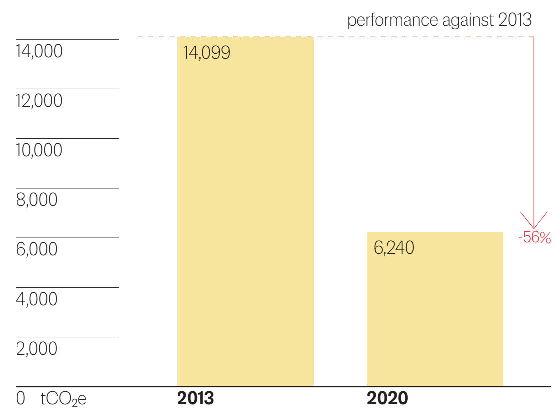


	2013	2014	2015	2016	2017	2018	2019	2020
Scope 1	0.18	0.18	0.18	0.18	0.18	0.18	0.18	0.18
Electricity Generated Scope 2 Direct GHG ($kgCO_2e/kWh$)	0.45	0.49	0.46	0.41	0.35	0.28	0.26	0.23
Electricity Generated Scope 3 Indirect GHG ($kgCO_2e/kWh$)	0.07	0.08	0.07	0.06	0.06	0.05	0.04	0.03
Electricity Losses Scope 3 Direct GHG ($kgCO_2e/kWh$)	0.04	0.04	0.04	0.04	0.03	0.02	0.02	0.02
Electricity T&D WTT Scope 3 Indirect GHG ($kgCO_2e/kWh$)	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00

Electricity Generated Scope 2 Direct GHG ($kgCO_2e/kWh$)
Electricity Generated Scope 3 Indirect GHG ($kgCO_2e/kWh$)
Electricity Losses Scope 3 Direct GHG ($kgCO_2e/kWh$)
Electricity T&D WTT Scope 3 Indirect GHG ($kgCO_2e/kWh$)
Scope 1
Linear (Electricity Generated Scope 2 Direct GHG ($kgCO_2e/kWh$))

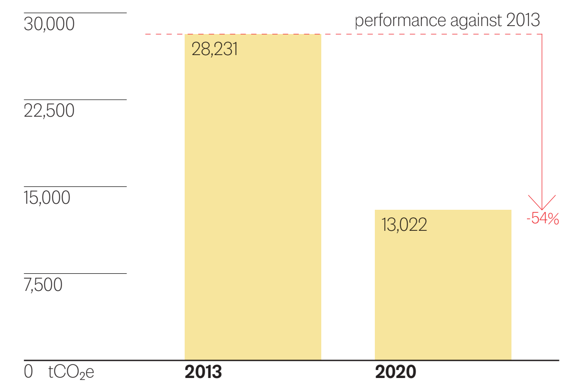
Carbon performance against 2013 baseline (landlord areas)

Managed portfolio GHG emissions (Scope 1–3) tCO_2e



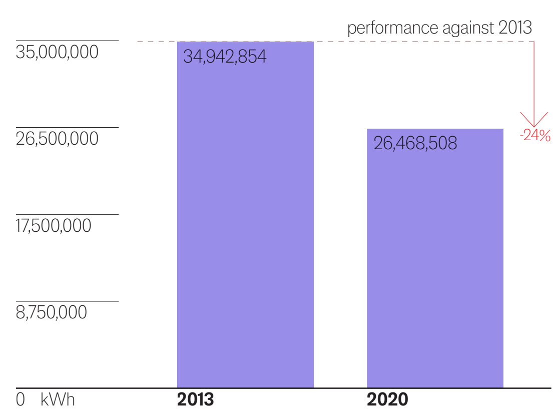
Carbon performance against 2013 baseline

Total building portfolio GHG emissions (Scope 1–3) tCO_2e



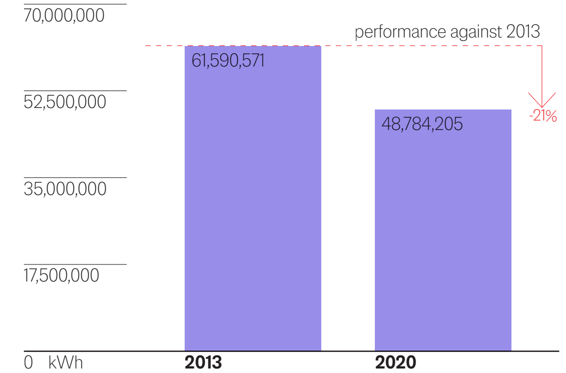
Energy performance against 2013 baseline (landlord areas)

Managed portfolio energy consumption

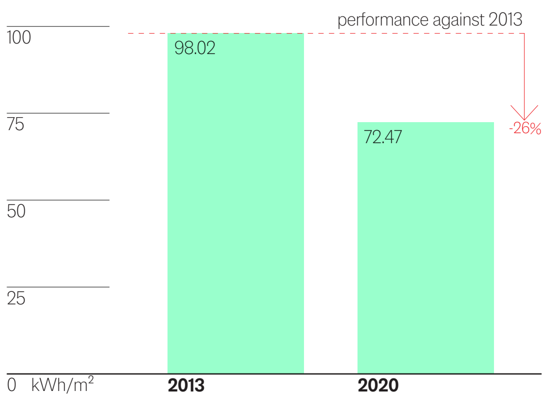


Energy performance against 2013 baseline

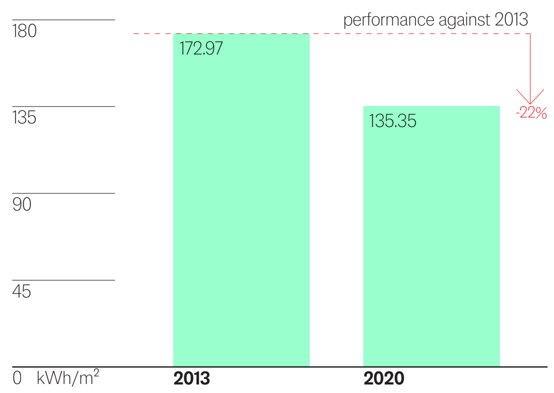
Total building energy consumption



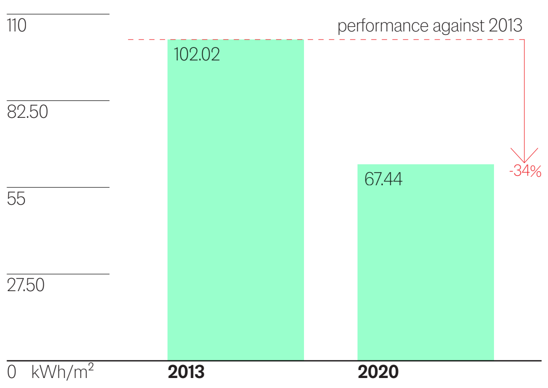
Energy intensity performance against 2013 baseline (landlord areas)
Managed portfolio intensity (kWh/m²)



Energy intensity performance against 2013 baseline
Total building portfolio intensity (kWh/m²)



Energy intensity performance against 2013 baseline (landlord areas)
Like-for-like portfolio intensity (kWh/m²)



Carbon

Table 1
Intensity metrics (managed portfolio Scope 1 + 2)

	2020	% change	2019
tCO_2e/£m turnover	25.76	-30%	44.30
tCO_2e/m^2 (Scopes 1 + 2 only, including Scope 1 fugitive emissions)	0.015	-22%	0.018
Property portfolio at fair value (tCO_2e/£m)	1.02	41%	0.72

Table 2
Intensity metrics (like-for-like-portfolio Scope 1 + 2)

	2020	% change	2019
Total carbon emissions	4,636	-26%	6,288
Total floor area m²		343,369	
Intensity (tCO_2e/m^2)	0.013	-26%	0.018

Table 3
Managed portfolio GHG emissions (total building and landlord emissions) tCO_2e (A)

		2020	% change	2019
Scope 1				
Energy use	Gas (total building)	3,323	-18%	4,067
Travel	Fuel use in Derwent London company cars for business travel	3	-81%	18
Fugitive emissions	Refrigerant emissions (total building)	–	-100%	564
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	1,947	-33%	2,925
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	269	-53%	569
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	191	-34%	288
	Gas (total building)	432	-18%	529
Travel	Fuel use in Derwent London company cars for business travel	1	-82%	4
	Business air travel WTT (landlord emissions)	1	-58%	3
	Business air travel (landlord emissions)	12	-58%	28
Water	Water use (total building)	37	-48%	72
Waste	Waste (total building)	25	-64%	68
Total		**6,240**	**-32%**	**9,137**
Scope 1 renewable certified tariffs (gas total building)(market based)		**3,291**	**-19%**	**4,067**
Scope 2 market based (electricity landlord emissions)		**0**	**0%**	**0**

(A) This data has been independently assured by Deloitte LLP

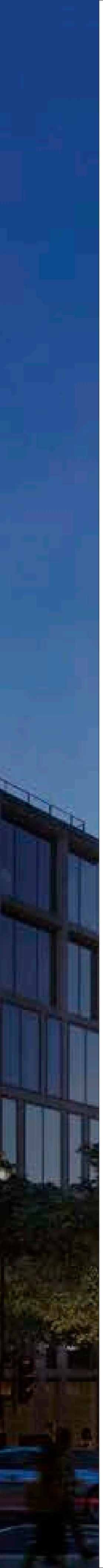


Table 3a
Managed portfolio GHG emissions (landlord and tenant emissions) tCO_2e (A)

		2020	% change	2019
Scope 1				
Energy use	Gas (total building)	3,323	-18%	4,067
Travel	Fuel use in Derwent London company cars for business travel	3	-81%	18
Fugitive emissions	Refrigerant emissions (total building)	–	-100%	564
Scope 2				
Energy use	Electricity use – generation (total building)	1,947	-33%	2,925
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (total building)	987	-53%	2,112
	Electricity use – T&D Direct & WTT T&D In Direct (total building)	700	-35%	1,069
	Gas (total building)	432	-18%	529
	Downstream leased assets (tenant electricity consumption)	5,555	-30%	7,925
Travel	Fuel use in Derwent London company cars for business travel WTT	1	-79%	4
	Business air travel WTT (landlord emissions)	1	-57%	3
	Business air travel (landlord emissions)	12	-58%	28
Water	Water use (total building)	37	-48%	72
Waste	Waste (total building)	25	-64%	68
Total		**13,022**	**-33%**	**19,386**

(A) This data has been independently assured by Deloitte LLP

Table 3b
Managed portfolio GHG emissions tCO_2e

Total building and landlord emissions (Scope 1–3)	6,240
Tenant emissions (Scope 3)	6,782
Total landlord and tenant emissions (Scope 1–3)	13,022

Table 4
Like-for-like portfolio GHG emissions (total building and landlord emissions) tCO_2e (A)

		2020	% change	2019
Scope 1				
Energy use	Gas (total building)	2,783	-24%	3,655
Fugitive emissions	Refrigerant emissions (total building)	–	-100%	39
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	1,853	-29%	2,595
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	256	-49%	505
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	181	-29%	256
	Gas (total building)	362	-24%	475
Water	Water use (total building)	34	-45%	62
Waste	Waste (total building)	25	-50%	50
Total		**5,494**	**-28%**	**7,636**
Scope 1 renewable certified tariffs (gas total building) (market based)		**2,751**	**-25%**	**3,655**
Scope 2 market based (electricity landlord emissions)		**0**	**0%**	**0**

(A) This data has been independently assured by Deloitte LLP
2019 dataset has been restated in line with the new methodology

Greenhouse Gas Emissions (GHGs)

Table 4a
Like-for-like portfolio GHG emissions (tenant and landlord emissions) tCO_2e (A)

		2020	% change	2019
Scope 1				
Energy use	Gas (total building)	2,783	-24%	3,655
Fugitive emissions	Refrigerant emissions (total building)	–	-100%	39
Scope 2				
Energy use	Electricity use – generation (total building)	1,853	-29%	2,595
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (total building)	811	-57%	1,899
	Electricity use – T&D Direct & WTT T&D Indirect (total building)	575	-40%	962
	Gas (total building)	362	-24%	475
	Downstream leased assets (tenant electricity emissions)	4,026	-44%	7,162
Water	Water use (total building)	34	-45%	62
Waste	Waste (total building)	25	-50%	50
Total		**10,469**	**-38%**	**16,899**

(A) This data has been independently assured by Deloitte LLP
2019 dataset has been restated in line with the new methodology

Table 4b
Like-for-like portfolio GHG emissions tCO_2e

Total building and landlord emissions (Scope 1–3)	5,494
Tenant emissions (Scope 3)	4,975
Total landlord and tenant emissions (Scope 1–3)	10,469

Energy

Table 5
Total building energy use (landlord and tenant) Managed portfolio (A)

	2020	% change	2019
Electricity (landlord controlled areas)			
Floor Area (m^2)	92,822	-10%	103,279
Use (kWh)	8,398,662	-27%	11,510,515
Electricity (tenant controlled areas)			
Floor Area (m^2)	285,794	-11%	322,848
Use (kWh)	22,315,697	-28%	31,004,016
Gas (total building)			
Floor Area (m^2)	378,599	-11%	426,344
Use (kWh)	18,069,846	-18%	22,122,575
Biomass (total building) (out of landlord control during 2020)			
Floor Area (m^2)	–		34,180
Use (kWh)	–		561,600
Total landlord energy (electricity and gas)			
Use (kWh)	26,468,508	-23%	34,194,690
Total building energy (landlord and tenant controlled areas)			
Use (kWh)	48,784,205	-25%	65,198,706

(A) This data has been independently assured by Deloitte LLP

Table 6
Total building energy use (landlord and tenant) – Like-for-like portfolio (A)

	2020	% change	2019
Electricity (landlord controlled areas)			
Floor Area (m^2)	88,839	0%	88,839
Use (kWh)	8,021,003	-21%	10,205,290
Electricity (tenant controlled areas)			
Floor Area (m^2)	254,530	0%	254,530
Use (kWh)	17,196,477	-39%	27,967,460
Gas (total building)			
Floor Area (m^2)	344,879	0%	344,879
Use (kWh)	15,135,365	-24%	19,878,966
Total landlord energy (electricity and gas)			
Use (kWh)	23,156,368	-23%	30,084,257
Total building energy (landlord and tenant controlled areas)			
Use (kWh)	40,352,844	-30%	58,051,717

(A) This data has been independently assured by Deloitte LLP
2019 dataset has been restated in line with the new methodology

Table 7
Energy and water use – Head office buildings (A)

Electricity (Derwent London occupied areas)	2020	% change	2019
Floor area (m^2)	2,152	0%	2,152
Use (kWh)	74,430	-10%	82,313

Gas (Derwent London occupied areas)	2020	% change	2019
Floor area (m^2)	2,152	0%	2,152
Use (kWh)	49,135	4%	47,280

Water (Derwent London occupied areas)	2020	% change	2019
Floor area (m^2)	2,152	0%	2,152
Use (m^3)	404.49	-37%	645.15

Carbon (Derwent London occupied areas)	2020	% change	2019
Total indirect emissions (tCO_2e)	9.24	3%	8.98
Total emissions (tCO_2e)	9.4	2%	9

Total	2020	% change	2019
Use (kWh)	123,564	-5%	129,593
Intensity (kWh/m^2)	57	-5%	60

(A) This data has been independently assured by Deloitte LLP

Electricity

Head office buildings	Properties with retail/ development consumption excluded from portfolio figures	Properties where meter readings were used in December 2020	Photovoltaics (properties with solar panels)
25 Savile Row W1 161 Rosebery Avenue EC1 (basement)	90 Whitfield Street W1 (retail) 1–2 Stephen Street W1 (retail) Tea Building E1 (retail) Greencoat House SW1 (retail) 20 Farringdon Rd EC1 (retail) Holden House W1 (retail) The White Chapel Building E1 (retail) White Collar Factory EC1 (retail)	Welby House SW1 1 Oliver's Yard EC1 25 Savile Row W1 (Derwent London areas) 19–35 Baker St W1 90 Tottenham Court W1 Brunel Building W2	1 Oliver's Yard EC1 90 Whitfield Street W1 White Collar Factory EC1

Consumption was calculated using comprehensive checks and sub-metering.

Gas

Head office buildings	Properties where meter readings were used in December 2020
25 Savile Row W1 161 Rosebery Avenue EC1 (basement)	1–2 Stephen Street W1 Francis House SW1 6–8 Greencoat Place SW1 4 & 10 Pentonville Rd N1 The White Chapel Building E1 White Collar Factory EC1 19–35 Baker Street W1 90 Tottenham Court W1 Brunel Building W2

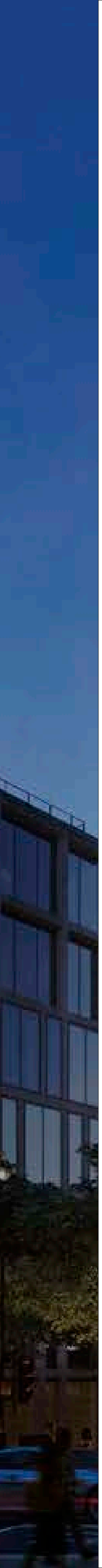


Table 8
Total building water use — Managed portfolio (A)

Water	2020	% change	2019
Mains water use (m^3)	95,719	-53%	205,780
Rainwater use (m^3)	0.26	-79%	1.25
Total (m^3) (excluding retail)	**95,719**	**-53%**	**205,781**
% mains water use	100%	0%	100%
% rainwater use	0%	0%	0%
Intensity (m^3/m^2)	0.29	-43%	0.50
Total (m^3) (including retail consumption)	107,771	-52%	223,710
Intensity (m^3/m^2)	0.29	-46%	0.53

(A) This data has been independently assured by Deloitte LLP (excluding retail water usage)

Table 9
Total building water use — Like-for-like portfolio (A)

Water	2020	% change	2019
Mains water use (m^3)	85,852	-52%	179,168
Rainwater use (m^3)	0.26	-79%	1.25
Total (m^3) (excluding retail)	**85,852**	**-52%**	**179,169**
% mains water use	100%	0%	100%
% rain water use	0%	0%	0%
Intensity (m^3/m^2)	0.25	-55%	0.55
Total (m^3) (including retail consumption)	97,904	-45%	179,168
Intensity (m^3/m^2)	0.29	-49%	0.55

(A) This data has been independently assured by Deloitte LLP (excluding retail water usage).
2019 dataset has been restated in line with the new methodology

Water		
Properties with retail/development consumption excluded from portfolio figures	**Rainwater harvesting property**	**Properties where meter readings were used in December 2020**
1 Oliver's Yard EC1	Angel Building EC1	1–3 Angel Square EC1
Tea Building E1		1–2 Stephen Street W1
1–2 Stephen Street W1		Charlotte Building W1
20 Farringdon Rd EC1		3–8 Hardwick Street EC1
Network Building W1		Henry Wood House W1
The White Chapel Building E1		Holden House W1
		Francis House SW1
		Morelands EC1
		6–8 Greencoat Place SW1
		25 Savile Row W1
		4 & 10 Pentonville Rd N1
		43 Whitfield Street W1
		20 Farringdon Road EC1
		The White Chapel Building E1
		White Collar Factory EC1
		19–35 Baker Street W1
		Brunel Building W2

Consumption was calculated using comprehensive checks and sub-metering

Waste

Table 10
Waste generated — Managed portfolio (A)

Total waste (tonnes)	2020	% change	2019
Incineration (with energy recovery) (tonnes)	401	-55%	889
Recycling (tonnes)	762	-66%	2,313
Total (tonnes)	**1,162**	**-64%**	**3,202**
Incineration (with energy recovery) (tonnes)	34%		28%
Recycling (tonnes)	66%		72%

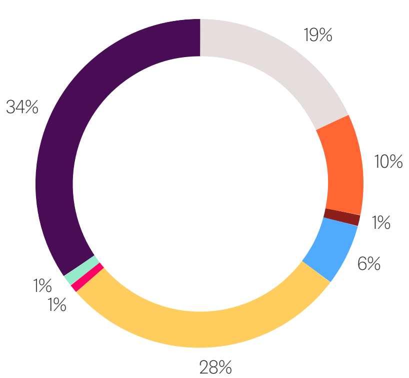
(A) This data has been independently assured by Deloitte LLP

Table 11
Waste generated — Like-for-like portfolio (A)

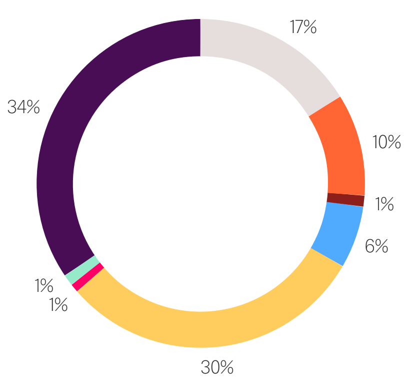
Total waste (tonnes)	2020	% change	2019
Incineration (with energy recovery) (tonnes)	295	-53%	631
Recycling (tonnes)	578	-66%	1,719
Total (tonnes)	**874**	**-63%**	**2,350**
Incineration (with energy recovery) (%)	34%		27%
Recycling (%)	66%		73%

(A) This data has been independently assured by Deloitte LLP
2019 dataset has been restated in line with the new methodology

Waste generated %
Managed portfolio



Waste generated %
Like-for-like portfolio



- Food
- Card
- Coffee Waste
- Glass
- Paper, Cans + Plastic
- IT/WEEE/Batteries/Toners
- Paper (All)
- Waste

Certifications and labelling

Table 12

BREEAM	Outstanding	Excellent	Very Good	Summary
Projects delivered*	3	4	12	
% of the ERV value	7%	15%	4%	26%
% of the managed portfolio				32%
Total number of managed assets				**47**
Total assets with BREEAM certification*				**15**
Currently on track to meet the respective rating (rating yet to be confirmed)	2	3		
% of the ERV value	9%	11%		**20%**

* assets may carry multiple certificates

LEED ratings	Platinum	Gold	Silver
Projects delivered	1	–	–
Currently on track to meet the respective rating (rating yet to be confirmed)	–	5	–

Code for Sustainable Homes	5 stars	4 stars	3 stars
Projects delivered	–	2	–

Eco Homes			Excellent
Residential projects delivered			1

Energy Performance Certificates

As of 1 April 2018, the Minimum Energy Efficiency Standards (MEES) regulations came into force impacting both residential and commercial properties in England and Wales.

We set out below a breakdown of our EPC ratings together with the proportion of estimated rental value (ERV) they represent so we can show the financial value/weighting of each rating band.

Table 13
EPC – Counts

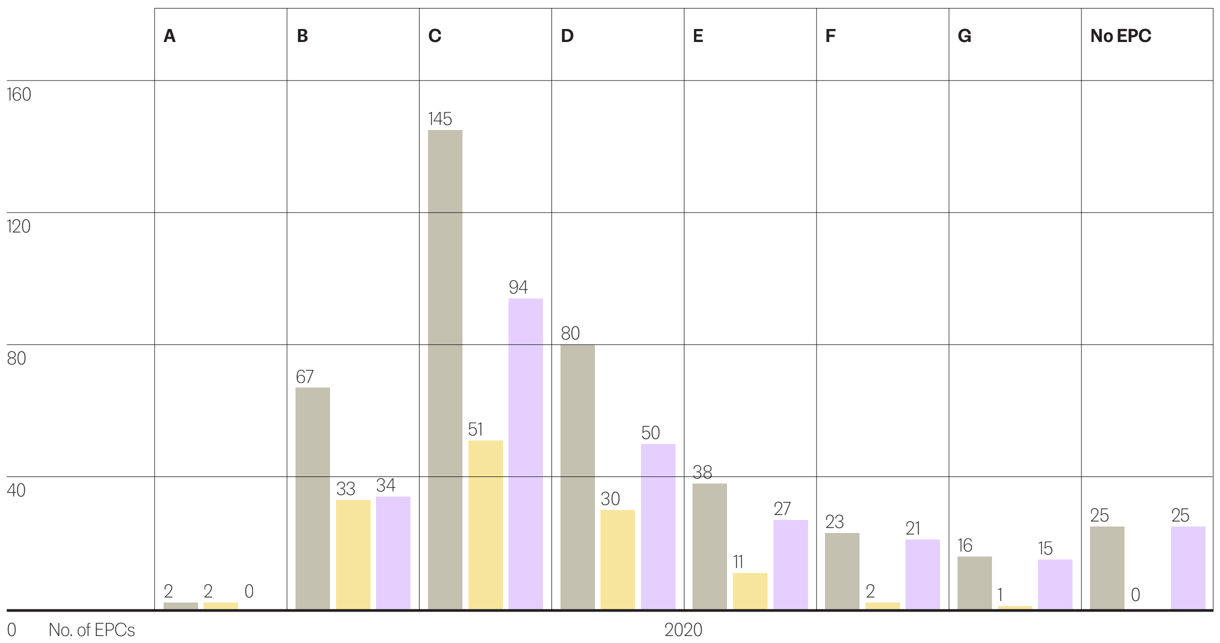
		Total A	Total B	Total C	Total D	Total E	Total F	Total G	No EPC	Total
2020	**Whole portfolio**	2	67	145	80	38	23	16	25	371
2020	**Managed portfolio**	2	33	51	30	11	2	1	0	130
2020	**Unmanaged portfolio**	0	34	94	50	27	21	15	25	241

Table 14
EPC – ERV

		Total A	Total B	Total C	Total D	Total E	Total F	Total G	No EPC	Total
2020	**Whole portfolio**	6%	31%	24%	21%	9%	1%	0%	8%	100%
2020	**Managed portfolio**	6%	27%	17%	19%	6%	0%	0%	0%	75%
2020	**Unmanaged portfolio**	0%	4%	8%	2%	2%	1%	0%	8%	25%

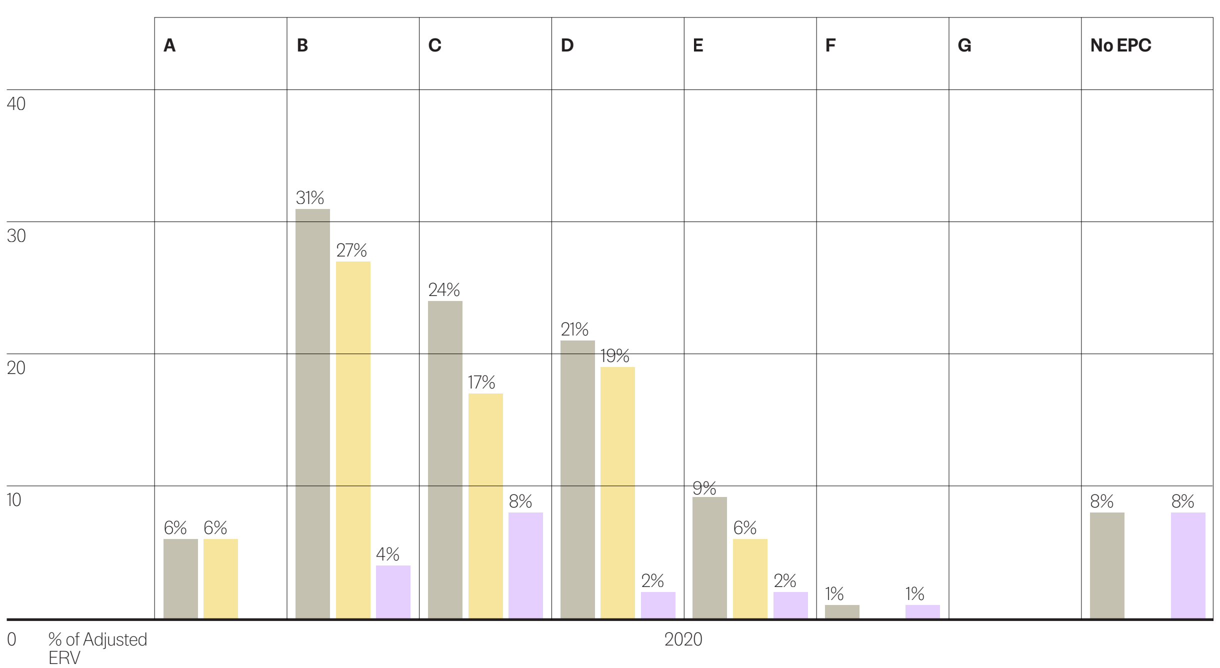
The No EPCs buildings are accounted separately to give a clear separation between the EPC rated vs un-rated EPC properties.

Number of EPC ratings



EPC – ERV

Fiscal Distribution of EPC rating by Estimated Rental Value, ERV



Health and Safety

We measure and report our health and safety data across three primary areas:

1. **Our managed portfolio** – ensuring the safe, healthy and secure operation and maintenance of our buildings
2. **People** – ensuring the safety, health and wellbeing of our employees, occupiers, visitors and those who work in our buildings
3. **Developments** – ensuring our projects are designed and delivered safely and without risk to health

Reporting period

Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2020.

Reporting boundary

Our reporting boundary focuses on work related incidents only and the scope is as follows:

	Managed portfolio*	People	Development
Includes	52 office properties (392,228m²) 58 residential properties (7,000m²) Incidents occurring in landlord areas	Derwent London employees Occupiers, visitors and those working in our buildings in landlord areas only	Our large development projects and refurbishments, which are notifiable to the Health and Safety Executive (HSE). Data reported relates to 3 sites: 80 Charlotte Street W1, Soho Place W1 and The Featherstone Building EC1 Incidents from our smaller refurbishment works, which require notification to the HSE are captured under our managed portfolio reporting.
Excludes	Incidents occurring within single let properties, occupier spaces and retail spaces which we do not have management control over.	Incidents occurring in occupier spaces	Small refurbishment works. Any incidents from these are captured under our managed portfolio reporting

* Note – the managed portfolio building count for our health and safety data differs from that of our environmental data because we maintain a health and safety responsibility for buildings or parts of buildings where we do not control or have influence over utility consumption.

We report our health and safety data across five key performance indicators for both our managed portfolio (including people) and developments, these are:

RIDDORs – any reportable incident under the RIDDOR regulations, including fatalities, 7-day lost time incidents and applicable dangerous occurrences.

Minor accidents – a work-related incident, which is not a RIDDOR, but resulted in harm to an individual e.g. a slip, trip or fall

Dangerous occurrences – as defined by RIDDOR - These include incidents involving, lifting equipment, pressure systems, overhead electric lines, electrical incidents causing explosion or fire, explosions, biological agents, radiation generators and radiography, breathing apparatus, diving operations, collapse of scaffolding, train collisions, wells and pipelines or pipeline works

Prohibition / Improvement notices – a notice issued by either a Local Authority or the HSE should they find an immediately dangerous issue during a site inspection

Fatalities – occupational activities resulting in death

Managed portfolio and people

Scope
The reporting scope for our managed portfolio and people covers our managed properties, our employees, occupiers, all those that work in and around our buildings and members of the public. Likewise, it covers incidents occurring in landlord areas only.

Methodology
For our managed portfolio we use a specific health and safety data management system – QUOODA. Each property is required to submit all incident data into QUOODA. The incident data is captured by this system with the Building Manager responsible for ensuring it is populated with data at the required intervals. This system automatically collates and trends the data and allows for the collation of statutory documentation. Our Health and Safety Team then review the output from QUOODA on a bi-monthly basis and then report this through to the Health and Safety Committee and the Risk and Audit Committees on a monthly and quarterly basis respectively.

Accident frequency rates (AFR) are calculated as (the number of accidents and/or RIDDORS × 100,000) / (number of person hours worked)

Developments

Scope
The reporting scope for our developments covers our large development projects, refurbishments and small projects, which are notifiable to the Health and Safety Executive (HSE).

Methodology
Our principal contractors are required to collate all the required health and safety data and return it to our Health and Safety Team monthly. This information is then compiled into a report, reviewed and the data trended. This report is then sent through to the Health and Safety Committee and the Risk and Audit Committees on a bi-monthly and quarterly basis respectively.

The AFR is calculated as above.

Glossary

Automatic Meter Reading (AMR)
AMR is the technology of automatically collecting consumption, diagnostic, and status data from water or energy metering devices and transferring that data to a central database for billing, troubleshooting, or analysis purposes.

Better Buildings Partnership (BBP)
The BBP is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock.

BS EN 15978:2011 Sustainability of construction works: Assessment of environmental performance of buildings - calculation method
This standard provides the calculation rules/method for the assessment of the environmental performance of new and existing buildings, based on life cycle assessment (LCA). It also provides guidance on applicable system boundaries and procedures for inventory analysis.

Building Management System (BMS)
A BMS is a computer-based control system which is installed in a building which monitors and controls the mechanical and electrical equipment e.g. lighting, heating, cooling and security systems.

Building Research Establishment Environmental Assessment Method (BREEAM)
BREEAM is an environmental impact assessment method for non-domestic buildings. Performance is measured across a series of ratings – Pass, Good, Very Good, Excellent and Outstanding.

Carbon dioxide equivalent (CO_2e)
CO_2e is a standard unit for measuring carbon footprints. It expresses the impact of each different greenhouse gas in terms of the amount of CO_2 that would create the same amount of warming impact of each gas. As a result, the total impact of all these gases can be expressed as a single number in a same unit.

CDP
The CDP is an organisation which works with shareholders and listed companies to facilitate the disclosure and reporting of climate change data and information.

CIBSE TM54
CIBSE Technical Memorandum 54 (TM54) provides building designers and owners with clear guidance on how to evaluate operational energy use fully, and accurately, at the design stage. It sets out how the operational energy required for the building can be estimated – covering both regulated and unregulated loads.

Design for Performance (DfP)
The DfP initiative is a UK industry funded and backed project established to tackle the energy performance gap in buildings and provide an approach, based on measurable performance outcomes, to ensure new office developments deliver on their design intent.

Energy Performance Certificate (EPC)
An EPC is an asset rating detailing how energy efficient a building is, rated by carbon dioxide emission on a scale of A-G, where an A rating is the most energy efficient. They are legally required for any building that is to be put on the market for sale or rent.

European Public Real Estate Association (EPRA)
EPRA is an association of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance.

FTSE4Good
The FTSE4Good is an index that has been developed to measure objectively the performance of companies that meet globally recognised corporate responsibility standards, such that organisations can make effective decisions when assessing or creating responsible investment products.

Fugitive emissions
Fugitive emissions are emissions of gases or vapours from pressurised equipment e.g. air conditioning units due to leaks and other unintended releases/losses.

Global Real Estate Sustainability Benchmark (GRESB)
The Global Real Estate Sustainability Benchmark is an initiative set up to assess the environmental and social performance of public and private real estate investments and allow investors to understand their performance.

Global Reporting Initiative (GRI)
The Global Reporting Initiative is an internationally recognised sustainability reporting framework which provides metrics and methods for measuring and reporting sustainability related impacts and performance.

Greenhouse Gas (GHG) Protocol Corporate Accounting standard
This internationally recognised standard sets out methodologies for businesses to collate, calculate and report all the GHG emissions they produce.

Home Quality Mark (HQM)
HQM is an assessment standard for new homes. Performance is measured across a series of star ratings 1–5.

Institution of Occupational Safety and Health (IOSH)
IOSH is the chartered body for safety and health professionals. It is a UK-based organisation offering professional qualifications in order to raise standards of health and safety in the workplace.

ISS-Oekom
ISS-Oekom is an ESG rating service that provides corporate and country ESG research and ratings that enables its clients to identify material social and environmental risks and opportunities.

Leadership in Energy and Environmental Design (LEED)
LEED is a US based environmental impact assessment method for buildings. Performance is measured across a series of ratings – Certified, Silver, Gold and Platinum.

London Energy Transformation Initiative (LETI)
LETI is a network of over 1000 built environment professionals that are working together to put London on the path to a zero carbon future. The voluntary group is made up of developers, engineers, housing associations, architects, planners, academics, sustainability professionals, contractors and facilities managers.

Loan Market Association (LMA) Green Loan Principles
The green loan principles aim is to create a high-level framework of market standards and guidelines, providing a consistent methodology for use across the green loan market. It comprises a series of voluntary recommended guidelines that seek to promote integrity by clarifying the instances in which a loan may be categorised as "green".

National Australian Built Environment Rating System (NABERS)
This is a building performance rating system which provides an energy performance benchmark using a simple star rating system on a 1–6 scale. This helps property owners understand and communicate a building's performance versus other similar buildings to occupiers. Ratings are validated on an annual basis.
(Also see Design for Performance reference)

National General Certificate in Occupational Health & Safety (NEBOSH)
The NEBOSH General Certificate is a recognised health and safety qualification providing line managers and staff with a sound understanding of the principles of risk management.

Radiative Forcing
Radiative forcing is the change in the energy balance in the lower atmosphere by a climate change mechanism. In this case, the change mechanism we reference in this report is aircraft emissions. Aircraft emissions contribute to this energy change in a number of ways e.g. they release substances that trigger the generation of aerosol particles or lead to changes in natural clouds e.g. contrails.

Renewable Energy Guarantees of Origin (REGO)
The REGO scheme administered by Ofgem provides transparency to consumers about the proportion of electricity that supplier's source/provide from renewable generation.

Reporting of Injuries, Disease & Dangerous Occurrences Regulations, 2013 (RIDDOR)
RIDDOR requires employers and those in control of premises by law to report specified workplace incidents, such as work-related fatalities, major injuries, seven day injuries (those causing more than seven days inability to carry out normal duties), work related diseases, and dangerous occurrences (near-miss accidents).

Science Based Target initiative (SBTi)
The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi defines and promotes best practice in science-based target setting and independently assesses and approves companies' targets. Science-based targets provide companies with a clearly defined pathway to future-proof growth by specifying how much and how quickly they need to reduce their greenhouse gas emissions.

Streamlined energy and carbon reporting (SECR)
The SECR regulations were introduced in April 2019 and require companies incorporated in the UK to undertake enhanced disclosures of their energy and carbon emissions in their financial reporting. Companies are required to comply with SECR if they have two of the three qualifying conditions; at least 250 employees, an annual turnover greater than £36m and an annual balance sheet total over £18m.

Task Force on Climate-related Financial Disclosures (TCFD)
Set up by the Financial Stability Board (FSB) in response to the G20 Finance Ministers and Central Bank Governors request for greater levels of decision-useful, climate-related information; the TCFD was asked to develop climate-related disclosures that could promote more informed investment, credit (or lending), and insurance underwriting decisions. In turn, this would enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

Transmission and distribution (T&D)
Transmission and Distribution (T&D) is the term used to describe the emissions associated with the transmission and distribution losses in the grid from the transportation of electricity from its generation source.

Well-to-tank (WTT)
Well to tank (WTT) is the term used to describe the emissions associated with extracting, refining, and transporting raw fuel to the vehicle, asset or process under scrutiny.

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DERWENT LONDON

25 Savile Row
London W1S 2ER
+44 (0)20 7659 3000
www.derwentlondon.com/responsibility