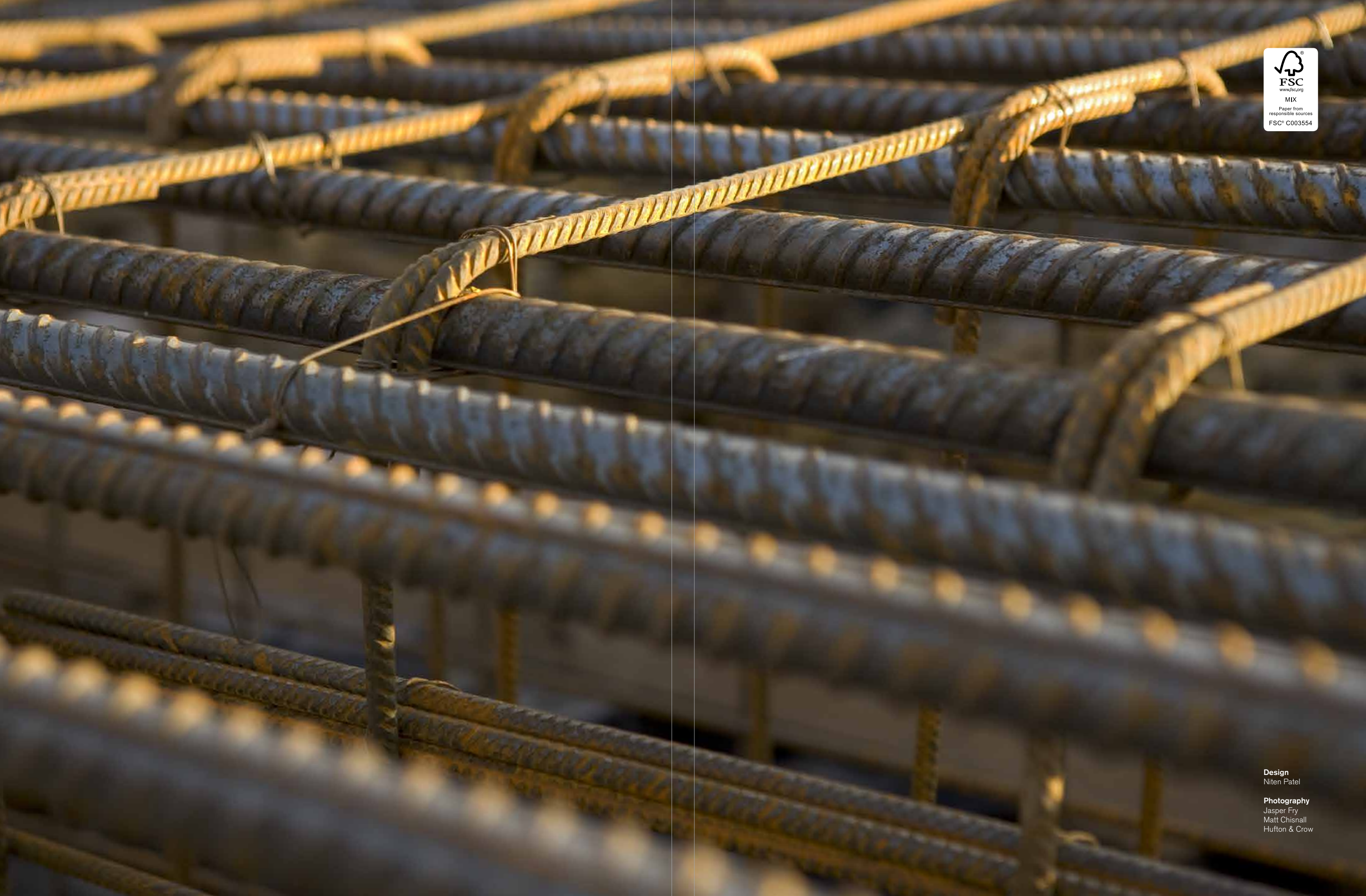




SUSTAINABILITY

ANNUAL REPORT 2015

DERWENT
LONDON



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CONTENTS

7

04 CEO FOREWORD
05 INTRODUCTION

6

06 RECOGNITION IN 2015
08 ABOUT OUR REPORT

5

10 KEY PRIORITIES AND MATERIALITY
12 AN EXTERNAL PERSPECTIVE

14 OUR PERFORMANCE
18 OUR CARBON FOOTPRINT

4

22 DESIGNING AND DELIVERING
BUILDINGS RESPONSIBLY
28 MANAGING OUR ASSETS RESPONSIBLY

36 CREATING VALUE IN THE COMMUNITY
40 ENGAGING AND DEVELOPING
OUR EMPLOYEES

3

48 HEALTH AND SAFETY

2

52 LOOKING AHEAD

1

56 OUR DATA

G

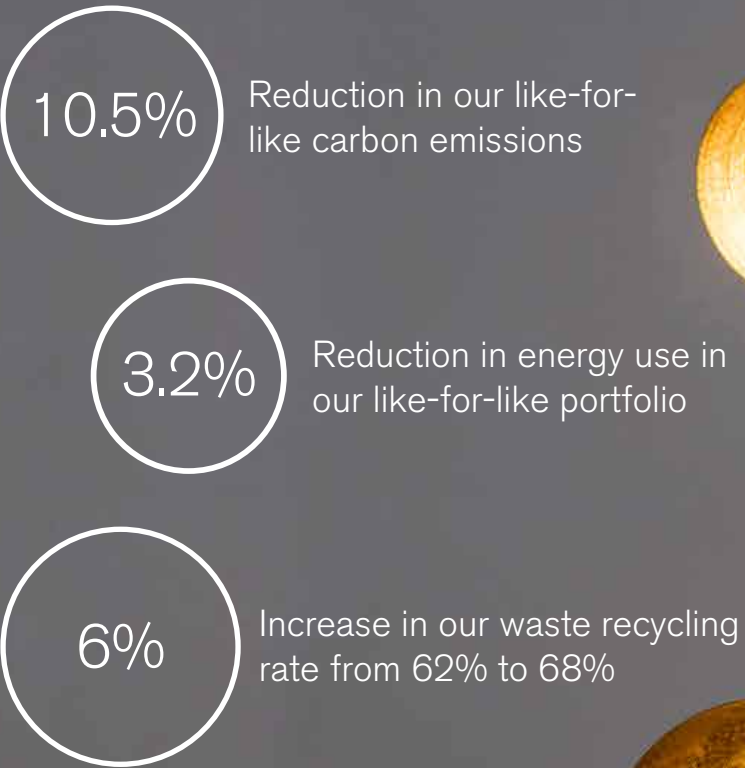
68 DATA ASSURANCE STATEMENT
70 EPRA REPORTING

74 GRI CONTENT INDEX
86 GLOSSARY

A
DERWENT
LONDON
REPORT

2015 HIGHLIGHTS

Resource efficiency



Communities





CEO FOREWORD

Sustainability is high on Derwent London's agenda and 2015 has been another very busy and progressive year. We have achieved a great deal and I am pleased to report that our sustainability programme has developed even further and continues to help differentiate our work and support the successful delivery of our business model.

During the past year we have made good progress on a number of fronts from reducing our carbon footprint and energy consumption through to launching a new sustainability management framework for our managed portfolio. We have also expanded the scope and duration of our community fund, recognising the significant support it is providing to our neighbours and wider community stakeholders.

We have again earned external recognition for our work, winning awards for our carbon reduction programme at the CDP UK awards and achieved another gold award for our sustainability reporting in the EPRA reporting awards. Similarly we achieved a top ten position in the highly respected Management Today Awards for Britain's Most Admired Companies 2015, being ranked third overall and topping the property category for the sixth successive year.

I hope you find this year's report, which highlights our sustainability activities in finer detail, interesting and in addition get a sense of the breadth of work we have planned for 2016.

John Burns
Chief Executive Officer



INTRODUCTION

Welcome to the Derwent London 2015 annual sustainability report.

In what has been another successful year we are pleased to report that it has also seen us continue to make significant steps in developing our sustainability agenda, and delivering some notable performance improvements.

We continue to see reductions in our carbon footprint and energy consumption profiles, with 10.5% and 3.2% reductions respectively in our like-for-like portfolio, likewise a 6% improvement in our waste recycling rate, moving from 62% to 68%. These improvements are made against the backdrop of significant reductions during 2014.

As we mentioned in our last report we refined our approach to target setting and increased the level of focus in certain areas – the benefits of which we are already beginning to see. However, we have not stopped there and have decided to expand our range of longer term targets, and tighten some of the internal KPI measures.

A new addition for this year's report has been our move towards reporting in line with the Global Reporting Initiative (GRI) requirements. This has seen us refresh and broaden our previous materiality reviews and improve clarity on those issues which are significant for our business. Later in the report we set out our new materiality matrix and content index detailing their alignment with the core option set of GRI indicators.

As in 2014 we continue to earn recognition for our reporting efforts achieving a gold award in the European Public Real Estate Association (EPRA) sustainability reporting awards for the third year in a row. Likewise we retained our Green Star status in the Global Real Estate Sustainability Benchmark (GRESB) improving our score from 69 to 74. We also received an award for the biggest relative reduction in carbon emissions at the CDP UK awards, whilst also improving our score from 86 to 92.

Our community fund continues to help us engage and deliver significant benefit in the neighbourhoods in which we work. Last year we invested over £66,000 across Fitzrovia with well over £200,000 invested to date. At the beginning of 2016 we announcement extension's to the fund to cover our Tech Belt portfolio with an additional £150,000 to be invested in this area over three years matching the further £150,000 committed to Fitzrovia. This will see us invest over £500,000 into these areas in the five years to 2018.

We hope this report gives you a sense of our achievements over the past year and what we have in store for 2016 and beyond. If you would like any further details on our sustainability work please contact us at sustainability@derwentlondon.com.

Paul Williams
Executive Director
for Sustainability

John Davies
Head of Sustainability



RECOGNITION IN 2015

Over the past year we were recognised by a number of benchmark and external rating indices for the quality of our reporting and clarity of disclosure, also receiving awards for our work.

This recognition is important as it not only reflects our hard work, but it also allows our performance to be easily compared and contrasted with others, and is an indicator as to the quality of our approach.



CDP

We maintain our disclosure rating band C and increase our score from 86 to 92

CDP UK Awards 2015

Winner of the biggest relative reduction in carbon emissions in the UK from our carbon management work



GRESB – Global Real Estate Sustainability Benchmark

We retain our Green Star status for the fourth year in succession and improved our score from 69 to 74



FTSE4Good

FTSE4Good

We are listed in FTSE4Good index and achieve a super-sector score of 78



EPRA – Sustainability Reporting Awards 2015

Awarded Gold for the third year in succession



Management Today Awards – Britain's Most Admired Companies 2015

For 2015 we again feature in these prestigious peer review based awards. For the sixth year in succession we topped the property category and were positioned third out of all the 247 companies listed.

ABOUT OUR REPORT

As always, we strive to ensure that our reporting is clear, easy to access and relevant to our stakeholders, and continues to evolve to take account of the latest best practice.

This year we made a number of additions designed to bolster our priority lead reporting, capture feedback from our stakeholders and ensure we are aligned with the latest reporting frameworks.

The first of these additions, and following feedback from stakeholders, is our move to report in line with the GRI requirements. We now include a content index in this report showing how we align with the G4 core reporting requirements. To support this move we undertook a detailed and broader materiality assessment to reconfirm our key priorities and ensure we were capturing the issues which matter most to our business and that we were centring our reporting on those key issues. A summary of these issues is presented later in this report.

Another addition this year is the inclusion of external commentary and analysis on our sustainability work, undertaken by the UK Green Building Council (UK-GBC) of which we are Gold Leaf members. This commentary was provided as part of the Gold Leaf member 360 review process – an annual activity designed to constructively review members' sustainability programmes to identify areas of strength and improvement to ensure each organisation is continuing to progress. We believe it is important to seek this kind of third party feedback, as well as public assurance on our data provisions, as it helps improve and direct our approach to sustainability.

Structure

In line with previous reports we have structured the main body of our report around our four key sustainability priorities:

- Designing and delivering buildings responsibly
- Managing our assets responsibly
- Creating value in the community
- Engaging and developing our employees

We continue to believe these four priorities best reflect the way we operate our business day-to-day and its context. However, we have supplemented this with commentary on other key areas where necessary – most notably our carbon footprint and health and safety.

Our data report, which can be found on page 56, details the boundaries and methods used to derive our data, together with performance commentary. This year we have broadened its scope to include, for example, employee based aspects, development statistics and socio-economic metrics.

Scope

This report is based on activities undertaken during our last financial year which is set to the calendar year – 1 January 2015 to 31 December 2015. Likewise it covers the activities of our central London focused business which did not change during 2015.

The boundary treatment used for our data, together with the calculation and aggregation methods are set out in detail in our data report which can be found on page 57.

Assurance

We continue to engage external auditors Deloitte LLP to assure our sustainability datasets. For this year we expanded the scope of the assurance programme to cover our Scope 3 greenhouse gas emissions (GHGs). Deloitte's opinion of our data can be found on pages 68–69.

Reporting frameworks

We have compiled our reporting to align and be in accordance with the GRI G4 core requirements and our content index can be found on pages 74–85. We also present a comprehensive summary of the EPRA Best Practices Recommendations on Sustainability Reporting which can be found on pages 70–73.

As well as this in-depth report, we also provide a summarised account of our sustainability performance within our Annual Report and Accounts, where we cross-reference relevant sections to support our GRI reporting. This report can be found at www.derwentlondon.com/investors/results-and-reports.

KEY PRIORITIES AND MATERIALITY

In 2013 we undertook a comprehensive review of our approach to sustainability. This redefined our vision and strategy and aligned our approach more closely with our key stakeholder groups (investors, employees, customers, suppliers and communities), based on a detailed assessment of their needs, which in turn enabled us to create our four long-term sustainability priorities:

- Designing and delivering buildings responsibly
- Managing our assets responsibly
- Creating value in the community
- Engaging and developing our employees

However, we wanted to understand in more detail those material issues which affect our business to ensure we report on the full range of issues, and support our move towards reporting in line with the GRI (Global Reporting Initiative) G4 requirements. To do this we undertook another materiality review, but this time we commissioned an

external consultancy to look not just at immediate business and stakeholder groups, but also beyond, to capture the wider media opinion of our business (local and national), peer groups, industry organisations/associations and commentators, and what issues they perceived as material/important for businesses such as ours.

The review involved a three step process – **identification**, **prioritisation**, and **validation** to define and identify the various material issues. It revealed a range of issues – 18 in total, which were then individually examined and validated in detail by members of the Executive Board and Sustainability Committee in a dedicated workshop facilitated by the same external consultancy. This established their relative importance to our business balanced with their perceived importance to our stakeholders, recognising that they can value issues differently to us with varying levels of significance.

From this review it was clear that many of the issues raised were actually sub-issues of more headline issues. Therefore, to make the categorisation process simpler those sub-issues were grouped under their respective headline. As a result, from the original 18 issues identified, nine core issues emerged which were (in rank order):

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

To set these issues into the context of our business we created a materiality matrix, which shows these nine issues in relation to our four sustainability priorities and which issues connect with which priority. Likewise the matrix also shows the maturity of those issues in terms of reporting, and those issues (coloured solid red) we will be seeking to include more commentary and insights on in future reporting.

OUR MATERIALITY MATRIX





AN EXTERNAL PERSPECTIVE

New for this year, and as part of our continued progression, we invited the UK-GBC to include some commentary and feedback on our work based on their 360 review of our sustainability approach – a requirement of our Gold Leaf membership status.

UK-GBC Chief Executive Julie Hirigoyen gives her thoughts.

In December 2015, 180 nations came together in Paris to achieve something of an unexpected victory for sustainability: a global agreement to tackle climate change. Now, a few months later, we at UK-GBC and others like us across the world are trying to work through what that means for our sector, both in terms of the end goal and how we get there.

The UK's buildings are responsible for over one third of the UK's total greenhouse gas emissions, and therefore need to be a big part of the solution to climate change. It was with that in mind that we asked our members, in the lead up to Paris summit (COP21), to make "pledges" setting out what they were committed to do to reduce their environmental impacts. Derwent London was one of over 60 UK-GBC member organisations to do so, and there is no doubt that one of the reasons for the success at COP21 was the momentum created by global business leaders calling for meaningful action.

Fortunately, within our membership, we have companies like Derwent London who are not only ploughing their own ambitious furrow, but also bringing others with them. Indeed, they have worked closely with us over the last year, participating actively in best practice initiatives such as our "ESOS Showcase", and even helped to bring members of their supply chain into the UK-GBC fold.

Through our "Sustainability Journey" process and our recent "360" reviews of Gold Leaf member performance, we have found Derwent London to be a leader in a number of areas. As highlighted elsewhere in this report, they continue to be recognised as an example of good practice in sustainability reporting and, vitally, they show commitment to deepening this transparency through very clear and comprehensive energy and carbon measurement and disclosure - including gaining an award from the CDP for their emissions reduction achievements.

However, like so many things there is always room for improvement. In particular, in the light of COP21 we would encourage Derwent London to look beyond their 2018 horizon and set out a longer-term, "science-based" target for cutting the carbon emissions from their buildings. Likewise while the company is ahead of many in its efforts to understand and reduce the embodied carbon within its developments, we would also like to see this leadership cemented by committing to a corporate target in this area.

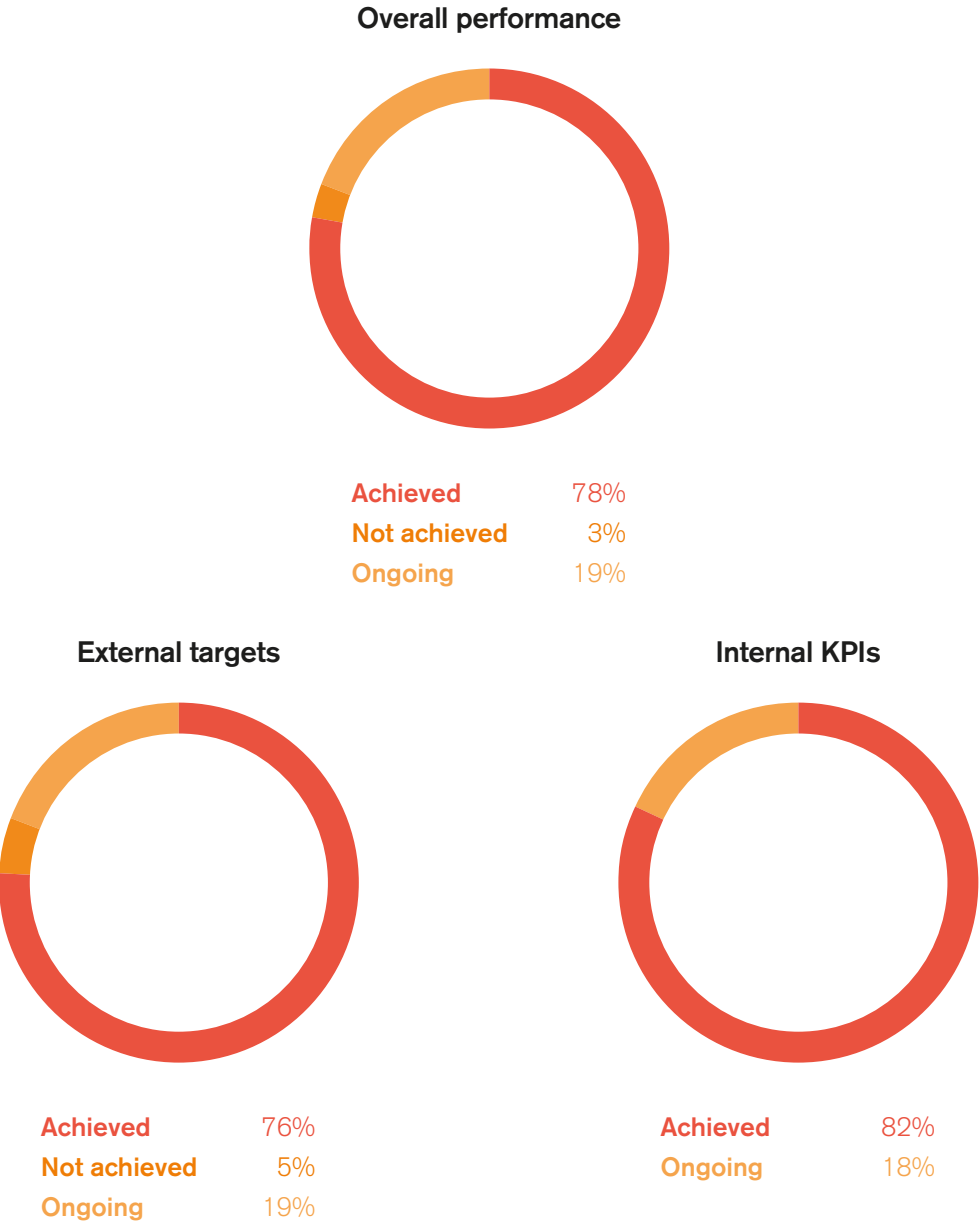
Going forward, we see opportunity for Derwent to focus even more on the integration of sustainability into the core business. For instance, there are examples both within and beyond the UK-GBC membership of organisations that build sustainability objectives into their entire corporate team, and clearly link those to performance appraisals – however at the moment this is only focused on a relatively small number of senior or directly sustainability-focused staff. Similarly, while Derwent include sustainability in their staff induction processes and have regular communications on related issues, there is perhaps room to go further with deeper, organisation-wide sustainability training programme along the lines of those being developed by some of our other members. We would also encourage Derwent to share in more detail the lessons they've learned from their journey thus far, both good and bad, with their peers and more widely to serve as an inspiration and challenge to others. Remembering that ultimately we can only address the significant sustainability challenges we face if everyone, not just the progressive few, set the highest standards possible.

OUR PERFORMANCE

2015 saw us introduce our most focused and challenging set of performance targets so far, with a mixture of short-term annualised targets and medium-term stretch targets. Moreover, we introduced a series of internal KPIs based on some of our previous year's targets, designed to ensure we maintain our high standards and performance on a day-to-day basis.

As mentioned in our report last year we wanted to show performance against both sets of measures to give a greater sense of perspective and understanding of our performance, and so we have set out below a breakdown of our performance.

Overall, we achieved 78% of our targets and KPIs, which whilst lower than our achievement in 2014 (97%), represents we believe, very good progress given that we have a number of medium-term targets and ongoing KPIs against which we cannot yet provide final measurement. However, we did not meet one of our targets – our managed portfolio water consumption target; please see our performance table below for further analysis.



Looking at our performance in more detail:

Engaging & developing our employees

Performance measure	Commentary
External targets	
Develop and stage a young persons' careers workshop	A careers workshop was staged in October (2015) with ten young people from Fitzrovia Youth in Action and City Gateway attending.
Develop and implement a new electronic absence and holiday tracking system	Our new absence and holiday tracking system, 'E-days' was successfully launched at the beginning of February (2015).
Undertake at least four technical/knowledge share presentations during 2015	Four technical project presentations from the development team were delivered. Two company induction sessions were completed. Two lunchtime 'managing upwards' training sessions and one 'performance coaching' session were delivered.
Update and refine the Employee Handbook and supporting policies by the end of 2015	The employee handbook design was refreshed and its contents updated to reflect changes in legislation and new internal policies and procedures. It was launched in December (2015).
No internal KPIs	

Designing & delivering buildings responsibly

Performance measure	Commentary
External targets	
Using lessons learnt and elements from our White Collar Factory concept, develop at least one new development proposal and gain planning permission by 2015	We currently have one project which is utilising some of the White Collar Factory principles; however it is still in its planning journey, which has been delayed longer than expected. Therefore, we are still looking to measure the outcome from this process.
Achieve a minimum of BREEAM Excellent for all new build projects	This applies to five projects; four are on track to achieve their Excellent ratings, whilst one has achieved an Outstanding rating at the design stage.
Achieve a minimum of BREEAM Very Good for all major refurbishment projects	This applies to three projects, two of which have confirmed their post construction rating of Very Good. The third project is targeting an enhanced rating of Excellent.
Achieve a minimum of LEED Silver for all major new build and major refurbishment projects	This applies to four projects. Three are on track to achieve a Gold rating whilst one is on track to achieve a Platinum rating.
Achieve a minimum of Code Level 4 or EcoHomes Very Good for residential projects	Of the two residential schemes applicable one has confirmed its Code for Sustainable Homes level 4 rating, whilst the other is on track to meet its EcoHomes rating of Excellent.
All new build and refurbishment projects >5,000m ² to undertake a design energy assessment based on CIBSE TM54	This applies to three projects, one of which has completed its study and the other two assessments are currently being undertaken, but owing to the design stage position are not yet able to complete the assessments.

Performance measure	Commentary
Minimum of a 'B' rating for new build. Minimum of a 'C' for all major refurbishments	All projects have achieved or are on track to achieve the minimum ratings required.
All new projects to create and maintain a Project Sustainability Plan	All active projects (large and small) have a plan in place which is being monitored and measured accordingly.
Internal KPIs	
All new build and refurbishment projects >5,000m ² – 100% of meters to be AMR capable and installed on: all main incoming feeds (electricity/water/gas); landlord lighting and small power; tenants lighting and small power; all major energy using equipment e.g. heating and cooling plant; and renewable and low carbon energy generation sources e.g. PV, CHP plant	All projects have these requirements incorporated into their design strategies.
All new build and major refurbishment projects at RIBA Stage C to undertake an embodied carbon assessment in line with the Derwent London embodied carbon brief for developments	All active projects have undertaken an assessment and are reviewing the carbon reduction opportunities identified. Our forthcoming development proposals have all been briefed to undertake an assessment accordingly.
All new build and refurbishment projects >5,000m ² to be designed to achieve mains water usage of 0.50m ³ /m ² or less	This requirement has been included in the design strategies and briefs of all active projects. Given the early design position of one project we are currently awaiting confirmation that the target is being met and/or exceeded.
Divert 90% of total construction and demolition waste tonnage from landfill	During 2015 we achieved a 99% diversion rate.
All new build and major refurbishment projects to ensure that a minimum of 15% of the total value of materials used contain recycled and/or reused content, measured using the WRAP Net Waste Tool	All applicable projects have undertaken their recycled content assessment during the design stage and have confirmed alignment.
100% of timber procured to be from FSC or PEFC sources	This requirement forms part of our standard contract requirement pack with all active sites (100%) reporting compliance with this requirement.
All new build and major refurbishment projects to achieve a net gain in biodiversity as measured through BREEAM or change of ecological value through EcoHomes	All applicable projects have achieved this.

Managing our assets responsibly

Performance measure	Commentary
External targets	
All managed properties to create a Building Sustainability Plan by the end of 2015	All applicable managed properties have created a plan which is now being monitored and measured accordingly.
Complete phase 2 (landlord and tenant sub-metering) of our AMR programme by the end of 2016 and identify participants for Phase 3 (tenant managed supplies)	All phase 2 tenant sub-metering has been completed ahead of schedule, and all 'ultra-fine' (lifts, small power, lighting etc) landlord sub-metering has been identified and delivery programs put in place. Phase 3 commenced at the beginning of 2016 and a list of suitable tenant participants prepared. They will then be contacted to ascertain whether they wish to participate.

Performance measure	Commentary
Achieve a 5% reduction in landlord influenced energy consumption across our like-for-like managed portfolio by 2017 compared to our 2013 baseline	We have achieved a significant reduction in our energy consumption during 2015 compared to our 2013 baseline. As a result we have adjusted our minimum reduction target.
Increase recycling rate to 70% for managed waste in all properties for which Derwent London has management control of waste by 2017	Our recycling rate increased from 62% to 68%, and we are on track to meet our 2017 target.
Maintain portfolio mains water consumption in the like-for-like managed portfolio below 0.45 m ³ /m ²	Due to increases in tenant occupation in our larger multi-let properties, warmer weather patterns and new inclusions to our property portfolio, we did not achieve our 0.45 m ³ /m ² target. Our consumption rose to 0.50 m ³ /m ² (excluding retail consumption). A new reduction target has been developed to re-focus our efforts and assist in driving down consumption.
Produce at least two editions of the tenant sustainability newsletter during 2015	The two editions were produced in the summer and winter of 2015 respectively.
Monitor the progress of sustainability KPIs in the new building engineering maintenance contracts	Two reviews were carried out during 2015 to ensure that 100% of our engineering maintenance firms are performing positively against the KPIs.
Internal KPIs	
Carry out a post occupancy energy performance evaluation on all new build and major refurbishment projects once occupied for more than 12 months	No projects qualified for this measure during the year.
Send zero waste to landfill from properties for which Derwent London has waste management control	We maintained zero waste to landfill in 2015.

Creating value in the community

Performance measure	Commentary
External targets	
Develop an appropriate community engagement strategy and activity programme in our Tech Belt portfolio by the end of 2015	Our Tech Belt community engagement strategy and Community Fund expansion was approved by the board in October (2015).
Develop and successfully deliver year three of the Fitzrovia Community Fund	Year three was successfully launched with five projects receiving a share of £66,230 from the fund.
Provide at least two work experience and/or mentoring placements	We provided three mentoring placements with candidates from the Fitzrovia Youth in Action In-Sight programme.
Internal KPIs	
Carry out a socio-economic assessment on all major projects once occupied for more than 12 months to establish net impact/benefit of the development	We finished our assessment of the Buckley Building (49 Clerkenwell Green EC1) in March 2015 – a case study was provided in our last report.

For our latest set of performance targets and measures please see the 'Looking ahead' section on page 52.

OUR CARBON FOOTPRINT

Similar to previous years, we present below both our own carbon footprint and a footprint which includes our tenant-based emissions. By providing both, we believe it allows for a clearer understanding of the carbon which we directly influence and can subsequently manage, versus the carbon generated from our portfolio which stems from our tenants' activities which we cannot directly manage – therefore showing the actual carbon output from our managed portfolio.

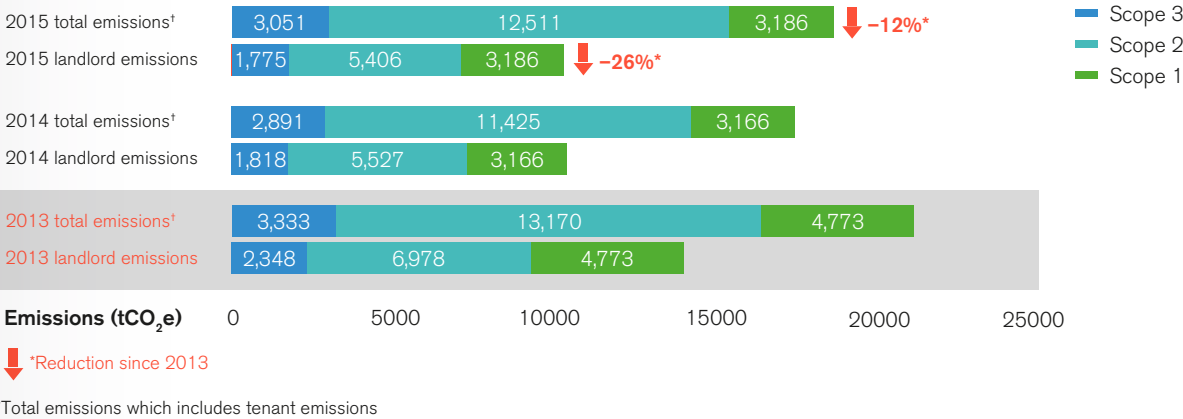
To add a further layer of interpretation we have also included our like-for-like footprint which looks solely at our (landlord) property based emissions, and again have added our tenant based emissions to show how this compares.

New for this year we have added an emissions benchmark (our 2013 carbon baseline) to allow for continued performance analysis and to demonstrate the outcomes from the carbon management work in our portfolio. We will also use this to help track performance against a new medium term carbon reduction we have set ourselves – details of which can be found in the 'Looking ahead' section on page 52.

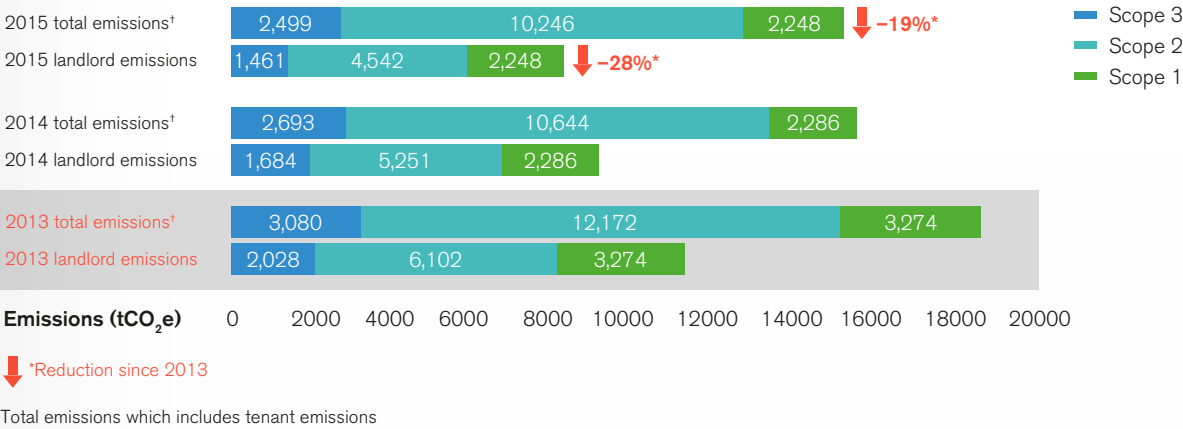
Similar to 2014, we saw significant reductions in our carbon emissions during 2015 – in particular in our like-for-like emissions and carbon intensity (tCO₂e/m²). This time we saw reductions of 10.5% and 11% respectively during 2015 building on the 22% and 7.8% reductions we achieved in 2014. These reductions come in response to the introduction of specific building sustainability plans, further roll-out of 'ultra-fine' sub-metering and the introduction of new behavioural based tools designed to help us increase focus on carbon/energy efficiency.

All our carbon reporting is set out in line with the Greenhouse Gas (GHG) Corporate Accounting Standard. For full details of our approach to carbon and calculation methodology please see our data report, page 56. We also include our full corporate footprint in the Directors' report of our Annual Report and Accounts, which can be found at www.derwentlondon.com/investors/results-and-reports on page 92.

GHG emissions by source – total managed portfolio



GHG emissions by source – like-for-like portfolio



Performance

10.5%

Reduction in our like-for-like carbon emissions

11%

Reduction in our carbon intensity (tCO₂e/m²)

Focus: Carbon Reduction Commitment (CRC)

During this latest phase of the CRC (phase 2), and in line with our obligations for this period (2014-2015), we ordered 21,269 tonnes of CO₂ and purchased allowances to the value of £348,811 at the new increased price of £16.40/tCO₂. This would have been £255,552 at the old purchase price of £12.00/tCO₂.

Compared to our previous period (2013-2014) where we reported and ordered 23,296 tonnes CO₂ and purchased allowances to the value of £279,552 (at £12.00/tCO₂), we reduced our carbon allowance purchasing by 9%, which is a direct consequence of our carbon management work.

It should be noted, our corporate carbon reporting time period operates on the calendar year and the CRC period follows the fiscal year. As a result, the reported tonnages are not comparable. Furthermore, the CRC only focuses on specific energy supplies, some of which we do not have operation control over and therefore do not report on.

Focus: Energy Savings Opportunity Scheme (ESOS)

As we reported last year we were required to take part in the new ESOS introduced during 2014. We completed our assessment and audit work of our total energy use ahead of the December 2015 deadline, notifying the Environment Agency of our compliance in August 2015. We have presented a detailed case study of our work on page 30.

Focus: Embodied carbon

Looking at carbon holistically is important, particularly in the built environment. The embodied carbon associated with the manufacture and construction of buildings can account for well over ten times the annual operational energy consumption within a typical commercial office building, and when set against a backdrop of reducing operational energy presents itself as a significant issue. As a result the balance between operational and embodied carbon needs to be considered to understand the true impact of a given building.

Bearing this in mind we have been working hard to understand exactly what embodied carbon means to our business and our favoured approach to developing buildings (refurbishment and regeneration) and how we can measure and manage it effectively. To do this we first sought to understand how buildings should be measured and the existing tools and techniques which are being deployed by industry. This showed a great variety of approaches and datasets, but all were linked by a common framework, namely the European standards EN 15978 and 15804 (sustainability of construction works – assessment of environmental performance of building/environmental product declarations). As a result we decided to develop our own specific brief designed to set out precisely what we wanted to achieve with each assessment, ensure consistency and allow us to compare and contrast results between our projects. To complement this we also set in place a formal requirement for our schemes to undertake an assessment using the brief to ensure we were reviewing each project in turn and rationalising its footprint where possible.

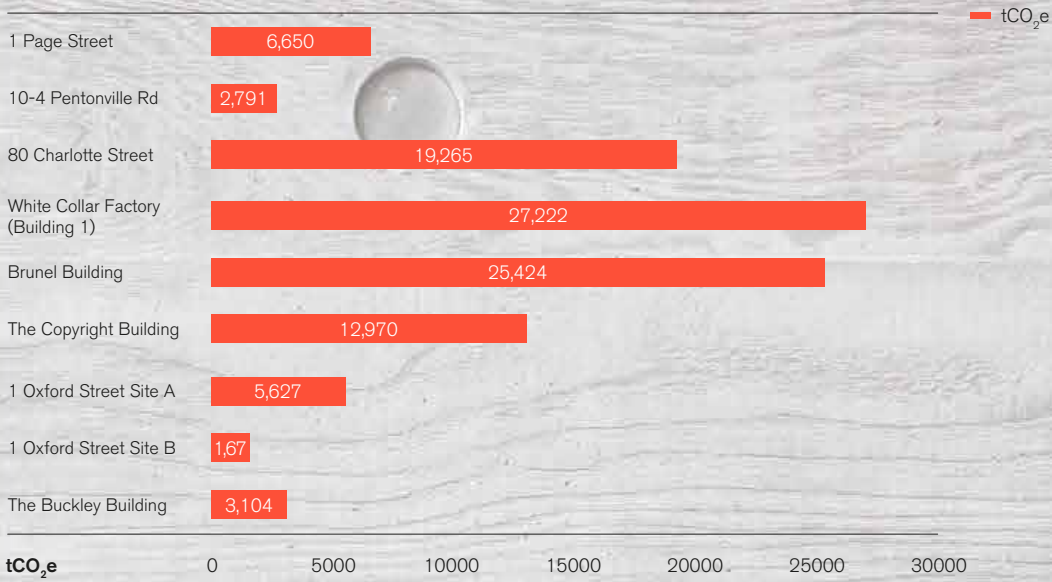
Since doing this we have undertaken a number of assessments ranging from new build to full and partial refurbishment, which have clearly shown us that refurbishment and retention offers us some very significant embodied carbon savings – 70% in some instances, over new build. Whilst this is a logical outcome and one which could almost be pre-determined, we want to quantify which areas of retention offer the best savings, and whether through our design-led approach we can deliver both aesthetic integrity and embodied carbon efficiency.

We have set out opposite a selection of our projects with their respective footprints and intensities to show the range of outputs we have observed. All the outputs are based on our preferred initial assessment boundary of ‘cradle-to-completed construction’.

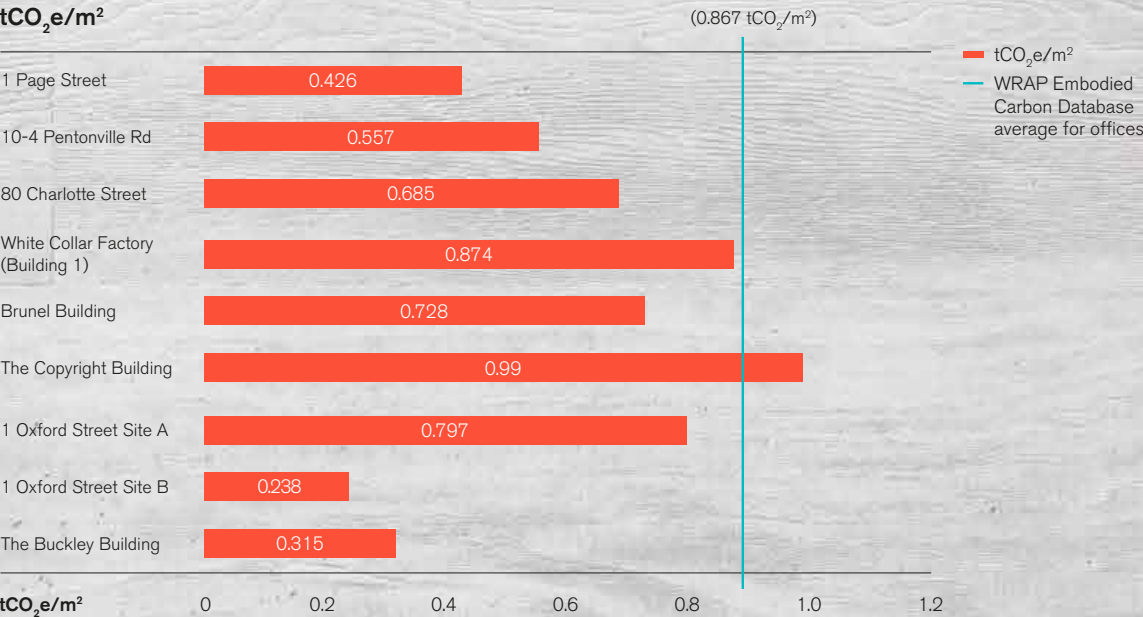
From the nine schemes assessed our average carbon intensity is 0.623 tCO₂e/m² which is a non-optimised figure i.e. it does not take into account any reduction opportunities which may have been recommended. Therefore, this figure compares very favourably with the average offices intensity figure provided by the WRAP embodied carbon database of 0.867 tCO₂e/m².

Going forward we will be reviewing how it might be possible to set a corporate reduction target for our projects such that we can demonstrate how we are rationalising the embodied footprint of each scheme.

Embodied Carbon tCO₂e



Embodied Carbon tCO₂e/m²



DESIGNING AND DELIVERING BUILDINGS RESPONSIBLY

During 2015 we continued to push the sustainability performance of our projects, ensuring we were maximising every opportunity to learn and incorporate best practice. This has seen us achieve our second BREEAM Outstanding for our White Collar Factory project. Likewise we achieved our second Level 4 Code for Sustainable Homes rating on each of the 11 apartments in our 73 Charlotte Street residential development.

In this section we set out a sample of our project based sustainability work, looking at how one of our major projects is being delivered and the approaches being used to satisfy the various sustainability elements. We also present a case study on how we are looking into the health and well-being agenda in our buildings, its impact on our tenants and what this might mean for our future projects. In addition, we give a glimpse as to what 2016 has in store.

Performance

Achieved our second BREEAM Outstanding rating for our White Collar Factory project

99% of construction and demolition waste diverted from landfill

Achieved our second Code for Sustainable Homes Level 4 rating for our 73 Charlotte Street development



White Collar Factory EC1

Focus: Delivering our projects

In an interview with Derwent London, Maria Cachaferio, Senior Sustainability Manager at Brookfield Multiplex, explains the approach they have been taking to the delivery of the White Collar Factory project, and what makes it different from other projects they have delivered before.

How has this project differed from other projects you have worked on in terms of sustainability?

The Brookfield Multiplex (BM) process to deliver a project responsibly is based on embedding sustainability during construction. The sustainability requirements for this project are second to none and that required us to further develop and expand our systems to integrate all the requirements.

It is very challenging, and encouraging at the same time, to be working on a project that will achieve the highest LEED and BREEAM ratings, but also with project-specific sustainability requirements set by the client. We have stringent data recording procedures in place to ensure that all the relevant information to report on the project KPIs is gathered. This requires a lot of co-operation with the design team and sub-contractors to provide us with the relevant information; which to date has been exceptional.

Has the project required a different approach to delivery compared to other projects you have worked on?

Communication with the sub-contractors and their supply chains is key on any project to ensure not only legal compliance but to also meet any targets that might be set by the client. The requirements and targets set by Derwent London for this project are very stretching and presented us with a very positive challenge. Though most sub-contractors are familiar with environmental and sustainability requirements of one sort or another, they do sometimes sign up to commitments at the early stages without fully knowing what exactly is expected of them. For this project, we have broken down the requirements into very easy to understand

documents which describe what we expect of each sub-contractor and what they have to do during construction to ensure they meet not only our sustainability standards, but also Derwent London's; in addition, the types of information that will have to be provided for the post-construction assessments for LEED and BREEAM.

With such a busy site and lots of neighbours, what has been your approach to community engagement?

Communication, communication, communication! We have hosted several meetings with the neighbours to keep them informed of activities coming up, progress, etc. Newsletters are issued every month and they include project generic information, a four week look ahead and a summary of progress on site, as well as contact details for the site Community Liaison Manager and a 24/7 contact number. Additionally, newsletters are issued when there are out of hours' activities coming up, for example large plant deliveries which require special permission to circulate through the City. The newsletters are distributed, both via hard copies dropped in their letterboxes and email, to a distribution list of over 400 residents and businesses.

Throughout the project, we have tried to minimise construction site impacts affecting our neighbours. We appointed a logistics company to monitor and arrange 'just-in-time' deliveries in order to minimise traffic, air pollution and noise disruption. Additionally, some of our sub-contractors paired up so that the same lorry would come to site to deliver materials and would then take materials or waste away – saving two empty lorry journeys, minimising disturbance to our neighbours and reducing our carbon footprint on site.

With the rise in youth unemployment and the need to provide meaningful job opportunities for young people becoming ever more important, how have you been addressing this on the project?

We are required to procure ten work placements for local people during construction, with each placement to last at least 13 weeks. However, we have gone one step further by engaging with some of our sub-contractors, who agreed to provide one year apprenticeships to individuals instead of short work placements. There are currently two people on site going through scaffolding apprenticeships and one individual working with the façade sub-contractor. Each individual has been assigned a supervisor on site and a mentor to support and help them develop their professional goals.

Working in partnership with the London Borough of Islington and our sub-contractors we are ensuring we target the right candidates for the project and are going beyond the requirements set.

Construction supply chains today are becoming more and more globalised which brings many benefits, however local supply chains and expertise continue to play a vital role in London construction. How have you utilised these on the project?

Throughout the project we have worked closely with the local authority and Derwent London to understand fully the opportunities for the local supply chain on the project, both in isolation and also looking at the wider business. Our focus on local procurement has led to a number of packages being awarded to local businesses. We both value and actively contribute to the development of local supply chain relationships by ensuring the sub-contractors are fully conversant with the pre-qualification requirements, a barrier that often makes it difficult for smaller businesses to move forward through the qualification process. On this project, BM has presented at various local 'meet the buyer' workshops/events and held individual interviews to discuss our procurement process in detail. These sessions enabled networking within the industry and created opportunities which were followed up by the project procurement team. We are hopeful that we can use the new contacts we have made through this process on our other London based projects.



Focus: Understanding health and well-being in offices

As part of our journey to better understand the health and well-being agenda in our buildings the impact on our tenants, and to support innovative research, we welcomed engineering doctorate researcher Trevor Keeling from the University of Reading/BuroHappold Engineering, into the Angel Building to work with one of our tenants.

This research, part of a wider study looking at seven buildings, sought to understand the interaction between the building's design and its occupants, and what impact this had on aspects such as satisfaction, privacy and comfort.

A persistent challenge in building-related health and well-being research is how to link single design interventions, such as having openable windows, to bottom line financials such as revenue generation or productivity. This is because it is hard to separate the effect of one design intervention from another, or even to separate those effects from the prevailing economic climate or the quality of management. To overcome these problems the study looked at a number of occupant outcomes such as, privacy, satisfaction with internal environment, and the values and identity of design.

On the floors where the study took place there were a variety of different break-out spaces including small meeting rooms and sofa areas away from the main desk space areas.

These varied spaces changed the way people experienced privacy. Compared with occupants in more conventional open plan offices, those in the Angel Building, and other agile workspaces, perceived their space as 10% better for performing tasks such as working with confidential documents and having private conversations, as well as working without distraction from noise.

The internal environment of the building is tightly controlled. Temperatures vary within 1°C and lighting within approximately 100 lux, and generally people were satisfied with these environmental conditions.

The study also tested a novel method for understanding the values and identity inherent in a design using identities borrowed from the Gordon Survey method for personal and interpersonal values. The occupants felt that the design of their office represented 'goal-orientation', 'practicality' and 'variety' as the three primary characteristics.

Overall the building was found to be operating effectively with good occupant satisfaction, although there were some recommendations made that could help to improve occupant outcomes even further. The study has now been completed and several project outputs included in a number of academic journals and conference papers. However, we will be taking the findings from this fascinating study and seeing how we can apply them to our development pipeline.



Angel Building EC1

Trevor Keeling

Focus: Supply chain standards

As part of our expanded materiality assessment and following stakeholder feedback we want to investigate how we can be clearer on how we communicate our sustainability standards and aspirations through our development based supply chain, and demonstrate how we are managing risk appropriately.

We currently have a number of tools to ensure sustainability is addressed during the design and delivery process, these range from our Sustainability Framework for Developments and sustainability plan process to a formalised suite of customisable sustainability contract requirements. All these tools help us 'lock-in' sustainability and ensure it is delivered seamlessly as part of the project programme.

However, we believe we can do more to make our standards and aspirations clearer to all our stakeholders not just those in our supply chains. Therefore, during 2016 we shall be developing a new supply chain standard which we will publish so all our stakeholders can see which supply chain-based sustainability issues are material to our business, and how we will work with our suppliers to manage them.



MANAGING OUR ASSETS RESPONSIBLY

Similar to our report last year 2015 has seen us achieve a great deal in terms of our energy and carbon management programmes, likewise our waste management work. We have seen double digit reductions in our like-for-like and intensity carbon emissions (10.5% and 11% respectively) and a 6% increase in our recycling rate, which clearly shows the effectiveness of our approach and commitment to managing our assets responsibly. However, we believe we can go further and are pleased to set out below details of our new Sustainability Framework for Assets and the building sustainability plan (BSP) approach launched during 2015, in addition to a case study on our ESOS compliance work and the benefit we have derived from the process. Moving into 2016 we have also decided to introduce further performance targets for our managed portfolio focusing on carbon and water reduction, whilst re-focusing our existing energy target to ensure we are stretching ourselves accordingly. Please see page 54 for more details on our new performance targets.

Performance

10.5% carbon reduction in our like-for-like portfolio

11% reduction in our carbon intensity (tCO₂e/m²)

6% increase in our waste recycling rate



Focus: Sustainability framework and building sustainability plans

During 2015 we committed to update and refresh our Sustainability Framework for Assets – one of the key tools which guides our property management functions on how sustainability is to be addressed during the building management lifecycle.

This latest version has streamlined the way we approach sustainability within our managed portfolio. It utilises a new matrix style management approach linked to the new BSP process which details the expected actions and responsibilities at each stage of the plan creation.

The new BSP format delivers the new management matrix set out in the refreshed Framework, and is intended to be the focal point for all sustainability management activities and initiatives in our managed properties. Each property is required to have a BSP in place which is broken down into the following sections:

- Resource efficiency (including energy, water and waste)
- Biodiversity
- Transport
- Tenant Green Forums

The outputs from the various sections of the BSP are then reported quarterly through to dedicated sustainability management meetings which review the performance of our managed portfolio, and ensure the BSP's are improving and capturing performance appropriately.





Focus: ESOS

Whilst undertaking an ESOS audit is now a legal requirement for our business, rather than simply comply we wanted to fully explore and understand its value, and how it could benefit our business and that of our tenants.

So how did we approach our audit?

Portfolio audited: 20% of the managed portfolio

All the audits undertaken followed the best practice approach advocated by the Department for Energy and Climate Change (DECC). A key challenge of this approach was the scoping element, and more specifically deciding how the energy consumption of the landlord (us) and the tenant was to be treated. Ultimately it was decided that tenant based electricity consumption was to be excluded from the scope of the audits, primarily because the tenant is in full control of their power consumption in their space. Therefore, only electricity consumption in landlord (common) areas' was included. In addition other fuels (gas and biomass) were included because they are associated with the common areas and/or heating and cooling plant over which we have full control. Prior to starting our work we also made sure all our tenants were notified about ESOS and encouraged to check their own potential responsibility under the regulations; likewise we offered consumption data to assist them in their endeavours.

What we found

Energy savings identified: 4,286,008 kWh
Carbon savings identified: 1,090 tCO₂

Whilst we have a comprehensive energy and carbon management programme in operation already, there were a few low and no-cost measures that were recommended on our older properties which warranted further investigation to see if they were practicable. These included adjusting boiler flow and return temperatures, reducing the duration of hot water provision and insulating pipework. Optimum start-up controls were also found to have a good payback. In contrast, upgrading lighting and introducing more advanced lighting controls was found to payback only in the more favourable buildings; ones where there is currently a high lighting power density, good daylighting and manual switching. There were also a number of opportunities that should be considered when equipment comes to its end of life; these include direct fired hot water calorifiers and condensing boilers. Some fabric improvements were noted during the audit, however they were generally not viable solely from an energy saving perspective.

What next?

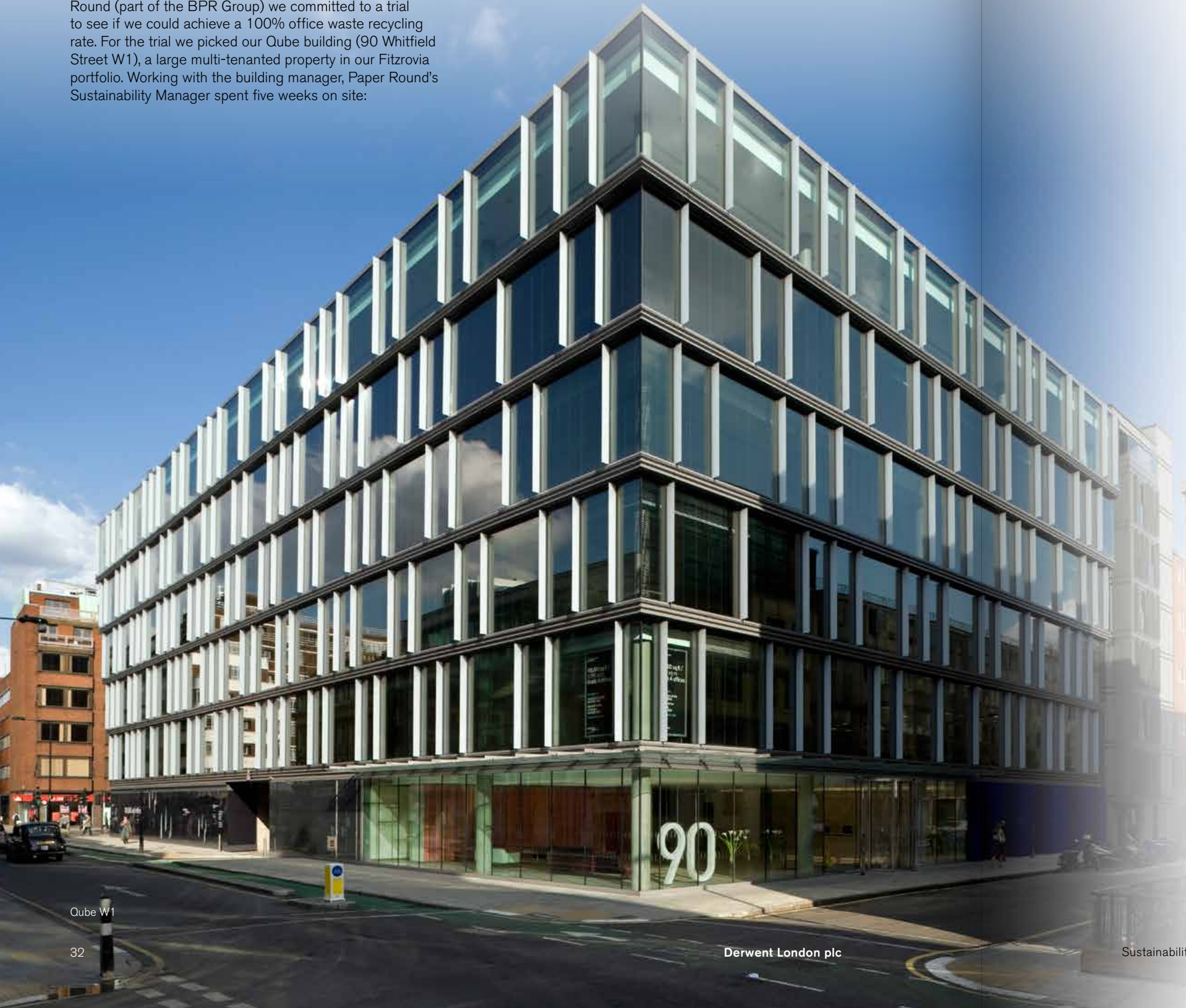
With the list of viable measures identified we then briefed our building management and engineering teams in order to implement the measures accordingly. We hope to be able to report on the success of these measures next year's report. The next phase (phase two) of ESOS is due for completion in December 2019 and we will include audits of buildings not already visited and possibly more in-depth investigations of those in the first phase.

**Focus: Waste management,
100% recycling is it possible?**

Since the introduction of our focused waste management programme and accompanying performance targets we have achieved year-on-year increases in our recycling rate, and are on course to meet our 2017 target of 70% across our managed portfolio. However, we wanted to understand how far it is possible to go in terms of recycling in a building and subsequently see where we should be setting our future targets.

So working with our waste management contractors Paper Round (part of the BPR Group) we committed to a trial to see if we could achieve a 100% office waste recycling rate. For the trial we picked our Qube building (90 Whitfield Street W1), a large multi-tenanted property in our Fitzrovia portfolio. Working with the building manager, Paper Round's Sustainability Manager spent five weeks on site:

- understanding the building's operations and tenant profiles
- identifying areas in the building where tenants were not segregating waste effectively
- creating pictorial guides for catering and cleaning teams
- putting into place new tenant signage and bins
- attending tenant meetings to provide further guidance, support and feedback on performance
- establishing the right 'bin-balance' for the landlord areas
- creating a bespoke A-Z guide on waste management for the building



Qube W1

So did we achieve it?

In the first three months of the trial the office waste recycling rate at the building increased dramatically from an average of 69% to over 95%, and then in the fourth month (December 2015) we achieved our target of 100%.

Using the lessons learnt from this process we have widened the trial to two more of our multi-tenanted properties, both of which have achieved and continue to achieve a 100% recycling rate for their office waste. Based on these results we are now disseminating the learning through our building manager focus groups to ensure all our buildings are applying, where possible, the best practice principles established during the trials – and we are hopeful we can push more buildings to achieve this rate.



Qube Building Manager Alan Rose and
Paper Round Sustainability Manager Nigel Asubonteng



The Office Group,
2 Stephen Street W1

Focus: Our tenants

Ensuring we are adopting the right approach with our tenants and understanding their needs is paramount to our business. So for the past three years we have participated in the RealService Best Practice Index (BPI) which measures the progress of participants in adopting best practice in customer care, ownership and management.

Since then we have consistently improved our scores and now achieve a silver rating with a score of 70% - with above benchmark scoring in the areas of environmental management, identifying customer needs, communication, service charge and performance management.

Going forward we will aim to publish the outcomes of more of our tenant satisfaction surveys, likewise how we perform in the next iteration of the BPI.



Focus: Supply chain standards

As mentioned in the designing and delivering responsibly section earlier in this report, we want to be clearer on how we communicate our sustainability standards and aspirations through our supply chains – this includes our building management operational supply chains.

Whilst we monitor the sustainability performance of our maintenance engineering contracts via sustainability KPIs, and use the building sustainability plan process to set out the actions we expect to be undertaken during the day-to-day management of a building, we believe we can do more. Therefore, we will ensure that our new supply chain standard encompasses our operational supply chains, addresses the relevant materials issues and is clear on how we want our suppliers to support us.



CREATING VALUE IN THE COMMUNITY

Value creation beyond the bricks and mortar of our buildings is important to us, and is a key success factor in ensuring we deliver a building or space which meets with our expectations and those of our customers, and also has a positive impact in the community in which it operates.

2015 has been a very active year in terms of our community work. Our community fund continues to go from strength-to-strength and we are very pleased to announce its extension and expansion to new areas of our portfolio. In addition to our unique fund we also support a number of charities and good causes, and in 2015 we donated in excess of £200,000 to a range of organisations including Cancer Research UK, Teenage Cancer Trust and Norwood.

In addition to our community funding and charitable giving we also ensure regular community liaison – in particular during the development of our major schemes, recognising the impacts that development activity can have on local residents and businesses. We require 100% of our major scheme contractors to hold regular face-to-face drop-in sessions and issue newsletters to keep local residents and businesses informed on progress ensuring clear and pro-active community communications.

Set out below are some highlights of our work during 2015.

Performance
£245,000 Invested through our community fund so far
£2,173,800 In community contributions via planning
£229,691 Charitable donations and wider community contribution

Focus: Our Community Fund

Fitzrovia

Since its inception in 2013 our unique community fund has invested well over £200,000 and supported 17 projects ranging from community gardens to programmes for the elderly across Fitzrovia. In 2015, of the 12 applications received £66,230 was shared between five successful projects, which were:

All Souls Clubhouse – After school youth football club and the toddler ‘Clubkicks’ classes. www.allsoulsclubhouse.org

Fitzrovia Community Centre – ‘Teen Turners’ and after school art clubs, dance lessons for older people and performing arts classes. www.fitzroviacommunitycentre.org

Fitzrovia Neighbourhood Association – Fitzrovia Positive Health, massage and health classes for older people. www.fitzrovia.org.uk

Fitzrovia Youth in Action – Community events programme combining the Fitzrovia summer street party, community dinner and the community Christmas lunch. www.fya.org.uk

Upbeat Music & Mental Health – Streets of London music workshops and showcases inspired by Fitzrovia. www.upbeatmusic.org

DERWENT
LONDON
COMMUNITY FUND

As mentioned earlier, in 2015 we took the decision to extend both the duration and scope of the fund. This has resulted in us committing a further £150,000 to the Fitzrovia section of the fund and extending the allocation period until 2018 – meaning we will have committed £400,000 across Fitzrovia by 2018.

Similar to last year, applications for the fourth year of the fund are now complete, and the successful projects will be selected shortly. We look forward to reporting back on these projects next year.

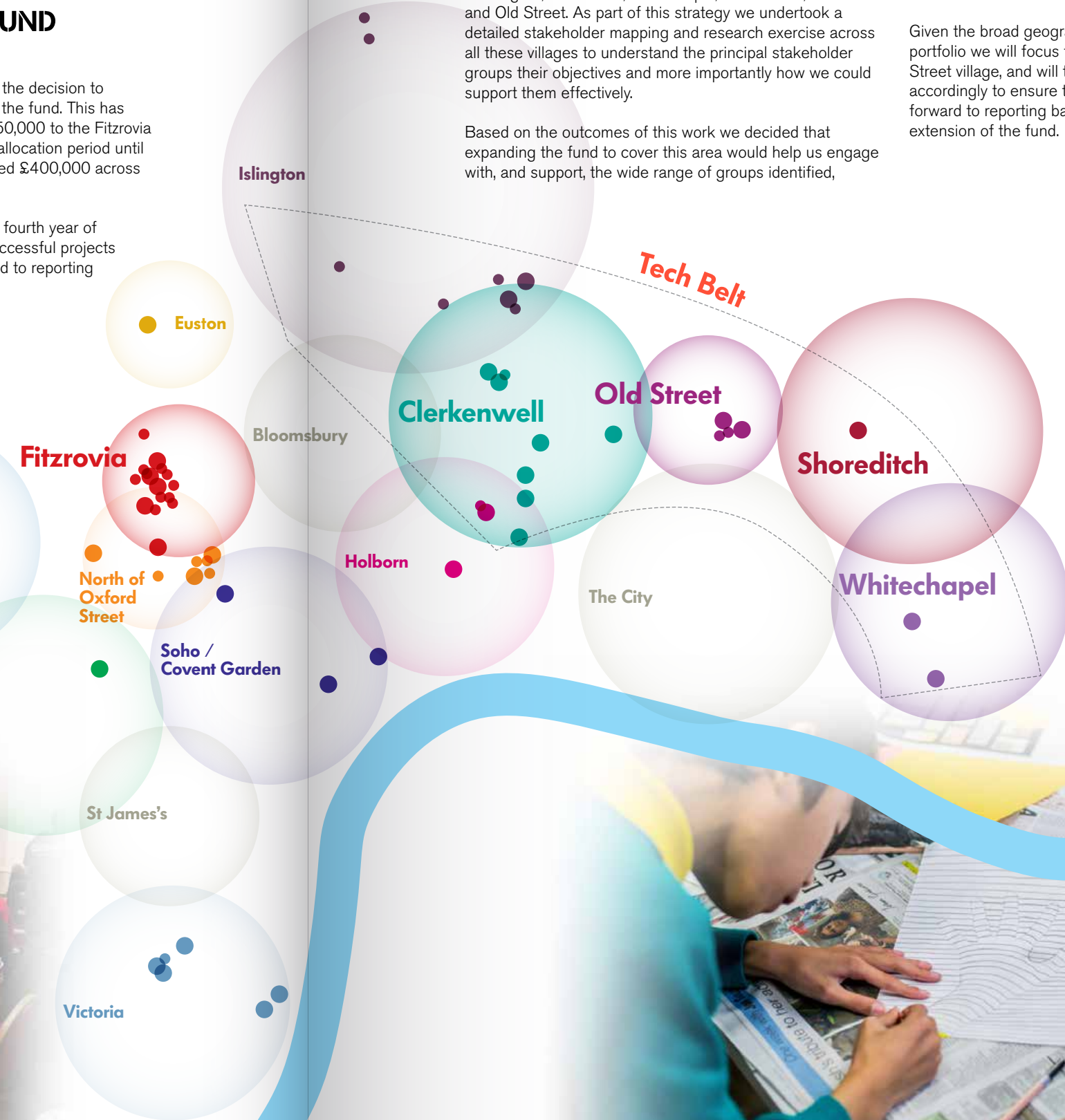
Tech Belt

As reported last year, we committed to develop an engagement strategy for another of our major property portfolios – the Tech Belt, which comprises the villages of Islington, Shoreditch, Whitechapel, Clerkenwell, Holborn and Old Street. As part of this strategy we undertook a detailed stakeholder mapping and research exercise across all these villages to understand the principal stakeholder groups their objectives and more importantly how we could support them effectively.

Based on the outcomes of this work we decided that expanding the fund to cover this area would help us engage with, and support, the wide range of groups identified,

enabling us to make a positive impact. Similar to the Fitzrovia element of the fund we have allotted £150,000 to the Tech Belt portfolio which is to be allocated up until 2018.

Given the broad geographical extent of our Tech Belt portfolio we will focus the first year of the fund on our Old Street village, and will then review the next focal points accordingly to ensure the fund is evenly spread. We look forward to reporting back on the progress of this new extension of the fund.



ENGAGING AND DEVELOPING OUR EMPLOYEES

Ensuring we engage, develop and retain our talented employees is a fundamental aspect to the success of our business, and one which has yet again been externally recognised in Management Today's 2015 Britain's Most Admired Companies awards. We were ranked 1st in the property sector for our 'ability to attract, develop and retain top talent', as well as being ranked 1st overall in the property sector and 3rd in the awards overall.

However, it is important that we continue to create an environment where all our employees can reach their full potential and deliver outstanding performance not only for themselves but also our shareholders and the communities in which we operate. We achieve this through our continued focus on talent development and performance management – holding six-monthly reviews and regular open discussions to highlight any training requirements, future objectives and aspirations. To support this process all appraising managers attended refresher training on coaching skills which ensures a consistent approach across all departments. In addition, each department head received in-depth 360°

feedback which was extremely constructive and supported the formulation of their development plans and wider team objectives for 2016.

We also continue to offer a range of internal and external personal development opportunities and invested £53,500 in staff training, conferences, professional qualifications and 1:1 coaching.

During 2015 we refreshed and re-launched our employee handbook which sets out our expected standards and how we support our employees. This included a number of additions and updates to reflect the latest legislation, new risk management approaches and the security of business information.

Set out below are some highlights showcasing some of our work during 2015.

Performance

- Conducted our first company-wide employee survey
- 239 hours of employee voluntary work undertaken
- Three mentoring placements provided

Focus: Employee survey

In order to understand the collective voice of our business, we commissioned and launched our first company-wide employee survey – ‘Developing Our Future’. This presented us with the opportunity to garner feedback across a wide range of subjects through a third party, confidential, online survey. Areas covered included questions on training and development, collaboration, leadership and salary/benefits.

We received an excellent response rate with 96% of employees responding. Of those respondents 100% said they were ‘proud to work for Derwent London’ and agreed that ‘Derwent London is a great place to work’. 96% of respondents felt ‘satisfied with their job’ and 81% ‘seeing their long term career’ with the Company.

We also asked respondents to pick the words which they thought best described the company culture. **Professional**, **progressive** and **passionate** were the top three words selected, very closely followed by **creative** and **focused**. Coupling these with our consultative leadership style and commerciality, we believe these values help define the ongoing success of our business.

Having now absorbed the results of the survey, the Board has committed to a number of initiatives to build on the positive aspects and also pro-actively address the aspects which need further investigation. In addition, the Board felt it was important that the results were presented transparently to everyone in the Company. Therefore, a dedicated feedback session was delivered by Chief Executive Officer, John Burns, Head of HR, Katy Levine and members of the Executive Committee to present the findings and explain how the opportunities would be taken forward.

“By working hard and accepting more responsibility, you are given the opportunity to grow and develop your career within the Company. The working environment is progressive and challenging which keeps working life interesting and engaging.”

“Everyone is recognised as making a valuable contribution to the success of the Company.”

“Being part of an innovative, passionate company and working with colleagues and professional teams of the highest calibre”

Head of HR, Katy Levine and Payroll/HR Manager, Carole Freeman

Focus: Mentoring

Working for the third year in succession with Fitzrovia Youth in Action/Westminster Kingsway College and their hugely successfully In-Sight programme, we again offered mentoring placements in our business for those looking to understand more about the property industry. Similar to last year our Head of Tax, David Westgate again took up the mentoring role with two mentees – Shayreif Blake and Nghiem Tran. In addition Senior Asset Manager, Charmaine Rees became a mentor for the first time, and was matched with Zahra Syed.

All three students undertook a week long intensive placement with David and Charmaine, working in their respective areas of the business and getting a true perspective of what life is like in the property industry, and receiving invaluable one-to-one mentor support. Below we catch up with Zahra and Charmaine to find out how they got on.

Zahra

"Last summer I was fortunate enough to be invited onto a one week work experience placement at Derwent London. I was quite excited about the opportunity as I previously took part in their careers' workshop where I got to question Derwent London staff member's. Some of their advice I still remember to this day; I knew that I surely would learn something new. Honestly, I did not know much, if anything about real estate, property, leasing etc. before starting my work experience. Although after this experience it definitely broadened my horizons, which for me personally is the most important achievement. I got an insight into Derwent's property portfolio, where I could see their work in action, such as the Angel Building, 1 and 2 Stephen Street and amazing new projects such as the White Collar Factory. During my time in the office I had the chance to attend meetings and see people pitch projects, which was really interesting and insightful. I definitely felt very welcomed by everyone; whenever I had questions or didn't quite understand what was going on everybody was ready to explain it to me, especially my mentor for the week, Charmaine, who made sure I gained the most out of this experience!"

Charmaine

"I was delighted to be part of the Fitzrovia Youth in Action mentoring programme. As a young person, it can seem like there is a large step between school and the world of work, and the mentoring programme assists in bridging this gap. When organising work experience for Zahra, it was important to me to ensure the week provided an opportunity to understand not only my role, and what I do day-to-day, but also the role of different departments and how they inter-relate to make Derwent London a successful business. It was great to show Zahra our property portfolio and I think she gained a valuable insight into how enjoyable it is working in the property industry.

It was great to be able to discuss my career to date with Zahra and hear her thoughts on how she would like to progress in the near future and how I could support that.

Overall it was a really enjoyable worthwhile week."



**Fitzrovia Youth
in Action**

Focus: Skills and training – apprenticeships

Following on from appointing our first apprentice back in 2013 – Maruf Miah at the Angel Building we return to find out how Maruf got on, where he is today and what life is like for him now. In an interview with Head of Sustainability, John Davies, Maruf talks about his journey and what the future holds.

What happened at the end of your apprenticeship?

Towards the end of my two year apprenticeship, I was offered a permanent position with Derwent London as a mobile building manager, looking after a number of small buildings in the Fitzrovia portfolio. I was surprised and delighted to have my hard work acknowledged, and for this to allow me to progress from the role of apprentice.

Did you ever think that you would end up working as a building manager?

I didn't expect myself to be acknowledged or progress towards being a building manager that fast. However, whilst working with Graham and the team at Angel I always kept in mind to work my hardest and do my best in order to progress. Although I say that I did not expect to be working as a building manager so fast, as soon as I had started to work for Derwent London, I was aware of what my goal was and I worked extremely hard to attain it. So I suppose it goes to show that if you put your mind to something you can make it happen.

So what do you do now? Has your role changed?

My role has changed significantly since becoming a fully-fledged building manager. I have more responsibilities to deal with. For example, I now look after a number of properties, which means I have to deal with more tenants more regularly. They are all different and I am the one they pick up the phone to if they need assistance. So compared to my previous role it is a lot, lot bigger.

What aspects do you enjoy the most?

I enjoy working in the vibrant environment with lots of different people who do different roles from me. I enjoy being part of a team member as well as having my own individual responsibilities. I also enjoy the fact that my job role is so varied. I spend time working in the office, visiting my buildings and meeting tenants to ensure that they are happy and that everything is operating efficiently and as it should be.

Is life different for you now?

Extremely different – but in a much more positive way. Considering where I come from, what I have achieved and how I am doing in my life, I am really proud of where I am now. My job helps me feel positive in the morning as I prepare to get to work.

I have a job which I am very proud of and have made great strides in my personal and professional development. My hard work is paying off.

So where would you like to be 5 years from now?

In five years' time I would like to see myself as having progressed further in my job, and moving on from being a mobile building manager to a facilities manager. This involves even more technical expertise in knowing how to look after buildings but also even more managerial skills which I am learning more of at the moment. I hope to gain as much professional experience and knowledge as I can within the field – I want to be the best I can be.

Prior to joining the wider building management team Maruf was shortlisted in the 2015 City Gateway apprentice awards and subsequently won the blue riband 'outstanding achievement by an apprentice' award – a fitting accolade to his hard work.

“I was surprised and delighted to have my hard work acknowledged, and for this to allow me to progress from the role of apprentice.”





HEALTH AND SAFETY

We have a clear and robust approach to health and safety centred on three pillars:

- People** – safeguarding our employees
- Assets** – safeguarding our tenants, visitors and those who work in our managed portfolio
- Developments** – ensuring the safe design and delivery of our projects

These three pillars ensure we cover and manage the breadth of our legal obligations and responsibilities and instil a best practice approach. For further details on our approach to health and safety please visit, www.derwentlondon.com/sustainability/health-safety

During 2015 we saw a significant change in the health and safety legislation relating to construction, namely the Construction (Design and Management) Regulations or CDM Regulations. As part of this change the regulations replaced the role of CDM Co-ordinator with that of the Principal Designer, which has bound CDM responsibilities more firmly to those individuals who influence design more directly. In addition, it reconfirmed the role of the client and principal contractor. In response to this we have undertaken a comprehensive review of how we manage our responsibilities under the regulations, and have updated our processes accordingly. Likewise we have ensured our design and delivery supply chains are aware of the changes and are able to respond fully to the new changes.

Set out below is our summary health and safety data for 2015 together with a highlight on the work of our Responsible Workplace Group.

People (employees)			
	2013	2014	2015
Minor accidents	1	1	2
RIDDORS	0	0	0
Dangerous occurrences	0	0	0
Fatalities	0	0	0
Improvement notices	0	0	0
Prohibition notices	0	0	0

Assets (managed properties)			
	2013	2014	2015
Minor accidents	25	29	41
RIDDORS	0	0	1
Dangerous occurrences	0	0	0
Fatalities	0	0	0
Improvement notices	0	0	0
Prohibition notices	0	0	0

Developments (construction projects)			
	2013	2014	2015
Man hours worked	986,248	1,311,514	973,811
Minor accidents	16	61	29
RIDDORS	3	3	4
Dangerous occurrences	0	0	0
Fatalities	0	0	0
Improvement notices	0	0	0
Prohibition notices	0	0	0
RIDDOR ¹ frequency rate (contractor accident rate)	0.30	0.23	0.41

The latest figures from the Office of National Statistics – Annual Survey of Hours and Earnings (ASHE) states the construction sector average RIDDOR frequency rate is 1.27. Therefore, our RIDDOR frequency rate of 0.41 still remains considerably lower than the national average.

¹ RIDDOR frequency rate is calculated as: (number of accidents x 100,000) / number of person hours worked

Focus: Responsible workplace group

As mentioned earlier we have a robust approach to health and safety, whether in our development work or in our own office spaces. However, just like other areas of our business we are always looking at how we can innovate and add value.

Whilst there are clear obligations and duties we must fulfil under various pieces of health and safety legislation to formally establish a forum to discuss workplace based issues (Health & Safety at Work Act 1974, Safety Representatives and Safety Committees Regulations 1977 and the Health and Safety (Consultation with Employees) Regulations 1996), however we wanted to see where further value could be added. As a result it was decided our workplace group would also encompass certain sustainability aspects to broaden its scope and make the groups' outputs even more useful – thereby creating the Responsible Workplace Group.

The prime purpose of the group is to provide a clear communication channel between our senior management teams and employees on health, safety and sustainability issues. It discusses concerns and focuses on improvement measures in our offices and other Derwent London employee spaces in our managed properties.

The group meets quarterly and is made up of a cross section of employees from various teams and disciplines consequently all corners of the business are represented, helping to ensure maximum participation and maintaining a strong, collegiate culture.

To date the group has discussed how to improve health and safety signage, recycling initiatives and first aid awareness and training.

From left clockwise: Khal Dahi, Wendy Powell, Edel Higgins
Dupe Odunsi, Marc Heller and Justyna Tobolska



LOOKING AHEAD

Building on our previous targets, and drawing on the feedback from our stakeholders, we set out below our suite of targets for the year ahead. Our internal KPIs remain the same from those previously reported on.

Similar to this year we intend to report next year on our progress across the range of performance measures we have in place to give a rounded perspective of our performance.



Designing & delivering buildings responsibly

Aspect	Metric	Target
Future office space	Designing new spaces	Using lessons learnt and elements from our White Collar Factory concept, develop at least one new development proposal and gain planning permission by the 2016
BREEAM/EcoHomes/Code for Sustainable Homes /LEED	Rating achieved	Achieve a minimum of BREEAM Excellent for all new build projects
		Achieve a minimum of BREEAM Very Good for all major refurbishment projects
		Achieve a minimum of LEED Silver for all major new build and major refurbishment projects
		Review and approve a new replacement assessment for our residential projects (previously Code for Sustainable Homes and EcoHomes)
Energy & Carbon	Predicting whole building energy use	All new build and major refurbishment projects to undertake a design energy assessment based on CIBSE TM54
Suppliers	Implementation	Launch our Sustainability Supply Chain Standards with our development supply base

Managing our assets responsibly

Aspect	Metric	Target
Energy & Carbon	AMR installation (SMART metering)	Complete Phase 2 (landlord and tenant sub metering) of our AMR programme by the end of 2016 and review portfolio for opportunities for 'ultra-fine' landlord sub metering.
	% reduction	Achieve a 15% reduction in landlord influenced energy consumption across our like-for-like managed portfolio by 2018 compared to our 2013 baseline Achieve a 10% reduction in landlord influenced scope 1 & 2 emissions across our like-for-like managed portfolio by 2018 compared to our 2013 baseline
	% recycled	Increase recycling rate to 70% for managed waste in all properties for which Derwent London has management control of waste by 2017
Water	Management	Achieve a 5% reduction in water consumption intensity across our like-for-like managed portfolio by 2018 compared to our 2015 baseline
Suppliers	Measurement	Ensure our contracted operational supply chain operatives are receiving the London Living Wage across our managed portfolio by 2017
	Implementation	Launch our Sustainability Supply Chain Standards with our operational supply base

Creating value in the community

Aspect	Metric	Target
Community engagement	Fitzrovia community fund delivery	Develop and successfully deliver year 4 of the Fitzrovia Community Investment fund
Community engagement	Tech Belt community fund development & delivery	Develop and successfully deliver the first year of the Tech Belt Community Investment fund

Engaging & developing our employees

Aspect	Metric	Target
Employee volunteering	Engagement	Develop and stage a schools based young persons career workshop
Management systems	Process efficiency	Review and streamline the mid-year review appraisal forms
Knowledge	Knowledge dissemination	Deliver eight technical/knowledge sharing workshops during 2016
Employee development	Engagement	Set up a staff working group following on from the staff survey to identify and review areas of improvement and opportunity
Skills	Opportunities provided	Develop a new building management apprentice opportunity in our managed portfolio
		Provide at least two work experience and/or mentoring placements
Employee commuting	Engagement	Survey and record the modes of transport our staff use to commute to and from their place of work as part of our carbon measurement programme.

OUR DATA

Our ongoing aim is to present our data based on a year-on-year comparison. We aspire to be transparent and provide clear and in-depth reporting.

Our assured datasets have been marked with an (A) symbol for easy identification and our auditor's statement can be found on page 68.

To evolve our reporting data we have expanded our range of datasets to reflect the breadth of our work – now encompassing socio-economic and employee based aspects.



Justyna Tobolska, Sustainability Co-ordinator

Performance Summary

Overall we have again seen a reduction in our energy consumption and carbon emissions in 2015. Our commitment to reduce the energy/carbon and the results of managing our assets successfully have seen a:

- Reduction of our corporate carbon footprint by 1.38%
- Reduction of our like-for-like portfolio carbon footprint by 10.5%
- Reduction in our carbon intensity (tCO₂e/m²) by 11%
- Reduction in our energy use (electricity, gas, oil and biomass) across our like-for-like portfolio by 3.2%

Our water consumption has risen as a result of increased occupancy levels and a number of new properties entering the portfolio. This has resulted in:

- An increase in total building water consumption by 18.6%
- An increase in like-for-like water consumption by 5.2%

We are continuing to work closely with our waste management contractor which has resulted in an increase in our recycling rate in 2015 by a further 6%.

- Our recycling rate has increased from 62% to 68%

Reporting Boundary

We use an operational control approach for our data boundary, and do not report data for our single-let properties. This ensures we are reporting on the areas where we have influence.

We measure and report our utility usage on the following basis:

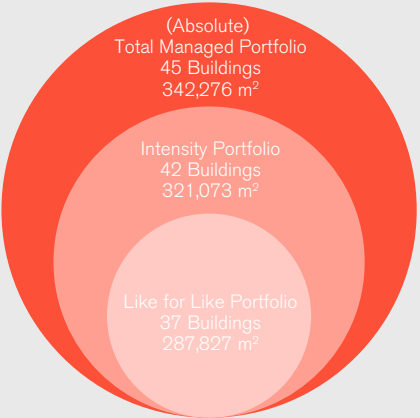
- **Electricity** – we report usage for both our common (landlord) areas and the total building performance including tenant usage.
- **Water** – we report usage for the total building. However, in 2015 we have omitted consumption data for retail in four buildings; likewise we continue to omit consumption from one of our ongoing refurbishment projects as we do not include consumption from developments.
- **Gas, oil, and biomass** – we report usage for the total building as we control and/or influence the use of these utilities in a given building.

Reporting Period

Our reporting period is aligned to our financial year, which is set to the calendar year. Therefore, the data provided is from the period 1 January to 31 December 2015.

Scope

For 2015 our reporting scope consists of the following:



Our reporting scopes are comprised of the following:



Any building which exited or entered the portfolio during the year had its respective electricity, gas and water consumption pro-rated (we have calculated this by taking the monthly average from the recorded months multiplying them by 12) up to the full year. The only buildings where this proved necessary were Davidson Building WC2, Portobello Dock W10 and 20 Farringdon Road EC1.

Method

Our utility data is collected monthly via smart meters (AMR) in addition to meter readings taken by our building management teams. These are then recorded and consolidated by our third party utility broker for each property. The metered data is used as the primary source for our reporting. This is then used to validate utility invoices, where necessary, with the final metered consumption amounts used as the source for our reporting. To ensure the robust accounting of our data, quarterly internal audits are undertaken by our in-house finance team. During an audit, the team randomly select at least 15% of buildings from the managed portfolio and examine all meter readings and utility invoices to validate the consumption amounts being reported.

Where appropriate and materially significant, we restate data for previous years to improve the accuracy of our reporting. Likewise, we restate pro-rated data if there are gaps. Where there has been a restatement, estimation or pro-rating, this is clearly set out in the relevant sections below.

As mentioned above, we report electricity usage relating to the common (landlord) areas in our managed properties. 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 area (GEA) figure from our Fire Insurance Valuation and reduce this by 2% in line with standard industry practice. To establish the common area usage we divide total building consumption by the total building area, and then multiply the figure (kWh/m²) by the total common area to obtain the according usage. This approach does result in a minor mis-alignment in our total energy and total carbon intensity calculations, as gas, oil and water all use a denominator of floor area based on GIA, whereas electricity uses common areas only. This year we have continued to include figures for common areas (landlord usage only) and total building (including tenant usage) to balance this mis-alignment.

Exclusions

With new properties entering our portfolio and undertaking significant development works whilst having existing tenants in occupation, we have reviewed our current approach to calculate emissions intensity and decided to expand our reporting. Having no control over development consumption in those properties we have produced two sets of data; emissions for the whole managed portfolio (including the described properties), and data excluding emissions from those entities. Properties falling under this category are: 1 and 2 Stephen Street W1; 9 Prescott Street E1; Angel Square EC1.

Greenhouse Gas Emissions (GHGs)

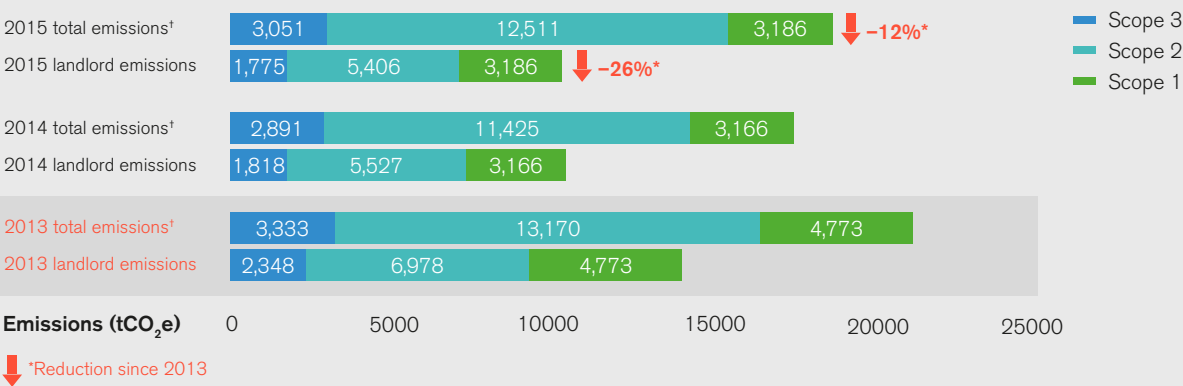
Table 1 – Total managed portfolio including corporate based emissions

			2015	% change 2014 to 2015	2014
Scope 1					
Energy-use	Gas (total building)		2,700(A)	17.6%	2,295
	Oil (total building)		48(A)	-38.7%	78
Travel	Fuel use in Derwent London company cars for business travel		11(A)	-40.4%	19
Fugitive emissions	Refrigerant emissions		427(A)	-44.9%	774
Scope 2					
Energy-use	Electricity use - generation (landlord-controlled areas and Derwent London occupied floor area)		5,406(A)	-2.2%	5,527
Scope 3					
Energy-use	Electricity use - WTT Generated Scope 3		806(A)	-4.3%	842
	Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)				
	Electricity use - T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)		513(A)	-7.9%	557
	Gas (total building)		363(A)	17.9%	308
Travel	Oil (total building)		10(A)	-38.3%	16
	Fuel use in Derwent London company cars for business travel WTT		2(A)	-41.3%	4
	Business air travel WTT		3(A)	-46.0%	5
	Business air travel		23(A)	-43.7%	41
Water	Water use (total building)		55(A)	19.4%	46
Total	All	All	10,367(A)	-1.38%	10,512
Out of scope	Energy-use	Biomass use (total building)	31	18.8%	26
Tenant emissions – Scope 1 + 2 + 3			15,562	8.7%	14,316
Total portfolio emissions (landlord and tenant) – Scope 1 + 2 + 3			25,929	4.4%	24,828

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

By excluding properties that fall under development, carbon emissions **decreased** by 1,870 tonnes.

GHG emissions by source – total managed portfolio



*Total emissions which includes tenant emissions

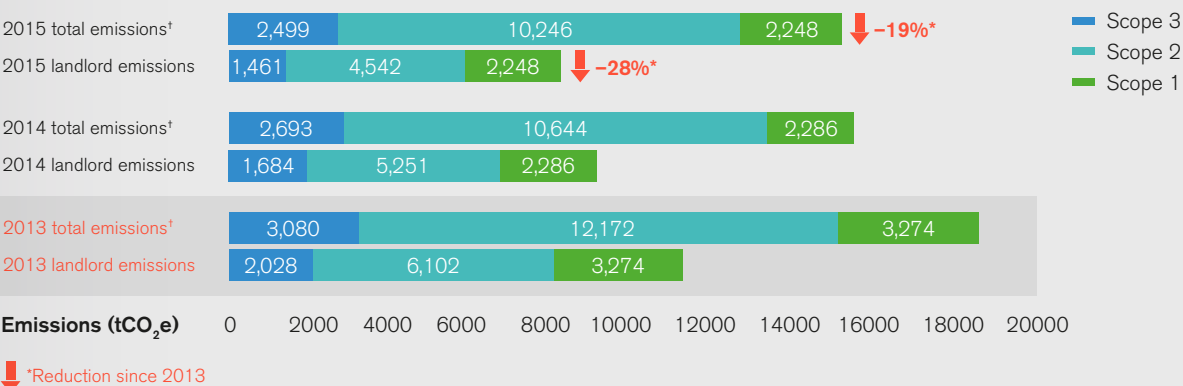
Table 2 – Like-for-like managed portfolio (building only)

			2015	% change 2014 to 2015	2014
Scope 1					
Energy-use		Gas (total building)	2,201(A)	-0.4%	2,208
		Oil (total building)	48(A)	-38.7%	78
Scope 2					
Energy-use		Electricity use - generation (landlord-controlled areas and Derwent London occupied floor area)	4,542(A)	-13.5%	5,251
Scope 3					
Energy-use		Electricity use - WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	677(A)	-15.3%	800
		Electricity use - T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	431(A)	-18.5%	529
		Gas (total building)	296(A)	-0.1%	296
		Oil (total building)	10(A)	-38.3%	16
Water		Water use (total building)	47(A)	8.3%	43
Total	All	All	8,251(A)	-10.5%	9,221
Out of scope	Energy-use	Biomass use (total building)	31	18.8%	26
Tenant emissions – Scope 1 + 2 + 3			12,745	-4.4%	13,338
Total portfolio emissions (landlord and tenant) – Scope 1 + 2 + 3			20,996	-6.9%	22,559

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

By excluding properties that fall under development, carbon emissions **decreased** by 1,181 tonnes.

GHG emissions by source – like-for-like portfolio



*Total emissions which includes tenant emissions

Table 3 – Intensity (scopes 1 & 2) per £m gross property income and fair market value per m²

	2015	% change 2014 to 2015	2014
tCO ₂ e/£m gross property income (Scopes 1 and 2 only, including Scope 1 fugitive emissions)	56.53	-10.0%	62.81
tCO ₂ e/m² (Scopes 1 and 2 only, including Scope 1 fugitive emissions)	0.025(A)	-11.0%	0.028
Property portfolio at fair value (tCO ₂ e/£m)	0.58	20.3%	0.48

Carbon Notes
Our carbon emissions are calculated with the latest Defra 2015 emission factors (www.ukconversionfactorscarbonsmart.co.uk). We have followed Defra recommended practice and did not restate our 2014 emissions. We report our emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, with emissions being reported under the following categories:

Scope 1 – direct emissions;
Scope 2 – indirect emissions; and
Scope 3 – other indirect emissions.

Our fugitive emissions have been totalled using equipment service records to provide the refrigerant recharge amounts (top-ups) to identify losses. Those figures are included in our intensity and like-for-like calculations.

To improve our data assurance even further this year, we have increased the number of datasets assured by our auditors and have included our Scope 3 carbon emissions in our pubic assurance work in both our managed and like-for-like portfolios. We omitted our carbon emissions from waste as it is immaterial (<5% of the total footprint). In line with the recent changes to the GHG reporting protocol we were also hoping to include a Scope 2 emission based on the newly proposed market-based method, to reflect the emissions from our various electricity suppliers. However none of our suppliers were able to supply their own conversion factors, rather all were using the Defra supplied factors.

The gross property income figure stated in the 2015 Annual Report and Accounts is £152m; likewise fair market value of the portfolio was stated at £5.0bn.

The emissions from company cars were calculated using data for distance travelled per car. Different carbon conversion factors were applied to each car according to its type e.g. luxury, 4x4 etc and fuel type.

Air travel is reported as journeys undertaken with emissions calculated using the distance between the start and end destinations, using an online distance calculator (www.mapcrow.info). When the start destination was not stated, London was used as the default. Defra carbon conversion factors for air travel were applied which included the uplift for radiative forcing.

Energy

Table 4 – Energy use across our total managed portfolio

	2015	% change 2014 to 2015	2014
Electricity (landlord controlled areas)			
Number of buildings	43	4.9%	41
Use (kWh)	11,748,376(A)	4.5%	11,242,903
Intensity (kWh/m²)	125.82(A)	1.2%	124.34
Gas (total building)			
Number of buildings	34	9.7%	31
Use (kWh)	14,636,976(A)	17.9%	12,409,667
Intensity (kWh/m²)	49.42(A)	13.3%	43.63
Oil (total building)			
Use (kWh) for consumption intensity analysis	176,000	-38.5%	286,000
Intensity (kWh/m²)	42.92	-38.5%	69.75
Biomass (total building)			
Use (kWh)	969,600	18.8%	816,000
Intensity (kWh/m²)	28.37	12.9%	25.12
Total			
Use (kWh)	27,530,952	11.2%	24,754,571
Intensity (kWh/m²)	82.62	3.0%	80.25
Energy Consumption			
Tenant Consumption Electricity	27,067,985	17.1%	23,115,725
Total consumption (landlord and tenant)	54,598,937	14.1%	47,870,296

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

Energy – usage whole portfolio

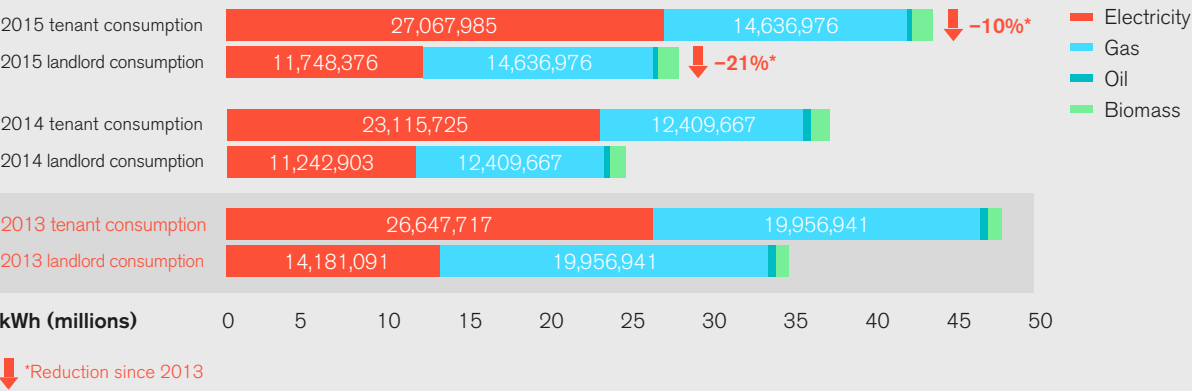


Table 5 – Energy use across our like-for-like portfolio

	2015	% change 2014 to 2015	2014
Electricity (landlord controlled areas)			
Number of buildings	35	-2.8%	36
Use (kWh)	9,827,041(A)	-7.5%	10,623,405
Intensity (kWh/m²)	128.06(A)	4.8%	122.19
Gas (total building)			
Number of buildings	27	-3.6%	28
Use (kWh)	11,930,503(A)	-0.1%	11,938,951
Intensity (kWh/m²)	44.40(A)	0.6%	44.12
Oil (total building)			
Use (kWh)	176,000	-38.5%	286,000
Intensity (kWh/m²)	42.92	-38.5%	69.75
Biomass (total building)			
Use (kWh)	969,600	18.8%	816,000
Intensity (kWh/m²)	28.37	12.9%	25.12
Total			
Use (kWh)	22,903,144	-3.2%	23,664,356
Intensity (kWh/m²)	79.57	-2.0%	81.16
Energy Consumption			
Tenant Consumption Electricity	22,168,057	2.9%	21,535,906
Total consumption (landlord and tenant)	45,071,200.66	-0.29%	45,200,262.18

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

Energy – usage like-for-like portfolio

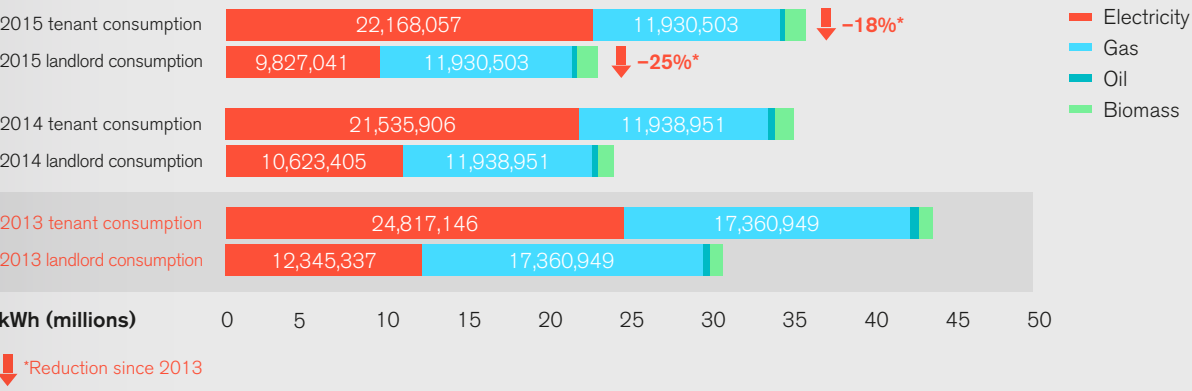
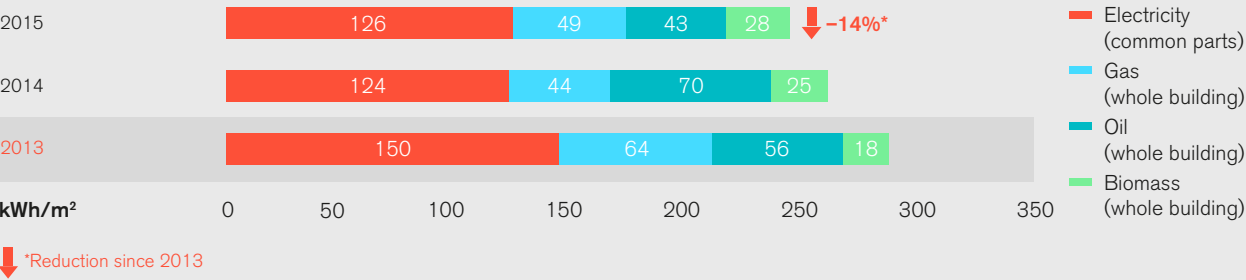


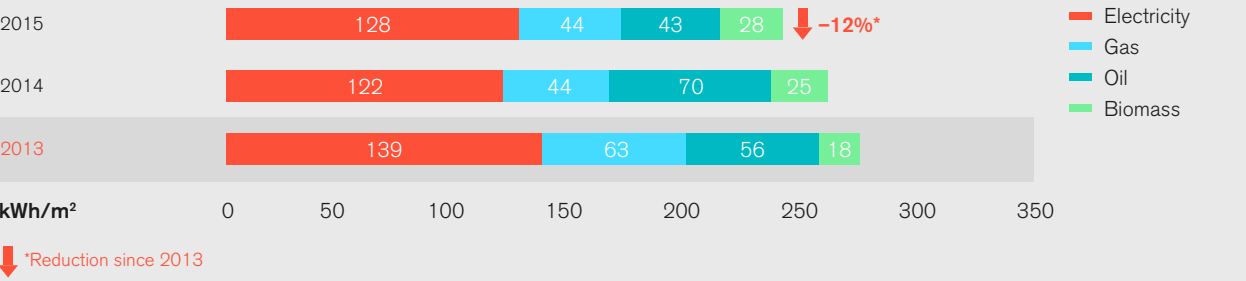
Table 6 – Energy use at our head office buildings

	2015	% change 2014 to 2015	2014
Electricity (Derwent London occupied areas)			
Use (kWh)	194,008	9.1%	177,815
Intensity (kWh/m²)	166.72	9.1%	152.81
Gas (Derwent London occupied areas)			
Use (kWh)	91,513	-26.9%	125,272
Intensity (kWh/m²)	88.24	-26.9%	120.79
Total			
Use (kWh)	285,521	-5.8%	303,087
Intensity (kWh/m²)	245.37	-5.8%	260.46

Energy – intensity whole portfolio



Energy – intensity like-for-like portfolio



Electricity
Head Office Buildings refer to occupied areas in 25 Savile Row W1, Goldsmith House W1 and the basement of 161 Rosebery Avenue EC1.

Our total managed portfolio consumption figure includes consumption data generated from photovoltaics (solar panels) installed on our properties. This year we again included data on renewable energy generation from three properties: 1 Oliver’s Yard EC1; Angel Building EC1 and Qube W1.

For December 2015, meter readings were used for the following buildings to calculate our final consumption figures: 14 Charlotte Mews W1; 65 Whitfield Street W1; 10 Rathbone Place W1 and 55 North Wharf Road W2.

Properties with pro-rated data: Davidson Building WC2; and Portobello Dock W10; 20 Farringdon Road EC1.

Gas
Head Office Buildings refers to occupied areas in 25 Savile Row W1 only.

For December 2015, meter readings were used for the following buildings to calculate our final consumption figures: Middlesex House W1; 10–4 Pentonville Road N1; 20 Farringdon Road EC1 and 65 Whitfield Street W1

Properties with pro-rated data: Davidson Building WC2; Portobello Dock W10 and 20 Farringdon Road EC1.

Biomass
Biomass data relates to one property: Angel Building EC1. It is reported based on the tonnes of wood pellets purchased and the date of purchase, not on consumption. This is then converted from tonnes to kWh using a conversion factor of 4.8kWh/kg, which allows us to establish a carbon output.

Water

Table 7 – Water use across our total managed portfolio

	2015	% change 2014 to 2015	2014
Water (total building)			
Number of buildings	34	3.0%	33
Mains water use (m³)	160,216(A)	18.6%	135,105
Rainwater use (m³)	0.87	-18.8%	1.08
Total (m³)	160,217	18.6%	135,106
Intensity (m³/m²)	0.50(A)	10.1%	0.45
Total (m³) Including retail consumption	174,534	19.5%	146,097
Intensity (m³/m²)	0.54	10.9%	0.49

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

By including retail usage, water consumption increased by 14,316 m³

Table 8 – Water use across our Like-for-like portfolio

	2015	% change 2014 to 2015	2014
Water (total building)			
Number of buildings	28	-3.4%	29
Mains water use (m³)	133,662(A)	5.2%	127,110
Rainwater use (m³)	0.87	-18.8%	1.08
Total (m³)	133,662	5.2%	127,112
Intensity (m³/m²)	0.48(A)	7.7%	0.45
Total (m³) Including retail consumption	147,979	0.4%	147,454
Intensity (m³/m²)	0.54	2.8%	0.52

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

By including retail usage, water consumption increased by 14,316 m³

Notes
We have continued with our previous approach of not adding our retail and development consumption figures as we have no control over their water usage. Properties without individual retail water supplies are 1 Oliver’s Yard EC1, Angel Building EC1, Tea Building E1 and 1-2 Stephen Street W1. Retail consumption was calculated using comprehensive checks and sub-metering.

Our total consumption figures include consumption data from rainwater harvesting which applies to one property – Angel Building EC1.

For December 2015, meter readings were used for the following buildings to calculate our final consumption figures: Angel Square EC1; 1 and 2 Stephen Street W1; 17 Gresse Street W1; 5-8 Hardwick Street EC1; Henry Wood House W1; 5-23 Old Street EC1; 55-65 North Wharf Road W2; 10–4 Pentonville Road N1; 9 Prescott Street E1; 151 Rosebery Avenue EC1 and 20 Farringdon Road EC1.

Properties with pro-rated data: Davidson Building WC2; and Portobello Dock estate W10; 20 Farringdon Road EC1 and 9 Prescott Street E1.

Waste

Table 9 – Waste generated across our total managed portfolio

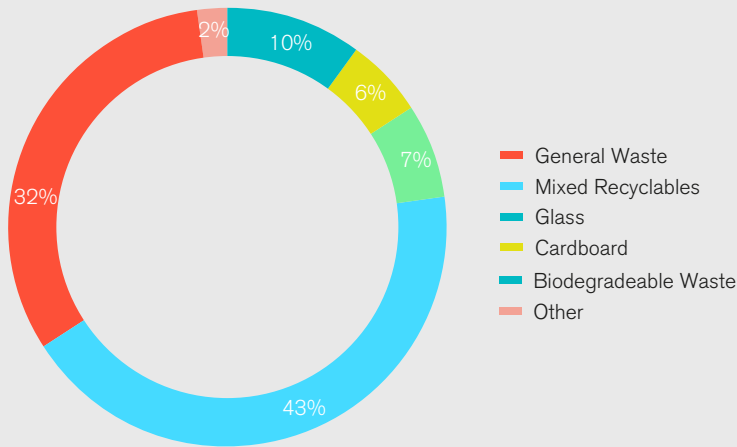
	2015	% change 2014 to 2015	2014
Total Waste (tonnes)			
Incineration (with energy recovery) (tonnes)	763	12.1%	673
Recycling (tonnes)	1,650	50.8%	1,094
Total (tonnes)	2,413	36.0%	1,767
Incineration (with energy recovery) (%)	32%	-	38%
Recycling (%)	68%(A)	-	62%

Table 10 – Waste generated across our like-for-like portfolio

	2015	% change 2014 to 2015	2014
Total Waste (tonnes)			
Incineration (with energy recovery) (tonnes)	696	8.3%	643
Recycling (tonnes)	1,482	42.7%	1,039
Total (tonnes)	2,178	29.5%	1,682
Incineration (with energy recovery) (%)	32%	-	38%
Recycling (%)	68%(A)	-	62%

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

2015 waste streams



Notes

We only report waste data for properties where we have waste management control. Recycling and general waste figures are provided by our waste management contractor each month. All waste was either recycled or sent to a waste-to-energy plant, with none sent to landfill (A).

Tenants' confidential waste recycling figures are not included in the calculations, as they do not fall under Derwent London's management control.

Table 11 – Building certifications and labelling

BREEAM Ratings	Outstanding	Excellent	Very Good
Projects delivered	3	4	10
% of the portfolio with the BREEAM Rating			*38%
*Total number of managed assets			45
*Total number of assets with BREEAM certificate			17
LEED Ratings	Platinum	Gold	Silver
Currently on track to meet the respective rating (ratings yet to be confirmed)	1	4	1
Code for Sustainable Homes	5 stars	4 stars	3 stars
Projects delivered		2	
Eco Homes			
Residential projects to be delivered in 3 years (targeting an excellent rating)			1
EPC certificates (% of the portfolio)			100%
B			18%
C			15%
D			27%
E			18%
F			7%
G			14%
Total			100%

Note: our F and G rated properties are either scheduled for refurbishment and will have their EPC's ratings improved or will exit our portfolio prior to the introduction of the Minimum Energy Performance Standard in 2018.

Table 12 – Employees

Age Bandings	
20 –29	8
30 –39	42
40 –49	26
50 –59	29
60+	11
No. of Employees	0 5 10 15 20 25 30 35 40 45 50

Table 13 – Community investment

	Community Fund	Community contributions via planning	Donations to charities and good causes
2015	£66,230	£2,173,800	£229,691
2014	£75,000	£2,832,500	£215,977
2013	£70,000	£5,474,381	£298,865
£	0 1000000 2000000 3000000 4000000 5000000 6000000		



Independent assurance statement by Deloitte LLP to Derwent London plc on their Sustainability Report 2015 (“the Report”)

What we looked at: scope of our work

Derwent London plc engaged us to perform limited assurance procedures for the year ended 31 December 2015 on the following subject matters:

- Scope 1 and 2 greenhouse gas emissions per square metre across managed portfolio (tCO₂e/m²)
- Scope 1 and 2 greenhouse gas emissions per square metre across like-for-like managed portfolio (tCO₂e/m²)
- Total Scope 1 and 2 greenhouse gas emissions (in tCO₂e) across managed portfolio
- Total Scope 1 and 2 greenhouse gas emissions (in tCO₂e) across like-for-like managed portfolio
- Scope 3 greenhouse gas emissions (in tCO₂e) of the organisation across managed portfolio
- Scope 3 greenhouse gas emissions (in tCO₂e) of the organisation across like-for-like managed portfolio
- Water use per square metre across managed portfolio (m³/m²)
- Water use per square metre across like-for-like managed portfolio (m³/m²)
- Water use across managed portfolio
- Water use across like-for-like managed portfolio
- Electricity per square metre across managed portfolio (kWh/m²)
- Electricity per square metre across like-for-like managed portfolio (kWh/m²)
- Electricity use across managed portfolio
- Electricity use across like-for-like managed portfolio
- Gas use per square metre across managed portfolio (kWh/m²)
- Gas use per square metre across like-for-like managed portfolio (kWh/m²)
- Gas use across managed portfolio
- Gas use across like-for-like managed portfolio
- Tonnes of waste to landfill across managed portfolio
- Tonnes of waste to landfill across like-for-like managed portfolio
- Recycling rate (%) across managed portfolio
- Recycling rate (%) across like-for-like managed portfolio

What we found: our unqualified assurance opinion

Based on the assurance work performed we have concluded that for the indicators described in the scope of our work, nothing has come to our attention that causes us to believe that the indicators have not been prepared, in all material respects, in accordance with Derwent London plc's Reporting Criteria.

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

We carried out limited assurance in accordance with the International Standards on Assurance Engagements 3000 (ISAE 3000). To achieve limited assurance ISAE 3000 requires that we review the processes and systems used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This provides less assurance and is substantially less in scope than a reasonable assurance engagement.



What we did: our key 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.

To form our conclusions, we undertook the following procedures:

- Interviewed management at Derwent London, including the Sustainability team and those with operational responsibility for performance in the areas we are reporting on;
- Interviewed staff at relevant third parties involved in the data collection in the areas we are reporting on;
- Reviewed and evaluated the criteria for measurement and reporting of each indicator as set out in the Sustainability Report;
- Understood, analysed and tested on a sample basis the key structures, systems, processes, procedures and controls relating to the collation, aggregation, validation and reporting of the environmental performance data set out above; and
- Reviewed the content of the Sustainability Report 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. 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
11 February 2016



EPRA REPORTING

Set out below is a comprehensive breakdown of our full alignment with all the EPRA best practice recommendations on sustainability reporting. We have also listed our performance measures data in our Annual Report and Accounts on page 173.

Our reporting response has been broken down into the three key areas:

1. Sustainability performance measures
2. Overarching recommendations
3. Other issues to consider

This allows for quick and easy referencing of each measure and recommendation.



Sustainability performance measures

Elec-Abs (total electricity consumption) (annual kWh)²

11,748,376 – shown in Table 4 – Energy use across our total managed portfolio (landlord/common areas), page 62

Elec-LfL (like-for-like total electricity consumption) (annual kWh)

9,827,041 – shown in Table 5 – Energy use across our like-for-like portfolio (landlord/common areas), page 63

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)

15,782,576 – shown in Table 4 – Energy use across our total managed portfolio (landlord/common areas) [a total of gas, oil and biomass consumption], page 62

Fuels-LfL (like-for-like total fuels consumption) (annual kWh)*

13,076,103 – shown in Table 5 – Energy use across our total managed portfolio (landlord/common areas) [a total of gas, oil and biomass consumption], page 63

Energy-Int (building energy intensity) (kWh per m²)

82.62 – shown in Table 4 – Energy use across our total managed portfolio (landlord/common areas), page 62

GHG-Dir-Abs (total direct greenhouse gas emissions) (annual metric tonnes CO₂e)

3,186 – shown in Table 1 – Total managed portfolio emissions (landlord influenced portfolio emissions) [a total of Scope 1 emissions], page 59

GHG-Indir-Abs (total indirect greenhouse gas emissions) (annual metric tonnes CO₂e)

5,406 – shown in Table 1 – Total managed portfolio emissions (landlord influenced portfolio emissions) [Scope 2 energy-use], page 59

GHG-Dir-LfL (like-for-like direct greenhouse gas emissions) (annual metric tonnes CO₂e)

2,249 – shown in Table 2 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) [Scope 1 energy-use], page 60

GHG-Indir-LfL (like-for-like indirect greenhouse gas emissions) (annual metric tonnes CO₂e)

4,542 – shown in Table 2 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) (Scope 2 energy-use), page 60

GHG-Int (greenhouse gas intensity from building energy consumption) (kg CO₂e/m²/year)

0.025 – shown in Table 3 – Intensity (Scopes 1 & 2) per m²/£m turnover/fair market value (reported in tCO₂e/m²), page 61

Water-Abs (total water consumption) (annual m³)

160,217 – shown in Table 7 – Water use across our total managed portfolio (excluding retail consumption), page 65

Water-LfL (like-for-like total water consumption) (annual m³)

133,662 – shown in Table 8 – Water use across our like-for-like portfolio (excluding retail consumption), page 65

Water-Int (building water intensity) (m³/m²/year)

0.50 – shown in Table 7 – Water use across our total managed portfolio (excluding retail consumption), page 65

Waste-Abs (total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)

2,413 total weight. 1,650 recycled (68%), 763 incinerated (32%) (with energy recovery), 0 to landfill (0%) (all non-hazardous) – shown in Table 9 – Waste generated across our total managed portfolio, page 66

Waste-LfL (like-for-like total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)

2,178 total weight. 1,482 recycled (68%), 696 incinerated (32%) (with energy recovery), 0 to landfill (0%) (all non-hazardous) – shown in Table 10 – Waste generated across our like-for-like portfolio, page 66

Cert-Tot (type and number of sustainability certified assets) (total number by certification/rating/labelling scheme) – shown in Table 11 – Building certifications and labelling, page 67

² This data covers electricity procured by Derwent London only.
³ Although this EPRA recommendation seeks to report in kgCO₂e/m², for consistency and ease of use we have reported this in terms of tCO₂e/m² to align with the rest of our carbon reporting.

Overarching recommendations

5.1 Organisational boundaries

This is explained in the Reporting boundary section, see page 57

5.2 Coverage

Please see our reporting scope on page 58 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.

Where a property exited or came into the portfolio during the year 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 (Davidson Building WC2, Portobello Dock W10 and 20 Farringdon Road E1) and against which utility type. Please see our reporting scope sections on page 58 for our approach to data pro-rating.

5.4 Third Party Assurance

We undertake assurance on our resource efficiency data in accordance with ISAE3000. A public assurance statement from our auditors Deloitte LLP can be found on pages 68–69.

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, oil (energy) and water consumption on a whole building basis. Please see our reporting boundary section on page 57.

5.6 Normalisation

Intensity indicators based on floor area (m²) 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 tCO₂e/£m turnover and tCO₂e/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 page 58 for confirmation of the basis of our reporting.

5.8 Disclosure on own offices

Please see Table 6 on page 64 for a breakdown of the energy use at our head office buildings.

5.9 Narrative on performance

Please see our performance summary on page 57. Likewise we provide commentary on the shifts in our carbon footprint in our carbon footprint section, see page 18

5.10 Location of EPRA sustainability performance measures in companies' reports

We provide a dedicated section in our 2015 Annual Reports and Accounts on sustainability (page 66-67), which also includes a full summary of our carbon footprint and headline performance and data results. This annual sustainability 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 access quickly the best practice aspects set out in the EPRA recommendations document.

Other issues to consider

6.1 Materiality

As part of our move to GRI based reporting we have undertaken another materiality assessment/review, the results of which are shown in the 'key priorities and 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 – tCO₂e/£m turnover and tCO₂e/fair market value. These are presented in table 3 on page 61.

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 community investment fund – details are provided in the 'Creating value in the community' section' of this report, please see pages 36.

Likewise we report on the community contributions via planning – this can be seen on pages 67.

6.4 Transport

In 2016 we have introduced a requirement to survey the transport emissions associated with our own employees travelling to work at our head offices. The outcomes from this survey will be included in our carbon footprint going forward.

We do not yet measure and report the emissions associated with 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 table 1 on page 59 for more details.

GRI CONTENT INDEX

As mentioned earlier in this report we have taken the step to start reporting in alignment with the GRI G4 requirements using the 'Core' option, to allow our stakeholders to gauge even more effectively the robustness of our reporting.

Our index table below reflects the outcomes of our materiality assessment detailed earlier in this report 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	Comments	External assurance (yes, no or n/a)
Strategy and analysis				
G4-1	Statement from the most senior decision-maker in the organisation	CEO foreword Page 4 ARA – chairman's statement , Page 10-11		n/a
Organisational profile				
G4-3	Report the name of the organisation	Front/back cover ARA – front/back cover		n/a
G4-4	Report the primary brands, products, and services	ARA – page 1		n/a
G4-5	Report the location of the organisation's headquarters	Back cover ARA – front/back cover		n/a
G4-6	Report the number of countries where the organisation operates	ARA – page 1	Our business is focused on central London commercial office space, save for our Strathkelvin retail park (the only property of this type we own) which is located in the suburbs of Glasgow, Scotland.	n/a
G4-7	Report the nature of ownership and legal form	ARA – page 1		n/a
G4-8	Report the markets served	ARA – page 1		n/a
G4-9	Report the scale of the organisation	ARA – pages 4-7		n/a
G4-10	Report total workforce by employment type, employment contract, and region, broken down by gender	ARA – pages 68-71		n/a
G4-11	Report the percentage of total employees covered by collective bargaining agreements		There are no collective bargaining agreements within our business; however employees are free to join a trade union should they so wish.	n/a
G4-12	Describe the organisations supply chain	ARA – pages 24-25, 50-51		n/a
G4-13	Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain	CEO foreword Page 4 ARA – chairman's statement, Page 10-11	There are no significant changes to report.	n/a
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	WEB – sustainability strategy, page 6 www.derwentlondon.com/assets/uploads/general/Derwent_London_Sustainability_Strategy_2013.pdf ARA – pages 72-77		n/a
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Page 8 ARA – pages 67, 71		n/a
G4-16	List memberships of associations (such as industry associations)	Page 8 ARA – pages 67, 71		n/a

GRI indicator		Location	Comments	External assurance (yes, no or n/a)
Identified material aspects and boundaries				
G4-17	List of entities included in the organisation's consolidated financial statements or equivalent documents	ARA – pages 162-163		n/a
G4-18	Process for defining report content	Page 10-11		n/a
G4-19	List of material Aspects identified in the process for defining report content	Page 10-11		n/a
G4-20	Aspect Boundary within the organisation for each material Aspect	See Specific Standards Disclosure table below – pages 78-84	Aspect boundaries are included with each material issue and their according DMA	n/a
G4-21	Aspect Boundary outside the organisation for each material Aspect	See Specific Standards Disclosure table below – pages 78-84	Aspect boundaries are included with each material issue and their according DMA	n/a
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements		None to report	n/a
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries		None to report	n/a

GRI indicator	Location	Comments	External assurance (yes, no or n/a)	
Stakeholder engagement				
G4-24	Provide a list of stakeholder groups engaged by the organisation	Page 10-11 WEB – sustainability strategy, page 5 www.derwentlondon.com/assets/uploads/general/Derwent_London_Sustainability_Strategy_2013.pdf	Our key stakeholder group are: investors, employees, customers, suppliers and communities n/a	
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	Page 10	n/a	
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	ARA – pages 18-19, 26-27 WEB – community fund www.derwentlondon.com/sustainability/priorities/community-fund	Our stakeholder engagement is multi-channel depending on the audience. Investors – every year we undertake investor roadshows in both Europe and the US to engage our shareholders and listen to their feedback. Employees – during 2015 we undertook our first company-wide employee survey. Customers – we regularly meet with our tenants to discuss their needs and future plans, likewise how we can improve our services. Communities – as part of our community fund we hold community workshops every year to garner feedback and opinion on the fund	n/a

applications to help us decide how funds are to be distributed. Likewise we receive direct feedback on our business.

Suppliers – whilst we have close relationships with our various supply chains we will be looking to undertake more widespread engagement work during 2016. In particular to communicate our forth coming sustainability suppliers standards work.

G4-27	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	Page 11	Via our latest materiality assessment we were able to ascertain those core issues pertinent to our business.	n/a		
GRI indicator				Location	Comments	External assurance (yes, no or n/a)
Reporting profile						
G4-28	Reporting period	Page 8				n/a
G4-29	Date of most recent previous report		2014 Annual sustainability report – published April 2014			n/a
			2014 Annual report and accounts – published April 2014			
G4-30	Reporting cycle	Front cover Page 8	Annual, in line with our annual report and accounts			n/a
G4-31	Provide the contact point for questions regarding the report or its contents	Page 5 WEB – sustainability, contact www.derwentlondon.com/sustainability/contact	John Davies, Head of Sustainability. +44 (020) 7659 3000 sustainability@derwentlondon.com			n/a
G4-32	GRI content index location	Page 74				n/a
G4-33	Policy and current practice with regard to seeking external assurance for the report	Page 8	Deloitte LLP has assured 22 data points within this report, their assurance statement can be found on pages 68-69 of this report.			n/a

GRI indicator	Location	Comments	External assurance (yes, no or n/a)
Governance			
G4-34	Governance structure of the organisation, including committees of the highest governance body responsible for decision-making on economic, environmental and social impacts	ARA – committees structure, page 72-73 WEB – sustainability governance, http://www.derwentlondon.com/sustainability/approach/governance	n/a

GRI indicator	Location	Comments	External assurance (yes, no or n/a)
Ethics and integrity			
G4-56	Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	ARA – our people, page 69	n/a

Specific Standards Disclosure

Material issue/aspect
Resource efficiency

Aspect: Energy

DMA
Why is it material?
Energy consumption and therein efficiency is fundamental to organisations like ours, with energy consumption from the built environment accounting for nearly half the UK’s CO₂ 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 significant reduce our like-for-like energy consumption, underpinned by performance reduction targets.

Aspect boundaries			
Internal (within): Sustainability Team Property Management Teams Development Team		External (outside): UK Government and policy makers Our tenants (customers) Our design and engineering maintenance supply chains	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-EN3 Energy consumption within the organisation	Page 62		Yes
G4-EN5 Energy intensity	Page 62		Yes
G4-EN6 Reduction of energy consumption	Pages 63–64		Yes

Aspect: 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 of all the regulatory requirements placed on listed companies like ours from mechanisms such as CRC and ESOS. Therefore our stakeholders place a similar if not near identical level of significance on this issue.

What we do
Our energy management work 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 like-for-like footprint.

Aspect boundaries			
Internal (within): Sustainability Team Property Management Teams Development Team		External (outside): UK Government and policy makers Our tenants (customers) Our design and engineering/FM maintenance supply chains	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	Page 59		Yes
G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Page 59		Yes
G4-EN17 Other indirect greenhouse gas (GHG) emissions (Scope 3)	Page 59		Yes

Aspect: 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. New for 2016 is the introduction of a water intensity reduction target to help focus our efforts even more.

Aspect boundaries			
Internal (within): Sustainability Team Property Management Teams Development Team		External (outside): UK Government and policy makers Our tenants (customers) Our design and engineering/FM maintenance supply chains	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-EN8 Total water withdrawal by source	Page 65		Yes

Aspect: Waste management

DMA
Why is it material?
Waste is important from both an operational perspective i.e. the day-to-day running of buildings and also a construction perspective. Both 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 70% recycling rate by 2017 – we currently operate at 68%. 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): Sustainability Team Property Management Teams Development Team		External (outside): UK Government and policy makers Our tenants (customers) Our waste management and construction supply chains	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-EN23 Total weight of waste by type and disposal method	Page 66		Yes

Material issue/aspect
Community

Aspect: Investment and engagment

DMA
Why is it material?
Looking beyond the bricks and mortar of our buildings we are committed to supporting the community 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 £245,000 since 2013 in various local projects and initiatives – with a further £300,000 to be invested over the next three years. 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): Sustainability/Community Team Development Team		External (outside): Local community stakeholders Our tenants (customers) Our investors	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
Custom indicator	Page 36	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 which we manage in-house and engage directly with community stakeholders to distribute funds and garner feedback. In addition we also measure the socio-economic impacts of our new developments to ascertain their success in the community and how we can learn lessons for our future projects.	No
Percentage of projects with local community engagement initiatives above and beyond those required during planning as stipulated by local authority regulations	WEB – Community and Community Fund www.derwentlondon.com/sustainability/priorities/community-fund	Performance against these is tracked by our Sustainability Team who manage 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.	

Material issue

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 of all for 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 from Ark Workplace Risk Ltd, 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): Health and Safety Team Property Management Teams Development Team		External (outside): Our tenants (customers) Our design, engineering/FM maintenance and construction supply chains Local community stakeholders	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-LA6	Page 49		No
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			

Material issue/aspect

Employees

Aspect: 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 a significant aspect for us.

What we do

We ensure our employees are supported to develop and grow within their roles and respective disciplines. We have an annual 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. this was again recognised in Management Today's 2015 Britain's Most Admired Companies awards where we were again ranked 1st in the property sector for our ability to attract and retain talent.

Aspect boundaries

Internal (within): HR Team Executive Committee		External (outside): Local community stakeholders Our tenants (customers) Our investors	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-LA2	ARA – page 71		No
Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation			

Aspect: Development

G4-LA11	ARA - page 70	100% of our employees receive regular performance reviews.	No
Percentage of employees receiving regular performance and career development reviews, by gender and by employee category			

Aspect: Diversity

G4-LA12	Page 67		No
Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity			

Material issue

Business conduct

DMA

Why is it material?

Compliance with legislation and our own internal safeguarding procedures is a basic must-do requirement for our employees. Failure to do this could result in financial risks and reputational damage, and so affect our commercial performance. Therefore 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):

Company Secretarial Team

The Main Board

Executive Committee

External (outside):

UK Government

Our tenants (customers)

Our investors

GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-SO4	ARA – page 69		No
Communication and training on anti-corruption policies and procedures			

Material issue

Customer engagement

DMA

Why is it material?

Our business is underpinned by our close relationships with our tenants (customers). 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 tenants 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. This is backed up by our use of Real Service to formally measure tenant satisfaction and we achieve a silver rating in the Real Service Best Practice Index (BPI).

Aspect boundaries			
Internal (within): Leasing Team Property Management Teams		External (outside): Our tenants (customers) Our investors	
GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-PR5	Page 34		No
Results of surveys measuring customer satisfaction	WEB – 2013 Sustainability Annual Report, page 24		
	www.derwentlondon.com/assets/uploads/general/Derwent_London_Sustainability_Report_2013.pdf		

Material issue

Materials

DMA

Why is it material?

Natural resources are finite and the construction of new buildings and spaces is a resource intense 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, likewise our design approach advocates a lean approach to specification. Where we do introduce new materials and systems we ensure through our project sustainability plans that recycled content and embodied carbon is measured, reduced and monitored. Likewise where we are specifying materials they are responsibly sourced e.g. timber.

Aspect boundaries

Internal (within): Sustainability Team Development Team Property Management Teams	External (outside): Our design and construction supply chains Our tenants (customers) Our investors
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GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-PR3 Type of product and service information required by the organisation's procedures	Page 16	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 2015 targets on page 16.	No

Material issue

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 and sustainability plans to ensure we are clear on our expectations with our supply chains.

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

GRI indicator	Location	Comments	External assurance (yes, no or n/a)
Custom Indicator	Page 17	We believe it is more important to realise 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. Therefore, in 2014 we set ourselves a target to create and implement a series of sustainability KPIs for our then new 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.	No
Total number and percentage of engineering maintenance contractor contracts that include clauses regarding the monitoring the progress of sustainability KPIs		Performance against these is tracked by our in-house FM 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.	

Material issue

Human rights

DMA

Why is it material?

Human rights is 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; and like our stakeholders we want to ensure we are not having any negative impacts on the human rights of our employees, customers or our supply chains.

What we do

We closely monitor our activities and those of our supply chains to ensure our activities are not impacting on human rights and are not discriminatory. We will be launching in 2016 a new series of supply chain standards which will make our human rights position even clearer.

Aspect boundaries

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

GRI indicator	Location	Comments	External assurance (yes, no or n/a)
G4-HR3	ARA- page 69	There are no incidents to report	No
Total number of incidents of discrimination and corrective actions taken			

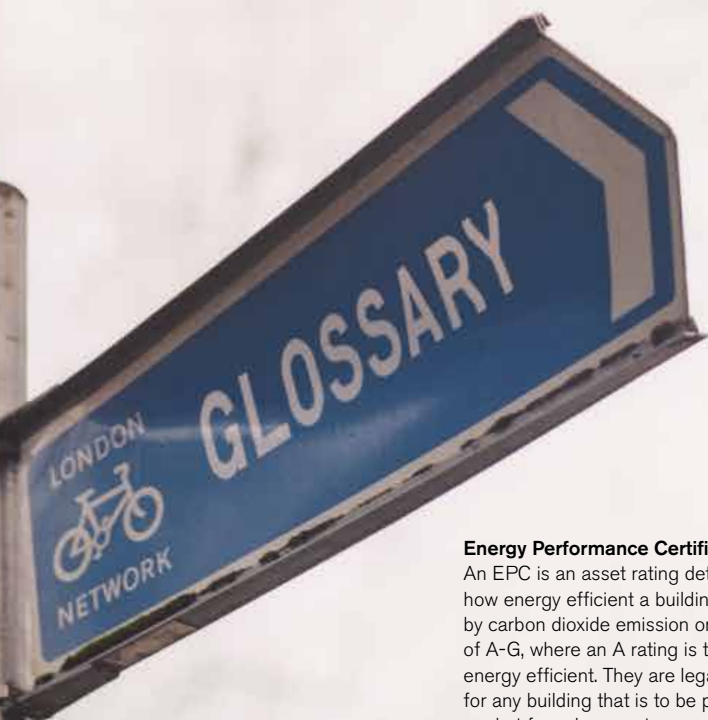
Note on aspect boundaries

It is easy to see that all of our material issues have both internal and external impacts; however we have attempted to provide clarity, context and identify which entities and/or stakeholders these might impact on or be relevant. 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 relevant and 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; in particular our construction supply chains which have an international reach e.g. sourcing products and systems globally such as façade systems to construct our buildings.

Abbreviations

- ARA – Annual Report and Accounts
- DMA – Disclosure on Management Approach
- WEB – Derwent London website (www.derwentlondon.com)

**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.

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.

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.

Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

This is the UK Government's mandatory scheme for carbon emissions reporting and allowance purchasing.

Code for Sustainable Homes (CfSH)

CfSH is an environmental assessment method for rating and certifying the performance of new homes. Performance is measured across a series of levels from 1-6.

Cradle-to-completed construction

Cradle-to-completed construction refers to the embodied carbon assessment 'boundary' we stipulate within our embodied carbon assessment brief for developments. This means it measures the carbon accrued from the very beginning of the lifecycle of the various materials and products used to construct a building all the way through to its completed construction – including transport, wastage and onsite processes and energy consumption.

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.

Energy Savings Opportunity Scheme (ESOS)

The Energy Savings Opportunity Scheme (ESOS) is a new mandatory energy assessment and saving identification scheme introduced by Government for major organisations in the UK. Organisations are required to review the total energy use from their operations including building energy use, transport energy use and any industrial processes. Moreover, identifying via specific audits potential energy/carbon saving measures.

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.

FTSE 4 Good Index

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 equipment 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 of the GHG emissions they produce.

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.

UK Green Building Council (UK-GBC)

The UK Green Building Council is a membership based organisation working with its members, Government and policy makers to develop and promote sustainability best practice in the built environment.

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.

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).

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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