



SUSTAINABILITY STRATEGY

DERWENT
LONDON

FOREWORD

From the outset our business has followed a sustainable path, not only in terms of how we manage our business and create value for our shareholders, but also how we approach the development of our buildings and the spaces we provide.

Our sustainability work to date has seen us achieve a great deal, champion new technologies and approaches and grow our understanding of this increasingly important agenda. This strategy provides further impetus to progress our sustainability agenda by encapsulating what sustainability means to our business, the principles we value most, and the long term priorities we must address in order for our business to continue to grow and deliver value to our key stakeholder groups.

In this document the Executive Committee present this new strategy.

Signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'Paul Williams', written in a cursive style.

Paul Williams
Executive Director for Sustainability

INTRODUCTION

In developing a strong, sustainable business, good corporate governance is vital. This means having in place the right checks and balances, good decision-making frameworks and robust management processes. We believe sustainability plays an important part in this as it enhances decision-making and promotes long term thinking, ultimately improving our approach to governance.

This strategy expands our Sustainability Policy and articulates in more detail what sustainability means to our business. Moreover, it sets out the guiding principles which frame our decision-making process and enables us to operate responsibly. It also sets out clear, long term strategic priorities, from which we can set meaningful direction and robust performance measurement criteria across our business activities.

OUR BUSINESS MODEL

We believe that in order to realise the full benefits sustainability can bring to an organisation it must first be intrinsic to its business model and activities. Sustainability is a fundamental aspect of our distinctive business model and approach, which enables us to differentiate our buildings and spaces and support our principal business objective of delivering above average long-term returns for our stakeholders.



OUR VISION

We recognise that our activities are responsible, both directly and indirectly, for a variety of environmental, social and economic benefits and impacts. As a result we are committed to continuing to understand and improve our performance using the guiding principles set out in this strategy, and aim to be recognised as one of the leading organisations in the property sector in terms of sustainability.

We are committed to maximising the positive impacts our business has on the environment and local communities through the continuous improvement of our performance, and through the responsible design, delivery, and operation of our assets.

The overall aim of our strategy is to:

“Ensure our spaces are designed, delivered and operated responsibly whilst delivering long term value to our key stakeholder groups”

GUIDING PRINCIPLES

In order to guide our business and help us deliver this strategy we use the following principles to help frame our decision making and enable us to perform to the highest standards.

1. Sustainable Development

The main principle applicable to our business is that of sustainable development. Through the acquisition, design, development, operation and disposal of our assets, we must demonstrate that maximum consideration has been given to the principles of sustainable development by considering how they not only contribute to our own business but how they support and align with the UK Government’s four sustainable development priority areas for action which are:

1. Sustainable consumption and production;
2. Climate change and energy;
3. Natural resource protection and environmental enhancement; and
4. Sustainable communities.

Whilst we recognise that our business activities will not always address each one of these all of the time, by applying the principles of sustainable development, the physical, social and economic environments are included in our decision-making, helping to minimise adverse and maximise positive impacts.

2. Value creation

A fundamental trait of responsible business is value creation. In order to maintain and grow a strong business we must understand and balance the needs of our five key stakeholder groups, which we have identified as:

- Investors;
- Employees;
- Customers;
- Communities; and
- Suppliers.

It is important that all our stakeholders benefit from our business activities.

3. Continuous improvement, performance monitoring and measurement

We will monitor and measure our performance through review and audit. This will enable the identification of areas of under-performance as well as strong performance. In turn this will allow us to identify opportunities for future improvement. We will seek to incorporate the right expertise, processes and systems to enable this monitoring and measurement to take place across our business activities. In addition, we will learn the lessons from our portfolio to ensure we are continually learning and improving our buildings and spaces.

4. Holistic approach

We aim to have a holistic approach to improving the sustainability performance of our business. Sustainability benefits and impacts are often interrelated, which means decisions should not be made in isolation. Moreover, the design and development of our buildings should incorporate life-cycle based decision-making such that we can realise operational and community based benefits in both the short and long term.

5. Precautionary principle

Our business must take account of the precautionary principle, which requires that risk assessment, management and scenario analysis techniques be used to identify and limit any adverse impacts. Meeting the requirements of future sustainability legislation and trends requires us to set long term realistic priorities and objectives in order to maintain high level levels of performance across our business.

LONG TERM PRIORITIES

In order to help us focus our efforts in delivering this strategy, we have identified four long term priorities, which are intrinsic to our business and to the needs of our stakeholders. These priorities will be used to focus our future performance measures, monitor our progress and ultimately gauge our success.

Designing & Delivering Buildings Responsibly

A key part of our preferred development approach is to harness good design to develop and refurbish buildings. Likewise learning the lessons from our portfolio and older buildings in order to inform our future designs. A fundamental trait of good design, we believe, is its ability to help deliver inherently sustainable and healthy spaces. From experience we see that well designed, sustainable spaces let more quickly and on better terms, therefore clearly demonstrating the value of our approach. In addition, we believe such spaces enable better fit outs to be created and in turn promote enhanced levels of occupant health and well-being.

Objective:

To ensure sustainability is considered and implemented at every stage of the design and delivery of our projects.

Managing our Assets Responsibly

As asset operators it is vital that we take a responsible approach to the management and maintenance of our assets. Although we always seek to design and deliver buildings which are sustainable and efficient to run, rigorous management is still required in order to maximise performance. Coupled with this we believe it is important to engage proactively with our occupiers to assist them in operating their spaces as efficiently as possible, thereby making our management efforts even more effective.

Objective:

To ensure all our assets are managed and maintained in a responsible manner in order to maximise their efficiency.

Creating Value in the Community

Looking beyond the bricks and mortar of our buildings we are committed to supporting the communities in which we operate. As part of this we want to understand how we can enable value creation and develop and maintain strong relationships in these communities. We want to understand the benefits our assets can bring to local business, the public realm, building occupants and local residents. To support this we have developed a comprehensive community strategy designed to help us deliver our overarching objective.

Objective:

Enable value creation and develop and maintain strong relationships within the communities in which we operate.

Engaging & Developing our Employees

The continued strong performance of our business would not be possible without motivated and highly skilled employees. Therefore, it is important that we continue to create the right environment by encouraging and creating opportunities for individuals and teams to realise their full potential; thereby enabling our business to achieve its strategic goals and targets.

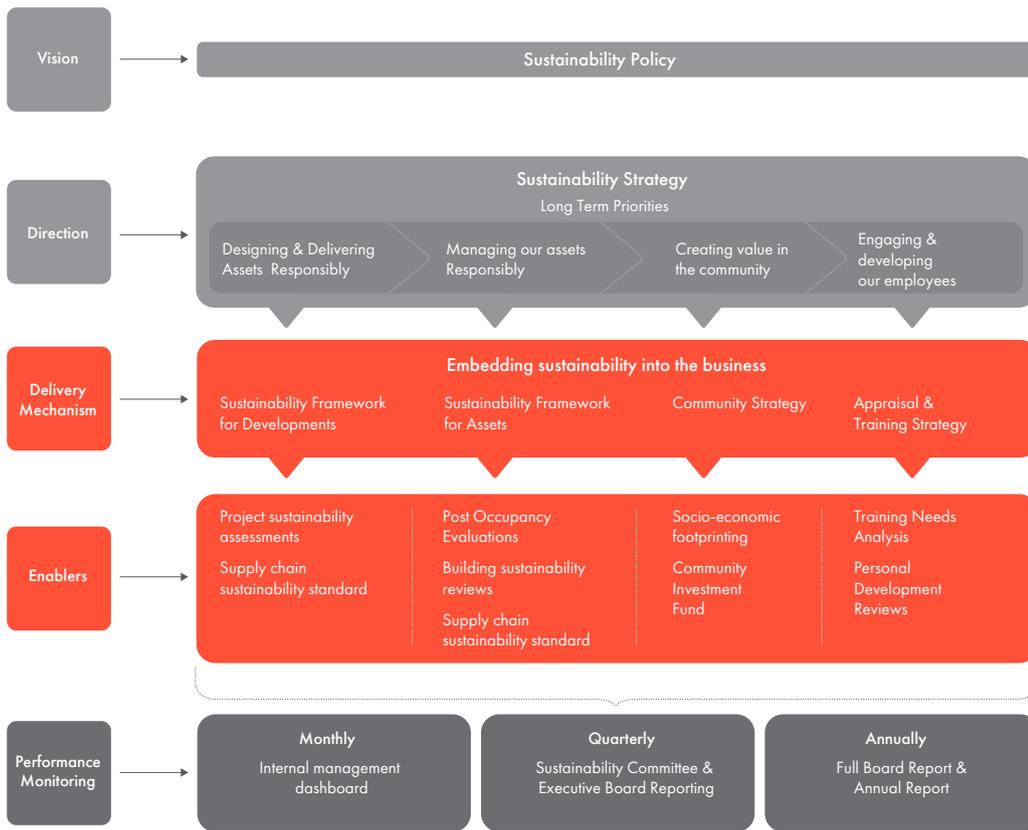
Objective:

Create a working environment that actively engages employees by encouraging continuous personal development and recognising and nurturing high performance.

DELIVERY FRAMEWORK

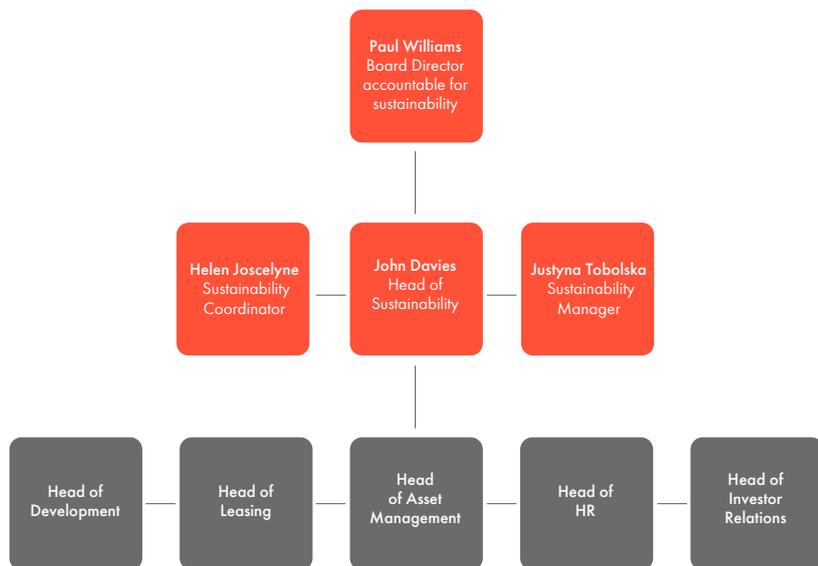
We recognise that a business can only demonstrate its commitment to sustainability by developing a meaningful policy and strategy, setting quantifiable measures to improve performance, and achieving them in partnership with its stakeholders. In addition, there should be a clear framework in place which shows how the policy and strategy will be implemented. As a result we use our 'Sustainability Map', which sets out the framework for us to deliver our vision and long term priorities. It also ensures that we have the correct processes in place across our business functions in order to meet the requirements of this strategy and our policy.

DERWENT LONDON SUSTAINABILITY MAP



MANAGEMENT

To manage and ensure the effective implementation of the Sustainability Map there is a clear management hierarchy and responsibility path for sustainability with our business. This starts with board level accountability, filtering down to each business function Head, who each in turn are required to ensure that sustainability is integrated into the particular aspects of their work. To oversee effective day-to-day management the Head of Sustainability is responsible for ensuring delivery across the business and supporting teams in maximising their performance.





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