Responsibility Report
2019

DERWENT
LONDON

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Brunel Building W2 – completed May 2019

Foreword

2019 saw another year of strong operational performance which was matched by our continued progress in furthering our environmental, social and governance (ESG) work. Our operations and ESG activities are increasingly combined, enhancing the Derwent London brand. This year's report highlights our new broader approach to responsibility and an even stronger commitment to managing the risks associated with climate change, with the introduction of an ambitious new net zero carbon target.

However, since the announcement of our annual results at the end of February 2020, the world looks very different as a result of the Covid-19 virus outbreak, with many countries now under lockdown. Undoubtedly these are difficult times for all, but these events also help put into perspective the more important things in life such as ensuring the health and wellbeing of our employees and their families and our other stakeholders including our communities.

Our long-term approach means we aim to balance growth with delivering value for all our stakeholders and communities as outlined below. This also means we look to support them wherever possible, especially in these challenging times. A good example of this approach has been our ability to work with occupiers to try, where possible, to maintain business continuity. On a case by case basis we have sought solutions to their short term cashflow challenges through agreeing alternative rental payment plans where appropriate.

We remain committed to mitigating the long-term issues that affect us all, most notably climate change. Since 2016 we have been working with a set of innovative science-based carbon targets which set us on a path to net zero carbon by 2050. However, during 2019 we decided to bring this forward by 20 years working towards a more ambitious 1.5 °C climate warming scenario in recognition of the increasing risks that climate change presents. Further, in October 2019 we became members of the Better Buildings Partnership (BBP) and signed their climate change commitment which commits us to clear annual reporting on our progress towards net zero carbon. Further details on our new net zero journey are set out later in the report.

The importance we place on ESG issues can be seen in our increasing commitment of resources and determination that sustainability permeates all our business. Last year our Finance and Sustainability teams developed our Green Finance Framework which included challenging targets and we became the first UK REIT to issue a revolving credit facility including a 'green' tranche.

Beyond reducing our carbon emissions, creating a positive socio-economic impact also plays a very important part in our approach. Taking an active role in the communities in which we operate, and more widely across London, allows us to build lasting relationships with local stakeholders. A good example of this is our Community Fund which has helped us engage with communities across London and support grassroot projects from local events to music and culture. To date, over £660k has been invested in almost 100 projects, with a total of £115k awarded to 19 projects in 2019. This year, in response to the lockdown, we have significantly increased the funding available and adjusted some of the criteria which allows us to support a wider range of organisations. This additional funding has been achieved through a mixture of part-waivers by our Directors and further contributions from the business. More details on our community work can be found on pages 40–47.

I would like to thank our teams and advisers for their hard work in ensuring that, while we focus on meeting the major challenges we currently face, we continue to support all our stakeholders and the wider community.

I hope our report gives you a sense of our achievements to date and our plans for the future.

Paul Williams
Chief Executive Officer

Brunel Building W2 – canalside setting at Paddington Basin

Introduction

Welcome to the Derwent London Responsibility Report 2019. This is our eighth edition and, as ever, we have been looking to improve the content and provide even more insight into our ESG approach. Following feedback from our stakeholders and aligning with our new responsibility approach, we now include reporting across a broader range of seven ESG priorities, more details of which can be found on pages 12–13.

As Paul highlights in his foreword, this report is being published against the backdrop of the Covid-19 outbreak. As well as its significant health aspects the virus has had a major economic impact on many of our stakeholders, notably: occupiers, suppliers and local communities. We recognise that our business is in a position to alleviate some of these problems and we have been working with our many stakeholders to find solutions where we can. Examples of this include injecting additional monies into our Community Fund to provide further support during this difficult time, and rapidly engaging with our occupiers in terms of reviewing alternative rental payment approaches to help with their business continuity.

As a responsible business, we believe it is essential that we recognise and balance our impacts. This is typified by our work on and response to climate change, which continues to be a high priority and has seen us develop our strategy further by announcing the move to become a net zero carbon business in 2030, 20 years ahead of our previous 2050 target. In addition, we will become one of the first UK REITs to publish a pathway to net zero carbon. As with our longstanding data reporting, these activities will be independently assured demonstrating our continuing commitment to good governance and transparency. Further insights into our new net zero journey are set out on pages 14–17.

Following previous years, we have made good progress on our science-based carbon targets. Since their introduction in 2016 we have seen a 44% reduction in our like-for-like carbon emissions compared to our 2013 baseline and a 10% reduction over the past year. However, as part of our net zero carbon work we will be rebasing our targets to reflect the move to the 2030 target and the change from a 2.0°C to 1.5°C climate warming scenario.

Along with carbon, we have seen improvements made in our waste recycling within our properties with our like-for-like portfolio achieving a 76% recycling rate ahead of our 75% target. These outcomes show good progress, but we can always do more, and in 2020 we will further investigate how to improve on this.

Once again, our efforts have received external recognition. We retain our Global Real Estate Sustainability Benchmark (GRESB) Greenstar status with a score of 80 which places us in the upper quartile of the index, and we also maintain our CDP rating of B, again higher than the peer average. In addition to these, our sustainability reporting continues to be awarded EPRA gold.

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

John Davies
Head of Sustainability
14 April 2020

GRESB (Global Real Estate Sustainability Benchmark) 2019 – Greenstar status with a score of 80

CDP 2019 – Management B rating

EPRA Sustainability Reporting Awards 2019 – Gold Award

FTSE4Good

ISS Oekom prime

2019 snapshot

4% reduction in our like-for-like portfolio energy consumption

10% reduction in our science-based carbon target intensity profile

76% waste recycling rate in our like-for-like portfolio

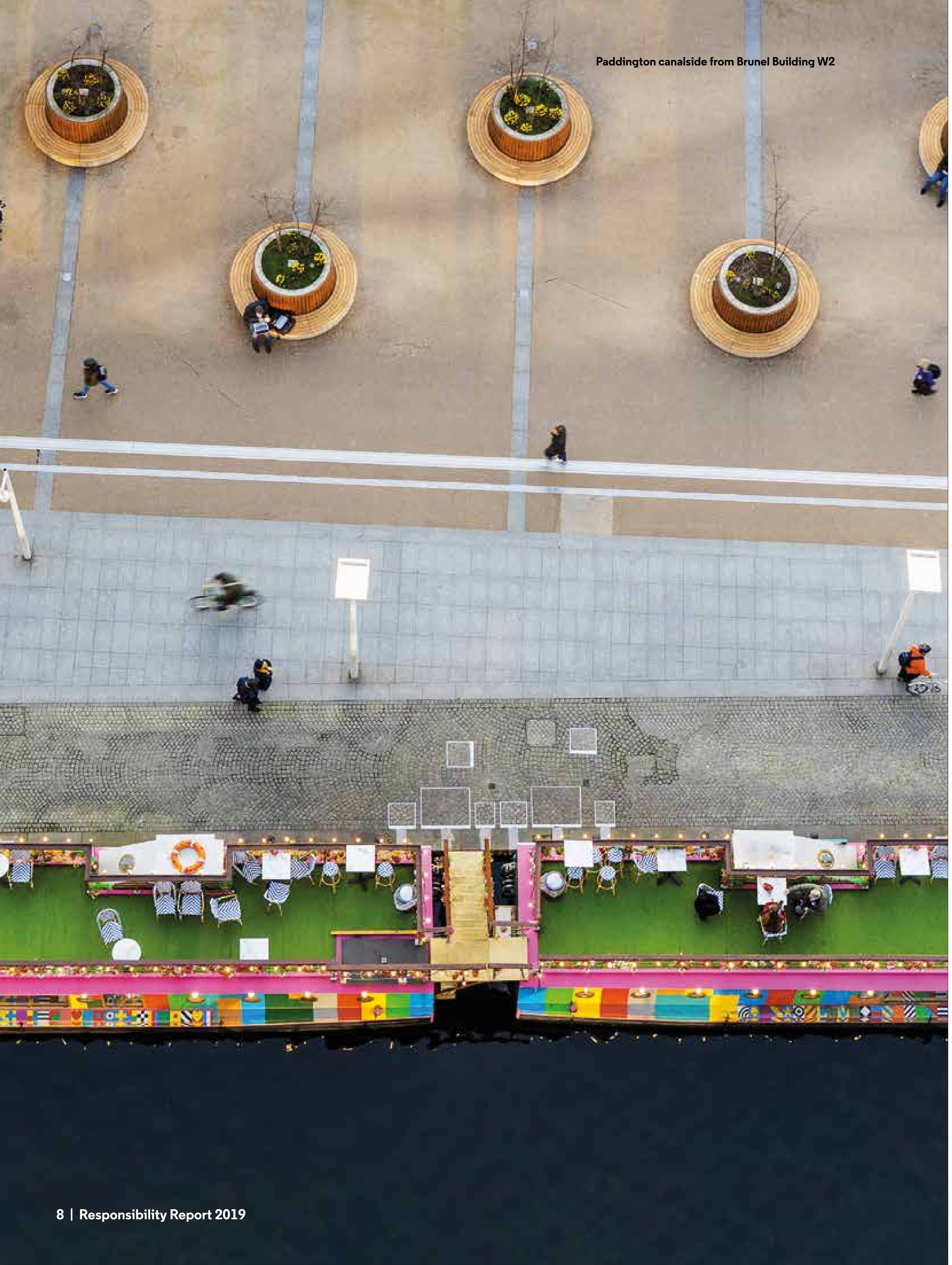
£115k invested across 19 projects through our Community Fund plus over £280k in corporate and charitable giving

1st UK REIT to launch revolving credit facility with £300m 'green' tranche

Joined the Better Buildings Partnership signing up to their Climate Change Commitment with clear progress to becoming net zero carbon

Brunel Building W2

Brunel Building is a highly original office building and striking addition to Paddington. The structural exoskeleton provides shading to 20% of the façade – reducing energy use and waste and improving access to light and views around the canal. The building uses a low carbon aquifer thermal energy store (ATES) system meeting up to 60% of its heating and cooling requirements, together with high-efficiency chillers, reducing reliance on fossil fuels. Grey water is recovered to flush the WCs, reducing potable water by 30%. The environmental design strategy sought a 53% reduction in operational energy and 8% reduction in embodied carbon, over benchmarks. During construction, contractor Laing O'Rourke was tasked with securing 10% of labour from the local area and, amongst other initiatives, we supported the local primary school St Mary Magdalene with their Library Bus project via our Community Fund (see pages 44–45). @brunel_building



Paddington canalside from Brunel Building W2

About our report

We are always looking to improve and broaden our reporting to ensure it reflects the needs of our stakeholders so they can gain the best insight into our approach and performance. Our guiding principles of transparency, robustness and relevance underly the reporting process.

Scope & boundaries
This report relates to the work undertaken in our last financial year which is also the calendar year – 1 January to 31 December 2019. Its scope reflects our business activities i.e. real estate investment, development and management in central London, which were unchanged in 2019. Our data boundaries, together with the calculation and aggregation methods are set out in the data report on pages 79–103.

Structure & materiality
As with previous years the report's structure reflects how we manage our ESG issues in the context of our day-to-day business activities. During 2019 we broadened our perspective and introduced a new 'responsibility' approach designed to capture the ESG issues most relevant to our business. As a result, our four previous key priorities are expanded to seven and comprise:

1 Designing and delivering buildings responsibly
2 Managing our assets responsibly
3 Creating value in the community and for our wider stakeholders
4 Setting the highest standards of health and safety
5 Engaging and developing our employees
6 Protecting human rights
7 Setting the highest standards of corporate governance

New for this year we have arranged the report around the three ESG pillars and then, where applicable, by priority. As a result, these pillars form the report's core, supported by extensive data and material issues analysis e.g. climate resilience. On pages 12–13 we set out our materiality matrix which puts our seven key priorities into context against a list of material issues.

Reporting frameworks
We compile and align our outputs with two primary reporting frameworks – GRI Standards and the EPRA Best Practices Recommendations on Sustainability Reporting. This allows for both a broader reporting format comparison (GRI) and a real estate specific one (EPRA). Summaries of both can be found on pages 110–121 and 107–109 respectively. In addition, we set out a review of our progress in supporting the UN Sustainable Development Goals (SDGs) which can be found on page 123. Likewise, we set out our disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations which can be found on pages 68–71.

Assurance
Our environmental, health and safety and green finance data is independently assured at the reasonable level by Deloitte LLP. Their opinion can be found in the joint environmental and health and safety statement on pages 55–56 and in the green finance statement on pages 18–19.

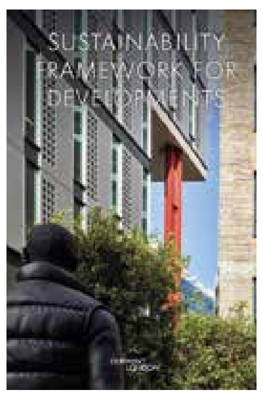
We have provided a summarised account of our performance in the Responsibility section of our Annual Report and Accounts, where we cross-reference relevant sections to support our GRI and TCFD reporting. This report can be found at www.derwentlondon.com/investors/results-and-reports.

Our ESG journey

2013

- Published our first full set of carbon accounts
- Launched our Community Fund in Fitzrovia
- Delivered our first socio-economic study for Angel Building EC1

2014



- Launched our Sustainability Framework for developments and assets
- Achieved our first BREEAM Outstanding ratings

2015

- Undertook our first company-wide staff survey 'Developing our future'
- Prepared our first Global Reporting Initiative (GRI) report

2016

- Published our first science-based carbon targets
- Launched our sustainability standard across our development supply chain
- Expanded our Community Fund coverage to include the Tech Belt portfolio

2017

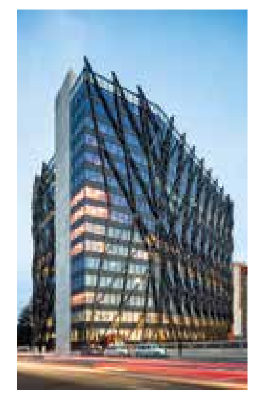
- Achieved a SKA Gold rating for the refurbishment of our 25 Savile Row W1 HQ
- White Collar Factory EC1 achieved BREEAM Outstanding and LEED Platinum
- Ranked 12th in the Corporate Knights Global 100 index

2018

Fit for the Future

- Started our employee development programme 'Fit for the future'
- Worked with the Science Based Target Initiative (SBTi) to validate our science-based targets
- Purchased 100% renewable electricity for managed properties by 2020

2019



- Joined the RE100, committing to procuring 100% renewable electricity
- Developed our Green Finance Framework and became the first UK REIT to launch a Revolving Credit Facility with a 'green' tranche
- Joined the Better Buildings Partnership with their Climate Change Commitment and Design for Performance scheme
- Announced a new Responsible Business Committee to include two members of the workforce rotated on a biennial basis and elected by staff ballot
- Held a staff awayday and undertook our 2nd staff survey
- Expanded our Community Fund to include Paddington and West End areas

2020

- Developed and launched our new net zero carbon ambition
- Increased our community funding in response to the Covid-19 outbreak
- Develop our approach to reducing the energy demand of our investment portfolio, exploring opportunities for self-generated renewable energy, reducing the embodied carbon of our new developments and offsetting carbon emissions we cannot eliminate
- Roll out unconscious bias training for all staff and mental health training for all line managers

2030

NET **ZERO**

- Operate as a net zero carbon business

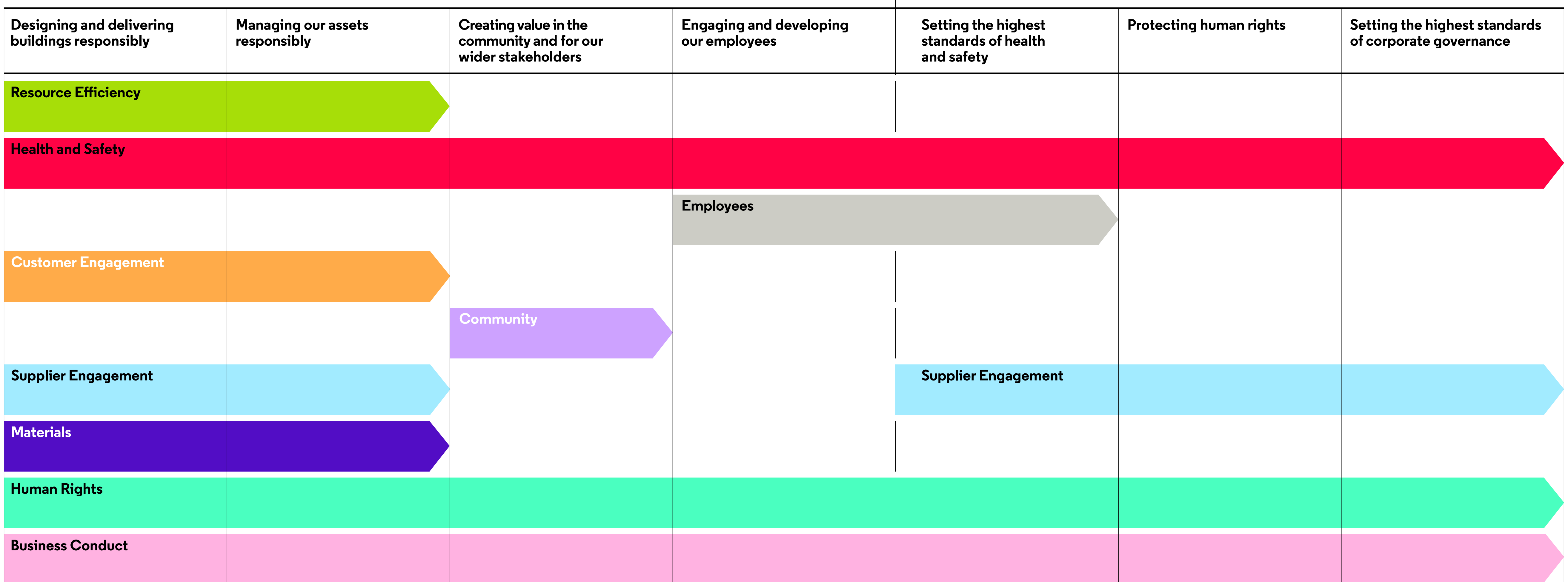
Materiality matrix

Every year we review our material issues and as mentioned earlier during 2019 we looked at the broad spread of ESG based aspects relevant to our business to ensure they are captured effectively in our corporate strategy. As part of this exercise we reviewed the ranking of certain issues, in particular, climate change, to ensure they were ranked correctly and linked appropriately to our corporate risk register. The conclusion was that our issues are still ranked correctly and remain relevant to us.

Our material ESG issues are:

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

In addition to the internal review process we undertake external reviews with third party consultants. As part of these reviews a four-step process: **identification**, **prioritisation**, **validation** and **review**, is used to ensure the right issues are brought forward and assessed properly. The results are assessed by members of the Sustainability and Executive Committees to establish the priority and relative importance of the issues to both our business and our stakeholders and ensure alignment with our corporate risk register.



Net zero carbon

Since 2016 we have been working with a challenging set of science-based carbon targets which set us on a path to net zero carbon by 2050, in line with a 2°C climate warming scenario. Since then we have taken action to reduce our energy demands and increase the levels of renewable energy we procure. In 2019 we decided to bring this journey forward by 20 years in recognition of the need to work towards a 1.5°C climate warming scenario to ensure the business is ready for the challenges that climate change is likely to present. As a result, our refreshed ambition is to:

> Become net zero carbon in our existing portfolio by 2030. This means we need to reduce our energy consumption and subsequent greenhouse gas (GHG) emissions in line with a 1.5°C climate scenario and offset any residual emissions we cannot eliminate* through verified schemes.
>
> (* for example, the remaining embodied carbon from new developments and emissions arising from business travel.)

In addition to refreshing our ambitions, in October 2019 we became members of the Better Buildings Partnership (BBP) and signed their Climate Change Commitment along with 23 other real estate businesses. By doing this we have committed to provide a consistent approach and, above all, clear annual reporting on progress towards net zero carbon.

Our approach

We recognise that getting to net zero carbon can be done in a variety of ways and will be different for every business. Our approach focuses primarily on the reduction of energy (and related carbon emissions) across the investment portfolio, as this is where the tangible impact of our actions will be most effective, and then on the increased procurement of renewable energy (electricity and gas). Furthermore, we will look to design buildings which do not require the on-site combustion of fossil fuels, e.g. natural gas to create heat, and where possible to remove gas from our existing managed portfolio. Whilst the combination of these actions should significantly reduce our emissions, we accept that there will be residual emissions that cannot be eliminated by management actions or technological solutions. For example, the embodied carbon of the materials and processes used in the development of our new properties and spaces. As a result, carbon offsetting will have to form an element of our approach. However, we will develop a transparent and robust strategy for identifying and purchasing offsets, the verification standards used and reporting. Through this process we aim to ensure the purchased offsets achieve the expected carbon reduction benefits.

The carbon scopes included within our ambition cover all scope 1 and 2 emissions along with the scope 3 emissions where we have an effective level of influence; this includes

OUR NET ZERO CARBON STRATEGY

Delivering green developments
— Set targets to reduce operational and embodied carbon
— Specify all-electric heating and cooling systems
— Set carbon budgets during appraisals

Achieving a green investment portfolio
— All electric programme for feasible assets
— Collaborate with occupiers and building managers to reduce energy demand

Future proofing energy
— Procure 100% renewable energy (electricty and gas) for managaed portfolio
— Explore opportunities for direct investment in renewable energy

Carbon offsets
— Offset residual emissions that can't be eliminated through verified schemes

NET ZERO

80 Charlotte Street W1

At 80 Charlotte Street, we challenged the design team to create a building that was not just climate resilient but one that would also respond to a future low carbon world. As our first all-electric building, it will utilise air source heat pumps for all heating and cooling needs. To ensure the building is net zero carbon, it will be powered with renewable electricity and subject to demanding targets to optimise usage, and we will offset the remaining embodied carbon through the design and delivery process.

In October 2019 we became a member of the BBP and signed their Climate Change Commitment – to provide a consistent approach and clear annual reporting on progress towards net zero carbon.

emissions such as the embodied carbon associated with our new developments and occupiers' energy consumption. Moreover, we are including emissions associated with the energy consumption from both our managed and unmanaged portfolios. The carbon not included in our 2030 ambition relates to the scope 3 emissions over which we have little or no influence e.g. retail and residential energy consumption or visitor travel. We aim to align the scope of our approach to the requirements of the BBP's Climate Change Commitment and during the year we will be releasing our detailed net zero carbon pathway document which sets out in detail the full scope and implementation approach of our ambition. Our methodology for reporting scope 1, 2 and 3 emissions can be found in the Data Performance Summary of this report and further information on how we monitor embodied carbon from new developments can be found on page 32–33.

Reducing energy demand

We believe developing a credible approach to net zero carbon means targeting energy reduction as a priority and we have been working hard over the years to put the right processes, procedures and technologies in place to ensure this happens, but there is more we can do. The new target means that we will need to engage even more directly with our occupiers in both our managed and unmanaged properties to help reduce energy consumption outside our direct control. We will also identify properties where gas boilers could be replaced with all-electric alternatives in order to significantly reduce our scope 1 carbon emissions.

Addressing the energy performance gap of our buildings has been one focus of ours for a number of years and, during 2019, we decided to support the BBP in developing its innovative Design for Performance (DfP) initiative. This seeks to ensure that a building is designed, constructed and operated to a verified energy performance level, and represents a significant shift in the current market approach. We are currently trialling it on one of our developments and look forward to reporting back on our progress. Moving forward we will be looking to mandate DfP for all future schemes.

Along with driving down operational energy and closing the performance gap, we will also challenge our development supply chain to reduce the embodied carbon of new developments. It is our standard practice to assess the embodied carbon of all new schemes, including setting specific reduction targets. By doing this we encourage our design and construction teams to identify and specify innovative low carbon materials and construction processes wherever possible.

In addition, our new developments will be designed to avoid the use of on-site fossil fuel combustion by specifying electric heating and cooling systems where possible. A good example of this is our 80 Charlotte Street W1 development which will be our first all-electric scheme utilising air source heat pumps instead of traditional gas boilers.

Renewable energy

Since 2018 we have purchased all our electricity supplies from REGO-backed sources and a small number of green gas supplies. However, in order to meet our net zero carbon ambition, we will need to ensure that we procure all our electricity and gas from renewable sources. Contributing to the increase of renewable generation in the grid and ensuring resilience of supply is also an important aspect of our strategy. Therefore, we will be investigating opportunities for the self-generation of renewable energy on our Scottish estate and elsewhere in the UK.

Carbon offsetting

Although our focus is to reduce energy demand and invest in renewable grid energy and self-generation, there will be carbon emissions arising from our business activities that we cannot eliminate e.g. emissions from the embodied carbon of our new developments and business travel. To reconcile these emissions, we will only use offsets backed by the leading industry verification schemes, that are fully transparent and deliver the required additional carbon reductions to help us achieve a 'net' zero carbon balance.

Carbon offsetting will be the last management option taken to account for the emissions we cannot eliminate, and

Key projects on our journey to net zero carbon

2017: White Collar Factory W1 – Concrete core cooling
2019: Brunel Building W2 – Aquifer thermal energy store providing 60% heating & cooling
2020: 80 Charlotte Street W1 – All electric design with air source heat pumps
2022: Soho Place W1 (site A) – PV panels generating 18MWh/year
2022: The Featherstone Building EC1 – Concrete core cooling and combined heat & power

we expect our reliance on offsets to reduce over time as we deliver our plans for reducing operational and embodied carbon.

As part of this commitment to robust and transparent reporting, we intend to set out on an annual basis the number of offsets purchased, the schemes to which they are registered and the types of carbon reduction activity they cover.

Delivery

We recognise that our ambitious 2030 target cannot be delivered in isolation and we will work with our supply-chain, occupiers, peers and employees to achieve it. By engaging with all our stakeholders, we look to address any skills and knowledge gaps which may impact on us achieving net zero carbon.

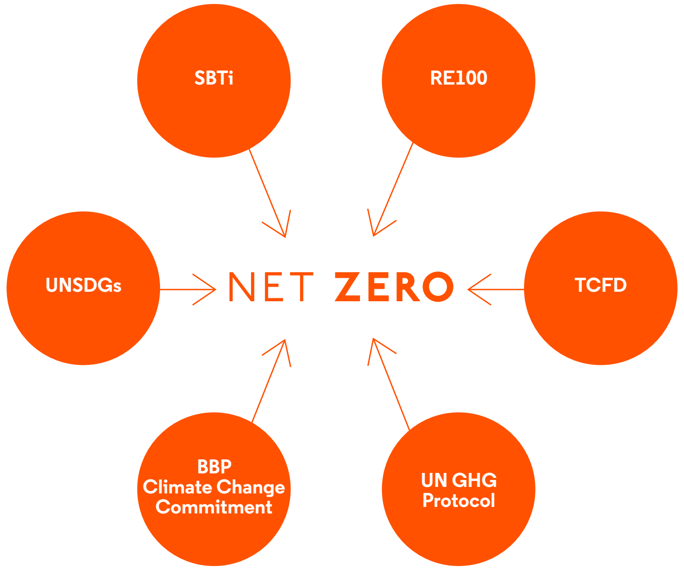
Our approach to net zero carbon will be supported financially through our Green Finance Framework and associated green debt facilities, further details of which can be found on pages 18–23.

Progress against our target will be reviewed through our annually disclosed independent assurance process and will align with our current approach to carbon and climate change reporting commitments.

By accelerating our ambition to become net zero carbon we aim to:

— Significantly reduce the carbon footprint of our investment portfolio and de-risk it from the effects of climate change
— Support the stable financial growth of our business
— Ensure we continue to provide long-term value to all our stakeholders

Further details of our approach to net zero carbon can be found on our corporate website, www.derwentlondon.com/responsibility/environmental/climate-change



Our approach to net zero carbon brings together the requirements and expectations from independent frameworks and organisations we already engage with. We will refer to them to inform our detailed pathway for achieving our ambition and ensuring integrity and transparency in our approach.

Green finance

We believe it is important to demonstrate a clear and robust link between our development and refurbishment finance and its positive environmental impact. To achieve this, we developed our Green Finance Framework, which is fully aligned to the Loan Market Association's (LMA) Green Loan Principles guidance. This sets out how we enter into green financing transactions (GFTs) to fund projects that will deliver environmental benefits alongside supporting our business strategy and purpose.

In parallel to this in October 2019, we amended our main corporate £450m revolving credit facility (RCF) to include an innovative £300m 'green' tranche designed to fund qualifying green expenditure – the first UK real estate investment trust (REIT) to do so. The funding drawn from this green element of the RCF will be tested against the Framework to ensure it meets the eligibility criteria and can be classed as qualifying green expenditure.

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

Reporting period
Our reporting period is aligned to our financial year, which is the calendar year – 1 January to 31 December 2019.

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

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

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

Green Finance
In October 2019, Derwent London became the first UK REIT to sign a new five-year £450million revolving credit facility which incorporates a £300m 'green' tranche that will support the next generation of our buildings while recognising the social and environmental obligations to all our stakeholders.

"Linking part of our financing to our projects' green credentials is an important step towards understanding how we can help reduce our impact upon climate change. This new five-year facility will also increase our weighted average debt maturity."
Damian Wisniewski, CFO

EGP selection & approval
Prior to approval, a project is fully appraised to assess the financial returns together with a full risk assessment to estimate the benefits and impacts on our stakeholders. In addition, a new project is assessed to see whether it is eligible for green finance and, in turn, which eligibility criteria within the Framework it aligns with. The capital expenditure budget is approved through three main Committees each with its own increasing specified spending approval authority level, these are:

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

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

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

Where the impact reporting has yet to be completed e.g. a scheme is awaiting its final assessment methodology certificate, we will continue to track progress via regular mandatory monthly and quarterly reporting on all our development projects. This ensures we can provide a meaningful update on progress and ensures our funding is tracked correctly.

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

Current EGPs

The projects benefiting from the green tranche of the RCF as at 31 December 2019 are: 80 Charlotte Street W1 (excluding Asta House), Soho Place W1 (excluding Site B - theatre) and The Featherstone Building EC1, and we set out our more detailed progress reports for each project below.

Soho Place W1 (excluding Site B - theatre)

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

The project will have 1,238 sq ft of photovoltaics (solar panels) installed which will generate approximately 18 MWh of electricity per annum. 40% of the total roof area will be covered with brown roof which will be designed to attract a wide variety of biodiversity.

Expected completion date:	**2022**
Size:	**285,000 sq ft**
Projected cost:	**£411m**
Categories for eligibility:	**Green building, criteria 1**
Impact reporting indicators:	**Building certification achieved (system & rating)**
Impact Performance reporting:	**Site A** **Achieved: BREEAM - Outstanding (design stage)** **Expected: BREEAM - Outstanding (post construction), on target** **LEED target – Gold, on target** **EPC target - B, on target** **Site B – Offices (excluding the theatre)** **Achieved: BREEAM – Excellent (design stage)** **Expected: BREEAM - Excellent (post construction), on target** **EPC – B, on target**

80 Charlotte Street W1 (excluding Asta House)

This mixed-use scheme will comprise 321,000 sq ft of offices, 45,000 sq ft of residential (10,000 sq ft affordable housing), 14,000 sq ft of retail and a new public pocket park. Work is on site with completion scheduled for H1 2020.

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

Expected completion date:	**2020**
Size:	**380,000 sq ft**
Projected cost:	**£508m**
Categories for eligibility:	**Green building, criteria 1**
Impact reporting indicators:	**Building certification achieved (system & rating)**
Impact Performance reporting:	**Achieved: BREEAM – Excellent (design stage)** **Expected: BREEAM – Excellent (post construction), on target** **LEED – Gold, on target** **EPC – B, on target**

The Featherstone Building EC1

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

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

Expected completion date:	**2022**
Size:	**125,000 sq ft**
Projected cost:	**£142m**
Categories for eligibility:	**Green building, criteria 1**
Impact reporting indicators:	**Building certification achieved (system & rating)**
Impact Performance reporting:	**Achieved: BREEAM - Outstanding (design stage)** **Expected: BREEAM - Outstanding (post construction), on track** **LEED - Platinum, on target** **EPC - A, on target**

Cumulative spend on each EGP as at the reporting date

EGP	Start of look back period	Look back spend[1] £m	Subsequent spend[2] £m	Cumulative spend £m
80 Charlotte Street W1	H1 2014	185.6	16.9	202.5
Soho Place W1	H2 2015	66.3	13.4	79.7
The Featherstone Building EC1	H1 2014	29.1	5.2	34.3
		281.0	**35.5**	**316.5**

Financial monitoring

Qualifying expenditure on each EGP is tracked and reviewed against the budget and reported internally on a quarterly basis. The external reporting and monitoring requirements we are adhering to are set out in section 3.5 of the Framework.

Qualifying expenditure and green funding

We produce a quarterly finance report showing the expenditure for each EGP. Included within this report is an element of 'look back' on the capital expenditure which had already been incurred on live projects as at the refinancing date. This included the 80 Charlotte Street scheme which commenced in 2015, Soho Place and The Featherstone Building which both commenced on site in 2019.

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

The cumulative qualifying expenditure on EGPs was £316.5m, as shown above. Allocated to these EGPs were drawn borrowings of £62m from green financing transactions; therefore, there was £238m of available unallocated headroom within the £300m green tranche of the RCF facility as at 31 December 2019.

As required by the Framework, of the £62m drawn borrowings we have allocated £35.5m to the financing of subsequent spend on EGPs following the refinancing date. Therefore, the proportion of allocated subsequent spend to look back spend is deemed to be a ratio of about 3:2. Furthermore, we can confirm there is an excess of qualifying spend on EGPs, which are still owned by us, over the amount of drawn borrowings from GFTs.

The Featherstone Building EC1
Currently on site and due to complete in 2022, The Featherstone Building will feature concrete core cooling, a highly efficient cooling solution integrated into the ceiling slabs which removes the need for traditional air conditioning, which was first rolled out at our neighbouring White Collar Factory. The building will also be powered using CHP. The project is on target to achieve BREEAM Outstanding, LEED Platinum and an EPC A rating and is one of our latest projects being funded under our Green Finance Framework (see page 18–19).

Green finance assurance statement

Independent assurance statement by Deloitte LLP to Derwent London plc on the alignment of its Green Finance Framework ('the Framework') with the Loan Market Association's ('LMA')'s Extended Green Loan Principles ('GLPs') (December 2018) and the application of the Framework in the financing of eligible green projects and in calculating qualifying green finance expenditure and selected environmental impact performance indicators disclosed within the Annual Report and Accounts and Responsibility Report, respectively, ('the Reports'), for the year ended 31 December 2019 in accordance with the LMA's Extended GLPs (December 2018).

What we looked at: scope of our work

Derwent London plc engaged us to perform **reasonable assurance** procedures for the year ended 31 December 2019 on the following subject matters:

- The application of the Framework (February 2020) in accordance with the LMA's Extended GLPs (December 2018) in the financing of the Company's eligible green projects (80 Charlotte Street (excluding Asta House), Soho Place Site A and Site B (excluding Site B Soho Place theatre), and The Featherstone Building) and in calculating qualifying green finance expenditure and selected environmental impact performance indicators included within the Reports for the year ended 31 December 2019:
  - — Eligible green project listing (80 Charlotte Street, Soho Place, and The Featherstone Building);
  - — Green funds allocated in aggregate to the eligible green projects (£62m as at 31 December 2019); and
  - — Remaining balance of unallocated funds within the green element of the RCF (£238m as at 31 December 2019).

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

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

  Using the evaluation criteria – the Company's Green Finance Basis of Reporting (February 2020).

What we found: our unqualified assurance opinion

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

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

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

The evaluation criterion used for our assurance are the Company's definitions as described by Derwent London plc in its:

Tasha Clarbour

Suzie Douty

- — Green Finance Framework (February 2020) available at: https://www.derwentlondon.com/investors/governance/green-finance
- — Green Finance Basis of Reporting for environmental performance impact indicators reported within the Green Finance section of the 2019 Responsibility Report and disclosed within the Finance Review section of the 2019 Annual Report and Accounts.

What we did: our key assurance procedures

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

To form our conclusions, our procedures comprised:

- — holding interviews with management at Derwent London's head office, including the Sustainability team, Treasury and Finance function, Development team, Company Secretarial, and those with operational responsibility for project evaluation and selection, management of proceeds, and reporting;
- — reviewing and evaluating the criteria for assessing green project eligibility and management of proceeds as set out in the Framework, in accordance with the LMA's Extended GLPs (December 2018) and in comparison to the green finance and EGP green credentials disclosed within the Green Finance Basis of Reporting;
- — visiting one of Derwent London's most developed eligible green projects (80 Charlotte Street) financed under the Framework to verify existence;
- — reviewing and evaluating the measurement and reporting criteria for the qualifying green expenditure of Derwent London's allocation of drawn funds from the green finance proceeds under the Framework and comparing this to qualifying expenditure disclosures within the Green Finance Basis of Reporting;
- — reviewing and evaluating the criteria for the measurement and reporting of each eligible green project impact performance indicator as set out in the Green Finance Basis of Reporting by inspecting: external green accreditations achieved; and third party contractor reports for anticipated project outcomes, against green accreditation requirements to support Derwent London's best estimate of the status of targeted credentials, where relevant;
- — inspecting Board minutes to confirm that for each EGP its project development plan and eligibility as a green project had been considered and approved and inspecting the latest Executive Committee meeting minutes to evidence ongoing monitoring of EGP capex and costs on a quarterly basis;
- — inspecting a sample of eligible green project sustainability plans and quarterly contractor reports to confirm that the use of proceeds of eligible green projects were consistent with the categories in the 'Use of proceeds' section 3.1 of the Framework;
- — inspecting records maintained in Derwent London's financial reporting systems and property management system to confirm the existence and ownership of eligible green projects, and to confirm that qualifying green expenditure was recorded in the green finance listing accurately;
- — performing substantive testing on a sample basis on EGP qualifying green finance expenditure to validate it had been allocated in line with the Framework and had been appropriately measured, recorded, collated andreported, including inspecting capex invoices, payment instructions, bank statements and records maintained in Derwent London's financial reporting systems;
- — performing testing procedures on the drawdown of green finance proceeds to validate if: funding had been used for qualifying green finance expenditure on the EGPs in line with the Framework, if drawdowns had been appropriately recorded, reported and had been made in line with the terms of the Agreement and if there was an excess of qualifying green expenditure on EGPs owned by Derwent London, over the amount of drawn borrowings from green finance proceeds as per the Framework. This procedure included inspecting drawdown and re-drawdown instructions, bank statements and records maintained in Derwent London's financial reporting systems;
- — reviewing and evaluating the quarterly headroom calculation to verify that there was an excess of qualifying green expenditure on EGPs owned by Derwent London, over the amount of drawn borrowings from all green finance transactions, including any green revolving credit facilities; and
- — reviewing the content of the Green Finance Basis of Reporting and the Annual Report and Accounts against the findings of our work making recommendations for improvement where necessary.

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

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

Responsibilities of Directors and independent assurance provider

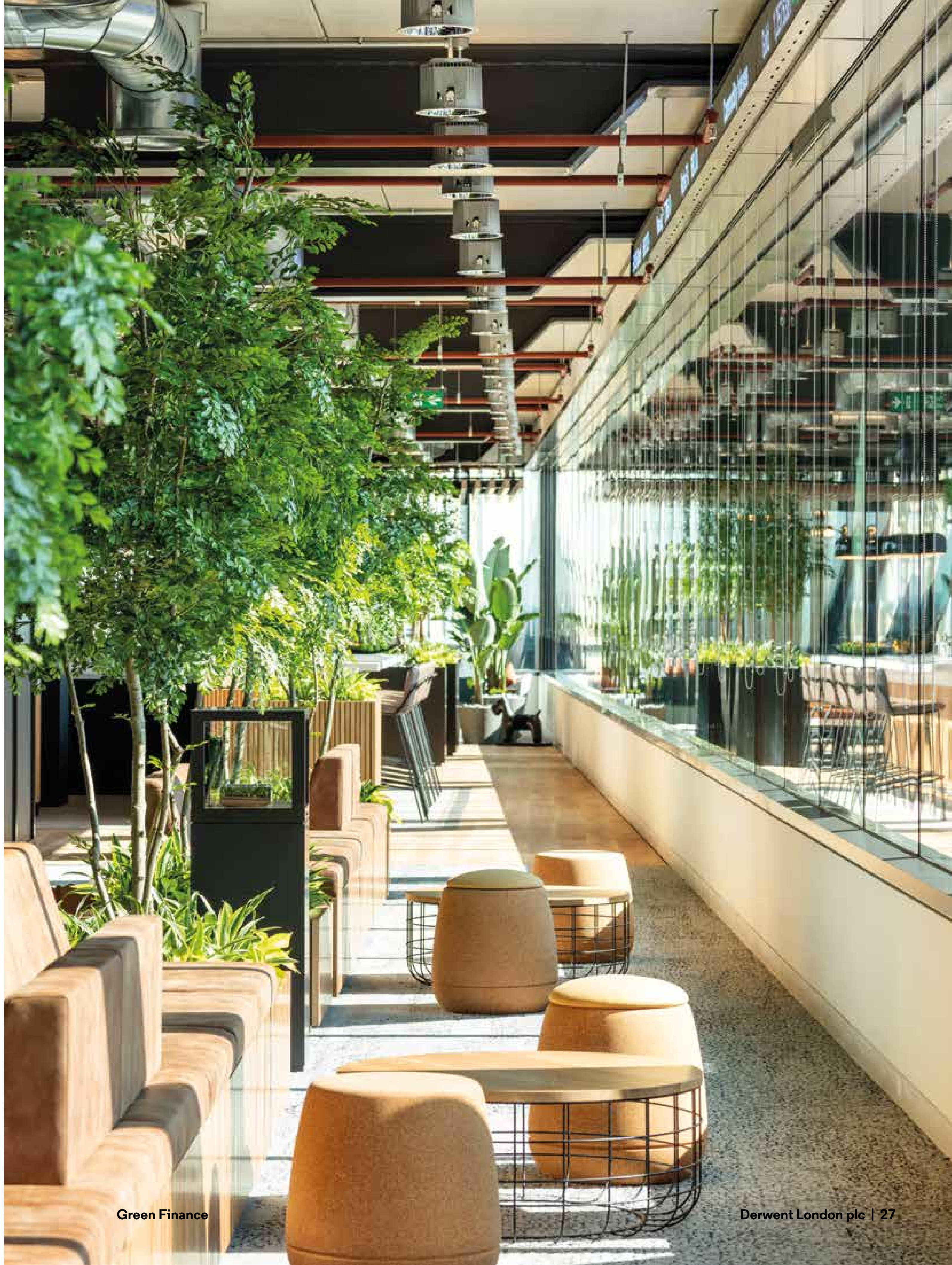
Derwent London plc's responsibilities
The Directors are responsible for the preparation of the Framework (February 2020), the Reports and for the information and statements contained within both documents. The Directors are responsible for determining the Company's sustainability objectives and for establishing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

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

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

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

Deloitte LLP
London, United Kingdom
21 February 2020




E
Environmental
Soho Place W1

Soho Place W1
Soho Place, directly above Tottenham Court Road station, is one of our most ambitious projects to date, currently on site and due to complete in 2022. Inspired by 20th century modernism, it will provide offices, retail, a theatre and new public realm. The construction of the steel frame, sourced from Lanarkshire in Scotland, has been a true feat of engineering. Taking over 18 months and 185 workers to complete, the steelwork comprises almost 5,000 beams, equalling 2,500 tonnes of steel. The design and construction of Soho Place are consistent with our framework for delivering responsible buildings and, on completion, the development is targeting BREEAM Outstanding and LEED gold certification.

Designing and delivering buildings responsibly

Highlights

Brunel Building is on track to achieve its final BREEAM rating of Excellent and LEED rating of Gold

The Featherstone Building and Soho Place Site A achieved design stage BREEAM Outstanding ratings

Trialling 'Design for Performance' on our Baker Street scheme as part of the BBP's pilot scheme

Designing, delivering and managing buildings responsibly is one of our five strategic objectives. Our preferred approach is taking older buildings and regenerating them to provide more efficient and flexible spaces. This approach provides us with an opportunity to raise the environmental performance of London's commercial building stock and limit its contribution to climate change. We also recognise the importance of climate-resilient design to ensure our buildings remain practical and desirable places for our occupiers both now and in the future and our buildings can help our occupiers achieve their own ESG ambitions.

During 2019 we completed the Brunel Building which is a good example of how we design and deliver buildings responsibly. Although a new build, it encapsulates our high environmental standards, for example it has a low carbon aquifer thermal energy store (ATES) system which will meet up to 60% of the building's heating and cooling requirements. Material waste during construction was significantly reduced by employing design for manufacture and assembly principles on many of the construction systems. Grey water from the showers is recycled and used to flush the WCs which reduces the potable water demand by up to 30%.

Our approach to designing and delivering buildings responsibly is communicated through our Sustainability Framework for Developments. The framework provides our design teams and contractors with a clear overview of our sustainability expectations for new developments and is a key tool enabling us to achieve net zero carbon. In addition, our science-based targets are embedded within the framework and our carbon map sets out the operational energy design scenarios to be explored to help us move to a net zero position. Along with operational energy we also consider the embodied carbon of new schemes during design and specification. Further information on our approach to this can be found on page 32–33.

Embodied carbon

Since 2013 we have undertaken embodied carbon assessments of our new developments and major refurbishment projects, which have enabled us to better understand the impact of our schemes and identify opportunities to minimise carbon. Embodied carbon makes up a significant percentage of a building's whole life emissions, as shown by the pie chart to the right.

To achieve our high environmental standards, it is essential we reduce the embodied carbon of our schemes. Early in the process, we use our own embodied carbon brief to communicate the preferred approach to the design teams. We set out below how we consider embodied carbon at different RIBA stages:

Assessment Methodology
Aligned to the BS EN 15978:2011 Sustainability of construction works – Assessment of environmental performance of buildings – Calculation method Covers cradle-to- completed construction (A1-A5)

↓

RIBA Stage 2
Initial assessment completed based on available design information and cost plans

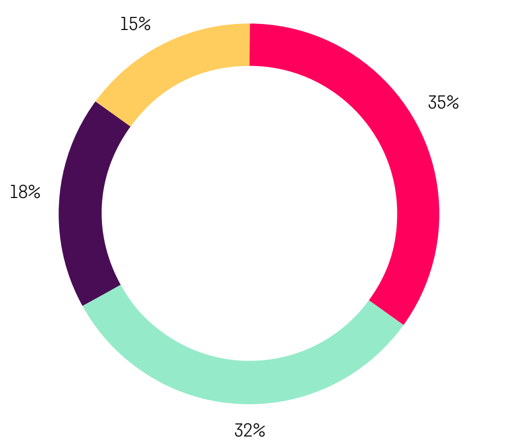
↓

RIBA Stage 3
Embodied carbon assessment re-run to account for design progression and materials specification

↓

RIBA Stage 5
Embodied carbon tracked using as built material quantities and specification

Whole life operational carbon emissions



- Office emissions to practical completion
- Carbon emissions in use
- Operational emissions regulated
- Operational emissions unregulated

Figure 1: Whole life carbon assessment for the built environment, RICS professional statement (2017)

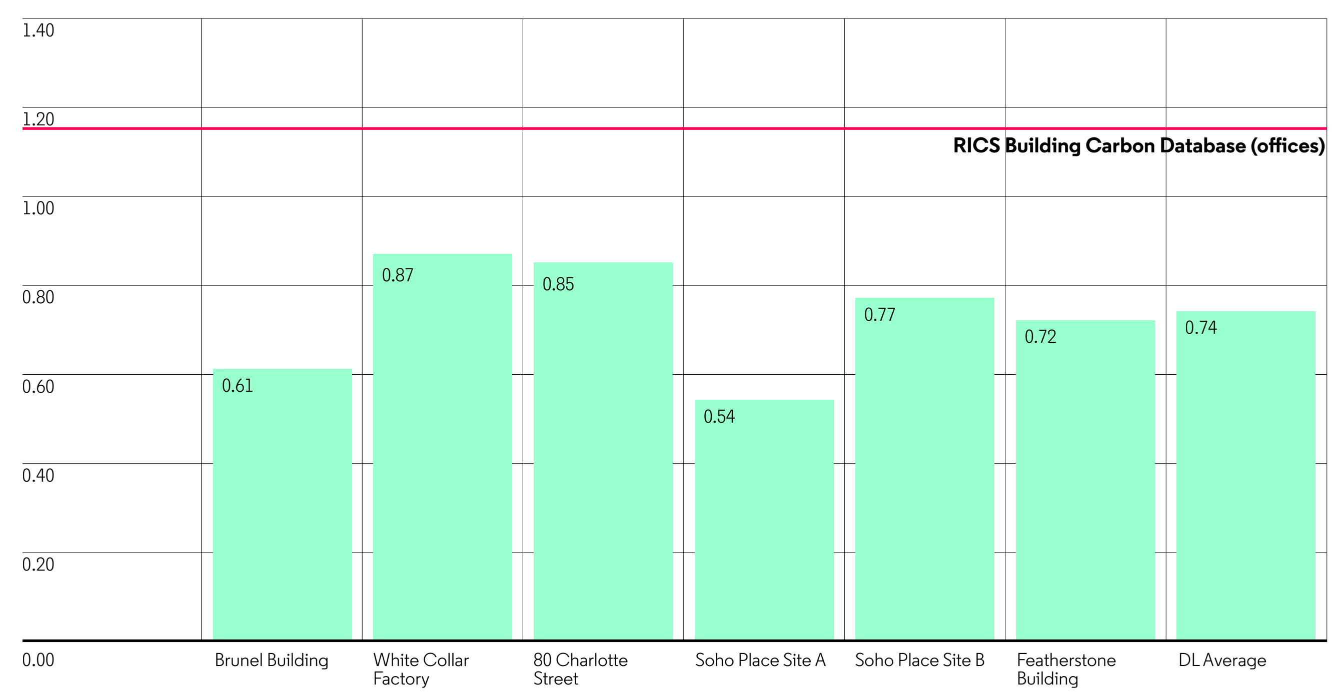
By adopting a consistent approach to assessing embodied carbon throughout the design process, we can compare our development projects against each other and industry benchmarks. The chart below shows the estimated embodied carbon intensity (tCO_2e/m^2) baseline for recently delivered and current schemes, against the RICS Building Carbon Database (offices) average.

Our schemes are designed to achieve a much lower embodied carbon intensity than the RICS database average for offices. The intensity figures, however, do vary across the projects and are greatly influenced by specific building characteristics. At White Collar Factory for example, the sub and superstructure accounts for over half of the total carbon emissions. For Soho Place Site A, the impact of the sub-structure is low in comparison, as a section of the basement was inherited. This has a significant effect on the overall carbon impact of the project. Brunel Building is relatively lean in terms of its concrete superstructure and work was carried out at the design stage to reduce the weight of the steels within the superstructure. Exposing the structure both internally and externally also helped to reduce embodied carbon and avoiding suspended ceilings saved 540 tCO_2e and employing self-finishing concrete saved 18 tCO_2e.

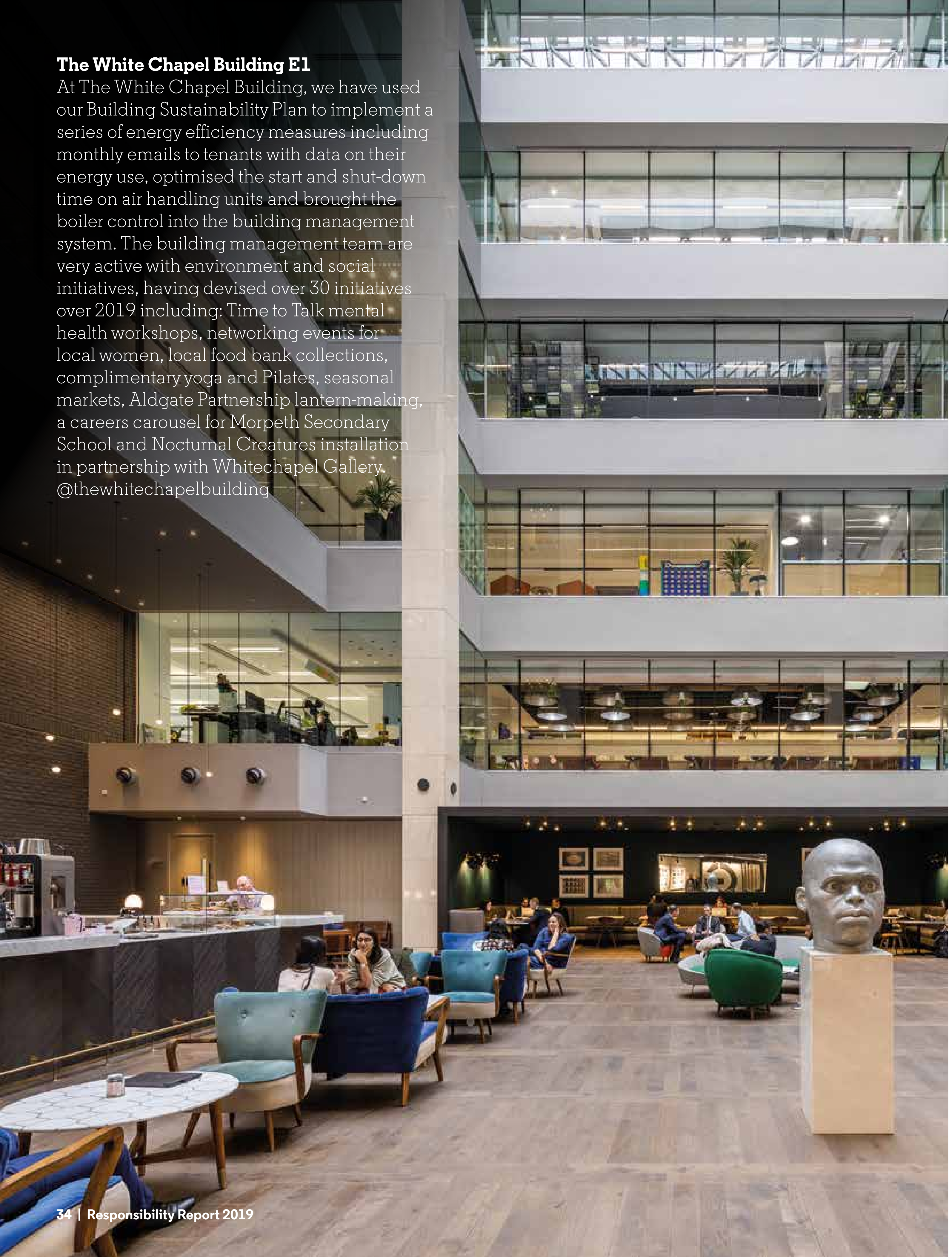
As part of our net zero carbon ambition we will be looking to set appropriate embodied reduction targets so that we can drive down the carbon footprint of our schemes even further.

Embodied carbon intensity
Recent Derwent London development projects

- tCO_2e/m^2
- RICS Building Carbon Database (offices)



The White Chapel Building E1
At The White Chapel Building, we have used our Building Sustainability Plan to implement a series of energy efficiency measures including monthly emails to tenants with data on their energy use, optimised the start and shut-down time on air handling units and brought the boiler control into the building management system. The building management team are very active with environment and social initiatives, having devised over 30 initiatives over 2019 including: Time to Talk mental health workshops, networking events for local women, local food bank collections, complimentary yoga and Pilates, seasonal markets, Aldgate Partnership lantern-making, a careers carousel for Morpeth Secondary School and Nocturnal Creatures installation in partnership with Whitechapel Gallery. @thewhitechapelbuilding



Managing our assets responsibly

Highlights

4% reduction in our like-for-like energy intensity (kWh/m^2)

9% reduction in like-for-like carbon emissions (tCO$_2$e/m^2)

76% waste recycling rate in our like-for-like portfolio

As with our developments setting high standards in the management of our assets is important to our business. A key aspect of this is to ensure our buildings are as energy/carbon efficient as possible, which in turn forms a significant part of our accelerated ambition of moving towards net zero carbon.

During 2019 we continued to make good progress on driving down our energy and carbon footprint across the managed portfolio, with a 4% and 9% respective reduction in like-for-like intensity and an 18% and 34% respective reduction since 2013. An important tool which enables us to do this is our Building Sustainability Plans (BSP) which assist our building management teams in the monitoring and tracking of energy consumption. A good example of how we use the BSP is the building rebalancing project at The White Chapel Building. This project saw a series of energy efficiency measures implemented to help bring down its energy consumption, including:

— Monthly emails to tenants with information and data on their energy use
— Optimised start and shut down time on the air handling units
— The temperature optimised in storage cylinders
— Boiler control brought fully into the building management system

The combination of these actions amongst others delivered a 13% reduction in gas consumption, with additional savings identified. However, we believe we can go further and achieve more, not just in this building but across the portfolio. As part of our net zero target we will be looking to develop energy intensity reduction targets for all our managed properties so we can robustly and transparently demonstrate further energy demand reductions.

Coupled with the good performance in reducing energy in our managed properties is the performance against our science-based targets where we saw a 10% reduction in scope 1 and 2 carbon intensity compared to our 2018 performance and a 44% reduction against our 2013 baseline, which represents very good progress. Further details on our science-based targets can be found on pages 64–65.

As part of our Covid-19 response, we are continuing to ensure that our buildings remain safe and secure and are deep-cleaned on a regular basis in line with Government advice. In addition, we are monitoring the building management systems to ensure efficient operation.

Design for Performance

As mentioned earlier in the report a key part of our approach to net zero carbon is to ensure our investment portfolio is highly energy-efficient and where possible outperforming industry benchmarks. Therefore, we are looking to embed the BBP's Design for Performance (DfP) into our management strategy, supported by a range of energy efficiency benchmarks to help demonstrate clear reductions in our energy consumption.

Understanding the energy performance gap between the design stage of a new development to when it is occupied and in full operation is a critical aspect over which to have good oversight. By using the DfP process we will be able to create even more detailed in-use energy assessments during the design phases. The optimal design can then be followed by the contractor who has responsibility for the scheme's delivery. Once completed our building management teams will then have a clearer understanding of the building's energy demand and how it should be operated.

By ensuring our buildings operate in line with their design intent, we can start to meaningfully close the energy performance gap which is so prevalent across the built environment. The benefits of this are that buildings will be more efficient and responsive to heating and cooling demands and provide a more stable internal environment for our occupants. Addressing this gap is essential if we are to achieve our net zero carbon ambition.

The Design for Performance Model

Set operational performance target	The client sets a target base building energy rating that is written into the tender documentation as a procurement requirement.
Simulation of operational performance	Advanced simulation is undertaken to test the HVAC design against a range of expected operational conditions.
Independent design review	An Independent Design Review is undertaken by an independent expert to check whether the design will achieve its target rating
Final design package created	Suggestions from the Review are consolidated into the design. A Performance Validation Plan is created to confirm how performance will be measured.
Changes reviewed against target	Value engineering proposals are tested against the model, ensuring no changes adversely impact achieving the operational performance target.
Intensive commissioning	An intensive commissioning programme is undertaken to ensure the controls are consistent with the final design. A performance-based maintenance contract should be developed and a process to oversee tenant fit-outs.
Fine-tuning	A detained fine-tuning programme is undertaken with at least 4 quarterly BMS reviews.
Measurement & Verification	Base building performance measurement starts and continues for 12 months. Monthly monitoring compares actual performance against the model, highlighting issues, risks and remedial actions.
Operational rating	Suggestions from the Review are consolidated into the design. A Performance Validation Plan is created to confirm how performance will be measured.

Tea Building E1

Originally housing tea, then bacon, then paper, Tea Building has become a creative, media and tech hub in the heart of Shoreditch since we acquired it in 2001. Our Green Tea initiative has brought this flexible and robust landmark into the 21st century with a range of energy efficiency measures. These include double glazing, movement-sensitive LED lighting and a smart thermal loop which harvests and redistributes the solar gain around the building. More recently we have repurposed the under-used loading bay to create an internal street, further enhancing connectivity for people. Regular initiatives are staged by our pro-active building management team for initiatives like reducing waste and supporting the local community. @teabuilding

White Collar Factory EC1

White Collar Factory demonstrates exemplary sustainability credentials. Key features include pioneering the use of concrete core cooling system, opening windows on all floors, flexible long-life loose-fit design and the famous rooftop running track. As part of our on-going commitment to the Old Street area, White Collar Factory is proud to be a prominent part of the local community and actively engages and supports numerous charities, with the help of its occupiers. We invited St Luke's Community History Group to come and see the area from on top and enjoy a cup of tea in the rooftop café. @whitecollarfactory

S

Social

Creating value in the community

In June 2019 the Soup Kitchen in Fitzrovia launched a mental health drop-in centre and our Community Fund supported the therapy sessions

Occupiers and local people took part in the annual Aldgate Lantern-making festival at The White Chapel Building

Highlights

Over £115,000 invested through the latest round of our Community Fund in 2019

Over £660,000 invested and almost 100 projects supported through the Community Fund to date

£280,000 of charitable donations and wider community contributions in 2019

As part of our community engagement around Paddington, we took students from Marylebone Boys School on a tour around Brunel Building

The White Chapel Building collaborated with The Aldgate Partnership to host a Time To Talk Day mental health awareness initiative

At the core of our community strategy is the belief that our properties should facilitate better outcomes for their local communities. Key to this is the acknowledgment that listening to and responding to the needs of local communities through regular interaction needs to be at the centre of our strategy. Applying this through the life cycle of our new development schemes is also crucial, and it is imperative that our contractors also understand the importance of establishing good community links and engage with the local community from the outset. To facilitate this, we include comprehensive criteria within our development contracts which set out our expectations and the measurement criteria we will use to ensure that we maximise the levels of community engagement and benefit.

Another aspect of our community strategy is our long-standing Community Fund, which has been running since 2013. Over the past year we have supported 19 projects with over £115,000 invested. 2019 saw the expansion of the Fitzrovia element of the fund to embrace areas around Brunel Building and Soho Place, and it was renamed as the Fitzrovia & West End Fund. This has allowed us to connect with more community groups and understand these areas even further.

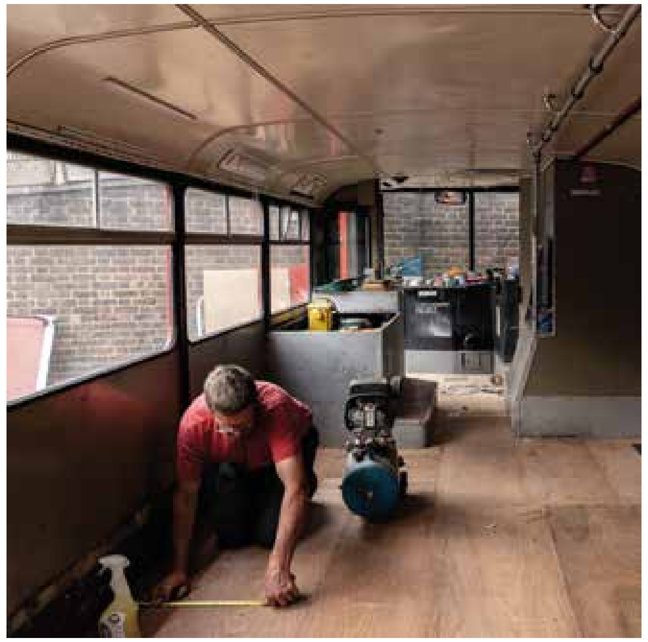
In addition to the fund, our ongoing corporate commitment to support charities in the wider community and further afield resulted in £280,000 being invested in a range of good causes and support to charities. Moreover, a further £10,000 was given as part of our annual employee-nominated charities programme which for 2019 were The Brain Tumour Charity, Silverline and The MS Society.

One of our key focus areas as part of our corporate giving is education and, in particular, supporting the education of the next generation of built environment professionals. As a result, we have established a scholarship for a student in financial need enrolling on the new MSci architecture programme at the Bartlett School of Architecture at University College London. The need for businesses to widen their reach and facilitate pathways for future employees from broader socio-economic backgrounds is becoming more and more important and one we believe will ensure the very best talent is attracted to our industry.

As well as financially supporting the education sector we have also opened our doors and welcomed schools, both primary and secondary, into our buildings to meet not only us but the architects and construction companies who are instrumental in delivering our buildings. Likewise, we have collaborated with our occupiers to run careers carousels at some of our buildings to enable pupils to understand more about the world of work and where their career interests might lie. Ultimately, we want to play an active role in creating places and relationships that will inspire the next generation.

As mentioned earlier, we recognise that our business is in a position to alleviate some of the difficulties some of our stakeholders are experiencing. As a result, we have placed additional monies into our Community Funds to provide further support during this difficult time and ensure they can continue to deliver their hugely valuable services.

St Mary Magdalene Primary School Library bus project



What do you do with a 1970s double decker bus when it stops being a bus? Turn it into a library of course! This was the mission of St Mary Magdalene Primary School in Paddington when they purchased a rundown bus in 2018. However, buying a bus is one thing; raising the funds to transform it into a school library is quite another. This is where our Community Fund stepped in. In 2019 the Fitzrovia Fund's target area was extended to the Paddington area and renamed The Fitzrovia & West End Fund, thereby enabling the school's bursar Sandra Simpson to apply for much needed financial support.

Their ambition was very simple: to provide their children with a designated library space. They wanted to create a fun and unique space where children could go to read, learn and be inspired, and perhaps even encourage non-readers to become book lovers too. After a lengthy period of renovation and the dedication of school staff, the bus now enables their children to read together as a class or in small groups and to take advantage of a whole range of classic children's books as well as current favourite authors. It will also mean that parents will be able to take advantage of the space in the future with parent and child reading mornings, broadening the project's impact on the school's wider community.

There have been many twists and turns in the refurbishment story but by the end of 2019 the bus was ready to receive its first group of children and has made their whole reading experience fun and exciting. We are sure the library will be a source of joy and inspiration for many years to come.

"To get the bus to where it is today from the shell it was, has been an uphill climb. A lot of my time was spent looking around for community grants and funds to help us get started. Successfully applying to the Derwent London Community Fund set us on the road to completion. We would not have been able to complete this project without it. A lot of children in our school don't have the opportunity to read and to have the wealth of books that we can provide. The bus makes it nicer for the children and a different kind of adventure for them. We're hoping that this bus inspires the children and their imaginations"
Sandra Simpson, St Mary Magdalene School

Tea Building Youth engagement day

Ensuring that young people are aware of all that the area has to offer is important to the building management team at Tea Building. With an enviable position in the heart of Shoreditch and a wealth of occupiers in the creative industries it has become perfectly positioned to engineer and host engagement days for school pupils in the local area. Last year was their most ambitious event to date. The days were aimed at GCSE/sixth form students who were invited to attend workshops and talks around career development as well as tech, media and alternative creative industry networking.

Eighty local students started their day by coming together over breakfast at The Curtain which is home for many creative entrepreneurs in Shoreditch. This was followed by a set of networking talks with young entrepreneurs who shared their career journeys, insights into the ever-changing career paths in London and how they ensure their business remains relevant.

In the afternoon the students were invited into Tea Building and were able to take advantage of a series of workshops and tours with companies who call Tea Building home. This gave attendees a unique opportunity to chat directly about working in the local area and the range of jobs available. The feedback from this highly collaborative event was fantastic and left all attendees feeling energised and positive about the future. Attendees said:

Clapton Girls Academy, Hackney
"The Youth Engagement team were amazing. However, the highlight of my day had to be the TransferWise panel discussion. From a career education point of view, the TransferWise panel were worth their weight in gold. The whole day was amazing – an incredible experience for all our girls who attended. Thanks so much."

The Windsor Fellowship
"The highlight of the event were the youth engagement speakers, hearing their personal journeys was so authentic and inspiring."

"Meeting and being able to talk to the speakers was the highlight."

Brookehouse Sixth Form College
"The highlight for me has to be the visit to the architect's [Buckley Gray Yeoman] offices."

Engaging and developing our employees

Highlights

— Management Today's 'Britain's Most Admired Companies awards 2019 – 1st in the Property Sector and 9th overall in the awards

— A 94% response rate for our third employee survey, with 96% of respondents saying they are 'proud to work for Derwent London'

— 87% employee retention rate

We strive to create a place that actively attracts, inspires and engages a talented and diverse workforce enabling them to flourish and where they are proud to work.

Our culture stems from our values and is a key strength of our business. It stresses the importance of inclusivity, collaboration and professionalism to help us build long-term relationships with our colleagues and other stakeholders.

Employee engagement and communication is very important to us and we are fortunate that 95% of our employees are based at our head office, 25 Savile Row W1 which enables effective, daily interaction and collaborative working. Townhall meetings are also frequently hosted by our CEO Paul Williams which provides an opportunity for Q&A, and the quick delivery of important messages. In addition to this we use our intranet as the platform from which employees can access our policies and procedures and see all the latest news and activities within the company. Our company awaydays and social events offer further opportunity for inter-team relationships to develop in a fun, relaxed environment.

We gather regular feedback from our employees through a variety of avenues e.g. the Responsible Business Committee, team meetings, innovation initiatives and formal biennial employee surveys which are developed in conjunction with an independent provider and sponsored by the Executive Committee. The combination of these various approaches ensures we have a good understanding of what is important to our employees and that we are maintaining our open-door policy.

During 2019, we undertook our third company-wide employee survey, which revealed and reinforced important insights from our employees focusing on the following areas:

1. Leadership & Teamwork
2. Day to Day Experience
3. Personal Development
4. Health & Wellbeing
5. Our Office Environment

We were delighted to receive an overall response rate to the survey of 94%, with no area scoring less than 63% ('strongly agree' or 'agree'). Compared to previous surveys, year on year, our overall engagement score remains very high, with 96% of respondents saying they are proud to work for Derwent London. Moreover, 90% said they would recommend Derwent London as a great place to work and 88% want their long-term career to be with us. Overall job satisfaction, which is one of the company's key performance indicators, remains exceptionally high as well, at 92%.

Personal Development

We recognise that our employees are essential to the successful delivery of our business strategy and to sustain our long-term performance. We continue to invest significantly in our employees and operate a comprehensive learning and development programme which caters for both behavioural and technical needs, at all levels. It is important to us that everyone has an opportunity for continuous growth and development – professional and personally.

Our development programme includes a suite of core skills training sessions, a revamped induction programme, internal technical workshops, mandatory compliance training and our 'Fit for the Future' management and leadership programme which includes one-to-one coaching. This is combined with formal appraisals twice a year alongside regular dialogue with line managers to discuss performance, identify training requirements and understand individual career aspirations.

From the survey, 90% of respondents said they know what is expected of them in their role while 89% feel that they make a valid contribution to the success of the business. These results reinforce our view that the programme is delivering results. Likewise, 80% feel their effort is recognised and appreciated.

Health and wellbeing

We want our employees to feel safe, valued and supported. As a result, diversity and health and wellbeing initiatives have been a key feature of our work during the last year and are set to continue. Some of the projects we have worked on included broadening agile working policies and procedures to give everyone the opportunity to work in this way; expanding healthcare benefits and coverage and unconscious bias training for all directors and line managers in conjunction with the charity Chickenshed. In addition, we invited various experts – nutritionists, fitness professionals and our own occupational health doctor – to deliver training and educational sessions to help boost health and wellbeing. We were therefore delighted when 89% of respondents in the survey agreed that we are committed to ensuring the health and wellbeing of our employees.

What's Next?

Although 27% of our employees have been with us for more than ten years and we continue to have high retention rates, we remain focused on continuous improvement and recognise that many of the initiatives implemented over the years have arisen from having our open-door policy and feedback via our surveys.

Going forward, another working group has been set up to further analyse the survey outcomes, and this time it will be led by the two employee-nominated members of our Responsible Business Committee. Their remit is to discuss and debate the findings from the 2019 survey and to provide feedback, suggestions and recommendations to the Executive Committee on how we can continue to make our business an even better place to work.

Covid-19

As a result of the Covid-19 outbreak, our transition to homeworking has been very successful in what has been a busy period for the business.

We have an internal Covid-19 working group and continue to monitor the Government advice closely. All employees are receiving weekly updates via email and regular online townhall announcements by our CEO to ensure lines of communication remain open and to alleviate any concerns. Our employees thrive in our open, collaborative culture so, for us, health and wellbeing are high on the agenda. We also appreciate that for some, a period of self-isolation or prolonged time working from home can affect wellbeing, so line managers are working hard to support their teams remotely, encouraging regular breaks and interaction with colleagues.

We are committed to ensuring that our employees know that there continues to be a strong support network in place to enable them to stay positive, connected and productive.

Staff survey and awayday

With increasing work, home and social pressures, mental health is pivotal to our ongoing wellbeing strategy. In the 2019 staff survey 89% of respondents felt that the company was committed to ensuring the health and wellbeing of employees. We provide dedicated training and have appointed ambassadors to help spot early signs and provide support. Staff engagement and collaboration is important to Derwent London and in 2019, we held our second company awayday. This not only gave our CEO the opportunity to address all employees on his vision and strategy for the company, but also encouraged collaboration in an inclusive, fun and informal way. The day included 'Sports Day' activities, a motivational speaker and well as dragon boat racing.

"A fantastic opportunity to interact with colleagues from across the business in a social setting. The day was extremely well organised, the activities were inclusive and lots of fun".

Derwent London employee

Unconscious bias training

CHICKENSHED
THEATRE CHANGING LIVES

During 2019, Derwent London and Chickenshed ran a series of unconscious bias workshops for Directors and Line Managers. Based at Chickenshed's Southgate theatre, the sessions were insightful and allowed participants to explore issues around inclusion and prejudice.

The sessions were run by a combination of Chickenshed staff, experts, students and alumni. This group represented a diverse range of individuals, with a wide variety of life experiences. It is these unique factors that allow deep and thought-provoking conversations about inclusion and how unconscious bias impacts on our behaviour every day.

The first session began with an original dance performance that demonstrated how inclusion can create innovation. This simple piece allowed us to reframe our expectations of individuals over our initial perceptions. There was much discussion on what we 'felt', what might be creating those feelings as well as unpicking the more difficult provocation, "well, so what"? This opening gave the participants a springboard from which to delve into their own experiences of exclusion and their understanding of unconscious bias.

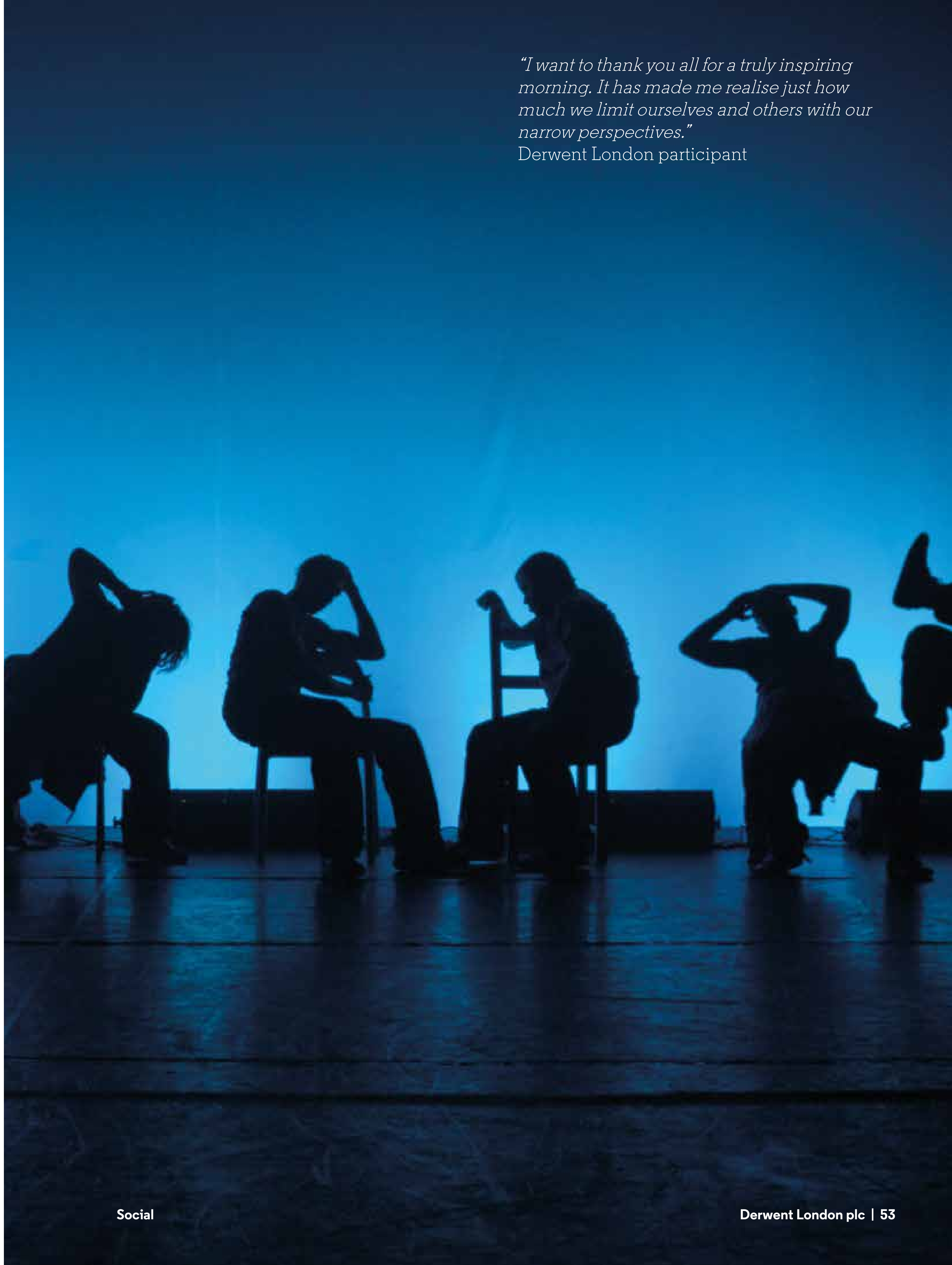
Activities followed, provoking more thought as we went deeper into the reasons, the science and the impact of unconscious bias and the difficulties of adapting to a diverse workforce without an inclusive mindset.

The life experiences and voices of Chickenshed's young people really enhanced the workshop.

Chickenshed's Head of Fundraising, Gemma Kirk said, **"we always say at Chickenshed that every individual who comes to the process changes our work, informs our decisions and creates our unique atmosphere – that has certainly been true of the wonderful experiences we have shared in working with Derwent London on this project."**

Due to the success of the workshops and the lasting impact they have made, we are rolling the programme out to all employees during 2020 and 2021.

"I want to thank you all for a truly inspiring morning. It has made me realise just how much we limit ourselves and others with our narrow perspectives."
Derwent London participant



Setting the highest standards of health and safety

Highlights

Over 1,700 hours of health and safety training completed with 115 employees and contractors

Accident frequency rate (AFR) decreased from 0.09 in 2018 to 0.08 – despite a 6% increase in person hours worked

Over three million person hours without a reportable injury at our 80 Charlotte Street scheme

Providing a safe, healthy and secure environment for our employees and occupiers to work, live and visit is important to us. We aim to achieve an industry leading approach across our portfolio as the effective management of health and safety risks is critical to the growth and success of our business, as accidents can delay projects, damage our reputation, impact lives and make it harder to attract talented people.

We adopt an integrated approach to health and safety so that it is considered at every stage during the management life cycle of our buildings, from acquisition, through to management, development and leasing. The principles of ensuring safe and healthy buildings and working practices are achieved by specifying the appropriate materials and design approach during the development of our new schemes through to ensuring that maintenance and management activities can be carried out without undue risk. Ultimately our approach is centred on three pillars:

People—safety, health and wellbeing of our employees

Our employees are our greatest asset, which is why we invest in ensuring safe, healthy and secure environments for them to work. Over the past year a total of 115 employees were trained on health and safety matters through a combination of classroom and e-learning training. As a result, there has been an improvement in their skills, knowledge and general attitude, positively impacting the day-to-day running of our building operations and developments. The training was conducted at all levels of the business from the main Board downwards. For 2020 we will be rolling out several further initiatives with a greater emphasis placed on wellbeing, together with mental health and resilience training, which we believe are integral not only to the health and safety agenda but to our business future.

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

Ensuring our occupiers, visitors and those who live and work in and around our buildings are safe, secure and healthy is critical. To increase property wide compliance and risk awareness we commissioned external risk reviews on all our buildings and the results were benchmarked against our peers. This enabled us to focus our resources onto specific issues and look for improvements across our health and safety management system. Subsequently we have made improvements in our accident reporting and compliance database and unified some of our processes to streamline our approach.

In addition to the risk review we have revised and improved our fire safety procedures to align ourselves to upcoming legislative changes and standardised our reporting system. During the coming year we will be making improvements to residential health and safety management, which will exceed current legal requirements.

Following the tragic events at Grenfell Tower, we have continued to develop our fire risk assessments and life safety arrangements at our buildings. Every property for which we are responsible had a health and safety inspection, and for the coming year we will be implementing an organisational Fire Safety Management System (FSMS) to meet the new requirements of BS 9997 – Fire Risk Management Systems. In addition, we will continue to focus on the physical wellbeing factors of our buildings with reviews on lighting, air and water quality and where necessary instigate improvements. This ensures we are taking a much more holistic approach to risk.

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

Our development projects continue to have an excellent health and safety record and we will strive to ensure that this progresses in 2020. We will review our approach, procedures and documentation to Construction Design and Management (CDM) standard to ensure they continue to be fit for purpose and set industry standards.

The introduction of the 'Derwent Way' in 2020, will enhance our existing standards, specifically around fire safety, construction design and the management of asbestos to help ensure our buildings meet the highest standards for site operatives, occupiers and building management staff. Within this new standard, we will be setting minimum standards for the health and wellbeing with the requirement for our contractors to sign up to the Mates in Mind programme which is specifically designed for the construction industry. Also we will reinforce our commitment to schemes such as the Considerate Contractors Scheme (CCS), the Construction Logistics and Community Standard (CLOCS), and Fleet Operators' Registration Scheme (FORS) to help manage and promote construction in a responsible manner for the safety of the public and road users alike, especially vulnerable groups such as cyclists and pedestrians.

We are also committed to improving the image of health, safety and wellbeing within the construction industry giving health the same standing as safety. Over the coming year we will be setting ambitious targets for our project teams and partnering with our principal contractors to monitor on-site occupational and mental health. We have also commissioned an external consultancy to carry out a full review of our CDM procedures, to ensure they meet not only the legislative requirements but also our own exacting standards.

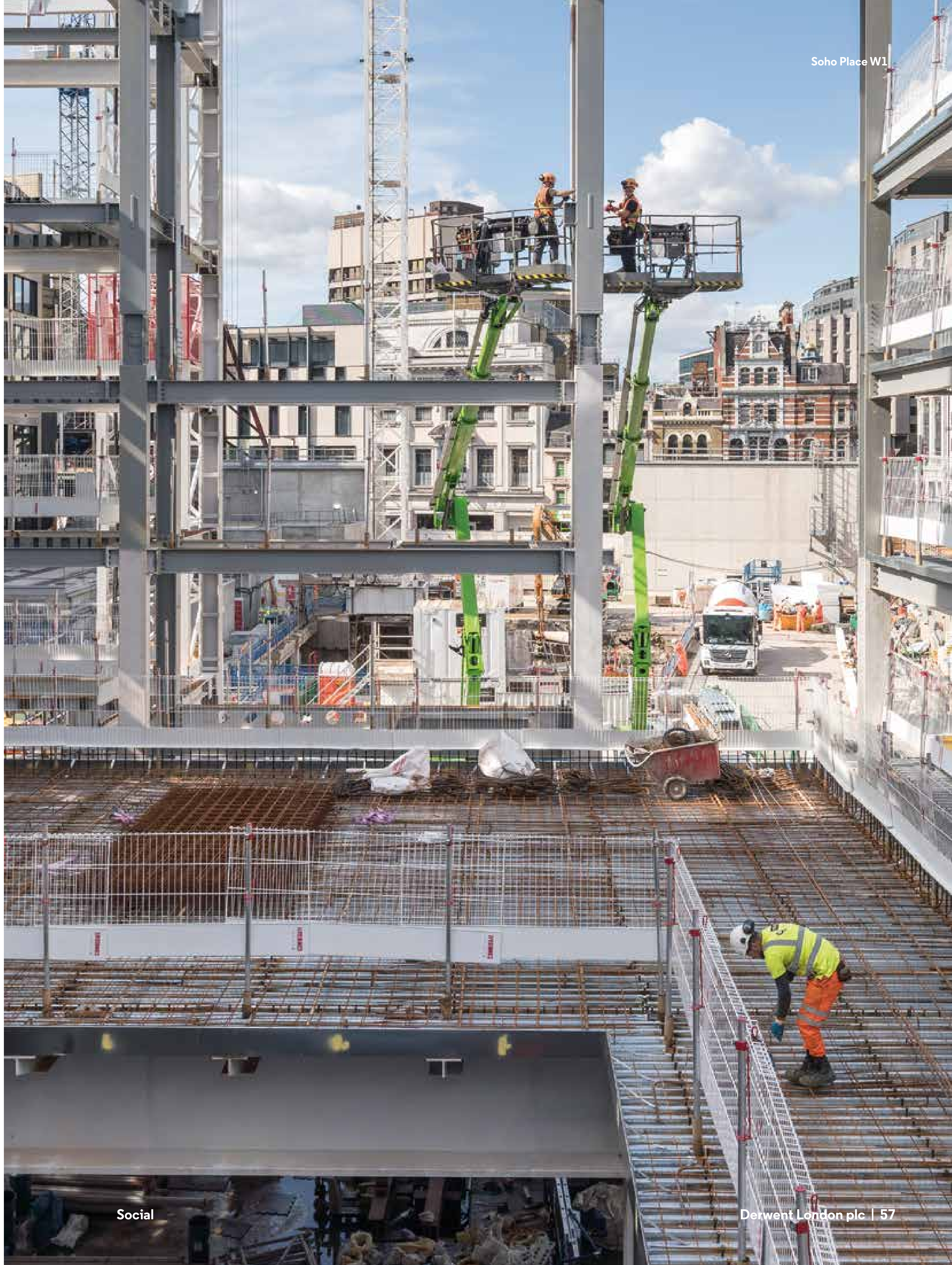
Health and safety statistics

Set out below are our 2019 health and safety statistics together with our 2018 data for comparison. In addition, we also present our accident frequency rate (AFR) which reduced from 0.09 in 2018 to 0.08, with a 6% increase in person hours worked.

	Employees		Managed portfolio		Developments	
	2019	2018	2019	2018	2019	2018
Person hours worked	N/A	N/A	N/A	N/A	2,335,651	2,196,901
Minor accidents	7	1	48	28	34	20
RIDDORs	0	0	0	0	2	2
Dangerous occurrences	0	0	0	0	0	0
Fatalities	0	0	0	0	0	0
Improvement notices	0	0	0	0	0	0
Prohibition notices	0	0	0	0	0	0
RIDDOR (AFR)	N/A	N/A	N/A	N/A	0.08	0.09

Data notes:
All minor accident, RIDDOR, fatality and improvement notice data are audited to the reasonable level by Deloitte LLP. A copy of their audit assurance statement can be found on pages 104–105.

The two RIDDORs recorded relate to two on-site incidents at Soho Place; one for a cut hand in the site office and the other a delivery driver tripping over materials when they stepped backwards.


Soho Place W1


80 Charlotte Street W1

Governance

Responsible Business Committee

"I was absolutely delighted to be nominated, along with Jonathan Theobald, to sit on the committee and have valued the opportunity to participate and learn about other aspects of the business. Representing the voice of our colleagues, we are able to provide ideas and suggestions to the boardroom but also contribute to projects that impact our community and the wider environment."

Ally Clements, Senior Property Marketing Co-ordinator and employee member elected to the Responsible Business Committee in 2019

Johnson Building EC1

Setting the highest standards of corporate governance

What governance means to us

At Derwent London, we do not view corporate governance as an exercise in compliance but as an evolving and core discipline which generates value for our stakeholders and underpins our success. Full details of how we manage corporate governance is on pages 93 to 169 of our 2019 Annual Report and Accounts.

The oversight of environmental, social and governance (ESG) matters is critical, as it not only allows the Board to understand more holistically the impact of its decisions on key stakeholders and the environment, but also ensures it is kept aware of any significant changes in the market, including the identification of emerging trends and risks, which in turn can be factored into its strategy discussions. ESG is overseen principally by the Board, Responsible Business Committee and Sustainability Committee.

ESG governance framework

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

ESG governance

Our Chief Executive, Paul Williams, is the designated Board Director with overall accountability for ESG matters. He oversees the review and performance of our responsibility work as chair of the Sustainability Committee and member of the Responsible Business Committee.

Climate change

The governance of climate change risk and opportunities is ultimately the responsibility of the Board, however day-to-day management is delegated to the Executive Committee and senior management. During the year, the Board accelerated our ambition to become net zero carbon by 20 years, with our new target being 2030.

Our strategy and targets for energy consumption and carbon emissions are set and monitored by the Board. The Board and Executive Committee receive regular updates and presentations on environmental and sustainability performance and management matters from the Head of Sustainability. In addition, it monitors the progress against our science-based targets which were independently validated and approved by the Science Based Target initiative (SBTi) in 2019. Likewise, our energy and carbon performance is externally assured to the reasonable level by our non-financial auditors Deloitte LLP.

Climate change risks are identified and included within our risk register and monitored as part of our wider risk management procedures and are overseen by the Board and Responsible Business Committee. When assessing climate change, the Board considers both the direct and indirect risk they pose, please see page 47 of our Annual Report and Accounts for further detail.

Human rights and modern slavery

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

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

Based on our ongoing risk assessment, we continue to believe the risk of any slavery or human trafficking in respect of our employees is low. The risk assessment of our supply chain found the greatest potential risk existed in the use of building contractors for our development schemes, and their use of subcontractors. This risk also exists in some of the companies that provide Derwent London with services such as cleaning and security.

We ensure all these suppliers are aware of the Modern Slavery Act 2015 and we require them to formally confirm they comply with the legislation. Over the past year, we continued to identify and implement ways to strengthen our policies and procedures in respect of the protection of human rights and prevention of modern slavery. This included more detailed and targeted training and ownership internally, with the appointment of a 'Champion'. We continued to monitor and cross-check our supply chain, from procurement to delivery.

Tax governance

We take our obligations as a taxpayer seriously and focus on ensuring that, across the wide range of taxes that we deal with, we have the governance and risk management processes in place to allow us to meet all our continuing tax obligations. The Board has overall responsibility for our tax strategy, risk assessment and tax compliance. Our statement of tax principles, which is approved by the Board, is available on our website at www.derwentlondon.com/investors/governance/tax-principles

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

To maintain our REIT status, we are required to comply with the REIT regulations. The Board receives frequent reports on our compliance with the regulations and the Audit Committee meets with the Head of Tax at least annually. Day-to-day tax administration is delegated to suitably trained members of the finance team with the input of qualified external tax advisers, where necessary. An overview of our internal controls for taxation, including how we seek external assurance from third parties, is on page 127 of the 2019 Annual Report.

We have an open and transparent relationship with HMRC and seek to anticipate any tax risks at an early stage, including clarifying areas of uncertainty with HMRC as they become evident. We keep HMRC informed of how our business is structured and respond to all questions or requests promptly. Our Head of Tax also regularly engages with HMRC via his roles with the Chartered Institute of Tax and the British Property Federation to support consultations or to seek legislative clarification in areas that could potentially impact our business.

Supply chain

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

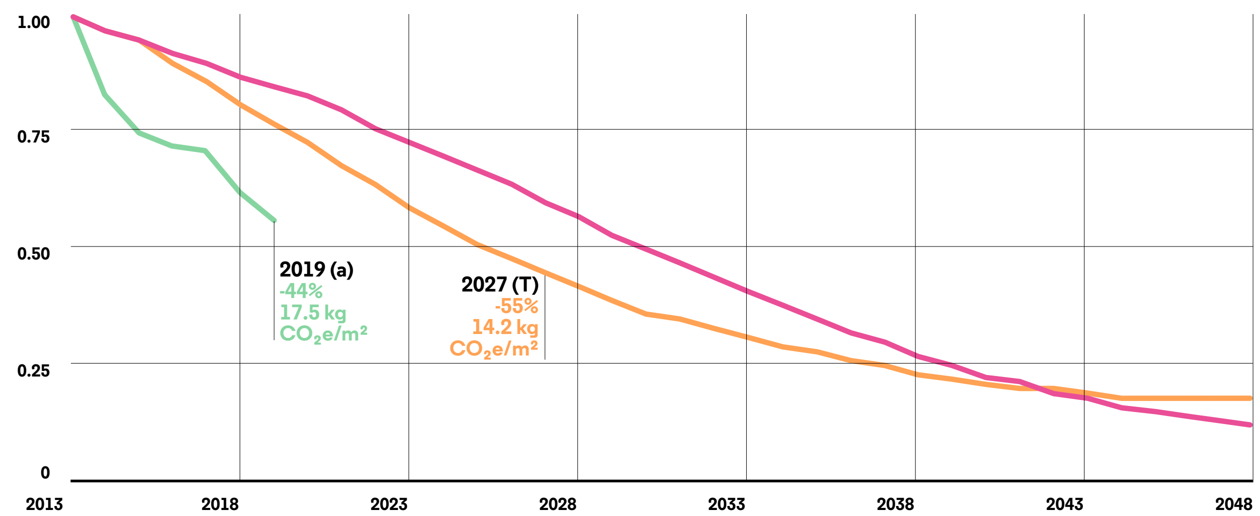
Our supply chain governance procedures ensure our suppliers are aware of the standards we expect from them and the business practices which we will not tolerate. All suppliers with whom we spend more than £20,000 per annum are required to comply with, and provide evidence of how, they are implementing our Supply Chain Sustainability Standard, which includes a minimum requirement that any form of corruption, bribery or anti-competitive behaviour or actions are not tolerated within our supply chain. Our Supply Chain Sustainability Standard is available on our corporate website.

During 2019, we requested evidence that our major suppliers were compliant with the Standard. This involved completion of a questionnaire and providing copies of key policies and procedures. Overall, we received an excellent response rate from the suppliers and subcontractors asked to complete the questionnaire, with over 90% of respondents operating detailed policies to address issues such as anti-bribery and corruption, equal opportunities, employee development and GDPR. Furthermore, it was encouraging to learn that companies in our supply chain not only hold these policies but are committed to training their staff on these subjects. A further audit of our suppliers is scheduled for 2020.

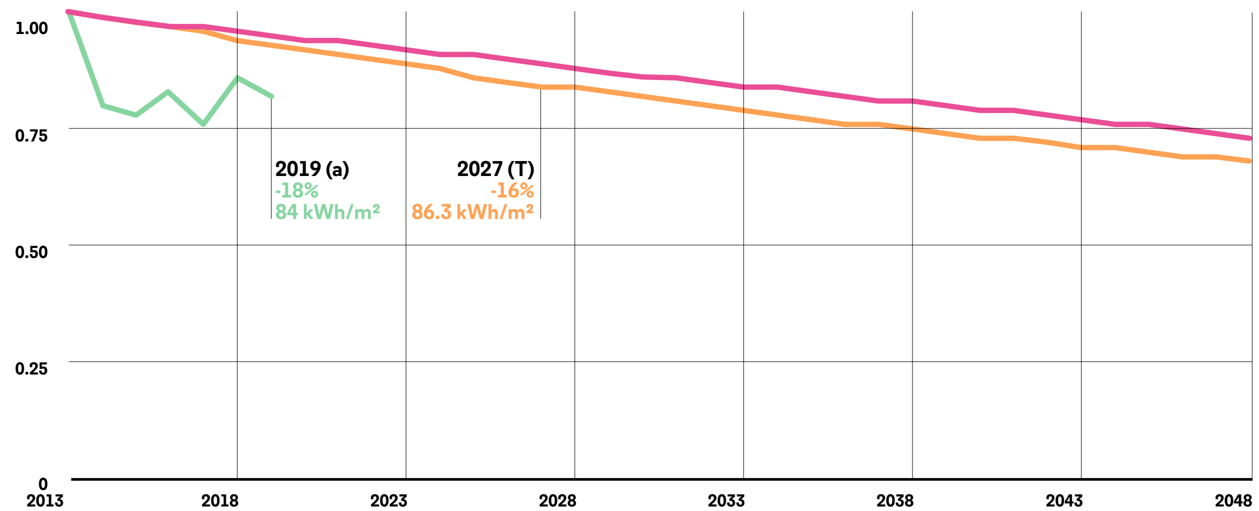
Tea Building E1

Science based carbon targets performance

Carbon intensity reductions



Energy intensity reductions



IEA ETP Emissions
UK MARKAL
Derwent London Actual

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

Our targets were designed and implemented to help guide our business over the long-term and keep our carbon emissions in line with 2°C climate warming scenario, and they form a key part of our approach to managing our risk exposure to climate change. Looking ahead and in line with our new ambition of seeking to be a net zero carbon business by 2030, means we will be looking to rebase our target to coincide with a 1.5°C scenario, which will lead to a new set of reduction milestones. We look forward to presenting these in our future reporting.

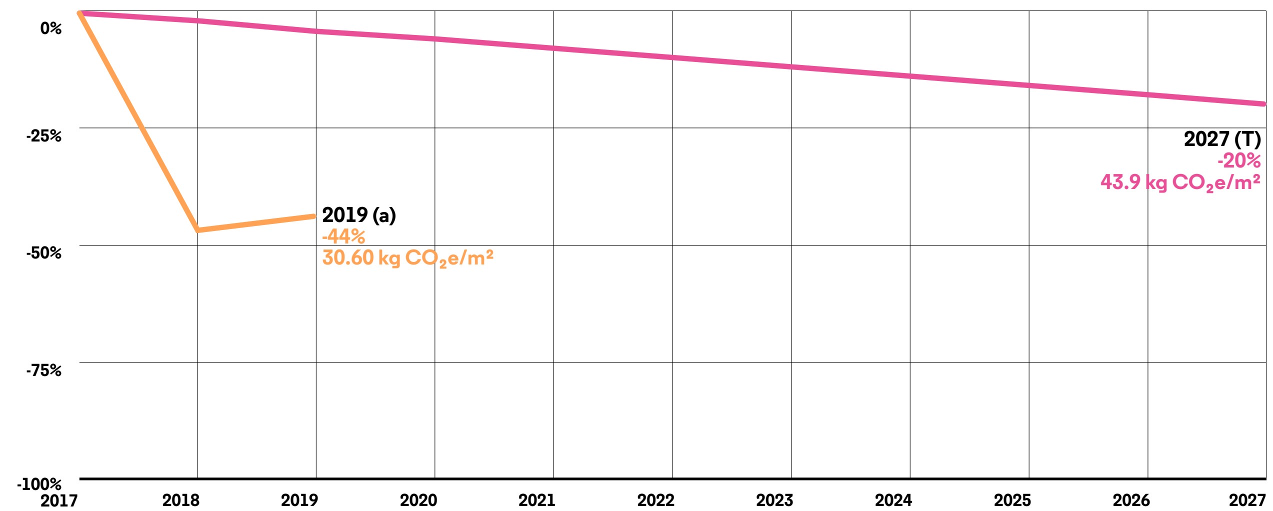
We are now into our third year of working with our current targets, and believe we are making good progress, to date we have:

— Reduced our carbon intensity by 10% against our 2018 emissions
— Reduced our energy intensity by 18% against our 2013 baseline
— Reduced our carbon intensity by 44% against our 2013 baseline

Restatement of our target progress
Our targets are measured on the performance of our like-for-like landlord managed areas. During 2019 we adjusted our like-for-like reporting methodology moving away from a 'rolling' like-for-like reporting approach to a stricter property count approach which ensures that we are reflecting only those properties that were in the portfolio this year and last. As a result, we have rebased the data sets for 2018 and have updated our target tracking accordingly. This recalculation resulted in changes in our reduction pathway, therefore our reductions in 2018 were 13% compared to 2017 and 38% compared to our 2013 baseline, not the 20% and 43% respectively reported last year.

Audit assurance
As part of our non-financial audit assurance programme our progress against these targets are reviewed and tested by our auditors Deloitte LLP. Their opinion of our performance can be found in their statement on pages 104–105.

Scope 3 intensity emissions



Scope 3 target
Scope 3 intensity change

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

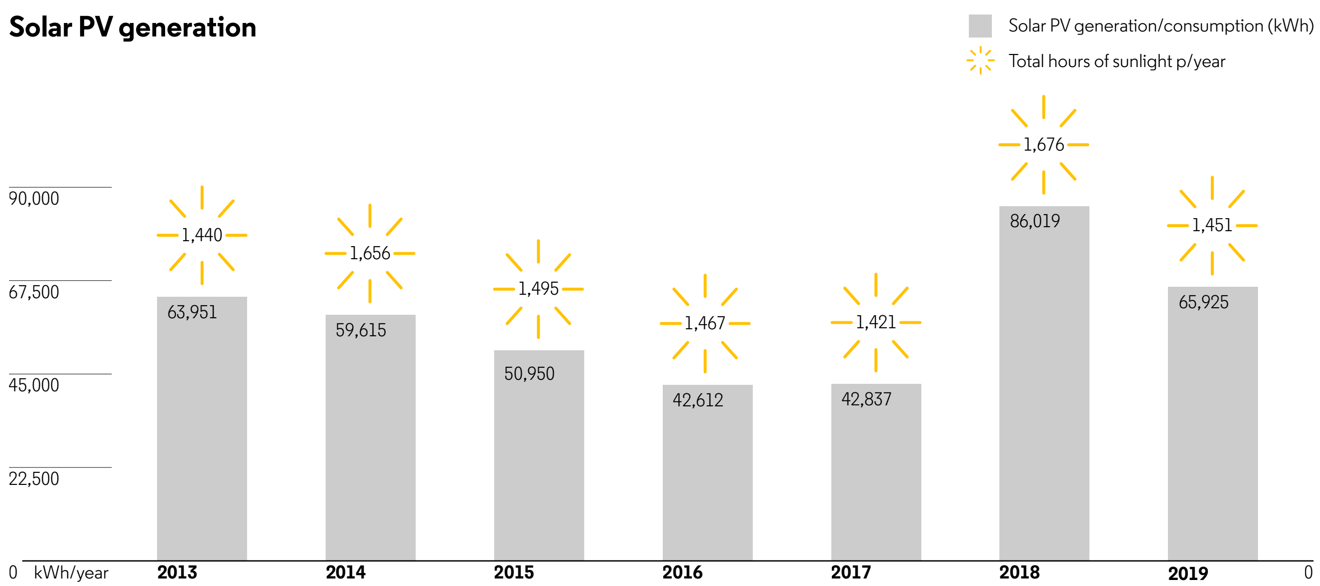
Renewable and low carbon energy

100% of the electricity we purchase for our managed properties and head office has Renewable Energy Guarantees of Origin (REGO) certification.

In 2019 we generated 65,925 kWh of renewable electricity from four buildings which have photovoltaics (PV) panels installed. This is a 23% reduction from 2018 and represents 0.58% of our total electricity consumption or 0.19% of our total energy consumption (electricity, gas and biomass combined). The reduction in 2019 was due to maintenance-related activities whereby the system was offline in one of our buildings for about six weeks.

We also generate low carbon heat in one of our properties, Angel Building EC1, using biomass boilers. These boilers generated 561,000 kWh of heat energy over the last year which represents 2.5% of our total gas consumption or 1.6% of our total energy consumption (electricity, gas and biomass combined).

Solar PV generation



* the reduction in 2019 was attributed to maintenance related activities

Carbon reduction commitment

Under the Carbon Reduction Commitment (CRC) scheme we are required to report the carbon emissions generated by some of our electrical and gas supplies. We then order carbon allowances on a price per tonne basis to cover the emissions and surrender these accordingly. For the latest, and last period (2018– 2019) we ordered 18,499 tonnes of carbon and purchased allowances to the value of £338,531 at a price of £18.30/tCO_2.

Following a major Government review, it has been announced that the CRC scheme will close at the end of the 2018-19 compliance year. Therefore, our final report was submitted in July 2019 and final allowances surrendered in October 2019. Going forward, in line with the Government's replacement plans for the scheme, we will report our carbon information via the Streamlined Energy and Carbon Reporting (SECR) requirements in our Annual Report and Accounts.

TCFD disclosure

This is our second disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We set out below our most up to date disclosure in addition to the summarised version we have provided in our Annual Report and Accounts which can be found on our website: www.derwentlondon.com/investors/results-and-reports on page 83.

In addition to the disclosure below please refer to our GRI Index on pages 111–112 for complementary disclosures on climate-related aspects. Likewise, we also submit responses to CDP and the Global Real Estate Sustainability Benchmark (GRESB) providing even more insight in this important area.

Governance

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

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	We consider short, medium and long-term time horizons to be 0-5, 5-15 and 15+ years respectively, recognising that climate-related issues are often linked to the medium to long-term, and our properties have a service life of many decades. **Short-term**—we have seen a greater shift in terms of legislation e.g. the introduction in the UK of the Minimum Energy Efficiency Standards (MEES) for commercial and domestic property, which sets a legal minimum in terms of the Energy Performance Certificate (EPC) rating for buildings and outlawing new lettings on spaces with an EPC rating of lower than an E. Likewise, occupier demand continues to drive the requirement for ever more efficient and sustainable buildings, which are cost effective to occupy and promote high levels of health and wellbeing. **Medium-term**—issues are a direct consequence of what we see in the short term i.e. we must continually invest in and develop our new and existing properties to ever higher standards and levels of efficiency to ensure we continue to attract occupiers. **Long-term**—we will have to continue to invest in our existing portfolio and our development pipeline to ensure they are climate resilient such that our central London buildings remain occupiable. The processes used to determine the risks which are material to our business are set out in the risk management section below.
Describe the impact of climate-related risks and opportunities on the organisation's business strategy, and financial planning.	As a central London focused real estate investment trust (REIT) we invest in, develop and manage property in central London and, as such, climate-related issues affect the way we develop new buildings, how we manage existing ones, and the kinds of suppliers we use to support us in these activities. Therefore, we take a proactive approach to managing these issues. Our Responsibility Strategy drives our corporate approach and is supported by our Framework documents for our development and asset management activities. These documents can be found at www.derwentlondon.com/responsibility. They set out how we manage these risks within our developments and property management activities and set the necessary performance standards so that climate-related risks do not adversely affect our work. For example, in our framework for developments there are requirements to attain high EPC and BREEAM/LEED ratings which, in turn, help to make our new buildings more efficient. Likewise, in the framework for assets, performance measures are set out which require the constant monitoring of energy, carbon, water and waste together with plans to reduce consumption. To help us plan our climate-related financial investments into our managed properties we have built a scenario analysis tool for our science-based carbon targets. This allows us to model various energy/carbon management measures on specific buildings in our portfolio to establish the likely impact they will have on the reduction trajectory set by our carbon targets. Moreover, the tool can forecast the impact of a new property acquisition or disposal. Ultimately, by addressing risks in this way, we are ensuring that our properties continue to be attractive to occupiers and generate income. Likewise, we maintain a competitive advantage in our market – and above all are resilient.
Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our properties are subject to climate-related risks such as increasing temperatures which could lead to greater physical stresses and, in turn, increase our cost base e.g. management and utility costs. Our business strategy involves both investing in new developments and acquiring older properties with future regeneration opportunities. We ensure a high degree of resilience in our new developments and the regeneration of older properties by setting high standards for environmental responsibility. When managing our core income portfolio, we have a significant focus on energy and carbon reduction, ensuring our buildings operate as efficiently as possible. As a result, our strategy centres around the concept of continual improvement which ensures a high degree of both climate and financial resilience. Ultimately, we do not

envisage having to make changes to our strategic approach when considering climate-related scenarios.

As set out in the metrics and targets section below, our science-based carbon targets are set against recognised 2°C transition scenarios, namely the IEA ETP 2DS and the nationally determined UK climate change commitments. This allows us to calculate the shape of the reduction trajectory needed to achieve our targets between now and 2050. As part of our accelerated ambition to be net zero carbon by 2030 we will be looking to rebase our targets to a 1.5 °C climate scenario – we will provide further details of this in our future reporting.

Risk management

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

The responsibility for managing our corporate risk process rests with the Executive Committee, main Board and our Risk Committee. Each year senior managers from the various business functions collate their key risks (which include sustainability/climate change related risks) and feed them through to the Executive Committee. The risks are then assessed by the committee to understand their severity, likelihood and the optimal controls and/or mitigation required. This approach allows the effects of any mitigating procedures to be considered properly, recognising that risk cannot be eliminated in every circumstance. The register is then passed to the main Board and Risk Committee for consideration and adoption. Climate-related risks and opportunities are highlighted and reviewed by the Responsible Business and Sustainability Committee. These risks include regulatory risk, reputational risk, and physical environmental risk.

To manage these risks, we use a variety of tools and processes for the different areas of our business, which is driven by our Responsibility Strategy. For example, our Framework for Assets sets out the various material issues and aspects that must be considered in the management of our portfolio. Moreover, it requires each managed property to have a Building Sustainability Plan (BSP), which sets out a detailed action plan of how various initiatives are managing and reducing energy consumption and carbon. These outcomes then feed into our data reporting and science-based carbon target scenario analysis tool to enable us to produce new opportunities for improvement.

Metrics and Targets

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

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

— Total energy consumed, broken down by source (e.g. purchased electricity and renewable sources) – see pages 92 and 93
— Total fuel consumed percentage from coal, natural gas, oil, and renewable sources – see pages 92 and 93
— Building energy intensity (by square area) – see page 87
— Building water intensity (by square area) – see page 96
— GHG emissions intensity from buildings (square area) and from new construction and redevelopment – see page 88
— For each property type, the percentage certified as sustainable – see page 99

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

As identified in our materiality review, which can be found on pages 12–13, resource efficiency (which includes energy efficiency, greenhouse gases, climate change and water) is a material issue for our business and, as such, forms a principal risk in our corporate risk register, which can be found in our latest Annual Report and Accounts on page 56. Further to this, performance against our science-based carbon targets form a part of our Executive Directors' remuneration – details of which can be found on page 157 of our Annual Report and Accounts.

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

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

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

Please refer to the data report section on pages 85–88 for our carbon reporting which also includes full details of the aggregation and calculation methodology. Moreover, we publish a summary of our corporate carbon footprint in our Annual Report and Accounts on page 76.

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

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

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

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

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

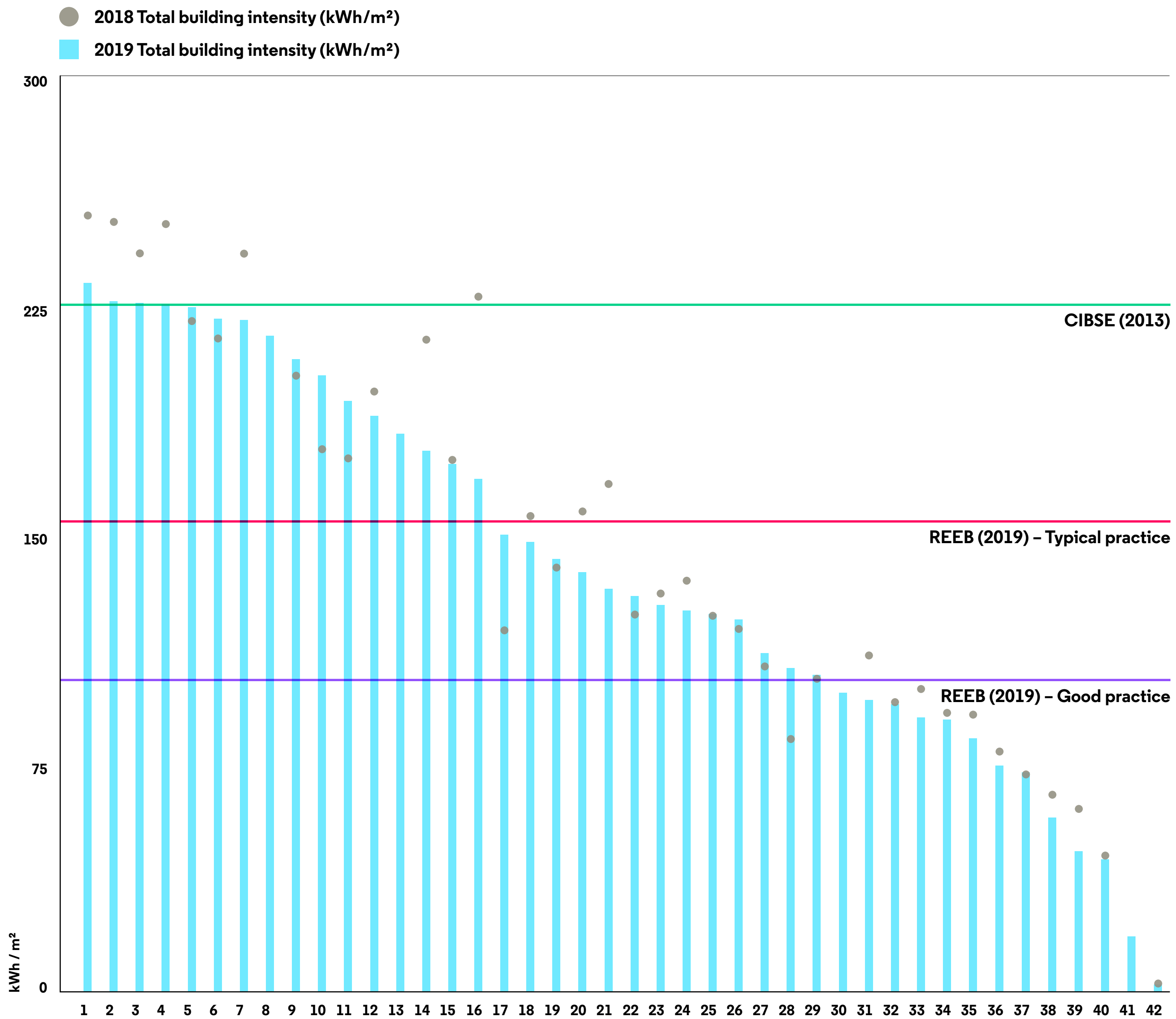
To see the latest progress against these targets please see the science-based carbon target performance section on pages 64–65 for more details.

Energy performance

Benchmarking the performance of our properties helps us to track and assess our progress and give stakeholders an insight of our portfolio performance. In the table below, we have set out a snapshot of our managed portfolio and its relative energy intensity performance (both landlord and tenant consumption) against industry benchmarks, namely 2013 CIBSE Guide F and the 2018/19 Better Buildings Partnership's Real Estate Energy Benchmark (REEB).

In 2019, over 95% of our managed portfolio met the CIBSE benchmark, 64% the REEB typical practice benchmark, and 31% the REEB good practice benchmark. This shows that our portfolio is performing well, but there remain opportunities to make further savings.

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



Note: Buildings 8, 13, 30 and 41 were part of our unmanaged portfolio during 2018, therefore we are not able to show energy performance data for that year.

Energy performance benchmarking

To complement the analysis of our fully managed portfolio, like last year, we have selected another four properties, representing different building types in our portfolio as a more detailed sample of the analysis. We present below their respective energy intensity performance (both landlord and tenant consumption) by kWh/m² and the breakdown of their energy use types, to give more insight at the individual building level.

Brunel Building W2

97.9 kWh/m²

EPC B31

- 43% Electricity
- 57% Gas

Gordon House SW1

144.9 kWh/m²

EPC D80

- 32% Electricity
- 68% Gas

Charlotte Building W1

141.7 kWh/m²

EPC D82

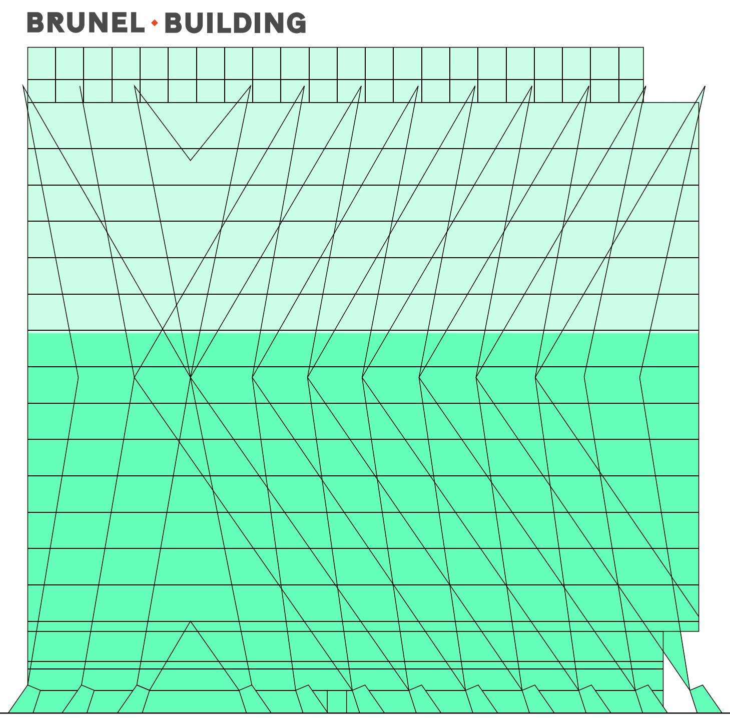
- 88% Electricity
- 12% Gas

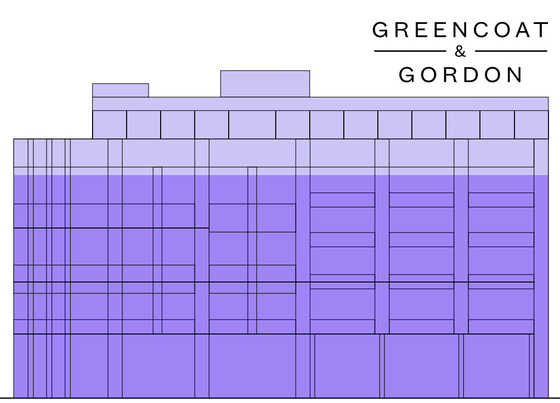
20 Farringdon Road EC1

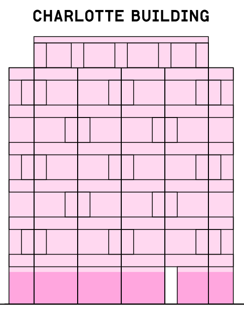
168 kWh/m²

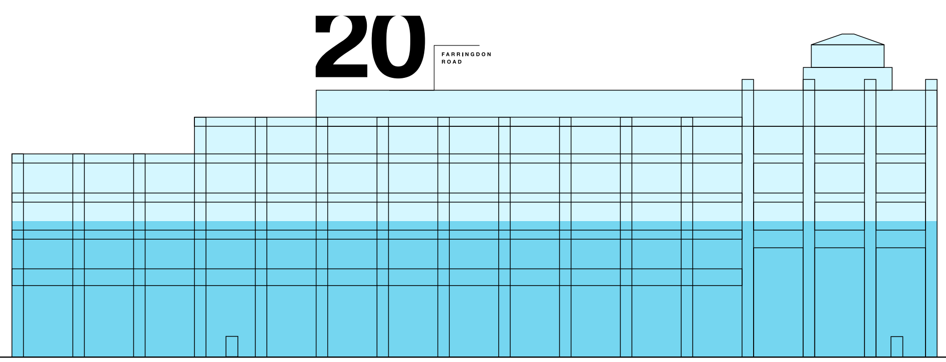
EPC C70

- 58% Electricity
- 42% Gas









Mayor's business leaders' group

As part of the Mayor of London business leaders' group organised by the Greater London Authority (GLA), we help to drive the London Business Climate Leaders (LBCL) initiative. This initiative aims to accelerate progress made by businesses in London and the Mayor towards agreed targets and goals, by combining resources, influence and innovation to deliver climate change strategies with the ambition to become net zero carbon by 2050.

The leadership group consists of 15 companies leading the transition towards a low carbon economy, and its objectives are:

— Engaging in a constructive dialogue with GLA policy makers
— Making measurable and significant impacts through concrete London-based actions and commitments
— Reaching their own global corporate climate targets and GLA's ones faster via this collaborative mechanism
— Helping to accelerate progress towards the Paris Agreement goals and the UK Nationally Determined Contributions
— Identifying synergies and building more cohesive and coordinated engagement with the GLA
— Fostering collaborations between members

A set of baseline targets were agreed, and the group selected "further faster" actions according to their specific operations and expertise.

Targets and performance
We agreed to mandatory baseline commitments and signed up to two levels of "further faster" actions across each of the four areas.

1. **Buildings** – Baseline commitment: Set energy efficiency targets for 2020, 2030 and 2050 that demonstrates a trajectory towards zero carbon buildings by 2050 in London.

2. **Renewable energy** – Baseline commitment: 100% renewable electricity and mapping on-site renewable potential by 2020.

3. **Transport** – Baseline commitment: Switch to zero emission capable vehicles and/or support the development of EV charging by 2025.

4. **Circular Economy and waste** – Baseline commitments: Reduce waste generated by 50% by 2030; 75% recycling rate and zero waste to landfill by 2025.

The group is making good progress towards the baseline targets:

Buildings: All have set targets for GHG reduction and as part of that energy efficiency targets for buildings. Some have already achieved significant reductions in energy intensity through improved maintenance and operation, investment in efficiency measures and behavioural changes programmes.
— **Our progress**: we are currently working with our science-based carbon targets and are continuing with our ongoing programme of energy reduction in our managed properties. During 2019 we made the decision to bring forward our net zero carbon target by 20 years to 2030, which will accelerate these efforts.

Renewables energy: Most of the businesses are now supplied with REGO-backed electricity with some moving to green gas. Some have got new power purchase agreement (PPA) strategies approved by their boards. Most of those that had significant land have started to map for renewables.
— **Our progress**: as mentioned earlier in this report all our electricity supplies are REGO-backed and as part of our new net zero carbon programme we will be investigating the procurement of green gas.

Waste and circular economy: recycling rates are high across the group but progress on waste generation reduction is mixed and some of the businesses are now considering whether they need to introduce new staff engagement programmes or mandating tenants to tackle waste. Several have ambitious single use plastic phase out targets and programmes in place.
— **Our progress**: we have continued to maintain high levels of recycling within our managed portfolio with a rate of 76% in our like-for-like portfolio achieved in the past year.

Transport/fleet – two of the businesses have trialled EV vans in London since the start of the initiative and one of the businesses has made a significant investment in new EV charging for public/staff on their sites.
— **Our progress**: although transport does not form part of our business leaders target commitments, we do ensure that EV charging points are installed in all new developments.

White Collar Factory – rooftop relay marathon
In 2019, White Collar Factory organised a marathon with occupiers to raise money for Coppafeel, the breast cancer awareness charity. Each participating team ran a full marathon on our 150m running track, located on the 16th floor. This equated to 290 laps per team – no mean feat! The challenge was successfully accomplished, raising a total of £4,500 for Coppafeel.
@whitecollarfactory

Brunel Building W2

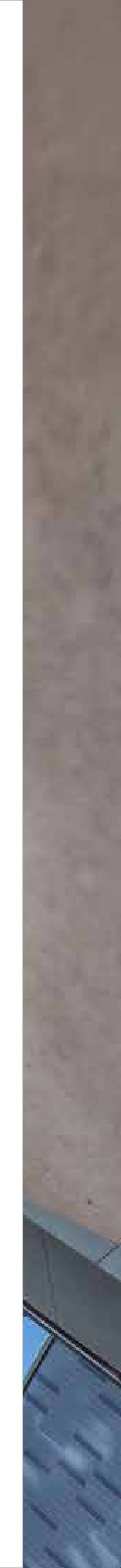
Data performance summary

This year we have expanded our data performance summary to give stakeholders a better understanding of what was achieved and how it was done. We continue to record reductions in our carbon emissions and increases in our waste recycling rate.

During 2019 we:

- reduced our like-for-like portfolio carbon intensity by 9%
- reduced our total managed landlord carbon generation in all scopes by 13%
- reduced our like-for-like landlord carbon generation in all scopes by 6%
- we achieved a recycling rate in the like for like portfolio of 76%

Whilst we set and drive many of the energy and waste improvement initiatives from within our own business, we also collaborate with our suppliers and their networks to deliver many of the results shown here.



Energy

Our partnership with EP&T Global maps the energy efficiency of several of our buildings through real-time analytics and data intelligence. This continuous monitoring across our large multi-let buildings enables our building management teams to optimise operational strategies and drive out inefficiencies.

We have installed EP&T's energy optimisation services across six buildings:

— Angel Building EC1
— 90 Whitfield Street W1
— Charlotte Building W1
— 1 Oliver's Yard EC1
— 1–2 Stephen Street W1
— 20 Farringdon Road EC1

Since installation we have saved 20,701,00 kWh against our baseline.

Our total performance in 2019 alone provided savings of 4,520,00 kWh against baseline.

These savings have been achieved through a range of energy optimisation measures including:

— Measurement, verification and commissioning of new equipment
— Optimising night purge strategies
— Building Management System (BMS) set point optimisation, replacing malfunctioning temperature sensors and pressure sensors
— Optimisation of water flow and return temperatures
— Implementing BMS ambient chiller lockout
— Rationalising services activity e.g. security and cleaning regimes
— VSD (variable speed drive) frequency improvements
— Chiller staging and operation hours
— Eliminating heating and cooling conflicts

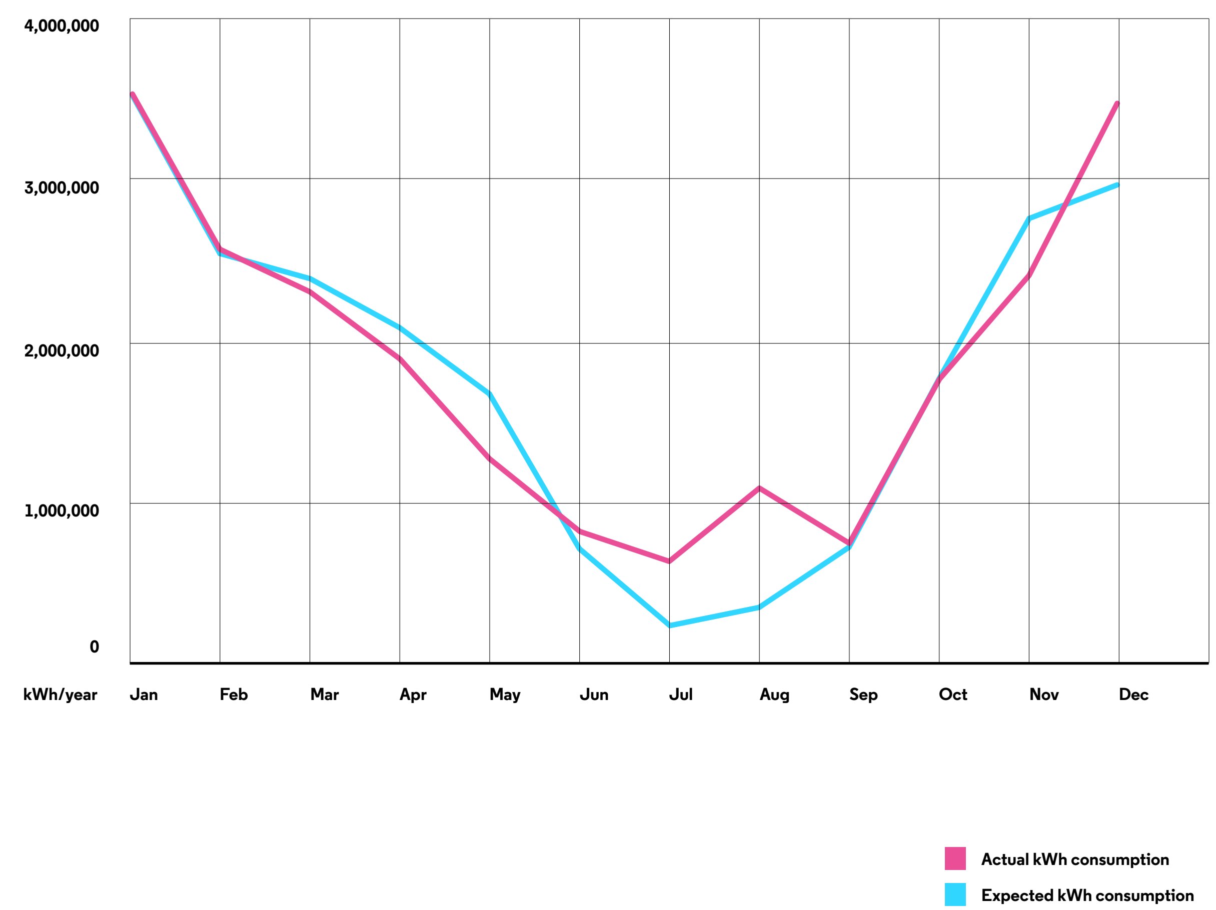
Gas consumption

During 2019, we achieved a 2% reduction in gas consumption in our like-for-like portfolio compared to 2018. The reduction was achieved through good energy management practice by our building management team and adjusting the setpoints to reduce heating demand.

To understand this work in more detail, we undertook a comprehensive regression analysis to establish whether gas consumption was entirely weather driven or if there were issues which management needed to address.

The result of this analysis is mapped out below and shows the amount of energy (gas) needed to heat our buildings in proportion to the number of heating degree (cold) days. The graph shows that the actual gas consumption and the expected consumption based on degree days analysis was close. This proves that the portfolio has been managed well to accommodate changing weather conditions. The increase in the actual consumption in August was due to a billing correction by the utility company for one of our large properties.

Actual gas consumption v degree days analysis 2019



Waste

Paper Round has supported our portfolio-wide waste recycling programme for the past five years, maintaining the high standard of waste recycling and helping to prevent waste stream cross-contamination. Our like-for-like recycling rate in 2019 stood at 76% against the 2018 rate of 75% and 2013 base year of 56%.

The key to this success was the continuing good engagement between the building management teams and our occupiers. Our programme starts with a base waste stream service for each building consisting of mixed recycling, food waste, cardboard, WEEE (waste electronic and electrical equipment) and glass collections. From there, each building can then add additional streams depending on occupancy profiles and levels of waste produced – a popular addition is coffee cup and grounds recycling. All other non-recyclable wastes are diverted from landfill and sent for energy recovery.

Base data methodology

Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2019.

For 2019 our reporting scope consists of the following property portfolios:

	Managed portfolio: **48 properties: 450,868 m²** (86% of the whole portfolio floor area)	**Like-for-like portfolio:** **35 properties: 356,691 m²** (68% of the whole portfolio floor area)
Includes	Newly acquired properties, disposed properties and current managed portfolio	Properties within portfolio for both 2018 and 2019 (two full years)
Excludes	Properties under refurbishment and/or development, retail consumption: 90 Whitfield Street W1 (retail units only) 1–2 Stephen Street W1 (retail units only) Tea Building E1 (retail units only) 20 Farringdon Road EC1 (retail units only) The White Chapel Building E1 (retail units only) White Collar Factory EC1 (retail units only)	Vacant properties, properties under refurbishment and/or development, retail consumption: 90 Whitfield Street W1 (retail units only) 1–2 Stephen Street W1 (retail units only) Tea Building E1 (retail units only) 20 Farringdon Road EC1 (retail units only) The White Chapel Building E1 (retail units only) White Collar Factory EC1 (retail units only)
Whole Derwent London portfolio: **84 properties: 523,571 m²**	Includes: single-let, managed properties, development, refurbishment and retail properties	

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

	Electricity	Water	Gas and biomass	Waste
Includes	Landlord common areas consumption (with accounting for tenant consumption)	Whole building consumption	Whole building consumption	Properties under the Derwent London waste management contract
Excludes	Retail consumption Refurbishment/development projects Single-let properties with no management control and where we have no access to the utilities data			

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

We report electricity usage for common areas (landlord-controlled areas) in all 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 areas (GEA) from our fire insurance valuations and reduce this by 2% in line with standard industry practice. To calculate the common area usage (kWh/m^2) we divide total building consumption by the total building area, and then multiply the figure by the total common area. To calculate the tenant usage (kWh/m^2) we deduct the common area use from the total building use. This approach does result in a minor misalignment in our total energy and total carbon intensity calculations, because gas, biomass and water all use a denominator of floor area based on GIA, whereas electricity uses common areas only. To balance this misalignment, we include figures for common areas (landlord usage) and total building (landlord and tenant usage).

Biomass consumption is reported based on the tonnes of wood pellets purchased and the date of purchase. This is then converted from tonnes to kWh using a conversion factor of 4.8kWh/kg. Data relates to one building only – Angel Building EC1.

Recycling and general waste figures are provided by our waste management contractor for properties where we have waste management control. We exclude retail and development waste from our total figures due to our lack of management control or influence over these waste streams. All waste was either recycled or sent to a waste-to-energy plant, with none sent to landfill.

Like-for-like methodology adjustment

Historically our like-for-like reporting approach reported upon the portfolio of buildings that had been present in the managed portfolio for at least two full years. However, the reporting was not adjusted to fix the property counts to match year-on-year. This returned a unique ‘rolling’ like-for-like reporting portfolio which in some years had variable property counts.

Under our new revised approach, the like-for-like portfolio will now reflect the properties that have been in the portfolio for the whole of the current and prior year reporting period (as above). As a result, the prior year’s data is restated annually to align with the latest like-for-like portfolio. This treatment eliminates the impacts of acquisitions or divestments.

Floor area accounting

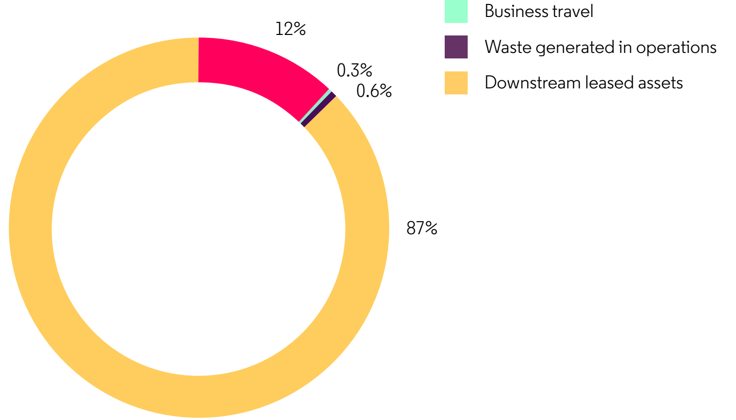
The current method of calculation of GIA, where it is not known, is based on a 2% reduction on GEA. In 2019, the measured floor areas within the fire insurance valuations were based on measured GIA as opposed to GEA previously. The variation in floor areas between the calculated GIA and the measured GIA has been assessed as immaterial, therefore we have kept these this year for consistency. In future reports, we will use the measured GIA figures.

Carbon methodology

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

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

Scope 3 emissions categories



Other scope 3 emissions

We measure the embodied carbon footprint of all our development schemes which would appear under the Capital Goods category. However, there are no agreed property specific accounting principles in place to capture the footprint of these emissions in this category which avoids the possibility of annual under or over inflation of the Scope 3 figures. We continue to work with our sector to introduce appropriate measures. However, until these are in place, we will continue to report our embodied emissions separately so stakeholders can understand the impact of our development pipeline. Please see page 33 for further details on the embodied carbon related to our development schemes.

Our carbon emissions are calculated with the latest Defra 2019 emission factors (https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2019)

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

To calculate the financial intensities, we use a total turnover figure and fair market value figure. The gross property income figure stated in the 2019 Annual Report and Accounts is £169 million. Likewise, the fair market value figure was stated at £5.5 billion.

As part of the Scope 2 ‘dual reporting’ requirements, we report our emissions based on location and market-based factors. All our purchased electricity supplies are REGO-backed, which allows us to claim zero emissions under the Scope 2 market-based emissions category.

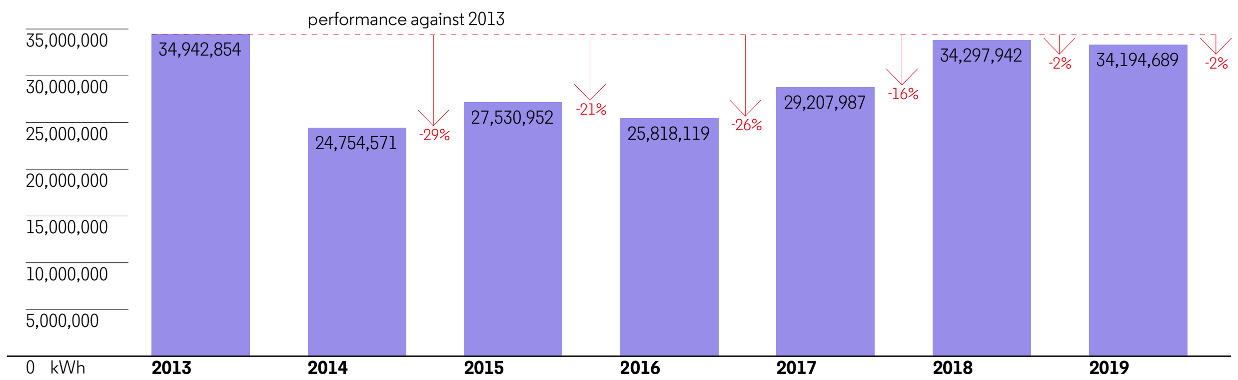
Renewable energy conversion rates used are from the Defra GHG emissions tables. For biomass wood pellets, the conversion factors are taken from published data from the Biomass Energy Centre.

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

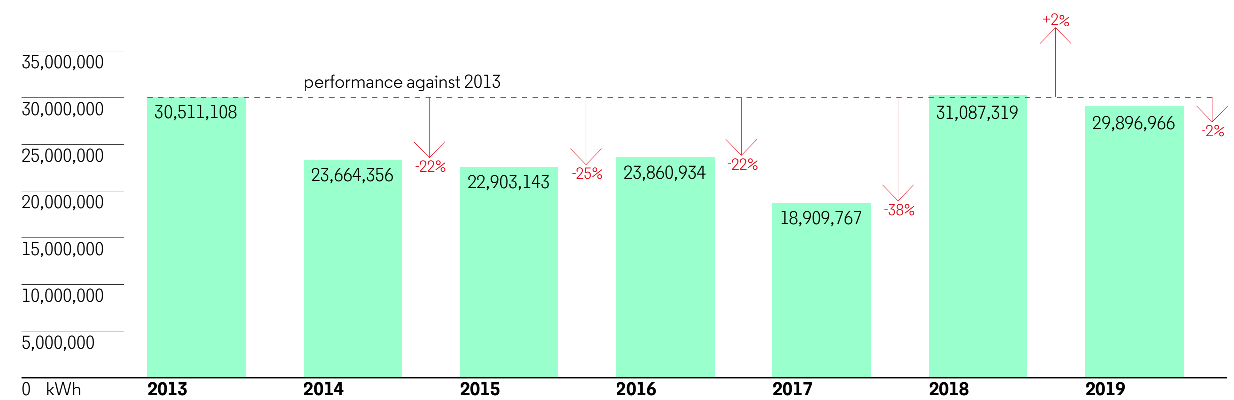
Data tables

In this section of the report, we set out a range of graphs and tables showing our latest performance across our managed and like-for-like portfolios.

Energy performance since 2013 (landlord areas)
Managed portfolio energy use (electricity, gas, oil, biomass) kWh

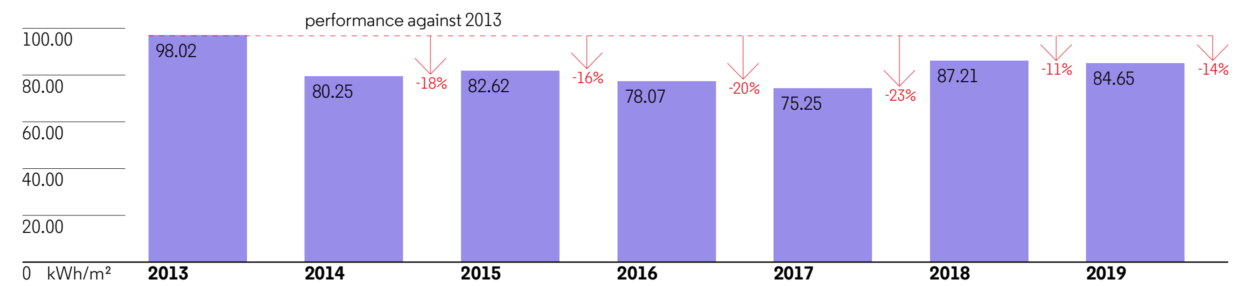


Energy performance since 2013 (landlord areas)
Like-for-like portfolio energy use (electricity, gas, oil, biomass) kWh

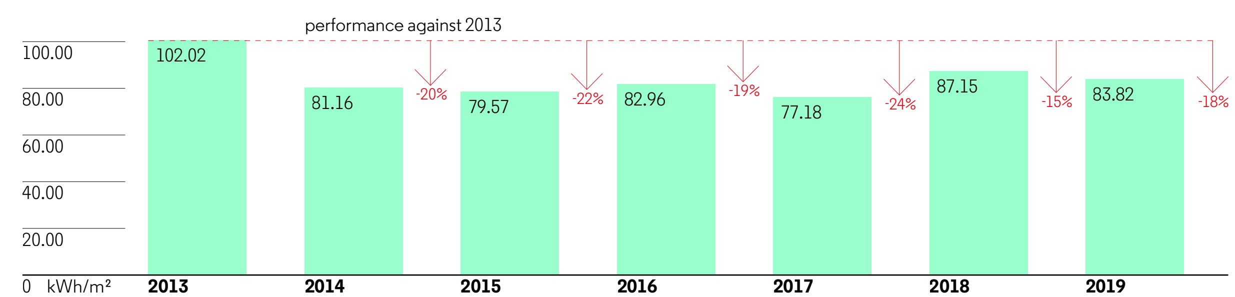


2018 dataset has been restated

Energy intensity performance since 2013 (landlord areas)
Managed portfolio intensity (electricity, gas, oil, biomass) kWh/m²



Energy intensity performance since 2013 (landlord areas)
Like-for-like portfolio intensity (electricity, gas, oil, biomass) kWh/m²



2018 dataset has been restated

Carbon

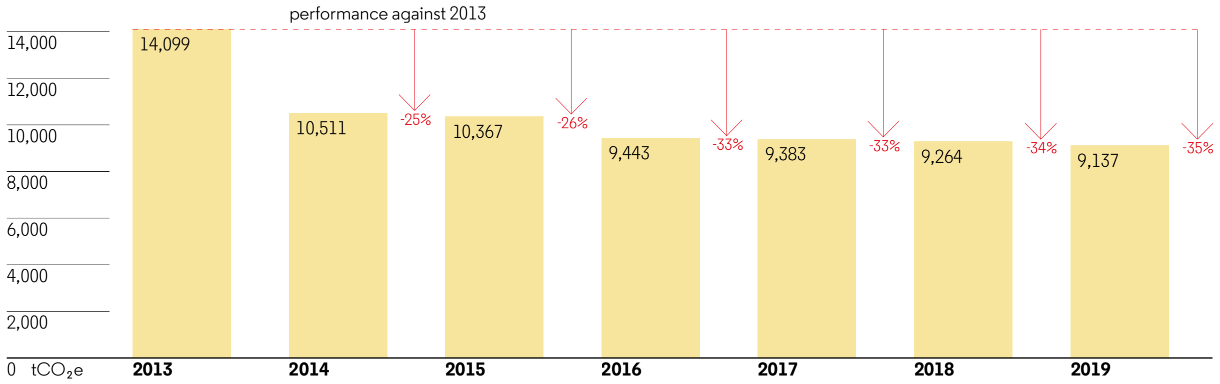
Table 1
Intensity metrics (managed portfolio Scope 1 + 2)

	2019	% change	2018
tCO_2e/£m gross property income (Scopes 1 + 2 only, including Scope 1 fugitive emissions)	44.30	13%	39.19
tCO_2e/m^2 (Scopes 1 + 2 only, including Scope 1 fugitive emissions)	0.018	-3%	0.019
Property portfolio at fair value (tCO_2e/£m)	0.72	6%	0.68

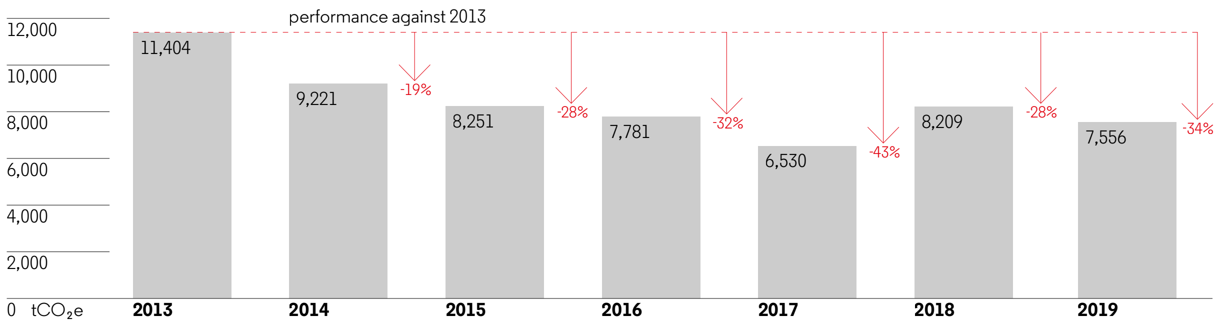
Table 2
Intensity metrics (like-for-like-portfolio Scope 1 + 2)

	2019	% change	2018
Total carbon emissions	6,197	-9%	6,841
Total floor area		356,280	
Intensity (tCO_2e / m^2)	0.017	-9%	0.019

Carbon performance since 2013 (landlord areas)
Managed portfolio GHG emissions (Scope 1–3) tCO_2e



Carbon performance since 2013 (landlord areas)
Like-for-like portfolio GHG emissions (Scope 1–3) tCO_2e



2018 dataset has been restated

Greenhouse Gas Emissions (GHGs)

Table 3
Managed portfolio including corporate based emissions (tCO_2e) (A)

		2019	% change	2018
Scope 1				
Energy use	Gas (total building)	4,067	4%	3,908
Travel	Fuel use in Derwent London company cars for business	18	-38%	29
Fugitive emissions	Refrigerant emissions (total building)	564	97%	286
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	2,925	-15%	3,458
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	569	11%	513
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	288	-15%	339
	Gas (total building)	529	-3%	543
Travel	Fuel use in Derwent London company cars for business	4	-40%	8
	Business air travel WTT (Landlord emissions)	3	-34%	5
	Business air travel (Landlord emissions)	28	-34%	43
Water	Water use (total building)	72	1%	71
Waste	Waste (total building)	68	10%	62
TOTAL Scope 1 + 2 + 3 (landlord only)		**3,837**	**-13%**	**4,394**
TOTAL Scope 1 + 2 + 3 (total building and landlord emissions)		**9,137**	**-1%**	**9,264**
Scope 3 downstream leased assets (tenant emissions) N		10,248	-6%	10,955
Total portfolio emissions Scope 1 + 2 + 3 (landlord and tenant emissions)		**19,386**	**-4%**	**20,219**
Scope 2 residual mix (market-based; landlord emissions)		0	-100%	4,478
Scope 2 renewable certified tariffs (landlord emissions)		0	0	0
Out of scope energy-use	Biomass use (total building)	21	-25%	28

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

Greenhouse Gas Emissions (GHGs)

Table 4
Like-for-like portfolio (buildings only) (tCO_2e) (A)

		2019	% change	2018
Scope 1				
Energy use	Gas (total building)	3,480	-5%	3,672
Fugitive emissions	Refrigerant emissions (total building)	74	-71%	257
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	2,644	-9%	2,912
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	515	19%	432
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	261	-13%	300
	Gas (total building)	453	-11%	510
Water	Water use (total building)	62	-2%	64
Waste	Waste (total building)	68	10%	62
Scope 3 downstream leased assets (tenant emissions)		**8,986**	**18%**	**7,598**
TOTAL Scope 1 + 2 + 3 (landlord only)		**3,419**	**-6%**	**3,644**
TOTAL Scope 1 + 2 + 3 (total building and landlord emissions)		**7,556**	**-8%**	**8,209**
Total portfolio emissions Scope 1 + 2 + 3 (landlord and tenant emissions)		**16,541**	**5%**	**15,808**
Scope 2 residual mix (market-based; landlord emissions)		0	0%	0
Scope 2 renewable certified tariffs (landlord emissions)		3,419	-6%	3,644
Out of scope energy-use	Biomass use (total building)	21	-25%	28

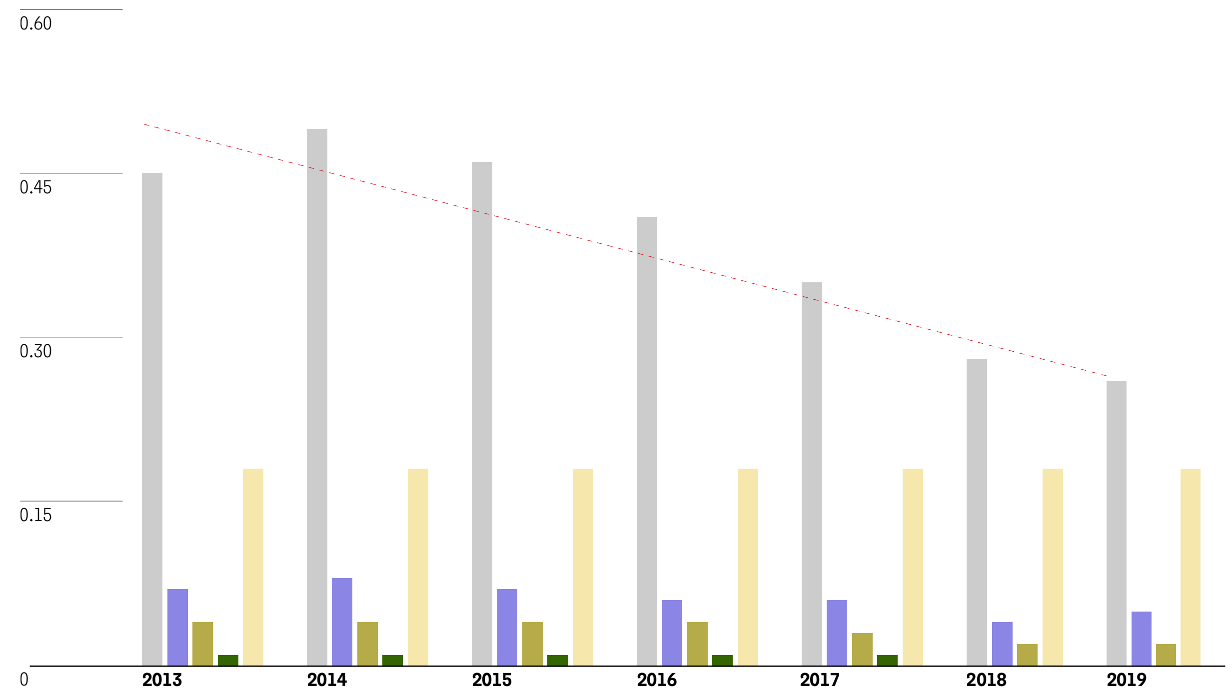
(A) This data has been independently assured by Deloitte LLP
2018 dataset has been restated

Carbon conversion factors

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

A new set of conversion factors are released every year by Defra and the graph reflects the changes.

Carbon conversion factors



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

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

Table 5
Energy use — Managed portfolio (A)

Electricity (landlord controlled areas)	2019	% change	2018
Number of buildings	42	-5%	44
Floor Area (m²)	103,279	-4%	107,521
Use (kWh)	11,510,515	-6%	12,302,615
Floor area (m²) for consumption intensity analysis	101,994	-1%	103,279
Use (kWh) for consumption intensity analysis	11,373,829	-4%	11,857,685
Intensity (kWh/m²)	112	-3%	115

Gas (total building)			
Number of buildings	40	14%	35
Floor Area (m²)	426,344	6%	401,141
Use (kWh)	22,122,575	4%	21,241,727
Floor area (m²) for consumption intensity analysis	426,344	11%	384,311
Use (kWh) for consumption intensity analysis	22,122,575	4%	21,241,727
Intensity (kWh/m²)	52	-6%	55

Biomass (total building)			
Number of buildings	1	0%	1
Floor Area (m²)	34,180	0%	34,180
Use (kWh)	561,600	-25%	753,600
Floor area (m²) for consumption intensity analysis	34,180	0%	34,180
Use (kWh) for consumption intensity analysis	561,600	-25%	753,600
Intensity (kWh/m²)	16	-25%	22

Total			
Number of buildings	46	5%	44
Floor Area (m²)	432,635	6%	406,249
Use (kWh)	34,194,689	0%	34,297,942
Floor area (m²) for consumption intensity analysis	402,351	4%	388,161
Use (kWh) for consumption intensity analysis	34,058,004	1%	33,853,012
Intensity (kWh/m²)	85	-3%	87
Tenant energy consumption	31,004,016	0%	31,056,140
Total (landlord and tenant) energy consumption	65,198,706	0%	65,354,082

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

Table 6
Energy use — Like-for-like portfolio (A)

Electricity (landlord controlled areas)	2019	% change	2018
Number of buildings	33	0%	33
Floor Area (m²)	91,530	0%	91,530
Use (kWh)	10,408,710	0%	10,374,073
Intensity (kWh/m²)	114	0%	113

Gas (total building)			
Number of buildings	29	0%	29
Floor Area (m²)	359,410	0%	359,410
Use (kWh)	18,926,656	-5%	19,959,646
Intensity (kWh/m²)	53	-5%	56

Biomass (total building)			
Number of buildings	1	0%	1
Floor Area (m²)	34,180	0%	34,180
Use (kWh)	561,600	-25%	753,600
Intensity (kWh/m²)	16	-25%	22

Total			
Number of buildings	35	0%	35
Floor Area (m²)	356,691	0%	356,691
Use (kWh)	29,896,966	-4%	31,087,319
Intensity (kWh/m²)	84	-4%	87
Tenant energy consumption	27,118,059	-7%	29,144,339
Total (landlord and tenant) energy consumption	**57,015,026**	**-5%**	**60,231,658**

(A)This data has been independently assured by Deloitte LLP
2018 dataset has been restated

Energy

Table 7
Energy use – Head office buildings (A)

	2019	% change	2018
Electricity (Derwent London occupied areas)			
Floor area all (m²)	2,152	0%	2,152
25 Savile Row DL occupied use (kWh)	80,124	-46%	148,103
161 Rosebery Avenue DL occupied use (kWh)	2,189	6%	2,069
Use (kWh)	82,313	-45%	150,172
Intensity (kWh/m²)	38	-45%	70
Gas (Derwent London occupied areas)			
Floor area all (m²)	2,152	0%	2,152
Use (kWh)	47,280	-36%	73,896
Intensity (kWh/m²)	22	-36%	34
Water (Derwent London occupied areas)			
25 Savile Row DL occupied use (m³)	2,092	0%	2,092
161 Rosebery Avenue DL occupied use (m³)	60	0%	60
Floor area (m²)	1,164	0%	1,164
25 Savile Row DL occupied use (m³)	622	45%	430
161 Rosebery Avenue DL occupied use (m³)	23	-34%	35
Floor area (m²)	2,152	0%	2,152
Use (m³)	645.15	39%	464.38
Intensity (m³/m²)	0.30	39%	0.22
Carbon (Derwent London occupied areas)			
Total indirect emissions (tCO_2e)	9	-36%	14
Total emissions (tCO_2e)	9	-36%	14
Total			
Floor area (m²)	2,152	0%	2,152
Use (kWh)	129,593	-42%	224,067
Intensity (kWh/m²)	60	-42%	104

(A) This data has been independently assured by Deloitte LLP
(B) Meter re-calibration was carried out in 2019, which lead to refactoring of the meter reads. 2018 figures do not represent actual usage.

Energy notes

Our portfolio energy consumption data consists of the following:

Electricity				
Head office buildings	**Properties with retail/ development consumption excluded from managed and like-for-like portfolio figures**	**Properties where meter readings were used in December 2018**	**Properties with pro-rated data**	**Photovoltaics (properties with solar panels)**
25 Savile Row W1 161 Rosebery Avenue EC1 (basement)	90 Whitfield Street W1 (retail) Middlesex House W1 (retail) 1–2 Stephen Street W1 (retail) Tea Building E1 (retail) Greencoat House SW1 (retail) 20 Farringdon Rd EC1 (retail) Holden House W1 (retail) The White Chapel Building E1 (retail) White Collar Factory EC1 (retail)	Welby House SW1 1 Oliver's Yard EC1 25 Savile Row W1 (Derwent London areas) 19–35 Baker St W1 88–94 Tottenham Court W1 Brunel Building W2 EC1	Buckley Building EC1 Prescot Street E1 Brunel Building W2	1 Oliver's Yard EC1 Angel Building EC1 90 Whitfield Street W1 White Collar Factory EC1

Consumption was calculated using comprehensive checks and sub-metering.

Gas			
Head office buildings	**Properties where meter readings were used in December 2019**	**Properties with pro-rated data**	
25 Savile Row W1 161 Rosebery Avenue EC1 (basement)	1–2 Stephen Street W1 Francis House SW1 6–8 Greencoat Place SW1 4 & 10 Pentonville Rd N1 The White Chapel Building E1 White Collar Factory EC1 19–35 Baker Street W1 88–94 Tottenham Court W1 Brunel Building W2	Buckley Building EC1 Prescott Street E1 Brunel Building W2	

Table 8
Water use — Managed portfolio (A)

Water (total building)	2019	% change	2018
Number of buildings	35	-5%	37
Floor area (m²)	420,741	7%	394,555
Mains water use (m³)	205,780	0%	206,188
Mains water use for intensity analysis (m³)	208,857	1%	206,188
Floor area for intensity analysis (m²)	420,741	7%	394,555
Rainwater use (m³)	1.25	-23%	1.62
Total (m³)	**205,781**	**0%**	**206,190**
% mains water use	100%	-	100%
% rain water use	0%	-	0%
Intensity (m³/m²)	0.50	-5%	0.52
Total (m³) (including retail consumption)	223,710	2%	218,903
Intensity (m³/m²)	0.53	-3%	0.55

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

Table 9
Water use — Like-for-like portfolio (A)

Water (total building)	2019	% change	2018
Number of buildings	27	0%	27
Floor area (m²)	355,138	0%	355,138
Mains water use (m³)	181,085	-2%	185,285
Rainwater use (m³)	1.25	-39%	2.04
Total (m³)	**181,086**	**-2%**	**185,287**
% mains water use	100%	-	100%
% rain water use	0%	-	0%
Intensity (m³/ m²)	0.51	-2%	0.52
Total (m³) (including retail consumption)	199,015	1%	197,554
Intensity (m³/m²)	0.56	1%	0.56

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

2018 dataset has been restated

Water			
Properties with retail/ development consumption excluded from managed and like-for-like portfolio figures	**Rainwater harvesting property**	**Properties where meter readings were used in December 2018**	**Pro rata**
Angel Building EC1 Oliver's Yard EC1 Tea Building E1 1–2 Stephen Street W1 20 Farringdon Rd EC1 Network Building W1 The White Chapel Building E1	Angel Building EC1	Angel Building EC1 1–3 Angel Square EC1 1–2 Stephen Street W1 Charlotte Building W1 3–8 Hardwick Street EC1 Henry Wood House W1 Holden House W1 Francis House SW1 Morelands EC1 6–8 Greencoat Place SW1 25 Savile Row W1 4 and 10 Pentonville Rd N1 43 Whitfield Street W1 20 Farringdon Road EC1 The White Chapel Building E1 White Collar Factory EC1 19–35 Baker Street W1 Brunel Building, W2	Buckley Building EC1 Prescot Street E1 Brunel Building W2

Consumption was calculated using comprehensive checks and sub-metering

Waste

Table 10
Waste generated — Managed portfolio (A)

Total waste (tonnes)	2019	% change	2018
Number of buildings	35	17%	30
Incineration (with energy recovery) (tonnes)	889	16%	768
Recycling (tonnes)	2,313	8%	2,141
Total (tonnes)	**3,202**	**10%**	**2,909**
Incineration (with energy recovery) (tonnes)	28%		26%
Recycling (tonnes)	72%		74%

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

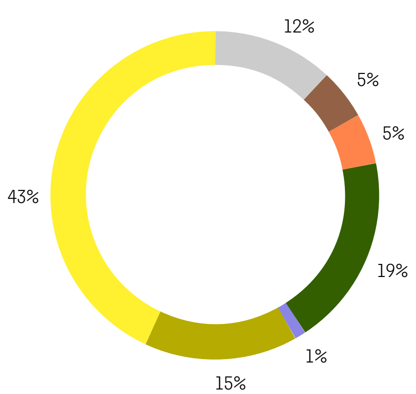
Table 11
Waste generated — Like-for-like portfolio (A)

Total waste (tonnes)	2019	% change	2018
Number of buildings	26	0%	26
Incineration (with energy recovery) (tonnes)	548	17%	470
Recycling (tonnes)	1,714	21%	1,422
Total (tonnes)	**2,261**	**20%**	**1,892**
Incineration (with energy recovery) (%)	24%		24%
Recycling (%)	76%		76%

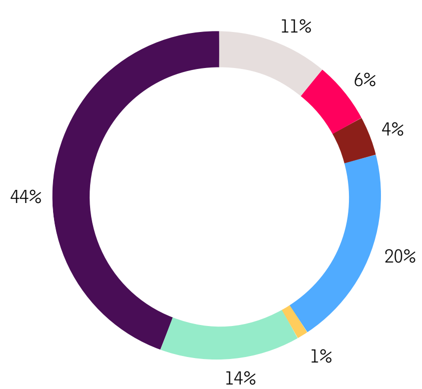
(A) This data has been independently assured by Deloitte LLP (excludes retail water usage)

Please note reinstatement has been carried out for the 2018 dataset

Waste generated %
Managed portfolio



Waste generated %
Like-for-like portfolio



Certifications and labelling

Table 12

BREEAM	Outstanding	Excellent	Very Good	Summary
Projects delivered*	3	4	11	
% of the portfolio ERV value	8%	13%	6%	28%
% of the managed portfolio with BREEAM Rating				38%
Total number of managed assets				**48**
Total assets with BREEAM certification				**18**

*We have sold the Buckley Building which held one BREEAM certificate.

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

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

Eco Homes			Excellent
Residential projects delivered			1

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

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

Table 13
EPC – Counts

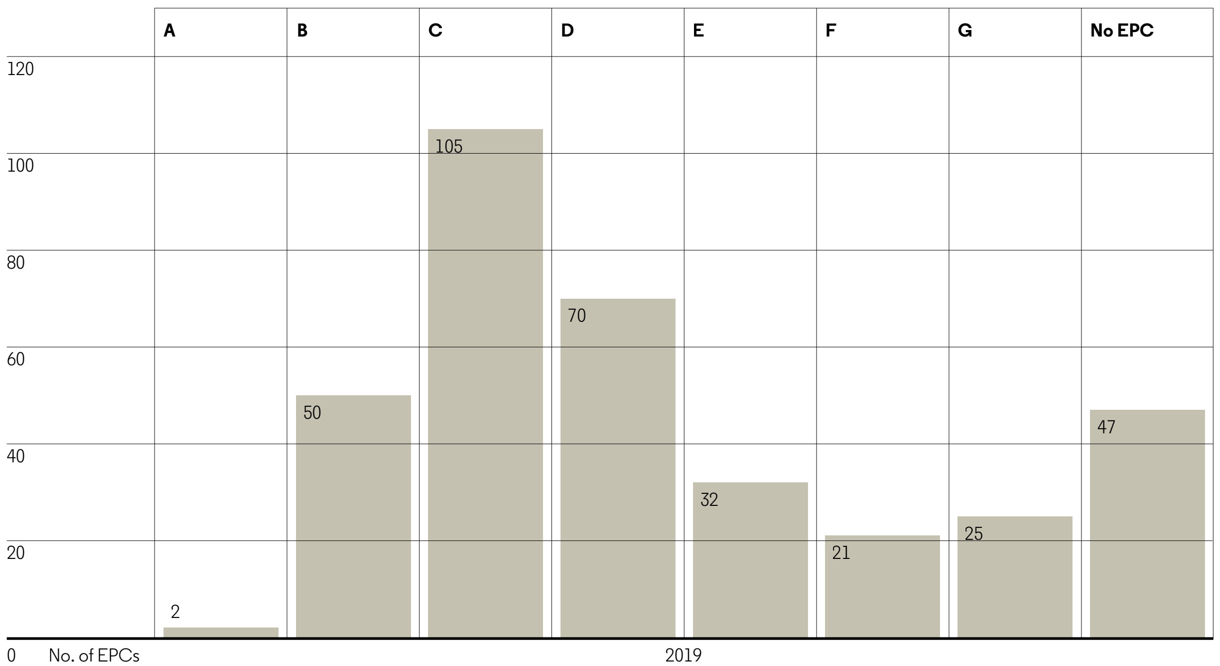
		Total A	Total B	Total C	Total D	Total E	Total F	Total G	No EPC	Total
2019	**Whole portfolio**	2	50	105	70	32	21	25	47	352
2019	**Managed portfolio**	2	46	80	48	24	10	9	9	228
2019	**Un-managed portfolio**	0	4	25	22	8	11	16	38	124

Table 14
EPC – ERV

		Total A	Total B	Total C	Total D	Total E	Total F	Total G	No EPC	Total
2019	**Whole portfolio**	6%	32%	19%	20%	10%	3%	3%	8%	100%
2019	**Managed portfolio**	6%	26%	18%	19%	7%	2%	2%	1%	81%
2019	**Un-managed portfolio**	0	7%	1%	1%	2%	1%	1%	7%	19%

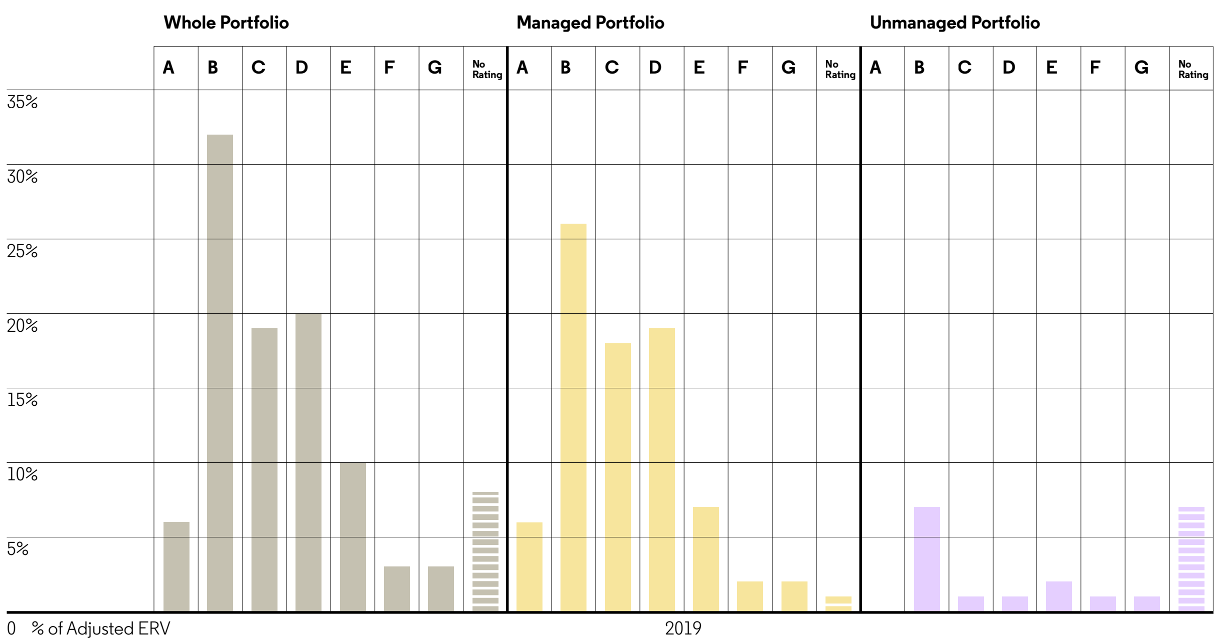
The No EPCs buildings are accounted separately to give a clear separation between the EPC rated vs un-rated EPC properties.

Number of EPC ratings



EPC – ERV

Fiscal Distribution of EPC rating by Estimated Rental Value, ERV



Health and Safety

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

1. **Our managed portfolio** – ensuring the safe operation and maintenance of our buildings
2. **People** – ensuring the safety of our employees, occupiers, visitors and those who work in our buildings
3. **Developments** – ensuring our projects are designed and delivered safely

Reporting period
Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2019.

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

	Managed portfolio*	People	Development
Includes	58 properties, 373,295 m² Office and residential Incidents occurring in landlord areas	Derwent London employees Occupiers, visitors and those working in our buildings in landlord areas only	Our large development projects and refurbishments which are notifiable to the Health and Safety Executive (HSE). Data reported relates to five sites: The White Chapel Building E1, The Johnson Building EC1, 80 Charlotte Street W1, Brunel Building W2 and Soho Place W1
Excludes	Incidents occurring within single let properties, occupier spaces and retail spaces which we do not have management control over.	Incidents occurring in occupier spaces	Small refurbishment works. Any incidents from these are captured under our managed portfolio reporting

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

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

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

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

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

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

Fatalities – Occupational activities resulting in death

Managed portfolio and people

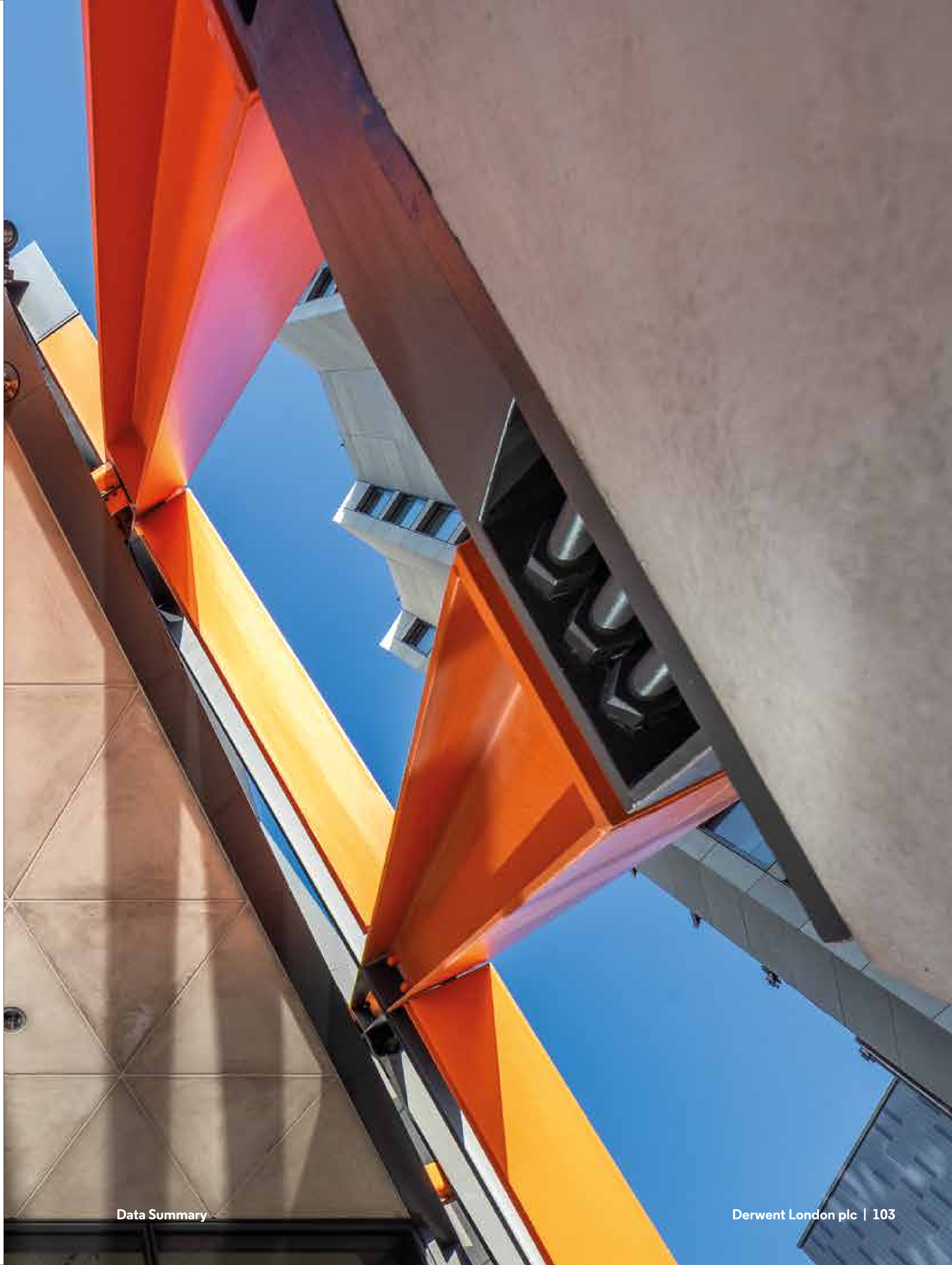
Scope
The reporting scope for our managed portfolio and people covers our managed properties, our employees, occupiers, all those that work in and around our buildings and members of the public. Likewise, it covers incidents occurring in landlord areas only.

Methodology
For our managed portfolio we use a specific health and safety data management system – QUOODA. Each property is required to submit all incident data into QUOODA. The incident data is captured by this system with the building manager responsible for ensuring it is populated with data at the required intervals. This system automatically collates and trends the data and allows for the collation of statutory documentation. Our Health and Safety team then review the output from QUOODA on a monthly basis and then report this through to the Health and Safety Committee and the Risk and Audit Committees on a monthly and quarterly basis respectively. Accident Frequency Rates (AFR) is calculated as (the number of accidents and/or RIDDORS × 100,000) / (number of person hours worked).

Developments

Scope
The reporting scope for our developments covers our large development projects and refurbishments which are notifiable to the HSE.

Methodology
For our development sites we employ CDM compliance consultants who monitor all our sites for compliance and collate all the required health and safety data from our principal contractors. This information is then compiled into a monthly report which is sent to our Health and Safety team who then review the data. This is then sent through to the Health and Safety Committee and the Risk and Audit Committees on a monthly and quarterly basis respectively. The AFR is calculated as above.



Environmental & H&S assurance statement





Top row:
Katherine Lampen
Alex Bexon
Simon Adcock

Bottom, row:
Kim Van Lieshout
Beth Hawkings

Independent assurance statement by Deloitte LLP to Derwent London plc on key environmental and health and safety indicators included within the Responsibility Report 2019 ("the Report")

What we looked at: scope of our work
Derwent London plc engaged us to perform reasonable assurance procedures for the year ended 31 December 2019 on the following subject matters:

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

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

— Electricity per square metre across managed portfolio (kWh/m^2)
— Electricity per square metre across like-for-like managed portfolio (kWh/m^2)
— Electricity use across managed portfolio (kWh)
— Electricity use across like-for-like managed portfolio (kWh)
— Gas use per square metre across managed portfolio (kWh/m^2)
— Gas use per square metre across like-for-like managed portfolio (kWh/m2)
— Gas use across managed portfolio (kWh)
— Gas use across like-for-like managed portfolio (kWh)

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

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

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

Progress against targets (2019 performance against 2013 baseline):

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

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

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

The evaluation criteria used for our assurance are the definitions as described by Derwent London plc which can be found at http://www.derwentlondon.com/sustainability/performance.

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

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

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

To form our conclusions, our Sustainability procedures comprised:

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

What we did: our key health and safety assurance procedures
To form our conclusions, our key health and safety procedures comprised:

— interviewing management at the Company's head office, including the health and safety team and those with operational responsibility for health and safety performance. They will also include interviewing on-site health and safety leads and a selection of employees at a sample of live construction sites and managed sites (see below);
— interviewing staff at Derwent London plc's health and safety consultants, ORSA, with responsibility for collection and assurance of the health and safety data;
— visiting a sample (up to 10) of Derwent London's sites to understand and review data collection processes and to verify the accuracy of source evidence collected on site (where possible, site visits will be combined with those selected for the environmental assurance procedures);
— reviewing and evaluating the criteria for measurement and reporting of each indicator as set out in the Basis of Reporting;
— understanding, analysing and testing on a sample basis the key structures, systems, processes, procedures and controls relating to the aggregation, validation and reporting of the health and safety performance data set out above; and
— reviewing the content of the Reports against the findings of our work and making recommendations for improvement where necessary.

Responsibilities of directors and independent assurance provider

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

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

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

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

Deloitte LLP
London, United Kingdom
17 February 2020

EPRA reporting

Set out below is a comprehensive breakdown of our full alignment with the EPRA best practice recommendations on sustainability reporting. We have also listed our performance measures data in our Annual Report and Accounts on page 235.

Environmental sustainability performance measures

Elec-Abs (total electricity consumption) (annual kWh)[1]
11,510,515 – shown in Table 5– Energy use across our total managed portfolio (landlord controlled areas), page 92

Elec-LfL (like-for-like total electricity consumption) (annual kWh)
10,408,710 – shown in Table 6 – Energy use across our like-for-like portfolio (landlord-controlled areas), page 93

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)
22,684,175 – shown in Table 5 – Energy use across our total managed portfolio (landlord-controlled areas) [a total of gas and biomass consumption], page 92

Fuels-LfL (like-for-like total fuel consumption) (annual kWh)*
19,488,256 – shown in Table 6 – Energy use across our total managed portfolio (landlord-controlled areas) [a total of gas and biomass consumption], page 93

Energy-Int (building energy intensity) (kWh per m^2)
84.65 – shown in Table 5 – Energy use across our total managed portfolio (landlord-controlled areas), page 92

GHG-Dir-Abs (total direct greenhouse gas emissions) (annual metric tonnes CO_2e)
4,650 – shown in Table 3 – Total managed portfolio emissions (landlord influenced portfolio emissions) [a total of Scope 1 emissions], page 89

GHG-Indir-Abs (total indirect greenhouse gas emissions) (annual metric tonnes CO_2e)
2,925 – shown in Table 3 – Total managed portfolio emissions (landlord influenced portfolio emissions) [Scope 2 energy-use], page 89

GHG-Dir-LfL (like-for-like direct greenhouse gas emissions) (annual metric tonnes CO_2e)
3,554 – shown in Table 4 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) [Scope 1 energy-use], page 90

GHG-Indir-LfL (like-for-like indirect greenhouse gas emissions) (annual metric tonnes CO_2e)
2,664 – shown in Table 4 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) (Scope 2 energy-use), page 90

GHG-Int (greenhouse gas intensity from building energy consumption) ($tCO_2e/m^2/year$)[2]
0.017 – shown in Table 2 – Intensity (Scopes 1 & 2) per m2/£m turnover/fair market value (reported in tCO_2e/m^2), page 88

Water-Abs (total water consumption) (annual m^3)
205,781 – shown in Table 8 – Water use across our total managed portfolio (excluding retail consumption), page 96

Water-LfL (like-for-like total water consumption) (annual m^3)
181,086 – shown in Table 9 – Water use across our like-for-like portfolio (excluding retail consumption), page 96

Water-Int (building water intensity) ($m^3/m^2/year$)
0.50 – shown in Table 8 – Water use across our total managed portfolio (excluding retail consumption), page 96

Waste-Abs (total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)
3,202 total weight. 2,313 recycled (72%), 889 incinerated (28%) (with energy recovery), 0 to landfill (0%)
(all non-hazardous) – shown in Table 10 – Waste generated across our total managed portfolio, page 98

Waste-LfL (like-for-like total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)
2,261 total weight. 1,714 recycled (76%), 548 incinerated (24%) (with energy recovery), 0 to landfill (0%)
(all non-hazardous) – shown in Table 11 – Waste generated across our like-for-like portfolio, page 98

Cert-Tot (type and number of sustainability certified assets) (total number by certification/rating/labelling scheme) – shown on page 99

Social Performance Measures

Diversity-Emp Employee gender diversity (% of employees) – please see our 2019 Annual Report and Accounts page 121

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

Emp-Training Employees training and development (average hours) – please see our 2019 Annual Report and Accounts page 84

Emp-Dec Employee performance appraisals (% of employees) – please see page 49

Emp-Turnover New hires and turnover (total number and rate) – please see our 2019 Annual Report and Accounts page 84

H&S-Emp Employee H&S (injury rate, absentee rate and no. of work-related fatalities) – please see our 2019 Annual Report and Accounts pages 86–87

H&S-Asset Asset health and safety assessments (% of assets) – please see our 2019 Annual Report and Accounts pages 86–87

H&S-Comp Asset health and safety compliance (no. of incidents) – please see our 2019 Annual Report and Accounts pages 86–87

Comty-Eng Community engagement, impact assessments and development programmes (% of assets) – please see pages 42–47 (community section)

Governance Performance Measures

Gov-Board Composition of the highest governance body (total no.) – please see our 2019 Annual Report and Accounts pages 98, 99, 111, 117 and 119

Gov-Selec Process for nominating and selecting the highest governance body (narrative on process) – please see our 2019 Annual Report and Accounts pages 111 and 117 to 118

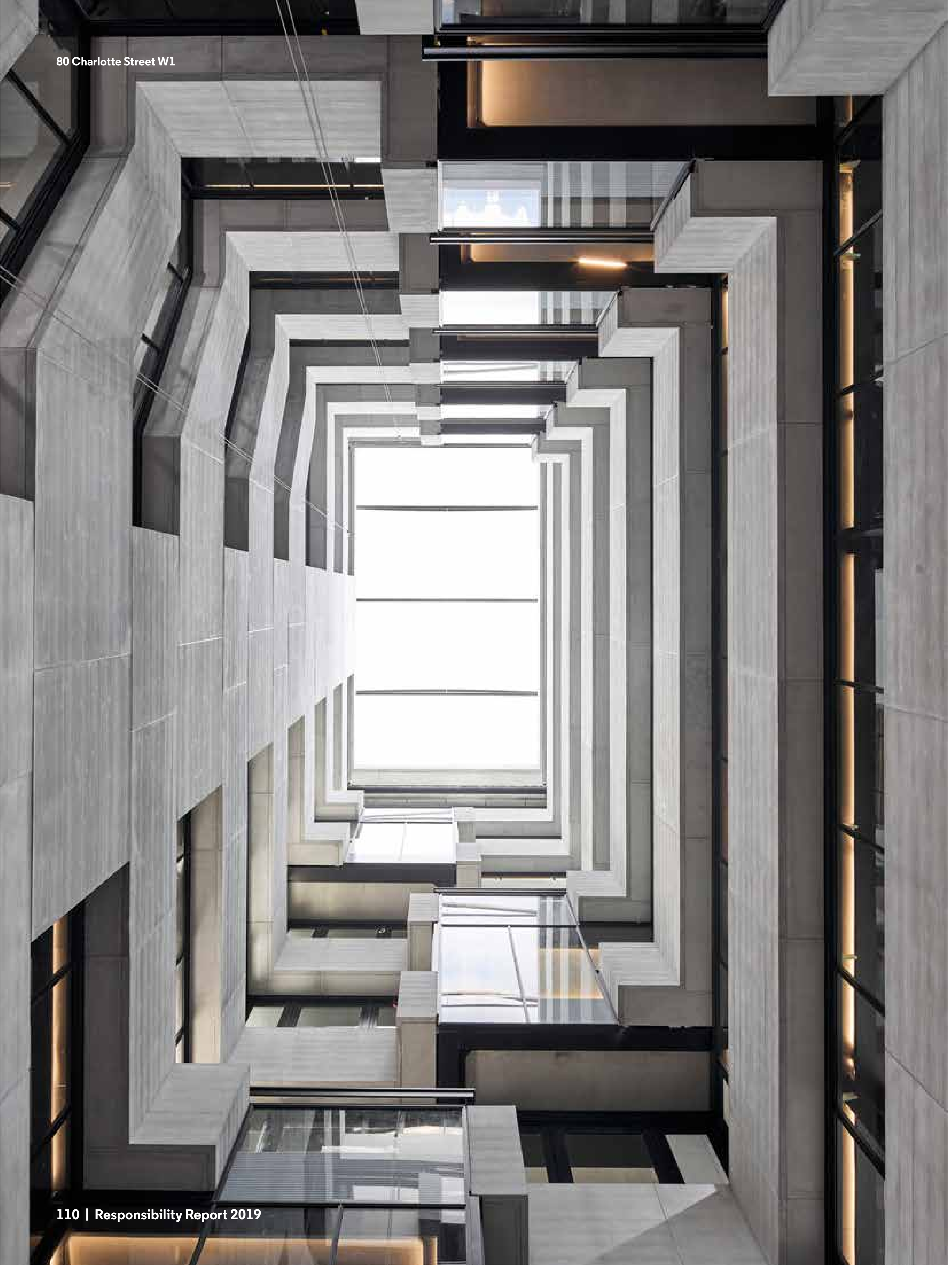
Gov-Col Process for managing conflicts of interest (narrative on process) – please see our 2019 Annual Report and Accounts page 110

Overarching recommendations

5.1 Organisational boundaries
This is explained in the Reporting boundary section, see page 79
5.2 Coverage
Please see our reporting scope on page 83 for a full breakdown of our various reporting scopes and subsequent coverage.
5.3 Estimation of landlord-obtained utility consumption
None of our data presented above is estimated, except where a property exited or came into the portfolio during the year, where we pro-rata the data to annualise the consumption as part of our intensity portfolio reporting to ensure fair representation. We have stated which properties this affects and against which utility type. Please see our reporting scope sections on pages 79, 96–97 for our approach to data pro-rating.
5.4 Third Party Assurance
We undertake assurance on our resource efficiency data in accordance with ISAE3000 to a reasonable level. A public assurance statement from our auditors Deloitte LLP can be found on pages 104–105.
5.5 Boundaries – reporting on landlord and tenant consumption
We report both landlord and tenant derived consumption for electricity and subsequently carbon, which is clearly shown in each relevant section of our data report. We report gas, biomass (energy) and water consumption on a whole building basis. Please see our reporting boundary section on page 79.
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 tCO_2e/£m turnover and tCO_2e/fair market value to our carbon reporting for additional performance context.
5.7 Analysis – Segmental analysis (by property type, geography)
All our reporting portfolios (total managed, like-for-like and intensity) report on the one typology – commercial office space, which is all located in central London. As a result, it is not possible to compare location and typology (segmentation) within our portfolio to establish geo-spatial differences across varying property types. Please see the Scope section on page 85 for confirmation of the basis of our reporting.
5.8 Disclosure on own offices
Please see Table 7 on page 94 for a breakdown of the energy use at our head office buildings.
5.9 Narrative on performance
Please see our performance summary on page 125. Likewise, we provide commentary on the shifts in our carbon footprint in our carbon footprint section, see page 64.
5.10 Location of EPRA sustainability performance measures in companies' reports
We provide a dedicated section in our 2019 Annual Report and Accounts on sustainability (page 235), which also includes a full summary of our carbon footprint and headline performance and data results. This annual responsibility report then provides a detailed review of our sustainability work, performance and resource efficiency data. Moreover, we have developed this section of the report to enable our stakeholders to easily access the best practice aspects set out in the EPRA recommendations document.

Other issues to consider

6.1 Materiality
The results of our materiality assessment/review are shown in the 'Materiality' section of this report on page 12.
6.2 Emerging indicator – return on carbon emissions (ROCE)
We report two sets of financially orientated carbon intensity measures – tCO_2e/£m turnover and tCO_2e/fair market value. These are presented in table 3 on page 89.
6.3 Socio-economic indicators related to sustainability performance
We have mandated a performance measure to undertake socio-economic assessments of our new developments 12 months after full occupation. Moreover, we are the only UK based REIT that operates its own self-funded Community Fund – details are provided in the community section of this report, please see pages 42–47.
6.4 Transport
We have measured our employee commuting carbon and have found it to be de minimus i.e. <5% of our total footprint, therefore we have not included it in our Scope 3 carbon reporting. However, we will continue to monitor it.
We do not yet measure and report the emissions associated with employee tenants travelling to and from our properties.
6.5 Refrigerant gases
We report fugitive emissions from our managed air conditioning and chilling equipment as part of our Scope 1 carbon figures. To see our emissions footprint please see table 3 on page 89 for more details.



80 Charlotte Street W1

GRI reporting

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

General Standard Disclosures

GRI Indicator		Location	Omission	Comments
Organisational profile				
GRI 102: General Disclosures 2018	**102-1 Report the name of the organisation**	Front/back cover ARA – front/back cover		
GRI 102: General Disclosures 2018	**102-2 Report the primary brands, products, and services**	ARA – pages 14–17		
GRI 102: General Disclosures 2018	**102-3 Report the location of the organisation's headquarters**	Back cover ARA – front/back cover		
GRI 102: General Disclosures 2018	**102-4 Report the number of countries where the organisation operates**	ARA – page 1		Our business is focused on central London commercial office space, together with our Strathkelvin retail park (the only property of this type we own) which is located in the suburbs of Glasgow, Scotland.
GRI 102: General Disclosures 2018	**102-5 Report the nature of ownership and legal form**	ARA – page 1		
GRI 102: General Disclosures 2018	**102-6 Report the markets served**	ARA – page 1		
GRI 102: General Disclosures 2018	**102-7 Report the scale of the organisation**	ARA – pages 6–7, 13, 237–238		
GRI 102: General Disclosures 2018	**102-8 Report total workforce by employment type, employment contract, and region, broken down by gender**	ARA – page 121	Employee figures not broken down by contract type	
GRI 102: General Disclosures 2018	**102-9 Describe the organisations supply chain**	ARA – pages 90–91		

GRI Indicator		Location	Omission	Comments
GRI 102: General Disclosures 2018	**102-10 Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain**	ARA – pages 9–11		Paul Williams took over as CEO in May 2019 from John Burns who is now Chairman.
GRI 102: General Disclosures 2018	**102-11 Report whether and how the precautionary approach or principle is addressed by the organisation**	ARA – pages 128–129		
GRI 102: General Disclosures 2018	**102-12 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses**	Page 5		
GRI 102: General Disclosures 2018	**102-13 List memberships of associations (such as industry associations)**	Page 5 ARA – back page		
Strategy and analysis				
GRI 102: General Disclosures 2018	**102-14 Statement from the most senior decision-maker in the organisation**	ARA – chairman's statement, page 9 ARA – CEO statement page 8		
Ethics and integrity				
GRI 102: General Disclosures 2018	**102-16 Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics**	ARA – page 20		
Governance				
GRI 103: Management Approach 2018	**102-18 Governance structure of the organisation, including committees of the highest governance body responsible for decision-making on economic, environmental and social topics**	ARA – page 97		

GRI Indicator		Location	Omission	Comments
Stakeholder engagement				
GRI 102: General Disclosures 2018	**102-40 Provide a list of stakeholder groups engaged by the organisation**	Pages 12–13 ARA – pages 18–19		Our key stakeholder groups: Occupiers Employees Local communities Suppliers Central and local government Debt providers Shareholders
GRI 102: General Disclosures 2018	**102-41 Report the percentage of total employees covered by collective bargaining agreements**	N/a		There are no collective bargaining agreements within our business; however, employees are free to join a trade union should they wish.
GRI 102: General Disclosures 2018	**102-42 Report the basis for identification and selection of stakeholders with whom to engage**	Pages 12–13		
GRI 102: General Disclosures 2018	**102-43 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group**	ARA – pages 18–19, 84–85,88–89 WEB Communities: www.derwentlondon.com/responsibility/social/communities Suppliers: www.derwentlondon.com/uploads/downloads/Derwent_London_Supply_Chain_Standards_-2016.pdf		
GRI 102: General Disclosures 2018	**102-44 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting**	Pages 12–13 (matrix)		Via our latest materiality assessment, we were able to ascertain those core issues pertinent to our business and those of our stakeholders

GRI Indicator		Location	Omission	Comments
Reporting Practices				
GRI 102: General Disclosures 2018	**102-45 List of entities included in the organisation's consolidated financial statements or equivalent documents**	ARA – pages 237–238		
GRI 102: General Disclosures 2018	**102-46 Process for defining report content**	Pages 12–13		
GRI 102: General Disclosures 2018	**102-47 List of material topics identified in the process for defining report content**	Pages 12–13		
GRI 103: Management Approach 2018	**103-1 Explanation of the material topic and its boundaries**	See Specific Standards Disclosure table below		
GRI 103: Management Approach 2018	**103-1 b, c Explanation of the material topic and its boundaries**	See Specific Standards Disclosure table below		
GRI 102: General Disclosures 2018	**102-48 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements**	Page 84		Our methodology for determining the like-for-like portfolio has been adjusted to increase the comparability of year-on-year reporting.
GRI 102: General Disclosures 2018	**102-49 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries**	Page 84		As above.
GRI 102: General Disclosures 2018	**102-50 Reporting period**	Page 9		
GRI 102: General Disclosures 2018	**102-51 Date of most recent previous report**			2019 Annual Responsibility Report – published April 2020
GRI 102: General Disclosures 2018	**102-52 Reporting cycle**	Front cover Page 9		Annual, in line with our annual report and accounts.
GRI 102: General Disclosures 2018	**102-53 Provide the contact point for questions regarding the report or its contents**	WEB Sustainability contact: www.derwentlondon.com/responsibility		John Davies, Head of Sustainability +44 (020) 7659 3000 sustainability@derwentlondon.com
GRI 102: General Disclosures 2018	**102-54 Claims of reporting in accordance with the GRI standards**	Page 9		
GRI 102: General Disclosures 2018	**102-55 GRI content index**	Page 111		
GRI 102: General Disclosures 2018	**102-56 External assurance report, statements or opinions**	Page 104–105 ARA – pages 90–91, 127		

Specific Standards Disclosure

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 CO_2 emissions. As such our stakeholders expect us to take a proactive stance to minimise our consumption, reduce costs and ensure our buildings are operating efficiently.
What we do
We have put into place a series of management tools and interventions across our development pipeline and managed portfolio as part of our energy management programme. This has seen us significantly reduce our like-for-like energy consumption, underpinned by performance reduction targets.

Aspect boundaries

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

GRI Indicator		Location	Comments
302-1	**Energy consumption within the organisation**	Page 86	
302-3	**Energy intensity**	Page 87	
302-4	**Reduction of energy consumption**	Page 35	

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 SECR and ESOS. Our stakeholders therefore 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):	External (outside):
Sustainability Team Property Management Teams Development Team	UK Government and policy makers Our tenants (customers) Our design and engineering/FM maintenance supply chains

GRI Indicator		Location	Comments
305-1	**Direct greenhouse gas (GHG) emissions (Scope 1)**	Page 64	
305-2	**Energy indirect greenhouse gas (GHG) emissions (Scope 2)**	Page 64	
305-3	**Other indirect greenhouse gas (GHG) emissions (Scope 3)**	Page 65	

Water

DMA

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

Aspect boundaries

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

GRI Indicator		Location	Comments
303-1	**Total water withdrawal by source**	Page 96	

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 a construction perspective. Both operations generate significant amounts of waste.
What we do
We have a long-standing requirement to ensure we send zero waste to landfill from our managed properties. Likewise, we have set a stretching recycling target aiming to achieve a 75% recycling rate which we have achieved for the like-for-like portfolio. Moreover, we have a 90% diversion from landfill minimum target for our construction projects, we are currently achieving a 99% diversion rate.

Aspect boundaries

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

GRI Indicator		Location	Comments
306-2	**Total weight of waste by type and disposal method**	Page 98	

Community investment and engagement

DMA

Why is it material?
Looking beyond the bricks and mortar of our buildings we are committed to supporting the communities in which we operate. It is important that we understand and address the impacts our business has on our community stakeholders such that we can enable positive value creation and ensure our stakeholders can benefit from our activities.
What we do
In addition to public consultation events for potential development proposals we also operate a unique Community Fund which has invested over £665,000 to date in various grass roots projects and initiatives. Moreover, we also actively monitor the impact of our new developments by undertaking socio-economic assessments 12 months after full occupation.

Aspect boundaries

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

GRI Indicator		Location	Comments
431-1	**Percentage of projects with local community engagement initiatives above and beyond those required during planning as stipulated by local authority regulations**	Page 42 WEB – Community and Community Fund www.derwentlondon.com/community-fund	We go beyond the statutory local authority requirements for community consultation during the planning phase of a major development. Our community work involves not only our Community Fund we manage in-house and on which we engage directly with community stakeholders to distribute funds and garner feedback, but we also measure the socio-economic impacts of our new developments to ascertain their success in the community and how we can learn lessons for our future projects. 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.

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 and have a dedicated in-house health and safety team that ensures both our operations and those of our supply chains are fit for purpose and robust.

Aspect boundaries

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

GRI Indicator		Location	Comments
403-2	**Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender**	ARA – page 56	Figures not reported by gender.

Employees' engagement

DMA

Why is it material?
In addition to the various regulatory instruments e.g. Companies Act 2006, the development and engagement of our employees is a key part of our culture as it enables us to attract and retain a diverse range of the most talented people in the property industry. This in turn helps to ensure the long-term growth and success of our business, so remains an important focus for us.
What we do
We ensure our employees are supported to develop and grow within their roles and respective disciplines. We have a biannual review process in place with tailored personal development and training identified as part of the process. Moreover, we have a comprehensive reward and recognition structure which ensures employees are recognised for their efforts.

Aspect boundaries

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

GRI Indicator		Location	Comments
401-1	**Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation**	ARA – pages 84–85	

Employees' development

GRI Indicator		Location	Comments
404-3	**Percentage of employees receiving regular performance and career development reviews, by gender and by employee category**	Page 49	100% of our employees receive regular performance reviews.

Employees' diversity

GRI Indicator		Location	Comments
405-1	**Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity**	ARA – pages 119–121	

Anti-corruption

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

Aspect boundaries

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

GRI Indicator		Location	Comments
205-2	**Communication and training on anti-corruption policies and procedures**	ARA – page 134	

Customer engagement

DMA

Why is it material?
Our business is underpinned by our close relationships with our occupiers. Only by understanding their needs, being flexible and providing the kind of spaces they wish to occupy can our business continue to thrive.
What we do
The relationship we have with our occupiers is one of the key factors for the strong demand for our space and resultant low void rates. Frequent communication is key to ensure we meet all their expectations and understand their current and future needs.

Aspect boundaries

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

GRI Indicator		Location	Comments
102-2	**Results of surveys measuring customer satisfaction**	WEB – 2013 Annual Sustainability Report, page 24 www.derwentlondon.com/assets/uploads/general/Derwent London_Sustainability Report_2013.pdf	

Marketing and labelling

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 efficient; likewise our design approach advocates lean specification. Where we do introduce new materials and systems, we ensure, through our project sustainability plans, that recycled content and embodied carbon is measured, reduced and monitored. Likewise, where we are specifying materials, we ensure that they are responsibly sourced e.g. timber.

Aspect boundaries

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

GRI Indicator		Location	Comments
417-1	**Type of product and service information required by the organisation's procedures**	Page 127	We actively target the procurement of responsibly sourced timber, stipulating our timber must come from either FSC or PEFC sources. Our latest progress against this target is published in this report in our summary of our performance against our targets on page 97.

Supplier engagement

DMA

Why is it material?
We are a relatively small organisation which operates an outsourced business model for the design, delivery and maintenance of our buildings and spaces. As a result, we work very closely with our supply chains to ensure we achieve the standards we expect e.g. meeting the Living Wage Standard or procuring materials responsibly. If we did not do this, it would impact on our ability to deliver the kinds of spaces our tenants expect from us and therefore our reputation and returns to investors.
What we do
Our close relationship with our various supply chains enables us to deliver market leading spaces. To ensure we communicate effectively our standards and aspirations – be they environmental, ethical or financial – we use a range of tools such as contract clauses, briefings, sustainability plans, and our Supply Chain Sustainability Standard to ensure we are clear on our expectations with our supply chains.

Aspect boundaries

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

GRI Indicator		Location	Comments
Custom Indicator	**Total number and percentage of engineering maintenance contractor contracts that include clauses regarding the monitoring and progress of sustainability KPIs**	Page 62 ARA – page 138	We believe it is more important to evaluate actual supplier performance than to simply screen suppliers' compliance against a given parameter during the tendering process e.g. having an environmental policy in place. We have set ourselves a target to create and implement a series of sustainability KPIs for our engineering maintenance contracts. These KPIs focus on requiring our service providers to track utility performance and efficiency and identify new and innovative practice to help run our properties as efficiently as possible. Performance against these is tracked by our in-house Property Management Team who review our contractors' performance on a six-monthly basis. By creating this custom indicator, it allows us to demonstrate more effectively how we manage and incentivise our engineering maintenance contractors from a sustainability perspective.

Non-discrimination

DMA

Why is it material?
Human rights 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, we, like our stakeholders, want to ensure that we are not having any negative impacts on the human rights of our employees, customers or supply chains.
What we do
We closely monitor our activities and those of our supply chains to ensure our activities are neither impacting on human rights nor discriminatory. We use our Supply Chain Sustainability Standard to communicate our position on human rights and to monitor compliance against it.

Aspect boundaries

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

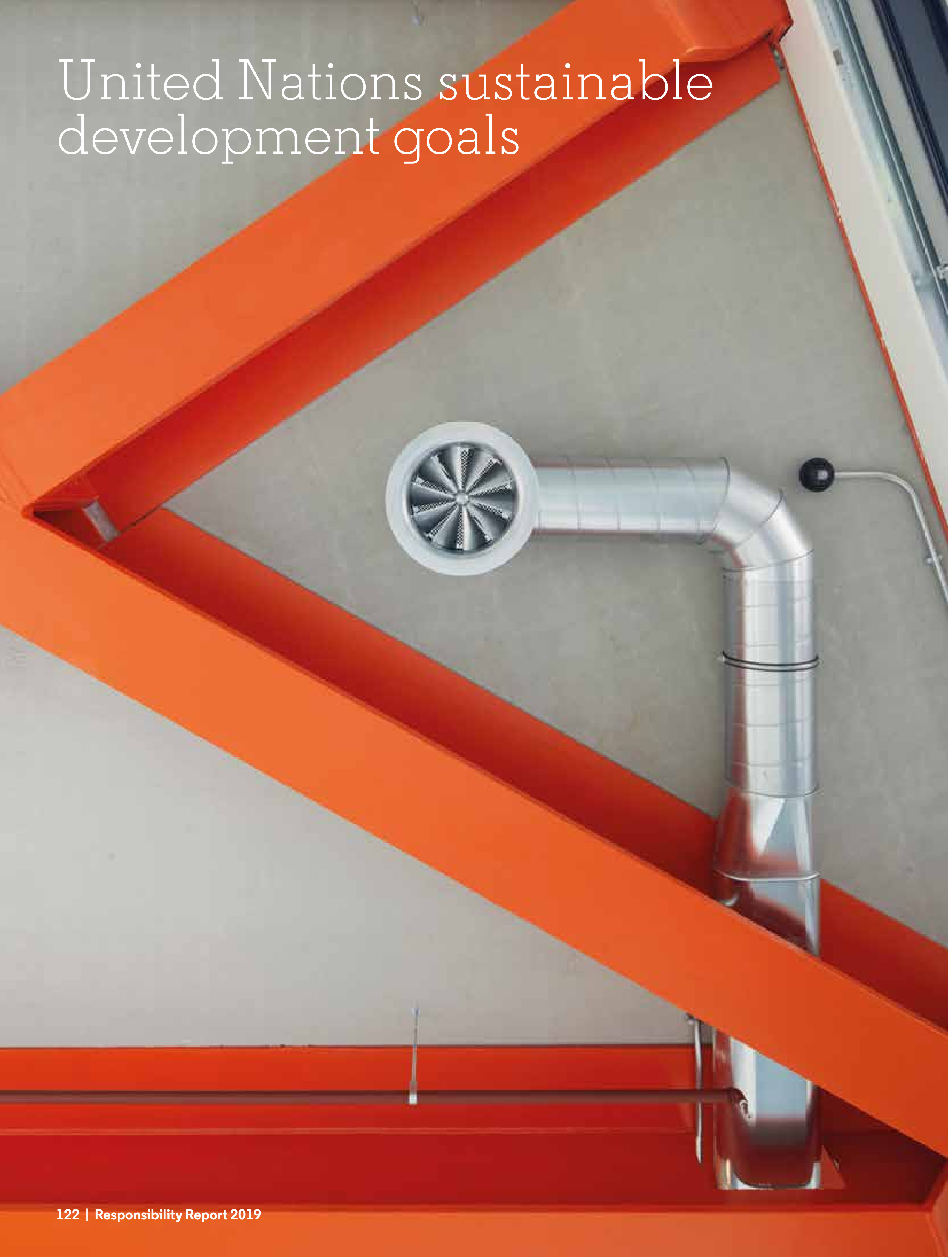
GRI Indicator		Location	Comments
406-1	**Total number of incidents of discrimination and corrective actions taken**	ARA – page 134, 137–138	There are no incidents to report

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

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

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

United Nations sustainable development goals



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

Every year we review the SDGs against our strategy and business activities to understand how they align and the level of significance of that alignment. During this exercise it shows we align with most of the goals; however, the level of that alignment is not significant or the level of influence indirect. As a result, we set out below the goals with which we believe we have the most direct alignment and contribution to make towards, these are:

Goal 4: Quality education – as part of our Community Fund we invest in a wide range of grass roots projects and initiatives designed to support youth and adult education and skills training – both technical and vocational.
Progress: please see the 'creating value in the community' section of this report for the level of our community investment and the educational projects we have supported.

Goal 5: Gender equality – beyond any legislative requirement we are active in ensuring meaningful gender equality in our business. Whether that is making sure our business structure is representative or making sure our suppliers have the same policies and approaches in their businesses.
Progress: please see our annual report and accounts page 121 which sets out our approach to gender diversity, our current balance and the actions taken during the year to promote a better balance.

Goal 7: Affordable and clean energy – in setting our science-based carbon targets we have committed to reducing our carbon and energy intensity, and during 2019 made the commitment to becoming a net zero carbon business by 2030. As part of this we have committed to purchasing 100% renewable energy and we are already purchasing 100% REGO-certified electricity which supplies all our managed properties and where appropriate incorporate on-site renewable energy generation and low carbon technologies in our buildings.
Progress: please see the net zero carbon section of this report which highlights our renewed ambition to becoming a net zero carbon business by 2030 and whilst doing so committing further to the procurement of clean energy.

Goal 11: Sustainable cities and communities – as our business is focused on central London, we ensure our buildings are climate-resilient and maximise the use of local material. Likewise, we actively promote the inclusion of public spaces in and around our buildings and ensure they are fully accessible to those with disabilities. In addition, we are part of the Mayor of London's Business Climate Leaders Group which was set up to help London become a zero carbon city by 2050.
Progress: please see the Mayor's business leaders group section of this report for a summary of the work we have been doing with this group and how we have been supporting the Mayor of London in delivery his objectives for London.

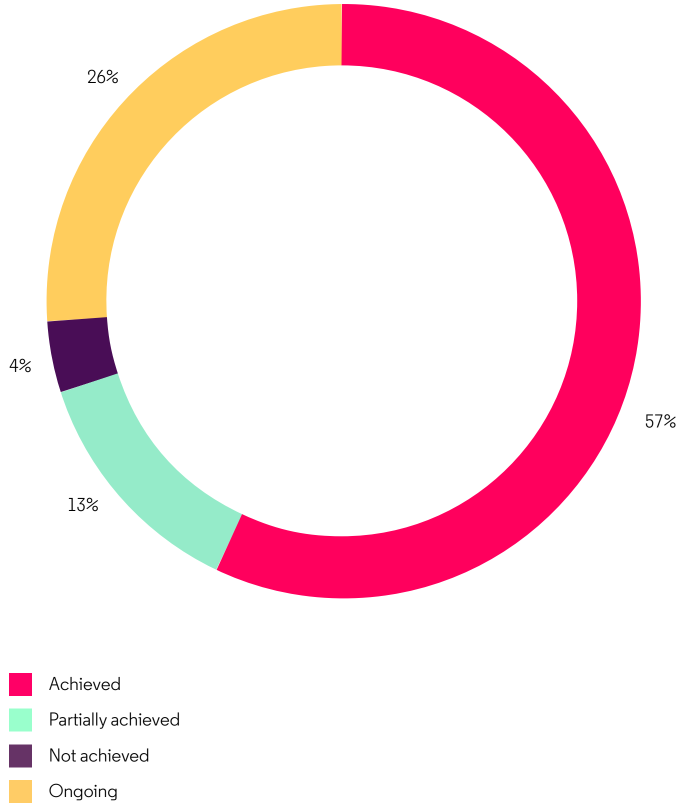
Goal 12: Responsible consumption and production – we set performance requirements in our development projects which focus on the efficient use of natural resources, life cycle efficiency and high levels of waste recycling. This is reflected in the management of our buildings where we met our targets of 75% recycling and sending zero waste to landfill.
Progress: please see the design and delivering buildings responsibly and the data section of this report for some of the achievements we have made in terms of resource efficiency and achieving better levels of waste recycling.

Goal 13: Climate action – as mentioned earlier we have set science-based carbon targets which are set to a 2°C reduction scenario. This means we are committed to reducing our carbon emissions and making sure our portfolio is climate resilient. However, as part of our refreshed ambition to become net zero by 2030 we will be rebasing our targets to a 1.5°C climate warming scenario.
Progress: please see the net zero carbon section of this report which highlights our renewed ambition to becoming a net zero carbon business by 2030, likewise our TCFD disclosure on how we are dealing with climate related risk.

Our performance

In 2019, we achieved 57% of our targets and 26% remain ongoing. As can be seen we did not achieve 4% of our targets and these relate to two targets which focus on our water consumption. Within our target suite for 2020 we will be addressing this to ensure we improve our water conservation efforts. Please see our performance commentary on the following pages for further details on the progress of each target.

Set out overleaf is a more detailed breakdown of our performance against our 2019 targets and KPIs.



Engaging & developing our employees

Performance measure	Commentary	Status
Through our Community Fund we continue to increase the number of volunteering opportunities available to staff throughout the year	We continue to build on our network and seek out opportunities with community groups to provide a wide range of volunteering activities for our staff. The total number of volunteering hours was over 150 hours in 2019.	**Achieved**
Deliver at least three technical/knowledge sharing workshops during 2019	Six technical and knowledge sharing workshops were held throughout 2019 including GDPR training, office Health and Safety, and IT improvements.	**Achieved**
Design and roll out our third employee survey	The survey was completed in Q4 2019.	**Achieved**
Present the results of the last employee survey working group and works going forward	A presentation took place following the year end results to update employees on the results, likewise an update on what has been achieved since the 2017 survey.	**Achieved**
Continue our Executive Director/employee innovation forum lunch meetings	A total of six cross departmental lunches were held. The lunches ran with no set agenda and the purpose was to provide an opportunity for ideas to be shared on how we make Derwent London an even better place to work, future ideas and innovation in a relaxed, open forum.	**Achieved**
Provide at least six work experience and/or mentoring placements	During 2019, 22 work experience placements were arranged.	**Achieved**
Develop and deliver compulsory unconscious bias training for all line managers and department leaders	Working alongside Chickenshed an unconscious bias training course was developed and rolled out to department leaders during 2019.	**Achieved**
Working alongside our occupational health advisors design and deliver a programme of mental health seminars for all employees	The following programme has been delivered in 2019: — Embracing mental health as part of Mental Health Week — A session on 'emotional intelligence and resilience' — A session on nutrition — Chair massage and yoga sessions — A workshop on workplace mental wellbeing, mindfulness and resilience — A session on postural pain prevention and general health for desk-based professionals	**Achieved**
Relaunch our 100 day challenge programme across our managed portfolio	Our 100 day challenge programme was launched in the summer of 2019 with various events staged across a number of building, these included subsidised yoga and fitness sessions for occupiers through to energy reduction competitions.	**Achieved**

Designing & delivering buildings responsibly

Performance measure	Commentary	Status
Minimum of a 'A' EPC rating for new build. Minimum of a 'B' EPC rating for all major refurbishments	Our two latest development projects are on target to achieve an EPC rating of A.	**Ongoing**
Achieve a minimum of BREEAM Excellent for all new build projects and major refurbishments	This applies to five projects; all of which are on track to achieve the minimum Excellent rating with two currently exceeding this and achieving an Outstanding rating at design stage.	**Ongoing**
Achieve a minimum of BREEAM Excellent for all major refurbishment projects	This applies to an element of one of our development projects and is on target to achieve an Excellent rating.	**Ongoing**
Investigate the use and implementation of Display Energy Certificates (DECs) ratings for our new build projects.	A draft DEC was developed for our Featherstone Building. However since doing this we have now taken the decision to trial the use of 'Design for Performance' (DfP) on our scheme, which looks to achieve a similar outcome and so is likely to supersede us mandating the production of DEC's on future schemes.	**Achieved**
Investigate the suitability and implementation of WELL v2.0 'Core' certification.	We have investigated the option of shell and core certification under WELL and have concluded it is not practicable for our projects given their speculative nature. However, we are ensuring our projects reflect its fundamental requirements and so are WELL 'enabled' and do not inhibit our occupiers from achieving certification.	**Achieved**
Achieve a minimum of LEED Gold for all major new build projects	This applies to five projects; all of which are on track to achieve the minimum Gold rating.	**Ongoing**
Achieve a minimum of Home Quality Mark 4 stars on all new residential development	This applies to one project which has a residential element within it, and it is on track to achieve a 4-star rating.	**Ongoing**
Review supplier questionnaire returns to monitor compliance against our sustainability supply chain standard	The latest supply chain audit against our standard was completed during 2019 with a review of all development response undertaken and feedback provided to suppliers where necessary.	**Achieved**
All new projects to create and maintain a Project Sustainability Plan	All applicable projects have a Project Sustainability Plan in place.	**Achieved**
All new build and major refurbishment projects to undertake a design in-use energy assessment based on CIBSE TM54	All applicable projects have undertaken TM54 compliant studies, with the results fed back into the design process.	**Achieved**
All new build and major refurbishment projects 100% of meters to be AMR capable and BMS linked and installed on: all main incoming feeds (electricity/water/gas); landlord lighting and small power; tenant lighting and small power; all major energy producing/consuming equipment e.g. heating and cooling plant; and renewable & low carbon energy generation sources e.g. PV, CHP plant etc	All applicable projects have these requirements incorporated into their design strategies and contractual documents. The target will be complete once installation and commissioning confirmation is gained.	**Partially achieved**

Performance measure	Commentary	Status
All new build and major refurbishment projects at RIBA Stage 2 through to RIBA Stage 4 to undertake an embodied carbon assessment in line with the Derwent London embodied carbon brief for developments, and contractors to map and monitor the footprint during the delivery phases.	All applicable projects have completed their assessments to Stages 3 & 4 respectively, and those on site are starting to report on embodied carbon on quarterly basis.	**Achieved**
All new building and major refurbishment projects to undertake Post Occupation Evaluation (POE) 12 months after full occupation and where we still retain control of the building.	The POE for our White Collar Factory building started in Q4 2019 with completion due in Q2 2020.	**Partially achieved**
All new build and major refurbishment projects to be designed to achieve mains water usage of $0.40m^3/m^2$ or better	This has been designed into all projects except for one where further efficiency reviews are being undertaken to ensure the non-Derwent London controlled retail elements meet the same standards.	**Partially achieved**
Investigate providing access to free tap water in or developments to facilitate move away from single use plastic	This is to be investigated in one of our current schemes.	**Partially achieved**
Divert at minimum 95% of total construction and demolition waste tonnage from landfill	Achieved on our recently completed Brunel Building and is also being achieved on our active development sites.	**Achieved**
100% of timber procured to be from FSC or PEFC sources	All projects which are on site are reporting 100% of timber is compliant and this requirement is to be included in the contract documents for our latest development which is at Stage 3.	**Ongoing**
Investigate local recycling and reuse schemes such as Project divert on one of our development schemes.	All on-site projects are currently investigating the opportunities for linking into local recycling and re-use schemes.	**Partially achieved**
All new build and major refurbishment projects to achieve a net gain in biodiversity as measured through BREEAM	All applicable projects have achieved a net gain in biodiversity.	**Achieved**

Managing our assets responsibly

Performance measure	Commentary	Status
Achieve a reduction in carbon intensity of 36% by 2022 and 55% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline	We have made good progress and have achieved a 44% reduction against our 2013 baseline.	**Ongoing**
Achieve a reduction in energy intensity of 10% by 2022 and 16% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline	We have made good progress and have achieved a 18% reduction against our 2013 baseline.	**Ongoing**
Develop climate change management plans for the managed portfolio using our scenario analysis tool	This will be carried out as part of our refreshed net zero carbon target.	**Ongoing**
Achieve 50% reduction in general waste by 2030 compared to 2013 baseline	Options were developed to address waste generation in our managed properties. However, these proposals have been placed on hold and will be reviewed again in 2020 to establish the best approach.	**Ongoing**

Performance measure	Commentary	Status
Send zero waste to landfill from properties for which Derwent London has waste management control	All waste continues to be diverted from landfill.	**Achieved**
Investigate and implement policies and programmes to phase out single-use plastics at our head office	A single-use plastic ban was successfully implemented during Climate Action week at our head office. In addition, building managers are no longer allowed to order plastic cutlery, beverage containers, stirrers etc.	**Achieved**
Achieve a 5% reduction in water consumption intensity (m^3/m^2) across our like-for-like managed portfolio by 2019 compared to our 2015 baseline	Unfortunately, we have seen a 6% increase in water consumption against our 2015 baseline. We will be addressing this during 2020.	**Not achieved**
Maintain portfolio mains water consumption intensity in the like-for-like managed portfolio below 0.43 m^3/m^2	Unfortunately, our current consumption intensity is 0.51 m^3/m^2. We will be addressing this during 2020.	**Not achieved**
Carry out a post occupancy energy performance evaluation on all new build and major refurbishment projects once occupied for more than 12 months	The POE for our White Collar Factory building started in Q4 2019 with completion due in Q2 2020. This will fully address the energy performance of the building.	**Partially achieved**
Purchase 100% renewable electricity for managed properties by 2020	100% of the electricity we purchased for the managed portfolio came from renewable sources.	**Achieved**
Investigate the procurement of green gas for managed properties and if appropriate develop a phased implementation plan	Green gas procurement was explored with our energy brokers and green gas options when tendering contracts	**Achieved**
Produce one edition of the tenant sustainability newsletter during 2019	A copy of 'Sustainable' was produced in the autumn of 2019.	**Achieved**
Ensure our contracted operational supply chain operatives are receiving the London Living Wage across our managed portfolio	Following our supply chain audit against our Supply Chain Sustainability Standard, our operational suppliers confirmed that their operatives on our sites were receiving the London Living Wage.	**Ongoing**
Monitor the progress of sustainability KPI's in the building engineering maintenance contracts	A new series of sustainability KPI's are being developed for our latest set of contracts. We will report as they become operational.	**Ongoing**

Creating value in the community

Performance measure	Commentary	Status
Successfully deliver the next year of the Derwent London Community Fund	The Community Fund was again successfully launched with over £115,000 invested in 19 projects.	**Achieved**
Investigate providing an energy audit and energy/carbon advice and support to one local community group.	An audit was successfully provided for one community group.	**Achieved**
Carry out a socio-economic assessment on our White Collar Factory/Old Street Yard development	The socio-economic assessment of our White Collar Factory building was successfully delivered in October 2019.	**Achieved**

What's next?

Since the Covid-19 virus outbreak, the world has faced difficult times, but the events also help put into perspective the more important things in life. Whilst the virus poses serious risks, we remain confident that we are in a good position to maintain our high levels of service as well as deliver our new projects, ensure the health and wellbeing of our employees and stakeholders and support our communities. We are committed to mitigating the long-term issues that affect us all, most notably climate change.

For 2020 we have refined our targets to ensure they continue to be relevant and are in line with our strategy and material issues.

As mentioned in the introductions to this report we are now working against the backdrop of the Covid-19 outbreak meaning that most people are working remotely and under lockdown restrictions. Therefore, to ensure the health, safety and wellbeing of our employees, occupiers and suppliers we have reviewed some our targets to reflect this new way of working and ensure they remain achievable.

Development

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

Assets

Aspect	Metric	Target
Climate change	**% reduction**	Achieve a reduction in carbon intensity of 55% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline
		Achieve a reduction in energy intensity of 16% by 2027 in our like-for-like managed portfolio compared to our 2013 baseline
Energy & Carbon	**Management**	Continue to purchase 100% renewable, REGO-backed electricity for our managed properties
	Management	Set in place a green gas procurement strategy which will support our move towards becoming a net zero carbon business
Waste	**% recycled**	Ensure our managed portfolio achieves a minimum recycling rate of 75%
	% diversion from landfill	Send zero waste to landfill from properties for which Derwent London has waste management control
	Implementation	Continue to investigate and implement policies and programmes to phase out single-use plastics at our head office and manged properties
Water	**Management**	Set in place a water management strategy for our managed portfolio which will set out how we intend to reduce our consumption and how we will measure our performance
	Management	Maintain portfolio mains water consumption intensity in the like-for-like managed portfolio below 0.51 m^3/m^2
Occupiers/ Suppliers	**Engagement**	Produce one edition of the tenant sustainability newsletter during 2020
	Measurement	Develop and monitor appropriate sustainability KPIs within our property management engineering and services contracts
	Measurement	Ensure our contracted operational supply chain operatives in our managed portfolio are receiving the London Living Wage

Community

Aspect	Metric	Target
Community engagement	**Community Fund delivery**	Successfully deliver the next year of the Derwent London Community Fund
Community engagement	**Covid-19 response**	Establish a system of wider support to community groups and projects utilising our Community Fund and corporate giving programme
Community engagement	**Implementation**	Investigate providing an energy audit and energy/carbon advice and support to another local community group.
Socio-economic assessment	**Assessment**	Carry out a socio-economic assessment on our Brunel Building – preparation work to start late Q4 2020

People

Aspect	Metric	Target
Knowledge	**Knowledge dissemination**	Deliver at least two technical/knowledge sharing workshops during 2020
Knowledge	**Covid-19 response**	Establish regular 'virtual' townhalls, emails and advice on the intranet to all employees to ensure communication is ongoing during the period of homeworking
Employee development	**Engagement**	Undertake a 'pulse check' in December 2020/January 2021 to measure employee satisfaction
		Establish a working group to analyse and discuss the feedback from the 2019 employee survey results, with ideas and recommendations to be presented back to the Executive Committee before the year end if practicable
Health & wellbeing	**Health & wellbeing**	Roll out mental health training for all line managers and appoint and train mental health champions across the business
	Health & wellbeing	To enable employees to proactively manage their health and wellbeing, develop and offer on-site health screening
	Covid-19 response	Continue to support and reassure employees in the transition to home-working with the provision of effective IT equipment and remote wellbeing support
Skills	**Diversity/inclusivity**	Following the success of the 2019 unconscious bias training, aim to roll this out across the rest of the business during H2 2020

Glossary

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

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

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

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

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

Carbon Reduction Commitment Energy Efficiency Scheme (CRC)
This is the UK Government's mandatory scheme for carbon emissions reporting and allowance purchasing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Variable Speed Drive (VSD)
A VSD is an electronic power controller that can adjust the electrical supply to a motor which in turn alters the motors speed and torque output. Consequently, it is possible to closely match the power required to suit the load the motor is under thereby saving energy.

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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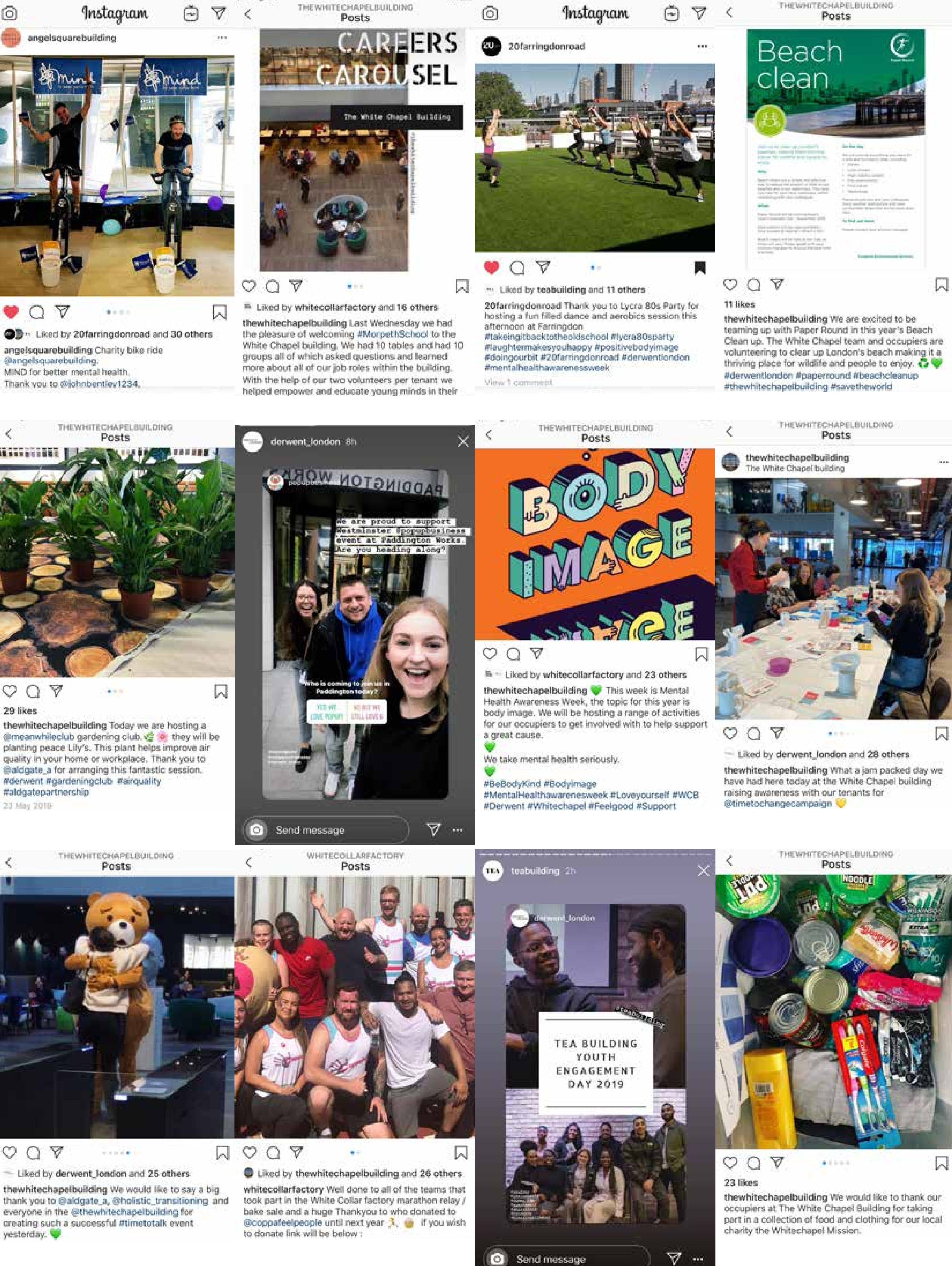

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