DERWENT LONDON GREEN FINANCE FRAMEWORK

DNV INDEPENDENT ASSESSMENT

Scope and Objectives

Derwent London (henceforth referred to as "Derwent" or "The Group") is a London-focused Real Estate Investment Trust (REIT) headquartered in London. The Group is listed on the London Stock Exchange, is a member of the FTSE 250, and as a specialist property regenerator and investor and as a REIT, its portfolio comprises of mainly commercial real estate. Derwent operates across 13 villages in central London owning a 5.4 million sq ft portfolio as of 30 June 2021.

With a design-led philosophy, and a progressive and sustainable approach to development, sustainability is at the core of the business. One of the Group's strategic objectives is "to design, deliver and operate its buildings responsibly". As part of this commitment, Derwent has committed to become net zero carbon by 2030. Their published Net Zero Carbon Pathway outlines their roadmap to net zero which starts with reducing operational energy and carbon emissions in line with a 1.5°C climate warming scenario, procuring, and investing in renewable energy, and reducing the embodied carbon of development projects. Offsetting will be used for residual emissions that cannot be eliminated. Derwent has also set science-based carbon targets as validated by the Science-based Target initiative (SBTi) and has aligned with the UN Sustainable Development Goals (SDGs).

To deliver more inherently sustainable spaces and achieve decarbonisation, Derwent has developed a Green Finance Framework (henceforth referred to as the "Framework") under which it can raise debt for each Green Financing Transaction ("GFT") to acquire, fund, or refinance in whole or in part, new or existing, Eligible Green Projects ("EGPs") within the Group's real estate portfolio. The Framework has been developed to demonstrate how the Group intends to enter into Green Financing Transactions ("GFTs") to fund projects that will help to deliver environmental benefits to support Derwent's business strategy and purpose. Where feasible, Derwent may further update or expand the Framework to align with emerging market standards and best practices, such as the UK Taxonomy or other relevant standards and guidelines.

DNV Business Assurance Services UK Limited ("DNV") has been commissioned by Derwent to provide a review of the Framework against the International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021, and the Loan Market Association ("LMA") Green Loan Principles ("GLP") 2021. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of Bonds/Loans issued via the Group's Green Finance Framework, the value of any investments, or the long-term environmental benefits of the associated transactions. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Derwent and DNV

The management of Derwent has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform Derwent's management and other interested stakeholders in the Framework as to whether the Framework is aligned with the ICMA GBP (2021) and the LMA GLP (2021). In our work we have relied on the information and the facts presented to us by Derwent. DNV is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by Derwent used as a basis for this assessment, were not correct or complete.

Basis of DNV’s opinion

We have adapted our eligibility assessment methodology to create Derwent-specific Green Finance Framework Eligibility Assessment Protocol (henceforth referred to as “Protocol”). Our Protocol includes a set of suitable criteria that can be used to underpin DNV’s opinion.

As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds**. The Use of Proceeds criteria are guided by the requirement that an issuer of a Green Bond/Loan must use the funds raised to finance or refinance eligible activities. The eligible activities should produce clear environmental benefits.
- **Principle Two: Process for Project Evaluation and Selection**. The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a Green Bond/Loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds**. The Management of Proceeds criteria are guided by the requirements that a Green Bond/Loan should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting**. The Reporting criteria are guided by the recommendation that at least annual reporting to the bond investors should be made of the use of bond proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Derwent in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Derwent-specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by Derwent on the Framework, and supplemented by high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Discussions with Derwent’s management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria, as detailed in Schedule 2 of this document.

Our opinion as detailed below is a summary of these findings.

Findings and DNV's opinion

DNV's findings are listed below:

1. Principle One: Use of Proceeds.

Derwent intends to use an amount equivalent to the net proceeds of each Green Financing Transaction ("GFT") issued under the Framework, to finance and/or refinance, in whole or in part, new or existing Eligible Green Projects ("EGPs"), that together, form part of Derwent's real estate portfolio. Derwent will invest in EGPs that deliver more inherently 'sustainable spaces'. The Group's real estate portfolio will comprise of the following Eligible Green Project Categories:

- Green Buildings;
- Renewable energy;
- Energy efficiency;
- Climate change adaptation;
- Pollution prevention and control (waste management);
- Clean transportation; and
- Sustainable water and wastewater management.

Derwent has listed example projects and the expected environmental benefits for each category within the Framework as detailed in Schedule 1, that also details the EGP associated performance criteria.

DNV notes that Derwent is also a member of the 'RE100' and committed to generating 100% renewable power by purchasing renewable energy, a member of the 'Better Buildings Partnership', and is aligned with the relevant UN SDGs to facilitate the climate change transition and move towards becoming a net zero carbon business by 2030.

DNV has reviewed the evidence and can confirm that an amount equivalent to the funding raised under the Framework for each GFT, will be used to finance and/or refinance in whole or in part, new or existing EGPs within the Group's Portfolio. We can also confirm that the EGPs would result in clear environmental benefits. The Framework and its associated EGP categories are aligned with Derwent's broader Environmental, Social and Governance (ESG) strategy, and the stated UN SDG goals which supports the transition to a low carbon economy.

DNV concludes that the EGP categories as outlined in the Framework (and the example projects provided to DNV) are consistent with those listed in the GBP and GLP, and they will provide clear environmental benefits.

2. Principle Two: Process for Project Evaluation and Selection.

Derwent, on a case-by-case basis, and before the commencement of an EGP, will review a projects level of risk and the likely financial return of the proposed project, under a number of scenarios. The assessment process and the capital expenditure incurred by Derwent must undergo approval of a new development or major refurbishment by the Group's Cost Committee, Executive Committee or the main Board, with specified tiers of delegated authority limits. The project's green eligibility is then reviewed by the Group's Treasurer and the Head of Sustainability.

The Head of Sustainability will confirm the proposed projects compliance with the guidelines, as included within Derwent's Framework.

The Group has also committed to the ongoing monitoring of each project, and a review of each project's potential environmental risks. This will be captured in a 'Project Sustainability Plan' or a Building's sustainability plan for each individual project, where relevant.

DNV concludes that Derwent's Framework appropriately describes the process of project evaluation and selection, and that it is in line with the requirements set out under the GBP and GLP.

3. Principle Three: Management of Proceeds.

Derwent has committed to allocate an amount equivalent to the net proceeds from the GFTs (including debt drawn from the Group's green bank facilities, green revolving credit facilities ("RCFs") or green bonds), which relate to the EGPs[1]. Funds from the GFTs will be used to finance only the qualifying expenditures on the EGPs owned by the Group or used to refinance expenditures on green projects, which have previously been funded from other sources. All investments in Derwent's portfolio will be tracked on a case-by-case basis by Derwent's Treasury Function, ensuring the accuracy of information and the avoidance of double counting.

For GFTs, Derwent has reported a commitment to over time, achieve a level of allocation for the EGPs which matches or exceeds the balance of net proceeds from the outstanding GFTs as raised under the Framework. The allocation of the proceeds are expected to be achieved within a 24-month period from the date of funding, subject to the Disposals of EGPs[2].

Derwent has also appropriately reported how the Group's Treasury function will manage any unallocated, surplus funds from the GFTs. They will be used to repay revolving credit facilities (including green RCFs), placed on short-term fixed interest deposits, or placed on the overnight money markets with counterparties that comply with the Group's Treasury policy.

DNV has reviewed evidence provided and we can confirm that Derwent has committed to appropriately managing the proceeds arising from future GFT issuances, and that this in line with the requirements of the GBP and the GLP.

4. Principle Four: Reporting.

Derwent has committed to disclosing on an annual basis, the allocation (or un-allocation) of the net proceeds raised from any GFT, within its annual 'Report and Accounts'. In addition, where required by a GFT, Derwent will disclose, at a minimum, the following:

- A report on the EGPs under Derwent's portfolio at the category level, including a summary of how funding has been applied, the green credentials and expected completion date for each EGP;
- Detail on the allocation of green funds (including any look back period and information on the proportion of new finance versus refinance), and impact reporting indicator of EGPs funded by GFTs at the Project Category level where relevant; and
- A statement of the remaining balance of unallocated funds

In line with ICMA's 'Harmonized Framework for Impact Reporting', Derwent, where relevant and reasonably practicable, may report on the performance of its EGPs. This includes reporting progress against one or more of the following indicators:

- Building certification achieved (system & rating)

[1] For green RFCs and loans, the Group has committed to ensuring that it owns the EGPs in relation to which there is an excess spend on the EGPs over the amounts of drawn borrowings from the GFTs.

[2] Derwent has reported that it may dispose of EGPs and buildings that have been in part of fully financed by the GFTs. When this occurs, any EGP expenditure will be deducted from the running balance of the qualifying expenditure at a given point in time, in which the sale has been completed. If this takes the balance of the qualifying expenditure below the amounts drawn under the GFTs, the qualifying expenditure will be topped up within 24 months, or as soon as reasonably practicable.

- Energy intensity against industry benchmarks (kWh/m^2)
- Carbon emissions intensity reduction compared to previous baseline ($t\ CO_2e/m^2$)
- Water consumption intensity against industry benchmarks (m^3/m^2)
- Percentage of construction and demolition waste diverted from landfill (%/year)

Derwent has also committed to providing third party assurance on the application of the Framework as part of its annual non-financial assurance programme.

DNV concludes that Derwent has made the appropriate plans to produce reporting on both the allocation and environmental impact of future GFT issuances, and that this is in line with the requirements of the GBP and GLP.

On the basis of the information provided by Derwent and the work undertaken, it is DNV's opinion that the Framework meets the criteria established in the Protocol, and that it is aligned with the stated definition of green bonds within the Green Bond Principles (2021), and green loans within the GLP (2021).

for DNV Business Assurance Services UK Limited

London, 05 November 2021

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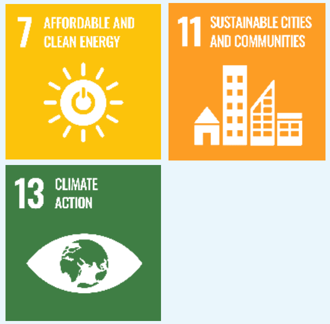
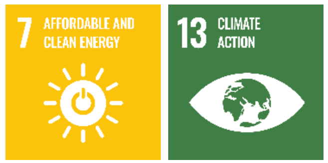
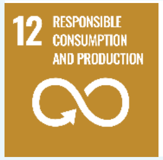
SCHEDULE 1: DESCRIPTION OF ACTIVITIES TO BE FINANCED UNDER THE FRAMEWORK

ICMA / LMA Green Project category	Description of activities	UN SDG Alignment / Linkage to the EU taxonomy technical screening criterion (TSC) environmental objectives
Green Buildings	**New developments or major refurbishments of commercial buildings**, that have a minimum BREEAM rating of Excellent and/or a minimum LEED Gold rating, as well as a minimum rating of EPC B. **New residential developments** that receive third party certification[3] and achieve a minimum Home Quality Mark (HQM) of 4-stars. **Refurbishments of commercial and residential buildings and spaces,** that result in EPC rating improvements by at least two bands where the previous rating was below EPC C. **Procurement of building materials and technologies** that fulfil the requirements of the green building certification standards as listed above.	 *TSC screening linkage to the EU taxonomy: Climate change mitigation.*
Renewable energy	**On-site** renewable energy generation, such as: investment, installation, and the deployment of on-site renewable energy generation sources (e.g. solar and wind systems), that operate at a lifecycle emission of less than 100g CO_2/kWh. **Off-site** renewable energy generation (e.g., wind, biogas, geothermal) where on-site renewable energy is not feasible.	 *TSC screening linkage to the EU taxonomy: Climate change mitigation and transition to circular economy.*

[3] Note: Derwent reports in the Framework that: *as and when other relevant certification comes into place, Derwent will introduce this into its eligibility criteria.*

Energy efficiency	Projects that demonstrate a clear **improvement in efficiency** of the building or space leading to improvements of at least 20%[4], in **new and existing buildings**. For instance: • Building Management systems (BMS) installed; • New installations or upgrades to mechanical, electrical, and lighting systems; • New installations or upgrades to HVAC systems; and • Insulation and facades which allow for improved natural light and passive ventilation e.g. openable windows.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION *TSC screening linkage to the EU taxonomy: Climate change mitigation.*
Climate change adaptation	Project works that relate to **climate change adaptation** and have had a **climate risk assessment** conducted by a third party, **prior to their commencement,** to determine the need for enhancements for climate change adaptation and resilience. **Example projects include:** • Installation and upgrades of enhanced flood protection systems; and • Additional insulation to strengthen building resilience to climate change impacts (e.g., natural disasters or extreme weather events).	13 CLIMATE ACTION *TSC screening linkage to the EU taxonomy: Climate change adaptation.*
Pollution prevention and control (waste management)	Projects relating to **pollution prevention and control**, such as: • Installation of waste facilities; and • Systems and equipment used for the collection and separation of waste that enables higher levels of recycling and recovery.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION *TSC screening linkage to the EU taxonomy: Pollution prevention and control.*

[4] Note: Derwent has reported that they expect measures that are likely to give more than a 20% improvement in energy efficiency, will come from larger projects. In addition, Derwent has stated that they will allocate proceeds to such projects under the 'Green Buildings' category. Where proceeds are directed to refurbishment or a widespread singular activity, e.g., re-lamping a whole portfolio of properties with LEDs across which the aggregate improvement would sit around this figure, the proceeds would be allocated under the 'Energy efficiency' category.

Clean transportation	Projects where investment and expenditures are made relating to **improving overall accessibility to clean transport and improving infrastructure provisions.** **Examples include:** • Bicycle racks/lifts. • Associated facilities e.g., showers, bike stands. • Electric vehicle (EV) charging points.	 *TSC screening linkage to the EU taxonomy: Climate change mitigation.*
Sustainable water and wastewater management	Projects relating to **sustainable water and wastewater management to reduce consumption.** **Examples include:** • Sustainable urban drainage systems ("SUDs"). • Installation of water treatment systems and equipment which improve water efficiency (e.g. solenoid valves, low flow taps and leak detection systems).	  *TSC screening linkage to the EU taxonomy: Sustainable use and protection of water and marine resource.*

SCHEDULE 2: DERWENT-SPECIFIC GREEN FINANCE FRAMEWORK ASSESSMENT PROTOCOL

1. Use of proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
1a	Types of Financing Framework	The Bond/Loan must fall in one of the following categories, as defined by the Green Bond/Loan Principles: • Use of Proceeds Bond/Loan • Use of Proceeds Revenue Bond/Loan • Project Bond/Loan • Securitized Bond/Loan Green Bonds/Loans are defined as any type of Bond/Loan instrument made available exclusively to finance or re-finance, in whole or in part, new and/or existing Eligible Green Projects.	Evidence reviewed: • Green Finance Framework • Responsible Development Framework. Summary Version. Derwent London Net Zero. April 2021 [online] • Net Zero Carbon Pathway. July 2020. [Online]. • Responsibility Report 2019. Derwent London. [online] • Responsibility Report 2020. Derwent London. [online]	The Framework outlines the type of Bonds and Loans expected to be issued under the Framework as use of proceeds. The Framework and its associated EGP categories are aligned with Derwent's broader Environmental, Social and Governance (ESG) strategy, informed by a materiality matrix, align with the Group's targets set out under Derwent's 'Responsibility Map', and the stated UN SDG goals, which support the transition to a low carbon economy as set out in Schedule 1. DNV can confirm, based on the information reviewed, that the finance raised under the Framework for each GFT, will be used to finance and/or refinance in whole or in part, new or existing EGPs within the Group's Portfolio. We can also confirm that the EGPs would result in clear environmental benefits.
1b	Green Project Categories	The cornerstone of a Green Bond/Loan is the utilisation of the proceeds which should be appropriately described in the legal documentation for the security.	Evidence reviewed: • Green Finance Framework • Derwent London plc Report & Accounts 2020 [online] • Annual Responsibility Report. Derwent London plc 2020 [online] • Embodied Carbon Assessment. Brief for Projects. Derwent London. Net Zero. [online] • Net Zero Carbon Pathway. July 2020. [Online]. • Responsibility Report 2019. Derwent London. [online]	DNV concludes that the Framework appropriately describes the proposed utilisation of proceeds. The EGPs that define Derwent's real estate portfolio, are as follows: • Green Buildings • Renewable energy • Energy efficiency • Climate change adaptation • Pollution prevention and control (waste management) • Clean transportation; and • Sustainable water and wastewater management.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
			• Responsibility Report 2020. Derwent London. [online]	The specific type of Bond/Loan will need to be further assessed on an individual basis, and the relevant legal documentation will need to be reviewed further. DNV concludes that the EGP categories outlined in the Framework (and the example projects provided to DNV), are consistent with those listed in the GBP and GLP, and they will provide clear environmental benefits (see 1c).
1c	Environmental benefits	All designated Green Project categories should provide clear environmentally sustainable or social benefits, which, where feasible, will be quantified or assessed by the issuer.	Evidence reviewed: • Green Finance Framework • Derwent London plc Report & Accounts 2020 [online] • Annual Responsibility Report. Derwent London plc 2020 [online] • Responsible Development Framework. Summary Version. Derwent London Net Zero. April 2021 [online] • Net Zero Carbon Pathway. July 2020. [Online]. • Embodied Carbon Assessment. Brief for Projects. Derwent London. Net Zero. [online] • Responsibility Report 2019. Derwent London. [online] • Responsibility Report 2020. Derwent London. [online]	The Framework outlines the expected environmental benefits that will be realised by any Bonds/Loans that are issued under the Framework. Derwent has also listed example projects, and the expected environmental benefits for each category, within Schedule 1 that details the associated EGP performance criteria. The specific quantifiable and qualitative benefits of each issuance will need be agreed on a case-by-case basis. The potential reporting metrics to demonstrate the impact from the different EGPs by category type to be used, are for instance: **Green Buildings:** • *New developments or major refurbishments of commercial buildings*, such as a minimum BREEAM rating of Excellent and/or a minimum LEED Gold rating, as well as a minimum rating of EPC B. • *New residential developments* that receive third party certification and achieve a minimum Home Quality Mark (HQM) of 4-stars. • *Refurbishments of commercial and residential buildings and spaces* that result in EPC rating improvements, i.e., by at least two bands where the previous rating has been below EPC rating of C. • *Procurement of building materials and technologies* that fulfil the requirements of the green building certification standards as listed above.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Renewable energy: • *On-site renewable energy generation*, such as: investment, installation, and the deployment of on-site renewable energy generation sources (e.g., solar and wind systems), that operate at a lifecycle emission of less than 100g CO_2/kWh; and • *Off-site renewable energy generation*, investment, installation and the deployment of wind, biogas, geothermal, where on-site renewable energy is not feasible. **Energy efficiency** – Projects that demonstrate a clear improvement in efficiency of the building or space leading to improvements of at least 20%, in new and existing buildings. • Metrics include, for instance: *Building Management systems (BMS) installed; New installations or upgrades to mechanical, electrical, and lighting systems; New installations or upgrades to HVAC systems; and insulation and facades which allow for improved natural light and passive ventilation e.g., openable windows.* **Climate change adaptation -** Project works that relate to climate change adaptation and that have had a climate risk assessment conducted by a third party, prior to their commencement, to determine the need for enhancements for climate change adaptation and resilience. • Example projects include: *Installation and upgrades of enhanced flood protection systems; and additional insulation to strengthen building resilience to climate*

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				change impacts (e.g. natural disasters or extreme weather events). **Pollution prevention and control (waste management)**. • Example projects include: *installation of waste facilities, and systems and equipment used for the collection and separation of waste, to enable higher levels of recycling and recovery.* **Clean transportation** - Projects where investment and expenditures are made relating to improving overall accessibility to clean transport and improving infrastructure provisions. • Example projects include**:** *bicycle racks/lifts installed; EV charging points, associated facilities installed (e.g., showers, bike stands).* **Sustainable water and wastewater management** - Projects relating to sustainable water and wastewater management to reduce consumption. • Example projects include*: Sustainable urban drainage systems ("SUDs"); installation of water treatment systems an equipment which will improve water efficiency.* DNV can conclude that based on the Framework and the evidence provided to us, that Derwent appropriately describes the metrics to be used to report on the EGPs, by category type, and how the green benefits will be quantified when feasible. We can also confirm that the EGP categories outlined in the Framework are consistent with those listed in the GBP and GLP.

2. Process for Project Selection and Evaluation

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
2a	Investment-decision process	The issuer of a Bond/Loan should outline the decision-making process it follows to determine the eligibility of projects using Bond/Loan proceeds	Evidence reviewed: • Green Finance Framework • Derwent London plc Report & Accounts 2020 [online] • Annual Responsibility Report. Derwent London plc 2020 [online]	DNV concludes that the Framework appropriately describes the decision-making process to determine the eligibility of a project. All EGP investments are evaluated in line with how they will deliver on Derwent's long-term ESG targets, their financial return and level of risk, and demonstrate transparency to investors who provide a key role in helping shape Derwent's ESG strategy and monitoring the Group's overall governance. Prior to the commencement of any EGP, Derwent will review each the proposed EGPs under a number of scenarios on a case-by-case basis. The assessment process first undergoes an approval process by the Group's Cost Committee, Executive Committee or the main Board, with specified tiers of delegated authority limits. This is then reviewed by the Group's Treasurer and the Head of Sustainability. The Head of Sustainability holds the overall authority to approve the EGP (and its proposed performance) and decides if a project follows the guidelines that are laid out in the Group's framework. DNV also notes that as part of the investor relations programme (which includes regular updates, meetings and roadshows, and an Annual General Meeting), that transparency of Derwent's overall decision-making process is key to gain support for the prioritisation of future green projects. DNV concludes that the Framework appropriately describes the investment process for a EGPs selection, and that this is in line with the criteria set out by the GLP and GBP. The specific issuances will need to be further assessed on a case-by-case basis.
2b	Issuer's environmental	In addition to information disclosed by an issuer on its Green Bond process, criteria and assurances,	Evidence reviewed: • Green Finance Framework	We conclude that from the information provided the Framework is in line with Derwent's wider approach to managing sustainability.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
	and governance framework	investors may also take into consideration the quality of the issuer's overall framework and performance regarding environmental sustainability.	• Derwent London plc Report & Accounts 2020 [online] • Net Zero Carbon Pathway. July 2020. [Online]. • Annual Responsibility Report. Derwent London plc 2020 [online] • Responsible Development Framework. Summary Version. Derwent London Net Zero. April 2021 [online] • Embodied Carbon Assessment. Brief for Projects. Derwent London. Net Zero. [online] • Responsibility Report 2020. Derwent London. [online]	Derwent has established a core strategy based on facilitating the climate change transition and the move towards becoming a net zero carbon business by 2030. This covers its development practices, reducing its operation emissions and purchasing renewable energy. In addition, this forms the basis of creating a sustainable climate-resilient portfolio through responsible investment and development, and the Group's alignment with the relevant UN SDGs. Derwent has also committed and aligned with industry standards / initiatives, as part of its commitment to take a proactive role in the low-carbon transition. For instance: • Derwent is a member organisation of the RE100 (key for transparency to consumers, approved by Ofgem); • Signed a commitment against the BBP; • Set up a Financial Stability Board (FSB) in response to the G20 Finance Ministers and Central Bank Governors request for climate-related information, and as such, has set up a taskforce on Climate-Related Financial Disclosures (TCFD); • Aligns with the EPRA Best Practice Reporting measures (both financial and sustainability); and • Has set science-based carbon targets as validated by with the Science-based Target initiative (SBTi). To review and mitigate risk, Derwent has allocated a 'Head of Sustainability', who is responsible for the overall implementation of Derwent's ESG strategy, accountability, and performance. DNV concludes that the Framework appropriately describes the governance process in place, and that this is in line with the criteria as set out by the GLP and GBP.

3. Management of Proceeds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
3a	Tracking procedure	The net proceeds of a Bond/Loan should be credited to a sub-account, moved to a sub-portfolio or otherwise tracked by the issuer in an appropriate manner, and attested to by a formal internal process, that will be linked to the issuer's lending and investment operations for Green Projects.	Evidence reviewed: • Green Finance Framework	We conclude that the Framework commits Derwent to tracking the Use of Proceeds in an appropriate manner, and this is attested to by a formal internal process. Derwent has committed, over time, to achieve a level of allocation for the EGPs which matches or exceeds the balance of net proceeds from its outstanding GFTs raised under the Framework. All investments in Derwent's portfolio will be tracked by the Group's 'Treasury function', ensuring the accuracy of information and the avoidance of double counting. In summary, the Group's 'Treasury Function' is responsible for the following: (1) Oversight of the use of proceeds as raised by the issuance of the GFTs, and the allocation to the relevant EGPs; (2) Management of the proceeds; and (3) Reporting on the use of proceeds and their impact. Funds from the GFT will be withdrawn to finance only qualifying expenditures on the EGPs owned by the Group, or used to refinance expenditure on green projects, which have previously been funded from other sources.
3b	Tracking procedure	So long as the Bond/Loans are outstanding, the balance of the tracked proceeds should be periodically reduced by amounts matching eligible green investments or loan disbursements made during that period.	Evidence reviewed: • Green Finance Framework • Derwent London first UK REIT to sign Green Revolving Credit Facility. October 2019. [online]	We can conclude that based on the evidence provided to us there is a clear process in place for the tracking of the balance, and that this takes into account any disbursements. Derwent's 'Treasury Function' is responsible for tracking all investments in Derwent's portfolio.

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				DNV can confirm that Derwent has laid out its intent to allocate an amount equivalent to the net proceeds from the GFTs - including debt drawn from the Group's green bank facilities, green revolving credit facilities ("RCFs") or green bonds - to qualifying EGPs (or to refinance expenditure on green projects, in accordance with the Framework. For GFTs, we can confirm that Derwent intends to allocate an amount equivalent to the net proceeds as raised to qualifying EGPs, within a 24-month period of each issuance from the date of funding. We also note that this is subject to the Disposals of EGPs. DNV has reviewed evidence provided, and we can confirm that Derwent has committed to appropriately tracking the proceeds arising from future GFT issuances, in line with the GBP and the GLP. requirements of the GBP and the GLP.
3c	Temporary holdings	Pending such investments or disbursements to eligible Projects, the issuer should make known to investors the intended types of temporary investment instruments for the balance of unallocated proceeds.	Evidence reviewed: • Green Finance Framework • Derwent London first UK REIT to sign Green Revolving Credit Facility. October 2019. [online]	We conclude that Derwent has appropriately disclosed how it will manage any unallocated proceeds or surplus funds from the GFTs within its portfolio. We can also confirm that Derwent's Group 'Treasury function' is responsible for managing any unallocated proceeds or surplus fundsfrom the GFTs. These funds may be used to: • *Repay revolving credit facilities (including green RCFs), placed on short-term fixed interest deposits, or on the overnight money markets with counterparties.* For RFCs and loans, DNV can confirm that Derwent has committed to appropriately ensuring that it owns the EGPs, in relation to which there is an excess spend on the EGPs over the amounts of drawn borrowings from the GFTs. We can also confirm that this must comply with the Group's 'Treasury function' policy.

4. Reporting

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
4a	Periodical reporting	In addition to reporting on the use of proceeds and the temporary investment of unallocated proceeds, issuers should provide at least annually a list of projects to which Bond and where appropriate Loan proceeds have been allocated including - when possible with regards to confidentiality and/or competitive considerations - a brief description of the projects and the amounts disbursed, as well as the expected environmentally sustainable impact.	Evidence reviewed: • Green Finance Framework • Case studies provided in the Framework • Derwent London plc Report & Accounts 2020 [online] • Annual Responsibility Report. Derwent London plc 2020 [online] • Responsible Development Framework. Summary Version. Derwent London Net Zero. April 2021 [online] • Net Zero Carbon Pathway. July 2020. [Online]. • Community Strategy 2021. Derwent London [online] • Embodied Carbon Assessment. Brief for Projects. Derwent London. Net Zero. [online] • Responsibility Report 2019. Derwent London. [online] • Responsibility Report 2020. Derwent London. [online] • Green Finance Independent Assurance Statement 2019. [online].	We confirm that Derwent has committed to annually reporting, , the allocation (or un-allocation) of net proceeds raised from any GFT, within its annual 'Report and Accounts'. This provides Derwent's lenders with relevant information on the selected projects, at a category level. In line with ICMA's 'Harmonized Framework for Impact Reporting', the Group will also report on the quantification of the environmental benefits / impact information of the selected projects at a category level, where feasible. This will be monitored and tracked in a 'Project Sustainability Plan' or a Building's sustainability plan for each individual project. DNV can confirm based on the information provided, that the Group will report on the following: ***Allocation Report:*** • A report on the EGPs under Derwent's portfolio at the category level, including a summary of how funding has been applied, the green credentials and expected completion date for each EGP; • Detail on the allocation of green funds (including any look back period and information on the proportion of new finance versus refinance), and impact performance of EGPs funded by GFTs at the Project Category level; and • A statement of the remaining balance of unallocated funds

Ref.	Criteria	Requirements	Work Undertaken	DNV Findings
				Impact Report (where feasible and reasonably practicable – and in line with ICMA's 'Harmonized Framework for Impact Reporting') disclosing the* performance of the EGPs*: • The (expected) impact of the EGPs, wherever feasible, at the category level in a quantitative and/or qualitative format; and • Report against the key KPIs with the appropriate indicators, such as: ○ *Building certification achieved (system & rating)* ○ *Energy intensity against industry benchmarks (kWh/m^2)* ○ *Carbon emissions intensity reduction compared to previous baseline (tCO$_2$e/m^2)* ○ *Water consumption intensity against industry benchmarks (m^3/m^2)* ○ *Percentage of construction and demolition waste diverted from landfill (%/year)* Derwent has also committed to providing third party assurance on the data as part of its annual non-financial assurance programme. Based on the information provided, DNV can confirm that Derwent has made appropriate plans to produce reporting on the allocation and environmental impact of future GFT issuances, and that this is in line with the requirements of the GBP and GLP.