



**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 ('LMA')'s Extended Green Loan Principles ('GLPs') (December 2018).**

**What we looked at: scope of our work**

Derwent London plc engaged us to perform **reasonable assurance** procedures on the Derwent London plc Framework (October 2019) (the 'subject matter') to consider whether if applied as described therein, its application would be expected to address the requirements of the LMA's Extended GLPs (December 2018) provided that the relevant lending agreements advancing the intended green finance make appropriate reference to this as required by LMA's Extended GLPs (December 2018) component 1.

**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 application of Derwent London plc's Framework, in all material respects, addresses the requirements of 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 Derwent London plc's Framework as 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 LMA's Extended GLPs (December 2018), which can be found at:

[https://www.lma.eu.com/application/files/9115/4452/5458/741\\_LM\\_Green\\_Loan\\_Principles\\_Booklet\\_V8.pdf](https://www.lma.eu.com/application/files/9115/4452/5458/741_LM_Green_Loan_Principles_Booklet_V8.pdf)

**Inherent limitations**

The definition used by an organisation for green projects, and descriptions provided over green project evaluation and selection, the management of green finance transaction proceeds (including green revolving credit facilities), and associated reporting is not subject to the prescriptive definitions and processes available for financial reporting. Therefore, this subject matter can be subject to variations in definitions of 'green projects', and descriptions provided, with no consistent, accepted standard. This may result in non-comparable green definitions, information and described approaches between organisations and from year to year within an organisation as methodologies, definitions and taxonomies develop. Voluntary industry principles exist to help standardise market practice and to promote the development and integrity of green lending products. The LMA's Extended GLPs (December 2018) support clarity in this process through its principles for green lending, covering the: use of proceeds, process for project evaluation and selection, the management of proceeds, and reporting. We have carried out our assurance against these criterion and it should be read together with this assurance statement.

**What we did: our key assurance procedures**

Our work did not include undertaking testing of controls intended by Derwent London plc or potentially relevant third party controls as relevant to the Framework. To form our conclusions, our procedures comprised:

- interviewing management at Derwent London plc's head office, including the Sustainability team, Treasury and Finance function, Development team, Company Secretarial, and those with operational responsibility for defining the use of proceeds, project evaluation and selection, management of proceeds, and reporting; and
- reviewing and evaluating the criteria for assessing green project eligibility, managing proceeds, and reporting as set out in the Framework, in accordance with the LMA's Extended GLPs (December 2018):
  - reviewing Section 3.1 'Use of Proceeds' of the Framework against the LMA's Extended GLPs (December 2018) 'Use of Proceeds' included within GLP's first core component

- and in particular assessing the suitability of Derwent London plc's definition of 'Green Projects' against the definitions included within the GLP's Appendix 1;
- reviewing Section 3.2 'Project Evaluation and Selection' and Section 3.3 'Qualifying expenditure on Eligible Green Projects' of the Framework against the content included within GLP's second core component: 'Process for Project Evaluation and Selection', and in particular assessing the suitability of Derwent London plc's documented process for assessing project eligibility, and associated qualifying expenditure;
  - reviewing Section 3.4 'Management of Proceeds' of the Framework against the content included within the GLP's third core component: 'Management of Proceeds' and in particular assessing the suitability of Derwent London plc's documented process for allocating and managing the proceeds of green finance transactions, including those regarding revolving credit facilities ('RCF')s, against the content of the GLP's Appendix 2 ('Application to Revolving Credit Facilities'); and
  - reviewing Section 3.5 'Reporting' of the Framework against the content included within the GLP's fourth core component: 'Reporting', and in particular Derwent London plc's documented procedures to ensure timely communication and transparency of eligible green projects and their environmental impacts.

## **Responsibilities of directors and independent assurance provider**

### **Derwent London plc's responsibilities**

The Directors are responsible for the preparation of the Framework 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 under which the Framework will be applied. They are responsible for meeting contractual obligations with lenders, and for establishing and maintaining appropriate internal control systems 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 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 accountants, green finance, and assurance professionals with environmental impact reporting expertise.

Our responsibility is to independently express a conclusion on the Framework 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  
30 October 2019