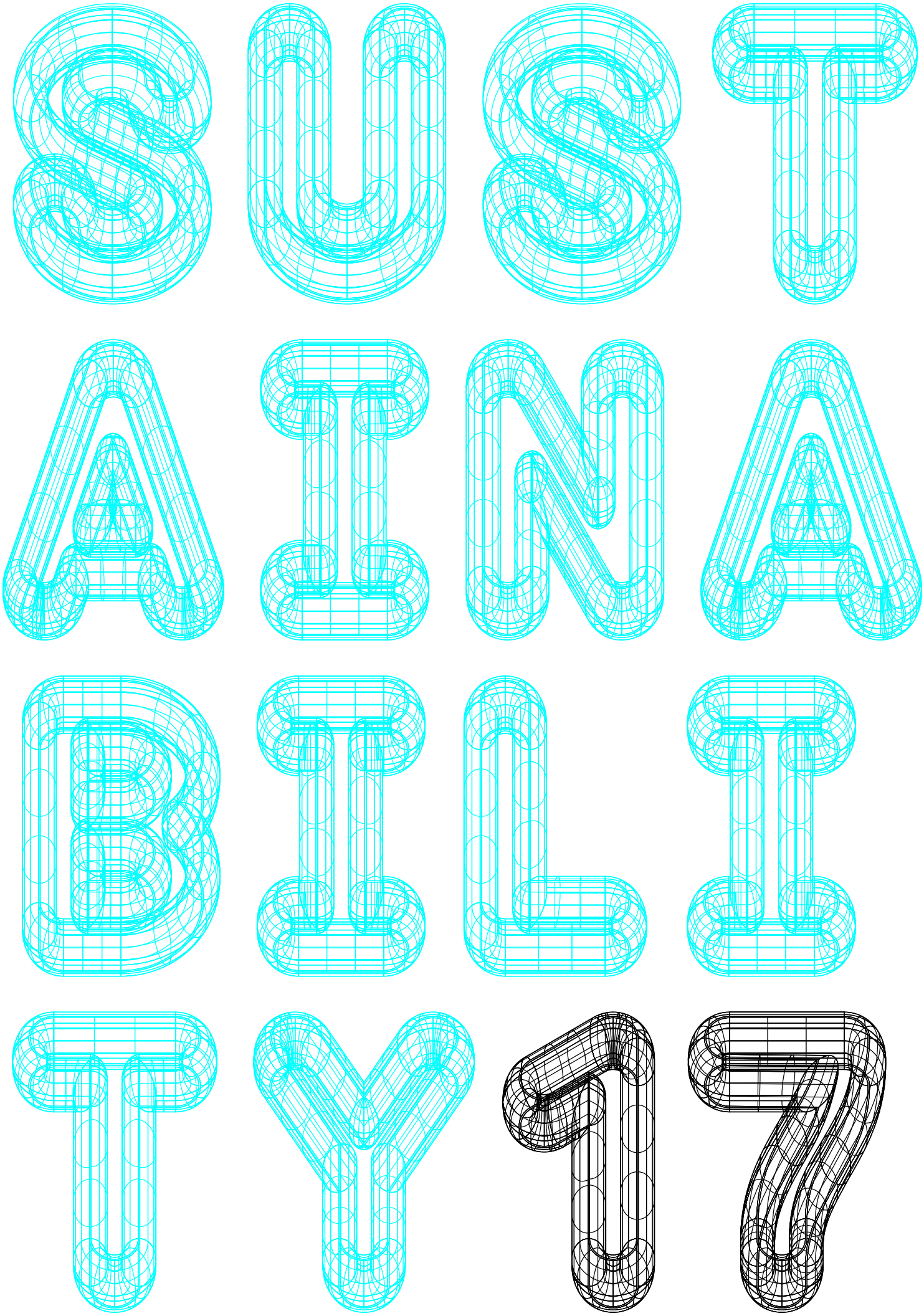


Contents

Foreword

2017 has been another successful and busy year for our business, and I am pleased to report that our sustainability programme has continued to grow and deliver even more value for our stakeholders.

The implementation of our new science-based carbon targets is progressing well and we have enhanced our sustainability framework documents for developments and assets to incorporate our tougher carbon requirements. Similarly, our Community Fund continues to support a wide range of grass roots projects and initiatives across our Fitzrovia and Tech Belt portfolios, with a further £108,000 invested in 2017 across 19 organisations.

Our good work has not gone unnoticed. For the second time we have been ranked in the prestigious Corporate Knights 2018 Global 100 Most Sustainable Companies in the World. Announced at the World Economic Forum meeting in Davos each year, it represents the top 2% of global companies in terms of sustainability performance and sees us as the only ranked REIT. Moreover, we have again retained our Greenstar status in the Global Real Estate Sustainability Benchmark (GRESB), for the sixth successive year, improving our score by three points to 81.

Our report highlights our 2017 sustainability activities in finer detail, I hope you find it interesting and it gives you a sense of the achievements we have made and what we have planned for 2018.

John Burns
Chief Executive Officer

Recognition

CDP 2017
Maintained our Management B rating

Corporate Knights 2018 Global 100 Most Sustainable Companies in the World
Top 2% of globally listed companies and the only ranked REIT

GRESB (Global Real Estate Sustainability Benchmark) 2017
Green Star status retained for the sixth successive year with a score of 81

EPRA Sustainability Reporting Awards 2017
Gold Award for our 2016 Annual Sustainability Report

FTSE4Good
We are listed in the FTSE4Good index

Introduction

Welcome to the 2017 **Derwent London** annual sustainability report. In this, our sixth report, we summarise our work during the past year and the **excellent progress** we have made in driving sustainability across our business.

As reported last year, the setting of our first suite of science-based carbon targets represented a significant step for our business. We undertook a comprehensive review exercise across our business to ensure we had the appropriate systems and processes in place to manage and measure them correctly. This resulted in us enhancing our sustainability framework documents for developments and assets to incorporate tougher carbon requirements.

In addition to our strategic carbon work, our day-to-day reduction programme has continued to deliver savings across our managed portfolio where we have seen a 15% and 9% like-for-like reduction in carbon and energy intensity (tCO_2e/m^2 and kWh/m^2) respectively. Our total like-for-like carbon emissions and energy consumption have dropped by 26% and 21% respectively. Putting these into context, since 2013 (our measurement baseline) we have achieved reductions in our like-for-like landlord carbon emissions and energy consumption of 50% and 38%, which we believe represents great progress and keeps us on course to meeting our targets – further details on these are set out on page 69.

Last year we reported on the launch of our supply chain sustainability standard, which has been designed to articulate the range of environmental, social and governance issues that are important to us. During the year we wanted to understand in more depth how our suppliers are implementing the standard and what policies and procedures they had in place. As a result we undertook a comprehensive audit of our suppliers to ask them to provide evidence on how they met the various aspects of the standard.

As John Burns mentions in his foreword, our work has not gone unnoticed. In addition to our ranking in the Corporate Knights 2018 Global 100 Most Sustainable Companies in the World and improved Global Real Estate Sustainability Benchmark (GRESB) score, we have also maintained our CDP rating of 'Management B' and continue to be listed in the FTSE4Good index.

We hope this report gives you a clear picture of our efforts over the past year and what we have in store for 2018 and beyond.

Paul Williams
Executive Director for Sustainability

John Davies
Head of Sustainability

2017 Highlights

£236,800
Invested through charitable donations and sponsorships

21%
Reduction in our like-for-like energy consumption

26%
Reduction in our like-for-like carbon emissions

74%
Our waste recycling rate in 2017

£450,000
Invested through our community fund to date

About our Report

Clear, insightful and relevant have always been our guiding principles when preparing our annual reports. However, we are always looking to improve to ensure our stakeholders gain the best understanding of our sustainability agenda, which includes taking account of the latest best practice and updates to reporting frameworks.

Structure & Materiality
We feel it is important to ensure that the structure of our report reflects what happens in our day-to-day business and the context in which we manage sustainability. Our four key priorities:

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

form the backbone of our report coupled with extensive data and material issues reporting. These priorities stem from the extensive strategy and materiality review we did in 2013 and encapsulate a range of issues we manage via these priority areas. We undertook another review in 2015 and again in 2017 both of which re-affirmed our material issues and the relevance of those to our priorities. A summary of our latest review together with our updated matrix can be found on pages 10–11.

Boundaries
Our reporting is based on activities undertaken during our last financial year which is set to the calendar year – 1 January 2017 to 31 December 2017. It covers the activities of our central London-focused business which did not change during 2017. The boundary treatment used for our data, together with the calculation and aggregation methods are set out in our in-depth data report which can be found on page 41.

Assurance
This year we have increased the level of assurance we apply to our data. Previously we assured our data to a limited level, but for this and subsequent years we will use the substantially more rigorous reasonable level. This represents a significant increase in testing and scrutiny and underpins our principle of providing robust and transparent data. Deloitte LLP's assurance statement and opinion of our data can be found on pages 66–67.

Reporting frameworks
To enable our stakeholders to compare and contrast our reporting effectively, we compile and align our outputs in line with two reporting frameworks – GRI G4 (core requirements) and the EPRA Best Practices Recommendations on Sustainability Reporting. This allows for both a broader international comparison (GRI) and a property specific one (EPRA). Summaries of both can be found on pages 78–89 and 74–77 respectively. In addition and new for this year we have provided a TCFD Disclosure in line with the new recommendations. Likewise we have set out a review of the UN Sustainable Development Goals (SDG) against our business. These can be found on pages 90–95 and 96–97 respectively.

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

Materiality

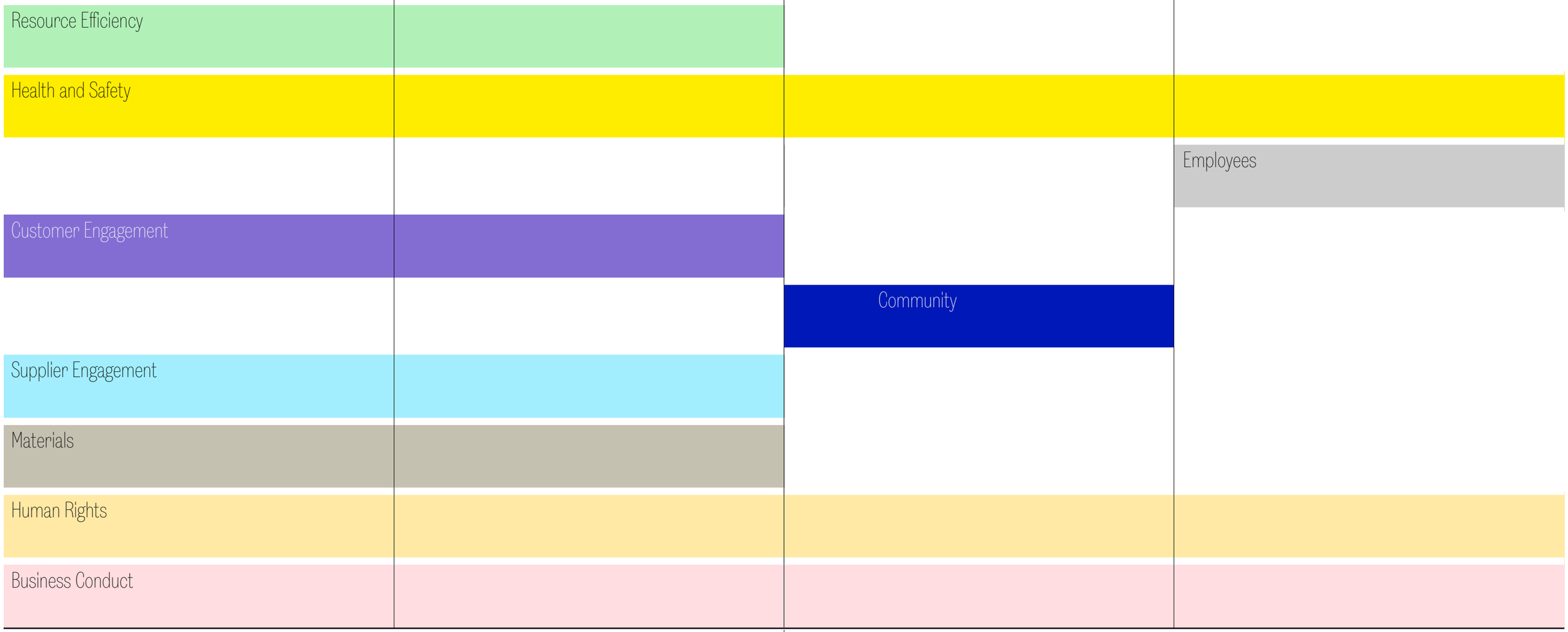
During 2017 we undertook a new materiality review in which we looked at our materiality matrix together with the issues it identified from our two previous reviews, to understand whether they were still relevant to our business and our stakeholders, and whether we are communicating them effectively.

We engaged an external consultancy to undertake the review for us using the same four step process as before – **identification**, **prioritisation**, **validation** and **review**. The outputs from this process were then individually examined by members of both the Sustainability and Executive Committees in a dedicated workshop to establish the ranking and relative importance of the issues to both our business and our stakeholders.

The review revealed that the nine headline issues identified previously were all still relevant and ranked, predominately in the same order, these 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**; and
9. **Business conduct** (including tax, regulatory actions)

Materiality Matrix



Our Performance

We set out a breakdown of our performance – both in terms of our external targets and internal key performance indicators to give a complete picture of our performance.

Our 2017 targets encapsulate a number of longer term indicators as reflected in the number of targets classified as 'ongoing'. To give a sense of progress we provide detailed commentary on all our targets which can be found on pages 34–37.

Overall we achieved 60% of our targets and KPIs. Whilst lower than our 2016 performance, it represents good progress given that we have more longer term targets which are ongoing. Only one target was partially achieved which related to our tenant sustainability newsletter; please see our performance commentary on pages 34–37 for further details.

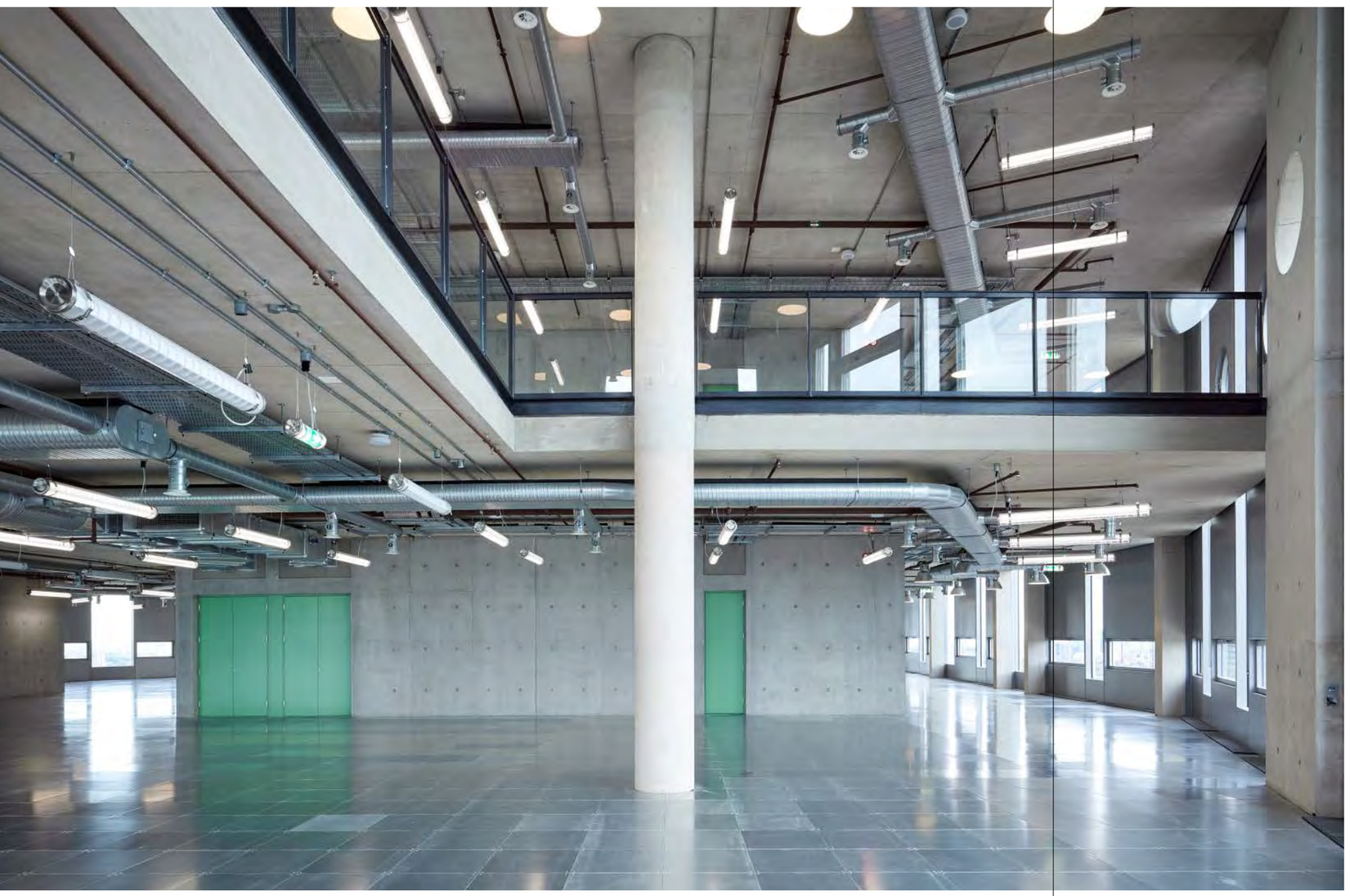
Form+ Function

Designing and delivering buildings responsibly

Delivering well designed, sustainable, occupier-focused buildings is important to us. From our experience they let more quickly and on better terms, demonstrating the value of our approach. A good example of this is our **White Collar Factory** project. Launched in mid 2017 and now almost fully let, it represents many years of research and development, incorporating a series of design principles that create a **unique**, **efficient** and **climate-resilient building**. As a result of this it has delivered a number of firsts for our business – our first new build BREEAM Outstanding rating (our previous two Outstanding ratings relate to the refurbishment of two floors at our Morelands property) and our first confirmed LEED Platinum rating. Moreover, our first new build EPC rating of A was also achieved.

Performance:

- **Achieved our first SKA Gold rating for the fit out of our 25 Savile Row office**
- **Achieved our first LEED Platinum rating for our White Collar Factory project**
- **99% of construction and demolition waste diverted from landfill**



Setting high standards in terms of design and sustainability is not just focused on our developments but also the spaces we occupy. For the refurbishment of our **25 Savile Row** offices we wanted to learn from our wider development activities to produce a new space which delivers not only on being efficient to operate, agile and healthy to work in, but also encapsulates our **design-led ethos**. Now that our new offices have been finished we believe we have met these aims and, in doing so, have achieved another first for our business – a SKA Gold rating. Over the following pages we look at the sustainability journey of our office refurbishment and the achievements made.

Focus: 25 Savile Row sustainability journey

Our design-led, occupier-focused ethos is one the fundamental aspects of our approach to developing buildings and spaces. Another is our commitment to ensuring sustainability is woven seamlessly into our designs, and the refurbishment of our own offices at **25 Savile Row** has been no exception.

The first step we took in the design process for the project was to understand how we worked day-to-day and what our various departments needed to enable them to work more effectively and be more productive and collaborative. We reviewed everything from seating arrangements, IT equipment, breakout and meeting spaces, through to environmental factors such as comfort, daylighting and access to outside spaces. The culmination of this formed the basis of our brief and a set of user requirements which were used to guide the project team. Coupled with this, we tasked the development team with achieving the highest rating under the fit-out specific sustainability assessment method SKA, which is a Gold rating. Operated by the Royal Institution of Chartered Surveyors (RICS), SKA assesses projects over a range of key issues such as **energy/ carbon**, **materials**, **water efficiency** and **occupant well-being**, and measures projects across three rating thresholds – Bronze, Silver and Gold.

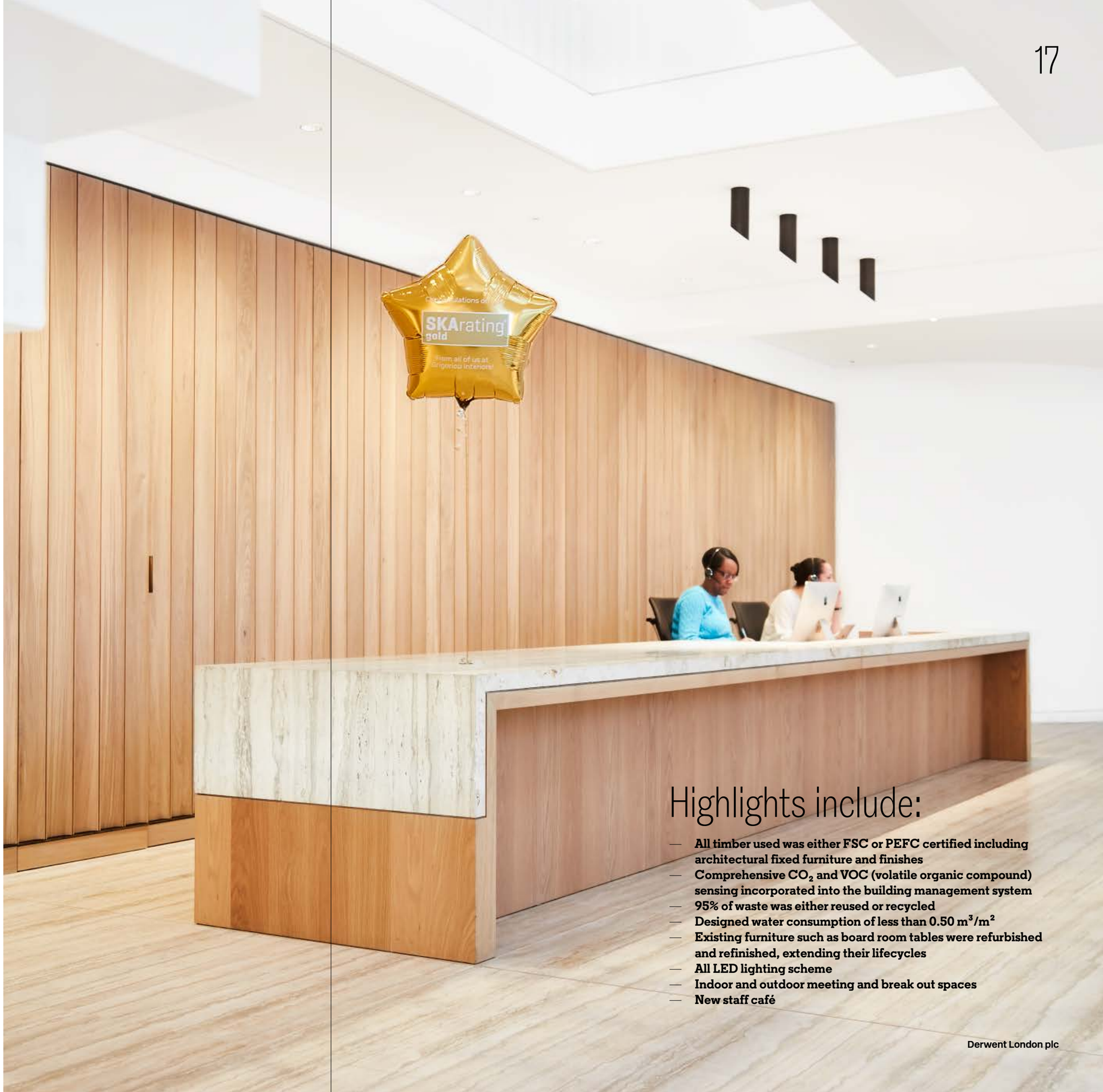
As the project progressed, the team worked hard to incorporate the range of targeted SKA measures into the design and delivery of the project, with the result being the achievement of the Gold rating – and 78% of the measures achieved. Whilst not the first Gold rated project, we believe this is the first project of this type to achieve this level of performance, taking into account the bespoke and hand crafted nature of the fixtures and finishes used.

In addition to the SKA assessment we applied our own sustainability requirements to the project, which included detailed in-use energy assessments (using CIBSE TM54) of our spaces and the wider building. This helps us create **meaningful energy benchmarks** such that we start to understand more quickly the likely energy footprints involved in operating our new space and the wider building.

"It was a tough requirement set by the Derwent London team to achieve an interior that can meet 'Mayfair standards' and achieve a Gold SKA rating. I suspected that if there was one project that would put our team through its paces then this one was it. The Gold rating achieved is a symbol not only of individual effort but the whole team's success.

The dedication and commitment within Derwent London not to compromise on aesthetics and sustainability was instrumental in achieving both, and a testament to the very good communication established between the client and project team – with trust, good practice, fairness and openness demonstrated throughout the process. Giving the right amount of time to the design process makes complete business sense when targeting real sustainable value and, as Derwent London are a very experienced team in delivering this, they did not fall short in their fantastic new HQ."

Elina Grigoriou, Design and Sustainability Director at Grigoriou Interiors



Highlights include:

- **All timber used was either FSC or PEFC certified including architectural fixed furniture and finishes**
- **Comprehensive CO_2 and VOC (volatile organic compound) sensing incorporated into the building management system**
- **95% of waste was either reused or recycled**
- **Designed water consumption of less than 0.50 m^3/m^2**
- **Existing furniture such as board room tables were refurbished and refinished, extending their lifecycles**
- **All LED lighting scheme**
- **Indoor and outdoor meeting and break out spaces**
- **New staff café**

Nuts + Bolts

Managing our assets responsibly

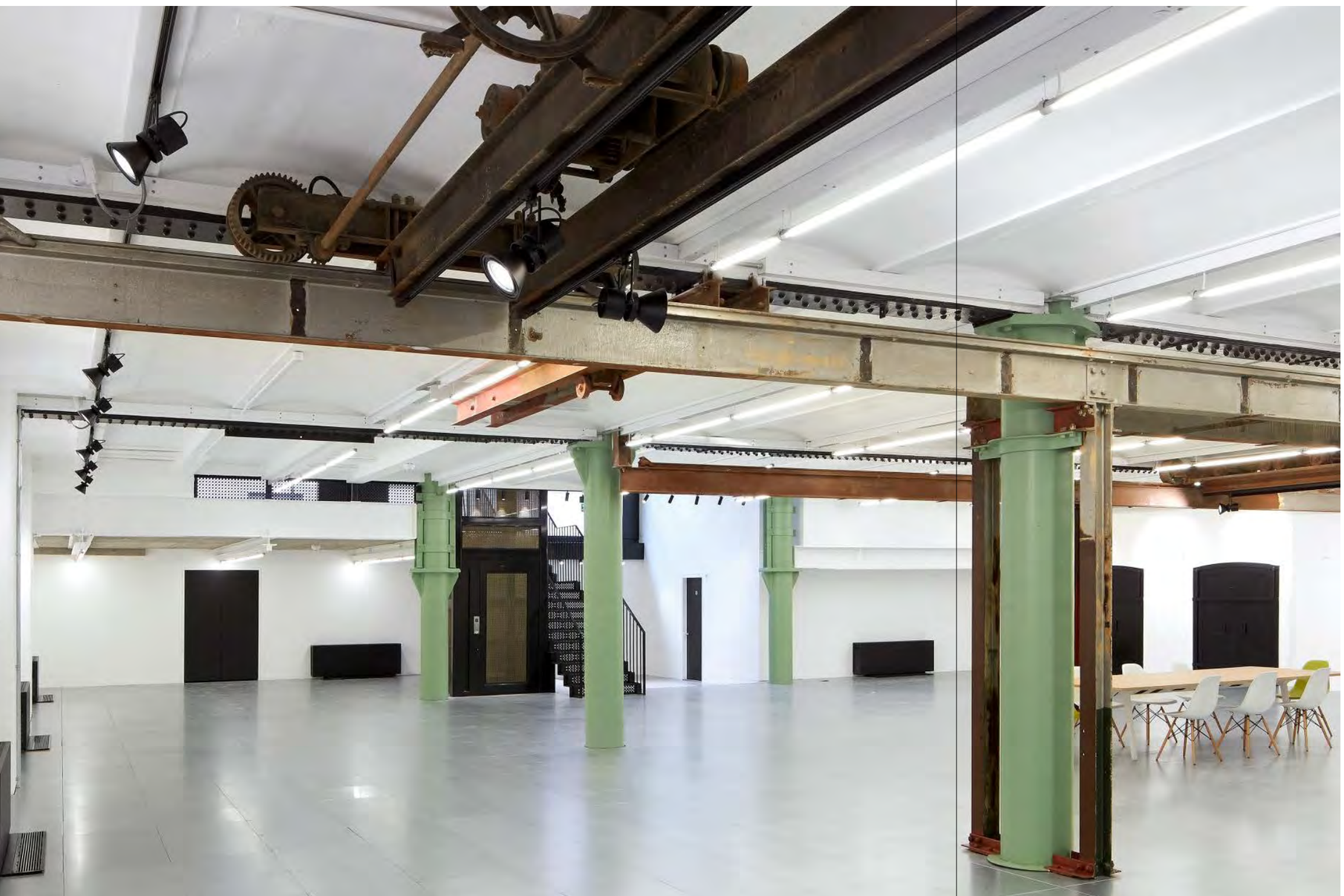
Maintaining a robust and responsible approach to the management and maintenance of our assets is important to us, not only to maximise their performance but to ensure our occupiers benefit from an efficiently run building. 2017 has seen us make continued progress on driving our carbon footprint down which is reflected in a 26% reduction in our like-for-like managed portfolio and a 15% reduction in our like-for-like carbon intensity. Likewise we have seen reductions in our like-for-like energy usage of 21%. However, we believe we can go further and achieve more, not least of all to ensure we meet the requirements of our science-based carbon targets.

As we set out in our report last year we are now working with our suite of science-based targets, which are driving us to look even more extensively at our managed portfolio and how we can achieve further carbon reductions. A key contributing area to these targets is our asset and property management work within our managed portfolio. To support this we have filtered down **bespoke energy conservation measures** identified during the target research work into the Building Sustainability Plans (BSP) for each managed property. These measures are additional to the ongoing work already set out in each plan and look to generate further savings – sometimes more significant than those already achieved. For an update on our targets please see the climate resilience section of this report on page 69.

In addition to our carbon work we also believe it is important to connect with our occupiers to maintain strong relationships and, where possible, enhance their experience of our properties. One of the initiatives we started in 2017 was our 100 Day Challenge. Launched in July it sought to engage both the building management teams and their respective occupiers to set a series of challenges over a 100 day period, which ranged from increasing waste recycling or reducing energy through to setting up a building-wide running or yoga club. Over the following pages we take a closer look at the various challenges set at some of our buildings and the results achieved.

Performance:

- **15% reduction in our like-for-like carbon intensity (tCO_2e/m^2)**
- **11% reduction like-for-like water use**
- **21% reduction in like-for-like energy use in our total managed portfolio**



Focus: 100 Day Challenge

derwent_london
Derwent London
Follow

derwent_london Last week was detox week at Derwent with fresh, homemade smoothies every afternoon! Are you participating in our 100 day challenge? #derwent100 #health #wellbeing #detox

derwent_london
Follow

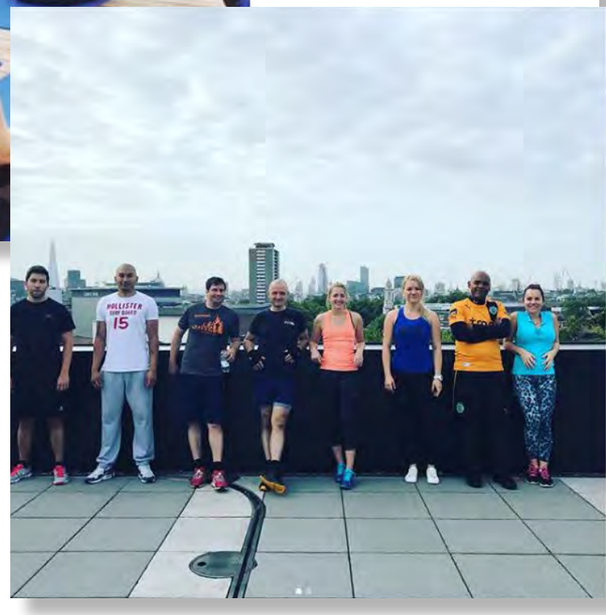
derwent_london Great to see @insidefreuds participating in our #derwent100 challenge with a spot of yoga on our terrace at #stephenstreet. #yoga #health #worklifebalance #fitzrovia

20farringdonroad • Follow

20farringdonroad Great to be celebrating the 30th roof top yoga session with @the_lovely_catalyst! Keep it up, team! #derwent100 #yoga#rooftop#happyfriday

22 likes
AUGUST 18, 2017

Log in to like or comment.



derwent_london
The Angel Building
Follow

derwent_london Team #angelbuilding are up for our 100 day challenge! Here they are enjoying the bootcamp session #derwent100 #bootcamp #fitness #challenge #health #fitness #worklifebalance #rooftop

40 likes
SEPTEMBER 11

Log in to like or comment.

In July we launched our **100 Day Challenge** with the objective to bring our occupiers and building management teams together and create individual challenges and promote energy and health/well-being experiences.

15 of our buildings created 23 challenges ranging from energy and water reduction to **increasing waste recycling rates** and **reducing stress levels**. Using the Instagram hashtag #derwent100 we encouraged participants to share their events and journeys during the 100 days.

Some of the examples of the various initiatives and challenges undertaken include:

1) Buckley Building EC1
- Reduce the building's energy consumption by 3%
- Increase peoples energy with the help of wellness App StepJockey

2) 20 Farringdon Road EC1
- Increase the recycling target to 90%
- Increase people's energy with a running and yoga club

3) 1–2 Stephen Street W1
- Reduce water consumption by 3% and achieve a recycling target of 80%
- Reduce our stress levels with a yoga club

4) 1 Oliver's Yard EC1
- Hold a 'turn it off' competition and reduce electricity usage by 5%
- Achieve a recycling target of 85%

Across the 100 days we managed to save 235,659 kWh in electricity, 413 m^3 of water and increased our recycling volume by 7,580 kg. Likewise we had over 450 tenants attend the yoga classes at our 1–2 Stephen Street and 20 Farringdon Road properties.

Life + Soul

Creating value in the community

Positively engaging and maintaining strong relationships with the local communities in and around our properties is a key part of our management approach. To help us do this effectively our Community Strategy requires us to set out clear plans for each of our villages, detailing how we will engage with the local community. A key enabler of these plans is our **Community Fund**, which is aimed at supporting grass roots projects and initiatives. To date the fund has invested over **£450,000 across 56 projects** and has leveraged wider support from our business to a variety of organisations in terms of pro-bono work, volunteering, employment opportunities and mentoring.

Performance:

- **£450,000 invested through our Community Fund to date**
- **£108,000 invested in the 2017 round of funding**
- **£236,800 charitable donations and wider community contributions in 2017**

In addition to the fund we also support a wide range of charitable organisations through various sponsorships and donations which, during 2017, totalled over £236,000.

To complement our Community Fund work, we also try to ensure we leverage additional value during the development of our major schemes, recognising that development activity can have an impact on local residents and businesses. As part of our contract terms and conditions, we stipulate that our major scheme contractors incorporate **local employment and apprenticeship opportunities** on site, likewise giving local suppliers full and fair access to the project supply chains to boost local spending. Moreover, we require them to hold regular community liaison and progress meetings with local residents and businesses to ensure a proactive approach and good relationship building.

Focus: Community Fund

Our **Community Fund** continues to support a wide range of projects and 2017 has been no different. During the year there were three funding rounds – one in **Fitzrovia** and two in our **Tech Belt** portfolio. From these funding rounds 19 organisations (7 in Fitzrovia and 12 in Tech Belt) received funding with over **£108,000 invested** across a diverse range of projects, such as inter-generational music programmes, art clubs and lunch clubs for the elderly.

Here we look at some of the projects we supported last year:

Tech Belt

Ministry of Stories, writing programme
37 young imaginations fired up in creating written and recorded audio stories.

The Spitz Charitable Trust, Going Deeper-Music for Wellbeing
50+ residents connecting with and enjoying the wider community through live music.

Islington Play, Acting Freely
40 young singing and dancing stars of the future producing a show for friends and family.

Fitzrovia

The Fitzrovia Centre, Camels in the Community
80 children becoming published authors and filmmakers.

The Fitzrovia Chapel, community engagement
1,000 visitors to the chapel taking pride in their local history and heritage.

Fitzrovia Youth in Action, Active Fitzrovia
100 residents old and young trying out new sports and getting to know each other.

Create + Inspire

Engaging and developing our employees

We always strive to maintain a transparent and collaborative culture – one that stresses the importance of **teamwork** and **professionalism** to help us build long term relationships with our colleagues and other stakeholders. During 2017 we undertook our second employee survey, which revealed and reinforced a number of important insights from our employees. For example, 97% of employees enjoy their day to day role and **99% are proud to work for Derwent London**. Overall job satisfaction, which is one of the company's key performance indicators, remains exceptionally high at 96%.

We believe that our diverse workforce helps to stimulate and support creativity and in turn, drives innovation. We also recognise that our employees are the most important ambassadors of the Derwent London brand and, as a result, we invest considerable time and resources to ensure our employees are happy at work, thrive in their roles and **feel valued** and **supported**. This is achieved by all our staff receiving appraisals throughout the year and through regular dialogue with line managers to discuss performance, identify training requirements and understand individual career aspirations.

During 2017 we provided a series of development opportunities including; internal presentations, external courses and 1-1 coaching. We understand the importance of career development and progression for our employees and how these can support our succession plans which are fundamental to the future growth and stability of the business. All our line managers and department heads have a vital role to play in leading by example, encouraging regular feedback enabling our employees to take ownership of their careers. During 2018 our talent pipeline will be strengthened though our core skills and 'Fit for the Future' initiative.

Our values
- Reputation, integrity and good governance
- Building long-term relationships and trust
- Focus on creative design and embracing change
- Openness and transparency
- Sustainability and responsibility

Our culture
- Hard-working and adaptable
- Driven by a passion to improve London's office spaces
- Progressive and pragmatic
- 'Open door' and inclusive
- Collaborative and supportive

Performance:

- **92%** Employee retention rate
- **97%** Response rate for our second employee survey, with 88% of respondents saying they would like their long term career to be at Derwent London
- **£75,500** spent on staff training, equating to 8 hours external training per FTE

Focus: Staff Survey

Our new office environment

Following feedback from our 2015 employee survey our office environment was identified as a high priority area. This was primarily a consequence of the growth of the business, but also as a result of a proportion of employees working in a different office.

To look at this in more detail, a working group was established with representatives from across the business to consult and garner feedback on what was important to our employees and what our new office environment should incorporate. This was then fed into the design process to ensure the new space reflected how we wanted to work to encourage collaboration and communication across all areas of the business. Following the move into our new offices in May 2017, and as part of our SKA assessment, we undertook a post occupancy evaluation (POE) to understand the perceptions of our new office environment, and whether it is supporting comfort/wellbeing and meeting the objectives set for the project. To do this, the HR and Sustainability teams worked together to develop a questionnaire that not only captured wider employee feedback on our company culture, values and management, but also specific feedback on our new spaces.

97% of survey respondents said they were happy with the new office environment (a 27% increase from 2015) and 94% agreed that the new facilities support their well-being.

Highlights

97%

Are happy with the office **environment** (70% in 2015)

94%

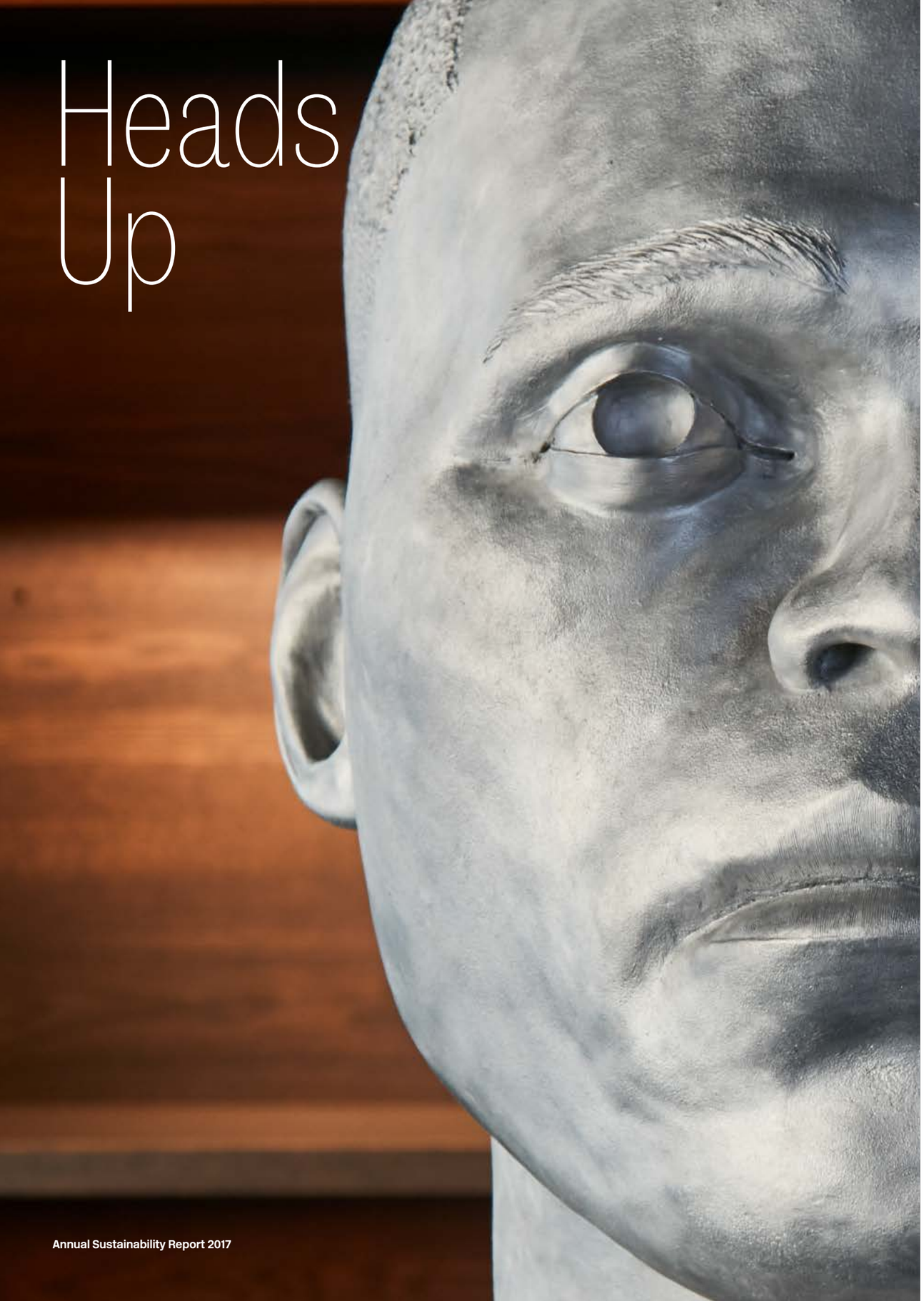
Agreed that the new facilities support their **well-being**.

81%

The office **layout** allows me to work **effectively** with colleagues

84%

The **lighting** in the office is **just right**



Heads Up

For 2018 we have maintained our current suite of **external targets** and **internal KPIs** as they still continue to be relevant to our work and in line with our strategy and material issues.

	Aspect	Metric	Target
Designing and delivering our buildings responsibly	**External Targets**		
	Climate change	**EPC rating achieved**	Minimum of a 'A' rating for new build. Minimum of a 'B' for all major refurbishments
	Building assessment methods	**Rating achieved**	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
	Suppliers	**Implementation**	Review supplier questionnaire returns to monitor compliance against our sustainability supply chain standard
	Internal KPIs		
	Project Sustainability Plan	**Implementation**	All new projects to create and maintain a Project Sustainability Plan
	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 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.
		Predicting whole building energy use	All new build and major refurbishment projects to undertake a design in-use energy assessment based on CIBSE TM54
	Water	**Designed usage (m^3/m^2)**	All new build and major refurbishment projects to be designed to achieve mains water usage of 0.40m^3/m^2 or better
	Waste	**% diversion from landfill**	Divert 95% of total construction and demolition waste tonnage from landfill
	Materials	**% of certified sustainable timber procured**	100% of timber procured 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

	Aspect	Metric	Target
Managing our assets responsibly	**External Targets**		
	Climate change	**% reduction**	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
			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
	Waste	**% recycled**	Increase recycling rate to 75% for managed waste in all properties for which Derwent London has management control of waste by the end of 2018
	Water	**Management**	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
	Suppliers	**Implementation**	Review supplier questionnaire returns to monitor compliance against our sustainability supply chain standard
	Internal KPIs		
	Energy & Carbon	**Post Occupancy Evaluation (POE)**	Carry out a post occupancy energy performance evaluation on all new build and major refurbishment projects once occupied for more than 12 months
	Waste	**% diversion from landfill**	Send zero waste to landfill from properties for which Derwent London has waste management control
	Water	**Management**	Maintain portfolio mains water consumption intensity in the like-for-like managed portfolio below 0.43 m^3/m^2
	Customers	**Engagement**	Produce one edition of the tenant sustainability newsletter during 2018
	Building Sustainability Plans	**Monitoring**	All Building Sustainability Plans are to be monitored and formally reported on a quarterly basis
	Suppliers	**Measurement**	Monitor the progress of sustainability KPI's in the building engineering maintenance contracts
	Suppliers	**Measurement**	Ensure our contracted operational supply chain operatives are receiving the London Living Wage across our managed portfolio

	Aspect	Metric	Target
Engaging and developing our employees	**External Targets**		
	Employee volunteering	**Engagement**	Refresh our volunteering policy and align it with our Community Fund to increase the number of opportunities available to staff
	Knowledge	**Knowledge dissemination**	Deliver at least three technical/knowledge sharing workshops during 2018
	Employee development	**Engagement**	Roll out the next phase of our fit for the future programme which includes bespoke development programmes aimed at nuturing our talent
			Develop and deliver a minimum of four core skills workshops covering the various training and development needs as identified through employee personal development plans
			Stage a staff survey feedback presentation and set up a new working group to address recommendations arising from the survey & present findings back to the Executive Committee by autumn 2018
	Health & Wellbeing	**Health & Wellbeing**	Develop a company wide strategy to health and wellbeing (inc. employees, developments, customers) by autumn 2018
	Skills	**Opportunities provided**	Provide at least six work experience and/or mentoring placements
Creating value in the community	**External Targets**		
	Community engagement	**Community fund delivery**	Successfully deliver the next year of the Derwent London Community Fund
	Internal KPIs		
	Socio-economic assessment	**Assessment**	Carry out a socio-economic assessment on all major projects once occupied for more than 12 months to establish net impact/benefit of the development - next building to be assessed is WCF in Q3 2018

2017 Target Performance

	Performance measure	Commentary	Status
Designing and delivering our buildings responsibly	**External Targets**		
	Minimum of an 'A' rating for new build. Minimum of a 'B' for all major refurbishments	Two of our newly delivered projects achieved our uprated standard to achieve an 'A' rating. All our current new builds which are onsite presently are being assessed to see if they can achieve this new level.	Ongoing
	Achieve a minimum of BREEAM Excellent for all new build projects	This applies to five projects; two have achieved their interim ratings and three are on track to achieve their interim Excellent ratings.	Ongoing
	Achieve a minimum of BREEAM Very Good for all major refurbishment projects	This applies to one refurbishment project which has achieved planning permission and is on track to achieve at least a Very Good rating and is looking to target an enhanced rating of Excellent.	Ongoing
	Achieve a minimum of LEED Silver for all major new build projects	This applies to four projects. Two are on track to achieve a Gold rating whilst two are targeting a Platinum rating.	Ongoing
	Achieve a minimum of Home Quality Mark 4 stars on all new residential development	The Home Quality Mark is being utilised on a pipeline project which has recently gained planning permission.	Ongoing
	All new build and major refurbishment projects to undertake a design in-use energy assessment based on CIBSE TM54	All projects to which this applies have undertaken TM54 compliant studies.	Achieved
	Develop a supplier questionnaire to survey compliance and approach to meeting our sustainability supply chain standard	We launched our questionnaire to our supply chain in mid-January with responses now back from our suppliers. We will be analysing the results to establish the levels of compliance.	Achieved
	Internal KPIs		
	All new projects to create and maintain a Project Sustainability Plan	All active projects (large and small) have a plan in place which is being monitored and measured accordingly.	Achieved
	All new build and refurbishment projects >5,000m^2 100% of meters to be AMR capable and installed on: all main incoming feeds (electricity/water/gas); landlord lighting and small power; tenant lighting and small power; all major energy using equipment e.g. heating and cooling plant and renewable & low carbon energy generation sources e.g. PV, CHP plant	All projects have these requirements incorporated into their design strategies.	Achieved
	All new build and major refurbishment projects at RIBA Stage 2 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.	Two of our development proposals have completed their assessments.	Achieved
	All new build and refurbishment projects >5,000m^2 to be designed to achieve mains water usage of better than 0.40m^3/m^2	All applicable projects have incorporated this requirement into their design briefs.	Achieved
	Divert 90% of total construction and demolition waste tonnage from landfill	In 2017 we achieved a 99% diversion rate.	Achieved
	100% of timber procured to be from FSC or PEFC sources	This requirement forms part of our standard contract requirement pack with all active sites reporting compliance with this requirement.	Achieved
	All new build and major refurbishment projects to achieve a net gain in biodiversity as measured through BREEAM	All applicable projects have achieved this.	Achieved

	Performance measure	Commentary	Status
Managing our assets responsibly	**External Targets**		
	Achieve a reduction in carbon intensity of 36% by 2022 and 55% by 2027 compared to our 2013 baseline	We have achieved a 28% reduction in our carbon intensity to date compared to our 2013 baseline, and are therefore on track to achieve our target.	Ongoing
	Achieve a reduction in energy intensity of 10% by 2022 and 16% by 2027 compared to our 2013 baseline	We are currently on track to achieve this target with an impressive 24% reduction in our energy intensity to date compared to our 2013 baseline.	Ongoing
	Increase recycling rate to 75% for managed waste in all properties for which Derwent London has management control of waste by the end of 2018	We have improved our recycling rate from 73% to 74% and are on track to achieve our target.	Ongoing
	Achieve a 5% reduction in water consumption intensity across our like-for-like managed portfolio by 2019 compared to our 2015 baseline	We have increased our water intensity by 3%, but are continuing to target further water reduction initiatives to meet our target.	Ongoing
	Ensure our contracted operational supply chain operatives are receiving the London Living Wage across our managed portfolio by 2017	We achieved this target and will continue to monitor its implementation in our business.	Achieved
	Develop a supplier questionnaire to survey compliance and approach to meeting our sustainability supply chain standard	We launched our questionnaire to our supply chain in mid-January with responses now back from our suppliers. We will be analysing the results to establish the levels of compliance.	Achieved
	Internal KPIs		
	Carry out a post occupancy energy performance evaluation on all new build and major refurbishment projects once occupied for more than 12 months	Our next post occupancy evaluation will be at our White Collar Factory/Old Street Yard development which will commence at the end of 2018.	Ongoing
	Send zero waste to landfill from properties for which Derwent London has waste management control	We maintained zero waste to landfill in 2017.	Achieved
	Maintain portfolio mains water consumption in the like-for-like managed portfolio below 0.43 m^3/m^2	We continue to monitor our managed portfolio consumption.	Ongoing
	Produce two editions of the tenant sustainability newsletter during 2017	One edition of our newsletter 'Sustainable' was produced during 2017.	Partially achieved
	All Building Sustainability Plans are to be monitored and formally reported on a quarterly basis	All building plans were monitored and reported on each quarter during 2017.	Achieved
	Monitor the progress of sustainability KPIs in the building engineering maintenance contracts	All KPIs have been monitored accordingly.	Achieved

	Performance measure	Commentary	Status
Creating value in the community	**External Targets**		
	Successfully deliver the next year of the Derwent London Community Fund	The latest year of the fund was successfully launched.	Achieved
	Internal KPIs		
	Carry out a socio-economic assessment on all major projects once occupied for more than 12 months to establish net impact/benefit of the development	No projects fell within the scope of this KPI during 2017, however we will be looking to start our next assessment at our White Collar Factory/Old Street Yard development towards the end of 2018.	Ongoing
Engaging and developing our employees	**External Targets**		
	Deliver at least five technical/knowledge sharing workshops during 2017	We delivered six technical/knowledge sharing workshops during the year.	Achieved
	Develop and stage a staff presentation and strategy away day	Following on from our first staff survey the executive Directors fed back to staff in a dedicated staff presentation on how the results of the survey will be addressed. Likewise we held our first company strategy away day.	Achieved
	Design and rollout our next staff survey including an additional section on well-being	Our second staff survey was launched during 2017 and achieved an impressive 97% response rate. The outputs and recommendations will be discussed and addressed in a staff working group who will feedback their findings to the Board.	Achieved
	Deliver at least two bite size training sessions for various levels within the company	Three 90 minute lunchtime training sessions were delivered by Mind Gym for various levels of management, focusing on effective career conversations and appraisals.	Achieved
	Provide at least two work experience and/or mentoring placements	We provided 16 work experience opportunities during 2017 and one mentoring placement.	Achieved
	Work with the Islington Careers Cluster during 2017 to develop opportunities for staff to work with schools on various initiatives	During 2018 we will continue to explore various opportunities to work with the careers cluster.	Ongoing
	No internal KPIs		

Our Data

In this section we provide a detailed picture of our sustainability data performance. Our focus remains as always on providing clear and transparent data. Similar to previous years we continue to increase the level of disclosure and breadth of data sets.

Performance Summary
Like previous years we have seen reductions in our carbon and energy emissions in our like-for-like and total building portfolios.

During 2017 we have reduced:

— Our like-for-like portfolio carbon generation in all scopes by 26%.
— Our carbon intensity (tCO_2e/m^2) by 15%
— Our total building portfolio energy use (electricity, gas and biomass) by 13%
— Our like-for-like portfolio energy use (electricity, gas and biomass) by 21%
— Our like-for-like portfolio water use by 11%

We have increased our total portfolio recycling rate from 73% to 74%.

Reporting Boundary
We measure and report our utility usage from our multi-let properties where we have full operational control on the following basis:

	Electricity	Water	Gas and Biomass
Includes	Common (landlord) areas Total building performance including tenant usage	Total building consumption	Total building consumption
Excludes	Retail consumption and refurbishment/ development projects	Retail consumption and refurbishment/development projects	Retail consumption and refurbishment/ development projects

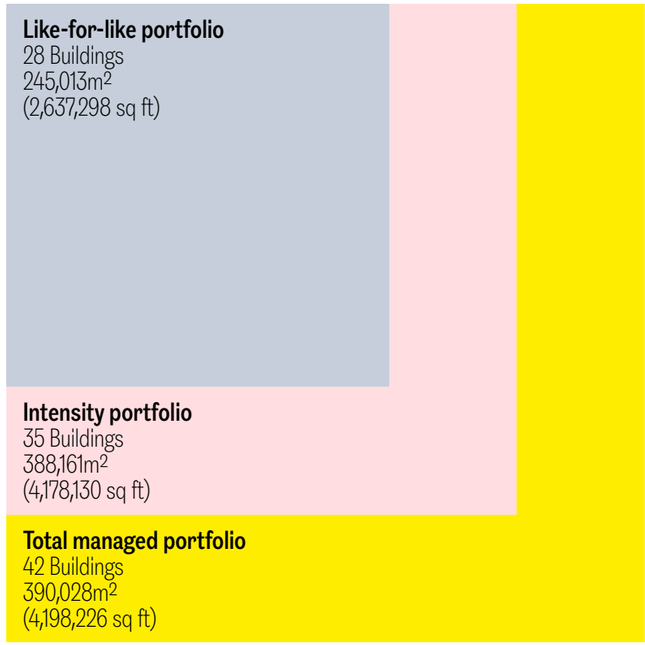
We do not report data for our single-let properties as we have no management control of these properties, and are unable to collect utilities data.

Our public assurance statement from Deloitte LLP is located on pages 66–67 and datasets covered by this assurance are marked with an (A) symbol for easy identification.

Properties that exited or entered the portfolio during the year had their respective electricity, gas and water consumption pro-rated (calculated by taking the monthly average from obtained months and multiplied by 12) up to the full year. The only buildings where this proved necessary were 137 Goldsmith House W1 and White Collar Factory EC1.

Reporting Period
Our reporting period is aligned to our financial year, which is set to the calendar year. Therefore, the data provided is from the period 1 January to 31 December 2017.

Scope
For 2017 our reporting scope consists of the following portfolios:



These portfolios comprise the following:

	Included	Excluded
Absolute	Newly acquired properties, disposed properties and launched and/or vacant floor space	Properties under refurbishment and/or development, utilities transferred to a contractor, retail consumption
Intensity	Properties in the portfolio at beginning of the year	Vacant properties, properties under refurbishment and/ or development, utilities transferred to a contractor, retail consumption
Like-for-like	Properties within portfolio for both 2015/2016 (two full years)	Vacant properties, properties under refurbishment and/ or development, utilities transferred to a contractor, retail consumption

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

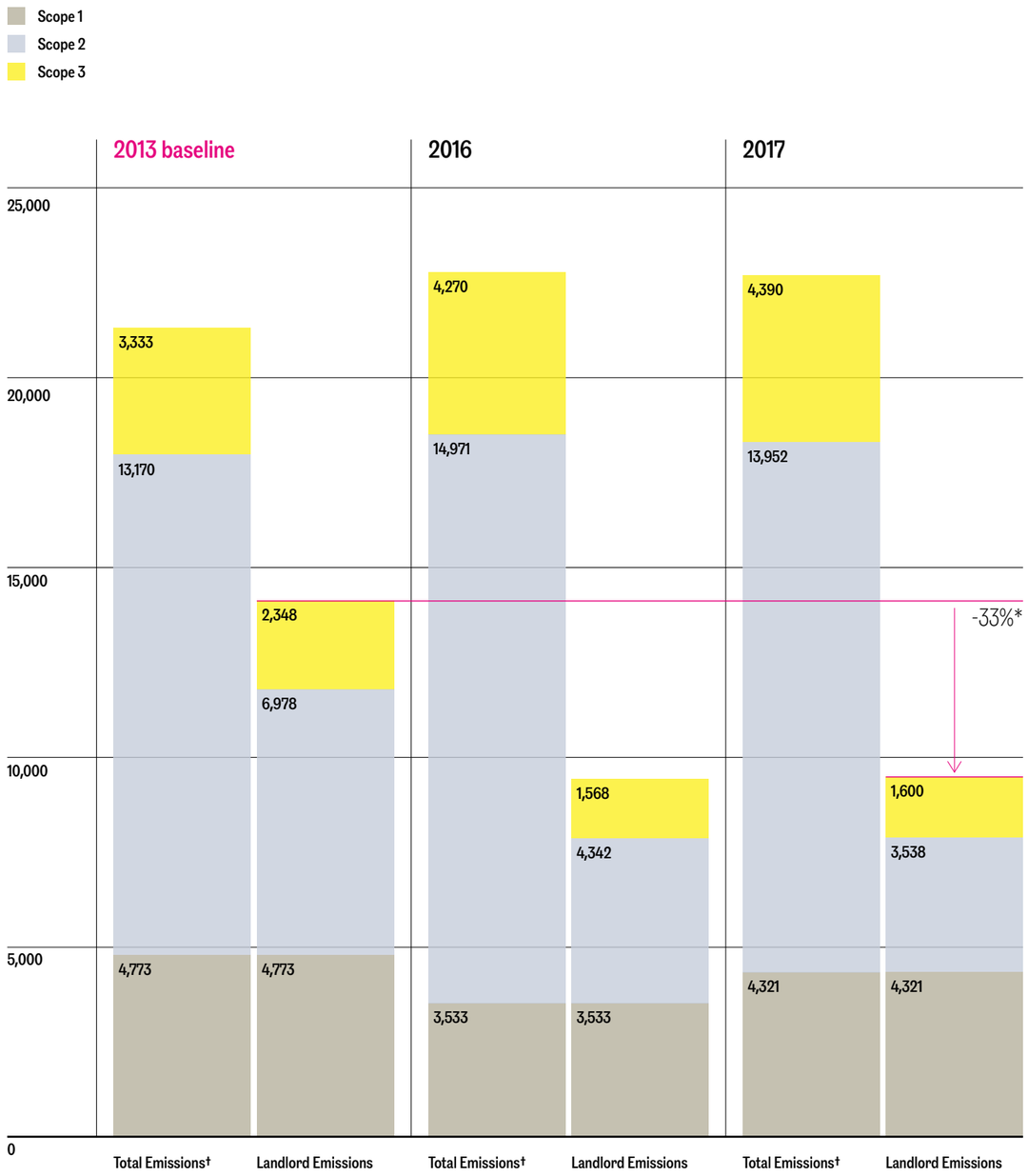
As mentioned above, we report electricity usage relating to the common (landlord) areas in our managed properties. To establish these areas we deduct the net lettable floor areas (NLA) from the gross internal areas (GIA) for each property. Where the GIA figure is unknown we then take the gross external areas (GEA) figure from our Fire Insurance valuation and reduce this by 2% in line with standard industry practice. To establish the common area usage we divide total building consumption by the total building area, and then multiply the figure (kWh/m^2) by the total common area to obtain the according usage. This approach does result in a minor misalignment in our total energy and total carbon intensity calculations, because gas, oil and water all use a denominator of floor area based on GIA, whereas electricity uses common areas only. This year we have continued to include figures for common areas (landlord usage only) and total building (including tenant usage) to balance this misalignment.

Exclusions
In 2017 we excluded emissions from properties where significant development works were being undertaken whilst having existing tenants in occupation. This applies to the following properties: 1–3 Angel Square EC1, Holden House W1, 95/100 Tottenham Court Rd (Network Building) W1, Prescot Street (78 Chamber Street) E1, 25 Savile Row W1 and 20 Farringdon EC1.

Greenhouse Gas Emissions (GHGs)

GHG Emissions by Source

Total managed portfolio including corporate based emissions (tCO_2e)



†Total emissions which includes tenant emissions

*reduction since 2013

Table 1

Total managed portfolio including corporate based emissions (tCO_2e)

		2017	% change from 2016	2016
Scope 1				
Energy use	Gas (total building)	3,412 (A)	29%	2,637
Travel	Fuel use in Derwent London company cars for business travel	28 (A)	23%	23
Fugitive emissions	Refrigerant emissions	881 (A)	5%	837
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	3,538 (A)	-19%	4,342
	Market based (residual mix)	5,475 (A)	-5%	5,733
	Market based including renewable tariffs	244	-96%	5,733
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	564 (A)	-14%	652
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	384 (A)	-15%	452
	Gas (total building)	516 (A)	44%	358
Travel	Fuel use in Derwent London company cars for business travel WTT	7 (A)	59%	5
	Business air travel WTT	6 (A)	50%	4
	Business air travel	56 (A)	45%	38
Water	Water use (total building)	67 (A)	29%	52
Total (excl. market based)		**9,461 (A)**	**0%**	**9,443**
Total (incl. market based)		**11,398 (A)**	**5%**	**10,834**
Total (incl. renewable tariffs)		**6,167**	**-43%**	**10,834**
Out of scope Energy use	Biomass use (total building)	21	-26%	28
Tenant emissions — Scope 1 + 2 + 3		13,203	-1%	13,330
Total portfolio emissions (landlord and tenant) — Scope 1 + 2 + 3		22,663	-1%	22,774

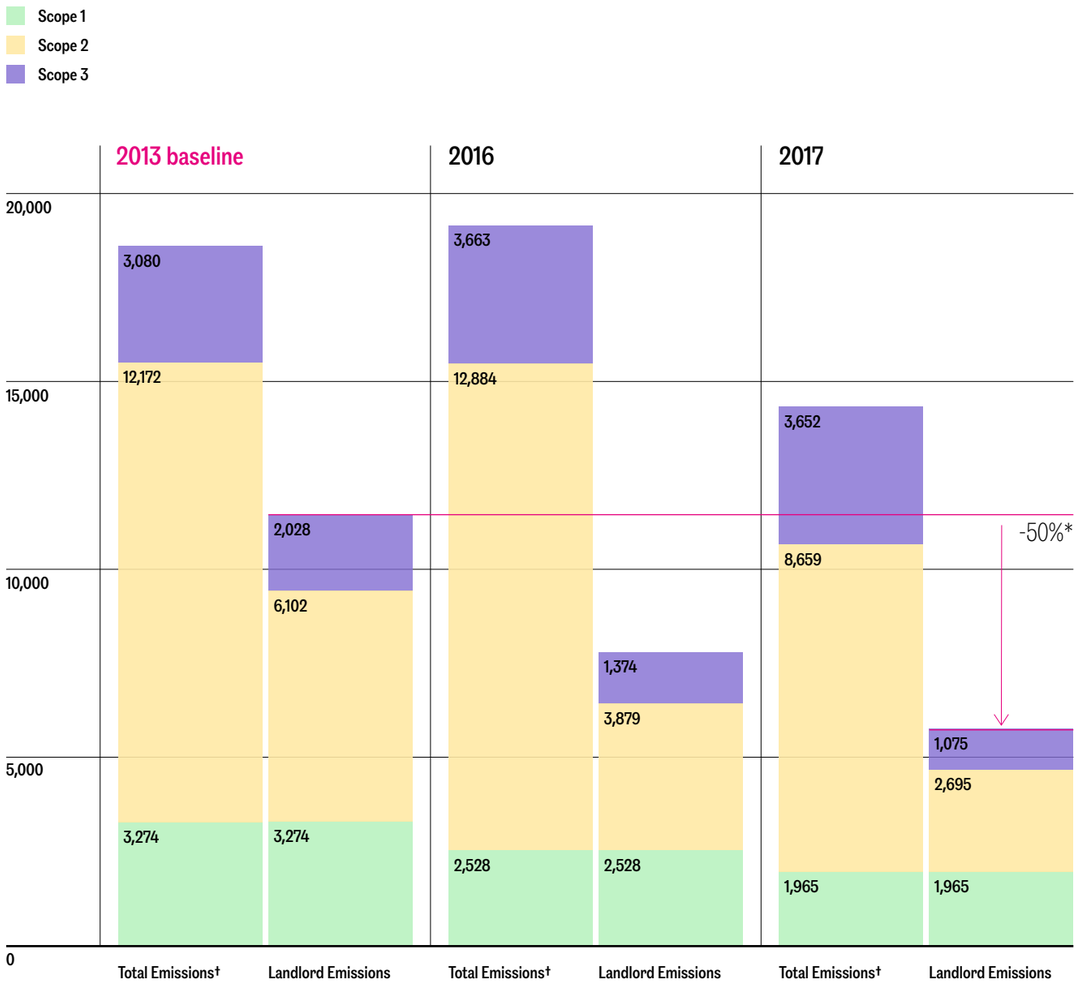
(A) This data has been independently assured by Deloitte LLP

Table 2
Like-for-like portfolio (buildings only) (tCO_2e)

		2017	% change from 2016	2016
Scope 1				
Energy use	Gas (total building)	1,965 (A)	-21%	2,492
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	2,695 (A)	-31%	3,879
	Market based (residual mix)	4,171 (A)	-19%	5,121
	Market based including renewable tariffs		-100%	5,121
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	430 (A)	-26%	583
	Electricity use — T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	292 (A)	-28%	404
	Gas (total building)	296 (A)	-12%	338
Water	Water use (total building)	56 (A)	30%	43
Total (excl. market based)		**5,736 (A)**	**-26%**	**7,781**
Total (incl. market based)		**7,210 (A)**	**-25%**	**9,024**
Total (incl. renewable tariffs)		**3,032**	**-66%**	**9,024**
Out of scope Energy use	Biomass use (total building)	21	-26%	28
Tenant emissions — Scope 1 + 2 + 3		7,561	-33%	11,294
Total portfolio emissions (landlord and tenant) — Scope 1 + 2 + 3		13,297	-30%	19,075
Total like-for-like including properties which were excluded as they were under development		8,350	-3%	8,619

(A) This data has been independently assured by Deloitte LLP
* Please see page 41 for list of exclusions

GHG Emissions by Source
Like-for-like portfolio (buildings only) (tCO_2e)



†Total emissions which includes tenant emissions

*reduction since 2013

Carbon

Table 3
Intensity metrics (Scope 1 + 2)

	2017	% change from 2016	2016
tCO_2e/£m turnover (Scopes 1 + 2 only, including Scope 1 fugitive emissions)	45.65	-10%	50.49
tCO_2e/m^2 (Scopes 1 + 2 only, including Scope 1 fugitive emissions)	0.020	-15%	0.024
Property portfolio at fair value (tCO_2e/£m)	0.62	-2%	0.63

Carbon performance since 2013 (landlord areas)

	2013	2014	2015	2016	2017
Total building GHG emissions (Scope 1-3) tCO_2e	14,099	10,511	10,367	9,443	9,461
% difference against 2013 (baseline target)		-25%	-26%	-33%	-33%

	2013	2014	2015	2016	2017
Like-for-like GHG emissions (Scope 1-3) tCO_2e	11,404	9,221	8,251	7,781	5,736*
% difference against 2013 (baseline target)		-19%	-28%	-32%	-50%**

*total like-for-like including properties which were under development would be 8,350 tCO_2e (as per Table 2)
**% difference against 2013 baselines including properties which were under development would be -27%

Carbon

Carbon notes
Our carbon emissions are calculated with the latest Defra 2017 emission factors (https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting). We report our emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, emissions are reported under the following categories:

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

To identify refrigerant losses we have used equipment service records stating the refrigerant recharge amounts (top-ups). Those figures are included in our intensity and like-for-like calculations.

To ensure that we are as compliant as possible with the Scope 2 'dual reporting' requirements, we have included an additional market based emissions figure. Our emissions figure uses the European residual mix factor GB 544 gCO_2e/kWh GWP Direct. We recognise that this is not a 'full' market based factor, however none of our utility suppliers have been able to provide a specific factor beyond the Defra factors which is specific to the supplies we receive. We will continually monitor this should that change.

We have omitted our carbon emissions from waste in our Scope 3 reporting as it is immaterial (<5% total carbon footprint).

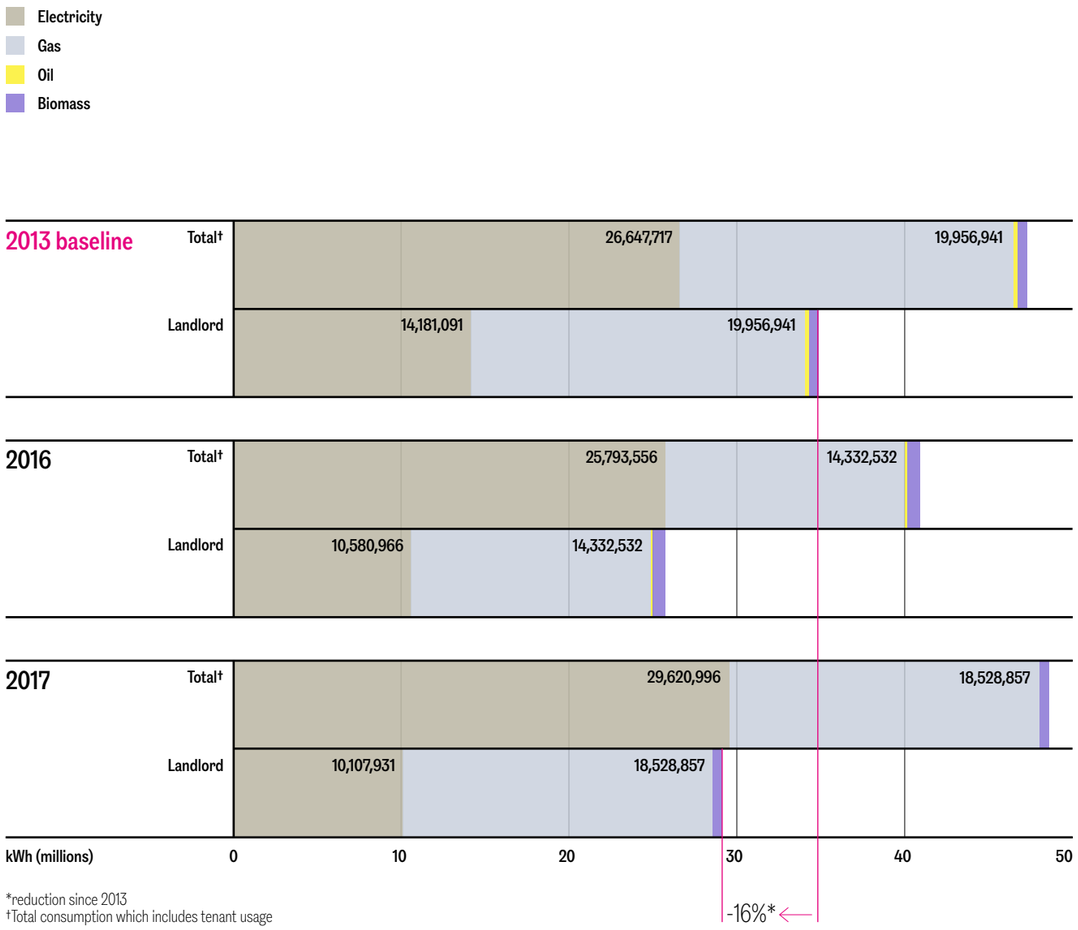
The turnover figure stated in the 2017 Annual Report and Accounts is £202.6m; likewise fair market value was stated at £4.85bn.

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

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

Derwent London plc

Energy use
Total managed portfolio



*reduction since 2013
†Total consumption which includes tenant usage

Table 4
Energy use — total managed portfolio

	2017	% change from 2016	2016
Electricity (landlord controlled areas)			
Number of buildings	40	5%	38
Use (kWh)	10,107,931 (A)	-5%	10,580,966
Intensity (kWh/ m²)	120.86 (A)	-2%	122.73
Gas (total building)			
Number of buildings	34	10%	31
Use (kWh)	18,528,857 (A)	29%	14,332,532
Intensity (kWh/ m²)	47.08 (A)	-3%	48.68
Biomass (total building)			
Number of buildings	1	0%	1
Use (kWh)	571,200	-26%	768,000
Intensity (kWh/ m²)	16.71	-26%	22.47
Total			
Number of energy utilities	40	5%	38
Use (kWh)	29,207,987	13%	25,818,119
Intensity (kWh/ m²)	75.25	-4%	78.07
Tenant consumption (electricity)	29,620,996	15%	25,793,556
Total consumption (landlord and tenant)	58,828,984	14%	51,611,675

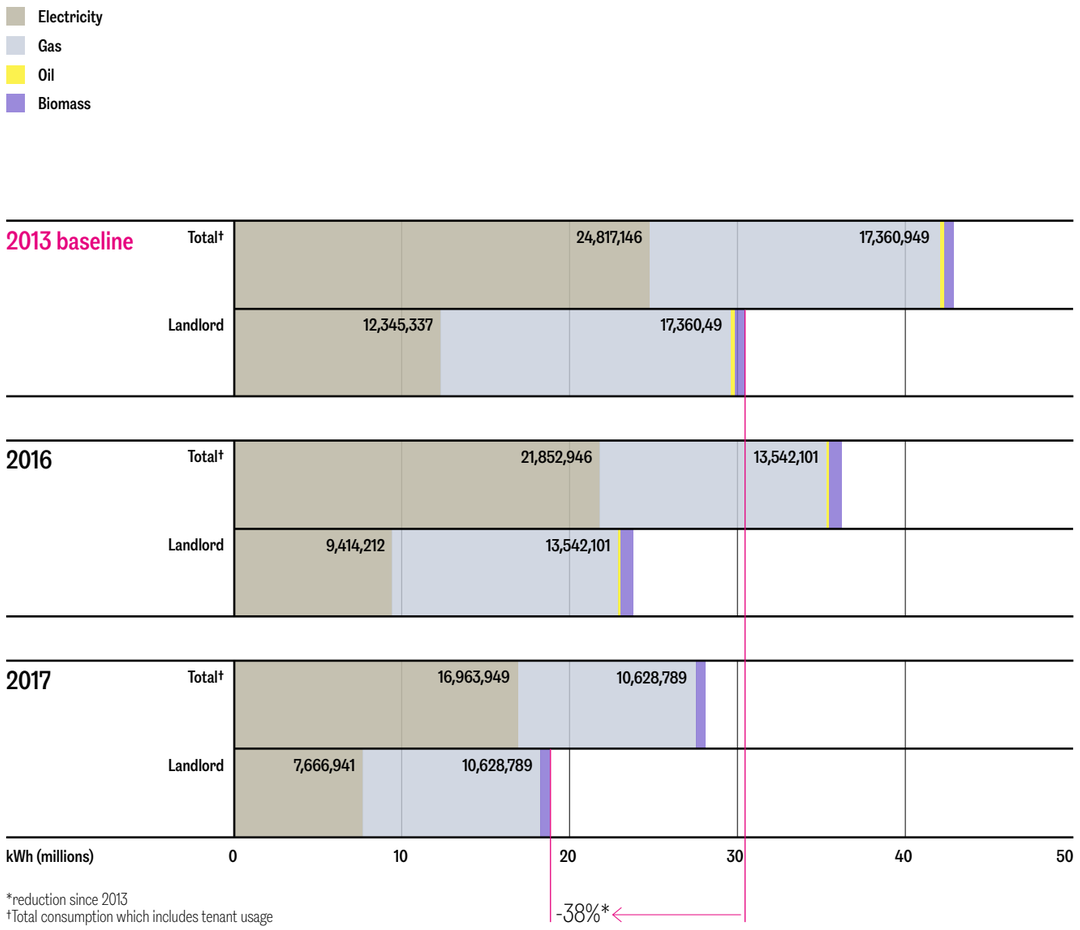
(A) This data has been independently assured by Deloitte LLP

Table 5
Energy use — like-for-like portfolio

	2017	% change from 2016	2016
Electricity (landlord controlled areas)			
Number of buildings	27	-16%	32
Use (kWh)	7,666,941 (A)	-19%	9,414,212
Intensity (kWh/ m²)	110.75 (A)	-10%	122.51
Gas (total building)			
Number of buildings	22	-21%	28
Use (kWh)	10,671,824 (A)	-21%	13,542,102
Intensity (kWh/ m²)	44.00 (A)	-9%	48.50
Biomass (total building)			
Number of buildings	1	0%	1
Use (kWh)	571,200	-26%	768,000
Intensity (kWh/ m²)	16.71	-26%	22.47
Total			
Number of buildings	26	-21%	33
Use (kWh)	18,909,965	-21%	23,860,934
Intensity (kWh/ m²)	77.18	-7%	82.96
Energy consumption			
Tenant consumption (Electricity)	16,963,949	-22%	21,852,946
Total consumption (landlord and tenant)	35,873,914	-22%	45,713,880
Total like-for-like including properties which were excluded as they were under development*	23,890,613	0%	23,860,934

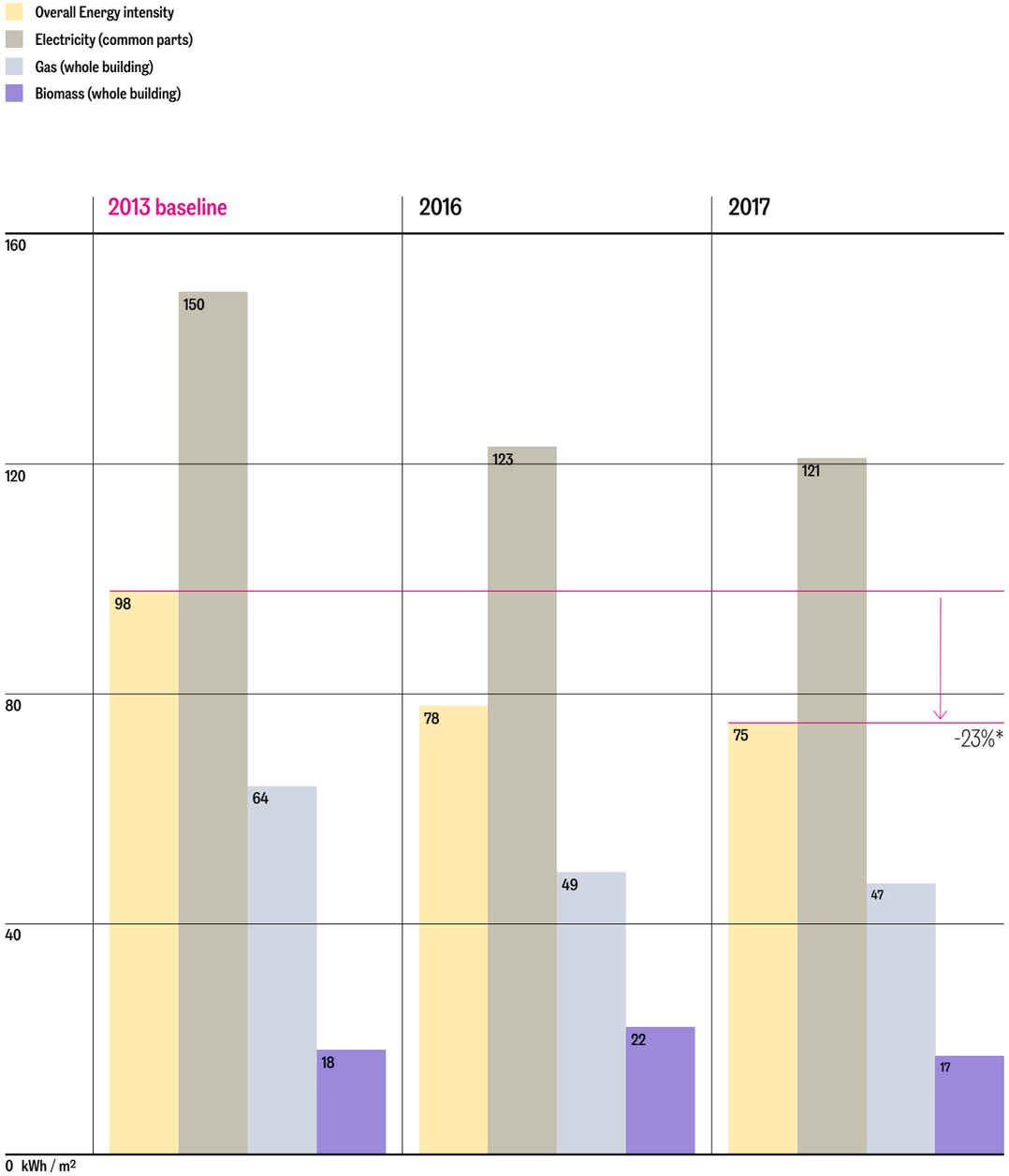
(A)This data has been independently assured by Deloitte LLP
* Please see page 41 for list of exclusions

Energy use
Like-for-like portfolio



*reduction since 2013
†Total consumption which includes tenant usage

Energy intensity
Total managed portfolio



*reduction since 2013

Energy performance since 2013 (landlord areas)

	2013	2014	2015	2016	2017
Total building energy use (electricity, gas, oil, biomass) kWh	34,942,854	24,754,571	27,530,952	25,818,119	29,207,987
% difference against 2013 (baseline target)		-29%	-21%	-26%	-16%

	2013	2014	2015	2016	2017
Like-for-like energy use (electricity, gas, oil, biomass) kWh	30,511,108	23,664,356	22,903,143	23,860,934	18,909,965
% difference against 2013 (baseline target)		-22%	-25%	-22%	-38%

	2013	2014	2015	2016	2017
Solar PV generation/consumption (kWh)	63,951	59,615	50,950	42,612	42,837

Table 6
Energy use - head office buildings

	2017	% change from 2016	2016
Electricity (Derwent London occupied areas)			
Use (kWh)	87,719	-48%	167,528
Intensity (kWh/m²)	41.51	-71%	143.97
Gas (Derwent London occupied areas)			
Use (kWh)	58,885	15%	51,242
Intensity (kWh/m²)	27.87	-44%	49.41
Total			
Use (kWh)	146,604	-33%	218,770
Intensity (kWh/m²)	69.38	-63%	188.00

Energy intensity performance since 2013 (landlord areas)

	2013	2014	2015	2016	2017
Total building intensity (electricity, gas, oil, biomass) kWh	98.02	80.25	82.62	78.07	75.25
% difference against 2013 (baseline target)		-18.1%	-15.7%	-20.4%	-23.2%

	2013	2014	2015	2016	2017
Like-for-like building intensity (electricity, gas, oil, biomass) kWh	102.02	81.16	79.57	82.96	77.18
% difference against 2013 (baseline target)		-20.4%	-22.0%	-18.7%	-24.3%

Energy notes

Our portfolio energy consumption data consists of the following:

Electricity

Head office buildings	Properties where meter readings were used in December 2017	Properties with pro-rated data	Photovoltaics (solar panels) properties
25 Savile Row W1 Goldsmith House W1 Basement of 161 Rosebery Avenue EC1	Langdales 5 St Cross Street EC1 1 Oliver's Yard EC1	25 Savile Row W1 Goldsmith House W1	1 Oliver's Yard EC1 Angel Building EC1 90 Whitfield Street W1

Gas

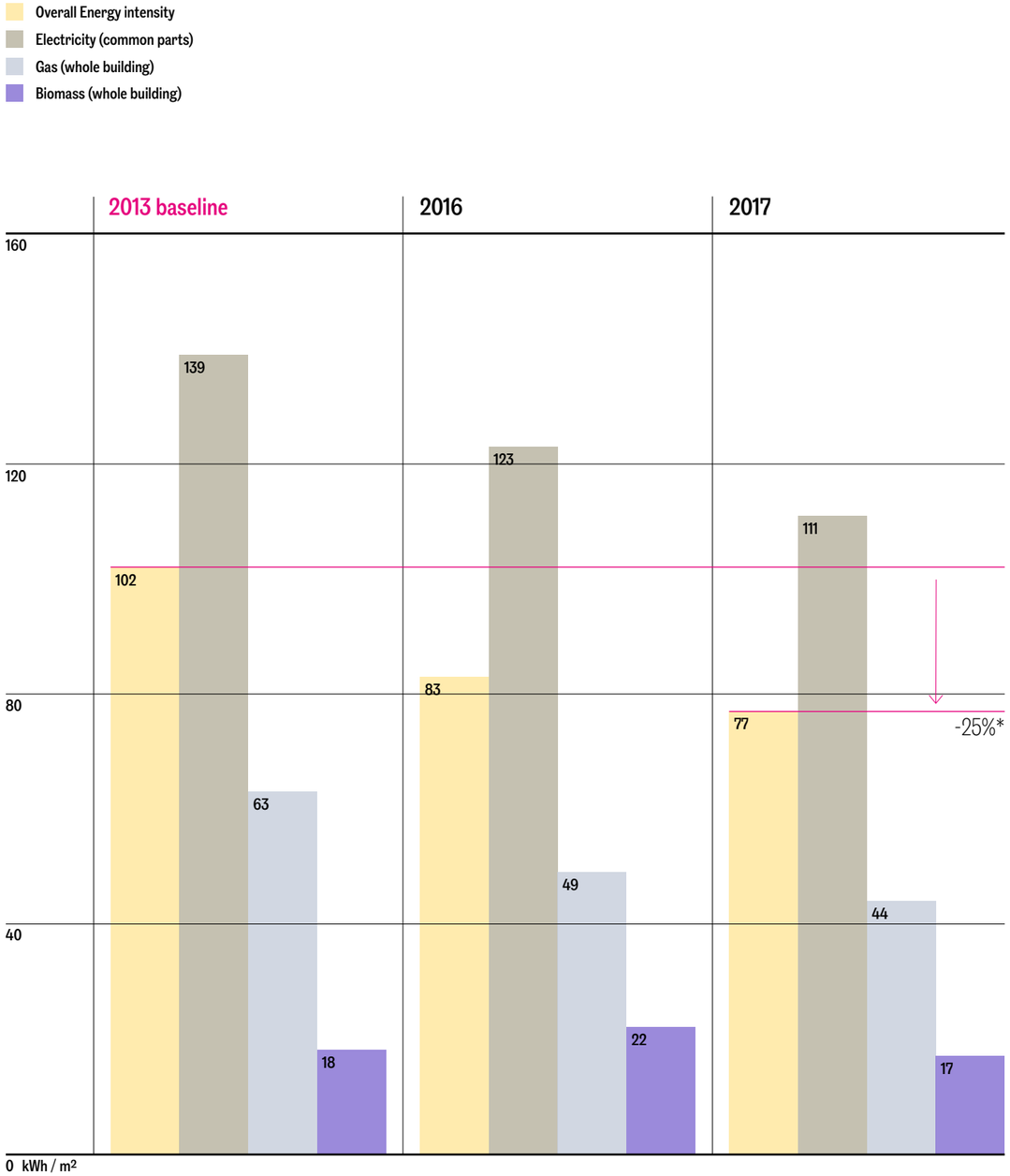
Head office buildings	Properties where meter readings were used in December 2016	Properties with pro-rated data	
25 Savile Row W1	1-2 Stephen Street W1 151 Rosebery Avenue EC1 White Chapel Building E1 White Collar Factory EC1 4 and 10 Pentonville Rd N1	None	

Biomass

Biomass data relates to Angel Building EC1 only. 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.

Energy intensity

Like-for-like portfolio



*reduction since 2013

Total managed portfolio
Total (m^3)

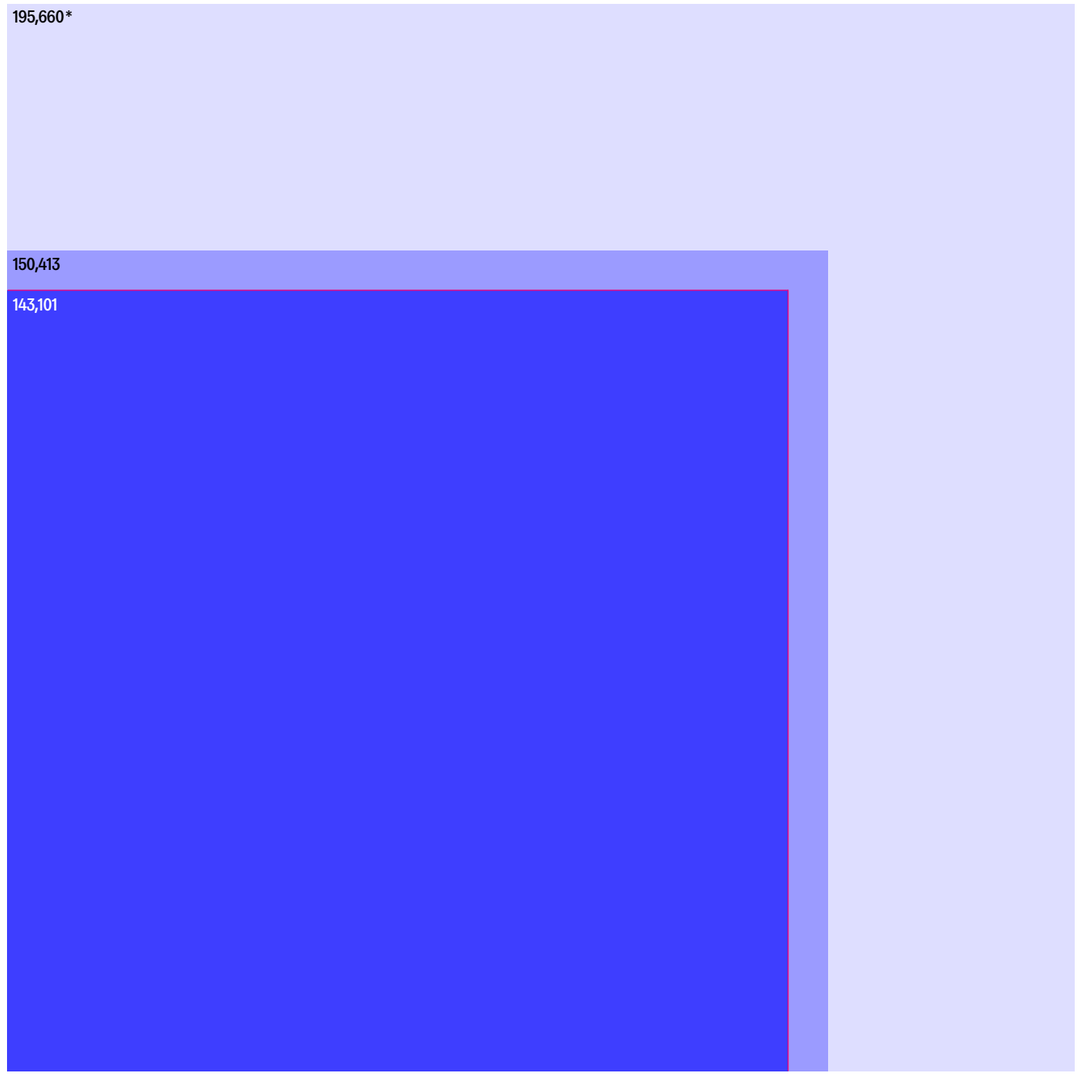


Table 7
Water use — total managed portfolio

	2017	% change from 2016	2016
Water (total building)			
Number of buildings	34	13%	30
Mains water use (m^3)	195,658 (A)	30%	150,411
Rainwater use (m^3)	1.53	39%	1.10
Total (m^3)	**195,660**	**30%**	**150,413**
Intensity (m^3/ m^2)	**0.52 (A)**	**9%**	**0.47**
Total (m^3) (including retail consumption)	**209,235**	**21%**	**172,682**
Intensity (m^3/m^2)	**0.55**	**2%**	**0.54**

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

Table 8
Water use — like-for-like portfolio

	2017	% change from 2016	2016
Water (total building)			
Number of buildings	20	-23%	26
Mains water use (m^3)	117,236 (A)	-11%	131,299
Rainwater use (m^3)	1.53	39%	1.10
Total (m^3)	**117,237**	**-11%**	**131,300**
Intensity (m^3/ m^2)	**0.49 (A)**	**-3%**	**0.48**
Total (m^3) (including retail consumption)	**130,813**	**-15%**	**153,569**
Intensity (m^3/m^2)	**0.55**	**-2%**	**0.56**
Total like-for-like (excluding retail) including properties which were excluded as they were under development*	**162,805**	**6%**	**153,569**

(A)This data has been independently assured by Deloitte LLP (excluding retail water usage).
* Please see page 41 for list of exclusions

Water consumption performance since 2013

	2013	2014	2015	2016	2017
Total building water consumption (m^3)	143,101	135,105	160,217	150,413	195,660
% difference against 2013		-6%	12%	5%	37%

	2013	2014	2015	2016	2017
Like-for-like water consumption (m3)	131,595	127,112	133,662	131,300	117,237
% difference against 2013		-3%	2%	0%	-11%

Water notes

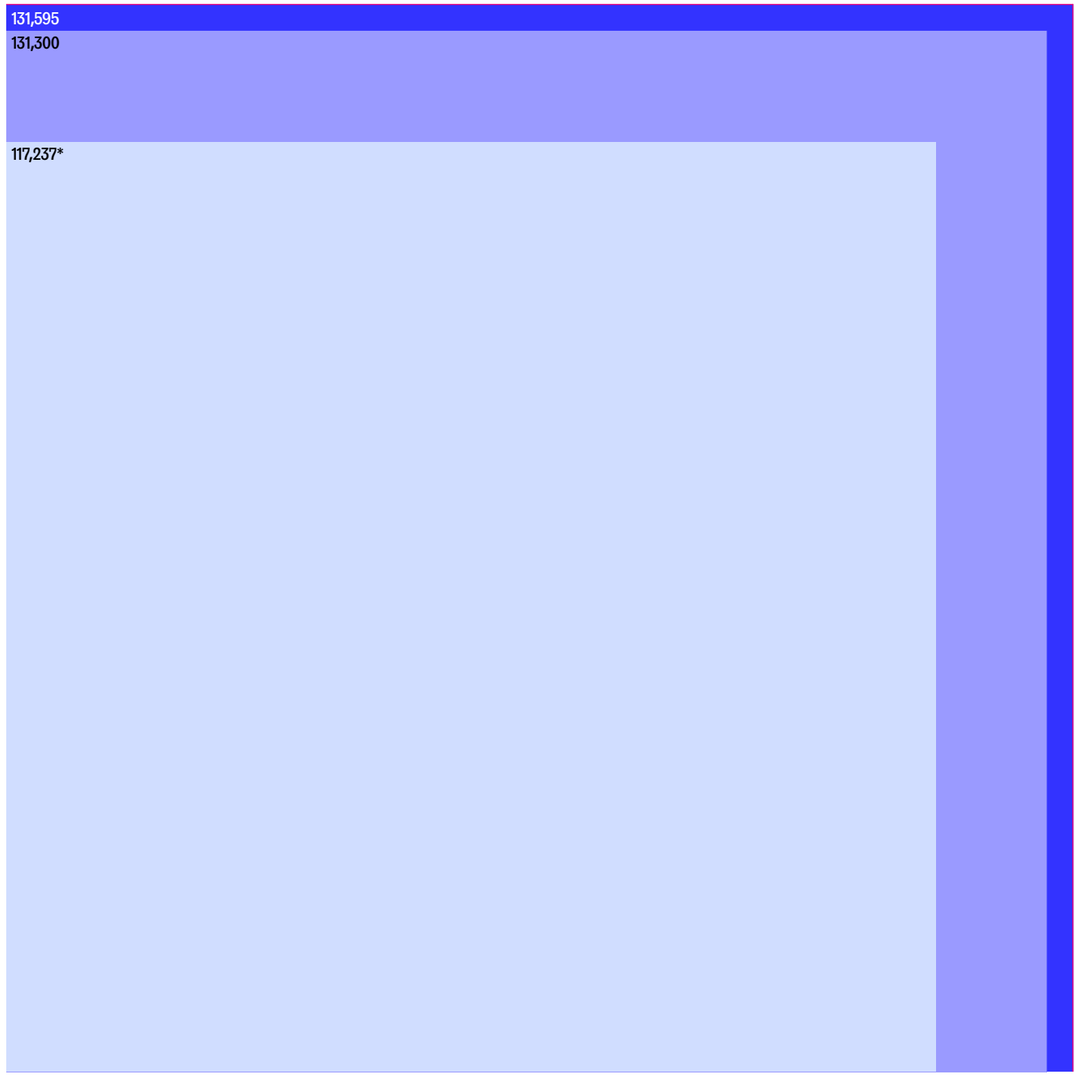
Due to no management control over retail and development consumption figures, we have excluded them from our total consumption data.

Properties without individual retail water supply*	Rainwater harvesting property	Properties where meter readings were used in December 2016	Properties with pro-rated data
Oliver's Yard EC1 Angel Building EC1 Tea Building E1 1-2 Stephen Street W1 20 Farringdon Rd EC1 Network Building W1 25 Savile Row W1	Angel Building EC1	Angel Building EC1 Angel Square (buildings 1-3) EC1 The Buckley Building EC1 1-2 Stephen Street (central cross) W1 5-8 Hardwick Street EC1 Henry Wood House W1 Morelands EC1 4 and 10 Pentonville Rd N1 9 Prescott Street E1 88 Rosebery Avenue EC1 151 Rosebery Avenue EC1 The White Chapel Building E1 White Collar Factory EC1	The Buckley Building EC1 88 Rosebery Avenue EC1

*Retail consumption was calculated using comprehensive checks and sub-metering.

Like-for-like portfolio

Total (m^3)



*-11% reduction since 2013

Like-for-like portfolio
2017 waste streams

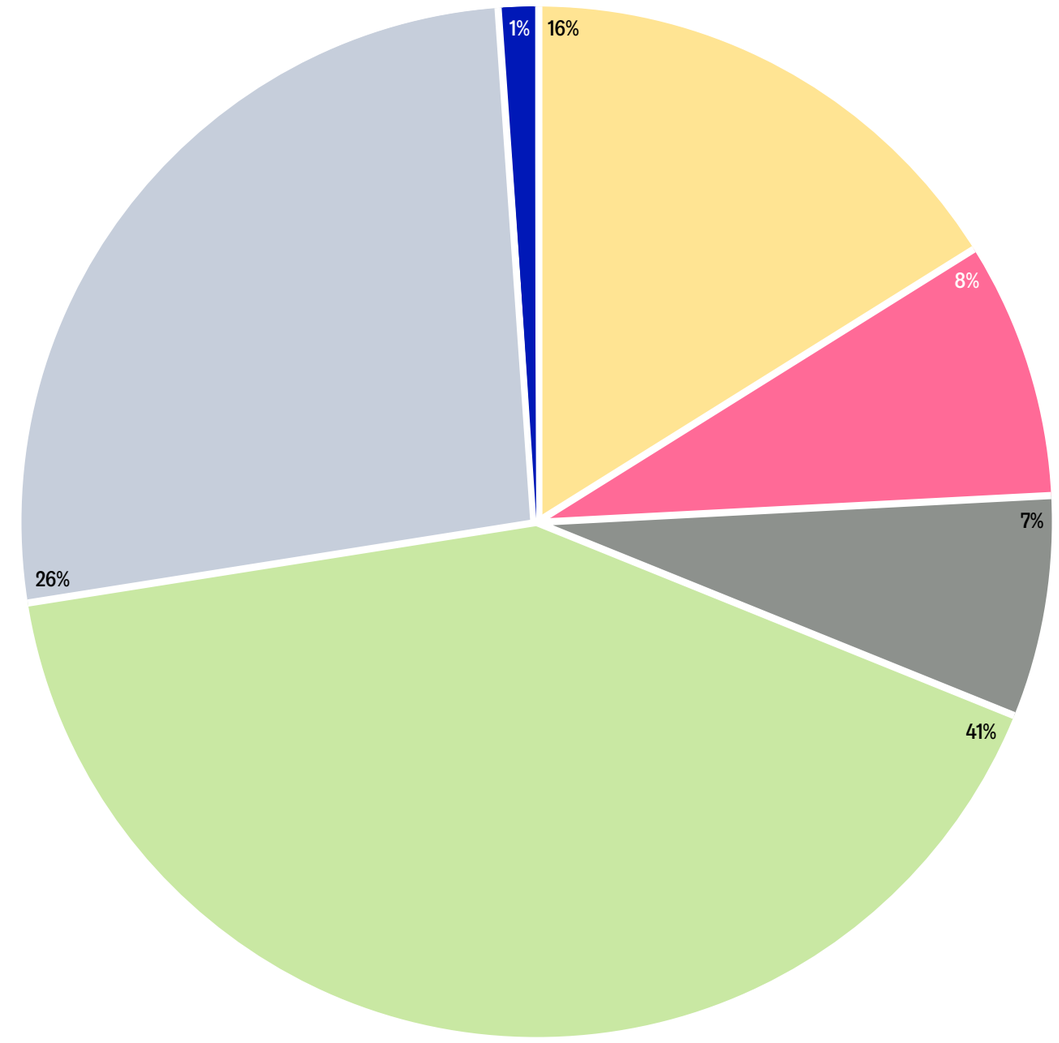


Table 9
Waste generated — total managed portfolio

	2017	% change from 2016	2016
Total waste (tonnes)			
Incineration (with energy recovery) (tonnes)	668	-9%	733
Recycling (tonnes)	1,876	-7%	2,006
Total (tonnes)	2,544	-7%	2,739
Incineration (with energy recovery) (tonnes)	26%		27%
Recycling (tonnes)	74% (A)		73%

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

Table 10
Waste generated — like-for-like portfolio

	2017	% change from 2016	2016
Total waste (tonnes)			
Number of buildings	26	4%	25
Incineration (with energy recovery) (tonnes)	527	-26%	717
Recycling (tonnes)	1,486	-17%	1,798
Total (m^3)	2,013	-20%	2,514
Incineration (with energy recovery) (%)	26%		29%
Recycling (%)	74% (A)		71%

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

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

Certificates

Table 11
Building certifications and labelling

BREEAM	Outstanding	Excellent	Very Good	Summary
Projects delivered	3	6	11	
% of the portfolio with the BREEAM Rating				62%
Total number of managed assets				42
Total assets with BREEAM certificate				21

LEED Ratings	Platinum	Gold	Silver
Projects delivered	1	–	–
Currently on track to meet the respective rating (rating yet to be confirmed)	–	3	–

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

Eco Homes	Excellent
Residential projects delivered	1

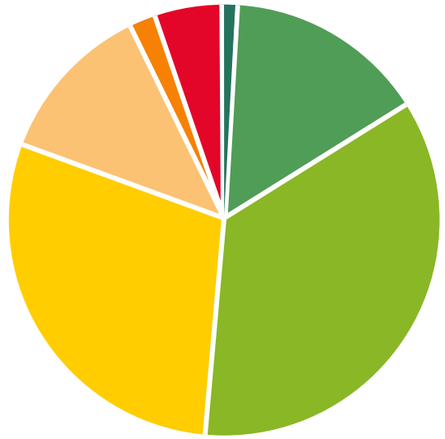
Energy Performance Certificates

During 2017, we undertook a review of our entire portfolio of Energy Performance Certificates (EPCs) in order to ensure we are prepared for the Minimum Energy Efficiency Standards (MEES) regulations which impact properties in England and Wales, as of 1st April 2018. As a result of this review, we have improved ratings for a number of our buildings and units. In 2017 we also received our highest rated certificate (A) for a new build — White Collar Factory EC1.

Whole portfolio

	No.	% of Total
A	2	1%
B	57	18%
C	108	34%
D	76	24%
E	37	12%
F	20	6%
G	21	7%
Total	321	100%

Managed portfolio



	No.	% of Total
A	2	1%
B	25	15%
C	58	35%
D	49	29%
E	20	12%
F	4	2%
G	9	5%
Total	167	100%

Unmanaged portfolio
(single-let properties)

	No.	% of Total
A	–	–
B	32	21%
C	50	32%
D	27	18%
E	17	11%
F	16	10%
G	12	8%
Total	154	100%

Assurance

Independent assurance statement by Deloitte LLP to Derwent London plc on key environmental indicators included within the Sustainability Report 2017 ("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 2017 on the following subject matters:

- Scope 1 and 2 greenhouse gas emissions per square metre across managed portfolio and like-for-like managed portfolio (tCO_2e/m^2)
- Total Scope 1 and 2 greenhouse gas emissions across managed portfolio and like-for-like managed portfolio (tCO_2e)
- Scope 2 (market-based) greenhouse gas emissions across managed portfolio and like-for-like managed portfolio (tCO_2e)
- Scope 3 greenhouse gas emissions of the organisation across managed portfolio and like-for-like managed portfolio (tCO_2e)
- Water use per square metre across managed portfolio and like-for-like managed portfolio (m^3/m^2)
- Water use across managed portfolio and like-for-like managed portfolio (m^3)
- Electricity per square metre across managed portfolio and like-for-like managed portfolio (kWh/m^2)
- Electricity use across managed portfolio and like-for-like managed portfolio (kWh)
- Gas use per square metre across managed portfolio and like-for-like managed portfolio (kWh/m^2)
- Gas use across managed portfolio and like-for-like managed portfolio (kWh)
- Waste to landfill across managed portfolio and like-for-like managed portfolio (tonnes)
- Recycling rate across managed portfolio and like-for-like managed portfolio (%)

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, is 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.

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

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 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 sites to understand and review data collection processes and to verify the accuracy of source evidence collected onsite;
- reviewing and evaluating the criteria for measurement and reporting of each indicator as set out in the reporting methodology;
- 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 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 , 16 February 2018

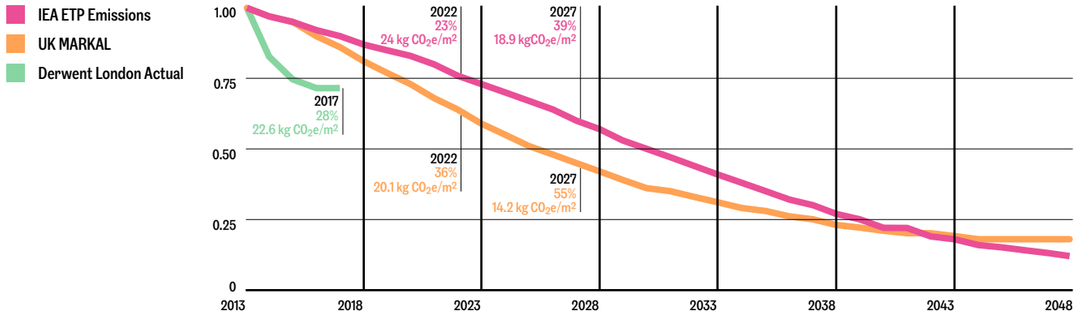
(left to right)
Katherine Lampen – Director
Alex Bexon – Manager
Bethany Hawkings – Senior Consultant

Climate Resilience

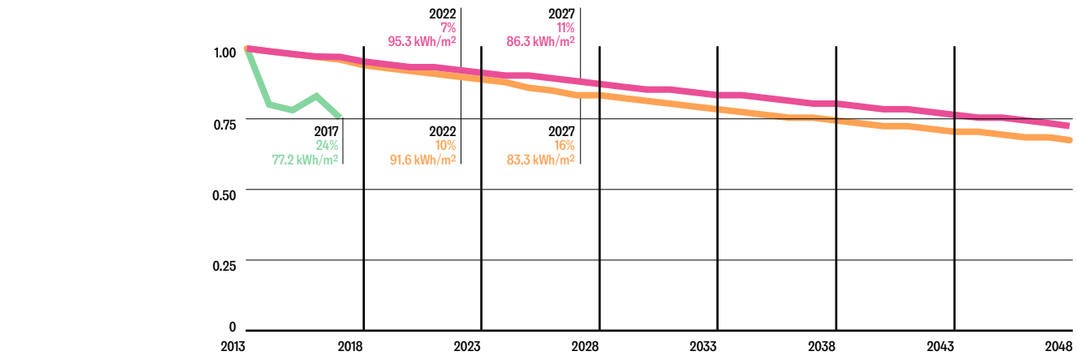
Climate change is a material risk for our business. Not only is it addressed in our latest materiality assessment and matrix on pages 10–11, but it also forms one of our principal business risks in our corporate risk register, the latest copy of which can be found in our Annual Report and Accounts on page 40. Therefore, it is imperative that we ensure our property portfolio is resilient to the effects of climate change. To ensure we are minimising our risk exposure to these effects we have developed a comprehensive management strategy, which is underpinned by a set of challenging science-based targets designed to guide our business long-term, and help keep our carbon emissions in line with the international climate change agreement requirement to keep global temperature increases below 2°C.

We are now into the first year of working with our new targets and set out below our progress so far:

Projected carbon intensity reductions



Projected energy intensity reductions



We also generate renewable electricity on site from a number of our buildings which have photovoltaics (PV) panels installed. In 2017 we generated 42,837 kWh of electricity from these installations which represents 0.42% of our total electricity consumption or 0.15% of our total energy consumption (electricity, gas and biomass combined). We also generate low carbon heat in one of our properties (Angel Building EC1) through the use of biomass boilers. These boilers generated 571,200 kWh of energy in 2017 which represents 3% of our total gas consumption or 2% of our total energy consumption (electricity, gas and biomass combined).

Renewable and low carbon energy

96% of the electricity we purchase is from REGO (Renewable Energy Guarantees of Origin) certified sources. The remaining 4% relates to our Angel Square EC1 cluster of buildings (three in total) we purchased in late 2015 where we took over an existing fixed non-REGO energy supply contract. This contract will come to an end in late 2018 when it will be switched to a full REGO certified supply contract, making our managed portfolio electricity supply 100% renewable.

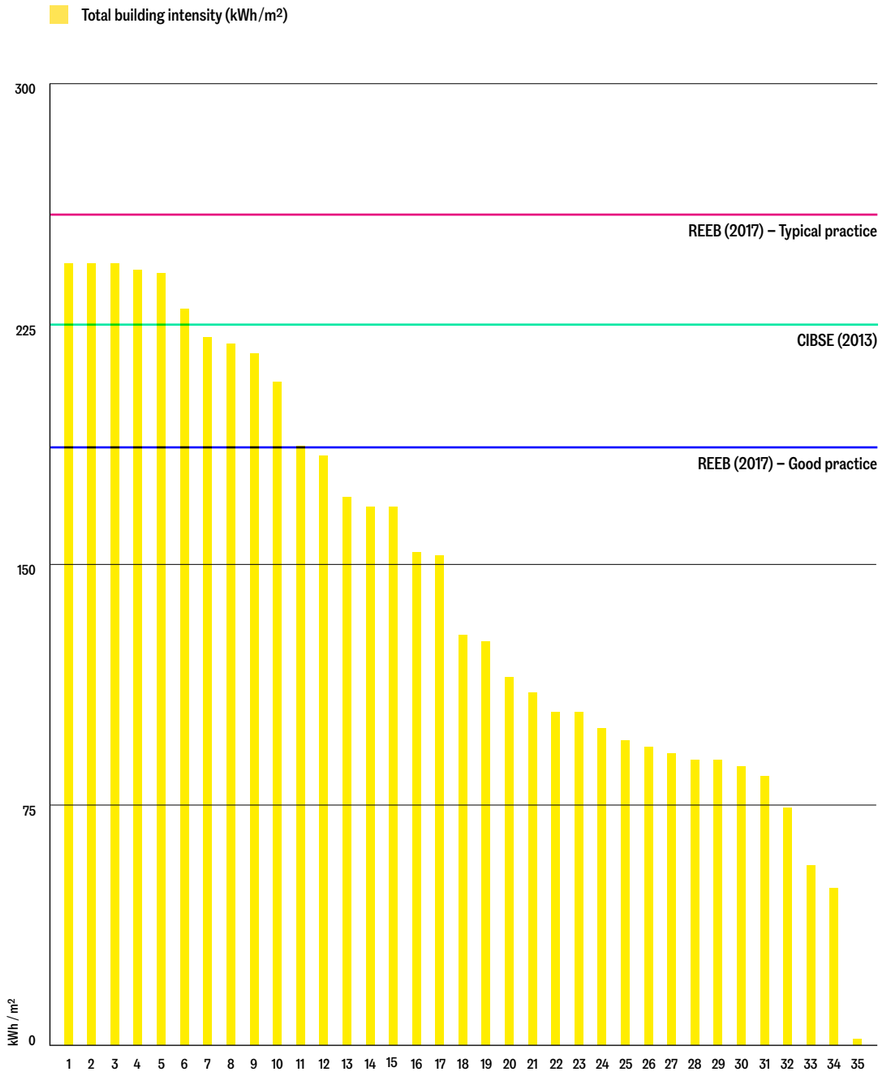
Energy performance benchmarking

As can be seen from our data report we provide an extensive array of data sets covering a wide range of indicators. However, context is always needed to provide a clearer view of how our managed portfolio performs – in particular from an energy perspective. This year we have developed a new element of our reporting to showcase our buildings and their relative energy intensity performance against industry benchmarks, in this instance the 2013 CIBSE Guide F and the 2017 Better Buildings Partnerships Real Estate Energy Benchmark (REEB). We also show how our total managed portfolio compares to these benchmarks across the board.

When total building (landlord and tenant consumption combined) energy intensities are mapped against the benchmarks, all of our buildings fall below the REEB typical practice intensity and 25 of the buildings are lower than all of the benchmarks.

This exercise has enabled us to evaluate our individual buildings and see how we are performing compared to others across the industry. As our total managed portfolio landlord energy intensity has continued to fall year on year, 75 kWh/m^2 in 2017 compared to 78 kWh/m^2 in 2016, we are confident that the improvements we are making across the portfolio are driving down energy use, costs and carbon emissions.

Total building (landlord and tenant) energy intensity (kWh/m^2)



Following on from the whole portfolio perspective earlier in this section we now look more closely at four representative buildings from our managed portfolio. The representations below set out the respective **energy intensity performance** (total building kWh/m^2) of each building together with the energy make-up of each to show how they compare with **industry benchmarks**.

Charlotte Building

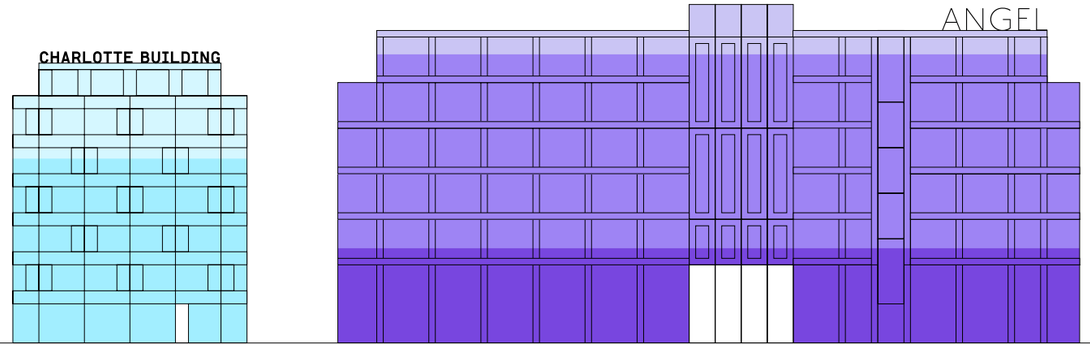
153 kWh/m^2

- 34% Gas
- 66% Electricity

Angel Building

126 kWh/m^2

- 16% Gas
- 56% Electricity
- 28% Biomass
- 0.2% PV Electricity



Benchmarks

- REEB (2017) typical practice – 258 kWh/m^2
- CIBSE (2013) – 225 kWh/m^2
- REEB (2017) good practice – 189 kWh/m^2

Tea Buidling

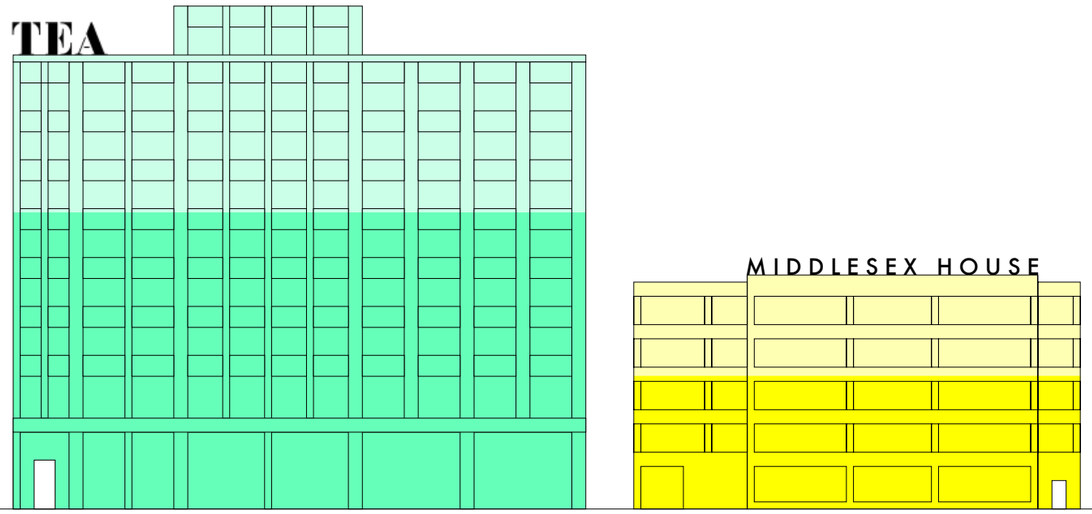
99 kWh/m^2

- 41% Gas
- 59% Electricity

Middlesex House

87 kWh/m^2

- 43% Gas
- 57% Electricity



EPRA Reporting

Set out below is a comprehensive breakdown of our full alignment with the new EPRA best practice recommendations on sustainability reporting. We have also listed our performance measures data in our Annual Report and Accounts on page 203.

Environmental sustainability performance measures

Elec-Abs (total electricity consumption) (annual kWh)[1]
10,107,931 – shown in Table 4 – Energy use across our total managed portfolio (landlord controlled areas), page 51

Elec-LfL (like-for-like total electricity consumption) (annual kWh)
7,666,941 – shown in Table 5 – Energy use across our like-for-like portfolio (landlord controlled areas), page 52

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)
19,100,057 – shown in Table 4 – Energy use across our total managed portfolio (landlord controlled areas) (a total of gas and biomass consumption), page 51

Fuels-LfL (like-for-like total fuels consumption) (annual kWh)*
11,243,024 – shown in Table 5 – Energy use across our total managed portfolio (landlord controlled areas) (a total of gas and biomass consumption), page 52

Energy-Int (building energy intensity) (kWh per m^2)
75.25 – shown in Table 4 – Energy use across our total managed portfolio (landlord controlled areas), page 51

GHG-Dir-Abs (total direct greenhouse gas emissions) (annual metric tonnes CO_2e)
4,321 – shown in Table 1 – Total managed portfolio emissions (landlord influenced portfolio emissions) (a total of Scope 1 emissions), page 43

GHG-Indir-Abs (total indirect greenhouse gas emissions) (annual metric tonnes CO_2e)
3,538 – shown in Table 1 – Total managed portfolio emissions (landlord influenced portfolio emissions) (Scope 2 energy-use), page 43

GHG-Dir-LfL (like-for-like direct greenhouse gas emissions) (annual metric tonnes CO_2e)
1,965 – shown in Table 2 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) (Scope 1 energy-use), page 44

GHG-Indir-LfL (like-for-like indirect greenhouse gas emissions) (annual metric tonnes CO_2e)
2,695 – shown in Table 2 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) (Scope 2 energy-use), page 44

GHG-Int (greenhouse gas intensity from building energy consumption) (tCO_2e/m^2/year)[2]
0.020 – shown in Table 3 – Intensity (Scopes 1 & 2) per m2/£m turnover/fair market value (reported in tCO_2e/m^2), page 47

Water-Abs (total water consumption) (annual m^3)
195,660 – shown in Table 7 – Water use across our total managed portfolio (excluding retail consumption), page 59

Water-LfL (like-for-like total water consumption) (annual m^3)
117,236 – shown in Table 8 – Water use across our like-for-like portfolio (excluding retail consumption), page 59

Water-Int (building water intensity) (m^3/m^2/year)
0.52 – shown in Table 7 – Water use across our total managed portfolio (excluding retail consumption), page 59

Waste-Abs (total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)
2,544 total weight. 1,876 recycled (74%), 668 incinerated (26%) (with energy recovery), 0 to landfill (0%) (all non-hazardous) – shown in Table 9 – Waste generated across our total managed portfolio, page 63

Waste-LfL (like-for-like total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)
2,013 total weight. 1,486 recycled (74%), 527 incinerated (26%) (with energy recovery), 0 to landfill (0%) (all non-hazardous) – shown in Table 10 – Waste generated across our like-for-like portfolio, page 63

Cert-Tot (type and number of sustainability certified assets) (total number by certification/rating/labelling scheme) – shown in Table 11, page 64

Social Performance Measures

Diversity-Emp employee gender diversity (% of employees) – please see our 2017 Annual Report and Accounts page 105.

Diversity-Pay Gender pay ratio (ratio) – as we have fewer than 250 employees we are not obliged by the 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 page 26

Emp-Dec Employee performance appraisals (% of employees) – please see page 26

Emp-Turnover New hires and turnover (total number and rate) – please see our 2017 Annual Report and Accounts page 83

H&S-Emp Employee H&S (injury rate, absentee rate and no. of work related fatalities) – please see our 2017 Annual Report and Accounts page 81

H&S-Asset Asset health and safety assessments (% of assets) – please see our 2017 Annual Report and Accounts page 80

H&S-Comp Asset health and safety compliance (no. of incidents) – please see our 2017 Annual Report and Accounts page 81

Comty-Eng Community engagement, impact assessments and development programmes (% of assets) – please see page 23 (community section)

Governance Performance Measures

Gov-Board Composition of the highest governance body (total no.) – please see our 2017 Annual Report and Accounts page 90-91

Gov-Selec Process for nominating and selecting the highest governance body (narrative on process) – please see our 2017 Annual Report and Accounts page 103

Gov-Col Process for managing conflicts of interest (narrative on process) – please see our 2017 Annual Report and Accounts page 96

Overarching Recommendations

5.1 Organisational boundaries
This is explained in the Reporting boundary section, see page 40
5.2 Coverage
Please see our reporting scope on page 41 for a full breakdown of our various reporting scopes and subsequent coverage.
5.3 Estimation of landlord-obtained utility consumption
None of our data presented above is estimated. Where a property exited or came into the portfolio during the year we pro-rata the data to annualise the consumption as part of our intensity portfolio reporting to ensure fair representation. We have stated which properties this affects and against which utility type. Please see our reporting scope sections on page 40 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 66–67.
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 40.
5.6 Normalisation
Intensity indicators based on floor area (m^2) 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 41 for confirmation of the basis of our reporting.
5.8 Disclosure on own offices
Please see Table 6 on page 55 for a breakdown of the energy use at our head office buildings.
5.9 Narrative on performance
Please see our performance summary on page 13. Likewise we provide commentary on the shifts in our carbon footprint in our carbon footprint section, see page 69
5.10 Location of EPRA sustainability performance measures in companies' reports
We provide a dedicated section in our 2017 Annual Reports and Accounts on sustainability (pages 203-204), which also includes a full summary of our carbon footprint and headline performance and data results. This annual sustainability report then provides a detailed review of our sustainability work, performance and resource efficiency data. Moreover, we have developed this section of the report to enable our stakeholders to access easily the best practice aspects set out in the EPRA recommendations document.

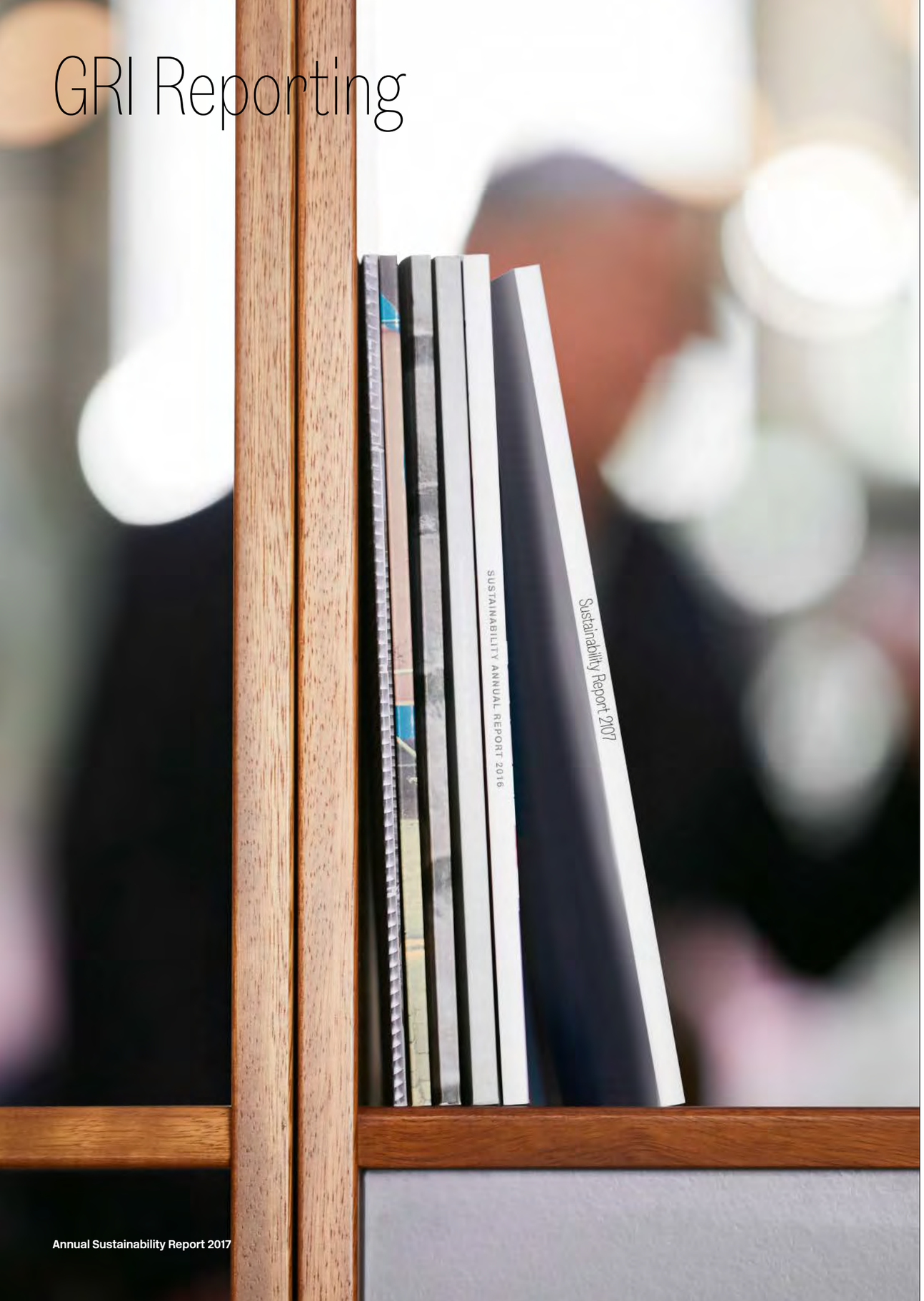
Other issues to consider

6.1 Materiality
The results of our materiality assessment/review are shown in the 'Materiality' section of this report on pages 10–11.
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 47.
6.3 Socio-economic indicators related to sustainability performance
We have mandated a performance measure to undertake socio-economic assessments of our new developments 12 months after full occupation. Moreover, we are the only UK based REIT that operates its own community investment fund – details are provided in the 'Life + Soul' section of this report, please see pages 22–23. Likewise we report on the community contributions via planning – this can be seen on pages 24–25.
6.4 Transport
In 2017 we have introduced a requirement to survey the transport emissions associated with our own employees travelling to work at our head offices. The outcomes from this survey will be included in our carbon footprint going forward.We do not yet measure and report the emissions associated with tenants travelling to and from our properties.
6.5 Refrigerant gases
We report fugitive emissions from our managed air conditioning and chilling equipment as part of our Scope 1 carbon figures. To see our emissions footprint please see Table 1 on page 43 for more details.

1
This data covers electricity procured by Derwent London only.

2
Although this EPRA recommendation seeks to report in $kgCO_2e/m^2$, for consistency and ease of use we have reported this in terms of tCO_2e/m^2 to align with the rest of our carbon reporting.

GRI Reporting



As mentioned earlier in this report we have taken the step to start reporting in alignment with the GRI G4 requirements using the 'Core' option, to allow our stakeholders to gauge even more effectively the robustness of our reporting. Our index table below reflects the outcomes of our materiality assessment and links together the supporting evidence for each indicator, its location and whether it has been subject to external assurance.

General Standard Disclosures

GRI Indicator		Location	Comments	External Assurance
Strategy and analysis				
G4-1	**Statement from the most senior decision-maker in the organisation**	CEO statement Page 3 ARA – Chairman's statement, Page 6 & 8		n/a
Organisational profile				
G4-3	**Report the name of the organisation**	Front/back cover ARA – front/back cover		n/a
G4-4	**Report the primary brands, products, and services**	ARA – page 1		n/a
G4-5	**Report the location of the organisation's headquarters**	Back cover ARA – front/back cover		n/a
G4-6	**Report the number of countries where the organisation operates**	ARA – page 1	Our business is focused on central London commercial office space, together with our Strathkelvin retail park (the only property of this type we own) which is located in the suburbs of Glasgow, Scotland.	n/a
G4-7	**Report the nature of ownership and legal form**	ARA – page 1		n/a
G4-8	**Report the markets served**	ARA – page 1		n/a
G4-9	**Report the scale of the organisation**	ARA – pages 4-7, 13		n/a
G4-10	**Report total workforce by employment type, employment contract, and region, broken down by gender**	ARA – page 105		n/a

GRI Indicator		Location	Comments	External Assurance
G4-11	**Report the percentage of total employees covered by collective bargaining agreements**		There are no collective bargaining agreements within our business; however employees are free to join a trade union should they wish.	n/a
G4-12	**Describe the organisations supply chain**	ARA – pages 78 & 85		n/a
G4-13	**Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain**		None to report.	n/a
G4-14	**Report whether and how the precautionary approach or principle is addressed by the organisation**	WEB – sustainability strategy, page 6 www.derwentlondon.com/uploads/downloads/Derwent_London_Sustainability_Strategy_2016.pdf ARA – pages 98-99		n/a
G4-15	**List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses**	Page 3 ARA – page 73		n/a
G4-16	**List memberships of associations (such as industry associations)**	Page 3 ARA – page 73		n/a
Identified material aspects and boundaries				
G4-17	**List of entities included in the organisation's consolidated financial statements or equivalent documents**	ARA – pages 188-189		n/a
G4-18	**Process for defining report content**	Page 9		n/a
G4-19	**List of material Aspects identified in the process for defining report content**	Pages 10-11		n/a
G4-20	**Aspect Boundary within the organisation for each material Aspect**	See Specific Standards Disclosure table below	Aspect boundaries are included with each material issue and their according DMA	n/a
G4-21	**Aspect Boundary outside the organisation for each material Aspect**	See Specific Standards Disclosure table below	Aspect boundaries are included with each material issue and their according DMA	n/a

GRI Indicator		Location	Comments	External Assurance
G4-22	**Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements**		None to report	n/a
G4-23	**Report significant changes from previous reporting periods in the Scope and Aspect Boundaries**		None to report	n/a
Stakeholder engagement				
G4-24	**Provide a list of stakeholder groups engaged by the organisation**	Page 10-11 WEB – sustainability strategy, page 4 www.derwentlondon.com/uploads/downloads/Derwent_London_Sustainability_Strategy_2016.pdf ARA – page 28	Our key stakeholder group are: investors, employees, customers, suppliers and communities	n/a
G4-25	**Report the basis for identification and selection of stakeholders with whom to engage**	Page 10		n/a
G4-26	**Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group**	ARA – pages 18-19, 100 WEB – community fund https://www.derwentlondon.com/sustainability/priorities/community/community-fund https://www.derwentlondon.com/uploads/downloads/Derwent_London_Supply_Chain_Standards_-2016.pdf	Our stakeholder engagement is multi-channel depending on the audience. **Investors** – every year we undertake investor roadshows in both Europe and the US to engage our shareholders and listen to their feedback. **Employees** – during 2017 we undertook our second company-wide employee survey. **Customers** – we regularly meet with our tenants to discuss their needs and future plans, likewise how we can improve our services. **Communities** – as part of our community fund we hold community workshops every year to garner feedback and opinion on the fund applications to help us decide how funds are to be distributed. Likewise we receive direct feedback on our business. **Suppliers** –We have in place our Supply Chain Sustainability Standard to clearly set out our principles and expectations in terms of the environmental, social and ethical issues which relate to our supply chains.	n/a
G4-27	**Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting**	Via our latest materiality assessment we were able to ascertain those core issues pertinent to our business and those of our stakeholders	Via our latest materiality assessment we were able to ascertain those core issues pertinent to our business and those of our stakeholders	n/a

GRI Indicator		Location	Comments	External Assurance
Reporting profile				
G4-28	**Reporting period**	Page 9		n/a
G4-29	**Date of most recent previous report**		2016 Annual sustainability report – published April 2016 2016 Annual report and accounts – published April 2016	n/a
G4-30	**Reporting cycle**	Front cover Page 9	Annual, in line with our annual report and accounts	n/a
G4-31	**Provide the contact point for questions regarding the report or its contents**	Page 5 WEB – sustainability, contact www.derwentlondon.com/sustainability/contact	John Davies, Head of Sustainability. +44 (020) 7659 3000 sustainability@derwentlondon.com	n/a
G4-32	**GRI content index location**	Page 78–89		n/a
G4-33	**Policy and current practice with regard to seeking external assurance for the report**	Page 9	Deloitte LLP has assured a wide range of data points within this report, and their assurance statement can be found on pages 66–67 of this report.	n/a
Governance				
G4-34	**Governance structure of the organisation, including committees of the highest governance body responsible for decision-making on economic, environmental and social impacts**	ARA – committees structure, page 90-91, 95 WEB – sustainability governance, http://www.derwentlondon.com/sustainability/approach/governance		n/a
Ethics and integrity				
G4-56	**Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics**	ARA – page 21		n/a

Energy

DMA

Why is it material?
Energy consumption and therein efficiency is fundamental to organisations like ours, with energy consumption from the built environment accounting for nearly half the UK's CO2 emissions. As such our stakeholders expect us to take a proactive stance to minimise our consumption, reduce costs and ensure our buildings are operating efficiently.
What we do
We have put into place a series of management tools and interventions across our development pipeline and managed portfolio as part of our energy management programme. This has seen us significantly reduce our like-for-like energy consumption, underpinned by performance reduction targets.

Aspect boundaries

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

GRI Indicator		Location	Comments	External Assurance
G4-EN3	**Energy consumption within the organisation**	Pages 50–53		Yes
G4-EN5	**Energy intensity**	Pages 54–57		Yes
G4-EN6	**Reduction of energy consumption**	Pages 50, 53		Yes

Greenhouse gas emissions

DMA

Why is it material?
Like energy efficiency, GHG emissions are a significant issue for the built environment and property companies like us, not least of all the regulatory requirements placed on listed companies like ours from mechanisms such as CRC and ESOS. Therefore our stakeholders place a similar if not near identical level of significance on this issue.
What we do
Our energy management work and carbon management (GHG emissions reduction) work go hand-in-hand, and our energy management programme addresses both issues simultaneously and has seen us significantly reduce our like-for-like footprint.

Aspect boundaries

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

GRI Indicator		Location	Comments	External Assurance
G4-EN15	**Direct greenhouse gas (GHG) emissions (Scope 1)**	Pages 42–45		Yes
G4-EN16	**Energy indirect greenhouse gas (GHG) emissions (Scope 2)**	Pages 42–45		Yes
G4-EN17	**Other indirect greenhouse gas (GHG) emissions (Scope 3)**	Pages 42–45		Yes

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	UK Government and policy makers
Property Management Teams	Our tenants (customers)
Development Team	Our design and engineering/FM maintenance supply chains

GRI Indicator		Location	Comments	External Assurance
G4-EN8	Total water withdrawal by source	Page 59		Yes

Waste management

DMA

Why is it material?
Waste is important from both an operational perspective i.e. the day-to-day running of buildings and also a construction perspective. Both generate significant amounts of waste.
What we do
We have a long standing requirement to ensure we send zero waste to landfill from our managed properties. Likewise we have set a stretching recycling target aiming to achieve a 75% recycling rate by 2017 – we currently operate at 74%. 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	UK Government and policy makers
Property Management Teams	Our tenants (customers)
Development Team	Our waste management and construction supply chains

GRI Indicator		Location	Comments	External Assurance
G4-EN23	Total weight of waste by type and disposal method	Page 62–63		Yes

Community Investment and engagement

DMA

Why is it material?
Looking beyond the bricks and mortar of our buildings we are committed to supporting the community in which we operate. It is important that we understand and address the impacts our business has on our community stakeholders such that we can enable positive value creation and ensure our stakeholders can benefit from our activities.
What we do
In addition to public consultation events for potential development proposals we also operate a unique community fund which has invested over £450,000 since 2013 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.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/Community Team	Local community stakeholders
Development Team	Our tenants (customers)
	Our investors

GRI Indicator		Location	Comments	External Assurance
Custom indicator	Percentage of projects with local community engagement initiatives above and beyond those required during planning as stipulated by local authority regulations	Page 24 WEB – Community and Community Fund https://www.derwentlondon.com/sustainability/priorities/community/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 which we manage in-house and where 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.	Yes

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	Our tenants (customers)
Property Management Teams	Our design, engineering/FM maintenance and construction supply chains
Development Team	Local community stakeholders

GRI Indicator		Location	Comments	External Assurance
G4-LA6	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 81		No

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 a significant aspect for us.
What we do
We ensure our employees are supported to develop and grow within their roles and respective disciplines. We have an annual review process in place with tailored personal development and training identified as part of the process. Moreover we have a comprehensive reward and recognition structure which ensures employees are recognised for their efforts.

Aspect boundaries

Internal (within):

HR Team
Executive Committee

External (outside):

Local community stakeholders
Our tenants (customers)
Our investors

GRI Indicator		Location	Comments	External Assurance
G4-LA2	**Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation**	ARA – page 84		No

Employees Development

GRI Indicator		Location	Comments	External Assurance
G4-LA11	**Percentage of employees receiving regular performance and career development reviews, by gender and by employee category**	Page 26	100% of our employees receive regular performance reviews.	No

Employees Diversity

GRI Indicator		Location	Comments	External Assurance
G4-LA12	**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 90-91, 105		No

Business conduct

DMA

Why is it material?
Compliance with legislation and our own internal safeguarding procedures is a basic must-do requirement for our employees. Failure to do this could result in financial risks and reputational damage, and so affect our commercial performance. Therefore it is seen as a significant issue.
What we do
To ensure we meet the highest standards of regulatory compliance we set clear standards for our own employees and our supply chains via legal, policy and voluntary standards and tools – covering issues such as anti-corruption, ethical standards and health and safety practices.

Aspect boundaries

Internal (within):

Company Secretarial Team
The Main Board
Executive Committee

External (outside):

UK Government
Our tenants (customers)
Our investors

GRI Indicator		Location	Comments	External Assurance
G4-SO4	**Communication and training on anti-corruption policies and procedures**	ARA – page 114		No

Customer engagement

DMA

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

Aspect boundaries

Internal (within):

Leasing Team
Property Management Teams

External (outside):

Our tenants (customers)
Our investors

GRI Indicator		Location	Comments	External Assurance
G4-PR5	**Results of surveys measuring customer satisfaction**	WEB – 2013 Sustainability Annual Report, page 24 www.derwentlondon.com/assets/uploads/general/Derwent_London_Sustainability_Report_2013.pdf		No

Materials

DMA

Why is it material?
Natural resources are finite and the construction of new buildings and spaces is a resource intense activity. Therefore it is essential we are prudent with their use, which is not only environmentally sound but also cost efficient.
What we do
Our business model favours the re-use and regeneration of buildings which is inherently resource efficient, likewise our design approach advocates a lean approach to specification. Where we do introduce new materials and systems we ensure through our project sustainability plans that recycled content and embodied carbon is measured, reduced and monitored. Likewise where we are specifying materials they are responsibly sourced e.g. timber.

Aspect boundaries

Internal (within):

Sustainability Team
Development Team
Property Management Teams

External (outside):

Our design and construction supply chains
Our tenants (customers)
Our investors

GRI Indicator		Location	Comments	External Assurance
G4-PR3	**Type of product and service information required by the organisation's procedures**	Page 35	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 35.	No

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	Our design and construction supply chains
Development Team	Our tenants (customers)
Property Management Teams	Our investors

GRI Indicator		Location	Comments	External Assurance
Custom Indicator	**Total number and percentage of engineering maintenance contractor contracts that include clauses regarding the monitoring and progress of sustainability KPIs**	Page 35	We believe it is more important to realise actual supplier performance than to simply screen suppliers' compliance against a given parameter during the tendering process e.g. having an environmental policy in place. 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 FM Team who review our contractors' performance on a six monthly basis. By creating this custom indicator it allows us to demonstrate more effectively how we manage and incentivise our engineering maintenance contractors from a sustainability perspective.	No

Human rights

DMA

Why is it material?
Human rights is a fundamental issue for any business. Whilst there is legislation in place to tackle some of these issues e.g. The Modern Slavery Act 2015 and the Companies Act 2006, like our stakeholders, we want to ensure that we are not having any negative impacts on the human rights of our employees, customers or our supply chains.

What we do
We closely monitor our activities and those of our supply chains to ensure our activities are not impacting on human rights and are not discriminatory. In 2016 we have launched a new series of supply chain standards which will make our human rights position even clearer.

Aspect boundaries

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

GRI Indicator		Location	Comments	External Assurance
G4-HR3	**Total number of incidents of discrimination and corrective actions taken**	ARA- page 89	There are no incidents to report	No

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 relevant and appropriate given the relatively small size and geographically-focused nature of our business.

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

Abbreviations

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

TCFD Disclosure

The Task Force on Climate-related Financial Disclosures (TCFD) was set up by the Financial Stability Board in late 2015 with the objective of creating a series of recommendations and climate-related disclosures that would promote more informed investment, credit and insurance underwriting decisions. Moreover, to allow a variety of stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposure to climate-related risks. To do this, the task force developed a framework with four adoptable recommendations (governance, strategy, risk management and metrics/targets) on climate-related disclosures applicable across a range of industries and sectors. Our business is part of the non-financial Materials and Buildings Group in which real estate management and development is situated.

Our disclosure, in line with the four recommendations, is set out below. Although it is recommended that the disclosure is published in our mainstream financial filings we have this year published it here in our Annual Sustainability Report which, although not a financial filing, is a mainstream publication. For 2018 we plan to include this disclosure in our Annual Report and Accounts. In addition please refer to our GRI Index on pages 78–89 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 ever important area.

Governance

Describe the board's oversight of climate-related risks and opportunities	Our governance process delegates the responsibility for managing our corporate risk process to our Risk Committee, main Board and Executive Committee. Each year senior managers from the various business functions collate their key risks (which includes sustainability/climate change related risks) and feed them through to the Executive Committee. The risks are then assessed by the Risk Committee and main Board to understand their severity, likelihood and the optimal controls and/or mitigation required. Further to this, climate-related risks and opportunities are highlighted and reviewed in the Sustainability Committee which meets at least quarterly. A report from this committee is fed through to the Executive Committee where they are informed about our progress against our climate-related risks and targets. The Sustainability Committee reviews company performance in terms of its sustainability strategy and targets, which includes our science-based targets, energy efficiency and greenhouse gas emissions linked to climate change. A summary of performance is then issued by the Committee which is then communicated through to the main Board by Paul Williams (executive Director accountable for sustainability) and John Davies (Head of Sustainability). The committee also comprises key department leaders who then take the outputs from the committee meeting and feed them into their respective teams and processes and then report back to the Committee on progress. This in turn is communicated back to the Executive Committee and main Board. A written report and data dashboard is produced and discussed during the committee meetings. The agenda is set by the targets and work programmes being undertaken throughout the year. Performance is reported back on a traffic light basis (red, amber and green) every quarter.
Describe management's role in assessing and managing climate-related risks and opportunities.	Paul Williams is the main Board Director with overall accountability for sustainability. Carbon and energy management, of which climate change is directly linked, forms a distinct part of our sustainability agenda. As a Board member, Paul Williams reports directly to John Burns, our Chief Executive Officer, and the main Board as part of his updates during main Board meetings.

As a sub-set of the main Board, there is a formal Sustainability Committee appointed by the Board to oversee the company's sustainability performance. The Committee meets at least quarterly with the Chairman role being taken by Paul Williams. The rest of the Committee comprises: John Davies, David Lawler (Company Secretary), Peter Withers (Head of Facilites & Property Management), Ben Ridgwell (Head of Asset Management), Richard Baldwin (Head of Development), Katy Levine (Head of HR), Justyna Tobolska (Sustainability Manager) and Helen Joscelyne (Sustainability Co-ordinator).

The Committee reviews company performance in terms of its sustainability strategy and targets, which includes our science-based targets, energy efficiency and greenhouse gas emissions linked to climate change. A summary of performance is then issued by the Committee which is then communicated through to the Board by Paul Williams and John Davies.

A written report and data dashboard is produced and discussed during those meetings. The agenda is set by the targets, and work programmes being undertaken throughout the year. Performance is reported back on a traffic light basis (red, amber and green) every quarter.

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, 5-10 and 15+ years respectively, recognising that climate-related issues tend to manifest themselves over the medium to long term and our properties have a service life of many decades.

In the short term we have seen a greater market shift in terms of legislation e.g. the introduction in the UK of the new minimum energy efficiency standards (MEES) for commercial and domestic property, which sets a new legal minimum in terms of the energy performance certificate (EPC) rating for the building and it being illegal to let a space 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 well-being for occupants.

The medium term issues are as a direct consequence of what we see in the short term we have to 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. A good example of this is our White Collar Factory development (which achieved BREEAM Outstanding and LEED Platinum ratings), which is one of our future design responses/approaches to commercial office space, designed to be resilient to climate change and very efficient to operate. Now launched and fully let, White Collar Factory demonstrates that high quality, sustainable buildings are attractive to occupiers.

Over the 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 we can continue to let space in the London market.

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 businesses, 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, this has required us to take a proactive approach to managing these issues. Our Sustainability Strategy drives our corporate approach and is supported by our sustainability framework documents for our development and asset management activities. These documents, which can be found at www.derwentlondon.com/sustainability, set out how we manage these risks within our development work and the management of our properties. They set out the performance standards which must be achieved in order that climate-related risks do not adversely affect our work. For example, in our framework for developments there are requirements for projects to attain high EPC ratings and BREEAM/LEED ratings which in turn help to make our new buildings as efficient as possible. 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 aimed at reducing consumption.

To help us plan our climate-related financial investments into our managed properties we have recently built a scenario analysis tool for our science-based carbon targets. This allows us to input various energy/carbon management measures into specific buildings in our portfolio to establish the likely impact/contribution they have on the reduction trajectory set by our chosen transition scenario datasets. Moreover, the tool can be used to provide a forecast of the impacts a new property acquisition or disposal might make. Ultimately by addressing the risks in this way we are seeking to ensure that our properties continue to be attractive to occupiers and continue to generate income, likewise we maintain a competitive advantage in our market – but 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 physical climate-related risks such as increasing temperatures which could lead to greater stresses on our properties and in turn increase our cost base e.g. management and utility costs and our GHG emissions.

Our business strategy is influenced by our priority sustainability issues, as identified in our Sustainability Policy and Strategy. These include climate change related aspects and impacts which are directly applicable for our business. Being a property owner and operator we have a heavy focus on energy and carbon reduction, ensuring our buildings operate as efficiently as possible. As a result our strategy has adopted a pragmatic 'bottom-up' approach to carbon reduction and energy management. Over time our strategy has been influenced by the increasing performance requirements of legislation e.g. UK Building Regulations Part L and the Carbon Reduction Commitment Energy Efficiency Scheme, ESOS, minimum energy standards legislation for property and acquisition policies and asset improvement plans. Likewise more recently with the adoption of our science-based carbon targets.

As set out in the metrics and targets section below our science-based targets are set against recognised 2°C transition scenarios, namely the IEA ETP 2DS and the nationally determined UK climate change commitments modelling trajectory. This allows us to see the shape of the reduction trajectory we need to achieve between now and 2050. To help us plan we have recently built a scenario analysis tool which allows us to input various energy/carbon management measures into specific buildings in our portfolio to establish the likely impact/contribution they have on the reduction trajectory set by our chosen transition scenario datasets. We are at the start of this process and during 2018 will be linking this tool to our five year property plan to ensure our management actions take account of the reductions required such that we can assign the correct levels of investment at the right time.

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 includes 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 effect of any mitigating procedures to be considered properly, recognising that risk cannot be totally 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 in the Sustainability Committee and, where appropriate, are fed through to the Executive 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 Sustainability Strategy. For example our Sustainability 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 energy and carbon is to be managed and reduced accordingly via various measures and initiatives. The outcomes from these are then fed into our data reporting and science-based target scenario analysis tool to enable us to plan where we should focus our efforts.

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 impacts and subsequent performance we report an extensive range of consumption and intensity metrics relating to energy, carbon, waste and water in our data report which reflect those highlightedin the buildings and materials groups – illustrative examples Table 5, namely:

- Total energy consumed, broken down by source (e.g. purchased electricity and renewable sources) – see pages 51 and 52
- Total fuel consumed percentage from coal, natural gas, oil, and renewable sources – see pages 51 and 52
- Building energy intensity (by square area) – see pages 55
- Building water intensity (by square area) – see pages 59
- GHG emissions intensity from buildings (by occupants or square area) and from new construction and redevelopment – see pages 43–44
- For each property type, the percentage certified as sustainable – see pages 64

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 10–11, resource efficiency (which includes energy efficiency, greenhouse gases, climate change and water) is a material issue for our business and as such forms a principle risk in our corporate risk register, which can be found in our latest Annual Report and Accounts on page 40. Further to this, performance against our science-based carbon targets and BREEAM/ rating achievement form a part of executive Director remuneration – details of which can be found on page 122 of our Annual Report and Accounts.

In addition, to the above metrics we also use our science-based 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 sustainability data performance. As part of this we publish extensive carbon reporting across all scopes i.e. Scopes 1, 2 and 3 using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Likewise we provide trend analysis across a number of years to show progress and historical performance.

Please refer to our data report section on page 40–41 for our carbon reporting which also includes full details of the aggregation and calculation methodology. Moreover, we publish our corporate carbon footprint in our Annual Report and Accounts on page 77.

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 subsequently developed a set of science-based targets to help guide our business in ensuring we align our carbon reduction programme with this movement, and ensure we are minimising our risk exposure to the effects of climate change on our managed portfolio.

Our targets are to achieve a reduction in carbon emissions intensity of:

36% by 2022 and 55% by 2027

To measure our targets we use our 2013 emissions profile (Scopes 1 and 2) as our baseline based on emissions intensity per metre squared of landlord controlled floor area, across our managed like-for-like portfolio.

Complementing this we have also set an energy intensity reduction target which we will use as a management target to track performance across our managed like-for-like portfolio, which is:

9% by 2022 and 16% by 2027

The reason for this additional target is because carbon output is calculated from energy consumption, and the conversion factors used change over time to account for shifts in areas such as national grid decarbonisation. As a result the energy target will allow us to track progress adjusting for this variability.

To see the latest progress against these targets and where we are against our 2°C transition scenarios please see the Climate Resilience section on page 69 for more details.

In addition we have targets which focus on water consumption and waste recycling/management – please see the Heads Up section on pages 31–33 for more details on the target and the Performance section on page 13 for our performance against our targets so far.

UN Sustainable Development Goals

On 1 January 2016 the UN introduced 17 Sustainable Development Goals (SDGs) as part of its new 2030 Agenda for Sustainable Development. This ambitious and transformational programme is aimed at creating and securing a healthy planet for future generations with all UN countries and their respective businesses expected to play their part. To do this it sets out a clear, universal and appropriately stretching framework for progress to meet this objective.

Although our business is geographically concentrated in central London, it is a major international hub where many global organisations choose to headquarter themselves, and where many of the world's key commercial sectors are based. Therefore, we believe we have a part to play in supporting the UK's response to the SDGs. To do this we reviewed our sustainability strategy and programme against the SDGs to highlight where we align. Whilst the activities of most organisations relate to nearly all 17 goals, we see the following goals as particularly significant to our business and how we operate:

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. Likewise we operate our own internal Assistant Building Manager programme which offers young people from the London boroughs in which we operate the chance to work with us and train as a Building Manager.

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.

Goal 7: Affordable and clean energy – in setting our science-based targets we have committed to reducing our carbon and energy intensity as a result of widespread energy efficiency measures across our portfolio. Likewise we purchase 100% REGO certified electricity which supplies our buildings and where appropriate incorporate on site renewable energy generation and low carbon technologies in our buildings.

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.

Goal 12: Responsible consumption and production – we set performance requirements in our development projects which focus on the efficient use of natural resources, lifecycle efficiency and high levels of waste recycling. This is reflected in our management of our buildings where we target 75% recycling and sending zero waste to landfill.

Goal 13: Climate action – as mentioned earlier we have set science-based targets which are set to a two degrees reduction scenario. This means we are committed to reducing our carbon emissions and making sure our portfolio is climate-resilient.

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.

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.

COP21
COP21 or the 21st Conference of the Parties of the UNFCCC (United Nations Framework Convention on Climate Change) established a legally binding commitment by 195 countries to curb global greenhouse gas emissions, and keep global warming well below 2°C by 2050.

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

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.

Financial Stability Board (FSB)
The FSB was established in April 2009 as the successor to the Financial Stability Forum (FSF). At the Pittsburgh Summit, the Heads of State and Government of the G20 endorsed the FSB's original Charter of 25 September 2009 which set out the FSB's objectives and mandate, and organisational structure. The FSB has assumed a key role in promoting the reform of international financial regulation.

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.

Global 100 index
The Global 100 Index is a ranking of the world's most sustainable corporations. The list is compiled by Toronto-based media and investment advisory firm, Corporate Knights. Each year, the latest iteration of the index is announced at the World Economic Forum in Davos, Switzerland.

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

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

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

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

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.

SKA
SKA is a sustainability rating method developed specifically for fit-out projects. It sets out a range of good practice criteria and measures. Performance is measured across a series of ratings – Bronze, Silver and Gold.

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.

Volatile organic compound (VOC)
One of a number of chemical chemicals which can be harmful to human health (including benzene and acetone) that evaporate or vaporise readily at room temperature. Major sources include solvents in paints and protective coatings.

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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