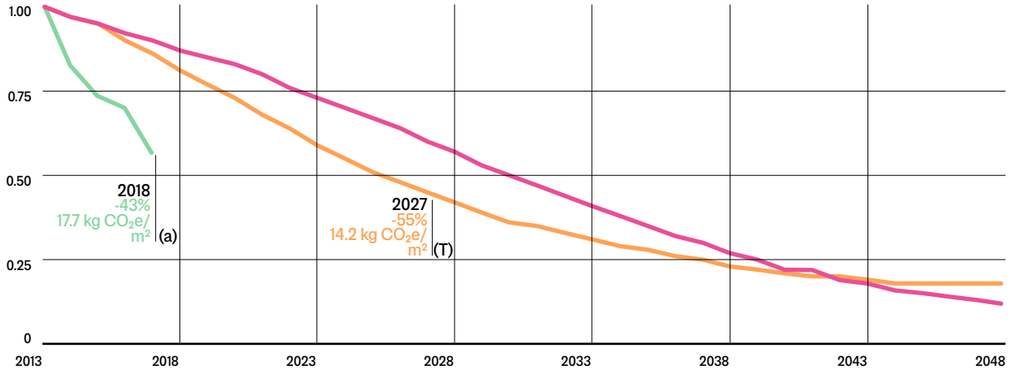
CLIMATE

RESILIENCE

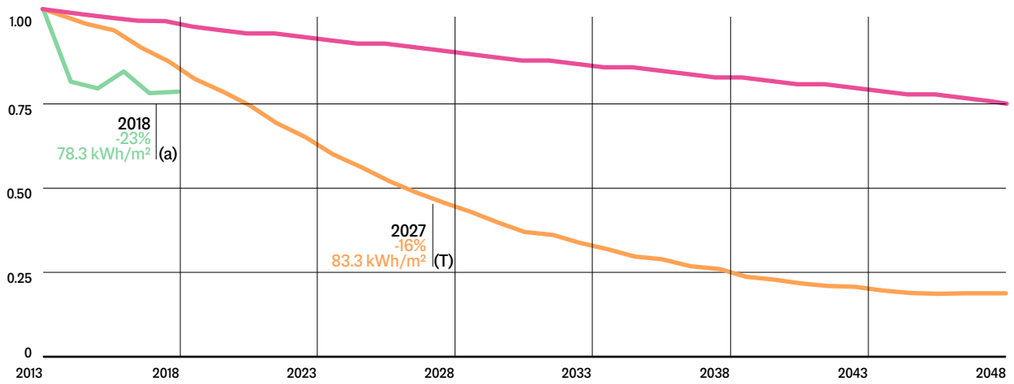
White Collar Factory EC1

IEA ETP Emissions
UK MARKAL
Derwent London Actual

Carbon intensity reductions



Energy intensity reductions



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

SCIENCE BASED CARBON TARGETS PERFORMANCE

Climate change is one of the principal business risks in our corporate risk register and, as such, it is imperative that our property portfolio is resilient to its effects. To ensure we are minimising the impacts of our buildings we have developed a comprehensive management strategy, which is underpinned by a set of challenging science-based carbon 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 our second year of working with our targets and to date we have:

— Reduced our carbon intensity by 43% against our 2013 baseline and 20% against our 2017 emissions
— Reduced our energy intensity by 23% against our 2013 baseline

As a result, we are making good progress and believe we are on track to meet our 55% carbon reduction ambition by 2027.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

More recently we have been working with the Science Based Target initiative (SBTi) to look at validating our targets in-line with their methodology and we are pleased to confirm that this validation is now complete, with the addition of a new Scope 3 emissions target. As a result, our updated targets are:

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

New for this year we have also included these targets (excluding the new Scope 3 target) within our audit assurance programme to provide robust monitoring of our targets. Please see our assurance statement on pages 88–89 for further details.

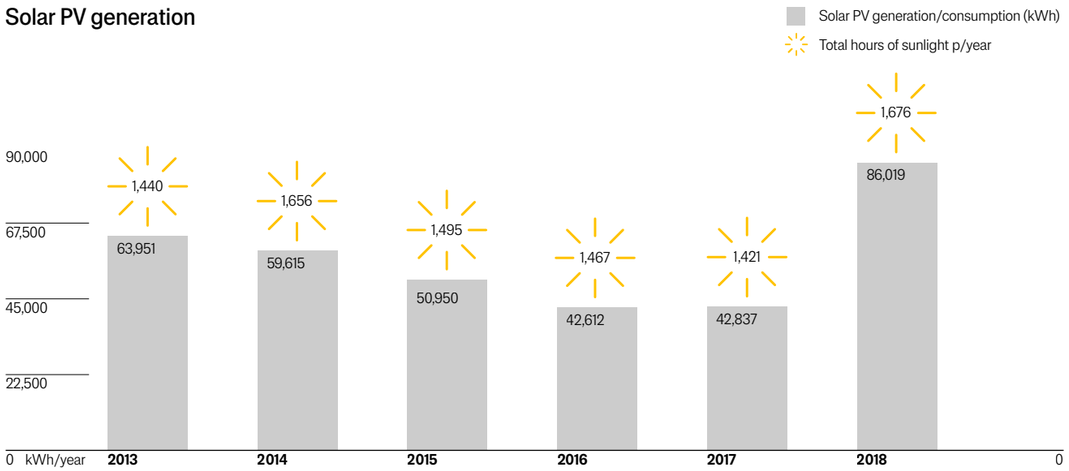
RENEWABLE AND LOW CARBON ENERGY

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

In 2018 we generated 86,019 kWh of renewable electricity from four buildings which have photovoltaics (PV) panels installed. This is double the 2017 levels (42,837 kWh) and represents 0.7% of our total electricity consumption or 0.25% of our total energy consumption (electricity, gas and biomass combined). In addition, to monitoring the amount of electricity generated from our PV arrays we also track daylight hours to map efficiency. As can be seen from the graph below there is generally good correlation between hours of sunlight and generation levels, thereby confirming our arrays are working efficiently.

We also generate low carbon heat in one of our properties, Angel Building EC1 using biomass boilers. These boilers generated 753,600 kWh of energy in 2018 which represents 3.5% of our total gas consumption or 2% of our total energy consumption (electricity, gas and biomass combined).

Solar PV generation



Carbon Reduction Commitment

As a qualifying organisation under the Carbon Reduction Commitment (CRC) scheme we report the carbon emissions generated by our electrical consumption. We then order carbon allowances on a price per tonne basis to cover the emissions and surrender these accordingly. For the latest period (2017–2018) we ordered 20,776 tonnes of CO_2 and purchased allowances to the value of £367,735 at a price of £17.70/tCO_2.

Following a major Government review, it has been announced that the CRC scheme will close at the end of the compliance year, April 2019. This means that we will be required to submit our last report by July 2019 and surrender final allowances in October 2019. In line with the Government's replacement plans for the scheme, we will report our carbon information via the Streamlined Energy and Carbon Reporting (SECR) requirements in our Annual Report and Accounts which we have done ahead of schedule this year, please see www.derwentlondon.com/investors/results-and-reports, page 76.