

SUSTAINABILITY REPORT 2018

DERWENT
LONDON

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FOREWORD

Sustainability is an essential hallmark of our business model and approach at Derwent London, and it helps create some of London's most innovative office space.

In what has been another successful year for our business we continue to work hard to deliver value for our stakeholders. This is reflected in our Community Fund in which we invested over £106,000 during 2018, supporting 20 organisations and initiatives across our Fitzrovia/West End and Tech Belt villages. Moreover, I am pleased to report we have agreed a three-year extension to the Fund, investing a further £300,000 out to 2022, which will support more projects and take our overall funding to over £860,000 since it started in 2013.

Our work continues to draw external recognition. We retained our five star (Greenstar) status in the GRESB index, for the seventh successive year, improving our score by four points to 85. We were awarded gold for our sustainability reporting in the EPRA reporting awards for the sixth consecutive year. Furthermore, we are now rated as Prime with ISS-Oekom.

I hope you find our report interesting and it gives you an appreciation of how important sustainability is to our business, our achievements to date and our plans for 2019.

John Burns
Chief Executive Officer



INTRODUCTION

Welcome to our seventh Annual Sustainability Report.

As with previous years we look forward to taking you through the past year, highlighting the progress we have made, and the value generated for our stakeholders in the past year.

As reported previously climate change is, and will continue to be, a priority area of focus for us. Guiding our response, and our approach to climate resilience are our science-based carbon targets, which were designed to challenge our thinking and performance over the medium to long-term. To date we have made good progress seeing a steady reduction in emissions since the introduction of our targets in 2016, and over the past year we saw a 13% reduction. As we continue along this path we are confident that we will meet our target measurement point in 2027. Also, we are pleased to announce that we have had our targets independently validated and approved by the Science Based Target initiative (SBTi).

In addition to our strategic climate change work, the day-to-day sustainability work across our managed portfolio continues to show good results. Our like-for-like portfolio carbon

emissions dropped by 5% and our carbon intensity ($\text{tCO}_2\text{e}/\text{m}^2$) dropped by 20%. To complement this our on-site solar power generation across the portfolio increased by 50% with the inclusion of our White Collar Factory development. Also, in 2018 we hit our long-term waste recycling target of 75% in our like-for-like portfolio, which clearly demonstrates the hard work of our building management teams improving our recycling rate by 19% since 2013.

As John Burns mentions in his foreword, our work has drawn external recognition. In addition to our improved Global Real Estate Sustainability Benchmark (GRESB) score, we continue to be listed in the FTSE4Good index and have also maintained our CDP rating of B.

We hope this report gives you insight into last year's activities and our plans for the future.

John Davies
Head of Sustainability

Paul Williams
Executive Director
for Sustainability

2018 HIGHLIGHTS

75%

Waste recycling rate in our like-for-like portfolio

We have worked with our waste management contractor, Paper Round, for the last four years to implement a portfolio-wide waste recycling programme designed to maximise every opportunity to recycle as many waste streams as possible in each of our managed properties.

5%

Reduction in our like-for-like portfolio carbon emissions

We are minimising the impacts of our buildings. We have developed a comprehensive management strategy, 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.

20%

Reduction in our like-for-like portfolio carbon intensity

We are committed to reducing scope 1 and 2 GHG emissions 55% per square metre by 2027 from a 2013 base year, we also commit to reduce scope 3 GHG emissions 20% per square metre by 2027 from a 2017 base year.

£106,763

Invested in 2018 across 20 project and initiatives from our Community Fund

"Derwent London's support for Westminster Pop Up Business School over the next three years is a welcome recognition of the opportunities that are on offer for the local business men and women of the future."

Cllr David Harvey, Deputy Leader and Cabinet Member for Economic Development, Education and Skills, Westminster City Council

ABOUT OUR REPORT

“ENSURING OUR STAKEHOLDERS GAIN THE BEST UNDERSTANDING OF OUR SUSTAINABILITY AGENDA”

Transparent, insightful and relevant are our guiding principles when preparing our annual reporting. This ensures we are always reflecting what our stakeholders need so that they gain the best understanding of our approach and performance.

Structure & Materiality

We feel it is important that the structure of our report reflects how we manage sustainability in the context of our day-to-day business activities. As a result, we have created four key priorities:

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

These form the core of our report, supported by extensive data and material issues reporting. On pages 14–15 we set out our materiality matrix which puts our four key priorities into context against our list of identified material issues.

Scope & Boundaries

The report reflects our work in the last financial year which is set to the calendar year – 1 January 2018 to 31 December 2018. The scope of the report covers our business activities i.e. real estate investment, development and management in central London. This did not change during 2018. The boundaries used to articulate our data, together with the calculation and aggregation methods are set out in the data report which can be found on page 63.

Assurance

Our environmental data is assured at the reasonable level by Deloitte LLP. Their opinion of our data can be found in the statement on pages 88–89. New for this year we have

included health and safety as part of our assurance programme – also tested at the reasonable level. This level of testing and scrutiny underpins our principle of wanting to provide robust and transparent reporting.

Reporting Frameworks

To enable our stakeholders to compare our reporting effectively, we compile and align our outputs in line with two reporting frameworks – GRI Standards and the EPRA Best Practices Recommendations on Sustainability Reporting. This allows for both a broader reporting format comparison (GRI) and a real-estate specific one (EPRA). Summaries of both can be found on pages 97–107 and 93–95 respectively. In addition, we set out a review of the most relevant UN Sustainable Development Goals (SDGs) which can be found on page 109. Furthermore, we set out our disclosures against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations which can be found on pages 54–57.

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 and TCFD reporting. This report can be found at www.derwentlondon.com/investors/results-and-reports.

OUR APPROACH

How we embed and manage sustainability in the business

Sustainability and design are two hallmarks of our business model, and we are often asked about our approach to successfully integrating these sometimes perceived conflicting priorities into our day-to-day work.

Fundamentally our approach is simple. First, we look outside our business to understand the latest macro environmental, social and governance issues, together with the views of our stakeholders. Secondly we distil and combine these with issues relevant to the London commercial real

estate sector. Finally, we make it easily understandable and actionable for each of our business departments which in turn engenders the right levels of delivery and accountability.

Within each of these steps we use a wide variety of activities, tools and processes. In addition, there are a range of people across the business, not just the Sustainability team, who play an important part in making our sustainability work as successful as possible.



MATERIALITY

Turnmill EC1

“DURING 2018 WE UNDERTOOK AN INTERNAL REVIEW TO ESTBALISH WHETHER OUR MATERIAL ISSUES REMAIN RELEVANT OR HAD THEIR SIGNIFICANCE CHANGED.”

We undertook our last external materiality review two years ago in which we looked at the issues identified from previous reviews, to understand whether they were still relevant and whether we were communicating our approach to managing them effectively. The review was undertaken by an external consultancy using a four-step process: **identification, prioritisation, validation** and **review**. The outputs from this process were then assessed by members of the Sustainability and Executive Committees to establish the ranking and relative importance of the issues to both our business and our stakeholders.

During 2018 we undertook an internal review to establish whether our material issues remain relevant or had their significance changed. This revealed that the previous nine headline issues were all still relevant and ranked correctly. Our material environmental, social and governance (ESG) issues are:

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

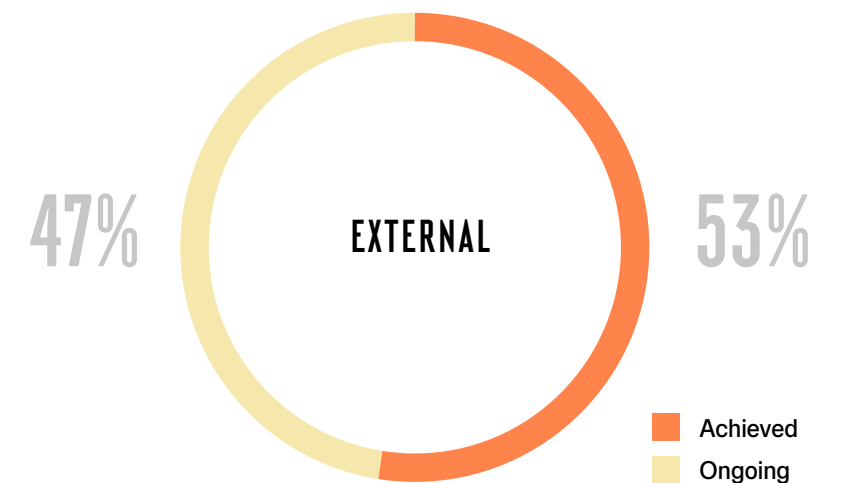
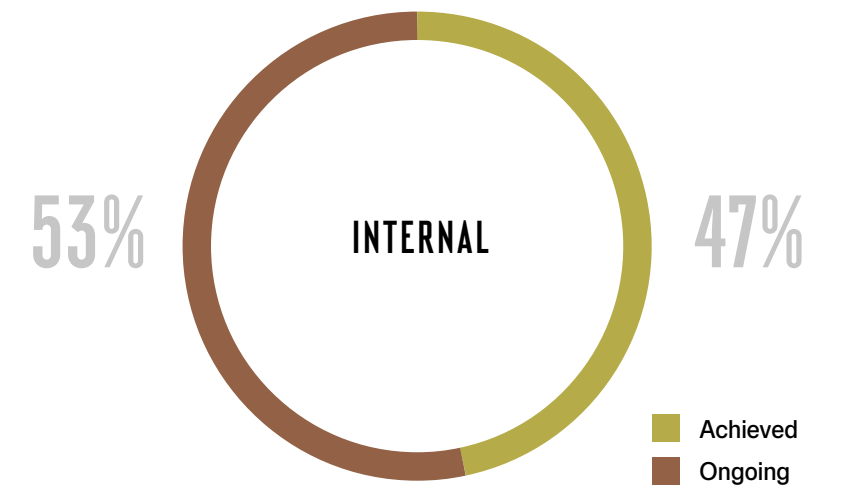
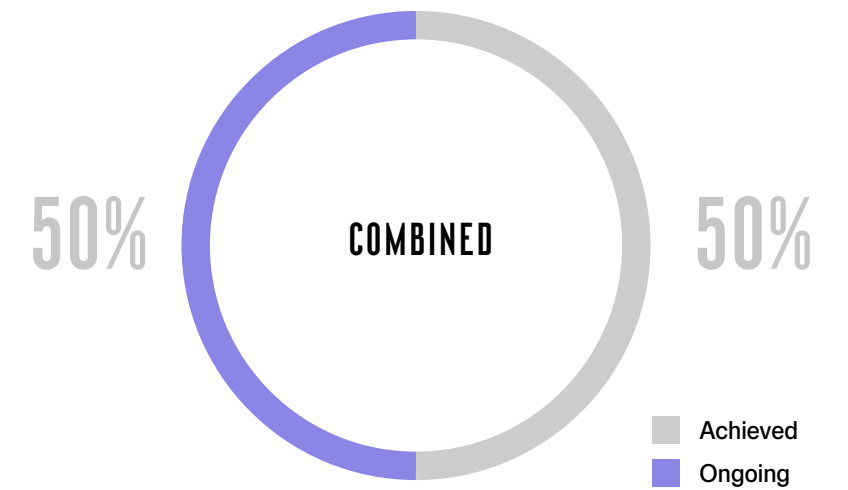
MATERIALITY MATRIX

Designing and delivering buildings responsibly	Managing our assets responsibly	Creating value in the community	Engaging and developing our employees
Resource Efficiency			
Health and Safety			
			Employees
Customer Engagement			
		Community	
Supplier Engagement			
Materials			
Human Rights			
Business Conduct			

OUR PERFORMANCE

Set out below is a snapshot of our performance against our current suite of external targets and internal key performance indicators (KPIs).

Overall, we achieved 50% of our targets and KPIs and 50% are on track and ongoing. Whilst lower than what we reported in 2017, it does reflect our move away from shorter term annualised targets to more longer-term targets, hence the larger percentage of ongoing targets/KPIs. Please see our performance commentary on pages 119–121 for further details on the progress of each of the targets and KPIs.



DESIGNING AND DELIVERING

BUILDINGS RESPONSIBLY



Brunel Building VV2: 'TREADPADS' by James Capper

DEVELOPMENTS

HIGHLIGHTS

On track to meet our BREEAM and LEED ratings on our committed developments – Brunel Building, 80 Charlotte Street, The Featherstone Building and Soho Place

99% of construction and demolition waste diverted from landfill

Setting high standards in terms of sustainability and design is important to us. Our experience shows that by having high standards our buildings and spaces attract occupiers more easily and achieve better terms. As part of these high standards we are keen to ensure that all our new developments and refurbishments capture the principles of designing for a long life, loose fit-out, flexible occupation, and efficient operation.

A key document that helps us articulate our standards during the design and delivery of our developments is our Sustainability Framework for Development. Within this document is a clear breakdown of what we expect at each project stage and, more recently, we have bolstered this to reflect the adoption of our science-based carbon targets, most notably with the introduction of our carbon map. The map sets out a range of scenarios to be explored during the design process and is designed to enable us to find the most appropriate path to creating a low-carbon, energy efficient building linked to our carbon target reduction trajectory out to 2030 and beyond.

In this report we look at our work during the design phase to understand in greater detail the in-use energy consumption (and subsequent carbon emissions) of our new developments. More specifically how we try and implement design strategies which enable our occupiers to have the best possible chance of being energy efficient in their day-to-day activities, and for us to try and close the energy performance gap as effectively as possible.

ENERGY PERFORMANCE GAP

Understanding the complete energy footprint of a building is important as it not only enables for the right management strategies to be put in place from the outset, but also what the potential operating cost might be. If we can start to quantify this during the design phase of a project, then we have a better opportunity to close the ‘performance gap’ i.e. the distance between the Part L compliance prediction and real-life operation of the building’s energy demand.

Closing this gap is important to us as we often manage the developments we invest in and as such it is vital we understand how the building is likely to behave when fully occupied and operational. In order to get this insight, we introduced a requirement a few years ago to undertake in-use energy modelling using the CIBSE TM54 methodology as part of our design process. This has enabled us to gain a much more detailed picture of the energy profile of a development, likewise how big the performance gap might be.

This modelling differs from that which is used to create the Part L compliance Energy Performance Certificate (EPC) for each building. Methodologies such as TM54 go beyond the EPC exercise, which only uses a limited range of energy consumption inputs, to look at all energy end uses. Moreover, in using various dynamic simulations, TM54 looks not only at the daily consumption from all the building energy uses but also the consumption in context i.e. how the building is occupied (occupancy density), hours of operation and the management approaches which are likely to be employed. This produces a much richer output which more closely reflects the unpredictable nature of how buildings are occupied and ultimately consume energy.

Having undertaken a number of these assessments to date, we have learned that it is important to create scenarios reflecting how occupiers fit out and plan a space, and, perhaps more importantly, the occupation densities envisaged. As a result, we test a series of scenarios to reflect the variety of occupation, particularly in buildings with multiple occupiers.

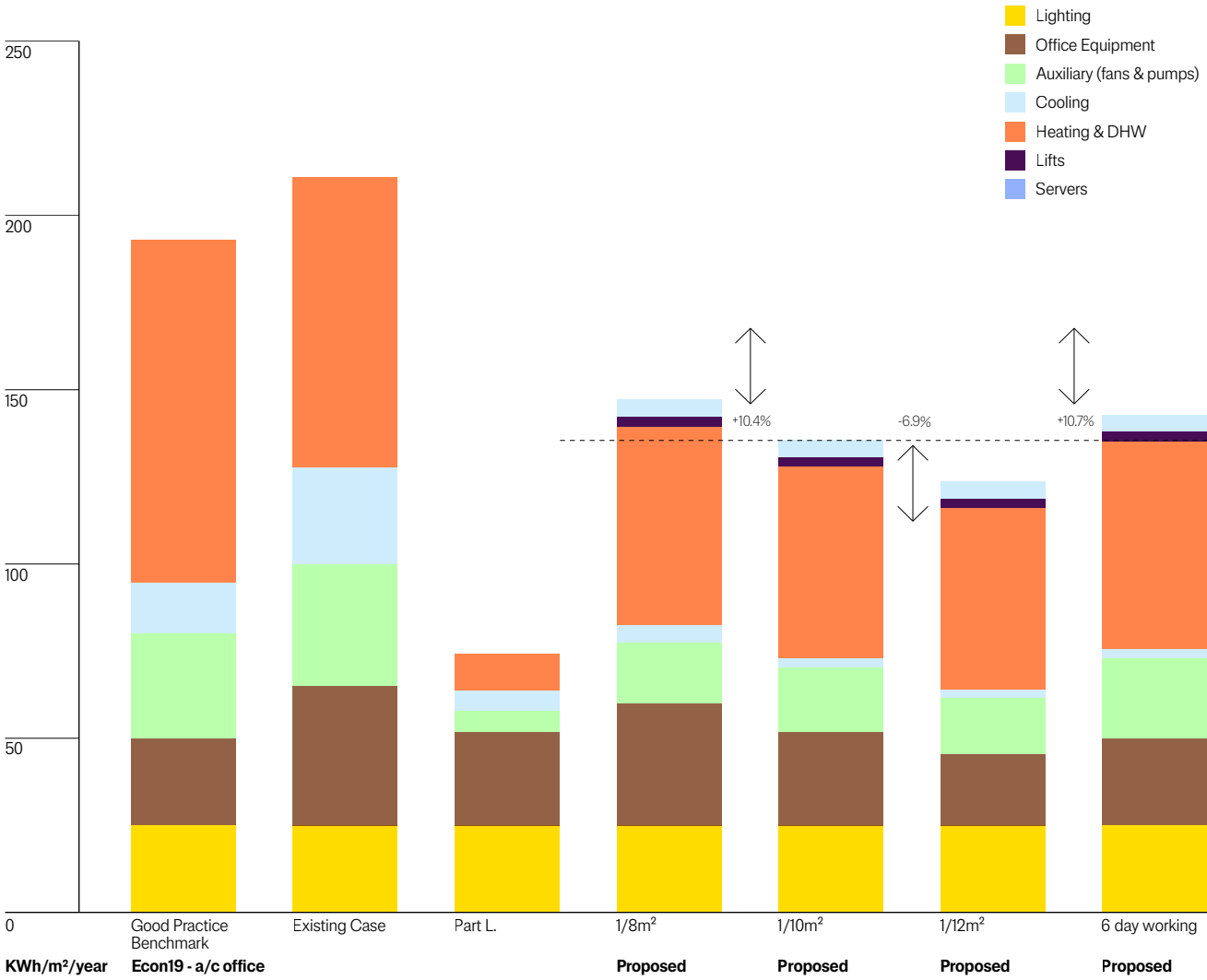
Below is an example of an assessment of a refurbishment and fit-out project where existing energy data was modelled against the predicted scheme across a range of occupancy ratios, Part L and existing industry good practice.

As can be seen, the Part L output only shows a fraction of the energy consumption in contrast to the existing building and good practice benchmark on the left. Moving to the right of the graph the proposed outputs for the refurbishment show a significant drop in energy intensity over the existing base case but are still much higher than the Part L output – a clear demonstration of the roots of the performance gap. Likewise, there is clear correlation in the intensity consumption across the different occupation ratios i.e. the denser the occupation becomes, the more intense the consumption.

So how does this help us? Firstly, it enables us to set the right management benchmark for the building. Our Sustainability Framework for Assets requires each managed property to have a Building Sustainability Plan (BSP), part of which is an

energy tracking and management section. Within this section we use the output from the model to provide the baseline for performance. Secondly, we can benchmark future developments more accurately and enable the creation of more effective design-based energy targets.

Sensitivity Analysis – Whole Building



MANAGING OUR

ASSETS RESPONSIBLY

ASSETS

Just like our new developments, setting high standards in terms of sustainability in the management and maintenance of our assets is important to our business as we often retain and manage most of what we develop. A key aim of our management approach is to ensure our buildings are as energy/carbon efficient as possible.

The principal method to help us ensure our buildings are operated efficiently is our Sustainability Framework for Assets. The framework requires each managed property to have a Building Sustainability Plan (BSP) in place, which covers a range of issues with energy/carbon forming a key part. Within this the carbon footprint of the building is tracked monthly with performance compared against a bespoke baseline to drive improvement. During 2018 we saw a 5% reduction in carbon emissions from our like-for-like portfolio and a subsequent 20% reduction in our like-for-like carbon intensity, which shows the good progress we are making.

Linked to this performance monitoring, our BSPs also serve an important role in the tracking and implementation of our science-based carbon targets. Over the coming pages we will look at the scenario-analysis tool we developed to help us understand how different energy conservation measures affect our managed properties in terms of their energy/carbon performance and, in turn, how that will support us in reducing our carbon footprint appropriately by 2027 and beyond.

HIGHLIGHTS

20% reduction in our like-for-like carbon intensity (tCO₂e/m²)

5% reduction in like-for-like carbon emissions (tCO₂e/m²)

75% waste recycling rate in our like-for-like portfolio



The Buckley Building EC1

SCENARIO ANALYSIS TOOL

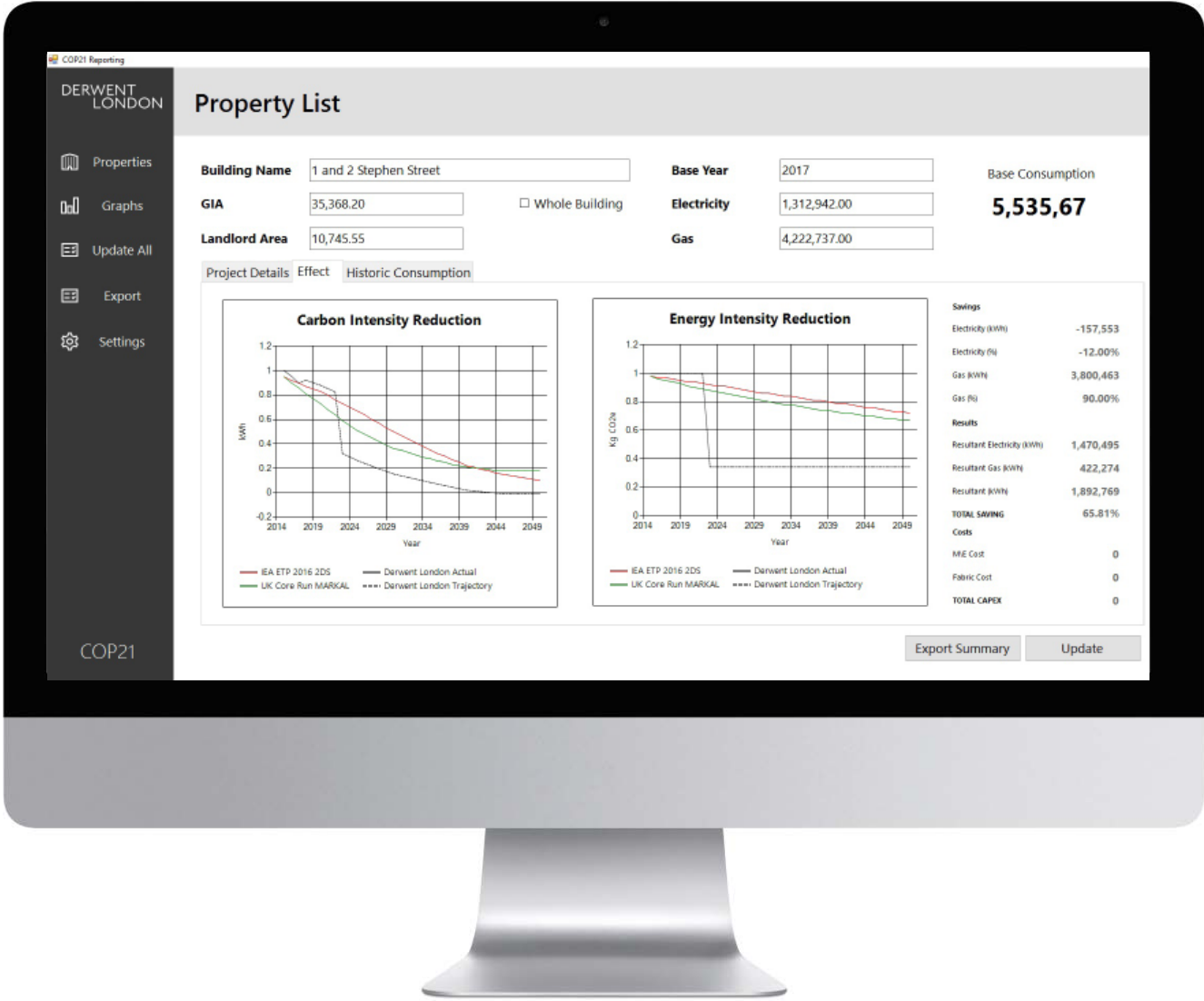
As mentioned in previous reports, as part of the process of setting our science-based carbon targets, we wanted to ensure we could maintain the right levels of carbon reduction in our managed properties.

To help achieve this we took a bottom-up approach to measuring carbon reduction which was integrated into our business process and strategy. We developed a bespoke scenario analysis tool which covers all the buildings within our managed portfolio, and which are included in our active five-year asset management strategy. This governs our approach to each property in our managed portfolio inclusive of all maintenance, upgrade and refurbishment works.

The tool places each property into a timeline to 2050 based on the management approach and leasing structure. Then a menu of Energy Conservation Measures (ECMs) is presented such that a combination of measures can be selected and compared to the likely financial investment required and expected carbon returns.

The sum of all the individual property ECMs creates a complete scenario which in turn produces a portfolio level projection out to 2050. This can be analysed to see whether it maintains the right carbon reduction trajectory in line with our targets and a 2°C climate scenario. The benefit of taking this approach is that it allows us to run multiple scenarios to ensure the best balance in terms of carbon return on investment and gives us the flexibility to adjust for the sale or purchase of new properties.

Once a scenario has been agreed for a property this is then fed into its BSP. From there the energy/carbon savings can be tracked as part of the monthly reporting cycle produced by the building management teams.



CREATING VALUE IN THE COMMUNITY



Fitzrovia Chapel W1

COMMUNITY

Creating a positive socio-economic impact in local communities in and around our properties is important to us and is a sign that our buildings are helping to secure wider benefits in their neighbourhoods. By looking beyond the bricks and mortar of our buildings we ensure we play an active role in the community by building lasting relationships with local stakeholders and helping them achieve their objectives. All our development projects are required to undertake local community engagement as part of our contract conditions, this ranges from using local supply chains and labour through to providing volunteering support to local community groups and projects.

During 2018 our Community Fund received its largest number of applications to date which in turn saw us supporting 20 projects and initiatives across our Fitzrovia/West End and Tech Belt villages, with over £106,000 of investment. Further to this, at the end of 2018, we were really pleased to announce a three-year extension to the Fund, committing to invest a further £300,000 to 2022. With this extension the Fund will have been operating for nine years with circa £860,000 having been invested over that period – an achievement we are very proud of.

To complement our Community Fund, we continue to work with a host of charitable organisations to create even more impact and support a wide range of good causes and projects. Over the year we donated over £270,000, with a further £10,000 given to our annual employee-nominated charities which for 2018 were Alzheimer’s Research UK, Orphans in Need and Prostate Cancer UK.

In this section we look at two examples of the work we support, one from our Community Fund and another from a project we supported with Westminster City Council, both of which aimed at supporting business start-ups and entrepreneurs.

HIGHLIGHTS

Over £106,000 invested in the 2018 round of our Community Fund

Over £560,000 invested and 76 projects supported through the Community Fund to date

£270,498 of charitable donations and wider community contributions



Giedre Jackyte, beneficiary of our Community Fund via Urban MBA

URBAN MBA

We first met Urban MBA and its founder Kofi Oppong in the 2017 spring funding round of our Tech Belt Community Fund, when we funded their Starting it Up! project. This six-week enterprise master class course was aimed at providing marginalised, disadvantaged and socially excluded 18 to 25 year olds the opportunity to gain access to business accreditation, pathways into employment and support with creating their own business, together with ongoing mentoring support.

The project saw participants develop business plans, network with entrepreneurs across London and prepare themselves to launch out on their own business ventures. The course culminated in a 'Dragon's Den' style event which gave the would-be entrepreneurs the opportunity to pitch their business ideas and seek access to start-up funding.

A year on from the project we caught up with Giedre Jackyte who launched her own company after completing the course and now successfully runs weekly sessions for women that tackle issues such as depression, eating disorders and addiction by using performing arts as a catalyst for positive thinking.

Not only has it been a busy year for Giedre, it's been a busy year for all course participants. Businesses have been created, as well as websites to promote them. Platforms have been created for young people to debate the issues that affect them. Funding to launch businesses has been secured. Candidates have found employment or returned to education whilst also working on their own businesses in their spare time. All this is testament to their determination to create a future for themselves. What is key in all situations is the ongoing mentoring support, as creating a business is not always a straightforward one.

"We conducted quantitative and qualitative research at the beginning of our journey at Urban MBA. The two most common points that young people found difficult were access to finance and support throughout the journey. So we decided to give unlimited mentoring. This is structured depending on the stage the business is at: annual and quarterly mentoring for established businesses (two years or more) or monthly for new students and start ups! Thank you Derwent for your support!"

Kofi Oppong, Founder of Urban MBA

"I was very lucky to meet Kofi Oppong and, after having a conversation with him about Urban MBA, I knew immediately that this was the opportunity I had been waiting for. And till this day I could not be happier to have taken the course, because it not only provided me with the practical knowledge that I needed, but also gave me the opportunities I could have only dreamed of."

Giedre Jackyte

POP UP IN WESTMINSTER

As part of Westminster City Council's ongoing drive to support local business creation and continued economic growth in their borough, they teamed up with the Pop Up Business School to offer a free, innovative, business start-up course to local residents.

When starting a business, the common belief is that you must first raise funds and be skilled at writing business plans. But what if you did not have to conform to this traditional model? The Pop Up Business School believes it's not necessary, and in fact puts many people off starting their own business. Their approach shows participants how to start a business with no money and make money quickly by doing what they love.

As part of our shared interest in helping to support local business and create value, we supported the Council in running the business school, the results of which were highly impressive. For example, 148 people attended over the two weeks, 95 of which attended every single day and 21% of attendees made a sale by the end of the workshop. Results like these demonstrate the effectiveness of the school's approach and provides a huge confidence boost and inspiration to participants. Tracking confidence during the workshop process is hugely important to the Pop Up Business School as they have found it's one of the most important elements to someone's success.

In addition to its overall effectiveness, Pop Up Business School has estimated the socio-economic impact of this one event. From the initial £21,500 cost of the event it is likely the course will generate a £1,109,000 contribution to the economy per annum, with a return of £52 for every £1 invested, based on the outcomes.

Owing to its success, further courses are to be scheduled for the summer of 2019.

"We know that more and more people want to work for themselves. But starting a new business is a daunting prospect for anyone, let alone for those who may not have the contacts or the money. The Pop Up Business School's approach tears up the rule book to help turn a person's dreams into a reality. It offers a practical step-by-step guide that should help transform lives. Derwent London's support for this scheme over the next three years is a welcome recognition of the opportunities that are on offer for the local business men and women of the future."

Cllr David Harvey, Deputy Leader and Cabinet Member for Economic Development, Education and Skills, Westminster City Council

"The events in Westminster have been some of the best events we have run in the history of our school. The energy at these events has been amazing. We've met some incredible people and we are very excited about continuing to build upon our legacy in Westminster for years to come."

James Headspeath, Head of Marketing & Sales, Pop Up Business School





ENGAGING AND DEVELOPING OUR EMPLOYEES

PEOPLE

HIGHLIGHTS

£174,000 spent on staff training

98% of respondents to our second employee survey said they were proud to work at Derwent London

100% of employees received performance appraisals

We place great importance on having a progressive, pragmatic and collaborative business culture. In addition there is a strong focus on teamwork and acting with integrity in order to build long-term relationships with our stakeholders. Our employees are the most important ambassadors of our brand and we therefore invest considerable time and resources in developing our employees and ensure they have the right environment to thrive in their roles, feel supported and embrace our values.

Our reputation stems from the behaviours and values promoted by our Board and leadership team, and are reinforced through our induction programmes, performance management process, core skills workshops and our

new management and leadership development programme – ‘Fit for the Future.’

Health and well-being initiatives and focusing on diversity have been high on the agenda during 2018 and will continue into 2019. This will include mental health seminars for all employees and unconscious bias training for all line managers in conjunction with the charity Chickenshed. Moreover, we were able to once again take the time to analyse, interpret and work with the results of our 2018 employee survey via a cross departmental steering committee focusing on areas of opportunity which were highlighted. The impact of our 2018/19 initiatives will be measured at the next survey in October 2019.

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
- A passion to improve London's office spaces
- Progressive and pragmatic
- ‘Open door’ and inclusive
- Collaborative and supportive

Elaine Grierson, White
Collar Factory's Occupier
Services Manager,
at the Relay Marathon
for Macmillan Cancer
Support





Fit for the Future session

FIT FOR THE FUTURE

As Henry Ford allegedly once said, “the only thing worse than training your employees and having them leave is not training them and having them stay.”

This adage rings true in our business and reflects our preference to strive to build capability from within and provide career opportunities wherever possible in order to grow our talent pipeline organically. We believe this is fundamental to our future growth and stability.

During 2018, we reviewed our business-critical roles, talent pipeline and capability, which culminated in the launch of our ‘Fit for the Future’ (FFTF) initiative. It has been developed as three 12 to 18 month modular management

and leadership development programmes for 30 of our managerial employees.

The three programmes are run by dedicated executive coaches and sponsored by two Executive Directors and have been designed to link back to our values and building on the Derwent London leadership approach.

The modules focus on increasing self-awareness, learning and collaboration, supplemented with 1:1 and group coaching sessions. This allows individuals to reflect on their roles, development and challenges in a confidential space and plan how to engage and lead their teams even more effectively. Much of the focus is around empowering, supporting and challenging our

employees to be successful and fulfilled in their roles.

These modules sit alongside a new ‘Core Skill’ offering for all employees whatever their role or level of experience. The core skills covered as part of this include effective presentation skills, how to influence, collaboration and successful negotiation. There has also been a refresh of our performance appraisal system to include new transparent frameworks which highlight the behavioural skills required at each level in the Company.

We feel the sum of all these initiatives contribute to enhancing and maintaining our cohesive and collaborative working environment while fostering creativity and innovation.

“The FFTF programme has been a very positive and worthwhile experience. It has given me an opportunity to reflect on my current working practices and behaviour and I have already implemented subtle changes which has freed up more time in my day-to-day role which as a result has meant I am working much more efficiently and strategically.”

Development Manager

“The course has provided a helpful forum to hone a range of key business skills; from negotiation practices, to leadership techniques and performance development.”

Associate

“The FFTF programme has provided an opportunity where I can question, challenge and develop my core skills after nearly 14 years since becoming a chartered surveyor. The sessions offer the chance to engage with colleagues and understand different perspectives more clearly from across the business away from the distractions of the office. The feedback part of the sessions with the sponsoring Directors provide an invaluable forum and rare chance to question them on their careers and experiences. I fully believe the programme is playing an important part in driving me on to fulfil my potential.”

Head of Department

“The FFTF programme has equipped me with helpful coaching tips on how to manage the people I work with both in and outside the office along with advice on how to organise and prioritise my time more effectively. The sessions have also allowed me time to reflect on how I spend my working week – through smaller group meetings I have learnt helpful exercises to overcome problematic situations. Each session has concluded with an open discussion with the Directors which are always enjoyable and useful to gain their thoughts on the everyday challenges that they face.”

Surveyor

HEALTH AND SAFETY

HEALTH AND SAFETY

We aim to achieve excellence with regards to our health and safety responsibilities and are making good progress with our roadmap to achieving a best in class approach. Our approach is based on ensuring integration at all stages of the design, delivery and management of our properties and as a result is centred on three pillars:

People – safeguarding our employees

Our employees are our greatest asset which is why we invest in ensuring their safeguarding, not only in physical risks but also by promoting high levels of health and well-being. During 2018 we delivered over 600 hours of health and safety training, with courses ranging from classroom-based learning to e-learning modules to ensure our people have the relevant skills, knowledge and abilities to perform their roles safely. This was conducted at all levels of the business from the main Board downwards. For 2019 we will be rolling out several further initiatives with a greater emphasis placed on wellness, together with emotional health which we believe are integral to the health and safety agenda.

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

Ensuring our occupiers, visitors and those who work in and around our buildings are safe is critical. Following the tragic events at Grenfell Tower we reviewed our fire and life safety arrangements at our buildings, with all statutory testing completed across our portfolio in 2018 and all identified risks being robustly managed. Whilst every property we have responsibility for had its requisite health and safety inspection, for 2019 we will focus additionally on the physical well-being factors of our buildings with reviews on lighting, air and water quality and where necessary instigate improvements. This ensures we are taking a much more holistic approach to risk.

Developments – designing and delivering our projects safely

We work closely with our principal designers and contractors to deliver best in class buildings and approaches to health and safety. This is demonstrated by our RIDDOR accident frequency rate of 0.09 which is especially low given the fact that 25% more hours were worked on our sites in 2018 compared to 2017. This is a significant improvement, but our aim is zero harm across all our development sites, and we will ensure more robust controls are in place to further reduce our accident frequency rates. In 2019 we will continue our well-being drive by working with our principal contractors to introduce initiatives on site to improve operative-health and well-being.

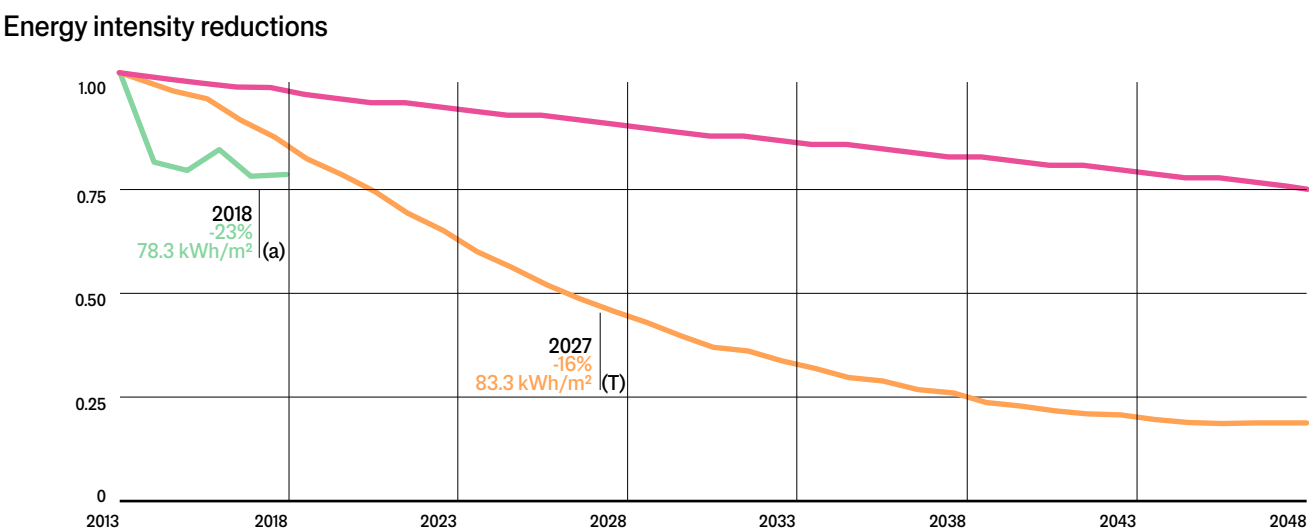
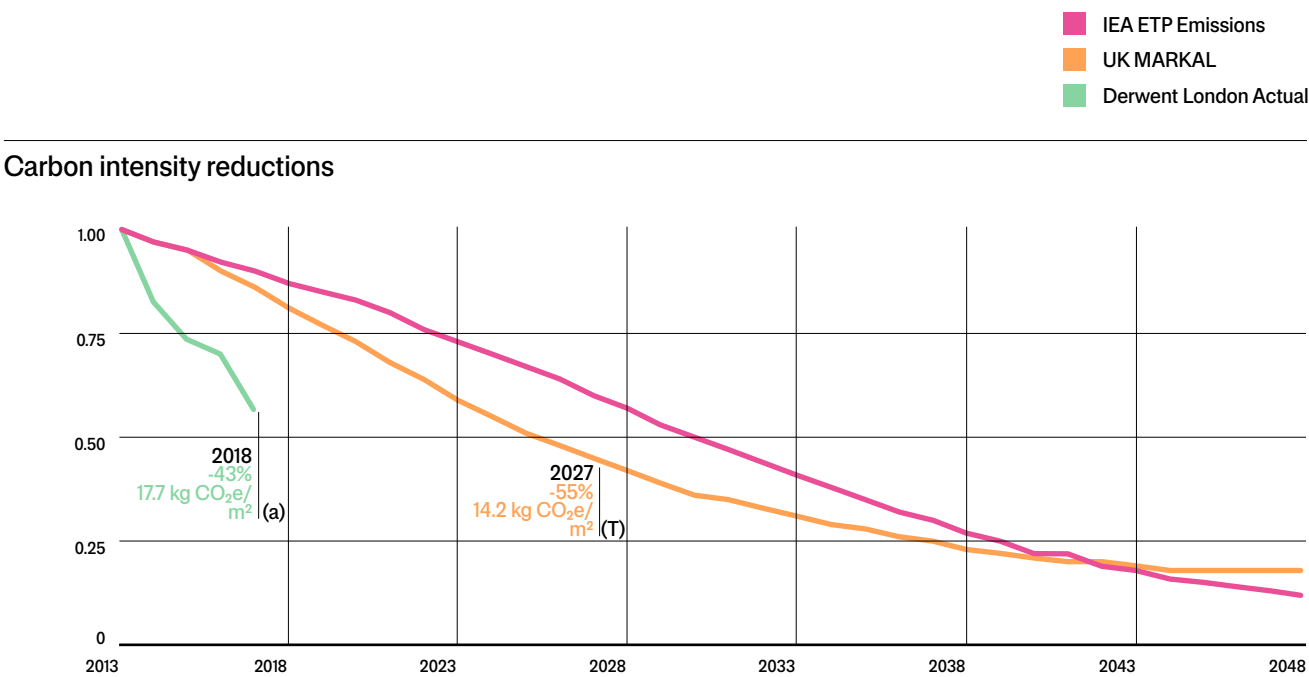
	People		Assets		Developments	
	2017	2018	2017	2018	2017	2018
Man hours worked	N/A	N/A	N/A	N/A	1,606,311	2,196,901
Minor accidents	2	1	35	28	23	20
RIDDORs	0	0	2	0	2	2
Fatalities	0	0	0	0	0	0
Improvement notices	0	0	0	0	0	0
Prohibition notices	0	0	0	0	0	0
RIDDOR (AFR)					0.12	0.09

RIDDOR Accident Frequency Rate (AFR) is calculated as (the number of RIDDORs × 100,000) / (number of person hours worked)

CLIMATE

RESILIENCE

SCIENCE BASED CARBON TARGETS PERFORMANCE



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

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.



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.

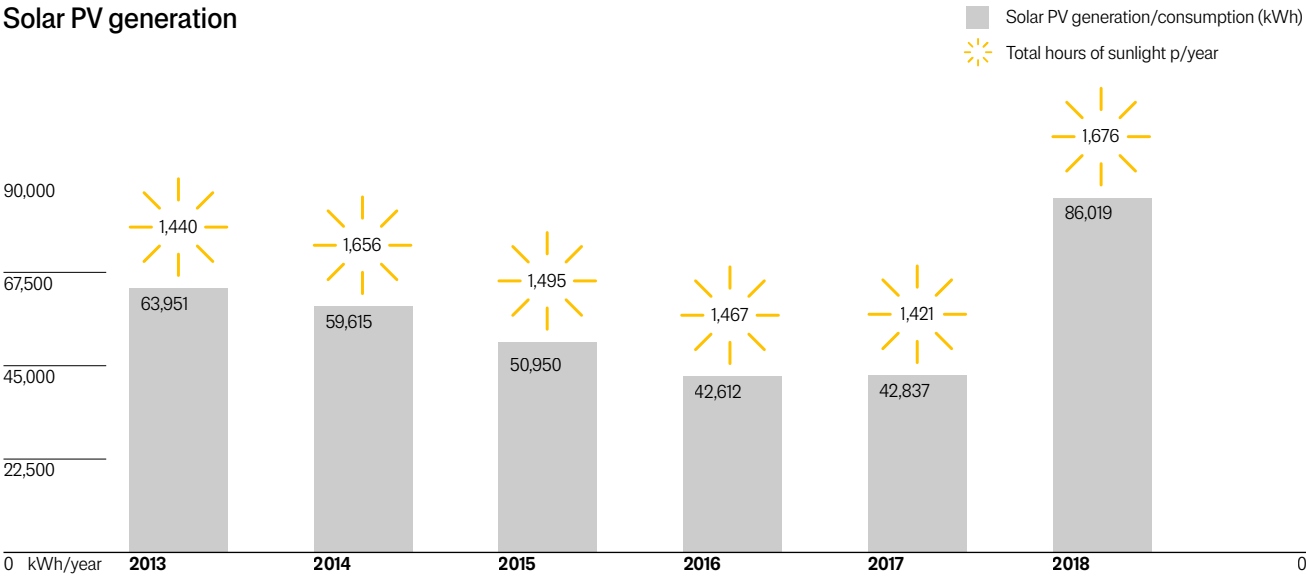
RENEWABLE AND LOW CARBON ENERGY

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 CO₂ and purchased allowances to the value of £367,735 at a price of £17.70/tCO₂.

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.

TCFD DISCLOSURE

Last year we reported our first disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We set these out below in addition to the summary disclosure we have provided in our Annual Report and Accounts, which can be found on our website: www.derwentlondon.com/investors/results-and-reports on page 76.

In addition to the disclosure below please refer to our GRI Index on pages 97–107 for complementary reporting on the climate-related aspects. Likewise, we also submit responses to CDP and the Global Real Estate Sustainability Benchmark (GRESB) providing even more insight in this important area.

Governance

Describe the board's oversight of climate-related risks and opportunities

One of our Main Board's principal committees is the Responsible Business Committee. Its remit amongst other things is to oversee and guide our approach to climate-related risks and opportunities. This committee is comprised of two Non-Executive Directors, Dame Cilla Snowball (Chair), Claudia Arney and Executive Director, Paul Williams, supported by John Davies (Head of Sustainability), Katy Levine (Head of HR), David Lawler (Company Secretary) and two employees. The committee meets twice a year and receives reports from the Sustainability Committee and other committees as necessary. The outputs from this committee are fed through to the Main Board where they are used to inform decision making and planning.

Day-to-day oversight of climate-related issues is undertaken by the Sustainability Committee, which is chaired by Paul Williams. This group meets quarterly and comprises key department members: John Davies, David Lawler, Richard Baldwin (Head of Development), Katy Levine, Zachary Butler-Smith (Head of Health and Safety), Justyna Tobolska (Sustainability Manager) and Helen Joscelyne (Sustainability Co-ordinator). Department leaders then take the outputs from the committee meetings 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 Responsible Business Committee.

A performance and data dashboard is produced for discussion during the committee meetings.

Describe management's role in assessing and managing climate-related risks and opportunities.

Paul Williams is the Main Board Director with overall accountability for sustainability. Carbon and energy management, which is directly linked to climate change, forms a distinct part of our sustainability agenda. As a Board member, Paul reports directly to John Burns, our Chief Executive Officer, and the main Board as part of his updates during main Board meetings. Paul is also a member of the Responsible Business Committee.

Both committees review company performance, in terms of climate related responsibilities, which include our science-based carbon targets, energy efficiency and greenhouse gas emissions linked to climate change.

A performance and data dashboard is produced and discussed during these committee meetings.

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

We consider short, medium and long-term time horizons to be 0–5, 5–15 and 15+ years respectively, recognising that climate-related issues are often linked to the medium to long-term, and our properties have a service life of many decades.

Short-term – we have seen a greater shift in terms of legislation e.g. the introduction in the UK of the Minimum Energy Efficiency Standards (MEES) for commercial and domestic property, which sets a legal minimum in terms of the Energy Performance Certificate (EPC) rating for a building and outlawing new lettings on spaces with an EPC rating of lower than an E. Likewise, occupier demand continues to drive the requirement for ever more efficient and sustainable buildings, which are cost effective to occupy and promote high levels of health and well-being.

Medium-term – issues are a direct consequence of what we see in the short-term i.e. we must continually invest in and develop our new and existing properties to ever higher standards and levels of efficiency to ensure we continue to attract occupiers.

Long-term – we will have to continue to invest in our existing portfolio and our development pipeline to ensure they are climate resilient such that we can continue to let space in the central 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 business strategy, and financial planning.

As a central London focused Real Estate Investment Trust (REIT) we invest in, develop and manage property in central London and, as such, climate-related issues affect the way we develop new buildings, how we manage existing ones, and the kinds of suppliers we use to support us in these activities. Therefore, 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 can be found at www.derwentlondon.com/sustainability, and set out how we manage these risks within our development work and the management of our properties. They show 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 to attain high EPC ratings and BREEAM/LEED ratings which, in turn, help to make our new buildings more efficient. Likewise, in the framework for assets, performance measures are set out which require the constant monitoring of energy, carbon, water and waste together with plans 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 model various energy/carbon management measures on specific buildings in our portfolio to establish the likely impact they will have on the reduction trajectory set by our transition scenario. Moreover, the tool can forecast the impact of a new property acquisition or disposal. Ultimately, by addressing risks in this way, we are ensuring that our properties continue to attract occupiers and 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 climate-related risks such as increasing temperatures which could lead to greater physical stresses on our properties and, in turn, increase our cost base e.g. management and utility costs.

Our business strategy involves both investing in new developments and acquiring older properties with future regeneration opportunities. We ensure a high degree of resilience in our new developments and the regeneration of older properties by setting high standards for environmental responsibility. When managing our core income portfolio, we have a significant focus on energy and carbon reduction, ensuring our buildings operate as efficiently as possible. As a result, our strategy centres around the concept of continual improvement which ensures a high degree of both climate and financial resilience. Ultimately, we do not envisage having to make changes to our strategic approach when considering climate-related scenarios.

	<p>As set out in the metrics and targets section below, our science-based carbon targets are set against recognised 2°C transition scenarios, namely the IEA ETP 2DS and the nationally determined UK climate change commitments. This allows us to calculate the shape of the reduction trajectory needed to achieve our targets between now and 2050. 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 to establish the likely impact/contribution they have on the reduction trajectory set by our chosen transition scenario datasets.</p>
Risk management	
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<p>The responsibility for managing our corporate risk process rests with the Executive Committee, Main Board and our Risk Committee. Each year senior managers from the various business functions collate their key risks (which include sustainability/climate change related risks) and feed them through to the Executive Committee. The risks are then assessed by the committee to understand their severity, likelihood and the optimal controls and/or mitigation required. This approach allows the effects of any mitigating procedures to be considered properly, recognising that risk cannot be 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 by the Responsible Business Committee and Sustainability Committee. These risks include regulatory risk, reputational risk, and physical environmental risk.</p> <p>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 managed and reduced via various initiatives. These outcomes are then fed into our data reporting and science-based carbon target scenario analysis tool to enable us to plan where we should focus our efforts.</p>
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.	<p>To enable our stakeholders to understand our climate-related impact 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 highlighted in the buildings and materials group, namely:</p> <ul style="list-style-type: none">— Total energy consumed, broken down by source (e.g. purchased electricity and renewable sources) – see pages 77 and 78— Total fuel consumed percentage from coal, natural gas, oil, and renewable sources – see pages 77 and 78— Building energy intensity (by square area) – see page 71— Building water intensity (by square area) – see page 81— GHG emissions intensity from buildings (square area) and from new construction and redevelopment – see page 74— For each property type, the percentage certified as sustainable – see page 84 <p>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.</p> <p>As identified in our materiality review, which can be found on page 14–15, resource efficiency (which includes energy efficiency, greenhouse gases, climate change and water) is a material issue for our business and, as such, forms a principal risk in our corporate risk register, which can be found in our latest Annual Report and Accounts on page 56. Further to this, performance against our science-based carbon targets forms a part of Executive Directors' remuneration – details of which can be found on page 125 of our Annual Report and Accounts.</p>

	<p>In addition, to the above metrics we also use our science-based carbon targets and a specific scenario analysis tool to support us in the strategic planning of our portfolio and undertake future projections of carbon intensity reduction set against recognised 2°C transition scenarios namely the IEA ETP 2DS and the nationally determined UK climate change commitments modelling trajectory.</p>
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	<p>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: Scopes 1, 2 and 3 using the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. Likewise, we provide trend analysis across several years to show progress and historical performance.</p> <p>Please refer to the data report section on page 63 for our carbon reporting which also includes full details of the aggregation and calculation methodology. Moreover, we publish a summary of our corporate carbon footprint in our Annual Report and Accounts on page 76.</p>
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<p>Following our review of the Paris International Climate Change Agreement in 2016, we developed a set of science-based carbon targets to ensure we align our carbon reduction programme to its objectives, as well as minimising our risk exposure to climate change on our managed portfolio.</p> <p>Recently we have been working with the Science Based Target initiative (SBTi) to align our targets with their methodology and we are pleased to confirm that the validation is now complete, with the addition of a new Scope 3 emissions target. As a result, our updated targets are:</p> <p><i>“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.”</i></p> <p>To see the latest progress against these targets and our 2°C transition scenarios, please see the science-based carbon target performance section on pages 50–51 for more details.</p>

ENERGY PERFORMANCE BENCHMARKING

Following last year, we set out again a snapshot of our managed portfolio and its relative energy intensity performance (landlord and tenant) against industry benchmarks, namely 2013 CIBSE Guide F and the 2017 Better Buildings Partnerships Real Estate Energy Benchmark (REEB).

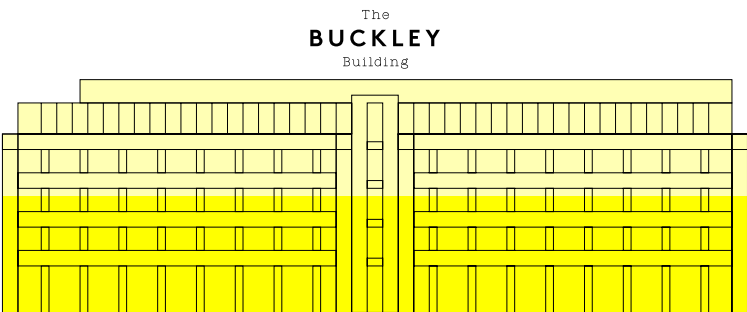
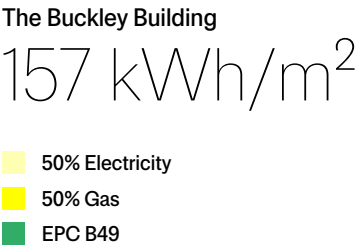
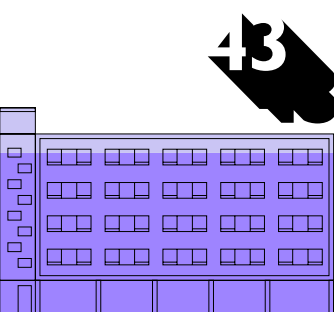
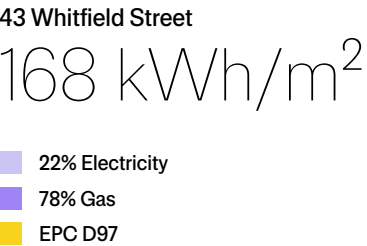
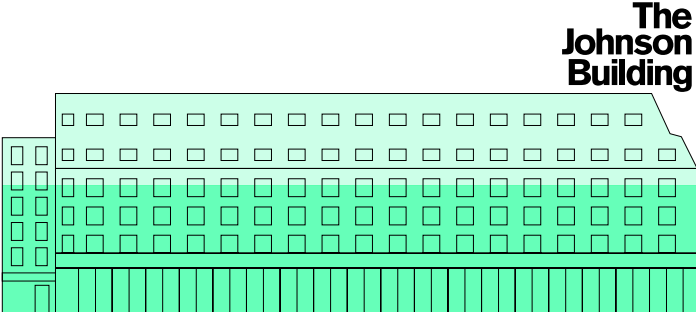
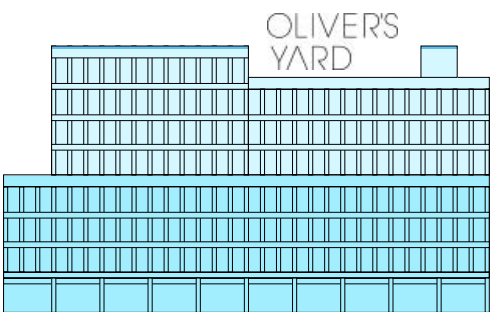
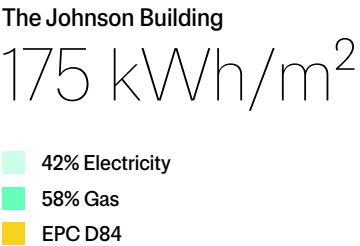
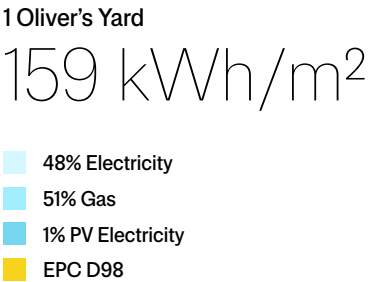
Benchmarking is a key part of our energy management strategy as it ensures we understand how our buildings perform relative to industry and where we might be able to make improvements. Currently all properties in our managed portfolio fall below the REEB typical practice benchmark and 28 of the buildings are lower than all the benchmarks. This shows that our portfolio is performing well, but there are always opportunities to make further savings.

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



ENERGY PERFORMANCE BENCHMARKING

To complement the overarching snapshot of our managed portfolio, as with last year we have again selected another four representative properties from our portfolio and present their respective energy intensity performance (kWh/m²) and a breakdown of their energy use types, to give some insight into how individual buildings perform.



DATA

DATA PERFORMANCE SUMMARY

New for this year we have expanded our data performance summary to give our stakeholders a better understanding of what we have achieved and how we did it. Similar to last year, we have again seen reductions in our carbon emissions and increases in our waste recycling rate.

During 2018 we:

- reduced our managed portfolio landlord carbon generation in all scopes by 4%
- reduced our like-for-like landlord carbon generation in all scopes by 10%
- achieved our recycling target across our like-for-like portfolio of 75%

Whilst we set and drive many of the energy and waste improvement initiatives from within our own business, we are also supported by a network of suppliers who we collaborate with to help us deliver many of the results we show here.

Energy

One of our energy management approaches, particularly in our larger multi-let buildings, is the use of real-time energy analytics. One of the systems we use is from EP&T Global. The benefits of having systems like this are that they continually monitor the building and learn its operational patterns. They can effectively offer optimisation strategies to our building management teams so we can drive out inefficiencies. Since February 2015, we have installed EP&T's energy optimisation systems in six buildings:

- The Buckley Building EC1
- Angel Building EC1
- 90 Whitfield Street W1
- Charlotte Building W1
- 1 Oliver's Yard EC1
- 1 & 2 Stephen Street W1

Since installation we have saved:

- 16,151,224 kWh or £1,395,195 against our baseline

Our total performance in 2018 alone provided savings of:

- 4,680,873 kWh or £401,476

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

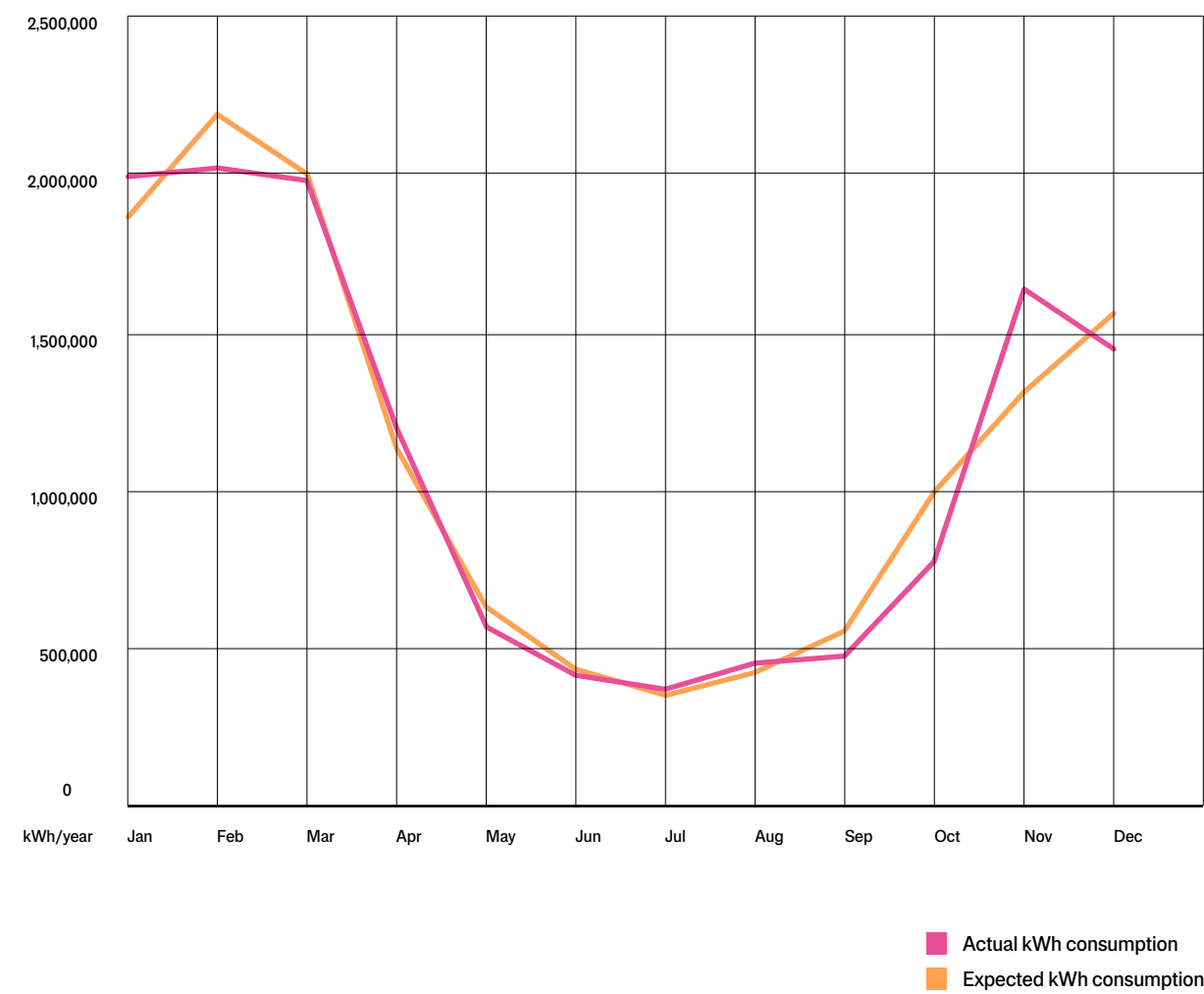
- BMS set point optimisation
- Corrected malfunctioning temperature sensors and pressure sensors
- Optimisation of water flow and return temperatures
- Chiller staging
- Optimisation of night purge strategies
- Eliminating heating and cooling conflicts
- Implementing BMS ambient chiller lockout
- VSD (Variable Speed Drive) frequency optimisation
- Behaviour change e.g. rationalising security and cleaning regimes
- Measurement, verification and commissioning of new equipment

Gas

During 2018 we saw a significant increase in gas consumption, which was due to the cold snap weather events in the spring. This resulted in a 23% increase in our like-for-like portfolio consumption compared to 2017. To understand this in more detail we undertook a comprehensive analysis to establish whether this consumption was entirely weather driven or if there were any management issues which needed to be addressed.

The graph below shows the results of the analysis and the amount of energy (gas) needed to heat our buildings in proportion to the number of heating degree (cold) days. The difference between actual gas consumption and expected gas consumption based on the degree days analysis was 0.0002% i.e. it showed an almost direct correlation between the temperature and consumption. This suggests that the portfolio is being managed effectively and consumption is in line with the changing weather.

Actual gas consumption v degree days analysis 2018



Waste

We have worked with our waste management contractors, Paper Round, for the last four years to implement a portfolio-wide waste recycling programme designed to maximise every opportunity each of our managed properties has, to recycle as many waste streams as possible.

Over that time, through engagement with building management teams and occupiers alike, we have been able to increase our recycling rate significantly from 56% to 75%.

The core of the recycling programme includes a base waste streaming service for each building consisting of mixed recycling, food waste, cardboard, Waste Electronic and Electrical Equipment (WEEE) and glass collections. From there each building can then add additional streams depending on occupancy profiles and levels of waste produced – a popular addition is coffee cup and coffee grounds recycling.

However, not everything can be recycled currently, so unfortunately there is still a level of general waste which arises. To ensure this does not make its way to landfill, it is sent for energy recovery, thereby at least ensuring a level of re-purposing.

Water

Total water consumption in our managed and like-for-like portfolio includes retail and development use. We use smart meters to help us separate these different consumption points from the total consumption, and report them separately. We have taken this approach as we do not have operational control over these activities. As a result we provide two sets of figures, one including retail and another excluding retail/development consumption, which can be found in Tables 8 and 9.

This year we have reported an increase in use of water — 5% across our managed portfolio and a 32% increase across our like-for-like portfolio. This is due to our growing portfolio — in 2018 we increased the number of buildings we analysed for water by 9% in our managed portfolio and 25% in our like-for-like portfolio.

Methodology

Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2018.

For 2018, our reporting scope comprises the following portfolios:

	Like-for-like portfolio: 34 properties: 289,964 m²	Managed portfolio: 46 properties: 424,271 m²
Includes	Properties within the portfolio for both 2017 and 2018 (two full years)	Newly acquired properties, disposed properties and the current managed portfolio
Excludes	Vacant properties, properties under refurbishment and/or development, retail consumption: 25 Savile Row W1 (under refurbishment) The White Chapel Building E1 (under refurbishment including retail unit) The Johnson Building EC1 (under refurbishment) White Collar Factory EC1 (new development and retail units) Welby House SW1 (newly managed) Francis House SW1 (newly managed) 6–8 Greencoat Place SW1 (newly managed) 19/35 (27) Baker Street W1 (newly managed) 90 Whitfield Street W1 (retail units only) 1–2 Stephen Street W1 (retail units only) Tea Building E1 (retail units only) 20 Farringdon Road EC1 (retail units only) Greencoat House SW1 (under refurbishment)	Properties under refurbishment and/or development, retail consumption: 90 Whitfield Street W1 (retail units only) 1–2 Stephen Street W1 (retail units only) Tea Building E1 (retail units only) 20 Farringdon Road EC1 (retail units only) The White Chapel Building E1 (retail unit only) White Collar Factory EC1 (retail units only)
Whole portfolio: 87 properties: 502,600 m²	Includes: single-let, managed properties, development, refurbishment and retail properties	

We measure and report utility usage and waste generated from our managed and like-for-like portfolios where we have full operational control. We do not report data from single-let properties as we neither have management control nor influence over these properties. Therefore we report on the following basis:

	Electricity	Water	Gas and biomass	Waste
Includes	Landlord common areas consumption and accounting of tenant consumption	Whole building consumption	Whole building consumption	Properties under the Derwent London waste management contract.
Excludes	Retail consumption Refurbishment/development projects Single-let properties with no management control or influence			

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 us and our third-party utility brokers for each property. The AMR data is used as the primary source for our reporting, which is validated against utility invoices. To ensure robust accounting of our data, internal audits are undertaken by our in-house finance team. During an audit, the team randomly selects a minimum 15% property sample from our managed portfolio and examine meter readings, utility invoices and AMR data to validate the reported/recorded consumption amounts.

We report electricity usage for common areas (landlord-controlled areas) in all managed properties. To establish these areas, we deduct the net lettable floor areas (NLA) from the gross internal areas (GIA) for each property. Where the GIA figure is unknown, we take the gross external areas (GEA) from our fire insurance valuations and reduce this by 2% in line with standard industry practice. To calculate the common area usage (kWh/m²) we divide total building consumption by the total building area, and then multiply the figure by the total common area. To calculate the tenant usage (kWh/m²) we deduct the common area use from the total building use. This approach does result in a minor misalignment in our total energy and total carbon intensity calculations, because gas, oil and water all use a denominator of floor area based on GIA, whereas electricity uses common areas only. To balance this misalignment, we include figures for common areas (landlord usage) and total building (landlord and tenant usage).

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

Recycling and general waste figures are provided by our waste management contractor for properties where we have waste management control. We exclude retail and development waste from our total figures due to us having no management control or influence over these areas. All waste was either recycled or sent to a waste-to-energy plant, with none sent to landfill.

Carbon methodology

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

- Scope 1 – direct emissions;
- Scope 2 – indirect emissions (location and market based); and
- Scope 3 – other indirect emissions such as fuel and energy related activities, waste generated in operations, business travel and downstream leased assets.

Our carbon emissions are calculated with the latest Defra 2018 emission factors (<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>).

Air travel emissions are calculated using the distance between the start and end destinations, using an online distance calculator (www.mapcrow.info). Defra carbon conversion factors for air travel are applied which include the uplift for radiative forcing. The emissions from company cars are calculated using data for distance travelled per car. Different carbon conversion factors are applied to each car according to its type e.g. luxury, 4x4 etc and fuel type.

To calculate the financial intensities, we use a total turnover figure and fair market value. The turnover figure stated in the 2018 Annual Report and Accounts is £228m. Likewise, the fair market value figure was stated at £5.19bn.

As part of the Scope 2 ‘dual reporting’ requirements we report our emission based on location and market-based factors. For our market-based factors, we use the European residual mix market factor GB 366 gCO₂e/kWh GWP Direct for our market-based factors as our suppliers are not able to provide us with appropriate factors.

To identify Scope 1 fugitive emissions, we calculate refrigerant losses using equipment service records stating the refrigerant recharge amounts (top-ups). Those figures are included in our managed portfolio carbon intensity emissions and for further transparency we have also added them into our like-for-like portfolio carbon intensity emissions, this resulted in re-stating our total emissions for 2017, these are marked (*) in Tables 3 and 4.

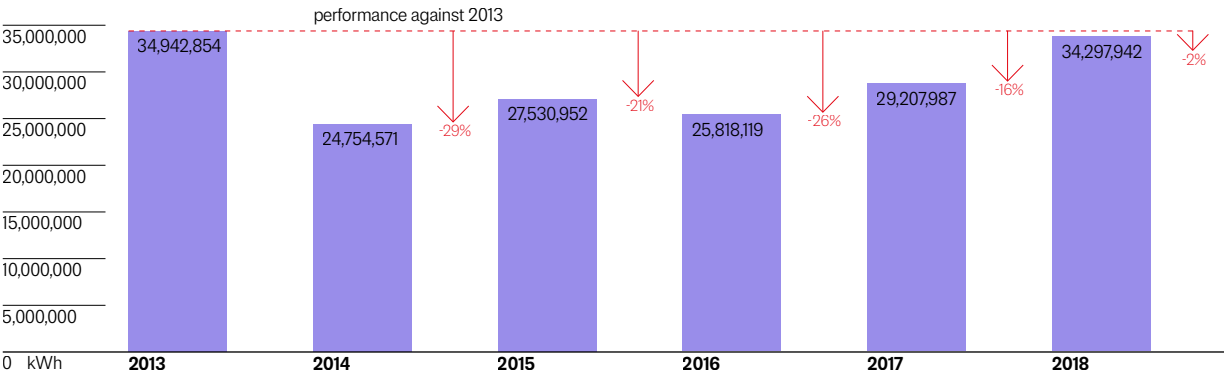
To increase transparency, we now report our tenant emissions within the Scope 3 downstream leased assets category separately (marked N), rather than part of our total emissions. In previous years we have not included waste emissions in our Scope 3 reporting as the emissions were *de minimis* i.e. <5% of our total carbon footprint. However, we have decided to include them in this year’s report which resulted in restating our total 2017 carbon emissions, marked (*) Tables 3 and 4.

Data Tables

In this section we set out a range of graphs and tables showing our latest performance across our managed and like-for-like portfolios compared to the previous year and our 2013 baseline year.

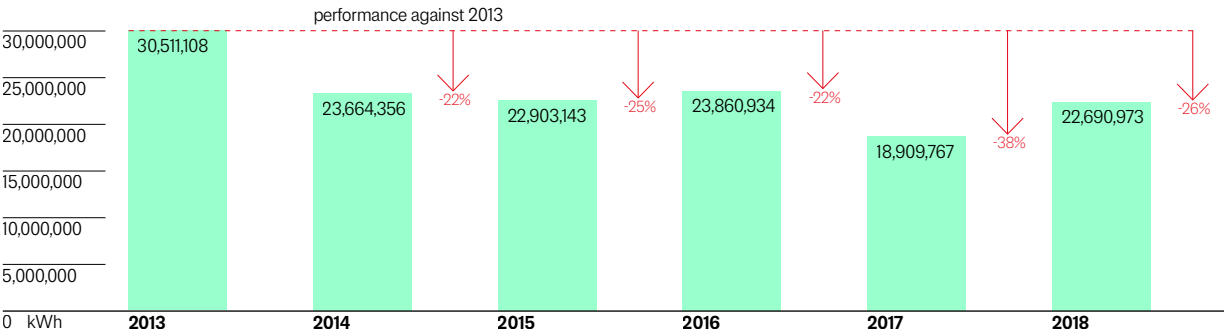
Energy performance since 2013 (landlord areas)

Managed portfolio energy use (electricity, gas, oil, biomass) kWh



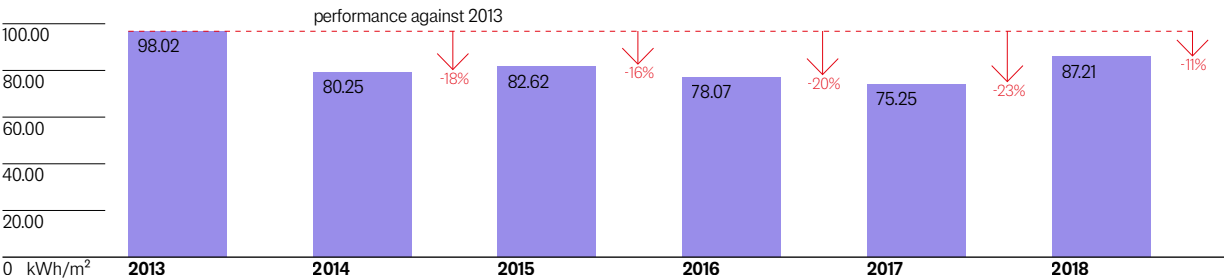
Energy performance since 2013 (landlord areas)

Like-for-like portfolio energy use (electricity, gas, oil, biomass) kWh



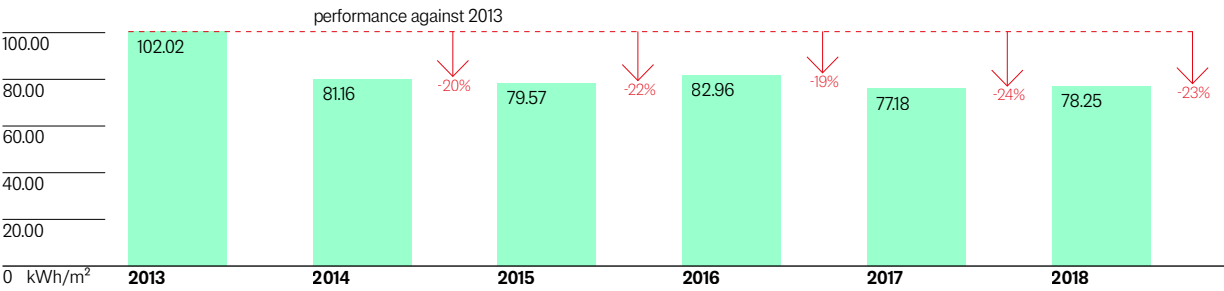
Energy intensity performance since 2013 (landlord areas)

Managed portfolio intensity (electricity, gas, oil, biomass) kWh/m²



Energy intensity performance since 2013 (landlord areas)

Like-for-like portfolio intensity (electricity, gas, oil, biomass) kWh/m²



Carbon

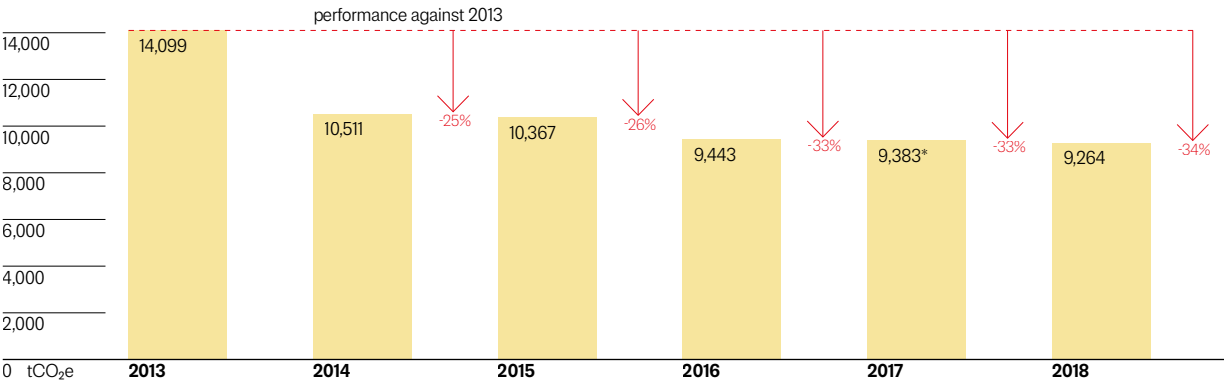
Table 1
Intensity metrics (managed portfolio Scope 1 + 2)

			2018	% change	2017
tCO ₂ e/£m turnover (Scopes 1 + 2 only, including Scope 1 fugitive emissions)			39.19	-13%	44.87
tCO ₂ e/m ² (Scopes 1 + 2 only, including Scope 1 fugitive emissions)			0.019	-5%	0.020
Property portfolio at fair value (tCO ₂ e/£m)			0.68	8%	0.63

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

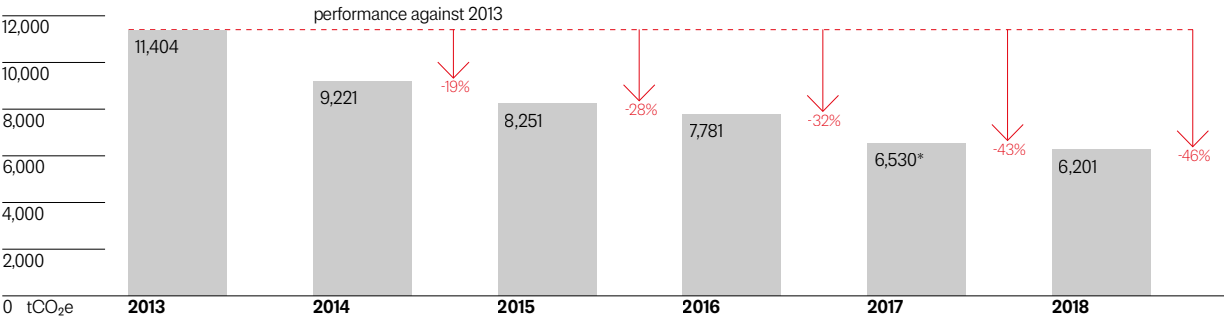
			2018	% change	2017
Total carbon emissions			5,139	-5%	5,401
Total floor area			289,964	18%	245,013
Intensity (tCO ₂ e / m ²)			0.018	-18%	0.022

Carbon performance since 2013 (landlord areas)
Managed portfolio GHG emissions (Scope 1–3) tCO₂e



* Figure restated, please see notes on page 69

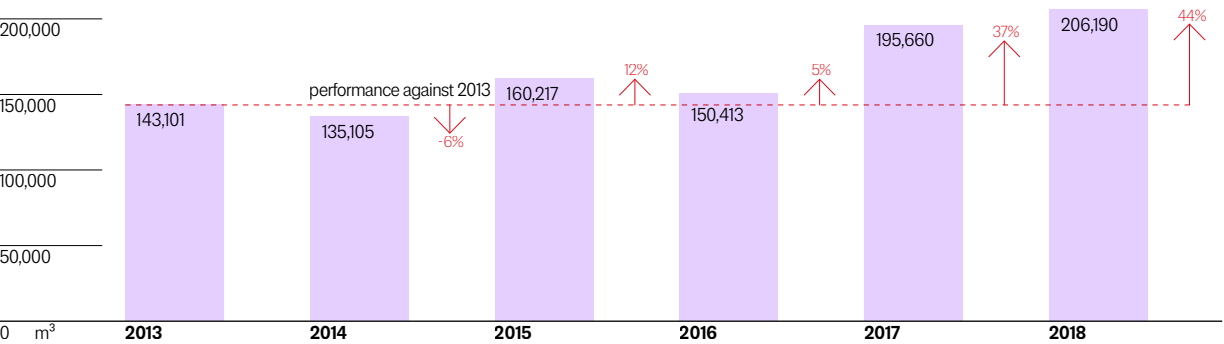
Carbon performance since 2013 (landlord areas)
Like-for-like portfolio GHG emissions (Scope 1–3) tCO₂e



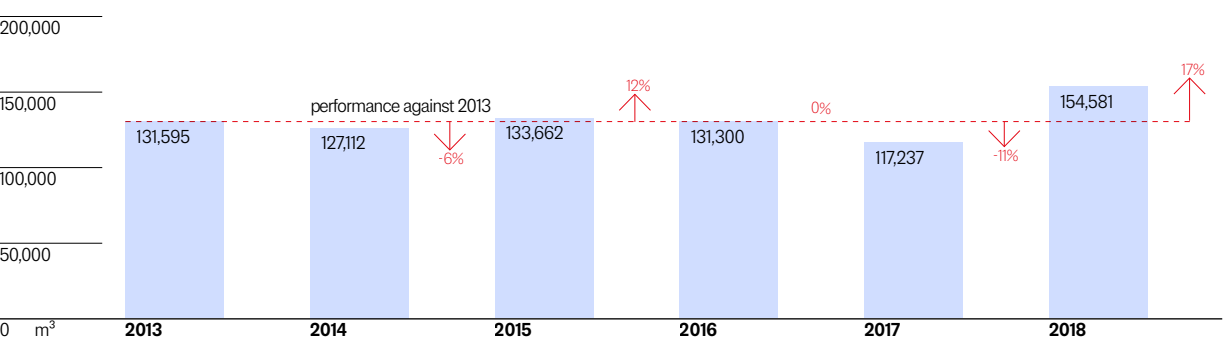
* Figure restated, please see notes on page 69

Water

Water consumption performance since 2013
Managed portfolio water consumption (m³)



Water consumption performance since 2013
Like-for-like portfolio water consumption (m³)



Greenhouse Gas Emissions (GHGs)

Table 3
Managed portfolio including corporate based emissions (tCO₂e) (A)

		2018	% change	2017
Scope 1				
Energy use	Gas (total building)	3,908	15%	3,412
Travel	Fuel use (Derwent London business travel; landlord emissions)	29	4%	28
Fugitive emissions	Refrigerant emissions (total building)	286	-62%	748*
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	3,458	-2%	3,538
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	513	-9%	564
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	339	-11%	384
	Gas (total building)	543	5%	516
Travel	Fuel use-WTT (Derwent London business travel; landlord emissions)	8	2%	7
	Business air travel WTT (landlord emissions)	5	-24%	6
	Business air travel (landlord emissions)	43	-24%	56
Water	Water use (total building)	71	4%	67
Waste	Waste (total building)	62	12%	55*
TOTAL Scope 1 + 2 + 3 (total building and landlord emissions)		9,264	-1%	9,383*
TOTAL Scope 1 + 2 + 3 (landlord only)		4,394	-4%	4,584
Scope 3 downstream leased assets (tenant emissions) N		10,955	-17%	13,203
Total portfolio emissions Scope 1 + 2 + 3 (landlord and tenant emissions)		20,219	-11%	22,663
Scope 2 residual mix (market-based; landlord emissions)		4,478	-18%	5,475
Scope 2 renewable certified tariffs (landlord emissions)		0	-100%	244
Out of scope energy-use	Biomass use (total building)	28	32%	21

(A) This data has been independently assured by Deloitte LLP
* Figures restated, please see page 69
N New for 2018, please see page 69

Greenhouse Gas Emissions (GHGs)

Table 4
Like-for-like portfolio (buildings only) (tCO₂e) (A)

		2018	% change	2017
Scope 1				
Energy use	Gas (total building)	2,415	23%	1,957
Fugitive emissions	Refrigerant emissions (total building)	242	-68%	748*
Scope 2				
Energy use	Electricity use – generation (landlord-controlled areas and Derwent London occupied floor area)	2,482	-8%	2,695
Scope 3				
Energy use	Electricity use – WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	368	-14%	430
	Electricity use – T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	243	-17%	292
	Gas (total building)	336	13%	296
Water	Water use (total building)	54	-4%	56
Waste	Waste (total building)	62	12%	55*
TOTAL Scope 1 + 2 + 3 (total building and landlord emissions)		6,201	-5%	6,530*
TOTAL Scope 1 + 2 + 3 (landlord only)		3,093	-10%	3,417
Scope 3 downstream leased assets (tenant emissions) N		7,990	6%	7,561
Total portfolio emissions Scope 1 + 2 + 3 (landlord and tenant emissions)		14,191	7%	13,288
Scope 2 residual mix (market-based; landlord emissions)		3,213	-23%	4,171
Scope 2 renewable certified tariffs (landlord emissions)		0	0%	0
Out of scope energy-use	Biomass use (total building)	28	32%	21

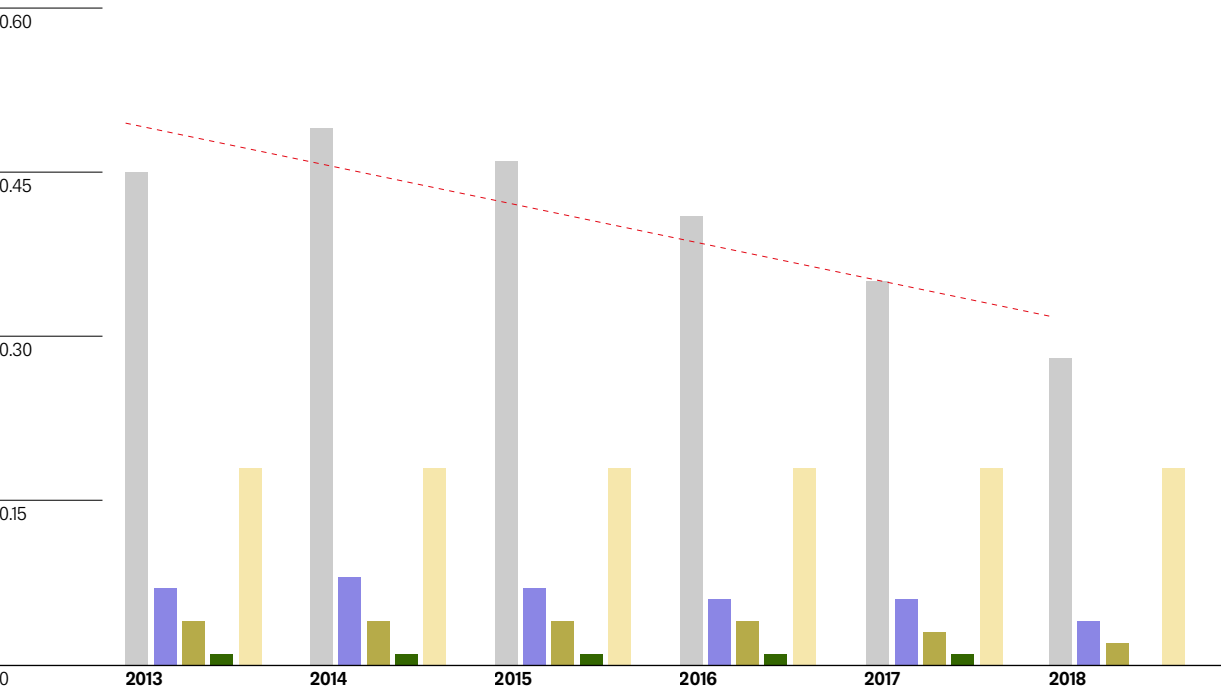
(A) This data has been independently assured by Deloitte LLP
* Figures restated, please see page 69
N New for 2018, please see page 69

Carbon Conversion Factors Journey

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

A new set of conversion factors is released every year by Defra and the graph below reflects the changes in those factors since 2013.

Carbon conversion factors



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

- Electricity Generated Scope 2 Direct GHG (kgCO₂e/kWh)
- Electricity Generated Scope 3 Indirect GHG (kgCO₂e/kWh)
- Electricity Losses Scope 3 Direct G (kgCO₂e/kWh)HG
- Electricity T&D WTT Scope 3 Indirect GHG (kgCO₂e/kWh)
- Scope 1
- Linear (Electricity Generated Scope 2 Direct GHG (kgCO₂e/kWh))

Energy

Table 5
Energy use — Managed portfolio (A)

	2018	% change	2017
--	------	----------	------

Electricity (landlord controlled areas)			
Number of buildings	44	10%	40
Floor Area (m ²)	107,521	29%	83,632
Use (kWh)	12,302,615	22%	10,107,931
Floor area (m ²) for consumption intensity analysis	103,279	23%	83,632
Use (kWh) for consumption intensity analysis	11,857,685	17%	10,107,931
Intensity (kWh/m ²)	114.81	-5%	120.86

Gas (total building)			
Number of buildings	35	3%	34
Floor Area (m ²)	401,141	2%	393,548
Use (kWh)	21,241,727	15%	18,528,857
Floor area (m ²) for consumption intensity analysis	384,311	-2%	393,548
Use (kWh) for consumption intensity analysis	21,241,727	15%	18,528,857
Intensity (kWh/m ²)	55.27	17%	47.08

Biomass (total building)			
Number of buildings	1	0%	1
Floor Area (m ²)	34,180	0%	34,180
Use (kWh)	753,600	32%	571,200
Floor area (m ²) for consumption intensity analysis	34,180	0%	34,180
Use (kWh) for consumption intensity analysis	753,600	32%	571,200
Intensity (kWh/m ²)	22.05	32%	16.71

Total			
Number of buildings	44	10%	40
Floor Area (m ²)	406,038	5%	388,161
Use (kWh)	34,297,942	17%	29,207,987
Floor area (m ²) for consumption intensity analysis	388,161	0%	388,161
Use (kWh) for consumption intensity analysis	33,853,012	16%	29,207,987
Intensity (kWh/m ²)	87.21	16%	75.25
Tenant energy consumption	31,056,140	5%	29,620,996
Total (landlord and tenant) energy consumption	65,354,082	11%	58,828,984

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

Energy

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

	2018	% change	2017
--	------	----------	------

Electricity (landlord controlled areas)			
Number of buildings	31	15%	27
Floor Area (m²)	76,525	11%	69,226
Use (kWh)	8,811,774	14%	7,709,778
Intensity (kWh/m²)	115.15	4%	110.75

Gas (total building)			
Number of buildings	27	23%	22
Floor Area (m²)	283,224	17%	241,558
Use (kWh)	13,125,599	23%	10,628,789
Intensity (kWh/m²)	46.34	5%	44.00

Biomass (total building)			
Number of buildings	1	0%	1
Floor Area (m²)	34,180	0%	34,180
Use (kWh)	753,600	32%	571,200
Intensity (kWh/m²)	22.05	32%	16.71

Total			
Number of buildings	32	23%	26
Floor Area (m²)	289,964	18%	245,013
Use (kWh)	22,690,973	20%	18,909,767
Intensity (kWh/m²)	78.25	1%	77.18
Tenant energy consumption	22,604,383	33%	16,963,949
Total (landlord and tenant) energy consumption	42,295,355	26%	35,830,878

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

Energy

Table 7
Energy use – Head office buildings (A)

	2018	% change	2017
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Electricity (Derwent London occupied areas)			
Floor area all (m²)	2,152	2%	2,113
25 Savile Row DL occupied use (kWh)	148,103	80%	82,303
Goldsmith House DL occupied use (kWh)	-	-100%	3,441
161 Rosebery Avenue DL occupied use (kWh)	2,069	5%	1,974
Use (kWh)	150,172	71%	87,719
Intensity (kWh/m²)	70	68%	42

Gas (Derwent London occupied areas)			
Floor area all (m²)	2,152	2%	2,113
Use (kWh)	73,896	25%	58,885
Intensity (kWh/m²)	34.34	23%	27.87

Water (Derwent London occupied areas)			
25 Savile Row DL occupied use (m³)	2,092	2%	2,053
161 Rosebery Avenue DL occupied use (m³)	60	0%	60
Floor area (m²)	1,164	0%	1,164
25 Savile Row DL occupied use (m³)	430	21%	355
161 Rosebery Avenue DL occupied use (m³)	35	-13%	40
Floor area (m²)	2,152	2%	2,113
Use (m³)	464.38	18%	395.00
Intensity (m³/m²)	0.22	15%	0.19

Carbon (Derwent London occupied areas)			
Total indirect emissions (tCO ₂ e)	14.13	25%	11.30
Total emissions (tCO ₂ e)	14	25%	11

Total			
Floor area (m²)	2,152	2%	2,113
Use (kWh)	224,067	53%	146,604
Intensity (kWh/m²)	104	50%	69

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

<div>Energy notes</div> <div>Our portfolio energy consumption data consists of the following:</div>				
Electricity				
Head office buildings	Properties with retail/ development consumption excluded from managed and like-for-like portfolio figures	Properties where meter readings were used in December 2018	Properties with pro-rated data	Properties with photovoltaics (solar panels)
25 Savile Row W1 Basement of 161 Rosebery Avenue EC1	25 Savile Row W1 (under refurbishment) The White Chapel Building E1 (under refurbishment and retail units) The Johnson Building EC1 (under refurbishment) White Collar Factory EC1 (new development and retail units) Welby House SW1 (newly managed) Francis House SW1 (newly managed) 6–8 Greencoat Place SW1 (newly managed) 19/35 (27) Baker St W1 (newly managed) 90 Whitfield Street W1 (retail units) 1–2 Stephen Street W1 (retail units) Tea Building E1 (retail units) 20 Farringdon Road EC1 (retail units) Greencoat House SW1 (under refurbishment)	1 Oliver’s Yard EC1 25 Savile Row W1 (Derwent London areas) 19–35 (27) Baker Street W1 White Collar Factory EC1	Welby House SW1 Francis House SW1	1 Oliver’s Yard EC1 Angel Building EC1 90 Whitfield Street W1 White Collar Factory EC1
Consumption was calculated using comprehensive checks and sub-metering.				
Gas				
Head office buildings	Properties where meter readings were used in December 2018			
25 Savile Row W1	1–2 Stephen Street W1 Francis House SW1 6–8 Greencoat Place SW1 1 Oliver’s Yard EC1 Prescot Street E1 10 Rathbone Place W1 The White Chapel Building E1 White Collar Factory EC1 4 & 10 Pentonville Road N1 19–35 Baker Street W1			

Water			
Table 8			
Water use — Managed portfolio (A)		2018	% change
			2017
Water (total building)			
Number of buildings	37	9%	34
Floor area (m²)	394,555	4%	377,725
Mains water use (m³)	206,188	5%	195,658
Mains water use for intensity analysis (m³)	206,188	5%	195,658
Floor area for intensity analysis (m²)	394,555	4%	377,725
Rainwater use (m³)	1.62	5%	1.53
Total (m³)	206,190	5%	195,660
% mains water use	100%	-	100%
% rain water use	0.001%	-	0.001%
Intensity (m³/m²)	0.52	1%	0.52
Total (m³) (including retail consumption)	218,903	5%	209,235
Intensity (m³/m²)	0.55	0%	0.55
(A) This data has been independently assured by Deloitte LLP (excludes retail water usage)			
Table 9			
Water use — Like-for-like portfolio (A)		2018	% change
			2017
Water (total building)			
Number of buildings	25	25%	20
Floor area (m²)	278,968	18%	236,848
Mains water use (m³)	154,580	32%	117,236
Rainwater use (m³)	1.62	5%	1.53
Total (m³)	154,581	32%	117,237
% mains water use	100%	-	100%
% rain water use	0.001%	-	0.001%
Intensity (m³ / m²)	0.55	12%	0.49
Total (m³) (including retail consumption)	166,849	28%	130,813
Intensity (m³/m²)	0.60	8%	0.55
(A) This data has been independently assured by Deloitte LLP (excluding retail water usage)			

Water

Water			
Properties with retail/ development consumption excluded from managed and like-for-like portfolio figures	Rainwater harvesting property	Properties where meter readings were used in December 2018	Pro rata
25 Savile Row W1 (under refurbishment)	Angel Building EC1	Angel Building EC1	Francis House SW1
The White Chapel Building E1 (under refurbishment and retail)		1–3 Angel Square EC1	
The Johnson Building EC1 (under refurbishment)		The Buckley Building EC1	
The Johnson Building EC1 (under refurbishment)		1–2 Stephen Street W1	
White Collar Factory EC1 (new development)		5–8 Hardwick Street EC1	
Welby House SW1 (newly managed)		Henry Wood House W1	
Francis House SW1 (newly managed)		6–8 Greencoat Place SW1	
6–8 Greencoat Place SW1 (newly managed)		Morelands EC1	
19/35 (27) Baker Street W1 (newly managed)		1 Oliver’s Yard EC1	
Angel Building EC1 (retail units only)		4 & 10 Pentonville Road N1	
1 Oliver’s Yard EC1 (retail units only)		9 Prescott Street E1	
Network Building W1 (retail units only)		25 Savile Row W1	
1–2 Stephen Street W1 (retail units only)		43 Whitfield Street W1	
Tea Building E1 (retail units only)		The White Chapel Building E1	
20 Farringdon Road EC1 (retail units only)		White Collar Factory EC1	
		19–35 (27) Baker Street W1	

Consumption was calculated using comprehensive checks and sub-metering

Waste

Table 10
Waste generated — Managed portfolio (A)

	2018	% change	2017
--	------	----------	------

Total waste (tonnes)			
Number of buildings	30	11%	27
Incineration (with energy recovery) (tonnes)	768	15%	668
Recycling (tonnes)	2,141	15%	1,867
Total (tonnes)	2,909	15%	2,535
Incineration (with energy recovery) (tonnes)	26%		26%
Recycling (tonnes)	74%		74%

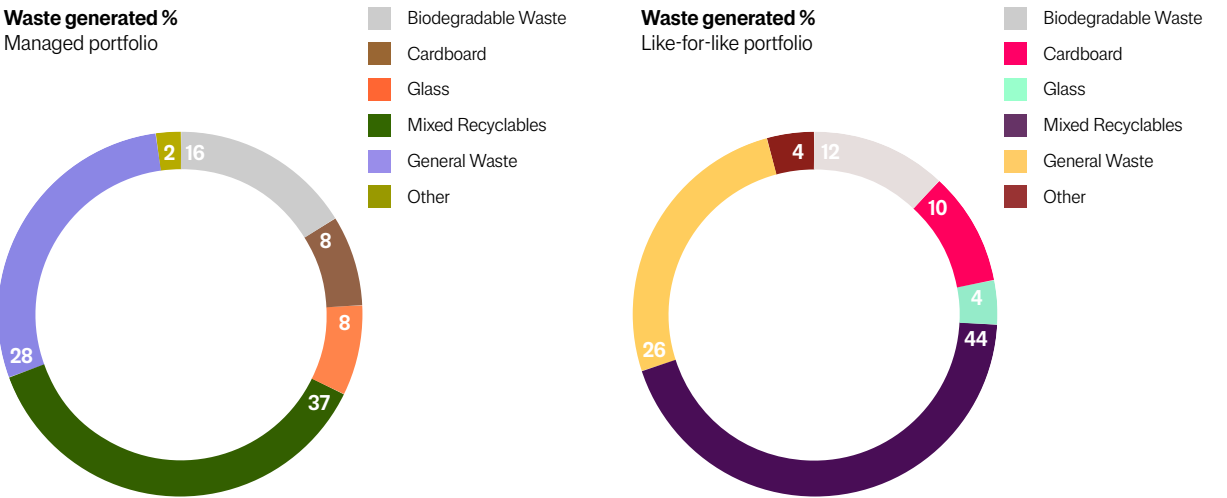
(A) This data has been independently assured by Deloitte LLP

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

	2018	% change	2017
--	------	----------	------

Total waste (tonnes)			
Number of buildings	26	0%	26
Incineration (with energy recovery) (tonnes)	470	-11%	527
Recycling (tonnes)	1,422	-4%	1,477
Total (m³)	1,892	-6%	2,004
Incineration (with energy recovery) (%)	25%		26%
Recycling (%)	75%		74%

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



Building certifications and labelling

Table 12

BREEAM	Outstanding	Excellent	Very Good	Summary
Projects delivered	3	5	13	
% of the total managed portfolio with BREEAM certification				46%
Total number of managed assets				46
Total assets with BREEAM certification				21

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

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

Eco Homes			Excellent
Residential projects delivered			1

Energy Performance Certificates

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

We set out below a breakdown of our EPC ratings together with the proportion of estimated rental value (ERV) they represent so we can show the financial value/ weighting of each rating band. As can be seen in the table below we only have 18 F and G certificates in our managed portfolio and 40 across our entire portfolio which represents only 4% and 6% of each portfolio ERV respectively.

Table 13

Whole portfolio	Total A	Total B	Total C	Total D	Total E	Total F	Total G	Total EPC	No EPC
Number of certificates	2	49	110	81	36	20	20	318	94
% of ERV (31st Dec 2018)	6%	30%	19%	15%	13%	3%	3%	100%	10%
Managed portfolio	2	45	82	51	24	9	9	222	11
% of ERV (31st Dec 2018)	6%	23%	17%	15%	12%	2%	2%	77%	1%
Un-managed portfolio (single-let)	0	4	28	30	12	11	11	96	83
% of ERV (31st Dec 2018)	0	7%	2%	1%	2%	1%	1%	23%	10%

Health and Safety

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

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

Reporting period

Our reporting period is aligned to our financial year, which is set to the calendar year – 1 January to 31 December 2018.

Reporting boundary

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

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

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

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

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

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

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

Improvement notices — a notice issued by either a Local Authority or the Health and Safety Executive (HSE) should they find an immediately dangerous issue during a site inspection

Fatalities — Occupational activities resulting in death

Managed portfolio and people

Scope

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

Methodology

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

Developments

Scope

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

Methodology

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

ASSURANCE



From left to right:
Kim van Lieshout
Consultant
Katherine Lampen
Director
Bethany Hawkings
Senior Consultant
Alex Bexon
Senior Manager

Independent assurance statement by Deloitte LLP to Derwent London plc on key environmental and health and safety indicators included within the Sustainability Report 2018 (“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 2018 on the following subject matters.

- Scope 1 and Scope 2 (location-based) greenhouse gas emissions per square metre across managed portfolio (tCO₂e/m²)
- Scope 1 and Scope 2 (location-based) greenhouse gas emissions per square metre across like-for-like managed portfolio (tCO₂e/m²)
- Scope 1 and Scope 2 (location-based) greenhouse gas emissions across managed portfolio (tCO₂e)
- Scope 1 and Scope 2 (location-based) greenhouse gas emissions across like-for-like managed portfolio (tCO₂e)

- Scope 2 (market-based) greenhouse gas emissions across managed portfolio (tCO₂e)
- Scope 2 (market-based) greenhouse gas emissions across like-for-like managed portfolio (tCO₂e)
- Scope 2 (market-based) greenhouse gas emissions per square metre across managed portfolio (tCO₂e/m²)
- Scope 2 (market-based) greenhouse gas emissions per square metre across like-for-like managed portfolio (tCO₂e/m²)
- Scope 3 greenhouse gas emissions of the organisation across managed portfolio (tCO₂e)
- Scope 3 greenhouse gas emissions of the organisation across like-for-like managed portfolio (tCO₂e)
- Total water use per square metre across managed portfolio (m³/m²)
- Total water use per square metre across like-for-like managed portfolio (m³/m²)
- Total water use across managed portfolio (m³)

- Total water use across like-for-like managed portfolio (m³)
- Electricity per square metre across managed portfolio (kWh/m²)
- Electricity per square metre across like-for-like managed portfolio (kWh/m²)
- Electricity use across managed portfolio (kWh)
- Electricity use across like-for-like managed portfolio (kWh)
- Gas use per square metre across managed portfolio (kWh/m²)
- Gas use per square metre across like-for-like managed portfolio (kWh/m²)
- Gas use across managed portfolio (kWh)
- Gas use across like-for-like managed portfolio (kWh)
- Waste to landfill across managed portfolio (tonnes)
- Waste to landfill across like-for-like managed portfolio (tonnes)
- Recycling rate across managed portfolio (%)

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

Progress against targets (2018 performance against 2013 baseline):

- % reduction in carbon emissions intensity of 36% by 2022 and 55% by 2027
- % reduction in energy intensity across managed like-for-like portfolio of 10% by 2022 and 16% by 2027

What we found: our unqualified assurance opinion

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

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

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

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

Inherent limitations

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature can be subject to variations in definitions, collection and reporting

methodology with no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop. To support clarity in this process, Derwent London publishes the methodologies used to prepare the reported information (“the reporting criteria”). We have carried out our assurance against this criteria and it should be read together with this report.

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 managed sites and a Paper Round (Derwent London’s waste management contractors) waste depot 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 Basis of Reporting;
- reviewing and evaluating the criteria for the measurement of, and reporting of progress against, performance against the targets selected by the Company;
- understanding, analysing and testing on a sample basis the key structures, systems, processes, procedures and controls relating to the aggregation, validation and reporting of the environmental performance data set out above; and
- reviewing the content of the Report against the findings of our work and making recommendations for improvement where necessary.

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
18 February 2019

REPORTING FRAMEWORKS



EPRA REPORTING

Set out below is a comprehensive breakdown of our full alignment with the EPRA best practice recommendations on sustainability reporting. We have also listed our performance measures data in our Annual Report and Accounts on page 201.

Sustainability Performance Measures (Environmental, Social And Governance)

Environmental Sustainability Performance Measures

Elec-Abs (total electricity consumption) (annual kWh)¹

12,302,615 – shown in Table 5 – Energy use across our total managed portfolio (landlord controlled areas), page 77

Elec-LfL (like-for-like total electricity consumption) (annual kWh)

8,811,774 – shown in Table 6 – Energy use across our like-for-like portfolio (landlord controlled areas), page 78

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)

21,995,327 – shown in Table 5 – Energy use across our total managed portfolio (landlord controlled areas) [a total of gas and biomass consumption], page 77

Fuels-LfL (like-for-like total fuel consumption) (annual kWh)*

13,879,199 – shown in Table 6 – Energy use across our total managed portfolio (landlord controlled areas) [a total of gas and biomass consumption], page 78

Energy-Int (building energy intensity) (kWh per m²)

87.21 – shown in Graph – Energy use across our total managed portfolio (landlord controlled areas), page 71

GHG-Dir-Abs (total direct greenhouse gas emissions) (annual metric tonnes CO₂e)

4,223 – shown in Table 3 – Total managed portfolio emissions (landlord influenced portfolio emissions) [a total of Scope 1 emissions], page 74

GHG-Indir-Abs (total indirect greenhouse gas emissions) (annual metric tonnes CO₂e)

3,458 – shown in Table 3 – Total managed portfolio emissions (landlord influenced portfolio emissions) [Scope 2 energy-use], page 74

GHG-Dir-LfL (like-for-like direct greenhouse gas emissions) (annual metric tonnes CO₂e)

2,657 – shown in Table 4 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) [Scope 1 energy-use], page 75

GHG-Indir-LfL (like-for-like indirect greenhouse gas emissions) (annual metric tonnes CO₂e)

2,482 – shown in Table 4 – Like-for-like emissions (landlord influenced portfolio emissions, building related only) [Scope 2 energy-use], page 75

GHG-Int (greenhouse gas intensity from building energy consumption) (tCO₂e/m²/year)

0.019 – shown in Table 1 – Intensity (Scopes 1 & 2) per m²/£m turnover/fair market value (reported in tCO₂e/m²), page 72

Water-Abs (total water consumption) (annual m³)

206,190 – shown in Table 8 – Water use across our total managed portfolio (excluding retail consumption), page 81

Water-LfL (like-for-like total water consumption) (annual m³)

154,581 – shown in Table 9 – Water use across our like-for-like portfolio (excluding retail consumption), page 81

Water-Int (building water intensity) (m³/m²/year)

0.52 – shown in Table 8 – Water use across our total managed portfolio (excluding retail consumption), page 81

Waste-Abs (total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route)

2,909 total weight. 2,141 recycled (74%), 768 incinerated (26%) (with energy recovery), 0 to landfill (0%) (all non-hazardous) – shown in Table 10 – Waste generated across our total managed portfolio, page 83

Waste-LfL (like-for-like total weight of waste by disposal route) (annual metric tonnes and proportion by disposal route) 1,892 total weight. 1,422 recycled (75%), 470 incinerated (25%) (with energy recovery), 0 to landfill (0%)
(all non-hazardous) – shown in Table 11 – Waste generated across our like-for-like portfolio, page 83

Cert-Tot (type and number of sustainability certified assets) (total number by certification/rating/labelling scheme)
– shown in Table 12 on page 84

Social Performance Measures

Diversity-Emp employee gender diversity (% of employees)
– please see our 2018 Annual Report and Accounts page 103

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 40

Emp-Dec Employee performance appraisals (% of employees)
– please see page 40

Emp-Turnover New hires and turnover (total number and rate)
– please see our 2018 Annual Report and Accounts page 78

H&S-Emp Employee H&S (injury rate, absentee rate and no. of work related fatalities) – please see our 2018 Annual Report and Accounts page 81

H&S-Asset Asset health and safety assessments (% of assets) – please see our 2018 Annual Report and Accounts page 81

H&S-Comp Asset health and safety compliance (no. of incidents) – please see our 2018 Annual Report and Accounts page 81

Comty-Eng Community engagement, impact assessments and development programmes (% of assets) – please see page 33 (community section)

Governance Performance Measures

Gov-Board Composition of the highest governance body (total no.) – please see our 2018 Annual Report and Accounts pages 98–99

Gov-Selec Process for nominating and selecting the highest governance body (narrative on process) – please see our 2018 Annual Report and Accounts page 101

Gov-Col Process for managing conflicts of interest (narrative on process) – please see our 2018 Annual Report and Accounts pages 100–103

Overarching Recommendations

5.1 Organisational boundaries
This is explained in the Reporting boundary section, see page 63

5.2 Coverage
Please see our reporting scope on page 67 for a full breakdown of our various reporting scopes and subsequent coverage.

5.3 Estimation of landlord-obtained utility consumption
None of our data presented above is estimated, except where a property exited or came into the portfolio during the year, where we pro-rata the data to annualise the consumption as part of our intensity portfolio reporting to ensure fair representation. We have stated which properties this affects and against which utility type. Please see our reporting scope sections on page 63, 80, 82 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 88–89.

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 63.

5.6 Normalisation
Intensity indicators based on floor area (m²) are provided for energy, water and carbon. Please refer to the respective data report sections for the relevant intensity indicator. We also add a financial intensity indicator of tCO₂e/£m turnover and tCO₂e/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 69 for confirmation of the basis of our reporting.

5.8 Disclosure on own offices
Please see Table 7 on page 79 for a breakdown of the energy use at our head office buildings.

5.9 Narrative on performance
Please see our performance summary on page 17. Likewise, we provide commentary on the shifts in our carbon footprint in our carbon footprint section, see page 51.

5.10 Location of EPRA sustainability performance measures in companies’ reports

We provide a dedicated section in our 2018 Annual Reports and Accounts on sustainability (page 203), 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 easily access the best practice aspects set out in the EPRA recommendations document.

Other Issues To Consider

6.1 Materiality
The results of our materiality assessment/review are shown in the ‘Materiality’ section of this report on pages 13–15.

6.2 Emerging indicator – return on carbon emissions (ROCE)
We report two sets of financially orientated carbon intensity measures – tCO₂e/£m turnover and tCO₂e/fair market value. These are presented in table 3 on page 74.

6.3 Socio-economic indicators related to sustainability performance
We have mandated a performance measure to undertake socio-economic assessments of our new developments 12 months after full occupation. Moreover, we are the only UK based REIT that operates its own self-funded Community Fund – details are provided in the community section of this report, please see page 33. Likewise, we report on the community contributions via planning – this can be seen on page 33.

6.4 Transport
We have measured our employee commuting carbon and have found it to be de minimus i.e. <5% of our total footprint, therefore we have not included it in our Scope 3 carbon reporting. However, we will continue to monitor it.

We do not yet measure and report the emissions associated with tenants travelling to and from our properties.

6.5 Refrigerant gases
We report fugitive emissions from our managed air conditioning and chilling equipment as part of our Scope 1 carbon figures. To see our emissions footprint please see table 3 on page 74 for more details.

GRI REPORTING

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

General Standard Disclosures

GRI Indicator		Location	Omission
Strategy and analysis			
GRI 102: General Disclosures 2018	102-14 Statement from the most senior decision-maker in the organisation	ARA – Chairman’s statement, Page 7 ARA – CEO statement Page 8	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability
Organisational profile			
GRI 102: General Disclosures 2018	102-1 Report the name of the organisation	Front/back cover	
GRI 102: General Disclosures 2018	102-2 Report the primary brands, products, and services	ARA – page 103	
GRI 102: General Disclosures 2018	102-3 Report the location of the organisation’s headquarters	Back cover ARA – front/back cover	
GRI 102: General Disclosures 2018	102-4 Report the number of countries where the organisation operates	ARA – page 1	Our business is focused on central London commercial office space, together with our Strathkelvin retail park (the only property of this type we own) which is located in the suburbs of Glasgow, Scotland.
GRI 102: General Disclosures 2018	102-5 Report the nature of ownership and legal form	ARA – page 1	
GRI 102: General Disclosures 2018	102-6 Report the markets served	ARA – page 1	
G4-9 GRI 102: General Disclosures	102-7 Report the scale of the organisation	ARA – pages 4–5, 12–13	
GRI 102: General Disclosures 2018	102-8 Report total workforce by employment type, employment contract, and region, broken down by gender	ARA – page 103	

GRI Indicator		Location	Omission
GRI 102: General Disclosures 2018	102-41 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.
GRI 102: General Disclosures 2018	102-9 Describe the organisations supply chain	ARA – page 113	
GRI 102: General Disclosures 2018	102-10 Report any significant changes during the reporting period regarding the organisation's size, structure, ownership or supply chain	ARA – pages 7, 8, 9	
GRI 102: General Disclosures 2018	102-11 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_2018-V3.pdf ARA – pages 92–93	
GRI 102: General Disclosures 2018	102-12 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Page 2	
GRI 102: General Disclosures 2018	102-13 List memberships of associations (such as industry associations)	Page 2 ARA – back page of the report	
Identified material aspects and boundaries			
GRI 102: General Disclosures 2018	102-45 List of entities included in the organisation's consolidated financial statements or equivalent documents	ARA – pages 187–189	
GGRI 102: General Disclosures 2018	102-46 Process for defining report content	Page 9	
GRI 102: General Disclosures 2018	102-47 List of material topics identified in the process for defining report content	Page 9	
GRI 103: Management Approach 2018	103-1 Explanation of the material topic and its boundaries	See Specific Standards Disclosure table below	
GRI 103: Management Approach 2018	103-1 b, c Explanation of the material topic and its boundaries	See Specific Standards Disclosure	

GRI Indicator		Location	Omission
GRI 102: General Disclosures 2018	102-48 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Page 69	To identify Scope 1 fugitive emissions, we calculate refrigerant losses using equipment service records stating the refrigerant recharge amounts (top-ups). Those figures are included in our managed portfolio carbon intensity emissions and for further transparency we have also added them into our like-for-like portfolio carbon intensity emissions, this resulted in re-stating our total emissions for 2017, these are marked (*) in tables 3 and 4.
GRI 102: General Disclosures 2018	102-49 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries		None to report
Stakeholder engagement			
GRI 102: General Disclosures 2018	102-40 Provide a list of stakeholder groups engaged by the organisation	Pages 13–15 WEB – sustainability strategy, page 4 www.derwentlondon.com/uploads/downloads/Derwent_London_Sustainability_Strategy_2018-V3.pdf ARA – pages 37, 74	Our key stakeholder groups are: occupiers shareholders, debt providers employees, suppliers, central and local government, and communities
GRI 102: General Disclosures 2018	102-42 Report the basis for identification and selection of stakeholders with whom to engage	Page 9	
GRI 102: General Disclosures 2018	102-43 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	ARA – pages 20–21, 92–93 WEB – Community Fund https://www.derwentlondon.com/sustainability/priorities/community/community-fund https://www.derwentlondon.com/uploads/downloads/Derwent_London_Supply_Chain_Standards_2018.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 2018 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 panel meetings 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.
GRI 102: General Disclosures 2018	102-44 Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Page 9	Via our latest materiality assessment, we were able to ascertain those core issues pertinent to our business and those of our stakeholders

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): Sustainability Team Property Management Teams Development Team	External (outside): UK Government and policy makers Our tenants (customers) Our design and engineering/FM maintenance supply chains
GRI Indicator	Location	Comments
G4-EN8 Total water withdrawal by source	Page 81	

Waste management

	<p>DMA</p> <p>Why is it material?</p> <p>Waste is important from an operational perspective i.e. the day-to-day running of buildings and also a construction perspective. Both generate significant amounts of waste.</p> <p>What we do</p> <p>We have a long-standing requirement to ensure we send zero waste to landfill from our managed properties. Likewise, we have set a stretching recycling target aiming to achieve a 75% recycling rate which we have achieved. Moreover, we have a 90% diversion from landfill minimum target for our construction projects, we are currently achieving a 99% diversion rate.</p>		
	<p>Aspect boundaries</p>		
	<table><tr><td><p>Internal (within):</p><p>Sustainability Team Property Management Teams Development Team</p></td><td><p>External (outside):</p><p>UK Government and policy makers Our tenants (customers) Our waste management and construction supply chains</p></td></tr></table>		<p>Internal (within):</p> <p>Sustainability Team Property Management Teams Development Team</p>
<p>Internal (within):</p> <p>Sustainability Team Property Management Teams Development Team</p>	<p>External (outside):</p> <p>UK Government and policy makers Our tenants (customers) Our waste management and construction supply chains</p>		
<p>GRI Indicator</p>	<p>Location</p>	<p>Comments</p>	
<p>G4-EN23</p> <p>Total weight of waste by type and disposal method</p>	<p>Page 83</p>		

Community investment and engagement

	<p>DMA</p> <p>Why is it material?</p> <p>Looking beyond the bricks and mortar of our buildings we are committed to supporting the communities in which we operate. It is important that we understand and address the impacts our business has on our community stakeholders such that we can enable positive value creation and ensure our stakeholders can benefit from our activities.</p> <p>What we do</p> <p>In addition to public consultation events for potential development proposals we also operate a unique Community Fund which has invested over £560,000 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.</p>
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Aspect boundaries

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

GRI Indicator	Location	Comments
<p>431-1</p> <p>Percentage of projects with local community engagement initiatives above and beyond those required during planning as stipulated by local authority regulations</p>	<p>Page 33</p> <p>WEB – Community and Community Fund</p> <p>https://www.derwentlondon.com/sustainability/priorities/community/community-fund</p>	<p>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, engaging 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.</p> <p>Performance against these is tracked by our Sustainability Team who manage our community work and socio-economic assessments.</p>

Health and safety

	<p>DMA</p> <p>Why is it material?</p> <p>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.</p> <p>What we do</p> <p>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.</p>	
	<p>Aspect boundaries</p>	
	<p>Internal (within):</p> <p>Health and Safety Team Property Management Teams Development Team</p>	<p>External (outside):</p> <p>Our tenants (customers) Our design, engineering/FM maintenance and construction supply chains Local community stakeholders</p>
<p>GRI Indicator</p>	<p>Location</p>	<p>Comments</p>
<p>403-2</p> <p>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</p>	<p>ARA – page 81</p>	

Employees' engagement

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

		Aspect boundaries	
		Internal (within): HR Team Executive Committee	External (outside): Local community stakeholders Our tenants (customers) Our investors
GRI Indicator		Location	Comments
401-1	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	ARA – pages 78–79	
Employees' development			
GRI Indicator		Location	Comments
404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Page 40 ARA – pages 78–79	100% of our employees receive regular performance reviews.
Employees' diversity			
GRI Indicator		Location	Comments
405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	ARA – pages 88–89, 103	
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, this is seen as a significant issue. What we do To ensure we meet the highest standards of regulatory compliance we set clear standards for our own employees and our supply chains via legal, policy and voluntary standards and tools – covering issues such as anti-corruption, ethical standards and health and safety practices.	
		Aspect boundaries	
		Internal (within): Company Secretarial Team The Main Board Executive Committee	External (outside): UK Government Our tenants (customers) Our investors

GRI Indicator		Location	Comments
205-2	Communication and training on anti-corruption policies and procedures	ARA – page 113	
Customer engagement			
		DMA	
		Why is it material? Our business is underpinned by our close relationships with our occupiers. Only by understanding their needs, being flexible and providing the kind of spaces they wish to occupy can our business continue to thrive.	
		What we do The relationship we have with our occupiers is one of the key factors for the strong demand for our space and resultant low void rates. Frequent communication is key to ensure we meet all their expectations and understand their current and future needs.	
		Aspect boundaries	
		Internal (within): Leasing Team Property Management Teams	External (outside): Our tenants (customers) Our investors
GRI Indicator		Location	Comments
102-2	Results of surveys measuring customer satisfaction	WEB – 2013 Annual Sustainability Report, page 24 www.derwentlondon.com/assets/uploads/general/Derwent_London_Sustainability_Report_2013.pdf	
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 we ensure that 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
417-1	Type of product and service information required by the organisation's procedures	Page 113	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 113.

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): Sustainability Team Development Team Property Management Teams	External (outside): Our design and construction supply chains Our tenants (customers) Our investors
GRI Indicator		Location	Comments
Custom Indicator	Total number and percentage of engineering maintenance contractor contracts that include clauses regarding the monitoring and progress of sustainability KPIs	Page 114	<p>We believe it is more important to evaluate actual supplier performance than to simply screen suppliers' compliance against a given parameter during the tendering process e.g. having an environmental policy in place. We have set ourselves a target to create and implement a series of sustainability KPIs for our engineering maintenance contracts. These KPIs focus on requiring our service providers to track utility performance and efficiency and identify new and innovative practice to help run our properties as efficiently as possible.</p> <p>Performance against these is tracked by our in-house Property Management Team who review our contractors' performance on a six monthly basis.</p> <p>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.</p>

Human rights			
		DMA Why is it material? Human rights is a fundamental issue for any business, and whilst there is legislation in place to tackle some of these issues e.g. The Modern Slavery Act 2015 and the Companies Act 2006, we, like our stakeholders, want to ensure that we are not having any negative impacts on the human rights of our employees, customers or supply chains. What we do We closely monitor our activities and those of our supply chains to ensure our activities are neither impacting on human rights nor discriminatory. In 2016 we launched a new supply chain standard which makes our position on human rights clear.	
		Aspect boundaries	
		Internal (within): Company Secretarial Team The Sustainability Team Executive Committee	External (outside): UK Government and policy makers Our design, engineering/FM maintenance and construction supply chains Our investors
GRI Indicator		Location	Comments
106-1	Total number of incidents of discrimination and corrective actions taken	ARA – page 85	There are no incidents to report

		<div>Note on aspect boundaries: All our material issues have both internal and external impacts; however, we have attempted to provide clarity and context to identify which entities and/or stakeholders these might impact on or be relevant to. As such, we have provided a list of the key internal and external stakeholders and entities for each issue which is by no means exhaustive. For our internal stakeholders we have indicated the teams or departments which have a direct responsibility to deal with or manage the impact of the issue(s). We believe this is appropriate given the relatively small size and geographically-focused nature of our business.</div> <div>In terms of where the impacts from these issues occur, our business operations (including our subsidiaries) are entirely focused in the UK, more specifically central London (save for our third-party managed shopping centre in Strathkelvin, Scotland). However, we recognise that we do have impacts beyond the UK in our supply chains; our construction supply chains for example have an international reach e.g. sourcing products and systems globally, such as façade systems to construct our buildings.</div>
		<div>Abbreviations ARA – Annual Report and Accounts DMA – Disclosure on Management Approach WEB – Derwent London website (www.derwentlondon.com)</div>

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Stephen Street W1



Although the United Nations Sustainable Development Goals (SDGs) are an international standard aimed at global change, we believe we have a part to play in supporting the UK's response and affecting change at the local level. Although our business is geographically concentrated in central London, it is a major international hub where many global organisations are headquartered, and where many of the world's key commercial sectors are based and standards set. Therefore, we think we have an excellent opportunity to set an example of how local action can create positive outcomes on a wider scale.

We have again reviewed the SDGs against our sustainability strategy and programme to understand where the greatest alignment lies, and which goals are particularly significant to our business, and these are:

Goal 4: Quality education – as part of our Community Fund we invest in a wide range of grass roots projects and initiatives designed to support youth and adult education and skills training – both technical and vocational. 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 carbon 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. In addition, we are part of the London Mayor's Business Climate Leaders Group which was set up to help London become zero-carbon city by 2030.

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 the management of our buildings where we met our targets of 75% recycling and sending zero waste to landfill.

Goal 13: Climate action – as mentioned earlier we have set science-based carbon targets which are set to a 2°C reduction scenario. This means we are committed to reducing our carbon emissions and making sure our portfolio is climate-resilient.

WHAT'S NEXT?



During 2019 we will be undertaking a strategic review and refresh of our sustainability work to develop it further and align it more clearly with our new responsibility approach. This will ensure that each of our ESG priorities are set into a specifically designed structure which will enable more efficient management and reporting. We will provide updates in our next report.

For 2019 we have refined our targets to ensure they continue to be relevant and are in line with our strategy and material issues.

Development

Aspect	Metric	Target
Building assessment methods	Rating achieved	Minimum of an 'A' EPC rating for new build. Minimum of a 'B' EPC rating for all major refurbishments
		Investigate the use and implementation of Display Energy Certificates (DECs) ratings for our new build projects.
		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
		Investigate the suitability and implementation of WELL v2.0 'Core' certification.
Project Sustainability Plan	Implementation	All new projects to have a Project Sustainability Plan
Energy & Carbon	Installed metering	All meters on new build and major refurbishments to be AMR capable and BMS linked when 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.
	Implementation	All new building and major refurbishment projects to undertake Post Occupation Evaluations 12 months after full occupation and where we still retain control of the building.
	Predicting whole building energy use	All new build and major refurbishment projects to undertake a design in-use energy assessment based on CIBSE TM54
	Designed usage (m³/m²)	All new build and major refurbishment projects to be designed to achieve mains water usage of 0.40m³/m² or better
Waste	% diversion from landfill	Divert a minimum 95% of total construction and demolition waste tonnage from landfill
Materials	Implementation	Investigate local recycling and reuse schemes on one of our development schemes.
	% 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

Assets		
Aspect	Metric	Target
Climate change	% reduction	Reduce Scope 1 & 2 GHG emissions 55% per m² by 2027 from a 2013 base year, and reduce Scope 3 emissions 20% per m² by 2027 from a 2017 base year.
		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
	Implementation	Develop climate change management plans for the managed portfolio using our scenario analysis tool
Energy & Carbon	Management	Purchase 100% renewable electricity for managed properties by 2020
	Management	Investigate the procurement of green gas for managed properties and if appropriate develop a phased implementation plan
Waste	% of general waste	Achieve 50% reduction in general waste by 2030 compared to our 2013 baseline
	% diversion from landfill	Send zero waste to landfill from properties for which Derwent London has waste management control
	Implementation	Investigate and implement policies and programmes to phase out single-use plastics at our head office
Water	Management	Achieve a 5% reduction in water consumption intensity (m³/m²) across our like-for-like managed portfolio by 2019 compared to our 2015 baseline
	Management	Maintain portfolio mains water consumption intensity in the like-for-like managed portfolio below 0.43 m³/m²
Occupiers/ Suppliers	Engagement	Produce one edition of the tenant sustainability newsletter during 2019
	Measurement	Monitor the progress of sustainability KPIs in the building engineering maintenance contracts
	Measurement	Ensure our contracted operational supply chain operatives are receiving the London Living Wage across our managed portfolio

Community

Aspect	Metric	Target
Community engagement	Community Fund delivery	Deliver the next year of the Derwent London Community Fund
Community engagement	Implementation	Investigate providing an energy audit and energy/carbon advice and support to one local community group.
Socio-economic assessment	Assessment	Carry out a socio-economic assessment on our White Collar Factory/ Old Street Yard development

People		
Aspect	Metric	Target
Employee volunteering	Engagement	Through our Community Fund continue to increase the number of volunteering opportunities available to staff throughout the year
Knowledge	Knowledge dissemination	Deliver at least three technical/knowledge sharing workshops during 2019
Employee development	Engagement	Design and roll out our third employee survey by autumn 2019
		Present to staff the results of the last employee survey working group and work going forward
		Continue our Director/employee innovation forum lunch meetings
Health & Well-being	Health & Well-being	Working alongside our occupational health advisors design and deliver a programme of mental health seminars for all employees
	Engagement	Relaunch our 100-day challenge programme across our managed portfolio
Skills	Diversity/inclusivity	Develop and deliver compulsory unconscious bias training for all line managers and department leaders
Skills	Opportunities provided	Provide at least six work experience and/or mentoring placements

APPENDIX

TARGET PERFORMANCE

	Performance measure	Commentary	Status
Engaging & developing our employees	External Targets		
	Refresh our volunteering policy and align it with our Community Fund to increase the number of opportunities available to staff	Our policy has been updated in 2018 to align with the refresh of our staff handbook. A new diary of volunteering opportunities has been created on our intranet site which allows staff to actively sign up to a wide range of volunteering opportunities.	Achieved
	Deliver at least three technical/knowledge sharing workshops during 2018	Eight technical and knowledge sharing workshops were held throughout 2018 including GDPR training, office Health and Safety, and IT improvements.	Achieved
	Roll out the next phase of our 'Fit For the Future' (FFTF) programme which includes bespoke development programmes aimed at nurturing our talent	The latest phase of FFTF started in May 2018. This consisted of a combination of modular off-site learning coupled with coaching, both as groups and one-to-one.	Achieved
	Develop and deliver a minimum of four core skills workshops covering various training and development needs identified through employee personal development plans	<p>A core skills programme was designed and developed for employees to sit alongside the mid-year and annual review process.</p> <p>Core skills workshops include:</p> <ol style="list-style-type: none">1. Presenting with impact2. Influencing skills3. Working collaboratively4. Effective working – time management and prioritisation5. Negotiation skills	Achieved
	Stage a staff survey feedback presentation and set up a new working group to address recommendations arising from the survey and present findings back to the Executive Committee by autumn 2018	The staff survey presentation was delivered on 21 March 2018. A new working group has been formed and has met twice. The feedback and suggestions from these meetings were collated and fed back to the Executive Committee in October 2018.	Achieved
	Provide at least six work experience and/or mentoring placements	During 2018 three mentoring places were arranged, two work experience places were provided through London Borough of Hackney's 'Hackney 100' scheme and our ongoing work experience programme throughout the summer provided opportunities for 17 recent graduates or students to get to know our business and the property industry in more detail.	Achieved
	Develop a company-wide strategy on health and well-being (incl. employees, developments, customers) by autumn 2018.	Our health and well-being strategy, incorporating all aspects of our business, is still under development. However, we continued with our staff health awareness programme. During 2018 we ran a cholesterol seminar and heart disease/diabetes seminar with our retained occupational health doctor. As part of the seminars staff were also offered in depth cholesterol and diabetes testing and results analysis.	Ongoing

	Performance measure	Commentary	Status
Designing & delivering buildings responsibly	External Targets		
	Minimum of an 'A' rating for new build EPCs. Minimum of a 'B' for all major refurbishments.	This applies to two new build developments both on which are on track to achieve an A rating.	Ongoing
	Achieve a minimum of BREEAM Excellent for all new build projects	This applies to five projects; two are seeking to better the target and achieve Outstanding and three are on target to achieve Excellent.	Ongoing
	Achieve a minimum of BREEAM Excellent for all major refurbishment projects	No applicable projects during 2018.	Ongoing
	Achieve a minimum of LEED Gold for all major new build projects	This applies to five projects. Four are on track to achieve a Gold rating whilst one is seeking to better the target and achieve a Platinum rating.	Ongoing
	Achieve a minimum of Home Quality Mark 4 stars on all new residential development	Supply chain questionnaire review complete.	Ongoing
	Review supplier questionnaire returns to monitor compliance against our sustainability supply chain standard	Supply chain questionnaire review complete.	Achieved
	Internal KPIs		
	All new projects to create and maintain a Project Sustainability Plan	All active projects (large and small) have plans in place which are being monitored and measured accordingly.	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.	Ongoing
	All meters on new build and major refurbishment projects to be AMR capable and BMS linked and installed on: all main incoming feeds (electricity/ water/gas); landlord lighting and small power; tenant lighting and small power; all major energy producing/ consuming equipment e.g. heating and cooling plant; and renewable & low carbon energy generation sources e.g. PV, CHP plant etc	All projects have these requirements incorporated into their design strategies and contractual documents.	Ongoing
	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.	This applied to one project in 2018 which undertook its required embodied carbon assessment.	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.	Ongoing
	Divert 95% of total construction and demolition waste tonnage from landfill	In 2018 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	This applies to five projects which 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 34% reduction as at the end of 2018.	Ongoing
	Achieve a reduction in energy intensity of 10% by 2022 and 16% by 2027 compared to our 2013 baseline	We have achieved a 11% reduction as at the end of 2018.	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 74% to 75%, thereby achieving our target.	Achieved
	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 14% but are continuing to target further water reduction initiatives in order to meet our target.	Ongoing
	Review supplier questionnaire returns to monitor compliance against our sustainability supply chain standard	Supply chain questionnaire review complete.	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 building which is planned for 2019.	Ongoing
	Send zero waste to landfill from properties for which Derwent London has waste management control	We maintained zero waste to landfill in 2018.	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 which was 0.55 m ³ /m ² as of end of 2018.	Ongoing
Managing our assets responsibly	Produce one edition of the tenant sustainability newsletter during 2018	We produced the latest edition of our newsletter 'Sustainable' during 2018.	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 2018.	Achieved
	External Targets		
	Successfully deliver the next year of the Derwent London Community Fund	The latest year of the Fund was successfully launched. First round of the Fitzrovia and Tech Belt successfully launched in April. The second round of the Tech Belt fund launched in September, with recipients now decided.	Achieved
Managing our assets responsibly	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	We have now commissioned the assessment of our White Collar Factory/Old Street Yard development and will report on results in late 2019.	Ongoing

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 Management System (BMS)

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

Building Research Establishment Environmental Assessment Method (BREEAM)

BREEAM is an environmental impact assessment method for non-domestic buildings. Performance is measured across a series of ratings – Pass, Good, Very Good, Excellent and Outstanding.

Carbon dioxide equivalent (CO₂e)

CO₂e is a standard unit for measuring carbon footprints. It expresses the impact of each different greenhouse gas in terms of the amount of CO₂ 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.

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.

Estimated Rental Value (ERV)

This is the external valuers’ opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

European Public Real Estate Association (EPRA)

EPRA is an association of Europe’s leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance.

FTSE4Good

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

Fugitive emissions

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

Global Real Estate Sustainability Benchmark (GRESB)

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

Global Reporting Initiative (GRI)

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

Greenhouse Gas (GHG) Protocol Corporate Accounting standard

This internationally recognised standard sets out methodologies for businesses to collate, calculate and report all the GHG emissions they produce.

Home Quality Mark (HQM)

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

ISS-Oekom

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

Leadership in Energy and Environmental Design (LEED)

LEED is a US based environmental impact assessment method for buildings. Performance is measured across a series of ratings – Certified, Silver, Gold and Platinum.

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.

Reporting of Injuries, Disease & Dangerous Occurrences Regulations, 2013 (RIDDOR)

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

Science Based Target initiative (SBTi)

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

Task Force on Climate-related Financial Disclosures (TCFD)

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

Transmission and distribution (T&D)

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

Variable Speed Drive (VSD)

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

Well-to-tank (WTT)

Well to tank (WTT) is the term used to describe the emissions associated with extracting, refining, and transporting raw fuel to the vehicle, asset or process under scrutiny.

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