

SUSTAINABILITY



PAUL WILLIAMS
EXECUTIVE DIRECTOR

2013 has seen us achieve a great deal and I am pleased to say that sustainability has been drawn even closer to the core of our business.

We have continued to challenge ourselves by introducing our toughest and most focused set of performance targets to date. Our performance against these has been excellent, clearly reflecting the level of hard work and commitment from our teams.

This strong performance has been reflected externally with a number of awards. Our Green Star status in the Global Real Estate Sustainability Benchmark (GRESB) was reconfirmed with top quartile performances in nearly all sectors. For the first time we are now listed in the CDP Climate Disclosure Leadership Index and have increased our rating score by 11 points from 78 to 89.

The quality of our reporting has also attracted praise with both our 2012 Report and Accounts and Sustainability Report receiving gold awards in the EPRA Reporting Awards – a first for the Company.

Also work has commenced on our latest low carbon development the White Collar Factory at Old Street EC1. This project will see us champion the next generation of office space that is resource efficient, flexible, and adaptable to user needs.

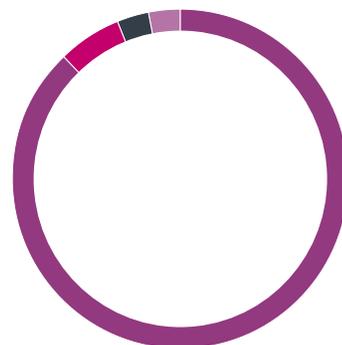
I hope the summary in the following pages gives you a sense of our achievements, and the significant steps we have taken.

Our performance

The suite of targets we developed for 2013 were our most comprehensive to date, and presented us with some positive challenges. A refinement of our 2012 targets, they were designed to maintain good levels of momentum across our business functions whilst introducing new aspects that we felt were important to explore and measure.

Our 2013 targets focused across the key business functions, namely corporate, development, asset/building management and leasing. This provided greater clarity and ownership for our teams and enabled easier performance monitoring via our new sustainability dashboard. The dashboard has been developed as a reporting tool for both our Executive and Sustainability Committees to monitor performance and intervene where required.

For 2013 94% of our targets either were achieved or partially achieved (2012: 83%).



Achieved	88%
Partially achieved	6%
Not achieved	3%
Not applicable	3%

2013 performance highlights

7%

reduction in our GHG emissions across our like-for-like portfolio

2%

increase in our recycling rate across our whole managed portfolio

£70,000

awarded to projects in year one of the Fitzrovia Community Investment Fund

£5,474,381

community contributions via planning

Outstanding

BREEAM rating for rooftop scheme at Morelands Buildings EC1



JOHN DAVIES
HEAD OF SUSTAINABILITY

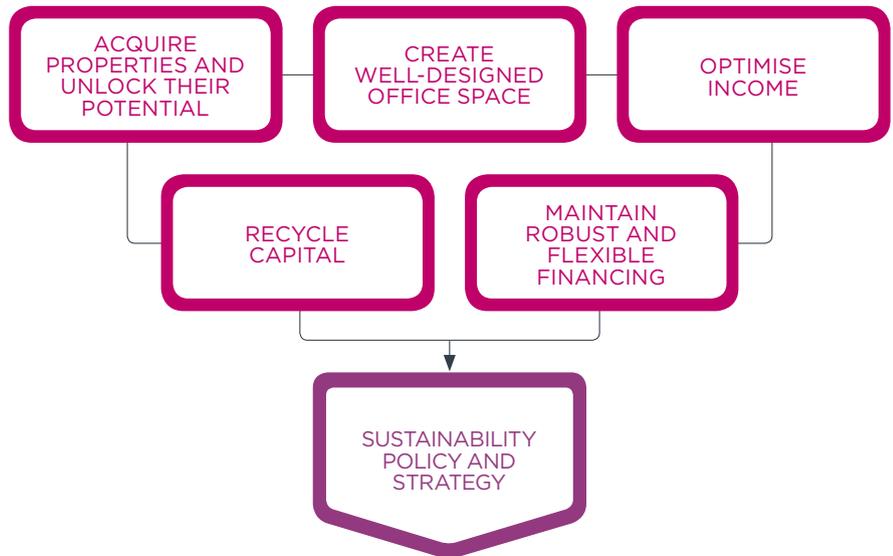
We have made great progress in refreshing our approach to sustainability. As part of this process, we have put in place a number of key tools and mechanisms, which will allow us to operate more efficiently and enable us to improve our performance.

Our new approach is encapsulated in our revised policy and strategy, which can be found at www.derwentlondon.com/sustainability. These documents set out what sustainability means to our business, what is important to us and our stakeholders and what our strategic priorities are going forward. Moreover, they will be used to help us define and focus on stretching performance criteria in areas that are most relevant to our business performance.

Our Fitzrovia Community Investment Fund, the initiative we launched last year to strengthen our community engagement work, has now completed its first year with £70,000 awarded to five local organisations/projects. Some of these projects have already delivered some major improvements to the local area. Year two of the fund was launched at the beginning of 2014 with £70,000 again being made available for initiatives in the local area.

To complement this summary our comprehensive annual sustainability report, which can be found at www.derwentlondon.com/sustainability, sets out the detail behind our work and achievements, together with our datasets and measurement indicators.

Sustainability embedded in our business model



Employees

The continued success of the business would not be possible without our employees. We have a team of just over 100 people from different backgrounds and cultures who are experts in their chosen fields. We provide an environment with a real sense of teamwork and passion throughout the business with a strong collaborative approach. As a result we have a low staff turnover of 7%.

To maintain their high level of expertise and to perform in their roles most efficiently, we provide relevant training via a number of internal and external initiatives including technical knowledge share workshops led by department heads. We encourage our employees to get involved in our community engagement activities and in 2013 we introduced a more formal volunteering programme.

Our policy on gender diversity is contained within the Directors' report on pages 78 and 79 and the split of employees and the Board by gender at the end of 2013 was as follows:

	Female	Male
Employees (incl. Directors)	47	66
Senior management, other than Directors	3	10
Directors	1	12

This report does not contain information about any policies of the Company in relation to human rights issues since it is not considered necessary for an understanding of the Group's business activities. However, the Group monitors its supply chain to consider the impact of its activities on human rights, in particular staff welfare standards. For example, we recently reviewed pay structures with our operational supply chain to ensure that all full time staff members working in our buildings received at least the London Living Wage.

Our refreshed approach

In our 2012 report, we committed to undertake a comprehensive review of our approach to sustainability to redefine our vision and strategy, and draw sustainability further into our business. We have looked at our internal controls, processes and aspirations and combined this with a review of external best practice. Furthermore, we analysed our stakeholder needs in detail to form the basis from which to refresh our approach.

The revised policy is woven into the business model's five core strands.

We have developed four strategic priorities, which are fundamental to our business and to the needs of our stakeholders. Strategic priorities are:

Designing and delivering buildings responsibly: providing inherently sustainable spaces, which reduce carbon emissions and running costs, let well, and achieve better long-term values.

Managing our assets responsibly: undertaking rigorous management to maximise our asset performance, deliver resource efficiency savings, and enable our customers to operate their spaces efficiently.

Creating value in the community: supporting the communities in which we operate to enable measurable value creation and develop and maintain strong relationships.

Engaging and developing our employees: creating the right environment for our employees by encouraging opportunities for individuals and teams to realise their full potential, thereby enabling our business to achieve its strategic goals and targets.

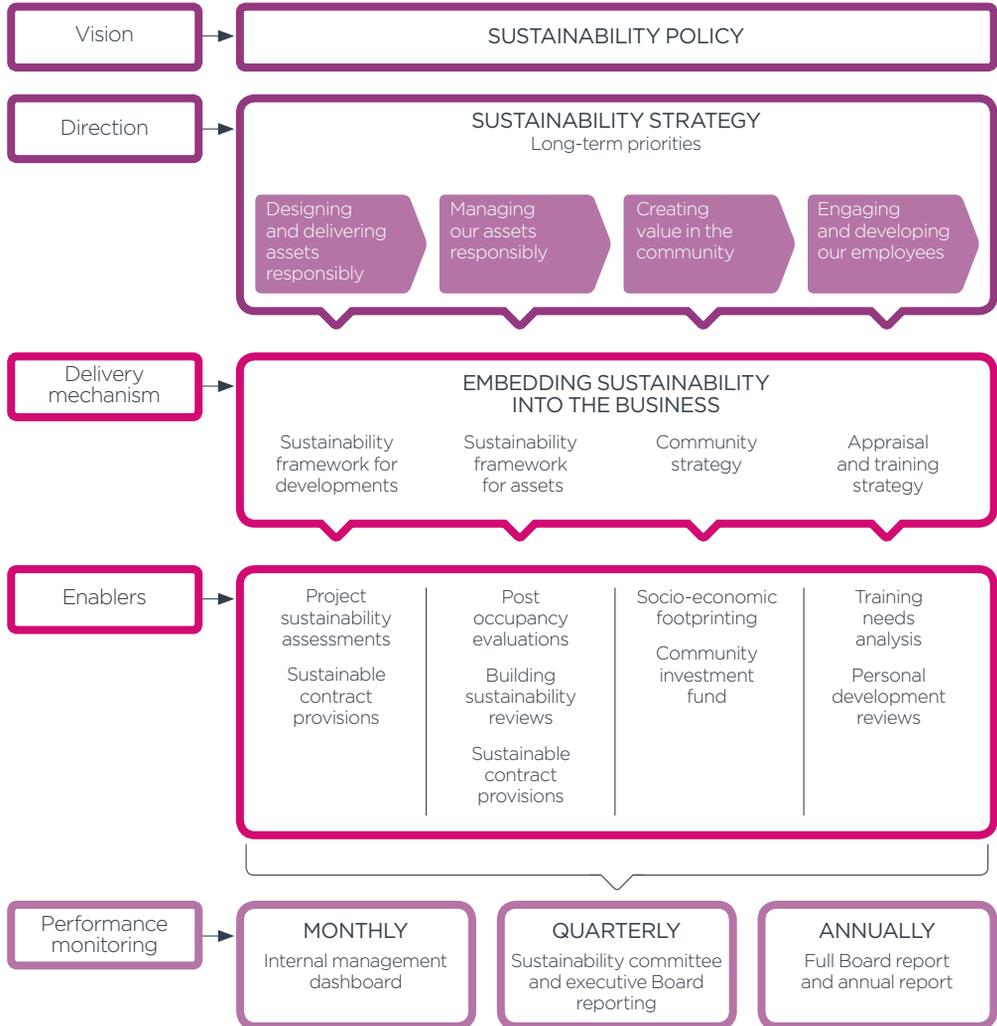
We have created a 'sustainability map' which sets out a revised delivery framework and provides us with the right mechanisms and enablers to meet the requirements of our policy and strategy.

Further information on our refreshed approach and the latest versions of our sustainability policy and strategy can be found on our website www.derwentlondon.com/sustainability.

Looking ahead

During 2014 we will be working closely with our internal teams and external supply chains to embed our new priorities and roll out our revised approach. We will be monitoring this approach to ensure it is working effectively and delivering the required outcomes. We look forward to reporting our progress next year.

Our sustainability map



Our 2014 targets

Building on our 2013 performance, we have developed a set of targets for 2014 that we believe will stretch us even further, but will also allow us to develop new initiatives that will have long lasting benefit for our business. We set out below our targets for 2014.

Designing & delivering buildings responsibly

Aspect	Target
Project sustainability plan	All new projects to create and maintain a project sustainability plan
BREEAM/EcoHomes/ Code for sustainable homes	Achieve a minimum of BREEAM Excellent for all new build projects Achieve a minimum of BREEAM Very Good for all major refurbishment projects Achieve a minimum of EcoHomes Very Good for residential or Code Level 4
Energy & carbon	Minimum of a 'B' rating for new build. Minimum of a 'C' for all major refurbishments All new build and refurbishment projects >5,000m ² 100% of meters to be AMR capable and installed All new build and major refurbishment projects at RIBA Stage C to undertake an embodied carbon assessment in line with the Derwent London embodied carbon brief for developments
Water	All new build and refurbishment projects >5,000m ² to be designed to achieve mains water usage of better than 0.50m ³ /m ² or less
Waste	Divert 90% of total construction and demolition waste tonnage from landfill
Materials	All new build and major refurbishment projects to ensure that a minimum of 15% of the total value of materials used contain recycled and/or reused content, measured using the WRAP Net Waste Tool 100% of timber procured to be from FSC or PEFC sources
Biodiversity	All new build and major refurbishment projects to achieve a net gain in biodiversity as measured through BREEAM or change of ecological value through EcoHomes

Managing our assets responsibly

Aspect	Target
Energy & carbon	Phase 1 AMR metering programme to be complete by mid 2014. Phase 2 – tenant sub-metering engagement programme to begin mid 2014 and uptake to be monitored and reported Establish a portfolio energy usage baseline during 2014 from which an appropriate reduction target can be set for 2015 onward Each managed property to develop an energy management plan to support the delivery of a portfolio reduction target Carry out a post-occupancy energy performance evaluation on all new build and major refurbishment projects once occupied for more than 12 months Carry out at least two energy performance evaluations on existing multi-let buildings in the managed portfolio
Waste	Send zero waste to landfill from properties for which Derwent London has waste management control Achieve a 60% recycling rate for managed waste in all properties for which Derwent London has control over waste management
Water	Maintain portfolio mains water consumption below 0.50m ³ /m ² Establish a portfolio usage baseline during 2014 from which appropriate reduction targets can be set for 2015 and beyond Each managed property to develop a water management plan to support the delivery of a portfolio reduction target
Biodiversity	Implement the recommendations from the biodiversity action plan on five buildings in the managed portfolio
Customers	Produce at least two editions of the newly proposed tenant sustainability newsletter during 2014 Review the tenant fit-out sign off and alterations process to introduce robust sustainability sign off procedures Develop and deliver one tenant awareness campaign across our managed portfolio

Creating value in the community

Aspect	Target
Community strategy	Investigate and develop an appropriate company-wide community strategy during 2014
Community engagement	Develop and successfully deliver year 2 programme of the Fitzrovia Community Investment fund
Skills	Provide at least two work experience/mentoring placements
Socio-economic assessment	Carry out a socio-economic assessment on all major projects once occupied for more than 12 months to establish net impact/benefit of the development

Engaging & developing our employees

Aspect	Target
Staff volunteering	15% increase in the uptake of the employee volunteering programme
Staff training	Refresh and revamp our annual and mid-year employee performance review process
Knowledge	Undertake three further technical/knowledge share presentations