



SUSTAINABILITY

ANNUAL REPORT 2013

DERWENT
LONDON

25 Savile Row
London W1S 2ER
www.derwentlondon.com

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DERWENT
LONDON



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Highlights

Resource efficiency

7%

reduction in our greenhouse gas emissions (tCO₂e) across our like-for-like portfolio

7%

reduction in energy use (kWh) across our like-for-like portfolio

2%

increase in our operational waste recycling rate across our total managed portfolio

Communities

£70,000

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

£298,865

charitable giving and other community investments

£5,474,381

community contributions via planning

Recognition

GRESB Green Star status retained

EPRA Gold Award for our 2012 sustainability reporting

Achieved our first BREEAM Outstanding ratings



Chief Executive Officer message

For many years, a key part of our approach has been to implement good design to develop our buildings. We believe this approach helps to deliver more inherently sustainable spaces, which are not only attractive to occupy but also efficient to operate. Likewise, from experience, we see these spaces let quickly and on better terms, thereby clearly demonstrating that our approach benefits not only our shareholders but also the environment.

During 2013 we progressed our sustainability agenda and agreed a new policy together with a refreshed strategy, which set out four new strategic priorities that will help us focus our efforts and deliver even more value.

Also during the year, both our floors on the Morelands Buildings rooftop scheme EC1 were awarded the highest BREEAM rating available, Outstanding, with one of the floors achieving one of the highest scores in London to date. This is testament to not only the quality of our approach but also the calibre of the design teams with whom we work.

Looking beyond the bricks and mortar of our buildings, we are seeing our community work grow and we are creating even stronger relationships in the areas where we operate. In the summer of 2013, we launched our Fitzrovia Community Investment Fund awarding £70,000 to a range of projects and initiatives in the area some of which have already made noticeable impacts in the community. We have launched the second year of the fund with a further £70,000 being made available and look forward to supporting further high quality community initiatives.

This report highlights in more detail our performance and successes during 2013 and what we have in store for 2014, I hope you find it interesting.

John Burns
Chief Executive Officer



Introduction

2013 has been another busy year for our business and our sustainability agenda. We have made great progress in refreshing our approach bringing the agenda even closer to the core of our business model. As part of this process, as John mentions, we have agreed a new policy and have refreshed our strategy, and put in place a number of key tools and mechanisms. We believe this will allow us to do the fundamentals even better, but also enable us to push our performance even further.

We have continued to challenge ourselves and 2013 saw us introduce our most demanding set of performance targets to date. Our performance against these has been excellent, clearly reflecting the hard work and commitment of our teams – we set out a comprehensive review of our performance in the following pages.

This strong performance has also been reflected externally with a number of awards and recognition. 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 raised our rating score by 11 points from 78 to 89. The quality of our reporting has also attracted praise with both our 2012 Report & Accounts and Sustainability Report receiving

a gold award in the EPRA Reporting Awards – a first for the company.

As well as our Morelands Buildings rooftop scheme achieving BREEAM Outstanding ratings, work has started on our latest low carbon development, 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 and climatic changes.

Further to our development work, our community efforts continue to gather momentum. As we reported last year, we pledged to take part the London Evening Standard's 'Ladder for London' campaign, providing a 12-month placement for an apprentice. Later on in this report, we present an interview with Maruf Miah, the apprentice chosen through the campaign to work as an Assistant Building Manager at one of our largest properties – Angel Building EC1.

We hope this report gives you a sense of our achievements and the significant steps we have taken during 2013, and what we plan to do in 2014.

Paul Williams
Executive Director

John Davies
Head of Sustainability

Recognition

We report and disclose information and data to a number of external indices and benchmarks. This helps our stakeholders compare and contrast our performance and recognise the quality of our reporting. Over time, we have consistently sought to improve our scores, and 2013 is no exception.



Global Real Estate Sustainability Benchmark (GRESB)

For 2013 we are again named as a 'Green Star' (the highest rating available), maintaining our score and outperforming the global average score by 19 points, with top quartile performances in Europe and the International regions.



Carbon Disclosure Project (CDP)

Since we began our participation in the CDP, we have consistently improved our rating scores. In 2013 this rose by 11 points from 78 to 89. In addition, we are now listed for the first time in the Climate Disclosure Leadership Index (CDLI).



European Public Real Estate Association (EPRA) – Sustainability Awards

In 2012 we were awarded Gold in the EPRA Sustainability Reporting Awards, improving on the Silver award we received in 2011.



Management Today – Britain's Most Admired Companies 2013.

Yet again, we feature in these highly respected awards and were ranked first in the property category for the fourth year in succession. We also came third in the property Community and Environmental Responsibility ranking.



FTSE 4 Good

FTSE 4 Good

We continue to be listed as members of the FTSE 4 Good Index with a super-sector rating of 87.

Our reporting

This year sees us continue our drive to make our reporting even more relevant and easy to access for our stakeholders. Likewise, we continue to include new aspects and updates, which we feel are valuable.

For the first time, we have aligned the body of this report to our new long-term strategic sustainability priorities:

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

These priorities were developed as part of our in-depth review of our sustainability approach and we have included details in the strategy section of this document as to how we arrived at these new priorities and what they mean for our business.

In addition, we have also expanded our European Public Real Estate Association (EPRA) Best Practices Recommendations on Sustainability reporting to include specific commentary beyond just the performance metrics namely the 'Overarching recommendations' and 'Other issues to consider'. This we believe will provide further context and better clarity to our data reporting and narratives. Our EPRA reporting can be found on page 52.

Our 2013 report has two distinct elements. The first is a contextual report outlining our performance and progress and the second is a data report which sets out all our detailed resource efficiency data, its scope and boundaries and the methods used to derive it. By presenting our report in this way our stakeholders are should be to access the aspects most relevant to their needs.

As well as this in-depth report, we also provide a summarised account of our sustainability performance within our 2013 Report & Accounts, which can be found at www.derwentlondon.com.



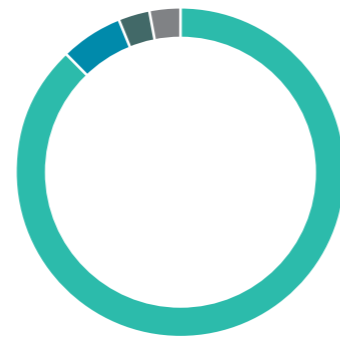
Our performance

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. They 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 such that performance could be analysed and discussed at a senior level, and management interventions provided where required.

For 2013, 94% of our targets were either achieved or partially achieved, compared to 83% in 2012.

Looking at our performance in more detail:

Performance %



	2013	2012	Change
● Achieved	88%	70%	18%
● Partially achieved	6%	13%	-7%
● Not achieved	3%	17%	-14%
● Not applicable	3%	—	—

Corporate

100%

Target	Comment
● Refresh our corporate Sustainability Strategy, Implementation Plan and Sustainability Frameworks.	We have updated our Strategy, Implementation Plan and Framework document for developments. We will be publishing them externally during 2014 as part of a wider review of the sustainability section of our website.
● Investigate and trial where appropriate WRAP's new Resource Management Planning approach.	Working with WRAP we have reviewed and captured the best practice contained in their resource management planning approach in our refreshed Sustainability Framework for Developments.
● Investigate and develop an appropriate and consistent approach to measure our socio-economic impact.	Collaborating with our socio-economic assessment consultants, we have defined an approach we wish to instigate in further assessments across the portfolio.
● Provide one apprenticeship opportunity through the 'Ladder for London' scheme.	Maruf Miah was placed at the Angel Building as assistant building manager. Due to the success of Maruf joining the team at Angel Building his placement is being extended into 2014.
● Launch employee volunteering programme (one day per employee per annum) working with existing charity partners and communities in which we operate.	This programme was launched in mid-2013. So far 15 staff members have undertaken various volunteering initiatives totalling nearly 60 hours.
● Deliver training to all Development, Asset Management, and Building Management staff on our sustainability approach, commitments and requirements.	Achieved.
● Develop and host two further Director technical presentations as part of the on-going knowledge share programme.	Achieved.

Development

82%

Target	Comment
● Achieve a minimum of BREEAM Very Good for all major refurbishments >5,000m ² .	Of the three applicable projects, one of our major refurbishments has confirmed a post construction review (PCR) rating of Excellent, another confirmed a PCR rating of Very Good and the last is on track to achieve Very Good.
● Achieve a minimum of BREEAM Excellent for all new build projects.	Of the five applicable projects, two have a confirmed design stage rating of Excellent. Two remaining projects are on track to achieve an Excellent rating, whilst one has had its design stage Outstanding ratings confirmed.
● Introduce a new BMS and metering system audit and sign off procedure in all new build development briefs.	A new metering brief has been developed and a sign off process included in the refreshed Sustainability Framework for Developments and the new Project Sustainability Plan approach.
● Investigate and develop an appropriate and consistent measurement method for embodied carbon in our portfolio.	A workshop with a range of embodied carbon practitioners was held to help develop a business specific brief, which will allow for the consistent assessments across our projects.
● Carry out a post occupancy energy performance evaluation on all new projects >5,000m ² once occupied for more than 12 months.	No buildings qualified for this during 2013 so it has been deemed as 'not applicable'. However, it will be rolled into our 2014 target to ensure appropriate buildings are captured.
● All projects over 5,000m ² to be designed to include water-saving systems.	All our projects currently in design and those under construction have a variety of water-saving systems e.g. rainwater harvesting, grey water harvesting and water efficient fixtures and fittings in WCs and shower rooms.
● All new projects to be designed to achieve mains water usage of 0.50m ³ /m ² or less.	All applicable projects have confirmed that they are designed to achieve a usage level of 0.50m ³ /m ² or less.
● Divert 90% of construction and demolition waste from landfill.	We achieved a 95% diversion rate across our developments.
● All projects >5,000m ² to ensure that a minimum of 15% of the total value of materials used contain recycled and/or reused content, using the WRAP Net Waste Tool as the measure.	Of the five applicable projects four have reported their recycled content figures and have met or exceeded the 15% target. One project is yet to report.
● All projects >5,000m ² to achieve a net gain in biodiversity as measured through BREEAM.	All eight applicable projects reported a net gain in biodiversity.
● Develop and implement a set of formal sustainability requirements for our construction contracts.	Following a full review of our construction contracts, we have now developed a comprehensive set of contract requirements reflecting our refreshed sustainability approach and performance standards.

Target	Comment
<ul style="list-style-type: none"> Develop an appropriate sub-metering and reporting strategy setting a management plan to ensure all managed buildings have AMR capable meters by 2015. 	<p>Following the creation of an appropriate metering plan, we are now well advanced with the installation of AMR capable meters on the main utility feeds (electricity, gas and water) in all our managed properties.</p>
<ul style="list-style-type: none"> Develop a risk management plan to ensure no buildings leased in 2018 have an EPC rating of F or G. 	<p>A strategy has been developed for all our properties to ensure they align with the requirements of the forthcoming minimum energy performance standards for buildings.</p>
<ul style="list-style-type: none"> Maintain portfolio mains water consumption below 0.50 m³/m². 	<p>We again exceeded this target – 0.44 m³/m² and 0.45 m³/m² in our total managed and like-for-like portfolios respectively.</p>
<ul style="list-style-type: none"> Report percentage of water usage from rainwater harvesting. 	<p>Our rainwater usage has been reported as part of our overall water usage data.</p>
<ul style="list-style-type: none"> Send zero waste to landfill from properties for which Derwent London has control over waste management. 	<p>Achieved.</p>
<ul style="list-style-type: none"> Achieve a 60% recycling rate for managed waste in all properties for which Derwent London has control over waste management. 	<p>We did not achieve our 60% target rate. Our average recycling rate was 56% for both our total managed and like-for-like portfolios. For 2014, we will be working even closer with our waste management contractors to improve our performance.</p>
<ul style="list-style-type: none"> Review the outcomes from the travel surveys undertaken during 2012 and implement the recommendations where appropriate. 	<p>All the responses were reviewed in detail for each building and key actions points were fed back to the building management team in each property to action.</p>
<ul style="list-style-type: none"> Implement the recommendations from the biodiversity action plan on six buildings in the managed portfolio. 	<p>Six properties we selected and the recommendations from our overarching biodiversity action plan were put forward. Recommendations included enhanced exterior planting, bird boxes and green roofs.</p>
<ul style="list-style-type: none"> Develop and implement a sustainability brief for all our operational suppliers. 	<p>Draft sustainability performance requirements have been developed for our new performance contracts for M&E suppliers, which are to be finalised in mid-2014.</p>
<ul style="list-style-type: none"> Investigate our operational suppliers' staff wage structures and benchmark against industry best practice. 	<p>A detailed review was undertaken. All full-time operational staff working in our managed properties receive at least the London Living Wage. We are now working with our suppliers to explore the same provision for all our part-time operational staff.</p>
<ul style="list-style-type: none"> Implement a formal, regular programme of customer service training for property and building management staff, drawing on feedback from 2011 and 2012 pilots. 	<p>All relevant members of staff went through comprehensive customer service training.</p>
<ul style="list-style-type: none"> Undertake customer feedback assessments on occupation in all new build and refurbishments >5,000m². 	<p>Customer feedback assessments were completed in mid-2013 and were carried out across the portfolio.</p>

Target	Comment
<ul style="list-style-type: none"> Review the outcomes from the customer sustainability survey and implement the recommendations made. 	<p>Survey results were reviewed in detail. In response to feedback, we have created a specific tenant sustainability newsletter that will be issued twice a year.</p>
<ul style="list-style-type: none"> Undertake an existing customer satisfaction survey for 2013 to assess the success benchmarked against 2011 results. 	<p>Comprehensive surveys were undertaken to assess satisfaction compared to our 2011 surveys – the satisfaction rating for environmental matters has risen from 66% to 95%, our highest to date.</p>

Target	Comment
<ul style="list-style-type: none"> Undertake a series of presentations to new tenants in 2013 to raise awareness of the Ska assessment process in order to encourage its uptake. 	<p>As well as a series of presentations and project meetings with incoming tenants to raise awareness of our sustainability agenda and Ska, our suite of leasing documentation was updated to include appropriate sustainability information and clauses. Ska has been included in these and we encourage all our new and existing tenants to undertake a Ska assessment on their fit out works.</p>

Our strategy

We believe we can always do more to advance our understanding and performance. Therefore, during 2013 we undertook a comprehensive review of our approach to sustainability to redefine our vision and strategy in this area, and set down exactly what sustainability means to our business.

In undertaking this review, we looked at our internal controls and processes, together with our aspirations for the future. Coupled to this, we undertook a review of external best practice across a number of sectors, and a detailed assessment of our stakeholder needs. Together these helped to form the basis from which to refresh our approach.

As a result, we revised two foundation documents - our policy and strategy. These documents give us greater clarity about our priorities but also how sustainability relates to our business model and its five core strands.

Flowing from this, we developed four new strategic priorities, which we believe are fundamental to our business and to the needs of our stakeholders and clearly articulate what matters most to us. These priorities are:

Designing and Delivering Buildings Responsibly – providing inherently sustainable spaces, which let well, achieve better long-term values, and reduce carbon emissions and running costs.

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.

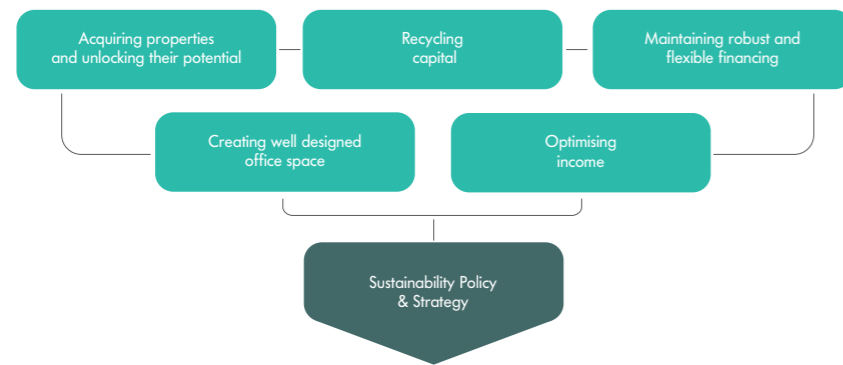
As well as framing and focusing our approach, these priorities allow us to set performance measures, monitor our progress and gauge our success more effectively.

In order to cascade our refreshed approach throughout the business we have also reviewed and updated our delivery framework to implement our policy, strategy, and strategic priorities more efficiently. As a result, 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.

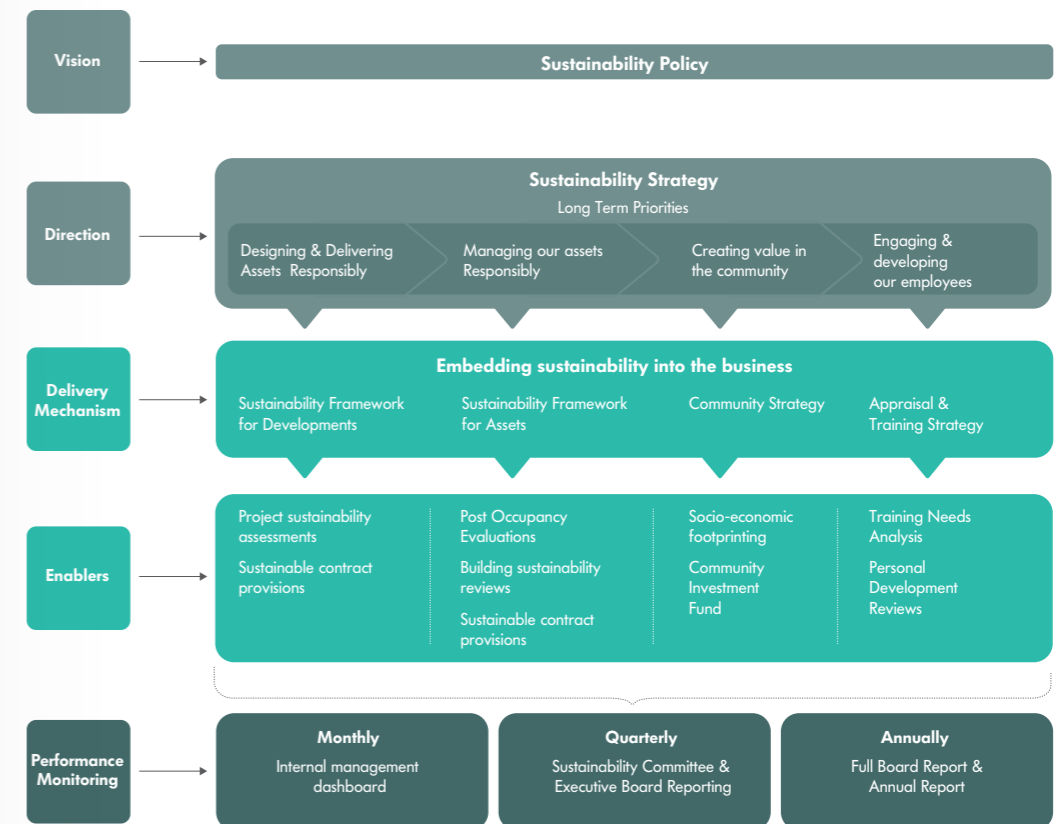
To see the latest versions of our sustainability policy and strategy, please visit our website – www.derwentlondon.com/sustainability.

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, and will report our progress next year.

Linking sustainability to our business model



Our Sustainability map



Our carbon footprint

Set out below is our 2013 carbon footprint developed in line with the reporting guidelines set out in the Greenhouse Gas (GHG) Protocol Corporate Accounting standard. It details a full headline summary of our footprint set across reporting scopes 1-3. This is supported by a full breakdown of emissions across all scopes, which can be seen in our data report on page 46.

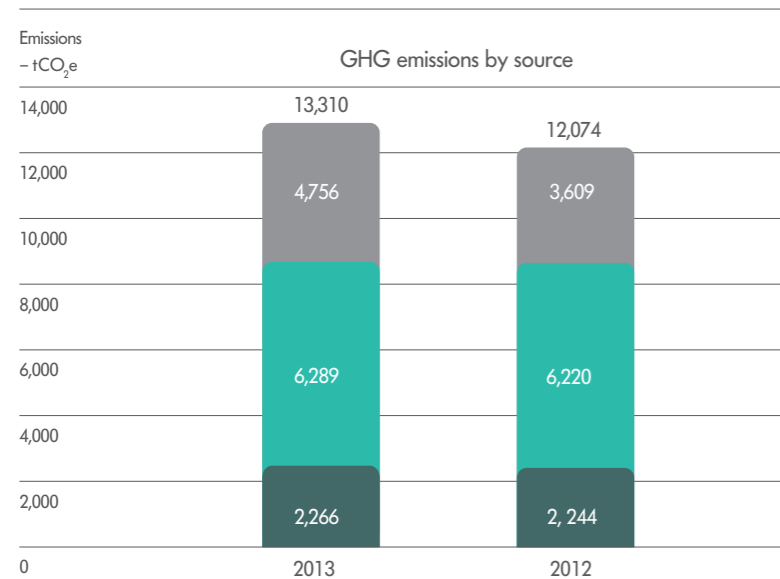
For 2013 there are a number of new editions and adjustments we have made to our footprint in response to key legislative changes and best practice recommendations. Firstly, we have included fugitive emissions from our air conditioning and chilling equipment within our Scope 1 emissions. Secondly, we have restated our 2012 baseline figures to align with the recommended best practice from DEFRA in response to the production of the new 2013 emission factors (www.ukconversionfactorscarbonsmart.co.uk), which introduced several major changes to the suite of UK conversion factors. In addition, we have now removed our biomass data from our Scope 3 figures, and now report it as 'out of scope', as recommended by the new DEFRA guidance.

As a result of the changes and new additions to our reporting we have seen an increase in our total corporate footprint of 10%. This is primarily due to the mandatory inclusion of an additional 1,000 tCO₂e in our Scope 1 figures from our fugitive emissions assessment, which were not included in our 2012 footprint. Excluding these emissions, our footprint has seen a slight increase of 1.9%, which is broadly consistent with our performance last year. The cause of this is due to a small increase in gas consumption across the total managed portfolio and an increase in company car mileage.

However, looking at our like-for-like footprint, which focuses on our managed properties (excluding aspects such as business travel) that have been in the portfolio throughout 2012 and 2013, we have seen a reduction of over 7% from 11,590 tCO₂e to 10,712 tCO₂e. This is attributed to a range of energy management activities undertaken across our managed portfolio.

For a more detailed breakdown of our footprint please refer to the Our Data section of this report, page 46.

2013 full corporate carbon footprint



- **Scope 1** Energy use (total building gas & oil), Travel (fuel use in company cars), Fugitive emissions (refrigerant emissions)
- **Scope 2** Energy use (electricity use from landlord controlled areas and Derwent London occupied floor areas)
- **Scope 3** Energy use (electricity generation well-to-tank (WTT) and transmission & distribution (T&D) from landlord controlled areas and Derwent London occupied floor areas), Gas & oil (total building), Travel (fuel use in company cars WTT, air travel WTT and radiative forcing), Water (total building)



Carbon Reduction Commitment (CRC)

In line with our obligations under the Government's Carbon Reduction Commitment Energy Efficiency Scheme (CRC), last year we reported our 2011-12 CRC carbon burden to be 24,048 tonnes of CO₂, which resulted in us having to purchase allowances to the value of £288,576. For 2012-13 we have reported a carbon burden of 26,788 tonnes of CO₂ and purchased allowances to the value of £321,456. This increase is a result of reporting changes in the scheme. Prior to the 2012-13 reporting period all participating organisations were subject to the '90% rule'. This rule meant that only 90% of participants' total emissions were to be regulated by the CRC (and subsequently reported) with the remaining 10% omitted from regulation. Therefore, all our CRC reporting up until this point was based on 90% of total emissions, not 100%. However, this rule has now been removed, and we are now required to include all emissions, hence the increase.

It should be noted our corporate carbon reporting time period differs from the CRC reporting period as our reporting period operates on the calendar year and the CRC period follows the fiscal year. As a result, the reported tonnages will not align. Moreover, the CRC only requires companies to report in terms of CO₂ (carbon dioxide) and not CO₂e (carbon dioxide equivalent) and is focused only on specific energy supplies, some of which we do not have operational control over. Therefore, corporate carbon reporting and CRC reporting are not comparable measures.

Phase 2 of the CRC scheme is to be introduced in mid-2014, which will require current CRC participants to re-assess their carbon baseline based on a series of new requirements. We have assessed our eligibility for this phase and have registered accordingly. Under this new phase the price per tonne of carbon is rising from £12/tCO₂ currently, to either £15.60/tCO₂ if allowances are bought in the advance purchase period or £16.40/tCO₂ at year-end. We will be reviewing our allowance purchasing strategy to ensure we purchase our allowances cost effectively, as well as trying to reduce our purchase requirement.

Designing and delivering buildings responsibly

A key part of our preferred development approach is to implement good design to refurbish and regenerate buildings. We believe a fundamental trait of good design, is its ability to help deliver inherently sustainable spaces. From experience, we see that well designed, sustainable spaces let more quickly and on better terms, therefore clearly demonstrating the value of our approach. In addition, we believe such spaces promote higher levels of occupant well-being, which can lead to increased levels of productivity.

As mentioned earlier we have undertaken a comprehensive review and refresh of our sustainability approach, and as part of this, we have revised a key development document – the Sustainability Framework for Developments. This seeks to streamline the processes we use to clarify our expectations as to the performance we expect. We set out below further details on our new Framework and its key features.

Performance

95% of construction and demolition waste diverted from landfill – 2% increase over last year

All relevant projects set to meet or exceed their BREEAM rating targets

Achieved our first BREEAM Outstanding ratings

Sustainability framework for developments

Our Framework document sets the standards for our project teams and guides our internal Development Team on how sustainability is to be addressed at each stage of the project lifecycle.

Given the recent review and refresh of our approach to sustainability and the ever-evolving sustainability agenda, we undertook a comprehensive review and update of our existing Framework document to align it with our new approach and performance requirements.

The new version of the Framework has streamlined the process we use to manage sustainability. It uses a new matrix to detail expected actions at each stage of the project, lines of responsibility and the required outputs.



The Framework also introduces a new feature – the Project Sustainability Plan (PSP). The PSP is designed to capture the progress of each project in terms of sustainability and chart its performance against the suite of development targets. We have also introduced a lighter touch PSP for our small projects and minor works, which reflects their shorter programmes and faster turnaround times.

Output from the PSPs will then be fed into our Sustainability Dashboard, which is used to report to both the Sustainability and Executive Committees on performance. During 2014, we will be holding a series of workshops and seminars with our Development supply chain to introduce the new Framework and PSP.



Framework Matrix Summary

		RIBA Stages A-B		RIBA Stage C	RIBA Stages D-E	RIBA Stages F-K	RIBA Stages L-M
		Viability	Feasibility	Scheme Design	Detail Design	Delivery	Handover
Responsibility	Scope	<ul style="list-style-type: none"> Engage initial project team and explain the process Identify the relevant/significant sustainability issues 	<ul style="list-style-type: none"> Develop the sustainability brief Review identified issues further, including innovation and past project learning Assess potential planning requirements 	<ul style="list-style-type: none"> Incorporate sustainability brief into design concepts and review performance Align and incorporate into planning submissions 	<ul style="list-style-type: none"> Review performance against the brief Develop delivery requirements based on brief and planning requirements 	<ul style="list-style-type: none"> Review performance against the brief Monitor delivery requirements and report performance Develop handover requirements 	<ul style="list-style-type: none"> Implement handover requirements and report on progress Review overall performance against the brief Capture lessons learnt
	Internal	Development Manager (supported by Head of Sustainability)	Development Manager	Development Manager	Development/Project Manager	Project Manager	Project Manager
External		External Project Manager	External Project Manager	External Project Manager	Contractor	Contractor	
Reporting Requirements	Section 1 of Project Sustainability Plan completed	Section 2 of Project Sustainability Plan completed (Sustainability Brief)	Section 3 of Project Sustainability Plan completed	Section 4 of Project Sustainability Plan completed	Section 5 of Project Sustainability Plan completed	Section 6 of Project Sustainability Plan completed	
Tools & Templates	Project Sustainability Plan (PSP) Template						

Morelands Buildings rooftop scheme – BREEAM Outstanding

As we reported last year, one of our projects, the Morelands Buildings rooftop scheme was on target for a BREEAM Outstanding rating. We are now pleased to confirm that both floors of project have had their design stage ratings confirmed as Outstanding, with the 4th floor project achieving one of the highest Outstanding assessment scores in London to date.

The project team are now working towards ensuring the scheme secures its final post construction/final certification to the same level. Some of the features that have enabled the project to achieve such a high level of attainment include:

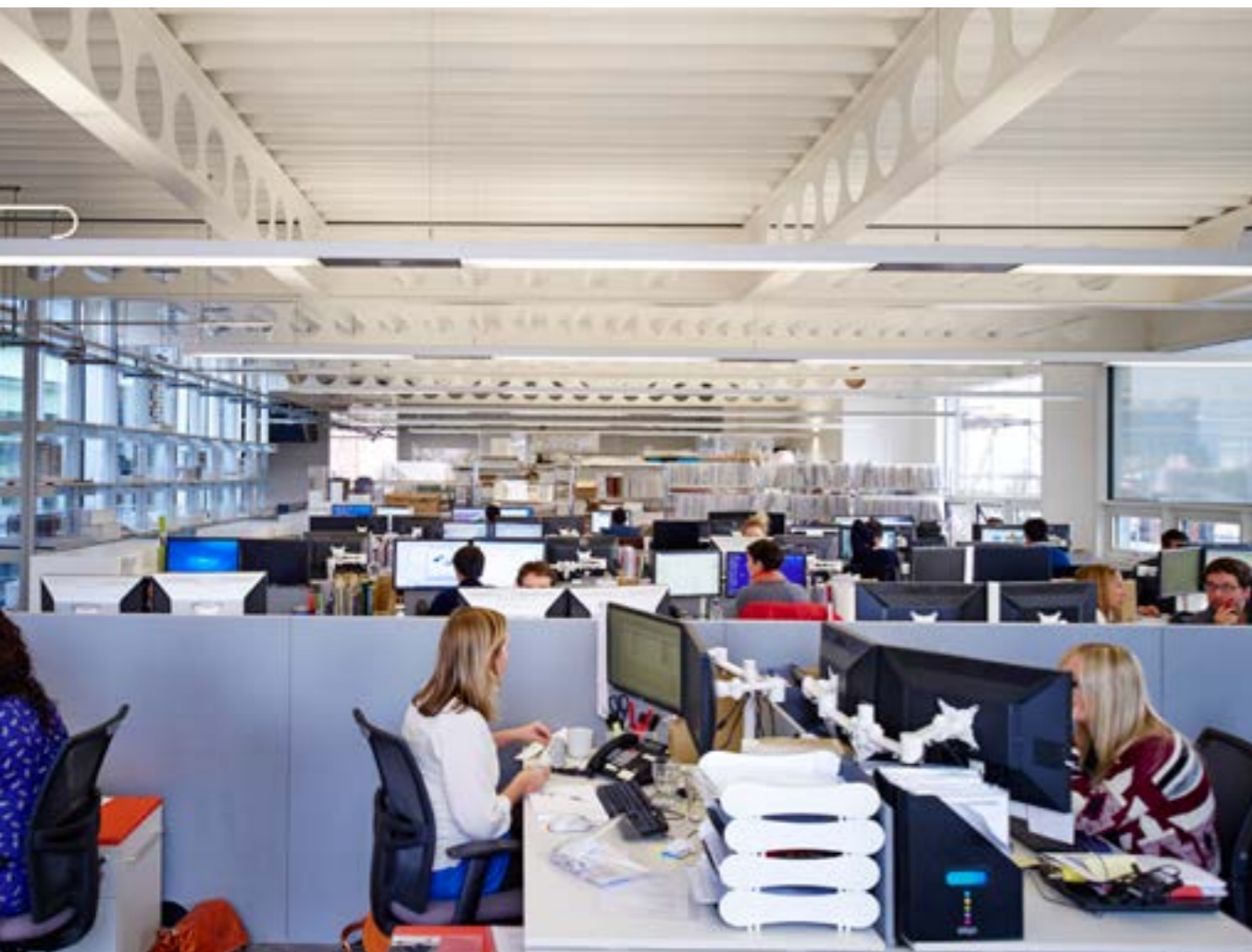
Simple yet effective, passive design features:

- Thermally strong, well-sealed outer fabric – going far beyond Building Regulation compliance

- High performance double-glazing
- Natural ventilation strategy utilising openable windows for effective cross ventilation
- High levels of natural daylight with user adjustable solar shading

In addition to the simple, yet highly effective passive measures, some of the active measures included:

- Lighting with occupancy control, designed to 4 W/m²
- Domestic hot water with thermal preheat from a solar-thermal array
- Water leak detection and automatic shut off
- Extensive sub-metering to enable detailed monitoring and efficiency assessment



Performance

Real Service tenant satisfaction surveys revealed:

That we are perceived to be actively working with our tenants to help reduce their carbon footprint

Satisfaction ratings for environment issues have risen from 66% to 95%

100% of tenants surveyed would recommend us as a landlord

Managing our assets responsibly

As owner operators it is vital that we take a responsible approach to the management and maintenance of our assets. Although we always seek to design and deliver buildings that are attractive to a wide range of tenants and are efficient to operate, rigorous management is still required in order to maximise their performance. Coupled with this we believe it is important to engage proactively with our tenants to assist them in operating their spaces as efficiently as possible, thereby making management effort even more effective.



Connecting with our tenants – Tenant newsletter

During 2013, we analysed the data and feedback from all our tenant sustainability surveys undertaken to date. They indicated that tenants wanted to receive more frequent updates on our sustainability work, guidance on best practice, and ideas on how they could improve their own sustainability efforts. To address this we have developed a new sustainability-specific newsletter focusing on the key points raised, which will be distributed twice a year to all our tenants.

The first edition of the newsletter is already in circulation and covers a wide range of topics from sustainable fit-out to advanced metering, including an ideas competition looking for easy-to-implement sustainability measures in buildings that benefit of all tenants. The next edition of the newsletter is scheduled for release in the autumn/winter of 2014.

Portfolio energy efficiency – Advanced metering

One of our 2013 targets was to ensure that by 2015 all our managed properties have in place remotely readable meters on all incoming utilities, which would enable us to gather robust data quickly and effectively. In response to this, we developed a comprehensive metering strategy and implementation plan.

Our strategy is split into two phases, the first being to ensure that all the main incoming utility feeds (electricity, gas, and water) in our managed properties have automatic meter reading (AMR) capability and are connected to our data monitoring and analysis systems. The second is to ensure that our sub-metering and tenant metering have AMR functionality, which will help us move towards more efficient and accurate automated billing for our tenants and the provision of better data to help them manage their utility usage.

Progress against plan for the first phase of our strategy has been excellent. All our half-hourly meters and the vast majority of our non-half hourly meters are now AMR capable. Likewise over half of our water meters have been converted to AMR. We anticipate that all the meter conversions will be complete by the early summer of 2014, and we have already started approaching our tenants as part of our phase 2 plan.

Once we have all our metering provisions in place we intend to review and select an appropriate energy management and analysis provision, suitable for our portfolio and business strategy. This will enable us to bolster our current energy management/efficiency provisions and improve our reporting.



Creating value in the community

Looking beyond the bricks and mortar of our buildings, we are committed to supporting the communities in which we operate. To enable value creation in those communities we look to develop and maintain strong relationships. Likewise, we seek to understand the benefits our business can bring to local business, the public realm, building occupants and local residents.

Our community work is wide-ranging and takes many forms. For example, we support a variety of charitable organisations; manage a community investment programme and support young people gaining valuable work experience and apprenticeship opportunities. In addition, we encourage and facilitate volunteering opportunities for our employees amongst a range of local stakeholders, and further afield.

Community Investment figures
 £70,000 awarded to projects in the first year of the Fitzrovia Community Investment Fund
 —
 £5,474,381 – community contributions via planning
 —
 £298,865 – charitable donations and wider community investments





Community investment programme – Fitzrovia Community Investment Fund

Our Fitzrovia Community Investment Fund was launched during the summer of 2013 as part of our continued efforts to strengthen our community engagement work and build strong relationships in the communities in which we operate. The fund totalling £250,000 is over and above our community contributions via planning and is intended for projects and initiatives in the local area. It focuses on improvements to public spaces and the street environment, community programmes and events and activities supporting arts and culture. Following the successful launch of the fund, we invited shortlisted applicants to a workshop where they presented their project to a wide variety of stakeholders. Attendees were asked for their feedback on each project, which then informed our decisions on where to allocate the funding for the year. In total £70,000 was allocated from the fund across five projects.



£60,000 was split equally between:

Fitzrovia Community Centre - for creating a new community garden area at the centre, which will include new planters, a new mural designed and painted by a local artist and space for an outdoor café. In addition, the project plans to restore street planters in selected local public spaces. The project is now under way with planting due to start in spring 2014 with the aim to have the garden ready by the summer. For further information, visit www.fitzroviacommunitycentre.org

Fitzrovia Youth in Action - for resurfacing The Warren multi-use games area and setting up a local football league. The resurfacing is expected to be completed by summer 2014. For further information, visit www.fya.org.uk

£10,000 was shared between:

All Souls Primary School – for running lunch and after-school clubs for pupils and a range of parent classes. For further information, visit www.allsouls.westminster.sch.uk

All Souls Clubhouse - for continuing the Wednesday Lunch Club for older people, which forms part of All Souls' ClubCare Programme. For further information, visit www.clubhousew1.org

Fitzrovia Trust – for replanting the garden at the Fitzrovia Nursery on Whitfield Street. For further information, visit www.fitzroviatrust.org

At the beginning of 2014, we launched the second year of the fund with another £70,000 being offered for local projects and initiatives. We look forward to reporting on its progress in our 2014 report.



Volunteering

Following the introduction of our staff volunteering programme in the summer of 2013 we have accumulated nearly 60 hours of staff time working with a range of organisations on a number of projects.

Fitzrovia Youth in Action – Speed Networking Event

On the 4 November, Fitzrovia Youth in Action hosted its second Speed Networking Event at our Tottenham Street Gallery space. The event saw 12 young people and 12 professionals come together and ask questions, share experiences and provide information and insights on working life. Five members of Derwent London staff took part with a diverse range of expertise ranging from tax and investment analysis through to leasing management and sustainability.

Each student was given four minutes with each professional and was encouraged to ask as many questions as possible to help them understand how the professional reached their given role/position, and what advice they might give the students to help them in their career pursuits.

Feedback from the students was overwhelmingly positive with many feeling inspired and more confident in the current decisions they are making in their education.

It also had an impact on the professionals who attended, David Westgate, Head of Tax at Derwent London said, "It was a truly fulfilling and enriching experience knowing that you can inspire young people even just by interacting with them for such a short time. It shows how much impact we can have on young people's lives if we just devote a little time sharing our life's work experiences."

A video blog of the event can be seen at http://www.youtube.com/watch?v=3_pEKEDgfb8



All Souls Club House – Secret Santa

To support the All Souls Club House ClubCare programme, we took part in their annual Secret Santa event, which provides elderly residents in the Fitzrovia area who are likely to spend Christmas on their own with a gift and food pack to enjoy over the festive period.

Derwent London staff raised over £1,200 towards the purchase of gifts which was combined with generous food donations from one of Derwent London's catering suppliers, The Good Eating Company. The gifts and food were assembled into individual gift packs and delivered to the local residents by Derwent London and All Souls staff.



Skills and training – apprenticeship opportunities

In 2013 we took part in the London Evening Standard's 'Ladder for London' campaign, and pledged to provide a 12 month building management apprenticeship opportunity for a young adult at one of our properties – Angel Building. Working with opportunities provider City Gateway, and after a comprehensive selection and assessment process, we selected Maruf Miah from the many applicants reporting to the Building Manager, Graham Jones.

In an interview with City Gateway several months into his placement, Maruf charts his journey prior to joining the scheme and his work with Graham and his team at Angel Building.



What was your experience at school like?

It was OK, but some of the teachers were demotivating, so I did not want to continue on to university. I did health and social care and I wanted to work with kids. I got my grades but I did not want to go to university for some reason – I just did not fit in. I was a bit quiet. Other pupils were a bit different and I just wanted to do the work by myself rather than interacting with people.

Why did you feel you did not fit in?

Some of the teachers that I worked with were nice but some were not, and I thought university might be the same. So I thought I would be spending my money and three years for no reason, that's what I thought. What did you enjoy at school?

Just PE and music. I used to play drums and make music with pianos. I also liked maths. I got used to it and started to enjoy it.

What qualifications did you get at school?

I got seven Bs and four Cs at GCSE.

What did you do when you left education?

I was jobless for six or seven months, but after that I got into a security firm called G4S working at the Olympic stadium. After that I was looking for work when one of my mates who lived in the opposite building to me told me about City Gateway, he worked as an apprentice at RBS. City Gateway gave me a course to do and I had to wait for a couple of months for an opportunity to come up.

How did you feel during the time when you were without work?

It was painful. I do not believe in job seeker's allowance, so I never applied for it. The money I had left over from working at the Olympics helped my dad out with rent, but I had to bear with it.

What were your impressions of City Gateway?

It was good. When I first went in the teacher was lovely, and he told me to just do the coursework, bear with it for three months and hopefully at the end of it you will get a job out of it. I did that two days a week, but afterwards there was waiting list for apprenticeships.

Why did you go to City Gateway?

At that time, I was looking for jobs and there were not many jobs going around. City Gateway had a big campaign on so I just joined in. Companies started seeing the campaign and started offering the jobs, and started giving chances to people my age.

My teacher at City Gateway helped me prepare for job interviews and told me how to write covering letters. There was teamwork, we had to get along with the person sitting next to you and do presentations for other students in the class.

What do you do at Derwent London?

I have been at Derwent for seven months and I manage the building alongside Graham Jones. I interact with the tenants and provide customer service. If the tenants want anything or need anything doing, they will come to Graham and me and we will help them out. It might be a different sort of situation like the lift might be out of service or something like that.

I do a mixture of admin and customer service work; it's a different mix of work, there is new stuff coming along all the time. I am getting the hang of it.

What is the best thing about working at Derwent London?

Teamwork, everyone here gets along with you, it's good. We go out as well, it's a social thing as well as work-related. It feels like home. When I talk to other people, they listen to me. They do not take me as a little boy; they take me as an adult. If I need information on a piece of equipment, like a boiler, for example, they will give me it. The communication here is good.

At college, I was nervous and I was not good at presentations, but recently I gave a presentation in front of 100 people for City Gateway and I did a presentation for the site managers of RBS, it was like a Dragon's Den thing, with my own business plan.

Hopefully, next month I'll be doing another presentation for the tenants of this building. We are doing a competition about sustainable electricity consumption.

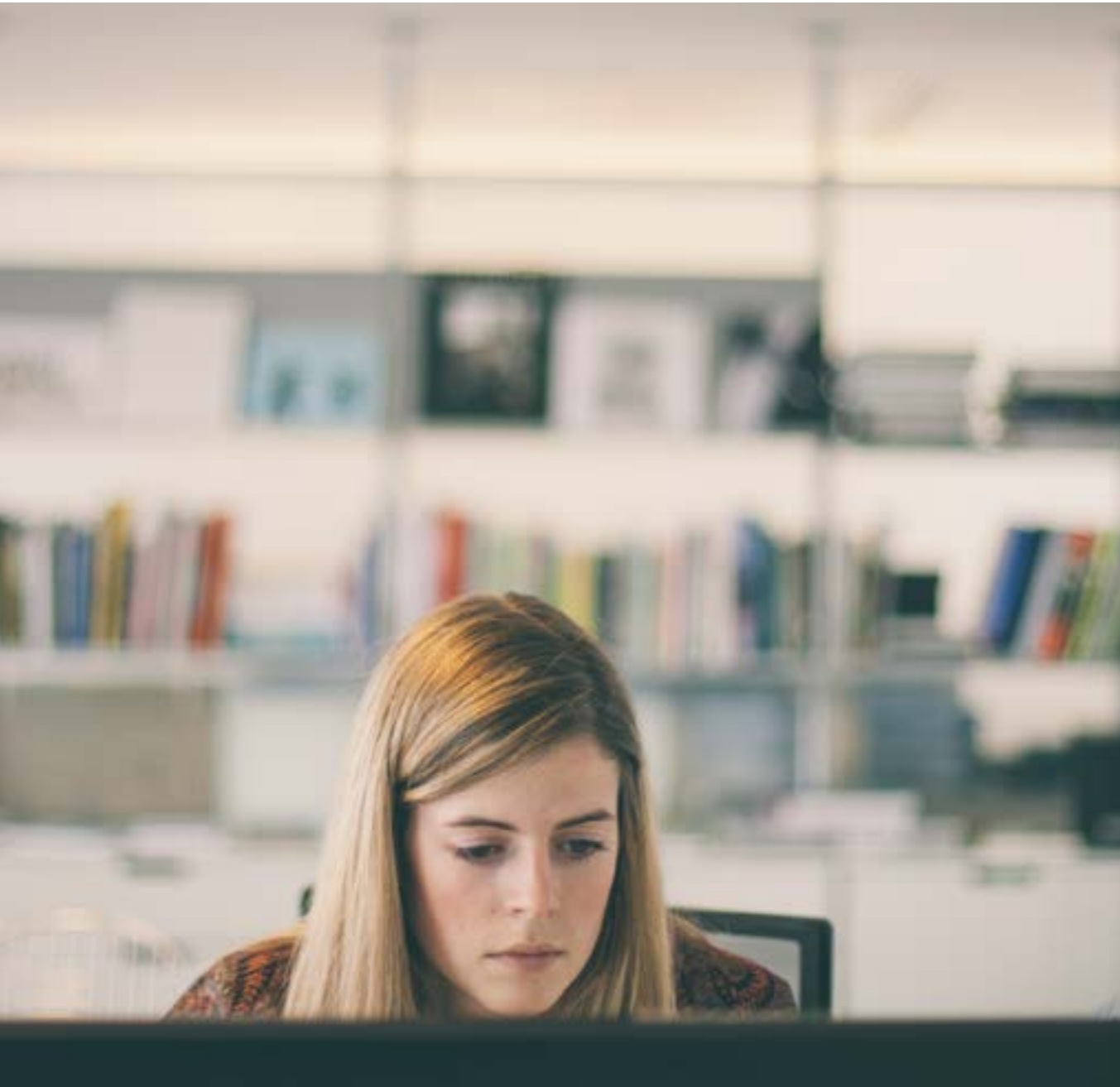
What would you say is different about your life now compared to before?

I dress suitably and I know what people expect of me, and I make sure the work is done!

Engaging and developing our employees

The continued strong performance of our business would not be possible without motivated and highly skilled employees. Therefore, it is important that we continue to create the right environment by encouraging and creating opportunities for individuals and teams to realise their full potential, thereby enabling our business to achieve its strategic goals and targets.

This ambition of ensuring our employees are supported and challenged has been externally recognised by Management Today in their 2013 Most Admired Companies awards. We were ranked first in the property ranking for our 'ability to attract, develop and retain top talent' up from ninth position last year – as well as being ranked first overall in the property sector.



Skills development

As part of our skills development approach, we encourage and provide opportunities for our employees to expand their skills sets beyond their day-to-day professional roles. One such example involved working with youth charity Fitzrovia Youth in Action to give a number of our employees the opportunity to mentor a young person.





Mentoring case study

The In-Sight programme run by Fitzrovia Youth in Action is a hugely successful project, which aims to bring together local businesses and young people to provide 14-19 year olds living in Camden with work experience placements, mentor support and employability training. Every young person is matched with a mentor who advises and supports them in taking those first steps towards their career and adult life.

During 2013 Derwent London's Head of Leasing, Celine Thompson and Head of Development, Richard Baldwin, took part in the programme, supporting Katie and Mohamed respectively.

Mo commented:

"I was given an insight to what the future may hold for me."

Richard commented:

"I found the programme a really rewarding experience which was fun and informative, and it was pleasure working with Mo."

Katie is 18 years old and a student at Westminster Kingsway College. She came to London in 2012, leaving her home in the Czech Republic to study A-Levels in Media, Business, Sociology and Critical Thinking.

Mohamed (Mo) is 17 years old and originally from Somalia, is a second year student at Westminster Kingsway College studying A-Levels in English, Economics, Sociology and History.

Katie and Mo joined the Insight programme to gain experience in property management and development. After undergoing work-readiness training, Katie was matched with Celine, and Mo with Richard.

Like Katie and Celine, Mo and his mentor Richard have agreed to stay in touch, and have recently agreed that Mo will undertake further work experience with Richard during the summer of 2014. Mo now aspires to go to university after college and is keen to develop a career in business and property.



Both spent a week shadowing their mentors and their teams, observing their work as well as receiving one-to-one support.

Since the placement, Katie and Celine have agreed to stay in touch; Katie is now more confident about her plans for the future.

Celine commented:

"It was a pleasure mentoring Katie. I hope she found it useful. I enjoyed opening her eyes to the world of property and to the workings of an office. We undertook a number of building inspections and she had a project that she focused on well for the week. I enjoyed watching her grow in confidence, and felt very proud of her when she finished her presentation. I hope I made some difference in her career path."



Katie commented:

"Working with Derwent was a great eye-opening experience. I learned about the property industry, which I would like to join one day and I gained valuable life experiences thanks to my great mentor Celine. Her patience and willingness to support me throughout the programme made it an enjoyable experience and I will use it this year when making big decisions about my future."

Looking ahead

Implementing our refreshed approach

Having developed a refreshed approach we need to communicate it properly to those involved with our business so that they understand our aspirations and goals. To address this we will be undertaking a series of presentations and seminars with our suppliers and in-house teams to set out clearly what we want to achieve and how we aim to do it. Moreover, we will be introducing our newly updated Sustainability Framework for Developments to our design teams and contractors.

Throughout 2014, we will be updating the sustainability section of our website - www.derwentlondon.com/sustainability, setting out our ongoing achievements.

Performance targets

We have developed a set of targets for 2014 that we believe will stretch us, and will also allow us to develop further initiatives that will have long lasting benefit for our business. In doing this we have re-aligned our performance targets such that they directly support our strategic priorities. We set out below our targets for 2014.

Designing & Delivering Buildings Responsibly

Aspect	Metric	Target
Project Sustainability Plan	Implementation	All new projects to create and maintain a Project Sustainability Plan
BREEAM/EcoHomes/Code for Sustainable Homes	Rating achieved	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	Energy performance certificates (EPCs)	Minimum of a 'B' rating for new build. Minimum of a 'C' for all major refurbishments
	Installed metering	All new build and refurbishment projects >5,000m ² 100% of meters to be AMR capable and installed on: all main incoming feeds (electricity/water/gas); landlord lighting and small power; tenants lighting and small power; all major energy using equipment e.g. heating and cooling plant; and renewable & low carbon energy generation sources e.g. PV, CHP plant
	Embodied carbon assessment	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	Designed usage (m ³ /m ²)	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	% diversion from landfill	Divert 90% of total construction and demolition waste tonnage from landfill
Materials	Recycled content by value	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
	% 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 or change of ecological value through EcoHomes



Managing our Assets Responsibly

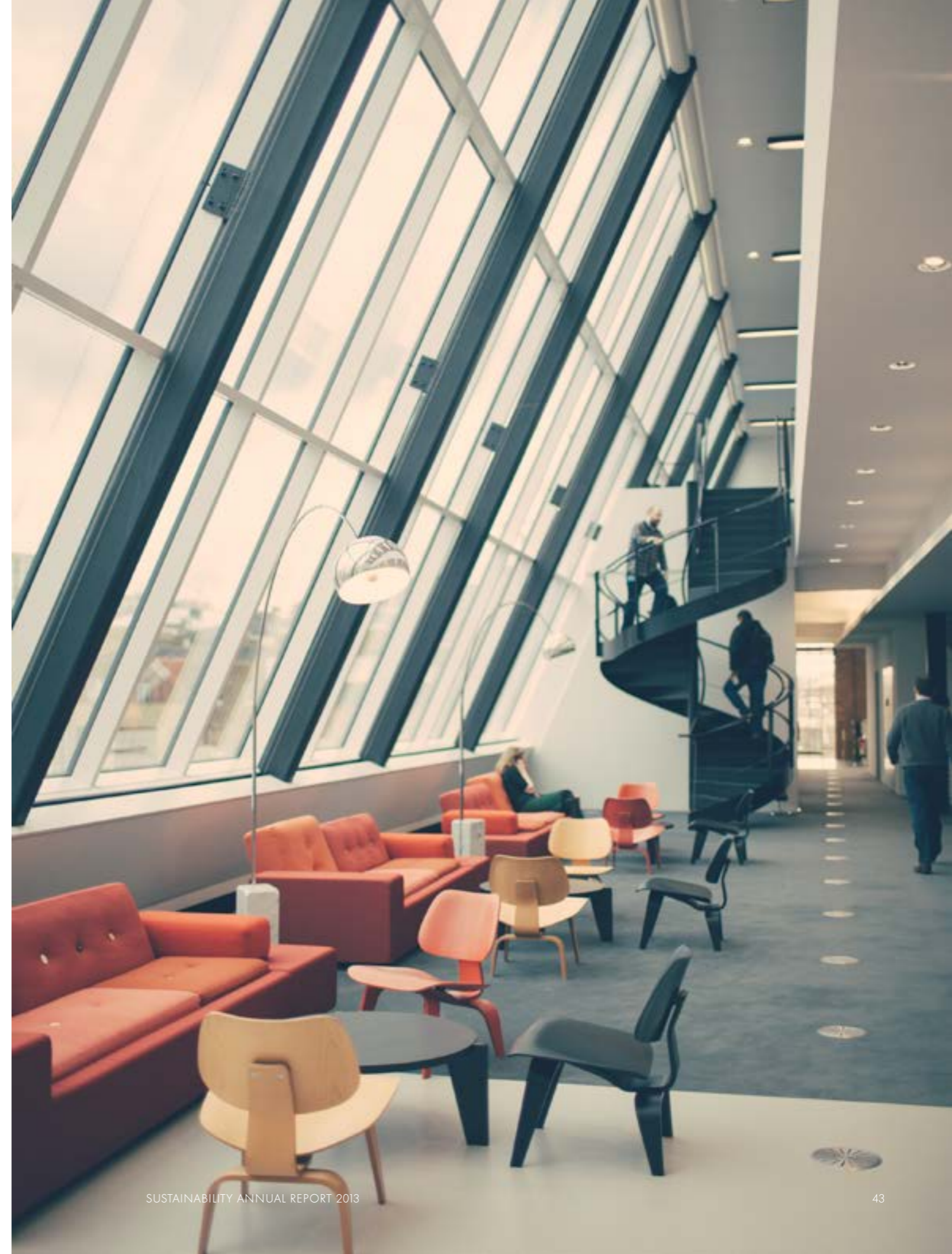
Aspect	Metric	Target
Energy & Carbon	AMR installation (SMART metering)	Phase 1 AMR metering programme to be complete by mid 2014. Phase 2 - tenant sub metering engagement programme to begin mid 2014 and uptake to be monitored and reported
	Benchmarking	Establish a portfolio energy usage baseline during 2014 from which an appropriate reduction target can be set for 2015 onward
	Reduction strategy	Each managed property to develop an energy management plan to support the delivery of a portfolio reduction target
	Post Occupancy Evaluation (POE)	Carry out at least 2 energy performance evaluations on existing multi-let buildings in the managed portfolio
Waste	% diversion from landfill	Send zero waste to landfill from properties for which Derwent London has waste management control
	% recycled	Achieve a 60% recycling rate for managed waste in all properties for which Derwent London has control over waste management
Water	Use (m ³ /m ²)	Maintain portfolio mains water consumption below 0.50 m ³ /m ²
	Benchmarking	Establish a portfolio usage baseline during 2014 from which appropriate reduction targets can be set for 2015 and beyond
	Reduction strategy	Each managed property to develop a water management plan to support the delivery of a portfolio reduction target
Biodiversity	Increasing biodiversity	Implement the recommendations from the biodiversity action plan on 5 buildings in the managed portfolio
Customers	Engagement	Produce at least 2 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	Metric	Target
Community strategy	Strategy development	Investigate and develop an appropriate company wide community strategy during 2014
Community engagement	Community fund delivery	Develop and successfully deliver year 2 programme of the Fitzrovia Community Investment fund
Skills	Opportunities provided	Provide at least 2 work experience/mentoring placements
Socio-economic assessment	Assessment	Carry out a socio-economic assessment on all major projects once occupied for more than 12 months to establish net impact/benefit of the development

Engaging & Developing our Employees

Aspect	Metric	Target
Staff volunteering	% increase	15% increase in the uptake of the employee volunteering programme
Staff Training	Employee performance assessment	Refresh and revamp our annual and mid-year employee performance review process
Knowledge	Knowledge dissemination	Undertake 3 further technical/knowledge share presentations



Our Data

We endeavour to keep our reporting as clear, accessible and relevant as possible. As with previous years we set in the following pages the full suite of our reportable resource efficiency data, its scope and boundaries, and the methods used to calculate it. We also set out a summary of our alignment with the EPRA Best Practices Recommendations on Sustainability Reporting.

Reporting boundary

We use an operational control approach for our data boundary. This means we do not report data for our single-let properties or other properties where we have no management control. We have chosen this reporting boundary as it allows us to measure and manage the impacts we can directly control.

We measure and report our utility usage on the following basis:

- **Electricity** – we report usage for our common (landlord) areas only. This is because tenants have ultimate control over the small power and lighting used in the tenanted areas.
- **Gas, oil, water and biomass** – we report usage for the total building as we control and/or influence the use of these utilities in a managed building.

We only measure emissions from the utilities procured by Derwent London.

Reporting period

Our reporting period is aligned to our financial year therefore the data provided is from 1 January to 31 December 2013.

Scope

For 2013 our total managed portfolio reporting scope consists of 52 buildings, with a total floor area of 402,326 m². Our like-for-like portfolio consists of 40 buildings with a total floor area of 319,643 m². Our intensity portfolio consists of 45 buildings with a total floor area of 356,218 m². The portfolio is primarily comprised of commercial office space, all of which is located in central London.

Our absolute reporting from our total managed portfolio includes data from properties that were newly acquired, disposed of, launched and/or vacant. However, it excludes data from properties that were under refurbishment and or development and where the control of utilities had been transferred to a contractor (even though the energy is still procured by Derwent London). Like-for-like reporting includes data from properties that were within our portfolio for the entirety of both 2012 and 2013 and excludes data from properties that were newly acquired, disposed of, launched and/or were under refurbishment of development.

We have updated our intensity calculation approach for 2013. Properties that were present in the portfolio at the beginning of the year, but may have been disposed of or begun refurbishment or development during the year has been included in our calculations. Moreover, any building, which was disposed of during the year, had its respective electricity, gas and water pro-rated up to the full year. The only buildings for which this was relevant were 1-3 Grosvenor Place SW1, 4-5 Grosvenor Place SW1 and 132-142 Hampstead Road NW1. Although not applicable for 2013, we still do not include vacant property consumption data in our intensity calculations.

Method

Our utility data is collected monthly via meter readings taken by our building management teams, which are recorded and consolidated for each property. The readings are then used to validate the utility invoices received, with the final invoice consumption amounts used as the source for our reporting. To increase the robustness of our data, we have introduced a quarterly internal audit process undertaken by our in-house finance team. During each audit, the team randomly select at least 15% of buildings from the managed portfolio together with a series of utility points for a given property, and then examine all meter readings and invoices to validate the reported consumption amounts.

Where appropriate and materially significant, we restate data for previous years to improve the accuracy of our reporting; likewise, pro-rata data if there are gaps. Where there has been a restatement, estimation or pro-rating, this is clearly set out in the relevant sections below.

As mentioned above we only report electricity usage relating to the common (landlord) areas in our managed properties. To establish these areas we deduct the net lettable floor areas (NLA) from the gross internal areas (GIA) for each property. To establish the common area usage we divide total building consumption by the total GIA, and then multiply that figure (kWh/m²) by the total common area to obtain the according usage. This approach does result in a minor misalignment in our total energy and total carbon intensity calculations, because gas, oil and water all use a denominator of floor area based on GIA, whereas electricity uses common areas only. We recognise that this might not be ideal and we will be reviewing alternative approaches to help us improve this.

Greenhouse Gas Emissions (GHGs) – our carbon footprint

Table 1 - Total managed portfolio emissions			Whole year (Q1 - 4)		
			2013	% change 2012 to 2013	2012
Scope 1	Energy-use	Gas (total building)	3,673	4.2%	3,526
		Oil (total building)	64	-4.5%	67
	Travel	Fuel use in Derwent London company cars for business travel	20	25.0%	16
	Fugitive emissions	Refrigerant emissions	1,000	NA	-
Scope 2	Energy-use	Electricity use - generation (landlord-controlled areas and Derwent London occupied floor area)	6,289	1.1%	6,220
Scope 3	Energy-use	Electricity use - WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	993	1.1%	982
		Electricity use - T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	623	1.3%	615
		Gas (total building)	561	4.3%	538
		Oil (total building)	12	-7.7%	13
	Travel	Fuel use in Derwent London company cars for business travel WTT	4	33.3%	3
		Business air travel WTT	3	-25.0%	4
		Business air travel	26	-35.0%	40
	Water	Water use (total building)	44	-8.3%	48
Total	All	All	13,310	10.2%	12,074
Out of scope	Energy-use	Biomass use (total building)	22	0.0%	22

Table 2 - Like-for-like emissions (building related only)			Whole year (Q1 - 4)		
			2013	% change 2012 to 2013	2012
Scope 1	Energy-use	Gas (total building)	3,195	-4.9%	3,358
		Oil (total building)	64	-4.5%	67
Scope 2	Energy-use	Electricity use - generation (landlord-controlled areas and Derwent London occupied floor area)	5,500	-9.0%	6,044
Scope 3	Energy-use	Electricity use - WTT Generated Scope 3 Indirect GHG (landlord-controlled areas and Derwent London occupied floor area)	868	-9.0%	954
		Electricity use - T&D Direct & WTT T&D In Direct (landlord-controlled areas and Derwent London occupied floor area)	544	-8.9%	597
		Gas (total building)	488	-4.9%	513
		Oil (total building)	12	-7.7%	13
	Water	Water use (total building)	40	-9.1%	44
Total	All	All	10,712	-7.6%	11,590
Out of scope	Energy-use	Biomass use (total building)	22	0.0%	22

Table 3 - Intensity (scopes 1 & 2) per £m turnover and total building floor area (m²)

	2013	% change 2012 to 2013	2012
tCO ₂ e/£m turnover (Scopes 1 and 2 only, excluding Scope 1 fugitive emissions)	83.92	6.6%	78.76
tCO ₂ e/m ² (Scopes 1 and 2 only, excluding Scope 1 fugitive emissions)	0.029	-3.3%	0.030

Notes

We have restated our 2012 baseline figures to align with the recommended best practice from DEFRA in response to the production of the new 2013 emission factors (www.ukconversionfactorscarbonsmart.co.uk), which introduced several major changes to the suite of UK conversion factors.

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

- Scope 1** – direct emissions;
- Scope 2** – indirect emissions; and
- Scope 3** – other indirect emissions.

We have re-classified some elements of our reporting to align with the new factor changes and best practice. As a result, we have removed biomass data from our Scope 3 reporting and now report it separately as 'out of scope', and not part of our overall carbon footprint. However, we will continue to report the carbon from our biomass use.

A new addition for 2013 is the inclusion of fugitive emissions from our managed air conditioning and chilling equipment in our Scope 1 figures. To gain a representative assessment of our fugitive emissions we have used the 'simplified material balance method' using equipment service records to provide the refrigerant recharge amounts (top-ups) to identify losses. Where there were no service records in place, we applied the DEFRA recommended leakage rates from the 'screening method' to give a representative estimation of the emissions. These figures are not included in our intensity or like-for-like calculations – see explanation below.

Carbon intensity based on floor area is calculated using our building related gross carbon figures which exclude fugitive emissions. This has been done to provide a clearer representation of performance compared to 2012 for which we do not have fugitive emissions data. Were fugitive emissions included in the 2013 data, the intensity performance for the year would be 0.031 tCO₂e/m² resulting in a difference of 3.3% compared to 2012. However, for our 2014 report we will be including fugitive emissions in our intensity calculations and will restate our 2013 intensity figures to reflect this change.

Intensity in financial terms was calculated using 2013 gross property income of £131.6m as stated in our 2013 Report and Accounts. Likewise gross property income of £124.8m was used to calculate the 2012 carbon financial intensity – as stated in our 2012 Report and Accounts.

The emissions from company cars were calculated using data for distance travelled per car. Different carbon conversion factors were applied to each car according to its type and fuel.

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

Table 4 - Energy use across our total managed portfolio

	2013	% change 2012 to 2013	2012
Electricity (landlord controlled areas)			
Number of buildings	50	2.0%	49
Floor area (m ²)	106,238	4.4%	101,805
Use (kWh)	14,181,091	1.3%	13,993,277
Intensity (kWh/m ²)	149.98	3.5%	144.95
Gas (total building)			
Number of buildings	36	5.9%	34
Floor area (m ²)	344,976	4.5%	329,984
Use (kWh)	19,956,941	4.2%	19,158,462
Intensity (kWh/m ²)	64.34	-0.3%	64.56
Oil (total building)			
Number of buildings	1	0.0%	1
Floor area (m ²)	4,100	0.0%	4,100
Use (kWh)	228,822	-5.5%	242,165
Intensity (kWh/m ²)	55.80	-5.5%	59.06
Biomass (total building)			
Number of buildings	1	0.0%	1
Floor area (m ²)	32,487	0.0%	32,487
Use (kWh)	576,000	50.0%	384,000
Intensity (kWh/m ²)	17.73	50.0%	11.82
Total			
Use (kWh)	34,942,854	3.4%	33,777,904
Intensity (kWh/m ²)	98.02	-4.9%	103.05

Table 5 - Energy use across our like-for-like portfolio

	2013	% change 2012 to 2013	2012
Electricity (landlord controlled areas)			
Number of buildings	38	-2.6%	39
Floor area (m ²)	88,516	-5.1%	93,307
Use (kWh)	12,345,337	-9.0%	13,566,586
Intensity (kWh/m ²)	139.47	-4.1%	145.40
Gas (total building)			
Number of buildings	28	-3.4%	29
Floor area (m ²)	274,098	-4.5%	287,119
Use (kWh)	17,360,949	-4.9%	18,247,980
Intensity (kWh/m ²)	63.34	0.3%	63.56
Oil (total building)			
Number of buildings	1	0.0%	1
Floor area (m ²)	4,100	0.0%	4,100
Use (kWh)	228,822	-5.5%	242,165
Intensity (kWh/m ²)	55.80	-5.5%	59.06
Biomass (total building)			
Number of buildings	1	0.0%	1
Floor area (m ²)	32,487	0.0%	32,487
Use (kWh)	576,000	50.0%	384,000
Intensity (kWh/m ²)	17.73	50.0%	11.82
Total			
Use (kWh)	30,511,108	-7.8%	33,101,335
Intensity (kWh/m ²)	102.02	-0.4%	102.40

Table 6 - Energy use at our head office buildings

	2013	% change 2012 to 2013	2012
Electricity (Derwent London occupied areas)			
Use (kWh)	213,971	13.8%	187,996
Intensity (kWh/m ²)	183.88	13.8%	161.56
Gas (Derwent London occupied areas)			
Use (kWh)	133,584	23.8%	107,931
Intensity (kWh/m ²)	128.81	23.8%	104.07
Total			
Use (kWh)	347,555	17.4%	295,927
Intensity (kWh/m ²)	298.68	17.4%	254.31

Notes

Electricity

Head office buildings refer to occupied areas in 25 Savile Row W1, Goldsmith House W1 and the basement of 161 Rosebery Avenue EC1.

Our total managed portfolio consumption figure includes consumption data from electricity generated from photovoltaics (solar panels) installed on three of our properties. Last year we included data on renewable energy generation from two properties – 1 Oliver's Yard EC2 and Angel Building EC1. For 2013, we now include a third property – Qube W1, to this consumption profile as we installed PV at this property during 2013. This data is also included in our intensity analysis.

For December 2013 meter readings were used for the following buildings to calculate our final consumption figures: 14 Charlotte Mews W1; Greencoat House SW1; 5-8 Hardwick Street EC1; Portobello Dock W10; Network Building W1; 55 North Wharf Road W2; 161 Rosebery Avenue EC1; 10 Rathbone Place W1; 25 Savile Row (Derwent London occupied areas) W1; Goldsmith House (Derwent London occupied areas) W1; and Transworld House EC1.

We have restated our 2012 total consumption figure to take account of a floor area update at one of our properties, 1-2 Stephen Street W1, because of more accurate survey data becoming available.

Gas

Head office buildings refer to occupied areas in 25 Savile Row only.

For December 2013 meter readings were used for the following buildings to calculate our final consumption figures – 186 City Road EC1; 17 Gresse Street W1; 161 Rosebery Avenue EC1 and Transworld House EC1.

Biomass

Biomass data relates to one property – Angel Building. It is reported based on the tonnes of wood pellets purchased and the date of purchase, not on consumption. This is then converted from tonnes to kWh using a conversion factor of 4.8kWh/kg.

Water

	Q1 - 4		
	2013	% change 2012 to 2013	2012
Water (total building)			
Number of buildings	40	2.6%	39
Floor area (m ²)	361,095	2.1%	353,506
Mains water use (m ³)	143,100	3.6%	138,079
Rainwater use (m ³)	1.05	-18.0%	1.28
Total (m³)	143,101	3.6%	138,080
Intensity (m ³ /m ²)	0.44	2.3%	0.43

	Q1 - 4		
	2013	% change 2012 to 2013	2012
Water (total building)			
Number of buildings	31	0.0%	31
Floor area (m ²)	292,325	-2.4%	299,565
Mains water use (m ³)	131,594	3.1%	127,589
Rainwater use (m ³)	1.05	-18.0%	1.28
Total (m³)	131,595	3.1%	127,590
Intensity (m ³ /m ²)	0.45	4.7%	0.43

Notes

Due to a faulty mains water meter at Angel Building, we have restated our 2012 water consumption data to reflect a more accurate consumption profile. Consumption was calculated using the comprehensive check metering and sub-metering installed in the building. This was then validated and agreed with the utility provider.

Our total consumption figures include consumption data from rainwater harvesting which applies to one property – Angel Building.

As well as the meter readings used at the Angel Building, for December 2013, meter readings were used for the following building to calculate our final consumption figures – Transworld House.

Waste

	Q1 - 4		
	2013	% change 2012 to 2013	2012
Table 9 - Waste generated across our total managed portfolio			
Total Waste (tonnes)			
Incineration (with energy recovery) (tonnes)	1,037	5.2%	986
Recycling (tonnes)	1,331	14.6%	1,161
Total (tonnes)	2,368	10.2%	2,148
Incineration (with energy recovery) (%)			
	44%		46%
Recycling (%)			
	56%		54%

	Q1 - 4		
	2013	% change 2012 to 2013	2012
Table 10 - Waste generated across our like-for-like portfolio			
Total Waste (tonnes)			
Incineration (with energy recovery) (tonnes)	915	9.3%	837
Recycling (tonnes)	1,178	15.7%	1,018
Total (tonnes)	2,093	12.8%	1,855
Incineration (with energy recovery) (%)			
	44%		45%
Recycling (%)			
	56%		55%

Notes

We only report waste data for properties where we have waste management control. Recycling and general waste figures are provided by our waste management contractors each month. All waste was either recycled or sent to a waste to energy plant, with none sent to landfill. Baled cardboard figures are collated by our Building Managers. The weight of the bales is estimated based on a standard weight of between 90kg – 200kg depending on the property and its baler capacity.

Tenants' confidential waste recycling figures are not included in the calculations, as they do not fall under Derwent London's management control.

EPRA alignment

To improve the breadth of our EPRA reporting we have included responses to the other aspects of the Best Practices Recommendations on Sustainability Reporting, namely 'Overarching recommendations' and 'Other issues to consider' – not just the recommended reporting metrics. We believe this will allow our stakeholder to access information and data more quickly and compare our performance more easily.

Sustainability performance measures

3.1 Total energy consumption from electricity (kWh)¹

14,181,091 – shown in Table 4 – Energy use across our total managed portfolio, page 48

3.2 Total energy consumption from district heating and cooling (kWh)

None of our properties are connected to or benefit from district heating and cooling.

3.3 Total energy consumption from fuels (kWh)

20,761,763 – shown in Table 4 – Energy use across our total managed portfolio (a total of gas, oil and biomass consumption), page 48

3.4 Building energy intensity (kWh per m²)

98.02 – shown in Table 4 – Energy use across our total managed portfolio, page 48

3.5 Total direct greenhouse gas emissions (tonnes CO₂e)

4,757 – shown in Table 1 – Total managed portfolio emissions (a total of Scope 1 energy-use, travel and fugitive emissions), page 46

3.6 Total indirect greenhouse gas emissions (tonnes CO₂e)

6,289 – shown in Table 1 – Total managed portfolio emissions (Scope 2 energy-use), page 46

3.7 Greenhouse gas intensity from building energy (kg CO₂e per m²)²

0.029 – shown in Table 3 – Intensity (Scopes 1 & 2) per £m turnover and total building floor area (m²) (reported in tCO₂e/m²), page 47

3.8 Total water withdrawal by source (m³)

143,100 – shown in Table 7 – Water use across our total managed portfolio', page 50

3.9 Building water intensity (m³ per m²)

0.44 – shown in Table 7 – Water use across our total managed portfolio', page 50

3.10 Total weight of waste by disposal route (tonnes)

1,331 recycled, 1,037 incinerated (with energy recovery), 0 to landfill (not split by hazardous and non-hazardous) – shown in Table 9 – Waste generated across our total managed portfolio, page 51

3.11 Proportion of waste by disposal route (total managed portfolio)

56% recycled, 44% incinerated (with energy recovery), 0% to landfill (not split by hazardous and non-hazardous) – shown in Table 9 – Waste generated across our total managed portfolio, page 51

¹ This data covers utilities procured by Derwent London only.

² Although this EPRA recommendation seeks to report in kgCO₂e/m², we have reported this in terms of tCO₂e/m² to align with the rest of our carbon reporting for consistency.

Overarching recommendations

4.1 Organisational boundaries

Explained in the 'Reporting boundary' section, see page 45

4.2 Boundaries – Reporting on landlord and tenant consumption

Explained in the 'Reporting boundary' section, see page 45

4.3 Analysis – Normalisation

Intensity indicators based on floor area (m²) are provided for energy, water and carbon. Please refer to the respective data sections for the according intensity indicator. We also add a financial intensity indicator of tCO₂e/£m turnover to our carbon reporting, see page 47

4.4 Analysis – Like-for-like approach for absolute sustainability performance measures

We provide full like-for-like analysis for our energy, carbon, water and waste reporting. See respective data sections for reporting details.

4.5 Analysis – Segmental analysis (by property type, geography)

Explained in the 'Scope' section, see page 45

4.6 Analysis – Narrative on performance

Provided in the main body of the report where appropriate, for example shifts in our carbon footprint are explained in 'Our carbon footprint' section, see page 16

4.7 Location of EPRA sustainability performance measures in companies' reports

We provide a dedicated section in our corporate Reports and Accounts on sustainability, which also includes a full summary of our carbon footprint and headline performance and data results. This is complemented by this Annual Sustainability Report, which provides a detailed review our sustainability work and resource efficiency data performance. Moreover, we have developed this section of the report to enable our stakeholders to access quickly the best practice aspects set out in the EPRA recommendations document. We are also reviewing the possibilities of integrated reporting and the approaches we could take.

Other issues to consider

5.1 Transport

Although we do not yet measure and report the emissions associated with tenants travelling to and from our properties, likewise our own employees, we have undertaken surveys to understand the distances people travel to and from our buildings. We are reviewing how we might in future include such transport emissions in our reporting.

5.2 Refrigerant gases

We now report fugitive emissions from our managed air conditioning and chilling equipment as part of our Scope 1 carbon figures. See page 46

5.3 Financial indicators related to sustainability performance

Where appropriate we provide financially based commentary on our sustainability performance. For example, we provide an assessment of our full carbon reduction commitment (CRC) liability – in terms of both carbon and monetary value. Going forward we will look to expand this aspect to broaden the relevance of our data and commentary.

5.4 Assurance

For the past two years, we have undertaken private assurance in accordance with ISAE3000 for our sustainability data.



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 installed in buildings that controls and monitors the building's mechanical and electrical equipment such as ventilation, lighting and power 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, Good, Very Good, Excellent and Outstanding.

Carbon Disclosure Project (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.

Carbon Reduction Commitment Energy Efficiency Scheme (CRC)

This is the UK Government's mandatory scheme for carbon emissions reporting and allowance purchasing.

Energy Performance Certificate (EPC)

An EPC is an asset rating that tells you how energy efficient a building is rated by Carbon Dioxide emission ratings on a scale of A-G where an A rating is the most energy efficient. They are legally required for any building that is to be put on the market for sale or rent.

European Public Real Estate Association (EPRA)

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

FTSE4Good Index

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 equipment due to leaks and other unintended releases.

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.

Greenhouse Gas (GHG) Protocol Corporate Accounting standard

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

Radiative Forcing

In simple terms, 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.

Ska Rating

The Ska Rating is an environmental impact assessment method designed specifically for non-domestic fit out projects. Performance is measured across a series of ratings, Bronze, Silver and Gold.

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.

Waste Resources Action Programme (WRAP)

WRAP is a not-for-profit organisation, which assists organisations to become more efficient in the use of natural resources.

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.

NOTES

