

NET ZERO

CARBON

UPDATE

2021

NET ZERO

In 2020, we set the ambition and released our pathway to achieve Net Zero Carbon by 2030. 2021 was our first full year of this journey, and therefore the figures presented throughout for 2021 form our baseline for our Net Zero Carbon journey. In Following years we will provide updates on progress year on year.

DERWENT
LONDON

Aspect	Actions	Outcomes	Metrics	2021	Comments
Operational energy and carbon	Rebase current science-based target to align with a 1.5°C climate warming scenario and verify with the Science Based Target Initiative (SBTi).	Monitor progress of reducing carbon emission intensity in line with the preferred warming scenario as identified by the 2015 Paris Agreement	kWh/m ²	Not started	We will review our SBTi targets and look to rebase to a 1.5°C climate scenario. In the interim, we have set building specific operational energy targets for each building which are in line with the advised 1.5°C science-based reduction target and UKGBC Operational Energy requirements for 2030.
	Specify all electric heating and cooling systems for new developments and major refurbishment projects	Avoid onsite combustion of gas and reduce the carbon intensity of new developments	% of new developments with all electric systems	N/A	No new developments completed in 2021. In 2022 we have two new buildings due to complete, which are not all electric, as were designed prior to our net zero carbon commitment and aspiration for all electric. These buildings are: Soho Place (H1 2022) Featherstone (H1 2022) All future developments will be fossil-fuel free. The current pipeline includes: 19-35 Baker Street (2025) Network (2025)
			% of major refurbishments with all electric systems	100%	All future major refurbishments, where central plant is upgraded, will be fossil fuel free. Major refurbishments completed in 2021: 6-8 Greencoat Place (H1 2021) Future pipeline: Francis House (H1 2022) Bush House (2025)
	NEW METRIC 2022:		Total floor area of all electric buildings in investment portfolio	14%	Based on net internal area (NIA), our total portfolio is 14% all electric. This includes buildings that were already all electric (e.g. 76-78 Charlotte Street), buildings refurbished to be electric (6-8 Greencoat Place) and new build electric properties (80 Charlotte Street). Additionally a further 10% of NIA is currently on site being retrofitted.
	Identify properties in the investment portfolio for retrofit to all electric heating and cooling systems	Avoid onsite combustion of gas and reduce the carbon intensity of the investment portfolio	Percentage of buildings with all electric retrofit programmes	5%	Based on NIA, 5% of buildings in our managed portfolio that currently use gas, have an electric retrofit programme identified.
	Reduce the operational energy performance gap by mandating 'Design for Performance' (DfP) assessments for new developments and major refurbishment projects	Reduce the performance gap and the operational energy intensity of new developments	Operational energy intensity rating kWh/m ²	Achieved	NABERS UK has replaced the DfP scheme and we have incorporated this requirement into our updated Responsible Development Framework, which was launched in April 2021. All new developments and major refurbishments must achieve a NABERS 4.5 Star rating, as a minimum.
	Set out energy efficiency measures in the five-year asset management plans and maintenance programmes for all properties including new acquisitions	Reduce the overall energy demand of the investment portfolio	Percentage of buildings with energy efficiency measures included in the five-year plans	35%	During 2022, we will develop Net Zero Carbon Action Plans for our entire managed portfolio which will capture energy efficiency improvements and identify the route to achieving the specified energy reduction targets (see row 20).
	Increase the granularity of energy and water consumption data (landlord and occupier) by ensuring the accuracy of existing meters and the installation of additional metering/sub-metering	Use enhanced data to inform occupier engagement projects and building management plans to reduce energy demand across the investment portfolio	Percentage of buildings with landlord and occupier electricity sub-metering.	70%	Our Property Management team has carried out an extensive electricity and gas metering survey on our managed portfolio over the last year. These meters and sub-meters are being upgraded over coming years.
			Percentage of buildings in our managed portfolio with landlord and occupier electricity sub-metering linked to BMS	25%	Our Intelligent Buildings roll-out over the next two years will improve the automation of our buildings.
			Percentage of buildings with landlord and occupier gas sub-metering linked to BMS	41%	Our Property Management team has carried out an extensive electricity and gas metering survey over the last year. These meters and sub-meters are being upgraded over coming years.

Aspect	Actions	Outcomes	Metrics	2021	Comments
Operational energy and carbon			Percentage of buildings with landlord and occupier water sub-metering linked to BMS	8%	This year our Property Management team are carrying out a similar metering survey for all our water meters and developing a water management strategy.
	Review the energy demand of occupied buildings, set operational energy intensity targets and monitor ongoing performance	Promote the efficient operation of the investment portfolio	Monitoring electricity and gas consumption and intensity on a monthly basis; kWh, kWh/m ² (intensity), tCO _{2e} , tCO _{2e} /m ² (intensity)	Ongoing	We have updated our M&E contractor guidelines to embed building performance and reduction as a key metric of success.
	Set operational energy intensity targets per building & monitor performance.			Achieved	In 2021 we set building specific operational energy targets for each building. These are in line with the advised 1.5°C Science-based reduction target and UKGBC Operational Energy requirements for 2030. Largely due to occupation levels across the portfolio we achieved this target. We will continue to monitor and actively reduce energy consumption. For detail on our performance please refer to rr.derwentlondon.com/data-performance#14168 data web pages.
	Set operational water intensity targets per building and monitor performance.		Monitor water consumption and intensity on a monthly basis: m ³ /m ²	0.50m ³ /m ²	We have a corporate operational water intensity target of 0.50m ³ /m ² 2015 baseline year with 5% reduction each year. We will set building-specific operational water targets in 2022.
	Set operational waste intensity targets per building and monitor performance.		Tonnes produced	75% recycling target (company wide target)	We have a company wide recycling target of 75%. In 2021 our recycling rate was 65% recycling across the whole portfolio. This is largely the result of reduced portfolio occupation, and reduced recycling and general waste separation. We are setting building-specific operational waste targets in 2022.
	Develop an approach to understanding the carbon impact of the unmanaged portfolio which includes a methodology for estimating energy consumption where actual data is not readily available	Gain a better understanding of the carbon impact of our unmanaged portfolio to inform occupier engagement projects	Operational carbon impact of unmanaged buildings - metric to focus on is % of unmanaged portfolio we have visibility over (kWh, m ³ , tCO _{2e} , tCO _{2e} /m ² (intensity))	66%	We developed a process for gathering consumption data from our single-let properties. Through engagement with our occupiers we now have visibility* over 66% of this section of our portfolio, in terms of lettable area. In 2022 we will continue to gather the remaining data, and develop strategies on how we can work together with our occupiers to reduce this. *Note unmanaged portfolio not included in GHG emissions numbers in 2021.
	Develop a programme for occupier engagement to improve building performance, including energy and water consumption and waste production	Raise awareness of building performance and encourage behaviour change to reduce carbon emissions from operational activities	Percentage of buildings with occupier sustainability engagement plans	Ongoing	We launched our first net zero carbon survey to occupiers to improve our understanding of where our occupiers are with regards to net zero carbon and how we can support our tenants in reducing their overall emissions. 45% of respondents would be happy to develop green partnerships or review green lease clauses. Current data has revealed opportunities for us to work together on energy, waste and water reduction.
			Monitor the number of occupiers engaged with on a quarterly basis; % of ERV	49%	Through the survey and individual meetings, by the end of Q4 we engaged with 49% of our occupiers based on ERV.
	Explore opportunities for reducing carbon emissions from business travel	Reduce carbon emissions associated with business travel	Monitor business travel emissions and intensity on a quarterly basis; tCO _{2e} , tCO _{2e} /FTE	Ongoing	Travel emissions remain a low proportion of our carbon footprint. Refer to Data section table rr.derwentlondon.com/data-performance#14168 . With the return of corporate travel expected in 2022 we will develop a new process for monitoring and reducing these emissions.
	Explore energy storage and heat recovery technologies that could be incorporated in new developments	Support the transition to all electric buildings and balance grid demand	Number of technologies reviewed, and buildings installed in developments	Ongoing	Heat recovery in ventilation included in all new developments and major refurbishments
Explore energy storage and heat recovery technologies that could be incorporated into the investment portfolio		Number of technologies reviewed, and buildings installed in developments	Ongoing	We are collating this information through our updated Project Sustainability Plans and will report on it in future years.	

Aspect	Actions	Outcomes	Metrics	2021	Comments
Renewable energy procurement and investment	Specify on site renewables for new developments and assess their feasibility for major refurbishments	Reduce grid energy demand of new developments and associated carbon emissions	Generation of on site renewable energy supplies across the portfolio as a percentage of building demand (% and kWh)	0.6%	We generated 48,188kWh of renewable electricity last year.
	Procure 100% of gas and electricity from Green Gas Certified and REGO-backed sources for the managed portfolio	Support additionality of renewable energy to the UK grid and reduce the carbon intensity of the portfolio	Percentage of electricity from renewable sources	99.4%	For more detail refer to RE100 rr.derwentlondon.com/data-performance#37345
			Percentage of gas supplies from renewable sources	23%	For more detail refer to RE100 rr.derwentlondon.com/data-performance#37345
	Explore opportunities for self-generated renewable energy on our Scottish estate and elsewhere in the UK	Support additionality of renewable energy to the UK grid, reduce the carbon intensity of the portfolio and increase reliance on self-generated energy	Number of direct investments in renewable energy generators	Ongoing	Planning application submitted to Glasgow City Council for 18.4MW solar array in October 2021.
Embodied carbon	Develop a process for including carbon accounting in scheme appraisals, including an appropriate price per tonne of carbon	Inform decision making to support schemes with lower embodied carbon	Carbon accounting outcome (tCO _{2e} and £)	Ongoing	We have developed a carbon appraisal tool for acquisitions and early stage estimates of embodied carbon in the initial stages of projects. We have also started developing our carbon accounting approach, refer to rr.derwentlondon.com/net-zero-carbon#19158 carbon accounting section of website.
	Set appropriate embodied carbon reduction targets for new developments and major refurbishments and include in the Derwent London Embodied Carbon Assessment Brief	Reduce the embodied carbon of new developments and refurbishments	Embodied carbon for proposed schemes - kgCO ₂ /m ²	Commercial Office New Build developments completing from 2025: ≤600 kgCO ₂ /m ² Commercial Office New Build developments completing from 2030: ≤500 kgCO ₂ /m ²	We set phased embodied carbon targets for our new build developments. We are looking to introduce targets for our major refurbishments in coming years. With no new developments completing in 2021, our embodied carbon footprint, which includes major and minor refurbishments, 1,197tCO _{2e} . Refer to Embodied Carbon rr.derwentlondon.com/net-zero-carbon#3025 and carbon offsetting rr.derwentlondon.com/net-zero-carbon#19156 .
	Explore new low embodied carbon materials and building methods that could be utilised for future developments	Reduce the embodied carbon of new developments and refurbishments	Number of technologies investigated and installed in our buildings.	Ongoing	We are collating this information through our updated Project Sustainability Plans and will report on it in future years.
Carbon offsetting	Appoint an appropriate provider to support the implementation of a Derwent London carbon offsetting strategy for emissions that cannot be eliminated	Ensure carbon offsets procured achieve the carbon removal benefit expected along with creating additional value where possible	Number of carbon offsets procured (tCO _{2e})	1,197tCO _{2e}	We completed the following schemes and purchased credits through our offsetting partner Natural Capital Partners 19-23 Fitzroy Street - 180tCO _{2e} 3-5 Rathbone Place - 161tCO _{2e} 6-8 Greencoat Place - 763tCO _{2e} DL/78 - 93tCO _{2e}
			Number and type of offsetting schemes invested in	1	The scheme we have purchased carbon credits from is a Community Reforestation project in East Africa. The project was validated under both the Verified Carbon Standard (VCS) and Climate, Community and Biodiversity (CCB) standards, via Natural Capital Partners
	Explore the opportunities for carbon offsetting projects on the Scottish portfolio	Increase the availability of self-generated carbon removal schemes to support our net zero ambition	Hectares of Scottish portfolio used for tree planting	425Ha being explored	Commissioned a third party consultant to carry out an assessment to identify all carbon opportunities on our Scottish portfolio.
	Explore opportunities to support offsetting research and development projects	Support the development of the science and technologies associated with carbon offsetting	Number of institutes engaged with and projects supported	1	We have received 127tCO _{2e} carbon credits from the 30Ha planted in 2015. Commissioned a third party consultant to carry out an assessment to identify additional carbon removal opportunities on our Scottish portfolio.
Climate resilience	Complete climate resilience assessments for new developments and the investment portfolio	Understand the potential risks and opportunities of climate change at an asset level to inform adaptation measures	Percentage of new developments and investment portfolio where assessments have been undertaken	Ongoing	Climate resilience assessments in the form of BREEAM Wst 05 Adaptation to Climate Change have been carried out for our major developments. We are working closely with the BBP to develop an appropriate climate resilience strategy, in line with our Climate Change Commitment.