

CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

The following climate-related financial disclosures are consistent with all the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and recommended disclosures set out in the report entitled 'Recommendations of the Task Force on Climate-related Financial Disclosures' published in 2017 and updated in 2021 by the TCFD. The TCFD recommendations on Governance, Risk Management, Strategy and Metrics and Targets have all been specifically addressed and, in line with the UK's Financial Conduct Authority Listing Rules, we have referenced below where our responses to the TCFD's 11 recommendations can be located within our Annual Report and Accounts 2023.

Section	Recommendation	Progress	Page number
Governance	Describe the board's oversight of climate-related risks and opportunities	Consistent	91
	Describe management's role in assessing and managing climate-related risks and opportunities	Consistent	91
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Consistent	93
	Describe the impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	Consistent	96
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Consistent	98
Risk Management	Describe the organisation's processes for identifying and assessing climate-related risks	Consistent	99
	Describe the organisation's processes for managing climate-related risks	Consistent	99
	Describe how processes for identifying and managing climate-related risks are integrated into the organisation's overall risk management	Consistent	99
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Consistent	100
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Consistent	103
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Consistent	99

The Board and executive management team at British Land recognise that our assets are exposed to the effects of climate change and that this could have real implications for the financial strength and resilience of our business. We also recognise that opportunities could arise. We are therefore taking action to mitigate this impact, and capitalise on opportunities, and our approach is comprehensively incorporated within our broader risk management and strategic framework.

Estimates suggest the built environment could account for around 40% of global greenhouse gas emissions. We therefore acknowledge our responsibility to minimise our carbon footprint as we develop and operate our buildings and work closely with our customers, partners and the people who use our spaces to do the same.

Our achievements in developing and managing sustainable space have been recognised for more than a decade and building on this, in 2020 we set out an ambitious strategy to achieve a net zero carbon portfolio by 2030, reducing embodied carbon in developments by 50% and operational carbon intensity by 75%. Our goals are shared by our investors, customers, partners and people. We believe that delivering on these targets will create value for our business as demand from occupiers and investors gravitates towards the best, most sustainable space.

We published our Pathway to Net Zero in December 2020 and in 2021, the Science Based Targets initiative (SBTi) validated our landlord target as 1.5°C-aligned and our value chain target as ambitious. We are a signatory to the Better Buildings Partnership’s Climate Commitment, the World Green Building Council’s Net Zero Carbon Buildings Commitment, the RE100 commitment to procure renewable power and the Business Ambition for 1.5°C. Following full consistency with the TCFD recommendations last year, the next step in our journey is a formal transition plan which we will align to the Transition Plan Taskforce recommendations as they evolve.

Governance

(a) The Board has ultimate oversight of climate-related risks and opportunities

The Board of Directors has ultimate responsibility for setting the Company’s strategy, which incorporates climate-related risks and opportunities. The Board delegates day-to-day responsibility for all elements of strategy, including climate-related, to the Chief Executive Officer (CEO). The CEO has received formal sustainability training, having participated in The Prince of Wales’s Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership. The CEO is supported by the Chief Financial Officer (CFO) who is the Board Director responsible for climate-related issues and is also chair of the Risk Committee. Our Chief Operating Officer (COO) is the Executive Committee member responsible for delivering our Sustainability Strategy, and chairs the Sustainability Committee (SusCo).

The Board is updated on climate-related issues at least annually. At the Board annual off-site strategy event, sustainability matters were included within the discussion of each element of our strategy, including developments, Campuses, and Retail and London Urban Logistics.

Climate change is also considered by our Board Committees. The ESG Committee, which is attended by the CEO, CFO and COO, meets three times a year and oversees the delivery of the Sustainability Strategy, including management of climate-related risks. On each occasion, the Committee receives an update from the Sustainability team, which typically includes detailed coverage of the net zero strategy and progress against our Pathway to Net Zero, EPC compliance and sustainability reporting.

Governance framework



→ For more information about the governance framework, see page 112

1. Source: World Green Building Council.

Achievement of environmental KPIs is also reflected in the Remuneration Policy for Executive Directors (see page 146). The Long Term Incentive Plan for Executive Directors includes KPIs linked to the reduction of operational carbon and operational energy and the Annual Incentive Plan is linked to our progress on portfolio EPC ratings and our performance in GRESB, the international real estate sustainability benchmark. The Remuneration Committee is responsible for setting ESG targets for executive remuneration and was updated on progress against ESG targets three times during the year.

(b) The Board delegates responsibility for assessing and managing our response to material climate-related risks and opportunities to the executive team

The Board delegates responsibility for delivering our Sustainability Strategy, including assessing and managing our response to climate-related risks and opportunities, to the Executive Committee. The Executive Committee member who leads the delivery of the Sustainability Strategy is the Chief Operating Officer (COO), who is Chair of the Sustainability Committee. To support delivery of the strategy, each Executive Committee member has at least one sustainability-related annual objective and supporting objectives are cascaded across their teams.

Climate change and sustainability considerations are integral to our investment and development decisions and are formally reviewed within papers presented to our Investment Committee. Sustainability considerations are also taken into account by the Board, for strategic and investment decisions that require Board level approval.

This year our Sustainability Committee was refocused. It remains chaired by the COO but formal members now include the CFO, Head of Developments, Head of Real Estate and Joint Head of Canada Water & Head of Residential as well as senior leaders around the business who are responsible for delivering the Sustainability Strategy in their area of the business. It will focus on monitoring progress towards our 2030 Sustainability Strategy as well as monitoring and responding to emerging risks and regulation.

Climate-related risks are considered by the Risk Committee, which comprises the Executive Committee and leaders from across the business, including real estate, procurement, development, finance and property management. Each business area maintains a comprehensive risk register, which is reviewed by the Risk Committee. The Sustainability team works with business teams to identify climate risks through a process involving trend analysis and stakeholder engagement. Identified risks are incorporated into our risk framework and managed by the appropriate business areas. This process is part of our 'Environmental Sustainability' principal risk management. KPIs monitored within this category include EPC performance, the percentage of our portfolio at high risk of flood and the forecast cost of carbon emissions for the portfolio by 2030 (see page 58). The Risk Committee is chaired by the CFO and reports into the Board's Audit Committee; significant and emerging risks are escalated to the Audit Committee.

Progress against our TCFD recommendations is reported to the Risk and Sustainability Committees, which meet at least three times a year. Following full compliance with the TCFD recommendations last year, this year's disclosure has been comprehensively reviewed and updated where appropriate by the Sustainability team under the direction of the COO and the CFO. The TCFD report is approved by the Board, as part of the Annual Report approval process following a recommendation from the Audit Committee.

Governance in action:

- Decision making: The Remuneration Committee approved the introduction of the 2030 carbon reduction targets and other sustainability measures into the performance targets for Executive Directors and Executive Committee remuneration. These formed part of the new Remuneration Policy which was approved by shareholders at the 2022 AGM.
- Training: Sustainability training is mandatory for all employees and role specific sustainability training is being rolled out where appropriate. The COO attended The Prince of Wales's Business & Sustainability Programme at the Cambridge Institute for Sustainability Leadership.
- Reporting: At the request of the ESG Committee, a benchmarking review of our Sustainability Progress Report was performed which identified potential opportunities but also confirmed that our disclosure was in line with best practice. JLL completed a double materiality review which identified not only the key sustainability issues impacting British Land but also the impact of our business in these key areas, see page 89.

Strategy

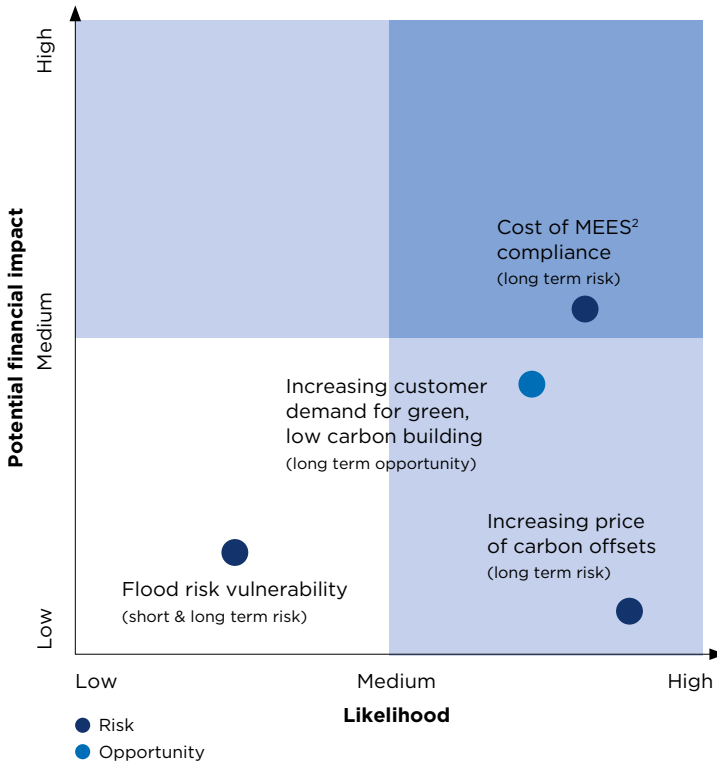
(a) We have identified the following climate-related risks and opportunities over our short, medium and long term time horizons

This section details our approach to defining material climate risks and opportunities: (i) the material risks and opportunities identified by our analysis, (ii) the impact and our organisational response to these risks and opportunities, (iii) scenario analysis and presentation of time frames and (iv) how we incorporate resilience to climate change into the organisation.

Risk quantification to determine materiality:

To determine materiality, Willis Towers Watson supported British Land in undertaking quantitative physical and transition scenario analyses¹. This process reviewed the potential impact of over 20 physical and transition-related issues, and the assessment included input from key business areas across British Land. The most material issues identified by the analyses are shown in the heat map below, with these issues detailed in the next section. Other risks and opportunities we continue to monitor are also identified.

Potential financial impact



Continue to monitor:

Risks	Opportunities
Customer demand for sustainable space results in a 'brown discount' to rents at less sustainable assets	Premium pricing for sustainable space results in 'green' premium
Tenant business model impacted by transition	Increased access to capital for sustainable businesses
Increased cost of raw materials	
Increased cost of capital	

FY23 has seen particular volatility in two of the risks we continue to monitor: the cost of raw materials and the cost of capital, in both cases reflecting macroeconomic factors. These risks are comprehensively monitored with appropriate mitigating actions taken which are detailed in our section on 'Managing Risk' (pages 46-60).

Defining a 'material' risk or opportunity:

British Land defines a 'material' risk or opportunity in line with the likelihood-impact thresholds of our risk management policy. This approach is used across the business to assess all types of risk, thoroughly embedding climate risk into our broader risk framework. Risks are evaluated by the combination of their potential impact (financial and reputational) and their likelihood.






	Low	Medium	High
Financial impact thresholds (£)	Less than £10m	£10m to £100m	Greater than £100m
Likelihood thresholds (chance of occurrence in a given year)	0-33%	33-66%	Greater than 66%
Reputational impact thresholds	Limited reputational impact	Significant temporary or limited sustained impact	Significant sustained impact

1. Scenario analysis is covered on pages 97-98
2. Minimum Energy Efficiency Standards.

The following section considers the impact of the identified climate-related risks and opportunities on our business, strategy and financial planning over the short, medium and long term. It considers the resilience of our strategy and seeks to quantify impacts where possible.




The material risks and opportunities identified are based on a combination of scenario analysis undertaken (see below) as well as the risks and opportunities identified through our day-to-day management of our business as set out in the Governance section of this disclosure.

Climate risks and opportunities and the nature of the financial impact of these risks and opportunities are identified by the icons as set out below:




Climate risk and opportunity category	Financial impact category
 Physical risk - acute	 Income statement
 Transition risk - regulatory	 Balance sheet
 Transition risk or opportunity - market	


Climate-related risks

Short term risks (<12 months)


Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#1 Flood risk vulnerability of assets (current climate)   			
Losses from assets located in high flood risk zones, primarily the cost to repair assets, cost of business interruption and increased insurance costs	Low to medium	Mean loss: <£1m	<p>Willis Towers Watson performed climate risk modelling (simulating many thousands of events) based on current and future climate conditions for the current portfolio using the assets' total insured value. Losses modelled were based on low likelihood events for a 'bad' year, which is assumed to be a 1/100 annual likelihood across the simulations. Modelled losses consider current flood defences and the impact was pro-rated by British Land ownership. These losses are fully insured against.</p> <p>Since 2011 we have commissioned periodic flood risk assessments across the portfolio and issued flood management plans to sites at high risk. Since 2007, our (insured) actual annual mean loss is below the modelled value of £1m.</p>

Long term risks (5-10 years)


Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#2 Increasing price of carbon credits   			
Net zero commitments by global corporates lead to increased demand for carbon credits, resulting in higher and/or volatile credit prices	High	£0.75m for every 100% increase in the price of carbon	<p>British Land has committed to offsetting the embodied carbon of all new developments and major refurbishments, estimated to be c.300,000 tCO₂e.</p> <p>Our scenario analysis implied a wide range of outcomes for the price of carbon. We have therefore provided an estimate of the financial impact of the annualised additional cost of carbon credits if the credit price rises by 100% from our current anticipated price (£20 per tonne). This is £0.75m.</p> <p>To mitigate this risk, our approach is to purchase carbon credits for our developments at the point of commitment and this year we have purchased sufficient carbon credits to offset embodied carbon in c.67% of our committed development pipeline. In addition, our internal carbon levy would cover a carbon price increase of up to £60 per tonne.</p>

Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#3 Cost of complying with minimum EPC standards (MEES compliance) 			
Cost of upgrading assets to comply with proposed MEES legislation that properties hold a minimum 'B' rating by 2030	High	£12.5m per year	<p>MEES (Minimum Energy Efficiency Standard) legislation is expected to require all commercial property to be a minimum EPC A or B by 2030. The estimated retrofit cost for our current portfolio to achieve this is c.£100m which was confirmed by our net zero audits which were completed at all our major office and retail assets in FY22. This implies an annual cost of £12.5m. This excludes assets to be redeveloped through our near and medium term development pipeline.</p> <p>A significant portion of this investment will be recovered through the service charge as part of the normal process of lifecycle replacement. We would also expect to derive energy efficiency benefits and related cost savings as a result.</p> <p>Our Transition Vehicle (see page 79) was established to help finance the retrofitting of our portfolio, which includes (but goes beyond) proposed MEES requirements. £7m has been committed to spend on Net Zero interventions to date.</p>

Post 2050 risks

Primary risk driver	Likelihood	Potential financial impact	Explanation & mitigation
#4 Flood risk vulnerability of assets (future climates) 			
Losses from assets located in high flood risk zones, primarily the cost to repair assets, cost of business interruption and increased insurance costs	Low to medium	<p>Mean loss: <£1.5m</p> <p>Losses in a representative bad year: £20-30m</p>	<p>Willis Towers Watson undertook equivalent climate risk modelling analysis for future climates with the same approach as described in Risk #1 for the current climate.</p> <p>For the 'representative bad year', lower banding reflects losses in the two-degree (RCP2.6) scenario, and the upper banding reflects losses in the four-degree (RCP8.5) scenario.</p> <p>These modelled losses were pro-rated by BL ownership share. Under current market conditions these losses are insured against and would not be suffered by the Group under normal circumstances, although we recognise that in the long term specific assets could face cost increases or difficulty obtaining insurance.</p>

Climate-related opportunities

Primary opportunity driver	Likelihood	Potential financial impact	Explanation & mitigation
#1 Increasing customer demand for green, low carbon buildings results in a rental premium and faster rates of letting 			
An increasing number of our customers have announced net zero commitments. As our portfolio transitions to net zero, the most efficient, highly rated green buildings may let quicker and at a premium to market rents.	High	£7m	<p>Our scenario analysis considered market research such as a Knight Frank study in FY22 which indicated that there was a >10% rental premium above prime Central London office rents for BREEAM Outstanding space. More recent research by JLL has reached similar conclusions.</p> <p>This enhanced financial impact estimates BL's share of the increased rental income if 20% of our Offices (by ERV) transition to BREEAM Outstanding.</p> <p>The portfolio's environmental credentials will be further strengthened as we deliver against our 2030 ambitions to enhance the portfolio's energy and carbon performance.</p>

Impact of climate-related risks and opportunities on business strategy and financial planning

Physical climate risks (Risks 1, 4) are managed through our key policies on development, operations and acquisitions. Transition risks and opportunities (Risks 2-3, Opportunity 1)

are addressed through the delivery of our Pathway to Net Zero, which affects all aspects of our business with key targets noted in the Metrics section below. This work contributes directly to delivering our corporate strategy (see page 12), and this includes:

Impact on strategy	Impact on financial planning
Upgrading the standing portfolio (products & services, operations)	
<ul style="list-style-type: none"> - Net zero audits of our major assets completed in FY22 - Individual asset plans for FY23 incorporate the most impactful recommendations - Progress against 2030 energy and carbon targets (see page 72) reviewed quarterly - 2030 energy and carbon targets now included with executive remuneration (see page 146) 	<ul style="list-style-type: none"> - Cost of net zero transition (per net zero audits) and EPC upgrades (Risk #3) incorporated into asset business plans - Medium term forecasting incorporates initiatives which support our 2030 energy and carbon targets - Development decisions incorporate the environmental impacts of alternative schemes including refurbishment and redevelopment
Developing sustainable buildings (products and services, revenues, access to capital)	
<ul style="list-style-type: none"> - Sustainability Brief for Developments and Operations sets stretching targets for major developments and refurbishments - Adopting NABERS UK for all office schemes - Sustainability Brief includes climate resilience requirements including the completion of a Flood Risk Assessment and incorporating sustainable drainage through design 	<ul style="list-style-type: none"> - Sustainable building certifications can support management of our cost of capital by providing access to green finance - Our portfolio of green buildings is reviewed regularly by our Treasury team when considering options to issue green debt and establish ESG-linked revolving credit facilities (see page 44)
Internal price of carbon (value chain, capital expenditures)	
<ul style="list-style-type: none"> - Internal levy of £60/tonne of embodied carbon on developments adopted as part of our 2030 Sustainability Strategy, incentivising low carbon development 	<ul style="list-style-type: none"> - Funding generated by the levy is available to i) pay for the cost of carbon credits to offset residual embodied carbon in developments and ii) finance energy efficient interventions on the standing portfolio, managed by our Transition Vehicle (see page 79)
ESG criteria assessed as part of acquisitions	
<ul style="list-style-type: none"> - ESG criteria are integrated into our due diligence procedure for new acquisitions, including flood risk exposure and EPC rating 	<ul style="list-style-type: none"> - British Land would only buy low rated assets if they offered significant redevelopment potential. The cost of delivering a higher rated product is integrated within our appraisals - To manage specific risks like flood, where necessary formal Flood Risk Assessments are funded as part of the acquisition's due diligence

Strategy in action

This year we took a number of decisions to support our 2030 operational carbon target, specifically a 75% reduction in operational carbon intensity across our portfolio and a 25% improvement in whole building energy efficiency, including:

- At The Dock Shed, Phase 1 of Canada Water, we made a decision to remove gas from the building which will now be all-electric
- We committed to an all-electric refurbishment of 3 Sheldon Square at Paddington Central following an appraisal of a net zero and a more traditional refurbishment which indicated that the net zero plans could deliver significant energy and carbon savings without material additional cost

Introduction to scenario analysis

British Land has worked with expert advisers to identify and assess our exposure to climate-related risks and opportunities over the past six years. Most recently, quantitative scenario analysis was undertaken by Willis Towers Watson in 2020-22 which has guided this disclosure. This scenario analysis was reviewed in the FY23 reporting year and remains appropriate; reviews will be conducted annually, and the scenario analysis will be updated as and when required.

Time horizons: our scenario analyses are split into two timeframes, 2020-30 and post-2050. In our initial scenario analyses, we chose not to quantify risks across the 2030-2050 timeframe. For physical risks, it is only post-2050 when future scenarios start to meaningfully differentiate from the current climate. For transition risks, when quantifying risks beyond a 10-year timeframe, the underlying assumptions begin to play an increasingly significant role in the resulting values. Due to the level of uncertainty that accompanies these longer term assumptions, our initial analysis focused on the current decade to 2030.

2020-2030	2030-2050	Post-2050
Assessed the physical risks posed by the current climate and the transition risks posed by 1.5°C and 2°C aligned transition scenarios. This period aligns with our corporate strategy time horizons:	Not considered	Using the IPCC's Representative Concentration Pathways (RCPs), we assessed the physical risk posed by 2°C (RCP2.6) and 4°C (RCP8.5) climate trajectories (for details on RCPs see below). This timeframe was selected as these trajectories begin to meaningfully diverge after 2050, making it a relevant timeframe for our current portfolio as the standard design life of a building is 60 years.
<ul style="list-style-type: none"> - Short term <12 months - Medium term 1-5 years - Long term 5-10 years 		

British Land scenario analysis – scenarios considered

The tables below detail the physical and transition scenarios chosen and the time frames that our business assessed itself against.

Physical risk scenarios and parameters

The IPCC's RCP2.6 scenario represents a pathway that is likely to limit global warming to below 2°C.

The IPCC's RCP8.5 scenario represents a high emissions scenario where warming may exceed 4°C.

Physical climate risks assessed:

(i) River flood, (ii) Coastal flood, (iii) Flash flood, (iv) Windstorm, (v) Hail, (vi) Lightning, (vii) Heat stress

Time frame	Scenarios	Atmospheric CO ₂	Temperature rise ¹	Sea level rise ²	River flood modelling sources	Coastal flood modelling sources
2020 to 2030	Current climate	410 ppm	1.1°C	0.20m	Munich Re Nathan ² based on JBA flood maps	Willis Towers Watson proprietary coastal flood exposure model
Post-2050	RCP2.6 (2°C)	450 ppm	1.6°C	> 0.55m	Munich Re climate hazard conditioned based JBA flood maps & Coupled Model Intercomparison Project Phase 5	Munich Re climate hazard sea level rise data combined with storm surge
	RCP8.5 (4°C)	> 1,000 ppm	4.3°C	> 0.78m		

1. Values in comparison to pre-industrial times.

2. Munich Re Nathan is a tool for assessing physical risks based on hazard zones.

Transition risk scenarios and parameters

The Paris Consistent (2°C) scenario is based on the Paris Agreement commitments of over 190 countries to limit global warming to well below 2°C.

The Net Zero World (1.5°C) scenario assumes more ambitious targets that would enable global net zero by 2050.

Time frame	Scenarios		IPCC scenarios	IEA scenarios	NGFS scenarios	Temperature rise by 2081-2100	2030 UK price of carbon	Global net zero achieved by:
2020 to 2030	Net Zero World (1.5°C) scenario	Orderly	SSP1-1.9	NEZ2050	Net Zero 2050	< 1.5°C	\$155 to \$454	2050
		Disorderly						
	Paris Consistent (2°C) scenario	Orderly	SSP1-2.6	Sustainable Development Scenario	Below 2°C	< 2°C	\$54 to \$97	2070
		Disorderly			Delayed Transition			

Resilience to 2020-2030 scenarios

Physical risk:

In the current climate, based on an assessment of physical hazard exposure by Willis Towers Watson and a flood risk assessment by Stantec¹, our portfolio's exposure to high flood risk is limited to 4% of properties (by insured value).

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for Developments and Operations.

Transition risk:

Through our Pathway to Net Zero and our 2030 environmental targets we have a clear plan to improve the energy efficiency of our portfolio which will result in the upgrading of EPCs in line with the proposed 2030 MEES threshold. Our internal carbon levy coupled with our Transition Vehicle provides the Company with a formal price of carbon and introduces a governance structure which supports our focus on seeking high quality carbon credits while managing cost risk.

Transition opportunities:

Our development pipeline's use of NABERS energy star ratings and the upgrading of existing assets as part of our Pathway to Net Zero will support British Land's ability to generate higher rents, as occupiers are prepared to pay a premium for more sustainable space. Our assets' sustainability credentials will be further evidenced by the forecast BREEAM ratings of our development pipeline and our programme for upgrading the ratings of our standing portfolio – driven in part by our Sustainable Finance Framework.

Resilience to post-2050 scenarios

Physical risk:

In the two post-2050 scenarios assessed by Willis Towers Watson, only flood risk was classified as 'material'.

In the 2° scenario (RCP2.6), 4% of our properties (by insured value) are exposed to high flood risk.

In the 4° scenario (RCP8.5), the high-emissions scenario where no additional action is taken to protect assets or London, exposure to high flood risk could be up to 12% of insured value.

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for Developments and Operations.

1. The Stantec flood risk assessment has been used to classify the current flood risk of the 15 properties not included in the Willis Towers Watson assessment.

Risk management

Identifying climate-related risks

We have a rigorous process for identifying and assessing climate-related risks. As detailed on pages 94 to 96, this is in line with our risk management policy which is applied to all types of risk. Our risk mapping process (described in the principal risks section of this report) allows us to determine the relative significance of principal risks. For specialist analysis, British Land engages expert advisers, notably Willis Towers Watson who undertook the quantitative scenario analyses. We determine the materiality of potential risks (including climate-related risks) using the corporate risk thresholds noted on page 93.

Our risk register tracks:

- i. Description of the risk (identification)
- ii. Impact-likelihood rating (evaluation enabling prioritisation)
- iii. Mitigants (mitigation)
- iv. Risk owner (monitoring)

As part of our operational process, we maintain asset plans which include provisions for identifying climate-related risks and opportunities, such as flood risk assessments and audits to identify energy-saving opportunities. Our Sustainability Checklist for acquisitions sets out our environmental criteria for acquiring a new property, including energy efficiency and flood risk categories. Our Sustainability Brief for Developments and Operations¹ sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions.

The Sustainability Committee, chaired by the Chief Operating Officer, is a key forum for discussing climate-related risks and opportunities at the operational level. Additionally, for energy and emissions savings opportunities identified at asset level, staff can directly submit an internal application for funding from the Transition Vehicle (see page 79).

Managing climate-related risks

We have well-established processes for managing climate-related risks. Our process for mitigating, accepting and controlling principal risks, including climate-related risks, is set out on pages 49-60 of this Report. We prioritise principal risks through our corporate risk register and risk heat map.

The impact-likelihood rating is our primary metric for prioritising risks. As a principal risk category, climate change risks are logged in our corporate risk register with key changes reviewed quarterly by the Risk Committee. The Board is ultimately responsible for and determines the nature and extent of principal risks.

→ See our Sustainability Progress Report³ for British Land's full set of climate and energy performance reporting and SASB metrics.

Climate change is considered within the 'Environmental Sustainability' risks in the principal risk section of this report on page 58. The external aspects of climate-related risks are incorporated within our 'Major Event/Business Disruption' and 'Political, Legal and Regulatory' principal risks.

Risk management in action

- Key risk indicators: there are three environmental key risk indicators we monitor – EPC performance, portfolio flood risk and the future cost of carbon credits. The Risk Committee receives an update on each at every meeting
- Performance vs 2030 targets: progress is monitored in our quarterly reporting packs and reported to the ESG Committee at every meeting
- Customer-controlled space: to help minimise carbon emissions on space we do not control, we launched a comprehensive programme of customer engagement with four roundtable sessions attended by many of our top occupiers
- We have introduced increased minimum commitments on DE&I, sustainability, community investment and working practices in our supply chain and in our onboarding and tendering activities

Metrics and targets

To enable our shareholders to make informed decisions we set a broad range of environmental targets and detail progress against them alongside a comprehensive set of climate and energy performance data in our Sustainability Progress Report³. Our key headline targets are set out below:

Embodied carbon

50% lower embodied carbon intensity at our offices developments to below 500kg CO₂e per sqm from 2030

100% of developments to be net zero embodied carbon

Operational carbon

75% reduction in operational carbon intensity across our portfolio by 2030 vs 2019

25% improvement in whole building energy efficiency of existing assets by 2030 vs 2019

We align to externally recognised frameworks including the Sustainability Accounting Standards Board (SASB), the EPRA Best Practices Recommendations on Sustainability Reporting and with reference to the Global Reporting Initiative (GRI). We also participate in international indices including CDP², GRESB and FTSE4Good and performance is disclosed on page 73 as well as in our Sustainability Progress Report.

1. Our Sustainability Brief for Developments and Operations is available online and can be found at britishland.com/Sustainability-Brief
2. Our CDP response is available at britishland.com/CDP
3. Our Sustainability Progress Report is available online and can be found at britishland.com/data.

(a) Our metrics to assess climate-related risks and opportunities in line with our strategy and risk management process

Climate-related risks (KRIs)

			2023	2022	2021
Policy and legal ^{1,3}	Risk #3	EPCs rated A (by ERV)	3	2	24
		EPCs rated B (by ERV)	42	34	
		EPCs rated C (by ERV)	30	34	
		EPCs rated D (by ERV)	17	20	71
		EPCs rated E (by ERV)	6	7	
		EPCs rated F (by ERV)	1	1	5
		EPCs rated G (by ERV)	1	2	
Extreme weather	Risks #1 and #4	Percentage of portfolio located in 100-year flood zones (% by total insured value)	4%	3%	nr
		High flood risk assets with flood management plans (% by value)	100% ²	99%	99%

1. 2021 by floor area and not ERV.

2. The 2023 value only contains occupied British Land managed properties.

3. EPC data includes retail assets located in Scotland.

Climate-related opportunities (targets and KPIs)

			2023	2022	2021
Resource efficiency	Risk #2	50% improvement in embodied carbon intensity of major office developments completed from April 2020 (kg CO ₂ e per sqm)	608	632	640 ¹
	Opportunity #1	75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices)	40%	35%	41%
		25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices)	22%	26%	31%
Energy sources	Opportunity #1	Electricity purchased from renewable sources (%)	88%	93%	98%
		On site renewable energy generation (MWh)	2,043	1,731	1,907
Products and services	Opportunity #1	Standing portfolio with green building ratings (% by floor area)	48%	44%	27%
		Developments on track for BREEAM Excellent or higher (% by floor area, offices)	98%	97%	97%
		Percentage of gross rental income from BREEAM certified assets (managed portfolio)	65%	64%	53%
	Risk #2	Internal price of carbon (£ per tonne)	£60	£60	£60

1. 2021 figure includes Retail and Residential developments.

All data except gross rental income from BREEAM and the internal price of carbon is assured by DNV - specific details of scope of assurance can be found in DNV's Assurance Statement in our Sustainability Progress Report britishland.com/data.

(b) Our Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and the related risks

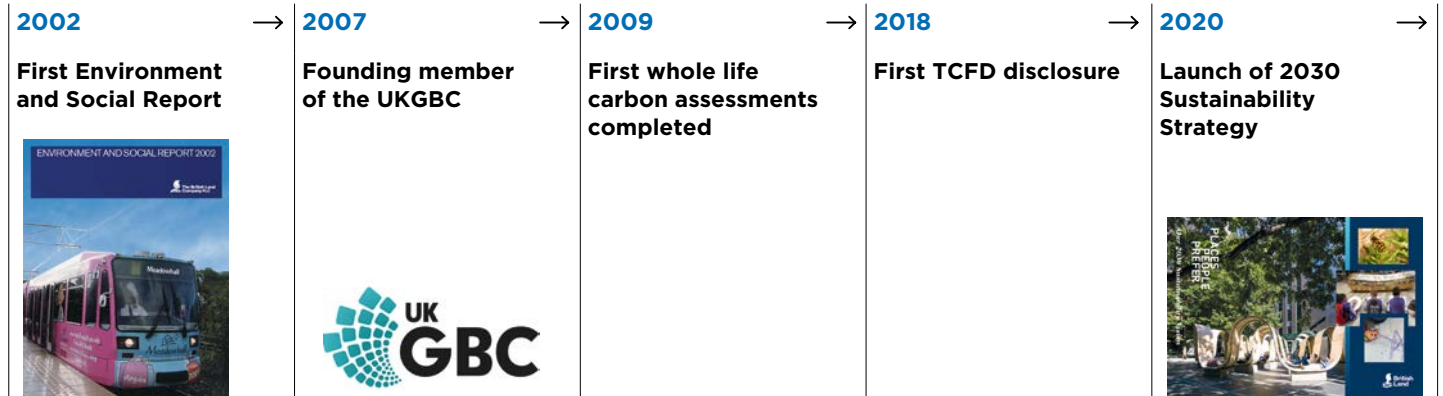
Our greenhouse gas emissions and associated energy consumption data is available in the Streamlined Energy and Carbon Reporting (SECR) section of this Report, pages 102 to 103. All our GHG emission data is subject to 'limited assurance' verification by DNV.

(c) Our targets used to manage climate-related risks and opportunities and performance against targets

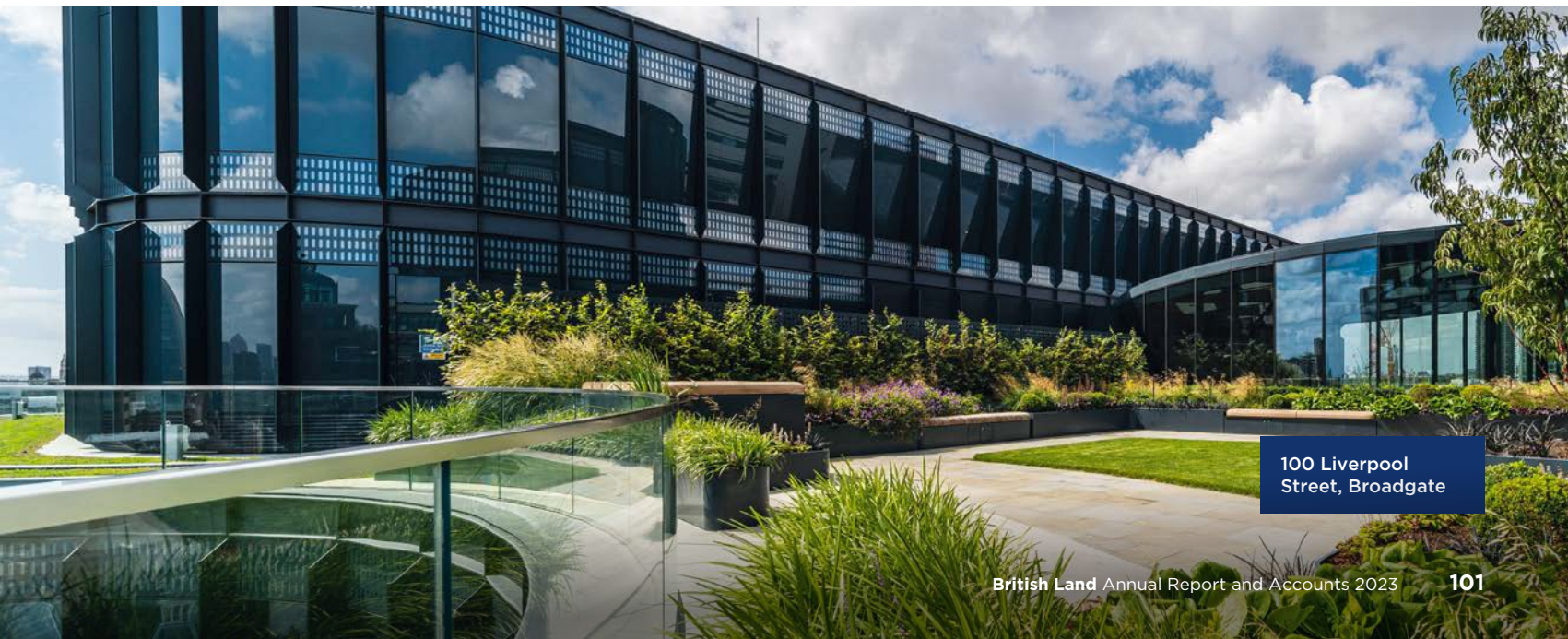
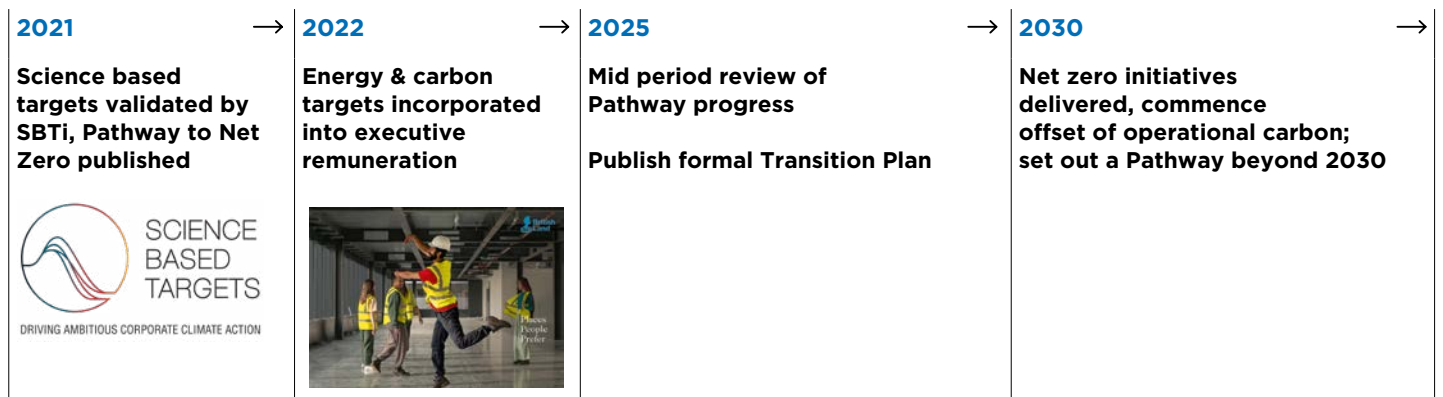
Our full set of sustainability targets, including our net zero-aligned science-based targets, are detailed in the 2023 Sustainability Progress Report. Our headline net zero targets are listed in the Opportunities table above under 'Resource efficiency'.

Our journey to net zero

What we have achieved



Our ambitions



100 Liverpool Street, Broadgate