

CLIMATE-RELATED FINANCIAL DISCLOSURES

Introduction

The following climate-related financial disclosures for the year ended 31 March 2024 are consistent with the TCFD’s ‘Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures’ 2021 guidelines. We comply with the four TCFD recommendations and 11 recommended disclosures and have considered the Section E sector-specific guidance and recommended disclosures for Materials and Buildings Group. The statement is consistent with the requirements of the Financial Conduct Authority’s Listing Rule 9.8.6R.

Our approach to integrating sustainability in the way we develop and manage space has been recognised for more than a decade. In 2020, we launched our Pathway to Net Zero outlining our targets and actions to progress towards a net zero portfolio. This commitment was strengthened in 2021 when the Science Based Targets initiative (SBTi) validated our landlord target as 1.5°C-aligned and our value chain target as ambitious. Whilst we are making strong progress with our decarbonisation plans we recognise that the understanding and definition of net zero carbon continues to evolve. To ensure we are in keeping with best practice, we will update our SBTi targets to align with the upcoming Buildings guidance. Our internal 2030 sustainability targets will remain unchanged, and we will continue to decarbonise our portfolio.

We are a signatory to numerous external climate commitments including the Better Buildings Partnership’s Climate Commitment, the World Green Building Council’s Net Zero Carbon Buildings Commitment and the RE100 commitment to procure renewable energy. Following full consistency with the TCFD guidelines over the past few years, we are now developing a formalised transition plan aligned to the Transition Plan Task Force recommendations as they evolve. 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.

Our sustainability goals are shared by our investors, customers, partners and people.

➔ **FOR MORE INFORMATION ABOUT OUR SUSTAINABILITY STRATEGY SEE OUR SUSTAINABILITY PROGRESS REPORT 2024**

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. Climate change is included in our internal principal risk ‘Environmental and Social Sustainability’ and so the Board ensures that appropriate controls and processes are in place to manage it. Additionally, sustainability issues, including climate change, are considered by the Board for strategic and investment decisions that require Board-level approval. The Board is updated on climate-related issues at least annually and two of our Board Committees monitor them.

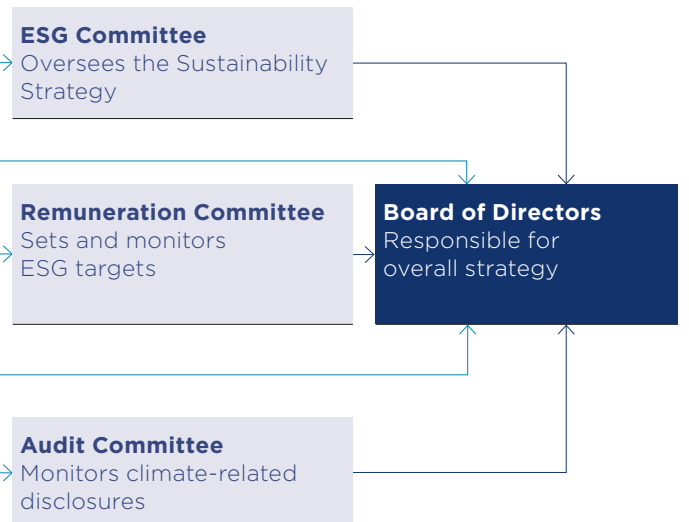
The Board delegates day-to-day responsibility of the overall strategy, including climate-related, to the Chief Executive Officer (CEO). The CEO has received formal sustainability training and is supported by the Chief Financial Officer (CFO), the Board Director responsible for climate-related issues, and the Chief Operating Officer (COO), the Executive Committee member responsible for delivering our 2030 Sustainability Strategy.

Governance framework

Executive and Management



Board



➔ **FOR MORE INFORMATION ABOUT THE GOVERNANCE FRAMEWORK, SEE OUR ANNUAL REPORT 2024, PAGE 97**

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 our environmental 2030 Sustainability Strategy including progress against our Pathway to Net Zero, EPC compliance and sustainability reporting.

The Remuneration Committee is responsible for setting ESG targets for executive remuneration and is updated on progress against Sustainability targets three times during the year. Environmental key performance indicators (KPIs) are included in the Remuneration Policy for Executive Directors (see page 129). 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 the Global Real Estate Sustainability Benchmark.

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

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. 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.

The COO leads the delivery of our Sustainability Strategy and chairs the Sustainability Committee (SusCo) which meets at least three times a year. SusCo reports into the Board-level ESG Committee and members include the CFO, Head of Development, Head of Real Estate, Joint Head of Canada Water and other senior leaders around the business. The Committee tracks the progress against our 2030 Sustainability Strategy as well as monitoring and responding to emerging risks and regulation.

The COO also chairs the Transition Vehicle (TV) Committee, which is comprised of a diverse range of senior managers across the business including the Head of Development. The TV is our mechanism to deliver on our operational energy and carbon targets and is financed by an internal levy on the embodied carbon in developments. The TV Committee meets three times a year and approves applications for TV funding to complete carbon efficient projects.

The COO gets regular updates on climate-related issues from the Head of Environmental Sustainability, who leads the Environmental Sustainability team. The Environmental Sustainability team are responsible for the day-to-day management of our environmental Sustainability Strategy including climate-related risks and opportunities.

Climate change and sustainability considerations are integral to our investment and development decisions and are formally reviewed within papers presented to our Investment Committee. The Investment Committee is chaired by the Head of Investment and Strategy with membership comprising most of the Executive Committee, including the CEO and CFO.

The Risk Committee (RiskCo), chaired by the CFO, is comprised of the Executive Committee and leaders from across the business. RiskCo reports into the Board's Audit Committee and any significant and emerging risks get escalated to them. The Sustainability team works with different business areas 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 the risk management process for our internal principal risk 'Environmental and Social Sustainability' and Key Risk Indicators (KRIs) monitored within this risk include EPC performance, the percentage of our portfolio at high risk of flood and the forecast cost of carbon credits by 2030 (see page 55).

Progress against our TCFD recommendations is reported to the Risk and Sustainability Committees. This year's disclosure has been comprehensively reviewed and updated where appropriate by the Environmental 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 ESG Committee approved an increased internal levy of £90 per tonne of embodied carbon. This better reflects the true cost of carbon and will be effective from 1 April 2024. This year, Jones Lang LaSalle (JLL) critically reviewed the appropriateness of the methodology and remuneration annual targets for FY27 linked with our 2030 carbon and energy targets, with the conclusions and recommendations from the analysis presented to the Remuneration Committee
- Structure: The Sustainability Committee was repositioned as an Executive-level committee to reflect the Company's commitment to our 2030 Sustainability Strategy. It provides Executive oversight of the Company's efforts towards the Strategy, leads the development of the Strategy beyond 2030, and develops policies and practices to adhere to current and emerging regulatory and legal requirements in this space
- Reporting: This year, we completed an internal audit of selected ESG controls to ensure KPIs are accurately reported and that necessary controls are in place

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Strategy

(a) Our identified climate-related risks and opportunities over our short-, medium- and long-term time horizons.

Material risk and opportunities identification

British Land has worked with Willis Towers Watson (WTW) to identify and assess our exposure to climate-related physical and transition risks and opportunities for a number of years. In FY24 WTW supported us to update our portfolio's climate-related physical risk exposure and in FY25 we plan to update our exposure to climate-related transition risk and opportunities. Our assessments with WTW have reviewed the potential impact of over 20 physical and transition-related issues with input from internal key business areas.

For the physical risk modelling WTW assessed two metrics – climate exposure diagnostic and the value at risk (VaR) using our chosen time horizons and scenarios. We provided WTW with our full portfolio list, the total insured value of our assets by British Land percentage ownership and any existing risk mitigation initiatives.

The climate exposure diagnostic metric assesses an asset's exposure to a range of physical risks. Assets are considered to be exposed if they are located in an area where a physical risk could occur and the level of that exposure is defined by the severity and intensity of the risk. The VaR is the financial impact quantification of associated asset damage and business interruption from acute risks, such as flooding or windstorm. The VaR

analysis considers both the exposure to physical risks and evaluates the potential vulnerabilities and consequences in terms of financial impact or potential loss. The results from this analysis are considered as a 'residual' measure as risk adaptation measures, such as insurance, could mitigate any potential financial impacts. Therefore, whilst we present the potential losses from flooding these are fully insured against.

Time horizons

For physical risks our scenario analyses used two time horizons – up to 2030 and post-2050. The up to 2030 time horizon aligns with our corporate strategy time horizons which are: short term (<12 months), medium term (1-5 years) and long term (5-10 years). The time horizon of post-2050 was chosen as it is only post-2050 when future climate scenarios start to meaningfully differentiate from the current climate. This aligns with our current portfolio as the standard design life of a building is 60 years.

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.

Physical risk scenarios and parameters

Physical climate risks assessed:

(i) River flood, (ii) Coastal flood, (iii) Flash flood, (iv) Windstorm, (v) Sea level rise, (vi) Tropical cyclone, (vii) Drought stress, (viii) Fire weather stress, (ix) Heat stress, (x) Precipitation, (xi) Subsidence

| Time horizon | Scenarios | Atmospheric CO ₂ | Temperature rise ¹ | Sea level rise ² | River flood modelling sources | Coastal flood modelling sources |
|--------------|-----------------|-----------------------------|-------------------------------|-----------------------------|---|--|
| Up to 2030 | Current climate | 410 ppm | 1.1°C | 0.20m | Munich Re Nathan ² based on JBA flood maps | WTW 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 Net Zero World (1.5°C) scenario assumes more ambitious targets that would enable global net zero by 2050.

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.

| Time frame | Scenarios | IPCC scenarios | IEA scenarios | NGFS scenarios | Temperature rise by 2081-2100 | 2030 UK price of carbon | Global net zero achieved by: | |
|------------|---------------------------------|-----------------------|---------------|----------------------------------|---------------------------------|-------------------------|------------------------------|------|
| Up to 2030 | Net Zero World (1.5°C) scenario | Orderly | SSP1-1.9 | NEZ2050 | Net Zero 2050 | <1.5°C | \$118 to \$263 | 2050 |
| | Paris Consistent (2°C) scenario | Orderly Disorderly | SSP1-2.6 | Sustainable Development Scenario | Below 2°C Delayed Transition | <2°C | \$53 to \$82 \$0 to \$25 | 2070 |

Scenarios

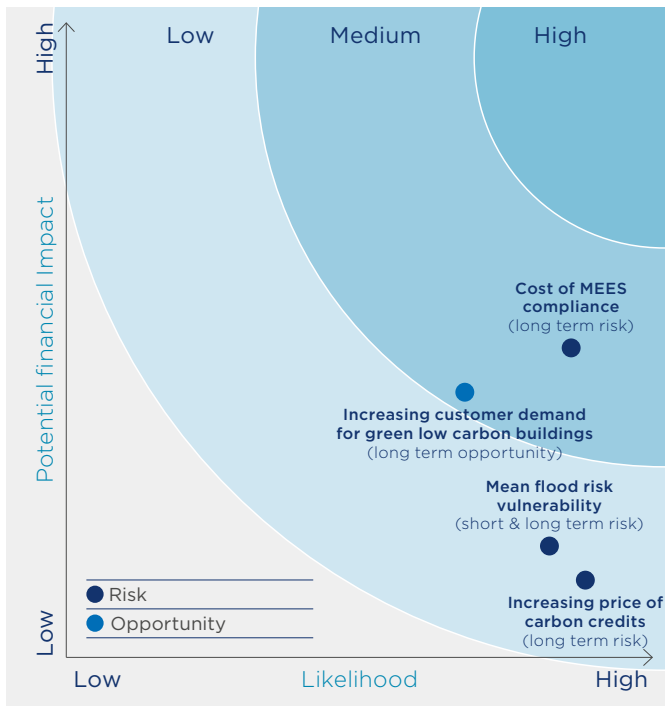
Using the Intergovernmental Panel on Climate Change’s (IPCC) Representative Concentration Pathways (RCPs), we assessed the physical risk posed by 2°C (RCP2.6) and 4°C (RCP8.5) climate trajectories. These RCPs are mapped to the latest IPCC AR6 report’s Shared Social Economic Pathway (SSPs) scenarios being RCP2.6 (SSP1) and RCP8.5 (SSP5) respectively. These scenarios assessed the risk of increasing frequency and severity of acute weather events as recommended in the Section E Materials and Buildings group sector-specific guidance.

Defining a material risk and/or opportunity

British Land defines a ‘material’ risk or opportunity in line with the combination of their potential impact, both financial and/or reputational, and their likelihood. This approach is used across the business to assess all types of risk, and so climate risk is embedded into our broader risk framework. We generally deem a climate-related risk or opportunity as material if it would have at least a medium financial and/or reputational impact.

| | Low | Medium | High |
|--|--|--|---|
| Financial impact thresholds (£) | Less than £10m | £10m to £100m | Greater than £100m |
| Likelihood thresholds (chance of occurrence in a given year) | Unlikely to occur and/or there are limited instances of occurrence observed in the past 5+ years | Could happen and/or a few instances of occurrence observed in past 3-4 years | Likely to occur and/or there is a recent history of occurrence of this threat within the last 2 years |
| Reputational impact thresholds | Limited reputational impact | Significant temporary or limited sustained impact | Significant sustained impact |

Material risk and opportunities heat map



The most material risks and opportunities are shown in the heat map below, with these issues detailed in the next section. The Likelihood of mean flood risk has increased in line with our new risk management Likelihood categories. This increase is due to low-financial impact regularly occurring flooding events falling within the High Likelihood category. Additionally, the potential financial impact has slightly increased as we have now combined river flooding and flash flooding.

Identified climate risks and opportunities
Continue to monitor

Our ‘Continue to monitor’ risks and opportunities are not currently material but could have the potential to be in the coming years and so we review them on an ongoing basis.

The FY24 physical risk modelling identified that some assets are potentially exposed to flash flooding and so we have now included as a “Continue to monitor” risk. In addition, we have identified potential carbon taxes and levies as a risk that we need to monitor.

We believe that some of these risks, such as the ‘Increased cost of raw materials’, can open doors for further exploration in the realm of innovative low-carbon materials that minimise our environmental 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 |
| Occupier business model impacted by transition | Increased access to capital for sustainable businesses |
| Increased costs of raw materials | |
| Increased costs of capital | |
| Potential carbon taxes and levies | |
| Flash flooding | |






TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

Material risks and opportunities

The following section considers the impact of the identified climate-related material 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 risks and opportunities are those identified are those from the WTW modelling and through our day-to-day management of our Company, as set out in the Governance section of this disclosure. The physical risks are from our FY24 WTW modelling and the transition risks are from our FY22 WTW modelling.

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 and mitigation |
|--|-------------|-----------------------------------|---|
| #1 Flood risk vulnerability of assets (current climate)    | | | |
| Losses from both river flooding and flash flooding, primarily the cost to repair assets, cost of business interruption and increased insurance costs | Low to High | Mean loss: <£1.5m (pre-insurance) | <p>WTW performed climate risk modelling (simulating many thousands of events) based on current and future climate scenarios for our portfolio using the assets' total insured value (by BL % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. These losses are fully insured against and these potential losses are shown before the impact of insurance.</p> <p>The likelihood for flood risk has increased to 'Low to High' in line with our new 'Likelihood' categories. Additionally, estimated losses have increased as the modelling now combines river and flash flooding.</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 £1.5m.</p> |


Long term risks (5-10 years)

| Primary risk driver | Likelihood | Potential financial impact | Explanation and 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. In FY22, when our transition risk modelling was conducted, we estimated this to be c.300,000 tCO₂e by 2030 across the committed and near term development pipeline.</p> <p>Our scenario analysis implied a wide range of outcomes for the price of carbon credits. We have therefore provided an estimate of £0.75m for the financial impact of the annualised additional cost of carbon credits between FY22 and FY30 if the price rises by 100% from our price of £20 per tonne. If we consider our new price of £30 per tonne, a 100% rise in price would increase this annualised additional cost to £1.1m.</p> <p>If we only purchased UK-based carbon credits (estimated at £75 per tonne) this would have been an additional annualised cost of £2.1m compared to our £20 per tonne price.</p> <p>To mitigate this risk, our approach is to pre purchase carbon credits for our developments at the point of commitment. We have now purchased sufficient carbon credits to offset the embodied carbon in 93% of our committed development pipeline. In addition, our internal carbon levy was reviewed this year and would now cover a carbon credit price increase of up to £90 per tonne.</p> |

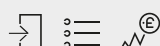
Long term risks (5-10 years) continued

| Primary risk driver | Likelihood | Potential financial impact | Explanation and mitigation |
|--|------------|---|---|
| #3 Cost of complying with minimum EPC standards (MEES compliance)  | | | |
| Cost of upgrading assets to comply with the proposed MEES legislation that properties hold a minimum 'B' rating by 2030 | High | £12.5m per year (proportion service charge recoverable) | <p>Proposed Minimum Energy Efficiency Standard (MEES) 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 be MEES compliant is £100m which was confirmed by the environmental audits of our major managed assets in FY22. This implies an annual cost of £12.5m. Assets to be redeveloped through our near and medium term development pipeline are excluded from this.</p> <p>A significant portion of this investment will be recovered through the service charge as part of the normal process of life cycle replacement. We also expect to derive energy efficiency benefits and related cost savings as a result.</p> <p>Our Transition Vehicle (see page 66) was established to help finance the retrofitting of our portfolio, which includes (but goes beyond) proposed MEES requirements. The Transition Vehicle has committed to spend £10m on carbon efficient interventions to date.</p> |

Post-2050 risks

| Primary risk driver | Likelihood | Potential financial impact | Explanation and mitigation |
|--|-------------|--|---|
| #4 Flood risk vulnerability of assets (future climates)  | | | |
| Losses from both river flooding and flash flooding, primarily the cost to repair assets, cost of business interruption and increased insurance costs | Low to High | Mean loss: £2-3.3m (pre-insurance) Losses in a representative bad year: £61.5-93.1m (pre-insurance) | <p>WTW performed climate risk modelling (simulating many thousands of events) based on current and future climate scenarios for our portfolio using the assets' total insured value (by BL % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. The likelihood for flood risk has increased to 'Low to High' in line with our new risk management categories. The estimated losses have increased as the model is more stringent and now combines river and flash flooding.</p> <p>For the 'representative bad year', lower banding reflects losses in the 2°C (RCP2.6) scenario, and the upper banding reflects losses in the 4°C (RCP8.5) scenario. These are the losses based on low likelihood events for a 'bad' year, which is assumed to be a 1/100 annual likelihood across the simulations, post 2050.</p> <p>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 risk driver | Likelihood | Potential financial impact | Explanation and 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 decarbonises, 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> |

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

(b) The impact of climate-related risks and opportunities on our 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 (page 84).

In the shorter term, the transition risks will be more material to us through increasing climate-related policy and legislation and enhanced sustainability requirements from investors and customers. Only post-2050 will the climate-related physical risks start to more significantly impact our portfolio.

This work contributes directly to delivering our corporate strategy (see pages 5 and 10-11), and this includes:

| Impact on strategy | Impact on financial planning |
|--|--|
| Upgrading the standing portfolio (products and services, operations) | |
| <ul style="list-style-type: none"> - Environmental audits of our major managed assets completed in FY22 - Asset and Campus business plans incorporate the most impactful carbon efficiency interventions - Progress against 2030 energy and carbon targets (see page 66) reviewed quarterly - 2030 energy and carbon targets now included within executive remuneration (see page 130) | <ul style="list-style-type: none"> - Cost of decarbonisation (per environmental 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 our Places¹ sets stretching targets for our standing portfolio and major developments and refurbishments - Adopting NABERS UK for all office schemes - Sustainability Brief for our Places 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 41) |
| Internal price of carbon (value chain, capital expenditures) | |
| <ul style="list-style-type: none"> - Internal levy of £60 per tonne of embodied carbon on developments adopted as part of our 2030 Sustainability Strategy, incentivising low carbon development - From 1 April 2024 the internal levy has been increased to £90 per tonne of embodied carbon to better reflect the true price of carbon | <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 carbon efficient interventions on the standing portfolio, managed by our Transition Vehicle (see page 66) |
| 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 at attractive returns. 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

We have been making strong progress against our Pathway to Net Zero and towards our 2030 Sustainability Strategy targets. Some of our highlights so far include:

- 625kg CO₂e per sqm in current office developments, compared to our FY19 baseline of 1,000kg CO₂e per sqm
- 39% reduction in carbon intensity and 18% improvement in energy intensity compared to our FY19 indexed baselines across our managed portfolio
- 58% of our portfolio (by ERV) rated EPC A or B
- £18m investment to date in carbon efficient interventions across 51 of our managed assets
- £10m committed so far by the Transition Vehicle for retrofitting projects and Renewable Gas Guarantees of Origin (RGGOs)

(c) Resilience of our strategy in the different climate-related scenarios (up to 2030 and post-2050)

Resilience to up to 2030 scenarios

Physical risk:

In the current climate, based on the VaR analysis completed by Willis Towers Watson (WTW) our portfolio's exposure to high river flood risk (1/100-year flood risk) is limited to 3% of properties (by BL % ownership of total insured value). Any potential losses from flooding at our assets in high river flood risk areas are fully insured against.

We consider resilience to long term flood risk through the requirements of the 'Climate Resilience' section of our Sustainability Brief for our Places. We have started to work on our climate resilience strategy and this year commissioned a pilot study at Regent's Place. This will build on our climate modelling and will set out an adaptation plan for the campus out to 2050. The joining of decarbonisation pathways with adaptation plans is key for achieving resilient places and we plan to roll out this strategy to other campuses.

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 us with a formal price for carbon and introduces a governance structure which supports our focus on seeking high quality carbon credits while managing cost risk. This year we updated our internal carbon price by 50% to £90 per tonne of embodied carbon to better reflect the true cost of carbon. Additionally, in FY23 we launched a new carbon credit purchasing strategy and so far we have pre purchased carbon credits equivalent to 93% of the embodied carbon in our committed development pipeline.

Transition opportunities:

Our development pipeline's use of NABERS energy star ratings and the upgrading of standing 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 forecasted 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 WTW, only river flood risk (1/100-year flood risk) was classified as 'material'. In the 2° scenario (RCP2.6), 3% of our properties are exposed to high river flood risk (by BL % ownership of total insured value). In the 4° scenario (RCP8.5), the high-emissions scenario where no additional action is taken to protect assets or London, exposure to high river flood risk could be up to 7% (by BL % ownership of total insured value). Under current market conditions potential losses from flooding at these assets in high river flood risk areas 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.

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

Risk management

(a) Identifying and assessing climate-related risks

We have a rigorous process for identifying and assessing climate-related risks as detailed on pages 78 to 81 which is in line with our internal risk management policy. Our risk mapping process (pages 43 to 47) allows us to determine the relative significance of principal risks which includes climate change. For specialist analysis we engage with expert advisors and for climate-related risks Willis Towers Watson (WTW) undertook quantitative scenario analysis. We determine the materiality of potential risks (including climate-related) using the corporate risk thresholds noted on page 79.

Our risk register tracks:

- Description of the risk (identification)
- Impact-likelihood rating (evaluation enabling prioritisation)
- Mitigants (mitigation)
- 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 environmental audits to identify energy-saving opportunities. Our Sustainability Checklist for acquisitions sets out our environmental criteria for acquiring a new asset, including energy efficiency and flood risk categories. Our Sustainability Brief for our Places sets out our environmental criteria for new constructions and renovations, including requirements for energy efficiency, flood risk, materials choice and embodied carbon reductions. In addition to ensure on floor efficiency we have created a sustainable fit out checklist to ensure that any fit outs are inline with the building's decarbonisation strategy.

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 66). We regularly conduct materiality assessments of the most material ESG issues to our business. In FY23 we worked with JLL to conduct a double materiality assessment of the most material ESG issues to our business and stakeholders².

2. Read about our FY23 materiality review here – britishland.com/materiality

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) CONTINUED

(b) Managing climate-related risks

We consider climate change within our principal risk 'Environmental and Social Sustainability' and so it is managed in line with our internal risk management process (pages 43 to 47). This section outlines our process for mitigating, accepting and controlling principal risks, including climate-related risks. 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. 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 run a comprehensive programme of customer engagement
- We have commitments on diversity, equality and inclusion (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 Report¹.

Our key targets are set out below:

| Embodied carbon |
|--|
| 50% lower embodied carbon intensity at our offices developments to below 500kg CO ₂ e per sqm from 2030 |
| 100% of developments' residual embodied carbon emissions offset |
| Operational carbon |
| 75% reduction in operational carbon intensity of standing assets by 2030 vs 2019 |
| 25% improvement in whole building energy efficiency of standing assets by 2030 vs 2019 |

We align to externally recognised frameworks including the Sustainability Accounting Standards Board (SASB), the European Public Real Estate Association (EPRA) Best Practices Recommendations on Sustainability Reporting and with reference to the Global Reporting Initiative (GRI). These disclosures align with the Section E recommended disclosures for Materials and Buildings Group companies.

We also participate in international indices including CDP², Global Real Estate Sustainability Benchmark (GRESB) and FTSE4Good and performance is disclosed on page 75 as well as in our Sustainability Progress Report.

1. Our Sustainability Progress Report can be found here - britishland.com/data
2. Our CDP response is available at britishland.com/cdp2023

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

Climate-related risks (KRIs)

| | | | 2024 | 2023 | 2022 |
|-------------------------------------|-----------------|--|-------------------|-------------------|------|
| Policy and legal¹ | Risk #3 | EPCs rated A (by ERV) | 8 | 3 | 2 |
| | | EPCs rated B (by ERV) | 50 | 42 | 34 |
| | | EPCs rated C (by ERV) | 23 | 30 | 34 |
| | | EPCs rated D (by ERV) | 12 | 17 | 20 |
| | | EPCs rated E (by ERV) | 5 | 6 | 7 |
| | | EPCs rated F (by ERV) | 1 | 1 | 1 |
| | | EPCs rated G (by ERV) | 1 | 1 | 2 |
| Extreme weather | Risks #1 and #4 | Percentage of portfolio located in 100-year flood zones (by British Land % ownership of total insured value) | 3% | 4% | 3% |
| | | Assets in high flood risk areas with flood management plans (by British Land % ownership of total insured value) | 100% ² | 100% ² | 99% |

1. EPC data includes retail assets located in Scotland

2. The 2024 and 2023 values only include occupied British Land managed properties

Climate-related opportunities (targets and KPIs)

| | | | 2024 | 2023 | 2022 |
|------------------------------|----------------|--|---|-------|-------|
| Resource efficiency | Risk #2 | 50% improvement in embodied carbon intensity of major office developments completed from April 2020 (kg CO ₂ e per sqm) | 625 | 608 | 632 |
| | | Opportunity #1 | 75% improvement in whole building carbon intensity of the managed portfolio by 2030 vs 2019 (Offices) | 45% | 40% |
| | | | 25% improvement in whole building energy intensity of the managed portfolio by 2030 vs 2019 (Offices) | 24% | 22% |
| Energy sources | Opportunity #1 | Electricity purchased from renewable sources (%) | 94% | 88% | 93% |
| | | On site renewable energy generation (MWh) | 1,772 | 2,043 | 1,731 |
| Products and services | Opportunity #1 | Standing portfolio with green building ratings (% by floor area) | 48% | 48% | 44% |
| | | Developments on track for BREEAM Excellent or higher (% by floor area, offices) | 98% | 98% | 97% |
| | | Percentage of gross rental income from BREEAM certified assets (managed portfolio) | 62% | 65% | 64% |
| | Risk #2 | Internal price of carbon (£ per tonne) | £60 ³ | £60 | £60 |

All environmental data above 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

3. Internal price of carbon will increase to £90 per tonne for projects committed in FY25 onwards

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

Our greenhouse gas (GHG) emissions and associated energy consumption data are available in the Streamlined Energy and Carbon Reporting (SECR) section of this Report, pages 86 to 87. All our GHG emissions data is subject to 'limited assurance' verification by DNV⁴.

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

Our full set of sustainability targets, including our science-based targets, are detailed in our 2024 Sustainability Progress Report. Our headline climate-related targets are listed above in the Opportunities table within the 'Resource efficiency' section.

4. Details about our reporting methodology and DNV's assurance statement can be found in our Sustainability Progress Report – britishland.com/data