



British Land Sustainable Finance Framework



British Land Sustainable Finance Framework

Company Overview	1
Framework Overview	3
1. Use of Proceeds	4
2. Process for project evaluation and selection	6
3. Management of proceeds	7
4. Reporting	7
External Review	7
Case Study: 1 Triton Square	8
Disclaimer	9

Places People Prefer

Assets under management

£14.8bn

Of which we own

£11.2bn

Annualised rent

£516m

Floor space

22.8m sq ft

Occupancy

96.6%

Weighted average unexpired lease term

5.8 years

Company Overview

British Land is a leading UK Property Company. We create and manage places that reflect the changing needs of the people who work, visit or live in and around them – Places People Prefer.

Our portfolio is increasingly focused on mixed use places. Our campus-focused Offices portfolio, and Canada Water, are located in central London and our Retail assets are around the country.¹

Our campuses and standalone offices together account for 61% of our portfolio. Across Broadgate, Regent's Place and Paddington Central, we create and manage some of the best connected, most accessible space in London. This includes world-class, modern and sustainable offices alongside public spaces set in vibrant local neighbourhoods. The unique benefits of a campus represent a clear attraction to businesses seeking to hire and retain the best people. Our standalone buildings provide similarly high-quality workspace in attractive parts of London where we support placemaking initiatives (although do not control the wider area).

Retail currently comprises 35% of our portfolio, however our aim is to reduce this business to 25-30% of the total over the medium term. We will continue to focus on places which support the changing role of physical retail to help retailers succeed in an omni-channel world. They will be high quality, accessible and well located assets which are affordable to retailers and support an omni-channel offer, and in London, we are focused on assets on transport hubs, especially those with mixed used potential.

Development is an important part of our business. It is a fundamental driver of long-term sustainable value and growth and a key element of our investment case. Our most significant opportunity is at Canada Water where we received a unanimous decision to grant planning for a 53-acre new urban centre for London. It will comprise a compelling commercial and retail offer alongside a range of public and leisure spaces and up to 3,000 homes..

1. <https://www.britishland.com/about-us>
Figures as at 31 March 2020.

Sustainability Strategy

We recognise that our business activities have wide-ranging social, environmental and economic impacts. We want our occupiers, local communities, investors, staff, suppliers, the people who work, shop and live in our buildings, and the wider society to benefit from our activity – creating positive social and environmental outcomes.

At the end of FY20, we concluded our five-year sustainability programme, which drove progress to achieve a 73% reduction in carbon intensity, exceeding our target of 55% against our 2009 baseline, and a 55% reduction in energy intensity. The programme helped us make sustainable new buildings our standard, and recent further step changes include prioritising retro-fit above demolition.

Through our new strategy, we are intensifying focus on two areas where we can create the most benefit:

1. Creation of a **Net Zero Carbon** portfolio by 2030
 - All developments delivered after April 2020 to be net zero embodied carbon
 - A 50% reduction in embodied carbon emissions at our developments, to below 500 kg CO₂e per m² by 2030
 - A 75% reduction in operational carbon emissions across our portfolio by 2030
 - Creation of a Transition Vehicle, resourced by an internal carbon fee at £60/tonne levied on new developments, to finance retrofitting of our standing portfolio, including research and development
2. A **place-based approach** to social contribution
 - Partnering with local stakeholders
 - Education and employment partnerships at each place
 - Underpinned by our Local Charter, comprising 5 key commitments to local communities

The way we think about sustainability has changed. For us, it must be 'business as usual'. This means ensuring that every decision taken by each of us at British Land every day is environmentally and socially intelligent, as well as making sound financial sense. For us, this is central to creating Places People Prefer.

Our 2030 sustainability focus areas align to the UN Sustainable Development Goals²:



While concentrating on these areas, we will maintain strong performance on social and environmental priorities, in line with our purpose and values. We will continue to support the following UN Sustainable Development Goals to achieve a better and more sustainable future for all.



We use industry-recognised indices to track our environmental, social and governance (ESG) performance³. Through our 2030 sustainability strategy, we will demonstrate leadership across leading international environmental benchmarks, including the Global Real Estate Sustainability Benchmark (GRESB), where we are targeting a 5 star rating.

Our latest performance in external ESG indices include:

- Green star rating in the GRESB for the tenth consecutive year,
- AAA rating in MSCI,
- 96TH percentile in Sustainalytics for our sector,
- inclusion in FTSE4Good and Dow Jones Sustainability Indices 2019.
- We also ranked in the GivX 2019 top five for community investment for the third consecutive year.

In April 2016 British Land received the Queen's Award for Enterprise: Sustainable Development, the UK's highest accolade for business success for economic, social and environmental benefits achievements over a period of five years. This award is valid for five years.

In September 2019 British Land, with 22 other major landlords, signed a commitment to publish a pathway to a net zero carbon real estate portfolio, as part of an industry-wide effort to tackle the growing risks of climate change. The Climate Change Commitment, launched by the Better Buildings Partnership, recognises that real estate will need to play its part in delivering the UK Government's commitment to net zero by 2050.⁴

<https://www.britishland.com/sustainability/strategy>

2. <https://www.britishland.com/sustainability/strategy/sdgs>

3. More detail on our latest UN Global Compact Communication on Progress can be found here <https://www.britishland.com/sustainability/reporting/latest-reporting>

4. <https://www.britishland.com/news-and-views/press-releases/2019/20-09-2019>

Sustainable Finance Framework

This framework has been developed to enable British Land to issue sustainable, green, and/or social finance. The framework aligns with the 2018 Green Bond Principles, the 2018 Social Bond Principles and the 2018 Sustainability Bond Guidelines⁵, as published by the International Capital Market Association (“ICMA”). The framework also aligns with the Loan Market Association’s (“LMA”) Green Loan Principles⁶ which build on, and refer to, the Green Bond Principles of the ICMA. These principles support several of the United Nation’s Sustainable Development Goals.

It is our intention to develop this Framework as sustainable finance best practice develops.

We may from time to time issue Green, Social and/or Sustainable bonds in line with this Framework. This Framework may also be used to govern other forms of finance including, but not limited to, Private Placements, Revolving Credit Facilities, Bank Loans and Commercial Paper. The net proceeds drawn/issued across these debt instruments will be aggregated and compared to the value of the Sustainable Portfolio defined, selected, tracked and reported on in accordance with this Framework.

We may also agree Environmental, Social and Governance (ESG) Revolving Credit Facilities separate from this Framework, such as the £450 million Sustainability Linked Revolving Credit Facility completed in March 2020 which included two ESG-related KPIs aligning with our sustainability strategy.

The ICMA and LMA Frameworks have set clear principles and guidelines which are based around the following four core components:

1. USE OF PROCEEDS

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

3. MANAGEMENT OF PROCEEDS

4. REPORTING

5. <https://www.icmagroup.org/green-social-and-sustainability-bonds/>

6. <https://www.lma.eu.com/documents-guidelines/documents/category/green--sustainable-finance#>

1. USE OF PROCEEDS

We intend to maintain a portfolio of qualifying projects (the “Sustainable Portfolio”), and, over time and as appropriate opportunities arise, will raise Sustainable, Green and/or Social finance in an amount up to the value of the Sustainable Portfolio.

Green Buildings

The Sustainable Portfolio will comprise primarily Green Buildings, as defined by the Green Bond Principles which also aligns to the UN Sustainable Development Goals 7, 11 and 13. These Green Buildings fall into three distinct categories:

- **Development Projects** are projects with approved capital expenditure of more than £5m that have achieved, or are expected to achieve, a minimum certification level of BREEAM Excellent for Retail and Commercial property, or Home Quality Mark (HQM) 4 Star or above for Residential property.
The asset value and approved costs to come for projects that meet the criteria will be included in the Development Projects category of the Sustainable Portfolio (until they transfer to the ‘Existing Sustainable Properties’ category).
- **Acquisitions** are the purchase of properties, or property-owning corporate structures, that have achieved, or are expected to achieve, a minimum certification level of BREEAM Very Good for Retail and Excellent for Commercial property, or Home Quality Mark (HQM) 4 Star or above for Residential property, or environmentally equivalent successor or alternative standards.

The total acquisition costs of projects that meet the criteria will be included in the Acquisitions category of the Sustainable Portfolio (until they move to the ‘Existing Sustainable Properties’ category noted below).

- **Existing Sustainable Properties** are properties we own and manage that have achieved a minimum certification level of BREEAM In-Use Very Good for Retail and Excellent for Commercial property, or Home Quality Mark (HQM) 4 Star or above for Residential property, or environmentally equivalent successor or alternative standards. This category also includes completed Development Projects and Acquisitions that have met the criteria outlined above.









The latest valuation of properties that meet the criteria will be included in the Existing Sustainable Properties category of the Sustainable Portfolio.







We will also continue to undertake projects that have Green, Sustainable, and/or Social benefits which will be included in the Sustainable Portfolio (see overleaf).

Other Sustainable Projects

These are projects of a capital or revenue nature that are undertaken to renovate, improve, and/or refurbish assets to enhance their green, social, and/or sustainability performance. The approved expenditure budget of projects that meet the criteria will be included in the Other Sustainable Projects category of the Sustainable Portfolio. Projects in this category could include:

Project Type	Asset Attributes	Project Examples ⁷	Alignment to UN SDGs	BREEAM categories
Renewable Energy	Onsite renewable energy generation	Solar Panel Installation, Fuel cells	 	- Energy - Pollution
	Offsite renewable energy purchases	Offsite renewable energy purchases, Corporate Power Purchase Agreements		
Energy Efficiency	Buildings that demonstrate energy efficiency metrics above market performance	Net Zero Carbon buildings in line with UKGBC's ⁸ energy performance standards for Net Zero	 	- Energy - Pollution
	Peak load demand reduction	Renewables with on-site battery storage		
	Building energy retrofits	Projects that improve unit EPC ratings		
Sustainable Waste Management	Buildings that demonstrate waste management metrics above prevailing building codes /market practices	Construction activity	 	- Waste
Clean Transportation	Support multiple types of transit modes	Accessibility by public transport, Cyclist facilities.		- Transport - Pollution
	Incorporate clean transportation infrastructure	Electric vehicle charging stations		
Climate Change Adaptation	Asset Resiliency	Future adaptation with variations in use and functionality		- All

Other Sustainable Projects could also include social projects, including:

Project Type	Assets/Benefits	Target Population	Alignment to UN SDGs	BREEAM categories
Affordable basic infrastructure	Support multiple types of transit modes	Public transportation passengers	 	- Transport - Energy
	Onsite renewable energy generation	Onsite energy users		- Pollution
	Incorporate clean transportation infrastructure			
Affordable housing	Affordable housing assets and investments			- N/A

UN Sustainable Development Goal 17, on Partnerships, underpins all our activities. Around half our assets by value are in joint ventures or funds. To the extent that a qualifying building or project is owned in a joint venture or fund, the British Land share of that building or project will be included in the categories of the Sustainable Portfolio outlined above.

The portfolio approach to this framework means the finance raised can be used to finance or refinance projects within the Sustainable Portfolio but as funds are not specifically allocated to individual projects within the Sustainable Portfolio, identifying the proportion of new financing compared to refinancing is not applicable.

7. Project examples are available here: britishland.com/sustainability/strategy/sustainable-development

8. <https://www.ukgbc.org/wp-content/uploads/2020/01/UKGBC-Net-Zero-Carbon-Energy-Performance-Targets-for-Offices.pdf>

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

The CFO of British Land is the Board representative for sustainability at British Land. The CFO also chairs the Sustainability Committee which meets throughout the year, acts as custodian for the sustainability strategy, and comprises senior staff from all areas of the business.⁹



On a periodic basis, and before any new finance is raised, the Sustainability Committee (or a subset of) will review the full list of assets/projects included in the Sustainable Portfolio and confirm that they meet the criteria outlined above.

Prior to the confirmation of the Sustainable Portfolio by the Sustainability Committee, each sub-category will have been signed off as outlined below:

Development Projects

Development Projects greater than £5m are subject to the British Land Sustainability Brief for Developments¹⁰ which provides guidance for the project teams in setting baseline sustainability requirements for a project, including minimum BREEAM certification levels for developments.

The confirmation on whether the project meets the criteria for inclusion in the Development Projects category of the Sustainable Portfolio will be the responsibility of the Sustainability Manager, reporting to the Head of Sustainability.

On completion, the development will transfer to the 'Existing Sustainable Buildings' category.

Acquisitions

Our Sustainability Brief for Acquisitions¹¹ is the shared responsibility of the Property, Investment and Corporate Responsibility teams, and sets out what we consider with regards to environmental, community and health and safety issues when acquiring new property.

The Investment Critical Sustainability Checklist outlined in the Brief includes evaluation of whether the property is certified under third party sustainability rating systems.

The confirmation on whether the project meets the criteria for inclusion in the Acquisitions category of the Sustainable

Portfolio will be the responsibility of the Sustainability Manager, reporting to the Head of Sustainability.

Post-acquisition, at the next external valuation, the project will transfer to the 'Existing Sustainable Buildings' portfolio.

Existing Sustainable Buildings

Existing Sustainable Buildings include properties we own and manage that meet the criteria outlined in the 'Use of Proceeds' section.

These certifications enable us to jointly drive the sustainable use of energy, water, and materials while promoting health and wellbeing. Examples of activities that may have been undertaken to achieve a BREEAM In-Use rating include the projects types noted in the 'Other Sustainable Projects' category in the 'Use of Proceeds' section above.

The confirmation on whether the project meets the criteria for inclusion in the Existing Sustainable Buildings category of the Sustainable Portfolio will be the responsibility of the Sustainability Manager, reporting to the Head of Sustainability.

The category will also include completed Development Projects and Acquisitions that have met the criteria set out for those project categories (without duplication).

Other Sustainable Projects

We also undertake standalone asset management initiatives on properties that we own and manage. These asset management initiatives may include projects with the sustainability attributes noted in 'Use of Proceeds' above, but may be undertaken on individual units, or on assets where no BREEAM rating has been achieved or sought.

The confirmation on whether the project meets the criteria for inclusion in the Other Sustainable Projects category of the Sustainable Portfolio will be the responsibility of the Sustainability Manager, reporting to the Head of Sustainability.

9. <https://www.britishland.com/sustainability/governance/committees>

10. The latest version of the Sustainability Brief for Developments can be accessed here: <https://www.britishland.com/sustainability/governance/policies>.

11. The latest version of the Sustainability Brief for Acquisitions can be access in the following location: <https://www.britishland.com/sustainability/governance/policies>.

3. MANAGEMENT OF PROCEEDS

British Land intends to maintain a Sustainable Portfolio the value of which, after adjustments for “Intervening Circumstances” (including, but not limited to, sales, repayments and possible loss of certifications), exceeds the net proceeds outstanding under Sustainable, Social and Green finance.

In the case of Intervening Circumstances, for so long as the applicable finance is outstanding, British Land will continue to add projects to the Sustainable Portfolio to ensure that, over time, the value of the Sustainable Portfolio will rarely be less than the net proceeds outstanding under such finance.

British Land will internally track the value of the Sustainable Portfolio and the amount of net proceeds outstanding under this Framework on a portfolio basis, for so long as the finance remains in place.

Should the amount of net proceeds outstanding under this Framework temporarily exceed the value of the Sustainable Portfolio, all or a portion of the net proceeds outstanding may be used at our discretion in accordance with the existing British Land financing policies.

4. REPORTING

British Land intends to report the Sustainable Portfolio at least annually at the category level, and on an aggregated basis for so long as the Sustainable, Green and/or Social Finance remains outstanding. Any material developments, such as modification of the Framework, will also be reported in a timely manner.

Allocation Reporting

We intend to include in our annual reporting:

- The amount raised and outstanding for each type of sustainable finance
- The total amount included in the Sustainable Portfolio at the time of reporting, along with a breakdown per project category
- For each project category:
 - Development Projects – the expected certification, Practical Completion date, ownership proportion, aggregate of the overall category valuation and cost to come
 - Acquisitions – the certification, ownership proportion, and total cost
 - Existing Sustainable Buildings – the certification, ownership proportion, and latest overall valuation
 - Other Sustainable Projects – the overall value of the category and examples

Impact Reporting

As part of the annual reporting, where practical, available and relevant, we also intend to report on the impact of the Sustainable Portfolio, providing qualitative and quantitative performance measures and examples associated with each category of the Sustainable Portfolio.

Measures may include, but are not limited to:

- Building certification (scheme and rating)
- Energy consumption (kWh) and/or intensity (kWh/m²)
- On-site renewable electricity capacity (kW) and/or generated (kWh)
- Carbon emissions (tCO₂e) and/or intensity (tCO₂e/m²)
- Waste recycled and/or diverted from landfill (%)
- Number of, or proportion of, Affordable housing dwellings
- Jobs created and/or retained
- A selection of project examples

The above list is not exhaustive and may change over time. Each project may not necessarily report against these indicators.

The reporting guidelines will be amended where necessary to avoid disclosing commercially sensitive information, or information that is restricted as a result of underlying legal agreements.

EXTERNAL REVIEW

Second Party Opinion

The second party opinion (SPO) provider, DNV GL has reviewed the Sustainable Finance Framework and certified its alignment with ICMA’s Green Bond Principles 2018, Social Bond Principles 2018, Sustainability Bond Principles 2018, and LMA’s Green Loan Principles 2018.

The SPO is available at britishland.com/sustainability.

External Assurance

If the Finance documentation requires, for so long as Sustainable Finance is outstanding, we shall make available a report from an independent accountant attesting to its examination of management’s assertion of the inclusion of projects in the Sustainable Portfolio.

Further, we will continue to ask an independent third-party assurer to provide reasonable assurance on the relevant information contained in our Annual Report and Sustainability Report. These reports are available at britishland.com/investors/reports/reporting-centre.

Refurbishments can be exciting, attractive to new customers and sustainable.

Challenging the status quo

Looking to re-design 1 Triton Square to support today's workstyles, British Land took a circular economy approach, asking "How much can we retain and reuse?".

The answer: around 3,300m² of limestone, 35,000 tonnes of concrete and 1,900 tonnes of steel for a start. As much of the façades and superstructure were retained as possible, while adding three floors and doubling the net office area.

Further savings were achieved by positioning corner stair cores outside the building's thermal line, with nominal heating for frost protection, which improves air tightness and energy efficiency. 70%+ of required cement was replaced with blast furnace slag, which typically has 50% less carbon than standard concrete.

Instead of scrapping the 20-year-old glazed façade, a circular façade was pioneered. 3,500m² of panels were removed and transported to a pop-up local factory for refurbishment, saving 25,000 transport miles, cutting carbon and supporting UK jobs.

Over 80% of buildings that will be occupied in 2050 are already built, so if we're to meet global climate goals, we must decarbonise our existing stock. Altogether, 1 Triton Square will achieve a 44% carbon saving in construction and operation versus a typical new build alternative, exceeding the reduction curve for the UK's current carbon target.

Reuse can be faster, leaner and greener, while the quality of space is often more characterful and diverse than a new build. The appeal of the regenerated 1 Triton Square is clear: it achieved the biggest West End pre-let in over 20 years.

BREEAM Outstanding

The team - including BL, the architect, main contractor and the occupier - reviewed every aspect of the building to save carbon, cut waste and deliver the best working environment. We reached a point where we could get the building from BREEAM Excellent to BREEAM Outstanding for minimal extra cost; c.0.3% of capital expenditure, compared to perceived industry norms of c.5%.

Places that can evolve

Our cities have architecture that has lasted hundreds of years, but the lifespan of many modern commercial buildings is nearer 20 years.

We're entering a period of cultural shift where knocking down and starting from scratch will no longer be the default. If we're to combat the climate emergency, it's essential that more developers adopt a radically different mindset and collaborative approach to identifying new solutions.

1 Triton Square is ground-breaking as the whole team was willing to look at the world differently and collaborated to drive positive change.

Disclaimer

This document is intended to provide non-exhaustive, general information. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by British Land and accordingly, no representation, warranty or undertaking, express or implied is made and no responsibility or liability is accepted by British Land as to the fairness, accuracy, reasonableness or completeness of such information.

This document may contain statements about future events and expectations that are prospective statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or in the case of the assumptions fully stated in the document. British Land has and undertakes no obligation to update, modify or amend this document or the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any recipient if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

This document is not intended to be and should not be construed as providing legal or financial advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for, purchase or a recommendation regarding any securities. Nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.

The distribution of this document and of the contained information may be subject of legal restrictions in some countries. Anybody who might come into possession of this document must inquire as to the existence of such restrictions and comply with them.

The information in this document has not been independently verified.

The recipient is solely liable for any use of the information contained herein and British Land shall not be held responsible for any damages, direct, indirect or otherwise, arising from the use of this document by the recipient.

Contact us:

If you want to find out more about how we are working to create Places People Prefer, or if you want to share your views, please get in touch:

Head office and registered office

British Land, York House
45 Seymour Street, London W1H 7LX

+44 (0) 20 7486 4466

SUSTAINABILITY@BRITISHLAND.COM

 [@BRITISHLANDPLC](https://twitter.com/BRITISHLANDPLC)

WWW.BRITISHLAND.COM/SUSTAINABILITY

