

## BRITISH LAND SUSTAINABLE FINANCE FRAMEWORK

### DNV GL INDEPENDENT ASSESSMENT

#### Scope and Objectives

The British Land Company PLC (henceforth referred to as “British Land”) invests, both directly and through joint ventures & funds, in commercial real estate. British Land’s portfolio is increasingly focused on mixed use places, the campus-focused Offices portfolio, and Canada Water, are located in central London and their Retail assets are located around the country.

British Land has developed a Sustainable Finance Framework (the “Framework”) under which it can raise finance to support the financing of assets and expenditures of a sustainable nature across its activities.

British Land’s recently published sustainability strategy focuses on two key areas, Net Zero Carbon portfolio by 2030 and a place-based approach to social contribution, these focus areas are also aligned with UN Sustainable Development Goals (SDGs).

DNV GL Business Assurance Services Limited (“DNV GL”) has been commissioned by British Land to provide a review of the Framework against the Green Bond Principles 2018 (GBP), the Social Bond Principles 2018 (SBP), Sustainability Bond Guidelines 2018 (SBG) and the Green Loan Principles 2018 (GLP). Our methodology to achieve this is described under ‘Work Undertaken’ below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of finance issued via the Framework, the value of any investments, or the long-term environmental benefits of a transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

#### Responsibilities of the Management of British Land and DNV GL

The management of British Land has provided the information used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform British Land’s management and other interested stakeholders in the Framework as to whether the Framework is aligned with the GBP, SBP, SBG and GLP. In our work, we have relied on the information and the facts presented to us by British Land. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by British Land management and used as a basis for this assessment were not correct or complete.

#### Basis of DNV GL’s opinion

We have adapted our green bond eligibility assessment methodology to create a specific Sustainable Finance Framework Eligibility Assessment Protocol (henceforth referred to as “Protocol”). Our Protocol

includes a set of suitable criteria that can be used to underpin DNV GL's opinion. As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of finance must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of finance should outline the process it follows when determining eligibility of an investment using Green, Social and/or Sustainable finance proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that finance should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the finance providers/investors should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

## Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by British Land in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a British Land specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by British Land on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of British Land published material with regards to its environmental activities relating to the company;
- Discussions with British Land management, and review of relevant documentation and evidence related to the criteria of the Protocol;
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

## Findings and DNV GL's opinion

DNV GL's findings are listed below:

### 1. Principle One: Use of Proceeds.

British Land intends to use the proceeds of finance issued under the Framework to finance and refinance a portfolio of qualifying projects (the "Sustainable Portfolio"). British Land will raise Sustainable, Green and/or Social finance in an amount up to the value of the Sustainable Portfolio.

The Sustainable Portfolio will comprise primarily Green Buildings. Green Buildings will fall into three distinct categories:

- Development Projects,

- Acquisitions, and
- Existing Sustainable Properties

British Land will also invest in projects that renovate, improve, and/or refurbish assets improving their green, social, and/or sustainability performance. These are defined as Other Sustainable Projects. Schedule 1 provides further information and assessment criteria for each category and subcategory. British Land has also aligned its Sustainable Portfolio against the relevant UN SDGs.

DNV GL has reviewed evidence and can confirm that the finance raised under the Framework will be used to finance or refinance projects within the Sustainable Portfolio. DNV GL concludes that the Sustainable Portfolio outlined in the Framework is consistent with the categories outlined in the GBP, SBP, SBG and GLP.

## **2. Principle Two: Process for Project Evaluation and Selection.**

British Land, on a periodic basis and before any new finance is raised, will review the full list of assets/projects within the Sustainable Portfolio and sign-off they meet the criteria in the Framework and summarised in Schedule 1. This review and sign-off will be undertaken by the Sustainability Committee which is chaired by the CFO. Prior to the final sign-off by the Sustainability Committee, each subcategory (Development Projects, Acquisitions, Existing Sustainable Buildings, and Other Sustainable Projects) has a specific review and sign-off process before being put forward for inclusion within the Sustainable Portfolio. These are outlined within the Framework.

DNV GL concludes that the Framework appropriately describes in detail the process of project evaluation, selection and is consistent with the GBP, SBP, SBG and GLP.

## **3. Principle Three: Management of Proceeds.**

DNV GL can confirm British Land has committed to maintaining a Sustainable Portfolio which, after adjustments for "Intervening Circumstances" (including, sales, repayments and possible loss of certifications), exceeds the net proceeds drawn from outstanding 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 from outstanding finance. For so long as the finance remains outstanding, British Land will internally track the amounts in the Sustainable Portfolio and finance proceeds on a portfolio basis.

DNV GL has reviewed evidence and can confirm that the proceeds arising from future issuances made under the Framework will be adequately managed and is consistent with the GBP, SBP, SBG and GLP.

## **4. Principle Four: 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. British Land has committed to reporting the amount raised and outstanding for each type of sustainable finance and the total amount included in the Sustainable Portfolio at the time of reporting, along with a breakdown per project category. The Framework also outlines in detail additional reporting metrics for each subcategory.

British Land has also committed 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. For instance, on indicators such as:

- Building certification (scheme and rating)
- Energy consumption (kWh) and/or intensity (kWh/m<sup>2</sup>)
- On-site renewable electricity capacity (kW) and/or generated (kWh)
- Carbon emissions (tCO<sub>2</sub>e) and/or intensity (tCO<sub>2</sub>e/m<sup>2</sup>)
- 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

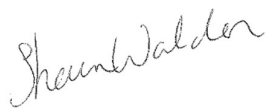
DNV GL can confirm British Land has committed to producing appropriate reporting on the environmental impacts of its investments made under the Framework, which is consistent with the GBP, SBP, SBG and GLP.

### Conclusion

On the basis of the information provided by British Land and the work undertaken, it is DNV GL's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles (GBP), social bonds within the Social Bond Principles (SBP), the Sustainability Bond Guidelines (SBG) and green loans within the Green Loan Principles (GLP).

### for DNV GL Business Assurance Services UK Limited

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### About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 14,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

**SCHEDULE 1: DESCRIPTION OF CATEGORIES TO BE FINANCED THROUGH THE FRAMEWORK**

Category	Subcategory	Criteria / Asset Attributed
<b>Green Buildings</b>	Development Projects	Projects with approved capital expenditure of more than £5m 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.
	Acquisitions	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.
	Existing Sustainable Properties	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 also includes completed Development Projects and Acquisitions that have met the criteria outlined above.
<b>Other Sustainable Projects</b>	Renewable Energy	Onsite renewable energy generation Offsite renewable energy purchases
	Energy Efficiency	Buildings that demonstrate energy efficiency metrics above market performance Peak load demand reduction Building energy retrofits

	Sustainable Waste Management	Buildings that demonstrate waste management metrics above prevailing building codes /market practices	
	Clean Transportation	Support multiple types of transit modes Incorporate clean transportation infrastructure	
	Climate Change Adaptation	Asset Resiliency	
	Affordable basic infrastructure	<b>Assets / Benefits:</b> Support multiple types of transit modes Onsite renewable energy generation Incorporate clean transportation infrastructure	<b>Example Target Population:</b> Public transportation passengers Onsite energy users
	Affordable housing	<b>Assets / Benefits:</b> Affordable housing assets and investments	<b>Example Target Population:</b> Lower and middle income households and key workers