



Sustainable Finance
Framework



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Assets under management

£14.1bn

British Land owned

£9.6bn

Square feet of floor space

21.7m

Annualised rent

£494m

Occupancy rate

96.7%

Weighted average lease length

5.9 years

Company Overview

British Land is a leading UK Property Company. Our purpose is to create and manage outstanding places which deliver positive outcomes for all our stakeholders on a long term, sustainable basis. We do this by understanding the evolving needs of the people and the organisations who use our places, and the communities who live in and around them. We call this Places People Prefer.

Our portfolio is focused on our London Campuses, which combine well connected, high quality and sustainable buildings with an attractive public realm, and Retail & Fulfilment, where our assets are focused on formats which complement the growth of online retail¹.

Our campuses account for 65% of our portfolio. Across Broadgate, Regent’s Place and Paddington Central, we create and manage some of the best connected, highest quality and most sustainable space in London and we are delivering a fourth campus at Canada Water. Our campus approach is unique: because we own the spaces between our buildings, we can curate an engaging public realm including opportunities to shop, dine and be entertained outside the office. Occupiers can also grow with us by upscaling on or between our campuses and we provide additional flexibility through Storey, our flexible workspace business. As the market gravitates towards exceptional space, these are important differentiators for British Land.

Retail & Fulfilment currently comprises 35% of our portfolio. We focus on formats which complement the growth of online including Retail Parks, where we are the no. 1 owner and operator in the UK. They have emerged as the preferred format for retailers because they support an online offer, for example through click and collect or by facilitating returns, given their larger store formats and wider availability of parking. Complementing this we have assembled a development-led pipeline of urban logistics opportunities focused on London. This will be a key focus for our business going forward. Our portfolio also includes a number of well located shopping centres which are a mix of open air and traditional covered centres.

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 are on site on our 53-acre redevelopment scheme which will deliver a new urban centre for London.

1. <https://www.britishland.com/about-us>. Figures as at 30 September 2022

Sustainability Strategy²

We ensure that the decisions we take are environmentally and socially intelligent, as well as making sound financial sense. This is central to our Purpose, creating Places People Prefer.

Building on our progress over the previous decade, in 2020, we set out an ambitious new sustainability strategy, intensifying our focus on two time-critical areas where British Land 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 at practical completion.
- A 50% reduction in embodied carbon in new developments, to below 500 kg CO₂e per m² from 2030.
- A 75% reduction in operational carbon intensity across our portfolio by 2030.
- A 25% improvement in whole building energy efficiency of existing assets by 2030.
- All new developments will operate in line with the UKGBC 2030 targets by 2030.
- New developments will design out fossil fuels where possible.

- Beyond 2030, our long term aim is that our portfolio performs in line with the UKGBC's Paris Proof 2050 targets.
- Our Transition Vehicle was set up to finance the retrofitting of our standing portfolio. It is funded by an internal carbon levy at £60/tonne of embodied carbon on new developments, (of which around two-thirds is available to the Transition Vehicle, with the remainder used to purchase certified offsets) as well as a £5m annual float.

In 2020, we published our Pathway to Net Zero, detailing the steps we will take to reduce both embodied and operational carbon across our portfolio. We have made good progress against the initiatives identified for the early years of our plan.

To progress our target on embodied carbon, we conduct whole life carbon assessments for our developments and design out as much of the embodied carbon as we can through re-use of existing materials or use of low carbon materials.

In March 2021 we delivered our first net zero carbon development at 100 Liverpool Street⁴ and in May 2021 we delivered our second at 1 Triton Square at Regent's Place. At 100 Liverpool Street we were able to retain around half of the existing structure and virtually all of the existing superstructure at 1 Triton Square so

embodied carbon was low on these buildings and in both cases was under our 2030 target of 500kg CO₂e per m³. Residual embodied carbon was offset through certified schemes.

On the standing portfolio, in line with our Pathway commitments, we have completed our programme of net zero carbon audits identifying energy efficient interventions which will improve operational efficiency.

2. A Place-Based approach to social contribution

A Place Based approach means understanding the most important issues and opportunities in the communities around each of our places and focusing our efforts collaboratively to make the biggest impact at each place.

We have five key areas of focus identified through our Local Charter:

- Connect – connecting customers, suppliers and community partners around priority local issues and opportunities
- Education
- Employment
- Supporting local business
- Wellbeing – putting our Wellbeing principles into practice

Our 2030 sustainability focus areas align to the UN Sustainable Development Goals⁴:



While concentrating on these areas, we 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 all⁵.



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

Our latest performance in external ESG indices include a 5 star rating in the GRESB Development benchmark, B score in CDP 2022 Climate Change questionnaire, EPRA Gold Award for sustainability for the eleventh consecutive year, AAA rating in MSCI ESG, 'Negligible Risk' rating in Sustainalytics. We also retained our ranking as a 'Top 75 Employer' in the Social Mobility Employer Index 2021⁶.

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

3. <https://www.britishland.com/news-insights/press-releases/british-land-delivers-first-net-zero-carbon-development-100-liverpool-street>

4. <https://www.britishland.com/sustainability/sustainability-strategy/un-sustainable-development-goals>

5. Our latest UN Global Compact Communication on Progress can be found here: <https://www.britishland.com/sustainability/sustainability-strategy/un-sustainable-development-goals>

6. <https://www.britishland.com/sustainability/performance/esg-benchmarks>

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 2021 Green Bond Principles (with June 2022 Appendix 1), the 2021 Social Bond Principles (with June 2022 Appendix 1) and the 2021 Sustainability Bond Guidelines⁷, as published by the International Capital Market Association (“ICMA”). The framework also aligns with the Loan Market Association’s (“LMA”) Green Loan Principles and Social Loan Principles⁹ which build on, and refer to, the Green Bond Principles and the Social Bond Principles of the ICMA. These principles support several of the United Nation’s Sustainable Development Goals.

This Framework was last updated in February 2023 to align with British Land’s 2030 Sustainability Strategy. It is our intention to continue 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 for other forms of finance including, but not limited to, Private Placements, Revolving Credit Facilities (RCFs), 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) RCFs separate from this Framework, such as the £450 million ESG-linked RCF completed in March 2020 and three further bilateral RCFs in total £350m completed during 2022. All RCFs include two ESG-related KPIs aligning with our sustainability strategy.

The ICMA and LMA set of Principles 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

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

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.

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 Outstanding for Commercial Office property or EPC rating of B
 - BREEAM Excellent for Retail property or EPC rating of B
 - BREEAM Very Good for Logistics or EPC rating of B
 - Home Quality Mark ONE (HQM ONE) 4 Star or The Code for Sustainable Homes (CfSH) 4 Star for Residential property or EPC rating of B
 or other equivalent or higher level of certification.

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 on completion 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 Excellent for Commercial Office property or EPC rating of B
 - BREEAM Very Good for Retail property or EPC rating of B
 - BREEAM Very Good for Logistics or EPC rating of B
 - HQM ONE 4 Star or CfSH 4 Star for Residential property or EPC rating of B
 or other equivalent or higher level of certification.

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 Excellent for Commercial Office property or EPC rating of B
 - BREEAM In-Use Very Good for Retail property or EPC rating of B
 - BREEAM In-Use Very Good for Logistics or EPC rating of B
 - HQM ONE 4 Star or CfSH 4 Star for Residential property or EPC rating of B
 or other equivalent or higher level of certification.

This category also includes completed Development Projects and Acquisitions that have met the criteria outlined.

Commercial Office Development Projects which commenced prior to the update to the Framework in February 2023, will remain in the Development Projects, or following completion in the Existing Sustainable Properties categories if they are expected to achieve or have achieved a minimum certification level of BREEAM Excellent.

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. These include:

- **“Other Sustainable Projects”** 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 or projects that meet the criteria will be included in the Other Sustainable Projects category of the Sustainable Portfolio.

Specific examples of these and other projects that form part of the Sustainable Portfolio, and their alignment with the UN’s Sustainable Development Goals, are included on the following page.

Other Sustainable Projects

Eligible Category	Asset Attributes	Project Examples ⁸	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 ⁹ 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 - Pollution
	Onsite renewable energy generation	Onsite energy users		
	Incorporate clean transportation infrastructure			
Affordable housing	Affordable housing assets and investments	Lower- and middle-income households and key workers	 	- 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.

8. Project examples are available here: <https://www.britishland.com/sustainability/our-views>.

9. <https://www.ukgbc.org/ukgbc-work/net-zero-carbon-energy-performance-targets-for-offices/>.

2. Process for project evaluation and selection

The Chief Financial Officer (CFO) of British Land is the Board Director responsible for sustainability at British Land. The Chief Operating Officer (COO) of British Land leads the delivery of our 2030 sustainability strategy and chairs our Sustainability Committee¹⁰.

Before any new finance is raised, and on a periodic basis thereafter, the Sustainability Committee 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 Developments¹¹ 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 Environmental Sustainability.

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

Acquisitions

Our Sustainability Brief for Acquisitions¹² is the shared responsibility of the Property, Investment and Sustainability 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 Environmental 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 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 project 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 Environmental Sustainability.

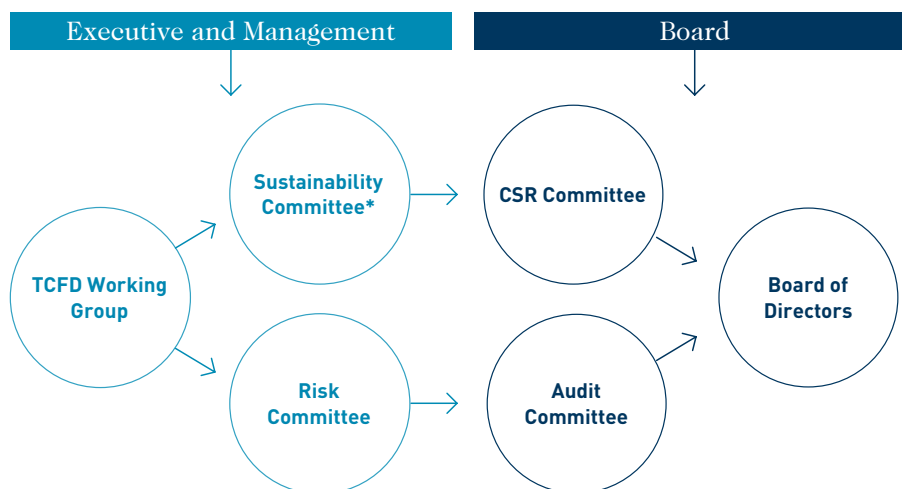
The category will also include completed Development Projects and Acquisitions that have met the criteria set out for those project categories (without duplication).

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 Environmental Sustainability.

Governance framework



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

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

12. The latest version of the Sustainability Brief for Acquisitions can be found here: <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, current value, 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.

5. External Review

Second Party Opinion

The second party opinion (SPO) provider, DNV has reviewed the Sustainable Finance Framework and certified its alignment with ICMA’s Green Bond Principles 2021 (with June 2022 Appendix 1), Social Bond Principles 2021 (with June 2022 Appendix 1), Sustainability Bond Principles 2021, LMA’s Green Loan Principles 2021 and LMA’s Social Loan Principles 2021.

The SPO will be made 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 limited assurance on the relevant information contained in our Annual Report and Sustainability Report. These reports are available at britishland.com/investors/reports/reporting-centre.

Case Study: 1 Triton Square



1 Triton Square

Size	369k sq ft
Completion	Q2 2021
Embodied carbon	436kg CO _{2e} per sqm
Modelled energy intensity, landlord areas	150 kWh per sqm (based on TM54 calculations)
Electricity sources	100% renewable in operation
EPC rating	B (Achieved)
Water sources	34% recycled
Waste diverted from landfill	99.9%
Outdoor space	9,386 sq ft landscaped public realm
Biodiversity	1,170% Biodiversity improvement (as per BREEAM)
Certifications	BREEAM Outstanding (Achieved)

At 1 Triton Square, we were able to retain virtually all of the superstructure whilst adding three floors, doubling the net lettable office area, without increasing the required plant space.

Once we identified that the existing frame at 1 Triton Square had capacity to take additional floors, our first port of call became a refurbishment. We also sought to re-use other parts of the building that would usually be replaced after a 20-year lease. This contributed to c.40,000 tonnes of carbon savings versus a new build alternative.

We worked closely with our contractor Lend Lease to dismantle, refurbish and re-use the façade, saving carbon. Initially, we planned to return the façade to Germany, where it was manufactured, but we saved even more carbon and supported UK jobs by creating a pop up factory nearby. We refurbished 3,500 sqm of glass panels rather than buying new replacements, reducing our carbon footprint, saving 25,000 transport miles and achieving a 66% cost saving versus a new equivalent. This was the first time we had followed circular economy principles on a façade and we are now taking learnings onto other projects.

We replaced over 70% of the cement needed with low carbon alternatives and used carbon fibre column wraps for the first time to strengthen existing columns rather than adding additional columns. The refurbishment also incorporated 492m² of green roof to enhance biodiversity at the site.

As part of the scheme, we have also delivered 22 affordable housing units and 10,000 sq ft of affordable workspace. Nine apprentices were supported through construction activities at Triton and a further 63 work experience placements were provided for unemployed people and students.

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