

# *New Developments Embodied Carbon Offsetting Policy Statement*

## INTRODUCTION

British Land has set an ambitious decarbonisation strategy<sup>1</sup>. We will do everything practical to reduce the embodied carbon associated with our developments and the operational carbon associated with our standing investments. We currently use certified carbon credits to offset the residual embodied carbon in our developments and this policy sets out the role carbon offsetting plays in our environmental sustainability strategy and the approach we take to selecting carbon credits.

We take a “whole life” approach to carbon, meaning that we consider the carbon emissions at each stage of the building life cycle. For our developments, we undertake detailed whole life carbon assessments to identify opportunities to reduce embodied carbon through material reuse, design efficiency or materials selection and specification<sup>2</sup>. However, we will never eliminate all the embodied carbon associated with developing a building and so when we have done everything we practically can, we use carbon credits to bridge that gap, helping us mitigate residual embodied carbon in our developments. We recognise that the voluntary carbon market is at an early stage, with a broad range of carbon credits available in terms of cost and quality, but we believe that high quality carbon credits can help to mitigate our impact by preserving and supporting global ecosystems. Our focus is on ensuring we purchase carbon credits which not only remove or avoid carbon emissions but also have a strong positive impact on local communities and the environment.

At the same time, we understand the importance of making a positive impact on the communities local to our activities and have a long track record of delivering effective social programmes, focused on education, employment and using our space to support local people. Our social impact strategy is set out [here](#).

The criteria for purchasing carbon credits set out below align with the current, best-practice guidelines for carbon credits as well as our own sustainability strategy. However, we recognise that this is a fast-evolving market, so our strategy is subject to a regular review as guidelines and our own preferences evolve. In addition, we always partner with carbon market specialists to ensure that we remain up to date with emerging best practice and we conduct a thorough due diligence process into offsetting projects to ensure that our criteria are being met. Where appropriate, we use a carbon credit ratings agency to give independent information regarding the quality of an offsetting project.

Transparency is central to our approach so we also provide appropriate disclosure on the credits we purchase as part of our annual corporate reporting.

## CORE CRITERIA FOR PURCHASING CARBON CREDITS

We only purchase carbon credits that are verified and issued under Carbon Project Verification standards approved by the International Carbon Reduction and Offset Alliance (“ICROA”). The ICROA Code of Best Practice outlines six fundamental principles which define a high-quality carbon credit and form the first six of our criteria below. We supplement these with four additional criteria, providing confidence that the credits we purchase deliver an actual reduction in, or avoidance of, emissions.

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<sup>1</sup> Details of our environmental strategy are available on our website [Greener Spaces | British Land](#).

<sup>2</sup> This process is fully laid out in our Sustainability Brief for Developments and Operations, found [here](#).

#### Principal criteria:

- 1. Additionality:** it must be demonstrated that in the absence of the availability of Carbon Finance the project activity would not have occurred (the “baseline” scenario); and such a baseline scenario would have resulted in higher greenhouse gas (“GHG”) emissions.
- 2. Independently verified:** the emissions reductions are verified by an independent, expert, third party, qualified to verify carbon credits to ensure that all relevant criteria have been met. All credits we purchase will be certified by an ICROA-approved standard and where possible we will pursue additional certification such as Climate, Community and Biodiversity (“CCB”).
- 3. Measurable:** the emissions reductions are quantified relative to a transparent and robust baseline scenario using recognised, peer reviewed, published methods and project-specific data; or using recognised performance standard procedures.
- 4. Permanence:** how long a greenhouse gas stays out of the atmosphere whether stored in a physical reservoir or whose emission was deferred through avoidance. Where reductions are generated by projects that carry risk of reversal, adequate safeguards must be in place to ensure that the risk of reversal is minimised and that if any reversal occurs, a mechanism is in place that guarantees reductions will be replaced (e.g., a buffer pool).
- 5. Real:** all emissions reductions and removals (and the project activities that generate them) are proven to have taken place.
- 6. Unique:** the carbon credits are held and retired on a registry to ensure no more than one carbon credit can be associated with a single emissions reduction. This registry must be publicly available, and is used to register, track, and permanently retire credits to avoid double counting or double selling.

#### Additional criteria:

- 7. Avoid leakage:** the project should demonstrate that it has accounted for the indirect effects of the project, including ensuring that emissions avoided on the project do not spill over elsewhere. An assessment should be made of the broader impact of the project beyond its immediate boundary.
- 8. Legally attributable:** there should be clear record of ownership from project owner and thereafter.
- 9. Avoid social and environmental harm:** as a minimum, a project should demonstrate that in delivering high quality carbon credits, it does not contribute to social and environmental harms.
- 10. Co-benefits:** a project must demonstrate positive wider social and environmental benefits. Co-benefits may be demonstrated (for example) by a project meeting UN Sustainable Development Goals (“SDGs”), or by a project having an additional CCB certification. As members of the UN Global Compact, we are supporters of the SDGs and have a primary focus on three SDGs<sup>3</sup>, though we try to ensure that projects support as many SDGs as possible. Environmental benefits include (for example) restoration of biodiversity and ecosystem services, enhanced climate resilience and adaptation, and improved local air and water quality. Social benefits include (for example) employment for local people, improved health and education and access to clean and affordable energy.

### KEY PRIORITIES FOR PURCHASING CARBON CREDITS

In addition to meeting the criteria set out above, we have developed a clear set of priorities which we target for the credits we purchase.

#### Avoidance and removal credits

We recognise the critical importance of preserving existing ecosystems which store carbon as well as projects which increase the amount of carbon removed from the atmosphere. We therefore currently procure a blend of carbon avoidance and carbon removal credits. In line with the [Oxford Principles](#) for Net Zero Aligned carbon, we will increase the proportion of carbon removal and long-lived storage projects over time, targeting 100% carbon removals by 2050.

Note: carbon avoidance projects are those which avoid or reduce emissions which would otherwise be released into the atmosphere e.g., protecting existing forests which are at risk of destruction; carbon removal projects are those

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<sup>3</sup> The details of these SDGs can be found on our website [Sustainability | British Land](#).

which remove carbon directly from the atmosphere and store it for a long period of time with low risk of reversal e.g., planting new trees.

### **Project type**

We consider both nature-based solutions and non-nature-based solutions, thereby allowing us to consider a wide range of offsetting projects.

### **Location**

The impact of climate change is global as is the supply chain for the construction of the buildings we are developing. We therefore do not target specific locations for the carbon credits we purchase however, we do consider geopolitical risk factors in the countries where projects are located and exclude all sanctioned countries.

In line with our Social Impact Strategy we seek to have a positive impact in our local communities, so we will consider local, certified carbon credits for each development to the extent these are feasible and economically viable.

### **Timing of purchase and retirement**

We pre-purchase the associated carbon credits at the point of commitment to a development (which is usually signified by the placing of the main development contract). Our initial purchase is based on calculations for embodied carbon which are aligned to the RICS guidance; we reconcile these estimations to actual emissions at the point of practical completion when we top up our purchase if necessary to ensure that all residual embodied carbon has been offset. We aim to retire approximately 50% of carbon credits pre-purchased in respect of a given development at RIBA Stage 5 (Manufacturing and Construction), with the balance as soon as final embodied carbon figures are available after practical completion. Once a credit is “retired” it is effectively taken out of circulation and cannot be transferred or re-used.

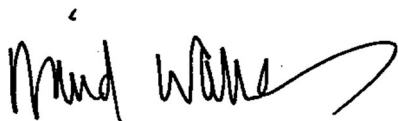
In line with the UKGBC guidance for net zero carbon buildings we only purchase ex-post credits. This means that the emission reduction has already occurred and been verified.

### **Vintage**

The carbon credits we are purchasing are to offset embodied carbon in our developments, which typically take several years to deliver and many of the components are frequently produced several years ahead of the development commencing. To match this, we procure carbon credits with a range of vintages but would aim to keep the vintage within eight years of expected practical completion.

Note: vintage refers to the year in which the emissions reductions took place.

Signed:

A handwritten signature in black ink, appearing to read "Mind Wane", with a stylized flourish at the end.

Date: 30 April 2024