Landsec - Climate Change 2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Landsec is one of the leading real estate companies in the UK. We buy, develop, and manage high-quality retail, leisure, workspace and residential spaces in London and vibrant regional locations.

We strive to connect communities, realise potential and deliver sustainable places. We create places that make a lasting positive contribution to our communities and our planet. We bring people together, forming connections with each other and the spaces we create. And we provide our customers, partners and people with a platform to realise their full potential.

Our £10.8 billion portfolio comprises over 100 properties and spans 23.5 million sq ft of well-connected retail, leisure, workspace and residential hubs. From the iconic Piccadilly Lights in the West End and the regeneration of London's Victoria, to the creation of retail destinations at Westgate Oxford and Trinity Leeds, we own and manage some of the most successful and memorable real estate in the UK. Landsec has 579 direct employees, and our diverse mix of people, skills and thought means we continually challenge established ways of working and strive to ensure everyone's career experience with us is enjoyable, inspiring and exciting.

We act early in response to changes and trends in our markets, actively managing our assets and adjusting key investment and development activities to maximise return with the appropriate level of risk. We aim to lead our industry in critical long-term issues – from diversity and community employment, to carbon reduction and climate resilience. Becoming a sustainable business is critical to our future, so we embed it in every part of the business, ensuring we will remain healthy and successful for years to come.

ESG leadership is a key enabler of our business strategy. Our drive and commitment to ESG will ensure our portfolio meets the needs of today's customers while satisfying increasingly demanding environmental standards over time. To us, this is simply the right way to run our business. It means providing the right space and environments for our customers, communities and employees, maintaining the long-term sustainability of our business, achieving above-market returns, and contributing to managing the long-term health of the planet. This is articulated through our purpose: sustainable places, connecting communities, realising potential, which encompasses a set of principles we live by in our business decisions as well as our desire to create great experiences for people, both now and in the future.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Reporting year	March 1 2020	February 28 2021	Yes	3 years

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

United Kingdom of Great Britain and Northern Ireland

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C-CN0.7/C-RE0.7

(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?

New construction or major renovation of buildings

Buildings management

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The Chief Executive is the board member with overall responsibility for oversight of climate-related risks and opportunities, as climate change is considered a principal risk to our business, which is linked to our strategic objectives. By overseeing climate-related issues, the Chief Executive ensures that climate-related decisions are aligned with the overall group strategy. This includes the approval of our ambitious net zero strategy in 2019, which involved updating our science-based carbon reduction target to be aligned with 1.5°C, and it is fully integrated into our overall strategy. The Chief Executive oversees climate-related issues by chairing the Sustainability Committee, which meets quarterly and has the responsibility for developing our sustainability strategy, agreeing sustainability commitments, considering climate-related risks, and reviewing progress against targets, including our science-based target. At the Sustainability Committee meetings, climate-related risks and opportunities are reviewed, based on briefings prepared by the Sustainability Team, and mitigation plans are discussed by members and, ultimately, approved by the Chief Executive. As part of the net zero strategy, another example of a climate-related decision made by the Chief Executive was the approval of our internal carbon price in 2019/20, helping our business to consider the financial risk of continued carbon emissions in the likely future event of a carbon tax being imposed on our industry, as is currently the case with heavy industries such as steel and cement. The internal carbon price will also support the business case for transitioning to low-carbon solutions in our own operations. In February 2021, the Chief Executive also supported the decision for Landsec to become a signatory of the Climate Group's SteelZero campaign, which complements our net zero carbon strategy by making a commitment to procuring 100% net zero steel by 2050 at the latest, with a 2030 interim target of 50% by 2030. Steelmaking is currently one of the biggest emitters of CO2 globally, and joining this initiative sends a strong demand signal to shift global markets and policies towards responsible steel production and sourcing. This will make a significant contribution in pursuit of net zero carbon, and put us on the right track to achieve our ambitious 2030 net zero target.
Board-level committee	The Audit Committee, a sub-committee of our Board, has oversight of the Group's risk assessment and management, internal controls, reporting process and financial management. Concerning risk assessment and management, the Audit Committee reviews the process by which risks are identified, prioritised and managed, in addition to considering the range of identified risk. As climate change is included in our principal risks and uncertainties, climate-related risks and opportunities are reviewed by the Audit Committee twice a year, supporting the Board in managing these risks. The committee assess the effectiveness of risk mitigation activities and progress against them. Our principal and emerging risks, including those relating to climate change, are challenged and validated by the Executive Leadership Team and the Audit Committee, before being presented to the Board. An example of a key decision is that climate change is reviewed and approved by the Audit Committee as one of our eight principal risks annually. With the support of the Audit Committee, the Board undertakes an annual assessment of our principal risks; in addition, an in-depth risk session including emerging risks is held with the Board every two years, with the most recent one taking place in December 2019. The Audit Committee monitors the principal risks every six months through a principal risk dashboard. This sets out risk tolerance ranges for each principal risk. The risk dashboard uses risk indicators to track whether our risk level is within our risk appetite, identifying instanced where further mitigating actions need to be taken in order to bring a risk back within the desired risk tolerance range. Since climate change has been included as a principal risk, climate-related risk indicators are included in the dashboard, such as portfolio energy intensity and carbon emissions, embodied carbon for new developments and proportion of portfolio located in areas exposed to flooding risks. The dashboard is then monitored by the Audit Committee to support the Board to assess and manage climate change risk.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – some meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding business plans Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	<Not Applicable>	A full review of our sustainability performance is undertaken by the Board once a year. This includes discussion of emerging macro-themes which may affect strategic decisions in our sustainability programme in the year ahead. During the annual review, the Board discusses emerging sustainability topics such as climate-related risks, where those risks affect the long-term success of the company. The annual update to the board includes a comprehensive review of progress against goals and targets across all twelve areas of our sustainability programme, including climate-related risk and progress against our Science Based Carbon Target, updated in 2019 to a 1.5°C scenario as part of our net zero commitment. Where performance does not meet expectations, the Board may advise on improvements, or review plans to rectify performance in the year ahead. In addition, as climate change is considered a principal risk, the Board review and assess climate-related risks once a year. Business and investment plans are initially discussed at other committees operating below the level of the Board including Executive Leadership Team, Sustainability Committee and Investment Committee. Climate-related issues are included on the agenda of each of those committees where they are material and relevant to the projects or matters discussed. Where sustainability and climate-related issues are deemed sufficiently material in relation to those business plans, they may be referred to the Board. Decision-making on investments, commercial agreements, including the acquisition, disposal and development of assets, is delegated according to financial values. The Board is responsible for investment and commercial decisions above £150m. This approach is also applied to climate-related investments and capital expenditure decisions, as significant investment to improve energy efficiency, decarbonise heat and increase the amount of on-site renewable generation across our portfolio is required to achieve net zero by 2030. An example of how climate-related issues are reviewed and discussed by the Board is the investment plan for net zero. Earlier in the year, the Executive Leadership Team, which is chaired by the Chief Executive and includes the Chief Financial Officer, Chief Operating Officer and Managing Directors approved an initial budget for 2021/22 to trialling an energy efficiency programme focused on building management system review, air source heat pump feasibility studies and customer engagement programme on energy efficiency. This energy efficiency programme has been reviewed and discussed by the Board and following the feasibility studies and reviews undertaken, we're preparing a 5-year investment plan to roll out the programme across the portfolio to ensure we achieve net zero. The 5-year investment plan will then be reviewed and approved by the Board.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other C-Suite Officer, please specify (Head of ESG and Sustainability) *Head of ESG and Sustainability*	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	More frequently than quarterly
Sustainability committee	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other committee, please specify (Executive Leadership Team)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly
Other, please specify (Energy Risk Committee)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Chief Executive has responsibility to lead the Group, develop and implement strategy, and manage overall business performance. This includes overall responsibility for climate-related risks and opportunities, as climate change is considered a principal business risk and linked to our strategic objectives. The Chief Executive addresses these issues through the Sustainability Committee and Executive Leadership Team.

The Sustainability Committee is chaired by the Chief Executive and attended by some members of Executive Leadership Team, including Managing Director - Strategy, Research & Innovation, Managing Director – People and Corporate Services, Managing Director – Central London and Managing Director – Development, as well as senior representation from portfolio management and operational teams. The Committee meets quarterly and is responsible for developing and implementing our sustainability- and climate-related strategy and targets, assessing and managing climate-related risks and opportunities, and reviewing progress against targets, including our science-based target. At the Sustainability Committee meetings, climate-related risks and opportunities are reviewed and mitigation plans are discussed, based on briefings prepared by the Head of ESG and Sustainability, and Sustainability Team, ensuring effective management of climate-related risks.

The Chief Executive also chairs the Executive Leadership Team (ELT), which is responsible for oversight of development and execution of strategy, people and organisation, strategic performance and major change initiatives - all intrinsically linked to our sustainability and climate change programme. In addition to the Chief Executive, the ELT is comprised by the Chief Financial Officer, Chief Operational Officer and six Managing Directors (MD): MD People and Corporate Services; MD Strategy, Research and Innovation; MD Central London, MD Retail, MD Development and MD Corporate Affairs. The ELT is responsible for the financial, operational and governance performance of the business portfolio. The ELT's responsibilities for monitoring and managing sustainability performance include a quarterly look-ahead and performance review, as well as reviewing sustainability advice concerning financial and operational issues.

The ELT is integral to our sustainability governance process as any new initiatives and projects inevitably have operational or resource implications, so must be approved by the ELT as it has oversight of the rest of the group's core activities. Typical issues discussed include reviewing the level of climate risk associated with an investment decision or approving an investment plan to improve energy performance of portfolio.

In line with our risk management framework, ownership and management of the principal risks is assigned to members of the Executive Leadership Team, who is responsible for implementing risk mitigation plans. The principal risk of Climate Change has been assigned to the Managing Director - Strategy, Research & Innovation, who has operational responsibility for our sustainability strategy delivery and management of climate-related issues and relevant mitigation actions, delivered through the Executive Leadership Team and Sustainability Committee. As a member of the Executive Leadership Team, the Managing Director - Strategy, Research & Innovation influences the vision for Landsec and assists the Chief Executive and the other ELT members in preparing and agreeing strategy, operating plans, budgets, policies and procedures, and managing overall Group performance, whilst also influencing the ELT to drive performance improvement relating to climate-related issues. This includes reviewing and challenging business plans to ensure they are aligned with our carbon, energy, waste and sustainable design commitments.

Finally, to support the Sustainability Committee and ELT in managing climate-related risks, there is the Energy Risk Committee, which is chaired by our Group Treasurer, with cross-functional representation, including senior representation from energy bureau, finance, operations, procurement and design & innovation. The Energy Risk Committee assess potential risks and opportunities associated with energy procurement and agrees key deliverables to mitigate those risks or deliver added value. The Committee is responsible for agreeing and establishing policies in relation to energy purchasing, including forward energy purchasing strategies, renewable energy procurement, ensuring risks associated with energy purchasing are managed.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Chief Executive Officer (CEO)	Monetary reward	Energy reduction project	The Chief Executive has the potential to receive a maximum annual bonus of up to 150% of basic salary. Of this, 130% is dependent on meeting Group Key Performance Indicators (KPIs) and 20% dependent on meeting personal targets. In 2020/21, the Group KPIs included 2 emissions-related KPIs, one related to embodied carbon and the other relating to energy reduction. The latter KPI was to: "Identify and agree to implement energy reduction measures which will lead to energy reduction vs. a 2013/14 baseline". The company achieved the highest level of performance relating to both KPIs, achieving for the energy KPI a 3.8% reduction against the 2013/14 baseline (maximum performance outcome: 3%) and for the embodied carbon KPI a 15.6% reduction across our four major development sites (maximum performance outcome: 15%)
Chief Financial Officer (CFO)	Monetary reward	Energy reduction project	The Chief Financial Officer has the potential to receive a maximum annual bonus of up to 150% of basic salary. Of this, 130% is dependent on meeting Group Key Performance Indicators (KPIs) and 20% dependent on meeting personal targets. In 2020/21, the Group KPIs included 2 emissions-related KPIs, one related to embodied carbon and the other relating to energy reduction. The latter KPI was to: "Identify and agree to implement energy reduction measures which will lead to energy reduction vs. a 2013/14 baseline". The company achieved the highest level of performance relating to both KPIs, achieving for the energy KPI a 3.8% reduction against the 2013/14 baseline (maximum performance outcome: 3%) and for the embodied carbon KPI a 15.6% reduction across our four major development sites (maximum performance outcome: 15%)

Entitled to incentive	Type of incentive	Activity inventivized	Comment
Other C-Suite Officer	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Environmental criteria included in purchases Supply chain engagement Company performance against a climate-related sustainability index	The Head of ESG and Sustainability has performance incentives related to both the delivery of group sustainability KPIs and specific KPIs for the Sustainability Team. In 2020/21, the Group KPIs included 2 emissions-related KPIs, one related to embodied carbon and the other relating to energy reduction. The latter KPI was to: "Identify and agree to implement energy reduction measures which will lead to energy reduction vs. a 2013/14 baseline". The company achieved the highest level of performance relating to both KPIs, achieving for the energy KPI a 3.8% reduction against the 2013/14 baseline (maximum performance outcome: 3%) and for the embodied carbon KPI a 15.6% reduction across our four major development sites (maximum performance outcome: 15%)
Business unit manager	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target Behavior change related indicator Environmental criteria included in purchases Supply chain engagement Company performance against a climate-related sustainability index	The Sustainability Director has performance incentives related to both the delivery of organisational sustainability KPIs and specific KPIs for the Sustainability Team. In 2020/21, these KPIs included driving energy reduction across the portfolio in support of our 2030 corporate commitments, reducing embodied carbon, continuing our proactive approach to investor engagement on ESG and maintaining or improving our scores in sustainability benchmarks such as CDP.
Energy manager	Monetary reward	Emissions reduction project Emissions reduction target Energy reduction project Energy reduction target	Each year, every employee has an Impact Review which details their objectives for the coming year. These objectives are specific to each role and the performance against these drives team and individual annual bonus payments. All Landsec employees have ESG targets, and Sustainability Managers have energy reduction targets, energy efficiency projects and customer engagement as objectives within their Impact Reviews. These impact our performance against our energy and carbon intensity targets.
Environment/Sustainability manager	Monetary reward	Emissions reduction project Emissions reduction target Behavior change related indicator Environmental criteria included in purchases Supply chain engagement	Each year, every employee has an Impact Review which details their objectives for the coming year. These objectives are specific to each role and the performance against these drives team and individual annual bonus payments. The Sustainability Managers' Impact Reviews include objectives and projects related to the sustainable design of new buildings; embodied carbon reduction; procurement of sustainable materials; waste management at our new developments and managed buildings; biodiversity net gain.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	1	Our immediate business planning and budgeting exercises for the year ahead include consideration of climate-related risks and opportunities at an asset level, including energy reduction planning and ensuring readiness in response to climate-related acute, and physical risks. This short-term planning takes places at an asset level and considers group risks where applicable.
Medium-term	1	10	In our formal assessment of climate-related risks and opportunities, we divide our time horizons into two distinct periods, up to 2030 and from 2030 to 2100. This is because risks and/or opportunities identified as likely to occur in the period leading up to 2030 require investment and operational actions to be planned, ready for delivery should identified risks materialise.
Long-term	10	80	Beyond 2030, many of our climate-related risks and opportunities are classed as emerging, meaning the impacts may change (relative to how we understand them today). This is due to the volatility and intensification of the effects of climate change. Accordingly, we will need to be flexible in our mitigation approach, incorporating precautionary mitigation measures in development decisions as many of our assets have a designed lifespan of 50 to 60 years (i.e. requiring end-of-life intervention within this timeframe).

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

We use a risk scoring matrix to ensure risks are assessed consistently. Our matrix considers likelihood, financial impact to income and capital values and reputational impact. We consider risks to have a substantive impact if they present high or very high financial or reputational impact, based on the following metrics:

Financial impact:

Very high: Profit & Loss (P&L) hit: > £25m, Capital hit: > £500m

High: P&L hit: £3m - £25m, Capital hit: £60m - £500m

Medium: P&L hit: £1m - £3m, Capital hit: £10m - £60m

Low: P&L hit: < £1m, Capital hit: < £10m

Reputational impact:

Very high: Catastrophic level of loss – prevents delivery of business objectives

High: Chief Executive/Business Unit Head involvement. Significant impact to business objectives

Medium: Senior management involvement with no real threat to business objectives

Low: Day-to-day impact with no real threat to business objectives

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered
Direct operations
Upstream
Downstream

Risk management process
Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment
More than once a year

Time horizon(s) covered
Short-term
Medium-term
Long-term

Description of process
Identifying and assessing risk is a continual process. Our Risk Management function oversees a network of risk champions across the business, which meets quarterly to identify and monitor short-term, medium-term and long-term risks facing our business. This network creates ongoing ownership of risk awareness and implementation of risk controls throughout the business, maintaining the risk registers and managing the implementation of risk controls. Particularly for climate change risks, the review process is supported by the Sustainability Committee. This forms the basis for the principal and emerging risks, which are challenged and validated by the Executive Leadership Team and the Audit Committee, before being presented to the Board. The business considers both external and internal risks identified at asset level through to company level, including risks across our entire value chain. We use a risk scoring matrix to ensure risks are assessed consistently. Our matrix considers likelihood, financial impact to income and capital values and reputational impact. When we evaluate risk, we consider the inherent or gross risk (the level of the risk before any mitigating action) and the residual or net risk (the risk that remains after we consider the effect of mitigating actions and controls). From this, we identify principal risks (current risks with relatively high impact and certainty) and emerging risks (risks where the extent and implications are not yet fully understood). Specifically concerning climate-related risks, we identify and assess climate risks through scenario analysis, considering short- to medium-term until 2030, and long-term beyond 2030 to 2100. Our analysis focuses on two distinct scenarios: a scenario where global average temperature increases by less than two degrees, and a scenario where temperatures increase by up to four degrees. We have identified and assessed physical risks by conducting research and modelling at asset level. The modelling enabled us to determine the likelihood of potential future weather patterns and natural hazards and the exposure of our portfolio to these risks. We have also undertaken a process to identify and assess transition risks through quantitative and qualitative scenario analysis, using the TCFD recommendations as a guide. Risks and opportunities were assessed against impact and likelihood criteria, with potential impacts across our value chain considered. Identification of climate risks is carried out at Landsec in tandem with our company-wide risk identification process. This is due to the specific nature of climate risks, which are quantifiable but affect many parts of our business. Accordingly, this process is initially led by the Sustainability Team and external partners, with the results introduced to the quarterly risk champion forum where they are assessed and ratified against other risks and then included in the risk register. Following this process, climate change features as one of our eight principal risks. The Board undertakes an annual assessment of the principal risks, taking account of those that would threaten our business model, future performance, as well as the Group's strategic objectives. In addition, the Board regularly reviews the risk appetite of the business, reassesses the information available and the risk factors that are relevant. Every six months the Group risks are presented to the Audit Committee and Board through a principal risk dashboard. This sets out risk appetite statements for each principal risk and risk tolerance ranges which explicitly align our risk appetite and the corresponding key risk indicators (KRIs) to our strategy and key performance indicators (KPIs). The risk dashboard uses risk indicators to track whether our risk level is within our risk appetite, and whether further mitigating actions are needed to bring a risk back within the desired risk tolerance range. Each of the principal risks has a number of KRIs. For instance, climate-related risk indicators include energy intensity and carbon emissions, portfolio natural disaster risks (i.e. exposure to flooding, windstorms). KRIs and required mitigation actions are discussed and agreed by the Executive Leadership team and the relevant business units. Internal Audit provides assurance to the Audit Committee and Executive Leadership Team in evaluating the design and operating effectiveness of the risk management and internal control processes, through independent review. Last year, following our scenario analysis and risk assessment process, we identified that the transition risk associated with shifting consumer preferences and expectations toward low carbon assets may present a financial and reputational risk for Landsec if our assets are not considered highly energy efficient and aligned with net zero carbon definitions, as it become more difficult to let our spaces. In line with our risk management framework, this risk was discussed with the risk champion network and in the Sustainability Committee, and it was agreed that additional mitigation actions were required to improve the energy performance of our portfolio towards net zero. An initial investment and action plan focused on reviewing building management system (BMS), undertaking feasibility studies to decarbonise heat in some properties and development of a customer engagement programme was then approved by the Executive Leadership team. This year, we have started implemented these actions, undertaking BMS reviews and feasibility studies. This will form the basis for a comprehensive investment plan to achieve net zero across our portfolio, which will be firstly discussed and approved by the Sustainability Committee and Executive Leadership Team, before final approval from the Board. Regarding physical risks, based on our risk assessment, we identified that the impacts of physical risks to our portfolio will be more relevant in the long-term, particularly under 4-degree scenario. For instance, year-round temperature is expected to be higher, with summer temperatures 5.4°C higher and winter temperatures 4.2°C higher than in the current climate. This change will likely impact our operational costs and the resilience of our assets. This risk was discussed with the risk champion network and in the Sustainability Committee. As our developments are typically designed to last over 60 years, we need to ensure that we are designing buildings to be resilient and able to withstand future weather patterns. For instance, The Forge, which will be our first net zero carbon development, has been designed to have facades and windows designed for efficient shading to avoid overheating and will have spare capacity in the cooling equipment to cater for increased cooling demand due to increasing temperatures. Based on our mitigation actions, we're confident that the residual risk of physical and transition climate-related risks remains within our accepted tolerance range.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current environmental regulation is identified and assessed by the Sustainability Team, utilising journals and updates from consultants and law firms to identify relevant legislation, and their expertise in this field to identify the business impacts. For example, the first phase of the UK Minimum Energy Efficiency Standards (MEES) came into force in April 2018. Under these regulations, it is illegal to lease new space or re-lease existing space which has an Energy Performance Certificate (EPC) rating lower than E, in an effort to reduce the carbon emissions from the UK built environment. As part of this legislation, the requirements will further evolve to include all leases, new and existing from April 2023 onwards. This means that Landsec will not legally be able to continue leasing any space to tenants which has an EPC rating lower than an E from April 2023. Landsec currently owns over 3,300 spaces which require an EPC and so this piece of legislation not only brings administrative burden but also potentially high risk because it won't be possible to lease spaces without a valid EPC rating, resulting in direct financial impacts from lost income, asset devaluation and costs for remedial works to improve energy efficiency. This risk is assessed for assets under ownership and also for potential acquisitions as part of the investment due diligence process.
Emerging regulation	Relevant, always included	Emerging environmental regulation is identified and assessed by the Sustainability Team, utilising journals and updates from consultants and law firms to identify new legislation, and their expertise in this field to identify the potential business impacts. As an example, in 2019 the UK Government committed to become Net Zero Carbon by 2050. Reaching net-zero carbon will require extensive changes across the economy, led by strong regulation and major infrastructure decisions, particularly around energy consumption, carbon taxes and emissions offsetting. As Landsec is a major energy consumer, and reliant, to a degree, on the consumption of fossil fuels in our supply chain, new regulations imposing energy performance thresholds and/or levies would affect our business. Risks include additional costs associated with retrofitting our assets to reduce their energy use and carbon emissions or additional operational costs related to carbon taxes and emissions offsetting. To manage this transition risk, we've committed to become a net zero carbon business by 2030 and set out a clear strategy to achieve this target, which includes reducing energy consumption in support of our updated science-based carbon reduction target and adoption of an internal carbon price, anticipating a potential carbon price in the future.
Technology	Relevant, always included	Technology risk is identified and assessed through our principal climate change risk, which is described as risk of failure to properly identify and mitigate both physical and transition risks from climate change, leading to a negative impact on our reputation, disruption in our operations and stranded assets. The transition to a more sustainable, low carbon economy is driving a multitude of technological advances, requiring investments to avoid stranded assets in our portfolio. Particularly within the transportation system, electric and plug-in hybrid vehicles are fast developing, and many businesses and individuals are choosing them over traditional, internal combustion engine vehicles. It is likely that EV numbers will grow significantly over the next few years with forecasts suggesting that there will be ~1 million in the UK by 2025. As EV sales grow there will be an increased demand for charge points across the UK. Research from the Committee on Climate Change suggests that by 2030 there would need to be ten times as many public chargers as there are at present. This poses a technological risk for us as if we don't provide the required charging infrastructure at our public car parks for our EV-driving customers, they may go elsewhere and stop visiting our assets. We recognise this shift in technology and behaviour and are therefore working to ensure that every Landsec asset with public parking has EV charging facilities available. We are an EV100 member and our portfolio currently has 268 charge points across 26 assets but we recognise that many of our retail assets offer no charging facilities.
Legal	Relevant, always included	The risk of civil penalties is considered by the sustainability team and risk champions, alongside other legislative and regulatory risks associated with climate change as part of our integrated risk management framework. Climate-related litigation poses both financial and reputational risk to our business and are relevant due to the Minimum Energy Efficiency Standards (MEES). From 1 April 2018, landlords of buildings within the scope of the MEES Regulations must not renew existing tenancies or grant new tenancies if the building has less than the minimum energy performance certificate (EPC) rating of E, unless the landlord registers an exemption. In light of this regulation, occupiers of our assets who are approaching a break in their lease must be in receipt of a valid EPC for our properties before commencing signing of a new lease. Accordingly, there is a risk of those EPCs not being completed, rendering the property not eligible for lease and exposing our business to civil penalties, which are set by reference to the property's rateable value. This could also manifest in litigation claims from customers if the obligations of our lease are not upheld, which includes provision of an appropriate and valid EPC.
Market	Relevant, always included	Market risk, in respect of climate change, is derived from shifting consumer preferences toward greener assets and associated services and is especially relevant for our business. It appears as a principal risk on our company-wide risk register as follows: 'Structural changes in customer and consumer expectations leading to a change in demand for space and the consequent impact on income'. As this is a principal risk appearing on the company risk register, the risk is monitored through the Risk Champion Network on a quarterly basis. This risk can be significantly affected by our sustainable design strategies for new assets, and continuous improvement of the sustainability performance of existing assets, as customer preferences shift towards greener buildings as a result of increasing awareness of climate change. This risk is particularly relevant during the leasing process, when customers are assessing the space and all relevant information to make their decision on a lease. This means that portfolio management and leasing teams must be capable of providing the right information to customers at the right time to support the decision-making process. With customers preferences shifting toward green assets, customers are asking for more information about the sustainability credentials of buildings during the leasing process. Where we are unable to provide substantiation of energy performance, green building rating or other relevant sustainability credentials for the asset, there is a risk that the customer decides not to lease our assets, negatively impacting our income.
Reputation	Relevant, always included	Reputational risk in the eyes of our customers and communities is explored in our climate change risk as follows: 'Failure to properly identify and mitigate both physical and transition risks from climate change, leading to a negative impact on our reputation, disruption in our operations and stranded assets.' As this is a principal risk appearing on the company risk register, the risk is monitored through the Risk Champion Network on a quarterly basis. This risk is especially relevant in relation to our investors, from whom we are seeing an increasing volume of requests for information on our environmental and socio-economic governance. Should investors begin to lose confidence in Landsec in this area, and begin to withdraw funding, this sends a message to the market that Landsec is unable to fulfil investor requirements, which could result in a lack of funds, and confidence in our brand, reducing our ability to operate.
Acute physical	Relevant, always included	Acute physical climate change risks are included in the company-wide risk assessment process through our principal climate change risk, which is described as risk of failure to properly identify and mitigate both physical and transition risks from climate change, leading to a negative impact on our reputation, disruption in our operations and stranded assets. Specifically, this risk is monitored through one of our Key Risk Indicators, which is the 'Percentage of assets that are at risk to natural disasters for a 10-year period'. The state of the portfolio, measured against acute physical climate risk, and the establishment of this key risk indicator was first carried out in 2017-18, in response to discussion with management, external agencies and stakeholders, which highlighted the possibility of acute physical risks to the portfolio as a result of climate change. In 2018-19, we reviewed the analysis to account for changes in the portfolio and to incorporate the Met Office Climate Projections 2018 (UKCP18) and RCP (representative concentration pathway) scenarios in line with IPCC Fifth Assessment Report AR5, which are widely accepted as the most accurate forecasts for how climate change will affect the climate and weather in the UK. The results of the 2018-19 analysis determined that windstorms (during the winter season) are the most widespread acute physical climate risk with all of our portfolio located in a stormy region. This is because the UK is exposed to a similar level of windstorm throughout its various geographies, so all of our assets are similarly affected, being exposed to a 'High' level of windstorm risk. As windstorms can cause a severe damage to the building structure, we monitor this risk closely, ensuring the performance of our facades and fabric materials is designed to withstand increased wind speeds to avoid maintenance issues or damage to buildings. In addition, currently, 7.2% of portfolio value is located in areas exposed to a 10% risk of inland, coastal and flash flooding in a ten-year period. The effects of flooding on our assets could include damage to materials and building structure, as well as disruption to services.
Chronic physical	Relevant, always included	Chronic physical risks of climate change are always included in our company-wide risk assessment through our principal climate change risk, which is described as risk of failure to properly identify and mitigate both physical and transition risks from climate change, leading to a negative impact on our reputation, disruption in our operations and stranded assets. These risks were first assessed in 2017-18. In 2018-19, we reviewed the analysis to account for changes in the portfolio and to incorporate the Met Office Climate Projections 2018 (UKCP18), which are widely accepted as the most accurate forecasts for how climate change will affect the climate and weather in the UK. Moreover, the 2018-19 analysis is based on RCP (representative concentration pathway) scenarios in line with IPCC Fifth Assessment Report AR5. The results of the 2018-19 analysis confirmed sea level and average temperature increases to be relevant to Landsec portfolio. Under the worst-case scenario (RCP8.5), London could see a sea level rise of between 0.53m to 1.15m by the end of the century. The risk in London is considered mitigated by the Thames Barrier as the design levels of protections considered have been sufficiently conservative. However, as the projected rise in sea levels for the UK is the dominant driver of future coastal flooding changes, it could pose a material risk to Landsec, as our portfolio includes some coastal retail properties such as Gunwharf Quays, Brighton Marina and Queens Link Leisure Park. The effects of flooding on our assets could include damage to materials and building structure, as well as disruption to services. As a management method, this risk is included in our investment risk assessment process and broader discussions on risks of certain properties in our portfolio. Regarding average temperature, the 2018-19 analysis showed that under the worst-case scenario, average temperature could increase between 0.7°C and 4.2°C in winter, and between 0.9°C to and 5.4°C in summer, by 2070. Since our energy consumption, used for heating and cooling purposes, is correlated with external temperature, the estimated annual impact of temperature increase in terms of consumption for the RCP 8.5 scenario is an additional 7% of electricity and cooling (11 million kWh) and 18% less gas and heating (12.7 million kWh) per year in 2100.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Acute physical	Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact
Decreased asset value or asset useful life leading to write-offs, asset impairment or early retirement of existing assets

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
Under the 2°C scenario, our analysis shows that predicted changes in the UK climate are for marginally higher year-round temperatures and lower precipitation in summer. The risk to our business under this scenario from flooding and windstorm remains within the current and natural variability. This means there will be no material change to insurance, repair or other capital and operational costs arising due to the physical impacts of climate change. However, higher physical risks are seen under the worst-case 4°C scenario. In this scenario, it is likely the UK will experience an increase in flash flooding, river floods, coastal flooding and storm surges. The impact of those hazards will become more relevant towards the middle/end of the century i.e. 2050 and beyond, resulting in an increased negative impact on the current Landsec portfolio due to more frequent and severe events like flooding and storm surges. Higher levels of precipitation are predicted in winter at up to +35%, and lower levels of summer precipitation are predicted at down to -47%. If defence measures stay the same as they are now, forecasted damage and consequent monetary losses from inland flooding are projected to increase by the 2050s. Although the impacts of these weather events are applicable to a small proportion of assets in our portfolio, with only 7.2% of Landsec's portfolio value located in areas exposed to a 10% risk of inland, coastal and flash flooding in a ten-year period, this risk is considered to carry substantive financial implications for Landsec. This is because the potential damage to assets in the case of severe flooding could have a high financial impact to our balance sheet based on the current value of these assets. These assets are classified as High Risk for climate change, as they are located in areas exposed to a 10% risk of flooding in a ten-year period, a probability level that is considered high for natural hazards.

Time horizon
Long-term

Likelihood
About as likely as not

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
995900000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
This potential financial impact figure is total insured value of assets located in areas exposed to a 10% risk of inland, coastal and flash flooding in a ten-year period, a probability level that is considered high for natural hazards. This figure is based on the assumption of a complete destruction of these assets in case of a severe flooding event without considering any insurance coverage we have in place.

Cost of response to risk
40000

Description of response and explanation of cost calculation
Based on our risks assessment, 7.2% of our portfolio value is located in areas exposed to a 10% risk of inland, coastal and flash flooding in a ten-year period. By identifying which properties are located in areas highly exposed to physical risks, we are able to review the current level of local protection already in place for each asset, such as coastal defences and flood barriers, which minimise asset's exposure to these risk. We also ensure that insurance policies and relevant mitigation plans are in place, including appropriate water attenuation tanks flood alert system and business continuity plans. By undertaking these actions, we mitigate the financial impact of flood risk. Our analysis also showed us that the impacts of acute physical risks to our current portfolio will become more relevant in the long-term. This means that although no significant changes in infrastructure are required yet, this is something we closely monitor on an ongoing basis and we also consider these risks in our investment decisions. As our analysis helped us to identify which properties in our portfolio are located in areas exposed to acute physical risks, we consider these risks in our divestment decisions, further reducing the exposure of our portfolio. For example, every divestment discussion is supported by climate risks analysis, including exposure to flooding risks. To ensure we always consider acute physical risks in our investment decisions, we use our Responsible Investment Policy to avoid acquisition of properties with close proximity to the coast, and dated coastal defences, as sea level rise is expected to impact the coastal regions of the UK and could increase the likelihood of storm surge flooding. By considering climate risks in our investment decisions, we aim to reduce the exposure of our portfolio to acute physical risks. As identifying which assets are located in areas exposed to physical risks is the key action that allow us to manage this risk, reducing exposure of our portfolio and mitigating the financial impact, the cost of response to this risk is calculated by the cost of performing the climate risk analysis required, which is approximately £40,000 per year.

Comment

Identifier
Risk 2

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Rising mean temperatures

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
The energy used within the Landsec portfolio is typically in the form of electricity and gas, accounting for 95% of total energy. The remaining 5% is associated with district heating & cooling. The predominant use is electricity, 66% of total energy consumption, for powering building and tenant operations, lighting and cooling. Based on regression analysis of Landsec's entire portfolio and energy consumption for period between 2018 and 2020, we identified that the energy consumption of the Landsec portfolio correlates with seasonal trends in external temperature. In our office buildings, there is a strong correlation with electricity consumption and high summer temperatures to deliver cooling. Historical data shows an upward trend in average temperatures, especially from the 1950s until now, and published climate change projections show continued increase in the future. Therefore, the expected increase in mean temperatures represents a risk for Landsec, as the projected increase in electricity and cooling consumption by 2100, based on the scenario RCP 8.5, is 11 million kWh, representing a 7% increase compared with 2019/20 consumption. This could increase our operational costs associated with energy consumption. In addition to impact in costs, the expected increase in cooling demand would make it more difficult to reduce our electricity consumption, compromising our progress against our corporate commitments, such as our energy intensity target to reduce energy intensity by 40% by 2030, and our science-based carbon reduction target to reduce our carbon emissions by 70% by 2030. This could potentially have a significant negative impact upon our reputation.

Time horizon
Long-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
214137

Potential financial impact figure – maximum (currency)
1154630

Explanation of financial impact figure
With a changing climate, our analysis shows that Landsec's electricity consumption and cooling costs will likely increase. Based on current portfolio characteristics, the annual impact in terms of consumption for the worst case 4°C scenario is an additional +7% of electricity and cooling (11 million kWh) by the end of 2100. The cumulative monetary impact based on current prices would be in the range of an additional cost of £1,154,630 per annum. This figure was calculated by multiplying the current electricity price of £0.128 per kWh by the expected increase in electricity consumption of 11 million kWh. Under the 2°C scenario, the impact is significantly lower with approximately +1% increase in electricity (2.2 million kWh), resulting in additional £214,137 per year, using the same calculation method.

Cost of response to risk
1650000

Description of response and explanation of cost calculation
Based on the our risk assessment, our energy consumption and associated costs will likely to increase due to higher demand for cooling across our assets to cope with expected higher temperatures. To minimise the impact of this risk, we are working to maximise the energy efficiency of our assets, particularly the heating, ventilation, and air conditioning (HVAC) systems. This includes investing in our HVAC equipment such as installing new fans, pumps and valves, and improving how we control current equipment by analysing and rewriting building management system (BMS) strategies to ensure assets operate efficiently. For instance, we're using smart technology to gather data from our building management systems in several of our offices, and having this detailed data helps us decide how we control energy-intensive service equipment in our buildings. This year we have been able to undertake various actions to improve the building management systems at our London assets, such as improving the efficiency and lifecycle of our cooling systems, as they now react more optimally to external temperatures. In 2020/21, we invested over £1.6m in energy efficiency improvement projects across our existing operational assets. These actions help us to reduce the energy consumption and associated costs across our portfolio, compensating the expected increase in energy demand and costs due to higher temperature and mitigating the impact of this physical risk. Another method of response concerns development, ensuring assets which are being designed now are able to perform efficiently once they become operational. We are using the Design for Performance approach to set energy intensity targets for our base building performance, in line with achieving our 2030 targets. This tool aims to close the performance gap by ensuring that new office developments operate as efficiently as they were designed to. An example of a current development that has been designed using this approach is The Forge, our first net zero carbon building. We're also scaling back fossil fuel-dependent boilers in favour of all-electric solutions based on highly efficient air-source heat pumps with heat recovery, powered with renewable electricity. We don't consider any additional costs associated with this response strategy, as all these features are included as part of the design approach for all our new developments and considered in our life cycle assessment (LCA).

Comment

Identifier
Risk 3

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Mandates on and regulation of existing products and services

Primary potential financial impact
Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description

As a major landlord, we are affected by the UK Government Minimum Energy Efficiency Standard (MEES) regulations, which came into effect on the 1st April 2018. Under the regulations, from 2023, we will no longer be able to continue letting properties / units which either don't have a valid Energy Performance Certificate (EPC) or have an EPC rating lower than an E. Landlords can obtain an exemption for these requirements on a property-by-property basis. There are several scenarios where an exemption can be requested. Landsec currently own over 3,300 spaces which require an EPC. Thus, these regulations not only cause administrative burden but also potentially high risk. Out of these 3,300 spaces, 64% currently have valid EPCs with the remaining 36% outstanding. The risk currently considered by Landsec is the unknown ratings of the remaining 36% without an EPC certificate, as in the unlikely worst case scenario, all these spaces could have an EPC rating below the minimum rating E. This 36% represents annualised rental income of £148,000,000. Therefore, the worst-case scenario financial risk is £148,000,000 per year as if all these spaces returned an EPC rating lower than an E. However, of the EPCs currently held across the portfolio, only 2% are lower than E. As EPC certificates are valid for 10 years, over 40% of our EPC ratings have been obtained before 2015 and hence they don't accurately reflect current assets energy standards, as we've been investing in a number of initiatives to improve energy efficiency of assets over these years. This indicates that this worst-case scenario is extremely unlikely, however the risk needs to be understood and managed effectively. Failure to be able to continue to let a property, due to not holding an EPC equal to or above the minimum rating, will have financial implications. To effectively manage this risk, the first step is to obtain an EPC for all spaces without a valid EPC or with an EPC rating below E, which would cost approximately £160,000.

Time horizon
Short-term

Likelihood
Very unlikely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
148000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Under current portfolio EPC coverage, 36% of all spaces do not have an EPC. The current annualised rental income associated these spaces is £148,000,000. Therefore, the worst-case scenario financial impact is currently £148,000,000 per year, based on the assumption that all these spaces were to be newly leased now and all returned an EPC rating lower than an E. However, of the EPCs currently held across the portfolio, only 2% are an F or G rating, with 98% complying with the MEES regulations. This indicates that this worst-case scenario is extremely unlikely, however the risk needs to be understood and managed effectively.

Cost of response to risk
160000

Description of response and explanation of cost calculation
Under current portfolio EPC coverage, 36% of our spaces do not have a valid EPC certificate and we don't know if they will meet the MEES requirements of EPC minimum rating E. To effectively manage this risk, last year we undertook a full review of our EPC coverage to better understand the overall EPC coverage and requirements and we're now focusing on obtaining EPC certificates for all spaces that do not have a valid EPC certificate. This includes spaces with expired or missing EPC certificates, as well as spaces with EPC rating below E. Obtaining a new EPC certificate for all these outstanding spaces before 2023 nearly eliminates the impact of this risk, as the likelihood of receiving an EPC rating below E is extremely low given the current level of quality of our assets. For instance, earlier in the year, we undertook EPC assessments for 26 spaces within a shopping centre (25 missing or expired EPC and 1 EPC rating G) and all spaces have achieved EPC E or above. The £160,000 cost of response has been calculated by multiplying the number of spaces without a valid EPC (around 600 spaces) by the average cost of obtaining a certificate (£260).

Comment

Identifier
Risk 4

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact
Increased direct costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
As Landsec is responsible for carbon emissions originating from the operation of our many properties and from the construction of new buildings, we will be affected if the UK Government strengthens Climate Change legislation in order to achieve Net Zero Carbon by 2050. The UK's 2050 net zero target requires deep reductions in emissions, with any remaining emissions to be balanced by schemes to offset an equivalent amount of greenhouse gases from the atmosphere, such as planting trees or using technology like carbon capture and storage. In the current reporting year, we reported 45,095 tonnes of CO2 of operational emissions and 42,285 tonnes of CO2 of embodied carbon from our current developments, totalling 87,380 tonnes of CO2. Based on our current emission levels, this emerging regulation would pose a risk to Landsec as there could be significant costs associated with carbon offsetting by purchasing carbon credits from certified sources. In addition to the impact on costs, there could be a reputational risk if we are not seen as delivering a 'deep reduction in emissions' in line with the UK Net Zero target. We understand that this reputational risk could be translated as Landsec not reducing emissions in line with our updated science-based target to reduce our carbon emissions (scope 1, scope 2 and a portion of scope 3 emissions from downstream leased assets) by 70% by 2030.

Time horizon
Medium-term

Likelihood
Likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure
We reported 45,095 tonnes of CO2 of operational emissions and 42,285 tonnes of CO2 of embodied carbon in our new developments in the last reporting year, totalling 87,380 tonnes of CO2. The potential financial impact range is based on two extreme carbon offsetting prices and same carbon emissions as reported last year. Currently certified carbon credits cost on average £10 per tonne of CO2. However, as these are market-driven, carbon credits cost could increase significantly reaching £100 per tonne of CO2. Based on 87,380 tonnes of CO2, if carbon price is £10 per tonne of CO2, the financial impact would be £873,800 annually; if carbon price is £100, the financial impact would be £8,738,000 annually.

Cost of response to risk
1252000

Description of response and explanation of cost calculation
The best way to mitigate this risk is to reduce our carbon emissions, minimising the amount of emissions to be offset. For that reason, last year we committed to becoming a net zero carbon business by 2030 and we increased the ambition level of our science-based target, aligning it with a 1.5°C scenario. Our updated science-based target is to reduce our operational carbon emissions by 70% by 2030. In order to achieve these targets, we need to reduce our operational energy consumption. In 2020/21, we approved the implementation of 32 energy efficiency projects across our properties, with a total energy saving potential of 6,625,636 kWh and total costing £1,252,000. The projects are a combination of low/no cost measures for the optimisation of building management systems across the portfolio and LED lighting upgrade projects, such as LED lighting upgrade at Bluewater shopping centre . These projects will further reduce our energy intensity by 3%, resulting in fewer carbon emissions and a reduction in required offsetting.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Energy source

Primary climate-related opportunity driver
Use of new technologies

Primary potential financial impact
Reduced direct costs

Company-specific description
We can harness new technologies, created and developed in response to the challenges of climate change, to improve our assets and reduce our operational costs. One such technology is solar PV. In recent years, international investment in solar PV has improved product efficiency and lowered in cost, significantly reducing the pay-back period, making it a viable solution for Landsec. Since 2012, we have installed 1.4 MW of solar PV across our assets including 0.8 MW at one shopping centre, White Rose in Leeds - one of the largest PV arrays on a UK shopping centre. These systems reduce the amount of energy we need to purchase from the grid and in turn the operational costs of our assets. These benefits are either received by Landsec directly or passed through to customers who occupy one of our assets with these technologies, leading to other business benefits.

Time horizon
Medium-term

Likelihood
Very likely

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Landsec's current 1.4 MW of solar PV currently in operation produce ~1,200,000 kWh of electricity each year. The systems in place have an expected life span of 25 years. The financial benefit of these systems producing 1,200,000 kWh each year for 25 years is calculated as £4,228,000, based on an average electricity price of £0.14, when future increases in electricity price are taken into consideration. This financial benefit will either be realised by Landsec directly or by our customers through service charge reduction. Both scenarios lead to obvious business benefits to the company.

Cost to realize opportunity
3000000

Strategy to realize opportunity and explanation of cost calculation
We have a corporate target to achieve 3 MW of installed renewable electricity capacity by 2030, doubling our current capacity. Increasing our coverage of solar PV systems will be the primary vehicle of achieving this target. In 2018/19 we completed 30,000 kWh solar installation at Westgate, Oxford, a retail destination in our portfolio. We are currently reviewing solar PV feasibility studies for Bluewater and Hatfield Galleria Outlet Centre, and progressing a feasibility study for on-site renewable technologies in our strategic land development pipeline. The total cost to realise this opportunity is approximately £3,000,000. This figure is calculated using the actual cost to install our current solar PV capacity of £1,500,000 as a proxy for future costs for the remaining 50% capacity in order to achieve our 3MW target, totalling £3,000,000.

Comment

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resilience

Primary climate-related opportunity driver
Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact
Reduced direct costs

Company-specific description
The energy used within the Landsec portfolio is typically in the form of electricity and gas, accounting for 95% of total energy. Approximately 80% of total gas consumption is used for heating. Based on regression analysis of Landsec's entire portfolio and energy consumption for period between 2018 and 2020, we identified that the energy consumption of the Landsec portfolio correlates with seasonal trends in external temperature. There is a strong correlation with gas consumption and colder, winter temperatures for heating provision. Historical data shows an upward trend in average temperatures, especially from the 1950s until now, and published climate change projections show continued increase in the future. Therefore, the expected increase in mean temperatures represents an opportunity for Landsec, as the projected reduction in gas and heating consumption at year 2100 based on the worst-case scenario RCP 8.5 is 12.7 million kWh (-18% gas and heating consumed) and based on the best-case scenario RCP 2.6 is 3.8 million kWh (-5% gas consumed). This could reduce our operational costs associated with energy consumption. In addition to impact in costs, the expected reduction in heating demand would facilitate the reduction in our gas consumption, supporting our progress against our corporate commitments, such as our energy intensity target to reduce energy intensity by 40% by 2030, and our science-based carbon reduction target to reduce our carbon emissions by 70% by 2030.

Time horizon
Long-term

Likelihood
Very likely

Magnitude of impact
Medium-low

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
81055

Potential financial impact figure – maximum (currency)
273296

Explanation of financial impact figure
With a changing climate, our analysis shows that Landsec's gas consumption and heating costs will likely decrease. Based on current portfolio characteristics, the annual impact in terms of consumption for the worst-case 4°C scenario, is 18% less gas (12.7 million kWh) by the end of 2100. The cumulative monetary impact based on current prices would be in the range of a reduced cost of £273,296 per annum. This figure was calculated by multiplying current gas prices of £0.02 per kWh by expected reduction in gas consumption of 12.7 million kWh. Under the 2°C scenario the impact is significantly lower with approximately 5% reduction in gas consumption (3.8 million kWh), resulting in reduced cost of £81,055 per year, using the same calculation method.

Cost to realize opportunity
1600000

Strategy to realize opportunity and explanation of cost calculation
We can only take advantage of this opportunity by ensuring our buildings respond to external temperatures to deliver the required internal environments as economically and energy efficiently as possible. We use Business Focused Maintenance to keep our buildings operating efficiently and to report on how well they are responding to external temperatures, by using analytics to identify inefficiencies. We also invest in new HVAC plant which is able to respond to temperature better using technologies such as variable speed drives. These can module the speed of pumps better than traditional systems and so heating systems only deliver the amount of heat required. These efficiency improvements are constantly under review with investment taking place each year. In 2020/21, we invested over £1.6m in energy efficiency improvement projects across our existing operational assets. To maximise building efficiency, we use smart technology to gather data from our building management systems in several of our offices, and having this detailed data helps us decide how we control energy-intensive service equipment in our buildings, and the services that we provide in our buildings are now running in line with occupancy. Consequently, this year we have been able to undertake various actions to improve the building management systems at our London assets. In our new developments, we're also scaling back fossil fuel-dependent boilers in favour of all electric solution based on highly efficient air-source heat

pumps with heat recovery powered with renewable electricity electric. We don't consider any additional costs associated with this strategy, as all these features are included as part of the design of our new developments.

Comment

Identifier
Opp3

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Move to more efficient buildings

Primary potential financial impact
Reduced direct costs

Company-specific description
Energy Savings Opportunity Scheme (ESOS) is a mandatory scheme for organisations in the UK. Because Landsec employs over 250 people, we qualify for ESOS. Companies who qualify for ESOS are required to either undertake a comprehensive assessment of energy efficiency opportunities at least once every four years or have a certified ISO50001 Energy Management System. With the support of the Sustainability Team, the Sustainability Committee evaluated these two compliance routes and decided that having a certified ISO50001 Energy Management System was more valuable as it drives continuous improvement of our energy use whereas the energy audit route does not require any actual improvements to be made, just the identification of potential improvements. Therefore, complying with ESOS provided the opportunity for us to make a compelling case to implement an ISO 50001 Energy Management System across Landsec, as the best alternative for complying with regulations whilst additionally promoting continuous energy efficiency improvement. We now have an active framework for identifying, evaluating, controlling and improving energy performance. In addition, key elements of the 50001 Energy Management System include leadership and governance, risks and opportunities identification, objectives and target-setting, performance monitoring and internal audit. As part of our Energy Management System, we have Energy Reduction Plans (ERPs) for all our assets, which outline how we will reduce the energy use and carbon emissions of the asset in order to meet our energy and carbon targets. This framework promotes continual improvement, as we are required to keep monitoring our performance, identifying and assessing our opportunities reduce operational costs and carbon emissions which is the goal of the ESOS, whilst supporting the achievement of our energy and carbon targets.

Time horizon
Short-term

Likelihood
Virtually certain

Magnitude of impact
High

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Since 2013-14, we've reduced our energy intensity by 43% (kWh/m2). The energy intensity in 2013-14 was 163 kWh/m2 and the energy intensity for 2020-21 was 94 kWh/m2. These reductions have been driven by energy savings initiatives identified and delivered through our ISO50001 certified energy management system. In addition, in 2013-14 the total energy consumption was 220,200,348 kWh and floor area was 1,350,305 m2, while in 2020-21 the total energy consumption was 163,125,691 kWh and floor area was 1,739,690 m2. As energy intensity is calculated by dividing energy consumption by floor area, the cost savings are estimated by calculating the total energy consumption in 2020-21 if the floor area was the same as in 2013-14, taking into account the 43% reduction in energy intensity. Current average electricity and gas unit cost rate is then multiplied to the total energy consumption for both years (2013-14 and 2020-21). The total energy cost for 2013-14 would be approximately ~£22 million and the cost for 2020/21 would be ~£13 million, based on energy intensity. By comparing these two total costs, it is possible to estimate costs savings of £9 million.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation
We maintain an active energy management programme focused on reducing energy use, which is supported by a Group KPI linked to executive remuneration. In 2020/21, we approved the implementation of 32 energy efficiency projects across our properties, with a total energy saving potential of 6,625,636 kWh and total costing £1,252,000. The projects are a combination of low/no cost measures for the optimisation of building management systems across the portfolio and LED lighting upgrade projects, such as LED lighting upgrade at Bluewater shopping centre . These projects will further reduce our energy intensity by 3%, resulting in fewer carbon emission and a reduction in required offsetting.

Comment

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?
Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, but we intend it to become a scheduled resolution item within the next two years	In 2019, we committed to becoming a net zero carbon business by 2030 and set out a 5-step plan for achieving this. The first step is to reduce operational carbon emissions. In November 2019, following the achievement of our original science-based carbon reduction target 11 years early, we increased the ambition level of our science-based target, aligning it with a 1.5oC scenario. The updated target is to reduce our absolute carbon emissions by 70% by 2030 from a 2013/14 baseline year. In 2020, we published our Net Zero Carbon Pathway Framework, outlining our plans for net zero carbon for both our new and existing buildings, as part of our Climate Change Commitment with the Better Buildings Partnership. Throughout the process, we've been engaging with our shareholders, by presenting our targets and plans in Capital Markets Day and results presentations, as well as meeting investors to discuss our net zero plans in-depth. Since 2019, we've been conducting sustainability roadshows to engage investors on our transition plans. In addition, last year we proposed an update to our remuneration policy for 2021/22 onwards to include our performance against our science-based target in the long-term incentive plan (LTIP). The proposed policy maintains the energy efficiency and embodied carbon targets as KPIs influencing annual bonus. Our Remuneration Committee has proactively consulted with our major shareholders as well as the major shareholder representative bodies to ensure their views were represented in the proposal. The proposed policy was then voted for in the AGM. Through these engagement activities, Landsec demonstrates transparency in relation to its transition plans and incorporates feedback from shareholders to continue driving carbon reductions in our business operations.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
RCP 2.6	Analysis of this scenario was carried out in 2018/19 and in 2020/21 and is applicable to the entire organisation and its activities including investment, development, operations and divestment. This scenario is aligned with the IPCC's RCP 2.6, in which global temperatures will not exceed more than 2°C over preindustrial levels by the end of the century. The scenario was selected as it is a widely used and reputable scenario. The scenario assumes proactive and sustained action to reduce carbon emissions over the next 10-30 years to build a low carbon economy. In this period, global efforts to mitigate climate change intensify immediately, led and supported by strong policy and regulatory responses. This time horizon is relevant to Landsec due to the long-term nature of decision making in real estate, i.e. issues which are relevant in a ten-year period may require decisions to be made now in order to deal with them effectively. Therefore, it is appropriate to consider the possible outcomes in the scenario in all development and significant maintenance decisions. In this scenario, the results indicate significant transition risks: zero carbon legislation, stringent planning regulation and carbon tax are all likely to be introduced, leading to higher capital and operational costs to further improving energy efficiency and reducing carbon emissions across our portfolio. Investment in low-carbon materials and solutions and reducing the carbon impact of developments could become mandatory through the planning system and building regulations. These changes could increase our capital expenditure, as we currently have a growing development pipeline, including four developments in progress and two proposed developments. Regarding physical risks, in this scenario, predicted changes in the UK climate are marginally higher year-round temperatures and lower precipitation in summer. Flooding and windstorm events also remain within the current and natural variability. This means there will be no material change to insurance or other capital and operational costs across our portfolio, as we already have appropriate insurance and mitigation plans in place. Despite our existing approach of investing in procurement of renewable energy and designing our new assets to exceed current and emerging regulations, we appreciate that under this scenario, many of our activities will be considered business as usual by 2030 so to continue to derive both reputational and competitive advantage, further innovation and investment is required. For that reason, the risks identified in this scenario analysis, including changes in regulation and carbon tax, have influenced the development of our net zero strategy to ensure we manage transition risks and to maintain our leadership approach in addressing climate change. As part of our net zero strategy, we increased the ambition level of our science-based target, aligning it with a 1.5°C scenario, which helps us to keep ahead of potential zero carbon legislations whilst demonstrating our leadership in reducing our impact in line with the required transition. To help the business to be prepared for a potential carbon tax, we introduced an internal carbon price to inform our decision-making process. We also set embodied carbon targets for each of our developments, addressing the risk of potential change in planning regulation. In line with our net zero strategy, all our new developments are designed to be net zero carbon, starting with the Forge, which will be our first net zero carbon building. For instance, Portland House, one of our proposed developments, will have a third of embodied carbon compared to a typical new building, as we reposition the existing asset, retaining the existing structure. The building is also designed to be highly energy efficient and powered with 100% renewable electricity. By progressing our net zero strategy, we're managing the transitions risks identified in our scenario analysis.
RCP 8.5	Analysis of this scenario was carried out in the reporting period and is applicable to the entire organisation and its activities including investment, development, operations and divestment. The scenario was selected as it is widely used and reputable scenario. This scenario is aligned with the IPCC's RCP 8.5, where climate change will increase by up to four degrees by 2100. In the lead-up to 2030, limited actions are taken to mitigate climate change, current levels of investment in low-carbon technology continue, and emissions continue to rise along their current trajectory. In the period between 2030 and 2100, the physical effects of climate change begin to intensify rapidly, and government, business and society will need to adapt to the effects. This timeframe is relevant to Landsec as the design life of our assets is typically 50 to 60 years, which means new buildings designed now must be designed to be capable of dealing with the projected temperatures and weather conditions which may unfold as a result of this scenario. In this scenario, it is likely we will experience an increase in flash flooding, river floods, coastal flooding and storm surges. Increases in year-round temperature are predicted, with summer temperatures at 5.4°C higher and winter temperatures at 4.2°C higher than the current climate. Higher levels of precipitation are predicted in winter at up to +35%, and lower levels of summer precipitation are predicted at down to -47%. In this scenario, the physical risks to our portfolio could pose several market challenges, including potential lower asset values, higher operational costs, higher costs of insurance premiums, and reduced attractiveness to our customers and consumers. This is particularly relevant for our assets located in areas highly exposed to flooding. Due to these extreme temperature and weather patterns, it is likely that older, poorly designed, operated and maintained assets will experience more frequent building system and envelope failures. This is likely to lead to higher operational costs, but also reputation risks, where customers begin to rely more on property companies to maintain safe and comfortable spaces for their staff and consumers. As an example of how we have changed our strategy and business planning to ensure our portfolio can cope with the changing climate conditions in this scenario, we have elected to review the fabric temperature tolerances for developments. The potential temperature effects in this scenario will affect our façade systems, which will be subject to periods of intense heat which will affect the integrity of sealing materials. To counteract these effects, we are analysing the capability of those materials to withstand extreme temperatures to avoid maintenance issues or damage to buildings in future. This process is also carried out for new developments to ensure facades can tolerate potential future climatic conditions. For instance, The Forge has been designed taking into account rising temperatures to have facades and windows designed for efficient shading to avoid overheating. In this scenario, our analysis demonstrates that changes to our strategy and financial planning will be required. This will include potential divestment of assets which are less resilient to extreme heat and rainfall, or investment into infrastructure to limit the impact of flooding and coastal surge. We believe our strategy for investing in high-quality assets in primary locations will continue to be resilient in this scenario. As an example of how we are doing this already to prepare the business for this scenario, we provide targeted climate risk insights to every divestment opportunity, presenting the downside risk to retaining the asset which is exposed to physical acute climate risk. This qualitative and quantitative analysis is provided in the overall underwriting pack for deals, informing the overall decision-making process.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Although our climate resilience assessment suggests that the impact of physical risks will become more relevant to our portfolio in the long term, whilst transition risks are already happening in the short term, both physical and transition risks have already influenced our strategy in relation to how we develop our assets, which are our 'products'. As our buildings are typically designed to last over 60 years, we need to ensure that we're designing buildings to be resilient, considering future weather patterns. Through our Sustainability Brief for developments, we manage the impact of physical risks such as higher cooling costs and lower heating demand, by adapting building services design, reducing heating capacity and maintaining cooling capacity to address expected increase in temperatures. The facades and fabric materials we specify are also designed to address the expected higher temperatures and to minimise energy demand, as well as to be able to withstand extreme temperatures and increased wind speeds to avoid maintenance issues or damage to buildings in future. To address transition risks in our developments, we're scaling back fossil fuel-dependent boilers in favour of electric heating and cooling across our operations. We are using the Design for Performance approach to set energy intensity targets for our base building performance to ensure new developments operate as efficiently as they were designed to. In addition, we set ambitious embodied carbon targets for each development. The most substantial decision that has been influenced by climate risks was the decision to develop The Forge as our first net zero carbon commercial development. The building will be the world's first large scale office building designed and constructed using the 'kit of parts' solution built on a Platform for Design, Manufacture and Assembly (P-DfMA) structural frame, leading to a 19% reduction in embodied carbon emissions compared to traditional construction methods. Embodied carbon will be further minimised by careful specification of materials such as high recycled content in key construction materials and cement replacement. It will also have all-electric solutions based on highly efficient air-source heat pumps, meaning no energy will be generated from fossil fuels. Finally, all remaining emissions will be offset via procurement of carbon credits.
Supply chain and/or value chain	Yes	Our strategy in relation to our supply chain has been influenced by climate-related transition risks both in the short and long term. As part of our net zero strategy, we're committed to reduce the embodied carbon emissions of our new developments. These are emissions from our supply chain, arising from the extraction of natural resources, manufacturing, transport and construction. To reduce embodied carbon, we focus on the materials we procure to adopt low-carbon alternatives wherever possible. This means careful analysis and selection of every material we use. Our aim is to avoid materials with a high-carbon intensity such as traditional steel and concrete. We replace them with materials that have a high recycled content, and inherently low-carbon profile, such as engineered timber, and that are sourced locally. Through our Sustainability Charter, we encourage our partners to improve their response to climate-related risks. We have included these criteria in the selection for partners and work with them to assess and encourage progress. For instance, we have set supply chain criteria for our partners to work to, which limit their options to materials produced locally and sustainably where feasible. Encouraging suppliers to consider climate risks can help them to become more resilient, reducing the risks of supply chain disruption. Procuring sustainable materials is a complex process, posing a risk of carbon intensive materials being selected. With our growing development pipeline, we've taken a closer look at our procurement policies to equip ourselves and our partners with the right tools for materials procurement. An example was the launch of our Materials Brief, describing the requirements for common materials used on Landsec development and portfolio projects. The brief was launched to clearly set out the materials we prohibit use of in our construction activities based on responsible sourcing, embodied impact and resource efficiency considerations. The document also stipulates the types of materials that we prefer, providing guidance for our designers and construction delivery partners to select low carbon materials locally sourced to reduce emissions, including from transportation. We're monitoring the materials used across all our developments, with all developments sourcing 100% of core construction materials responsibly from the UK and Europe.
Investment in R&D	Yes	As part of our approach to address climate-related transition risks we've committed to become a net zero carbon business by 2030 and updated science-based target to reduce our operational carbon emissions by 70% by 2030. Since 2013/14, we have reduced our carbon emissions by 55%. However, we recognise that most of quick wins and simple solutions to reduce energy consumption and carbon emissions has already been implemented across our portfolio. Therefore, we will need to invest in innovative solutions in the short and medium term, to deliver the remaining required reduction in energy and carbon. We're currently assessing different technologies to be deployed in our assets, from all-electric solutions based on highly efficient air-source heat pumps with heat recovery powered with renewable electricity to artificial intelligence technology to optimise HVAC systems. Our strategy around investment in R&D for new developments is also aligned with our net zero strategy, focused on reducing the embodied carbon emissions in our new developments both in the short and medium term. Embodied carbon emissions represent around half of the total emissions associated with the building over its entire life. For that reason, reducing the emissions arising from our construction activity including; extraction of natural resources, manufacturing, transport and construction is crucial. In order to reduce the emissions associated with the construction process, we're trialling an innovative platform-led approach to construction, known as P-DfMA (Platform for Design, Manufacture and Assembly), which consists of a set of components that can be efficiently combined to produce highly customised structures. The platform system is based on repeatable processes and standardised connections, enabling different kinds of spaces to be built with just a single 'kit of parts'. The new approach has been identified by the government as essential to the transformation of the construction sector, as this approach significantly reduces the construction time, waste and cost. By using less material, this approach creates less waste and consequently has lower carbon impact. This innovation is being deployed at our first net zero carbon building, The Forge, leading to a 19% reduction in embodied carbon emissions compared to traditional construction methods.
Operations	Yes	Climate-related risks and opportunities have already impacted how we operate our buildings. We are developing and operating our buildings to make them more energy efficient and resilient to a changing climate. Energy efficiency is a priority area of our operational strategy, as it helps to reduce our operational costs and costs for our customers whilst building resilience in our portfolio. For that reason, there is an energy-related key performance indicator (KPI) to 'Drive quantifiable energy reduction across portfolio in support of our 2030 corporate commitments', which is linked to executive remuneration. As part of our operational strategy to deliver energy efficiency, we have fundamentally changed the way we maintain our buildings and have built energy management responsibilities into our building maintenance contract in the form of Business Focussed Maintenance (BFM). With BFM, we don't only rely on the site teams to maintain buildings, but we also use the vast amount of data being collected by our Building Management Systems and Automatic Meter Reading systems to drive performance-led maintenance. We have a dedicated team called the Technical Operations Centre, or TOC, who remotely monitor our buildings and support the site teams to deliver a better maintenance service for our complex buildings. Although we're reducing energy and carbon across our portfolio, we recognise that most of quick wins and simple solutions have already been implemented. As more than 50% of our operational emissions are from our London office assets, we're investing in operational energy efficiency across these assets focused on three areas: building management system (BMS) upgrades, including trialling advanced artificial intelligence technology to further improve how buildings operate and autonomously drive efficiency of central plants; development of a customer engagement programme to drive behavioural change by helping customers understand how much energy they use and what actions they can take to drive down operational costs and reduce emissions; air source heat pumps feasibility studies to replace end-of-life gas fired boilers and hot water systems with this electrical alternative. These initiatives are expected to deliver energy and carbon reductions that will helps us to meet our science-based target and net zero commitments.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Capital expenditures Capital allocation Acquisitions and divestments Access to capital Assets	Our financial planning process comprises a budget for the next financial year, together with a projection for the following four financial years. Generally, achievement of the one-year budget has a greater level of certainty and is used to set near-term targets across the Group. Achievement of the five-year projection is less certain than the budget, but provides a longer-term outlook against which strategic decisions can be made. Climate-related risks and opportunities have already influenced most elements of our financial planning, with potential implications beyond our five-year projection. Direct costs, particularly around energy costs, represent an area that have been influenced by climate-related risks and opportunities. For us, energy costs are considered as direct costs, as energy is used directly by our customers in their spaces as part of the service provided in the building. We have an annual budgeting process to calculate the service charge costs for the year ahead. A significant cost line in the service charge budgets is associated with energy costs. Since 2013-14, we've reduced energy intensity by 43% with estimated costs savings of £9 million. In addition, in 2020/21, we approved the implementation of 32 energy efficiency projects across our properties, with a total energy saving potential of 6,625,636 kWh at a total cost of £1,252,000. These savings are considered in the budgeting process. Furthermore, when we look beyond our five-year projection for direct costs associated with energy, we also consider the likely increase in temperatures, which will impact both our cooling and heating costs. Capital expenditure on energy efficiency and low-carbon solutions is a core component of our capital expenditure for new assets, as we design and deliver assets to be climate resilient, and also for existing assets to ensure that they remain resilient. We have invested in responsive and adaptive buildings with efficient heating systems and natural methods of ventilation and heat preservation, for example, the use of air-source heat pumps at Westgate, Oxford, which are efficient in milder winter conditions. In addition, we continue to allocate capital to energy efficiency measures which will improve our existing assets and also reduce our direct costs, as outlined above. For instance, as mentioned above the 32 energy efficiency projects will require an investment of approximately £1,252,000. We're currently calculating the total investment required to deliver energy reductions across our portfolio to achieve our science-based carbon reduction target. The results will then be integrated in our long-term financial planning. As part of our approach to managing climate risks, we've set an internal price of carbon to reveal the carbon implications in our projects and operations and to assist investment decision making process. By considering the price of carbon in investment decisions, we're aligning capital allocation strategy to support the transition to a low carbon economy. We've also developed risk dashboards for each of our assets to support the strategic planning process. The dashboard for each property sets out a balanced scorecard view which is aligned to the principal risks of the Group and ensures that risks are explicitly considered in conjunction with developing the property management and portfolio strategy. Both physical and transition climate-related risks were included in these dashboards, which have been used to assess our strategy and financial planning with relation of our assets. In line with our Responsible Investment Policy, we consider climate-risks during due-diligence of assets prior to acquisition to understand energy performance and costs, to minimise the effects of inherited inefficiencies and to gain advantage and leverage in negotiations. We avoid acquisition of properties with unadaptable, inefficient cooling systems or oversized heating systems which may struggle to adapt to future temperature conditions efficiently, with proximity to the coast and dated coastal defences as sea level rise is expected to impact the coastal regions of the UK and could increase the likelihood of storm surge flooding. In the medium term, we will also consider divesting properties at risk from natural hazards, such as coastal and inland floods as the impacts will gradually worsen in the long term. Finally, to support our business strategy and how we manage climate-related risks and opportunities, we have created our Green Bond Framework, enabling future green bond issuance, impacting our access to capital. The framework outlines how we propose to use the proceeds of Green Bonds to fund eligible green projects that support our business strategy, in line with the Climate Bond Initiative Standards and the International Capital Market Association (ICMA) Green Bond Principles. It is also consistent with the objectives set out in the latest EU Technical Expert Group on Sustainable Finance Taxonomy.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number
Abs 1

Year target was set
2019

Target coverage
Company-wide

Scope(s) (or Scope 3 category)
Scope 1+2 (location-based) +3 (downstream)

Base year
2014

Covered emissions in base year (metric tons CO2e)
79614

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)
77

Target year
2030

Targeted reduction from base year (%)
70

Covered emissions in target year (metric tons CO2e) [auto-calculated]
23884.2

Covered emissions in reporting year (metric tons CO2e)
36010

% of target achieved [auto-calculated]
78.2418024109184

Target status in reporting year
Underway

Is this a science-based target?
Yes, and this target has been approved by the Science-Based Targets initiative

Target ambition
1.5°C aligned

Please explain (including target coverage)
In 2019 we achieved our original 2030 SBT 11 years early, reducing our carbon intensity by 48% since 2014. In line with our aim to lead our sector, in 2019 we became the first UK REIT to increase the ambition level of our science-based carbon reduction target, aligning it to a 1.5-degree scenario (1.5DS). This commitment is one of several steps Landsec is taking to become a net zero carbon business by 2030. Our updated science-based target, now in line with the 1.5DS, is to reduce our absolute carbon emissions (tCO2e) by 70% by 2030 compared to a 2013/14 baseline, for property under our management for at least two years, excluding those properties which are acquired, sold or included in the development pipeline at any time within the last two years. We understand that this two-year period reflects the amount of time needed to undertake sustainability assessments and start implementing changes to the assets; once properties complete the minimum required time under our operational control, they will be included into the commitment portfolio at the start of the following reporting year. This target includes Scope 1 and 2 emissions, and Scope 3 emissions associated with downstream leased assets (gas and electricity procured by us and used by our occupiers) but excludes Scope 1 emissions associated with refrigerant gas. To develop this target, the Absolute Contraction Approach was adopted, which applies the annual emission reduction pathway aligned to a 1.5DS to the baseline emissions of the company, and the pathway is defined by a 4.2% annual linear reduction, which has been derived by the Science Based Targets initiative (SBTi). We again worked with the Carbon Trust in order to calculate the emissions pathway for our SBT; the annual reduction aligned to the 1.5DS was applied to our baseline footprint, resulting in the absolute emissions pathway and reduction targets.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?
Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number
Low 1

Year target was set
2016

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Consumption

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
Percentage

Target denominator (intensity targets only)
<Not Applicable>

Base year
2016

Figure or percentage in base year
0

Target year
2020

Figure or percentage in target year
100

Figure or percentage in reporting year
100

% of target achieved [auto-calculated]
100

Target status in reporting year
Achieved

Is this target part of an emissions target?
Yes, this target supports Abs1.

Is this target part of an overarching initiative?
RE100

Please explain (including target coverage)
Since 2016, all electricity purchased within our corporate contract with SmartestEnergy has been certified as originating from 100% REGO-backed renewable sources. The certification has been third-party assured by the Carbon Trust – the first product of its kind in the UK. This means that we've already met our target to 'Procure 100% renewable electricity across our portfolio'. As we are a significant energy consumer, we understand that it is extremely important that we keep our commitment to 'Continue to procure 100% renewable electricity across our portfolio'. However, when we acquire a new asset, we inherit electricity supplies that must be transferred to our contract with SmartestEnergy, impacting our renewable consumption figure. We are looking to move our procurement towards direct purchasing from renewable projects through Power Purchase Agreements (PPAs).

Target reference number
Low 2

Year target was set
2017

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: energy carrier
Electricity

Target type: activity
Production

Target type: energy source
Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)
MWh

Target denominator (intensity targets only)
<Not Applicable>

Base year
2017

Figure or percentage in base year
0.6

Target year
2030

Figure or percentage in target year
3

Figure or percentage in reporting year
1.4

% of target achieved [auto-calculated]
33.3333333333333

Target status in reporting year
Underway

Is this target part of an emissions target?
Yes, this target supports Abs1.

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
This target covers all sites and also supports our science-based target. In support of this ambitious target, we have continued to progress our feasibility studies for on-site renewable technologies, assessing the value this would deliver to Landsec and our customers and how these could be incorporated as part of future redevelopment works. This includes investigating opportunities at White Rose - which already has one of the largest installations of solar panels (785 kWp) on any shopping centre in the UK - to increase its PV capacity further.

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

Target reference number
Oth 1

Year target was set
2016

Target coverage
Company-wide

Target type: absolute or intensity
Intensity

Target type: category & Metric (target numerator if reporting an intensity target)

Energy consumption or efficiency	kWh

Target denominator (intensity targets only)
square meter

Base year
2014

Figure or percentage in base year
163

Target year
2030

Figure or percentage in target year
98

Figure or percentage in reporting year
93.8

% of target achieved [auto-calculated]
106.461538461538

Target status in reporting year
Underway

Is this target part of an emissions target?
Yes, this target supports Abs1.

Is this target part of an overarching initiative?
EP100

Please explain (including target coverage)
Our energy intensity target is to reduce energy intensity (kWh/m2) by 40% by 2030 compared with a 2013/14 baseline, for property under our management for at least two years. We understand that this period reflect the amount of time needed to undertake sustainability assessments and start implementing changes to the assets. Once properties complete the minimum required time under our operational control, they are included in the commitment portfolio at the start of the following reporting year. We have reduce portfolio energy intensity by 43% compared to our 2013/14 baseline. Although this figure suggests that we've already achieved our target to reduce energy intensity by 40% by 2030, we recognise that energy consumption has been significantly impacted by Covid-19 restrictions and doesn't reflect portfolio energy performance in normal conditions. For that reason, we'll continue tracking our performance against this 2030 target. Please note that figures for previous years, including for the baseline year, have been restated due to change in reporting methodology. This target feeds into our EP100 commitment and also underpins our SBT commitment to reduce our absolute carbon emissions by 70% by 2030 compared with a 2013/14 baseline. The sizeable reduction in our carbon emissions so far has been largely achieved by our implemented energy efficiency projects. In particular, through the combined programme of controls and BMS improvements in our London offices, where we have been undertaking fine tuning measures on central cooling plants focusing on scheduling, AHU optimisation and chiller sequencing. Please see C6.10 for further information.

Target reference number
Oth 2

Year target was set

2018

Target coverage
Company-wide

Target type: absolute or intensity
Absolute

Target type: category & Metric (target numerator if reporting an intensity target)

Resource consumption or efficiency	Other, please specify (Percentage of core construction products and materials from ethical and sustainable sources)

Target denominator (intensity targets only)
<Not Applicable>

Base year
2018

Figure or percentage in base year
86

Target year
2021

Figure or percentage in target year
100

Figure or percentage in reporting year
100

% of target achieved [auto-calculated]
100

Target status in reporting year
Achieved

Is this target part of an emissions target?
No

Is this target part of an overarching initiative?
No, it's not part of an overarching initiative

Please explain (including target coverage)
Landsec is committed to sourcing core construction products and materials from ethical and sustainable sources, as set out in our Sustainability Brief for developments. An example of this is that we only procure 100% FSC-certified timber. We require other core construction materials including steel, concrete, hard landscaping and facades to come with responsible sourcing certification; where certification isn't available, we require evidence of health, safety and environmental management. We use the LEED or BREEAM responsible sourcing measurement schemes to gauge our success. Furthermore, in the reporting year we published our Materials Brief, which contains the material requirements for common materials used on Landsec development and portfolio projects and sets out the materials we prohibit use of in our construction activities based on health impacts, responsible sourcing, embodied carbon impact and resource efficiency considerations. We make this clear to our design teams and incorporate the list of prohibited materials into contractors' contracts at the earliest stage of development design. Our developments continue to make good progress against this sourcing target. All our live developments are targeting 100% of core construction materials to be manufactured within UK and Europe, to reduce emissions from transportation and reduce risk of ethical issues in manufacture and extraction. 100% of key construction materials at our onsite projects are responsibly sourced.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number
NZ1

Target coverage
Company-wide

Absolute/intensity emission target(s) linked to this net-zero target
Abs1

Target year for achieving net zero
2030

Is this a science-based target?
No, but we are reporting another target that is science-based

Please explain (including target coverage)
In line with our ESG leadership approach, in November 2019, we announced our commitment to becoming a net zero carbon business by 2030 and we set out our strategy for achieving this publicly. It is an ambitious but credible strategy with clear actions to support the world to limit global warming to 1.5ºC, and will cover all our operations. Our net zero strategy is as follows: 1. Reduce operational energy use in support of our updated science-based carbon reduction target, aligned with a 1.5°C scenario; 2. Reduce operational energy use in support of our updated science-based carbon reduction target, aligned with a 1.5°C scenario; 3. Use an internal shadow price of carbon to clearly communicate climate-related risks and opportunities in investment decisions; 4. Reduce construction impacts through asset retention, efficient design and responsible sourcing of low-carbon materials; 5. Reduce construction impacts through asset retention, efficient design and responsible sourcing of low-carbon materials. Our 2030 net zero ambition is aligned with the UKGBC's definition and CRREM pathway, and we're mapping our energy performance against both the UKGBC and CRREM net zero pathways to ensure that we're in line with industry best practice.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	19	
To be implemented*	8	166
Implementation commenced*	3	868
Implemented*	23	607
Not to be implemented	1	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
105

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Mandatory

Annual monetary savings (unit currency – as specified in C0.4)
37548

Investment required (unit currency – as specified in C0.4)
164000

Payback period
4-10 years

Estimated lifetime of the initiative
6-10 years

Comment
We have continued our programme of upgrading HVAC equipment to improve its energy efficiency, reducing energy consumption required to heat and cool our assets. In the reporting year, projects implemented included a boiler replacement and replacement of a condenser circuit for a less energy intensive circuit at Cardiff St Davids. These HVAC equipment updates completed in the reporting year should lead to annual emissions savings of 105 tCO2e, and are complemented by our combined programme of controls and Building Management Systems (BMS) improvements for heating systems (see below for more details).

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
192

Scope(s)
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
97617

Investment required (unit currency – as specified in C0.4)
241275

Payback period
1-3 years

Estimated lifetime of the initiative
6-10 years

Comment
Across our portfolio a number of lighting upgrades have been completed to replace lamps with LEDs in back-of-house areas, car parks, external areas, lavatories, office floors and public malls. These have been funded from a mix of funding sources as part of each asset's Energy Reduction Plan. These projects contribute to our energy reduction initiatives but also help to improve the environment for our customers and guests. LED upgrades completed in 2020/21 cover nearly one third of our retail floor area and should save 192 tCO2e annually over their estimated 7-year lifespans, which will also lead to a sizable reduction in the energy intensity of our retail sites.

Initiative category & Initiative type

Energy efficiency in buildings	Building Energy Management Systems (BEMS)

Estimated annual CO2e savings (metric tonnes CO2e)
310

Scope(s)
Scope 1
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
149014

Investment required (unit currency – as specified in C0.4)
10135

Payback period
1-3 years

Estimated lifetime of the initiative
1-2 years

Comment
These projects form our combined programme of controls and BMS improvements for heating systems. These measures are implemented by our hard services facilities management partners and expected to be completed as part of business usual in order to operate all of our assets as efficiently as possible. In the reporting year, we put particular focus on a BMS control strategy improvement to hold off the chilled water (CHW) system during periods of low ambient external temperatures throughout the winter season, which is projected to save 72 tCO2 annually at the five office assets at which it was fully implemented in 2020/21. Overall, the combined BMS/controls projects undertaken at our office sites in 2020/21 are predicted to save a combined 310 tCO2e per year at these sites alone. Projects implemented or whose implementation commenced in the reporting year covered 32% of our office portfolio by floor area.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	As a method of driving energy efficiency and reducing carbon emissions from our buildings, we have seen ESOS as a key opportunity to improve our environmental performance and support our sustainability strategy objectives. In 2015, we achieved ISO50001 certification, embedding energy management and the identification of energy saving opportunities across the portfolio as a 'business as usual' activity. 2016 saw the full implementation of our combined Environmental & Energy Management System (EEnMS) with a concerted effort to complete audits to identify energy reduction measures at our highest consuming properties. These energy assessments were completed in the form of site-specific Energy Reduction Plans which are in place for all our managed assets. A key requirement of ISO50001 is demonstrating continuous improvement and we do this by continually investing in and implementing energy reduction measures. Since 2016, our EEnMS has led to the identification and delivery of over 117 energy reduction measures across our largest consuming buildings, cutting costs and carbon emissions. We successfully renewed our ISO50001 and ISO14001 certifications, which are valid for a period of 3 years, in December 2019.
Employee engagement	In the previous reporting year, we updated our Sustainability Matters training programme, which forms part of staff induction for all new employees and has been retrospectively completed by current employees as a compulsory training module. This includes various modules covering i) why sustainability matters, with a specific focus on climate change and how it threatens the environment, society, and the way in which businesses operate, ii) what this means for our industry iii) how we are addressing it through our sustainability strategy and iv) how Landsec is leveraging its leadership position to produce positive change, by engaging in advocacy and collaboration, e.g. working together with government, NGOs, our real estate peers and customers to deliver maximum positive impact. The updated training engages employees on our Net Zero Carbon by 2030 commitment and the strategy we have adopted in order to achieve this. In addition to this training, climate tends to be at the forefront of the narrative of many of our internal events, given that it is one of our principal risks, affects every part of our business and is central to our new purpose: Sustainable Places. Connecting Communities. Realising Potential. For instance, towards the end of the reporting year, our Head of ESG and Sustainability featured on a high-level internal panel discussion relating to using data to make better business decisions and advocated the environmental and climate-focussed perspective - the event was well attended and a recording is also available on demand on our intranet site (alongside a number of other climate-focussed resources) for colleagues to watch in their own time (this has already been watched by over 100 employees). Our Sustainability Team also works closely with our internal communications team to deliver regular climate-related stories and news in our weekly news round-up and articles on our intranet site. Such events and internal communications in addition to employee training ensure a continuous level of employee engagement throughout the whole company. This employee engagement, along with linking ESG targets to the remuneration of all staff, sparks new levels of company commitment to reducing CO2 emissions and increasing investment in emissions reduction activities.
Dedicated budget for energy efficiency	In early 2021, a dedicated fund was agreed by the ELT and Board members to improve the immediate and short-term operational energy performance of our office portfolio in order to keep us on track with net zero carbon commitment and ESG market expectations. A three-pronged approach was identified to address the energy efficiency of our assets in a cost effective manner. 0. Preliminary necessary step: gain a deeper understanding of the inefficiencies of our assets by undertaking in depth energy reports for our assets. Armed with this: 1. Undertake optimisation of systems through a comprehensive review of building management system's strategies; 2. Customer engagement programme: Proactively engage with our customers to address underlying efficiencies in use; 3. In parallel, develop a plan for long term decarbonisation plan for our assets with the retrofit of heat pump technology replacing gas systems. This fund thus supports the following key actions to drive energy efficiency: 1. Reviewing and optimising the BMS controls strategy for our Central London office portfolio; 2. Implementation and commissioning of BMS controls strategy for Central London office portfolio; 3. Implementation of energy efficiency-focussed customer engagement programme across Central London office portfolio; 4. Undertaking an investment grade feasibility review of ASHP at London sites; 5. Clean technology landscape mapping. By facilitating the necessary short-term energy reductions in our London office portfolio, this fund should help us make significant inroads towards our 2030 net zero carbon commitment.
Internal incentives/recognition programs	The Chief Executive and CFO had the potential to receive a maximum annual bonus of up to 150% of basic salary. Of this, 130% was dependent on meeting Group Key Performance Indicators (KPIs) and 20% dependent on meeting personal targets. In 2020/21, the Group KPIs included 3 ESG-related KPIs, 2 of which relate to emissions reduction - i) reducing energy and ii) reducing embodied carbon. For reducing energy, the specific KPI was to "Identify and agree to implement energy reduction measures which will lead to energy reduction vs. a 2013/14 baseline". The company achieved the highest level of performance against this KPI (maximum performance outcome: 3%), by achieving 3.8% reduction in energy which translates into a significant emissions reduction. The embodied carbon KPI was also rewarded at outperformance level (maximum performance outcome: 15%), achieving a 15.6% reduction against the baseline. All employees who are eligible for a company performance element of their bonus were also rewarded, in part, on the basis of performance against these KPIs. The Head of ESG and Sustainability and the Sustainability Directors have fiscal incentives for both the delivery of organisational sustainability KPIs and specific KPIs for the Sustainability Team. In 2020-21, these included: Drive energy reduction across the portfolio in support of our 2030 corporate commitment. In addition, each year employees have an Impact Review which details their objectives for the coming year. These objectives are specific to each role and the performance against these drives team and individual annual bonus payments. Sustainability Managers' Impact Reviews include objectives to deliver both energy reduction targets and energy efficiency projects. These impact our performance against our energy and carbon intensity targets, particularly Scope 1 and 2. Operational managers' Impact Reviews include objectives to drive energy and emissions reduction by working with our hard facilities management and engineering service providers.
Other (Customer engagement)	We actively engage with our customers on all aspects of sustainability. We see this as particularly important as energy used by our customers, and procured by us, is within the scope of our energy and carbon intensity reduction targets, and because they consume around half of our buildings' total energy. We support customers with energy assessments and ESOS surveys and provide updates at customer meetings on sustainability and the environmental performance of our properties. Over the last few years, we have stepped up our commitment to engaging with customers, and understanding their ever-evolving needs and areas of interest particularly in relation to climate. Our most recent customer survey of our office customers in early 2021 showed that sustainability is a top 3 priority for our office customers, who would like to receive support on how to be more sustainable and achieve their company sustainability goals, particularly in relation to emissions reduction. Armed with this research, we made a number of further engagements in 2020/21 and will be looking to increase this engagement further as a matter of priority in the coming years, and thereby also drive investment in customer-related emissions reduction activities. This engagement will be facilitated by a portion of the dedicated fund agreed by the ELT and Board members to improve the immediate and short-term operational energy performance of our office portfolio in order to keep us on track with net zero carbon commitment and ESG market expectations. This portion is dedicated specifically to energy-related customer engagement, and is being used to implement energy efficiency focused customer engagement programme across Central London office portfolio.
Internal price on carbon	To support us in assessing climate-related risks and opportunities as we transition to net zero carbon, we're using an internal shadow price of carbon. This internal metric gives an investment's carbon risks and opportunities a monetary value, so that we have a standard metric to assist investment decision making. We've set our internal carbon price at £80/tonne CO2. This was calculated by estimating how much we're spending on carbon reduction projects currently and how much more would be needed long-term to achieve our goals. This balances out expensive retrofit projects with cost-effective early design choices in our development pipeline. £80/tonne CO2 is in line with recommendation from the Commission on Carbon Pricing for a carbon price level consistent with the Paris agreement and aligned with guidance from the United Nations Global Compact on carbon pricing. Importantly, it is in line with BEIS's forecast of carbon prices through to 2030. In our investment decisions, this shadow carbon price helps our business quantify the medium-term transition risk associated with the UK shifting to a low-carbon economy. It helps us capture the financial risk of continued carbon emissions in the likely future event of a carbon tax being imposed on our industry, as is currently the case with heavy industries such as steel and cement. It's also in place to support the business case for transitioning to low-carbon solutions in our own operations. Our Sustainability Team works with our Investment, Development and Asset Management colleagues across the business to align our capital allocation strategies to our net zero carbon pledge and factor transition risk into our decision-making process.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation
Group of products

Description of product/Group of products
Developments and new space, including all new buildings and partial buildings offered to tenants. When developing or refurbishing assets we set ambitious and progressive goals with regards to sustainability. We utilise BREEAM as a method for directing and assessing the sustainable design and construction of development projects. According to a briefing paper published by BRE in 2015, BREEAM rated buildings achieve average 22% reduction in CO2 emissions associated with energy consumption. More specifically, office buildings present 23.73% reduction and retail assets have 20.76% reduction in CO2 emissions. Lower energy consumption and associated emissions also enable our tenants to reduce their overall carbon emissions. In 2020-21, the percentage of BREEAM-rated space across our portfolio was 44% and this space was responsible for approximately 62% of our annual rental income. All our new developments are rated BREEAM Very Good or Excellent. Our approach to quality and sustainability also applies to refurbishments, and extensions to existing buildings.

Are these low-carbon product(s) or do they enable avoided emissions?
Low-carbon product and avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions
Other, please specify (BREEAM)

% revenue from low carbon product(s) in the reporting year
62

% of total portfolio value
<Not Applicable>

Asset classes/ product types
<Not Applicable>

Comment

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start
March 1 2013

Base year end
February 28 2014

Base year emissions (metric tons CO2e)
13047

Comment
These figures include our absolute Scope 1 emissions reported in 2013-14

Scope 2 (location-based)

Base year start
March 1 2013

Base year end
February 28 2014

Base year emissions (metric tons CO2e)
53355

Comment
These figures include our absolute Scope 2 emissions reported in 2013-14

Scope 2 (market-based)

Base year start
March 1 2015

Base year end
February 28 2016

Base year emissions (metric tons CO2e)
34259

Comment
2015-16 was the first year we calculated our Scope 2 market-based emissions.

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
EPRA (European Public Real Estate Association) Sustainability Best Practice recommendations Guidelines, 2017
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Other, please specify (UK GHG conversion factors 2020)

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

UK Government greenhouse gas reporting - Conversion factors 2020.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
7554

Start date
March 1 2020

End date
February 28 2021

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
9158

Start date
March 1 2019

End date
February 29 2020

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
11490

Start date
March 1 2018

End date
February 28 2019

Comment

Past year 3

Gross global Scope 1 emissions (metric tons CO2e)
14755

Start date
March 1 2017

End date
February 28 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We are reporting a Scope 2, market-based figure

Comment
At Landsec, Scope 2 emissions are from electricity, heating and cooling purchased for common areas and shared services. Scope 2 location-based emissions are reported using UK Government greenhouse gas reporting: conversion factors 2020. Scope 2 market-based emissions are reported using the conversion factor associated with each individual electricity, heating and cooling supply. The conversion factors are taken from each supplier's fuel mix disclosure for 2020. Our targets and progress are always based on the location-based figure, for two reasons: 1. As we procure 100% renewable electricity, our market-based emissions are zero for all supplies in our corporate contract. This runs contrary to the legislative environment which levies cost on carbon irrespective of the agreed tariff (i.e. CCL), based on location-based emissions factors. As we therefore have a monetarised location-based carbon value, we consider it appropriate to use location-based emissions factors in business cases for investment in energy and carbon management, as the cost saving associated with carbon is tangible and forms part of the return on investment. To ensure continuity between our carbon reduction activities and targets, it is appropriate that we should report using location-based emissions factors. 2. Should prices for REGOs significantly increase or supply run out, and we are unable to procure a 100% renewable tariff, our market-based emissions will drastically increase, and we would have no control over this change.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
18434

Scope 2, market-based (if applicable)
2079

Start date
March 1 2020

End date
February 28 2021

Comment

Past year 1

Scope 2, location-based
25382

Scope 2, market-based (if applicable)
3719

Start date
March 1 2019

End date
February 29 2020

Comment

Past year 2

Scope 2, location-based
30518

Scope 2, market-based (if applicable)
3517

Start date
March 1 2018

End date
February 28 2019

Comment

Past year 3

Scope 2, location-based
36620

Scope 2, market-based (if applicable)
2200

Start date
March 1 2017

End date
February 28 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

34004

Emissions calculation methodology

Emissions in this category are calculated by multiplying supplier procurement spend by a supplier-specific emission factor, derived through primary supplier energy and/or emissions data alongside annual turnover. Where primary supplier data is not present or cannot be used, emissions are calculated by multiplying procurement spend by DEFRA environmentally extended input output (EEIO) emission factors for each relevant economic sector of spend.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

32

Please explain

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

84261

Emissions calculation methodology

Landsec's capital assets can be classed into two major groups: 1. Developments – where the construction cost is >30% of the value of the asset 2. Portfolio projects – where the construction cost is <30% of the value of the asset Landsec works with a consultant to calculate the total embodied carbon emissions for each of our Developments until completion. Every year, emissions associated with the reporting year are calculated and reported. Embodied carbon data is not available for Portfolio Projects. For these projects, emissions are calculated by multiplying supplier procurement spend by a supplier-specific emission factor, derived through primary supplier energy and/or emissions data alongside annual turnover. Where primary supplier data is not present or cannot be used, emissions are calculated by multiplying procurement spend by DEFRA environmentally extended input output (EEIO) emission factors for each relevant economic sector of spend.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

68

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5052

Emissions calculation methodology

Calculation based on the location-based method of calculating Scope 1 and Scope 2 emissions, using primary energy data from areas managed by Landsec and the UK Government Greenhouse gas reporting - Conversion factors 2020.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Please explain

Emissions in this category are calculated by multiplying procurement spend by a supplier emission factor, derived through primary supplier energy and/or emissions data alongside annual turnover. Where primary supplier data is not present or cannot be used, emissions are calculated by multiplying procurement spend by environmentally extended input output (EEIO) emission factors for each relevant economic sector of spend. These emissions have not been split out and are instead grouped under the Purchased Goods and Services category.

Waste generated in operations

Evaluation status
Relevant, calculated

Metric tonnes CO2e
284

Emissions calculation methodology
Calculated by multiplying weight of waste and treatment method by UK Government Greenhouse gas reporting - Conversion factors 2020.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Business travel

Evaluation status
Relevant, calculated

Metric tonnes CO2e
33

Emissions calculation methodology
Calculated by multiplying distance and type of travel by UK Government Greenhouse gas reporting - Conversion factors 2020. Data is obtained from the supplier which manages company travel.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain

Employee commuting

Evaluation status
Relevant, calculated

Metric tonnes CO2e
168

Emissions calculation methodology
Number of FTEs multiplied by average commuting distances and distribution across transportation modes. These distances were multiplied by transport emission factors published by UK Department for Business, Energy and Industrial Strategy (BEIS).

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a property owner, the only upstream leased asset that we have is our own office. Therefore, carbon emissions are already reported as Scope 1 and 2 emissions.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. We do not manufacture products and therefore there are no emissions to report under this category

Processing of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. We do not manufacture products and therefore there are no emissions to report under this category.

Use of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. We do not manufacture products and therefore there are no emissions to report under this category.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. We do not manufacture products and therefore there are no emissions to report under this category.

Downstream leased assets

Evaluation status
Relevant, calculated

Metric tonnes CO2e
81433

Emissions calculation methodology
Tenants for whom Landsec procures energy and recharges: Calculated by multiplying metered energy consumption from tenants by UK emission factors. Tenants who procure their own energy: Actual energy consumption data is requested from tenants that occupy large spaces, particularly FRIs. When there is no actual data received from tenants, emissions are calculated by multiplying the Net Lettable Area (NLA) of let space Landsec owns but does not have operational control over, by an energy benchmark. This benchmark is drawn from '2019 Real Estate Environmental Benchmarks', published by BBP in January 2020, relating to 2018/2019 data. The benchmark used is the typical practice electricity and gas intensity for offices and enclosed shopping centres.

Percentage of emissions calculated using data obtained from suppliers or value chain partners
44

Please explain

Franchises

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. We do not manufacture products and therefore there are no emissions to report under this category.

Investments

Evaluation status
Not relevant, explanation provided

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. We do not manufacture products and therefore there are no emissions to report under this category. There are no investments in addition to the investment in our own property portfolio and there are therefore no emissions to report under this category. Any scope 3 emissions associated with our portfolio are reported under the appropriate emissions categories.

Other (upstream)

Evaluation status
Please select

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

Other (downstream)

Evaluation status
Please select

Metric tonnes CO2e
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain

C-CN6.6/C-RE6.6

(C-CN6.6/C-RE6.6) Does your organization assess the life cycle emissions of new construction or major renovation projects?

	Assessment of life cycle emissions	Comment
Row 1	Yes, both qualitative and quantitative assessment	We undertake lifecycle assessments (LCAs) on all of our development projects, following the RICS guidance document 'Whole life carbon assessment for the built environment' 1st Edition and BS EN 15978. The assessment, which includes qualitative and quantitative analysis, considers both the embodied carbon emissions from our supply chain and construction activities (stages A1 to A5) as well as anticipated emissions from a building's operations and embodied carbon associated with maintenance and repairs over the lifetime of the building (stages B1 to C4). To minimise our construction impacts, we set targets on the embodied carbon emissions from our supply chain (A1-A5) on a project-by-project basis, measured against design stage baseline (RIBA stage 3), and track these through to the completion of our buildings.

C-CN6.6a/C-RE6.6a

(C-CN6.6a/C-RE6.6a) Provide details of how your organization assesses the life cycle emissions of new construction or major renovation projects.

	Projects assessed	Earliest project phase that most commonly includes an assessment	Life cycle stage(s) most commonly covered	Methodologies/standards/tools applied	Comment
Row 1	All new construction and major renovation projects	Design phase	Whole life	EN 15978	As the lifecycle emissions of our buildings a represent a significant proportion of our total carbon footprint, we are committed to understanding their impacts as much as we can to ensure that we build and run them as efficiently as possible. We therefore undertake lifecycle assessments on all of our development projects, following the RICS guidance document 'Whole life carbon assessment for the built environment' 1st Edition and BS EN 15978. The assessment considers both the embodied carbon emissions from our supply chain and construction activities (stages A1 to A5) as well as anticipated emissions from a building's operations and embodied carbon associated with maintenance and repairs over the lifetime of the building (stages B1 to C4). To minimise our construction impacts, we set targets on the embodied carbon emissions from our supply chain (A1-A5) on a project-by-project basis, measured against design stage baseline (RIBA stage 3), and track these through to the completion of our buildings (see C4.2b).

C-CN6.6b/C-RE6.6b

(C-CN6.6b/C-RE6.6b) Can you provide embodied carbon emissions data for any of your organization's new construction or major renovation projects completed in the last three years?

	Ability to disclose embodied carbon emissions	Comment
Row 1	Yes	To minimise our construction impacts, we set targets on the embodied carbon emissions from our supply chain (A1-A5) on a project-by-project basis, measured against design stage baseline (RIBA stage 3), and track these through to the completion of our buildings (see C4.2b).

C-CN6.6c/C-RE6.6c

(C-CN6.6c/C-RE6.6c) Provide details of the embodied carbon emissions of new construction or major renovation projects completed in the last three years.

Year of completion
2017

Property sector
Retail

Type of project
New construction

Project name/ID (optional)
Westgate, Oxford

Life cycle stage(s) covered
Cradle-to-practical completion/handover

Normalization factor (denominator)
IPMS 2 – Retail

Denominator unit
square meter

Embodied carbon (kg/CO2e per the denominator unit)
839

% of new construction/major renovation projects in the last three years covered by this metric (by floor area)
100

Methodologies/standards/tools applied
EN 15978

Comment
On our site at Westgate in Oxford, a development completed in October 2017, we worked with a consultant to steer the design team with respect to embodied and whole-life carbon reductions, as well as recycled content matters throughout design and construction. We set ourselves specific embodied carbon targets with a view of offsetting 30-year operational emissions. We also set ourselves a specific recycled content target of 25% to lower the carbon impact of the build. The methodology used was in line with EN 15978 and included the emissions associated with Stages A1-A5 (Cradle to Gate). At project completion, we had achieved a saving of approximately 32,500 tCO2e against a Stage D baseline, which is an equivalent of 23% improvement. We also met our target of 25% of recycled content for shell and core materials.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.000041

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
25988

Metric denominator
unit total revenue

Metric denominator: Unit total
635000000

Scope 2 figure used
Location-based

% change from previous year
12

Direction of change
Decreased

Reason for change
In 2020/21 our absolute location-based Scope 1 and 2 emissions decreased by 25% whilst our revenues in light of Covid-19 decreased by 14%. These reductions were largely driven by Covid restrictions, which accounted for 10,689tCO2e of the overall portfolio emissions reduction. The remaining portion was delivered by combination of energy efficiency projects, changes in our portfolio, reduction in emissions factors, and a small fraction by temperature changes. Savings driven through our energy efficiency projects were achieved for instance through a combined programme of controls and BMS improvements in our London offices, where we undertook fine tuning measures on central cooling plants focusing on scheduling, AHU optimisation and chiller sequencing. These combined BMS/controls projects completed in our offices in 2020/21 cover 32% of our office floor area as well as one of our major shopping centres, and should save 1,116 tCO2e per year at these sites alone. For more information, please see C4.3b.

Intensity figure
0.014

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
25988

Metric denominator
square meter

Metric denominator: Unit total
1826378.23

Scope 2 figure used
Location-based

% change from previous year
23

Direction of change
Decreased

Reason for change
We have seen a 23% reduction in the intensity of our Scope 1 and 2 emissions in 2019/20 whilst our portfolio floor area has reduced only slightly (less than 2%) compared with last year. These emissions reductions were primarily driven by Covid-19 restrictions but also by emissions reduction activities implemented in 2020/21. For instance, we are continuing apace with our retrofit lighting upgrades to reduce electricity consumption. Under this programme, several lighting upgrades across our retail centres have been completed to replace lamps with LEDs, particularly in back-of-house and car park areas. These have been funded from a mixture of funding sources as part of each asset's Energy Reduction Plan. LED upgrades implemented in 2020/21 cover nearly one third of our retail floor area and should save 265 tCO2e annually over their estimated 7-year lifespans, leading to a sizable reduction in our energy intensity thanks to the associated location-based Scope 2 reduction. For further information, please see C4.3b.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?
Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	5057	IPCC Fifth Assessment Report (AR5 – 100 year)
HFCs	2497	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
United Kingdom of Great Britain and Northern Ireland	7554

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Office	4293
Retail	3161
Other	100

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
United Kingdom of Great Britain and Northern Ireland	18434	2079	128784.85	117140.21

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Office	8889	1826
Retail	8607	254
Other	938	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	0	No change	0	We use the location-based approach to report on Scope 2, meaning that any change in renewable electricity consumption doesn't affect our Scope 2 figure.
Other emissions reduction activities	932	Decreased	2.7	Energy saving activities implemented across the portfolio led to a calculated emission reduction of 932 tCO2e in 2020-2. Our total of Scope 1 and Scope 2 emissions in the previous year was 34,540 tCO2e, therefore there was 11% reduction. Calculation: 932 / 34,540 = 2.7%
Divestment	1479	Decreased	4.3	The sale of assets during the reporting period has led to a decrease in carbon emissions of 1,479 tCO2e. This was calculated by comparing the total Scope 1 and 2 emissions related to these sites in the current year and the previous year, using the same emissions factors. Our total of Scope 1 and Scope 2 emissions in the previous year was 34,540 tCO2e, therefore there was 4.3% reduction. Calculation: 1,479 / 34,540 = 4.3%
Acquisitions		<Not Applicable>		
Mergers		<Not Applicable>		
Change in output	3551	Decreased	10.3	This year there were significant emissions reduction due to Covid-19 restrictions, as there was lower occupancy and operational hours across our assets. These conditions led to an estimated decrease of 3,551 tCO2e, based on expected consumption for the year, incorporating heating degree days and cooling degree days. Calculation: 3,551 / 34,540 = 10.3%
Change in methodology	2410	Decreased	7	We use the recommended DEFRA conversion factors to calculate our carbon emissions. These are updated each year and for 2020/21, these decreased leading to a calculated reduction of 2,410 tCO2e. Our total of Scope 1 and Scope 2 emissions in the previous year was 34,540 tCO2e, therefore there was 7% reduction. Calculation: 2,410 / 34,540 = 7%
Change in boundary		<Not Applicable>		
Change in physical operating conditions	180	Decreased	0.5	Energy consumption is significantly correlated to weather temperature. Based on the regions where we operate, the number of heating degree-days was slightly higher, increasing the amount of gas required for heating. Meanwhile, the number of cooling degree-days was lower in London, where we have our portfolio of offices, demanding less electricity for cooling. These conditions led to an estimated decrease of 180 tCO2e. Our total of Scope 1 and Scope 2 emissions in the previous year was 34,540 tCO2e, therefore 0.5 % increase is related to change in these conditions. Calculation: 180 / 34,540 = 0.5%
Unidentified		<Not Applicable>		
Other		<Not Applicable>		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	40191.37	40191.37
Consumption of purchased or acquired electricity	<Not Applicable>	117140.21	2582	119722.21
Consumption of purchased or acquired heat	<Not Applicable>	0	5078.06	5078.06
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	0	3984.58	3984.58
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	760.63	<Not Applicable>	760.63
Total energy consumption	<Not Applicable>	117900.84	51836.01	169736.85

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)
Natural Gas

Heating value
LHV (lower heating value)

Total fuel MWh consumed by the organization
40191.37

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
40191.37

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration
0

Emission factor
0.18387

Unit
kg CO2e per KWh

Emissions factor source
UK Government's 'Greenhouse gas reporting: conversion factors 2020'

Comment

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1155.05	760.63	1155.05	760.63
Heat	23771.26	23771.26	0	0
Steam	0	0	0	0
Cooling	29821.51	29821.51	29821.51	29821.51

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method
Green electricity products (e.g. green tariffs) from an energy supplier, supported by energy attribute certificates

Low-carbon technology type
Wind

Country/area of consumption of low-carbon electricity, heat, steam or cooling
United Kingdom of Great Britain and Northern Ireland

MWh consumed accounted for at a zero emission factor
117140.21

Comment

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description
Energy usage

Metric value
93

Metric numerator
169,736,844.58 kWh

Metric denominator (intensity metric only)
1,826,378.23 m2

% change from previous year
31

Direction of change
Decreased

Please explain
Our portfolio floor area reduced by less than 2% compared with last year, whilst energy consumption has reduced by 32%, leading to an 31% lower energy intensity. These reductions were largely driven by Covid restrictions, but were also prompted by the combination of all energy efficiency initiatives implemented in the year.

Description
Other, please specify (Embodied carbon)

Metric value
45285

Metric numerator
tCO2

Metric denominator (intensity metric only)

% change from previous year
28.7

Direction of change
Decreased

Please explain
To minimise our construction impacts, we set embodied carbon reduction targets for our assets under development on a project-by-project basis. We therefore undertake lifecycle assessments on all of our development projects, following the RICS guidance document 'Whole life carbon assessment for the built environment' 1st Edition and BS EN 15978. The assessment considers both the embodied carbon emissions from our supply chain and construction activities (stages A1 to A5) as well as anticipated emissions from a building's operations and embodied carbon associated with maintenance and repairs over the lifetime of the building (stages B1 to C4). To minimise our construction impacts, we set targets on the embodied carbon emissions from supply chain (A1-A5) on a project-by-project basis, measured against design stage baseline (RIBA stage 3), and track these through to the completion of our buildings. As detailed in our Sustainability Brief, we aim to achieve a 15% reduction in the total volume of supply chain stages A1-A5 emissions, and in our current developments we are tracking a 15.6% reduction due to e.g. design optimisation and therefore outperforming our target. By targeting this reduction across six developments, we'll avoid 38,552 tCO2e, compared with 29,963 tCO2e in 2019/20, which means a 28.7% decrease year-on-year in embodied carbon.

Description
Waste

Metric value
0

Metric numerator
tonnes

Metric denominator (intensity metric only)

% change from previous year
0

Direction of change
No change

Please explain
Since 2017/18 we have sent zero waste to landfill.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CN9.6a/C-RE9.6a

(C-CN9.6a/C-RE9.6a) Provide details of your organization's investments in low-carbon R&D for real estate and construction activities over the last three years.

Technology area
Construction methods

Stage of development in the reporting year
Large scale commercial deployment

Average % of total R&D investment over the last 3 years
≤20%

R&D investment figure in the reporting year (optional)

Comment
The platform system, known as P-DfMA (Platform for Design, Manufacture and Assembly), consists of a set of components that can be efficiently combined to produce highly customised structures. The system is based on repeatable processes and standardised connections, enabling different kinds of spaces to be built with just a single 'kit of parts'. The new approach has been identified by the government as essential to the transformation of the construction sector. In partnership with Bryden Wood and Easi-Space, in the last year we completed a research and development project. The trial proved: - Construction accuracy levels can be improved dramatically while using multi-skilled labour teams and automated assembly processes - Construction productivity improved by 55% - Delivery time reduced by 30% - Cost savings are expected to reach 33% when compared to traditional construction techniques The result is a structure that uses less material, creates less waste, and has a 19.4% reduction in carbon impact. We'll be putting this into practice at our new development, The Forge (105 Sumner Street). The new development, set behind Tate Modern, will be the world's first large scale office building designed and constructed using the 'kit of parts' solution, and will be built on a P-DfMA structural frame.

C-RE9.9

(C-RE9.9) Does your organization manage net zero carbon buildings?
No, but we plan to in the future

C-CN9.10/C-RE9.10

(C-CN9.10/C-RE9.10) Did your organization complete new construction or major renovations projects designed as net zero carbon in the last three years?
No, but we plan to in the future

C-CN9.11/C-RE9.11

(C-CN9.11/C-RE9.11) Explain your organization's plan to manage, develop or construct net zero carbon buildings, or explain why you do not plan to do so.

In 2019 we announced our commitment to become a net zero carbon business by 2030. Starting with The Forge (105 Sumner Street), all our future developments will be net zero carbon. The Forge will be both constructed and operated in line with the UK's Green Building Council's (UKGBC) framework definition of net zero carbon buildings. Furthermore, the Forge will be the world's first large scale office building designed and constructed using the 'kit of parts' solution built on a Platform for Design, Manufacture and Assembly (P-DfMA) structural frame, leading to a 19% reduction in embodied carbon emissions compared to traditional construction methods. Embodied carbon will be further minimised by careful specification of materials such as high recycled content in key construction materials and cement replacement. It will also have all electric solution based on highly efficient air-source heat pumps, meaning no energy will be generated from fossil fuels. Finally once we have reduced emissions as far as possible, all remaining emissions will be offset by funding projects that remove carbon from the atmosphere via procurement of carbon credits - we ensure our offsets meet the eight principles laid out by the UKGBC to safeguard the environmental integrity and guarantee the quality of the offset.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Landsec Sustainability Assurance Statement 2021.pdf

Page/ section reference
All

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Landsec Sustainability Assurance Statement 2021.pdf

Page/ section reference
All

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

Scope 2 approach
Scope 2 market-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Landsec Sustainability Assurance Statement 2021.pdf

Page/ section reference
All

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3 (upstream & downstream)

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
Landsec Sustainability Assurance Statement 2021.pdf

Page/section reference
All

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?
Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C2. Risks and opportunities	Other, please specify (TCFD)	ISAE3000	Our third-party assurance provider conducted an analysis on selected content disclosures relating to TCFD metrics (Energy/Fuel and GHG emissions categories) Landsec Sustainability Assurance Statement 2021.pdf
C4. Targets and performance	Progress against emissions reduction target	ISAE3000	Our third-party assurance provider conducted an analysis on our progress against our carbon intensity corporate targets, assessing our energy and carbon figures. Landsec Sustainability Assurance Statement 2021.pdf
C6. Emissions data	Renewable energy products	ISAE3000	All electricity purchased within our corporate contract with SmartestEnergy has been certified as originating from 100% REGO backed renewable sources. The certification has been third party assured by the Carbon Trust – the first product of its kind in the UK. Carbon Trust Assurance_Landsec_Smartest Energy_100% RE.pdf

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?
Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.
EU ETS

C11.1b

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

EU ETS

% of Scope 1 emissions covered by the ETS
2.5

% of Scope 2 emissions covered by the ETS
0

Period start date
January 1 2020

Period end date
December 31 2020

Allowances allocated
187

Allowances purchased
187

Verified Scope 1 emissions in metric tons CO2e
187

Verified Scope 2 emissions in metric tons CO2e
0

Details of ownership
Facilities we own and operate

Comment
We only have one property that is included in the EU ETS - Nova.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

Compliance with the EU ETS is managed through the scope of our company wide environmental and energy management system (EEnMS) which is subject to audit under ISO 14001 & 50001 certifications. Both external and internal audits are completed annually, with the internal audit of Nova testing for compliance against the requirements of EU ETS. Specifically, the site's compliance is managed through two documented procedures:

- EU ETS Management Procedure – sets out responsibilities, monitoring plan, data control and documentation processes. This procedure is reviewed annually as part of an official management review and is held on the company's compliance portal.

- EU ETS Monitoring Procedure – full monitoring procedure for emissions sources and data collection and evidence processes. This procedure is regularly reviewed and updated as and when required. Monthly data is reviewed in conjunction with third-party support, identifying trends and any inconsistencies on a periodic basis.

As part of final assurance, the monitoring plan is subject to audit and verification by Lloyd's Register Quality Assurance (LRQA) each year, who ensure the requirements of the plan are being met and that it is compliant with the monitoring and reporting principles of the scheme. In addition, as part of the verification, an annual site visit takes place to ensure the data being reported annually is reliable. The output from the verification visit is an annual emissions report with a final verified CO2 figure which is submitted to the regulator before 30th of March each year. Carbon allowances are then purchased and surrendered by the 30th of April each year. In terms of purchasing allowances, given the volatility of carbon prices and the uncertainty around the UK's participation in EU schemes, our approach to purchasing is risk averse – we will only buy allowances as required given the level is so small which gives price certainty and minimises exposure to risk.

As of 2021, we will be moving over from the EU ETS to the UK ETS, and will thus be reporting accordingly in next year's disclosure.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?
No

C11.3

(C11.3) Does your organization use an internal price on carbon?
Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price
Navigate GHG regulations
Stakeholder expectations
Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Stress test investments
Identify and seize low-carbon opportunities
Supplier engagement

GHG Scope
Scope 1
Scope 2
Scope 3

Application
Our internal carbon price is applied to all investment decisions across the business, impacting both operational portfolio and new developments.

Actual price(s) used (Currency /metric ton)
80

Variance of price(s) used
We've set our internal carbon price at £80/tonne CO2. This was calculated by estimating how much we're spending on carbon reduction projects currently and how much more would be needed long-term to achieve our goals. This balances out expensive retrofit projects with cost-effective early design choices in our development pipeline. £80/tonne CO2 is in line with recommendation from the Commission on Carbon Pricing for a carbon price level consistent with the Paris Agreement and aligned with guidance from the United Nations Global Compact on carbon pricing. Importantly, it is in line with BEIS' forecast of carbon prices through to 2030.

Type of internal carbon price
Shadow price

Impact & implication
To support us in assessing climate-related risks and opportunities as we transition to net zero carbon, we're using an internal shadow price of carbon. This internal metric gives an investment's carbon risks and opportunities a monetary value, so that we have a standard metric to assist investment decision making. In our investment decisions, this shadow carbon price helps our business quantify the medium-term transition risk associated with the UK shifting to a low-carbon economy. It helps us capture the financial risk of continued carbon emissions in the likely future event of a carbon tax being imposed on our industry, as is currently the case with heavy industries such as steel and cement. It's also here to support the business case for transitioning to low-carbon solutions in our own operations. Our Sustainability Team works with our Investment, Development and Asset Management colleagues across the business to align our capital allocation strategies to our net zero carbon pledge and factor transition risk into our decision-making process. Since the approval of our internal carbon price in 2019, we've been working with teams from across the business to support the process of introducing the carbon price into our investment decisions, leading to a change in internal behaviour. For instance, for our new developments, we've been using the internal carbon price when comparing different alternatives for construction materials and associated carbon emissions. By introducing the carbon cost when comparing high carbon intensity materials, such as traditional steel and concrete, against low carbon materials with high recycled content, such as engineered timber, the business case for low-carbon materials becomes even stronger, further driving decisions towards low-carbon alternatives.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?
Yes, our suppliers
Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect climate change and carbon information at least annually from suppliers

% of suppliers by number
100

% total procurement spend (direct and indirect)
100

% of supplier-related Scope 3 emissions as reported in C6.5
17

Rationale for the coverage of your engagement
As of 2020-21, all suppliers must complete a sustainability questionnaire as part of the onboarding process because this is a point in time when they are likely to be most open to engagement with us and it sets a tone for the rest of our relationship with them. This questionnaire has also been distributed amongst all suppliers who are already fully onboarded. We have purposefully aimed to engage all suppliers in order to demonstrate to them that this is a topic which is absolutely pivotal for Landsec and that it thus must in turn also be a priority for them. This also enables us to embed our purpose of "sustainable places, connecting communities, realising potential" in both our direct and indirect operations, including our value chain.

Impact of engagement, including measures of success
The questionnaire builds upon our Sustainability Charter for suppliers, which informs suppliers of our ambitious climate-related targets and goals, and outlines how their positive climate-related action and collaboration with us is vital if we are to achieve them together, as well as setting out various expectations of our suppliers in relation to their sustainability governance and performance. The questionnaire requests suppliers disclose information on a range of sustainability topics, including their climate-related policies and governance, climate-related targets and performance, and energy and carbon reporting. A key measure of success is the proportion of suppliers responding to the questionnaire - in the first year of this engagement, 56% of our suppliers by procurement spend have already submitted information through our questionnaire. In future we would like all suppliers to respond. A further measure of success which builds on this engagement is the proportion of primary data integrated into scope 3 reporting. This year, the proportion of primary data we were able to include in our Purchased Goods and Services reporting was 32%. This means we have been able to gain a more accurate understanding of our Scope 3 impacts, risks and opportunities. Building on this work, we are working closely to refine our supplier risk mapping and to deliver an annual sustainability questionnaire, targeted at operational and higher impact suppliers. Such an approach helps us to check that we are partnering with suppliers who are managing climate-related risks and opportunities appropriately, enables us to track their progress, and provides primary data for more accurate scope 3 calculations, which will help us take more informed and thus more effective climate-related action in our supply chain. We are also gathering information on which suppliers would be prepared to collaborate to reduce our joint impact together, and all responses and data gathered will be used as a springboard for further collaboration and for driving positive climate-related impact. In carrying out this work, we are leveraging our procurement power to drive positive action within our suppliers' organisations, promoting collaborative action and aiming to cascade this climate-related action beyond our tier 1 suppliers through e.g. engaging them on their sustainable procurement policies.

Comment

Type of engagement
Compliance & onboarding

Details of engagement
Included climate change in supplier selection / management mechanism
Code of conduct featuring climate change KPIs
Climate change is integrated into supplier evaluation processes

% of suppliers by number
8

% total procurement spend (direct and indirect)
22

% of supplier-related Scope 3 emissions as reported in C6.5
41

Rationale for the coverage of your engagement
This engagement covers our supplier selection and management process for operational suppliers. These suppliers provide soft and hard services e.g. energy management, logistics and maintenance. They make up 22% of our procurement spend and approximately a third of our emissions, making them a significant element of our supply chain. Contracts in this part of our supply chain are typically long term and with a small number of suppliers providing the majority of the services within our buildings, so selection of the right suppliers, early engagement and ongoing management of those suppliers is critical. To carry out this engagement and to ensure compliance, we use our contract reporting and KPI reporting process (based on our Sustainability Charter for Suppliers and Supplier Code of Conduct), first to assess supplier performance at the point of onboarding then on a quarterly basis to assess ongoing performance. Partners are then challenged to improve where performance is deemed to be insufficient or where the partner may not be exploiting opportunities available to them. This applies only to service partners where we have an ongoing relationship which can lead to improvements over time. The scope of this engagement does not apply to suppliers of goods or services only where there are few opportunities for improving sustainability performance, e.g. legal services or supply or stationery products.

Impact of engagement, including measures of success
Measures of success stipulated in the Contract Reporting and KPI Requirements document relate to our Sustainability Charter for suppliers and Supplier Code of Conduct. These include: 1) Statement and evidence of company's current plans, polices or programs to reduce carbon emissions and any focus on reducing diesel and petrol engine vehicles in the fleet particularly those employed in city centres. 2) Statement and evidence of company's current plans, polices or programs to procure renewable energy or plans to switch to Renewable Energy Guarantees (REGO) backed renewable tariffs. 3) Statement and evidence of the company's measurement and management of energy consumption including how this aligns with Landsec ISO 50001 standards, environmental, energy and metering polices, including energy consumption and energy reduction plans for the company's properties. 4) Statement and evidence of the company's commitment to addressing climate change and plans for its effects on your operations including but not limited to flooding, storms or overheating. 5) Statement and evidence of the company procuring materials in a safe and healthy manner and that the materials purchased minimise environmental impacts, pollution or carbon emissions, by way of the manufacturing or transportation. Supplier KPI requirements are assessed on a monthly basis in our office portfolio, and can result in performance pay which may include sustainability-related performance. This performance pay is a 5% increase in the contracted sum paid in excess of normal pay for the period – this bonus goes directly to staff on site to encourage action on the ground. This approach ensures that our supplier engagement in relation to climate-related impacts goes beyond compliance and continues after onboarding, forming part of our ongoing engagement with them. In the reporting year, as a direct result of these meetings and engagement, a key contractor identified a significant project to drive energy reductions: a Building Management Systems (BMS) control strategy improvement to hold off the chilled water (CHW) system during periods of low ambient external temperatures throughout the winter season, which is projected to save 72 tCO2 annually at the five office assets at which it was fully implemented in the reporting year.

Comment

Type of engagement
Innovation & collaboration (changing markets)

Details of engagement
Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number
7

% total procurement spend (direct and indirect)
21

% of supplier-related Scope 3 emissions as reported in C6.5
30

Rationale for the coverage of your engagement
The coverage of this engagement concerns current and possible future partners for the development pipeline, including architects and designers who we engage with in the early stages of design development, through to construction contractors when schemes are ready to be constructed. As such, although the proportion of our total procurement spend is currently at 21% it may well total over 60% in future as our pipeline of development schemes matures. A significant proportion of our future scope 3 emissions can be found in this element of our value chain, with which we must engage with year-on-year to reduce future emissions. We do this by encouraging innovation

and collaboration in the material specification process using both the BREEAM framework for responsible sourcing and low carbon materials, and also our own Sustainability Brief for Developments content concerning specification of low carbon and locally sourced materials. Furthermore, in February 2020 we published a Prohibited Materials List, which is included in all contractors' contracts and supported by our Materials Brief for design teams - these ensure the reduction of climate impacts in our buildings by prohibiting use of certain materials in our construction activities based on responsible sourcing, embodied carbon impact and resource efficiency considerations. An example of this is that all materials must be sourced from the UK or European Union unless approved by Landsec, which reduces transportation emissions as far as possible; in addition, concrete must have BES 6001 Very Good/Excellent certification, which requires us to engage closely with suppliers to reduce our embodied carbon, which has the strategical significance of reducing our level of exposure to risks relating to emerging regulation, as well as capitalising on the market opportunity of customer preferences shifting towards greener buildings. Furthermore, we engage suppliers ahead of our development activity to ensure they approach minimising climate impacts from design and tender stage. We have also conducted a relationship building process with likely future suppliers to ensure they understand and are comfortable with delivering against these measures of success, as in some cases they may need to improve procurement, specification and reporting processes.

Impact of engagement, including measures of success

Specific measures of success include: 1) The intensity of supply chain emissions from stages (A1:A5, this is every stage of the extraction, manufacturing, transportation and construction process), measured against our benchmarks of 900kgCO_2/m² for commercial buildings and 500kgCO_2/m² for retail. 2) Achieving a 15% reduction in the total volume of stages (A1:A5) emissions, measured against a RIBA stage three baseline. 3) The percentage of core construction materials supplied with responsible sourcing certification or other proof of sustainable and ethical production. The measures of success stated in this section are included in our design guidance, our tender process and Sustainability Plan process. Each of these intervention points are designed to promote collaboration with designers and the delivery partner for each development. The impact of this engagement is the selection and procurement of low carbon materials and construction techniques for our developments. This includes specification of cement replacement products, selection of local suppliers which keep logistics mileage low. Successfully implementing these measures can result in lower emissions intensity against our benchmarks of 900kgCO_2/m² for commercial buildings and 500kgCO_2/m² for retail, a critical success indicator of how carbon efficient the design and construction process has been. We measure our performance against this benchmark on every development project using the RICS Methodology 'Whole Life Carbon Assessment for the Built Environment, 1st edition' which is accepted as the dominant assessment method in the built environment. For example, our commercial office scheme at The Forge (Sumner Street), will likely generate carbon emissions of 22,000 tonnes, across 131,000 sq ft of space. This is the lowest emissions intensity achieved in any of our projects since these emissions were calculated. The scheme also achieves an emissions intensity reduction of 12% when compared to an earlier iteration of the design from 2017. This is due to early engagement with suppliers and partners to ensure low carbon material selection and offsite manufacturing techniques, also as a result of narrowing the potential geographies for materials procurement to the EU.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

50

% of customer - related Scope 3 emissions as reported in C6.5

20

Portfolio coverage (total or outstanding)

<Not Applicable>

Please explain the rationale for selecting this group of customers and scope of engagement

Across our Office portfolio, representing more than 50% of our business, we hold regular customer meetings for each individual building. Members of Landsec's Sustainability Team attend a meeting for each building annually to provide an update on the asset's energy and environmental performance, and during these meetings progress against targets is discussed and updates are provided on specific projects and initiatives. The purpose of this activity is for the Sustainability Manager and on-site teams to engage customers on how they can reduce their individual energy usage and how they contribute to the wider building's performance to reduce energy consumption; we also support our customers with energy assessments and ESOS surveys. As part of our customer engagement strategy, we are proactively engaging with our highest consuming customers individually, organising one-on-one meetings to collaborate and share our expertise relating to energy reduction. In 2020-21, this included e.g. energy data provision and analysis so that customers could better understand their consumption. We will also be providing energy deep dives to our top 20 highest consuming customers to help them gain further insights and drive significant reductions. The aim of this engagement is to reduce customer energy consumption - it is vital that we engage with customers on their energy usage, particularly in office buildings, as their actions and behaviours have significant influence on asset performance. It is especially important to engage with our Office portfolio customers as we supply energy to the vast majority of them via our own utility supplies, so their energy usage is included within our corporate carbon and energy reduction targets. In 2020/21, 37% of all energy consumption reported by Landsec was directly used by customers - engaging with them to understand and reduce their impacts is therefore crucial to reduce our energy consumption and achieve our corporate targets including net zero, and in 2021 we secured a significant fund to drive forward this customer engagement activity.

Impact of engagement, including measures of success

Our customer engagement strategy with its supporting fund was relaunched towards the end of the reporting year, and a key measure of its success is the number of our top 20 energy consuming suppliers with whom we engage; within the reporting year we already engaged with two of this top 20. Going forwards, we will engage with all 20 on an ongoing basis and provide energy deep dives, using engineering expertise as well as behavioural change knowledge to help foster a culture of awareness and promote positive action amongst these key occupiers of our assets. In 2020/21, our customer engagement more broadly has again supported a number of successful energy reduction projects; for instance, our one-one-one meetings led to clarity on various actions to improve energy performance, including one large customer who, as a direct result of our engagement, has implemented measures to optimise the usage of their fan coil units. Our latest office customer engagement survey in early 2021 showed sustainability to be a top 3 priority, and we further expanded our engagement in response to this. Overall office tenant energy consumption in 2020/21 decreased by 31% and emissions associated with overall tenant energy consumption decreased by 34%, ahead of the overall carbon emissions reduction of 22% compared with 2019/20. We recognise that energy consumption this year has been significantly impacted by Covid-19 restrictions but also see that our customer engagement will have also contributed towards these reductions. Whilst we do not specifically have an energy reduction target for tenants, their energy usage is included within portfolio-wide corporate targets for energy and carbon intensity reduction (where we supply them with energy). Performance against these targets is reviewed in quarterly meetings, when tenant energy usage is reviewed and discussed. This ensures ongoing engagement and resultant action. Our proactive customer engagement on energy reduction initiatives is reducing costs for our customers as well as helping us to meet our ambitious energy and carbon targets.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers
Trade associations
Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Mandatory carbon reporting	Support	In March 2020, the Financial Conduct Authority (FCA) announced proposals outlining new climate-related disclosure requirements for premium listed issuers and started a consultation on “Proposals to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations”. Before announcing its proposal, in 2019 the FCA engaged with a selection of companies that have already implemented the TCFD recommendations to understand their experiences and they have invited Landsec to participate in this process. We have spoken with the FCA and shared our experiences of aligning our climate-related disclosure with the TCFD recommendations, as well as our climate resilience analysis and continue to support this work going forwards. In addition, in 2021, we responded to the Government consultation, where we outlined the importance of scenario analysis, independent emissions verification, and our belief that Scope 3 emissions reporting should become mandatory to encourage more engagement with supply chains.	We support the FCA proposal to introduce a new rule for commercial companies with a UK premium listing, requiring them to either make climate related disclosures consistent with the approach set out by the Taskforce on Climate-related Financial Disclosures (TCFD) or explain why they do not. The FCA recognises that standards for disclosure and companies’ understanding of the financial impacts of climate change are evolving. For this reason, where companies are not yet able to make full disclosures, they should provide an explanation as to why not. We also support the UK Government proposal to require mandatory TCFD aligned climate-related financial disclosures from publicly quoted companies, large private companies and Limited Liability Partnerships (LLPs). These proposals build on the expectation set out in the government’s 2019 Green Finance Strategy, that all listed companies and large asset owners should disclose in line with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations by 2022.
Energy efficiency	Support	We have been participating in public consultation and accompanying round table discussions with the Department for Business, Energy & Industrial Strategy (BEIS) and other industry peers regarding increasing non-domestic Minimum Energy Efficiency Standards (MEES) to an EPC B by 2030. The consultation began in 2019 and in December 2020 the government launch an energy white paper "Powering of Net Zero Future", confirming the future trajectory. We have subsequently submitted a consultation response on this topic. These requirements would potentially impact nearly 80% of our floor area.	The BEIS are proposing to increase the existing MEES for non-domestic rented properties with a trajectory of EPC B by 2030, of which Landsec is supportive. However, whilst we also agree that the proposed 2027 EPC C interim milestone in principle would encourage landlords to take action earlier, we do not support this interim approach as it could risk landlords taking a shorter-term view on the investment required to achieve a C rating. This could result in economies of scale for efficiency measures being missed. Under this proposal we also support the introduction of a PRS property compliance and exemptions database to support enforcement of the PRS Regulations under the new EPC B framework as it should simplify the process for compliance.
Energy efficiency	Support	In 2020/21 we have been participating in round table discussions with BEIS and other industry peers regarding performance based ratings for buildings. This included putting together a consultation response, in which we were fully supportive of the move towards a performance based rating system for large commercial and industrial buildings. As part of this process, we shared our valuable experience as members of the Better Buildings Partnership and Design for Performance (DfP) Pioneers , given that we have been using DfP NABERS UK on our office development pipeline for a number of years and have seen real value in the process - as well as sharing our relevant experience of participating in the Real Estate Environmental Benchmark (REEB) since its inception in 2010/11, which helps us to compare and benchmark our buildings' energy performance and allows us to identify and prioritise buildings for energy efficiency initiatives.	We support the introduction of a performance-based policy framework in large commercial and industrial buildings, with a rating that looks to modernise the Display Energy Certificate (DEC). As part of this, we support the proposal to continue to require owners of buildings above 1,000m² to present a valid Energy Performance Certificate (EPC) where the building is sold or let, recognising that the EPC and a performance-based rating assess different things, and see the value of these two systems running in parallel, as they can collectively provide a better level of information about the building than either rating would in isolation.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

British Property Federation (BPF)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association’s position

The BPF is the membership organisation for, and the voice of, the UK real estate industry. It represents and promotes the interests of all those with a stake in real estate in the UK. It works with government and regulatory bodies to help the real estate industry grow and thrive. The BPF operates a Sustainability Committee, which focusses on improving sustainability in the built environment. Currently, this committee is working on advocating for zero carbon building standards, encouraging better understanding and assessment of climate risk and resilience in real estate decision making, and understanding and promoting the impact of circular design and efficient building processes.

How have you influenced, or are you attempting to influence their position?

Landsec is an active member in the BPF. We chair and sit on several committees, including Policy Committee, Planning Committee, Construction Committee, Development Committee, Communications Committee, among others. Our Chief Executive recently joined the BPF's presidential team as junior vice-president, and our Sustainability Director sits on the BPF’s Sustainability Committee. For each sustainability topic considered by the BPF Sustainability Committee, representations are sought from each member. This ensures that we are able promote our climate change policy position, first to the BPF to influence the sector, and through them to government, where the collective voice of the UK real estate industry carries significant weight. We use our platform to advocate ambitious climate-related positions and solutions; our net zero by 2030 target, for instance, is consistent with the BPF's position, as they are encouraging members to adopt net zero real estate portfolios by 2050, in line with UK government's target.

Trade association
Better Buildings Partnership (BBP)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
The BBP is a collaboration of the UK's leading commercial property owners who are working together to improve the sustainability of existing commercial building stock. It supports maximising efficiency and sustainability of property assets which aligns with our core objectives as the landlord of choice and our purpose (Sustainable places. Connecting Communities. Realising potential.), and indirectly supports our policy on energy and climate change.

How have you influenced, or are you attempting to influence their position?
Landsec is a founder member and our Head of Design, Innovation and Property Solutions sits on the Board of Director of BBP. We also have members participating in strategic projects and working groups, such as the Net Zero Working Group, which is developing a net zero framework to be used by members to disclose their net zero strategies. In 2020/21, several members of our Sustainability Team also helped to produce the BBP's Responsible Property Management Toolkit, which provides practical guidance for asset managers, property managers and facilities managers on embedding sustainability within property management services, considering and embedding sustainability throughout the property management lifecycle. Furthermore, we are active participants in the Sustainability Benchmarking Working Group in which industry benchmarks are discussed and reviewed to improve the Real Estate Environmental Benchmark. Through these engagement activities, we have direct influence within BPP discussions and work streams. As part of our wider support of the BBP we actively contributed to the development of their Design for Performance initiative. This is an industry-funded and -backed project established to tackle the 'performance gap' of how new office buildings perform and how they were designed. It provides an approach, based on measurable performance outcomes, to ensure new office developments deliver on their design intent. Landsec is a Design for Performance "pioneer" and is applying the approach across our development pipeline, including Timber Square and Portland House. As "pioneers" we actively feedback our experience in using the Design for Performance approach to the BBP in order to help develop it for future use.

Trade association
UK Green Building Council (UKGBC)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
UK-GBC seeks to influence government on green building policy issues. Its policy work focuses on reducing carbon emissions in buildings, which includes new build standards and retrofit initiatives.

How have you influenced, or are you attempting to influence their position?
Landsec is a Gold Leaf member, which demonstrates our alignment with UKGBC. In the past year, we participated in several roundtables, and masterclasses, contributing and influencing discussions on energy efficiency and wellbeing. In 2018/19 we were invited to join the steering group for the UKGBC Advancing Net Zero programme aimed at agreeing a net zero definition for the buildings and construction industry. This definition could then be used to further support government policy and to help companies in setting and delivering against net-zero emission targets. The wider task group consisted of representatives from 37 businesses from across the property sector value chain and from 13 trade associations, professional institutions and non-profit organisations. Landsec not only sat within the task group but also sat on the elevated steering group which had responsibility for defining the task group's work and outputs. We also contributed comments to the final Advancing Net Zero report released by UKGBC and attended the launch of the research at the UK Government Houses of Parliament. In April 2019 the definition was agreed and was presented to the wider industry and UK government via a report released by the UKGBC. In 2020/21 we continued to support UKGBC's net zero work, for instance partaking alongside 31 other leading organisation and industry bodies in the UKGBC's Renewable Energy Procurement and Carbon Offset Guidelines Task Group and helping to develop accompanying guidelines, including the UKGBC's Renewable Energy Procurement and Carbon Offsetting Guidance, published in March 2021. We continue to support the Advancing Net Zero working group, attending workshops, contributing to research and supporting the development of papers, and sharing best practice around critical themes, such as renewable energy procurement.

Trade association
European Public Real Estate Association (EPRA)

Is your position on climate change consistent with theirs?
Consistent

Please explain the trade association's position
EPRA, the European Public Real Estate Association, is the voice of Europe's listed real estate – stock exchange quoted property companies, investors and their suppliers. EPRA's mission is to promote, develop and represent the European public real estate sector. They achieve this through the provision of better information to investors and stakeholders, active involvement in the public and political debate, promotion of best practices and the cohesion and strengthening of the industry.

How have you influenced, or are you attempting to influence their position?
Landsec is an active EPRA member. Our Sustainability Director sits on EPRA's Sustainability Committee. The Committee promotes the highest standards of transparency and reporting of sustainability metrics across the sector; shares sustainability best practice initiatives, outcomes and insight with the wider EPRA community and beyond; contributes to international sustainability policy development as it relates to investment in and asset management of real estate; collaborates with sector leading organisations to develop and promote initiatives that drive sustainable outcomes for the sector. Through our participation in EPRA Sustainability Committee we are able to influence discussions on climate-related policy and standards for Europe.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

Since 2018, Landsec has been a member of the Mayor of London's London Business Climate Leaders group to support the Mayor's ambition for London to become a carbon neutral city by 2050. The leadership group is a collection of London-based companies leading on climate action from a variety of industries. The group meets regularly and through a series of roundtables provides advice on how the Mayor of London and Greater London Authority can achieve their goal of carbon neutrality. Not only do we provide advice and agree on climate related targets for London, but we also discuss how we can contribute to the achievement of these targets, working with other members of the group.

In 2019, Landsec was invited to support the Financial Reporting Council Lab on a project to develop a report that sets out how companies can make their reporting more effective and comprehensive by providing a set of questions that they should ask to help develop their reporting in line with the TCFD core elements. The project included the participation of reporting companies and investors, as the report focuses on disclosures by companies that better meet investors' needs. We participated in roundtables and interviews, sharing our experiences in implementing the TCFD recommendations.

Last year, Landsec was invited to present and share its experience in assessing and managing climate-related risks in line with the TCFD recommendations with several organisations to incentivise and support companies to adopt the TCFD recommendations. For instance, in February 2021, we shared the key findings of our climate risk assessment, split between short-term and longer-term impacts, under different climate scenarios, through an 1-hour webinar to the members of Investment Property Forum.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Engagement activities and the interaction with Government on key climate-related legislation and policy decisions which affect our business are reviewed and discussed by the Sustainability and Corporate Affairs teams on an ongoing basis. Based on the issue under discussion, we also involve relevant people from across the business to provide further insights and expertise to the conversation. This ensures that any engagement activity on climate change is consistent with our business strategy and is also consistent with our sustainability and climate change strategy.

In addition, our Head of Sustainability and Sustainability Director reports the status of current engagement activities relating to climate change in the Sustainability Committee, chaired by our Chief Executive. This ensures that the organisation is constantly up to date with any policy developments and that Landsec responds effectively to them, maintaining a consistent position with our overall climate change strategy.

For instance, following the UK commitment to become net zero by 2050 and the release of the Energy White Paper by the Department for Business, Energy & Industrial Strategy (BEIS) in December 2020, the Government has released several public consultations on topics related to climate change, including mandatory climate-related financial disclosures by large companies, the development of a performance-based approach framework for rating energy and carbon performance of large commercial and industrial buildings, and a framework to increase minimum EPC requirements to EPC B by 2030 for non-domestic buildings. The Corporate Affairs Team has monitored all these relevant upcoming consultations and discussed the consultation with the Sustainability Team. The Sustainability Team drafted a response for each consultation, incorporating comments from relevant team from across Landsec and shared the responses and our overall position with Corporate Affairs Team for further comments. The response and overall position were then submitted to the Government. This process ensures that our position is consistent with our business and climate change strategy, as well as it keeping relevant teams aware of future climate-related regulation changes.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
Landsec_Annual Report 2021.pdf

Page/Section reference
Environmental Review - p. 64-67 Managing risk - p. 68-77 Sustainability Performance - p. 217-223

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In mainstream reports, incorporating the TCFD recommendations

Status
Complete

Attach the document
Landsec_Sustainability Performance And Data Report 2021.pdf

Page/Section reference
All

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication
In voluntary communications

Status
Complete

Attach the document
Landsec_S&P Global CSA 2021.pdf

Page/Section reference
Environmental dimension - p. 97-178

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive	Chief Executive Officer (CEO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public

Please confirm below

I have read and accept the applicable Terms