# Landsec - Climate Change 2022

## 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 £12 billion portfolio comprises over 100 properties and spans 24 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, as well as newly acquired mixed-use projects in London, Manchester and Cambridge, we own and manage some of the most successful and memorable real estate in the UK. Landsec has 565 direct employees, and our diverse mix of people, skills and thought means that we continually challenge established ways of working and strive to ensure that 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. Ensuring that we remain a sustainable business is critical to our future, so we embed sustainability in every part of the business, ensuring that we will remain healthy and successful for years to come. ESG leadership is a key enabler of our business strategy, and we have recently comprehensively reviewed and updated our sustainability strategy and associated commitments, in consultation with various stakeholders, to ensure that we are consistently delivering on this.

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 successfully managing the long-term health of our shared planet. This is articulated through our aforementioned purpose: sustainable places, connecting communities, realising potential, which encompasses a set of principles by which we live in our business decisions, as well as our desire to create great experiences for our various stakeholders, 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 2021 | February 28 2022 | No | <Not Applicable> |

### C0.3

**(C0.3) Select the countries/areas in which you operate.**

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

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|---|---|
| Yes, an ISIN code | GB00BYW0PQ60 |
| Yes, a Ticker symbol | LAND |
| Yes, a SEDOL code | BYW0PQ6 |

# 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) | Our CEO is the board member with overall responsibility for 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 CEO ensures that climate-related decisions are aligned with the overall group strategy.<br>The CEO chairs the Executive Leadership Team (ELT), which is comprised by our CFO, COO and Managing Directors. The ELT is responsible for developing the sustainability strategy to ensure it addresses our relevant environmental, social and governance (ESG) risks and opportunities, agreeing sustainability commitments and reviewing progress against targets, including our science-based target. Sustainability and climate risks are discussed quarterly or more often if required. At the ELT meetings, climate-related risks and opportunities are reviewed, mitigation plans are discussed and ultimately approved by the CEO.<br>As part of our net zero strategy, in November 2021, the CEO and ELT approved an ambitious £135m net zero transition investment plan that will help us achieve our 2030 science-based target and move towards net zero. The fund will be used to finance a series of initiatives over the next eight years to reduce our carbon footprint across our portfolio and drive innovation and best practice across the wider industry. The fund will support initiatives to: move to cleaner sources of energy by replacing gas-fired boilers with electric systems such as air-source heat pumps; optimise our building management systems (BMS) ensuring they operate in accordance with the way the building is occupied; increase the capacity of onsite renewable energy and collaborate with customers to identify opportunities for energy efficiency.<br>To ensure we are also reducing carbon emissions across our new developments, this year, the CEO and ELT have also approved a new target to reduce embodied carbon across our developments by 50% compared with a typical building by 2030 by prioritising asset retention where possible, smart design and using sustainable materials. |
| 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.<br>The Audit Committee supports the Board in the management of risk and is responsible for reviewing our principal risk register at least twice a year, the effectiveness of our risk management and internal control processes.<br>Our principal risks, which include climate change, are reviewed by the Audit Committee before being presented to the Board. In addition, an in-depth risk session is held with the Board every year, with the next session taking place in December 2022. An example of a key decision is that climate change is reviewed and approved by the Audit Committee as one of our principal risks annually.<br>This year, the Audit Committee focused on increasing their understanding of the TCFD recommendations with a teach-in session delivered by an external advisor and the sustainability team, which supported the Committee in their review and sign-off of our TCFD disclosures. |

## 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<br>Reviewing and guiding major plans of action<br>Reviewing and guiding risk management policies<br>Reviewing and guiding annual budgets<br>Reviewing and guiding business plans<br>Setting performance objectives<br>Monitoring implementation and performance of objectives<br>Overseeing major capital expenditures, acquisitions and divestitures<br>Monitoring and overseeing progress against goals and targets for addressing climate-related issues | <Not Applicable> | The Board is responsible for the oversight of our approach to sustainability and of climate-related risks and opportunities impacting the business.<br>The Board is updated on our sustainability and climate-related performance twice a year. This includes discussing the impact of climate risks and opportunities on our strategy, revising our approach to sustainability and setting targets to ensure they are still relevant, and monitoring performance against our science-based target. As climate change is considered a principal risk, the Board considers the impact of climate risks when discussing Landsec strategy and long-term success, including significant investment decisions.<br>Climate-related business and investment plans are initially discussed at other forums and committees operating below the level of the Board including Sustainability Forum and Executive Leadership Team. Climate-related issues are included on the agenda of each of those committees quarterly. When sustainability and climate-related issues are deemed sufficiently material in relation to those business plans, they may be referred to the Board.<br>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.<br>An example of how climate-related issues are reviewed and discussed by the Board is the net zero transition investment plan. The Executive Leadership Team, which is chaired by the CEO and includes the CFO, COO and Managing Directors approved an ambitious £135m net zero transition investment plan that will help ensure we achieve our 2030 science-based target and move towards net zero. Following the approval, this plan was reviewed and discussed with the Board to ensure alignment with overall business strategy. |

## C1.1d

### (C1.1d) Does your organization have at least one board member with competence on climate-related issues?

| | Board member(s) have competence on climate-related issues | Criteria used to assess competence of board member(s) on climate-related issues | Primary reason for no board-level competence on climate-related issues | Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future |
|---|---|---|---|---|
| Row 1 | Yes | As climate change has been considered a principal risk since 2019/20, the Board has increased its understanding of the climate risks over the years. The Board considers the impact of climate risks when discussing Landsec strategy and long-term success, including significant investment decisions. Even before 2019/20, climate change was considered an emergent risk and it was already discussed and reviewed by the Board.<br>In addition, the Board is updated on climate risks and our climate-related performance twice a year, including briefing notes and sessions delivered by the sustainability team. As part of the July 2021 Board agenda, the sustainability team provided the Board with a teach-in session covering an overview of the climate change crisis, how Landsec is responding, Landsec's commitments, progress to date and plans for the future.<br>The Audit Committee supports the Board in the management of risk and is responsible for reviewing our principal risk register at least twice a year, the effectiveness of our risk management and internal control processes. In February 2022, the Committee focused on increasing their understanding of the TCFD recommendations with a teach-in session delivered by an external advisor and the sustainability team, which supported the Committee in their review of the TCFD disclosures.<br>Based on these teach-in sessions and discussions with the Board, we consider that the Board has relevant expertise on climate-related issues, which is considered a principal risk.<br>Moreover, one Board member, the Senior Independent Director, is also the Director of Stewardship and Corporate Responsibility at another company, supporting the work of the CIO and the Sustainability team. | <Not Applicable> | <Not Applicable> |

## 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 committee, please specify (Executive Leadership Team) | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | Quarterly |
| Sustainability committee<br>*Sustainability Forum* | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | Quarterly |
| Business unit manager<br>*Managing Director of Corporate Affair and Sustainability and Head of ESG and Sustainability* | <Not Applicable> | Both assessing and managing climate-related risks and opportunities | <Not Applicable> | More frequently than 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).**

Our CEO is the board member with overall responsibility for 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 CEO ensures that climate-related decisions are aligned with the overall group strategy. The CEO addresses these issues through the Executive Leadership Team.

The Executive Leadership Team (ELT) is chaired by the CEO and it is comprised by our CFO, COO and Managing Directors. The ELT is responsible for developing the sustainability strategy to ensure it addresses our relevant environmental, social and governance (ESG) risks and opportunities, agreeing sustainability commitments and reviewing progress against targets, including our science-based target. Sustainability and climate risks are discussed quarterly or more often if required. At the ELT meetings, climate-related risks and opportunities are reviewed, mitigation plans are discussed and ultimately approved by the CEO.

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.

To support ELT in managing climate risks and sustainability, we have established a Sustainability Forum, a senior management group, responsible for executing the strategy and delivering programmes of work needed to meet our sustainability targets. The quarterly forum meeting is chaired by the Managing Director of Corporate Affairs and Sustainability and it is attended by the Head of ESG and Sustainability and senior leaders from across the business, including portfolio, procurement, operations, developments, finance, investment, investor relations, HR and corporate affairs.

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 of Corporate Affairs and Sustainability, 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. As a member of the Executive Leadership Team, the Managing Director of Corporate Affairs and Sustainability 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, the Sustainability Team, led by the Head of ESG and Sustainability, is responsible for co-ordinating the delivery of the sustainability strategy and climate risks, collaborating with all areas of the business to ensure appropriate mitigation and adaptation plans are in place.

## 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 incentivized | Comment |
|---|---|---|---|
| Chief Executive Officer (CEO) | Monetary reward | Emissions reduction target<br>Energy reduction target | The CEO has the potential to receive a maximum annual bonus of up to 150% of basic salary. Of this, 120% is dependent on meeting Group targets and 30% dependent on meeting personal targets. In 2021/22, the Group targets included 2 climate-related KPIs, one related to embodied carbon and the other relating to energy reduction, representing 20% of annual bonus. The targets were: energy intensity reduction in all assets, and embodied carbon reduction in assets under development.<br>The company achieved the highest level of performance for the embodied carbon target, 20.7% reduction across our developments, leading to maximum outturn of 10%. For the energy reduction target, although we delivered an energy reduction above maximum performance, the Remuneration Committee agreed to exercise its discretion in respect of the ESG Energy Intensity metric to remove the flattering impact of Covid-19-related low occupancy. On that basis, the company achieved the target level for the energy target, leading to outturn of 5% (50% of maximum). |
| Chief Financial Officer (CFO) | Monetary reward | Emissions reduction target<br>Energy reduction target | The CFO has the potential to receive a maximum annual bonus of up to 150% of basic salary. Of this, 120% is dependent on meeting Group targets and 30% dependent on meeting personal targets, representing 20% of annual bonus. In 2021/22, the Group targets included 2 climate-related KPIs, one related to embodied carbon and the other relating to energy reduction. The targets were: energy intensity reduction in all assets, and embodied carbon reduction in assets under development.<br>The company achieved the highest level of performance for the embodied carbon target, 20.7% reduction across our developments, leading to maximum outturn of 10%. For the energy reduction target, although we delivered an energy reduction above maximum performance, the Remuneration Committee agreed to exercise its discretion in respect of the ESG Energy Intensity metric to remove the flattering impact of Covid-19-related low occupancy. On that basis, the company achieved the target level for the energy target, leading to outturn of 5% (50% of maximum). |
| Business unit manager | Monetary reward | Emissions reduction project<br>Emissions reduction target<br>Energy reduction project<br>Energy reduction target<br>Behavior change related indicator<br>Environmental criteria included in purchases<br>Supply chain engagement<br>Company performance against a climate-related sustainability index | All employees have performance related pay (PRP) based on two performance criteria: individual and organisational performance.<br>Organisational performance accounts for 60% of the PRP, based on Group targets. In 2021/22, the Group targets included 2 climate-related KPIs, one related to embodied carbon and the other relating to energy reduction. The targets were: energy intensity reduction in all assets, and embodied carbon reduction in assets under development.<br>Individual performance accounts for 40% of the PRP, based on achievement of individual targets for the year. The Head of ESG and Sustainability and all members of sustainability team have a number of sustainability and climate-related targets for the year, including the delivery of strategy and relevant projects that will lead to energy and carbon reduction; company performance against ESG and climate-related benchmarks, such as CDP; stakeholder and supply chain engagement; and behaviour change targets. |
| Chief Procurement Officer (CPO) | Monetary reward | Emissions reduction project<br>Emissions reduction target<br>Behavior change related indicator<br>Environmental criteria included in purchases<br>Supply chain engagement | All employees have performance related pay (PRP) based on two performance criteria: individual and organisational performance.<br>Organisational performance accounts for 60% of the PRP, based on Group targets. In 2021/22, the Group targets included 2 climate-related KPIs, one related to embodied carbon and the other relating to energy reduction. The targets were: energy intensity reduction in all assets, and embodied carbon reduction in assets under development.<br>Individual performance accounts for 40% of the PRP, based on achievement of individual targets for the year. We're working with our colleagues from all departments to incentivise them to set individual objectives related to sustainability and climate change. For our Group Procurement Director and the procurement team, individual objectives will likely include Sustainability and Environmental criteria included in purchases and Supply chain engagement. |

## 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 | 9 | 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 | 9 | 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 quantifying risks is a continual process. Our Risk Management function works with teams across the organisation, senior management, external agencies and stakeholders to identify the strategic, operational and legal and compliance risks facing our business. These are included on our Group Risk Register, which is challenged and validated by the Executive Leadership Team. Our principal risks, which are a sub-set of our Group risks, are reviewed by the Audit Committee before being presented to the Board. Our principal risks consist of the nine most significant Group risks and includes seven strategic and two operational risks. The strategic risks relate to the macro-economic environment; our key markets – office and retail; our capital allocation; development; climate change; and people and skills.
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 evaluated consistently. Our matrix considers likelihood, financial impact to income and capital values and reputational impact. When we evaluate risk, we consider the inherent risk (before any mitigating action) and the residual risk (the risk that remains after 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). We have taken the opportunity this year to enhance our emerging risks process given the pace of business change.
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 assessed and ratified against other risks and then included in the risk register. Following this process, climate change features as one of our principal risks.
The Board undertakes a bi-annual assessment of the principal risks, taking account of those risks that would threaten our business model, future performance, solvency or liquidity as well as the Group's strategic objectives. Scenario modelling, including the climate scenario analysis, is used to better understand the impact of these risks on our business model when placed under varying degrees of stress, enabling interdependencies to be considered and plausible mitigation plans to be tested.
Ownership and management of all risks is assigned to members of the Executive Leadership Team, who are responsible for ensuring the operating effectiveness of the internal control systems and for implementing key risk mitigation plans. The ELT reviews the Group Risk Register in detail at least twice per year and undertakes deep dives into specific risks throughout the year to evaluate the current risk level, consider risk appetite and agree any further actions needed. 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.
Following our scenario analysis and risk assessment process, we identified that the transition risk associated change in legislation and 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 Executive Leadership Team, and it was agreed that additional mitigation actions were required to improve the energy performance of our portfolio towards net zero. To meet our science-based target and stay ahead of impending 2030 Minimum Energy Efficiency Standards (MEES) requirements of minimum EPC B, we've developed a £135m net zero transition investment plan that will be used to fund the following initiatives:
- Optimising building management systems across our portfolio, deploying innovative technologies such as artificial intelligence to reduce operational energy consumption;
- Reducing our reliance on fossil fuels replacing gas-fired boilers with electric systems such as Air-Source Heat Pumps (ASHP);
- Increasing on-site renewable electricity generation by installing solar PVs across our retail assets; and
- Engaging and collaborating with our customers on energy efficiency to drive down consumption within their spaces
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. 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 industry groups 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 nearly 3,000 spaces covered by the MEES regulation 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. To manage this risk, we have been undertaking EPC assessments for all spaces that require a valid EPC certificate. |
| Emerging regulation | Relevant, always included | Emerging environmental regulation is identified and assessed by the Sustainability Team, utilising journals and updates from consultants and industry groups to identify new legislation, and their expertise in this field to identify the potential business impacts. 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 a key example of emerging regulation, the Government has proposed changes to the Minimum Energy Efficiency Standards (MEES) Regulations in the commercial sector, increasing the minimum requirement to EPC B by 2030. Although the Government hasn't confirmed details on implementation plan for this enhanced MEES regulation, we have already developed a strategy to mitigate this risk. We have approved a £135m net zero transition investment plan to improve energy efficiency and decarbonise heat across our portfolio, enabling us to stay ahead of the future non-domestic Minimum Energy Efficiency Standard (MEES) Regulations, which may require all properties to achieve an Energy Performance Certificate (EPC) rating of B by 2030. |
| 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.<br>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.<br>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 we continue to invest in EV charging point across our portfolio 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 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.<br>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: 'Our commitment to reduce Landsec carbon footprint by 2030 is not met in time or achieved at a significantly higher cost than expected leading to regulatory, reputational and commercial impact.' As this is a principal risk appearing on the company risk register, the risk is monitored on a quarterly basis. This risk is especially relevant in relation to our customer and 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 mitigate physical impact on Landsec assets from climate change. 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. As our portfolio changes, we assess our exposure to physical risks annually. Our 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.<br>In addition, currently, 6.8% 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.<br>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. As our portfolio changes, we assess our exposure to physical risks annually. Our analysis confirmed sea level and average temperature increases to be relevant to Landsec portfolio.<br>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 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.<br>Regarding average temperature, our 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 | Flood (coastal, fluvial, pluvial, groundwater) |

**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 6.8% 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 and strategic 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. In addition, a flood event in any of our assets would cause a significant reputational damage, as visitors would be concerned about visiting our assets in the future and customers wouldn't want to lease our spaces. Therefore, 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, which can be considered a low probability level for most risks but it is considered high for natural hazards, such as flooding due to its financial and strategic impact.

**Time horizon**
Long-term

**Likelihood**
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)**
800000000

**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 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 already have in place and existing local flooding protection or mitigation actions in place.

**Cost of response to risk**
40000

**Description of response and explanation of cost calculation**
Based on our risks assessment, 6.8% 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**

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**Identifier**
Risk 2

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

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Chronic physical | Temperature variability |

**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**
1300000

**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. 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 2021/22, we invested over £1.3m 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**

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**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 this regulation, 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 owns nearly 3,000 spaces covered by the MEES regulation and therefore, require an EPC. Thus, these regulations not only cause administrative burden but also potentially high risk. As of March 2021, 65% had a valid EPCs with the remaining 35% outstanding. During this year, we have undertaken EPC assessments across our portfolio, and 96% of our portfolio have an EPC certificate and only 4% outstanding. The risk currently considered by Landsec is the unknown ratings of the remaining 4% without an EPC certificate and 1% that has an EPC rating below E, totalling 5% of our portfolio. This 5% represents annualised rental income of nearly £40,000,000. Therefore, the worst-case scenario financial risk is £40,000,000 per year as if all these spaces returned an EPC rating lower than an E. As EPC certificates are valid for 10 years, a significant proportion 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. Based on assessments undertaken in the last two years, we haven't had any EPC below E, which means that the financial risk could be only 1% of our portfolio, which represents nearly £7,000,000. This indicates that the 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 £50,000.

**Time horizon**
Short-term

**Likelihood**
Very unlikely

**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)**
7000000

**Potential financial impact figure – maximum (currency)**
40000000

**Explanation of financial impact figure**
Under current portfolio EPC coverage, 5% of all spaces do not have a valid EPC rated E or above. The current annualised rental income associated these spaces is £40,000,000. Therefore, the worst-case scenario financial impact is currently £40,000,000 per year, based on the assumption that all these spaces would have an EPC rating lower than E. However, based on assessments undertaken in the last two years, we haven't had any EPC below E, which means that the financial risk could be only 1% of our portfolio, which is the proportion of portfolio rated below E, and represents £7,000,000.

**Cost of response to risk**
50000

**Description of response and explanation of cost calculation**
Under current portfolio EPC coverage, 5% of our spaces do not have a valid EPC rated E or above. 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, last 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 £50,000 cost of response has been calculated by multiplying the number of spaces without a valid EPC (around 170 spaces) by the average cost of obtaining a certificate (£260), including 10% contingency.

**Comment**

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**Identifier**
Risk 4

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

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Emerging 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 this regulation, 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. In line with the UK Government commitment to achieve net zero carbon by 2030, the Government has proposed changes to the Minimum Energy Efficiency Standards (MEES) Regulations in the commercial sector, increasing the minimum requirement to EPC B by 2030. Although the Government hasn't confirmed details on implementation plan for this enhanced MEES regulation, we have assessed the financial and strategic impact driven by this risk.
Currently, 64% of our portfolio has an EPC rating below B. Although our portfolio is already performing better than the wider market, which is estimated to be around 85%

below B, we understand that this risk can have a significant financial and strategic impact to Landsec.
This 64% rated below B represents an annual rental income of nearly £400,000,000. In addition, as this is a requirement for 2030, there is an expectation that the EPC rating of our portfolio will continuously improve year on year. Therefore, in addition to the financial impact, there could be a reputational risk if we are not seen as improving the EPC rating of our portfolio ahead of 2030. To mitigate this risk, we have developed and approved a £135m net zero transition investment plan to improve energy efficiency and decarbonise heat across our portfolio, enabling us to stay ahead of the future non-domestic Minimum Energy Efficiency Standard (MEES) Regulations, which may require all properties to achieve an Energy Performance Certificate (EPC) rating of B by 2030.

**Time horizon**
Medium-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)**
400000000

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

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

**Explanation of financial impact figure**
Currently, 64% of our portfolio has an EPC rating below B, representing an annual rental income of nearly £400,000,000. If we don't improve the energy ratings of our assets, this is the potential financial impact to our portfolio.

**Cost of response to risk**
135000000

**Description of response and explanation of cost calculation**
To mitigate this emerging risk and stay ahead of 2030 Minimum Energy Efficiency Standards (MEES) requirements of minimum EPC B, we've developed a £135m net zero transition investment plan that will be used to fund the following initiatives:
- Optimising building management systems across our portfolio, deploying innovative technologies such as artificial intelligence to reduce operational energy consumption;
- Reducing our reliance on fossil fuels replacing gas-fired boilers with electric systems such as Air-Source Heat Pumps (ASHP);
- Increasing on-site renewable electricity generation by installing solar PVs across our retail assets; and
- Engaging and collaborating with our customers on energy efficiency to drive down consumption within their spaces
This cost was calculated based on the investment required to implement each of these initiatives across our assets over 8 years until 2030.
It's important to note that this plan will also help us to achieve our science-based target by 2030.

**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. 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, including asset value enhancement and reputational benefit for Landsec.
Based on these benefits, we continue to explore opportunities for installing more solar PVs across our assets, increasing our on-site renewable energy generation. Based on feasibility studies already completed, our capacity could increase to over 3.5 MW of solar PV. These opportunities have been included in our net zero transition investment plan.

**Time horizon**
Medium-term

**Likelihood**
Very 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)**
4200000

**Potential financial impact figure – maximum (currency)**
10500000

**Explanation of financial impact figure**
Landsec's current 1.4 MW of solar PV currently in operation produce approximately 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 £4,200,000, based on an average electricity price of £0.14. If we are able to increase our capacity to 3.5 MW as indicated by our initial feasibility studies, we would be able to generate nearly 3,000,000 kWh, equating to £10,500,000. 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**
3500000

**Strategy to realize opportunity and explanation of cost calculation**
Our current solar PV capacity is 1.4MW which generates approximately 1,200,000 kWh of electricity per year. As part of our strategy to meet our science-based target and transition to net zero, we have undertaken solar PV feasibility studies to increase our on-site renewable energy generation capacity. Based on the opportunities identified through solar PV feasibility studies we have included the investment required to increase solar PV capacity to 3.5MW in our net zero transition investment plan which will be implemented over the next 8 year, until 2030. The total cost to realise this opportunity is approximately £3,500,000. This figure has been based the feasibility studies and it is aligned with the actual cost we have incurred to install our current 1.4M solar PV capacity of £1,400,000 as a proxy for future costs, totalling £3,500,000.

**Comment**

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**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 45% 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**
1300000

**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, as part of the action plan for each of our assets. Energy efficiency opportunities are identified, assessed and prioritised based on investment required and expected reduction in energy and costs, and a business case is developed and discussed with relevant stakeholders/committees for approval. Once approved, project is included in the asset budget for implementation. In 2021/22, we invested over £1.3m in energy efficiency improvement projects across our existing operational assets which are expected to deliver nearly 3,800,000 kWh, leading to £0.6m savings in energy costs. 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.
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**

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**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. In 2014-15, we 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)**
3500000

**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 34% (kWh/m2). The energy intensity in 2013-14 was 163 kWh/m2 and the energy intensity for 2021-22 was 108 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 2021-22 the total energy consumption was 186,633,072 kWh and floor area was 1,730,061 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 2021-22 if the floor area was the same as in 2013-14, taking into account the 34% 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 2021-22). The total energy cost for 2013-14 would be approximately ~£22 million and the cost for 2021-22 would be ~£18.5 million, based on energy intensity. By comparing these two total costs, it is possible to estimate costs savings of £3.5 million.

**Cost to realize opportunity**
1300000

**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 2021/22, we implemented 13 energy efficiency projects across our properties, with a total energy saving potential of 3,800,000 kWh and total costing £1,300,000. 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 .

**Comment**

## C3. Business Strategy

### C3.1

**(C3.1) Does your organization's strategy include a transition plan that aligns with a 1.5°C world?**

**Row 1**

**Transition plan**
Yes, we have a transition plan which aligns with a 1.5°C world

**Publicly available transition plan**
Yes

**Mechanism by which feedback is collected from shareholders on your transition plan**
We have a different feedback mechanism in place

**Description of feedback mechanism**
We regularly provide updates on our transition plans to our investors through annual results presentation and annual report. We also organise investor roadshows and meetings when we have the opportunity to further discuss these plans and investors can ask questions and provide feedback.
For instance, in our half year results in November 2021, our CEO and CFO presented our £135m net zero transition investment plan to investors, which will help us to achieve our science-based target and ensure our portfolio meets the Minimum Energy Efficiency Standards (MEES) regulations by 2030. Updates against this plan was presented in our annual results, including progress made in the last 6 months and objectives for next year. In both presentations, investors and analysts had the chance to ask questions and provide feedback on our plans. In addition, our plans were further discussed with investors in investor roadshow and meetings, when investors can provide feedback.
We also include details of our net zero transition plan and performance progress against targets, including our science-based target in our Annual Report.

**Frequency of feedback collection**
More frequently than annually

**Attach any relevant documents which detail your transition plan (optional)**
Landsec AR 2022 Interactive_FINAL.pdf
Annual results 2022 presentation..pdf
Half year results presentation 2021.pdf

**Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future**
<Not Applicable>

**Explain why climate-related risks and opportunities have not influenced your strategy**
<Not Applicable>

### C3.2

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

| | Use of climate-related scenario analysis to inform strategy | Primary reason why your organization does not use climate-related scenario analysis to inform its strategy | Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future |
|---|---|---|---|
| Row 1 | Yes, qualitative and quantitative | <Not Applicable> | <Not Applicable> |

### C3.2a

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

| Climate-related scenario | Scenario analysis coverage | Temperature alignment of scenario | Parameters, assumptions, analytical choices |
|---|---|---|---|
| Transition scenarios: IEA SDS | Company-wide | <Not Applicable> | Analysis of this scenario was applied to the entire entire organisation and its activities including investment, development, operations and divestment. This scenario was also aligned with the Intergovernmental Panel on Climate Change's (IPCC) RCP 2.6 and Shared Socioeconomic Pathways (SSPs) SSP1-1.9, 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. |
| Physical climate scenarios: RCP 8.5 | Company-wide | <Not Applicable> | Analysis of this scenario was applied 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 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%. |

## C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

**Row 1**

**Focal questions**

As part of our company-wide risk management and control framework, we undertake scenario analysis to better understand the impact of principal risks, which include climate change, on our business model when placed under varying degrees of stress, enabling interdependencies to be considered and plausible mitigation plans to be tested.

As Landsec develops and manages a portfolio of real estate assets, we need to understand how climate change will impact our portfolio both in the short and long-term, helping us to consider appropriate mitigation plans to ensure our portfolio and business remains resilient in the long term.

Key focal questions that we seek to address when undertaking climate-related scenario analysis are:

- What climate-related changes and drivers will impact our business more significantly both in the short and long term?
- What type of investment will be required to make our existing assets climate resilient?
- How will we need to change our approach to new developments?
- How our current strategy and targets help us to mitigate climate-related risks?

**Results of the climate-related scenario analysis with respect to the focal questions**

The scenario showed us that our current portfolio is not highly exposed to physical risks given the location of our assets and the impact of physical risks to our portfolio will only become more relevant in the long term, under RCP8.5 scenario. Conversely, transition risks are relevant in short term, particularly under IEA SDS scenario, as increasing mitigating actions to drive emissions reduction are expected, such as policy and regulation changes, as well as change in customer preference. Specific results from each scenario include:

- Under IEA SDS scenario, the results indicate significant transition risks: zero carbon legislation, stringent planning regulation and carbon tax are all likely to be introduced for the real estate sector in the UK, leading to higher costs to improving energy efficiency and reducing carbon emissions across our portfolio. Investment in low-carbon materials and solutions and reducing the carbon impact of real estate developments are already becoming mandatory through the planning system and building regulations. These changes are likely to increase our capital expenditure, as we currently have a growing development pipeline, including four developments in progress and two proposed developments. Despite our existing approach of investing in 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 market requirements, have influenced the development of our £135m net zero transition investment plan to ensure we manage transition risks and to maintain our leadership approach in addressing climate change.
- Under RCP 8.5 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, leading to higher operational costs. 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. 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.

## 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'.<br>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.<br>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, replacing them with materials that have a high recycled content, and inherently low-carbon profile, such as engineered timber, and that are sourced locally.<br>Through our Sustainability Charter, we encourage our partners to to consider climate risks helping them to become more resilient whilst reducing the risks of supply chain disruption.. We have included these criteria in the selection for partners and work with them to assess and encourage progress.<br>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. To support this process, we have decided to develop and launch our Materials Brief, describing the requirements for common materials used on Landsec development and portfolio projects. The brief was launched in 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 circulate and discuss this guidance with our partners at the start of any project and work with them on best approach to materials selection and alternatives. 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 52%. 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 are currently undertaking feasibility studies and 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.<br>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.<br>We operate our buildings in accordance with our company-wide Environmental and Energy Management Systems, which are certified to ISO 14001 and ISO 50001 respectively, having Energy Reduction Plans (ERPs) and action plans for all our assets, which outline how we will reduce the energy use and carbon emissions of the asset effectively. Through these plans, we will continue to plan and deliver improved controls and efficient energy systems. The ERPs form part of the operational financial planning for each asset.<br>To meet our science-based target and stay ahead of impending 2030 Minimum Energy Efficiency Standards (MEES) requirements of minimum EPC B, helping us to manage climate-related transition risks, we've developed and approved a £135m net zero transition investment plan that will be used to fund the following initiatives over the next 8 years:<br>- Optimising building management systems across our portfolio, deploying innovative technologies such as artificial intelligence to reduce operational energy consumption;<br>- Reducing our reliance on fossil fuels replacing gas-fired boilers with electric systems such as Air-Source Heat Pumps (ASHP);<br>- Increasing on-site renewable electricity generation by installing solar PVs across our retail assets; and<br>- Engaging and collaborating with our customers on energy efficiency to drive down consumption within their spaces.<br>In addition, for all assets located in areas highly exposed to physical risks, we have developed plans to ensure that adequate protection and mitigation plans are in place, including Business Continuity and Emergency Response Plans. |

## 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<br>Capital expenditures<br>Capital allocation<br>Acquisitions and divestments<br>Access to capital<br>Assets | Our financial planning process comprises a budget for two financial years and a strategic plan for five financial years. Generally, the budget has a greater level of certainty and is used to set near-term targets across the Group. The five-year strategic plan is less certain than the budget, but provides a longer-term outlook against which strategic decisions can be made. The financial planning process considers the Group's profitability, capital values, gearing, cash flows and other key financial metrics over the plan period.<br>Climate-related risks and opportunities have already influenced most elements of our financial planning, with potential implications beyond our five-year projection.<br>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 34% with estimated costs savings of £3.5 million. In addition, in 2021/22, we implemented 13 energy efficiency projects across our properties, with a total energy saving potential of 3,800,000 kWh and estimated cost savings of £600,000 at a total investment cost of £1,300,000. 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.<br>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, we have approved a £135m net zero transition investment plan for the next 8 years, which was integrated in our long-term financial planning. We have factored key actions such as the installation of air source heat pumps and refurbishment costs to increase EPC ratings into the asset valuations of relevant assets.<br>We also have 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.<br>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.<br>Finally, to support our business strategy and how we manage climate-related risks and opportunities, we have a 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. |

## C3.5

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?**

No, but we plan to in the next two years

# 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)**

Scope 1
Scope 2
Scope 3

**Scope 2 accounting method**

Location-based

**Scope 3 category(ies)**

Category 13: Downstream leased assets

**Base year**

2014

**Base year Scope 1 emissions covered by target (metric tons CO2e)**

11178

**Base year Scope 2 emissions covered by target (metric tons CO2e)**

39062

**Base year Scope 3 emissions covered by target (metric tons CO2e)**
258428

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**
79614

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**
100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**
100

**Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**
41.8

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**
77

**Target year**
2030

**Targeted reduction from base year (%)**
70

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**
23884.2

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**
5981

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**
17949

**Scope 3 emissions in reporting year covered by target (metric tons CO2e)**
14174

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**
38104

**% of target achieved relative to base year [auto-calculated]**
74.484387168086

**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 target coverage and identify any exclusions**
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 the foundation of our transition to net zero.
Our updated science-based target, 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 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.

**Plan for achieving target, and progress made to the end of the reporting year**
Since 2013/14, we've reduced our carbon emissions by 52% and we're on track to achieve our target by 2030. Our carbon emissions have increased by 6% compared to last year, largely due to occupancy levels increasing and footfall gains across our buildings following the easing of Covid-19 restrictions, which lead to an estimated 5,489 tCO2e increase in emissions. Despite expected increases in carbon, reductions achieved from energy efficiency initiatives and changes in carbon emissions factors have prevented a higher yearly increase in carbon emissions, accounting for an estimated 1,434 tCO2e and 2,761 tCO2e decrease in emissions respectively.
To meet our science-based target, last year we developed a £135m net zero transition investment plan that will be used to fund the following initiatives:
- Optimising building management systems across our portfolio, deploying innovative technologies such as artificial intelligence to reduce operational energy consumption;
- Reducing our reliance on fossil fuels replacing gas-fired boilers with electric systems such as Air-Source Heat Pumps (ASHP);
- Increasing on-site renewable electricity generation by installing solar PVs across our retail assets; and
- Engaging and collaborating with our customers on energy efficiency to drive down consumption within their spaces

**List the emissions reduction initiatives which contributed most to achieving this target**
<Not Applicable>

## 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: energy carrier**
Electricity

**Target type: activity**
Consumption

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

**Base year**
2016

**Consumption or production of selected energy carrier in base year (MWh)**
193484

**% share of low-carbon or renewable energy in base year**
0

**Target year**
2022

**% share of low-carbon or renewable energy in target year**
100

**% share of low-carbon or renewable energy in reporting year**
100

**% of target achieved relative to base year [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 target coverage and identify any exclusions**
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. In line with our BBP Climate Commitment to disclose annually our progress towards our net zero pathway, we have this year published those relevant metrics for the second consecutive year, including our commitment in relation to renewables. We continue to undertake feasibility studies to increase on-site renewable electricity capacity and also continue to explore feasibility of moving part of our energy procurement to to direct purchasing from renewable projects through Power Purchase Agreements (PPA).
This is a rolling maintenance target, which we ensure we achieve each year under our RE100 commitment.

**Plan for achieving target, and progress made to the end of the reporting year**
<Not Applicable>

**List the actions which contributed most to achieving this target**
Moving all electricity supplies to our REGO-backed supplier, SmartestEnergy, as outlined above.

---

**Target reference number**
Low 2

**Year target was set**
2021

**Target coverage**
Company-wide

**Target type: energy carrier**
All energy carriers

**Target type: activity**
Consumption

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

**Base year**
2021

**Consumption or production of selected energy carrier in base year (MWh)**
191558

**% share of low-carbon or renewable energy in base year**
66

**Target year**
2030

**% share of low-carbon or renewable energy in target year**
85

**% share of low-carbon or renewable energy in reporting year**
66

**% of target achieved relative to base year [auto-calculated]**
0

**Target status in reporting year**
New

**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 target coverage and identify any exclusions**
This new target covers all sites and total energy consumption (electricity, gas, heating and cooling) and also supports our science-based target.

**Plan for achieving target, and progress made to the end of the reporting year**
We already procure 100% renewable electricity as part of our RE100 commitment and in support of our SBT, and we also have sizable onsite renewable regeneration capacity, which we are looking to expand further. We are currently progressing various feasibility studies for on-site renewable technologies, and assessing the value that they would deliver to Landsec and our customers and how they could be incorporated as part of future redevelopment works. This move to increase our onsite renewable energy capacity is supported by our ambitious £135m net zero transition investment fund. The fund will also help us to move to cleaner sources of energy by replacing gas-fired boilers with electric systems such as air-source heat pumps, which should help us to make further inroads towards achieving this ambitious 2030 renewables target, and in turn feed into our net zero and science-based target.

**List the actions which contributed most to achieving this target**
<Not Applicable>

## 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**
2021

**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**
90

**Figure or percentage in reporting year**

108

**% of target achieved relative to base year [auto-calculated]**
75.3424657534246

**Target status in reporting year**
Revised

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

**Is this target part of an overarching initiative?**
EP100
Science Based targets initiative - other

**Please explain target coverage and identify any exclusions**
This year, we have increased the ambition level of our energy reduction target to ensure we meet our science-based target. Our updated energy intensity target is to reduce energy intensity (kWh/m2) by 45% 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.
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, ongoing portfolio-wide LED upgrades reviewing and upgrading HVAC equipment and controls, reducing energy consumption required to heat, cool and ventilate our assets. Please see C6.10 for further information.

**Plan for achieving target, and progress made to the end of the reporting year**
We have reduced portfolio energy intensity by 34% compared to our 2013/14 baseline. Energy intensity has increased compared to last year largely due to occupancy and footfall having increased from the easing of Covid-19 restrictions. While occupancy has increased, occupancy levels are still below levels before the start of the pandemic. Furthermore, action was taken to extend the run time of heating, ventilation, and air-conditioning (HVAC) services to minimise the risk of viral proliferation, leading to higher energy performance. Therefore, energy performance still does not reflect normal building operation before the pandemic. Our £135m net zero transition investment plan will help us to achieve this target by funding the following initiatives:
- Optimising building management systems across our portfolio, deploying innovative technologies such as artificial intelligence to reduce operational energy consumption;
- Reducing our reliance on fossil fuels replacing gas-fired boilers with electric systems such as Air-Source Heat Pumps (ASHP);
- Increasing on-site renewable electricity generation by installing solar PVs across our retail assets; and
- Engaging and collaborating with our customers on energy efficiency to drive down consumption within their spaces

**List the actions which contributed most to achieving this target**
<Not Applicable>

---

**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**
2022

**Figure or percentage in target year**
100

**Figure or percentage in reporting year**
100

**% of target achieved relative to base year [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 target coverage and identify any exclusions**
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, our Materials Brief 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. We plan to extend this commitment across our full supply chain in due course.
This is a rolling maintenance target.

**Plan for achieving target, and progress made to the end of the reporting year**
<Not Applicable>

**List the actions which contributed most to achieving this target**
Communicating expectations clearly to all stakeholders from the outset and ongoing supplier engagement.

---

**Target reference number**
Oth 3

**Year target was set**
2019

**Target coverage**
Product level

**Target type: absolute or intensity**
Absolute

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

| | |
|---|---|
| Low-carbon buildings | Percentage of net zero carbon buildings |

**Target denominator (intensity targets only)**
<Not Applicable>

**Base year**
2019

**Figure or percentage in base year**
0

**Target year**
2030

**Figure or percentage in target year**
100

**Figure or percentage in reporting year**
0

**% of target achieved relative to base year [auto-calculated]**
0

**Target status in reporting year**
Underway

**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 target coverage and identify any exclusions**
We are committed that all our new developments designed after 2019 will be net zero carbon both in construction and in operation, in line with the UK Green Building Council's (UKGBC) framework definition for net zero buildings. The Forge will be our first net zero carbon building due to be completed by Autumn 2022.

**Plan for achieving target, and progress made to the end of the reporting year**
As nearly 50% of whole life carbon emissions of a building occur before it even completes and this proportion is growing as the UK grid decarbonises, we focus on minimising the embodied carbon when designing and developing our buildings. Our approach to reduce embodied carbon is to prioritise asset retention whenever possible, reducing the extent of construction or demolition required and uses fewer materials, driving down both cost and carbon emissions. We also adopt Modern Methods of Construction and carefully select materials with high-recycled content. We recognise that despite our efforts to reduce embodied carbon, we will need to offset some unavoidable remaining emissions from our development activity. We are focused on ensuring each credit is independently verified, transparent and traceable meeting UKGBC and SBTi principles. We also designing our net zero building to be all electricity, with no energy generated from fossil fuels, by installing highly energy efficient air source heat pumps.
In the reporting year, we have continues to progress our first net zero carbon building, The Forge, due to be completed by Autumn 2022.

**List the actions which contributed most to achieving this target**
<Not Applicable>

---

## 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 target coverage and identify any exclusions**
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. Following the launch of the SBTi Net Zero Standard in October 2021, we are currently reviewing our net zero target to ensure it is aligned with the requirements set by SBTi.

**Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?**
Yes

**Planned milestones and/or near-term investments for neutralization at target year**
We recognise that despite our plans to transition to net zero, we will need to offset some unavoidable remaining emissions from our development activity. We are focused on ensuring each credit is independently verified, transparent and traceable meeting UKGBC and SBTi principles. As such, we've joined The Lowering of Emissions by Accelerating Forest Finance (LEAF), a public-private coalition, supported by governments (UK, US and Norway), that seeks to mobilise finance to protect tropical forests at huge scale. LEAF carbon offsets are verified by Architecture for REDD+ Transactions (ART). Our development projects will be expected to make an allowance in their budgets for the cost of offsetting related to the project activities.

**Planned actions to mitigate emissions beyond your value chain (optional)**

## 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 | 18 | 73 |
| To be implemented* | 16 | 1687 |
| Implementation commenced* | 4 | 919 |
| Implemented* | 15 | 461 |
| Not to be implemented | | |

## 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)**
101

**Scope(s) or Scope 3 category(ies) where emissions savings occur**
Scope 1
Scope 2 (location-based)

**Voluntary/Mandatory**
Mandatory

**Annual monetary savings (unit currency – as specified in C0.4)**
37720

**Investment required (unit currency – as specified in C0.4)**
6589

**Payback period**
1-3 years

**Estimated lifetime of the initiative**
Ongoing

**Comment**
We have continued our programme of reviewing and upgrading HVAC equipment and controls to improve energy efficiency, reducing energy consumption required to heat, cool and ventilate our assets. In the reporting year, projects implemented included HVAC control optimisation at two of our office assets. For instance, a time clock programme was implemented at Zig Zag, meaning that HVAC services will only be provided during core occupational hours (7am-7pm), and prevents any rogue demands coming from tenant demises. Tenants are now required to make formal requests if they require comfort heating/cooling outside of core hours. These HVAC control updates completed in the reporting year should lead to annual emissions savings of 107 tCO2e, and are complemented by our combined programme of controls and Building Management Systems (BMS) improvements for heating.

**Initiative category & Initiative type**

| | |
|---|---|
| Energy efficiency in buildings | Lighting |

**Estimated annual CO2e savings (metric tonnes CO2e)**
360

**Scope(s) or Scope 3 category(ies) where emissions savings occur**
Scope 2 (location-based)

**Voluntary/Mandatory**
Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**
232688

**Investment required (unit currency – as specified in C0.4)**
562926

**Payback period**
4-10 years

**Estimated lifetime of the initiative**
Ongoing

**Comment**
Across our portfolio, a number of lighting upgrades have been completed mostly at our retail sites 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 2021-22 cover a few office sites and numerous retail assets. These are expected to save 360 tCO2e annually over their estimated 7-10 year lifespans, which will also lead to a sizable reduction in energy intensity, particularly of our retail sites. There are also further LED projects underway which were active during the reporting year, including a large LED project at Bluewater which is expected to deliver carbon savings of 522 tCO2e per annum.

## 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 several 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 | Our Sustainability training programme 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 its effects 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 training engages employees on our 2030 net zero carbon commitment and accompanying strategy, and is set to be updated again in the coming year in light of our updated sustainability strategy and net zero target.<br>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 purpose: Sustainable Places. Connecting Communities. Realising Potential. For instance, in May 2021 our Head of ESG and Sustainability featured on a high-level internal panel discussion on the topic of Strategy, Research and Innovation, outlining our sustainability-related governance structures and advice and support available internally, as well as ways in which employees can contribute in their roles to ensure we meet our ambitious climate-related targets - the event was well attended and a recording available on demand on our intranet site (alongside a number of other climate-focussed resources). 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.<br>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 and the new requirement for all employees to have an ESG-related objective, sparks new levels of company engagement with and commitment to reducing CO2 emissions and increasing our emissions reduction activities. |
| Dedicated budget for energy efficiency | In 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.<br>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.<br>This fund thus supports the following key actions to drive energy efficiency:<br>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.<br>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, and has already been successfully deployed across a number of our projects, e.g. our customer engagement programme (see C12.1 for further details). We expect the initiatives undertaken as a result of this dedicated fund to remove 24,000 tonnes of carbon emissions from our operations. |
| Internal incentives/recognition programs | The CEO and CFO have the potential to receive a maximum annual bonus of up to 150% of basic salary. Of this, 120% is dependent on meeting Group targets and 30% dependent on meeting personal targets. In 2021/22, the Group targets included 2 climate-related KPIs, one related to embodied carbon and the other relating to energy reduction, representing 20% of annual bonus. The targets were: energy intensity reduction in all assets, and embodied carbon reduction in assets under development. The company achieved the highest level of performance for the embodied carbon target, 20.7% reduction across our developments, leading to maximum outturn of 10%. For the energy reduction target, although we delivered an energy reduction above maximum performance, the Remuneration Committee agreed to exercise its discretion in respect of the ESG Energy Intensity metric to remove the flattering impact of Covid-19-related low occupancy. On that basis, the company achieved the target level for the energy target, leading to outturn of 5% (50% of maximum).<br>All employees have performance related pay (PRP) based on two performance criteria: individual and organisational performance.<br>Organisational performance accounts for 60% of the PRP, based on Group targets. In 2021/22, the Group targets included 2 climate-related KPIs, one related to embodied carbon and the other relating to energy reduction. The targets were: energy intensity reduction in all assets, and embodied carbon reduction in assets under development.<br>Individual performance accounts for 40% of the PRP, based on achievement of individual targets for the year. The Head of ESG and Sustainability and all members of sustainability team have a number of sustainability and climate-related targets for the year, including the delivery of strategy and relevant projects that will lead to energy and carbon reduction; company performance against ESG and climate-related benchmarks, such as CDP; stakeholder and supply chain engagement; and behaviour change targets.<br>Furthermore, under our new sustainability strategy, all employees will be required to have an ESG-related personal objective, which incentivises further engagement with our ambitious emissions reduction activities and should prove instrumental in bringing about further decreases across all scopes. |
| 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.<br>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 2021 office customer survey 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 have made a number of further engagements as part of our energy efficiency focused customer engagement programme: for instance, we held a customer event to explore innovative behavioural approaches to developing and operating less energy intensive offices, and conducted various targeted energy deep dives with our highest emitting customers. We also regularly share energy-related performance data with our customers to facilitate their ongoing monitoring and performance reviews in relation to their energy and carbon targets. We will be looking to increase our customer engagement further as a matter of priority in the coming years, and ensure consistent and ongoing engagement, and thereby also drive investment in customer-related emissions reduction activities.<br>This engagement is being 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 our net zero carbon commitment and ESG market expectations. This portion is dedicated specifically to energy-related customer engagement, and is being used to implement our 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.<br>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 (UNGC) on carbon pricing. Importantly, it is in line with BEIS's forecast of carbon prices through to 2030.<br>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?

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

**Level of aggregation**
Group of products or services

**Taxonomy used to classify product(s) or service(s) as low-carbon**
Other, please specify (UK Green Building Council (UKGBC) Net Zero Framework)

**Type of product(s) or service(s)**

| | |
|---|---|
| Buildings construction and renovation | Other, please specify (Net zero carbon buildings) |

**Description of product(s) or service(s)**
As part of our commitment to transition to net zero, we design and build net zero carbon buildings and The Forge will be our first net zero carbon building, followed by Timber Square.
As nearly 50% of whole life carbon emissions of a building occur before it even completes and this proportion is growing as the UK grid decarbonises, we need to ensure that our buildings have a low embodied carbon.
For instance, at The Forge, we're using pioneering construction methods and creating the world's first office building designed and constructed using the 'kit of parts' solution built on a Design for Manufacture and Assembly structural frame. By adopting this approach we have reduced embodied carbon emissions by over 25% compared to design stage. Once in operation, no energy will be generated from fossil fuels, decarbonising building operation and reducing the impact on local air quality. It will also include highly efficient air-source heat pumps, and on-site renewable electricity from solar panels. It is the UK's first commercial development to have been recognised by the UKGBC as aligning with its framework definition of a net zero carbon building.
Our focus on reducing embodied carbon are applied to all our new developments. By retaining the existing structure whenever possible, adopting lean design and modern methods of construction and carefully selecting low carbon materials, our buildings are avoiding over 50,000 tCO2e.

**Have you estimated the avoided emissions of this low-carbon product(s) or service(s)**
Yes

**Methodology used to calculate avoided emissions**
Other, please specify (RICS guidance document 'Whole life carbon assessment for the built environment' 1st Edition and BS EN 15978)

**Life cycle stage(s) covered for the low-carbon product(s) or services(s)**
Cradle-to-gate

**Functional unit used**
Embodied carbon

**Reference product/service or baseline scenario used**
The Forge and Timber Square, our two net zero carbon developments, embodied carbon is calculated at design stage baseline (RIBA stage 3), assuming that design won't be optimised to reduce embodied carbon and only traditional materials are used in the development process: 57,131 tCO2e

**Life cycle stage(s) covered for the reference product/service or baseline scenario**
Cradle-to-gate

**Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario**
11041

**Explain your calculation of avoided emissions, including any assumptions**
As projects progresses, we work with our partners to further reduce embodied carbon by optimising design and selecting alternative low-carbon materials and high-recycled content. We then compared the actual embodied carbon emissions against the design stage baseline calculation.
The Forge and Timber Square, our two net zero carbon developments, are achieving an embodied carbon of 46,090 tCO2e, avoiding 11,041tCO2e compared with baseline 57,131 tCO2e.

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**
0

## C5. Emissions methodology

### C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**
No

### C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

**Row 1**

**Has there been a structural change?**
No

**Name of organization(s) acquired, divested from, or merged with**
<Not Applicable>

**Details of structural change(s), including completion dates**
<Not Applicable>

## C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

| | Change(s) in methodology, boundary, and/or reporting year definition? | Details of methodology, boundary, and/or reporting year definition change(s) |
|---|---|---|
| Row 1 | No | <Not Applicable> |

## C5.2

**(C5.2) Provide your base year and base year emissions.**

**Scope 1**

**Base year start**
March 1 2013

**Base year end**
February 28 2014

**Base year emissions (metric tons CO2e)**
11178

**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)**
39062

**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.

**Scope 3 category 1: Purchased goods and services**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
61647

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 2: Capital goods**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
283570

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
13982

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 4: Upstream transportation and distribution**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Grouped under PG&S

**Scope 3 category 5: Waste generated in operations**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
740

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 6: Business travel**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
740

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 7: Employee commuting**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
740

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 8: Upstream leased assets**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Reported as scope 1 and 2 emissions.

**Scope 3 category 9: Downstream transportation and distribution**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
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.

**Scope 3 category 10: Processing of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
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.

**Scope 3 category 11: Use of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
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.

**Scope 3 category 12: End of life treatment of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
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.

**Scope 3 category 13: Downstream leased assets**

**Base year start**
March 1 2016

**Base year end**
February 28 2017

**Base year emissions (metric tons CO2e)**
258428

**Comment**
2016-17 was the first year we calculated our Scope 3 emissions.

**Scope 3 category 14: Franchises**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
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.

**Scope 3 category 15: Investments**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Landsec is a Real Estate Investment Trust which develops and manages property assets, which we lease to our customers. 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.

**Scope 3: Other (upstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

**Scope 3: Other (downstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**

## C5.3

**(C5.3) 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 2021)

# 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)**
7151

**Start date**
<Not Applicable>

**End date**
<Not Applicable>

**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 2021.
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 2021.
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**
18338

**Scope 2, market-based (if applicable)**
2054

**Start date**
<Not Applicable>

**End date**
<Not Applicable>

**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

**Emissions in reporting year (metric tons CO2e)**

21623

**Emissions calculation methodology**

Supplier-specific method
Hybrid method
Spend-based method

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

8

**Please explain**

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.

### Capital goods

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

76397

**Emissions calculation methodology**

Supplier-specific method
Hybrid method
Spend-based method
Average product method

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

73

**Please explain**

Includes emissions associated with the manufacture and transport of materials used for the development of new buildings, as well as portfolio projects, such as refurbishment and maintenance of existing buildings. 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. For smaller refurbishment 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.

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

**Evaluation status**

Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**

7765

**Emissions calculation methodology**

Methodology for direct use phase emissions, please specify (As below)

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

100

**Please explain**

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 2021.

### Upstream transportation and distribution

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons 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

**Emissions in reporting year (metric tons CO2e)**
516

**Emissions calculation methodology**
Waste-type-specific method

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

**Please explain**
Calculated by multiplying weight of waste and treatment method by UK Government Greenhouse gas reporting - Conversion factors 2021.

### Business travel

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
40

**Emissions calculation methodology**
Average data method
Distance-based method

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

**Please explain**
Calculated by multiplying distance and type of travel by UK Government Greenhouse gas reporting - Conversion factors 2021. Data is obtained from the supplier who manages company travel.

### Employee commuting

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
159

**Emissions calculation methodology**
Average data method
Distance-based method

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

**Please explain**
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).

### Upstream leased assets

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons 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

#### Emissions in reporting year (metric tons 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

#### Emissions in reporting year (metric tons 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

#### Emissions in reporting year (metric tons 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. Emissions from the use of our buildings are reported under Downstream Leased Assets. We don't develop buildings with purpose of selling following completion. Therefore, there are no emissions to report under this category. This approach to scope 3 reporting is aligned with UKGBC Scope 3 Guidance.

### End of life treatment of sold products

#### Evaluation status
Not relevant, explanation provided

#### Emissions in reporting year (metric tons 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 don't develop buildings with purpose of selling following completion. Therefore, there are no emissions to report under this category. This approach to scope 3 reporting is aligned with UKGBC Scope 3 Guidance.

### Downstream leased assets

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
89374

**Emissions calculation methodology**
Supplier-specific method
Hybrid method
Average product method
Methodology for direct use phase emissions, please specify (As below)

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
57

**Please explain**
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 who occupy large floorspaces, 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.

### Franchises

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons 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

**Emissions in reporting year (metric tons 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**
Not relevant, explanation provided

**Emissions in reporting year (metric tons 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**
Not relevant, explanation provided

**Emissions in reporting year (metric tons 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).<br>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).<br>Our development pipeline runs in cycles, therefore we have not had a development complete in the last three years, however we have a number of projects currently at the final stage (Stage 5) and two are due to be completed imminently. All of our developments as a matter of course and as per our commitment have set embodied carbon targets, and related embodied carbon emissions are being measured against a baseline and tracked rigorously throughout construction for each project. We are thus able to disclose as built embodied carbon emissions for all developments currently in construction, and continue to publicly disclose our embodied carbon figures. |

## 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.

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**Year of completion**
2022

**Property sector**
Office

**Type of project**
New construction

**Project name/ID (optional)**
21 Moorfields

**Life cycle stage(s) covered**
Whole life

**Normalization factor (denominator)**
IPMS 3 – Office

**Denominator unit**
square meter

**Embodied carbon (kg/CO2e per the denominator unit)**
1838.7

**% 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**
All our developments currently under construction have set specific embodied carbon targets and selecting lower carbon materials have become a key part of the design and construction. 21 Moorfields completes within the coming months, and at project completion will have a saving of approximately 29,751 tCO2e against a stage 3 baseline, which is an equivalent of a 24.6% improvement. The methodology used is in line with EN 15978 and includes the emissions associated with Stages A1-A5 (Cradle to Gate).
Some of these reductions came from increasing the Ground Granulated Blast-furnace Slag (GGBS) in the concrete frame and enabling works and procuring materials closer to site. Another key saving was made from increasing the recycled content within the aluminium façade to 40%. Further savings came from increasing the percentage of recycled steel, from 18% to 22% for the steel plate and from 18% to 57% recycled content for the bolts and fasteners.

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## 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**
0.000038

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**
25489

**Metric denominator**
unit total revenue

**Metric denominator: Unit total**
679000000

**Scope 2 figure used**
Location-based

**% change from previous year**
8.2

**Direction of change**
Decreased

**Reason for change**
In 2021/22 our absolute location-based Scope 1 and 2 emissions decreased slightly, by 1.9%, whilst our revenues increased by 7%.
The easing of Covid-related restrictions and associated factors such as occupancy changes and extended plant hours to ensure maximum ventilation actually lead to an increase in our emissions (2,087 tCO2e), and temperature changes also lead to a small increase. However, these were counterbalanced by a reduction in emissions factors as the grid continues to decarbonise, accounting for 1,687 tCO2e of the overall portfolio emissions reduction. The remaining reduction was delivered by our energy efficiency projects (1,434 tCO2e), for instance through our heating, ventilation and air conditioning (HVAC) upgrade programme - 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. Furthermore, this year we've trialled predictive and self-adaptive Artificial Intelligence (AI) commercial-building technology at 80-100 Victoria Street. Using deep learning and cloud-based computing, the technology optimises the building's existing HVAC system, which can result in up to a 40% decrease in carbon footprint as well as a reduction in HVAC energy costs of up to 25%. For more information on our energy efficiency projects, 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 | 6341 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| HFCs | 810 | 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 | 7151 |

## 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 | 5187 |
| Retail | 1658 |
| Other | 306 |

## 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) |
|---|---|---|
| United Kingdom of Great Britain and Northern Ireland | 18338 | 2054 |

## 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 | 9584 | 1816 |
| Retail | 7544 | 238 |
| Other | 1211 | 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?**

Increased

## 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. Moreover, we haven't changes the proportion of renewable energy purchase across our portfolio. |
| Other emissions reduction activities | 1434 | Decreased | 5.5 | Energy saving activities implemented across the portfolio led to a calculated emission reduction of 1,434 tCO2e in 2021-22. Our total of Scope 1 and Scope 2 emissions in the previous year was 25,988 tCO2e, therefore there was 5.5% reduction. Calculation: 1,434 / 25,988 = 5.5% |
| Divestment | 0 | No change | 0 | N/A |
| Acquisitions | 530 | Increased | 2 | The acquisition of assets during the reporting period has led to a decrease in carbon emissions of 530 tCO2e. This was calculated by comparing the total Scope 1<br>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 25,988 tCO2e, therefore there was 2% increase. Calculation: 530/ 25,988 = 2% |
| Mergers | 0 | No change | 0 | N/A |
| Change in output | 1302 | Increased | 5 | This year saw an increase in emissions due to the lifting of Covid-19-related restrictions, as there was higher occupancy and operational hours across our assets. These conditions led to an estimated increase of 1,302 tCO2e, based on expected consumption for the year, incorporating heating degree days and cooling<br>degree days. Calculation: 1,302 / 25,988 = 5% |
| Change in methodology | 1687 | Decreased | 6.5 | We use the recommended DEFRA conversion factors to calculate our carbon emissions. These are updated each year and for 2021/22, these decreased leading to a calculated reduction of 1,687 tCO2e. Our total of Scope 1 and Scope 2 emissions in the previous year was 25,988 tCO2e, therefore there was a 6.5% reduction. Calculation: 1,687 / 25,988 = 6.5% |
| Change in boundary | 0 | No change | 0 | N/A |
| Change in physical operating conditions | 5 | Decreased | 0.02 | Energy consumption is significantly correlated to weather temperature. Based on the regions where we operate, the number of heating degree-days was higher, increasing the amount of gas required for heating. Meanwhile, the number of cooling degree-days was lower, which has particular impact in London, where we have a large proportion of our office portfolio, demanding less electricity for cooling. These conditions led to an estimated overall decrease of 0.02 tCO2e. Our total of Scope 1 and Scope 2 emissions in the previous year was 25,988 tCO2e, therefore the decrease is related to change in these conditions. Calculation: 5 / 25,988 = 0.02% |
| Unidentified | 0 | No change | 0 | N/A |
| Other | 785 | Increased | 3 | This year saw an increase in emissions due to increased plant running time hours in response to Covid-19 and an increased need for ventilation, as recommended by the government. This led to an estimated increase of 1,302 tCO2e. Calculation: 785 / 25,988 = 3% |

## 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 | 52246.11 | 52246.11 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 125767.91 | 2812.17 | 128580.08 |
| Consumption of purchased or acquired heat | <Not Applicable> | 0 | 5347.56 | 5347.56 |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | 0 | 4375.02 | 4375.02 |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 1009.12 | <Not Applicable> | 1009.12 |
| Total energy consumption | <Not Applicable> | 126777.03 | 64780.86 | 191557.89 |

## 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.**

**Sustainable biomass**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

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

**MWh fuel consumed for self-generation of heat**
0

**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

**Comment**

**Other biomass**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

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

**MWh fuel consumed for self-generation of heat**
0

**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

**Comment**

**Other renewable fuels (e.g. renewable hydrogen)**

**Heating value**

**Total fuel MWh consumed by the organization**
0

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

**MWh fuel consumed for self-generation of heat**
0

**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

**Comment**

**Coal**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

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

**MWh fuel consumed for self-generation of heat**
0

**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

**Comment**

**Oil**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

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

**MWh fuel consumed for self-generation of heat**
0

**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

**Comment**

**Gas**

**Heating value**
LHV

**Total fuel MWh consumed by the organization**
52246.11

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

**MWh fuel consumed for self-generation of heat**
52246.11

**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

**Comment**

**Other non-renewable fuels (e.g. non-renewable hydrogen)**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

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

**MWh fuel consumed for self-generation of heat**
0

**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

**Comment**

**Total fuel**

**Heating value**
LHV

**Total fuel MWh consumed by the organization**
52246.11

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

**MWh fuel consumed for self-generation of heat**
52246.11

**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

**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 | 1128.03 | 1009.12 | 1128.03 | 1009.12 |
| Heat | 40887.22 | 40887.22 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 41388.77 | 41388.77 | 41388.77 | 41388.77 |

## C8.2g

**(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.**

**Country/area**
United Kingdom of Great Britain and Northern Ireland

**Consumption of electricity (MWh)**
129589.2

**Consumption of heat, steam, and cooling (MWh)**
9722.58

**Total non-fuel energy consumption (MWh) [Auto-calculated]**
139311.78

**Is this consumption excluded from your RE100 commitment?**
No

## C8.2h

**(C8.2h) Provide details of your organization's renewable electricity purchases in the reporting year by country**

**Country/area of renewable electricity consumption**
United Kingdom of Great Britain and Northern Ireland

**Sourcing method**
Unbundled Energy Attribute Certificate (EAC) purchase

**Renewable electricity technology type**
Wind

**Renewable electricity consumed via selected sourcing method in the reporting year (MWh)**
125767.91

**Tracking instrument used**
Contract

**Total attribute instruments retained for consumption by your organization (MWh)**
125767.91

**Country/area of origin (generation) of the renewable electricity/attribute consumed**
United Kingdom of Great Britain and Northern Ireland

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**

**Vintage of the renewable energy/attribute (i.e. year of generation)**
2021

**Brand, label, or certification of the renewable electricity purchase**
No brand, label, or certification

**Comment**

## C8.2i

**(C8.2i) Provide details of your organization's low-carbon heat, steam, and cooling purchases in the reporting year by country.**

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

**Sourcing method**
None (no purchases of low-carbon heat, steam, or cooling)

**Energy carrier**
Please select

**Low-carbon technology type**
Please select

**Low-carbon heat, steam, or cooling consumed (MWh)**

**Comment**

## C8.2j

**(C8.2j) Provide details of your organization's renewable electricity generation by country in the reporting year.**

**Country/area of generation**
United Kingdom of Great Britain and Northern Ireland

**Renewable electricity technology type**
Solar

**Facility capacity (MW)**
1.4

**Total renewable electricity generated by this facility in the reporting year (MWh)**
1128.03

**Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were not issued (MWh)**
1009.12

**Renewable electricity directly consumed by your organization from this facility in the reporting year for which certificates were issued and retired (MWh)**
0

**Renewable electricity sold to the grid in the reporting year (MWh)**
118.91

**Certificates issued for the renewable electricity that was sold to the grid (MWh)**
0

**Certificates issued and retired for self-consumption for the renewable electricity that was sold to the grid (MWh)**
0

**Type of energy attribute certificate**
<Not Applicable>

**Total self-generation counted towards RE100 target (MWh) [Auto-calculated]**
1009.12

**Comment**

## C8.2k

**(C8.2k) Describe how your organization's renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.**

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', and in the reporting year set an additional complementary target to source 85% of total energy (electricity, gas, heating and cooling) consumption from renewable sources by 2030. Accordingly, since 2016 we've procured 100% REGO (Renewable Energy Guarantees of Origin) backed electricity. This means that we are increasing the demand for renewable electricity in the market as a significant energy consumer in the UK. Furthermore, as part of our net zero carbon strategy, we will increase the amount of renewable electricity we generate by investing in solar PVs across our portfolio and move part of our procurement from REGO-backed contracts to direct purchasing from renewable projects through Power Purchase Agreements (PPA). Through PPAs, we will ensure direct traceability and as PPAs also imply longer term contracts, this will guarantee that the new renewable capacity will remain on the grid and thereby help to reduce prices and market volatility, which should ultimately improve access to renewable electricity across the market.

## C8.2l

**(C8.2l) In the reporting year, has your organization faced any challenges to sourcing renewable electricity?**

| | Challenges to sourcing renewable electricity | Challenges faced by your organization which were not country-specific |
|---|---|---|
| Row 1 | No | <Not Applicable> |

# C9. Additional metrics

## C9.1

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

**Description**
Energy usage

**Metric value**
106

**Metric numerator**
191,557,892 kWh

**Metric denominator (intensity metric only)**
1,804,843.63 m2

**% change from previous year**
14

**Direction of change**
Please select

**Please explain**
Our portfolio floor area reduced by less than 1.2% compared with last year, whilst energy consumption has increased by 12.9%, leading to an 14% higher energy intensity. Energy intensity has
increased compared to last year largely due to occupancy and footfall having increased from the easing of Covid-19 restrictions. While occupancy has increased, occupancy levels are still below levels before the start of the pandemic. Furthermore, action was taken to extend the run time of heating, ventilation, and air-conditioning services to minimise the risk of viral proliferation, leading to higher energy usage. Therefore, energy performance still does not reflect normal building operation before the pandemic.

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**Description**
Other, please specify (Embodied carbon)

**Metric value**
36130

**Metric numerator**
tCO2

**Metric denominator (intensity metric only)**

**% change from previous year**
20.2

**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 22.1% reduction due to e.g. design optimisation and therefore outperforming our target. By targeting this reduction across five developments, we'll avoid over 50,000 tCO2e compared with 2038,552 tCO2e in 2020/21, which means a 20.2% 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**
Please select

**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 previous 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've put this into practice at our new development, The Forge (105 Sumner Street). The development, set behind Tate Modern, is the world's first large scale office building designed and constructed using the 'kit of parts' solution, and has been built on a P-DfMA structural frame. We saved 178 tonnes in steel by using the platform approach, and using these techniques has contributed to an embodied carbon reduction of over 25% from the initial design stage, ahead of our 16.5% target.

## 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 is 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 that no energy will be generated from fossil fuels, complemented by 107 solar panels to contribute to the development's 100% renewable electricity source. 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 that 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 Assurance Statement 2022 FINAL.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 Assurance Statement 2022 FINAL.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: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Downstream leased assets

**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 Assurance Statement 2022 FINAL.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)<br>Landsec Assurance Statement 2022 FINAL.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.<br>Landsec Assurance Statement 2022 FINAL.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<br>sources. The certification has been third party assured by the Carbon Trust – the first product of its kind in the UK.<br>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)?**
No, but we anticipate being regulated in the next three years

## 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 UK 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 UK ETS. Specifically, the site's compliance is managed through the UK ETS procedure, which sets out responsibilities, a monitoring plan, data controls and documentation processes as well as procedures for monitoring emissions sources and the data collection and evidence process. This procedure is regularly reviewed and updated as required.

Under UK ETS, Nova is classified as an "ultra-small emitter" and therefore had its permit revoked on 1st January 2021. Under the ultra-small emitter opt out scheme Nova is no longer required to verify and report GHG emissions to the regulator or purchase and surrender carbon, as long emissions remain under 2,500 tCO2 per year (in 2021, total emissions from Nova's combustion plant were 130 tCO2). Although many of the previous requirements no longer apply, the regulations still require Nova to monitor annual fuel use and emissions to demonstrate the site still qualifies as an ultra-small emitter.

Third-party sustainability consultants are employed to provide compliance support and to provide independent checks on data and emissions by helping in identifying trends and inconsistencies on a periodic basis.

## C11.2

**(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?**
Yes

## C11.2a

**(C11.2a) Provide details of the project-based carbon credits originated or purchased by your organization in the reporting period.**

**Credit origination or credit purchase**
Credit purchase

**Project type**
Forests

**Project identification**
Southern Cardamom: We prioritise forestry projects for our offsetting and we ensure our offsets meet the eight principles laid out by the UK Green Building Council to safeguard the environmental integrity and guarantee the quality of the offset. The selected offsets are certified to Verified Carbon Standard (VCS) and Climate, Community and Biodiversity (CCB) Standards.

**Verified to which standard**
VCS (Verified Carbon Standard)

**Number of credits (metric tonnes CO2e)**
20000

**Number of credits (metric tonnes CO2e): Risk adjusted volume**
20000

**Credits cancelled**
No

**Purpose, e.g. compliance**
Voluntary Offsetting

## 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 (UNGC) 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.
This can be seen for instance at the Forge, where the recycled content within the aluminium façade was increased to 40% and the percentage of recycled steel was also increased, from 18% to 22% for the steel plate and from 18% to 57% recycled content for the bolts and fasteners - these decisions have helped to reduce embodied carbon by over 25% against the baseline at the site, above our 16.5% target for all developments.

## C12. Engagement

### C12.1

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

### 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**
11

**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 engage 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.
Going forwards, we will also be presenting an additional annual sustainability questionnaire. Building on this work, we are working closely to refine our supplier risk mapping and to deliver an additional 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.

**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 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 8%. This means we have been able to gain a more accurate understanding of our Scope 3 impacts, risks and opportunities. 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**
Engagement & incentivization (changing supplier behavior)

**Details of engagement**
Run an engagement campaign to educate suppliers about climate change
Directly work with suppliers on exploring corporate renewable energy sourcing mechanisms
Climate change performance is featured in supplier awards scheme
Offer financial incentives for suppliers who reduce your downstream emissions (Scopes 3)
Offer financial incentives for suppliers who increase the share of renewable energy in their total energy mix

**% of suppliers by number**
8

**% total procurement spend (direct and indirect)**
16

**% of supplier-related Scope 3 emissions as reported in C6.5**
60

**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 16% of our procurement spend and well over half of our supplier-related scope 3 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. In addition, this year we have run an Innovation Day with our service partners, incentivising them to suggest innovative ideas and discuss potential investment opportunities to address environmental issues across operations.

**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 their 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.

**Comment**

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**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**
37

**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 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). 2) Achieving a 15% reduction in the total volume of stages (A1:A5) emissions, measured against a RIBA stage 3 baseline. 3) Reduce average embodied carbon by 50% compared with a typical building by 2030 by prioritising asset retention where possible, smart design and using sustainable materials. 4) For every development, source 100% of core construction materials from ethical and sustainable sources.

The measures of success are included in our design guidance, tender process and Sustainability Plan process. Each of these intervention points are designed to promote collaboration with designers and 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 and selection of local suppliers which keep logistics mileage low. We have also joined the Climate Group's SteelZero commitment to bolster these ambitions. Successfully implementing these measures can result in lower emissions intensity against our aforementioned benchmarks, 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 built environment assessment method. For example, our commercial office scheme at The Forge (Sumner Street) is forecasted to generate 18,414 tCO2 across 17,949 m2 GIA. This is the lowest emissions intensity achieved in any of our projects since these emissions were calculated, and the UK’s first net zero office development according to the UKGBC. The scheme also achieves an emissions intensity reduction of 25% compared to design stage. This is due to early supplier and partner engagement 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 & Details of engagement**

| | |
|---|---|
| Education/information sharing | 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**

15

**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; members of Landsec's Sustainability Team attend a meeting for every building annually to provide updates on the asset's energy and environmental performance, and progress against targets is discussed and updates provided on specific projects and initiatives. The purpose of this activity is for Sustainability Managers and onsite teams to engage customers on how they can reduce their individual energy usage and contribute to the wider building's improved energy performance; we also support our customers with energy assessments and ESOS surveys. As part of our customer engagement strategy, we're proactively engaging with our highest consuming customers individually, organising one-on-one meetings to collaborate and share our expertise relating to energy reduction, as well as sharing energy data. In 2021/22, we expanded our engagement in breadth and scope with our highest consuming customers across 4 key assets. By undertaking workshops, interviews and a site energy audit, we've been providing customers with energy deep-dive analysis, in-depth insights and accompanying recommendations, so that these 15 customers could better understand and significantly reduce their consumption. Furthermore, we are participating in the CUBE initiative, the first UK-wide competition bringing together landlords and occupiers to deliver energy savings. The competition's aim is to create a catalyst to engage with occupiers and to team up to drive energy reductions.
The aim of our comprehensive engagement programme 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 significantly influence asset performance. It is especially important to engage with our office customers as we supply energy to the vast majority via our utility supplies, so their energy usage is included within our corporate carbon and energy reduction targets. In 2021/22, 36.5% of all reported energy 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. In 2021, we secured a significant fund to drive forward this customer engagement activity.

**Impact of engagement, including measures of success**

We have engaged with 15 customers across 4 assets as part of the energy deep dives to help them identify technological, procedural and behavioural opportunities for energy savings. They represent 19% of total office tenant consumption, and we have been able to been able to identify over 1.1 million kWh in energy savings so far. Of the 15 customers, 6 are included in our top 20 consuming office customers. As part of this engagement, we have conducted numerous one-on-one meetings, providing detailed energy usage analysis, using engineering expertise as well as behavioural change knowledge to foster a culture of awareness and promote positive action. In February 2022, we also held a well-attended office customers event, with experts outlining innovative behavioural approaches to developing and operating less carbon and energy intensive offices, and one of our major occupiers presenting lessons on and tips relating to energy saving projects they have undertaken as a result of our partnership. This received an excellent level of engagement; indeed, our 2021 office customer engagement survey showed sustainability to be a top 3 priority, and we further expanded our engagement in response.
Like-for-like office tenant energy consumption in 2021/22 has increased very slightly by 1% and emissions associated with overall office tenant energy consumption decreased by 5%, going against the overall energy and carbon emissions increase of 15% and 6% respectively, compared with 2020/21. These overall increases has been largely driven by increased occupancy levels and easing of Covid-19 restrictions - despite these, emissions associated with energy submetered to our office occupiers showed the opposite trend, and our increased customer engagement in the year will have prevented a higher yearly increase in carbon emissions overall. 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 in terms of tenant energy usage is reviewed and discussed in quarterly meetings. This ensures ongoing engagement and resultant action. Our proactive customer engagement on energy reduction is reducing costs for our customers as well as helping us to meet our ambitious energy and carbon targets.

## C12.2

**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**

Yes, climate-related requirements are included in our supplier contracts

## C12.2a

**(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

**Climate-related requirement**
Complying with regulatory requirements

**Description of this climate related requirement**
All suppliers are required to comply with our Materials Brief, which contains the material requirements for common materials used on Landsec development and portfolio projects. It also sets out the materials we prohibit use of in our construction activities based on health impacts, responsible sourcing, embodied impact and resource efficiency considerations. This is supported by our target to source 100% of core construction materials from ethical and sustainable sources for every development, and in 2021/22 we continued to source 100% of core construction materials with a responsible sourcing certification. 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. All suppliers must comply with this requirement and we check certification for materials coming on to site.

**% suppliers by procurement spend that have to comply with this climate-related requirement**
100

**% suppliers by procurement spend in compliance with this climate-related requirement**
100

**Mechanisms for monitoring compliance with this climate-related requirement**
Certification
First-party verification

**Response to supplier non-compliance with this climate-related requirement**
Retain and engage

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**Climate-related requirement**
Climate-related disclosure through a non-public platform

**Description of this climate related requirement**
As of 2020/21, all suppliers must complete a sustainability questionnaire as part of the onboarding process; 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. 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 also monitors their compliance with our Supplier Code of Conduct. Furthermore, the questionnaire requests suppliers disclose information on a range of sustainability topics, including their climate-related policies and governance, climate-related targets and performance, energy and carbon reporting, including requesting 3rd party verification of emissions data.

**% suppliers by procurement spend that have to comply with this climate-related requirement**
100

**% suppliers by procurement spend in compliance with this climate-related requirement**
55

**Mechanisms for monitoring compliance with this climate-related requirement**
Supplier self-assessment
Off-site third-party verification

**Response to supplier non-compliance with this climate-related requirement**
Retain and engage

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## C12.3

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

**Row 1**

**Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate**

Yes, we engage directly with policy makers

Yes, we engage indirectly through trade associations

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**

Yes

**Attach commitment or position statement(s)**

We have been committed to actively support public policy and regulation in line with goals of Paris Agreement for a number of years. For instance, in our 2018 Annual Report (p. 43) , we disclose actions taken in the year. In addition, in our Annual Report 2021 (p.64), we have provided further engagement actions undertaken, following the IPCC report and Committee on Climate Change. One of these actions was signing the Better Building Partnership (BBP) Climate Change Commitment, which calls upon Government to deliver a supportive legislative agenda with a clear long-term trajectory to achieve net zero carbon buildings.

Landsec_AR2021_final.pdf

Landsec_AR2018_web_ready_final.pdf

BBP Climate Commitment _ Better Buildings Partnership.pdf

**Describe the process(es) your organization has in place to ensure that your engagement activities 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 Team and Corporate Affairs Team 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 ESG and Sustainability and Sustainability Director report the status of current engagement activities relating to climate change in the Sustainability Forum, a senior management group, responsible for executing the strategy and delivering programmes of work needed to meet our sustainability targets and ambitions which reports to the Executive Leadership Team, chaired by our Chief Executive (our Board 'Sustainability Executive'). This approach ensures that the organisation is constantly up to date with any policy developments and that Landsec responds effectively, 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 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 monitors 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 teams 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 and prepared for future climate-related regulation changes.

**Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

**Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**

<Not Applicable>

## C12.3a

**(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?**

**Focus of policy, law, or regulation that may impact the climate**

Minimum energy efficiency requirements

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**

Based on the large support to the UK Government proposal on a future regulatory target for the Non-Domestic Private Rented Sector Regulations of EPC B by 2030, which we had strongly support, the UK Government has confirmed that the future trajectory for the non-domestic minimum energy efficiency standards (MEES) will be EPC B by 2030.

Following in that, the UK government has launched another consultation on proposed framework to improve implementation and enforcement of the EPC B target by 2030 for privately rented non-domestic buildings. This includes simplifying the compliance process and strengthening enforcement, so the PRS Regulations work with how the industry and local authorities operate in reality.

**Policy, law, or regulation geographic coverage**

National

**Country/region the policy, law, or regulation applies to**

United Kingdom of Great Britain and Northern Ireland

**Your organization's position on the policy, law, or regulation**

Support with minor exceptions

**Description of engagement with policy makers**

In June 2021, we responded to the public consultation which we strongly support, as an important mechanism to ensure that energy performance of buildings are improved and carbon emissions are reduced in line with 1.5 degree scenario. We have also provided comments and raised concerns for some proposals discussed in the consultation.

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**

The Government has proposed to introduce an EPC C interim milestone in 2027 before EPC B by 2030. Although we agree that the EPC C interim milestone in 2027 in principle could potentially encourage landlords to take action earlier, we believe that there are some risks with this approach. Having an interim step might push landlords to have a shorter term view and cause landlords to miss opportunities for economies of scale to undertake significant energy saving initiatives. This can lead to efficiency measures being implemented to achieve a C rating only for implemented measures having to be replaced by another system to achieve a B rating after only a short period. Ultimately, this can cause landlords to spend more money to achieve a B rating by 2030. An alternative would be to only have the 2030 target of EPC B.

**Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?**

Yes, we have evaluated, and it is aligned

**Focus of policy, law, or regulation that may impact the climate**

Mandatory climate-related reporting

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**
In April-May 2021, the Department for Business, Energy and Industrial Strategy (BEIS) consulted on proposals to introduce mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs. The consultation sought views on the scope of requirements, the depth of requirements, the appropriate guidance, and an appropriate monitoring and enforcement regime.

**Policy, law, or regulation geographic coverage**
National

**Country/region the policy, law, or regulation applies to**
United Kingdom of Great Britain and Northern Ireland

**Your organization's position on the policy, law, or regulation**
Support with no exceptions

**Description of engagement with policy makers**
We responded to the public consultation which we strongly support, and believe that the implementation of this regulation requiring mandatory climate-related financial disclosures by publicly quoted companies, large private companies and LLPs will drive more companies to take action against climate-related risks and opportunities, supporting the transition to net zero.

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**
<Not Applicable>

**Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

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**Focus of policy, law, or regulation that may impact the climate**
Other, please specify (Market-based mechanism to incentivise sale of heat pumps)

**Specify the policy, law, or regulation on which your organization is engaging with policy makers**
The UK Government launched a consultation on proposal to develop a new market-based mechanism from 2024, which will create a market incentive to grow the numbers of low-carbon heating appliances installed each year. Introduce an obligation on the manufacturers of gas and oil boilers sold on the UK market to achieve the sale of a certain number of heat pumps proportional to their boiler sales in a given period.

**Policy, law, or regulation geographic coverage**
National

**Country/region the policy, law, or regulation applies to**
United Kingdom of Great Britain and Northern Ireland

**Your organization's position on the policy, law, or regulation**
Support with minor exceptions

**Description of engagement with policy makers**
In January 2022, we responded to the public consultation which we strongly support, as an important mechanism to decarbonise heat in the buildings.

**Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation**
We believe that this mechanism should be supported by fiscal policies and incentives to consumers to choose heat pumps / electrical alternatives.
In addition, the mechanism is intended to be applied only for small scale heat pumps, suitable for residential buildings. We suggested that the mechanism should also be applied to large schemes to include large commercial assets.

**Have you evaluated whether your organization's engagement is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

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## C12.3b

**(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.**

**Trade association**
Other, please specify (British Property Federation (BPF))

**Is your organization's position on climate change consistent with theirs?**
Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**
We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**
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.
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. In July 2021. our Chief Executive 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 2030 net zero 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. We are, however, in the process of establishing an even more ambitious net zero target to ensure that it is sufficient to meet the new SBTi net zero requirements.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**
<Not Applicable>

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

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**Trade association**
Other, please specify (Better Buildings Partnership (BBP))

**Is your organization's position on climate change consistent with theirs?**
Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**
We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**
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. Landsec is a founder member and our Head of Design, Innovation and Property Solutions sits on the BBP's Board of Directors. 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; Landsec continued to support and advance this work in the reporting year in accordance with the BBP's Climate Commitment published an annual update of our performance in relation to net zero in alignment with the BBP's Net Zero Carbon Framework. 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 (REEB). 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.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**
<Not Applicable>

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

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**Trade association**
Other, please specify (UK Green Building Council (UKGBC))

**Is your organization's position on climate change consistent with theirs?**
Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**
We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**
The UKGBC 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. Landsec is a Gold Leaf member, which demonstrates our alignment with the 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's 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 and 2021/22, Landsec 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.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**
<Not Applicable>

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

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**Trade association**
Other, please specify (European Public Real Estate Association (EPRA))

**Is your organization's position on climate change consistent with theirs?**
Consistent

**Has your organization influenced, or is your organization attempting to influence their position?**
We publicly promote their current position

**State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)**
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.
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, and collaborates with sector-leading organisations to develop and promote initiatives that drive sustainable outcomes for the sector. Through our participation in EPRA'a Sustainability Committee, we are able to influence discussions on climate-related policy and standards for Europe.

**Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)**

**Describe the aim of your organization's funding**
<Not Applicable>

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

## 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 AR 2022 Interactive_FINAL.pdf

**Page/Section reference**
Our approach to sustainability - p. 44-59; Managing risk, including our TCFD disclosure - p. 58-67; Sustainability Performance - p. 204-206

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

**Comment**

**Publication**
In voluntary sustainability report

**Status**
Complete

**Attach the document**
Landsec Sustainability Performance and Data Report 2022_FINAL.pdf

**Page/Section reference**
All

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

**Comment**

## C15. Biodiversity

## C15.1

### (C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

| | Board-level oversight and/or executive management-level responsibility for biodiversity-related issues | Description of oversight and objectives relating to biodiversity | Scope of board-level oversight |
|---|---|---|---|
| Row 1 | Yes, both board-level oversight and executive management-level responsibility | The Board is responsible for the oversight of our approach to sustainability and of climate-related risks and opportunities impacting the business.<br>The Board is updated on our sustainability and climate-related performance twice a year. This includes discussing the impact of climate risks and opportunities on our strategy, revising our approach to sustainability to ensure it is still relevant and monitoring performance against our targets, which include biodiversity targets.<br>Our CEO is the board member executive with overall responsibility for sustainability. By overseeing sustainability issues, the CEO ensures that sustainability decisions are aligned with the overall group strategy.<br>The CEO chairs the Executive Leadership Team (ELT), which is comprised by our CFO, COO and Managing Directors. The ELT is responsible for developing the sustainability strategy to ensure it addresses our relevant environmental, social and governance (ESG) risks and opportunities, agreeing sustainability commitments and reviewing progress against targets, including our biodiversity targets. Sustainability and climate risks are discussed quarterly or more often if required.<br>Under our sustainability framework Build well, Live well, Act well, we have a suite of targets to demonstrate the actions we are taking to address our key material issues. As biodiversity has been identified as a material issue, we aim to enhance nature and green spaces and have two ambitious targets to address biodiversity both in our new developments and across our existing portfolio:<br>- Achieve a 25% biodiversity net gain by 2030 across our operational sites currently offering the greatest potential (2016/17 baseline)<br>- Achieve a 15% uplift in biodiversity for all new developments by 2030<br>This year we've already achieved an average 13% uplift in biodiversity net gain from a 2016/17 baseline, which has included over 50 biodiversity projects across the five sites with greatest biodiversity potential.<br>These targets have been approved by the CEO and Board and performance are monitored and discussed regularly as explained above. | <Not Applicable> |

## C15.2

### (C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

| | Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity | Biodiversity-related public commitments | Initiatives endorsed |
|---|---|---|---|
| Row 1 | Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity | Commitment to Net Positive Gain | SDG |

## C15.3

### (C15.3) Does your organization assess the impact of its value chain on biodiversity?

| | Does your organization assess the impact of its value chain on biodiversity? | Portfolio |
|---|---|---|
| Row 1 | Yes, we assess impacts on biodiversity in both our upstream and downstream value chain | <Not Applicable> |

## C15.4

### (C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

| | Have you taken any actions in the reporting period to progress your biodiversity-related commitments? | Type of action taken to progress biodiversity- related commitments |
|---|---|---|
| Row 1 | Yes, we are taking actions to progress our biodiversity-related commitments | Land/water protection<br>Land/water management<br>Species management<br>Education & awareness<br>Law & policy<br>Livelihood, economic & other incentives |

## C15.5

### (C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

| | Does your organization use indicators to monitor biodiversity performance? | Indicators used to monitor biodiversity performance |
|---|---|---|
| Row 1 | Yes, we use indicators | State and benefit indicators<br>Response indicators |

## C15.6

**(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

| Report type | Content elements | Attach the document and indicate where in the document the relevant biodiversity information is located |
|---|---|---|
| In mainstream financial reports | Content of biodiversity-related policies or commitments<br>Governance<br>Impacts on biodiversity<br>Details on biodiversity indicators | Relevant information on our approach to sustainability and biodiversity is available on pages 44-52. Performance and targets are available on page 204<br>Landsec AR 2022 Interactive_FINAL.pdf |
| In voluntary sustainability report or other voluntary communications | Content of biodiversity-related policies or commitments<br>Impacts on biodiversity<br>Details on biodiversity indicators<br>Risks and opportunities<br>Biodiversity strategy | Biodiversity brief that outline our biodiversity ambitions and guide our partners on our biodiversity requirements across our portfolio and developments.<br>Landsec Biodiversity Brief_0.pdf |

## C16. 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.**

## C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

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

## SC. Supply chain module

## SC0.0

**(SC0.0) If you would like to do so, please provide a separate introduction to this module.**

## SC0.1

**(SC0.1) What is your company's annual revenue for the stated reporting period?**

| | Annual Revenue |
|---|---|
| Row 1 | 679000000 |

## SC1.1

**(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.**

**Requesting member**
EQUINIX, INC.

**Scope of emissions**
Please select

**Allocation level**
Please select

**Allocation level detail**
<Not Applicable>

**Emissions in metric tonnes of CO2e**

**Uncertainty (±%)**

**Major sources of emissions**
We hold no emissions data for Harbour Exchange as we sold it in November 2021 and prior to that it was not within our operational control boundary.

**Verified**
Please select

**Allocation method**
Please select

**Market value or quantity of goods/services supplied to the requesting member**

**Unit for market value or quantity of goods/services supplied**
Please select

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

---

**Requesting member**
Deutsche Bank AG

**Scope of emissions**
Scope 3

**Allocation level**
Facility

**Allocation level detail**
Whole building produced 770.43 tCO2e in 2021/22. Deutsche Bank occupies 28.75% of the building by floor area (6007.7609/20894.62792 m2), so the tCO2e figure provided indicates that proportion of the building's overall emissions.

**Emissions in metric tonnes of CO2e**
221.5191

**Uncertainty (±%)**
90

**Major sources of emissions**
Electricity and natural gas usage.

**Verified**
Yes

**Allocation method**
Allocation based on area

**Market value or quantity of goods/services supplied to the requesting member**

**Unit for market value or quantity of goods/services supplied**
Please select

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

---

**Requesting member**
Please select

**Scope of emissions**
Please select

**Allocation level**
Please select

**Allocation level detail**
<Not Applicable>

**Emissions in metric tonnes of CO2e**

**Uncertainty (±%)**

**Major sources of emissions**
Please refer to section C8 for all relevant information.

**Verified**
Please select

**Allocation method**
Please select

**Market value or quantity of goods/services supplied to the requesting member**

**Unit for market value or quantity of goods/services supplied**
Please select

**Please explain how you have identified the GHG source, including major limitations to this process and assumptions made**

---

## SC1.2

**(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).**

## SC1.3

**(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?**

| Allocation challenges | Please explain what would help you overcome these challenges |
|---|---|
| Customer base is too large and diverse to accurately track emissions to the customer level | The challenge in this respect is to collect energy data from customers who procure their own energy - we already receive data from some of our largest occupiers, as indicated in C6.5, but we are always looking to increase this proportion. |

## SC1.4

**(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?**
Yes

## SC1.4a

**(SC1.4a) Describe how you plan to develop your capabilities.**

We plan to further engage with our customers to collect actual and reliable energy and carbon data.

## SC2.1

**(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.**

**Requesting member**
EQUINIX, INC.

**Group type of project**
Please select

**Type of project**
Please select

**Emissions targeted**
Please select

**Estimated timeframe for carbon reductions to be realized**
Please select

**Estimated lifetime CO2e savings**

**Estimated payback**
Please select

**Details of proposal**
We are always open to collaborative opportunities, however we no longer own the building which you occupy, Harbour Exchange, as it was sold in November 2021.

**Requesting member**
Deutsche Bank AG

**Group type of project**
Change to supplier operations

**Type of project**
Implementation of energy reduction projects

**Emissions targeted**
Actions that would reduce both our own and our customers' emissions

**Estimated timeframe for carbon reductions to be realized**
0-1 year

**Estimated lifetime CO2e savings**

**Estimated payback**
Please select

**Details of proposal**
We are always open to collaboration on energy reduction initiatives. Please contact sustainability@landsec.com and we can set up a call/meeting to discuss with relevant parties.

## SC2.2

**(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?**
No

## SC4.1

**(SC4.1) Are you providing product level data for your organization's goods or services?**

No, I am not providing data

## Submit your response

**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---|---|---|
| Please select your submission options | Yes | Public |

**Please confirm below**

I have read and accept the applicable Terms