C&R CAPITAL & REGIONAL

TCFD Disclosure 2023

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As part of our commitment to a leading sustainability business, we are dedicated to proactively managing our climate-related risks and publicly reporting climate-related financial information to our stakeholders.

Here we disclose the climate-related risks we have identified to the business and set out our overarching risk management approach in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In accordance with LSE Listing Rules published by the FCA in 2022, and in line with the Recommendations of TCD dated June 2017, this report complies with 11 of the 11 TCFD recommendations and recommended disclosures. This year we have begun to disclose our Scope 3 emissions as we continue to focus on improving our occupier data collection.

1 Governance

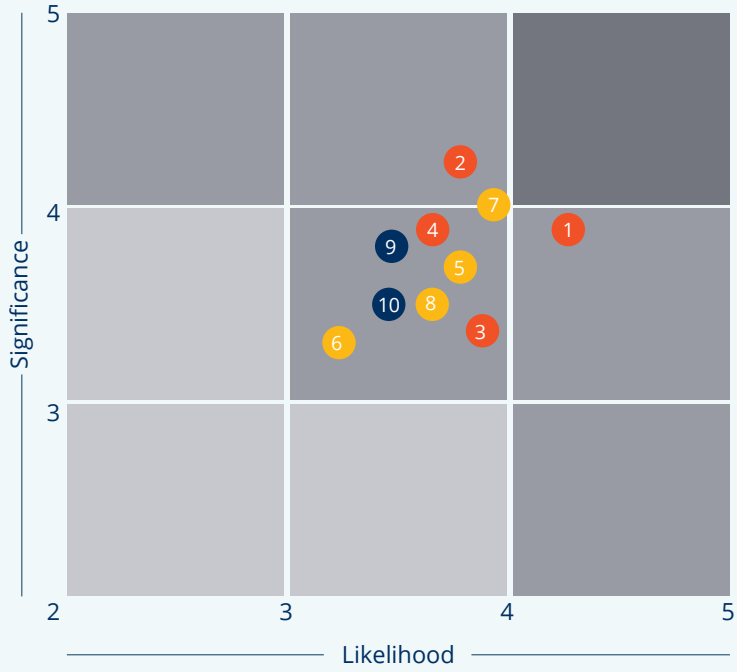
The Board's oversight of climate-related risks and opportunities

Responsibility for climate-related risk management and robust internal control processes ultimately lies with the Board, including the consideration of climate-related risks and setting the Group's risk appetite. The Board has ultimate oversight of the Environmental, Social and Governance (ESG) and Climate-related principal risk in the Group's Risk Matrix. Integrating Climate-related risks as a new principal risk highlights the Group's recognition of the material impact climate risks have on the business and the Group's ambition to actively monitor and manage these risks. The Climate-related and ESG principal risks consider a number of transition and physical climate-related risks, including management and compliance with increasingly stringent environmental policy, minimum energy efficiency requirements, carbon reduction commitments, reputational damage from inaction, and impacts of extreme weather events and climate change on our assets and their supply chain. The full list of climate-related risks considered can be seen below.

The Audit Committee supports the Board in the management of climate-related risks. The Audit Committee meets twice a year to review the effectiveness of the overall risk management strategy and internal control processes supporting our agile risk management approach. This includes reviewing the principal risks across the Risk Matrix, including the Climate-related and ESG principal risks and ensuring that climate-related risks are integrated into the risk management strategy.

The ESG Committee meets at least four times a year and has more specific responsibility for developing and monitoring climate-related risks and wider sustainability matters. The ESG Committee has direct responsibility over developing and reviewing the Group's ESG strategy across the three underpinning pillars of Environmental

Climate-related risk heatmap



Short term (2020-2029)
1. Energy decarbonisation and technology
2. Financial market uncertainty
3. Increased regulation
4. Shifting market and occupier expectation

Medium term (2030-2039)
5. Insurance challenges
6. Supply chain and resources
7. Flooding
8. Storm damage

Long term (>2040)
9. Water stress and drought
10. Heat stress

Sustainability, People & Community and Governance, and assessing and monitoring the Climate-related and ESG principal risks. The progress against climate-related targets, long-term sustainability goals and implementation or actions towards achieving these goals are overseen by the ESG Committee and reported to the board through the governance structure described below.

The ESG Committee is chaired by a non-executive member of the board. Therefore, the board has oversight of updates regarding the Group's ESG strategy and the Climate-related and ESG principal risks. As per the cadence of the ESG Committee, these updates are provided on a quarterly basis, ensuring that the Board and Audit Committee are informed of any climate-related changes in the macroeconomic, financial, and regulatory environment. To better assess and monitor climate-related risks, the Group has created a new separate Climate-related risk matrix for the Climate-related principal risk which includes a broad range of physical and transition climate-related risks. The Climate-related risk matrix feeds into Group risk review and ESG Committee reporting to the Board.

The ESG committee is chaired by a non-executive Director and three members of the Senior Leadership Team (SLT), meaning the performance towards climate-related targets and long term goals

The description and business impact of the full range of the climate-related risks that have been assessed using scenario analysis and integrated into the Climate-related principal risk and ESG strategy via our Climate-related risk matrix are detailed in the Strategy section. The process for identifying and assessing the top climate-related risks to Capital & Regional can be seen in the Risk Management section.

This year, we have advanced our oversight and management of climate-related risks and opportunities by developing and integrating a climate resilience framework and adaptation strategy to embed climate considerations into decision-making processes across the entire asset lifecycle. We developed a Climate Adaptation Plan, in alignment with the Better Buildings Partnership (BBP) requirements, with our approach utilising a range of new tools to fully embed climate adaptation into investment decisions and business processes. Activation and oversight of the Climate Adaptation Plan is headed by Sara Jennings, Director of Operations and Guest Experience, and the NZC Committee.

Management's role in assessing and managing climate-related risks and opportunities

The Senior Leadership Team (SLT) is responsible for the day-to-day operational application of the risk management strategy, including climate-related risks, and ensures that all employees are aware of their responsibilities and align with the Group's strategy. The SLT supports the Board, Audit Committee and ESG Committee in identifying and evaluating climate-related risks under the Climate-related principal risk and incorporates employee feedback into these assessments. Additionally, Sara Jennings, Director of Operations and Guest Experience, and Nick Philips, Managing Director Snozone sit on both the ESG Committee and SLT. This ensures that climate-related risks are assessed and managed throughout all levels of the organisation. The SLT is also responsible for reviewing on a deal-by-deal basis whether acquisitions and divestments align with our ESG Strategy, ensuring that climate-related risks are considered throughout the property lifecycle.

Operational Management is responsible for the implementation and maintenance of climate-related risk management procedures, as well as the identification of climate-related risks and the mitigating controls and actions required at the asset level. The Operational Management team escalate climate-related risks that are identified at the asset level to the SLT. These are assessed and integrated into the Climate-related risk matrix and escalated to the ESG Committee, Board and Audit committee as necessary.

As part of the climate risk assessment undertaken in late 2021, we conducted a detailed climate risk governance gap analysis, aligned with TCFD recommendations to understand how to best oversee and manage climate-related risks throughout our governance structures. In late 2023 we developed and began implementing our Climate Adaptation Plan, thus extending our formal governance of climate-related risks and opportunities across the investment lifecycle and enhancing our ESG Committee's and SLT's oversight and management of climate-related risks.

As part of the Climate Adaptation Plan, four adaptation tools have been developed:

1. **Climate Risk Acquisition Checklist.**
2. **Climate Resilience Framework.**
3. **Retail Technical Design Guide: Sustainable Fit-out Measures.**
4. **Climate Adaptation Conflict Tool.**

Ultimate responsibility for overseeing the integration of each tool into our investment decisions is assigned to SLT individuals, ensuring that climate-related considerations are actively addressed at key stages of an asset's lifecycle: Acquisitions, Refurbishments, Lettings & occupier engagement, Operations & property management.

Responsibility for each tool within our Climate Adaptation Plan currently follows:

- **The Climate Risk Acquisition Checklist** – James Ryman, Investment Director, and Stuart Wetherly, Group Finance Director.
- **The Climate Resilience Framework** – Daniel Fleming, Senior Development Project Manager, and Sara Jennings, Director of Operations & Guest Experience.
- **The Sustainable Fit-out Measures** –Frankie Chrysanthou, Commercial Director, Daniel Fleming, Senior Development Project Manager, and Sara Jennings, Director of Operations & Guest Experience.
- **The Climate Adaptation Conflict Tool** – Daniel Fleming, Senior Development Project Manager, and Sara Jennings, Director of Operations & Guest Experience.

A detailed overview of our Governance structure can be found in the Corporate Governance section on pages 122–133 of our 2023 Annual Report.

2 Strategy

Climate-related risks and opportunities identified over the short, medium, and long-term

Through conducting a rigorous climate risk assessment (see Risk Management), we have accurately identified the potential climate risks and opportunities facing our business. The table below outlines the key physical and transition risks we have identified over the short term (2020-2029), medium term (2030-3039) and long term (>2040). Our heightened understanding of climate risks to the Group has enabled us to embed a robust risk management process via our Climate-related risk matrix to address possible impacts proactively.

Physical and Transition Climate-related risks

Time horizon	Risk number	Risk	Risk description	Risk impacts
Short term: 2020-2029	1.	Energy decarbonisation and technology	The decarbonisation pathway demands an energy shift from fossil fuels to renewables. This will stimulate low carbon technological solutions. Existing buildings must adapt with these technologies in order to meet energy efficiency targets and reduce rising operational costs caused by changing seasonal patterns and carbon taxes	• Reduced asset value, 'green premium' vs 'brown discount' • Increased cost of financial capital • Tenant default risk causing loss of income • Capex and retrofit costs • Increased operational costs, including impacts from increased cost of carbon
	2.	Financial market uncertainty	Sustained damage from climate-related physical impacts or persistent transition-related market movements impact macroeconomic conditions and threaten the ability of firms to produce goods and services	
	3.	Increased regulation	Policy mandates existing building stock and developments improve efficiencies and operational practices, and embed climate resilience on-site	
	4.	Shifting market and occupier expectation	Markets shift to meet a growing demand for low or net zero carbon assets with on-site climate resilience embedded. Demand may also shift away from certain geographies or sectors, while changing consumer preferences could create tenant risk.	

Time horizon	Risk number	Risk	Risk description	Risk impacts
Medium term: 2030-2039	5.	Insurance challenges	The physical impacts of climate change are extensive and cause the insurance industry to reassess premiums or withdraw cover	• Physical damage causing costly repairs and clean-up • Cost of mitigation measures • Migration away from vulnerable areas • Decline in asset value or stranded asset risk • Litigation or reputational risks if perceived to inadequately prepare for physical risks • Supply chain, distribution and regional infrastructure disruption
	6.	Supply chain and resources	Physical climate impacts can cause widespread disruption to production within supply chains and cause resource prices to rise.	
	7.	Flooding	Increased duration and intensity of precipitation, snow melt, and rising sea levels will exacerbate fluvial (river), pluvial (surface water) and coastal flooding	
	8.	Storm damage	Meteorological phenomena are becoming more frequent. Impacts arise from storms and heavy wind, exacerbated by changes to sea temperatures and seasonal patterns.	
Long term (>2040)	9.	Water stress and drought	Water becomes increasingly scarce, with supply unable to meet demand. As temperatures rise, average drought lengths could increase, with implications on water costs, supply chains and public health.	
	10.	Heat stress	Rising mean temperatures and extreme temperature highs put pressure on both people and infrastructure	

Additionally, key opportunities we have identified include:

- Harnessing low-carbon technologies and providing energy efficient buildings will provide us with the opportunity to secure premium tenants with robust sustainability strategies and enhance our asset values, footfall, and reputation. This includes additional opportunities we expect to realise as we continue to implement our Net Zero Carbon strategy.
- The Group will focus on proactively assessing and managing climate-related risks to embed resilience across our portfolio and business strategy. This will also enable us to gain a sustainable competitive advantage.

We recognise that refurbishments are a good opportunity to undertake upgrades that deliver NZC enhancements. Refurbishments provide the opportunity to assess plant and material condition and efficiency and integrate upgrades when we prepare refurbishment specifications. Viability of initiatives can also create surplus positions above acceptable target return thresholds. These surpluses provide opportunity to widen project scopes to capture wider climate enhancing solutions that may not be a core part of a particular refurbishment or initiative but can be efficiently and cost effectively accommodated into a wider programme, where otherwise such enhancements may not have progressed.

To advance the integration of climate resilience across the investment and property lifecycle, we developed our Climate Adaptation Plan by leveraging our comprehensive understanding of our material climate-related risks. Headed by Sara Jennings, Director of Operations and Guest Experience, and the NZC Committee, it aims to proactively improve the resilience of our strategy and portfolio against potential future impacts by caused by climate change. In doing so, the Group will reduce the vulnerability of its portfolio to physical and transition climate-related risks via the identification and installation of appropriate adaptation measures using four tools developed as part of the Climate Adaptation Plan, as described below and in more detail in the Risk Management section.

1. The Climate Risk Acquisition Checklist ensures a broad range of physical and transition climate-related risks are assessed as part of the acquisition due diligence process and that asset-level resilience measures are formally considered to understand the target asset's existing adaptive capacity before confirming investment decisions. The tool is constructed of two sections: the Pre-Acquisition Requirements, and the Acquisition Checklist. The Pre-Acquisition Requirements involves two steps – step 1 is mandatory and requires the assessor to conduct a forward-looking and historic climate risk assessment. If the asset's risk level exceeds our desired threshold, step 2 is needed, using the Climate Resilience Framework to understand the existing adaptive capacity to mitigate against potential risk impacts. Subsequently, the Acquisition Checklist is leveraged to assess the target asset against a broader set of sustainability thresholds, including climate risk and resilience, to inform a final decision.
2. The Climate Resilience Framework helps evaluate existing and target assets' resilience to climate hazards, assess the effectiveness of adaptative solutions in reducing climate risk, and determine the impact of adaptative measures on vulnerability to support strategic investment and refurbishment decisions aligned with the Group's commitment to building climate resilience. The tool has five steps following an initial set of baseline questions collecting asset level information concerning the site. Step 1 involves a risk assessment that determines the climate hazard exposure of a target asset. Step 2 involves a resilience assessment that utilises collected asset-level documentation, and due diligence documentation from Step 1, to evaluate its current level of climate resilience. Step 3 combines the assessment results into one output to determine the final vulnerability and resilience rating of the target asset for each applicable hazard. Step 4 tracks the performance of assets' climate adaptation measures to monitor and measure their implementation and effectiveness using appropriate indicators. Step 5 evaluates how the existing or necessary adaptation solutions identified in the Resilience Assessment align with the existing Planned Preventative Measures (PPM) at the asset level to determine how and/or if adaptation solutions are already considered in the maintenance plans.
3. The Retail Technical Design Guide: Sustainable Fit-out Measures provides a comprehensive set of guidelines and recommendations for achieving climate resilience, energy-efficiency, and environmentally sustainable outcomes during the interior fit-out of retail units and other tenant-controlled spaces. The tool is used to support and encourage the adoption of green building practices, materials, technologies, and design strategies that increase climate resilience, minimise environmental impact, enhance occupant wellbeing, and optimise resource efficiency. There are three steps to the Guide – Step 1 involves a Design & Approval Phase whereby tenants are given the Retail Technical Design Guide and must submit a concept design in line with the guidance to the landlord. Step 2 involves a Fit-out Phase following approval of the concept design where permission is granted and the fit-out commences. Step 3 is the Open to trade Phase, it commences following completion of the fit-out whereby tenants may open to trade.
4. The Climate Adaptation Conflict Tool assists decision-makers to implement climate change adaptation solutions by evaluating the potential synergies or conflicts a climate adaptation solution may have with other sustainability goals, including climate mitigation, nature and biodiversity, community, and resource use. It is intended for use when considering the implementation of a climate adaptation measure as part of a wider refurbishment and necessary upgrades to meet minimum performance requirements or risk thresholds, or as part of a Planned Preventative Maintenance upgrades.

More detailed information can be found in our 'Climate Adaptation Plan' report on our website.

Additionally, our clear and robust net zero Carbon pathway will further improve our climate resilience and sustainability performance. In the context of the geography in which our business operates, we recognise the UK government has published a strategy which sets out policies and proposals for decarbonising all sectors of the UK economy to meet a net zero target by 2050. This strategy will introduce policies for driving transition in our sector particularly relating to the energy efficiency of buildings and electrification of heating demand.

Our net zero carbon pathway prioritises the necessary emission reductions up to 2040 and beyond, supported by a clear and actionable implementation plan, designed with all stages of the property lifecycle in mind. Read our pathway to net zero carbon for more information. Owing to more stringent UK regulations, EPC ratings are a top priority for C&R and are included as a key target area in our Net Zero Carbon Pathway Wheel of Delivery. The EPC ratings are also included within internal KPIs and in the deals submitted to our SLT for approval, as well as the heads of terms when the commercials are agreed. As part

of the UK strategy for net zero carbon, the Government has stated an ambition to transition all electricity generation from fossil fuels by 2035. Decarbonising electricity is also a part of our strategy, whereby shopping centres' landlord electricity is 100% renewable and REGO certified. However, the transition to renewable gas has proved slower and more challenging, particularly considering our Food & Beverage (F&B) occupiers and their higher reliance on gas sources.

Snozone's electricity is 100% renewable and 100% traceable, sourced from the Hornsea North Sea wind farm for our UK venues, about 90 miles from our Yorkshire venue. In Madrid, 68% of power is sourced from a mixture of solar, wind and nuclear energy, with the remaining 32% supplied by 1,600 of our own solar panels.

For both asset types, we continue to investigate opportunities to increase onsite renewable energy. For our shopping centres, we are working through a feasibility study on implementing solar PV at select assets.

Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our rigorous climate risk assessment enabled us to understand and assess the most material climate-related risks across the short-, medium-, and long-term time horizons outlined above. Understanding the most material climate-related risks across the time horizons has enabled us to discern the most effective climate risk mitigation measures to improve our climate risk resilience and reduce our climate risk exposure. Additionally, reducing our carbon footprint with our Net Zero Carbon pathway strategy will support the Group in effectively managing climate-related risks, most notably transition risks associated with a shift to a low-carbon economy and physical risks associated with flooding, heat stress and drought.

The scenarios we selected for our analysis were the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways RCP4.5 and RCP8.5. These are recognised climate scenarios models and align with consensus around the most likely range of average global temperature increases from now until 2100. Aligning with a 2°C or lower scenario, the RCP 4.5 scenario models a global temperature increase of 1.7°C - 3.2°C by 2100 and represents significant short-term policy action to meet the Paris Agreement. It is characterised by transition risks, although physical risks are still present with global temperature increase persisting. The RCP 8.5 scenario models a scenario where there is insufficient global policy action to meet the aims of the Paris Agreement and models a global temperature increase of 3.2°C - 5.4°C by 2100. This scenario is characterised by very severe physical climate risks, particularly in the long term. Analysing these two distinct climate scenarios has enabled us to understand a wide scope of climate-related risks and opportunities across different possible future trajectories, providing insights into what actions best support the Group's climate resilience. Furthermore, our net zero carbon strategy is aligned with CRREM 1.5°C Global and Sector Pathways. As such, we are considering a scenario whereby the transition demands are greater than the RCP4.5 and RCP8.5 climate models.

We have confidence that our approach to decarbonisation will make the business resilient to the transition risks expected with a 2°C or lower scenario. Within the RCP8.5 model as with other scenarios, is an amount of uncertainty spread over time. It is difficult to truly predict and anticipate the full magnitude of impacts associated with global temperature rises over 3°C but it is likely that there will be macroscale social and economic disruption which will be difficult to avoid. Our work on improving our resilience to the effects of such a scenario includes a focus on climate adaptation and responding to the experiences of severe weather events. For example, we have developed our response plans for our buildings and the welfare of people in reaction to weather events with hot or cold extremes, as a well as learning from specific incidents of flood risk and how they might manifest in our building archtypes. We are also planning on furthering our resilience with additional climate-related KPIs and risk management measures, such as regular legislation and regulation reviews and climate risk upskilling.

As a signatory to the BBP Climate Commitment, we developed a Climate Adaptation Plan as part of our comprehensive resilience strategy. A comprehensive resilience strategy as outlined by the BBP must demonstrate the ability to adapt to operating in a world where climate-driven disruption is more frequent and severe. We recognise that simply identifying risks is insufficient without material action, therefore, we have positioned ourselves as proactive leaders in creating and implementing our Climate Adaptation Plan.

Our Climate Adaptation Plan is designed to capture, assess, and respond to the physical and transition risks that are not already addressed by the net zero carbon pathway. The plan was developed in line with the eight requirements set out by the BBP, and is accompanied with a Climate Adaptation User Manual allowing anyone with a need to identify and implement adaptation measures in a simple and timely manner. Activating our Climate Adaptation Plan requires sign-off from Sara Jennings, Director of Operations and Guest Experience, and the NZC Committee, securing senior level buy-in.

3 Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks

We are aware that climate change poses an existential threat to not only our business and sector, but the global economy. We recognise that there is much we need to do to improve the impact of our business on the environment. As such, in 2021 we engaged with external agency, JLL, to conduct two rigorous climate scenario analysis exercises, the first to model climate-related risks and opportunities to our portfolio and the second to qualitatively assess the resilience of our overall business strategy. The results of the two assessments were used to develop our Climate-related risk matrix.

In-line with TCFD's recommendation, the assessment used two distinct, plausible scenarios established by the IPCC, one of which considers a transition to a lower-carbon economy consistent with a 2°C or lower scenario, RCP 4.5, and one consistent with increased physical climate-related risks, RCP 8.5. The two scenarios covered a broad range of likely physical and transition climate-related risks over the short, medium, and long term. Furthermore, our net zero carbon strategy is aligned with CRREM 1.5°C Global and Sector Pathways. To understand our impact and develop a trajectory of how our shopping centre portfolio will perform from a net zero carbon and energy perspective over the period to 2040, we have set a carbon baseline in the most recent, representative year: 2019. The baseline and projection to 2040 represent a business-as-usual scenario, including assumptions about growth plans, strategic shifts, grid decarbonisation, operational carbon at current energy usage intensity rates and embodied carbon based on current intensity rates.

The first climate risk analysis exercise quantitatively assessed the vulnerability of our portfolio based on our assets' location and characteristics to a range of climate-related risks, including physical risks such as flooding, heat stress, drought and storm damage and transition risks, such as market, legal, reputation and technology risks. The assessment helped us determine the geographical distribution of climate-related risks and opportunities and the potential financial losses and gains to our portfolio, as well as the different types of climate risks posed to our shopping centres and Snozone assets. The assessment also helped determine the most at-risk assets, allowing us to make strategic decisions on where to best focus mitigation actions and harness the available opportunities.

The second climate risk analysis exercise involved an in-depth review of the most up-to-date, credible climate literature to determine the Significance and Likelihood of a range of physical and transition climate-related risks and helped establish which risks are most material to our business. The results from the quantitative climate risk assessment were taken into account when scoring the Significance and Likelihood of individual climate-related risks. Significance scoring considered the impact, financial impact and ease/cost of mitigation on a scale of 1-5, ranging from minimal/no impact to catastrophic impact threatening the future of the business. Likelihood scoring considered the likelihood, frequency, duration of impact, and how quickly the risk materialises on a scale of 1-5, from unlikely risks with a short duration that materialise slowly to certain risks with a high frequency and duration that persist over a long period of time.

The results of the two scenario analyses were synthesised together to identify the top risks and opportunities to the Group, as well as inform detailed risk management recommendations. These have been embedded into risk management and decision-making by forming the new Climate-related risk matrix specifically for climate-related risks, feeding into the Group's Risk Review (see Governance).

Building on the climate risk assessment process conducted previously, the development of our Climate Adaptation Plan facilitates greater integration of adaptation and resilience across the business and decision-making process. Embedding this action plan into our business strategy decisions across the entire investment lifecycle supports our ability to fully address the challenges posed by climate change now and to prepare effectively for potentially greater risk in future. In doing so, we aim to secure long-term sustainability and protection of our portfolio against potential climate risks, as well as contribute to a more resilient and thriving future for our business and society. As part of the plan, we have developed a range of tools that aid the identification, assessment and management of climate risks into decision making and business processes across all stages of the investment lifecycle.

Featured in our Climate Adaptation Plan toolkit, our Climate Risk Acquisition Checklist ensures that a range of physical and transition climate-related risks are identified and assessed during acquisition due diligence to avoid acquiring spaces that expose the business to climate-related risks beyond our adaptative capacity. As part of the Pre-Acquisition Requirements, this involves conducting both a physical and a transition climate-related risk assessment.

When assessing physical risk, a historic climate risk assessment reviews publicly available information, such as flood maps and heat maps, to determine the historical likelihood of climate-related impacts and whether the asset is in a historically high-risk area. A forward-looking approach is also taken using climate modelling tools (a minimum of two climate scenarios must be conducted, including a 2°C scenario) to identify and assess potentially material climate-related risks to the target asset over time. This assessment provides analysis of the potential financial losses (potential disruption costs, damage costs, insurance costs, operational expenditure costs and capital expenditure costs) that could be incurred in the event of physical climate events materialising at the property.

We recognise emerging regulatory risks through our climate-related risk matrix whereby the transition risk category of increased regulation includes anticipated policy for improving existing building stock with increased energy efficiency requirements and building labelling schemes.

Transition climate-related risks are assessed using two audits, a Rapid Net Zero Carbon Audit, and an Asset Performance Audit. The audits help determine the operational performance of the asset regarding energy and carbon by assessing building certifications, EPC ratings, type of energy procured, operational efficiency, GHG emission intensity, efficiency of existing building systems and machinery, age and useful life of machinery and equipment, opportunities to improve systems, feasibility for low-carbon technologies and the associated capital expenditure costs. Target assets must possess an acceptable level of risk for the acquisition process to proceed following authorisation, with identified potential financial losses not exceeding defined investment thresholds.

Our Climate Resilience Framework tool is leveraged to identify and assess the residual climate risk facing an asset following an assessment of the asset's existing resilience and adaptive capacity. We calculate an initial vulnerability score using results from the climate risk assessments performed during acquisition due diligence and the assessment of our existing portfolio in 2021. The resilience assessment utilises a target asset's site documentation and the results from the climate risk assessments to assess the asset's existing adaptive capacity to climate hazards most material to our business, including heat stress, storms, flooding, drought and water stress, and solid mass-related events. We use our Climate Resilience Score Grid to input the target asset's adaptative solutions. A score, between -1 to +1, is determined based on the target asset's exposure to risk and adaptive capacity. The scores are simplified to 'positive', 'neutral', and 'negative' and can be evaluated and assessed using guidance provided in the Climate Resilience Score Guide. This tool provides us with a fuller understanding of our risk, and informs effective management solutions.

Describe the organisation's processes for managing climate-related risks

The Group's Risk Matrix is reviewed twice a year by the Group's Senior Leadership Team, the Audit Committee, and the Board to ensure that the Group remains on top of existing identified and any new emerging risks and their potential impact to the business, the likelihood of them occurring, the actions being taken to manage them, and the individuals responsible for managing them. In the Risk Matrix principal risks are scored and ranked for Significance and Likelihood across low, medium, and high levels. Significance levels are given financial values to indicate the potential financial impact of principal risks to the business. Climate-related is a principal risk in the Group's Risk Matrix that considers the top identified transition and physical climate-related risks to the business. These are also scored and ranked by Significance and Likelihood in a separate Climate-related risk matrix following the rigorous climate risk assessment described in the previous sub recommendation. The Climate-related principal risk and Climate-related risk matrix are overseen by the ESG Committee

The climate risk assessment process we have undertaken in late 2021, described above, has informed detailed risk management recommendations, which we used to develop a five-year roadmap for implementing key actions across four main stages of the property life cycle: Governance, Acquisition, Property management and Asset management, that set the foundations for short-term actions for embedding climate-related risk management and improving climate resilience in the medium and long term.

Risk management processes are present at each stage of the property lifecycle, with all activities taking place within our defined risk appetite. EPC ratings are actively considered in the acquisition due diligence process and in our Acquisition Checklist. Additionally, no acquisition would progress without a detailed building survey first being undertaken, which would incorporate environmental and sustainability considerations in reviewing construction and condition and lifecycle replacement programmes. The outputs from these surveys will not only inform cyclical replacement and upgrade programmes, but will be taken into consideration alongside asset initiative investment that would form part of any underwriting. Thus, ensuring investment commitments for refurbishment or general initiatives can incorporate opportunities to enhance NZC readiness in a timely manner and when opportunities arise.

Through the formation of our Climate Adaptation Plan this year, we have further developed and formalised our approach to managing our material climate-related risks. This has involved assigning responsibility to managing climate risks across the investment lifecycle to named individuals within our Senior Leadership Teams and developing a suite of complementary tools to ensure climate-related considerations are thoroughly evaluated before acquisitions and major capital expenditures.

Strengthening our existing acquisition process mentioned above, our new Climate Risk Acquisition Checklist sets thresholds that inform a go and no-go investment decision, protecting our portfolio from exceeding our set risk thresholds. Where an investment case remains, we conduct a further set of assessments prior to acquisition, including use of our Climate Resilience Framework to identify climate adaptation measures required to reduce the target asset's overall residual risk following implementation, which then inform capital expenditure plans prior to the asset's acquisition.

Within our Climate Resilience Framework tool, our Climate Adaptation Performance Tracker is used to measure and monitor the effectiveness of climate adaptation measures which may have been implemented to address the identified material climate hazards. Efficacy is measured against a 2023 baseline and monitored annually to highlight any change in vulnerability following the implementation of new adaptative solutions and ongoing climate transformation. Furthermore, the framework ensures that proposed adaptation solutions align with the existing Planned Preventative Maintenance (PPM) at the centre-level to ensure we allocate our capital expenditure appropriately and invest where resilience is most required.

To enhance our ability to manage climate-related risks in tenant-controlled spaces, we have introduced Green Lease Clauses considering minimum energy efficiency standards (MEES) compliance and are engaging with tenants around their operational behaviour, energy efficiency and data sharing. We are pursuing to move to 100% renewable landlord electricity supply. Additionally, we undertake

asset level net zero carbon audits to identify opportunities to reduce energy consumption and improve efficiencies. Together, these strategies inform our investment and capital allocation activities, as well as acquisition and divestment decisions to maximise the overall performance and resilience of our portfolio's assets.

Furthermore, we also manage climate-related risks in our tenant-controlled spaces via our new Retail Technical Design Guide: Sustainable Fit-Out Measures. This guidance provides comprehensive recommendations for enhancing climate resilience, energy-efficiency, and environmentally sustainable outcomes across key sustainability areas during the interior fit-out of retail units and other tenant-controlled spaces. The recommended initiatives cover a broad range of sustainability themes, including climate change resilience, health and wellbeing, and carbon and energy efficiency, and either support Green Fit-Out (structural changes to facilities) or Green Operation (processes) transformation.

We have already undertaken climate resilience upgrades across our portfolio, such as at our Snozone sites where voltage optimisers have been installed to improve the efficiency of energy consumption in extreme temperatures and capital expenditure has been specifically dedicated to improving the insulation of these sites. These types of adaptation measures are important at these sites given the expectation that temperature extremes will become more frequent and significant in the future, leading to potential physical asset damages and material financial losses.

When implementing climate adaptation measures across our sites, we will leverage our Climate Adaptation Conflict tool to evaluate an adaptation solution's potential impact on our wider sustainability goals. By considering the goals linked to climate change mitigation, nature and biodiversity, community, and resource use, we want to make sure that these decisions are made with a holistic approach. For this intent, the tool measures potential synergies and trade-offs, safeguarding our responsible management of climate risks and ensuring that we implement the solutions that offer the greatest resilience potential, without exacerbating wider sustainability challenges.

We conduct regular weekly calls with asset operations managers to specifically discuss and address weather impacts across our sites. This allows us to gain insight into the potential risks and effects posed by weather events at a site scale, prioritising adaptation solutions accordingly to enhance asset resilience strategies. Climate risk is also being integrated into health and safety audits, ensuring emergency plans and procedures are in place and effective when required. With climate risk being integrated into the breadth of the management processes including emergency plans, there is a strong social focus where the wellbeing of employees and tenants are at the heart of decisions surrounding climate adaptation.

In addition to our compliance to the Streamlined Energy and Carbon Reporting (SECR), Carbon Trust and ISO14001, our organisational commitment to reach net zero by 2040, which is supported by our Net Zero Carbon Pathway, is a key step to managing and mitigating transition climate-related risk, specifically risks associated with increased costs of carbon and shifting market and occupier demand towards low carbon buildings.

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

We have now fully integrated climate-related risks and opportunities into our risk management processes. We have integrated the outputs of the climate risk assessments into our risk management framework and will continue to integrate key risks within the Risk Matrix and separate climate-related risk matrix owned by the ESG Committee and overseen by the Audit Committee and the Board.

Through the development of the Climate Adaptation Tool, responsibility for managing climate-related risks is integrated at the top governance levels, for which training workshops were carried out to facilitate immediate integration and effective activation. We have committed to developing robust risk management of climate-related considerations as we recognise that climate-related risks could increasingly materially impact our financial and business strategy decisions.

4 Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We report in line with EPRA Sustainability Best Practices Recommendations (sBPR) for sustainability reporting. We provide information to our stakeholders on our climate-related performance and activities by reporting on a range of metrics for resource consumption, energy, and carbon emissions across our portfolio.

These include:

- Total and like-for-like Scope 1 and 2 emissions were calculated using internal data alongside the emissions factors from the UK Government's GHG Conversion Factors for Company Reporting 2020. Scope 3 emissions will be calculated in the Net Zero Carbon pathway being developed.
- Total and like-for-like Scope 1 and Scope 2 emissions in tCO_2e, including GHG intensity from building energy ($kgCO_2e$/sqft/year), also split by asset type
- Total and like-for-like electricity consumed in kWh, including energy intensity in kWh/sqft/year, also split by asset type
- Total and like-for-like water consumption, including occupier water consumption in m3/year, also split by asset type
- Total and like-for-like waste disposal in tonnes, split into landfill, incineration, recovery recycling, and anaerobic digestion in metric tonnes

As part of our Net Zero Carbon pathway strategy, we will be implementing metrics, including:

- Maximise onsite renewable energy
- High quality renewable energy procurement %
- Major refurbishment embodied carbon intensity (tCO_2e/m2 GIA)
- Minor development and fit-out embodied carbon intensity (tCO_2e/m^2 GIA)
- Total portfolio embodied carbon development (tCO_2e)
- Offset residual carbon emissions (tCO_2e)

To supplement our quantitative measures, we also assess key qualitative measures, including EPC ratings and building certifications to build a holistic view of our portfolio's performance. Following the in-depth climate risk assessment conducted in late 2021, we are in the process of defining and tracking further climate-related metrics and targets.

As outlined in Risk Management, key material climate-related risks and opportunities have been identified by conducting rigorous climate risk assessments. Using indicators in the climate resilience framework, we can assess and track an asset's performance on climate risk and resilience and the corresponding changes when adaptive measures are implemented.

Within The Climate Resilience Framework, indicators have been identified for the purpose of performance tracking. Such indicators cover the identified physical climate-related risks of heat stress, storms, flooding, drought and water stress, solid mass-related events and other material physical climate-related risks. These indicators include: the thermal performance of the roofing system, the percentage of both external and internal shading coverage, the number of repairs made to the HVAC system, the number of repairs made to the drainage along with their costings and the number of leaks detected within the last year.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

We disclose Scope 1 and Scope 2 GHG emissions in our SECR disclosures and on our website. These have been calculated and reported in line with the GHG Protocol Corporate Accounting and Reporting Standard.

Scope 3 GHG emissions are calculated in the Net Zero Carbon pathway and reported accordingly.

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

In recognition of the real estate sector's contribution to global GHG emissions and climate change, we are developing our Net Zero Carbon pathway strategy with the intention to reach net zero carbon by 2040.

Each of our retail and leisure centres has developed its own multiyear carbon reduction plan, which builds on the carbon reductions achieved to date, and outlines the pathway to achieving net zero by 2040. These plans include annual carbon intervention targets. The Centre teams monitor their carbon reduction plan on monthly basis which is being enhanced through a rollout of real-time circuit monitoring for utilities.

In 2024, we will recalculate our CRREM pathways to align with the most recent changes to our portfolio. Asset interventions recommended by the framework will provide insight as we continue to develop our future plans.

Read our pathway to net zero carbon for more information.

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