



“ESG Integration in Real Estate, Construction & Infrastructure: Managing Climate Risk and Sustainable Growth”

Hesli Oktavia S.T,Msc,CSRA
ESG Expert

ABOUT ME



Hesli Oktavia

ESG Expert

Certifications & Professional Qualifications

- ESG & Carbon Consultant
- Certified Sustainability Reporting Assurer (CSRA)
- Certified Sustainability Reporting Specialist (CSRS)
- Completed Training :Reporting with GRI Standard
- Completed Training : ISSB IFRS standard (International Sustainability Standards Board)
- Certified GHG Accounting Lead Verifier based on ISO 14064

Areas of Expertise

- GHG Accounting
- Product's Carbon Footprint (CFP) for products covered by the EU's Carbon Border Adjustment Mechanism (CBAM).
- Build Sustainability & ESG Reporting
- Sustainability Reporting Assurer
- ESG Strategy Development and Integration
- Climate Risk and Opportunity Assessment

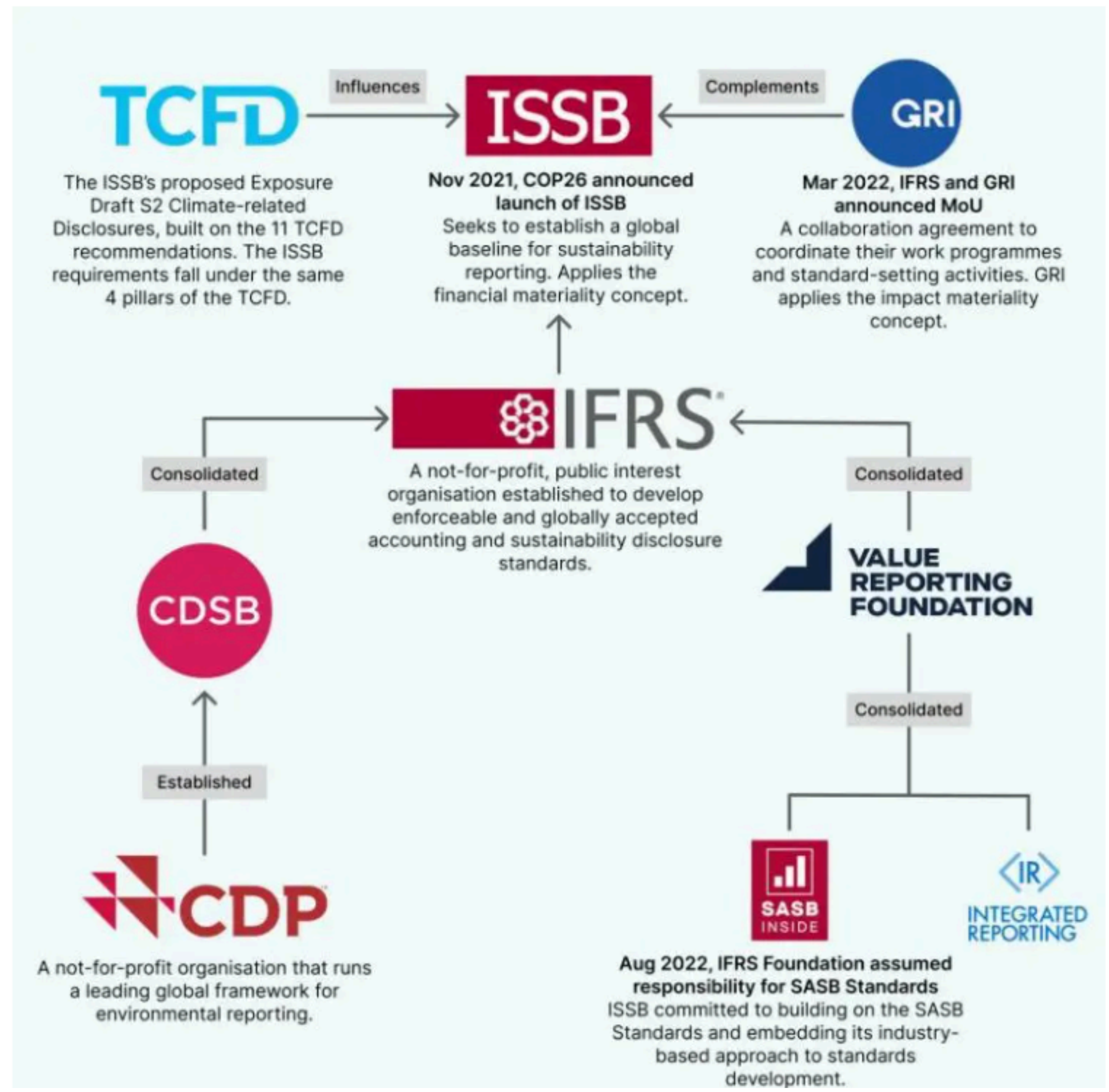


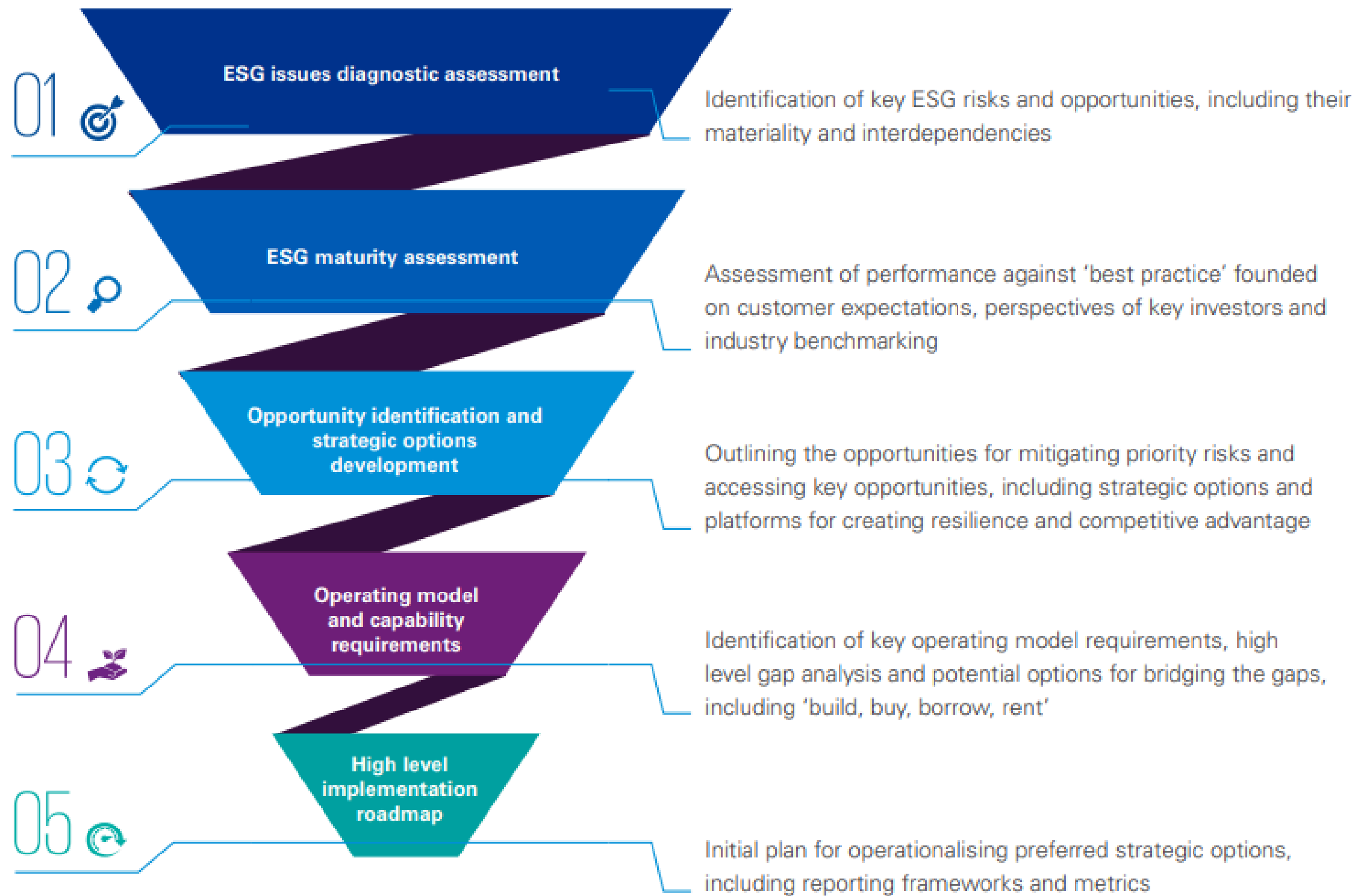
RANKERS & RATERS





ESG Standards Integration Landscape





ESG APPROACH

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES

01. GOVERNANCE

02. STRATEGY

03. RISK MANAGEMENT

04. METRIC & TARGET



Recommendations and Supporting Recommended Disclosures

Governance

Disclose the organization's governance around climate-related risks and opportunities.

Recommended Disclosures

- a) Describe the board's oversight of climate-related risks and opportunities.
- b) Describe management's role in assessing and managing climate-related risks and opportunities.

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Recommended Disclosures

- a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks.

Recommended Disclosures

- a) Describe the organization's processes for identifying and assessing climate-related risks.
- b) Describe the organization's processes for managing climate-related risks.
- c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

- a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.



Study Case: Strategy

Material climate-related risks Short term risks (<12 months)

| Climate scenario | Likelihood | Description of impact | Potential financial impact | Explanation and mitigation |
|--|-------------|---|---|--|
| #1 Current physical damage to assets from river and flash flooding (extreme weather events) | | | | |
| Current climate | Low to high | <p>Potential loss of revenue from business interruption (closure of operations)</p> <p>Increased capital expenditure (cost) to repair damaged assets</p> <p>Potential increased insurance costs</p> | <p>Mean loss: <£1.5m (pre-insurance)</p> | <p>WTW performed climate risk modelling for our portfolio (simulating many thousands of events) based on current and future climate scenarios using the assets' total insured value (by British Land % ownership). Mean losses are the average loss of modelled events weighted by the probability of their occurrence. These losses are fully insured against and potential losses are shown before the impact of insurance.</p> <p>Since 2007, our (insured) actual annual mean loss is below the modelled value of £1.5m.</p> <p>Since 2011, we have commissioned periodic portfolio-wide flood risk assessments and issued flood management plans to high risk assets. In the future we plan to build on these plans by creating detailed flood mitigation plans for our high risk assets.</p> |



Material climate-related risks

Medium term risks (up to 2030)

| Climate scenario | Likelihood | Description of impact | Potential financial impact | Explanation and mitigation |
|--|------------|---|--|---|
| #2 Increasing price of carbon credits (carbon pricing mechanisms) | | | | |
| Current climate | High | <p>Increased capital expenditure as net zero commitments by corporates leads to increased demand for carbon credits, resulting in higher and/or volatile carbon credit prices</p> | <p>£0.75m for every 100% increase in the price of carbon</p> | <p>We have committed to offsetting the embodied carbon of all new developments and major refurbishments. In FY22, when our transition risk modelling was conducted, we estimated this to be c.300,000 tCO₂e by 2030 across the committed and near term development pipeline.</p> <p>We estimated the annual additional cost of carbon credits between FY22 and FY30 to be £0.75m if the price rose by 100% from our FY22-FY24 price of £20 per tonne. At our new price of £30 per tonne, a 100% rise in price would increase this annual additional cost to £1.1m.</p> <p>To mitigate this risk we pre-purchase carbon credits for our developments at the point of commitment. We have now purchased sufficient carbon credits to offset the embodied carbon in 95% of our committed development pipeline. In addition, our internal carbon levy would now cover a carbon credit price increase of up to £90 per tonne.</p> |

Example: Metric & Target



Our key targets are set out below:

Embodied carbon

50% lower embodied carbon intensity at our offices developments to below 500kg CO₂e per sqm from 2030

100% of developments' residual embodied carbon emissions offset

Operational carbon

75% reduction in operational carbon intensity of managed assets by 2030 vs 2019

25% improvement in energy intensity of managed assets by 2030 vs 2019

We align to externally recognised frameworks including the Sustainability Accounting Standards Board (SASB), the EPRA Sustainability Best Practices Recommendations on Sustainability Reporting and with reference to the GRI. These disclosures align with the Section E recommended disclosures for Materials and Buildings Group companies.

We also participate in international indices including GRESB 2024: 5* Standing Investments and 5* Development and FTSE4Good 91st percentile.

Environmental measures are included in executive remuneration including GRESB performance and EPC A and B ratings by ERV across the portfolio. The Long Term Incentive Plan for Executive Directors includes key performance indicators linked to the reduction of operational carbon and improvement of operational energy efficiency. More details of these can be found on page 109.

Source: British Land TCFD Report



+62 857-7310-0785

Thank you

