Taskforce on Climate-Related Financial Disclosures

The Tritax Big Box REIT plc Board (the 'Board') recognises the importance of understanding the risks and opportunities presented by climate change and the impacts it could have on its business operations.

We recognise the need to tackle climate change today. In 2020, we launched a commitment to become net zero carbon for all direct activities by 2030 and for its total Scope 3 emissions by 2040. This includes the commitment to develop all new buildings to net zero carbon from June 2020. We raised a Green Bond of £250m in November 2020, which we view an opportunity to finance our net zero carbon activities through this green finance. This includes significant opportunity to invest in onsite renewable energy generation.

The Group will publish its Net Zero Carbon Pathway in 2021 and has started to make progress in reporting against the TCFD recommendations. This document details where the Company is already aligned with TCFD reporting. We will on this over the next year to full alignment in 2022, focusing on two priority areas:

1. Establish risk exposures to the example risks highlighted, using both 1.5C and 2C warming scenarios
2. Quantify the risk exposures and fully incorporating the results into the risk management process

1. Governance

Board oversight of climate-related risks and opportunities

The Board is updated at least annually on the physical climate change risks of the assets within the portfolio. The CSR Committee of the Manager is responsible for monitoring trends and developments in sustainable development and ESG, any material changes are reported to the Board.

The Board receives updates from the Sustainability Lead at every Board meeting, emerging climate change risks and other relevant briefings on climate change are provided. The Board considered the impacts of climate change on the development portfolio agreement with Tritax Symmetry, who are our exclusive partner for forward funded developments.

The Board signed off a new long-term sustainability strategy in May 2020, in which climate change is ranked as the most material issue for the Company. This was determined through a Materiality Exercise that included engagement with the Board.

The Board has determined ESG and associated climate change to be central to the Company's strategy and has ensured that it is considered in all decision making.

The Manager of Tritax Big Box REIT has embedded assessment of climate change risks into its investment and asset management strategies for acquisitions and major capital expenditures.

The Board and the Manager undertook ESG Investment Training in September and November 2020 respectively to support their understanding of climate change and other ESG risks and opportunities to aid the appraisal of these issues in overseeing the Company's activities.

The Company's sustainability strategy includes goals and targets which are reported against at every Board meeting. Twice annually the Board receives a deep dive assessment of progress against targets.

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

The Manager of Tritax Big Box REIT has an established CSR Committee which is responsible for the delivery of the sustainability strategy, including climate change and its associated risks and opportunities

The CSR Committee is chaired by the Chief Operating Officer (COO) of the Manager, who has ultimate responsibility for climate change for the Manager.

The CSR Committee reports to the Board and receives update through both the Sustainability Lead and the Manager's COO, who reports to the Board's Management Engagement Committee

The Partners of the Manager are kept informed of climate-related risks through the Manager's Risk Committee, the CSR Committee and direct reporting from the Sustainability Lead.

How management (through specific positions and/or management committees) monitors climate-related issues

The Investment Committee assesses the climate related risks and opportunities: Acquisitions are subject to ESG Due Diligence assessments which inform the members of the Investment Committee of any climate related risks, such as flooding to inform the investment decisions on climate related risks

Through the annual insurance renewal, an assessment of the physical climate change risks of the assets within the portfolio are assessed and the results are shared with the Partners. The Partner responsible for Asset Management and Property Management ensures that any material risks are considered for the Fund

The Risk Committee monitors the climate related risks for Tritax Big Box REIT: The Compliance Officer monitors transition climate change related risks relating to legislation and regulations

The Manager engages specialist consultants to provide executive briefings on sustainability and climate change and is a member of the UK Green Building Council (UKGBC) to support the monitoring of climate change issues.

The Sustainability Lead is responsible for monitoring climate change issues and ensuring the Manager is informed of all material issues and developments

2. Strategy

Impacts of climate-related risks and opportunities

We consider climate-related issues within the time horizons used in our corporate strategy:

- Short term horizon is 1 year or less
- Medium term horizon is 1-5 years
- Long term horizon is over 5 years

Below sets out some of the potential risks and opportunities. The Company will assess these risks against the established time horizons, the 1.5C and 2C warming scenarios to understand the potential financial risks and opportunities in 2021.

Issue	Description	Potential Risk	Potential Opportunity
Financial: Carbon pricing	Putting a price on carbon to price in the cost of carbon.	Costs could increase as the cost of carbon is factored into construction and operating costs (from embodied carbon and cost of carbon intensive energy for occupiers).	A portfolio with low carbon emission could have lower costs through reductions in costs associated with carbon pricing.
Regulatory: Rapid increase in climate related policies	There is a large policy gap to meet the legally binding 2050 net zero carbon target that will require new and radical policies to meet.	New policies may affect our ability to develop or lease new assets that are below standards set by Government. e.g., raising the minimum standard for MEES.	The development of net zero carbon assets and the efficient standing investments could future proof the portfolio against future increasing in minimum standards – such as MEES.
Physical: Energy supply and carbon intensity	Energy demand in assets is going up due to automation, and in the future, increased use of electric fleet. Potential for increased levies on carbon-based energy increasing costs.	As energy demand in assets increases, security of supply is an issue for occupiers and could disrupt their operations. At the same time, costs of carbon-based energy and potential new levies on such energy could increase energy costs.	Investing in on-site renewable energy generation for the benefit of our tenants could protect against energy volatility and reduce the carbon intensity of the operational energy use within the portfolio.
Physical: Extreme weather and natural disasters	Climate change is causing more extreme weather events and natural disasters. Buildings will need to be resilient to changes in weather such as rising temperatures, but also to extreme weather events such as flash flooding.	Weather changes will impact on our asset's resilience to such changes – for example, coping with more and less predictable flooding, heatwaves, and drought in the summer. Assets will require more cooling for heatwaves, and increased flood protection. The UK will also be subject to more windstorms, which could damage assets and interrupt operations for occupiers.	
Transition: Climate action failure	In addition to the policy gap, continued failure to act will increase the impacts of climate change, meaning greater adaption is needed.	More extreme weather events will worsen the above. Adaption will be more expensive, and mitigation will not as reliable.	

Transition: Mitigation and adaptation	The impacts of climate change are already being felt. We need to consider the mitigation and adaptation measures that are needed to protect our assets from the impacts of climate change. In the UK, the main climate change risks are identified as: rising temperatures, rising sea-levels, flood risk, drought, and windstorms.	The level of exposure will vary between assets, but the level of risk will have the following likely impacts: Lower risk, requiring upgrades and investment to protect against the risk Higher risk, requiring investment in new protection measures, retrofitting and review of major incident planning Highest risk may require disposal of the asset where the cost of protection is higher than the financial benefit.	Opportunities to future proof assets through asset management and development will provide an attractive portfolio to tenants and investors

3. Risk management

Our risk management process is designed to identify, evaluate, manage, and mitigate (rather than eliminate) the significant risks we face. The process can therefore only provide reasonable, and not absolute, assurance. As an investment company, we outsource key services to the Manager, the Administrator and other service providers, and rely on their systems and controls.

At least twice a year, the Board undertakes a formal risk review, with the assistance of the Audit & Risk Committee, to assess the effectiveness of our risk management and internal control systems.

For more information, see the 2020 Annual Report and Accounts.

4. Metrics and targets

Please see the 2021 Annual Report and Accounts and the 2021 EPRA ESG Report for reporting on our climate change metrics and targets.