TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

This is our second disclosure in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In April 2015, the G20 Finance Ministers and Central Bank Governors asked the Financial Stability Board ('FSB') to review how the financial sector can take account of climate-related issues. The FSB established the TCFD to develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders and insurance underwriters in understanding material risks, and that would facilitate the transition to a climate-resilient economy.

The TCFD's recommendations revolve around four thematic areas that describe how an organisation and its operations work: Governance, Strategy, Risk Management, and Metrics and Targets. Set out below, is our updated response to climate-related risks and opportunities.

Thematic area	Recommendation	NewRiver's response
Governance	Describe the Board's oversight of climate-related risks and opportunities	Environmental risk is one of our eight key risk categories. The Board has ultimate responsibility for the risk management and internal control of the Company, and regularly evaluates the Company's appetite for risk, ensuring our exposure to risk is kept at an appropriate level. The Board receives quarterly ESG reports from the Sustainability Committee addressing climate risks as required, which are used to inform decision making and planning in areas including the acquisition, asset management, development and disposal of assets. The Audit Committee monitors the adequacy and effectiveness of the Company's risk management and internal controls and supports the Board in assessing the risk mitigation processes and procedures.
	Describe management's role in assessing and managing climate-related risks and opportunities.	Allan Lockhart, our Chief Executive, is the main Board Director with overall accountability for our ESG performance. Our Sustainability Committee chaired by Emma Mackenzie who has a dual role of Head of Asset Management and role on the Executive Committee ensures that ESG risks and opportunities are always high on the agenda of our senior management teams. The Executive Committee is closely involved with day-to-day monitoring of risk management and delegation of accountability for risk management to senior management. Senior Management manage and report on risk, ensuring that they are within the risk appetite as established by the Board. Further details can be found in the 'Our approach to risk management' section of our Annual Report.

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Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	We have identified climate-related risks and opportunities in the two major categories defined by the TCFD as 1) transition risks, related to the transition to a lower-carbon economy and 2) physical risks, related to the physical impacts of climate change. These risks are present in the short, medium and long-term time horizons to various degrees. Short-term (0-5 years) Risks: the most immediate climate-related financial risks for our business are transitional risks to a low carbon economy. In England & Wales, it has been a legal requirement since April 2018 that any Domestic or Non-Domestic properties, where a valid EPC exists, must have an asset rating of "E" or above to be let to a new or renewed tenancy. For Non-Domestic properties, from April 2023 these regulations will be extended to cover all existing tenancies. In terms of physical risks, we have identified flood risks as a potential risk. Opportunities: through our energy audits we completed to comply with the Energy Savings Opportunity Scheme, we identified a number of energy efficiency initiatives to implement, which has the potential to help us save over 2,500MWh of energy and £277,000 in cost savings. Medium-term (5-15 years): Risks: the medium-term risks build on the MEES regulation coupled with the government's commitment to Net Zero. In October 2019, the government proposed a new plan to raise the minimum EPC rating from an 'E' to a 'B' rating and whilst not yet legislative, improving the energy efficiency of our buildings to ensure a high EPC standard is a priority to future proof our assets for anticipated future energy efficiency legislation. Flood risks are also present as medium-term risks. Opportunities: increase our own production of energy through installing solar PVs at additional properties as part of our Net Zero strategy. Long-term (15+ years): Risks: Our long-term risks are the likely extensive policy, legal, technology, and market changes associated with UK's Net Zero carbon commitment. Whilst there are still uncertainties around what these changes would entail, we anticipate stricter requirements on building energy efficiency, low carbon sources for heating and low embodied carbon materials and processes in development/ refurbishment projects. Flood risks are also present as long-term risks. Opportunities: Owning and operating highly energy efficient properties, that achieve net zero in operations, would enhance NewRiver's reputation as a climate-focused property owner. Further details can be found in the 'Our ESG targets' section of this report.

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Strategy (continued)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	As an owner of assets located in communities across the UK, we are committed to enhancing the lives of the people we serve and minimising our impact on the environment. Ensuring we review climate-related risks on a regular basis and monitoring the implementation and effectiveness of our ESG programme, is not only the right thing to do for society, but it is the right thing to do for our business too, as it reduces our costs, unlocks new opportunities and provides long-term resilience for our business. To that end, we embed ESG into every part of what we do as a business and integrate ESG risks into our risk management and governance practices. Our ESG objectives and targets drive our ESG and climate-related risk approach and are supported by our Policy and Framework documents for our asset management and stakeholder engagement activities. Our ESG policy, Green Procurement Policy and Code of Conduct for Suppliers, found on our website https://www.nrr.co.uk/esg/esg-policies and our ESG Handbook for Property Managers, ESG Guide for Tenants and our ESG Brief for development and refurbishment projects, available upon request, set out how we manage climate-related risks within our development and asset management practices. For example, in the ESG target section of this report we outline our targets for on-site renewable energy and that building certifications are to be targeted for all new major renovations and refurbishment projects. In our ESG Property Manager handbook, we further require our PMs to monitor energy, water and waste management performance and review action plans to enhance performance on a quarterly basis. Our ESG initiatives are applied through every stage of our business model to reach our ESG objectives.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Environmental risk is one of our eight key risk categories. Our resilience strategy is focused on the most material risks to our business i.e. the transitional risk and associated policy and legal requirements. Detailed climate-related scenario analysis has not been undertaken as yet to understand the potential impacts of different pathways on our business. We will continue to review our approach to this as part of our resilience strategy over the next two years. Further details can be found in the 'Our approach to risk management' section of our Annual Report.

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Risk Management	Describe the organization's processes for identifying and assessing climate-related risks.	Our process for identifying climate related risks involve regular meetings with our ESG advisors who keep us informed on any regulatory changes and the latest climate science which would impact our established risk profile or pose new risks. To identify the level of risks, we have a risk registry both for transitional and physical risks. For example, we have a flood risk registry where each property has a risk registry score based on the flood type, frequency and severity. We also have an EPC risk registry, which we use to review the EPC ratings of our properties and identify if any assets needs upgrading. Further details can be found in the 'Our approach to risk management' section of our Annual Report.
	Describe the organization's processes for managing climate-related risks.	Our Property and Asset Managers as well as our ESG advisors manage our risks on a day-to-day basis by reviewing and updating the climate-related risk registry. Our Head of ESG and Asset Managers from the retail and pub portfolio have monthly and quarterly ESG meetings with our ESG advisors where we review progress on our ESG programme. The updates include aspects that form part of the identified climate-related risks such as the initiatives implemented to improve the energy performance of our assets, installation of flood risk defences to to reduce the flood risk at properties in a high flood risk zone, as well as updates on relevant legislation or latest climate science news as applicable.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	The Board, which has ultimate responsibility for the risk management and internal control of the Group, receives ESG updates from our ESG committee in the quarterly Board Meetings. ESG is a standalone topic in the meeting and the management of climate-related risks are discussed and measures to mitigate risks are reviewed. On a bi-annual basis, ahead of our Half Year and Full Year results, we carry out full review of the ESG programme and our climate-related risks as part of our overall risk management review. We outline our approach to risk management, which includes environmental risk, within our Annual Report.

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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.	The key metrics directly relating to our climate-related risk strategy are our energy and GHG metrics. We measure the portfolio's carbon and energy footprint and we have been publishing information on our carbon footprint since 2016. Our carbon and energy footprint reporting is complemented with a metric for CO2 intensity based on floor area.
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We report our GHG emissions on page 28 of this report where we also provide further information on the standard and guidance used to report the emissions, the categories we report on and emission and conversion factors used as well as details on the intensity-level reporting.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our energy and GHG reduction targets were set in 2018 using the Science Based Target Initiative methodology to support the company's efforts to manage the relevant climate-related risks with the aspirations of the Paris Climate Agreement. In addition, we have set KPIs related to areas that impact our carbon footprint including energy consumption reduction, implementation of energy efficiency initiatives and waste recycling rates. For example, our target to have installed LED lighting in 75% of common areas across 100% of our managed properties by 2025 future proofs our assets against expected stricter regulatory requirements on energy performance of the properties and decrease the risk of obsolesce as it will improve our EPC ratings. Full list of metrics is available in the targets and KPI section of this report.