

## SUSTAINABILITY continued

# Non-financial and sustainability information statement continued

### Social matters

Our Resident Ambassador programme provides peer-to-peer support for students, see <https://www.unitegroup.com/sustainability>.

Our Positive Impact programme encourages our people and teams to work with local stakeholders on community impact initiatives, see <https://www.unitegroup.com/sustainability>.

Market overview focusing on demographic trends, see from page 26.

The Unite Group is the principal supporter of the Unite Foundation, the only charity that provides a home at university for estranged and care-experienced students – see <https://thisisusatuni.org/> and <https://www.unitegroup.com/sustainability>.

Support to Stay, our innovative student support framework designed to align with universities' processes for supporting student mental health and wider wellbeing, see <https://www.unitegroup.com/sustainability>.

### Health & Safety

Our Health and Safety strategy keeping people safe and secure across our operational buildings and new development sites, see page 123.

### Environmental matters

Our Sustainability Strategy sets out clear objectives and our progress in respect of environmental, social and governance matters, see pages 50 and see <https://www.unitegroup.com/sustainability>.

TCFD and CFD page 58.

Our Net Zero Carbon Pathway sets out our pledge to be net zero carbon by 2030, see <https://www.unitegroup.com/sustainability/our-net-zero-pathway>.

Energy and carbon. Full details in line with the Streamlined Energy & Carbon Reporting requirements, see page 56.

Wider environmental impact details of other environmental performance metrics, targets and activity, see <https://www.unitegroup.com/sustainability>.

Our Sustainable Construction Framework sets out our approach to the sustainable design and construction of new purpose-built student accommodation, refurbishment and retrofits. It will also inform how we procure new net zero developments, see <https://www.unitegroup.com/wp-content/uploads/2023/12/Unite-Students-Sustainable-Construction-Framework.pdf>.

### EPRA sBPR

Further environmental, social and governance performance is also reported in line with the EPRA sBPR guidelines in our stand-alone Sustainability Report, see <https://www.unitegroup.com/sustainability>.

### Gender split

For more information on gender split, see our separate Sustainability Report – <https://www.unitegroup.com/sustainability>.

	Male	Male %	Female	Female %	Total
Board	6	60%	4	40%	10
Management	23	72%	9	28%	32
All other employees	1,052	54.3%	887	45.7%	1,939
<b>Total</b>	<b>1,075</b>	<b>54.5%</b>	<b>896</b>	<b>45.5%</b>	<b>1,971</b>

SUSTAINABILITY continued

# Sustainability reporting

We have aligned with the European Public Real Estate Association Sustainability Best Practice Reporting Guidelines (EPRA sBPR), earning a Silver EPRA sBPR award in 2023 for our 2022 reporting. A summary of our EPRA sBPR aligned reporting is included in our stand-alone Sustainability Report. Our reporting on energy and carbon also meets the UK Government Streamlined Energy and Carbon Reporting (SECR) requirements (see page 56), and follows the Green House Gas Protocol Corporate Reporting Standard. A full disclosure in line with TCFD and CFD is also included, see page 58.

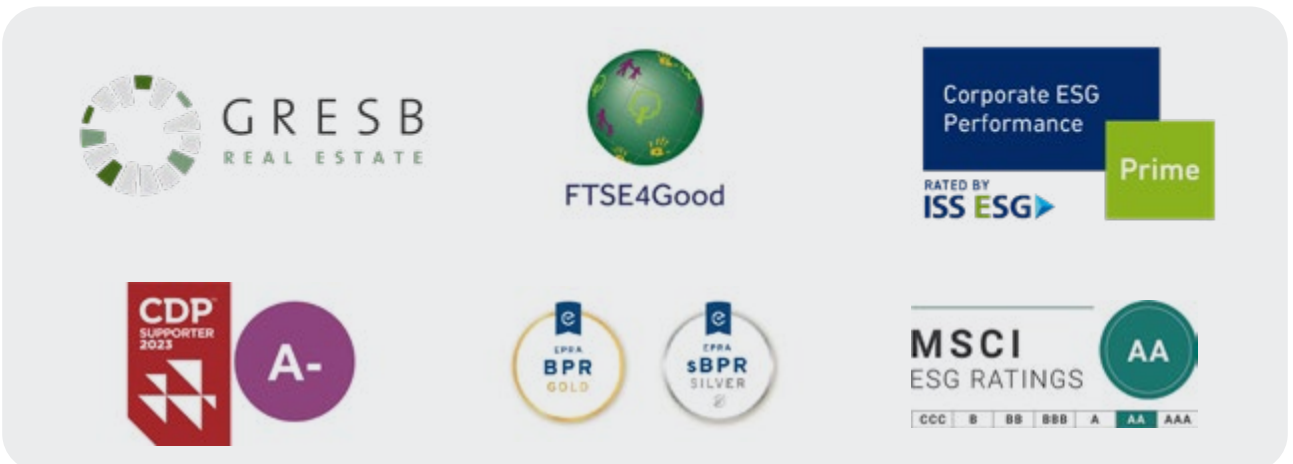
Energy consumption and Scope 1+2 greenhouse gas emissions have been externally verified by SGS in line with the requirements of ISO 14064-3:2019. Environmental performance data is also undergoing external assurance by SGS to a reasonable level of assurance in line with requirements of ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, although this was still underway at time of publication. Further details of energy and GHG emissions are included in our SECR reporting and in our stand-alone Sustainability Report and the relevant opinion statements can be viewed on our website <https://www.unitegroup.com/sustainability>.

In addition, we also proactively disclose wider sustainability data to leading ESG programmes including the Global Real Estate Sustainability Benchmark (GRESB) and CDP. 2023 saw our GRESB score improve to 86 with a four-star rating, and our CDP rating improve from B to A-, reflecting progress made in our management of climate-related risks and issues. Our Full GRESB and CDP scorecards can be accessed on our website <https://www.unitegroup.com/sustainability>. We also achieved various ESG ratings and listings as shown below.

We are tracking emerging reporting requirements including the International Financial Reporting Standards Board Sustainability Disclosure Standards 1+2 (IFRS S1 and S2), the UK Government’s Sustainability Disclosure Requirements and the Transition Planning Taskforce guidelines to ensure we are able to meet their requirements in good order. Unite Group is outside of the scope of the EU CSRD reporting requirements.



More details can be found in our **Sustainability Report**.



## SUSTAINABILITY continued

# Streamlined energy and carbon reporting

This section summarises energy consumption and greenhouse gas (GHG) emissions in line with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, and in accordance with the Streamlined Energy and Carbon Reporting (SECR). Reporting periods are January to December. We also disclose data to CDP and GRESB (Global Real Estate Sustainability Benchmark). More comprehensive data can be found in our stand-alone Sustainability Report, and our Net Zero Carbon Pathway which sets out our 2030 net zero carbon ambition and targets.

### Energy consumption

The table below summarises energy consumption.

Energy consumption	Units	2019 base year	2021	2022	2023	Change from 2022-2023
<b>Electricity absolute consumption</b>	kWh	167,593,224	149,211,285	150,944,907	<b>149,704,305</b>	<b>-0.8%</b>
<b>Natural gas absolute consumption</b>	kWh	57,414,070	59,170,049	58,816,746	<b>56,121,430</b>	<b>-4.6%</b>
<b>District heat absolute consumption</b>	kWh	11,775,682	12,312,277	11,672,055	<b>12,090,049</b>	<b>3.6%</b>
<b>Total energy absolute consumption</b>	kWh	236,782,976	220,693,611	221,433,708	<b>217,915,784</b>	<b>-1.6%</b>
<b>Total energy intensity</b>	kWh/bed	3,233.0	2,970.2	3,059.0	<b>3,100.8</b>	<b>1.4%</b>
	kWh/m <sup>2</sup>	122.6	113.4	115.6	<b>111.9</b>	<b>-3.2%</b>
<b>Electricity from renewable sources</b>	%	61.1%	99.9%	99.9%	<b>99.9%</b>	<b>-</b>

Energy data reported is predominantly half-hourly meter data (94.7% and 91.7% respectively for electricity and gas), with the remainder being billing data (4.6% and 6.8%) and a small number of estimates (0.8% and 1.5%) where neither meter or billing data is yet available, in which case the previous year's data for that site and month is used. District heating data is 52.7% billing with 47.3% estimates. Note that values reported in MWh above can be converted to kWh by multiplying by 1,000.

### Greenhouse gas emissions

The table below summarise absolute GHG emissions for the last three years.

Absolute GHG emissions	Units	2019 base year	2021	2022	2023	Change from 2022-2023	
<b>Scope 1</b>	Tonnes CO <sub>2</sub> e	10,669	11,009	10,905	<b>10,410</b>	<b>-4.5%</b>	
<b>Scope 2</b>	Location-based	Tonnes CO <sub>2</sub> e	44,910	33,784	31,204	<b>33,172</b>	<b>6.3%</b>
	Market-based	Tonnes CO <sub>2</sub> e	18,833	2,170	2,052	<b>2,218</b>	<b>8.1%</b>
<b>Scope 1+2</b>	Location-based	Tonnes CO <sub>2</sub> e	55,579	44,793	42,110	<b>43,582</b>	<b>3.5%</b>
	Market-based	Tonnes CO <sub>2</sub> e	29,502	13,178	12,958	<b>12,628</b>	<b>-2.5%</b>
<b>Scope 3</b>	Tonnes CO <sub>2</sub> e	148,279	65,778	98,475	<b>84,876</b>	<b>-13.8%</b>	
<b>Bed numbers</b> (pro rata for sites only open part of year)		73,240	74,303	72,387	<b>70,277</b>	<b>-2.9%</b>	
<b>Floor area</b> (pro rata for sites only open part of year)	m <sup>2</sup>	1,931,148	1,945,560	1,915,339	<b>1,947,292</b>	<b>1.7%</b>	

The table below summarises building-related GHG emissions intensity per m<sup>2</sup> (gross internal floor area) and per lettable-bed regardless of occupancy.

GHG emissions intensity	Units	2019 base year	2021	2022	2023	Change from 2022-2023	
<b>Scope 1+2 by floor area</b>	Location-based	kgCO <sub>2</sub> e/m <sup>2</sup>	28.8	23.0	22.0	<b>22.4</b>	<b>1.8%</b>
	Market-based	kgCO <sub>2</sub> e/m <sup>2</sup>	15.3	6.8	6.8	<b>6.5</b>	<b>4.1%</b>
<b>Scope 1+2 by bed numbers</b>	Location-based	kgCO <sub>2</sub> e/bed	758.9	602.8	581.7	<b>620.1</b>	<b>6.6%</b>
	Market-based	kgCO <sub>2</sub> e/bed	402.8	177.4	179.0	<b>179.7</b>	<b>0.4%</b>

**SUSTAINABILITY** continued

Absolute energy consumption fell by 1.6% compared to 2022, but stripping out the impact of portfolio change reveals that like-for-like consumption actually increased by 1%. Looking at this in detail, like-for-like district heating consumption rose by 3.6% reflecting increased heating demand driven by slightly cooler weather in 2023 compared to 2022 (which was the UK’s warmest year on record). Like-for-like gas consumption fell by 3.6% as a result of the replacement of gas boilers with air source heat pumps throughout 2022 and 2023, in turn contributing to a 2.6% increase in like-for-like electricity consumption along with increased heating demand on sites heated by electric panel heaters. This increase in heating demand was partly offset by the impact of energy efficiency capital projects deployed through 2022 and 2023 including LED lighting, solar PV and improved heating controls, but was significant enough to drive an overall increase. There are also indications that changing customer behaviour and usage patterns contributed to this increased energy use.

Scope 1 emissions fell by 4.5% reflecting reduced gas consumption compared to 2022 as described above, but both market-based and location-based Scope 2 emissions rose as a result of increased electricity consumption, and there was a small increase in UK national average grid emissions intensity. Absolute Scope 3 emissions fell by 13.8% reflecting only one new build opening in 2023 compared to two in 2022, as well as a reduction achieved in embodied carbon of that new build.

**Performance against targets**

Our 2030 net zero carbon target requires us to achieve a 20.4% reduction in market-based Scope 1+2 absolute emissions in 2023 vs. 2019 base year. Our 2023 market-based Scope 1+2 emissions of 12,645 tonnesCO<sub>2</sub>e (a 57.2% reduction vs. 2019) puts us ahead of target.

Our 2030 energy reduction target requires us to achieve a 28% reduction in energy intensity by 2030 vs. 2019 base year (a target energy intensity of 80.9kWh/m<sup>2</sup>), with an interim target of 101.3kWh/m<sup>2</sup> in 2023. 2023 performance is slightly behind this, at 111.9kWh/m<sup>2</sup>, partly due to a slight reduction in capital in 2023 as a result of challenging operating conditions, but also partly due to increased heating demand in 2023 and apparent changes to customer behaviour and usage patterns driving up energy consumption. The chart opposite shows energy intensity vs. our current CRREM-based target and the recently updated new CRREM v2 pathway. Additional capital spend is planned for 2024 and beyond to get back on track with our CRREM-based energy targets. Our 2030 renewable energy target is to purchase 100% renewable electricity in line with RE100 requirements. 2023 performance is on target at 99.9%, with 29% of electricity purchased via a corporate PPA and the remainder matched to unbundled REGO certificates.

**Calculation methodology**

GHG emissions are calculated in accordance with HM Government’s Environmental Reporting Guidelines: including streamlined energy and carbon reporting March 2019 and the GHG Protocol’s A Corporate Accounting and Reporting Standard including recent updates on Scope 2 reporting.

The relevant emissions factors from the UK Government emission conversion factors for greenhouse gas company reporting (2023 data set) have been used to convert data from sources including utilities meters, business travel mileage, and water consumption into CO<sub>2</sub>e. Location-based Scope 2 emissions are calculated using the UK national average grid emissions factor, whilst market-based Scope 2 emissions are calculated on an emissions factor of zero for all electricity purchased under our Unite Group supply contract which is 100% REGO backed, with 5MW also purchased via a corporate PPA directly from a wind farm in Scotland.

Further details of what emissions sources have been included in each Scope of emissions and of how relevant categories of Scope 3 emissions have been calculated, are set out in our stand-alone Sustainability Report.

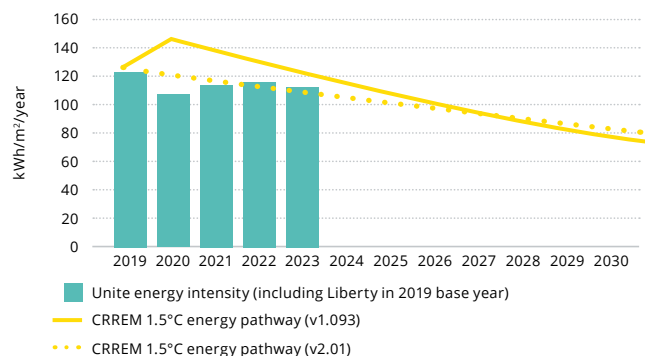
**Reporting boundaries**

We report full energy consumption and corresponding GHG emissions for all properties under operational control of Unite Students, including properties owned outright by Unite Group plc entities and by JVs regardless of equity share. All these assets are located in the UK and constitute 100% of Unite Group’s global energy use and GHG emissions. Neither energy consumption nor GHG emission data have been normalised or adjusted for any factors such as occupancy or weather. Our student customers pay a single all-inclusive bill, and are not recharged for the energy, heat or hot water they consume. This means that all energy used in both landlord areas and student flats contributes directly towards our Scope 1+2 GHG emissions, rather than falling into Scope 3 emissions. Consequently our most significant source of Scope 3 emissions is the embodied carbon of new developments.

**Independent verification**

Energy consumption and Scope 1+2 greenhouse gas emissions have been externally verified by SGS in line with the requirements of ISO 14064-3:2019. Environmental performance data is also undergoing external assurance by SGS to a reasonable level of assurance in line with requirements of ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, although this was still underway at time of publication. Relevant opinion statements can be viewed on our website. Due to data availability, a portion of Scope 3 emissions have been verified to a limited level of Limited Assurance. Details are set out in our stand-alone Sustainability Report, and third-party opinion statements are available on our website.

**Unite Students energy intensity vs. CRREM pathways**



## CLIMATE-RELATED FINANCIAL DISCLOSURES

There are a number of material environmental, social and governance (ESG) risks associated with the sustainability-related themes and topics we have identified as materially significant for us, which are tracked and managed in accordance with our overall risk management framework on page 70, with two overarching ESG risks listed on Principal Risk tracker (page 720). In line with the Task Force on Climate-related Financial Disclosure (TCFD) and recent UK Climate-related Financial Disclosure (CFD) Regulations, a more comprehensive disclosure on climate-related risk is included below.

### TCFD Compliance Statement

Unite Group has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance which interprets and adapts the framework for the UK public sector. We have complied with all TCFD recommendations including Governance, Strategy, Risk Management and Targets and Metrics, in line with the central government's TCFD-aligned disclosure implementation timetable. We plan to continue improving our management and disclosure of climate-related risks in future in line with the central government implementation timetable.

### TCFD disclosure

The Board recognises the scale of the challenge posed by climate change, its potential impact on Unite Group's activities and the urgent need to take mitigating action. With the built environment accounting for c.40% of global greenhouse gas emissions, we also recognise our responsibility to do what we can to minimise our carbon footprint and encourage our customers to do the same. We have set out a detailed pathway to achieve net zero carbon by 2030. We are committed to improving the energy efficiency of our buildings and helping our customers adopt sustainable living habits which will stay with them for life. This is a goal shared by our investors, customers, suppliers and people. As part of our Sustainability Strategy we have set carbon reduction targets which have been validated as 1.5°C, aligned by the Science Based Targets initiative (SBTi), an operational energy efficiency target aligned with the CRREM 1.5°C UK Multi-family Residential trajectory, and have committed under the RE100 initiative to source 100% of our electricity from renewable sources by 2030.



More details on these and all other aspects of how we will transition to net zero are outlined in our **Net Zero Carbon Pathway document**.

As part of our continuing response to climate risks and opportunities, this year we published our Sustainable Construction Framework and adopted a shadow carbon price for new developments to continue our progress in decarbonising our development pipeline.

We have complied with the requirements of LR 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations, recommended disclosures, 2021 implementation guidance, and supplemental disclosures for non-financial groups in this section and other parts of this Annual Report where cross-referenced. In order to reduce repetition, details of our plan and targets for transitioning to net zero carbon as part of TCFD Strategy (b) recommended disclosures are set out in our separate Net Zero Carbon Pathway and have not been duplicated here within. Additionally, this disclosure complies with the requirements of the Climate-related Financial Disclosures (CFD) under the Companies Act.

We undertook a comprehensive materiality assessment of sustainability topics and issues in 2020 and have continued to engage with key stakeholders to ensure we stay focused on the most important issues, and report on them in line with their views and our own commitments. During 2023, we discussed sustainability in meetings with investors, to update them on the Unite Group's climate performance and priorities and hear their views on our Sustainability Strategy and performance, particularly regarding our commitments on climate change.



## CLIMATE-RELATED FINANCIAL DISCLOSURES continued

*We undertook a comprehensive materiality assessment of sustainability topics and issues in 2020 and have continued to engage with key stakeholders to ensure we stay focused on the most important issues, and report on them in line with their views and our own commitments.*

Committed to sourcing electricity from renewable sources

**100%**

Net zero carbon by

**2030**



The Board also considers feedback on our ambition and performance from investors, students, universities, employees and local communities, to ensure we remain focused on the most material issues. This ongoing process of stakeholder engagement, feedback, and materiality assessment directly informs the ongoing development and implementation of our Sustainability Strategy and progress on page 66.

### Governance

Our Chief Executive has overall responsibility for our climate-related risks and opportunities with ongoing oversight of climate-related issues delegated to the Sustainability Committee, a sub-Committee of the Board. Our Sustainability Committee meets four times per year to maintain Board oversight of environmental, social and governance issues, and hold the business to account for performance in this area, including the management of climate-related risk. Climate risk and performance, including our plans for achieving and progress towards our 2030 net zero carbon target, are reviewed by the Committee. Further details of the Committee's activity during the year are set out in the Sustainability Committee Report on page 120. The Board also undertakes a twice-yearly formal risk review (see page 67), which includes climate-related risks.

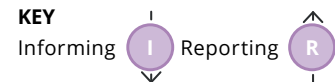
Relevant climate-related risks and opportunities are considered during business planning, proposals and investment cases prepared for submission to the Management Board (the Property Leadership Team and Customer Leadership Team), the Executive Committee and the Sustainability Committee, ensuring both management and the Board have visibility over climate-related risks and opportunities, and can consider them in planning and decision-making. Full responsibilities for managing climate-related risks are set out on page 60.

Our performance against the annual budget for sustainability investments is reported as a stand-alone spend category, showing detailed performance against budgeted levels on a monthly basis.

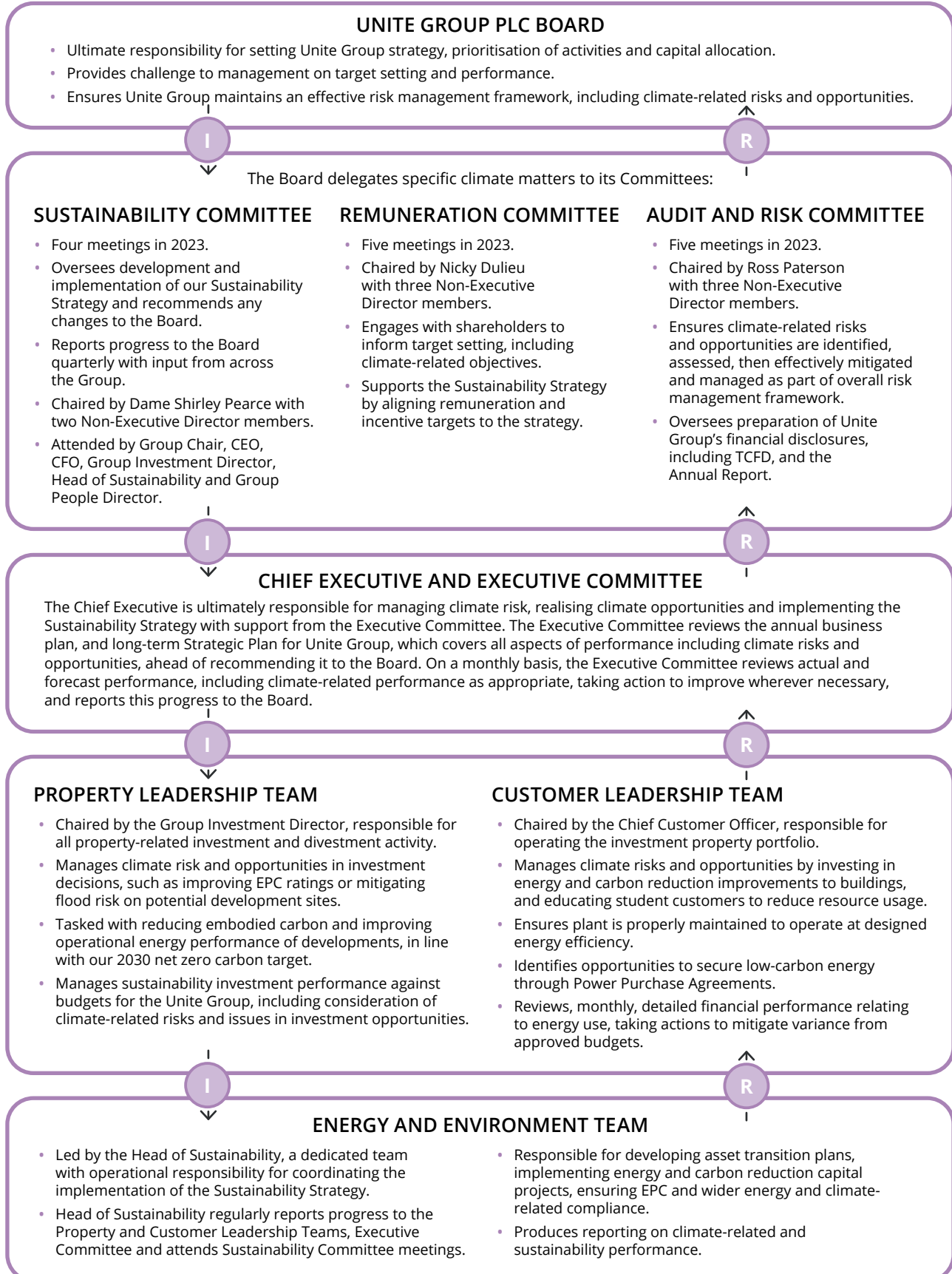
The Remuneration Committee sets performance objectives linked to all employees' bonuses and incentive schemes, with a number of climate and sustainability metrics including GRESB rating, energy intensity, EPC ratings and our employee Positive Impact scheme contributing to overall remuneration. Details of the Executive Director bonus and LTIP components, including the weighting and targets can be found in the Remuneration Committee report on page 127. Performance against the 2023 bonus targets, is also in this section.

Members of the Sustainability Committee are informed of best practice, market expectations, and given climate-related updates by internal and external specialists and expert advisers, including investors and supply chain partners. Board members gain further experience of climate-related risks and opportunities through their work with other businesses.

## CLIMATE-RELATED FINANCIAL DISCLOSURES continued



## Organisational structure and responsibilities for managing climate-related risks



**CLIMATE-RELATED FINANCIAL DISCLOSURES** continued

**Strategy**

We recognise climate change is one of the principal risks facing Unite Group, with the potential to impact our business in the short, medium and long term, so we are aiming to be net zero carbon by 2030 – full details of our targets and plans to achieve this transition are set out in our Net Zero Carbon Pathway, see details below.

We face potential acute and chronic physical risks from the direct and indirect effects of climate change on our business, including extreme weather and flooding. Potential transition risks associated with the shift to a low-carbon economy include changing consumer preferences, impacts on investment property valuations according to their climate resilience and energy performance, and future policy and regulation. These also present opportunities where, for example, our leadership in the sector may be valued by our customers and ultimately lead to improved financial performance. Further detail, including the process used to determine materiality of risks, is included within the Risk Management section on page 67.

**Time periods:**

- (S) Short term:** 0–3 years – Our highest confidence forecasts including the detailed year budget and subsequent two years where we have significant visibility in our Business Plan.
- (M) Medium term:** 3–10 years – Covers the period to our 2030 net zero carbon target, asset transition plans and other regulatory deadlines such as EPC B in 2030 and the useful life of building fit out.
- (L) Long term:** 10–30 years – The period beyond our forecasting and planning horizon and the age where PBSA can begin to face obsolescence without investment.



Full details of our targets and plans to achieve this transition are set out in our **Net Zero Carbon Pathway**.

<b>Risk</b>	<b>Acute physical</b>	
	<b>Heat Stress</b>	<b>Flooding</b>
<b>Description</b>	Rising average and frequency of heatwaves could make our buildings uncomfortably hot during the summer months.	Increased rainfall increases the risk of both flash flooding and rivers bursting banks.
<b>Impacts</b>	Under 2°C scenario, we may see some increased frequency and severity of overheating necessitating ad hoc measures such as temporary ventilation or cooling, the need to provide temporary alternative accommodation to the worst affected customers, or inability to occupy some rooms for short periods. Under 4°C scenario, we may be unable to let buildings during the summer, without more meaningful building adaptations to reduce solar gain (e.g. brise soleil or improved glazing), building fabric modifications (e.g. thermal mass or reflective roofs), or building services changes (e.g. re-routing hot water services, improved ventilation, or active or passive cooling). Further work is needed to understand asset-specific risks and adaptations and inform long-term asset management plans and budgets, and strategic investment decisions.	Flood could impact a single property causing temporary disruption to operation or damage to the building itself. In the most extreme scenario flood damage may require temporary closure of an asset and rehousing of occupants. Operations may also be impacted by flooding elsewhere that disrupts supply chains or communications even if individual properties are not directly affected. Under 1.5°C scenario, no materially significant increase in likelihood or severity was seen, however further analysis is required to determine how this risk increases under 2°C and 4.5°C scenarios.
<b>Time period</b>	(S) (M) (L)	(S) (M) (L)
<b>Financial risks and opportunities</b>	c.£15 million of summer short-term lettings income at risk and increased cooling costs. Compensation for tenants on longer tenancies through the summer.  Higher temperatures during winter may reduce the heating requirement of our buildings.	Worst case outcome of a major flooding event could be closure of a building for 12 months with lost income of up to £12m. Likelihood of such an outcome is seen as low under 1.5°C scenario, but increasing under 2°C and 4.5°C scenarios. Geographic spread, locales and construction of assets mean risk unlikely to affect numerous buildings simultaneously.  Government flood risk data shows c.10% of the assets are at High (1 in 76–100 years) or Very High (1 in <75 years) risk of flooding. Increased flooding risk will be reflected in the premiums charged by Unite Group's insurers.



## CLIMATE-RELATED FINANCIAL DISCLOSURES continued

<b>Risk</b>	<b>Acute physical</b>			
	<b>Heat Stress</b>		<b>Flooding</b>	
<b>Scenario methodology</b>	We compared forecast summer temperatures under 1.5°C, 2°C and 4.5°C scenarios using RCP8.5 projections versus the 1981–2010 baseline (UKCP18 data from Met Office Hadley Cell GCMs HadREM3-GA705) to assess frequency and severity of overheating incidents, and corresponding impact on thermal comfort in our buildings-based temperatures achieved under recent hot weather events. More detailed asset and room level analysis is planned for 2024 to assess factors including fabric, ventilation, solar gain and internal heat gains and identify potential adaptations.		We compared forecast winter rainfall under 1.5°C, 2°C and 4.5°C scenarios using RCP8.5 projections versus the 1981–2010 baseline (UKCP18 data from the Met Office Hadley Cell GCMs HadREM3-GA705). We assessed increase in frequency and severity of flooding and corresponding disruption/damage to our buildings based on the impact of recent flooding events to our buildings.	
<b>Mitigation and adaptation activities</b>	Further, more detailed analysis of overheating risk is planned for 2024. This will inform future capital and asset management plans to ensure this risk is fully quantified and effectively mitigated.  New development schemes and larger asset management programmes are designed to ensure appropriate temperatures are maintained.		We maintain flood response plans at higher risk properties. We reviewed the flood risk of the portfolio during 2021, in partnership with our insurers and further more-detailed analysis is planned for 2024 to update flood risk assessments.	
<b>Risk</b>	<b>Transition</b>			
	<b>Technology</b>	<b>Reputation</b>	<b>Policy and legal</b>	<b>Market risk, commodity and resource efficiency</b>
<b>Description</b>	Risk that sufficient improvements to an individual asset's performance cannot be achieved at the pace or scale required for the transition to a low-carbon economy.	Our close relationships and day-to-day engagement with university partners, students, investors and other stakeholders makes it clear they expect us to take urgent and meaningful action on climate change.	Regulation and government policy will continue to evolve and increase minimum standards of building performance and other requirements aiming to accelerate the transition to net zero carbon.	We face market risk through energy pricing and increased costs if our use of energy is not mitigated through efficiency investment.
<b>Impacts</b>	Individual assets' rental income, operating costs, asset value and liquidity may be adversely impacted if they do not meet evolving regulatory standards, such as future Minimum Energy Efficiency Standards (MEES) for Energy Performance Certificates (EPCs), or market or shareholder expectations such as decarbonisation in line with the CRREM pathways.	Our leadership in the sector may be recognised by our customers and partners, providing additional business opportunities or income benefits from our leadership in sustainability.  Failure to at least meet stakeholder expectations could be detrimental to business performance through many channels, including our ability to secure nomination agreements with universities and increased financing costs.	Regulations may require increases in the scale or pace of our investment in decarbonisation. Introduction of mandatory carbon pricing could impact the viability of our development pipeline and increase ongoing operating costs of the existing portfolio.  Failure to meet minimum standards could also have significant reputational impacts, as set out in principal risks 9 and 10 on page 76.	Energy price volatility complicates forecasting, and recent high prices have significantly increased operating costs. Failure to manage energy purchasing could intensify this impact. Valuers are starting to reflect utility costs in asset valuations and we expect further downwards pressure on valuations if energy efficiency is not improved to offset this.
<b>Time period</b>	<b>S</b> <b>M</b> <b>L</b>	<b>S</b> <b>M</b> <b>L</b>	<b>M</b> <b>L</b>	<b>S</b> <b>M</b> <b>L</b>

## CLIMATE-RELATED FINANCIAL DISCLOSURES continued

Risk	Transition			
	Technology	Reputation	Policy and legal	Market risk, commodity and resource efficiency
<b>Financial risks and opportunities</b>	<p>Our 2020 Net Zero Carbon Pathway identified a need to invest c.£10-£12 million p.a. to achieve our 2030 ambition. We have already committed c.£30 million, with investment ramping up over the coming years. These investments typically payback in 10 years or less on an undiscounted basis, through savings to utility costs.</p> <p>A green premium to asset values has not yet manifested in the PBSA sector. It is anticipated that a brown discount will take effect over the next 3-5 years if assets are at risk of failing EPC MEES or expectations on energy and carbon.</p>	<p>Not usefully quantifiable with existing data.</p>	<p>The UK Government has set a legally binding net zero target of 2050 but there are currently no mandatory requirements for action. However we expect to spend c.£10-£12 million p.a. on our transition to net zero carbon by 2030 through energy efficiency investment. It will not be lawful to let any property not meeting EPC C by 2027 or B by 2030, potentially leading to loss of earnings and enforcement fines. However following recent investments, 92.3% of floor area is now A or B rated so we have low exposure to this risk.</p>	<p>We spend around £30 million per year on utilities, making it our second-largest category of operating spend after people costs. Ongoing market volatility makes forecasting difficult, and we expect our utility costs to rise as existing supply contracts and hedges expire over the next 12 months.</p> <p>We have targeted a 10-year payback on our investments in energy efficiency, implying c.£10 million p.a. savings on our total expected investment. If utility prices remain high, then the potential savings from this investment will also increase.</p>
<b>Scenario methodology</b>	<p>We assess individual assets against the CRREM 1.5°C pathways for UK multi-family residential energy consumption and carbon emissions (on a market-based Scope 2 basis), and have reviewed all EPCs against relevant UK EPC MEES targets. We expect all assets to meet MEES as a result of planned capital investments as part of our transition to net zero.</p>	<p>The nature of this risk means it cannot easily be modelled under specific and defined climate scenarios. While reputation is a critical enabler for the fulfilment of our business objectives, it cannot easily be quantified or assessed, although it is regularly tracked and measured via our Higher Education Engagement Net Promoter Score.</p>	<p>We have assessed the levels of investment that may be required to improve EPC ratings in line with different potential targets, using our experience and insight from previous capital projects and improvements.</p>	<p>Utilities costs are complex, being a function of consumption, commodity price and non-commodity prices. We have modelled the potential impact on overall utility costs and the corresponding business consequences (such as reduce NOI or increased rental growth to mitigate) based on low, medium and high energy price inflation scenarios.</p>
<b>Mitigation and adaptation activities</b>	<p>Planned capital investments aim to reduce energy and carbon in line with our SBTi and CRREM-based targets and so avoid asset stranding. We will continue to review the level of ambition and targets, and monitor progress against these plans to inform the ongoing development of our strategy and take corrective action where required.</p>	<p>We actively engage with our customers, university partners, suppliers and investors to explain and seek feedback on our sustainability performance and goals in addition to understanding their requirements and expectations.</p>	<p>Our sustainability and legal teams, with support from our expert advisers, routinely monitor upcoming and proposed regulation to ensure we can adapt ahead of introduction to remain compliant. Our planned capital investment will ensure all of our buildings meet minimum efficiency standards.</p>	<p>We forward purchase our utilities so that we have price certainty when putting rooms on sale, allowing us to confidently set prices at an appropriate level to reflect the costs which we face.</p> <p>Around 20% of our electricity is secured through a corporate Power Purchase Agreement (PPA), giving us certainty of supply over multiple years. We are actively exploring opportunities to secure additional PPAs given the compelling environmental and financial impacts.</p>

RCP8.5 was chosen for scenario analysis to demonstrate the potential impacts on Unite Group under a widely recognised high-end impact scenario, where the Paris targets are substantially missed. Adopting RCP8.5 demonstrates upper bound impacts of climate change, also assessing intermediate impacts as 1.5°C and 4.5°C are crossed, which is relevant for the strategic resilience analysis and conclusion.

Unite Group operates solely in the United Kingdom and generates substantially all of its income through letting purpose-built student accommodation. Sector and geographic considerations are therefore not considered material to climate risk at the Group level. For individual properties, geographic considerations can be a material risk as discussed in the Risk Management section.

## CLIMATE-RELATED FINANCIAL DISCLOSURES continued

We have a potentially significant opportunity to benefit from the actions we take to address climate-related risks. Reducing energy consumption will generate significant cost savings, increasing net operating income and asset values over the short, mid and long term. Improving climate resilience, such as reducing overheating risk, will improve customer experience and provide competitive advantage in the mid to long term. Our clear and credible net zero carbon plans are aligned with the expectations and requirements of university partners and local government, potentially supporting new development and growth opportunities, and equity and debt capital may be more readily available, or at lower cost, if we can meet and exceed market expectations around sustainability performance in the short, mid and long term.

During 2023, climate risks and opportunities were tracked as part of our financial planning and risk management relating to utility costs, where usage levels could have an impact on our financial performance due to the volatility in commodity costs created by geopolitical issues. Our 2024 budget and planning include further assessments of our exposure to utility costs and the potential to mitigate cost increases through capital investments in energy initiatives.

Green debt issuance, either on public capital markets or privately, continues to gain pace. Unite Group has a Sustainable Finance framework, enabling it to access the Green Bond market and has also embedded sustainability performance into the Unite Group's main bank facility. Failure to meet the targets set out in the Sustainability Framework may reduce Unite Group's ability to access debt capital markets for green loans, potentially resulting in higher finance costs.

Climate risk, most commonly energy usage, flood and transition risk are considered in capital allocation decisions. All potential acquisitions and disposals are reviewed to identify the costs of meeting our net zero commitments, EPC requirements and ongoing utility costs and ensure that these are properly reflected in financial modelling and form an important part of our due diligence.

New developments are expected to be net zero carbon, as defined by the RIBA Climate Challenge, in addition to being highly resource efficient through the use of technology such as rainwater harvesting, low water usage shower heads and solar electric generation. Developments are designed to mitigate overheating risk and include associated cooling requirements. For certain development sites, flooding is a significant risk which must be mitigated through appropriate design and construction methods to meet regulatory and local authority planning requirements. The cost of this mitigation is included within our investment appraisals and we may require a higher return on investment where the mitigated risk remains significant.

We assessed flooding and heat stress exposure of our portfolio under scenarios based upon the Intergovernmental Panel for Climate Change RCP scenarios consistent with 1.5°C, 2.0°C and 4.5°C temperature rises. The analysis showed that under a 4.5°C scenario, heatwaves, as defined by the Met Office, become increasingly regular during the summer and the risk of flooding increases from a one in c.250-year event to a one in c.200-year event, with a marginal change in frequency under 1.5°C and 2.0°C scenarios.

Scenario analysis to date gives us confidence that our current strategy, including actions set out in our Net Zero Carbon Pathway, provide resilience under a 2.0°C or lower temperature rise scenario, although we will continue to review and re-evaluate these risks and adapt our strategy as required.

Under a 4.5°C scenario, our analysis demonstrates that changes to our strategy and financial planning will likely be required to ensure we remain resilient in the face of increasing severity and likelihood of flooding and overheating. This may include divestment of assets which are less resilient to extreme heat and rainfall, investment in assets to improve physical resilience, and changes to ways of working and operating to ensure potential impacts are managed and mitigated. We may also see changes to our customers' behaviour and supply chain partners' viability, including business failures or supply chain disruption. Increased due diligence in supply chain selection will be required, particularly considering the sourcing of construction materials which may be processed or manufactured in countries where the effects of climate change are more extreme. Further, more detailed analysis is planned for 2024 with a particular focus on overheating risk, to better understand what specific changes to strategy would be needed to ensure resilience to a 4.5°C scenario, and given the timescale leading up to a 4.5°C world, we would expect to have time to adapt our strategy accordingly.

### Risk management

Climate change is a principal risk affecting long-term decisions made by Unite Group, such as decisions on investment and divestment. Therefore, it is considered in a broad context within our strategy and as part of our risk management framework. Create a Responsible and Resilient Business is one of three main objectives of our strategy, incorporating our commitment to net zero carbon by 2030, together with broader objectives to reduce resource intensity and enable our customers to live more sustainable lives.

We work with teams across the organisation, senior management, external advisers and stakeholders to identify the strategic, operational, legal and compliance risks facing our business. These are included on our Unite Group Risk Register, which is challenged and validated by the Executive Committee. Our principal risks, which are a sub-set of our Group risks, are reviewed by the Board twice a year. Climate change has been identified as a principal risk and is managed through our risk management framework. This framework enables us to effectively manage climate-related risks. All risks are allocated a risk owner, evaluated for the potential impact and consequences, controls and control owners are identified, and finally an evaluation of the residual risk against our risk appetite is undertaken. Scenario modelling, including the climate scenario analysis detailed in this TCFD disclosure, 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.

## CLIMATE-RELATED FINANCIAL DISCLOSURES continued

We undertook a climate-related risk scoping workshop assessment, as part of our overall risk management process described in the risk management report. It covers the constituent risks of our broader sustainability and ESG risk. It identifies the most material risks and assesses their potential impacts under different future climate scenarios, as well as the likelihood, business consequences, and possible management and mitigation strategies. Risks are assessed for potential likelihood and impact, and rated using a 5 x 5 matrix on a scale of 1 to 25 (from very low to critical), giving each risk a score. This approach is common across all risks, allowing a comparison of climate risk with all other risks identified by the Group. 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) to determine the materiality of the risk and its impacts in the context of the Group.

The process for assessing, identifying and managing climate-related risks is the same as for all principal risks, with responsibility sitting with the Board. It is described in the Principal risks and uncertainties section.

The Energy and Environment Team is responsible for integrating sustainability activity into the wider business including tracking and reporting on climate, legal and policy-related developments, which allow the business to effectively manage any associated risks. This includes MEES regulations covering minimum EPC standards and the development and implementation of transition plans for those assets which do not meet future standards. We closely monitor future, or potential regulatory requirements in all areas of our business including climate change, to ensure that we are able to take any actions required to meet new requirements as they become effective.

Portfolio and asset level climate-related risks and opportunities are identified and assessed through due diligence for new investment, divestments and risk assessments for existing assets which cover specific climate-related risks, such as energy efficiency ratings of properties and physical climate risks, as well as in individual property level Asset Transition Plans:

**Existing assets** – risks are identified through compiling and analysing data on specific property attributes, such as flood risk, transition risk through the CRREM tool outputs, and energy performance. This data would typically be analysed annually and is used to inform asset management decisions and the business's disposal strategy.

**Investment and divestment** – review of sustainability risks for investment decisions is undertaken by the Investment Committee. Geographical location plays an important part in the identification of physical risks during the due diligence process, for example through the use of flood and overheating risk assessments. Transition risks are identified through reviewing energy efficiency ratings, existing plant and machinery, construction type and an estimate of the investment required to deliver energy intensity targets aligned to our net zero operational commitment.

Where a risk is identified, we develop appropriate mitigation strategies in the case of new developments or reflect the risk in acquisition pricing if the risk is capable of mitigation to an acceptable level.

### Metrics and targets

We are committed to transitioning to net zero carbon in alignment with the UK Government's 2050 target and with the goals of the Paris Agreement. Our Sustainability Strategy includes a net zero carbon commitment by 2030. This is built on our science-based targets approved by the SBTi, and a commitment under the RE100 scheme to purchase 100% renewable electricity by 2030.

We published our Net Zero Pathway during 2021, setting out the action we will take over the coming decade and will be reviewing both our climate-related targets and plans, and climate-related risks, in 2024 to ensure our net zero carbon transition plan remains credible and achievable.

As a residential landlord, our customers' energy use is included within our Scope 2 emissions, which provides us with a significant opportunity to reduce both our own and our customers' impact on the environment. Our strategy, as set out in our Net Zero Carbon Pathway, includes ambitious targets in response to the most material climate-related risks we face:

- Science-based target, aligned with a 1.5°C scenario to reduce our carbon emissions (tCO<sub>2</sub>e) by 56% by 2030 compared with a 2019 baseline (Scope 1 + market-based Scope 2 emissions).
- Reduce embodied carbon across our developments by 48%, in line with the RIBA Climate Challenge targets. By 2030, where possible, a typical building will prioritise asset retention, smart design and use sustainable materials.
- Reduce energy intensity by 28% by 2030 compared with 2019 baseline.
- Source 100% of total energy consumption from renewable sources by 2030.

We expect that 40% of our 2019 baseline emissions, being predominantly Scope 3 emissions, will remain by 2030 and require either further investment to avoid, or the use of offsetting.

Our 2030 net zero carbon target covers both our operations and development activity. Our operations targets cover Scope 1+2 emissions from our buildings, including all building energy used by our student tenants, as well as selected Scope 3 emissions as per the BBP Climate Change Commitment.

Our development target covers Scope 3 emissions arising from the construction of new buildings, including embodied energy and construction activity, and a focus on making new buildings net zero carbon in operation. This target applies to properties delivered for us by our supply chain partners on a design-and-build basis, and new build properties purchased on a forward-funded basis from other developers. Further detail is available in our Net Zero Carbon Pathway and Sustainable Construction Framework, which also includes interim targets for embodied carbon reduction in our development pipeline.

## CLIMATE-RELATED FINANCIAL DISCLOSURES continued

The table below sets out some key performance indicators that are linked to our 2023 sustainability targets on page 52.

KPI	Performance												2022-23 change
	2019 base year			2021			2022			2023			
Investment in energy efficiency	£2.2 million			£3 million			£13 million			<b>£8.2 million</b>			<b>£4.8m decrease</b>
Scope 1+2 (market-based) absolute emissions (tonnes CO <sub>2</sub> e/yr)	29,502			13,178.0			12,957.7			<b>12,628.0</b>			<b>2.5% decrease</b>
Average energy intensity (kWh/m <sup>2</sup> /year)	122.6			113.4			115.6			<b>111.9</b>			<b>3.2% decrease</b>
EPC ratings by floor area	A-B	C	D-G	A-B	C	D-G	A-B	C	D-G	A-B	C	D-G	<b>19.2% increase</b>
	41.2%	19.7%	39.1%	36.4%	19.4%	44.3%	61.2%	19.3%	19.5%	<b>92.3%</b>	<b>7.4%</b>	<b>0.3%</b>	<b>in A-C rated floor area</b>
GRESB rating	72***			85****			84****			<b>86***</b>			<b>2 point improvement</b>
Water consumption per m <sup>2</sup> floor area (m <sup>3</sup> /bed)	1.6			40.1			45.5			<b>39.1</b>			<b>14.1% decrease</b>
% of electricity from renewable sources	61.1%			99.9%			99.9%			<b>99.9%</b>			<b>no change</b>
Total social investment	c.£1 million to Unite Foundation			£1.8 million			£2.0 million			<b>£2.4 million</b>			<b>20% increase</b>
Positive impact awards	66% Bronze 34% Gold			Programme suspended due to pandemic			100% bronze			<b>24% Bronze</b> <b>52% Silver</b> <b>24% Gold</b>			<b>Significant improvement</b>

We have c.£12 million of capital investment in energy efficiency planned for 2024, including LED lighting, air source heat pumps and improved heating controls, and are exploring options to bring more of our purchased electricity under long-term Power Purchase Agreements to meaningfully decarbonise our energy supply.

Climate-related metrics are included in Company bonus and incentive schemes as set out in the Governance section of this disclosure.

Energy consumption and Scope 1+2 greenhouse gas emissions have been externally verified by SGS in line with the requirements of ISO 14064-3:2019. Environmental performance data is also undergoing external assurance by SGS to a reasonable level of assurance in line with requirements of ISAE 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information, although this was still underway at time of publication. We review our performance against the metrics set out above on an ongoing basis as part of our business performance. Investment into sustainability measures is made with reference to these metrics and our individual asset transition plans have been developed to support our Net Zero Carbon Pathway. Should performance diverge from the required trajectory to 2030, we will assess and potentially accelerate interventions.

### Cross industry, climate-related metrics

TCFD Metric	Amount or reference
GHG emissions	See above
Transition risks	0.3% of investment property portfolio, EPC D rated, or below
Physical risks	100% of investment property portfolio
Opportunities	100% of investment property portfolio
Capital deployment	£8.2 million in 2023; c.£10-12 million p.a. to reach net zero carbon by 2030
Internal carbon prices	Expect to be implemented in 2024
Remuneration	See Remuneration Report on page 127