

PPN 06/21



Carbon Reduction Plan

Primary Health Properties PLC

February 2024



PPN 06/21 CARBON REDUCTION PLAN



COMMITMENT TO ACHIEVING NET ZERO

Primary Health Properties PLC (“PHP”) is committed to achieving Net Zero emissions by 2040. PHP’s net zero carbon commitments are outlined in our Net Zero Carbon Framework, published in 2022. Our commitment to achieving net zero carbon applies to our direct operations (in 2022 and 2023 PHP achieved net zero by offsetting residual emissions), developments, asset management activities and property portfolio let primarily to the NHS in the UK and HSE in Ireland.

PHP invests in flexible, modern properties for the delivery of primary healthcare to the communities in which they are located. As at 31 December 2023, the Group owned 514 properties throughout the UK and Ireland, let on long term leases where the NHS, HSE, GPs and other healthcare operators are our principal occupiers. PHP is committed to helping the NHS achieve its target to become the world’s first net zero carbon national health system by 2045. Further information is provided in our Responsible Business Report available on our website.

BASELINE EMISSIONS FOOTPRINT

Baseline Year: 2021
Additional details relating to baseline emissions calculation:
Our baseline is 2021 calendar year. For operational scope 1 and 2 emissions, which are small, emissions were impacted by the COVID-19 pandemic e.g. travel emissions were significantly reduced. PHP’s main source of emissions is scope 3, Down Stream Leased Assets. Previously PHP had only reported emissions from landlord procured energy consumed by occupiers. For 2021, an estimate of the total portfolio emissions was calculated. This has since been refined with the collection of more data and less reliance on estimates and is reported in each subsequent year of reporting. The baseline does not include emissions from purchased goods and services, which are reported for subsequent years. We have retained the 2021 baseline due to the fact our down stream leased assets baseline is key to our net zero commitments.

Baseline Year Emissions 2021	
Emissions	Tonnes of CO ₂ e
Scope 1	32.1
Scope 2	5.4
Scope 3 (included sources)	
Down stream leased assets	28,001
Upstream transport and distribution	Included in purchased goods and services (not reported for 2021)
Waste	N/A, under 0.1% of scope 3
Business travel	N/A, under 0.1% of scope 3
Commuting	N/A, under 0.1% of scope 3
Downstream transportation and distribution	N/A, 0
Total emissions	28,039

CURRENT EMISSIONS REPORTING

At the start of 2023 PHP acquired Axis Technical Services Limited (“Axis”). As such, Axis emissions are now included for 2023 and each subsequent year of reporting. Emissions relate to Axis operations, providing property management and facilities management services to both PHP’s and other third-party owned property portfolios in Ireland.

The inclusion of Axis increased our scope 1 and 2 emissions slightly, but we are committed to reducing these. In 2023 we have included Axis emissions in our annual offsetting of residual emissions via the Woodland Trust Woodland Carbon Code.

CURRENT EMISSIONS REPORTING (continued)

Current Emissions Reporting 2023	
Emissions	Tonnes of CO ₂ e
Scope 1	92
Scope 2	16
Scope 3 (included sources)	
Down stream leased assets	23,851
Purchased goods and services	5,730
Upstream transport and distribution	Included in purchased goods and services
Waste	N/A, under 0.1% of scope 3
Business travel	N/A, under 0.1% of scope 3
Commuting	N/A, under 0.1% of scope 3
Downstream transportation and distribution	N/A, 0
Total emissions	29,689

EMISSIONS REDUCTIONS TARGETS

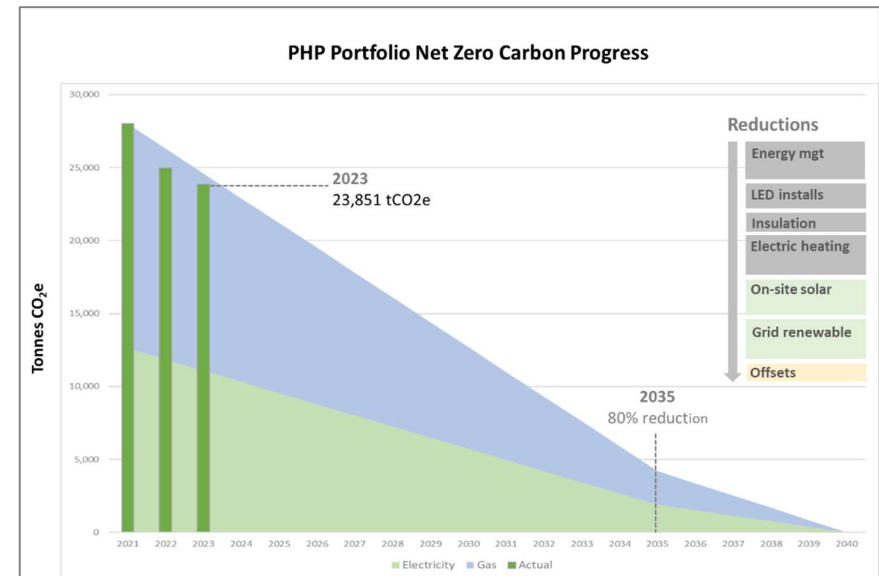
Our net zero commitment includes the following targets.

- Direct operations (including the energy we procure for tenants) to be net zero carbon by 2023 (achieved in both 2022 and 2023).
- All new developments to be net zero carbon by 2025 (all developments are being designed and built to net zero carbon).
- Asset management activities to be net zero carbon by 2030.
- All properties to be EPC B rated where economically feasible by 2030.
- To reduce emissions from our property portfolio by 80% by 2035.
- To help our occupiers to lease and occupy net zero buildings across our portfolio by 2040.

We are developing further targets to support our net zero carbon commitments, including energy use and carbon emissions intensity targets for the property portfolio i.e. Scope 3, Downstream leased assets. These will be in line with Science Based Targets and CRREM transition pathways for UK healthcare assets.

We do not yet have targets for our emissions from purchased goods and services as the measurement of these emissions is still based on procurement spend by category. However, we aim to improve measurement and set targets over time.

We track our emissions from downstream leased assets against our net zero pathway. The graph below shows our current progress, which is positive with continued reductions from our baseline. We cannot provide a forecast for emissions in the coming years at present, but will aim to do produce forecasts in the future.



CARBON REDUCTION PROJECTS

PHP's carbon emissions from direct operations are very small although they increased during 2023 due to the acquisition of Axis. The company seeks to minimise scope 1 and 2 emissions where possible, however acknowledges that the most significant impacts are from scope 3 emissions. These are also those most relevant to our stakeholders, including the NHS, HSE (in Ireland), investors and occupiers.

During 2023, PHP gained certification to Toitu Carbon Reduce and ISO 14064, for carbon measurement, management and reduction. This includes limited assurance of our scope 1, 2 and 3 emissions.

Below we have summarised some of the key initiatives to date and forthcoming initiatives to reduce wider scope 3 emissions. Please see our Responsible Business Report available on our website for more information.

Completed Projects

- **New development projects** – At the end of 2021, PHP committed to all new building developments being net zero carbon. This includes embodied carbon from materials and ensuring buildings are able to be operated with net zero emissions by occupiers. Current development projects in design or on site, are measuring and minimizing embodied carbon (and offsetting residual emissions), minimizing energy use intensity, making use of onsite renewable energy where feasible and are fossil fuel free.
- **Building refurbishment** – Through our asset management programme we are refurbishing buildings to a minimum rating of EPC B and targeting BREEAM Very Good where viable. This improves energy efficiency and reduces carbon emissions as a result.
- **Renewable energy** – For buildings where we procure energy for our tenants' use, we procure 100% renewable electricity. We have also installed solar PV as part of asset management projects and support our tenants to install their own renewable energy systems.
- **Tenant energy and carbon performance** – PHP are actively improving the access to energy and carbon performance of tenant-controlled buildings, to identify how they perform and consequently engage with our occupiers to improve their performance.

- **Carbon Offsetting** – We have partnered with the UK Woodland Trust to offset emissions via the purchase of Woodland Carbon Code credits. This UK based scheme has the dual benefit of sequestering carbon and improving UK woodland cover and biodiversity, which in turn delivers added health benefits.
- **Offices** – PHP moved to a new London Head Quarters in 2022, which is more energy efficient and provides a more modern and healthy work environment for employees.
- **Transport** – In 2022, PHP introduced an electric vehicle salary sacrifice program, to help employees adopt zero carbon modes of transport for use in business and personal travel. PHP also encourages and supports employees to travel by public transport, offering cycling facilities at offices and season ticket loans. PHP also operates a flexible working policy, allowing employees to work from home or other locations, to reduce travel.

Ongoing and Future Projects

- **New developments and refurbishments** – We are building on our net zero approach to date and will develop energy use intensity targets and construction phase embodied carbon targets. We will continue to offset residual embodied carbon emissions. We will increasingly decarbonize existing buildings through our asset management refurbishment programme.
- **Renewable energy** – We are working with partners to deploy solar PV to existing buildings to reduce carbon emissions and our occupiers' costs. The first two solar projects under our new partnership are due to commence in 2024.
- **Tenant energy and carbon performance** – We have partnered with ARBNCO to improve access to and visibility of occupier-controlled buildings energy performance and will engage and support them in improving their energy efficiency.
- **Offices** – We are refurbishing our Stratford-Upon-Avon office to improve energy efficiency and enhance the working environment for employees.
- **Transport** – We are working with our rental car provider to opt for lower carbon vehicles for employees to use on business travel to the properties in our portfolio. In Ireland, we plan to transition our small fleet of vans to electric or hybrid commercial vehicles.

CASET STUDY PROJECTS

Croft, West Sussex



PHP’s development at Croft, West Sussex, represents the future of sustainable primary care in the UK. PHP was appointed to develop the highly sustainable premises to consolidate and expand services locally and cater for an expected significant growth in patient numbers over the next few years.

The premises support the national and local NHS strategies to move services away from over-stretched hospitals, providing a greater range of primary and community care services.

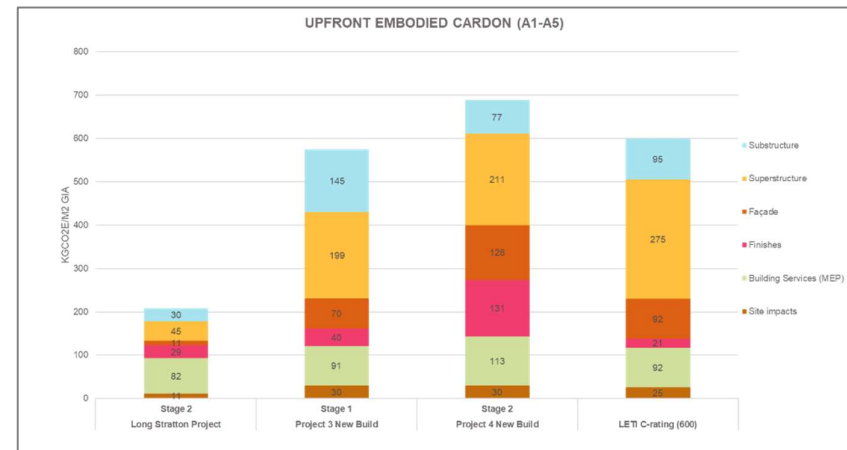
Currently under construction the premises will be let for 25-years to the local GP partnership and pharmacy, allowing patients and the wider Primary Care Network to access a range of services, including general practice, mental health assessments, occupational and physiotherapy, social prescribing and training for GPs, nurses and paramedics.

The building will be EPC A rated and will be PHP’s first net zero carbon development. The building is being delivered in a highly sustainable way, with materials from certified responsible sources, low carbon products, low waste and water and enhanced ecology on site. Embodied carbon has been measured and

minimised and will be offset at completion. The building is all electric, using air source heat pumps and will enable occupiers to operate it with net zero emissions.

Long Stratton, Norfolk

At Long Stratton, PHP are refurbishing an existing medical centre to modernise and decarbonize the building. The existing oil-fired heating is being replaced with air source heat pumps and the building systems and interior updated. This is the first refurbishment project we have measured and minimized embodied carbon and it will set a benchmark for future projects. It is currently achieving an A+ rating under the LETI embodied carbon rating system and we will offset the residual embodied carbon from the project via the Woodland Carbon Code at completion.



CASE STUDY PROJECTS (continued)

Windermere, Lake District

Windermere Health Centre was originally built in the late 1970s and became outdated, in need of modernisation and energy efficiency improvements. PHP designed and implemented a refurbishment (completed in 2023) to bring the building up to date and enable our tenants to operate it with net zero carbon emissions.

The thermal efficiency of the building has been significantly improved, with all previously single glazed windows and doors being replaced with high efficiency double glazing. The roof has been fully insulated to modern building regulation levels and there is cavity wall insulation throughout. In addition, the 40-year-old gas heating system has been replaced with Air Source Heat Pumps and all the lighting upgraded to high efficiency LEDs.

The above has resulted in a significant improvement in the EPC rating which has improved from E to A and seen a 90% reduction in the carbon emissions intensity rating of the building. Following the removal of gas, electricity is the main source of energy for the property and PHP has procured this from 100% renewable sources. The above initiatives result in significant improvements to the energy efficiency of the building, with the tenants able to operate it with net zero emissions, with improved comfort levels and reduced energy costs.

DECLARATION AND SIGN OFF

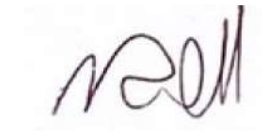
This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard. We have used the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the Board of Directors.

For and on behalf of the Primary Health Properties PLC Board,



Richard Howel

Chief Financial Officer