



Sustainable income performance



Leading investor in flexible, modern primary healthcare accommodation across the UK and Ireland



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Towards net zero

PHP is committed to transitioning to net zero carbon ("NZC") across its operations and property portfolio. Our framework focuses on five key steps to achieve this across our operational, development and asset management activities by 2030 and to help our occupiers achieve NZC by 2040.

HIGHLIGHTS 2023



Development

Net zero project at Croft on site, due to complete in Q3 2024



Investment

Acquired Ballincollig, Ireland, an all electric enhanced community care facility built to nZEB and BER A3



Asset management

First all-electric heat pump project on site and embodied carbon NZC projects are underway



Tenants and operations

Achieved Toitu Carbon Reduce certification and purchased 100% renewable energy



Projects

Solar PV roll-out underway. Targeted EPC reassessments generate significant improvements

NET ZERO CARBON FRAMEWORK

Our net zero targets relate to the emissions from our direct operations, embodied carbon from new build and refurbishment projects and our tenants emissions from their use of our buildings. Purchased goods and services are not yet included in our targets as this is a new source of emissions being measured for PHP. However, we will consider a suitable target over time.

By 2023 – operations net zero

- Reduce emissions from offices, transport and assets where we procure energy for tenants
- We are now procuring 97% renewable energy where PHP controls supplies
- We are offsetting residual emissions using high quality nature based carbon offset projects

By 2025 – all new developments net zero

- Continually reduce energy use intensity of new buildings and ensure they can operate with net zero emissions
- Measure, minimise, benchmark and improve embodied carbon performance for all new developments, setting incrementally more challenging targets for reduction
- Offset residual embodied carbon emissions via high quality projects

By 2030 – net zero asset management and EPC B

- Across the portfolio all properties to have an EPC rating of B or better, where economically feasible
- Achieve reductions in energy use intensity (kWh/m²) through asset management projects and electrifying buildings where feasible, as part of net zero operational assets

- Measure, target reductions and offset residual embodied carbon from our asset management activities
- Collect and communicate energy performance data for all our occupiers and support them to transition to lower energy and carbon operations

By 2035 – 80% carbon reduction of the portfolio

- Continued energy demand reduction through upgrade and refurbishment
- Remove fossil fuel heating systems from all properties
- Increase proportion of renewable energy generation on our sites
- Reduce the carbon intensity of buildings compared to 2021 portfolio baseline

By 2040 – enabling a net zero portfolio

- Help occupiers to lease and operate our buildings with net zero carbon emissions
- Offset any remaining occupier residual carbon from 2040 for all properties where the lease was signed or renewed after 2035
- NZC achieved five years ahead of the NHS's target of 2045 and ten years ahead of the UK and Irish Governments' targets of 2050

Responsible business and ESG review

Premises, Health and People: investing in the health and wellbeing of our communities.



Laure Duhot
Chair of the ESG Committee

Dear shareholder,

I am pleased to present my fourth report as Chair of the PHP Environmental, Social and Governance ("ESG") Committee. The Board agreed to create the Committee as a full Board Committee in October 2020 to drive forward the Group's ESG agenda. These are important topics and it is believed that having a Committee dedicated to considering these matters will give greater impetus to our initiatives in this area, which are described on the following pages of this report.

MEMBERS OF THE ESG COMMITTEE (THE "COMMITTEE") DURING THE YEAR

Member	Number of meetings and attendance
Laure Duhot (Chair)	3 (3)
Ivonne Cantú	3 (3)
Richard Howell	3 (3)
Harry Hyman	3 (3)
Ian Krieger	3 (3)
Steven Owen	2 (3)
Jesse Putzel	3 (3)
David Bateman	3 (3)
David Austin (appointed 5 December 2023)	1 (1)

Bracketed numbers indicate the number of meetings the member was eligible to attend in 2023. The Company Secretary acts as the secretary to the Committee and attends all the meetings.

Despite the challenging economic climate, we have continued to drive forward our ESG agenda, building on the work of previous years. Our first net zero development at Croft, West Sussex, is progressing well and due to complete in Q3 2024. We have made further progress to deliver our Net Zero Carbon Framework, in particular with continued investment into our portfolio via asset management, improving energy and carbon performance, driving rental growth and creating more sustainable healthcare infrastructure for the future.

The ESG Committee has overseen the further development of our work on energy and carbon reduction and I am pleased that in the first half of the year we achieved certification to Toitu Carbon Reduce and ISO 14064, which demonstrates our robust approach to carbon measurement and reduction. As part of this we continue to improve our understanding of the energy performance of the wider portfolio and have entered into partnership with ARBNCO to move towards 100% data coverage and to enable engagement with tenants to help them improve their performance.

Following our extensive work on climate risks and scenario analysis in 2022, we have produced our third TCFD disclosure, which is set out on pages 20 to 26.

PHP's Community Impact Fund is now in its third year and we have continued to work with our partner UK Community Foundations to support social prescribing activities linked to our portfolio and to review the impact these are having. Our third round of grant award was again oversubscribed with high quality applications and a broad spectrum of initiatives proposed. We have also extended our programme to link with our asset management projects, working with tenants to provide support to their chosen local initiatives.

We continue to engage with and support our employees, launching a mentoring scheme and focusing on professional and personal development.

I trust you find this report of the Committee helpful and informative. I would be delighted to receive any feedback or comments you may have on our approach.

Laure Duhot
Chair of the ESG Committee
27 February 2024



Our approach

PHP's approach is based around its core activities of investment, asset and property management, development as well it's corporate activities.

PHP supports and links its strategy to the UN Sustainable Development Goals ("SDGs"), focusing on the most relevant SDGs where it can have a positive impact. Our strategy is based around three core pillars that run through our activities focused on Premises, Health and People and is supported by our ESG policies (available on our website). These are:

OUR APPROACH

Approach	Purpose	Aims	Focus
1. Premises – Built environment			
Investing in and developing sustainable buildings.	To employ sustainable design to develop, refurbish and upgrade our buildings to modern medical and environmental standards.	Building a more resilient portfolio for the long term.	Reducing risk by building purpose-built new developments and making quality acquisitions. Working with occupiers to improve the energy efficiency of our properties and integrate more sustainable features. Having a preference for reusing existing buildings, upgrading them in an energy and resource efficient way, reducing reliance on new resources. Sourcing responsibly and designing for future reuse of assets and materials. All new developments to be NZC by 2025.
		Reducing our carbon footprint.	Working with our stakeholders to improve the energy efficiency of our properties and integrate more sustainable features with a long term ambition of the whole portfolio, including occupiers' operations, being NZC by 2040.
		Policies	<i>Sustainability; Sustainable Development and Refurbishment; Net Zero Carbon Framework.</i>

2. Health – Community impact

Engaging and enhancing the right stakeholders to drive effective decision making.	To support initiatives that further the health, wellbeing and education of our local communities.	Meeting the healthcare needs of communities.	Engaging in effective communications and collaborative practices with our occupiers.
		Creating social value.	Working with partners to enhance wellbeing and inclusivity through initiatives that contribute to the creation of healthy, supportive and thriving communities.
		Policies	<i>Sustainability.</i>

3. People – Responsible business

Conducting our business with integrity and investing in human capital.	To create opportunities and maximise the potential of the stakeholders we work with.	Providing a good place to work.	Ensuring effective investment in the professional development of the Group's employees. Maintaining a culture of empowerment, inclusion, development, openness and teamwork for our people.
		Governing an ethical business.	Being transparent and compliant in all our operations.
		Policies	<i>Business Ethics; Equality, Diversity and Inclusion; Anti-bribery and Corruption.</i>

PERFORMANCE AGAINST OUR COMMITMENTS

Commitments and targets	Progress 2023	Focus areas 2024
<p>Delivering BREEAM and nZEB certified buildings.</p> <p>Improving portfolio EPC ratings.</p> <p>Increasing visibility of energy performance across the portfolio.</p> <p>Delivering on our net zero carbon commitments.</p>	<p>Our NZC development at Croft is making good progress and we are due to start our second project at South Kilburn in London.</p> <p>Development and asset management projects all achieved/ are achieving BREEAM Excellent or Very Good in the UK or NZEB and BER A3 in Ireland.</p> <p>The overall portfolio now has 42% A–B ratings and 85% A–C, by value.</p> <p>We have energy data points for 75% of floor area (improved from 60% in 2022). We are now partnering with ARBNCO to get to 100% and improve data quality.</p> <p>We have measured embodied carbon for two NZC asset management trial projects, confirming good performance already and reductions that can be targeted for new projects. We also expanded our carbon measurement to include our supply chain and gained Toitu Carbon Reduce certification for our Scope 1, 2 and 3 emissions.</p> <p>97% of PHP procured electricity is now from renewable sources and we are moving forward with additional solar roll-out in partnership with Atrato Onsite Energy.</p>	<p>Continue to focus on improving EPC ratings to B and deliver net zero ready refurbished buildings via our asset management programme.</p> <p>Measure embodied carbon from our asset management projects to understand our performance and set targets as part of our NZC commitments.</p> <p>Work with expert partners to carry out net zero audits for buildings to inform our approach and align with the NHS Net Zero Carbon Buildings standard.</p> <p>Roll-out our partnership with ARBNCO to collect 100% of energy data, enabling tenant engagement and performance improvement.</p> <p>Continue to work on wider roll-out of solar to existing buildings where PHP and tenants control energy supplies.</p> <p>Keep under review targets for energy use intensity and embodied carbon and submit our corporate targets for approval by the Science Based Targets initiative.</p>
<p>Investing, via our Community Impact Fund, up to £0.25 million per year in causes which enhance health and deliver social value.</p> <p>Demonstrating the positive impact investment in primary healthcare can generate.</p>	<p>We concluded a third programme of grant giving with a total of £137,000 awarded to organisations delivering innovative social prescribing services for communities surrounding our buildings and other charities and groups.</p> <p>We trialled grant giving as part of asset management projects awarding two grants totalling £20,000 to charitable organisations within the local community and will continue in 2024.</p>	<p>Continue to expand our social prescribing programme focusing on the most deprived communities where PHP has a strong presence and link some funding to asset management projects.</p> <p>Capture the positive social outcomes of our Community Impact Fund and business activities.</p>
<p>Continuing to promote PHP's culture and commitment to high levels of ethics and a workplace culture of inclusion, diversity and equal opportunity.</p> <p>Conducting an independent annual staff survey to inform and monitor continued improvement.</p>	<p>We increased our efforts to guard against modern slavery in our supply chain, engaging with all our supply partners, conducting third-party audits on two sites and evaluating our solar PV supply chain to ensure ethical products are being procured.</p> <p>We conducted a confidential staff survey and fed back to employees on issues raised. General sentiment was positive.</p> <p>We provided enhanced benefits to staff, implemented a mentoring programme and continued to promote volunteering opportunities, with 16% of staff taking up the option, totalling 19 days of volunteering.</p>	<p>Continue to engage our supply chain on ethical labour and sourcing and make use of targeted audits as part of our due diligence process.</p> <p>Roll-out a response protocol to our development and refurbishment projects to better deal with any instances of unethical treatment identified.</p> <p>Continue to support staff with individual training and development plans.</p> <p>Work towards achieving Investors in People accreditation.</p> <p>Continue to survey staff to ascertain levels of employee satisfaction and implement targeted action plan for identified areas for improvement.</p>

Our approach continued

INTRODUCTION

PHP invests in flexible, modern properties for the delivery of primary healthcare to the communities they are located in. The buildings are let on long term leases where the NHS, the HSE, GPs and other healthcare operators are our principal occupiers. As at 31 December 2023, the Group owned 514 properties valued at £2.8 billion which are located across the UK and Ireland.

Responsible business reflects PHP's strong commitment to ESG matters and addresses the key areas of ESG that are embedded into our investment and development, asset and property management and corporate activities. We are committed to acting responsibly, having a positive impact on our communities, improving our responsible business disclosures, mitigating sustainability risks and capturing environmental opportunities for the benefit of our stakeholders.

We realise the importance of our assets for the local healthcare community, making it easier for our GP, NHS and HSE occupiers to deliver effective services. We are committed to creating great primary care centres by focusing on the future needs of our occupiers and thereby ensuring we are creating long term sustainable buildings.

PHP is committed to helping the NHS achieve its target to become the world's first net zero carbon national health system by 2045 and to deliver against the aims of the NHS Net Zero Carbon Buildings Standard published in February 2023. PHP's Net Zero Carbon Framework sets out our plan to transition the Company's portfolio to net zero by 2040, ahead of the NHS and UK and Irish Governments' net zero target dates. PHP will continue to proactively engage and work with our various healthcare occupiers to help them achieve this also.

This Responsible Business Report sets out our commitment and approach to environmental and social sustainability. It is reviewed annually and approved by the Board and sets the framework for establishing objectives and targets against which we monitor and report publicly on our performance.



BALLINCOLLIG ENHANCED COMMUNITY CARE ("ECC") FACILITY, CORK, IRELAND:

- **BER A3 and nZEB standards**
- **BREEAM Very Good and resource efficient**
- **Net zero in operation ready, with air sourced heating and solar PV**

In 2023 PHP successfully acquired Ireland's first Enhanced Community Care ("ECC") facility at Ballincollig, near Cork, Ireland. This first of its kind facility is a result of the Irish Governments drive to enhance and increase community-based health services and reduce pressure on hospital services in Ireland.

The building will provide a variety of services primarily to support elderly care and those suffering from a variety of chronic diseases including cardio, respiratory and endocrine issues.

To deliver the new facility, an existing, disused commercial office development was re-purposed and redesigned, meaning far fewer new resources and materials were required. The building is designed to nZEB, is all electric with no fossil fuels on site and benefits from 30% of it's energy requirements being met from onsite renewable energy (air source heat pumps and solar PV).

The building is also BREEAM Very Good certified. As part of the development, some significant biodiversity and ecological enhancements have been made, including the creation of a new woodland and biodiversity corridor.

1. Premises – Built environment

RESPONSIBLE INVESTMENT

Key commitments: Minimum EPC rating of C and capable of being improved to a B or better.

Environmental and sustainability performance are integral elements of PHP's approach to the acquisition of existing and funding of new primary healthcare buildings. We use detailed assessments of each location, looking at building efficiency and performance, enhanced service provision for the community and support for wider healthcare infrastructure.

We undertake detailed environmental and building surveys to assess physical environmental risks for each investment, including flooding, to ensure the risk is avoided or appropriate prevention measures are developed (see our TCFD disclosures on pages 20 to 26).

During 2023 we continued applying our net zero and ESG commitments to investment activities, engaging with developers and asset owners to challenge standards and leverage our influence. Our acquisition of Ireland's first Enhanced Community Care facility demonstrates this. The building is ready to operate with net zero emissions and was created from a vacant office building, minimising use of resources to deliver a first of its kind care facility for Ireland.

All acquisitions completed in the year had an EPC of B or better.

RESPONSIBLE DEVELOPMENT

Key commitments: All new developments to be NZC by 2025, BREEAM Excellent and Very Good for fit-outs in the UK, and nearly nZEB and BER A3 in Ireland.

PHP, together with its development partners, is committed to promoting the highest possible standards of environmental and social sustainability when designing and constructing new assets.

Our Sustainable Development and Refurbishment policy outlines our minimum requirements for BREEAM Excellent and a range of environmental issues, including energy and carbon, waste and resources, biodiversity, climate adaptation and health and wellbeing. Our development partners are also required to work to the same standards.

We aim to develop new buildings to be net zero carbon in construction (minimising embodied carbon and offsetting residual emissions) and ready to operate with net zero emissions. All developments aim to be fossil fuel free and we are working towards setting specific energy intensity benchmarks and targets.

Construction of PHP's first NZC development at Croft, West Sussex, is progressing well and is due to reach practical completion in Q3 2024. Embodied carbon is being measured to practical completion with our contractor.



CROFT, WEST SUSSEX CASE STUDY:

- **PHP's first net zero carbon development on site**
- **On-track to achieve BREEAM Excellent**

The 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 supports 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 on brownfield land and due to achieve practical completion in Q3 2024. 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 is targeting an EPC A rating 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. During construction, PHP has also carried out ethical labour audits and engaged with the main contractor to raise awareness of modern slavery risks.

While the current economic climate has delayed a number of future projects in our pipeline, we are continuing to work on a number of future net zero developments across the UK and Ireland.

1. Premises – Built environment continued

RESPONSIBLE ASSET AND PROPERTY MANAGEMENT

Key commitments: Improve EPC ratings to B, procure 100% renewable energy, achieve BREEAM Very Good for refurbishments and engage tenants on, and improve, the visibility of energy and carbon performance.

We are committed to creating best-in-class primary care centres, focusing on the future needs of our occupiers and thereby ensuring we are creating sustainable buildings for the long term. We invest in the portfolio of properties to generate enduring occupier and patient appeal, which provides opportunities to improve rental values, the security and longevity of income, and the quality of assets. This is a key route for PHP to deliver energy efficiency improvements and to introduce low or zero carbon measures for our occupiers and their patients.

Asset and property management will play a key role in achieving our NZC target of having a NZC portfolio by 2040, with interim commitments for all properties to have an EPC rating of at least B and NZC asset management by 2030 and an 80% reduction in portfolio emissions by 2035 via targeted improvements to buildings and occupier engagement.

During 2023 we completed eight (2022: ten) asset management refurbishment projects, with all achieving an EPC B rating.

This includes three projects where a significant improvement was achieved from D and E. We have a further six (2022: ten) refurbishment projects on site or committed, which include energy efficiency upgrades, installation of roof-mounted solar panels, air source heat pumps and thermal efficiency upgrades. We have continued to use BREEAM for refurbishments but several projects during the year could not be certified due to their scope and size. We agreed 12 (2022: 33) new leases during the year, with all including Green Lease clauses.

In addition, we carried out targeted reassessment of building EPC ratings, to better reflect their current performance. Combined with annual renewals, we now have 42% of properties by value at an EPC rating of B or better (2022: 35%) and 85% at A–C (2022: 81%).

Our first two net zero ready refurbishment projects have progressed during the year:

- Long Stratton in Norfolk is on site and has been designed to move away from gas to an air source heat pump.
- Wakefield Trinity will also make the switch from gas to an air source heat pump and benefit from a significant solar PV array.

We are assessing embodied carbon for both projects, and are tracking this to practical completion. This will provide benchmarks for target setting on future projects.

This work along with net zero audits of buildings in operation will pave the way for future NZC asset management projects as we aim to accelerate progress ahead of our current 2030 commitment.

Working with our occupiers is essential to improving the performance of buildings and during 2023 our property management and facilities management teams engaged with all of our tenants, carrying out over 1,000 (2022: over 1,000) site visits at which issues, including energy and utilities, were

discussed. During 2023 we have continued to review ways to improve the performance of the portfolio outside of our asset management programme. This includes 330 facilities management plant and equipment replacements and upgrades, include LED lighting, more efficient heating systems and building management systems. We also supported tenants to make their own building improvements, including energy efficiency upgrades and solar PV installations.

To build on this, we are planning to roll-out larger solar PV installations to sites where PHP procures energy for tenants and following this, where tenants procure their own energy. This approach offers the potential to reduce costs for tenants in the long term as well as reducing carbon emissions. The first two projects are underway to install 190 kWp of solar to two properties in the UK.



WINDERMERE HEALTH CENTRE CASE STUDY:

- **EPC A rating from previous E rating**
- **Removal of all fossil fuels**
- **Improved thermal efficiency**

Windermere Health Centre, which serves 5,000 people locally, was originally built in the late 1970s and became outdated, in need of modernisation and energy efficiency improvements. PHP designed a refurbishment 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 sourced 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.

In addition to the energy and carbon improvements, the entire interior has been updated including new healthy and sustainable Tarkett flooring throughout, new decoration, additional ventilation to comply with latest health guidelines and several improvements to accessibility, including a new compliant reception desk.



FALCON MEDICAL CENTRE CASE STUDY:

- EPC B rating from previous D rating
- Hybrid gas/electric heating system
- Enhanced clinical capacity

The Falcon Medical Centre, Battersea serves over 9,000 patients in and around the Clapham Junction area of London. The purpose-built medical centre was in need of modernisation and energy efficiency improvements.

PHP designed and delivered a refurbishment to modernise and enhance clinical capacity including the creation of a new enhanced treatment suite. To minimise costs, environmental impact, waste and resource use, existing elements were retained and upgraded where possible. The existing gas boiler, installed by the tenants, was new and efficient so was retained. However, several interventions have been made to minimise the future use of gas and enable a transition away from it at a later date.

The existing but unused mechanical ventilation with heat recovery was recommissioned and upgraded and new heat recovery ventilation installed to other areas of the building. High efficiency comfort cooling units with air source heat pumps also installed in larger rooms (waiting area, reception and main administration office) providing a hybrid system for heating and cooling. The existing radiators to all clinical areas were replaced with low surface temperature models with localised controls. All external windows and external doors have been replaced with high efficiency double glazed units, improving the thermal efficiency of the building and the lighting replaced with high efficiency LED, with smart controls.

The result was a new EPC rating of B improved from the previous D, a reduction of 80% in the EPC emissions rate (kgCO_2/m^2) and 74% reduction in primary energy use intensity (kWh/m^2).

In addition, all floor finishes were replaced with sustainable and resilient flooring and all parts of the interior redecorated. During construction, the contractor minimised waste and diverted 100% of any waste generated away from landfill to be recycled.

PROGRESS ON ENERGY AND CARBON PERFORMANCE

As outlined above, during 2023 our investment, development, asset and property management activities continued to deliver against targets and to support our net zero carbon commitments.

During 2023 we completed the transition of all building electricity supplies procured by PHP to renewable energy for all but one building. We also continued to offset residual emissions using high quality nature based carbon offset projects.

Our operational Scope 1, 2 and 3 emissions are provided on pages 10 and 11 in our SECR disclosure.

At the start of 2023, we acquired Axis in Ireland and as such its operations now form part of our emissions impact. We are working with the team in Ireland to adopt PHP processes and intend for its operations to form part of our net zero commitments. We have carried out an assessment of its carbon emissions and have included these within PHP's activities.

We have continued to improve our methodology for estimating whole portfolio emissions, and now have data points for 75% of the portfolio by area (2022: 60%). This is not all live data however. To move towards 100% coverage, better data quality and in order to enable engagement with tenants to help improve their performance, we are partnering with ARBNCO. This will provide a direct route to access tenant data and a reporting platform.

As part of our ongoing efforts to improve our approach, during 2023 we successfully became certified to Toitu Carbon Reduce and ISO 14064 for carbon measurement and management. As part of this process, our Scope 1, 2 and 3 emissions for 2022 gained limited assurance. We also enhanced our Scope 3 measurement, carrying out a screening of all 15 Greenhouse Gas Protocol ("GHGP") Scope 3 categories. Further detail is provided on page 11. We will undergo recertification and assurance of 2023 disclosures in March 2024.

Our most significant and consistent source of Scope 3 emissions is downstream leased assets (tenants' use of our buildings), as reported in 2022, where we aim to achieve net zero by 2040. We are now tracking this year-on-year against our outline net zero trajectory.

In addition to our asset management projects, during 2023 we carried out further building-level net zero audits and assessments for two large assets in our portfolio, identifying routes to reduce energy use intensity and electrification of buildings. We will continue to assess buildings in this way to inform our transition plan and trajectory.

1. Premises – Built environment continued

PROGRESS ON ENERGY AND CARBON PERFORMANCE CONTINUED

SECR disclosures

PHP measures its emissions in line with the GHGP and takes an operational control approach. Emissions are based on verified data currently reviewed by a third party, Inenco, and assured by Achilles via the Toitu Carbon Reduce certification programme (2022 emissions limited assured, 2023 pending limited assurance following audit in March 2024).

Our emissions are calculated using activity data, i.e. metered energy use, with minimal estimates used, e.g. for miles driven by employees. Scope 1 and 2 emissions are normalised by revenue and full-time employees as these relate to our direct operations and by kWh/m² for energy supplied to or procured by tenants. In January 2023, PHP acquired Axis, an Irish property and facilities management business. Consequently we have now included emissions that relate to Axis' operations arising from its one office in Cork, as well as their delivery of services to clients.

PHP's direct operations result in very limited greenhouse gas emissions. The table below shows our operational Scope 1, 2 and 3 emissions. Scope 1 relates to gas used in in our London office, business travel by car and diesel used in vans by Axis. Scope 2 relates to grid electricity used at PHP and Axis offices. Scope 3 relates to partial emissions from downstream leased assets, for properties where PHP supplies energy to occupiers, which they hold operational control over. We view these as "operational Scope 3 emissions".

We have reported Scope 3 emissions from tenant procured energy separately along with purchased goods and services.

A detailed breakdown of portfolio emissions is provided in our EPRA sustainability disclosure which is available on our website. 100% of reported Scope 1, 2 and 3 emissions in the year were based in the UK and Ireland.

Operational Scope 1, 2 and 3 emissions

Source	2023		2022	
	tCO ₂ e	MWh	tCO ₂ e	MWh
Scope 1				
Business travel (car)	62.7	283	55.7	226
Diesel (vans)	18.8	79	—	—
Gas (offices)	10.7	59	10.0	54
Scope 2				
Electricity (offices)	15.7	75	9.9	51
Market based ¹	—	—	0.9	—
Total Scope 1 and 2	107.9	496	75.6	331
Market based ¹	92.2	—	66.6	—
Operational Scope 3				
Landlord supplied electricity	1,188	5,737	1,025	5,296
Market based ¹	35	—	243	—
Landlord supplied gas	1,240	6,780	1,138	6,237
Total operational Scope 3	2,428	12,517	2,163	11,533
Market based ¹	1,276	—	1,381	—
Total operational Scope 1, 2 and 3	2,536	13,013	2,239	11,864
Market based ¹	1,368	—	1,448	—
Nature based carbon credits purchased	(1,368)	—	(1,448)	—
Net tCO₂e	—	—	—	—
Intensity metrics				
Scope 1 and 2 tCO ₂ e per full time employee	1.3	—	1.0	—
Scope 1 and 2 tCO ₂ e per £m revenue	0.6	—	0.4	—
Scope 3 kg CO ₂ /m ² , and kWh/m ²	14.8	76.2	13.8	73.7
Market based ¹	7.8	—	8.8	—

¹ Market-based reporting reflects the emissions from the electricity being purchased, whereas location based uses national grid average emissions for the reporting year.

PROGRESS ON ENERGY AND CARBON PERFORMANCE CONTINUED

Operational Scope 1, 2 and 3 emissions continued

During 2023 absolute Scope 1 and 2 emissions have increased by 43% and intensity by 20%. This is primarily due to the inclusion of Axis' emissions for the first time. This has added 35 tCO₂e from their office and transport related activities. This includes the use of diesel in a small fleet of company vans. The emission intensity of grid sourced electricity also increased by 7% in 2023.

Like for like business mileage has remained static but we have improved the measurement of emissions from travel by rental cars, better reflecting the lower carbon emissions of vehicles being used. Employees are encouraged to use public transport where possible and during the year employees continued to use the Train Hugging platform, which supports UK reforestation through every journey. Staff continue to take up our electric and hybrid vehicle benefit, with 5 members of staff taking up the option to date.

Our office energy use has remained static, although we have restated gas consumption for 2022 following errors identified by our landlord in London.

We will continue to reduce energy demand from our offices and emissions from transport; however, our wider portfolio is where we aim to focus our attention. As shown in the table above, Scope 3 emissions from landlord supplied energy (down stream leased assets) have increased on an absolute and normalised basis. This is primarily due to the increase in electricity carbon intensity described above.

Electricity and gas consumption have increased by 8% and 9% respectively. We have continued to support tenants to reduce their use of energy and resulting emissions, including through our asset management programme. We expect to see results of these and new initiatives over time.

We have now switched all but one electricity supply to 100% renewable energy, with 97% (2022: 76%) of consumption being from renewable sources. Therefore on a market-based reporting basis, there has been a 8% reduction in absolute and 12% reduction in normalised emissions.

We are offsetting all residual 2023 emissions, including the energy we procure on behalf of our tenants, through purchasing high quality nature based carbon credits from independently certified projects.

Wider Scope 3 emissions

During 2023, we have expanded our measurement of wider Scope 3 emissions, against the 15 categories of the GHGP Scope 3 Standard. As part of our certification to Toitu Carbon Reduce, we have determined the most material categories. Categories 3, 8, 9, 10, 11, 12, 14 and 15 are not relevant for PHP's business. Categories 5, 6 and 7 have been assessed and are de minimus at under 10 tCO₂e. We will continue to track emissions from business travel. Category 4, upstream transportation, is included within the calculation for Category 1, purchased goods and services. Embodied carbon is relevant under Category 2, capital goods. This is being measured for developments and some refurbishments and will be reported when projects are completed (including associated transport emissions).

Scope 3 source	2023			2022		
	tCO ₂ e	MWh	£m	tCO ₂ e	MWh	£m
Purchased goods and services	5,730	—	37	4,413	—	34
Downstream leased assets						
Electricity	11,284	54,492	—	10,098	52,220	—
Gas	12,567	68,697	—	14,882	81,527	—
Total wider scope 3	29,581	123,189	37	29,393	133,746	34
Intensity metrics	36kgCO₂e/m²	151kWh/m²	154tCO₂e/£m	30kgCO₂e/m²	163kWh/m²	131tCO₂e/£m



2. Health – Community impact

SOCIAL – HEALTH AND WELLBEING

PHP seeks to have a positive impact on the health and wellbeing of the communities where its assets are located and has set policies and targets to achieve this through a Community Impact Programme.

PHP is committed to supporting both the NHS and HSE in tackling the major underinvestment in primary care facilities in the UK and Ireland. PHP's aim is to provide modern, purpose-built properties let to the NHS, the HSE, GPs and other healthcare operators, which enable them to provide the highest standards of modern healthcare.

The facilities are predominantly located within residential communities and enable the UK and Irish population to access better health services locally. This is central to the Group's purpose, strategic objectives and business planning processes.

PHP's portfolio serves around 6.0 million patients or 8.8% of the UK population and our portfolio is their first point of contact with the NHS when they start their patient journey.

Our interventions, when we acquire, refurbish or develop new healthcare facilities, have a significant positive social impact, whether through enhancement of experience for people using our facilities, expansion of healthcare provision locally or making healthcare more accessible to those that need it most.

Modern, high quality primary healthcare facilities also help to reduce pressure and costs for the secondary care system. Our active management of the property portfolio seeks to maintain the centres as fit for purpose and enables PHP to identify and manage opportunities and risks associated with the provision of its properties.

Occupier engagement and support

PHP is committed to ensuring that the properties it develops and owns continue to meet its GP, NHS and HSE occupiers' requirements and provide flexibility for future change, update and expansion. Our dedicated teams of asset and property managers look after our occupiers' requirements, with a policy of regular communication and a supportive approach. Our in-house Facilities Management ("FM") Team engages with and supports occupiers, carrying out reactive and planned maintenance to optimise building performance.

Social trends of a growing and ageing population continue to highlight the need for purpose-built primary care premises to provide modern healthcare to the UK and Irish populations. This further reinforces our objectives to continue to invest in existing and new premises for the benefit of all our stakeholders.

It is crucial that we continually update our understanding of what issues matter to our occupiers. To support this, we regularly engage with them and carry out a tenant feedback survey. At the end of 2022 and throughout 2023, we have taken a new approach to gathering tenant feedback, conducting surveys directly as part of site visits. This has been successful, and we have increased the coverage of our survey to 30% of the portfolio (by number of buildings) and significantly improved our Net Promoter Score ("NPS"), from a negative figure in 2021 to a strong positive for 2023. While positive feedback is helpful, where tenants feel more negatively about an issue, it allows us to work with them on solutions, such as engagement by our asset management team to discuss building refurbishment options. A summary of our engagement with and support for tenants is provided below.





SOCIAL – HEALTH AND WELLBEING CONTINUED

Community Impact Fund

PHP has committed up to £250,000 per annum to support social and charitable activities and services linked to the patients and communities of our occupiers, which cannot be readily accessed elsewhere. In total, PHP provided £137,000 during 2023 (2022: £250,000).



Our partnership with UK Community Foundations ("UKCF") has continued to offer grants to charities and community groups focused on social prescribing and community wellbeing that serve our properties. During 2023, we targeted funding to the West Midlands, working with Heart of England Community Foundation. PHP has 40 properties across the region, within communities that have high levels of deprivation and which face a range of social challenges.

The 2023 awards totalled £100,000. Grants have been made to 10 organisations delivering a wide range of support. Projects funded include specific health engagement for ethnic minorities, anxiety management, counselling, fitness for the less mobile, healthy eating for families and reducing loneliness and isolation.

For the first time, we have also trialled grant awards via our asset management projects, engaging with practices whose buildings are at varying stages of refurbishment. As a result, we provided £20,000 to two projects in Brighton which are delivering much needed support through social prescribing and plan to continue to offer grants in this way.

We continue to monitor the positive impact of previous awards. Our experience, and that of our award recipients, continues to demonstrate the important role social prescribing has to play in addressing direct and indirect health impacts.

PHP has also continued to support a number of charities from the Community Impact Fund during the year, including ENO Breathe, The Academy of Real Assets and charity matched funding for employees chosen charities.



Impact during 2023

During 2023 the 2022 grant recipients have been delivering successful initiatives, including counseling, transport, carer support, support for women and ethnic minorities, art and music and combating isolation. The grants, totaling £150K, were distributed to 18 organisations working with County Durham Community Foundation and Lancashire & Merseyside Foundation. Over 1,300 people have benefited and been supported by these initiatives to date, with a wide range of positive personal and health outcomes recorded. The feedback from both recipients and the users of their services, funded by the grants, has been extremely positive and heartwarming.

Volunteering

PHP staff benefit from five paid days per annum for volunteering activities that are personal and meaningful to them, delivering support to local communities and benefiting from the personal development that these activities provide. 10 members of staff have taken up the opportunity to volunteer during 2023 with causes including forest maintenance and support for schools. Momentum is growing and we expect more employees to take up the opportunity going forward.



COPING WITH CANCER NORTH CASE STUDY:

PHP's grant provided funding for a new service, providing one-to-one counseling, coaching, therapies and peer group sessions for cancer patients across Northumberland (linking with five PHP GP practices). The project has helped over 250 people during the year, many sighting impacts such improved resilience and physical health. Prior to the project Coping with Cancer had no contacts in primary care and making this link will have a wider impact in the future. Feedback from people using the service has been very positive. "I enjoyed the sessions. Listening to and talking with the therapist...took focus from my illness. I felt more connected, rather than isolated within my own headspace."

3. People – Responsible business

PEOPLE

PHP recognises the importance of the welfare of the employees who work on behalf of the Group and are critical to its success. Their experience and contribution to the business are essential to the delivery of our business strategy and ESG commitments.

The Group is highly focused with 58 employees at year end (2022: 65 employees), with a further 31 employees in the Axis team, and four Non-executive Directors which allows for a flexible and individual approach. PHP's Board has a strong commitment to maintaining, improving and promoting the highest levels of ethics and conduct and promoting a workplace culture of:

Inclusion and communication	We have a flat management structure with clear responsibilities. We strongly encourage input on decision making from all staff and wide participation in Committee and team meetings. There is strong collaboration across teams which enables good sharing of information and ideas. Regular strategy and performance updates are provided to employees from the Executive Directors and senior management team.
Modern, flexible working practices	We have implemented more flexible working arrangements, covering improved systems to enable home working and a flexible dress code.
Fair remuneration	Employee remuneration is aligned to personal, Company and ESG performance with Long Term Incentive Plans in place that replicate arrangements for Executive Directors. All employees receive a variety of benefits which are noted later in this section.
Diversity and equal opportunity	<p>We promote diversity across knowledge, experience, gender, age and ethnicity with a published Equality, Diversity and Inclusion policy in place. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity in the senior team. Our female Board representation is now 33% (2022: 33%) and, in the year, we continued to support the training and professional development of several female members of the property and finance teams.</p> <p>Recognising the significant diversity imbalance in the real estate sector, we continue to support the promotion of diversity, both internally and externally.</p>
Employee development and training	An appraisal process is undertaken twice a year where career progression, training needs and performance are discussed. We actively encourage training and we continue to monitor our staff training each year focusing on professional, including ESG, and personal development. During 2023 we launched a mentoring programme to provide further support.
Health and safety	Health and safety remains central to the execution of PHP's business strategy and we take our responsibilities very seriously and are committed to continued improvement but have an excellent record. See page 17 for further details on health and safety.
Wellbeing and employee satisfaction	<p>During 2023 we have assessed and designed improvements to our office in Stratford-upon-Avon for delivery in 2024. The results of our 2023 employee survey are shown later in this section and reflect continued high levels of employee satisfaction.</p> <p>Laure Duhot, the Company's designated workforce Non-executive Director, continues to be closely involved in monitoring employee satisfaction.</p>

Laure Duhot is the designated workforce Non-executive Director. In the year she considered the results of the staff survey and held meetings in the London and Stratford-upon-Avon offices, which were open to all employees. The sessions aimed to gather feedback and ideas from different areas of the Company, to discuss how people feel and their experiences of working at PHP, with feedback reported back to the Board, resulting in ad-hoc recommendation or a priority improvement target being adopted.

In light of the ongoing volatile economic and interest rate environment and impact on both PHP and the wider real estate sector, resulting in a slowdown in activity, the Company decided to offer a voluntary redundancy programme to all employees with a view to keeping a firm control on the Group's administrative costs. In total five employees took up the option and left the business in the year. Excluding those who left through the voluntary redundancy programme only four further employees left the business in the year reflecting a staff turnover rate of just 6% (2022: 11%).

PEOPLE CONTINUED

Employee satisfaction survey

In October 2023, we undertook PHP's second annual employee engagement survey (managed by an independent third party) to track staff satisfaction. In total, we asked 33 questions, receiving responses anonymously. The survey focused on a number of key areas and in total we had 50 responses across the organisation with engagement from 86% (2022: 96%) of employees.

Overall, the results of the survey showed continued strong positive staff sentiment, including the following points:

- overall employees were satisfied and enjoyed working for PHP;
- employees are strongly aligned with the Company's purpose and feel it's image, policies and processes are that of a high quality organisation;
- employees understood the link between their personal and the Company's objectives and received adequate feedback;
- employees felt there was a friendly and supportive culture with a good working environment; and
- the Company acts as a responsible business contributing to reduce its environmental impact and supporting its local communities.

Some areas for further improvements were also identified:

- while employees felt comfortable they could have an open dialogue with management and be listened to, top-down corporate communication was identified as an area where more could be done to keep staff informed and employees also felt there should be more prior consultation on decisions impacting their work;
- employees identified the need for on-going efforts to promote equality and diversity; and
- employees also felt that continued encouragement of collaborative working between teams would bring further benefits to the company as a whole.

Results of the survey were communicated to staff and identified improvement areas will be a priority objective for the Board and the senior team in the year ahead.

The Company now has a good balance of flexible working while retaining the collaboration benefits of in office working. Overall, we believe there are significant benefits from working collaboratively and we are stronger together, but people are empowered to work from home for two days per week.

Employee benefits

In addition to fair remuneration which is aligned to personal and Company performance, including ESG related targets, and as part of our ongoing commitment to supporting employees and attracting and retaining talent, the Company offers the following benefits to all staff:

- Company pension contributions of 6% of salary;

- private medical insurance, health cash benefit, income protection and critical illness insurance;
- 25 days of annual leave plus an additional day of annual leave for each year of continuous service up to a maximum of five days;
- a green car salary sacrifice benefit to help individuals move to low carbon electric and hybrid personal vehicles;
- life assurance given to all employees at four times salary;
- cycle to work and season ticket loan schemes; and
- all employees are eligible to participate in the PHP Sharesave plan.

Employee development

PHP's human capital is essential to the success of the business and delivery of outstanding services to our occupiers in the healthcare sector. Attracting, retaining and developing employees is therefore a key commitment for the business.

PHP took the first step to achieving Investors in People ("IiP") accreditation by undergoing the diagnostic process and survey in 2022, which had positive results. During 2023 we have taken on the findings and recommendations and used the IiP model to improve our approach towards future accreditation.

The training programme for 2023 has continued to focus on needs identified through the appraisal process. We launched a mentoring programme, working with our training partner Bisarto, which has had positive feedback from employees taking part.

We continued to roll-out sustainability e-learning pathways that covered net zero and embodied carbon, and other range of environmental and social impact issues specific to roles.

PHP also supported funding and facilitation of professional qualifications for five employees. The supportive culture of PHP means those training for qualifications are also mentored and assisted by more experienced colleagues.

PHP continued its membership of the Supply Chain Sustainability School and UK Green Building Council. Through both, staff have access to a range of learning and development resources, including e-learning. Training has been promoted to all employees, on subjects including sustainable development, business ethics, modern slavery, climate change and net zero, social value, circular economy and sustainable procurement.

A total of 460 personal development training hours have been delivered across the Group during 2023 (2022: 620 hours) and the Company invested a total of £60,500 (2022: £73,000) or an average of £1,040 per employee on professional and personal development (2022: £1,200).

All employees received ESG related training during the year, including face-to-face and e-learning modules.

3. People – Responsible business continued

PEOPLE CONTINUED

Diversity and equal opportunity

We promote diversity across knowledge, experience, gender, age and ethnicity. During the year, we have updated our Equality, Diversity and Inclusion policy in response to a growing need to work towards diverse representation and in support of the Parker Review. As outlined on pages 95 and 96 of the 2023 Annual Report in our Nomination Committee report, we have also introduced targets as part of this. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity, particularly in the senior team. Following the appointment of Dr Bandhana (Bina) Rawal, effective from 27 February 2024, we have further increased female and ethnic Board representation to 43% and 28% respectively.

Recognising the significant diversity imbalance in the real estate sector, we continue to support and promote diversity, both internally and externally. All tables presented for the Board include Dr Bina Rawal who was appointed Non-executive Director with effect 27 February 2024.

UK employee gender diversity at 31 December 2023

Number of employees	Male	Female	Total
Board of Directors	4/57%	2/43%	7
Executive Committee	3/100%	—/—	3
Directors	4/100%	—/—	4
Associate Directors	5/42%	7/58%	12
Associates and Senior Surveyors	5/38%	8/62%	13
Other	11/46%	13/54%	24
Total	32/52%	30/48%	63

The Irish employee gender diversity at 31 December 2023 for the Axis team showed 21 of the 28 employees as male, with seven female employees. All four Directors are male.

UK employee ethnicity at 31 December 2023

Ethnic origin	2023		ONS ¹
	No.	%	
White – British, English, Welsh, Irish, Other	46	79%	82%
Asian – Indian, Pakistani, Other	3	5%	9%
Black – African, Caribbean, Other	1	2%	4%
Mixed heritage	4	7%	3%
Other	4	7%	2%
Total	58	100%	100%

¹ Office for National Statistics: Census 2021 data for England and Wales published June 2022.

The Irish employee ethnicity at 31 December 2023 for the Axis team showed 26 of the 28 employees identify as white, with two employees from other backgrounds.

Board gender identity or sex as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	57%	4	2	50%
Women	3 [†]	43%	—	—	—
Not specified/ prefer not to say	—	—	—	—	—

[†] Includes Dr Bina Rawal appointed effective 27 February.

Board ethnic background as at 31 December 2023

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	5	71%	100%	2	40%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	14%	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	1	14%	—	—	—
Not specified/ prefer not to say	—	—	—	—	—

The above data is drawn from internal information supplied by our staff. Refer to page 84 of the 2023 Annual Report for further details on required Board diversity disclosures and the Diversity Policy.

PEOPLE CONTINUED

UK gender pay gap at 31 December 2023

PHP pays employees equally for doing equivalent jobs across the business and any pay gaps are the result of our employee profile and do not represent pay discrimination. PHP is not required to publish details of gender pay gap; however, we view this as an important metric to ensure equal and fair treatment regardless of gender.

	Gender pay gap			Bonus pay gap		
	Male	Female	Pay gap	Male	Female	Pay gap
Board – NEDs	65%	35%	46%	—	—	—
Board – Executive	100%	—	100%	100%	—	100%
Executive Committee	100%	—	100%	100%	—	100%
Directors	100%	—	100%	100%	—	100%
Associate Directors	49%	51%	(2)%	56%	44%	23%
Associate and Senior Surveyors	49%	51%	(4)%	57%	43%	24%
Other	49%	51%	(4)%	47%	53%	(13)%
Total	76%	24%	69%	94%	6%	93%

The Irish gender pay gap at 31 December 2023 showed 58% weighted to male, 42% to female, and overall pay gap of 43%.

Health and safety

Health and safety remains central to the execution of PHP's business strategy and we take our responsibilities very seriously and are committed to continued improvement but have an excellent record. The Board is responsible for ensuring appropriate health and safety procedures are in place and during 2023 we maintained a regime of inspections utilising both third-party agents, including two risk management solutions providers, and in-house resources to support the portfolio.

Where risks need to be assessed under a specific duty or regulation, we ensure that an assessment is carried out and that all actions are implemented on a priority basis. The key health and safety risk areas PHP faces are:

1. Managed properties – where there are multiple occupiers in the same property, a combination of third-party advisers and internal resources are used to carry out a health and safety assessment and audits relating to the common parts.
2. Asset management projects, developments and forward funded developments – all our partners are required to uphold our high standards. Procedures and processes have been developed to ensure compliance with current legislation and requirements. A Project Monitor is also appointed to oversee, manage and monitor health and safety.
3. Employees are required to uphold our high standards and separate procedures and processes are in place to ensure compliance with current legislation and requirements.

During 2023 there were no reported major accidents nor any health and safety prosecutions or enforcements (2022: no incidents).

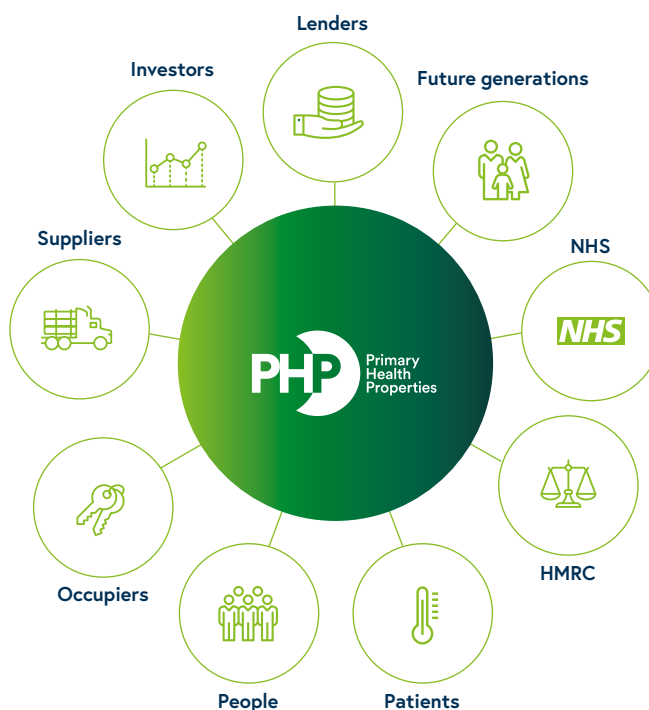
All properties built before 1995 have been surveyed in the year for the presence of reinforced autoclaved aerated concrete ("RAAC") and no evidence of this material was found across the portfolio.

During 2023, twelve property managers completed Institute of Occupational Safety and Health ("IOSH") training, adding to the five who already hold the qualification. Our Board approved Health and Safety policy is available on the Company's website.

OTHER STAKEHOLDERS

While our investment, asset management and development activities focus on the sustainability risks and opportunities that are most material to our business, there are a number of additional issues that are of lower material impact but are of interest to specific stakeholder groups:

- we are transparent and all our policies are available on our website and we expect our principal advisers, suppliers and occupiers to follow them;
- we expect organisations we employ to meet the standards we set ourselves; and
- we engage with stakeholders to ensure we are aware of, and are able to respond to, their expectations.



3. People – Responsible business continued

OTHER STAKEHOLDERS CONTINUED

Contractors and suppliers

Delivering developments, asset management projects and property services on time, on budget and in adherence with our high standards is a key priority. Our supply chain is checked (accredited by the SafeContractor scheme) to ensure it is high quality, has a proven track record and applies appropriate standards on areas such as labour, human rights, modern slavery, health and safety and environmental management. During 2023 we have engaged with all our suppliers to make them aware of our ESG policies (available on our website) and in particular have focused on the issue of modern slavery. We also commissioned independent third-party ethical labour audits for two live projects, something we will continue to do in future. Our Modern Slavery Statement is available on our website and no human rights concerns arose within the year.

We have approximately 1,000 suppliers across the Group ranging from small local businesses to large multi-national companies. We also acknowledge the importance of our suppliers, which are often small businesses and sole traders, especially those involved with the upkeep and maintenance of our assets. We aim to pay all invoices and amounts due promptly and well within stated payment terms in an effort to preserve the cash flows of these small businesses.

Tax

The Group is committed to complying with tax laws in a responsible manner and has open and constructive relationships with the UK and Irish tax authorities. Whilst the Group enjoys REIT status and therefore is not directly assessable for corporation or capital gains tax on property investments, the dividends that the Group pays are assessed for income tax when they reach investors. Moreover, during 2023 the Group has directly paid £31.8 million (2022: £27.7 million) of taxes in the form of VAT, income tax, stamp duty land tax, stamp duty and National Insurance contributions to the UK and Irish Governments. The Company has also published a Tax Strategy which is available on our website.

Investors and lenders

The support of our shareholders, banking partners and lenders is crucial to sustaining our investment in the health infrastructure of the UK and Ireland and we continue to enjoy strong relationships with these partners.

During 2023 we have successfully continued to value existing and potential relationships with our investors with over 210 (2022: 85) meetings during the course of the year. Shareholders and analysts are regularly updated about our performance and are given the opportunity to meet management throughout the year and attend presentations, physical and virtual, and attend site visits to gain a better understanding of our business and strategy.

Governance and business ethics

We conduct our business with integrity and require that our Directors, employees and other businesses engaged by us, including developers, contractors, suppliers and agents, do the same.

We believe that good governance practices are essential to a successful and sustainable business and therefore we ensure that they are integral to us. We are compliant with the provisions of the UK Corporate Governance Code except in two instances where we have not met criteria, and we have explained why on page 68 of the 2023 Annual Report in our Corporate Governance Statement. We believe in transparency of our business to stakeholders, ensuring we report comprehensively and fairly in our Annual and Interim Reports and engage with our stakeholders throughout the year.

Responsibility for business ethics lies with the PHP Board and Chief Executive Officer and is overseen by the ESG Committee.

We will:

- be honest, open, transparent, helpful and polite;
- obey all relevant laws and regulations;
- be prepared to admit and correct mistakes without delay and facilitate "whistleblowing" by employees and other stakeholders;
- declare any potential conflicts of interest which may compromise our business dealings;
- not give or receive illegal or inappropriate inducements in order to retain or bestow business or financial advantages; and
- at all times promote the ethical conduct of business.

These principles are supported by policies which address anti-bribery and corruption, business ethics, equality, diversity and inclusion, sustainability, sustainable development and refurbishment, whistleblowing, money laundering, prompt payment and management of the supply chain and which are available on our website.

We provide training to staff on these key issues and communicate our policies to key stakeholders and our supply chain and expect them to uphold the same standards in their operations and with their own supply chains.

Anti-corruption and anti-bribery

The Group's policy is to conduct all of its business in an honest and ethical manner. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever it operates and implements and enforces effective systems to counter bribery. There were no reported incidents of non-compliance during 2023 (2022: no incidents).

OTHER STAKEHOLDERS CONTINUED

Enhanced disclosure and benchmarking

We have published our third disclosure against the guidance and requirements of the Task Force on Climate-related Financial Disclosures ("TCFD") which are provided on pages 20 to 26.



GRESB – During 2023, PHP completed its fourth submission to the Global Real Estate Sustainability Benchmark ("GRESB"). We received a sector leader award for development, with a score of 92% (2022: 80%) and a four-star rating. Our standing asset score improved to 72% (2022: 58%), although we remained at a one-star rating. We aim for continual improvement in GRESB and view it as a useful tool. However, circa 30% of the available score is very difficult to achieve for a portfolio like PHP's, made up of a large number of smaller healthcare buildings which are largely tenant controlled.



MSCI – In February 2024, MSCI rated PHP as A, retaining our 2022 rating, which was improved from a previous rating of BB. We will continue to engage with MSCI to ensure our rating best reflects the actions we are taking, although the current methodology restricts us in some areas. For example, a large proportion of our environmental score relies on having a high proportion of BREEAM certified assets, which is not an area that we can influence quickly.



CDP – We responded in full for the first time to the CDP climate questionnaire in 2022, receiving a B rating. Our second submission in 2023 significantly improved our underlying scores, retaining a B rating and achieving A levels of performance for several aspects. We see CDP as a key tool to disclose our performance and approach and to help us improve over time. Our rating of B demonstrates we have a high quality approach to managing climate related risks and being transparent in our disclosures and we believe we will achieve an A rating as we deliver on our strategy in the coming years.



EPRA – PHP disclosures are in line with EPRA Sustainability Best Practices Recommendations ("sBPR"). In 2023 PHP achieved a Gold award and a most improved award in recognition of our enhanced disclosures and performance. Our latest disclosures are available in the standalone version of this Responsible Business Report, on our website.

PHP also received an EPRA Best Practices Recommendations Gold award for the 2022 Annual Report.

Non-financial information statement

Following best practice, the Group has included certain non-financial information within the Strategic Report. This can be found as follows:

The Group's business model is on pages 14 and 15 of the 2023 Annual Report.

Information regarding the following matters, including policies, the due diligence process implemented in pursuance of the policies and the outcomes of those policies, can be found on the following pages:

- environmental matters on pages 2 to 11;
- social matters on pages 12 and 13;
- health and safety matters on page 17;
- respect for human rights on page 18; and
- anti-corruption and anti-bribery matters on page 19.

Responsible business and ESG matters have been identified as a principal risk and further details can be found on page 64 of the 2023 Annual Report.

All key performance indicators of the Group are on pages 20 and 21 of the 2023 Annual Report.

The Business Review section on pages 22 to 25 of the 2023 Annual Report includes, where appropriate, references to, and additional explanations of, amounts included in the entity's annual accounts.

Laure Duhot

Chair of the ESG Committee
27 February 2024



Task Force on Climate-related Financial Disclosures

PHP TCFD disclosure for 2023 Annual Report and Accounts

This year, we are making our third disclosure against TCFD guidelines and reporting in line with the TCFD reporting requirements for UK premium listed companies. We have outlined how climate change is incorporated into our governance processes, its impact on our business strategy and planning, our approach to risk management and climate related metrics, targets and commitments we use.

GOVERNANCE

Board oversight

The Board is responsible for the Group's risk management framework, including the consideration of climate related risks and opportunities as part of its wider oversight of responsible business. The Board reviews climate related risks and opportunities within our existing reporting and governance structure (as detailed on page 64 of the 2023 Annual Report) and has established a specific ESG Committee, which is made up of all members of the Board and relevant members of the Executive team to review, plan, approve and act on climate related issues. The Board and ESG Committee's review of key issues typically happens through relevant update papers presented at each meeting from the relevant members of the Executive Committee, through the ESG Committee and the Risk Committee reporting into the Audit Committee.

The Board and members of the Executive team consider climate related issues when setting objectives, in budget setting and through the Board's annual strategic review of the business. The ESG Committee monitors progress against the business' responsible business objectives and key strategic climate related workstreams, including progress towards PHP's NZC commitment (see page 2) at all meetings of the ESG Committee (which meets at least three times a year) and at the annual strategy day, held in October. Climate related issues

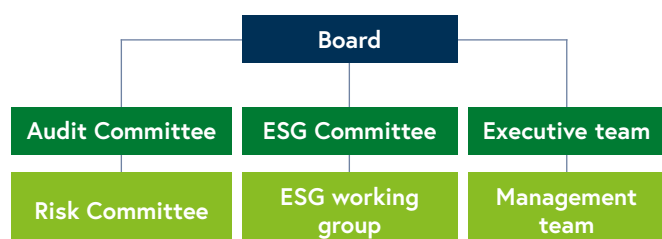
are also considered by the Board and Executive team in key investment, development, asset and property management decision making.

The ESG Committee oversaw and approved PHP's Net Zero Carbon Framework in 2022 and subsequent plans and actions to deliver against it. The Committee reviews and approves the ESG budget each year, with specific allowances in 2023 and 2024 made for climate related work, including energy performance measurement of the portfolio and delivering net zero (operational and embodied) carbon projects for developments and asset management. The Board regularly reviews and approves acquisitions made by the Group and takes into consideration ESG and climate related commitments, specifically minimum EPC ratings and progress towards net zero carbon ready buildings.

Management team's role

The ESG Committee monitors progress on responsible business matters, including climate risks. Implementation and management of responsible business is delegated to the Executive team, with its members leading the ESG working group; other members consist of the ESG Director along with a representative from each of the investment, development, asset management and property management teams. The ESG working group met five times during 2023, to consider progress against commitments and proposals for improvement. Climate related action points included embodied carbon measurement for asset management projects, EPC improvement, operational energy and carbon assessments of buildings and solar PV roll-out. Outside of these meetings, the Executive team ensures that responsible business and ESG targets are delivered or re-evaluated where not achieved and engages throughout the year regarding progress against planned actions. The Executive and management teams make it clear to relevant employees what is expected and required. Where relevant, specific actions or targets form part of both team and individual personal objectives for each year, for example the improvement of EPC ratings. The Executive team also lead engagement and training across the Group on responsible business and ESG matters, including climate related risks.

The Executive and management teams have specific ESG and climate related performance objectives relevant to their roles and area of the business along with other personal performance objectives which are linked to bonuses to incentivise performance.





STRATEGY

PHP's NZC Framework (see page 2) details the five key steps we are taking to achieve an ambitious target of being NZC by 2030 for all of PHP's operational, development and asset management activities and to help our occupiers achieve NZC by 2040, five years ahead of the NHS's target of becoming the world's first net zero carbon national health system by 2045 and ten years ahead of the UK and Irish Governments' targets of 2050. The Responsible Business Report on pages 2 to 11 provides further detail on our strategy, actions taken and progress made in 2023 and objectives for future years to address climate risks, such as improving EPC ratings within the portfolio.

Climate related risks and opportunities

During the year, PHP reviewed its existing analysis of climate risks and opportunities and identified no major changes from its extensive analysis carried out during 2022. During 2023 we have continued to operate in a turbulent economic and political climate, particularly in relation to the UK climate and health policy landscape causing significant uncertainty, including the UK Government's approach to future EPCs and Minimum Energy Efficiency Standards ("MEES"). Despite this, our overarching view on risk and opportunity and our business strategy in relation to climate change has not changed.

PHP's analysis has been carried out with Willis Towers Watson ("WTW") to assess 28 physical and transition risks

and undertake quantitative physical and transition scenario analysis. The analysis included engagement and input from across PHP's operational teams.

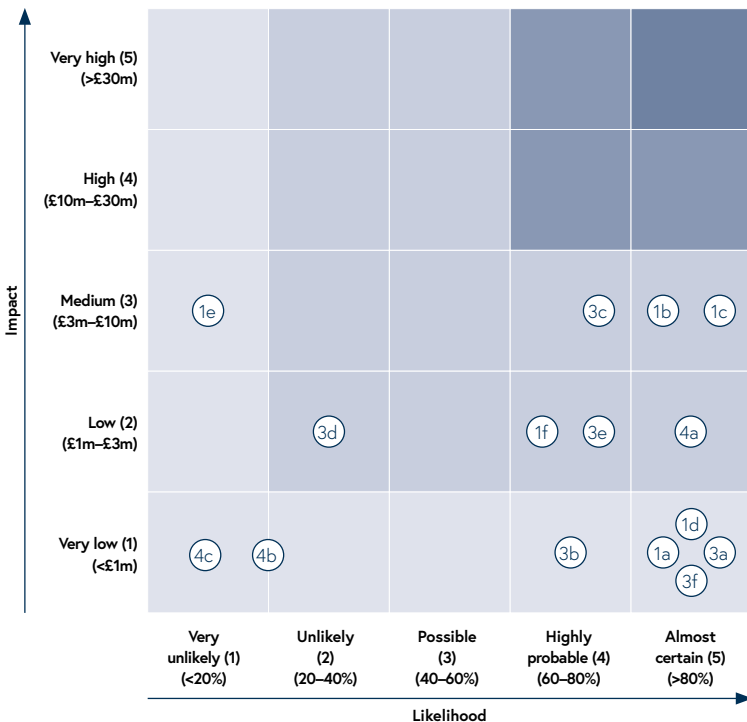
Transition risks and scenario analysis have been assessed over the short (to 2025) and medium (to 2030) term. Physical risks and scenario analysis are assessed over the short, medium and long term (2030–2100). We have not assessed beyond 2030 for transition risks given the high level of uncertainty in determining impacts of transition risks over the longer term.

To assess the potential impact of transition risks, an initial risk screening was carried out, based on PHP's existing identified risks and with input from WTW and in relation to relevant risks for other real estate companies. The impact of transition risks was assessed via workshops with key disciplines within PHP and analysis was carried out by WTW, based on the findings. The potential annualised estimated financial impact associated with risks and opportunities has been quantified where possible and categorised using PHP's risk impact scales, which consider impacts to revenue and/or the balance sheet. Risks are scored 1 (very low) to 5 (very high) with financial impact bands for each level. Risk 2a has not been quantified separately as it is included within the impact of risk 1c.

The current potential climate related risks and opportunities we have identified that could have the most material financial impact are outlined below. We do not, however, believe these impacts are currently material enough to impact our financial statements.

Assessed range of annual impact and likelihood of transition risks

Residual risk on medium term time horizon (2030) under a NZC 2050 1.5°C scenario



Policy

- 1a. Pricing of GHG emissions (PHP)
- 1b. Pricing of GHG emissions (tenant)
- 1c. EPC requirements
- 1d. Enhanced emissions reporting obligations
- 1e. Climate change litigation
- 1f. Increasingly stringent planning requirements

Technology

- 2a. Substitution of existing technologies with lower emissions options (Included in 1c)

Market

- 3a. Increased cost of raw materials
- 3b. Increased cost and availability of electricity (PHP)
- 3c. Increased cost and availability of electricity (tenant)
- 3d. Cost of capital
- 3e. Change in tenant demands
- 3f. Emissions offsets

Reputation

- 4a. Investment risk/opportunities
- 4b. Stakeholder risk/opportunities
- 4c. Employee risk/opportunities

STRATEGY CONTINUED

Climate related risks and opportunities continued

Category	Risk/opportunity	Time frame	Potential £ impact	Business response/mitigation
Transition risks				
<p>EPC requirements and change in customer demands</p> <p>①e ③e</p> <p>Transition risks impacted</p>	<p>The NHS, and the HSE, accounts for 89% of revenue and is targeting to be NZC by 2045.</p> <p>Costs related to meeting proposed Minimum Energy Efficiency Standards ("MEES") and fines associated with non-compliance.</p>	Medium term	Medium (P&L and BS)	<ul style="list-style-type: none"> Commitment to get all properties to a minimum of EPC B by 2030. Group's asset management programme actively targeting reductions in carbon emissions and improving energy/EPC performance. Assets are being extended and refurbished with improvements made to the environmental performance including the installation of LED lights, move away from gas heating and integration of renewable energy generation resulting in improved EPC ratings. The additional costs are reflected in appraisals and typically supported by increased lease terms and increases in rent.
<p>Increasing cost of energy and GHG emissions</p> <p>①a ①b ③b ③c</p> <p>Transition risks impacted</p>	<p>The cost of energy has increased significantly and in the 1.5°C low carbon world scenario GHG emissions pricing will need to be implemented from 2025–2030.</p>	Short–medium term	PHP – low (P&L) Tenants – medium	<ul style="list-style-type: none"> PHP procures energy for a limited number of properties in the portfolio and has operational control over none of the buildings' GHG emissions. Consequently, the risk of energy and GHG pricing from energy consumption is minimal to PHP. To mitigate risk in PHP's value chain, embodied and supply chain carbon are being measured, and actions put in place to minimise and reduce these over time. Tenants are responsible for their own energy bills and large increases in pricing have a significant impact on them, which could adversely impact the desirability of our assets. Improving the energy efficiency and reducing the carbon emissions from buildings mitigates these risks, helping tenants to save money in the long term.
<p>Restricted access to capital</p> <p>③d</p> <p>Transition risks impacted</p>	<p>Investors and debt providers only willing to invest in climate resilient businesses.</p>	Medium–long term	Low (P&L)	<ul style="list-style-type: none"> PHP has a strong and clearly articulated NZC Framework and strategy developed with clear targets for reduction of direct and indirect emissions and to reach NZC in the future. Strong stewards of underinvested key social infrastructure assets delivering healthcare and wellbeing to the UK and Irish populations. Green loan framework developed for several existing and future loan facilities and ongoing engagement with lenders.
Physical risks				
<p>Flood risk (current and future climates)</p>	<p>Losses from assets located in high flood risk zones, primarily the costs of repair and business interruption, reflected in increased insurance costs.</p>	Long term	Low (medium for potential uninsured losses under high emissions scenario) (P&L)	<ul style="list-style-type: none"> PHP has flood alleviation and response plans in place, is appropriately insured and assesses these risks for any new developments and acquisitions. Under current climate conditions, 9 sites have a moderate risk and 15 sites have a very high risk from flood. This equates to under 5% of total asset value. Our remaining assets have a very low exposure. In a future high emissions climate scenario, the number of sites does not increase, but the potential frequency and severity of floods increase.

STRATEGY CONTINUED

Climate related risks and opportunities continued

Category	Risk/opportunity	Time frame	Potential £ impact	Business response/mitigation
Physical risks continued				
Increased severity and frequency of extreme weather events and windstorms	Increased costs to develop climate-resilient properties and physical damage requiring repair. Costs of business interruption, reflected in increased insurance costs.	Medium term	Low (medium for potential uninsured losses) (P&L)	<ul style="list-style-type: none"> All assets in the portfolio are insured for physical damage and loss of rent with cost of insurance predominantly recovered from occupiers. Mitigation strategies in operation at assets with identified potential risk. Comprehensive business continuity plan in place and commitment to repeat physical risk impact and scenario analysis periodically.
Heat stress (future climates)	The UK has very low exposure to heat stress today, increasing beyond 2050 under the 4°C scenario. Costs associated with retrofitting buildings to mitigate overheating and tenant discomfort.	Long term	Low (P&L)	<ul style="list-style-type: none"> Sensitivity analysis for heat stress has determined that the overall risk is low. Approximately 10% of PHP's buildings have air conditioning and therefore additional cooling may be necessary in the future. PHP also monitors instances of overheating and works with tenants to mitigate this.
Opportunities				
Change in tenant demand	The NHS is aiming for net zero and primary healthcare tenants will increasingly covet or insist on low carbon, sustainable buildings.	Short-medium term	Medium (P&L and BS)	<ul style="list-style-type: none"> PHP's strategy to improve the performance of buildings via asset management and NZC developments will maximise rental income in the future. Existing buildings brought up to modern, low carbon standards will be best placed to achieve occupier contentment and lease renewals and attract the highest rents, performing closer to newly built properties.
Substitution of existing technologies	Potential to help tenants reduce their carbon footprint and their energy costs via introduction of new low carbon technology to buildings.	Medium	PHP – low (P&L) Tenants – medium	<ul style="list-style-type: none"> Introducing renewable energy as part of lease re-gears will help PHP to secure high quality, long term income from tenants. Supporting and enabling tenants to make use of on-site renewable energy, in particular solar, can reduce tenant costs. Review of entire portfolio for solar potential and active targeting of installation to suitable properties via different delivery models.

Scenario analysis

In 2022, WTW undertook a physical climate risk assessment of the Company's portfolio on an asset-by-asset basis, assessing exposure to a range of acute and chronic climate risks and a transition risk assessment based on PHP's current corporate strategy and action planning.

For Physical risks, each is assessed against different scenarios and potential impact is scored 1-5 with scoring for each different physical risk based on Munich RE models and projections. For example, flood risk is scored 1-5 where 1 indicates a minimal flood risk and 5 indicates an asset in a known flood zone with a 1 in 100-year return period.

Our Scenario analysis has been based on the Representative Concentration Pathways ("RCP") designed by the IPCC in their Fifth Assessment Report ("AR5"), which are mapped to the latest IPCC AR6 report's Shared Social Economic Pathway ("SSPs") scenarios. The methodology evaluates risks and opportunities for PHP's business under three plausible climate scenarios: a 'low carbon world' 1.5°C scenario (for physical and transition risks), 2-3°C scenario and a 4°C scenario (for physical risks only)¹.

These scenarios have been chosen as the best available at the time of assessment. In particular the 'low carbon world' scenario represents the greatest potential transition risks for PHP and the 'hot house world' scenario the greatest physical risks to PHP's portfolio.

STRATEGY CONTINUED

Scenario analysis continued

In the low carbon world scenario, limiting global warming to 1.5°C will be achieved through stringent climate policies, innovation and demand-led change, where global net zero CO₂ emissions will be reached around 2050. The scenario assumes proactive and sustained action to reduce carbon emissions over the next 30 years to build a low carbon economy. It assumes a carbon price of \$130/tCO₂ by 2030, low growth in material consumption and increasing consumer pressure on businesses to drive sustainability.

The Hot House World Scenario is aligned with RCP 8.5. It envisions that, due to limited government policy and international effort, emissions continue to grow and consequently global warming exceeds 4°C temperature rise by the end of the century. The scenario assumes current policies promoting sustainability are removed, there is no carbon pricing and there is increasing adoption of resource and energy intensive lifestyles around the world. As a result, economies fail to transition to a low carbon world and the physical impacts of climate change become increasingly severe.

There is assumed to be longer and more severe heatwaves and droughts and there is an increase in frequency and severity of flooding and other natural catastrophic events.

We regularly review risks internally and will reassess risks and perform scenario analysis on a periodic basis (currently every three years, reflective of changes to real estate climate models, policy, regulatory, market and technology advances).

¹ This is in line with the Intergovernmental Panel On Climate Change ("IPCC") Representative Concentration and Shared Social Economic Pathways ("RCPs" mapped to "SSPs") RCP 2.6 ("SSP1"), RCP4.5 ("SSP2") and RCP 8.5 ("SSP5") respectively.

Resilience of the business to scenarios

By delivering on the strategy put in place by PHP and commitments and actions outlined in its Net Zero Carbon Framework, and given the low exposure to physical climate risks and relatively low potential financial impact, the business is resilient to the assessed scenarios under current conditions.

Based on our asset specific assessment of physical hazard exposure, our portfolio's exposure to all physical climate impacts is low. Our exposure to material levels of flood risk is limited to 5% of properties (by value). We regularly review flood risks of standing assets, have plans and appropriate levels of insurance in place for them and consider resilience to long term flood risk for any new acquisitions or developments.

In the post 2030 scenarios assessed, only flood and windstorm risk was assessed as somewhat "material" under the 4°C scenario. We view heat stress as a potential risk given the nature of our buildings and the desire to offer optimum comfort levels for our healthcare related buildings. PHP is already addressing instances of overheating in today's climate by working with our tenants and taking remedial action where necessary. When refurbishing buildings we consider overheating through the addition of solar shading, insulation and, where needed, energy efficient cooling.

Through our Net Zero Carbon Framework and commitments and our asset management activities, we have a robust approach to meeting energy efficiency, EPC and carbon

performance requirements that are expected as part of the low carbon world 1.5°C scenario. Our strategy also supports PHP's ability to meet or surpass the NHS's net zero commitments. During 2023, we have carried out an analysis of the newly published NHS Net Zero Carbon Building Standard against our current approach and requirements for new build and refurbishment and intend to align our projects where relevant.

Under a high emissions scenario from the 2050s, drought stress and heat stress increase and become a moderate risk which could impact water scarcity and tenant wellbeing; however, in the short term or under a low emissions scenario, these risks are relatively low. We will continue to assess potential risks in due diligence for future acquisitions and to make appropriate adaptations where required.

Impact on business strategy and financial planning

Climate related risks and opportunities impact and inform PHP's business strategy for asset management and refurbishment, property management, development and acquisition of buildings.

The Group's continued focus on flexible, modern primary care properties, which generally have low energy consumption, means the overall carbon footprint of the portfolio is minimised. In addition, the Group's continued investment in asset and property management initiatives, means that its typically slightly older and less energy efficient assets being upgraded, where feasible to the latest energy efficient standards.

We are improving and adapting our assets to be more resilient to climate change through maintenance, energy efficiency upgrades and the provision of renewable energy supplies for the Group's occupiers. Furthermore, whilst development is only a small part of our activities, we are focusing on the energy and carbon performance of our developments including measuring, minimising and offsetting residual embodied carbon impacts. We have commenced construction on the Group's first net zero carbon development and are aiming for all new developments to be net zero by 2025. During 2023 we have financed and implemented a number of actions to deliver our strategy, including bringing forward work towards net zero for asset management, targeted reassessment of buildings' EPC ratings, committing further investment in energy data capture from buildings, funding net zero audits of buildings, extending our carbon measurement to include purchased goods and services, and achieving certification via Toitū Carbon Reduce and ISO 14064.

During our investment process, we review the locational flood risks, the building fabric and the energy efficiency of potential acquisitions and current assets to understand the climate related risks and costs involved in mitigating those risks.

These actions help to future-proof our buildings and allow us to take advantage of opportunities with the NHS, and our other occupiers, as it transitions towards net zero carbon with its multi-year plan to become the world's first NZC national health system by 2045 and with an ambition for an interim 80% reduction by 2036–2039.

By improving occupier contentment, we enhance the desirability and value of our assets together with our reputation with the NHS and GP occupiers.

RISK MANAGEMENT

Approach to identifying and assessing climate risks

PHP assesses climate risks alongside other business risks but also specifically as part of a dedicated climate risk management process. A climate risks and opportunities register is reviewed and updated by the ESG working group and the ESG Committee along with the Risk Committee reporting to the Audit Committee.

The most material (highest scoring) risks are pulled out and action plans put in place, which are reviewed by the Risk and ESG Committees. The longlist of risks is revisited annually to ensure changes, such as to regulation, market or customer demand, have not altered the likelihood or potential impact of the less material risks.

In identifying and assessing the impact of risks, we consider impacts to PHP's direct operations and stakeholders, including our supply chain, partners and tenants. The size and scope of risks are assessed using the internal expertise of our teams supplemented by data relating to impact where available, for example spend data, GHG emissions and energy and any associated future projections. The potential financial impact is estimated and quantified against defined impact scales and value bandings.

To supplement our approach, PHP engages with expert advisers such as WTW, Carbon Trust and MSCI, accessing the latest climate science and transition data sets, to further assess and understand potential risks, quantify potential impacts and consider planned and potential actions to address risks posed by climate change.

Approach to managing climate risks

The Company's overall approach to risk management, including management of climate related risks, is set out on pages 60 to 66 of the 2023 Annual Report.

Strategic risks are recorded in a risk register and are assessed and rated within a defined scoring system. The Risk Committee reports its processes of risk management and rating of identified risks to the Audit Committee. The risk register is reviewed and updated twice annually by members of the Risk Committee, and assesses inherent risks the business faces, as well as the residual risk after specific safeguards, mitigation and/or management actions have been overlaid. The risk register forms an appendix to the report which details risks that have (i) an initial high inherent risk rating, and (ii) higher residual risk ratings. The Audit Committee in turn agrees those risks that will be managed by the Executive and management teams and those where the Board will retain direct ownership and responsibility for managing and monitoring.

The Board has also undertaken a robust assessment of the emerging and principal risks faced by the Group that may threaten its business model, future performance, solvency or liquidity and its ability to meet the overall objective of the Group of delivering progressive returns to shareholders through a combination of earnings growth and capital appreciation. The Group has identified "responsible business" as a principal risk which includes environmental issues but a specific climate change risk is still considered to be emerging within the risk management process.

As a response to these risks, PHP developed and launched the NZC Framework, which reduces the overall inherent risk to a much smaller residual risk, should the framework be implemented successfully over time. Business planning and strategy now take into account the commitments set out in the framework and key decisions are made with these commitments in mind, primarily decisions related to investment, development and asset management activities.

Integration with wider corporate risk management process

Responsible business, including climate change, is one of the principal risks faced by the Group as set out on page 64 of the 2023 Annual Report. Climate related risks and opportunities are identified and assessed as part of our risk management framework and are considered by the Board which recognises that this is an increasingly important area.

The Executive and management teams assist the Board in its assessment and monitoring of operational and financial risks. A Risk Committee is formed of members of the senior management team and chaired by the Chief Financial Officer, who is experienced in the operation and oversight of risk management processes, with independent standing invitees attending throughout the year.

The Audit Committee reviews the Group's systems of risk management and their effectiveness on behalf of the Board.

METRICS AND TARGETS

Details of PHP's target to achieve NZC across operational, development and asset management activities by 2030 and to help our occupiers achieve NZC by 2040 are set out on page 2.

Relevant material energy and carbon metrics include EPC ratings for our standing assets which are tracked and reported below along with revenue from BREEAM certified buildings and rental increase from energy efficient refurbishments. These directly link to our targets to achieve NZC, and minimum EPC and BREEAM ratings, set out in our Responsible Business Report on pages 2 to 11. At present, PHP does not have an internal carbon price. Under the Directors' remuneration, for the 2024 LTIP, an environmental metric linked to improving portfolio EPC ratings has been included with a weighting of 15%. Senior management's annual bonuses also have wider ESG objectives. This is set out in more detail on page 98 of the 2023 Annual Report.

We measure and disclose Scope 1, 2 and 3 emissions on pages 10 and 11 and in our EPRA sustainability disclosures within the Responsible Business Report. Our most material Scope 3 emissions are included, with the exception of capital goods (embodied carbon), which will be reported for projects in the future when they are completed. We also measure and track flood risk across the portfolio based on asset value. These metrics are consistent with cross-industry climate related metrics for GHG emissions, and transition and physical risks and opportunities.

We also report our GRESB benchmark performance score and responded for the second time in 2023 to the CDP climate programme with results set out in our Responsible Business Report. We will review our metrics and targets annually and update for future TCFD disclosures.

METRICS AND TARGETS CONTINUED

Financial category	Climate category	Metric	Unit	2023	2022	
Revenues	Products and services	Revenue from BREEAM Very Good and Excellent properties	% revenue	15%	15%	
	Products and services	Revenue from DEC A–C rated properties	% revenue	47%	44%	
	Products and services	Rent increase from completed AM projects with energy improvement measures	£k	211	289	
Assets	Energy source	Portfolio energy data coverage (by m ²)	%	75%	60%	
	Energy source	Electricity procured by PHP from renewable sources	%	97%	76%	
	Policy and legal	EPC A		% asset value	12%	9%
		EPC B		% asset value	30%	26%
		EPC C		% asset value	43%	46%
		EPC D		% asset value	13%	15%
		EPC E–F		% asset value	2%	4%
Extreme weather	Portfolio value assessed as at material exposure to flood risk	%	5%	5%		

COMPLIANCE STATEMENT

PHP confirms that:

1. We believe our climate related financial disclosures for the year ended 31 December 2023 are consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations and Recommended Disclosures (as defined in Appendix 1 of the Financial Conduct Authority Listing Rules). Concerning 4b (relating to our Scope 3 emissions), we have assessed all 15 categories but only disclose our material emissions, which are from downstream leased assets and purchased goods and services.
2. Our annual disclosures are contained on the previous pages and in the Responsible Business Report on pages 2 to 11, including commentary on data gaps and performance improvement measures. Further details on our policies and approach to responsible business are also available on our website.
3. We believe that the details of these climate related financial disclosures are conveyed in a decision-useful format to the users of this report.

EPRA Sustainability Best Practice Recommendations

Compliance tables and narrative 1 January – 31 December 2023

EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS

1. Introduction

PHP has prepared this disclosure against the EPRA Sustainability Best Practices Recommendations ("sBPR") guidelines, following the requirements as closely as possible.

This disclosure should be read in conjunction with PHP's 2023 Responsible Business Report, which provides further information and detail on our approach and commitments to sustainability.

2. Environmental performance

2.1 Landlord obtained

EPRA sustainability performance measures – environment (landlord obtained)										
Impact area	EPRA code	Unit of measure	Indicator	Absolute (Abs)			Like for like (LfL)			
				2023	2022	% change	2023	2022	% change	
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	For landlord shared services (sub) metered exclusively to tenants	5,736,657	5,296,562	+8%	5,304,235	5,284,616	+0%
				Total landlord obtained electricity	5,736,657	5,296,562	+8%	5,304,235	5,284,616	+0%
				Proportion electricity from renewable sources (%)	97%	76%	+21%	97%	63%	+34%
	Fuels-Abs, Fuels-LfL	kWh	Fuels	For landlord shared services (sub) metered exclusively to tenants	6,780,346	6,236,864	+9%	5,827,803	6,146,610	(5)%
				Total landlord-obtained fuels	6,780,346	6,236,864	+9%	5,827,803	6,146,610	(5)%
				Proportion of fuels from renewable sources (%)	—	—	—	—	—	—
	Energy-Int	kWh/m ² /yr	Energy intensity	Landlord-obtained energy	76	74	+3%	72	74	(3)%
	No. of applicable properties			Energy and associated GHG disclosure coverage	57	54	+6%	52	52	—
	%			Proportion of energy and associated GHG emissions estimated	—	—	—	—	—	—
	Greenhouse gas emissions	GHG-Dir-Abs	tonnes CO ₂ e	Direct	Scope 1	—	—	—	—	—
Indirect				Scope 2	—	—	—	—	—	—
Indirect				Scope 3	2,428	2,163	+12%	2,164	2,144	+1%
GHG-Int		kg CO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3	14.8	13.8	+7%	14.0	13.9	+1%
			GHG emissions intensity	Scope 1, 2, 3 market based	7.8	8.8	(12)%	7.1	9.7	(27)%
Water		Water-Abs, Water-LfL	m ³	Water	Landlord-obtained water	23,141	15,829	+46%	19,800	15,726
	Water intensity				Landlord-obtained water	0.40	0.24	+68%	0.38	0.30

EPRA Sustainability Best Practice Recommendations continued

Compliance tables and narrative 1 January – 31 December 2023

2. Environmental performance continued

2.1 Landlord obtained continued

PHP procured energy for 57 properties in 2023 (2022: 54) either directly or via an agent working on our behalf. All these properties are included in the above report, with estimates limited to only part missing data during the year. For like for like performance, we have excluded acquisitions and sales and those properties for which we did not procure energy for over the two-year period consistently.

The amount of whole building energy procured by PHP varies per property, with some being 100% and others being as low as 5%. All energy consumption is controlled by tenants and is treated as a Scope 3 emission, based on operational control following the Green House Gas Protocol ("GHGP") definition.

PHP procures very little water for properties and has limited influence over how water is used. Primary health care buildings are not generally water intensive but when we refurbish buildings, we install water efficient fittings.

PHP is also committed to sourcing all electricity from renewable sources, including the energy procured for tenants. During 2023, one supply had yet to be switched due to being procured by an agent with existing contracts which make use of preferential NHS rates for the tenants. We will switch the supply when able. However, we now procure 97% of electricity from renewable sources.

PHP also carried out asset and facilities management activities during the year which should impact consumption and emissions going forward. This includes the refurbishment of one asset which included improvements to fabric efficiency, removal of gas and installation of Air Source Heat Pumps.

Disclosure of PHP's corporate emissions is contained in our SECR disclosure on pages 10 and 11 of the Responsible Business Report. Corporate emissions are from PHP's two offices (London and Stratford Upon Avon) and business travel by car. At the start of 2023 we acquired Axis Technical Services ("Axis") in Ireland and their emissions are now included in our reporting, coming from their one office in Cork, employee business travel by car and a small fleet of vans.

During 2023 we carried out a wider Scope 3 screening activity, assessing all 15 categories of Scope 3 emissions as defined by the GHGP Corporate Value Chain (Scope 3) Standard. Category 1 Purchased Goods and Services was deemed to be material and we have disclosed these emissions for 2022 and 2023 on page 10 of the Responsible Business Report. These emissions are from the goods and services used to run the business, including for property management, asset management and corporate activities e.g. financial and legal services. Category 2, Capital Goods (where we include embodied carbon) will be reported in the future.

Further details of our approach to carbon reduction and sustainability of our assets is provided in the 2023 Responsible Business report.

2.2 Whole Portfolio and Tenant obtained

Impact area	EPRA sustainability performance measures – environment (whole portfolio)			Total portfolio Absolute performance (Abs)		
	EPRA code	Unit of measure	Indicator	2023	2022	
Energy				Whole portfolio	54,492,247	52,219,538
	Elec-Abs, Ele-Lfl	kWh	Electricity	Proportion of electricity from renewable sources	10.2%	7.7%
	Fuels-Abs, Fuels-LfL	kWh	Fuels	Whole portfolio	68,696,972	81,526,847
				Proportion of fuels from renewable sources	—	—
	Energy-Int	kWh/m ² /yr	Energy intensity	Whole portfolio	151	163
			No. of applicable properties	Energy and associated GHG disclosure coverage	514	526
			%	Proportion of energy and associated GHG emissions estimated (from portfolio benchmark)	25%	40%
				Scope 1	—	—
				Indirect	—	—
				Scope 2	—	—
Greenhouse gas emissions	GHG-Dir-Abs	tonnes CO ₂ e	Direct	Scope 3	23,851	24,980
	GHG-Indir-Abs	tonnes CO ₂ e	Indirect	Market based	22,698	24,199
	GHG-Int	kgCO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3	29.3	30.4
	GHG-Int	kgCO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3 market based	27.9	29.5

2. Environmental performance continued

2.2 Whole Portfolio and Tenant-Obtained continued

The majority of carbon emissions from PHP's portfolio come from our tenants' use of energy, that they procure and control. During 2023 we continued to measure and have worked to improve the visibility of the energy and carbon performance of the wider portfolio.

The table presents the estimated carbon emissions and energy use of the entire property portfolio (including the landlord obtained energy reported above, tenant procured and estimated data).

We have presented two years of data, although also assessed 2021 emissions, which were estimated at 28,001 tCO₂e (this has been further refined since our 2022 disclosure). For 2023, we are showing a decrease in the number of estimates used, in particular for gas consumption at properties where we previously had no data and estimates were made from benchmarks.

There are gaps remaining, including renewable energy consumed (from on or offsite sources). We do not have details of the type of energy procured by tenants. While we have buildings with Solar PV installed, we only have access to data from two properties for 2022 and 2023. This is something we hope to increase going forward (as we have 50 or more properties with solar PV already installed).

During 2023 we entered into partnership with ARBNCO to move towards 100% data coverage and to avoid the use of estimates. We expect to begin receiving increasing amounts of data during 2024. This will be based on the energy tenants actually procure from the grid.

We continue to deliver asset management projects which will reduce energy consumption and emissions going forward. With improved capture of data, we will be able to demonstrate reductions over time.

2.3 Sustainably Certified Assets

Impact area	EPRA code	Unit of measure	Indicator	2023	2022	% change	
Sustainably certified assets	Cert-Tot	Total properties	BREEAM	No. of properties with a rating	71	70	+1%
		% total asset value	BREEAM	Excellent or Very Good (NC and RFO)	16%	16%	—
		%	EPC rating	% of portfolio (by no.) with a rating	100%	100%	—
				A	12%	9%	+3%
				B	30%	26%	+4%
		% asset value	EPC rating	C	43%	46%	(3)%
				D	13%	15%	(2)%
				E	2%	4%	(2)%
		Total properties	DEC rating	No. of properties with a rating	386	362	+7%
		% portfolio area	DEC rating	A–C	71%	67%	+4%

We target BREEAM Excellent for new developments in the UK and Very Good for asset management projects over £1million in value (where the refurbishment covers the whole building) unless there is an NHS requirement to target BREEAM for lower value projects. We have many assets that were not certified at the time of construction or where we lack records of any certification being achieved.

All properties have an EPC rating, and we aim to improve all properties to at least a B rating by 2030. The performance of these properties is improved when tenants introduce changes or when PHP carries out refurbishments as part of asset management and lease renewals. During 2023 all refurbishment projects achieved an EPC rating of B, retained their B rating (under the newest SBEM software) or where for only part of a building, achieved a unit level EPC B rating.

During 2023 we carried out targeted reassessments of properties where we identified they may be performing better than their current EPC rating. This, along with EPC renewals and asset management projects, has contributed to a significant improvement in the proportion of A–B ratings in the portfolio, to 42% (2022: 35%).

We also track DEC ratings as these are based on the operations of our buildings by tenants. Many of our properties have DEC and we engage with tenants to ensure they have them in place and that they are valid, where required. We track, report, and hope to help support a growing proportion of building ratings between A–C, as these are seen as better than typical building performance in the UK.

EPRA Sustainability Best Practice Recommendations continued

Compliance tables and narrative 1 January – 31 December 2023

3. Social performance

Impact area	EPRA sustainability performance measures – social			Corporate performance 2023	
	EPRA code	Unit	Indicator	Male	Female
Diversity	Diversity-Emp	No. (%)	Board	4 (57%)	3¹ (43%)
			Executive Committee	3 (100%)	— (0%)
			Directors	4 (100%)	— (0%)
			Associate Directors	1 (17%)	5 (83%)
			Associates and Senior Surveyors	9 (60%)	6 (40%)
			Other	11 (39%)	17 (61%)
			Total	32 (52%)	30 (48%)
	Diversity-Pay	%	Board NEDs	65%	35%¹
			Board – Executive	100%	0%
			Executive Committee	100%	0%
			Directors	100%	0%
			Associate Directors	49%	51%
			Associates and Senior Surveyors	48%	52%
Other			48%	52%	
Diversity-Bonus	%	Board NEDs	n/a	n/a	
		Board – Executive	100%	0%	
		Executive Committee	100%	0%	
		Directors	100%	0%	
		Associate Directors	50%	50%	
		Associates and Senior Surveyors	63%	37%	
		Other	48%	52%	
Employees	Emp-Training	Hrs	Total hours training	460	
			Avg. training hours per employee	7.9	
	Emp-Dev	%	% of employees receiving regular appraisal	100	
			New hires	1	
	Emp-Turnover	No.	Leavers	9	
Turnover rate			15		
Health and safety	H&S-Emp	Per hrs worked	Injury rate	—	
			Lost day rate	—	
			Avg. days per employee	n/a	
	H&S-Asset	%	Total number	—	
			Fatalities	—	
H&S-Comp	No.	% of assets assessed	100		
		No.	Instances of non-compliance	—	

1 This includes Dr Bina Rawal, who was appointed as Non-executive Director on 27 February 2024.

We have not included numbers for Axis in Ireland in the above table. Their structure is different and does not relate in terms of roles and titles. However, we have collated data for Axis as follows:

- Gender diversity was 21 male and seven female. All four Directors are male.
- Gender pay-gap was 58% male and 42% female.

3. Social performance continued

During 2023 several improvements have been made including promotions for ten team members (five each of male and female), rationalisation and alignment of job titles to clarify seniority, reporting lines and identify clearer career paths and creation of a new level of seniority 'Associate Director, Head of Department' created for the Asset Management, Property and Facilities Management teams.

We also commenced a mentoring programme with eight staff (four mentees and four mentors) taking part.

A full description of PHP's approach to social sustainability is provided from page 13 of the 2023 Responsible Business Report. From page 12 are details of our commitments to improve health and support community initiatives and from page 14 details of our approach to equality diversity and inclusion, employee development and health and safety.

The training hours reported above relate to personal development training only. Overall PHP spent £60,500 on training or £1,040 per employee, including support for employees' professional qualifications.

4. Governance

Impact area	EPRA code	Unit	Indicator	2023
Board composition	Gov-Board	No.	Executive Board members	2
		No.	Independent Non-executive members	4
		Years	Average tenure on governing body	8.0
		No.	Members of Board with environmental and/or social competencies	2
Board selection	Gov-Select	Description	See pages 84 and 85 of 2023 Annual Report	
Managing conflicts of interest	Gov-Col	Description	See page 86 of 2023 Annual Report	

A full description of PHP's approach to corporate governance is provided from page 68 of the 2023 Annual Report.

The Board has a wide range of skills and experience covering both environmental and social sustainability. In particular, Non-executive Director and Chair of the ESG Committee, Laure Duhot, has extensive experience of sustainability within an investment and real estate context and Non-executive Director Ivonne Cantú is currently the Director of Investor Relations, Communications and Sustainability, as well as a member of the executive management team and the sustainability committee of Benchmark Holdings Limited.

5. Overarching recommendations

We have followed the overarching recommendations as closely as possible. Please find an overview of our approach, methodologies, and any exclusions below.

5.1 Organisational boundaries

This report covers all activities PHP is involved in and all properties within our portfolio. PHP opts to take an operational control approach to the measurement of environmental impacts. So while we have not purposefully excluded any properties in our portfolio or any part of our business, we lack operational control in most cases.

This means that the bulk of energy and GHG emissions are tenant controlled, although PHP can influence these through support, engagement, and direct intervention when refurbishments take place. For issues such as waste generated at properties, PHP has no oversight, control or say in how waste is managed by tenants.

At the start of 2023 we acquired Axis Technical Services in Ireland. We have included metrics related to Axis' activities in Ireland in our reporting. Axis manage PHP's property portfolio in Ireland and therefore these buildings were already included in our landlord and tenant obtained reporting tables.

EPRA Sustainability Best Practice Recommendations continued

Compliance tables and narrative 1 January – 31 December 2023

5. Overarching recommendations continued

5.2 Coverage

We have indicated the coverage of data across our property portfolio within the preceding sections, alongside the performance data.

We aim to include all properties within our portfolio, where relevant environmental and social metrics apply.

Where we have data gaps, we use estimates to provide us and our stakeholders with as complete a picture of performance and impact as possible. We disclose and aim to improve data quality on an ongoing basis.

We have excluded some indicators which we feel do not apply to PHP, either due to the fact we take an operational control approach, or the indicator is not seen as material.

EPRA code	Indicator	Reason for exclusion
DH&C-Abs, DH&C-LfL	District heating and cooling	We are not aware of any properties that are connected to district heating and cooling networks. For the small proportion of tenant-controlled properties that are part of a wider multi-use development, that may have some provision of DH&C, we do not view this as material.
Waste-Abs, Waste-LfL	Total weight of waste by disposal route	PHP procures minimal waste services for properties within the portfolio and has little to no influence on the generation of waste or the route by which waste is disposed i.e. recycling or landfill.
Comty-Eng	% of assets with a community engagement programme or impact assessment	PHP's assets are controlled by tenants and therefore we have no base from which to operate asset specific community engagement programs. Our buildings are primary health care centres and as such have extensive engagement with the local community by tenants.

5.3 Estimation of landlord-obtained utility consumption

No landlord obtained utilities are estimated, except in the case of intermittent estimated readings of meters by utility providers e.g. where a meter has been faulty for a period of time. Where we identify faulty meters or billing inaccuracies, we engage with suppliers to rectify these. If any significant mistakes are identified, we update our previous reporting accordingly.

Estimates are used for tenant obtained utilities, based on past metered or certified data or based on average energy intensity of buildings in the portfolio, for which we have performance data. A 15% uplift is added to all estimated data to account for potential inaccuracies.

5.4 Third Party Assurance

PHP is certified to Toitu Carbon Reduce and ISO 14064 (via Achilles). We obtained certification during 2023 and limited assurance for our 2022 data set. We are undergoing recertification currently and our 2023 data set will receive limited assurance once complete. The reason for limited as opposed to reasonable assurance is the use of estimates and proxy data for Scope 3 emissions (from downstream leased assets and purchased goods and services), although auditors have commented on the robust approach taken by PHP.

5.5 Normalisation

PHP uses normalisation to assess the intensity of energy consumption and GHG emissions over time. Energy and GHG emissions are normalised by property floor area. For landlord obtained energy this uses the total floor area ("GIA") of buildings, as PHP does not have any onsite 'area' or presence that can be separated out from the whole building.

5.6 Segmental analysis

Given that PHP's portfolio is largely made up of the same property type, Primary Health Care Centres, we do not segment data by property type. PHP's property portfolio is mostly located in the UK and Ireland with 493 and 23 properties respectively as at 31 December 2023. We may consider segmenting by geography over time if the Irish portfolio continues to grow.



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