SEGRO

Responsible SEGRO Report and Data Pack 2022

Enabling extraordinary things

Introduction

Thank you for your interest in the detail behind SEGRO's efforts to be responsible in everything we do.

We publish this Responsible SEGRO Report and Data Pack annually, and it has two main functions above that of our Annual Report & Accounts:

1
To provide more detail to stakeholders on our targets, initiatives and progress to reduce our carbon footprint, invest in our local communities and nurture talent

2
To provide in-depth data to allow SEGRO's progress to be benchmarked by organisations such as the European Public Real Estate Association, the Sustainability Accounting Standards Board and the Financial Conduct Authority

In this report, you will find information such as:

- Our Responsible SEGRO commitments, the metrics we use to track progress and how we did in 2022
- Our full Scopes 1 to 3 carbon footprint
- Our Corporate and Customer carbon reduction targets and how we are working with our customers to achieve them
- Our targets for reducing the embodied carbon of our developments and how we are working with our contractors to achieve them
- The energy ratings and sustainability certification of our buildings
- Our staff make up and engagement levels
- Our community engagement activities and achievements

There is also a full account of SEGRO's response to the risks and opportunities that the climate agenda presents in appendix X, aligned to the recommendations of the Task force on Climate-Related Financial Disclosures.

If you come across any terms that are not familiar to you, there is a glossary in appendix XIII.

SEGRO European Logistics Partnership (SELP) is a 50-50 joint venture between SEGRO and the Public Sector Pension Investment Board (PSP Investments), established in 2013 to own big box warehouses in Continental Europe. The information in this report covers all assets managed by SEGRO, including those owned by SELP. Environmental statistics related to SELP properties can be found in the SELP Annual Reports at www.selp.lu.

Contents

Responsible SEGRO commitments

ESG is taken very seriously at SEGRO. Responsible SEGRO demonstrates how our environmental and social contributions are embedded within our business strategy and are fundamental to how we enable extraordinary things to happen – whether that is the space that we create for our customers or enabling our people and the communities and environment close to our warehouses to flourish.

We are committed to being a force for societal and environmental good and this has been at the heart of how our business operates since it was founded. It has been instrumental in the success of the Company over our first century and will be just as important for the next. This commitment is led by our Board but lived by SEGRO colleagues every day. It is about doing the right thing and making a positive impact wherever we operate. We have long-held commitments to leadership in health and safety, stakeholder engagement, corporate governance and being a good corporate citizen. Our Responsible SEGRO framework helps us to articulate our sustainability goals and address our stakeholders' most material concerns. Within this we have focused on three enduring strategic priorities, which were determined through engagement with our stakeholders, and prioritised the areas where we believe we can make the greatest business, environmental and social contribution.

These priorities are:

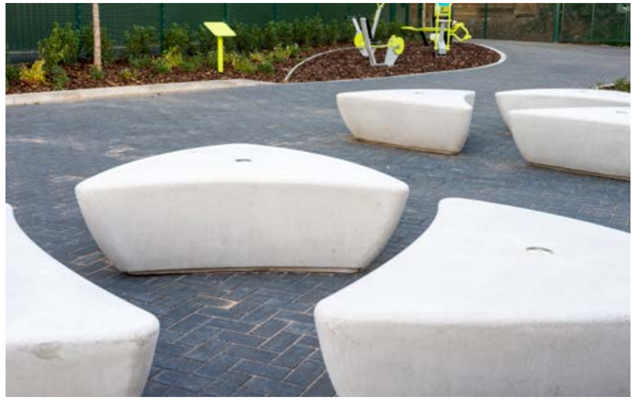
Championing low-carbon growth;

Investing in our local communities and environments; and

Nurturing talent

For each of these areas we have established challenging targets that are linked to six non-financial KPIs. During 2022 we linked these KPIs to the performance of every employee, with the degree of influence over additional remuneration varying depending on seniority. We intend to set additional, more specific, supporting targets as necessary and expect our actions and approach to evolve over time to reflect our achievement, technological change and the priorities of our stakeholders and wider society.

In short, we will continue to responsibly create the space which enables extraordinary things to happen for many years to come.



Responsible SEGRO commitments continued

Responsible SEGRO commitments

	Championing low-carbon growth	Investing in our local communities and environment	Nurturing talent
Context	SEGRO recognises that the world faces a climate emergency and we are committed to playing our part in tackling climate change, by limiting global temperature rise to less than 1.5°C, in tandem with growth in our business and the wider economy.	SEGRO is an integral part of the communities in which it operates, and we are committed to contributing to their long-term vitality.	SEGRO's people are vital to and inseparable from its success, and we are committed to attracting and retaining a diverse range of talented individuals in our business.
Targets	We will be net-zero carbon by 2030.	We will create and implement Community Investment Plans for every key market in our portfolio by 2025.	We will increase the overall diversity of our own workforce throughout the organisation.
Actions	We will aim to reduce carbon emissions from our development activity and the operation of our existing buildings, and eliminate them where possible. We will implement plans to absorb any residual carbon. We will research and implement innovative approaches to absorb or offset residual carbon.	We will work with our customers and suppliers to support our local businesses and economies. We will help improve the skills of local people to enhance their career and employment opportunities, by investing in local training programmes. Equally, we will enhance the spaces around our buildings, working with local partners to ensure we meet the needs of our communities.	We will provide a healthy and supportive working environment, develop fulfilling and rewarding careers, foster an inclusive culture and build a more diverse workforce.

UN SDG Alignment

We have reviewed the United Nations Sustainable Development Goals against our Responsible SEGRO framework to understand which goals are particularly significant to our business and the three core priorities that we have outlined above. Elements of this framework are aligned with all of the Goals, but we believe that we are able to make the greatest contribution to the following six.

SEGRO is committed to championing low-carbon growth and has set a target to be net-zero carbon by 2030. We will reduce the embodied carbon in our new developments as well as reducing the carbon intensity of our properties through initiatives such as increasing our solar generation capacity. We want to play our part in tackling the increasingly evident challenge that climate change presents.

SEGRO is committed to supporting local communities with a focus on providing training and helping people build the skills they need to gain employment. We will work together with our partners to reach more people and help them back into education, training or employment. We want to play our part in reducing inequalities and ensuring that more people have the right skills to be able to access meaningful work.

SEGRO is committed to being a good neighbour and to enhancing the spaces beyond our buildings. We will work to accelerate green transport solutions through promoting better public transport links and cycling infrastructure and installing electric vehicle charging points. We want to play our part in ensuring that our buildings are part of thriving, sustainable communities.

Responsible SEGRO materiality assessment refresh

In 2022, SEGRO undertook a materiality assessment that was informed by the guidance of the Global Reporting Initiative (GRI). It also considered the guidance of the Sustainability Accounting Standards Board (SASB), now part of the IFRS Foundation.

Our definition of materiality is informed by GRI: these are topics that "represent the organisation's most significant impacts on the economy, environment and people, including impacts on their human rights".

1. Understanding the organisation's context
2. Identifying actual and potential impacts
3. Assessing significance of impacts
4. Prioritising the most significant impacts for reporting

The 2022 materiality assessment built on a previous assessment undertaken in 2019, and included a review of benchmarks and standards, peer reporting and was aligned with internal risk management processes. It comprised a four-step process, that included a materiality assessment workshop with representatives from a range of disciplines – Finance, Risk, ESG, Investor Relations, Employee Relations, Legal, and Operations. A follow-up survey of these participants was then undertaken to rank the issues identified, and culminated in the consideration and validation of the issues by the executive team.

The aim was to identify those issues (both risks and opportunities) that are most important to the Company and its primary stakeholders, to ensure that they are considered in our Responsible SEGRO framework, and to inform the structure of our sustainability reporting. Emerging issues were also identified and considered.

In total, 18 material issues were identified, considered through four lenses – environmental, societal, economic and governance – but with recognition that the issues may well be inter-dependent. We then refined these to eight priority material issues (PMIs). We did this to surface those priority issues which are important to our stakeholders and where we intend to focus our immediate efforts. We recognise, however, that while developing a ranking is important to be able to demonstrate priority issues for SEGRO and our stakeholders, this does represent their relative importance at a point in time and is based on the views of a small number of informed participants.

Responsible SEGRO materiality assessment refresh continued

In 2022, the following priority material issues and material issues were identified.

P Priority Material Issues
M Material Issues

Championing low-carbon growth		Investing in our local communities and environment		Nurturing talent		Operating in the context of sound governance	
P	Driving a **pathway to net-zero** through effective energy management (including embodied carbon), and by enabling a transition to renewable energy for SEGRO and our customers.	M	Implementing **smart technology** that makes lives better, and protects the environment.	P	Ensuring the safety and health of our employees, our suppliers and those who use our facilities.	P	Ensuring sound and ethical business conduct, including through the effective management of our supply chain, and in our customer base (to the extent that this is possible).
P	Ensuring **environmental compliance**, today and in anticipation of future regulatory changes, and ongoing certification against relevant standards.	M	Leading in the development and implementation of **ethical building standards**.	P	Attracting, developing and nurturing talent for rewarding careers.	P	Ensuring ongoing and increasing ESG disclosure and transparency.
P	Understanding the need and opportunity for **climate adaptation**, and building resilience to climate change, for SEGRO and our customers.	M	Engaging with and **investing in local communities** for mutual positive impact.	M	Promoting and preserving a positive and caring culture, which is mindful of economic equality and hardship.	M	**Protecting and upholding human rights** (including modern slavery), within SEGRO, and among those suppliers and customers we are associated with.
P	**Identifying and executing business and diversification strategies** in the renewables sector, that build on our unique positioning and strengths.			M	Promoting diversity, equity and inclusion, including and beyond succession planning and compliance.	M	Protecting and preserving our reputation, by doing the right thing and anticipating stakeholder concerns.
M	Understanding our **biodiversity impacts**, and supporting **urban greening**.					M	Promoting and preserving a positive and caring culture, which is mindful of economic equality and hardship.
M	Responsible **water management**.					M	Being mindful of **cyber security** and the **ethical use of information and data**.

The material issues therefore remained aligned with our Responsible SEGRO framework. The Priority Material Issues in particular are reported on in this section and elsewhere in this report.

ESG indices

We monitor our performance across various Environmental, Social and Governance (ESG) indices and review trends to ensure our approach and the information we disclose meet the needs of our stakeholders. There are a number of different organisations and structures for reporting on our wider ESG metrics, and we report against the following either in this Report and data pack or in the Responsible SEGRO area on our website.

Reporting Frameworks:

We report against:

Global Reporting Initiative (GRI)
Task Force on Climate-related Financial Disclosures project (TCFD)

Our reporting is benchmarked by:

European Public Real Estate Association sustainable Best Practice Reporting (EPRA sBPR) – Gold
Workforce Disclosure Initiative – 80 per cent

Investor initiatives and Rating Agencies:

MSCI – AAA
Carbon Disclosure Project (CDP) – A-
Global Real Estate Sustainability Benchmark (GRESB)
– Standing Investments – Rated three-star
– Development – Rated four-star
– Public Disclosure – A
Dow Jones Sustainability Index (DJSI) – 75th Percentile
FTSE4Good – included (3.2)

Better Building Partnership – Climate Change Commitment

The information above is correct as at 31 December 2022.

Championing low-carbon growth

2022 in numbers

Aim to reduce absolute Corporate and Customer carbon emissions

-42%

by 2030 from a 2020 baseline

Corporate and Customer carbon emissions reduction versus 2020 baseline

-13%

Visibility of customer energy data

68%

2021: 54%

Corporate and Customer carbon intensity reduction versus 2021

-19%

22.5kgCO_2e per sq m

The world is facing a climate crisis. Governments, business and consumers across the world are making commitments and changing their behaviour to help tackle this challenge and limit global temperature rise to 1.5°C.

The scale of the challenge means there is even more focus on the impact of buildings on the environment. We find many of our customers are equally committed to minimising their carbon footprints and reducing overall energy costs. It is therefore important that landlords and developers own and create buildings that are sustainable and use natural resources efficiently.

Major European conurbations are also looking to make their city centres congestion free and to reduce traffic emissions which means it will be even more important for businesses to be located in the properties that help them reach their customers by low-carbon means.

What it means for SEGRO

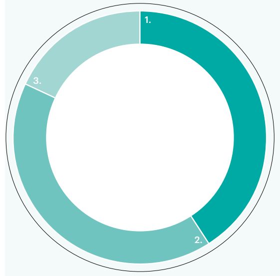
- We have ambitious science-based targets for reducing our embodied and operational carbon emissions and aim to be net-zero carbon (including the emissions of our customers from operating our buildings) by 2030.
- All employees' variable remuneration is linked to SEGRO's performance on metrics linked to Corporate and Customer emissions, embodied carbon emissions and visibility of customers' energy consumption data.
- We factor a building's sustainability into our investment decisions, not only for potential acquisitions but also for deciding whether to dispose of or refurbish assets. We have also assessed our portfolio under different climate scenarios and identified adaptations that need to be made.
- We will continue to adapt our investment process when deciding on allocating new capital to acquiring assets and new developments, to ensure that we take into account the newest information available to us.
- Our urban portfolio is located on the edge of major European cities which makes reaching the city centre possible via electric vehicles. Our newer inner-city assets also facilitate delivery by means such as cargo bicycles. A number of our urban estates are also located close to canals and waterways which customers are starting to use in innovative ways as part of their distribution networks. Two of the UK big box parks that we have developed in the Midlands have strategic rail freight interchange terminals which allow our customers to transport goods by rail rather than more carbon-intensive HGVs.

Our approach to carbon management is dictated by our carbon footprint – i.e. we focus on our two main sources of emissions, making up 82 per cent of our carbon footprint:

- Our Corporate and Customer emissions: SEGRO's Scopes 1 and 2 emissions (gas, electricity, transport fuel etc) plus the gas and electricity use of our customers in our spaces.
- The embodied carbon from our developments: the carbon emitted in the production and transport of our building materials and transport, as well as the construction process.

The following sections present our approach in these two areas, followed by a section presenting our full Scopes 1 to 3 carbon footprint.

SEGRO's full Scopes 1 to 3 carbon footprint (detail in later sections)

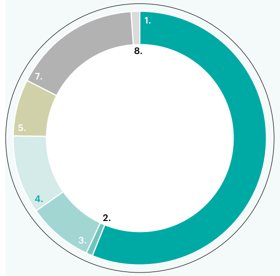


1. Corporate and Customer emissions 41%
2. Embodied carbon from developments 41%
3. Other procurement related emissions 18%

Corporate and Customer carbon emissions

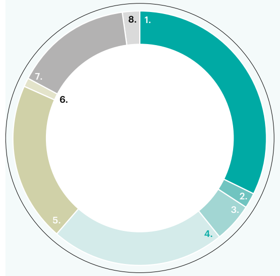
The figures below show where we consume energy and the relative effect of our zero carbon electricity tariffs

Gas and electricity consumption



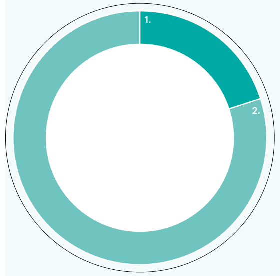
1. UK	55%
2. Czech Republic	2%
3. France	8%
4. Germany	10%
5. Italy	7%
6. The Netherlands	1%
7. Poland	16%
8. Spain	1%

Gas and electricity carbon emissions



1. UK	33%
2. Czech Republic	2%
3. France	5%
4. Germany	22%
5. Italy	20%
6. The Netherlands	1%
7. Poland	15%
8. Spain	2%

Gas and electricity carbon emissions



1. Gas	20%
2. Electricity	80%

During 2022 we added almost 6 MW of capacity at a single site in the Netherlands, helping to take our total capacity to 44 MW (2021: 35 MW).

Gabriella Zepf
Director – sustainability

Our corporate emissions are less than one per cent of our total Scope 1, 2 and 3 carbon emissions.

In contrast, the emissions generated by the activity of our customers inside our warehouses amount to approximately 40 per cent.

As with many landlords, responsibility for sourcing energy and monitoring use rests with our customers for the majority of our portfolio. However, given the significant contribution of these customer emissions to our Scope 3 emissions we have chosen to include them in our science-based targets, aligned to the SBTi framework. We aim to reduce our absolute Corporate and Customer emissions by 42 per cent by 2030 (compared to a 2020 baseline of 312,115 tonnes CO_2e). We also have a metric linking this to all employees' variable annual remuneration.

We have made good progress with a 13 per cent absolute reduction in Corporate and Customer emissions since 2020 (3 per cent since 2021) to 272,218 tonnes CO_2e (2020 baseline: 312,115 tonnes CO_2e), which puts us a full year ahead of our plan towards our 2030 target. We have also reduced our Corporate and Customer carbon intensity to 22.5 kgCO_2e per sq m (2021: 27.9 kgCO_2e).

With the inclusion of our customers' emissions in our science-based targets, obtaining good quality energy data and prompting our customers to purchase renewable energy is paramount. During 2022 we have improved our energy visibility, collecting data on 68 per cent of our total property floor area (up from 54 per cent during 2021). This helps to increase the accuracy of our carbon data and allows us to better identify opportunities to help our customers operate their buildings more efficiently. For the remaining part of the portfolio where we do not yet have the data, we apply best practice estimation methodologies.

All of SEGRO controlled electricity (both for our own operations and for those markets where we procure energy on behalf of our customers) is zero carbon. This certified renewable energy helps SEGRO and our customers reduce their carbon footprint. Transitioning away from heating our spaces with fossil fuels to efficient low-carbon electrical heat sources, such as heat pumps, will be a key part of our strategy going forwards.

The effect of our procurement of zero carbon electricity can be seen in many territories. Poland's relatively high dependence on natural gas is a challenge we will need to face soon.

During 2022 we introduced a standardised green lease clause, asking our customers to share their energy data with us and commit to procuring a zero-carbon electricity tariff. We are moving to automatic meters to facilitate the data collection process. Over 200 customer meters were upgraded during the year. We are introducing the standardised green lease clauses into customer contracts as part of lease negotiations and will be monitoring their adoption going forward.

Another way to reduce customer carbon emissions is to make our buildings more energy efficient. The majority of our portfolio is modern and built to the highest sustainability standards but there are still some older assets where we can make improvements. We do this through an ongoing maintenance and refurbishment programme, normally after a lease expiry. This not only helps with our progress towards our net-zero carbon targets but also makes the space more attractive to a potential customer.

Changes that we make include installing LED lighting, solar panels, air source heat pumps and automatic metering. We aim to have our entire portfolio Energy Performance Certificate (EPC) rated 'B' or equivalent. At the end of 2022, 58 per cent of the portfolio now has an EPC rating of B or better (2021: 55 per cent), including 52 per cent of our UK portfolio (2021: 46 per cent).

In addition to the ad hoc installation of solar panels on existing buildings at point of refurbishment, we also have a project to retrofit solar on to leased assets. During 2022 we added almost 6 MW of capacity at a single site in the Netherlands, helping to take our total capacity to 44 MW (2021: 35 MW). We have identified a pipeline of other projects, which we anticipate will deliver a significant increase in installed capacity over the next two years.

Embodied carbon

Carbon in our developments

Embodied carbon intensity reduction goal

-20%

by 2030 from a 2020 baseline

Average embodied carbon intensity reduction versus 2020 baseline

-12%

41 per cent of our carbon emissions is the embodied carbon from our development programme. Our science-based targets, aligned to the Science Based Target initiative framework, include a goal to reduce the embodied carbon intensity of our development programme by 20 per cent by 2030, compared to a 2020 baseline of 400 kgCO_2e per sq m.

We are one of very few property companies who currently have a published corporate-level embodied carbon target, and we go further, linking this to all employees' variable remuneration.

In our Scope 3 reporting table (on page 10), embodied carbon emissions are reported under capital goods and upstream transportation and distribution. Total embodied carbon emissions can fluctuate year-on-year depending on the amount of new leasable space delivered in the reporting year. For this reason, we have chosen an intensity metric for reporting embodied carbon within our net-zero carbon strategy.

Our new Mandatory Sustainability Policy commits us to carrying out LCAs on all eligible projects greater than 5,000 sq m (roughly 98 per cent of our current development pipeline) and apply lessons learned across the wider development programme as we progress against our target. During the year we have also shared the data from our UK LCA's with RICS to contribute to the UK Net Zero Carbon Buildings Standard call to action.

The average embodied carbon intensity of our developments in 2022 was 353 kgCO_2e per sq m of delivered floor space, representing a 12 per cent reduction from the 2020 baseline.

We carry out lifecycle analysis on development projects to track performance against our embodied carbon KPI and to identify opportunities to make further reductions to our buildings' carbon footprints over their full life cycle – from procuring materials through to deconstruction at the end of the building's useful life. We mandate the use of Building Information Modelling in our development projects, which greatly improves the accuracy of our embodied carbon data.

We will continue to adopt the latest techniques to reduce embodied carbon within our developments, including low-carbon concrete and timber or recycled steel beams which we are already using in several of our current developments. However, procuring sustainable materials is not enough, this process is starting to affect how we think about the shape of our buildings – considering alternative layouts that are less carbon and material-intensive.

Full Scope 3 emissions inventory

Our full Scope 3 emissions inventory is presented below, with extended explanatory notes following.

GHG Protocol Reporting Category		2021 (tCO_2e)	2022 (tCO_2e)
Scope 1	Corporate emissions	1,278	2,329
	Direct combustion of fossil fuels		
Scope 2	Corporate emissions (market-based)	2,942	1,662
	Purchased electricity		
Scope 3	Customer emissions (market-based)	276,355	268,227
	Downstream leased assets		
	Sub-total (Corporate and Customer emissions)	**280,575**	**272,218**
	Capital goods	197,166	256,382
	Lifecycle stage A1-A3 (manufacture of construction products)		
	Lifecycle stage A5 (construction site energy use)		
	Upstream transportation and distribution	16,033	14,997
	Lifecycle stage A4 (transportation of materials/products to construction sites)		
	Waste generated from operations	4,243	2,023
	Lifecycle stage A5 (construction waste)		
	Sub-total (embodied carbon)	**217,442**	**273,402**
	Purchased goods and services	34,103	49,534
	Fuel and energy related activities	38,915	70,670
	Use of sold products	1,913	2,747
	Business travel	84	211
	Commuter travel	94	285
	Upstream leased assets	55	N/A
	Downstream transportation and distribution	N/A	N/A
	Processing of sold products		
	End-of-life treatment of sold products		
	Franchises		
	Investments		
Total emissions		**573,181**	**669,067**

Notes to table

- **Scope 3:** the Greenhouse Gas Protocol (GHGP) is the internationally recognised best practice methodology for reporting the carbon emissions of an organisation. The GHGP defines three scopes of emissions. Scope 1 is fuel we burn in equipment we own (boilers, cars etc), Scope 2 is electricity we procure, and Scope 3 is 'everything else'. Scope 3 emissions are generally the Scopes 1 and 2 emissions of the companies who provide the goods and services we procure or use the goods and services we provide.
- **Market-based:** market-based carbon reporting reflects procurement of low-carbon energy tariffs. This is as opposed to 'location-based' reporting, which uses national grid averages of carbon intensity. This is in line with the Greenhouse Gas Protocol.
- **Corporate emissions/Scopes 1 and 2:** Scopes 1 and 2 emissions are defined as those that the reporting company has direct control of, including from the procurement of gas and electricity, and fuel use in our vehicles. We refer to these as our 'corporate emissions'.
- **Customer emissions/downstream leased assets:** these are emissions resulting from the procurement of gas and electricity by our customers but used in our spaces.
- **Capital goods:** this Scope 3 category (as defined by the GHGP) is the emissions from our development pipeline. Here, we report emissions from building lifecycle stages A1-A3 (manufacture of construction products) and A5 (construction site energy use).
- **Upstream transportation and distribution:** this Scope 3 category is lifecycle stage A4 (transportation of materials/products to construction sites).
- **Waste generated from operations:** this Scope 3 category is our contractors' emissions from the management of our construction waste. 99.9 per cent of our construction waste was diverted from landfill in 2022.
- **Purchased goods and services:** this Scope 3 category is the emissions related to our procurement of goods and services, excluding procurement related to our developments, which is included in our embodied carbon emissions above. We aim to engage with our supply chain to reduce carbon emissions across our supply chain, as well as set environmental performance indicators in key contracts. The increase in these emissions is due to our increased procurement activity in 2022 compared to 2021.
- **Fuel and energy-related activities:** this Scope 3 category is emissions associated with:
  - Bringing the fuel used to generate the electricity we procure to the point of generation (well-to-tank emissions).
  - Getting the electricity from the point of generation to our sites (transmission and distribution losses).
  - Extracting the gas burnt in boilers on our sites (well-to-tank emissions).
  - The increase in this category in 2022 is due to the inclusion of well-to-tank emissions for the first time.
- **Use of sold products:** this Scope 3 category, as it applies to SEGRO, is the emissions from our sold buildings from the point of sale to the end of the reporting year.
- **Business travel:** this Scope 3 category is emissions from business travel not captured in Scopes 1 and 2
- **Commuter travel:** this Scope 3 category is emissions from employee commuting.
- **Upstream leased assets:** this Scope 3 category is emissions from office space where the energy is paid by the landlord and not directly by SEGRO. As of 2022, we have decided to include this in our Scopes 1 and 2 emissions, as this better reflects our approach to Corporate and Customer carbon.
- **Downstream transportation and distribution:** this Scope 3 emissions category is not applicable, as SEGRO does not sell or distribute consumable everyday products.
- **Processing of sold products:** this Scope 3 emissions category is not applicable, as emissions from the refurbishment of sold buildings has been determined to be insignificant and impossible to estimate with any accuracy.
- **End-of-life treatment of sold products:** this Scope 3 emissions category is not applicable, as SEGRO did not sell any properties which were immediately awaiting demolition.
- **Franchises:** this Scope 3 emissions category is not applicable, as SEGRO has no brand, product or service licences.
- **Investments:** this Scope 3 emissions category is not applicable, as SEGRO invests through its core business operations, and these emissions are captured in other categories above.

Carbon reduction metrics and targets

If we think something is important, we establish a metric, a baseline, and a target to drive progress. And, in some cases we link this performance to employees' variable annual remuneration. This section presents our key carbon-reduction metrics.

We made good progress towards our science-based target to reduce the absolute Corporate and Customer carbon emissions from our portfolio by 42 per cent by 2030 (compared to a 2020 baseline). During 2022, we reduced absolute carbon emissions by 3 per cent. Progress to date is a 13 per cent reduction vs our 2020 baseline. Our Corporate and Customer carbon intensity has also improved from 27.9 kgCO_2e per sq m to 22.5 kgCO_2e per sq m.

All electricity for our own operations, and where we procure electricity on behalf of our customers, has been on renewable tariffs since 2021. During 2022, we focused our efforts on the customer emissions that we do not directly control. An important step in this is gaining better visibility of this usage, so that we do not have to rely on estimates. We now have visibility of 68 per cent of our portfolio (2021: 54 per cent).

This improvement in visibility of energy data has meant that the proportion of total electricity that is renewable has dropped from 53 per cent in 2021 to 49 per cent in 2022.

During 2022, we introduced the inclusion of green lease clauses on all new leases across our portfolio. These clauses require our customers to provide us with visibility of their energy use and, where feasible, procure it via a renewable tariff.

We continue to improve the carbon footprint of our portfolio through the ongoing maintenance and refurbishment of our warehouses. At the end of 2022, 58 per cent of the portfolio had an EPC rating of B or better and we expect that proportion to increase.

We also made great progress with our ambition to expand the solar capacity of our portfolio.

During 2022 we increased our total capacity by 9 MW taking it to 44 MW (2021: 35 MW). This included the retrofitting of solar on to an existing asset in the Netherlands which added almost 6 MW of power. We continue to add solar capacity through our development programme, installing panels on every asset where it is feasible.

Carbon reduction metrics and targets

		2020	2021	2022
Corporate and Customer carbon emissions (SBTi aligned target)	We will reduce absolute CO_2e emissions from our portfolio by 42 per cent by 2030 against a 2020 baseline, this includes Scope 1, 2 and Scope 3 Downstream Leased Assets. All employees' variable annual remuneration is partly linked to this metric.	312,115 tCO_2e	280,575 tCO_2e	272,218 tCO_2e
Corporate and Customer carbon intensity	This metric is based on the CO_2e emissions of the portfolio for which we have visibility of the data. This reflects 68 per cent of the portfolio floorspace under management.	37.5 kgCO_2e/m²	27.9 kgCO_2e/m²	22.5 kgCO_2e/m²
Embodied carbon intensity (SBTi aligned target)	We will reduce the embodied carbon intensity of new developments by 20 per cent by 2030, against a 2020 baseline. All employees' variable annual remuneration is partly linked to this metric.	400 kgCO_2e/m²	391 kgCO_2e/m²	353[1] kgCO_2e/m²
Group floorspace rated EPC B equivalent or better:	We are conscious of demands by our customers and by governments to provide energy-efficient buildings to reduce both carbon emissions and operating costs. We monitor these by use of Energy Performance Certificates (EPC). We are aiming for every building to have an EPC rating of B equivalent or better.	49%	55%	58%
Visibility of energy data by floor area	In most cases, our customers procure their own energy. Nonetheless, the emissions from this energy consumption are part of SEGRO's Corporate and Customer carbon reduction targets, so we need accurate data. We are rolling out automatic metering, but in the meantime we are dependent on our customers providing their data. To show progress here, we track what proportion of our floor area we have actual data for. All employees' variable annual remuneration is partly linked to this metric.	41%	54%	68%
On-site renewable energy capacity and generation	With significant roof space, our portfolio is capable of supporting on-site renewable energy capacity through the use of photovoltaic (solar) panels. We intend to increase this by installing solar panels on our new developments and on appropriate existing assets. The small amount of energy exported to the grid is not currently used as an offset in our operational carbon reporting.	Capacity: 27 MW Generated: 20,976 MWh	Capacity: 35 MW Generated: 24,781 MWh	Capacity: 44 MW Generated: 30,131 MWh
Off-site renewable electricity procurement as a proportion of total electricity procurement	Where on-site renewable energy is either unavailable or insufficient, we are working towards ensuring that all off-site electricity supplies are sourced from 100 per cent certified renewables. This data reflects the portfolio over which we have visibility of electricity supply.	11%	53%	49%

1 Our embodied carbon intensity figure for 2022 is based on completed developments for which we have Life Cycle Assessments. To accommodate delayed receipt of LCAs we have adopted a two-year rolling average to assess embodied carbon intensity. This figure incorporates the results from 826,000 sq m of space completed in 2021 and 2022.

SEGRO's pathway to net zero

At the beginning of 2021, SEGRO set science-based targets aligned to the SBTi framework, committing to carbon reductions commensurate with limiting global warming to 1.5°C.

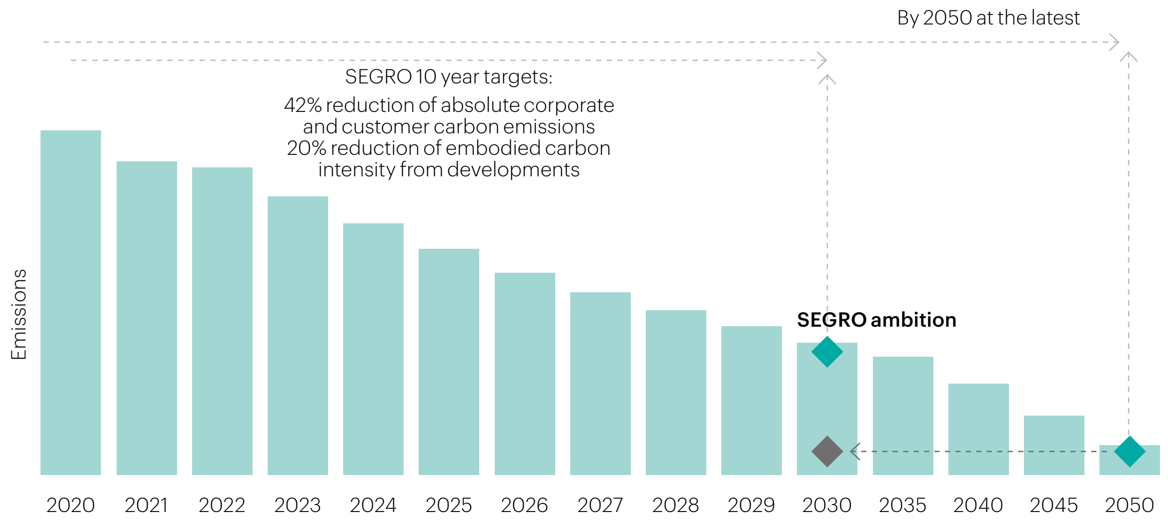
Our targets focus on SEGRO's most material aspects, namely reducing carbon emissions from our joint Corporate and Customer activities by 42 per cent by 2030, and 20 per cent reduction in the embodied carbon intensity of our developments by 2030 (both compared to a 2020 baseline).

In October 2021, the SBTi published standards for meeting long-term science-based targets, which show companies how much they must reduce value chain emissions to align with reaching net-zero in eligible 1.5°C pathways by 2050 or sooner.

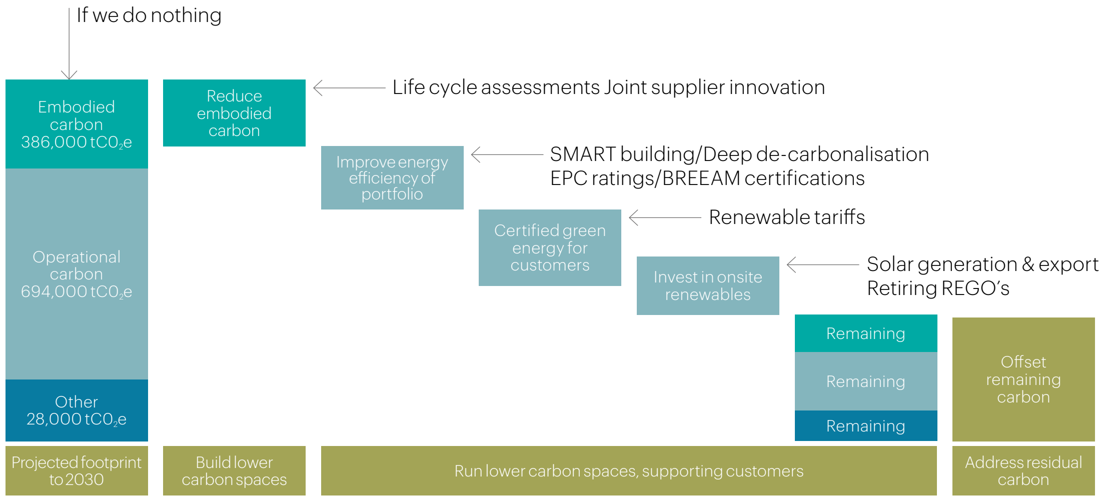
The previous standard is now called 'near term' and creates the milestones needed for a company to meet long-term net-zero targets.

The targets SEGRO set in 2021 for 2030 are in line with the longer term SBTi Net Zero standard; however, we know that we need to do more, faster if we want to avoid the worst outcome in terms of a changing climate.

SEGRO's current commitments vs SEGRO's net-zero ambition



SEGRO's pathway to net-zero[1]



1 We are aware that offsetting is currently not part of the permitted net zero pathway as set out by the SBTi. We are committed to finding solutions and use the term as a placeholder for residual emissions.

SEGRO is committed to applying best possible science with regards to climate change and the SEGRO Board has agreed that SEGRO should be committing to a net-zero target. It has provisionally set 2030 as the target year, exceeding the ambition of our current, calculated pathway.

Our approach, set out in 2020, remains relevant; however, we expect to drive deeper customer collaboration:
- with our newly launched SMART building pilot;
- our green lease clauses (launched in April 2022), which enshrine data sharing and renewable electricity tariffs within our customer – landlord leases; and
- a stepping up of on-site solar with shared customer use and export.

Our two main challenges to reaching our goals are:
- High gas use by our customers in Poland
- Limited level of control, with only 1 per cent of SEGRO's emissions being corporate emissions.

During 2023 we will re-assess the likely outcome of all the plans we have put in place to deliver our initial commitments. We will then determine how best to bridge the potential gap between our current pathway and our overall ambition.

We will provide yearly updates on our progress towards this commitment as part of our annual reporting process.

Building certifications

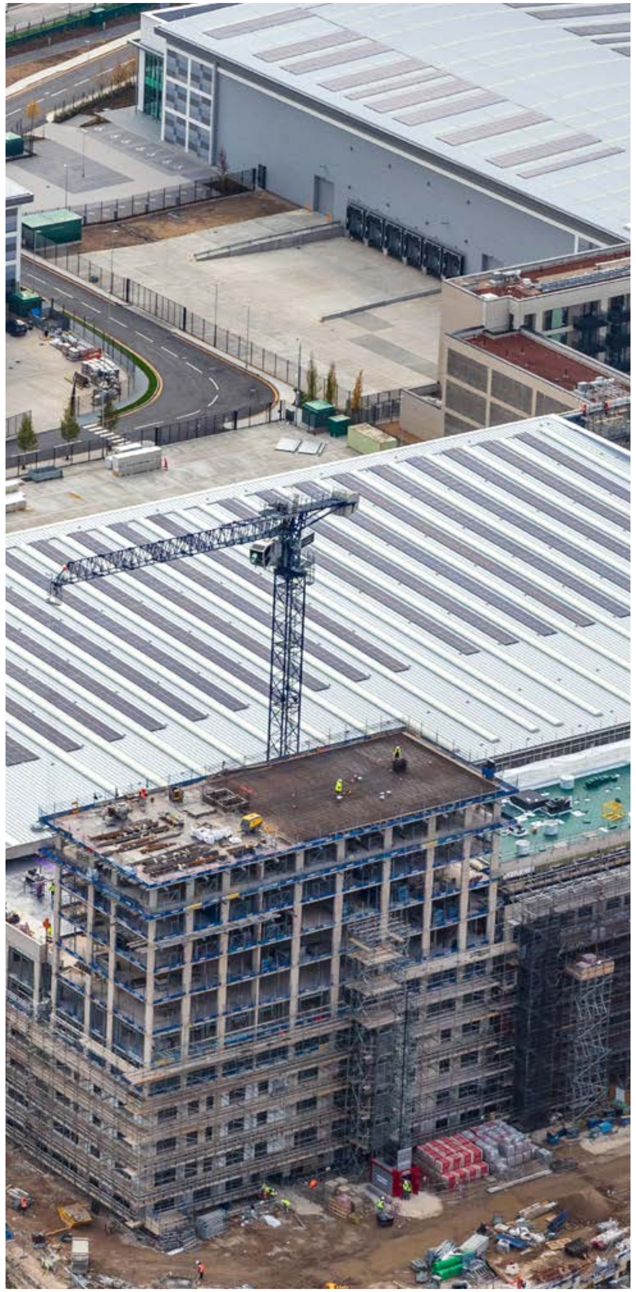
Development completion ratings

Development completions rated BREEAM 'Very Good' or better (or local equivalent)

100%

Development completions rated BREEAM 'Excellent' (or local equivalent)

67%



The sustainability credentials of a building are increasingly important for potential customers deciding on where to locate their businesses.

We target BREEAM 'Excellent' certification (or equivalent) unless local circumstances (such as supply chains) prevent it. BREEAM is a well-respected and established sustainability certification, which goes beyond carbon and energy to take a holistic approach to sustainability. BREEAM covers such diverse aspects as biodiversity impacts, rainwater runoff, occupant wellbeing and community engagement. 100 per cent of our development completions in 2022 have or are expecting to be accredited BREEAM 'Very Good' (or local equivalent) or better and 67 per cent have been or are expected to be rated BREEAM 'Excellent' or above.

Investing in our local communities and the environment

Number of Community Investment Plans

10
implemented in 2022

Charitable giving in 2022

£2.5m
2021: £1.3m

Key achievements during 2022:
- Launch of our first ten Community Investment Plans (CIPs)
- Record number of SEGRO employees volunteering
- Signing of the first Community Charter, bringing together local authorities, customers and charities in southern Paris
- First phases of SEGRO mentoring programme in the UK and France.

Priorities for 2023:
- Expanding and enhancing the outcome of our current CIPs and launching more in some of our other markets (including Southern Europe and the UK Midlands)
- Involving more of our customers and suppliers in our CIP projects to maximise their impact.

Enabling the areas around our warehouses to thrive is central to our strategic priority of Investing in our local communities and environments, and this year we launched our first ten Community Investment Plans (CIPs) – seven in the UK and three in Continental Europe. The tailored plans are part of a commitment to create and implement CIPs in all our key markets by 2025.

Our long-term commitment is to help communities that live close to our estates that face health, social, economic and inequality challenges, and to help improve the lives, and prospects, for thousands of people. Each plan will aim to help young and disadvantaged people into sustainable employment, contribute to a thriving economy and enhance the local environment by improving biodiversity and the health and wellbeing of residents.

We are working with a range of charity and public sector partners who have knowledge and insight of the most pressing local challenges our communities face as well as the expertise to ensure we deliver an impactful and outcome-driven programme, which will make a real long-term difference for those that need our help the most.

To make the greatest impact we have put our customers and suppliers at the heart of the CIP programme to enable more members of the community to benefit. We have had a fantastic response in the first year with over 50 customers and suppliers participating in a range of programmes.

Scan the QR code to hear our Partnership Development Director talk about our progress with Investing in our local communities and environments.

Our employees will play a critical role in the delivery and success of the CIPs. To help embed the plans into our business and broaden engagement with partners, customers and suppliers, 52 Community Champions have stepped forward voluntarily to promote and drive forward the programme. We have also created three new roles in Continental Europe, to complement the existing roles in the UK, to lead the success and growth of the CIP programme and maintain high levels of service delivery as well as positive and measurable outcomes.

To encourage greater employee participation, there is no limit to the number of days employees can volunteer in a year. 2022 saw more employees volunteer and commit time than ever before. 271 employees (68 per cent of the workforce) dedicated 387 days by participating in our annual Day of Giving and organised CIP projects. They were accompanied by a further 95 volunteers from our customers and suppliers.

The CIPs are funded by the £10 million Centenary Fund that we established on our 100-year anniversary in 2020. This money will be invested in impactful projects that align to the themes of employment, economy, and environment over a longer period to maximise outcomes.

7,000
young people inspired about the world of work

35
students mentored by SEGRO employees

780
unemployed individuals supported through employability training

62
unemployed people into employment

26
projects delivered that enhanced the environment, biodiversity or health and wellbeing of our local communities

387
employee volunteering days

Investing in our local communities and the environment continued

Community investment plans (CIPs)

Each CIP sets out how SEGRO will invest in its local communities and environments through a range of programmes designed to improve training and employment opportunities for young and unemployed people, enable the economy to thrive and enhance the environment to support biodiversity as well as the health and wellbeing of local people.

The CIP programme provides a framework that enables the teams in our key markets to respond to the needs of the local community with a range of highly impactful community and environmental programmes by:

- creating a strategic coherent and outcome-driven approach across SEGRO;
- empowering the local teams to respond to local needs;
- maximising the impact by putting collaboration with customers and suppliers at the heart of the programme;
- working in partnership with local stakeholders such as charity partners, local government, business groups and the community;
- delivering excellence with the support of our Partnership Development Team.

The first key markets are: Heathrow, Park Royal, East London, Slough, East Midlands, Coventry, Northampton, Paris, Łódź, and Düsseldorf.

Career Ready is delighted to be working with SEGRO to invest in young talent in the East Midland's Gateway Region. Our mission to is provide young people in the area with workplace opportunities and skills, helping them successfully go from education into rewarding employment.

Tokunbo Ajasa-Oluwa
CEO, Career Ready

Employment

Helping local people to benefit from skills, training and job brokerage programmes, especially those that are unemployed or face a barrier to employment. Inspiring young people about the world of work through a range of career talks, work experience and mentoring programmes. For example:

Slough

In partnership with Learning to Work, we used a range of face-to-face and online platforms from assemblies, site visits and competitions, to help bring the world of work to life for over 3,500 young people from 16 secondary schools. Outcomes from the SEGRO Futures Assembly include: 87 per cent of students are more aware of job opportunities in their local area, and 83 per cent of students have a better understanding of work environments.

Paris

We signed our first Community Charter along with eight partners in the territories of Bonneuil-sur-Marne and Sucy-en-Brie to promote economic and social development in these regions to help deliver employability training opportunities for the local community. To support the delivery of the programme, 35 customers have signed up to provide mentoring, training and work experience opportunities. The project will launch in 2023.

West London (Heathrow and Park Royal)

42 unemployed people found employment having successfully participated in our skills and training programme in collaboration with Action West London (AWL). A dedicated Personal Advisor was assigned to support each participant to develop their training plan, which included mentoring, coaching and specialist guidance.

We also launched our first mentoring programme with educational charity, Spark!, supporting young people in West London. 35 employees participated in the programme, each dedicating ten hours of their time to work with a young person to help build confidence. The programme culminated in a graduation ceremony at SEGRO's London headquarters.

Düsseldorf

In December we hosted our first schools programme at SEGRO Park Düsseldorf City, welcoming 120 students. The students benefited from visits to our customers, including DHL, Sonepar, Shop LC GmbH, World Courier and Wine Affinity. These customer visits helped to bring to life career opportunities and showcase a range of exciting sectors to work in.

Alongside these projects that are unique to particular CIPs, we are also continuing to work with our legacy charity partners to deliver vital community programmes that support vulnerable people. We expanded our partnership with LandAid to design and pilot a new training and employability programme to help young homeless people around the UK to move into sustainable employment. The project has been welcomed by both homeless charities and beneficiaries resulting in LandAid announcing it will roll out the programme in 2023. SEGRO will be one of the Founding Partners of the programme.

Investing in our local communities and the environment continued

Economy

Enabling the growth of the local economy to thrive by helping local businesses to connect to our customers, suppliers, and partner with stakeholders to deliver programmes that help to enhance productivity and innovation. For example:

Slough

We piloted our first construction supply chain programme with our contractor Wates at the Slough Trading Estate during the construction of one of our data centre projects. Designed to promote 'work packages' to local businesses, over £1.5 million was invested into the local economy. Due to the success of this pilot we will be rolling out similar programmes on other development schemes during 2023.

East London

Launched in December 2021, the Future Cube Centre located at SEGRO Park Rainham was created in partnership with the Mayor of London, London Borough of Havering, and the Manufacturing Technology Centre (MTC) is helping small- to medium-sized businesses to grow through a programme of technology, innovation, and productivity improvements.

Environment

Delivering environmental projects that improve the biodiversity of the local area and the health and wellbeing of the community.

Through a combination of funded projects and SEGRO employee volunteering activity, we delivered a total of 26 environmental community projects across the UK and Continental Europe. These projects included a range of activities from planting trees to cleaning rivers, as well as improving communal gardens to create safe and essential play space for young vulnerable children.

In the UK, ten community outdoor spaces were revitalised in partnership with Groundwork, to enhance biodiversity and improve the health and wellbeing of local people. The projects were delivered by unemployed people, helping them to gain practical skills in horticulture and landscaping, with many receiving qualifications such as Horticulture and Land Management, Health and Safety and Carbon Literacy. A total of 60 unemployed people benefited from the programme.

Wider community support

Our buildings have always enabled extraordinary things to happen and they play an important role in supporting our local communities by providing critical space for training vulnerable people, supporting cultural projects and the distribution of food for those living in poverty.

The cost-of-living crisis has highlighted the importance of working with foodbanks and we continue to support charities such as City Harvest, through providing space at reduced rents. Since our partnership began in 2016, the charity has delivered over 33 million meals. Over 24 million of those meals were delivered since the start of the pandemic.

In response to the humanitarian crisis in Ukraine and the displacement of millions of people to neighbouring countries, including Poland, SEGRO along with our joint venture SELP donated €150,000 to two organisations helping to support the refugee effort: The Ocalenie Foundation in Poland and the UN Refugee Agency, UNHCR. Our people in Poland also donated their time to help sort donations and transport them to the border, and organised an additional Day of Giving, during which they made 1,000 sandwiches for refugees arriving in Warsaw.

Nurturing talent

'Your Say' engagement score

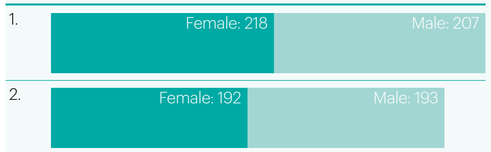
91%

2020: 94%

Key achievements during 2022:
- Top quartile employee engagement
- Increased number of women in senior positions
- Launch of the Management Academy
- More diverse graduate programme
- Launch of the Wellbeing Fund

Priorities for 2023:
- Build a career development framework and focus on succession planning
- Refresh our policies that support diversity and inclusion
- Bring together our people at our first in-person conference since Covid
- Involve our people to help shape future ways of working as our business grows

Number of employees



1.	2022	425
2.	2021	385

Voluntary staff turnover

1.	2022	8.7%
2.	2021	7.0%

We believe that our long-term success as a business will be achieved through building a diverse, engaged and high-performing workforce, ensuring a strong pipeline of future talent and expertise for the business.

Our goal is to have an inclusive and supportive culture, with a motivated workforce of talented people. We aim to create an environment where everyone can thrive and realise their full potential.

During 2022, our workforce continued to grow as we added resource and capabilities to support our customers and growing portfolio. We welcomed 81 new employees to SEGRO and, at the end of 2022, had increased our workforce by 9.4 per cent to 425.

Our culture

Our people tell us that they highly value their working environment, which encourages collaboration and care for each other. Our Purpose and Values, which were co-created with input from the entire workforce a number of years ago, have stood the test of time and underpin everything that we do. While we continue to grow, our focus is on ensuring that we retain this unique and positive culture.

During 2022, we have continued to listen to our people. 95 per cent of them responded to our employee survey (Your Say), showing their interest in helping us to shape the Company. Our engagement score was 91 per cent, which is top quartile relative to the benchmark of our employee research provider. We also conducted a series of focus groups and a separate survey to understand how effectively our communications across the Company are working. Our Board employee engagement sessions (see page 99 of our 2022 Annual Report) have also continued during 2022.

We encourage honest and open feedback across SEGRO, but in the event that an employee (or third-party supplier) wishes to raise a concern on a confidential and anonymous basis, we offer a whistle-blowing helpline operated by an independent company.

Enabling extraordinary things:
Our Values

Our Values are our core beliefs about how we do business. They guide our decision making, large and small. They are the way in which we work together to make things happen.

Say it like it is
We think straight and talk straight.

If the door is closed...
If one route is closed to us we always find another way.

Stand side by side
We work together as One SEGRO, and we put the interests of the business ahead of our own.

Does it make the boat go faster?
We challenge the way we work to find a better way.

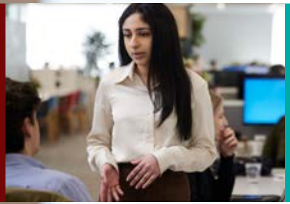
Keep one eye on the horizon
We are focused on today but are constantly looking ahead to ensure we are successful in the future.

Scan the QR code to hear our Group HR Director talk about our progress with Nurturing talent.

We are proud of the culture at SEGRO, which values the contributions of all our people.

Margaret Murphy
Group Human Resources Director

Enabling extraordinary things:
Nurturing talent



Fostering a more inclusive culture

2022 was a landmark year for us in terms of delivering on our promise to foster a more inclusive culture and build a more diverse workforce. All of our senior management completed D&I training; we hosted Ashanti and Danielle – our first intake from the #10000BlackInterns programme; Stephen Frost, former Head of D&I for the 2012 London Olympics and Paralympics spoke to the business about the case for Inclusion; and – for the first time ever – we changed our policy so that 50 per cent of our graduate recruits are now selected from a non-property background.

Interview with Harveet Thethy who joined SEGRO in 2022 as a non-cognate graduate:

You studied economics at university, so how did you end up at SEGRO?
Initially when I was searching for graduate jobs, I was mostly on the lookout for consulting roles, but finding a job in real estate was always in the back of my mind. However, when attending career events on campus there were no companies that represented the property sector, which led me to apply to the 'typical' roles that Economics students usually apply for, such as finance and consulting. I then received an email from Sanctuary Graduates who assisted with the recruitment process for SEGRO. I read the job description and I was instantly fascinated and wanted to know more about the company and the industry. After going through all the stages and understanding the job role, I felt that the grad scheme would be a good opportunity for me to learn more about the industrial logistics sector, and how SEGRO develop innovative spaces for their customers. So far, I have been able to apply my Economics knowledge by understanding the current climate, such as the supply and demand imbalance in the sector, and how this has an impact on our rental growth.

Why did you choose real estate and, specifically SEGRO?
I chose to go into real estate as I thought it would be a great way to kickstart my career and get out of my comfort zone by learning about a field that I had limited knowledge on. When researching SEGRO, I found that it was a company that is always striving to nurture talent and invest in young people. Therefore, I knew that the company would provide me with the best learning experience, especially having not come from a property background. The graduate scheme is also very structured, enabling me to rotate in asset management and development.

This will allow me to gain the relevant competencies for my APC (Assessment of Professional Competence). Additionally, SEGRO is a leading company in the industrial logistics sector so it's a great way to learn from the professionals and get stuck into different projects. From the few months that I have been at SEGRO, I have already been given lots of responsibility, such as asset managing my own estate. This has been a great way for me to develop my skills and understand the leasing process. The company culture at SEGRO also appealed to me, especially the fact that anyone can get involved in charity and fundraising events, such as the Day of Giving.

Would you recommend a career in real estate to other "non-cogs"?
I would definitely recommend a career in real estate to those that did not study a property related degree, especially at SEGRO. This is due to the endless opportunities and projects that you can get stuck into. I have to say it was daunting at the start but the culture at SEGRO has made me feel comfortable enough to ask any questions if I am unsure about anything. The company is a place to grow and is a constant learning environment, so there will always be something to get involved in and gain practical experience in. I am also studying a Masters in Real Estate alongside my job, which has helped me to apply my knowledge to my day to day tasks. Hence, I don't feel that I am in the dark about anything as the Masters goes through all the basics, building the foundations of how the property sector works. Furthermore, I think real estate is a really interesting sector to get into especially with the current issues we are facing in the economy. So, it is intriguing to see, first-hand, the influx of demand we receive to occupy units, despite the constrain in supply. Therefore, I would recommend a career in real estate to anyone as you are constantly adapting to the market and learning.

Nurturing talent continued

Business conduct and ethics
In everything we do at SEGRO, we recognise that we need to behave morally, ethically and lawfully. Our Code of Business Conduct and Ethics (www.segro.com/about/policies) sets out the high ethical standards expected of all our people in their daily work. It also guides how to put those standards into practice so we can act with honesty and integrity. Included within the Code are policies on bribery and corruption (including fraud, tax evasion and money laundering); gifts and hospitality; political and charitable donations; conflicts of interest; insider trading and market abuse; confidentiality and data protection; anti-slavery and human trafficking; and our whistleblowing procedure.

Compliance with the Code of Business Conduct and Ethics is a condition of each employee's employment, and all employees are obliged to make a mandatory annual certification that they continue to understand and adhere to the principles set out within it. We are committed to building employee awareness on ethical business practices, and provide training on subject matters covered to raise awareness and to help all employees understand what behaving ethically means in practice.

Any breaches of the Code of Business Conduct and Ethics are fully investigated and managed by the Head of Legal or Group Human Resources Director as appropriate. There were no material reported incidents of breaches during 2022.

Diversity and inclusion
We have set ourselves the goal of increasing the diversity of our workforce at SEGRO so that we better reflect the diversity of the populations where we operate. During 2022, we continued to put in place measures that will help us improve our position in the coming years.

Last year, SEGRO was accredited the National Equality Standard. This confirmed that we have robust policies and procedures in place with regards to equal opportunities and inclusion. This includes appropriate support, retraining and facilities for employees who are disabled or who become disabled whilst in our employment. During 2022 we have made great progress on the areas that it highlighted where improvements could be made:

Early careers recruitment
Our goal in 2022 was to improve diversity in our graduate recruitment intake. We have expanded our reach to universities via partnership with external diversity specialists, improved our use of social media to increase brand awareness and application numbers, and modified selection methods to reduce potential bias. Thanks to this process, a diverse group of graduates joined in September 2022, with a good mix of gender, ethnicity, education and social background. In addition, we participated in the #10,000BlackInterns programme. We supported a six-week placement to help two students, both from non-property backgrounds, gain an understanding of our industry.

Diversity data collection and monitoring During 2022 we sought to better understand the demographics of our workforce and conducted a company-wide survey across the geographies where we are legally permitted to gather such data. Insights from the survey will help us build targeted action plans to improve diversity and inclusion.

Diversity training for all employees
In 2022, we concluded a programme of inclusivity training for our senior managers and have mandated diversity and inclusion training for all our people as part of an ongoing programme. We also commenced a speaker series and are establishing an Inclusion Steering Committee, led by a member of the Leadership Team.

Leadership team representation
In addition to these initiatives, we have continued to focus on improving gender and ethnic diversity in our leadership teams. We have made good progress since 2020 in increasing the number of women in senior director and manager level roles.

Across the Group the number of women in senior manager/director roles has increased to 27 per cent (2021: 25 per cent, 2020: 18 per cent) and women in manager roles has increased to 38 per cent (2021: 34 per cent, 2020: 24 per cent).

UK Gender and Ethnicity Pay Gap
We believe that analysing diversity data and being transparent is an important step towards creating meaningful change. We have voluntarily published our UK Gender Pay Gap data since 2017 and our UK Ethnicity Pay Gap data since 2020.

Our Pay Gap data can be found in the tables to the right. During 2022 both our mean Gender Pay and Bonus Gaps improved. Our Ethnicity Pay Gap has increased slightly by 0.4 per cent and our Ethnicity Bonus Pay Gap was 22.6 per cent versus -36.0 per cent in 2021 (the latter being due to the result of specific share schemes vesting).

As part of our salary review process we undertake checks to ensure employees are paid equally for doing equivalent jobs across our business. Our reported Pay Gaps are therefore a direct result of our employee profile – we have more men than women and more white than ethnic minority employees in senior roles – and do not represent pay discrimination.

A core element of our Responsible SEGRO framework is to improve diversity at all levels. This is crucial for ensuring the future success of our business and should also be reflected in our Gender and Ethnicity Pay Gaps reducing over time.

UK Gender and Ethnicity Pay Gap progression tables

Gender Pay Gap (mean)

2018	2019	2020	2021	2022
51.1%	51.6%	50.9%	46.2%	43.3%

Gender Bonus Gap (mean)

2018	2019	2020	2021	2022
66.5%	78.8%	77.3%	74.5%	68.9%

Ethnicity Pay Gap (mean)

2020	2021	2022
26.9%	25.3%	25.7%

Ethnicity Bonus Gap (mean)

2020	2021	2022
58.0%	-36.0%	22.6%

Nurturing talent continued

Health, safety and wellbeing

One of our key priorities as a business is to ensure that our people can work in a healthy, safe and secure environment. As we have adapted to an agile working approach, it has become even more critical that we support our people, wherever they are.

We have a comprehensive health and safety training programme, which starts when an employee joins SEGRO and is refreshed regularly depending on the requirements of their role.

Over the past two years, we have extended our approach and now incorporate different aspects into our Wellbeing strategy, supported by our 29 Wellbeing Ambassadors across the Company.

The launch of our new Wellbeing Fund in 2022 was very well received by colleagues, particularly as it allows them to invest up to £500 or equivalent in something wellbeing related, tailored to their own needs and interests. 92 per cent of employees took up the Wellbeing Fund during 2022 and it will continue in 2023.

We provide, via our intranet, resources with support and information on wellbeing. Our enhanced benefits package also includes access to a 24/7 confidential external helpline offering counselling support.

Mental health
To facilitate a workplace environment that promotes and supports the mental wellbeing of all employees

Social wellbeing
To support continued connectivity, in an environment of increased agile and remote working

Physical wellbeing
To facilitate a workplace environment (in the office, at home or on site) that promotes the benefits of physical activities to contribute to positive wellbeing

Work life balance
To facilitate work life balance, through promotion of SEGRO policies and practices

Skills and training
To provide continued awareness and upskilling across a range of wellbeing topics

Developing our people

We want all our people to have the opportunity to fulfil their potential and this in turn will ensure that we have an experienced and talented workforce.

We have implemented a regular people planning process that helps us identify opportunities for career development. Twice a year, we run a formal promotions process. In 2022, we promoted 42 employees.

We have invested in our graduate programme and offer secondment opportunities across the business. Towards the end of 2022, we kicked off an ongoing programme of secondments to support transformation work for up to six months at a time, helping us to innovate and improve the business for the future whilst developing our people's experiences and careers.

All our people have an interim and full-year performance review, where we discuss training and development opportunities. We offer sponsorship for professional qualifications relevant to an individuals role or ambitions and support ongoing development to help people achieve their objectives.

We have a programme of mandatory training to help our people understand their responsibilities. These include topics such as health and safety, anti-bribery and corruption and cyber security as well as training to support our Nurturing talent goals around diversity and inclusion. During 2022, employees carried out 5,299 hours of training (2021: 4,656 hours).

In 2022, we invested in the development of our leaders with the launch of a new Management Academy, targeted at our middle and junior managers. This training focused on getting the best out of people, including recruitment and performance management. 91 managers participated in this programme during 2022.

Number of promotions
42
21 Female/21 Male

Training hours
5,299
2021: 4,656

Nurturing talent continued

Reward

Every permanent employee is entitled to variable compensation, based on their own and the business' performance against targets and objectives. In 2022, we revised bonus scheme metrics and aligned everyone across SEGRO to Group-wide performance, incorporating metrics linked to our Responsible SEGRO strategic priorities.

SEGRO operates two types of all-employee share schemes, to encourage employees to own shares in the Company. All eligible employees can receive an award of up to £3,600 worth of SEGRO shares each year, depending on the Company achieving certain performance goals (in 2022 this was Adjusted profit before tax). We also offer a Sharesave scheme for all UK employees who can save up to £500 per month across all open schemes. 82 per cent of SEGRO employees were participating in one or more all-employee share schemes at the end of 2022.

In addition to fixed and variable compensation, we also provide a generous benefits package, including health insurance, reflective of market competitive packages in each of our geographies.

In 2022 we provided an additional payment of £1,250 (or equivalent in local currency) to our lower paid colleagues, to support the current cost of living challenges.

See remuneration targets
Pages 134 to 135 of our 2022 Annual Report

Employees participating in share schemes

82%

2021: 79%

Additional payment to lower paid colleagues

£1,250

Nurturing talent continued

Enabling extraordinary things:
Investing in our communities and local environments




A million more meals

In February 2020, our customer City Harvest was providing about 300,000 meals a month for those in need.

As the pandemic escalated, more people were going hungry. City Harvest told us that they desperately needed bigger premises.

In the space of a month, we tore up their old lease and moved them into another of our buildings in West London. Crucially, this new building was a cross-dock and that meant that City Harvest could deal with both more food coming in and going out.

Our ability to move them has resulted in a million more meals each month being distributed from City Harvest's premises to those people that need them the most.

Appendices

Appendix I
European Public Real Estate Association (EPRA) disclosure

Absolute energy consumption figures across SEGRO's reportable floor area increased significantly in 2022. The absolute energy increase was due to improvements in gathering data on our customers' energy consumption. We now have energy data for 68 per cent of our floor area, up from 54 per cent last year. What is more, we prioritised gathering energy data for the more energy-intensive spaces, so this has compounded the increase in the consumption figures.

European Public Real Estate Association (EPRA) Energy – Absolute

Carbon emissions associated with district heating in the UK are variable depending on the reportable buildings which are connected to a historic network in the Slough Trading Estate. Fuel oil is consumed by the sprinkler systems in Poland as a back-up to the primary electricity supply. The back-up power supply is mandatory under national legislation and is tested regularly.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Elec-Abs	kWh	Electricity	Landlord Shared Services	2,434,099	4,664,371	9,744,191	7,152,642	12,178,290	11,817,013
			Tenant Supply	21,175,746	227,038,592	163,791,663	288,475,621	184,967,409	515,514,213
			Total	23,609,845	231,702,963	173,535,855	295,628,263	197,145,700	527,331,226
			Coverage m²	538,821	1,466,823	4,161,425	5,456,913	4,700,246	6,923,736
DH&C-Abs	kWh	District heating/cooling	Landlord Shared Services	–	–	568,567	43,417	568,567	43,417
			Tenant Supply	–	–	1,664,265	2,748,346	1,664,265	2,748,346
			Total	–	–	2,232,832	2,791,763	2,232,832	2,791,763
			Coverage m²	–	–	53,539	70,071	53,539	70,071
Fuels-Abs	kWh	Natural Gas	Landlord Shared Services	835,273	1,491,113	4,597,866	8,417,605	5,433,139	9,908,718
			Tenant Supply	4,273,704	3,867,084	185,675,872	278,884,017	189,949,576	282,751,101
			Total	5,108,976	5,358,197	190,273,738	287,301,622	195,382,715	292,659,819
			Coverage m²	157,051	473,775	2,877,562	3,278,843	3,034,612	3,752,619
Fuels-Abs	kWh	Fuel Oil	Landlord Shared Services	–	–	136,353	136,353	136,353	136,353
			Tenant Supply	–	–	–	–	–	–
			Total	–	–	136,353	136,353	136,353	136,353
			Coverage m²	–	–	–	–	–	–
Total Energy-Abs	kWh	Total Energy	Landlord Shared Services	3,269,372	6,155,484	15,046,978	15,750,017	18,316,350	21,905,501
			Tenant Supply	25,449,449	230,905,677	351,131,800	570,107,984	376,581,250	801,013,660
			Total	28,718,821	237,061,160	366,178,778	585,858,001	394,897,599	822,919,161
			Coverage m²	553,431	1,493,980	4,375,613	5,639,585	4,929,044	7,133,565
Energy-Int-Abs	**kWh/m²/year**	**Intensity**	**Total Energy Intensity**	**52**	**159**	**84**	**104**	**80**	**115**

Appendices continued

Appendix I
European Public Real Estate Association (EPRA) disclosure continued

EPRA Energy – Extrapolated

SEGRO extrapolates known data for the reporting year to ensure 100 per cent meter completeness and provide a more accurate carbon intensity figure. Due to current data collection processes, it is not always possible to collect full 12 months of data from all the customers and estimation is required using extrapolation techniques. The 2022 intensity has increased due to the data gathering process capturing new buildings with manufacturing and highly automated warehouses.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Elec-Abs	kWh	Electricity	Landlord Shared Services	2,996,049	4,664,371	12,874,817	7,159,039	15,870,866	11,823,410
			Tenant Supply	41,992,787	227,273,124	220,194,118	292,194,955	262,186,906	519,468,079
			Total	44,988,837	231,937,495	233,068,935	299,353,994	278,057,772	531,291,489
			Coverage m²	538,821	1,466,823	4,161,425	5,456,913	4,700,246	6,923,736
DH&C-Abs	kWh	District heating/cooling	Landlord Shared Services	–	–	753,789	43,417	6,096,177	9,908,718
			Tenant Supply	–	–	2,409,330	2,748,346	219,805,512	283,111,935
			Total	–	–	3,163,120	2,791,763	225,901,689	293,020,653
			Coverage m²	–	–	53,539	70,071	3,034,612	3,752,619
Fuels-Abs	kWh	Natural Gas	Landlord Shared Services	1,137,417	1,491,113	4,958,759	8,417,605	6,096,177	9,908,718
			Tenant Supply	19,661,277	3,919,774	200,144,236	279,192,161	219,805,512	283,111,935
			Total	20,798,694	5,410,887	205,102,995	287,609,766	225,901,689	293,020,653
			Coverage m²	157,051	473,775	2,877,562	3,278,843	3,034,612	3,752,619
Fuels-Abs	kWh	Fuel Oil	Landlord Shared Services	–	–	243,630	243,630	243,630	243,630
			Tenant Supply	–	–	–	–	–	–
			Total	–	–	243,630	243,630	243,630	243,630
			Coverage m²	–	–	–	–	–	–
Total Energy-Abs	kWh	Total Energy	Landlord Shared Services	4,133,466	6,155,484	18,830,996	15,863,690	22,964,462	22,019,174
			Tenant Supply	61,654,064	231,192,898	422,747,684	574,135,463	484,401,748	805,328,361
			Total	65,787,530	237,348,382	441,578,680	589,999,153	507,366,210	827,347,535
			Coverage m²	553,431	1,493,980	4,375,613	5,639,585	4,929,044	7,133,565
Energy-Int-Abs	**kWh/m²/year**	**Intensity**	**Total Energy Intensity**	**119**	**159**	**101**	**105**	**103**	**116**

Appendix I
European Public Real Estate Association (EPRA) disclosure continued

EPRA Energy – Like-for-like

The EPRA like-for-like datasets compare the performance of areas of the portfolio that SEGRO procures the utilities for, and for which we have two full years of data. This represents a small proportion of the portfolio and is predominantly sites in Poland and the UK. This is therefore not considered a key metric for tracking SEGRO's performance.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Elec-LfL	kWh	Electricity	Landlord Shared Services	191,777	87,618	1,694,225	2,639,772	1,886,002	2,727,389
			Tenant Supply	4,857,847	5,554,040	116,830,028	123,797,584	121,687,875	129,351,624
			Total	5,049,624	5,641,657	118,524,253	126,437,356	123,573,877	132,079,013
Elec-LfL	kWh	District heating/cooling	Landlord Shared Services	0	0	0	1,631	0	1,631
			Tenant Supply	0	0	267,634	593,643	267,634	593,643
			Total	0	0	267,634	595,274	267,634	595,274
Fuels-LfL	kWh	Natural Gas	Landlord Shared Services	95,352	194,042	1,414,824	3,579,491	1,510,176	3,773,533
			Tenant Supply	956,402	733,137	74,620,326	100,095,266	75,576,728	100,828,403
			Total	1,051,754	927,179	76,035,150	103,674,757	77,086,904	104,601,936
Total Energy-LfL	kWh	Total Energy	Landlord Shared Services	287,129	281,659	3,109,049	6,220,894	3,396,178	6,502,553
			Tenant Supply	5,814,250	6,287,177	191,717,987	224,486,493	197,532,237	230,773,670
			Total	6,101,379	6,568,836	194,827,036	230,707,387	200,928,415	237,276,222
			Coverage m²	71,961	71,961	2,195,341	2,195,341	2,267,302	2,267,302
Energy-Int-LfL	**kWh/m²/year**	**Intensity**	**Total Energy Intensity**	**85**	**91**	**89**	**105**	**89**	**105**

Appendices continued

Appendix I
European Public Real Estate Association (EPRA) disclosure continued

EPRA Greenhouse Gas Emissions – Absolute

Total greenhouse gas emissions across SEGRO's reportable area (that for which we have visibility of energy data) increased by 70 per cent (market-based) and 65 per cent (location-based). This is a result of our progress in collating data from more of our customers – as can be seen in the 45% increase in floor area coverage. What is more, we prioritised gathering energy data for the more energy-intensive spaces, so this has compounded the increases. We have separated Scope 1 emissions to show the tonnes of CO_2e relating to buildings and direct emissions from leased and company-owned vehicles. For multi-let sites, the energy consumption from the main meter is split between the landlord and tenant responsibility using either sub-metered data or floor area. Where sub-metered data is not available the floor area is used which leads to higher Scope 1 emissions. Absolute data does not include estimations where there are data gaps in the year due to the energy supplies being the responsibility of the tenant for part of the year. See next page for extrapolated data.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
GHG-Dir-Abs	tCO_2e	Direct emissions	Scope 1	153	272	879	1,537	1,032	1,809
			Scope 1 (business travel)	34	53	211	286	246	339
GHG-InDIr-Abs	tCO_2e	Indirect emissions	Scope 2 (location)	517	902	2,342	3,771	2,859	4,673
			Scope 2 (market)	345	812	2,597	709	2,942	1,521
			Scope 3 (location)	5,279	44,611	132,791	183,394	138,070	228,004
			Scope 3 (market)	6,636	35,782	84,130	121,517	90,766	157,299
			Scope 3 (business travel)	67	150	18	61	85	211
GHG-Int-Abs	tCO_2e	GHG intensity	Total GHG (location)	5,949	45,785	136,011	188,701	141,960	234,486
			Total GHG (market)	7,134	36,866	87,606	123,763	94,740	160,629
	m^2		Coverage m^2	553,431	1,493,980	4,375,613	5,639,585	4,929,044	7,133,565
	$tCO_2e/m^2/yr$		Total GHG Intensity (location)	0.011	0.031	0.031	0.033	0.029	0.033
	$tCO_2e/m^2/yr$		Total GHG Intensity (market)	0.013	0.025	0.020	0.022	0.019	0.023

Appendices continued

Appendix I
European Public Real Estate Association (EPRA) disclosure continued

EPRA Greenhouse Gas Emissions – Extrapolated

SEGRO extrapolates known data for the reporting year to ensure 100 per cent meter completeness and to provide a more accurate carbon intensity figure. Due to current data collection processes, it is not always possible to collect a full 12 month set of data from all of the customers and estimation is required using extrapolation techniques.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
GHG-Dir-Abs	tCO_2e	Direct emissions	Scope 1	208	272	973	1,537	1,182	1,809
GHG-InDIr-Abs	tCO_2e	Indirect emissions	Scope 2 (location)	636	902	2,931	3,774	3,567	4,676
			Scope 2 (market)	506	812	3,396	713	3,902	1,524
			Scope 3 (location)	12,517	44,666	162,613	184,747	175,130	229,413
			Scope 3 (market)	16,018	35,874	117,671	123,443	133,689	159,317
GHG-Int-Abs	tCO_2e	GHG intensity	Total GHG (location)	13,362	45,840	166,517	190,057	179,879	235,897
			Total GHG (market)	16,732	36,958	122,041	125,692	138,773	162,650
	m^2		Coverage m^2	564,071	1,493,980	4,418,228	5,639,585	4,982,299	7,133,565
	$tCO_2e/m^2/yr$		Total GHG Intensity (location)	0.024	0.031	0.038	0.034	0.036	0.033
	$tCO_2e/m^2/yr$		Total GHG Intensity (market)	0.030	0.025	0.028	0.022	0.028	0.023

Appendices continued

Appendix I
European Public Real Estate Association (EPRA) disclosure continued

EPRA Greenhouse Gas Emissions – Like-for-like

The EPRA like-for-like datasets compare the performance of areas of the portfolio that SEGRO procures the utilities for, and for which we have two full years of data. This represents a small proportion of the portfolio and is predominantly sites in Poland and the UK. This is therefore not considered a key metric for tracking SEGRO's performance.

EPRA Code	Unit of Measure	Indicator		UK 2021	UK 2022	EU 2021	EU 2022	SEGRO Total 2021	SEGRO Total 2022
GHG-Dir-Lfl	tCO_2e	Direct emissions	Scope 1	26	39	272	750	298	789
GHG-InDIr-Lfl	tCO_2e	Indirect emissions	Scope 2 (location)	64	17	1,522	1,972	1,585	1,989
			Scope 2 (market)	36	1	1,573	33	1,610	35
			Scope 3 (location)	1,125	1,228	89,286	113,557	90,410	114,785
			Scope 3 (market)	863	1,589	91,783	41,519	92,647	43,108
GHG-Int-Lfl	tCO_2e	GHG intensity	Total GHG (location)	1,214	1,284	91,080	116,278	92,294	117,562
			Total GHG (market)	925	1,629	93,629	42,303	94,554	43,931
	m^2		Coverage m^2	71,961	71,961	2,195,341	2,195,341	2,267,302	2,267,302
	$tCO_2e/m^2/yr$		Total GHG Intensity (location)	0.017	0.018	0.041	0.053	0.041	0.052
	$tCO_2e/m^2/yr$		Total GHG Intensity (market)	0.013	0.023	0.043	0.019	0.042	0.019

Appendices continued

Appendix I European Public Real Estate Association (EPRA) disclosure continued

EPRA Water – Absolute and Like-for-like

Absolute water consumption data remained fairly stable across the reportable floor area in 2022. This does not include estimations where there are data gaps in the year for annually invoiced sites. Water data is based on manual meter readings as minimal automated meter reading data are available for reporting.

The EPRA like-for-like datasets compare the performance of areas of the portfolio that SEGRO procures the utilities for, and for which we have two full years of data. This represents a small proportion of the portfolio and is predominantly sites in Poland and the UK. This is therefore not considered a key metric for tracking SEGRO's performance.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Water-Abs	m^3	Water	Landlord Shared Services	5,505	36,804	29,100	1,553	50,695	38,357
			Tenant Supply	7,948	40,324	312,145	339,646	320,093	379,970
			Total	13,453	77,128	341,245	341,199	370,788	418,327
			Coverage m^2	120,440	178,716	1,928,076	1,802,507	2,048,516	1,981,233
Water-Int-Abs	**$m^3/m^2/year$**	**Intensity**	**Total Water Intensity**	**0.112**	**0.432**	**0.177**	**0.189**	**0.181**	**0.211**

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Water-Lfl	m^3	Water	Landlord Shared Services	1,089	942	6,323	339	7,412	1,282
			Tenant Supply	4,596	5,127	62,965	68,437	67,561	73,565
			Total	5,685	6,070	69,288	68,776	74,973	74,846
			Coverage m^2	21,826	21,826	978,893	978,893	1,000,718	1,000,718
Water-Int-Lfl	**$m^3/m^2/year$**	**Intensity**	**Total Water Intensity**	**0.260**	**0.278**	**0.071**	**0.070**	**0.075**	**0.075**

Appendices continued

Appendix II
Global Reporting Initiative and EPRA performance measures

EPRA code	Performance measure	GRI code	Unit of measure	Is reported	Where reported
Diversity-Emp	Employee gender diversity	405-1	Percentage of employees	Y	Page 113 of the SEGRO 2022 Annual Report & Accounts. Board: Male 60%/Female 40%. Workforce: Male 49%/Female 51%.
Emp-Training	Employee training and development	404-1	Average hours	Y	Page 42 of the SEGRO 2022 Annual Report & Accounts. During 2022, employees carried out 5,299 hours of training (2021: 4,656 hours).
Emp-Dev	Employee performance appraisals	404-3	Percentage of employees	Y	Page 42 of the SEGRO 2022 Annual Report & Accounts. 100%. Every employee has an interim and full year appraisal, at which their performance is reviewed, objectives are set and training needs are identified to help them achieve their objectives.
Emp-Turnover	New hires and turnover	401-1	Total number and rate	P	Page 39 of the SEGRO 2022 Annual Report & Accounts. We believe that the approach we take to rewarding, developing and looking after our people is reflected in a low employee turnover of 9% (2021: 7%). During 2022 we recruited 81 new employees to join our team.
H&S-Emp	Employee health and safety	403-2	Injury rate, absentee rate and number of work-related fatalities	P	Page 31 of the SEGRO 2022 Annual Report & Accounts. No fatalities during 2022. We refer to injury rate as "accident rate". See page 31 of the of the SEGRO 2022 Annual Report & Accounts for more details.
H&S-Asset	Asset health and safety assessments	416-1	Percentage of assets	Y	100% All SEGRO properties under our management are inspected through a vacant unit inspection to ensure that no risks have developed whilst unoccupied. Where common areas fall under SEGRO responsibility we ensure these are monitored through on-site facilities management and, where required, formal inspections for health, safety, and fire risks.
H&S-Comp	Asset health and safety compliance	416-2	Number of incidents	Y	Health and safety reporting – See appendix IV.
Comty-Eng	Community engagement, impact assessments and development programmes	413-1	Percentage of assets	Y	100% Our volunteering and Community Investment Plan initiatives are open and promoted to all colleagues at all sites – we furthermore include customers and suppliers in our initiatives. Page 44 of the SEGRO 2022 Annual Report & Accounts.
Gov-Board	Composition of highest governance body	102-22	Total number	Y	SEGRO 2022 Annual Report & Accounts, Page 113 The composition of the Board exceeds the criteria of the Hampton-Alexander review on gender balance and the Parker Review on ethnic diversity. As at 31 December 2022, 40% of the Board were female and 20% were from an ethnic minority background.
Gov-Selec	Process for nominating and selecting the highest governance body	102-24	Narrative on process	Y	SEGRO 2022 Annual Report & Accounts, Pages 111 to 115.
Gov-Col	Process for managing conflicts of interest	102-25	Narrative on process	Y	SEGRO 2022 Annual Report & Accounts, Page 103.

Appendices continued

Appendix III
Governance metrics

Question	Answer	Reference
Board composition		
Are the positions of CEO and Chair separated?	yes	Page 112 of the SEGRO 2022 Annual Report & Accounts
Is the Chair independent?	yes	Page 112 of the SEGRO 2022 Annual Report & Accounts
What proportion of the Board is independent?	70%	Page 112 of the SEGRO 2022 Annual Report & Accounts
What proportion of the Board has financial or accountancy expertise?	60%	Page 112 of the SEGRO 2022 Annual Report & Accounts
What proportion of the Board has real estate expertise?	50%	Page 112 of the SEGRO 2022 Annual Report & Accounts
Is the Audit Committee fully constituted of independent members?	yes	Page 112 of the SEGRO 2022 Annual Report & Accounts
Is the Nomination Committee fully constituted of independent members?	yes	Page 112 of the SEGRO 2022 Annual Report & Accounts
Is the Remuneration Committee fully constituted of independent members?	yes	Page 123 of the SEGRO 2022 Annual Report & Accounts
Ownership		
Is the one share one vote principle effectively applied (only one share, bearing one vote per share)?	yes	
Is there a controlling shareholder, and if yes, which proportion of the floating capital and voting rights do they own?	no	
Does the company corporate governance status include anti-takeover mechanisms?	no	
Code of conduct/serious concerns		
Does the company have a policy/code of conduct in place which formally forbids or regulates donations, gifts and contributions to and from external parties, and which requires full disclosure to an independent member of the Board?	yes	Confirmed. Please refer to our Code of Business Conduct and Ethics which contains our Gifts & Hospitality Policy at Chapter 3. All entries on the Register of Gifts and Hospitality are regularly reviewed by the Group Legal team and Leadership team and reviewed quarterly by the Executive Committee. See segro.com/about/policies for more information.
Does the company have a whistleblower system in place?	yes	Please refer to our Code of Business Conduct and Ethics which contains our Whistleblowing Procedure at Chapter 9.
Does the whistleblower system enable anonymous reporting?	yes	We operate anonymous reporting through Safecall. See page 28 of the Code of Business Conduct and Ethics.
Does the company have a "no-retaliation policy" in place which grants immunity to the whistleblower when it reports a potential violation in good faith?	yes	Anyone who raises a concern in good faith will not be criticised for doing so, nor will any disciplinary action be taken. See page 28 of our Code of Business Conduct and Ethics for further details.
Is the whistleblower system operated by an independent third party?	yes	We permit internal reporting as well as independent third party reporting through Safecall.

Appendices continued

Appendix IV
Nurturing talent and workforce data

Women in management roles

	2021	2022
Women in senior management/director roles	21%	27%
Women in manager roles	34%	38%

UK* Gender & Ethnicity Pay Gap progression tables
(EPRA Diversity-Pay)

	2021	2022
Gender Pay Gap (mean)	46.2%	43.3%
Gender Bonus Gap (mean)	68.9%	74.5%
Ethnicity Pay Gap (mean)	25.3%	25.7%
Ethnicity Bonus Gap (mean)	-36.0%	22.6%

* Gender Pay Gap: data not currently collected for European operations

Please see the main body of this report for more detail on nurturing talent and health and safety.

Health and Safety data
(EPRA Emp-Employee Health and Safety)

	2021	2022
Accident incident rate - reported as (employee incident)/(Hours worked) x 100,000	0.13	0.25
Fatalities	0	0

Appendices continued

Appendix IV
Nurturing talent and workforce data continued

Workforce profile

Metric	Unit	2018	2019	2020	2021	2022
Number of employees	Actual not %	315	332	355	385	425
Employees by country						
UK	%		58	54	52	55
Germany	%		13	10	12	11
Poland	%		12	2	10	10
France	%		11	7	12	12
Spain	%		2	12	2	2
Netherlands	%		1	1	2	1
Italy	%		1	1	7	6
Czech	%		1	1	1	1
Luxembourg	%		1	11	1	1

Workforce by gender

Metric		Unit	2018	2019	2020	2021	2022
Board	Male		73	67	67	60	60
	Female	%	27	33	33	40	40
Leadership	Male	%	67	67	67	67	73
	Female	%	33	33	33	33	27
Workforce	Male	%	53	51	51	50	49
	Female	%	47	49	49	50	51

Workforce working status

Metric	Unit	2018	2019	2020	2021	2022
Full time		93	91	92	94	9
Part time	%	7	9	8	6	6
Permanent	%		97	97	98	98
Temporary	%		3	3	2	2
Non-guaranteed hours employees	%	0	0	0	0	0

Employee engagement
(EPRA Emp-Training, Emp- Performance Appraisals and Emp- Turnover)

Metric	Unit	2018	2019	2020	2021	2022
Voluntary staff turnover		9	5	2	7	9
Involuntary staff turnover	%		3	3	3	2
Hours of training delivered	%	3,708	3,507	2,812	4,656	5,299
Performance reviews (% of employees)	%				n/a	100
Participation in UK and CE share schemes	%		98	99	97	98*

* SIP/GSIP is 98% but across all schemes SIP/GSIP and Sharesave it is 82% as reported in the ARA

'Your Say' employee engagement survey (every other year)

Metric	2018	2020	2022
'Your Say' engagement score	92	94	91
'Your Say' response rate	91	94	95
'Proud to work for SEGRO'	95	97	94
'Care about the future of SEGRO'	97	97	95

Appendices continued

Appendix V
Community metrics

EPRA – Comty-Eng Community engagement
57 per cent of assets under SEGRO control (by sq m) have implemented local community engagement, impact assessments and/or development programmes.

EPRA Comty-Eng

	2021	2022
Number of community investment plans (CIPs)	n/a	10
Charitable giving	£1.3m	£2.5m
Employee volunteering days	234	385

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures

SASB Disclosure – 1. Energy management

IF-RE-130A.1. Energy consumption data coverage as a percentage of total floor area, by property subsector

68 per cent of the portfolio had energy data coverage for the reporting year. 98 per cent of these properties by floor area are defined as industrial, either big-box logistics or urban warehouses. For this reason, property sub-sector data is not provided on every metric.

Property type	Coverage (sq m)	Total Area (sq m)	% Coverage
Industrial	6,652,595	9,555,528	70%
Retail	12,772	45,529	28%
Office	34,741	91,286	38%
Data Centre	52,280	217,354	24%
Laboratory	8,009	8,286	97%
Hotel	9,364	15,807	59%

IF-RE-130A.2. (1) Total energy consumed by portfolio area with data coverage, (2) Percentage grid electricity, and (3) Percentage renewable, by property subsector

Property type	Total Energy (kWh)	% Grid Electricity	% Renewable
Industrial	991,380,036	695,870,021	29%
Retail	6,754,860	6,529,898	0.3%
Office	13,549,989	12,605,426	0.2%
Data Centre	593,390,372	594,358,791	58%
Laboratory	4,106,509	4,118,446	0.0%
Hotel	1,367,036	1,371,009	0.0%

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures continued

The like-for-like datasets compare the performance of areas of the portfolio that SEGRO procures the utilities for, and for which we have two full years of data. This represents a small proportion of the portfolio and is predominantly sites in Poland and the UK. This is therefore not considered a key metric for tracking SEGRO's performance.

IF-RE-130A.3. Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector

The like-for-like datasets compare the performance of sites with two years of data – a small proportion of the portfolio. The total like-for-like energy consumption decreased significantly in 2022. This dataset is susceptible to skew due to the small sample of sites represented.

				UK		EU		SEGRO Total	
EPRA Code	**Unit of Measure**	**Indicator**		**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Elec-LfL	kWh	Electricity	Landlord Shared Services	191,777	87,618	1,694,225	2,639,772	1,886,002	2,727,389
			Tenant Supply	4,857,847	5,554,040	116,830,028	123,797,584	121,687,875	129,351,624
			Total	5,049,624	5,641,657	118,524,253	126,437,356	123,573,877	132,079,013
DH&C-Lfl	kWh	District heating/cooling	Landlord Shared Services	0	0	0	1,631	0	1,631
			Tenant Supply	0	0	267,634	593,643	267,634	593,643
			Total	0	0	267,634	595,274	267,634	595,274
Fuels-LfL	kWh	Natural Gas	Landlord Shared Services	95,352	194,042	1,414,824	3,579,491	1,510,176	3,773,533
			Tenant Supply	956,402	733,137	74,620,326	100,095,266	75,576,728	100,828,403
			Total	1,051,754	927,179	76,035,150	103,674,757	77,086,904	104,601,936
Total Energy-LfL	kWh	Total Energy	Landlord Shared Services	287,129	281,659	3,109,049	6,220,894	3,396,178	6,502,553
			Tenant Supply	5,814,250	6,287,177	191,717,987	224,486,493	197,532,237	230,773,670
			Total	6,101,379	6,568,836	194,827,036	230,707,387	200,928,415	237,276,222
			Coverage m²	71,961	71,961	2,195,341	2,195,341	2,267,302	2,267,302
Energy-Int-LfL	**kWh/m²/year**	**Intensity**	**Total Energy Intensity**	**85**	**91**	**89**	**105**	**89**	**105**

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures
continued

IF-RE-130A.4. Percentage of eligible portfolio that (1) has an energy rating

All energy ratings are measured under the EU EPC methodology

Group EPCs	Units	2021	%	2022	%
Number of certified assets	No. lettable spaces	1,486	76.1%	1688	76.7%
Number of uncertified assets	No. lettable spaces	466	23.9%	513	23.3%
Total number of assets	No. lettable spaces	1,952	100.0%	2201	100.0%
Area of certified assets	m²	6,804,711	78.8%	8,382,246	84.4%
Area of uncertified assets	m²	1,834,552	21.2%	1,551,544	15.6%
Total area of assets	m²	8,639,263	100.0%	9,933,790	100.0%

IF-RE-130A.5 Description of how building energy management considerations are integrated into property investment analysis and operational strategy

SEGRO has committed to a Corporate and Customer net-zero carbon emissions target and a Corporate and Customer science-based carbon target to achieve 42 per cent absolute reduction in carbon emissions by 2030. The first consideration is to increase energy data coverage to near to 100 per cent. In 2022, we improved our coverage from 54 per cent to 68 per cent. We also aim to have smart metering across all our properties to allow for automatic data collection and reporting – we rolled out 200 automatic meters in 2022. Due to large unregulated emissions across the portfolio due to tenant fit-out, asset energy benchmarking is not our main instrument for measuring building performance. We analyse the EPC ratings as this includes the elements we can control. Our investment strategy for existing buildings aims to improve EPC ratings to achieve carbon reductions. We target the reduction of unregulated emissions by generating energy on-site, mainly through solar photovoltaic panels, as well as renewable electricity tariffs to reduce operational carbon emissions. Lastly, the demand for space heating varies across geographies and tenant operations. We aim to electrify the portfolio or utilise low carbon alternatives like heat pumps to reduce the use of natural gas.

SEGRO energy performance certificate by geography and floor area (sq m)

	A/A+	B	C	D	E	F	G	Unrated
Czech Republic	0	78,894	90,300	0	0	0	0	319
France	217,260	268,576	230,623	121,874	30,916	3,557	0	694,434
Italy	1,268,282	203,509	50,832	1,497	0	0	0	23,286
Netherlands	235,086	0	5,472		6,457	6,990	4,167	1,871
Spain	221,259	38,037	0	16,226	0	0	0	37,676
UK	915,726	442,453	621,655	201,906	127,315	311	8,529	309,463
Primary Energy Demand (kWh/sq m)	**1-100**	**101-150**	**151-200**	**201-250**	**251-300**	**301-350**	**401+**	**Unrated**
Germany	771,502	624,965	156,593	25,466	0	7,892	0	174,385
Poland	48,739	407,607	402,723	185,567	260,917	72,567	0	211,209
Total	**3,677,854**	**2,064,041**	**1,558,198**	**552,535**	**425,605**	**91,317**	**12,696**	**1,452,642**
%	**37%**	**21%**	**16%**	**6%**	**4%**	**1%**	**0%**	**15%**

Appendices continued

Appendix VI Sustainability Accounting Standards Board disclosures continued

IF-RE-130A.4 (2) is certified to energy star, by property subsector

We do not certify to Energy Star but use local equivalents such as BREEAM and DGNB.

Certification scheme	Rating	Area (sq m)
BREEAM New Construction	Outstanding	192,848
BREEAM New Construction	Excellent	996,583
BREEAM New Construction	Very Good	1,252,349
BREEAM New Construction	Good	50,428
BREEAM New Construction	Pass	35,505
BREEAM Refurbishment	Very Good	8,782
DGNB New Construction	Platinum	50,177
DGNB New Construction	Gold	632,380
DGNB New Construction	Silver	337,338
DGNB New Construction	Bronze	0
BREEAM In-Use Part 1: Asset Performance	Outstanding	0
BREEAM In-Use Part 1: Asset Performance	Excellent	643,513
BREEAM In-Use Part 1: Asset Performance	Very Good	274,325
BREEAM In-Use Part 1: Asset Performance	Good	0
BREEAM In-Use Part 1: Asset Performance	Pass	0
LEED Core & Shell	Platinum	0
LEED Core & Shell	Gold	23,393
LEED Core & Shell	Silver	0
LEED Core & Shell	Certified	0
HQE New Building	Exception	0
HQE New Building	Excellent	111,310
HQE New Building	Very Good	60,878
HQE New Building	Good	0

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures continued

SASB Disclosure – 2. Water management

IF-RE-140A.1 Water withdrawal data coverage as a percentage of (1) total floor areas

Property type	Coverage (sq m)	Total Area (sq m)	% Coverage
Industrial	1,642,866	9,555,528	17%
Retail	1,169	45,529	3%
Office	6,249	91,286	7%
Data Centre	9,846	217,354	5%
Laboratory	–	8,286	0%
Hotel	–	15,807	0%

IF-RE-140A.1 (2) Floor area in regions with high or extremely high baseline water stress, by property subsector

All areas relate to industrial properties, therefore they have not been broken by property type. (RCP 8.5 concentration pathway, 2050 scenario).

Risk	Metric	Floorspace (at 100%)
Drought Stress	High' and 'Very High' Risk	2%

IF-RE-140A.2. (1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with high or extremely high baseline water stress, by property subsector

Absolute water consumption data remained fairly stable across the reportable floor area in 2022. This does not include estimations where there are data gaps in the year for annually invoiced sites. Water data is based on manual meter readings as minimal automated meter reading data are available for reporting.

The like-for-like datasets compare the performance of sites with two years of data and represent a small proportion of the portfolio.

The only area SEGRO operates in which has been identified as high water stress is Spain, which represents 1 per cent of the data below.

				UK		EU		SEGRO Total	
EPRA Code	Unit of Measure	Indicator		2021	2022	2021	2022	2021	2022
Water-Lfl	m^3	Water	Landlord Shared Services	1,089	942	6,323	339	7,412	1,282
			Tenant Supply	4,596	5,127	62,965	68,437	67,561	73,565
			Total	5,685	6,070	69,288	68,776	74,973	74,846
			Coverage m^2	21,826	21,826	978,893	978,893	1,000,718	1,000,718
Water-Int-Lfl	**$m^3/m^2/year$**	**Intensity**	**Total Water Intensity**	**0.260**	**0.278**	**0.071**	**0.070**	**0.075**	**0.075**

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures
continued

IF-RE-140A.3. Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property subsector

The table below shows that water consumption in the like-for-like dataset increased 10 per cent from 2021 to 2022. For inclusion in the like-for-like dataset, a site must have had continuous water data for 24 months, amounting to 10 per cent of total floorspace under management.

EPRA code	Unit of Measure	Indicator		SEGRO Total
Water-Lfl	% change 2021 to 2022	Water	Total	10%

IF-RE-140A.4 Description of water management risks and discussion of strategies and practices to mitigate those risks

Our materiality assessment did not identify 'Water Use' as a priority material issue for our business, as in most cases industrial buildings do not consume a significant amount of water compared to other property types. The exceptions are where water is consumed for a particular process in the building, for example laundry companies; however this is controlled by the customer. Although a lower priority than energy consumption, we do actively engage with our customers to collect and report the water use data above. We ensure developments and refurbishments use the most efficient water appliances.

'Responsible water management' is a material issue if the building is located in water stressed areas. Where possible, adaptation techniques are incorporated into the design. You can read more about climate-related aspects of water in our TCFD section in appendix X and in our Annual Report & Accounts 2022.

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures continued

SASB Disclosure – 3. Tenant sustainability impacts

IF-RE-410A.1. (1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector

Since 2014, new leases in the UK have incorporated energy efficiency recovery clauses in relation to minimum energy efficiency standards. This is driven by legislation within the country. The vast majority of SEGRO assets are triple net leases, meaning we have limited control on tenant operation. SEGRO's Group-wide green lease clauses focus on the collation of environmental data through remote monitoring systems and requiring the procurement of certified renewable electricity where feasible.

IF-RE-410A.2. Percentage of tenants that are separately metered or sub-metered for (1) grid electricity consumption and (2) water withdrawals, by property subsector

All SEGRO-owned properties are separately metered or sub-metered for electricity and water supplies. In certain cases, on older assets, the gas supplies are unmetered or where there is a central heating system serving multiple customers.

IF-RE-410A.3. Discussion of approach to measuring, incentivising, and improving sustainability impacts of tenants

- **Improving measurement and visibility of emissions.** In some jurisdictions, SEGRO procures energy on behalf of its customers under the terms of the lease, so we have visibility over this data. In France, recent legislation requires occupiers to disclose their energy use, so we also have visibility over this data, albeit with a significant time lag. For other areas, we are working with customers to get visibility of energy use data allowing us both to measure our Scope 3 emissions more accurately and to help customers reduce their energy use and carbon emissions. All employees' annual variable compensation is linked to improving the visibility of customer energy data – in which we made a 14 percentage point improvement in 2022 against 2021.
- **Incentivising and improving sustainability impacts.** We aim to provide energy-efficient buildings to our customers at point of handover. In addition, we have recently undertaken pilot tests of using sensor technology to improve the visibility of customer energy use within buildings alongside other data, such as air quality.

We are also retrofitting solar panels to existing buildings where possible to increase the generation of on-site renewable energy for the benefit of our customers. On developments where the grid cannot take, and the customer does not need, the energy from a full solar array, we install as large an array as possible at the time. We construct the roof to be able to take more panels in the future, if and when the grid is able to take the energy or on-site customer demand increases.

All employees' annual variable compensation is linked to reductions in customer carbon emissions, in which we have made a 13 per cent absolute reduction compared to the 2020 baseline.

Appendices continued

Appendix VI
Sustainability Accounting Standards Board disclosures continued

SASB Disclosure – 4. Climate change adaptation

IF-RE-450A.1. Area of properties located in 100-year flood zones, by property subsector

All estates relate to industrial properties and therefore have not been split by property type. The Representative Concentration Pathway (RCP) 8.5 (undefended) has been used and reflects a worst-case scenario for 2050. In 2022 we enhanced our analysis of climate change risk, working with the Savills Sustainability Team in conjunction with data from global reinsurer Munich Re to improve our visibility in this important area.

Risk	Metric	Floorspace (at 100%)
River Flood	1 in 100-year return period >0	5%

IF-RE-450A.2. Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks

Description of climate change risk exposure analysis

During the year, working with Savills Sustainability in conjunction with climate change physical risk and scenario data from global reinsurer Munich Re, we have carried out a new climate change physical risk study to assess the acute and chronic physical risks to our portfolio by geography, by Representative Concentration Policy (RCP) scenario and across four time horizons:

- Current: provides a baseline for acute and chronic physical risks to the portfolio;
- 2030: primarily acute risks which may need to be addressed immediately, such as River Flood;
- 2050: comfortably within the lifespan of a typical building (60 years) and allows us to assess whether an existing property requires action to mitigate or adapt to the (primarily chronic) risks;
- 2100: assessment of chronic risks to a location informing long-term investment decision making.

For this study, the physical risk from hazards under RCP 2.6 (less than 2ºC warming by 2100), 4.5 (3ºC warming by 2100) and RCP 8.5 (4-5ºC warming by 2100) were modelled on 197 estates, covering 99 per cent of our floor area (at 100 per cent) and rental value (based on SEGRO wholly-owned properties and its share of properties in joint ventures and associates). The level of exposure risk was judged based on the likelihood of the specific physical hazards as modelled under a range of scenarios and time periods.

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Appendix VI Sustainability Accounting Standards Board disclosures continued

IF-RE-450A.2. Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks continued

Degree of systematic portfolio exposure

The SEGRO portfolio has some High and Very High exposure risk to River Flood and Precipitation Stress under the current baseline and three future scenarios. However, changes between the current baseline and future time periods under the three scenarios is relatively limited. The lack of incidents and insurance claims related to such events across the portfolio suggests a resilience to current baseline hazards.

Heat and Drought Stress present as the most significant emerging chronic climate-related hazards across all three RCP scenarios, although assets exposed represent only between 2 and 3 per cent of rental value. In terms of change from current baselines, both of these hazards show potentially significant percentage increases indicating that asset adaptive measures are likely to become more important in this area. The absolute exposure risk to Drought Stress and Heat Stress is primarily concentrated in SEGRO's Southern European portfolio, specifically our assets in Italy, Spain and southern France.

The table below shows the modelled climate change physical exposure risk metrics and outcomes based on percentage of floor area and rental value at risk based on the worst-case scenario (RCP 8.5, 2050) and the best-case scenario (RCP 2.6, 2050). Note that River Flood as a hazard was not modelled under RCP 2.6. The assessment report and data do not consider any asset specific development or refurbishment mitigation cycles. As part of our sustainable development objectives, assessments are carried out prior to development and adaptation measures are carried out accordingly.

Climate change physical exposure risk at asset level based on RCP 8.5 and RCP 2.6 by 2050

Hazard	Metric	(RCP, Year)	(at 1005)	ERV (at share)	Markets most affected
River Flood	1 in 100-year return period >0	8.5, 2050 (Undefended)	5%	5%	Asset-specific, including London airports, inland port assets (Hamburg, Gennevilliers), Netherlands
Precipitation Stress	'High' and 'Very High' Risk	8.5, 2050	5%	2%	Northern Italy assets
		2.6, 2050	5%	2%	Northern Italy assets
Drought Stress	'High' and 'Very High' Risk	8.5, 2050	2%	2%	Primarily assets in Spain with modest exposure in Northern Italy
		2.6, 2050	1%	0%	Primarily assets in Spain
Heat Stress	'High' and 'Very High' Risk	8.5, 2050	7%	3%	Southern France, Northern Italy and Spain
		2.6, 2050	5%	2%	Southern France, Northern Italy and Spain

Appendix VI
Sustainability Accounting Standards Board disclosures continued

IF-RE-450A.2. Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks continued

Strategies for mitigating risks

In 2022 SEGRO completed a number of projects to mitigate climate-related transition risks:

- We introduced mandatory green lease clauses within all new leases. These require customers to share their energy data with us and, where possible and financially viable, to use certified renewable electricity tariffs to supply their unit. Buildings for which SEGRO has responsibility for energy supply automatically adopt such tariffs;
- We introduced a new Mandatory Sustainability Policy applicable to developments and refurbishments approved from April 2022 onwards which establishes minimum requirements including for them to be rated BREEAM 'Excellent' or better and at least receive an Energy Performance Certificate (EPC) rating of B-grade or better;
- We invested in SEGRO's Group Sustainability Team, hiring a new Director of Sustainability and a new Sustainability Manager to drive the decarbonisation strategy element of Responsible SEGRO. The Sustainability Team reports to the Managing Director of Group Operations who, in turn, reports to the Chief Operating Officer, the Board member responsible for climate-related risks and opportunities as they pertain to our portfolio;
- We enhanced our analysis of climate change risk, working with the Savills Sustainability Team in conjunction with data from global reinsurer Munich Re to improve our visibility in this important area. In 2023, we intend to integrate this new, more detailed dataset and analysis within our annual asset planning exercise and the investment process.

Climate change physical exposure risk at asset level based on RCP 8.5 and RCP 2.6 by 2050

Risk	Risk Horizon	Corporate Strategy	Financial Planning
Chronic physical risk Rising temperatures (including extreme heat events)	Medium-term risks: – Higher operating costs for customers and SEGRO from increased cooling demand – Greater investment in cooling measures inside and outside buildings – Reduced wellbeing and productivity of workforce	Mitigations integrated into developments and refurbishments in properties in high-risk geographies, including water conservation through recycling of rainwater and measures to reflect heat and improve shading externally.	Measures incorporated into financial appraisals of developments and refurbishments.
Acute physical risk Flood and precipitation	Short-term risks: – Increased insurance, maintenance and repair costs from growing flood risk – Increased investment in drainage solutions and flood defences – Negative impact on asset valuations	All new investments (both acquisitions and developments) incorporate flood risk assessments. Measures taken to mitigate flood risk include rainwater recycling and landscaping to minimise run-off, and balancing pools to cater for run-off from hard-standing areas.	Measures incorporated into financial appraisals of acquisitions, refurbishments and developments. Valuers review assets for short-term physical risks as part of twice-yearly appraisals.
Policy & legal transition risk Environmental legislation	Medium-term risks: In the UK, the MEES (Minimum Energy Efficiency Standard) regulations require buildings to achieve a certain standard of energy performance for them to be leased. At a high level, by 2030, properties will need to achieve a minimum Energy Performance Certificate rating of 'B' before they can be leased. Similar legislation is emerging across a number of our other markets. The aim of our corporate strategy is to be compliant with such legislation well in advance of the deadlines.	Properties which are unrated or have an EPC below B are expected to be upgraded when they become vacant (approximately 60 per cent of such buildings in the UK are expected to be vacated by 2030).	The estimated cost to upgrade the UK estate to EPC rating 'B' or better is approximately £82 million by 2030, much of which will be absorbed within normal course refurbishment capex. The figure has increased primarily due to higher material and labour costs of refurbishment, partly offset by work carried out during 2022 to improve low-grade EPC premises to at least B-grade.
Market transition risk Customer behaviours	Short- and medium-term risks: Customers expect to operate their properties efficiently. There is growing evidence of rental discount associated with buildings which display poor sustainability credentials.	New developments and refurbishments incorporate sustainability technologies suited to their use and location, including (but not limited to) solar panels (for customer use), electric vehicle charging facilities, low-carbon heating and initiatives to promote local biodiversity and worker wellbeing.	Capex associated with refurbishment, including improving energy efficiency, is factored into short-term budgets and the five-year Medium-Term Plan.
Reputation transition risk Access to capital	The Sustainable Finance Disclosure Regulation (SFDR) imposes mandatory ESG disclosure obligations for asset managers and other financial market participants.	We have established a Green Finance Framework which complies with International Capital Market Association and the Loan Market Association principles. The Framework sets out the investment criteria for deploying and allocating the proceeds of green finance instruments, including in energy-efficient and low-carbon buildings.	When a decision is made to raise capital, consideration is given to whether the issue should fall under the Green Finance Framework (e.g. a Green Bond).

Appendix VII
EU Sustainable Finance Disclosure Regulation – Principal Adverse Impact indicators

Background and scope

This section is designed to bring together the data relevant to the Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impact indicators to help our shareholders fulfil their reporting requirements.

The SFDR defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters. Principal adverse impact is generally understood to mean the negative impact, caused by an investment decision or investment advice, on these factors.

The data in this summary applies as of 31 December 2022. It will be reviewed annually.

Principal Adverse Impact (PAI) indicators

PAI indicators are a specific set of measures to determine the impact of investment decisions on sustainability factors.

For questions that do not apply to SEGRO, the box is marked as 'N/A' and for questions where we do not disclose the information, the box is marked as "Not disclosed".

Sector Exclusions	Further Definition	Pass/Fail
Any tie to UN Global Compact violations	Companies that have had a significant and credible exposure to ESG risk incidents associated with one or more of the ten UNGC Principles	Pass
Any ties to controversial weapons	Cluster munitions, landmines, biological/chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments	Pass
Any tie to nuclear weapons.		Pass
A proportion of more than 5% of revenue derived from tobacco production.		Pass
A proportion of more than 5% of revenue derived from thermal coal extraction and its sale to external parties.	Thermal coal extraction, including lignite, bituminous, anthracite and steam coal	Pass
A proportion of more than 20% of revenue derived from thermal coal power generation, where the company is not identified as an energy transition champion.		Pass

Appendices continued

Appendix VII EU Sustainable Finance Disclosure Regulation – Principal Adverse Impact indicators continued

Principal Adverse Impact (PAI) indicators continued

PAI #	PAI	Metric	Impact year 2022	Impact year 2021
	Mandatory			
1	GHG emissions	Scope 1 GHG emissions	2,329 tCO_2e	1,278 tCO_2e
	NB: SEGRO includes customer operating emissions in Scope 3	Scope 2 GHG emissions	1,662 tCO_2e (market-based)	2,942 tCO_2e (market-based)
		Scope 3 GHG emissions	665,076 tCO_2e	568,961 tCO_2e
		Total operating GHG emissions	669,067 tCO_2e	573,181 tCO_2e
2	Carbon footprint	Carbon footprint including embodied carbon	669,067 tCO_2e	573,181 tCO_2e
3	GHG intensity	GHG intensity	0.060 $tCO_2e/m^2/yr$ (market-based)	0.068 $tCO_2e/m^2/yr$ (market-based)
4	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	None	None
5	Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Non-renewable: 1,610,549 MWh = 68% Renewable: 754,418 MWh = 32% Total: 2,364,967 MWh	Non-renewable: 1,889,349 MWh = 72% Renewable: 723,638 MWh = 28% Total: 2,612,988 MWh
6	Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue, per high impact climate sector[1]	N/A – SEGRO is not active in sectors identified as high impact climate	N/A – SEGRO is not active in sectors identified as high impact climate
7	Activities negatively affecting biodiversity-sensitive areas	% of company revenues from business activities with sites/ operations located in or near to biodiversity-sensitive areas where activities negatively affect those areas	N/A 2/3rds of SEGRO's portfolio is in urban locations – the rest are situated at locations that are optimally aligned to logistical and infrastructural requirements	N/A 2/3rds of SEGRO's portfolio is in urban locations – the rest are situated at locations that are optimally aligned to logistical and infrastructural requirements
8	Emissions to water	Tonnes of emissions to water generated per million EUR invested	0	0
9	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated per million EUR invested	0	0
10	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Has the company been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	No	No
11	Processes and mechanisms to monitor compliance with UN Global Compact, UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises	Company has process in places for one or more of these items	Yes. We have a number of policies tackling this subject. In particular our Code of Ethics, Human, Rights and Modern Slavery policies. We also undertake an annual supplier compliance assessment process.	Yes. We have a number of policies tackling this subject. In particular our Code of Ethics, Human, Rights and Modern Slavery policies. We also undertake an annual supplier compliance assessment process.
12	Unadjusted gender pay gap	Unadjusted gender pay gap of company	43.3% – UK only (data not currently collected for European operations)	46.2% – UK only (data not currently collected for European operations)
13	Board gender diversity	Ratio of female to male board members	Female 40%/male 60%	Female 40%/male 60%
14	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	% of revenues from the manufacture or selling of controversial weapons	None	None
	Real estate specific			
17	Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	None	None
18	Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets[2]	2%	1%

1 High impact climate sectors are defined as those sectors in Section A-H and Section L of Annex 1 of Regulation (EC) No 1893/2006.
2 SEGRO defines 'energy-inefficient real estate assets' as those with an EPC (or equivalent) rating of E or below.

Appendices continued

Appendix VIII
Greenhouse gas reporting methodology

We publish our GHG reporting methodology at **segro.com/responsible-segro/reports-downloads**

Appendices continued

Appendix IX
SEGRO Mandatory Sustainability Policy

During the year, we have launched our new Mandatory Sustainability Policy. Here are the core requirements.

Introduction

SEGRO has set ambitious short- to mid-term science-based targets and has an overall 'Net Zero by 2030' ambition, which requires decisions made today to be in line with these commitments.

To that effect SEGRO has determined on a range of measures to futureproof our operations and ensure our external commitments are achievable, the Mandatory Sustainability Policy ("the Policy").

Compliance with the Policy is monitored by the Sustainability Team and reported to the SEGRO Board half yearly.

Scope

SEGRO recognises that the biggest opportunities are with our development projects; however, the principle of future proofing applies to both developments and refurbishments and must be considered for both and the existing portfolio in relation to energy data.

Applicability

This Policy is mandatory for all SEGRO:
- Developments, including all forward funding, forward commitments, and Joint Ventures
- Refurbishments, including for Joint Ventures
- Disposals of new assets where forward funded, forward commitments, Design & Build for customers and Joint Ventures
- Acquisitions of developments by forward funding, forward commitment, and Joint Ventures
- Lettings, lease renewals, re-gears of existing leases

Policy Commitments

Embodied carbon

- Deliver developments that meet our carbon intensity targets.
- Implement Building Information Modelling for all Developments over 5,000m² (minimum level of detail 350) and conduct Life Cycle Assessments for all Developments over 5,000m².

PV installations:

- Maximise the PV coverage on all our buildings (subject to planning/power/customer demand.

Energy data

- Identify where gaps in energy consumption data exist across our portfolio and work with our tenants to close, and, where possible, implement SEGRO's green lease clauses to mandate the use of renewable energy and the sharing of energy data.

Construction and building certifications

- Deliver BREEAM 'Excellent' or equivalent on all new developments over 5,000m²
- Implement refurbishment standards to EPC B or better for the UK and equivalent standards in all other countries (where a comparable standard exists).

Electric vehicle charging

- Install at least 20 per cent of all parking locations (cars/vans) with electric charging (new developments and refurbishment stock), subject to power availability.

Biodiversity and wellbeing

- As a minimum, meet the Biodiversity Net Gain commitments (currently UK only) and the obligations in France for at least partial green roofs and/or solar PV;
- Implement at least five specific biodiversity and/or wellness features in every new development over 5,000m²;
- Aim for at least two biodiversity and/or wellness features in smaller developments; and
- At least one biodiversity and/or wellness feature for each refurbishment.

This Policy will be reviewed annually or more frequently if required.

Appendix X
Climate-related Financial Disclosures

As a leading owner, manager and developer of industrial and warehouse assets in Europe, our sustainability and financial strength is reliant upon an effective and rigorous risk management framework. Our properties span the UK and Continental Europe and are therefore exposed to a variety of effects from a changing climate. We believe that these climate-related risks, if unmitigated, present a threat to society as well as to our business operations and financial strength over the coming decades.

We have made good progress on our strategy to reduce the carbon intensity of our business, particularly reducing the embodied carbon intensity of our development activities and increasing our solar energy generation capacity. We have made progress, albeit slower than hoped, of increasing the visibility of our Scope 3 customer emissions: in most leases, we have little or no legal right to be informed about such emissions, so progress in this area relies on adopting our "green" lease on new lettings or persuading our customers to share their energy data.

There have been no material changes to the nature of the business over the past 12 months which would require a review to our baseline metrics or future targets.

We believe this disclosure is consistent with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), including the "Guidance for All Sectors". It sets out how SEGRO incorporates climate-related risks and opportunities into governance, strategy, risk management, metrics and targets, and how we are responding to stakeholder expectations, national regulations and sector-wide best practice. This is an area of constant evolution and we intend to continue addressing the known weaknesses in our data and improving the disclosure of our activity and performance.

Governance

Governance plays a key contributing role to the effective delivery of strategy and SEGRO has a clear governance structure with a single unity Board comprising an independent Chair, six independent Non-Executive Directors and three Executive Directors (as at 31 December 2022).

Board oversight of climate-related risks and opportunities

The Board is responsible for setting the strategic direction of the Company to ensure its long-term success which includes the delivery and integration of Responsible SEGRO and its targets. Specifically, the Board has oversight of climate-related performance, risks and opportunities and takes into consideration all elements of Responsible SEGRO, including climate-related risks and opportunities, when reviewing and guiding on annual budget and long-term planning matters as well as major strategic and investment decisions.

The Board has access to advice relating to climate-related risks and opportunities from internal and external bodies including the in-house Sustainability Team, CBRE which values the portfolio, Longevity Partners as environmental and energy consultants and SLR Consulting as providers of partial assurance of Group environmental data, among others.

The Chief Executive has overall responsibility for the Responsible SEGRO strategy. The Chief Operating Officer is responsible for climate-related risks and opportunities as they may relate to the portfolio.

The Audit Committee, as part of its role in overseeing the Group's financial reporting, is briefed on the climate-related disclosure within the Annual Report.

The Executive Committee, comprising the Executive Directors and the Group HR Director, supports the Chief Executive in the delivery of strategy and reviews the operation and financial performance of the business. It is this Committee which sets the climate change-related strategy and targets.

Both the Board and the Executive Committee are updated on Responsible SEGRO throughout the year, including discussions of climate-related issues and the Company's progress towards achieving its targets.

The Risk Committee, chaired by the Chief Financial Officer and which reports to the Executive Committee and the Board, monitors the Group Risk Register, within which Environmental Sustainability and Climate Change is a Principal Risk.

The Investment Committee, chaired by the Chief Executive, reports to the Board and assesses prospective capital expenditure requests. Each request is required to provide details of the financial and non-financial expected outcomes of the expenditure, including its adherence to the SEGRO Mandatory Sustainability Policy (see page 48 for more details) which mandates actions to address risks and opportunities associated with improving the sustainability of our portfolio.

From 2022, the annual bonus for Executive Directors and all employees has included Group targets relating to environmental sustainability and the mitigation of, or adaptation to, climate change, as part of a wider Responsible SEGRO component. The Remuneration Committee, which is comprised entirely of independent Non-Executive Directors, is responsible for approving targets and reviewing performance relating to the Responsible SEGRO component of the annual bonus award. Full details of the components forming the annual bonus can be found on page 129 of the 2022 annual report and accounts, and the metrics related to the environmental element of the Responsible SEGRO component are identified in the Metrics and Targets section on page 58. These metrics are subject to partial assurance by SLR Consulting who report to the Remuneration Committee on performance compared to the targets.

Appendix X
Climate-related Financial Disclosures continued

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

SEGRO's approach to climate-related risks and opportunities is manifested in the following ways:

Asset Management and Development: The Operations Committee, which is chaired by the Chief Operating Officer and comprises the Managing Directors of Group Operations and the six Business Units and the Operations Finance Director, meets monthly to discuss operating performance and to review and agree asset management and development policy. The Director of Sustainability regularly attends the Operations Committee to provide updates on environmental issues, performance and policy and to discuss any recommended changes in approach.

The Operations Committee also receives reports from the Technical Implementation Group (mainly comprising senior representatives of the development teams) and the Operational Implementation Group (mainly comprising senior representatives of the asset management teams) which meet regularly to discuss and recommend changes in policy and approach to development and management of standing assets respectively. The Director of Sustainability regularly attends these meetings to update on environmental regulation and best practice.

Capital expenditure: The Investment Committee, comprising the Executive Directors and chaired by the Chief Executive, considers larger capital expenditure applications from the business. Every application must provide expected financial returns, the impacts on key stakeholders and alignment to the Responsible SEGRO framework, including measures taken to improve the energy efficiency of buildings and to reduce the operating and embodied carbon emissions from the building in design and operation.

Strategy: Day-to-day oversight of climate-related issues and the implementation of the wider Responsible SEGRO framework is carried out by the Responsible SEGRO Driving Group (RSDG) which is co-chaired by the Director of Operations and the Commercial Finance Director. It is attended by the Director of Sustainability, members of the Executive Committee and the Leadership team and the Communications team. The RSDG met eight times during 2022 to review progress of the strategy.

Governance: Action during 2022

- The Board received updates on Responsible SEGRO actions from members of the RSDG, including progress on reducing carbon emissions, during the year, in addition to updates on specific projects;
- The Board received training on climate change from senior representatives of CBRE's Sustainability and Valuation teams focused the changing nature of environmental regulations and disclosure requirements and the potential impacts sustainability requirements could have on asset values;
- The Board received regular updates on plans to retrofit solar photovoltaic panels on existing buildings;
- The Remuneration Committee approved the initial targets relating to the Responsible SEGRO annual bonus metrics for Executive Directors and all employees, of which half are related to reducing carbon emissions throughout the business;
- The Operations Committee considered, and the Executive Committee approved, the introduction of a new Mandatory Sustainability Policy (see page 48).

Appendix X
Climate-related Financial Disclosures
continued

Governance of climate-related risks and opportunities

The Board
Oversight of climate-related strategy and performance

Audit Committee
Oversight of climate-related disclosure within the Annual Report

Nominations Committee
Considers Sustainability- and climate change-related experience of new and existing Board members

Remuneration Committee
Sets, monitors and approves compensation and targets related to Sustainability performance, including reducing Group carbon emissions

Executive Committee
Setting climate change-related strategy and targets

Operations Committee
Implementation of climate-related process and policy

Technical Implementation Group
Focus on development policy and improvement

Operational Implementation Group
Focus on policy and improvement of existing assets

Investment Committee
Ensuring capital expenditure is consistent with climate-related targets

Investment Committee
Monitoring climate change-related risks and emerging risks

Responsible SEGRO Driving Group
Monitoring of delivery of Responsible SEGRO strategy

Appendices continued

Appendix X
Climate-related Financial Disclosures continued

Strategy
As a long-term property owner, we need to ensure that our buildings are fit for purpose for the future. One of the ways we do this is to build relatively generic buildings, suited to more than one customer. This ensures a longer lifespan for the building as well as reducing the risk of vacancy and future refurbishment costs.

The Responsible SEGRO framework sets out how we integrate environmental and social considerations into our corporate strategy through three strategic priorities. The first strategic priority sets out our approach to reducing carbon emissions from our business activities, committing SEGRO to being net-zero carbon by 2030. This commitment includes Scope 1 and 2 emissions and the most material elements of Scope 3 emissions including Capital Goods (embodied carbon from completed developments) and Downstream Leased Assets (largely corporate emissions and those from customers occupying our buildings). In 2022, these accounted for 81 per cent of our overall emissions.

Strategy: Action during 2022
SEGRO completed a number of projects to mitigate climate-related transition risks:

- We introduced mandatory "green" clauses within all new leases. These require customers to share their energy data with us and, where possible and financially viable, to use certified renewable electricity tariffs to supply their unit. Buildings for which SEGRO has responsibility for energy supply automatically adopt such tariffs;
- We introduced a new Mandatory Sustainability Policy applicable to developments and refurbishments approved from April 2022 onwards which establishes minimum requirements including for developments to be rated BREEAM 'Excellent' or better and receive an Energy Performance Certificate (EPC) rating of B-grade or better. This policy is an integral element of the strategy to improve SEGRO's sustainability performance, focusing particularly on the metrics presented in the Metrics and Targets section on page 59;
- We invested in SEGRO's Group Sustainability Team, hiring a new Director of Sustainability and a new Sustainability Manager to drive the decarbonisation strategy element of Responsible SEGRO. The Sustainability Team reports to the Managing Director of Group Operations who, in turn, reports to the Chief Operating Officer, the Board member responsible for climate-related risks and opportunities as they pertain to our portfolio;
- We enhanced our analysis of climate change risk, working with the Savills Sustainability Team in conjunction with data from global reinsurer Munich Re to improve our visibility in this important area. In 2023, we intend to integrate this new, more detailed dataset and analysis within our annual asset planning exercise and the investment process.

For full details of our Mandatory Sustainability Policy, see appendix IX

Appendix X
Climate-related Financial Disclosures continued

Identification of climate-related risks and opportunities over the short, medium and long term and their impact on SEGRO's business, strategy and financial planning

Materiality analysis of physical risk

During the year, working with Savills Sustainability in conjunction with climate change physical risk and scenario data from global reinsurer Munich Re, we have carried out a new climate change physical risk study to assess the acute and chronic physical risks to our portfolio by geography, by Representative Concentration Pathway (RCP) scenario and across four time horizons:

- Current: provides a baseline for acute and chronic physical risks to the portfolio;
- 2030: primarily acute risks which need to be addressed immediately, such as River Flood;
- 2050: comfortably within the lifespan of a typical building (60 years) and allows us to assess whether an existing property requires action to mitigate or adapt to the (primarily chronic) risks;
- 2100: assessment of chronic risks to a location informing long-term investment decision making.

For this study, the physical risk from hazards under RCP 2.6 (less than 2°C warming by 2100), 4.5 (3°C warming by 2100) and RCP 8.5 (4-5°C warming by 2100) were modelled on 197 estates, covering 99 per cent of our floor area (at 100 per cent) and rental value (based on SEGRO wholly-owned properties and its share of properties in joint ventures and associates).

The level of exposure risk was judged based on the likelihood of the specific physical hazards as modelled under a range of scenarios and time periods. More detailed information on the analysis can be found on our website at www.SEGRO.com/Responsible-SEGRO.

The SEGRO portfolio has some High and Very High exposure risk to River Flood and Precipitation Stress under the current baseline and three future scenarios. However, changes between the current baseline and future time periods under the three scenarios are relatively limited. The lack of incidents and insurance claims related to such events across the portfolio suggests a resilience to current baseline hazards.

Heat and Drought Stress present as the most significant emerging chronic climate-related hazards across all three RCP scenarios, although assets exposed represent only between 2 and 3 per cent of rental value. In terms of change from current baselines, both of these hazards show potentially significant percentage increases indicating that asset adaptive measures likely to become more important in this area. The absolute exposure risk to Drought Stress and Heat Stress is primarily concentrated in SEGRO's Southern European portfolio, specifically our assets in Italy, Spain and southern France.

The table below shows the modelled climate change physical exposure risk metrics and outcomes based on percentage of floor area and rental value at risk based on the worst-case scenario (RCP 8.5, 2050) and the best-case scenario (RCP 2.6, 2050). Note that River Flood as a hazard was not modelled under RCP 2.6.

Climate change physical exposure risk at asset level based on RCP 8.5 and RCP 2.6 by 2050

Hazard	Metric	Scenario (RCP, Year)	Floorspace (at 100%)	ERV (at share)	Markets most affected
River Flood	1 in 100-year return period >0	8.5, 2050 (Undefended)	5%	5%	Asset-specific, including London airports, inland port assets (Hamburg, Gennevilliers), Netherlands
Precipitation Stress	'High' and 'Very High' Risk	8.5, 2050	5%	2%	Northern Italy assets
		2.6, 2050	5%	2%	Northern Italy assets
Drought Stress	'High' and 'Very High' Risk	8.5, 2050	2%	2%	Primarily assets in Spain with modest exposure in Northern Italy
		2.6, 2050	1%	0%	Primarily assets in Spain
Heat Stress	'High' and 'Very High' Risk	8.5, 2050	7%	3%	Southern France, Northern Italy and Spain
		2.6, 2050	5%	2%	Southern France, Northern Italy and Spain

Appendix X
Climate-related Financial Disclosures continued

The assessment report and data above do not consider any asset specific development or refurbishment mitigation cycles. As part of our sustainable development objectives, assessments are carried out prior to development and adaptation measures, including but not limited to those listed below, are carried out accordingly.

Risk	Adaptation Techniques
Drought Stress and Heat Stress (see R1 on page 56)	Rainwater harvesting systems for internal building use and landscaping
	Water efficient fixtures in line with BREEAM
	Thermal modelling undertaken and orientation/window positioning of the building reviewed
	Onsite renewable energy generation installed to manage additional cooling requirements
	External planting to provide shade, brise soleil, louvres, window tinting
River Flood and Precipitation Stress (see R2 on page 56)	Flood risk assessment to be carried out on development or retrospectively
	Sustainable urban drainage systems
	Retention schemes – ponds/basins

Materiality analysis of transition risk

We work with our stakeholders (primarily our customers, suppliers and investors) and advisers (primarily our valuers and environmental consultants) to monitor, assess and prioritise emerging climate change transition risks. We judge materiality with reference to two main risks: the environmental and reputational risk of failing to meet our carbon emission reduction targets and the financial risk of building redundancy or being unable legally to lease our buildings.

We believe that there are three main climate change transition risks with the potential to impact the Group financially:

- **Environmental legislation:** legislation surrounding the sustainability performance of commercial and non-commercial real estate is likely to tighten in future as governments pursue their commitments under the Paris Agreement. We expect this to take the form of regulations but also increasingly some form of carbon tax to encourage the use of lower carbon materials and processes. The primary financial risk relates to our ability to rent out our buildings if they fall below emerging environmental legislation. This drives our determination to improve the energy performance of our portfolio both in new development and through refurbishment, measured primarily by increasing the floorspace rated B or better by Energy Performance Certificates.
- **Customer behaviours and preferences:** our customers, particularly our largest, international customers, increasingly expect their premises to display high levels of energy efficiency. Energy efficiency not only reduces the operating costs of the building but also helps them with their own environmental and carbon reduction targets. The primary financial risk relates to the appeal of our buildings to customers if they are below acceptable levels of energy efficiency and wider environmental sustainability. We are addressing this risk through improving the EPC ratings of our portfolio, increasing the amount of on-site renewable energy generation, and improving the sustainability credentials of our developments.
- **Access to capital:** investors are increasingly discriminating between investment opportunities based on sustainability credentials. The primary financial risk relates to reduced availability and higher cost of capital for companies which do not show strong performance and/or progress in this area. Under our Green Finance Framework, we have issued €2.9 billion of Green 'Use of Proceeds' bonds in SEGRO and SELP since 2021.

Applying the analysis to strategic planning

In terms of decision making, we consider climate-related issues within the following time horizons:

- Short term: up to 12 months, in line with the budget setting carried out annually in the autumn;
- Medium term: up to 5 years, in line with the Medium-Term Planning carried out annually in the autumn;
- Long term: up to 10 years, in line with capital investment appraisal cash flows. We assume a 60-year life span for our newly-developed properties.

We are working on a financial impact assessment of the physical climate-related risks and opportunities. Given the relatively small element of the portfolio exposed to the physical risks, and the fact that our Southern European portfolio contains some of our newest buildings, we believe the overall financial risk to be immaterial and longer-term. However, as part of our active asset management and based on the scenario analysis work above, we expect to improve our visibility of the asset-level risks and opportunities and their associated financial implications. We recognise that this is an area for improvement within our climate-related financial disclosure.

Appendices continued

Appendix X
Climate-related Financial Disclosures
continued

Climate-related risks

	Risk	Risk Horizon	Corporate Strategy	Financial Planning
R1	Chronic physical risk Rising temperatures (including extreme heat events)	Medium-term risks: – Higher operating costs for customers and SEGRO from increased cooling demand – Greater investment in cooling measures inside and outside buildings – Reduced wellbeing and productivity of workforce	Mitigations integrated into developments and refurbishments in properties in high-risk geographies, including water conservation through recycling of rainwater and measures to reflect heat and improve shading externally.	Measures incorporated into financial appraisals of developments and refurbishments.
R2	Acute physical risk Flood and precipitation	Short-term risks: – Increased insurance, maintenance and repair costs from growing flood risk – Increased investment in drainage solutions and flood defences – Negative impact on asset valuations	All new investments (both acquisitions and developments) incorporate flood risk assessments. Measures taken to mitigate flood risk include rainwater recycling and landscaping to minimise run-off, and balancing pools to cater for run-off from hard-standing areas.	Measures incorporated into financial appraisals of acquisitions, refurbishments and developments. Valuers review assets for short-term physical risks as part of twice-yearly appraisals.
R3	Policy & legal transition risk Environmental legislation	Medium-term risks: In the UK, the MEES (Minimum Energy Efficiency Standard) regulations require buildings to achieve a certain standard of energy performance for them to be leased. At a high level, by 2030, properties will need to achieve a minimum Energy Performance Certificate rating of 'B' before they can be leased. Similar legislation is emerging across a number of our other markets. The aim of our corporate strategy is to be compliant with such legislation well in advance of the deadlines	Properties which are unrated or have an EPC below B are expected to be upgraded when they become vacant (approximately 60 per cent of such buildings in the UK are expected to be vacated by 2030).	Capex associated with refurbishment, including improving energy efficiency, is factored into short-term budgets and the five-year Medium-Term Plan. The estimated cost to upgrade the UK estate to EPC rating 'B' or better is approximately £82 million by 2030, much of which will be absorbed within normal course refurbishment capex. The figure has increased primarily due to higher material and labour costs of refurbishment, partly offset by work carried out during 2022 to improve low-grade EPC premises to at least B-grade.
R4	Market transition risk Customer behaviours	Short- and medium-term risks: Customers expect to operate their properties efficiently. There is growing evidence of rental discount associated with buildings which display poor sustainability credentials.	New developments and refurbishments incorporate sustainability technologies suited to their use and location, including (but not limited to) solar panels (for customer use), electric vehicle charging facilities, low-carbon heating and initiatives to promote local biodiversity and worker wellbeing.	Capex associated with refurbishment, including improving energy efficiency, is factored into short-term budgets and the five-year Medium-Term Plan.
R5	Reputation transition risk Access to capital	The Sustainable Finance Disclosure Regulation (SFDR) imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants.	We have established a Green Finance Framework which complies with International Capital Market Association and the Loan Market Association principles. The Framework sets out the investment criteria for deploying and allocating the proceeds of green finance instruments, including in energy-efficient and low-carbon buildings.	When a decision is made to raise capital, consideration is given to whether the issue should fall under the Green Finance Framework (e.g. a Green Bond).

Appendix X
Climate-related Financial Disclosures continued

Climate-related opportunities

	Opportunity	Risk Horizon	Corporate Strategy	Financial Planning
01	Energy & fuel Onsite renewable energy generation	Short- and medium-term opportunity: revenue and zero-emission energy potential from installing PV panels on building roofs.	PV panels are installed on roofs where feasible and all new developments are constructed with roofs to support PV panels if a full array is not installed during construction. Energy saving from solar PV is an important element in creating net-zero carbon buildings on a full life basis.	The costs of solar panels are incorporated in new development and refurbishment capex. We estimate at least an average 4 per cent yield on cost for solar across our portfolio, with higher yields in Southern European countries. Revenues and cost savings, which are currently a small proportion of overall revenues, are split between being incorporated into rents and separately identified.
02	Adaptation & mitigation Landscaping	Medium- and long-term opportunity: nature-based carbon capture and storage.	We are reviewing more strategic use of estate landscaping to plant additional trees and shrubs to act as long-term carbon capture while also improving the local environment for the benefit of our customers and communities.	The cost of landscaping is incorporated within development and refurbishment capex and is immaterial compared to overall spend.
03	Market & transition Customer behaviour	Short- and medium-term opportunity: installation of electric vehicle (EV) charging infrastructure.	All new developments require installation of EV chargers in at least 20 per cent of parking spaces.	The cost of EV chargers sufficient to comply with the SEGRO Mandatory Sustainability Policy is factored into all development and refurbishment appraisals.

Risk management
Climate-related risks are identified and assessed using our risk management framework set out in the SEGRO Annual Report & Accounts. Principal risks are defined as those which could intolerably exceed our risk appetite, considering both inherent and residual impact, and cause material harm to the Group.

Engagement with stakeholders
We engage with our stakeholders throughout the year on many different topics, although the subjects of climate change and the need to reduce Corporate and Customer GHG emissions have featured more prominently over the past year. We have two major sources of GHG emissions in our business: embodied carbon from our developments and operating carbon from the properties we lease to our customers and use ourselves (Corporate and Customer emissions). Therefore, engagement with our development contractors and our customers is vital to achieving our carbon reduction ambitions and our management of the risk of climate change.

Our investors and employees are also key stakeholders in this pursuit, listening to both about their concerns and priorities, and initiating necessary action. We rely on the support of these stakeholders to provide capital and internal expertise to develop more sustainable buildings and to improve the energy efficiency of our existing portfolio.

Identifying and assessing climate-related risks
Although climate change presents opportunities as well as risks for SEGRO, Climate Change is identified as a Principal Risk within Environmental Sustainability and Climate Change on the Risk Register. Climate-related risks are also considered within other principal risks including Political and Regulatory, Development plan execution and Major event/Business disruption.

For each risk, our Risk Register tracks:
- Description of the risk and the potential effects;
- Identifies the Executive Director with overall ownership and the Risk Manager responsible for monitoring and managing the risk;
- An annual probability and potential impact, to enable prioritisation;
- Mitigations in place as well as the owner of each mitigating action.

At the current time and based on asset-level scenario analysis, no material capital expenditure has been identified beyond normal course development and refurbishment costs associated with mitigating assets in high-risk locations against climate change-related risks. Such risks, and related capital expenditure, are considered as part of the annual asset planning process associated with the five-year Medium-Term Plan.

Managing and mitigating climate-related risks
Our process for recognising, monitoring and mitigating Principal Risks, including climate-related risks, is set out in the Annual Report. The Board has overall responsibility for ensuring that risk is effectively and consistently managed across the Group.

The Audit Committee monitors the effectiveness of the Group's risk management process on behalf of the Board. Each year, the Audit Committee twice reviews the process of how the Group Risk Register has been compiled and the Board twice reviews the principal and emerging risks. The Board also reviews and approves the Group's risk appetite at least once every year.

Appendices continued

Appendix X
Climate-related Financial Disclosures continued

In its Responsible SEGRO framework, SEGRO has committed itself to becoming net-zero carbon by 2030, with minimum science-based targets for reducing Scope 1, 2 and 3 emissions (including Corporate and Customer emissions) to ensure compliance with a less than 1.5°C increase in global temperatures by 2050. A key risk surrounding these targets is that we cannot be certain to achieve them given the lack of visibility and control relating to customers' energy use in our buildings and the embodied carbon emissions in developments.

The Metrics and Targets section below provides details on how we monitor these risks and our progress over the past year.

Risk management: action during 2022

We have established the Mandatory Sustainability Policy and set internal targets associated with not only reducing emissions but also working with our customers and supply chain to achieve greater visibility of those emissions. These targets are integrated within a Responsible SEGRO element of the bonus metrics throughout the organisation.

- Materiality: we have refreshed our materiality assessment to ensure that our strategy is focusing on areas most relevant to our stakeholders.
- Customer engagement: We continually engage with our customers and have undertaken pilot studies of motion-sensor technology in a number of buildings to provide data on how to improve energy efficiency. In 2021, we worked with our customers on a pilot project to retrofit solar panels to a number of existing buildings to provide them with on-site renewable energy; in 2022, we commenced 15 projects and completed the first, installing 5.6 MW of solar capacity to a warehouse in the Netherlands representing an investment of €3.9 million
- Supplier engagement: Our development contractors are a crucial element of our supply chain. As set out in our Supplier Code of Conduct, we work with our contractors to support our target to be net-zero carbon by 2030, in particular by finding and utilising innovative, low-carbon materials and techniques to reduce the embodied carbon within our developments, and to embed sustainability in our developments from the design phase, taking a full life cycle approach;
- Supplier engagement: We have provided additional information to our valuers, CBRE, to ensure that the energy efficiency of our buildings is fully taken into account in the biannual valuation process. In addition to the climate change analysis, this should allow us to identify better areas of risk within our portfolio and opportunities to mitigate or eliminate the risk;
- Investor engagement: We launched further Green Bonds during the year in SEGRO and SELP, as part of which we conducted roadshows with investors. We have also reported the allocation of the proceeds of the Green Bonds launched in 2021;
- Employee engagement: Every employee update is based around the three pillars of Responsible SEGRO, including the elements relating to environmental sustainability, incorporating case studies and progress reports on how we are reducing our carbon emissions.

Metrics and targets

To enable our stakeholders to consider and compare our reporting, we contribute to a number of externally-recognised initiatives including GRESB, CDP, DJSI Sustainability Index and the FTSE4Good Index. We also disclose metrics in line with externally-recognised frameworks including Sustainability Accounting Standards Board (see appendix VI), Global Reporting Initiative (appendix II), and the EPRA Best Practice Recommendations on Sustainability Reporting (appendix I).

In order to ensure that we also report on those issues that we can have a direct impact upon, we use our materiality assessment to identify the key metrics that are material to the business. On the next page are the climate-related metrics and targets which we monitor. Those in **bold** are incorporated into the Responsible SEGRO elements of the annual bonus of all employees.

There are no metrics specifically mapped to Risk 2 (flood) or Opportunity 2 (biodiversity), although Risks 1 and 2 are addressed in the Scenario analysis above. We are monitoring and addressing the asset-level risks and opportunities but there is not yet a meaningful, measurable metric for these areas.

Appendices continued

Appendix X
Climate-related Financial Disclosures continued

Financial	Climate-related	Metrics and targets	2022	2021	Narrative	Associated risk or opportunity
Assets	Policy and Legal	Corporate and Customer carbon intensity of the portfolio (based on the CO_2e emissions of the portfolio for which we have visibility of the data), in $kgCO_2e$ per square metre of AUM	22.5kg	27.9kg	Reflects higher visibility of our Corporate and Customer emissions as well as the improving energy efficiency of our buildings and increased on-site renewable energy capacity.	R3, R4, O1
		EPCs rated B or better (based on floorspace AUM)	58%	55%	Increase due to completions of energy efficient developments and refurbishment offset by disposals of recently developed buildings.	R3, R4
		EPCs rated below E (based on floorspace AUM)	2%	1%	New acquisitions are often un-rated or of low quality.	R3
		Portfolio with high environmental certification (BREEAM Very Good or better (or equivalent)) based on floorspace AUM	46%	42%	Increase due to completions of high-quality developments, offset by disposals of recently developed buildings.	R4, R5, O1
Assets	Risk Adaptation and Mitigation	Portfolio with high environmental certification (BREEAM Very Good or better (or equivalent) and/or EPC certificate of B or better (percentage of value at share) ('Green portfolio')	£8.2 billion (55%)	£8.3 billion (50%)	Comprising wholly-owned assets of £6.2 billion (2021: £6.3 billion) and assets held in joint ventures of £2.0 billion at share (2021: £2.0 billion).	R5
Liabilities	Risk Adaptation and Mitigation	Green Finance Instruments as a percentage of Green Portfolio (including joint venture assets and debt at share)	24%	8%	Green Finance Instruments should not exceed the total value of the Green Portfolio. SEGRO issued €1.15 billion and SELP issued €750 million of Green Bonds under the Green Finance Framework during the year.	R5
Expenditures	GHG Emissions	Visibility of customer emissions Percentage of portfolio space (sq m of AUM) for which we have energy data **2023 interim target:** 73% (minimum)	68%	54%	Many customers are not obliged to disclose energy use data to us. Without it, however, we cannot accurately measure our Corporate and Customer emissions (approximately 40 per cent of our total Scope 1-3 emissions). Downstream Leased Assets GHG emissions. The increase during 2022 reflects negotiation with customers across our portfolio.	R1, R3, R4
		Corporate and Customer emissions (Scope 1, 2 and 3 – Downstream Leased Assets) Tonnes CO_2-equivalent emissions (science-based target) **2020 baseline:** 312,115 tonnes **2030 target:** 181,027 tonnes (-42% vs baseline) **2023 interim target:** 272,789 tonnes (-13% vs baseline) (minimum)	272,218	280,575	Incorporates Scope 1, 2 (market-based) and 3 (Downstream Leased Assets) emissions from the portfolio. This reduction was largely due to having greater visibility of the energy use and of the type of energy (renewable) sourced by our customers.	R3, R4, R5, O1, O3
		Embodied carbon intensity (based on Scope 3 Capital Goods) $kgCO_2e$ per sq m of completed space (science-based target) **2020 baseline:** 400 $kgCO_2e$ per sq m **2030 target:** 320 $kgCO_2e$ per sq m (-20% vs baseline) **2023 interim target:** 376 $kgCO_2e$ per sq m (-6% vs baseline)	353	391	Based on completed developments for which we have Life Cycle Assessments (LCAs). To accommodate delayed receipt of LCAs we have adopted a two-year rolling average to assess embodied carbon intensity. This figure incorporates the results from 826,000 sq m of space completed in 2021 and 2022. As we transition more of our LCAs to more accurate Building Information Modelling (BIM) assessments, our embodied carbon intensity may rise as BIM provides more detailed analysis of materials and processes used in construction.	R3, R4
		Internal carbon price (£ per tonne)	£100	£100	A carbon price is applied to capex relating to environmental improvements, particularly when considering the returns from retrofitting solar PV to existing assets.	R3, R4, O1
Revenues	Energy/Fuel	Onsite solar power capacity (based on AUM)	44 MW	35 MW	9 MW capacity added during the calendar year (2021: 9 MW) as part of new development completions and retrofitting PV panels to existing buildings.	R3, R4, O1
		Percentage of visible customer energy use from certified renewable sources	49%	53%	Based on the portfolio for which we have visibility. Where we have not been provided with the source of energy, we assume a non-renewable tariff. This figure will fluctuate as we increase the visibility of our customers' energy use. We are working with our customers to improve this metric through increased use of certified renewable energy tariffs and renewable energy generated on-site.	R3, O1
		Revenue from sale of on-site renewable energy to customers or to national grids (£m)	£2m	£2m	Revenue from SEGRO-owned PV panels. This metric reflects cases where SEGRO sells the energy to the occupier or feeds surplus energy into the national grid and includes local or national subsidies. In other cases, PV-generated energy is provided to customers as part of their rent. This revenue is not recorded here as it is not possible to disaggregate it from underlying rent.	O1

Appendices continued

Appendix XI
Green Bonds 2022 report

Our Green Bond Impact report production and verification is different to our annual report and accounts cycle and we therefore intend to produce the **SELP 2022 Green Bond Impact Report** and the **SEGRO 2022 Green Bond Report** in due course.

Appendices continued

Appendix XII
Policies

The following policies are available to download at segro.com/about/policies

External privacy notice
Human rights policy
Supplier code of conduct
Code of Business Conduct and Ethics
Group health and safety policy
Diversity and inclusion policy (English, French, German and Polish versions)
Mandatory Sustainability Policy

Appendices continued

Appendix XIII
Glossary

We have not included in this glossary definitions for all terminology that a reader may not be familiar with. The intention is to address terminology that is either a SEGRO-specific term – such as 'Corporate and Customer carbon emissions' – or a SEGRO-specific definition of a term that may have wider or other meanings – such as 'embodied carbon'.

CO_2e (carbon dioxide equivalent): effectively a "common currency" for comparing carbon emissions incorporating various greenhouse gases on the basis of their global warming potential. For example, methane is 25x more impactful on global warming so 1 tonne of methane emissions would be 25 tonnes of CO_2e.

Corporate and Customer carbon emissions: this is our main carbon reduction metric – it includes all of SEGRO's Scopes 1 and 2 emissions, as well as our Scope 3 category 'downstream leased assets' – i.e. the gas and electricity used by our customers in our standing assets. As our customer emissions count as Scope 3 emissions (and are of course in fact our customers' own Scopes 1 and 2 emissions), many organisations in SEGRO's position would exclude these emissions from their carbon reduction targets, focusing only on their Scopes 1 and 2 emissions instead and leaving their customers to set their own targets for reducing emissions from their gas and electricity use. However, we felt that these emissions should be included in our targets, given that customer emissions make up 41 per cent of our total Scopes 1 to 3 emissions. This reflects the collaborative approach that SEGRO takes with our customers to reducing the impact of our buildings.

Embodied Carbon: we use Life Cycle Assessment methodology to establish the embodied carbon of our developments.

The following lifecycle modules are included in our LCAs:
- Product stage (also known as lifecycle module A1-A3) – this is the emissions from extraction and processing of the building materials used to build our buildings
- Construction process stage (A4-A5) – this includes construction machinery and transportation of building materials
- Use stage (B1-B5)
- End-of-life stage (C1-C4)

These LCA results are used in two ways:
1. To establish our embodied carbon metric. This is how we track our performance in driving down the embodied carbon of our developments. This metric uses all lifecycle stages listed above.
2. To report some of our Scope 3 emissions. Our carbon emissions from the following Scope 3 categories are derived from our LCA calculations:
   a. Capital goods: this Scope 3 category is the emissions from the lifecycle stages A1-A3 (manufacture of construction products) and A5 (construction site energy use).
   b. Upstream transportation and distribution: this Scope 3 category is lifecycle stage A4 (transportation of materials/products to construction sites).

Market-based: market-based organisational carbon footprint reporting reflects the organisation's procurement of low-carbon energy tariffs – in SEGRO's case our zero-carbon electricity procurement. This is as opposed to location-based reporting, which uses national grid averages of carbon intensity. This is in line with the Greenhouse Gas Protocol.

Scopes of carbon emissions: the Greenhouse Gas Protocol (GHGP) is the internationally recognised best practice methodology for reporting the carbon emissions of an organisation. The GHGP defines three scopes of emissions, as applicable to SEGRO. Scope 1 is fuel we burn in equipment we own (boilers, cars etc), Scope 2 is electricity we procure, and Scope 3 is 'everything else'. Scope 3 emissions are generally the Scopes 1 and 2 emissions of the companies who provide the goods and services we procure, or who use our buildings.

SEGRO plc
1 New Burlington Place
London W1S 2HR

T +44(0)20 7451 9100

www.segro.com/responsible-segro

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