



SEGRO 2021  
GREEN BOND  
REPORT



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22 SEPTEMBER 2021:  
€500 MILLION  
0.5% 10-YEAR  
GREEN EURO  
BOND

(ISIN NO. XS2360041474)

## 01. INTRODUCTION

SEGRO PLC (AS GUARANTOR FOR BONDS ISSUED BY SEGRO CAPITAL S.A R.L.) PRESENTS ITS FIRST GREEN BOND REPORT FOLLOWING THE ISSUANCE OF ITS INAUGURAL GREEN BOND IN 2021.

SEGRO plc is a FTSE 100 listed Real Estate Investment Trust (REIT) and a leading owner, manager and developer of warehousing and light industrial properties across Europe. At 30 June 2022, it owned and managed £23.8 billion of assets representing 9.7 million square metres of spaces across eight countries. The company is conservatively financed with a loan-to-value ratio of 23 per cent and is rated A by Fitch Ratings.

SEGRO adopted the [Responsible SEGRO Framework](#) in February 2021 which sets out its approach to corporate and social responsibility.

SEGRO issued one Green Bond, through its subsidiary SEGRO Capital S.a r.l. with SEGRO plc acting as Guarantor, in 2021:

**22 September 2021: €500 million, 0.5% 10-year Green Euro bond (ISIN no. XS2360041474)**

As at 22 September 2022, all of the €493.6 million net proceeds have been allocated to Eligible Green Projects which met the criteria contained in the [Green Finance Framework](#). The projects are detailed on page 15.





SEGRO'S PURPOSE IS TO CREATE THE SPACE THAT ENABLES EXTRAORDINARY THINGS TO HAPPEN. IT HIGHLIGHTS THE GROUP'S DUAL ROLES: AS CREATORS OF PHYSICAL SPACES AND ENABLERS FOR ITS STAKEHOLDERS TO ACHIEVE THEIR OWN AMBITIONS.

## 02. SUMMARY OF THE RESPONSIBLE SEGRO FRAMEWORK

It is true for the Group's customers who depend on its properties to be able to deliver the extraordinary range of goods and services which are essential to modern life. It is true for its colleagues, whom it wants to thrive and to maximise their potential while working with the Group. And it is true of other stakeholders such as the people and communities who work in, live near or provide services to the Group's properties.

The Group's commitment to be a force for societal and environmental good is integral to its Purpose and Strategy. This has been at the core of how the Group does business for over 100 years and will be just as important for the next 100. This commitment is led by the Board but lived by the Group's colleagues every day. It's about doing the right thing and making a positive impact wherever the Group operates.

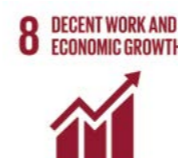
The Group's long-held commitments to leadership in health and safety, stakeholder engagement, corporate governance and being a good corporate citizen are stronger than ever and the Responsible the Group priorities have been designed to support and enhance these.

The Responsible SEGRO framework introduces three long-term priorities to which the Group can make the greatest business, environment and social contribution. The three priorities, and associated targets, are detailed below.

# RESPONSIBLE SEGRO PRIORITIES

	CHAMPIONING LOW-CARBON GROWTH	INVESTING IN OUR LOCAL COMMUNITIES AND ENVIRONMENTS	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 degrees, 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, enhancing 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	<p>We will aim to reduce carbon emissions from our development activity and the operation of our existing buildings, and eliminate them where possible.</p> <p>We will research and implement innovative approaches to absorb or offset residual carbon.</p>	<p>We will work with our customers and suppliers to support our local businesses and economies.</p> <p>We will help improve the skills of local people to enhance their career and employment opportunities, by investing in local training programmes.</p> <p>Equally, we will enhance the spaces around our buildings, working with local partners to ensure we meet the needs of our communities.</p>	<p>We will provide a healthy and supportive working environment, develop fulfilling and rewarding careers, foster an inclusive culture and build a more diverse workforce.</p>

**UN SDG ALIGNMENT**  
 Through our **Responsible SEGRO** programme and a focus on the three core priorities above, we believe that we are able to make the greatest contribution to six of the United Nations Sustainable Development Goals.





DURING 2021, SEGRO INVESTED NET **£1.5 BILLION** IN ASSET AND LAND ACQUISITIONS AND ITS DEVELOPMENT PIPELINE, COMPLETING **839,200 SQ M** OF NEW WAREHOUSING.

ITS TOTAL PORTFOLIO OF ELIGIBLE GREEN BUILDINGS (THE "GREEN PORTFOLIO") TOTALLED **£8.3 BILLION**, EQUATING TO 50 PER CENT OF ITS TOTAL STANDING ASSET PORTFOLIO (INCLUDING JOINT VENTURES AT SHARE: WHOLLY-OWNED ASSETS WITHIN THE GREEN PORTFOLIO TOTALLED **£6.3 BILLION** AND ASSETS HELD IN JOINT VENTURES TOTALLED **£2.0 BILLION** AT SHARE).

### 03. 2021 ENVIRONMENTAL PERFORMANCE

#### OPERATIONAL CARBON EMISSIONS

During the year, SEGRO has reduced its operational carbon intensity (comprising Scope 1 and 2 emissions, and Scope 3 emissions from Downstream Leased Assets) by 10 per cent primarily through moving customers to certified renewable energy tariffs. The operational carbon intensity of the portfolio is 27.9 kgCO<sub>2</sub>e per sq m (2020: 37.5 kgCO<sub>2</sub>e psqm). The absolute operational carbon emissions, which we reported for the first time in 2021, totalled 280,575 tCO<sub>2</sub>e.

#### RENEWABLE ENERGY GENERATION

During the year, SEGRO has increased the on-site renewable generation capacity to 35.4 MW (2020: 26.8 MW) through installation of additional solar photovoltaic panels to the roofs of its buildings. The portfolio generated 24,781 MWh of renewable energy during the year, 18 per cent more than in 2020 (20,976 MWh).

#### EMBODIED CARBON GENERATION

Embodied carbon is the hardest element of SEGRO's carbon emissions to reduce, primarily due to the lack of mature supply chains across Europe to provide low carbon alternatives particularly to steel and concrete. The carbon intensity of completed SEGRO developments totalled 391 kgCO<sub>2</sub>e per sq m (compared to 400 kgCO<sub>2</sub>e in 2020).

During the year, SEGRO established Science Based Targets (SBT) for embodied and operational carbon for SEGRO to ensure that its portfolio meets the Paris Agreement for reductions to limit global temperature increases to 1.5 degrees Celsius by 2050. These targets require SEGRO to reduce operational CO<sub>2</sub> emissions by 42 per cent and to reduce embodied carbon intensity by 20 per cent by 2030.

In practice, the Responsible SEGRO commitment to be net-zero carbon by 2030 requires a faster pace of carbon reduction than that implied by the SBT pathway.

SEGRO's portfolio was assessed by GRESB during the year and given a three-star rating for its standing assets. The main issue preventing a higher score is the relatively low visibility of customer energy use. At the end of 2021, SEGRO had visibility of the energy use of 54 per cent of its building area under management, which is 5.3 percentage points higher than at the end of 2020 (49.3 per cent). We continue to work with customers who are not contractually obliged to provide us with energy use data to give us greater visibility of this important information.

## 04. GREEN FINANCE FRAMEWORK



<sup>1</sup> Green buildings must achieve one or more of at least BREEAM Very Good, DGNB Silver or EPC B certification.





2021 GREEN  
BOND FULLY  
ALLOCATED

## 05. GREEN BOND PORTFOLIO ALLOCATION

NOTE: THE FIGURES IN THIS SECTION HAVE BEEN VERIFIED BY DNV.

THE **€493.6 MILLION** OF NET PROCEEDS FROM THE GREEN BOND ISSUED ON 22 SEPTEMBER 2021 HAVE BEEN ALLOCATED TO ELIGIBLE GREEN PROJECTS TOTALLING **71,850 SQ M** OF SPACE AND A VALUE OF **€579 MILLION**. (AS AT 31 DECEMBER 2021 AND BASED ON AN EXCHANGE RATE OF £1:€1.19).

They have all been classed as Eligible Green Projects by virtue of their high environmental certification either via BREEAM Very Good or better, DGNB Silver or better or an Energy Performance Certificate rating of B or better.

- **Developments valued at €165 million as at 31 December 2021, all completed within the two years prior to the bond issue.**
- **Refinancing of existing assets valued at €414 million as at 31 December 2021, representing some of SEGRO's most sustainable and financially successful developments in London.**

The portfolio properties contain a number of features which contribute to their high sustainability credentials, perhaps most important of which is the 1.0 MW of renewable energy generation capacity provided by photovoltaic panels installed on a number of roofs. Where PV panels have not been installed, the roofs have been constructed to support future installation.



06. ESTIMATED IMPACT AND CASE STUDIES

DURING 2021, WE ESTIMATE THAT THE PV PANELS INSTALLED ON THESE BUILDINGS GENERATED 865 MWH OF ZERO CARBON ENERGY (OF WHICH 467 MWH IS ESTIMATED), SAVING 273 TONNES (OF WHICH 148 TCO<sub>2</sub>E IS ESTIMATED) OF CO<sub>2</sub>E COMPARED TO DRAWING THE ENERGY FROM THE UK NATIONAL GRID.



CASE STUDY

# SEGRO PARK ENFIELD

DEVELOPED BY SEGRO AND COMPLETED IN 2020

SEGRO Park Enfield comprises three best-in-class warehouse units of 49,171 sq ft, 65,806 sq ft, and 117,476 sq ft. It benefits from excellent access to London's population and further afield with easy access to London's inner orbital road, the North Circular Road (A406) and the orbital M25 motorway. The estate was built speculatively but has been fully let to Netflix as a studio campus.

The development also has exemplary environmental credentials, rated BREEAM 'Excellent', EPC 'A+' and achieving carbon neutrality. The ground-breaking estate has been designed with the wellness of its occupiers in mind. As well as Grade A units, the estate benefits from outside green space, a canal walkway and a safe and secure environment. Unit 3 is WELL Certified and includes smart building sensors to help increase efficiency and benefit employee wellbeing.

## FRESH IDEAS\*



**BREEAM®**  
EXCELLENT

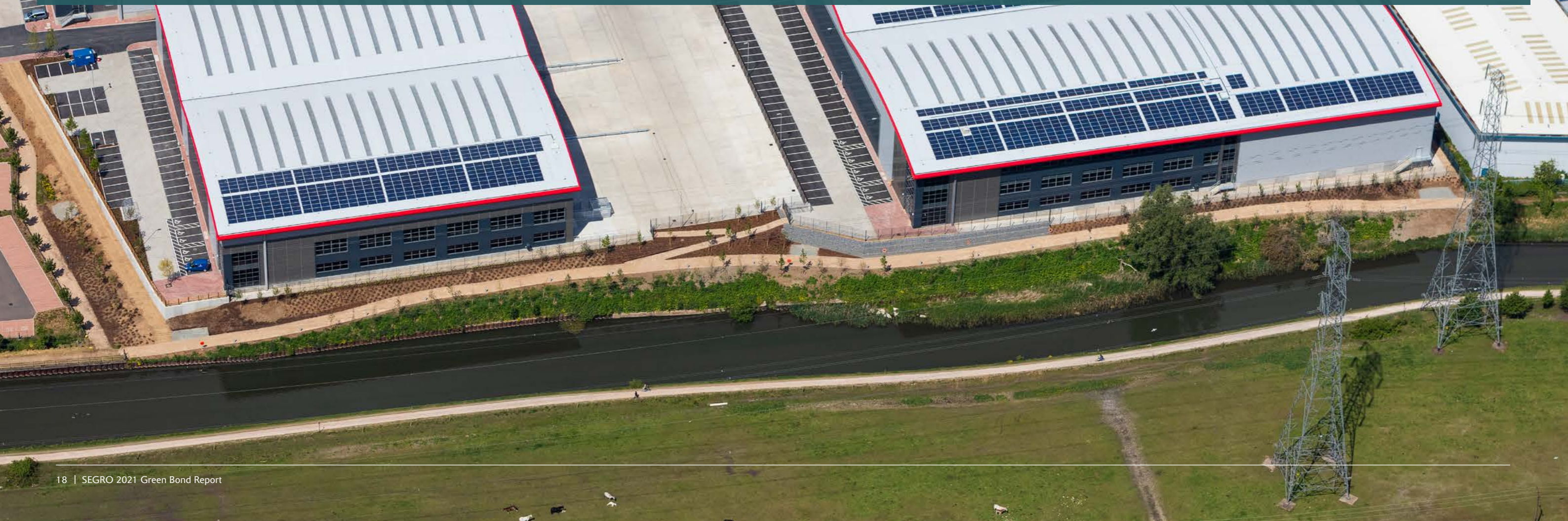
WITH CARBON NEUTRAL (EPC 'A+') AND BREEAM 'EXCELLENT' RATINGS, SEGRO PARK ENFIELD MEETS SOME OF THE HIGHEST SUSTAINABILITY STANDARDS AVAILABLE

Photovoltaic roof panels, LED lighting, electric car charging points and maximising natural daylight contribute to industry leading standards.



### SPECIAL FACT

Unit 3 at SEGRO Park Enfield was the first WELL Certified industrial building in the UK.







CASE STUDY

# NAVIGATION PARK, ENFIELD

DEVELOPED BY SEGRO AND COMPLETED IN 2016

Navigation Park is located on a brownfield site previously occupied by a factory. It comprises 213,000 sq ft of warehousing across four units, currently leased to DPD, DHL, Caesarstone and Camden Town Brewery.

The estate was the first carbon neutral industrial estate in London, incorporating natural light complemented by energy efficient LED lighting (internally and externally) and photovoltaic panels on all rooves.

**FRESH IDEAS** \*



**BREEAM**<sup>®</sup>  
EXCELLENT

WITH CARBON NEUTRAL (EPC 'A+') AND BREEAM 'EXCELLENT' RATINGS, NAVIGATION PARK ENFIELD MEETS SOME OF THE HIGHEST SUSTAINABILITY STANDARDS AVAILABLE

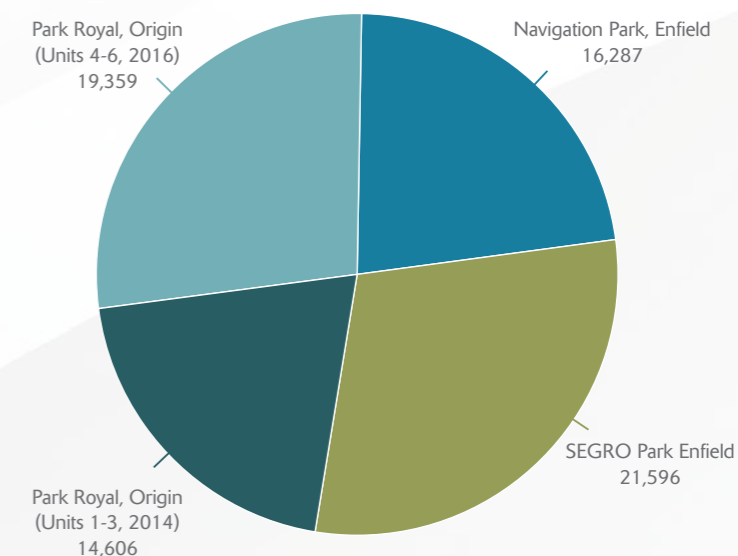




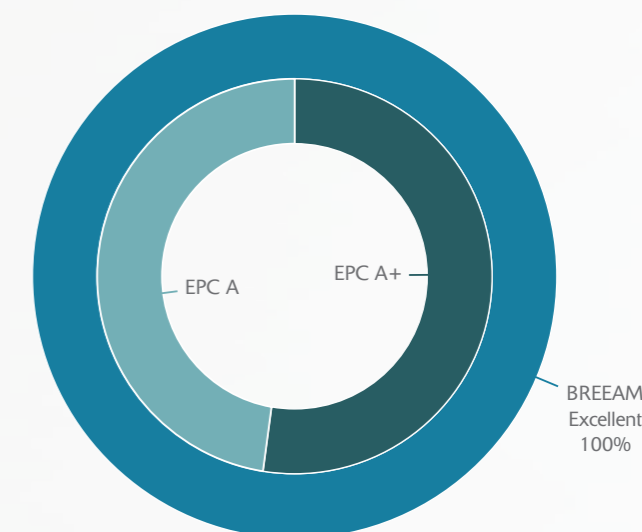
07. PORTFOLIO ALLOCATED

Estate	Completed	Country	Size (sq m)	Main Customer (31 Dec 2021)	Certification	EPC
<b>Refinanced</b>						
Origin, Park Royal (Units 1-6)	2014-2016	UK	33,965	Ocado, John Lewis, Amazon, Wasabi	BREEAM Excellent	A
Navigation Park, Enfield (Units 1-3)	2016	UK	16,287	Camden Town Brewery, DHL	BREEAM Excellent	A+
<b>Completed Developments</b>						
SEGRO Park Enfield (Units 1-3)	2020	UK	21,596	Netflix	BREEAM Excellent	A+

2021 BOND ALLOCATION PORTFOLIO BY ESTATE (FLOOR AREA, SQ M)



2021 BOND ALLOCATION PORTFOLIO BY SUSTAINABILITY CERTIFICATION (FLOOR AREA, SQ M)



\* EPC ratings are numerical and have been expressed as alphabetical certifications based on primary energy demand ranges of 1-100 kWh/sq m (A) and 101-150 kWh/sqm (B).



## 08. INDEPENDENT LIMITED ASSURANCE REPORT



WHEN TRUST MATTERS

### Independent Limited Assurance Report to the Management of SEGRO Capital Sarl

SEGRO Capital Sarl commissioned DNV Business Assurance Services UK Limited (“DNV”, “us” or “we”) to conduct a limited assurance engagement over Selected Information presented in the SEGRO Capital Sarl 2022 Impact Report (the “Report”) for the reporting period from 01/01/2021 to 31/12/2021.



**Our Conclusion:** Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information, and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

#### Selected information

The scope and boundary of our work is restricted to the key performance indicators included within the Report for the current reporting year (the “Selected Information”), listed below:

- Building certification achieved (system and rating)
- Energy Performance Certificate ratings achieved
- On-site Renewable energy capacity (MW)
- Allocation reporting: The claims and assertions relating to the allocation of funds

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used SEGRO’s Green Finance Framework (the “Criteria”) – found [here](#).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on SEGRO’s [website](#) for the current reporting period or for previous periods.

#### Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with SEGRO Capital Sarl management to obtain an understanding of the key processes, systems and controls in place to generate, aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by SEGRO Capital Sarl for the Selected Information is prepared in line with the Criteria;
- Reviewing evidence that SEGRO Capital Sarl’s procedures for project evaluation, selection and management of proceeds are in line with the Criteria.

#### Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV has held other audit and assurance contracts with SEGRO Plc, none of which conflict with the scope of this work. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

#### Inherent limitations

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud or other irregularities. Non-financial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities. Our assurance relies on the premise that the data and information provided to us by SEGRO Capital Sarl have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.



WHEN TRUST MATTERS

#### Standard and level of assurance

We performed a **limited** assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 revised – ‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our opinion, so that the risk of this conclusion being in error is reduced but not reduced to very low.

#### DNV Business Assurance Services UK Limited

London, UK  
08 December 2022



#### Responsibilities of the Directors of SEGRO Capital Sarl and DNV

The Directors of SEGRO Capital Sarl have sole responsibility for:

- Preparing and presenting the Selected Information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to SEGRO Capital Sarl in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.

#### DNV Business Assurance

DNV Business Assurance Services UK Limited is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.co.uk/BetterAssurance](http://www.dnv.co.uk/BetterAssurance)





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SEGRO does not undertake to update any forward-looking statements, except as required by law. Nothing in this Report should be construed as a profit estimate or profit forecast.

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