An aerial photograph of a large industrial warehouse complex. The main building has a grey roof and light blue walls. In the foreground, a smaller building has a roof covered in blue solar panels. The surrounding area includes parking lots with several semi-trailers, green lawns, and trees. In the background, other industrial buildings and a river are visible.

**WARE
HOUSE
REIT**

Sustainability report 2022

Warehouse REIT plc
The warehouse provider of choice

Sustainability report



This was the first year of operation for the Sustainability Committee and we have continued to drive forward the Group's ESG agenda.

Aimée Pitman
Chair of the Sustainability Committee

This was the first year of operation for the Sustainability Committee and we have continued to drive forward the Group's ESG agenda. The Committee's responsibilities, which are described in detail on page 92 of the annual report, include ensuring the Group's approach to ESG is fit for purpose in key areas such as our policies, reporting and risk management.

As we implement the sustainability strategy set out on pages 3 and 4, our primary focus is moving beyond basic compliance and de-risking the business, to embedding sustainability in our product and service provision. This then enables us to realise commercial benefits, by making our properties more attractive for occupiers. Examples of activities this year include rewriting the Group's standards for refurbishments and capital projects, more frequent use of green clauses in leases and driving improvements to EPC ratings, as I discuss below.

The Committee is also determined to ensure the Group is well positioned as the sustainability agenda continues to evolve. Emerging challenges include balancing the benefits of higher carbon standards with the increased costs, the growing complexities of carbon reporting and understanding the impact of climate change on our business. In the latter case, we are in the process of appointing climate risk analysts to assess, measure and report our exposure to climate change risks. Regulations and best-practice guidance are also becoming increasingly stringent. For example, the proposed introduction of the UK taxonomy will determine which activities can be described as 'green' and we will see new risk and reporting rules from the International Sustainability Standards Board.

It is also vital that we respond to the requirements of our stakeholders. During the year, the Committee was closely involved in the Group's survey of more than 30 of its biggest occupiers. This showed the large majority were willing to engage with us on ESG matters and there was also demand for investment in sustainable features such as PV panels and electric vehicle charging. More information about the themes emerging from the survey is on page 7.

We also frequently engage with investors who are keen to understand our sustainability strategy and performance in more depth. We recognise that a robust approach to ESG and transparent reporting on it are increasingly important for securing access to the financing we will need to execute our growth strategy. EPCs are one area we are often asked about and we have responded by commissioning a database to ensure we have accurate data across all relevant units in the portfolio. In turn, this has supported us in developing our strategy and internal targets for continuing to increase EPC ratings and ensuring we comply with the associated regulations.

Looking ahead, we have started a project with external advisors to understand our carbon footprint across all scope and our pathway to net zero. I look forward to updating you on our progress with our strategy in our next report.

Aimée Pitman
Chair of the Sustainability Committee

23 May 2022





Sustainability strategy

In 2020 we undertook a strategic review to determine our sustainability strategy and roadmap. The review included a materiality assessment to identify the most significant sustainability-related risks and opportunities for the Group.

The assessment included external tests to understand stakeholder views, peer practices, the legislative environment and investor expectations, along with an internal review against our business model and strategy, supported by internal engagement with the Investment Advisor.

During 2021 we set out our action plan and measurable targets to steer us towards achieving our long-term objectives. We now monitor our performance across various environmental, social and governance (“ESG”) targets and with an ever-increasing dialogue with our key stakeholders, we make sure the information we disclose meets their needs. The strategy, presented on next page, sets out the progress we have made in the reporting period to 31 March 2022. This is underpinned by our ESG policy (available to download on our website) which sets out our commitment to operating as a responsible business and reporting transparently on our progress.

We have also continued to expand the scope of our sustainability disclosures and further integrate sustainability topics into our business considerations.

Despite no obligations to report against The Task Force on Climate-related Financial Disclosures (“TCFD”), in 2020 we provided a disclosure against them. This year we engaged with external support from JLL to conduct a gap analysis, allowing us to report on the 11 specific disclosures. We will continue to develop our understanding of climate-related risks and opportunities, with the intention to undertake climate scenario assessments. This will inform our management of climate-related impacts as our governance, risk management, strategy and metrics evolve to incorporate this issue.

Although our business is focused on warehouses in the UK, we are committed to creating a wider impact through our sustainability ambitions and have also chosen to align with the UN Sustainable Development Goals (“UN SDGs”) most closely linked to our four material issues. We recognise the need to continue to review our materiality and prioritisation of the SDGs, which we will do as part of the work towards meeting our long-term objectives.

Sustainability report continued

Sustainability strategy continued

 <p>Creating a resilient portfolio:</p>	 <p>Reducing our footprint:</p>	 <p>Supporting our occupiers:</p>	 <p>Responsible business foundations:</p>
<p>Taking steps to reduce the portfolio's exposure and increase its resilience to risks associated with legislation, climate change and occupier demand.</p>	<p>Reducing energy demand and other utilities associated with landlord-controlled areas and occupier consumption during lease renewals.</p> <p>Reducing materials use and promoting circular economy principles during construction/refurbishment.</p>	<p>Engaging with occupiers to identify opportunities to support their sustainability objectives (net zero carbon, wellbeing).</p> <p>Gathering occupier data to support ESG reporting and reduce indirect environmental impacts by influencing occupier behaviour.</p>	<p>Formalising sustainability governance and publishing policies setting out expectations for Warehouse REIT, the Investment Advisor and other stakeholders.</p> <p>Identifying climate-related risks to influence business strategy and asset selection/management.</p> <p>Reporting on performance.</p>
<p>Long-term goals</p> <ul style="list-style-type: none"> Evaluating net zero carbon pathway Targeting green building certifications Reducing EPC risk Reducing climate-related risks in the portfolio 	<p>Long-term goals</p> <ul style="list-style-type: none"> Increasing energy and resource efficiency (landlord and occupier) Reducing waste and resource consumption 	<p>Long-term goals</p> <ul style="list-style-type: none"> Engagement to understand occupier net zero carbon goals and support wellbeing Support occupier wellbeing and provide a safe environment for all building users 	<p>Long-term goals</p> <ul style="list-style-type: none"> Robust governance and oversight of ESG risks Transparent disclosure and participation in investor benchmarks and indices
<p>Our progress</p> <ul style="list-style-type: none"> Net zero carbon project is underway; currently data review and gap analysis so a baseline carbon assessment is understood Significant portfolio-wide EPC improvements 87% A-D 	<p>Our progress</p> <ul style="list-style-type: none"> 96% of our landlord electricity supplies are REGO backed Sites identified to install EV charging on and a third party instructed to manage the installation TPL Environmental Refurbishment Standards approved 	<p>Our progress</p> <ul style="list-style-type: none"> Strong and informative occupier ESG feedback via questionnaires Standard lease clauses drafted to include: EPC preservation, energy management, environmental collaboration obligations, and landlord entry 	<p>Our progress</p> <ul style="list-style-type: none"> New sustainability governance in place, including establishing a Sustainability Committee Health and safety objectives have been achieved; this topic remains high on the Board's agenda Risk register includes ESG risks and is regularly reviewed EPRA Gold award for sBPR and award for Most Improved sBPR
<p>Future ambitions</p> <ul style="list-style-type: none"> Net zero carbon pathway formalised All development plans are drawn up to target EPC B rating or above and BREEM/industry equivalent minimum 'Very Good' standards Targeting E and above for EPC rating by March 2023 Targeting all properties to have an EPC by March 2023, focusing on expiring EPCs and driving further improvements Complete climate change impact risk assessment 	<p>Future ambitions</p> <ul style="list-style-type: none"> All landlord paid utilities to be renewables tariffs Implement TPL Environmental Refurbishment Standards across the portfolio 	<p>Future ambitions</p> <ul style="list-style-type: none"> Continue to complete occupier survey and collate results to guide our approach Implementation of green clauses that must be/should be/could be embedded in all new leases 	<p>Future ambitions</p> <ul style="list-style-type: none"> Hold at least three Sustainability Committee meetings in the year 100% of properties have H&S assessments Critical and major issues are dealt with in three/six months EPRA reporting 2022, targeting minimum gold Gap analysis on GRESB /decision on whether participating in GRESB in 2022

Aligning to the United Nations Sustainable Development Goals (“UN SDGs”)

Our sustainability strategy is aligned with the UN SDGs, supporting our aim to embed sustainability into the way we grow and manage our portfolio, creating environmental, social and economic value for our stakeholders. We have identified five goals that we will actively and positively contribute towards through our sustainability strategy and business activities:

<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>We contribute to Goal 3 by supporting our occupiers' wellbeing and providing a safe environment for all building users and will continue to actively engage with our occupiers, providing guidance and advice on health, safety, security and wellbeing.</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>We support Goal 7 through our aim to increase energy and resource efficiency through environmental audits at asset level to highlight where we have the highest energy and carbon impacts, allowing us to identify opportunities to improve our performance through operational and capital expenditure. We will also provide guidance for our asset and property management teams to improve efficiencies.</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>We positively contribute to Goal 11 through assessing our development and construction standards against BREEAM criteria and exploring opportunities for renewable and electric vehicle charging infrastructure. In addition, our refurbishment standards have a focus on improving ecology and wellbeing of tenants. By actively engaging with our occupiers, we will target and support sustainable travel and connectivity, energy savings and carbon reduction.</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>We are supporting Goal 12 by increasing our energy efficiency and resource consumption. We will align our construction material procurement and waste disposal practices consistent with our target BREEAM achievement level and integrate materials selection and embodied carbon analysis as part of our scoping exercise for net zero carbon.</p>
<p>13 CLIMATE ACTION</p> 	<p>We contribute to Goal 13 through our long-term objectives to reduce our carbon footprint and resource consumption. We are also evaluating net zero carbon frameworks to identify the most appropriate pathway to achieve net zero status across our operations, design and construction.</p>

Sustainability report continued

EPC summary and results

A key drive for the year has been our EPC improvements programme. We are conscious of the regulatory changes to EPCs and the more stringent requirements, so have focused our attention this year on improving the F and G-rated units and working towards an EPC rating certificate for every property.

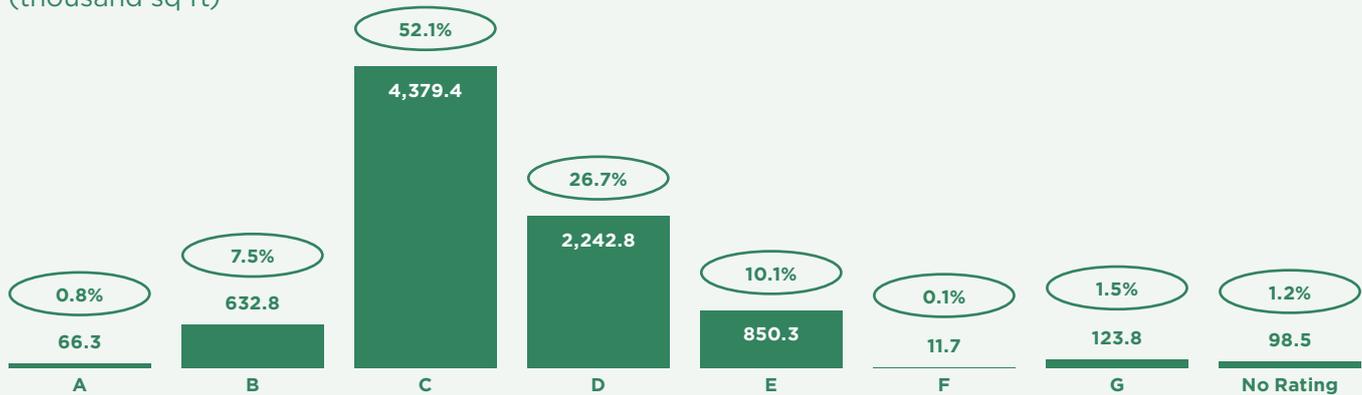
This coming year we will be focusing on expiring EPCs and improving E-rated units.

60% of our assets, by square footage, have an EPC rating of A to C, which is an increase from 52% in 2021. The improvements during the year reflect the benefit from our investment activity, where we have acquired higher-rated assets and disposed of poorer-quality buildings, plus LED lighting replacement and removing/upgrading heating in the buildings. Our F and G-rated units have significantly reduced from 61 to 12; seven of these properties are in Scotland and fall outside of the regulations. We have also reduced those properties with no EPC rating from 63 to 11 properties during the year.

Properties excluded from the analysis below are those deemed out of scope for improvements, such as properties for development.

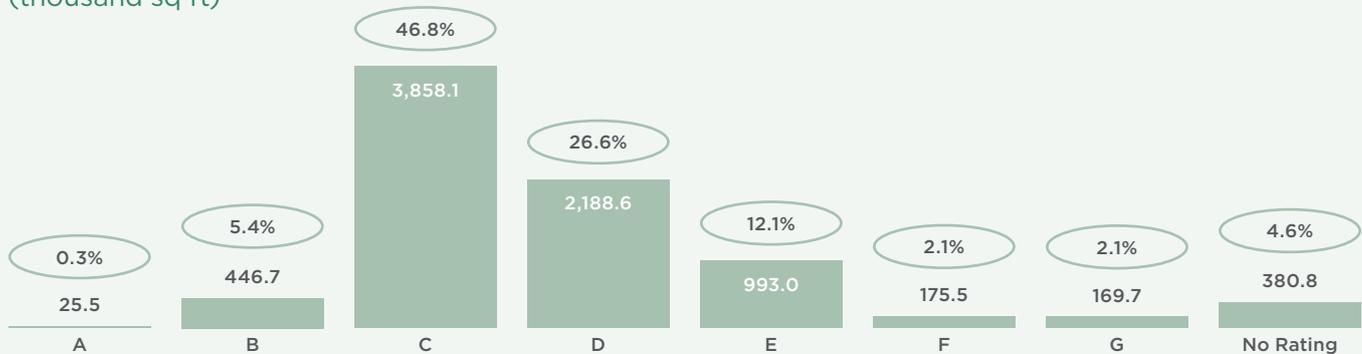
Area by EPC rating 12 April 2022

(thousand sq ft)



Area by EPC rating 12 April 2021

(thousand sq ft)



Sustainability in action



- Landlord carried out speculative works to vacant units to improve their condition and EPC rating, in the main:
 - addition of LED lighting to the warehouse; and
 - fitting of new uPVC double glazed doors and windows.
- Previous EPC ratings of D and E, but since completion of the works, all units worked on have achieved B ratings
- Following the works, all four units have been let, with the lettings setting a new rental tone for units of this size on the estate



- Following the expiry of the previous occupier's lease, we undertook various improvement works to the unit to strengthen its marketability and energy efficiency
- The works included:
 - addition of LED lighting to the warehouse and offices;
 - removal of redundant heater in the warehouse; and
 - replacement of office boiler.
- As a result of these works, we have been able to improve the EPC rating of the property from B48 to A25



- Pentagon Play, award-winning designer of outdoor school living environments, have installed Tesla electric charge points and operate a Tesla company car scheme for their employees. Longer-term plans to look at PV solar cells on the office roof

Occupier ESG survey highlights

- Strong engagement from occupiers
- Several PV installations and many interested
- Multiple EV charging points installed and keen interest



- As part of a wider £1.6 million capital expenditure refurbishment for a new letting to DFS, sustainability measures included:
 - new external LED lighting across the service yard;
 - installation of Rolec electric vehicle charging point; and
 - new secure cycle storage shelters

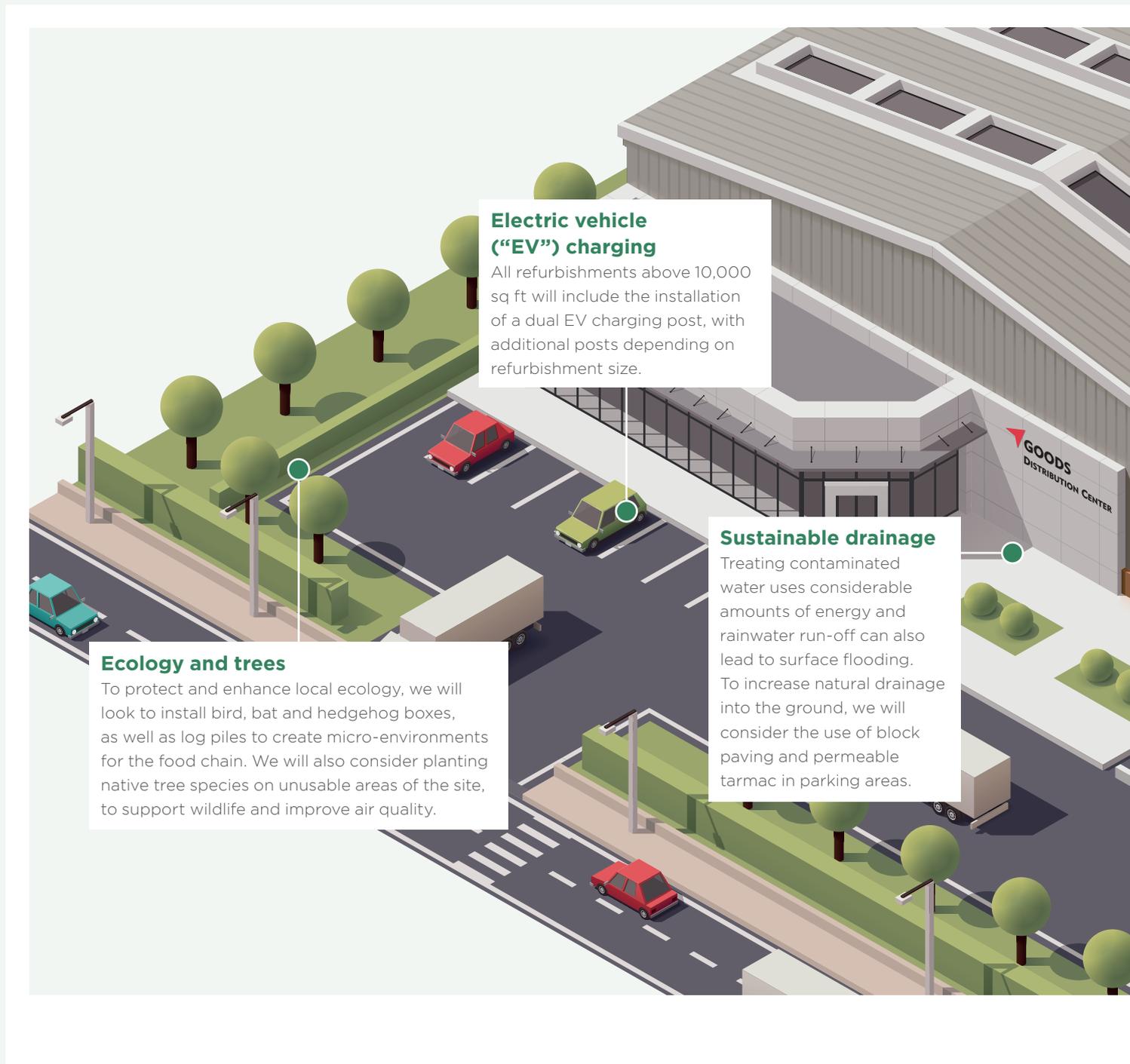
- ESG smart occupiers targeting:
 - Fully renewable energy sources
 - Improved waste regime
 - Lighting improvements
 - Sustainable transport provision
- Mixed responses on sharing energy consumption

Sustainability report continued

Environmental refurbishment design standards

During the year, we introduced new guidance for our design teams to follow for comprehensive refurbishments.

While every project must be assessed on its own merits, the aim is to ensure a consistent, effective and value-for-money approach to improving the environmental performance of our assets, including their EPC ratings, through our ongoing capital expenditure.



Electric vehicle (“EV”) charging

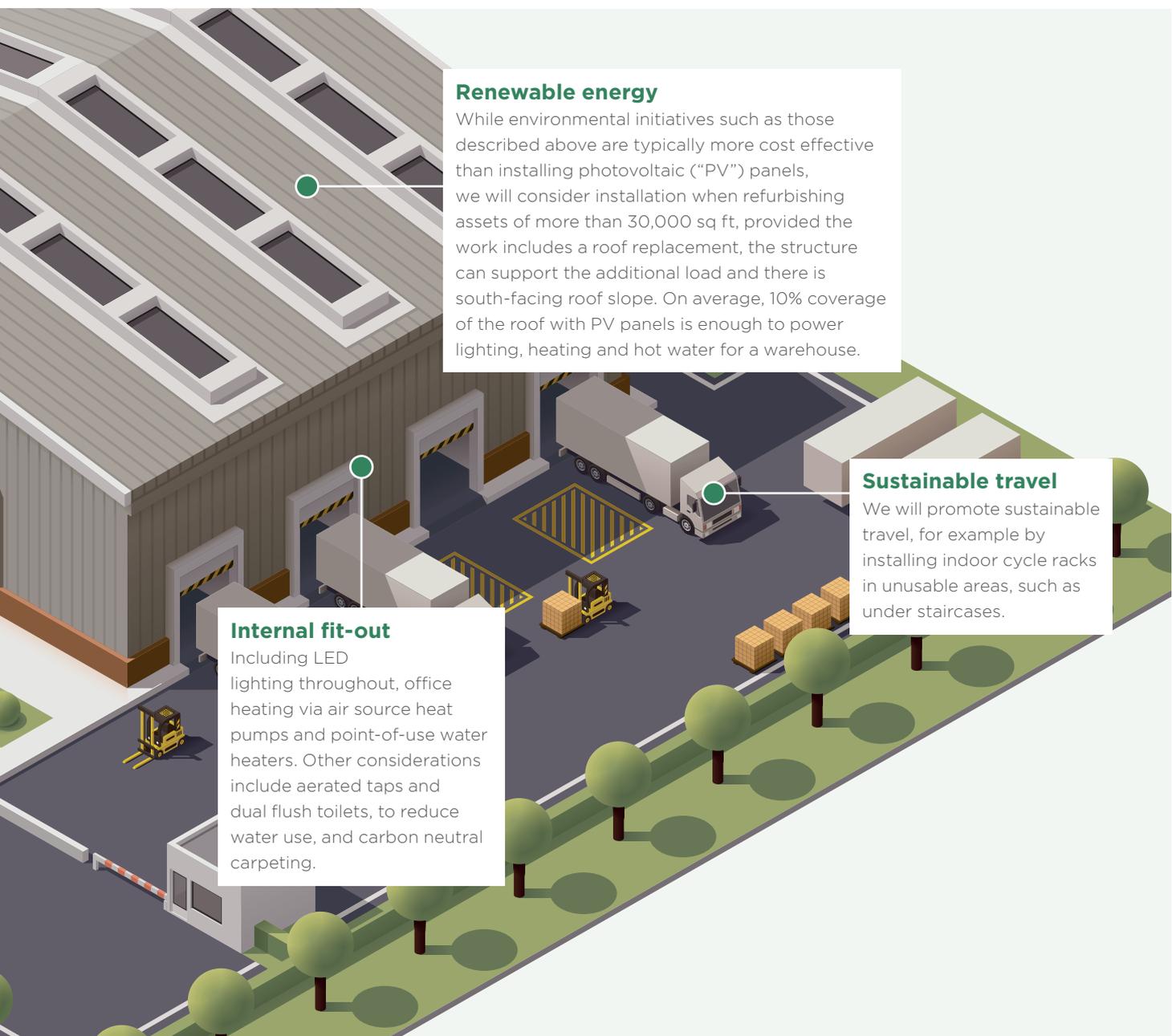
All refurbishments above 10,000 sq ft will include the installation of a dual EV charging post, with additional posts depending on refurbishment size.

Sustainable drainage

Treating contaminated water uses considerable amounts of energy and rainwater run-off can also lead to surface flooding. To increase natural drainage into the ground, we will consider the use of block paving and permeable tarmac in parking areas.

Ecology and trees

To protect and enhance local ecology, we will look to install bird, bat and hedgehog boxes, as well as log piles to create micro-environments for the food chain. We will also consider planting native tree species on unusable areas of the site, to support wildlife and improve air quality.



Renewable energy

While environmental initiatives such as those described above are typically more cost effective than installing photovoltaic (“PV”) panels, we will consider installation when refurbishing assets of more than 30,000 sq ft, provided the work includes a roof replacement, the structure can support the additional load and there is south-facing roof slope. On average, 10% coverage of the roof with PV panels is enough to power lighting, heating and hot water for a warehouse.

Internal fit-out

Including LED lighting throughout, office heating via air source heat pumps and point-of-use water heaters. Other considerations include aerated taps and dual flush toilets, to reduce water use, and carbon neutral carpeting.

Sustainable travel

We will promote sustainable travel, for example by installing indoor cycle racks in unusable areas, such as under staircases.

Sustainability report continued

TCFD reporting update

Despite no obligations to report against the Task Force on Climate-related Financial Disclosures (“TCFD”), in 2020 we provided a disclosure against the four recommendations. This year we engaged with external support from JLL to conduct a gap analysis, allowing us to report on the 11 specific disclosures. We will continue to develop our understanding of climate-related risks and opportunities, with the intention to undertake climate scenario assessments. This will inform our management of climate-related impacts as our governance, risk management, strategy and metrics evolve to incorporate this issue.

Recommendation	Commentary
Governance	
<p>01. The Board’s oversight of climate-related risks and opportunities</p>	<p>The Board is ultimately responsible for the Group’s risk management, including climate-related risks. Environmental, social and governance (“ESG”) is increasingly an important issue and is on every board agenda. The Board has oversight of the agreed ESG roadmap and sets the risk appetite for the Group.</p> <p>The Audit Committee is involved in identifying, assessing and managing risks, including climate-related risks. The Audit Committee, which meets at least twice a year, is responsible for reviewing the risks across the risk register. It determines which risks are considered principal risks, along with assessing and scoring risks.</p> <p>The Sustainability Committee, which meets three times a year, is comprised of members from the Board and the Investment Advisor. It oversees the formulation and implementation of the Group’s ESG strategy, external ESG reporting, reviewing ESG-related risks and making recommendations to the Audit Committee regarding inclusion in the Group’s risk management practices. The Chair of the Sustainability Committee reports to the Board on a quarterly basis, and the Sustainability Committee makes recommendations to the Board as appropriate. Aimée Pitman chairs our Sustainability Committee, which has oversight of performance towards long-term goals. The Investment Advisor oversees the implementation of the roadmap and drives the action towards achieving our long-term goals.</p> <p>Risks, including climate-related risks, come in through the risk register and are then reviewed by the Board and Audit Committee. The impact of climate change on our portfolio has been included as a principal risk in our Annual Report.</p> <p>This year we plan to formulate climate-related goals and targets following our climate impact analysis and net zero project, in part, to better understand our risks. In doing so, we will increase the Board’s ownership of climate-related risks and opportunities.</p>



Recommendation

Commentary

Governance

02. Management’s role in assessing and managing climate-related risks and opportunities

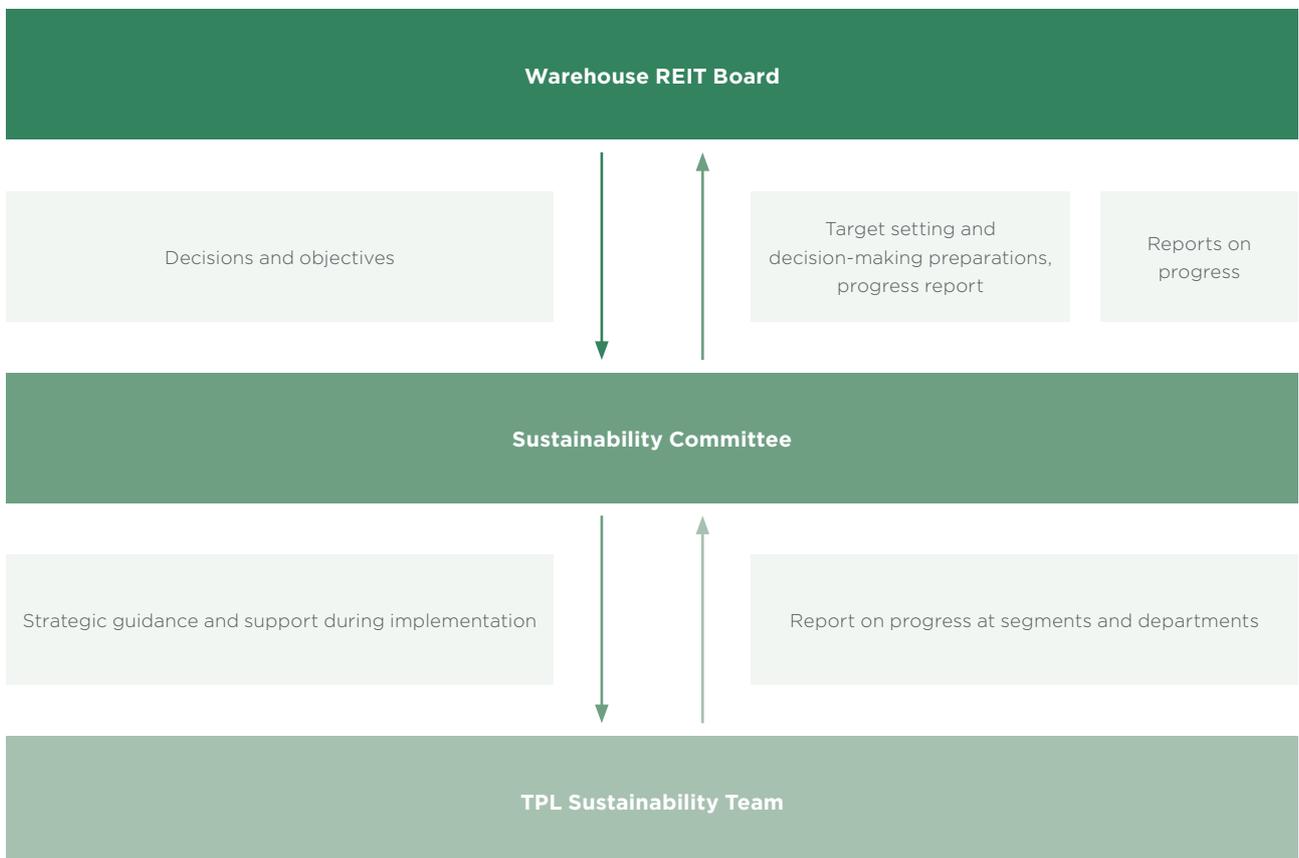
The Investment Advisor is responsible for carrying out the mission of the Board and implements the risk management strategy through forming the strategy, developing the action plan, and ensuring its completion. The Investment Advisor coordinates stakeholder interests, looks at underlying assets and drivers in terms of engagement with occupiers, sets regulation and manages risks. For climate-related risks and opportunities, the Investment Advisor sits on the Sustainability Committee along with three members of the Board.

The Property Managers manage the day-to-day operational activities. This gives them clear insight into gathering data, including climate-related and environmental data, that then informs the Board and the Investment Advisor’s ability to monitor performance against strategic long-term objectives.

Through the Investment Advisor’s asset managers and the Property Managers, there is a clear line of dialogue with occupiers, which provides the Board with clear communication regarding significant risks, including climate-related risks.

A detailed overview of our governance structure can be found below.

Overview of roles and responsibilities



Sustainability report continued

TCFD reporting update continued

Recommendation	Commentary
Strategy	
<p>03. Climate-related risks and opportunities identified over the short, medium and long term</p>	<p>Climate change is seen as a principal risk. We are planning to identify our climate-related risks across our short, medium and long-term scenarios.</p> <p>Climate change factors into several of the five key risk areas (business, compliance, financial, operational, and reputational). We see the impact of climate change as a principal business risk, while another business risk lies in not meeting sustainability targets or demonstrating ESG intent. We recognise operational risks such as regulatory risks regarding the costs for compliance, as well as costs arising from breach of environmental regulation.</p> <p>We have identified climate-related risks and opportunities in our ESG strategy which includes roadmap actions as well as long-term objectives. The opportunities we have identified in our ESG strategy cover a broad range of actions related to improving the usage of our buildings. We aim to increase energy and resource efficiency across our portfolio, increase our understanding of occupier needs related to ESG, and improve our climate-related data collection and reporting.</p> <p>We have identified the following direct risks:</p> <ul style="list-style-type: none">• adverse weather events impacting properties;• increasing costs of supplies or disruption to supplies for maintenance and development;• increasing cost of utilities;• additional regulatory burden and an increasing risk of non-compliance, because of the complexity and volume of regulation arising;• properties not meeting occupier requirements relating to energy efficiency or logistics; and• impact on property values/rents, if assets are not developed or maintained to appropriate modern standards. <p>We have identified the following indirect risks:</p> <ul style="list-style-type: none">• impact on investor interest and our reputation compared to our peers; and• inability to access funding through green bonds, or similar.

Recommendation	Commentary
Strategy	
<p>04. Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning</p>	<p>Climate change could have a considerable impact on the Group's strategic objectives. As such, we consider it to be a principal risk for the Group and it affects reporting and investment strategy. We have created a sustainability strategy with four pillars: creating a resilient portfolio, reducing our footprint, supporting our occupiers, and responsible business foundations. To enable us to achieve these objectives, we have included a sustainability budget into our financial modelling processes.</p> <p>Sustainability feeds in throughout the entire business and the property life cycle, in terms of actions such as looking at what assets to purchase, avoiding assets in the flood plain, and thinking about how assets might perform in terms of energy consumption. We aim to extend the life expectancies of our buildings and reduce carbon emissions associated with construction and demolition through our strategy of recycling and upgrading assets. This is done by improving energy efficiency, upgrading existing buildings, and developing surplus land. We target buildings that could respond well to capital expenditure in sustainability measures.</p> <p>In terms of our climate strategy for asset management, we work with occupiers to reach sustainable targets. In this regard, we use occupier ESG questionnaires to understand tenant needs and aspirations, seek to identify carbon emission reduction initiatives, and work to improve our monitoring strategy with our EPC consultant. We have drafted standards that set out the items that asset managers need to consider during the refurbishment process. Additionally, while EPC ratings have been integrated into our business already, the process of improving ratings and making sure all buildings have been rated is accelerating.</p>
<p>05. Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>While resilience is integrated in our business strategy and within our organisation, we aim to improve our resilience by heightening our understanding of climate-related risks. To do so, we are in the process of partnering with a third-party consultant to perform a climate-related risk assessment that will enable us to analyse and understand the effects of our key material climate-related risks against our portfolio and assets. This will allow us to understand and implement mitigation measures to reduce our exposure to climate-related risks. We plan to complete this assessment in the next year.</p>

Sustainability report continued

TCFD reporting update continued

Recommendation	Commentary
Risk management	
<p>06. Describe the organisation's processes for identifying and assessing climate-related risks</p>	<p>Our risk framework includes four actions to identify, assess and manage risks – capture, evaluate, manage and mitigate, and monitor. Risks on the risk register are scored on probability and impact and are assessed based on the severity of financial, environmental and brand impacts. The risk register is used to identify our priority climate-related risks and opportunities, which are then brought to the Board's attention.</p> <p>The Investment Advisor assists in the understanding of the risk framework, implementation of its measurement activities, and compliance with those activities. During this process we work with a third party to identify and assess risks as well. The Investment Advisor considers emerging and existing regulation requirements via our dedicated resource, when assessing climate-related risks.</p> <p>The Sustainability Committee oversees ESG-related risks and makes recommendations to the Audit Committee regarding inclusion in the Group's risk management practices. We aim to describe a wider range of climate-related risks and develop more specific mitigation strategies.</p>
<p>07. Describe the organisation's processes for managing climate-related risks</p>	<p>To manage climate-related risks, we have updated our risk register and risk management process for ESG considerations. We have included climate change as a principal risk on our risk register. Compliance risks associated with climate change are also listed on our risk register. These are monitored as part of our wider risk management process. This year we implemented EPRA reporting to better understand our exposure to climate-related risks.</p> <p>At an asset level, we manage climate-related risks through measuring EPC ratings and targeted upgrades. During our pre-acquisition due diligence process, we look at environmental risks, including flood risk assessments and energy ratings, to reduce our exposure to climate-related risks. Additionally, we plan to survey our top 30 occupiers to better align our assets with sustainability targets and to target reporting on energy performance.</p>
<p>08. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</p>	<p>All principal risks, including climate change, are considered a priority. Principal risks are captured in the corporate risk register, which is regularly reviewed by the Board and Audit Committee as well as by the Investment Advisor. The material impacts that climate change could have on the business are listed in the risk register, and climate change as a risk has been given a probability and impact score. This is assessed as it pertains to the consequences for the underlying value of the assets and for returns to shareholders.</p> <p>To ensure that risks are integrated into the overall risk management strategy, the Investment Advisor elevates the risks to Board level. The Board's assessment determines the list of principal risks, which are the most material risks. Through this process, climate change was determined to be a principal risk for the business. In the review process, the Audit Committee oversees reviewing corporate risks and risks that the Board considers to be principal.</p>

Recommendation	Commentary
Metrics and targets	
<p>09. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>We report in line with EPRA Sustainability Best Practices Recommendations for sustainability reporting and issue our EPRA tables within our Annual Report (see pages 18 and 19).</p> <p>We use a range of metrics to track our susceptibility to our identified material climate risks and opportunities. These include:</p> <ul style="list-style-type: none"> • Scope 1 and 2 carbon emissions • Energy consumption in kWh in absolute and like-for-like terms • Energy intensities for Scope 1 and 2 emissions • Water consumption <p>To supplement our quantitative measures, we also assess key qualitative measures, including EPC ratings, to build a holistic view of our portfolio's performance.</p>
<p>10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and the related risks</p>	<p>We disclose Scope 1 and 2 greenhouse gas emissions in our Annual Report. These have been calculated and reported in alignment with the GHG Protocol Corporate Accounting and Reporting Standard.</p>
<p>11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<p>We have developed a long-term roadmap which will drive us towards our sustainability objectives. Specific targets used will updated as applicable.</p> <p>A net zero project is underway; the results will mean further measurable metrics for the Company.</p>



Sustainability report continued

EPRA reporting

EPRA sBPR

We have chosen to report our material environmental, social and governance data in accordance with the 3rd edition of the EPRA Sustainability Best Practices Recommendations (“sBPR”). Our reporting response has been split into three sections:

1. Overarching recommendations

2. Environmental performance measures

3. Social and governance performance measures

1. Overarching recommendations

Organisational boundaries

Our EPRA reporting covers the properties owned by the Group, which at 31 March 2022 included a portfolio of 91 estates located across the United Kingdom. The activities of our Investment Advisor, who is responsible for all management and administrative functions, falls outside the scope of this report as it is a separate legal entity outside of the Group.

Coverage

Unless otherwise stated, all absolute performance measures relating to electricity, fuels and associated greenhouse gas (“GHG”) emissions relate to assets where we procure utilities for common areas, shared services, tenant areas and those properties that are vacant. These account for 42 out of the 91 estates within our portfolio at the end of March 2022. Coverage of these assets is 100%. The remaining assets are single or multiple occupancy assets with no landlord-obtained utilities.

Like-for-like performance measures include properties within this scope for which we have collected two years’ worth of consistent data – and excludes properties sold, acquired or under development during 2020/21 and 2021/22. Our like-for-like portfolio therefore represents 20 out of the assets covered in our organisational boundaries, and data coverage is 100% of these properties.

We aim to complete annual health and safety assessments for 100% of the assets, excluding those where the tenant is responsible.

Boundaries – reporting on landlord and tenant consumption

The energy and associated GHG emissions data reported includes electricity and fuels consumption which we purchase as landlords and refers to common areas, shared services and tenant areas where this consumption is not sub-metered but recharged via a service charge. Utilities procured directly by tenants is excluded as it falls outside our operational control.

Estimation of landlord-obtained utility consumption

All data is based on invoices and/or meter readings where available. Estimations have been applied where invoices were not available at the time of publication. In these instances, we have estimated consumption data based on the most recent invoice for the corresponding period. On this basis, the following proportion of data is estimated for 2021/22:

- Electricity: 5%
- Gas: 7%
- Water: 33%

Analysis – normalisation

Energy and emissions intensity indicators are calculated using floor area (m²) for whole buildings. We are aware of a mismatch between the numerator and denominator, as in some properties our utilities consumption relates to common areas only, and in others it covers both shared services, outside space and tenant areas where there are no sub-meters.

Analysis – segmental analysis (by property type, geography)

Segmental analysis is organised by the property classification used in our financial reporting, which defines our investment portfolio as urban warehouse assets. Additional segmental analysis by geography is not applicable as all assets are in the United Kingdom.

Reporting period

Absolute performance measures and intensity metrics are reported for the most recent reporting year (ending 31 March 2022). Like-for-like performance measures are reported for the two most recent reporting years that we can collect consumption data (ending 31 March 2021 and 31 March 2022).

Disclosure on own offices

The data excludes our registered office as it is not occupied by the Company. Utilities associated with our Investment Advisor's own office consumption and employee-related performance measures are excluded as they fall outside the scope of our organisational boundaries.

Data verification and assurance

All data generated is reviewed for consistency and coherence before being released into the Company reporting database. External verification or assurance by a third party is not currently undertaken.

Materiality

Following the materiality assessment conducted as part of our strategy review (explained on page 3), the following EPRA performance measures are not considered material. We have therefore excluded them from our reporting:

DH&C-Abs & DH&C-LfL: No district heating or cooling ("DH&C") is procured across our portfolio.

Diversity-Emp; Diversity-Pay; Emp-Training; Emp-Dev; Emp-Turnover & H&S-Emp: Warehouse REIT plc has no direct employees. All administrative functions associated with the management of our portfolio are conducted by our Investment Advisor, which is a separate legal entity and therefore outside the organisational boundaries of this report.

Waste-Abs & Waste-LfL: Operational waste is generated solely by our tenants and is therefore outside of our control. Waste generated through our development activities is excluded from the scope of the EPRA sBPR. We have identified a long-term target to reduce waste from developments as part of our sustainability strategy.

Narrative on performance

Environmental performance

Absolute landlord-obtained electricity consumption during the year ending 31 March 2022 was 2,637 MWh. Landlord-obtained fuel consumption (natural gas) over the same period was 1,527 MWh. This equated to an energy intensity (electricity and gas) of 17.27 kWh m² across the properties included in our organisational boundaries.

On a like-for-like basis, landlord-obtained electricity consumption increased by 8%, and fuels consumption decreased by 4% compared with 2020/21. The effect of electricity increasing resulted in a corresponding 3% increase in the energy intensity of our like-for-like portfolio.

Like-for-like Scope 1 and 2 emissions fell by 5% and 2% respectively, influenced by the decarbonisation of the grid. Total Scope 1 and 2 emissions from building energy consumption were 839 tonnes of CO₂e, which translated into a GHG emissions intensity of 3.48 kg/CO₂e/m²/year.

In the reporting period, REGO-backed renewable electricity accounted for 96% of the reported consumption. The figure is less than 100% as we have accounted for instances where REGO contracts were procured partway through the period.

Like-for-like water consumption decreased over the same period, by 18%. Absolute water consumption for the year ending 31 March 2022 was 110,272 m³, representing a water intensity of 1.33 m³/m².

Office assets are a main contributor to the consumption measured, therefore the reductions can largely be attributed to Covid-19 and the extended lockdowns which led to reduced occupancy rates as more tenants implemented work-from-home policies.

We also invest in resource efficiency measures as part of our standard approach to asset management. We aim to spend 0.75% of our GAV on capital expenditure each year, and this includes consideration of energy efficiency initiatives balanced against the potential return in terms of asset value and rental growth.

Expenditure encompasses improvements to building infrastructure, electrical installations such as replacing existing lighting with LEDs, and updating heating systems with efficient boilers in warehouse and office space.

For an analysis of Energy Performance Certificates please see page 6. No properties in our portfolio had a green building certification (such as BREEAM, LEED or similar) in the previous financial year.

Sustainability report continued

EPRA reporting continued

2. Environmental performance measures

EPRA code	Performance measure	Unit	Scope	Absolute 2020/21	Absolute 2021/22	Like-for-like ("Lfl")		Lfl change (%)
						2020/21	2021/22	
Elec-Abs, Elec-LfL	Total electricity consumption	kWh	Total landlord-obtained electricity	2,510,076	2,636,775	2,062,702	2,217,673	8%
Fuels-Abs, Fuels-LfL	Fuel consumption	kWh	Total landlord-obtained fuels	1,635,583	1,526,705	1,347,470	1,288,447	-4%
Energy-Int	Building energy intensity	kWh/sq m/year	Building energy intensity	15.54	17.27	23.97	24.64	3%
GHG-Dir-Abs	Total direct GHG emissions	t CO ₂ e	Direct - Scope 1	301	280	248	236	-5%
GHG-Indir-Abs	Total indirect GHG emissions	t CO ₂ e	Indirect - Scope 2 (location-based)	585	560	481	471	-2%
GHG-Int	GHG emissions intensity from building energy consumption	kg CO ₂ e/sq m/year	Scopes 1 & 2 GHG emissions	3.32	3.48	5.12	4.97	-3%
Water-Abs, Water-LfL	Water consumption (mains supply)	m ³	Total landlord-obtained water	53,490	119,272	48,667	39,800	-18%
Water-Int	Building water intensity	m ³ /sq ² /year	Building water intensity	0.54	1.33	0.72	0.59	-18%



Social performance

Health and safety

The managing agents conduct an annual health and safety assessment of the assets, which covers:

- general hazards and risk assessment;
- fire safety;
- water hygiene;
- progress on existing hazards identified; and
- any specific risks related to a particular site.

Community engagement

We ensure that key decisions relating to the portfolio take into account our impact on local communities. This involves meeting health and safety requirements, conducting impact assessments and undertaking wider consultations required as part of the planning approval process for new developments. As no applicable developments were announced in 2021/22, we have marked this performance measure as not applicable. For more information, see the stakeholder engagement section of our strategic report, page 23 of the annual report.

Governance

Governance performance measures relate to the Board. For full background information on our governance performance measures, including a profile of the Board, a description of our nomination procedures, and processes for managing potential conflicts of interest, please see page 81 of the annual report.

Non-Executive Directors Aimée Pitman and Martin Meech both have significant experience relating to developing strategies to improve social and environmental impacts in business. Aimée led work in 2020 with Eden McCallum and Chapter Zero to develop a 'toolkit' for climate change strategy and action. Martin has experience implementing sustainability strategies via his previous role at Travis Perkins.

3. Social and governance performance measures

EPRA code	Performance metric	Unit of measure	FY2021
H&S-Asset	Asset health and safety assessment	%	100%
H&S-Comp		%	100%
Comty-Eng	Community engagement, impact assessments and development programmes		—
Gov-Board	Composition of the highest governance body	Number of Non-Executive Board members	6
		Number of independent Non-Executive Board members	4
		Average tenure on the governance body (years)	4
		Number of independent/Non-Executive Board members with competencies relating to environmental and social topics	2
Gov-Select	Nominating and selecting the highest governance body	Please see the Nomination Committee report on pages 86 and 87 of the annual report	
Gov-Col	Process for managing conflicts of interest	Please see the corporate governance statement on page 81 of the annual report	

An aerial photograph showing a two-lane road with yellow double lines curving to the right. To the left of the road is a dense line of green trees and a utility pole with multiple power lines. To the right of the road is a grassy area, a blue pond, and a residential neighborhood with houses and more trees. In the background, a large industrial building is visible.

Warehouse REIT plc
33 Cavendish Square
London
W1G 0PW
020 3102 9465
www.warehousereit.co.uk