



**Responsible Business:
Environmental, Social
and Governance Policy
2020**

Primary Health Properties PLC (“PHP”)

Responsible Business: Environmental, Social and Governance (“ESG”) Policy 2020

Introduction

PHP invests in flexible, modern properties for local primary healthcare, let on long-term leases where the NHS, HSE, GPs and other healthcare operators are our principal occupiers. As at 31 December 2019, the Group owns 488 properties valued at £2.4 billion which are located across the UK and Ireland.

Responsible business addresses the key areas of the environment, social and governance issues which are embedded into our investment, asset management, forward funded development and corporate activities. We are committed to improving our responsible business disclosure, mitigating sustainability risks and capturing environmental and stakeholder opportunities.

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

In 2019, the Property Adviser, Nexus Tradeo Limited (“Nexus”), created an ESG Committee which is chaired by Harry Hyman and comprises senior members of the Nexus team who each have relevant experience in the business and are responsible for the implementation of the policy throughout our operations.

This ESG policy sets out our commitment and approach to responsible business, is reviewed annually, approved by the Board and sets the framework for establishing objectives and targets against which we monitor and report publicly on our performance.

Our approach

PHP’s approach is based around our core activities of investment, asset management and forward funded development supported by our corporate activities.

PHP supports the seventeen UN Sustainable Development Goals (“SDGs”) adopted by all United Nation member states in 2015. SDGs constitute the most pressing economic, social and environmental challenges that the world needs to solve. The UK is a signatory to these goals and the government has developed its own agenda for delivering these goals and companies are encouraged to adopt this framework. At PHP we focus our efforts on the SDGs which align with our environmental, social and governance goals.



Environmental

We operate and endeavour to minimise the environmental impact of our operations:



Responsible investment

Environmental and sustainable matters are an integral element of PHP's assessment of the suitability of new medical centres that the Group looks to acquire and fund. PHP undertakes a detailed assessment of each location, looking at the sustainable nature of a property and how it will serve the local population and its importance to the local healthcare provision, ensuring that the centre is affordable and will meet the future needs of the local population.

As climate change risk increases we are reviewing our approach to environmental due diligence, with a view to enhance our assessment for new acquisitions, but an important element of our process is to undertake detailed environmental and building surveys which include a detailed assessment of the environmental risk for each investment, including flooding, to ensure the risk is avoided or appropriate prevention measures are developed. PHP has engaged consultants Simpson Hilder and GEP Environmental to help in this process.

Responsible asset and property management

We are committed to creating best-in-class primary care centres by focusing on the future needs of our occupiers and thereby ensuring we are creating long term sustainable buildings. Our asset and property management objective is to invest in the portfolio of properties with enduring occupier and patient appeal, which provide opportunities to improve both rental values and the security and longevity of income, including limited risk short-cycle projects to improve the quality of assets. Through these asset and property management initiatives, we also aim to deliver energy efficiencies and source cleaner energy for our occupiers and their patients.

Responsible forward funded development

PHP engages with its development partners to promote the highest possible standards of environmental, sustainable and social matters when designing and constructing new premises. As a minimum, new properties are required to achieve a recognised sustainable building certification standard, of at least BREEAM (Building Research Establishment Environmental Assessment Method) Very Good in the UK or nZEB (nearly Zero Energy Buildings) which typically corresponds to an A3 Building Energy Rating in Ireland, and requirements are in place for developers and contractors to ensure the implementation of responsible property development practices.

We continue to work with occupational occupiers regarding their ongoing environmental responsibilities which in due course we aim to include in all leases entered into as a norm for newly built premises. We continue to work with developers to integrate a range of sustainable features into new scheme including solar PVs, roof lights, electric vehicle recharge points, water conservation and ecology.

PHP will continue to work with its development partners, occupiers and other stakeholders to develop ways in which to monitor and improve the management of environmental and sustainability issues.

Social



PHP is committed to supporting both the NHS and HSE in tackling the major underinvestment in primary care facilities in both the UK and Ireland. PHP's aim is to modernise and improve the ability to provide efficient and effective healthcare through the provision of modern, purpose-built properties, let to the NHS, the HSE, GPs and other healthcare operators. The facilities are predominantly located within residential communities and enable the UK and Irish population to access better health services in their local area. This is central to the Group's strategic objectives and business planning processes.

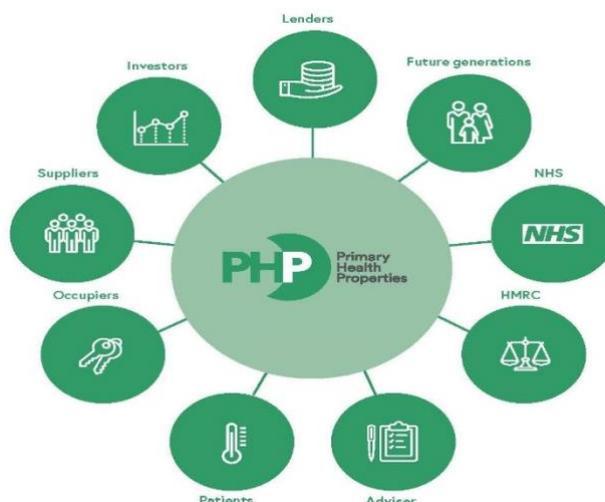
PHP's portfolio serves around 5.3 million patients or 8.0% of the UK population and our portfolio is their first point of contact with the NHS when they start their patient journey. Our active management of the property portfolio seeks to maintain the centres as fit for purpose and systems have been established to ensure that PHP is properly monitoring its social impact and identifying and managing opportunities and risks associated with the provision of its properties. Social impact consideration and management sits at the heart of the management of the Group and is directly reviewed by the Board.

PHP is committed to ensuring that the properties it develops and owns continue to meet our GP, NHS and HSE occupiers' requirements in their local community and also provide flexibility for future change, update and expansion. Our dedicated teams of asset and property managers look after our occupiers' requirements through regular communication and a supportive approach to property management. It is crucial that we continually update our understanding of what issues matter to our occupiers and how the NHS and HSE is changing to meet the increasing demands on the healthcare system in both countries.

Other stakeholders

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

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



Although PHP has no employees it recognises the importance of the welfare of the Property Adviser, Nexus, employees who work on behalf of the group. Their experience and contribution to the business is essential to the delivery of our business strategy and ESG commitments.

Both the PHP Board and Nexus maintain a commitment to maintaining and promoting the highest levels of ethics, conduct and seek to promote a workplace culture of:

- Inclusion;
- modern working practices;
- fair remuneration;
- diversity and equal opportunity;
- employee development and training; and
- health and safety



Further details on the Property Adviser, Nexus, can be found in the Annual Report 2019 available on our website.

Governance



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

We believe that good governance practices are essential to a successful and sustainable business and therefore we ensure that they are integral to us. We are compliant with the provisions of the UK Corporate Governance Code 2018 in so far as it is applicable to PHP. We believe in transparency of our business to stakeholders and ensuring we report comprehensively and fairly in our Annual and Interim Reports and engage with our stakeholders throughout the year.

We will:

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

These principles are supported by policies which address anti-bribery and corruption, whistleblowing, money laundering, prompt payment and management of the supply chain.

Harry Hyman

Primary Health Properties PLC

February 2020