

Delivering long term sustainable income



Primary Health Properties PLC
Responsible Business Report 2022





Responsible business

Towards net zero

PHP is committed to transitioning to Net Zero Carbon ("NZC") across its operations and property portfolio. Last year we set out the five key steps to achieve this across our operational, development and asset management activities by 2030 and to help our occupiers achieve NZC by 2040.

HIGHLIGHTS 2022



Development

On site with our first NZC development building (operational and embodied carbon)



Investment

All-electric net zero ready refurbishment Benton House acquired in Newcastle



Asset management

EPC A and B refurbishments and agreement for first net zero ready project



Tenants and operations

100% renewable energy and 300% increase in portfolio energy data



Projects

Assessed six sites for solar PV roll-out with potential for 400 MWh of generation

NET ZERO CARBON FRAMEWORK

By 2023 – operations net zero

- Reduce emissions from offices, transport and assets where we procure energy for tenants
- Procure 100% renewable energy where PHP controls supplies
- Offset residual emissions via high quality projects

By 2025 – all new developments net zero

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

By 2030 – EPC B and lower energy use intensity

- Across the portfolio all properties to have an EPC rating of B or better where economically feasible
- Achieve reductions in energy use intensity (kWh/m²) through asset management projects and electrify buildings where feasible

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

By 2035 – 80% carbon reduction of the portfolio

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

By 2040 – enabling a net zero portfolio

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

2022

2023

2025

2035

2040



Responsible business and ESG review

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



Laure Duhot

Chair of the ESG Committee

Dear shareholder,

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

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

Member	Number of meetings and attendance
Laure Duhot (Chair)	3 (3)
Ivonne Cantú	3 (3)
Richard Howell	3 (3)
Harry Hyman	3 (3)
Ian Krieger	3 (3)
Steven Owen	3 (3)
Jesse Putzel	3 (3)
David Bateman (appointed 22 June 2022)	1 (1)
Peter Cole (resigned 27 April 2022)	1 (1)
Chris Santer (resigned 31 March 2022)	1 (1)

Bracketed numbers indicate the number of meetings the member was eligible to attend in 2022. The Company Secretary acts as the secretary to the Committee and attends all the meetings. Members of the senior leadership team, including Michelle Whitfield – Director: Operations & Social, David Austin – Director: Asset Management, Tony Coke – Director: Developments, and James Young – Director: Property Management are invited to attend meetings as appropriate.

Since publishing our Net Zero Carbon Framework last year we have continued to make good progress against this and our wider ESG commitments including the commencement of construction of PHP's first NZC development at Croft, West Sussex and our second NZC development at Spilsby, Lincolnshire, is expected to start on site in 2023. We have also continued to invest capital, via our asset management programme, to improve our existing portfolio, including its energy and carbon performance, and create a more sustainable healthcare infrastructure for the future.

The ESG Committee has overseen the further development of our work on energy and carbon reduction and I am pleased that we are increasing the visibility, including the sharing of information, of energy performance data for the wider portfolio, beyond just the buildings we procure energy for.

We also worked with expert advisers Willis Towers Watson to perform quantitative climate scenario analysis to help improve our understanding of climate risks and opportunities and to enhance our TCFD disclosures, which are set out on pages 17 to 22.

During the year we joined other industry peers as members of the UK Green Building Council to help improve the sustainability of the built environment.

PHP's social impact initiative is now in its second year and we have continued to work with our partner UK Community Foundations to support social prescribing activities linked to our portfolio and to review the impact this is having. Our second round of grant award was oversubscribed and we are very pleased with the quality of applications and the broad spectrum of initiatives proposed.

We have also increased our engagement with employees, focusing on professional and personal development, including working with Investors in People and specific ESG training across the Company.

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

Laure Duhot

Chair of the ESG Committee

21 February 2023








Responsible business continued

Our approach

PHP's approach is based around our core activities of investment, asset and property management, development and our corporate activities.

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

OUR APPROACH

Approach	Purpose	Aims	Focus
1. Premises – Built environment			
Investing in and developing sustainable buildings	To employ sustainable design to develop, refurbish and upgrade our buildings to modern medical and environmental standards	Building a more resilient portfolio for the long term	<p>Reducing risk by building purpose-built new developments and making quality acquisitions</p> <p>Working with occupiers to improve the energy efficiency of our properties and integrate more sustainable features</p> <p>Having a preference for reusing existing buildings, upgrading them in an energy and resource efficient way, reducing reliance on new resources</p> <p>Sourcing responsibly and designing for future reuse of assets and materials</p> <p>All new developments to be NZC by 2025</p>
 		Reducing our carbon footprint	<p>Working with our stakeholders to improve the energy efficiency of our properties and integrate more sustainable features with a long term ambition of the whole portfolio, including occupiers' operations, being NZC by 2040</p>
		Policies	Sustainability; Sustainable development and refurbishment; Net Zero Carbon Framework
2. Health – Community impact			
Engaging and enhancing the right stakeholders to drive effective decision making	To support initiatives that further the health, wellbeing and education of our local communities	Meeting the healthcare needs of communities	Engaging in effective communications and collaborative practices with our occupiers
 		Creating social value	Working with partners to enhance wellbeing and inclusivity through initiatives that contribute to the creation of healthy, supportive and thriving communities
		Policies	Sustainability
3. People – Responsible business			
Conducting our business with integrity and investing in human capital	To create opportunities and maximise the potential of the stakeholders we work with	Providing a good place to work	<p>Ensuring effective investment in the professional development of the Group's employees</p> <p>Maintaining a culture of empowerment, inclusion, development, openness and teamwork for our people</p>
 		Governing an ethical business	Being transparent and compliant in all our operations
		Policies	Business ethics; Equality, diversity and inclusion; Anti-bribery and corruption



PERFORMANCE AGAINST OUR COMMITMENTS

Commitments and targets	Progress 2022	Focus areas 2023
<p>Delivering BREEAM and nZEB certified buildings.</p> <p>Improving portfolio EPC ratings.</p> <p>Increasing visibility of energy performance across the portfolio.</p> <p>Delivering on our net zero carbon commitments.</p>	<p>Construction commenced on our NZC development at Croft where embodied carbon is also being minimised and offset.</p> <p>Development and asset management projects all achieved/are achieving BREEAM Excellent or Very Good in the UK or nZEB and BER A3 in Ireland.</p> <p>The overall portfolio now has 35% A-B ratings and 81% A-C, by value.</p> <p>We introduced an energy monitoring and management platform, engaged tenants to share data and now have energy data for 60% of floor area (improved from 20% in 2021).</p> <p>76% of PHP procured electricity is now from renewable sources and we have entered into partnership with the Woodland Trust to offset residual emissions and enhance UK biodiversity.</p>	<p>Continue to focus on improving EPC ratings to B and deliver net zero ready refurbished buildings via our asset management programme.</p> <p>Measure embodied carbon from our asset management projects to understand our performance and set targets as part of our NZC commitments.</p> <p>Roll out our energy monitoring and management platform, including remote metering, to buildings and tenants, supporting them to use energy efficiently.</p> <p>Put a programme in place to roll out solar to existing buildings.</p>
<p>Investing, via our community impact fund, up to £0.25 million per year, in causes which enhance health and deliver social value.</p> <p>Demonstrating the positive impact investment in primary healthcare can generate.</p>	<p>We concluded a second programme of grant giving with a total of £0.2 million awarded to organisations delivering innovative social prescribing services for communities surrounding our buildings.</p> <p>We conducted research with King's College London which demonstrated a positive impact of our healthcare buildings on reduced A&E attendances.</p>	<p>Continue to expand our social prescribing programme focusing on the most deprived communities where PHP has a strong presence and link some funding to asset management projects.</p> <p>Capture the positive social outcomes of our community impact fund and business activities.</p>
<p>Continuing to promote PHP's culture and commitment to high levels of ethics and a workplace culture of inclusion, diversity and equal opportunity.</p> <p>Conducting an independent annual staff survey to inform and monitor continued improvement.</p>	<p>We updated our Equality, Diversity and Inclusion policy and conducted training for all staff on inclusive behaviours, mentoring, appraisals and environmental sustainability.</p> <p>We conducted a confidential staff survey and worked with Investors in People with a view to future accreditation.</p> <p>We updated our staff benefits, including providing up to five days of volunteering leave and private medical insurance.</p>	<p>Continue to support staff with individual training and development plans and introduce a mentoring programme.</p> <p>Work towards achieving Investors in People accreditation.</p> <p>Continue to survey staff to ascertain levels of employee satisfaction and areas for improvement.</p>



Responsible business continued

INTRODUCTION

PHP invests in flexible, modern properties for the delivery of primary healthcare to the communities they are located in. The buildings are let on long term leases where the NHS, the HSE, GPs and other healthcare operators are our principal occupiers. As at 31 December 2022, the Group owned 513 properties valued at £2.8 billion which are located across the UK and Ireland.

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

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

PHP is committed to helping the NHS achieve its target to become the world's first net zero carbon national health system by 2045. PHP's Net Zero Carbon Framework sets out our plan to transition the Company's portfolio to net zero ahead of this deadline and ahead of the UK and Irish Government's net zero target date of 2050. PHP will continue to proactively engage and work with our various healthcare occupiers to also help them achieve this.

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



ARKLOW, CO. WICKLOW, IRELAND CASE STUDY:

- **Achieved BER of A3 and current nZEB standards**
- **Able to operate with net zero carbon emissions**
- **30-year lease to government bodies**

The property reached practical completion in November 2022 and is a state-of-the-art primary care centre serving the local and wider community south of Dublin. It is primarily let to the HSE and government bodies on a 30-year lease providing GP suites, dental surgeries, public health nursing, Caredoc services, mental health and network disability services.

The building has been completed to current nZEB standards, achieving a BER of A3 and incorporates energy efficient electric heating through an air source heat pump.

The building also benefits from natural ventilation and high levels of thermal insulation and allows the occupiers to operate the building with net zero carbon emissions.



1. Premises – Built environment

RESPONSIBLE INVESTMENT

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

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

We undertake detailed environmental and building surveys to assess physical environmental risks for each investment, including flooding, to ensure the risk is avoided or appropriate prevention measures are developed (see our TCFD disclosures on page 17).

During 2022 we began applying our net zero and ESG commitments to our investment activities, in particular engaging with developers and asset owners to challenge current standards and leverage our influence. We have engaged with developers to raise awareness of net zero standards and included net zero or energy related conditions in our offers.

Energy efficiency is also considered through the due diligence process and all acquisitions are required to have an EPC of C or better, or be capable of remedial action to achieve the required rating, and associated costs are now integrated into our appraisals. We also seek to include green lease clauses at acquisition where feasible.

All acquisitions completed in the year had a minimum EPC rating of C and are capable of achieving an EPC rating of at least a B when next refurbished.



BENTON HOUSE, NEWCASTLE CASE STUDY: Net zero ready refurbishment

- **82% reduction in the carbon intensity of the building**
- **Able to operate with net zero carbon emissions**

The building was originally acquired by PHP in 2021 and following extensive refurbishment is now let on a new 30 year lease to the Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust providing mental health services, office and staff facilities.

The building was originally constructed in the late 1970's and has undergone an extensive refurbishment with existing systems removed, including old inefficient air conditioning and gas heating.

A new high efficiency, all-electric system has been installed and significant fabric improvements made, including added insulation, new windows and roof. The improvements have reduced the carbon intensity of the building by 82% and will be able to be operated with net zero carbon emissions in the future.

The EPC rating has also been improved from a D to a B.

In addition, facilities for cyclists and EV charging have been added, encouraging sustainable and healthy travel choices.



Responsible business continued

RESPONSIBLE ASSET AND PROPERTY MANAGEMENT

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

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

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

During 2022 we completed ten asset management refurbishment projects, improving EPC ratings to B for all except two which achieved A ratings. We have a further ten refurbishment projects on site or committed, which include energy efficiency upgrades, installation of roof-mounted solar, air source heat pumps and thermal efficiency upgrades. All these projects have either achieved or are on track to achieve BREEAM Very Good certification for refurbishment and fit-out. We also agreed 33 new leases during the year, with all including Green Lease clauses.

During the year, we also completed design and planning work for two net zero ready refurbishments which we expect to be on site during 2023 and we will also begin to address embodied carbon in asset management projects.

Working with our occupiers is essential to improving the performance of buildings and during 2022 our property management team engaged with all of our tenants, carrying out over 1,000 site visits at which issues, including energy and utilities, are discussed.

With rising energy costs, energy security concerns and the need to reduce building emissions, we began analysing the portfolio for the potential roll-out of larger scale onsite solar power, for buildings where PHP procures energy and to enable tenants to make use of solar where they procure their own energy.



LEAMINGTON SPA CASE STUDY:

Delivering above target performance

- The project achieved BREEAM Very Good and an EPC rating of A (improved from C)
- Building can be operated with net zero carbon emissions
- 80% reduction in the carbon intensity of the building
- Solar PV provides up to 5,000 kWh of free, zero carbon energy generated annually

PHP completed an extension and full refurbishment of the centre in 2022, increasing its size by 345m² to over 1,000m². The existing space was too limited to accommodate a rising local population. Working with the practice and CCG, PHP designed a solution to extend and reconfigure the existing building, avoiding the need for a new development and significantly improving its energy performance.

The reuse of existing buildings in this way is essential to avoid carbon intensive new builds and minimise embodied carbon.

The new building incorporates energy efficient electric heating, LED lighting throughout, a new energy efficient lift, improved insulation levels and solar panels and allows the occupier to operate the building with net zero carbon emissions.

The project was also designed and delivered in a sustainable way. Materials were from certified responsible sources and low carbon products were specified and used, such as for flooring and plaster board. All waste created during the project was re-cycled and diverted from landfill.

Benefits of the project on health are significant, including allowing the centre to develop local diagnostic-hub functions, increased clinical capacity in terms of new rooms and better-quality facilities, offering enhanced primary and community care services.



RESPONSIBLE DEVELOPMENT

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

PHP, together with its development partners, are committed to promoting the highest possible standards of environmental and social sustainability when designing and constructing new assets. Requirements are also in place for our development partners and contractors to ensure the implementation of responsible property development practices.

Construction has now commenced on PHP's first NZC development at Croft, West Sussex. We also continue to work on our pipeline of carefully selected new developments which are being designed, built and capable of being operated as net zero carbon buildings.

We also started to work with our development partners in Ireland to integrate embodied carbon as a key requirement in the future.



CROFT, WEST SUSSEX CASE STUDY:

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

The new development at Croft, West Sussex, represents the future of sustainable primary care in the UK. PHP was appointed to develop the highly sustainable premises to consolidate and expand services locally and cater for an expected significant growth in patient numbers over the next few years.

The premises supports the national and local NHS strategies to move services away from over-stretched hospitals, providing a greater range of primary and community care services.

Currently under construction on brown field land, practical completion is scheduled later in 2023. The premises will be let for 25-years to the local GP partnership and pharmacy, allowing patients and the wider primary care network to access a range of services, including general practice, mental health assessments, occupational and physiotherapy, social prescribing and training for GPs, nurses and paramedics.

The building is targeting an EPC A rating and will be PHP's first net zero carbon development. The building is being delivered in a sustainable way, with materials from certified responsible sources, low carbon products, low waste and water and enhanced ecology on site.

PROGRESS ON ENERGY AND CARBON PERFORMANCE

As outlined above, during 2022 our investment, asset and property management and development activities continued to deliver against targets and support our net zero carbon commitments.

During 2022 we transitioned all but seven building electricity supplies procured by PHP to renewable energy and are progressing asset management projects for some of these sites to improve their energy efficiency. In line with our Net Zero Carbon commitments, in 2023 we will offset the residual emissions from these buildings and our own head office operations.

Our operational Scope 1, 2 and 3 emissions are provided on page 9 in our SECR disclosure.

A key target for 2022 was to improve the visibility of the energy and carbon performance of our portfolio, where tenants control their own energy supplies. We have made good progress, including:

- implementation of a rolling programme of data collection from Display Energy Certificates ("DECs") and engaged with tenants where DECs had expired or were not in place;
- successful agreement and sharing of data with our largest lease holder, covering the ongoing sharing of data from an additional 50 properties;
- ongoing engagement with other tenants to agree direct sharing of data; and
- implementation of an energy measurement and management platform and initial roll-out of smart metering for some sites with the aim of connecting more tenant controlled buildings.

This programme has resulted in PHP having data for over 350 sites or 60% of the portfolio by floor area (from under 20% previously). Using the energy data collected we have determined an estimated baseline of the entire portfolio's carbon emissions (for 2021 and 2022) as well as energy and carbon intensity. This will improve as we obtain more data from our tenants.

These fall under the Scope 3 category, Downstream Leased Assets and represent the most Significant and consistent source of Scope 3 emissions for PHP. During 2022 this equated to 24,980 tCO₂e. This compares to 30,494 tCO₂e in 2021 (which contained a greater number of estimates). We estimate these emissions to represent 80% of annual Scope 3 emissions. The detailed data is presented in our EPRA sustainability disclosures in the Appendix on page 23.

SECR disclosures

PHP measures its emissions in line with the Greenhouse Gas Protocol and takes an operational control approach. Emissions are based on verified data currently reviewed by a third party, Inenco.

Data is based on metered energy use with a small proportion of estimates and miles driven by employees. Scope 1 and 2 emissions are normalised by revenue and full-time employees as these relate to our direct operations and by kWh/m² for energy supplied to tenants.



Responsible business continued

PROGRESS ON ENERGY AND CARBON PERFORMANCE CONTINUED

SECR disclosures continued

PHP's direct operations result in very limited greenhouse gas emissions. The table below shows the Scope 1 and 2 emissions directly within the operational control of the Group. Scope 1 relates to gas used in permanent offices and business

travel by car and Scope 2 relates to grid electricity used at PHP's offices. Below we report Scope 3 emissions from Down Stream Leased Assets for the properties where PHP supplies energy to occupiers, which they hold operational control over. Emissions from tenant procured energy are reported in our EPRA sustainability disclosures on our website.

100% of reported Scope 1, 2 and 3 emissions in the year were based in the UK and Ireland.

Source	2022		2021	
	tCO ₂ e	kWh	tCO ₂ e	kWh
Scope 1				
Business travel (car)	55.7	225,668	28.4	115,568
Gas	1.3	7,335	3.9	21,099
Scope 2				
Electricity	9.9	50,947	5.4	25,528
Market based ¹	0.9	46,150	—	—
Total Scope 1 and 2	67.8	330,101	37.7	162,195
Market based ¹	58.0	—	—	—
Scope 3				
Landlord supplied electricity	1,024	5,296,562	1,058	4,984,324
Market based ¹	243	—	922	—
Landlord supplied gas	1,138	6,236,864	1,153	6,294,698
Total Scope 3	2,163	11,533,426	2,211	11,279,022
Market based ¹	1,381	—	2,075	—
Total Scope 1, 2 and 3	2,231	11,863,527	2,154	10,920,985
Market based ¹	1,439	—	2,112	—
Woodland carbon code credits purchased	(1,439)	—	—	—
Net tCO₂e	—	—	—	—
Scope 1 and 2 per full time employee	1.0	—	0.6	—
Scope 1 and 2 per £m revenue	0.4	—	0.3	—
Scope 3 kgCO ₂ per m ²	13.8	73.7	15.6	79.8
Market based ¹	8.8	—	14.7	—

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

During 2022 absolute Scope 1 and 2 emissions have increased by 80% and intensity by 70% primarily because of the move to new head office and increased business travel following the end of COVID-19 restrictions in 2021.

Gas consumption has decreased due to the move to a new head office while electricity has increased due in part to operating two offices for part of the year and the new office being airconditioned. While using more energy, this provides a much more suitable environment for employees throughout the year. During 2022, we also returned to more normal office working following easing of COVID-19 restrictions in 2021. All office electricity is now sourced from 100% renewable sources.

Business mileage has increased during 2022, reflecting a return to normal operating practices and the high level of tenant engagement and site visits taking place across all teams. Employees are encouraged to use public transport where possible and a new employee benefit has been introduced to support take-up and use of electric and hybrid vehicles, with five members of staff already taking up the option during 2022.

We will continue to reduce energy demand from our offices and emissions from transport; however, our wider portfolio is where we aim to focus our attention.

As shown in the table above, Scope 3 emissions from landlord supplied energy have decreased on an absolute and normalised basis. Electricity consumption has increased, while gas use has decreased. In 2022 we have procured energy for more properties than in 2023 and have restated our 2021 gas consumption following updated data becoming available.

During 2022, 76% of electricity consumed was from renewable sources, meaning on a market reporting basis, there has been a 33% reduction in absolute and 40% reduction in normalised emissions. We intend to build on this going forward, through tenant engagement and asset management activities.

We have offset all residual 2022 emissions, including the energy we procure on behalf of our tenants, by purchasing £36,000 of Woodland Carbon Code Credits in partnership with the Woodland Trust and achieved the objective of our operations being net zero carbon one-year ahead of our 2023 target.



2. Health – Community impact

SOCIAL – HEALTH AND WELLBEING

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

PHP is committed to supporting both the NHS and HSE in tackling the major underinvestment in primary care facilities in 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 purpose, strategic objectives and business planning processes.

PHP's portfolio serves around 6.0 million patients or 8.9% of the UK population and our portfolio is their first point of contact with the NHS when they start their patient journey. Our interventions, when we acquire, refurbish or develop new healthcare facilities, have a significant positive social impact, whether through enhancement of experience for people using our facilities, expansion of healthcare provision locally or making healthcare more accessible to those that need it most. Modern high quality primary healthcare facilities also help to reduce pressure and costs for the secondary care system.

Our active management of the property portfolio seeks to maintain the centres as fit for purpose and 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.

Occupier engagement

PHP is committed to ensuring that the properties it develops and owns continue to meet its GP, NHS and HSE occupiers' requirements and provide flexibility for future change, update and expansion. Our dedicated teams of asset and property managers look after our occupiers' requirements, with a policy of regular communication and a supportive approach. It is crucial that we continually update our understanding of what issues matter to our occupiers and how the NHS and HSE are changing to meet the increasing demands on healthcare systems.

The ongoing backlog of missed procedures and appointments continues to highlight the need for purpose-built, primary care premises to provide modern healthcare to the UK and Irish populations which are growing, ageing and suffering from more instances of chronic illness. This further reinforces our objectives to continue to invest in existing and new premises for the benefit of all our stakeholders.

Having completed a tenant engagement survey for the previous three years a new approach was trialled, starting in 2022 and spanning into 2023 to survey tenants directly as part of site visits. During 2023 over 1,000 site visits were carried out and this is seen as a more effective means to engage tenants than a digital survey. Statistics from this exercise are expected to be available during 2023.



KING'S COLLEGE LONDON RESEARCH ON THE SOCIAL AND ECONOMIC BENEFITS OF PRIMARY CARE CASE STUDY:

During 2022, PHP conducted research with King's College London ("KCL") into the wider economic and social impact of modern primary care centres. Analysing circa 150 PHP medical centres built or refurbished since 2009 across England, KCL compared their A&E attendance rates against national averages before and after building completions.

The results identified reductions in secondary healthcare utilisation after a purpose-built medical centre is opened following development completion or refurbishment and the reductions are particularly prominent in areas of deprivation. The cost to visit A&E is £180 per visit compared to £39 for a GP appointment and represent savings of around 75%. One in four GP practices in England work out of old houses, which are not fit for purpose. Moving doctors and nurses into purpose-built medical centres would save NHS England £39 million a year and support those in the most deprived parts of the UK.

A copy of the detailed report is available on our website.



Responsible business continued

SOCIAL – HEALTH AND WELLBEING CONTINUED

Community Impact Fund

PHP has committed £0.25 million per annum to support social and charitable activities and services linked to the patients and communities of our occupiers, which cannot be readily accessed elsewhere. In total, PHP provided £0.2 million during 2022.



Our partnership with UK Community Foundations ("UKCF") has continued to offer grants to charities and community groups focused on social prescribing and community wellbeing that serve our properties. During 2022, we targeted funding to the North-West and North-East of England, representing some of the most deprived areas within our portfolio.

Working with two new regional community foundations, County Durham and Lancashire & Merseyside, the 2022 awards totalled £0.15 million and have been made to organisations that deliver a wide range of support for people, including on isolation and loneliness, family and parenting, addiction and mental health and living with and caring for autism.

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

PHP has also continued to support a number of charities from the Community Impact Fund during the year. This includes donations to Variety and the Children's Charity; ENO Breathe (which has been very successful in helping sufferers of long covid through classical music-based programs), Levelling Up Goals; Macmillan Cancer Support; Cancer Research; Bookmark, Stem 4, a teenage mental health charity; and the Disasters Emergency Committee in aid of the Ukraine Humanitarian Appeal. PHP also supported and became a member of The Academy of Real Assets, which engages with schools to promote and enable access for students from all backgrounds into the real estate sector.

Impact during 2022

Through UKCF, £0.15 million was distributed to Lincolnshire Community Foundation and Foundation Scotland, providing grants to 20 organisations. This funded a range of initiatives including counselling, social prescribing awareness, wellbeing workshops, friendship and cinema groups and funding core costs of services. Over 2,000 people have benefited and been supported by these initiatives to date and several of the organisations have been able to leverage PHP's funding to secure other support.

Volunteering

PHP staff benefit from five paid days per annum for volunteering activities that are personal and meaningful to them, delivering support to their local communities and benefiting from the personal development that these activities provide. Two members of staff have taken up the opportunity to volunteer and more have expressed interest in team volunteering and linking with initiatives supported by PHP's Community Impact Fund during 2023.



STRATHEARN ARTSPACE CASE STUDY:

With funding received from PHP's Community Impact Program, Strathearn Artspace has provided two weekly "Art for Wellbeing" classes for people who, for a variety of reasons, need support for their mental health and well-being. This project is one of a series of initiatives to engage more directly with the community. As of 1 December 2022, classes had been delivered to over 223 people. The classes will continue until the end of the project in February 2023.





3. People – Responsible business

PEOPLE

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

During 2022 we have undertaken an independent staff survey and received positive feedback following the London office relocation. We have also undertaken the first diagnostic assessment, also involving an independent staff survey, with Investors in People, with a view to pursuing accreditation during 2023.

The Group is highly focused with 65 employees and four Non-executive Directors which allows for a flexible and individual approach. During 2022, we continued to successfully retain a loyal team with a staff turnover rate of 11%, which we believe reflects PHP's Board's commitment to maintaining, improving and promoting the highest levels of ethics and conduct and promoting a workplace culture of:

Inclusion and communication	We have a flat management structure with clear responsibilities. We strongly encourage input on decision making from all staff and wide participation in Committee and team meetings. There is strong collaboration across teams which enables good sharing of information and ideas. Regular strategy and performance updates are provided to employees from the Executive Directors and senior management team.
Modern, flexible working practices	We have implemented more flexible working arrangements covering improved systems to enable home working and flexible dress code.
Fair remuneration	Employee remuneration is aligned to personal, Company and ESG performance with longer term incentive plans in place that replicate arrangements for Executive Directors. All employees receive a variety of benefits which are noted later in this section.
Diversity and equal opportunity	We promote diversity across knowledge, experience, gender, age and ethnicity with a published Equality, Diversity and Inclusion policy in place. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity. Our female Board representation is now 33% and, in the year, we continued to support the training and professional development of several female members of the property and finance teams. Recognising the significant diversity imbalance in the real estate sector, we continue to support the promotion of diversity both internally and externally.
Employee development and training	An appraisal process is undertaken twice a year where career progression, training needs and performance are discussed. We actively encourage training and we continue to monitor our staff training each year focusing on professional, including ESG, and personal development. During 2023 we will launch a mentoring programme to provide further support.
Health and safety	Health and safety remains central to the execution of PHP's business strategy and we take our responsibilities very seriously and are committed to continued improvement but have an excellent record. See page 14 for further details on health and safety.
Wellbeing and employee satisfaction	At the start of 2022 we moved to new, significantly improved office space in London as well as carrying out an anonymous survey of our employees. The results of our 2022 employee survey are shown later in this section and reflect continued high levels of employee satisfaction. Laure Duhot, the Company's designated workforce Non-executive Director, continues to be closely involved in monitoring employee satisfaction.

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



Responsible business continued

PEOPLE CONTINUED

Employee satisfaction survey

In May 2022, we undertook an annual employee survey (managed by an independent third party) to track staff satisfaction. In total, we asked 34 questions receiving responses from employees on an anonymous basis. The survey focused on a number of key areas and in total we had 64 responses across the organisation with engagement from 96% of employees.

Overall, the results of the survey were positive with employees responding that they consider:

- overall employees were satisfied and enjoyed working for PHP;
- the Company's image is of a high quality organisation;
- the Company performs its business operations to a high standard;
- the relationship between management and employees is good;
- employees understood the link between their personal and the Company's objectives;
- employees felt they had job security, there was a friendly and supportive culture with a good working environment and that the Company cared about its employees; and
- the Company acts as a responsible business contributing to reduce its environmental impact, is committed to equal opportunities and supports its local communities.

The main areas for further improvement were career progression opportunities and the desire to be more involved in decisions which impact day-to-day work.

The Company has been successful in getting everyone back into the office and has enjoyed the benefits this brings. Overall, we believe there are significant benefits from working collaboratively and we are stronger together, but people are empowered to work from home for two days per week.

Employee benefits

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

- enhanced Company pension contributions of 6% of salary;
- private medical insurance, health cash benefit, income protection and critical illness insurance;
- 25 days of annual leave plus an additional day of annual leave for each year of continuous service up to a maximum of five days;
- a green car salary sacrifice benefit to help individuals move to low carbon electric and hybrid personal vehicles;
- life assurance given to all employees at four times salary;
- cycle to work and season ticket loan schemes; and
- all employees are eligible to participate in the PHP Sharesave plan.

Employee development

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

PHP has undertaken the first step to achieving Investors in People accreditation by undergoing the diagnostic process and survey in May 2022 to gauge our existing performance against the Investors in People indicator framework. Initial feedback has been positive and we have taken positive steps to improve our scores to enable us to achieve accreditation during 2023.

The training programme for 2022 has continued to focus on professional along with personal development, including training on diversity and inclusion, introduction to mentoring (ahead of launching a programme in 2023) and enhancing environmental sustainability knowledge. The training focus has been evolved in response to the Investors in People framework, encouraging performance based on high levels of engagement, collaboration, self-awareness and vision.

PHP also supported funding and facilitation of professional qualifications for nine employees and recruited two graduates. The supportive culture of PHP means those training for qualifications are mentored and assisted by more experienced colleagues. During 2022, three graduate employees completed their qualifications successfully.

PHP worked with its partners Bisarto and The Inclusive Group to deliver sessions to all staff on personal development including: MBTI self-awareness, time management, communications, inclusive behaviour, hybrid inclusion, appraisal training and mentoring.

"From the top down, the business has supported me with my professional qualifications, providing funding and importantly time and insights. I was blown away by how willing people are to help, from colleagues providing technical and industry knowledge, to reviewing and critiquing my work against their own experience and APC requirements. The fact people at all levels of seniority are able and encouraged to spend this time supporting is a great benefit."

Will Spencer

Qualified Surveyor, Asset Management



PEOPLE CONTINUED

Employee development continued

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

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

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

Diversity and equal opportunity

We promote diversity across knowledge, experience, gender, age and ethnicity with a published Equality, Diversity and Inclusion policy in place. Whilst overall female employee representation is good, we recognised that we needed to specifically promote greater gender diversity. Following the appointment of Ivonne Cantú, effective from 1 January 2022, we have further increased female and ethnic Board representation.

Recognising the significant diversity imbalance in the real estate sector, we continue to support and promote diversity both internally and externally.

Employee gender diversity as at 31 December 2022

Number of employees	Male	Female	Total
Board of Directors	4/67%	2/33%	6
Executive Committee	2/100%	—/—	2
Directors	6/86%	1/14%	7
Associate Directors	2/22%	7/78%	9
Associates & Senior Surveyors	10/62%	6/38%	16
Other	12/41%	17/59%	29
Total	36/52%	33/48%	69

Employee ethnicity as at 31 December 2022

Ethnic origin	2022		ONS ¹
	No.	%	
White – British, English, Welsh, Irish, Other	59	86%	82%
Asian – Indian, Pakistani, Other	4	6%	9%
Black – African, Caribbean, Other	1	1%	4%
Mixed heritage	3	4%	3%
Other	2	3%	2%
Total	69	100%	100%

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

Gender pay gap as at 31 December 2022

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

	Gender pay gap			Bonus pay gap		
	Male	Female	Pay gap	Male	Female	Pay gap
Board – NEDs	65%	35%	47%	—	—	—
Board – Executive	100%	—	100%	100%	—	100%
Executive Committee	100%	—	100%	100%	—	100%
Directors	58%	42%	27%	72%	28%	61%
Associate Directors	54%	46%	14%	46%	54%	(19)%
Associate & Senior surveyors	48%	52%	(9)%	60%	40%	34%
Other	49%	51%	(5)%	49%	51%	(6)%
Total	69%	31%	54%	83%	17%	79%

Health and safety

Health and safety remains central to the execution of PHP's business strategy and we take our responsibilities very seriously and are committed to continued improvement but have an excellent record. The Board is responsible for ensuring appropriate health and safety procedures are in place and during 2022 we maintained a regime of inspections utilising both third-party agents, including two risk management solutions providers, and in-house resources to support the portfolio.

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

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

During 2022 there were no reported major accidents nor any health and safety prosecutions or enforcements (2021: no incidents). During 2022, 12 property managers completed Institute of Occupational Safety and Health ("IOSH") training, adding to the five who already hold the qualification. Our Board approved Health and Safety policy is available on the Company's website.

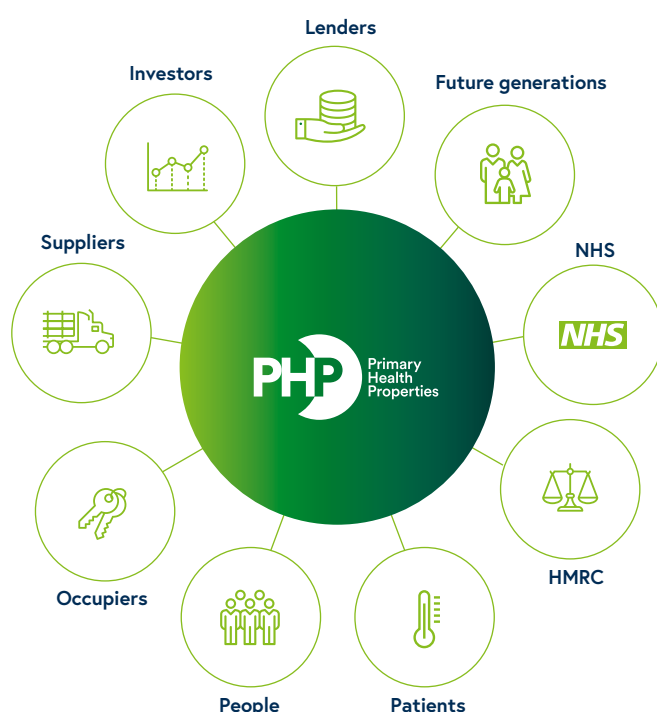


Responsible business continued

OTHER STAKEHOLDERS

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

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



Contractors and suppliers

Delivering developments, forward funded developments, asset management projects and property services on time, on budget and in adherence with our high standards is a key priority. Our supply chain is checked (accredited by the SafeContractor scheme) to ensure it is high quality and robust, has a proven track record and applies appropriate standards on areas such as labour and human rights, health and safety, modern slavery and human trafficking. For developments, contractors are expected to demonstrate adherence to these requirements and our development monitoring surveyor stays close to our contractors and monitors all elements of projects as they progress. Our Modern Slavery Act Statement is available on our website and no human rights concerns arose within the year.

We have approximately 1,000 suppliers across the Group ranging from small local businesses to large multi-national companies. We also acknowledge the importance of our

suppliers, which are often small businesses and sole traders, especially those involved with the upkeep and maintenance of our assets. We aim to pay all invoices and amounts due promptly and well within stated payment terms in an effort to preserve the cash flows of these small businesses.

Tax

The Group is committed to complying with tax laws in a responsible manner and has open and constructive relationships with the UK and Irish tax authorities. Whilst the Group enjoys REIT status and therefore is not directly assessable for corporation or capital gains tax on property investments, the dividends that the Group pays are assessed for income tax when they reach investors. Moreover, during 2022 the Group has directly paid £27.7 million (2021: £28.7 million) of taxes in the form of VAT, income tax, stamp duty land tax, stamp duty and National Insurance contributions to the UK and Irish Governments. The Group did not take advantage of any UK or Irish Government incentives, loans or tax deferrals made available to it as a result of the COVID-19 pandemic. The Company has also published a Tax Strategy which is available on our website.

Investors and lenders

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

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

Governance and business ethics

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

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

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

We will:

- be honest, open, transparent, helpful and polite;
- obey all relevant laws and regulations;
- be prepared to admit and correct mistakes without delay and facilitate "whistleblowing" by employees and other stakeholders;
- declare any potential conflicts of interest which may compromise our business dealings;



OTHER STAKEHOLDERS CONTINUED

Governance and business ethics continued

- not give or receive illegal or inappropriate inducements in order to retain or bestow business or financial advantages; and
- at all times promote the ethical conduct of business.

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

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

Anti-corruption and anti-bribery

The Group's policy is to conduct all of its business in an honest and ethical manner. The Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all business dealings and relationships wherever it operates and implements and enforces effective systems to counter bribery. There were no reported incidents of non-compliance during 2022 (2021: no incidents).

Enhanced disclosure and benchmarking

We have published our second disclosure against the guidance and requirements of the Task Force on Climate-related Financial Disclosures ("TCFD") which are provided on pages 17 to 22.



GRESB – During 2022, PHP completed its third submission to the Global ESG Benchmark for Real Assets ("GRESB"). Our development benchmark score improved from 55% to 80% and to a two-star rating. Our standing asset score improved from 52% to 58% although we remained at a one-star rating. We aim for continual improvement in GRESB and view it as a useful tool. However, circa 30% of the available score is very difficult to achieve for a portfolio like PHP's, made up of a large number of smaller buildings which are largely tenant controlled.



MSCI – In February 2023, MSCI rated PHP as A, an improvement on the previous rating of BB. The MSCI assessments currently reflect the disclosures made in the 2021 Annual Report and does not reflect the improvements made in this report, and therefore we expect to further improve our rating in the future and we will continue to engage with MSCI to ensure our rating best reflects the actions we are taking.



CDP – We responded in full for the first time to the CDP climate questionnaire. We see CDP as a key tool to disclose our performance and approach and to help us improve over time. Our first-time rating of B demonstrates we have a high quality approach to managing climate related risks and being transparent in our disclosures. As we expand our measurement of Scope 3 (wider portfolio) emissions and build up year-on-year reduction programmes, we will aim to improve our performance further.



PHP has completed for the first time and made available disclosures in accordance with EPRA Sustainability Best Practices Recommendations ("sBPR"). A copy is available on the website.

Non-financial information statement

The Group has complied with the requirements of s414CB of the Companies Act 2006 by including certain non-financial information within the Strategic Report. This can be found as follows:

The Group's business model is on pages 14 and 15 of the 2022 Annual Report.

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

- environmental matters on pages 1 to 9;
- social matters on pages 10 to 11;
- health and safety matters on page 14;
- respect for human rights on page 15; and
- anti-corruption and anti-bribery matters on page 16.

Responsible Business and ESG matters have been identified as a principal risk and further details can be found on pages 56 to 62 of the 2022 Annual Report.

All key performance indicators of the Group are on pages 18 to 19 of the 2022 Annual Report.

The Business Review section on pages 20 to 23 of the 2022 Annual Report includes, where appropriate, references to, and additional explanations of, amounts included in the entity's annual accounts.

Laure Duhot
Chair of the ESG Committee
21 February 2023



Task Force on Climate-related Financial Disclosures

Task Force on Climate-related Financial Disclosures

PHP TCFD disclosure for 2022 Annual Report and Accounts

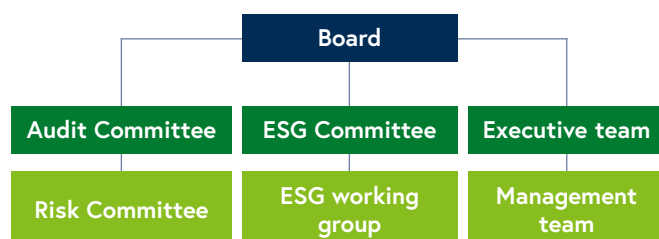
This year, we are making our second disclosure against TCFD guidelines and reporting in line with the TCFD reporting requirements for UK premium listed companies. We have outlined how climate change is incorporated into our governance processes, its impact on our business strategy and planning, our approach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

GOVERNANCE

Board oversight

The Board is responsible for the Group's risk management framework, including the consideration of climate related risks and opportunities as part of its wider oversight for Responsible Business. The Board reviews climate related risks and opportunities within our existing reporting and governance structure (as detailed on page 18) and has established a specific ESG Committee, which is made up of all members of the Board and relevant members of the Executive team to review, plan, approve and action on climate related issues. The Board and ESG Committee's review of key issues typically happens through relevant update papers presented at each meeting from the relevant members of the Executive Committee, through the ESG Committee and the Risk Committee reporting into the Audit Committee.

The Board and members of the Executive team consider climate-related issues when setting objectives, in budget setting and through the Board's annual strategic review of the business. The ESG Committee monitors progress against the business's Responsible Business objectives and key strategic climate-related workstreams, including progress towards



PHP's Net Zero Carbon "NZC" commitment, see page 1, at all meetings of the ESG Committee (which meets at least three times a year). Climate-related issues are also considered by the Board and Executive team in key investment, development, asset and property management decision-making.

At the start of 2022 the ESG committee oversaw and approved PHP's Net Zero Carbon Framework. During 2022 they also approved a new ESG budget for 2023, with specific allowances made for climate related work, including energy performance measurement of the portfolio and delivering net zero carbon projects in direct and forward funded developments and asset management projects. The Board regularly reviews and approves acquisitions made by the Group and takes into consideration ESG and climate related commitments, specifically minimum EPC ratings.

Management team's role

The ESG committee monitors progress on Responsible Business matters, including climate risks. Implementation and management of Responsible Business is delegated to the Executive team with its members leading the ESG working group; other members consist of Director of ESG along with a representative from each of the investment, development, asset management and property management teams. The ESG working group met periodically during 2022 and will meet bi-monthly going forward, to consider progress and next steps. The Executive team ensures that Responsible Business and ESG targets are delivered or re-evaluated where not achieved. The Executive and management teams make it clear to relevant employees what is expected and required. Where relevant, specific actions or targets form part of both team and individual personal objectives for each year, for example improvement of EPC ratings. The Executive team also lead engagement and training across the Group on Responsible Business and ESG matters, including climate related risks.

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



STRATEGY

At the start of 2022 we set out a NZC Framework, see page 1, which details the five key steps we are taking to achieve an ambitious target of being NZC by 2030 for all of PHP's operational, development and asset management activities and to help our occupiers achieve NZC by 2040 five years ahead of the NHS's target of becoming the world's first net zero carbon national health system by 2045 and ten years ahead of the UK and Irish Governments' targets of 2050. The Responsible Business Report on pages 1 to 16 provides further detail on our strategy, actions taken and progress made in 2022 and objectives for future years to address climate risks, such as improving EPC ratings within the portfolio.

Climate related risks and opportunities

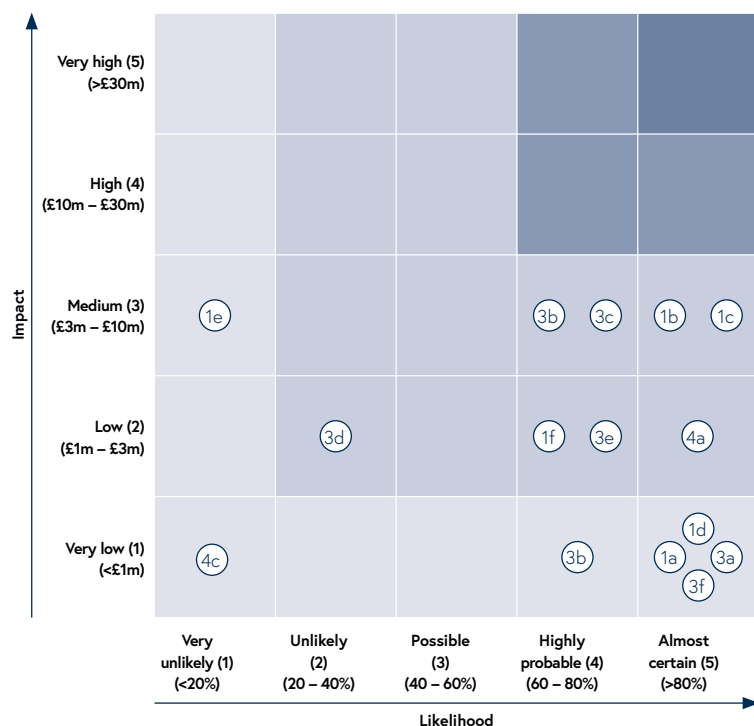
During the year, PHP updated its own analysis of climate risks and opportunities, continuing to build on and refine our Climate Risk and Opportunity Register. To increase our understanding of and response to potential risks, PHP worked with Willis Towers Watson ("WTW") to assess 28 physical and transition risks and undertake quantitative physical and transition scenario analysis. The analysis included engagement and input from across PHP's operational teams.

Transition Risks and scenario analysis have been assessed over the short (to 2025) and medium (to 2030) term. Physical risks and scenario analysis are assessed under short, medium and long term (2050–2100). We have not assessed beyond 2030 for transition risks given the high level of uncertainty in determining impacts of transition risks over the longer term.

To assess the potential impact of transition risks, an initial risk screening was carried out, based on PHP's existing identified risks and with input from WTW and in relation to relevant risks for other real estate companies. The impact of transition risks was assessed via workshops with key disciplines within PHP and analysis carried out by WTW, based on the findings. The potential annualised estimated financial impact associated with risks and opportunities has been quantified where possible and categorised using PHP's risk impact scales, which consider impacts to revenue and or the balance sheet. Risks are scored 1 (very low) to 5 (very high) with financial impact bands for each level.

Assessed range of annual impact and likelihood of Transition risks

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



Technology

2a. Substitution of existing technologies to lower emissions options (unquantified)

Market

3a. Increased cost of raw materials

3b. Increased cost and availability of electricity (PHP)

3c. Increased cost and availability of electricity (tenant)

3d. Cost of capital

3e. Change in tenant demands

3f. Emissions offsets

Reputation

4a. Investment risk/opportunities

4b. Stakeholder risk/opportunities (unquantified)

4c. Employee risk/opportunities

Policy

1a. Pricing of GHG emissions (PHP)

1b. Pricing of GHG emissions (Tenant)

1c. EPC requirements

1d. Enhanced emissions reporting obligations

1e. Climate change litigation

1f. Increasingly stringent planning requirements



Task Force on Climate-related Financial Disclosures continued

STRATEGY CONTINUED

Climate related risks and opportunities continued

The potential climate-related risks and opportunities we have identified that could have a material financial impact are:

Category	Risk/opportunity	Time frame	Potential £ impact	Business response/mitigation
Transition risks				
EPC requirements and change in customer demands	NHS, and the HSE, accounts for 89% of revenue and is targeting to be NZC by 2045. Costs related to meeting proposed Minimum Energy Efficiency ("MEES") regulations and fines associated with non-compliance.	Medium term	Medium (P&L and BS)	<ul style="list-style-type: none"> Commitment to get all properties to a minimum of EPC B by 2030. Group's asset management program actively targeting reductions in carbon emissions and improving energy/EPC performance. Assets are being extended and refurbished with improvements made to the environmental performance including installation of LED lights, move away from gas heating and integration of renewable energy generation resulting in improved EPC ratings. The additional costs are reflected in appraisals and typically supported by increased lease terms and increases in rent.
Increasing cost of energy & GHG emissions	The cost of energy has increased significantly and in the 1.5°C low carbon world scenario GHG emissions pricing will need to be implemented from 2025-2030.	Short-medium term	PHP – Low (P&L), Tenants – Medium	<ul style="list-style-type: none"> PHP procures energy for a limited number of properties in the portfolio and has operational control over none of the buildings GHG emissions. Consequently, the risk of energy and GHG pricing is minimal to PHP. Tenants are responsible for their own energy bills and large increases in pricing have a significant impact on them, which could adversely impact the desirability of our assets. Improving the energy efficiency and reducing the carbon emissions from buildings, we mitigate these risks, helping tenants to save money in the long term.
Restricted access to capital	Investors and debt providers only willing to invest in climate resilient businesses.	Medium-long term	Low (P&L)	<ul style="list-style-type: none"> PHP has a strong and clearly articulated NZC Framework and strategy developed with clear targets for reduction of direct and indirect emissions and to reach NZC in the future. Strong stewards of underinvested, key social infrastructure assets delivering healthcare and wellbeing to the UK and Irish populations. Green loan framework developed for several existing and future loan facilities.
Physical risks				
Flood risk (current and future climates)	Losses from assets located in high flood risk zones, primarily the costs of repair, business interruption and reflected in increased insurance costs.	Long term	Low (Medium for potential un-insured losses under high emission scenario) (P&L)	<ul style="list-style-type: none"> PHP has flood alleviation and response plans in place, is appropriately insured and assesses these risks for any new developments and acquisitions. Under current climate conditions, 11 sites have a moderate risk and 15 sites have a very high risk from flood. This equates to under 5% of total asset value. Our remaining assets have a very low exposure. In a future high emission climate scenario, the number of sites does not increase, but the potential frequency and severity of floods increases.



STRATEGY CONTINUED

Climate related risks and opportunities continued

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

Scenario analysis

In 2022, WTW undertook a physical climate risk assessment of the Company's portfolio on an asset-by-asset basis, assessing asset exposure to a range of acute and chronic climate risks and a transition risk assessment based on PHPs current corporate strategy and action planning. The Scenario analysis is based on the Representative Concentration Pathways ("RCP") designed by the IPCC in their Fifth Assessment Report ("AR5"), which are mapped to the latest IPPC AR6 report's Shared Social Economic Pathway ("SSPs") scenarios. The methodology evaluates risks and opportunities for PHP's business under three plausible climate scenarios: a 'low carbon world' 1.5°C scenario (for physical and transition risks), 2-3°C scenario and a 4°C scenario (for physical risks only)¹.

Resilience of the business to scenarios

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

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

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

¹ This is in line with the Intergovernmental Panel On Climate Change ("IPCC") representative concentration and shared social economic pathways ('RCPs' mapped to 'SSPs') RCP 2.6 ("SSP1"), RCP4.5 ("SSP2") and RCP 8.5 ("SSP5") respectively.



Task Force on Climate-related Financial Disclosures continued

STRATEGY CONTINUED

Resilience of the business to scenarios continued

Through our Net Zero Framework and commitments and our asset management activities, we have a robust approach to meeting energy efficiency, EPC and carbon performance requirements that are expected as part of the low carbon world 1.5°C scenario. Our strategy also supports PHP's ability to meet or surpass the NHS's net zero commitments.

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

Impact on business strategy and financial planning

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

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

We are improving and adapting our assets to be more resilient to climate change through maintenance, energy efficiency upgrades and the provision of renewable energy supplies for the Group's occupiers. Furthermore, whilst development is only a small part of our activities, we are focusing on the energy and carbon performance of our developments including measuring, minimising and offsetting residual embodied carbon impacts. We have commenced construction on the Group's first net zero carbon development and are aiming for all new developments to be net zero by 2025.

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

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

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

RISK MANAGEMENT

Approach to identifying and assessing climate risks

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

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

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

To supplement our approach, PHP engages with expert advisers such as WTW to further assess and understand potential risks, quantify potential impacts and consider planned and potential actions to address risks posed by climate change.

Approach to managing climate risks

The Company's overall approach to risk management, including management of climate related risks, is set out on pages 56 to 62 of the 2022 Annual Report.

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

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



RISK MANAGEMENT CONTINUED

Approach to managing climate risks continued

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

Integration with wider corporate risk management process

Responsible Business, including climate change, is one of the principal risks faced by the Group as set out on pages 56 to 62 of the 2022 Annual Report. Climate-related risks and opportunities are identified and assessed as part of our risk management framework which are considered by the Board who recognise that this is an increasingly important area.

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

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

METRICS AND TARGETS

Details of PHP's target to achieve NZC across operational, development and asset management activities by 2030 and to help our occupiers achieve NZC by 2040 is set out on page 1.

Relevant material energy and carbon metrics include EPC ratings for our standing assets which are tracked and reported below along with revenue from BREEAM certified buildings and rental increase from energy efficient refurbishments. These directly link to our targets to achieve NZC, and minimum EPC and BREEAM ratings, set out in our Responsible Business Report on page 1.

We measure and disclose Scope 1, 2 and 3 emissions (for Downstream Leased Assets) on page 9 and in our EPRA Sustainability disclosures in the Appendix on page 23. We believe these are the most material and consistent Scope 3 emissions, accounting for an estimated 80% of total emissions. We also measure and track flood risk across the portfolio based on asset value. These metrics are consistent with cross industry climate related metrics for GHG emissions, transition and physical risks and opportunities.

We also report our GRESB benchmark performance score and responded for the first time in 2022 to the CDP climate program with results set out in our Responsible Business Report. We will review our metrics and targets annually and update for future TCFD disclosures.

Financial category	Climate category	Metric	Unit	2022	2021
Revenues	Products & Services	Revenue BREEAM Very Good & Excellent properties	% Revenue	15%	14%
	Products & Services	Revenue DEC A-C rated properties	% Revenue	44%	27%
	Products & Services	Rent increase from completed AM projects with energy improvement measures	£ (k)	289	86
Assets	Energy source	Portfolio energy data coverage (by m ²)	%	60%	20%
	Energy source	Energy procured by PHP from renewable sources	%	76%	13%
	Policy & Legal	EPC A	% Asset value	9%	9%
		EPC B	% Asset value	26%	26%
		EPC C	% Asset value	46%	45%
		EPC D	% Asset value	15%	15%
		EPC E-F	% Asset value	4%	5%
	Extreme weather	% Portfolio value assessed as at material exposure to flood risk	%	5%	5%

COMPLIANCE STATEMENT

PHP confirms that:

1. We believe our climate related financial disclosures for the year ended 31 December 2022 are consistent with the Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations and Recommended Disclosures (as defined in Appendix 1 of the Financial Conduct Authority Listing Rules), with the exception of 4b relating to our Scope 3 emissions where only Downstream Leased Assets are disclosed currently but which are seen as the most material and consistent source of Scope 3 emissions for the Group. Other categories of Scope 3 emissions will be disclosed in future.
2. Our annual disclosures are contained in the pages above and in the Responsible Business Report on pages 1 to 16, including commentary on data gaps and performance improvement measures. Further detail on our policies and approach to Responsible Business are also available on our website.
3. We believe that the detail of these climate related financial disclosures is conveyed in a decision-useful format to the users of this report.



EPRA Sustainability Best Practice Recommendations

Compliance tables and narrative 1 January – 31 December 2022

EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS

1. Introduction

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

This disclosure should be read in conjunction with PHP's 2022 Responsible Business Report, which provides further information and detail on our approach and commitments to sustainability.

2. Environmental performance

2.1 Landlord-obtained

EPRA sustainability performance measures – environment (landlord-obtained)

Impact area	EPRA code	Unit of measure	Indicator	Absolute (Abs)			Like for like (LfL)		
				2022	2021	% change	2022	2021	% change
Energy	Elec-Abs, Elec-LfL	kWh	Electricity	For landlord shared services	—	—	—	—	—
				(Sub) metered exclusively to tenants	5,296,562	4,984,324	6%	4,987,097	4,931,105
				Total landlord obtained electricity	5,296,562	4,984,324	7%	4,987,097	4,931,105
				Proportion electricity from renewable sources (%)	76%	13%	63%	75%	13%
	Fuels-Abs, Fuels-LfL	kWh	Fuels	For landlord shared services	—	—	—	—	—
				(Sub) metered exclusively to tenants	6,236,864	6,294,698	(1)%	5,883,824	5,778,899
				Total landlord-obtained fuels	6,236,864	6,294,698	(1)%	5,883,824	5,778,899
				Proportion of fuels from renewable sources (%)	—	—	—	—	—
	Energy-Int	kWh/m ² /yr	Energy intensity	Landlord-obtained energy	74	80	(8)%	93	92
				No. of applicable properties	54	50	8%	45	45
		%		Proportion of energy and associated GHG emissions estimated	—	—	—	—	—
Greenhouse gas emissions	GHG-Dir-Abs	tonnes CO ₂ e	Direct	Scope 1	—	—	—	—	—
	GHG-Indir-Abs		Indirect	Scope 2	—	—	—	—	—
			Indirect	Scope 3	2,163	2,154	1%	2,033	2,105
			Indirect	Market based	1,381	2,075	(33)%	1,314	1,969
	GHG-Int	kg CO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3	13.8	15.6	(12)%	17.4	18.0
	GHG-Int	kgCO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3 market based	8.8	14.7	(40)%	11.2	16.8
									(33)%
Water	Water-Abs, Water-LfL	m ³	Water	Landlord-obtained water	15,829	17,009	(7)%	15,566	17,009
	Water-Int	litres/m ³ /m ² /yr	Water intensity	Landlord-obtained water	0.24	0.31	(22)%	0.28	0.31

PHP procured energy for 54 properties in 2022 (50 in 2021) either directly or via an agent working on our behalf. All these properties are included in the above report, with estimates limited to only part missing data during the year. For like-for-like performance, we have excluded acquisitions and sales and those properties for which we did not procure energy over the two-year period consistently.



2. Environmental performance continued

2.1 Landlord obtained continued

The amount of energy procured by PHP varies per property, from supplying the whole building to supplying only electricity or gas or energy for a small part of the building. All energy consumption is controlled by tenants and is treated as a Scope 3 emission, based on operational control (following the Greenhouse Gas Protocol definition).

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

PHP is also committed to sourcing all electricity from renewable sources, including the energy procured for tenants. During 2022, seven supplies had yet to be switched due to existing contracts, which will be switched when renewed.

Disclosure of PHP's corporate emissions is contained in our SECR disclosure on page 8 of the Responsible Business Report. Corporate emissions are from PHP's two offices (London and Stratford-upon-Avon) and business travel by car.

Further details of our approach to carbon reduction and sustainability of our assets are provided in the 2022 Responsible Business Report.

2.2 Whole portfolio and tenant-obtained

Impact area	EPRA sustainability performance measures – environment (whole portfolio)				Total portfolio
	EPRA code	Unit of measure	Indicator		2022 (Abs)
Energy	Elec-Abs	kWh	Electricity	Whole portfolio	52,219,538
				Proportion of electricity from renewable sources	7.7%
	Fuels-Abs	kWh	Fuels	Whole portfolio	81,526,847
				Proportion of fuels from renewable sources	—
	Energy-Int	kWh/m ² /yr	Energy intensity	Whole portfolio	163
	No. of applicable properties			Energy and associated GHG disclosure coverage	526
Greenhouse gas emissions	%			Proportion of energy and associated GHG emissions estimated (from portfolio benchmark)	40%
	GHG-Dir-Abs	tonnes CO ₂ e	Direct	Scope 1	—
			Indirect	Scope 2	—
	GHG-Indir-Abs	tonnes CO ₂ e	Indirect	Scope 3	24,980
			Indirect	Market based	24,199
	GHG-Int	kgCO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3	30
	GHG-Int	kgCO ₂ e/m ² /yr	GHG emissions intensity	Scope 1, 2, 3 market based	29

The majority of carbon emissions from PHP's portfolio come from our tenants' use of energy that they procure and control. During 2022 we carried out work to improve the visibility of the energy and carbon performance of the wider portfolio. This included engagement with tenants to share data and a programme of analysing building level energy data from Display Energy Certificates ("DECs").

The table presents the estimated carbon emissions and energy use of the entire property portfolio (including the landlord-obtained energy reported above, and tenant-procured and estimated data). For 2022 we have reported data for all 526 properties owned during the year, although at year end PHP owned 513 properties.

We have only reported data for 2022, although have also assessed 2021 emissions, which were estimated at 34,494 tCO₂e. The 2022 analysis improves on this previous baseline, using less estimated data, and allows us to continue to measure and track performance improvement over time.

There are gaps remaining, including renewable energy consumed (from on or off-site sources). We do not have details of the type of energy procured by tenants. While we have buildings with solar PV installed, we do not yet have access to data on how much energy is being generated and used. This is something we hope to obtain going forward.

Disclosure of PHP's corporate emissions is contained in our SECR disclosure on page 8 of the Responsible Business Report. Corporate emissions are from PHP's two offices (London and Stratford-upon-Avon) and business travel by car.



EPRA Sustainability Best Practice Recommendations continued

Compliance tables and narrative 1 January – 31 December 2022

2. Environmental performance continued

2.3 Sustainably certified assets

Impact area	EPRA code	Unit of measure	Indicator	2022	2021	% change
Sustainably certified assets	Cert-Tot	Total properties	BREEAM No. of properties with a rating	70	66	6%
		% total asset value	BREEAM Excellent or Very Good (NC and RFO)	16%	16%	—
		%	EPC rating % of portfolio (by no.) with a rating	100%	100%	—
		% asset value	A	9%	9%	—
			B	26%	26%	—
			C	46%	45%	1%
			D	15%	15%	—
			E	4%	4%	—
		Total properties	DEC rating No. of properties with a rating	362	222	63%
		% portfolio area	DEC rating A–C	67%	68%	(1)%

We target BREEAM Excellent for new developments in the UK and Very Good for asset management projects over £500,000 in value. All projects active during the year were meeting these targets. We have many assets that were not certified at time of construction or where we lack records of any certification being achieved.

All properties have an EPC rating and we aim to improve all properties to at least a B rating by 2030. The performance of these properties is improved when tenants introduce changes or when PHP carries out refurbishments as part of lease renewals.

We also track DEC ratings as these are based on the operations of buildings. Many of our properties have DEC's and we engage with tenants to ensure they have them in place and that they are valid, where required. We track, report and hope to help support a growing proportion of building ratings between A and C, as these are seen as better than typical building performance in the UK. We use an area-based measure for DEC's instead of asset value, as there can be multiple DEC's for one building, i.e. covering different publicly accessible parts.

Please see our Responsible Business Report for further information on how we are working to improve the energy and carbon performance of properties within our portfolio.



3. Social performance

Impact area	EPRA sustainability performance measures – social			Corporate performance 2022	
	EPRA code	Unit	Indicator	Male	Female
Diversity	Diversity-Emp	No. (%)	Board	4 (67%)	2 (33%)
			Executive Committee	2 (100%)	— (13%)
			Directors	6 (86%)	1 (14%)
			Associate Directors	2 (22%)	7 (78%)
			Associates and Senior Surveyors	10 (63%)	6 (38%)
			Other	12 (41%)	17 (59%)
			Total	36 (52%)	33 (48%)
	Diversity-Pay	%	Board NEDs	65%	35%
			Board – Executive	100%	—
			Executive Committee	100%	—
			Directors	58%	42%
			Associate Directors	54%	46%
			Associates and Senior Surveyors	48%	52%
			Other	49%	51%
	Diversity-Bonus	%	Board NEDs	n/a	n/a
			Board – Executive	100%	0%
			Executive Committee	100%	0%
			Directors	72%	28%
			Associate Directors	46%	54%
			Associates and Senior Surveyors	60%	40%
			Other	49%	51%
Employees	Emp-Training	Hrs	Total hours training	620	
			Avg. training hours per employee	9.5	
	Emp-Dev	%	% of employees receiving regular appraisal	100	
	Emp-Turnover	No.	New hires	7	
		%	Leavers	7	
Health and safety	H&S-Emp		Turnover rate	11	
		Per hrs worked	Injury rate	—	
		Per hrs worked	Lost day rate	—	
		Avg. days per employee	Absentee rate	n/a	
	H&S-Asset		Total number	Fatalities	—
		%	% of assets assessed	100	
		No.	Instances of non-compliance	—	

A full description of PHP's approach to social sustainability is provided from page 10 of the 2022 Responsible Business Report. From page 10 are details of our commitments to improve health and support community initiatives and from page 12 are details of our approach to equality, diversity and inclusion, employee development and health and safety.

The training hours reported above relate to personal development training only. Overall PHP spent £73,000 on training or £1,200 per employee, including support for employees' professional qualifications.



EPRA Sustainability Best Practice Recommendations continued

Compliance tables and narrative 1 January – 31 December 2022

4. Governance

Impact area	EPRA code	Unit	Indicator	2022
Board composition	Gov-Board	No.	Executive Board members	2
		No.	Independent Non-executive members	4
		Years	Average tenure on governing body	8.8
		No.	Members of Board with environmental and/or social competencies	2
Board selection	Gov-Select	Description	See pages 78 to 80 of 2022 Annual Report	
Managing conflicts of interest	Gov-Col	Description	See page 80 of 2022 Annual Report	

A full description of PHP's approach to corporate governance is provided from page 64 of the 2022 Annual Report.

The Board has a wide range of skills and experience covering both environmental and social sustainability. In particular, Non-executive Director and Chair of the ESG Committee Laure Duhot has spent over a decade building up strong experience of sustainability and social impact, within an investment and real estate context. One of the funds she was responsible for was the recipient of a triple GRESB award, including that of "Sector Leader", as early as 2014. As a NED, Laure served on the board of a social enterprise and various registered providers, pioneering financial partnerships with large institutional investors targeting social investments. One of the entities she is currently involved with is also in the process of setting up the framework to become a "Société à Mission".

In addition, Non-executive Director Ivonne Cantú is currently the Director of Investor Relations, Communications and Sustainability at Benchmark Holdings plc. In her role she is responsible for setting and executing the sustainability group strategy and is a member of the plc board's sustainability committee. Ivonne is also a Non-executive Director at Creo Medical plc where she is the designated NED for ESG.



5. Overarching recommendations

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

5.1 Organisational boundaries

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

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

5.2 Coverage

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

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

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

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

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

5.3 Estimation of landlord-obtained utility consumption

No landlord-obtained utilities are estimated, except in the case of intermittent estimated readings of meters by utility providers, e.g. where a meter has been faulty.

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

5.4 Third party assurance

The data disclosed here is not currently subject to third party assurance. However, PHP intends to obtain third party assurance going forward and will update its disclosure when this has been achieved.

5.5 Normalisation

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

5.6 Segmental analysis

Given that PHP's portfolio is largely made up of the same property type, primary health care centres, we do not segment data by property type. PHP's property portfolio is mostly located in the UK (493 properties), with 20 properties in the Republic of Ireland. We may consider segmenting by geography over time if the Irish property grows.



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