



Assura plc

Net Zero Carbon Pathway

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Contents

- Introduction
- Timeline
- Assura targets
 - Targets relating to our portfolio
 - Portfolio energy reduction targets
 - How we will get there
 - Development targets
- Scope
- Specific strategy actions

Introduction

As the leading primary care developer in the UK, Assura has been at the forefront of driving sustainability in our sector for many years. From the UK's first medical centre designed to be net zero carbon in operation at West Gorton in 2017, to our EPC improvement projects over the past two years and moving on site with our first net zero carbon development in Fareham, we are committed to minimising the impact of our buildings on the environment.

In 2020 we launched our SixBySix strategy which included commitments to only be developing buildings that are net zero for both embodied and operational carbon by 2026.

In 2022 we stated our intention to achieve net zero carbon across our portfolio by 2040. And now we are delighted to be publishing our Net Zero Carbon Pathway which outlines how we will get there.

As an efficient organisation, with only 80 employees and one office location, our direct carbon emissions are relatively minor compared to the Scope 3 operational emissions from energy consumed by the tenants in our property portfolio.

Whilst we are targeting the elimination of our Scope 1 and 2 emissions – the majority of our efforts are focused on the Scope 3 emissions in our property portfolio because this is the largest element of our carbon footprint and therefore where we can have the biggest impact.

As detailed in this framework, we have a good starting point – our buildings screen well compared with CIBSE averages, reflecting our historical efforts to incorporate energy efficient measures in our completed developments.

As for the challenges ahead, following the appropriate UK Green Building Council frameworks, whilst some improvements can be made through engaging with tenants to improve energy use behaviours, the bulk of the reduction will come from upgrading technology in buildings – air source heat pumps, optimised building management systems and on site renewable energy generation.

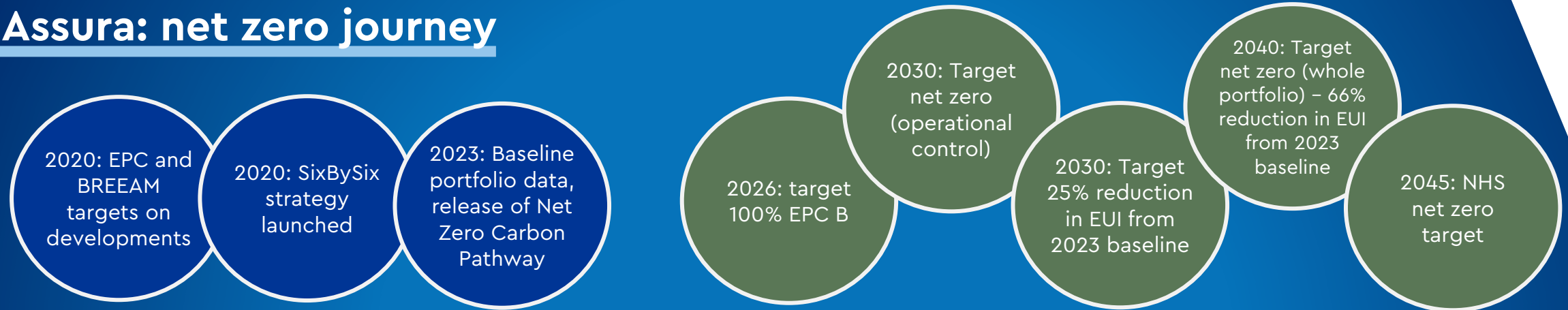
We're investing in our capabilities to ensure we are best placed to meet the long term needs of our customers. Our on site schemes at Fareham and Winchester are the first live developments applying our Net Zero Carbon Design Guide, putting the theory into practical action. Our asset enhancement project at South Bar House in Banbury is the first significant retrofit of an air source heat pump into a live building – just one example of technology that will need to be applied to a large proportion of our portfolio over the coming years to reach net zero.

The scale of the challenge cannot be underestimated – with over 600 projects to be delivered in advance of our 2040 target. We are also working with our primary customer, the NHS, to ensure this additional investment in the building specification is appropriately reflected in the return on investment – using our pilot projects to demonstrate the savings generated.

The net zero carbon challenge is central to our business model – and is a fundamental aspect of the way we operate and for the long term benefit of all stakeholders. I look forward to reporting on our progress over the coming years.

Jonathan Murphy, CEO
May 2023

Assura: net zero journey



2017: West Gorton – first net zero in operation medical centre (design)



2018: Cinderford – first certified dementia-friendly medical centre



2022: Net Zero Carbon Design Guide published



2022: Moved on site with first net zero development in Fareham



2023: Air source heat pump trial (Banbury)



2023: First net zero retrofit (Threeways)

Assura targets

Assura's carbon footprint can be broken down into three main areas – those from the actions of our team and our head office, the energy used by tenants in our property portfolio, and the embodied carbon from our development activities.

Our target to be net zero carbon by 2040 includes each of these elements. For our own operations and our development activities, we are targeting net zero by 2026. And for the energy consumed in our portfolio, we are targeting this by 2040 – with interim reduction targets for 2030 and 2035.

| | | Baseline – current emissions | Targeting net zero by | Current activities |
|---|---|---|--|--|
| Assura activities | Scope 1 and 2 emissions from our head office and Scope 3 business travel of our employees | 372,000 kWh per year or 76 tonnes of CO ₂ | 2026 Elimination of emissions through reduction or offset | Improving head office to net zero through building fabric upgrades and smart building controls, and implemented car scheme which is electric vehicles only |
| Usage in our portfolio | Scope 3 emissions from energy used by tenants in our portfolio | 116.9m kWh per year or 21,700 tonnes of CO ₂ | 2040 Reduction in portfolio EUI to Paris-Proof levels See pages 6-8 | Following data collection and net zero audits in the current year, we've set targets and will now commence improvement initiatives |
| Embodied carbon from development activities | Carbon emissions from the construction of new developments | 740 kgCO ₂ per m ² upfront emissions on recent completion | 2026 Only be developing net zero carbon developments from this date See page 9 | Net zero carbon design guide being applied to pipeline schemes, including Fareham and Winchester which are on site |

Targets relating to our portfolio

We have signed up to Advancing Net Zero, which is the World Green Building Council's global programme working towards total sector decarbonisation by 2050. Specifically, we're part of the Net Zero Carbon Buildings Commitment – being a member of the EP100 Climate Group, which is a partner project of the World GBC.

As a member of UK Green Building Council ("UK GBC"), we are following their frameworks and guidance for the targets we have set.

Following the extensive work we have done in the last 12 months, collecting data across 55% of our portfolio to understand how much energy is used in our portfolio, we have used UK GBC guidance to set Paris-Proof targets for energy reduction.

Detailed on page 7 of this document, these are the targets for reducing energy consumed in our buildings, to make our portfolio compliant with a 1.5 degree scenario by 2040, with interim targets for 2030 and 2035.

We are committed to and are in the process of having these targets verified by the Science-Based Target Initiative ("SBTi").

We have also completed net zero carbon audits at 56 buildings in our portfolio (15% by area). This involved commissioning a specific report for each building – looking at how energy was currently used and identifying specific improvements to make that individual building Paris-Proof. We have then used this to create our pathway, detailed on page 8, demonstrating the nature of the works required across our portfolio to hit our targets.

To ensure we stay up to date with the latest trends in the sector, we sit on the Sustainability Committee of British Property Federation.

Importantly, the targets will be continually reviewed as we progress to ensure ongoing compliance.

UK GBC: steps to achieving a net zero carbon building

Establish carbon baseline



Reduce operational energy use

- Priority: reducing energy demand & consumption
 - In-use consumption measured & disclosed



Increase renewable energy supply

- Priority: on site renewable energy source
- Off-site renewables demonstrate additionality



Offset any remaining carbon

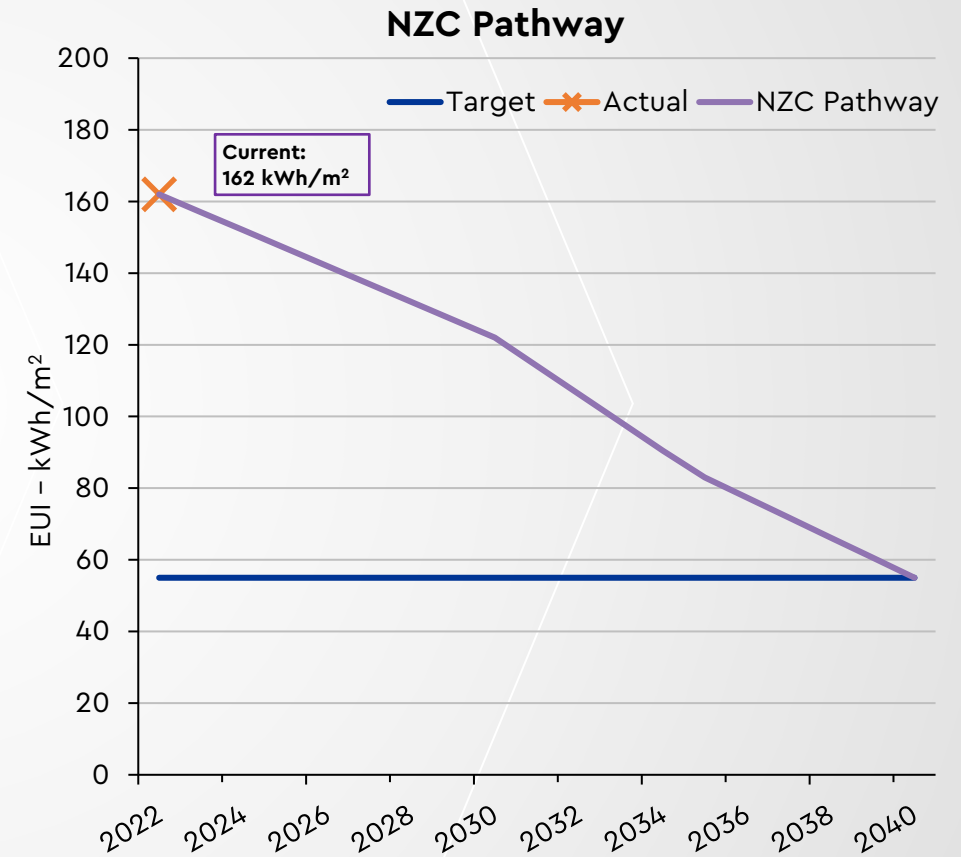
- Remaining carbon offset using recognised offsetting framework
 - Disclose offsets used



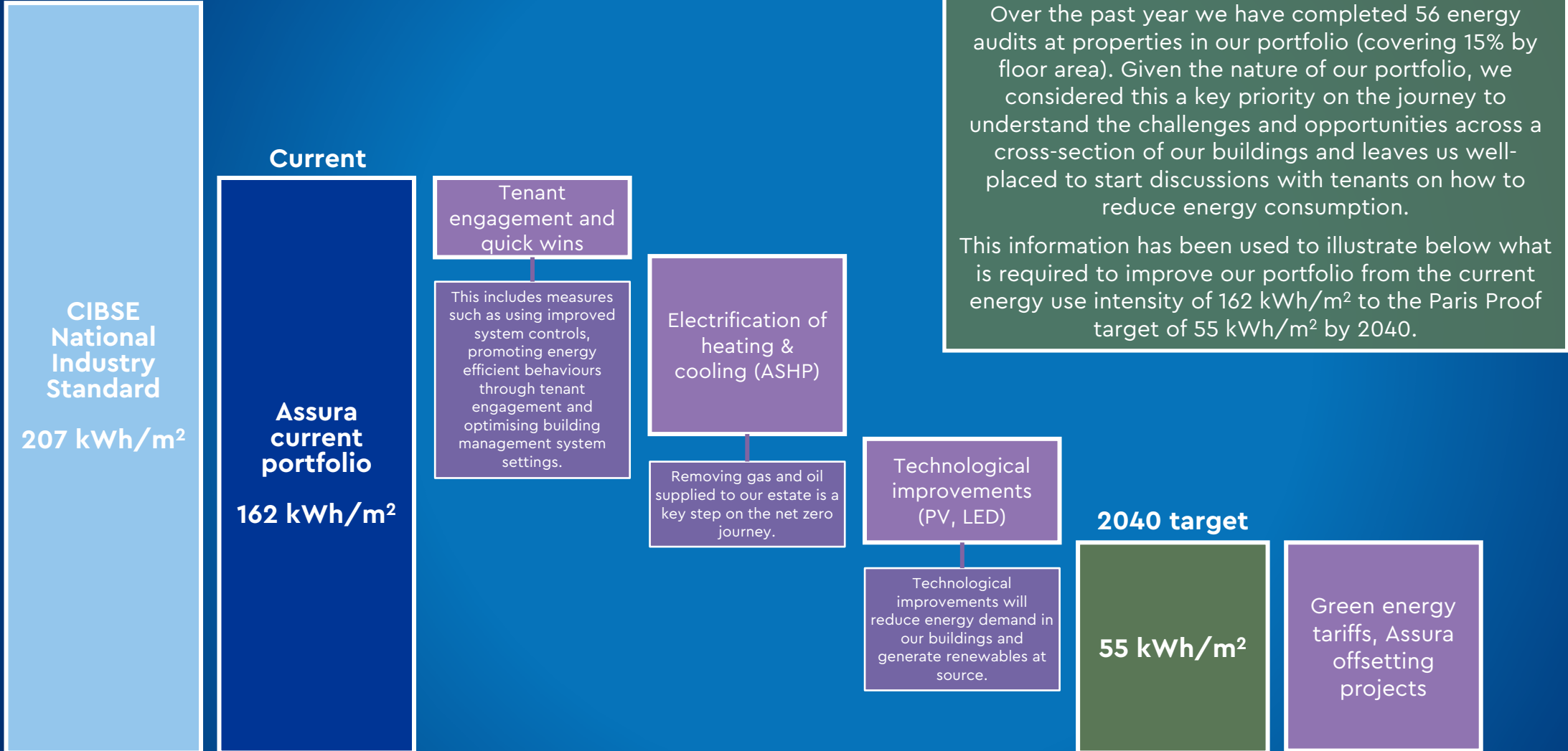
Portfolio: Energy reduction targets

| 2022 base line | 2030 25% reduction | 2040 67% reduction |
|--|--|--|
| <p>162 EUI</p> <p>This is kWh/m² and compares well with CIBSE National Industry Standard of 207 and Good Practice of 155</p> | <p>122 EUI</p> | <p>55 EUI</p> |
| <p>30 kg/CO₂/m²</p> <p>Carbon emissions – based on converting from kWh using current grid factors for electricity and gas</p> | <p>23 kg/CO₂/m²</p> | <p>10 kg/CO₂/m²</p> |

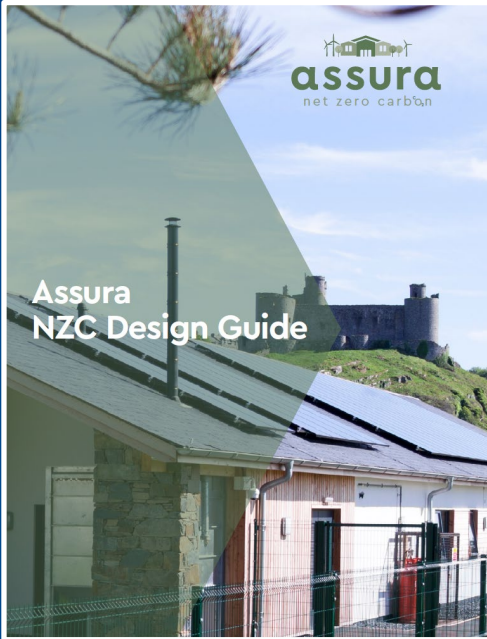
Our targets have been set using UK Green Building Council published Paris Proof guidelines and are targeting science-based validation from SBTi during 2023. We have currently based this on extrapolated data from 55% of our portfolio, and will be refined as we finalise the data collection over the coming year.



Portfolio: How we will get there



Development targets



| Metric/KPI | Baseline i.e. Polegate scheme | Best Practice (Today) | Exemplary (2025) |
|------------------------|--|--|--|
| Primary metrics | | | |
| Energy in use – EU | 50 kWh/m ² /yr | 75 kWh/m ² /yr | 50 kWh/m ² /yr |
| Upfront carbon | 600 kgCO ₂ e/m ² | 600 kgCO ₂ e/m ² | 475 kgCO ₂ e/m ² |
| Total embodied carbon | 780 kgCO ₂ e/m ² | 970 kgCO ₂ e/m ² | 750 kgCO ₂ e/m ² |
| Water use | - | 13 lpp/day | 10 lpp/day |

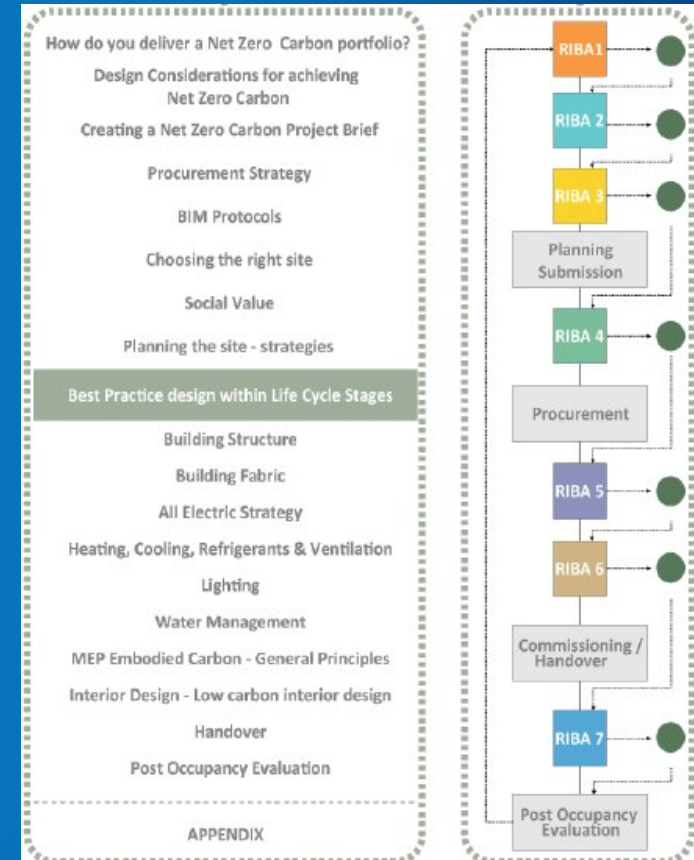
The UK GBC steps for achieving a net zero development are the same as for any building (see page 6), with two additional steps:

1. A whole life carbon assessment should be undertaken and disclosed for all construction projects to drive carbon reductions
2. The embodied carbon impacts from the product and construction phase should be measured and offset at practical completion

However, we've gone further and have set targets to reduce the embodied carbon on our development schemes, aiming to minimise the offsetting required.

We've done this with the creation of our Net Zero Carbon Design Guide, which considers every stage of the design process, from site selection, through materials choices and creating an all electric approach, to interior design and handover to the tenant including post occupancy evaluation for future learning.

Design guide sets out our granular approach to the design process



Scope

| | Area | GHG scope | Assura scope |
|--------------------|---------------------------------------|------------------|---------------------|
| Head office | Head office energy | 1 & 2 | Yes |
| | Homeworking energy | 1 & 2 | Yes |
| | Business travel (excluding commuting) | 3 | Yes |
| | Employee commuting | 3 | No |
| | Operational waste generated | 3 | Yes from FY24 |
| | Operating water use | 3 | Yes from FY24 |
| Property portfolio | Landlord purchased energy | 3 | Yes |
| | Landlord purchased refrigerants | 3 | n/a |
| | Landlord purchased water | 3 | No |
| | Landlord purchased operational waste | 3 | n/a |
| | Tenant purchased energy | 3 | Yes |
| | Tenant purchased refrigerants | 3 | No |
| | Tenant purchased water | 3 | No |
| | Tenant purchased operational waste | 3 | No |
| | Developments – embodied carbon | 3 | Yes |

Our net zero targets relate to:

- Our head office operations
- Energy (electricity and gas) used by tenants in our property portfolio (whether purchased by landlord or tenant)
- Developments (embodied and operational carbon)

Specific strategy actions

| | Target | Specific steps to achieve | Metrics |
|------------------------------|---|--|--|
| Net zero strategy governance | Responsibility | Appropriate targets including in objectives of Executive Management team and relevant team members | Annual Report |
| | Ensure targets remain in line with expectations of stakeholders | Annual review of progress against strategy and whether strategy remains fit-for-purpose | |
| | Science-based verification of targets | Obtain approval from the Science-Based Targets initiative that targets are aligned with a 1.5° scenario | Sustainability Disclosures |
| | Third-party assurance of progress | Obtain appropriate third-party assurance of data used in net zero carbon targets | |
| | Staff awareness and education | Net zero carbon awareness training for all employees, with appropriate bespoke additional training for those directly involved | |
| Existing portfolio | Net zero carbon in operation across our portfolio by 2040 | Obtain and maintain energy data for property portfolio | Whole building energy intensity Whole building carbon intensity |
| | | Complete net zero carbon audits to develop bespoke plans for properties and enhance understanding of works required across our portfolio | |
| | | Engage with the NHS to ensure that sustainability-related building improvements are reflected in the reimbursed rent | |
| | | Develop tenant communications to promote elimination of behaviours and actions that use unnecessary energy | |
| | | Air source heat pump retrofit in our buildings to understand nature of intrusion on tenant operations | |
| | | Explore offering installation of PV panels under PPAs with tenants | |
| Developments | Net zero carbon developments | Incorporate green energy clauses as standard in all new and renewed leases and only acquire energy from 100% renewable sources | Proportion of developments hitting net zero carbon targets |
| | | Whole life carbon assessment completed on all buildings designated as being net zero carbon | |
| | | Assura's Net Zero Carbon Design Guide to be used at the appropriate design stage for all new developments added to our pipeline | |
| Offsetting | Net zero carbon developments | Measurement of in use consumption to support management of ongoing operational emissions | Total offsetting in year |
| | | Where there are residual embodied or operational carbon emissions on a scheme designated as net zero carbon, there will be offset through appropriate Woodland Carbon Code UK removals or other verified offsetting schemes. | |
| | Net zero carbon across our portfolio | Explore additional opportunities for electricity generation in our portfolio or through a specific Assura offset project | Electricity generated by Assura |