



PATHWAY TO NET ZERO CARBON

Our story so far....



Our Purpose – ***we create the space that enables extraordinary things to happen*** – establishes SEGRO as both a creator of exceptional buildings and as an enabler for our stakeholders, particularly our customers, our employees and the communities in which we invest, to achieve extraordinary things.

Inherent within our Purpose and Strategy is the commitment to be a force for societal and environmental good throughout our business. This is not new for us: it has been at the core of how we do business for over 100 years. As long-term investors, it is in our own and all our stakeholders’ interests to ensure that our assets are built to the highest quality and are resilient and flexible in the face of economic, climate and societal change.

Building Better Places: Champion Low-Carbon Growth

SEGRO will lead a low carbon transformation in our industry to address the climate challenge. We will support and challenge our customers so that together we can drive growth while reducing emissions.

Our buildings are vital enablers of economic growth and assist the efficient functioning of the economy: successful, growing businesses need modern, well-located and well-designed spaces to operate effectively. We are proud of the extraordinary range of goods and services that customers using our buildings are able to provide.

As a society, we need growth that does not damage our long term future and we recognise that real estate is a significant contributor to carbon emissions through the construction and operation of buildings. SEGRO is committed to reducing and eliminating the carbon emissions from the development of new buildings and the operation of existing buildings and we have set challenging, targets accordingly.

Prime among these targets is to be net-carbon zero

SEGRO commits to becoming a Net Zero Carbon business

SEGRO has stepped up its action on climate change by enhancing the SEGRO 2025 environmental sustainability strategy with a commitment to have a net zero carbon portfolio long before our 2050 commitment. This will cover embodied carbon from construction projects, operational carbon emissions across the whole portfolio, and corporate emissions.

SEGRO’s Net Zero Carbon Pathway

Our strategy to reduce carbon emissions has four components: reducing embodied carbon in our developments and refurbishments, reducing operational carbon emissions through greater energy efficiency and renewable energy generation, and offsetting the balance.

Build lower-carbon spaces

Embodied Carbon: we will use recycled and carbon-efficient materials in our developments sourced locally where possible. This may require a change to the way we build.

Run lower-carbon spaces, supporting customers

Energy Efficiency: we will improve the energy efficiency of our buildings either directly or by helping our customers, through physical improvements or utilising sensor technology.

Renewable Energy: we can support our customers by procuring off-site renewable energy and, where possible, generating renewable energy on-site.

Absorb residual carbon

Offset residual carbon: when we have done everything possible to reduce our gross carbon emissions, we will look to offset remaining carbon. We expect our reliance on offsets to decline over time



WE WILL:

Reduce the amount of carbon embodied in the materials we use in developments.

Increase the energy efficiency of our portfolio.

Increase the amount of renewable energy generated on our portfolio.

Use the best available techniques to remove the residual carbon from our business activities.

HOW:

Measuring and reporting carbon emissions across the supply chain can be difficult. That's why we have adopted new techniques to collect this data, including the use of Building Information modelling (BIM), to report our carbon footprint accurately.

We aim to conduct a full Life Cycle Assessment (LCA) on all new developments

We are promoting the use of materials with high recycled content and high cement replacement levels in the concrete, in order to have the maximum effect on reducing our embodied carbon.

We are constantly reviewing the specifications to ensure we utilise the best products available on the market.

Environmental Product Declarations are key to providing the visibility we need on these products.

We have set minimum energy efficiency standards for new development and refurbishments. We believe that we can extend the lifespan of our assets and meet our climate change goals by improving energy efficiency. Our targets relate to Energy Performance Certificate ratings, or the primary energy demand depending on the market.

Some customers have occupied our buildings for a long time, and we hope this continues. To ensure these buildings meet SEGRO standards we are introducing energy efficiency options to lease renewals and encouraging the take-up of green leases.

To help meet our carbon ambitions, all energy supplies will be switched to electricity, except where required for processes and large space heating. We will investigate efficient methods for large space heating and be at the forefront of the industry as these technologies become available.

We will engage all our customers to obtain operational performance data, where available, to better understand how our buildings are being used and how we can improve. Where energy data cannot be disclosed to SEGRO, we will develop best practice techniques to estimate portfolio level energy consumption.

Our large rooftops are ideally suited to solar photovoltaics. We want to make the most of this space by installing solar panels across the maximum area allowable due to the structural loads, the required infrastructure and the energy demands of our customers.

We have set ambitious on-site renewable energy targets to help us meet our net zero goal.

Although we can generate much of our energy on-site, this energy is variable, and we will need to source energy from the networks. The energy supplies must be sourced from renewables and be certified using guarantees of origin to be authentic.

We will encourage our customers to source renewable energy and provide the option for our customers to opt-in to SEGRO off-site renewable energy contracts.

We acknowledge that even after we have achieved everything that we set out to do, there will always be an element of carbon that will remain.

In the first instance we will use carbon off-sets to mitigate this residual balance of our carbon each year.

It is important these offsets are authentic and stand alongside our stakeholder values. Every offset we purchase will be to a Gold Plated Standard and verified.

We will investigate and invest in partnerships to ensure that off-sets will be meaningful to SEGRO

We believe that off-setting is the last option so will be investigating alternative methods of carbon capture and mitigation methods

WE WILL DO THIS BY...

EMBODIED CARBON

OPERATIONAL CARBON

SUPPLY CHAIN

OFF-SETs

TRANSPARENCY – (2021-2022)	MAKING GOOD CHOICES – (2022-2025)	INNOVATING – (2025 onwards)
All buildings >5,000 m2 to provide a BIM Mandate EPDs on main building elements Lifecycle Assessment on all development projects Hold regular contractor engagement workshops	Update the specification to include minimum cement replacements and recycled contents Set energy targets for construction sites Implement a design hierarchy Set minimum EPD standards for key buildings elements - cladding	Trial new products and challenge current methods of construction Circularity - design for deconstruction and re-use materials rather than recycle Investigate the use of modular construction Customer low carbon fit-out guides
Smart Metering Performance Monitoring Collect sources of customer energy use All lease renewals to obtain new EPC	Eliminate gas across new developments All SEGRO procured energy supplies to be sourced from off-site renewables and REC backed Set minimum EU EPC standards across new developments to achieve A rating Set minimum EU EPC standards across refurbishments to achieve a 30% reduction in net primary energy demand Generate renewable Energy on-site	Investigate the application of heat networks Explore new techniques for heating warehouse space Utilise products that are able to store renewable energy and increase on-site renewable energy usage
Key supply contracts to report carbon emissions on regular basis	Environmental clauses to be introduced across key contracts Supplier targets for key contracts	Collaborate with our partners to deliver innovative solutions
We will investigate options for verified credits to identify projects in line with SEGRO’s values. We will investigate partners who are reflective of SEGROs values to assist our off-setting requirements	We will introduce a shadow price of carbon for new developments to influence decision making on material choices	We will investigate options to generate our own carbon credits as close to our portfolio as possible for the long term

Scope of our Net Zero Carbon Roadmap

ACTIVITIES WHICH GENERATE GHG EMISSIONS FOR REAL ESTATE INVESTMENTS (DIRECTLY OR INDIRECTLY)	ACTIVITIES CONTROLLED AND MANAGED BY SEGRO	ACTIVITIES CONTROLLED AND MANAGED BY OCCUPIERS	CORPORATE / HEAD OFFICE
Energy to operate buildings (electricity, fuels & heat networks)	✓	✓	✓
Water to operate buildings	✓		
Waste generated during operation	✓		✓
Refrigerants (Fugitive emissions)	✓		✓
Purchase of goods and services (M&E & property management services)	✓		
Business travel (excluding that associated with development works)			✓
New development works	✓		
Refurbishment works	✓	2050	
Fit-out Works	✓	2050	
End of life			



In order to ensure that it is easy to compare pathways designed to meet the BBP commitment to Net Zero we include the table below

TOPIC	AIMS	DELIVERY	REPORTING METRICS
Operational Carbon	We will reduce the operational carbon across our portfolio by 40%, by 2025. Water and waste to be reported and converted to carbon emissions where procured by SEGRO.	•Report the carbon emissions across the whole portfolio, including energy supplies procured by the customers. •Request energy data from our customers and develop accurate estimation methodology where actual data cannot be obtained	•kgCO2e/m2 •% portfolio coverage
Energy Efficiency	We will improve the energy efficiency of our assets by setting minimum regulated energy thresholds.	•All refurbishments to achieve a minimum Energy Performance Certificate rating of C, or equivalent. •Energy efficiency objectives to be incorporated into all lease renewals. •All mechanical and electrical equipment to be powered by electricity, excluding where required for processes and large space heating	•EU Energy Performance Certificate ratings •Primary Energy Demand (kWh/m2)
On-site Renewable Energy Generation	We will increase the amount of renewable energy generated on-site.	•Undertake a feasibility assessment across the whole portfolio to understand the solar photovoltaic potential. •Solar photovoltaic panels and associated infrastructure to be costed on all new developments •Trial innovative systems to generate additional energy on-site or aid existing installations by capturing excess energy.	•MW renewable energy capacity •MWh renewable energy generation
Off-site Renewable Energy Procurement	All off-site electricity supplies to be sourced from 100% renewables.	•All SEGRO procured electricity contracts to be sourced from renewables and validated with renewable energy certificates. •Encourage our customers to source energy from off-site renewables and/or provide the option to join SEGRO’s renewable energy contracts.	•% of energy sourced from certified renewables
Embodied carbon	We will reduce the embodied carbon of our developments by 20%, by 2025.	•All development projects are to produce a life cycle assessment to report embodied carbon. •Increase the use of recycled materials within our construction projects, including cement replacements within the concrete. •Assess our specifications to ensure we install the best products on the market, based on their Environmental Product Declarations.	•kgCO2e/m2 •% development coverage
Third-party verification	We will be transparent and accurate with our carbon reporting	•The greenhouse gas emissions data will be verified on an annual basis, and the assurance report made available on the website. •The Environmental Sustainability Performance Pack will be produced annually, in accordance with the ERPA sBPR guidelines and available on the website.	•Independent Assurance to ISAE 3000
Offsetting	We will create a meaningful carbon removal scheme to offset our remaining carbon emissions.	•Buy quality, Gold Plated Carbon offsets in line with our ESG strategy ad company values.	•TCO2 removed.