SEGRO Methodology for Greenhouse Gas Reporting

Updated March 2023

SEGRO is a UK Real Estate Investment Trust and a leading owner, asset manager and developer of modern warehousing and light industrial property throughout Europe. SEGRO currently operates in the UK and throughout Europe through a mix of Equity and Joint Venture models.

Together embodied carbon from our developments and gas and electricity use in our spaces ('corporate and customer emissions) account for over 80% of total emissions. Reporting, tracking and reducing these emissions sources is thus our core focus.

Reporting Period

The reporting period for our greenhouse gas reporting is the period 1st October to 30th September. This period is used to reduce the amount of estimated data used due to billing timescales. This improves the accuracy of the dataset by using actual data.

Reporting standards

SEGRO's reporting is aligned to the World Resources Institute (WRI), World Business Council for Sustainable Development (WBCSD) and Greenhouse Gas Protocol (GHGP). We also report in line with the EPRA's Sustainability Best Practice Recommendations, Sustainability Accounting Standards Board and Global Reporting Initiative in the Responsible SEGRO Report and Data Pack.

Boundary

SEGRO reports Scope 1 and 2 emissions against an 'operational control' boundary, as defined by the Greenhouse Gas Protocol. However, our Scopes 1 and 2 emissions are less than one per cent of our total Scope 1, 2 and 3 carbon emissions. In contrast, the emissions from our customers' gas and electricity use inside our warehouses amounts to approximately 40 per cent, and the embodied emissions from our developments accounts for a further 41 per cent.

Responsibility for sourcing energy and monitoring its use falls with our customers for the majority of our portfolio. However, given the significant contribution of these customer emissions to our Scope 3 we have chosen to include them in our core science-based carbon reduction targets.

We include emissions from all assets under management – regardless of the ownership model (joint venture, for example).

Scope 1 and 2 carbon emissions: streamlined energy and carbon reporting

The only mandatory GHG reporting mechanism that SEGRO is subject to is the UK's Streamlined Energy and Carbon Reporting (SECR) Regulation, which only covers SEGRO's Scope 1 and 2 emissions. For details of the methodology followed in compiling our SECR compliance information, please see the SECR section of our Annual Report & Accounts 2022.

Scope 3 emissions

We report emissions for all relevant Scope 3 categories, as defined by the GHG Protocol. For full figures for all Scopes 1-3 categories for the last two reporting years, including detailed explanations and screening, please see the Scope 3 Inventory section of our Responsible SEGRO Report and Data Pack.

Reporting SEGRO's renewable energy procurement

The Greenhouse Gas protocol gives two options for reporting emissions from energy procurement. Market-based carbon footprint reporting reflects the organisation's procurement of low-carbon energy tariffs – in SEGRO's case our zero-carbon electricity procurement. This is as opposed to location-based reporting, which uses national grid averages of carbon intensity.

SEGRO has moved all electricity we procure to zero carbon tariffs. Therefore, we use figures based on the market-based reporting methodology to track our carbon footprint. However, for SECR reporting we are required to also report location-based figures.

Results are reported in tonnes of CO_2e.

Gas and electricity data collection

Data is collected in a variety of sources with our preferred approach to use automatic meter readings, followed by energy invoices then manual meter readings. All energy data is saved to our data management platform Measurabl. Measurabl also stores building data which is transferred across from SEGRO's internal data system called MRI. This allows for meter mapping to spaces for consistency of reporting.

Embodied carbon

We use Life Cycle Assessment (LCA) methodology to establish the embodied carbon of our developments.

The following lifecycle modules are included in our LCAs:

- Product stage (also known as lifecycle module A1-A3) – this is the emissions from extraction and processing of the building materials used to build our buildings
- Construction process stage (A4-A5) – this includes construction machinery and transportation of building materials
- Use stage (B1-B5)
- End-of-life stage (C1-C4)

These LCA results are used in two ways:

1. To establish our embodied carbon metric. This is how we track our performance in driving down the embodied carbon of our developments towards our 2030 target. This metric uses all lifecycle stages listed above
2. To report some of our Scope 3 emissions. Our carbon emissions from the following Scope 3 categories are derived from our LCA calculations:

a. Capital goods: this Scope 3 category is the emissions from the lifecycle stages A1-A3 (manufacture of construction products) and A5 (construction site energy use).
b. Upstream transportation and distribution: this Scope 3 category is lifecycle stage A4 (transportation of materials/products to construction sites).

Re-baselining Policy

We have the following carbon reduction targets:

- Reduce our corporate and customer emissions by 42% by 2030 against a 2020 baseline
- Reduce the embodied carbon intensity of our developments by 20% by 2030

In order to accurately track progress towards these targets, we will adjust our base year emissions inventory to account for significant changes if the changes result in a change in total Scopes 1-3 emissions of greater than 5 per cent, such as:

- Acquisitions, divestures or mergers of businesses that existed during the baseline
- Improved data access or updated calculation methods or protocols
- Discovery of a significant error, or a number of cumulative errors