



IMPACT
Healthcare REIT

EPRA Sustainability Best Practice Recommendations

Compliance tables and narrative on performance
For the year ended 31 December 2021

Prepared for Impact Healthcare REIT plc



EPRA Sustainability Best Practices Performance Report

1. Introduction

We believe that a robust approach to environmental, social and governance (ESG) issues is intrinsic to developing a strong, sustainable business. ESG is therefore a fundamental part of our business model. Our ESG Policy governs our environmental and social conduct and the way we manage our business. It sets out seven core principles through which we aim:

- to be transparent in our conduct and reporting
- to create homes which are better prepared for the future - more efficient, more climate resilient, more comfortable for our tenants' residents and staff, and respectful of the environment
- to foster co-operative and successful relationships with tenants, residents, shareholders and lenders, to create long-term shared value for all
- acknowledging the importance of and utilising our relationships with our tenants, we also aim to create and support a healthy, safe and positive living environment, which the residents are proud to call home

To support these goals, we have chosen to align our ESG reporting with the 3rd edition of the EPRA Sustainability Best Practice Recommendations (sBPR). This is our 2021 report and is our third EPRA sBPR report, following a Gold Award for 2020 and 2019.

The information in this report provides an account of our performance against the material sBPR Performance Measures that were identified as part of a strategic sustainability review conducted in 2019 (see Methodological Notes below). It is designed to complement our Annual Report 2021, which includes further information on our sustainability strategy, our core sustainability principles, our ESG Policy, our progress in 2021 and priorities for 2022.

2. Environmental performance

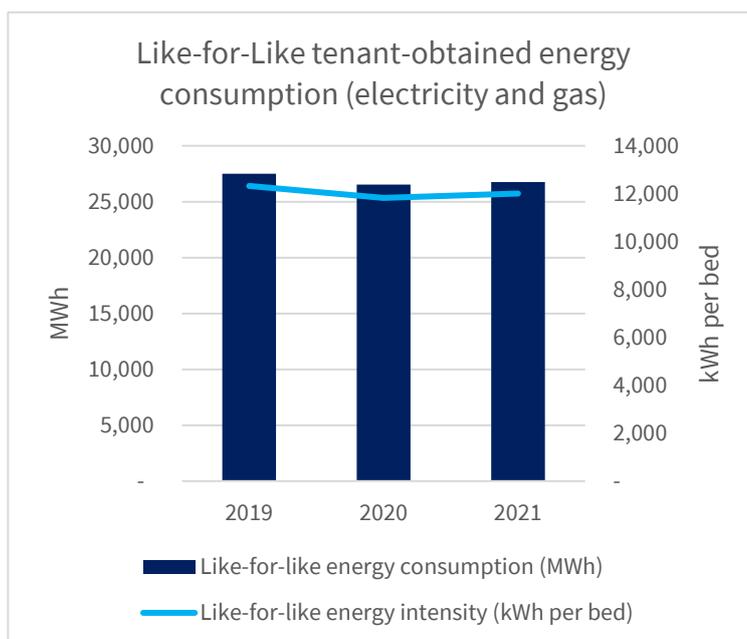
At the end of 2021, our portfolio comprised 110 completed properties, with 6,052 registered beds, leased on a full repairing and insuring (FRI) basis to our tenants, who are established healthcare providers. The following data therefore relates to tenant-obtained consumption at 104 out of the 110 properties owned by Impact Healthcare REIT plc.

Energy and emissions

During 2021, total tenant-obtained energy consumption from electricity and gas across our portfolio was 61,502 MWh.

2019 forms our baseline year from which we assess our environmental performance. Like-for-like performance measures include properties for which we have collected three years' worth of consistent, non-estimated data. They exclude properties sold, acquired or under development between 2019 and 2021. On a like-for-like basis, energy consumption decreased by 2.7% from 27,506 MWh in 2019 to 26,750 MWh in 2021.

This was driven by a 4.2% reduction in electricity consumption and a further 2.3% decrease in gas consumption over the same period. There was a minor increase of 0.8% in like-for-like consumption between 2020 and 2021. Due to this small margin, we cannot entirely attribute the change to one single factor but believe that a steady increase in occupancy will be driving an underlying increase in consumption, as suggested by the corresponding rise in energy intensity, as measured by energy use per bed.



The absolute energy intensity (electricity and gas) of the properties included in our portfolio was 10,666 kWh per bed in 2021.

On a like-for-like basis, energy intensity decreased by 2.6% from 12,323 kWh per bed in 2019 to 12,006 kWh per bed in 2021. Between 2020 and 2021, the energy intensity of the like-for-like portfolio increased by 1.5%, from 11,825 kWh per bed.

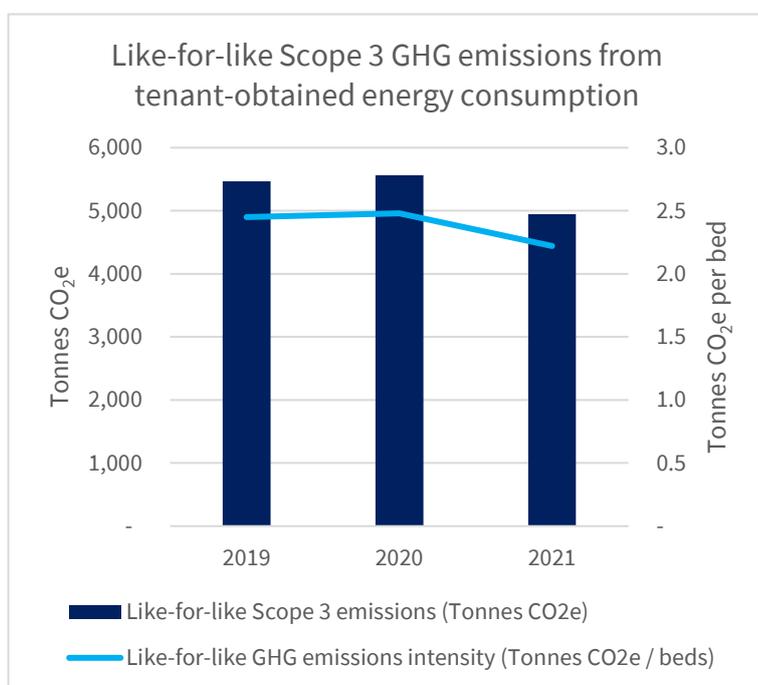
Impact Healthcare REIT plc's portfolio has no reportable direct or indirect (Scopes 1 and 2) greenhouse gas emissions. All reported emissions relate to tenant-obtained energy consumption, which are categorised as Scope 3 as defined by the GHG Emissions Protocol, and therefore outside of our direct control. Emissions that are either produced from the company's registered office, or from the offices used to provide administrative support, are deemed to fall under the responsibility of our Company Secretary or Investment Manager respectively. We recognise the crucial function of the Investment Manager and their responsibility for implementing our asset management strategy. Therefore, we have chosen to report the greatest material environmental impact of their activities relating to office occupancy and business travel.

In 2021, absolute Scope 3 emissions from tenant obtained electricity and gas totalled 11,609 tonnes CO₂e (using location-based emissions factors supplied by DEFRA).

On a like-for-like basis, Scope 3 emissions reduced by 9.5% from 5,467 tonnes in 2019 to 4,949 tonnes in 2021. The GHG emissions intensity of our portfolio on a like for like basis improved by the same proportion, from 2.45 tonnes CO₂e per bed in 2019, to 2.22 tonnes in 2021.

Although our tenants are outside our operational control as independent legal entities, our business model offers numerous opportunities to maximise and minimise the risks associated with energy consumption. These range from strategy and due diligence procedures applied to asset selection and acquisitions, to working with tenants to identify asset management opportunities, including aspects such as energy efficiency and decarbonisation through the use of renewable energy.

For further information on our activities and priorities, please see the Sustainability section of our 2021 Annual Report.



Environmental performance measures (landlord-obtained)

Impact Area	EPRA Code	Performance measure	Unit	Scope	2021 Absolute	2019 Like-for-Like	2020 Like-for-Like	2021 Like-for-Like	% change 2019/2021
Energy	Elec-Abs; Elec-LfL	Total & like-for-like electricity consumption	MWh	Total landlord-obtained electricity	0	0	0	0	0%

Impact Area	EPRA Code	Performance measure	Unit	Scope	2021 Absolute	2019 Like-for-Like	2020 Like-for-Like	2021 Like-for-Like	% change 2019/2021
	DH&C-Abs; DH&C-LfL ^[1]	Total & like-for-like district heating & cooling consumption	MWh	Total landlord-obtained electricity	n/a	n/a	n/a	n/a	n/a
	Fuels-Abs; Fuels-LfL	Total & like-for-like fuel consumption	MWh	Total landlord-obtained fuels	0	0	0	0	0%
	Energy-Int	Building energy intensity	kWh / bed / year	Building energy intensity	n/a				
Greenhouse gas	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	t CO ₂ e	Direct - Scope 1	0				
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	t CO ₂ e	Indirect - Scope 2 (location-based)	0				
				Indirect - Scope 2 (market-based)	0				
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	t CO ₂ e	Indirect - Scope 3	See separate tenant-obtained table below				
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	t CO ₂ e / bed / year	Scopes 1 & 2 greenhouse gas (GHG) emissions	n/a					

^[1] n/a: DH&C is not applicable as no properties obtain district heating and/or cooling.

Environmental performance measures (tenant-obtained)

Impact Area	EPRA Code	Performance measure	Unit	Scope	2021 Absolute	2019 Like-for-Like	2020 Like-for-Like	2021 Like-for-Like	% change 2019/2021
Energy	Elec-Abs (tenant obtained); Elec-LfL (tenant obtained)	Total & like-for-like electricity consumption	MWh	Total tenant-obtained electricity	16,732	5,721	5,265	5,481	-4.2%
			%	% from renewable sources	n/d ^[2]				
	DH&C-Abs (tenant obtained); DH&C-LfL (tenant obtained) ^[1]	Total & like-for-like district heating & cooling consumption	MWh	Total tenant-obtained electricity	n/a	n/a	n/a	n/a	n/a
	Fuels-Abs (tenant obtained); Fuels-LfL (tenant obtained)	Total & like-for-like fuel consumption	MWh	Total tenant-obtained gas	44,769	21,785	21,269	21,269	-2.4%
%			% from renewable sources	n/d ^[2]					

Impact Area	EPRA Code	Performance measure	Unit	Scope	2021 Absolute	2019 Like-for-Like	2020 Like-for-Like	2021 Like-for-Like	% change 2019/2021
	Energy-Int (tenant obtained)	Building energy intensity	kWh / bed / year	Building energy intensity	10,666	12,323	11,825	12,006	-2.6%
Greenhouse gas	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions from tenant obtained electricity and gas	Tonnes CO ₂ e	Indirect - Scope 3	11,609	5,467	5,564	4,948	-9.5%
	GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Tonnes CO ₂ e / bed / year	Scope 3 greenhouse gas (GHG) emissions	2.01	2.45	2.48	2.22	-9.3%

^[1] n/a: DH&C is not applicable as no properties obtain district heating and/or cooling

^[2] n/d : Not Disclosed: Our tenants are responsible for electricity procurement and we do not know the nature of energy supply mix.

Environmental performance measures (Investment Manager)

Impact Area	EPRA Code	Performance measure	Unit	Scope	2021 Absolute
Energy	Elec-Abs	Total electricity consumption	kWh	Total Investment Manager electricity	11,156
Energy	Energy-Int	Investment Manager energy intensity	kWh/FTE	Average kWh electricity consumption per FTE in year	1,300
Greenhouse Gas Emissions	GHG-Indir	Total indirect greenhouse gas (GHG) emissions	t CO ₂ e	Indirect - Scope 2 (location-based)	2.4
Business Travel		Business travel - Land - Car	t CO ₂ e	Scope 3 - Private vehicles (incl. WTT ^[3])	1.0
		Business travel - Land - Air		Scope 3 - Flights (With RF incl. WTT ^[4])	3.0
		Business travel - Land - Rail		Scope 3 - Rail (incl. WTT ^[4])	0.2

^[3] Well-to-tank (WTT) business travel – air conversion factors are used to account for the upstream Scope 3 emissions associated with extraction, refining and transportation of the aviation fuel to the plane before take-off.

^[4] Well-to-tank (WTT) conversion factors for passenger vehicles and business travel on land are used to report the upstream Scope 3 emissions associated with extraction, refining and transportation of the raw fuels before they are used to power the transport mode.

Building certifications

Building certifications relate to energy performance certificates which are currently in place across 100% of our portfolio. Most of our properties in England and Wales (88%) have an energy performance certificate between A and C, with the remaining 12% holding an EPC of D.

It is likely that MEES regulations governing EPCs will continue to tighten, and that an EPC rating of B will be required by 2030 before a new or existing lease on a commercial property can continue. As part of our asset management strategy, we are therefore undertaking a review of our buildings with an EPC rating of C and below, and preparing asset management plans to improve these ratings to remain ahead of evolving MEES regulations.

In Scotland, where the EPC rating system is different, 23% of our properties hold an EPC rating above an E, 58% hold an EPC of an E. The remaining hold EPCs of F and G. EPC ratings cannot be compared between Scotland and England and Wales due to differences in the methodologies applied. All our properties in Scotland comply with energy efficiency standards in line with 2002 building regulations. We are cognisant of the trend towards tighter EPC

requirements and expect to see industry consultation on this issue in Scotland, following publication of the Scottish Government Heat in Buildings Strategy.

For further information on our activities and priorities, please see the Sustainability section of our Annual Report 2021.

EPC ratings

Impact Area	EPRA Code	Performance measure	Unit of measurement	Impact Area	2020	2021
Certified assets ^[5]	Cert-Tot	Type and number of sustainably certified assets (England & Wales)	% by number	EPC A	5%	3%
				EPC B	29%	32%
				EPC C	54%	53%
				EPC D	12%	12%
				EPC E	0%	0%
				EPC F	0%	0%
				EPC G	0%	0%
		Type and number of sustainably certified assets (Scotland)		EPC A	0%	0%
				EPC B	0%	0%
				EPC C	0%	3%
				EPC D	11%	19%
				EPC E	58%	58%
				EPC F	16%	13%
				EPC G	11%	6%

^[5] Due to differences in the methodologies used to calculate EPCs in England & Wales and Scotland, the two systems are not comparable. The proportion of EPCs by rating in Scotland in 2020 and 2021 do not sum to 100 due to rounding. In Northern Ireland, where we own three properties, all have an EPC rating of C

3. Social and governance performance measures

EPRA Social Performance Measures are outside the scope of this report. Impact Healthcare REIT plc has no direct employees. All administrative functions associated with the management of our portfolio are conducted by our Investment Manager, Impact Health Partners LLP, which is a separate legal entity.

Governance

EPRA Governance Performance Measures relate to the board of Impact Healthcare REIT plc. The board comprises six non-executive directors, of whom five are considered independent. The sixth is independent of the Investment Manager but is not considered to be independent because he is a representative of the Company's largest shareholder.

Two board members have significant experience relating to social and environmental topics: Independent Non-executive Director, Rosemary Boot, previously served as finance director of the Carbon Trust and is currently a trustee and member of the finance and management committee of the Green Alliance, and a co-founder and director of Chapter Zero; Independent Non-executive Director, Amanda Aldridge, is a non-executive director and chair of the audit and risk committees of the Low Carbon Contracts Company Limited and The Electricity Settlements Company Limited.

For full background information on our Governance performance measures, including a profile of the board, a description of our nomination procedures and processes for managing potential conflicts of interest, please see pages 48-49, 64, 77 and 84 of our Annual Report, and section 4.13 of the Company prospectus.

Board composition

Impact Area	EPRA Code	EPRA Name	Unit of measure	Indicator	2021
Governance - Board composition	Gov-Board	Composition of the highest governance body	#	Non-executive board members	6
			#	Independent non-executive board members	5
			Years	Average tenure on the governance body	3.75
			#	Independent/non-executive board members with competencies relating to environmental and social topics	2
Governance - Board selection	Gov-Select	Nominating and selecting the highest governance body	Description	Please see our annual report, section 'Nomination Committee report' pages 70 to 73	
Governance - Conflicts of interest	Gov-Col	Process for managing conflicts of interest	Description	Please see section 4.13 of the Impact Healthcare REIT plc prospectus ^[3] for information on approach to managing potential conflicts of interest.	

^[3] https://www.impactreit.uk/wp-content/uploads/2022/01/Project-Javelin-Prospectus-PDF-FINAL_.pdf

4. Methodological Notes

Organisational boundaries

This report covers the properties owned by Impact Healthcare REIT plc. The activities of our Investment Manager, Impact Health Partners LLP, who is responsible for all management and administrative functions, are outside the scope of this report as it is a separate legal entity.

Coverage

All absolute performance measures relating to electricity, fuels and associated GHG emissions cover the properties leased and managed by our registered providers, and therefore represents tenant obtained data. Data coverage represents 104 out of the 110 properties within our portfolio for electricity (representing 5766 out of 6052 registered beds), and 96 properties for gas (representing 5,411 beds). Achieving high coverage for data for which we do not have operational control reflects our strong relationships with our tenants and shared understanding of our environmental impact. We continue to engage with our tenants to collaborate on data sharing and will endeavour to maintain our progress in this area.

Like-for-like performance measures include properties for which we have collected three years' worth of consistent, non-estimated data. They exclude properties sold, acquired or under development between 2019 and 2021. Our like-for-like portfolio therefore represents 49 out of 50 applicable properties for electricity consumption, and 44 out of 45 applicable properties for gas consumption.

Building certifications cover 100% of the 110 properties in our portfolio.

Boundaries – reporting on landlord and tenant consumption

All properties are leased to single occupiers on FRI leases, meaning there is no landlord-obtained consumption. We have thus reported zero consumption for the main EPRA environmental sBPR Performance Measures. In keeping with good practice, we disclose tenant-obtained consumption (i.e. from bills that the tenants receive directly from the utility supplier) in separate tables.

Estimation of landlord-obtained utility consumption

All tenant-obtained data included in our like-for-like portfolio is 100% based on meter readings and invoices. For properties included in our absolute portfolio, consumption data is estimated if we acquired the property during the 2021 calendar year. In these instances, we have estimated consumption by dividing the annual consumption by 12 months, and multiplying the average monthly usage by the number of months that property was owned by Impact Healthcare REIT. On this basis, the following estimations apply:

- 0 % of tenant-obtained electricity consumption is estimated for Elec-Abs
- 0 % of tenant-obtained gas consumption is estimated for Fuels-Abs

Analysis - Normalisation

For Impact Healthcare REIT plc, absolute and like-for-like Performance Measures are by far the most important indicators to disclose and track for tenant-obtained consumption. We report intensity metrics (using the number of

registered beds as the denominator) where this provides a useful benchmark to compare the performance of our care homes.

Analysis – Segmental analysis (by property type, geography)

Segmental analysis is provided for Energy Performance Certificates (EPCs), as EPC ratings are not comparable between England and Wales and Scotland.

Reporting period

Absolute Performance Measures are reported for the most recent reporting year (2021). Like-for-like performance measures are reported for the three most recent years that we can collect consumption data (2019, 2020 and 2021).

Intensity metrics are reported for the most recent reporting year, and are calculated for properties that we have owned for the full reporting year to avoid estimations.

Disclosure on own offices

The Performance Measures exclude data from our registered office in London (as it is not occupied by the company) and the activities of our Investment Manager. Utilities associated with our Investment Manager's own office consumption and employee-related Performance Measures are excluded as they fall outside the scope of our organisational boundaries.

Data verification and assurance

All data generated is reviewed for consistency and coherence before released into the company reporting database. External verification or assurance by a third party is not currently undertaken.

Materiality

During 2019 we undertook a strategic review to determine our approach to sustainability issues, develop our environmental and social policies, and bring these together with governance into our overarching ESG policy, along with a data-gathering exercise to determine the baseline for these elements of our performance.

The review included a comprehensive materiality assessment to identify the material sustainability issues for Impact Healthcare REIT plc. The assessment included four external tests to understand stakeholder views, peer practices, the legislative environment and investor expectations, along with an internal review against our business model and strategy. Following a validation exercise, we identified 12 material topics that reflect our direct impacts and our ability to influence positive change through our portfolio. They include:

1. Transparent disclosure
2. Corporate Governance
3. Investor attraction and retention
4. Energy and carbon
5. Accessibility
6. Tenant attraction & retention
7. Local government, community & NGO relations
8. Building health, well-being & productivity

9. Climate change adaptation
10. Demographic change
11. Building labels and standards
12. Sustainable procurement

Following this assessment, the following EPRA Performance Measures are not considered material. We have therefore excluded them from our reporting:

Performance measure	Explanation
Water-Abs, Water-LfL & Water-Int	All water consumption is the direct responsibility of our tenants and therefore outside our operational control. Unlike energy and carbon, there are also fewer opportunities for us to influence the water consumption of our tenants.
Waste-Abs & Waste-LfL	All waste is the direct responsibility of our tenants and therefore outside our operational control. Unlike energy and carbon, there are also fewer opportunities for us to influence the waste practices of our tenants.
Diversity-Emp Diversity-Pay Emp-Training Emp-Dev Emp-Turnover H&S-Emp	Impact Healthcare REIT plc has no direct employees. All administrative functions associated with the management of our portfolio are conducted by our Investment Manager, Impact Health Partners LLP, which is a separate legal entity and therefore outside the organisational boundaries of this report.
H&S-Asset H&S-Comp	Due to nature of our lease arrangements, all maintenance work, including health and safety assessments, are conducted by our tenants and Impact Healthcare REIT plc has no operational oversight.
Comty-Eng	Due to nature of our lease arrangements, Impact Healthcare REIT plc has no direct interaction with communities where its assets are located.