



IMPACT
Healthcare REIT

EPRA Sustainability Best Practices Performance Report

For the year ended 31 December 2022





1. Introduction

We believe that a robust approach to environmental, social and governance matters (“ESG”) is intrinsic to our sustainable business model. We are continuing to evolve and update our approach to ESG matters to ensure that it is reflective of both our, and our key stakeholders’, interests. As EPRA members we choose to report on our ESG impacts in accordance with the 3rd edition of the EPRA Sustainability Best Practice Recommendations (sBPR). This is our 2022 report and is our fourth EPRA sBPR report, following Gold Awards for the previous three years.

Our approach to ESG is underpinned by three pillars which form the basis of our new ESG strategy, approved by the Board in March 2023 and published in June 2023.

Environmental	– Strategic investment in our portfolio to improve environmental impact.
Social	– Having a positive impact on the people living and working in our homes.
Governance	– Robust governance and transparent reporting to all stakeholders.

We are focused on making sure our assets are as environmentally sustainable as possible and ensuring that our portfolio is resilient to the physical and transitional risks of climate change. Our environmental objectives are summarised as Pillar 1 of our ESG strategy (below). More information can be found in our Annual Report 2022 and website.

Pillar 1: Strategic investment in our portfolio to improve our environmental impact			Aligns with the following UN Sustainable Development Goals:
Our objectives	How we do it	Metrics	
<ul style="list-style-type: none"> ▪ Ensure all assets achieve a minimum of EPC Grade C by 2026 and a minimum of B by 2030 ▪ Ensure our portfolio is net zero by 2045 ▪ Ensure our portfolio is resilient to climate change 	<ul style="list-style-type: none"> ▪ Investing in assets that are highly energy efficient or have the potential to be with further capex ▪ Modelling the carbon footprint of the portfolio and implementing our net zero strategy and plan ▪ Investing in asset management projects to improve energy efficiency ▪ Climate change scenario planning 	<ul style="list-style-type: none"> ▪ Percentage of assets with EPC of C or higher ▪ Number of assets with improved EPC ▪ Carbon intensity of portfolio in Kg CO₂e/m²/year ▪ Embodied carbon associated with developments and extensions ▪ Percentage of assets with green leases ▪ Absolute carbon emissions 	 

The information in this report provides an account of our performance against the material sBPR Performance Measures that were identified as part of our updated materiality assessment conducted in 2022 (see Materiality notes below). It is designed to complement our Annual Report 2022, which includes further information on our new ESG strategy and our progress in 2022 and priorities for 2023 and beyond.

2. Sustainability Performance Measures

At the end of 2022, our portfolio comprised 135 properties, with 7,416 CQC registered beds all of which are leased on a full repairing and insuring (FRI) basis to our tenants, who are established healthcare providers. The following data relates to tenant-obtained consumption at 126 out of the 135 properties owned by Impact Healthcare REIT plc where we have been able to obtain data. Energy data is obtained through meter readings provided by our tenants. Where we have owned a property for only part of the year, we have pro-rated the energy consumption based on our period of ownership.

Energy and emissions

Absolute

- During 2022, total tenant-obtained energy consumption from electricity and gas across our portfolio was 70,668 MWh (2021: 61,502 MWh).
- Inclusive of all energy sources (LPG and biomass) our total energy consumption was 73,426 MWh (2021: n/a).
- The absolute energy intensity (electricity and gas) of the properties included in our portfolio was 10,615 kWh per bed in 2022 (2021: 10,666 kWh per bed), a reduction of 0.5%.
- In 2022, absolute Scope 3 GHG emissions from tenant obtain totalled 12,982 tonnes CO₂e compared to 11,609 tonnes CO₂e in 2021. Adjusted for energy consumption from biomass and liquid fuels the CO₂e for 2022 was 13,521 CO₂e.
- The GHG emissions intensity of our full portfolio was 1.95 tonnes CO₂e per bed (2021: 2.22 tonnes CO₂e per bed).

Although our tenants are outside our operational control as independent legal entities, we work collaboratively to share data and identify opportunities to reduce the environmental impact of the properties such as asset management opportunities, improved energy efficiency and on and off-site renewable energy. Tenant engagement on energy efficiency is a key part of our net zero plan for 2023.

For further information on our activities and priorities, please see the Responsible Investment section of our 2022 Annual Report and the [ESG section of our website](#).

Environmental performance measures (landlord-obtained)

Impact Area	EPRA Code	Performance measure	Unit	Scope	2022 Absolute	2021 Absolute
Energy	Elec-Abs; Elec-LfL	Total electricity consumption	MWh	Total landlord-obtained electricity	0	0
	DH&C-Abs; DH&C-LfL ¹	Total district heating & cooling consumption	MWh	Total landlord-obtained electricity	n/a	n/a
	Fuels-Abs; Fuels-LfL	Total fuel consumption	MWh	Total landlord-obtained fuels	0	0
	Energy-Int	Building energy intensity	kWh/bed/year	Building energy intensity	n/a	n/a
Greenhouse Gas	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	t CO ₂ e	Direct - Scope 1	0	0
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	t CO ₂ e	Indirect – Scope 2 (location-based)	0	0
				Indirect – Scope 2 (market-based)	0	0
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	t CO ₂ e	Indirect – Scope 3	See separate tenant-obtained table below	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	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	2022 Absolute	2021 Absolute	% change
Energy	Elec-Abs (tenant obtained);	Total electricity consumption	MWh	Total tenant-obtained electricity	18,077	16,732	8%
	Elec-LfL (tenant obtained)		%	% from renewable sources	n/d ²	n/d ²	
	DH&C-Abs (tenant obtained);	Total district heating & cooling consumption	MWh	Total tenant-obtained electricity	n/a	n/a	
	DH&C-LfL (tenant obtained) ¹						
	Fuels-Abs (tenant obtained);	Total consumption	MWh	Total tenant-obtained electricity	52,592	44,769	17.5%
	Fuels-LfL (tenant obtained)		%	% from renew-able sources	n/d ²	n/d ²	
Energy-Int (tenant obtained)	Building energy intensity	kWh/bed/year	Building energy intensity	10,615	10,666	-0.5%	
Greenhouse Gas	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions from tenant obtained electricity and gas	Tonnes CO ₂ e	Indirect – Scope 3	13,521	11,609	16.5%
	GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	Tonnes CO ₂ e/bed/year	Scope 3 greenhouse gas (GHG) emissions	1.94	2.01	-2.8%

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

² Our tenants are responsible for electricity procurement, and we do not know the nature of energy supply mix.

Like for like

To assess longer term trends, we have analysed consumption and GHG emissions over a four-year period. 2019 forms our baseline year from which we assess the energy performance. The like for like assessment includes only assets for which we have at least one year’s full data. We have assessed our portfolio on an absolute basis and on an average per bed basis.

Over the four-year period:

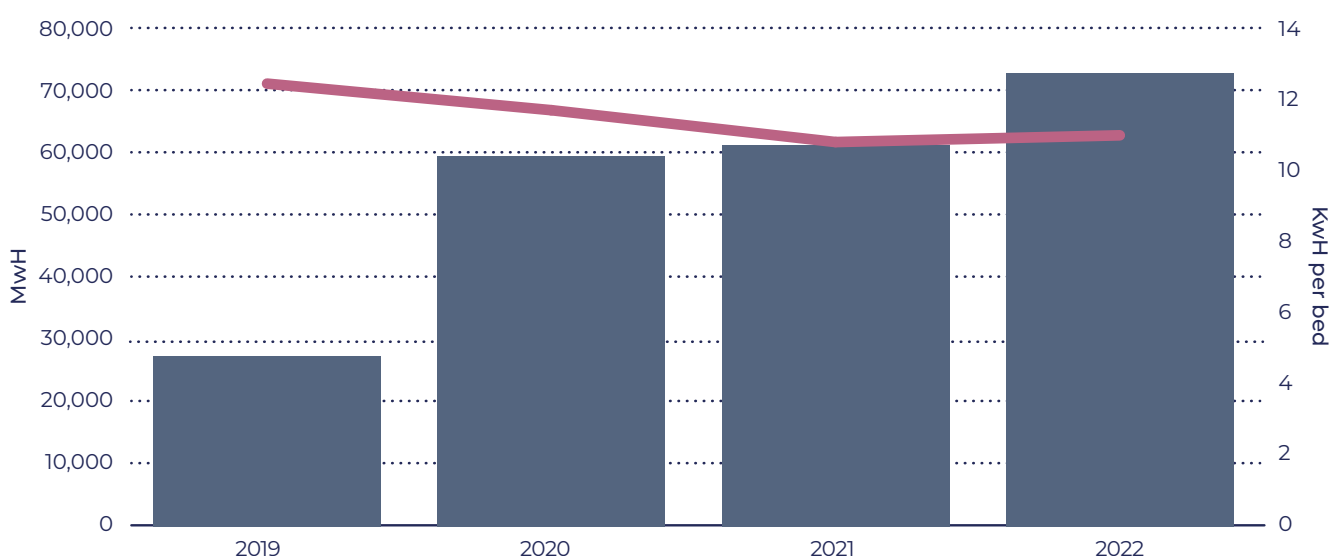
- Energy consumption per bed decreased by 12% from 2019 to 2022. There was an increase of 2% from 2021 to 2022 which is due to the inclusion of biomass and LPG fuels which have not previously been reported. Excluding biomass and LPG the energy consumption per bed would be 10.27 Kwh per bed a decrease of 3.75%.
- GHG emissions per bed decreased by 38% from 3.1 tonnes CO₂e per bed to 1.94 tonnes CO₂e per bed from the period 2019 to 2022 and by 5% from 2021 to 2022.
- GHG emissions have decreased at a higher proportion due to changes in the DEFRA carbon factors to reflect higher percentage of renewable energy in the grid.

Energy Consumption

Year	Number of beds included in data	Absolute Consumption (MWh)	Average per bed (Kwh)	Year on year change
2019	49	27,506	12.32	0%
2020	96	59,793	11.57	-6%
2021	104	61,502	10.67	-8%
2022	126	73,121*	10.86	2%

Total Energy Consumption and Average Consumption per bed

■ Absolute Consumption (MWh) ■ Average per bed (Kwh)



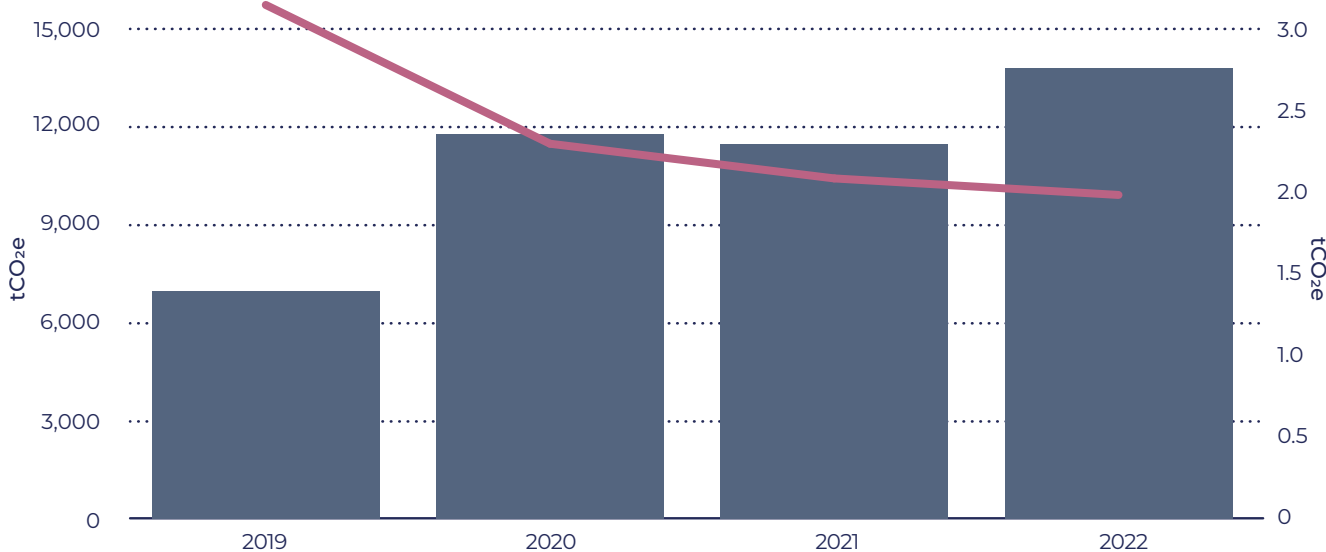
CO₂e Emissions

Year	Number of beds included in data	Total Emissions (tCO ₂ e)	Emissions per bed (tCO ₂ e)
2019	49	6,898	3.09
2020	96	11,640	2.25
2021	104	11,334	2.04
2022	126	13,641*	1.94

* includes LPG and biomass

CO₂e Emissions absolute and per bed

■ Total Emissions (tCO₂e) ■ Emissions per bed (tCO₂e)



Environmental performance measures (Investment Manager)

Impact Healthcare REIT plc's portfolio has no reportable direct or indirect (Scope 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.

Impact Area	EPRA Code	Performance measure	Unit	Scope	2022 Absolute	2021 Absolute	% change
Energy	Elec-Abs	Total electricity consumption	kWh	Total Investment Manager electricity	5,470	5,623	-3
Energy	Energy-Int	Investment Manager energy intensity	kWh/FTE	Average kWh electricity consumption per FTE in year	521	655	-21
Greenhouse Gas Emissions	GHG-Indir	Total indirect greenhouse gas (GHG) emissions	t CO ₂ e	Indirect – Scope 2 (location-based)	1.1	1.2	-12
Business Travel		Business travel – Land – Car	t CO ₂ e	Scope 3 – Private vehicles (incl. WTT ³)	3.8 ⁵	1.0	+275
		Business travel – Land – Air		Scope 3 – Flights (With RF incl. WTT ⁴)	1.6	3.0	-46
		Business travel – Land – Rail		Scope 3 – Rail (incl. WTT ⁴)	1.2	0.2	+493

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.

⁵ Higher business mileage as more visits were made to care homes following easing of Covid-19 restrictions.

Building certifications

Building certifications relate to energy performance certificates (EPCs) in place across our portfolio. 43% of our properties in England and Wales have an energy performance certificate of A or B (2021: 35%), whilst 44% have a C rating (2021: 53%) and 13% a D (2021: 13%).

As part of our net zero plan we have undertaken a review of the EPCs of the properties in our portfolio. Initially, our focus is on those properties currently rated C or below. In anticipation of tightening Minimum Energy Efficiency Standards (MEES), we are preparing asset management plans to identify interventions and timescales to improve environmental performance.

We have disclosed data on properties located in Scotland separately as the EPC methodology and rating differs to England and Wales and is not directly comparable. All properties comply with energy efficiency standards in line with the 2002 building regulations. Similar to the rest of the UK, we expect energy efficiency standards to tighten in Scotland and our net zero plan is inclusive of properties in Scotland. In Scotland, 18% of our properties hold an EPC rating above an E (2021: 22%), 59% (2021: 58%) hold an EPC of an E and 24% are rated F or G (2021: 19%).

For further information on our activities and priorities, please see the Responsible Investment section of our Annual Report 2022 (pages 28-41).

EPC ratings

Impact Area	EPRA Code	Performance measure	Unit of measurement	Impact Area	2021	2022
Certified assets⁶	Cert-Tot	Type and number of sustainably certified assets (England & Wales)	% by number	EPC A	3%	3%
				EPC B	32%	41%
				EPC C	53%	44%
				EPC D	12%	13%
				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	3%	3%
				EPC D	19%	15%
				EPC E	58%	59%
				EPC F	13%	12%
				EPC G	6%	12%

⁶ 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 2021 and 2022 do not sum to 100 due to rounding. In Northern Ireland, where we own five properties, two are band B and three are band C.

3. Social and governance performance measures

Pillar 2 of our sustainability strategy identifies the objectives and metrics for our social impact. We believe that our investments have a positive impact on people living and working in our homes.

Pillar 2: Having a positive impact on the people living and working in our homes			Aligns with the following UN Sustainable Development Goals:
Our objectives	How we do it	Metrics	
<ul style="list-style-type: none"> Support health and well-being of vulnerable people Ensure access to quality and value for money care for both the publicly funded and private-pay sectors 	<ul style="list-style-type: none"> Investing in quality buildings and actively monitor care provider performance Developing close partnerships with operators through formal and informal engagement Conducting detailed due diligence on long-term need for care Maintaining balance of private and publicly funded residents 	<ul style="list-style-type: none"> Tenant satisfaction survey Affordability of rental payments to tenants Proportion of publicly funded and private-pay residents Independent impact report CQC ratings 	  

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

Pillar 3 of our ESG strategy demonstrates how we believe that transparent and clear reporting is intrinsic to the success of our business.

We aim to:

- Create and maintain strong partnerships with tenants (existing and new) to ensure good governance and business practices are implemented to reduce risk to residents, staff and our business e.g. employment policies and practices, quality assurance plans and information on staff training.
- Be open and transparent with all stakeholders.
- Maintain high standards of business practice in accordance with the IM’s signatory status of the UN Principles of Responsible Investment.

Pillar 3: Robust governance and transparent reporting to all stakeholders			Aligns with the following UN Sustainable Development Goal:
Our objectives	How we do it	Metrics	
<ul style="list-style-type: none"> Be transparent with all stakeholders Maintain robust corporate governance Proactively listen and engage with public and private stakeholders 	<ul style="list-style-type: none"> Maintain clear disclosures on operational performance Maintain policies on supplier code of conduct, anti-money laundering and bribery Manage the business in accordance with our responsible investment policy Engage with tenants on good governance practices 	<ul style="list-style-type: none"> Investment Manager’s UN PRI submission EPRA sustainability rating 	

EPRA Governance Performance Measures relate to the board of Impact Healthcare REIT plc. In 2022 the board comprised six non-executive directors, of whom five were considered independent. The sixth was independent of the Investment Manager but was not considered to be independent because he was 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 75-81 of our Annual Report, and section 4.13 of the Company prospectus.

Board composition

Impact Area	EPRA Code	EPRA Name	Unit of measure	Indicator	2022
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	4.75
			#	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 78 to 81	
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 ⁷ for information on approach to managing potential conflicts of interest.	

⁷ https://www.impactreit.uk/wp-content/uploads/2022/01/Project-Javelin-Prospectus-PDF-FINAL_.pdf

4. Overarching recommendations

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 126 out of the 135 properties within our portfolio for electricity and gas. 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 are the absolute and average per bed energy consumption and associated CO_{2e} emissions for the years 2019 to 2022 for the properties in our portfolio for which we have this data.

Building certifications cover 100% of the 135 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 2022 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 (Jan-Dec 2022). Like-for-like performance measures are reported for the four most recent years that we can collect consumption data (2019, 2020, 2021 and 2022).

Intensity metrics are reported for the most recent reporting year with energy consumption pro-rated for properties we have not owned for the full reporting period.

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. Data is consistent with that disclosed in our audited annual report and accounts 2022 (page 39).

Materiality

In 2022, we updated the materiality assessment we originally carried out in 2019 and used the results to help inform our new ESG strategy. We based the areas of questioning on the UN PRI's Real Estate and Healthcare guidelines and the relevant industry metrics defined by the Sustainability Accounting Standards Board (SASB).

The materiality assessment included input from board members, representatives of the Investment Manager, care home operators and two financial institutions, representing equity and debt. We had strong engagement with our stakeholders and they recognised that we have taken steps to further embed ESG considerations in the business.

We rated the issues we identified on their importance to our stakeholders and the potential impact on our business. The table below categorises the most important items into environmental, social and governance issues, and between those we can influence directly and those where we have indirect influence, as the ultimate responsibility lies with our tenants.

	Environmental	Social	Governance
Direct Influence	Energy efficiency Carbon Reduction	Close collaboration with care home operators Refurbishment of care homes Enabling provision of affordable care	Governance and policies for our operations, acquisitions and disposals Stakeholder engagement Transparent reporting
Indirect Influence	Physical impacts of climate change Water and waste management	Supporting residential care and wellbeing of residents. Employee wellbeing, training and retention	Responsible management of management of care homes

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 the 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 the nature of our lease arrangements, Impact Healthcare REIT plc has no direct interaction with communities where its assets are located.