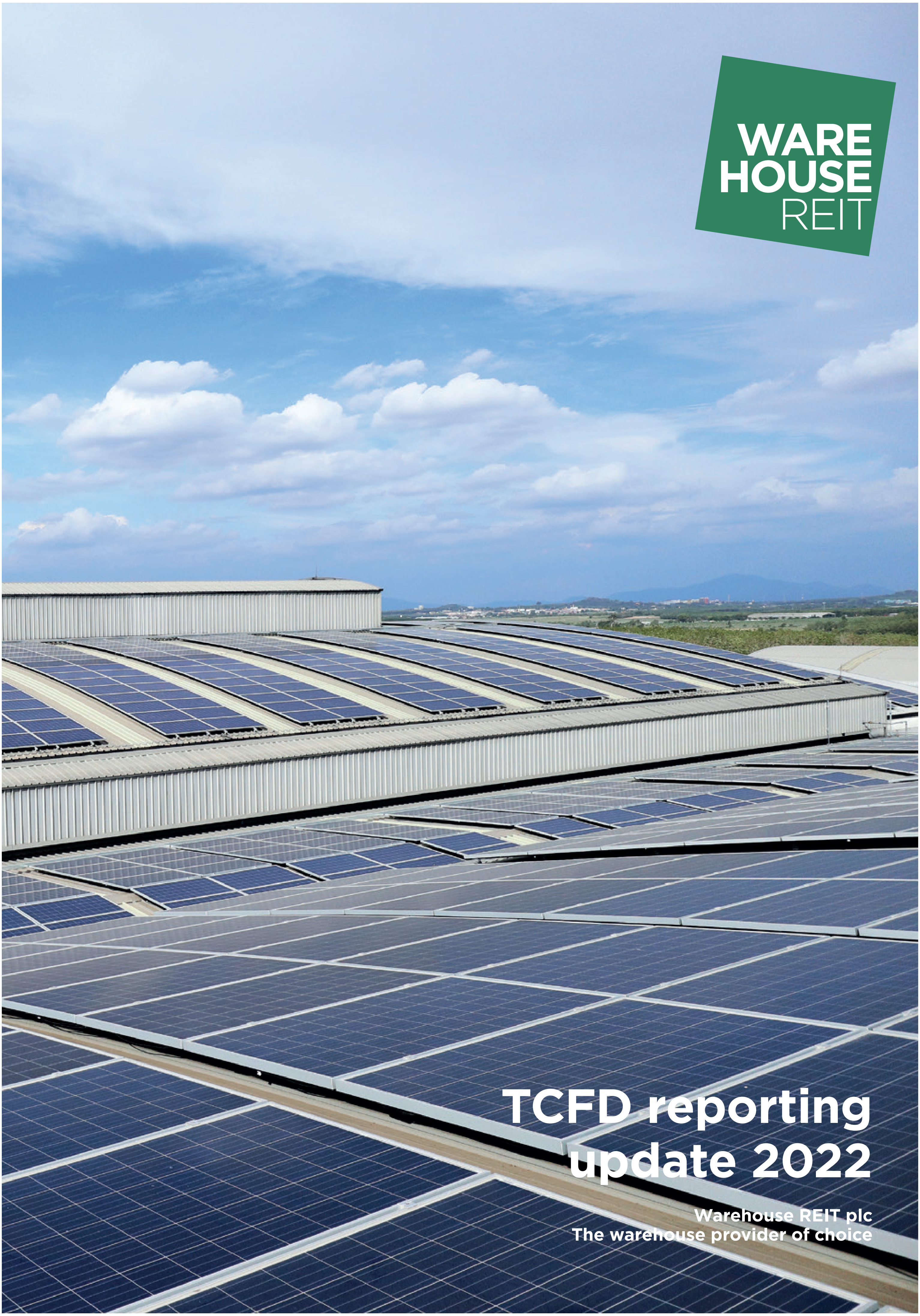


WAREHOUSE REIT

TCFD reporting update 2022

Warehouse REIT plc
The warehouse provider of choice

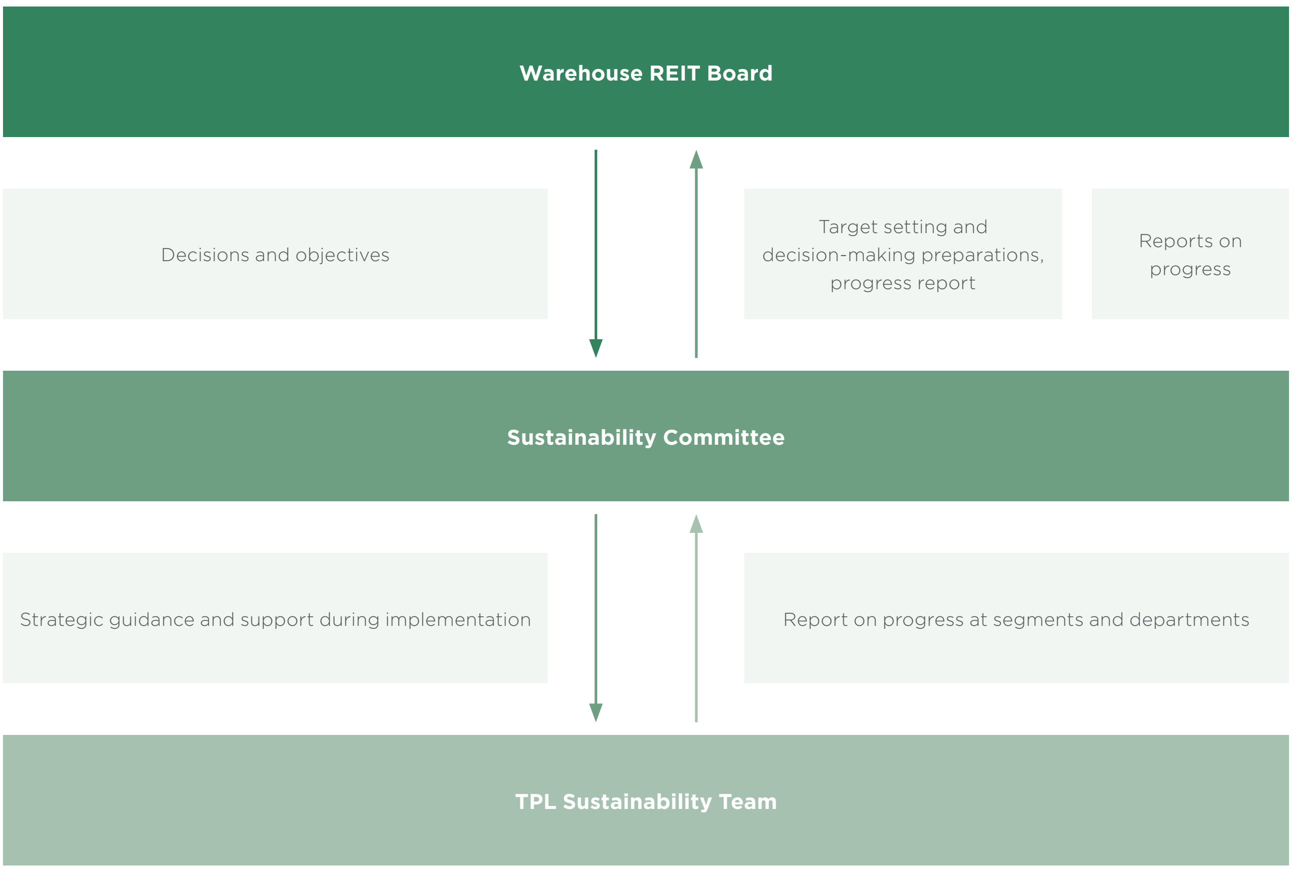
TCFD reporting update

Despite no obligations to report against the Task Force on Climate-related Financial Disclosures ("TCFD"), in 2020 we provided a disclosure against the four recommendations. This year we engaged with external support from JLL to conduct a gap analysis, allowing us to report on the 11 specific disclosures. We will continue to develop our understanding of climate-related risks and opportunities, with the intention to undertake climate scenario assessments. This will inform our management of climate-related impacts as our governance, risk management, strategy and metrics evolve to incorporate this issue.

Recommendation	Commentary
Governance	
01. The Board's oversight of climate-related risks and opportunities	The Board is ultimately responsible for the Group's risk management, including climate-related risks. Environmental, social and governance ("ESG") is increasingly an important issue and is on every board agenda. The Board has oversight of the agreed ESG roadmap and sets the risk appetite for the Group. The Audit Committee is involved in identifying, assessing and managing risks, including climate-related risks. The Audit Committee, which meets at least twice a year, is responsible for reviewing the risks across the risk register. It determines which risks are considered principal risks, along with assessing and scoring risks. The Sustainability Committee, which meets three times a year, is comprised of members from the Board and the Investment Advisor. It oversees the formulation and implementation of the Group's ESG strategy, external ESG reporting, reviewing ESG-related risks and making recommendations to the Audit Committee regarding inclusion in the Group's risk management practices. The Chair of the Sustainability Committee reports to the Board on a quarterly basis, and the Sustainability Committee makes recommendations to the Board as appropriate. Aimée Pitman chairs our Sustainability Committee, which has oversight of performance towards long-term goals. The Investment Advisor oversees the implementation of the roadmap and drives the action towards achieving our long-term goals. Risks, including climate-related risks, come in through the risk register and are then reviewed by the Board and Audit Committee. The impact of climate change on our portfolio has been included as a principal risk in our Annual Report. This year we plan to formulate climate-related goals and targets following our climate impact analysis and net zero project, in part, to better understand our risks. In doing so, we will increase the Board's ownership of climate-related risks and opportunities.

Recommendation	Commentary
Governance	
02. Management's role in assessing and managing climate-related risks and opportunities	The Investment Advisor is responsible for carrying out the mission of the Board and implements the risk management strategy through forming the strategy, developing the action plan, and ensuring its completion. The Investment Advisor coordinates stakeholder interests, looks at underlying assets and drivers in terms of engagement with occupiers, sets regulation and manages risks. For climate-related risks and opportunities, the Investment Advisor sits on the Sustainability Committee along with three members of the Board. The Property Managers manage the day-to-day operational activities. This gives them clear insight into gathering data, including climate-related and environmental data, that then informs the Board and the Investment Advisor's ability to monitor performance against strategic long-term objectives. Through the Investment Advisor's asset managers and the Property Managers, there is a clear line of dialogue with occupiers, which provides the Board with clear communication regarding significant risks, including climate-related risks. A detailed overview of our governance structure can be found below.

Overview of roles and responsibilities



TCFD reporting update continued

Recommendation	Commentary
Strategy	
03. Climate-related risks and opportunities identified over the short, medium and long term	Climate change is seen as a principal risk. We are planning to identify our climate-related risks across our short, medium and long-term scenarios. Climate change factors into several of the five key risk areas (business, compliance, financial, operational, and reputational). We see the impact of climate change as a principal business risk, while another business risk lies in not meeting sustainability targets or demonstrating ESG intent. We recognise operational risks such as regulatory risks regarding the costs for compliance, as well as costs arising from breach of environmental regulation. We have identified climate-related risks and opportunities in our ESG strategy which includes roadmap actions as well as long-term objectives. The opportunities we have identified in our ESG strategy cover a broad range of actions related to improving the usage of our buildings. We aim to increase energy and resource efficiency across our portfolio, increase our understanding of occupier needs related to ESG, and improve our climate-related data collection and reporting. We have identified the following direct risks: • adverse weather events impacting properties; • increasing costs of supplies or disruption to supplies for maintenance and development; • increasing cost of utilities; • additional regulatory burden and an increasing risk of non-compliance, because of the complexity and volume of regulation arising; • properties not meeting occupier requirements relating to energy efficiency or logistics; and • impact on property values/rents, if assets are not developed or maintained to appropriate modern standards. We have identified the following indirect risks: • impact on investor interest and our reputation compared to our peers; and • inability to access funding through green bonds, or similar.

Recommendation		Commentary
Strategy		
04.	Impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	Climate change could have a considerable impact on the Group's strategic objectives. As such, we consider it to be a principal risk for the Group and it affects reporting and investment strategy. We have created a sustainability strategy with four pillars: creating a resilient portfolio, reducing our footprint, supporting our occupiers, and responsible business foundations. To enable us to achieve these objectives, we have included a sustainability budget into our financial modelling processes. Sustainability feeds in throughout the entire business and the property life cycle, in terms of actions such as looking at what assets to purchase, avoiding assets in the flood plain, and thinking about how assets might perform in terms of energy consumption. We aim to extend the life expectancies of our buildings and reduce carbon emissions associated with construction and demolition through our strategy of recycling and upgrading assets. This is done by improving energy efficiency, upgrading existing buildings, and developing surplus land. We target buildings that could respond well to capital expenditure in sustainability measures. In terms of our climate strategy for asset management, we work with occupiers to reach sustainable targets. In this regard, we use occupier ESG questionnaires to understand tenant needs and aspirations, seek to identify carbon emission reduction initiatives, and work to improve our monitoring strategy with our EPC consultant. We have drafted standards that set out the items that asset managers need to consider during the refurbishment process. Additionally, while EPC ratings have been integrated into our business already, the process of improving ratings and making sure all buildings have been rated is accelerating.
05.	Resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	While resilience is integrated in our business strategy and within our organisation, we aim to improve our resilience by heightening our understanding of climate-related risks. To do so, we are in the process of partnering with a third-party consultant to perform a climate-related risk assessment that will enable us to analyse and understand the effects of our key material climate-related risks against our portfolio and assets. This will allow us to understand and implement mitigation measures to reduce our exposure to climate-related risks. We plan to complete this assessment in the next year.

TCFD reporting update continued

Recommendation	Commentary
Risk management	
06. Describe the organisation's processes for identifying and assessing climate-related risks	Our risk framework includes four actions to identify, assess and manage risks – capture, evaluate, manage and mitigate, and monitor. Risks on the risk register are scored on probability and impact and are assessed based on the severity of financial, environmental and brand impacts. The risk register is used to identify our priority climate-related risks and opportunities, which are then brought to the Board's attention. The Investment Advisor assists in the understanding of the risk framework, implementation of its measurement activities, and compliance with those activities. During this process we work with a third party to identify and assess risks as well. The Investment Advisor considers emerging and existing regulation requirements via our dedicated resource, when assessing climate-related risks. The Sustainability Committee oversees ESG-related risks and makes recommendations to the Audit Committee regarding inclusion in the Group's risk management practices. We aim to describe a wider range of climate-related risks and develop more specific mitigation strategies.
07. Describe the organisation's processes for managing climate-related risks	To manage climate-related risks, we have updated our risk register and risk management process for ESG considerations. We have included climate change as a principal risk on our risk register. Compliance risks associated with climate change are also listed on our risk register. These are monitored as part of our wider risk management process. This year we implemented EPRA reporting to better understand our exposure to climate-related risks. At an asset level, we manage climate-related risks through measuring EPC ratings and targeted upgrades. During our pre-acquisition due diligence process, we look at environmental risks, including flood risk assessments and energy ratings, to reduce our exposure to climate-related risks. Additionally, we plan to survey our top 30 occupiers to better align our assets with sustainability targets and to target reporting on energy performance.
08. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	All principal risks, including climate change, are considered a priority. Principal risks are captured in the corporate risk register, which is regularly reviewed by the Board and Audit Committee as well as by the Investment Advisor. The material impacts that climate change could have on the business are listed in the risk register, and climate change as a risk has been given a probability and impact score. This is assessed as it pertains to the consequences for the underlying value of the assets and for returns to shareholders. To ensure that risks are integrated into the overall risk management strategy, the Investment Advisor elevates the risks to Board level. The Board's assessment determines the list of principal risks, which are the most material risks. Through this process, climate change was determined to be a principal risk for the business. In the review process, the Audit Committee oversees reviewing corporate risks and risks that the Board considers to be principal.

Recommendation		Commentary
Metrics and targets		
09.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	We report in line with EPRA Sustainability Best Practices Recommendations for sustainability reporting and issue our EPRA tables within our Annual Report (see pages 18 and 19). We use a range of metrics to track our susceptibility to our identified material climate risks and opportunities. These include: • Scope 1 and 2 carbon emissions • Energy consumption in kWh in absolute and like-for-like terms • Energy intensities for Scope 1 and 2 emissions • Water consumption To supplement our quantitative measures, we also assess key qualitative measures, including EPC ratings, to build a holistic view of our portfolio's performance.
10.	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks	We disclose Scope 1 and 2 greenhouse gas emissions in our Annual Report. These have been calculated and reported in alignment with the GHG Protocol Corporate Accounting and Reporting Standard.
11.	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	We have developed a long-term roadmap which will drive us towards our sustainability objectives. Specific targets used will updated as applicable. A net zero project is underway; the results will mean further measurable metrics for the Company.

Warehouse REIT plc
33 Cavendish Square
London
W1G 0PW
020 3102 9465

www.warehousereit.co.uk