

Materiality Assessment to Identify Sustainability Priorities

Introduction

Tritax is developing a long-term sustainability strategy to tackle its most pressing sustainability-related risks and opportunities.

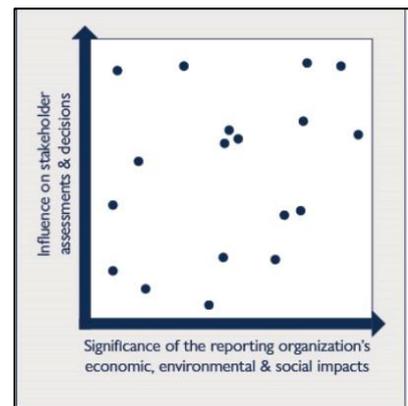
To develop this strategy, the Group carried out a materiality assessment to establish which sustainability issues matter most to our stakeholders and the business and which could impact our ability to create value over the short, medium and long term. It is universally recognised by the sustainability community that a materiality assessment is the first step in establishing a sustainability strategy that is suitable for the business. This paper details the materiality process and the results of the assessment for Tritax.

Background

A materiality assessment is the process of identifying, refining, and assessing numerous potential environmental, social and governance issues that could affect your business, and/or your stakeholders, and condensing them into a prioritised short-list of topics that will inform company strategy, targets, and reporting. The value of the exercise is to inform decision-making, providing focus on the issues that could affect the ability of the business to create value for its stakeholders.

Sustainability covers a very broad range of issues that have varying levels of importance to a business, depending on its activities. Using the materiality process, a company can identify these priorities in relation its business model.

Visual Representation of Prioritisation of Topics



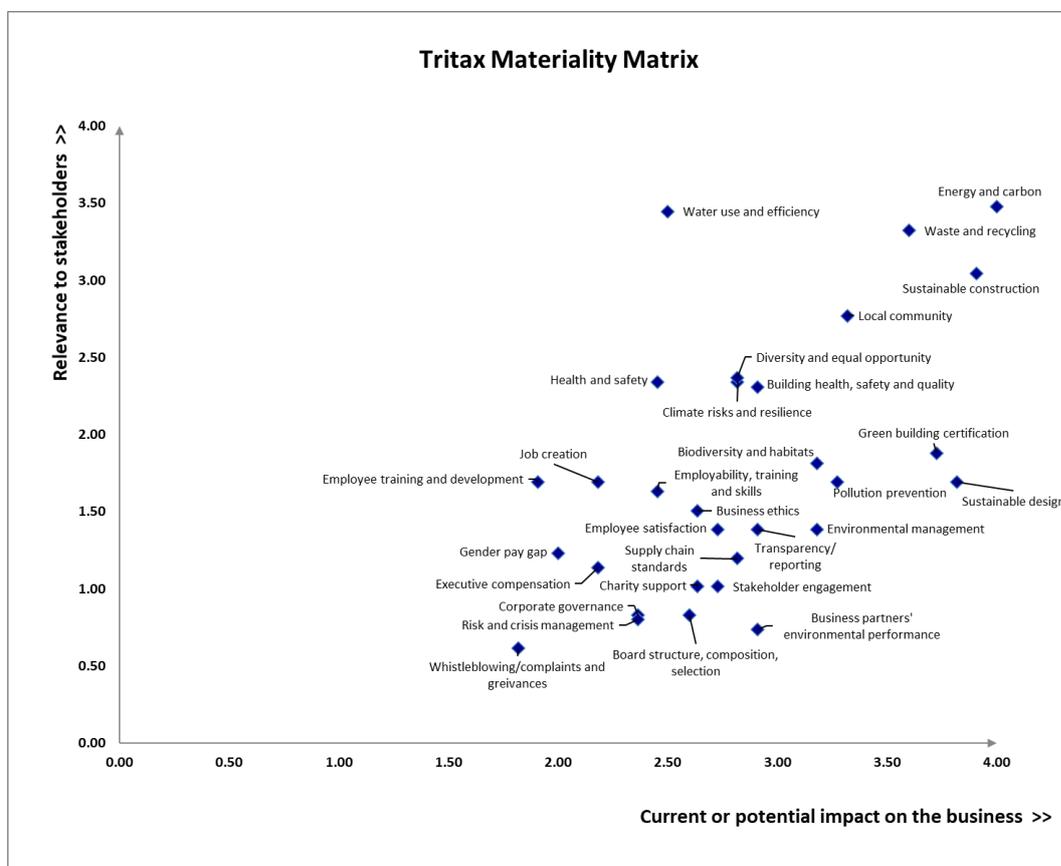
The overall deliverable from the materiality process is a list of prioritised material issues represented in a materiality matrix (right). The matrix plots issues based on their current or potential impact to the business ('X' axis) and the level of interest or concern to stakeholders and influence on their decision-making ('Y' axis).

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Tritax Material Issues

Tritax worked with third party experts to undertake this exercise. The process included desk research and internal workshops – the full details of which can be found in the Annex.



In reviewing the individual sustainability aspects, four clear themes were identified for Tritax:



1. Climate Change
Energy, carbon and climate resilience



2. Biodiversity
Energy, carbon and climate resilience



3. Social Value
Local community, job creation, diversity and equality, supporting Customers and partners' sustainability



4. Green Buildings
Green certification, sustainable design, sustainable construction, building health and safety

As such, we have developed our new long-term sustainability strategy around the core themes of climate change, biodiversity and social value. Sustainable and healthy buildings is central to

the delivery of these core themes, with certification as a key sustainability metric.

The UN Sustainable Development Goals (SDGs)

The United Nations developed the Sustainable Development Goals (SDGs) to advance social, economic and environmental sustainability in 2015. The Goals provide a powerful aspiration for improving our world, setting out what we collectively need to do to by 2030 to achieve sustainable development. All companies play a role in meeting the ambitions of the 17 SDGs, which set out the blueprint for social, economic and environmental sustainability.

Tritax has mapped the relevant SDGs against our material issues and have identified alignment with. The SDGs are integrated with our Big Goals and targets:

Goal 8: Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 11: Sustainable Cities and Communities

Make cities and human settlements inclusive, safe, resilient and sustainable.

Goal 13: Climate Action

Take urgent action to combat climate change and its impacts.

Goal 15: Life on Land:

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Annex: Process for Materiality Assessment

Identifying material issues for Tritax

1. *Initial research phase to define scope*

Initial research into Tritax, the sector and the business context, to identify the most relevant sources and considerations for developing a long list of issues including:

- Internal information sources
- Common or standard frameworks for sustainability
- Sector or topic specific frameworks
- Peer and competitor companies, for example, REITs and other real estate companies
- Companies in Tritax's full value chain, including customers and logistics companies

2. *Identifying a long list of issues using external sources*

To develop the long list of issues for Tritax, the following primary research sources were used:

- Internal information:
 - Responsible business sections of group and operating company websites (Tritax Big Box, Tritax EuroBox, Tritax Property Income Fund and Tritax Symmetry); individual policies (environment; diversity; health and safety; data protection and modern slavery); Tritax Group principal risks and uncertainties
- Standards and frameworks:
 - GRESB (sector); EPRA (sector); DJSI (investor community); Sustainalytics real estate sector report (investor community)
- Industry bodies:
 - UK Green Building Council (UK GBC)
- Peer and competitors:
 - Segro; Turner Morum; M7 real estate; Mayfair Capital; Columbia Threadneedle; Secure Income REIT
- Other leading real estate companies:
 - Land Securities (UK); British Land (UK); Dexus (AUS – global DJSI sector leader)
- Customers and logistics:
 - Deutsche post/DHL, UPS

We also conducted a stakeholder engagement exercise focussed on our Purpose and brand. We interviewed 16 external stakeholders from across our six identified stakeholder groups. The interviews included discussion on ESG priorities. The findings were cross referenced against the long list of issues.

3. *Refining the long list of issues*

The research resulted in a long list of 66 issues. A number of steps were taken to refine the list:

- Combine some granular issues to create a list of 50 issues in total. For example:
 - Climate risk + climate resilience = climate risk and resilience (as they are linked – resilience is about dealing with the climate risk)
 - water use + water efficiency + water recycling = water use and efficiency
 - energy use + energy efficiency + renewable energy + GHGs = energy and carbon

- Refine the research sources to avoid an imbalance. The final research sources included:
 - three internal sources
 - four external sustainability frameworks (2 x investor-related (DJSI and Sustainalytics), 2 x real estate specific (GRESB, EPRA))
 - One industry body (UKGBC)
 - Five peer/competitor companies (3 x competitors, 2 x peer companies)¹
- Cross reference: cross reference with pre-edited list for any anomalies
- Write issue definitions

¹ M7, Mayfair Capital. Peers: Segro, Landsec, British Land

4. External prioritisation

The long list of 50 issues was prioritised from an external perspective based on the frequency that the issues were referenced within the 13 stakeholder research sources. This ranking provided the priority level of the top 50 issues and the top 30 of this list were taken forward for prioritisation at an internal stakeholder workshop.

5. Internal prioritisation workshop

A workshop was held with 12 internal stakeholders. The internal stakeholders were asked to score the importance of the refined list of 30 issues between 1 – 4 (1=lower importance, 4=higher importance) and to identify any issues they felt were missing or obvious opportunities for grouping issues together.

6. Plotting the issues onto a matrix

Following the internal prioritisation exercise, the priority level of the issues from the internal and external exercises were plotted on a matrix, showing the internal priority on the x-axis and the external priority on the y-axis.