

2022

Net Zero Carbon Pathway Report

Grosvenor Property UK

People. Planet.
Positive



Foreword



Since the inception of our net zero strategy in 2020, we have made significant strides in our sustainability journey. We're really proud to report a 32% reduction across all carbon emissions since our 2019 baseline. A key aspect of our success lies in the strong collaboration we have fostered with our main partners on this journey: our suppliers and occupiers. Through initiatives such as our SME Supplier Mentoring Programme, we have seen significant reductions in reported emissions. This collaborative approach has not only strengthened our relationships, but has also positioned us as a leading force in driving sustainability principles within our sector.

To make a broader impact and contribute to the decarbonisation of the real estate industry, we have also worked closely with our peers and engaged the wider

sector in collectively driving efforts to mitigate carbon emissions. For instance, our involvement in the **Heritage and Carbon Report** initiative demonstrates our commitment to driving positive change on a larger scale.

In pursuing our sustainability goals, we recognise the importance of data, for transparency, trust, accountability and to ensure our actions and resources are effectively targeted. We are continuously working to enhance our understanding of our emissions profile and the impact of business decision making. By leveraging data insights, we can identify areas for improvement, optimise resource utilisation, and capitalise on sustainable practices to enhance business outcomes.

As we look to the future, sustainability remains at the core of our vision. We will be further strengthening our efforts,

embracing innovative technologies, and exploring new opportunities to continue making a positive impact on the environment. In particular, we are committed to retrofitting our standing portfolio, and developing best-in-class low carbon buildings.

Our overarching goal is to lead the real estate industry in sustainable practices and drive meaningful change, not only for our stakeholders but for the broader global community. We live in a climate emergency and through continued collaboration, data-driven decision-making, and a focus on decarbonisation alongside our other sustainability goals, we are determined to be part of the solution.

Ed Green
Director of Sustainability
Grosvenor Property UK



Our pathway to net zero

59.1k
tonnes CO₂e



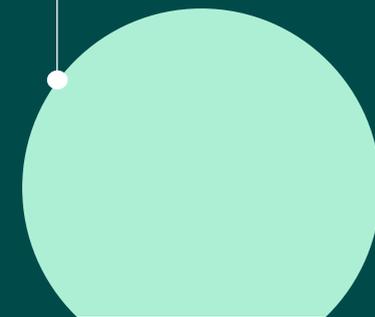
At least
520%
reduction across
all scopes

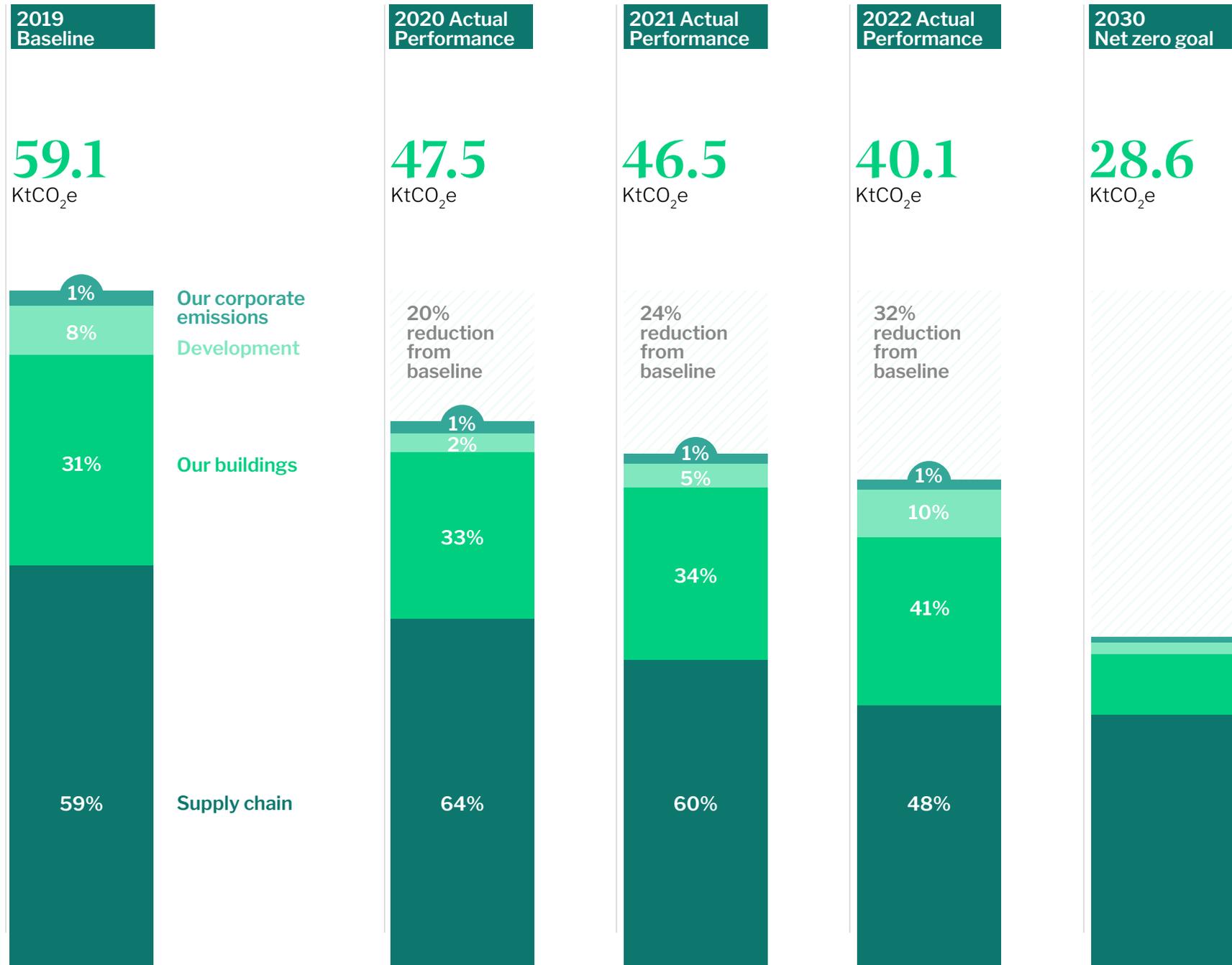
28.6k
tonnes CO₂e

2019
Baseline

2025
Carbon neutral across all scopes

2030
Net zero





2022 pathway update

For 2022, we reported a reduction of c. 6,400 tonnes from 2021, representing a 32% reduction against our 2019 baseline. This sees us remain firmly on track to achieve the 52% reduction by 2030 from on our original Science Based Target aligned pathway.

This reduction reflects the continued transformation of our business. We are particularly delighted with the progress we've made with suppliers, working in close collaboration to help them understand and reduce their emissions by setting their own Science Based Targets.

For the first time our report includes actual emissions data for over 44% of our supplier spend with the jump driven by the free mentoring programme we delivered which helped 29 SME partners gain a Science Based Target. This shift away from industry benchmarks allows more precise reporting and represents best practice.

We are also pleased with the progress of our Energy Savings Fund, having retrofitted 600,000 sq ft of commercial and residential space between 2020 and the end of 2022. We are yet to see much of the impact of this in our reported emissions, as the majority was completed in the latter half of 2022. However, we expect that from 2023 we will start to see the emissions reductions as a result of our retrofit programme.

The further reduction in emissions we have achieved from 2021 is particularly strong given it is our first pathway update where building occupancy and energy demand has not been affected by COVID restrictions.

Footnotes for chart:
 1. Actual emissions were calculated using methodology consistent with our Net Zero Carbon Pathway. Full details can be found on: www.grosvenor.com/goingforzero
 2. We have calculated our actual emissions from our value chain, i.e., our direct (Scopes 1 and 2) and indirect (Scope 3) emissions under the Greenhouse Gas Protocol, and compared these back to the pathway we produced in 2020.



Our buildings

Progress report

12% reduction in overall emissions (c. 2200 tCO₂e) since 2019, with an 8% reduction in our London portfolio from 2021.

We delivered our retrofit programme across 400,000 sq ft in our London portfolio in the year, doubling the 200,000 sq ft we completed in 2021. Due to most of this work occurring in Q3 and Q4 2022, we have not yet seen the full impact on our emissions. However, we expect to see reductions from increased building efficiency in coming years. Notably, we have replaced some of our largest gas

boilers with energy efficient air source heat pumps, leading to a 28% reduction in gas consumption on a like-for-like basis since 2021. However, balancing sales, the acquisition of seven regional office buildings and increase of our stake in Liverpool ONE in the year led to a marginal overall increase in emissions versus 2021.

The roll out of smart meters in our directly managed portfolio is an important tool for us to gain better insights into our buildings' energy consumption and we are now exploring new innovations to accelerate this ability. Over the coming years, we expect to

complete this rollout to achieve our goal of 100% smart meter coverage for our directly managed portfolio by 2025. This goal was originally set for 2022, however activity slowed in light of other priorities, including Covid-19. We believe that driving data insight and accuracy is one of our key tools for change.

In a further step forward, over 300 of our directly managed leases are signed up to green lease clauses. This gives us the structure to increase the use of renewable energy in our properties, enhancing data sharing and collaboration opportunities.

This year, we are also restating our emissions from 2021 as we had not included all emissions from our Liverpool ONE asset. This has increased our total reported emissions from 44.7k tCO₂e to 46.5k tCO₂e in 2021.

As highlighted in our original pathway, there remains a tension between heritage assets and energy efficiency. This year we provided further evidence to help drive heritage retrofit, highlighting ways to address the skills gap in retrofitting heritage buildings with The National Trust, The Crown Estate, Peabody and Historic England.

Our targets

Achieve Net Zero Carbon Pathway compliant energy use intensity targets by 2030 for all property types.

Our tools

£90m retrofit programme

Ringfenced Energy Savings Fund to improve the energy efficiency of our existing buildings.

Green leases

Clauses designed to make going green easier and more cost-effective for occupiers and support ongoing collaboration.

To radically decarbonise the built environment, we need to address the retrofit skills gap. This year, in partnership with The Crown Estate, Historic England, the National Trust and Peabody, we published the second paper in our Heritage and Carbon campaign which highlights the significant need for a skilled workforce to adapt heritage buildings for the future.

Case study

Heritage & Carbon: Addressing the Skills Gap

The report underscores the need for specialised knowledge and training to balance heritage conservation with sustainable practices. It emphasises the importance of upskilling professionals in the real estate and conservation sectors to address this critical challenge effectively. Bridging this skills gap should contribute to a more environmentally conscious future for historic buildings and the communities they serve.

An area of opportunity identified in the report, was to increase funding for historic retrofitting through the Apprenticeship Levy. As a result, Grosvenor has pledged up to £50,000 of its Apprenticeship Levy transfer per year to support the development of heritage retrofit skills.



Progress report

16% reduction in overall emissions, with all inflight developments below their embodied carbon targets.

As anticipated, emissions have risen compared to 2021 due to the completion of three development projects. This increase was foreseen and aligns with our original pathway. Pleasingly, these projects were delivered well below our Net Zero Pathway emissions intensity targets, with all but one achieving embodied emissions below the 2025 target of 500 kgCO₂e/m² set during their design phase.

To ensure that our developments remain on track with our sustainability objectives, we rely on our Sustainable Development Brief. This tool ensures that we incorporate leading sustainable credentials and targets in our projects, covering nine key aspects of sustainability, including climate resilience, wellbeing, and resource use. We are committed to regularly updating and improving these requirements as we advance in industry best practices and gain insights from our development projects.

**Our targets**

All developments must be low embodied carbon (less than 500 kgCO₂e/m²) from 2025, achieve Net Zero Carbon Pathway compliant Energy Use Intensity targets and be all electric.

Our tools**Sustainable Development Brief**

This tool uses industry best practice to ensure that our developments meet the highest environmental and social standards.



Development

*All projects completed
in 2022 were
refurbishments*

Case study

Development of the Ice Factory

In 2022, we repurposed 27 Eccleston Place, revitalising a former Ice Factory into a mixed-use destination known as The Ice Factory. It achieved 368 kgCO₂e/m², significantly below our 500kgCO₂e/m² 2025 goal, largely due to retaining the structure and retrofitting as much as possible rather than building new.

One innovation adopted was the use of cemfree concrete, an advanced cement-free alternative that contributes to reducing carbon emissions during the construction process. By embracing cutting-edge materials like cemfree concrete, we ensured that our development aligns with our mission of creating sustainable and environmentally responsible spaces.



Supply chain



Progress report

46% reduction in overall reported emissions, with 52% of suppliers by spend with a Science Based Target.

Reducing supply chain emissions by 46% since 2019 marks a significant milestone in our sustainability journey. We are proud of the collaborations we've created with our partners, but also about improving data and the growing transparency and accuracy in our reporting.

52% of our suppliers by spend now have a Science Based Target, an improvement of 10% from last year and well above our 2030 target of 40%. To incentivise our partners, we're taking a proactive approach to procurement. From 2023, we intend to only award contracts over £1 million to suppliers with Science Based Targets and this threshold will be incorporated in to our 2023 tender for major services for our London portfolio as well as other ongoing procurement processes.

39% of our supply chain's emissions are now based on reported data - a notable improvement of c. 20% from 2021. We have learnt that, by

working with best in class suppliers who share our commitment to decarbonising the built environment, we are able to achieve reductions in reported emissions compared to the industry benchmarks our pathway was based upon.

However, achieving success does not come from simply imposing demands on suppliers. We recognise the challenges some organisations face and the reliance of our historic portfolio on specialist expertise. To support smaller suppliers, we developed and delivered a SME Supplier Mentoring Programme in 2022 — a free award-winning initiative that empowered 29 SMEs we partner with to map and reduce their carbon footprints, and achieve a validated Science Based Target. This will account for 65,000 tonnes of carbon eliminated by 2030 and, as of January 2023, increased the number of UK SMEs with Science Based Targets by c20%.

Our tools

Supply Chain Charter

This commits both us and our partners to working together towards aligned environmental and social goals.

Our targets

40% of suppliers by emissions to set a Science Based Target by 2030.



Thanks to Grosvenor's support we've been able to accelerate the rate at which we've scoped our emissions and put targets in place.

Rachael Owens,
Head of Sustainability
Buckley Gray Yeoman

Case study

SME Supplier Mentoring Programme

Building on our experience of achieving a validated science-based target in 2021, Grosvenor introduced a groundbreaking programme in partnership with local non-profit, Heart of the City. Designed to aid SME partners with under 500 employees, the initiative helped them establish science-based emissions targets and reduce their carbon footprint, aligning with the objective of limiting global warming to 1.5°C.

It has proved instrumental in enhancing our data collection capabilities, reducing our reliance on estimates for our 2022 supplier-focused emissions data.



Corporate

*Our corporate
HQ is now fossil
fuel free*

Progress report

As expected, corporate emissions remained at a similar level as 2021, representing a reduction from 2019 of 16% and in line with our pathway.

Our travel and hybrid working policy has seen business travel reduced further from 2021, with 100 tCO₂e emitted, a 65% reduction from 2019.

Waste volumes reduced by 9% since 2021. However, we are seeking continual improvements in this through a 2023 waste audit and ongoing staff education programme. This has included improving knowledge of recycling and how to minimise waste while introducing new recycling streams.

We also set up a public drop-off point for hard-to-recycle waste streams, including personal hygiene products, flexible plastics and food containers.



emissions



Renewables

Renewables

We continue to enhance our infrastructure while seeking ways to optimise on-site energy generation. This encompasses both our retrofit strategy for existing structures and our approach to energy generation in newly developed properties.

As signatories of RE100, we ensure that all electricity directly procured by us is sourced from 100% renewable energy sources.

Moreover, as we work to extend the utilisation of renewable energy contracts throughout our entire portfolio, we are working to engage with occupants to encourage them to procure renewable energy through our green leases. Additionally, we are exploring various avenues for investment in renewable energy projects and corporate power purchase agreements.



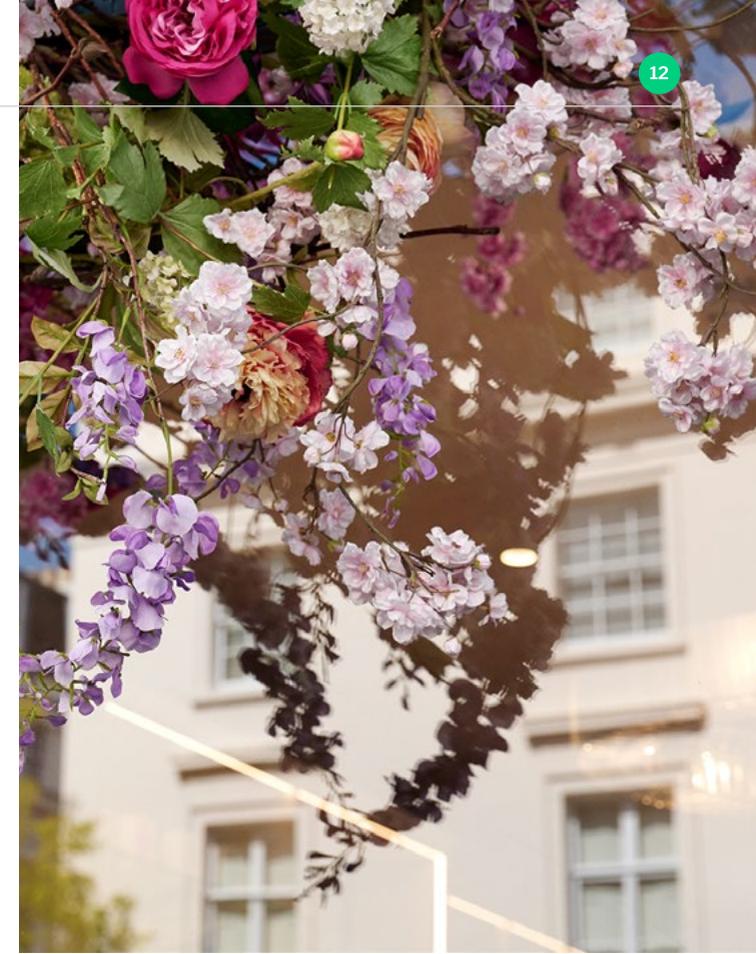
Offsetting

We have taken proactive measures to accelerate our offsetting strategy and we remain committed to achieving carbon neutrality across all scopes by 2025, while we drive down emissions.

Our aim is to first reduce emissions as much as possible, and only then use offsetting for the remaining amount. Throughout 2022, we offset 1,582 tonnes of CO₂e for our corporate emissions and the embodied emissions from our developments.

*For 2022 we
have offset 1,582
tonnes of CO₂e*

& Offsetting



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