

Going for Zero

Our 2020 Pathway Report







On the road to Zero



Last year we accelerated our commitment to climate action, launching an ambitious strategy to cut our emissions and reach net zero by 2030, subsequently verified by the Science Based Targets initiative.

Our first progress report is inevitably skewed by the impact of COVID on business activity and building occupancy in 2020.

Nevertheless, thanks to huge efforts across our teams and partners, we remain firmly on track to become net zero carbon by 2030.

One of our biggest achievements is the progress on our £90m energy efficiency programme. In 2021 we will complete over 175 projects across Mayfair and Belgravia saving over 1,000 tonnes of carbon.

In addition, almost 100 occupiers have signed up to Green Leases, pushing the total area of our properties powered by renewable energy to 28%.

The publication of our offset strategy is another major milestone. It completes our net zero pathway and commits us to be carbon neutral across all scopes in 2025, five years earlier than originally planned.

We recognise the complexities of the offsetting market and accelerating our timeline will ensure better quality partnerships and environmental outcomes. However, it does not diminish our efforts on emissions reduction.

As a COP26 Built Environment Ambassador, I've been championing Race to Zero across the country and it has sharpened our focus on inspiring broader change.

This has motivated us to support a cohort of suppliers through the process of setting Science Based Targets in 2022. Sharing our recent experience can help effect greater change faster and encourage more businesses to look beyond the emissions they directly control to their wider impact.

Tor Burrows,
Executive Director,
Sustainability & Innovation

Introduction

Last year, we launched our aggressive reduction pathway to net zero carbon by 2030, Think Zero, and shared the tools and targets that we were already using to deliver on our commitments.

In 2021, Think Zero, was independently validated by the Science Based Targets initiative as consistent with keeping global temperatures below 1.5°C.

Emissions reduction remains our priority as a business and we will reduce our footprint by at least 52% before 2030. We have now also published our offsetting strategy which outlines how we will accelerate our original offsetting timeline by 5 years, becoming carbon neutral across all scopes by 2025.

Think Zero includes emissions from our whole value-chain, including direct (Scope 1/2) emissions and indirect (Scope 3) emissions, which are not addressed by all with climate commitments.

The tools to deliver our pathway are clearly set out, including £90m ring-fenced for energy efficiency innovation and investment. Together with our previous retrofit programme, we will invest £115m+ in our properties between 2013-2030, with a programme of over 175 projects already completed or underway in 2021.

This year has been unprecedented and has caused hardship for businesses, communities and families. However, despite the challenges posed by the pandemic, we are going harder and faster to deliver our goal of becoming net zero carbon by 2030 and following a climate positive approach.

Our first Net Zero Carbon Pathway report shares our progress and what we have learnt in the first year of delivery.

Grosvenor Britain & Ireland

We are long-term placemakers with a portfolio of properties in London, Oxfordshire, Cambridgeshire, Birmingham, Manchester and Liverpool. Using our 340 years of experience, we see ourselves as stewards of these places and builders of new communities. We have a responsibility to ensure our buildings and places are resilient to climate change and fit for the future, mitigating our impact on global temperatures by transitioning rapidly to net zero carbon.

Our Pathway to net zero

59.1k
tonnes CO₂e

Reduce
demand

Increase
renewables

Offset
residual
emissions

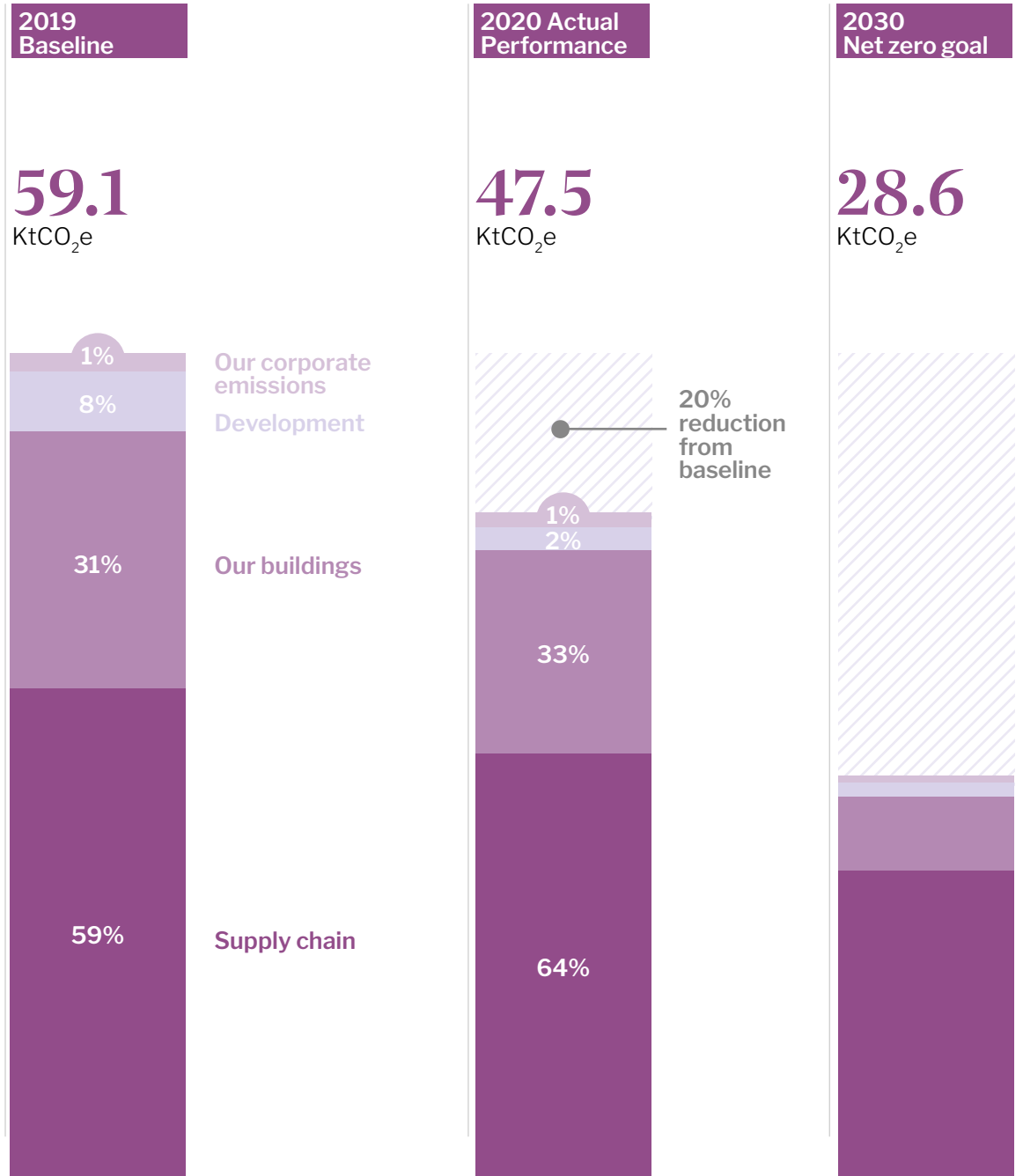
At least
52%
reduction across
all scopes

28.6k
tonnes CO₂e

2019
Baseline

2025
Carbon neutral across all scopes

2030
Net zero



2020 pathway update

↓
 In 2020, our emissions reduced by over 11,000 tonnes of CO₂e or 20% compared to our 2019 baseline, exceeding our target for the year by 15%.

This reduction was predominantly from our buildings and our supply chain; however a significant proportion of this is attributable to the impact of Covid-19 lockdowns on building occupancy and business activity levels.

Nevertheless, we remain firmly on track to deliver against our goal of becoming net zero carbon by 2030.

Our buildings
 Emissions from energy use within our buildings fell 15% year on year, mainly due to a significant drop in occupancy levels. We have made great progress with our occupiers, with over 100 signed up to the green leases we launched in 2020 and 28% of our managed floor area powered by 100% renewable electricity.

Development
 No large development projects were delivered in 2020, but several smaller projects were completed, including the embodied carbon from the first of our £90m energy efficiency and retrofit programme.

Supply chain
 Supply chain emissions reduced by 15% in 2020. This was consistent across all categories, but particularly in repairs and maintenance, reflecting the impact the pandemic has had on everyday business activity.

Our corporate emissions
 Corporate emissions reduced by 13% in the year reflecting Covid-19 related office occupancy and business travel, though we have achieved further efficiencies in the operation of our office which will be seen in our 2021 report.

In 2020, our emissions reduced by 20% compared to our 2019 baseline.

Looking ahead
 In 2021 we have continued to deliver our carbon reduction pathway, leveraging the tools and targets we established in 2020. As forecast, overall emissions will increase compared to our baseline in 2021 – this is due to the delivery of several large developments, the impact of acquisitions and occupancy rates returning to normal. While these will temporarily offset reductions in supply chain and buildings emissions, they are built into our reduction pathway model.

Footnotes for chart:
 1. 2020 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 2020 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 last year
 3. With the upcoming launch of SBTi's Net Zero Standard for Corporates, we will assess the implications of this on our NZCP in 2022.

We set ambitious energy use targets in 2020 and we have been working hard to deliver them through our £90m retrofit programme and ongoing occupier engagement.

We have signed almost 100 green leases since their launch in April 2020 and are pursuing over 175 retrofit projects in Mayfair and Belgravia in 2021 that will reduce annual emissions by over 1,000 tonnes.

This represents an average increase in EPC rating from D to B. Our programme this year has cost on average £200 per m² and delivered an annual energy saving of approximately 43,000 kWh per project.

On average our retrofit programme increases EPC ratings from a D to a B.

Reducing emissions in

Our buildings

Our targets

Achieve Net Zero Carbon Pathway compliant Energy Use Intensity targets by 2030 for all property types.

Our tools

£90m retrofit programme

We have set aside £90m to improve the energy efficiency of our existing buildings.

Green leases

We have rolled out clauses designed to make going green easy and cost-effective for occupiers and support ongoing collaboration.

2020 progress

Emissions from energy use within our buildings fell 15% year on year, mainly due to a significant drop in occupancy levels. We have made great progress with our occupiers, with over 100 signed up to the green leases we launched in 2020 and 28% of our managed floor area powered by 100% renewable energy.

Case study

Decarbonising Buckingham Palace Road



We are decarbonising an entire terrace of 15 listed offices on Buckingham Palace Road. The removal of gas fired boilers, in favour of air source heat pumps, will make the terrace fossil fuel free and solar roof tiles will improve renewable energy provision.

Retrofitting the entire terrace in one go has allowed us to be more efficient in the placement of these tiles.

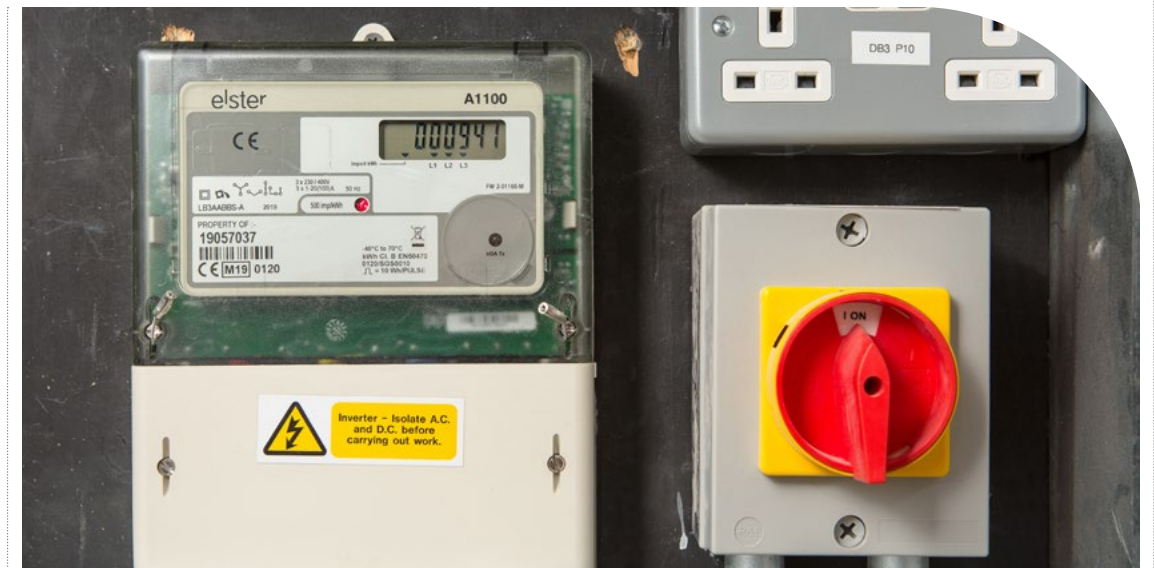
Through these changes, we will save over 300 tonnes of carbon annually and improve the EPC ratings of all the offices to a minimum of B (from ratings ranging from E to C).

↓
Installing secondary glazing, draft proofing and insulation to reduce heat loss



In 2021 175+ retrofit projects will save 1,000+ tonnes of carbon annually

←
Solar roof tiles will improve renewable energy provision



↑
Installing lighting and temperature zone controls to reduce energy use in unused areas

Case study

Liverpool ONE



Liverpool ONE transferred to Grosvenor Britain & Ireland in 2021 and we are developing a bespoke carbon reduction pathway for this major retail destination.

Work to date has focused on energy efficiency improvements including improving escalator efficiency, upgrading public realm and management suite lighting to

LED, as well as speed reduction on pumps and fans. These measures will deliver a 12% electricity saving compared to 2019.

Additionally, we have upgraded the management suite heating and cooling system replacing a gas boiler and upgraded dry air coolers to improve the efficiency of heat rejection.

12%
electricity
reduction
achieved



Case study

Heritage and carbon



Advocacy work to enable the delivery of our net zero goals is an important focus and, in 2021, we led a heritage and carbon campaign.

Historic buildings are central to Britain's culture and economy, but they can also play a leading role in the fight against climate change. To achieve this, five core issues must be addressed: policy, guidance, cost, supply chain skills and capacity in local government.

Over the last year, we have focused on the first of these issues, making the case for changes to national

planning policy. We believe that this should align heritage protection and environmental sustainability much more closely and include policies for carbon reduction in relation to all designated heritage assets, excluding scheduled ancient monuments.

Read our policy report developed with partners including the National Trust and Peabody below.

What next?

We will be launching new retail, office and residential forums to engage occupiers on sustainability and enable collaboration between businesses and people.

As we acquire new assets we will be launching an Investment ESG policy that will guide our investment and asset management plans, including how we work with partners to drive both environmental and social benefits from our activities.

We are undertaking NABERS UK Energy performance certification on several office buildings, to track how this improves our understanding of building performance and providing a benchmark for progress.

Our first steps to a fossil fuel free London portfolio is the replacement of major gas boilers and installing air source heat pumps in smaller properties.

In 2021, this work will reduce consumption of gas we procure in Mayfair and Belgravia by 25%.

We continue to apply our Sustainable Development Brief on all development projects to help us reach our targets for operational energy use and embodied carbon.

Following the publication of our new Offset Strategy all new developments will be delivered net zero carbon and in-flight projects will be carbon neutral as a minimum. All large office developments are being designed to achieve BREEAM Excellent or above.

All new developments will be net zero carbon from 2021

Reducing the impact of

Development

Our targets

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

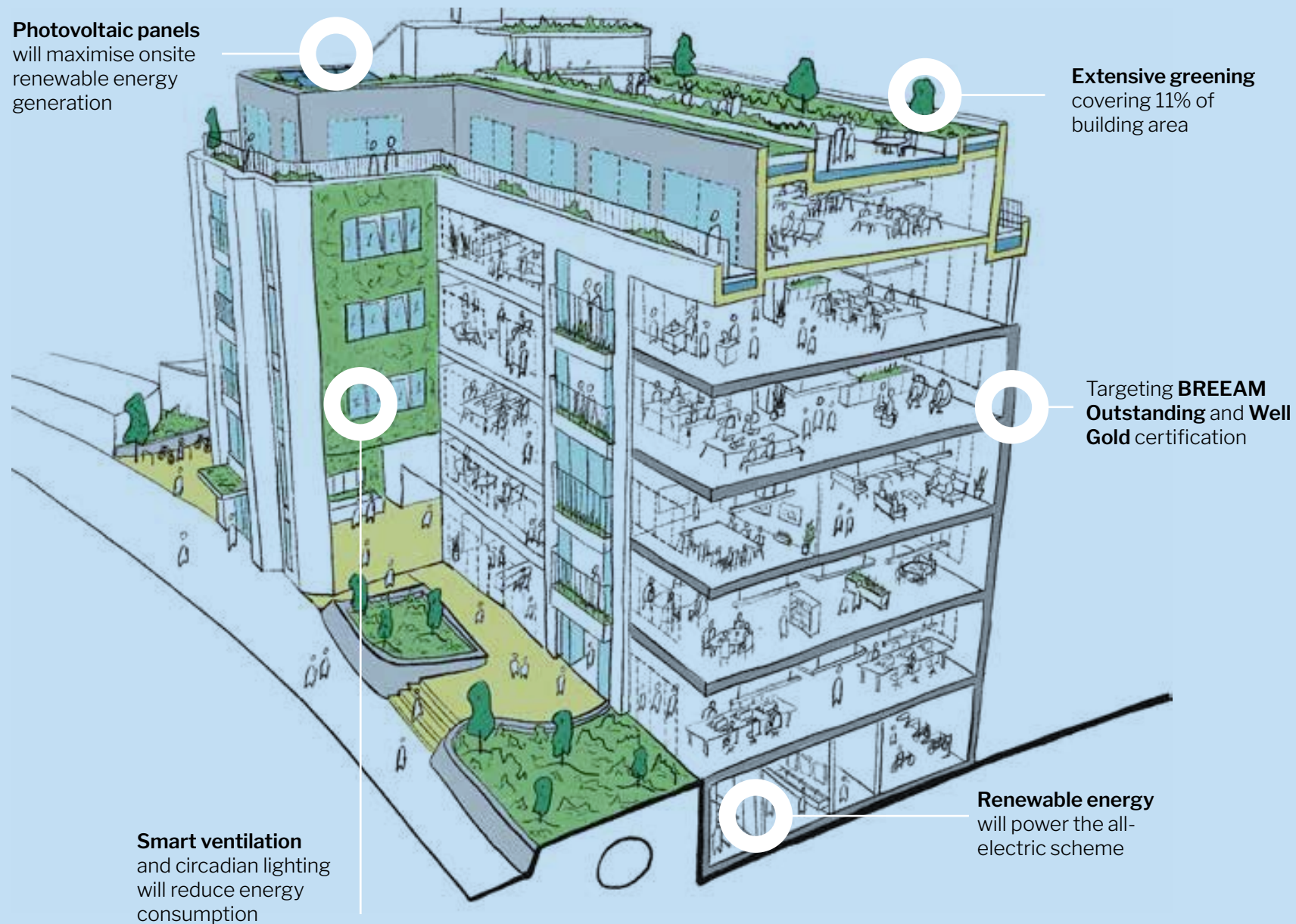
Our tools

Sustainable Development Brief

We have a Sustainable Development Brief that uses industry best practice to ensure that our developments meet the highest environmental standards.

2020 progress

No large development projects were delivered in 2020, but several smaller projects were completed, including the embodied carbon from the first of our £90m energy efficiency and retrofit programme.



Case study

Holbein Gardens



Holbein Gardens is our first net zero carbon office development.

It aims to set a new benchmark for sustainable workplaces and building retrofit through the re-use of materials, and a holistic approach to embodied and operational carbon including a whole life carbon assessment.

Every element of construction has been assessed to achieve net zero.

An early whole life carbon assessment minimised embodied carbon to 350kgCO₂/m², meaning the project will exceed the LETI Pioneer Project target of 500kgCO₂/m².

We're using an innovative approach to materials including cross laminated timber in the extension, CemFree concrete and reclaimed brick and steel repurposed from other sites.

Zero waste will be sent to landfill and strip out waste is being traded on a re-use marketplace.

Case study

Trialling Innovative Technologies



SteelZero: Grosvenor is a founding partner of the SteelZero Forum supporting the transition towards a net-zero steel.

We are following the forum's 'Supply Chain Engagement Guidance Note' to reduce the impact of our South Molton Triangle development, which includes two new steel-framed offices, requiring 3,000 tonnes of steel.

Early results suggest that significant cost, programme and carbon savings are achievable, and this underlines the benefits of early and proactive supply chain engagement in delivering sustainable buildings.

Early supplier engagement is enabling cost, programme and carbon savings



Low carbon cement: We are trialling a low carbon cement alternative, CemFree, which can save up to 80% embodied carbon compared with conventional concrete mixes. Currently, the material is in the process of becoming accredited in the UK so until then its use is limited to light-load, temporary or non-structural elements.

New cement alternatives can save up to 80% embodied carbon vs conventional mixes

What next?

We are working with leasing agents to communicate the environmental impact of our developments to prospective occupiers, helping potential tenants make informed decisions on sustainable building choice.

We are aiming for net zero on site operations across all our major developments. In our Bermondsey development, we are switching from fossil fuels to hydrotreated vegetable oil fuel reducing emissions by up to 90% compared with standard fossil fuels.

A new Masterplanning Sustainable Development Brief will ensure we deliver best practice across our Strategic Land schemes, by working hand in hand with our supply chain and project partners.



Our Supply Chain Charter continues to support suppliers in becoming more sustainable businesses through tailored action plans.

Over 20% of suppliers now share their carbon data via our online reporting tool. And a carbon calculator developed with the Supply Chain Sustainability School helps suppliers understand their carbon impact and identify interventions.

When signing up to our Supply Chain Charter, key suppliers must also report performance data on a quarterly basis and share their approach to reducing emissions.

From 2023, we intend to award all contracts over £1 million to suppliers with a Science Based Target.

Reducing emissions in our

Supply chain

Our targets

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

Our tools

Supply Chain Charter

We have an industry leading Supply Chain Charter that helps us collaborate with suppliers on emissions, waste and materials sourcing. We also offer free training on sustainability for all suppliers through the Supply Chain Sustainability School.

2020 progress

Supply chain emissions reduced by 15% in 2020. This was consistent across all categories, but particularly in repairs and maintenance, reflecting the impact the pandemic has had on everyday business activity.

Case study

Securing sustainable suppliers at 65 Davies Street



The appointment of Multiplex on our 65,000 sq ft office development in Mayfair is the first large construction contract we've awarded factoring in a supplier's achievement of a Science Based Target and ability to exceed the requirements of our Supply Chain Charter.

Their work with their own supply chain to set Science Based Targets (95% by 2023) was also considered when awarding the contract.

They also have extensive experience in sustainable developments including environmental accreditation schemes such as WELL and BREEAM.

This is the first construction contract we have awarded that factored in a supplier's achievement of a Science Based Target



Case study

Accelerating Material Re-Use



When repurposing materials between our own development projects we discovered a gap in industry knowledge and networks for the re-use of materials more broadly.

To overcome this, in 2021 we canvassed 120 built environment professionals, representing the full lifecycle of a building, to find out more about the prevalence of, and barriers to, accelerating material re-use.

The results were showcased through a series of educational webinars and supported the creation of a re-use network which now has over 700 active participants who can request or advertise specific materials.



Case study

Supply Chain Sustainability School



We have been collaborating with the Supply Chain Sustainability School since 2017 to deliver free training to our suppliers. In 2020 there were 134 supplier attendees at workshops with the school, completing 922 e-learning modules, a 500% increase since 2019. The school also provides a powerful communications platform for our suppliers to share learnings and collaborate with others on sustainability. In addition, suppliers have access to a new carbon tool which allows them to calculate their carbon emissions at an organisation level and then apportion to all their clients.

What next?

From 2023, we intend to award all contracts over £1 million to suppliers with a Science Based Target. Our aim is that, by 2030, over 40% of suppliers will have decarbonisation pathways and be signed up to the Science Based Target initiative.

We believe in partnership, and in 2022 we will help a cohort of suppliers to achieve Science Based Target.

This will involve a bespoke programme to enable suppliers to measure their baseline, engage their staff and commit to and deliver against targets.

We are working to reduce carbon emissions from business and employee travel, and our offices, as well as supporting employees to ensure their activities are as sustainable as possible.

Lockdowns have enabled us to trial and implement energy saving interventions at our Head Office.

2020 progress

Corporate emissions reduced by 13% in the year reflecting Covid-19 related office occupancy and business travel, though we have achieved further efficiencies in the operation of our office which will be seen in our 2021 report.

Reducing our

Corporate emissions

Case study

Reducing emissions at our head office

We have been working on a range of initiatives to ensure our head office at 70 Grosvenor Street is as sustainable as possible.



Our building fabric

Lockdowns have enabled us to trial and implement energy saving interventions in plant and machinery.

We have repurposed items we no longer have a use for such as old bike racks, which we donated to a local school.



Our cafe

All single-use plastics have been removed and only cashless payments are accepted.

Digital menus and napkins made from recycled materials reduce paper use.

All food is free range or Fairtrade where available. A consolidated delivery scheme reduces food miles.

Our head office has been powered by renewable electricity for more than five years

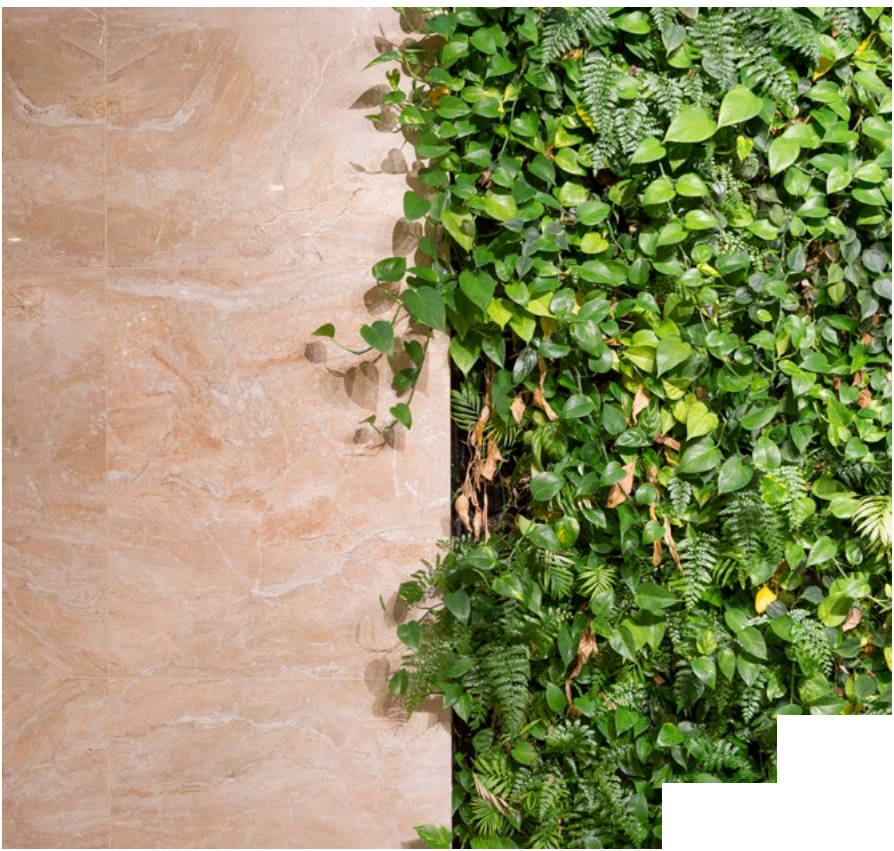


Consumables

Plastic pens have been replaced with refillable bamboo alternatives and notebooks are now made from company shredding.

Plant based, cruelty and phosphate free cleaning supplies are made in Britain by a registered BCorp.

All toiletries are supplied by a small UK carbon neutral, cruelty free and vegan business.



What next?

In 2022, our head office will be solely powered by electricity and heated by an air source heat pump. We will also upgrade our generator to biofuel to ensure we are completely fossil fuel free.

We are also using a hydroponic farm to provide food for our café salad bar with surplus vegetables donated to staff.

Terracycle will be launched – staff, residents and members of the public will be able to drop off specific waste items, which we will then collect and send to Terracycle. The brand owner is then able to recycle it, where it would otherwise end up in incineration or worse, landfill.

Case study

Transforming our culture



Putting sustainability at the heart of how we operate is fundamental to delivering our pathway.

We're enabling employees to understand and integrate sustainability into their roles through our Sustainability Training Academy, which was delivered virtually to all employees during lockdown.

A recent 2021 survey showed that 97% of staff feel that Grosvenor Britain & Ireland has a genuine commitment to sustainability and 81% feel empowered to deliver our goals.



97% of staff feel that we have a genuine commitment to sustainability

Case study

Greener pensions



We are shifting the focus of the Grosvenor pension plan to investments with a lower carbon footprint.

With £350m invested, this is expected to reduce the carbon footprint of the portfolio by 75%, while maintaining required returns.

We have also signed up to the 2021 Global Investor Statement to Governments on the Climate Crisis.

Case study

Sustainable Subscriptions



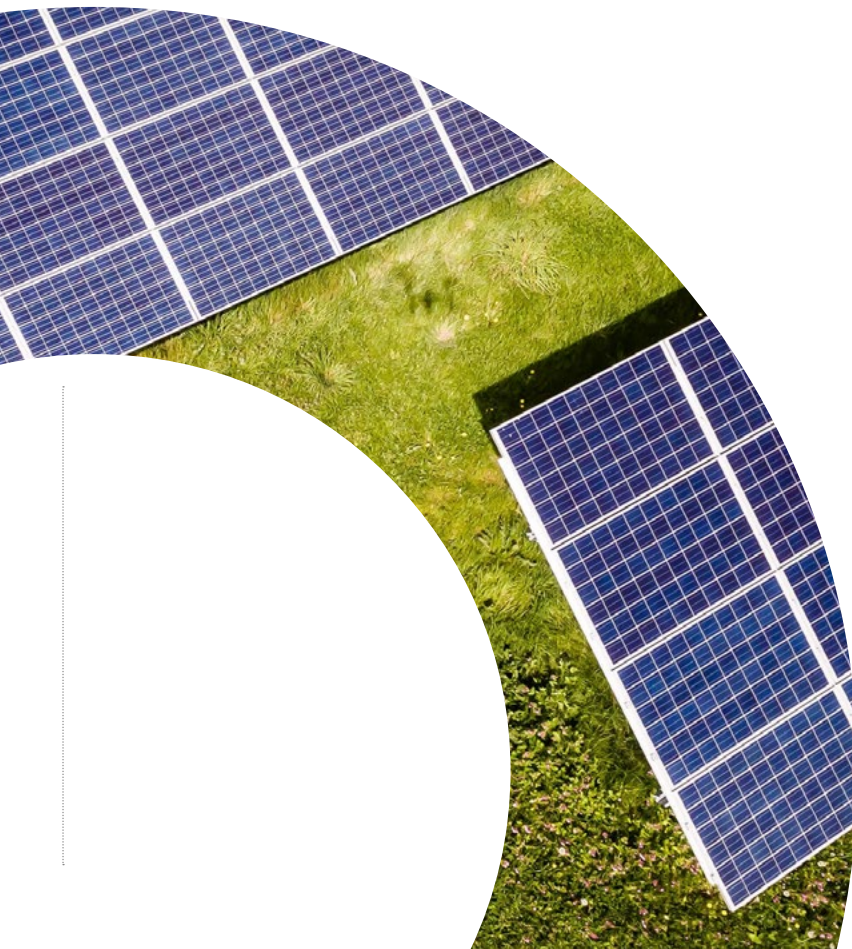
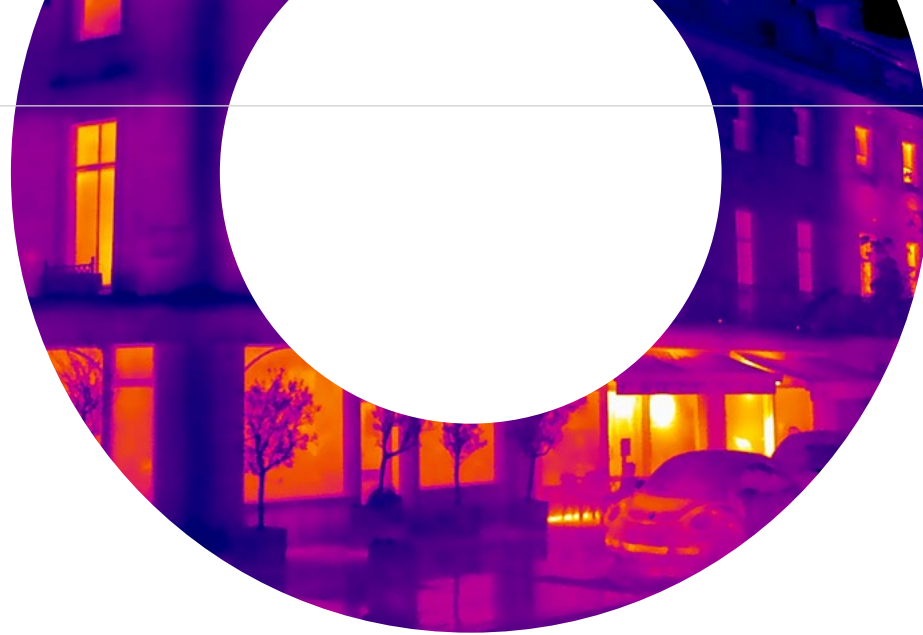
During lockdown many employee carbon emissions shifted from our head office to home. To help them reduce their carbon footprint we offered all staff trials of sustainable subscriptions such as Oddbox fruit and vegetable boxes, Who Gives a Crap toilet paper and Seep cleaning products.

What next?

We will continue to empower staff to play their own part in the business' carbon reduction. An electric car scheme for all employees will provide a cost-effective move to greener travel alternatives.

We have launched a Climate Ambassador Network which will accelerate the sustainability knowledge of tenant-facing employees. This will enable them to have informed and effective conversations with occupiers on carbon reduction and better facilitate collaboration between occupiers and partners.





Onsite energy generation

We continue to develop infrastructure across our portfolio to ensure we maximise renewable generation in line with the energy hierarchy and guidance from the UK Green Building Council and Better Buildings Partnership.

Renewables strategy

Over 28% of our Mayfair and Belgravia portfolio is powered by renewable energy

How we will maximise onsite energy generation

We are undertaking the following:

- a.** Onsite renewables in developments driven by our EUI targets. Our Sustainable Development Brief also requires a financial and cost of carbon viability calculation for onsite renewables, and a viability review of onsite energy storage.
- b.** Expansion of the automated energy data capture system to capture the output of all photovoltaic systems with metering.
- c.** A review of the performance of existing onsite systems, and integrating the lessons learnt into future installations.
- d.** A Geographical Information Systems study of remaining renewable potential locations alongside a review of the potential for energy storage and smart grids. Intervention in public spaces will require close collaboration with local authorities.

Renewable energy procurement

We procure renewable electricity under a green tariff with a 100% renewable generation mix for our corporate activities.

Over 28% of our Mayfair and Belgravia portfolio is already powered through this agreement. Going forward, we will continue to use the hierarchy proposed by the UK Green Building Council for renewable energy procurement.

We will increase renewable procurement by

- a.** Removing fossil fuels through our gas replacement programme.
- b.** Offering occupiers a REGO certified green tariff as part of our Green Lease.
- c.** Exploring the possibility of corporate Power Purchase Agreements, ensuring they are from new renewable energy capacity meeting high standards of additionality.
- d.** Exploring the possibility of supporting additional renewable energy projects across the UK.

Offsetting Strategy

In 2020, we committed to developing and publishing an offset strategy.

We have now published our strategy which outlines how we will accelerate our original offsetting timeline by 5 years. Rather than waiting until 2030, we will become carbon neutral across all scopes by 2025.

Furthermore, from 2021 we will begin by offsetting corporate emissions and all new developments will be net zero on completion.

This acceleration minimises the environmental impact of our operations, brings forward the benefits of offset investments and

reduces risk to the business. It also provides the opportunity to reduce long term costs, secure credible partners, and help the UK's low carbon transition by investing in nascent technologies.

In the first year of delivering our Pathway and engaging with suppliers and occupiers, we have seen an appetite for swifter climate action. Bringing forward carbon offsetting as a significant step on our pathway to 2030 will help engage our value chain and encourage others on this journey.

We will become carbon neutral across all scopes by 2025.

All new developments will be net zero carbon from 2021

We have three core pillars to our carbon offset strategy:

1. Do it now

We need to take responsibility for our impact now, and have already started on our offsetting journey.

2. A collaborative approach

The indirect impacts of our value chain account for 94% of our emissions, and we must engage and collaborate with our partners to deliver our ambition. We see there is real value in being clear with our stakeholders in what this strategy means to them, and why it is so important.

3. Invest in a low carbon future

We are taking a long-term view on our offsetting requirements and will champion nature-based solutions to provide short to medium term offsetting requirements, as well as support the development of the technological solutions such as carbon capture and storage that are required in the long term.

This chart shows how our offset strategy aligns to our absolute emissions reduction commitment and commits us to:

From 2021 we will be carbon neutral for our corporate emissions.

From 2021 all new development projects will be net zero. Where possible all in-flight projects will be upgraded to net zero, and as a minimum become carbon neutral.

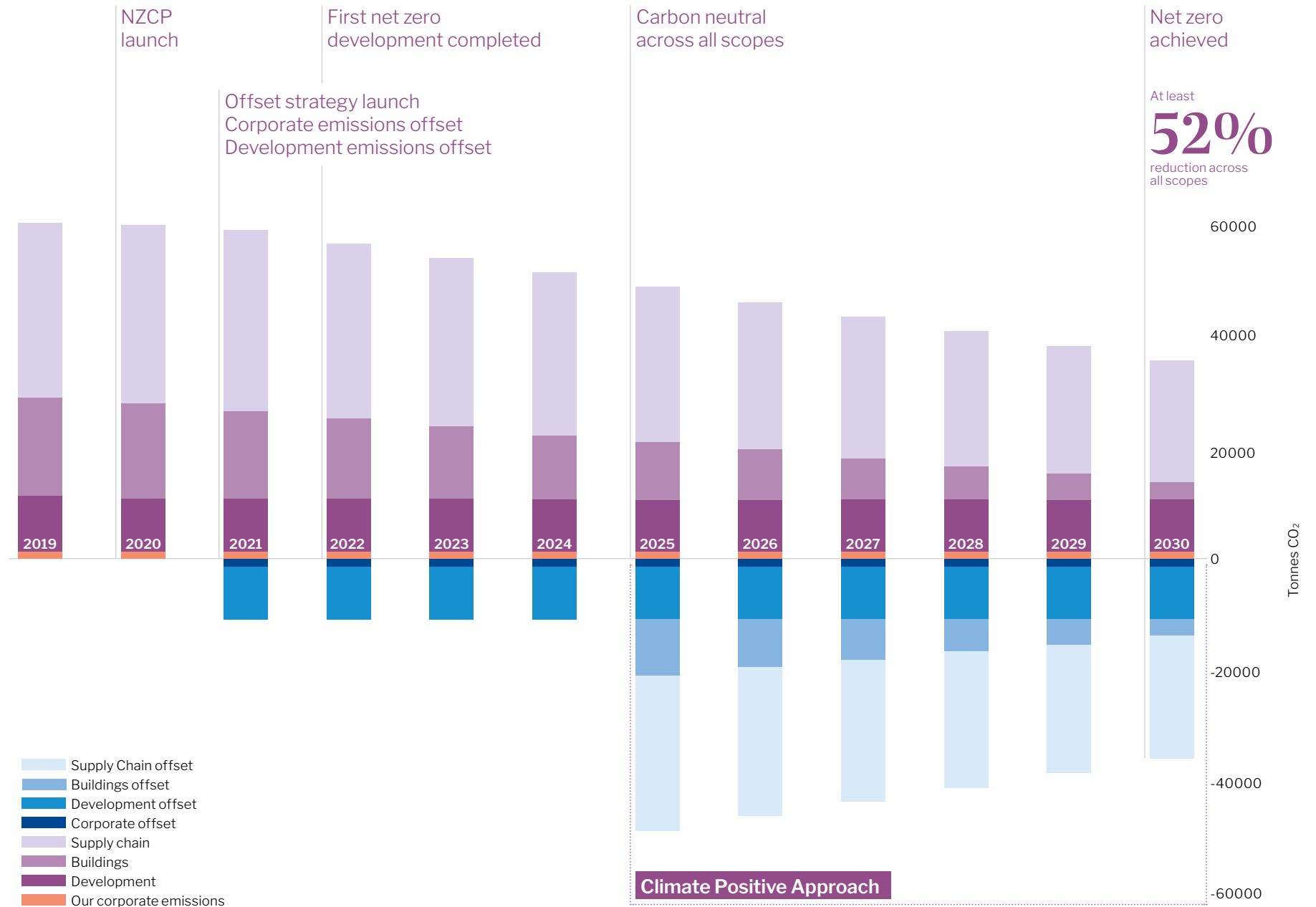
By 2025 we will be carbon neutral across all our direct (scope 1 & 2) and indirect (scope 3) activities.

By 2030, as we continue our decarbonisation trajectory, reducing our absolute emissions by over 52%, we will achieve net zero carbon across our entire activities.

This combination of activities means that we are taking a Climate Positive Approach, as defined by the Science Based Targets initiative, with our carbon offsetting ambition.

1. This chart is based on our net zero pathway with development activity averaged over the period. Our actual pathway will look different depending on our development pipeline

2. The bar for 2020 represents our pathway, rather than actual 2020 emissions





GROSVENOR