GROSVENOR

A global carbon commitment

Championing climate action across all of Grosvenor's businesses

Introduction

We are setting a Grosvenor-wide carbon commitment to reduce our emissions in line with limiting global warming to 1.5°C, building on and accelerating our progress in curbing our carbon footprint across our business activities.

Helping to keep the **1.5°C** target alive

We believe that business, institutions and consumers need to play their part in responding to what science and the mounting evidence is showing is a climate emergency. We are determined to play our part to deliver meaningful action, following best practice, and stretching our ambition.

Our challenge is broad given the many sectors in which we operate, but so is our potential reach and impact in helping to decarbonise property; in identifying and scaling businesses and technologies able to disrupt the food industry's carbon intensive practices; and in preserving, restoring, and enhancing precious rural environments. We are proud of our action and progress to date.

We want to do more, which is why, to build on our progress so far, we are announcing a new Grosvenor-wide commitment to reduce emissions in line with limiting global warming to 1.5°C.

Mark Preston
Executive Trustee & Chief Executive
Grosvenor

Our journey so far

We remain on a mission to decarbonise our property holdings; to invest in businesses and technologies able to disrupt the food industry's carbon intensive practices; and to preserve, restore and enhance rural environments.

Delivering environmental benefit as part of our activities sits – alongside commercial and social benefit – at the core of our purpose. We live in a climate emergency and are determined to be part of the solution, with the ambition of encouraging and inspiring our partners, property occupiers and suppliers to work alongside us, magnifying the impact of our actions.

Behind this drive is a belief that not only is this the right thing to do, but that profoundly changing how we do business and committing to the investment required to do so, is a value driver that will underpin the commercial and environmental resilience of our business, investments, places we manage and of the communities we are part of for the long term.

2019

Grosvenor Property signed the World Green Building Council Commitment to become:

- Net zero carbon in operation by 2030
- Fully net zero carbon by 2050

Our UK and European property companies signed the Better Buildings Partnership Climate Change Commitment.

2020

Grosvenor Property UK and our European property portfolio published science-based carbon reduction pathways to 2030, across all scopes.

2021

SBTi verification received for our near-term science-based target for our UK and European property portfolios, and Grosvenor Property UK published a carbon offsetting strategy.

Grosvenor Property Americas and Grosvenor Diversified Property Investments baselined Scope 3 emissions.

2022

Grosvenor Diversified Property Investments updated its Responsible Investment Principles to reflect its carbon requirements and developed an engagement ladder to support partners with carbon reductions.

Grosvenor Rural Estates baselined energy and industrial and forest, land and agriculture emissions across all scopes and created a carbon reduction pathway.

2022

Grosvenor Property UK became the first European property business to receive approval for both a near-term and long-term science-based target.

Grosvenor Property Americas published its carbon reduction pathway to 2030.

Grosvenor Food & AgTech baselined carbon emissions and developed an engagement ladder to support its portfolio companies with carbon reductions.

2023

Grosvenor makes a global carbon commitment to reduce emissions in line with limiting global warming to 1.5°C.

Our carbon commitment

To reduce emissions in line with limiting global warming to 1.5°C, supported by credible carbon reduction pathways delivered by each of our businesses.

Across Grosvenor's businesses, we will:

Take responsibility for 100% of our direct (Scope 1 and 2) and indirect emissions (Scope 3), calculated in line with the latest Greenhouse Gas Protocol guidance[1].

Set ambitious goals to deliver, at a minimum, a science-based reduction in carbon emissions[2] in line with limiting global warming to 1.5°C and the latest climate science.

Report transparently on our progress, sharing our knowledge and experience externally.

Partner with others to drive the wider industry change needed to keep the 1.5°C target alive.

Our approach

Our strategy will follow the mitigation hierarchy – reducing emissions first, exploring opportunities across our international activities to increase renewable energy generation second, and developing a credible approach to carbon offsetting and removals as a last resort. Furthermore, we will look to accelerate our positive real-world impact through our indirect investment activities, working with our investment partners and portfolio companies to drive wider industry decarbonisation.

Aware of the complex relationships between climate change, biodiversity loss, inequality, social cohesion and economic growth, we will also look for opportunities to deliver our commitment in a holistic way that identifies benefits beyond carbon reduction.

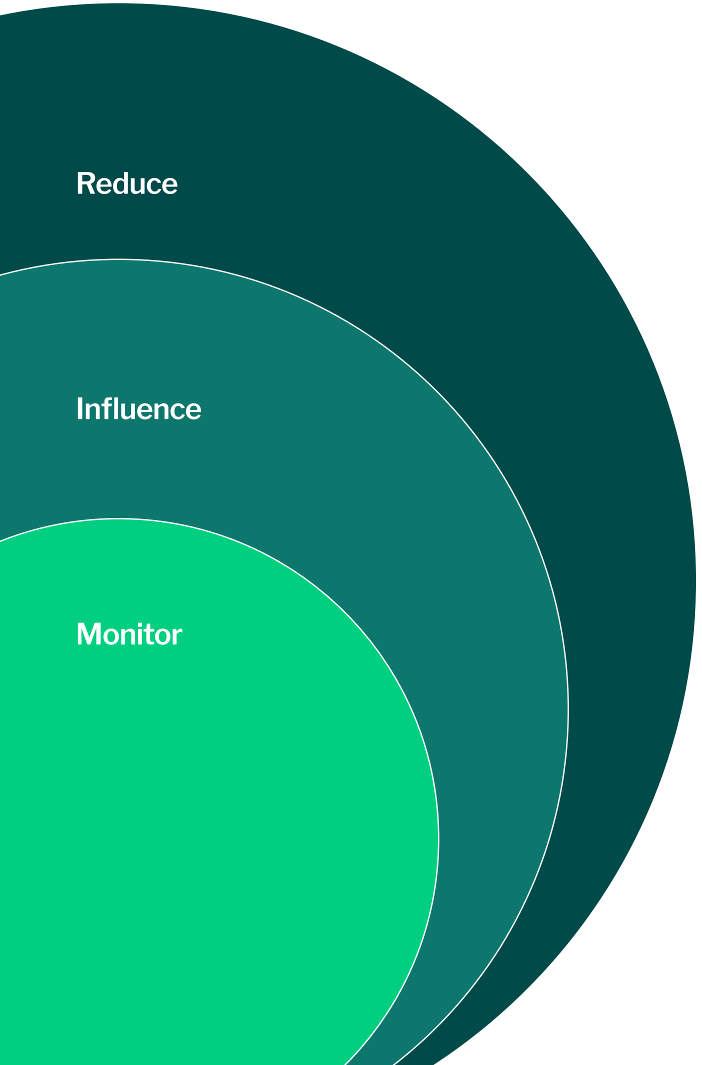
"By aligning with the Science Based Targets initiative, all of our businesses are now committed to deliver the urgent action required to help keep the 1.5°C target alive.

Tor Burrows
Executive Director of Sustainability & Innovation
Grosvenor

1 Taking an equity share approach where we co-invest alongside others.
2 Following the Science Based Targets initiative (SBTi) methodology using the most relevant SBTi Standard – Net Zero, Financial Institutions and Forest, Land and Agriculture (FLAG) guidance.

Setting 1.5°C-aligned targets across our business activities

To ensure a consistent approach across our business activities, we are taking a three-tier approach to target setting: Reduce, Influence and Monitor, which all our businesses will follow.



Description and target type	Grosvenor entity	Aligned to 1.5°C	Carbon commitment
Reduce The highest level of influence – for business units who primarily invest or manage assets directly, over which they can set quantitative reduction targets and action plans. • Absolute emissions reduction targets from a baseline	**Grosvenor Property UK**	✓	-52% by 2030, -90% by 2040
	Grosvenor Property Americas	✓	-42% by 2030, -90% by 2050
	Grosvenor Rural Estates – energy and industrial emissions	✓	-42% by 2030, -90% by 2050
	Grosvenor Rural Estates – forest, land and agriculture emissions	✓	-30% by 2030, -72% by 2050
	Realty Insurances	✓	-42% by 2030, -90% by 2050
	Grosvenor Hart Homes	✓	Grosvenor Hart Homes will be set up as a net zero business, aligning to Grosvenor Property UK's development and operational emissions targets, and will be able to create a 1.5°C-aligned pathway when the business is at the qualifying level of maturity.
Influence Business units who primarily invest indirectly in assets or companies, over which they have some influence but cannot act alone. • Engagement targets	**Grosvenor Diversified Property Investments**	✓	100% of investment partners will have 1.5°C-aligned carbon reduction pathways at the point of exit by 2040[3], supported by interim targets.
	Grosvenor Food & AgTech	✓	100% of qualifying portfolio companies will have 1.5°C-aligned carbon reduction pathways by 2040[3], supported by interim targets.
Monitor Other areas with evolving industry guidance or best practice, which will be regularly monitored. • Monitoring with aim of moving to 'Reduce' track	**Grosvenor Rural Estates – peatland**	N/A	We will monitor the latest science and industry guidance and aim to set a comprehensive carbon baseline and review our peatland restoration strategy by April 2024.

3. This is a deviation from SBTi requirements as Grosvenor would not require SBTi validation for carbon reduction pathways, allowing for flexibility in demonstrating credible 1.5°C alignment from our investment partners and portfolio companies.

Our carbon baseline

Taking 2021 as our baseline year, we calculated Grosvenor's total carbon baseline. This covered 100% of our direct emissions (Scopes 1 and 2) and our wider value chain (Scope 3).

Our carbon baseline

Across our business activities, our carbon emissions amounted to 267,000 tCO_2e in 2021. Of these emissions, 15% are direct emissions (Scope 1 and 2) and 85% are indirect emissions (Scope 3).

By emissions type, our largest contributors in 2021 were investments closely followed by emissions from our property portfolio (including developments).

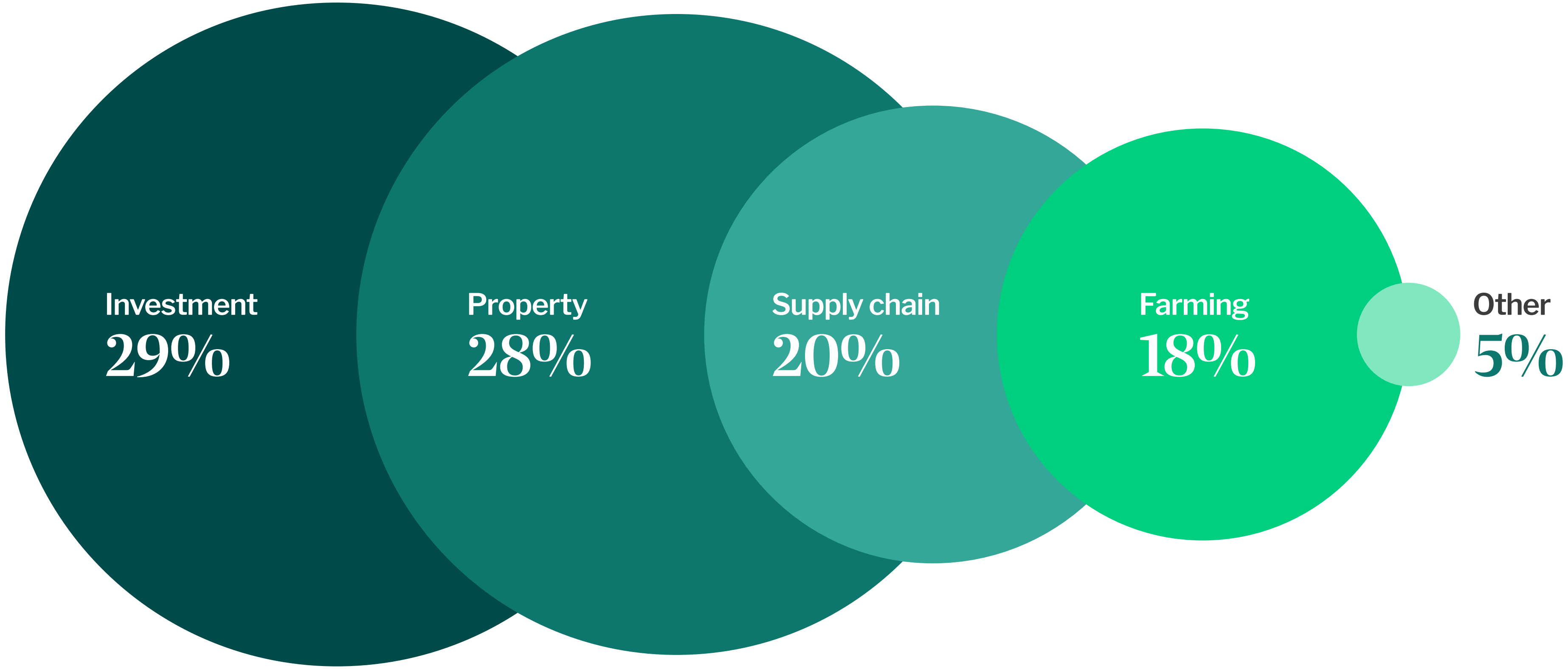
Investment: Our share of emissions from our indirect investments in property assets and food and agtech companies.

Property: All emissions from running our direct property assets, including our occupiers' emissions, and the embodied carbon from property development.

Supply chain: The emissions created by our suppliers in providing goods and services to us.

Farming: The emissions created by farming activities, directly through Grosvenor Farms and indirectly through our tenant farmers.

Other: Includes corporate emissions such as business travel, vehicle fuel use, employee commuting and waste.



Our key carbon levers

Improving efficiency across our business activities

Critical to delivering absolute carbon reductions is significantly improving the energy efficiency of our existing property portfolio, while minimising the carbon emissions from developments. These activities are already underway across Grosvenor's property business and will be further supported by setting targets, developing tools and improving knowledge sharing.

Three key levers will enable the accelerated delivery of Grosvenor-wide carbon reductions.

These will be supported by some fundamental enablers to drive the business-wide transformation that will be required to deliver our ambitious carbon commitment. This includes integrating carbon into our decision-making, engaging with and upskilling our people and relevant stakeholders to ensure they have the tools to deliver.

Integrating carbon into decision-making and working with our partners and suppliers

Environmental sustainability is already part of Grosvenor's decision-making. Going forward, we will ensure the carbon impact of where we invest and who we work with (i.e. our occupiers and suppliers) is fully considered and embedded given the critical role these decisions play in driving most of our emissions.

Land use

A significant proportion of our emissions come from farming activities, which is a difficult to abate sector. Land use has been identified as one of the big carbon levers and we will continue to find opportunities to reduce emissions and increase sequestration across our natural environments.

Opportunities and challenges

In developing our carbon commitment we have considered what we can do to maximise the opportunities and mitigate the potential challenges we are likely to face.

Opportunities

Lead the change – We hope that by setting this progressive carbon commitment we can help shape future best practice, industry guidance and influence policy, actively working with and encouraging others to follow our lead.

Improve resilience – Integrating carbon reductions further into core business activities will improve the quality and climate resilience of our land, assets, and investments, better preparing us for the future.

Deliver greater impact – By actively engaging and supporting stakeholders and communities, through sharing our knowledge and experience, we can deliver greater impact (environmentally, socially and financially) across our value chain.

Additional benefits of a holistic approach – By taking a holistic approach to reducing emissions, we can identify areas of co-benefit across our business to generate further environmental and social benefit.

Challenges

Ensuring integrity – We followed the Greenhouse Gas Protocol guidance for calculating carbon emissions and, having reviewed numerous industry frameworks, chose to align with the guidance and standards published by the Science Based Targets Initiative to develop credible 1.5°C-aligned carbon reduction pathways.

Robust data – We have been through a rigorous process to collate the best data, however we have had to use estimates or benchmarks in some cases. We will continue to improve the quality and capability of our data to ensure we have appropriate information to support the delivery and integrity of our carbon commitment.

Skills, training and capacity – Delivering our commitment will require people across our business to understand new sustainability concepts and integrate them into their roles. To support them, we will provide training and ensure that there is clarity and accountability when it comes to delivering our carbon targets.

Next steps

Publishing more details about our delivery plans

By April 2024, each of our individual business units will publish their own carbon reduction strategies including detailed delivery plans.

Click to read our commitments for each business

Explore Grosvenor Property UK's sustainability commitments

Monitoring, reporting and verification

Measuring and reporting progress across our business activities will ensure transparency and accountability.

Each of our businesses will monitor their own progress on a regular basis and we will report our overall progress against the Grosvenor-wide commitment in the Annual Review.

Accelerating climate action

In addition to delivering 1.5°C-aligned carbon reductions, we will explore opportunities across our international activities to increase renewable energy generation and carbon removals both within and beyond Grosvenor's portfolio.

Furthermore, we will look to accelerate climate action through our indirect investment activities, working with our investment partners and portfolio companies to drive wider industry decarbonisation.

Appendix A: Scope of the commitment

Scope 1 and 2 emissions have been calculated for all in-scope commercial operations. Typically this includes fuel combustion, electricity use, district heating/cooling and refrigerants used in the common parts of real estate assets, and direct emissions from land-management activities such as manure management or enteric fermentation. For biomass combustion, non-CO_2 emissions (such as NO^2) are reported as Scope 1. CO_2 emissions from biomass combustion are reported as "out-of-scope".

Scope 1 and 2 corporate emissions for Grosvenor entities include emissions from: office-based fuel combustion, office fugitive refrigerant emissions, fuel combustion in owned vehicles, and office-based electricity use. Emissions relating to home-working are not included.

Scope 3 Emission source	Group accounting approach
S3: Purchased goods & services	For expenditure other than construction materials, environmentally-extended input-output (EEIO) datasets have been used to estimate the emissions associated with the provision of goods and services.
S3: Capital goods and embodied carbon of construction	Capital expenditure has been handled in the same way as for Purchased goods and services (see above) with one exception: expenditure relating to construction or refurbishment materials has been reported separately. Although some property development projects may span several years, all the embodied carbon of construction has been reported in the year of Practical Completion. Where available, embodied carbon emissions have been calculated from actual materials consumption data. Typically, this will be a bill of quantities relating to a specific development, or a proxy development of similar construction. Each of the materials flows can be converted to emissions data using Environmental Product Declarations, specialist LCA datasets or EEIO factors. Where materials data is not available, embodied carbon of construction has been estimated from spend data by separating out construction-related spend and applying the relevant adjusted input-output factor.
S3: Fuel and energy related activities	This category typically includes well-to-tank emissions, and transmission and distribution losses in the upstream fuel and power supply chain.
S3: Waste	This includes waste generated in all direct operations
S3: Business travel	Data for estimating business travel has been gathered from mileage submissions and travel receipts. Where data is incomplete, it has been factored by employee headcount to cover all staff.
S3: Employee commuting	Data for estimating the employee commute has been gathered by employee survey. Where data is incomplete, it has been factored by employee headcount to cover all staff.
S3: Upstream leased assets	This includes energy use from leased corporate offices for some entities
S3: Processing and use of sold products	This category is primarily focused on entities that produce goods for further processing and sale, therefore it applies only to agricultural products. This includes the processing of milk, beef, oilseed and feed wheat, and the use of beef and milk.
S3: Downstream leased assets	This includes tenant energy use which, in most cases, has been estimated using relevant benchmarks although where actual data is available this has been used. For assets that are owned and operating for only part of the reporting year, energy and emissions have been pro-rated for the fraction of the year for which Grosvenor was holding the asset.
S3: Investments	Equity holdings that are held as part of an investment portfolio are reported under this category. While these are technically equity holdings, there is typically a low level of influence or control since they are not part of the corporate group. In most cases, it would be impractical to separate out Scope 1, 2 and 3 emissions for these holdings, unless each investee was able to provide their own GHG inventory. Instead, total scope 1, 2 and 3 emissions are estimated using the best available technique, factored by the equity share, and then reported under Scope 3 investments. Where portfolio companies have been able to provide data relating to their own emissions, this has been included in the relevant model. For property assets, emissions have been modelled based on asset type and floor area. Otherwise, emissions have been estimated based on the company's revenue and the relevant EEIO input-output emissions factor.

Appendix B: Methodology notes

General Principles

The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (GHG Protocol) and accompanying guidance documents have been applied for all greenhouse gas inventory preparation and reporting. Where the GHG Protocol guidance requires interpretation, attention has been given to the Protocol's core principles of relevance, completeness, consistency, transparency and accuracy.

Organisational boundaries have been laid out using the Equity Share consolidation approach

The baseline year has been set at 2021 and has been aligned across all areas of the business

Scope 1 (direct) emissions have been calculated using the location-based approach. Scope 2 (indirect emissions from electricity heat or steam) have been calculated using both the location and market-based approach.

Energy emissions have been based on actual energy consumption data where available. Where this is not available, energy use has been estimated using benchmarks. The benchmarked emissions are calculated based on asset type and floor area.

Note that in some cases, individual Grosvenor entities may create their own GHG inventories to suit specific purposes. These may have different scopes to the one taken for the Group inventory and therefore there will not always be a like-for-like match between the two sets of accounts.