

Net

Zero

Grosvenor
European Property Portfolio
Our pathway update
2022

Foreword

Since Grosvenor made a commitment in 2020 to halve the carbon impact of our European property portfolio by 2030, our business has made enormous progress. Not only in the actions we have taken, the scope and transparency with which we have publicly reported but also through the business decisions that we have made.

We are pleased to publish a report on our progress during 2022, the third reporting year of our net zero carbon pathway across our whole portfolio. We focus on the four areas that we defined in our strategy; energy use in buildings, developments, purchased goods and services and 'other' emissions, including employee and corporate related emissions.

In the past year we have optimised energy use in one of our largest assets, MBOne in Madrid, upgrading ventilation, building management and climate control systems. We have run workshops in Sweden to engage with our suppliers to get them to measure their own carbon footprint and we have successfully reported with GRESB for the seventh consecutive year.

Alongside our net zero commitment, we recognised the vital need to also address social needs and nature provision. Therefore, we set 25 ambitious targets for 2025 to cover wider sustainability factors. Last year, at our midway point to 2025, we published an impressive **25 by 25 report** of our progress against these targets. It showed the successful engagement of a whole business working both within their corporate teams and directly with the assets to leverage opportunities to create positive impact on social mobility, environmental development, and nature enhancement.

Last year, Grosvenor made a strategic decision to modify our European investment approach and going forward, instead of investing directly, we will be investing indirectly in Continental Europe through third-party managed joint ventures and funds. The move from direct to indirect investments will be phased and during that period we will continue to invest in and manage our existing European assets to our usual high standards and in their best long-term interest.

We are committed to decarbonising Grosvenor's European property assets and ensuring that the places we have invested in provide long-term social benefit for the community. During 2023, we will do this through continuing to collaborate with our tenants and suppliers on areas we can have the greatest impact on combatting climate change. We will particularly engage with tenants to ensure an aligned strategy to secure lasting success. We will continually improve the processes in place to collect high quality data across Scopes 1, 2 and 3, to achieve transparent reporting of our pathway to reducing emissions and improving our real estate investments for the long-term.

Cut
carbon
by

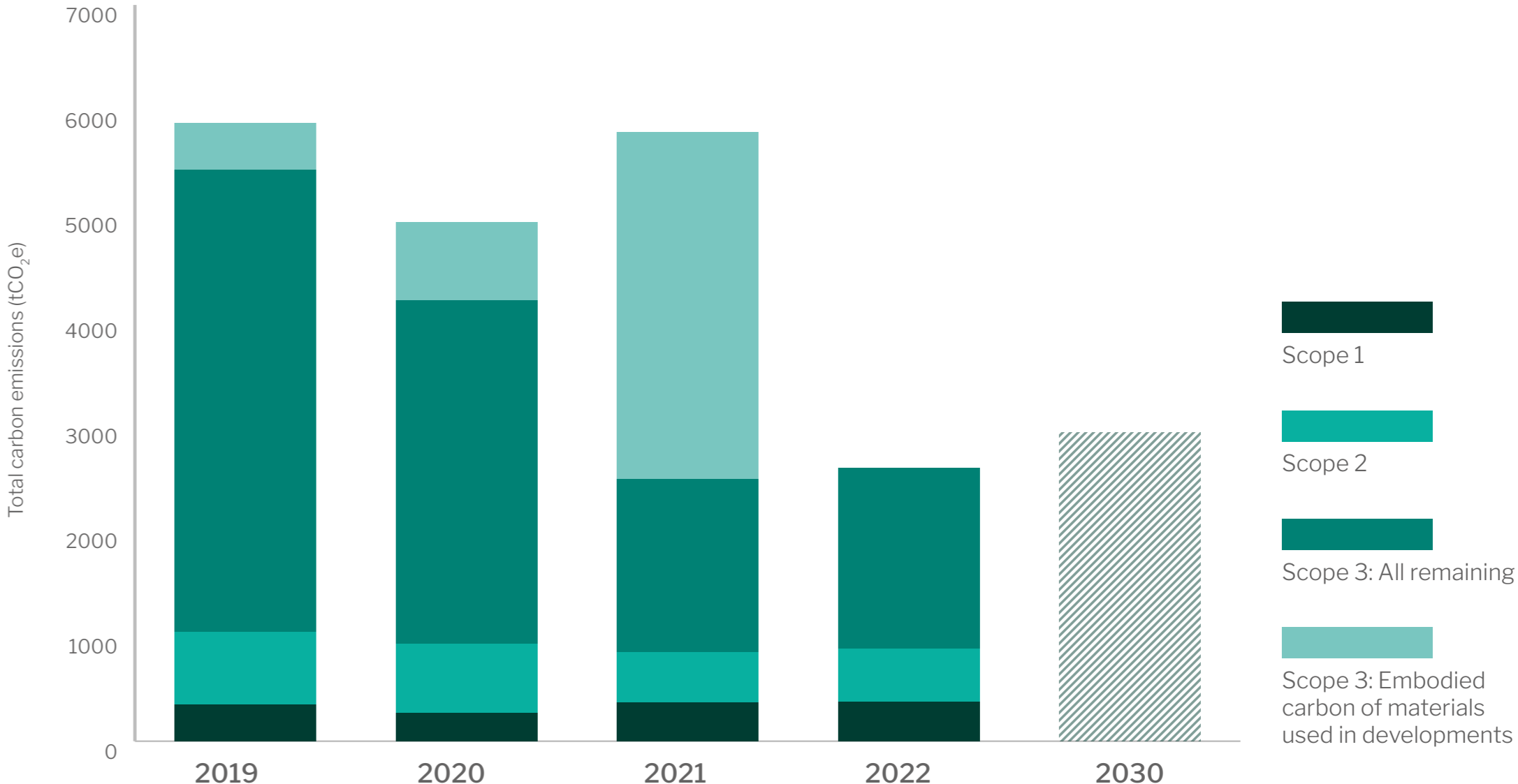
50%

Sara Lucas
Chief Executive
Grosvenor Property Europe

Simon Evans
Head of Sustainability
Grosvenor Property Europe

Our pathway update 2022

In 2022 we reduced our total footprint by 56% against the 2019 baseline, a total reduction of 3,278 tonnes of CO₂. There were no new developments completed during 2022, which is a significant contributor to the overall reduction, as no embodied carbon impact has been reported for this year. However, substantial progress was made to ongoing developments during 2022, and the embodied carbon of these will be accounted for in 2023 in line with their completion year and our pathway methodology. Therefore, we expect to see a significant rise in emissions from this source next year but not exceeding our pathway projection to 2030.



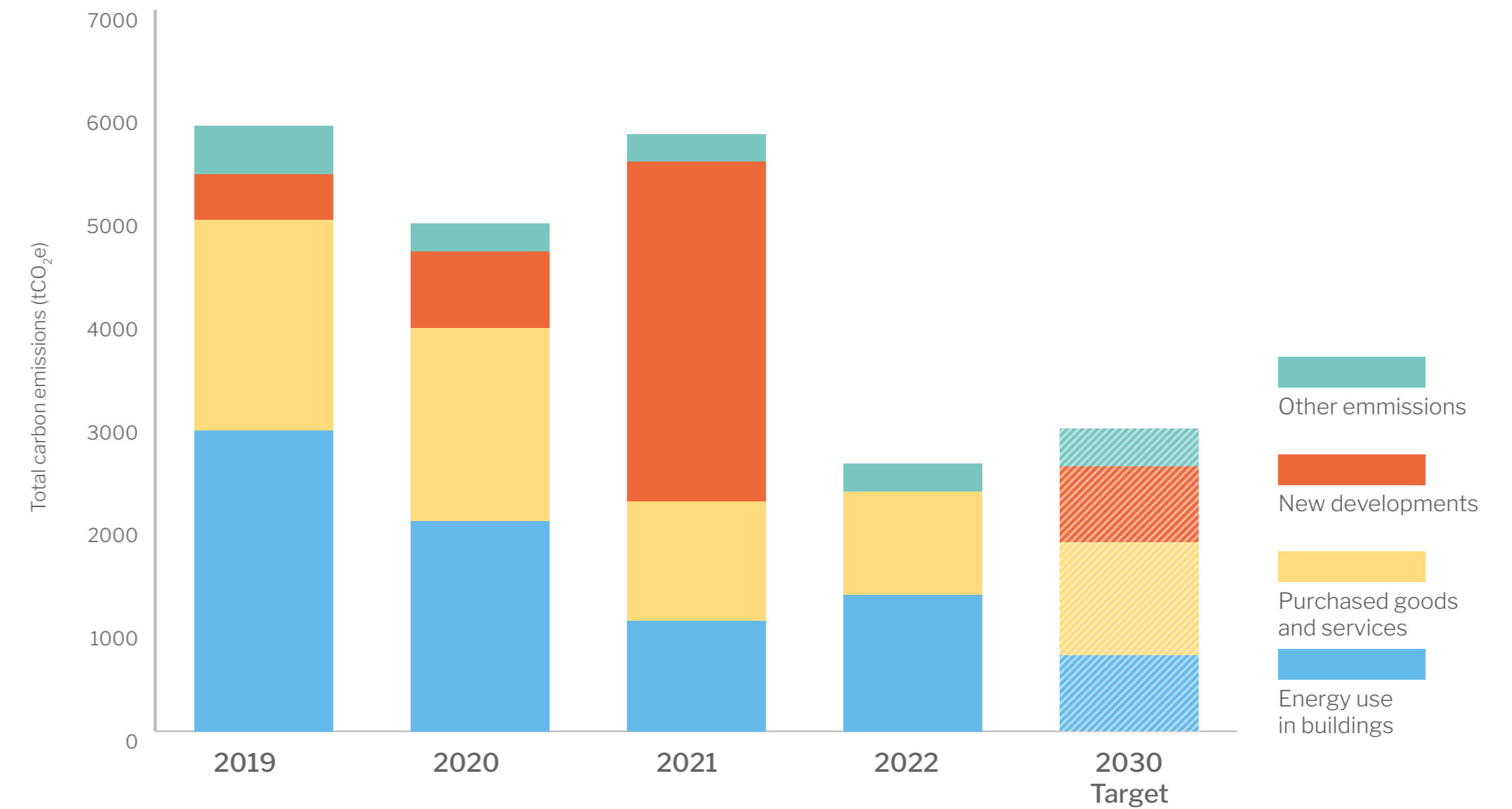
The remainder of the footprint, excluding embodied carbon, has seen a slight increase compared to 2021 of 4%. This is largely due to office occupancy recovering back to pre-Covid levels, particularly noticeable in Madrid. There is an increase in business travel from 2021 however, it remains significantly lower than 2019 levels.

Scope 1 and 2 overall emissions remained largely similar to 2021 despite an increase in occupancy post Covid-19. A number of assets were disposed in 2022, therefore only partial year emissions were accounted for these assets. Titan 8, acquired in 2020 is now within scope following the two-year grace period, which has increased our Scope 2 emissions.

Our Scope 3 emissions from energy use by tenants increased largely due to new green lease provisions requiring the inclusion of tenant data for Naturgy, following completion of the development and new lease in 2021.

Continuing our journey to net zero...

To reduce our total emissions by 50%, we are focusing on three core areas: cutting energy use in buildings by a third; cutting the embodied carbon intensity of our developments by 50%; and cutting the carbon intensity of purchased goods and services by 60%. Our strategy is built around four focus areas:



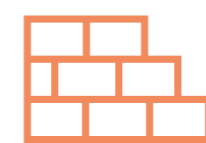
1. Energy use in buildings

We will reduce energy consumption by 1/3 to align with industry-leading net zero carbon building performance definitions.



2. Purchased goods and services

We will reduce our carbon emissions per unit of spend by 60% through decarbonisation of our suppliers and low carbon refurbishments.



3. New developments

We will aim to reduce embodied carbon per square metre in our developments by 50% compared with typical benchmarks and practice today. We will build to highly energy-efficient performance standards consistent with net zero carbon benchmarks.



4. Other emissions

Covering areas such as business travel, employee commuting, water and waste, we will include these emissions within our overall 50% reduction target.

During 2022 we collected our first set of data from the air quality monitors in our corporate offices. The project was led by the Health and Wellbeing Working Group, the working groups include individuals from different teams working to make progress against the 25 targets within our 5 priority areas of our social benefit strategy.

The installation project with an external specialist saw us review the WHO standards and establish a proprietary **Grosvenor Air Quality Benchmark**. Units were installed early last year and whilst a full set of annual data is not yet available, compared against the benchmark set at March 2022 we have seen a reduction in CO₂ levels of 11.5% across all corporate offices. Having data available for employees to visibly see daily, to prompt them to open windows for example, has had a positive impact.



Reduction in CO₂ levels across all corporate offices



Our pathway focus areas

Against our 2019 baseline, our energy use in buildings shows an absolute reduction of 53%. We have reported this here for consistency with the methodology in our strategy and the approach we have taken in reporting 2020 and 2021 data.

However, to be clear and transparent we can also report that on an intensity basis there has been an increase of 10% this year against the baseline. This is due largely due to the Madrid assets, where occupancy is much higher in two of our most material assets than in 2019 and tenant data is now being collected. We recognise the disposal of assets without a balance of acquisitions, which is an outcome of our strategy change, distorts the absolute emissions.

-53%

Energy use in buildings

In 2022 we successfully installed an array of solar panels at our largest shopping centre in Sweden. Regulation in Sweden limited the installation size to 500kWh and we have maximised the site with capacity of 498kWh. Projections show that the site will produce 7% of the annual landlord electrical consumption. Embracing new technology our team have the app on their mobiles, showing daily kWh usage, as well as the total mWh usage over time. This data feeds into our reporting platform so we can track real time usage and report transparently on our energy use.

Following this successful installation, we have instructed another solar array at a second shopping centre in Sweden, at Lidingo Centrum, which will be installed in 2023. Provision for the centre is estimated at 15.9% of energy use.

In Spain, we implemented numerous energy efficiency initiatives at a large multi-let office MBOne, which saw the energy efficiency performance rating rise from D to B for emissions and E to B for consumption. This building also benefited from the installation of 58 electric vehicle charging spaces in the outdoor parking area, complimented by new landscaping that saw a 10.79% increase in biodiversity net gain.



Our pathway focus areas

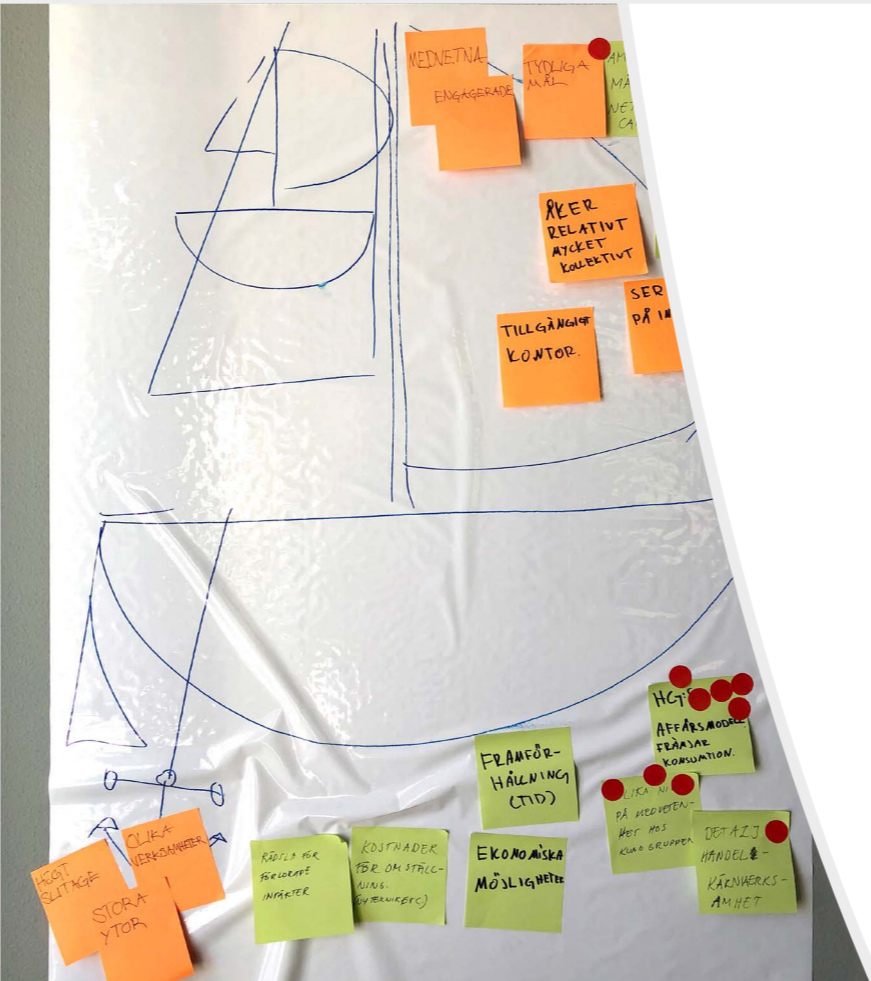
-51%

Purchased goods and services

In 2022 we reduced our supply chain emissions by 51%. As this was our first year in capturing actual supplier data, we do not yet have a robust set of data to report using the intended methodology originally stated in our strategy. Therefore, we have reported on an absolute basis like in 2020 and 2021.

We are however, really pleased to have successfully captured real emissions data from our suppliers during 2022. The project was rolled out in Sweden, running engaging workshops for groups of suppliers to upskill them in the importance of measuring business emissions and setting targets to reduce them. We enabled them to capture their footprint through using a new innovative platform provided by Akclimate. From these workshops, came creative ideas of how we can collaborate with suppliers to make a greater impact and influence wider groups of stakeholders.

We engaged a new supplier, Smartvatten, who we are working with to automise water data through sensor monitoring, which has not only improved data quality, but also made the process of collecting data smoother and helped us to react faster to water leaks through the sensor monitoring.



Our pathway focus areas



0%

New developments

Absolute embodied carbon emissions will vary from year to year, this will depend on when a development completes within a reporting year. This is in line with the industry guidance on reporting embodied carbon. During 2022, we continued work on two significant developments, which are both completing in 2023. Therefore, the embodied emissions from the whole development period from inception will be reported in 2023. As a consequence, our emissions are 0 in 2022.

The redevelopment of Building V at Skärholmen in Sweden completed in January 2023. It repurposed 6000m² of internal retail space into offices for the municipality. This will have a positive effect on the community surrounding the centrum, providing new social and wellbeing opportunities. The project has carefully chosen materials in line with our new Sustainability Partner Charter's guidelines, to work with suppliers that choose responsibly sourced materials.

We continue with the development of Anatole France, reported on last year during its fossil-free demolition phase. Completion is due in 2023 when we will report the embodied carbon impact of the project.



Our pathway focus areas

-42%

Other emissions

In 2020, we reduced our 'Other emissions' by 42% against our 2019 baseline. Despite business travel and commuting emissions rising, emissions related to transmission and distribution of energy and water has continued to decrease steadily.

Whilst business travel has driven emissions up, in the aftermath of Covid, travelling between offices has seen some great initiatives undertaken. Members of the team hosted a charity event with one of our Paris tenants Sports dans la Ville, in our London office as part of their youth programme. Every year the charity take a group of young people from challenging socio-economic backgrounds to the UK to enable them to use their English skills in real life. It was a fantastic opportunity to see the power of a business like Grosvenor using their global reach, with their European business supporting people from France in their London Estate.

