

2021 Net Zero Carbon Pathway Report

Grosvenor Property UK



GROSVENOR

Foreword



Collaboration is a powerful accelerator, particularly when it comes to delivering change on big, complex issues.

We know first-hand it is a crucial tool to collectively enable us to protect and restore our planet – and for us, achieving net zero carbon means working closely with occupiers, partners, suppliers and communities.

2021 saw our net zero carbon pathway validated by the Science Based Targets initiative and the launch of our offset strategy detailing how we'll become the first carbon neutral UK property company in 2025 across scope 1, 2 and 3.

And while we can partly attribute our significant and continued reduction in emissions to the impact of lockdowns on building occupancy, a 24% reduction in emissions over two years is testimony to the fact that we

launched our pathway with the tools for success in place. We're well on track to meet our 2030 goal and this year we are doubling our retrofit programme and have seen innovation and education drive down emissions in our development projects beyond our expectations.

Outperforming our Pathway has meant deepening our approach to collaboration. In 2022 we are helping over 30 SMEs gain a science-based carbon reduction target through a pioneering mentoring programme. The potential benefits of success are huge and it will also see us expand the number of suppliers reporting accurate emissions data to us from 10% in 2021 to 35% by the end of the year.

We are also trialling new ways of working with occupiers – our new Circular Neighbourhoods programme brings places

and businesses together in a joint endeavour to improve environmental impact and has already identified an average energy use reduction of 35% per building.

As more of the world feels the devastating impacts of climate change, we remain deeply committed to net zero and sharing our progress so that others join us on our journey – from collaborating with suppliers to creating more circular neighbourhoods. We know we still have a long way to go but we know we aren't doing it alone.

Tor Burrows
Executive Director
Sustainability & Innovation



Our pathway to net zero

59.1k
tonnes CO₂e

Reduce demand

Increase renewables

Offset residual emissions

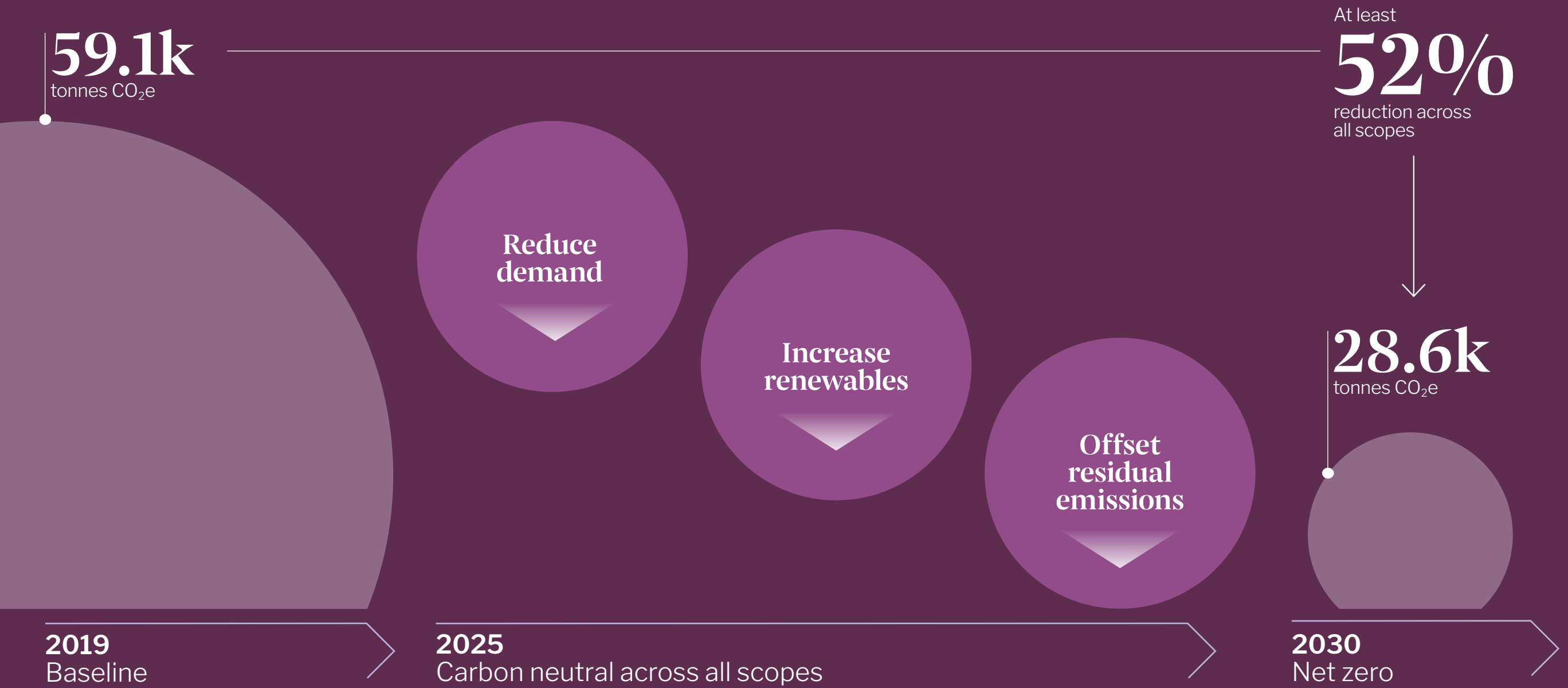
At least
520%
reduction across all scopes

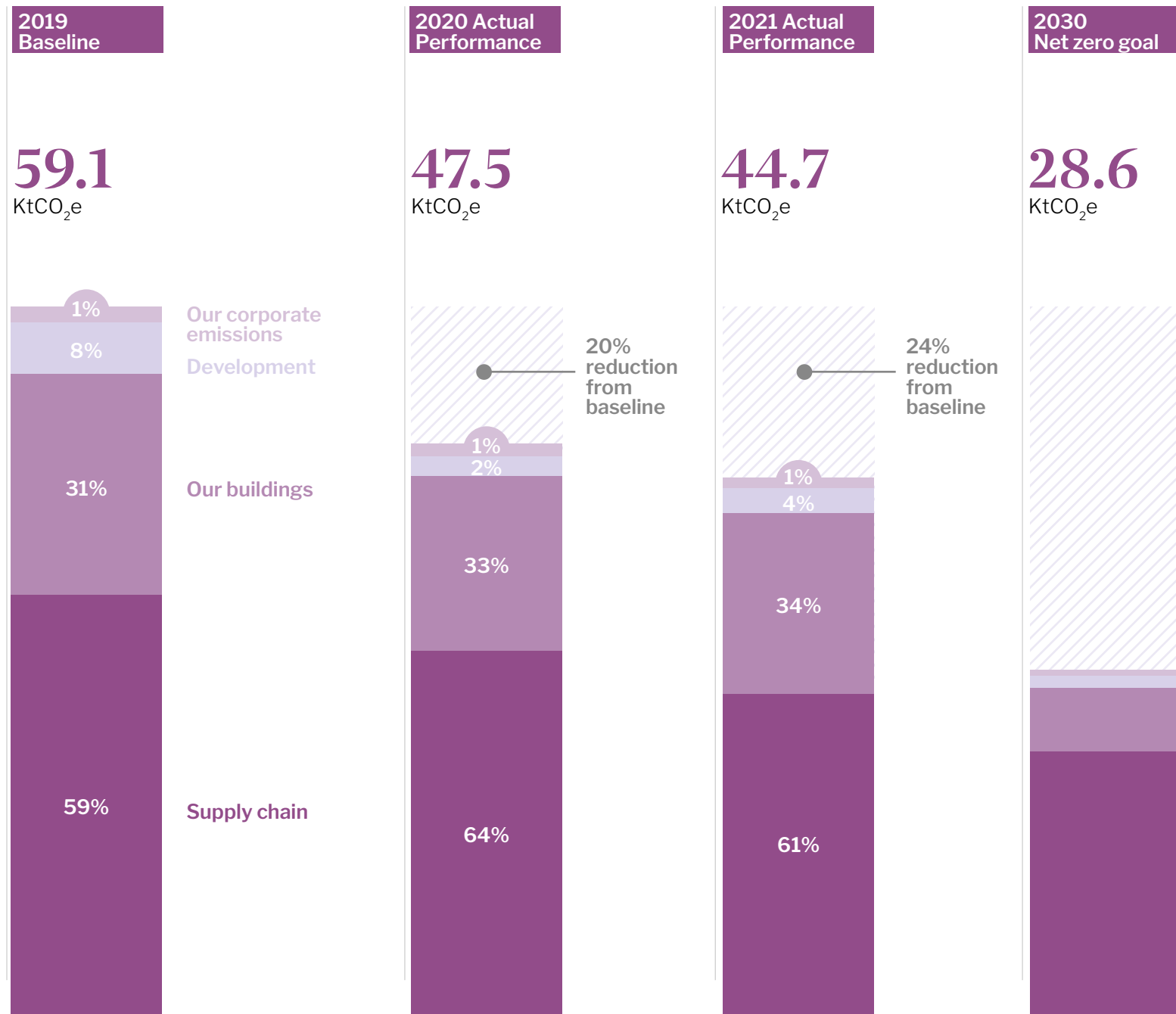
28.6k
tonnes CO₂e

2019
Baseline

2025
Carbon neutral across all scopes

2030
Net zero





2021 pathway update



In 2021, we are reporting a reduction of almost 3,000 tonnes of CO₂e from 2020. This represents a 24% reduction against our baseline in 2019.

This reduction reflects the continued transformation of our business. In particular, we are pleased with the progress we are making in driving energy efficiency in our buildings, although the lockdowns in 2021 would have had a material impact.

We have also accelerated our work with our suppliers to understand and reduce their own emissions.

For the first time our report includes actual emissions data for over 10% of our supplier spend. This shift away from industry benchmarks allows more precise reporting and represents best practice. In 2022, we are working with a third of our suppliers by spend to help them gain a Science Based Target and we expect to materially increase the percentage of suppliers reporting data in the next two years.

Footnotes for chart:

1. 2021 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 2021 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



Our building emissions fell slightly year on year. While low occupancy levels at the start of 2021 due to continued lock downs will have contributed to this, the benefits of our long-term initiatives are also beginning to show.

This includes our £90 million retrofit programme, as well as the energy management service deployed across our highest consuming buildings.

Looking ahead we expect the impact of the first full year of our retrofit programme to be seen in the 2022 data. This will allow for a full 12 months of works but also the acceleration of the programme, which will be doubled to cover over 400,000 sq ft in the year.



buildings



17%

Decrease in buildings emissions achieved since 2019 baseline

Case study

Eccleston Yards Circular Neighbourhood

We're working to create a circular neighbourhood in Eccleston Yards, a significant and representative area of our Belgravia portfolio covering over 70 different properties. We are collaborating with businesses, workers and residents to deliver a range of projects that will reduce carbon, support reuse, and reduce waste. This trial is aimed at demonstrating how collaboration in a place can effect meaningful change.

Evaluations have been undertaken for every building to assess opportunities to improve energy efficiency, including double glazing, insulation, and LED lighting. We've identified initiatives capable of saving over 180 tonnes of carbon and an average energy use reduction of 35% per building.

We've also been trialling innovative technologies and approaches including:

- a zero emission sub-one hour delivery service from stores to customers' homes
- software that analyses building energy use to optimise performance and reduce consumption and maintenance costs.
- helping cafes and restaurants measure and reduce their emissions.
- trialling repair workshops, composting facilities and sharing between occupiers to promote reuse and reduce waste.

We've identified initiatives capable of reducing energy use by an average of 35% per building in Eccleston Yards.





Development



Across our developments, as expected, emissions have increased against the previous year as two larger projects completed, adding about 800 tonnes of embodied carbon to our emissions.

However, both were delivered at 200kg of CO₂ per m² or less, well below our net zero carbon pathway compliant targets.

This was on top of the ongoing embodied carbon we emit from our smaller refurbishment projects, and £90 million energy efficiency and retrofit programme.

200kgCO₂e
per m² embodied carbon in completed projects, well-below pathway targets and best practice



As development partner we worked with award winning chef, Chantelle Nicholson, recipient of a Green Michelin star and former owner of Tredwells, to create a restaurant that takes a comprehensive approach to sustainability – from its fit-out right through to operations.

The development, at 68 Duke Street, incorporated circular economy principles from the start using reclaimed materials, recycled fittings and fixtures all responsibly procured.

Case study

Delivering low carbon, sustainable developments

“Apricity is a genuine benchmark project for the industry as the whole team has worked to deliver a project that supports Chantelle’s mission; to create the most outstanding hospitality experience possible (i.e., the highest positive social impact) whilst having the lowest negative environmental impact”.

David Chenery,
Director, Object Space Place
(Apricity design team)

Project highlights

Environmental

- 45% reduction in embodied carbon vs typical restaurant fit-out
- 98% of construction waste diverted from landfill

Social

- Key materials and products procured from social enterprises
- Full time carpentry apprentice worked on site

Commercial

- Cost savings on repurposed furniture
- Smart kitchen appliances, where efficiency and running costs can be centrally monitored.
- Marketing benefits through media interest in the sustainability story aiding strong opening performance

Working with partners committed to net zero is a critical success factor.

Supply



Our supply chain spend increased from the previous year, representing a return to more normal business activity following the lockdowns. This led to an increase in supplier emissions using the methodology we used to calculate our baseline.

However, as we signposted in our pathway, we're now moving to a more accurate and best practice methodology.

We've been able to use actual emissions data for over 10% of our supply chain based on the emissions those organisations report and we expect this figure to rise to 35% by the end of 2022.

This more accurately reflects the progress our partners have made. For example, our repairs and maintenance contractor's electric fleet is now fully represented.

chain

35%

of suppliers will report emissions data to us by the end of 2022



36 SME suppliers representing 31% of our annual spend in 2021 have joined our Net Zero Mentoring Programme.

Case study

Supporting smaller suppliers to build net zero carbon pathways

With supply chain emissions accounting for almost 50% of our carbon footprint between 2019 and 2030, working with partners committed to net zero is a critical success factor. By 2030, 40% of our supply chain by emissions will have a Science Based Target and, from 2023, we intend to only award contracts over £1 million to partners with a Science Based Target.

However, success is not achieved by placing excessive demands on suppliers' businesses, and we are taking a partnership approach. The launch of the first of its kind net zero mentor programme for smaller companies is one step

we are taking in supporting our varied supply chain in taking climate action. 36 SME suppliers representing 31% of our annual spend in 2021 have joined our Net Zero Mentoring Programme.

Using our recent experiences, we've created a free programme to help SME suppliers map and reduce their own carbon footprint.

Companies including construction and demolition contractors, architects, engineers, and maintenance and building services firms are gaining support in calculating their baseline, setting an action plan, and achieving a validated Science Based Target.



Corporate



Our corporate emissions reduced slightly, with energy efficiency measures implemented mostly offset by increased office occupancy across the year.

We have also seen reductions in employee commuting and business travel reflecting the impact of lockdown at the start of 2021, but also the move to our new hybrid working policy.

Following works completed in the year, our main corporate office is now gas free, with three large boilers replaced by an air source heat pump, and catering appliances replaced with induction hobs.

Our corporate HQ is now fossil fuel free



emissions

Renewables

Renewables

We continue to develop our infrastructure and look at opportunities to maximise onsite energy generation both through our retrofit strategy and for our new developments.

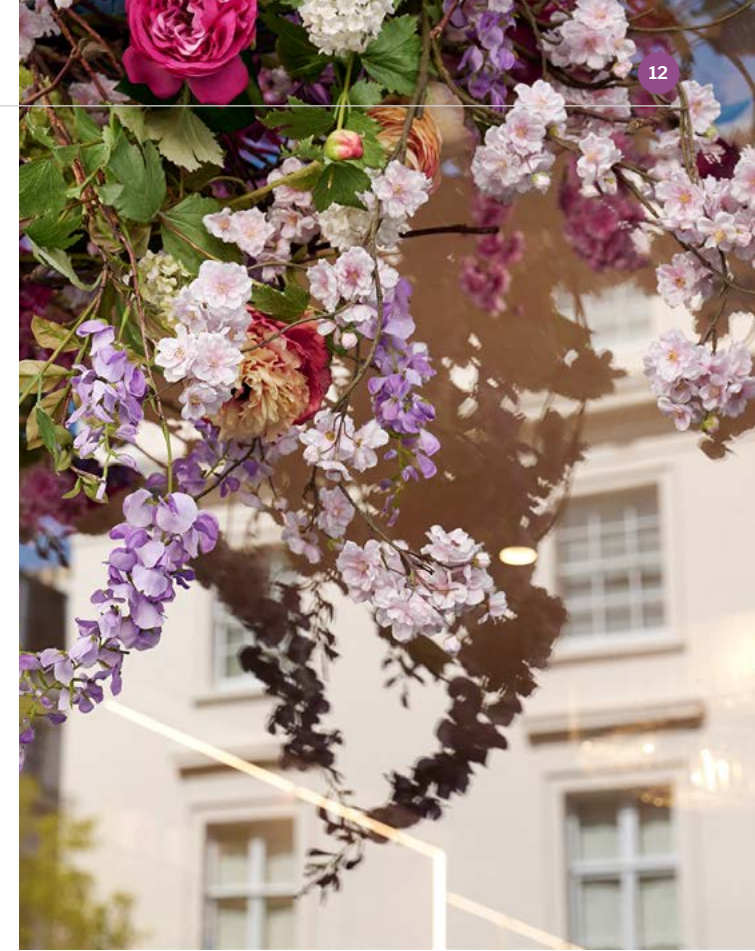
We source 100% renewable energy for our directly procured electricity.

As we look to expand the use of renewable energy contracts across our portfolio, we are engaging with occupiers and encouraging the procurement of renewable energy through our green leases. We are also exploring opportunities to invest in renewable energy projects and corporate power purchase agreements.



Offsetting

Last year we published our offsetting strategy, which accelerated our original offsetting timeline by 5 years, and committed to being carbon neutral across all scopes by 2025. We also committed to begin offsetting all corporate emissions and the embodied carbon from all our developments from 2021. For the year, this totalled 2,424 tonnes of CO₂e and we will update later in the year on the offset schemes we have utilised.



For 2021 we will offset 2,424 tonnes of CO₂e

& Offsetting



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