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EPRA Sustainability Performance Measures 2018

EPRA Sustainability Performance Measures

This report covers EPRA Sustainability Performance Measures for the period 1st October 2017 – 30th September 2018, based on the third version of the EPRA Sustainability Best Practices Recommendations Guidelines (2017).

The EPRA sBPR compliance tables below provide an overview of the EPRA sustainability performance measures that Grainger is able to report on, and an explanation of where data cannot be reported.

Environmental Sustainability Performance Measures

This year we are able to report on all Sustainability Performance Measures for all portfolios. We are reporting on an operational control approach, in line with our reporting for UK mandatory greenhouse gas reporting in our Annual Report and Accounts. We are not reporting on any energy or water consumed by our tenants, as this is outside our Scope 1 and 2 boundaries, and we are unable to access this data due to data protection regulations. However we do report on scope 3 emissions from electricity obtained by our landlord and supplied to us on a non-submetered basis for our London Bridge office.

EPRA sustainability best practice recommendations compliance table – Environmental Sustainability Performance Measures

EPRA Sustainability Performance Measure		Property investment portfolio		Offices	Where measure is reported
		Grainger assets	GRIP REIT assets	Own office occupation	Pages
Elec-Abs	**Total electricity consumption**	✓	✓	✓	6, 8
Elec-LfL	**Like-for-like total electricity consumption**	✓	✓	✓	6, 8
DH&C-Abs	**Total district heating & cooling consumption**	N/A	N/A	N/A	6, 8
DH&C-LfL	**Like-for-like total district heating & cooling consumption**	N/A	N/A	N/A	6, 8
Fuels-Abs	**Total fuel consumption**	✓	✓	✓	6, 8
Fuels-LfL	**Like-for-like total fuel consumption**	✓	✓	✓	6, 8
Energy-Int	**Building energy intensity[1]**	✓	✓	✓	6, 9
GHG-Dir-Abs	**Total direct greenhouse gas (GHG) emissions[2]**	✓	✓	✓	7, 9
GHG-Indir-Abs	**Total indirect greenhouse gas (GHG) emissions[3]**	✓	✓	✓	7, 9
GHG-Int	**Greenhouse gas (GHG) intensity from building energy consumption[4]**	✓	✓	✓	7, 9
Water-Abs	**Total water consumption[5]**	✓	✓	X	11
Water-LfL	**Like-for-like total water consumption**	✓	✓	N/A	11
Water-Int	**Building water intensity[6]**	✓	✓	X	11
Waste-Abs	**Total weight of waste by disposal route[7]**	N/A	✓	✓	12
Waste-LfL	**Like-for-like total weight of waste by disposal route**	N/A	✓	✓	12
Cert-Tot	**Type and number of sustainably certified assets**	✓	✓	N/A	13

Key:	Fully reported	✓	Partially reported	--	Not reported	X	Not applicable	N/A

[1] The intensity measure used for our property investment portfolio is kWh per £m value of assets under management. The intensity measure used for our own occupied offices is kWh per employee.

[2] Direct GHG emissions include emissions from fuel combustion from our property investment portfolio and our offices.

[3] Indirect GHG emissions include Scope 2 GHG emissions from purchased electricity and Scope 3 GHG emissions from transmission and distribution losses associated with purchased electricity, and from electricity obtained by Grainger's landlord in its London Bridge office and supplied to Grainger on a non-submetered basis.

[4] Greenhouse gas intensity from building energy includes Scope 1 and 2 GHG emissions only. The intensity measure used for our property investment portfolio is kg/CO2e per £m value of assets under management. The intensity metric used for our own occupied offices is kg/CO2e per employee.

[5] Water consumption is not gathered for our own offices due to landlord metering arrangements.

[6] The intensity metric used for our property investment portfolio is m3 per £m value of assets under management.

[7] We do not provide waste management for any Grainger assets.

Methodology for Environmental Sustainability Performance Measures

We have reported on all EPRA Sustainability Performance Measures, using the EPRA Best Practices Recommendations on Sustainability Reporting 3rd Version, the main requirements of the GHG Protocol Corporate Standard (revised edition) and emissions factors from the UK Government's Conversion Factors for Company Reporting 2018 and 2017.

We have used the GHG Protocol's location-based methodology for conversion factors for Scope 2 emissions. Emissions using the market-based methodology are provided in our greenhouse gas emissions reporting in our Annual Report and Accounts. Our scope 3 emissions relate to the transmission and distribution losses from electricity as well as the electricity obtained by the landlord but consumed by Grainger on a non-submetered basis at its London Bridge office.

Greenhouse gas emissions are reported as metric tonnes CO2 equivalent (t CO2e) and greenhouse gas intensity is reported as kilogrammes of CO2 equivalent (kg CO2e).

Like-for-like measures include all assets held for the full two-year period from 1st October 2016 - 30th September 2018. Assets undergoing major refurbishments have been excluded from like-for-like reporting.

Full details on our methodology and data coverage for each Sustainability Performance Measure is provided alongside our EPRA tables in this document.

Social and Governance Sustainability Performance Measures

This year is the second year we are reporting the new Social and Governance Measures. We are able to report on all Corporate Sustainability Performance Measures with the exception of Diversity-Pay (data is being gathered to enable future reporting), and all Assets Sustainability Performance Measures for all portfolios.

EPRA sustainability best practice recommendations compliance table – Social and Governance Performance Measures

EPRA Sustainability Performance Measure		Corporate	Assets			Where measure is reported
			Grainger assets	GRIP REIT assets	Own office occupation	Pages
SOCIAL PERFORMANCE MEASURES						
Diversity-Emp	**Employee gender diversity**	✓	N/A	N/A	N/A	14
Diversity-Pay	**Gender pay ratio**[8]	X	N/A	N/A	N/A	
Emp-Training	**Employee training and development**	✓	N/A	N/A	N/A	14
Emp-Dev	**Employee performance appraisals**	✓	N/A	N/A	N/A	14
Emp-Turnover	**New hires and turnover**	✓	N/A	N/A	N/A	15
H&S-Emp	**Employee health and safety**	✓	N/A	N/A	N/A	15
H&S-Asset	**Asset health and safety assessments**	N/A	✓	✓	✓	16
H&S-Comp	**Asset health and safety compliance**	N/A	✓	✓	✓	16
Comty-Eng	**Community engagement, impact assessments and development programs**[9]	N/A	✓	✓	✓	16
GOVERNANCE PERFORMANCE MEASURES						
Gov-Board	**Composition of the highest governance body**	✓	N/A	N/A	N/A	17
Gov-Selec	**Process for nominating and selecting the highest governance body**	✓	N/A	N/A	N/A	17
Gov-Col	**Process for managing conflicts of interest**	✓	N/A	N/A	N/A	18

Key:	Fully reported ✓	Partially reported --	Not reported X

[8] We are not able to report on Diversity-Pay because this data has not yet been analysed for the reporting year. As Grainger does not fall into the scope of UK legislation requiring certain organisations to publish information relating to their gender pay gap (The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017), Grainger is not required to publish this information and has not previously considered it material to report. Due to the increasing attention from stakeholders on this issue in response to the Regulations, we are undertaking relevant data analysis internally and will report this data in a reissued version of this report prior to the annual EPRA assessment once it has been disclosed elsewhere.

[9] Grainger has a corporate level community programme which is applied to all assets under management. In addition, larger assets and developments have asset-specific community programmes and details of these are provided in this document.

Overarching Recommendations

Organisational boundary

We have used the Operational Control boundary approach for all Sustainability Performance Measures. This includes all real estate assets owned or managed by Grainger plc, with a market value of £2,394 million. Data is reported for our property investment portfolio and separately for our own occupied offices. Our property investment portfolio includes our wholly-owned residential portfolio and GRIP REIT plc's residential portfolio, which is c.25% owned by Grainger and for which Grainger undertakes property and asset management. We have included our affordable housing portfolio for the first time in this year's report.

Coverage

Where we are not able to include 100% of all assets within our operational control in our reporting for a Sustainability Performance Measure, we have specified the level of data coverage, using number of properties. We are not able to specify coverage using floor areas as these are not routinely available for common parts areas of residential properties.

Estimation of landlord-obtained utility consumption

Where data for Grainger-obtained utility consumption is missing or unreliable, we have used the following estimation methodology to fill gaps following periods of known consumption:

1. the daily average of available data (requiring a minimum of 90 days) from the previous calendar year is used; or
2. the daily average of available data (requiring a minimum of 90 days) from the current calendar year is used; or
3. where insufficient previous data was available, we have excluded the property from reporting.

Where newly acquired assets have entered the portfolio and accurate meter readings are not able to be obtained straight away, we have calculated back dated estimates of an initial meter reading based on pro rata estimates of actual meter reading data after this time. We have only back dated these estimates to the date that the asset became Grainger's responsibility if less than a year prior to the first available meter reading, or the beginning of the current reporting year if the acquisition date is more than a year before the first available actual meter reading.

We have disclosed the proportion of total disclosed data that is estimated in each of the tables reported below for each Performance Measure.

Third party assurance

Grainger does not currently obtain third party assurance for any data reported in our EPRA Sustainability Performance Measures. However, all data is checked by our Sustainability Consultants, JLL and JLL's advisor's statement is published on our website.

Boundaries – reporting on landlord and tenant consumption

Grainger only reports on landlord-obtained energy, water and waste consumption, and electricity provided to us by our landlord on a non-submetered basis for our London Bridge office. Data on tenant consumption is not available due to data privacy requirements, however we report estimated tenant carbon dioxide emissions in our mandatory greenhouse gas emissions reporting in our Annual Report and Accounts.

Normalisation

The denominators used are £m value of assets under management for our property investment portfolio and number of employees for our own occupied offices. These intensity metrics have been chosen to align with what we report in the strategic report in our Annual Report & Accounts. Floor area is not routinely recorded for common parts areas of UK residential properties and is therefore not available to use for normalisation.

Segmental analysis

For asset-level performance measures, to align with our financial reporting, we report our performance segmented by our wholly-owned Grainger portfolio and GRIP REIT which was c.25% owned but managed by Grainger during the reporting year.

Disclosure on own offices

Disclosure on performance for our office occupation is reported separately. Grainger has five offices, three multi-occupied offices where Grainger is a tenant and two where it is the landlord. Grainger-obtained energy and energy sub-metered to Grainger by its landlord is included. For one office (London Bridge), data on energy obtained by the landlord and provided to Grainger on a non-submetered basis is now available and has been included in reporting for the most recent year.

Narrative on performance

Where appropriate, we have provided narrative on our performance alongside the relevant performance measure in this document.

Reporting period

Where data is available, performance measures have been reported for the two most recent years:

2017 – 1st October 2017 – 30th September 2018

2016 - 1st October 2016 – 30th September 2017

Materiality

Grainger undertook an extensive materiality review in 2017 to support the development of a new sustainability strategy. The review included a peer review and benchmarking exercise, political and legislative analysis, and stakeholder engagement, where we consulted employees and key external stakeholders, including top shareholders, potential customers and key suppliers. This review identified that most sustainability issues covered by the EPRA Sustainability Performance Measures are highly material to the organisation. Water has not been identified as material and landlord-obtained water consumption is minimal, however we are required to measure and report this data for other benchmarks and so have included this data within our EPRA report.

Figure 1: Results of sustainability materiality review

Environmental Performance Measures

Absolute energy, Building Energy Intensity, GHG emissions and GHG Intensity for own office occupation

Absolute and like-for-like energy for Own Office Occupation

Elec-Abs: Total electricity consumption; DH&C-Abs: Total district heating & cooling consumption; Fuels-Abs: Total fuel consumption;
Elec-Lfl: Like-for-like total electricity consumption; DH&C-Lfl: Like-for-like total District heating & cooling; Fuels-Lfl: Like-for-like total fuel consumption (annual kWh)
Energy-Int: Building Energy Intensity (kWh per employee per year)
GRI: 302-1; GRI: 302-3

			2017				2018					
			Absolute consumption	Coverage of applicable properties	Like-for-like consumption	Coverage of applicable properties	Absolute consumption	Coverage of applicable properties	Like-for-like consumption	Coverage of applicable properties	Absolute trend	Like-for-like trend
Energy (kWh)	**Elec-Abs, Elec-LfL**	Total electricity submetered to Grainger by its landlord	375,692	5 of 5	375,692	5 of 5	376,191	5 of 5	376,191	5 of 5	0.1%	0.1%
		Total electricity provided (on a non-submetered basis) to Grainger by its landlord	0	0 of 3	-	0 of 3	108,834	1 of 3	-	0 of 3	-	-
		Proportion of electricity from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	DH&C-Abs, DH&C-LfL	Total energy consumed from district heating and cooling submetered to Grainger by its landlord	-	0 of 0	-	0 of 0	-	0 of 0	-	0 of 0	-	-
		Proportion of district heating and cooling from renewable sources	-	-	-	-	-	-	-	-	-	-
	Fuels-Abs, Fuels-LfL	Total energy consumption from fuels submetered to Grainger by its landlord	2,972	1 of 2	2,972	1 of 2	3,182	1 of 2	3,182	1 of 2	7%	7%
		Proportion of fuels from renewable sources	-	-	-	-	-	-	-	-	-	-
Energy Intensity (kWh per employee per year)	**Energy-Int**	Building Energy Intensity for all energy submetered to Grainger by its landlord	1,747	5 of 5	1,747	5 of 5	1,487	5 of 5	1,487	5 of 5	-15%	-15%
		% of energy and associated GHG estimated	4%	-	4%	-	2%	-	2%	-	-	-

Absolute GHG emissions for Own Office Occupation

			2017		2018		
			Absolute consumption	Coverage of applicable properties	Absolute consumption	Coverage of applicable properties	Absolute trend
GHG-Dir-Abs: Total greenhouse gas (GHG) emissions; GHG-Indir-Abs: Total indirect greenhouse gas (GHG) emissions (annual metric tonnes CO2e) GHG-Int: Greenhouse gas (GHG) emissions intensity from building energy consumption (kg CO2e / employee / year) GRI: 305-1; GRI: 305-2; GRI: 305-3							
GHG (metric tonnes CO2e)	GHG-Dir-Abs	Total direct GHG emissions (GHG Protocol Scope 1)	0.5	1 of 2	0.6	1 of 2	7%
	GHG-Indir-Abs	Total indirect GHG emissions (GHG Protocol Scope 2)	138.0	5 of 5	113.1	5 of 5	-18%
		Total indirect GHG emissions (GHG Protocol Scope 3)	12.8	5 of 5	9.9	5 of 5	-22%
GHG Intensity (kg CO2e per employee per year)	GHG-Int	Building GHG Intensity (GHG Protocol Scopes 1 and 2)	641.8		447.2		-30%

Data coverage notes for occupied offices:

Absolute energy and GHG emissions: All five of Grainger's occupied offices have been included in the absolute energy and GHG figures reported, including the Aldershot office for the first time in this year's report. However, gas usage at the Aldershot Office has been excluded due to inaccurate meter readings. Gas consumption at the Birmingham office, and electricity obtained by the landlord but consumed by Grainger on a non-submetered basis at its London Bridge office is reported for the first time in this year's report. However electricity obtained by the landlord but consumed by Grainger on a non-submetered basis at its London Bridge office has been excluded from the scope 3 emissions reported.

Like-for-like energy and GHG emissions: All offices are included in like-for-like electricity reporting, however the Aldershot office has been excluded from gas reporting due to inaccurate meter readings.

Energy and GHG intensity: The intensity figures included relate to energy obtained by Grainger's landlord on a sub-metered basis and exclude energy and emissions from electricity procured by the landlord and provided to Grainger on a non-submetered basis, and scope 3 transmission and distribution emissions.

Restatements: Note that since the publication of last year's EPRA Sustainability Report and Mandatory GHG report (for the period 1 October 2016 to 30 September 2017), 2017 absolute and like-for-like GHG emissions for offices have been updated where additional data was able to be collected. Data on the Birmingham office's gas consumption was able to be obtained for 2018 and estimated for 2017. In addition, this is the first year that we have been able to report on the Aldershot office, and we have been able to include a combination of actual and estimated data for 2017 and actual data for 2018. However due to anomalous data we have been unable to include gas data for the Aldershot office. Actual electricity meter reads that were previously estimated for the London Bridge office have been incorporated, which has also had a positive impact on the data coverage figures.

Narrative on performance:

Absolute energy and GHG emissions: Total electricity sub-metered to Grainger by its landlord usage across the occupied offices portfolio has remained relatively stable (0.1% increase) between 2017 and 2018. Scope 2 emissions have decreased by 18% due to a 19% reduction in the carbon content of the UK's grid electricity makeup in 2018 compared to 2017. Similarly scope 3 emissions have decreased by 22% due to a 27% reduction in emissions factor between 2017 and 2018.

Like-for-like energy and GHG emissions: Like-for-like performance follows the same trend as absolute performance due to all occupied offices being included in the analysis.

Energy and GHG emissions intensity: Energy intensity has decreased significantly between 2017 and 2018 due to an increase in the number of employees working within Grainger's occupied offices, whilst occupied space remained the same. Grainger's scope 1 and 2 emissions intensity has also decreased significantly (-30%) over the same period due to this increase in employee numbers as well as the decrease in the scope 2 electricity emissions factors as mentioned above.

Absolute and like for like energy, Building Energy Intensity, GHG emissions and GHG Intensity for owned assets by portfolio

We report on Grainger-obtained electricity, fuel and water consumption for applicable properties with common areas; the proportion of estimation and exclusions due to missing data are listed in detail below. Grainger does not report on energy or water consumed by tenants. All annual consumption is reported as the portfolio stood at year end for the period from 1 October 2016 to 30 September 2017.

Absolute and like-for-like energy and Building Energy Intensity for owned assets

		2017				2018				Absolute Trend	Like-for-like Trend
		Absolute consumption	Coverage of applicable properties	Like-for-like consumption	Coverage of applicable properties	Absolute consumption	Coverage of applicable properties	Like-for-like consumption	Coverage of applicable properties		
Elec-Abs: Total electricity consumption; Fuels-Abs: Total fuel consumption; Elec-Lfl: Like-for-like total electricity consumption; Fuels-Lfl: Like-for-like total fuel consumption (annual kWh) GRI: 302-1; GRI: 302-3											
Grainger	Grainger obtained electricity	911,237	125 of 151	831,316	102 of 129	1,449,280	147 of 153	778,125	102 of 129	59%	-6%
	Proportion of electricity from renewable sources	75%	-	78%	-	60%	-	77%	-	-	-
	% of electricity estimated	2%	-	0%	-	29%	-	52%	-	-	-
	Total energy consumption from Grainger obtained fuels (natural gas)	3,119,419	6 of 6	3,003,924	5 of 5	3,134,906	6 of 6	3,120,573	5 of 5	0%	4%
	Proportion of fuels from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of fuels estimated	5%	-	5%	-	14%	-	14%	-	-	-
GRIP REIT	Grainger obtained electricity	617,109	32 of 32	467,636	22 of 25	643,439	29 of 30	460,781	22 of 25	4%	-1%
	Proportion of electricity from renewable sources	99%		100%		96%	-	100%			
	% of electricity estimated	1.8%	-	0.3%	-	8%	-	9%	-	-	-
	Total energy consumption from Grainger obtained fuels (natural gas)	179,807	3 of 3	179,807	3 of 3	179,295	3 of 3	179,295	3 of 3	0%	0%
	Proportion of fuels from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of fuels estimated	0%	-	0%	-	2%	-	2%	-	-	-
Grand Total	Grainger obtained electricity	1,528,347	157 of 183	1,298,952	124 of 154	2,092,719	176 of 183	1,238,907	124 of 154	37%	-5%
	Proportion of electricity from renewable sources	85%	-	86%	-	71%	-	86%	-	-	-
	% of electricity estimated	2%	-	0%	-	22%	-	36%	-	-	-
	Total energy consumption from Grainger obtained fuels (natural gas)	3,299,226	9 of 9	3,183,731	8 of 8	3,314,201	9 of 9	3,299,868	8 of 8	0%	4%
	Proportion of fuels from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of fuels estimated	4%	-	5%	-	13%	-	13%	-	-	-
Energy-Int: Building Energy Intensity (kWh / £m value of assets under management / year) GRI: 302-3											
Energy intensity	Building Energy Intensity for all Grainger-obtained building energy	1,786	-	N/A	-	2,184	-	N/A	-	22%	N/A

Absolute GHG emissions for owned assets

		2017		2018		
		Absolute consumption	Coverage of applicable properties	Absolute consumption	Coverage of applicable properties	Trend
GHG-Dir-Abs: Total greenhouse gas (GHG) emissions; GHG-Indir-Abs: Total indirect greenhouse gas (GHG) emissions (annual metric tonnes CO2e) GHG-Int: Greenhouse gas (GHG) emissions intensity from building energy consumption (kg CO2e / employee / year) GRI: 305-1; GRI: 305-2; GRI: 305-3						
Grainger	Total direct GHG emissions (GHG Protocol Scope 1)	574	6 of 6	577	6 of 6	0%
	Total indirect GHG emissions (GHG Protocol Scope 2)	335	125 of 151	436	147 of 153	30%
	Total indirect GHG emissions (GHG Protocol Scope 3)	31	125 of 151	38	147 of 153	23%
GRIP REIT	Total direct GHG emissions (GHG Protocol Scope 1)	33	3 of 3	33	3 of 3	0%
	Total indirect GHG emissions (GHG Protocol Scope 2)	225	32 of 32	193	29 of 30	-14%
	Total indirect GHG emissions (GHG Protocol Scope 3)	21	32 of 32	17	29 of 30	-19%
Grand Total	Total direct GHG emissions (GHG Protocol Scope 1)	607	9 of 9	610	9 of 9	0%
	Total indirect GHG emissions (GHG Protocol Scope 2)	559	157 of 183	629	176 of 183	12%
	Total indirect GHG emissions (GHG Protocol Scope 3)	52	157 of 183	55	176 of 183	6%
	% of GHG estimated	4%	-	16%	-	-
GHG-Int: Greenhouse gas (GHG) emissions intensity from building energy consumption (kgCO2e / £m value of assets under management / year) GRI: 305-4						
GHG Intensity	GHG intensity for all Grainger obtained building energy (Scopes 1 and 2)	432	-	500	-	16%

Data coverage notes for owned assets:

Absolute energy and scope 1 and 2 GHG emissions: We have been able to report fuels and scope 1 GHG emissions for all 9 of our properties for which we purchase fuels. We have also been able to report electricity and scope 2 GHG emissions data for 147 of 153 of Grainger wholly-owned properties. Two new PRS acquisitions (reported for the first time this year), one ground rent asset, one asset where the meter was inaccessible and one asset from our affordable housing portfolio have been excluded due to being unable to obtain meter readings data. Additionally, we have been unable to report the electricity for Abbeville Apartments due to metering replacement. From the GRIP REIT portfolio, we were only unable to report data for Argo Apartments, a newly completed build to rent development which completed midway through the reporting year, where we were unable to obtain meter readings data. We are working to obtain data for these assets for the next reporting period.

Like-for-like energy: We have been able to report like-for-like energy performance for 124 of 154 of all properties which have been owned and operated by Grainger for the complete 24 months' period analysed. The majority of the assets we have been unable to include in this analysis are recent PRS acquisitions or developments where we have only been able to collect data for part of the reporting period, or back date estimates to the date that the asset became Grainger's responsibility if less than a year prior to the first available meter reading, or the beginning of the current reporting year if the acquisition date is more than a year before the first available actual meter reading. In addition, several assets have been excluded due to refurbishments or problems collecting data due to meter access and replacement.

Absolute scope 3 emissions: Scope 3 emissions relate to Transmission and Distribution losses associated with Grainger's landlord-controlled electricity use only. Tenant consumption and emissions are not accounted for here.

Restatements: Note that since the publication of this year's Mandatory GHG report in Grainger's Annual Report & Accounts (for the period 1 October 2017 to 30 September 2018), we have slightly reduced our reported 2018 scope 2 GHG emissions due to the receipt of updated information on several meters post publication date. This has had the effect of changing our like-for-like performance for our scope 1 and 2 GHG emissions to -11.6% compared to the -6% as was initially reported. In addition, since the publication of last year's EPRA Sustainability Report and Mandatory GHG report (for the period 1 October 2016 to 30 September 2017), 2017 absolute and like-for-like GHG emissions for owned assets have been updated where additional data was able to be collected. Data on many newly acquired assets which were owned by Grainger in 2017 but unable to be reported on have now been able to be included. In addition, updated meter readings data has been provided for a selection of meters where additional meter readings and/or actual readings have been obtained in place of previously estimated readings, and where more accurate meter readings have been obtained.

Narrative on performance:

Absolute energy: Total Grainger obtained electricity for the wholly-owned Grainger portfolio has increased by 59% between 2017 and 2018. This is due to the increased numbers of properties able to be reported on in 2018 as discussed in the data coverage notes above. In addition, total Grainger obtained electricity for the GRIP REIT portfolio has also increased by 4% over the same time period. This increase is due to the acquisitions of St Anne's and Churston Close, plus the ongoing refurbishment at 1-5 Bath Street. However total Grainger obtained fuels consumption for both the Grainger portfolio and the GRIP REIT portfolio has remained stable between 2017 and 2018 despite the latter year experiencing a colder winter in the majority of areas in the UK.

Absolute GHG emissions: Total Grainger obtained scope 1 GHG emissions for both the Grainger portfolio and GRIP REIT portfolio have remained stable between 2017 and 2018, despite most areas of the UK experiencing a colder winter in the latter year. Total Grainger obtained scope 2 emissions for the Grainger portfolio have increased by 30% due to the increased number of properties able to be reported on in 2018. However total Grainger obtained scope 2 emissions for the GRIP REIT portfolio have decreased by 14%, due to a 19% reduction in the carbon content of the UK's grid electricity makeup in 2018 compared to 2017. Similarly, total scope 3 emissions for the Grainger portfolio increased by 23% due to the additional properties reported, and scope 3 emissions for the GRIP REIT portfolio have decreased by 19% due to a 27% reduction in emissions factor between 2017 and 2018.

Like-for-like energy: Like-for-like electricity usage for the Grainger portfolio has shown a 6% decrease in 2018 compared to 2017, due to more efficient usage across a number of assets, which include reductions at our Dibden House property and Royal Avenue House property, which underwent refurbishment of its common areas during 2017. However, like-for-like gas usage in this portfolio has increased by 4%, which can be attributed to the colder winter experienced in the majority of the UK during 2018, and the resulting increased gas usage required for space heating. Like-for-like electricity usage for the GRIP REIT portfolio has shown a 1% decrease in 2018 compared to 2017, due to relatively consistent consumption over the 2 years for most assets in the portfolio, and small reductions at our Ability Plaza asset. Like-for-like gas usage in this portfolio has remained stable between both years.

Energy and GHG emissions intensity: We have used the market value of assets under management as our main intensity Performance Measure as this is also what we use to measure our business efficiency KPI as reported in our Strategic report. Grainger's energy intensity has increased by 22% between 2017 and 2018 due to a combination of a reduction in the value of assets under management and a 12% increase in total energy usage between 2017 and 2018. Grainger's scope 1 and 2 emissions intensity has also increased significantly (16%) over the same period due to the combination of a reduction in the value of assets under management and a 6% increase in scope 1 and 2 GHG emissions between 2017 and 2018. However, it should be noted that we were able to include energy and GHG emissions for more of our properties in 2018 compared to 2017 due to improved data collection practices for our new acquisitions, and many of these properties have relatively high consumption.

Absolute and like-for-like water consumption and Building Water Intensity for owned assets by portfolio

Absolute and like-for-like water for owned assets

		2017				2018				Absolute Trend	Like-for-like Trend
		Absolute consumption	Coverage of applicable properties	Like-for-like consumption	Coverage of applicable properties	Absolute consumption	Coverage of applicable properties	Like-for-like consumption	Coverage of applicable properties		
Water-Abs: Total water consumption - annual cubic metres (m3) Water-Lfl: Like-for-like total water consumption - annual cubic metres (m3) Water-Int: Building Water Intensity (m3 / £m value of assets under management / year) GRI:303-5											
Water (m3)	Grainger	0	0 of 1	0	0 of 0	0	0 of 1	0	0 of 0	-	-
	GRIP REIT	24	2 of 2	24	0 of 0	52	2 of 3	52	0 of 0	120%	120%
	Grand Total	24	2 of 3	24	1 of 0	52	2 of 4	52	1 of 0	120%	120%
	% of water estimated	0%	-	0%	-	0%	-	0%	-	-	-
Water intensity (m3)	Water intensity (m3)	0.01	2 of 3	0.01	-	0.02	2 of 4	0.02	-	140%	140%
	% of water estimated	0%	-	0%	-	0%	-	0%	-	-	-

Data coverage notes for owned assets:

Absolute water: We have been able to report water usage for all the properties for which we purchase water, except for two recent developments: Abbeville Apartments in our wholly-owned Grainger portfolio and Argo Apartments in our GRIP REIT portfolio, where we were unable to unable to obtain accurate and complete meter readings data. We are working to gather data for these assets for the next reporting period. Tenant consumption is not accounted for here.

Like-for-like water: There are no applicable properties excluded from like-for-like reporting.

Narrative on performance:

Absolute and like-for-like water: Total Grainger obtained water for the GRIP Portfolio has increased by 120% between 2017 and 2018. Due to the minimal water obtained for common parts areas in the portfolio, this represents a significant percentage increase but a minimal absolute increase in consumption. This is due to a 185% increase in consumption at our Martlesham asset, which has been attributed to a water leak during 2018.

Water intensity: We have used the market value of assets under management as our main intensity Performance Measure as this is also what we use to measure our business efficiency KPI as reported in our Strategic report. Grainger's water intensity has increased by 140% between 2017 and 2018 due to the increased consumption observed at the GRIP REIT Martlesham asset in 2018, resulting from a water leak.

Total weight of waste by disposal route and like-for-like total weight of waste by disposal route for office occupation and owned assets

Total weight of waste by disposal route and like-for-like total weight of waste by disposal route for owned assets

		2017				2018					
		Absolute tonnes	Abs Proportion	Like-for-like tonnes	LfL Proportion	Absolute tonnes	Abs Proportion	Like-for-like tonnes	LfL Proportion	Absolute trend	Like-for-like trend
Waste-Abs: Total weight of waste by disposal route; Waste-Lfl: Like-for-like waste by disposal route (annual metric tonnes and proportion by disposal route) GRI:306-2											
GRIP REIT	Total	819		814		814		814		-1%	0%
	Recycled	403	49%	403	49%	403	49%	403	49%	0%	0%
	Incineration (with and without energy recovery)	303	37%	298	37%	298	37%	298	37%	-2%	0%
	Landfill (non hazardous)	113	14%	113	14%	113	14%	113	14%	0%	0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	100%		100%		100%		100%			
	Coverage of applicable properties	13 of 14		12 of 13		12 of 13		12 of 13			
Grand Total	Total	819		814		814		814		-1%	0%
	Recycled	403	49%	403	49%	403	49%	403	49%	0%	0%
	Incineration (with and without energy recovery)	303	37%	298	37%	298	37%	298	37%	-2%	0%
	Landfill (non hazardous)	113	14%	113	14%	113	14%	113	14%	0%	0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	100%		100%		100%		100%			
	Coverage of applicable properties	13 of 14		12 of 13		12 of 13		12 of 13			
Own office occupation	**Total**	10.5		10.5		7.0		7.0		-33%	-33%
	Recycled	6	59%	6	59%	4	57%	4	59%	-35%	-35%
	Incineration (with and without energy recovery)	-	-	-	-	-	-	-	-	-	-
	Landfill (non hazardous)	4	41%	4	41%	3	43%	3	41%	-31%	-31%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	1%		1%		32%		32%			
	Coverage of applicable properties	3 of 5		3 of 5		3 of 5		3 of 5			

Data coverage notes for owned assets:

Absolute and like-for-like waste: Waste management is not provided by Grainger for its wholly-owned portfolio, so there is no data to report. Waste data is gathered for all properties in the GRIP REIT portfolio where Grainger has waste management contracts in place, excluding Bethnal Green where it was not possible to convert the available waste data into weight. Waste weight in metric tonnes is calculated from bin volume in litres using the WRAP waste conversion factor 20 03 01 for mixed municipal waste, rather than actual weight measurements at each property. Proportion of waste by disposal route is based on statistics for each applicable waste management contractor as a whole and is not specific to Grainger properties. Because of this, there is no narrative on performance available. Food waste for five properties has been excluded because it was not possible to calculate weight from the data provided. Cheshire Street has been excluded from like-for-like waste because it was sold in October 2017.

Data coverage notes for occupied offices:

Absolute and like-for-like waste: Data was not available for the Birmingham office or the Aldershot office, which have been excluded from absolute and like-for-like reporting. There were only five employees formally based in these offices, and so waste generated is expected to be immaterial. Waste consumption reduced due to a reduction in waste generated at Grainger's Newcastle and London Bridge offices, despite an increase in employee numbers. This is attributed to a growing awareness of waste impacts amongst employees.

Type and number of sustainably certified assets

Cert-Tot (Type and number of sustainably certified assets)

		2017			2018		
Type of certification	**Name of certification**	Number of certified properties	Percentage of UK units certified	Coverage of applicable properties	Number of certified properties	Percentage of UK units certified	Coverage of applicable properties
Mandatory certifications	EU energy performance certificate	3,558	49%	3,558 of 7,261	3,672	53%	3,672 of 6,931
Voluntary certifications	Code for Sustainable Homes Level 3 / 4	155	2%	155 of 155	320	4%	320 of 320
Voluntary certifications	BREEAM Domestic Refurbishment Outstanding				192	3%	192 of 192

Data coverage notes

Mandatory certifications are EU energy performance certificates, which are not mandatory for all of Grainger's properties. Coverage of certificates for Grainger's portfolio is increasing due to a strategy to increase coverage of certifications prior to the application of Minimum Energy Efficiency Standards from 2020. Voluntary certifications include Code for Sustainable Homes certifications for PRS properties developed and retained by Grainger. This figure fluctuates as properties which have been developed are sold. For 2017 the voluntary certifications figure for Code for Sustainable Homes includes our Abbeville asset which was developed by Grainger in 2015 and has been retained (100 units at level 4), 31 units at Hortensia Road which have since been sold, and 24 units at Berewood (level 3). For 2018 it includes an additional 62 units completed at Berewood (level 3) and Argo Apartments (134 units at level 4) which was completed in 2018. We have also included our Tribe Apartments acquisition which was refurbished to BREEAM Outstanding.

Social Performance Measures

Employee gender diversity

Employee Gender Diversity

Impact Area	EPRA Code	Units of measure	Indicator	2017 Female	2017 Male	2018 Female	2018 Male
Employee gender diversity	Diversity-Emp	% of male & female employees	Employees in the organisation's Board of Directors	38%	62%	29%	71%
			Employees in the organisation's senior management	24%	76%	25%	75%
			All employees	58%	42%	55%	45%

Narrative on performance:

Grainger believes that a diverse perspective is key to success, and supports the aspiration of the Hampton Alexander Review to promote greater female representation on listed-company boards and in senior leadership teams. We are committed to achieving 33% female representation ahead of the target year of 2020. In 2018, due to one Director stepping down from the Board during the year, representation fell temporarily below 33% to 29% and we are targeting re-establishing representation at over 33% in 2019. In the same period, representation of women on our Executive Committee increased from 22% to 27% and representation across our senior leadership team (comprising members of Grainger's Executive Committee and direct reports) increased to 45%. Grainger considers diversity to be much wider than just gender, and is taking into consideration the recommendations of the Parker review to increase the ethnic diversity of listed company boards, in addition to considering how we can promote diversity and inclusion in all its forms within our workforce.

Employee training and development and Employee performance appraisals

Employee Training, Development and Performance

Impact Area	EPRA Code	Units of measure	Indicator	2017	2018
Employee training and development	Emp-Training	Average number of hours	Average hours of training undertaken by employees in the reporting period	5 hours	8.7 hours
Employee performance appraisals	Emp-Dev	% of total workforce	% of total employees who received regular performance and career development reviews during the reporting period	100%	100%

Narrative on performance:

This year, over 2000 hours of Company sponsored training and education were provided to employees, more than double the amount provided in 2017. This equates to an average of 8.7 hours per employee. Participation also increased from 79.5% of employees taking part in sessions in 2017 to 99.6% in 2018. This includes a comprehensive customer service training programme delivered to operations teams. Topics covered by training sessions included company benefits, the updated performance review process, health and safety, mental health, sustainability and the General Data Protection Regulation. During the year we introduced updated performance review documentation for our biannual performance reviews, and maintained 100% of employees receiving reviews.

New hires and turnover

Employee Turnover and Retention

Impact Area	EPRA Code	Units of measure	Indicator	2017 Number	2017 Rate	2018 Number	2018 Rate
Employee turnover and retention	Emp-Turnover	Total number and rate	New employee hires	23	11%	67	27%
			Employee turnover	12	6%	22	10%

Narrative on performance:

New hires increased significantly in 2018, for two reasons: hiring site-based staff for completed build to rent projects in London and Manchester, and hiring a number of temporary employees to support on key projects such as our Connect business transformation programme. Whilst turnover increased during the year, it remained low relative to other organisations in the sector and 43% of all permanent employees have worked for Grainger for five years or more.

Employee health and safety

Employee health & safety

Impact Area	EPRA Code	Units of measure	Indicator	Corporate Performance - Grainger plc 2017	Corporate Performance - Grainger plc 2018
Employee health and safety	H&S-Emp	Per 100,000 hours worked	Injury rate	0.00	0.00
			Lost day rate	0.00	0.00
		Days per employee	Absentee rate	1.03	1.63
		Total number	Fatalities	0	0

Narrative on performance:

Grainger has specific internal control and management systems to mitigate health and safety risk, including technological solutions and a programme of audit and assurance.

- We have taken steps to embed the 'three lines of defence' model to facilitate stronger monitoring and controls, and foster a culture of health and safety awareness.
- We employ a specialist Health and Safety Director and team who are responsible for overseeing compliance.
- The risk management framework we have adopted applies a system of close oversight and reporting of health and safety matters

In 2018 there were no reportable health and safety incidents for employees, and only three RIDDOR reportable accidents or incidents affecting our supply chain and visitors to our properties. In 2017 there were no reportable incidents for employees, and two within our supply chain.

Throughout 2018, employee health and wellbeing was identified as a priority and we conducted an employee wellbeing survey to identify employees' wellbeing goals to feed into the development of our approach. We provided a range of wellbeing-related training sessions including stress awareness training for line managers and personal safety sessions for lone workers delivered in collaboration with the Suzy Lamplugh Trust. At the end of the year, following a best in class review of health and safety throughout our business, we launched our new Live Safe commitment which will be a key focus area for 2019.

Asset health and safety assessments and compliance

Asset health & safety assessments and compliance

				Grainger		GRIP REIT	
				2017	2018	**2017**	2018
Asset health and safety assessments	H&S-Assets	% of assets	% of assets for which H&S impacts are assessed or reviewed	100%	100%	100%	100%
Asset health and safety compliance	H&S-Comp	Total number	Number of incidents of non-compliance with regulations and/or voluntary standards	0	0	0	0

Narrative on performance:

Health and Safety risk assessments are conducted at all assets and Grainger complies fully with all health and safety regulations. The organisation has not identified any non-compliance with regulations and/or voluntary codes. Following the Grenfell Tower fire, Grainger reacted quickly to ensure our portfolio was not at risk from cladding. We have since comprehensively reviewed apartment front door integrity across the portfolio. We comply fully with spot-check audits conducted by fire regulatory authorities and implement their recommendations.

In 2018 we launched a health and safety management system for our strategic development site at Wellesley, Aldershot and at the end of the year we launched our Company LiveSafe commitment which will be a key focus in 2019.

Community engagement, impact assessments and development programmes

Community engagement, impact assessments and development programmes

				Grainger		GRIP REIT	
				2017	2018	**2017**	2018
Asset community engagement programmes	Comty-Eng	% of assets	% of assets under operational control that have impemented local community engagement, impact assessments, and/or development programmes	100%	100%	100%	100%

Narrative on performance:

Grainger has a corporate community programme that applies across all activities. This includes a community investment programme with two charity partnerships (with LandAid and Age UK). Community engagement activities are undertaken on key assets and development sites where we have operational control. We undertake community engagement through a variety of means including residents panels, organised events, online consultation platforms and direct communications with local stakeholders.

We provide grievance processes for all residents and other stakeholders, including a formal complaints procedure, and we take steps to help our residents integrate into local communities, such as providing information about local services and amenities and hosting 'meet your neighbour' events. On larger assets such as our Wellesley site, we have a Community Strategy in place and a Community Manager to oversee its implementation. All our community initiatives are based on an assessment of the local communities' needs. We conduct social and environmental impact assessments for planning purposes. Highlights from 2018 include a series of residents events at our newly completed build to rent asset in Canning Town, Argo Apartments. These included "meet your neighbour" events, a roof terrace party, and coffee mornings. At Wellesley we hosted our first bonfire night and fireworks display event for residents. We continued to support on skills and employment programmes in the areas around our developments, in particular supporting a school near our Apex House development with a student technology project and reading support.

Governance Performance Measures

Composition of the highest governance body

Composition of the highest governance body

Impact Area	EPRA Code	Units of measure	Indicator	2017	2018
Composition of the Board of Directors	Gov-Board	Total numbers	Number of executive board members	2	2
			Number of independent / non-executive board members	6	5
			Average tenure on the governance body	2 years 8 months	3 years 1.5 months
			Number of independent / non-executive board members with competencies relating to environmental and social topics	Reported via qualitative information on pages 46-47 in Grainger's 2017 Annual Report & Accounts	Reported via qualitative information on pages 42-43 in Grainger's 2018 Annual Report & Accounts

Narrative on performance:

Information on the skills and experience of members of Grainger's Board of Directors is reported in Grainger's Annual Report & Accounts. This includes their previous experience, qualifications and other appointments, including competencies relating to environmental and social topics. Two new non-executive board members were appointed in 2017: Mark Clare, the Chairman of the Board, was previously a trustee of the Building Research Establishment and the UK Green Building Council, and Rob Wilkinson (Non-Executive Director) is Chairman of the Green Rating Alliance, thus bolstering the board's existing competencies relating to environmental and social topics. There were no new appointments in 2018.

Process for nominating and selecting the highest governance body

Nominating and selecting the highest governance body

Impact Area	EPRA Code	Units of measure	Indicator	2017	2018
Nominating and selecting the Board of Directors	Gov-Select	Narrative description	The nomination and selection processes for the Board of Directors and its committees Criteria used for nominating and selecting Board members, including whether and how - Stakeholders (including shareholders are involved) - Diversity is considered - Independence is considereed - Expertise and experience relating to economic, environmental and social topics are considered	Reported in the Nominations Committee report on pages 51-53 in Grainger's 2017 Annual Report & Accounts	Reported in the Nominations Committee report on pages 47-49 in Grainger's 2018 Annual Report & Accounts

Narrative on performance:

There were no new nominations to the Board of Directors during 2018. In both 2018 and 2017, Grainger responded to the Hampton Alexander Review to promote greater female representation on listed company boards and senior leadership teams. Grainger is committed to achieving the targets for FTSE 250 boards and leadership teams to achieve 33% female representation by 2020. In 2018, due to one female Non-Executive Director stepping down from the Board during the year, representation fell temporarily below 33% to 29%. We are targeting re-establishing representation at over 33% in 2019. Grainger’s Nominations Committee is also considering the recommendation of the Parker Review for FTSE250 organisations to have “at least one director of colour by 2024.” When a vacancy on the Board occurs, Grainger puts together a brief of the specific expertise and experience desired for the position for the headhunting agencies used, and is mindful of the mix of expertise, and diversity of the Board in drawing up this brief. A new appointment is expected in 2019 following the departure of a Non-Executive Director in 2018.

Process for managing conflicts of interest

Process for managing conflicts of interest

Impact Area	EPRA Code	Units of measure	Indicator	2017	2018
Process for managing conflicts of interest	Gov-Col	Narrative description	Processes to ensure that conflicts of interest are avoided and managed in the highest governance body	Grainger has a Conflicts of Interest Policy that is reviewed by all staff. It requires potential conflicts of interest to be reported by employees to their line manager, referred to the Legal, Risk & Governance team where appropriate and escalated if required. Prior to any new appointment to the Grainger Board of Directors, Grainger requests details of any existing directorships held by the proposed Board member for consideration. Board level conflicts and potential conflicts are disclosed as they arise, and the register of conflicts is reviewed by the Board at least annually, or more frequently if required. The Conflicts of Interest Policy sets out that if anyone serving on the Board of Directors is considering accepting another appointment as a board member of another organisation (including not-for-profit organisations), prior to accepting the appointment, they must always disclose the proposed appointment to a member of the Grainger Board of Directors.	
			Whether conflicts of interest are disclosed to stakeholders, including: - Cross-board membership - Cross-shareholding with suppliers and other stakeholders - Existence of controlling shareholder - Related party disclosure	Should any conflict of interest be identified, it would be disclosed to stakeholders in Grainger's Annual Report & Accounts. Grainger discloses information on individual members of the Board of Directors on pages 46-47 of the 2017 Annual Report & Accounts. This includes their previous experience and qualifications, and other appointments and directorships. Directors' shareholdings and share interests are reported on pages 73-74. Any Directors' interests in significant contracts are disclosed in the Directors' report on page 79 - in 2017 there were no material interests to disclose. There is no controlling shareholder in Grainger plc. Substantial shareholdings in the organisation are disclosed on page 59 in the Annual Report & Accounts. Related party transactions are reported on pages 133 and 134.	Should any conflict of interest be identified, it would be disclosed to stakeholders in Grainger's Annual Report & Accounts. Grainger discloses information on individual members of the Board of Directors on pages 42-43 of the 2018 Annual Report & Accounts. This includes their previous experience and qualifications, and other appointments and directorships. Directors' shareholdings and share interests are reported on pages 71-72. Any Directors' interests in significant contracts are disclosed in the Directors' report on page 77 - in 2018 there were no material interests to disclose. There is no controlling shareholder in Grainger plc. Substantial shareholdings in the organisation are disclosed on page 57 in the Annual Report & Accounts. Related party transactions are reported on page 137.

Narrative on performance:

No conflicts of interest were identified in either year. During 2018, Grainger's CEO and CFO were each appointed to an external non-executive directorship. Grainger's Nominations Committee reviewed these appointments and identified no conflict of interest arising.