

**EPRA
Sustainability
Performance
Measures
2017**



EPRA Sustainability Performance Measures

This report covers EPRA Sustainability Performance Measures for the period 1st October 2016 – 30th September 2017.

This year Grainger is reporting for the first time against the third version of the EPRA Sustainability Best Practices Recommendations Guidelines, which were published in September 2017. Efforts have been made to report on all Sustainability Performance Measures where feasible. Where data was not gathered during the reporting year for the new social and governance performance measures, we are working to gather this data to enable us to report on all measures from 2018.

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.

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

EPRA Sustainability Performance Measure		Property investment portfolio		Offices	Where measure is reported
		UK Residential 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 ¹	✓	✓	N/A	6, 8
Fuels-LfL	Like-for-like total fuel consumption	✓	✓	N/A	6, 8
Energy-Int	Building energy intensity ²	✓	✓	✓	6, 8
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions ³	✓	✓	N/A	7, 9
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions ⁴	✓	✓	✓	7, 9
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption ⁵	✓	✓	✓	7, 9
Water-Abs	Total water consumption ⁶	✓	✓	X	10
Water-LfL	Like-for-like total water consumption	✓	✓	N/A	10
Water-Int	Building water intensity ⁷	✓	✓	X	10
Waste-Abs	Total weight of waste by disposal route ⁸	N/A	✓	✓	11
Waste-LfL	Like-for-like total weight of waste by disposal route	N/A	✓	✓	11
Cert-Tot	Type and number of sustainably certified assets	✓	✓	N/A	12

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

¹ Fuel consumption is not applicable in our offices.

² 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.

³ Direct GHG emissions include emissions from fuel combustion from our property investment portfolio only.

⁴ 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.

⁵ 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.

⁶ Water consumption is not gathered for our own offices due to landlord metering arrangements.

⁷ The intensity metric used for our property investment portfolio is m³ per £m value of assets under management.

⁸ We do not provide waste management for our UK Residential portfolio.

Notes on methodology for Environmental Sustainability Performance Measures

We have aligned our reporting with the main requirements of the GHG Protocol Corporate Standard (revised edition). Greenhouse gas emissions are calculated using the UK Government's conversion factors for Company Reporting 2017 and 2016. Transmission and distribution losses are reported as Scope 3 emissions. 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 mandatory greenhouse gas emissions reporting in our Annual Report and Accounts. 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 2015 - 30th September 2017.

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 first 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, 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 Pages
		UK Residential assets	GRIP REIT assets	Own office occupation	
SOCIAL PERFORMANCE MEASURES					
Diversity-Emp Employee gender diversity	✓	N/A	N/A	N/A	13
Diversity-Pay Gender pay ratio ⁹	X	N/A	N/A	N/A	
Emp-Training Employee training and development	✓	N/A	N/A	N/A	13
Emp-Dev Employee performance appraisals	✓	N/A	N/A	N/A	13
Emp-Turnover New hires and turnover	✓	N/A	N/A	N/A	14
H&S-Emp Employee health and safety	✓	N/A	N/A	N/A	14
H&S-Asset Asset health and safety assessments	N/A	✓	✓	✓	15
H&S-Comp Asset health and safety compliance	N/A	✓	✓	✓	15
Comty-Eng Community engagement, impact assessments and development programs ¹⁰	N/A	✓	✓	✓	15
GOVERNANCE PERFORMANCE MEASURES					
Gov-Board Composition of the highest governance body	✓	N/A	N/A	N/A	16
Gov-Selec Process for nominating and selecting the highest governance body	✓	N/A	N/A	N/A	16
Gov-Col Process for managing conflicts of interest	✓	N/A	N/A	N/A	17

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

⁹ We are not able to report on Diversity-Pay because this data has not 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 considering if it is appropriate and material to report this information in 2018.

¹⁰ 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.

Notes on 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 £2,703 million.

Data is reported for our property investment portfolio and separately for our occupied offices. Our property investment portfolio includes our wholly-owned UK Residential portfolio and GRIP REIT plc's portfolio which is c. 25% owned by Grainger and for which Grainger undertakes property and asset management.

Coverage

Where we are not able to include 100% of all assets within our operational control in our reporting for an asset-level performance measure, we have specified the level of data coverage, using number of units. We have excluded data for our Germany Residential portfolio which was sold in April 2016 and our Germany occupied office which was closed in February 2016 as data was not available.

Estimation of landlord-obtained utility consumption

Where data for Grainger-obtained utility consumption is missing or unreliable, we have used the following estimation methodology:

1. Where data is available for the same period (quarter) for the previous reporting year, we have estimated missing utility consumption using the daily consumption rate from the previous year.
2. Where data is not available for the same period (quarter) for the previous reporting year, we have estimated missing utility consumption using the daily consumption rate from all previous quarters in the current reporting year.
3. Where insufficient previous data was available, we have excluded the property from reporting.

We have only estimated data to fill gaps using known consumption from other periods for the metered supply in question. We have disclosed the proportion of total disclosed data that is estimated in the data notes that accompany 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 they produce an advisor's statement published in our Annual Report & Accounts.

Boundaries – reporting on landlord and tenant consumption

Grainger only reports on landlord-obtained energy, water and waste consumption. Data on tenant consumption is not available, 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.

Segmental analysis

For asset-level performance measures, to align with our financial reporting, we report our performance segmented by our wholly-owned UK Residential portfolio and GRIP REIT which is c.25% owned but managed by Grainger. Disclosure on performance for our office occupation is reported separately.

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 2016 – 30th September 2017

2016 - 1st October 2015 – 30th September 2016

As the new social and governance indicators were published at the end of this reporting period, data is not available for all measures for 2016 and where data was not available for 2016 only data for 2017 is reported.

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. More information on our materiality review is reported in our Annual Report & Accounts and on our website. 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

			2016		2017		Absolute trend	Like-for-like trend
			Absolute consumption	Like-for-like consumption	Absolute consumption	Like-for-like consumption		
Elec-Abs: Total electricity consumption; DH&C-Abs: Total district heating & cooling consumption; Fuels-Abs: Total fuel consumption; Elec-Lfl: Like-for-like electricity consumption; DH&C-Lfl: Like-for-like District heating & cooling; Fuels-Lfl: Like-for-like fuel consumption (annual kWh) GRI: 302-1 Energy-Int: Building Energy Intensity (kWh per employee per year) CRE1								
Energy (kWh)	Elec-Abs, Elec-LfL	Total electricity submetered to Grainger by its landlord	388,494	388,494	327,166	327,166	-16%	-16%
		Proportion of electricity from renewable sources	0%	0%	0%	0%	0%	0%
	DH&C-Abs, DH&C-LfL	Total energy consumed from district heating and cooling submetered to Grainger by its landlord	-	-	-	-	-	-
		Proportion of district heating and cooling from renewable sources	-	-	-	-	-	-
	Fuels-Abs, Fuels-LfL	Total energy consumption from fuels submetered to Grainger by its landlord	-	-	-	-	-	-
		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	1,750	N/A	1,522	N/A	-13%	N/A
		Coverage of applicable properties	4 of 5	4 of 4	4 of 4	4 of 4	4 of 4	4 of 4
		% of energy and associated GHG estimated	0%	0%	8%	8%	0%	0%

Absolute GHG emissions for Own Office Occupation

			2016	2017	Absolute trend
			Absolute consumption	Absolute consumption	
GHG-Dir-Abs: Total greenhouse gas (GHG) emissions; GHG-Indir-Abs: Total indirect greenhouse gas (GHG) emissions (annual metric tonnes CO2e) GRI: 305-1, 305-2, CRE3 GHG-Int: Greenhouse gas (GHG) intensity from building energy consumption (kg CO2e per employee per year) CRE3					
GHG (metric tonnes CO2e)	GHG-Dir-Abs	Total direct GHG emissions (GHG Protocol Scope 1)	-	-	-
	GHG-Indir-Abs	Total indirect GHG emissions (GHG Protocol Scope 2)	165	120	-27%
		Total indirect GHG emissions (GHG Protocol Scope 3)	14.6	11.1	-24%
GHG Intensity (kg CO2e per employee per year)	GHG-Int	Building GHG Intensity (GHG Protocol Scopes 1 and 2)	745	559	-25%

Data coverage notes for occupied offices

Absolute energy and GHG emissions: The Frankfurt office was excluded as it was closed in February 2016 alongside the sale of the German portfolio.

Like-for-like energy and GHG emissions: All offices are included in like-for-like reporting.

Restatements: Note that since the publication of the Mandatory GHG report (1 October 2016 to 30 September 2017), absolute and like-for-like GHG emissions for offices have been updated. Actual meter reads that were previously estimated for 3 office properties have been incorporated, which has also had a positive impact on the data coverage figures.

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

		2016				2017				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; DH&C-Abs: Total district heating & cooling consumption; Fuels-Abs: Total fuel consumption; Elec-LfI: Like-for-like electricity consumption; DH&C-LfI: Like-for-like District heating & cooling; Fuels-LfI: Like-for-like fuel consumption (annual kWh) GRI: 302-1 Energy-Int: Building Energy Intensity (kWh per employee per year) GRI: 302-3											
UK Residential portfolio	Grainger obtained electricity	749,577	185 of 185	749,577	182 of 182	771,946	182 of 182	771,946	182 of 182	3%	3%
	Proportion of electricity from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of electricity estimated	4%	-	4%	-	30%	-	30%	-	-	-
	Total energy consumed from district heating and cooling	-	-	-	-	-	-	-	-	-	-
	Proportion of district heating and cooling from renewable sources	-	-	-	-	-	-	-	-	-	-
	Total energy consumption from Grainger obtained fuels (natural gas)	2,169,288	8 of 8	2,169,288	8 of 8	2,179,909	8 of 8	2,179,909	8 of 8	0%	0%
	Proportion of fuels from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of fuels estimated	0.1%	-	0.1%	-	38%	-	38%	-	-	-
GRIP REIT	Grainger obtained electricity	580,343	81 of 82	539,359	78 of 79	574,525	80 of 81	555,821	78 of 79	-1%	3%
	Proportion of electricity from renewable sources	100%	-	100%	-	100%	-	100%	-	-	-
	% of electricity estimated	0.5%	-	0.5%	-	6%	-	6%	-	-	-
	Total energy consumed from district heating and cooling	-	-	-	-	-	-	-	-	-	-
	Proportion of district heating and cooling from renewable sources	-	-	-	-	-	-	-	-	-	-
	Total energy consumption from Grainger obtained fuels (natural gas)	153,880	4 of 4	153,880	4 of 4	180,956	4 of 4	180,956	4 of 4	18%	18%
	Proportion of fuels from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of fuels estimated	0%	-	0%	-	1%	-	1%	-	-	-
Grand Total	Grainger obtained electricity	1,329,920	266 of 267	1,288,936	260 of 261	1,346,471	262 of 263	1,327,767	260 of 261	1%	3%
	Proportion of electricity from renewable sources	44%	-	42%	-	43%	-	42%	-	-	-
	% of electricity estimated	3%	-	3%	-	20%	-	20%	-	-	-
	Total energy consumed from district heating and cooling	-	-	-	-	-	-	-	-	-	-
	Proportion of district heating and cooling from renewable sources	-	-	-	-	-	-	-	-	-	-
	Total energy consumption from Grainger obtained fuels (natural gas)	2,323,168.0	12 of 12	2,323,168	12 of 12	2,360,865	12 of 12	2,360,865	12 of 12	2%	2%
	Proportion of fuels from renewable sources	0%	-	0%	-	0%	-	0%	-	-	-
	% of fuels estimated	0.1%	-	0.1%	-	35%	-	35%	-	-	-
Energy-Int: Building Energy Intensity (kWh per £m value of assets under management) GRI: 302-3											
Building Energy Intensity for all Grainger-obtained building energy		1,392	-	N/A	-	1,372	-	N/A	-	-1%	N/A

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.

Absolute GHG emissions for owned assets

		2016		2017		Trend
		Absolute consumption	Coverage of applicable properties	Absolute consumption	Coverage of applicable properties	
GHG-Dir-Abs: Total direct greenhouse gas (GHG) emissions; GHG-Indir-Abs: Total indirect greenhouse gas (GHG) emissions (annual metric tonnes CO2e) GRI: 305-1, 305-2, 305-3						
UK Residential portfolio	Total direct GHG emissions (GHG Protocol Scope 1)	399.4	8 of 8	401.2	8 of 8	0%
	Total indirect GHG emissions (GHG Protocol Scope 2)	319.7	185 of 185	284.4	182 of 182	-11%
	Total indirect GHG emissions (GHG Protocol Scope 3)	28	185 of 185	26	182 of 182	-7%
GRIP REIT	Total direct GHG emissions (GHG Protocol Scope 1)	28.3	4 of 4	33.3	4 of 4	18%
	Total indirect GHG emissions (GHG Protocol Scope 2)	246.5	81 of 82	209	80 of 81	-15%
	Total indirect GHG emissions (GHG Protocol Scope 3)	21.8	81 of 82	19.4	80 of 81	-11%
Grand Total	Total direct GHG emissions (GHG Protocol Scope 1)	427.7	12 of 12	434.5	12 of 12	2%
	Total indirect GHG emissions (GHG Protocol Scope 2)	566.2	266 of 267	493.4	262 of 263	-13%
	Total indirect GHG emissions (GHG Protocol Scope 3)	49.8	266 of 267	45.4	262 of 263	-9%
	% of GHG estimated	1%	-	30%	-	-
GHG-Int: Greenhouse gas (GHG) intensity from building energy consumption (kgCO2e per £m value of assets under management) GRI: 305-4						
GHG Intensity	GHG intensity for all Grainger obtained building energy (Scopes 1 and 2)	378.8	-	343.3	-	-9%

Data coverage notes for owned assets

Absolute energy and GHG emissions: Data for our German Residential portfolio has been excluded from the 2016 data due to the sale of the portfolio in April 2016. For the UK Residential portfolio three properties (Denton Street - 10-13: Wandsworth; Battersea Rise – 65; and Gloucester Road - 37 - London) were sold or became a right to manage block in 2016 and are therefore not included in the 2017 data. For GRIP REIT, Kimmerston House has been excluded from both absolute and like-for-like electricity as there was no data for either year due to a supply issue.

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

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

		2016			2017			Absolute Trend	Like-for-like Trend
		Absolute consumption	Like-for-like consumption	Coverage of applicable properties	Absolute consumption	Like-for-like consumption	Coverage of applicable properties		
Water-Abs: Total water consumption annual cubic metres (m3) GRI:303-1									
Water-Lfl: Like-for-like total water consumption annual cubic metres (m3) GRI:303-1									
Water-Int: Building Water Intensity (m3 per £m value of assets under management per year) CRE2									
Water (m3)	UK Residential	295	295	1 of 1	323	323	1 of 1	9%	9%
	GRIP REIT	17	17	2 of 2	24	24	2 of 2	41%	41%
	Grand Total	312	312	3 of 3	347	347	3 of 3	11%	11%
	% of water estimated	0%	0%	-	0%	0%	-	-	-
Water intensity (m3)	Water intensity (m3)	0.12	0.12	3 of 3	0.13	0.13	3 of 3	8%	8%
	% of water estimated	8%	8%	-	92%	92%	-	-	-

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.

Data coverage notes for owned assets

Absolute water: A significant proportion of water consumption for 2017 was estimated due to lack of data availability for the largest-consuming property.

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

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

		2016				2017					
		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 fund	Total	771		771		771		771		0%	0%
	Recycled	373	48%	373	48%	373	48%	373	48%	0%	0%
	Incineration (with and without energy recovery)	291	38%	291	38%	291	38%	291	38%	0%	0%
	Landfill (non hazardous)	107	14%	107	14%	107	14%	107	14%	0%	0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	100%		100%		100%		100%			
	Coverage of applicable properties	10 of 11		10 of 11		10 of 11		10 of 11			
Grand Total	Total	771		771		771		771		0%	0%
	Recycled	373	48%	373	48%	373	48%	373	48%	0%	0%
	Incineration (with and without energy recovery)	291	38%	291	38%	291	38%	291	38%	0%	0%
	Landfill (non hazardous)	107	14%	107	14%	107	14%	107	14%	0%	0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	100%		100%		100%		100%			
	Coverage of applicable properties	10 of 11		10 of 11		10 of 11		10 of 11			
Own office occupation	Total	16		16		10.5		10.5		-34%	-34%
	Recycled	12	75%	12	75%	6	59%	6	59%	-48%	-48%
	Incineration (with and without energy recovery)	-	-	-	-	-	-	-	-	-	-
	Landfill (non hazardous)	4	25%	4	25%	4	41%	4	41%	8%	8%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	57%		1%		1%		1%			
	Coverage of applicable properties	4 of 5		4 of 4		3 of 4		3 of 4			

Absolute waste: Waste management is not provided by Grainger for its UK Residential portfolio, so there is no data to report.

Waste data is gathered and reported 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. Food waste for 4 properties has been excluded because it was not possible to calculate weight from the data provided. For Grainger's offices, data was not available for the Birmingham Office in 2017 so it has been excluded from absolute reporting.

Like-for-Like waste: Bethnal Green has been excluded as it was not possible to convert the available waste data into weight. The Birmingham office has also been excluded from like-for-like reporting due to data not being available for 2017.

Type and number of sustainably certified assets

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

		2016			2017		
		Number of certified properties UK	Percentage of UK units certified	Coverage of applicable properties	Number of certified properties UK	Percentage of UK units certified	Coverage of applicable properties
Type of certification	Name of certification						
Mandatory certifications	EU energy performance certificate	2486	34%	2,486 of 7,248	2558	49%	3,558 of 7,261
Voluntary certifications	Code for Sustainable Homes Level 3 / 4	100	2%	100 of 100	155	1%	155 of 155

Data coverage notes

EU energy performance certificate information was not gathered for our Germany portfolio which was sold in April 2016. 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 2016 the voluntary certifications figure includes our Abbeville asset only which was developed by Grainger in 2015 and has been retained. For 2017 the voluntary certifications figure has increased to include more newly completed units: 31 units at Hortensia Road and 24 units at Berewood.

Social Performance Measures

Employee gender diversity

Employee Gender Diversity

Impact Area	EPRA Code	Units of measure	Indicator	2016		2017	
				Female	Male	Female	Male
Employee gender diversity	Diversity-Emp	% of male & female employees	Employees in the organisation's Board of Directors	50%	50%	38%	62%
			Employees in the organisation's senior management	22%	78%	24%	76%
			All employees	61%	39%	58%	42%

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 achieve 33% female representation. Grainger has achieved in excess of this and will look to continue to follow the recommendations of the Review and the Code to maintain a balanced and diverse Board. Diversity is of course much wider than gender. The Board and Nominations Committee also have regard to the Parker Review on ethnic diversity. Diversity of thought is also hugely important to the Board. By bringing together Executive and Non-Executive Directors with diverse backgrounds and experience, we gain enormously from varied perspectives across a range of issues.

Employee training and development and Employee performance appraisals

Employee Training, Development and Performance

Impact Area	EPRA Code	Units of measure	Indicator	2016	2017
Employee training and development	Emp-Training	Average number of hours	Average hours of training undertaken by employees in the reporting period	13.5 hours	5 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:

In the reporting year, 1,010 hours of Company sponsored training and education were provided for employees. This equates to an average of 5 hours per employee. 79.5% of employees took part in sessions covering a range of topics from London housing policy to pensions. In 2018 we plan to undertake a review of our training offer.

In addition to providing annual performance and career development reviews for all staff, in 2017 we introduced a talent forum, where senior management review each individual in the business, identifying potential for growth and planning for succession. We have also put in place a process to support the development of members of our team by providing them opportunities to engage with and interact with senior management and external stakeholders.

New hires and turnover

Employee Turnover and Retention

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

Narrative on performance:

This data was not gathered for 2016.

Employee health and safety

Employee health & safety

Impact Area	EPRA Code	Units of measure	Indicator	Corporate Performance - Grainger plc		
				2016	2017	
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	
		Total number	Days per employee	Absentee rate	1.71	1.03
			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 2017 there were no reportable health and safety incidents for employees, and only two RIDDOR reportable accidents or incidents within our supply chain.

Asset health and safety assessments and compliance

Asset health & safety assessments and compliance

				UK Residential portfolio		GRIP REIT	
				2016	2017	2016	2017
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:

The organisation has not identified any non-compliance with regulations and/or voluntary codes.

Community engagement, impact assessments and development programmes

Community engagement, impact assessments and development programmes

				UK Residential portfolio		GRIP REIT	
				2016	2017	2016	2017
Asset community engagement programmes	Comty-Eng	% of assets	% of assets under operational control that have implemented 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, and direct engagement from our contractors and Grainger staff 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.

Governance Performance Measures

Composition of the highest governance body

Composition of the highest governance body

Impact Area	EPRA Code	Units of measure	Indicator	2016	2017
Composition of the Board of Directors	Gov-Board	Total numbers	Number of executive board members	3	2
			Number of independent / non-executive board members	5	6
			Average tenure on the governance body	3.5 years	2 years 8 months
			Number of independent / non-executive board members with competencies relating to environmental and social topics	Reported via qualitative information on pages 44-45 in Grainger's 2016 Annual Report & Accounts	Reported via qualitative information on pages 46-47 in Grainger's 2017 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 newly appointed 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.

Process for nominating and selecting the highest governance body

Nominating and selecting the highest governance body

Impact Area	EPRA Code	Units of measure	Indicator	2016	2017
Nominating and selecting the Board of Directors	Gov-Select	Narrative description	The nomination and selection processes for the Board of Directors and its committees	Reported in the Nominations Committee report on pages 60-61 in Grainger's 2016 Annual Report & Accounts	Reported in the Nominations Committee report on pages 51-53 in Grainger's 2017 Annual Report & Accounts
			Criteria used for nominating and selecting Board members, including whether and how <ul style="list-style-type: none"> - Stakeholders (including shareholders) are involved - Diversity is considered - Independence is considered - Expertise and experience relating to economic, environmental and social topics are considered 		

Narrative on performance:

In 2017, Grainger responded to the Hampton Alexander Review to promote greater female representation on listed company boards by making a commitment to maintain at least one-third of the Board being female Directors. The Board also reviewed the Parker Review regarding ethnic diversity on UK boards and the Nominations Committee will work with the Board with a view to adopting its recommendation for FTSE250 organisations to have "at least one director of colour by 2024."

Process for managing conflicts of interest

Process for managing conflicts of interest

Impact Area	EPRA Code	Units of measure	Indicator	2016	2017
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	<p>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.</p> <p>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.</p> <p>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.</p>	
			Whether conflicts of interest are disclosed to stakeholders, including:	Should any conflict of interest be identified, it would be disclosed to stakeholders in Grainger's Annual Report & Accounts.	Should any conflict of interest be identified, it would be disclosed to stakeholders in Grainger's Annual Report & Accounts.
			<ul style="list-style-type: none"> - Cross-board membership - Cross-shareholding with suppliers and other stakeholders - Existence of controlling shareholder - Related party disclosure 	<p>Grainger discloses information on individual members of the Board of Directors on pages 44-45 of the 2016 Annual Report & Accounts. This includes their previous experience and qualifications, and other appointments and directorships. Directors' shareholdings and share interests are reported on pages 79-81. Any Directors' interests in significant contracts are disclosed in the Directors' report on page 86 - in 2016 there were no material interests to disclose.</p> <p>There is no controlling shareholder in Grainger plc. Substantial shareholdings in the organisation are disclosed on page 52 in the Annual Report & Accounts. Related party transactions are reported on page 156.</p>	<p>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.</p> <p>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.</p>

Narrative on performance:

As no conflicts of interest were identified in either year, there is no narrative to report.