

**EPRA
Sustainability
Performance
Measures
2019**



EPRA Sustainability Performance Measures

This report covers EPRA Sustainability Performance Measures for the period 1st October 2018– 30th September 2019, 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
		PRS assets	Regulated 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 consumption¹	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 intensity²	✓	✓	✓	6, 8
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions³	✓	✓	✓	6, 9
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions⁴	✓	✓	✓	6, 9
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption⁵	✓	✓	✓	6, 9
Water-Abs	Total water consumption⁶	✓	✓	✗	10
Water-LfL	Like-for-like total water consumption	✓	✓	N/A	10
Water-Int	Building water intensity⁷	✓	✓	✗	10
Waste-Abs	Total weight of waste by disposal route⁸	✓	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	✗	Not applicable	N/A
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¹ There is currently no landlord-obtained district heating and cooling consumption to report, and so these measures have been excluded from the EPRA tables

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 and our offices.

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, and from electricity obtained by Grainger's landlord in its London Bridge office and supplied to Grainger on a non-submetered basis.

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 Waste generation is only reported where Grainger is responsible for the waste management at the asset, which only applies to a small proportion of the portfolio.

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 2019 and 2018.

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 and well-to-tank emissions 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 2017 - 30th September 2019. Any exclusions from absolute and like for like measures have been reported in the data notes accompanying the EPRA tables.

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

We are able to report on all Social and Governance Performance Measures, covering all Corporate Sustainability Performance Measures 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
			PRS assets	Regulated assets	Own office occupation	Pages
SOCIAL PERFORMANCE MEASURES						
Diversity-Emp	Employee gender diversity	✓	N/A	N/A	N/A	13
Diversity-Pay	Gender pay ratio ⁹	✓	N/A	N/A	N/A	13
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	14
H&S-Emp	Employee health and safety	✓	N/A	N/A	N/A	15
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	✓	✓	✓	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

⁹ We have reported on Diversity-Pay in alignment with our voluntary gender pay gap reporting to the UK Government. This data is the most recently published data, which was reported in 2020, and uses figures as at 5th April 2019.

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.

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 £2,543 million. Data is reported for our property investment portfolio and separately for our own occupied offices. In the reporting period, Grainger fully acquired a residential property portfolio that was previously c.25% owned – GRIP REIT. The portfolio was previously included in our reporting as it was managed by Grainger and within Grainger's operational control.

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 180 days) from the current calendar year is used; or
2. the daily average of available data (requiring a minimum of 180 days) from the previous 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, Carbon Credentials.

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 two property portfolio types (Private Rented Sector - PRS portfolio and Regulated tenancy – Regulated portfolio). This is a change from previous reporting years when, prior to the acquisition of GRIP REIT, we segmented our reporting by ownership structure.

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 available and has been reported.

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:

2019: 1st October 2018 - 30th September 2019

2018: 1st October 2017 - 30th September 2018

Restatements

We have recalculated all 2018 energy data to improve the accuracy of reporting, taking into account data received in 2019 for consumption that took place in 2018. All transmission and distribution figures have been recalculated to also include well-to-tank emissions in addition to the transmission and distribution losses associated with purchased electricity.

Materiality

Grainger undertook an extensive sustainability materiality review in 2017 which identified the following as the most material sustainability issues to the organisation: health and safety, resident wellbeing, community engagement, waste and resource management, affordable housing, energy and carbon and corporate governance.

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.

We undertook a further review of our most material issues in 2019, which included research into priorities for our investors and customers. This review identified that the material issues covered within the EPRA Sustainability Performance Measures became even more material to our business. In particular, energy, waste, diversity and community engagement are priority material issues for Grainger's sustainability strategy and we have set new long-term commitments in each of these areas – for more information please refer to Grainger's [2019 Annual Report and Accounts](#).

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

Energy reported in kWh

			2018				2019				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, Elec-LfL	Own Office Occupation	Total electricity submetered to Grainger by its landlord	400,292	5 of 5	400,292	5 of 5	401,729	5 of 5	401,729	5 of 5	0%	0%
		Total electricity provided (on a non-submetered basis) to Grainger by its landlord	108,774	1 of 3	108,774	1 of 3	112,587	1 of 3	112,587	1 of 3	4%	4%
		Proportion of electricity from renewable sources	0%		0%		0%		0%			
Fuels-Abs, Fuels-LfL	Own Office Occupation	Total energy consumption from fuels submetered to Grainger by its landlord	212,651	2 of 2	212,651	2 of 2	181,688	2 of 2	181,688	2 of 2	-15%	-15%
		Proportion of fuels from renewable sources	0%		0%		0%		0%			

Building Energy Intensity for Own Office Occupation

(kWh / employee / year)

Energy - Int	Own Office Occupation	Building energy intensity for all energy submetered to Grainger by its landlord	1,582	5 of 5	1,582	5 of 5	1,510	5 of 5	1,510	5 of 5	-5%	-5%
		% of energy and associated GHG estimated	0%		0%		0%		0%			

Absolute GHG emissions for Own Office Occupation

GHG reported in CO2e

Absolute GHG emissions for Own Office Occupation GHG reported in CO2e			2018		2019		Absolute trend	
			Absolute Consumption	Coverage of applicable properties	Absolute Consumption	Coverage of applicable properties		
GHG-Dir-Abs	Own Office Occupation	Total direct GHG emissions (GHG Protocol Scope 1)	39	2 of 2	33	2 of 2	-15%	
GHG-Indir-Abs		Total indirect GHG emissions (GHG Protocol Scope 2)	153	5 of 5	135	5 of 5	-12%	
		Total indirect GHG emissions (GHG Protocol Scope 3)	41	5 of 5	35	5 of 5	-13%	

Building GHG Intensity for Own Office Occupation

(kg CO2e / employee / year)

GHG-Int	Own Office Occupation	Building GHG Intensity (GHG Protocol Scopes 1 and 2)	759		633		-17%
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Data coverage notes for office occupation:

Absolute and like-for-like energy and GHG emissions: All five of Grainger's occupied offices have been included in the absolute and like-for-like energy and GHG figures reported. Electricity obtained by the landlord but consumed by Grainger on a non-submetered basis at its London Bridge office is reported however this data is not available for the two other offices where Grainger's landlord procures energy for central plant. This data is not reported within the scope 3 emissions which relate to electricity transmission and distribution including well-to-tank emissions.

Energy and GHG intensity: All five of Grainger's occupied offices have been included in the intensity figures reported. The intensity figures relate to energy obtained by Grainger's landlord on a sub-metered basis and exclude energy and emissions from electricity obtained by the landlord and provided to Grainger on a non-submetered basis, and transmission and distribution.

Narrative on performance:

Absolute and like-for-like energy and GHG emissions: Total consumption of electricity sub-metered to Grainger by its landlords across the occupied offices portfolio has remained relatively stable (0.4% increase) between 2018 and 2019, despite an increase in the number of employees and contractors using our offices. We achieved a 19% decrease in electricity at Grainger's Altrincham office following a lighting upgrade. Total fuel usage and Scope 1 emissions have decreased by 15% which is attributed to the warmer winter experienced in 2019. Scope 2 and Scope 3 emissions have decreased by 12% and 13% respectively due to a reduction in the carbon content of the UK's grid electricity. 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 between 2018 and 2019 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 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 purchased and consumed by tenants as we are not able to obtain this due to privacy laws. All annual consumption is reported as the portfolio stood at year end for the period from 1 October 2018 to 30 September 2019.

Absolute and like-for-like energy for owned assets

Energy reported in kWh

Absolute and like-for-like energy for owned assets Energy reported in kWh			2018				2019				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, Elec-LfL	PRS	Grainger obtained electricity	1,667,273	138 of 156	1,540,908	125 of 126	1,846,586	142 of 156	1,602,713	126 of 126	10.8%	4.0%
		Proportion of electricity from renewable sources	73%		74%		68%		75%		-6.5%	1.1%
		% of electricity estimated	10%		10%		20%		14%			
Fuels-Abs, Fuels-LfL		Total energy consumption from Grainger obtained fuels (natural gas)	168,312	3 of 3	168,312	3 of 3	152,305	3 of 3	152,305	3 of 3	-9.5%	-9.5%
		Proportion of fuels from renewable sources	0%		0%		0%		0%			
		% of fuels estimated	0%		0%		0%		0%			
Elec-Abs, Elec-LfL	Regulated	Grainger obtained electricity	834,701	88 of 89	820,675	77 of 78	823,596	84 of 86	822,333	77 of 78	-1.3%	0.2%
		Proportion of electricity from renewable sources	66%		66%		66%		66%		-0.2%	0.1%
		% of electricity estimated	12%		12%		2%		2%			
Fuels-Abs, Fuels-LfL		Total energy consumption from Grainger obtained fuels (natural gas)	3,429,076	5 of 5	3,429,076	5 of 5	3,379,402	5 of 5	3,379,402	5 of 5	-1.4%	-1.4%
		Proportion of fuels from renewable sources	0%		0%		0%		0%			
		% of fuels estimated	6%		6%		4%		4%			
Elec-Abs, Elec-LfL	Grand Total	Grainger obtained electricity	2,501,974	226 of 245	2,361,583	202 of 204	2,670,182	226 of 242	2,425,046	203 of 204	6.7%	2.7%
		Proportion of electricity from renewable sources	59%		59%		57%		59%		-3.6%	1.2%
		% of electricity estimated	10%		10%		14%		10%			
Fuels-Abs, Fuels-LfL		Total energy consumption from Grainger obtained fuels (natural gas)	3,597,388	8 of 8	3,597,388	8 of 8	3,531,707	8 of 8	3,531,707	8 of 8	-1.8%	-1.8%
		Proportion of fuels from renewable sources	0%		0%		0%		0%			
		% of fuels estimated	6%		6%		4%		4%			
Building Energy Intensity for owned assets (kWh / £m value of assets under management / year)												
Energy-Int	Grand Total	Building Energy Intensity for all Grainger-obtained building energy (kWh / £m value of assets under management / year)	2,548	226 of 245			2,439	226 of 242			-4.3%	

Absolute GHG emissions for owned assets

GHG reported in Co2e

Absolute GHG emissions for owned assets GHG reported in Co2e			2018		2019		Absolute trend
			Absolute Consumption	Coverage of applicable properties	Absolute Consumption	Coverage of applicable properties	
GHG Dir-Abs	PRS	Total direct GHG emissions (GHG Protocol Scope 1)	31	3 of 3	28	3 of 3	-10%
GHG-Indir-Abs		Total indirect GHG emissions (GHG Protocol Scope 2)	501	138 of 156	485	142 of 156	-3%
		Total indirect GHG emissions (GHG Protocol Scope 3)	120	138 of 156	115	142 of 156	-4%
GHG Dir-Abs	Regulated	Total direct GHG emissions (GHG Protocol Scope 1)	631	5 of 5	621	5 of 5	-2%
GHG-Indir-Abs		Total indirect GHG emissions (GHG Protocol Scope 2)	251	88 of 89	216	84 of 86	-14%
		Total indirect GHG emissions (GHG Protocol Scope 3)	146	88 of 89	131	84 of 86	-11%
GHG Dir-Abs	Grand Total	Total direct GHG emissions (GHG Protocol Scope 1)	662	8 of 8	649	8 of 8	-2%
GHG-Indir-Abs		Total indirect GHG emissions (GHG Protocol Scope 2)	752	226 of 245	701	226 of 242	-7%
		Total indirect GHG emissions (GHG Protocol Scope 3)	266	226 of 245	246	226 of 242	-8%
		Estimation	% of GHG estimated	8%		8%	

Building GHG Intensity for owned assets

(kg Co2e / £m value of assets under management / year)

GHG-Int	Grand Total	GHG intensity for all Grainger-obtained building energy (Scopes 1 and 2)	590		531		-10%
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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 eight properties for which we purchase fuels. We have also been able to report electricity and scope 2 GHG emissions data for 226 of 242 properties.

Due to acquisitions, we are reporting on more higher consuming PRS assets. 14 recently completed PRS developments have been excluded due to being unable to obtain meter readings data as the energy supply is not yet set up in Grainger's name. Additionally, we have been unable to report data for two regulated properties where data coverage is insufficient due to meter access issues.

Like-for-like energy: We have been able to report like-for-like energy performance for 203 of 204 properties which have been owned and operated by Grainger for the complete 24 months' period analysed. One regulated property was excluded because data coverage is insufficient due to meter access issues.

Absolute scope 3 emissions: Scope 3 emissions relate to transmission and distribution losses and well-to-tank emissions associated with Grainger's purchased electricity. Tenant consumption and emissions are not accounted for here but are estimated and reported in the GHG statement in Grainger's [Annual Report & Accounts](#) (see page 92).

Narrative on performance:

Absolute energy: Total Grainger obtained electricity for PRS properties has increased by 11%. This is due to the increased numbers of properties able to be reported on in 2019, resulting from acquisitions of new Build-to-Rent properties which have larger common parts and consume more energy. Due to transition time to transfer these new electricity supplies onto Grainger's central renewable electricity contract, the % of renewable electricity purchased decreased year on year. Grainger obtained electricity for regulated properties has remained relatively stable and reduced by 1%. Grainger obtained fuels consumption has reduced on both portfolios, due to the warmer winter experience in 2019.

Absolute GHG emissions: Grainger obtained Scope 1 GHG emissions have reduced due to the warmer winter experienced in 2019. Grainger obtained Scope 2 and Scope 3 emissions have reduced due to a reduction in the carbon content of the UK's grid electricity.

Like-for-like energy: Common parts refurbishments undertaken previously have delivered significant energy savings at individual assets of up to 30%, however like-for-like electricity consumption for the PRS portfolio increased by 4% due to refurbishments being undertaken during the year which temporarily increased consumption, and increased occupation at new build to rent assets.

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 reduced due to an increase in the value of PRS assets, resulting from acquisitions of new build to rent assets. Grainger's scope 1 and 2 emissions intensity has also reduced over the same period as we increase our ownership of higher value PRS assets and as the carbon content of electricity continues to reduce.

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

Data coverage notes for owned assets:

		2018				2019					
Absolute and like-for-like water for owned assets Water reported in m3		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
Water (m3)	PRS	50	2 of 2	50	2 of 2	50	2 of 2	41	1 of 2	0.3%	-17.4%
	Regulated	405	1 of 1	405	1 of 1	422	1 of 1	422	1 of 1	4.0%	4.0%
	Grand Total	455	3 of 3	455	3 of 3	472	3 of 3	463	2 of 3	3.6%	1.7%
	% of water estimated	45%		45%		2%		2%		-95.6%	-95.6%
Building water intensity for owned assets (m3 water / £m value of assets under management / year)											
Water intensity (m3)	Water intensity (m3)	0.18	3 of 3			0.19	3 of 3			3.6%	

Absolute water: We have been able to report water usage for all the properties for which we purchase water.

Like-for-like water: One property was sold and is therefore excluded from like-for-like reporting.

Narrative on performance:

Absolute and like-for-like water: All water is municipal potable water discharged from taps in the communal areas of Grainger properties. There is minimal landlord obtained water across Grainger's portfolio and as the business does not operate in water-stressed locations, water consumption is not considered material. Total Grainger obtained water has remained relatively static over the period. No improvement measures have been implemented as the properties are all planned to be sold.

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 3.6%, but this equates to a negligible absolute increase.

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 and occupied offices Waste reported in tonnes		2018				2019				Absolute trend	Like-for-like trend
		Absolute tonnes	Abs Proportion	Like-for-like tonnes	LfL proportion	Absolute tonnes	Abs Proportion	Like-for-like tonnes	LfL proportion		
PRS	Total	814		814		814		814		0.0%	0.0%
	Recycled	403	49%	403	49%	403	49%	403	49%	0.0%	0.0%
	Incineration (with and without energy recovery)	298	37%	298	37%	298	37%	298	37%	0.0%	0.0%
	Landfill (non hazardous)	113	14%	113	14%	113	14%	113	14%	0.0%	0.0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	100%		100%		100%		100%			
	Coverage of applicable properties	12 of 13		12 of 13		12 of 13		12 of 13			
Grand total	Total	814		814		814		814		0.0%	0.0%
	Recycled	403	49%	403	49%	403	49%	403	49%	0.0%	0.0%
	Incineration (with and without energy recovery)	298	37%	298	37%	298	37%	298	37%	0.0%	0.0%
	Landfill (non hazardous)	113	14%	113	14%	113	14%	113	14%	0.0%	0.0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	100%		100%		100%		100%			
	Coverage of applicable properties	12 of 13		12 of 13		12 of 13		12 of 13			
Own office occupation	Total	7.0		7.0		8.0		8.0		14.3%	14.3%
	Recycled	3.1	45%	3.1	45%	3.4	43%	3.4	43%	9.7%	9.7%
	Incineration (with and without energy recovery)	3.5	49%	3.5	49%	4.2	52%	4.2	52%	20.0%	20.0%
	Landfill (non hazardous)	0.4	6%	0.4	6%	0.4	5%	0.4	5%	0.0%	0.0%
	Hazardous Waste Treatment Facility	-	-	-	-	-	-	-	-	-	-
	% of waste estimated	32%		32%		21%		21%			
	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 data is gathered for all properties in the 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.

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 increased slightly – likely due to a significant increase in the number of employees and contractors using our offices.

Type and number of sustainably certified assets

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

Type of certification	Name of certification	2018						2019					
		PRS			Regulated			PRS			Regulated		
		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	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	3,672	68%	3,672 of 5,396	647	21%	647 of 3,109	4,997	89%	4,997 of 5,597	2,415	86%	2,415 of 2,822
Voluntary certifications	Code for Sustainable Homes Level 3 / 4	320	4%	320 of 320	-	-	0 of 0	338	4%	338 of 1,490	-	-	0 of 0
Voluntary certifications	BREEAM Domestic Refurbishment Outstanding	192	3%	192 of 192	-	-	0 of 0	192	2%	192 of 192	-	-	0 of 0

Data coverage notes

Mandatory certifications are EU energy performance certificates, which are not mandatory for all of Grainger's properties because they are only mandatory for buildings which are marketed or sold, or those that have been recently constructed. Coverage of certificates for Grainger's portfolio has increased significantly due to a strategy to increase coverage of certifications prior to the application of Minimum Energy Efficiency Standards from 2020 (although it should be noted that these Regulations do not apply to a significant proportion of Grainger's properties included most regulated tenancies. Voluntary certifications include Code for Sustainable Homes certifications for PRS properties developed and retained by Grainger. The voluntary certifications figure for Code for Sustainable Homes includes Code level 4 certifications for PRS assets Abbeville Apartments and Argo Apartments, and Code level 3 certifications for units at Grainger's Berewood development which completed between 2017 and 2019. We had additional developments which completed during the reporting year (1,152 units) which were not eligible for Code for Sustainable Homes because the certification was abolished in 2015. We have also included our Tribe Apartments acquisition which was refurbished to BREEAM Outstanding. All regulated tenancy properties were built prior to sustainability certifications coming into existence and these are therefore not applicable to this portfolio.

Social Performance Measures

Employee gender diversity

Employee Gender Diversity

Impact Area	EPRA Code	Units of measure	Indicator	2018		2019	
				Female	Male	Female	Male
Employee gender diversity	Diversity-Emp	% of male & female employees	Employees in the organisation's Board of Directors	29%	71%	42%	58%
			Employees in the organisation's senior management	25%	75%	21%	79%
			All employees	55%	45%	56%	44%

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 this was re-established at over 33% in 2019. The Hampton Alexander Review ranked Grainger as fifth of all Real Estate sector companies, with female representation in Grainger's Executive Committee and direct reports remaining high at 42%. 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. This year for the first time we publicly reported ethnicity data for our workforce. A key initiative planned in 2020 is the launch of an employee-led diversity network.

Gender pay ratio

Gender Pay Ratio

Impact Area	EPRA Code	Units of measure	2018	2019
Employee gender pay gap	Diversity-Pay	% gender pay gap Mean (average) percentage by which female pay is lower than male pay	35.5%	31.7%

Narrative on performance:

As the only Executive Directors and therefore employees of Grainger plc that sit on the Board of Directors are both women – the Chief Executive and the Chief Financial Officer – there is no applicable ratio to report for the organisation's governance bodies. For all employees, Grainger reports its gender pay gap in alignment with its voluntary reporting to the UK Government, and discloses the mean % pay gap between female and male pay.

In 2019, Grainger reported a reduction in the business's mean gender pay gap of 3.8 percentage points. Full narrative on our gender pay gap and actions taken to reduce the gap and to support the progression of women in Grainger's workforce is included in our annual gender pay gap report on the company's website available at: <https://corporate.graingerplc.co.uk/about-us/careers/gender-pay-reporting.aspx>

Employee training and development and Employee performance appraisals

Employee Training, Development and Performance

Impact Area	EPRA Code	Units of measure	Indicator	2018	2019
Employee training and development	Emp-Training	Average number of hours	Average hours of training undertaken by employees in the reporting period	8.7 hours	8.5 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:

Participation in the company's learning and development programme remained high with 91% participation across the year. The amount of training provided continued to increase, with over 2,200 hours provided, equating to 8.5 hours per employee – a small reduction on the previous year, due to a significant growth in new employees. A key initiative during the year was the launch of the company's Live.Safe Health & Safety programme, with a week of training that included 17 unique sessions with all employees participating. Other topics covered in training sessions included sustainability, resident wellbeing, insurance, cyber crime, the Tenant Fee Act and customer service training which was rolled out to all staff following a successful delivery of the programme to Operations staff in 2018. We maintained 100% of employees receiving performance appraisals.

New hires and turnover

Employee Turnover and Retention

Impact Area	EPRA Code	Units of measure	Indicator	2018		2019	
				Number	Rate	Number	Rate
Employee turnover and retention	Emp-Turnover	Total number and rate	New employee hires	67	27%	68	26%
			Employee turnover	22	10%	28	12%

Narrative on performance:

We continued to increase new hires in 2019, due to recruitment of additional site-based staff for new build to rent properties completed during the year and continued employment of temporary employees to support on our Connect business transformation project. In addition we recruited to bolster our Health & Safety team to implement the company's Live.Safe programme and to the Development team to support the delivery of the Joint Venture with Transport for London. Whilst turnover increased during the year, it remained low relative to other organisations in the sector and 41% 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	2018	2019
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	1.63	1.04
		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. In the reporting period we launched our Live.Safe health and safety programme with a range of engagement events and activities that reached all team members, and appointed representatives from departments across the business to be Health & Safety Ambassadors. More details on Live.Safe are provided in the case study in our [Annual Report & Accounts](#) – see page 37.

In 2019 we maintained our record of no RIDDOR reportable health and safety incidents for employees. Our absentee rate reduced following a temporary increase in 2018. Whilst it is not possible to draw a direct correlation with our investment in wellbeing benefits and support for our staff, we expect that this is a contributing factor.

Asset health and safety assessments and compliance

Asset health & safety assessments and compliance

				PRS		Regulated	
				2018	2019	2018	2019
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.

Our Live.Safe Health & Safety programme ensures health and safety compliance is integrated into all areas of Grainger's operations. We undertake comprehensive due diligence for new acquisitions, with health and safety considerations embedded in the investment process model. We have a detailed specification for enhanced fire standards and take a proactive risk-based approach to understanding materials specification, ensuring that we take on board the findings of the Hackitt Review. We ensure detailed risk assessments are carried out on properties prior to occupation.

Community engagement, impact assessments and development programmes

Community engagement, impact assessments and development programmes

				PRS		Regulated	
				2018	2019	2018	2019
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 aligned to Grainger's two portfolios - LandAid and Age UK. In 2019 we participated in the Giv X community investment benchmark for the first time. In the reporting year we more than doubled employee volunteering, and contributed total community investment of £53,650. Community engagement activities are undertaken on key assets and development sites where we have operational control and we undertake community engagement through a variety of means including focus groups, organised events, online consultation platforms, regular newsletters and direct communications with local stakeholders.

All our community initiatives are based on an assessment of the local communities' needs and we conduct social and environmental impact assessments for planning purposes. 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. In 2019, over 100 residents and community events were held across our portfolio. These included a volunteering event at our Winchester Park asset where we collaborated with our contractor and residents to make improvements to the community gardens. On our Wellesley development site, we hosted an inaugural Community Fete for local residents.

Governance Performance Measures

Composition of the highest governance body

Composition of the highest governance body

Impact Area	EPRA Code	Units of measure	Indicator	2018	2019
Composition of the Board of Directors	Gov-Board	Total numbers	Number of executive board members	2	2
			Number of independent / non-executive board members	5	5
			Average tenure on the governance body	3 years 1.5 months	3 years 1 month
			Number of independent / non-executive board members with competencies relating to environmental and social topics	Reported via qualitative information on pages 42-43 in Grainger's 2018 Annual Report & Accounts	Reported via qualitative information on pages 50-51 in Grainger's 2019 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. Mark Clare, the Chairman of the Board, was previously a trustee of the Building Research Establishment and the UK Green Building Council. There was one new appointment to the Board during 2019 - Janette Bell who brings additional experience to the Board in the social competency area of customer engagement.

Process for nominating and selecting the highest governance body

Nominating and selecting the highest governance body

Impact Area	EPRA Code	Units of measure	Indicator	2018	2019
Nominating and selecting the Board of Directors	Gov-Select	Narrative description	<p>The nomination and selection processes for the Board of Directors and its committees</p> <p>Criteria used for nominating and selecting Board members, including whether and how</p> <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 	Reported in the Nominations Committee report on pages 47-49 in Grainger's 2018 Annual Report & Accounts	Reported in the Nominations Committee report on pages 61-62 in Grainger's 2019 Annual Report & Accounts

Narrative on performance:

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. There was one new nomination to the Board of Directors during 2019, a position that was recruited to add retail consumer-facing skills to the Board. Grainger is committed to achieving the targets of the Hampton Alexander Review 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% and this was re-established at 42% 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."

Process for managing conflicts of interest

Process for managing conflicts of interest

Impact Area	EPRA Code	Units of measure	Indicator	2018	2019
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> <p>Should any conflict of interest be identified, it would be disclosed to stakeholders in Grainger's Annual Report & Accounts.</p>	
			Whether conflicts of interest are disclosed to stakeholders, including:	<p>Should any conflict of interest be identified, it would be disclosed to stakeholders in Grainger's Annual Report & Accounts.</p>	
			<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 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.</p> <p>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.</p>	
				<p>Grainger discloses information on individual members of the Board of Directors on pages 50-51 of the 2019 Annual Report & Accounts. This includes their previous experience and qualifications, and other appointments and directorships. Directors' shareholdings and share interests are reported on page 84. Any Directors' interests in significant contracts are disclosed in the Directors' report on page 91 - in 2019 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 60 in the Annual Report & Accounts. Related party transactions are reported on page 147.</p>	

Narrative on performance:

No conflicts of interest were identified in either year.