

Corporate responsibility report 2012
www.graingercr.com

Our vision for the future



Why does CR matter?

How we are creating a leading residential business

Our ETHOS strategy is built to address the long-term risks and opportunities affecting our business. The overall purpose is to make Grainger more resilient and strengthen our position as a residential sector leader.

Our future tenants will be able to vote with their feet, and we need to focus on providing housing choices and services that meet their aspirations and needs across a range of economic levels.

Andrew Cunningham CEO

The full interview is available at www.graingercr.com

Embedding the ETHOS strategy in our business practices

Our ETHOS strategy is focused on five CR principles which we apply in our day-to-day operations:



Supports our ambition to be a leader in the residential sector

Helps to build relationships with stakeholders who are critical to our ongoing success

Protects and enhances our income streams and the long-term value of our portfolio

What have we achieved this year?

Significant progress against our 2011/12 targets

We are proud to have fully achieved 73% of our targets set for 2011/12, as well as 100% of the 2010/11 targets that remained outstanding at the end of last year. Each of these initiatives addressed business critical risks and opportunities through our Corporate Responsibility programme.



Influencing the future

- **Influencing the future of housing** through the publication of the Grainger Rental Review and the UK's most authoritative survey on attitudes to renting, Public Attitudes Housing Survey.



Protecting assets & income

- **Increased transparency for our investors** through a new Sustainable Investment Policy that articulates how we consider CR risks and opportunities in our property acquisition process.
- **Customer service improved and communication identified as a further improvement opportunity** by a more robust tenant complaints system, including monthly reviews by our CEO.
- **Environmental performance of our managing agents and contractors assessed** by adding environmental criteria to our audits.



Driving efficiency

- **Environmental management embedded into new areas of the business** and EMS aligned with best practice ISO14001 standards.
- **CR Innovation Day radically increased engagement and buy-in** for integrating Grainger's CR programme into the business strategy. 100% of respondents to the feedback survey expressed an interest in continuing to contribute to the development of Grainger's CR strategy.

As the largest business in our sector and a publicly listed company, Grainger has a duty to act responsibly and to be seen to be doing so.

Andrew Cunningham CEO



Responsibility to stakeholders

- Increased benchmarking of our CR approach through participation in additional investor surveys, including GRESB, Carbon Disclosure Project and EIRIS (FTSE4Good index).

CARBON
DISCLOSURE
PROJECT



EIRIS
ETHICAL INVESTMENT RESEARCH SERVICE



Investing in communities & places

- Ten young people gained professional training through partnerships to place apprentices with contractor organisations.
- **£69,411** raised for charitable causes through staff volunteering and fundraising, as well as individual and corporate donations.

Raised for charitable causes

£69,411



For more details about our 2011/12 CR initiatives, achievements and performance, please go to www.graingercr.com



Past, present & future corporate responsibility milestones

Moving from a strong foundation of CR policy, governance and reporting to embedding CR in everything we do

2013

2006

In 2006

We set our first CR targets and have reviewed our progress against annual targets ever since.

We introduced a CR section in our Annual Report & Accounts.



2007
2008

In 2007

We selected KPIs to measure and monitor CR performance. We continue to review and develop these.

In 2008

We established ETHOS as our CR strategy.

2010

In 2010

We implemented an EMS to manage environmental issues more effectively.

Grainger was included in the FTSE4Good Index and remains listed.

2011
2012

In 2011

We used our wealth of EPC data to estimate the carbon emissions from tenants using our buildings.

Each of our Executives took responsibility for a pillar of our ETHOS strategy.

In 2012

We held our first CR Innovation Day to engage staff.

We started assessing the environmental performance of our managing agents and contractors.



FTSE4Good

What's next for 2012/13?

We will focus on five
CR areas critical to our
core business strategy

Our vision
for the future

Our targets

Customers

- Improve Grainger's (UK and Germany) process and accuracy for measuring and managing tenant satisfaction with a robust baseline to be used from 2013/14.
- Define the in-house customer-focused value, skills and behaviours necessary to enable Grainger to meet its customer needs.
- Identify and respond to current and future customer needs through research and customer profiling for property and asset management.

Supply chain

- Include clauses on environmental, social and service quality criteria and reporting in all major supplier contracts.
- Train managing agents on raising H&S and environmental standards.

Our properties

- Increase to EPC level E or above 10 Assured Shorthold Tenancy (AST) units and 10 Regulated units that are currently F or G rated. Minimum target, which may be extended if initial results are positive.
- Partner with Green Deal providers to test Green Deal on at least 10 Grainger units in 2013. Initial target, which may be exceeded if pilot is successful.

External environment

- Model the financial impact of key sustainability risks such as carbon price on Grainger's business.

Reporting

- Report on global Scope 1 and 2 Greenhouse Gas (GHG) emissions in line with the requirements of UK mandatory reporting regulation.
- Continue improving Grainger's GRESB score year-on-year in 2013 and 2014.
- Earn an EPRA sustainability award for 2012/13 report.

Be a sustainable business that uses CR to:

- Minimise future risk.
- Become a recognised CR leader.
- Maximise competitive advantage.

CR in practice at Grainger

Our staff are working hard to put Grainger's CR principles into practice in their day-to-day activities

Grainger is keen to take advantage of the Green Deal as best as it can for the benefit of tenants and investors.

Kurt Mueller
Director of Corporate Affairs



Influencing the future

Contributing to industry discussions around the future of UK housing

Throughout the year, Grainger has actively engaged with Government representatives, politicians, policy makers, partners and peers on a number of key issues, such as residential real estate investment trusts, stamp duty land tax, planning and the future of housing, particularly the private rented sector and Build-To-Rent. Grainger has met with key influencers, spoken at conferences, held private roundtables, supported a number of research reports, undertaken a national survey of people's attitudes to renting, published its own review of the rental market and submitted evidence to a number of Government consultations. In addition, Grainger's Executive Property Director, Nick Jopling, was an adviser to the Government-commissioned 'Review of the barriers to institutional investment in the private rented sector' led by Sir Adrian Montague (the Montague Review).

Tenant complaints received since October 2011

60

Complaints fully resolved as of 30 September

73%



Protecting assets & income

Responding more effectively to tenants' concerns

Over the last year, Grainger has implemented an improved procedure for capturing and responding to tenant complaints, including minimum response times. Our CEO, Andrew Cunningham, now reviews the complaints register on a monthly basis and Grainger uses the results to identify key areas for improvement in terms of customer service. Repairs and communication are themes that Grainger has identified as priorities for 2012/13.





I was really pleased to have attended the CR Innovation Day and it gave me renewed enthusiasm about the company and the direction we are moving in the future.

Grainger employee



Driving efficiency

Engaging employees in the development of Grainger's CR approach

Grainger held its first CR Innovation Day in June 2012, bringing together staff from across the business and external speakers from Thames Valley Housing, Quintain and Shelter to challenge our current CR approach and help define the future direction of CR at Grainger. Positioning ourselves as the customer's first choice in a market where tenants can increasingly decide with their feet emerged as a strong theme. Internal working groups have now been formed to take forward specific actions focused on two themes: how we should behave internally if we are to deal effectively and successfully with customers who have choice, and what Grainger should be doing to understand, attract and retain customers who have choice.



Responsibility to stakeholders

Incorporating the views of local communities into new development designs

At the recently acquired Woodcroft Farm, Grainger's consultation strategy drew from our previous local experience to proactively address public concerns. Public exhibitions and meetings were held to hear from those that live closest to the site. The sessions ran before the masterplan was fixed, so that community members could meet Grainger's professional team and influence the final design. Contact details were provided so that residents could make contact with the team directly – with many specific queries personally followed up afterwards. The planning application is currently being finalised, with submission anticipated late in 2012.

Grainger was proud to sponsor three athletes from the North-East: Stephen Miller, Eleni Papadopoulou and John Robertson. Stephen and John represented Team GB at the 2012 London Paralympics.



I find volunteering very rewarding and achieve a great sense of satisfaction knowing that you're helping others and supporting the local community. It is an opportunity to meet new people and work together as a team and is also a chance to explain to people who Grainger are and what they do.

Grainger employee



Investing in communities & places

Reinforcing Grainger's positive role in the community through staff volunteering and charitable giving

All of our offices put a huge amount of imagination and effort into fundraising for various charities this year. Initiatives ranged from: employees coming to work in their pyjamas in Birmingham; a successful breakfast fundraiser with contractors, neighbouring offices and retired staff in Martlesham; cake bakes, lunches and sweepstakes in Knightsbridge; walking and cycling challenges in Newcastle; and selling raffle tickets in Putney.

78 staff also took part in volunteering activities in work time during the year. These included mentoring through Business in the Community's (BITC) Business Action on Homelessness programme, the BITC Give

& Gain Day, constructing a new Soup Kitchen at The American Church in Central London, and cleaning up tenants' garden and recreation space at an estate in Germany. Andrew Cunningham's participation in our new Volunteering and Charity Committee gave our community activities extra impetus in 2011/12. We are extremely grateful to everyone for their efforts, which helped Grainger exceed its targets of raising £25,000 for charity and 30% of staff volunteering one day.



Join in the debate

Engaging in discussions to shape the future of housing is a key part of our **grainger = residential** strategy

Grainger = Residential

We aim to be at the forefront of the debate in the residential sector. We welcome your thoughts and contributions to this debate.

- Let us know your views on Grainger's Corporate Responsibility approach or the direction of the residential sector as a whole
- Contribute to a formal consultation around future policy changes
- Influence change through your investment decisions (SRI)

Dave Butler Director of Strategy and Change

Grainger plc, 161 Brompton Road, Knightsbridge, London, SW3 1QP
T: 020 7795 4700, E: dbutler@graingerplc.co.uk



Grainger is keen to build and maintain strong relationships with stakeholders involved in the residential sector.

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