

Advisor's Statement

In 2018, JLL's services have focussed on reviewing, analysing and reporting data to measure Grainger's environmental impact.

Following the creation of a new sustainability strategy and the new role of Head of Sustainability and CSR, 2018 has seen Grainger consolidating its approach to sustainability. The Sustainability & CSR Committee, made up of senior people from across the business, has implemented programmes that are laying the groundwork for Grainger's ambitions in its three focus areas. Grainger is now in the process of setting new long-term sustainability targets in support of its business model and in response to the materiality review carried out in 2017.

Observations and recommendations

Grainger has maintained its leadership position in the sustainability benchmarks to which it reports: GRIP REIT has retained its sector leader position in the European listed residential group in the Global Real Estate Sustainability Benchmark (GRESB). Grainger has retained its listing on the FTSE4Good Index and received a Gold award for reporting in compliance with the EPRA Sustainability Best Practices Recommendations (sBPRs). In accordance with our recommendations, Grainger was amongst the first companies to report against the new social and governance indicators in the third edition of the sBPRs, and will do so again this year. We encourage Grainger to consider following the Task Force on Climate-related Financial Disclosures (TCFD) framework to communicate the climate change risks that the business faces, given the growing prominence of the framework with investors.

Through improvements in data collection and coverage, Grainger continues to provide an increasingly accurate picture of its environmental impact resulting from greenhouse gas emissions (GHG). Coverage has expanded to include Grainger's affordable housing portfolio and new PRS developments and acquisitions. Because of the new acquisitions, Grainger's absolute Scope 2 location-based and market-based GHG emissions have increased compared to 2017. However, its Scope 1 GHG emissions have decreased due to a reduction in owned-fleet emissions. Grainger has tackled the reduction of its greenhouse gas emissions in a number of ways including the purchase of renewable energy contracts and the implementation of energy efficiency measures in its properties. The latter includes Grainger's proactive response to the requirements of the Minimum Energy Efficiency Standards (MEES) which are coming into effect in April 2020: making improvements to raise the energy ratings for its properties. This ensures compliance where required and goes beyond compliance in properties that are being improved but fall outside of the legislation. While these improvements will not affect Grainger's direct emissions performance (they primarily affect tenant areas), they address the largest source of emissions from the portfolio (tenant energy use) and are a significant investment that Grainger is making to reduce its environmental impact. We encourage the continued investment in these measures as Grainger's portfolio grows and diversifies.

As it considers which long term targets to put in place, we recommend that Grainger takes into consideration the October 2018 report "Global Warming of 1.5 degrees Celsius" released by the Intergovernmental Panel on Climate Change (IPCC) and the identified risks of overheating and increasingly frequent extreme weather events. By making provision in the design and operation of its homes for mitigating and adapting to climate change, Grainger can futureproof its assets, enhance its reputation and promote the health and wellbeing of its customers.



JLL has acted as advisor to Grainger on its approach to sustainability since 2005. As a result, neither this statement nor its assessment of Grainger's performance can be considered entirely independent.

A handwritten signature in black ink, appearing to read "Darren Berman".

Darren Berman, Lead Director, Upstream Sustainability Services, JLL

13 November 2018