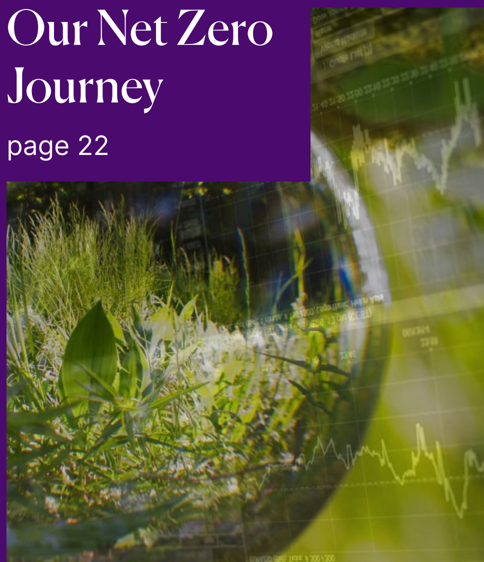
savills investment management

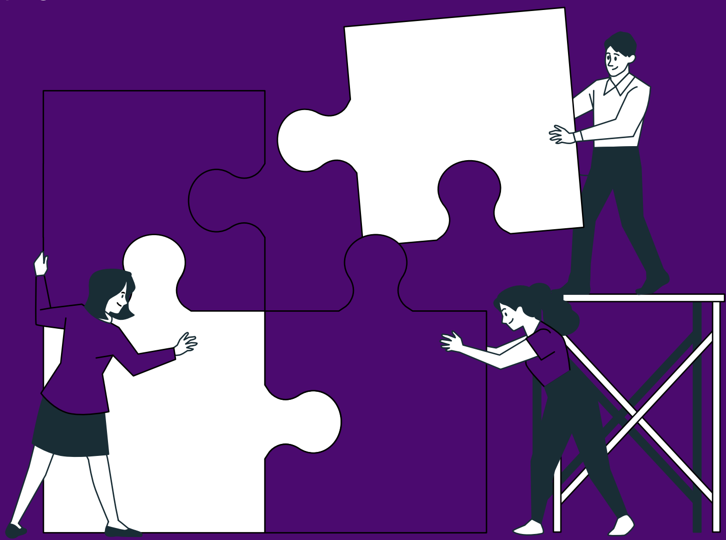
2023-2024

SAVILLS INVESTMENT MANAGEMENT

Sustainability Report

Contents





CEO Foreword

Alex Jeffrey

Global Chief Executive, Savills IM

Sustainability continues to be core to how Savills IM operates. At a high-level, we are guided by our long-term goals of reaching net zero by 2040 and becoming a restorative business by 2050, and each year we take steps to bring us closer to those ultimate goals.

I am pleased to introduce this year's Annual Sustainability Report, and to showcase some of our responsible investment (RI) progress.

For anyone who has previously read our materials, they will know that our RI approach is built around three pillars; Climate Action, People and Nature.

This year, examples of Climate Action include using AI in building management to reduce energy consumption, the progress we have made on our net zero journey and the launch of our Approach to Climate Resilience document. Activity from within our People pillar covers the first acquisitions of our newly launched affordable homes fund – Simply Affordable Homes, as well as the release of our first Diversity and Inclusion (D&I) report. We also discuss a major step in our Nature activity with the first phase of our biodiversity baseline completed in 2024. All these examples are explored in more depth throughout this report.

2024 has also seen us take great steps in incorporating RI considerations into our debt business. The past 12 months has seen us launch our first SFDR Article 8 debt fund - Pan European Whole Loan Fund, and create a sustainability impact framework for our debt products.

Our net zero carbon pathway update explains why 2024 was a landmark year for Savills IM's net zero journey. The last 12 months has seen us onboard a new data management system, improve data coverage across both our AuM and our corporate footprint, increase the use of fund-level net zero solutions, and conduct more net zero audits than ever. All these initiatives come together to improve the intelligence we have on our net zero performance and support our commitment to Climate Action.

It is also important to address that in this annual report we analyse how emissions across our AuM have actually increased. But we also detail why we believe this is a step in the right direction in the long term. In short, we must first capture more utilities meters and tenant data across our global AuM - and report increased emissions - to then accurately evidence how all our future initiatives lead to a reduction in emissions.

Corporate responsibility remains core to how we work at Savills IM and you'll see a selection of our initiatives in this report. Our global engagement days have been a great success, these are events where all Savills IM teams across the globe come together to support one particular cause.

Of course, we continue to collaborate with peers and industry groups to progress the sustainability landscape in real estate investment management. I'm very proud of the initiatives that our team have contributed towards over the year covering net zero, green leases, occupier engagement, transition risk, and nature-based solutions to name just a few.

A constant theme across our Annual Sustainability Reports is that reaching our goal of becoming net zero will be a journey, but each year we see material steps and actions that see us progress our responsible investment capabilities. 2024 has seen some landmark steps for Savills IM and with plans around biodiversity baselining on the continent, strategically targeted net zero audits and deploying more capital into the affordable living space, we expect the coming year to be no different.

Our purpose is to build prosperity by investing in resilient real estate.

Policy and Reporting Suite

Savills IM's Sustainability Report 2023-2024 covers our Scope 1, 2 and 3 carbon emissions generated in the period 1 January 2023 to 31 December 2023.

This report contains recent case studies showing our responsible investment strategy in action, details on our progress along our net zero carbon pathway, our voluntary TCFD disclosure, and updates on our corporate responsibility activities.

Please see our other materials for more information on our responsible investment approach.

Annual Sustainability Reports

- Previous case studies
- Historical emissions data
- Net zero carbon activity
- Corporate responsibility

Net Zero Carbon Pathway

- The scope of our net zero commitment
- Short, medium- and long-term targets
- Our baseline carbon footprint
- Savills IM's net zero carbon delivery framework

Responsible Investment Policy

- Savills IM's responsible investment approach
- Our targeted UN SDGs
- Responsible investment governance
- How we implement our responsible investment strategy

Approach to Climate Resilience

- Our method of identifying and addressing physical climate risk
- How we are embedding climate resilience throughout our investment life cycle
- Our climate resilience toolkit
- Savills IM's future plans on climate resilience

Diversity and Inclusion Guide

- Savills IM's D&I strategy
- How we approach the governance of D&I
- Our D&I objectives
- Examples of our D&I strategy in action

Research

- Our in-depth, top-down research, including leading indicators, forecasting, thought leadership and client presentations.
- Content includes ESG opportunities in the US Market and our upcoming Outlook on ESG in 2025.

Savills IM are signatories of the Better Buildings Partnership's (BBP) Climate Change Commitment and as such are committed to annually disclosing our progress towards our net zero carbon pathway. This report has been prepared in alignment with the BBP Net Zero Carbon Pathway mandatory scope elements.

For more Savills IM content please visit our website.

OUR STRATEGY IN ACTION

Climate Action

Sally's at the Wheel

Borlänge, Sweden Retail

Background

Savills IM partnered with the Sally R cloud-based optimisation service for HVAC systems in 2023. Using artificial intelligence methods, Sally R monitors air quality to optimise the building's operation. Sally R sends the Building Management System (BMS) optimal setpoints in real time to increase energy efficiency and improve indoor air quality for tenants and visitors.

Actions

In July 2023 the Sally R pilot project at Savills IM's Norra Backa Retail Park was ready to begin.

Sensors that measure and monitor the air quality (temperature, humidity, VOC, CO2) were installed in one of the largest asset of the retail park, named Handlaren 3, comprising 15,300 sqm lettable area.

The sensors were integrated to the building's existing BMS to provide air quality measurements in real time. Sally R was then able to optimise the controls of the HVAC system.

Outcome

In 2024, we began to see the results of utilising Sally R. The pilot project resulted in:

- 26% energy savings achieved on Handlaren 3's energy consumption from June 2023-May 2024 compared to the previous year.
- Calculated savings of 300,000 kWh per year.
- Reduced need for manual adjustments to the building's operation saving resources.

Savills IM are now exploring rolling out Sally R at other managed assets.


McDonald's
McCafé
Stora coop
7-22
Returrum
RUSTA
RUSTA
RUSTA

Strand Back

London, UK   Office

Background

Having rolled out a number of net zero asset-level audits to date we continue to build towards net zero outcomes. As we enhance and refine our net zero delivery, we are seeing these audits translate into actionable steps and physical improvements. For more detail on our net zero activity in 2024 please see page 22.

As an example of a net zero audit that progressed to implementation; in 2024 129 Wilton Road completed an audit with a third-party consultant in collaboration with the building manager Savills, and here we showcase the steps being taken.

Actions

The report resulting from the audit served to inform retrofitting opportunities to reduce EPC obsolescence risk and remove CRREM stranding risk.

The audit recommended five key actions that are now underway:

1. Replacing fluorescent lights with LED lighting to target up to 70% reduction in energy required for lighting.
2. Introducing daylight sensors to reduce energy consumption through the dimming or turning off of lights when sufficient daylight is present.
3. Integrating a heat recovery system into the asset's current Air Handling Unit (AHU), reducing heating demand and related costs.
4. Replacing gas boilers with an air source heat pump to electrify the heating process, improving efficiency and reducing energy consumption.
5. Installing photovoltaic (PV) panels.

Importantly, 129 Wilton Road can currently only support 85m^2 of PV panels providing roughly 2% of the asset's energy demand. This emphasised the need for the wider net zero carbon audit to identify efficiency interventions outside of installing a significant amount of solar panels.

Outcome

As a result of the net zero carbon audit, an ~£800,000 capital expenditure plan was approved with the retrofit works beginning in Q3 2024.

After completion of the works the asset is modelled to be in alignment with CRREM's latest 1.5 degree pathway data through to 2050 - eliminating the stranding risk - and on target to achieve EPC B.

Green Living

Amsterdam, Netherlands   Residential

Background

Juf Nienke is a six-storey multi-family residential asset consisting of 61 residential units located in Amsterdam's Ijburg residential neighbourhood at the newly developed Centre Island. 30 of the units are leased in the mid-rental segment while 31 are leased in the free rental segment.

Actions

Savills IM acquired the newly built Juf Nienke in June 2024 on behalf of its European Living Fund. Overall, the building was designed with sustainability at its core.

The asset was developed with a modular, timber-frame using materials which were either recycled or renewable, significantly reducing its embodied carbon profile. Solar panels covering over one third (35%) of roof space have been installed. The residents have access to a communal garden which is watered using a rainwater harvesting system. Each apartment has a ventilation system with heat recovery, whilst heating is provided through individual water source heat pumps. Indoor and outdoor electric vehicle charging facilities are available.

Outcome

In Savills IM's Why European Living Now research paper we highlight that CBRE has forecast Western European multifamily rents will grow on average by 3% p.a. (nominal), and that survey evidence from 2023 noted that institutional allocations to the Living sector may double within a 3-to-5-year period.

The strong affordability and social element of renting out to mid-income tenants at Juf Nienke creates a solid, long-term leasing profile and an attractive risk-adjusted return profile for our investors.

OUR STRATEGY IN ACTION

People

Quiet Hours Goes International

Aveiro, Portugal Retail

Background

In our 2020 Annual Sustainability Report we shared a case study of an asset in Poland that pioneered a social programme - Quiet Hours. In 2024 the Quiet Hours initiative was put in place at the Aveiro Center in Portugal.

As a reminder of the original initiative, Galeria Katowicka is a Galeria Katowicka is a 50,000m^2 shopping centre in Poland, home to over 200 tenants and visited annually by over 16 million customers. In 2019 the shopping centre launched the programme 'Katowicka for Autism'. As part of the programme, every Saturday from 9AM to 11AM and Monday and Wednesday from 7PM to 9PM the music is turned off throughout the centre so that ASD customers can enjoy their shopping experience in a more comfortable atmosphere.

A handbook was created for tenants and visitors with information on the initiative, alongside a guide to the gallery with a sensory map of the facility.

The programme was a tremendous success with Galeria Katowicka winning the Gold award in the International Council of Shopping Centres' (ICSC) Corporate Social Responsibility category for the Katowicka for Autism programme.

Galeria Katowicka was the first shopping centre in Europe to introduce a comprehensive programme for autistic visitors, but following the success of the programme, other Savills IM-managed assets have started to implement quiet hour schemes.

Actions

The Aveiro Centre is a 40,000m^2 shopping centre in Portugal and on World Autism Day 2024 the centre launched their The Autism Hour programme in association with the Portuguese Association "Voz do Autista" and Continente Hypermarket. During the hour, the centre implemented methods of reducing sensory stimulation inside the shopping centre.

Lighting was reduced, noise-emitting devices were switched off, ear plugs were provided, and activities around food tray collection in the food court, cleaning, and children's entertainment were reduced.

The initiative was widely promoted online and through various social media channels.

Outcome

The Associação " Voz do Autista", based in Aveiro, is dedicated to the support of individuals with Autism and their families. The association aims to raise awareness and understanding of Autism, while promoting acceptance and inclusion.

An article on the quiet hours event was published in the Diário de Aveiro newspaper. By spreading awareness and encouraging the centre's local community to take part in this initiative, the Aveiro Centre is supporting this movement towards a more inclusive society.

Savills IM continues to explore opportunities for quiet hour initiatives across the assets we manage.


Aveiro Center

BoLo Square

Amsterdam, Netherlands Retail

Background

Bos En Lommerplein (BoLo) is a 120,000ft^2 shopping centre in Amsterdam. In collaboration with the property management team, marketing team, shopkeepers association and local municipality; BoLo utilizes its design as a shopping centre with a 'market square' to regularly host community events. Here we showcase a selection of events held on BoLo Square in 2024.

Actions

Iftar for everyone!

Iftar is the first meal Muslims eat after sunset during Ramadan and in collaboration with the municipality of Amsterdam, BoLo hosted a celebration with a 200-seat food and live music event on the square.

The food and drinks were provided by BoLo's own Albert Heijn supermarket and by the Buurtkeuken of Stichting Aknarijwest.

Bolo Buurtfeest

A neighbourhood street party hosted in BoLo's square including stalls and events run by local businesses, clubs and charities.

Bolo moves

In collaboration with the municipality of Amsterdam West, BoLo held a sports and movement day on the square.

During the day, demonstrations were given of various sports, such as freerunning and kickboxing, with local community members able to join in with the demonstrations.

TrainMore Amsterdam West - the urban fitness tenants of BoLo - organised small classes and sports challenges with prizes for participants and ran a competition to win 5 months of free membership at TrainMore Amsterdam West.

Outcome

Initiatives ran on the BoLo square have received positive feedback from tenants, local community members and the municipality. We are proud to support BoLo's marketing team and the local municipality as BoLo continues to prove itself an important community asset.

Simply Affordable

UK Residential

Background

In our 2022-2023 Annual Sustainability Report we provided an update on our process of developing an affordable housing strategy. 12 months later and we are pleased to provide more detail on the launch of our fund and its first acquisitions.

Actions

Savills IM Simply Affordable Homes held a first close in March 2024 raising £123mn from 5 institutional investors.

In October 2024 the fund acquired its first homes – a portfolio of 100 homes from Park Properties Housing Association. The acquisition is one of a series of planned completions on a diversified portfolio of 200 affordable rented and shared ownership homes. The properties are located across the South of England, East of England and the Midlands, and spread across 11 sites. The Fund is also in exclusivity for two further portfolios from separate vendors in Oxfordshire. All the portfolios provide for a mix of affordable rented and shared ownership homes, with the majority being income producing from day one.

Outcome

The fund now comprises a mix of already-tenanted homes and homes that will be completed in 2025 on a forward commit basis, enabling more people to access high-quality homes and services, with the associated positive impacts that both can have on people's lives. The homes are built to Energy Performance Certificate (EPC) B standard or above, helping customers to manage energy costs.

OUR STRATEGY IN ACTION

Nature

Baselining Biodiversity

UK Multi-sector

Background

As part of Savills IM's commitment to become a restorative business, we have set aspirational targets to record a 15% increase in biodiversity across all assets we managed by 2025, and a 100% increase by 2040.

Throughout 2024 Savills IM and our third-party consultant began a phased approach to creating our biodiversity baseline. Phase 1 focused on providing a baseline for UK assets.

Actions

Phase 1 is now complete. The pilot project has provided a biodiversity baseline across 121 UK assets including a climate risk dependency mapping, and identifying future targets aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

The baselining exercise involved mapping the habitats present at Savills IM managed assets with the biodiversity value quantified using the Statutory Biodiversity Metric (SBM).

Outcome

As a result of the baselining, 20 priority sites were identified for further biodiversity assessment and operational interventions. Asset size and sector, potential for biodiversity uplift, climate risk, and potential for impact on the surrounding area were all indicators used to identify priority sites. An initial list of potential interventions have been drawn up – including green walls, sustainable drainage features, planters etc. – to inform discussions of what interventions are appropriate for each asset.

Phase 2 of the process is scheduled for later in 2025, and will expand the baseline to Europe and Asia Pacific, exploring opportunities tied to local Biodiversity Action Plans.

In the meantime, we're engaging stakeholders and investors to provide a menu of possible nature-based solutions designed to maximise ecological value on our managed assets.

Beekeeping

Poland Multi-sector

Background

In a 2023 EU Commission report it was stated that pollinator loss is one of the largest threats to EU nature, human wellbeing and food security, as it compromises sustainable long-term agricultural production. And a recent article by the European Research Executive Agency estimates that in 2024, one in three bee, butterfly and hoverfly species are disappearing in the EU.

Bees are vital in the role they play in pollinating flowers, crops and various other flora, and real estate can play a key role in pollinator habitat creation.

Actions

In 2024, the Savills IM Poland team installed beehives at a number of assets around the Warsaw, Poznan and Sosnowiec areas.

The beehives were installed by local beekeepers who also provide regular visits to the sites to ensure responsible beekeeping practices.

Outcome

Installing beehives is a small way that Savills IM can help the local ecosystems around the assets we manage. Exploring opportunities to install beehives is just one method of how we can improve the biodiversity across our AuM and as part of our Phase 2 biodiversity baselining project (please see page 16) we expect to see more of these initiatives across the continent in the coming years.

Sustainable Urban Drainage

Cambridge, UK   Logistics

Background

Sustainable drainage systems (SuDS) are designed to manage stormwater locally (as close its source as possible), to mimic natural drainage and encourage its infiltration, attenuation and passive treatment. SuDS are designed to both manage the flood and pollution risks resulting from urban runoff and to contribute wherever possible to environmental enhancement and place making.[1]

Here we provide an example of a SuDS in place at Bourn Quarter, one of the asset's many biodiversity initiatives.

Actions

During the development of Bourn Quarter, a sustainable urban drainage system was designed and implemented to discharge water at a greenfield runoff rate, and provide a vibrant habitat for wildflowers, and other native species.

Outcome

The sustainable urban drainage system at Bourn Quarter includes a balancing pond that manages rainwater runoff, mimicking the natural water cycle of a greenfield. This system prevents excessive runoff and promotes the creation of habitats for wild species such as ducks and other native species around the waterway. Future plans involve harvesting rainwater for site use, enhancing water conservation efforts at the location.

1 – Local Government Association

OUR STRATEGY IN ACTION

Private Real Estate Debt

Real Estate Debt and ESG

ESG and private real estate debt is intrinsically linked. As equity managers rise to the challenge of upgrading and funding building stock to meet the world's decarbonisation goals, the private debt sector stands ready to support.

As we see more loans written with ESG-related incentives - including performance requirements relating to green building certification ratings and fund ESG scoring impacting loan terms - we believe that private debt has a significant role to play in the upgrade of existing physical stock to meet environmental standards.

ESG and DRC

In March 2024, DRC Savills IM launched the Pan European Whole Loan Fund, our first SFDR Article 8 Debt Fund.

The fund is focused on providing debt to borrowers that are typically investing to improve their property. These loans are helping to facilitate the much-needed upgrade of existing property stock to the modern and compliant space that is in such high occupier demand. This strategy not only offers attractive risk adjusted returns to investing clients, but is helping to drive the positive impact change needed in the sector.

Here we showcase Project Dials, a prime office refurbishment in London, and one of Pan European Whole Loan Fund's first investments.

Recent Activity

Away from the launch of our first SFDR Article 8 fund, DRC Savills IM continue to improve and embed processes that focus on ensuring that its borrowers are committed to delivering sustainable, long-term value through the management of ESG issues at the real estate asset level. Here we outline some of our recent initiatives.

- In 2024 DRC Savills IM formalised our Sustainability Impact framework aligned with the Impact Principles by the International Finance Corporation (IFC). The framework is designed to allow the funds that utilise the framework to contribute to UN SDGs 7, 9, 12 and 13, and assess the sustainability credentials of their loans. Metrics tracked as part of the framework include; carbon intensity, energy intensity, EPC rating, on-site renewable energy generation, CRREM stranding, as well as whole lifecycle carbon considerations.
- Over the past 12 months we've incorporated a number of ESG incentives into our loans. One such incentive currently live in a loan for a residential asset in Spain is a reduction in exit fee if the borrower achieves agreed 'ESG Targets' prior to the loan's maturity.
- ESG data gathering from our borrowers is a continual focus for DRC Savills IM as we look to provide ever improving insight on the carbon footprint of our lending. This year we collaborated with external advisors and the Savills IM ESG team to put improved data governance processes in place, and we are currently exploring ESG data platforms suitable to private real estate debt.
- DRC Savills IM continued to collaborate with peers and industry bodies in 2024. Savills IM's Global Head of Strategy and Client Capital, Apwinder Foster, represents DRC Savills IM in INREV's DDQ working group. Meanwhile DRC Savills IM's Managing Partner, Dale Lattanzio, sits on INREV's invitation only Fund Manager Advisory Council, a group that acts as a sounding board for INREV's CEO by providing fund manager input on future INREV initiatives.

Project Dials

London, UK   Office

Background

Debt provided by DRC Savills IM's Pan Euro Whole Loan Fund is financing the acquisition and refurbishment of Finsbury Dials, an office in the City of London. The asset is currently a 146k sqft Grade B office which will undergo a comprehensive refurbishment program. The upgraded office is targeting best-in-class ESG credentials evidence; EPC – A, BREEAM - Outstanding, and WELL - Platinum.

Project Dials Targeted Actions

- Upgrade of the EPC rating from D to A.
- All new fully electric central plant and Mechanical, Electrical, and Plumbing (MEP) services will target a 66% reduction in energy intensity.
- Third party certificates to evidence ESG performance including; BREEAM Refurbishment – Outstanding, WELL Shell and Core – Platinum; NABERS UK Design for Performance (Base Building) – 5 Stars.
- The upfront embodied carbon of the proposed works is projected to be one-third of that associated with a typical new building and less than half of market best practice for new construction.
- Asset performance targeted to be in line with CRREM GHG emissions 1.5°C pathway.

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About DRC Savills IM

DRC Savills IM has been a leading provider of real estate debt since 2009. We have extensive experience of lending in both the UK and Continental Europe across the capital structure, and have completed more than €6bn of loan transactions since inception on behalf of our institutional investor client base.

DRC Savills IM was fully acquired by Savills Investment Management in 2021.

Our Net Zero Journey

Each year we take stock of our journey to net zero, and in this article we seek to provide both a qualitative and quantitative view of our recent progress.

NB: All AuM data as at 31 December 2023 unless otherwise specified.

2024 progress overview

In 2024, we have taken a number of key steps to advance our net zero strategy:

- Streamlined our approach to appointing net zero and sustainability consultants by running global tenders and creating standardised scopes of services.
- Increased our use of digital twin technology to create detailed, costed pathways for maximising energy efficiency and achieving net zero emissions across the assets we manage.
- Achieved a 40% year-on-year increase in asset level net zero audit rollouts in 2024.
- Introduced peer reviews by third-party advisors for selected net zero audits, enabling us to gather insights, apply lessons learned, and enhance the quality of outcomes.
- Introduced a Fund Net Zero Pathway solution to support asset prioritisation and strategic planning at the fund-level, we are currently implementing this solution with a discretionary fund responsible for nearly 25% of our absolute carbon emissions.
- Piloted a Fund Sustainability Advisory role across two of our vehicles to drive implementation efforts.

Having completed nearly 100 net zero asset-level audits to date we continue actioning our strategy by implementing scalable, data-driven approaches across our managed assets building towards net zero outcomes. Through ongoing partnerships and lessons learned, we are refining our processes and ensuring practical, ongoing progress with net zero implementation across the assets we manage.

Transition to support transparency

2024 was a landmark year for Savills IM in terms of Environmental data and reporting. We took the decision to transition £18.82bn of asset under management onto a new ESG Data Platform – Deepki Ready.

This has been no small task. Billions in AuM, millions in floor space, thousands of meters and hundreds of buildings now form the bedrock of tracking our journey to net zero.

This transition has however led to the need of a disclaimer: As different providers have different estimation processes and benchmarks, data from this 2023-2024 annual sustainability report is not directly comparable to our 2022-2023 report.

Net Zero data: a deep dive

Our primary focus in data analysis remains on energy and carbon reporting progress against our Net Zero Carbon Pathway commitment. As the water and waste data collection becomes more streamlined over time, we are incorporating these data entries into our analysis, ensuring a comprehensive understanding of environmental aspects.

Using calendar year 2023 data (the most recent available) here we showcase how we approach reporting our net zero carbon journey, and some metrics we use to track progress.

Firstly, we consider how our AuM is tracking environmental data

Following our efforts in 2024 we are pleased to say that, since 2023 when we had 60% of equity AuM on our historic ESG data platform, we have now captured 88% of equity AuM on Deepki. There has also been a significant increase in the number utilities meters tracked across our AUM (up 96%), and the number of assets using our ESG Data Platform (up 69%) over the same period.

At Savills IM we also consider the level of data coverage among discretionary funds and mandates where Savills IM is granted discretion by the third party to make investment decisions (such as which assets to buy and sell, in addition to asset management activities such as development, fit-out, refurbishment and leasehold transactions) without seeking prior approval from that third party. In 2023 we reported a portfolio of 14 'discretionary' funds to the Science-Based Target initiative, aligning with the broader commitment made by our parent company, Savills Plc.[1] Together these products represent 37% of Savills IM's global real estate equity AuM and each of these products are utilising our ESG data platform.

Secondly, we look at environmental data coverage

We continuously strive to increase these numbers to report more accurately our environmental performance. The less real data we are able to collect, the more we rely on industry benchmarks which may not reflect true asset performance.

Since the beginning of 2024 we have seen the number of assets reporting energy data increase 31%. Obtaining accurate energy data based on actual consumption is crucial in monitoring how our interventions and sustainability strategies are impacting the energy profile of the assets we manage.

While energy remains the core focus, water data coverage also increased since 2023. The number of assets now reporting water data on our ESG data platform increased by 20%.

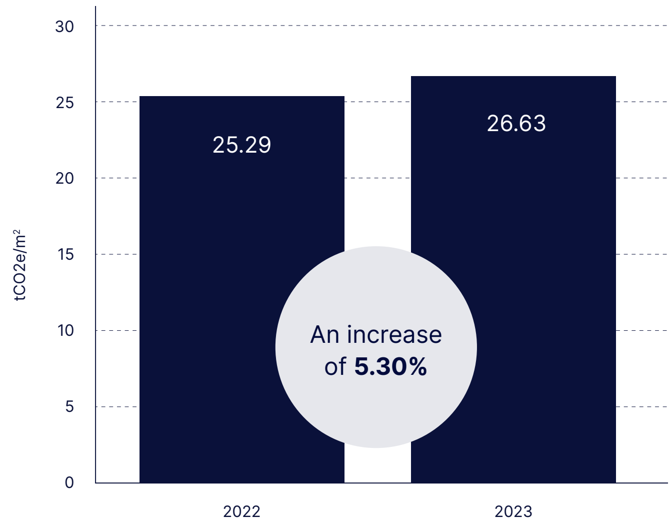
Part of our ESG data processes includes the third-party assurance of our utilities data (Please see page 44 for our assurance statement). This year our environmental performance data provides analysis of consumption data (excluding estimates) from a portfolio of 19 funds representing 46% of Savills IM real estate equity AuM – reported in full on page 30.

These funds represent a dataset of 228 like-for-like assets, i.e. assets that were managed by Savills IM throughout all of 2022 and 2023 to allow for a more accurate performance comparison. The 228 assets represent a dataset almost double that of the 138 assets analysed in Savills IM's previous report, highlighting the increasing depth of the environmental data we report.

This allows us to contextualise our core metrics

The below figures represent the performance of the 228 ‘like-for-like’ assets described earlier in this article. We use intensity metrics rather than absolute metrics to ‘normalise’ the whole building consumption against the floor space of the asset. This allows for a more accurate comparison over time.

Savills IM Whole Building Emissions Intensity Based on a Universe of 228 Like-for-like Assets



Energy intensity

2022: 105.59 kWh/m²

2023: 111.14 kWh/m²

An increase of **5.26%**

At a high-level, our emissions intensity figure has increased. Providing a more granular view is important to understand the drivers behind these headline figures, and we see three important trends.

Scope 1 decrease

Scope 1 emissions represent on-site emissions from sources owned or controlled by Savills IM, such as emissions from the generation of on-site energy from combustible sources like gas boilers. Our total like-for-like 2023 Scope 1 emissions decreased by 5.41% compared to 2022.

Scope 3 increase

For the purpose of this report, the data we report as Scope 3 represents emissions related to leased assets, i.e. energy entirely controlled by our occupiers. Obtaining data on occupier consumption remains a challenge and for this reason - among many others - occupier engagement remains key. Our total like-for-like Scope 3 emissions increased by 7.35% in 2023 compared to 2022. That said, much of this increase will likely be due to improved data coverage, rather than the operations of our occupiers becoming more carbon-intensive, and our Scope 3 figures may well continue to rise as we collect more data.

As discussed page 42, Savills IM are members a forum targeted at sharing knowledge between occupiers and landlord, and we would like to more regulation and structure in the industry on the topic of data sharing between these entities.

General weakness in the like-for-like methodology

The industry standard reporting method for ‘like-for-like’ is to include any standing asset that has been managed for 24 consecutive months. It does not consider 24 consecutive months of consumption data.

As an illustrative example, in the event that tenant energy data was captured in 2023, but not 2022, and the asset was owned for the entirety of the like-for-like period; this would lead to an increase in like-for-like consumption. As our data coverage improves, our metrics will need less context and like-for-like analysis will become increasingly meaningful.

We can also delve a little deeper

The amount of on-site renewable energy produced across our assets under management is key target for us. In 2024 we were able to confirm that our AuM generated and consumed 4.10GWh of renewable energy through on-site photovoltaics. Our long-term target is to reach 5GWh of on-site renewable energy generation per year by 2030, and we expect to surpass this target. Indeed, we are likely already doing so (as mentioned earlier this 4.10GWh datapoint is based on 46% of our AUM), and as we increase the number of funds we report on this will be evidenced.

1 – The 14 products reported as part of the Science-Based Target initiative (SBTi) recorded a reduction in emissions intensity from 2022 to 2023 of -2.03%. The universe of funds reported to SBTi is different to that of the universe used to report our environmental performance data throughout this report – shown in detail on page 30.

→

Aleksanterinkatu 11

Helsinki, Finland Office/Retail

Currently undergoing a net zero carbon audit.

Fidenza Shopping Park

Fidenza, Italy   Retail

Currently undergoing a net zero carbon audit.

Looking ahead to 2025

At Savills IM our effort to reach net zero is unwavering.

Over the next 12 months, we will accelerate the strategic rollout of net zero audits, with a strong focus on prioritising funds with the largest carbon footprint for the greatest impact. We will collaborate with a diverse range of net zero delivery consultants to empower our fund teams to unlock net zero budgets, implement actionable insights and drive tangible progress. Additionally, we are enhancing our data coverage and quality, particularly within the environmental performance agenda, ensuring that our consumption data becomes more accurate and comprehensive, allowing us to demonstrate the meaningful strides we're making toward our long-term sustainability goals.

This approach, underpinned by strategic partnerships and advisory, will enable us to scale our impact and optimise our path to net zero.

Our Offices

Here we report the emissions intensity of Savills IM office spaces across the globe.

The emissions intensity statistic shows the tonnes of greenhouse gas emissions produced in a year per square meter of floor space. This datapoint allows us to see which offices, and to some extent nations, have carbon-efficient operations.

For example, Savills IM's office in Stockholm is procuring only certified renewable energy, and given the general level of grid decarbonisation in Sweden we would expect our Stockholm office to be one of our most efficient and net zero mature offices. At the other end of the scale is our Poland office, which can be explained in part due to carbon-intensive coal playing a central role in Poland's energy system and economy.

As set out in our Net Zero Carbon Delivery Framework, Savills IM is targeting to occupy only net zero buildings by 2030, and we have been taking steps to reach this goal. Here we outline two of our priority activities.

1

Net Zero Carbon Audits

Net Zero Carbon Delivery Framework goal: Start undertaking NZC audits for our office spaces

In 2024, Savills IM approved a budget for seven priority offices to undertake net zero carbon audits by the end of 2025. To aid this process and allow for comparable outcomes, a net zero carbon audit scope of services guidance document was created specifically for our offices.

To date, one of our offices has completed their audit while six other offices are currently in progress. The outcomes of the audits will be used to guide the interventions we undertake in order to reach our goal of occupying net zero offices.

2

Quality Data Analysis

Net Zero Carbon Delivery Framework goal: Report like for like GHG emissions intensity

GHG emissions intensity is a core metric for Savills IM. Being able to report the metrics shown on the adjacent page and compare our year-to-year performance on an on-going basis first required a robust dataset and benchmarking methodology.

Following our efforts in 2023 and 2024 we now feel confident in being able to report an accurate emissions intensity figure for each office. We will now look to provide year-to-year analysis in our 2025 annual ESG report.

GHG Emissions Intensity and Data Coverage of Savills IM Offices in 2023

Office	GHG emissions intensity	Collection Rate
Stockholm	0.80 $kgCO2e/m^2$	100%
Madrid	11.55 $kgCO2e/m^2$	100%
Munich	17.97 $kgCO2e/m^2$	100%
Amsterdam	33.22 $kgCO2e/m^2$	100%
Paris	36.88 $kgCO2e/m^2$	100%
Luxembourg	38.12 $kgCO2e/m^2$	78%
Frankfurt	41.98 $kgCO2e/m^2$	100%
Hamburg	54.97 $kgCO2e/m^2$	100%
Sydney	59.65 $kgCO2e/m^2$	100%
Milan	67.05 $kgCO2e/m^2$	100%
Tokyo	74.07 $kgCO2e/m^2$	100%
Singapore	75.01 $kgCO2e/m^2$	100%
London	84.21 $kgCO2e/m^2$	100%
Warsaw	123.23 $kgCO2e/m^2$	50%

2023 GHG emissions intensity

Collection Rate. The proportion of 2023 energy data based on actual consumption (including: Electricity, gas, district heating, district cooling, fuel, photovoltics). Calculated as (number of months of actual data / number of meters *12), i.e. a site with two fully populated electricity meters and an unpopulated gas meter will yield a collection rate of 67%.

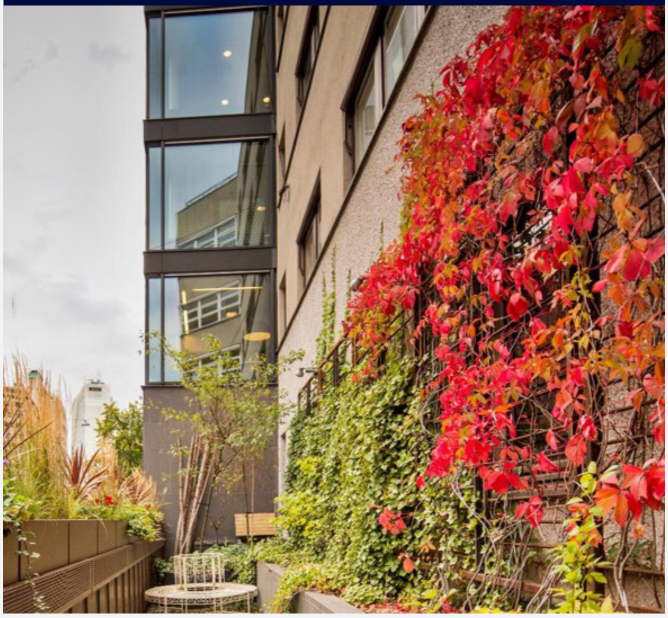
NEXT FOR OUR OFFICES

Continue our Corporate Business Transition Plan with Savills Group

We are targeting to complete the outstanding budgeted net zero carbon audits by year end 2025 and have created an ‘Office Move Checklist’ for any offices planning to relocate in the coming years.

Reduce our Estimation Rate

In 2023 we collected a full dataset of actual metered data for all Savills IM private electricity consumption. i.e. there are some offices where we are yet to collect actual data on our share of the electricity consumption of the common parts of the building. This data was complimented with actual metered data for district heating, gas, fuel and photovoltaic meters for some of our offices; however gaps remain. Our goal for 2025 is to increase the amount of actual metered data across all our energy meters including common parts - and where possible automate this process through smart meters and automatic collectors.



Environmental Performance Data

In addition to highlighting key performance metrics in this report, Savills IM engaged our external consultants at Deepki UK Ltd to prepare the following table of environmental performance data, aligning to EPRA's 2017 Sustainability Best Practices Recommendations.

	All		Offices		Retail		Industrial
	2022	2023	2022	2023	2022	2023	2022
Maximum coverage (total number of assets managed)	321	298	38	40	71	75	90
Energy							
Absolute Coverage (number of assets reporting energy consumption)	273	245	34	35	64	66	69
Total Energy Consumption (kWh)	351,223,811	338,346,221	38,203,072	46,395,963	84,524,182	78,968,127	171,394,574
Total Energy Intensity (kwh/m²)	105.59	111.14	124.08	141.73	117.56	116.18	90.01
Total Energy Consumption - Landlord (kWh)	99,477,409	98,266,698	22,721,150	31,878,326	29,122,870	21,959,246	37,216,502
Total Energy Consumption - Tenant (kWh)	251,746,403	240,079,523	15,481,922	14,517,637	55,401,312	57,008,882	134,178,073
Renewable Energy Consumption (on-site) kWh	577,193	4,099,896	17,525	29,625	127,674	588,846	431,994
Renewable Energy Consumption (off-site) kWh	38,537,954	30,673,172	15,833,773	15,751,199	14,128,380	13,793,756	5,108,686
Energy Like-for-like							
Like-for-like Coverage	228	228	31	31	61	61	59
Like-for-like Total Energy Consumption (kWh)	319,053,759	319,623,596	36,570,725	35,965,100	76,243,299	77,945,962	157,880,025
Like-for-like Energy Intensity (kWh/m²)	110.80	111.00	127.26	125.15	116.17	118.77	97.72
Like-for-like Total Energy Consumption - Landlord (kWh)	91,036,993	88,004,203	21,811,590	21,620,919	22,596,326	21,954,159	37,022,886
Like-for-like Total Energy Consumption - Landlord (kWh)	228,016,766	231,619,393	14,759,135	14,344,181	53,646,973	55,991,804	120,857,139
GHG Emissions							
Scope 1 (tCO2e)	5,078	4,705	187	175	578	393	4,199
Scope 2 (tCO2e)	24,303	26,967	6,380	13,119	8,253	4,566	7,803
Scope 3 (tCO2e)	52,702	52,955	4,216	4,316	12,083	13,048	27,872
Total GHG Intensities (kgCO2e/m²)	24.68	27.80	35.02	53.79	29.09	26.49	20.94
GHG Emissions Like-for-like							
Like-for-like Scope 1	4,971	4,702	187	172	472	393	4,199
Like-for-like Scope 2	19,602	20,185	6,101	6,338	4,162	4,565	7,792
Like-for-like Scope 3	48,243	51,789	3,989	4,256	11,588	12,823	25,819
Like-for-like Total GHG Intensities (kgCO2e/m²)	25.29	26.63	35.76	37.46	24.72	27.09	23.40
Water							
Absolute Coverage (number of assets reporting water consumption)	224	199	27	28	52	52	53
Total water consumption (m3)	1,102,225	1,178,933	95,142	133,918	262,995	315,718	368,358
Like-for-like coverage	186	186	24	24	49	49	45
Total Like-for-like water consumption (m3)	983,574	1,097,245	983,574	1,097,245	983,574	1,097,245	983,574
Waste							
Absolute Coverage (number of assets reporting waste consumption)	77	79	13	17	19	27	16
Total waste generated (tonnes)	11,802,041	10,513,947	1,017,566	2,773,566	2,049,045	3,403,525	6,865,746
Total waste diverted from landfill (%)	41%	60%	53%	63%	76%	57%	24%

This table is primarily based on actual data[1] that was successfully collected and assured for the purpose of 19 fund GRESB submissions in 2024. The funds represent 39% of Savills IM global real estate equity AuM as at 31 December 2023. The assurance of the underlying data submitted to GRESB was conducted by a third party - Lucideon CICS Limited - and was consistent with the requirements of ISO14064-3. The verification statement can be found at the end of this report.

Metrics in the table include actual, including gap-filled, absolute consumption, intensity and data coverage.

	Hotel		Residential		Mixed Use	
2023	2022	2023	2022	2023	2022	2023
85	7	6	16	4	77	73
61	6	5	13	3	69	62
61,431,745	4,787,388	5,210,492	5,324,705	3,031,971	31,754,621	29,909,261
95.80	105.88	127.46	75.38	81.51	179.99	163.79
5,466,396	84,768	23,340	3,052,509	2,995,580	7,279,610	5,943,809
5,965,348	4,702,620	5,187,152	2,272,196	36,391	24,475,011	23,965,452
3,481,425	0	0	0	0	0	0
793,051	1,781,166	125,292	0	0	1,685,949	209,874
59	5	5	3	3	56	56
59,131,026	4,724,579	5,210,492	2,531,941	3,031,971	26,453,252	24,940,383
98.50	115.57	127.46	68.07	81.51	175.38	165.35
5,466,396	21,959	23,340	2,495,551	2,995,580	7,088,681	5,943,809
3,664,630	4,702,620	5,187,152	36,391	36,391	19,364,571	18,996,574
4,010	0	0	113	127	0	0
7,922	18	5	680	510	1,169	845
27,604	957	1,079	824	8	3,546	3,996
23.46	21.56	26.50	22.88	17.34	26.72	26.51
4,010	0	0	113	127	0	0
7,922	5	5	401	510	1,142	845
27,580	957	1,079	8	8	2,799	3,139
24.46	23.53	26.50	14.02	17.34	26.13	26.41
47	5	5	10	2	61	53
361,908	186,376	186,376	52,480	31,714	41,767	51,194
45	5	5	2	2	49	49
1,097,245	983,574	1,097,245	983,574	1,097,245	983,574	1,097,245
15	1	1	12	n/a	4	7
1,600,029	1,080	48,294	229,620	n/a	388,873	1,461,421
82%	70%	69%	29%	n/a	68%	30%

Notes

SCOPE: This table contains the available environmental performance data of 19 Savills IM portfolios for the calendar year 2023 compared to 2022. The data presented in this table is derived from 321 assets with utilities data. Due to investor requirements and portfolio churn the selection of funds and number of assets in this dataset will fluctuate year to year and result in changes to the absolute number of properties for which data is captured.

LIKE-FOR-LIKE ANALYSES: Absolute data represents all data captured in the reporting period. A like-for-like analysis looks only at assets which have been classified as a standing investment, or were operational in the 24-months 1st January 2022 to 31st December 2023. New construction projects which were not operational assets within this reporting period have been omitted from the like-for-like analysis. Assets that were managed for only a portion of the 24-month reporting period – due to acquisitions and sales during this time – have also been omitted. This type of analysis is seen to be the most accurate way to compare two reporting periods as it normalises for portfolio churn. In the table, 228 assets reported energy and emissions on this basis. An increase from the like-for-like universe of 138 assets reported in our previous annual sustainability report.

INTENSITY: For an accurate representation of average energy and emissions intensity, only buildings with a full energy dataset were included. For example, in a multi-let building where only owner common parts utilities were captured and not occupier-procured energy supplies, these were omitted. As discussed on page 24, improving utilities data coverage across our portfolio remains a core target for Savills IM.

GHG EMISSIONS: Allocated using the following guidance from the GHG Protocol:

Scope 1 – direct emissions that occur from sources owned or controlled by the reporting entity, such as those resulting from the creation of on-site energy from combustible sources like gas boilers.

Scope 2 – indirect emissions generated off-site but relating to purchased or acquired electricity and district heating/cooling when procured by the reporting entity.

Scope 3 – emissions resulting from assets not controlled by the reporting entity, but that occur in its value chain; reported in this table are emissions related to energy use in leased assets that are entirely controlled by the occupier, as well as transmission and distribution losses associated with any indirect emissions, whether the responsibility of the reporting entity, or the occupier.

RENEWABLE ENERGY: Renewable energy used should be seen as a proportion of the total above, and not in addition. "Renewable energy consumption (on-site)" refers to energy consumed where self-supply renewable technologies are in place. "Renewable energy consumption (off-site)" refers to energy consumed where a green tariff is in place.

DATA SOURCES: Energy and water consumption data is reported according to automatic meter reads, manual meter readings or invoice estimates as provided to Deepki during the data collection period. Historic consumption data is restated in the event that more complete or accurate records become available. The data included on this page is primarily based on actual data1. GHG emissions are calculated from actual energy consumption using a location-based approach, and use carbon emissions factors ($kgCO_2e/kWh$) sourced from several emission factors databases including IEA, CREEM, nation-specific reference bases, and others.

1 - The data included in this dataset is primarily actual (i.e. not estimated) data. Savills IM utilises Deepki's gap-filling methodology to support actual data. In the event that a monthly utilities consumption datapoint is missing, Deepki predicts the missing data by analysing historical patterns and behaviours of data consumption at the meter-level. These estimates are not at the building-level. The proportion of gap-filled data – i.e. not actual data – in this dataset is estimated to be 9% and 15% for tenant and landlord data in 2022 respectively, and 13% and 24% for tenant and landlord data in 2023 respectively.

Savills IM's Response to Task Force for Climate Related Financial Disclosures (TCFD)

Savills IM is a public supporter of TCFD. In this section we set out our response to the TCFD recommendations using TCFD's four recommended areas of Governance, Strategy, Risk Management, Metrics and Targets. Whilst Savills IM is not in scope of TCFD reporting regulations, we are seeking to make our disclosures more robust each year. Savills IM's response to TCFD was last updated in December 2024.

Highlights in relation to climate-related governance and reporting in 2024 include:

- The launch of our Approach to Climate Resilience document, developed with guidance from the Better Buildings Partnership and working with Dr Julie Futcher, a chartered architect and associate lecturer at University of the Arts London.
- Onboarded EUR 18.82bn of all Savills IM funds and mandates onto our new ESG Data Management Platform.
- Developed a standard scope of services for fund teams to appoint and manage net zero delivery consultants.

1. Governance

Climate-related matters are overseen by Savills IM's **Global Executive Committee (GEC).** The GEC has delegated responsibility for ESG, including climate-related decisions, to the Global Head of Investment Risk, supported by the ESG Team and **Responsible Investment Committee (RIC).** These decisions include resourcing for climate resilience activities and approval for new responsible investment projects; for example, changing ESG data providers and approving new responsible investment (RI) policies and procedures.

The GEC also maintains responsibility for sign-off regarding new strategies and assigning accountability for relevant implementation activities to Heads of Country. For more detail on our governance approach please see our Responsible Investment Policy.

ROLES

The **Global Head of Investment Risk** and **Chief Sustainability Officer** update the GEC on a quarterly basis on RI matters, including climate risk.

Savills IM's Chief Sustainability Officer leads a dedicated in-house team of five full time equivalent (FTE) employees. The Chief Sustainability Officer is responsible for directing Savills IM's efforts on matters relating to responsible investment strategy including but not limited to climate resilience, biodiversity improvement and social value, as well as obtaining GEC approval on relevant targets and processes.

PORTFOLIO MANAGEMENT

Savills IM's Investment Committee (IC) maintains oversight of portfolio management, and fund teams are required to report on aspects of asset and fund management activities to the IC at least on an annual basis. Any material matters relating to climate risk must be incorporated in the IC portfolio management paper to highlight opportunities, issues and/or progress on adaptation and mitigation measures. The identification and assessment of climate risks are integrated into the investment processes when buying, selling, undergoing retrofitting or capital expenditure activities, or forward funding developments. Guidance on set standards has been developed by the ESG team for all activities, and there is a set standard of criteria for investment proposals, to create harmonisation across the organisation of how climate-related risks are identified and considered.

This information is monitored by internal governance committees such as the Responsible Investment Committee and Group Risk Committee (GRC) and reported into senior management. Metrics have been developed for Savills IM's corporate risk appetite statement to monitor corporate office energy transition plans and energy reduction targets for assets under management.

REMUNERATION

Savills IM operates a global Remuneration Policy and strives to promote sustainable and risk awareness behaviours by employees as well as embedding sustainability considerations into the business model and business operations.

We are focused on achieving sustainability outcomes in line with our Net Zero Carbon pathway and Responsible Investment Policy. This helps to achieve sustainable outcomes and manage sustainability risk through both our corporate operations and the AuM we manage. Concurrently remuneration is part of a wider benefits programme designed to reward financial outcomes and positive ESG and D&I performance, in order to retain motivated employees. Savills IM seeks to avoid excessive risk taking and no incentives are created to encourage risk-taking incompatible with the risk profile, investment terms and conditions or the articles of association pertaining to the products which Savills IM manages. We take seriously any actions which could hinder our fiduciary responsibilities to investors.

2. Strategy

Climate action is a key focus area in Savills IM's strategy. In the context of real estate investment management, this can be examined under two pillars: managing portfolios that are resilient now and in a low-carbon future, and futureproofing assets against the physical impacts of climate change. These are commonly referred to as managing transition and physical climate risks. More detail on how we will seek to reach net zero can be found in Savills IM's strategy document: Enabling Resilient Real Estate. While information on our approach to physical climate risk and how we consider climate resilience throughout our investment cycle can be found in our Approach to Climate Resilience.

CLIMATE-RELATED RISKS

Risk Type	Title	Risk Description
Policy & Legal Risks	**Climate change litigation**	Climate-related litigation claims brought by investors, insurers, shareholders, and public interest organis reasons such as greenwashing or breach of mandate.
	Climate transition decreasing the number of available suppliers	Increased regulation for suppliers around low emissions materials and other ESG requirements could res decrease in the number of suppliers. Having a smaller pool of suppliers to choose from may increase pri suppliers.
	Increased costs in meeting enhanced emissions reporting obligations	Emission reporting requirements are changing all over the world, with multiple countries including the UK to implement mandatory climate-related disclosures. Savills IM may have to increase its spending on em systems and reporting in the upcoming years
	Increased pricing of GHG emissions	In order to drive reduction in carbon emissions to keep global warming below 1.5°C, enhanced carbon p mechanisms, such as emissions trading systems and carbon taxes are likely to be adopted by governme Carbon prices could reach $110 tCO2 by 2030 under 2°C or $360 under 1.5°C, rising rapidly under a disc scenario. This would result in higher costs for building managers and tenants.
	Non-compliance with building codes and guidelines	Building regulations to combat climate change are likely to increase and intensify out to 2030. Potential i include loss of rent for property managers during time properties do not meet standards, financial penal non-compliance, devaluation of assets which do not meet minimum standards and become stranded and increase in development costs. These increased costs to comply with future regulations may impact ope and capex expenditures and consequently investment performance in the short term.
Market Risk	**Sustainability-related geo-political risk**	Sustainability-related macroeconomic and trend information insufficiently integrated in research publicat in turn inform investment decisions and product origination.
	Increased cost in emissions offset	Currently, the supply of carbon credits exceeds the demand, making the cost to offset carbon relatively more companies commit to net zero, the demand for carbon credits is likely to increase, pushing the pric
	Increased cost and constraints of raw materials due to climate transition	Increased carbon pricing could increase the cost of raw materials used in Savills IM's buildings and could impact overall development costs. However, due to projected increased recycling of steel and advances development of lower emissions concrete and steel by 2030 the impact of a carbon tax would be signific reduced.
	Increased cost of financing due to climate change considerations	As credit ratings begin to incorporate climate change considerations, there is a risk that ratings could be by climate change and the cost and availability of financing increased/decreased. Getting loan financing held by funds and mandates could become more difficult and expensive impacting performance negativ Increasingly companies are issuing green bonds as a means to raise capital.
	Negative shift in Investor Demand due to climate transition	If Savills IM is unable to offer funds in line with clients changing expectations, it could lose AUM to comp Conversely this could present a significant opportunity for Savills IM if it is able to develop funds in line w changing demands.
	Negative shift in Occupier Values as a result of climate transition	As more businesses commit to becoming net zero by 2030 or 2050, occupiers will increasingly demand buildings to help them achieve these goals. Consequently properties could have to be given a brown dis inefficient properties could fall in value.
	Benchmarking and market competitiveness in terms of ESG	If Savills IM underperforms in the market in terms of ESG and sustainability arrangements – for example underperforming against industry benchmarks from GRESB and UN PRI – this could result in a negative p of Savills IM within the market and among investors

	Short term risk	Medium term risk	Long term risk	Inherent risk rating	Residual risk rating
ations for			✓		
ult in a ces from	✓				
K beginning ission data	✓				
ricing nts. orderly		✓			
mpacts ties for d an erational		✓			
tions, which	✓				
cheap. As ce up.		✓			
d therefore in the cantly	✓				
e influenced for assets ely.	✓				
etitors. vith	✓				
net zero count and	✓				
erception	✓				

Risk Type	Title	Risk Description
Technology Risk	**Failure to leverage technology required to lower emissions**	If Savills IM fails to leverage technology that enables emission and energy use reductions in its propertie hinder its ability to provide leading services to clients. Lower emission technologies include low carbon b materials and renewable technology.
Reputation Risk	**Project failure**	Sustainability initiatives do not meet targets as agreed by the GEC. NZC transition plans not adhered to, not met and/or outcomes are materially deviated from initially agreed targets.
	Failure to deliver on strategic ESG objectives	Overpromising and underdelivering against set targets has the potential to negatively impact credibility, reputation. Failure to engage investors to agree to empower us to implement sustainable initiatives to ma assets resilient. The risk is also not being able to measure or demonstrate the work that is being underta
	Competitive ESG focus negatively impacting employee retention or lack of interest from prospective job candidates	As employees become increasingly concerned with climate change issues, negative publicity around fail deliver on targets and failing to effectively incorporate climate change considerations into decision maki make it difficult for Savills IM to attract and retain the best talent.
	Failure in alignment to ESG culture and values	Perception that sustainability is the responsibility of specific departments instead of mainstreamed throu company culture leading to low engagement on the impacts of sustainability. Decision-making and attitu ESG/Sustainability are not given full consideration. Responsible investment policy not adhered to.
Acute and Chronic Risks	**Physical damage to assets due to adverse climate conditions**	Failure to assess, identify and mitigate physical climate risks that affect the assets we manage.

POLICY AND LEGAL OPPORTUNITY

Industry bodies such as AREF, INREV and The BBP actively engage policy makers in order to shape industry guidance to meet the industry's needs. Savills IM's memberships to varying industry bodies (see page 42) allows Savills IM to indirectly guide and contribute to real estate policy. Savills IM continually upskills its staff on relevant regulation to comply with the latest regulatory requirements at the asset and fund-level.

Savills IM utilises a range of building certifications and regulatory guidance in order to authenticate and transparently disclose the sustainability credentials of the company and its products. Frameworks and regulation include but are not limited to GRESB, BREEAM, UN PRI, Sustainable Finance Disclosures Regulation (SFDR) and Sustainability Disclosure Requirements (SDR).

MARKET OPPORTUNITY

Savills IM routinely screens its assets for acute and chronic risk. It is the view of Savills IM that asset value can be maintained or even increased with a strong sustainability and climate resilience approach.

Shifts in investor demand for strategies such as impact, natural capital or affordable housing may continue to offer opportunity for Savills IM to launch new products. Indeed, as at Q4 2024 Savills IM is currently launching its second natural capital investment strategy, the Finite Land Strategy. The strategy aims to enhance the productive capacity, resilience, and profitability of farmland assets while strategically transitioning areas of land to higher ecological and financial uses.

Similarly, investor or tenant demand for sustainability initiatives at the asset-level – for example air source heat pumps or Photovoltaic (PV) panels – will support Savills IM's net zero goals. For example, Savills IM has set targets for onsite renewable generation across our portfolio, we see opportunity in tenant demand for net zero buildings to collaborate with our tenants and investors to provide clean sources of energy. Savills IM also works with our tenants to reduce energy demand and improve the energy efficiency of our assets.

TECHNOLOGY OPPORTUNITY

We continue to invest in proptech solutions to improve our data coverage across our energy, water, and waste datasets - accessing best in class data systems allows better investment decisions to be made.

Where data challenges exist, Savills IM proactively engages industry bodies and partners. Savills IM

Key

Very High risk rating | **High** risk rating | **Medium** risk rating | **Low** risk rating

	Short term risk	Medium term risk	Long term risk	Inherent risk rating	Residual risk rating
s, it may building		✓			
objectives		✓			
brand and ake their aken.	✓				
ure to ng could	✓				
ughout de towards	✓				
			✓		

continues to support the BBP's Owner Occupier Forum, a forum influencing the industry's best practise guidance on strategic relationships between landlords and occupiers. Savills IM is also part of the Urban Land Institute which is exploring similar issues on the continent.

REPUTATION OPPORTUNITY

Savills IM aims to be a trusted investment manager and believes in accountability and transparency, as well as using our position in the market to influence best practise. Savills IM is a signatory to projects such as the BBP's Climate Commitment to improve market transparency and to ensure consistent reporting on net zero carbon targets. Savills IM has publicly set a goal to become net zero carbon by 2040, while interim targets guide our journey to net zero and allow us to monitor progress.

As detailed in Savills IM's RI Policy, Savills IM's Responsible Investment Committee (RIC) has the responsibility of monitoring how our Responsible Investment strategy is being integrated throughout the business. This ensures sustainability actions and targets are owned in various roles across the business and helps to attract ESG and impact-minded talent.

SCENARIOS

The selected scenarios for our physical risk analyses are based on Representative Concentration Pathways (RCPs) using modified climate risk models to simulate future climate impacts under different time periods and climate scenarios. It should be noted that the recently published Shared Social Economic Pathways 'SSPs' by the Intergovernmental Panel for Climate Change 'IPCC' map in the IPPC's latest AR6 report closely to the future temperature ranges estimated by the RCPs.

Asset screening is performed using scenario analysis aligned with the following RCPs 2.6, 4.5 and 8.5 as defined by the IPCC, and SSPs over time horizons of present day, 2030, 2050 and 2100. The hazards screened are: River Flood, Tropical Cyclone, Heat Stress, Precipitation Stress, Sea Level Rise, Fire Weather and Drought Stress.

Transition risk screening involves the use of Carbon Risk Real Estate Monitor (CRREM), which screens against decarbonisation targets and pathways (in terms of greenhouse gas intensity) for a host of different property types and countries for global warming targets of 1.5°C and 2°C. The greenhouse gas intensity targets are presented on an annual basis up to year 2050.

3. Risk Management

It is Savills IM's view that climate-related risks and opportunities must be considered throughout the investment life cycle to create resilient portfolios.

As a real estate investment manager, the assets we buy, sell and manage may be exposed to unique or multiple physical hazards due to the nature of a geographic location or stranding risks on the basis of the building fabric, age, type and use, for example. As such, the identification, assessment and management of climate risk has been embedded into Savills IM's overall investment strategy.

From a **transition risk** perspective, Savills IM monitors and reports on the energy efficiency and stranding risks of its assets under management. There are data collection challenges with this process due to utilities data being difficult to obtain consistently from occupiers across the assets we manage. This provides opportunities to find innovative ways to collaborate with occupiers to improve reporting and data flow, and to transition assets which will help Savills IM meet its net zero objectives.

We use climate risk screening tools and metrics – detailed in Approach to Climate Resilience - to identify these exposures at acquisition as part of due diligence, appoint a third-party environmental consultant to analyse the results, perform risk assessments where needed and provide recommendations on how the asset can reduce its vulnerability. It is then an expectation of the asset management team to allocate required capital expenditure into the asset's business plan to address these measures during the hold period, which may vary by strategy of each product.

REPORTING

Climate risk screenings are integrated within Savills IM's due diligence and asset management reporting processes. ESG criteria has been incorporated into the asset proposal templates (IC Papers) which records specific asset-level information, and indicates whether physical climate and natural hazard risk screening used for risk identification purposes has been completed. Where hazards are identified, further due diligence in the form of a climate risk assessment is required. An ESG Scorecard has also been developed to capture asset-level sustainability and climate risk data, the ESG scorecard allows reporting against asset business plans and regulatory guidelines.

Fund management teams are required to report on ESG aspects on a quarterly basis as part of a wider risk scorecard process. At a high-level, the risk scorecard acts as a management information tool to highlight risk exposures which are then used by internal governance committees, senior management, and the risk management function.

From a transition risk perspective, Savills IM monitors and reports on the energy efficiency and stranding risks of its assets under management.

4. Metrics and Targets

The assessment of climate risk is conducted through the evaluation of a range of metrics and information, including but not limited to:

- Natural hazard risk and physical climate risk using Willis Towers Watson's Climate Diagnostic system.
- Scope 1, 2 and 3 carbon emissions (Disclosed on page 30).
- EPC certificates and the distribution of EPC ratings within the portfolio.
- Asset-level Energy Use Intensity (EUI) and Greenhouse Gas Emissions Intensity.
- Asset fuel source.
- Amount of renewable energy generated on-site across our AuM.
- Total amount of insurance claims related to climate risk.
- Proportion of AuM with a NZC pathway in place, either at the asset- or fund-level.
- Proportion and number of assets Carbon Risk Real Estate Monitor (CRREM) stranding by 2030.
- Proportion and number of total energy purchased from renewable sources.

TARGET SETTING

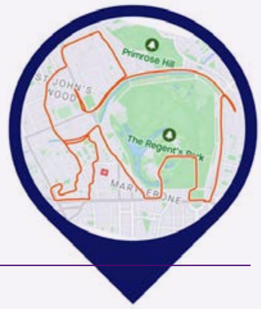
For the full set of metrics and targets set out by Savills IM to achieve our net zero carbon targets please see our Net Zero Carbon Pathway Report.

Savills IM has set a target to become Net Zero Whole Life Carbon by 2040. In order to meet this target, Savills IM periodically reports and analyses a series of targets and indicators. Scope 1, 2 and 3 data is reported on page 30 and used to gauge our known emissions on an annual basis.

We also set targets on renewable energy generation across the assets we manage. We are aiming to generate 5GWh of on-site renewable energy by 2030 and 10GWh by 2040.

To advance our biodiversity goals, we set aspirational targets of a 15% increase in biodiversity by 2025 and 100% by 2040. In 2024 we engaged a third-party consultant to support a phased approach to biodiversity baselining. Phase 1, now complete, focused on baselining biodiversity across UK assets, climate risk dependency mapping, and aligning targets with the TNFD (The Taskforce on Nature-related Financial Disclosures) framework. Alongside this baselining exercise we are engaging stakeholders and providing a nature-based solutions menu to maximise the current ecological value on our managed assets.In terms of energy procurement, we are targeting for 50% of our AuM to be powered by renewable energy by 2030, with this target rising to 100% for 2040.

We expect these targets to evolve over time in line with the latest guidance and best practice.



Corporate Responsibility

JUNE 2024

Global Engagement Day - World Environment Day

Savills IM's Global Engagement Days involve all our colleagues coming together to support one particular event around the world. Here we showcase how our different offices got involved with World Environment Day 2024!

1. **Amsterdam:** The Amsterdam team took part in a community cleanup event.
2. **Hamburg:** A team nature walk to a micro-forest grown using the Miyawaki method.
3. **London:** A donation to the Royal Parks, who protect the wildlife and habitats of London's Royal Parks. The London team also took part in a nature walk around local park, Regents Park.
4. **Luxembourg:** An organic farm tour promoting sustainable eating habits, alongside a donation to Natur&Ëmwelt.
5. **Madrid:** Volunteering at Fundación AlaPar, helping to upkeep their community garden and collect vegetables. Afterwards, a paella competition was held using fresh produce from the garden!
6. **Singapore:** Our Singapore team completed a litter picking walk around The Botanic Gardens.
7. **Sydney:** Volunteering at Pocket City Farm, an urban farm which works to educate and connect communities through fair access to food. The team will also be learning the art of pickling to reduce food waste!
8. **Warsaw:** A beekeeping workshop was held in our Warsaw office.

To raise awareness of climate change impacts we also held a Strava art competition where colleagues were invited to put forward their best Elephant route. Using Strava GPS Savills IM team members were invited to use Strava GPS to run, walk, hike or cycle in the shape of an elephant – one of species most impacted by drought. You can see our winner at the top!

More corporate responsibility activities from across our offices

1

APRIL 2024

Online Interview Support - Europe

14 colleagues across Savills IM's European offices participated in an online interview practice event for students attending a school in the UK. Our team provided their expertise and experience of the corporate recruitment process and between them, our employees 'interviewed' c.40 students, enabling them to practice interview skills in a safe environment. Our support allowed students to build confidence in a key skill and be better equipped for entering the working world.

2

JUNE 2024

Euston Foodbank - London

A total of 36 employees volunteered across the summer to help prepare essential food packages to those who are experiencing food insecurity. The food is sourced from local businesses, schools, churches and supermarkets, making it a community effort to address hunger locally.

3

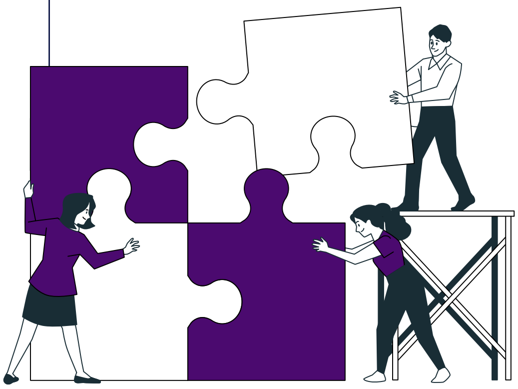
OCTOBER 2024

World Clean Up Day - Milan

Our Milan office partnered with We Are Urban (WAU) for 2024's World Clean Up day. This year, the team spent an afternoon cleaning up Monte Stella park in Milan. This was not our first time collaborating with WAU, and this year we collected 32kg of rubbish including over 1,000 cigarette butts.

Partnerships

Savills IM firmly believes that collaboration with various industry bodies, initiatives and like-minded companies is essential to achieving our long-term restorative vision.



BBP BETTER BUILDINGS PARTNERSHIP

CREFC Europe

CRREM

GRESB® REAL ESTATE Member

INREV

AREF The Association of Real Estate Funds

savills

SCIENCE BASED TARGETS

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

UK GBC

ULI

PRI Principles for Responsible Investment

Activity in 2024

Throughout 2024 Savills IM engaged in several initiatives with our partners, below are some highlights of the past 12 months.

Better Buildings Partnership

In January 2024, the BBP launched its updated Green Lease Toolkit - a collaborative resource with legal clauses spanning a range of topics, aimed at promoting sustainable practices and cooperation among property owners, occupiers, and other stakeholders. As part of the Green Lease Toolkit Steering Committee, Savills IM participated in the Green Lease Toolkit Consultation Period in Q4 2023 and provided feedback to help shape the final elements of the toolkit.

Savills IM also provided feedback to the BBP on their enhanced Acquisitions Sustainability Toolkit as part of the projects Investor Engagement Working Group. The toolkit provides commercial property owners with practical guidance on how to ensure sustainability risks and opportunities are reviewed as part of the acquisition process.

Savills IM's Associate Director – Net Zero and Sustainability Lead, Joey Aoun, is a member of the BBP's Net Zero Carbon Working Group. In 2024, Savills IM was invited to present its Net Zero Audits strategy and shared its internal Net Zero Audits scope with the group, reflecting our commitment to industry-wide knowledge sharing. This detailed scope template, developed through lessons learned from a global net zero tendering process, guides the appointment of net zero carbon delivery consultants. Savills IM is now implementing these audits at fund and asset levels to facilitate the rollout of actionable implementation budgets and plans.

Savills IM continued to co-chair the BBP's Owner & Occupier Forum up until mid-2024. Following the transition of the chair role Savills IM continues to be active in this Working Group, acknowledging the need for ever closer relationships between landlord and occupier to tackle climate change.

ULI

In 2023, Savills IM became an Icon Sponsor of the ULI C Change programme, which focuses on addressing transition risks in real estate. The programme aims to standardise how transition risks are managed across the real estate industry and encourages collaboration between ULI and its members to pilot guidelines and share insights on advancing decarbonisation across the sector.

In 2024, Savills IM piloted ULI's C Change Transition Risk Assessment Guidelines to assess a multi-tenanted office building in central London, scheduled for refurbishment. The full case study is publicly available and provides details on quantitative impacts of transition risk and how this risk can be integrated into financial models, including discounted cash flow models and capital expenditure budgets. The case study also provides an overview of Savills IM's current approach to transition risk, the impact of stranding risk on our assets, and which transition risks the guidelines identified.

In line with the collaborative nature of the C Change programme, Savills IM also participated in roundtables on carbon pricing and occupier engagement, where insights from a carbon pricing pilot for one of our UK funds were shared.

ULI also operate a Sustainability Council which brings together investors, occupiers, developers, public officials, and academics from across Europe to debate and explore best practices in sustainable development. Savills IM's Chief Sustainability Officer, Emily Hamilton, sits on this council and presented at several ULI events throughout 2024.

INREV

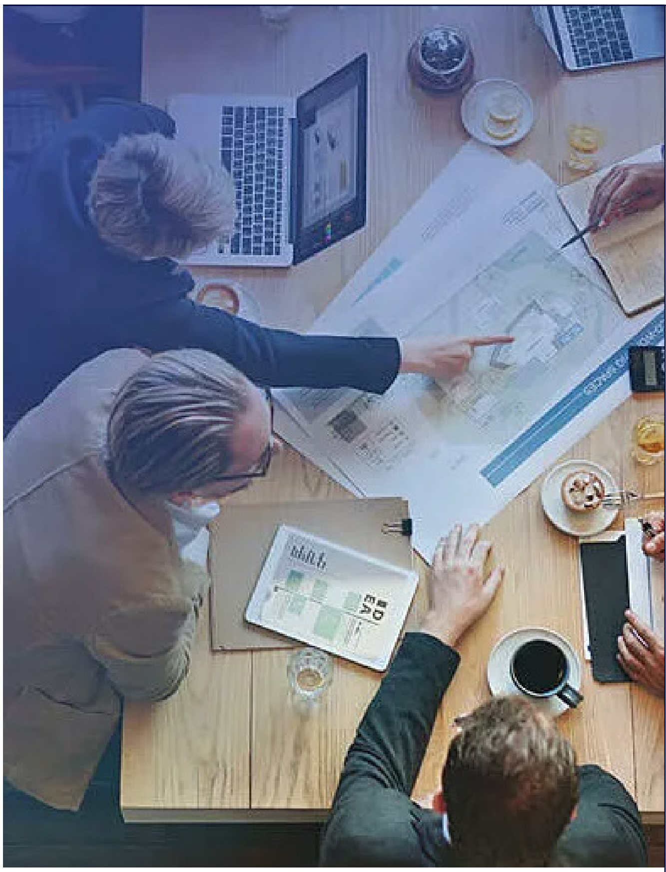
Our Chief Sustainability Officer, Emily Hamilton, is a member of the INREV ESG Committee, which strives to develop a unified approach to ESG considerations. The committee's goal is to enhance understanding across all three ESG pillars and promote strong corporate governance standards that integrate these principles for non-listed real estate vehicles. This work aims to help the industry more effectively incorporate ESG factors into real estate investment decisions.

Additionally, Emily chairs the INREV Nature Working Group. In Q4 2024 the group released a paper which provides an introduction to the importance of nature to real estate, including the legislative and policy landscape relating to nature-based solutions in real estate. The paper also provides some examples and case studies of how nature-based solutions can be delivered in practice.

LUCIDEON

Third-Party Assurance Statement

Lucideon CICS Limited was contracted by Savills Investment Management, LLP (Savills IM) to undertake the actions necessary to provide limited assurance verification of the Greenhouse Gas (GHG) emissions, waste and water consumption for 19 portfolios*, collected through and managed within Savills IM's ESG data platform, Deepki Ready.



The verification was conducted in alignment with the requirements of ISO 14064-3 for organisational level reporting. The boundaries for the corporate wide emission inventory were developed based on operational management control. Lucideon CICS Limited has verified the emissions reported to GRESB from the operations of these 19 Savills IM portfolios as consistent with the requirements of ISO 14064-3. Lucideon CICS provides limited assurance that the CO2 emissions for the period 01 January - 31 December 2023 are verifiable and meet the requirements of GRESB or other sustainability reporting frameworks.

*Representing 39% of Savills IM Global Real Estate Equity AuM as of 31 December 2023.

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