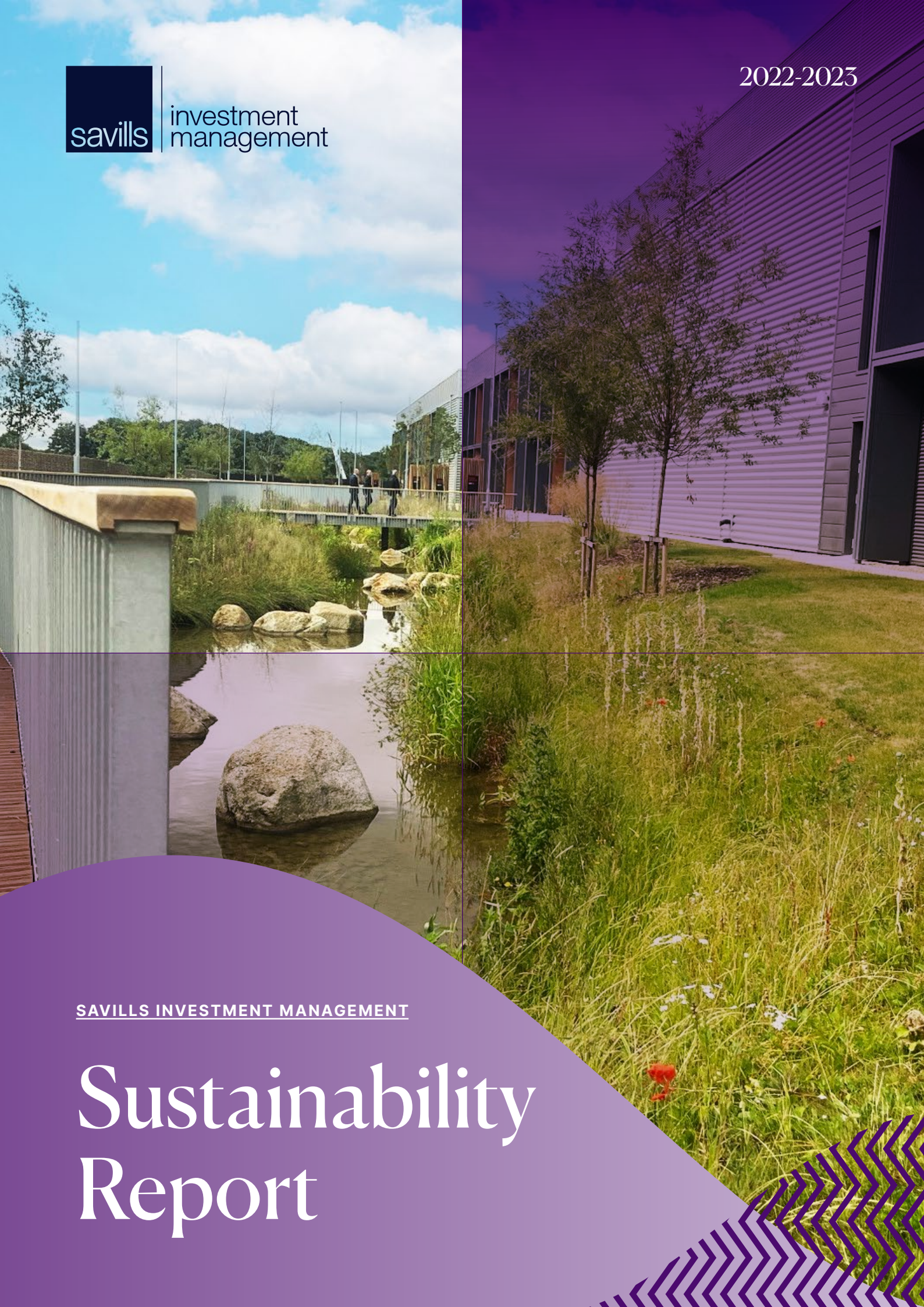




investment
management

2022-2023



SAVILLS INVESTMENT MANAGEMENT

Sustainability Report



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Net Zero Carbon Pathway Update

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Responding to the UN SDGs

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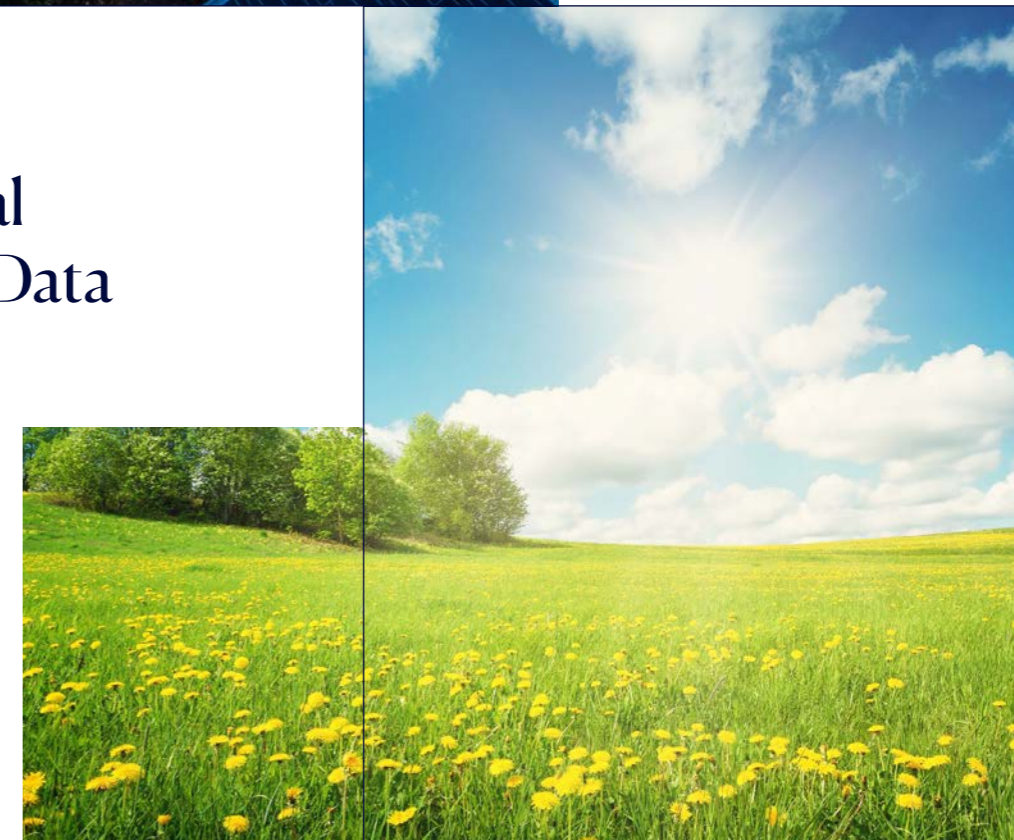


Our Strategy in Action

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Environmental Performance Data

page 42



Policy and Reporting Suite

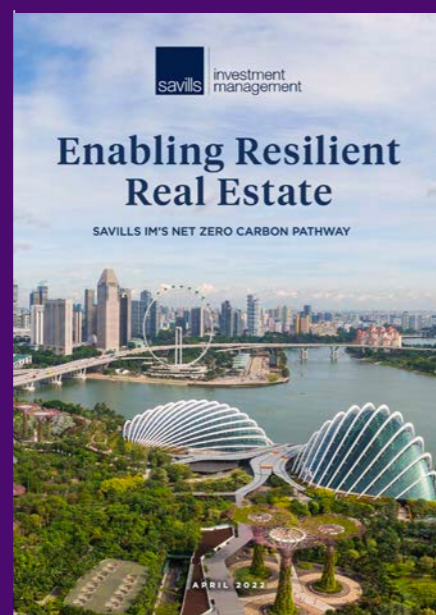
Savills IM's Sustainability Report 2022-2023 covers our Scope 1, 2 and 3 carbon emissions generated in the period 1 January 2022 to 31 December 2022. Savills IM are signatories of the Better Buildings Partnership's (BBP) Climate Change Commitment and have prepared this Sustainability Report in alignment with the BBP Net Zero Carbon Pathway mandatory scope elements.

For more Savills IM content please visit our [website](#).



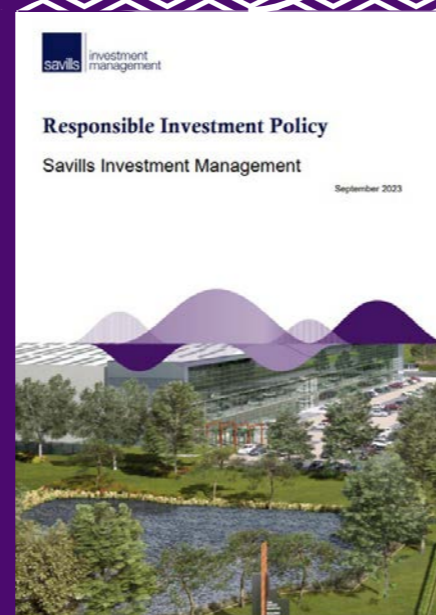
Sustainability Report 2021-2022

Savills IM's previous edition of our Sustainability Report series.



Net Zero Carbon Pathway April 2022

Our full Net Zero Carbon (NZC) strategy developed using the Better Buildings Partnership's (BBP) Net Zero Carbon Framework guidance in collaboration with EVORA, Future Makers and Hillbreak Ltd.



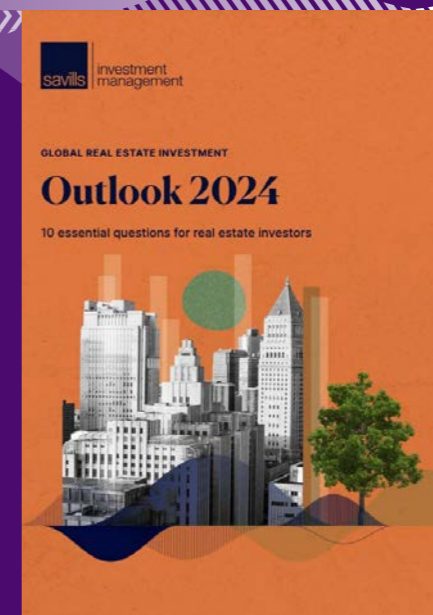
Responsible Investment Policy

The 2023 update of our policy outlining Savills IM's commitment to being a responsible property investment manager. The policy details how we integrate ESG risks and sustainability opportunities into our investment decision-making process.



Approach to Climate Resilience

Coming soon - Savills IM's Approach to Climate Resilience provides an overview of our approach today, and our ambitions to address the resiliency challenge in the built environment.



Savills IM Research

Our in-depth, top-down research - including leading indicators, forecasting, thought leadership and client presentations - anticipates trends affecting our business and clients, as well as sustainability insights.

CEO Foreword

As our world continues to change, Savills IM is as committed as ever to combatting the climate crisis.



It seems the topics of climate change, biodiversity and social impact are now commonplace among mainstream news headlines, and we believe that as a leading global real estate investment manager, we have a unique opportunity and responsibility to respond to these issues.

It is for this reason that we are targeting to achieve net zero by 2040 and to become a restorative business by 2050. Throughout this report you'll find details of how we are progressing on that journey.

- Our ESG approach is built around three focus areas - Climate Action, People and Nature - and I'm proud to see examples of how the Savills IM team are living by these values. From solar panel installations in The Netherlands to beekeeping on Milan rooftops. From inclusive design - making our assets usable by everybody regardless of age, ability and circumstance - to introducing students to careers in investment management.
- At Savills IM we aim to reach Net Zero Whole Life Carbon on our developments and major projects, and I'm pleased we are able to showcase this in one of our managed assets - Bourn Quarter on page 28.
- In our 2022 Net Zero Carbon Pathway framework we identified interventions that we as a business needed to 'start', 'increase', 'moderate' or 'stop'. One intervention we wanted to increase was our on-site renewable energy generation, and in 2022 not only did we increase the total GWh generated by our portfolio compared to 2021 - we surpassed the 5GWh target originally set for 2030.
- Diversity and Inclusion and corporate responsibility continues to be a core focus for our business, and we will be releasing a D&I guide in 2024 detailing our approach and targets. Our four D&I focus groups have organised fantastic initiatives throughout 2023 to foster an inclusive culture.

While we are pleased to have begun walking down our net zero pathway, we are now set to take even greater strides.

- Following the success of our first project together, our charity partner The Cycle - a charity focussed on building safe, sustainable eco-toilets and clean water solutions - is beginning a second project with us in a school in Chennai, India.
- The network of Restorative Business Champions across our organisation continues to grow and in 2023 our champions tackled issues on climate risk, impact, social value, sustainable finance, corporate action and biodiversity.

We are of course not alone on this journey and are proud to be working alongside partners that share our passion for a restorative world. We are thankful to our investors, occupiers, supply chain, consultants, membership bodies and all partners of Savills IM that are helping us on our journey to be a genuine force for good.

It is clear that the resilience of our portfolio is explicitly linked to our responsible investment activities, and while we are pleased to have begun walking down our net zero pathway, we are now set to take even greater strides.

Alex Jeffrey, Global Chief Executive

About Savills IM

Savills Investment Management (“Savills IM”) is an international real estate investment manager with a presence in Australia, France, Germany, Italy, Japan, Luxembourg, the Netherlands, Poland, Singapore, Spain, Sweden and the UK.

Savills Investment Management manages real estate worth circa EUR 24.5 billion worldwide (as at 31 December 2022). Savills IM offers investors access to a wide range of real estate investment opportunities, including pooled funds, managed accounts, debt and special situations. We serve a broad spectrum of investors including insurance companies, pension funds, foundations and family offices. The investment styles employed range from core to opportunistic.

Savills Investment Management is part of the Savills group, whose parent company, Savills plc, is a London-listed global real estate services company.

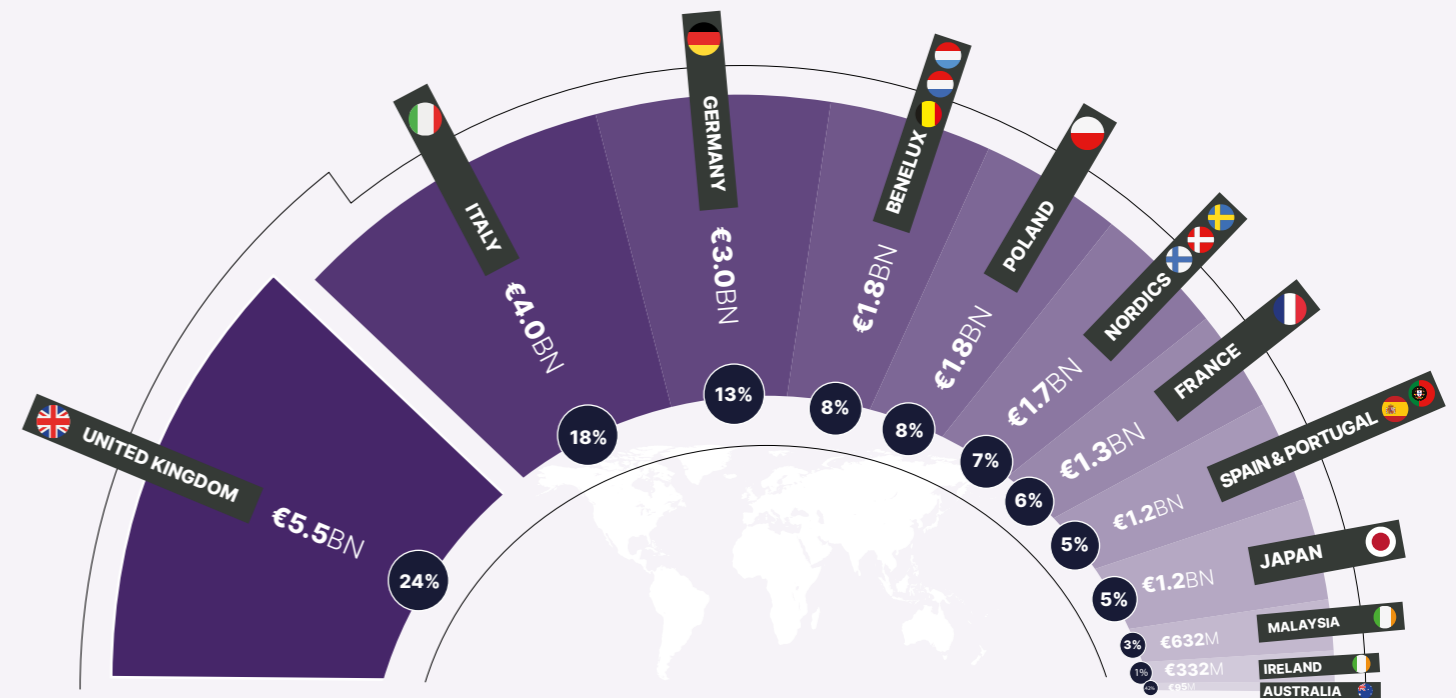
Circa €24.5 billion worldwide

(as at 31 December 2022)

“Our strategies span the office, logistics & industrial, retail, living and debt sectors, and have been designed with the flexibility to meet the needs of a wide range of investors.”



ASSETS UNDER MANAGEMENT (AUM) BY COUNTRY €BN*



Notes: as of December 2022

ASSETS UNDER MANAGEMENT (AUM) BY SECTOR €BN*



*Cash and cash equivalent assets excluded.
Source: Savills Investment Management, 2022

Our Responsible Investment Approach

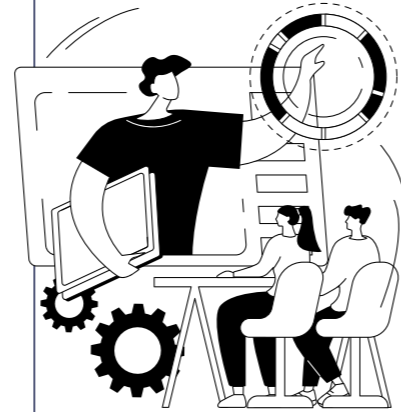
Savills IM is committed to becoming a restorative business. This means we seek to restore social and ecological systems to a healthy state.

Achieving net zero carbon (NZC) emissions for both our corporate business and the assets that we manage is our first priority in this journey. To see Savills IM's like-for-like progress with carbon reductions see page 42.

But Savills IM intends to go beyond net zero.

By 2050 we want to be a climate positive business that has helped restore nature and biodiversity, and strengthened communities. The Savills IM team have already started this journey.

In our last report we highlighted our Restorative Business Champion programme. We have now had 47 team members take part in this training programme focusing on restorative topics such as, innovative sustainable finance models, climate resilience, impact investment, social impact, biodiversity enhancement and business transformation.



We have now had 47 team members take part in this training programme focusing on restorative topics



Our Focus Areas

Achieving NZC emissions is an important component of our strategy, but this is not the only component.

We recognise that a transition to a restorative economy goes beyond carbon emissions. At Savills IM our interventions align to three focus areas.



For a view on how we responded to our focus areas in 2022 please see our section starting on page 16.

Responsible Investment Governance

OUR POLICY

Savills IM Responsible Investment Policy

Our Responsible Investment Policy (RI Policy) and ESG initiatives are embedded into our investment process. This enables our investment and asset management teams – as well as our corporate business – to consider and implement measures that are aligned with our ambition to become a restorative business. Our full 2023 updated RI Policy is available [here](#), and associated guidance notes are available [here](#).



OUR RESOURCING

Savills IM ESG Team

Savills IM has a core ESG team of seven full time equivalent (FTE) employees located in the UK and Germany, as well as the additional resource of a climate risk expert based in the Risk and Compliance department. Led by Emily Hamilton - Head of ESG - the team is responsible for working collaboratively across the global Savills IM portfolio to set the company's responsible investment guidelines and standards. The team leads on Savills IM's approach to climate resilience, NZC goals, sustainability regulation compliance, sustainability data coverage, and is also responsible for the training and upskilling of the wider Savills IM business on ESG and impact related topics.

Savills IM Global RI Committee

The ESG Committee was recently restructured to become the Responsible Investment Committee (RI Committee) in recognition of the company increasingly focusing on developing impact products and our journey to becoming a restorative business.

The RI Committee remains a sub-committee of the Savills IM Global Executive Committee (the "GEC") and meets quarterly to discuss implementation of the updated 2023 RI Policy across activities globally. The remit of the RI Committee includes the scrutiny of Savills IM projects designed to position the business to become restorative, going beyond the traditional ESG scope.

The RI Committee consists of senior management representation as well as three dedicated regional forums chaired by senior leaders and supported by RI working groups. The RI Committee is chaired by the Global Head of Investment Risk with the Head of ESG as deputy.

Savills IM Investment Committee

The Savills IM Investment Committee ("SIM IC") is responsible for considering and reviewing all investment and asset management proposals above a defined monetary value threshold made by dedicated investment teams. For example, at the early stages of the pre-acquisition procedures, the SIM IC ensures that the relevant protocols have been followed and possible ESG risks and sustainability opportunities are highlighted through specific criteria such as physical climate risk exposures, asset stranding risk, biodiversity elements, and matters in relation to the social impact the asset may have in the community in which it stands. Inherent findings are then further considered upon technical and ESG due diligence using specialised consultants to establish potential shortfalls and enhancements to be considered as part of the overall asset plan during the hold period. For impact products, an additional level of screening and DD will be undertaken.

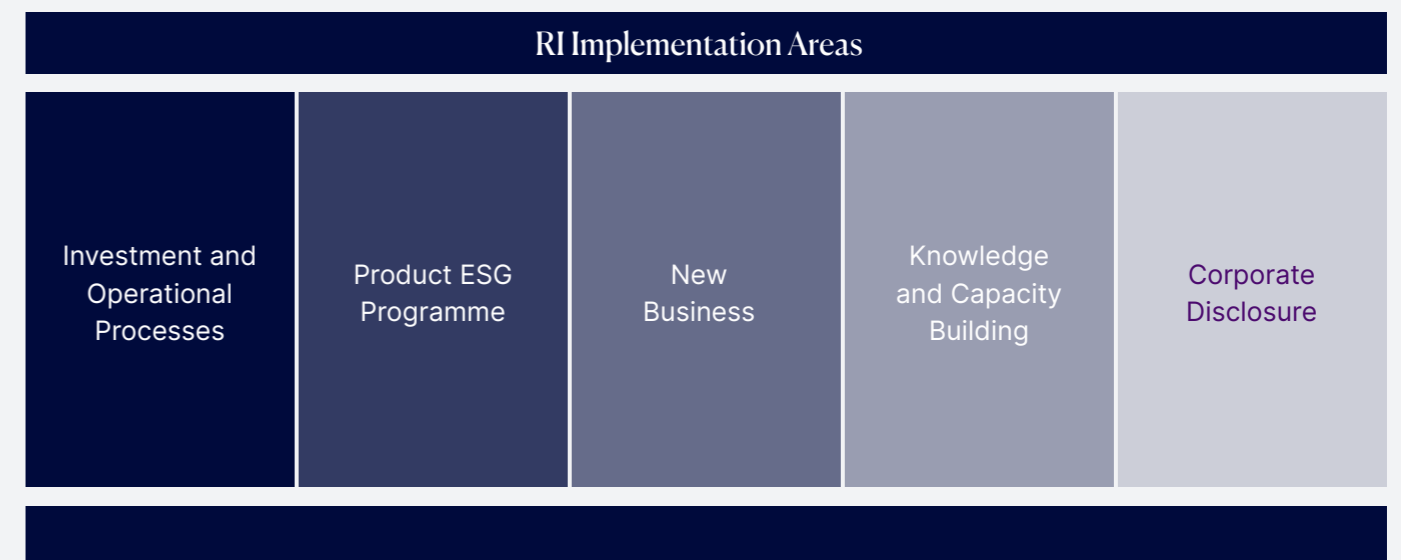
Our governance approach

Savills IM has outlined five core approaches for embedding sustainability into our company's operations – our five RI Implementation Areas. These Implementation Areas detail how Savills IM workstreams will consider material sustainability issues to allow us, as a company, to work towards restorative outcomes for the business and for the portfolios we manage.

Our Implementation Areas span due diligence, asset management, product creation, employee training and reporting; and enable the enhanced management of material sustainability issues at asset, fund and corporate level. For more information please see our RI Policy [here](#).



OUR RI IMPLEMENTATION AREAS ARE:



Responding to the UN SDGs



Materiality

Savills IM has categorised our impact as ‘contribution’ for six priority UN Sustainable Development Goals (SDG 7, 8, 11, 12, 13 and 15) and ‘alignment’ for three others (SDG 3, 4, and 5).

By focussing on the goals and targets within the UN SDGs, Savills IM aims to deliver the highest positive impacts, whilst reducing negative impacts from our business operations. This report features data and examples linked to the targets and goals of the UN SDGs. We highlight case studies of our contributions to our priority goals here.



Target 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

In 2022 Savills IM installed 5,528 solar panels on the roof of our Netherlands asset Veghal – Udea BV HQ, a 32,251m² logistics site. The installation led to a 69% decrease in the amount of electricity the tenant requires from the grid, with the site now producing 36 kWh/m².

In 2022, 5GWh of renewable energy was delivered on-site at Savills IM assets, a 63% increase from the previous year. As shown on page 42, this represents true data only, with the total likely to increase as more data is captured.

This means Savills IM is 8 years ahead of our 2030 on-site renewable energy generation target. Our next milestone is to generate 10GWh of renewable energy on-site across our portfolio by 2040. See our previous Net Zero Carbon Pathway document for all of our renewable energy targets.



Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

The Savills IM team regularly engages with young people to provide training, career advice and early career skills. Savills IM supports the Investment 20/20 programme – a programme established to give young people access to investment management companies and roles (See more on page 58).



Target 12.2 by 2030, achieve the sustainable management and efficient use of natural resources

Utilising retrofit strategies will be crucial if the real estate sector is to meet its NZC goals.

For Savills IM’s Cathedral Hill upgrade project, we opted to utilise the existing frame over a complete rebuild. The aim of Cathedral Hill was to create a location-leading industrial investment while significantly reducing whole life carbon emissions. (See more on page 16).



Target 11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

Savills IM has a target of investing £500m in inclusive housing and places by 2025.

As one step towards this goal, Savills IM is in the process of establishing an affordable housing strategy to invest in single- and multi-family residential schemes across the UK (see more on page 20).



Target 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning

Savills IM operates with a dedicated ring-fenced ESG training budget available to all Savills IM employees. Over the course of 2022 and 2023 nearly 60 employees have attended Hillbreak Ltd.’s BBP ESG Training for Real Estate Professionals programme (See more on page 22).

In 2023 our ESG team ran a three-part Net Zero Whole Life Carbon training course for all Savills IM employees and 47 of our employees have now taken part in our Restorative Business Champions network.



Target 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species



Various biodiversity initiatives have taken place across the Savills IM portfolio in the past 12 months. In Poland wildflower meadows were planted at a number of logistics sites, while in Italy we partnered with a beekeeping business to install beehives at our student housing assets (See more on page 24).

Savills IM has committed to achieving a 15% increase in biodiversity and green space across our portfolio by 2025. This project is set to kick off in Q4 2023 with the start of our biodiversity baselining.



OUR STRATEGY IN ACTION

Climate Action

Cathedral Hill

OLD SHELL NEW TRICKS

 Guildford, UK  Industrial

Background

Over the course of three-and-a-half years from November 2019, Savills IM and the project manager, Savills UK Building & Project Consultancy, completed a retrofit upgrade of the 13 unit industrial site.

The core challenge to this project was delivering the retrofit with eleven live tenancies.

Actions

Occupiers were engaged on what the process meant for them, how the project would be completed and provided information on the benefits of the project.

Vacant units were upgraded immediately which allowed incumbent occupiers to move from untouched units to their modernised and more energy efficient counterparts.

Asbestos roofs were removed and Photovoltaic (PV) panels were installed on each unit. A Tesla battery system allows for the storage of energy at the occupier level.

Electric vehicle facilities were installed, more pavement was added to improve walkability, and native trees and bulbs were planted.

A 100% increase in translucent roof materials now provides more natural light to improve wellbeing as well as reduce energy consumption.

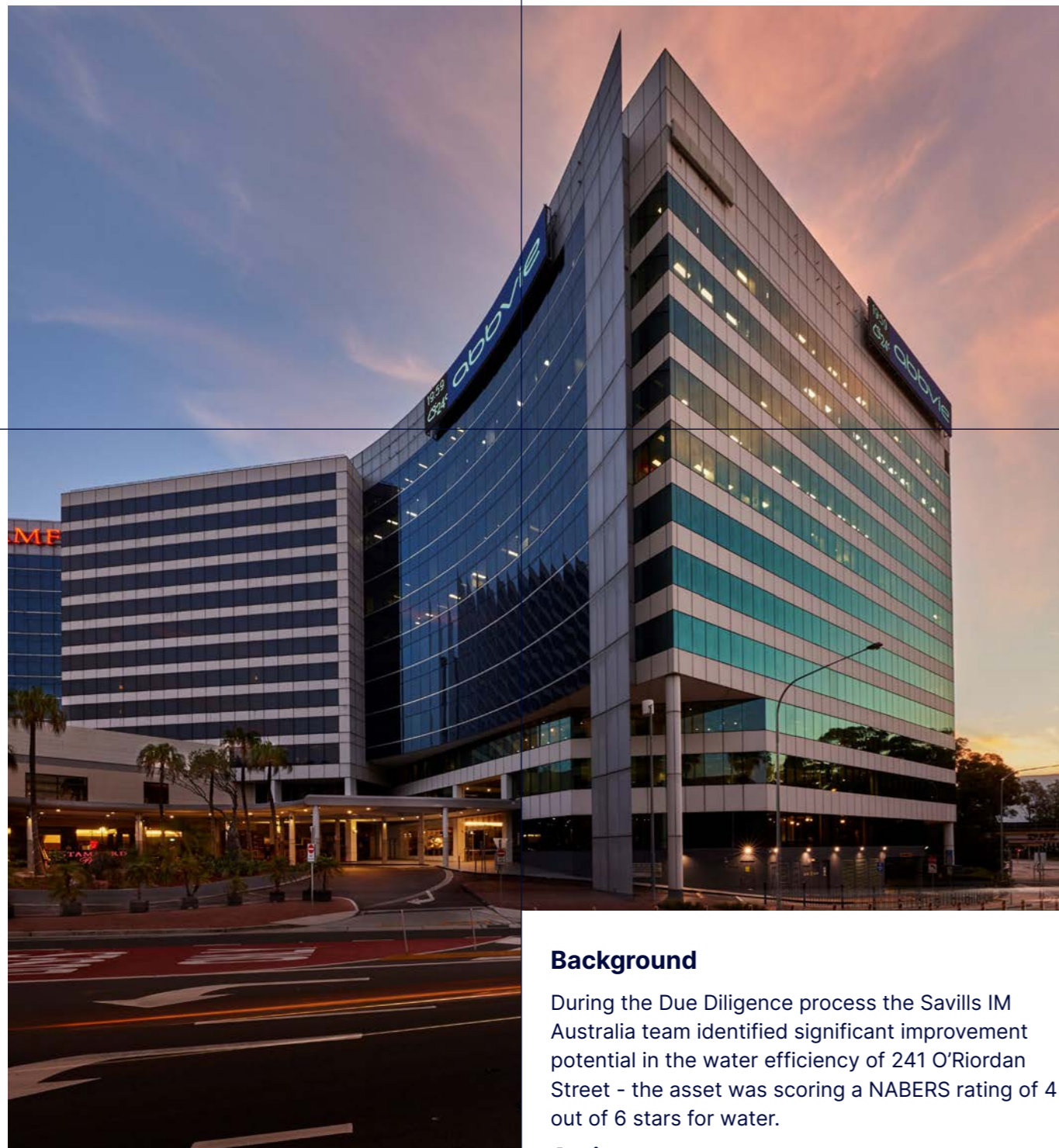
Kingspan cladding from the UK with end-of-life recycling was used. Concrete floors were diamond polished, eliminating the need for paint, resin, and other setting materials.

Outcome

New occupiers have been attracted to the site, with Screwfix and Porsche now at Cathedral Hill.

Some occupiers have seen their energy bills reduced to zero or have even been able to sell energy back to the National Grid.

Energy Performance Certificate (EPC) obsolescence risk has been removed, with EPCs across the site improving from mainly C and D to A or A+.



11 Rue Scribe

SUSTAINABLE RENAISSANCE

Paris, France Office

Background

In Paris' Opera district, 11 Rue Scribe faced challenges with an aging interior and energy consumption concerns. Savills IM made the decision to conduct a full refurbishment, aligning with modern, sustainable principles.

Actions

The renovation included upgrading entrance areas, staircases, and common spaces; along with the full refurbishment of each of the seven floors. Energy efficiency was prioritised through improved insulation, motion-sensor LED lighting, and water-saving upgrades. Individual smart meters were installed on each floor and integrated into a building management system (BMS) for better energy management.

Outcome

The new 11 Rue Scribe has seen a substantial reduction in its energy usage and the previously ageing building has been replaced by a modern and sustainable aesthetic. The project led to a remarkable 37% increase in office rent and improved lease profiles.



241 O'Riordan Street

RISING WATER RATING

Mascot, NSW, Australia Office

Background

During the Due Diligence process the Savills IM Australia team identified significant improvement potential in the water efficiency of 241 O'Riordan Street - the asset was scoring a NABERS rating of 4 out of 6 stars for water.

Actions

The team implemented various water saving measures which started with an audit of all the fixtures in the building. Sensor timed taps replaced conventional ones, low flow shower heads were installed, half flush cycles for the toilets were introduced and the use of grey water increased within the flush system.

Outcome

Within two years, the building increased from a 4-star rating to 5.5 stars. Water usage decreased by 30%, providing benefits to occupiers through reduced water bills.

OUR STRATEGY IN ACTION

People



Savills IM continues to improve our People approach. As we look to further develop and expand our People focus area, we highlight interventions that we are already doing across our business and our AuM below.

For information on our chosen charity partner The Cycle, please see page 56.

Affordable Housing

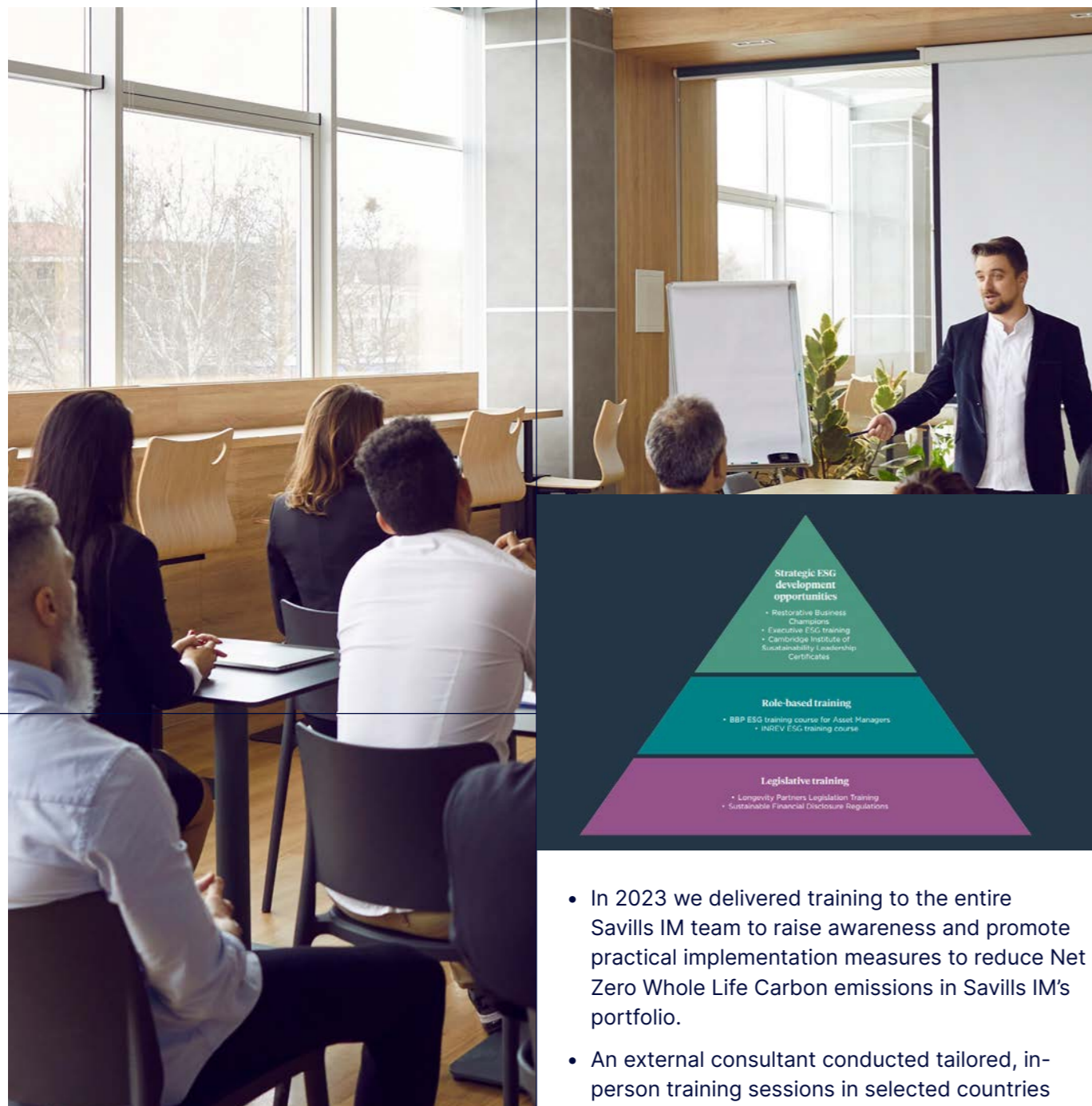
SIMPLY AFFORDABLE

 UK

As part of Savills IM's People focus, we plan to invest £500mn in inclusive housing and places by 2025.

Savills IM is in the process of developing an affordable housing strategy which will invest across the UK and provide affordable housing units in each of its assets.

The affordable housing strategy will have impact investing at its heart and will be aligned with the requirements of SFDR Article 9. The Savills IM team are establishing a detailed set of metrics to monitor and report on performance, from delivering homes which meet housing needs to ensuring that investments deliver measurable social and environmental outcomes.



Gdański Business Centre

ACCESSIBLE ASSETS

📍 Warsaw, Poland 🏢 Office

Background

Savills IM set out to achieve the “Building Without Barriers” certification at Gdański Business Center. The certificate was created by Integration Foundation in Poland to assess the accessibility of a building’s environment and in 2018 WELL announced that completing Building Without Barriers contributes to the WELL system.

Actions

Guided by the Building Without Barriers certification, Savills IM began implementing improved accessibility features across the centre.

A tactile map featuring a 3D layout and braille is now displayed in reception. The elevator system was upgraded to feature audio guidance and additional button options to aid the visually impaired.

Devices have been added to reception to allow ‘live’ communication with sign language interpreters, and more areas of the car park now feature larger parking spaces for people with disabilities.

Training was also provided to the facilities management team on the new accessibility systems and features at the centre.

Outcome

Gdański Business Centre was awarded the Building Without Barriers certificate in 2023. The centre now represents a significantly more inclusive space with many accessibility barriers removed through the team’s interventions.

- In 2023 we delivered training to the entire Savills IM team to raise awareness and promote practical implementation measures to reduce Net Zero Whole Life Carbon emissions in Savills IM’s portfolio.
- An external consultant conducted tailored, in-person training sessions in selected countries to discuss current and upcoming ESG legislation relevant to each jurisdiction in local language.
- Our AIFM Boards in Italy and Luxembourg as well as our Global Executive Committee have completed ESG leadership training delivered by Hillbreak Ltd.
- All employees receive an overview of anti-greenwashing regulations, the consequences of non-compliance, guidelines for using terms like ‘impact’ and ‘sustainable’, and examples of what to avoid in fund marketing documents.
- Nearly 60 employees have now completed the BBP Real Estate ESG Training programme delivered by Hillbreak Ltd.
- 47 employees have undertaken our Restorative Business Champions programme.

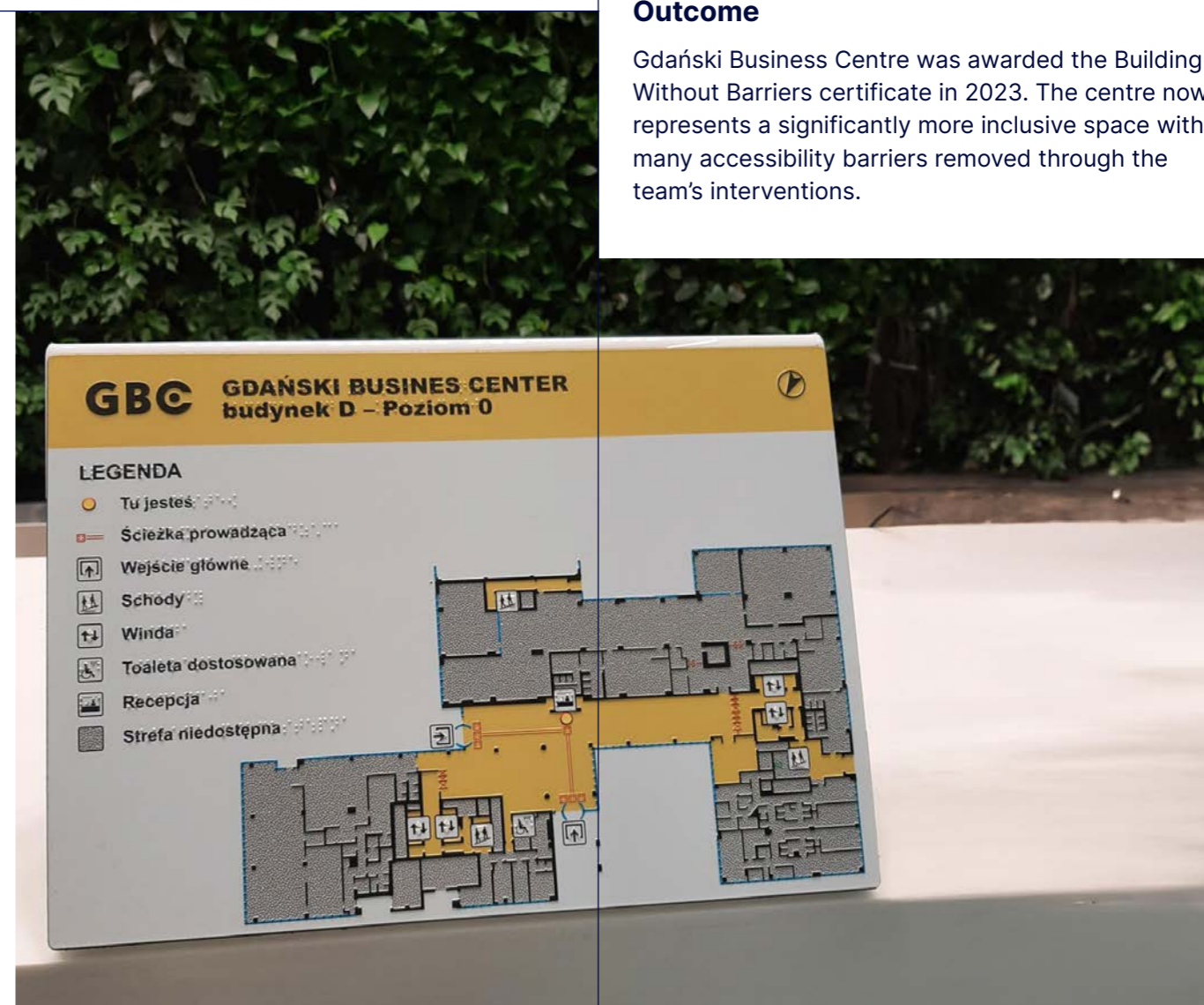
ESG Upskilling

GREEN SKILLS

📍 Global

Savills IM has an ESG Learning & Development budget to upskill our team on ESG. Our training approach is broken down into three different areas as shown in the diagram above.

We continually aim to incorporate sustainability into the learning and development for all employees, for example:



OUR STRATEGY IN ACTION

Nature



Giovenale Student House

INNER CITY BUZZ

 Milan, Italy  Student Housing

Background

Giovenale Student House stands as a testament to sustainable living within the urban landscape of Milan. The project involved the redevelopment of an old abandoned building, making way for a LEED Gold certified purpose-built student housing facility that intertwines modern amenities with green initiatives.

Actions

One of the standout initiatives at Giovenale Student House is the rooftop beehive installation. Savills IM partnered with urban beekeeping company, Apicoltura Urbana. Apicoltura Urbana provided an expert evaluation of the site to achieve optimal placement and adhere to relevant regulations.

The hives, support structures, and protective clothing for periodic beekeeping visits were also provided by Apicoltura Urbana.

The bees benefit from regular visits from a dedicated beekeeping technician to ensure responsible beekeeping practices and foster a thriving and balanced bee community. Such a comprehensive approach is paramount to a safe and productive beekeeping environment.

Outcome

Giovenale Student House provides students a green space amid the bustle of Milan. As well as the ongoing honey production, a range of solutions work to minimise the site's ecological footprint including; groundwater wells for efficient heating and cooling, photovoltaic panels on the roof, smart metering, high performance windows with solar factor, and LED lights with daylight control.



Logistics in Poland

DELIVERING BIODIVERSITY

 Poland  Logistics

Background

Throughout 2023 Savills IM completed a number of biodiversity initiatives across our Poland logistics assets. Wildflowers, beehives, native flora and insect houses were just some of the projects that our team have been working on.

Actions



A total of 50,000 sqm of wildflower meadows have been planted at 12 logistics assets. The shape and size of the meadows varies from asset to asset, with the largest meadow measuring 22,000 sqm planted at our asset in the Bolesławiec region currently occupied by H&M.

Outcome

Biodiversity is a key growth area for Savills IM and one that will likely see greater focus, not just at Savills IM but across our industry in the coming years. Incorporating biodiversity into property management has a number of benefits including improving air quality, increasing worker productivity and reducing sick leave.

Sky Homes

NATURE-BASED SOLUTIONS

 Valencia, Spain  Residential



Background

Savills Investment Management's acquisition of Sky Homes in November 2022 highlights our ambition to invest in sustainable and climate-resilient assets.

The region's moderate-high exposure to heat stress prompted us to explore innovative solutions that would not only enhance the quality of the property but also contribute to the overall well-being of the community.

Actions

Recognising the potential for heat stress, our team collaborated closely with ecologists and sustainable development consultants. A comprehensive ecological assessment revealed the opportunity to implement nature-based solutions to combat heat stress effectively.

1. A green roof will be installed to act as a natural insulator, reducing indoor temperature fluctuations and providing additional thermal comfort to residents.
2. A natural vertical garden will be created in collaboration with experts in ecological restoration.
3. The vertical garden will provide nests for insects, birds and bats to foster a biodiverse ecosystem that plays a crucial role in regulating local temperatures and enhancing the property's overall resilience.

Outcome

Having completed the ecological assessment stage, the Savills IM team are now initiating the three nature-based solutions proposed.

Asset in Focus: Bourn Quarter

Located seven miles west of Cambridge and 70 miles north of London, Bourn Quarter is a 25-acre multi-purpose R&D and technology focused business park built on a brownfield site. The development consists of a range of units with uses spanning from R&D, office and lab space and light manufacturing operations, and has sustainability woven throughout.

Bourn Quarter was designed to be able to operate as a Net Zero Whole Life Carbon development with sustainable methods of construction and highly efficient systems specified throughout. The design team drew inspiration from development across Europe and ensured the design of Bourn Quarter emphasised sustainable construction processes and materials, as well as biodiversity, tenant wellbeing and renewable energy.

Bourn Quarter has achieved BREEAM Excellent (certificate pending) and each unit has registered an EPC A rating. Our occupiers share Savills IM's sustainability focus and have all signed leases with dark green clauses requiring the sharing of emission data and renewable energy procurement among other sustainability initiatives.

The development was designed to offer its occupiers state of the art buildings with in-built flexibility to suit the wide variety of businesses the Cambridge area hosts.

1

Water way

The Bourn Quarter water way acts as sustainable urban drainage system and is central meeting point for tenants. It also provides a rich habitat for wildflowers, ducks and other native species.

2

Air source heat pumps

Bourn Quarter is a gas-less site with air source heat pumps providing heating to each unit.

3

Natural light

Each unit features roof lights, increasing the amount of natural light entering the units. Glazing also features at ground level to allow for multi-purpose units as well as increased natural light.

4

Cycle facilities

Occupiers at Bourn Quarter have access to private and shared bike storage.

5

Sustainable parking

Each unit has access to their own EV chargers with the total number significantly exceeding that required by planning. Parking has been designed to be away from the units to allow for more a more pedestrian friendly development and better integrated landscaping.

6

Solar panels

Each building has Photovoltaic (PV) panels that produce enough energy to support the anticipated base build energy requirements. A total of 1,924 panels have been installed across 15 units at Bourn Quarter so far.

7

Recycled steel

Recycled materials were prioritised for both steelwork and foundation solutions to meet current BREEAM guidance.

8

Insect hotels

Insect boxes have been strategically positioned throughout the landscaping for beetles, woodlice, spiders and bees to inhabit.

9

Bird boxes

Bird boxes have been installed on all the buildings at Bourn Quarter and to house a variety of nesting birds.

10

Walkability

A multi-use running and walking track surround Bourn Quarter providing occupiers a dedicated space to exercise at the campus.

11

Fitness nodes

Outdoor exercise machines feature around the Bourn Quarter running track.

12

Bourn to Run community engagement

For the past two years Savills IM and Aitchison Developments have sponsored the local community trail run 'Bourn to Run'. The event attracted 500 participants in its most recent edition.

13

Native trees

Just under 2,500 native trees and shrubs such as have been planted.

14

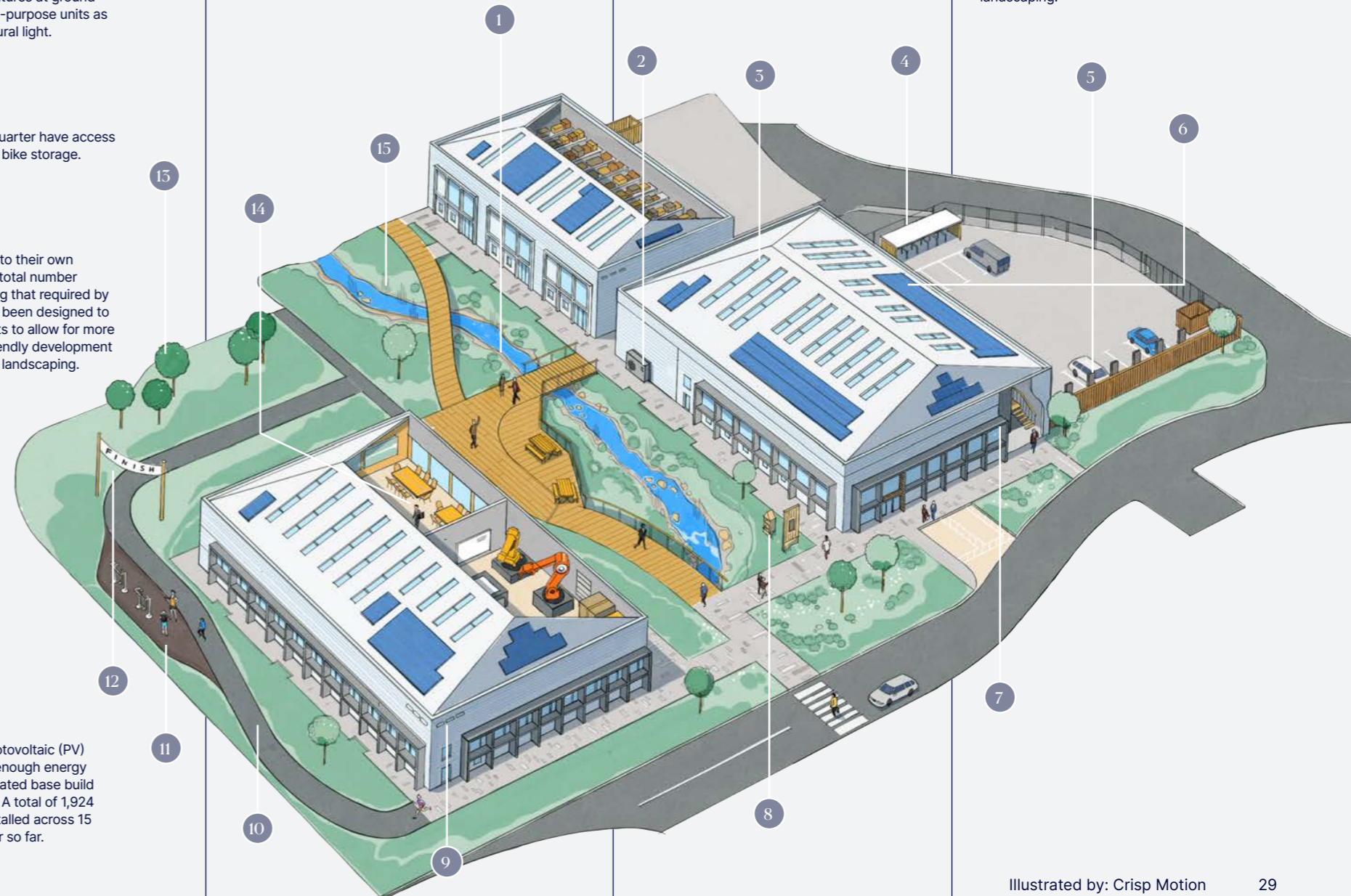
Tenant engagement

To create a collaborative community at Bourn Quarter Savills IM organise tenant events such as summer BBQs and sustainability workshops, and plan to release a web-based platform to allow occupiers to communicate across the development.

15

Wildflower seeding

The use of grass turf has been minimised and wherever possible wildflower and native grass species have been incorporated into the landscaping.



Net Zero Carbon Pathway Update

Following the release of our Net Zero Carbon Pathway document in 2022, I'm pleased to report the progress made by Savills IM one year on.

Building an accurate picture of our total emissions across all ~800 of our assets is a core focus for Savills IM. Clearly, data collection is key, and in 2022 we increased the number of assets reporting energy data to our external ESG data management consultant by 17%.

As a result of this improved dataset, we can see that our known absolute emissions increased 12% annually to a total of 164,555tCO₂e in 2022.

This may sound like we are going backwards, but nothing could be further from the truth. The more data we have, the more emissions we capture. We can see our direction of travel more clearly by looking at intensity metrics - rather than absolute metrics - to show the progress we have made. As seen on the right, like-for-like Greenhouse gas (GHG) emission intensity decreased by 8.5% to 32.9kgCO₂e/m² in 2022 compared to 2021.



Trento, Italy Retail



Emily Hamilton
Head of ESG

Guiding our efforts towards meeting net zero by 2040 is our Net Zero Carbon Delivery Framework. The framework is built around the initiatives that we need to 'Start', 'Increase', 'Moderate', and 'Stop', (or SIMS, for short). As shown on page 32 in more detail, the Savills IM team began putting this framework into practice in 2022. To date, we have:

...started what we wanted to start

In 2022 Savills IM introduced a requirement for NZC audits to be included in our Stage 2 Investment Committee (IC) papers, improving the quality and quantity of sustainability data we obtain during due diligence.

...and we increased what we wanted to increase

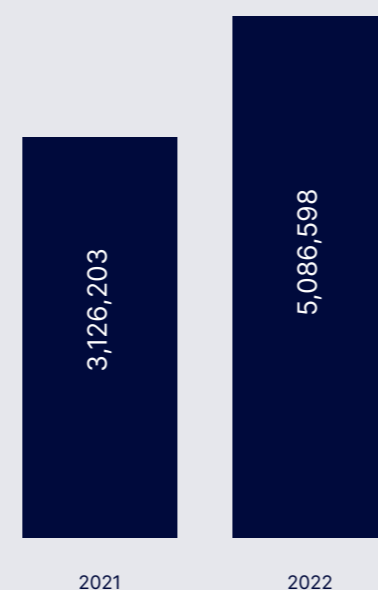
In 2022, through successful occupier engagement, we generated 5GWh of on-site renewable energy across our portfolio. This amount of energy is sufficient to power 21,000 average UK homes for a month. It represents a significant 63% increase from our assets, highlighting Savills IM's strong commitment in this area.

And we are ready to continue on our journey guided by our framework.

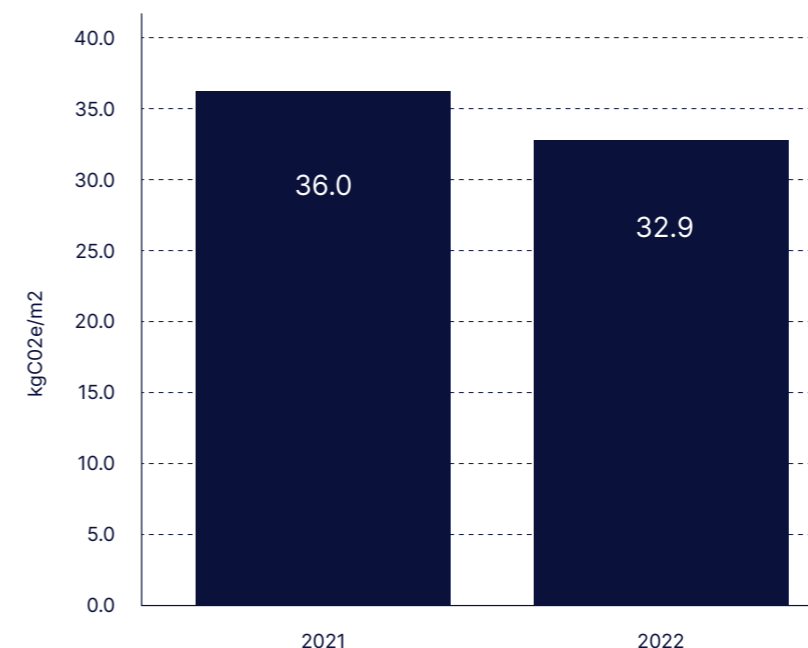
Aware of the challenges that lie ahead, we acknowledge the need to improve data quality and availability, as well as identify clear net zero pathways across our portfolio. We are investing in proptech to support our data collection; we continue to work with industry bodies and occupiers to improve landlord-occupier data sharing practices; and our newly developed corporate business net zero transition plan details how we can meet our goal of occupying only NZC offices by 2030.

We know that the road to reaching net zero will be long, but with each passing year the depth of our data improves, our expertise deepens and our energy sources become cleaner, moving us closer to our 2040 target.

On-site renewable energy generation (kWh) across Savills IM's portfolio



Like for like* greenhouse gas emission intensity 2022 vs 2021



*138 assets submitted full year 2021 and 2022 data for like for like analysis.

Savills IM data coverage vs. total known emissions year-on-year

Known scope 1, 2 and 3 emissions of Savills IM assets reporting data to EVORA Ltd.

Up 12%

driven in part due to the

Number of Savills IM assets reporting energy data to EVORA Ltd.

Up 17%

Net Zero Carbon Pathway Progress

In 2022 Savills IM launched our Net Zero Carbon Delivery Framework in our Net Zero Carbon Pathway document. Developed in collaboration with Hillbreak Ltd., the framework outlines behaviours and activities that Savills IM needs to respond to in order to meet our goal of reaching net zero and becoming a restorative business.

Savills IM's Net Zero Carbon Delivery Framework centres around core topics aligned to NZC delivery and activities that we as a business should Start, Increase, Moderate and Stop ("SIMS").

In this section, we highlight Savills IM's progress in 2022 towards achieving our net zero goals, guided by our Net Zero Carbon Delivery Framework.

Operational Carbon Emissions

SIMS Framework Goal: STOP funding new developments that are not all electric. In countries that are still heavily reliant on coal powered electricity, ensure they can transition to NZC emissions before 2040.

Savills IM completed a purchase for a Build to Rent (BTR) site in the UK in 2022. Savills IM entered the deal at RIBA stage 4, at which point the design of the building to include gas boilers had already been confirmed.

The decision was made that acquiring the building and retrofitting the site with electric boilers was a more positive step than walking away from the opportunity. As part of the deal the Savills IM team:

- Completed an overheating assessment to help mitigate any future heat stress risk.
- Undertook a whole lifecycle carbon assessment.
- Conducted embodied carbon heat mapping to evaluate the carbon impact of materials.
- Developed a costed retrofit plan which was included in the underwriting process.

Following this retrofit project, the BTR fund team have started to acquire assets at an earlier stage. Partnering with the developer allows us to collaborate on reaching NZC and design sustainability into the building.

SIMS Framework Goal: INCREASE efforts to identify opportunities for on-site renewables

As seen on page 42, the Savills IM portfolio is now producing 5GWh of on-site renewable energy per year. Assets across our portfolio have worked to install PV panels with examples from the UK (Page 16) and the Netherlands (Page 14) showcased in this report.

The total of 5GWh surpasses the level Savills IM were targeting to reach by 2030 and puts us on course to reach our goal of 20GWh by 2050.

SIMS Framework Goal: START mapping scope 3 corporate emissions

As part of our corporate business net zero transition plan and target to occupy only net zero offices by 2030, Savills IM conducted a survey in 2023 across our 14 offices to better identify our largest suppliers. Following our first steps in this area, our office transition plans now outline further goals focusing on including green clauses in supplier contracts to allow us better access to data to measure our footprint as well as exploring a supplier code of conduct.

SIMS Framework Goal: START including NZC audits as part of the acquisition process

Since 2022, Savills IM has introduced content on NZC audits into our Stage 2 Investment Committee (IC) papers. Information on whether an audit has already been completed is now required, as well as details on fuel source, energy intensity, EPC rating, and CRREM stranding year.

Improving the data obtained throughout due diligence allows us to better understand and prioritise asset level NZC Audits and interventions.

Savills IM have now completed NZC Audits at c50 assets and will be increasing this number over the coming year.

Embodied Carbon

SIMS Framework Goal: START implementing requirements for embodied carbon as part of our Sustainable Development Brief

Savills IM launched its internal Sustainable Development Brief in 2022. The document details how we expect our development partners to support us with our Net Zero Whole Life Carbon ambitions and outlines requirements such as the development partner undertaking an embodied carbon assessment, and that the assessment should inform decisions on construction materials and processes.

Third-party Verification & Certification

SIMS Framework Goal: INCREASE number of funds reporting energy data

Savills IM has significantly grown its portfolio of assets under management, more than tripling since 2014. As at 2022 year end, Savills IM managed over 100 individual mandates and funds. In 2021, the number of these products reporting a degree of actual (not benchmarked) energy data was 25, and in 2022 this increased to 28. This means that funds and mandates covering over 60% of our AuM in direct real estate are capturing some level of energy data and reporting this in our annual sustainability report.

SIMS Framework Goal: INCREASE amount of AuM which has its fund level energy performance independently verified

It is important for us to gain assurance of the energy data we collect. The verified data collected in 2022 and shown in our performance on page 42 covers 55% of our direct real estate AUM. In comparison when we reported on 2021 data, the verification statement covered 42%.

Governance & Oversight

SIMS Framework Goal: START ensuring NZC targets are part of green financing requirements for both debt and equity products

Green financing requirements have started being included within some of DRC Savills IM's real estate debt assets. Details requiring the sponsor to report energy and water usage on an ongoing basis have been included within loan provisions.

Green financing products - particularly those that include green clauses with financial incentives and/or penalties - are still in their nascence and a space that Savills IM will continue to explore.

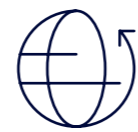
Emissions by Country

Savills IM's restorative journey extends across the globe. For each of the 17 countries that Savills IM operates in, we are working to find restorative solutions to the different challenges we are facing.

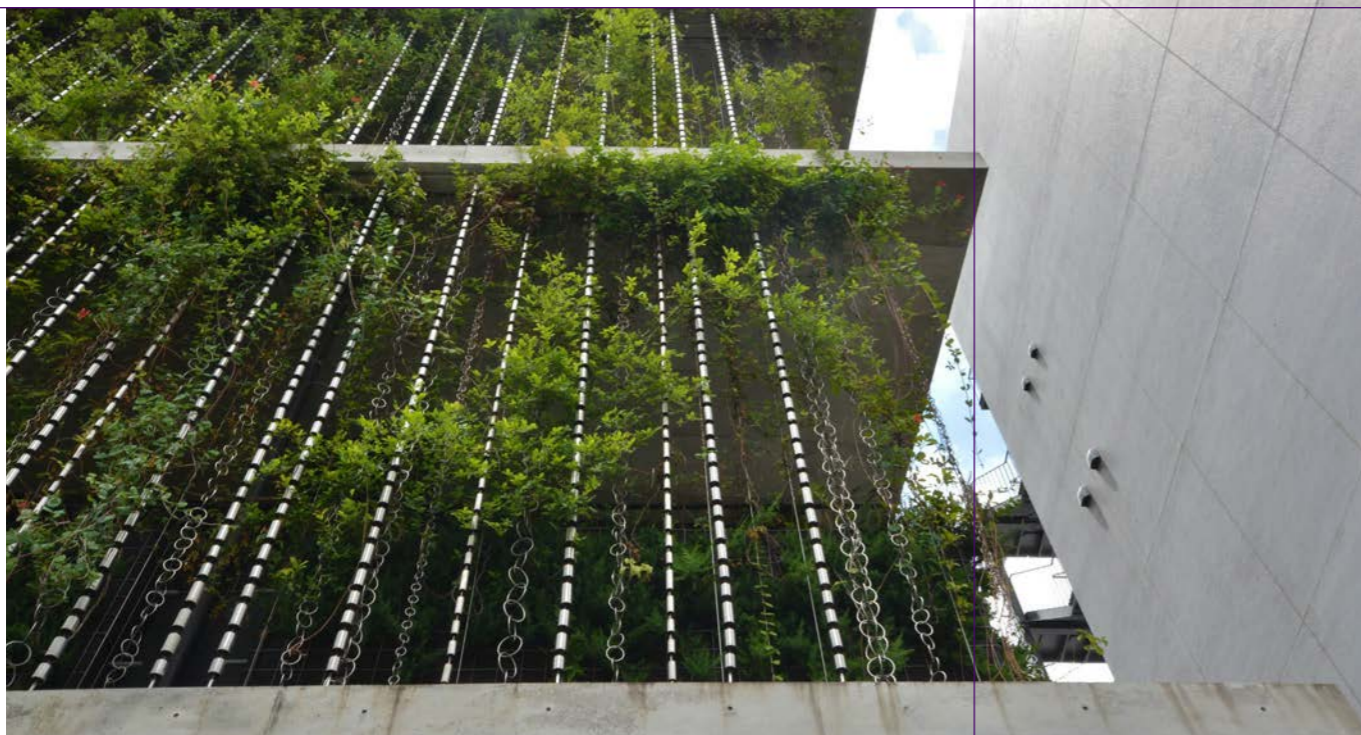
Poland continues to be the highest emitting country within the Savills IM portfolio. This is primarily a reflection of the carbon intensity of the grid in Poland, with the age and condition of the assets held in Poland lesser contributing factors.

The UK represented the greatest proportion of our AUM by country as of December 2022 (24%), compared to the third lowest proportion of our total carbon emissions in 2022 (13%), highlighting the more carbon efficient landscape in the UK.

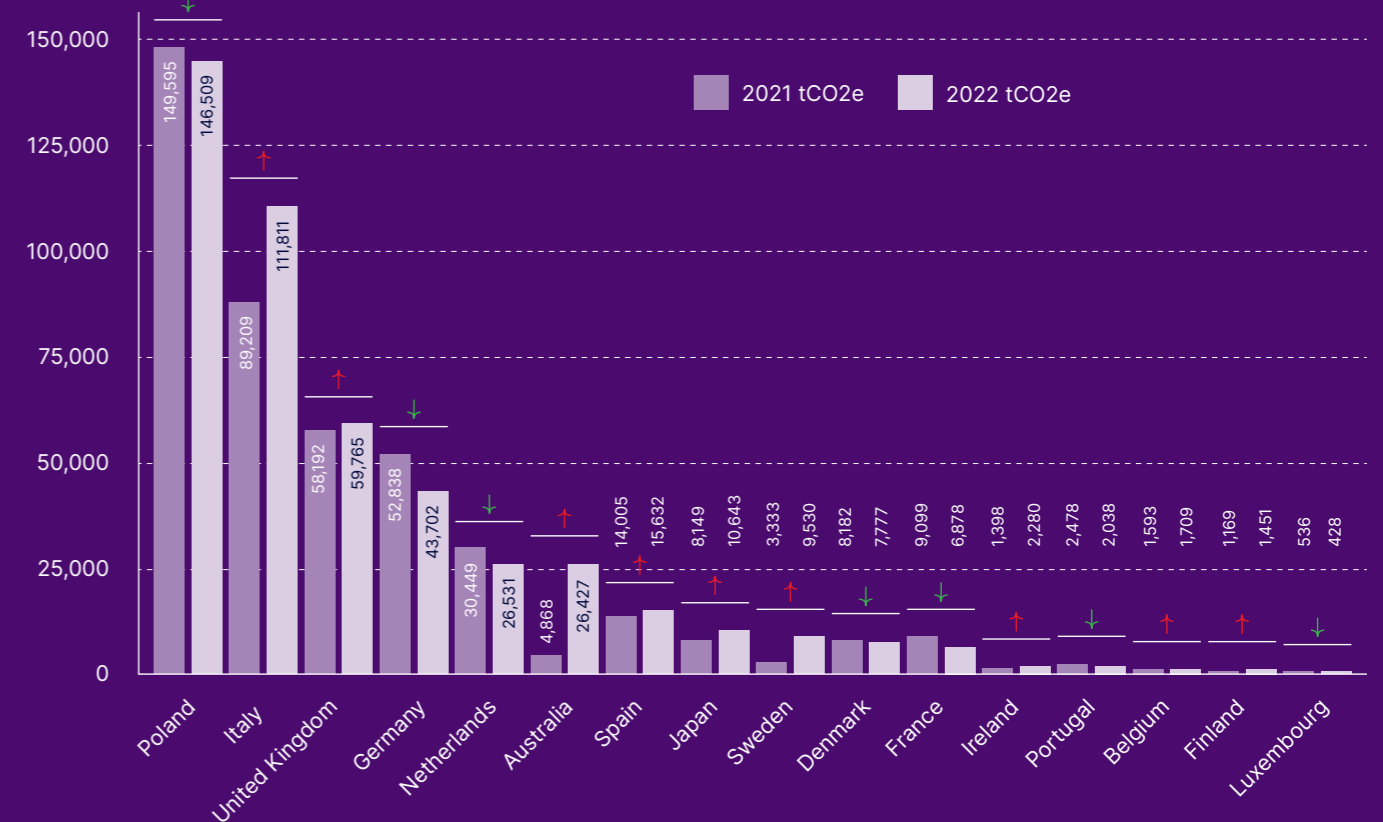
Our journey to reducing these emissions has already begun across our portfolio. NZC audits have been completed in seven different countries and through our efforts to collect improved data we are able to see which areas require the greatest focus.



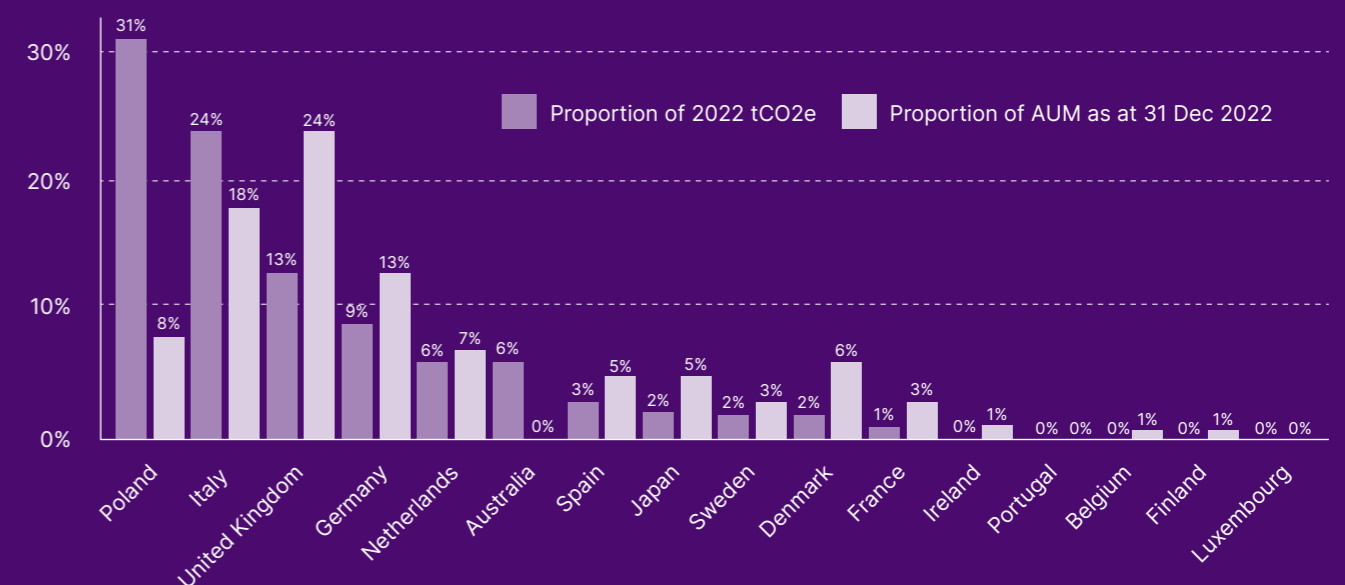
17
Savills IM operates in 17 countries



Savills IM Portfolio Known Emissions (tCO2e) by Country, 2021 vs. 2022



Proportion of Total Savills IM Portfolio Known Emissions (tCO2e) by Country vs. AUM



Our Offices

Savills IM currently operates across 14¹ offices. As detailed in our Net Zero Carbon Challenges section on page 38, Savills IM continues to work on collecting the data to enable accurate reporting of the carbon footprint of our offices.

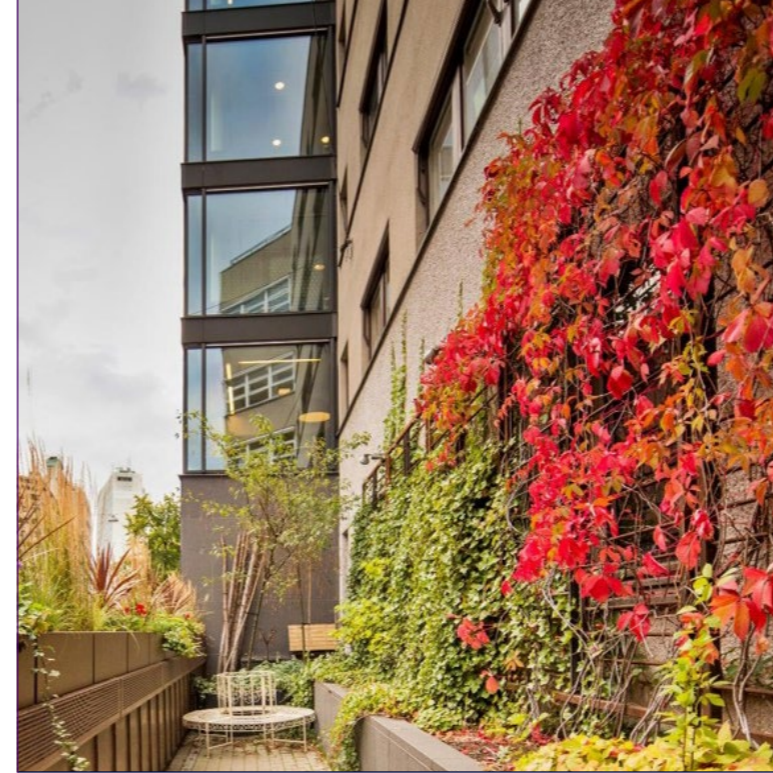
Whilst our data collection efforts are underway, the Savills IM team are already working to lower our office-based emissions.



London office refurbishment

In 2022 KKS Savills completed the refurbishment of Savills IM's new 12,000sqft London office. The project used sustainable materials and practices throughout, including the re-use of 90% of the existing ceiling tiles in the refurbishment and a commitment by the contractor to re-use any off-site cut off materials to minimise waste. Forest Stewardship Council (FSC) certified timber and materials with Environmental Product Declarations were also used in the refurbishment.

Savills IM's new space is WELL-enabled and the design incorporates increased air changes per hour to prevent the build-up of toxins, while the edible farm wall provides 34 growing towers and 306 edible plants. Savills IM also benefits from the building's PV and grey water systems.



Stockholm

Savills IM's office in Stockholm was renovated in 2012 and received a green building certification from the Swedish Green Building Council.

The building is powered by 100% certified renewable energy sourced from wind farms. The landlord also sources certified climate-neutral district heating and cooling, and has plans to expand the on-site PV capability.

NEXT FOR OUR OFFICES

Data Accuracy

Savills IM is aiming to collect an accurate Scope 1, 2 and 3 2023 calendar year dataset. This will involve capturing energy, water and waste data for 2023 at the turn of the year.

When Savills IM is confident in the accuracy of the dataset, we will publicly disclose the data.

Corporate Business Transition plan with Savills Group

In alignment with Savills Group, Savills IM is aspiring to achieve NZC emissions across scope 1 and 2 by 2030. Throughout July and August 2023 Savills IM surveyed the landlords of each of our 14 offices to identify opportunities for us to reduce our emissions.

Data was collected on sustainable travel schemes, EPC ratings, green energy certifications, use of renewables, building certifications, lighting, HVAC systems, supply chain data and recycling options.

Savills IM and Savills Group are now working to identify material steps we can take to transition our offices to net zero.

Office Move Guidance

Savills IM is developing a 'New Office' checklist. The checklist provides detailed information that Savills IM teams will need to consider in the event that they plan to move to a new office.

Our Luxembourg team are currently evaluating their office situation and will be using the 'New Office' checklist should they decide to leave their current location.



1 - There is an additional informal office (totaling 15 global offices) in Katowice, Poland. A small number of Savills IM employees in Katowice have access to a shared office facility, this office has been excluded from our report and analyses.

Net Zero Carbon Challenges

Responding to challenges

In our 2022 Net Zero Carbon Pathway publication we identified challenges that were facing Savills IM, and the industry more widely, on the topic of NZC emissions.

Since publishing our 2022 report we have taken strides to rise to these challenges.

DATA

Tackling data issues with proptech solutions

We know that gaining oversight of whole-building utility usage is notoriously difficult for the real estate industry, as management of utility supplies is split between owner and occupier to different degrees depending on the lease agreement. And while this challenge persists, Savills IM's datasets are becoming ever more robust.

Savills IM uses best available data, combined with industry benchmarks to track progress against our net zero commitment. As we seek to increase the scope and quality of data over time, we expect to see more accuracy in our reported position.

To improve collection of actual energy consumption related to some of our UK portfolios, we engaged the services of arbnco, a building analytics company that provides software to plan, track and manage the decarbonisation of buildings. This starts with the ability to access a national database of energy suppliers and pull actual energy use at an aggregated level for a whole portfolio or multi-tenanted site.

The next step is agreeing with occupiers to view their energy consumption at the meter level, without any requirement to see invoices, take meter readings or fill in spreadsheets. This eases the time required by owner and occupier to collect energy data and allows more time for monitoring progress and prioritising buildings that could benefit most from engagement on where efficiencies can be made.



DEVELOPMENT AND NET ZERO WHOLE LIFE CARBON

Responding to embodied carbon considerations

Previously, we have reported the difficulties in achieving Net Zero Whole Life Carbon when entering acquisitions at RIBA Design Stage 4 and later due to lack of influence over design.

Savills IM are working to combat this using various approaches:

In one instance Savills IM entered into a deal for a residential development after the decision to fit the building with gas boilers had been finalised (see page 32). We took the decision to acquire the new development and build into the asset management CapEx plan a requirement to retrofit the homes with electric heating. Completing embodied and whole lifecycle carbon assessments during due diligence allowed us to acquire the new development without design input and still work towards Net Zero Whole Life Carbon.

Savills IM have also used this experience and other learnings from the industry to begin acquiring assets at an earlier stage in the development process. Building a relationship with the developer allows us to influence Net Zero Whole Life Carbon initiatives to a greater extent.

THE COST OF NET ZERO

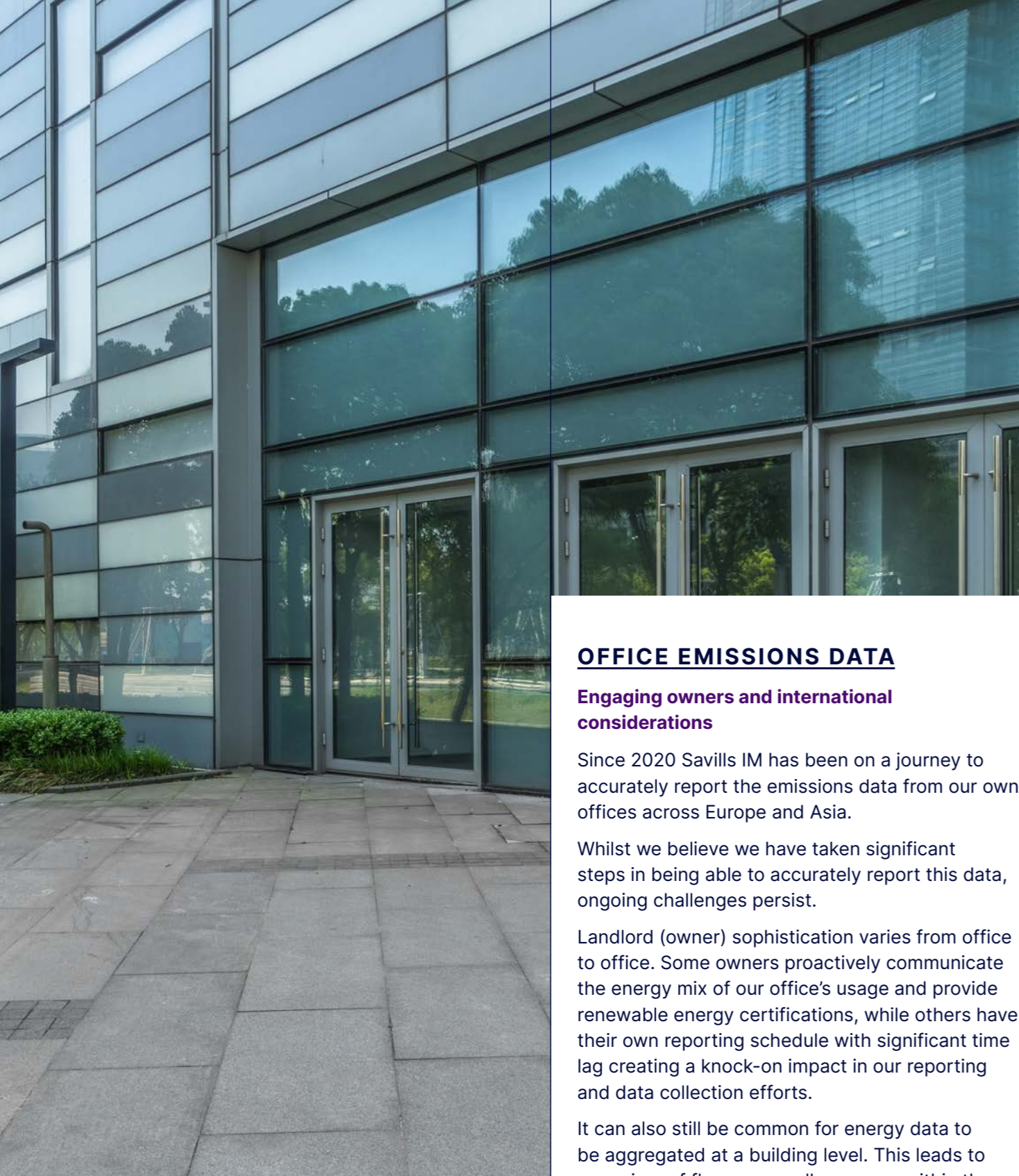
Obtaining first and second hand cost data

It was clear that accurately predicting the cost of transitioning our portfolio to net zero was going to take time.

Savills IM have now completed c50 NZC audits for assets within our portfolio. These audits identify which emissions reduction initiatives will be needed on these assets, and importantly what these initiatives will cost on an asset-by-asset basis, allowing us to begin to build up our own cost database.

Savills IM has created a costed transition plan for each of our corporate offices. These transition plans utilise data from the wider industry and previous projects to estimate the cost required for various short-, medium- and long-term net zero interventions.

As more datasets are collected by Savills IM through individual asset audits and released publicly by industry bodies, we will be able to forecast the cost of net zero with greater certainty.



OFFICE EMISSIONS DATA

Engaging owners and international considerations

Since 2020 Savills IM has been on a journey to accurately report the emissions data from our own offices across Europe and Asia.

Whilst we believe we have taken significant steps in being able to accurately report this data, ongoing challenges persist.

Landlord (owner) sophistication varies from office to office. Some owners proactively communicate the energy mix of our office's usage and provide renewable energy certifications, while others have their own reporting schedule with significant time lag creating a knock-on impact in our reporting and data collection efforts.

It can also still be common for energy data to be aggregated at a building level. This leads to occupiers of floors or smaller spaces within the building to be attributed a portion of the energy usage based on the amount of the floor area occupied, rather than being attributed the actual usage within that leased space.

Occupying offices in 12 different countries can also create challenges. From comparing EPCs between countries with varying EPC scoring methodology – or countries without EPCs entirely – to extracting information from certificates and documents in many different languages.

Challenges in 2023

The evolving landscape of sustainability, ESG and responsible investment continues to bring new and changing challenges to entities that are on the road to net zero.

Here, we detail some of the recent challenges we have faced on NZC.

SKILLS & TRAINING

Keeping Savills IM up-to-date on ESG

Savills IM is committed to upskilling and training on sustainability and net zero matters. Evolving climate science and new legislation and reporting guidance requires this to be an ongoing focus.

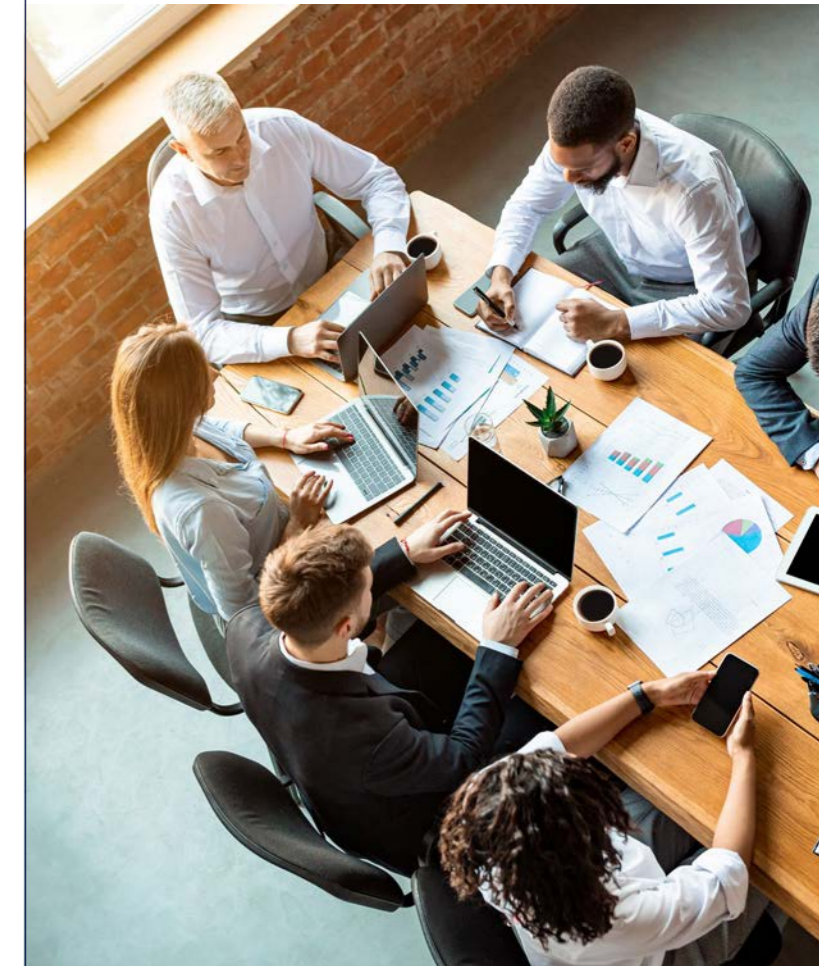
As shown on page 20, Savills IM has a dedicated training budget for the upskilling of our employees on sustainability. Savills IM works with the Better Buildings Partnership and Hillbreak Ltd. to provide an ESG Training for Real Estate Professionals course.

As part of our training commitment, throughout Summer 2023 our Net Zero Implementation Lead conducted an interactive net zero training series. The series aimed to enhance awareness and promote practical implementation measures at both the corporate and portfolio level. The training received significant participation across the business.

“This initiative aligns with our ongoing commitment to fostering a sustainability-focused culture, empowering our employees with actionable solutions, and positioning Savills IM at the forefront of the industry’s sustainability transition. I am thrilled by the overwhelming engagement and dedication across the different functions.”

Joey Aoun, Net Zero Implementation Lead.

It is anticipated that training on topics such as climate resilience, Savills IM's updated Responsible Investment Policy, biodiversity and the UK Financial Conduct Authority's (FCA) upcoming UK Sustainability Disclosure Requirements (SDR) will be topics of training in the future.



CHANGING ESG POLICY

Responding to ESG guidance and policy

Over the past year we have seen some governments opt for more challenging targets and 'ESG-friendly' policies, while others have sought to relax net zero-related goals.

A changing policy landscape can create both challenges and opportunities.

The German government's decision to ease regulations governing the installation of solar panels has meant more of our assets in Germany are able to consider on-site PV panels.

Meanwhile the UK government's decision to remove the requirement for private rental properties to achieve an EPC rating of C or above by 2028 is not expected to change the plans of Savills IM's residential operations.

Savills IM will continue to be active members of industry bodies such as the BBP, UKGBC and INREV to support these organisations in providing guidance to navigate continued legislative and policy shifts.

Environmental Performance Data

In addition to highlighting key performance metrics in this report, Savills IM annually engage our external ESG consultants to prepare the following table of environmental performance data, aligning to EPRA's Sustainability Best Practices Recommendations. This table shows only true data that was successfully collected and verified from our global assets under management (AuM) (excluding debt) for 2021 and 2022.

The table excludes unverified benchmarked data used to gap-fill the Savills IM portfolio dataset to achieve full coverage and an estimate of our portfolio's total carbon footprint.

For each metric in the table, a total portfolio figure is shown as well as data collected by sector. The energy, water, waste and GHG emissions data included in the following table has been externally verified by the third party Lucideon CICS Limited for 2022. This verification is consistent with the requirements of ISO14064-3, and the verification statement can be found at the end of this report.

	Total Portfolio		Offices		Retail		Industrial		Hotel		Residential		Mixed Use		Other	
Boundaries	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Total energy consumption (kWh)	452,565,558	521,897,908	65,226,321	58,358,959	107,169,866	147,106,147	237,742,181	271,131,052	3,213,797	5,666,964	2,341,338	3,370,703	19,525,822	17,123,108	17,346,233	19,140,975
Renewable Energy Consumption (on site) kWh	3,126,203	5,086,598	23,310	27,948	550,828	412,094	1,749,594	4,644,345	0	0	0	0	802,472	2,211	0	0
Renewable Energy Consumption (off site) kWh	28,477,224	31,282,374	5,074,613	7,188,852	8,044,261	5,533,087	8,768,267	12,002,596	23,877	252,308	2,341,338	1,927,491	4,224,867	4,378,040	0	0
Absolute Coverage (number of assets reporting energy consumption)	289	338	44	42	126	139	87	102	4	6	2	13	12	11	14	25
Maximum coverage (total number of assets in ownership)	407	444														
Total like for like energy consumption (kWh)	316,421,902	304,725,968	24,264,203	23,954,931	53,875,317	54,702,696	202,269,761	193,315,371	2,336,265	2,630,050	2,341,338	1,927,491	14,913,147	13,684,466	16,421,871	14,510,963
Like-for-like coverage	138	138	18	18	51	51	47	47	2	2	2	2	6	6	12	12
Like for like energy intensity (kWh/m ²)	101	98	92	91	186	189	87	83	98	110	91	75	138	127	190	168
Absolute Scope 1 emissions from landlord obtained consumption of fuels (tCO ₂ e)	1,902	1,830	674	658	358	236	374	249	0	0	0	104	497	583	0	0
Absolute Scope 2 emissions from landlord obtained consumption of electricity (tCO ₂ e)	32,695	31,284	14,819	12,516	13,525	14,279	2,083	1,885	5	91	497	494	1,765	2,020	0	0
Absolute Scope 3 tenant emissions from tenant obtained and consumed fuels and electricity (tCO ₂ e)	112,807	131,441	4,098	4,343	22,021	40,823	80,563	80,361	642	981	0	105	1,808	896	3,675	3,932
GHG like for like emissions intensity (kgCO ₂ e/m ²)	35.95	32.88	30.48	29.38	75.67	75.81	32.12	28.50	19.69	20.86	19.42	14.56	29.79	26.01	40.27	35.30
Total water consumption (m ³)	769,251	890,201	102,315	136,288	203,639	208,890	310,256	343,706	27,996	55,138	0	11,385	37,018	28,164	88,027	106,629
Absolute Coverage	232	258	36	34	102	105	69	78	3	5	0	8	10	9	12	19
Total like for like water consumption (m ³)	440,363	470,805	55,855	71,937	77,355	96,686	186,884	168,828	25,264	33,870	0	0	6,978	9,462	88,027	90,024
Like for Like coverage	128	128	21	21	53	53	36	36	2	2	0	0	4	4	12	12
Total waste generated (tonnes)	23,626	19,619	2,594	1,781	5,675	3,716	13,758	12,354	0	0	52	152	665	722	883	894
Total waste recycled (%)	58%	57%	25%	44%	43%	32%	69%	67%	N/A	N/A	23%	16%	55%	77%	80%	29%
Absolute Coverage	142	146	29	25	43	33	47	57	0	0	2	12	9	7	12	12

Notes

SCOPE: This table contains the environmental performance data of Savills IMs AuM for the calendar year 2022 compared to 2021 for portfolios engaged with our external ESG consultants, EVORA Global, during the reporting period. Due to investor requirements and portfolio churn this will fluctuate year to year and result in changes to the absolute number of properties for which data is captured. In 2021, 407 properties across 25 portfolios under Savills IM ownership engaged EVORA, which increased to 444 properties across 22 portfolios in 2022.

LIKE-FOR-LIKE ANALYSES: Absolute data represents all data captured in the reporting period. Utility consumption, waste production and resultant GHG emissions are reported from the point of ownership and to the point of sale where relevant. 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 2021 to 31st December 2022. New construction projects which were not operational assets within this reporting period have been omitted from the like-for-like analysis. 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, 138 assets reported energy and emissions on this basis.

INTENSITY: For an accurate representation of average energy and emissions intensity, only buildings with all energy data captured were included. For example, in a multi-let building where Savills IM and EVORA were only able to capture owner common parts utilities and not occupier energy supplies, these were omitted. Occupier engagement and improved data collection were identified as a priority improvement areas; as part of our Net Zero Carbon pathway, published in April 2022, Savills IM set an objective to collect 75% actual data from AuM by 2025. Our initial focus has been on portfolios engaged with EVORA, accounting for 63% of total portfolio floor area. Of the 63% total portfolio floor area, 60% of the floor area reported 100% of energy consumption data (effectively 38% of the whole Savills IM direct real estate portfolio; over halfway to our 2025 target).

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, including emissions related to energy use in leased assets that are entirely controlled by 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 EVORA has been informed that self-supply renewable technologies are in place. "Renewable energy consumption (off-site)" refers to energy consumed where EVORA has been informed that 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 EVORA Global during the data collection period. Historic consumption data has been restated where more complete or accurate records have become available. The data included on this page represents actual data and does not include benchmarked or gap-filled data. GHG emissions are calculated from actual energy consumption using a location-based approach, and use carbon emissions factors (kgCO₂e/kWh) sourced from DEFRA/BEIS, IEA and the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUV).

This table has been prepared in accordance with EPRA sBPR Guidelines 2017. The analysis presented looks at energy, greenhouse gas emissions (GHG), water and waste performance for the 2022 calendar year with a comparison against the previous 12 months. This covered 444 assets from 22 funds and mandates.

Energy and water consumption data were reported according to automatic meter reads, manual meter reads, invoices or annual supplier statements. Carbon Emissions have been reported using a location based approach and are split by scope 1*, scope 2**, and scope 3***. Waste data have been reported according to supplier statements or based on volume to weight calculations.

Historic consumption data have been restated where more complete and/or accurate records have become available.

This report has been prepared by energy and sustainability consultants, EVORA Global.

With respect to the disclosure of greenhouse gas emissions:

*scope 1 – emissions were derived from actual data relating to natural gas or oil/diesel combustion from whole building, common area, and shared services when procured by the landlord.

**scope 2 – emissions were derived from actual data relating to electricity, and district heating/cooling from whole building, common area, and shared services (location based) when procured by the landlord.

***scope 3 – emissions were derived from actual data relating to natural gas, electricity, district heating/cooling from tenant areas, or other areas when procured by the tenant. Where the tenant is in operational control of the building all emissions are reported to Scope 3

With respect to renewable energy:

Renewable energy consumption (on-site) - refers to energy consumed where Savills IM has been informed that self-supply renewable technologies are in place.

Renewable energy consumption (off-site) - refers to energy consumed where Savills IM has been informed that a green tariff is in place.

TCFD

Savills IM has been exploring how it can equip its people with the knowledge and expertise to develop tools and methodologies to adapt to the effects of the changing climate whilst creating a more resilient portfolio.

Savills IM is a public supporter of TCFD. In this section we set out our TCFD response using the four areas of Governance, Strategy, Risk Management, and Metrics and Targets.

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 page 12.

ROLES

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

Savills IM's Head of ESG leads a dedicated in-house team of seven full time equivalent (FTE) with further resource allocated within the risk management division with a 'dotted line' to the Head of ESG. The Head of ESG 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 and Compliance Committee (GRCC) and reported into senior management. Consequently, metrics are being developed for Savills IM's corporate risk appetite statement to monitor corporate office energy transition plans and energy reduction targets against a baseline of 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 future-proofing 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 achieve the former can be found in Savills IM's strategy document: Enabling Resilient Real Estate, which describes Savills IM's pathway to NZC by 2040. Following a global climate scenarios assessment in 2021, Savills IM has worked with a third-party provider, Willis Towers Watson to screen new acquisitions to build on the previous global assessment. From a physical risk perspective, Savills IM performs scenario analysis and screens real estate assets under management using Willis Towers Watson's analytical Climate Diagnostic model. This helps to understand potential future physical risks which assesses present day and future exposure to a range of extreme (acute) weather-related events as well as chronic climate related hazards.



CLIMATE-RELATED RISKS

Risk Type	Title	Risk Description	Short term risk	Medium term risk	Long term risk	Inherent risk rating	Residual risk rating
Policy & Legal Risks	Climate change litigation	Climate-related litigation claims brought by investors, insurers, shareholders, and public interest organisations for reasons such as greenwashing or breach of mandate.			✓	Yellow	Green
	Climate transition decreasing the number of available suppliers	Increased regulation for suppliers around low emissions materials and other ESG requirements could result in a decrease in the number of suppliers. Having a smaller pool of suppliers to choose from may increase prices from suppliers.	✓			Yellow	Yellow
	Increased costs in meeting enhanced emissions reporting obligations	Emission reporting requirements are changing all over the world, with multiple countries including the UK beginning to implement mandatory climate-related disclosures. Savills IM may have to increase its spending on emission data systems and reporting in the upcoming years	✓			Orange	Orange
	Increased pricing of GHG emissions	In order to drive reduction in carbon emissions to keep global warming below 1.5°C, enhanced carbon pricing mechanisms, such as emissions trading systems and carbon taxes are likely to be adopted by governments. Carbon prices could reach \$110 tCO2 by 2030 under 2°C or \$360 under 1.5°C, rising rapidly under a disorderly scenario. This would result in higher costs for building managers and tenants.		✓		Orange	Orange
	Non-compliance with building codes and guidelines	Building regulations to combat climate change are likely to increase and intensify out to 2030. Potential impacts include loss of rent for property managers during time properties do not meet standards, financial penalties for non-compliance, devaluation of assets which do not meet minimum standards and become stranded and an increase in development costs. These increased costs to comply with future regulations may impact operational and capex expenditures and consequently investment performance in the short term.		✓		Yellow	Green
Market Risk	Sustainability-related geo-political risk	Sustainability-related macroeconomic and trend information insufficiently integrated in research publications, which in turn inform investment decisions and product origination.	✓			Orange	Yellow
	Increased cost in emissions offset	Currently, the supply of carbon credits exceeds the demand, making the cost to offset carbon relatively cheap. As more companies commit to net zero, the demand for carbon credits is likely to increase, pushing the price up.		✓		Orange	Orange
	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 therefore impact overall development costs. However, due to projected increased recycling of steel and advances in the development of lower emissions concrete and steel by 2030 the impact of a carbon tax would be significantly reduced.	✓			Orange	Orange
	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 influenced by climate change and the cost and availability of financing increased/decreased. Getting loan financing for assets held by funds and mandates could become more difficult and expensive impacting performance negatively. Increasingly companies are issuing green bonds as a means to raise capital.	✓			Orange	Yellow
	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 competitors. Conversely this could present a significant opportunity for Savills IM if it is able to develop funds in line with changing demands.	✓			Orange	Yellow
	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 net zero buildings to help them achieve these goals. Consequently properties could have to be given a brown discount and inefficient properties could fall in value.	✓			Yellow	Green
	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 perception of Savills IM within the market and among investors	✓			Yellow	Green

Risk Type	Title	Risk Description	Short term risk	Medium term risk	Long term risk	Inherent risk rating	Residual risk rating
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 properties, it may hinder its ability to provide leading services to clients. Lower emission technologies include low carbon building materials and renewable technology.		✓		High	High
Reputation Risk	Project failure	Sustainability initiatives do not meet targets as agreed by the GEC. NZC transition plans not adhered to, objectives not met and/or outcomes are materially deviated from initially agreed targets.		✓		High	High
	Failure to deliver on strategic ESG objectives	Overpromising and underdelivering against set targets has the potential to negatively impact credibility, brand and reputation. Failure to engage investors to agree to empower us to implement sustainable initiatives to make their assets resilient. The risk is also not being able to measure or demonstrate the work that is being undertaken.	✓			High	High
	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 failure to deliver on targets and failing to effectively incorporate climate change considerations into decision making could make it difficult for Savills IM to attract and retain the best talent.	✓			High	High
	Failure in alignment to ESG culture and values	Perception that sustainability is the responsibility of specific departments instead of mainstreamed throughout company culture leading to low engagement on the impacts of sustainability. Decision-making and attitude towards ESG/Sustainability are not given full consideration. Responsible investment policy not adhered to.	✓			High	High
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.			✓	High	High

Key

- **Very High** risk rating
- **High** risk rating
- **Medium** risk rating
- **Low** risk rating

POLICY AND LEGAL OPPORTUNITY

Industry bodies such as 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 64) allows Savills IM to indirectly guide and contribute to real estate policy. Savills IM continually upskills its employees 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 and SFDR.

MARKET OPPORTUNITY

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

Shifts in investor demand for strategies such as impact, natural capital or affordable housing may offer opportunity for Savills IM to launch new products.

Similarly, investor or tenant demand for sustainability initiatives at the asset-level – for example air source heat pumps or PV panels – will support Savills IM’s net zero goals. For example, Savills IM has set

targets for on-site 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 holds the role of Co-Chair of the BBP Owner Occupier Forum, influencing the industry’s best practise guidance to this issue. 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. Savills IM has also publicly set a goal to become NZC by 2040, with interim targets to guide our journey to net zero and allow us to monitor progress.

As detailed on page 12, Savills IM’s Responsible Investment Committee (RIC) has the responsibility of monitoring how our Responsible Investment Policy (RI Policy) 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 IPCC’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 some occupiers not wanting to share energy data. 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 corporate net zero objectives.

We use climate risk screening tools and metrics 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.

Fund management teams are required to report on ESG aspects on a quarterly basis as part of a wider risk scorecard process.

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 (An example is shown in the chart below).
- Scope 1, 2 and 3 carbon emissions (Disclosed on page 42).
- EPC certificates and the distribution of EPC ratings within the portfolio.
- Asset-level Energy Use Intensity (EUI) kWh/m².
- Asset fuel source.
- Total amount of insurance claims related to climate risk
- Proportion of AUM with a NZC pathway in place.
- Proportion of assets CRREM stranding by 2030.
- Proportion 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 NZC targets please see our Net Zero Carbon Pathway document.

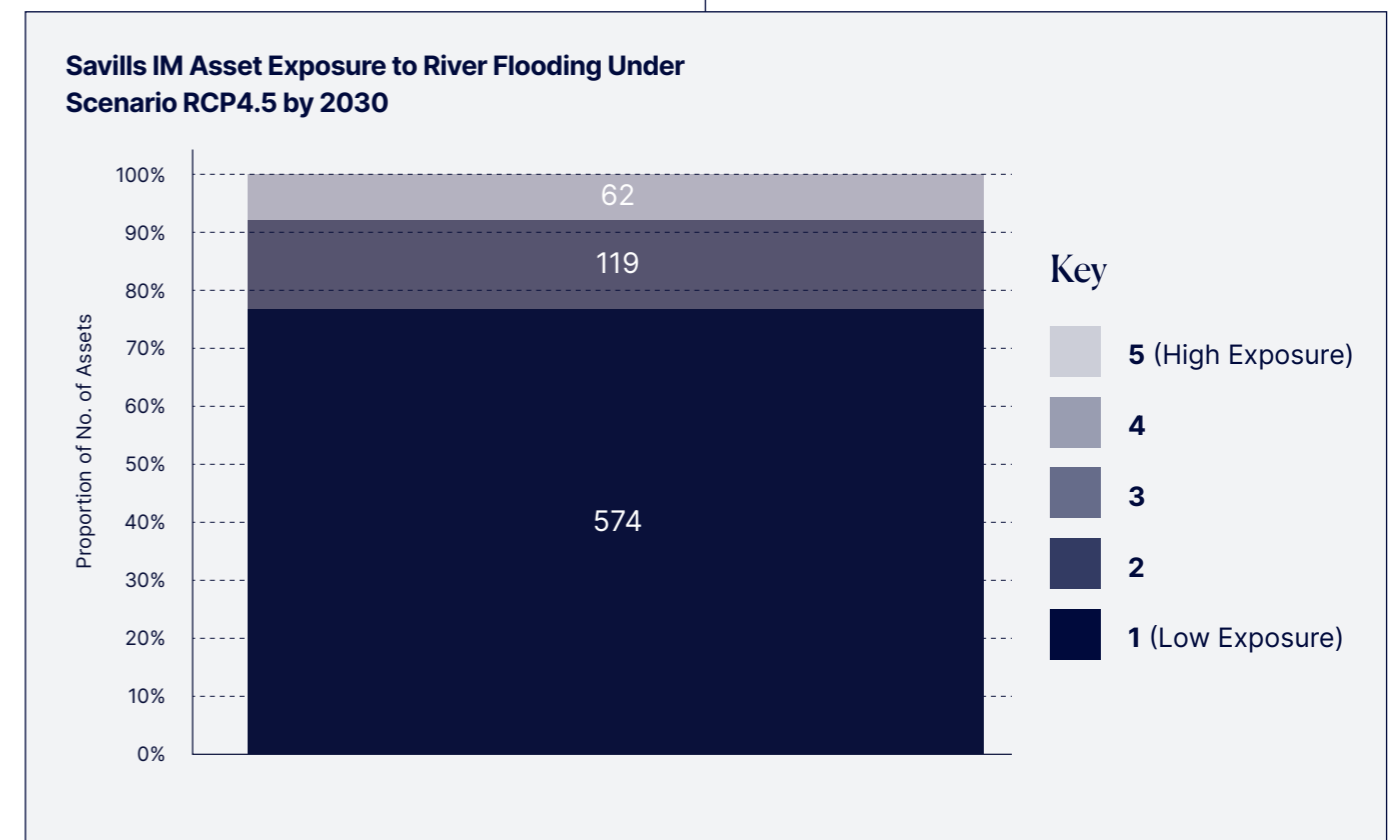
Savills IM has set a target to operate a Net Zero Whole Life Carbon portfolio by 2040. In order to meet this target, Savills IM periodically reports and analyses a series of targets and indicators. Scope 1, 2 and 3 data is reported on page 42 and used to gauge our known emissions on an annual basis.

We also set targets on renewable energy generation across our portfolio. We are aiming to generate 10GWh of renewable energy on-site by 2040, and 20GWh by 2050.

Targets are currently being set on the amount of biodiversity and green spaces within our portfolio, following the completion of a biodiversity baseline which we expect to be completed in Q1 2024.

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.





Diversity and Inclusion

Savills IM embraces diversity and inclusion (D&I), seeking to **provide** a platform and a **supportive** environment for **everyone** to achieve their **potential**, free from discrimination or prejudice.

Savills IM **respects** all team members, clients, stakeholders and counterparties, **challenges stereotypes** and celebrates the value of having a **diverse** range of people in its organisation, providing a rich variety of viewpoints.

People are one of our business' core strategic priorities, as well as one of our ESG focus areas. We seek to be an employer of choice as our people are our **most important asset**.

OUR D&I AMBITIONS

We are committed to being a diverse and inclusive organisation with:



Commitment from Senior Management



Understanding, appreciation and celebration of our diversity



Accurate data and reporting



Consistent and clear communication



Supporting D&I in our investment framework

OUR D&I OBJECTIVES

- Move towards 30% female representation at director level and above globally, and report on progress at least annually
- Full adherence to talent acquisition policy by all employees – to be measured and reported by HR/attested by all hiring managers
- 100% completion rate for all firmwide D&I training
- In the UK, seek to maintain minority ethnic representation at least consistent with UK working population (currently 14% of Savills IM UK employees identify as an ethnic minority)
- In the UK, we are targeting to have at least 90% of possible D&I data populated on our HR system



D&I FOCUS-GROUPS

At Savills Investment Management, we have a D&I Steering Group which oversees **four focus groups**.

The four focus groups are open to all employees globally, to celebrate our diversity and drive inclusion across our workforce. An overview of each sub-group and their key initiatives/events hosted in the past 1-2 years is provided below:



Gender

Ensuring all gender identities within the organisation benefit from equal opportunities and rights.

- **Family Webinars** – A campaign was launched to make employees aware that there are family-focused courses available through our internal MyLearning platform to assist people in the transition to parenthood and the return to work.
- **November** – Each November, we invited our global male colleagues to make a nominal donation to participate in a charity challenge for the “best looking” moustache.
- **Orange the World** – In London and Luxembourg, we collected women’s and men’s interview appropriate clothing for charities to be donated to people from disadvantaged positions. We also provided professional styling, interview coaching and ongoing support once they re-join the workplace.
- **International Women’s Day** – We hosted a global online “Coffee & Quiz” fundraiser to celebrate and showcase great achievements and contributions by women over the centuries.

LGBTQ+

Provide an environment and culture which encourages everyone to be comfortable and confident to disclose their sexuality.

- **Pride Month** – Proceeds from our internal bake sale in the UK were donated to a charity that supports LGBTQ+ youths who have been made homeless. The charity also provided a talk on the important work they do.
- **LGBTQ+ History Month** – A talk from an advocate for the LGBTQ+ community and D&I, which explored the history of Pride, how to be allies and building empathy and understanding towards the LGBTQ+ community.
- **Pride On!** – An initiative focusing on celebrating world cycling day and the beginning of Pride month where 65 participants cycled as many kms as possible whilst raising awareness on LGBTQ+ matters. The initiative resulted in a total distance of 8,609 km.

REACH (Race, Ethnicity and Cultural Heritage)

Valuing and celebrating diverse cultures within our business, and expanding access to opportunities in the communities in which we operate.

- **Black History Month** – Celebrated black history with our annual Afrobeats dance workshop and a Caribbean lunch hosted by a local restaurant.
- **Webinar Series** – Hosted by MyndUp on the subject of unconscious bias, resilience and mental health support.
- **Celebrating Religious Events** – Internal and external publications to celebrate and raise awareness of Ramadan, Eid, Vaisakhi, Passover and Easter.
- **South Asian Heritage Month** – In celebration of this, employees in our Singapore office hosted a live cooking show.
- **International Holocaust Remembrance and Prevention of Crimes against Humanity Day** – A moving talk from Mr Gerd Klestadt, a survivor of the Holocaust, to honour those affected.

65    

participants cycled as many kms as possible whilst raising awareness on LGBTQ+ matters.

MANY (Mental and Physically Able)

Represents the mentally and physically able, or in other words, all of us. The group focuses on areas relating to disability, mental health, neurodiversity and wellbeing.

- **Suicide Prevention Day** – External speakers shared their personal experiences of suicide and their continued efforts to educate and spread awareness of mental health and suicide.
- **International Day of Persons with Disabilities** – Provided personal testimonials relating to experiences with disability and neurodiversity.
- **Neurodiversity Celebration Week** – We hosted a webinar with an external speaker to challenge stereotypes and misconceptions around Neurodiversity, whilst celebrating our peers and their great achievements.
- **Wellbeing initiatives** – Including the rollout of employee signatures to acknowledge different working patterns and promoted use of employee wellbeing platform.
- **March On!** – A walking, hiking and running initiative held annually throughout March since 2020. The initiative was developed to reduce stress, improve wellbeing, and better our mental health. In 2023, 164 colleagues participated globally and together we walked 12,902 miles.
- **Assertiveness Training** – Explored topics such as managing stress and anxiety from saying “yes” to too many requests.

Our Partner Charity - The Cycle

The Cycle is a not-for-profit organisation that has been working with communities in need since 2005. The Cycle build safe, sustainable ecotoilets; deliver clean water solutions; teach period education and implement menstrual disorder programmes; provide sustainable period products; and improve soil health to increase local food production.

The EcoSan toilets, also known as 'Urine Diverting Dry Toilet' (UDDT), used by The Cycle are above ground units that separate at source - making it easier to recycle human waste into a safe organic compost and fertiliser using natural processes. EcoSan toilets provide numerous benefits; they are a sustainable, climate resilient model of sanitation which conserve water and are easy for communities to maintain long-term.

THE CYCLE'S MEASURED IMPACT (2003-2025):

Built

5,000 + Eco-toilets

Reduced

150 + Communities' infant mortality rates

Provided

75,000 + People with clean & safe sanitation daily

Created

250 + Tonnes of soil-healing compost every year

Gave

5,000 + Families the chance to keep their children healthy

Brought

600,000 + People health, safety and happiness



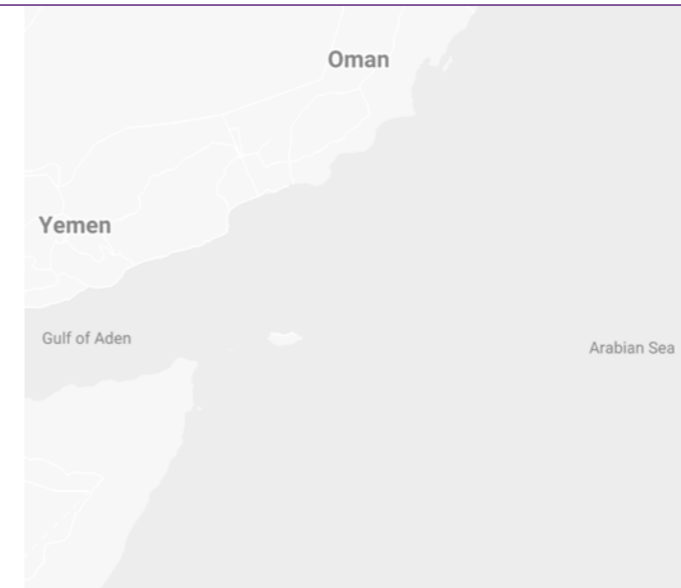
OUR PARTNERSHIP

As part of Savills IM's commitment to become a restorative business, we first partnered with The Cycle in April 2022. Our first funded project with them involved building a two-storey EcoSan toilet block, hand washing facilities, and a menstrual pad incinerator within a school in Tamil Nadu, India.

The Cycle was selected as our partner charity because we wanted to help scale the impact of a charity with a track record of delivering restorative outcomes which aligned to our goals of climate action, people and nature. We also valued the long-term approach of The Cycle, spending time working with project's local communities and making sure their work promotes long-term behaviour change. It was also important to select a charity partner where we could work collaboratively to help deliver sustainable outcomes and meaningfully contribute to our shared goals.

In addition to building the critical EcoSan toilet block, our donation was used to deliver a comprehensive hygiene and menstrual education program to educate the community on appropriate practices.

To ensure the sustainability of the project, post-intervention surveys and follow-ups were undertaken. The project completed in February 2023 and impacted 1,500+ lives in the community.



NEXT

Following the success of the first project, we partnered with The Cycle on a second project within a school in Chennai, India. Whilst construction of the second project is expected to commence towards the end of 2023, The Cycle's Climate Literacy and Happy Periods training started to be rolled out in Q3 2023.

The Climate Literacy course aims to equip students with the knowledge, skills, and values necessary to become environmentally conscious citizens and agents of change; while the Happy Periods program provides period education to establish menstrual, sexual and reproductive health literacy in schools and communities where taboos still suppress women, girls and all people with periods.

For more information on The Cycle please see their website.



Corporate Responsibility

OCTOBER 2022

Soup kitchen - Milan

Each year, the Savills IM Milan office works with Opera San Francesco, an organisation dedicated to assisting individuals and families in need. Over the past year, Savills IM colleagues have volunteered at Opera San Francesco's soup kitchens and clothes collection centre on a regular basis. Savills IM also made a corporate donation in support of the non-profit's work.



JANUARY 2023

Investment20/20 careers outreach day - London

In 2023 Savills IM hosted 13 first year sixth form students from South Essex College in Southend on Sea as part of a careers outreach programme, partnering with Investment20/20.

Investment20/20 is an investment association focused on creating a more diverse and inclusive investment industry. The association works closely with schools and colleges to provide students insight on the work undertaken by investment management companies and introduce them to the career opportunities in the sector.

As part of the day hosted at Savills IM's London office, 12 employees provided an overview of investment management, an introduction to ESG and a Q&A with Savills IM's three current Investment20/20 trainees.

The students were also given a practical investment task, mentored by Savills IM employees.

MARCH 2023

MarchOn - Global

A walking, hiking and running initiative held annually throughout the course of March. This initiative was developed as a way to reduce stress, improve wellbeing, and better our mental health in what was a very difficult time for many of us during the lockdowns of the pandemic.

The initiative this year fostered global participation of over 160 employees using the mobile application Strava, with 1GBP (or country equivalent) donated to charity for each mile walked, up to 10,000 miles globally. Together this year we reached 12,902 miles (20,764 kilometres) - 19% further than in 2022- reaching our target corporate donation and sending a total of £10,518 to Women for Women International!



For the last 30 years, Women for Women International has been investing where inequality is greatest by helping the women survivors of war and conflict.

CONTINUED →

SUMMER 2023

J.P. Morgan corporate challenge run - London/ Frankfurt

A team of 30+ runners from the Savills IM Frankfurt and London offices participated in the world's largest corporate running event on the 14th of June (Frankfurt) and 5th of July (London). It was a great team effort and our runners proudly sported t-shirts featuring the logo of our valued global corporate charity partner, The Cycle.



Over 30
runners participated
in the JP Morgan
challenge

JUNE 2023

PrideOn - Global

The Savills IM D&I groups, MANY and LGBTQ+ (See page 52), launched a global challenge in June called 'Pride On!'- a play on the 'MarchOn' challenge with a different focus. Based this time around the physical and mental benefits of cycling, the purpose was to support Pride month, raising awareness of LGBTQ+ equality and inclusion by cycling as far as we could in the first 12 days of pride month 2023.

Over 60 participants across APAC and Europe collectively cycled over 8,600 kilometres! A group of employees even cycled from our Paris to Luxembourg office covering 385km and proudly sporting our Pride wrist bands!





Championing and promoting engagement and action on our restorative ambition

Restorative Business Champions

We understand that our restorative ambition will need to continually evolve as sustainability-related technology advances and client demand becomes ever more restorative focused. We also know that delivering such an ambition will be complex and will require a whole-systems approach, crossing functions and geographies.

We have launched a network of Restorative Business Champions - volunteers from across the business, supported with bespoke training - to act as a catalyst for delivering Savills IM's restorative ambitions by:

- Pioneering a growth mindset
- Championing and promoting engagement and action on ESG goals
- Providing support to teams in engaging with ESG and delivering on goals
- Developing and leading ESG projects of high complexity and priority with long-term business impact
- Providing a vital feedback loop between teams/regions and the central ESG team, as well as investment and business support teams

In our 2023 intake our Restorative Business Champions were tasked with exploring how Savills IM should be responding to six business challenges:



Increasing Sustainable Borrowing and Lending



Climate Action



Scaling Impact Investing



Developing a Social Impact Framework



Delivering Business Transformation through corporate action



Preparing a Biodiversity Enhancement Plan

Partnerships

We recognise that becoming a restorative business will require collaboration with leading organisations to help guide our journey. We are proud to work with these organisations.



Partnership activity

We continued to work with our partners throughout 2022 and 2023. Below are some highlights from our engagements.

Urban Land Institute

In 2023 Savills IM became an Icon Sponsor of ULI's C Change programme. C Change is a programme focused on collaboration to ensure companies large and small have access to practical solutions and education on decarbonisation. Savills IM have participated in round tables for carbon pricing, occupier engagement and pricing transition risk into the acquisition process, as well as presenting our lessons from a carbon pricing pilot which is underway for one of our UK funds.

Better Buildings Partnership

Throughout 2023 Savills IM held the role of Co-Chair for the BBP's Owner & Occupier Forum. The forum enables owners and occupiers to create strategic alliances and share knowledge to scale up action in response to challenges in reaching shared NZC goals.

Savills IM is a member of Net Zero and Climate Resilience working groups. In 2023, Savills IM joined the BBP's working group to update its Acquisition Sustainability Toolkit. The purpose of the toolkit is to provide guidance to market participants on sustainability criteria to be incorporated into the purchase and sale of assets.

GRESB

Our Net Zero Implementation Lead, Joey Aoun was selected to be a part of the GRESB Real Estate Net Zero Working Group in 2023. The working group, consisting of NZC professionals from the built environment, was tasked with exploring the core assumptions and beliefs that drive divergence in what net zero means for real estate.

The working group finished its project in mid-2023. The GRESB Standards Committees will use the output from the Working Group to inform the integration of net zero into the GRESB Standards.

INREV

Our Head of ESG, Emily Hamilton is a member of the INREV ESG Committee. The aim of the committee is to establish a unified view of ESG, increasing understanding of all three aspects, environmental, social and governance, and to promote robust standards of corporate governance that integrate all these aspects for non-listed real estate vehicles. This will help the industry more effectively integrate ESG factors into the real estate investment decision-making process.

Science Based Targets initiative

In 2022 Savills plc, signed up to the SBTi. Savills IM, as an independently operating subsidiary of Savills plc, is committed to setting science-based targets to reach its NZC goals by 2040. At the time of reporting our targets are in the process of being validated.

Glossary

Term	Definition / Explanation
Absolute Zero	Reducing carbon emissions to zero without the use of offsets, i.e. through reducing energy consumption and using onsite renewables.
BREEAM	Building Research Establishment's Environmental Assessment Method. An international scheme that provides independent third-party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects.
Carbon Intensity	The amount of emissions of carbon dioxide (CO ₂) released per unit of another variable such as floor space of a building.
Carbon Offset	A reduction or removal of emissions of carbon dioxide or other greenhouse gases made in order to compensate for emissions made elsewhere.
CRREM	The Carbon Risk Real Estate Monitor (CRREM) provides the real estate industry with transparent, science-based decarbonisation pathways aligned with Paris Climate Goals of limiting global temperature rise to 2°C, with ambition towards 1.5°C.
Discretionary control	In the context of real estate investment management, discretionary control refers to situations where Savills IM has the authority to make investment decisions - including decisions on ESG and sustainability - on behalf of the investor.
Embodied Carbon	The total amount of greenhouse gases released in the extraction, transportation and manufacturing of raw building materials.
Energy Intensity	The amount of energy a building uses divided by the total floor space of the asset/ It is calculated by dividing the total energy consumed by the building in one year in kWh by the total gross floor area of the building (measured in square feet or square meters).

Term	Definition / Explanation
EPC	Energy Performance Certificate. A European rating scheme that summarises the energy efficiency of buildings.
EPRA	EPRA, the European Public Real Estate Association, is the voice of Europe's listed real estate – stock exchange quoted property companies, investors and their suppliers.
GHG	Greenhouse gas. A gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect.
Green Bond	The money raised through the bond is used exclusively to finance projects that have a positive environmental impact, such as renewable energy and green buildings.
GRESB	GRESB is an independent organization providing validated ESG performance data and peer benchmarks for investors and managers to improve business intelligence, industry engagement and decision-making.
IPCC	Intergovernmental Panel on Climate Change. An intergovernmental body of the United Nations responsible for advancing knowledge on human-induced climate change.
KPIs	Key Performance Indicators. A type of performance measurement that evaluate the success of an organisation or individual or a particular activity in which they engage.
Like For Like	A comparison of figures and/or statistics, that measure an identical universe in different time periods. For example, a comparison of 100 of the same assets' carbon emissions in 2021 vs 2022.

Glossary

Term	Definition / Explanation
Mees	Minimum Energy Efficiency Standard. A regulation applicable in England and Wales with the purpose to improve quality of leased properties by preventing the rental of highly energy inefficient buildings.
Net Zero Carbon (NZC)	Achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. This balance, or net zero, will happen when the amount of carbon we add to the atmosphere is no more than the amount removed. For real estate it is especially important that buildings are built and managed to have very low carbon emissions before any offsetting takes place.
Net Zero Whole Life Carbon	Savills IM uses the London Energy Transformation Initiative's definition of Net Zero Carbon: A 'Net Zero (Whole life) Carbon' asset is one where the sum total of all asset-related GHG emissions - both operational and embodied - over an asset's life cycle are minimised, meet local carbon, energy and water targets, and with residual 'offsets', equals zero.
Operational Carbon	The amount of carbon emitted during the operational phase of a building.
Science Based Target	Target is aligned with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above preindustrial levels and pursuing efforts to limit warming to 1.5°C, with no or low overshoot.
RCPs	Representative Concentration Pathways. Four greenhouse gas concentration (not emissions) trajectories.
Restorative Business	To put more back into society and the planet than we take out.
Scope 1	Direct GHG emissions that occur from sources that are controlled or owned by an organisation (e.g. emissions associated with fuel combustion in boilers, furnaces, vehicles).

Term	Definition / Explanation
Scope 2	Indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Although scope 2 emissions physically occur at the facility where they are generated, they are accounted for in an organisation's GHG inventory because they are a result of the organisation's energy use.
Scope 3	All other indirect emissions that occur in a company's value chain and often represent the majority of an organisation's total GHG emissions.
SFDR	The EU Sustainable Finance Disclosure Regulation. Imposes mandatory ESG disclosure obligations for asset managers and other financial market participants with substantive provisions of the regulation.
Stranded Asset	A property that once had value but is perceived to have lost value due to external factors, most commonly linked to no longer being resilient against climate-related transition or physical risks
TCFD	Task Force on Climate-Related Financial Disclosures. An organisation that was established in December 2015 with the goal of developing a set of voluntary climate-related financial risk disclosures which is now widely adopted.
Tertiary Decree	"Décret tertiaire" is a French regulation with the purpose to improve energy efficiency of French real estate by mandating all tertiary buildings over 1,000m ² to set energy savings and report on energy consumption centrally each year.
UN PRI	United Nation Principles for Responsible Investment. A United Nations-supported international network of investors working together to implement six aspirational principles.
UN SDGs	The Sustainable Development Goals or Global Goals are a collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The UN SDGs were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.

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 22 portfolios*, for which Savills IM's sustainability consultant, EVORA Global Ltd. collects sustainability performance data.

This performance data is reported under an EPRA table by Savills IM in their Sustainability Report, for the period 01 January – 31 December 2022. The verification was carried out against 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 reported emissions from the operations of these 22 Savills IM portfolios as consistent with the requirements of ISO14064-3 and provides limited assurance that the CO2 emissions for the 2022 reporting year are verifiable and meet the requirements of GRESB or other sustainability reporting frameworks.

*Representing 55% of Savills IM AUM as at 31 December 2022.

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