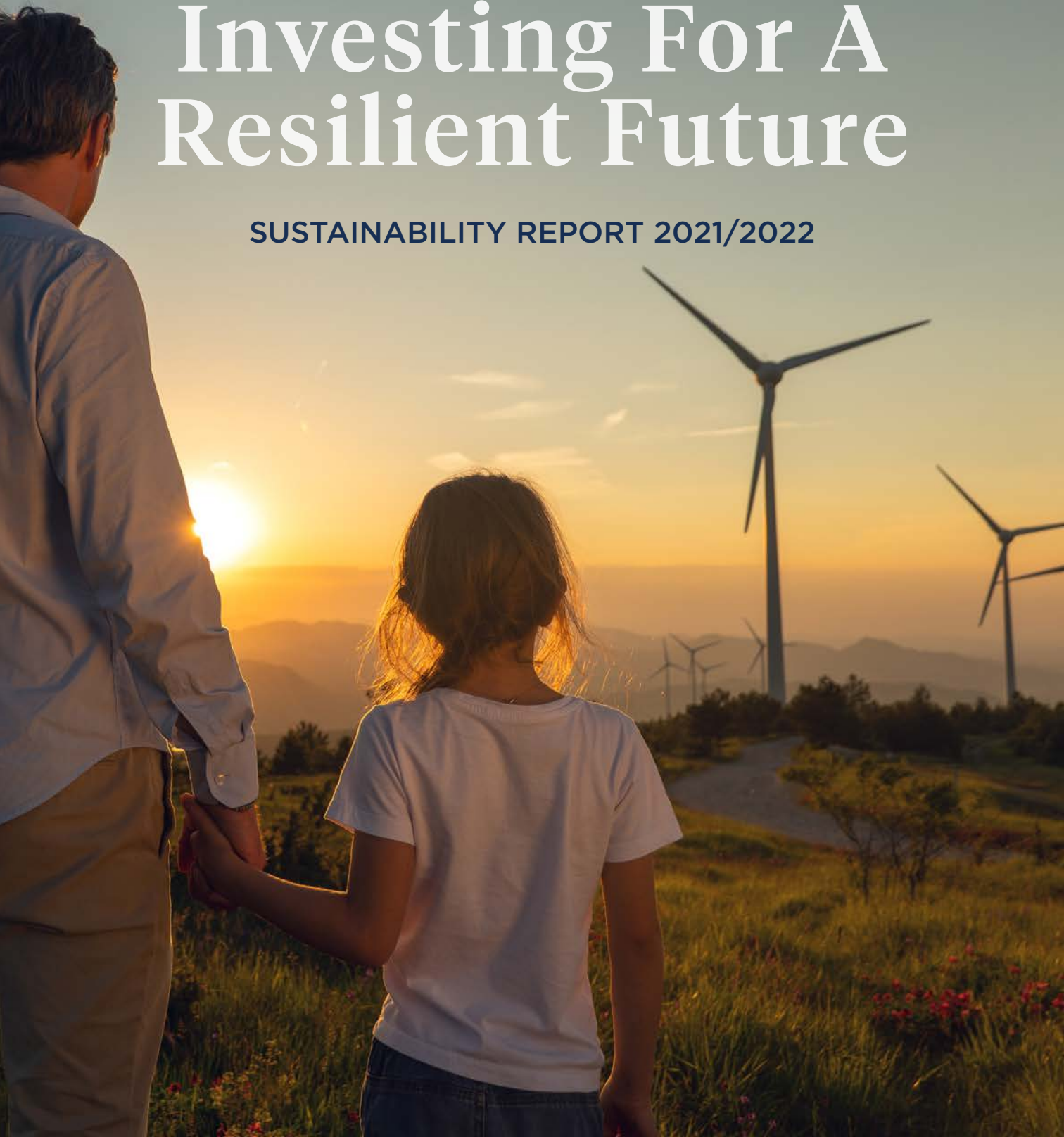




investment
management

Investing For A Resilient Future

SUSTAINABILITY REPORT 2021/2022



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Introductory Statement

In 2021 the world's agenda was sadly dominated by addressing the devastating effects of the Covid-19 pandemic. Then 2022 was dominated by the illegal war in Ukraine and escalating cost of living which has once again put social issues at the heart of every business.

At the same time, developing practices to live within our planetary boundaries has taken on an ever-increasing importance not only to address issues such as the climate crisis but also as a mitigant for the prevention of future pandemics.

Resource scarcity, a changing climate and rising levels of inequality pose increasingly material and urgent global concerns to real estate investment managers as custodians of assets managed on behalf of clients. With environmental concerns leading to increased regulation and the rise of civic action, we understand that integrating environmental and social criteria into our business models is essential to fulfilling our fiduciary duty to clients and our public duty to our stakeholders. Failing to do this will result in stranded assets.

In this report we are transparent in both our positive impacts and areas of improvement, illustrating how we practice environmental, social and governance responsibilities through our investment and corporate activities. As we seek to deliver against more ambitious ESG targets, we aim to understand how to better translate social and environmental benefits to demonstrate resilient financial return for our investors.

Despite the challenges faced by our business in 2021 and 2022, we are proud of the progress made. We know that operating our business in an environmentally and socially responsible way enables us to give back to our local communities, attract and retain the best talent and help our teams work more inclusively together.

We understand the complexity and challenging nature of integrating bold, ambitious goals and initiatives but we believe doing so is fundamental to the long-term success of our business.

Alex Jeffrey Chief Executive Officer

“Despite the challenges faced by our business in 2021 and 2022, we are proud of the progress made.”



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, Malaysia, the Netherlands, Poland, Singapore, Spain, Sweden and the UK.

Savills Investment Management manages real estate worth circa EUR 26.1 billion worldwide (as at 31 December 2021). Savills Investment Management offers comprehensive real estate

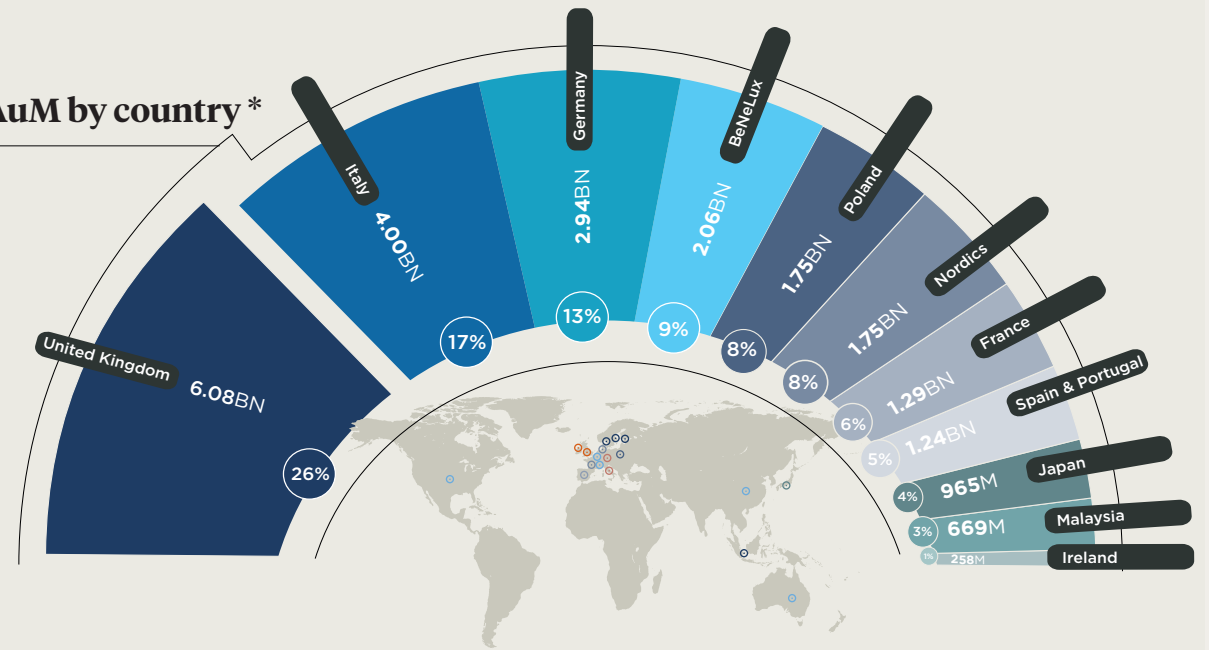
asset and fund management services in the form of individual mandates and fund solutions for a broad spectrum of investors including insurance companies, pension funds, foundations and family offices. The investment styles employed range from core to opportunistic.

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

Circa EUR 26.1bn AuM worldwide

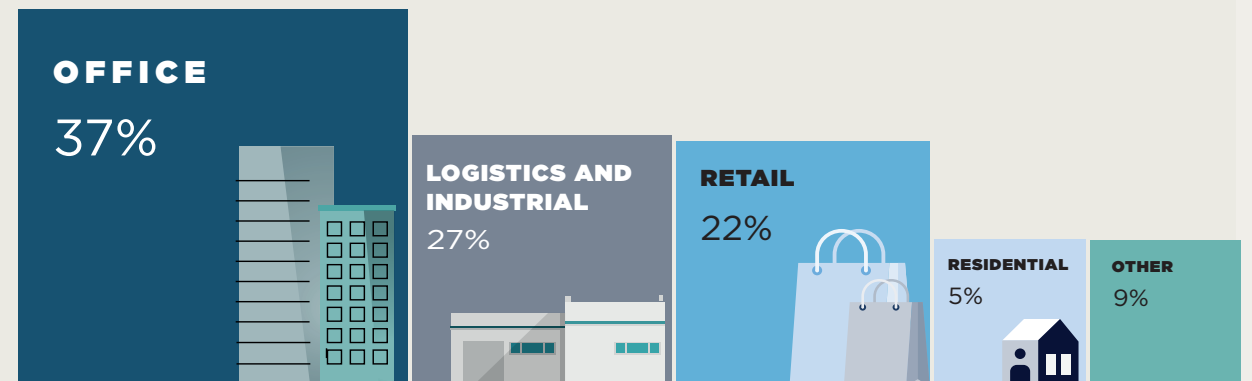
Over 30 years investment experience

AuM by country*



Part of the Savills Group, but operating independently

AuM by sector*



*Assets including cash are excluded.

Source: Savills Investment Management, 2021

PARTNERSHIPS & MEMBERSHIPS

Our ESG values

We have committed to become a restorative business. This means we will seek to put more back into society and the planet than we take out. We will aim to go beyond 'net zero' not just doing no harm but helping to restore nature, become climate positive and support a greener economy. We aim to achieve this by channelling the principles of responsible investment through everything we do. As an asset manager we will collaborate with our investors, occupiers and supply chain to deliver this ambition, focusing our attention on where we can contribute most through three key focus areas:



Good governance is embedded into our ESG values. Please see the appendix for our full governance structure.

In doing this, we will ensure that equal focus is given to each of the three outcomes whilst indirectly contributing to the UN Sustainable Development Goals (SDGs). To understand where to focus, Savills IM ran a series of ESG

engagement workshops with our staff to seek their views. We also spoke with our investors and stakeholders. From this engagement, we have categorised our impact as 'contribution' for six priority SDGs (SDG 7, 8, 11, 12, 13 and 15) and 'alignment' for three others (SDG 3, 4, and 5). This will enable Savills IM to deliver the highest positive impacts, whilst reducing negative impacts from our business operations.

46%
of direct real estate under management submitted to GRESB, with 91% (22 portfolios) receiving a GRESB Green Star¹

UN PRI Score 2020:
5 stars
in Investment & Stewardship

4 stars
in Direct Real Estate²

71%
of direct global real estate under management has an ESG Programme³

To enable these SDGs and through our key focus areas, we have reached nine short to long-term targets. These will be reviewed annually and may be subject to change as we allocate resources to develop how we achieve restorative outcomes for our business. We have started this process with the creation of a restorative business champions network, comprising 28 colleagues from across Savills IM in its first year. The champions undertake a bespoke and extensive training programme focusing on how to reframe business challenges to achieve restorative outcomes.



2025 25% reduction in emissions	2030 50% reduction in emissions	2040 net zero emissions
2025 15% increase in biodiversity	2030 50% increase in biodiversity	2040 100% increase in biodiversity
2025 D&I Action Plan developed and underway	2030 GBP 1 billion invested in inclusive housing & places	2040 GBP 2 billion invested in inclusive housing & places

¹Results from GRESB 2022, based on reporting year January to December 2021
²Results from latest available UN PRI assessment at time of publishing
³Based on AuM as at 31 December 2021


Reporting our sustainability performance

SCOPE AND PURPOSE OF THIS REPORT

This report contains a selection of case studies highlighting ESG in practice at our investment assets and in our offices; progress against our sustainability goals; and environmental data reported according to the 2016 INREV Sustainable Reporting Guidelines. This reported data is for the calendar year 2021, but case studies span 2021 and 2022. The progress reported against our ESG targets covers the 12-month period ending 31 December 2021, unless specified otherwise.

As a signatory of the UN-aligned Principles for Responsible Investment, since 2014 we have also reported transparently against the PRI reporting framework.

In 2021, we achieved 5*stars for Strategy and Governance and a 4 stars for the Property module. The PRI assessment methodology is available [here](#).

 Savills IM's 2021 Transparency report is available [here](#).

BEST PRACTICE REPORTING: INREV SUSTAINABLE REPORTING GUIDELINES

Our ESG reporting and program is aligned with the INREV Sustainability Reporting Guidelines (the "INREV SR Guidelines"). As the INREV SR guidelines are suited for non-listed vehicle level reporting, we follow these guidelines for many of our Funds' ESG reports.

EU SUSTAINABILITY-RELATED DISCLOSURES

During 2020, we initiated a project to address the implementation of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector which lays down harmonised rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products. In 2021 and 2022 we progressed in making the Level 1 disclosures for relevant funds captured by the regulation and prepared for Level 2. We will continue to monitor where our products are seeking to align with the Article 8 requirements of the Sustainable Finance Disclosure Regulation (SFDR), whether that be for mandatory reporting or to support clients with their requirements.

Spotlight on assets



CAPTURING UTILITIES DATA IN RESIDENTIAL PROPERTIES THROUGH SMART METERS

TOKYO, JAPAN

Sector: Living

Background: Extracting utilities data in residential assets is a challenge in Japan with asset managers lacking full visibility of the asset's utilities consumption outside of the common areas. This is due to the market standard for residents to directly contract with the utilities company, as well as a potential breach of privacy or inaccuracy in data by individually reading utility meters. As capturing accurate utilities data is the first step in understanding the asset-level carbon footprint, we found it critical to find a solution to this challenge.

Actions: Through the installation of smart meters - a cost-effective utilities data extraction device and technology that accurately captures utilities consumption in real time - we were able to receive data previously unattainable. Smart meters were also installed in unit groupings, minimising the installation and operating costs and without breaching the privacy of our residents.

Benefits: Full data visibility (leading to additional GRESB points) and cost-effective solution.

Financial implications: Moderate costs for installation, depending on asset size and running costs.



POP UP AMITIÉ PARTAGE

ROUBAIX, FRANCE



Sector: Retail

Background: The centre manager arranged a 2-week collaboration with a charity called Amitié Partage, which sold donated clothes to finance social integration workshops for those in need of this assistance in 2022. Amitié Partage created a great concept store with limited resources, and the success was incredible. They took more than EUR 20,000 over the period. Considering the success of the activation event, and the engagement from customers, we are looking to replicate on a longer-term period.

Actions: Challenging the operational manager to establish an ESG Strategy on the centre and motivate them for new initiatives.

Benefits: In addition to the support of a great cause, this was a well-received PR event for the centre.



CONVERSION OF A VACANT SPACE INTO AN EDUCATIONAL DANCE SCHOOL FOR YOUNG PEOPLE



BERLIN, GERMANY

Sector: Retail

Background: Identification of an alternative purpose for a vacant space that would benefit the local community.

Actions: We were very supportive of the concept to create a dance school in the space and worked extensively with the founders to examine the concept and coordinate the construction.

Benefits: Children and young people from the area now have a place to meet, learn and express themselves artistically.

Challenges: Thanks to close and time-intensive coordination with all parties involved, the conversion was implemented on time, despite the pandemic. Post-construction, there were issues with the studio floor, which the warranty was able to resolve. Additionally, there were concerns about the noise from music, but a solution was found for minimal disruption to neighbours.

Financial implications: Conversion costs remained within budget and were even 11% below the planned value.



RECYCLING YOUR FASHION

ROUBAIX, FRANCE

Sector: Retail

Background: Customers were asked to put any unwanted clothes in a container located at the welcome desk in the centre. Each time they visit, they are granted a 10% discount pass to be used in all of the centre's stores. The items are recycled in two ways: reusable items are given to people for free; non usable items are recycled back into raw materials.

Actions: Challenge the operating manager to establish an ESG strategy and to come up with new initiatives.

Benefits/Financial implications: We can capitalise on increasing customer data collection for customer relationship management purposes and driving increased spend through a 10% discount voucher. The initiative also supports local communities through social enterprise initiatives and philanthropic donations.



BOURN QUARTER CAMBRIDGE, UK



Sector: Industrial

Background: A new development of flexible industrial units that will suit a variety of uses to include R&D, Life Sciences, Hi-tech, as well as standard industrial and logistics user. The development is a business park rather than a standard 'concrete jungle' industrial estate.

Actions: The project will be Net Zero Carbon in construction with a target to be Whole Life Cycle Net Zero Carbon by collaborating with occupiers.

Benefits: Net zero emissions, energy savings for occupiers.

Challenges: The lack of education and understanding on the subject across the project team.



INSTALLATION OF LED LIGHTS IN WAREHOUSE LJUNGBY, SWEDEN



Sector: Logistics

Actions: Install LED lights to reduce property energy usage.

Benefits: Measurable 30% reduction in electricity consumption.

Challenges: To agree on a split of cost with the occupier a 50:50 split in cost was successfully agreed.

Financial implications: The total cost of the project was EUR 271,000. The occupier now saves about 30% on their electricity costs.



PV PANEL INSTALLATION

MILTON KEYNES, ENGLAND

Sector: Industrial

Background: The property is situated within the Mount Farm Industrial Estate in an established light industrial and commercial area in the south-west of central Milton Keynes. It comprises a detached distribution warehouse built in the 1970s with ancillary offices on two floors to the front of the building, totaling approximately 8,096 sq m (87,145 sq ft) of accommodation.

Actions: A CAT A refurbishment was undertaken to improve the EPC from C to A+ and a BREEAM 'Excellent' rating.

Benefits/Financial implications:

- LED lights with PIR and daylight sensors create a reduction of 42.2 tonnes of carbon dioxide equivalent each year, that is an estimated reduction of GBP 18,000 annual saving in energy bills for the occupier, equivalent to a 6.9 year payback period;
- Heat recovery up to 85%;
- PV panel installation to the roof create annual utilities saving up to GBP 27,000 and 44 tonnes of carbon dioxide equivalent;
- Providing bird boxes and insect habitats to nest and increase pollination and pest predation; and
- Encouraging staff to cycle to work by installing cycle shelters and shower/changing facilities.



LOCAL COMMUNITY SPORTS CLUB SPONSORSHIP

DUBLIN, IRELAND



Sector: Retail

Background: We noted the issues faced by local community clubs in respect of funding during the difficult covid period.

Actions: The team discussed the issues faced by local clubs and we selected a club which is at the heart of the community to support.

Benefits/Financial implications: Able to assist a local club who cater for all walks of life in the community which provides a social connection for many. The centre's customers have thanked us for our involvement in the club.

Challenges: Selecting a club with limited funds because there are many worthy causes. We aim to reach out to other local clubs in the coming years to see how we can assist. We learned that if we support the local community, they are aware and support the centre.

Financial implications: Entering into a 3-year package which includes 3 branded signs placed in key positions around the main playing field at a cost of EUR 500 per annum. The value is raising awareness in the community that we are there to support them during difficult times.



IMPROVEMENT OF THE GREEN AREA IN FIDENZA RETAIL PARK

FIDENZA, ITALY



Sector: Retail

Background: The trees present when the asset was acquired were not suitable and over time many of the them had dried out.

Actions: Around 170 trees were saved, with a further 244 trees and hedges planted in the car park.

Benefits: In addition to the landscaping improvement, according to the advisor the new green area would absorb in a period of 20 years approximately 595 tons of CO₂e.

Challenges: Saving trees from dry soils.

Financial implications: EUR 120,000.



NEOS 20 - AMBASSADOR EXPERIENCE

MADRID, SPAIN

Sector: Office

Background: Neos 20 is a 4-building office campus where, over the past few years, we have been working on achieving the completion of a sustainable and efficient business park that will allow us, through different initiatives, to reduce energy consumption, control our waste and reduce water consumption. This year we wanted to engage the occupiers and raise awareness of all that has been achieved, and to realise the importance of caring for the environment and our community. We have launched the Ambassador Experience project, where all business park users are invited to participate in different initiatives related to the care of the environment, social activities and also to build up a community experience, focussing on wellbeing.



Actions: Four activities are programmed each quarter. These are related to the following themes: environmental awareness, charitable engagement, wellbeing and community experience. During Q1 2022, the following initiatives were organised:

- Environmental awareness: Earth Day (April 22nd) was acknowledged by planting orange trees in the business park for the benefit of the community. Occupiers were invited to join this activity and were also offered flowering plants as a gift to indulge the importance of caring for plants.
- Charitable engagement: Special collection containers were placed in the building lobbies to encourage the occupiers to bring clothes and shoes to donate to the charity Fundación Humana. The business park also celebrated the World Water Day in a collaboration with Fundación Aura. This Charity's objective is to create bore holes for potable water in areas where clean water is not readily available. Occupiers were invited to a presentation by Fundación Aura, and a small exhibit with water bottles and information was placed in the main lobbies of the buildings.
- Wellbeing and community experience: We celebrated Happiness Day, gifting the occupiers candy and placing positive messages in the communal lobbies.

Benefits: The response from occupiers has been amazing, with strong engagement and participation. The Ambassador Experience project is helping to raise awareness of the importance of ESG and creating a small community in the business park that will attract and retain occupiers.

Challenges: Many of the occupiers have a hybrid working model so there is variable occupancy in the business park. We learnt that events should be organised between Tuesdays and Thursdays (no Mondays or Fridays, when there are less people in the business park). The next step is to have more collaboration with the amenities in the business park to organise an outdoor event.

Financial implications: Consultancy fees and funding for initiatives.

Diversity & Inclusion

Savills IM embraces diversity and inclusion (D&I) and seeks to provide a platform and a supportive environment to allow everyone to achieve their potential, free from discrimination or prejudice. Savills IM respects all of its staff, clients, stakeholders and counterparties, challenges stereotypes and celebrates the value of having a diverse range of people throughout the organisation, providing a rich variety of viewpoints. As such we adhere to the Savills Group Equality and Diversity Policy.

We believe it is critical to embed Diversity, Equality and Inclusion (DEI) matters into our overall business. We have a steering group to lead on specific initiatives, detailed below, but DEI is also part of our wider business strategy. DEI matters are a crucial element as we review and update People policies and processes including Talent Acquisition, Reward and Performance Management. The performance of our people is considered not just in respect of their subject matter expertise, but also their contribution to the wider Savills IM business including as to collaborative working, conduct, ESG and DEI.

In 2020, we established a Diversity and Inclusion Steering Group with associated focus sub-groups: LGBTQ+, Gender, REACH (Racial Ethnicity and Cultural Heritage), Many (mentally and physically able), and Age, each hosting internal events and important initiatives in 2021 and 2022. The Steering Group is chaired by Savills IM's General Counsel, who is also a member of the Savills IM Global Executive Committee (GEC). Below is a list of events and activities during 2021. This is not exhaustive but provides an indication of the breadth and depth of the events and initiatives undertaken.

In October 2021, the DEI groups held a DEI fair: a week of events and publications across the global Savills IM business to raise awareness, increase understanding and celebrate the diversity within Savills IM. As well as events specific to each focus group, a panel event was hosted with Alex Jeffrey (Global CEO), Lindsey Elliott (General Counsel and Chair of the D&I Steering Committee) and Amy Shah (Global Head of HR) to discuss D&I matters and answer queries from staff.



LGBTQ+

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

PRIDE

An e-booklet was launched to honour and share our thoughts on what continue to be the greatest hurdles to achieving equality and inclusion and the stories of members of the LGBTQ+ community who work towards achieving this.



GENDER

Working towards gender equality in our workplace.



GENDER PAY-GAP AWARENESS

The London, Milan, Madrid and Luxembourg offices held cupcake sales whereby the cakes were priced based on the average global gender pay gap (20%). In Germany, a gender quiz and book raffle were held. All money raised was donated to our chosen two charities, Pangeaonlus and Women for Women.

INTERNATIONAL WOMEN'S DAY

We had an interesting and informative conversation with a highly regarded campaigner for diversity and inclusion. We discussed the challenges she has personally experienced en route to becoming a senior figure at Morgan Stanley, and her thoughts on what is key for organisations to address and change in order to achieve success in diversity.

INTERNATIONAL MEN'S DAY

On this day we celebrated the positive value men bring to their communities, families and workplace and raised awareness of men's health issues in a workshop hosted by Melville Solutions.

INTERNATIONAL DAY FOR THE ELIMINATION OF VIOLENCE AGAINST WOMEN

In support of the global UNiTE by 2030 campaign to End Violence against Women, Savills IM staff across the globe wore orange clothes and made use of specially created background banners to be noticed in video calls on the day. The colour orange is used to represent a brighter future, free from violence against women and girls, as a unifying theme running through all the global activities of the UNiTE Campaign.



REACH

Work to address racial inequality and seek to ensure everyone at Savills IM feels included and has equal opportunities.



BLACK HISTORY MONTH

We produced a newsletter sharing the conversation between three employees about their heritage and experience of being black and British and their shared love of diverse culture.

Our German office provided all their employees with a pack of skin-coloured pencils and were encouraged to draw their friends and family as they really are. This initiative also raised valuable money to support certified charitable projects aimed at combatting racism and discrimination.

During the D&I Fair week in 2021, the REACH group held an Afrobeats Dance Workshop, a D&I panel with CEO, Head of HR and Chair of the D&I committee and Afghan food experience lunch.



MANY

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.



• **EMPLOYEE APPRECIATION BOARD**

During 2021, MANY implemented an internal global initiative to focus on the importance of acknowledging our colleagues' achievements throughout the business. Each month we create an appreciation board, and this is communicated to all members of staff within Savills IM and DRC. We have received messages to add to the monthly appreciation boards from over 120 members of staff in 11 different countries. As a business we recognise the importance of continuing to support our employees and will continue to run the monthly employee appreciation board to give our employees a platform to express their successes and appreciation.

- Additionally, the MANY group has worked on numerous internal awareness campaigns involving colleagues who have opened-up and shared personal experiences in relation to mental health, written inspiring stories of neurodivergent family members, produced Q&A's with senior leadership in Savills IM, and partnered with colleagues in Savills UK on the international days of persons with disabilities in December, which was a global initiative.



AGE

Support our employees through every stage of their career with relevant development, training, policies and benefits at each stage.



• **MENOPAUSE AWARENESS**

A well-known medical specialist in this area discussed the impacts the Menopause has in the workplace and how to support and empower women on their career journey. Subsequently, we initiated an informal, confidential support group.

• **"BLUE SKIES COMMITTEE"**

A global internal committee open to more junior-mid level employees to discuss employee experience matters and inputs into the Savills IM Global Executive Committee twice yearly.

Despite good progress made in the D&I space, we recognise that the property industry is one of the least diverse industries and we must continue to take an active role in addressing this. We will continue to work on improving our diversified and inclusive platform by providing a safe space for our people to have open and honest discussions without prejudice.

Savills IM is a signatory to the Race at Work Charter and in 2022 also joined Real Estate Balance. Savills UK has been a member for some time, but Savills IM has decided to further increase its own involvement and profile by taking its own membership. Savills IM personnel also participate in a range of industry discussions or events, which may be D&I specific or where such issues are relevant.

Savills IM collaborates with Savills UK, including with representation on Savills UK's Diversity & Inclusion committee and collaboration on events.

Lastly, Savills IM is conscious of the need to ensure it presents a clear message on its belief in D&I matters and therefore celebrates D&I events or achievements on its social media profiles in the same way as for any other business matter.



Going the distance for good causes

We understand that it is our role as a responsible business to do what we can to positively impact the environment, our people and the local communities in which we operate. In addition to our Responsible Investment policy which focuses on the environmental, social and governance performance of the portfolios we manage on behalf of our clients, we have implemented a Corporate Responsibility operating framework, which states our commitment to give 0.5% of profit pre-tax to corporate responsibility activities and encourages staff to give their time for charitable fundraising or volunteering, via Charity Leave.

In 2021, the Charity Commitment budget was allocated to our country offices by headcount, with our global Charity Champions Network managing donations and fundraising efforts to local

communities and charities important to them. Collectively, in March 2021, 100 employees across 13 of our offices took part in a charity step challenge walking over 5,000 miles within the month and donated GBP 4,660 to local community and charitable activities. In 2022 participation rose to 157 with over GBP 8,737 raised for charity. In May 2021, employees also joined together with Médecins Sans Frontières (MSF or Doctors Without Borders) to support their Missing Maps campaign. It is an open and collaborative project bringing together volunteers from all around the world to help map buildings where charitable associations are trying to meet the needs of vulnerable and forgotten people. Global events such as these were supported by the global Charity Champions network.



PARTNER CHARITY

In 2022, we have chosen to build a relationship with The Cycle (formerly Sanitation First) as a Partner Charity who we will be sharing 50% of our Charity Commitment budget with them to fund a specific project.

The Cycle has been working since 2005 to build safe, clean and sustainable eco-toilets and educate communities in light of the fact that (according to the World Bank) sanitation is the single most most-effective health intervention to reduce child mortality. At the core of all their work is empowerment and environmental awareness, every project is approached from the perspective of a partnership with nature. Their eco-toilets are built to last a lifetime, save millions of litres of water every year and create soil regenerating compost that communities can use to grow fruit and vegetable crops. We believe that The Cycle's core values of sanitation, education and earth complement our D&I values of empowerment and inclusivity, as well as our ESG ambitions.

UKRAINE RESPONSE

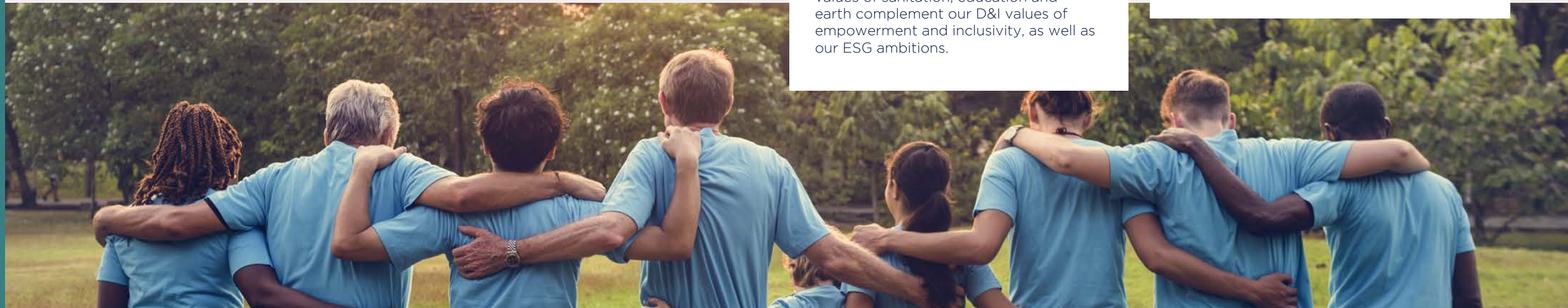
In response to the tragic events that unfolded in Ukraine in 2022, Savills IM staff joined together to raise funds for SOS Children's Villages, which prioritised relief for refugees crossing into Poland.

SOS Children's Villages work in emergencies to protect children and their families so they have the support to cope with living through chaos, and the chance to pick up their lives again when it's over. The money you generously donate will be spent on:

- Relocation support and shelter – giving families relocation and housing costs.
- Family reunification with other partners.
- Short-term emergency support for families– such as psychological first aid, referrals, emergency assistance (food, medicine, hygiene items)
- Trauma care and mental health support both for families and for staff

To date, almost EUR 40,000 has been donated on behalf of Savills IM.

Savills IM Asset Managers also showed support by offering one of the vacant units on the ground floor as a place for collection of the material donations (clothes, medical equipment, food rations) for families of the Ukrainian employees of the cleaning companies providing services for the asset.



As a result of the pandemic, 2021 continued to present a myriad of challenges to the ways in which we live, work and play, forcing many of us to find alternative sources of motivation in the absence of familiar comforts. It demonstrated the

preciousness of mental and physical health, and the importance of setting personal goals. Here are some of the charitable pursuits our employees took part in during the year.

THE GREAT NORTH RUN

A team of four from the London office ran the world's largest half marathon in Newcastle to raise money for NHS Charities Together, all completing this in under 2 hours!



4 MARATHONS IN 40 WEEKS

Our Head of Fund Finance, James, set himself the ambitious challenge to complete 4 marathons in 40 weeks, which he did and to date has raised GBP 13,865.00 for Cancer Research.



LONDON MARATHON

Senior Treasury Manager, Rob, completed the London Marathon sub 3.5 hours whilst raising important funds for Cancer Research.

50 BURPEES A DAY!

Our General Counsel, Lindsey, took part in a festive challenge to do 50 burpees per day from 1 - 24 December in aid of Macmillan Cancer Support.

SOPHIE CLARKE 270 CHALLENGE

In honor of Sophie Clarke, one employee cycled 270km as part of the Sophie Clarke 270 Challenge to raise awareness for mental health and suicide prevention. Steven completed the challenge and fundraised for Sophie's preferred charity, Sea Sanctuary, one of the world's leading exponents of blue health, the concept that 'blue spaces' such as the sea are beneficial for mental and emotional wellbeing.



MARCH ON!

A walking, hiking and running initiative throughout the course of the month of March since 2020. The 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. The initiative fosters global participation using the application Strava, with 1GBP (or country equivalent) donated to a charity for each mile walked, up to 100 miles.



RUN FOR THOSE WHO DREAM TO WALK

A global initiative where 25,000 people in 2,000 cities ran in the dark for the Mark Pollock Trust and to fundraise for Collaborative Cures to help cure paralysis in our lifetime. The Luxembourg team were delighted to participate in this global event for the second time.

MILAN RELAY MARATHON

Eight colleagues from our Milan office ran in sections to complete the distance for LILT, a charity active in the fight against cancer.



MADRID EN MARCHA CONTRA EL CÁNCER

Five runners from the Madrid office participated in VIII Carrera Madrid en Marcha contra el Cáncer, whereby 700+ ran together with a collective aim to raise €150,000 for cancer research.

MORE FROM AROUND OUR OFFICES...

Here's a snapshot of some of the other philanthropic initiatives supported by Savills IM in 2021.



WORLD ENVIRONMENT DAY

To celebrate this year's theme of restoring ecosystems, the Madrid office organised a number of activities and initiatives during the month of June:

- Supporting the replanting of trees with Planta Madrid following the damage caused by the storm Filomena in Madrid where 700,000+ trees were affected.
- Introduction of new recycling bins in the communal kitchen.
- Promoting a sustainable diet with an organic fruit basket offered in the kitchen.



SAVILLS IM GLOBAL MAPATHON

65 employees from across the world all dialed-in together to support the Médecins Sans Frontières by mapping remote parts of the world to receive much needed aid.

Together we mapped a total of 4,647 buildings in an area in the Democratic Republic of the Congo called South Kivu, where the charity is working to respond to a variety of different health needs within the communities.



ROOFTOP BEEHIVES

The Frankfurt office enjoyed honey produced from beehives fitted on the roofs of their assets.



LONDON CORPORATE VOLUNTEERING SUMMER EVENT

The London office spent the day at Port Lympe Reserve, a breeding sanctuary for rare and endangered species that aims to send animals back to protected areas of their natural habitat. Following a talk from the Aspinall Foundation, the team spent the morning painting and tidying areas around the rhino enclosure, followed by a safari park tour.



OFFICE FARM WALL

In London, we have introduced an office farm wall from Square Mile Farms. The farm wall has a self-watering hydroponic system. A small pump circulates water and nutrients from the base of the wall to the top. The nutrient-rich water then trickles down the interior of the wall feeding the plants at their roots.



CANCER RESEARCH FUNDRAISER BALL

The Emeralds & Ivy Ball is an annual fundraiser supporting Cancer Research UK. DRC Savills IM co-sponsors the event, which, in 2022, celebrated its 15th year. The funds are allocated to the Cancer Awareness Roadshow which visits communities who tend to have higher incidence and poorer outcomes for cancer, so CRUK's nurses can talk to people about steps they can take to reduce their risk of cancer and the importance of spotting cancer early. At the most recent Emeralds & Ivy Ball on Saturday 19th November 2022, DRC Savills IM together with Evercore Private Funds Group contributed 56% of the overall total raised on the night (GBP 708,500).

Building the capacity of the business

With the establishment of our restorative ambition, we've set out to engage everyone within the business on what this means for them, and to provide the support they require to play their part. In the last 24 months we have:

- Hosted a company-wide employee activation event with FutureMakers to ensure all of our people understood our restorative ambition and knew the part they could play;
- Provided access to online ESG training for all employees provided by the Better Buildings Partnership;
- Developed and launched an ESG Hub to collect and host all information and inspiration relating to our ESG goals, activities, initiatives, and topic areas for all employees to draw from;
- Engaged PwC to deliver training to our employees on Sustainable Finance Disclosures Regulation (SFDR);
- Developed a suite of tools and guidance;
- Grown the capacity of the ESG team to be able to provide better support.

RESTORATIVE BUSINESS CHAMPIONS

We understand that our restorative ambition will need to continually evolve to take advantage of advances in technologies and demand from clients with more stretching requirements. 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 24 Restorative Business Champions—volunteers from across the business and supported with bespoke training from FutureMakers—to act as a catalyst for delivering Savills IM's restorative ambitions by:

- Pioneering an organisational mindset shift
- 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 and Global Executive Committee (GEC)

TRAINING AND DEVELOPMENT

Savills IM has a ringfenced ESG training and development budget which is used specifically to upskill staff on ESG. Savills IM's training approach is broken down into three different areas as shown in the figure below.

The bottom of the pyramid includes the basic legislative training that colleagues need to be aware of for their role. This includes regulatory training on Sustainable Financial Disclosure Regulations. This also includes any governance related training led by other Savills IM's functions like the Risk and Compliance team.

The middle of the pyramid sets out role-based training that colleagues can access through using Savills IM's ESG Training budget. This includes the Better Buildings Partnership

ESG Training for asset managers, INREV ESG Training Programme and other skills-based courses like LEED Assessor training. Role based training can also include internal training such as training for investment teams on CRREM; Climate Risk; Net Zero, integrating ESG into the transactions process.

At the top of the training pyramid are the strategic ESG learning and development opportunities that provide inspiration to staff in how to transform the business to deliver impact outcomes. This includes courses which such as enrolling in the Cambridge Institute of Sustainability Leadership's training programmes as well as Savills IM's Restorative Business Champions Training and network (more details below).



Our assets' carbon footprint

In our previous (2020) report, we sought to baseline our full global environmental footprint including our operational carbon emissions, which we did using 2019 as the baseline year to get the most accurate representation of business as usual prior to the global Covid pandemic.

Working with Evora again for our 2021 reporting year, we have collected only actual energy, greenhouse gas emissions (GHG), water and waste performance data for the 2021 calendar year across 277 assets from 25 funds and mandates of our global portfolio of over 900 assets

in more than 90 funds and mandates. We will be focusing on efforts first on reducing our environmental footprint from these assets. The full results of this data collection exercise are shown in the table on page 40 and highlights are below.

Our Scope 1 and Scope 2 operational emissions combined are lower than the Scope 3 emissions because for this sample of assets for which we received actual environmental data, the majority of energy was procured by the occupier, rather than the fund or mandate itself.

Carbon & Energy

Energy intensity of our assets reduced by 12% on a like-for-like basis in 2021 compared to 2020.

Like-for-like GHG emissions intensity reduced by 23% in 2021 compared to 2020. This is higher than energy reduced due to year-on-year decarbonisation of national energy grid systems.

In 2021, of the data collected, 72% of global operational GHG emissions were attributed to four portfolios. While successful data collection was a large factor in this, the other influencing factor is the location of assets within these funds and mandates, which include a large portion in Germany and Poland. GHG emissions are linked to the carbon intensity of the energy grid system in which assets are located. For example, the carbon intensity (tonnes of CO₂e per sqm floor area) for a shopping centre in Poland is 3.9 times higher than in the UK.

Waste

Waste data was provided for 123 assets in 2021 compared to 86 in 2020.
56% of waste was recycled in 2021.

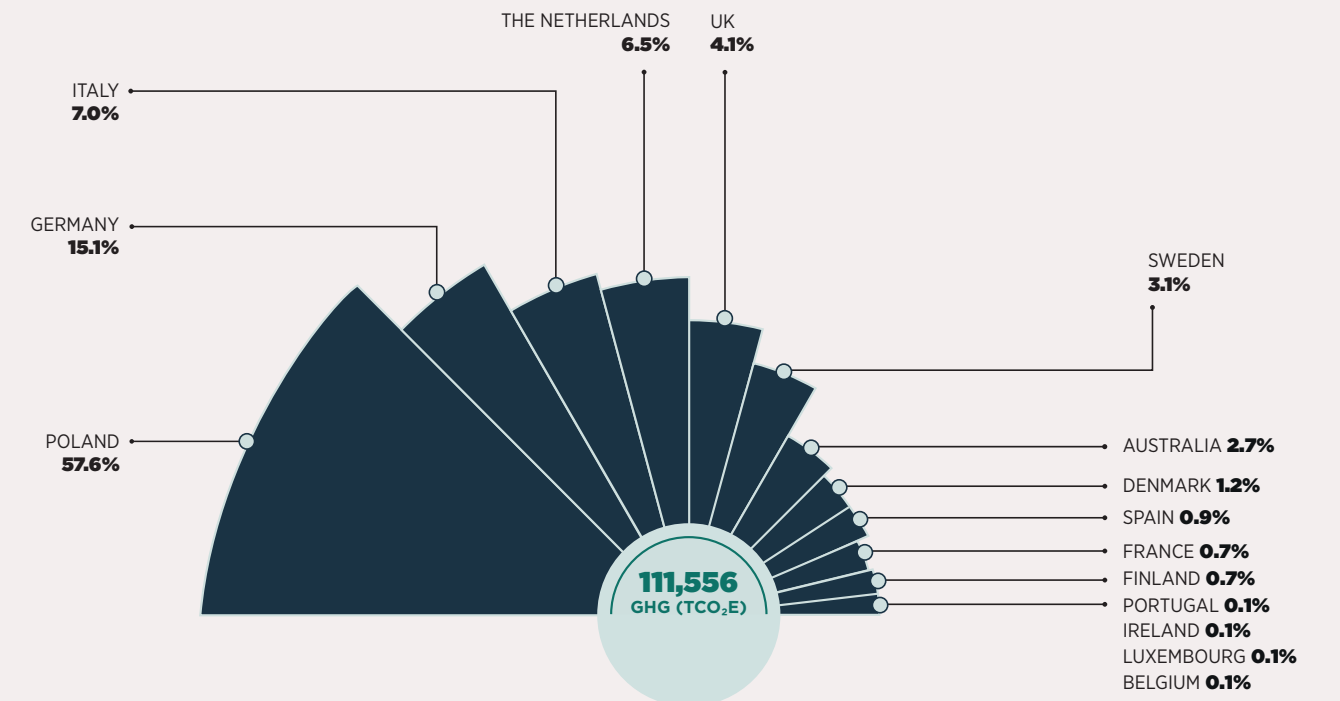
Water

Like-for-like water consumption increased by 24% in 2021 compared to 2020, with the most material increase within the retail sector, most likely explained by centres reopening after months of closure due to the COVID pandemic.

Total water consumption from properties where data was received is equivalent to 570 Olympic swimming pools.

CARBON EMISSIONS SPLIT BY COUNTRY

Country	GHG (tCO ₂ e)	% tCO ₂ e
POLAND	64,281	57.6%
GERMANY	16,799	15.1%
ITALY	7,845	7.0%
THE NETHERLANDS	7,216	6.5%
UNITED KINGDOM	4,551	4.1%
SWEDEN	3,505	3.1%
AUSTRALIA	3,007	2.7%
DENMARK	1,337	1.2%
SPAIN	955	0.9%
FRANCE	836	0.7%
FINLAND	765	0.7%
PORTUGAL	156	0.1%
IRELAND	148	0.1%
LUXEMBOURG	82	0.1%
BELGIUM	72	0.1%
Total	111,556	100%



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

Savills IM is a public supporter of TCFD. In this section we set out our response to TCFD which is continually evolving and enhancing. The ESG Committee is responsible for the ongoing monitoring and management of climate-related risk. This incorporates some updates from work carried out in 2022.

GOVERNANCE

Climate-related matters are overseen by Savills IM’s Global Executive Committee (GEC). The GEC have delegated responsibility for ESG, including climate-related decisions, to the Global Head of Investment Risk, supported by the ESG Team and ESG Committee. These decisions include those on resourcing and how the ESG budget is distributed. The GEC maintain responsibilities for sign-off regarding new strategies and assigning accountability for relevant implementation activities to Heads of Country. The Global Head of Investment Risk and Head of ESG update the GEC on a quarterly basis on ESG matters, including climate risk. More detail on the governance structure can be found on Appendix.

Savills IM is committed to enhancing the baseline knowledge of climate change and other ESG issues amongst its people. New joiners to the business, at all levels, undergo an ESG induction with continuing professional development throughout the year. This is usually led by the ESG Team or external partners, tailoring workshops to differing needs. Over 40 professional staff have undergone the Better Buildings Partnership’s ESG Training for Asset Managers, and special training is planned for Global Executive Committee (GEC) members in the next 12 months. In 2022, 24 employees volunteered to complete a 4-month Restorative Business Champions Programme which culminated with a presentation and call to action to the ESG Committee for its members’ endorsement of

themed restorative projects to take forward. The projects included how to meet Savills IM’s AuM growth targets without increasing carbon emissions.

As part of the annual compensation process, a salary review and bonus consideration take into account an employee’s position and the assessment with the subject matter expertise objectives and organisational core objectives as part of the balance scorecard. The ESG initiatives, practices and achievements (including climate-related aspects) are assessed during this process. There are also ESG-related incentive components integrated under the core objectives. These objectives are set at the beginning of the year or during the mid-year appraisal process.

STRATEGY

Climate action is a key focus area within Savills IM’s approach. In the context of real estate investment management, this can be examined under two pillars: managing portfolios that are resilient now and in a low-carbon future, and futureproofing assets against the physical impacts of climate change. These are commonly referred to as managing transition and physical climate risks. More detail on how the company will seek to achieve the former can be found in Savills IM’s strategy document: Enabling Resilient Real Estate, which describes its pathway to net zero carbon by 2040. During 2021 the services of a third-party were procured to explore material

transition and physical climate risks to operations and investments under pre-defined climate scenarios. The scenarios were constructed from a variety of sources as shown in the table below and explained below:

- RCPs (Representative Concentration Pathways) are greenhouse gas concentration trajectories adopted by the Intergovernmental Panel on Climate Change. Forecasts on physical climate implications of GHG concentrations are provided and these form the basis of the physical climate risk diagnostic tool. This included probabilistic modelling against RCP 2.6 and RCP 8.5. The best possible and most stringent scenario analysed in terms of reducing harmful emissions is RCP 2.6. It aims to keep global warming below 2°C (at +1.5°C) above pre-industrial temperatures, which requires prompt and significant reduction of GHG emissions. The worst-case scenario which assumes minimal abatement of GHG and associated global warming of 4°C over the longer term is RCP 8.5.
- Shared Socioeconomic Pathways (SSPs) are scenarios of projected socioeconomic global changes. They are used to derive greenhouse gas emission scenarios associated with different socioeconomic worlds.
- The International Energy Agency (IEA) scenarios focus on the consequences of different energy policy and investment choices. The Sustainable Development Scenario sees a world where there is a major transformation of the global energy system and the more recently published Achieving net zero emissions by 2050 scenario looks at what it would mean for the energy sector globally to reach net zero emissions by 2050 (NZE2050).
- The NGFS Climate Scenarios have been developed to provide a common starting point for analysing climate risks to the economy and financial system and look at both early policy action to motivate an orderly transition to a low carbon economy; or a disorderly transition following delayed policy action.

PHYSICAL AND TRANSITION RISK SCENARIO SOURCES

Scenario	IPCC scenarios	Shared socioeconomic pathway scenarios	IEA scenarios	NGFs scenarios	2100 CO ₂ equivalent (ppm)	Associated temperature rise	Associated sea level rise
Low carbon world	RCP1.9	SSP1 Sustainability	Achieving net-zero emissions by 2050 (NZE2050)	Orderly	1.5°C with CDR	430	- 1.5°C
				Disorderly			
Paris consistent	RCP2.6	SSP1 Sustainability	Sustainable Development Scenario (SDS)	Orderly	2°C with and with limited CDR	475	- 2°C
				Disorderly			
Hot house world	RCP6	SSP5 Fossil-fuelled development	Stated Policies Scenario (STEPS)	Hot House World	670	- 3°C	33 - 63 cm

The risk and opportunities findings for Savills IM's AuM can be found in Figure 1 below. With regards to Savills IM's own operations, these were found to be generally low risk, with moderate risk only for potential reputational impact of occupying buildings that may not meet future building codes and guidelines.

FIGURE 1: Climate transition risk matrix as applicable to Savills IM's AuM

		Investment impact		
		Inherent impact to fund value / performance	Residual impact to fund value / performance	Residual opp impact to fund value / performance
1	Policy & legal			
1A	Building codes & guidelines	Very high	Low	
1B	Pricing of GHG emissions	Medium	Low	
1C	Enhanced emissions reporting obligations			
1D	Emissions offset	Medium	Low to Medium	High
1E	Climate change litigation	Low to Medium	Low to Medium	
2	Market			
2A	Shift in investor demand	High	Low	Medium
2B	Shift in occupier values	High	Low	Medium
2C	Increased cost and constraints of raw materials	Medium	Medium	
2D	Cost of financing	Low	Low	Low
2E	Supplier risk	Low	Low	
3	Technology			
3A	Transitioning to lower emissions technology	High	Medium	Medium
4	Reputation			
4A	Employee risk			

Key:



The transition risk matrix shown in Figure 1 provides advanced analysis of how inaction over the next decade could expose value at risk. From a policy and legal perspective, Building Codes and Guidelines (1a) represents the highest inherent risk impact to AuM, which assumes assets currently managed will not meet all future building standards. Taking into account the implementation of Savills IM's net zero carbon pathway, which has established controls, resources and oversight of achieving portfolio decarbonisation targets, the residual outcome of this analysis has resulted in a 'low' risk rating.

Other high-risk areas such as, Shift in Investor Demand (2a), Shift in Occupier Values (2b) and Lower Emissions Technology (3a), point to the same solutions detailed in the net zero carbon pathway. These risks conversely present significant revenue opportunities if provision of energy efficient real estate is accelerated through net zero adaptation plans and new products. Emissions Offset (1d) was assessed as having the highest residual opportunity because of the increasing demand for emissions offsets in the market, and Savills IM being well positioned, in particular to generate insetting opportunities.

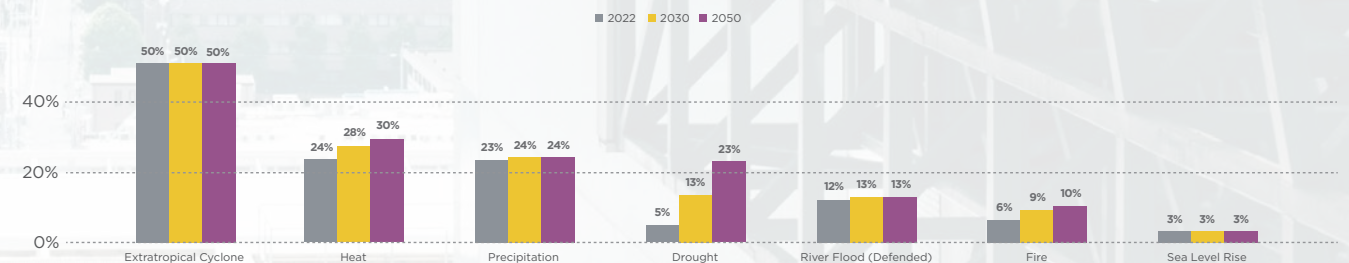
Savills IM's physical climate risk strategy has been enhanced over the past two years, and will align with a climate resilience plan, the first iteration of which is currently under development. Here,

a summary is provided of the approach taken to date in assessing the key physical climate risks and opportunities for AuM.

This began with defining time frames for review that would be appropriate in the context of the varied hold periods and the general longevity of property assets. Risks are screened for present day (short-term), 2030 (medium term) and 2050 (long-term). These time frames mirror the net zero carbon pathway, which explores some of the opportunities and sets targets to harness these.

Across these time horizons, and for all assets under management, Savills IM have used a third-party diagnostic tool to model the risk associated with physical climate hazards across three scenarios, as defined by the Intergovernmental Panel on Climate Change (IPCC). These Representative Concentration Pathways (RCP) represent a declining emissions scenario in the early 2020s (RCP2.5), an intermediate scenario (RCP 4.5) and a high scenario where emissions continue to rise throughout the 21st century (RCP 8.5). See Figure 2. The global spread of Savills IM's assets under management naturally lends itself to a diverse physical climate risk profile, such as investment in regions with higher flood risk, and others in drought-prone areas. It is important for teams to take a local approach with each asset to determine its residual risk after unique characteristics of each asset are considered.

FIGURE 2: % of portfolio asset value exposed to moderate to high physical climate risks under scenario RCP 4.5



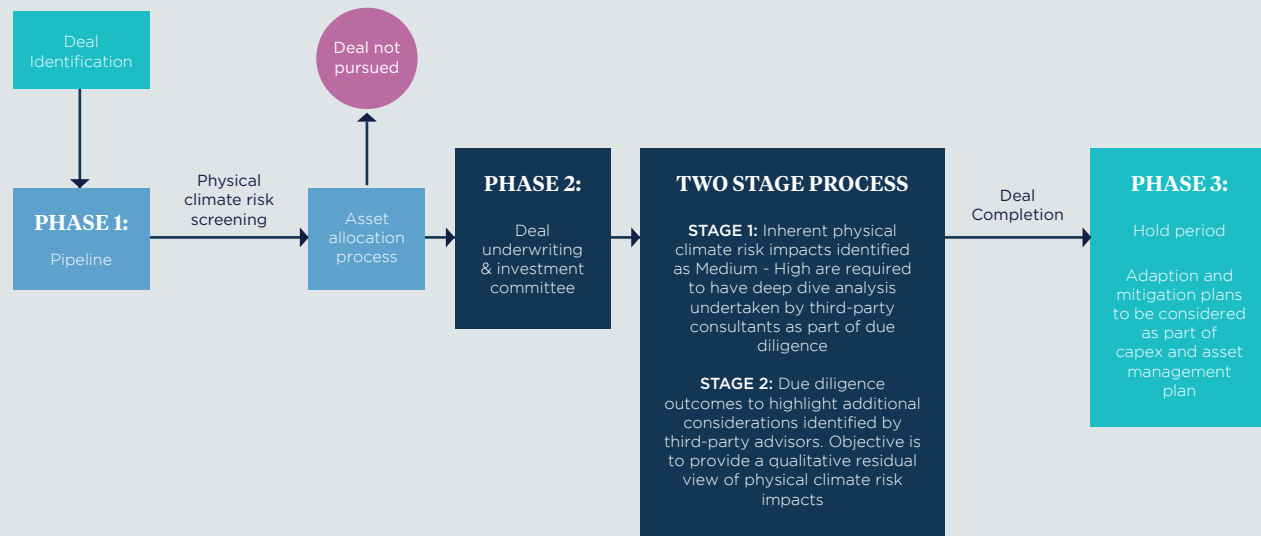
Data correct as at end Q3 2021

RISK MANAGEMENT

Risk identification

Savills IM's investment process begins with asset allocation. From a pipeline of assets, opportunities are selected and presented to an advisory forum, which debates the suitability of the potential acquisition against a respective fund and/or mandate's requirements. From here, a potential opportunity progresses into transaction

underwriting where inherent climate risks are identified - based on the asset's geolocation - and incorporated into a proposal for purchase. Savills IM has yet to identify a robust method to quantify climate value at risk, and plan to further study how to quantify this exposure as part of its climate resilience plan.



Risk assessment

Upon endorsement from Savills IM's Investment Committee ("SIM IC") a proposal proceeds to due diligence where inherent climate risk exposures are further assessed. Investment teams are required to appoint a third-party advisor to identify: intrinsic attributes of the asset that may impact the residual climate risk; and what refurbishment or retrofit works would be recommended to reduce the risk further. Similarly, for forward fundings or purchases, developers are required to comply with mandatory sustainability obligations for developments and take the same results into consideration. Third-party appointments are therefore encouraged to provide a view as to whether the residual risk will be reduced on the basis of their proposed measures. The figure opposite details how this risk review occurs through the investment decision-making process.

Risk management

Given the long-term nature of real estate investing, upgrade or refurbishment recommendations are incorporated into asset business plans which often span over multiple years. The management of physical climate risks are therefore carried into the investment hold period where fund teams develop an ESG programme that feeds into asset plans and sustainability KPIs developed by the asset managers. The purpose will be to measure progress of initiatives whilst maintaining oversight of third-parties responsible for implementation. This ensures there is responsibility for managing climate risks and opportunities at the asset level. From an oversight perspective, asset-level business plans and overall fund ESG programmes are reviewed by the IC on an annual basis, and these tools will become useful in flagging issues to the committee.

From a corporate perspective, climate risk issues are discussed on a quarterly basis via the ESG Committee, and reporting on physical climate risk exposures of AuM has started to be reported to the Group Risk and Compliance Committee. The Risk Management Function has also begun monitoring climate change and its impact on other risk categories as part of a wider Enterprise Risk Management programme, although work continues to progress in actively capturing this as part of the operational risk framework.

Whilst climate risk has been incorporated into processes across first and second-line functions, Savills IM is committed to the ongoing evolution and updating of processes to ensure all climate risks are systematically addressed throughout the investment lifecycle. The objective is to continue monitoring and enhancing the climate risk framework, whilst keeping Management informed of relevant legislation and regulations that could affect Savills IM's business.

During 2022 and ongoing, regional ESG regulatory training and guidance will be disseminated to ensure each team is equipped with the knowledge of any existing or future legislation that may impact asset management. Some examples include MEES (the Minimum Energy Efficiency Standard) in the UK and Décret Tertiaire (the Tertiary Decree) in France, which both ultimately have financial consequences if a building's energy performance does not improve.

METRICS AND TARGETS

For a full suite of climate-related metrics and targets, see [Savills IM's Net Zero Carbon Pathway](#). In Our environmental performance data, Scope 1 and 2 carbon emissions have been reported for 2020 and 2021. The Net Zero Carbon Pathway document, published earlier in 2022, includes and estimates the overall footprint for assets under management, using 2019 as the baseline. This analysis will be updated annually in line with the BBP Net Zero Carbon Commitment, and will help to inform an overall carbon emissions reduction strategy as well as identify opportunities for reduction and improvement in environmental performance across managed assets. Reporting on Scope 1, 2 and 3 emissions, on both an absolute and intensity basis will provide comparable carbon metrics for clients, occupiers, and other stakeholders to review and use. In 2020 a global environmental data collection project started which currently covers about 70% of direct real estate products, and once fully implemented, will rapidly improve disclosure of sustainability data and analysis of property improvement opportunities for assets under management. From 2023, progress will be reported against these and other relevant metrics as part of TCFD-aligned disclosures.

ESG GOALS AND OUR PROGRESS TOWARDS THEM

In setting a long term ESG strategy we recognise that we have a duty to our clients, partners and stakeholders within the broader communities in which we operate to consider how environmental, social and governance aspects of our investment and business activities impact vehicle performance, alongside financial returns. As such, we actively seek dialogue

with our clients, partners and other stakeholders and take this into consideration in policies, processes and methods used to manage ESG across the portfolios we manage. The strategy is documented in an annually reviewed roadmap which includes specific medium and long-term goals as outlined below for 2021.

	GOAL	SDG ALIGNMENT	PREVIOUS PROGRESS	2021 PROGRESS	NEXT STEPS
ENVIRONMENTAL	Identify improvements to asset efficiency via technical, energy, water, waste and health and well-being audits.	11 12	✓ Undertaken 50+ sustainability audits on assets.	✓ Over 100 audits undertaken.	50 Net Zero Carbon audits to be undertaken in 2022.
	Measure and store resource and energy consumption data for at least 80% of directly managed assets (within designated measurement parameters) in an ESG data platform.	7 13	✓ Global environmental data platform established with all 100% of directly managed assets on-boarded. Work underway to on board indirectly managed assets.	✓ Baselined GHG emissions and developed a priority audit list for Net Zero Carbon Audits.	Continue to increase the collection of accurate Scope 3 operational data through occupier collaboration.
	Publish a net zero carbon pathway, outlining Savills IM's trajectory towards net zero carbon for new and existing buildings; set initial like-for-like reduction targets that support this commitment and report on progress annually.	13	✓ Mapped Savills IM's global carbon footprint and updating existing guidance.	<ul style="list-style-type: none"> ✓ Net Zero Carbon Pathway written in alignment with BBP Climate Commitment. ✓ Sign up to the Net Zero Asset Managers Initiative and Race to Zero Campaign. ✓ Including directly and indirectly managed sites onboarded to the ESG platform (about 350 assets in 2021) we have collected a level of data for 70% of these; we collected whole building energy data for 39% of sites. 	Net Zero Carbon Pathway was published in early 2022.
	Develop a process to systematically identify buildings for certification at asset level.	12 13	✓ Process implemented. Savills IM-managed assets have been awarded 80+ environmental and health and well-being certificates.	✓ 100+ environmental and health wellbeing certificates awarded.	Continue to undertake sustainability certifications where appropriate.
	Increase participation in Global Real Estate Sustainability Benchmark (GRESB) and improve scores across participating entities.	13 17	✓ 47% of AuM submitted to GRESB for benchmarking compared to 37% in 2019.	✓ 19 Funds submitted to GRESB in 2021, equivalent to 43% of AuM. 13 Funds awarded Green Star status.	Continue to increase GRESB scores for Funds and mandates which are participating.
	Enhance tenant engagement and understanding by conducting tenant engagement surveys to understand sustainability materiality and identify opportunities for collaboration.	13 17	✓ On track. In 2020, engagement surveys and tenant sustainability guides were sent to tenants in portfolios.	✓ Of our AuM with an ESG programme, 12% underwent tenant engagement surveys in 2021, compared to 31% in 2020. These funds are on a 3-year review cycle so all funds with an ESG programme undergo surveys at least once in a 3-year period. Response rates vary from below 10% to 100%.	Develop an occupier engagement programme that will enhance engagement overall and support wider ESG goals.
	Develop processes to manage climate-related risks in alignment with the Task Force for Climate-related Financial Disclosure (TCFD) framework.	11 13	✓ On track. A recommendation report and detailed TCFD roadmap has been delivered to management. As a PRI signatory, we have reported our alignment against the TCFD framework in the Annual Transparency Report.	✓ In 2021 a pilot Fitwel Gap Analysis Assessment was undertaken on an Italian office asset. This concluded that the asset could achieve a star rating with no additional work.	Integrate results of global risk assessment into operation and risk management processes.
SOCIAL	Develop and implement a health and well-being strategy for Funds, applicable at asset level.	11	✓ Technical audit identification process in objective 1.1 includes conducting health and well-being audits at the asset level.	✓ In 2021 a pilot Fitwel Gap Analysis Assessment was undertaken on an Italian office asset. This concluded that the asset could achieve a star rating with no additional work.	We continue to consider how to effectively influence and improve wellbeing for our occupiers.
	Upskill and educate staff by delivering an ESG training program.	11	✓ On track. In 2018, engagement surveys and tenant sustainability guides were sent to tenants in portfolios equating to 50% of AuM managed on behalf of Savills IM clients, in the UK.	✓ All staff trained on new ESG ambition. Topic specific sessions include climate risk, SFDR and over 40 staff attending BBP ESG Training.	Develop ESG training pathways and ensure sufficient budget is allocated.
	Develop a global Corporate Responsibility (CR) programme to scale up the positive social and environmental impact of Savills IM's corporate operations.	11 10 12	✓ On track. Savills IM has developed a CR Operating framework which is championed by representatives from each jurisdiction in which Savills IM operates.	✓ £80,000 was donated to charity with 22 charitable fundraising events in the year.	Engage each country in CR activities through the CR Champions Group and continue to improve reporting on CR activities.
GOVERNANCE	Senior management to have ESG related KPIs.	17	✓ From the start of 2019, all members of the Global Executive Committee (GEC) have had an objective to embed ESG into the culture and fabric of Savills IM's business.	✓ ESG KPIs are incorporated into everyone's objectives.	Continue to ensure all GEC members have a relevant sustainability objectives and extend this process to all staff.
	Disclose corporate ESG strategy, targets and progress in annual ESG report, broadly aligned with best-practice industry sustainability reporting guidelines.	17	✓ This annual ESG report, broadly aligned to 2016 INREV Sustainable Reporting Guidelines, demonstrates fulfillment of objective 3.2.	✓ This annual ESG report, broadly aligned to 2016 INREV Sustainable Reporting Guidelines, demonstrates fulfillment of objective 3.2.	Continue to provide honest and accurate reporting on Savills IM's ESG performance.
	Implement and continue to manage Savills IM's corporate ESG policy, including tracking goals and progress towards them, via an Environmental Management System.	17	✓ Savills IM's corporate ESG roadmap, as detailed in this section of the report, demonstrates fulfillment of objective 3.3.	✓ Savills IM's corporate ESG roadmap, as detailed in this section of the report, demonstrates fulfillment of objective 3.3.	Continue to implement Savills IM's ESG roadmap.
	Review ESG policies and processes to ensure they reflect current best-practice in relation to ESG integration in acquisition, procurement, tenant fit-out, refurbishment, tenant sustainability guidance and stakeholder engagement policies and processes.	11 12	✓ In 2019 and 2020 a suite of ESG policies and processes relating to acquisition, procurement, tenant fit-out, refurbishment, tenant sustainability guidance and stakeholder engagement were updated in collaboration with our independent sustainability consultant. The feedback of relevant global staff has been integrated into the policies following workshops, reflecting the participatory stakeholder engagement integral to Savills IM's ESG policy development.	✓ Policies reviewed and updated in 2021 include RI Policy.	Annual review and continued development of ESG policies to ensure they remain fit for purpose as well as identifying new guidance documents where required.
	Define and document Savills IM's core ESG values.	17	✓ These are available in the first section of this report and on our website: http://www.savillsim.com/responsible-investment/# . The values are supported by SMART ESG objectives, targeted for integration into staff appraisal management from 2020.	✓ No updates were made.	No change.
	Conduct a review of current ESG-related legislation to scope possible business risk and preparedness for any future legislation over next 12 months.	11	✓ In 2019, Savills IM's internal Risk and Compliance function completed a review of the materiality of ESG-related regulatory risks in the UK and Continental Europe, such as the impacts of the EU SFDR. As a result in 2020 Savills IM initiated a project for SFDR implementation to ensure Level One implementation by March 2021. As a PRI signatory required to report our alignment to the TCFD framework in March 2020, we mandated a sustainability consultant to conduct a review of current climate-risk related processes, to ensure preparedness for alignment to the framework.	✓ Review conducted and focused on SFDR.	Continue to implement SFDR requirements and monitor emerging ESG regulation.
	Complete disclosure of responsible investment policies and performance against the PRI reporting framework; aim to maintain annual Assessment Report score.	17	✓ As a signatory of the UN PRI since 2014, Savills IM transparently disclosed its responsible investment policies and practices for the fifth year running. We maintained our score of A in the Direct: Property module and improved to A+ in Strategy and Governance.	✓ We scored 5* for Investment Strategy and 4* for Direct Property module.	Continue to report to UN PRI when it opens an assessment and increase Direct Property Module to 5*.

OUR ENVIRONMENTAL PERFORMANCE DATA

PORTFOLIO UNDER MANAGEMENT

This table shows the actual carbon emissions based on what data was successfully collected and verified from Savills IM's assets under management (AuM). Different to the approach for the 2020 report, no benchmarking data was used to fill in missing coverage. Benchmark data will be used again in 2023 in the update to the Net Zero Carbon Pathway report to provide a full view of Savills IM's portfolio's emissions.

This table is split by Scope 1, Scope 2 and Scope 3 as well as by sector. The data analysis was prepared by EVORA Global. The analysis looked at energy, greenhouse gas emissions (GHG), water and waste performance for the 2021 calendar year across the 277 assets from 25 funds and mandates which reported building performance data.

Data collection is a key element of Savills IM's ESG strategy and commitments. Our sustainability consultants, EVORA, contact our property and asset management teams and occupiers bi-annually to gather building performance and consumption data. This is conducted once in the new year ahead of the GRESB submission period, and once in late summer. This collection frequency allows careful and accurate monitoring of asset performance to be conducted, and keep stakeholders well informed with regards to environmental performance and improved efficiency initiatives taking place.

Scope		Total portfolio		Offices		Retail		Industrial		Hotel		Residential		Mixed Use		Other	
Indicator	Boundaries	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Energy	Total energy consumption (kWh)	440,314,346	317,136,717	68,901,496	68,674,440	86,636,294	84,032,096	272,806,496	153,705,388	888,388	45,480	4,154,779	4,652,016	2,559,073	3,014,927	4,367,819	3,012,370
	Renewable Energy Consumption (on site) kWh	3,415,312	3,094,912	-	-	932,292	743,764	2,164,119	1,552,311	-	-	-	-	-	-	318,902	798,837
	Renewable Energy Consumption (off site) kWh	13,729,104	12,124,488	2,353,484	2,714,606	8,204,385	6,167,426	3,127,898	3,196,975	43,337	45,480	-	-	-	-	-	-
	Absolute Coverage	288/418	266/436	50	51	125	122	89	73	4	2	12	12	1	1	7	5
	Total like for like energy consumption (kWh)	263,822,501	233,856,364	54,574,924	55,536,291	45,109,405	42,357,437	155,141,043	126,841,614	43,337	45,479	4,134,304	3,972,606	2,559,073	3,014,927	2,260,413	2,088,008
	Like for like coverage	180/418	180/436	40	40	82	82	41	41	2	2	11	11	1	1	3	3
Energy intensity	Like for like energy intensity (kWh/m ²)	84	74	98	100	71	67	80	65	4	4	52	50	67	79	101	93
Greenhouse gas emissions	Absolute Scope 1 emissions from landlord obtained consumption of fuels (tCO ₂ e)	3,314	4,421	559	680	231	193	2,220	3,208	19				285	340		
	Absolute Scope 2 emissions from landlord obtained consumption of electricity (tCO ₂ e)	48,707	46,644	16,076	14,310	3,044	4,287	28,924	27,414	73	5			551	552	39	75
	Absolute Scope 3 tenant emissions from tenant obtained and consumed fuels and electricity (tCO ₂ e)	115,435	60,491	6,050	5,469	21,295	18,974	85,818	34,259	103	5	1,288	1,330			881	453
	GHG like for like emissions intensity (tCO ₂ e/m ²)	0.033	0.025	0.03	0.03	0.01	0.01	0.04	0.03	0.00	0.00	0.02	0.01	0.02	0.02	0.02	0.02
Water	Total water consumption (m ³)	1,493,293	1,424,740	159,248	193,205	953,609	897,093	294,731	227,067	7,510		66,698	88,027	4,815	4,217	6,682	15,129
	Absolute coverage	245/418	229/436	46	47	109	105	72	61	2		10	12	1	1	5	3
	Total like for like water consumption (m ³)	605,906	751,892	107,670	108,699	285,852	407,444	167,486	180,927	-	-	37,057	35,475	4,815	4,217	3,026	15,129
	Like for like coverage	134/418	134/436	24	24	65	65	34	34	-	-	7	7	1	1	3	3
Waste	Total waste generated (tonnes)	221,918	299,712	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total waste recycled (%)	82	56	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Absolute coverage	132/418	123/436	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

For this year's report, covering 2021 calendar year compared to 2020, we have included only assets where actual consumption data was available. Last year, we conducted a global benchmarking exercise using 2019 actual data, extrapolated data, and estimated data where none was available, to help us better understand our global footprint. However, to ensure transparency and accuracy in this year's report, only actual 2021 and 2020 data has been included. Between these years data coverage reduced by 3% for Scope 1 and 2 emissions, and for Scope 3 this was 13%. Occupier engagement and improved data collection has been identified as a priority improvement area in 2023; as part of our Net Zero Carbon pathway, published in April 2022, Savills IM have set an objective to collect 75% actual data from AuM by 2025, so we will be working with occupiers, property and asset managers, fund teams, and our ESG consultants to improve data coverage over the next few years.

Energy consumption is shown as total consumption (kWh). Where consumption from renewable sources has been provided, split between on-site and offsite, these figures should be seen as a proportion of the total above, and not in addition. Carbon Emissions are split by scope 1*, scope 2**, and scope 3***. For energy consumption, carbon emissions, and water consumption, we have also provided like-for-like data. This metric is important as Savills IM continues to grow AuM whilst striving to meet net zero carbon ambitions.

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 tenanted areas, or other areas when procured by the tenant.

With respect to renewable energy:

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.

SAVILLS IM'S CORPORATE EMISSIONS

Savills IM's scope 1 and 2 carbon footprint in 2021 was 486 tonnes. This table includes emissions from natural gas and fuel oil (scope 1) used for heating, and electricity including renewable energy (scope 2) used for building services such as lighting. Where Savills IM occupy a proportion of the building, emissions have been estimated based on floor area. Emissions from refrigerants used in chillers, employee commuting and company cars are excluded due to data availability challenges. The Savills Group are collecting this data to the best of their ability to report from 2023. Emissions have been calculated using the latest available country specific emission factors sourced from the IEA.

Country	Region	Start date	End date	Floor area (weighted average)	Total Energy (MWh)	tCO ₂ e		Total tCO ₂ e
						Scope 1	Scope 2	
Japan	Asia	01/01/2021	31/12/2021	175.4	35.36	0	17.43	17.43
Singapore	Asia	01/01/2021	31/12/2021	260.2	25.42	0	9.93	9.93
Malaysia	Asia	01/01/2021	31/12/2021	10.4	0.48	0	0.32	0.32
Australia	Australia	01/01/2021	31/12/2021	79.6	2.52	0	1.96	1.96
Sweden	Europe	01/01/2021	31/12/2021	356.0	17.51	0	0.24	0.24
France	Europe	01/01/2021	31/12/2021	139.0	5.17	0	0.26	0.26
Spain	Europe	01/01/2021	31/12/2021	178.0	0.13	0	0.03	0.03
Poland	Europe	01/01/2021	31/12/2021	183.7	5.37	0	4.28	4.28
Italy	Europe	01/01/2021	31/12/2021	358.0	1.19	0	0.35	0.35
Germany (Frankfurt)	Europe	01/01/2021	31/12/2021	1795.8	694.10	0.12	121.23	121.35
Germany (Hamburg)	Europe	01/01/2021	31/12/2021	170.0	211.75	1.96	23.45	25.41
Germany (Munich)	Europe	01/01/2021	30/04/2021	758.5	41.89	4.97	7.13	12.11
Netherlands	Europe	01/01/2021	31/08/2021	251.5	6.25	0	2.57	2.57
Luxembourg	Europe	01/01/2021	31/12/2021	300.0	1890.00	0	249.44	249.44
United Kingdom	Europe	01/01/2021	31/12/2021	570.0	198.18	9.40	31.18	40.59

GLOSSARY

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.

Embodied Carbon

The total amount of greenhouse gases released in the extraction, transportation and manufacturing of raw building materials.

EPC

Energy Performance Certificate. A European rating scheme that summarises the energy efficiency of buildings.

GHG

Green House Gas. A gas that absorbs and emits radiant energy within the thermal infrared range, causing the greenhouse effect.

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.

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

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.

RCPs

Representative Concentration Pathways. Four greenhouse gas concentration (not emissions) trajectories.

Scope 1

Direct greenhouse (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).

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 1000m² 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.

THIRD PARTY ASSURANCE STATEMENT



EVORA Global Ltd. (“EVORA”) was engaged by Savills Investment Management LLP (“Savills IM”) to provide assurance of the Environmental sustainability performance measures of their 2021-2022 Sustainability Report for the reporting period of 1st Jan 2021 to 31st Dec 2021. The performance data is reported under an EPRA table by Savills IM in their Report which includes consolidated data from their global assets under management.

The assurance was provided in accordance with AccountAbility’s AA1000 Assurance Standard V3 (AA1000AS) Type 2 moderate level and EPRA Best Practice Recommendations for Sustainability Reporting (sBPR) 2017 3rd Edition. EVORA’s scope of assurance covered the following indicators:

- Energy
- Greenhouse gas emissions
- Water use
- Waste data

The assurance was conducted via independent third party Markit Group Limited (IHS Markit, now part of S&P Global), engaged by EVORA.

EVORA’s full assurance statement includes certain limitations, findings and recommendations for improvement, adherence to AA1000 Accountability Principles, and a detailed assurance methodology.

The full assurance statement with EVORA’s independent opinion is available on request.

APPENDIX

Governance Structure

The ESG Committee has been established as a sub-committee of the Savills IM Global Executive Committee (the “GEC”). The purpose of the ESG Committee is to ensure oversight, review and development of the group’s ESG policies (including the implementation of those policies) and initiatives. The Committee meets at a minimum on a quarterly basis and is comprised of Heads of Countries and Investment from across our global business and is chaired by the Global Head of Investment Risk with the Head of ESG as deputy. The ESG Committee is responsible for ensuring Savills IM continues to make progress against yearly sustainability objectives. These objectives are compiled and added to an overarching Savills IM ESG Roadmap which is maintained by the Head of ESG.

Our Responsible Investment policy (the “RI Policy”) and ESG initiatives are embedded in our investment process, and we are working to improve the consistency of their application. They ensure that investment and asset management teams are both considering and implementing measures that are aligned with our ESG values. Our full RI Policy is available [here](#), and associated guidance notes are available [here](#).

The Savills IM Investment Committee (“SIM IC”) is responsible for considering and reviewing all investment and asset management proposals above a defined threshold made by dedicated investment teams. At the early stages of the pre-acquisition, the IC ensures that the relevant protocols have been followed and any possible sustainability risks are highlighted through specific criteria which take into account 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 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.



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