

WEBSITE DISCLOSURE

# **Sustainability related disclosures**

## **Savills IM UK Value Boxes Fund FCP-RAIF**



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## 1. Definitions Summary

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Savills IM UK Value Boxes Fund FCP-RAIF (the “Fund”) is considered by Savills Investment Management (Luxembourg) Sàrl (the “Manager”) to fall within the scope of Article 8 of the EU’s Sustainable Finance Disclosure Regulation (SFDR), as a fund that promotes environmental and/or social characteristics.

This disclosure sets out the Fund’s approach to sustainable investing and the ways in which sustainability risks and factors are integrated into portfolio management decisions. This includes:

- A summary of the key environmental and social characteristics of the Fund;
- Confirmation that all assets in the Fund’s portfolio are subject to the sustainability criteria set out in the Fund’s ESG programme;
- Confirmation that as an Article 8 product the Fund has certain sustainability characteristics but does not have sustainable investment as its objective;
- An explanation of the how the Fund assesses sustainability risks, factors and opportunities and implements a targeted action plan in relation to its assets;
- The indicators that are used to measure success;
- The monitoring process for collecting the environmental and social data relevant to the indicators;
- The key industry aligned methodologies that are used;
- Approach to occupier engagement; and,
- The process for identifying data quality issues and the mitigations in place for ensuring this does not impact adversely on the Fund.

## 2. No sustainable investment objective

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The Fund intends to invest at least partially in sustainable investments as defined by article 2(17) of the SFDR. The Fund promotes environmental or social characteristics but does not have as its objective sustainable investment.

The Fund has not designated a benchmark for the purpose of attaining the environmental or social characteristics promoted by the Fund.

The Fund operates under the Savills Investment Management Responsible Investment Policy. Under this policy, the Manager identifies the specific material sustainability risks to the Fund and integrates these into its investment decision making process, as well as considering the material adverse impacts of its investment decisions on relevant sustainability factors. Additional information regarding how the Manager accounts for adverse impacts in relation to the Fund will be disclosed in due course, in line with the requirements of SFDR.

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### 3. Environment and/or social characteristics of the financial product

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The Fund takes a holistic approach to sustainability, integrating environmental, social and governance criteria into portfolio management decisions, and does not seek to promote one specific aspect. As a Fund investing in real assets, the Manager is aware of the ability to have an impact on both environmental and social themes. These include:

- assessing building sustainability at acquisition and, ensuring that these have particular industry standards such as BREEAM, LEED or DGNB;
- improving existing buildings to demonstrate impact on sustainability factors and to reduce sustainability risks;
- reducing energy, water and waste consumption, understanding the climate risks and opportunities; procuring materials from sustainable sources; and
- improving occupier wellbeing where possible.

The Manager uses, where possible the following sustainability indicators to measure progress for the Fund. These may include:

- Reduction in tonnes of CO2 emissions
- Energy use
- Water use
- % of occupiers using renewable energy
- % green space as a proportion of total building footprint
- % of waste diverted from landfill and recycled on site
- % of occupiers in engaged in ESG initiatives with Savills IM

### 4. Investment Strategy

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The investment policy and strategy of the Fund is set out in the Fund's offering memorandum.

To ensure that the sustainability strategy is successfully implemented, the Manager ensures that for each element of the ESG programme, the relevant sustainability risks, factors and opportunities are identified and incorporated on a continuous basis, i.e. into every stage of the property transaction: property acquisition, asset management, development / refurbishment / fit-out and disposal.

The Fund will implement a specific ESG programme aimed at improving the environmental sustainability performance of the existing portfolio and implementing standards for new investments. All elements of the ESG programme are binding on the fund manager for each element of the portfolio.

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## 5. Proportion of investments

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All assets in the Fund's portfolio are subject to the sustainability criteria set out in the Fund's ESG programme. ESG assessments carried out as part of the ESG programme may lead the Manager to implement measures to improve the ESG ratings and lower the identified risks through a structured asset improvement plan. There is no particular sub-division between environmental and social objectives given our holistic approach to sustainability.

## 6. Monitoring of environmental or social characteristics

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Monitoring is undertaken at various stages and for different purposes.

The Fund will carry out sustainability audits to:

- establish the current building performance, covering energy, water, waste, and health & wellbeing and to understand operational set-up as the basis for developing a sustainability management plan; and
- identify technological and operational saving opportunities to form the basis of a detailed sustainability action plan and where relevant, to complete a cost benefit analysis.
- The Fund will also regularly monitors energy consumption to identify trends and outliers in consumption that can then be investigated with property managers.

The Fund uses an external ESG consultant to collate data streams relevant to ESG performance to allow the Fund to measure performance.

## 7. Methodologies

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Measurement and disclosure are vital parts of responsible property investment, and it is considered that participation in Global Real Estate Sustainability Benchmark (GRESB) provides an effective means to achieve this. GRESB provides a means of measuring a product's environmental performance and benchmarks this against the environmental and social performance of 450 other real estate companies and funds. More information on GRESB can be found at <http://gresb.com/>.

The Fund will also consider:

- Appropriate Green building certifications where this adds value to the portfolio
- EPC ratings
- Reviews of the performance data collated on its behalf by external ESG consultants, as noted above.

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## 8. Data sources and processing

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In addition to our in-house team we use a range of ESG data providers and seek to align with particular environmental standards as described in “Methodologies” above.

## 9. Limitations to methodologies and data

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Available ESG and sustainability data has its limitations particularly climate change data because this research is still emerging. We regularly review the data providers we source from, and we continuously seek to improve transparency, disclosure and data provision in relation to the Fund. Where data gaps exist, for example where we are unable to capture carbon emissions data from our occupiers, we will use reference benchmarks to make informed estimates and be transparent where this process has been applied. A target will then be put in place to reduce reliance on estimations so that eventually we are reporting actual emissions. In case data gaps pose challenges to make an informed decision and ensure alignment of the Fund with its sustainable strategy, our responsible investment specialists, together with the dedicated fund team jointly recommend mitigation actions. This could include testing an approach on a single asset before applying that approach to the whole Fund.

## 10. Due diligence

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Due diligence is carried out at various points in the investment cycle and for different purposes. The Fund conducts detailed sustainability due diligence for all acquisitions. The intention is to understand the ESG risks and opportunities at the earliest stage in the lifecycle. This includes, for example:

- Deal sourcing
- Environmental screening for climate risk, Green building certification and EPC
- Acquisition due diligence
- Undertake environmental site condition assessments (e.g. pollution risk, toxic materials) but also review energy efficiency to ensure any improvements needed are costed into the asset management plan

Where possible, due diligence is carried out on managing agents, where the Manager looks to select agents who have a strong track record in sustainability and responsible property management, and expect that they adhere to our Responsible Investment strategy and incorporate ESG factors into all aspects of their management mandate.

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## **11. Engagement Policies**

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The Fund actively engages with the tenants of its properties regularly and across a number of issues as the Manager aims to continually improve the properties within its portfolio. The Manager continually seeks open and collaborative engagement with tenants also with the aim of improving ESG reporting across areas such as water, waste and energy usage and with the aim of improving the overall sustainability of the properties in line with the relevant asset plan.