

Responsible Investment Policy

Savills Investment Management

September 2023



Introduction	<p>Our purpose is to build prosperity by investing in resilient real estate. Our vision is to be a trusted investment manager; respected for our expertise in restorative real estate investment enabling people, communities, and ecosystems to thrive. The purpose and vision are consistent with our objective to fully integrate and embed Environmental, Social and Corporate Governance (“ESG”) issues across our property investment decision-making and ownership practices, to ensure responsible investment practices. We believe that doing so is a key part of our responsibility towards investors, clients, employees, and other stakeholders, as well as those in the wider community. This will help us reduce the risk of stranding assets, minimise voids and mitigate increasing energy costs and risks to liquidity.</p> <p>As a signatory to the United Nations Principles for Responsible Investment (“UN PRI”), we are aligned with the UN PRI’s definitions of E, S and G and their internationally recognised set of guiding principles for responsible investment (see Appendices 1 and 2 for further details). We are committed to identifying and managing ESG risks, as well as acting upon sustainability opportunities within our operations. This includes transparent monitoring and disclosure of ESG performance in our investor reports, and via Global Real Estate Sustainability Benchmark (GRESB) and UN PRI, to the wider investment community.</p>
Purpose	<p>The purpose of this Responsible Investment Policy (the “Policy”) is to define our Responsible Investment (RI) approach for our real estate assets under management (“AuM”). Further guidance accompanying this policy can be found on our website and the accompanying guidance document (Appendix 1). This guidance sets out how Savills Investment Management (“Savills IM”) is fulfilling our mission statement set out in this document and signposts the policies, procedures and evidence that demonstrate how ESG is integrated into each stage of the investment lifecycle. This Policy also describes how we intend to manage ESG risks and act upon sustainability opportunities as part of our investment decision-making process, pursuant to the ‘EU Sustainable Finance Disclosure Regulation (“SFDR”).</p>
Scope	<p>This Policy describes Savills IM’s approach to responsible investing for our AuM including the identification and management of ESG risks and how we act upon sustainability opportunities for AuM. It shall be noted that, from time to time and in limited circumstances, some funds may be managed differently from some or all of the processes set out in this Policy, such as where Savills IM does not have discretionary powers but we will seek to influence sustainable outcomes where we</p>

¹ REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 on sustainability-related disclosures in the financial services sector

can.² Whilst the principles of this Policy are expected to apply to both real estate equity and debt funds, we acknowledge the complexities of adopting this Policy for real estate debt and there will be further development in the stewardship role that debt can play in improving sustainability outcomes.

Savills IM's Responsible Investment approach is summarised through three key focus areas, climate action, people and nature, as shown below.



Climate Action

Savills IM is aiming to achieve a 50% operational carbon reduction by 2030 and to reach whole building net zero carbon emissions by 2040 for the AuM where we have discretionary management powers, with further detail set out in our **Net Zero Carbon Pathway** and associated guidance documents. In the short term this means significantly reducing the environmental impact of the real estate we own and manage for our clients and to strive for climate-resilient portfolios. We will focus our carbon reduction efforts initially on assets held in funds where Savills IM has a discretionary role as this is where we have most influence around meeting the challenges of decarbonisation. We see our role as to encourage our clients and stakeholders to understand the necessity of implementing achievable interim targets whilst working towards net zero outcomes. As we upskill our people and partners, we will work towards enabling our vision, which includes seeking, wherever possible, to invest in and manage real estate that has a clear pathway to net zero carbon emissions by 2040. Where we do not have discretionary powers or it is technically and financially unviable to achieve net zero carbon outcomes within that timeframe, our priority is to decarbonise each asset as much as practicable rather than to divest from the asset altogether. We are also working towards developing climate resilience strategies for our portfolios and are voluntarily reporting in alignment with the Taskforce for Climate Related Financial Disclosures

² In most circumstances a Discretionary Fund is one where Savills IM holds decision-making and fiduciary responsibilities regarding which assets to buy and sell, in addition to asset management activities such as development, fit-out, refurbishment and leasehold transactions. In some jurisdictions a Discretionary Fund is a fund where Savills IM has launched the fund and has control over the fund strategy.

(TCFD).

People

Savills IM strives to improve the social impact of the assets we own and manage for our clients by promoting health and wellbeing of occupants and identifying opportunities for community engagement. Savills IM believes that it is important to be a responsible business towards people and communities and has a governance framework to observe fundamental standards of good management and conduct including complying with all relevant regulation such as elimination of financial crime, maintaining data privacy and combatting modern slavery. Compliance with our legal obligations is a minimum requirement, and we will continue to develop our social impact approach over time.

Nature

Savills IM seeks to create resilient and greener environments that integrate into their natural surroundings. Managing biodiversity and natural capital risks and promoting biodiversity and natural capital enhancements form an essential part of our RI strategy and is a stepping stone towards realising part of our vision to enable ecosystems to thrive. We recognise that, as a real estate investment manager, it is imperative that we incorporate environmental elements into our investment decision making processes; these include sustainable fit-out and refurbishment, energy, waste, water and carbon reduction to the highest extent possible depending on the dynamics of every particular asset class such as logistics, retail and commercial real estates. We will seek to adopt appropriate reporting frameworks to demonstrate progress against our targets including over time reporting in alignment to the Task Force for Nature Related Financial Disclosures (TNFD).

UN Sustainable Development Goals

We are committed to ensuring that material RI issues are assessed against each focus area when acquiring new assets and at each appropriate stage in the investment lifecycle. In doing this, we will ensure appropriate focus is given to each of our priority areas whilst indirectly seeking to contribute to the UN Sustainable Development Goals (“SDGs”). To enable Savills IM to deliver the highest positive impacts through our RI processes, whilst reducing negative impacts from our business operations to the highest extent possible, we have categorised our impact as contributing to the six priority SDG goals (7, 8, 11, 12, 13 and 15) and aligned with three others (3, 4 and 5), as described below. We recognise as an individual organisation, our impact is limited but as an industry there are substantial areas for the real estate sector to deliver sustained, long-term contributions and have considered our role in that context. Therefore, in assessing our contribution to the SDGs we have considered this from a “double materiality” perspective, i.e. what environmental and social factors will impact the AuM and in turn how our activities will impact the environment and society more generally.

For the six priority UN SDGs, the material factors relevant to Savills IM through a double materiality lens are:

	SDG	SDG Targets	Contribution Rationale
	SDG 7: Affordable and Clean Energy	7.2: Increase global percentage of renewable energy 7.3: Double the improvement in energy efficiency	Buildings have the capacity to substantially improve contribution to renewable energy provision through the installation of onsite renewables. Decarbonising buildings by improving the energy efficiency can significantly contribute to this target and maintain asset value.
	SDG 8: Decent Work and Economic Growth	8.3: Promote policies to support job creation and growing enterprises 8.5: Full employment and decent work with equal pay 8.7: End modern slavery, trafficking, and child labour	Real estate directly and indirectly facilitates job creation and employment through the various building asset classes, such as logistics, retail and commercial. As a facilitator of employment opportunities Savills IM has a direct and indirect contribution to enabling decent work and fair pay. In addition, real estate has a direct and indirect contribution to eradicating modern slavery and child labour through assessment of building occupier activities and our own supply chain.
	SDG 11: Sustainable Cities and Communities	11.1: Safe and affordable housing	Real estate has an opportunity to provide safe, affordable housing and increasing exposure to the Living sector is a key pillar of Savills IM's business strategy.
	SDG 12: Responsible Consumption and Production	12.2: Sustainable management and use of natural resources	Real estate uses c.40% of the world's natural resources through built environment activities and needs to find ways to lessen this impact. Concurrently the availability of natural capital such as water, timber, air quality directly impacts the ability to operate buildings, undertake retrofit and development projects.
	SDG 13: Climate Action	13.1: Strengthen resilience and adaptive capacity to climate- related disasters	Climate action is a key focus area for Savills IM's RI approach as real estate is responsible for circa 40% of global carbon emissions which were identified as the most

			material factor in the environmental footprint for the AuM we manage.
		13.2: Integrate climate change measures in national policies and strategies	Integrating climate change measures into the AuM we manage is a material issue as decarbonising assets and reducing carbon emissions is a business priority for Savills IM to protect the value of investments.
		13.3: Build knowledge and capacity to meet climate change	Building sustainability knowledge through learning and development is a key implementation priority for Savills IM and is essential for improving how investment value are assessed over the longer term.
	SDG 15: Life on Land	15.5: Take urgent and significant action to reduce the degradation of natural habitats.	Savills IM has identified nature as one of our key focus areas, as nature-based solutions such as green walls, green roofs, sustainable urban drainage can improve resilience of buildings. Furthermore as c.40% of natural resources are consumed by the built environment, we have an active stewardship role to ensure Savills IM is contributing to reducing the degradation of natural habitats and helping to restore ecosystems where possible.
	For the UN SDGs with which we are aligning we do not seek to contribute to a specific target but instead focus on the wider aims of the goal and how this is considered through our RI processes.		
	SDG	Goal	Alignment rationale
	SDG 3: Good Health and Wellbeing	Ensure healthy lives and promote well-being for all at all ages.	People spend more than 90% of their time in buildings, therefore enabling healthy lives promoting wellbeing for all ages is an area Savills IM can impact through our RI processes. For the AuM we manage we seek to assess the health and wellbeing provision and how encourage positive change.
	SDG 4: Quality Education	Ensure inclusive and equitable quality education and promote lifelong learning	The real estate investment management sector has a skills gap between the skills needed to deliver sustainable buildings and fully embed sustainability opportunities are integrated into the investment lifecycle and the current workforce. As a responsible investment manager, we can seek to contribute by mentoring young people and upskilling our employees and supply chain.

	opportunities for all		
SDG 5: Gender Equality	Achieve gender equality and empower all women and girls	Enabling diversity and inclusion in the workplace has been proven to lead to better business decisions. Savills IM has a strategic focus on diversity and inclusion, including initiatives to support and further gender equality.	



As part of our double materiality assessment process and through engagement with investors, internal workstreams and analysing sustainability data where available, Savills IM has identified its most material sustainability factors from a financial perspective. This means these material issues if not addressed will likely reduce corporate profitability such as decrease in revenue from high carbon activities or buildings. It could further require increased CapEx investments to reduce the GHG emissions per unit, write-offs or impairments of the asset value, potential fines, litigations, or an impact on taxes and could lead to decreased investment returns for the AuM we manage. Financial costs also could increase given the low credit rating (non ESG loan) as well as interest rates.

These include:

- failure to mitigate and adapt to climate change;
- unsustainable use of natural resources through real estate management and development activities;

	<ul style="list-style-type: none"> • failure to train employees to understand how they can identify and manage sustainability related risks and opportunities in their day-to-day activities; • failure to manage sustainability risks and opportunities as part of the real estate asset selection; and • failure to engage stakeholders in delivering on our purpose to manage resilient assets as well as supporting our longer-term restorative vision.
Governance	<p>The Global Executive Committee ("GEC") reviews progress with identifying and monitoring corporate and fund level action areas on a quarterly basis. The principles of our remuneration policies are considered against, and are consistent with, the integration of sustainability risks as required under Article 5 of the SFDR. The manner in which all relevant risks are integrated and applied in the setting of, in particular, variable remuneration is well defined within each relevant remuneration policies. The GEC and relevant Boards consider and adopt ESG objectives for Savills IM and the relevant funds, respectively, which are filtered through to all employees as part of their performance management undertakings. Savills IM has updated its remuneration policies to explicitly state that this Policy should be part of the consideration of risk management and risk activity within the remuneration review process, and that risks, including any assessment of performance risk, should include sustainability risks. Employees are also encouraged to consider how they are contributing towards our longer term ESG objectives as part of their performance appraisals and personal goal setting.</p> <p>Through the GEC, Investment Committee, Global Risk & Compliance Committee, RI Committee, relevant Boards and each individual investment team members, ESG risks of assets, portfolios and the business as a whole are monitored and managed.</p> <p>Savills IM's RI Committee reviews, inter alia, the global implementation of this Policy and is responsible for recommending amendments to the GEC. Savills IM has an RI Committee that meets regularly to discuss implementation of this policy. On every Investment Committee of our fund products one of our RI Committee members sits for oversight and consultancy purposes to improve and ensure prudent implementation of the RI Policy without having a voting right.</p>
Implementation	<p>Savills IM has set five implementation areas to enable enhanced management of material issues at corporate, asset, and fund level. These implementation areas are intended to enable Savills IM to build prosperity by investing into resilient real estate and position Savills IM employees to develop the skills, knowledge and processes to work towards restorative outcomes: These are:</p> <ul style="list-style-type: none"> • Investment and operational processes <ul style="list-style-type: none"> ◦ <i>This includes our approach to identifying and managing material sustainability issues for the real estate assets we manage on behalf of investors, for example, through guidance provided to Investment Teams. We look to assess investment opportunities</i>

based on a long-term horizon, assessing costs and benefits through the lens of delivering environmental and social value as well as financial value. For example, encouraging positive selection of assets that can be retrofitted to become climate resilient, or facilitating community benefits such as, housing, employment and local services which helps enable people, communities and ecosystems to thrive. Where third party leverage is used sourcing of finance which incentivises sustainable outcomes is preferred.

- **Product ESG programme**

- *This includes our approach to setting fund and asset level objectives and targets to address the material factors identified as well as promoting relevant sustainability opportunities, e.g., generating energy from onsite renewables or engaging with our occupiers for reduction in energy consumption and/or improvement of facilities/units. These actions are intended to ensure we are enabling resilient real estate and searching for opportunities to work towards restorative outcomes whilst also targeting long term financial returns.*

- **New Business**

- *This refers to how material sustainability issues are considered in the creation of new funds and mandates and in capital raising, for example how we are developing products that help us work towards becoming respected for our expertise in restorative real estate, including natural capital and affordable housing offerings as well as incorporating sustainability into our more widely focussed products.*

- **Knowledge and Capacity Building**

- *We value high quality research and analysis and use science-based evidence to set our goals and targets, wherever possible. This includes a programme of learning and development on material sustainability issues as well as encouraging self-learning through access to a ringfenced global ESG learning and development budget. It also includes how we work with other stakeholders to build their knowledge and capacity to deliver positive sustainability outcomes. Through these initiatives we will strive to become an industry influencer and thought leader in the real estate industry. Over time these actions will contribute to Savills IM becoming respected for its expertise in restorative real estate.*

- **Corporate Disclosure**

- *This includes our approach to sharing our story regarding our journey to become a real estate investment manager which enables people, communities and ecosystems to thrive. We are also committed to disclosing our progress honestly and transparently, sharing our challenges and successes, as well as meeting all applicable and adopted ESG Disclosure regulation requirements.*

Approved and adopted by:	Savills IM GEC and, in respect of their own decision-making remit, the relevant boards of each Savills IM group entity, namely SIM UK Ltd, Savills Investment Management (Luxembourg) S.à r.l., Savills IM KVG GmbH, Savills Fund Management GmbH and Savills IM SGR S.p.A.

Appendix 1: Guidance Notes to Responsible Investment policy

Guiding Principles: UN PRI

There are sound practical reasons for considering the environmental impact of our business activities and embracing good corporate citizenship and consequently Savills IM is a signatory to the United Nations Principles for Responsible Investment (UN PRI).

The principles entail a set of internationally agreed guidelines which aim to help institutional investors incorporate ESG considerations into their investment decision-making and ownership practices. These principles are based on the notion that ESG issues can affect the performance of investment portfolios and should therefore be considered alongside traditional financial analysis. This aligns with our belief that, as an investment manager, there are pragmatic as well as ethical reasons for the consideration of ESG issues in our investment making decisions and asset ownership.

By following and applying the voluntary and aspirational principles central to UN PRI we intend to improve our ability to meet commitments to investors and better align our investment activities with the broader interests of society and the environment.

We will adopt and implement these guidelines, where consistent with our fiduciary responsibilities, and commit to evaluate their effectiveness and strive to improve the way in which we adhere to the principles over time.

Therefore, where consistent with our fiduciary responsibilities, we will:

- Consider ESG issues in investment analysis and decision-making processes.
- be active owners and incorporate ESG issues into our ownership policies and practices.
- seek appropriate disclosure on ESG issues by the entities in which we invest.
- promote acceptance and implementation of the principles within the investment industry.
- work to enhance our effectiveness in implementing the principles; and,
- report on our activities and progress towards implementing the principles.

Savills IM recognises that ESG as a concept is constantly evolving. We have started to use Responsible Investment to refer to activities that go beyond traditional ESG risk management scope and focus more on positive sustainability outcomes. However, as we are still embedding this new language, many of our guidance documents use the language of ESG. Therefore, we use ESG in this document in the widest sense, referencing the management of ESG risks and sustainability opportunities.

Responsible Investment: Investment and Operational Processes

To ensure our strategy is successfully implemented, we ensure our RI objectives are incorporated into every stage of property transaction: property acquisition, asset management, development / refurbishment / fit-out and disposal. Supporting documentation is made available to guide investment managers, asset and property manager and support teams as to how relevant and material RI considerations should be incorporated.

Asset Acquisition & Asset Management

All purchases are reviewed and presented to the Investment Committee (IC) where there is a non-voting RI Committee member sitting therein as well. The IC paper templates contain detailed guidance on RI considerations to be made in asset selection, and purchase due diligence, such as environmental and social risks and opportunities, regulatory compliance, climate risk screening, green building accreditation or value-add innovation. Savills IM have developed a bespoke Technical Environmental and ESG Due Diligence Scope of Services document to guide due diligence consultants on how to assess ESG risks and sustainability opportunities. This includes guidance on how to undertake a net zero carbon audit to identify how to ensure the asset does not become stranded.

We identify opportunities for, and the inherent risks of, sustainable practices. Opportunities may include occupier engagement to help meet sustainability targets, the installation of green technology and infrastructure within an asset or participating in benchmark surveys and reporting at both a fund and corporate level. To assist with identifying if an occupier has the same sustainability aspirations, we have introduced an Occupier Exclusions Policy, which sets out specific occupier exclusion criteria for funds classified as SFDR Article 8 and/or Article 9.

We evaluate and manage the impact that sustainability has on investment performance; for example, this may include depreciation costs due to additional capital expenditure or the ability to let or sell a property. We seek to manage these elements in a manner appropriate to each fund or mandate's risk and return profile.

For all investment management managed assets Savills IM aims to:

- Meet and where possible exceed the minimum requirements of any relevant planning, construction or environmental legislation.
- Consider the sustainability credentials of an asset or development prior to purchase and include details in the papers presented to the Investment Advisory Committee.

Property development, refurbishment or fit-out

Integrating sustainability and ESG considerations into the earliest stages of design and construction of asset development, refurbishment or fit-out creates an opportunity to add tangible value to asset value, future-proof against obsolescence, improve occupancy appeal and results in improved building performance. We have developed a Sustainable Development Brief that provides guidance to fund teams on how to ingrate sustainability into the development process. This covers topics such as whole life carbon assessment, health and safety, biodiversity net gain requirements, waste reduction and recycling , promoting a circular economy, community engagement and social impact assessment.

Property management

Where we manage the assets in our investment portfolios, we select managing 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 positive RI practices into all aspects of their management mandate. Where relevant, we expect that our managing agent has integrated the BBP Managing Agents Partnership core provisions for integrating positive RI practices into property management, or similar guidance equivalent to the jurisdiction.

Our focus on integration of sustainability and ESG into property management practices ensures we can continue to add value, improve and enhance assets in our management, reduce operation costs and foster tenant satisfaction and occupancy appeal.

Asset disposal

When a property is being positioned for sale, sustainability measures and programs can be used to further enhance the property's status and maximise its value. Such features help provide valuable criteria that differentiate the property from other offerings in the market and serve as an indicator of overall quality. Being able to bring high-performing assets to market will result in a greater choice of prospective buyers, and potentially lead to a more profitable and efficient exit.

Product ESG Improvement Programme

Savills IM seeks to implement product ESG programmes for all funds and mandates that we manage, however as a minimum we implement ESG improvement programmes for discretionary funds. The Product ESG Programme includes a Fund ESG Strategy and suite of objectives and targets aligned to Savills IM's SIMS Framework and Net Zero Carbon Pathway.

New Business

All new equity discretionary funds are expected to be aligned to SFDR Article 8 Disclosure requirements and include a Net Zero Carbon pathway and product ESG Programme. For other funds and mandates, ESG objectives will be agreed with investors and Fund Teams are expected to encourage partners to adopt Savills Investment Management's net zero carbon pathway aspirations wherever possible. Where the Fund is marketed as having impact outcomes, a theory of change framework must be included, and clear impact outcomes mapped in alignment with relevant UN Sustainable Development Goals and recognised impact measurement frameworks must be incorporated.

Knowledge and Capacity Building

SIMS Governance Framework

Savills IM have collaborated with Hillbreak Ltd to develop a new integrated sustainability governance framework, which guides our activities to our long-term vision of becoming a restorative business. Developed by Hillbreak Ltd, the bespoke SIMS framework translates our sustainable and restorative ambitions into procedural realities and ensures a consistent approach across Savills Investment Management, see Figure 2 below. It itemises those behaviours and activities that need to be altered as we shift the focus of our business in the pursuit of restorative outcomes by classifying what we need to start, do more or less of and, where inconsistent with our RI ambitions, to stop. It also indicates the timeframes for doing so. Further details on SIMS and how we starting to apply it can be found [here](#).



Figure 1: SIMS Framework

ESG Learning and Development

We continually aim to incorporate sustainability into the learning and development for all employees and include sustainability linked objectives for all employees. We have engaged with employees globally on ESG topics via a staff survey, the results from which guide development of tailored training. We also have a bespoke internal ESG SharePoint site which houses all relevant ESG documents and use employee communication opportunities such as Global Town Halls as communication touch points to share ESG updates.

Savills IM has an ESG Learning & Development budget to upskill staff on ESG. Savills Investment Management's training approach is broken down into three different areas as shown in Figure 3 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 Savills IM's ESG Learning & Development 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 such as the Cambridge Institute of Sustainability Leadership's training programmes.

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 Restorative Business Champions—volunteers from across the business and supported with bespoke training to act as a catalyst for delivering Savills IM's restorative ambitions by:

- Pioneering a growth mindset
- Championing and promoting engagement and action on RI goals
- Providing support to teams in engaging with RI and delivering on goals
- Developing and leading RI 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 investment and business support teams

Figure 2: Savills IM ESG L&D Pyramid



Corporate Disclosure

Where datasets are available, we disclose the emissions related to managed portfolios, illustrate how these associated emissions are being reduced and report performance to the wider investment community.

UN PRI

As a UN PRI signatory, we follow the mandatory annual reporting and assessment process. More information on these reporting requirements is available on the UN PRI website, and the Savills IM report, submitted on an annual basis (permitting a one year grace period from sign up date) is also available online for public viewing, furthering our commitment to increase transparency around our ESG activities: www.unpri.org

SFDR

Savills IM complies with the disclosure requirements of SFDR at an entity level and across our portfolio of funds, including through this Policy, which integrates our obligations to describe how we identify and manage ESG risks and opportunities into our investment decision-making process. All other SFDR related disclosures can be found on our website [here](#) or, where relevant, in our fund documentation.

Internal and Investor Corporate Reporting

Quarterly qualitative reporting and annual quantitative reporting is undertaken on a fund and corporate level where datasets are available. Information is collated annually reported for:

- Energy consumption - electricity, gas, oils, diesels, etc.
- Water consumption
- Waste consumption - amounts to landfill and recycling
- Total carbon emissions
- Any other ESG risks and opportunities

These reports also illustrate the ongoing historic performance of assets, in order to track reductions and assess opportunities and challenges on an asset and fund basis.

TCFD Disclosure

Savills IM has adopted the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and we are currently incorporating the recommendations into our reporting and risk management frameworks. We are assessing both physical risk and transition risk to understand as far as reasonably practicable the financial impact of climate change on both corporate and fund level activities. We will continue to evolve our approach as we develop our climate change resilience plan for the business, and we will disclose annually our progress against this plan.

GRESB Disclosure

Savills IM recognises that taking a responsible approach to property investment can protect and enhance the long-term performance of the funds we manage. Measurement and disclosure are vital parts of Responsible Property Investment, and participation in the 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>

All Savills IM managed funds are encouraged to annually report their environmental and social performance to GRESB, thereby:

- Meeting Savills IM's commitment to Responsible Property Investment measurement and reporting.
- Supporting the funds' individual sustainability strategies; and
- Monitoring and managing exposure to the risk of obsolescence and occupancy cost.

Governance & Oversight

The management and identification of ESG risks and sustainability opportunities is the responsibility of the Fund Management Team, with oversight provided by the Investment Committee which forms a key part of the governance process at Savills Investment Management, alongside the Global Risk Management Committee which seeks to actively manage and mitigate key business risks. Local risk management also on ESG is done locally additionally and then integrated in group approach.

Progress on identifying corporate and fund level action areas is monitored by Global Executive Committee ("GEC") which reviews progress quarterly. The principles of our remuneration policies are considered against, and are consistent with, the integration of sustainability risks as required under

Article 5 of the SFDR. The manner in which all relevant risks are integrated and applied in the setting of, in particular, variable remuneration is already well defined within each relevant remuneration policy. All employees are expected to adopt ESG objectives as part of their performance management undertakings. Savills IM has updated its remuneration policy to explicitly state that this RI Policy should be part of the consideration of risk management and risk activity within the remuneration review process, and that risks, including any assessment of performance risk, should include sustainability risks.

Through our Investment Committee, Global Risk Management Committee, RI Committee and each individual fund team's members, ESG risks of the portfolios and the business are monitored and managed. Savills IM has an RI Committee that meets quarterly to discuss implementation of this policy across activities globally. This remit includes scrutiny of projects that will position the business to become restorative, going beyond the traditional ESG scope. This comprises a Steering Committee with senior management representation plus regional forums chaired by senior leaders and supported by RI working groups.

Employee engagement, development and welfare

Savills IM encourages its employees to acquire skills and knowledge through training and volunteering opportunities, where new skills can be developed and applied, such as fundraising, communication, leadership, teamwork and problem solving. We also support our employees to volunteer their time for charitable causes. The company ensures adequate controls are provided for health and safety risks arising from work performed for and on behalf of the company, and at properties owned or controlled by the company. Further information is available in the **Savills' Health and Safety Policy**.

Relevant Documents

Relevant documents are referenced in bold throughout these guidance notes are available on request to investors. See Appendix 2 for all relevant policies pertaining to Savills IM's Responsible Investment Policy. Local policies may deviate to comply with local regulations.

Appendix 2: Summary of Relevant Policies & Guidance and Memberships

Relevant policies supporting the RI Policy are:

- Savills IM Employee Conduct Global Minimum Standard
- Group Anti-Slavery and Human Trafficking Policy
- Group Data Protection Policy
- Group D&I Policy
- Group Fraud Risk Management Policy
- Group Health and Safety Policy
- ESG Disclosure Regulation – adopted by each AIFM.
- Savills IM's Global Minimum Standards
- Occupier Exclusions Policy

ESG Guidance Documents

Savills IM has developed a suite of ESG guidance documents including:

- Responsible Investment Policy Guidance Notes
- Investment Lifecycle RACI
- Physical Climate Risk Methodology
- Net Zero Carbon Pathway
- Technical, Environmental Due Diligence Scope of Services including net zero audit scope
- Sustainable Development Framework
- Occupier Exclusions Policy
- Savills IM Sustainability Materiality Assessment

These documents are reviewed regularly and updated where necessary.

Signatories

Savills IM is a signatory to:

- United Nations Principles for Responsible Investment
- Task Force on Climate Related Financial Disclosures
- Better Buildings Partnership Climate Commitment
- Net Zero Asset Managers Initiative
- Living Wage Foundation

Memberships

Savills IM is a member of:

- Better Buildings Partnership
- UK Green Building Council
- CRREM Scientific Advisory Committee
- INREV ESG Committee
- Urban Land Institute

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