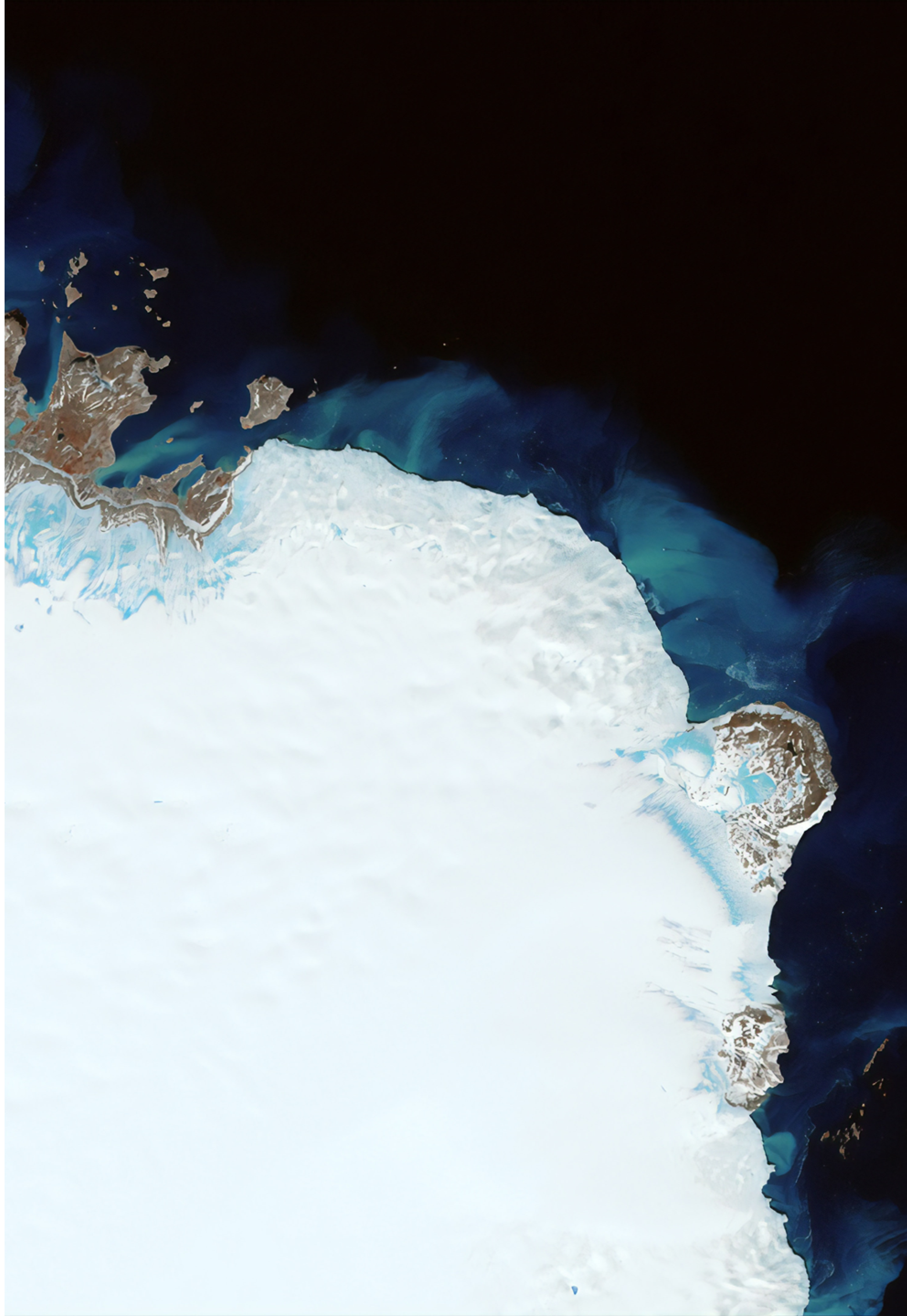
Savills plc

Task Force on Climate-Related Financial Disclosures (TCFD) Report 2022

Responsible, Sustainable Real Estate

Contents



What is TCFD?

"We have moved forward with actions arising from our 2021 report under the Task Force on Climate-Related Financial Disclosures ('TCFD') framework, and have added additional risk mitigation details within our 2022 disclosure in our 2022 Report and Accounts. Looking forwards we aim to improve upon our GreenHouse Gas ('GHG') data sets for all three scopes, whilst also undertaking further tangible carbon reduction actions consistent with our Net Zero Transition Plan."

Nicholas Ferguson CBE
Chairman

In 2017, the Task Force for Climate-Related Financial Disclosures ("TCFD") released climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation. The disclosure recommendations are structured around four thematic areas that represent core elements of how organisations operate: governance, strategy, risk management, and metrics and targets.

The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could enable stakeholders to understand better both exposures and opportunities relating to climate risks and the transition to the green economy.

Our Disclosures

Decarbonising the real estate sector is an urgent and pressing need; a challenge which COP27 in Sharm El Sheikh has further highlighted. Savills is focused on climate-related risks and working with its clients, suppliers and the local communities on which its operations impact to deliver a more sustainable future.

The formal annual TCFD disclosures are provided within our Annual Report and Accounts 2022 (link). This longer document, goes beyond the formal annual disclosures required by regulation, to provide supplementary detail into the considerations we took during this process. Our TCFD disclosures aim to provide climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures. By this we mean the four TCFD recommendations and the 11 recommended disclosures set out in Figure 4 of Section C of the report entitled "Recommendations of the Task Force on Climate-related Financial Disclosures" published in June 2017 by the TCFD." We have also referenced the recommendations in "Task Force on Climate-related Financial Disclosures, Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, October 2021".

Governance

The Board is responsible overall for managing climate-related risks and realising opportunities, as detailed in the Governance section of our 2022 Report and Accounts (link). The Board is supported in this respect by the Group Executive Board (GEB), which is responsible for implementing climate-related risk management plans, addressing climate-related threats to Savills business model and for realising opportunities. In addition, the Group Risk Committee and Group Environmental Social & Governance (ESG) Committee, are responsible for overseeing climate risk assessment and other aspects of Savills corporate sustainability and ESG agenda and reporting into the GEB. The Board and GEB both meet at least quarterly. The Group ESG Committee meets at least bi-annually and, after the first year of TCFD reporting, the Savills TCFD Working Group meets at least annually. Board is updated on progress against goals and targets regularly, and at least annually considers the progress made against our goals.

The Board and Board committees are informed about climate-related issues via written reports and oral updates along with formal presentations from the Group Legal Director & Company Secretary and the Group

Focusing on climate-related risks to deliver a more sustainable future

"Following on from the workshops we held in 2021 on TCFD to identify Savills Group risks and opportunities relating to climate change, we have built on this foundation and focused efforts in 2022 on building out and acting on actions identified to mitigate risks and capitalise on opportunities. The TCFD framework has been beneficial in the planning of our key business operations across our different operating regions."

Lizzie Jones
Group Sustainability Director

Sustainability Director. Both the Group Legal Director & Company Secretary and the Group Sustainability Director have climate related actions within their KPIs, as do GEB members, including the Group CEO. Climate-related issues are also considered when the Board is reviewing strategy, budgets, major plans of action, proposed investments, capital expenditure and acquisitions.

The Savills TCFD Working Group and Group ESG Committee report into the GEB and through it the Board and, as part of this reporting, highlight climate related items and associated actions to consider. The process by which Group management is informed about regional climate-related issues is through the Regional ESG Committees, which either have TCFD as a key agenda item or which have a Regional TCFD working groups. Regional ESG Groups (in UK, CEME, Asia Pacific and North America) and Savills Investment Management ("Savills IM") were established to develop and manage programmes in those businesses within the Group's overall TCFD framework. Key climate related actions and risks are monitored and managed through these Regional groups which respectively report into the Group ESG Committee and the Savills TCFD Working Group, with key messages then further disseminated to management across the business as needed. Heads of the Principal Businesses have overall climate related responsibilities for their businesses; with progress by Principal Business against agreed targets monitored and overseen by the Group ESG Committee, which reports via the Group Legal Director & Company Secretary, to the GEB and the Board.

Savills TCFD Working Group is supported by Willis Towers Watson ("WTW"), who assisted each Region to effectively assess climate-related risk during 2021, following which each Region was able to develop further its action plans to address climate risks and realise opportunities specific to their businesses.

Strategy and Risk Management

Interface between Climate-Related Risks and Overall Risk Management

For each Regional Business, detailed climate-risk management plans have been developed to establish mitigation and adaptation measures to manage the most material climate-related risks. Savills Group processes for managing climate-related risks are outlined in the Governance section above, and are also aligned to Savills wider risk management approach (Pages 29 - 35 in Annual Report and Accounts 2022)

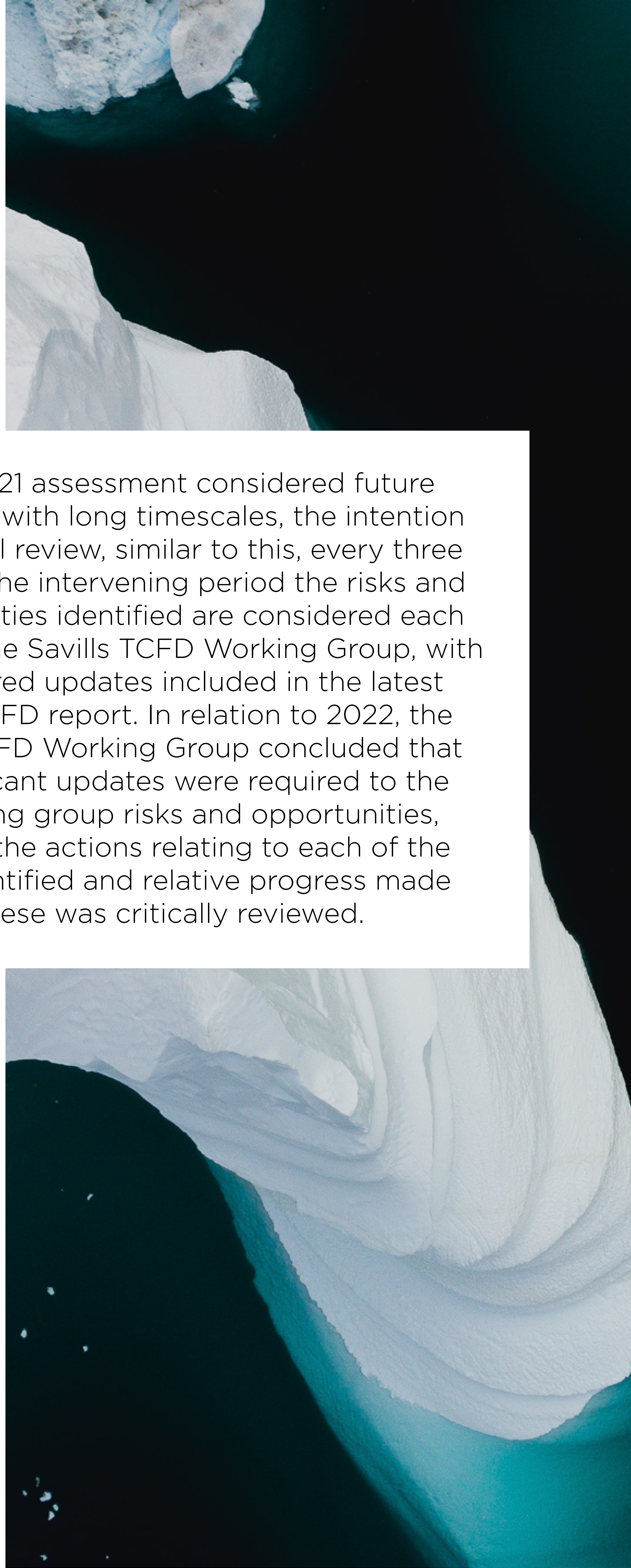
The materiality assessment was based on an integrated view of the impact and likelihood of occurrence for each risk and opportunity. Climate-related risks continue to be evaluated as part of Savills six-monthly risk identification, review and assessment process for emerging and principal risks conducted by the Group Risk Committee (Pages 29 - 35 in Annual Report and Accounts 2022). The TCFD materiality process is also integrated within the wider risk management processes; the Group's Risk Register has a high-level summary risk covering "Environment and Sustainability" with further details on climate related issues managed within specific TCFD risk documentation.

The Savills TCFD Working Group, responsible for overseeing the climate scenario risk assessment, includes the Group Risk Director and the Group Sustainability Director within its membership. The climate risk assessment adopts other elements used in the broader Savills risk assessment categories including:

- description of the risk and time horizon (identification);
- impact-likelihood rating (the evaluation enabling prioritisation);
- mitigating actions and controls (mitigation);
- future action plans & risk owner (monitoring).

The results are integrated into ERM reporting and ongoing identification, assessment and management of climate-related risks.

As the 2021 assessment considered future scenarios with long timescales, the intention is for a full review, similar to this, every three years. In the intervening period the risks and opportunities identified are considered each year by the Savills TCFD Working Group, with any required updates included in the latest annual TCFD report. In relation to 2022, the Savills TCFD Working Group concluded that no significant updates were required to the overarching group risks and opportunities, however, the actions relating to each of the items identified and relative progress made against these was critically reviewed.



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Strategy and Risk Management
Continued

Scenario analysis

In order to explore the business risks and opportunities we undertook a climate scenario analysis against two scenarios. The two scenarios have average temperature rises of 2°C and 4°C respectively, physical and transition risks were identified together with the time horizon in which they are most likely to occur and the potential financial impact on Savills strategy. The time horizons selected defined “short-term” as the next 1 to 5 years, “medium-term” as 5 to 10 years and “long-term” as 10 years or more. The timelines were chosen to reflect Savills business planning. Group materiality incorporates a combined view of the considered impacts across the Regional Businesses.

Below 2°C scenario (< 2°C)

The scenario is based on The Paris Agreement to which more than 190 countries committed to limit global warming to well below 2°C above pre-industrial temperatures and to pursue efforts to limit it to no more than 1.5°C. The scenario assumes climate policies are introduced early and become gradually more stringent across the globe. There is an increase in public and private investment into green technologies and the share of renewables by 2030 in global electricity supply increases to approximately 50%[1] shifting economies from being fossil fuel dependent to renewable energy driven. More stringent government policies such as stricter energy efficiency building codes and carbon taxes help advanced economies achieve net zero by 2050 and the world by 2070.[2] The scenario assumes low growth in material consumption and increasing consumer pressure on businesses to drive sustainability. Those companies which fail to transition their businesses to a low carbon model will be adversely impacted.

High Emissions Pathway (> 4°C)

This scenario is aligned with RCP8.5, where due to high emissions in the atmosphere, temperature is likely to increase by more than 4°C compared to pre-industrial times by the year 2100. This scenario builds on the Fossil-fuelled Development scenario of the Shared Socioeconomic Pathways. It places increasing faith in competitive markets, innovation and societies to produce rapid growth. There is an increasing adoption of resource and energy intensive lifestyles around the world and the push for economic and social development is coupled with the exploitation of abundant fossil fuels. As a result of the failure to transition, the physical impacts of climate change become increasingly severe. The increase in frequency and severity of flooding, higher sea level rise and other physical hazards put additional stress on the built environment

1 World Energy Outlook 2020, IEA, 2020 (pg. 105)
2 Sustainable Development Scenario, IEA, 2020

Summary of Risks and Opportunities identified

Risk Type	Risk Description	Time frame of impact	Potential Financial Impact	Materiality Assessment	
Physical – Assessed under the High Emissions Scenario (> 4°C)				**2025**	**2030**
Acute catastrophic events	Increased frequency and severity of extreme weather events, such as cyclones, hurricanes, heat waves, wildfires and floods.	Long Term	Risk Impact: Potential for increased property damage from catastrophic events deemed minimal. Climate modelling which considers RCP8.5, conducted by WTW shows minimal exposure across short, medium and long terms. In relation to assets under the management of Savills IM, some exposure, however, Savills IM is developing strategies to mitigate the impact of these risks in relation to assets in funds under its management. Opportunity Impact: As cities become increasingly concerned about the impacts of severe physical risk events, there is potential for Savills to support resilient city strategic planning, which could generate additional revenue for the business.	Low	Low
Chronic - Gradual changes in weather patterns	Longer-term shifts in weather patterns, which may cause increasing frequency of heavy rain and wind, rising sea levels and average temperatures	Long Term	Risk Impact: Potential risk identified for increased operational and maintenance costs, which are passed on from landlords to Savills as tenant, however, relevant cost deemed minimal. Some of the assets in funds managed by Savills IM have some exposure. However, Savills IM is developing strategies to mitigate the impact of these risks in relation to assets in funds under its management.	Low	Low

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Summary of risks and opportunities identified.
Continued

Risk Type	Risk Description	Time frame of impact	Potential Financial Impact	Materiality Assessment	
Transition - Assessed under the Well Below 2°C Scenario (< 2°C)				**2025**	**2030**
Policy & Regulation	Enhanced climate risk disclosures	Short Term	Risk Impact	Low	Low
			The financial cost of compliance and disclosures is considered to be limited.		
	Introduction of emissions caps, carbon pricing and offsets	Long Term	Risk Impact	Low	Low
			Savills is predominantly a service provider, its overall emissions are low in relative terms, and it intends to further reduce its emissions through Regional targets.		
			Opportunity Impact:		
			Given higher carbon taxes, there will likely be increased demand for sustainable design and performance advice for offices, providing revenue opportunity.		
	Changes in building standards; new requirements for property transactions, development and operations	Short to Medium-term	Risk Impact	Low	Low
			Because Savills is already implementing actions to track, and monitor changing regulatory standards, conduct retrofits to increase efficiency of properties and increase ESG knowledge across the Savills business, the risk is assessed as “low”. In relation to assets held in funds managed by Savills IM, ensuring that fund assets meet future minimum standards may result in additional asset management costs at fund level, however overall risks deemed low.		
			Opportunity Impact:		
			Significant opportunity for Savills Regional Businesses to increase revenue by becoming a leading provider of ESG consultancy services to clients which will increasingly demand it.		

Summary of risks and opportunities identified.
Continued

Risk Type	Risk Description	Time frame of impact	Potential Financial Impact	Materiality Assessment	
Reputation	Increased stakeholder concern or negative stakeholder feedback	Short Term	Risk Impact	Moderate	Low
			Risk is assessed as low, when reflecting the mitigation plans in place, a moderate opportunity exists.		
			Opportunity Impact:		
			A proactive approach to sustainability and commitment to responsible business, such as Savills UK's and Savills IM's Net Zero targets and the concentration of ESG services into Savills Earth, should help to attract the next generation of talent who are increasingly concerned with sustainability issues. There is significant opportunity to become a leading provider of ESG services to clients, if Savills can continue to develop employee skill sets and knowledge to build its client facing service offering.		
Market Changes	Shifts in customer preferences for real estate services incorporating climate considerations	Short Term	Risk Impact	Moderate	Low
			Greater level of focus on climate related risks. If Savills fails to respond to these shifts in client focus it could see reduced income and market share, arising from lower relevance in the market. However, mitigation in place for this.		
			Opportunity Impact:		
			Savills could increase its market share and revenues if it becomes a leading provider of sustainability consultancy services. Likely increase in demand for consultancy advice.		

Summary of risks and opportunities identified.
Continued

Risk Type	Risk Description	Time frame of impact	Potential Financial Impact	Materiality Assessment	
	Markets vulnerable to climate change becoming less desirable over time	Long-Term	Risk Impact	Low	Low
			Due to the inherent diversification of Savills business this was assessed as being likely to have minimal impact. Savills is not exposed to markets that are expected to be impacted by the transition.		
			Opportunity Impact:		
			Potential to share expertise across Savills Regional Businesses to meet new client requirements. Consequently, this could generate additional revenue.		
	Specialist skills shortages	Short-Term	Risk Impact	Low	Low
			As Savills is proactively investing in expanding sustainability recruitment and training across its business, this risk is assessed as being low.		
			Opportunity Impact:		
			If Savills can attract the next generation of talent to build on its existing resource base, it could generate a competitive advantage and lead to increased revenue generation.		
Technology Development	Substitution of existing products or services with lower emissions options	Short to Medium-Term	Risk Impact	Moderate	Low
			Savills will continue to incur development and capital investment costs in relation to client facing real-estate technology. However, relative costs deemed low.		
			Opportunity Impact:		
			Developments in data collection technology could present Savills a moderate opportunity to increase revenue by further strengthening the Group's client advisory service offering on emissions reporting and benchmarking. There is also an opportunity for Savills to occupy more efficient buildings, with smarter more efficient technology, which could lead to cost reductions on Savills own electricity spend.		

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Evaluation of Resilience

2 Degrees – Risks and Opportunities

Under the well below 2°C scenario, Savills strategy is assessed as being resilient to the impacts of the transition to a low carbon economy, with most risks assessed as "low". In particular, Savills assessed that the opportunities presented in terms of new revenue streams derived, for example, from the expansion of sustainability consultancy services and efficiency gains from technologies, outweighed the transition risks that it is exposed to. The most material transition risks and opportunities under this scenario are assessed as being "moderate" in 2025 with exposure reducing to "low" by 2030 and are as follows:

1. Reputation: Increased stakeholder concern or negative stakeholder feedback;
2. Market: Shifts in client preferences for real estate services incorporating climate considerations and requiring service providers to have the necessary expertise;
3. Technology: Substitution of existing products or services with lower emissions options;

In terms of the below 2°C scenario for physical risks, there was modelled to be relatively minimal risk, therefore, exposure was found to be broadly consistent with today.

4 Degrees – Risks and Opportunities

Under the High Emissions Pathway (>4°C) scenario, whilst extreme weather events are forecast to increase, the physical risk impact to Savills is expected to be relatively low, due to the advisory nature of business activities, which only use leased space that can be relocated. Savills also assessed the potential for additional revenue opportunities under this scenario. The higher physical risk will likely lead to climate-change related migration in the long-term and increased volume of movement provides opportunities to increase revenue in Savills consultancy and transaction advisory businesses. In relation to Savills IM, assets held on behalf of investors in its managed funds do have some exposure to high flood risk and moderate storm risk, and these risks are projected to increase in the long-term. To ensure strategy resilience, Savills IM intends to invest in detailed assessments of higher-risk assets currently held within its managed funds, and to engage as appropriate with flood and coastal risk management agencies to plan future protection and consider divestment if adaptation measures are deemed inadequate.

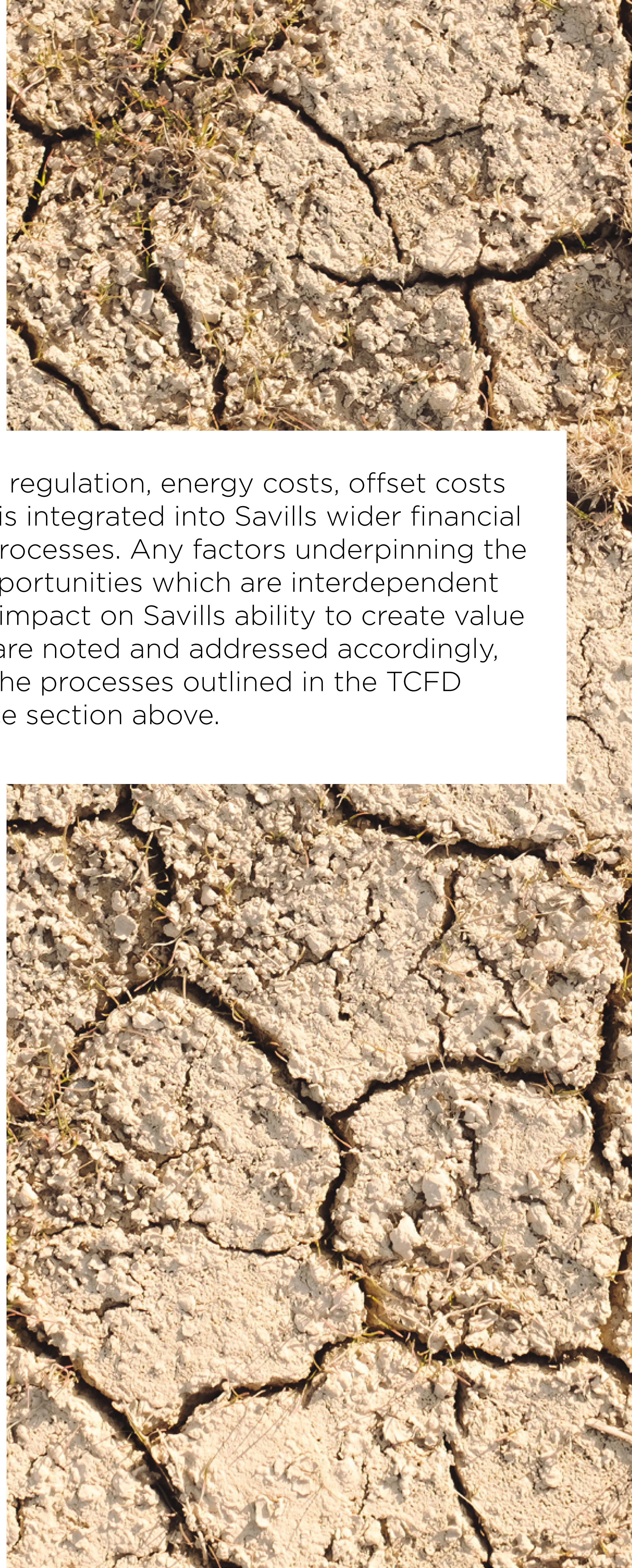
Evaluation of Resilience

Savills has identified that it will further reduce its exposure to these risks and exploit potential opportunities through the following actions:

- Remaining committed to Science-Based Targets to deliver our goals, consistent with a no greater than 1.5°C temperature increase, of achieving Scope 1 and 2 net zero by 2030 and net zero in our value chain (i.e. Scope 3, including assets under the Group's direct control) by 2040. Continue the net zero journey by completing actions within the Savills Net Zero Transition plan.
- We will continue to invest further in the development of the Group's client sustainability offering across its Regional Businesses in particular by building out the "Savills Earth" offering, our energy and sustainability combined services, complemented by appropriate training programmes to ensure that knowledge of climate related risks is embedded in all relevant teams to allow these teams to meet client requirements.
- We will also continue to invest in technology solutions and strategic partnerships with, or acquisitions of firms offering climate-change related services and solutions both to better serve its clients changing demands and to reduce its own carbon footprint.

TCFD Risk Mitigation and Adaptation Budgets

The Savills TCFD Working Group used the workshop findings summarised above to analyse the resilience of Savills business model and strategy to climate change, taking into consideration different climate related scenarios. In addition, consolidating the estimates provided by the Regional and Savills IM ESG Groups, the TCFD Working Group developed financial costing in relation to risk mitigation for TCFD (for the avoidance of doubt excluding costs in relation to assets managed by Savills IM under the terms of its investment management appointments), which are outlined below. The assumptions applied in developing these current costings estimates are in particular highly sensitive to changes in regulation, energy costs, offset costs etc. TCFD is integrated into Savills wider financial planning processes. Any factors underpinning the risks or opportunities which are interdependent and could impact on Savills ability to create value over time are noted and addressed accordingly, following the processes outlined in the TCFD Governance section above.



Evaluation of Resilience

The adjacent figures represent an estimated forecast costing of risk mitigation and adaptation plans included within financial and business plans, set against estimated total Group cost projections, over the "medium-term" (i.e. the period from 1 January 2023 to 31 December 2029). As the mitigation and adaptation actions include both physical and transition risk the costs are based on a combined view considering both scenarios outlined above:

Regional area / Business	TCFD related costs for risk mitigation covering period from start of 2023 up to end 2029. Presented as % of total cost base over the "medium term"*	Explanation of TCFD Mitigation and adaptation budgets.
UK	0.08%	Example actions budgeted for include: • Annual increase in insurance premium, attributed to climate change • Increased M&E to ensure climate control within offices • Numerous actions relating to pathway to net zero, to negate need of carbon offsetting. • ESG training to staff • Transitioning company cars to EVs • Regional monitoring of emerging regulations. • Implementation of Internal and external communication strategy • Support individual office initiatives • Development of in-house talent
APAC	0.04%	
N America	0.00%	
EME	0.23%	
Savills IM	0.76%	
Group Total	0.1%**	Total estimated cost is rounded and Inclusive of currently estimated off-set costs up to end of 2029.

*For comparison purposes, total Group operating costs (inc. profit related bonus & interest) was estimated covering a 7 year period based on total 2022 Group operating costs, business plan forecasts and, from 2026 onwards, assuming 5% growth year on year

** Underlying budget figures were rounded and are estimated for a 7 year period therefore subject to change over time.

Estimates have also been developed for potential value of climate related opportunities over the "medium term". The financial figures relating to the climate market changes and associated opportunities over the "medium term" are subject to continuous review and are in particular highly sensitive to market developments and are commercially sensitive and therefore have not been reported in detail. However, these provide significant additional revenue opportunities, with the value of the opportunity estimated to significantly outweigh the total costs of mitigating climate change related risks.

Metrics and Targets

Metrics used by Savills to assess climate related risks and opportunities in line with Group strategy and the Group risk management process include Green House Gas (GHG) emissions for absolute Scope 1, Scope 2 and Scope 3. The GHG metrics are summarised within the GHG reporting section of this report (Appendix 1). This metric is monitored to check exposure to (GHG) emissions and therefore future carbon prices along with link to success against Savills net zero targets.

A further metric used is the estimated expenditure and investment deployed toward climate related risks and opportunities; additional details are outlined above. Monitoring TCFD related expenditure gives an indication of the extent to which risk mitigation has been budgeted for and how long-term value might be affected.

Savills has undertaken a Group Net Zero Transition Plan and costing exercises, as part of its TCFD review, with changes in carbon price monitored globally to assist predicting future cost implications. Savills is currently working with Science Based Targets (SBTi) to verify targets which would achieve net zero for scopes 1 & 2 by 2030, and scope 3 by 2040. This is an established target which we disclosed in our 2021 TCFD report. Further detail around the baseline year and interim targets to be used and other details will be defined and disclosed over the next 18 months. Our GHG emissions for 2019 baseline have been inputted into the model provided by SBTi for Scopes 1 and 2, and for the baseline year of 2022 for Scope 3 data. This has allowed us to put forward targets which both meet the SBTi criteria and our own net zero targets; we now await confirmation of these targets from SBTi which is expected in (H1, 2023]. Regional targets set to align with Sustainable Development Goals (SDGs) will also assist with some actions relating to the TCFD regional working groups, for example ESG training programmes. The 9 SDGs which Savills is aligned to and the corresponding objectives can be found here: (https://www.savills.com/why-savills/environmental-social-and-governance.aspx). Aligned with the Group SDG framework, each Regional Business and Savills IM has developed its own detailed SDG roadmap which have SMART targets relating to topics such as energy efficiency, waste management and recycling and green energy tariffs, as examples. These are managed by their relevant regional ESG committees and are monitored twice a year at the Group ESG Committee. Performance on material climate-related issues are linked into remuneration considerations, forming part of the KPIs which are reviewed at the annual staff appraisal and therefore linked to bonus allocation. This covers key staff responsible for climate related issues, including, but not limited to, the Group Chief Executive Officer, Group Chief Financial Officer, Group Legal Director & Company Secretary and the Group Sustainability Director.

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TCFD 2022 Report Consistency and Improvement Points Summary

	Disclosure location	Notes on improvements to report made for 2022 disclosure
Governance		
a) Describe the board's oversight of climate-related risks and opportunities.	Page 68 in Annual Report and Accounts 2022, TCFD Governance section	No significant changes
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 68 in Annual Report and Accounts 2022, TCFD Governance section	No significant changes
Strategy		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Page 70-71 in Annual Report and Accounts 2022, Summary of Risks and Opportunities identified section	In relation to 2022, the Savills TCFD Working Group concluded that no significant updates were required to the overarching Group risks and opportunities
b) Describe the impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	Page 72 in Annual Report and Accounts 2022, Evaluation of Resilience section, and Pages 72-73, Evaluation of Resilience and TCFD Risk Mitigation and Adaptation Budgets sections	Figures for estimated forecast costing of risk mitigation and adaptation plans included within financial and business plans were disclosed for the first time.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 72 in Annual Report and Accounts 2022, Evaluation of Resilience section	No significant changes

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TCFD 2022 Report Consistency and Improvement Points Summary

	Disclosure location	Notes on improvements to report made for 2022 disclosure
Risk Management		
a) Describe the organization's processes for identifying and assessing climate-related risks	Page 68 in Annual Report and Accounts 2022, Strategy and Risk Management section	No significant changes
b) Describe the organization's processes for managing climate-related risks.	Page 72 in Annual Report and Accounts 2022, Evaluation of Resilience section	No significant changes
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Page 69 in Annual Report and Accounts 2022, Strategy and Risk Management section	No significant changes
Metrics and Targets		
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Page 73 in Annual Report and Accounts 2022, Metrics and Targets section	A further metric added related to estimated expenditure and investment deployed toward climate related risks and opportunities
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Pages 64-67 Green House Gas Emissions disclosures section and Metrics and Targets section, Page 73 in Annual Report and Accounts 2022	Scope 3 emissions for Savills Investment Management AuM with discretionary control disclosed for the first time.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Page 64-67 in Annual Report and Accounts 2022, Green House Gas Emissions disclosures	No significant changes

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Appendix 1: 2022 Green House Gas (GHG)

Savills Greenhouse Gas (GHG) Emissions Statement, taken from 2022 Report and Accounts

Greenhouse gas emissions

Our Greenhouse Gas (GHG) Emissions statement includes all emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Companies (Directors' Report) Regulations 2018 for the financial year to 31 December 2022.

Reporting methodology

We report our GHG Emissions using the revised edition of the GHG Protocol Corporate Accounting and Reporting Standard, the GHG Protocol Scope 2 Guidance, the GHG Protocol Corporate Value Chain (Scope 3) Standard and the UK Government Guidance on Streamlined Energy and Carbon Reporting (SECR). Our reporting boundary is based on an operational control approach, and includes emissions from Savills plc and Group Subsidiaries where the Company has a (direct or indirect) majority shareholding.

Scope 1 and 2 emissions

Reported Scope 1 emissions include emissions from fuel consumption by the Group's owned and leased vehicles and the combustion of fuels within our offices. Scope 2 emissions are reported using both 'market-based' and 'location-based' methodologies and relate to the consumption of purchased electricity, heat, steam and cooling in our offices with operational control. Savills has a network of representatives and associates in over 700 locations globally. Out of the 700 locations, we operate 276 offices with operational control that falls under the reporting scope.

Scope 1 and Scope 2 'location-based' emissions were calculated using regional/national emission factors published by the United Nations Statistics Division, the UK Government GHG Conversion Factors for Company Reporting, US Environmental Protection Agency, Australian Department of the Environment and Energy and other national agencies and internationally recognised guidelines for each reporting period. Under the Scope 2 'market-based' method, no emissions were accounted for electricity supplies backed with local Renewable Energy Certificates (RECs), such as Renewable Energy Guarantees of Origin (REGO) in the UK. This GHG accounting principle follows the Scope 2 Quality Criteria as set out by the GHG Protocol Scope 2 Guidance. Scope 2 'market-based' emissions from energy use with no RECs in place were calculated using regional/national residual mix emission factors.

To co-ordinate the collection of GHG emissions data across our global operations, a network of Environmental Reporting Officers (EROs) and data entry users have been established within Savills, reporting datasets to the Group Sustainability Director on a bi-annual basis. A third-party environmental reporting tool was deployed to facilitate data aggregation and data quality review. GHG emissions data was collated using actual activity data wherever possible. In some instances, where actual activity data was not readily available, we estimated our operational emissions using a range of standard carbon accounting methods. Data extrapolation was used where actual activity data was partially available for the reporting year. Otherwise, regional benchmarks or average intensity metrics were used to estimate missing data.

Appendix 1: 2022 Green House Gas (GHG)

In addition to absolute GHG emissions metrics, we use two standardised intensity metrics that enable comparisons of our regional performance and year-on-year results; Scope 1 and 2 'market-based' emissions per £million of revenue and Scope 1 and 2 'location-based' emissions intensity of our offices per floor area. The floor area GHG intensity ratio excludes emissions from fuel consumption of our business fleet to enable direct comparison of operational energy efficiency of our premises.

Where actual or better proxy data becomes available and the aggregated impact to our overall energy use or emissions by scope exceeds 2%, we restate the previous year data to reflect these changes. We have made restatements to the 2021 absolute performance measures of three office locations. This restatement has resulted in a 8% decrease in the total energy use and a 1% adjustment to the total Scope 1 and 2 GHG emissions reported for 2021. The baseline year has been changed from 2018 to 2019 to align with our SBTi targets.

Scope 3 emissions

In 2022, we undertook our second assessment of the Group's Scope 3 emissions. The initial assessment in 2021 adopted a staged approach due to the scale of the project. First analysing the upstream emissions associated with our operations in the United Kingdom and North America, then scaling up to provide an estimate of the Scope 3 emissions for all of the regions in which we operate. For 2022 we have expanded the scope of the data collection process to cover all of the regions in which we operate and those of Savills IM's Assets Under Management("AuM") and covers all funds and mandates where Savills M exercises discretionary asset control.

Reported Scope 3 upstream emissions include purchased goods and services, capital goods, waste generated in operations, water consumption, business travel in vehicles not owned, leased or controlled by the Group, employee commuting and fuel and energy related emissions that are not captured in Scope 1 and 2. Purchased goods and services includes all expenditure on services (e.g. cleaning, insurance, IT etc) and consumable products/goods (e.g. food and stationery). Capital expenditure includes all expenditure on durable products/goods that were acquired within 2022 (e.g. dish washers, office furniture etc). The methodology used to estimate the supply chain emissions from purchased goods and services and capital goods is based on the EXIOBASE3* environmentally extended input-output (EEIO) dataset. EEIO combines economic information about the trade between industrial sectors with environmental information and the emissions arising directly from those sectors.

Financial expenditure data was collected across all regions. In some cases, where data only covers 10 months of the year, estimates were used to annualise the data. Business travel data quality and availability varies across the business. For the UK, business travel emissions were calculated based on actual activity data. Other regions had good quality activity data for some business areas. Where activity data was not available, we used expenditure data and the Exiobase model to calculate business travel emissions.

* EXIOBASE3 is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License. It is attributed to the EXIOBASE Consortium and can be found at www.exiobase.eu.

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Appendix 1: 2022 Green House Gas (GHG)

During 2022, we rolled out surveys to assess employee commuting activity across all the countries in which we operate. We had responses from over 5,000 employees and calculated commuting emissions using the UK Government GHG Conversion Factors for Company Reporting and US EPA emissions factors. Waste, water, fuel and energy-related emissions were collected using the same data collection process that was used for Scopes 1 and 2, as described above.

Reported Scope 3 downstream emissions relate to Savills IM AuM and covers all funds and mandates where Savills M exercises discretionary asset control. For the purposes of this report, discretionary control is defined as Savills IM holding decision-making and fiduciary responsibilities regarding which assets to buy and sell, in addition to asset management such as development, fit-out, refurbishment and leasehold transactions. This definition extends to a small number of segregated mandates where the client maintains discretion over their portfolio strategy. While Savills IM has management control, it is important to note that a significant number of leases attaching to AuM are full repairing and insuring, presenting challenges to Savills IM when it comes to data collection and opportunities for energy reduction interventions.

Emissions for 2022 were estimated based on the actual energy use data for the previous year, where feasible. Where data was found to be partially incomplete for a specific utility for a particular building area (e.g. landlord-controlled or tenant-controlled areas), the actual data was extrapolated to calculate full data coverage. For assets where no actual data was available, energy use and the associated GHG emissions were estimated based on industry benchmarks, such as the Chartered Institution of Building Services Engineers (CIBSE)'s Energy Benchmarking Tool for the UK, the EU Buildings Database and the GRESB Real Estate Assessment.

Going forward, we plan to further refine our Scope 3 analysis by implementing a strategy to improve data collection processes across Savills global operations. This will be focused on providing activity data, particularly for business travel, improving the efficiency of data collection processes and avoiding extrapolation where possible. Savills IM has set an objective to collect 75% of actual data from its AuM by 2025 and is working with property and asset managers, tenants and ESG consultants to improve data coverage.

Performance and trends

In 2022, our absolute Scope 1 and 2 'market-based' emissions totalled to 6,679 tonnes CO2e, which is a 17.9% (1,454 tonnes CO2e) reduction against our 2019 base year. When assessed on an annual basis, we have seen a 0.4% upward change in the Group's Scope 1 and 2 emissions, associated with a 2% increase in floor space occupied globally and higher electricity consumption in our UK and EMEA offices. The annual rise in electricity use was largely due to further increased use of our workplaces in these regions compared to 2021, going back to the pre-pandemic levels for all quarters. An increase in estimation for Q4 2022 is also considered to be a contributing factor. The Group used 24,006 MWh of energy, reflecting a 12% decrease in fuels use and a 15% increase in electricity consumption.

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Our regional initiatives to decarbonize company owned and leased vehicles and to reduce business travel has led to a 4% year-on-year decrease in the corresponding Scope 1 emissions. This trend is expected to continue in the coming years, as the Group seeks to replace company owned and leased cars to electric vehicles and hybrid alternatives. The overall reduction in Scope 1 emissions was also impacted by better quality data and the confirmation of operational control in relation to heating for some of our leased offices in the UK.

On an intensity basis, our Scope 1 and 2 'location-based' GHG emissions per office floor space has reduced by 1.2% year-on-year and 18% since 2019. Our GHG financial intensity metric, expressed as GHG emissions per £million revenue, has seen a reduction of 6.2% and 31.6% respectively.. These metrics reflect continual improvement in managing our environmental impacts and associated carbon emissions through office retro-fits, fleet upgrades, behavioural changes and the procurement of renewable electricity.

Key measures implemented to reduce our Scope 1 and 2 GHG emissions include: LED lighting replacements, energy audits, promoting behavioural changes to eliminate energy wastage, procurement of renewable electricity and replacement of company owned and leased vehicles with zero or low-emission alternatives. For example, our Asia Pacific operations are on track to achieve 100% LED lighting by 2025. It is our long-term goal to achieve 100% procurement of certified renewable electricity, with good progress made across our UK and CEE operations. In 2022, we also worked to formalise our Net Zero Transition Plan to guide efforts towards long-term decarbonisation. Further details on the environmental initiatives are provided in the Environment section (Page 46-49 of in Annual Report and Accounts 2022).

In 2022, as in 2021, actual or estimated Scope 1 and 2 emissions data was reported for all offices where we have operational control. Reported energy and GHG emissions data includes estimates where actual data was unavailable.

Due to a shift in our year-end reporting and data assurance timescales in 2022, the proportion of estimated data increased by 7% when compared to 2021 (estimated data covered 29% of data in 2021). It remains our key priority to achieve improved data accuracy.

The 2022 Scope 3 emissions were estimated to total to 203,895 tonnes CO2e, including our upstream emissions from business operations and the downstream AuM emissions from Savills IM. The Savills IM AuM emissions were reported for the first time and represent 58% of total 2022 Scope 3 emissions. No downstream GHG emissions were included for 2021, as initially, we were working to improve our understanding of upstream Scope 3 emissions. Our upstream Scope 3 emissions totalled to 85,351 tonnes CO2e, an increase of 55% since 2021. This is not unexpected due to several reasons discussed below.

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Appendix 1: 2022 Green House Gas (GHG)

We have significantly improved the data collection and accuracy of the Scope 3 emissions in 2022. 2021 was the first time the Scope 3 emissions were estimated. It was only possible to gather activity data for the UK and financial data for the UK and North America. Emissions for other regions were extrapolated from the UK data. This year a much more detailed set of activity data has been collected for all regions. This includes commuter surveys across all countries, financial data on procurement and capital assets, and business travel activity data, where available. Commuting emissions were higher due to better data on employee travel habits. In addition, the effects of the pandemic mean that activity in many regions was starting to return to normal during 2022. This, along with the growth of the business, has increased expenditure on procurement and capital goods.

Corporate GHG Emissions, tonnes CO_2e	2022	2021	2020	2019	change vs 2019	
Scope 1 (Direct)	1,691^	1,869	1,794	1,775	-4.8%	▼
Scope 2 (Indirect, market-based)	4,989^	4,783	5,386	6,358	-21.5%	▼
Total Scope 1 and 2[1]	**6,680**	**6,652**	**7,180**	**8,133**	**-17.9%**	▼
Scope 2 (Indirect, location-based)	5,462^	5,280	5,847	6,719	-18.7%	▼
GHG financial intensity ratio (tonnes CO_2e / £ million revenue)	2,906	3.10	4.13	4.25	-31.6%	▼
GHG intensity ratio of our offices (tonnes CO_2e / m^2)[2]	0.039	0.040	0.042	0.048	-17.7%	▼
Scope 3 upstream, estimate[3]	85,351	55,223	nr	nr	nr	
Scope 3 downstream, estimate[3]	118,544	nr	nr	nr	nr	
Total Scope 3	**203,895**	**55,223**	**nr**	**nr**	**nr**	
Grand Total	**210,575**	**61,814**	**nr**	**nr**	**nr**	-

Corporate Energy Use MWh	2022	2021	2020	2019	change vs 2019	
Total energy use	24,006^	22,864	24,568	25,938	-7.4%	▼
Data coverage (offices reporting data)	276 (100%)	279 (100%)	285 (100%)	282 (92%)	nr	

Notes:
1. Total Scope 1 and 2 emissions and GHG financial intensity ratio are calculated using the market-based Scope 2 emissions.
2. GHG intensity ratio of our offices is calculated using the location-based Scope 2 emissions.
3. This disclosure is partial, as we continue to work to improve our understanding of our Scope 3, our final figures are expected to be higher. With exception of Savills IM AUM, downstream emissions covering carbon relating to client services are excluded.

^ We engaged Grant Thornton UK LLP to provide independent limited assurance over selected data highlighted in the above table with a ^ symbol using the assurance standards ISAE 3000 (Revised) and ISAE 3410. Grant Thornton has issued an unqualified opinion over the selected data and the full assurance report can be found on our website here (web link).

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Appendix 1: 2022 Green House Gas (GHG)

Scope 3 Performance by category[4]

GHG Emissions Category	tonnes CO2e	%
Purchased goods and services	43,212	21%
Capital goods	5,085	3%
Fuel and energy related activities (not included in scope 1 + 2)	2,496	1%
Waste generated in operations	354	0%
Business travel	6,155	3%
Employee commuting	28,049	14%
Savills IM Assets Under Management	118,544	58%
Total	203,895[4]	100%

4. This disclosure is partial, as we continue to work to improve our understanding of our Scope 3, our final figures are expected to be higher. With exception of Savills IM AUM, downstream emissions covering carbon relating to client services are excluded.

Appendix 1: 2022 Green House Gas (GHG)

Performance by region

	Energy Use		GHG emissions Scope 1 and 2			GHG emissions Scope 3	
Region	MWh	%	Intensity ratio, tonnes CO2e / m²	tonnes CO2e	%	tonnes CO2e	%
Asia Pacific	4,535	19%	0.052	2,379	35.6%	39,788	19.5%
Europe & the Middle East	6,587	27%	0.034	1,983	29.7%	5,186	2.5%
North America	3,574	15%	0.034	1,096	16.4%	8,429	4%
United Kingdom	8,463	35%	0.036	839	12.6%	28,410	14%
Savills IM	847	4%	0.042	382	5.7%	122,082	60%
Total	**24,006**	**100%**	**0.039**	**6,679**	**100%**	**203,895**	**100%**

Appendix 2: Sustainable Development Goals and Aims

We aim to make a positive impact on the communities in which we operate and on the environment, both directly, and through guidance to our clients. We have aligned our Group business strategy with 9 of the 17 UN Sustainable Development Goals (SDGs):

For further information go to: https://www.savills.com/why-savills/environmental-social-and-governance.aspx

SDG Goal	Savills Objective
3 GOOD HEALTH AND WELL-BEING — **Good Health & Well-Being**	Our goal is to provide healthy workplaces, encourage healthy lifestyles and raise awareness of mental health & wellbeing
4 QUALITY EDUCATION — **Quality Education**	We aim to create opportunities for growth and development for our people and within the communities that we impact
5 GENDER EQUALITY — **Gender Equality**	We actively promote gender equality and aim to create a diverse and inclusive environment for all
7 AFFORDABLE AND CLEAN ENERGY — **Affordable & Clean Energy**	We aim to maximise energy efficiency, and switch to using renewable energy across our workspaces
8 DECENT WORK AND ECONOMIC GROWTH — **Decent Work and Economic Growth**	We are committed to operating responsibly and providing fair, safe and diverse workplaces
11 SUSTAINABLE CITIES AND COMMUNITIES — **Sustainable Cities And Communities**	We work with government, national and local communities to create sustainable places
12 RESPONSIBLE CONSUMPTION AND PRODUCTION — **Responsible Consumption and Production**	We seek to reduce our environmental impacts through active operational management and responsible procurement
13 CLIMATE ACTION — **Climate Action**	We aim to minimise carbon emissions and work continuously towards net zero carbon targets globally
15 LIFE ON LAND — **Life on Land**	We expect our suppliers to operate responsibly and seek to protect biodiversity and ecosystems

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