

March 2020

Making an impact – delivering ESG outcomes in Real Estate

Sustainability Summit

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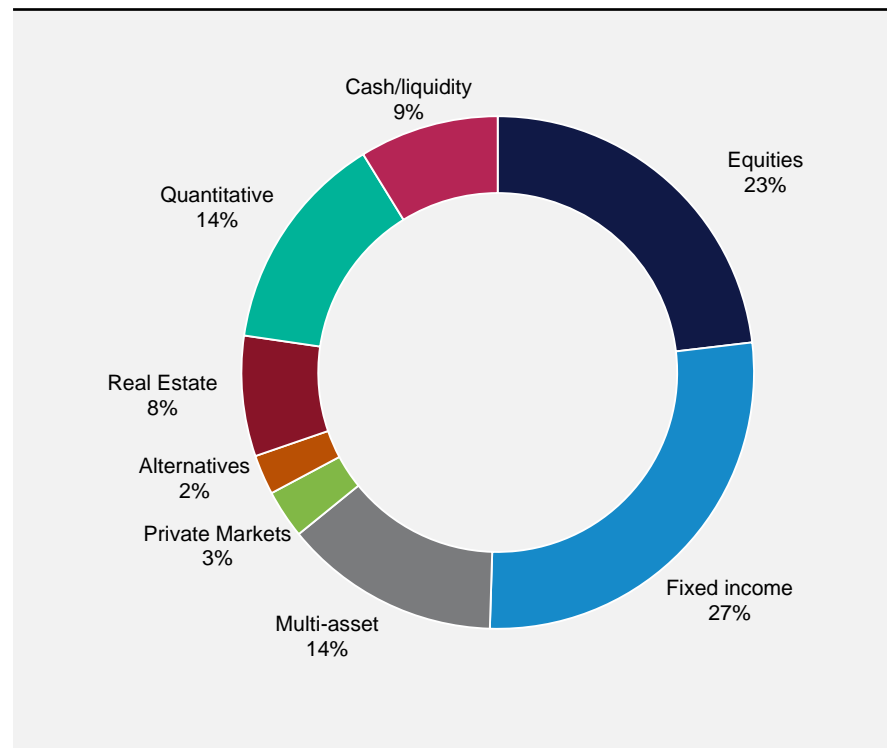
About Aberdeen Standard Investments

Total AuM €587.5 billion

- One of the largest investment managers in the UK, and a global presence
- Assets under management of €587.5 billion
- Geographically diverse, over 40 locations globally*
- Highly diversified business – by revenue, asset class, client and geography
- Aberdeen Standard Investments offers a comprehensive range of developed and emerging market equities and fixed income, multi-asset, real estate and alternatives solutions
- Aberdeen Standard Investments is a brand of the investment businesses of Aberdeen Asset Management and Standard Life Investments



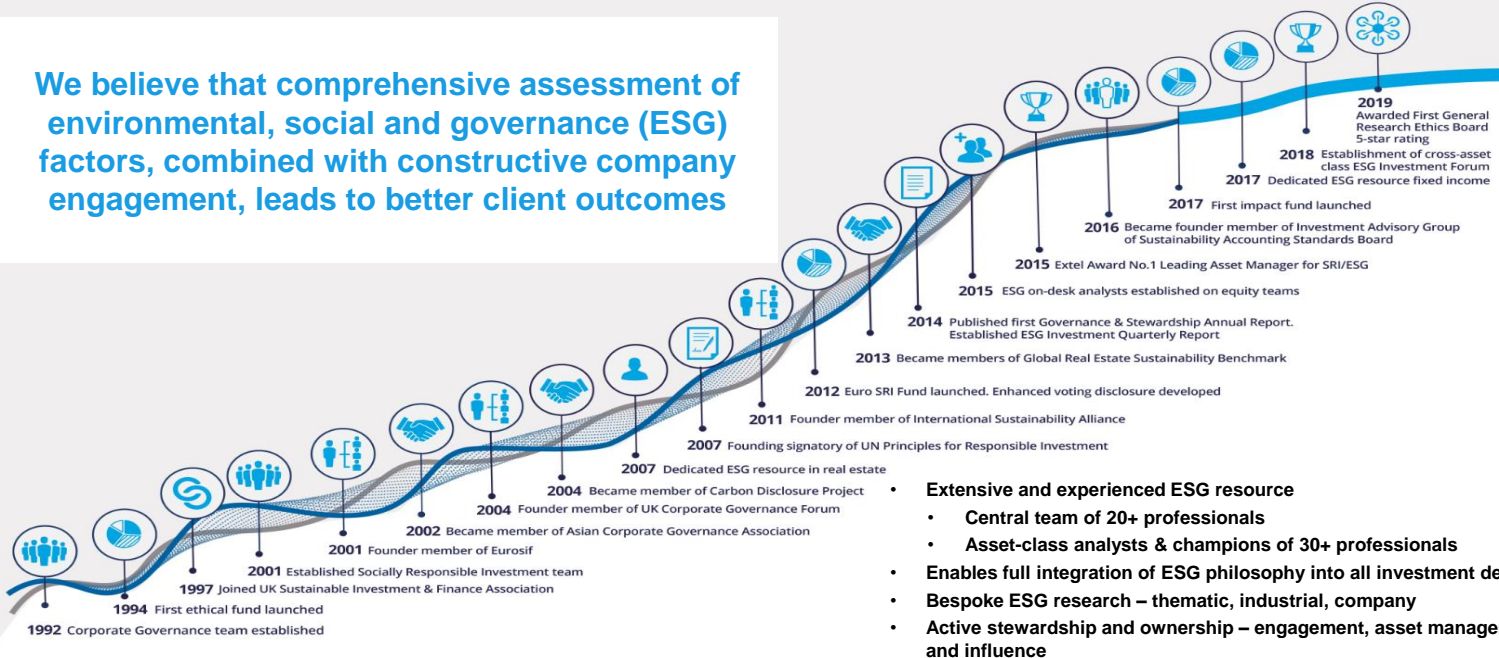
Figures may appear not to add due to rounding. An exchange rate of £1:€1.1176 as at 30 June 2019 has been used. Source: Aberdeen Standard Investments, 30 June 2019 * April 2019 subject to change



ESG Investment Purpose and Philosophy

Corporate purpose: Invest for a better future

We believe that comprehensive assessment of environmental, social and governance (ESG) factors, combined with constructive company engagement, leads to better client outcomes



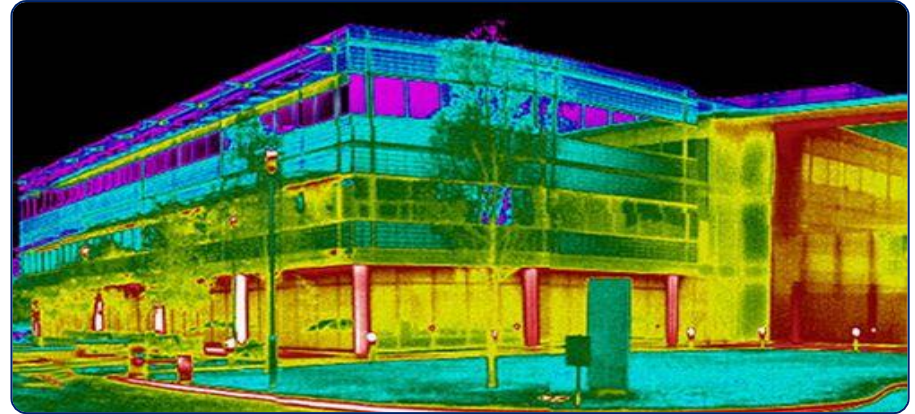
Source: Aberdeen Standard Investments, 2019

Why Focus on Real Estate?

A major source of the problem

Buildings are responsible for:

- 42% of energy consumption
- 35% of global greenhouse gas emissions
- 50% of raw material use
- 30% of water consumption
- 30 - 40% of solid waste generation



Just build better?

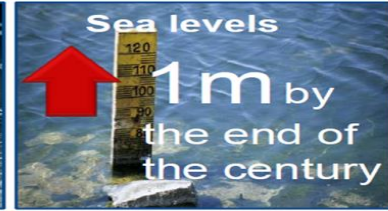
In EU countries, more than 50% of existing buildings were constructed prior to 1970

Current replacement rates mean that most of the buildings we'll have in 50 years' time have already been built

Source: The Roadmap to a Resource Efficient Europe, 2011. For illustrative purposes only

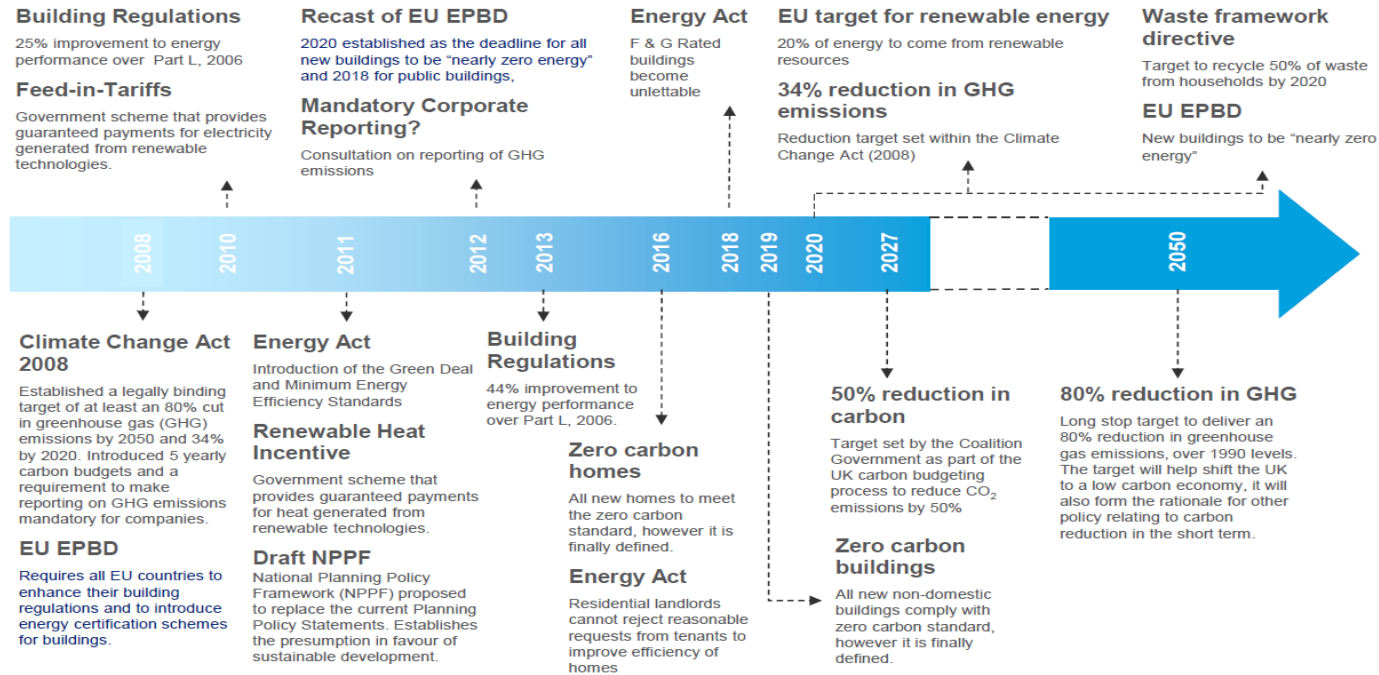
Why the focus on Real Estate?

Tangibly impacted



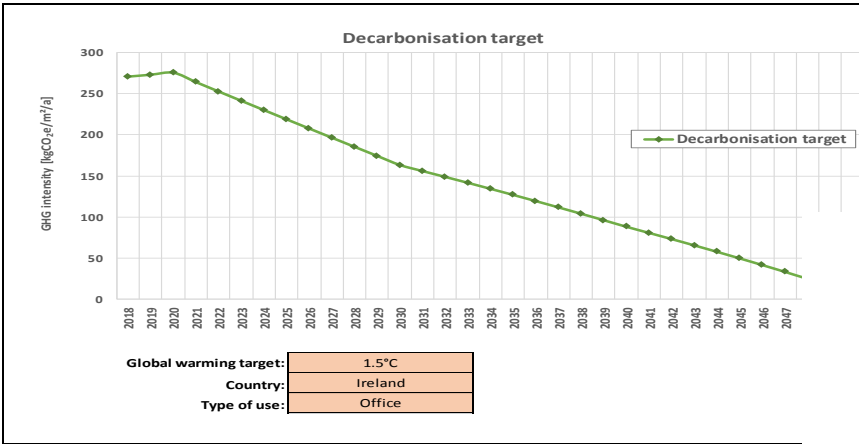
Source: WSP Future Ready Programme, 2016. Forecasts are offered as opinion and are not reflective of potential performance, are not guaranteed and actual events or results may differ materially. For illustrative purposes only

Legislative drivers to tackle the causes – a tsunami of legislation



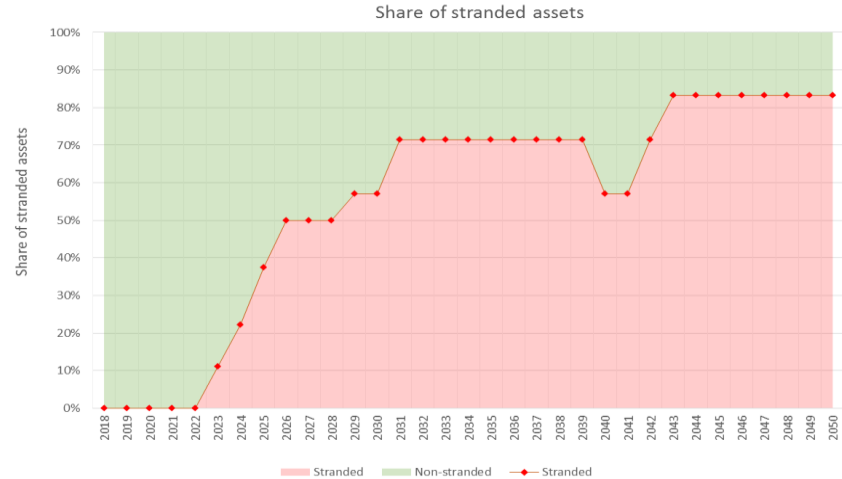
Source: EU 2020 Energy Roadmap

A pathway to zero emissions....?



Whole building GHG intensity targets:

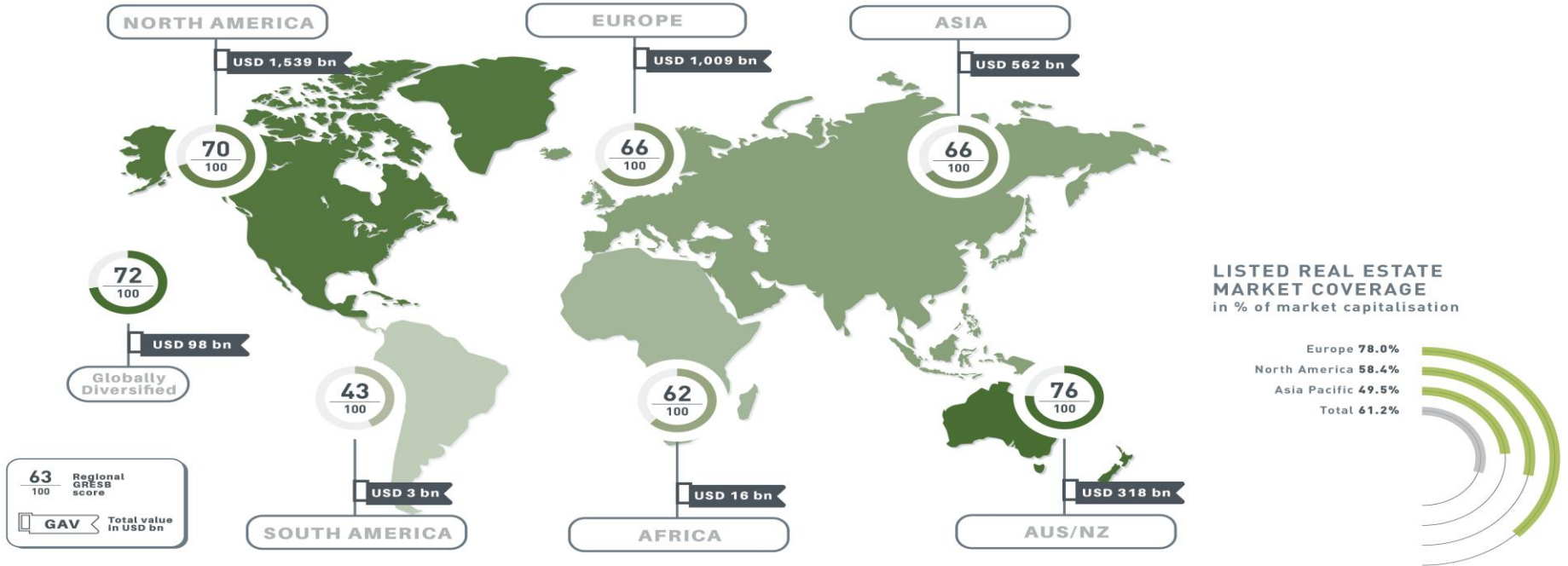
Year	kgCO ₂ e/m ²	Year	kgCO ₂ e/m ²
2018:	270.8	2035:	126.9
2019:	273.1	2036:	119.4
2020:	275.5	2037:	111.8
2021:	264.1	2038:	104.0
2022:	252.7	2039:	96.2
2023:	241.3	2040:	88.2
2024:	230.1	2041:	80.7



Source: Carbon Real Estate Risk Monitor (CRREM) Pilot tool, 2019. For illustrative purposes only

External drivers

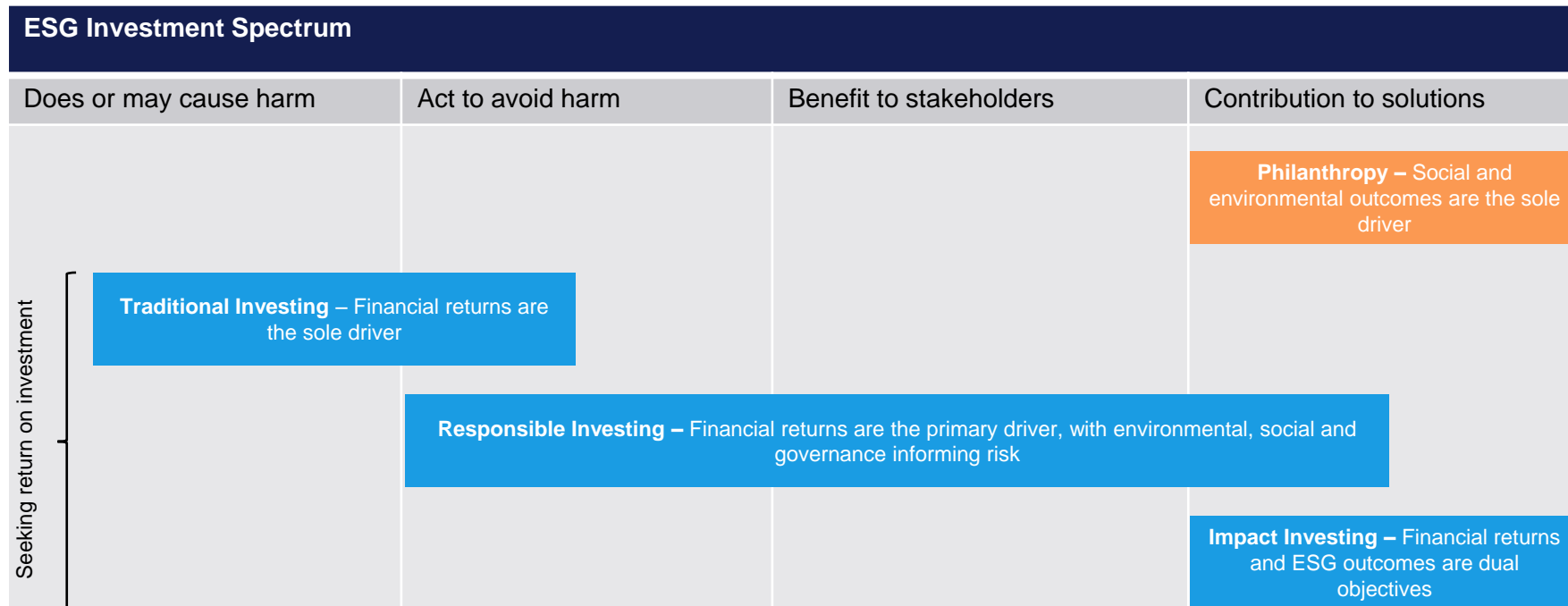
The rise of the GRESB Benchmark – a barometer for ESG performance



Source: GRESB results, December 2018. © owned by each of the corporate entities named in the respective logos.

Mapping Impact - Understanding client outcomes

Every client will have a different potential ESG 'risk tolerance'

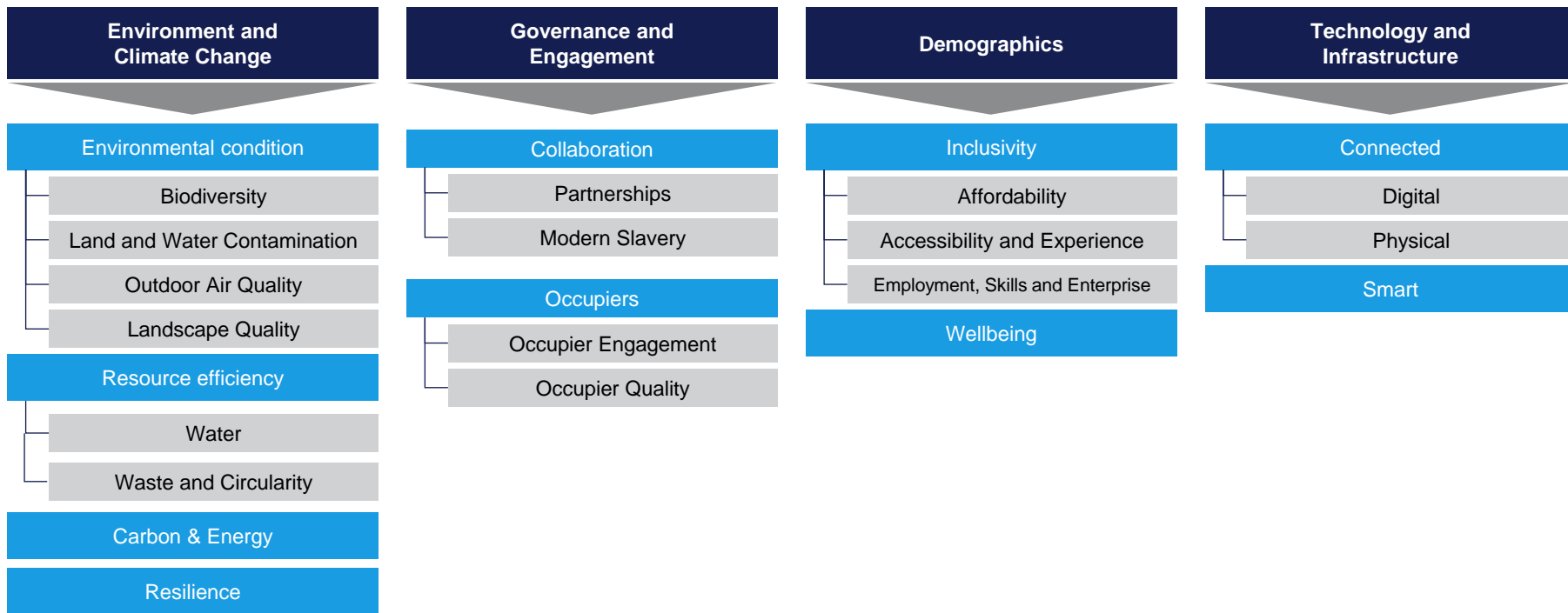


Influenced by fund, asset, sector and geography

Source: Impact Management Project 'ABC' framework, 2019

Forces for Change

We have identified a range of key topics under four forces of change that shape our long-term approach, and which guide our prioritisation of ESG factors at the fund and asset level



ESG Impact Dial

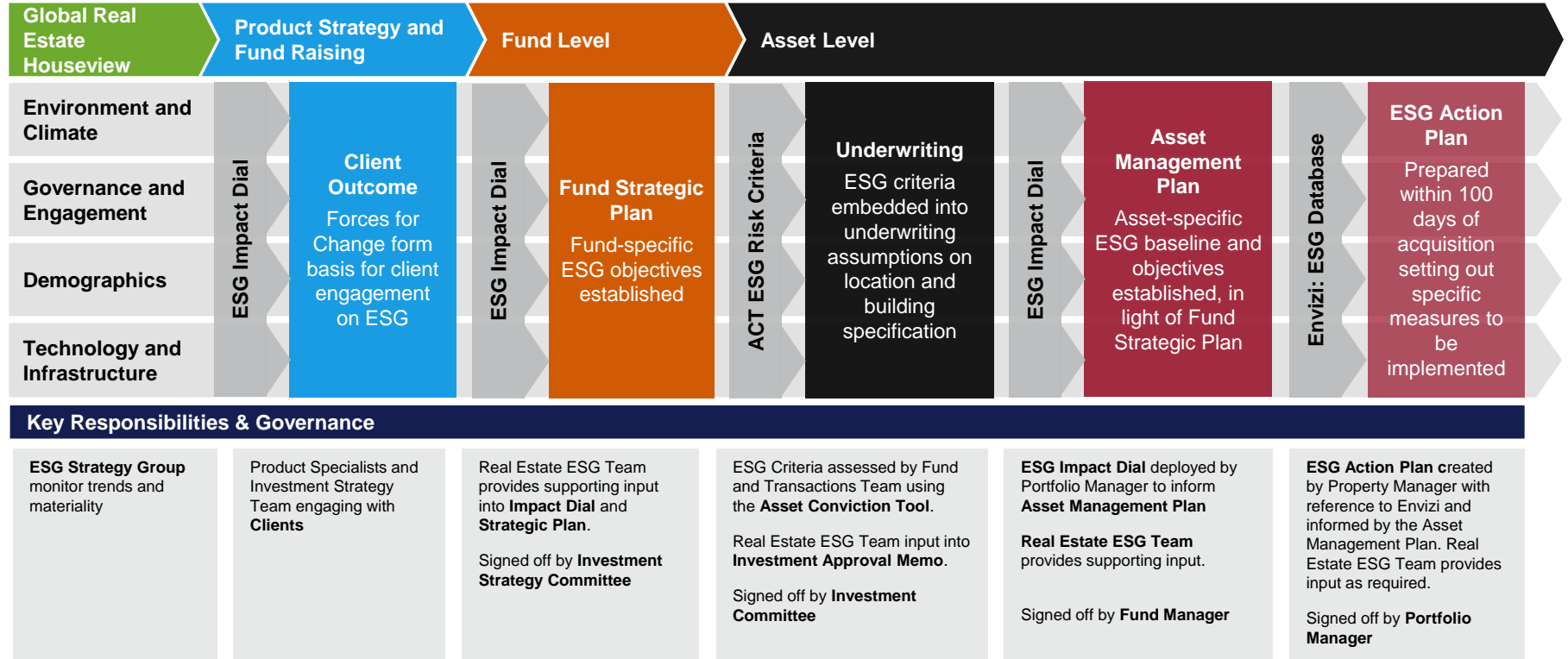
Driving the bespoke integration of material ESG factors into investment strategies





Where is ESG in our process?

It is a component of all decision making



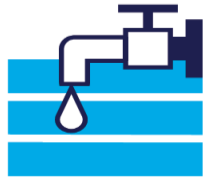
ESG examples from our portfolio

Development projects, asset management and retro-fit opportunities



Sustainable retro-fit – Queen Street, Leicester

- Improved roof and insulation provided to existing asset
- Opportunity taken to install solar array
- Rent includes energy, therefore any savings improve overall landlord position



Sustainable asset management programmes

- Building Management System (BMS) optimisation – can generate 20% savings at no cost
- LED upgrade programme – 70% energy savings with 4.5 year payback
- Solar PV feasibility and roll-out



Electric vehicles – futureproofing our assets

- Forecast to be 36m EVs on UK roads by 2040, accounting for 55% of new car sales
- Overall electrification of transport will mean significant changes to built environmental and infrastructure
- Installing electrical infrastructure and charge points helps to future-proof assets and can generate income and footfall
- We are currently reviewing feasibility for charge points throughout the portfolio, focussing first on retail assets



ESG in action

Exemplar projects from our portfolio

The worlds largest Passivhaus development

- All units built to Passivhaus standard, reducing running costs by 90% compared to Building Code.
- Wider measures include low carbon energy generation (solar and bio-pellets), grey water harvesting and excellent transport connectivity (EV, cycle)



The UK first Carbon Neutral Real Estate Fund?

- Seeking to achieve carbon neutrality, through innovative carbon budgeting.
- Monitored and measured key carbon impacts (landlord, tenant and embodied carbon)
- Annually assess carbon impacts and 'offset' negative carbon through low carbon technologies



The first Cradle to Cradle® inspired logistics building in the world

- Award-winning flexible modular design building which future-proofs the asset for potential alternative uses
- Designed for disassembly so that all components can be re-used – retention of value
- Designed to promote health and wellbeing – natural light, planting, non-hazardous materials and paints



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Please see the links for related material

[Dialling-up our integration of ESG into Real Estate](https://www.aberdeenstandard.com/docs?editionId=d5f669b8-312d-449f-9f83-e6bd58bebdee)

<https://www.aberdeenstandard.com/docs?editionId=d5f669b8-312d-449f-9f83-e6bd58bebdee>

[Investing in a changing climate](https://www.aberdeenstandard.com/docs?editionId=e1c72858-9841-47b7-94b4-a272388cc5c2)

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