



Consumer facing disclosure
January 2025

Sustainability approach

AEW UK REIT plc (the Company) invests in, and intensively asset manages a diversified value-focused portfolio of high yielding commercial properties across the UK. The Company exploits what it believes to be the compelling relative value opportunities offered by pricing inefficiencies in smaller commercial properties let on shorter occupational leases in strong commercial locations. In addition to pursuing the financial objective, the AIFM has adopted a systematic approach to improve the operating metrics of its investments by incorporating environmental, social, governance and resilience elements into the asset analysis, including due diligence and asset management. This involves, among others, the following actions and initiatives:

Environmental

- Where possible, inclusion of ‘green’ clauses in leases in relation to the environmental performance of the property.
- GHG emissions objective: 40% reduction (previously set at 15%) in absolute energy by 2030 based on the 2018 baseline.
- Energy consumption: 40% reduction (previously set at 15%) in absolute energy by 2030 based on the 2018 baseline.
- Waste: 100% waste diverted from landfill was achieved by 2020. The Company aims to maintain this target.
- Enhancing the investment process by incorporating climate resilience into due diligence.

Governance

- Conduct annual portfolio-level assessment of environmental and energy issues.
- Monitor and ensure compliance with government benchmarking requirements and any additional policy or regulatory changes.
- Continue to provide and improve training to our employees on governance topics including our Compliance Program and Code of Ethics.
- Demonstrate transparency and accountability to our investors through regular disclosure of the Company’s sustainability-related practices and performance in reporting frameworks such as GRESB, TCFD and EPRA (as described in “Sustainability Metrics” below and in the Company’s annual report.

Social

- Communicate best practices to the Company’s property managers, leasing agents and tenants, including promotion of ‘green leases’.
- Monitor tenant satisfaction through the deployment of regular surveys and make provisions to subsequently respond to tenant requirements, improving overall engagement.
- The initiatives listed above aim to enhance tenant satisfaction and community engagement. Progress is driven through initiatives like community events, local hiring and making provision to provide for tenant requests.

Resilience

- Identify climate-related physical and transition risk from the time of acquisition, through the duration of the holding period, and at disposition.
- Evaluate and mitigate potential future risk due to climate change.
- Integrate identified risks with asset-level considerations that may affect hold period, existing mitigations, improvements and efficiency levels.
- If needed, engage third-party consultants to evaluate property preparedness and mitigation costs.
- Undertaking climate resilience audits of selected assets where potential material risks are present. The resilience audit findings are used to assess the potential impact of the risk and cost to reduce the vulnerabilities of identified buildings.

Sustainability label

Sustainable investment labels help investors find products that have a specific sustainability objective.

The Company does not have a UK sustainable investment label because the Company does not have a specific sustainability objective, however, the Company does apply environmental and social criteria as set out in the investment and policy below.

Pre-contractual disclosure
Click [here](#)

Part B Product Report

An ongoing product-level sustainability report does not exist.

Entity Report

An ongoing product-level sustainability report does not exist.

Further information and useful links

Please refer to the Company’s Annual Report and Financial Statements.

Sustainability metrics

Metrics description

The Company measures and reports its sustainability performance annually, using a set of core key performance indicators (KPIs) to track progress. These metrics include Asset Sustainability Action Plans (ASAPs) that have been developed for all of the Company's assets to identify and implement sustainability measures. ASAPs track ESG initiatives across the portfolio on an asset-by-asset basis, targeting implementation of ESG improvements. It involves conducting and putting in place feasibility assessments and enhancing the sustainability profile of the Company's assets focused on implementing thematic programmes such as landscaping or biodiversity plans. In doing so, the Company ensures all possible sustainability initiatives are considered and implemented where consistent with the Company's financial objectives.

Other specific metrics aiming at measuring specific objectives and initiatives of the Company include:

- Reporting progress using the framework established by the Taskforce on Climate-related Financial Disclosures (TCFD) in the annual accounts.
- Adherence to, tracking, and reporting progress against, the Global Real Estate Sustainability Benchmark (GRESB).
- Reporting on the Company's performance in accordance with the EPRA Sustainability Reporting Measures including periodical reporting on matters such as GHG (Scope 1 and Scope 2), total energy consumption, waste management, employee gender diversity, gender pay ratio and training and development.

Implementation

ASAPs

Implementation of ASAPs included landscaping and biodiversity programmes for the Company's assets.

TCFD Metrics

In accordance with the TCFD framework, the Company achieved the following targets:

Metric Category	Metric	Previous Target	2024 Data	Current Target
GHG emissions	Absolute Scope 1 GHG Emissions	15% reduction in Scope 1 GHG emissions within the managed portfolio by 2030 as compared to the 2018 baseline	223.0 tonnes (19% reduction vs 2018 baseline 275.7 tonnes)	40% reduction in absolute Scope 1 GHG emissions within the managed portfolio by 2030 as compared to the 2018 baseline
	Absolute Scope 2 GHG Emissions	15% reduction in Scope 2 GHG emissions within the managed portfolio as compared to the 2018 baseline	417.9 tonnes (50% reduction vs. 2018 baseline 841.61 tonnes)	40% reduction in absolute Scope 2 GHG emissions within the managed portfolio by 2030 as compared to the 2018 baseline
Renewable energy	Percentage of landlord controlled assets with renewable electricity supplies	100% (with exception of new acquisitions during first 12 months ownership)	100%	100% (with exception of new acquisitions during first 12 months ownership)
Transition risk	Percentage of assets with EPC A-C (by ERV)	N/A	62.5%	100% EPC to at least C grade by 2027 and to B by 2030 (unless exempt)
Physical risks	Percentage of assets with climate resilience assessment	100%	3	3 to be completed during 2023/2024
	Number of assets with a specific climate resilience audit and plan	N/A	6	2 assets selected for net zero assessment pathway during 2023/24
	Number assets with a net zero assessment pathway	N/A	N/A	2 assets selected subject to additional feasibility and tenant engagement during 2023/24

The information on the Company's target and performance against the TCFD metrics is also available in the Annual Report and Financial Statements of the Company.