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Direct Real Estate: our blueprint for addressing climate change

Our approach for assessing transition and physical risks

March 2025

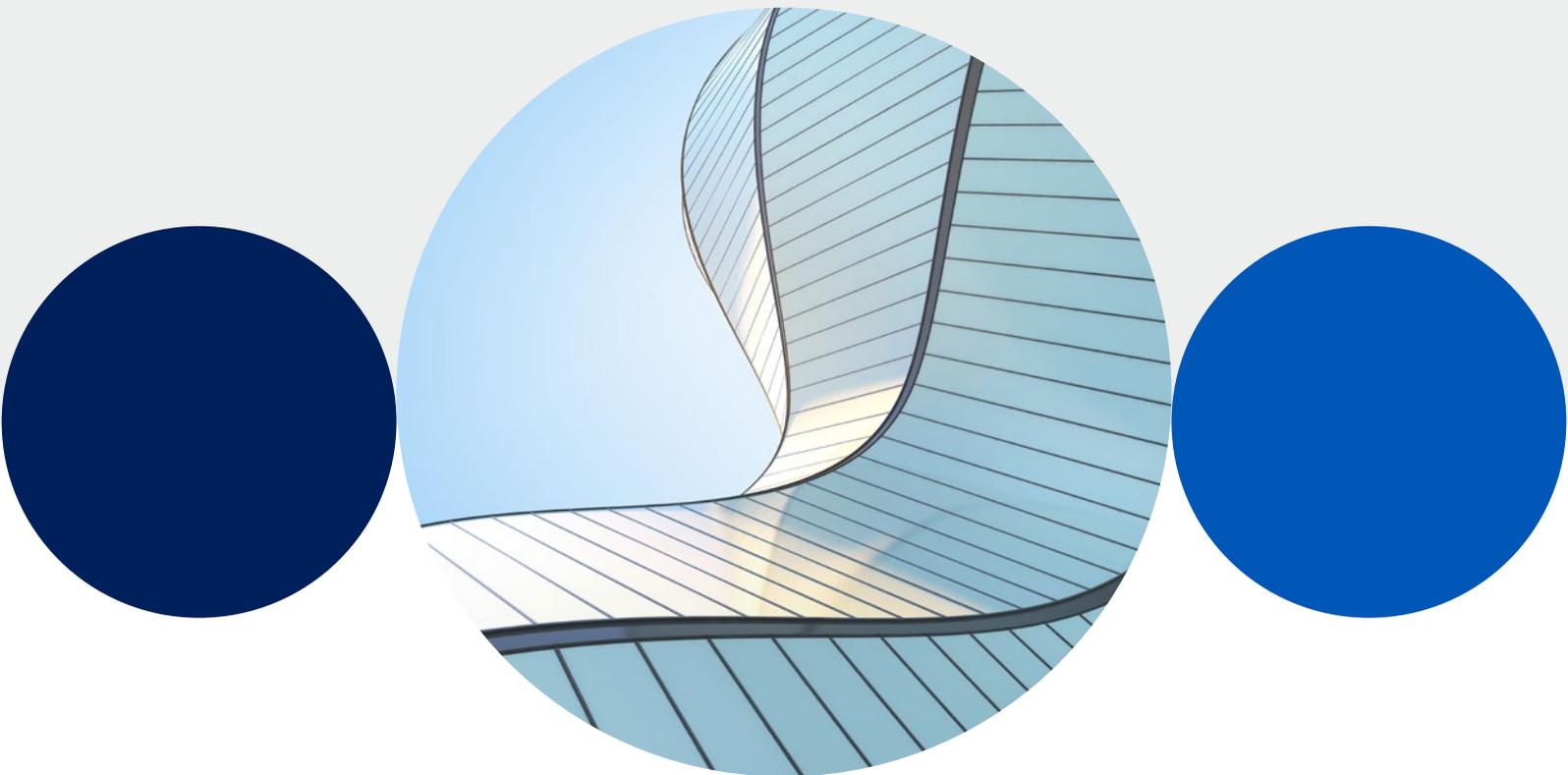
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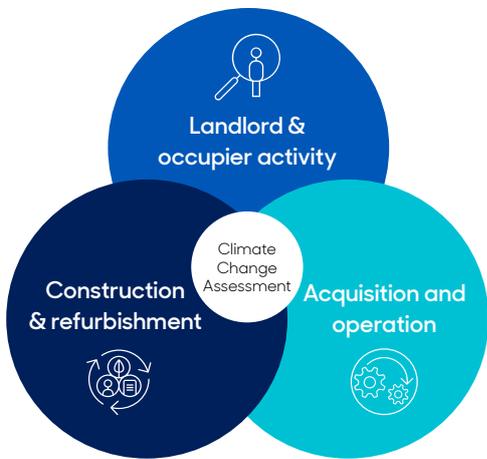
"The importance of meaningful decarbonisation in the real estate sector is only growing as we are increasingly seeing the real-life impacts of climate change today. As signatories of the Better Buildings Partnership's Climate Commitment, along with the British Property Federation's net zero pledge, we are committed to collaboration and progress across the industry in order to achieve this."

Anne Breen
Global Head of Real Estate



Executive Summary

Our approach: Our real estate environmental, social and governance (ESG) approach actively assesses risks and opportunities as an integral part of our investment process. This includes understanding the risks and opportunities related to climate change. It is fundamental to recognise that every fund, geography and investor is different and that much work is still required at an industry level to agree what a successful climate risk and resilience strategy looks like. However, we have a good understanding of where we can have most impact as an asset manager; our global blueprint for addressing climate risks acts as a framework for each property portfolio to be able to develop its own strategy towards the assessment, management, mitigation and disclosure of climate risk.

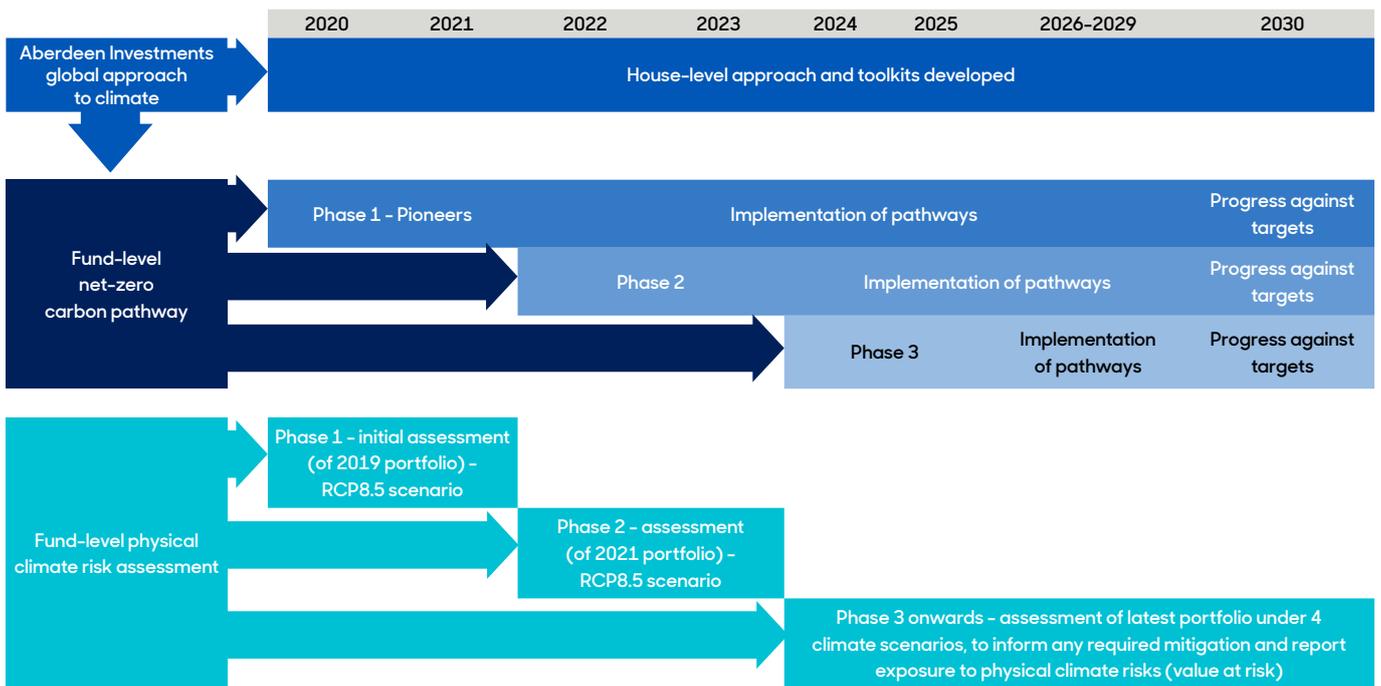


Transition risks: We have targeted net-zero carbon by 2050 for our global direct real estate investments. Some of our funds have and will set targets in advance of this date, following their own detailed pathway work. We will also contribute to the wider target set by Aberdeen Investments to improve the Scope 1 and 2 emissions intensity of the assets we manage by 50% by 2030, relative to our 2019 baseline.

Our net-zero carbon framework follows the principles of the energy hierarchy and considers funds' specific investment objectives, time horizons and the priorities of their investors. At the time of writing we have completed detailed net zero pathway analysis for 59% of the in scope funds.

Physical risks: Our approach to considering physical risks assesses the materiality of both 'acute' (e.g. single events such as flooding and wildfires) and 'chronic' (e.g. ongoing sea-level rise and water scarcity) risks over different time horizons and global warming scenarios. Our work to date has centered around examining the costs and implications that these risks pose, as well as the opportunities for improving our assets, in order to mitigate these risks and make them resilient to the rapidly changing environment.

Direct real estate climate framework



Introduction

The built environment remains a major contributor of greenhouse gas emissions. The sector has made some progress to date but the rate of decarbonisation must accelerate from here. We have a responsibility to all our clients to consider how climate change will affect the value and risk profile of their investments. Our real estate environmental, social and governance (ESG) approach actively assesses risks and opportunities as an integral part of our investment process. This includes understanding the risks and opportunities related to climate change. According to the Taskforce for Climate-related Financial Disclosures (TCFD), the risks are categorised as follows.

- **Transition risks** are those that relate to an asset's ability to decarbonise. An asset can be exposed to risks as a result of carbon pricing, regulation, shifts in technology, and demand related to the transition.
- **Physical risks** are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. Exposure to physical risks may result in, for example, direct damage to assets, rising insurance costs or supply chain disruption. We must also consider the costs of adaptation (i.e. the infrastructure required to protect from physical damage).

Understanding and managing these risks is one component of Aberdeen Investments' wider ESG strategy. You can read about our wider approach to sustainability risk integration in real estate investments [here](#).



As a signatory of the UK's Better Buildings Partnership (BBP) Climate Commitment signatory, we align with the BBP's definition of climate resilience: that a climate-resilient business has a strategy in place to:

1. mitigate the worst impacts of climate change by becoming 'net zero' carbon before 2050
2. adapt to operating in a world in which climate-driven disruption is more frequent and severe, and
3. disclose climate-related information to investors, regulators and other stakeholders in a useful and timely way.

Our Investment Process

Our overall ESG approach groups 21 material sustainability indicators into four main categories: (i) Environment & Climate, (ii) Demographics; (iii) Governance & Engagement; and (iv) Technology & Infrastructure. This approach allows the identification and analysis (where relevant) of material sustainability risks and opportunities relevant to a fund's investment strategy, sector and geography. The sustainability (or ESG) considerations are incorporated into investment due diligence through a standardised ESG due diligence process. This includes assessing factors, such as physical climate risk (including flood risk), contamination risk, alignment with regulatory requirements and identifying opportunities (e.g. decarbonisation).

ESG integration

The 21 material ESG indicators act as a reference point for investment decisions. The consideration of these ESG and climate-related factors is factored into the investment process leveraging existing touch points, detailed in the [chart below](#):

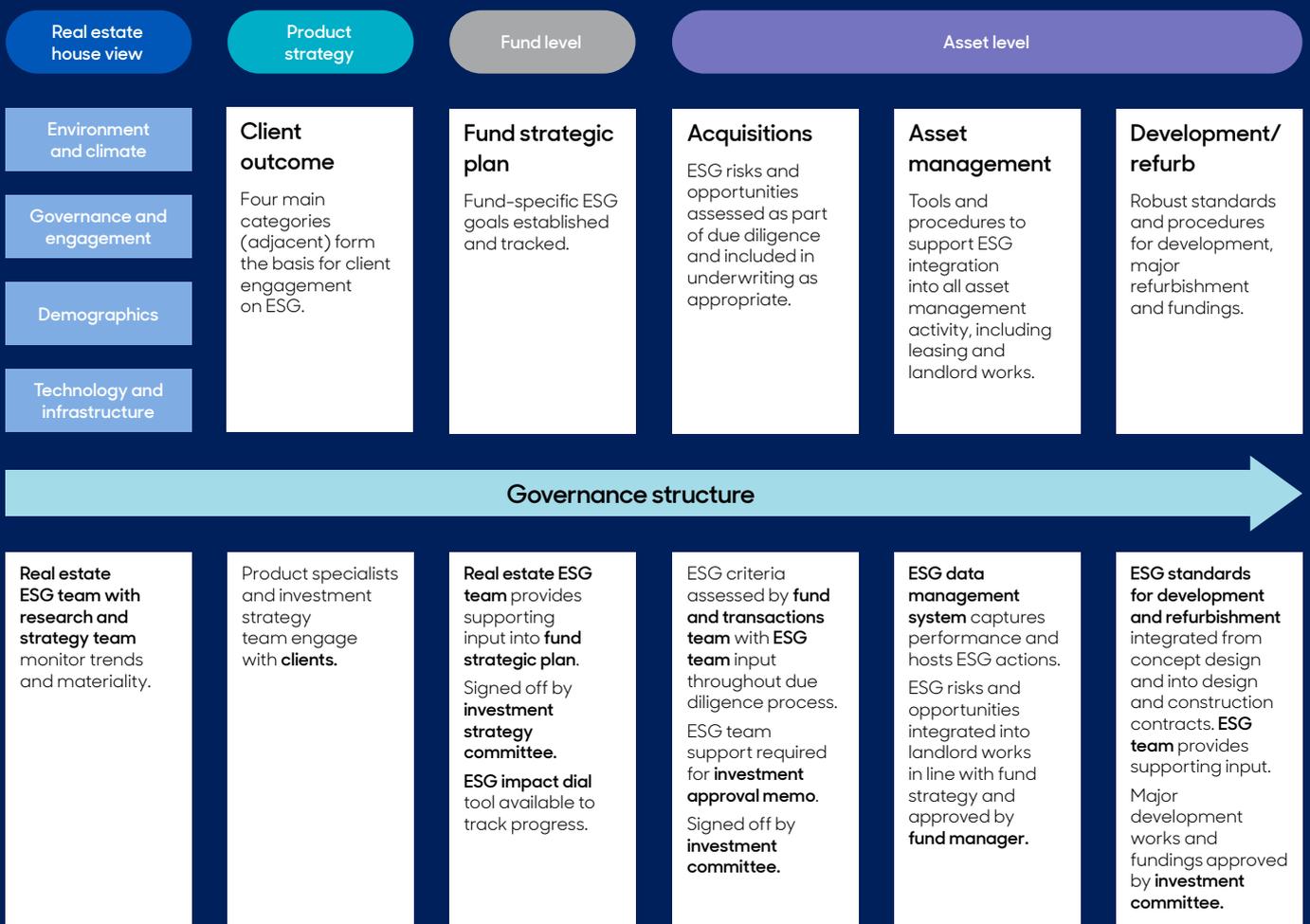
Acquisition approach

- **Pre-Bid ESG Due Diligence Screen** – this high-level screen undertaken internally at pre-bid stage supports 'go/no-go' investment decisions, and informs ESG capital expenditure (CAPEX) to be included in bid offers (in turn informing the IC paper). This step assesses physical climate risks; risks and opportunities relating to decarbonisation; mandatory real estate principal adverse impacts (PAIs), where relevant under the fund's commitments under the EU's Sustainable Finance Disclosure Regulation; and any other material ESG issues that fall under our 21 defined sustainability indicators (such as contaminated land and biodiversity).
- **Post-Bid Detailed ESG Due Diligence** – this is completed post-IC approval. It includes a detailed assessment of contaminated land risk; physical climate risk (if relevant); flood risk; the decarbonisation CAPEX required for compliance with technical energy/carbon regulation and alignment with a 1.5°C pathway; mandatory real estate PAIs and EU Taxonomy alignment,¹ where relevant under the fund's commitments under the EU's Sustainable Finance Disclosure Regulation (SFDR); and any other material sustainability topics. The findings of this detailed due diligence process are compiled into a pre-sign checklist and subject to ESG team sign-off, before the transaction completes.

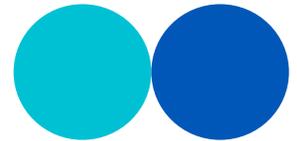
Standing assets

- **Fund-Level** – Sustainability risks are a component of decisions at the fund and asset level. An annual strategic plan sets the focus and strategy of a fund. This plan includes reference to sustainability performance and risks, as well as longer-term strategic goals and implementation.
- **Asset-Level:**
 - Asset/property management – The annual fund strategic planning process involves reviewing ESG data to inform asset-level improvements/interventions and their associated cost. These actions can then be logged in our ESG database where relevant. Funds also include decarbonisation CAPEX forecasts into 10-year internal rate of return calculations, to ensure that decarbonisation is accounted for in expected investment returns. abrdn Investments works with preferred property managers to ensure sustainability factors are considered, and a broad range of sustainability/ESG aspects are included in property management contracts.

- Development/Refurbishment – Aberdeen Investments has established a set of ESG guidelines, standards and checklists that apply to all new construction, major renovations and forward-funded developments. This sets out the standards that are used as a benchmark during the design/appraisal of developments. For example, this covers: requirements for building certification; energy/greenhouse gas emissions performance; biodiversity; and physical climate resilience. Approval for major development must be sought through the IC. Approval for landlord refurbishment work is sought through a CAPEX approval form (CEAF), which requires a description of the ESG measures incorporated in the work. Refurbishment plans take account of our ESG refurbishment checklist, fund strategy and related regulation (such as regulation around energy efficiency).



Source: Aberdeen Investments.



We have a strong governance framework to ensure that climate change risk and opportunities are embedded in our investment process and decision-making. This allows for effective communication and accountability at all levels and makes sure that knowledge and best practice are shared with the real estate business and other asset classes.

Our Climate Change Strategy Group (CCSG) is the management decision-making forum for climate-related risks and opportunities in the investments vector. The group is responsible for setting strategy and escalating material issues through our wider governance framework. The group meets quarterly and is chaired by our Head of Sustainability Insights & Climate Strategy.



Transition risks

Transition risks are those that relate to an asset's ability to decarbonise. This section therefore focuses on our approach for achieving net-zero carbon for our real estate portfolio.

What is net-zero carbon?

The Intergovernmental Panel on Climate Change's (IPCC) definition of net zero is when anthropogenic emissions of greenhouse gases are balanced by anthropogenic removals over a specified period, which is set at 2050 by the Paris Agreement. At a real estate asset or portfolio level, this is when greenhouse gases emitted – as a result of all activities associated with the development, ownership and servicing of a building – are zero or negative for a given period of time.

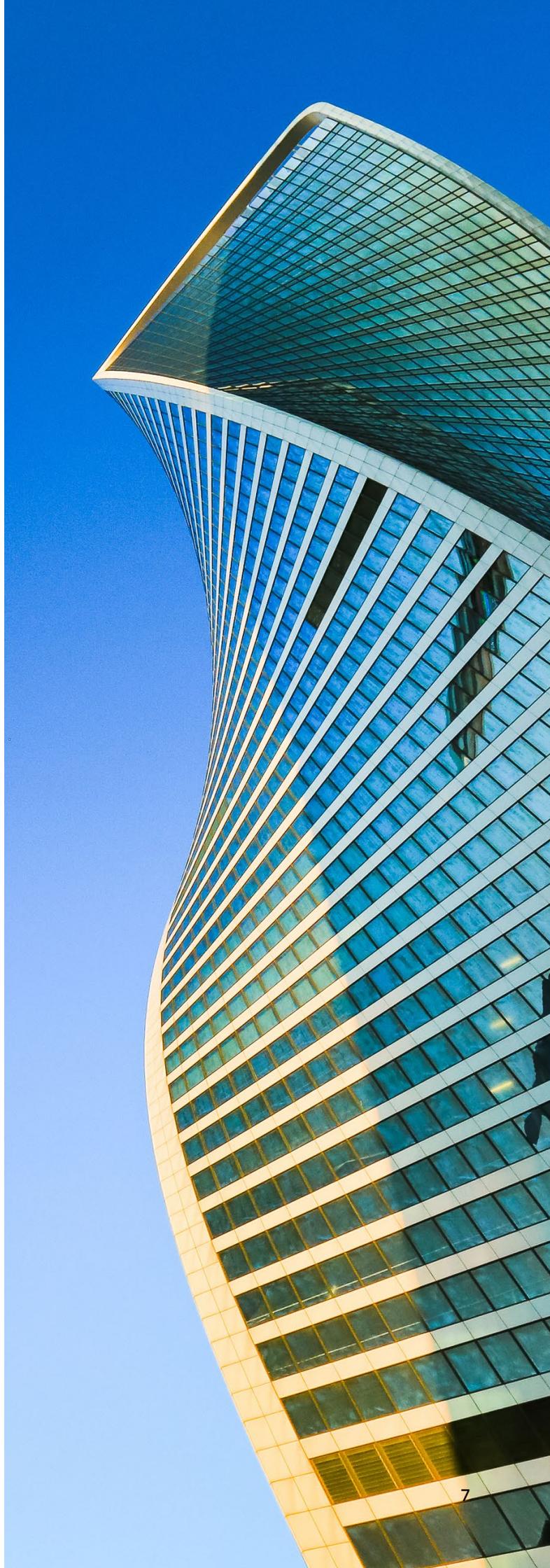
Our commitment

This document outlines the framework we are using to address transition risk across our global portfolio. As signatories, our approach aligns with the Better Buildings Partnership (BBP) Climate Change Commitment. This requires us to set out our house-level approach for achieving net-zero carbon and provide an annual update on progress. Within the real estate business, the commitment to achieving net zero by 2050 applies to our direct real estate funds, including new funds. We have excluded indirect investments at this stage. There are activities underway to decarbonise indirect investments but data collection and influence remain challenging. We will regularly review whether to bring these into the scope of the 2050 commitment alongside direct investments. This commitment applies to real estate investment assets only and not to other asset types managed by Aberdeen Investments or the corporate estate, which are subject to independent decarbonisation strategies.

"We have a responsibility to all our clients to consider how climate change will affect the value of their investments."

Dan Grandage

Chief Sustainable Investment Officer,
IV Sustainability Group



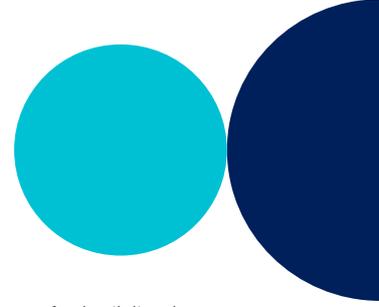
"It is essential for us to have a detailed understanding of transition and physical climate risks at the earliest stage of the investment process. Our acquisition strategy serves to minimise our overall exposure to such risks to maintain long-term investment performance for our clients."

Rob Cass

Head of Transactions, Real Estate

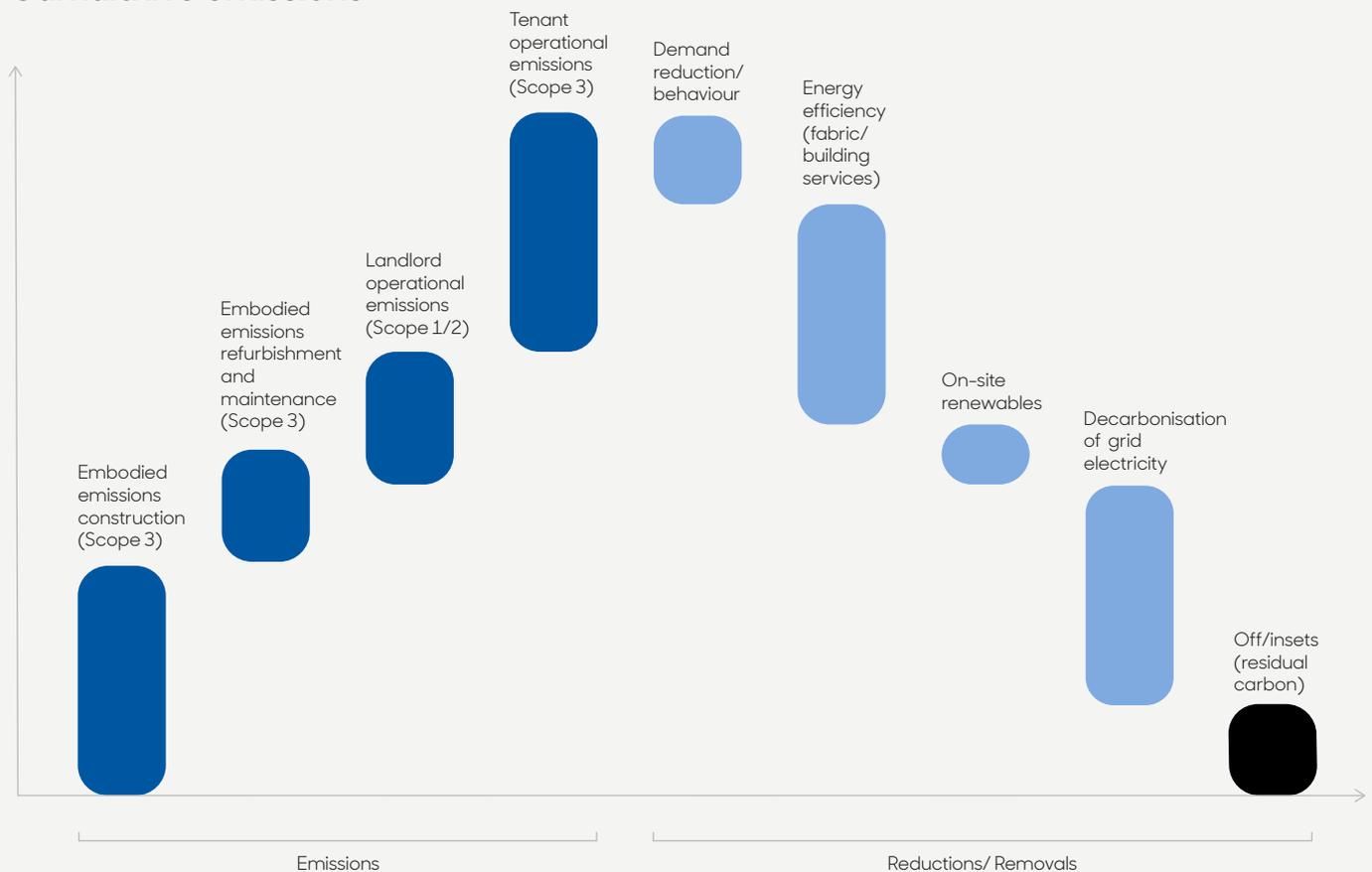


Transition risks



The BBP Climate Change Commitment and its Net-Zero Framework cover emissions from all stages of a building's lifecycle. This includes embodied emissions associated with the construction and refurbishment of buildings, as well as those from its operation and maintenance. The simplified, waterfall chart below shows the main sources of emissions and reduction/removal options.

Cumulative emissions



Source: Aberdeen Investments.

Note that the waterfall chart here is for illustration purposes only, which highlights the sources of carbon emissions in scope but is not based on actual carbon emissions data of Aberdeen Investment's direct real estate investments.

Transition risks



Scope 1 and 2 – These are emissions that directly result from the landlord’s activities where there is operational control, either through the purchase and consumption of energy or refrigerant losses.

Scope 3 – These are emissions that occur in our supply chains and downstream leased assets (i.e. tenant spaces) over which we have a degree of influence but limited control.

	Activities that generate GHG emissions for real estate investment	Activities that are controlled and managed by landlords	Activities that are controlled and managed by occupiers
Standing investments	Energy to operate buildings (electricity, fuels and heat networks)	Scope 1 and 2	Scope 3
	Water to operate buildings	Scope 3	n/a
	Waste generated during operation	Scope 3	n/a
	Refrigerants (fugitive emissions)	Scope 1	n/a
	Purchase of goods and services	Scope 3	n/a
Development	New development works	Scope 3	n/a
	Refurbishment works	Scope 3	Scope 3
	Fit-out works	Scope 3	Scope 3

At present, it is not possible for a real estate asset manager to have full and complete visibility of data across all of these categories. Given that occupiers are generally responsible for procuring utilities in single-let assets, it remains a challenge to achieve full data coverage in relation to Scope 3 emissions. However, this is gradually improving through actions we are taking and technological advances.

We have categorised the carbon emissions we can report on now and those that will take time to refine.

- **Data currently collected.** This is where data is currently collected and reported in line with international sustainability standards.
- **Data occasionally collected.** This is data that is occasionally collected where possible, but still remains a challenge for the real estate industry.
- **Data rarely or not collected.** This is where data is rarely or not collected and reported.



"Our house-level ESG development guidelines set the standard for all our direct development and funding activity. We are pushing forwards with the wider industry towards the development of resilient, low-carbon buildings, while working to measure and reduce their whole-life carbon footprint."

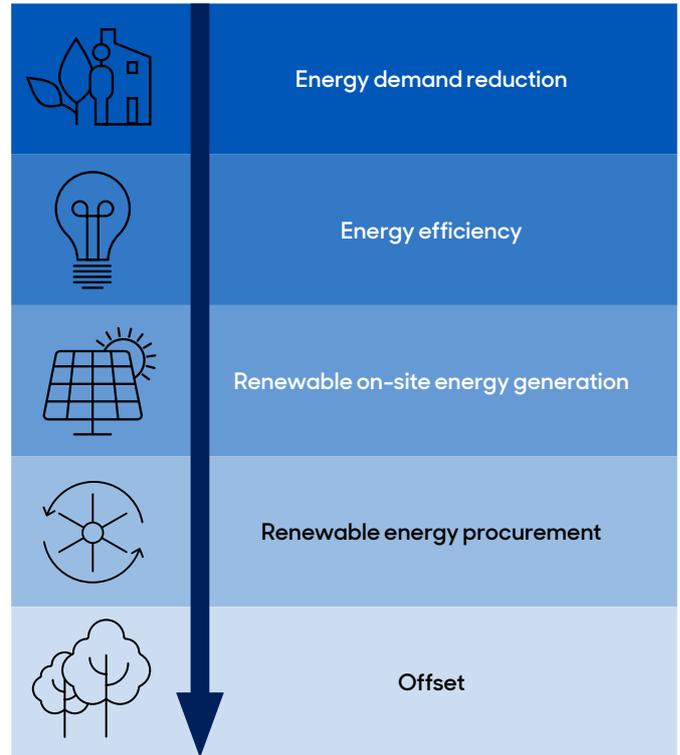
John Brophy
Head of Development & Building Services

Transition risks

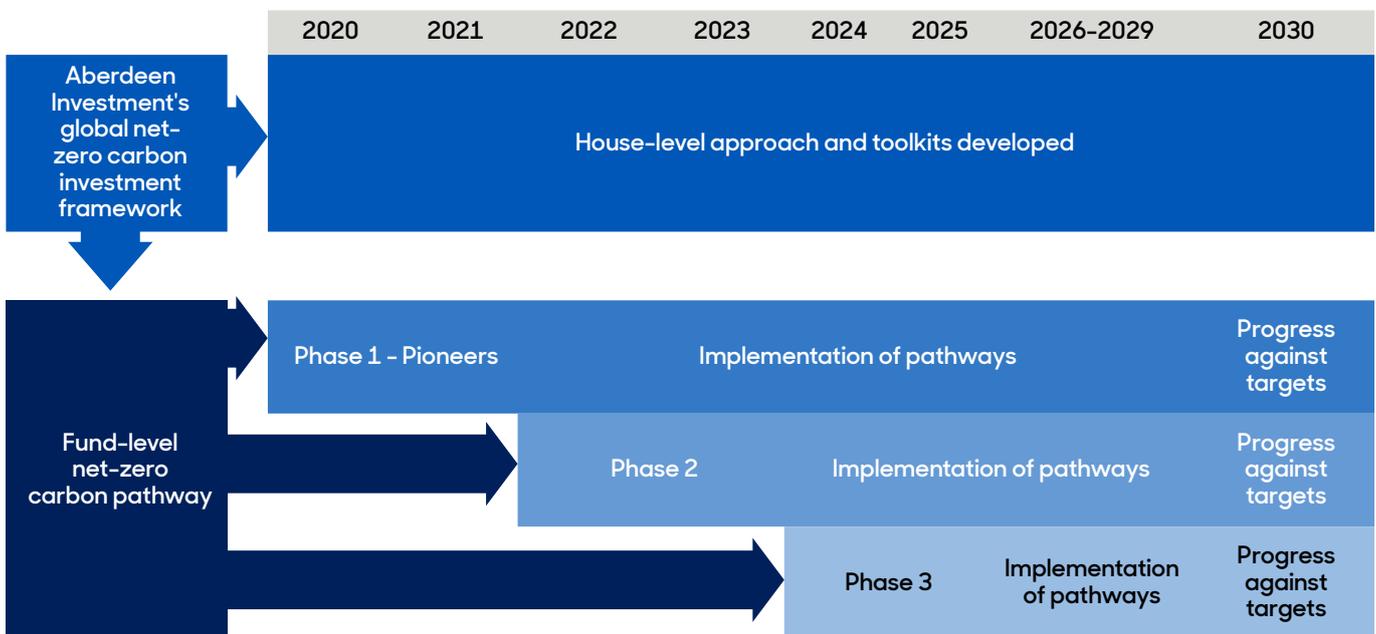
Delivery Framework

Aberdeen Investment's direct real estate portfolio is global and diverse across multiple funds, with approximately 1,100 assets. In order to deliver net zero at scale and across these varying funds and assets, we have created a delivery framework. This sets out strategic actions at both the Aberdeen Investments and fund level, following the energy hierarchy as shown here. The framework effectively acts as an instruction manual for each of the funds we manage. It prioritizes actions and provides the process that should be followed to create a pathway and to define practical implementation. However, each fund will need to define its own journey and pathway, taking account of its structure, investment objectives, client objectives, and sector and geographical allocations. We expect that some funds will move faster than others and may want to set an earlier net-zero target. To ensure the necessary focus and momentum, all funds in scope must undertake work to understand their own net-zero carbon pathway by no later than the end of 2025, subject to investor approval. This work will be undertaken in three phases, as illustrated in the timeline below.

Energy hierarchy



Direct real estate net-zero carbon framework



Transition risks

Interim targets

In order to understand whether our buildings are on track with a 2050 net-zero carbon pathway, it is important to compare their carbon intensities with third-party benchmarks. This is a new and evolving area. With the framework and pathway implementation, we will check, challenge and review our use of specific industry benchmarks. As part of the initial fund pathway work, a range of benchmarks and pathways are being used. These include the Carbon Risk Real Estate Monitor (CRREM) and a national framework approach where available, based on work undertaken by local Green Building Councils. The appropriate tool to use will vary by country and sector, and will change over time as the market's approach to measuring alignment matures. For now, CRREM remains the primary tool to understand where our properties are positioned and where they need to be to achieve a net-zero carbon status, using 2030 as a key milestone in delivery.

Given the 2022 announcement that CRREM will align with the Science Based Targets Initiative (SBTi)¹, we expect CRREM to remain as the primary tool for supporting the assessment of our portfolio against net-zero pathways.

Aside from aspiring for alignment with CRREM pathways, we will also contribute to Aberdeen Investments' target to improve the Scope 1 and 2 emissions intensity of the assets we manage by 50% by 2030, from our 2019 baseline.

Delivery Framework at the Aberdeen Investment's level

In order to report on our progress against these targets we publish an annual update on climate progress, the most recent of which can be found [here](#).

"By working collaboratively with our occupiers, we can unlock significant potential in driving the transition towards low carbon buildings that are resilient to the impacts of climate change."

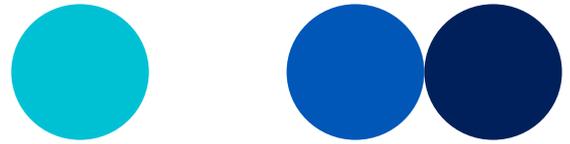
Bernd Bechheim

Head of European Asset Management and ESG

¹ The Science-Based Targets Initiatives (SBTi) is an organisation that helps to define and promote best practice in science-based net-zero target setting. The SBTi independently assesses and approves net-zero targets set by corporations and investment vehicles.

Transition risks

Delivery Framework at the Fund Level

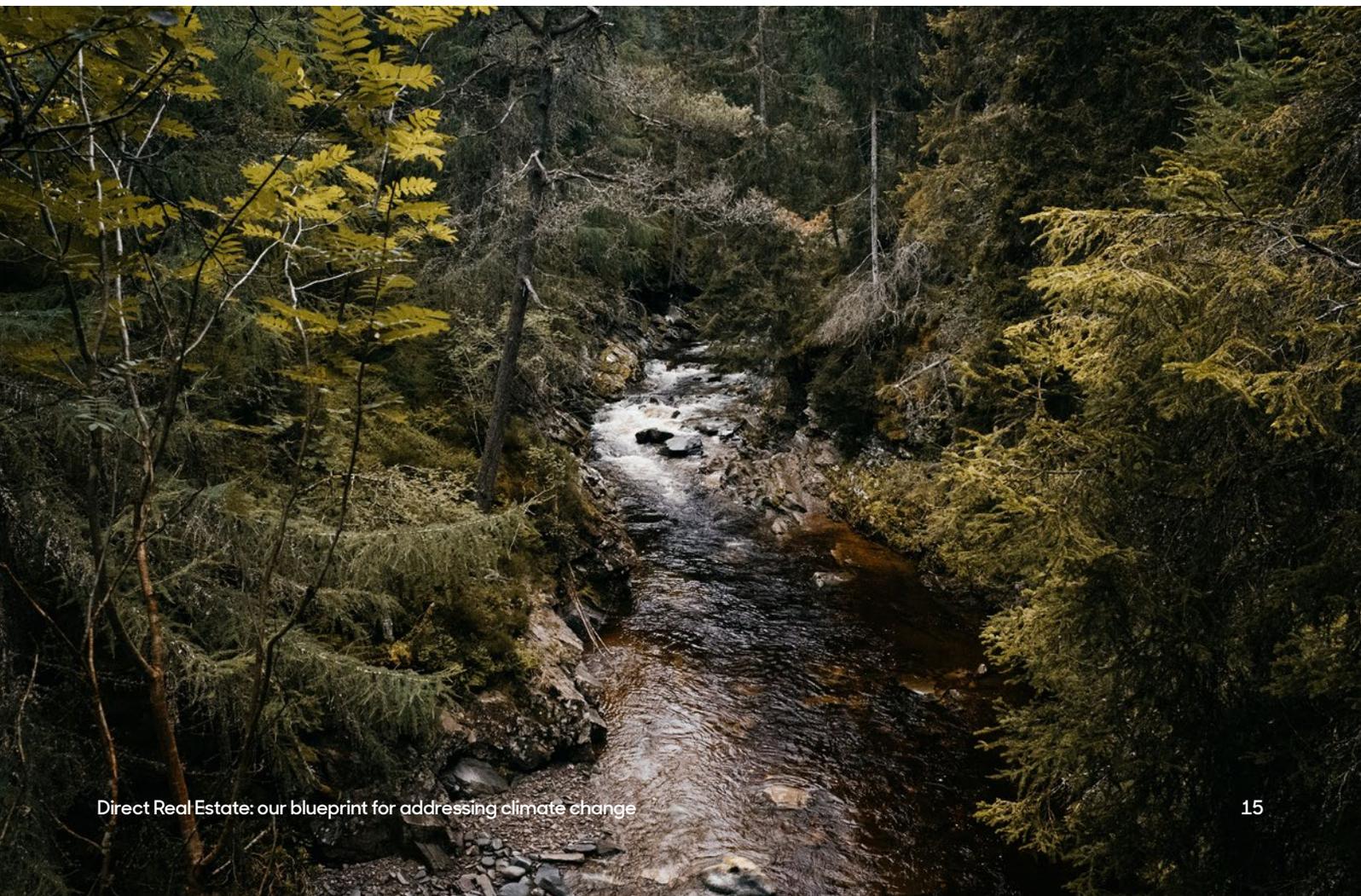


The actions delivered at the Aberdeen Investments level will facilitate action at the fund level, with the framework enabling each fund to set its specific net-zero carbon pathway. Disclosure of progress will be to the investors of the fund and not publicly available unless a listed entity. All data used for modelling will be subject to robust validation. In addition, where possible, Scope 1 and 2 data will be assured by a third-party.

Topic	Outcomes	Delivery	Reporting metrics
Operational carbon (energy, water, waste)	Understanding of full carbon footprint (both landlord and occupier)	Carbon footprint baseline to include measurement and reporting of all landlord and occupier energy, landlord water and landlord waste	kWh, m ³ , tCO ₂ e (plus intensity metrics by floor area)
		Technological solutions piloted and deployed to collect occupier energy data	Percentage occupier actual versus estimate, tCO ₂ e
		Occupier energy data gaps annually modelled to estimate full carbon footprint	kWh, tCO ₂ e
		Data collection to include over time (1) landlord refrigerants (2) landlord purchased goods and service	tCO ₂ e
	Reduction in operational energy, water and waste	Asset-level energy, water, waste and carbon targets set. Specific carbon pathways for each asset determined	kWh/m ² , tCO ₂ e/m ² , m ³ /m ² , Percentage waste recycled Percentage landfill avoidance
		Carbon, energy, water and waste performance monitoring against target	kWh/m ² , tCO ₂ e/m ² , m ³ /m ² , Percentage waste disposal routes
		ESG action plans across every property, including energy efficiency and carbon reduction actions	Percentage actions completed
		Occupier fit out guides to be re distributed	Percentage occupiers distributed to
		Acquisitions to incorporate company level carbon analysis	kWh/m ² , Potential kWh/m ² savings
		Development and refurbishment policy to improve operational performance implemented	Status complete

Transition risks

Topic	Outcomes	Delivery	Reporting metrics
Renewable energy procurement and investment	Increase in on-site energy generation	Carry out feasibility studies to explore on-site renewable energy generation	Number of renewable energy opportunities, tCO ₂ e savings potential
		Implementation of opportunities where appropriate	Percentage energy generated, tCO ₂ e saved
	100% renewable energy procurement globally	All landlord electricity contracts to be procured from certified renewable sources	Percentage landlord-procured renewable energy
	Successful engagement with occupiers on procuring energy from renewable sources	Engagement with occupiers for their contracts to be procured from certified renewable sources	Percentage tenant-procured renewable energy
Embodied carbon	Measurement and reduction of embodied carbon in fit-outs, developments and refurbishments	<p>Measurement and reduction of embodied carbon following Aberdeen Investments' recommendations. Examples below of what this is likely to include:</p> <p>Every development, refurbishment and fit-out proposal to include embodied carbon calculation and carbon shadow price</p> <p>Establish embodied carbon intensity targets and performance measured against target</p>	<p>tCO₂e</p> <p>£/tCO₂e</p> <p>Percentage reduction compared with business as usual (BAU)</p> <p>tCO₂e/m²</p>
Offsetting	Robust offsetting options for residual carbon	As required, emissions to be offset following Aberdeen Investments guidance	tCO ₂ e offset



Physical Risks

What are physical climate risks?

Physical risks are those that relate to an asset's vulnerability to factors such as increasing temperatures and extreme weather events as a result of climate change. They can be categorized as "Acute" and "Chronic" risks. Acute risks refer to single events like wildfires, flooding, whether it be inland or coastal, and hurricanes. Chronic risks are those that are continuous and exacerbated as time passes, like sustained increases in temperature, sea level and decreasing availability of clean water. It is important to examine both types of risks to identify the costs and implications they pose. We are also interested in spotting opportunities for improving our assets, in order to mitigate these risks and make our assets more resilient to the rapidly changing environment.

Journey so far

For new acquisitions we use a mapping tool to flag any physical risks, including flooding, heat stress and water scarcity, across different time horizons and climate scenarios. This helps us screen assets and understand ways in which we can improve newly acquired assets to strengthen their resilience against climate physical risks.

For our standing assets, we have at the time of writing completed five rounds of physical risk analysis the first of which was undertaken in 2019. As part of this analysis we look at both acute and chronic risks under the following scenarios:

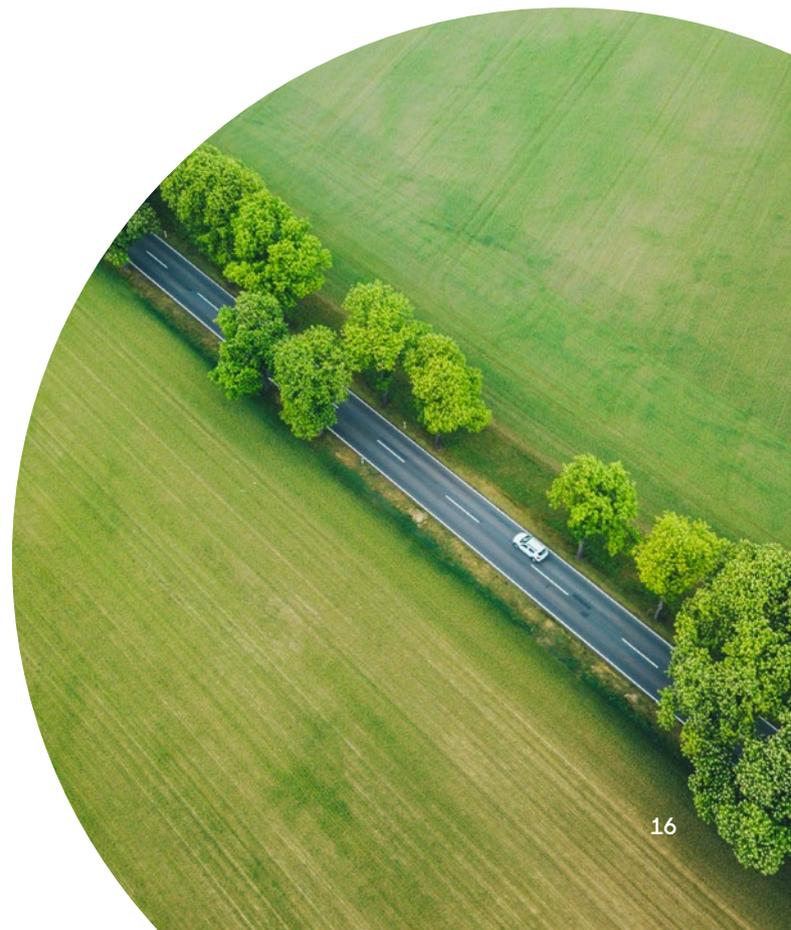
- Hot House World- existing climate policies remain in place and there is heightened climate sensitivity (90th percentile)
- Delayed Transition- Current policies remain in place until 2030, followed by implementing stringent climate policies resulting in a disruptive transition
- Net Zero Carbon by 2050- Immediate increase in carbon prices resulting in net zero emissions by 2050, limiting warming to 1.5C.

Based on our analysis, we can understand what current climate value (CVaR) is. This work helps us in three ways:

1. better understanding how our assets will perform in the future and what climate risks are most material
2. ability to plan for adaptation measures
3. confidence that our TCFD-aligned disclosures have robust foundations.

The methodology we use to analyse acute risks is the "Natural Catastrophe Framework" which takes Hazard, Exposure and Vulnerability as inputs. For the analysis of Chronic risks (changes in temperatures and water availability), we use Heating/ Cooling Degree Days (HDD/ CDD) and local precipitation trends. To determine the CVAR we look at differences in insurance premiums and changes in operational costs (e.g. associated with the heating and cooling of our assets).

² CVAR is the estimated expected loss within an asset or portfolio that is due to the effects of climate change. It is usually calculated based on a specific climate scenario and time horizon. Dietz et al. define the CVAR as "the size of loss on a portfolio of assets over a given time horizon, at given probability". [Dietz, Simon, Bowen, Alex, Dixon, Charlie and Gradwell, Philip (2016) 'Climate value at risk' of global financial assets. Nature Climate Change. ISSN 1758-678X. Accessed via: <https://www.nature.com/articles/nclimate2972>.]



Physical Risks



“We’re working hard to understand the impacts of physical climate risks across our real estate portfolios. Through ongoing work to integrate such considerations into our investment process, we can identify key risks and opportunities to maximize investment performance, and continue to support our Clients with their wider TCFD reporting obligations.”

Georgie Nelson
Head of Real Estate ESG

Chart 1: Graph for a typical Western-European positioned fund showing an increase in total costs, driven by water stress, wildfire risk and cooling costs.

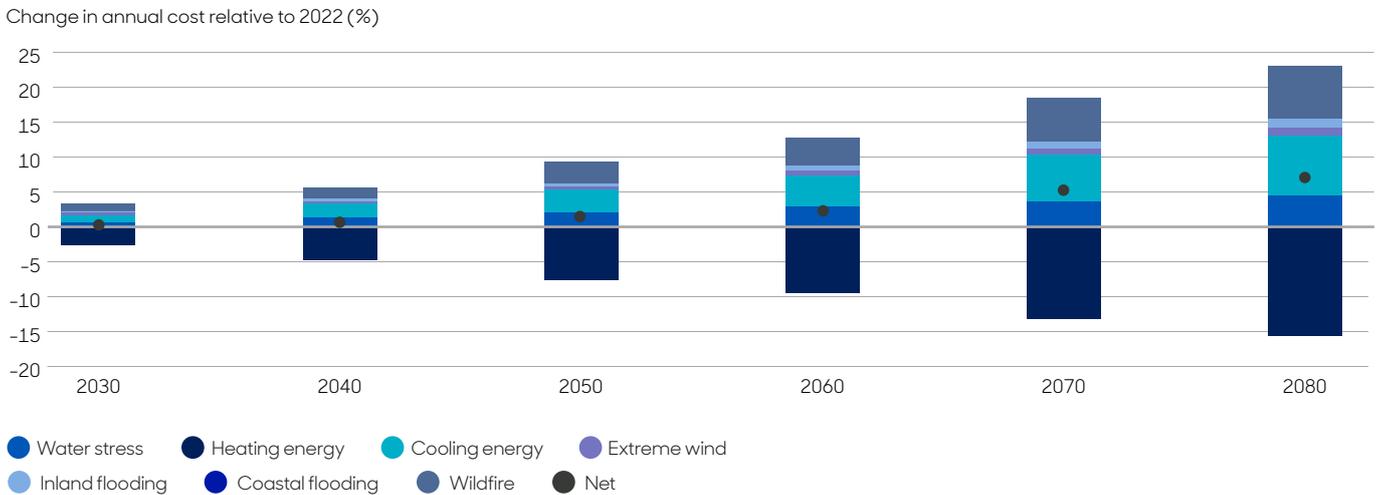
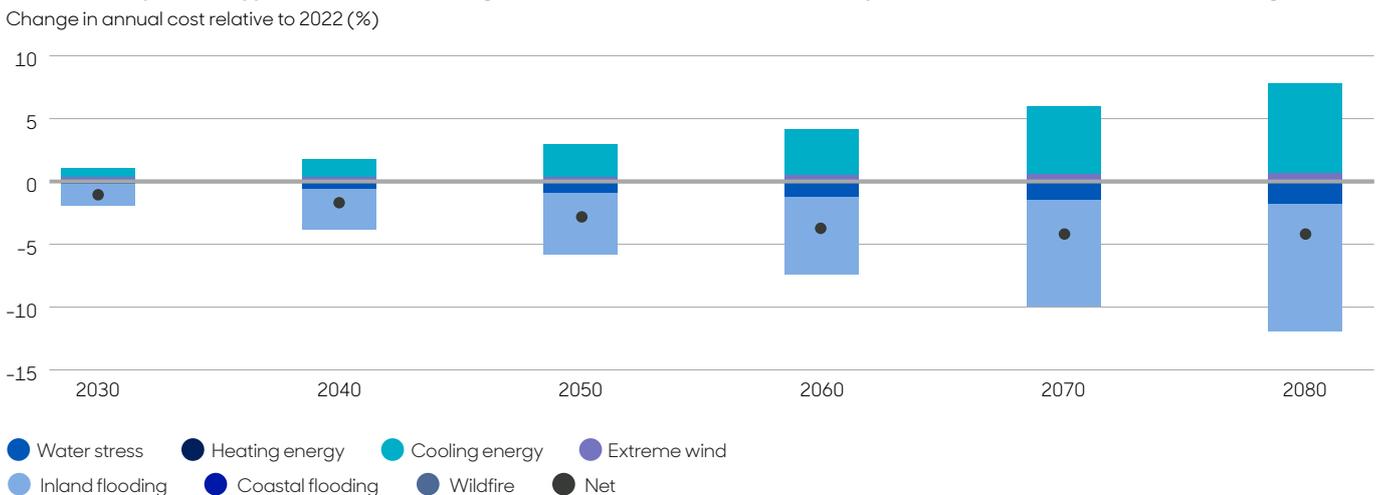


Chart 2: Graph for a typical UK fund showing a decrease in total costs, driven by the decrease in the need for heating



For both the acute and chronic risks, we are looking into the adaptation measures suggested by the Better Buildings Partnership to determine which ones would be most suitable for our assets in order to help us manage the physical risks that have been identified. We have actively looked at nature-based solutions in the UK, to enhance climate mitigation, resilience and biodiversity, all of which are crucial in managing the effects of climate change. See Page 26 for a Case Study on our afforestation and peatland restoration project in the Cairngorms National Park.

Summary

Aberdeen Investments is committed to working towards achieving a resilient, net-zero aligned portfolio of assets, where climate risks are appropriately understood and managed throughout the investment process and disclosed appropriately. We are also committed to working with all of its stakeholders to drive change.

For transition risks, we believe that we have put together a realistic, deliverable plan in order to achieve our ultimate goal of being net-zero by 2050, and look forward to continuing to capitalise on the excellent stakeholder relationships that we maintain in order to achieve better outcomes. We will continue to drive the integration of net-zero assessment and action into our assets and portfolios, in order to maintain long-term value for our investors.

For physical risks, we will continue working towards a robust understanding of our climate value at risk under multiple time horizons and climate scenarios, to manage, mitigate and disclose this going forward. We will follow the evolving approaches from the rest of industry looking forward to a convergence in the definition of "materiality", as well as methodologies to quantify physical risks and CVAR.



Contacts



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Glossary

GHG

Greenhouse gases

Definition from the Intergovernmental Panel on Climate Change (IPCC)

Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of thermal infrared radiation emitted by the earth's surface, the atmosphere itself, and by clouds. This property causes the greenhouse effect. Water vapour (H₂O), carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄) and ozone (O₃) are the primary greenhouse gases in the earth's atmosphere. Moreover, there are a number of entirely human-made greenhouse gases in the atmosphere, such as halocarbons and other chlorine- and bromine-containing substances, dealt with under the Montreal Protocol. Beside CO₂, N₂O and CH₄, the Kyoto Protocol deals with the greenhouse gases sulphur hexafluoride (SF₆), hydrofluorocarbons (HFCs) and perfluorocarbons (PFCs).

GWh

Gigawatt hour

kWh

Kilowatt hour

m²

Square meters

m³

Cubic meters

MWh

Megawatt hour

tCO₂e

Tonnes of carbon dioxide equivalent

REEB

Real Estate Environmental Benchmark

CRREM

Carbon Risk Real Estate Monitor

AUM

Assets under Management

BBP

Better Buildings Partnership

CDD

Cooling Degree Days

CVAR

Climate Value at Risk

HDD

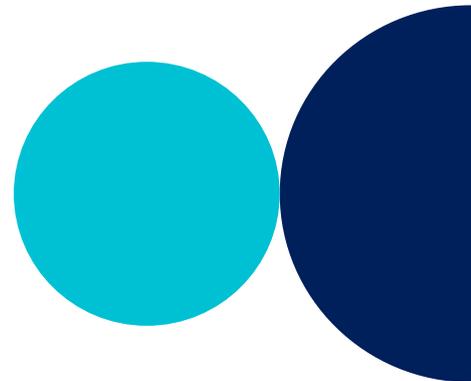
Heating Degree Days

RCP

Representative Concentration Pathways (of greenhouse gas concentration)

TCFD

Task Force on Climate-related Financial Disclosures



References

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BBP (2022), A Guide to Climate Resilience Strategies for Commercial Real Estate [Accessed via: https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/BBP_Climate%20Resilience%20for%20commercail%20Real%20Estate_v6a.pdf].

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Appendix 1

Detailed Scoping Table & Greenhouse Gas Protocol Alignment

The table below provides an extended version of the greenhouse gas emissions included within Aberdeen Investments 2050 net-zero target and aligns with the BBP net-zero carbon framework. In addition to the breakdown of activities, there are references to the carbon scope, as well as how activities align to the GHG protocol reporting categories.

✓ = activities that should be included within signatories' net-zero carbon target.

Business area	Sub-area	GHG protocol reporting category	Emissions scope	Commitment inclusion
Direct real estate holdings (including joint ventures (JV) with management control)	Landlord purchased energy (electricity and fuels)	Purchased electricity, heat and steam	1, 2 and 3	✓
	Tenant purchased energy (electricity and fuels)	Downstream leased assets	3	✓
	Landlord refrigerants	Purchased goods and services	1	✓
	Tenant refrigerants	Tenant Scope 3	3	
	Landlord purchased water	Purchased goods and services	3	✓
	Tenant purchased water	Tenant Scope 3	3	
	Landlord managed operational waste	Waste generated in operations	3	✓
	Tenant managed operational waste	Tenant Scope 3	3	
	Tenant transport emissions	Tenant Scope 3	3	
	Tenant supply chain emissions	Tenant Scope 3	3	
	Landlord purchased capital goods and services (monitoring and evaluation, and property management services)**	Purchased goods and services	3	✓

Business area	Sub-area	GHG protocol reporting category	Emissions scope	Commitment inclusion
Investments (indirect real estate holdings, e.g. where investments are managed by a third party, such as JVs with no management control or investments in other real estate investment vehicles)*	Landlord purchased energy (electricity and fuels)	Investments (proportional to the investment)	3	✓
	Tenant purchased energy (electricity and fuels)	Investments (proportional to the investment)	3	✓
	Landlord refrigerants	Investments (proportional to the investment)	3	✓
	Tenant refrigerants	Tenant Scope 3	3	
	Landlord purchased water	Investments (proportional to the investment)	3	✓
	Tenant purchased water	Tenant Scope 3	3	
	Landlord managed operational waste	Investments (proportional to the investment)	3	✓
	Tenant managed operational waste	Tenant Scope 3	3	
	Visitors transport emissions	Tenant Scope 3	3	
	Tenant supply chain emissions	Tenant Scope 3	3	
	Landlord purchased capital goods and services (monitoring and evaluation, and property management services)**	Purchased goods and services	3	✓
	Development	New development (including those where funding is being provided)	Purchased goods and services	3
Refurbishments		Purchased goods and services	3	✓
Fit-out (landlord controlled)		Purchased goods and services	3	✓
Fit-out (tenant controlled)		Tenant Scope 3	3	✓
End-of-life		End-of-life treatment of sold products	3	***

• Corporate emissions are not included within the scope as the focus of the BBP Climate Change Commitment is on signatories' real estate investments. It is also likely these emissions are not significantly material. However, some signatories may voluntarily elect to include them in their target scope.

* For indirect investments, it is recommended that carbon emissions should be attributed as a percentage ownership of the investment.

** This relates to services procured by the landlord, to service and maintain the space e.g. property management, service charge recoverable items and minor capital expenditure items e.g. minor replacements.

*** End-of-life carbon has not been included within the scope of the BBP Climate Change Commitment due to lack of industry consensus on how it should be accounted for. As industry understanding improves and an agreed approach adopted, this position will be reviewed.

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