

Webinar

Mapping ESG Webinar (APAC and EMEA)

Date: April 12, 2023

00:00:00 --> 00:00:04: Analysts to also switch on their videos and I'm extremely
 00:00:04 --> 00:00:08: pleased that I'm being joined today by Francesco Polastri,
 Member
 00:00:08 --> 00:00:12: of the Board of Directors for the Group Pension Funds
 00:00:12 --> 00:00:16: and SVP, Head of Group Real Estate and Transactions for
 00:00:16 --> 00:00:21: Unit Credit, which provides a very interesting double
 perspective of
 00:00:21 --> 00:00:25: Francesco looking at these standards from both.
 00:00:25 --> 00:00:29: The, the occupier, the corporate occupier as well as the
 00:00:29 --> 00:00:33: investor and we'll hear more about that later. We're also
 00:00:34 --> 00:00:38: joined by Stefan Phileman, Head of Sustainable Investment
 for Ivan
 00:00:38 --> 00:00:43: O Cambridge. And last but certainly not least, Christina
 Garcia
 00:00:43 --> 00:00:48: Perry. She's Senior Partner, Head of Strategy and Business
 Development
 00:00:48 --> 00:00:51: at Azora Capital and based in Spain.
 00:00:52 --> 00:00:57: Hi, everyone. Thanks for your flexibility. I usually appreciate
 it.
 00:00:58 --> 00:01:02: So let me kick off, while the audience hasn't seen
 00:01:02 --> 00:01:05: the results of the study yet, you all have. So
 00:01:05 --> 00:01:09: I just wanted to start with giving all of you
 00:01:09 --> 00:01:14: the opportunity to reflect on the report you've been able
 00:01:14 --> 00:01:18: to see the overall study, the approaches that were taking
 00:01:18 --> 00:01:19: to.
 00:01:20 --> 00:01:25: Categorize the different standards and also how that is useful
 00:01:25 --> 00:01:28: or not in your own business, what you do in
 00:01:28 --> 00:01:33: your normal life with these standards and regulations and
 how
 00:01:33 --> 00:01:37: this can help. Francesco, can I start with you please?
 00:01:37 --> 00:01:42: Sure. Thank you, Lisette. So good morning, everybody. I'm

00:01:42 --> 00:01:46: very
 00:01:46 --> 00:01:49: honored to be speaking with you today about ESG mapping
 00:01:50 --> 00:01:53: and how much sustainability is and will.
 00:01:53 --> 00:01:57: That shape the future of our industry as it as
 00:01:57 --> 00:02:02: was was mentioning I I aim to share my double
 00:02:02 --> 00:02:06: screen vision on sustainability being committed on a twofold
 00:02:06 --> 00:02:10: role
 00:02:10 --> 00:02:15: at the group being portfolio manager on the corporate real
 00:02:15 --> 00:02:19: estate and investor as a pension fund. So two different
 00:02:19 --> 00:02:24: points of views with with a strong common commitment at
 00:02:24 --> 00:02:29: group level we are actually of course supporting UN.
 00:02:29 --> 00:02:35: 20-30 agenda and and SD G's we're planning to achieve
 00:02:35 --> 00:02:40: NET 0 by 2030 and actively participating to Net Zero
 00:02:40 --> 00:02:45: Banking Alliance. These are some of the critical steps we're
 00:02:45 --> 00:02:48: actually taking within the group, but I want to come
 00:02:48 --> 00:02:53: back to the discussion of today and how much we've
 00:02:53 --> 00:02:59: been working on reporting standards.
 00:02:59 --> 00:03:04: Also on real estate and and this come to the
 00:03:04 --> 00:03:09: question, I was asked time ago to map some kind
 00:03:09 --> 00:03:14: of real estate potential standards and if I had this
 00:03:14 --> 00:03:15: report at the time would be very, very useful to
 00:03:15 --> 00:03:20: be honest and I I found I would say more
 00:03:20 --> 00:03:24: than hundreds.
 00:03:24 --> 00:03:28: And it was difficult for us to find the one
 00:03:28 --> 00:03:34: fits all. To make a Long story short, I think
 00:03:34 --> 00:03:40: we then one year ago decided to go with GRESB
 00:03:40 --> 00:03:43: which was originally designed for fans, but we decided to
 00:03:43 --> 00:03:50: score our corporate portfolio across Europe with with them. I
 00:03:50 --> 00:03:54: believe this and and my wish is this.
 00:03:54 --> 00:04:00: Could be triggering a new wave also of corporate
 00:04:00 --> 00:04:04: responsibility
 00:04:04 --> 00:04:09: also on scoring. So I hope we can do much
 00:04:09 --> 00:04:13: better on with the other banks and insurance on this.
 00:04:13 --> 00:04:18: So in the end thanks to BRIULI and in the
 00:04:18 --> 00:04:23: in the price for this excellent job I've been.
 00:04:23 --> 00:04:26: Reading all the report and and for the number of
 00:04:26 --> 00:04:31: sources and insights in there, I'll I'll actually be planning
 00:04:31 --> 00:04:32: to present this report to our internal relevant committees and
 00:04:32 --> 00:04:38: boards very soon. So thank you Lizette.
 00:04:38 --> 00:04:43: Thank you, Francesco. Christina, do you want to provide
 00:04:43 --> 00:04:48: your
 00:04:48 --> 00:04:53: perspective?
 00:04:53 --> 00:04:58: Yes, hello everyone. Well, I think I was.

00:04:39 --> 00:04:43: I was lucky enough to be part of the steering
00:04:43 --> 00:04:49: committee, so I've been from the very beginning in how
00:04:49 --> 00:04:54: these this report was created and I really think it's
00:04:54 --> 00:05:01: the most comprehensive and well structured report that I've
seen
00:05:01 --> 00:05:03: on the matter I've been.
00:05:05 --> 00:05:10: Leading the sustainability efforts within Asora since 2014 and
we've
00:05:10 --> 00:05:14: come a long way. And I also, I actually chair
00:05:14 --> 00:05:18: the sustainability committee of Bank Inter which is a bank.
00:05:18 --> 00:05:22: You know that we work a lot with Sony Credit
00:05:22 --> 00:05:25: and I think we're all in the real estate industry
00:05:26 --> 00:05:30: and in general quite overwhelmed by the amount of
standards,
00:05:30 --> 00:05:34: principles, frameworks, benchmarks, ratings.
00:05:35 --> 00:05:38: And this report it it really, I think it categorizes
00:05:39 --> 00:05:43: really well the different standards and it creates itself a
00:05:43 --> 00:05:47: framework to navigate them and understand what is what is
00:05:47 --> 00:05:50: best for you. I think as investors and managers we
00:05:50 --> 00:05:53: really need to have a view and an opinion on
00:05:53 --> 00:05:57: you know what is best for our stakeholders in terms
00:05:57 --> 00:06:00: of reporting, what are the KPIs that we want to
00:06:00 --> 00:06:03: follow and that we want to that we want to
00:06:03 --> 00:06:04: manage.
00:06:05 --> 00:06:09: And many times investors I think have been trying to
00:06:09 --> 00:06:14: come up themselves with the standards that they want to
00:06:14 --> 00:06:18: follow. And and I think this report really will be
00:06:18 --> 00:06:23: extremely helpful for everyone in the industry to understand
what
00:06:23 --> 00:06:27: is best for everyone. I really I would summarize my
00:06:28 --> 00:06:32: opinion as saying if you if you read this report,
00:06:32 --> 00:06:33: if you understand it.
00:06:34 --> 00:06:38: Completely. I think you will probably know more than anyone
00:06:38 --> 00:06:43: in the industry about TSG reporting because it is extremely,
00:06:43 --> 00:06:47: extremely comprehensive. I think you know a report that
when
00:06:47 --> 00:06:49: you get to the annexes.
00:06:50 --> 00:06:52: You still want to read them means it's a really
00:06:52 --> 00:06:56: good report, It really takes you, It maps, you know.
00:06:56 --> 00:06:59: That's why I think the name is very well chosen.
00:06:59 --> 00:07:02: It's a really a mapping exercise and when you finish
00:07:02 --> 00:07:05: reading it, and I I really encourage everyone to do
00:07:05 --> 00:07:08: so, you will feel that you will have a much

00:07:08 --> 00:07:11: better grasp of what is happening. What are the different
00:07:11 --> 00:07:13: frameworks useful for?
00:07:13 --> 00:07:17: Would you as an organization want to follow and why?
00:07:17 --> 00:07:21: Because I think eventually, you know, there are compulsory
regulations
00:07:21 --> 00:07:24: that are coming, but there's a lot more that we
00:07:25 --> 00:07:28: can all do and we will talk about that later
00:07:28 --> 00:07:28: on.
00:07:29 --> 00:07:33: So congratulations to you, a light win ref PRI and
00:07:33 --> 00:07:36: of course to to PwC. I think it's an amazing
00:07:36 --> 00:07:41: report. It will become compulsory reading for everyone that is
00:07:41 --> 00:07:46: involved in sustainability, certainly at Asora but also in the
00:07:46 --> 00:07:49: industry. So, so well done, really useful.
00:07:51 --> 00:07:52: Thank you, Christina.
00:07:54 --> 00:07:58: It's interesting what you say and also Francesco said before
00:07:58 --> 00:08:02: is when we started this process, everybody was trying to
00:08:02 --> 00:08:06: get to the one-size-fits-all so anxiously, trying to make life
00:08:06 --> 00:08:10: simpler for everyone. And I think one of the big
00:08:10 --> 00:08:15: learnings we've had is there is unfortunately not one-size-fits-
all. Depending
00:08:15 --> 00:08:20: on your overall corporate strategy and your EC strategy,
there's
00:08:20 --> 00:08:21: definitely ways to.
00:08:21 --> 00:08:27: Narrow down the different standards and regulations use. But
what
00:08:27 --> 00:08:32: we've have learned is that it's unfortunately not as simple
00:08:32 --> 00:08:35: as we hoped for. But OK, Stefan.
00:08:36 --> 00:08:36: Over.
00:08:36 --> 00:08:40: To you, what's your view as a global investor in
00:08:40 --> 00:08:45: real estate and obviously much broader than that and what's
00:08:45 --> 00:08:46: your view on this?
00:08:47 --> 00:08:50: Yes, thanks Lizette. And a good day everyone. Glad to
00:08:50 --> 00:08:51: be here with you today.
00:08:52 --> 00:08:56: And I could maybe briefly introduce Ivanhoe. To start with
00:08:56 --> 00:08:59: for those of you who don't know us, we are
00:08:59 --> 00:09:04: global real estate investor headquarters in Montreal, Canada
and we
00:09:04 --> 00:09:07: have a global portfolio of about 70 billion of a
00:09:07 --> 00:09:11: UN fairly diversified in terms of sectors and and regions.
00:09:11 --> 00:09:14: And my role at Ivanhoe is actually to lead our
00:09:14 --> 00:09:16: ESG strategies globally.
00:09:17 --> 00:09:20: And so as you you will see soon hopefully when
00:09:20 --> 00:09:24: you will access the, the study itself. I think we

00:09:24 --> 00:09:27: can argue that real estate is in a fairly unique
00:09:27 --> 00:09:31: situation in terms of sector among other asset classes just
00:09:31 --> 00:09:35: given the number of green certifications labels that are
specific
00:09:35 --> 00:09:38: to to our sector in addition to the other ESU
00:09:38 --> 00:09:43: reporting frameworks which apply to any sector. And you'll
see
00:09:43 --> 00:09:44: that the study.
00:09:44 --> 00:09:48: Provides detailed comparison of no less than fourteen of
those
00:09:48 --> 00:09:52: frameworks. So I I think we really navigating sort of
00:09:52 --> 00:09:55: an alphabet soup of you know those numerous ESG
acronyms
00:09:55 --> 00:09:59: and even experts so-called experts in the field I think
00:09:59 --> 00:10:01: can get lost. So we we really need to to
00:10:02 --> 00:10:05: shed light on how ESG reporting is evolving and get
00:10:05 --> 00:10:08: guided through the jungle and so I really commented the
00:10:08 --> 00:10:11: the work that has been done by the team here.
00:10:12 --> 00:10:15: To to provide such clarity and I think I, I
00:10:15 --> 00:10:18: may be framed 2 reasons for all of us to
00:10:18 --> 00:10:22: really pay close attention to the study once it's released
00:10:22 --> 00:10:25: later today. The first one is that I think that
00:10:25 --> 00:10:30: the landscape of those relevant reporting standards is
evolving very
00:10:30 --> 00:10:33: fast. What used to be considered best in class in
00:10:33 --> 00:10:37: our sector, such as getting lead certified or real certified
00:10:37 --> 00:10:40: is just now table stakes like it's sort of basic
00:10:40 --> 00:10:41: expectation.
00:10:43 --> 00:10:46: What used to be also voluntary or mainly qualitative in
00:10:46 --> 00:10:51: nature in terms of self declared disclosures is now becoming
00:10:51 --> 00:10:55: much more mandatory quantitative and 3rd party verified.
And so
00:10:55 --> 00:10:59: we really need to catch up with those again market
00:10:59 --> 00:11:03: and regulatory expectations which move very fast. The the
second
00:11:03 --> 00:11:06: reason I will highlight is I think most of us
00:11:06 --> 00:11:09: also experience reporting fatigue.
00:11:10 --> 00:11:13: And so we need to streamline and and facilitate this
00:11:13 --> 00:11:16: reporting process for all of us. We I think on
00:11:16 --> 00:11:19: average we spend way too much time on on reporting
00:11:19 --> 00:11:22: and and we need to allocate those time and resources
00:11:22 --> 00:11:25: to to your action hopefully. So as you'll see we
00:11:26 --> 00:11:29: have many standards out there, but we don't even have
00:11:29 --> 00:11:32: yet a clear definition of what the green building means

00:11:32 --> 00:11:35: or what the net zero building means, so.

00:11:36 --> 00:11:40: It's not yet completed. I would say as a journey

00:11:40 --> 00:11:44: many consolidation or convergence needs to to happen and I

00:11:44 --> 00:11:49: think we've seen of so many asset managers starting their

00:11:49 --> 00:11:54: ESG journey with producing actually their first ESG report.

00:11:54 --> 00:11:58: Even

00:11:58 --> 00:12:02: before this they define their own ESG strategy. And I

00:12:02 --> 00:12:05: think we should really start with action 1st and and

00:12:06 --> 00:12:10: and really define our strategy before we.

00:12:10 --> 00:12:14: Think of asking the communications team to produce a report

00:12:14 --> 00:12:18: on. So hopefully again this study you know will help

00:12:18 --> 00:12:23: shed light on how those various reporting frameworks

00:12:23 --> 00:12:27: compared to

00:12:27 --> 00:12:32: each other either at the company level, mainly for

00:12:32 --> 00:12:32: shareholders

00:12:33 --> 00:12:37: for capital markets, also at the portfolio level. Francesco, you

00:12:37 --> 00:12:40: mentioned grazed mainly relevant to investors like us and

00:12:40 --> 00:12:44: asset

00:12:44 --> 00:12:48: managers.

00:12:48 --> 00:12:51: Then the third layer being at the asset and building

00:12:52 --> 00:12:54: level as you'll see the study this whole landscape of

00:12:55 --> 00:12:57: certifications which are highly relevant to occupiers and

00:12:57 --> 00:13:01: tenants. So

00:13:01 --> 00:13:02: I think it helps everyone like ESG professionals to get

00:13:06 --> 00:13:10: up to date with latest developments but also newcomers or

00:13:10 --> 00:13:13: beginners I would say in the field. And some of

00:13:13 --> 00:13:18: you may also be on this call this morning for

00:13:18 --> 00:13:22: you to get familiarized quickly and onboarded quickly in this

00:13:22 --> 00:13:26: ESG reporting world.

00:13:26 --> 00:13:31: Thanks. I found that's very helpful that that overview and

00:13:31 --> 00:13:32: if we kind of dig bit deeper into how we've

00:13:33 --> 00:13:37: evolved over time. You also mentioned the building

00:13:37 --> 00:13:41: standards with

00:13:41 --> 00:13:44: which it sort of started almost two decades ago if

00:13:44 --> 00:13:49: not longer. That was the the first attempt almost of

00:13:49 --> 00:13:54: the real estate industry to make our buildings more

00:13:54 --> 00:13:59: sustainable

00:13:59 --> 00:14:04: and quickly followed.

00:14:04 --> 00:14:09: Initiative from within the sector we had the in ref

00:14:09 --> 00:14:14: guidelines we've had APRA grasp was already mentioned

00:14:14 --> 00:14:19: and now

00:14:19 --> 00:14:24: it's and then we saw also a way of more

00:14:24 --> 00:14:29: general investment standards, some not specific for real

00:14:29 --> 00:14:34: estate but

00:13:49 --> 00:13:53: trying to apply them and the same we see now

00:13:53 --> 00:13:57: with regulations coming which are not specific for real estate

00:13:58 --> 00:14:01: and sometimes that's okay, sometimes it makes like.

00:14:02 --> 00:14:07: More complicated. So Christina, if I come to you from

00:14:07 --> 00:14:14: your organization's perspective, how have you been keeping on top

00:14:14 --> 00:14:21: of that increasingly complex landscape of revelations and standards to

00:14:21 --> 00:14:22: follow?

00:14:25 --> 00:14:28: The way we, we started this journey and I like

00:14:28 --> 00:14:32: I agree with the Stephen that you know this is

00:14:32 --> 00:14:36: really, this is really a journey and our first reference

00:14:36 --> 00:14:41: really came from the dialogue with investors, with our investors

00:14:41 --> 00:14:44: who I think has started expressing, you know the a

00:14:44 --> 00:14:48: need for us to start considering in a more formal

00:14:48 --> 00:14:49: way, right.

00:14:50 --> 00:14:54: What, what were we doing as investors in our decisions

00:14:54 --> 00:14:58: and as managers with regards to all these topics? We

00:14:58 --> 00:15:02: also that we then started looking for benchmarks, right? And

00:15:02 --> 00:15:06: I'm talking now probably 5-6 years ago. And then I

00:15:06 --> 00:15:10: have to say that industry associations like ULA and in

00:15:10 --> 00:15:14: REF were extremely helpful because there we could find all

00:15:14 --> 00:15:18: the people who were going over starting the very same.

00:15:19 --> 00:15:22: The very same journey, but once we realized that this

00:15:23 --> 00:15:26: was something that we had to adopt within Asora, we

00:15:26 --> 00:15:31: actually started by the governance part. Rather than starting to

00:15:31 --> 00:15:36: produce reports and anecdotal evidence of what we were doing,

00:15:36 --> 00:15:39: we said OK, let's first make a decision at the

00:15:39 --> 00:15:44: top level of the organization that this is something that

00:15:44 --> 00:15:45: we are committed to.

00:15:47 --> 00:15:49: And so we set ourselves a set of of

00:15:49 --> 00:15:55: principles and strategies and general strategy which then translated into

00:15:55 --> 00:15:59: policy and into a governance framework that went from our

00:16:00 --> 00:16:04: board to a sustainability committee to a specific policies within

00:16:05 --> 00:16:09: our investment policy and within our asset management policy.

00:16:10 --> 00:16:14: And once we had that in place and of course

00:16:14 --> 00:16:18: that is also evolving with it, right. So how do

00:16:18 --> 00:16:21: we measure what we want to do and how do

00:16:21 --> 00:16:25: we get it started? And very much like Francesco or

00:16:25 --> 00:16:30: Ronnie Tredito, we decided to start with Presby and we've

00:16:30 --> 00:16:34: been using Resby now for five years across all our

00:16:34 --> 00:16:38: portfolios. And I think the reason is that.

00:16:39 --> 00:16:43: The burden and the work it takes to contribute to

00:16:43 --> 00:16:47: Gresby, it's something that is within the reach of most

00:16:47 --> 00:16:51: organizations. So we thought, you know, we could do it.

00:16:51 --> 00:16:55: Second, because it really helped us focus on a few

00:16:55 --> 00:16:59: KPIs, which was also again, helping us focus on what

00:16:59 --> 00:17:02: we wanted to manage and three because.

00:17:03 --> 00:17:06: It it not only helped us start measuring our own

00:17:06 --> 00:17:10: progress but actually compared ourselves with the rest of the

00:17:10 --> 00:17:14: English. And I think that you know, those three things

00:17:14 --> 00:17:17: were extremely it really made us jump into the made

00:17:17 --> 00:17:20: the decision to say OK we wanna do this. And

00:17:20 --> 00:17:23: you know the first time we did it was a

00:17:23 --> 00:17:27: challenge but but it's worked pretty well now, you know

00:17:27 --> 00:17:29: we are being more ambitious now.

00:17:30 --> 00:17:33: Last year we decided to set a net zero target

00:17:33 --> 00:17:37: for Azora itself. We haven't done it for all our

00:17:37 --> 00:17:41: portfolios because you know we have to work with our

00:17:41 --> 00:17:46: investors and understand what that net zero target

00:17:46 --> 00:17:49: implications are

00:17:49 --> 00:17:53: for each of the portfolios. But we continue to take

00:17:54 --> 00:17:58: a steps and of course then the regulation is coming.

00:17:58 --> 00:18:01: And there are certain reporting minimum standards that that

00:18:01 --> 00:18:05: we

00:18:05 --> 00:18:09: need to do. But I think we're taking these very,

00:18:09 --> 00:18:13: very seriously, very much like Stefan, like you said, we

00:18:13 --> 00:18:16: think there's a lot of box ticking. We don't need

00:18:17 --> 00:18:20: that and I think our investors understand that that is

00:18:20 --> 00:18:22: not very useful. I think the advantage of being on

00:18:22 --> 00:18:25: the private world rather than being a listed in the

00:18:25 --> 00:18:30: listed world is that.

00:18:30 --> 00:18:33: Box ticking is not that important. You can have a

00:18:33 --> 00:18:36: dialogue with your stakeholders about exactly what are you

00:18:36 --> 00:18:40: wanna

00:18:40 --> 00:18:43: do and how do you set your priorities and really

00:18:43 --> 00:18:45: focus more on the action rather than just on on

00:18:45 --> 00:18:48: having very very nice reports which are also important. Don't

00:18:48 --> 00:18:51: get me wrong, I think a good report is a

00:18:51 --> 00:18:54: way also for an organization.

00:18:54 --> 00:18:57: To focus and understand Okay, it's like a summary of

00:18:48 --> 00:18:52: the progress that you've made. So I think you know

00:18:52 --> 00:18:55: they they do have a role to play. But certainly

00:18:55 --> 00:18:57: I think in the private world we have the the

00:18:58 --> 00:19:00: privilege of of not having to be so focused on

00:19:00 --> 00:19:04: the communication side, but rather more on the actions that

00:19:04 --> 00:19:06: we take on our asset base.

00:19:08 --> 00:19:12: Thank you. Christina, someone is asking you a question whether

00:19:12 --> 00:19:15: you can give a bit more detail on the KPIs

00:19:15 --> 00:19:18: you mentioned. One of the reasons for choosing GRASP was

00:19:18 --> 00:19:21: that there were a few KPIs for you to focus

00:19:21 --> 00:19:25: on, which made it easier. Can you highlight some of

00:19:25 --> 00:19:25: those?

00:19:26 --> 00:19:30: Well, we have quite a few KPIs related with energy

00:19:30 --> 00:19:34: efficiency of our buildings, of all our assets.

00:19:34 --> 00:19:38: We also have quite a few KPIs related to waste

00:19:39 --> 00:19:44: and recycling because we invest in assets that are high

00:19:44 --> 00:19:49: users of resources like hotels and and luxury hotels. So

00:19:49 --> 00:19:54: it you know it, that part for us is extremely

00:19:54 --> 00:20:00: important. We also are measuring our carbon footprint a

00:20:00 --> 00:20:00: scope

00:20:00 --> 00:20:00: one and.

00:20:01 --> 00:20:05: Depending on the asset classes scope to scope to mostly

00:20:05 --> 00:20:09: and scope 3 depends how much of the data we

00:20:09 --> 00:20:12: can we can use. And we are also starting to

00:20:13 --> 00:20:18: measure some social, some social KPIs with regards to

00:20:18 --> 00:20:23: employment

00:20:18 --> 00:20:23: of minorities, employment of women of course gender gap

00:20:23 --> 00:20:27: again

00:20:23 --> 00:20:27: we're we invest in highly operational assets.

00:20:27 --> 00:20:30: So when we invest in nursing homes or in student

00:20:30 --> 00:20:34: housing or in hotels, you know we have thousands of

00:20:34 --> 00:20:38: people working in our properties whether we control the

00:20:38 --> 00:20:41: operator

00:20:38 --> 00:20:41: or not. But we are conscious of that. And so

00:20:42 --> 00:20:45: we are starting to measure that in our portfolios and

00:20:45 --> 00:20:48: and then on the on the also on the social

00:20:48 --> 00:20:51: size, we try to measure very much the impact we

00:20:51 --> 00:20:55: have in our communities, in the communities where our

00:20:56 --> 00:20:56: assets

00:20:56 --> 00:20:56: sit.

00:20:57 --> 00:20:59: I would say and you know, then we could get

00:20:59 --> 00:21:02: into more details, but those are some of the most

00:21:02 --> 00:21:03: important ones for us.

00:21:05 --> 00:21:10: Thank you. That's very helpful. And Stefan touched before on

00:21:10 --> 00:21:15: on real estate versus order asset classes and one of

00:21:15 --> 00:21:20: the kind of observations I had from the report is

00:21:20 --> 00:21:25: real estate's often seen as lagging, slow to respond, but

00:21:25 --> 00:21:26: if you now see.

00:21:27 --> 00:21:32: All of these standards and frameworks, actually quite a lot

00:21:32 --> 00:21:35: has been on over the last 20 years to make

00:21:35 --> 00:21:41: real estate and buildings more sustainable. And Francesco, I'm interested

00:21:41 --> 00:21:45: to hear your view on that from a pension from

00:21:45 --> 00:21:50: perspective you see other assets classes too, I was real

00:21:50 --> 00:21:51: estate doing.

00:21:53 --> 00:21:55: Thank you. Yes, for sure.

00:21:56 --> 00:22:01: You you mentioned 2 words, I'm interested in elaborating a

00:22:01 --> 00:22:06: little bit. So slow this is sometimes not also too

00:22:06 --> 00:22:10: negative for real estate. I would say it's it's also

00:22:10 --> 00:22:15: classified as in liquid the asset class but sometimes this

00:22:15 --> 00:22:20: is also positive being a counter cycle asset class and

00:22:20 --> 00:22:24: and in in some cases like like now with inflation

00:22:24 --> 00:22:25: popping up.

00:22:26 --> 00:22:29: It has. If you have a a full indexed contractor,

00:22:30 --> 00:22:35: it's a perfect hedging inflation product. So it's sometimes slow.

00:22:35 --> 00:22:39: It's not too bad and and I can say lagging

00:22:39 --> 00:22:44: behind, yeah that's that's totally true at the beginning, but

00:22:44 --> 00:22:49: then when actually the industry started classifying and and it

00:22:49 --> 00:22:53: was very difficult at the beginning to put a real

00:22:53 --> 00:22:54: estate into.

00:22:55 --> 00:23:00: Strict boxes. So you think how difficult is to compare

00:23:00 --> 00:23:08: buildings of from different countries, geographies and with different regulations.

00:23:08 --> 00:23:12: So I believe it was a terrible work to do

00:23:12 --> 00:23:18: and now the progress are there think of historical buildings,

00:23:18 --> 00:23:23: how can you think of in upgrading building with a

00:23:23 --> 00:23:24: decorated facade?

00:23:25 --> 00:23:30: Some of these complexities we we probably don't think of

00:23:30 --> 00:23:34: every day, but but as you mentioned I think great

00:23:34 --> 00:23:38: steps ahead have been done and for sure I believe

00:23:39 --> 00:23:44: much more on building level certifications and still on portfolio

00:23:44 --> 00:23:48: level it's a little bit more complicated. I need to

00:23:49 --> 00:23:53: mention green financing is, is actually increasing.

00:23:53 --> 00:23:57: And is is actually I would say an Enable agent

00:23:57 --> 00:24:01: of of the changing world and it it's a strong

00:24:01 --> 00:24:06: trend for banks. Secondly, due diligence now is I would

00:24:06 --> 00:24:11: say 2.0 due diligence is now focused not only on

00:24:11 --> 00:24:16: on the acquisition phase but totally linked to all real

00:24:16 --> 00:24:21: estate life cycle including supply chains. So this I think

00:24:21 --> 00:24:22: it's also.

00:24:22 --> 00:24:27: A key point on which we're doing quite well and

00:24:27 --> 00:24:32: also alignment with asset managers, asset managers now it's

00:24:32 --> 00:24:36: is

00:24:36 --> 00:24:41: an hour view much easier trying to align also on

00:24:41 --> 00:24:46: ESG targets with with incentive fees. This I think it's

00:24:46 --> 00:24:50: also a strong point some some I was mentioned some

00:24:50 --> 00:24:58: improvement areas I think we still need to work on.

00:24:58 --> 00:25:02: Harmonization of taxonomy. This is for sure something

00:25:02 --> 00:25:08: relevant. I

00:25:08 --> 00:25:13: know EU is is working hard, but still we're not

00:25:13 --> 00:25:19: there and that world level, global level it's even worse.

00:25:19 --> 00:25:24: And then internally I've been often asked which are the

00:25:24 --> 00:25:29: financial impacts or scorings and this is a pretty much.

00:25:29 --> 00:25:35: Difficult answer. It's it's still I think seems to be

00:25:35 --> 00:25:40: still open. I think they there's an answer but probably

00:25:40 --> 00:25:45: there's no reliable figure yet. So the answer probably is

00:25:45 --> 00:25:51: there. If you don't go for for certifications it's probably

00:25:51 --> 00:25:55: you're getting to a high risk of getting a negative

00:25:55 --> 00:26:00: impact.

00:26:00 --> 00:26:05: The premium is I, I I don't still don't know

00:26:05 --> 00:26:10: where it is but for sure we're working for a

00:26:10 --> 00:26:15: resilient portfolios in in time. So we're not anxious of

00:26:15 --> 00:26:21: knowing the single number today and the and the

00:26:21 --> 00:26:26: debate is still there also with the appraisers which I

00:26:26 --> 00:26:31: understand are not totally are still discussing how much.

00:26:31 --> 00:26:36: ESG topics need to be embedded in evaluations. So this

00:26:36 --> 00:26:42: is I think is also something we need to improve

00:26:42 --> 00:26:44: Overall, as you were asking at the beginning, I think

00:26:44 --> 00:26:50: the real estate will some way always survive and adapt

00:26:50 --> 00:26:56: to some way and will potentially evolve toward blending with

00:26:56 --> 00:27:04: mixed portfolios.

00:27:04 --> 00:27:10: With a clearer and more accountable ESG impact, I'm

00:27:10 --> 00:27:16: actually

00:27:16 --> 00:27:22: referring for example to infrastructure of funds and cross

00:27:22 --> 00:27:28: thematic

00:27:28 --> 00:27:34: investments which can be innovative and generating

00:27:34 --> 00:27:40: sustainable impact. So

00:27:04 --> 00:27:09: I would say wrapping up, I think pretty much progress
00:27:09 --> 00:27:10: has been done.
00:27:11 --> 00:27:16: From financing point of view and building level certification
and
00:27:16 --> 00:27:22: sustainable diligence, some errors of improvement. I was
mentioning reporting
00:27:22 --> 00:27:27: standards and measurement of financial impacts still still to
go.
00:27:27 --> 00:27:31: And then I mentioned some potential errors of where real
00:27:31 --> 00:27:35: estate asset class could move on. Thank you, Lizette.
00:27:36 --> 00:27:37: Thank you. Thank you.
00:27:38 --> 00:27:43: We're actually making progress. I've just been informed that
Christiana
00:27:43 --> 00:27:47: is back and the line should be working now. So
00:27:47 --> 00:27:49: we we will now go to the final round of
00:27:49 --> 00:27:54: questions and then we'll have enough time for Christiana to
00:27:54 --> 00:27:58: present the results. Apologies again for to the audience for
00:27:58 --> 00:28:02: having to swap things around, but I still hope you
00:28:02 --> 00:28:04: appreciate the the session.
00:28:05 --> 00:28:10: Stephen, can I start with you looking forward is we've
00:28:10 --> 00:28:14: made a lot of progress but we've also seen a
00:28:14 --> 00:28:20: recent IPPICC reports coming out. Again that overall not
just
00:28:20 --> 00:28:25: for real estate climate change is something to sincerely worry
00:28:25 --> 00:28:30: about. So and and combining that with what would you
00:28:30 --> 00:28:34: like to see if you could wish for one thing
00:28:34 --> 00:28:35: in this.
00:28:35 --> 00:28:41: Area of standards, regulations. What would it be going
forward?
00:28:41 --> 00:28:45: Helping to make your life easier, Make progress on the
00:28:45 --> 00:28:47: climate change?
00:28:49 --> 00:28:52: Sure. I think you know we all call for better
00:28:52 --> 00:28:56: and more convergence of those multiple ESG frameworks
together and
00:28:56 --> 00:28:59: maybe hopefully we would have just one centered on this
00:28:59 --> 00:29:01: double materiality.
00:29:01 --> 00:29:05: Concept which you'll all learn about in the in the
00:29:05 --> 00:29:10: in the study itself. I think maybe the other characteristic
00:29:10 --> 00:29:14: I would actually call for Windows ESG reporting frameworks
is
00:29:14 --> 00:29:17: to be not so much looking at a pony time
00:29:17 --> 00:29:21: performance, but also being forward-looking in terms of.
00:29:22 --> 00:29:26: What the ESG performance or the asset or the portfolio
00:29:26 --> 00:29:29: is likely to be in the future. And what the

00:29:29 --> 00:29:32: IPCC report tells us is, you know, this dire need
00:29:32 --> 00:29:37: to accelerate on real estate and building decarbonization. But
if
00:29:37 --> 00:29:39: we want to do that, we need to invest in,
00:29:40 --> 00:29:43: you know, brown assets which we can then decarbonize. So
00:29:43 --> 00:29:47: those brown to green strategies if we we we have
00:29:47 --> 00:29:50: a strong ambition that I went for to really invest
00:29:50 --> 00:29:51: in that space.
00:29:52 --> 00:29:55: However, when you look at the current TSG reporting
frameworks,
00:29:56 --> 00:29:59: you would actually look fairly bad from a performance
standpoint
00:29:59 --> 00:30:02: if you use GRASS and the others. So we need
00:30:02 --> 00:30:05: to have those frameworks be better, you know, more
forward-looking
00:30:05 --> 00:30:09: oriented so that we can better capture the transition aspect
00:30:09 --> 00:30:12: of the evolution of performance from brown to green.
00:30:12 --> 00:30:15: Because we we, we really need to invest as investors
00:30:15 --> 00:30:20: in decarbonization instead of merely decarbonizing our
investments by simply
00:30:20 --> 00:30:23: selling those higher carbon assets. And if you want to
00:30:23 --> 00:30:27: do that, the, the, the other characteristic I would also
00:30:27 --> 00:30:30: mention and and you you said it, I think Francesco,
00:30:30 --> 00:30:33: is to also better align incentives across our value chain
00:30:33 --> 00:30:37: and create better alignment of interest with our asset
managers,
00:30:37 --> 00:30:38: property managers.
00:30:39 --> 00:30:43: So for example, we've been promoting the green promote
concept
00:30:44 --> 00:30:47: so that an incentive fee is tied to the asset
00:30:47 --> 00:30:51: managers ESG out performance above a seven base case.
That's
00:30:51 --> 00:30:54: the kind of example which I think will help us
00:30:54 --> 00:30:57: all walk the talk and not only you know have
00:30:57 --> 00:31:02: nice reports but also demonstrate tangible real improvements
in action.
00:31:05 --> 00:31:08: Thank you. That's very helpful, Francesco.
00:31:09 --> 00:31:10: What would you wish for?
00:31:13 --> 00:31:17: Sorry. Yeah. Well I I tried to split it in
00:31:17 --> 00:31:20: two and make it simple. Well we we we need
00:31:20 --> 00:31:24: to to be speaking the same language. To be honest
00:31:24 --> 00:31:28: I go back to ammonization of taxonomies and and this
00:31:28 --> 00:31:32: must be also driven by regulators I would say and
00:31:32 --> 00:31:35: and secondly I think they we need to have a

00:31:35 --> 00:31:37: strong cultural alignment so.

00:31:38 --> 00:31:43: I believe all organizations should, should from private to public,

00:31:43 --> 00:31:50: should should launch internal awareness campaign, nominate the ambassadors, getting

00:31:50 --> 00:31:53: bottom up insights to to be sure that we have

00:31:53 --> 00:31:59: ISESG criterias fully plugged in in organizations and that would

00:31:59 --> 00:32:02: be much easier for us to to talk and this

00:32:02 --> 00:32:06: this type of thing would get our lives better.

00:32:08 --> 00:32:10: Thank you, Christina.

00:32:11 --> 00:32:15: Yes. Well, what what would be my wish? Well, actually

00:32:16 --> 00:32:20: my wish is exactly the one, the one Stefan said,

00:32:20 --> 00:32:24: right. So I'm going to mention another one, but I

00:32:24 --> 00:32:27: I do believe that there is too much focus on

00:32:28 --> 00:32:32: let's build a perfect asset whereas really in places like

00:32:32 --> 00:32:34: Europe, Japan, Canada.

00:32:35 --> 00:32:38: The big issue is how do we improve the assets

00:32:38 --> 00:32:42: that already exist because most of the real estate is

00:32:42 --> 00:32:45: already there is around us, right? So I I I

00:32:45 --> 00:32:49: fully agree and that is not properly addressed in the

00:32:49 --> 00:32:53: carbon frameworks or in the carbon set of incentives. I

00:32:53 --> 00:32:56: am also missing something that I hope gets addressed at

00:32:56 --> 00:32:57: some point.

00:32:58 --> 00:33:01: And that as a Thorum we we are seeing that

00:33:01 --> 00:33:04: when you when you invest in real estate assets that

00:33:04 --> 00:33:10: are targeting vulnerable populations, vulnerable populations maybe because of their

00:33:10 --> 00:33:14: economic power. I'm not talking about bottom of the pyramid

00:33:14 --> 00:33:18: as such in third world countries, but just the most

00:33:18 --> 00:33:23: affordable part of our economies in Europe like affordable housing

00:33:23 --> 00:33:26: which we invest a lot in affordable housing.

00:33:26 --> 00:33:31: Or nursing homes. It comes a point when bringing that

00:33:31 --> 00:33:36: asset to the highest possible energy standard, it actually will

00:33:36 --> 00:33:40: require an increase in the rent or the cost or

00:33:40 --> 00:33:43: the OR the lease of that asset that will make

00:33:43 --> 00:33:48: it unaffordable for the population that you want to serve.

00:33:48 --> 00:33:52: I think there's a tension between the social goals and

00:33:52 --> 00:33:53: the.

00:33:53 --> 00:33:58: Strictly environmental goals that it's not properly being addressed right

00:33:58 --> 00:34:01: now and that I think again if we start and

00:34:01 --> 00:34:04: you know just to always I'd like to to to

00:34:04 --> 00:34:07: to be a bit contrarian, right. But you know if

00:34:07 --> 00:34:11: we start linking remuneration of managers based on how green

00:34:11 --> 00:34:15: their assets are, maybe no one wants to invest in

00:34:15 --> 00:34:19: affordable housing, maybe no one wants to invest in nursing

00:34:19 --> 00:34:20: homes and yet.

00:34:20 --> 00:34:23: Our society needs that. I know I'm I'm you know

00:34:23 --> 00:34:26: I it's it's a big debate I think you know

00:34:26 --> 00:34:29: but but it's one that I don't think is properly

00:34:29 --> 00:34:33: addressed. So I think you know our frameworks need to

00:34:33 --> 00:34:37: be need to recognize the difference between building offices in

00:34:37 --> 00:34:40: CBD where your where your where your tenant is a

00:34:40 --> 00:34:43: big corporate and there you can be I think as

00:34:43 --> 00:34:46: ambitious as you want versus residential.

00:34:46 --> 00:34:50: Versus nursing homes versus the student housing right. And I

00:34:50 --> 00:34:54: don't have the answer, but my wish will be that

00:34:54 --> 00:34:57: these aspects are at least considered and that we don't

00:34:57 --> 00:35:00: make a world where no one wants to invest in

00:35:00 --> 00:35:02: in those assets.

00:35:04 --> 00:35:08: I thank you, Christina. I think what you've just reminded

00:35:08 --> 00:35:11: us of is that really says not just the financial

00:35:12 --> 00:35:15: assets where you can overlay with ESG elements, it's, it's.

00:35:16 --> 00:35:20: The buildings we live, work and playing and kind of

00:35:20 --> 00:35:26: not dealing with the environmental issues create social issues. Doing

00:35:26 --> 00:35:29: too much of them may create social issues. So it's

00:35:30 --> 00:35:34: a very delicate line we need to threat. We're actually

00:35:34 --> 00:35:39: planning a workshop, 2 workshops in Berlin to especially focus

00:35:39 --> 00:35:43: on how public and private sector and order staples can

00:35:43 --> 00:35:46: work together to transition all.

00:35:46 --> 00:35:51: Buildings, not just the most financially viable ones, so stay

00:35:51 --> 00:35:55: tuned for that. But now I'm very excited that we

00:35:55 --> 00:36:00: have Christiana back and I'm told Christiana now the technology

00:36:00 --> 00:36:05: works. So we're really excited to hear the results. Thanks

00:36:05 --> 00:36:09: for staying with us and coming back. So hand over

00:36:09 --> 00:36:10: to you now.

00:36:13 --> 00:36:16: Yes, thank you very much. And and sorry for the

00:36:16 --> 00:36:20: inconvenience, our IT support is confident that the connection is

00:36:20 --> 00:36:23: now stable. Actually I am on vacation and I drove
00:36:23 --> 00:36:26: 3 hours yesterday to be in an office of stable
00:36:26 --> 00:36:30: Internet connection. So that didn't work at the first instance,
00:36:30 --> 00:36:34: but now it should work. Yeah. Thank you very much.
00:36:34 --> 00:36:37: As you you said, I'm Christiana Conrads, I'm the Global
00:36:37 --> 00:36:42: Real Estate EC leader at PwC, needing actually an
00:36:42 --> 00:36:43: interdisciplinary
00:36:43 --> 00:36:49: international.
00:36:43 --> 00:36:49: And our team consisting of consultants, auditors, lawyers, tax
00:36:50 --> 00:36:54: advisors
00:36:50 --> 00:36:54: and and many more and having our clients with ESG
00:36:54 --> 00:36:55: strategy.
00:36:56 --> 00:37:00: Development and implementation. And for us it was really
00:37:00 --> 00:37:04: great
00:37:00 --> 00:37:04: honor and opportunity to support the ULI in the live
00:37:05 --> 00:37:09: and PRI on this exciting journey, the ESG mapping exercise
00:37:09 --> 00:37:13: which was really in yet quite long journey and it's
00:37:13 --> 00:37:17: really good. It's a good feeling that we are able
00:37:17 --> 00:37:21: to present the results today. Maybe we can go to
00:37:21 --> 00:37:22: the next slide please.
00:37:23 --> 00:37:27: In the next couple of minutes I would like to
00:37:27 --> 00:37:31: give you an overview of the report and and looking
00:37:31 --> 00:37:35: at the technical research and also at the market research
00:37:35 --> 00:37:40: basically applied to different types of research as a basis
00:37:40 --> 00:37:44: of this report. The technical research is focusing on the
00:37:44 --> 00:37:49: on the mapping exercise of the various regulatory and also
00:37:49 --> 00:37:50: reporting standards.
00:37:51 --> 00:37:57: And the market research is actually focusing on five different
00:37:57 --> 00:38:00: case studies to yeah, really.
00:38:02 --> 00:38:07: Share best practices in the area of EC reporting and
00:38:07 --> 00:38:11: data collection. Last but not least, I would like to
00:38:11 --> 00:38:15: give you a quick look at at the table which
00:38:15 --> 00:38:19: is an extract of the of the technical research, the
00:38:19 --> 00:38:24: very extensive mapping exercise which is also being
00:38:24 --> 00:38:28: published in
00:38:28 --> 00:38:30: in the study. Okay, maybe we can go to the
00:38:31 --> 00:38:35: next slide please.
00:38:31 --> 00:38:35: That one, yes, exactly. So looking at at the at
00:38:35 --> 00:38:39: the various standards on the right hand side in the
00:38:39 --> 00:38:45: table there. So as you said mentioned before the landscape
00:38:45 --> 00:38:52: of easy regulatory requirements, reporting requirements also
00:38:52 --> 00:38:58: voluntary standards is
00:38:52 --> 00:38:58: evolving extremely fast. It's extremely broad. We also see

00:38:58 --> 00:38:59: various standards.

00:39:00 --> 00:39:04: Which are not specifically addressed to real estate and it's

00:39:04 --> 00:39:09: it's really difficult for all the market participant to navigate

00:39:09 --> 00:39:13: in this lands, yeah this landscape. So this is really

00:39:13 --> 00:39:17: the intention of this report to shed some light in

00:39:17 --> 00:39:21: the dark and to give some guidance here as I

00:39:21 --> 00:39:24: mentioned before. So and I also I could hear from

00:39:24 --> 00:39:27: from the panel discussion we.

00:39:28 --> 00:39:32: We are not having an outcome which we were hoping

00:39:32 --> 00:39:37: for. There is no one side fits all solution, unfortunately

00:39:37 --> 00:39:41: not not yet. But we see more and more alignment

00:39:41 --> 00:39:44: and I think what the result of the study really

00:39:45 --> 00:39:47: show it's really important for any.

00:39:49 --> 00:39:54: Asset manager for any stakeholder of the real estate industry,

00:39:54 --> 00:39:58: Yeah, to get their head around the, yeah, development which

00:39:59 --> 00:40:03: is actually taking place and also to develop their own

00:40:03 --> 00:40:08: EC strategy and yeah, define their own ambition level and

00:40:08 --> 00:40:12: yeah, kind of implemented in all the various areas and

00:40:12 --> 00:40:14: processes of its business.

00:40:15 --> 00:40:19: We looked at, yeah, at the various standards and in

00:40:20 --> 00:40:24: different reasons. So the focus was of course, the European

00:40:24 --> 00:40:28: Union as kind of leader in this area right now.

00:40:28 --> 00:40:33: In particular from a governance perspective, we looked at the

00:40:33 --> 00:40:37: UK, Americas, Hong Kong, Singapore, Japan and Australia.

00:40:39 --> 00:40:43: Maybe you can go to the next slide and the

00:40:43 --> 00:40:48: next one please. So in the end, we have identified

00:40:48 --> 00:40:52: 10 key findings here and the first one is really,

00:40:52 --> 00:40:56: it's really complex reporting landscape.

00:40:57 --> 00:41:01: And it can be overwhelming and it kind of what

00:41:01 --> 00:41:06: we hear in the interviews, the various requests also from

00:41:06 --> 00:41:12: from investors, from regulators, they kind of meet exhausted businesses.

00:41:12 --> 00:41:16: So it's really, really tricky for for the various, yeah,

00:41:16 --> 00:41:21: for real estate companies to successfully navigate but also to

00:41:21 --> 00:41:25: to manage these requests and to respond to them.

00:41:26 --> 00:41:30: And yeah, collaboration and is really key in this area

00:41:31 --> 00:41:36: to, yeah, further provide consolidation and which was mentioned in

00:41:36 --> 00:41:41: the Panda discussion to speak really the same language.

00:41:42 --> 00:41:46: And yet the second key finding is actually what Yulis

00:41:46 --> 00:41:51: had already mentioned. There is no one-size-fits-all solution.

00:41:51 --> 00:41:55: And that

00:41:55 --> 00:41:59: is really, really important for each one of us to

00:41:59 --> 00:42:04: understand. We've been called so many times and asked for

00:42:05 --> 00:42:10: checklists for ESG strategies and that's just not possible

00:42:11 --> 00:42:15: because.

00:42:16 --> 00:42:21: The strategy depends on your investors demands on the

00:42:21 --> 00:42:26: regulatory

00:42:26 --> 00:42:32: requirements you need to and also considering of yeah, the

00:42:33 --> 00:42:38: the specific asset, its location, its tenant. So all yeah,

00:42:38 --> 00:42:42: the stakeholder requests need to be considered and for that

00:42:42 --> 00:42:47: reason it's also really important to understand why the

00:42:47 --> 00:42:50: stakeholders.

00:42:50 --> 00:42:55: Have the information request for what purposes they need to

00:42:55 --> 00:43:00: collect and be provided with the data, because without that

00:43:01 --> 00:43:09: you won't be able to to fulfill yeah, the information

00:43:09 --> 00:43:16: needs in the end. When you look at the third

00:43:16 --> 00:43:21: key finding, it's actually we've identified 5 main categories of

00:43:21 --> 00:43:23: ESG frameworks which are fundamental for the real estate

00:43:24 --> 00:43:29: industry.

00:43:29 --> 00:43:33: You have corporate standards, you have antismatic reporting

00:43:33 --> 00:43:37: standards, sustainability

00:43:37 --> 00:43:41: regulation and real estate industry specific regulation like a

00:43:41 --> 00:43:45: graspy

00:43:46 --> 00:43:50: or in REF. And you have principal based commitments like

00:43:50 --> 00:43:54: the PRI requirements.

00:43:54 --> 00:43:59: Then coming to the 4th key finding actually the principle

00:43:59 --> 00:44:03: of double much reality. This is really approach which we

00:44:03 --> 00:44:05: detected not in all frameworks we we we mapped but

00:44:05 --> 00:44:10: in my and it's also one of the fundamental principles

00:44:10 --> 00:44:13: of the ESG transformation which we see around the globe.

00:44:13 --> 00:44:18: So I'm looking at it at the double materiality. It's

00:44:18 --> 00:44:22: really about the ESG criteria, the ESG.

00:44:22 --> 00:44:26: Risks.

00:44:26 --> 00:44:33: That impact your asset impact your investment. So it's the

00:44:33 --> 00:44:34: outside in perspective on the one hand side but in

00:44:33 --> 00:44:34: addition to that.

00:44:33 --> 00:44:34: It's also about the inside out perspective to really look

00:44:33 --> 00:44:34: what the impact of the asset, of the of the

00:44:33 --> 00:44:34: asset of the investment is on the environment and on

00:44:33 --> 00:44:34: the society and looking at the price of the SFDR

00:44:33 --> 00:44:34: for example. So the also the regulators are taking it

00:44:33 --> 00:44:34: really, really seriously that and implementing increasing

00:44:33 --> 00:44:34: disclosure requirements in

00:44:33 --> 00:44:34: this regard.

00:44:36 --> 00:44:40: Then what is really important we all know that. So

00:44:40 --> 00:44:45: the key to for every reporting, for every strategy implementation

00:44:45 --> 00:44:51: is credible data and it's particularly credible. Yeah essential for

00:44:51 --> 00:44:56: science based metrics and targets and you can't actually it's

00:44:56 --> 00:45:00: it comes to the point you can't manage what you.

00:45:01 --> 00:45:05: That you can't measure. So it's really important to get

00:45:05 --> 00:45:09: all the data in particular also the scope 3 missions.

00:45:09 --> 00:45:14: You need to have start the discussions with the tenants,

00:45:14 --> 00:45:18: agree on data exchange clauses in the lease agreement as

00:45:18 --> 00:45:23: been confirmed by the case study for provided by Hines

00:45:23 --> 00:45:27: for example. May you please come to the next slide

00:45:27 --> 00:45:29: please that is really.

00:45:30 --> 00:45:36: Broad building certification, so building certifications I think really one

00:45:36 --> 00:45:41: of the big components of the green building sustainable development

00:45:41 --> 00:45:42: in in real estate.

00:45:43 --> 00:45:48: So the requirements by an independent association regarding is G

00:45:48 --> 00:45:52: criteria is really a you still a useful tool as

00:45:52 --> 00:45:55: part of an is G strategy, but it's only one

00:45:55 --> 00:45:59: piece of the puzzle. It cannot sort at all. As

00:45:59 --> 00:46:03: I said before we've been asked, we've been asked so

00:46:03 --> 00:46:07: many times for checklists, we're also in asked OK, if

00:46:07 --> 00:46:11: I have a certificate and and you build and then

00:46:11 --> 00:46:13: in your certificate.

00:46:13 --> 00:46:17: MI ESG compliance Am I in line with the requirements

00:46:17 --> 00:46:21: for Article 8/8 plus under the SFDR? And the question

00:46:21 --> 00:46:24: is no building certification is a good?

00:46:24 --> 00:46:24: Yeah.

00:46:25 --> 00:46:29: Good component of ESG strategies and what we also see

00:46:29 --> 00:46:33: here is also where you have new build and in

00:46:33 --> 00:46:38: use certifications in place. The data situation is often much

00:46:38 --> 00:46:42: better than it is an uncertified buildings.

00:46:43 --> 00:46:48: But, and that's, this helps with recording requirements, but building

00:46:48 --> 00:46:54: certifications needs to be regarded separately from all reporting requirements.

00:46:54 --> 00:46:58: Then coming to the next key finding social targets are

00:46:59 --> 00:47:03: of course more difficult to measure as they yeah, they

00:47:03 --> 00:47:08: depend on social standards, on on understandings within the society.

00:47:10 --> 00:47:14: But legislation is on on focusing on social, I guess

00:47:14 --> 00:47:18: is increasing worldwide. In the European we have an approach

00:47:18 --> 00:47:23: that facilitates social targets as main investment target, but also

00:47:23 --> 00:47:28: as minimum safeguards, for example with duty of care, supply

00:47:28 --> 00:47:32: chain requirements. Then of course we need, as looking at

00:47:32 --> 00:47:36: the principle #8, we need a good governance structure in place.

00:47:37 --> 00:47:37: place.

00:47:38 --> 00:47:42: To to ensure that yeah the environment and the social

00:47:42 --> 00:47:45: targets can be met with and that you can measure

00:47:45 --> 00:47:49: success in the end. And what is really also the

00:47:49 --> 00:47:53: study is about particularly with the case study but also

00:47:53 --> 00:47:57: with the baby not today. It's about best practice sharing.

00:47:57 --> 00:48:01: You need to learn the the same language. It's about

00:48:01 --> 00:48:04: also that the real estate industry.

00:48:05 --> 00:48:10: Works together to further work on the consolidation of the

00:48:10 --> 00:48:17: different standards and also really encourages also the collaboration between

00:48:17 --> 00:48:21: that and tenants and last but not least with the

00:48:21 --> 00:48:25: regulatory, the legislative bodies and.

00:48:26 --> 00:48:30: Coming to the to the tense key finding which is

00:48:30 --> 00:48:35: really important. Also mentioned at the beginning of this short

00:48:35 --> 00:48:40: presentation and as mentioned by is that an ESG strategy

00:48:40 --> 00:48:44: is key for everyone. So the global ESG transformation is,

00:48:44 --> 00:48:49: is going to impact every business and it's also yeah

00:48:49 --> 00:48:53: it's going to impact every area of the business and

00:48:53 --> 00:48:55: every process so and the.

00:48:56 --> 00:49:01: Strategy is an individual exercise which depending on the stakeholder

00:49:01 --> 00:49:05: analysis, but also on the company's own ambition level. So

00:49:05 --> 00:49:09: this is really something everyone needs to do. And this

00:49:09 --> 00:49:12: is a report is intended to give an overview on

00:49:12 --> 00:49:16: the various standards. Where do we see overlaps, Where do

00:49:16 --> 00:49:20: we see duplications? But also what is the intention of

00:49:20 --> 00:49:22: the various standards?

00:49:22 --> 00:49:27: And that's also one important lesson we learned. We are

00:49:28 --> 00:49:33: going to see multiple standards in the near future because

00:49:33 --> 00:49:36: the topic of is G is so broad so.

00:49:37 --> 00:49:41: All the various standards or most of them, I mean

00:49:41 --> 00:49:47: there's a justification for the of their existence because there's

00:49:47 --> 00:49:51: no, it's not just not possible for one solution to
00:49:51 --> 00:49:55: focus on all the various E, the S and the
00:49:55 --> 00:49:59: governance aspect at the same time. So this also comes
00:49:59 --> 00:50:03: back to my yeah or less to my closing remarks
00:50:03 --> 00:50:04: it's.
00:50:05 --> 00:50:09: It's there. So this also this mapping size, it's not
00:50:09 --> 00:50:13: one of actually it needs to be done regularly. And
00:50:13 --> 00:50:17: I said before, I'd like to quote also Justin from
00:50:17 --> 00:50:22: AXA mentioned in our interview, collaboration is actually the
00:50:22 --> 00:50:27: new
00:50:27 --> 00:50:31: competition and it's really, really important that we continue
00:50:31 --> 00:50:33: with
00:50:34 --> 00:50:38: this. Yeah, great collaboration to work on standards and to
00:50:38 --> 00:50:39: work on the same language.
00:50:40 --> 00:50:45: And I think my my time is up. Do that
00:50:45 --> 00:50:48: heading back to you.
00:50:48 --> 00:50:52: Well, time to Christiana. Thanks so much for your
00:50:52 --> 00:50:55: contribution
00:50:55 --> 00:50:59: and all the effort you spent during your holiday to
00:50:59 --> 00:51:02: be with us, and I would encourage just everyone to
00:51:02 --> 00:51:07: read the report. Reach out to anyone if you have
00:51:07 --> 00:51:11: any questions. Pwc's contact details are included.
00:51:11 --> 00:51:16: As well as those of you lie in Ref and
00:51:16 --> 00:51:20: PRII want to thank everyone for their contribution to this
00:51:20 --> 00:51:23: report, especially in Ref and PRI and also PwC as
00:51:23 --> 00:51:27: well as all the steering Committee members. Without them it
00:51:28 --> 00:51:32: wouldn't have been possible to do this and and then
00:51:32 --> 00:51:35: it's. I know we're overdue, but if you have a
00:51:35 --> 00:51:39: moment to just quickly respond to a survey on the.
00:51:39 --> 00:51:42: On this session that helps us to make things even
00:51:42 --> 00:51:45: better in the future and while you go through the
00:51:45 --> 00:51:48: questions, I just wanted to close with the Europe conference
00:51:48 --> 00:51:52: of you Larry that is coming up, I know next
00:51:52 --> 00:51:55: week is in Refs conference in the in Barcelona.
00:51:55 --> 00:51:57: We will be in Madrid early June. Hope that you
00:51:58 --> 00:52:02: can all join us and looking forward to your feedback
00:52:02 --> 00:52:06: for those of you that couldn't join the whole session
00:52:06 --> 00:52:11: or want to listen to it again.
00:52:11 --> 00:52:16: We'll do another session this afternoon, Europe time at 5C
00:52:16 --> 00:52:20: T 4:00 PM with the summer time to also accommodate
audiences elsewhere in the world. Thank you so much for
joining us today. Apologies again for the technical issues and
we will hope you really appreciated it. Thank you all

00:52:20 --> 00:52:21: for joining.
00:52:24 --> 00:52:25: Pleasure.
00:52:25 --> 00:52:26: Play the trailer.
00:52:27 --> 00:52:29: Of the movie.

This video transcript has been machine-generated, so it may not be accurate. It is for personal use only. Reproduction or use without written permission is prohibited. If you have a correction or for permission inquiries, please contact [\[email protected\]](#).