Webinar

ULI Global Sustainability Outlook 2023

Date: January 11, 2023

00:00:00 --> 00:00:03:	Hello, everyone, and welcome to today's webinar on the newest
00:00:03 --> 00:00:07:	USLI publication at the UNI, Global Sustainability Outlook 2023. In
00:00:07 --> 00:00:11:	partnership with Ferguson Partners, we are very pleased to bring
00:00:11 --> 00:00:15:	together industry leaders on emerging topics surrounding sustainability and real
00:00:15 --> 00:00:19:	estate to discuss the report's findings. Today, a couple of
00:00:19 --> 00:00:22:	admin notes before we dig in. This webinar is being
00:00:22 --> 00:00:25:	recorded and we will share the recording on knowledge Finder
00:00:25 --> 00:00:28:	after the webinar, the slides as well and if you
00:00:28 --> 00:00:30:	have any questions, please put them.
00:00:30 --> 00:00:33:	In the Q&A box so that we can.
00:00:33 --> 00:00:37:	Call through them during the webinar and panelists will also
00:00:37 --> 00:00:39:	do their best to respond in real time, either verbally
00:00:40 --> 00:00:42:	or by typing just a quick response into the Q&A
00:00:42 --> 00:00:45:	box itself, depending on how many questions we get during
00:00:45 --> 00:00:47:	the webinar itself. Next slide, please.
00:00:49 --> 00:00:52:	I will let everyone introduce themselves fully when they first
00:00:52 --> 00:00:54:	speak, but for now a quick set of introductions just
00:00:54 --> 00:00:57:	to set the stage. My name is Marta Schantz. I'm
00:00:57 --> 00:00:59:	with the Urban Land Institute and I am the staff
00:00:59 --> 00:01:02:	here to introduce the reports, findings today. I'm also the
00:01:02 --> 00:01:05:	Co executive director for the UI, Randall Lewis Center for
00:01:05 --> 00:01:07:	Sustainability and Real Estate. I would like to give a
00:01:07 --> 00:01:11:	special thanks to Ferguson partners for being our global corporate
00:01:11 --> 00:01:14:	sponsor for this publication. And we have Sarah Collins, the
00:01:14 --> 00:01:17:	managing director at Ferguson Partners, who will be

moderating the
00:01:17 --> 00:01:19: panel discussion and then we have 3 panelists.
00:01:19 --> 00:01:22: All of who participated in the round table discussions of
00:01:22 --> 00:01:25: UI members to inform this publication. Katie Bloom, the director
00:01:25 --> 00:01:29: of development with East West Partners, Daniel Chang, the European
00:01:29 --> 00:01:31: head of ESG with Heinz Europe and Sonia Khan, and
00:01:31 --> 00:01:33: the Managing director of Four Bright Bank.
00:01:34 --> 00:01:37: Our next slide please. So in late 2022 at the
00:01:37 --> 00:01:40: end of last year, you will I interviewed members of
00:01:40 --> 00:01:43: UI product councils from across the globe to inform an
00:01:43 --> 00:01:46: outlook for the coming year. And the question is what's
00:01:46 --> 00:01:49: sustainability topics and issues are on the rise? Why do
00:01:49 --> 00:01:53: they matter and what should the industry pursue moving forward
00:01:53 --> 00:01:56: on this? What should real estate do? And so and
00:01:56 --> 00:01:59: UI Asia Pacific that included the Resilient Cities Council, UI
00:01:59 --> 00:02:04: Europe Sustainability Council and you align America's Sustainable Development Council.
00:02:05 --> 00:02:09: The link to the report is here on the slideui.org/sustainability
00:02:09 --> 00:02:11: outlook. I have a feeling it will go in the
00:02:11 --> 00:02:15: chat shortly as well. It's available for download. We we
00:02:15 --> 00:02:17: hope you all take a read, but you know this
00:02:17 --> 00:02:20: is the webinar for it. And so on the next
00:02:20 --> 00:02:23: slide we have the the top five issues that raised
00:02:23 --> 00:02:23: to.
00:02:24 --> 00:02:27: To the top for what will shape real estate decision
00:02:27 --> 00:02:30: making in 2023 on sustainability.
00:02:30 --> 00:02:33: And so my plan is to talk through these briefly
00:02:33 --> 00:02:36: to set the stage before our panelists and moderators really
00:02:36 --> 00:02:39: dig into what it means for them as real estate
00:02:39 --> 00:02:42: leaders. So the first one here is around adjusting the
00:02:42 --> 00:02:46: ESG strategy of real estate because of these macroeconomic complications
00:02:46 --> 00:02:50: that we're seeing. There's a pending recession, there's a war
00:02:50 --> 00:02:52: in Ukraine, a lot of macroeconomic.
00:02:53 --> 00:02:56: Complications are are facing the real estate sector and sustainability.
00:02:58 --> 00:03:01: Is still an incredibly important strategy. This is not an
00:03:01 --> 00:03:04: excuse for punting on sustainability by any means, but it's
00:03:04 --> 00:03:04: a.
00:03:05 --> 00:03:08: Prompt for real estate to double down ring fence financing

00:03:08 --> 00:03:12:	to continue supporting sustainability in in their businesses as a
00:03:12 --> 00:03:17:	piece of core business. These obstacles these complications rising inflation
00:03:17 --> 00:03:20:	and beyond, it's forcing the industry to to grapple with
00:03:20 --> 00:03:24:	how to prioritize sustainability despite these challenges and and we
00:03:24 --> 00:03:28:	see this as a very important issue for sustainability and
00:03:28 --> 00:03:29:	real estate this year.
00:03:30 --> 00:03:33:	The next one on the list is around embedding transition
00:03:33 --> 00:03:37:	risk and transitions and valuation transactions and evaluations of real
00:03:37 --> 00:03:39:	estate. Now when we think about climate risk, we have
00:03:39 --> 00:03:42:	physical climate risk like will my building flood, and we
00:03:42 --> 00:03:46:	have transition climate risk, which looks more at the economic
00:03:46 --> 00:03:49:	and financial side of of climate mitigation and decarbonization. Is
00:03:49 --> 00:03:52:	my building green enough for investors to still want to
00:03:52 --> 00:03:55:	invest, for tenants to still want to lease the space,
00:03:55 --> 00:03:57:	for prospective buyers to want to acquire it in the
00:03:58 --> 00:04:00:	future, and for governments to still permit it?
00:04:00 --> 00:04:03:	I mean there are all of these economic and.
00:04:04 --> 00:04:08:	Pressures that are a part of transition climate risk and
00:04:08 --> 00:04:11:	investors and owners are facing a lot of pressure to
00:04:11 --> 00:04:15:	price this climate risk into their investment life cycles. And
00:04:15 --> 00:04:18:	this challenge is continuing to grow in 2023 as the
00:04:18 --> 00:04:23:	appetite for achieving net zero and other sustainability leadership milestones
00:04:23 --> 00:04:27:	grows. So accounting for the costs and efforts incorporating sustainability
00:04:27 --> 00:04:31:	into due diligence and other aspects of transactions and valuations
00:04:32 --> 00:04:34:	is becoming a much bigger piece of real estate.
00:04:34 --> 00:04:36:	Decision making this year.
00:04:36 --> 00:04:40:	The third piece when it comes to these sustainability issues
00:04:40 --> 00:04:44:	for 2023 is around responding to government influence. Now, regardless
00:04:44 --> 00:04:47:	of the format or the overall kind of step of
00:04:47 --> 00:04:52:	any firm's journey and sustainability, there is increasing acknowledgement globally
00:04:52 --> 00:04:56:	for the importance of of climate and so federal funding,
00:04:56 --> 00:05:00:	local policy incentives, regional regulations all have a piece here.
00:05:00 --> 00:05:03:	Governments are playing a much bigger role when it comes

00:05:03 --> 00:05:07: to encouraging sustainability leadership in real estate.
00:05:07 --> 00:05:10: And this goes all the way at the granular level
00:05:10 --> 00:05:14: at a specific building when I'm locality requests additional sustainability
00:05:14 --> 00:05:18: innovations to get a development approved by Council, for example
00:05:18 --> 00:05:22: to the regional level where a city may require benchmarking
00:05:22 --> 00:05:25: or building performance standards of an asset to a national
00:05:25 --> 00:05:28: or regional level where we're seeing in the US for
00:05:28 --> 00:05:32: example, the Securities and Exchange Commission releasing.
00:05:33 --> 00:05:37: A proposed disclosure requirement for climate risk and we're seeing
00:05:37 --> 00:05:40: in the UK in the EU this SFDR regulations also
00:05:40 --> 00:05:44: looking a lot at climate risk reporting and alignment with
00:05:44 --> 00:05:47: TCF D so we're seeing a lot of government influence
00:05:47 --> 00:05:50: push more than ever before for real estate to to
00:05:50 --> 00:05:52: make moves on on climate action.
00:05:53 --> 00:05:56: The next piece is around physical climate risk and that's
00:05:56 --> 00:06:00: specifically addressing the global flood challenges. We see this as
00:06:00 --> 00:06:03: a very key part of sustainability for real estate to
00:06:03 --> 00:06:05: look at in this calendar year 2023. I mean global
00:06:05 --> 00:06:09: water challenges the cross cut influence effects of many climate
00:06:09 --> 00:06:12: hazards. So we have flooding and storms and drought and
00:06:12 --> 00:06:15: extreme heat, but flooding in particular was really raised from
00:06:15 --> 00:06:19: the the Roundtable discussions of arguably sustainability members and.
00:06:20 --> 00:06:23: We're seeing decision making being affected by these flood risks.
00:06:23 --> 00:06:26: We're seeing it affect the bottom line. We're seeing it
00:06:26 --> 00:06:29: affect long term plans and short term plans when it
00:06:29 --> 00:06:32: comes to real estate based on those flooding climate events.
00:06:32 --> 00:06:35: So that is very much something that I look forward
00:06:35 --> 00:06:37: to hearing our our speakers talk about today. And the
00:06:37 --> 00:06:39: last piece is it ends on a bit of a
00:06:39 --> 00:06:43: positive note thinking about harnessing the power of collaboration. I
00:06:43 --> 00:06:46: think anyone here on the webinar today understands that no
00:06:46 --> 00:06:49: one stakeholder can solve the climate crisis alone specifically for
00:06:49 --> 00:06:50: the building.
00:06:50 --> 00:06:53: Sector, you know, it's not just the developer, it's not

00:06:53 --> 00:06:56: just the owner or the contractor or the construction firm
00:06:56 --> 00:06:59: or the architect or the tenant or the government or
00:06:59 --> 00:06:59: or the investor.
00:07:00 --> 00:07:05: Collaboration is essential to reaching the climate goals that so
00:07:05 --> 00:07:07: many stakeholders have at scale.
00:07:08 --> 00:07:11: And so the power of effective collaboration on climate, I
00:07:11 --> 00:07:14: mean at the industry level, at the Community level, at
00:07:14 --> 00:07:15: the building level, it.
00:07:15 --> 00:07:20: It uplifts the voices of underserved communities for example with
00:07:20 --> 00:07:24: environmental justice and social equity considerations and it also drives
00:07:24 --> 00:07:29: accelerated climate progress because of the the collective innovation and
00:07:29 --> 00:07:33: collective collaboration on climate action for real estate. So we're
00:07:33 --> 00:07:38: we're seeing collaboration as being everyone has always collaborated but
00:07:38 --> 00:07:41: this year we're seeing it more than ever as a
00:07:41 --> 00:07:44: key piece of of progress cost effectively to to drive
00:07:44 --> 00:07:46: decarbonization and overall.
00:07:46 --> 00:07:50: Sustainability and real estate. So again, I highly recommend everyone
00:07:50 --> 00:07:55: visitsuli.org/sustainability outlook to download the report, read the results fully,
00:07:55 --> 00:07:58: all in, it's a pretty short publication by ULI Standards.
00:07:58 --> 00:08:01: So now our plan for this webinar is to have
00:08:01 --> 00:08:04: a free flowing discussion that covers these five topic areas
00:08:04 --> 00:08:08: from the perspective of our expert panelists. So we are
00:08:08 --> 00:08:11: very excited about this dialogue. We hope the webinar attendees,
00:08:11 --> 00:08:14: you all will contribute your thoughts in the Q&A box
00:08:14 --> 00:08:17: and the questions especially for the panelists.
00:08:17 --> 00:08:19: So with that, I will pass it to Sarah from
00:08:19 --> 00:08:23: Ferguson Partners to tee up and and moderate the discussion
00:08:23 --> 00:08:25: and also tee up our speakers. So panelists, please make
00:08:25 --> 00:08:28: sure your videos are on and Sarah, please take it
00:08:28 --> 00:08:29: from here.
00:08:30 --> 00:08:33: Thank you so much, Martha. I appreciate that. Welcome everyone.
00:08:33 --> 00:08:35: Excited to be here and to be part of this
00:08:35 --> 00:08:38: conversation. It's obviously a topical issue and in our industry

00:08:38 --> 00:08:41: as well as within our space specifically. So thrilled to
00:08:41 --> 00:08:43: be a part of it. Wanted to take a few
00:08:43 --> 00:08:45: minutes at the outset as part of mentioned to give
00:08:45 --> 00:08:48: each of the panelists an opportunity to speak a bit
00:08:48 --> 00:08:51: more about their organization and maybe share with everyone a
00:08:51 --> 00:08:54: bit about your organization's top priorities as it relates to
00:08:54 --> 00:08:57: sustainability in the coming year and just provide a little
00:08:57 --> 00:08:59: bit more background there before we dive into some of
00:08:59 --> 00:09:00: the topics that.
00:09:00 --> 00:09:03: Your outline, Daniel, did you want to take a minute
00:09:03 --> 00:09:04: and go first?
00:09:05 --> 00:09:09: Sure. Thanks very much, Sarah and Marta. My name is
00:09:09 --> 00:09:13: Daniel Chang and I'm the European league for SG at
00:09:13 --> 00:09:17: Heinz. Heinz is a global privately held real estate company
00:09:17 --> 00:09:21: with over 65 years of experience and present in over
00:09:21 --> 00:09:26: 28 countries. And sort of jumping into the question around
00:09:26 --> 00:09:30: our top priorities at Heinz, we we recognize the impact
00:09:30 --> 00:09:34: that carbon has on climate and the environmental and social
00:09:34 --> 00:09:35: costs that.
00:09:35 --> 00:09:38: As are associated with that impact. And so for us
00:09:38 --> 00:09:42: that's really one of the most important challenges for the
00:09:42 --> 00:09:45: industry. And and with that in mind, last year in
00:09:46 --> 00:09:49: 2022 Heinz set out its net zero and operations carbon
00:09:49 --> 00:09:53: commitment of 2040. And so implementing and taking steps to
00:09:53 --> 00:09:56: to reach that commitment is really going to be the
00:09:56 --> 00:10:01: main priorities going forward. And specifically the top priorities are
00:10:01 --> 00:10:04: going to be to drive net zero ambitions through a
00:10:04 --> 00:10:06: systems approach to align.
00:10:06 --> 00:10:09: Ourselves with the science whenever it's available and to harness
00:10:09 --> 00:10:13: and leverage innovation and technology in a systematic way. And
00:10:13 --> 00:10:17: then finally just being really holistic and comprehensive throughout that
00:10:17 --> 00:10:18: approach.
00:10:20 --> 00:10:22: Thanks Daniel and maybe handing it off to Sonia.
00:10:24 --> 00:10:27: Hi, I'm Sonia Khanna and I leave the sustainable real
00:10:27 --> 00:10:31: estate group at 4 Bright Bank. For those who don't
00:10:31 --> 00:10:34: know, for bright, we are $10 billion in assets and
00:10:34 --> 00:10:38: are headquartered outside of Washington DC we've been

around since
00:10:38 --> 00:10:42: the early 2000s, but we rebranded to four Bright Bank
00:10:42 --> 00:10:45: at the beginning of 2022 alongside a reimagining of our
00:10:45 --> 00:10:49: mission to be a full service bank that's focused on
00:10:49 --> 00:10:52: sustainability. In support of this mission, we have set an
00:10:52 --> 00:10:54: ambitious goal to dedicate.
00:10:54 --> 00:10:59: Half of our portfolio to sustainable finance opportunities by the
00:10:59 --> 00:11:03: end of 2025. My group, the sustainable real estate group
00:11:03 --> 00:11:07: lends on commercial real estate properties within four major themes,
00:11:07 --> 00:11:09: green buildings.
00:11:09 --> 00:11:13: Affordable housing and Community development, historic preservation and.
00:11:15 --> 00:11:17: And Brownfield develop redevelopment.
00:11:18 --> 00:11:20: We also have a team that offers free pace, which
00:11:21 --> 00:11:24: is another form of financing for property improvements at forthright.
00:11:24 --> 00:11:28: We believe that allocating capital to decarbonization will ultimately create
00:11:29 --> 00:11:32: the most long term value for our investors, our employees
00:11:32 --> 00:11:33: and our customers.
00:11:35 --> 00:11:37: OK. Thank you, Sonia. Katie.
00:11:40 --> 00:11:43: Hello everyone. My name is Katie Blum. I work with
00:11:43 --> 00:11:48: East West Partners. We're a real estate development firm headquartered
00:11:48 --> 00:11:52: in Colorado. While we've offices throughout Colorado, Deer Valley, UT,
00:11:52 --> 00:11:56: why and Charleston, SC we developed resort and urban communities
00:11:57 --> 00:12:00: and office buildings and hotels. I have been with the
00:12:00 --> 00:12:03: firm for seven years. I started in Denver and moved
00:12:03 --> 00:12:07: to Charleston in 2020 to run a project on Kiawah
00:12:07 --> 00:12:09: Island called the Cape on Kiawah.
00:12:10 --> 00:12:12: One of our core values is to build green. And
00:12:13 --> 00:12:16: while while it's one of our values, we've never had
00:12:16 --> 00:12:20: a baseline requirement across all of our projects until this
00:12:20 --> 00:12:23: past year. Our executive team decided this past summer and
00:12:23 --> 00:12:27: we needed to set a standard across all markets. So
00:12:27 --> 00:12:30: our current goal is to build all new projects 100%
00:12:30 --> 00:12:33: operating net 0 carbon. And while I say it's a
00:12:33 --> 00:12:36: goal, it's a requirement. So while while our focus is
00:12:36 --> 00:12:39: also operating net 0 carbon, you know that.
00:12:39 --> 00:12:42: Does not mean we will not be focusing on and

00:12:42 --> 00:12:45:	body carbon or other certifications, but that's the baseline and
00:12:45 --> 00:12:47:	we're really excited about it.
00:12:49 --> 00:12:52:	Fantastic. Appreciate that. And and I think we thought as
00:12:52 --> 00:12:54:	a group that would be great to start the the
00:12:55 --> 00:12:59:	conversation focusing on the impact of the current economic environment
00:12:59 --> 00:13:03:	just given how that impacts everybody. Clearly the sustainability efforts
00:13:03 --> 00:13:06:	that each of these firms are undertaking as well. But
00:13:06 --> 00:13:10:	really recognizing as Marta introduced at the current global climate
00:13:10 --> 00:13:13:	is raising a lot of challenges. There's a lot of
00:13:13 --> 00:13:17:	uncertainty and there's obstacles that come with that, particularly as
00:13:17 --> 00:13:19:	it relates to progress on the SG.
00:13:19 --> 00:13:22:	Time and specifically within the real estate sector. So now
00:13:22 --> 00:13:26:	firms are required to balance the need for capital and
00:13:26 --> 00:13:30:	put behind sustainability efforts while remaining profitable and managing through
00:13:30 --> 00:13:34:	economic difficulties like a pending recession and rising inflation. So
00:13:34 --> 00:13:37:	that being said, I guess, Sonia, how is 4 bright
00:13:37 --> 00:13:42:	at this point really thinking about prioritizing their sustainability investments
00:13:42 --> 00:13:44:	despite some of these recessionary concerns?
00:13:45 --> 00:13:48:	Right. So 4 Bright is a sustainability focused bank.
00:13:49 --> 00:13:53:	Therefore, while we have a fiduciary duty as a bank
00:13:53 --> 00:13:56:	to underwrite the credit of each of our loans, ESG
00:13:56 --> 00:14:00:	and sustainability are top of mind. For every loan that
00:14:00 --> 00:14:04:	we do, we have a responsible investment policy and an
00:14:04 --> 00:14:08:	accompanying E SG due diligence tool credit across all of
00:14:08 --> 00:14:12:	our lending verticals to facilitate a dedicated ESG assessment which
00:14:12 --> 00:14:16:	accompanies our underwriting memo. For each new loan, we have
00:14:17 --> 00:14:19:	a 3 tiered system that classifieds alone.
00:14:19 --> 00:14:23:	Neither as restrictive, which means we're not gonna do the
00:14:23 --> 00:14:27:	loan. Uh responsible, which means we can pursue the loan
00:14:27 --> 00:14:30:	but it doesn't qualify for our uh 50% sustainability goal.
00:14:30 --> 00:14:34:	And then sustainable, which means the borrower business plan is
00:14:34 --> 00:14:39:	actively promoting sustainability. So essentially our strategy has not changed

00:14:39 --> 00:14:43:	given the macroeconomic conditions. However, we do have to underwrite
00:14:43 --> 00:14:47:	to the higher interest rate environment and recessionary risks as
00:14:48 --> 00:14:50:	other banks do, which is certainly.
00:14:50 --> 00:14:51:	Challenging in this environment.
00:14:53 --> 00:14:56:	Makes sense. And and Katie, how is this reflected in
00:14:56 --> 00:14:56:	in your firm?
00:14:57 --> 00:15:01:	Well, as I just mentioned since every new project has
00:15:01 --> 00:15:04:	to be 100% operating net zero carbon. I think it's
00:15:04 --> 00:15:08:	really important that this is actually a requirement, especially right
00:15:08 --> 00:15:11:	now because it's difficult to get projects to pencil with
00:15:11 --> 00:15:16:	high construction costs high interest rates and in tough environments.
00:15:16 --> 00:15:19:	I think unfortunately sustainable features of a project can get
00:15:20 --> 00:15:22:	cut in order to make a project work. So you
00:15:22 --> 00:15:25:	know as an example in my current project. We are
00:15:25 --> 00:15:29:	grappling with whether or not, we should pursue LEED gold.
00:15:29 --> 00:15:32:	As construction costs are coming in extremely high, but we
00:15:32 --> 00:15:36:	decided you know we have to treat sustainability features as
00:15:36 --> 00:15:40:	a mandatory component of projects just like any other amenity
00:15:40 --> 00:15:43:	and it's a non negotiable. So to be honest, I'm
00:15:43 --> 00:15:46:	excited that this is a new requirement and especially in
00:15:46 --> 00:15:50:	a tough environment because we don't have an excuse not
00:15:50 --> 00:15:53:	not to build sustainably and 200% operating net 0 carbon.
00:15:55 --> 00:15:57:	Right. And and Daniel, what about for Heinz?
00:15:59 --> 00:16:01:	Yeah, I would. I would echo what what page is
00:16:01 --> 00:16:05:	also just mentioned is that for us our important stakeholders
00:16:05 --> 00:16:09:	like our investors and our occupiers are really demanding to
00:16:09 --> 00:16:12:	be in an energy performance and and and ESG performance
00:16:12 --> 00:16:17:	buildings more than ever even despite the Mecca macroeconomic headwinds.
00:16:17 --> 00:16:20:	And I would say that the headwinds that we're having
00:16:20 --> 00:16:24:	today are different in in other downturns that we've had
00:16:24 --> 00:16:27:	where now we have signs that shows you know what
00:16:27 --> 00:16:29:	needs to happen by 2050 to avoid.
00:16:29 --> 00:16:33:	You know, you know, disastrous impact on, on climate and
00:16:33 --> 00:16:36:	on the planet. We have more tools to to help
00:16:36 --> 00:16:39:	us to get there, to be more transparent and accountable
00:16:39 --> 00:16:42:	to get there. So I think more than ever our,
00:16:42 --> 00:16:46:	our stakeholders are asking us for that. And I think

00:16:46 --> 00:16:49: you know, if there is a silver lining in Europe
00:16:49 --> 00:16:52: where we said price it. You know, with the energy
00:16:52 --> 00:16:55: crisis being so acute you know, it has brought occupiers
00:16:56 --> 00:16:59: closer to us as landlords to want to collaborate in
00:16:59 --> 00:17:00: terms of reducing.
00:17:00 --> 00:17:04: So that their operational expenses and their energy costs and
00:17:04 --> 00:17:07: as a result also to bring down operational carbon. So
00:17:07 --> 00:17:10: in that regard it's actually been positive and we're hoping
00:17:10 --> 00:17:14: that that's a relationship that we're going to build on
00:17:14 --> 00:17:17: going forward. And I would say that even though you
00:17:17 --> 00:17:20: know there is the contention temptation maybe on some of
00:17:20 --> 00:17:23: the BSG CapEx upgrades to push those further down the
00:17:23 --> 00:17:26: line. But the flip argument of that is that the
00:17:26 --> 00:17:29: payback periods are also shorter now with the higher energy
00:17:30 --> 00:17:30: costs.
00:17:30 --> 00:17:33: So I would say to sum it up that you
00:17:33 --> 00:17:38: know more than ever investors and occupiers are really wanting
00:17:39 --> 00:17:41: to be in EG performance buildings.
00:17:43 --> 00:17:46: Right. So it sounds like not so much that much
00:17:46 --> 00:17:49: is changing, but just more of a commitment to the
00:17:49 --> 00:17:53: ongoing strategy and continuing to find ways to evolve despite
00:17:53 --> 00:17:56: some of the economic challenges that may be out there.
00:17:56 --> 00:17:59: Umm, so yeah, do you think about the next year,
00:17:59 --> 00:18:02: is there anything that you, your firm or is planning
00:18:02 --> 00:18:05: to leverage in terms of new types of incentive strategies
00:18:05 --> 00:18:09: or financing strategies to ensure your progress on this front?
00:18:10 --> 00:18:15: I think one of the most interesting, interesting and exciting
00:18:15 --> 00:18:18: financing tools out there right now um is, is C
00:18:18 --> 00:18:22: pace. It's a product that for Bright Bank as well
00:18:22 --> 00:18:25: as other institutions offer. See pace is a way of
00:18:26 --> 00:18:30: financing building upgrades and is currently active in 30 states.
00:18:30 --> 00:18:34: In the United States it can finance up to 100%
00:18:34 --> 00:18:38: of property upgrades and essentially can be layered on top
00:18:38 --> 00:18:40: of existing senior debt.
00:18:40 --> 00:18:44: It's structured as a tax assessment and is typically fixed
00:18:44 --> 00:18:46: rate over a term of 20 to 30 years. It's
00:18:46 --> 00:18:50: our view that given the current economic environment and the
00:18:50 --> 00:18:53: need for buildings to be decarbonized, whether due to net

00:18:53 --> 00:18:57: zero pledges or because of government regulation requiring it, C
00:18:57 --> 00:19:00: pace will become more widely adopted over the next couple
00:19:00 --> 00:19:01: of years.
00:19:03 --> 00:19:05: Wonderful. And and maybe this is a good time to
00:19:06 --> 00:19:09: transition from there to talking a little bit about the
00:19:09 --> 00:19:13: transition risk that is showing up within some transactions and
00:19:13 --> 00:19:16: and how you all are thinking about factoring climate risk
00:19:16 --> 00:19:20: into your prospective investments and and that approach going forward.
00:19:20 --> 00:19:24: I guess Daniel, how is Heinz measuring that transition risk
00:19:24 --> 00:19:27: and your assets or your funds and has anything changed
00:19:27 --> 00:19:30: that over the last year that you expect to change
00:19:30 --> 00:19:31: going into this year?
00:19:32 --> 00:19:35: Yeah, I think so. For Heinz.
00:19:37 --> 00:19:40: What has changed for us is that you know with
00:19:40 --> 00:19:44: that net 0 carbon commitment, we have now embedded in
00:19:44 --> 00:19:48: our acquisition process to also seek to understand the performance
00:19:48 --> 00:19:52: of our assets against Creme. And so really plotting the
00:19:52 --> 00:19:57: transitional risks and and including that in the acquisition process
00:19:57 --> 00:20:01: and just to to to quickly give an explanation around
00:20:01 --> 00:20:04: what crime is, crime stands for the climate risk real
00:20:04 --> 00:20:08: estate monitoring which is basically monitor.
00:20:08 --> 00:20:11: Which is essentially a tool that allows you to understand
00:20:11 --> 00:20:15: the carbon intensity performance of a building year on year
00:20:15 --> 00:20:18: over time such that you get to net 0 by
00:20:18 --> 00:20:21: 2050. And so you essentially seek to be aligned with
00:20:21 --> 00:20:24: that and if you aren't at any point that's when
00:20:24 --> 00:20:28: your asset is stranded. And So what Heinz is doing
00:20:28 --> 00:20:31: is to align ourselves with cream and to make sure
00:20:31 --> 00:20:35: that when we're looking at opportunities and and and and
00:20:35 --> 00:20:38: acquisition that we're plotting the performance of our.
00:20:38 --> 00:20:43: Buildings from a transitional risk perspective against that crime pathway.
00:20:43 --> 00:20:46: And what that means is that also then allows us
00:20:46 --> 00:20:49: to understand what initiatives it would take to make sure
00:20:49 --> 00:20:53: that our buildings are constantly aligned with cream and therefore
00:20:53 --> 00:20:57: understanding what the cost of those initiatives would be and
00:20:57 --> 00:21:00: what those implications of those costs would be on evaluations.

00:21:00 --> 00:21:03: So very much we are focused on making sure that
00:21:03 --> 00:21:07: transitional risks are being factored in and understanding what the
00:21:07 --> 00:21:08: implications are and.
00:21:08 --> 00:21:13: Regulations and I think for me what's been really interesting
00:21:13 --> 00:21:16: as recently as, as in the last three or four
00:21:16 --> 00:21:20: months, we had a discussion with an investor in Europe
00:21:20 --> 00:21:23: who a large investor who basically asked that all of
00:21:24 --> 00:21:28: their investment managers make sure that the stranding period of
00:21:28 --> 00:21:32: their assets are always 10 years out on the crime
00:21:32 --> 00:21:36: benchmark. So for them really intrinsically it means that they're
00:21:36 --> 00:21:38: tying the the preserve preserve.
00:21:40 --> 00:21:44: Preservation of the value of the building with ten years
00:21:44 --> 00:21:47: out and make sure making sure that it's liquid so
00:21:47 --> 00:21:49: we see that there's a lot of.
00:21:52 --> 00:21:57: Importance between transition risks and valuations and actually one thing
00:21:57 --> 00:22:00: that we're really excited about is also being a Co
00:22:00 --> 00:22:04: sponsor of the ULI initiative called Sea Change, which was
00:22:04 --> 00:22:07: launched last October, which is exactly one of the main
00:22:07 --> 00:22:10: focus areas of that is to seek to standardize an
00:22:11 --> 00:22:15: approach to linking transition risks with valuation risks. So we're
00:22:15 --> 00:22:18: really excited about how that's going to shape the way
00:22:18 --> 00:22:21: that we talk about transition risk and values.
00:22:21 --> 00:22:22: Right. Forward.
00:22:23 --> 00:22:27: Wonderful. And Sonia, what has been your experience or perspective
00:22:27 --> 00:22:28: in in this regards?
00:22:29 --> 00:22:31: So I'd say as a bank and and like many
00:22:31 --> 00:22:35: other banks we are really starting with the physical risk
00:22:35 --> 00:22:39: aspect of the equation. So we've been really working to
00:22:39 --> 00:22:44: try to incorporate physical risk into our underwriting transition. Risk
00:22:44 --> 00:22:47: is definitely trickier, is there a lot of lot more
00:22:47 --> 00:22:52: variables involved with this, we don't currently necessarily take into
00:22:52 --> 00:22:53: account you know.
00:22:53 --> 00:22:57: Transition risk across our portfolio. However, we are looking at
00:22:57 --> 00:23:01: various tools and evaluating them right now to see how
00:23:01 --> 00:23:03: best to address it in the future.

00:23:05 --> 00:23:09: Interesting and and understanding that in addition to the transition

00:23:09 --> 00:23:11: risk we you know it was it was talked about

00:23:11 --> 00:23:15: the influence that government is having in this space right

00:23:15 --> 00:23:18: now and that there are obviously getting much more actively

00:23:18 --> 00:23:21: involved at all levels and and have a lot of

00:23:21 --> 00:23:24: influence on everything from recognizing the importance of climate to

00:23:24 --> 00:23:28: federal funding to local policy initiatives and regulations across the

00:23:28 --> 00:23:31: board. Katie, would you mind sharing with the group maybe

00:23:32 --> 00:23:35: an example of how the government's influence has impacted or.

00:23:35 --> 00:23:38: Have you, have you and your team kind of rethought

00:23:38 --> 00:23:41: your approach or strategy around a project or an initiative?

00:23:42 --> 00:23:45: Well, I think you know we are seeing a wave

00:23:45 --> 00:23:49: of regulation across the country and in some cities and

00:23:49 --> 00:23:52: states more so than others. And I think in some

00:23:52 --> 00:23:56: cases we're seeing that you know building sustainably and in

00:23:56 --> 00:24:01: particular with net zero carbons helped entitlement process which has

00:24:01 --> 00:24:04: been a great incentive. I think a good example from

00:24:04 --> 00:24:07: East West is in Denver on the city's goal is

00:24:07 --> 00:24:11: to have all buildings and homes being net zero energy

00:24:11 --> 00:24:13: by 2030 and so our local team.

00:24:13 --> 00:24:16: There was like, well, you know, we know we're building

00:24:16 --> 00:24:19: buildings before 2030. We might as well make them net

00:24:19 --> 00:24:23: zero energy now, you know, separate from our goals versus

00:24:23 --> 00:24:26: waiting till 2030 because if we don't then we're just

00:24:26 --> 00:24:29: going to have to retrofit them in a few years.

00:24:29 --> 00:24:33: So I think knowing that upcoming code requirements really helped

00:24:33 --> 00:24:37: change the way we're thinking about designing buildings now versus

00:24:37 --> 00:24:39: having to make changes in the future. So I think

00:24:40 --> 00:24:43: kind of those sort of regulations and codes can help.

00:24:43 --> 00:24:47: Drive developers to make decisions on real time to hopefully

00:24:47 --> 00:24:51: develop buildings that are, you know, long lasting and valuable

00:24:51 --> 00:24:52: assets.

00:24:55 --> 00:24:57: No, I think that's a great example. And and Sonia,

00:24:57 --> 00:25:00: has there been an example in in your role where

00:25:00 --> 00:25:02: you could speak to sort of the government's influence here

00:25:02 --> 00:25:05: in some situations you've had to navigate or respond to?

00:25:07 --> 00:25:11: Say, we're going to be really responding to these government,
00:25:11 --> 00:25:15: the government influence here shortly as more and more local
00:25:15 --> 00:25:19: laws are passed. Just looking at, you know, various jurisdictions
00:25:19 --> 00:25:22: up and down the East Coast of the US, you
00:25:22 --> 00:25:25: have local law 97 in New York City, which is
00:25:25 --> 00:25:29: probably the most talked about regulation as it requires buildings
00:25:29 --> 00:25:33: greater than 25,000 square feet to meet new energy efficiency
00:25:34 --> 00:25:36: and greenhouse gas emissions limits by 2024.
00:25:37 --> 00:25:40: With stricter limits in place by 2030, Washington, DC's Clean
00:25:40 --> 00:25:45: Energy Act also requires buildings to meet certain energy efficiency
00:25:45 --> 00:25:49: standards by 2026. Montgomery County, Maryland, which is where I
00:25:49 --> 00:25:52: sit, just passed a bill as well that requires buildings
00:25:52 --> 00:25:56: to meet certain building performance standards, or bats. I think,
00:25:56 --> 00:26:00: you know, the major difference with some of these newer
00:26:00 --> 00:26:04: laws is that they don't necessarily just provide incentives to
00:26:04 --> 00:26:07: build green and they don't just deal with new.
00:26:07 --> 00:26:11: Construction, it's for existing buildings that need to comply with
00:26:11 --> 00:26:16: certain emissions limits, and if they don't, they're financial penalties
00:26:16 --> 00:26:20: for it. So building owners will definitely have to figure
00:26:20 --> 00:26:23: out how to address these laws or face consequences for
00:26:23 --> 00:26:27: it. So from a lender's point of view, this will
00:26:27 --> 00:26:30: provide a really good opportunity for us to finance these
00:26:30 --> 00:26:34: upgrades either via products like cpace or, you know, other
00:26:34 --> 00:26:36: traditional debt sources.
00:26:38 --> 00:26:41: That's a really good point. And and Daniel, how about
00:26:41 --> 00:26:42: for you and with Heinz?
00:26:43 --> 00:26:46: Yeah, I would say we're so from where I sit
00:26:46 --> 00:26:50: in Europe there's legislation at many different levels. So at
00:26:50 --> 00:26:54: a European level for example, we've got the European taxonomy
00:26:54 --> 00:26:58: and also the sustainable Finance disclosure Regulation, SFDR, which is
00:26:58 --> 00:27:01: an extension of EU taxonomy and how that applies to
00:27:01 --> 00:27:05: funds. And so these are regulations that have been designed
00:27:05 --> 00:27:09: not necessarily with real estate in mind. So they have

00:27:09 --> 00:27:12: created a little bit of confusion in terms of how
00:27:12 --> 00:27:14: they are ought to be adopted.
00:27:14 --> 00:27:16: By the by the industry. But I I do think
00:27:16 --> 00:27:20: that they are helping to push forward the understanding in
00:27:20 --> 00:27:23: a more comprehensive way so that people can talk and
00:27:23 --> 00:27:28: communicate about ESP and hold themselves accountable. The one thing
00:27:28 --> 00:27:31: that that it's also highlighting is that that you know
00:27:31 --> 00:27:34: we also need to be careful about making sure that
00:27:35 --> 00:27:39: we're following those regulations accurately and and not sort of
00:27:39 --> 00:27:42: seeking to sort of you know stretch some of the
00:27:42 --> 00:27:44: things that I've seen you know recently.
00:27:45 --> 00:27:48: In the industry, many managers think from one SFDR regulation
00:27:49 --> 00:27:52: category to another to make sure that they're avoiding being
00:27:53 --> 00:27:57: perceived as as greenwashing. And I think that's something that
00:27:57 --> 00:28:00: is you know is is really important in the context
00:28:00 --> 00:28:03: of regulation. The last thing I would say about about
00:28:03 --> 00:28:07: regulation is that, you know, in Europe there is a
00:28:07 --> 00:28:11: lot of different levels at European level, at country level,
00:28:11 --> 00:28:14: even at district level, but in tandem with that there's
00:28:14 --> 00:28:15: also many.
00:28:16 --> 00:28:20: Industry LED voluntary initiatives like grass like global real estate,
00:28:20 --> 00:28:24: sustainability benchmark or tools like cram or tools like science
00:28:24 --> 00:28:28: based target initiative, all that help to bring the market
00:28:28 --> 00:28:32: forward and help to hold ourselves accountable as we communicate
00:28:32 --> 00:28:33: about our performance.
00:28:35 --> 00:28:38: That's great. And I think those are all hopefully very
00:28:38 --> 00:28:41: helpful examples and really showed a lot of the different
00:28:41 --> 00:28:44: kind of variations that we're seeing across some of the
00:28:44 --> 00:28:47: regulatory changes and the increase that's coming in terms of
00:28:47 --> 00:28:50: just the volume and and how more frequent this is
00:28:50 --> 00:28:53: becoming much more common across lots of different levels and
00:28:53 --> 00:28:54: and different markets.
00:28:56 --> 00:28:59: As we think about you know the physical risk piece
00:28:59 --> 00:29:01: as well you know that one I I think becomes
00:29:01 --> 00:29:06: increasingly important to better understand how to really

analyze and

00:29:06 --> 00:29:10: quantify the physical risk associated with a potential asset. Katie,

00:29:10 --> 00:29:14: how are you measuring physical risk or particularly around flooding?

00:29:14 --> 00:29:18: I know the water piece was mentioned as being particularly

00:29:18 --> 00:29:20: topical at the time you know and how do you

00:29:20 --> 00:29:23: think about that and and how in your approach?

00:29:26 --> 00:29:28: OK. You're on mute, sorry.

00:29:30 --> 00:29:34: Sorry about that. Well, sliding an issue in Charleston, as

00:29:34 --> 00:29:37: I think many people are aware and I'm really anywhere

00:29:37 --> 00:29:41: along the coast if you're developing and so, you know,

00:29:41 --> 00:29:44: we know it's an issue and I think it's important

00:29:44 --> 00:29:47: that every stakeholder is involved and does what they can

00:29:47 --> 00:29:52: to address flooding. You know, for example, example, whether it's

00:29:52 --> 00:29:56: like the city investing and updated infrastructure, passing new regulations

00:29:56 --> 00:30:00: or developers on thinking through ways to create.

00:30:00 --> 00:30:03: More pervious surface in areas for water to flow. So

00:30:03 --> 00:30:06: it just has to be top of mind when we're

00:30:06 --> 00:30:09: designing a project. And and my current project on kiawah,

00:30:09 --> 00:30:13: we've taken a number of steps to address flooding concerns.

00:30:13 --> 00:30:16: So I can give you some examples. For example, on

00:30:16 --> 00:30:20: the first level of every building, there's no living space,

00:30:20 --> 00:30:24: it's all garage and there's breakaway walls with flood vents,

00:30:24 --> 00:30:28: all materials or flood resistance. We have 4 drains. So

00:30:28 --> 00:30:30: essentially the first levels designed.

00:30:31 --> 00:30:33: So water can come in and we would not have

00:30:33 --> 00:30:37: to replace the materials. Hopefully that's not the case, but

00:30:37 --> 00:30:41: that's how it's designed. The second level, which is really

00:30:41 --> 00:30:44: the first living level is higher than what's required by

00:30:44 --> 00:30:47: code. We have a big storm water retention pond in

00:30:47 --> 00:30:51: the middle of our site that really day-to-day is used

00:30:51 --> 00:30:54: as a grand lawn where owners can sit outside, play

00:30:54 --> 00:30:58: games, etcetera. So it's an amenity for the community, but

00:30:58 --> 00:31:00: it really is a stormwater retention pond.

00:31:01 --> 00:31:05: Um, we're reconstructing dunes all throughout the site. And then

00:31:05 --> 00:31:09: finally, our building lock coverage is about 13.8% where we

00:31:09 --> 00:31:12: were allowed to have up to 25%. And so in

00:31:12 --> 00:31:16: our initial entitlements, we are allowed to have more buildings

00:31:17 --> 00:31:20: across the site, but with fewer units. And so we
00:31:20 --> 00:31:23: went through a rezoning process, so we were able to
00:31:23 --> 00:31:28: have fewer buildings with more units, therefore reducing them previous
00:31:28 --> 00:31:31: service on the site. So those are.
00:31:31 --> 00:31:34: Some examples of of what we've done and and Kiowa.
00:31:35 --> 00:31:38: Right. And Sonia, how do you think about, I know
00:31:38 --> 00:31:41: you mentioned physical risk being perhaps more top of mind
00:31:41 --> 00:31:44: than transitional risk. How are you thinking about that and
00:31:44 --> 00:31:47: particularly does it impact of a flood risk have any
00:31:47 --> 00:31:50: more significant impact on how you think about a potential
00:31:51 --> 00:31:52: investment of strategy?
00:31:52 --> 00:31:57: Yeah, definitely. I mean they're there. As I mentioned before,
00:31:57 --> 00:32:01: there are various softwares out there that take into account
00:32:01 --> 00:32:05: certain climate scenarios and then can help you quantify.
00:32:06 --> 00:32:10: What physical climate risk would be for your asset over
00:32:10 --> 00:32:14: your hold. So we've been looking at these various softwares
00:32:14 --> 00:32:18: and basically it would apply essentially a loss factor over
00:32:18 --> 00:32:21: the term. I guess for us it would be the
00:32:21 --> 00:32:25: turn of term of our loan or for an investor
00:32:25 --> 00:32:28: the term of the term of their ownership and we
00:32:28 --> 00:32:32: would apply that to our underwriting. So essentially what it
00:32:33 --> 00:32:35: would do is decrease the value of.
00:32:36 --> 00:32:40: Of properties that are in more disaster prone areas and
00:32:40 --> 00:32:44: so that's something that we are definitely employing right now.
00:32:47 --> 00:32:49: And Daniel, how are you taking this into consideration?
00:32:50 --> 00:32:53: Yeah, so you know in in the acquisition phase and
00:32:54 --> 00:32:57: due diligence that's where we really start looking at all
00:32:57 --> 00:33:01: risks and and you know including physical risks like flooding
00:33:01 --> 00:33:05: risks. So traditionally that would have been you know probably
00:33:05 --> 00:33:07: looking at the historical 100 year flood.
00:33:09 --> 00:33:12: Tendency, but in Europe now and in many of our
00:33:12 --> 00:33:16: funds, we're looking at what we have been obtaining climate
00:33:16 --> 00:33:20: risk studies, which many of those, the one that we
00:33:20 --> 00:33:24: work with 427 that's part of Moody's includes a projection
00:33:24 --> 00:33:27: of the impact on flooding and other physical risks. If
00:33:27 --> 00:33:32: there's a four degree increase in temperature, 4 degrees Celsius.
00:33:32 --> 00:33:35: And so that then helps to show what potential risks
00:33:35 --> 00:33:39: and flooding could be in, you know, as temperatures rise.
00:33:39 --> 00:33:42: Which you know, we know is the case. And so

00:33:42 --> 00:33:44: with that in mind that helps us to put in
00:33:44 --> 00:33:48: place, you know, in the business plan mitigation measures if
00:33:48 --> 00:33:49: needed.
00:33:51 --> 00:33:54: Wonderful. And and I guess sort of getting to the
00:33:54 --> 00:33:56: the final point in terms of how many of these
00:33:56 --> 00:34:00: issues are addressed, the importance of collaboration both at the
00:34:00 --> 00:34:03: industry level, the Community level across all levels and sort
00:34:03 --> 00:34:07: of recognizing the importance of that in terms of being
00:34:07 --> 00:34:10: able to make meaningful progress. And in much of this
00:34:10 --> 00:34:12: area. Katie, do you want to share an example of
00:34:12 --> 00:34:15: sort of how collaboration has really enabled you and your
00:34:16 --> 00:34:19: firm to make progress and sustainability and and kind of
00:34:19 --> 00:34:20: move your own strategy forward?
00:34:22 --> 00:34:25: Sure. So you know I think it really starts with
00:34:25 --> 00:34:28: our, our team or our design team and you know
00:34:28 --> 00:34:32: as developers we know enough to be dangerous but we're
00:34:32 --> 00:34:36: not, not the experts. And so it's really important that
00:34:36 --> 00:34:40: we have a team that's knowledgeable and passionate about what
00:34:40 --> 00:34:43: we're doing and from the get go. So you know
00:34:43 --> 00:34:47: in terms of the layout on the site, the initial
00:34:47 --> 00:34:51: design like the the envelope, the mechanical systems, it's also
00:34:51 --> 00:34:52: important.
00:34:52 --> 00:34:55: Um, in terms of initial design to in order to
00:34:55 --> 00:34:57: meet our goals and if if we don't have a
00:34:58 --> 00:35:00: team off the bat that is excited to pursue our
00:35:01 --> 00:35:04: sustainability goals and to work with us, then it's really
00:35:04 --> 00:35:07: hard to do that. We are under construction on a
00:35:07 --> 00:35:11: building in Snowmass right now called Electric Pass Lodge. So
00:35:11 --> 00:35:15: it's an all electric building net zero ready and when
00:35:15 --> 00:35:19: we were, you know working through the entitlement process knowing
00:35:19 --> 00:35:23: that this building was going to have all these sustainable.
00:35:23 --> 00:35:27: Stainability features really made the local government excited and really
00:35:27 --> 00:35:30: was a huge benefit for the entitlement process. So you
00:35:30 --> 00:35:33: know that was great in terms of working with the
00:35:33 --> 00:35:36: local government and then we've had a great team on
00:35:36 --> 00:35:39: that building as well. And in particular we worked with
00:35:39 --> 00:35:42: an engineer integral group out of Canada and they've just

00:35:42 --> 00:35:45: been kind of thought leaders in terms of our design
00:35:45 --> 00:35:48: and innovative systems that have helped us think outside of
00:35:48 --> 00:35:50: the box and and achieve our goals.
00:35:52 --> 00:35:54: That's fantastic, Daniel, how about for you? Is there an
00:35:54 --> 00:35:56: example that comes to mind?
00:35:57 --> 00:36:01: Yeah, I think to to the point I'm just mentioned
00:36:01 --> 00:36:06: and Martin introduced in terms of really harnessing collaboration to
00:36:06 --> 00:36:09: be able to extend the remit of of you know
00:36:09 --> 00:36:13: pushing the HT agenda forward beyond just you know a
00:36:13 --> 00:36:17: small team it's it's really about engaging the stakeholders whether
00:36:18 --> 00:36:22: they're internal or external. And so a couple of examples
00:36:22 --> 00:36:25: that come to mind are you know we have one
00:36:25 --> 00:36:27: project in Germany where it's it's.
00:36:27 --> 00:36:31: Sitting right outside of Munich and a district called No
00:36:31 --> 00:36:35: parallel where we have two two buildings, one building is
00:36:35 --> 00:36:39: currently being redeveloped and the other one is sitting vacant
00:36:39 --> 00:36:43: while we're seeking to get the the RE permit. And
00:36:43 --> 00:36:46: in that vacant building, the the local project team have
00:36:46 --> 00:36:52: basically created a Community Center and provided cultural facilities, training
00:36:52 --> 00:36:56: facilities, educational facilities and even a community kitchen with a
00:36:57 --> 00:36:58: local provider.
00:36:58 --> 00:37:02: Really embedding that project in the community and and providing
00:37:02 --> 00:37:05: impact for that community. And you know I think it's
00:37:05 --> 00:37:09: already mentioned also providing a better link if you will
00:37:09 --> 00:37:13: with the local municipality in terms of the permitting process
00:37:13 --> 00:37:17: as well and establishing that building and the future use
00:37:17 --> 00:37:20: is firmly in, in, in, in that Community. And so
00:37:20 --> 00:37:24: I think you know that that collaboration is really important.
00:37:25 --> 00:37:28: Another stakeholder that I think is is really important to
00:37:28 --> 00:37:32: talk about is one that I've mentioned earlier, which is
00:37:32 --> 00:37:35: the occupiers and and collaborating with them.
00:37:36 --> 00:37:39: As much as we can going forward, it's structurally so
00:37:40 --> 00:37:42: that we can align on our EST strategies whether it
00:37:43 --> 00:37:45: be on carbon or whether it be on social issues.
00:37:45 --> 00:37:48: So I've talked about you know some of the the
00:37:48 --> 00:37:51: silver lining if you will about the energy crisis and
00:37:51 --> 00:37:54: being able to get closer with them as a result

00:37:54 --> 00:37:56: of that. But I I do think that we need
00:37:56 --> 00:37:59: to continue to do that if any of us want
00:37:59 --> 00:38:02: to get to net zero because they are ultimately the
00:38:02 --> 00:38:02: the main.
00:38:04 --> 00:38:06: Users of the spaces that we build and manage.
00:38:08 --> 00:38:10: That's great. And Sonia.
00:38:12 --> 00:38:16: Yeah. So as part of the Forebridge sustainable real estate
00:38:16 --> 00:38:22: platform, we we've included historic preservation and community development. In
00:38:22 --> 00:38:27: my experience historic redevelopment projects can demonstrate the best of
00:38:27 --> 00:38:32: what we can achieve both from a sustainability and collaboration
00:38:32 --> 00:38:37: perspective. Generally these projects have tax credits involved and.
00:38:38 --> 00:38:42: And you know also have energy efficiency aspects to them
00:38:42 --> 00:38:47: as they are improving the energy efficiency essentially of of
00:38:47 --> 00:38:52: older buildings and repurposing them into more useful space. A
00:38:52 --> 00:38:55: deal that crossed my desk which I think was was
00:38:55 --> 00:38:59: a really exciting deal that really kind of showed this
00:38:59 --> 00:39:04: collaboration was an old manufacturing facility that was housing a
00:39:04 --> 00:39:08: number of small tenants on month to month leases.
00:39:08 --> 00:39:12: The owner of the building had the vision to complete
00:39:12 --> 00:39:15: an adaptive reuse project on the building, converting it to
00:39:15 --> 00:39:19: creative office space with retail along the ground floor. Given
00:39:19 --> 00:39:23: it was an industrial building, it had the right feel
00:39:23 --> 00:39:27: for creative office and the owner had signed multiple leases
00:39:27 --> 00:39:30: for the ground floor retail with local retailers. The capital
00:39:31 --> 00:39:35: stack included historic tax credits, renovation tax credits and tax
00:39:35 --> 00:39:39: increment financing. The project touched on a number of sustainability.
00:39:39 --> 00:39:45: Teams which was historical historic redevelopment energy efficiency with the
00:39:45 --> 00:39:48: new new lighting new HVAC system.
00:39:49 --> 00:39:52: New Windows, um and as part of our loan, we
00:39:52 --> 00:39:57: would require at least a 25% improvement in energy efficiency
00:39:57 --> 00:39:59: when the project is completed.
00:40:00 --> 00:40:03: And then there was a community development aspect to it
00:40:03 --> 00:40:06: as well. There was going to be a retail incubator
00:40:06 --> 00:40:09: so that small businesses could begin leasing spaces at low

00:40:09 --> 00:40:12: leasing space at lower rents and then as they, as
00:40:12 --> 00:40:16: they become more profitable, you know, grow, grow rents as
00:40:16 --> 00:40:19: the business grows. And then there was also space for
00:40:19 --> 00:40:22: local artists to display their work. So I thought this
00:40:22 --> 00:40:26: was a great example of collaboration between the government providing
00:40:26 --> 00:40:29: tax credits and then the owner who's giving back to
00:40:29 --> 00:40:30: the community.
00:40:30 --> 00:40:33: Via these retail and art incubator spaces.
00:40:35 --> 00:40:37: That's a great example. I agree. I guess as we
00:40:37 --> 00:40:41: start winding down the discussion here and and getting ready
00:40:41 --> 00:40:43: to open up the session to the to the Group
00:40:43 --> 00:40:45: for a Q&A. I thought it would be helpful to
00:40:45 --> 00:40:49: maybe just taking all these different factors into consideration is
00:40:49 --> 00:40:51: a lot of different variables and in terms of thinking
00:40:51 --> 00:40:55: about how to move ahead with your sustainability strategy. And
00:40:55 --> 00:40:57: I guess I'd be curious to hear from each of
00:40:57 --> 00:41:00: those each of you, you know, what are you either
00:41:00 --> 00:41:02: most concerned about? What do you see as your biggest
00:41:02 --> 00:41:06: challenge in terms of the goals that you your organization?
00:41:06 --> 00:41:08: They set out over the next year and and how
00:41:08 --> 00:41:11: you're anticipating kind of navigating some of those. Maybe I'll
00:41:11 --> 00:41:14: start with you Sonia and we can move around the
00:41:14 --> 00:41:15: group again.
00:41:15 --> 00:41:19: Yeah. I'd say the biggest challenge is definitely the macroeconomic
00:41:19 --> 00:41:23: environment right now, given where interest rates are.
00:41:24 --> 00:41:25: It's, you know.
00:41:26 --> 00:41:30: It's really tough, uh, to make, to make deals. Pencil.
00:41:32 --> 00:41:35: You know, while developers may want to build sustainable buildings
00:41:35 --> 00:41:39: or building owners may want to retrofit existing building, the
00:41:39 --> 00:41:41: lack of capital in the market is going to be
00:41:41 --> 00:41:44: an issue definitely over this year as we as we
00:41:44 --> 00:41:47: face, you know, recessionary risks here in the US.
00:41:48 --> 00:41:50: That makes sense. And Katie, how about for you?
00:41:54 --> 00:41:57: I I mean I echo what Sonia said. I think
00:41:57 --> 00:42:00: the biggest rest is the economy. You know it's top
00:42:00 --> 00:42:03: of mind for many and we're trying to get projects
00:42:04 --> 00:42:07: to work and it is really difficult to make them

00:42:07 --> 00:42:10: pencil right now. And so I mean having local governments
00:42:10 --> 00:42:15: and partners on that especially valued decarbonization you know is
00:42:15 --> 00:42:18: hugely helpful in the the new report you know that
00:42:18 --> 00:42:22: mentions how buildings should be valued in relation to their
00:42:22 --> 00:42:24: decarbonization status.
00:42:24 --> 00:42:27: And you know I think that would be hugely beneficial.
00:42:27 --> 00:42:30: I agree. I don't think that has yet the norm.
00:42:31 --> 00:42:34: So in terms of like our underwriting and our exit
00:42:34 --> 00:42:38: values, I don't think we're we're adding extra value to
00:42:38 --> 00:42:41: having you know net 0 operating carbon buildings. But I
00:42:41 --> 00:42:45: do think that's important and so I that just becoming
00:42:45 --> 00:42:49: more and more aware and hopefully I'll become industry standard.
00:42:50 --> 00:42:53: Just a couple other, you know things I was noting
00:42:53 --> 00:42:56: down is when we're right now building a lot of
00:42:56 --> 00:42:58: condos, you know our goal at the end of the
00:42:58 --> 00:43:01: day is to sell the condos. So you know we
00:43:01 --> 00:43:03: have to make sure owners want to buy these condos.
00:43:04 --> 00:43:06: And you know, I guess one challenge is like how
00:43:06 --> 00:43:09: are people are respond, you know they're buying a luxury
00:43:09 --> 00:43:12: condo and they don't have their gas fireplace or they
00:43:12 --> 00:43:15: don't have their gas cook top that they've always had
00:43:15 --> 00:43:18: and expect Umm. And so you know a lot of
00:43:18 --> 00:43:21: it for us we're learning it's just higher education.
00:43:21 --> 00:43:24: And there's a lot of great electric fireplaces out there,
00:43:24 --> 00:43:27: you know, induction cook tops. So it's been a process
00:43:27 --> 00:43:30: of, OK, here's the education we need, you know, we
00:43:30 --> 00:43:33: need to do and and talk to our buyers about
00:43:33 --> 00:43:36: and and so far we've seen it actually hasn't been
00:43:36 --> 00:43:38: a big deal. And if some people maybe aren't as
00:43:38 --> 00:43:42: they don't care as much about the sustainable aspects, they
00:43:42 --> 00:43:45: actually do care about what's healthy for them. And so,
00:43:45 --> 00:43:48: you know, getting rid of natural gas in the home
00:43:48 --> 00:43:51: and you know, there's these studies of course of.
00:43:51 --> 00:43:54: You know the gas stove tops have a correlation to
00:43:54 --> 00:43:58: childhood asthma. So when we start having those studies as
00:43:58 --> 00:44:01: well that helps I think our buyers be like OK,
00:44:01 --> 00:44:04: well we do care about our health. So it is
00:44:04 --> 00:44:08: important. So that's just something that we we've been talking
00:44:08 --> 00:44:11: about internally and on and I don't know as a
00:44:11 --> 00:44:14: take away we were we were having a presentation internally

00:44:14 --> 00:44:17: to our firm about you know why is it so
00:44:17 --> 00:44:21: important for us to be building 100% operating AT0 carbon
00:44:21 --> 00:44:21: and.
00:44:21 --> 00:44:26: Our managing partners, Snowmass, Andy Gunyon did this great presentation.
00:44:26 --> 00:44:29: And one statement that stuck with me was, you know,
00:44:29 --> 00:44:33: unfortunately climate crisis has been politicized. And you know, whatever
00:44:33 --> 00:44:36: you may believe, if 97 of 100 experts told you
00:44:36 --> 00:44:39: that your house is going to burn down unless you
00:44:39 --> 00:44:41: make a change, what would you do? And so when
00:44:41 --> 00:44:44: we think about it like that, you know, we have
00:44:44 --> 00:44:47: one planet. This is our collective home. And so from
00:44:47 --> 00:44:50: our standpoint, we're doing what we can to make a
00:44:50 --> 00:44:52: change. So and a lot of that.
00:44:52 --> 00:44:54: Tom comes down to the built environment.
00:44:56 --> 00:44:59: Great. Thank you, Katie and Daniel, how about for you?
00:45:01 --> 00:45:04: I think that's a that's a good transition from Katie
00:45:04 --> 00:45:06: to say that, you know, I think.
00:45:07 --> 00:45:10: For me the biggest concern is not moving quickly enough.
00:45:10 --> 00:45:13: You know you know to 2050 it's 27 years for
00:45:13 --> 00:45:17: our commitment behind 2040 it's 17 years. It's it's really
00:45:17 --> 00:45:21: around the corner. I've heard many people say already that
00:45:21 --> 00:45:25: it's already too late and that you know we're never
00:45:25 --> 00:45:27: going to be able to to get to where we
00:45:27 --> 00:45:30: need to to to get to by 2050 unless we
00:45:30 --> 00:45:34: really changed dramatically what we're doing and you know when
00:45:34 --> 00:45:36: I was looking at A at A at a shopping
00:45:36 --> 00:45:37: center.
00:45:37 --> 00:45:41: In Ireland recently, and there was the proposal to some
00:45:41 --> 00:45:44: of the boilers were coming up for, for, for replacement.
00:45:45 --> 00:45:48: You know, those boilers had a shelf life of 20
00:45:48 --> 00:45:51: years or something, or maybe 25 years and so, you
00:45:51 --> 00:45:51: know.
00:45:52 --> 00:45:55: Your decision to maybe just replace them like for like
00:45:55 --> 00:45:58: for a new boilers mean that those weather is going
00:45:58 --> 00:46:01: to be around pretty much till 2050 and that's as
00:46:01 --> 00:46:04: I said really around the corner. So making knowing that
00:46:04 --> 00:46:08: the decisions that you're making today can very much make
00:46:08 --> 00:46:10: have an implication on where we end up in by
00:46:10 --> 00:46:13: 20402050 is is really important and so.
00:46:14 --> 00:46:17: You know being aware of that and being conscious and

00:46:17 --> 00:46:20: deliberate around the decisions is is is something that I
00:46:20 --> 00:46:23: think we really need to to focus on because as
00:46:23 --> 00:46:27: as we mentioned it's, it's ultimately without analogy of your
00:46:27 --> 00:46:29: house burning down is, is is going to have that
00:46:29 --> 00:46:31: impact on our planet.
00:46:34 --> 00:46:37: That's all for sure. Umm, well, I think that seems
00:46:37 --> 00:46:38: like a great place to.
00:46:40 --> 00:46:42: Open it up for the Q&A session, I think.
00:46:43 --> 00:46:44: We were.
00:46:46 --> 00:46:49: We have a number of options within the chat box,
00:46:50 --> 00:46:52: and so hopefully I can get through a few of
00:46:52 --> 00:46:56: those quickly. Maybe I'll put it out there and whoever
00:46:56 --> 00:46:59: thinks that they have the best answer, we'll take it
00:46:59 --> 00:47:02: from there. Or who wants to feel that? So one
00:47:02 --> 00:47:06: attendee asked. How many cities and states have regulated current
00:47:06 --> 00:47:10: physical risks versus future climate risks and your experience?
00:47:21 --> 00:47:24: I don't know. Is that something that we're seeing is
00:47:24 --> 00:47:27: even being factored in or being kind of differentiated between
00:47:27 --> 00:47:28: at this point?
00:47:33 --> 00:47:35: Sorry, I'm not seeing the OK. The question up there,
00:47:35 --> 00:47:37: can you just repeat it one more time?
00:47:38 --> 00:47:42: Oh, sorry. How many cities and states have regulated current
00:47:42 --> 00:47:44: physical risks versus future climate risk?
00:47:51 --> 00:47:55: Yeah, I, I I think that's, that's definitely a tough
00:47:55 --> 00:47:55: one, um.
00:47:56 --> 00:47:56: Yeah.
00:47:57 --> 00:47:58: To.
00:47:59 --> 00:48:00: To respond.
00:48:01 --> 00:48:02: Go ahead.
00:48:03 --> 00:48:05: I was going to say not that I know and
00:48:05 --> 00:48:09: I do believe that some, some cities, some are looking
00:48:09 --> 00:48:10: at it, particularly cities.
00:48:12 --> 00:48:16: You know, close to bodies of water like Hamburger Amsterdam
00:48:16 --> 00:48:19: I'm sure are focusing on that, but I wouldn't be
00:48:19 --> 00:48:23: able to comment specifically on, on what they're, what their
00:48:23 --> 00:48:23: plans are.
00:48:25 --> 00:48:26: Understand.
00:48:27 --> 00:48:32: Another question around kind of reliability of electricity. So another
00:48:32 --> 00:48:37: question was comment committing to sustainability. Using

electricity seems to
00:48:37 --> 00:48:41: be the norm. Is anyone concerned with the power grid
00:48:41 --> 00:48:45: reliability and or supply meeting demand for electricity?
00:48:47 --> 00:48:50: I can answer that first. I mean that's a great
00:48:50 --> 00:48:54: question and something we've been talking a lot about because
00:48:54 --> 00:48:58: especially with larger buildings, you know there's so much we
00:48:58 --> 00:49:01: can do and try to do with the design to
00:49:01 --> 00:49:04: rely less and less on outside power and then so
00:49:04 --> 00:49:07: much renewable energy we can have on site. So you
00:49:07 --> 00:49:10: know then we're moving all electric and hopes that.
00:49:12 --> 00:49:15: You know, we can have renewable energy from the grid
00:49:15 --> 00:49:17: and and I think for example in like Colorado that
00:49:17 --> 00:49:20: seems much more realistic in the near term than maybe
00:49:20 --> 00:49:24: in South Carolina. So you know, while there's other options
00:49:24 --> 00:49:27: and credits for example, I do think having renewable power
00:49:27 --> 00:49:30: through the grid is, is going to be huge and
00:49:30 --> 00:49:32: the sooner that happens the better it's going to be
00:49:33 --> 00:49:33: for everyone.
00:49:36 --> 00:49:40: And I think the question for Sonya around what software
00:49:40 --> 00:49:45: platforms you are evaluating to use to determine transitional risk?
00:49:46 --> 00:49:49: So I'd say we've looked at S&P that has one
00:49:49 --> 00:49:53: oak, N is another company that has one Jupiter and
00:49:53 --> 00:49:57: those are the three that we've really been looking at
00:49:58 --> 00:49:58: so far.
00:49:59 --> 00:49:59: State.
00:50:00 --> 00:50:01: Thank you.
00:50:02 --> 00:50:03: Umm.
00:50:05 --> 00:50:08: In terms of collaboration, I I thought an interesting question.
00:50:08 --> 00:50:10: What has been the greatest challenge to some of your
00:50:10 --> 00:50:14: collaboration efforts given the challenging environment in the industry?
00:50:22 --> 00:50:25: I mean, I I guess, you know, I gave an
00:50:25 --> 00:50:29: example from Snowmass, but here, you know, in Charleston.
00:50:31 --> 00:50:34: Yeah. We don't have a lot of partners locally that
00:50:34 --> 00:50:38: have done, you know, net serial operating buildings for example.
00:50:38 --> 00:50:41: And so we're trying to figure out, you know, do
00:50:41 --> 00:50:45: we need to bring in outside engineers that have experience
00:50:45 --> 00:50:49: designing buildings and systems that we're looking to design or
00:50:49 --> 00:50:52: do you think we can work with our local partners

00:50:52 --> 00:50:55: and and figure it out and our current on a
00:50:55 --> 00:50:59: current project, we're like, you know, we have a great
00:50:59 --> 00:51:02: team locally. Everyone's really excited about it.
00:51:02 --> 00:51:05: They all want to learn. So like let's let's work
00:51:05 --> 00:51:08: together locally with our current partners instead of trying to
00:51:08 --> 00:51:11: find a new partner and and see what we can
00:51:11 --> 00:51:13: do. So that's one and then I just think, you
00:51:13 --> 00:51:16: know I'm excited to work more and more with our
00:51:16 --> 00:51:18: local government here just in terms of.
00:51:20 --> 00:51:25: Incentives that they could offer for example, for for developing
00:51:25 --> 00:51:29: sustainable, sustainable buildings and I just I I think the
00:51:29 --> 00:51:34: government's going to have a huge impact and especially at
00:51:34 --> 00:51:36: the local level. So, yeah.
00:51:37 --> 00:51:40: Yeah, I would agree with that and echo with that
00:51:40 --> 00:51:42: I think it's it's a lot about education and awareness
00:51:42 --> 00:51:45: and and bringing along a lot of our partners. You
00:51:45 --> 00:51:48: know whether it's operational partners or even in the construction
00:51:48 --> 00:51:51: process we're talking about embodied carbon and even just making
00:51:51 --> 00:51:55: sure that everyone's talking the same language around the standards
00:51:55 --> 00:51:58: around embodied carbon. And so it's, it's, it's really making
00:51:58 --> 00:52:00: sure that everyone is using the same standards and I
00:52:01 --> 00:52:03: think that is moving forward very quickly in the last
00:52:03 --> 00:52:06: two years it's been incredible just the the, the, the
00:52:06 --> 00:52:07: number of tools.
00:52:07 --> 00:52:09: And an adoption of those tools to be able to
00:52:09 --> 00:52:12: communicate. But there's a I think there's still a long
00:52:12 --> 00:52:12: way to go.
00:52:13 --> 00:52:15: And a lot of those funds embodied carbon being one
00:52:15 --> 00:52:15: of them.
00:52:18 --> 00:52:20: Before we move on to Sonya, is there anything you'd
00:52:20 --> 00:52:21: want to comment on there?
00:52:24 --> 00:52:25: And nothing, nothing to add on that one.
00:52:27 --> 00:52:30: Right. Umm, I think another person asking maybe this is
00:52:30 --> 00:52:33: directed at usonia, see pace loan interest rates have been
00:52:33 --> 00:52:36: higher than normal debt. Do you see that changing as
00:52:37 --> 00:52:38: interest rates continue to rise?
00:52:41 --> 00:52:45: Well, I don't see that necessarily changing actually you know
00:52:45 --> 00:52:49: it's fixed rate. So you know typically where the land
00:52:49 --> 00:52:52: where I am in is floating rate debt. So if

00:52:52 --> 00:52:55: you look at fixed rate C pace loans which you
00:52:55 --> 00:52:59: know are outstanding for 20 to 30 years, they actually
00:52:59 --> 00:53:02: look very attractive right now in this you know rising
00:53:02 --> 00:53:06: interest rate environment in the in the US so Umm,
00:53:06 --> 00:53:10: you know they look pretty attractive compared to floating rate
00:53:10 --> 00:53:11: debt.
00:53:11 --> 00:53:13: I think sometimes they can even be lower at this
00:53:13 --> 00:53:15: point than floating rates in your debt.
00:53:17 --> 00:53:17: Currently.
00:53:21 --> 00:53:25: And perhaps Katie, this was a question more directed towards
00:53:25 --> 00:53:30: you, but what certifications are most desired for development companies
00:53:30 --> 00:53:33: as it relates to ESG and NET 0 carbon purposes?
00:53:34 --> 00:53:35: Umm.
00:53:35 --> 00:53:38: It's interesting because they're, you know, they're really.
00:53:39 --> 00:53:42: For us, we've done a lot of the lead certifications
00:53:42 --> 00:53:46: or building healthy certifications now with operating net zero, there
00:53:47 --> 00:53:50: isn't really just like a certification for that, so.
00:53:51 --> 00:53:54: I actually think it's good in some ways that you
00:53:54 --> 00:53:58: know, allows us to have innovative ideas in terms of
00:53:58 --> 00:54:01: how we're going to approach it and how we're going
00:54:01 --> 00:54:05: to design the buildings. So we and Charleston, we're looking
00:54:05 --> 00:54:09: at different Energy Star level ratings, for example, but there
00:54:09 --> 00:54:13: isn't like a particular certification outside of kind of the
00:54:13 --> 00:54:16: standard ones that we've been that we plan to use.
00:54:18 --> 00:54:21: That's helpful. And and Daniel, I think this question was
00:54:21 --> 00:54:25: for you. Could you provide any other examples of transitional
00:54:25 --> 00:54:27: risks other than eliminating gas from buildings?
00:54:31 --> 00:54:32: Umm.
00:54:35 --> 00:54:38: Other than gods, I mean I guess it would be
00:54:38 --> 00:54:41: you know making sure that your building is is energy
00:54:41 --> 00:54:44: efficient to begin with. So making sure that Umm I
00:54:44 --> 00:54:47: mean there's there's many different risks. So one is is
00:54:47 --> 00:54:51: operational risk. So making sure that you're being efficient around
00:54:51 --> 00:54:55: temperature settings starting to stop time of certain equipment in
00:54:55 --> 00:54:59: your building and just having that done correctly and and
00:54:59 --> 00:55:02: and and and and efficient and there's risks around you
00:55:02 --> 00:55:03: know the the.
00:55:03 --> 00:55:07: Um, ability to to preserve energy in your building. So

00:55:07 --> 00:55:11: the envelope of your building and and making sure that
00:55:11 --> 00:55:15: you're insulating your building in the best way so that
00:55:15 --> 00:55:18: you don't have to use as much energy. So there
00:55:18 --> 00:55:23: there's, there's you know those are a couple energy procurement
00:55:23 --> 00:55:25: at the end of the day as well.
00:55:27 --> 00:55:31: You know, electrification from green and renewable sources, so there's
00:55:31 --> 00:55:32: quite a few.
00:55:35 --> 00:55:38: And I guess this is another question I would open
00:55:38 --> 00:55:40: up to the group and and see if you have
00:55:40 --> 00:55:44: any thoughts around, Umm, another question, how do you stay
00:55:44 --> 00:55:48: competitive and highly unregulated markets where there aren't climate or
00:55:48 --> 00:55:52: other transition goals while maintaining your own target?
00:56:03 --> 00:56:05: I guess I can touch on that. I and I
00:56:05 --> 00:56:08: I think in some sense I I have touched on
00:56:08 --> 00:56:11: this and that you know we have a mandate company
00:56:11 --> 00:56:14: wide. So whether no matter what market we're at we
00:56:14 --> 00:56:18: are in and what regulations like this is what we're
00:56:18 --> 00:56:21: going to do. So even though you know may not
00:56:21 --> 00:56:24: be required in Texas or may not be required in
00:56:24 --> 00:56:27: South Carolina like we're trying to to go beyond what's
00:56:27 --> 00:56:30: required and be more industry leaders.
00:56:33 --> 00:56:36: And again, I think another maybe as we're wrapping up
00:56:36 --> 00:56:38: here a question for the the full panel. How do
00:56:38 --> 00:56:42: you think about training and upskilling, upskilling your leaders within
00:56:42 --> 00:56:45: your company so they understand some of the things that
00:56:46 --> 00:56:49: we've talked about today recognizing to Daniel's point earlier sort
00:56:49 --> 00:56:52: of the the sense of urgency that's needed here?
00:56:57 --> 00:57:00: I can just quickly say I mean I think it's,
00:57:00 --> 00:57:02: it's, it's, it's it's a very fast move. You know
00:57:02 --> 00:57:05: their urgency is also part of the fact that they
00:57:05 --> 00:57:06: it's a fast moving.
00:57:08 --> 00:57:10: I'm pleased to be in, in terms of the SG
00:57:11 --> 00:57:14: with many new tools and information that that are being
00:57:15 --> 00:57:19: provided. So I would say it's an ongoing discussion with
00:57:19 --> 00:57:22: a formal forum to bring the C-Suite up to speed
00:57:22 --> 00:57:26: as well. I would say that fortunately it means we
00:57:26 --> 00:57:29: have the full, the full years of of the C-Suite

00:57:29 --> 00:57:32: with respect to SG and it is one of the
00:57:32 --> 00:57:35: priorities for the firm. But I do think that is
00:57:35 --> 00:57:38: because it is moving quickly.
00:57:38 --> 00:57:40: It does require constant discussion.
00:57:42 --> 00:57:45: Yeah, I, I, I'll just chime in. I, I'm constantly
00:57:45 --> 00:57:50: collaborating with our head of ESD or sustainability who basically
00:57:50 --> 00:57:54: has very periodic calls internally within within business groups to
00:57:54 --> 00:57:57: educate them on on issues that are out there. And
00:57:57 --> 00:58:01: then she's also educating up to the C-Suite and to
00:58:01 --> 00:58:05: board members. So there's there is a requirement for constant
00:58:05 --> 00:58:08: dialogue with all employees of the company.
00:58:09 --> 00:58:12: And for us I mean we're I think we're going
00:58:12 --> 00:58:16: beyond just this with these we we're trying to make
00:58:16 --> 00:58:19: sure every employee knows what's going on and this is
00:58:19 --> 00:58:23: educated as possible. So we have company wide calls you
00:58:23 --> 00:58:27: know it could be monthly or every couple months. But
00:58:27 --> 00:58:30: to talk about issues such as the sustainability and and
00:58:30 --> 00:58:34: our goals and and why it's important and what we're
00:58:34 --> 00:58:37: doing and then try to give updates on projects and
00:58:37 --> 00:58:39: I mean we use you know teams.
00:58:40 --> 00:58:43: We're like enter company sharing given our markets or across
00:58:43 --> 00:58:47: the country, we just think it's important that we're sharing
00:58:47 --> 00:58:50: best practices. And you know for a project manager in
00:58:50 --> 00:58:53: Denver is working on a project and has questions, you
00:58:53 --> 00:58:56: know that they're reaching out to people in Snowmass and
00:58:56 --> 00:58:59: and Charleston. So we all know what's going on and
00:58:59 --> 00:59:02: I think just sharing lessons learned is is a huge
00:59:02 --> 00:59:04: benefit and something we need to keep doing.
00:59:06 --> 00:59:09: Thank you all. Well, I really want to I think
00:59:09 --> 00:59:11: to that point where I'm going to hand it back
00:59:11 --> 00:59:14: to Marta here so we can wrap things up. But
00:59:14 --> 00:59:17: thank you all. Appreciate all of your insights and and
00:59:17 --> 00:59:18: comments today.
00:59:19 --> 00:59:21: I just want to echo there and say thank you
00:59:21 --> 00:59:24: to Ferguson partners for sponsoring this report. Thank you, Sarah.
00:59:24 --> 00:59:27: Thank you to your company and thank you to Daniel
00:59:27 --> 00:59:30: and Sonia and Katie for your tremendous input today. For
00:59:30 --> 00:59:32: all of our listeners, we we have recorded this webinar.

00:59:32 --> 00:59:35:	The slides will be shared on Dualized Knowledge Finder website
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00:59:52 --> 00:59:54:	have a good one everyone. Thank you.
