

# Webinar

## ULI Europe: C Change Carbon Pricing

Date: December 06, 2024

00:00:04 --> 00:00:06: Good afternoon, everyone.

00:00:06 --> 00:00:10: Thank you so much for joining us today for this

00:00:10 --> 00:00:12: ULI webinar on carbon pricing.

00:00:12 --> 00:00:13: I'm Sophie Chick.

00:00:13 --> 00:00:17: I run the ESG programs for the Urban Land Institute

00:00:17 --> 00:00:17: in Europe.

00:00:18 --> 00:00:21: And I'm going to be your moderator today, and I'm

00:00:21 --> 00:00:24: also going to be starting the session with a quick

00:00:24 --> 00:00:27: presentation on some of the work that we at ULI

00:00:27 --> 00:00:32: and other industry organisations have been doing on carbon pricing.

00:00:32 --> 00:00:34: And giving you a bit of a summary of a

00:00:34 --> 00:00:37: couple of reports that we've put out recently before being

00:00:37 --> 00:00:40: joined by a panel of experts have all gone through

00:00:40 --> 00:00:44: the process themselves of implementing a carbon price internally.

00:00:44 --> 00:00:47: So really excited to get to that conversation.

00:00:55 --> 00:00:58: For those of you who aren't from who aren't familiar

00:00:58 --> 00:01:01: with ULI and this is your first time engaging with

00:01:01 --> 00:01:01: us.

00:01:02 --> 00:01:05: Our mission is to shape the future of the built

00:01:05 --> 00:01:09: environment for transformative impact in communities worldwide.

00:01:10 --> 00:01:12: The we're a membership organization.

00:01:12 --> 00:01:16: We have close to 50,000 members and we're active across

00:01:16 --> 00:01:17: the value chain.

00:01:17 --> 00:01:22: So we have members that are investors, developers, architects, public

00:01:22 --> 00:01:23: sector, etcetera.

00:01:23 --> 00:01:27: If you're involved in real estate, then there's a membership

00:01:27 --> 00:01:28: role for you at ULI.

00:01:29 --> 00:01:31: And we do many things as part of the organization,

00:01:32 --> 00:01:35: but one of those is thought leadership and education.

00:01:35 --> 00:01:38: And that's what we're here to focus on today.

00:01:39 --> 00:01:42: So I'm going to be talking about carbon pricing, but

00:01:42 --> 00:01:45: actually I just want to start by giving you a

00:01:45 --> 00:01:48: quick overview of the Sea Change program that we run

00:01:48 --> 00:01:51: at ULI, which is where the carbon pricing work has

00:01:51 --> 00:01:51: come from.

00:01:52 --> 00:01:55: So this is a program that started three years ago,

00:01:55 --> 00:01:58: and we set it up to mobilize the real estate

00:01:58 --> 00:02:03: industry to speed up and scale up decarbonisation in Europe.

00:02:03 --> 00:02:05: And there's three kind of principles that we work with.

00:02:05 --> 00:02:08: The first is that we focus on systems change.

00:02:08 --> 00:02:11: So we're looking at specific intervention points that can really

00:02:11 --> 00:02:12: make a difference.

00:02:13 --> 00:02:14: We collaborate.

00:02:14 --> 00:02:17: So everything that we do, we're working with our members

00:02:18 --> 00:02:21: and the wider industry across the value chain to make

00:02:21 --> 00:02:24: sure that we've got buy in from the industry and

00:02:24 --> 00:02:27: we Co create solutions with that, with those members, with

00:02:27 --> 00:02:29: those that wider industry.

00:02:29 --> 00:02:31: And that solutions part is really important to us.

00:02:31 --> 00:02:35: We're not just reiterating the problem, but we are coming

00:02:35 --> 00:02:38: up with solutions that can help that decarbonisation.

00:02:40 --> 00:02:44: The program is sponsored by the partners and supporters,

00:02:44 --> 00:02:47: the

00:02:47 --> 00:02:50: companies that you can see on the screen now.

00:02:50 --> 00:02:52: And a huge thank you to those, to them, because

00:02:52 --> 00:02:56: without them this program wouldn't be possible.

00:02:53 --> 00:02:56: And see see Change is a very collaborative as I

00:02:56 --> 00:02:56: just said.

00:02:56 --> 00:02:59: So come on board and join the movement.

00:02:59 --> 00:03:02: If you are interested in getting involved with Sea Change,

00:03:02 --> 00:03:07: whether that's the sponsorship, partnership opportunities or

00:03:07 --> 00:03:09: just taking part,

00:03:09 --> 00:03:12: please do send me an e-mail, get in touch and

00:03:15 --> 00:03:17: let me know and we can discuss some options.

00:03:17 --> 00:03:20: So on to carbon pricing.

00:03:20 --> 00:03:24: And this is one of the, we've got quite a

00:03:24 --> 00:03:27: few work streams going on looking at solutions for

00:03:27 --> 00:03:27: decarbonisation,

00:03:27 --> 00:03:27: but this is one that we've really focused on within

00:03:27 --> 00:03:29: Sea Change over the last year.

00:03:30 --> 00:03:33: And what we wanted to do is we really feel

00:03:33 --> 00:03:37: like carbon pricing presents a really big opportunity for the

00:03:37 --> 00:03:41: real estate industry to do that decarbonisation.

00:03:41 --> 00:03:43: But before we kind of get into the how that

00:03:43 --> 00:03:46: is done and, and how you would implement a carbon

00:03:46 --> 00:03:49: price, I think it's really important to take a step

00:03:49 --> 00:03:52: back and, and look at why companies might be interested

00:03:52 --> 00:03:53: in this.

00:03:54 --> 00:03:56: And actually to do that, I think we need to

00:03:56 --> 00:03:58: take a step back even further and have a look

00:03:58 --> 00:04:00: at that big picture.

00:04:01 --> 00:04:03: So I've just got some charts on the side here

00:04:03 --> 00:04:06: that are taken from the 2024 State of the Climate

00:04:06 --> 00:04:08: report, Perilous Times on Earth.

00:04:09 --> 00:04:12: And the key thing is here we're moving in the

00:04:12 --> 00:04:13: wrong direction.

00:04:13 --> 00:04:16: If you look at all of these charts, they're all

00:04:16 --> 00:04:17: going in the wrong direction.

00:04:17 --> 00:04:21: And this quote from the chairman of the IPCC saying

00:04:21 --> 00:04:24: we are potentially headed towards the three degrees of

00:04:24 --> 00:04:27: global

00:04:27 --> 00:04:30: warming by the end of the century if we carry

00:04:31 --> 00:04:34: on with the policies that we have at the moment.

00:04:34 --> 00:04:37: So change needs to happen and we actually think carbon

00:04:37 --> 00:04:38: pricing is a really powerful way that that change can

00:04:38 --> 00:04:41: happen.

00:04:41 --> 00:04:45: But at the moment we're seeing a really low adoption

00:04:45 --> 00:04:48: of carbon price, carbon pricing in the real estate industry,

00:04:48 --> 00:04:49: especially when you compare it to other industries that are

00:04:49 --> 00:04:50: high emitters.

00:04:50 --> 00:04:52: If you have a look at this chart, you can

00:04:52 --> 00:04:56: see energy materials, much higher percentage of companies

00:04:56 --> 00:05:00: using a

00:05:00 --> 00:05:01: carbon price already compared to with real estate second

00:05:01 --> 00:05:02: last

00:05:02 --> 00:05:04: on this chart.

00:05:04 --> 00:05:05: So there's this big opportunity now.

00:05:05 --> 00:05:08: And I think that opportunity was something that we

00:05:08 --> 00:05:10: recognized

00:05:10 --> 00:05:14: at the beginning of the year.

00:05:14 --> 00:05:18: And we also were fortunate to join forces with these

00:05:18 --> 00:05:18: six other industry organisations to create a task force to

00:05:18 --> 00:05:19: look at this.

00:05:19 --> 00:05:22: So EPPRA Green I, I GCC in Rev, RCS and

00:05:22 --> 00:05:26: WBCSD, a lot of acronyms, but I'm sure you're all

00:05:26 --> 00:05:28: familiar with these groups.

00:05:29 --> 00:05:32: And we really see the opportunity to set some guidance

00:05:32 --> 00:05:35: now as to how carbon pricing, how you can get

00:05:36 --> 00:05:37: started with carbon pricing.

00:05:38 --> 00:05:42: So as an industry, we're approaching this in a consistent

00:05:42 --> 00:05:46: way unlike some of the other ESG tools etcetera that

00:05:46 --> 00:05:47: you might see.

00:05:48 --> 00:05:51: We're at the beginning of the journey within the sector

00:05:51 --> 00:05:54: and and we can come together and make sure we're

00:05:54 --> 00:05:56: on the same page as we go forward.

00:05:58 --> 00:06:01: So that's all very well in terms of big picture

00:06:01 --> 00:06:05: why, but why would individual companies want to implement

00:06:05 --> 00:06:06: a

00:06:06 --> 00:06:08: carbon price?

00:06:08 --> 00:06:11: And this is the first report that we put out

00:06:11 --> 00:06:11: at the Sea Change Summit in Barcelona in the middle

00:06:12 --> 00:06:16: of October.

00:06:16 --> 00:06:19: It's called accelerating accountability, the case for carbon

00:06:19 --> 00:06:21: pricing.

00:06:21 --> 00:06:22: And I believe we're going to have the link put

00:06:23 --> 00:06:26: in the chat so you can access it if you

00:06:26 --> 00:06:26: haven't seen it already.

00:06:27 --> 00:06:29: And what this report does is have a look at

00:06:29 --> 00:06:32: why.

00:06:32 --> 00:06:34: It's got a lot of case studies in from companies

00:06:34 --> 00:06:37: who have implemented one, but talks a lot about those

00:06:38 --> 00:06:39: reasons of of why it's important.

00:06:39 --> 00:06:42: And there's three things here to think about.

00:06:42 --> 00:06:45: First is responsibility.

00:06:45 --> 00:06:49: So carbon has a societal cost.

00:06:49 --> 00:06:53: We're just not as an industry of the real estate

00:06:53 --> 00:06:58: industry necessarily paying for it directly, but society is

00:06:58 --> 00:06:59: paying

00:07:00 --> 00:07:02: already when we think about the carbon being emitted,

00:07:02 --> 00:07:06: whether

00:07:02 --> 00:07:06: that's through health, physical, economic, etcetera with the

00:07:02 --> 00:07:06: with the

00:07:02 --> 00:07:06: that carbon emissions.

00:07:02 --> 00:07:02: And then as I said earlier, we need to see

00:07:02 --> 00:07:06: change and there's a responsibility of an, of an of

00:07:06 --> 00:07:08: us as the industry to change.

00:07:08 --> 00:07:12: And just to take one specific example, the average annual

00:07:12 --> 00:07:16: rate of energy efficiency improvements needs to double by 20-30.

00:07:16 --> 00:07:18: So that is quite a big ask.

00:07:18 --> 00:07:21: And we do think carbon pricing is a tool that

00:07:21 --> 00:07:24: can help achieve achieve these changes.

00:07:25 --> 00:07:26: We then have redressed.

00:07:26 --> 00:07:29: So at least 230 new climate cases were filed against

00:07:29 --> 00:07:34: governments and companies and 30 companies are being held accountable

00:07:34 --> 00:07:38: for climate related harm in those polluter paid cases.

00:07:38 --> 00:07:41: So this is something that companies within the real estate

00:07:41 --> 00:07:42: industry need to be aware of.

00:07:43 --> 00:07:45: And then finally, we've got regulation.

00:07:45 --> 00:07:48: So it's not confirmed yet, but there is talk of

00:07:48 --> 00:07:52: the EU emissions trading scheme to potentially covering buildings.

00:07:53 --> 00:07:55: If this did come in, that's coming in the next

00:07:56 --> 00:07:58: couple of years and that will mean you will be

00:07:58 --> 00:08:00: paying a carbon price anyway.

00:08:00 --> 00:08:04: So there's a big opportunity to get ahead of regulation.

00:08:04 --> 00:08:07: We're also seeing local level carbon taxes emerging.

00:08:08 --> 00:08:10: I think the best example or probably the most high

00:08:10 --> 00:08:12: profile example of that is in New York.

00:08:12 --> 00:08:15: But we are seeing other examples from around the world.

00:08:17 --> 00:08:19: But it's not just those sort of why and that

00:08:19 --> 00:08:22: those driving forces why, but there's also a lot of

00:08:22 --> 00:08:25: company and industry level benefits.

00:08:25 --> 00:08:27: And I'm hoping we hear a lot more about this

00:08:27 --> 00:08:28: today from our panelists.

00:08:29 --> 00:08:32: But just to run through a few, you have reputation

00:08:32 --> 00:08:33: and market leadership.

00:08:33 --> 00:08:36: This can really help your company stand out.

00:08:36 --> 00:08:39: There's cultural shifts both within the company itself.

00:08:40 --> 00:08:43: You know, suddenly everyone is needing to think about their

00:08:43 --> 00:08:46: carbon consumption with every decision they make.

00:08:46 --> 00:08:49: Not just your ESG teams, for example, but also those

00:08:49 --> 00:08:53: cultural shifts and influencing the wider value chain around you.

00:08:54 --> 00:08:55: There's economic incentives.

00:08:55 --> 00:08:58: There's an opportunity for innovation and growth.

00:08:58 --> 00:09:01: And of course, there's that regulation and risk management

side

00:09:01 --> 00:09:02: of things as well.

00:09:04 --> 00:09:07: So I started this presentation by saying we're at a

00:09:07 --> 00:09:09: very low adoption at the moment of a carbon price

00:09:09 --> 00:09:11: within the real estate industry.

00:09:11 --> 00:09:14: So a couple of months ago, we did a survey

00:09:14 --> 00:09:16: of our members in the wider industry.

00:09:16 --> 00:09:19: And one of the questions we asked them was what

00:09:19 --> 00:09:22: do you see as the main next steps that could

00:09:22 --> 00:09:26: best support organizations to explore carbon pricing further?

00:09:26 --> 00:09:29: And the top 2 answers here, the first one was

00:09:29 --> 00:09:31: to better understand the carbon pricing mechanisms.

00:09:32 --> 00:09:34: Now a lot of that is covered in our accelerating

00:09:34 --> 00:09:36: accountability report.

00:09:36 --> 00:09:40: And the second is industry guidance to set best practice.

00:09:41 --> 00:09:45: So this is where our carbon pricing principles really come

00:09:45 --> 00:09:45: into play.

00:09:46 --> 00:09:49: And to give you a sort of high level overview

00:09:49 --> 00:09:50: of these.

00:09:50 --> 00:09:52: And again, you'll be able to find this document on

00:09:52 --> 00:09:54: the link that's just been shared in the chat.

00:09:55 --> 00:09:57: These are voluntary principles.

00:09:57 --> 00:10:01: They're high level and indicative and they're a first step.

00:10:01 --> 00:10:03: So just to give you an idea that they're meant

00:10:03 --> 00:10:05: for the entire value chain of real estate.

00:10:05 --> 00:10:08: So we're not getting into the nitty gritty detail of

00:10:08 --> 00:10:08: it.

00:10:08 --> 00:10:12: And it's very much a starting point for companies looking

00:10:12 --> 00:10:15: to implement a carbon price so that we can do

00:10:15 --> 00:10:16: this in a consistent way.

00:10:18 --> 00:10:21: Just to give you a quick overview of the principles,

00:10:21 --> 00:10:22: we have 7 in total.

00:10:22 --> 00:10:25: The 1st is to take a whole life carbon approach.

00:10:26 --> 00:10:30: The second is take responsibility for all decisions to spend

00:10:30 --> 00:10:30: carbon.

00:10:31 --> 00:10:32: So what we mean by this is if you are

00:10:33 --> 00:10:35: the decision maker, you are also the one who pays,

00:10:35 --> 00:10:36: the decision maker pays.

00:10:36 --> 00:10:41: So for embodied carbon, that's the capital providers, the

00:10:41 --> 00:10:44: developers

00:10:41 --> 00:10:44: and in some cases the tenants, and for operational carbon

00:10:44 --> 00:10:48: that's the tenants and the building owners and managers

who

00:10:48 --> 00:10:51: have that responsibility for the carbon pricing.

00:10:52 --> 00:10:56: Principle 3 is where there is no responsibility for decisions

00:10:57 --> 00:11:02: to spend carbon, commit to influencing and educating stakeholders who

00:11:02 --> 00:11:02: do so.

00:11:03 --> 00:11:06: This is really important when we think that these principles

00:11:06 --> 00:11:07: are for the entire value chain.

00:11:07 --> 00:11:10: If you are not one of the decision makers, you

00:11:10 --> 00:11:13: can still play a really important part in that influencing

00:11:13 --> 00:11:13: an education.

00:11:15 --> 00:11:18: Principle 4 is to engage all stakeholders, starting with senior

00:11:19 --> 00:11:20: leadership by and 1st.

00:11:21 --> 00:11:24: So carbon pricing needs to be addressed as a strategic

00:11:24 --> 00:11:24: priority.

00:11:25 --> 00:11:28: And that ensuring senior leadership by and from the outset

00:11:28 --> 00:11:29: is really important.

00:11:29 --> 00:11:32: And hopefully we'll hear a bit more about that from

00:11:32 --> 00:11:33: our panellists today.

00:11:34 --> 00:11:37: And then time and attention is also required for the

00:11:37 --> 00:11:40: education and engagement of the value chain.

00:11:40 --> 00:11:42: So this isn't just about your company.

00:11:42 --> 00:11:46: This is wider than that as well #5 use a

00:11:46 --> 00:11:48: uniform internal price.

00:11:48 --> 00:11:49: 6.

00:11:50 --> 00:11:53: Take action before reaching a perfect data set.

00:11:53 --> 00:11:55: So this is really important.

00:11:55 --> 00:11:57: I think often when we were talking to people about

00:11:57 --> 00:12:00: carbon pricing, there was a view that they didn't have

00:12:00 --> 00:12:01: the right data needed.

00:12:01 --> 00:12:04: They couldn't decide on what price to use, for example.

00:12:05 --> 00:12:07: And actually, it's better to just get started.

00:12:07 --> 00:12:10: You're not going to get 100% of the way there.

00:12:10 --> 00:12:14: If you've got 80% of the data, you can get

00:12:14 --> 00:12:15: started.

00:12:15 --> 00:12:17: If you've got an idea of what the carbon price

00:12:17 --> 00:12:18: should be, try it out.

00:12:18 --> 00:12:19: You can always adjust it.

00:12:19 --> 00:12:22: It's sort of if you wait for perfect action won't

00:12:22 --> 00:12:22: happen.

00:12:22 --> 00:12:25: And then finally commit to transparency.

00:12:27 --> 00:12:32: So on that, I'm really excited to be joined by

00:12:32 --> 00:12:36: these expert group of panelists.

00:12:36 --> 00:12:39: I'm going to ask them to turn their cameras on

00:12:39 --> 00:12:42: and their microphones on and join me on the screen

00:12:42 --> 00:12:42: now.

00:12:43 --> 00:12:47: And yes, just a reminder, please do submit your questions

00:12:47 --> 00:12:49: for our panelists by the Q&A.

00:12:49 --> 00:12:51: We will do our best to get to all of

00:12:51 --> 00:12:51: them today.

00:12:51 --> 00:12:54: If not, we will respond to you separately after the

00:12:54 --> 00:12:57: webinar if we have your contact details.

00:12:57 --> 00:13:00: So yes, please do as you, as we go through

00:13:00 --> 00:13:05: these conversations, if you have more burning questions, let us

00:13:05 --> 00:13:05: know.

00:13:06 --> 00:13:09: So thank you so much, all three of you for

00:13:09 --> 00:13:09: joining me.

00:13:10 --> 00:13:11: It's great to see you here.

00:13:11 --> 00:13:14: I would just like to kick us off by asking

00:13:14 --> 00:13:18: you to introduce yourselves and your company and also what

00:13:18 --> 00:13:22: your company's take on carbon pricing is at the moment.

00:13:22 --> 00:13:24: So perhaps, Janine, we could start with you.

00:13:26 --> 00:13:26: Yeah.

00:13:26 --> 00:13:28: Good afternoon, everybody.

00:13:28 --> 00:13:32: So I'm Janine and I am Sustainability and Social Impact

00:13:33 --> 00:13:35: Director for Great Portland Estates.

00:13:35 --> 00:13:40: It does say Great Poland Estates on on the screen.

00:13:40 --> 00:13:42: So it's Great Portland Estates PLC.

00:13:43 --> 00:13:47: So we are a commercial property developer and landlord with

00:13:47 --> 00:13:50: all of our buildings being based in London.

00:13:51 --> 00:13:55: In terms of internal carbon price, we set our first

00:13:55 --> 00:13:59: internal carbon price in 2020 as part of completing our

00:13:59 --> 00:13:59: Rd.

00:13:59 --> 00:14:00: maps net zero.

00:14:02 --> 00:14:05: It is a we so, so we use a price

00:14:05 --> 00:14:06: mechanism.

00:14:07 --> 00:14:10: The money goes into decarbonisation funds and I'm sure we'll

00:14:10 --> 00:14:11: get into that later.

00:14:12 --> 00:14:17: And we recently upped our internal carbon price to ??150

00:14:17 --> 00:14:18: per tonne.

00:14:18 --> 00:14:20: So that's sort of in the last 12 months.

00:14:22 --> 00:14:22: Great.

00:14:22 --> 00:14:23: Thank you.



00:14:23 --> 00:14:25: Johann, would you like to go next?

00:14:26 --> 00:14:26: Yes.

00:14:26 --> 00:14:28: Good afternoon everybody.

00:14:28 --> 00:14:29: My name is Johann Mason.

00:14:30 --> 00:14:34: I head up our decarbonisation efforts at Urban Partners and

00:14:35 --> 00:14:39: Urban Partners is an investment platform and we focus on

00:14:39 --> 00:14:42: solving problems in the urban environment.

00:14:43 --> 00:14:49: Urban Partners is Housing 3 investment strategies, a private equity

00:14:49 --> 00:14:53: real estate business called ENREP and a credit real estate

00:14:54 --> 00:14:59: business, Velo Capital and a venture capital business 2150 and

00:14:59 --> 00:15:03: we introduced an internal carbon price back in May 2022.

00:15:05 --> 00:15:08: It's a shadow price in our underwriting model.

00:15:08 --> 00:15:13: It covers the total operational and embodied footprint of our

00:15:13 --> 00:15:17: real estate investments and is really to sort of create

00:15:17 --> 00:15:20: transparency for our investment decisions.

00:15:22 --> 00:15:22: Thank you.

00:15:23 --> 00:15:24: And finally, Martin.

00:15:25 --> 00:15:26: Yeah.

00:15:26 --> 00:15:27: Thank you for introducing me.

00:15:28 --> 00:15:29: I'm Martin Horsman.

00:15:29 --> 00:15:33: I work as a sustainable Development Manager at Redefco.

00:15:33 --> 00:15:37: Redefco is managing a PEN European platform offering services in

00:15:37 --> 00:15:39: real estate asset management.

00:15:39 --> 00:15:43: So we have client management, transaction management, asset and development

00:15:43 --> 00:15:48: management, investment management and finance and risk management over the

00:15:48 --> 00:15:50: purpose to be a force for good in a built

00:15:50 --> 00:15:55: environment, contributing to liveable cities through impactful real estate outcomes

00:15:55 --> 00:15:56: for all stakeholders.

00:15:57 --> 00:16:02: And therefore we recently introduced carbon pricing in our developments

00:16:02 --> 00:16:06: investment proposals making it part of decision making and and

00:16:06 --> 00:16:08: we will be starting that in January 25.

00:16:08 --> 00:16:12: So it's it's really recent at a level of ???120

00:16:12 --> 00:16:13: per ton.

00:16:14 --> 00:16:14: Thank you.

00:16:15 --> 00:16:16: Well, thank you.

00:16:16 --> 00:16:19: I think I'd like to start off this conversation sort  
00:16:19 --> 00:16:22: of going right back to the beginning and thinking about  
00:16:22 --> 00:16:25: why you decided to introduce a carbon price, whether that  
00:16:25 --> 00:16:27: was you and the individuals on the screen or or  
00:16:28 --> 00:16:28: your company.  
00:16:28 --> 00:16:30: And how did you start?  
00:16:30 --> 00:16:33: What were the sort of first steps that you took?  
00:16:33 --> 00:16:36: And perhaps, Martin, you've done this most recently, so I'm  
00:16:36 --> 00:16:38: sure it's in your memory.  
00:16:38 --> 00:16:40: Would you like to kick us off?  
00:16:41 --> 00:16:41: Yeah, sure.  
00:16:41 --> 00:16:41: Thank you.  
00:16:43 --> 00:16:48: It's basically because we have a, a holding which which  
00:16:48 --> 00:16:52: owns a lot of companies among which is Redefco and  
00:16:52 --> 00:16:58: the whole thing decided to have a carbon impact assessment  
00:16:58 --> 00:17:02: of all the different types of industries that are in  
00:17:02 --> 00:17:04: their possession.  
00:17:04 --> 00:17:05: So also for Redefco.  
00:17:05 --> 00:17:09: So the, the business for good is really something that,  
00:17:09 --> 00:17:12: that, that makes us probably walk a little bit faster  
00:17:12 --> 00:17:15: in, in certain topics than than others.  
00:17:15 --> 00:17:18: It's, it's driven by purpose, which is really great.  
00:17:19 --> 00:17:22: And we think that carbon pricing is, is one of  
00:17:22 --> 00:17:27: the tools that you could use for taking different decisions.  
00:17:27 --> 00:17:31: Because in, in real estate developments, you, you will be,  
00:17:31 --> 00:17:36: you will always be working with stakeholders and you will  
00:17:36 --> 00:17:40: be always looking in terms of the sort of short  
00:17:40 --> 00:17:43: haul effects of, of, of projects.  
00:17:43 --> 00:17:45: While I, I think we are in for the long  
00:17:45 --> 00:17:48: haul, but you still need to be within the same  
00:17:48 --> 00:17:51: limits and budgets as every other projects.  
00:17:51 --> 00:17:54: So you've got to be creative and you've got to  
00:17:54 --> 00:17:58: set some sort of framework to be able to, to,  
00:17:58 --> 00:18:01: to, to, to, to look at different options and to,  
00:18:01 --> 00:18:04: to price in the effects of these options.  
00:18:04 --> 00:18:08: Even if it's not a generally accepted way of working  
00:18:08 --> 00:18:11: it, it makes you clear what your impact is and  
00:18:11 --> 00:18:14: and on what how you make your decisions.  
00:18:16 --> 00:18:19: And what were the first steps that you sort of  
00:18:19 --> 00:18:21: took in in terms of implementing it?  
00:18:22 --> 00:18:25: Well, first we, we started where the impact would be.  
00:18:26 --> 00:18:29: So would it be in, in the projects themselves?

00:18:30 --> 00:18:33: Would it just be a shadow price on the development  
00:18:34 --> 00:18:37: case or would we just have a carbon price for  
00:18:37 --> 00:18:41: all the not all the activities in in development and,  
00:18:41 --> 00:18:43: and, and management?  
00:18:44 --> 00:18:48: And that made clear that in the projects you could  
00:18:48 --> 00:18:52: certainly make different decisions if you if you pricing the  
00:18:53 --> 00:18:56: impacts and that is from what is carbon.  
00:18:56 --> 00:19:00: And then the operational carbon, on the other hand, gives  
00:19:00 --> 00:19:04: you an idea of the, you know, actually a stranding  
00:19:04 --> 00:19:09: risk indicator for having probably operating this an, an asset  
00:19:09 --> 00:19:11: for maybe for the whole life.  
00:19:11 --> 00:19:14: For instance, it's 50 years, but there will be times  
00:19:14 --> 00:19:18: that you redevelop and maybe improve the, the performance  
of  
00:19:18 --> 00:19:18: the asset.  
00:19:18 --> 00:19:22: But then for at least 10 years, you'll be, you'll  
00:19:22 --> 00:19:25: be stuck with your decisions until you have a next  
00:19:25 --> 00:19:26: chance.  
00:19:26 --> 00:19:29: So these ten years are really indicative of what your,  
00:19:29 --> 00:19:33: your performance will be in the next coming years.  
00:19:33 --> 00:19:37: And well, knowing that there will be carbon taxing probably  
00:19:37 --> 00:19:41: by 27 somewhere, there is a possibility that if you  
00:19:41 --> 00:19:45: are underperforming that there might be some tax and taxes  
00:19:45 --> 00:19:47: cash out, which is a waste.  
00:19:47 --> 00:19:50: So if you can avoid that, then I think it's  
00:19:50 --> 00:19:51: it's a good trigger.  
00:19:52 --> 00:19:53: Yeah, great.  
00:19:53 --> 00:19:56: Perhaps Danine, we can come to you and and I  
00:19:56 --> 00:19:59: know you've been doing this the longest of anyone on  
00:19:59 --> 00:20:02: the panel, but yeah, really keen to hear about how  
00:20:02 --> 00:20:04: like some why that decision was made.  
00:20:04 --> 00:20:07: You talked a bit about it was part of your  
00:20:07 --> 00:20:08: strategy and again how you.  
00:20:09 --> 00:20:10: Kind of started what?  
00:20:10 --> 00:20:11: What was the first steps that you took?  
00:20:12 --> 00:20:12: Sure.  
00:20:12 --> 00:20:16: So we set our internal carbon price as part of  
00:20:16 --> 00:20:19: establishing our road map to net zero.  
00:20:19 --> 00:20:22: So we first set that out in 2020.  
00:20:22 --> 00:20:26: And I think the reason the conversation started around  
setting  
00:20:26 --> 00:20:30: an internal carbon price was because when we sort of  
00:20:30 --> 00:20:33: did a forward look on what the impact of our

00:20:33 --> 00:20:37: energy and carbon targets would be on our total carbon  
00:20:37 --> 00:20:40: footprint and what we would need to offset at the  
00:20:40 --> 00:20:43: end to get to net zero, we were quite surprised  
00:20:43 --> 00:20:46: at how much of our carbon was left.  
00:20:47 --> 00:20:49: And so the view was, well, OK, we need a  
00:20:50 --> 00:20:54: different approach to actually bring this down further and  
faster.  
00:20:55 --> 00:20:58: And so we'd sort of we'd seen some talk about  
00:20:58 --> 00:21:02: internal carbon price more broadly in the, in the in  
00:21:02 --> 00:21:06: the market and in other industries in particular.  
00:21:07 --> 00:21:09: And so we looked at whether it would work for  
00:21:09 --> 00:21:12: us as a business and actually really captured the imagination  
00:21:13 --> 00:21:13: of our board.  
00:21:15 --> 00:21:18: And So what, what we we did really is think  
00:21:18 --> 00:21:20: about what would we apply it to.  
00:21:22 --> 00:21:25: And we also needed to think hard about how we  
00:21:25 --> 00:21:28: got buying for it across the business and also what  
00:21:28 --> 00:21:29: the mechanism would be.  
00:21:30 --> 00:21:33: And so, so we apply our internal carbon price to  
00:21:33 --> 00:21:37: our the embodied carbon of our development up to and  
00:21:37 --> 00:21:42: that's upfront carbon and also to our operational emissions.  
00:21:43 --> 00:21:44: We calculate it.  
00:21:45 --> 00:21:48: So we calculate it every year and the funds go  
00:21:49 --> 00:21:50: into a decarbonisation fund.  
00:21:50 --> 00:21:52: And the reason we wanted to use it to push  
00:21:53 --> 00:21:53: it to go faster.  
00:21:55 --> 00:21:57: So we use the proceeds of the decarbonisation fund to  
00:21:57 --> 00:22:00: bring forward energy efficiency projects and the rest of the  
00:22:00 --> 00:22:01: portfolio.  
00:22:01 --> 00:22:03: So that was sort of the the sort of mechanism  
00:22:03 --> 00:22:04: we decided to create.  
00:22:06 --> 00:22:09: And as far as sort of sort of setting price  
00:22:09 --> 00:22:12: and all that sort of thing that was that was  
00:22:12 --> 00:22:16: about sort of research and working with our boards to  
00:22:16 --> 00:22:19: see what would be appropriate for us as a business.  
00:22:21 --> 00:22:22: Yeah, great.  
00:22:22 --> 00:22:22: Thank you.  
00:22:22 --> 00:22:25: And Johan, same, same question to you.  
00:22:26 --> 00:22:29: Yes, I, I think for us this was very much  
00:22:29 --> 00:22:32: sort of a purpose driven decision.  
00:22:33 --> 00:22:36: And we do believe that climate change is among the  
00:22:36 --> 00:22:39: biggest challenges that cities face and we see a big

00:22:39 --> 00:22:43: opportunity and basically help cities solve this problem.  
00:22:44 --> 00:22:47: And, and I think we never saw a carbon fee  
00:22:47 --> 00:22:51: or carbon price sort of a stand alone tool needs  
00:22:51 --> 00:22:55: to be part of a, a bigger toolbox with reduction  
00:22:55 --> 00:22:58: targets, quotas and so forth.  
00:22:59 --> 00:23:04: But we did see some important features in one, creating  
00:23:04 --> 00:23:11: a financial incentive in our underwriting of investments, both  
development  
00:23:11 --> 00:23:17: projects and acquisition of standing assets and really pricing,  
pricing  
00:23:17 --> 00:23:22: carbon in that both to reveal the the underlying risk.  
00:23:24 --> 00:23:27: But but really as first and foremost to create an  
00:23:27 --> 00:23:33: incentive to invest in mitigation solutions like low carbon  
materials  
00:23:33 --> 00:23:38: on the embodied side and energy efficiency technology on,  
on  
00:23:38 --> 00:23:39: the operational side.  
00:23:40 --> 00:23:44: And and like Janine, we also applied to upfront embodied  
00:23:44 --> 00:23:49: emissions and operational emissions of all of our direct  
investments  
00:23:49 --> 00:23:50: in real estate.  
00:23:52 --> 00:23:57: And we started basically by applying it in our underwriting  
00:23:57 --> 00:24:02: model that brings the cost really upfront to our investment  
00:24:02 --> 00:24:03: committee.  
00:24:03 --> 00:24:07: So a very sort of effective place to, to, to  
00:24:07 --> 00:24:07: use it.  
00:24:08 --> 00:24:11: And we, we also do sort of bookkeeping of what  
00:24:12 --> 00:24:16: we call a carbon abatement reserve, but without sort of  
00:24:16 --> 00:24:18: physical funds moving.  
00:24:19 --> 00:24:24: So it's more bookkeeping within the fund where we also  
00:24:24 --> 00:24:29: try and sort of funnel that towards projects with a  
00:24:29 --> 00:24:31: positive carbon impact.  
00:24:33 --> 00:24:33: Right.  
00:24:34 --> 00:24:36: And it, it sort of sounds like a lot of  
00:24:36 --> 00:24:40: the this for for several of you has kind of  
00:24:40 --> 00:24:44: been driven by Martin for you like wider company's strategy.  
00:24:44 --> 00:24:47: And Janine, it sounds like you're board were very much  
00:24:47 --> 00:24:50: on board with the idea of of carbon pricing.  
00:24:50 --> 00:24:52: But I just want to delve into a bit more  
00:24:52 --> 00:24:56: about that kind of stakeholder buy in and particularly with  
00:24:56 --> 00:24:59: the senior leaders across the business because it it is  
00:24:59 --> 00:24:59: a big change.  
00:25:00 --> 00:25:03: And sort of whether that's done as a as an

00:25:03 --> 00:25:05: underwriting sort of accounting tool.

00:25:05 --> 00:25:10: And have you come up with any come across any

00:25:10 --> 00:25:15: difficulties or any sort of issues and how, how did

00:25:15 --> 00:25:18: you overcome those anyone?

00:25:20 --> 00:25:21: So I can jump in.

00:25:22 --> 00:25:26: So in terms of the accounting issues that that we

00:25:26 --> 00:25:29: have to an extent learn as we went.

00:25:30 --> 00:25:33: So we were very much the we and the board

00:25:33 --> 00:25:36: very much with the view that we should sort of,

00:25:36 --> 00:25:39: if we believed in the principle and we believed we

00:25:39 --> 00:25:42: were sort of about in the right place at ??95

00:25:42 --> 00:25:45: per term, which is where we started in 2020, then

00:25:45 --> 00:25:48: we should just sort of get on with it and

00:25:48 --> 00:25:50: and kind of learn as we went.

00:25:50 --> 00:25:53: In terms of the challenges, some of the challenges we've

00:25:53 --> 00:25:55: we've come up with is things.

00:25:55 --> 00:25:58: So for one of our buildings, we've done a huge

00:25:58 --> 00:26:01: steel reuse project where it where one of our buildings

00:26:01 --> 00:26:03: has been a, a donor building.

00:26:03 --> 00:26:05: And so one of the things we've had, we're sort

00:26:05 --> 00:26:07: of starting to think around is how do we deal

00:26:07 --> 00:26:10: with that with the internal carbon prices concerned, How do

00:26:10 --> 00:26:12: we deal with that from an embodied carbon perspective?

00:26:14 --> 00:26:16: We also had to think about how do we deal

00:26:16 --> 00:26:20: with joint ventures and actually that's been more of a

00:26:20 --> 00:26:24: consideration when we've been thinking about our

00:26:24 --> 00:26:24: decarbonisation fund as

00:26:24 --> 00:26:24: well.

00:26:24 --> 00:26:28: So when we forward fund energy efficiency projects, do we

00:26:28 --> 00:26:31: ask our JV partner to put in a sort of

00:26:31 --> 00:26:32: comparable amount?

00:26:33 --> 00:26:34: How does sort of that mechanism work?

00:26:35 --> 00:26:38: We've also had to think around, so for a service

00:26:38 --> 00:26:41: charge and service charging our tenants is something we

00:26:41 --> 00:26:42: needed

00:26:41 --> 00:26:42: to think about.

00:26:42 --> 00:26:46: So would we be prepared to forward fund the projects

00:26:46 --> 00:26:49: and then recoup the cost by the service charge?

00:26:49 --> 00:26:51: So bit later on when, when, when we've been able

00:26:51 --> 00:26:53: to kind of budget for it, when it was something

00:26:53 --> 00:26:56: that perhaps our customers could have been paying for.

00:26:56 --> 00:26:59: So all of those sorts of mechanisms we've had to

00:26:59 --> 00:26:59: work through.

00:27:01 --> 00:27:03: But I think what we've tried to do and I

00:27:03 --> 00:27:06: and in some respects it's helpful that we are the

00:27:06 --> 00:27:09: size business that we are, we've been able to just

00:27:09 --> 00:27:12: sort of be quite nimble about it and and and

00:27:12 --> 00:27:14: work it through as we've gone.

00:27:16 --> 00:27:17: Yeah.

00:27:18 --> 00:27:21: I'd say it's probably not a really big deal for

00:27:21 --> 00:27:26: everyone working in the design teams because they are familiar

00:27:26 --> 00:27:28: with life cycle analysis calculation.

00:27:28 --> 00:27:31: So actually all the information that you need for carbon

00:27:31 --> 00:27:32: pricing is there.

00:27:33 --> 00:27:35: It's just that you need to make sure that you

00:27:35 --> 00:27:38: have a standard on how to how to, how to

00:27:38 --> 00:27:41: calculate which part of the calculation you you would like

00:27:41 --> 00:27:43: to have for your carbon pricing.

00:27:43 --> 00:27:47: So and, and to be deliberate in that and to

00:27:48 --> 00:27:50: have it as a benchmark.

00:27:50 --> 00:27:52: So never change the recipe.

00:27:52 --> 00:27:54: Stick to the information that you have.

00:27:54 --> 00:27:58: And it, it definitely starts with getting your information to

00:27:58 --> 00:28:01: be able to be transparent and, and to be, to

00:28:01 --> 00:28:03: be able to report on it.

00:28:04 --> 00:28:07: Because if you, if you start today and you will

00:28:07 --> 00:28:11: have like 3 or 4 major developments starting that year,

00:28:11 --> 00:28:15: you know that you will be harvesting your information, your

00:28:15 --> 00:28:17: S build information in about 3 years.

00:28:17 --> 00:28:23: So we are committed to net net 0 carbon 2040

00:28:23 --> 00:28:28: by the Green Building Council commitment.

00:28:28 --> 00:28:32: And then it says in 20-30 you need to sort

00:28:32 --> 00:28:37: of half your emissions and these three projects starting next

00:28:37 --> 00:28:41: year will then deliver what it's only three projects.

00:28:42 --> 00:28:44: So if that's the data you need to do your

00:28:44 --> 00:28:48: analysis on and and change your, your way of working,

00:28:48 --> 00:28:52: then it's good to know that every year there's being

00:28:52 --> 00:28:53: projects added.

00:28:53 --> 00:28:55: But this is definitely the time to start with it

00:28:56 --> 00:28:59: because tomorrow will be too late because 20-30 is about

00:28:59 --> 00:29:01: in 5 minutes and 2040 will be in two days.

00:29:01 --> 00:29:05: So it's, it doesn't make a difference.

00:29:05 --> 00:29:08: Don't go through perfect solution.

00:29:08 --> 00:29:10: I think you've, you've got to Start learning and, and  
00:29:11 --> 00:29:12: that's what we're going to do.  
00:29:12 --> 00:29:16: So it, it's, it just takes some steps.  
00:29:17 --> 00:29:19: So we, we, we have written a strategy and we  
00:29:19 --> 00:29:22: have the strategy approved by the board and membership,  
the  
00:29:22 --> 00:29:24: leadership team and the, and the board.  
00:29:25 --> 00:29:27: And therefore we can now start doing this, which is  
00:29:27 --> 00:29:30: really great that everyone is on the same page.  
00:29:30 --> 00:29:33: And, but I'm, I'm really aware of the fact that  
00:29:33 --> 00:29:36: people are maybe a bit scared in, in, in the  
00:29:36 --> 00:29:40: development part of our organization because they are not  
really  
00:29:40 --> 00:29:41: used to it.  
00:29:41 --> 00:29:44: But it's, it's just using the figures that you've always  
00:29:44 --> 00:29:47: used, but then taking some of them in a highlighted  
00:29:47 --> 00:29:49: position and, and, and put a price on it for,  
00:29:49 --> 00:29:52: for shadow pricing to see if you've taken the right  
00:29:52 --> 00:29:55: decision or if you could have taken a different decision  
00:29:55 --> 00:29:57: and what the impact would then change.  
00:29:58 --> 00:30:02: But then again, it, it should show value at the  
00:30:02 --> 00:30:02: same time.  
00:30:02 --> 00:30:06: So that's that's probably the the most important hurdle to  
00:30:06 --> 00:30:06: take.  
00:30:09 --> 00:30:09: Yeah.  
00:30:10 --> 00:30:14: I would say from our perspective sort of senior management  
00:30:14 --> 00:30:18: buy in was was sort of never an issue because  
00:30:18 --> 00:30:22: this was always very aligned with with our overall direction  
00:30:22 --> 00:30:25: where we have seen challenges.  
00:30:25 --> 00:30:28: I think 1 is sort of the in the say  
00:30:28 --> 00:30:32: physical transfer of of cash that creates a lot of  
00:30:32 --> 00:30:33: complexity.  
00:30:34 --> 00:30:39: So something that that we're sort of still considering sort  
00:30:39 --> 00:30:42: of benefits versus the complexity it adds.  
00:30:43 --> 00:30:47: And and then of course, a very important stakeholder group  
00:30:47 --> 00:30:49: for us is our investors.  
00:30:49 --> 00:30:53: And, and we have investors from all over the globe  
00:30:53 --> 00:30:57: and, and our investors have different views on, on, on,  
00:30:57 --> 00:31:01: on climate change and, and how to, to tackle it.  
00:31:02 --> 00:31:06: So we got a lot of important feedback there and  
00:31:06 --> 00:31:10: sort of the principles, for example, around reinvesting the  
proceeds  
00:31:10 --> 00:31:13: within the fund where the proceeds are collected.



00:31:14 --> 00:31:18: And that's an important principle and but, but sort of  
00:31:18 --> 00:31:21: taking that feedback, I think we we managed to to  
00:31:22 --> 00:31:23: make it an effective tool.  
00:31:26 --> 00:31:26: Yeah, great.  
00:31:26 --> 00:31:27: Thank you.  
00:31:27 --> 00:31:30: And I just want to to pick up as well  
00:31:30 --> 00:31:34: on that fee paying versus shadow price for for a  
00:31:34 --> 00:31:35: carbon price.  
00:31:35 --> 00:31:39: And Janine, you mentioned earlier that you pay the money  
00:31:39 --> 00:31:43: into a pot specifically for decarbonisation metrics.  
00:31:43 --> 00:31:45: Is this, is this the case, is that it, does  
00:31:45 --> 00:31:47: all that money go towards it?  
00:31:47 --> 00:31:49: Perhaps you could just elaborate on that a little bit  
00:31:49 --> 00:31:50: more.  
00:31:50 --> 00:31:50: Yep, sure.  
00:31:50 --> 00:31:53: So, so we decided that we wanted it to be  
00:31:53 --> 00:31:56: fee paying because we wanted it to hurt a bit.  
00:31:58 --> 00:32:02: And and I kind of emphasized the bit because I  
00:32:02 --> 00:32:06: think it again, we started at 95 lbs, but we're  
00:32:06 --> 00:32:07: now ??150 per tonne.  
00:32:08 --> 00:32:10: And in effect, what we did is we plagued the  
00:32:10 --> 00:32:14: number through our development appraisals to work out what  
00:32:14 --> 00:32:17: be the outcome on that development appraisal were we to  
00:32:17 --> 00:32:19: charge the internal carbon price.  
00:32:21 --> 00:32:24: Ultimately what that's done is it's it's put the carbon  
00:32:25 --> 00:32:27: price at the centre of a paper that goes to  
00:32:27 --> 00:32:30: executive committee and to the board.  
00:32:30 --> 00:32:34: So what that means is immediately when development  
00:32:35 --> 00:32:38: decisions are  
00:32:38 --> 00:32:39: being made, there is a sort of price of carbon  
00:32:40 --> 00:32:42: as part of the discussion.  
00:32:43 --> 00:32:46: What that also means is that every time a design  
00:32:46 --> 00:32:49: change or a significant design change is made, the team  
00:32:49 --> 00:32:51: will always calculate the carbon at the same time.  
00:32:51 --> 00:32:54: Because what they have to do then is go back  
00:32:54 --> 00:32:57: and sort of look at, OK, what's, what's the impact  
00:32:57 --> 00:32:59: in terms of what we have to pay into the  
00:32:59 --> 00:33:03: decarbonisation fund at the end of the projects.  
00:33:03 --> 00:33:06: And that's why it's been sort of quite a powerful  
00:33:06 --> 00:33:11: mechanism because it means that carbon and a price on  
00:33:11 --> 00:33:11: carbon is at the forefront of conversations when oddified  
developments

00:33:11 --> 00:33:12: are concerned.

00:33:12 --> 00:33:15: And that's just, you know, from a behavioural change perspective,

00:33:15 --> 00:33:17: it's, it's been very helpful.

00:33:18 --> 00:33:22: So yes, the funds from the decarbonization fund go into

00:33:23 --> 00:33:25: energy efficiency projects.

00:33:25 --> 00:33:29: So to give you a bit of colour on that,

00:33:29 --> 00:33:33: it's being used for LED systems, it's being used to

00:33:33 --> 00:33:38: renew building management systems where we weren't, where where they

00:33:38 --> 00:33:42: weren't sort of really up to the standards that we

00:33:42 --> 00:33:46: needed to be to really give us a granular information

00:33:47 --> 00:33:47: we needed.

00:33:48 --> 00:33:51: It's also been used to fund a metering project as

00:33:51 --> 00:33:54: well so that we could start to bring the metering

00:33:54 --> 00:33:58: of our buildings in line with the Neighbours ratings metering

00:33:58 --> 00:34:02: specification, again, because that helps us bring down carbon from

00:34:02 --> 00:34:06: our operational buildings with those sorts of projects we've been

00:34:06 --> 00:34:08: able to use the money to fund.

00:34:08 --> 00:34:11: So again, what that's then driving is our technical services

00:34:11 --> 00:34:15: team going out and looking for energy efficiency projects that

00:34:15 --> 00:34:19: they think will be quite impactful that would not have

00:34:19 --> 00:34:20: otherwise have been funded.

00:34:21 --> 00:34:23: So that's where it's been particularly helpful.

00:34:24 --> 00:34:28: Yeah, it's really interesting, particularly that cultural shift that you've

00:34:28 --> 00:34:29: seen in in the company.

00:34:29 --> 00:34:33: That's definitely something we here and could have having everyone

00:34:33 --> 00:34:36: on board, not just the the SG teams thinking about

00:34:36 --> 00:34:38: this, it's it's so powerful.

00:34:39 --> 00:34:42: Martin and Johan, have you got any plans to transition

00:34:42 --> 00:34:44: from a shadow to a fee paying price?

00:34:44 --> 00:34:46: Is that in consideration?

00:34:46 --> 00:34:48: Yeah, for sure.

00:34:48 --> 00:34:53: The one of our actually our main investor has agreed

00:34:53 --> 00:34:58: on making it the fee for the for their 100%

00:34:58 --> 00:35:02: owned assets, which is part of the portfolio.

00:35:04 --> 00:35:07: We're still working on how to deal with that because

00:35:07 --> 00:35:10: it's well you, you can't store money somewhere in business

00:35:10 --> 00:35:12: because that's, that's bad for business.

00:35:12 --> 00:35:16: So it's good to hear from Janine that there's lots  
00:35:16 --> 00:35:20: of opportunities to spend it in the right way to  
00:35:20 --> 00:35:24: spend it on decarbonisation of scope 3 emissions that that  
00:35:24 --> 00:35:29: might be initiated by, by, by sort of funding through  
00:35:29 --> 00:35:33: this, this, this bit of money because the tenants might  
00:35:33 --> 00:35:35: not be able to do so or do it in  
00:35:35 --> 00:35:37: a different way.  
00:35:37 --> 00:35:38: So, yeah, for sure.  
00:35:38 --> 00:35:41: And then of course, if we've got to start to  
00:35:41 --> 00:35:44: talk to our other joint fancy clients to, to see  
00:35:44 --> 00:35:48: if, if they are, if they have an appetite to  
00:35:48 --> 00:35:49: do it as well.  
00:35:49 --> 00:35:53: So yeah, it's, it's exciting times with I've got sometimes  
00:35:53 --> 00:35:57: because we just started so we haven't built a fund  
00:35:57 --> 00:35:57: yet.  
00:36:00 --> 00:36:00: Yeah.  
00:36:00 --> 00:36:05: And I would say from our side, we are running  
00:36:05 --> 00:36:10: a branch green program which is sort of multi million  
00:36:10 --> 00:36:11: funded.  
00:36:12 --> 00:36:16: We're doing metering and projects and and the like.  
00:36:16 --> 00:36:20: And I would say we haven't made sort of the  
00:36:20 --> 00:36:25: physical payment from carbon fee proceeds to those  
projects.  
00:36:26 --> 00:36:30: And again the carbon fee sort of it works together  
00:36:30 --> 00:36:35: with our strategy including quotas, including reduction plans  
on each  
00:36:35 --> 00:36:36: asset.  
00:36:36 --> 00:36:40: So, so for the moment, we don't see a need  
00:36:40 --> 00:36:45: to to sort of funnel those sort of physical funds  
00:36:45 --> 00:36:48: from from one project to another.  
00:36:48 --> 00:36:52: Sort of we do see that that that those projects,  
00:36:52 --> 00:36:55: they get funded without that connection.  
00:36:55 --> 00:36:55: Yeah.  
00:36:57 --> 00:36:57: Interesting.  
00:36:57 --> 00:36:59: And I also wanted to pick up with you, Johan  
00:36:59 --> 00:37:01: and perhaps Martin can touch on it as well.  
00:37:02 --> 00:37:07: You obviously operate across multiple countries and has that  
presented  
00:37:07 --> 00:37:13: any challenges with different legislation or different issues  
coming up?  
00:37:14 --> 00:37:14: Yes.  
00:37:16 --> 00:37:18: Again, sort of one of the purposes for for us  
00:37:18 --> 00:37:21: in introducing this was to create an incentive.

00:37:22 --> 00:37:26: And we have found that a say ???100 per tonne  
00:37:26 --> 00:37:33: incentive and it it's really, really powerful in for example,  
00:37:33 --> 00:37:37: in one country, it could be in, in Poland or  
00:37:37 --> 00:37:43: Germany, but in in other countries, say Norway or Sweden,  
00:37:43 --> 00:37:46: it has much less impact.  
00:37:46 --> 00:37:49: And that both has to do with sort of different  
00:37:49 --> 00:37:54: in emission intensities across countries, but also sort of  
different  
00:37:54 --> 00:37:56: construction costs across countries.  
00:37:57 --> 00:38:00: So in some countries we see that a carbon fee  
00:38:00 --> 00:38:05: takes up less than 1% of construction costs, whereas in  
00:38:05 --> 00:38:09: other countries it might take up more than two, 3%  
00:38:09 --> 00:38:10: of construction costs.  
00:38:11 --> 00:38:14: So it really creates sort of a much stronger incentive  
00:38:14 --> 00:38:18: and sometimes it becomes almost sort of prohibitive to, to,  
00:38:18 --> 00:38:22: to, to business and and there you could say then  
00:38:22 --> 00:38:24: it it really starts to work.  
00:38:24 --> 00:38:29: Whereas in especially on the operational side in countries  
with  
00:38:29 --> 00:38:33: very low emission intensities from the grid, it's, it's sort  
00:38:33 --> 00:38:35: of, it becomes neglectable.  
00:38:35 --> 00:38:38: So we do see a need to, to sort of  
00:38:39 --> 00:38:44: differentiate also instead of taxing the full emissions, what  
we,  
00:38:45 --> 00:38:49: what we see as sort of a next iteration could  
00:38:49 --> 00:38:54: be to, to basically only tax everything above the quota  
00:38:54 --> 00:38:58: that could be a 1.5?? pathway and then tax that  
00:38:58 --> 00:39:03: much higher to really create that incentive to sort of  
00:39:03 --> 00:39:06: be on the on the 1.5 pathway of, of the  
00:39:06 --> 00:39:08: Paris Agreement.  
00:39:09 --> 00:39:14: So yeah, huge differences working across countries and of  
course  
00:39:14 --> 00:39:18: very different maturities across countries in sort of low carbon  
00:39:18 --> 00:39:22: building materials, all of the technologies for for the  
operational  
00:39:23 --> 00:39:23: side.  
00:39:23 --> 00:39:26: So, but, but what it creates is really that sort  
00:39:26 --> 00:39:30: of central awareness and it really sort of brings this  
00:39:30 --> 00:39:34: to the forefront of the development teams, the investment  
teams.  
00:39:34 --> 00:39:37: So everyone sort of works with it on in their  
00:39:37 --> 00:39:38: in their daily work.  
00:39:38 --> 00:39:40: And I think that's that's the biggest benefit.  
00:39:42 --> 00:39:42: Yeah.

00:39:42 --> 00:39:47: We, I think in our operation, which concerns about Western  
00:39:47 --> 00:39:52: Europe, we do not see these large differences as you  
00:39:52 --> 00:39:53: encounter your own.  
00:39:53 --> 00:39:58: But it's, it's definitely interesting because I, I didn't think  
00:39:58 --> 00:40:00: of that before I met you.  
00:40:00 --> 00:40:05: And we had this, this discussion before because it's, it's  
00:40:05 --> 00:40:09: interesting to see what I think is necessary is that  
00:40:09 --> 00:40:13: you, you, you aim for going beyond legislation.  
00:40:13 --> 00:40:17: So that I think everything we we are aiming for  
00:40:17 --> 00:40:20: on 1 1/2 degree pathway is.  
00:40:20 --> 00:40:24: Is way beyond or beyond any legislation in any country,  
00:40:24 --> 00:40:27: because if you would just follow the legislation in the  
00:40:27 --> 00:40:32: Netherlands, for instance, you would easily cruise towards  
the 4??  
00:40:32 --> 00:40:35: global warming, even though we are committed to to to  
00:40:35 --> 00:40:36: reach 1 1/2 degrees.  
00:40:37 --> 00:40:40: So you've got to go beyond and I think a  
00:40:40 --> 00:40:44: lot of EU regulations that that have been and that  
00:40:44 --> 00:40:49: so during 24 and will be established in 25 will  
00:40:49 --> 00:40:53: really help us when it comes to carbon storage when  
00:40:53 --> 00:40:55: it comes to EPDB.  
00:40:55 --> 00:40:58: So it's, I think it's really that, that we are  
00:40:58 --> 00:41:02: now in, in, in an interesting time that there's, there's  
00:41:02 --> 00:41:06: coming support from legislation that really helps you to give  
00:41:06 --> 00:41:10: yourself, even if it's a voluntarily basis to, to, to  
00:41:10 --> 00:41:13: get carbon in your cases and to, to really work  
00:41:13 --> 00:41:14: with it.  
00:41:14 --> 00:41:17: And, and to have a framework so that it's, it's,  
00:41:17 --> 00:41:20: it's, you can benchmark it to, to all the countries  
00:41:20 --> 00:41:23: that are in, in the European Union and, and the  
00:41:23 --> 00:41:27: UK is actually following as well, sometimes leading,  
sometimes following.  
00:41:27 --> 00:41:31: So I think it's really interesting times and there's lots  
00:41:31 --> 00:41:32: of opportunities there.  
00:41:32 --> 00:41:34: And there's, there's nothing to be scared of.  
00:41:34 --> 00:41:37: It's just that you, you can have some brave moves  
00:41:38 --> 00:41:40: and there's plenty of room to exercise.  
00:41:40 --> 00:41:43: But we've, we've got to speed up as as we  
00:41:43 --> 00:41:44: already know, yeah.  
00:41:46 --> 00:41:50: Yeah, that's interesting thinking about the kind of tax and  
00:41:50 --> 00:41:53: and legislation side of it, because one of the things  
00:41:53 --> 00:41:56: we hear when we talk to the industry is how

00:41:56 --> 00:41:59: the sort of potential for the tax coming down the  
00:41:59 --> 00:42:02: line with ETS2 potentially has been a bit of a  
00:42:02 --> 00:42:02: driver.  
00:42:02 --> 00:42:05: But from what you've all said, that's not been mentioned  
00:42:05 --> 00:42:08: yet as a as an incentive for introducing it yourselves.  
00:42:08 --> 00:42:11: And I wonder is that coming up in conversation perhaps  
00:42:11 --> 00:42:15: with other other colleagues or other industry peers or is  
00:42:15 --> 00:42:18: it just not, not so much of A consideration for  
00:42:18 --> 00:42:18: you?  
00:42:20 --> 00:42:21: Yeah, I did it.  
00:42:21 --> 00:42:24: It does come across sometimes with peers.  
00:42:27 --> 00:42:30: It it's, it's a taxonomy is coming our way.  
00:42:30 --> 00:42:33: So you've got you, you just know that it will  
00:42:33 --> 00:42:37: be entered 262728 somewhere, maybe it gets postponed a  
00:42:37 --> 00:42:40: little  
00:42:37 --> 00:42:40: bit, but it will be there in the end.  
00:42:40 --> 00:42:44: So every development that you touch today will be will  
00:42:44 --> 00:42:47: be affected by it and you will have a 10  
00:42:47 --> 00:42:51: year operation probably as I said it before, before you  
00:42:51 --> 00:42:54: have another opportunity to, to change.  
00:42:54 --> 00:42:59: So it's you better just make sure that you you  
00:42:59 --> 00:43:04: hit these future fit targets in your energy intensity for,  
00:43:04 --> 00:43:06: for your assets.  
00:43:06 --> 00:43:09: And then you should be safe for, for carbon emissions.  
00:43:09 --> 00:43:14: And then you've got to know that the embodied carbon  
00:43:14 --> 00:43:17: in the life cycle will be half the carbon.  
00:43:17 --> 00:43:20: So around half will be the operational carbon.  
00:43:20 --> 00:43:22: And then I think about half of the what is  
00:43:22 --> 00:43:25: carbon will be in your initial process for development.  
00:43:26 --> 00:43:29: And then the other two quarters will be spent during  
00:43:29 --> 00:43:31: the operation and at the end of life.  
00:43:31 --> 00:43:34: So it's it's something that you need to take into  
00:43:34 --> 00:43:34: account.  
00:43:34 --> 00:43:36: It's not just operational.  
00:43:38 --> 00:43:41: And I would say to a great extent it's already  
00:43:41 --> 00:43:41: here.  
00:43:42 --> 00:43:46: It's just not hitting us directly as asset managers or  
00:43:46 --> 00:43:50: asset owners, but it hits our value chain and the  
00:43:50 --> 00:43:55: the building materials are already subject to emission  
00:43:55 --> 00:43:58: schemes and  
00:43:55 --> 00:43:58: carbon tax in in many countries.  
00:43:59 --> 00:44:02: So it's already here when it comes to especially embodied

00:44:02 --> 00:44:05: emissions and on operational emissions.

00:44:05 --> 00:44:08: We also do see it sort of at the, at

00:44:08 --> 00:44:11: the at the source when it, when it comes to

00:44:11 --> 00:44:12: energy generation.

00:44:14 --> 00:44:16: So it's, it's, it's hitting us and it's going to

00:44:16 --> 00:44:17: continue to do that.

00:44:18 --> 00:44:21: But but in the near future, we don't see sort

00:44:21 --> 00:44:24: of us as a as a building owner sort of

00:44:24 --> 00:44:25: being taxed directly.

00:44:26 --> 00:44:29: But of course this helps us always keeping track of

00:44:29 --> 00:44:33: our exposure if if that would be the case, right?

00:44:35 --> 00:44:38: And actually Janine, someone's just asked in the in the

00:44:38 --> 00:44:40: question about how it sits with the UK given it's

00:44:40 --> 00:44:41: but not part of the EU.

00:44:42 --> 00:44:42: Yeah.

00:44:42 --> 00:44:43: So I've just seen that.

00:44:43 --> 00:44:48: So UK, the consultation for the UK green taxonomy was

00:44:48 --> 00:44:51: released a couple of weeks ago.

00:44:51 --> 00:44:54: So let's see what happens with that consultation.

00:44:56 --> 00:45:00: I mean, we've always seen this as being about de

00:45:00 --> 00:45:05: risking as opposed to sort of responding to potential taxes

00:45:05 --> 00:45:08: or, you know, looking for incentives.

00:45:08 --> 00:45:11: And so we saw it as a way of making,

00:45:11 --> 00:45:17: I guess, our portfolio more climate resilient because of having

00:45:17 --> 00:45:22: the actual internal carbon price and actually sort of driving

00:45:22 --> 00:45:26: a better outcome in terms of how close to, let's

00:45:26 --> 00:45:29: call it, net zero for now, net 0 carbon.

00:45:29 --> 00:45:31: Our buildings were that we were developing.

00:45:31 --> 00:45:32: And so it was.

00:45:32 --> 00:45:35: So for us, it's very much, it was much more

00:45:35 --> 00:45:40: around de risking climate resilience, driving down our

00:45:40 --> 00:45:46: embodied carbon

00:45:40 --> 00:45:46: emissions, driving down our carbon footprint more generally

00:45:46 --> 00:45:46: and behavioural

00:45:46 --> 00:45:46: change.

00:45:46 --> 00:45:50: Because actually what we found with it was that the

00:45:50 --> 00:45:53: internal comp prices had a huge impact on our supply

00:45:53 --> 00:45:57: chain because it means that when they're bringing proposals

00:45:57 --> 00:46:01: to

00:45:57 --> 00:46:01: us, they are having to actually calculate the carbon impact

00:46:01 --> 00:46:01: upfront.

00:46:02 --> 00:46:04: So the legislation is there.

00:46:04 --> 00:46:06: It's, it's something to think about.

00:46:07 --> 00:46:10: It's so it's something that we have to take into  
00:46:10 --> 00:46:15: account when we're making decisions, but it is absolutely not  
00:46:15 --> 00:46:17: and never has been a driver for us.  
00:46:18 --> 00:46:22: So but, but ultimately, and as has already been said,  
00:46:22 --> 00:46:26: you know, indirectly EU taxonomy also impacts us because  
we  
00:46:26 --> 00:46:31: have investors who are investing in businesses across the  
EU  
00:46:31 --> 00:46:32: as well as the UK.  
00:46:32 --> 00:46:36: So essentially they're using many of the same thought  
processes  
00:46:36 --> 00:46:38: to look at us as they are for our EU  
00:46:38 --> 00:46:39: peers.  
00:46:39 --> 00:46:42: So, so I don't think there's a huge differentiation actually  
00:46:42 --> 00:46:46: between how you would look at it from AUK perspective  
00:46:46 --> 00:46:48: to that of an EU perspective.  
00:46:49 --> 00:46:52: Yeah, thank you and thanks to everyone who's submitting in  
00:46:52 --> 00:46:53: questions.  
00:46:53 --> 00:46:55: We're just going to get through go through a few  
00:46:55 --> 00:46:56: of those now.  
00:46:56 --> 00:46:58: So appreciate you sending it in.  
00:46:59 --> 00:47:02: One of the ones I thought was quite interesting is  
00:47:02 --> 00:47:05: we've talked about interactions with value chains.  
00:47:05 --> 00:47:09: Deneen, you were, you were just mentioning it there, but  
00:47:09 --> 00:47:12: someone's asking, have you seen interest in this topic from  
00:47:12 --> 00:47:16: the building building users, so the tenants and the occupier  
00:47:16 --> 00:47:17: side of things?  
00:47:19 --> 00:47:22: So what we found with our with our building occupiers  
00:47:22 --> 00:47:25: is it very much depends upon the occupier as to  
00:47:25 --> 00:47:29: what the what the conversation, how the conversation works  
on  
00:47:29 --> 00:47:30: sustainability.  
00:47:31 --> 00:47:35: So Clifford Chance, who have taken space at our two  
00:47:35 --> 00:47:41: Oldhambury Square development, they have been very  
engaged in what  
00:47:41 --> 00:47:47: we've been doing from a sustainability perspective more  
generally on  
00:47:47 --> 00:47:50: the net 0 carbon buildings agenda.  
00:47:50 --> 00:47:52: And so in turn, the internal carbon price was part  
00:47:52 --> 00:47:53: of that conversation.  
00:47:54 --> 00:47:57: But I do think it's been more effective with our  
00:47:57 --> 00:47:59: supply chain than perhaps it has been with our customers.  
00:47:59 --> 00:48:02: And the conversation is slightly different from our customer



perspective.

**00:48:02 --> 00:48:04:** That would be my observation.

**00:48:04 --> 00:48:07:** It also depends on the size of the business that

**00:48:07 --> 00:48:11:** we're working with from our building occupiers as to whether

**00:48:11 --> 00:48:16:** when the conversation happens and, and and what questions they're

**00:48:16 --> 00:48:16:** asking.

**00:48:22 --> 00:48:23:** Any thoughts?

**00:48:23 --> 00:48:26:** Johann Martin from the occupier side or not seen much

**00:48:26 --> 00:48:27:** yet?

**00:48:27 --> 00:48:28:** Not really.

**00:48:28 --> 00:48:34:** We, we work with obviously retail and residents, so not

**00:48:34 --> 00:48:35:** much offices.

**00:48:35 --> 00:48:39:** I think for offices it's, it's really a game changer

**00:48:39 --> 00:48:43:** because everyone understands that you need a really well performing

**00:48:44 --> 00:48:47:** office because it's, it's the showcase of your company.

**00:48:47 --> 00:48:51:** So it's, it has much more reputational damage issues than

**00:48:51 --> 00:48:56:** than, than, than than residential or retail because residential retail

**00:48:56 --> 00:49:01:** are basically still driven by location, location, location that of

**00:49:01 --> 00:49:06:** course there's, there's there's large companies in retail that, that

**00:49:06 --> 00:49:09:** do have an obligation for CSOD as well.

**00:49:09 --> 00:49:11:** So there will be in the end chasing the same

**00:49:11 --> 00:49:13:** information as we are.

**00:49:13 --> 00:49:16:** So there there is a way to work together

**00:49:16 --> 00:49:20:** and to see how we can change behavior or get

**00:49:20 --> 00:49:22:** more energy efficient.

**00:49:22 --> 00:49:23:** So yeah, for sure.

**00:49:25 --> 00:49:29:** And then someone's asking a question directly about the suppliers

**00:49:29 --> 00:49:33:** and how you sort of how carbon pricing is discussed

**00:49:33 --> 00:49:33:** with them.

**00:49:34 --> 00:49:37:** Do you include it in the context of contractual agreements?

**00:49:37 --> 00:49:39:** Is it does it go that far or is it

**00:49:39 --> 00:49:40:** more of a a general discussion?

**00:49:42 --> 00:49:49:** Well, we've just issued new requirements.

**00:49:49 --> 00:49:52:** So in in our design brief, which also takes the

**00:49:52 --> 00:49:56:** carbon case into account, which makes them clear that what

**00:49:56 --> 00:49:59:** to what amount or to what extent we need the

**00:49:59 --> 00:50:02:** information on the bodies carbon through our design teams.

**00:50:03 --> 00:50:06:** And that will then be translated in in their designs

00:50:07 --> 00:50:10: and and their requests to the to the suppliers as  
00:50:10 --> 00:50:10: well.  
00:50:13 --> 00:50:16: I mean, I think from our perspective, we've been pretty  
00:50:16 --> 00:50:20: clear from the off that we have the internal carbon  
00:50:20 --> 00:50:23: price and the implications on our development, excuse me,  
on  
00:50:24 --> 00:50:25: our development schemes.  
00:50:26 --> 00:50:30: It helps that it's an actual price, whether that's concerned  
00:50:30 --> 00:50:34: because ultimately it does impact where the development  
lands at  
00:50:34 --> 00:50:37: the end in terms of, you know, whether it's on  
00:50:37 --> 00:50:38: budget or not.  
00:50:38 --> 00:50:42: And our project teams work quite hard to actually bring  
00:50:42 --> 00:50:46: down what they're going to be paying in internal carbon  
00:50:46 --> 00:50:47: price.  
00:50:47 --> 00:50:50: And in in a way that's what's driven the behavioural  
00:50:50 --> 00:50:53: change because they make it their business to reduce the  
00:50:53 --> 00:50:56: amount that they're putting into our decarbonisation fund  
because it  
00:50:56 --> 00:51:00: essentially allows them to spend their contingency in other  
places.  
00:51:01 --> 00:51:04: So that's a that's a sort of really helpful mechanism  
00:51:04 --> 00:51:04: for us.  
00:51:04 --> 00:51:08: So yeah, it's discussed upfront and as part of calculating  
00:51:08 --> 00:51:11: what the target and body carbon is going to be  
00:51:11 --> 00:51:13: for that particular development as well.  
00:51:14 --> 00:51:18: But in terms of sort of clauses in contracts, we're  
00:51:18 --> 00:51:22: not at the point yet where we're holding our development  
00:51:22 --> 00:51:27: partners to delivering a particular in body carbon target  
because  
00:51:27 --> 00:51:31: actually we're preferring to take the approach where you  
know  
00:51:32 --> 00:51:34: much more and the word gets overused.  
00:51:34 --> 00:51:35: But I'm going to use it anyway.  
00:51:35 --> 00:51:39: A much more collaborative approach with our supply chain  
where  
00:51:39 --> 00:51:43: we come to the table with different sort of potential  
00:51:43 --> 00:51:47: solutions to to a problem and work around it together.  
00:51:49 --> 00:51:54: I would say among the building material producers and  
manufacturers,  
00:51:54 --> 00:51:57: there's already a very high awareness of this.  
00:51:57 --> 00:52:03: They are sort of increasingly delivering products to market  
that  
00:52:03 --> 00:52:07: are sort of far advanced in, in, in decarbonisation.

00:52:09 --> 00:52:13: Then with our contractors, we have used the price actively  
00:52:13 --> 00:52:17: and and sometimes we've even had sort of mechanisms with  
00:52:17 --> 00:52:21: contractors where we could actually sort of pay them a  
00:52:21 --> 00:52:25: bonus payment if they would be able to decrease the  
00:52:25 --> 00:52:28: whole life footprint of a building.  
00:52:28 --> 00:52:32: And so sort of passing that financial incentive on to  
00:52:32 --> 00:52:36: our contractors, which has been been helpful, but  
always  
00:52:36 --> 00:52:40: sort of in connection with the with the targets and  
00:52:40 --> 00:52:44: sort of setting a quota basically for the contractor to  
00:52:44 --> 00:52:48: hit, whether it being sort of an upfront embodied target  
00:52:48 --> 00:52:51: with a whole life emissions target as well.  
00:52:52 --> 00:52:55: And just touching on the Occupy, I would say, yeah,  
00:52:55 --> 00:52:59: we haven't really gotten any attention from occupiers on the  
00:52:59 --> 00:53:01: on the carbon price in particular.  
00:53:01 --> 00:53:05: They are much more focused on getting information about  
the  
00:53:05 --> 00:53:10: actual emissions of the building, mainly operational, in some  
cases  
00:53:10 --> 00:53:13: embodied, but in order to be able to do their  
00:53:13 --> 00:53:17: own reporting, to showcase their own sort of pathway.  
00:53:17 --> 00:53:22: But but yeah, the mechanism works much better towards sort  
00:53:22 --> 00:53:24: of the supply chain.  
00:53:25 --> 00:53:26: Thank you.  
00:53:27 --> 00:53:30: Someone is asking what are the benefits, sort of additional  
00:53:30 --> 00:53:34: benefits of using a carbon price rather than just measuring  
00:53:34 --> 00:53:35: your carbon.  
00:53:35 --> 00:53:37: And I suppose we've heard a bit about the fee  
00:53:37 --> 00:53:37: paying.  
00:53:37 --> 00:53:40: But on the the shadow accounting side of things, have  
00:53:41 --> 00:53:43: you seen a sort of additional benefits of of moving  
00:53:44 --> 00:53:46: to that shadow carbon price on top of just measuring  
00:53:47 --> 00:53:48: what carbon is being used?  
00:53:49 --> 00:53:52: I would say it does make a difference if you  
00:53:52 --> 00:53:55: have your business case and in the end the profits.  
00:53:56 --> 00:54:00: And then there's this figure that says, but minus because  
00:54:00 --> 00:54:04: of your carbon impacts, which should actually move people  
to,  
00:54:04 --> 00:54:07: to to want to make that, that, that figure as  
00:54:07 --> 00:54:09: small as possible.  
00:54:10 --> 00:54:14: But then of course, probably the, the building costs in  
00:54:14 --> 00:54:17: the, in the business case itself might rise.  
00:54:17 --> 00:54:20: But fortunately the building costs or the material costs are

00:54:20 --> 00:54:24: not the only are not well determining everything in the  
00:54:24 --> 00:54:25: business case.  
00:54:25 --> 00:54:29: So it is challenging so because you still got to  
00:54:29 --> 00:54:31: be within these margins.  
00:54:33 --> 00:54:37: And, and in our experience there sort of to make  
00:54:38 --> 00:54:42: the real impactful choices, a carbon fee of say 90,  
00:54:42 --> 00:54:46: even maybe ???200 per tonne is, is not enough or  
00:54:47 --> 00:54:48: has not been enough.  
00:54:48 --> 00:54:53: Like for example, to replace a concrete construction with a  
00:54:53 --> 00:54:57: timber construction at least sort of in the past couple  
00:54:57 --> 00:55:01: of years that had has had has had a much  
00:55:01 --> 00:55:02: higher price.  
00:55:02 --> 00:55:05: And we are, we have seen that price coming down.  
00:55:05 --> 00:55:08: But sort of to be first mover on some of  
00:55:08 --> 00:55:12: these sort of more heavy levers in the in the  
00:55:12 --> 00:55:12: toolbox.  
00:55:13 --> 00:55:16: A carbon fee of this level is not always enough  
00:55:16 --> 00:55:17: to incentivize that.  
00:55:17 --> 00:55:19: And that's when you need sort of the the targets  
00:55:19 --> 00:55:20: and the quota as well.  
00:55:24 --> 00:55:29: Yeah, I think it's, it's interesting these these targets we've  
00:55:29 --> 00:55:33: seen, I think the, the province of Itrecht in the  
00:55:33 --> 00:55:37: Netherlands used 1200 or so or 900, I don't know.  
00:55:37 --> 00:55:40: And, and no, 875 I think.  
00:55:40 --> 00:55:44: And Amsterdam moved towards for 80 or so something, well  
00:55:44 --> 00:55:49: half, half of Itrecht, which is interesting because they they  
00:55:49 --> 00:55:52: have tried to make a true, true price.  
00:55:53 --> 00:55:56: But there's also people saying, well, this is definitely not  
00:55:56 --> 00:55:57: a true price.  
00:55:57 --> 00:56:00: If you take everything in the chain into consideration, it,  
00:56:00 --> 00:56:02: it might as well be 1500.  
00:56:02 --> 00:56:06: So yeah, there's it's, I think most people stick to  
00:56:07 --> 00:56:11: around 100 because that makes a bit more sense to  
00:56:11 --> 00:56:14: relating it to your business case.  
00:56:15 --> 00:56:19: We took the International Energy Agency figure, they have  
00:56:20 --> 00:56:22: drawn  
00:56:22 --> 00:56:26: a graph where they expected to be going.  
00:56:26 --> 00:56:30: So it's around 120, maybe slightly higher already, but that's  
00:56:30 --> 00:56:33: why we started with 120 and the experience will then  
00:56:33 --> 00:56:33: learn if if we need to tweak the figures or  
00:56:33 --> 00:56:33: not.  
00:56:35 --> 00:56:35: Thank you.

00:56:36 --> 00:56:39: Unfortunately, we are quickly running out of time and there's  
00:56:39 --> 00:56:41: been some great questions sent in mostly towards the end.  
00:56:41 --> 00:56:43: So I'm sorry we didn't have a chance to address  
00:56:43 --> 00:56:44: all of them.  
00:56:44 --> 00:56:46: Please do e-mail them to me.  
00:56:46 --> 00:56:48: I'm not sure we can see exactly who you are  
00:56:48 --> 00:56:51: via Zoom and we will do our best to get  
00:56:51 --> 00:56:52: back to you on those.  
00:56:52 --> 00:56:55: I have a final question for the panel and that  
00:56:55 --> 00:56:58: is we've seen a great amount of interest in carbon  
00:56:58 --> 00:57:00: pricing just from this webinar alone.  
00:57:01 --> 00:57:04: Very quickly perhaps in a sentence or two, could you  
00:57:04 --> 00:57:07: give us what your what advice you would give for  
00:57:07 --> 00:57:10: those looking at implementing a carbon price?  
00:57:12 --> 00:57:14: Martin, would you like to start?  
00:57:14 --> 00:57:19: Yeah, I would definitely say start registering recording your  
embodied  
00:57:19 --> 00:57:22: carbon emissions just for the sake of it to have  
00:57:22 --> 00:57:25: the data even if you if you are struggling to  
00:57:25 --> 00:57:28: introduce any carbon pricing tool or whatsoever you need the  
00:57:29 --> 00:57:29: data.  
00:57:29 --> 00:57:31: So I'm now looking back at at projects that we  
00:57:31 --> 00:57:33: started two years ago.  
00:57:33 --> 00:57:35: If if I can get a grip on this day  
00:57:35 --> 00:57:37: of on this data.  
00:57:37 --> 00:57:39: So to have a little bit more than have to  
00:57:39 --> 00:57:40: having to wait for three years.  
00:57:40 --> 00:57:44: So definitely start start collecting.  
00:57:45 --> 00:57:46: Thank you, Janine.  
00:57:47 --> 00:57:49: So yeah, get started.  
00:57:50 --> 00:57:53: And I think the other thing is, is get everybody  
00:57:53 --> 00:57:55: you need on board.  
00:57:56 --> 00:58:00: Behavioural change can only happen if you talk to everybody  
00:58:00 --> 00:58:04: impacted by what you're, what you're, what you're doing and  
00:58:04 --> 00:58:06: make sure that you get their buy in.  
00:58:06 --> 00:58:06: Thank.  
00:58:07 --> 00:58:08: You and Johan.  
00:58:09 --> 00:58:09: Yeah.  
00:58:09 --> 00:58:12: I would say sort of consider the purpose real carefully  
00:58:12 --> 00:58:16: and because that will inform your decisions on whether you  
00:58:16 --> 00:58:19: need a physical payment or a shadow price.  
00:58:19 --> 00:58:22: And if you're going down the road of a physical

00:58:22 --> 00:58:24: payment, sort of, you need to get your CFO on  
00:58:24 --> 00:58:25: board very quickly.  
00:58:27 --> 00:58:29: Amazing, really, really powerful advice there.  
00:58:29 --> 00:58:32: And I feel like we could have continued this conversation  
00:58:32 --> 00:58:34: on, but really appreciate that for our attendees.  
00:58:34 --> 00:58:37: We do have a quick poll for you to fill  
00:58:37 --> 00:58:39: in, just a quick bit of feedback.  
00:58:40 --> 00:58:43: It should just take you literally 30 seconds to fill  
00:58:43 --> 00:58:44: in three questions.  
00:58:44 --> 00:58:47: We'd really appreciate your feedback on that.  
00:58:48 --> 00:58:51: And while you're doing that, I'd just like to tell  
00:58:51 --> 00:58:54: you about another webinar that we have happening at ULI  
00:58:54 --> 00:58:55: tomorrow.  
00:58:56 --> 00:59:00: So this is showcasing the awards for excellent winners.  
00:59:00 --> 00:59:04: You can see the the five projects on the screen  
00:59:04 --> 00:59:04: there.  
00:59:05 --> 00:59:06: Please do join us.  
00:59:07 --> 00:59:09: We can you'll be able to find the link etcetera  
00:59:10 --> 00:59:10: on our website.  
00:59:11 --> 00:59:13: And finally, I just want to say a huge thank  
00:59:13 --> 00:59:15: you to the panelists.  
00:59:15 --> 00:59:16: Thank you to everyone for joining us.  
00:59:17 --> 00:59:19: I think I'm allowed to say Merry Christmas, but I'm  
00:59:19 --> 00:59:21: I'm not sure, but I'm going to do it.  
00:59:21 --> 00:59:24: Merry Christmas to everyone and see you next time.  
00:59:24 --> 00:59:25: Thank you very much.  
00:59:28 --> 00:59:28: Thank you.  
00:59:28 --> 00:59:28: Thanks.

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