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**EUROPEAN REGIONAL
CHAPTER**

SIOR Europe Workshop: Climate Change and Sustainability

At Tuesday 23rd November's SIOR Europe webinar on climate change and sustainability, we welcomed a group of specialist participants representing a broad spectrum of disciplines within the real estate sector from across Europe.

What followed was an illuminating discussion – asking key questions on what needs to happen next for the built environment to deliver on the goals made at COP26, with our panellists sharing their unique perspectives, experiences and solutions to shape a way forward.

Introduced and hosted by Renata Osiecka, Managing Partner at [AXI Immo Group](#), and expertly moderated by Greg Borel, Founder & Director of [Ampersand Partners](#) and organiser of [CUBE](#) in the UK, we were joined by Laura Kelly – Director at [PwC](#), Ann Marie Aguilar – SVP EMEA at [International WELL Building Institute](#), Fabian Mühlen – Partner at [DLA Piper](#), who spoke to us from Frankfurt, and Jennifer Taranto – Director of Sustainability at [STO Building Group](#).

The workshop kicked off with the vital question. Given that one of the major takeaways from the recent COP26 climate summit was the need for immediate action rather than talking about commitments to sustainability, the webinar started with what needs to happen *now*? How do we translate the grand plans made at COP26 into tangible impact in the short-term?

- Our participants agreed that collaboration is a huge focus. Net zero is transformative and companies acting by themselves are not enough to counteract the climate emergency – it requires change at policy as well as market level
- [CUBE](#) and [WELL](#) are two initiatives that deliver impact. The CUBE competition, run in the UK by Ampersand Partners after marked success elsewhere in Europe, focuses on the user experience and behavioural change to drive reduced energy consumption. It also feeds into closer collaboration and engagement between landlords and occupiers. WELL, meanwhile, highlights how human health and wellbeing is inextricably linked to the health of the planet – which means creating people-first places as a way to address environmental challenges. Offices seeking to encourage people to return must ensure inviting environments with characteristics such as air quality, access to natural light, provision of healthy food choices and more
- We heard about the increasing importance of the 'S' in ESG, and Ann Marie outlined how social impact is now influencing portfolio-wide decisions, and businesses that prioritise wellbeing see a stronger return on investment

Panellists shared interesting insights on industry trends they are seeing:

- Laura spoke of how some clients remain on the fence about climate issues, while others have put it at the heart of their operations. She noted that clients are growing aware that there is a commercial – not just moral – imperative to embedding sustainability credentials into their businesses. What will be the main drivers to get the late-comers to join the climate agenda? Policy and market dynamics will play a part. Companies are realising that, for their next round of fundraising or to achieve the next level of their expansion plans, they need to be ESG-compliant to attract investors



- Jennifer shared how her organisation is mirroring the same values as its clients. The pandemic, too, has been a huge disrupter and accelerated the climate discussion. In the construction sector, given that 11% of all greenhouse gasses come from building materials, they are looking at how to manage the impact of embodied carbon and transportation. Electrification is another major theme. With embodied carbon, concrete, metal and insulation of water proving big contributors, timber is becoming a key consideration in terms of the schemes STO is working on
- Fabian, who spoke from the point of view of not only a legal advisor but a corporate enterprise and a tenant, said that he's increasingly asked by clients about how to integrate ESG into real estate transactions and the due diligence that comes with that, plus the rising popularity of green leasing agreements, sustainable facilities management, and SPAs. He's seen an evolution in the past 15 years, from when ESG was barely on the radar to now becoming front and centre. Deals have moved away from singular agreements, to the transaction as a whole being ESG-compliant – it's a more holistic approach. He's also asked to analyse the social aspect of schemes, and governance in terms of AML, KYC, anti-corruption and the drive for greater transparency. DLA Piper is seeing a big trend for carbon-neutral or carbon-optimised funds and buildings, both for existing and new developments. These buildings will generate better demand and command higher prices
- Industry players are cognisant that, while ESG can bring financial pay-offs, it requires investment up-front. However, the longer-term value, for both the environment and for their exit scenario, is worth it. Tenants are also more enthusiastic about the sustainability agenda than five years ago
- Webinar participants noted that there is still a lingering risk of greenwashing with some, and agreed on the need to elevate the level of transparency and reporting. That involves more data and knowledge-sharing, to demonstrate the measurable effects of climate initiatives to others
- There was consensus that the route to effective industry-wide collaboration is early engagement and having those critical conversations from the outset, the design stage, thus setting the right foundation for construction and other latter phases of projects
- Apart from the big corporations embedding these measures, there is also considerable opportunity for small and medium entities, which are much more agile and can transform organisational culture more easily

The session closed with the question of where is collaboration needed most? Answers ranged from co-operating with third party ESG frameworks and environmental ratings bodies, more R&D into electrification and other energy efficiencies in construction, setting mutual climate objectives with tenants, transparency with the market and peers, and leading by example with responsible procurement and client intake (i.e. working with those who demonstrate their commitment to climate and ESG factors).

The overarching conclusion? We all need to think beyond our own organisations, as the only way to deliver on the promise of COP26 is through collective endeavour.

You can see the full webinar here – 60 minute watch

[SIO R Europe Workshop Climate Change & Sustainability, 23 Nov 2021. - YouTube](#)