

Considering ESG in Construction

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ABOUT US



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Keyah Consulting

Working with clients across the built environment on ESG.



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Advising on development strategy and ESG.

What we'll cover

WHAT ESG IS AND WHY IT MATTERS

ESG IN CONSTRUCTION AND THE BUILT ENVIRONMENT

WHAT NOW ?!?! - GETTING STARTED

WHAT ESG IS AND WHY IT MATTERS

ESG

ENVIRONMENT

Climate change

Greenhouse gas emissions

Biodiversity

Energy efficiency

Water and material wastage

SOCIAL

Diversity & inclusion

Stakeholder engagement

Staff health & wellbeing

Human rights

Employee devt & retention

GOVERNANCE

Board compensation & diversity

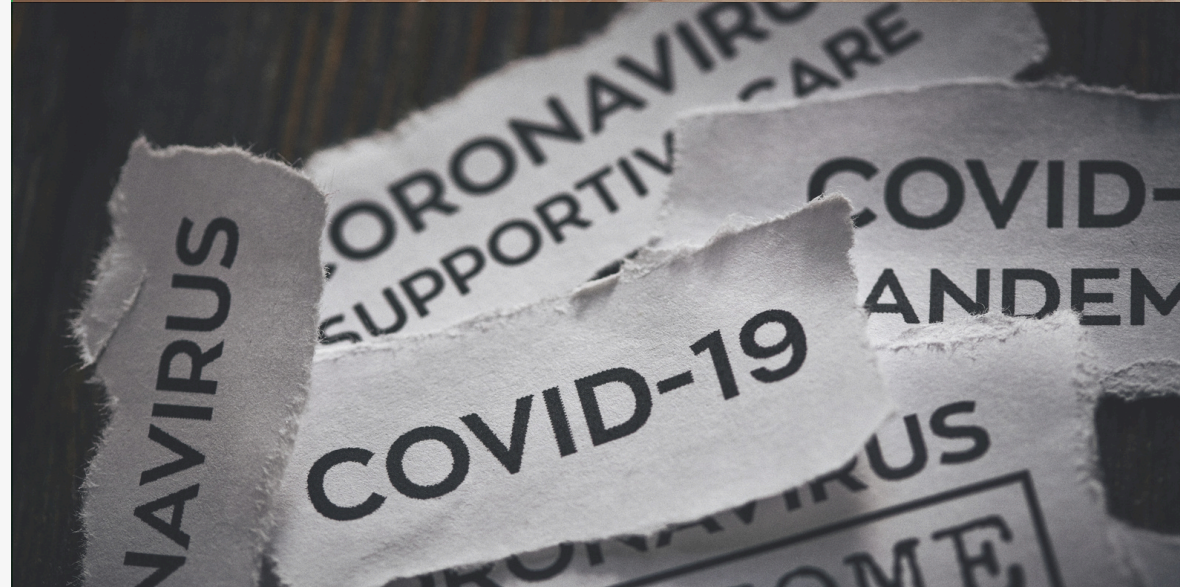
Risk management at organisational level

Financial management

Ownership & control

Why now

Recognition of the role of companies, and finance, in addressing regional and global issues.



Key drivers

Growing lender & investor interest

Liquidity & value

Mitigation of current & future risks

Attracting & retaining staff

Current & emerging regulatory requirements

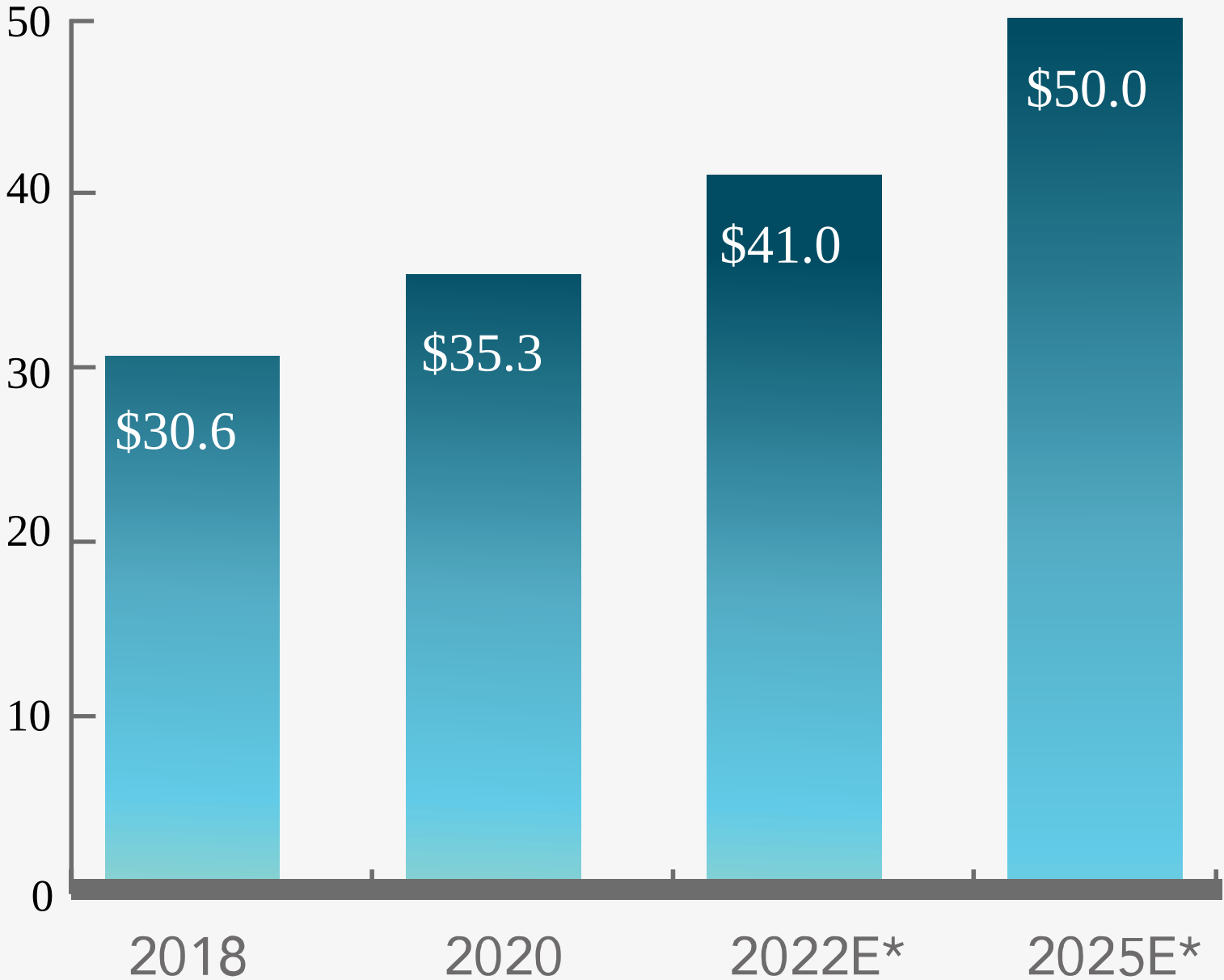
Improved visibility & credibility



“In the future, climate and ESG considerations will likely be at the heart of mainstream investing. Investors will tailor their investments and fulfil their fiduciary duties through: better quality and more widely available data on sustainability and performance, and more informed judgements of strategic resilience.”

Mark Carney, Former Governor Bank of England

ESG Global Assets under Management (\$ Trillions)



**estimated*

Source: Global Sustainable Investment Alliance, Bloomberg Intelligence

GLOBAL INVESTMENT TRENDS

SOURCE: [HTTPS://WWW.PIONLINE.COM/ESGMA-REPORT2022#](https://www.pionline.com/esgma-report2022#)

Corporate level - the regulatory context



The UK has ambitious plans for enhancing ESG disclosures. But it remains a hodgepodge ...

- Taskforce on Climate-Related Financial Disclosures (TCFD) has been mandated for more than 1,300 of the largest UK-registered companies and financial institutions.
- The UK is developing its own Sustainability Disclosure Regulations (SDR) and Taxonomy.
- ISSB Standards expected to be adopted under UK law by 2024/25. In draft.
- A gamut of reporting requirements relevant to ESG i.e. Modern Day Slavery; Gender Pay Gap
- Need to consider alignment with and impact of EU legislation including SFDR, EU Taxonomy, CSDR

Multiple reporting frameworks



Used to:

- Identify best practice at national and international levels
- Track performance at asset and portfolio levels
- Set and measure against ESG improvement goals
- Communicate ESG credentials to investors, clients, asset managers etc
- Enhance assets and improve efficiency/reduce costs

There is currently no single reporting standard.

ESG IN CONSTRUCTION AND THE BUILT ENVIRONMENT



Humans Changed the Face of the Earth, Now We Rethin...



The Circular Economy

Watch on  YouTube

Why real estate

Buildings and construction together account for 39% of energy-related carbon dioxide (CO₂) emissions.

UN ENVIRONMENT PROGRAMME



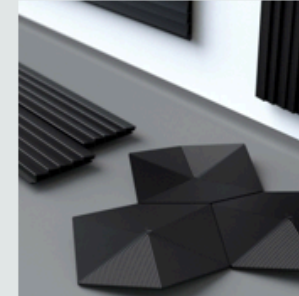
The regulatory context



- Climate Change Act 2008 (2050 Target Amendment) Order 2019 - 100% reduction* in emissions by 2050
- Environment Bill 2020 - biodiversity net gain
- BEIS consultation (March '22) on operational energy use and Energy Efficient Reports (EER's) communications from Lord Deben (CCC) Feb '23
- UK Building Regulations - 75-80% improv. emissions compared to 2013 regs
 - Part L: conservation of fuel and power
 - Part F: ventilation
 - Part Z: industry pressure
- Future Homes Standard 2025
- Phasing out of refrigerants and coolants for AC
- Minimum Energy Efficiency Standards (MEEs)

*when compared to 1990 levels

What will 2030 look like?



ESG in construction

Focus Areas

ENVIRONMENT

Materials - EPD's
 Building certifications
 Energy
 Water
 Waste & pollution
 Air Quality
 Circular Economy
 Modular Building
 Whole life carbon
 Tech & data

SOCIAL

STAFF
 DE&I
 Mental & physical health
 Productivity
 Health & safety

SUPPLY CHAIN
 Modern slavery
 Ask the question

COMMUNITY
 Public Realm
 Neighbours
 Local employment
 Education

GOVERNANCE

Business-level
 certification & training
 Risk management
 Diverse leadership
 Business culture
 Policy documents
 Supply chain
 Data strategy
 Verification & validation

WHAT NOW ?!?! - GETTING STARTED

Getting started



Understanding what questions to ask

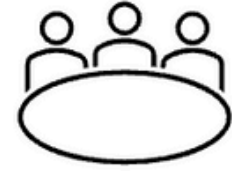
Considering the why

Consideration of material factors (double & dynamic materiality)

Start collecting data and establish KPIs and baselines

Embed across the organisation

ESG Actions



ENGAGEMENT across
business stakeholders /
consultants / suppliers /
customers



**REPORTING /
CERTIFICATION /
COLLABORATION**
investigate the most relevant
options



DRIVE LIQUIDITY –
connect with your
customers / increase
income + value /
strengthen brand



MEASURE and understand
your baseline carbon /
waste footprint



IMPROVE EFFICIENCY
reduce year-on-year
impact and energy costs



DRIVE VALUE
people / planet /
prosperity

HOW TO GET IT RIGHT

Clear
strategy

Accountability
& transparency

Data &
evidence

'...business impacts and serves more than just shareholders - it has an equal responsibility to the community and the planet.'

Rose Marcario, CEO, Patagonia

Join the ESG in Real Estate group
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