

The main title "ESG & Sustainability OVERVIEW" is centered on a dark green background. The text is in white, with "OVERVIEW" in a larger, bold font. The background features decorative white curved lines on the left and a pattern of light green circles on the right.

ESG & Sustainability
OVERVIEW



Humanity is the new geological superpower; we now control the environment and evolution on Earth.

Prof. Mark Maslin, May 2021

Is it a burden to make your community a better place to live?



Everything we do for the climate, no matter how small, makes a difference.



REAL ESTATE ESG & SUSTAINABILITY

Climate change may appear to be an intractable, and unsolvable problem, but the real estate sector is uniquely positioned to mitigate impacts and increase resilience to environmental risks.

The future does not look like the past. The advancement of climate model scenarios is dependent on multiple interlinked systems of the economy, societal choices, and physical realities of climate change. Together these systems are facilitating more informed investment strategies and a greater understanding of investment exposure to these types of risks as we transition away from a high carbon society.

The macroprudential challenges of climate change and financial stability are:

- Financing the transition.
- Capital markets are an important component to bank lending and public investments in closing the technical investment gap in the green transition (Born et al., 2021).
- The climate and energy targets set out at the European level require major technological investments, with associated financing needs by 2030 estimated at around €330 billion every year (European Commission, 2020).

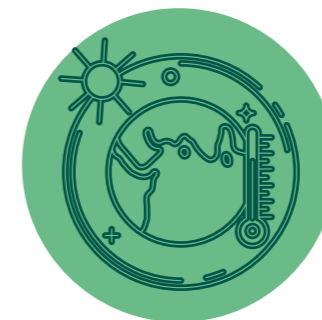
The Scaling up of green finance is underpinned by 3 key pieces of legislation:



EU Taxonomy



*Sustainability-Related
Disclosures (SFDR)*



*Climate Benchmarks
and Benchmarks' ESG
disclosures (EU PAB)*

WHY DO REAL ESTATE INVESTORS CARE ABOUT ESG & SUSTAINABILITY?

There is a growing recognition that ESG is a driver of corporate business value and financial risk, in other words businesses recognising that climate risk is financial risk.

There is no “one size fits all” for an ESG strategy.

- Investors utilise ESG metrics to align investment decision-making with their personal / corporate values.
- Investors are aware of increasing regulation and the requirements of ESG related regulatory disclosures which are driving transparency in sustainable real estate investment.
- ESG, sustainability and climate risk are increasingly shaping and influencing real estate valuation and investment. Investors and real estate owners want to avoid Stranded Asset Syndrome. Stranded Assets are properties that will not meet future energy efficiency standards and market expectations and could be at risk of early economic obsolescence.
- Investors who embrace the transition to a low carbon economy and lower Greenhouse Gas Emissions (GHG) from the built environment will reap the ‘green’ premium opportunities and non-financial benefits.



CSR REPORTING ON DECISION MAKING

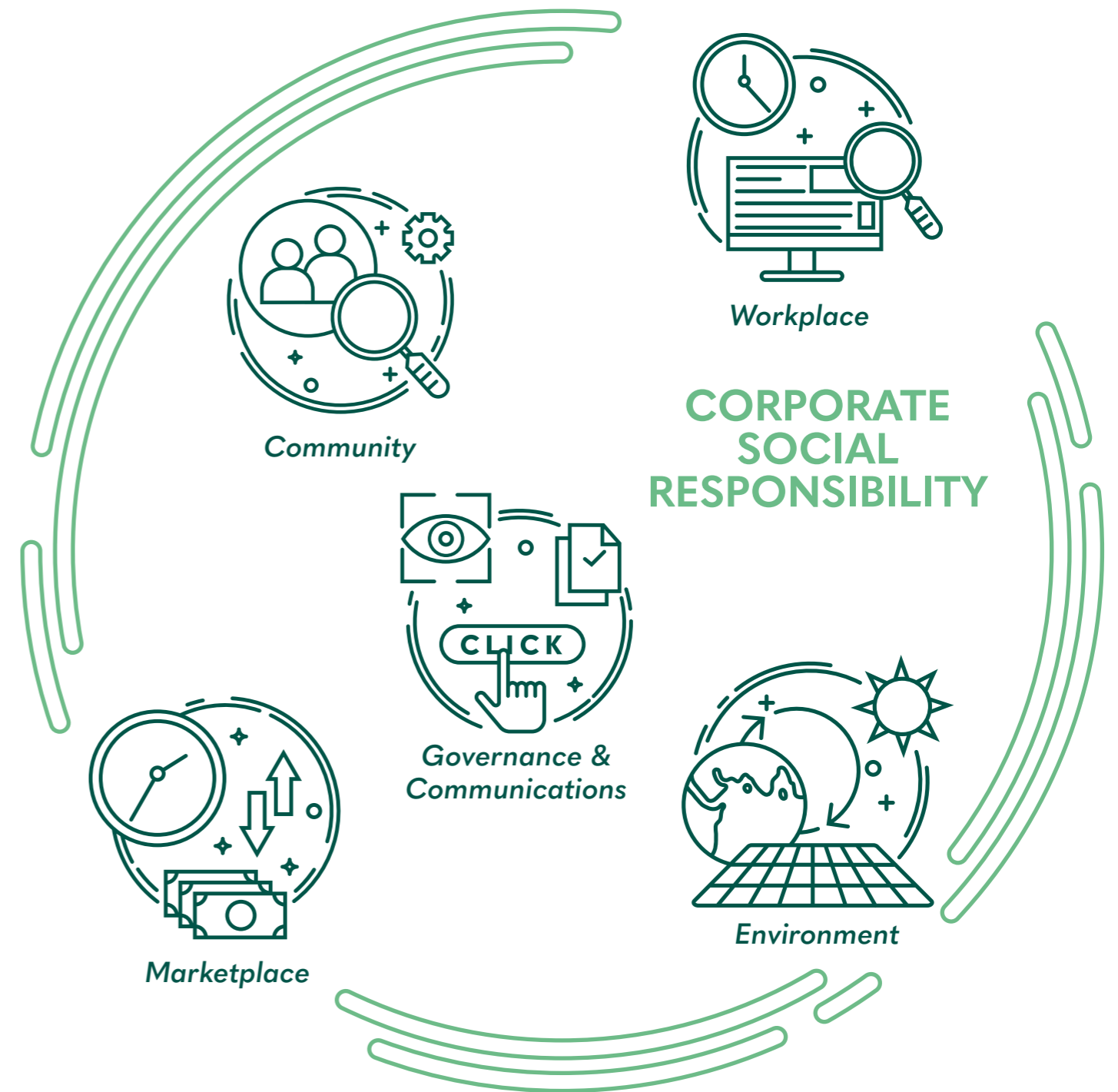
CSR IS NOT ESG

What is it?

Corporate Social Responsibility (CSR) refers to companies taking responsibility for their impact on society. It is a concept whereby enterprises integrate social and environmental concerns into their mainstream business operations on a voluntary basis.

CSR goes beyond compliance with legislative requirements. It is a voluntary concept, which is led by business. It is a process which maximises the creation of shared value through collaboration with all stakeholders and ensures that the interests of enterprises and the interests of wider society are mutually supportive.

Corporate social responsibility practices can impact and influence many areas of business and revolve around five pillars, as seen on the right.



CSR COMMITMENT

Our organisation is dedicated and passionate about a future where our planet and its inhabitants live without fear and anxiety of global warming and its ramifications for the next generation.

CHALLENGES FOR REAL ESTATE

The Paris Agreement has set a global warming limit of 1.5°C by 2050. This will require the rapid decarbonisation of all major sectors such as energy, transport, agriculture, and buildings.

Real estate accounts for nearly 40% of global carbon emissions, making it one of the most significant contributors to greenhouse gases and global warming. Embodied carbon from construction materials like steel and cement accounts for around approximately 11% of global GHG. Additionally, the operational emissions of buildings account for approximately 28% of global emissions through high-carbon energy sources such as oil and gas. Therefore, real estate is faced with the difficult challenge of decarbonising a highly polluting industry.

Real estate challenges:



Meeting regulation & reporting standards.



Improving building performance.



Renovating existing buildings.



Utilising the circular economy.

85%

of existing buildings will still be in use by 2050.

50%

Energy demand will increase by 50% before 2050.

50%

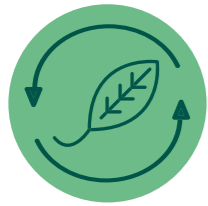
Buildings currently make up 50% of global material use.



OPPORTUNITIES FOR GREEN REAL ESTATE



Reduced Operating Costs



Resilience to Climate Change



Green Finance

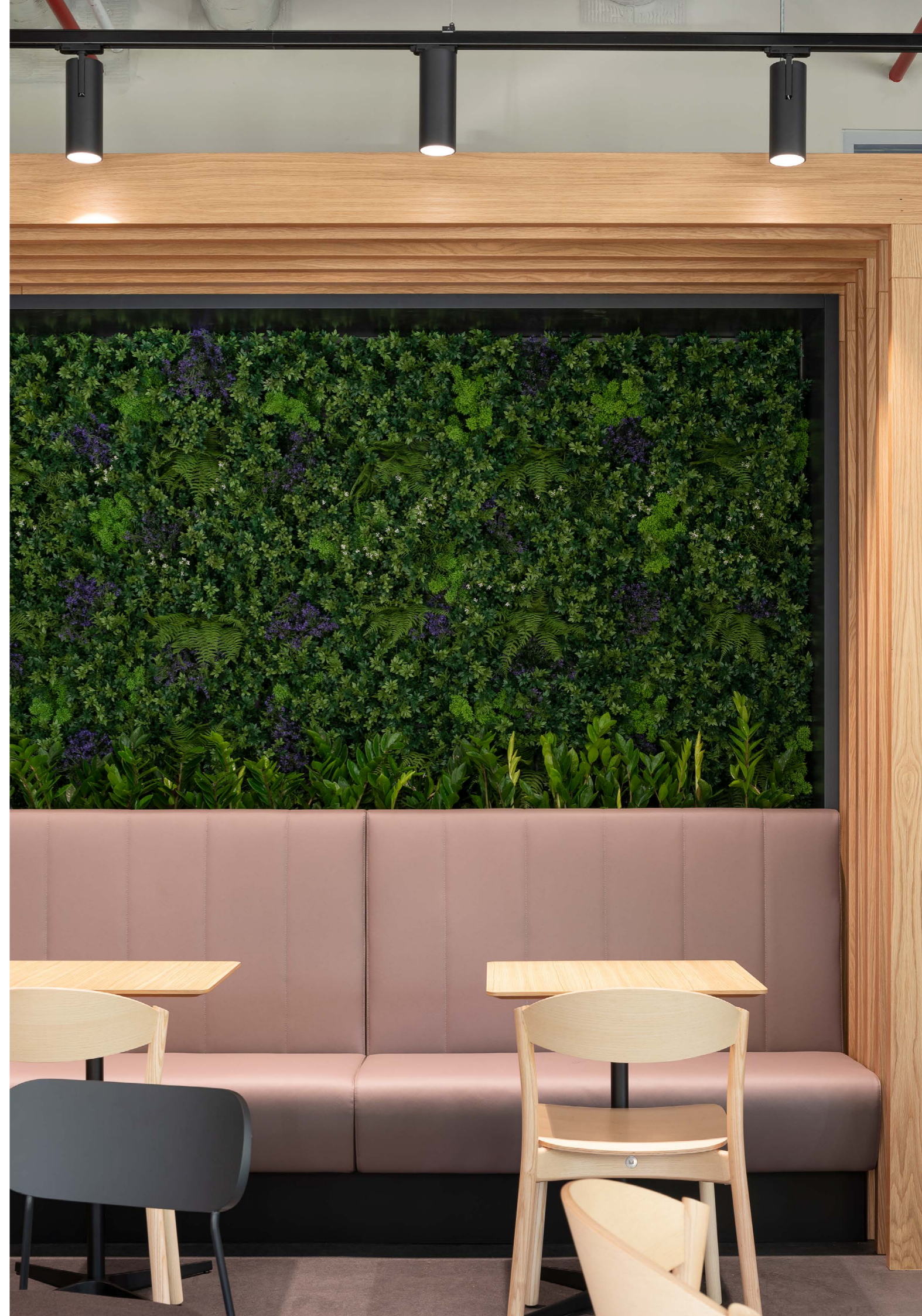


Green Premium

Sustainable portfolios have significant commercial benefits:

- A) reduced risk of obsolescence
- B) lower operating costs
- C) better occupier retention
- D) greater social impact

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REAL ESTATE AND DECARBONISATION



The decarbonisation of the real estate sector requires a radical shift in the way we design and operate our buildings. We need to change the design for compliance and focus on how the building will perform in operation; the outputs, not the inputs. For new developments setting the Energy in Use Intensity (EUI) at the design stage is a key deliverable for meeting our climate targets.

At OSA our strategy for building sustainability comes through an Environmental, Social and Governance (ESG) lens. We will focus our attention on the introduction and inclusion of more sustainable practices during the building's design, delivery, and monitoring.

Investors and building owners can decarbonise the real estate sector assisted by:

- **Regulation:** Real estate owners and investors must be vigilant of new regulations and directives placing greater onus on energy performance, flexibility and scope emissions reduction.
- **Reporting:** Strong corporate governance can transition the real estate sector towards more sustainable building portfolios.
- **Data Disclosure:** By expanding the data coverage of a building, property owners and managers are well equipped to effectively monitor and measure the waste, water, and energy consumption of a building.
- **Low-Carbon Technology:** Real estate owners can future-proof their buildings through the installation of new and efficient IOT technology.
- **KPI:** With more ambitious targets and policies expected, property owners and investors are seeking to continuously improve the sustainability performance and the ESG credentials of their buildings and portfolios.



Socio economic challenges and how to incorporate them into real estate development for commercial and residential projects is fast becoming as important as tackling climate change.

It's about looking out from the development into the community, not just looking inwards at the building.

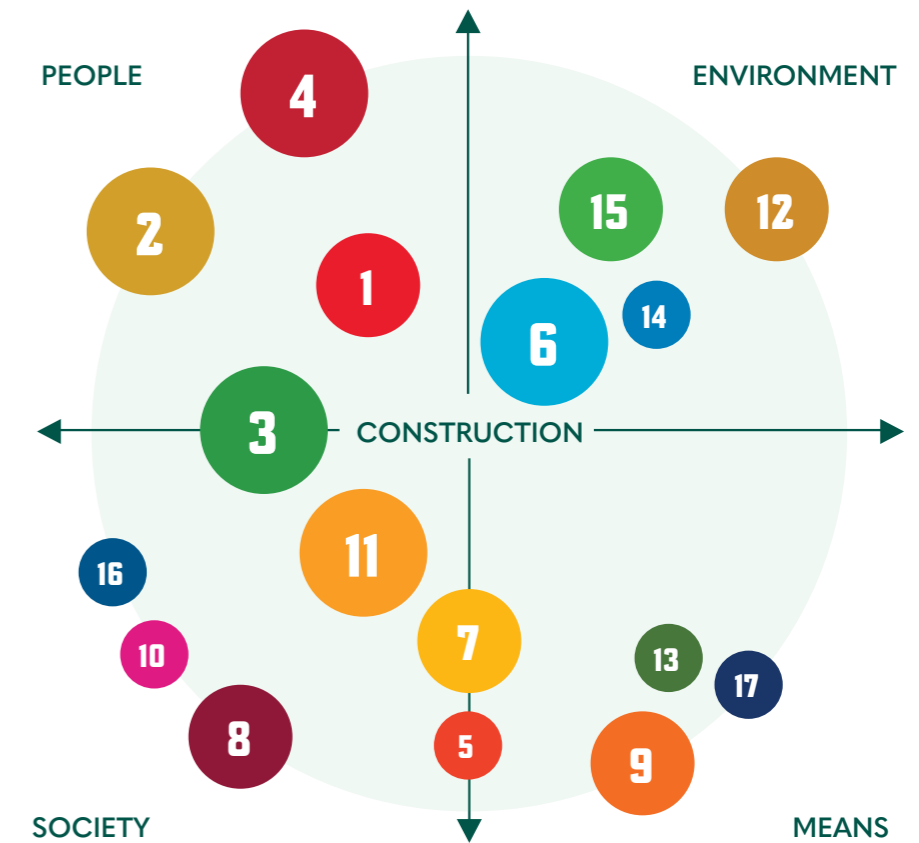
The biggest socio economic challenge we face is transitioning to a resilient and sustainable net zero economy for all.



CLIMATE CHANGE AND THE LIMITED NATURAL RESOURCES...

...means that traditional approaches to the property sector need to change radically, in other words property should be sustainable.

As a group of construction professionals and property managers we are at the heart of this transition and should be fully committed to reducing our own and our client's environmental impact across the property lifecycle.



UNSDG's in the context of Design development.



HOW OPTIMAL SUSTAINABILITY ADVISORS (OSA) CAN HELP

OSA was founded in response to growing sustainability and socioeconomic challenges in the Irish real estate and construction sectors. We want to ensure Environmental, Social and Governance (ESG) leadership becomes standard practice throughout our industry. Our primary objective is to guide our clients as they transition towards a net-zero economy and achieve the best possible commercial success.

Our sustainability practices include collaborating with our clients in establishing strong ESG metrics to reduce Scope 1, 2 and 3 emissions across both new and existing real-estate, commercial and residential projects. This will have the added benefit of enhancing the value of their real-estate assets.

Always at the forefront of sustainability market trends, we are here to help you discover new business opportunities, mitigate, and adapt to climate risks, and drive innovation.

Optimal Sustainability Advisors aim to set a new standard for tackling Sustainability issues and establish its industry presence.

Unmeasured risk is unmanageable risk!



Certifications, Accreditations & Memberships

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OUR SERVICES

1. Responsible investment advice
2. ESG / Sustainability brand standards for real estate
3. Building Energy Audits / Decarbonisation road maps
4. Climate mitigation & adaptation strategies
5. Data Analytics (Scope 1 + 2)
6. Smart building (IOT) advice (data disclosure / demand response)
7. Whole life carbon assessment (Scope 3)
8. Pre-acquisition & disposal due diligence
9. Taxonomy advice for new and refurbishment projects / commercial and residential
10. Sustainability guidance for property managers
 - energy flexibility
 - waste management
 - water management
 - sustainable procurement



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