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# The race to net zero JUST GOT A LITTLE FASTER



If there was ever any doubt as to the devastating realities of our climate crisis, [the Intergovernmental Panel on Climate Change's report \(IPCC\)](#) highlighting the current state of the climate should confirm otherwise. This major UN scientific report has confirmed the unequivocal damage on the atmosphere, land and ocean as a result of human influence. Sadly, for many of these consequences, there is no going back.

While the real estate sector has made tremendous strides in tackling its contribution to the crisis, more still needs to be done. According to the IPCC's headline statements, global surface temperature will continue to increase until at least the mid-century under all emissions scenarios considered and global warming of 1.5°C and 2°C will be exceeded during the 21st century unless deep reductions in CO<sup>2</sup> and other greenhouse gas emissions occur in the coming decades.

Headlines like "Net Zero Carbon – when will we see the real winners emerge" are not things we should focus on. Tackling climate change and managing the level of risk we are all exposed to shouldn't be a competition. We all need to join the race to zero and work together to make sure this happens. In my role, I am fortunate enough to be part of a supportive network of ESG peers. We cheer each other on with continual guidance and direction.

For any sceptics out there who still believe that addressing our impact on the environment is only about "doing the right thing" – let me reassure you that it's more than that. It's good business. The market is rapidly looking at ways to decarbonise and is implementing initiatives that support this transition – from internal carbon pricing to increased renewable energy sources to building net zero roadmaps at an asset level.

At Fiera Real Estate UK, along with many of our peers, we have appointed a net zero partner to build a pathway to net zero carbon for all our investment funds. This pathway involves looking at reducing our energy demand and then using renewable energy sources to meet our reduced demand. The market will decarbonise, which is why we at Fiera Real Estate are playing our part to ensure we're on the right side of that change.

We also have a fiduciary duty to our investors to ensure our portfolios are fit for the future. This requires actively understanding the level of physical and transition climate risk our assets are exposed to and managing that appropriately. We have recently subscribed to MSCI's Climate Value-at-Risk (CVaR) product to help us better manage our climate risk and support our commitment to Task Force Climate Related Financial Disclosures (TCFD) reporting. We also believe that participating in industry services and benchmarks like MSCI's CVaR will further drive change and support our wider understanding of the impact of climate change on financial performance.

We've been working throughout this year to further understand our carbon footprint at FRE UK. With strategic direction from our external consultants, we chose a nature-based solution to remove our carbon, restore nature and support local communities. We have removed 17.38 tCO<sup>2</sup>e (equal to 110% of our 2020 business carbon footprint) through the [Kasigau Corridor project](#) in Rukinga, Kenya. This project protects an expanse of over 200,000 hectares of dryland Acacia-Commiphora forest, home to over 2,000 elephants, and also provides social programmes whose impact reaches over 116,000 people. The project is VCS verified and aligns to our commitment to the SDGs; namely 3, 8, 12 and 13.

Effectively managing climate risk and integrating ESG into our corporate operations and asset management responsibilities requires us to look beyond today. With COP26 around the corner, we need to look ahead – at future regulation, industry best practice and investor requirements – to protect our planet and provide our investors with assets that are resilient to the changes that are coming.

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## Contact Information



**Jessica Pilz**  
**ESG Associate Director**  
Fiera Real Estate UK  
[Jessica.Pilz@fierarealestate.com](mailto:Jessica.Pilz@fierarealestate.com)



**Emma Murray**  
**Business Development Director**  
Fiera Real Estate UK  
[Emma.Murray@fierarealestate.com](mailto:Emma.Murray@fierarealestate.com)

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[property@fierarealestate.com](mailto:property@fierarealestate.com)

[fierarealestate.co.uk/esg](http://fierarealestate.co.uk/esg)

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Fiera Capital (Germany) GmbH  
Walther-von-Cronberg-Platz 13, 60594 Frankfurt, Germany.

Tel: +49 69 9202 075-0