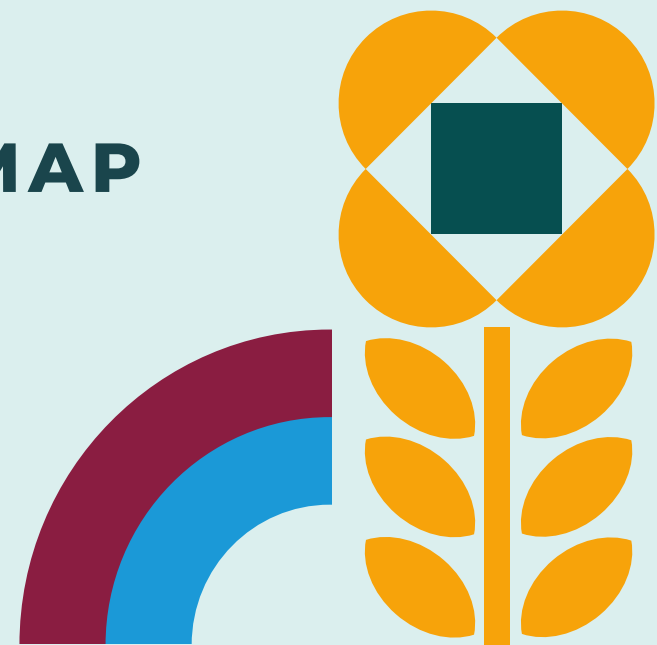
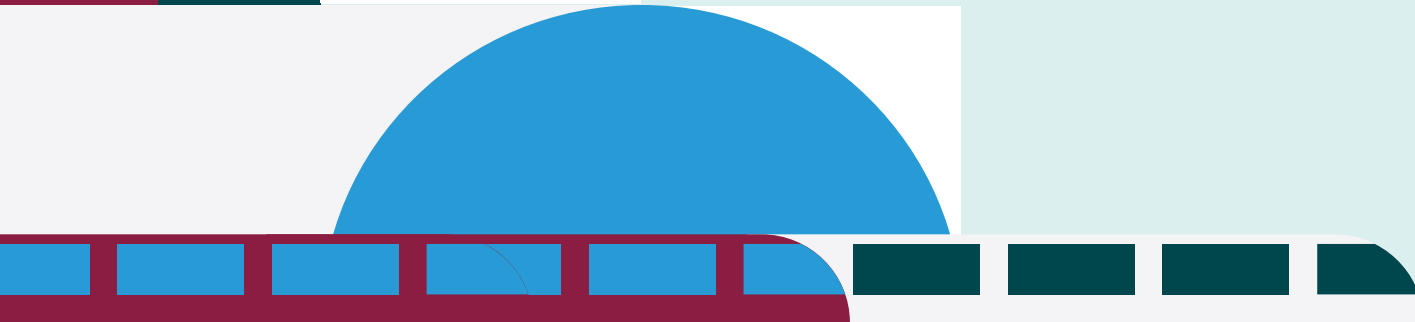
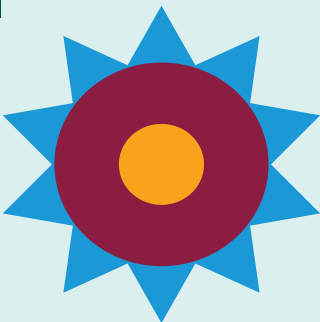
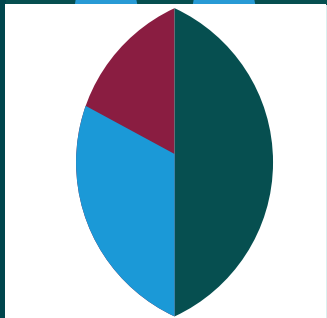
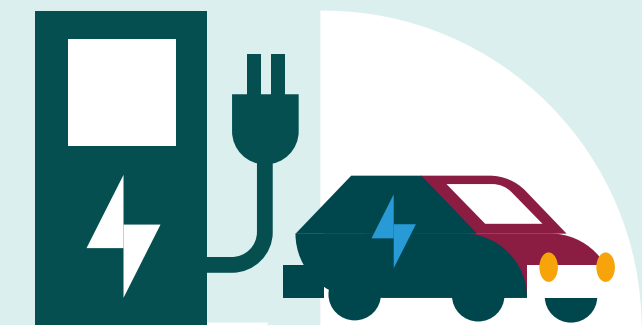




TOGETHER
FOR

ZERO

UK ROADMAP



A letter from our Senior Partner & Group Chairman



A lot has changed since Knight Frank opened its doors 125 years ago, but one thing has remained in clear focus; our purpose of enhancing people's lives and environments.

Recently, the pandemic has been a stark reminder of our mortality and our dependency on communities and nature around us. It has also been a remarkable example of how the human race can work collaboratively to solve complex and unprecedented problems.

The scale of this pandemic is resonant of another, even bigger, crisis – climate change. Across the globe we have witnessed changes in our climate that are widespread and intensifying year on year. The alarm has been raised and we unequivocally recognise our need to act.

How we choose to respond to this crisis over the next decade will shape our planet for generations to come. The built environment accounts for around 40% of global carbon emissions, and as the largest privately owned real estate advisory business in the world, we are in a unique position to make a difference, through our own actions and the advice we provide to clients.

We continue to live by our purpose, and that's why we're committing to achieve **net zero carbon emissions by 2030**, going faster where we can. In the UK, we're aiming to reach this target by 2027.

To achieve a state of net zero emissions, we'll be setting science-based targets to help limit the rise in average global temperatures to 1.5°C. We will be monitoring and reporting on our progress regularly to ensure we stay on track to meet this commitment.

The road to net zero won't be easy, and our commitment means demonstrating the highest level of ambition on climate action. Right now, we don't have all the answers and this journey can only be made through a collaborative effort.

We are proud to be making a difference through educating our people and working in partnership with our suppliers and clients to guarantee real adaptation and resilience.

The steps we take to embed environmental considerations into our day-to-day decision-making continues to be part of our long-term corporate strategy. This ensures we are at the forefront of this important agenda and making a lasting positive impact on our sector.

Ultimately, our goal isn't just to be net zero, it's to create a thriving, resilient and socially responsible future. We want generations to come to experience this wonderful planet for the next 125 years and many more.

With regards,

Alistair Elliott,
Senior Partner & Group Chairman



Our roadmap to net zero

Climate change is the defining issue of our time and to solve it requires immense collaboration and innovation. This challenge is the responsibility of every business and we must all play a part in managing our greenhouse gas (GHG) emissions.

That's why Knight Frank is joining the global race to net-zero, committing to achieve net zero by 2030 globally, with the UK striving for a target of 2027. We have joined the Business Ambition to 1.5°C campaign, led by the Science Based Targets initiative (SBTi) in partnership with the UN Global Compact and the 'We Mean Business' coalition.

This commitment means demonstrating the highest level of ambition on climate action to ensure we pave the way to a net zero future.

We will be setting science-based targets for scopes 1, 2, and 3 emissions, giving priority to absolute emissions reduction and following a 1.5°C trajectory. This means taking huge strides to reduce our emission levels and source energy from renewable projects that don't put pressure on our

existing national energy infrastructure. Only then will we rely on offsetting those hard-to-reach emissions. We will carefully select projects which permanently remove GHGs from the atmosphere.

This document sets out Knight Frank's UK roadmap to net zero. This roadmap is a work in progress and sets us on the right path, with the right strategy, commitments and intentions. We recognise this document will evolve over time, as we work with others to find solutions and align with industry developments and best practice to ensure it remains relevant and on target.

Net zero forms part of our wider commitment to building a sustainable future. To demonstrate our commitment and our voice we have signed up to the Terra Carta (Sustainable Markets Initiative), the global 'Race to Zero' campaign and continue our efforts under ISO 14001.

The progress we make towards net zero will be overseen by our Group ESG Taskforce; our internal group of senior representatives from across the business, reporting into

our Group Executive Board, who are responsible for directing and managing our overall business impact when it comes to environment, social and governance performance. Annual reporting of our progress will commence once our targets have been validated by SBTi.



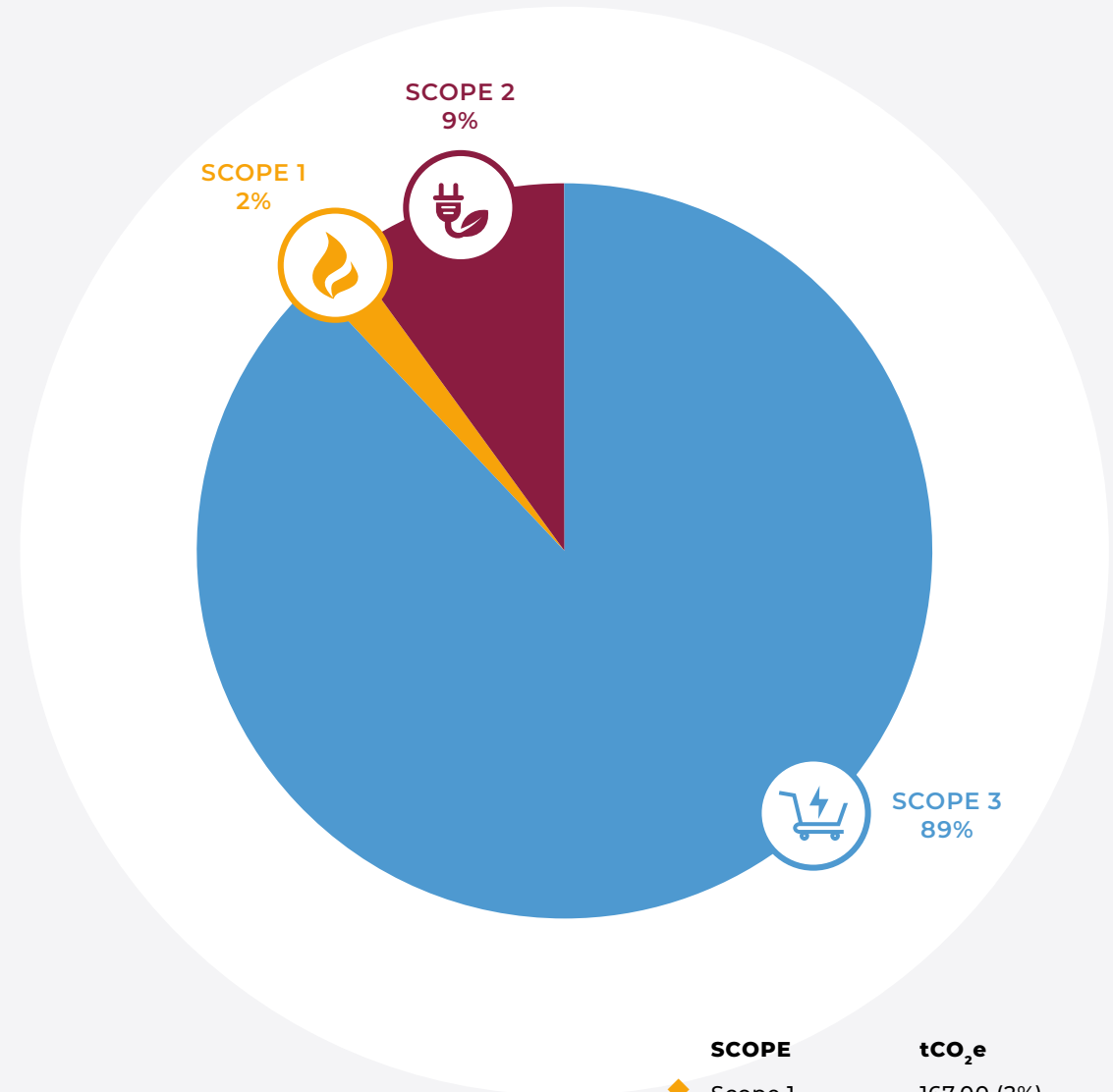
Understanding our emissions

To set ourselves on a path for net zero, we first need to recognise our existing carbon footprint. This means understanding where our business emits GHG emissions and identifying the carbon hotspots across our value chain. This is where we will focus our efforts.

With the help of The Carbon Trust, our UK carbon footprint (based on 2019/20 FY data) typically shows the majority of emissions coming from scope 3 sources.

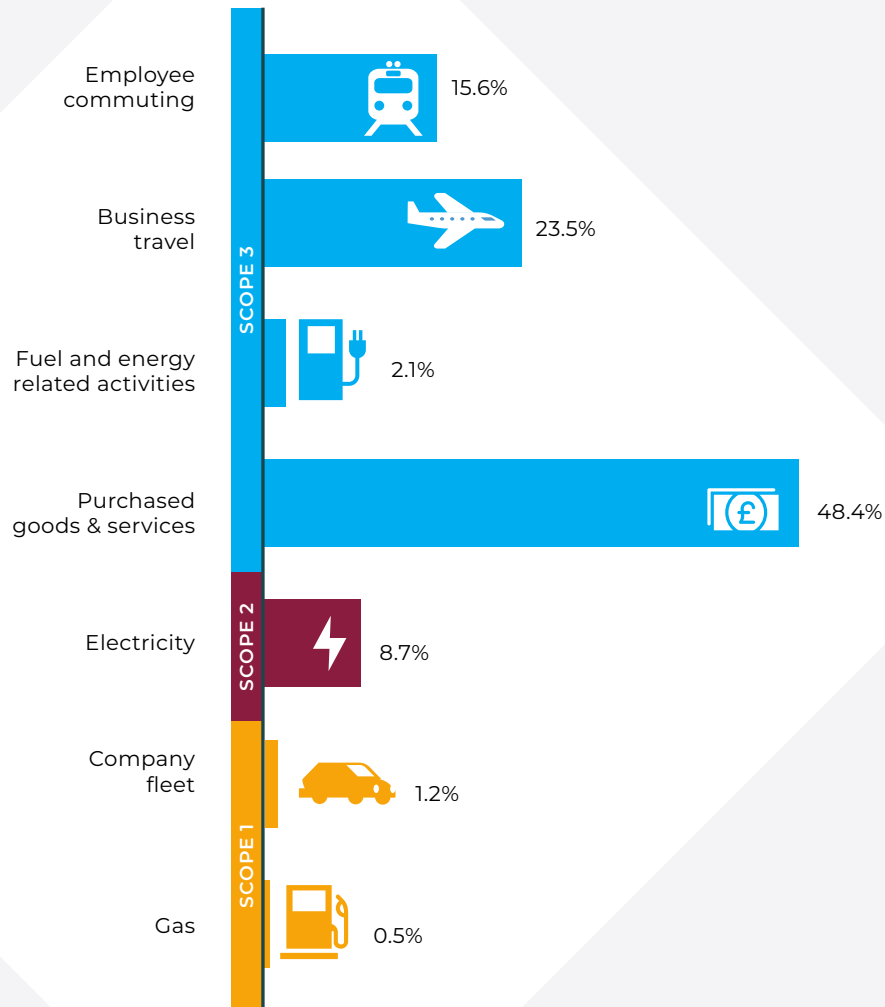
Explaining our emissions

- ◆ **Scope 1** arise from the combustion of fossil fuels; the natural gas we use to heat our workspaces, the fuel used by our company-owned vehicles and the refrigerants within our air-conditioning units.
- ◆ **Scope 2** come direct from the electricity we procure to power our workspaces, which is currently 100% green (REGO) tariffed.
- ◆ **Scope 3** include those from purchased goods and services, fuel and energy related activities, waste and business travel.



SOURCE: KNIGHT FRANK
KNIGHT FRANK UK EMISSIONS: CALCULATED USING GHG PROTOCOL

Our commitment



Our UK GHG footprint

Scope of commitment

A breakdown of our scope 1, 2 and 3 emissions with tCO₂e values can be found on [page 18](#).

Our net zero commitment will cover all UK scope 1, 2 & 3 where we have direct control and it relates to our own corporate operations. In addition, we recently introduced the new 'dynamic working' model, meaning our employees have more choice around how and where they work. This identifies the shift of some emissions to outside of the office workplace.

Part of our roadmap will be to determine the use of a suitable methodology to calculate and account for these offsite emissions. At present these emissions do not form part of the formal GHG Protocol categories and are therefore not part of any formal calculation.

Reduction targets – aligning with SBTi

We are in the process of defining our reduction targets for all three scopes of our emissions. These will be published as soon as soon as they are validated.

Client managed assets

Our current scope of commitment does not include the assets we manage on behalf of our clients. However, we will be putting in place engagement strategies to influence our clients on how they might set their own decarbonisation goals for their building portfolios and align themselves with best practice methodologies such as Carbon Risk Real Estate Monitor (CRREM).

Delivering Net Zero

Decarbonising our UK business means focusing on areas where our emissions are most significant.

Each of our focus areas will have a dedicated internal project team, who will develop a specific action plan based on our net zero objectives.

Net zero focus areas



Workspaces



Company Fleet



Business Travel



Supply Chain

Workspaces



Across the UK we operate from a range of multi-let office buildings to small high street retail units. The GHG emissions associated with the operation of these sites account for approximately 10% of our total footprint. These occur from the energy we procure directly or where the landlord recharges for the floor-area within our leased spaces.

Energy consumption & efficiency

With many of our workspaces being leased, our ability to improve energy efficiency through upgrading core building services such as lighting, cooling, heating and ventilation is restricted. However, taking guidance and aligning our workspaces with the UKGBC 'Paris Proof' energy use intensity targets where possible, will help to keep us on our net zero trajectory. We will focus on developing a portfolio-wide carbon reduction plan for our workspaces to help reduce our GHG emissions.

Sourcing of renewables

The electricity we procure originates from a renewable source as part of a green tariff (REGO-backed) supply. We have limited opportunity to self-generate renewable power on-site, therefore we will look to optimise our energy

procurement by assessing the suitability of a corporate power purchase agreement. Not only does this offer an alternative route to the 'additionality' requirement under net zero to lessen our reliance on energy supplied via the national grid, it also has the benefit of longer term price certainty, pin-pointing exactly where the energy comes from, as well as supporting local economies and communities as part of wider corporate CSR strategy.

We use a small quantity of gas which is procured from natural sources. However, as the market continues to develop in the provision of green gas supply, we will continue to review the opportunities available to switch to an alternative gas supply.

Future workspace selection

Achieving, as well as maintaining net zero status will form part of our requirements for our future workspace. Synchronising our lease cycles to either collaborate with landlords to upgrade existing or select new workspace, will be supported by the development of a net zero specification to help with the decision-making.



Rebound emissions

Homeworking

It's estimated that the shift to homeworking could save over 3 million tonnes of carbon a year through the reduction of employee commuting. However, it could also lead to increased domestic energy use and subsequently, high carbon emissions particularly in the case of poor energy efficiency. It's vital for us to account for the shift in boundaries of our own operational emissions which is why we will look to track these by following The Carbon Trust's home working methodology. And equally important for us to come up with solutions for reducing these. Knight Frank Finance are already leading the way in providing green mortgages to homeowners, including our staff, to enable them to make their homes more efficient.

Digital carbon footprint

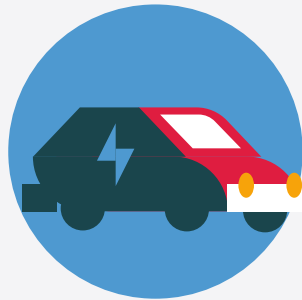
As we move to more flexible ways of working and increase our reliance on technology and digitalisation to conduct the way we do business, carbon emissions in this area may rise. This is because the transmission of data and processing of physical servers in data centres around the world take a lot of energy to run. It's estimated the digital sector contributes to 2% of world's GHG emissions, a figure expected to double within 3 years. Understanding the direct impact from the IT we use and how we balance energy consumption and efficiency, with other areas of net zero, such as business travel, will be part of our decision making.

Embodied Carbon

Office fit-out

Whilst our net zero commitment looks to reduce our operational energy, our strategy will include the development of our understanding of GHG emissions that are 'locked' up in the materials we choose to use during the fit-out and refurbishment our office workspaces. With today's focus on net zero and reducing whole life carbon, there is a need for office space to be adaptable to avoid carbon penalties and future proofing. This is a topic which was discussed in our [***London Report 2019 – A design for Life***](#). Embodied carbon plays an important role in helping to achieve net zero – for the real estate sector it is about delivering net zero buildings in their entirety which means addressing the carbon emissions in both the construction, fit-out and operation of its life-time.

Company fleet



Transport is now the UK's largest source of GHG emissions, with road transportation from passenger vehicles accounting for the majority. It is also the main contributor of poor air quality in and around some of the UK's towns and cities.

New UK legislation will see the sale of new petrol and diesel cars to end by 2030, but with the UK still so heavily reliant on 'dirty' vehicles, one of the biggest challenges will be the major infrastructure support needed to accommodate their use. Our latest report on [***E-Mobility in the Fast Lane***](#) discusses the work Knight Frank has been doing to get our roads net zero ready.

Our company fleet is mainly used in rural parts of the UK, where access to public transport is limited. Collectively our fleet is approximately 1% of our emissions, and whilst this is a very small portion of our carbon footprint, we understand the electrification of our fleet will play a vital part in reducing our scope 1 emissions, including the source of energy used to charge them.

Business travel



The second largest proportion of our footprint at 24% comes from business travel and includes car mileage, rail and air transport. Decoupling business travel and growth without comprising on the value we gain from in person meetings will require us to really think about how we do business. Our approach will be a combination of educating staff on the environmental impact of different forms of transport, choosing low carbon commuting options and questioning if there are alternatives to taking business travel that could still achieve the same outcome. We will also review our business travel suppliers for those offering low carbon travel

options and bring all this together under a new sustainable travel policy.

Supporting our employees with their individual commuting emissions is equally as important once we have a better understanding of these emissions. Until then we will continue to support our people through the provision of public transport allowances and 'cycle to work' schemes, including provision of showers and office storage to encourage sustainable journeys.

Supply chain

It is estimated that more than half of global GHG emissions come from only eight supply chains: food, construction, fashion, fast-moving consumer goods, electronics, automotive, professional services and freight. Our footprint shows the largest proportion of GHG emissions come from the goods and services we procure, which is around 48%.

Decarbonising the supply chain will be a challenge. The current lack of available data on calculated GHG emissions in the value chain we know can restrict the setting of targets and standards. In addition, the supplier landscape is often fragmented and lengthy, making it difficult to understand

exactly where the emissions come from. Adopting industry best practice and engaging with our suppliers to work together for net zero will be a crucial element to the delivery of our strategy. Having access to better data, understanding the footprints of our key products and incentivising suppliers to optimise their own value chain will be part of our approach.

We may give preference to those suppliers who are advancing themselves in net zero, but we also see this as an opportunity to really help other businesses with managing their own carbon footprints.



Internal carbon pricing

We will look to use an internal carbon price to incentivise behaviour change for the required action needed to reduce the impact of our business operations. This price will be set in line with industry best practice.

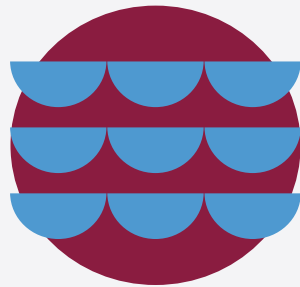


Offsetting

We anticipate the use of offsetting for residual emissions and our choice of carbon removal projects will be determined as the market grows its offering of nature and technology-based solutions.

Knight Frank's own expertise in this area means we have been working closely with landowners, investors and corporate clients to help develop a range of carbon sequestration projects. Information on this can be viewed in [*our latest Rural Report*](#).

Future opportunities



Technology

Technological advances will play the biggest role in helping to resolve the rapidly growing problems of CO₂ emissions. Developing and deploying new and existing technology will be critical to progressing in areas such as energy and carbon management, particularly in the real estate industry. As there is no single technology that can deliver net zero, businesses will have to find the best combination of those that suit their needs as they transition to net zero.

Knight Frank has invested in PropTech venture capitalist, ***Fifth Wall***, who are looking to produce technologies that could help decarbonise the real estate industry. This gives us an active involvement in the ever evolving PropTech arena, allowing us to embrace initiatives that might not only suit ourselves but help our clients meet their own net zero ambitions too.

Hydrogen

The use of hydrogen has long been considered essential if the UK is to meet its net zero emissions. It's abundance and ease of production from any primary energy source, including hydrocarbons and renewables, makes it favourable. Coupled with its flexibility in use, efficient storage at scale, easily transported as gas or liquid and safe to use (under the right management controls). Most importantly it has zero carbon emissions at the point of use. All this makes it a complementary decarbonisation pathway, alongside electrification, for the UK energy system.

There are a range of hydrogen solutions that are currently being commercialised for domestic and commercial heating. Whilst our own gas use is extremely small and sourced from existing fossil fuels, we will be keeping a watchful eye on the UK's approach to providing consumers with a 'blended' gas supply of hydrogen and methane as it overcomes the challenges of infrastructure tolerance and operational cost. Catch up on our ***Intelligence Talks podcast*** where we explore the UK's new hydrogen strategy and the role hydrogen could take in decarbonising heating in buildings.





Empowering our people

We're taking our people on this exciting journey with us. We will be ensuring everyone understands the important role they play in fast-tracking our net zero ambition.

We'll be proudly engaging and communicating on our commitment, what this means for Knight Frank, and how the day to day decisions our people make will help drive long-term change for a net zero future.

Our people have access to a designated internal ESG microsite, that houses resources and builds their knowledge on the climate action they can take. They also have access to a practical toolkit, which showcases ways in which they can be more sustainable in the office and at home.

All our teams should feel empowered to make the difference – one of our core values - and we have several groups championing the sustainable work that we do. From ESG ambassadors to our Building Foundation Group's environmental and volunteering champions, we are fostering an environment in which sustainable and low-carbon practices will become the norm.

All our teams should feel empowered to make the difference

Collaborating with suppliers and partners

Critical to the success of our net zero commitment is our suppliers and partners. Whilst they play a vital role in helping us deliver our services and expertise to the industry, they make up more than half of our total carbon emissions.

Working collaboratively with suppliers and partners to create a net-zero supply chain is our aim. To have a greater transparency of emissions, designing a process for optimising carbon reductions as well as setting standards for procurement and tracking performance.

Together we can help to maximise the impact we have on addressing climate change and enabling emission reduction in hard to abate sectors. However, this will only be achievable through the engagement, innovation and willingness of everyone involved.

Working collaboratively with suppliers and partners is our aim.



Working with our clients

With our clients, we aim to create meaningful and impactful change, shaping the future of real estate for the better. The need for more sustainable real estate – both in terms of its base build attributes and its day-to-day operation – is imperative and is a pressing business consideration for us, and our clients.

Our clients are looking to us for expertise and guidance on their own net-zero journey, and we will be working to understand their requirements, climate risks and decarbonisation goals. For many of our clients, we sit under their scope 3 emissions, and so demonstrating our ambition and getting our emissions in check is essential for ensuring we stay the supplier of choice.

Central to 'building back better', is the opportunity to meet net zero targets. If the UK is to reach its target of becoming net zero carbon by 2050, there is a need to reduce the energy use intensity of buildings in operation by more than 60% as recently reported in our latest research ***The Road to Net-Zero***. And, according to a recent sentiment survey, over half of respondents said the energy efficiency of their next home is more important now compared to before the start of the pandemic. We'll be working closely with our clients to implement new and innovative technologies as well as nature-based solutions.

Our clients are looking to us for expertise and guidance on their own net-zero journey

Key contacts

If you would like to discuss any of this content or want more information on how we can help your business deliver net zero, please contact us below:

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Glossary



1.5°C TRAJECTORY – Aligning the reduction of GHG emissions on a pathway that avoids the temperature of the global climate warming beyond 1.5°C.

ABSOLUTE EMISSIONS – Total amount or quantity of GHG emissions.

ADDITIONALITY (AS ADOPTED BY RENEWABLE ENERGY INDUSTRY)

When an organisation's power purchase agreement (PPA) has the direct effect of adding new renewable energy generation to the grid; i.e. without the organization's involvement (via the PPA) the clean energy project would not have happened.

BUSINESS AMBITION TO 1.5°C – An urgent call to action from a global coalition of UN agencies, business and industry leaders, in partnership with the Race to Zero to commit to set ambitious science-based emissions reduction targets.

CARBON – Refers to carbon dioxide or other gaseous carbon compounds. When released into the atmosphere, these all contribute to climate change.

CARBON FOOTPRINT – Total amount GHG emissions produced by an individual or organisation, expressed in equivalent tons of carbon dioxide (tCO₂e).

CARBON OFFSETTING – Action or process of compensating for carbon dioxide emissions emitted into the atmosphere.

CARBON RISK REAL ESTATE MONITOR (CRREM) – A framework focused on carbon risk exposure and potential strategies for reduction including scenario analysis.

CARBON REMOVAL PROJECTS – Various methods of removing carbon dioxide from the atmosphere which could be nature or technology based.

CARBON SEQUESTRATION – Process of capturing and storing atmospheric carbon dioxide.

CORPORATE POWER PURCHASE AGREEMENT – A long-term contract under which a business agrees to buy some or all of its electricity directly from a renewable energy generator, such as a solar or wind farm.

DECARBONISATION – The process of eliminating carbon from an operation.

EMBODIED ENERGY (CARBON) – All the energy required to produce any goods, services or products.

EMBODIED CARBON – All the CO₂ emitted in producing materials for use.

GREENHOUSE GASES (GHGs) – In addition to carbon dioxide (CO₂), other gases, such as methane and nitrogen dioxide, are also responsible for global warming. Given our emissions are a mix of these greenhouse gases, methane and nitrogen dioxide, they are converted into so-called CO₂ equivalents (CO₂e) to calculate an overall carbon footprint.

NET ZERO – The balance between the amount of greenhouse gas produced and the amount removed from the atmosphere.

OPERATIONAL ENERGY - Energy needed to operate a building during the in-use phase.

OPERATIONAL CARBON – The amount of carbon emitted during the in-use phase of a building.

RESIDUAL EMISSIONS – Any emissions which remain after all technically and economically feasible opportunities to reduce emissions have been implemented.

REBOUND EMISSIONS – Emissions that would not have otherwise occurred as a result of implementing energy/carbon reductions.

SCIENCE-BASED TARGETS – Adopted by businesses to reduce their

GHG emissions. They are in line with the level of decarbonisation required to keep global temperature increase below 1.5°C degrees Celsius compared to pre-industrial levels.

SCIENCE BASED TARGETS INITIATIVE (SBTI) – A joint initiative of CDP, the UN Global Compact (UNGC), The World Resources Institute (WRI) and WWF, helping companies set ambitious and meaningful GHG reduction targets aligned to climate science.

SCOPE 1 EMISSIONS – Direct releases of carbon emissions - notably from gas for heating, fuel used in business-owned vehicles or refrigerant gas leaks.

SCOPE 2 EMISSIONS – Purchased resources and energy for us in a business's direct operations (mostly electricity purchased).

SCOPE 3 EMISSIONS - All indirect emissions due to the activities of a business. This could mean purchased goods or services; waste generated in operations; business and commuting travel; transportation and distribution. It could also mean goods and products sold to customers which need to be disposed of.

THE PARIS AGREEMENT - An international agreement adopted by nearly every nation in 2015 to address climate change and set commitments to cut their climate pollution and to strengthen those commitments over time.

UKGBC 'PARIS PROOF' TARGETS - Simple and clear targets for individual buildings that are aligned with the transition to a net zero carbon economy.

VALUE CHAIN EMISSIONS – Those associated with the range of activities that help a company deliver its product or service and form part of scope 3 emissions.

UK Carbon Footprint: The Detail

UK Footprint (tCO₂e) based on GHG Protocol categories

SCOPE 1	SCOPE 2		SCOPE 3													
	(LOCATION-BASED)	(MARKET-BASED)	(CATEGORY 1)	(CATEGORY 2)	(CATEGORY 3)	(CATEGORY 5)	(CATEGORY 6)	(CATEGORY 7)	(CATEGORY 8)	(CATEGORY 9)	(CATEGORY 10)	(CATEGORY 11)	(CATEGORY 12)	CATEGORY 13	CATEGORY 14	CATEGORY 15
Gas & Company Vehicles	Electricity	Electricity	Purchased Goods & Services	Capital Goods	Fuel & Energy Related Activities	Waste	Business Travel	Employee Commuting	Upstream Leased Assets	Downstream Transportation and Distribution	Processing of Sold Products	Use of Sold Goods	EoF treatment of Sold Products	Downstream Leased Assets	Franchises	Investments
167.09	863.33	-	4833.69	-	210.30	2.82	2348.87	1552.68	-	-	-	-	-	-	-	-



125 Your partners
in property
for 125 years

