

# OUR GLOBAL NET ZERO PATHWAY

TURNING AMBITION INTO ACTION



# Introducing our Pathway

As a responsible, purposeful business we can't ignore the existential challenge of climate change and other global risks such as nature depletion, resource scarcity, insecurity of supply and inequality of opportunity. We also know our clients are showing a preference for partners with strong ESG credentials and our people want to work for a company that is serious about addressing ESG issues.

Our Global Net Zero Pathway shows how Knight Frank aims to reach net zero by 2040, in line with our global ESG ambition, in which we 'committed to achieving net zero by setting ambitious emissions reduction targets in line with climate science'. The Pathway also supports our purpose 'to work responsibly, in partnership, to enhance people's lives and environments'. We've set stretching targets for our greenhouse gas (GHG) emissions which have been validated by the Science Based Targets initiative (SBTi). And we won't rule out the possibility of using offsetting for some residual emissions to help us meet our 2040 net zero target.

## Working in partnership to reach net zero

Close to 90% of our carbon footprint comes from client properties and property investments, which is why our Scope 3 targets are so important. We can only reduce these by influencing our clients and other partners to make changes too. We'll also need to engage our people in the Pathway.

## REPORTING PROGRESS

We'll report progress annually in our annual report and in a Global Net Zero Pathway progress update

## OUR SCIENCE-BASED TARGETS TO ACHIEVE NET ZERO BY 2040

GHG emissions against a 2022 baseline

### SCOPES 1 AND 2

- **90% reduction** by 2040
- **42% reduction** by 2030

### SCOPE 3

- **97% reduction** from sold products per square foot<sup>1</sup> and investments per square metre by 2040
- **51.6% reduction** from the same by 2030
- **90% reduction** (absolute) in all other Scope 3 emissions by 2040

→ For more details [see page 6](#)

## GOVERNANCE

Our global and regional leaders help drive our net zero activities. In addition, representatives from our regions also report directly to our Group ESG Board. This body is responsible for ESG issues in relation to business strategy. It reports to our Group Executive Board, which has final responsibility for the Global Net Zero Pathway.

As well as our formal governance structure, we'll encourage all our colleagues to engage with the Pathway and share responsibility for its implementation. We'll do this by supporting them to pursue our targets as best they can through their day-to-day work, and by encouraging them to make any behavioural changes the Pathway may require – for example, reducing their air travel and recycling in the workplace.

<sup>1</sup> We use net internal area (NIA) square foot as a measure. This is standard practice in our industry and refers to the usable area within a building, excluding walls, corridors and staircases.



# Our carbon footprint

Knight Frank is a global real estate consultancy and estate agency. We currently have close to 500 offices across 57 countries and more than 20,000 people providing specialist advice about commercial, agricultural and residential real estate.

The overwhelming majority of our emissions, 96.5%, are in Scope 3, with 64% of these coming from investments through Knight Frank Investment Management (KFIM) – our specialist pan-European real estate investment management service line with around US\$5.2 billion of assets under management. The second largest impact, just over 17% of total emissions, comes from energy procured on behalf of UK for our clients through Knight Frank Property Asset Management (PAM), categorised as ‘use of sold products’. We have influence but not control over both types of emissions, which is what makes our targets so stretching. While our other emissions are considerably smaller than in comparison with those from KFIM and PAM, we will nonetheless take action to reduce them, since every emission matters.

**740+**  
offices

**50+**  
territories

**27,000+**  
people worldwide

## Our total carbon footprint

Baseline year 2022 (t CO<sub>2</sub>e)



● Scope 1	1.0%
1,008 t CO <sub>2</sub> e	
● Scope 2 <sup>1</sup>	2.5%
2,483 t CO <sub>2</sub> e	
● Scope 3 <sup>2</sup>	96.5%
97,061 t CO <sub>2</sub> e	

## Scope 3 breakdown<sup>2</sup>

Baseline year 2022 (t CO<sub>2</sub>e)



● Investments (client-related)	63.7%
● Use of sold products (client-related)	17.7%
● Purchased goods and services	9.3%
● Franchises	2.3%
● Capital goods	2.1%
● Business travel	1.9%
● Employee commuting	1.6%
● Fuel- and energy-related activities	1.2%
● Waste generated in operations	0.1%
● Downstream leased assets	0.1%

→ See Appendix on page 7 for full explanation of Scope 3 categories

## Our carbon footprint

Knight Frank business operations and client-related emissions



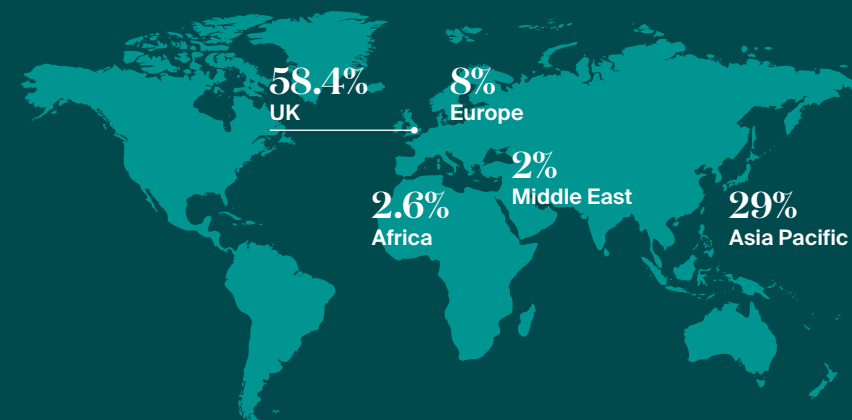
● Knight Frank business operations	22.1%
● Client-related emissions	77.9%
● KFIM	78%
● PAM	22%

## Carbon footprint by region

Knight Frank business operations only



● UK	58.4%
● Asia Pacific	29.0%
● Europe	8.0%
● Africa	2.6%
● Middle East	2.0%



<sup>1</sup> We're reporting Scope 2 emissions using a location-based method rather than a market-based method. See Appendix on page 7 for a full explanation.

→ For details of the data, scope and definitions, please see Appendix on page 7.

<sup>2</sup> As a decentralised business with no direct control over our associates or franchises, it can be difficult to get accurate Scope 3 data. For the associates and franchises we have extrapolated data based on headcount and floor space.

# Our path to net zero by 2040

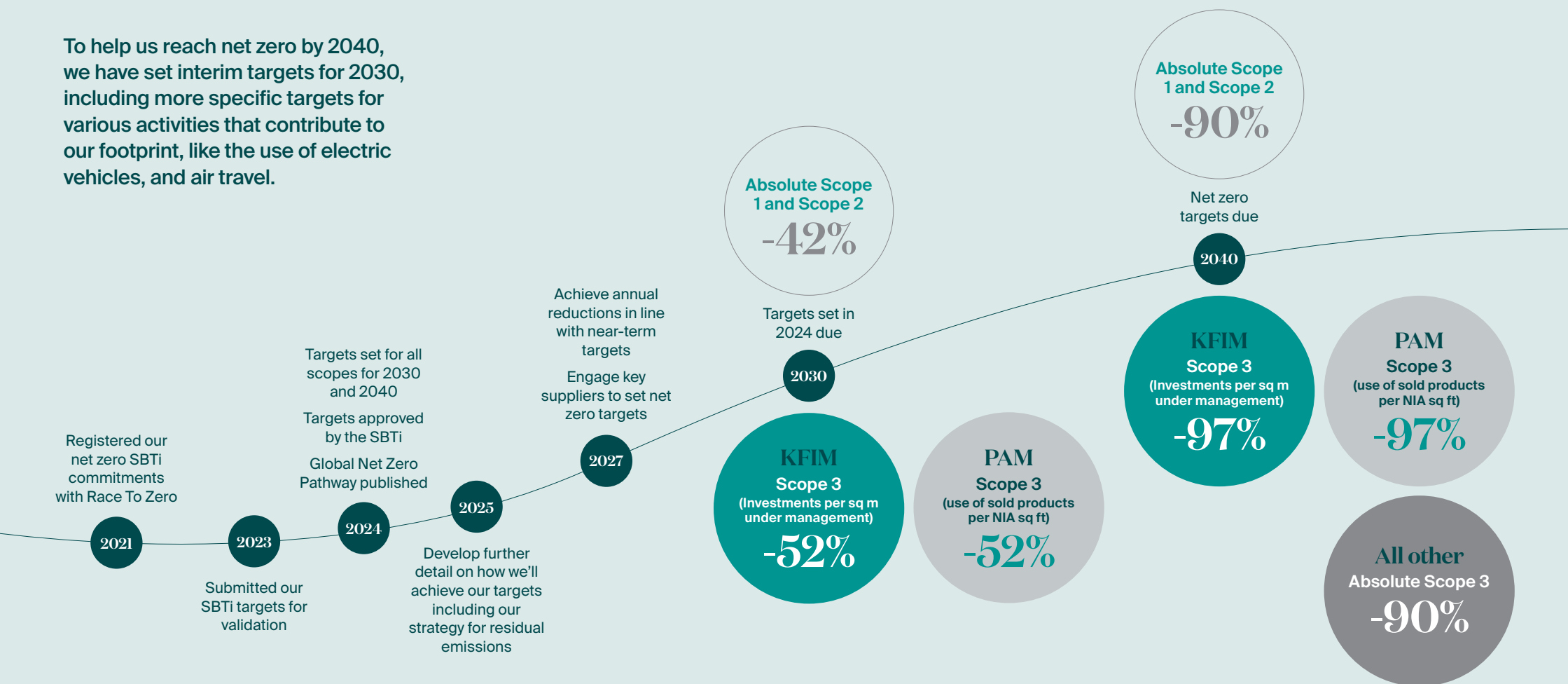
In 2021, we pledged to reach net zero by 2030. After the SBTi's 2024 corporate standard expanded emission scopes, we adjusted our goals. We now aim to cut Scope 1 and Scope 2 GHG emissions and reduce the unaccounted portion of

Scope 3 emissions, derived from energy procured for client-managed buildings. For these major categories, we've set intensity targets to grow our assets while cutting emissions with our clients.

## Reaching 100%

We're currently developing our strategy for residual emissions and will share more detail about it by the end of 2025. We're working to ensure we use the most reputable options available, and expect our reliance on offsetting to reduce as the energy transition develops.

To help us reach net zero by 2040, we have set interim targets for 2030, including more specific targets for various activities that contribute to our footprint, like the use of electric vehicles, and air travel.



# How we'll get there

Our Pathway considers all aspects of our carbon footprint. So far, we have developed more detailed Scope 1, 2 and 3 targets for our own operations, and more detailed Scope 3 targets for Knight Frank Property Asset Management (PAM) relating to client assets. As of the date of this publication, we are still working on the detailed targets for Knight Frank Investment Management (KFIM), and will disclose them in due course.

## Own business operations' Scope 1 and 2 targets

### FOCUS ON VEHICLES AND OFFICES

Compared with Scope 3, our Scope 1 and 2 emissions are very low, but we are taking concerted action to reduce and eventually eradicate them as well. Our focus will be on moving consistently away from the use of fossil fuels towards renewables, for example by shifting from gas-powered heating and hot water systems to lower carbon or zero carbon alternatives in our offices. We'll prioritise the same shifts in our vehicle fleets by using more EV and hybrid vehicles<sup>1</sup>.

**2027** ● >75% site rollout of electricity and gas ESOS (Energy Saving Opportunity Scheme) initiatives

### **2030 Absolute Scope 1 and Scope 2: -42%**

- 20% of our vehicles EV
- 15% of our vehicles hybrid
- 15% of our vehicles plug-in hybrid

### **2040 Absolute Scope 1 and Scope 2: -90%**

- 40% of our vehicles EV
- 25% of our vehicles hybrid
- 25% of our vehicles plug-in hybrid
- 70% of our heating and hot water systems degasified
- 75% of our offices using LED lighting
- 75% of our offices using energy metering and reporting systems
- 75% of our offices using heating, ventilation and air conditioning more efficiently by changing set points and improving control systems

<sup>1</sup> We have outlined percentages to target, but the overall reduction in Scope 1 and 2 may be achieved via a different percentage balance.

# How we'll get there

continued

## Client-related PAM UK Scope 3 targets

### FOCUS ON INTERVENTIONS AND ENERGY EFFICIENCY

PAM manages more than 3,000 properties on behalf of many different clients, totalling around 68 million square feet. We will build on the work PAM already does for an increasing number of its clients to reduce emissions. This work includes managing our clients' ESG and decarbonisation programmes on their behalf<sup>1</sup>.

**2027** ● Identify key group contract clients to engage with on degasification

**2030** **Scope 3 (use of sold products per NIA square foot): -51.6%**

- 60% of properties managed with low capex interventions applied
- 25% of properties retrofitted to improve their EPC energy efficiency rating

**2040** **Scope 3 (use of sold products per NIA square foot): -97%**

- 80% of properties managed with low capex interventions applied
- 50% of properties retrofitted to improve their EPC energy efficiency rating

## All other Scope 3 targets

### FOCUS ON SUPPLIERS, AIR TRAVEL AND WASTE

Our main impacts here are employee commuting and air travel, and emissions from our suppliers of capital goods and services. An immediate focus for us is to work with our suppliers to support them in setting net zero targets<sup>1</sup>.

**2027** ● Engage key suppliers to set net zero targets  
● Refine carbon reporting practices to improve accuracy of Scope 3 calculation

**2030** ● 75% reduction in waste to landfill  
● 50% reduction in air travel

**2040** **Absolute Scope 3 (all other) -90%**

- 75% reduction in air travel
- 75% reduction in business travel flights
- 50% of workforce encouraged to adopt EVs
- 20% reduction in general waste

<sup>1</sup> We have outlined percentages to target below but the overall reduction in Scope 3 may be achieved via a different percentage balance.

# Appendix

## 1. Scope of our carbon footprint – GHG Protocol

In alignment with the Greenhouse Gas Protocol, we've accounted for our greenhouse gas emissions using its recommended 'operational control' approach, which we're advised is best suited to Knight Frank as a 'professional services business'. This approach focuses on the degree of control we have over operational decision making in the different entities that comprise our group. Our level of control coincides with the equity stake we have in these entities.

So, our carbon footprint includes:

- Our core business
- Subsidiaries, of which we own more than 50% and have control over decision making – Knight Frank Investment Management, Knight Frank Finance, Promise and International Subsidiaries
- Associates, of which we own less than 50% but have some control over decision making
- Licence holders (franchises) in which we have no stake and no control over decision making

Although we're not asset owners, through our Property Asset Management (PAM) operation we manage properties for our clients, and may procure energy on their behalf.

This energy is included in our footprint under the category 'Use of sold products'.

### Location-based reporting on Scope 2 emissions

We're reporting Scope 2 emissions using a location-based method rather than a market-based method. The GHG protocol defines the two methods as follows: 'A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).'

Put more simply, the World Resources Institute explains that: 'the location-based method reveals what the company is physically putting into the air, and the market-based method shows emissions the company is responsible for through its purchasing decisions.'

There are benefits to both models. We chose a location-based method because we want to prioritise energy efficiency rather than renewable purchasing. Nevertheless, purchasing renewable energy will be part of our strategy, as set out in our ESG UK Action Plan.

## 2. Our emissions explained

### SCOPE 1

- Natural gas used in our office buildings
- Other fuels used in these buildings
- Fugitive emissions, e.g. refrigerants used in heating, ventilation and air conditioning units
- Company fleet – vehicles owned by Knight Frank (includes our company car scheme)

### SCOPE 2

- Electricity bought and used in our office buildings

### SCOPE 3

(by order of magnitude)

- **Client-related investments:** where we invest in but do not manage property and other assets (through Knight Frank Investment Management)
- **Client-related use of sold products:** products that are 'sold' to our clients, for example, electricity our Property Asset Management team procures on a client's behalf
- **Purchased goods and services:** needed for running our operations, for example, advertising services, computer-related services, stationery and cleaning supplies\*
- **Franchises:** Our global partners which hold licences to join our network
- **Capital goods:** include computer hardware, office furniture, telephone equipment
- **Business travel:** to and from sites for work purposes
- **Employee commuting:** travel to and from work
- **Fuel- and energy-related activities:** associated with our fuel and energy emissions
- **Waste generated in operations:** waste produced in our buildings
- **Downstream leased assets:** for example, vehicles we do not own but lease to our employees

\* Includes transportation and distribution (associated with the transportation of goods and services to Knight Frank).

# Appendix

continued

## 3. Baseline year 2022 GHG emissions data by region and country

Baseline year 2022 data  
(t CO<sub>2</sub>e)

Fuel- and  
Energy-Related

Total Scope emissions (t CO <sub>2</sub> e)		SCOPE 1 1,008	SCOPE 2 2,483	SCOPE 3 97,061										TOTAL 100,552
Region Country	Group Level	Natural Gas, Refrigerants and Company Fleet	Electricity (location based)	Cat 1: Purchased Goods and Services	Cat 2: Capital Goods	Cat 3: Fuel- and Energy-Related Services	Cat 5: Waste	Cat 6: Business Travel	Cat 7: Employee Commuting	Cat 11: Use of Sold Products (PAM client emissions)	Cat 13: Downstream Leased Assets	Cat 14: Franchises (Scope 1 and 2)	Cat 15: Investments (KFIM client emissions and KF equity investment)	Total
<b>UK</b>														
KFIM	Subsidiary	256.56	663.83	11.07		290.60	0.57	3.77	6.07				61,487.73	62,720.20
UK	KF LLP, Promise, PAM and KFF	257.28	692.75	7,329.58	1,559.97	320.99	78.41	635.75	778.63	17,203.21	120.76		16.54	28,993.87
<b>APAC</b>														
Australia	Subsidiary	5.27	289.43	57.58	121.58	93.90	8.51	304.72	191.63					1,072.62
	Franchise											364.70		364.70
Cambodia	Franchise											121.10		121.10
China	Subsidiary	8.19	23.82	4.42	5.55	8.63	3.47	35.01	4.75					93.84
Hong Kong	Subsidiary	28.62	131.20	13.21	102.92	51.29	9.84	204.62	208.68					750.38
India	Subsidiary	198.26	468.27	754.37	118.83	243.08	14.68	305.34	147.28					2,250.11
Indonesia	Associate												12.86	12.86
Malaysia	Associate												17.35	17.35
Philippines	Franchise											1,148.29		1,148.29
Singapore	Associate												58.86	58.86
South Korea	Franchise											27.01		27.01
Taiwan	Franchise											50.42		50.42
Thailand	Associate												71.36	71.36
Vietnam	Subsidiary	0.03	4.60	0.37	0.20	1.09	0.27	4.54	0.52					11.62
<b>Europe</b>														
Austria	Franchise											44.25		44.25
Belgium	Associate												1.48	1.48
Bulgaria	Franchise											0.88		0.88
Czech Republic	Subsidiary	42.84	2.88	110.90	43.61	10.97	2.59	10.41	31.80					256.00
France	Subsidiary	31.45	0.50	11.95	7.22	8.41	9.67	40.23	7.32					116.75
	Franchise											41.63		41.63
Germany	Subsidiary	19.03	14.00	220.43	2.30	10.31	1.13	54.83	42.40					364.43
	Franchise											103.87		103.87
Greece	Franchise											1.87		1.87
Hungary	Franchise											18.46		18.46
Ireland	Franchise											54.45		54.45
Italy	Associate												9.85	9.85
Poland	Associate												43.46	43.46
Portugal	Franchise											17.63		17.63
Romania	Franchise											10.29		10.29
Serbia	Franchise											2.39		2.39
Spain	Subsidiary	11.07	91.65	171.49	40.80	43.32	1.72	168.36	43.04					571.45
	Franchise											9.57		9.57
Switzerland	Franchise											42.14		42.14
Netherlands	Franchise											11.99		11.99
<b>Africa</b>														
Botswana	Subsidiary	6.22	17.80	27.43	4.32	4.36	0.53	11.10	7.02					78.78
Kenya	Associate												39.50	39.50
Malawi	Subsidiary	126.98	16.56	9.95	2.62	36.09	0.08	1.58	10.24					204.10
Nigeria	Associate												21.58	21.58
South Africa	Franchise											175.79		175.79
Tanzania	Associate												11.02	11.02
Uganda	Associate												7.63	7.63
Zambia	Subsidiary	7.36	1.53	33.31	5.25	4.14	0.65	13.48	8.52					74.24
Zimbabwe	Associate												28.36	28.36
<b>Middle East</b>														
Abu Dhabi	Subsidiary			2.78					0.11	0.69				3.58
Bahrain	Subsidiary									0.70				0.70
Dubai	Subsidiary	0.43	52.83	193.57	37.23	25.76	3.96	27.83	7.01					348.62
Saudia Arabia	Subsidiary	8.44	11.80	38.00	0.91	6.20	0.72	3.03	1.92					71.02
Total		1,008.03	2,483.45	8,990.41	2,053.31	1,159.14	136.80	1,824.71	1,498.22	17,203.21	120.76	2,246.73	61,827.58	100,552.35





**Building a sustainable  
future, together.**

**Find out more**

[Knight Frank and ESG](#)

**Your feedback**

We welcome your feedback.  
Please share your thoughts at  
[ESG@knightfrank.com](mailto:ESG@knightfrank.com)

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