

ESG - Environmental, Social (and Corporate) Governance: The Only Way to Achieve Future Climate Goals

Drees & Sommer Asia Pacific brings expert advisers to the region to tackle the topic of ESG and sustainable construction

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[/EINPresswire.com/](https://www.einpresswire.com/) -- We are currently

witnessing climate change, and its

drastic impact worldwide as global

warming is causing irreversible

changes to our planet. Climate-related

disasters claim millions of lives and

cause irreparable economic damages

in the hundreds of billions. Buildings

generate nearly 40% of annual global

CO2 emissions. As a corrective

measure, governments across the globe have stepped in and enforced regulations for new

buildings and existing properties to combat climate change and secure sustainable development

for more resilient and climate positive cities.



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As ESG compliance becomes mandatory for all companies engaged in the real estate sector, it is now an economic necessity unless companies want to end up with stranded assets”

Head of Engineering and Sustainability, Marco Abdallah

As a leading international construction and real estate consulting company in Europe, Drees & Sommer implemented extensive measures to reduce and compensate for its CO2 emissions in 2020, contributing to its global efforts to emerge as a climate-positive company. Sustainable construction and net-zero buildings are starting to become a "must-have" rather than a "nice to have" in the last few years. The company has been quick to adopt practices to respond to the new regulations for internal purposes and has supported multiple clients needing guidance on the topic and even created a dedicated department with expert engineering and

consulting teams to tackle this matter.

ESG stands for Environmental, Social (and Corporate) Governance, and it refers to a business practice that, in addition to economic success, also strives to make improvements in these three areas. Compliance with ESG principles results in creating [sustainability](#)-oriented industrial and financial products. Climate change is expected to cause a significant increase in stranded assets for carbon-intensive industries and investors. A building runs the risk of becoming a stranded asset when not built with green building resilience, meaning existing properties built with non-recyclable material, not adequately equipped to withstand time and climate changes and properties that do not meet the energy efficiency regulations can become obsolete and decrease drastically in value, becoming a liability.

Head of Engineering and Sustainability at Drees & Sommer, UK, Marco Abdallah explains: "New government regulations, disclosure frameworks, performance reporting and global climate initiatives such as EU taxonomy, the APAC Goal 13: Climate action and Singapore Green plan 2030 has had a major impact on the way we approach new construction and how to assess existing assets and portfolios. A common question is: Where do we start?" He recommends a step-by-step approach that can help clients navigate the new landscape, starting with the status quo and understanding the regulatory and market situation, then collecting data through an inventory before improvement and risk mitigation strategies are developed.

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Stephan Degenhart, Marco Abdallah

Abdallah outlines the step-by-step approach to be implemented: "Firstly, understanding the specific regulations for each market is imperative when forming a strategic approach. Based on that, we develop a customized ESG profile with criteria addressing frameworks and reporting duties that the client needs to adhere to.

Analysis and inventory: To understand the performance of the assets, the portfolio data needs to be collected and compiled into an inventory. A key challenge is often a lack of data quality, often paired with substantial portfolios, where a scalable approach is crucial. We master this with our "ESG toolbox", which contains a new Sustainability Performance (SuPer) Tool where assets can be registered and instantly assessed with a high degree of automation, a software-based approach which is superior to "Excel solutions" that are still widely used and prone to failure.

Improvement and risk mitigation strategies: With the data and the ESG profiles completed, a portfolio strategy is developed to a degree of single improvement measures in a building. The key to securing successful future implementation is to fully understand the impact of strategies when applied at a later stage, including cost, feasibility, and impact; this requires a high degree of engineering experience that the Drees & Sommer ESG team possesses.

Implementation: The overall approach's success depends on the outcome of the implementation, which is often forgotten or at risk of failing when management strategies are handed over to the engineers on the ground. This is an important stage to be managed by experienced professionals and can make all the difference. What sets us apart is our ability to support clients through the entire process, from management strategies to commissioning a heat pump system – successful projects are our USP!" he says.

Stephan Degenhart, Managing Director of Drees & Sommer APAC, summarises: "As a result of the market changes, and to secure a full return for investors when selling properties; technical due diligence and risk analysis have become much more focused on sustainability. With expert consultants, in-house engineering/project management capabilities, and a proprietary digital toolbox, we are perfectly positioned to support clients through this transition and provide a holistic solution while managing all planning and implementation stages. This combination of services and capabilities makes the transition seamless for clients looking to improve energy efficiency, analyse current portfolio, comply with new regulations, and obtain green certifications."

As there is no turning back with climate change, the market will undoubtedly continue on its current path with the need for greener and more resilient buildings and infrastructure. Thus, expert consultancy and risk management needs will increase as investors and developers look to secure their assets and adhere to new climate regulations. "Only by adopting ESG principles and making the necessary changes today will companies and governments be able to fulfil future climate goals", Abdallah concludes.

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