

# Implementing a Net Zero Carbon Strategy 2024

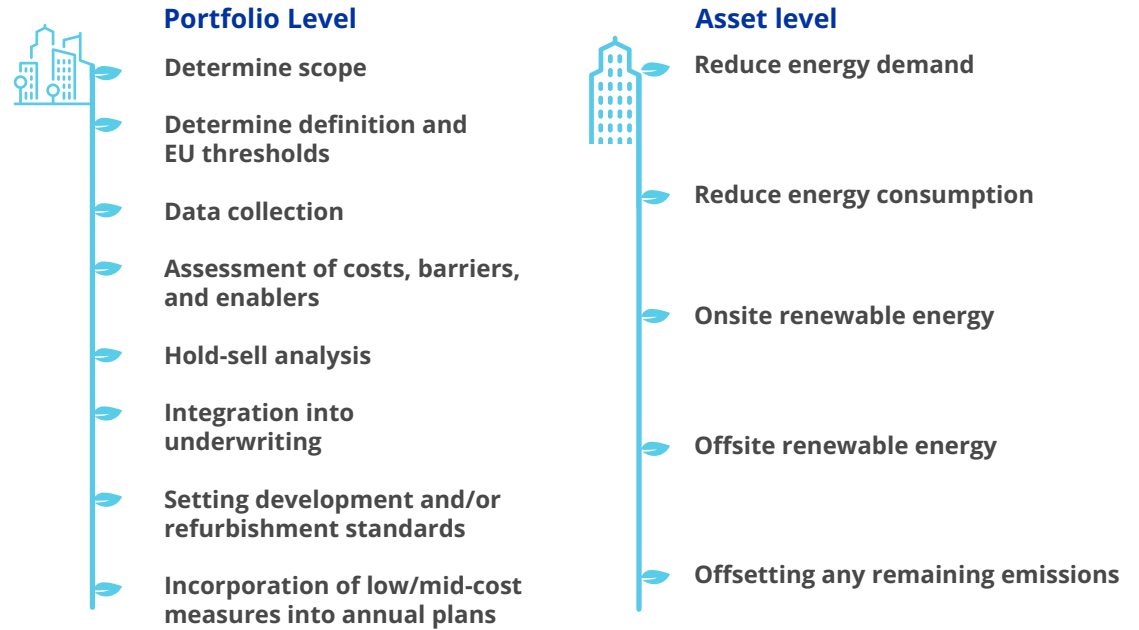
Developing a net zero carbon (NZC) strategy involves setting targets at both portfolio and asset level.

Operational NZC can be achieved by focusing on practical measures, including prioritising the reduction of energy usage, and on-site renewable energy generation. Carbon offsetting should only be considered as a last resort.

Transparency and standardised reporting in the transition to NZC are essential as what constitutes net zero is still evolving. There is a need for a universally accepted definition within the real estate industry.

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## NZC implementation steps

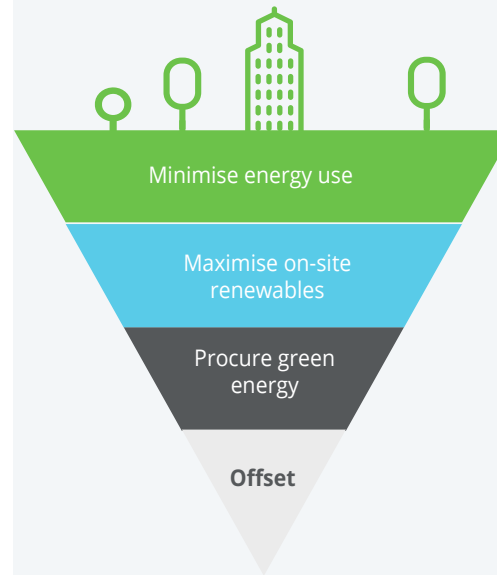


## Operational NZC definition

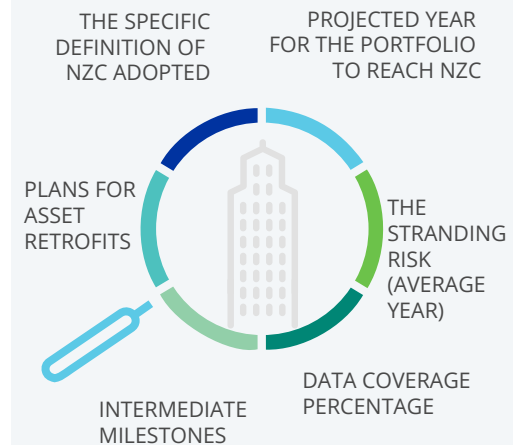


Operational NZC for real estate is achieved when the net carbon emissions from a building's operational activities and tenant energy usage is reduced to zero or are negative. This definition includes operational carbon emissions from all Scopes, with Scope emissions specifically limited to real estate ownership and tenant energy consumption.

## Energy hierarchy



## Transparency in NZC pledges



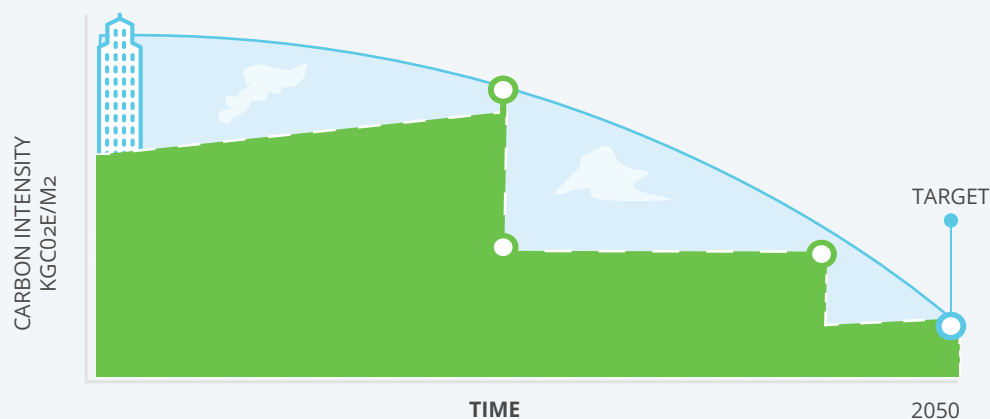
## Renewable Energy Distribution

➔ FEEDS DIRECTLY  
 ➔ EXCESS  
 ➔ GRID MIX



Onsite and off-site renewable energy are expected to play crucial roles in the strategies of real estate managers aiming to achieve NZC. Each approach has its merits, offering managers different options for the green energy transition.

## Alignment with decarbonisation pathways



Managers can achieve NZC by utilising new technologies and retrofitting assets to align with sustainability goals, crucial for staying below their science-based decarbonisation curve.

## Conclusion

To implement a successful NZC strategy, key steps include clarifying scope, gathering and analysing data, and incorporating net-zero criteria into underwriting processes. Investment managers can start by reducing energy demand and consumption and incorporating renewable energy sources.

The operational NZC definition provided in this paper is a baseline and market participants should strive to include all carbon emissions related to the activities associated with their specific assets and portfolios.

It is highly desirable to move toward a universally accepted definition of net zero. The paper serves as a guide in recognising implementation challenges related to NZC strategies and emphasising the need for collaborative efforts as the real estate industry strives for a sustainable and environmentally responsible future.

**If you have any questions about the paper please reach out to [professional.standards@inrev.org](mailto:professional.standards@inrev.org)**