

# Webinar

## ULI Austin: Environmental, Social and Governance Strategies in Real Estate

Date: May 26, 2021

00:00:07 --> 00:00:11: Good morning everyone and welcome to our June breakfast.

00:00:11 --> 00:00:12: Our virtual breakfast on environmental,

00:00:12 --> 00:00:16: social and governance strategies in real estate on Vika,

00:00:16 --> 00:00:18: O'Grady or ULI District Chair.

00:00:18 --> 00:00:21: Here virtually once again I want to thank our Platinum

00:00:21 --> 00:00:23: under writer wins dead.

00:00:23 --> 00:00:26: So many folks that we instead are actively involved with

00:00:26 --> 00:00:31: ULI Austin Christie stocks Jeff Neidiger occurring Smith and of

00:00:31 --> 00:00:34: course Bob Burton and of course we've got here with

00:00:34 --> 00:00:38: us. Mark grobmyer. He's going to speak a little bit.

00:00:38 --> 00:00:41: About Winsted Annualy Austin welcome Market thank you.

00:00:42 --> 00:00:46: Well, thank you Vika. UM my name is Mark Grobmyer.

00:00:46 --> 00:00:49: I'm an attorney here in Austin with the real estate

00:00:49 --> 00:00:51: development practice group at Winsted.

00:00:51 --> 00:00:55: If you're not familiar with instead we're a full service

00:00:55 --> 00:00:59: law firm of about 330 attorneys spread across 8 offices.

00:00:59 --> 00:01:02: Six of those are in Major Texas cities,

00:01:02 --> 00:01:04: including Austin, Dallas, Houston, San Antonio,

00:01:04 --> 00:01:08: Fort Worth, and The Woodlands were full service firm,

00:01:08 --> 00:01:11: but our core competency really does focus on real estate

00:01:11 --> 00:01:12: development.

00:01:12 --> 00:01:15: And finance. Of course we do acquisition,

00:01:15 --> 00:01:17: disposition, work, land, use, entitlements,

00:01:17 --> 00:01:19: construction, leasing, public private partnerships,

00:01:19 --> 00:01:22: you name it. Here in Austin,

00:01:22 --> 00:01:26: we have a specialty practice in mixed use and condominium

00:01:26 --> 00:01:31: structuring as well as master planned community

00:01:31 --> 00:01:34: development and.

00:01:31 --> 00:01:34: Our kind of core goal at Winstead is to really

00:01:34 --> 00:01:38: strive to go above and beyond our clients expectations.

00:01:38 --> 00:01:40: We focus very strongly on responsiveness,

00:01:40 --> 00:01:44: knowledge, leadership, and adherence to our firm's core values.

00:01:44 --> 00:01:46: But we are proud to sponsor,

00:01:46 --> 00:01:49: excuse me, partner with you lies we've done for many,

00:01:49 --> 00:01:52: many years. And as by Commission,

00:01:52 --> 00:01:55: many of our attorneys are actively involved in local Member

00:01:55 --> 00:01:56: Council Strategic Councils,

00:01:56 --> 00:02:00: Technical Assistance panel's Young Leaders program is women's initiative as

00:02:01 --> 00:02:02: well as the committees.

00:02:02 --> 00:02:05: Membership, communications, and programs. If you've served in any of

00:02:05 --> 00:02:06: these groups,

00:02:06 --> 00:02:09: hopefully you've come across an attorney from Winsted,

00:02:09 --> 00:02:11: and in addition to the resources,

00:02:11 --> 00:02:14: knowledge, and information that you live provides.

00:02:14 --> 00:02:17: Our lawyers what? What membership in ULI really delivers to

00:02:17 --> 00:02:19: us as a connection to an unsurpassed network of real

00:02:19 --> 00:02:23: estate professionals that you're really not going to find anywhere

00:02:23 --> 00:02:26: else. Core mix of diverse backgrounds and all real estate

00:02:26 --> 00:02:27: sectors.

00:02:27 --> 00:02:29: Who really share a common goal of developing Austin and

00:02:30 --> 00:02:32: Central Texas the right way with a keen eye on

00:02:32 --> 00:02:35: the challenges like affordability and transportation that we all know

00:02:35 --> 00:02:38: we can't ignore. I can speak personally at to my

00:02:38 --> 00:02:41: two cents and the young leaders mentorship program they've been

00:02:41 --> 00:02:43: invaluable to my growth as an attorney,

00:02:43 --> 00:02:46: and I really tell everyone I can with a worthwhile

00:02:46 --> 00:02:49: experience that was so thank you to everyone at you

00:02:49 --> 00:02:52: alive works behind the scenes to make these monthly breakfasts

00:02:52 --> 00:02:55: and all the other events and programs possible,

00:02:55 --> 00:02:57: and I really appreciate the opportunity to speak.

00:02:57 --> 00:03:00: Briefly about Winsted this morning and look forward to continuing

00:03:00 --> 00:03:03: our partnership with ULI and being there next month for

00:03:03 --> 00:03:05: for our first in person breakfast in a long time.

00:03:05 --> 00:03:06: Thank you.

00:03:08 --> 00:03:12: Thank you Mark and thank you again to Winsted for

00:03:12 --> 00:03:13: your support.

00:03:13 --> 00:03:16: I will now turn over today's moderator,

00:03:16 --> 00:03:18: Hannah Noakes, co-founder of magnify impact,

00:03:18 --> 00:03:19: to introduce herself.

00:03:19 --> 00:03:21: Thank you Hannah. Hi, good morning.

00:03:21 --> 00:03:24: Thank you, paulette. Thank you for having me.

00:03:24 --> 00:03:27: I'm thrilled to be here with you today.

00:03:27 --> 00:03:31: Yes, I'm the co-founder of Social impact consulting firm magnify

00:03:31 --> 00:03:35: impact and really looking forward to today's discussion about how

00:03:35 --> 00:03:38: the real estate industry can advance sustainability.

00:03:38 --> 00:03:43: And improve the communities where we live and work while

00:03:43 --> 00:03:46: also driving value to our stakeholders.

00:03:46 --> 00:03:53: While companies have historically looked for opportunities to reduce their

00:03:53 --> 00:03:56: negative impacts in the world today,

00:03:56 --> 00:04:00: we're seeing growing momentum from investors,

00:04:00 --> 00:04:05: consumers, and employees demanding transparency and measurable indicators.

00:04:05 --> 00:04:11: Or how a company's activities align with their own personal

00:04:11 --> 00:04:14: values and priorities.

00:04:14 --> 00:04:20: To that end, ULI recently released its first ever sustainability

00:04:20 --> 00:04:21: in outlook for 2021,

00:04:21 --> 00:04:27: giving guidance to the real estate community about some pillars

00:04:27 --> 00:04:34: for success for companies considering how to integrate sustainability into

00:04:34 --> 00:04:36: their core business strategies.

00:04:36 --> 00:04:40: So today we'll hear from 3 panelists who all have

00:04:40 --> 00:04:43: different perspectives on this issue,

00:04:43 --> 00:04:47: and we'll learn about how they've integrated ESG into their

00:04:47 --> 00:04:48: own businesses,

00:04:48 --> 00:04:51: what trends they see into the future,

00:04:51 --> 00:04:54: and what challenges need to be overcome.

00:04:54 --> 00:04:59: But before we turn it over to those panelists.

00:04:59 --> 00:05:03: Since many in this virtual room may have differing experience

00:05:03 --> 00:05:04: with the concept of ESG,

00:05:04 --> 00:05:08: I thought I'd give us a little bit of framing

00:05:08 --> 00:05:10: for our conversation.

00:05:10 --> 00:05:15: So there are many terms that are used interchangeably,

00:05:15 --> 00:05:19: although they have different nuances and distinctions,

00:05:19 --> 00:05:23: so some of these you may have heard corporate,  
 00:05:23 --> 00:05:29: social responsibility, social impact. Corporate citizenship.  
 00:05:29 --> 00:05:34: Corporate shared value. And there's several more on that  
 list,  
 00:05:34 --> 00:05:38: and most recently we're hearing a lot about ESG.  
 00:05:38 --> 00:05:40: And the evolution to ESG.  
 00:05:40 --> 00:05:44: What's considered kind of the gold standard today.  
 00:05:44 --> 00:05:49: Is really about the opportunities for companies to track and  
 00:05:49 --> 00:05:51: measure their impact,  
 00:05:51 --> 00:05:57: their footprint in the world both positively and negatively.  
 00:05:57 --> 00:06:02: While corporate social responsibility was really all about.  
 00:06:02 --> 00:06:05: Helping a business be accountable.  
 00:06:05 --> 00:06:10: ESG makes those efforts measurable.  
 00:06:10 --> 00:06:13: So by way of definition,  
 00:06:13 --> 00:06:19: ESG, environmental, social and governance criteria are a set  
 of  
 00:06:19 --> 00:06:26: standards to help identify and quantify a company's impact  
 using  
 00:06:26 --> 00:06:29: metrics that matter to investors.  
 00:06:29 --> 00:06:33: Environmental criteria looks at how a company is a steward  
 00:06:33 --> 00:06:35: of the natural resources.  
 00:06:35 --> 00:06:40: Social criteria examine how it manages its relationships with  
 customers,  
 00:06:40 --> 00:06:46: employees, suppliers and the communities where it operates.  
 00:06:46 --> 00:06:51: And governance deals with the company's leadership  
 executive,  
 00:06:51 --> 00:06:56: pay audits, internal controls, shareholder rights.  
 00:06:56 --> 00:07:00: So today we'll learn from 3 panelists,  
 00:07:00 --> 00:07:04: Laura Craft, Michael Kirby. And Amanda masino I'm going to  
 00:07:04 --> 00:07:09: start by asking them each to answer the same question  
 00:07:09 --> 00:07:13: to kick us off and let them introduce themselves.  
 00:07:13 --> 00:07:18: So Laura. What is the one accomplishment you are most  
 00:07:19 --> 00:07:21: proud of in this space?  
 00:07:22 --> 00:07:24: Yeah, things stand up for that introduction.  
 00:07:24 --> 00:07:27: I think that was really great for levels.  
 00:07:27 --> 00:07:30: Set ESG. So I'm Laura craft.  
 00:07:30 --> 00:07:32: I head up ESG for Heitman.  
 00:07:32 --> 00:07:34: We are real estate investment manager.  
 00:07:34 --> 00:07:37: We have roughly 45 billion in assets under management.  
 00:07:37 --> 00:07:41: Globally, we invest in direct rule states of private equity,  
 00:07:41 --> 00:07:45: private debts that were a lender and then also public  
 00:07:45 --> 00:07:45: equity.  
 00:07:45 --> 00:07:49: So we invest in listed securities to answer the question

00:07:49 --> 00:07:51: that Hannah asked of what.

00:07:51 --> 00:07:53: What am I most proud of?

00:07:53 --> 00:07:56: Regarding Hitmans program, I'd say it's the E,

00:07:56 --> 00:08:00: so the environmental aspects and I break it down into

00:08:00 --> 00:08:01: two components.

00:08:01 --> 00:08:04: It's the locational aspects, wears a property located and then

00:08:04 --> 00:08:06: also the operational component.

00:08:06 --> 00:08:10: So why do that is when we think about climate

00:08:10 --> 00:08:12: risk you have those two.

00:08:12 --> 00:08:15: It's the physical risk and the transition risk,

00:08:15 --> 00:08:18: and what I'm most proud of is we've done a

00:08:18 --> 00:08:21: tremendous amount of work on climate risk.

00:08:21 --> 00:08:26: Looking at locational risk. We've actually put out two reports

00:08:26 --> 00:08:26: with you,

00:08:26 --> 00:08:30: a lie. The detail wet and realistic investment managers,

00:08:30 --> 00:08:33: how they should look at these risks and factor it

00:08:33 --> 00:08:35: back and just into decision making.

00:08:35 --> 00:08:38: So I feel like we've come a long way and

00:08:38 --> 00:08:42: understanding our physical risks and the 2nd is the transition

00:08:42 --> 00:08:46: risk is Heitmann has committed to net zero carbon operations

00:08:46 --> 00:08:48: by 2030, so that that's,

00:08:48 --> 00:08:52: uh, addressing the operations of our buildings of our

00:08:52 --> 00:08:54: investments,

00:08:52 --> 00:08:54: and that transitional risk component.

00:08:55 --> 00:09:00: Thanks thanks Hannah, and I'm Michael Kirby with Invesco

00:09:00 --> 00:09:00: real

00:09:00 --> 00:09:00: estate,

00:09:00 --> 00:09:05: Invesco I'ma hit up asset management for Invesco here in

00:09:05 --> 00:09:06: North America.

00:09:06 --> 00:09:10: We are a global real estate investment manager.

00:09:10 --> 00:09:14: You know, much like heightened Laura Firm,

00:09:14 --> 00:09:19: and we manage roughly \$80 billion globally in.

00:09:19 --> 00:09:22: Equity, debt and real estate securities.

00:09:22 --> 00:09:25: Sort of up and down the capital stack and up

00:09:25 --> 00:09:29: and down the risk spectrum from opportunistic to tocor.

00:09:29 --> 00:09:32: Here in the USR. Portfolios,

00:09:32 --> 00:09:36: roughly \$40 billion in what we call direct real estates.

00:09:36 --> 00:09:39: So direct equity and and and debt,

00:09:39 --> 00:09:42: and that's that's where the majority of my focus is.

00:09:42 --> 00:09:46: In ESG has always sort of falling under my purview

00:09:47 --> 00:09:48: and again today it's a.

00:09:48 --> 00:09:52: It's a global issue and we have a global ESG

00:09:52 --> 00:09:56: committee that I that I currently chair and when I'm

00:09:56 --> 00:10:00: most proud of is that this isn't something we've just  
00:10:00 --> 00:10:05: woke up because. It's a hot topic today and decided  
00:10:05 --> 00:10:05: to do.  
00:10:05 --> 00:10:10: We've been, you know, we've had an active program for  
00:10:10 --> 00:10:12: roughly 14 years and you know,  
00:10:12 --> 00:10:16: it started years ago as sort of Invesco green and  
00:10:16 --> 00:10:21: then it transitioned to sustainability and then it became ESG.  
00:10:21 --> 00:10:25: And as I think will touch on later,  
00:10:25 --> 00:10:29: it's now about the ESG and our resilience which Laura  
00:10:30 --> 00:10:32: touched on in her intro so.  
00:10:32 --> 00:10:34: Very proud of what we've accomplished to date,  
00:10:34 --> 00:10:36: but there's a lot of work  
00:10:36 --> 00:10:38: to do. Thank you, Michael and Amanda.  
00:10:38 --> 00:10:40: I'm really looking forward to hearing from you because you  
00:10:40 --> 00:10:42: bring a different perspective to this panel,  
00:10:42 --> 00:10:46: so please tell us about your work and what you're  
00:10:46 --> 00:10:47: most proud of in this space.  
00:10:47 --> 00:10:48: Sure,  
00:10:48 --> 00:10:52: I'm hi everyone, my name is Amanda Masino and I  
00:10:52 --> 00:10:56: do come from a bit of a different background than  
00:10:56 --> 00:10:59: other than our other panelists.  
00:10:59 --> 00:11:03: I am an associate professor of biology and Chair of  
00:11:03 --> 00:11:05: Natural Sciences at Houston,  
00:11:05 --> 00:11:08: Tillotson University in Austin, TX.  
00:11:08 --> 00:11:13: Houston Tillotson University is a historically black college or  
00:11:13 --> 00:11:16: university  
00:11:16 --> 00:11:18: and HBCU and our student population is 67%  
00:11:18 --> 00:11:21: African American, about 30%. Hispanic.  
00:11:21 --> 00:11:22: Most of our students are on financial aid and about  
00:11:22 --> 00:11:25: 70%  
00:11:25 --> 00:11:27: of them are what we consider very high need.  
00:11:27 --> 00:11:31: They're on the highest level of financial aid,  
00:11:31 --> 00:11:35: so those are the students and the communities that our  
00:11:35 --> 00:11:38: university serves and the overall mission of the university and  
00:11:38 --> 00:11:40: what I'm proudest of in this space is the work  
00:11:40 --> 00:11:45: that we do to advance equity through education.  
00:11:45 --> 00:11:49: That is the entire mission of everything we do.  
00:11:49 --> 00:11:52: More particularly this conversation. I'm also at the university  
00:11:52 --> 00:11:55: the  
00:11:55 --> 00:11:59: director of our environmental justice program.  
00:11:59 --> 00:12:02: This is an academic major where we study how how  
00:12:02 --> 00:12:05: the areas of environment and equity intersect,

00:11:59 --> 00:12:03: and this is a deliberate move we made as a  
00:12:03 --> 00:12:07: university to provide training in an area that seems to  
00:12:08 --> 00:12:12: be growing even more in importance and urgency.  
00:12:12 --> 00:12:13: And it reflects, you know,  
00:12:13 --> 00:12:17: academic changes, but also what we're doing on campus  
physically.  
00:12:17 --> 00:12:19: What we do in our Community work.  
00:12:19 --> 00:12:22: So I'm that is what I hoped to bring to  
00:12:22 --> 00:12:23: this conversation,  
00:12:23 --> 00:12:26: and I'm very happy to be engaged with you this  
00:12:26 --> 00:12:27: morning.  
00:12:28 --> 00:12:31: Thank you, Amanda. So Michael,  
00:12:31 --> 00:12:31: I'd  
00:12:31 --> 00:12:33: love to turn it back to you.  
00:12:34 --> 00:12:36: And ask what is  
00:12:36 --> 00:12:40: the driving force for the momentum around ESG?  
00:12:40 --> 00:12:43: Why is it so urgent?  
00:12:43 --> 00:12:45: Now where's the biggest source of pressure here?  
00:12:46 --> 00:12:51: A great great question, Hannah at what's interesting is and  
00:12:51 --> 00:12:52: and I I would.  
00:12:52 --> 00:12:55: I would say we were on a J curve in  
00:12:55 --> 00:13:00: terms of the focus and the pressure to consider ESG  
00:13:00 --> 00:13:00: factors.  
00:13:00 --> 00:13:05: From an investment standpoint. For years it was kind of  
00:13:05 --> 00:13:08: a nice to have and you could check the box  
00:13:08 --> 00:13:12: a little bit but but there's tremendous pressure today,  
00:13:12 --> 00:13:18: particularly from investors. The focus from investors is  
magnified.  
00:13:18 --> 00:13:20: It's it's not today, you know,  
00:13:20 --> 00:13:22: we manage other people's money,  
00:13:22 --> 00:13:27: right? So our investors today it is a primary consideration  
00:13:27 --> 00:13:30: in their selection of of investment managers,  
00:13:30 --> 00:13:35: not a secondary consideration. And so it's become very  
much  
00:13:35 --> 00:13:37: a not a nice to have,  
00:13:37 --> 00:13:42: but it must have, and there's tremendous pressure to actually  
00:13:42 --> 00:13:46: perform a shift has occurred in the last couple of  
00:13:46 --> 00:13:46: years.  
00:13:46 --> 00:13:50: For years, if you could check the box and say  
00:13:51 --> 00:13:54: you had a ESG program that was great,  
00:13:54 --> 00:13:58: everybody was happy. You know you could talk about you  
00:13:58 --> 00:14:00: know how green you were,  
00:14:00 --> 00:14:04: but today there's there's much more focus on metrics.

00:14:04 --> 00:14:08: There's much more focus on actual performance reduction in greenhouse

00:14:08 --> 00:14:08: gas emissions.

00:14:08 --> 00:14:11: For instance, metrics around your,

00:14:11 --> 00:14:13: you know your social impact,

00:14:13 --> 00:14:17: and so a great deal of pressure from investors and.

00:14:17 --> 00:14:20: And probably sort of 1 be there is the regulatory

00:14:21 --> 00:14:22: environment globally,

00:14:22 --> 00:14:27: it's it's. You know, in Europe in particular,

00:14:27 --> 00:14:30: is is a head of the US in terms of

00:14:30 --> 00:14:31: regulations,

00:14:31 --> 00:14:34: so there's a tremendous amount of regulatory pressure there.

00:14:34 --> 00:14:37: But it is happening here as well.

00:14:37 --> 00:14:40: Some of you may be aware you know of of

00:14:40 --> 00:14:41: laws passed,

00:14:41 --> 00:14:45: for instance in New York in the last 24 months.

00:14:45 --> 00:14:49: That essentially puts a carbon tax on buildings that don't

00:14:49 --> 00:14:51: perform to up to a baseline level.

00:14:51 --> 00:14:53: So there's a lot going on.

00:14:53 --> 00:14:57: And you know. Over the course of the next several

00:14:57 --> 00:14:57: years,

00:14:57 --> 00:14:59: the pressure is going to continue.

00:14:59 --> 00:15:03: Laura mentioned that Hayden had made up net zero commitment.

00:15:03 --> 00:15:07: Invesco has made in net zero commitment in order to

00:15:07 --> 00:15:08: keep up with the,

00:15:08 --> 00:15:12: you know, the the Paris Accord if you will.

00:15:12 --> 00:15:14: Which is the focus of this administration,

00:15:14 --> 00:15:16: you know, as an industry,

00:15:16 --> 00:15:21: we have to reduce emissions by 30%.

00:15:21 --> 00:15:23: You know, in the next 10 years,

00:15:23 --> 00:15:25: so there's there's a lot going on and and I

00:15:26 --> 00:15:28: think it it is something that the you know,

00:15:28 --> 00:15:31: the audience here, just not only needs to be aware

00:15:31 --> 00:15:31: of,

00:15:31 --> 00:15:34: but but needs to understand is is only going to

00:15:34 --> 00:15:36: get more focus over the coming years.

00:15:38 --> 00:15:43: Thanks Michael. Laura. In preparing for this meeting,

00:15:43 --> 00:15:45: I read something that you wrote.

00:15:45 --> 00:15:48: I'd like to read back to you and see if

00:15:48 --> 00:15:51: you could provide us a little bit more color or

00:15:51 --> 00:15:53: an example of this.

00:15:53 --> 00:15:58: He wrote embedding ESG considerations into our investment



and management

00:15:58 --> 00:15:59: processes,

00:15:59 --> 00:16:01: provides opportunities to create value,

00:16:01 --> 00:16:06: reduce risk, enhanced investment returns for our clients.

00:16:06 --> 00:16:08: Do you have an example of how that's been true

00:16:08 --> 00:16:09: at heidtman?

00:16:10 --> 00:16:13: Absolutely, if we just think about the environmental issues.

00:16:13 --> 00:16:15: So a building as operations,

00:16:15 --> 00:16:19: it has energy costs. One of the big things to

00:16:19 --> 00:16:22: do is to focus on energy efficiency,

00:16:22 --> 00:16:25: upgrades, and so if you were to save \$10,000 and

00:16:25 --> 00:16:26: expenses,

00:16:26 --> 00:16:28: which drops down to the bottom line,

00:16:28 --> 00:16:32: you capped at 5% and you know you've got.

00:16:32 --> 00:16:35: You've got additional, you've got \$200,000 in value,

00:16:35 --> 00:16:39: you know, and so you think about that's adding value

00:16:39 --> 00:16:40: if you can.

00:16:40 --> 00:16:44: Reduce your expenses. The other thing we're seeing is installing

00:16:44 --> 00:16:45: renewable energy,

00:16:45 --> 00:16:49: so installing solar panels will get annual leases for essentially

00:16:49 --> 00:16:51: leasing our rooftop space.

00:16:51 --> 00:16:55: So you think about \$100,000 that we get and annual

00:16:55 --> 00:16:56: revenue.

00:16:56 --> 00:17:00: I mean that that goes to \$2,000,000 in value,

00:17:00 --> 00:17:04: so there is absolutely that that tie and then you

00:17:04 --> 00:17:08: know if we think about the listed market and listed

00:17:08 --> 00:17:11: REITs that we're investing in.

00:17:11 --> 00:17:15: There's a higher correlation between companies that have good governance

00:17:15 --> 00:17:19: scores in investment performance and so we are seeing we're

00:17:19 --> 00:17:20: starting to see these links.

00:17:20 --> 00:17:23: I think it sometimes can be a little bit harder

00:17:24 --> 00:17:28: because we don't have consistent metrics around the environmental and

00:17:28 --> 00:17:29: social aspects,

00:17:29 --> 00:17:33: but the governance aspect is easier to quantify and also

00:17:33 --> 00:17:36: to see how it can relate to investment performance.

00:17:38 --> 00:17:41: That's really interesting, thank you.

00:17:41 --> 00:17:45: Amanda, you know we've talked a lot about the environmental

00:17:45 --> 00:17:46: component of ESG,

00:17:46 --> 00:17:50: and we know that one of the things that you're  
00:17:50 --> 00:17:55: really passionate about is how building and development can affect  
00:17:55 --> 00:17:58: a broader community from a social perspective,  
00:17:58 --> 00:18:02: as well as an environmental perspective.  
00:18:02 --> 00:18:06: What are some things that you wish developers had in  
00:18:07 --> 00:18:10: mind when making decisions for a new?  
00:18:10 --> 00:18:13: Development project in terms of the broader community impact.  
00:18:16 --> 00:18:18: Thank you, yes so well,  
00:18:18 --> 00:18:21: if you think so few things,  
00:18:21 --> 00:18:24: I think overall what I would like to see and  
00:18:25 --> 00:18:29: and many of us who work in environmental justice do  
00:18:29 --> 00:18:34: is that overall the standard is not just environmental impact,  
00:18:34 --> 00:18:38: it's environmental justice impact and and what I mean by  
00:18:38 --> 00:18:42: that is the difference between looking at metrics that are  
00:18:42 --> 00:18:43: just about,  
00:18:43 --> 00:18:45: say carbon or energy efficiency,  
00:18:45 --> 00:18:48: but considering the. Impacts on communities,  
00:18:48 --> 00:18:53: particularly vulnerable communities. Environmental justice asks us to ensure that  
00:18:53 --> 00:18:54: everybody,  
00:18:54 --> 00:18:56: all people, regardless of race,  
00:18:56 --> 00:18:59: ethnicity, income where they live,  
00:18:59 --> 00:19:04: receive environmental benefits and are protected from environmental harms.  
00:19:04 --> 00:19:07: And that impacts every area of environmental work.  
00:19:07 --> 00:19:11: It's traditionally been framed. Usually when you think about pollution,  
00:19:11 --> 00:19:15: and that's important too, because we know that when it  
00:19:15 --> 00:19:16: comes to air quality,  
00:19:16 --> 00:19:19: when it comes to exposure to contaminants and water,  
00:19:19 --> 00:19:22: that people of color African American slash black,  
00:19:22 --> 00:19:26: Hispanic lot next and also low income individuals right are  
00:19:26 --> 00:19:30: going to be exposed to higher levels than those who  
00:19:30 --> 00:19:31: are rich.  
00:19:31 --> 00:19:35: Those who are white and that that has to do.  
00:19:35 --> 00:19:39: Very much with the pattern of development that that's taken  
00:19:39 --> 00:19:40: place.  
00:19:40 --> 00:19:43: So that's one aspect to be aware of,  
00:19:43 --> 00:19:47: but it's not just that in terms of sighting,  
00:19:47 --> 00:19:52: which I heard Laura mentioned earlier location it's it's also  
00:19:52 --> 00:19:56: about thinking about how different communities are.

00:19:56 --> 00:20:01: Able to tolerate environmental harms.

00:20:01 --> 00:20:04: Climate is not. It affects all of us,

00:20:04 --> 00:20:06: but it doesn't affect all of us equally,

00:20:06 --> 00:20:10: right? We see that in in any disaster we are

00:20:10 --> 00:20:11: all in the same storm,

00:20:11 --> 00:20:15: but we are not in the same boat.

00:20:15 --> 00:20:19: And those with fewer resources are less able to.

00:20:19 --> 00:20:23: Pre plan and to recover to get away from the

00:20:24 --> 00:20:25: site of insult.

00:20:25 --> 00:20:29: So when it comes to this community thinking about that

00:20:29 --> 00:20:33: definition and how it affects not just say the energy

00:20:33 --> 00:20:37: efficiency of the building but where it's cited,

00:20:37 --> 00:20:39: what the overall community looks like.

00:20:39 --> 00:20:43: What how does your development fit into the landscape of

00:20:43 --> 00:20:48: that community and are you bringing or enabling more

00:20:48 --> 00:20:49: resources

00:20:49 --> 00:20:52: to come in?

00:20:52 --> 00:20:55: Or are you? Contributing to a distribution of resources that

00:20:57 --> 00:20:59: shifts things away from those who are most vulnerable.

00:20:59 --> 00:21:01: So it sounds like in addition

00:21:01 --> 00:21:05: to the environmental justice concerns,

00:21:05 --> 00:21:07: you're also looking at things like affordability and access as

00:21:07 --> 00:21:10: well from a social issues component.

00:21:10 --> 00:21:11: Can you talk a little bit more about

00:21:12 --> 00:21:15: absolutely?

00:21:15 --> 00:21:18: Absolutely yes yes. You thinking about the the potential for

00:21:19 --> 00:21:19: displacement and the impact on the on the the broader

00:21:19 --> 00:21:23: community.

00:21:23 --> 00:21:26: One of one of the staggering statistics that I'm sure

00:21:26 --> 00:21:27: most in this room have heard in some form or

00:21:27 --> 00:21:30: other.

00:21:30 --> 00:21:34: But I will repeat, is the recognition that in the

00:21:34 --> 00:21:35: United States your ZIP code is the single strongest predictor

00:21:35 --> 00:21:38: of your life span.

00:21:38 --> 00:21:41: So it's not. There's not any other number.

00:21:41 --> 00:21:44: It's not your cholesterol, your blood pressure,

00:21:44 --> 00:21:48: your resting. Blood sugar it is your zip code that

00:21:49 --> 00:21:51: most closely matches your lifespan and that is because so

00:21:51 --> 00:21:54: much of what happens in US and to us has

00:21:54 --> 00:21:56: to do with where we live,

00:21:56 --> 00:21:58: where we spend our time right?

00:21:56 --> 00:21:58: That that speaks to your access to food,

00:21:58 --> 00:22:01: access to healthcare, the amount of pollution again,  
00:22:01 --> 00:22:03: that you're exposed to water,  
00:22:03 --> 00:22:06: air, and that sort of view of Community and that  
00:22:06 --> 00:22:10: sort of view of development is something that I I  
00:22:10 --> 00:22:11: see more of,  
00:22:11 --> 00:22:13: but we also need more.  
00:22:13 --> 00:22:16: Of that of thinking at a level beyond just the  
00:22:16 --> 00:22:18: building and the block,  
00:22:18 --> 00:22:21: but the overall community and what are you doing in  
00:22:21 --> 00:22:25: terms of making that essentially a healthier community for for  
00:22:25 --> 00:22:26: everyone?  
00:22:26 --> 00:22:29: And this is something that you know I know in  
00:22:29 --> 00:22:33: green building standards where we're getting to that point of  
00:22:33 --> 00:22:35: looking at larger than the building,  
00:22:35 --> 00:22:38: right? Looking at the whole community and and looking at  
00:22:39 --> 00:22:42: what that standard is for transit for walkability.  
00:22:42 --> 00:22:45: For green spaces, for. In my view,  
00:22:45 --> 00:22:49: also access to other resources within that space that infects  
00:22:49 --> 00:22:52: people in a ZIP code that are normally subject to  
00:22:52 --> 00:22:54: maybe less of those,  
00:22:54 --> 00:22:58: or that normally don't have as many of those resources  
00:22:58 --> 00:23:02: and that's why they have the drop in lifespan.  
00:23:02 --> 00:23:05: This is an Austin audience ULI Austin I think.  
00:23:05 --> 00:23:09: So here in Austin that difference in lifespan is 20  
00:23:10 --> 00:23:12: years between ZIP codes.  
00:23:12 --> 00:23:15: 20 year lifespan difference. Just based on what part of  
00:23:15 --> 00:23:16: Austin you live in,  
00:23:16 --> 00:23:19: which is staggering and matches some of the most desperate  
00:23:19 --> 00:23:22: cities in the country to have that big of a  
00:23:22 --> 00:23:23: gap in lifespan.  
00:23:25 --> 00:23:27: That is very compelling. Thank you,  
00:23:27 --> 00:23:32: Amanda, and you know, I think we've we've talked about  
00:23:32 --> 00:23:34: why ESG has become such a focus,  
00:23:35 --> 00:23:38: and I think you guys have all made a really  
00:23:38 --> 00:23:43: good case for why investors are are really paying attention  
00:23:43 --> 00:23:44: to this.  
00:23:44 --> 00:23:47: And certainly the the stakeholders in our community.  
00:23:47 --> 00:23:50: And we haven't really talked about employees.  
00:23:50 --> 00:23:54: And, you know, with the generational shift in the workplace  
00:23:54 --> 00:23:55: with millennials.  
00:23:55 --> 00:24:00: Being 75% of the workforce as of 2020,  
00:24:00 --> 00:24:05: and the consumer base Gen Z is being 40%

00:24:05 --> 00:24:08: of the global consumer base by 2025,  
00:24:08 --> 00:24:12: which is just staggering to me.  
00:24:12 --> 00:24:17: What are you seeing in terms of expectations Laura with  
00:24:17 --> 00:24:19: your employee base?  
00:24:20 --> 00:24:23: And the clients that you work with around this,  
00:24:23 --> 00:24:24: in addition to  
00:24:24 --> 00:24:27: what you're seeing with it with your investor  
00:24:27 --> 00:24:29: base. Uhm,  
00:24:29 --> 00:24:33: so we've seen a huge change and sentiment regarding  
sustainability  
00:24:33 --> 00:24:34: and ESG issues.  
00:24:34 --> 00:24:36: I've been in this space 100%  
00:24:36 --> 00:24:40: USG, 14 years. So about what Michael is saying earlier,  
00:24:40 --> 00:24:43: I've been investment management for 16 years,  
00:24:43 --> 00:24:47: so we have a class of interns coming in this  
00:24:47 --> 00:24:48: summer.  
00:24:48 --> 00:24:51: Every single one of them said that one of the  
00:24:51 --> 00:24:55: reasons why they chose Heitman was because of our ESG  
00:24:56 --> 00:24:59: platform and the things that we're doing.  
00:24:59 --> 00:25:01: So I found that really enlightening.  
00:25:01 --> 00:25:04: I would say that was not the case 14 years  
00:25:04 --> 00:25:04: ago,  
00:25:04 --> 00:25:07: so I think that sentiment has absolutely changed.  
00:25:07 --> 00:25:10: I hear it from new employees that joined Heitman as  
00:25:11 --> 00:25:11: well,  
00:25:11 --> 00:25:14: as that's one of the reasons why they choose to  
00:25:14 --> 00:25:15: join.  
00:25:15 --> 00:25:17: So I think that increasingly more stakeholders,  
00:25:17 --> 00:25:20: so that could be your employees or investors,  
00:25:20 --> 00:25:23: or choosing to work with companies that align with their  
00:25:23 --> 00:25:23: values,  
00:25:23 --> 00:25:25: not just one you know,  
00:25:25 --> 00:25:28: providing them a job but are not just on providing  
00:25:28 --> 00:25:29: investment returns.  
00:25:29 --> 00:25:32: But you know what is that extra thing?  
00:25:32 --> 00:25:35: How can they? They they feel good about their decisions.  
00:25:35 --> 00:25:38: It's not just about the transactional value  
00:25:38 --> 00:25:43: anymore. Absolutely, so let's turn our focus to advice.  
00:25:43 --> 00:25:47: For companies wanting to get started to go down this  
00:25:47 --> 00:25:48: ESG path,  
00:25:48 --> 00:25:51: Michael, can you talk a little bit about your top  
00:25:51 --> 00:25:55: advice for companies that are wanting to take the first

00:25:55 --> 00:25:59: steps towards embedding ESG into their core business strategies?

00:26:01 --> 00:26:03: You know Hannah and prepped?

00:26:03 --> 00:26:08: You asked that question. I said that my best advice

00:26:08 --> 00:26:10: is to start 10 years ago,

00:26:10 --> 00:26:14: but being a little a little bit facetious,

00:26:14 --> 00:26:18: but but look it, it really starts with a note.

00:26:18 --> 00:26:20: You know investor know thyself,

00:26:20 --> 00:26:25: right? So get collecting and your own data and benchmarking.

00:26:25 --> 00:26:27: That data is the beginning,

00:26:27 --> 00:26:32: right? You you from a certainly from a energy.

00:26:32 --> 00:26:36: And and you know, sustainability standpoint unless you know where

00:26:36 --> 00:26:37: your starting point is,

00:26:37 --> 00:26:40: you don't know where to go and and so my

00:26:40 --> 00:26:44: advice is to get serious about data collection.

00:26:44 --> 00:26:46: You know there there any number?

00:26:46 --> 00:26:47: I know you know like me.

00:26:47 --> 00:26:51: Many of you probably get pinged every other day from

00:26:52 --> 00:26:52: some new.

00:26:52 --> 00:26:54: Group that has a you know,

00:26:54 --> 00:26:58: newis bank software and they're going to do it all

00:26:58 --> 00:26:58: for you.

00:26:58 --> 00:27:02: I will tell you it it's still you have

00:27:02 --> 00:27:03: to get your hands dirty.

00:27:03 --> 00:27:07: It still takes a lot of work to collect your

00:27:07 --> 00:27:09: data and but it's very doable.

00:27:09 --> 00:27:12: We've been doing it for years and had a head

00:27:12 --> 00:27:15: start in that regard because then you know where to

00:27:15 --> 00:27:19: start and then getting serious about embedding ESG factors into

00:27:19 --> 00:27:23: both your investment criteria and considerations and into your.

00:27:23 --> 00:27:26: Investment management strategies is is the next step,

00:27:26 --> 00:27:29: so first know thyself. Know where you start.

00:27:29 --> 00:27:33: What's your starting point and then.

00:27:33 --> 00:27:37: You know, have set some goals and keep yourself accountable.

00:27:39 --> 00:27:43: Michael, as a follow on what's been your single biggest

00:27:43 --> 00:27:44: challenge in.

00:27:44 --> 00:27:47: Moving towards a comprehensive ESG strategy,

00:27:47 --> 00:27:51: or what was your biggest challenge when you got

00:27:51 --> 00:27:54: started? You know honestly, like I say,

00:27:54 --> 00:27:58: we've been doing this for for a number of years

00:27:58 --> 00:28:03: and you know the the biggest challenges has literally just

00:28:03 --> 00:28:07: been bringing along a you know colleagues and peers and

00:28:07 --> 00:28:13: in the industry along the way because there is a

00:28:13 --> 00:28:14: a false.

00:28:14 --> 00:28:20: Assumption or belief that? There's a cost that outweighs the

00:28:20 --> 00:28:21: benefit,

00:28:21 --> 00:28:25: and as you know, Laura articulated.

00:28:25 --> 00:28:28: Most of what we're talking about,

00:28:28 --> 00:28:31: and it goes to both consumption as well as the

00:28:31 --> 00:28:32: social impact.

00:28:32 --> 00:28:36: Most of it is just really good investment management,

00:28:36 --> 00:28:41: right? You can either quantify it right and get it

00:28:41 --> 00:28:44: get an ROI or or or it's net neutral and

00:28:44 --> 00:28:46: you should do it.

00:28:46 --> 00:28:50: But there's often you know the math works on a

00:28:50 --> 00:28:53: lot of what we're talking about today,

00:28:53 --> 00:28:56: and when it goes to.

00:28:56 --> 00:28:59: You know the social impact and what you're doing.

00:28:59 --> 00:29:01: Again, your stakeholders want it,

00:29:01 --> 00:29:03: and so it's good investment managers,

00:29:03 --> 00:29:05: asset managers, building owners, operators,

00:29:05 --> 00:29:11: etc. We're going to be doing much of this anyway.

00:29:11 --> 00:29:14: That occupier experience that stakeholder experience,

00:29:14 --> 00:29:17: whether it's tenants, visitors, or investors.

00:29:17 --> 00:29:20: That's what drives what we do.

00:29:20 --> 00:29:23: And so we're going to do it.

00:29:23 --> 00:29:25: It's good management.

00:29:27 --> 00:29:29: That's great. At the end,

00:29:29 --> 00:29:33: uh, I'd love to explore the idea of partnerships with

00:29:33 --> 00:29:37: you because I know that partnerships have been really

00:29:37 --> 00:29:40: important

00:29:37 --> 00:29:40: in your work to accomplish your goals.

00:29:42 --> 00:29:52: How can organizations leverage their broader partnership

00:29:42 --> 00:29:52: ecosystem to accomplish?

00:29:52 --> 00:29:57: In environmental justice or other social impacts initiatives.

00:30:02 --> 00:30:02: Yes,

00:30:02 --> 00:30:07: thank you, that's it. That's a great great question.

00:30:07 --> 00:30:10: Absolutely. The first step to this is to actually think

00:30:10 --> 00:30:12: of those partnerships as an asset.

00:30:12 --> 00:30:16: Right think of them as resources that you can bring

00:30:16 --> 00:30:21: into this conversation and into ESG to make your program

00:30:21 --> 00:30:22: stronger.

00:30:22 --> 00:30:25: Michael just talked about metrics and how you benchmark.

00:30:25 --> 00:30:28: You can use your partners and those may be internal

00:30:28 --> 00:30:29: partners.

00:30:29 --> 00:30:32: You know it might be external partners and from those

00:30:32 --> 00:30:36: different stakeholder groups that were mentioned involve them in that

00:30:36 --> 00:30:38: process of building your benchmarks,

00:30:38 --> 00:30:41: you may have an idea of the things that you

00:30:41 --> 00:30:44: want to measure to see what your progress is,

00:30:44 --> 00:30:48: but remember that if you're using those metrics to define

00:30:48 --> 00:30:48: progress,

00:30:48 --> 00:30:52: they also limit what you think of as the scope

00:30:52 --> 00:30:54: of what you're doing.

00:30:54 --> 00:30:56: So if you involve more people early on,

00:30:56 --> 00:30:59: you're going to get a lot of creative thinking,

00:30:59 --> 00:31:02: and you might think about developing benchmarks that again they

00:31:02 --> 00:31:03: cover sustainability,

00:31:03 --> 00:31:05: but also the social dimension,

00:31:05 --> 00:31:07: the diversity, the equity, the environmental justice,

00:31:07 --> 00:31:10: the inclusion, the parts that are sometimes a little fuzzier

00:31:10 --> 00:31:12: to get metrics around,

00:31:12 --> 00:31:14: you want to embed those as well and and that

00:31:14 --> 00:31:18: is where partnerships are going to be very valuable,

00:31:18 --> 00:31:21: so bringing them in early talking about what you want

00:31:21 --> 00:31:23: to achieve and being very clear.

00:31:23 --> 00:31:26: That you level set on values early on is also

00:31:26 --> 00:31:27: very helpful.

00:31:27 --> 00:31:29: This in the area of sustainability,

00:31:29 --> 00:31:32: maybe less so now, but definitely in the area of

00:31:32 --> 00:31:34: social responsibility and diversity,

00:31:34 --> 00:31:36: work and environmental justice work.

00:31:36 --> 00:31:39: Different groups may have different ideas of what that is,

00:31:39 --> 00:31:43: and it's important to be really clear about where you

00:31:43 --> 00:31:46: are in terms of your DI culture and work overall

00:31:46 --> 00:31:50: where they are and how you might serve each other,

00:31:50 --> 00:31:53: and so that that would be my my biggest suggestion.

00:31:53 --> 00:31:57: Definitely bringing your your DI staff into this is important,

00:31:57 --> 00:32:01: but also your partnerships where you might have very good

00:32:01 --> 00:32:05: knowledge in those partners about what some of these

00:32:05 --> 00:32:06: priority

00:32:06 --> 00:32:07: areas can and should be.



00:32:08 --> 00:32:10: Is there an area Amanda

00:32:10 --> 00:32:14: where you see that partnerships are most likely to get

00:32:14 --> 00:32:16: stuck or tripped up?

00:32:16 --> 00:32:18: Uhm, what's the biggest challenge?

00:32:19 --> 00:32:21: The biggest challenge, at least you know,

00:32:21 --> 00:32:23: judging from my experience early,

00:32:23 --> 00:32:27: is early on. And when the partnership is first developing,

00:32:27 --> 00:32:30: when you are not quite sure you're not quite sure

00:32:30 --> 00:32:31: about each other,

00:32:31 --> 00:32:34: there's no relationship there. That's probably the toughest part.

00:32:34 --> 00:32:36: Once you are both invested,

00:32:36 --> 00:32:39: there's been a little bit of you know effort at

00:32:39 --> 00:32:40: relationship building.

00:32:40 --> 00:32:44: There's a bit of an understanding about what each party

00:32:44 --> 00:32:47: is bringing to the table and what each one hopes

00:32:47 --> 00:32:47: to get.

00:32:47 --> 00:32:51: I think then there's momentum to keep things going forward,

00:32:51 --> 00:32:53: but those initial stages where you're,

00:32:53 --> 00:32:55: you're basically figuring each other out.

00:32:55 --> 00:32:58: And you're making sure that you do in fact have

00:32:58 --> 00:33:01: enough of a shared goal and shared values to work

00:33:01 --> 00:33:03: on this initiative together.

00:33:03 --> 00:33:04: That's probably the slowest part,

00:33:04 --> 00:33:07: particularly if you are engaging with community and which is

00:33:07 --> 00:33:08: incredibly inputs,

00:33:08 --> 00:33:10: been incredibly important for our work.

00:33:10 --> 00:33:13: I think it's incredibly important for this field of environmental

00:33:13 --> 00:33:14: justice.

00:33:14 --> 00:33:15: You can't have. You know,

00:33:15 --> 00:33:18: experts, quote unquote experts in the room defining all of

00:33:18 --> 00:33:20: what environmental justice is.

00:33:20 --> 00:33:23: It means you have to have the people impacted to

00:33:23 --> 00:33:25: really understand what's going on.

00:33:25 --> 00:33:29: In your community, and there's all these ways that that

00:33:29 --> 00:33:31: will generate so much.

00:33:31 --> 00:33:34: You know respect and and and goodwill between you.

00:33:34 --> 00:33:36: If you're able to work together,

00:33:36 --> 00:33:39: but it is slow, it is slow because there may

00:33:39 --> 00:33:43: be the reciprocal nature of the relationship is not immediately

00:33:43 --> 00:33:45: clear until you engage and talk about it.

00:33:45 --> 00:33:48: This shared values are not immediately clear,

00:33:48 --> 00:33:51: but that can be a tremendously rich source of  
00:33:51 --> 00:33:54: knowledge in terms of what what impact might look like  
00:33:54 --> 00:33:57: and what some of those metrics might be important.  
00:33:57 --> 00:34:01: That might be important for you to capture are.  
00:34:02 --> 00:34:06: Great, thank you. So we had an audience question that  
00:34:06 --> 00:34:09: I think would be helpful to answer now.  
00:34:09 --> 00:34:14: Leo Carrillo sounds like ESG programs need a platform to  
00:34:14 --> 00:34:16: pull uniform metrics from,  
00:34:16 --> 00:34:20: especially for ENS. Do you know of a framework,  
00:34:20 --> 00:34:23: tool or initiative that could help gathering those metrics?  
00:34:23 --> 00:34:28: Laura? Is there something that you guys have successfully  
00:34:28 --> 00:34:28: used  
00:34:28 --> 00:34:28: at heidtman?  
00:34:28 --> 00:34:29: There  
00:34:29 --> 00:34:31: are a lot of tools out there.  
00:34:31 --> 00:34:34: Grasp as a tool, so that's the global real estate  
00:34:34 --> 00:34:36: sustainability benchmark.  
00:34:36 --> 00:34:39: I sit on a committee right now.  
00:34:39 --> 00:34:43: The Reporting Standards Group, so that's Nick Reef and  
00:34:43 --> 00:34:45: Priya  
00:34:45 --> 00:34:49: and we're coming up with an ESG.  
00:34:49 --> 00:34:50: Kind of recommended guidelines for funds to use to report  
00:34:50 --> 00:34:53: on these metrics.  
00:34:53 --> 00:34:53: So there are a lot of initiatives out there.  
00:34:53 --> 00:34:56: You know, I think that yes,  
00:34:56 --> 00:34:59: she gets confusing because you have.  
00:34:59 --> 00:35:01: ESG at the enterprise company level.  
00:35:01 --> 00:35:04: Meaning what are you doing at your corporate headquarters?  
00:35:04 --> 00:35:06: What are you doing in your company?  
00:35:06 --> 00:35:08: And then you have your investment portfolio.  
00:35:08 --> 00:35:11: So what are you doing with ESG and your investment  
00:35:11 --> 00:35:12: portfolio?  
00:35:12 --> 00:35:14: So I think a lot of confusion comes into play  
00:35:14 --> 00:35:18: when we think that ESG metrics should be standardized  
00:35:18 --> 00:35:21: across  
00:35:21 --> 00:35:23: your corporate programs and your investment portfolio.  
00:35:23 --> 00:35:27: So I think it just depends on you know what  
00:35:27 --> 00:35:29: you're trying to pinpoint what you're trying to track.  
00:35:29 --> 00:35:32: And then there are metrics.  
00:35:32 --> 00:35:32: Out there or there are tools out there that you  
00:35:32 --> 00:35:32: can  
00:35:32 --> 00:35:34: use. Thank you and Michael.  
00:35:34 --> 00:35:38: I can imagine that as some people who are hearing

00:35:38 --> 00:35:41: this who have not gone down this road yet might  
00:35:41 --> 00:35:42: be thinking.  
00:35:42 --> 00:35:45: What do you what do I even measure?  
00:35:45 --> 00:35:48: What data should I? Should I be tracking?  
00:35:48 --> 00:35:51: Can you talk a little bit about the concept of  
00:35:51 --> 00:35:55: materiality and what what makes sense for each individual  
organization  
00:35:55 --> 00:35:58: to be measuring and tracking and how,  
00:35:58 --> 00:35:59: how to determine that?  
00:36:00 --> 00:36:04: Well, I you know one thing that's true is is  
00:36:04 --> 00:36:08: is standards have not yet been established across the  
industry.  
00:36:08 --> 00:36:12: And and I think that's something as an industry.  
00:36:12 --> 00:36:15: And Laura mentioned she's she's a part of that.  
00:36:15 --> 00:36:19: Trying to set some standards in terms of what we  
00:36:19 --> 00:36:19: measure,  
00:36:19 --> 00:36:23: how we measured, and in particular how we start to  
00:36:23 --> 00:36:25: measure our actual progress,  
00:36:25 --> 00:36:28: right? And that's when I talk about that.  
00:36:28 --> 00:36:31: I'm I'm really focused on the.  
00:36:31 --> 00:36:35: On greenhouse gas emissions, which along with Brazilians  
are are  
00:36:35 --> 00:36:39: kind of the the two hot topics right now that  
00:36:39 --> 00:36:42: the industry is trying to figure out.  
00:36:42 --> 00:36:46: And there's no real standard in how you measure these  
00:36:46 --> 00:36:47: things and quantify them,  
00:36:47 --> 00:36:50: and so that's yet to be developed.  
00:36:50 --> 00:36:54: Again, grasp has made strides in that those that aren't  
00:36:54 --> 00:36:55: familiar familiar.  
00:36:55 --> 00:36:58: That's the global real estate sustainability benchmark,  
00:36:58 --> 00:37:01: and so you know all.  
00:37:01 --> 00:37:05: You know? Funds across the Globe report to grasp and  
00:37:05 --> 00:37:09: they rate and and rank you you know on a  
00:37:09 --> 00:37:10: relative scale.  
00:37:10 --> 00:37:14: And so it provides a benchmark to see how you're  
00:37:14 --> 00:37:16: doing from a program at,  
00:37:16 --> 00:37:18: you know, from program standpoint,  
00:37:18 --> 00:37:22: you know. Around ES&G and again,  
00:37:22 --> 00:37:25: that's now being extended to to the resilience,  
00:37:25 --> 00:37:27: CRPS, and so benchmarking is is,  
00:37:27 --> 00:37:31: you know it. It's still a little bit nascent.  
00:37:31 --> 00:37:35: We're we're. We're reporting right now on several different  
platforms

00:37:35 --> 00:37:36: around the globe.

00:37:36 --> 00:37:41: It's in and so and it's very costly by the

00:37:41 --> 00:37:42: way to do that,

00:37:42 --> 00:37:46: and very hard. There's a lot of hard work that

00:37:47 --> 00:37:50: goes into reporting to grasp UN PRI.

00:37:50 --> 00:37:58: United Nations. Uh. Paulson, United Nations principles for responsible investment,

00:37:58 --> 00:38:04: right? We're working there. Europe has the EU has just

00:38:04 --> 00:38:06: instituted new regulation.

00:38:06 --> 00:38:08: Use too many acronyms here,

00:38:08 --> 00:38:11: which you warned us not to do FDR,

00:38:11 --> 00:38:14: but that's impacting you. Know how we report globally?

00:38:14 --> 00:38:17: Because our. Even our domestic funds,

00:38:17 --> 00:38:20: you know, have feeder funds in Europe,

00:38:20 --> 00:38:23: and so we have to sort of comply there.

00:38:23 --> 00:38:26: So there's a lot of regulatory regimes.

00:38:26 --> 00:38:29: The reporting is is is a little bit discombobulated,

00:38:29 --> 00:38:32: but like I say it gets down to just starting

00:38:32 --> 00:38:36: with your data and knowing where you start.

00:38:36 --> 00:38:39: Your starting point is and measuring your your you know

00:38:39 --> 00:38:43: your progress going forward and I think the standards will

00:38:43 --> 00:38:44: evolve over the next.

00:38:44 --> 00:38:46: Hopefully over over the next.

00:38:46 --> 00:38:49: Over the short term, so that will all be able

00:38:49 --> 00:38:53: to look at it and compare apples to apples across

00:38:53 --> 00:38:55: investments and and and across funds,

00:38:55 --> 00:38:58: etc. You know, one thing I'll note I mean for

00:38:58 --> 00:39:01: those that are just starting or thinking about this,

00:39:01 --> 00:39:04: we're we're fortunate here in the US to have the

00:39:04 --> 00:39:06: Energy Star program start there.

00:39:06 --> 00:39:09: I mean that you can collect your data.

00:39:09 --> 00:39:11: You can benchmark your buildings.

00:39:11 --> 00:39:14: I mean, that's we were very fortunate to have that.

00:39:14 --> 00:39:19: It's free. For users and so that's that's a starting

00:39:19 --> 00:39:19: point.

00:39:21 --> 00:39:24: Great, that's helpful. And uhm,

00:39:24 --> 00:39:27: another question that came in.

00:39:27 --> 00:39:31: Architecture and engineering firms also want to know how their

00:39:31 --> 00:39:35: projects are performing and then metrics related to those facilities.

00:39:35 --> 00:39:40: Are there ways to structure contracts or set up systems

00:39:40 --> 00:39:43: to facilitate that feedback loop?

00:39:43 --> 00:39:45: Laura or Michael can either of you take that one.

00:39:50 --> 00:39:53: Sure, I'm happy to chime in.

00:39:53 --> 00:39:56: You know, I think it's about working with your your

00:39:56 --> 00:39:58: construction in your design teams.

00:39:58 --> 00:40:02: And you know, going for the lead new construction framework,

00:40:02 --> 00:40:04: that's that's a nice framework.

00:40:04 --> 00:40:08: And it requires tracking of environmental metrics along the way.

00:40:08 --> 00:40:11: So I think that that's an easy way where you

00:40:11 --> 00:40:15: can plug and play against an industry standard and make

00:40:15 --> 00:40:17: sure you're aligning to it.

00:40:17 --> 00:40:22: Just want to make sure I answered everything in that

00:40:22 --> 00:40:23: question.

00:40:23 --> 00:40:25: Yeah, so you know. And then it's working with your

00:40:25 --> 00:40:26: contractors.

00:40:26 --> 00:40:28: Let him know that you know if you are going

00:40:28 --> 00:40:32: to that lead standard that they are aligning with what's

00:40:32 --> 00:40:32: required in in.

00:40:32 --> 00:40:34: That's in that standard.

00:40:34 --> 00:40:36: Thank you, you know

00:40:36 --> 00:40:38: what one thing and I might note,

00:40:38 --> 00:40:42: you know. One of the challenges we've had over the

00:40:42 --> 00:40:46: years is getting our because we're not a developer.

00:40:46 --> 00:40:49: We partner with developers to deliver product.

00:40:49 --> 00:40:52: But as in working with our partners,

00:40:52 --> 00:40:56: convincing them that the kostof LEED designation for instance or

00:40:56 --> 00:40:58: green designation is is worthwhile,

00:40:58 --> 00:40:59: and I think you know,

00:40:59 --> 00:41:02: largely, we've overcome that in the office space,

00:41:02 --> 00:41:04: right? Because people these days,

00:41:04 --> 00:41:07: you know on a new building,

00:41:07 --> 00:41:10: you sort of expect a lead level construction,

00:41:10 --> 00:41:13: but it's beginning to extend to other product types and

00:41:13 --> 00:41:15: our starting point today is,

00:41:15 --> 00:41:18: yes, we're going to get a green designation,

00:41:18 --> 00:41:23: not only because. You know we it helps us get

00:41:23 --> 00:41:24: grass points,

00:41:24 --> 00:41:29: but also because it you know I think as we

00:41:29 --> 00:41:30: go forward,

00:41:30 --> 00:41:35: liquidity, finance ability etc will be impacted by the performance

00:41:35 --> 00:41:39: of your buildings and so there will be an ever  
00:41:39 --> 00:41:41: increasing focus on that.  
00:41:41 --> 00:41:45: And and I think it it's just a value  
00:41:45 --> 00:41:46: added.  
00:41:46 --> 00:41:49: It's difficult to quantify today.  
00:41:49 --> 00:41:52: Yeah, but but it's, but it's there and and it's  
00:41:53 --> 00:41:56: becoming more more meaningful as we go forward.  
00:41:56 --> 00:41:56: Thank  
00:41:56 --> 00:41:59: you. I mean, I wanted to turn it back to  
00:41:59 --> 00:42:01: you for a moment.  
00:42:01 --> 00:42:07: As. Companies are considering. How to ensure that the their  
00:42:07 --> 00:42:14: development is not negative negatively impacting the  
Community and that  
00:42:14 --> 00:42:16: it is an equitable?  
00:42:16 --> 00:42:19: Type of build. Where should they start?  
00:42:19 --> 00:42:23: What kinds of things should they be first looking at?  
00:42:23 --> 00:42:28: What resources might you recommend that they that they  
look  
00:42:28 --> 00:42:31: at first when going down that Rd?  
00:42:31 --> 00:42:32: Ensuring that is comfortable.  
00:42:33 --> 00:42:35: Sure, uhm. So there are a few.  
00:42:35 --> 00:42:38: A few places where you can get some of these  
00:42:38 --> 00:42:41: numbers to think about like a benchmark or what the  
00:42:41 --> 00:42:43: status is of the area,  
00:42:43 --> 00:42:46: and then maybe some places where you can get ideas  
00:42:46 --> 00:42:48: about what some of these metrics are for over to  
00:42:48 --> 00:42:51: understanding what the overall environmental picture is.  
00:42:51 --> 00:42:54: You can use a tool called EJ Screen.  
00:42:54 --> 00:42:56: I don't know if it's how many of you are  
00:42:57 --> 00:42:58: familiar with this,  
00:42:58 --> 00:43:02: it's very simple. It is a free.  
00:43:02 --> 00:43:05: Tool provided by the EPA and it pulls EPA data  
00:43:05 --> 00:43:07: from several sources.  
00:43:07 --> 00:43:10: Several of their other little fiddly databases that have  
information  
00:43:10 --> 00:43:12: about individual things.  
00:43:12 --> 00:43:15: They pull them all into this one place,  
00:43:15 --> 00:43:19: and so it looks at environmental indicators like air quality,  
00:43:19 --> 00:43:22: particular P, particularly PM. 2.5 the number of releases into  
00:43:22 --> 00:43:24: of hazardous toxins into water.  
00:43:24 --> 00:43:28: The proximity of sites to to the location you're looking  
00:43:28 --> 00:43:29: at,  
00:43:29 --> 00:43:32: so several measures for air and water quality.

00:43:32 --> 00:43:35: In your area, but then also pulls in demographics so  
 00:43:35 --> 00:43:37: it pulls in percent in poverty.  
 00:43:37 --> 00:43:40: It pulls in percent that are not primarily speaking English  
 00:43:40 --> 00:43:41: at home,  
 00:43:41 --> 00:43:44: etc. So you can get sort of an environmental justice  
 00:43:44 --> 00:43:46: scan of the area you're in,  
 00:43:46 --> 00:43:48: that is, that's a good place to start,  
 00:43:48 --> 00:43:51: because then it might based on what's going on with  
 00:43:51 --> 00:43:52: that EJ screen.  
 00:43:52 --> 00:43:56: There might be additional metrics that are appropriate to your  
 00:43:56 --> 00:43:59: particular project or company that you would want to bring  
 00:43:59 --> 00:43:59: in,  
 00:43:59 --> 00:44:02: but that's a good starting place and then the other  
 00:44:02 --> 00:44:03: one.  
 00:44:03 --> 00:44:04: Would be to look at,  
 00:44:04 --> 00:44:08: you know, the LEED standards for essentially neighborhoods  
 slash communities.  
 00:44:08 --> 00:44:12: I think that that's a good place to start looking  
 00:44:12 --> 00:44:13: at these issues,  
 00:44:13 --> 00:44:17: and because they will touch on the the the factors  
 00:44:17 --> 00:44:19: that we're talking about,  
 00:44:19 --> 00:44:23: you know are you affecting the density of pollutants in  
 00:44:23 --> 00:44:24: a site?  
 00:44:24 --> 00:44:27: Are you causing? Are you coming into an area and  
 00:44:27 --> 00:44:28: causing displacement?  
 00:44:28 --> 00:44:32: Are you supporting transit? Are you supporting green  
 spaces?  
 00:44:32 --> 00:44:35: Are you? Bringing in something that's going to basically  
 elevate  
 00:44:35 --> 00:44:39: the overall character of the neighborhood and and those are  
 00:44:39 --> 00:44:41: some of the things that get into the the S  
 00:44:41 --> 00:44:44: part into the environmental justice part of all of this  
 00:44:44 --> 00:44:45: sustainability work.  
 00:44:46 --> 00:44:50: Back to partnerships on that Amanda if.  
 00:44:50 --> 00:44:52: If a company was looking to.  
 00:44:52 --> 00:44:55: Uhm, understand those issues more fully.  
 00:44:55 --> 00:44:59: Is there kind of a one stop shop community partner  
 00:44:59 --> 00:45:02: that really keeps their finger on the pulse that they  
 00:45:02 --> 00:45:05: could create a relationship with perhaps?  
 00:45:06 --> 00:45:09: Oh, that's a that's a great question.  
 00:45:09 --> 00:45:12: There are. There are several community.  
 00:45:12 --> 00:45:17: There are several organizations that do environmental justice  
 work.

00:45:17 --> 00:45:19: That and overall sort of,

00:45:19 --> 00:45:23: you know, environmental justice national organization that we we don't

00:45:23 --> 00:45:24: have that yet.

00:45:24 --> 00:45:28: A lot of the big environmental groups they have environmental

00:45:28 --> 00:45:32: justice arms and they are moving in that direction.

00:45:32 --> 00:45:36: I would say to different extents and their regional divisions

00:45:36 --> 00:45:41: might have different levels of engagement and with environmental justice

00:45:41 --> 00:45:44: you know someone like Sierra Club for example,

00:45:44 --> 00:45:47: might have a very strong environmental justice.

00:45:47 --> 00:45:50: Presence here in Austin and in Texas,

00:45:50 --> 00:45:53: but perhaps not in all areas nationally.

00:45:53 --> 00:45:58: So unfortunately there is not one organization that I would

00:45:58 --> 00:45:59: say is to go to.

00:45:59 --> 00:46:03: However, the EPA has an increased focus on environmental justice

00:46:03 --> 00:46:05: under this new administration.

00:46:05 --> 00:46:10: There is a team of environmental justice advisers to the

00:46:10 --> 00:46:14: White House that encompasses people from all of the EPA

00:46:14 --> 00:46:15: regions.

00:46:15 --> 00:46:18: Those people, their organizations, they are the leadership in the

00:46:18 --> 00:46:19: country that group.

00:46:19 --> 00:46:22: If you look at who was chosen here in Texas

00:46:22 --> 00:46:23: for example,

00:46:23 --> 00:46:27: these are people who have been doing environmental justice work

00:46:27 --> 00:46:28: for 30 plus years.

00:46:28 --> 00:46:30: You know, looking at where facilities are cited,

00:46:30 --> 00:46:34: educating communities, building resilience. So I would say that's a

00:46:34 --> 00:46:37: good place to start to look at where you are

00:46:37 --> 00:46:40: and then you know where you are doing your work.

00:46:40 --> 00:46:42: If it's regional or national,

00:46:42 --> 00:46:45: look at that list and use those organizations that those.

00:46:45 --> 00:46:47: Those individuals represent.

00:46:48 --> 00:46:51: Thank you, we have just about 5 more minutes and

00:46:51 --> 00:46:54: I have one question that I'd like to ask each

00:46:54 --> 00:46:56: of you to close us out.

00:46:56 --> 00:46:59: But before we do we had an audience question Michael

00:47:00 --> 00:47:02: you might like to answer this one.

00:47:02 --> 00:47:06: For resilience to any of you,



00:47:06 --> 00:47:13: use USG BC rely RLI rating guidelines for designing construction.

00:47:16 --> 00:47:20: You see, it was that USGC Green Building Council.

00:47:21 --> 00:47:24: Breeding guidelines yes. Uh,

00:47:24 --> 00:47:28: you know we you know for new construction again,

00:47:28 --> 00:47:31: we're focused on you know the you know lead for

00:47:31 --> 00:47:32: instance,

00:47:32 --> 00:47:34: which is owned by USG BC.

00:47:34 --> 00:47:37: So it's I think largely we are,

00:47:37 --> 00:47:41: you know, are following those those guidelines.

00:47:41 --> 00:47:43: Said they extended the question,

00:47:43 --> 00:47:43: I

00:47:43 --> 00:47:48: think yes. Audience member let us know if you have

00:47:48 --> 00:47:50: a follow up to that.

00:47:50 --> 00:47:52: OK, to close this out,

00:47:52 --> 00:47:55: so considering how much change we have seen in the

00:47:55 --> 00:47:56: past decade,

00:47:56 --> 00:48:00: I think we can expect the amount of change to

00:48:00 --> 00:48:04: speed that we see in the next decade too.

00:48:04 --> 00:48:08: To even increase. Uhm, what is one thing that you

00:48:08 --> 00:48:14: would recommend that the audience focus on for their organizations

00:48:14 --> 00:48:17: to be able to thrive in the next decade?

00:48:17 --> 00:48:19: Uhm, is there? Is there one,

00:48:19 --> 00:48:23: UM, one action that you would most recommend that they

00:48:23 --> 00:48:24: take?

00:48:24 --> 00:48:28: Or that you're you're planning to personally focus on moving

00:48:28 --> 00:48:29: into this next phase?

00:48:32 --> 00:48:34: Lori, would you like to start

00:48:34 --> 00:48:38: with that? Sure, so I think the one recommendation I'd

00:48:38 --> 00:48:38: say,

00:48:38 --> 00:48:42: and it's I. I know that the audience is mixed.

00:48:42 --> 00:48:44: We've got burgers in the audience.

00:48:44 --> 00:48:47: We've got investment managers in the audience.

00:48:47 --> 00:48:50: We've got, you know, whole host of folks.

00:48:50 --> 00:48:53: And so I would say that ESG applies differently.

00:48:53 --> 00:48:57: So understand what your core businesses and then try to

00:48:57 --> 00:48:58: map those material,

00:48:58 --> 00:49:00: ESG metrics and focus on them.

00:49:00 --> 00:49:03: That ESG does not apply equally.

00:49:03 --> 00:49:07: To all the different stakeholders in the room today.

00:49:07 --> 00:49:11: So understand the material, ESG factors that you should

focus

00:49:11 --> 00:49:15: on and try to move towards improvement and those metrics.

00:49:16 --> 00:49:19: Thank you, Laura, and perhaps in when we send out

00:49:19 --> 00:49:22: the resources following this session,

00:49:22 --> 00:49:26: we can include some resources on help for conducting material

00:49:26 --> 00:49:30: materiality assessment because there may be some in the room

00:49:30 --> 00:49:33: who would like to understand where to start with that.

00:49:33 --> 00:49:37: So I have some ideas and I'm sure that you

00:49:37 --> 00:49:40: guys have some as well that we can add to

00:49:41 --> 00:49:41: the list.

00:49:43 --> 00:49:46: Amanda, would you like to take a crack at that

00:49:46 --> 00:49:46: question?

00:49:48 --> 00:49:52: Sure, yes. I think what I would like to see

00:49:52 --> 00:49:56: the most going forward in the next 10 years is

00:49:56 --> 00:50:02: just increased recognition that you need to look at race,

00:50:02 --> 00:50:06: ethnicity and income when you're looking at impacts on community

00:50:06 --> 00:50:07: of development.

00:50:07 --> 00:50:11: That those factors are they're going to determine so much

00:50:11 --> 00:50:15: of whether people can have resilience or not,

00:50:15 --> 00:50:18: and we lose a lot of that granularity.

00:50:18 --> 00:50:21: If we don't consider those factors again,

00:50:21 --> 00:50:23: look at race, look at ethnicity,

00:50:23 --> 00:50:27: look at income of your stakeholders of the communities impacted.

00:50:27 --> 00:50:30: Otherwise you can't really say you're doing any kind of

00:50:30 --> 00:50:32: environmental justice work.

00:50:32 --> 00:50:35: You need to be really clear about who's benefiting and

00:50:35 --> 00:50:39: who is not benefiting from any kind of environmental change,

00:50:39 --> 00:50:40: including development.

00:50:41 --> 00:50:43: Thank you Michael. Take us home.

00:50:44 --> 00:50:48: Well, you know we've we've touched on this a bit

00:50:48 --> 00:50:49: already,

00:50:49 --> 00:50:51: so I don't want to be redundant.

00:50:51 --> 00:50:55: But you know, I think wherever you sort of sit

00:50:55 --> 00:50:58: in your role in your in in,

00:50:58 --> 00:51:02: sort of the real estate investment supply chain if you

00:51:02 --> 00:51:02: will,

00:51:02 --> 00:51:04: from development through operations through investment,

00:51:04 --> 00:51:07: understanding what impact you can have,

00:51:07 --> 00:51:09: and then sort of setting goals,

00:51:09 --> 00:51:11: embedding it in your process.  
00:51:11 --> 00:51:15: One thing I've learned is it's really difficult to come  
00:51:15 --> 00:51:15: in.  
00:51:15 --> 00:51:18: And say, OK, here's how we do things.  
00:51:18 --> 00:51:21: Let's put ESG on top of that.  
00:51:21 --> 00:51:24: Now it, it's really embedded in in the in the  
00:51:24 --> 00:51:25: entire process.  
00:51:25 --> 00:51:29: From Amanda's comments, which was really resonate with  
understanding,  
00:51:29 --> 00:51:33: you know the impact on the Community.  
00:51:33 --> 00:51:36: With a new investment I mean buildings are part of  
00:51:37 --> 00:51:38: the fabric of our society,  
00:51:38 --> 00:51:40: right? That's where life happens,  
00:51:40 --> 00:51:43: is inside our buildings and through all of the things  
00:51:43 --> 00:51:47: we discussed regarding energy consumption and  
greenhouse gas emissions,  
00:51:47 --> 00:51:49: etc. Which again, you know,  
00:51:49 --> 00:51:52: regardless of your position on why climate is changing,  
00:51:52 --> 00:51:57: climate is changing and and it's something we must do  
00:51:57 --> 00:52:00: and so really understanding your impact.  
00:52:00 --> 00:52:02: Setting your objectives and embedding it in your process,  
00:52:02 --> 00:52:05: I think, is what I'd like to see in in  
00:52:05 --> 00:52:06: the next few years.  
00:52:08 --> 00:52:12: Well, thank you all for this enlightening conversation.  
00:52:12 --> 00:52:16: I think you've given everyone some actionable tools to carry  
00:52:16 --> 00:52:19: forward and really appreciate your participation.

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