

# NAREIT 2017 Leader In The Light

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Sustainable Real Estate Practices

# Working Forum



NAREIT  
NAREIT  
NAREIT

real foundations

# Welcome & Introduction

- ◆ Introduction of new NAREIT ESG staff
- ◆ NAREIT ESG Issues Perspective & Role
- ◆ Real Estate Sustainability Council
- ◆ NAREIT's 2017 ESG Look Ahead
- ◆ REIT ESG Facts & Benchmarking
- ◆ Housekeeping

# Background/Progress – 2005 to Today

**2005**

**• LITL Award Program Established**

- Collaboration w/US EPA
- Theme: Energy Efficiency

**2011-2012**

**• 1<sup>st</sup> LITL Working Forum (Dallas)**

- 14 NAREIT member companies attend
- Expand LITL theme to “Sustainability”
- Re-engineer LITL Survey
- LITL Award Program migrated into GRESB framework in 2012

**2013**

**• Key issues discussed at LITL Working Forum (La Quinta)**

- Deep dive into GRESB Survey
- Discussion of LEED and its potential for use in green index
- **NAREIT/REIT CEOs meet w/USGBC to discuss sector challenges & potential development of non-LEED measure**

**2015**

**• 31 NAREIT member companies participate in LITL Working Forum**

- NAREIT begins Collaboration w/SASB, Bloomberg
- **AccountAbility study : ESG Leading Practices**

- REIT ESG thought leaders meet in NYC in October to review study

**2016**

**• 41 NAREIT member companies attend 6th LITL Working Forum (Miami)**

- NAREIT comments on SEC Disclosure Project
- Fulya Kocak , VP ESG Issues, joins NAREIT
- **NAREIT establishes RESC**
- **RESC meets in LA to establish ESG Priorities**

# NAREIT Real Estate Sustainability Council (RESC)

- ◆ Formed in October 2016 with a to lead the REIT Industry's Sustainability/ESG Issues Mission





# NAREIT 2017 Strategic ESG Plan

- ◆ Create REIT Industry ESG Benchmarking and Recognition

# REIT ESG Facts & Benchmarking\*



74 REITs had information about sustainability on their website, representing 84% of the total market cap



Of the REITs investigated, a majority of REITs, with market cap over \$10 billion, released an annual sustainability report or had a dedicated staff member.

\$10B



25 REITs produce an annual sustainability report, representing 44% of the total market cap



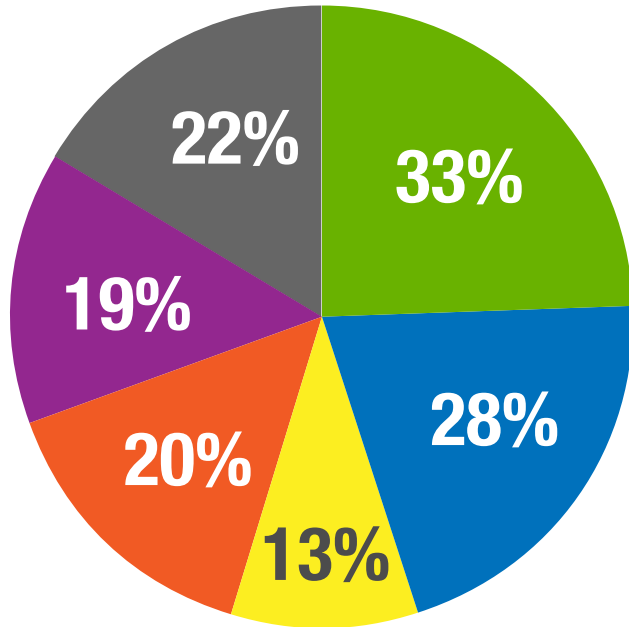
22 REITs have at least one staff member solely dedicated to sustainability, representing 38% of the total market cap

38%

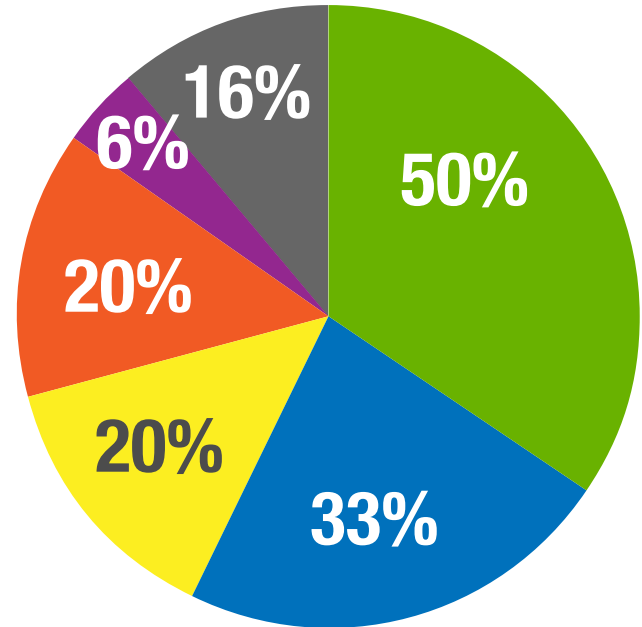
\* Snap shot to in-progress data collection

# Member REITs with Sustainability Report or Dedicated Staff

### Percentage with a Report



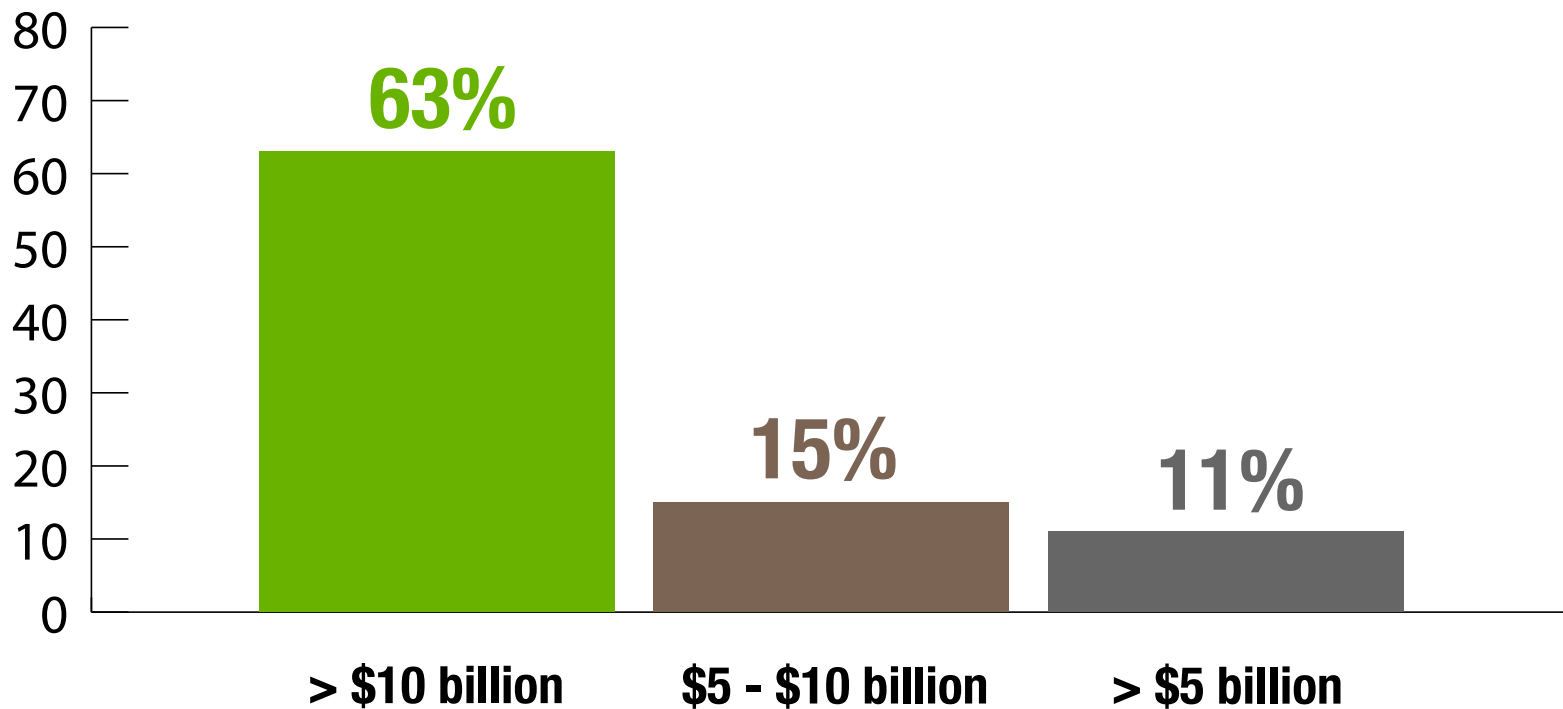
### Percentage with Staff



- Retail
- Office
- Residential
- Industrial
- Diversified
- All Other



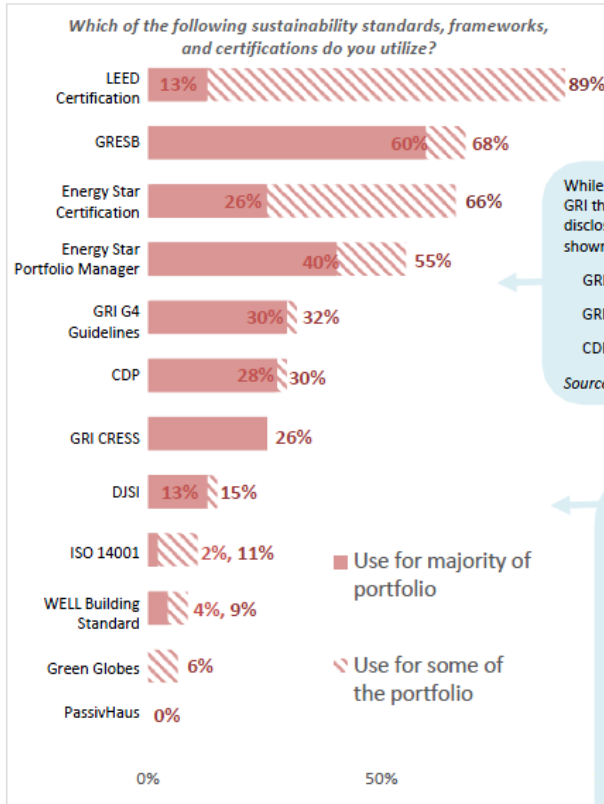
# Sustainability Reports by Market Cap



# NAREIT 2017 Strategic ESG Plan

- ◆ Create REIT Industry ESG Benchmarking and Recognition
- ◆ Facilitate streamlined ESG Reporting for the Industry

# ESG Disclosure Practices in REIT Industry



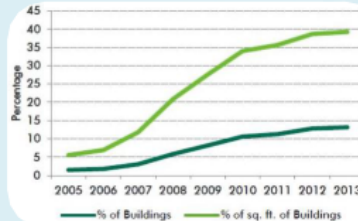
While the NAREIT survey showed more U.S. REITs using GRI than CDP, the total number of real estate company disclosures for GRESB, GRI, and CDP (as of end of 2014) shown below ranks differently.

GRESB: 707  
GRI: 166  
CDP: 394

Source: Green Means Go (RI Insight), Ari Frankel, 2015

The graph and table below shows the adoption of green building certifications, including LEED and Energy Star, as of December 31, 2013.

	% Buildings	% Area
Energy Star	10%	30%
LEED	5%	19%



Source: Green Building Adoption Index, CBRE, 2014

U.S. REITs use a wide variety of tools for their formal communication and pursuit of recognition, using more than 4 concurrently, on average.

Based on a NAREIT sponsored 2015 AccountAbility study, this information is based on leading sustainability practices among its membership gathered through surveys, interviews and research.

# GRESB Snap Shot of Progress for REITs



# NAREIT 2017 Strategic ESG Plan

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- ◆ Facilitate streamlined ESG Reporting for the Industry
- ◆ Facilitate collaboration, mentorship and networking among members

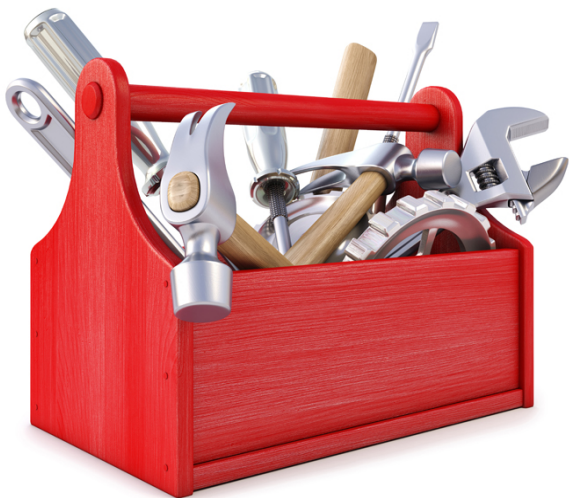
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- ◆ Facilitate collaboration, mentorship and networking among members
- ◆ Include ESG Issues in Investor Outreach efforts

# NAREIT 2017 Strategic ESG Plan

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- ◆ Facilitate streamlined ESG Reporting for the Industry
- ◆ Facilitate collaboration, mentorship and networking among members
- ◆ Include ESG Issues in Investor Outreach efforts
- ◆ Engage non-participant members in ESG efforts, Jump Start Program

# ESG Jump Start Initiative



**Tools**



**Education**



**Mentorship**



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- ◆ Facilitate collaboration, mentorship and networking among members
- ◆ Include ESG Issues in Investor Outreach efforts
- ◆ Engage non-participant members in ESG efforts
- ◆ Improve communication for ESG Issues both internally within REIT member organizations and externally for all stakeholders

# Housekeeping

- ◆ Jump Start Track
- ◆ Video Interviews
- ◆ App Download and Polling
- ◆ Group Photo
- ◆ Dinner Sign-up

WELCOME

TO  
THE

2017

LEADER <sup>IN</sup> <sub>THE</sub> LIGHT



SUSTAINABLE REAL  
ESTATE PRACTICES

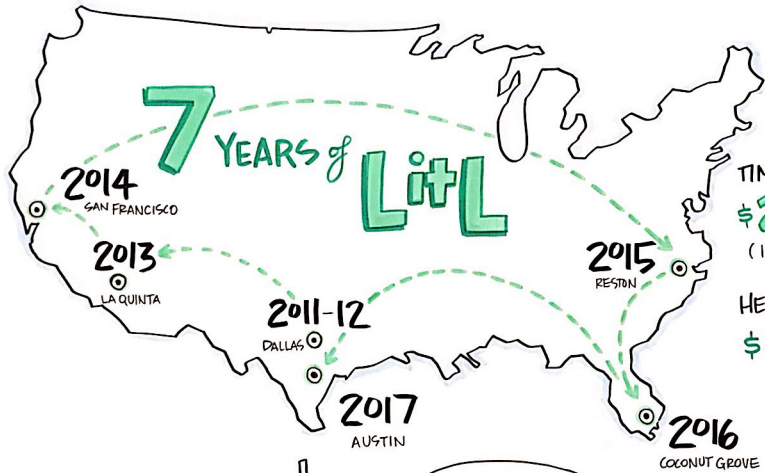
WORKING FORUM

REIT NA  
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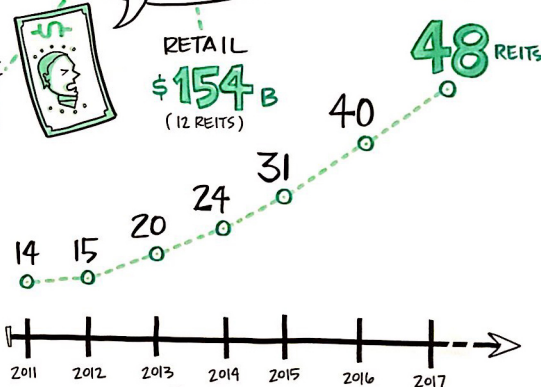
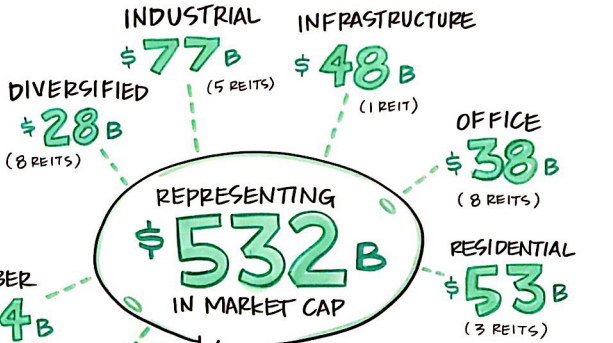
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# WHO IS IN THE ROOM?

7 YEARS of LitL



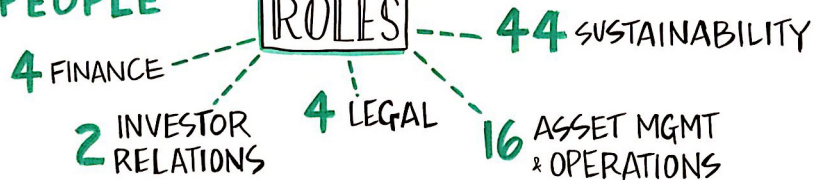
REPRESENTING  
\$532 B  
IN MARKET CAP



80 PEOPLE



ROLES



LitL ATTENDANCE



# DAY 1



SESSION OPENING

GLOBAL PEER Perspective



BREAKOUTS



INDIVIDUAL ASSIGNMENT



SHARE

SYNTHESIZE and REPORT



# DAY 2

1 REIT INVESTOR PANEL



2 GRESB Updates

3 LitL FEEDBACK

4 ESG REPORTING LANDSCAPE

5 KILROY  
HOST HOTELS  
MACERICH  
VENTAS

NAREIT MEMBER PANEL  
SUCCESS STORIES

6 BREAKOUT GROUPS

7 Market Update Briefs

TENANT ENERGY OPTIMIZATION  
REGULATORY DEVELOPMENTS  
WASTE TRACKING

8 CLOSING

# LitL 2017

GROUP KNOWLEDGE • FOCUS • LITERATE!

## WELCOME ...

Working

TOWARDS

a SINGLE,

STRONG

VOICE



ADVOCACY



... SINGLE,  
STANDARDIZED  
REPORTING

SHARING of  
BEST PRACTICES



BENCHMARKING  
... RAISING the  
BAR for ALL!

... towards  
SUSTAINABILITY

THIS WILL BE:

VISUAL COLLABORATIVE DOCUMENTED

WELCOME TO  
**LitL  
2017**



BETTER ENGAGEMENT  
WITH INVESTORS

RESC  
IS OPEN TO  
MEMBERS  
WHO WANT TO  
TAKE ACTION!



ADVOCACY & POLICY



OUR GOAL HERE  
IS TO **INSPIRE**  
& TO BE **INSPIRED**



A STRONG, SINGLE  
**VOICE**  
TO THE INDUSTRY



PROPER BENCHMARKING

COMMUNICATE WITH  
NON-PARTICIPATING  
**REITS**



TELL YOUR  
STORIES



YOU WILL BE  
HEARING FROM  
NAREIT **MORE**  
IN THE  
FUTURE



BIGGER REITS  
ARE CURRENTLY  
MORE CONSISTENT

**INVESTORS**  
LOOK AT  
**MEASUREMENT**

WE ALL NEED TO  
COMMUNICATE MORE

KNOWLEDGE



**GET THE MOST**

FOCUS

ITERATION

