



BentallGreenOak's dedicated team of ESG professionals are leading the global charge on many of the firm's progressive actions on sustainability.

Op-Ed:

The Tough Get Going - Staying the Course on ESG Commitments is the Best Investment

By Anna Murray

Companies are grappling with a wide range of predicaments from unresolved global health crises, supply chain issues, energy security, climate-related disruptions, and all of the socio-economic uncertainty that follows. In the face of this barrage, corporate environmental, social and governance ("ESG") com-

mitments are being challenged and, in some corners, put on hold. But pressing pause on ESG is not a strategy to overcome short-term hurdles or challenging conditions.

If ESG is deeply engrained in a business model, it cannot be singled out of the investment management process or the approach to operations. Fiduciary responsibility cannot be turned off. There is no way to pause risk mitigation or robust due diligence. And

the moment that firms stop caring about the environmental and social performance of their real estate assets, clients' capital become exposed to performance risks, and worse, obsolescence.

So, what does it take to commit to ESG in a meaningful way? Today's companies need strong ESG platforms, designed to manage through turbulence. ESG-driven strategies are the guard rails that lead to, in our opin-

ion, better informed investment and property management decisions, tighter integration with the global economy, and strategic initiatives that are attuned to the evolving needs of tenants and client demands

Cost savings and cost avoidance

Critics of ESG have recently been questioning the cost of implementing ESG programs and openly challenge their utility with a lack of consideration for what these programs are doing to save costs now and mitigate risks later. In an environment where rising energy costs and access to energy are constant considerations, our buildings are in fact containing costs and protecting the interests of our tenants who need their real estate to provide stability in uncertain times.

Regulatory compliance and increased investor due diligence

Corporate ESG requirements are increasing, with increasing pressure on regulatory bodies to provide clarity on the guidelines and enforcement on businesses. Institutional investors are rightfully demonstrating more scrutiny in their capital deployments too and asking more nuanced questions about ESG in their due diligence, with an expectation of substantive responses. These demands for greater and more transparent disclosures from many in the investment community signal the rising importance of alignment on ESG. Successful investment managers will not be able to "get by" with greenwashed responses that punt problem solving down the road or offer up superficial solutions that obfuscate the issues that our industry must clearly take accountability for.

ESG performance is married to data

ESG performance requires timely data capture, meaningful analyses, and quality reporting. Data enablement is an indispensable element of our fiduciary responsibility, and across our platform, we are making investments that allow uniform and high-integrity data to give us a view into the future and deliver insights that inform our present-day decisions.

Strategies that are geared towards building long-term asset value cannot ignore what the data tells us about the ecosystem of ESG variables that surround an asset and define the challenges or opportunities that our build-

ings must be prepared to confront. Ignoring those insights is a risk that real estate investors should not be willing to take.

Risk mitigation

Simple fact: more volatile climate events are increasing in frequency and intensity. Investment managers would be remiss not to include climate change factors in risk evaluations and resiliency schemes that prepare for the worst with reinforcements that preserve value for investors and provide advantages to tenants. Real assets need real ESG strategies otherwise the cost of negligence is borne by investors.



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Stakeholder and tenant needs

Our tenants' needs are front and centre in our considerations and they are increasingly showing up to the negotiating table with sophisticated needs to meet their own net zero and environmental commitments. Increasingly, they are viewing their real estate footprint as an important part of their demonstration of corporate responsibility. Landlords are joining forces with their tenants to drive efficiency gains and drive down environmental footprints. Companies that ignore ESG risk may be stuck with a portfolio of buildings that do not align with their ten-

ants' priorities.

You cannot outsource your firm's ESG strategy

Companies have to develop large-scale solutions today to meet the standards for ESG performance that will be incumbent upon us in the future. It cannot be punted to the next generation. It cannot be paused.

Commitments like "net zero by 2050" seem lofty and too far away to matter today. But it takes decades of "right" decisions to tackle big climate ambitions and an in-house team of dedicated professionals to drive the necessary disruption.

If there is no team, there is no action. People do the heavy lifting on ESG through data analysis, program and tool development, innovation, and strategic planning. A high-aptitude team with intentional integration into the investment and asset management processes is how ESG initiatives are fortified and poised to deliver value. At BentallGreenOak, a dozen business and functional leaders are dedicated full-time to ESG. In partnership across global teams, they ensure ESG considerations are integrated across asset lifecycles and aligned with client goals. They work alongside our investment professionals by necessity and problem-solve as a unit. They too require commitment and long-term investment to build up a collective competency that cannot be replicated through outsourced help.

BentallGreenOak has been a leader in sustainability for more than a decade, and in that time, we have weathered geopolitical instability, social and political unrest, and economic disruption, knowing that our convictions cannot crumble in the face of challenge.

Real estate investment managers can play a powerful role in the transition to a low-carbon economy – and our stakeholders are counting on us to do so.

So, when times are tough, we will continue to abide by our commitments to ESG and stay the course we have set. It is simply good business.

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