

# TELLING A POWERFUL ESG STORY

6 critical pieces of information  
stakeholders want to see



Multiple stakeholders are demanding sustainability efforts from companies. Simply making statements about ESG is no longer enough; investors, customers and employees are digging deeper and demanding transparency about a company's sustainability efforts and progress.

Investors are serious about their preference for companies that meet ESG (environmental, social, and governance) criteria, and they're becoming increasingly smart about how they evaluate ESG programs. According to [Gartner](#), 85% of investors considered ESG factors in their investments in 2020.

Sustainability is also influencing consumer shopping habits. Consumers are more interested in what corporate responsibility efforts a company is taking. According to [IBM Research Insights](#), "57% of consumers are willing to change their purchasing habits to help reduce negative environmental impact."

A company's sustainability efforts are also becoming a significant factor for attracting and retaining talent. According to [Fast Company](#), most millennials would take a pay cut to work at an environmentally responsible company and nearly 70% of survey respondents said that if a company had a strong sustainability plan, it would affect their decision to stay with that company long term.

Leading commercial real estate companies are recognizing the value of implementing strategic ESG programs. They're telling powerful stories to their stakeholders that show evidence of their commitment to ESG. The story that a company tells is the public face of their ESG initiatives, and without a powerful story, companies risk losing investors, customers and employees. When considering how you want to tell your ESG story, it's important to ask yourself these questions:

- How well do my ESG initiatives align with stakeholders' preferences?
- Do my ESG efforts bring value to stakeholders?
- When stakeholders ask about ESG, what can I show them?

**In this guide, we'll provide 6 essential pieces of information that investors and other stakeholders want to see, and explain why each piece needs to be part of your ESG story.**



## 1 An Explanation of Why ESG is Important to Your Company

Having a clear vision and/or mission for your ESG initiatives is a foundational element that informs all parts of your ESG programs. Your mission statement should address the interests of your different stakeholders, and be specifically about the industry that you're in.

Here's a good example from GID:



*"Our Vision is superior real estate that creates economic value and advances sustainable communities. Our Mission is to leverage our investment, development, and management expertise to enhance the communities in which we invest, live, and operate."*

You can see from those statements how ESG informs the business conducted by GID. Why do investors want to see a well-thought-out mission statement? The lack of a core vision and alignment throughout an organization can be a red flag to investors. Without a defined mission statement, ESG efforts will likely be haphazard and not as successful as they could be.



## 2 An Established Sustainability Leadership Team

Having executive buy-in is a critical component for the success of an ESG program. Investors looking for companies that put the responsibility for ESG at the highest levels expect to see senior leadership included in the ESG team, with roles and responsibilities clearly listed.

As an example, Hudson Pacific Properties included their board sustainability committee and ESG governance in their 2020 Corporate Responsibility Report, along with the statement that they've tied CEO and top executive compensation to key ESG metrics.





### 3 Specific ESG Goals and Targets

With ESG being so broad, it's impossible for one company to prioritize every initiative that falls under Environmental, Social, and Governance. Stakeholders will want to see specifically where a company's priorities are in order to determine if those ESG initiatives align with their own priorities.

For example, social programs could be about many issues such as diversity and inclusion, improved working conditions, and human rights protection. When determining which initiatives to prioritize, it's important to consider what's important to stakeholders.

Having a big, bold vision and mission is good, but those far-reaching goals need to be broken down into actionable steps and targets.

The most compelling ESG goals and targets will do the following:

- Specify what your company is focusing on
- Cover all 3 categories: environmental, social, and governance
- Use metrics to measure progress and define success



### 4 Current ESG Efforts

It's important to be transparent about where your ESG program is – in the early stages, developing, or more mature. Stakeholders will want to see the effectiveness of ESG initiatives, such as:

- Current levels of progress
- Action plan details
- Partnerships

Which projects have been started? What's been completed? What are the action plans for bigger initiatives? Who have you partnered with to make these plans happen? Stakeholders should be able to easily find the answers to all of these questions.





## 5 Formal ESG/CSR Reports

In order for stakeholders to trust what you say about your ESG mission, plans, and results, transparency is required in the form of reporting. The SEC is also looking at ESG disclosure; in a [Feb. 2021 statement](#), the Acting Chair of the SEC said, “Today, I am directing the Division of Corporation Finance to enhance its focus on climate-related disclosure in public company filings.”

Measuring ESG results has matured, and there are now recognized, accepted reporting frameworks, such as the following:

- [GRESB](#) provides ESG benchmarks and validated performance data that investors can use.
- [CDP](#) offers a global disclosure system to measure environmental impact
- [TCFD](#) is a task force on climate-related financial disclosures

Meaningful reporting requires useful data along with analysis and interpretation. A formal report should include an executive summary, with key takeaways and important data points highlighted. The visual design should show key information in an easy-to-understand format.



## 6 Formal Recognition and Awards

Just as you celebrate other business achievements and milestones such as industry awards, customers served, and revenue earned, ESG successes such as reaching targets should be recognized as part of your corporate culture. Stakeholders know to look for formal recognition and awards as signs that ESG is woven into the fabric of a company. The board and executives should be valuing and celebrating ESG wins just as they would other business achievements.

Recognition and awards may come from recognized third parties, and they may be internal, aligning with the company's action plans and goals.



# Many Commercial Real Estate Companies Already Have Compelling ESG Stories

Commercial real estate companies that are leading the way with their ESG initiatives have the above components in place, making their ESG stories outstanding. For example, [Link Logistics](#) sets specific goals and targets such as “100% of new developments to be LEED certified.” As we saw above, [GID](#) shares its vision and mission, along with industry expert [partnerships](#).

Kite Realty released their [2021 ESG report](#) announcing their recent highlights such as “grew electric vehicle charging program to over 100 stations across 8 properties, with additional installations for 2022” and sharing their 5-year goals with current status.

[Brixmor](#) provides progress and status updates on its ESG efforts in a [formal report](#). And, as we shared earlier, [Hudson Pacific](#) included their board sustainability committee and ESG governance in their corporate responsibility report.

**Stakeholders expect companies to have an ESG story, and leading companies are providing rich reports to meet those expectations. Even when your ESG program is in early stages, you can still tell a powerful story that demonstrates your commitment to prioritizing ESG initiatives.**



“...grew electric vehicle charging program to over 100 stations across 8 properties, with additional installations for 2022.”

*Kite Realty*