

**FORVIS**



**ESG & Climate Risk**

# Elementary, My Dear Watson: What's ESG?

CAHEC Partners Conference

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# Introductions



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Dirk is an ESG leader in FORVIS's Enterprise Risk & Quantitative Advisory practice. He has more than twenty years in the energy and transportation industries, having led ESG program development, strategic energy transition initiatives, risk management process improvement, and information technology projects. He advises clients across industries on capitalizing on ESG opportunities, investor relations, ESG ratings improvements, technology, operational excellence, and metrics. He has significant experience managing and improving ESG and operations performance for large organizations and working with the C-suite and Boards of Directors.

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Assurance / Tax / Advisory

# Agenda

- Evolution of ESG
  - What is ESG
  - When did the ESG movement gain traction
  - What is the current sentiment – headwinds and tailwinds, among
    - Capital markets
    - Regulators
    - Legislators
- Why is ESG Important to CAHEC Partners
- Metrics and Reporting
  - Measuring and illustrating the impacts to stakeholders

# Evolution of ESG

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# What Is ESG?

## Environmental, Social, & Governance

Set of metrics & standards for an organization's operations that meet growing stakeholder demand for information about an organization's impacts in these areas & how the organization addresses those impacts & governs itself

### Governance

- Ethics and compliance
- Board structure and independence
- Compensation and labor standards
- Risk & crisis management
- Data security
- Customer relationship management

### Social

- Community development activities
- Talent attraction and retention
- Diversity, equity, and inclusion (DEI) programs
- Corporate citizenship and philanthropy
- Employee well-being, health and safety

### Environmental

- Energy management and efficiency
- Climate strategy and emissions
- Water management and efficiency
- Waste management and recycling
- On-site energy generation

# Common ESG Perspectives & Assumptions

Public disclosure of performance data leads to improved performance

Only public information is considered

If an organization isn't disclosing how they manage a risk, it is assumed that the organization is not managing that risk

Exceptions

- Financial ratings firms S&P Global, Fitch, & Moody's
- Customers who want details for procedures, training, audit results, etc.

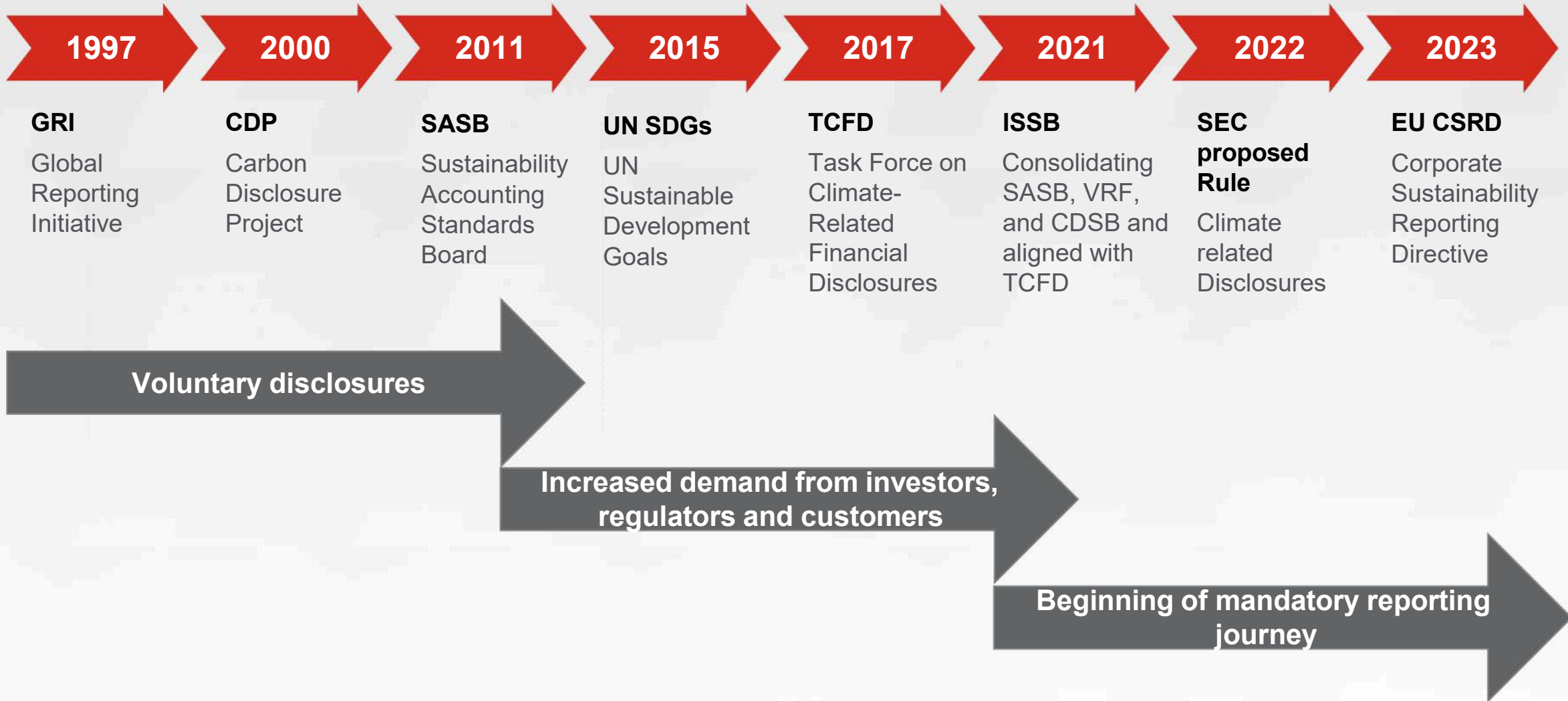
Organizations are rated based on machine-readable public information

ESG information needs to be consolidated into a report

Governance, Governance, Governance



# Evolution of ESG Reporting



# Shift from Voluntary to Mandatory Reporting

## Reasons:

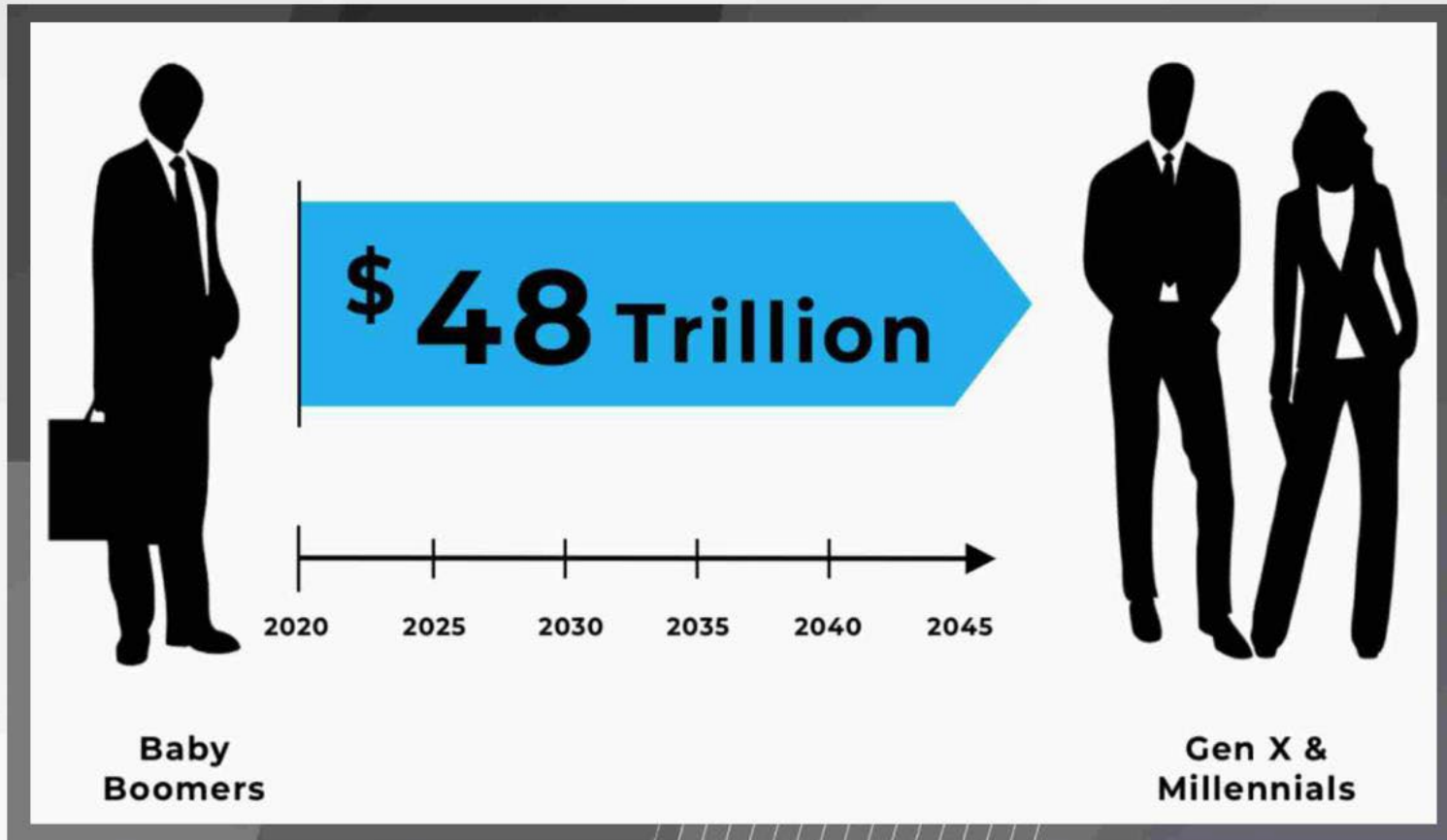
- Investor demand and pressure for comparable, decision-useful information
- ESG integration is increasingly being seen as a fiduciary duty
- B-to-B customer and investor commitments are flowing down to suppliers
- Growing public sector involvement in sustainability and societal objectives

## Examples:

- EU CSRD for financial and “large” listed companies from 2024
- Mandatory climate reporting
  - 2022 - UK, Switzerland, and Singapore
  - 2023 - New Zealand
  - 2024 - Canadian financial institutions
- US SEC Proposed Rule for Climate-related Disclosure

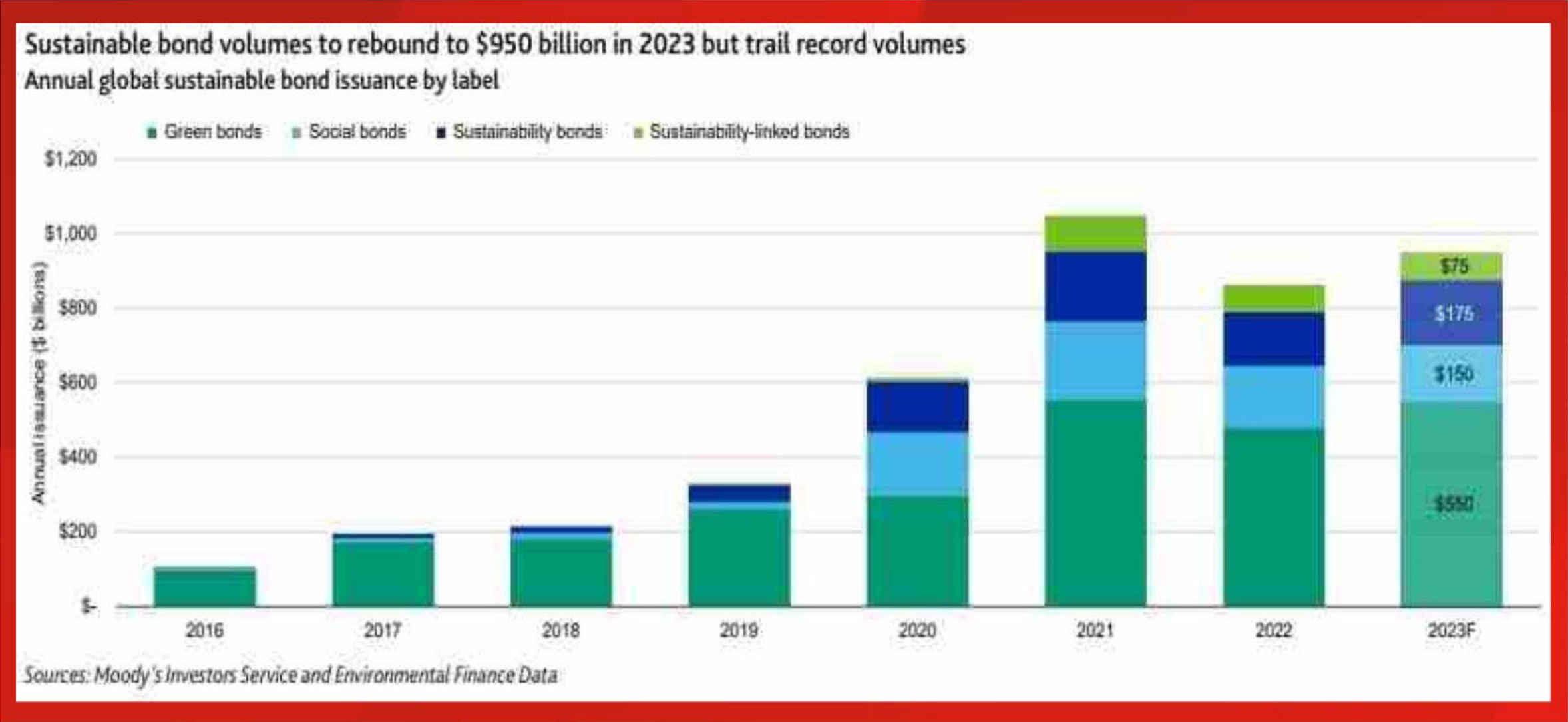


# Secular Shifts Driving Investor Interest in ESG



- In the U.S., according to Cerulli Associates, over the next 25 years, baby boomers will transfer nearly **\$48 trillion** in assets to their heirs & charities
- This enormous transfer of wealth is believed to be a driving force of ESG in the coming years
- Demographic trends will impact your customers, whether they are consumer or commercial customers

# Investor Interest is Increasing Capital for Sustainable Bonds



# Investor Interest is Driving Growth in Sustainable Investments



Source: Morningstar Direct, Manager Research. Data as of Dec. 31, 2022. Includes funds that have liquidated during this period. Excludes money market funds and feeder funds.

- The market demand for sustainable investing products made ESG one of the fastest growing segments in asset management from 2015 to 2021

# Current ESG Sentiment

## Headwinds

### Capital Markets

Recession fears, inflation, rising interest rates, and global energy crisis

- U.S. sustainable funds saw outflows in 2Q2022 for the 1<sup>st</sup> time in 5 years and, as of the 1Q2023, in 3 quarters over the last year
- Global sustainably bonds declined 18% in 2022 to \$862 billion, from a record \$1.05 trillion in 2021.

### Regulators

EU delayed CSRD one year due to conflict in Ukraine and to provide time for compliance

SEC: Two ESG rule-makings delayed to 2023, recent Supreme Court case my limit SEC authority

### Legislators

Arizona, Idaho, Indiana, Florida, Louisiana, Missouri, North Dakota restricting ESG investing with state funds.

Kentucky, Oklahoma, Texas, West Virginia, Wyoming boycotting banks restricting investment in fossil fuel energy or firearms.

## Tailwinds

### Capital Markets

Sustainable funds and bonds proving “stickier” than broader market demand

- Despite turbulent demand, product development picked back up, 27 new sustainable funds came to market in 1Q2023
- Sustainable bonds expected to grow to 15% of broader bond market in 2023

### Regulators

SEC enforcement and standardization of ESG fund nomenclature and marketing materials

TCFD recommendations are increasingly being adopted globally

### Legislators

Inflation Reduction Act – \$369B for climate and green energy investment

- Electric vehicles and charging infrastructure
- Renewable energy
- Energy storage
- Carbon capture, utilization, and storage
- Advanced domestic manufacturing

## Headlines

**FINANCIAL TIMES**  
**The ESG world is turning more to private investments**  
For pension funds, endowments and family offices, there are more options beyond listed equities to make an impact

**TR** **Exxon CEO Says ESG Is Good, Actually**  
Has one of the world's biggest oil and gas drillers gone woke?

Reuters  
**EU company ESG disclosure rules set to be eased**  
European Union sustainability disclosure rules are set to give companies more room to decide what should be reported, though safeguards...

**Forbes**  
**Sharpening The 'S' In ESG: How Companies Can Make A Social Impact**

**ESG fireworks on Capitol Hill over climate change: Smart business or 'woke capitalism'?**

AI-cio.com  
**Due Diligence: Using ESG as a Risk Mitigator | Chief Investment Officer**  
ESG has become controversial as an investing thesis, with critics—mainly politicians in red states—arguing that only standard financial data...

# Why is ESG Important to CAHEC Partners?

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# Why is ESG Important to CAHEC Partners Now?

## Changing Expectations >

Communities  
Investors  
Insurers  
Lenders  
Regulators  
Employees and potential employees

## Additional Opportunities >

To increase the appeal of projects to investors  
Platform for improvements

- Efficiency
- Risk Management

Attraction and retention of staff  
Identifying areas of alignment

## New Information Needs >

Communicating approach  
Data

- Building certifications
- Energy efficiency
- Water efficiency
- Energy ratings
- On-site energy generation

# ESG Metrics & Reporting

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# Metrics and Measurements

Mapping CAHEC data relevant for investor consumption will provide a basis for inclusion in an inaugural ESG report. Data mapping should leverage common industry frameworks such as GRESB, SASB and GRI. Examples of potential framework disclosures to be used in metric setting are shown below.



TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property subsector	Quantitative	Percentage (%) by floor area, Square feet (ft <sup>2</sup> )	IF-RE-410a.1
	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Quantitative	Percentage (%) by floor area	IF-RE-410a.2
	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Discussion and Analysis	n/a	IF-RE-410a.3

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Sustainability Services	Revenue from energy and sustainability services <sup>1</sup>	Quantitative	Reporting currency	IF-RS-410a.1
	(1) Floor area and (2) number of buildings under management provided with energy and sustainability services	Quantitative	Square feet (ft <sup>2</sup> ), Number	IF-RS-410a.2
	(1) Floor area and (2) number of buildings under management that obtained an energy rating	Quantitative	Square feet (ft <sup>2</sup> ), Number	IF-RS-410a.3

## **ISEK** Community engagement program

**Does the entity have a community engagement program through its development projects in place that includes ESG-specific issues?**

## **ISE.1** Community impact assessment

**Does the entity assess the potential long-term socio-economic impact of its development projects on the community as part of planning and pre-construction?**

- Disclosure 413-1 Operations With local community engagement, impact assessments, and development programs
- Disclosure 413-2 Operations with significant actual and potential repetitive impacts on local communities



## Example: SASB Real Estate Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Unity of Measure	Code
<b>Energy Management</b>	Energy consumption data coverage as a percentage of total floor area, by property subsector	Quantitative	Percentage (%) by floor area	IF-RE-130a.1
	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property subsector	Quantitative	Gigajoules (GJ), Percentage (%)	IF-RE-130a.2
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property subsector	Quantitative	Percentage (%)	IF-RE-130a.3
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified energy STAR, by property subsector	Quantitative	Percentage (%) by floor area	IF-RE-130a.4
	Description of how building energy management considerations are integrated into property investment analysis & operational strategy	Discussion & Analysis	n/a	IF-RE-130a.5
<b>Water Management</b>	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property subsector	Quantitative	Percentage (%) by floor area	IF-RE-140a.1
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property subsector	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	IF-RE-140a.2
	Like-for-like percentage change in water withdrawn from portfolio area with data coverage, by property subsector	Quantitative	Percentage (%)	IF-RE-140a.3
	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion & Analysis	n/a	IF-RE-140a.4
<b>Management of Tenant Sustainability Impacts</b>	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency- related capital improvements and (2) associated leased floor area, by property subsector	Quantitative	Percentage (%) by floor area, Square feet (ft <sup>2</sup> )	IF-RE-410a.1
	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property subsector	Quantitative	Percentage (%) by floor area	IF-RE-410a.2
	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	Discussion & Analysis	n/a	IF-RE-410a.3
<b>Climate Change Adaptation</b>	Area of properties located in 100-year flood zones, by property subsector	Quantitative	Square feet (ft <sup>2</sup> )	IF-RE-450a.1
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Discussion & Analysis	n/a	IF-RE-450a.2

# Example: Prioritizing Data and Activities



## Global Real Estate Sustainability Benchmark (GRESB)

### Allocation to E, S, G

	E	S	G
Management	0%	35%	65%
Performance	89%	11%	0%
Development	73%	21%	6%

**E** – Indicators related to actions & efficiency measures undertaken in order to monitor and decrease the environmental footprint of the portfolio.

**S** – indicators related to the entity’s relationship with & impact on its stakeholders and direct social impact of its activities.

**G** – indicators related to the governance of ESG, policies & procedures, approach to ESG at entity level.

### Scoring Model - Max Overall Score = 100 for Performance and 100 for Development

Component	Aspect	# Points	% Component	% Overall Score
Management	Leadership	7	23%	7%
	Policies	4.5	15%	5%
	Reporting	3.5	12%	4%
	Risk Management	5	17%	5%
	Stakeholder Engagement	10	33%	10%
<b>Total</b>		<b>30</b>	<b>100%</b>	<b>30%</b>
Performance of Standing Investments	Risk Assessment	9	13%	9%
	Targets	2	3%	2%
	Tenants & Community	11	16%	11%
	Energy	14	20%	14%
	Greenhouse Gas Emissions	7	10%	7%
	Water	7	9.5%	7%
	Waste	4	5.5%	4%
	Data Monitoring & Review	5.5	8%	6%
	Building Certifications	10.5	15%	11%
	<b>Total</b>		<b>70</b>	<b>100%</b>
Development Projects	ESG Requirements	12	17%	12%
	Materials	6	9%	6%
	Building Certifications	13	19%	13%
	Energy	14	20%	14%
	Water	5	7%	5%
	Waste	5	7%	5%
	Stakeholder Engagement	15	21%	15%
<b>Total</b>		<b>70</b>	<b>100%</b>	<b>70%</b>

### Management and Performance of Standing Investments



# GRESB Stakeholder Engagement Aspects

## Management: Stakeholder Engagement

### Employees

<b>SE1</b>	Employee training	Does the entity provide training and development for employees?
<b>SE2.1</b>	Employee satisfaction survey	Has the entity undertaken an employee satisfaction survey within the last three years?
<b>SE2.2</b>	Employee engagement program	Does the entity have a program in place to improve its employee satisfaction based on the outcomes of the survey referred to in SE2.1?
<b>SE3.1</b>	Employee health & well-being program	Does the entity have a program in place for promoting health & well-being of employees?
<b>SE3.2</b>	Employee health & well-being measures	Does the entity take measures to incorporate the health & well-being program for employees described in SE3.1?
<b>SE4</b>	Employee safety indicators	Has the entity monitored conditions for and / or tracked indicators of employee safety during the last three years?
<b>SE5</b>	Inclusion and diversity	Does the entity monitor inclusion and diversity?

### Suppliers

<b>SE6</b>	Supply chain engagement program	Does the entity include ESG-specific requirements in its procurement processes?
<b>SE7.1</b>	Monitoring property/asset managers	Does the entity monitor property/asset managers' compliance with the ESG-specific requirements in place for this entity?
<b>SE7.2</b>	Monitoring external suppliers/service providers	Does the entity monitor other direct external suppliers' and/or service providers' compliance with the ESG-specific requirements in place for this entity?
<b>SE8</b>	Stakeholder grievance process	Is there a formal process for stakeholders to communicate grievances?

## Development: Stakeholder Engagement

### Health, Safety & Well-being

<b>DSE1</b>	Health & Well-being	Does the entity take measures to incorporate occupant health & well-being in its development projects?
<b>DSE2.1</b>	On-site safety	Does the entity promote on-site safety during the construction phase of its development projects?
<b>DSE2.2</b>	Safety metrics	Does the entity monitor safety indicators at construction sites?

### Supply Chain

<b>DSE3.1</b>	Contractor ESG requirements	Does the entity have ESG requirements in place for its contractors?
<b>DSE3.2</b>	Contractor monitoring methods	Does the entity monitor its contractors' compliance with its ESG-specific requirements in place for this entity?

### Community Impact and Engagement

<b>DSE4</b>	Community engagement program	Does the entity have a community engagement program through its development projects in place that includes ESG-specific issues?
<b>DSE5.1</b>	Community impact assessment	Does the entity assess the potential long-term socio-economic impact of its development projects on the community as part of planning and pre-construction?
<b>DSE5.2</b>	Community impact monitoring	Does the entity have a systematic process to monitor the impact of development projects on the local community during different stages of the project?

# GRESB Stakeholder Engagement Aspects

## Management: Stakeholder Engagement

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# Disclosure Examples

## ENVIRONMENT

- BE A BEST-IN-CLASS COUNTERPARTY FOR OUR SUPPLIERS
- YEAR-ON-YEAR GHG EMISSION REDUCTIONS
- CREATE LEADING GREEN RESIDENTIAL COMMUNITIES

The UN Intergovernmental Panel on Climate Change report of October 2018 showed how the limiting of global warming to 1.5°C above pre-industrial levels is unlikely to happen. The current trajectory is towards 3°C of warming by 2100, which will cause unprecedented changes to the world's natural systems and to society. Globally, average temperatures have already risen by 1°C and the likelihood and severity of extreme weather events is increasing every year.

**Our Energy & Water Intensity**

Using less energy is fundamental if we're to meet our long-term emission targets and keep making our spaces affordable for customers. Coupled with designing should help give residents visibility of their potential energy costs. This is a significant change from current industry practice and will help us meet our energy targets, as well as have indirect impacts across waste and water.

CLIMATE CHANGE IS ONE OF THE BIGGEST CHALLENGES WE FACE, FROM DEVELOPING ENVIRONMENTALLY-CONSCIOUS HOUSING TO WORKING WITH OUR SUPPLIERS TO IMPROVE OUR RECYCLED MATERIAL USAGE.

THIS IS WHY WE SUPPORT THE UN SUSTAINABLE DEVELOPMENT GOALS TO HELP DRIVE OUR STRATEGIC OBJECTIVES

## PERFORMANCE

Aligned to TCFD, our sustainability performance is indicated below. We intend to align to SASB framework in coming years, along with CSRD alignment once enshrined in law.

Category	2022	2021	2020	2019	2018
Revenue	1,234	1,100	1,000	900	800
Operating Profit	300	280	250	220	200
Operating Assets	500	480	450	420	400
Operating Liabilities	150	140	130	120	110
Operating Income	150	140	120	100	90
Operating Expenses	100	90	80	70	60
Operating Cash Flow	80	75	70	65	60
Operating Capital Expenditure	(20)	(18)	(16)	(14)	(12)
Operating Free Cash Flow	60	57	54	51	48
Operating Dividends	(10)	(9)	(8)	(7)	(6)
Operating Retained Earnings	50	48	46	44	42
Operating Total Return to Shareholders	15%	14%	13%	12%	11%

## ACHIEVEMENTS

We received awards and recognition across 2022 in the following areas.

## GOALS & TARGETS

Objectives for creating sustainable communities help drive us to be a better business, delivering enrichment opportunities across our communities.

## SOCIAL

- ENSURE HIGH LEVELS OF STAKEHOLDER SATISFACTION
- STRIVE FOR INDUSTRY-LEADING TENANT SATISFACTION
- PROVIDE SECURE, LONG-TERM HOUSING

Our vision is to be the best community housing provider in the US, supporting our residents and stakeholders in delivering community value.

Using the UN SDGs to guide our strategy and thinking, we aim to make year-on-year improvements across our community engagement.

Across our developments, we aim to provide buildings that adhere to the Fitwel® standard, with 37% of our current portfolio achieving the highest ratings.

**Fitwel®**

The Fitwel standard provides guidance for optimizing health and wellness in the built environment. Fitwel addresses seven health impact categories of participating buildings:

- Healthy Community Connectivity
- Healthy Building and Accommodations
- Supportive Social Equity for Vulnerable Populations
- Healthy Buildings of Well-Being
- Cultures Access to Healthy Foods
- Prevention of Injury and Illness
- Uninterrupted Physical Activity

The Fitwel Standard was developed by:

**Fitwel® Certifications**

- 87% of current portfolio achieving the highest ratings
- 100% of new developments achieving the highest ratings

**Our Customers**

We put customers at the heart of what we do and how we do it, always looking to create value for them. By meeting the needs and aspirations of customers today, and enhancing our products and services so they appeal to the customers of tomorrow, we can successfully pursue our vision and purpose.

**Our Communities**

Our destinations play an important role in their communities as space to work, shop or live. We listen to local organizations, residents and businesses when we're planning and constructing a development. Investing time and resources to support community projects and foster close relationships.

## 2022 Key Highlights

- 100% Renewable energy use
- 25% Decrease in total GHG emissions
- 48% Decrease in water used per sq ft
- 4 New ESG Platform certifications
- \$2.6m Social value created through community programs
- 1000 People who benefited from our volunteering initiatives

# METRICS & TARGETS

Our strategic objectives for creating sustainable communities help drive us to be a better business, delivering enrichment opportunities across our neighborhoods.



DELIVER LONG-TERM SUSTAINABLE SHAREHOLDER VALUE



PROVIDE HIGH LEVELS OF STAKEHOLDER SATISFACTION



BE A BEST-IN-CLASS COUNTERPARTY FOR OUR SUPPLIERS



YEAR ON YEAR GHG EMISSION REDUCTIONS



STRIVE FOR INDUSTRY-LEADING TENANT SATISFACTION



CREATE LEADING GREEN RESIDENTIAL COMMUNITIES



PROVIDE SECURE, LONG-TERM HOUSING

Our approach to delivering our sustainable objectives considers metrics across environment and society, from developmental life cycles to providing safe spaces for our residents.

Our environmental metrics include climate change impacts, such as energy use, water withdrawal and emission intensity.

Our social metrics include tenant wellbeing, social investment and community volunteering

## 2022 Key Highlights

9.6%

Increase in overall tenant satisfaction score in the last 2 years

4

New LEED Platinum Certifications last year

52

Electric vehicle charging stations throughout our portfolio

25%

Decrease in overall GHG emissions

\$2.6m

Social value created through community programs

1000

People who benefitted from our volunteering initiative last year

# ENVIRONMENT



BE A BEST-IN-CLASS COUNTERPARTY FOR OUR SUPPLIERS



YEAR ON YEAR GHG EMISSION REDUCTIONS

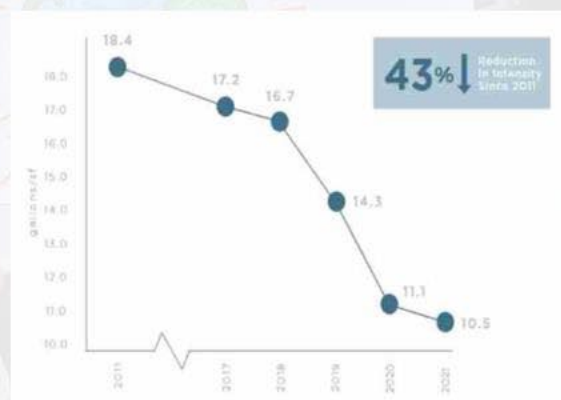


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## Our Energy & Water Intensity

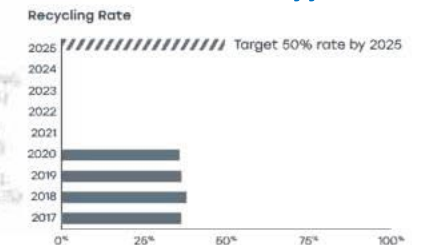
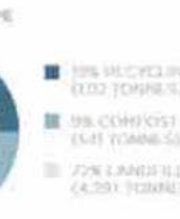
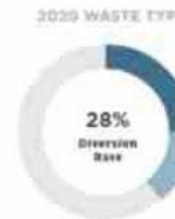
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### LEED CERTIFICATIONS



### ENERGY STAR CERTIFICATIONS



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# SOCIAL



PROVIDE HIGH LEVELS OF STAKEHOLDER SATISFACTION



STRIVE FOR INDUSTRY-LEADING TENANT SATISFACTION



PROVIDE SECURE, LONG-TERM HOUSING

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## Fitwel®

The Fitwel Standard provides guidelines for optimizing health and wellness in the built environment. Fitwel addresses seven health impact categories of participating buildings:

- 1 Impacts Surrounding Community Health
- 2 Reduces Morbidity and Absenteeism
- 3 Supports Social Equity for Vulnerable Populations
- 4 Instills Feelings of Well-Being
- 5 Enhances Access to Healthy Foods
- 6 Promotes Occupant Safety
- 7 Increases Physical Activity

The Fitwel Standard was developed by:



## FITWEL CERTIFICATIONS



## WELL HEALTH-SAFETY RATING



## Our Customers

We put customers at the heart of what we do and how we do it, always looking to create value for them. By meeting the needs and aspirations of customers today, and enhancing our products and services so they appeal to the customers of tomorrow, we can successfully pursue our vision and purpose

## Our Communities

Our destinations play an important role in their communities as space to work, shop or live. We listen to local organisations, residents and businesses when we're planning and constructing a development, investing time and resources to support community projects and foster close relationships



# PERFORMANCE

Aligned to TCFD, our sustainability performance is indicated below. We intend to align to SASB framework in coming years, along with CSRD alignment once enshrined in law.

GHG Scope	Category	2016-17		2017-18		2018-19	
		Emissions (tCO <sub>2</sub> e)	% of total value chain	Emissions (tCO <sub>2</sub> e)	% of total value chain	Emissions (tCO <sub>2</sub> e)	% of total value chain
Scope 1	Scope 1	16,477	2.4%	14,755	3.6%	11,490	3.6%
Scope 2	Scope 2	47,066	6.9%	36,620	9.1%	30,518	9.7%
Scope 3	Purchased goods and services (PG&S)	61,647	9.0%	59,936	14.8%	48,123	15.3%
	Capital goods	283,570	41.6%	128,551	31.8%	89,149	28.3%
	Fuel- and energy-related activities	13,982	2.0%	11,699	2.9%	8,764	2.8%
	Upstream transportation and distribution	Grouped under PG&S	0.0%	Grouped under PG&S	0.0%	Grouped under PG&S	0.0%
	Waste generated in operations	740	0.1%	769	0.2%	785	0.2%
	Business travel	360	0.1%	366	0.1%	324	0.1%
	Employee commuting	182	0.0%	182	0.0%	180	0.1%
	Upstream leased assets	n/a		n/a		n/a	
	Downstream transportation and distribution	n/a		n/a		n/a	
	Processing of sold products	n/a		n/a		n/a	
	Use of sold products	n/a		n/a		n/a	
	End-of-life treatment of sold products	n/a		n/a		n/a	
	Downstream leased assets	258,428	37.9%	151,596	37.5%	125,612	39.9%
	Franchises	n/a		n/a		n/a	
Investments	n/a		n/a		n/a		
Total emissions		682,452		404,474		314,945	

Scope 1 and 2 mandatory reporting Emissions	2017	2018	2019
Scope 1 tCO <sub>2</sub> e	16,477	14,755	11,490
Scope 2 tCO <sub>2</sub> e	47,066	36,620	30,518
Scope 1 and 2 tCO <sub>2</sub> e	63,543	51,374	42,008

Intensity	2017	2018	2019
Scope 1 and 2 tCO <sub>2</sub> e/m <sup>2</sup>	0.038	0.028	0.023

Scope 1 and 2 mandatory reporting Emissions	2017	2018	2019
Scope 1 tCO <sub>2</sub> e	16,477	12,550	9,879
Scope 2 tCO <sub>2</sub> e	3,862	2,200	3,517
Scope 1 and 2 tCO <sub>2</sub> e	20,338	14,749	13,396

Intensity	2017	2018	2019
Scope 1 and 2 tCO <sub>2</sub> e/m <sup>2</sup>	0.012	0.008	0.007

BREEAM certified space	2018/19	2017/18	% change
% of floor area which is BREEAM certified (m <sup>2</sup> )	40.2%	40.1%	0.2%
Outstanding	0.2%	0.2%	0.2%
Excellent	19.4%	19.3%	0.2%
Very Good	17.7%	17.7%	0.2%
Good / Pass	2.9%	2.9%	(0.6)%

	2018/19 £m	2017/18 £m	Change £m
Value of BREEAM certified assets	8,283	8,631	(348)
Percentage of total portfolio value	60%	61%	(1)%
Rental income derived from BREEAM certified assets	387	369	18
Percentage of rental income	57%	56%	1%
Operational expenditure in low-carbon equipment and products	1	1	-
Savings from investments in low-carbon equipment and products	1	1	-
Capital expenditure in low-carbon equipment and products	4	5	(1)
Avoided energy consumption costs measured against 2013/14 baseline	4	3	1
Forecast increase in energy costs resulting from climate change by 2100	1	1	-
Insured value of assets exposed to possible significant increase in river flood risk due to climate change by 2100	7	6	1
Insured value of assets exposed to possible significant increase in coastal flood risk due to climate change by 2100	257	281	(24)



# ACHIEVEMENTS

We received awards and recognition across 2022 in the following areas.



GREEN STAR 5 STAR RATING



FITWEL® PLATINUM AWARD



BREEAM GOLD AWARD

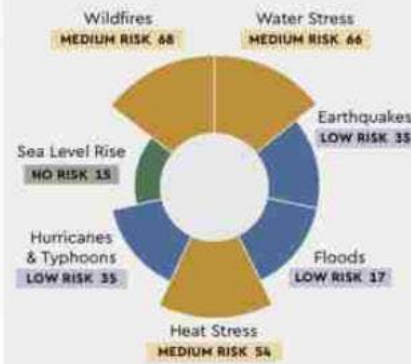
# Examples of Certification and Environmental Metrics

Building certifications and ratings are primary real estate metrics and climate-related topics, such as emissions and physical risk exposures, are increasingly of interest.

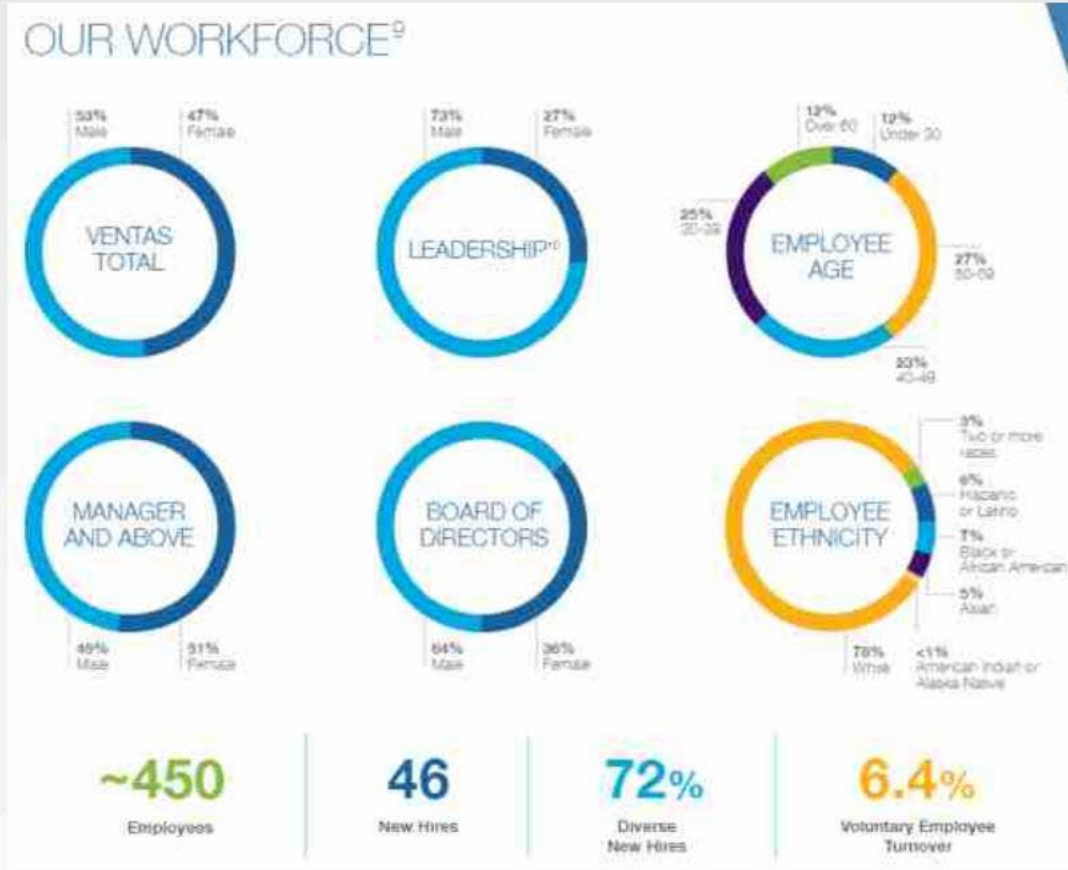
#	BUILDING	ENERGY STAR	LEED	BOMA 360	WELL HSR	FITWEL	WIRED SCORE
SL GREEN MANAGED OFFICE PROPERTIES							
1	One Vanderbilt Avenue*		GOLD		✓		PLATINUM
2	10 East 53rd Street		SILVER	✓	✓	✓	GOLD
3	100 Church Street	✓	GOLD	✓	✓		GOLD
4	100 Park Avenue	✓	GOLD	✓	✓	✓	PLATINUM
5	11 Madison Avenue	✓	GOLD	✓	✓	✓	PLATINUM
6	110 East 42nd Street		SILVER	✓	✓		SILVER
7	110 Greene Street	✓	GOLD	✓	✓		SILVER
8	1185 AoTA		SILVER	✓	✓		PLATINUM
9	125 Park Avenue		GOLD	✓	✓		GOLD
10	1350 AoTA	✓	GOLD	✓	✓	✓	PLATINUM

## Physical Climate Risk Exposure<sup>(1)</sup>

### OVERALL PORTFOLIO PHYSICAL RISK EXPOSURE



# Example of Employee and Tenant Metrics



### ABSENTEE & LOST DAY RATES

Total Hours for Year	1,596,442
Total Hours of Leave Unpaid	12,924
Total Hours of Leave Paid	215,707
Absentee Rate (Unpaid)	.0081
Absentee Rate (Total)	.1432
Lost Workday Rate <sup>1</sup>	2.5771

### ALTERNATIVE TRANSPORTATION

**2,936** TOTAL BICYCLE STORAGE SPACES

**326** TOTAL EV CHARGING STATIONS

**287** TOTAL BIKE SHARE UNITS

**20** TOTAL BIKE SHARE LOCATIONS

<sup>1</sup>BXP is reporting Lost Workday Rate instead of Lost Time Injury Rate. The denominator for Lost Workday Rate does not include paid time off, only employees' hours worked (including overtime).

### TRAINING & DEVELOPMENT

**100%** OF EMPLOYEES WHO RECEIVED TRAINING    **14** TRAININGS OFFERED

Code of Business Conduct and Ethics Training Attendees	743
Cybersecurity Training Attendees	743
Workplace Harassment Training Attendees	743
BXP Wellness Webinar Series Attendees (5)	298
The Office Customer & Energy Management Training Attendees	320
Fundamentals of Feedback Training Attendees	200
MEP Operations Training Attendees	200
2021 Leadership Summit Attendees	47
2021 Leadership 360 Program Attendees	28
BXP Fitwel Training Attendees	25

### SOCIAL & ECONOMIC CONTRIBUTIONS

**892** COMMUNITY SERVICE HOURS

**268** COMMUNITY SERVICE EVENTS

**225** EMPLOYEES DONATED TIME

**\$101.0M** IN PUBLIC HEALTH IMPROVEMENTS

**2,510** UNITS OF HOUSING PROVIDED

**43** TRANSIT OPTIONS WITHIN 1/2 MILE WALKING DISTANCE OF NEW DEVELOPMENTS

# Questions?



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# About Us

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**FORV/S**

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

## About FORVIS' Advisory Practice

Our professionals are a global community of advisors driven by shared passions to serve premier companies on industry-leading projects. We offer the resources of a Big Four firm with the responsiveness and focus on creating an exceptional client experience that a personal relationship demands. When working with FORVIS advisors, you will get a collaborative team bringing the strengths of their unique skillsets to help your organization achieve its goals.

Dedicated Advisory Professionals

High-quality Delivery

Solution-focused

110+

COUNTRIES

850+

OFFICES

60,530+

PROFESSIONALS



### Key FORVIS Hubs

- New York, NY
- Charlotte, NC
- Washington, D.C.
- Atlanta, GA
- Los Angeles, CA
- Chicago, IL
- Dallas, TX
- London, UK

### Key Praxity Hubs

- Dublin
- Paris
- Singapore



# FULL SUITE OF ESG & CLIMATE RISK SOLUTIONS

Our global economy has evolved and allowed us to accomplish amazing feats, only dreamed about in generations past. We have changed the way we do business, the way we live, and how we interact with each other. At the same time, our interconnectedness as a global society has caused our symbiotic relationship with the planet to become taxed. Some of our greatest societal achievements have also led to some of our greatest future risks. Our offerings are designed to help clients achieve their goals in the backdrop of this new ESG landscape and contribute to the betterment of the world for generations to come.



## CLIMATE RISK MANAGEMENT

- Climate Risk and Opportunity Assessment
- Risk Management Process Integration
- Supply Chain / Third-Party Risk Management
- Climate Quantitative Solutions - Physical / Transition Risk Modeling and Validation
- Scenario Analysis and Stress Testing
- Climate Risk Data Strategy
- Climate Risk Appetite Statement
- Business Continuity Planning
- Climate Change Adaptation



## ESG STRATEGY & GOVERNANCE

- ESG Materiality Assessment and Stakeholder Analysis
- End-to-End Program Design and Management
- Framework Assessment and Alignment
- Executive and Board Training and Education
- Sustainability Communications and Marketing
- ESG Strategic Development
- ESG Data and Technology Architecture Strategy
- ESG Policy Development



## CORPORATE DATA & REPORTING

- ESG Data Sourcing Strategy
- Audit Readiness Assessment and SOX / Internal Controls Support
- Sustainability Reporting Copy and Design
- Data Governance and Data Quality Implementation
- ESG Data and Reporting Software Selection / Implementation
- Regulatory Disclosure Support and Requirements Management
- Sustainability KPI Identification and Dashboards



## SUSTAINABLE PERFORMANCE IMPROVEMENT

- Carbon Accounting (Scope 1, 2 & 3)
- Market Insight and Performance Analysis
- Peer Benchmarking and Competitor Analysis
- ESG Ratings Review and Management
- Sustainability Goal Setting
- Net Zero Strategy and Decarbonization Pathways
- Science-Based Targets Initiative (SBTi) Submission Support
- GHG Emissions Reduction Strategy



## ESG CENTRIC ADVISORY

- Circular Economy and Resource Efficiency Management
- Diversity, Equity, and Inclusion (DEI) Assessment
- Corporate Social Responsibility (CSR) Development
- Environment, Health, and Safety (EHS) Support
- ESG Investment Policy and Process Development
- Life Cycle and Impact Assessments
- Sustainable Finance Methodology and Strategy
- B Corp Assessment and Certification Support
- Carbon Credit Advisory
- Capital and Green Financing Advisory

Industry intelligence and solutions bolstered by leading technology.

## Latest Thinking

To educate, create opportunities for dialogue and provide exceptional service to clients, FORVIS produces and disseminates Knowledge Share articles, podcasts, webinars and more. Samples of our recent material include:



### ESG REPORTING – NAVIGATING THE DISCLOSURE LANDSCAPE

Explore recent developments in the ESG disclosure realm.



### DEVELOPING A CLIMATE RISK MODEL FRAMEWORK

Background, frameworks, models and next steps for climate risk.



### ESG: GROWTH, PERFORMANCE AND SUSTAINABILITY

We have designed methodologies to help enable the achievement of your goals.



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**ESG & Climate Risk**

# Time For A Close-Up: Examining ESG & Affordable Housing

CAHEC Partners Conference

June 7, 2023

# Introductions



**Gloribel Cruze**  
Sr. CRA Investment Officer  
TD Bank Community Capital Group  
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Gloribel has over nineteen years of experience in real estate lending, business development, client management, underwriting and portfolio management. She serves as a relationship manager to source and originate commercial real estate loans utilizing her unique combination of strong organizational, decision-making, problem-solving, project management and sales skills. She is also bilingual in English and Spanish. Gloribel holds a Graduate Certificate in Real Estate Finance from New York University and a BA in Economics with a concentration in International Affairs and Government from Skidmore College.



**Dirk Cockrum**  
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Dirk is an ESG leader in FORVIS' ESG & Climate Risk practice. He has more than twenty years in the energy and transportation industries, having led ESG program development, strategic energy transition initiatives, risk management process improvement, and information technology projects. He advises clients across industries on capitalizing on ESG opportunities, investor relations, ESG ratings improvements, technology, operational excellence, and metrics. He has significant experience managing and improving ESG and operations performance for large organizations and working with the C-suite and Boards of Directors.

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# Time For A Close-Up: Examining ESG & Affordable Housing

- How does the Low Income Housing Tax Credit Program fit into the ESG movement?
- How can ESG benefit the tax credit properties by attracting more investor interest?
- What are measures and actions at the property level that align with ESG initiatives?

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