



**ESG for Building:
Best Practices,
Trends and
Lessons Learned**

**EEBA SUMMIT
2024**

WHY ESG?

Environmental Reality

- If we remain on our current trajectory, we're expected to surpass 2 degrees Celsius within a shockingly short 5 years.

Social Reality

- High levels of climate anxiety: 77% of younger generations consider the future to be frightening, and 56% said they think humanity is doomed.

Investor Demand

- ESG investments: \$8.4T in 2022, projected to reach \$34T by 2026.
- Companies with ESG strategies are considered by many investors to be better prepared to deal with climate change and are therefore a safer investment.



ESG FOR BUILDING



Guiding Principles for the Building Industry

ESG For Building Working Group

- Created a roadmap for defining and implementing ESG improvements for North American residential sector.

ESG Defining Principles

- Encourage intelligent, expedited adoption of ESG in housing.

BENEFITS OF ESG



- Risk reduction
- Streamlined operations
- Productivity enhancements
- Supply chain strengthening
- Enhanced transparency
- Address historically low levels of trust
- Compliance

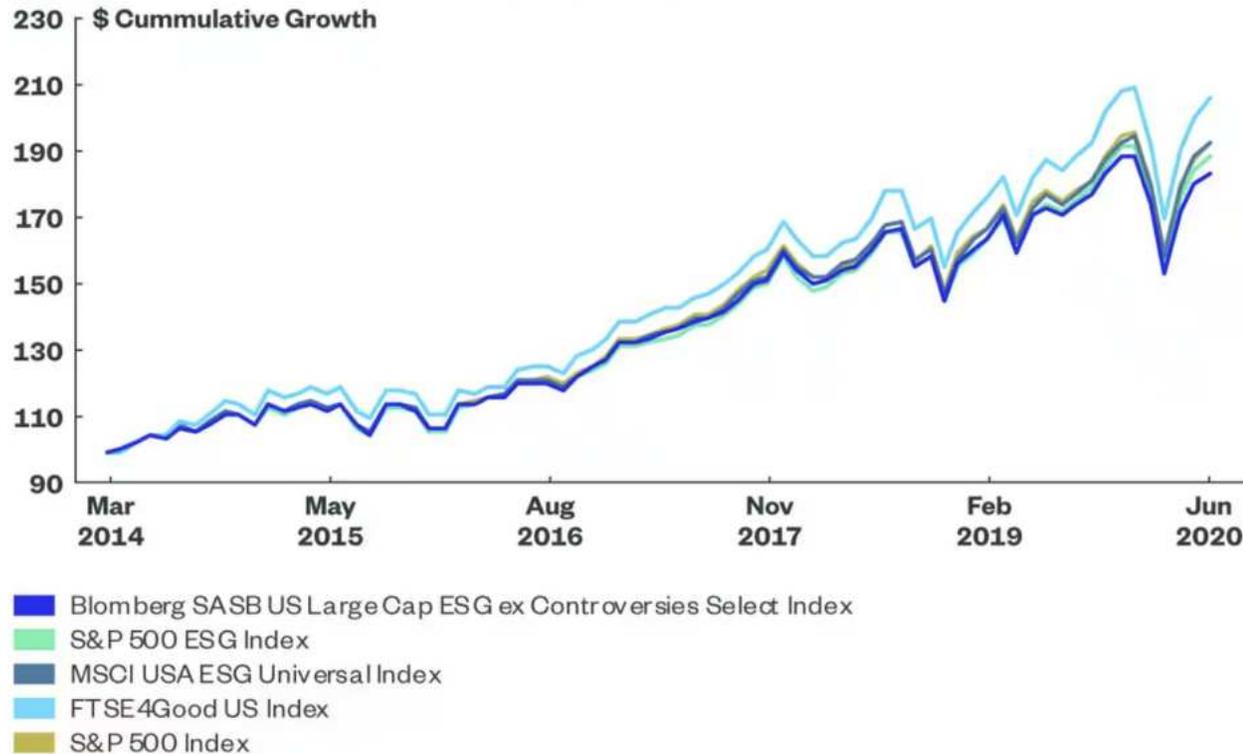
EVOLVING ESG LANDSCAPE

THE ESG ERA HAS ARRIVED



- ESG Frameworks
- Data Transparency
- Organization of ESG reports
- Materiality Assessment
- Common topics

ESG OPPOSITION



Source: MSCI, FTSE/Russell/Bloomberg; S&P; State Street Global Advisors; all calculations by State Street Global Advisors.

Opponents claim that ESG harms financial performance by placing artificial constraints on decision making

Research shows that there is no evidence that ESG funds differ in performance from their peers in a statistically meaningful way

Market-rate (or better) returns for ESG investments mean that we can expect increased demand for ESG strategies

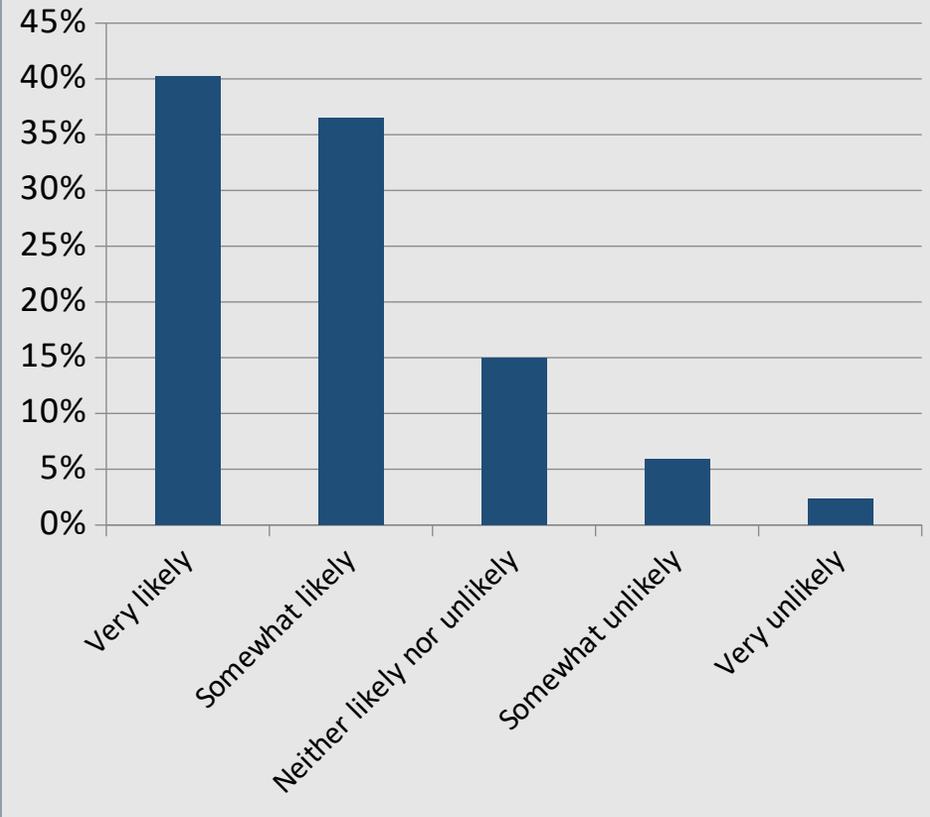


CONSUMER PERCEPTION N



ESG DRIVES DEMAND

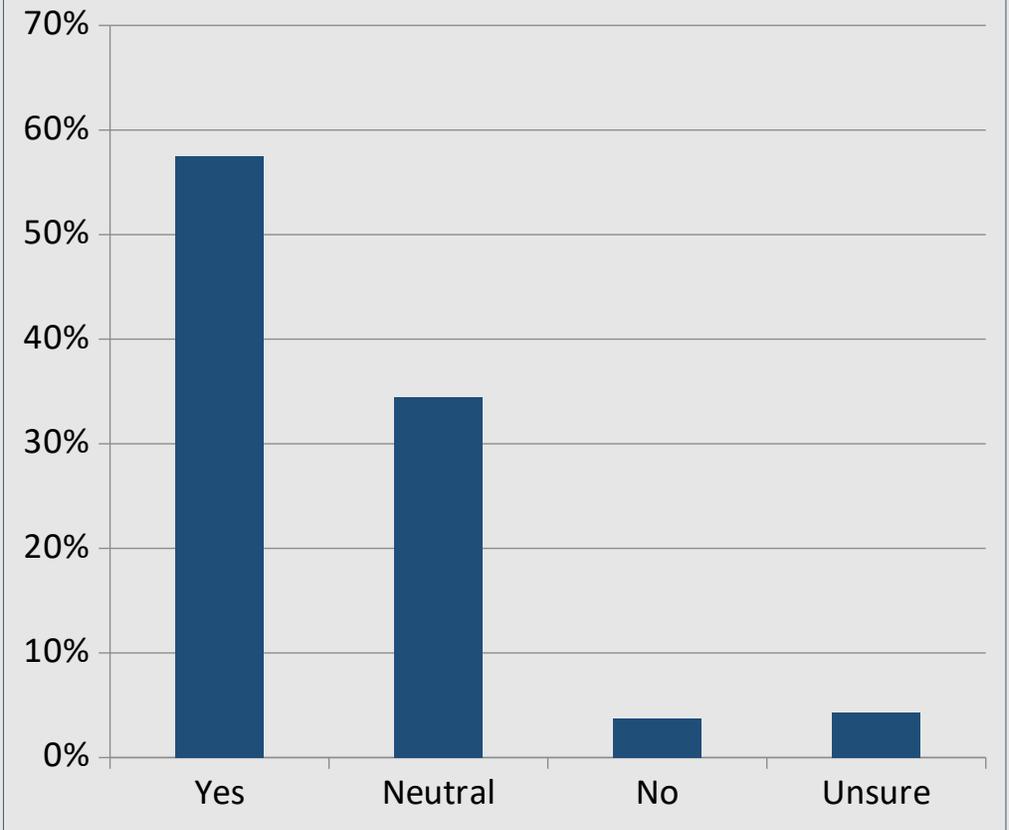
How likely are you to choose a product from a company with strong ESG practices over one without?





ESG MEANS LONG-TERM SUCCESS

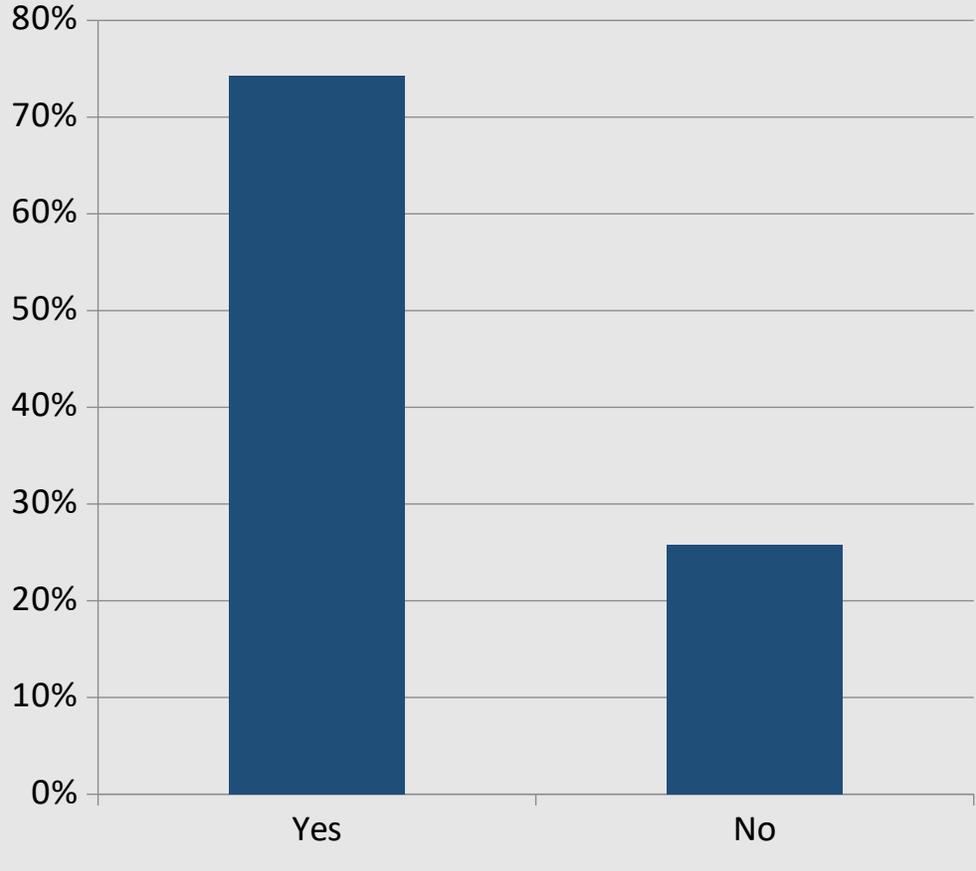
Do you believe that companies with a strong ESG focus are more likely to have long-term financial success than those without?





ESG ESTABLISHES TRUST

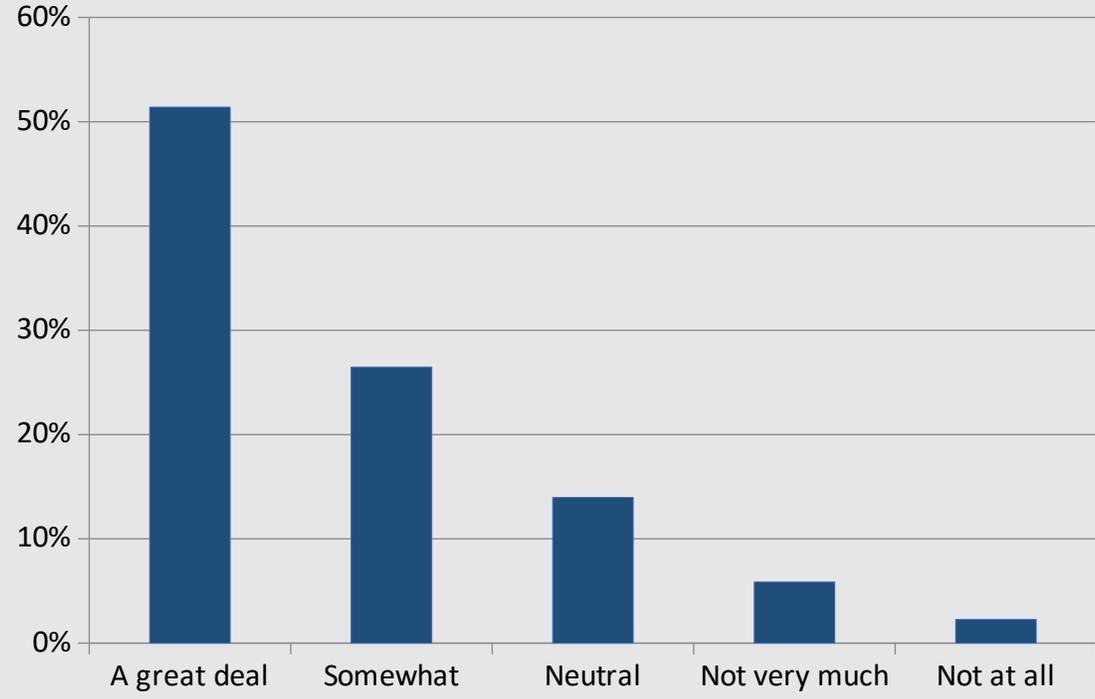
Have you ever stopped purchasing a product because of concerns over the company's sustainability practices?





ESG EQUATES TO QUALITY

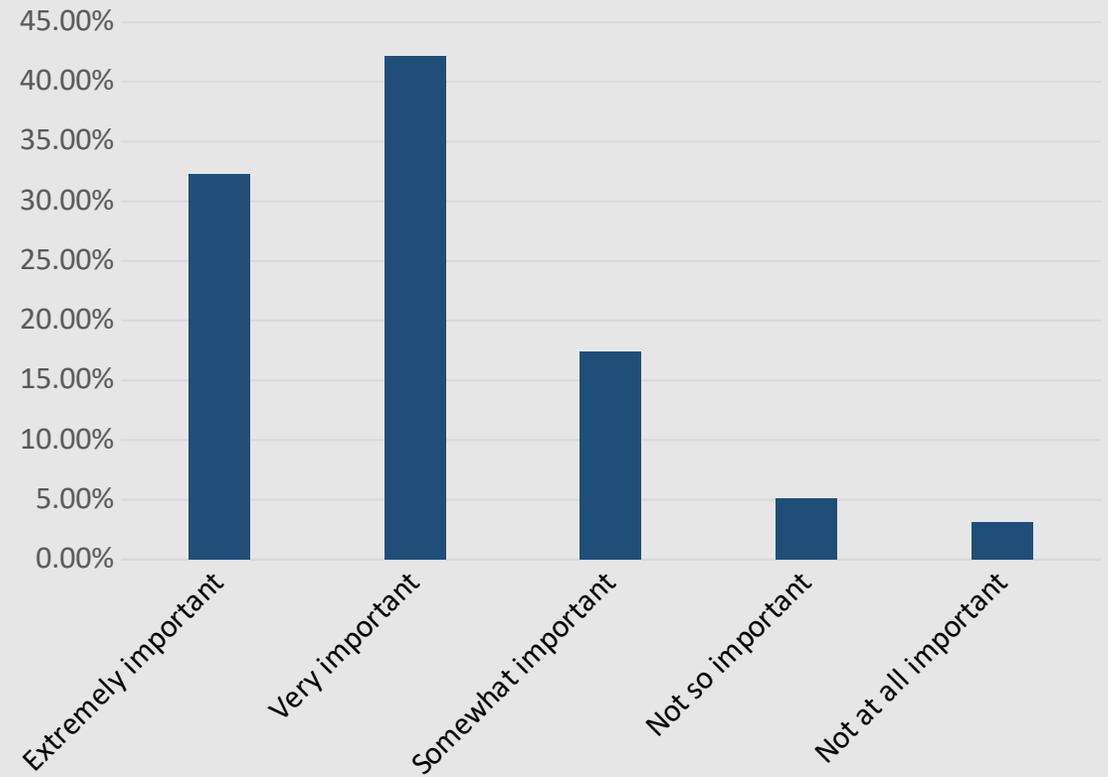
How much do you believe that a company's ESG practices impact the quality of its products or services?





ESG OPTIMIZES MESSAGING

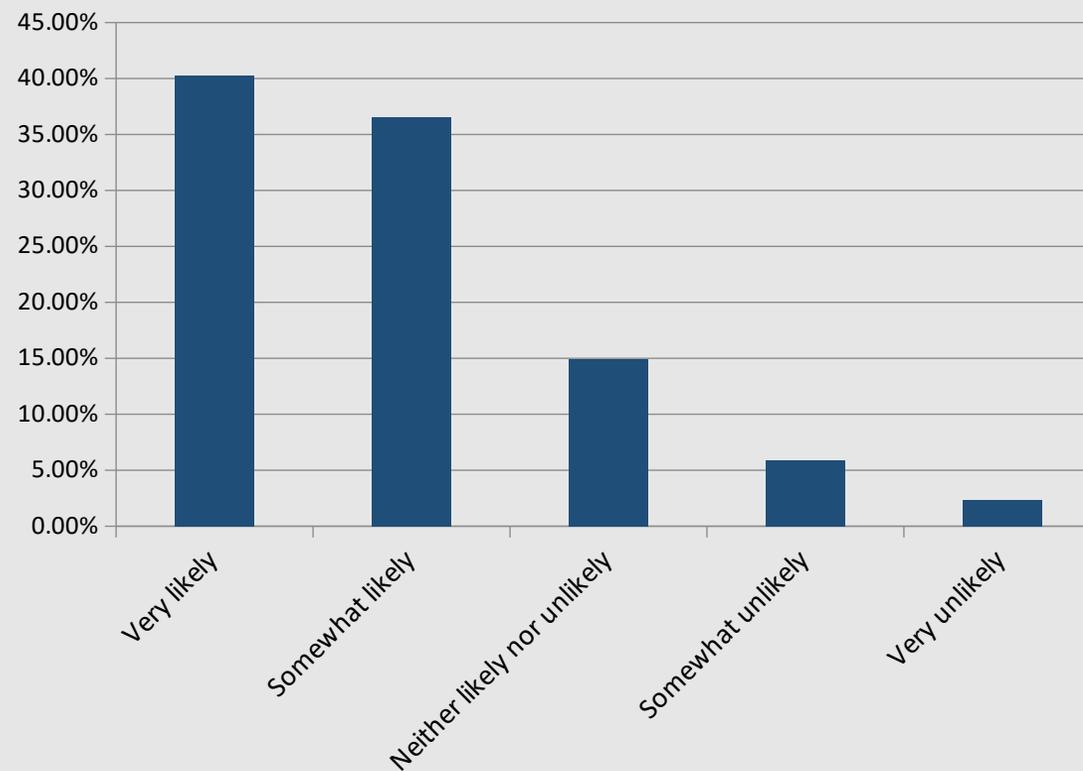
How important is it to you that a company's marketing and advertising messages align with their ESG practices?





ESG MEANS BETTER BUILDING

How likely are you to choose a building or residence with strong ESG practices (e.g., certification, energy-efficient products, sustainable materials) over one without?

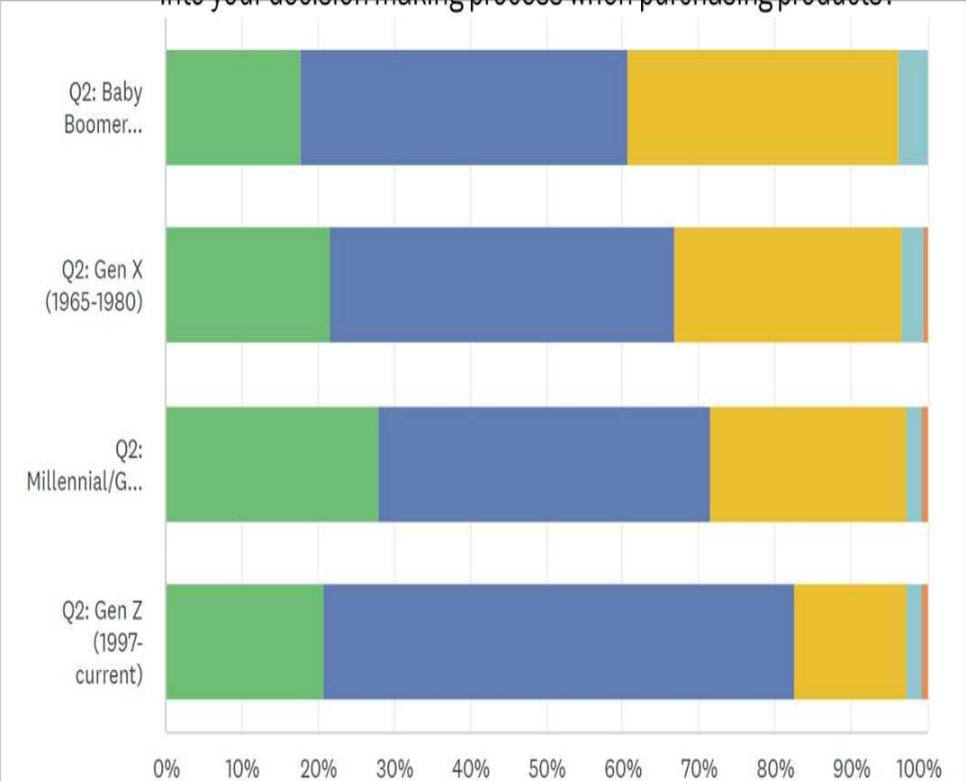




ESG DRIVES DECISIONS

How much does ESG factor into your decision-making when selecting products?

How much does Environmental, Social and Governance (ESG) factor into your decision making process when purchasing products?



Extremely Important Very Important Somewhat Important Not So Important Not at all Important

YOUTH ON THE RISE



- 85% of Gen Zs claim that they have greatly been affected by climate change.
- 64% feel guilty about their negative impact on the environment.
- 80% of these budding leaders believe that they can—and must—step up to make difference in the world.

BELIEVE IN BETTER

Hopeful that the future can be better, younger generations are demanding bold leadership to meet our urgent challenges.

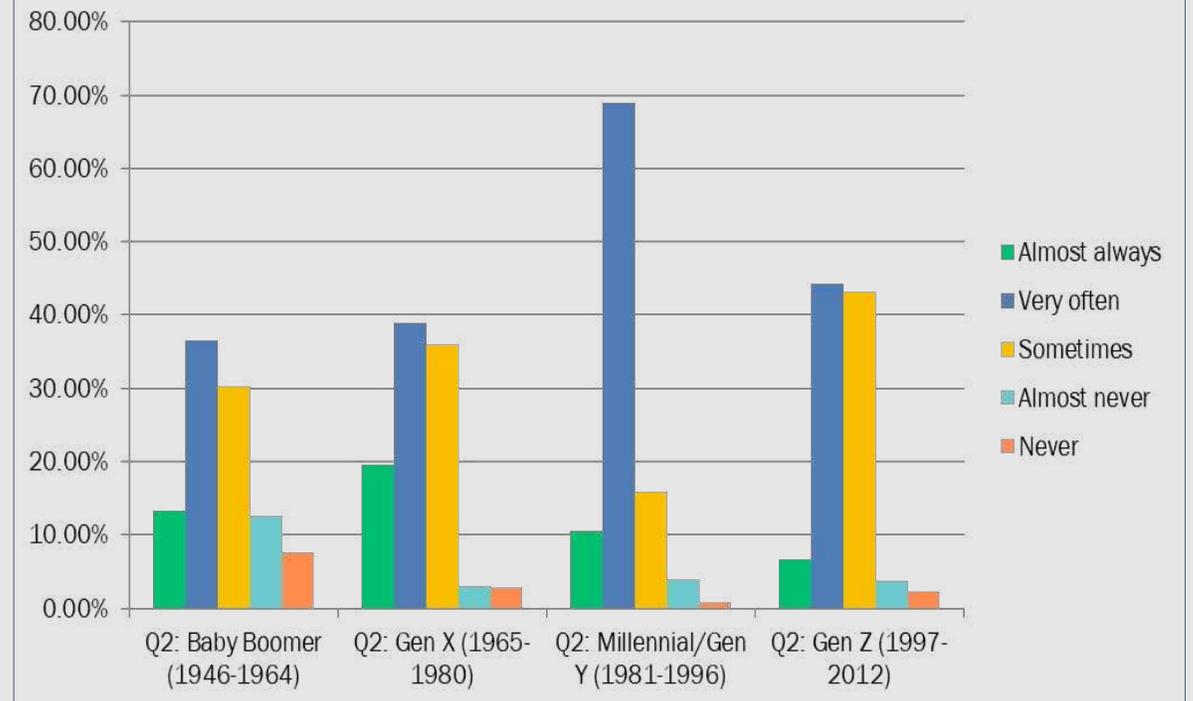
- 81% believe that companies are an essential part of the solution.
- 85% want to be engaged with companies to develop better solutions.
- 82% say that the more socially and environmentally responsible a company is, the more motivated and loyal they are as employees and customers.
- 52% say they're not happy with their employers' efforts to create a diverse and inclusive work environment.





LOW CONSUMER TRUST

How often do you think that companies greenwash?



IMAGINE A BETTER FUTURE

- It's time to ask the hard questions: What do people want? What does the world need? What does my brand uniquely offer? How can I create trust?
- A shift is happening from a model of extracting value by exploiting people and nature to creating value by enriching the lives of shareholders and the environment.
- Companies that remain relevant will embrace diverse perspectives, wider representation, and deeper connections with those they serve.



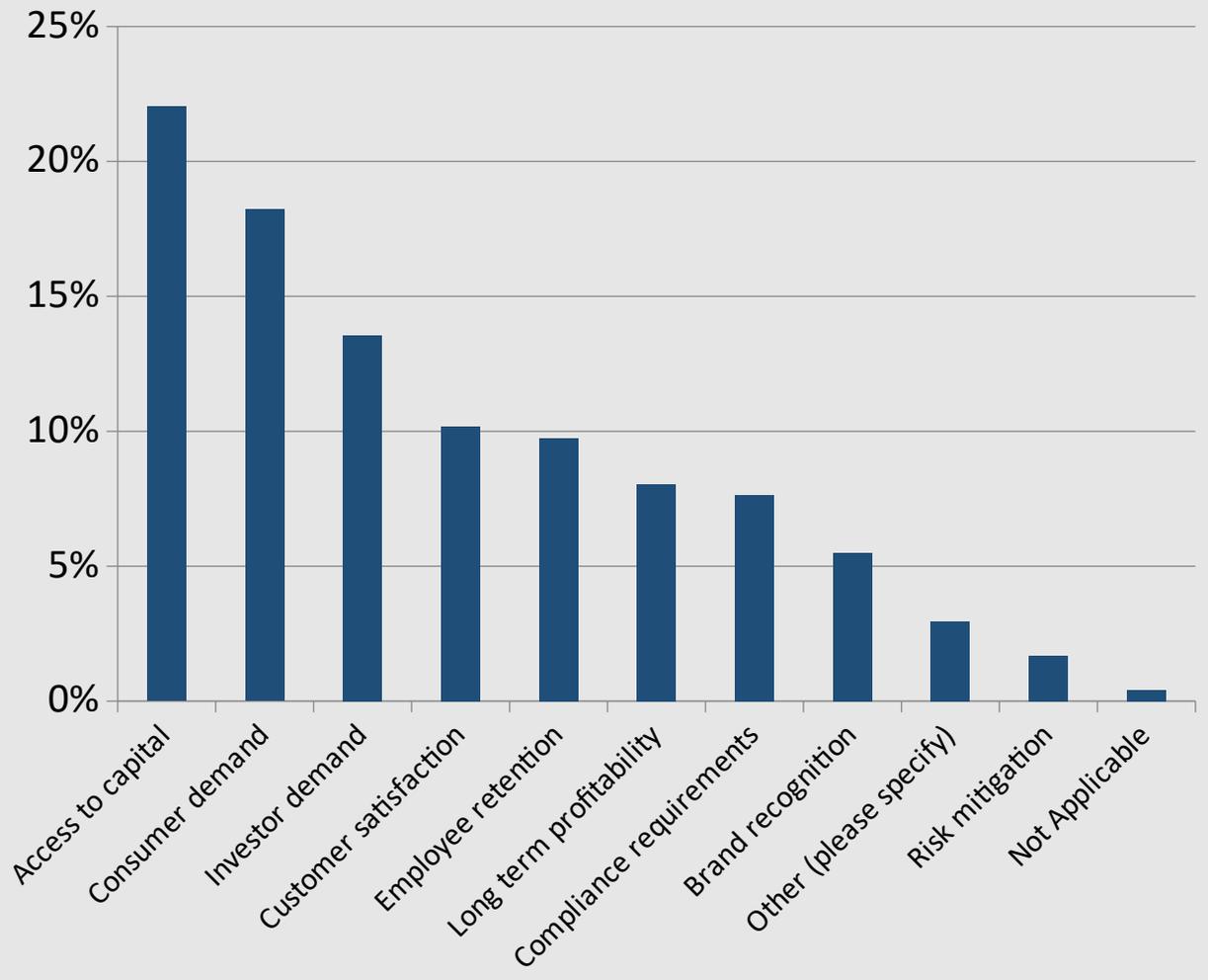


BUILDER PERCEPTION N



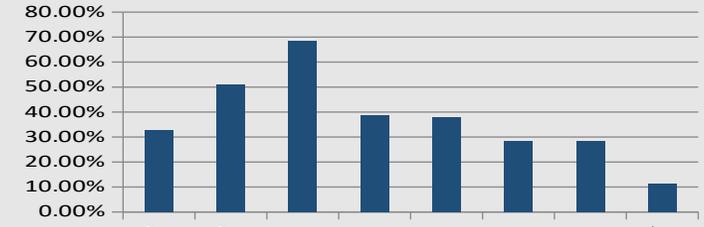
ESG ADOPTION

What is the main driver of ESG adoption for your business?



Environmental Initiatives

Is your company engaged in any of the following environmental initiatives: (please select all that apply)



Considering adaptive reuse, retrofitting, building smaller (right-sizing buildings), and dematerialization design strategies (e.g., structural system optimization)

Reducing direct emissions from company operations (electrify facilities, vehicles, and equipment)

Building energy-efficient homes equipped with efficient appliances and systems

Incorporated onsite energy generation from renewables

Minimizing waste directed to landfills through recycling, reuse, and prefabricated construction

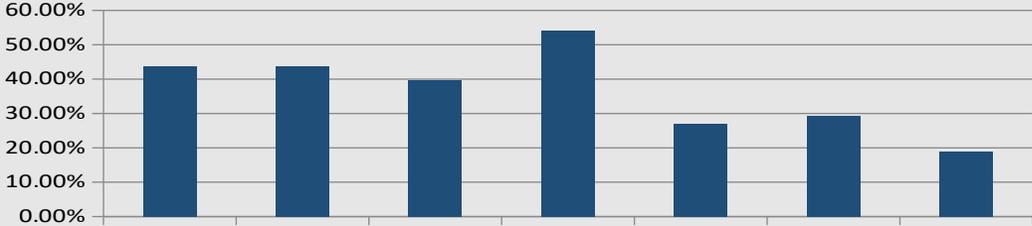
Implementing stormwater management plans to prevent pollution and manage soil loss and erosion

Equipping homes with systems to manage airborne contaminants

Requesting environmental impact information from suppliers (Environmental Product Declaration [EPDs])

Social Initiatives

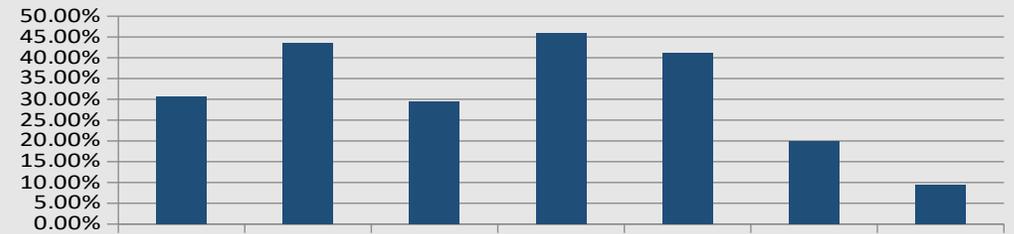
Is your company engaged in any of the following social initiatives:
(please select all that apply)



- Promoting diversity, equity and inclusion (DEI) initiatives to create a workplace culture of acceptance
- Implementing universal design principles to promote accessible housing
- Building housing developments near amenities and public transportation to improve walkability
- Providing mental health trainings to retain employees and heighten employee satisfaction
- Developing infrastructure to promote community engagement such as a clubhouse, community pool, walking trails, etc.)
- Building affordable housing units
- Implementing programs to identify signs of mental distress

Governance Initiatives

Is your company engaged in any of the following governance initiatives:



Conforming to a commonly accepted ESG framework (GRI, SASB, TCFD, ISB, etc.) for reporting purposes

Implementing board compensation & oversight policy for Environmental, Social, and Governance (ESG)

Adopting a supplier code of conduct policy

Implementing an environmental, health & safety (EHS) program

Adopting a code of ethics policy

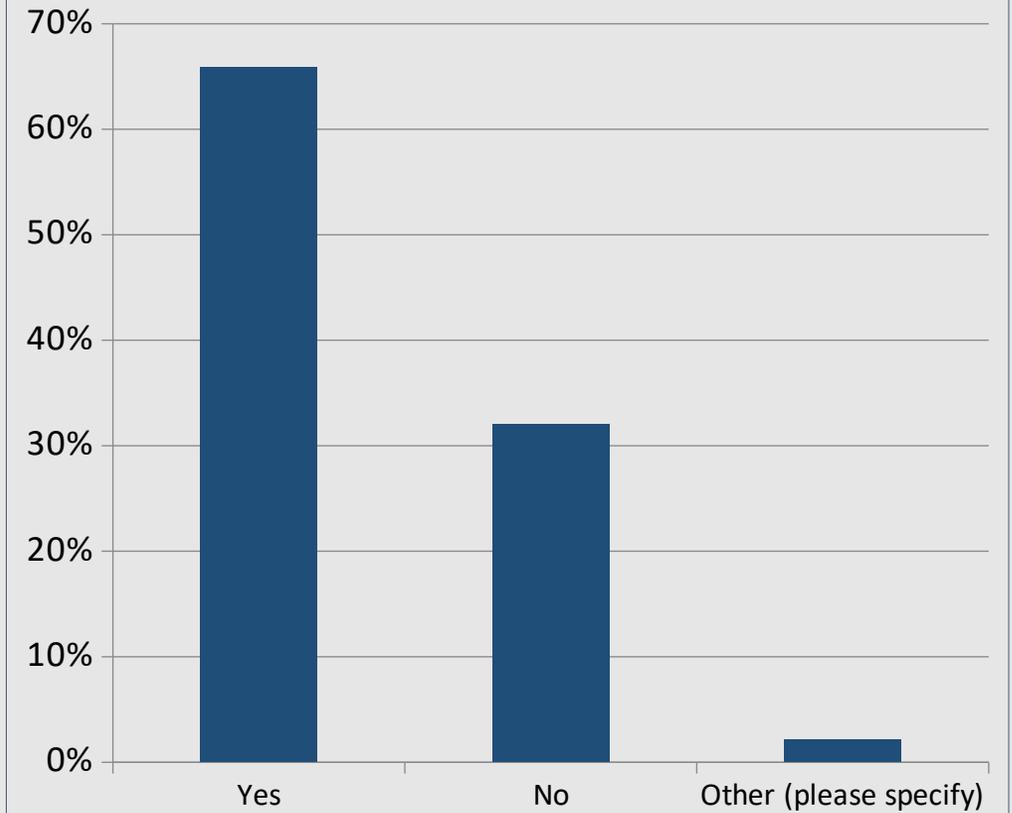
Abiding by the principles found within the UN Global Compact

Following the UN Sustainable Development Goals (UN SDGs)



ESG MEETS CUSTOMER DEMAND

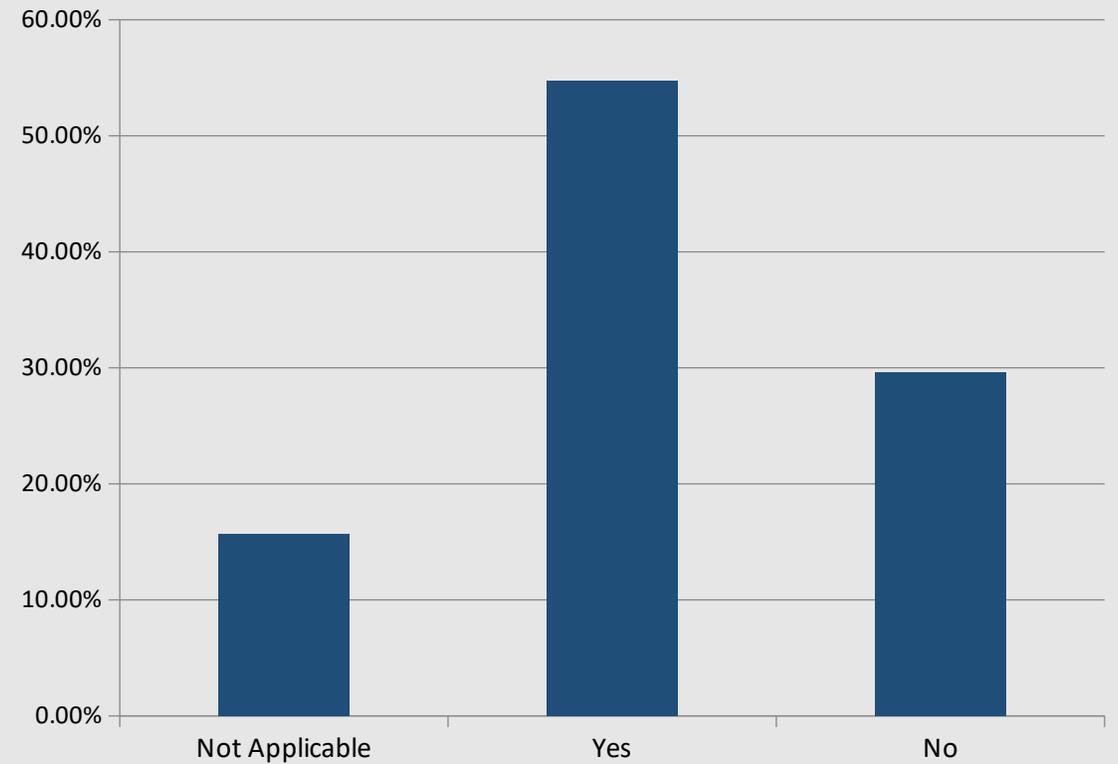
Have you noticed an increase in demand for ESG-compliance from your customers in the past year?





ESG MEANS ACCESS TO CAPITAL

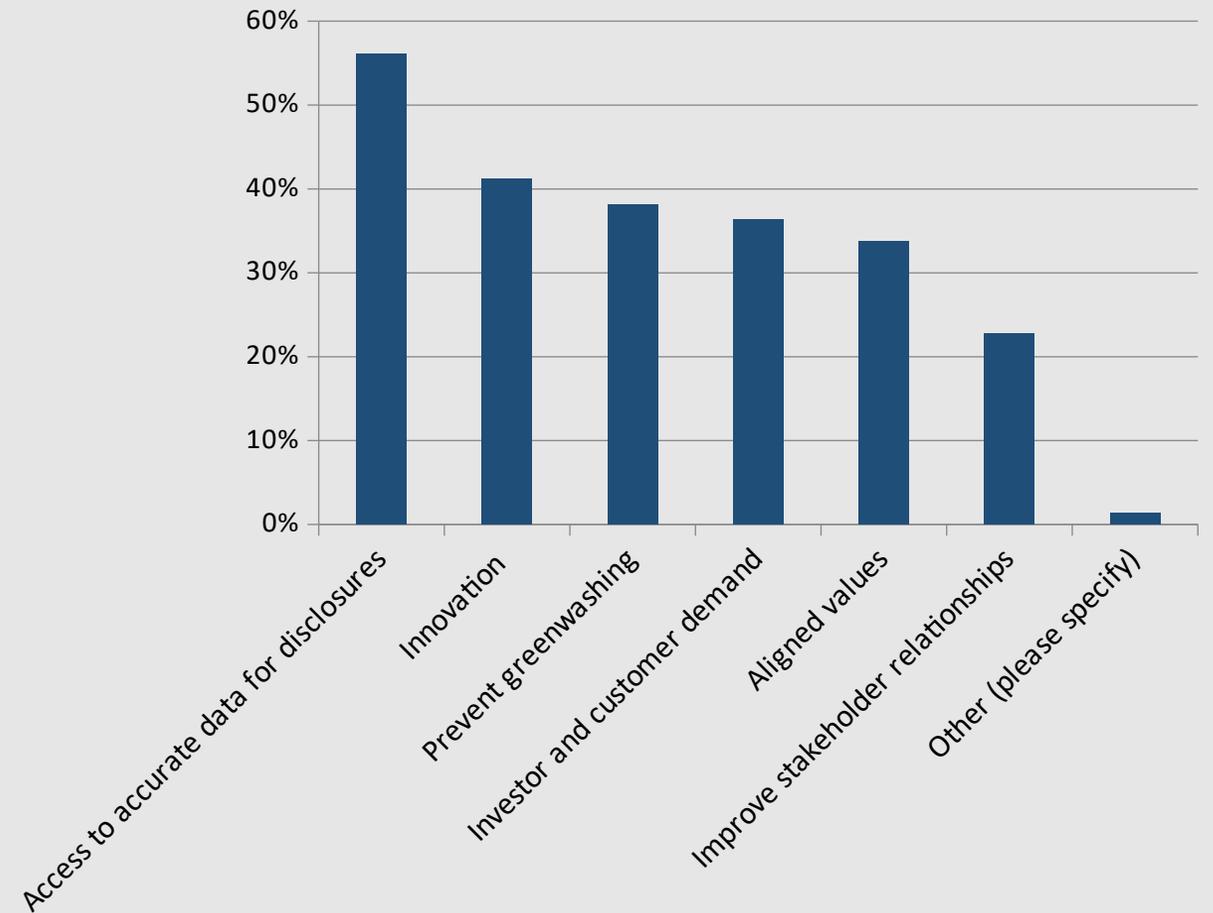
When qualifying for financing for residential or commercial development, have loan officers required your company to have an ESG policy?





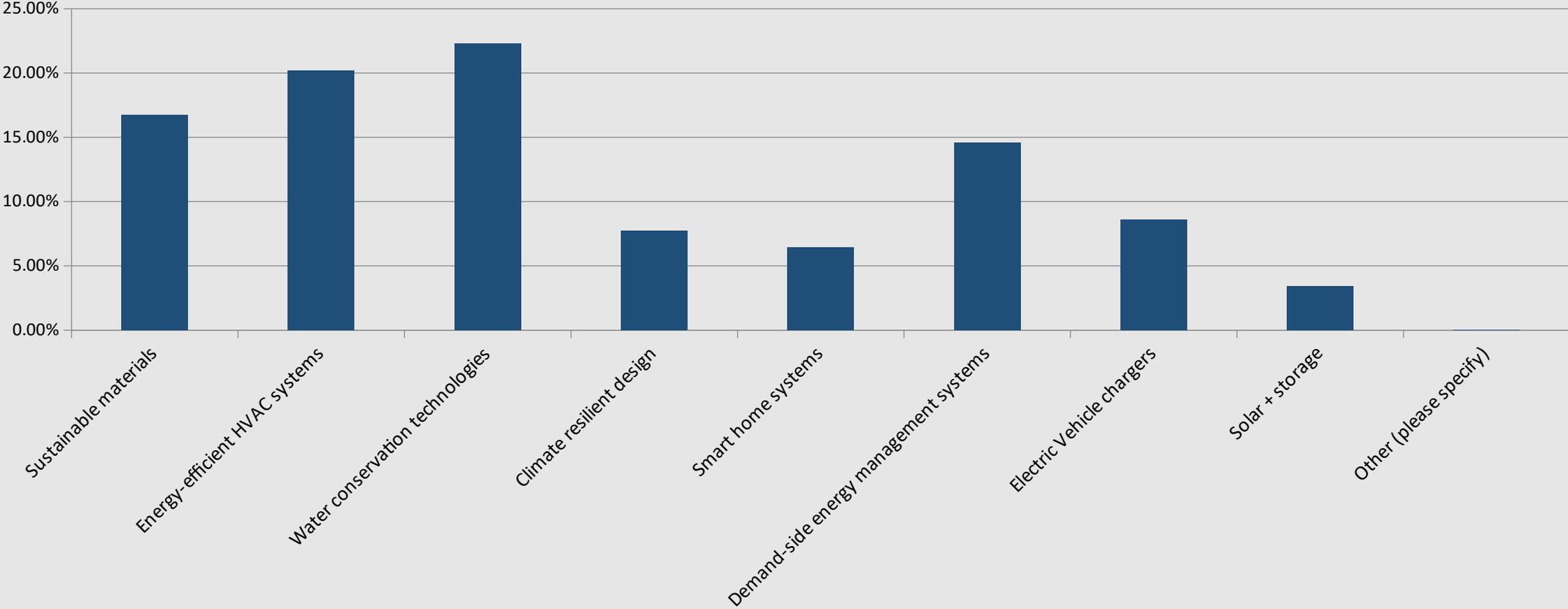
ESG MEANS ENHANCED TRANSPARENCY

What are the main drivers of your company for building a sustainable supply chain?



ESG MEANS INNOVATION

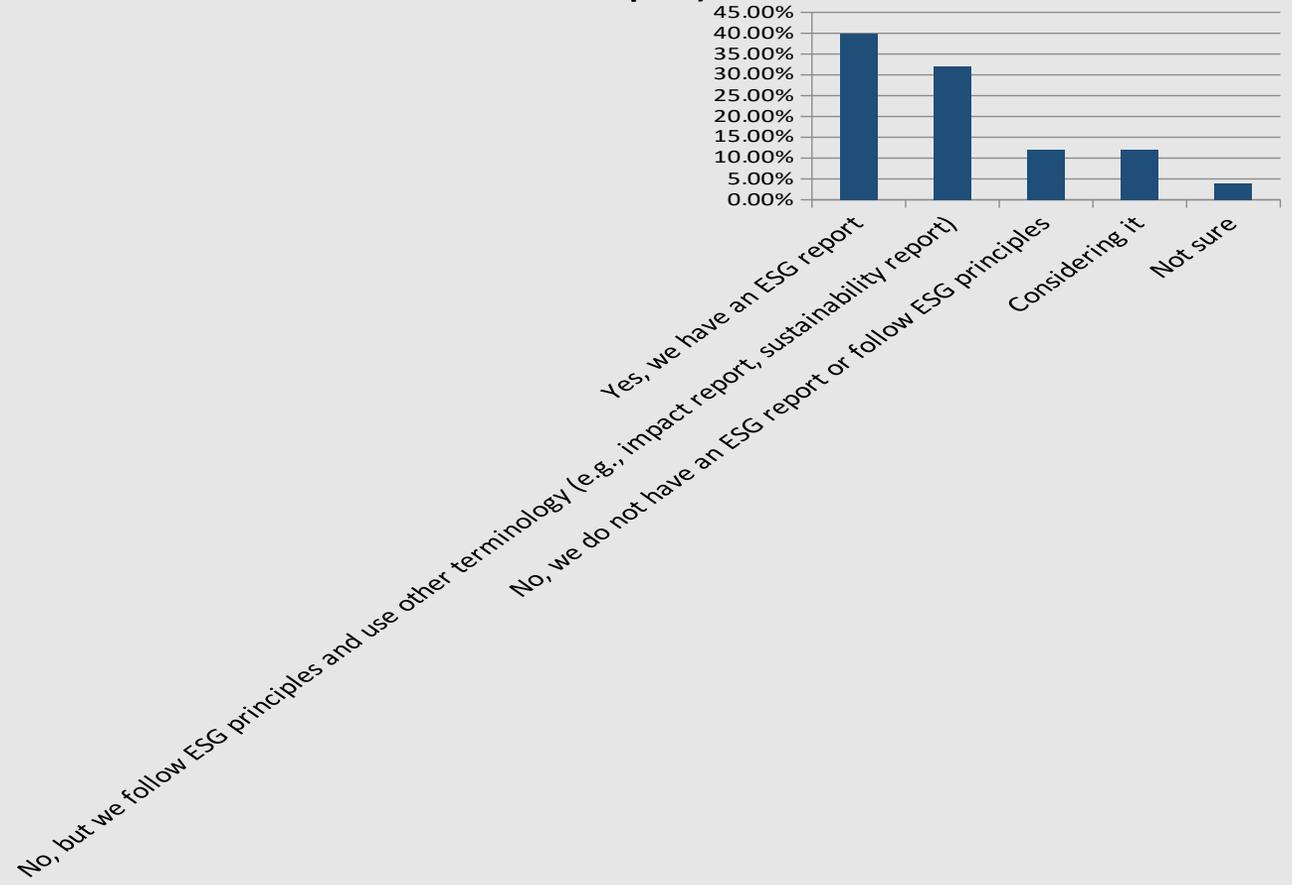
Which type of ESG investment in the building sector do you think will have the greatest growth potential in the next five years?





ESG REPORTING

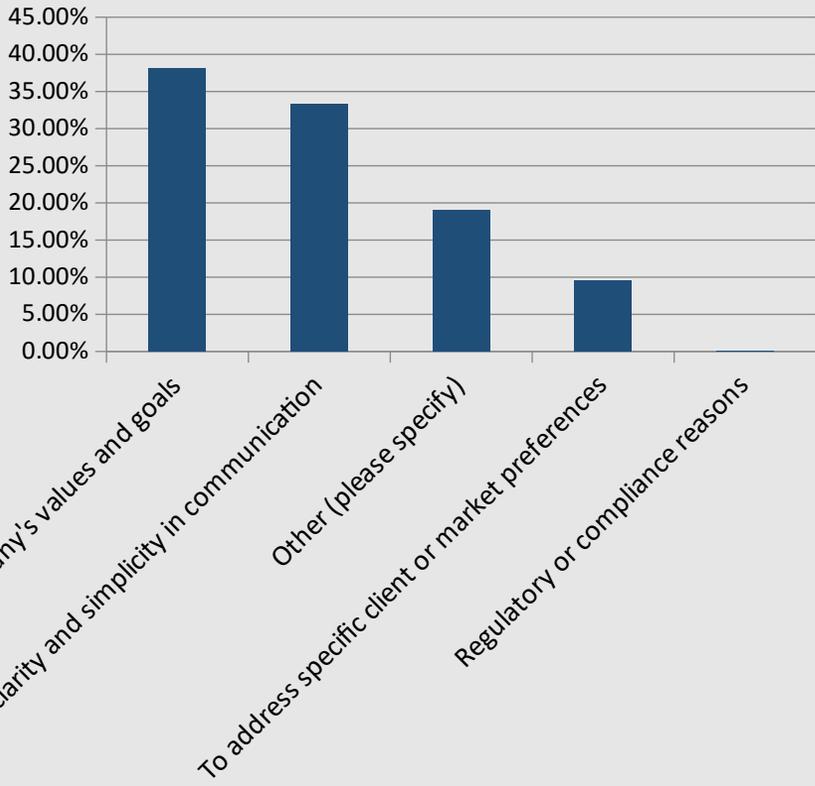
Do you currently have an Environmental, Social, and Governance (ESG) report? If not, do you follow ESG principles using other terminology (such as an impact report or a sustainability report)?





ESG TERMINOLOGY

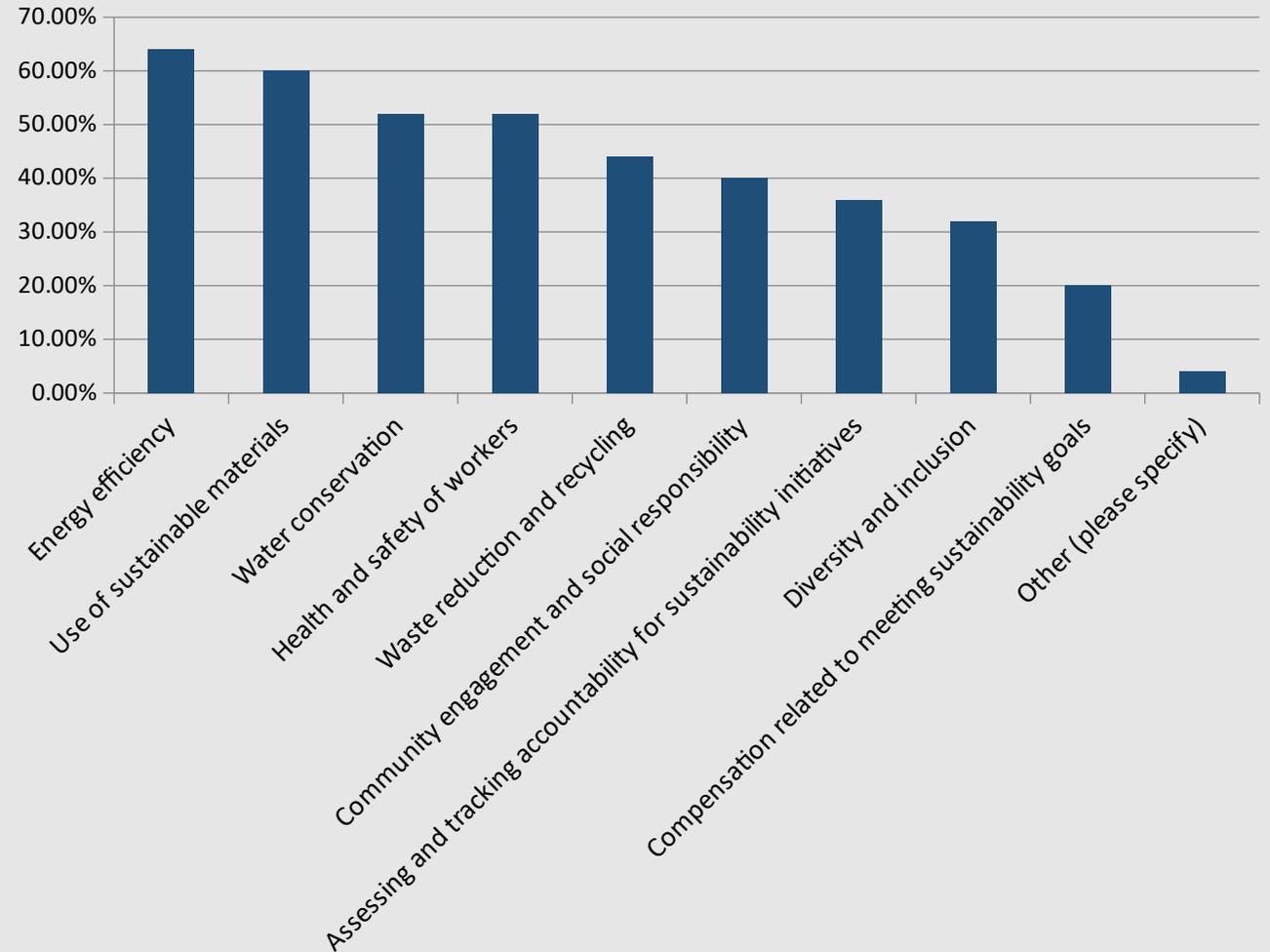
If you use different terminology, why did you choose to do so?





ESG AREAS OF FOCUS

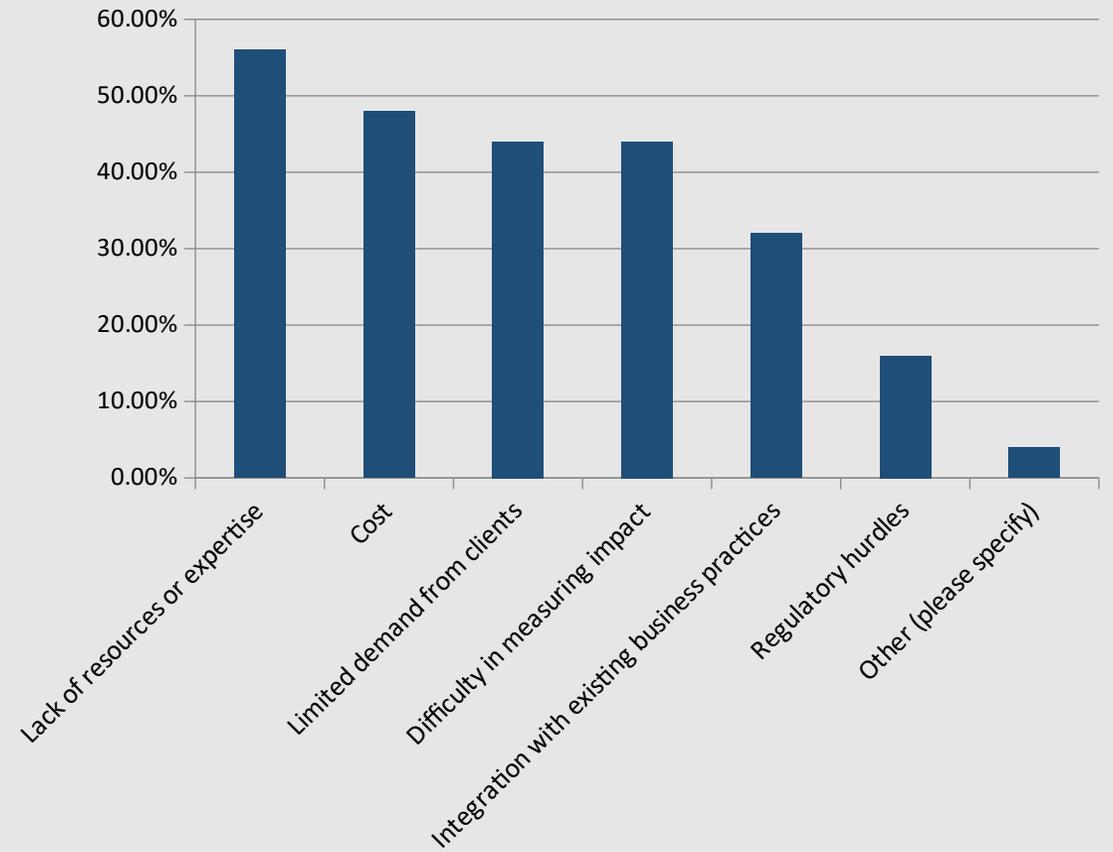
What are the main focus areas of your ESG/sustainability strategy?





ESG CHALLENGES

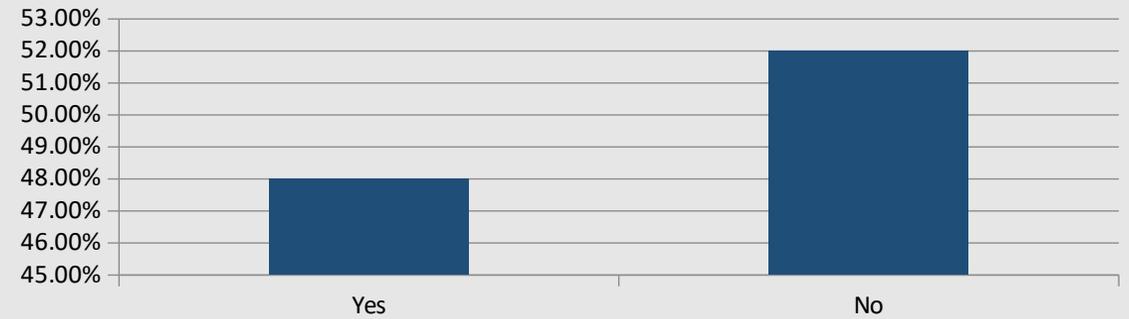
**What challenges do you face in implementing ESG/
sustainability practices in your projects?**



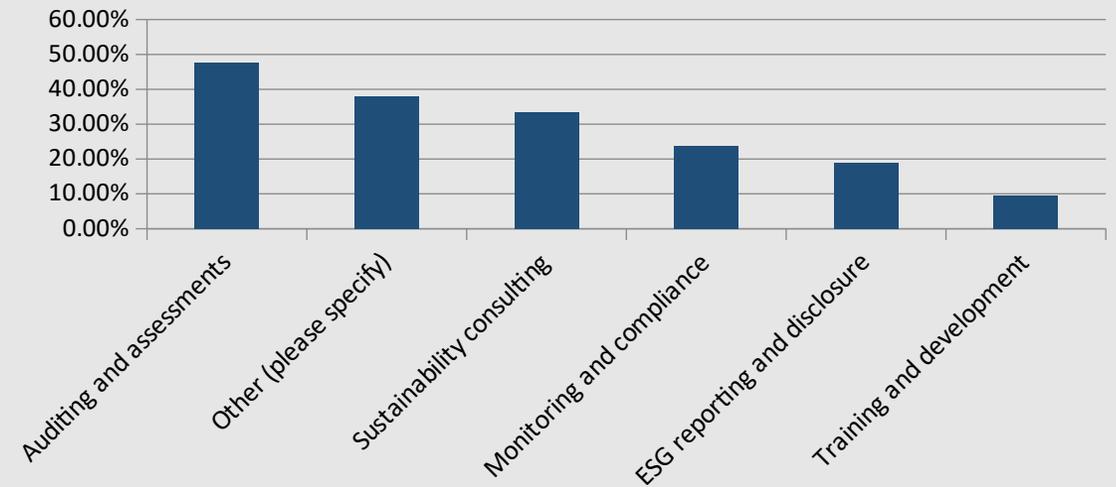


ESG MANAGEMENT

Do you use third-party solutions for ESG management?



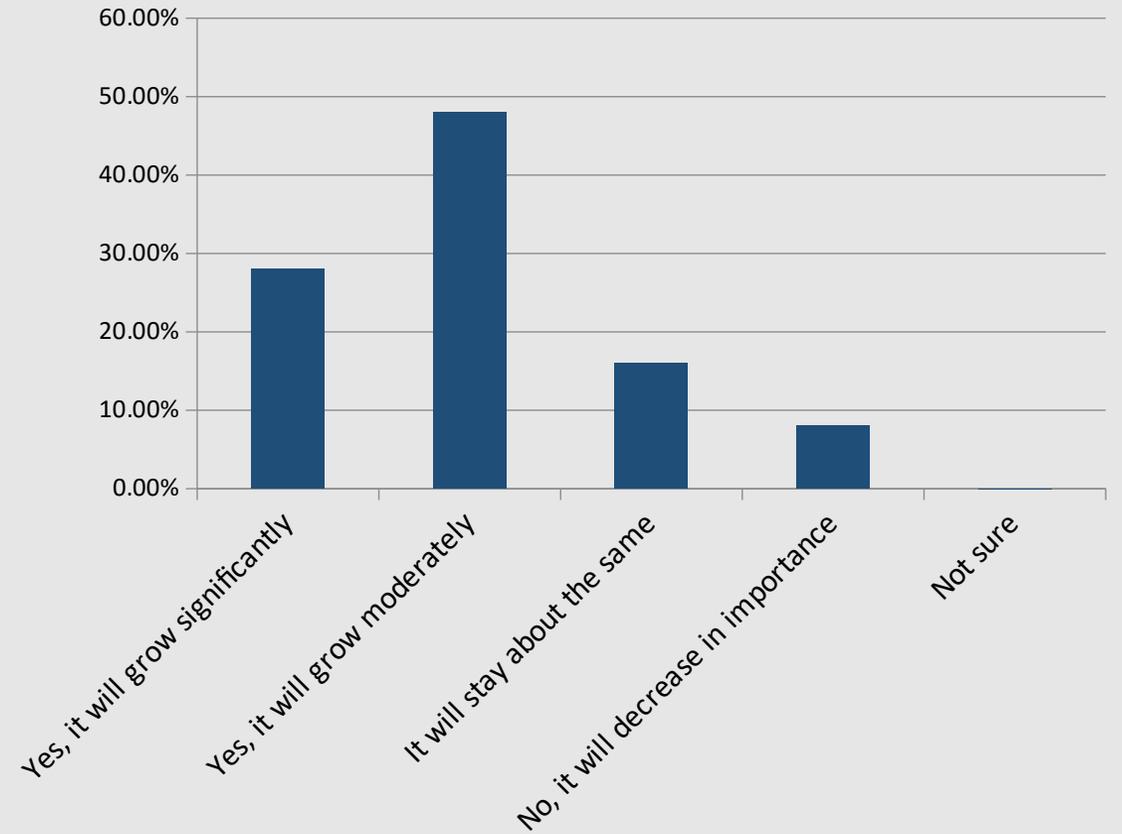
If yes, what types of third-party solutions do you use for ESG management?





ESG GROWTH

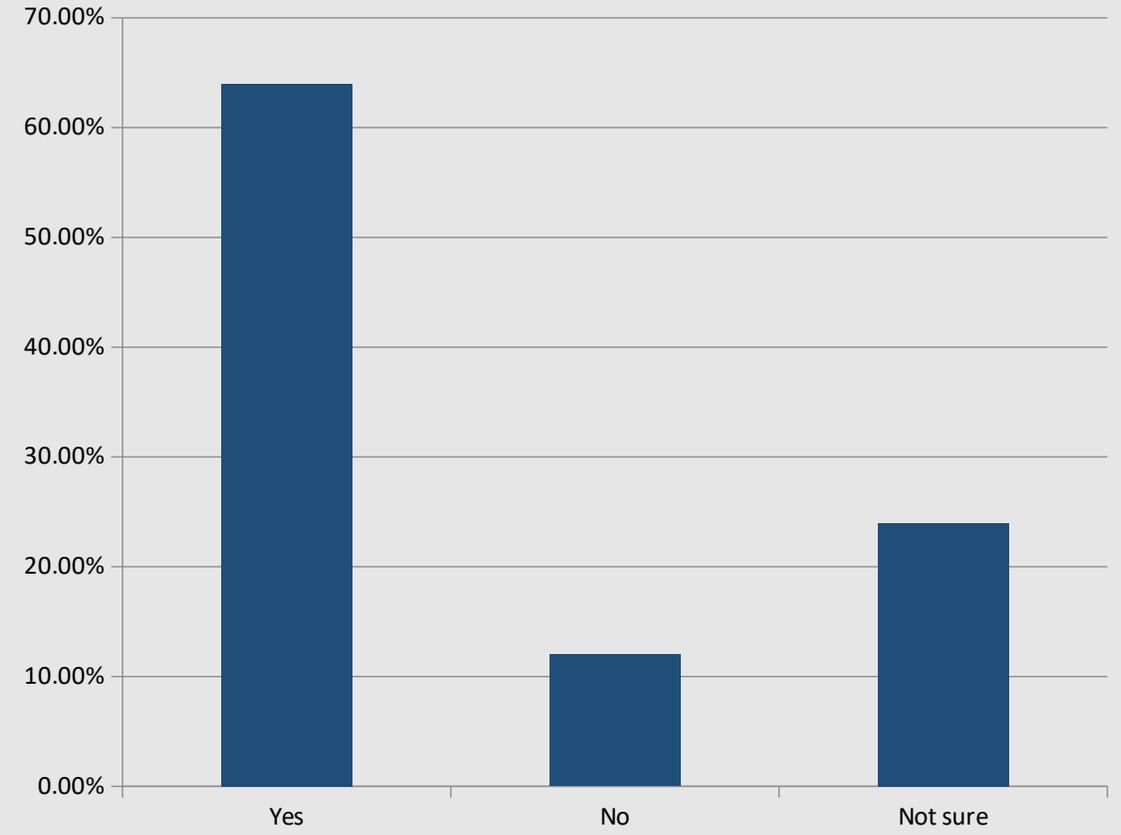
Do you think ESG will continue to grow in importance in the future?





ESG BENEFIT

Do you believe that implementing ESG practices provides your company with a competitive advantage?

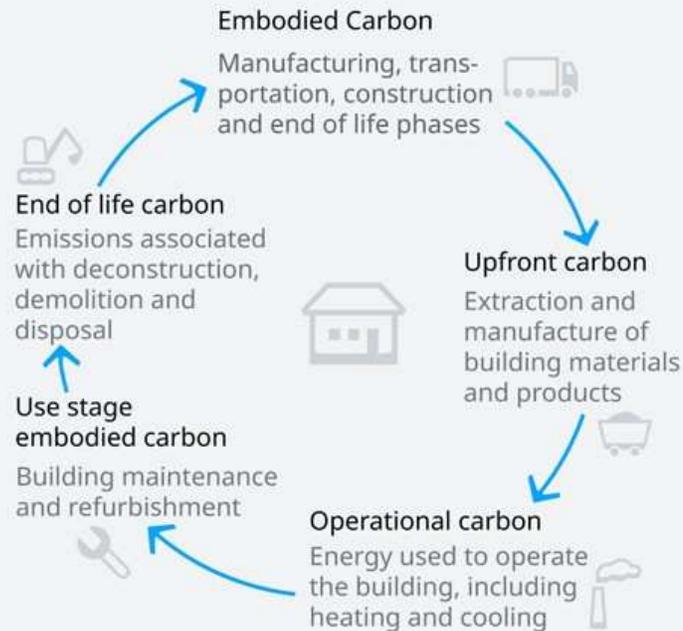




LESSONS LEARNED

FROM ESG TO NET ZERO CARBON

Tackling carbon across whole building/infrastructure lifecycle



Sustainable Design and Construction

- Climate responsive design
- Building science
- Green building

Low Carbon Products from Low Carbon Companies

- EPDs and other certifications
- ESG and corporate sustainability practices

Carbon Offsets

- High-integrity science based portfolios
- COGNITION Carbon Offsets Marketplace

CARBON OFFSETS DEMYSTIFIED



- A transaction that removes CO₂ or other greenhouse gasses from the atmosphere to compensate for emissions made elsewhere
- Voluntary and mandated
- Decarbonization takes time, so carbon offsets will play a critical role in meeting our climate goals
- It's essential to ensure that offsets don't allow for greenwashing

CARBON OFFSET QUALITY CONTROL



High-quality carbon offsets:

- Address additionality
- Provide robust data, reporting and analytics
- Eliminate double accounting
- Ensure permanence of carbon removal
- Offer strict governance guidelines for enhanced accountability
- Create an accurate and comprehensive project registry
- Present third-party validation
- Streamline project selection criteria to enable direct comparison
- Offer well-defined pricing, benefits, and results



STREAMLINED ACCESS TO HIGH INTEGRITY OFFSETS



Green Builder Media has partnered with CNaught to offer:

- Science-backed portfolios of high-quality, accountable, and transparent projects.
- Assistance your company needs to effectively communicate about carbon offsets internally and externally.
- Training about the importance of carbon offsets, talking points, and marketing materials that you can pass on to your customers.
- Access to a growing network of stakeholders who are leading the economy into a new era of net zero!



THANK YOU!

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