STŌK

The Sustainable Real Estate Program Handbook

Key Factors and Action Steps for Success

San Francisco, CA
San Diego, CA
Denver, CO

stok.com
contact@stok.com
@teamstok

Welcome

About This Handbook

This handbook is dedicated to accelerating the adoption of sustainable and equitable real estate solutions by outlining the key steps to what can be a complex and daunting undertaking of developing and managing a successful Sustainable Real Estate Program, making it easier, faster, and more valuable for companies to be stewards in their communities.

About Stok

Stok is reimagining the built environment. Founded in 2008, we provide sustainability consulting, energy and performance engineering, and real estate and workplace solutions. We work across sectors to balance financial performance with environmental goals, resulting in high-performance buildings and exceptional human environments. Leveraging interdisciplinary expertise and knowledge from involvement on 1,000+ projects, we provide clients with strategy, management, and technical support through all phases of the project lifecycle—all under one roof.

Stok serves six of the Forbes top 10 Most Valuable Brands, is a Certified B Corp, and is an ILFI Just organization. We service projects worldwide from offices in San Francisco, San Diego, and Denver.

Contact Stok for help in developing and managing your Sustainable Real Estate Program:
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AUTHOR

Devon Bertram, Stok

CONTRIBUTORS

Jacob Arlein, Stok
Katie Bachman, Stok
Alice Contopoulos, Stok
Peter Cook, Subaru of America
Mary Curtiss, HP
Dana Gallagher, Subaru of America
Stephen Gibson, Architect, LEED AP
Kira Gould, Kira Gould CONNECT
John Harrison, FAIA, RDI, LEED Fellow
Casey Junod, Twitter
Gordon L'Estrange, Salesforce
Bob Lohr
Tonia Leonardos, Delta Dental
Matt Macko, Stok
Kevin McArthur, Pacific Gas and Electric (former)
Erin McSlavkin, HP
Joyce Mihalik, Forest City Realty Trust (former)
Ben Myers, Boston Properties
Sara Neff, Lendlease
Christopher Patterson, Uber Technologies Inc.
Vaishali Sampat, Kilroy Realty Corporation
Lara Shortall, Starwood Hotels and Resorts (former)
Katrina Shum, Lush Fresh Handmade Cosmetics
Amanda von Almen, Salesforce
Christina Weber, Stok

GRAPHIC DESIGN

Ines Silva, ines–silva.com

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A. Executive Summary

Real estate assets are a key area of impact and opportunity for companies in meeting their social, environmental, and economic commitments. This guide helps companies create and optimize meaningful Sustainable Real Estate Programs to advance these goals.

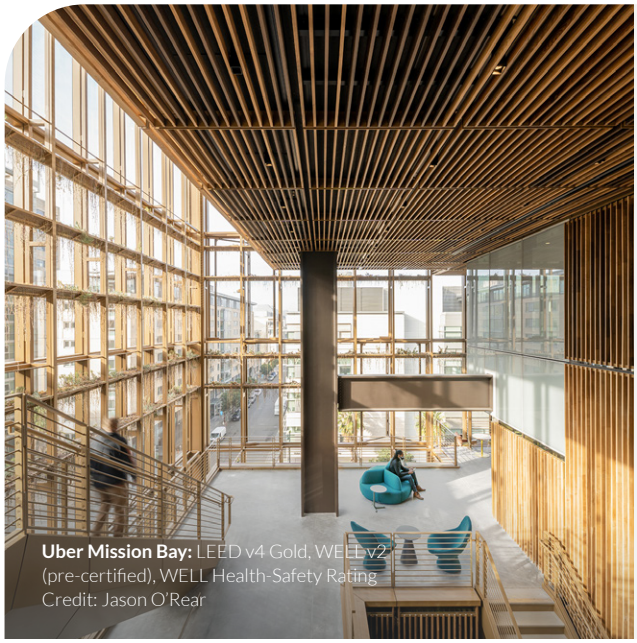
This handbook is dedicated to accelerating the adoption of sustainable and equitable real estate solutions by outlining the key steps to what can be a complex and daunting undertaking of developing and managing a successful Sustainable Real Estate Program, making it easier, faster, and more valuable for companies to be stewards in their communities.

In addition, the handbook includes insights from a select focus group of corporate real estate and sustainability professionals about their experience, their learnings, and how they are executing on their Sustainable Real Estate Program. These firsthand perspectives offer real-world cases that illuminate key considerations in practice.

When creating and running such a program, it is helpful to understand the phases involved and their unique elements, as well as the critical factors for success at each stage, as informed by leaders and practitioners within our focus group.

- As you embark on the **development phase** of your program, **stakeholder buy-in, leadership,** and **strategic approach** are key factors in advancing effectively towards a defined vision with clear goals and strategies to achieve them.
- In the **management phase, data, communication**, and **stakeholder buy-in** are key factors that enable effective education and storytelling to drive program implementation and relay progress.

Integrating sustainability into a company's real estate is a form of managing complex change. As leaders of any company know, change is a constant—whether navigating a recession, a pandemic, climate change, or assessing how to best integrate sustainability into their real estate decision-making process, leaders stand to gain from understanding the factors for programmatic success. This handbook aims to guide companies in the development and management of resilient, adaptable programs that deliver clear benefits and long-term value.



Uber Mission Bay: LEED v4 Gold, WELL v2 (pre-certified), WELL Health-Safety Rating
Credit: Jason O'Rear

OUR FOCUS GROUP

Combined, the 20 companies represented in our focus group span:

>110M
Square feet of real estate

>36K
Properties globally

Commercial office, hospitality, mixed-use, multifamily, retail
Building types

B. Introduction

A company's physical assets—especially significant real estate portfolios domestically or globally—represent an unmatched opportunity to implement smart, highly impactful, sustainable practices that can provide a multitude of short- and long-term benefits. Optimizing these benefits is key to position the real estate portfolio as an asset to your corporate sustainability goals and to weather economic cycles, changing climate conditions, and unforeseen circumstances such as the extended workplace shutdowns that resulted from the COVID-19 pandemic.

This handbook provides insights for portfolio-wide **Sustainable Real Estate Program** development and management from our decades of experience, a robust literature review, and a focus group consisting of corporate real estate and sustainability experts at 20 leading companies to answer a simple question:

What essential factors and action steps are critical for companies to integrate sustainability into their real estate portfolios?

As these efforts can require change management within a company, this handbook highlights the critical elements of successfully managing complex change and translates these to the corresponding factors for success particular to the development and management phases of a Sustainable Real Estate Program. In addition, proposed action steps to effectively advance a program through each phase are also outlined.

While factors for success and action steps can streamline the process, your company's unique context, culture, and nuances are critical variables to integrate into your program's development and management.

"Leadership recognized the link between investing in people and planet—having a formal program that encompassed sustainability, health, and safety was a way to demonstrate our investment in our employees."
— Christopher Patterson, Global Sustainability Program Manager, Uber Technologies Inc.

"The pandemic and year of COVID influenced us heavily—it allowed us to take a step back and focus on sustainability with time and structure, and also emphasized the need to take care of our people. It shined a light on overall wellness and balance, and how sustainability is a part of this."
— Casey Junod, Global Sustainability Manager, Twitter

DEFINING KEY TERMS

SUSTAINABLE REAL ESTATE

High-performance properties whose climate, ecological, health, and equity impacts are measured and managed for optimal benefit, longevity, and return, including enhanced occupant experience, optimized resource efficiency, minimized ecological impacts, embedded resiliency, and financial performance

SUSTAINABLE REAL ESTATE PROGRAM

A set of strategies and tools that empowers owners to deliberately integrate sustainability goals, requirements, and/or guidelines into their company's portfolio-wide real estate decisions

Why Build Sustainable Real Estate?

As climate impacts and social inequities are increasingly visible, expectations for corporate action have heightened. Investors and other stakeholders are increasingly demanding that companies do more across all three environmental, social, and governance (ESG) pillars. A growing number of businesses are turning to their facilities—whether offices, retail stores, data centers, distribution centers, flex spaces, or otherwise—as an avenue to meet ESG goals, as well as an opportunity for financial benefit and long-term value for stakeholders.

Further driving the adoption of high-performance real estate is the increase in city regulations and ordinances, including the adoption of the Zero Code in some jurisdictions. Initiatives like the U.S. Department of Energy's Better Buildings Challenge, World Green Building Council's Net Zero Carbon Buildings Commitment, Architecture 2030's 2030 Challenge (and the American Institute of Architects' 2030 Commitment), and Project Drawdown are also encouraging the application and integration of high-performance real estate strategies to draw down emissions, strive towards positive impact, and align with initiatives such as the UN Sustainable Development Goals and Science Based Targets.

DEFINING KEY TERMS

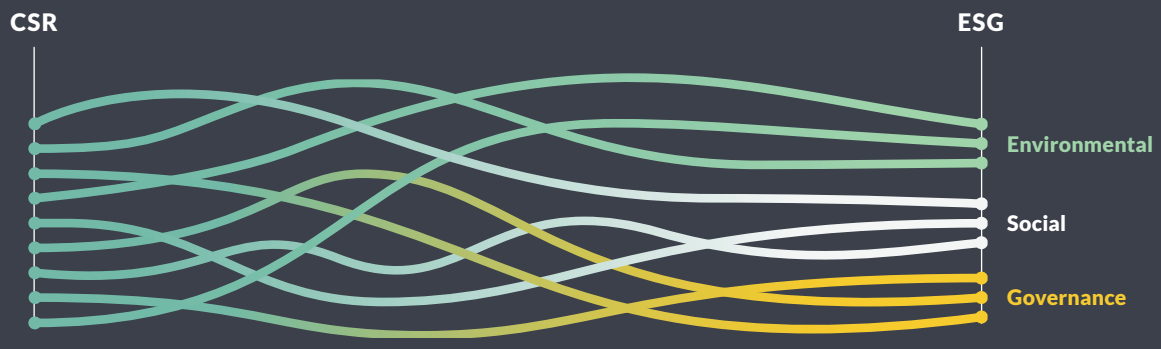
CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility (CSR) gained currency more than a decade ago, as a general description for the adoption of policies and practices that would benefit society—people, community, and the environment. Out of that, environmental, social, and governance (ESG) standards evolved as criteria to make these accountability efforts measurable.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

ESG has matured to become a set of quantifiable indicators about sustainability practices, social ethics, and corporate governance.

Many institutional investors are now employing ESG strategies to address risks, including those around climate, health, and equity. In 2019, the Global Reporting Initiative reported that 93% of the world's largest companies by revenue report on their ESG performance. And since the onset of the COVID-19 pandemic in 2020, ESG compliance has intensified, as more companies assess their practices and recognize the benefits of measuring impacts in this way.[1]



Twitter Dublin Headquarters: LEED Platinum
Credit: Twitter

A noteworthy milestone took place in August 2019 when Business Roundtable announced the release of a new Statement on the Purpose of a Corporation in which nearly 200 CEOs committed to lead their companies for the benefit of all stakeholders.[2] Further, Larry Fink, in his 2021 BlackRock Letter to CEOs, wrote plainly: "Companies and countries that do not respond to stakeholders and address sustainability risks will encounter growing skepticism from the markets, and in turn, a higher cost of capital." Corporate climate and clean energy commitments have been growing: more companies have declared net zero goals (including more than a quarter of S&P 100 companies), 110 major companies and counting have signed the Climate Pledge to reach carbon neutrality by 2040, and hundreds of corporate leaders signed the "Purpose of a Corporation" letter acknowledging responsibility to the environment, not just shareholders.[3] These growing commitments, along with ambitious climate and carbon goals, are demonstrating expanding priorities and a shift in how business is done. Data demonstrating the extensive benefits of high-performance buildings is strengthening and remains a key lever to meet these bold targets.

"[Incorporating sustainability is] good for the environment and good for the business. All the sustainability initiatives we have are all about saving money or protecting us in the future." — Vice President, Capital Markets, Confidential Commercial Real Estate Company

"We are a long-term owner of our assets, and for this reason we build a higher quality product. There is a lot of synergy between long-term vision and value within the business model and sustainability." — Ben Myers, Vice President, Sustainability, Boston Properties

BENEFITS OF HIGH-PERFORMANCE BUILDINGS

The following are proven benefits of high-performance buildings, helping make the case for developing and managing a Sustainable Real Estate Program:

1 IMPROVED FINANCIAL PERFORMANCE

SAVINGS ON UTILITY AND MAINTENANCE BILLS

Smarter technologies and improved design have created opportunities for energy and water conservation and efficiency, consequently uncovering value by reducing utility bills, reliance on fossil fuels, and costs associated with ongoing maintenance.

> **"If you do sustainability right, you will see long-term cost efficiencies and reductions in operating expenses. This gained huge buy-in from the team—we were not only improving the environmental impact but also improving the financial footprint as well."** — Christopher Patterson, Global Sustainability Program Manager, Uber Technologies Inc.

40% OF OUR FOCUS GROUP

listed reduction in operating costs as the top reason for implementing a Sustainable Real Estate Program

INCREASED EMPLOYEE PRODUCTIVITY, WELLNESS, AND RETENTION

Collectively, assuming a cost premium of $20 per square foot, financial savings from high-performance office buildings can return an average net present value of $23,584 per employee and $129 per square foot over 10 years.[4] In the context of cost, even the combined profits from increased occupant productivity, retention, and wellness in high-performance buildings may yield returns far greater than most other company initiatives, which grows the bottom line and can offset the initial financial investment.[5] Prioritizing employee wellbeing has been an increasingly critical focus for companies, particularly in response to the COVID-19 pandemic. We foresee future workplace occupancy strategies will continue to emphasize sustainability and place the physical and mental health and wellbeing of employees front of mind.

BOOSTED SHAREHOLDER VALUE

Socially responsible corporate action—such as integrating high performance buildings within your portfolio—is increasingly argued to be a prerequisite for protecting the bottom line and boosting shareholder value.[6]

2 MITIGATED ENVIRONMENTAL IMPACT AND ENHANCED RESILIENCE

EMISSIONS REDUCTION

From an environmental perspective, buildings and the construction sector have an extensive impact: the built environment is responsible for 28% of global energy-related carbon emissions.[7] Incorporating operational and embodied carbon reduction strategies on a programmatic, portfolio-level scale can have significant impact on reducing carbon emissions associated with real estate design, construction, and operations.

RESILIENT DESIGN

Buildings that are designed for energy and water independence, utilize renewable resources, and integrate community support are more effective at responding to natural and human-caused disasters.

LOCAL ACTION ALIGNMENT

Cities around the world are setting building efficiency codes that are broader or more stringent than their state counterparts.[8] Investment in high-performance buildings supports local initiatives and prepares companies for increasingly demanding local regulation.

3 PURPOSEFUL PUBLIC PROFILE

TALENT RETENTION

Businesses recognize their real estate as a tangible representation and touchpoint of company values and company culture. This can have widespread effects on employee attraction, engagement, and retention—companies with high-performance buildings have been shown to have a 5% greater retention rate than those that do not,[9] saving an estimated $1,530 per year per employee retained.[10]

"We are seeing sustainability as a growing expectation for our employees and see this as a way to attract and retain talent." —— Tonia Leonardos, Director, CRE and Facilities Management, Delta Dental

TALENT ATTRACTION

A USGBC survey found that 79% of respondents would take a job in a LEED certified workplace over a non-LEED space.[11] Staff alignment with company values is becoming increasingly important to the recruitment process,[12] and high-performance buildings are proven to attract and retain talent.[13]

"Sustainability touches every aspect of the business. The majority of people interviewing here mention [sustainability] is a reason they want to join Kilroy because they know it's such a big part of the company." —— Vaishali Sampat, Director, Sustainability and Corporate Social Responsibility, Kilroy Realty Corporation

When compared to other outcomes that drive the business case, our focus group ranked attracting and retaining talent as the second-most important aspect, with **89%** agreeing this is part of the business case for sustainability.

BRANDING

Buildings serve as a visible extension of a company's brand, providing occupants and visitors, as well as investors, with a physical expression of their values. A Sustainable Real Estate Program, whether it involves third-party verified building certifications or internal standards or policies, allows companies to demonstrate their commitment to sustainability and enhanced occupant experience, and can strengthen their brand promise.

4 ENHANCED OCCUPANT EXPERIENCE

HUMAN HEALTH AND WELLNESS

Through a human-centric lens, the workplace environment is proven to affect workers' wellbeing[14] given that some 35% of the average employee's waking hours are spent at work (pre-pandemic). Therefore, the quality of the workplace has a significant impact on people's lives.[15] Researchers at Harvard found that occupants in green-certified buildings scored 26% higher in cognitive function tests, reported 30% fewer symptoms of Legionnaires' disease, and had 6% higher sleep quality than those in non-certified buildings.[16]

HEALTH AS A DRAW FOR TALENT

80% of CBRE survey respondents agree that a company's wellness offering will be crucial in recruiting and retaining them within the next 10 years.[17]

"Our company is a culture that feeds off being at the office with one another. As we think about our return-to-office strategy, we are focusing on implementing strategies across our facilities to help people feel comfortable and for them to know we're prioritizing their health, wellbeing, and safety." —— Tonia Leonardos, Director, CRE and Facilities Management, Delta Dental

C. Creating a Successful Sustainable Real Estate Program

A Sustainable Real Estate Program considers both new construction projects as well as existing facilities, and integrates sustainability, equity, health, and wellness goals, requirements and/or guidelines, and strategies within a company's real estate decision-making process through each of the real estate asset phases. To achieve benefits from high-performance buildings at scale, outline and implement a program that guides the selection, design, construction, and ongoing operations of buildings within your company's real estate portfolio.

While format, goals, initiatives, and approach will differ across companies and scopes, successful programs have a clear vision, include resources and tools such as an Action Plan and Implementation Plan, and have teams equipped with the skills, resources, and incentives to effectively integrate it into business processes and decision making.

The 2 Key Phases

While every Sustainable Real Estate Program has its own evolution and scope, two phases define the process and inform the program's maturity.

PHASE I

DEVELOPMENT

Visioning for and planning of the program through effective stakeholder engagement and goal alignment. This phase encompasses the following action steps:

1. Assemble Program Team and Support Roles
2. Assess Existing Programs and Processes
3. Create Program Foundation: Values, Vision, Purpose, and Mission
4. Identify Material Impacts and Areas of Opportunity
5. Benchmark Impact Areas
6. Develop SMART Goals
7. Create an Action Plan

PHASE II

MANAGEMENT

Transition from a plan to an activated program through effective implementation and monitoring. This phase encompasses the following action steps:

1. Create an Implementation Plan
2. Secure Program Financing
3. Create Tools and Resources for Implementation
4. Initiate Program Rollout
5. Measure Success and Monitor Feedback Loops
6. Communicate and Advocate
7. Iterate and Innovate Program Rollout

Key Factors for Success

To understand the distinct factors that influence effective Sustainable Real Estate Programs, we looked to client experience to identify the keys to success, depicted below.

These keys to success also support the five critical elements for managing complex change: vision, skills, incentives, resources, and an action plan. This equips companies with a thorough approach to change management when developing and managing a Sustainable Real Estate Program.

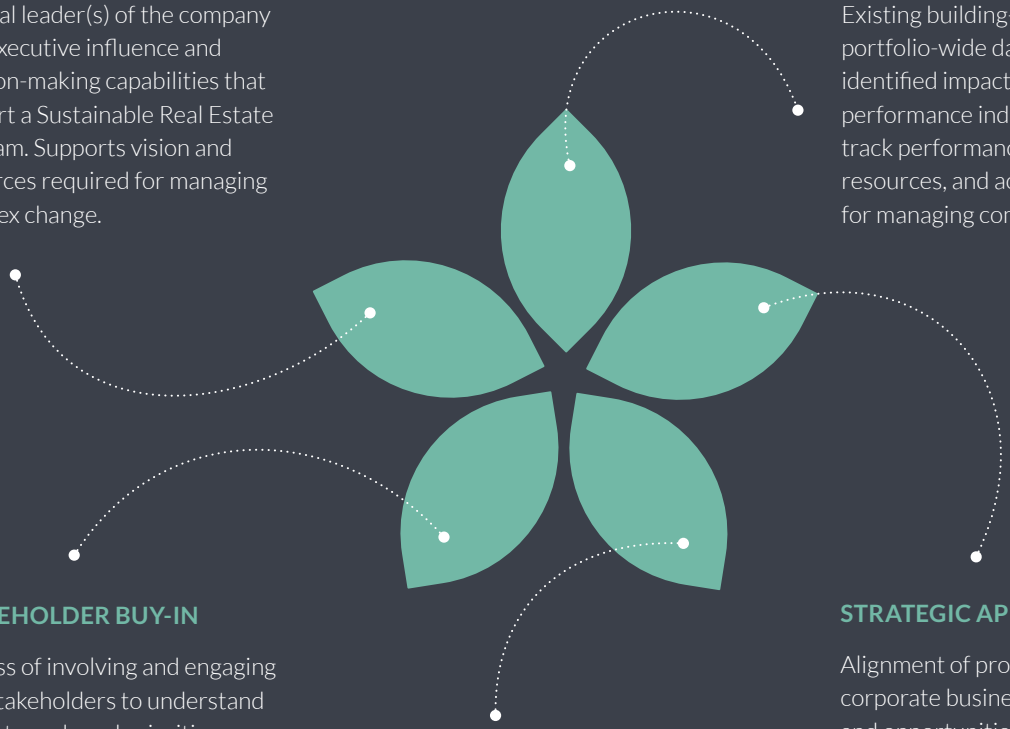
The essential factors for the development and management phases are discussed in depth in the following phase-specific sections.

LEADERSHIP

Internal leader(s) of the company with executive influence and decision-making capabilities that support a Sustainable Real Estate Program. Supports vision and resources required for managing complex change.

DATA

Existing building-level and portfolio-wide data related to identified impact areas, as well as key performance indicators (KPIs), that track performance. Supports skills, resources, and action plan required for managing complex change.



STAKEHOLDER BUY-IN

Process of involving and engaging with stakeholders to understand current needs and priorities, as well as drivers, opportunities, and challenges to reach a more informed consensus, and eventually help galvanize the "why." Supports vision, resources, and skills required for managing complex change.

COMMUNICATION

Clear and consistent process and language for relaying information across project teams and departments, as well as external audiences, including effective channels and resources to support knowledge management and delivery of program information. Supports vision, resources, and action plan required for managing complex change.

STRATEGIC APPROACH

Alignment of program with corporate business priorities and opportunities, incorporating cross-functional departments to streamline processes, associate correlating efforts, and increase impact. Supports skills, incentives, resources, and action plan required for managing complex change.

Critical Elements for Managing Complex Change

Successfully developing and managing a Sustainable Real Estate Program for your company's portfolio requires managing a component of change across the company. Before diving in, it is important to understand the five critical elements for managing complex change: vision, skills, incentives, resources, and an action plan. It sounds deceptively simple, but without one of these components, roadblocks that will limit the potential of your Sustainable Real Estate Program are likely.

The key factors for success for a Sustainable Real Estate Program can be aligned to these critical elements, and have been integrated into the findings from our focus group.

Our focus group was candid about what was lacking in their approaches and how that impacted their programs. Fortunately, isolating those gaps—and filling them—is feasible. Addressing these elements throughout each phase is important to managing complex change holistically.

"Change management can't be understated, especially when it comes to employee-based programs and behavior change strategies. Every site is a change management issue depending on demographics, how long you have been there, regulations, and culture." — Mary Curtiss, Global Head of Sustainability, Renewable Energy and EHS Programs, HP

MANAGING COMPLEX CHANGE

5 Critical Elements: Vision, Skills, Incentives, Resources, Action Plan

Source: Knoster, T., Villa, R., & Thousand, J. (2000)

Vision	+	Skills	+	Incentives	+	Resources	+	Action Plan	=	**CHANGE**
		Skills	+	Incentives	+	Resources	+	Action Plan	=	**Confusion**
Vision			+	Incentives	+	Resources	+	Action Plan	=	**Anxiety**
Vision	+	Skills			+	Resources	+	Action Plan	=	**Resistance**
Vision	+	Skills	+	Incentives			+	Action Plan	=	**Frustration**
Vision	+	Skills	+	Incentives	+	Resources			=	**False Starts**

OUR FOCUS GROUP

39% lacked Vision

11% lacked Skills

72% lacked Incentives

24% lacked Resources

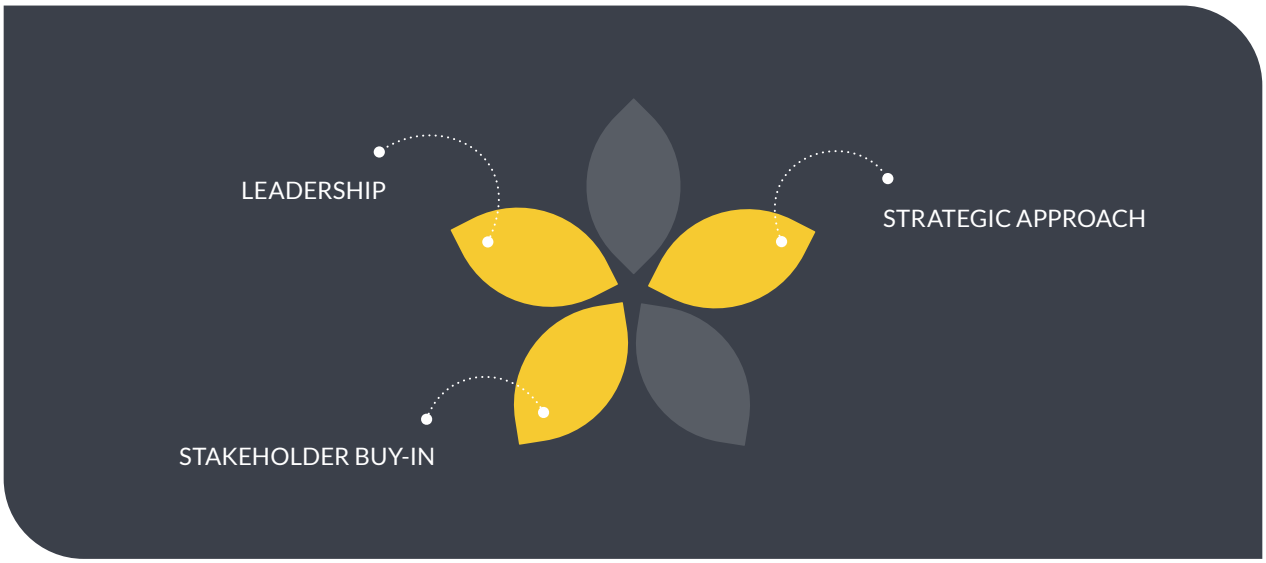
44% lacked Action Plan

Phase I: Development

The visioning and creation of a Sustainable Real Estate Program takes place during the development phase.

What is the purpose and vision of the Sustainable Real Estate Program? How do we define sustainability and equity within our real estate? What does success look like? What should it prioritize to have the greatest impact? What is the strategic approach to align with and deepen corporate ESG initiatives? These questions, and many more, shape the short- and long-term direction of a company's Sustainable Real Estate Program.

Key Factors for Success



STAKEHOLDER BUY-IN

Everything is an uphill battle if a team does not have stakeholder buy-in from the program outset. Requesting input and perspective from key stakeholders, as well as understanding their challenges and experience as it relates to their roles and responsibilities, can ensure the program responds to the systems at play.

Additionally, presenting the business case to stakeholders, as well as connecting program goals to their department objectives and larger corporate initiatives, can help galvanize and communicate the "why" for a Sustainable Real Estate Program. This buy-in is critical to ensure traction, participation, and resourcing throughout all stages of the program.

"Balance input with moving things forward: at the start, do a charette with key leaders in the organization, present the overall materiality and strategy of the initiative, and get input from each stakeholder to support overall buy-in and inclusion." — Christopher Patterson, Global Sustainability Program Manager, Uber Technologies Inc.

60% OF OUR FOCUS GROUP

had a combination of grassroots and top-down efforts for their Sustainable Real Estate Program, while 10% had only grassroots efforts

LEADERSHIP

Given that a Sustainable Real Estate Program is a portfolio-wide undertaking, executive leadership support is critical to ensure it ties to corporate initiatives and strategic vision, and is allocated appropriate resources, both financial and time.

In addition to executive leadership support, an accountable internal leader that has decision-making influence and access to the executive team needs to support program development and stakeholder involvement. Otherwise, a portfolio-wide program can easily stop in its tracks.

"In the past, goals and commitments came from the sustainability team instead of the leadership team. As such, getting internal buy-in has involved a lot of diplomacy and strategic relationship building has been difficult. Despite a very engaged workforce, it didn't unify everyone, and sustainability was perceived as 'your priority' rather than a 'leadership priority'." —— Senior Sustainability Manager, Confidential E-Commerce Company

"A key barrier to moving environmentally responsible real estate forward is making the case for how the company's own real estate can be used to embed sustainability into its culture. It's an opportunity to lead by example as a showcase for clean energy, energy efficiency, and sustainable workplace design, but it requires full leadership engagement to prioritize investment in those real estate assets." —— Kevin McArthur, Sustainability Program Manager, Pacific Gas and Electric (former)

STRATEGIC APPROACH

The different directions a Sustainable Real Estate Program can take during the development phase are limitless. Identifying too many goals to tackle through disconnected strategies will cause teams to feel overwhelmed or unable to effectively communicate results. Identifying how your program can or does align with corporate business priorities and engaging cross-functional departments will increase support and impact. A strategic approach includes identifying your priorities and developing a program that directly responds to them, often guided by a high-performance building certification or custom standard.

"Green building certification is a great mechanism for standardization and getting the team aligned on clear sustainability goals. Once our goals are aligned, it is critical to be involved in the full project lifecycle, as this allows me to propose complementary, holistic strategies that lead to meaningful results." —— Amanda von Almen, Senior Manager, Sustainability, Head of Sustainable Built Environment, Salesforce

Building certification programs support more sustainable, healthy design and operations and improved impact to the environment and occupant experience. These certifications are ever-evolving and include LEED, WELL, LBC, BREEAM, GreenStar, Fitwel, Zero Energy, and Zero Carbon, as well as those emphasizing resilience, such as RELi. Additionally, there are recent pandemic-response certifications like the WELL Health-Safety Rating and Fitwel Viral Response Module. Solving beyond single building certification efforts, many certification programs have responded to the growing need for portfolio-level strategy, increasing scalability and accessibility with streamlined bulk certification options such as LEED Volume, WELL Portfolio, LBC Volume, and Fitwel Portfolio.

Action Steps

Keeping the three critical factors top of mind, teams can use the following action steps to guide the holistic and strategic development of their Sustainable Real Estate Program. The outcome of the development phase can take a variety of forms, but most broadly it is a clear vision, an Action Plan that encompasses the material impact areas in which to focus, SMART goals related to these impact areas, and strategies and tactics to meet these goals.

"As we developed our program, our biggest gap was employees solely dedicated to this work. While we had an existing core team focused on the efforts, it took a year for our team to get designated headcount. Things take time." —— Casey Junod, Global Sustainability Manager, Twitter

1 ASSEMBLE PROGRAM TEAM AND SUPPORT ROLES

Though organizational structures differ in every company, identifying executive leadership support and a sustainability champion—whether a single point of contact, a team, or both—is an important step in program development.

Internally, consider the breadth of experience within the company among the initial sustainability individual or team. The integration of sustainability champions from impacted departments in a company is effective for stakeholder buy-in, and influential governance structures typically include a cross-departmental committee and a board-level steering committee.[18]

Roles that offer relevant and unique perspectives on priorities, resources, and spatial needs relating to real estate decisions and alignment with corporate initiatives consist of the following:

- Chief Sustainability Officer, ESG Executive, or CSR Executive
- Vice President of Sustainability or Sustainability Team Leader(s) or Champion(s)
- In-house Design and Construction Teams
- Workplace Strategy or Planning Teams
- Facilities Manager(s)
- Stakeholders from Finance, Human Resources, and Procurement

Within this team, it is also important to define the program leader. This may happen organically at first, until the sustainability program or initiative has gained traction and interdepartmental support. When identifying the program leader, consider an individual with the following:

- Time allocation and bandwidth to take this on
- Significant authority in decision making and budgeting
- Innate passion about the initiative, with recognition of its value
- Ongoing communication and collaboration with senior executives in the company

OUR FOCUS GROUP

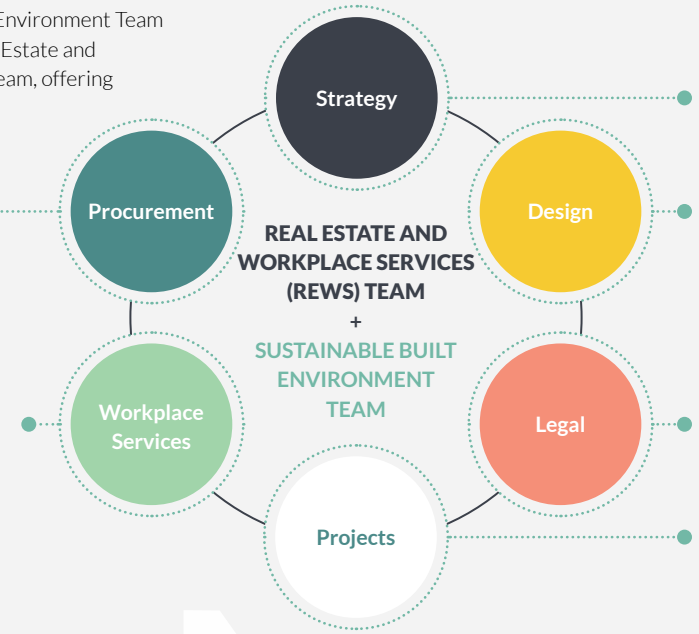
on average, had **2.9** full-time employees dedicated to sustainability within their real estate team during the development phase and **2.5** during management

"Sustainability must be considered at all stages throughout a project from planning, construction, completion, to day-to-day operations. In order to achieve meaningful sustainability goals, we must be willing to understand the commitment and investment required early on and partner with key stakeholders along the way to deliver value." — Gordon L'Estrange, Vice President, Real Estate, Salesforce

INTEGRATED SUSTAINABILITY

Salesforce's Sustainable Built Environment Team is fully integrated with its Real Estate and Workplace Services (REWS) Team, offering a best practice structure.

Source: Salesforce



Many of the challenges in developing an effective Sustainable Real Estate Program come from lacking budget, as well as having the time and team to get things done. Thoughtful team assembly early in the process can help ease future program resource snags. Assembling and sharing an org chart will help provide clarity on roles, decision-making processes and workflows, and cross-functionality. Beyond resources, ensure team members are equipped with the skills and incentives to feel empowered to take on the program development.

"When sustainability is everyone's job, it can become nobody's job. You need leadership to ensure someone is accountable and to set the goals within the organization. Further, you need to make people accountable and responsible—you can only go so far with having sustainability written into someone's job description as a sub-bullet. It needs to be a primary focus to really gain traction." —— Ben Myers, Vice President, Sustainability, Boston Properties

24% OF OUR FOCUS GROUP

felt they lacked the financial and human resources needed to execute their Sustainable Real Estate Program

39% OF OUR FOCUS GROUP

felt they lacked an explicit and clear vision as part of their Sustainable Real Estate Program

2 ASSESS EXISTING PROGRAMS AND PROCESSES

As an initial step in the development of a Sustainable Real Estate Program, understand how the current project delivery process works. Address the following:

- Processes and policies that are in place that bring a project from concept to completion
- Existing resources to support implementation
- Decision makers and the decision-making process
- Current portfolio and development pipeline

Understanding where and how sustainability has played a part to date creates opportunity to deepen alignment across the company, identify collaboration opportunities, and capture lessons learned. Assess related activities by evaluating:

- ESG and/or sustainability initiatives that have taken place to date, whether related to real estate or otherwise
- Standards, resources, or policies that are in place for site selection, design, construction, and operations
- New programs or initiatives within the company that have been successful—identify those that have gained traction, understand how this was achieved, and model where relevant and applicable

Further, look outside of the company for:

- Existing and upcoming relevant regulatory requirements across the portfolio's current and future facility locations
- Required third-party building certifications that can support both a carrot and stick approach
- Peer and industry partner leadership integrating real estate into ESG programs

3 CREATE PROGRAM FOUNDATION: VALUES, VISION, PURPOSE, AND MISSION

"It all comes down to the corporate value and philosophy, and whether we care about it. If it's not a corporate value, it won't be driven." —— Director of Construction, Confidential Retail Company

"There are pros and cons to various approaches and it's hard to find one that meets all objectives and priorities. We identified our purpose statement and had that guide us." —— Senior Development Manager, Global Real Estate, Confidential Technology Company

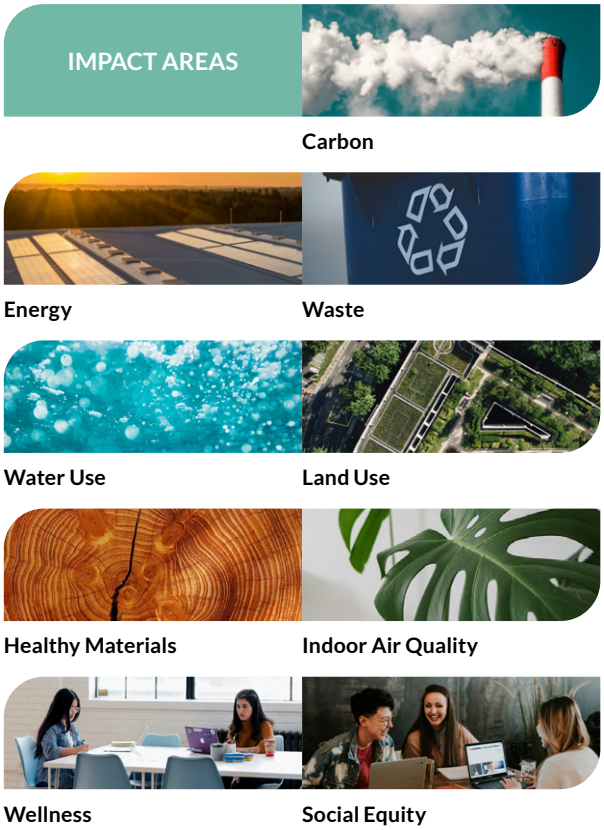
When developing a program, begin by asking "What does success look like?" Address both short- and long-term success when considering this question.

Utilize the team assembled to identify the foundation for your program—align and develop values, a vision, a purpose, and a mission to guide the Sustainable Real Estate Program and link it to the company's sustainability story. Note each company may address this step differently or gravitate towards a certain format (ex. a philosophy statement versus key values), but the goal is to set clear direction for the program and avoid flashy distractions so this can act as a compass for decision making down the road. Having participation from key stakeholders and aligning program objectives with overarching corporate values and priorities is essential for gaining buy-in.

It can be easy to settle for an ambiguous "why," so to avoid a weak and ineffective statement, tackle it in the following components:

- **Align core values**
  These are the underlying set of truths and guiding principles for the program and will help inform the vision and mission. Teams will need to determine what the company's corporate values look like in the realm of real estate.
- **Clarify vision**
  This is an inspiring statement that defines your north star, where you are headed.
- **Identify purpose**
  This is the ultimate "why" of the program, which remains unchanged over time, and describes the reason for its existence.
- **Set mission**
  This is the program's aspirational description of how you'll progress toward your purpose in day-to-day actions and decision making.

> **"We have been hesitant to state a clear vision and now we recognize it is an aspect of the program that has been holding us back."** — Peter Cook, Regional Market Development Manager, Subaru of America



4 IDENTIFY MATERIAL IMPACTS AND AREAS OF OPPORTUNITY

A Sustainable Real Estate Program will be most impactful when it reflects the company's core values and is designed to positively affect areas that are material to the business and your stakeholders.

Opportunities for Sustainable Real Estate Program focus areas are immense, and teams can consider a breadth of options. As you explore the array of possibilities with key stakeholders, perform a discovery workshop or materiality assessment, and an affinity clustering exercise to group similar ideas to focus your outcomes. In addition, conduct a competitor analysis to identify what your peers are focused on and understand the industry landscape.

Consider what aligns with the Sustainable Real Estate Program vision, what is most important to stakeholders, and how it relates to financial focus areas, the business model, and industry type. Also consider the level of effort required to achieve desired improvements. Developing an understanding of the relationship between impact versus effort can help prioritize impact areas for your program and develop an approach to achieve even heavy lift initiatives. For example, commit to LED fixtures in all facilities in one year, a 10% energy use reduction in three years, and piloting Zero Energy Certification for all flagship locations in five years to help build momentum and engagement.

Leverage existing frameworks and third-party building certifications to help determine impact categories, as well as how to address them across your portfolio with a standardized approach.

100% OF OUR FOCUS GROUP

identified **Energy** and/or **Carbon** as one of the top two priorities within their Sustainable Real Estate Program

"Focus on what's material specific to real estate, how you currently operate, and where you would like to see your company operating moving forward. These are the areas to focus on that really move the needle, and something we work at every day." —— Christopher Patterson, Global Sustainability Program Manager, Uber Technologies Inc.

5 BENCHMARK IMPACT AREAS

Before determining how to improve, a company first must understand how it is currently performing. Note the order of "Identify Material Impacts and Areas of Opportunity" and "Benchmark Impact Areas" action steps can depend on resources and availability or accessibility of data.

Based on the identified impact areas and greatest areas of opportunity, determine what data is accessible across the portfolio. This can come in many different forms—whether LEED credit achievement, certification levels across the portfolio, or energy use intensity for a given space type. Data may be gathered through existing data collection platforms such as Energy Star Portfolio Manager, internal tracking systems that compile facilities' utility bills, or piecemeal for a single building. Once you have the data, review for accuracy, fill gaps where necessary, and benchmark current performance.

70% OF OUR FOCUS GROUP

utilize internal reporting protocols to track and manage sustainability performance of their real estate facilities, which may entail more than one platform or tool

- **65%** use external resources and certifications such as LEED and Energy Star Portfolio Manager
- **65%** use third-party software such as Goby, Measurabl, Aquacore, etc.
- **5%** do not track the sustainability performance of their real estate

It is not uncommon to have this be a clunky step—overall, the goal is to assess what is available, use it to measure performance, and identify not only impact opportunity, but also gaps and how to improve. While the accuracy and ability to benchmark performance will vary greatly based on available data, it can be insightful to telling the story and informing systems and processes that need to be put in place. If there is not much data to work with, set up low-cost tracking mechanisms to understand performance across the portfolio as an initial step. Longer term tools can be selected once the program is established.

"COVID has put a spotlight on air quality, materials, and real estate's impacts on human health and our environment—it has been easier to get buy-in and prioritize these issues. Over the long term, it is an investment that will pay off on many fronts." —— Senior Development Manager, Global Real Estate, Confidential Technology Company

6 DEVELOP SMART GOALS

After understanding current performance, the team can better assess areas for improvement both within existing facilities, as well as within new developments. Identifying areas with high potential will allow teams to identify short- and long-term SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) goals. Practice essentialism when goal-setting—too many goals can distract from achieving your main objective. Consider the following when goal setting:

- Go for the BHAG (Big Hairy Audacious Goal). A BHAG is typically 15 to 25 years out and sets a north star that is bold and a bit of a stretch. Companies that set bold goals not only feel more driven to achieve them, but they can increase engagement. Consumers and employees are becoming more interested and excited by companies that take on these challenging initiatives. When telling the company's sustainability story, be transparent and acknowledge the work towards these achievements, address where actions may have fallen short, and share what is being done to improve metrics and achieve success.

"There was pushback on our goal of 100% [LEED certified retail fleet], but if we didn't commit to a big goal, it would not have been as successful. Committing 100% of our stores to be certified has contributed to [our] success of having over 1,000 stores certified (and counting)." —— Store Development Services Manager, Innovation and Sustainability Support Group, Confidential Retail Company

"Understanding that this was a starting point and that our program will be refined and improved over time—this helped the process and helped us stick to a timeline." —— Senior Development Manager, Global Real Estate, Confidential Technology Company

- Identify one-year, three-year, and five-year goals that are more tangible and ramp up. These time-bound goals encourage teams rather than make them feel stuck and intimidated by a single lofty, far-off goal. Additionally, ensure goals are integrated and align with any updates taking place to the company's broader ESG initiatives and strategic plan.
- Link to existing reporting efforts. Aligning with existing efforts related to your climate and carbon commitments, as well as broader reporting efforts, such as GRESB, CDP, GRI, SASB, TCFD, ISO, SBT, and initiatives such as UN SDGs can help connect a Sustainable Real Estate Program to other corporate and operational goals, garnering cross-departmental support and illustrating how real estate best practices can help achieve other business goals.

7 CREATE AN ACTION PLAN

A team achieves its SMART goals by selecting strategies within the relevant elements of portfolio development and management (site selection, design, construction, and operations). To determine appropriate strategies:

- Identify low-hanging fruit that can help achieve the goal in the short term or at scale.
- Evaluate the ROI required for new strategy implementation and conduct lifecycle costs analysis (ex. ongoing maintenance fees, productivity benefits, etc.) for different strategies, which may require time and resources.

42% OF OUR FOCUS GROUP

require an ROI of three years or fewer to gain approval for implementation (however, this will vary based on many factors, including initiative, company performance, and leadership support)

- Ask the experts. Whether it is tracking waste across the portfolio or identifying the optimal renewable energy procurement strategy, the language, technology, or nuances can be complex and complicated. It is often worthwhile to identify industry partners, groups, or experts that can provide knowledgeable support.
- Identify responsible parties, timeline, and clear expectations for all involved. Accountability is key to ensure the actions you have set in place are followed through and can support verification and compliance. Missing this step can lead to inefficiencies and miscommunication among team members, and ultimately unsuccessful actions.

"As a means of prioritizing strategies and actions, have a 'hell yes filter': big impact, creates buzz around the company, is timely, and makes sense." —— Lead Analyst, Global Energy and Carbon, Confidential Apparel Retail Company

"Don't bite off more than you can chew at first. Show success, and then iterate." —— Senior Development Manager, Global Real Estate, Confidential Technology Company

"A key to our success has been our partnerships across different business groups. Our REW team was already cross-functional, so it was a natural fit that sustainability as a program came into this team, and our ability to leverage key partners from other departments has helped to move the work forward in a more efficient manner. Additionally, our relationship with key external partners has helped propel us forward, develop legs and a sense of maturity rather than us having to figure it out on our own." —— Casey Junod, Global Sustainability Manager, Twitter

All strategies need an associated success or performance metric. This helps guide the monitoring of the Sustainable Real Estate Program during the management phase. Consider the following:

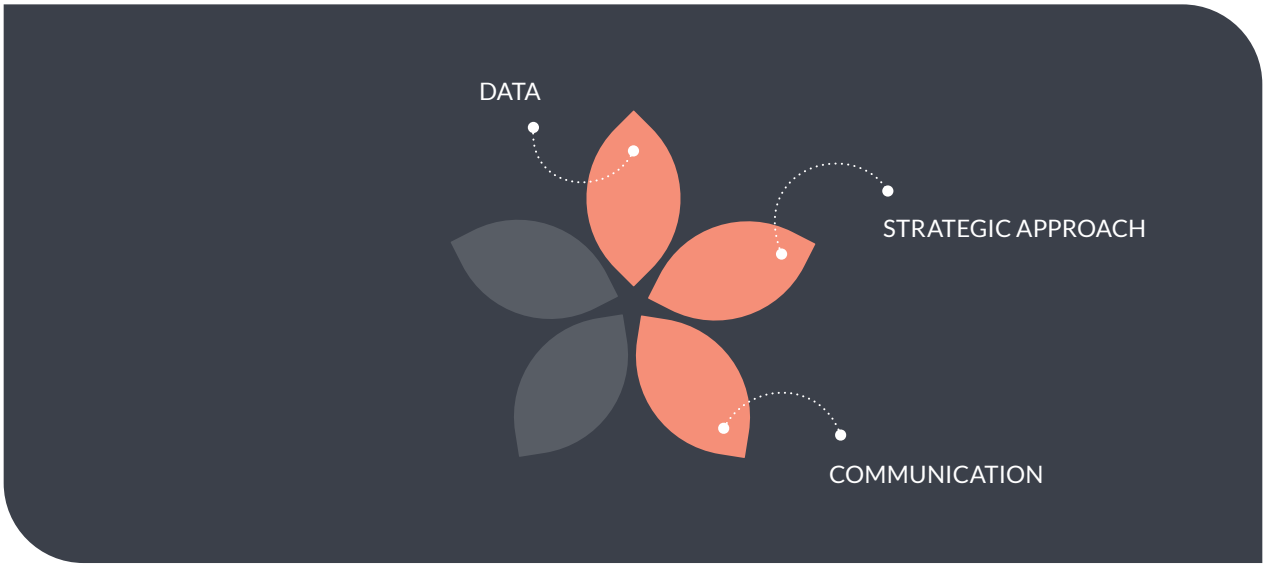
- The metric of success identified in the SMART goals and how each strategy aligns
- Internal and external stakeholders with which to share program success, and approach for communicating progress
- Type of metrics and reporting the company uses and reports out on, which may be internal, external (ex. annual corporate sustainability report, GRESB, CDP, GRI, ISO), or both
- Tracking mechanisms required by existing certification frameworks
- Systems or technologies that provide the data and reporting information the program is looking to collect
- Verification documentation needed from teams to monitor program progress and success
- Anticipated payback period for approved strategies, which can help determine cadence of data collection and reporting

Phase II: Management

The management phase of a Sustainable Real Estate Program transitions a program on paper to one integrated into business decisions, project delivery, and workflows.

What program financing is required? Are there any quick wins for the program to start with? What external or internal reporting frameworks will be used as a guide for data collection and management? When and how often will reporting occur? How will the program be integrated with broader business goals? How do you equip team members with the skills, resources, and incentives to ensure success? These questions and many more will activate teams and help guide the management of a company's Sustainable Real Estate Program.

Key Factors for Success



DATA

Success in the management phase relies much on the ability to collect and track data, and in turn, understand performance and impact of your buildings, portfolio, and overall program. Data provides feedback to monitor and inform the success of strategies and procedures, as well as the quantitative and qualitative metrics for identifying goal achievement and guiding reporting and storytelling. For example, collecting data on operational energy and water performance of buildings that have integrated efficiency strategies can provide intel on whether these strategies are effective as planned; or, quantifying the local and diverse vendors secured as part of a procurement strategy can provide intel on whether an updated policy and process have the impact intended. This data can be critical in determining program updates and refinements.

As you're developing data management processes and procedures, consider how and where to pilot these efforts or incorporate a phased approach. Implementing data collection systems, tools, and processes in this way can allow teams to refine them before portfolio-wide rollout.

"More data may help the story, but we need it to be targeted to the direct competitive impact." —— Director of Construction, Confidential Retail Company

"[LEED] provided standard processes and accountability for meeting our sustainability goals." —— Stephen Gibson, Architect, LEED AP

95% OF OUR FOCUS GROUP

use internal reporting protocols, external resources and certifications, or third-party software to track and manage their Sustainable Real Estate Program, so having accurate data for these reporting methods is critical

COMMUNICATION

In the management phase, communication comes into play in the form of education and training on program requirements and progress. Confirming accountability and expectations for all involved and communicating feedback in real time are essential components to support a program's traction, evolution, and refinement. In addition, the coordinated efforts between teams to get a program up and running cannot be underplayed and require clear and open communication channels among all team members and stakeholders. One of the biggest challenges can be language translation across stakeholders. Sustainability impacts all sides of the business and different roles and departments may have different priorities and speak a different language, so it is important to communicate effectively with each other.

Effective communication also relies on periodic reporting and storytelling for both internal and external purposes. Uniform reports yield clear results at regular intervals, demonstrating program growth, trends, similarities, and variations across the portfolio, as well as successes and areas for improvement. Means of communication also come in the form of internal blogs, external newsletters, or annual impact reports that highlight case studies and both small-scale and large-scale successes to keep stakeholders engaged and informed.

"We developed a framework for things to get approved that incorporated what the C-Suite wanted to see. This has brought a consistency and substance [and greatly improves our storytelling]." —— Vice President, Capital Markets, Confidential Commercial Real Estate Company

"So much success comes from and depends on cross-functional teams and programs." —— Lead Analyst, Global Energy and Carbon, Confidential Apparel Retail Company

"Our biggest driver and why we've seen traction and success in the development of our program is because our employees have so much weight and leverage in the way our company is run—they continue to show up and say 'we need to do more'. We realized, too, that many didn't know what we were doing and what our goals and strategies were, and they really wanted to know. This signified the need and priority for better communications." —— Casey Junod, Global Sustainability Manager, Twitter

72% OF OUR FOCUS GROUP

admitted to not having incentives in place for stakeholders (such as competition among peers, financial rewards for successful integration, or program KPIs tied to performance goals, etc.), which can make implementation more challenging

"Make sure people feel connected with it all—everyone's part of it. Make [the program] interactive and less preachy to engage stakeholders." —— Senior Sustainability Manager, Confidential E-Commerce Company

> **"There is a real need for expertise—so many times we're not sure what it all means or how it translates to efficiencies, money savings opportunities, and more. We don't have people on staff that dedicate their careers to this, so our internal team is limited in capacity."** —— Dana Gallagher, Management Specialist, Subaru of America

> **"We've learned sustainability is not a one size fits all solution. You have to consider culture, context, infrastructure, and application—you can't apply everything with a rubber stamp and copy away."** —— Casey Junod, Global Sustainability Manager, Twitter

Managing a Sustainable Real Estate Program with a strategic approach requires a comprehensive program review and allows teams to target specific areas for program refinement. While you may have standards across the portfolio, acknowledge there will be nuances to manage—a program or strategy that works in San Francisco may look different in Singapore. Approach to resolving these challenges will vary—some strategies may evolve into more of a guideline than a hard requirement or be influenced by site-specific regulations or implementation feasibility (cost, resource constraint, product availability, vendor availability, infrastructure, etc.). Identify where you can make the change and manage the nuances as much as possible, but know it will take time to iron out every scenario and solution.

Additionally, strategically assessing program success requires selecting and evaluating data that addresses the goals of the program and corporate objectives from both a quantitative and qualitative lens. Establish a standard for program updates that includes analyzing the data, assessing progress, and administering standard report-outs so all stakeholders understand program goals and progress. These efforts will build upon one another as the program grows.

Action Steps

Taking these factors into consideration, the following action steps will help teams tackle implementation with an organized and self-correcting approach. This will result in a deployed Sustainable Real Estate Program through clear roles and responsibilities, team member education, and feedback loops. The steps below bring the Action Plan from the development phase to life.

1 CREATE AN IMPLEMENTATION PLAN

An Implementation Plan evolves out of the Action Plan and includes the following:

- **Applicability matrix**
  Define the types of projects that strategies apply to.
- **Specific tactics to meet strategies and goals**
  Provide specifics to guide teams on how to meet program goals (ex. create a project prioritization process, establish financial ROI requirements, perform an energy audit to identify energy conservation measures to implement).
- **Accountability**
  Define clear roles and responsibilities for each step of the process.
- **Verification process**
  Identify the information to be provided to demonstrate compliance, and who is responsible for providing it.
- **Process flow diagram**
  Identify the real estate phases that each requirement or strategy applies to.
- **Feedback loops**
  Identify opportunities in the workflow to provide feedback on process or content of the program.

Assess the following when selecting tactics:

- Existing efforts that are currently ad hoc across the portfolio but support a desired goal (ex. LED retrofits and low-flow plumbing fixtures)
- Local ordinances and regulations (ex. rebates for solar and LEED certification requirements)
- Ease of implementation due to templatized resources and accessible providers (ex. existing janitorial and culinary vendor policies and procedures)
- ROI (ex. upfront hard and soft costs as compared to savings or gains earned due to the strategy implementation)
- Required implementation timeline (ex. time for approval, integration into existing processes or workflows, and implementation)

SAMPLE APPLICABILITY MATRIX

PROJECT SIZE	PROJECT LOCATION	REQUIREMENTS TO FOLLOW	
Satellite Office <400 employees	Americas / EMEA	Tier 1 Requirements	LEED Silver Certified
	APAC	Tier 1 APAC Requirements	LEED Silver Certified
Talent Hub 400–1,000 employees	Americas / EMEA	Tier 2 Requirements	LEED Gold Certified
	APAC	Tier 2 APAC Requirements	LEED Gold Certified
Super Talent Hub >1,000 employees	Americas / EMEA	Tier 3 Requirements	LEED Platinum Certified
	APAC	Tier 3 APAC Requirements	LEED Platinum Certified

Consider the following to determine how the plan will affect stakeholders:

- New expectations and responsibilities of team members
- Necessary education or training required for project teams and impacted stakeholders
- Quality control and quality assurance measures to put in place
- Required financing to implement strategies
- Processes or steps that need to shift to integrate program strategies into various workflows (ex. site selection, design standard development, facility operations, etc.)
- Timelines or progress reports that the program should align with (ex. quarterly internal reports)
- Other sustainability and ESG initiatives within the company that may influence or support progress and success

> **"[When figuring out which tactics to implement], it helps to have direction—solve for certain things rather than try to boil the ocean."** —— Lara Shortall, former Creative Director, Global Brand Design, Starwood Hotels and Resorts

2 SECURE PROGRAM FINANCING

Whether creating a new program or updating an existing program, adequate resources need to be identified and allocated. It is essential to understand the capital expenditure and operational expenditure required to implement the program's strategies to achieve program goals.

Early in the management phase, identify and sync with existing budget cycles and develop a budget that accounts for any changes that will take place in response to program implementation. For example, if there is to be a change to a standard product to align with program goals, identify the budget impact on a project level as well as on a portfolio level; or if new headcount is required to support program management, identify this budget impact. As resources are identified, confirm who owns the program budget, who is responsible for budget approval, and who will see the changes through. It is also essential to understand funding stream(s) and how money trickles downs to teams that issue purchase orders and implement program elements.

Program financing specifics are unique to every company. Ensuring time and attention is paid to this early on can help support program implementation success and demonstrate leadership approval. At whatever scale, understand your year one program budget prior to implementing. For each following year, reevaluate budget needs based on program adjustments and goals.

> **"Some projects will save money, but they don't have the upper-level direction taking a stand for it—this is really important in taking projects to the next level and securing implementation."** —— Lead Analyst, Global Energy and Carbon, Confidential Apparel Retail Company

3 CREATE TOOLS AND RESOURCES FOR IMPLEMENTATION

The success of a Sustainable Real Estate Program is dependent upon everyone understanding the program and being equipped with the tools and resources to implement it. The Director of Sustainability, project manager, architect, facilities manager, engineers, and all stakeholders must be educated on the new approach, resources, and processes of a company's Sustainable Real Estate Program. Without this critical step to substantively engage and empower the team, programs run the risk of inefficiency and inaccuracy.

To equip the team, create and administer an educational training program designed to inform and engage all stakeholders about the program intent, requirements, and specifically how it influences each role and responsibilities. Engage—not just inform—the following teams:

- Internal Design and Construction Teams
- Project Managers
- Facility Managers
- Design and Renovations Teams as applicable
- Tenants and Employees
- Subcontractors and Vendors
- Consultants

In addition to an educational training program, develop resources to guide team members during implementation (ex. an FAQ, reference guide, or updated playbook that integrates new requirements or standards). To support clear expectations and consistent implementation, develop tools for teams to track compliance with program requirements or guidelines, as well as align with reporting expectations and needs (ex. a Program Scorecard or Energy Usage tracking spreadsheet for project-specific efforts and a Portfolio Sustainability Strategy Tracker for portfolio-wide efforts).

> **"Education and communications at all levels is essential—this supports greater buy-in, traction, and overall success. Leadership needs to see the benefit and ROI, and employees want to know what we're doing."** —— Tonia Leonardos, Director, CRE and Facilities Management, Delta Dental

> **"It's challenging to get what's designed into what's constructed...lease agreements and technical standards were developed for landlords, specifying equipment that aligns with what the company wants."** —— John Harrison, FAIA, RDI, LEED Fellow

4 INITIATE PROGRAM ROLLOUT

Now that you have educated teams on the program and developed tools and resources for implementation, project teams can begin putting the program in place.

Every program needs to start somewhere—this may be initiated by a few pilot projects, implementing a phased approach strategy by strategy, or rolling out a full program across the entire portfolio. To determine the most appropriate approach, review the budget that was established, assess overall feasibility of integration given portfolio size and pipeline, and consider project team engagement and bandwidth. Whatever the approach, acknowledge the impacts and repercussions that will occur based on the new initiative, and ensure stakeholders have the resources to implement the strategies and are incentivized to see the program through.

5 MEASURE SUCCESS AND MONITOR FEEDBACK LOOPS

Having a strategic approach in the management phase includes evaluating how the program is implemented and analyzing whether its intent is actualized. Whether via pilot projects or portfolio rollout, identify measures of success at key milestones throughout the course of the program and capture lessons learned and areas for refinement. These opportunities for feedback are critical to maintaining stakeholder buy-in and engagement, as well as integrating a program that works for your teams, has traction, and achieves the results it is targeting.

Feedback loops can occur on both the project level and portfolio level, and should be synced accordingly. As part of key project milestones, establish a checkpoint that evaluates program success or areas of improvement—whether about strategy implementation, quality control, or communication, for example. On a regular basis (ex. quarterly), compile feedback from project implementation and assess the program from a programmatic level—what are themes across projects, is budget adequate, is data collected meaningful, are stakeholders equipped with resources, and are they incentivized to support the program's goal achievement? Having a space for this feedback and looping it back into program processes, tools and resources, and overall strategy is crucial to make sure the program remains relevant and contributes to its long-term success.

Examples of feedback loops include:

- Regular reporting on program progress, usually by the team who owns the Sustainable Real Estate Program
- Technology platforms reporting real-time performance
- Recurring meetings and/or communication between cross-functional partners

"Key to success is keeping your foot on the pedal—keep driving things through. For us, once momentum picked up, we could look at anything and evaluate it…if it makes sense, it will eventually become woven into everything we're doing. Sustainability is now a leading driver in our workplace strategy." —— Christopher Patterson, Global Sustainability Program Manager, Uber Technologies Inc.

"Pilots and partnerships are key to successful implementation. To start, our team got clear on the levers that had the greatest energy reduction opportunities and payback. We also connected with our property team to learn their pinch points around maintenance that could be solved through better monitoring.

Given that typical EMS platforms are designed for larger facilities, we then spent time connecting with a variety of partners to identify smaller-scale, cost effective solutions for our shops. The EMS we identified allowed for improved control of the HVAC system, standardizing temperature setpoints, and establishing setbacks for opening and closing hours.

We piloted the EMS in 25 shops, which represented a diverse cross section of our portfolio. The pilot achieved an average of 23% energy savings across the pilot period, with some shops achieving up to 50% energy savings. Following the pilot, the EMS was rolled out to all existing shops where we track utilities and incorporated into the design package for all new shops. As of May 2021, about 80% of our shops across North America are on the platform." —— Katrina Shum, Sustainability Manager, North America, Lush Fresh Handmade Cosmetics

6 COMMUNICATE AND ADVOCATE

"We deal with the challenge of getting data to the right people. We need to make it more visible to a variety of audiences and share the story of our progress against our goals. Working at a company of this size, you need to make everyone aware of what's going on [to ensure continued buy-in, support, and success]." —— Mary Curtiss, Global Head of Sustainability, Renewable Energy and EHS Programs, HP

"Effective storytelling and a coordinated communications plan will help drive engagement and impact." —— Lead Analyst, Global Energy and Carbon, Confidential Apparel Retail Company

Once the program is up and running, continually celebrate those involved and the progress achieved—this keeps key stakeholders committed to its successes and determined to improve its shortcomings.

Follow up on easy wins and report digestible yet meaningful program statistics via uniform reports, and connect it to how the program is supporting broader company efforts.

70% OF OUR FOCUS GROUP

share their Sustainable Real Estate Program successes through an Annual Corporate Sustainability Report—40% through CDP reporting and 15% through both GRI and GRESB

In tandem with internal communications, share program progress externally based on identified reporting requirements. Be transparent, emphasize the program's strategy, and demonstrate ongoing—and ideally strengthening—program commitment.

To clearly share the Sustainable Real Estate Program's story externally, translate results into easily understood equivalences or metrics. This can help contextualize impact and achievements rather than getting caught up in program jargon. Additionally, communicating organizational sustainability and ESG accomplishments can help the program gain greater external support and resources, as well as serve as a platform to further infuse company brand story with values-aligned sustainability efforts.

7 ITERATE AND INNOVATE PROGRAM ROLLOUT

Continuous review and refinement of the program during ongoing management helps ensure it is responding to company needs and expectations. Identify what the process for iterations and innovations for program rollout are, as well as the cadence and stakeholders involved. Many programs update once a year for broader-level undertakings while smaller details are updated on a quarterly or semi-annual cadence.

By integrating lessons learned from ongoing feedback, as well as adjustments to requirements based on leadership priorities and/or industry expectations, the program will evolve on a regular basis, supporting its relevance, resiliency, and ability to deliver on corporate ESG goals and beyond.

Tangible deliverables that result from a Sustainable Real Estate Program can include:

- Design and Construction Sustainability Guidelines
- Green Lease Language
- Healthy Building Guidelines
- Real Estate Carbon Reduction Plan
- Responsible Procurement Standards
- Site Selection Checklist
- Supplier Sustainability Guidelines
- Sustainable Operating Procedures
- Zero Waste Plan

Credit: Bhawin Jagad

THE FULL PROCESS

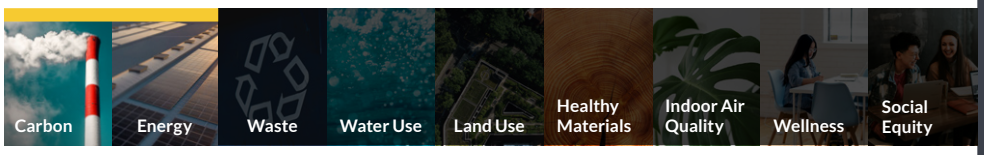
The figure below illustrates the full process of creating a successful Sustainable Real Estate Program, showing sample goals, strategies, and tactics for Design, Construction, and Operations.

PHASE I: DEVELOPMENT

Start with **WHY**

VALUES **VISION** **PURPOSE** **MISSION**

which drives **IMPACT AREAS**



and **GOALS**

DESIGN AND CONSTRUCTION:

SMART GOALS (1 Year)

- All office spaces will be 50% below ASHRAE 90.1-2016 by end of 2022

OPERATIONS:

SMART GOALS (1 Year)

- Reduce portfolio-wide energy usage by 10%

and is realized through an **ACTION PLAN**

DESIGN AND CONSTRUCTION:

PRESCRIPTIVE STRATEGIES

- Achieve a 35% reduction in LPD
- Utilize plug load controls for 50% of receptacles
- Purchase off-site carbon-free renewable energy to account for remaining energy demand

PERFORMANCE STRATEGIES

- Through energy efficiency measures, on-site renewable energy system, and/or off-site renewable energy, demonstrate office is at least 50% below ASHRAE 90.1-2016

OPERATIONS:

PERFORMANCE STRATEGIES

- Install 100% LED fixtures in all offices
- Install occupancy sensors
- Install daylight sensors

FEEDBACK

PHASE II: MANAGEMENT

and is integrated through an **IMPLEMENTATION PLAN**

DESIGN AND CONSTRUCTION:

VERIFICATION / ACCOUNTABILITY

- Perform lighting calculations in design
- Review plug load control submittals
- Review RE system submittals and/or offset contract
- Perform calculations to demonstrate 50% energy demand required to offset

OR

- Achieve 25 points in LEED Credit EAc1

OPERATIONS:

VERIFICATION / ACCOUNTABILITY

- Review submittals for LED fixture replacements, occupancy sensors, and daylight sensors
- Confirm all fixtures are LED upon installation and sensor installation

London Salesforce Tower: LEED Gold
Credit: Salesforce

D. Conclusion

Every company has an opportunity to transform its real estate portfolio, regardless of scale, into an asset that has broad, quantifiable value beyond the market value itself. Creating and implementing a Sustainable Real Estate Program to manage that portfolio is a powerful way to optimize its value spectrum. The portfolio will play a key role in the company's sustainability initiatives and be a critical component of its ESG reporting. Further, a well-crafted Sustainable Real Estate Program can advance goals and help define the company's public-facing values and value proposition. The insights shared in this handbook, based on our experience working with clients and select focus group, offer lessons learned and keys to success.

As more companies evolve their ESG initiatives and explore the value streams defined by Sustainable Real Estate Programs, the question they are asking has evolved: "Should we have a Sustainable Real Estate Program?" has become "How can our real estate program help address and end the climate crisis and ensure a restorative built environment?"

The knowledge base about this work is growing. Every company that creates a Sustainable Real Estate Program is gaining new insight into its opportunities and challenges. If you are creating a program like this, you are a part of the community of knowledge. We want to hear about your journey. What works and where are the barriers? What insights can you share? What tools do you need? What questions do you have?

Share your story. We'd love to hear from you: contact@stok.com.

E. Spotlights

Salesforce Sustainable Built Environment Program

At a glance

SQUARE FOOTAGE: ~8M

NUMBER OF OFFICES: 58

GEOGRAPHIC REACH:

TEAM:

- 3 internal FTEs

KEY TARGETS:

- Pursue LEED Platinum and ILFI Zero Carbon certification for all new major offices by 2030
- 1.5°C-aligned targets covering Scope 1, 2, and 3 emissions, approved by the Science Based Targets initiative (SBTi)
- Require suppliers representing 60% of Scope 3 emissions to set Science Based Targets by 2024

Program timeline

2016
Salesforce Sustainable Built Environment Program inception

2017
Healthy Materials Program established

DEC 2017
64% of space achieved or pursuing green building certification

SEP 2018
Announced Net Zero and LEED Platinum for all new major workspaces

DEC 2018
65% of space achieved or pursuing green building certification

AUG 2019
Released Healthy Materials Guide

DEC 2019
74% of space achieved or pursuing green building certification

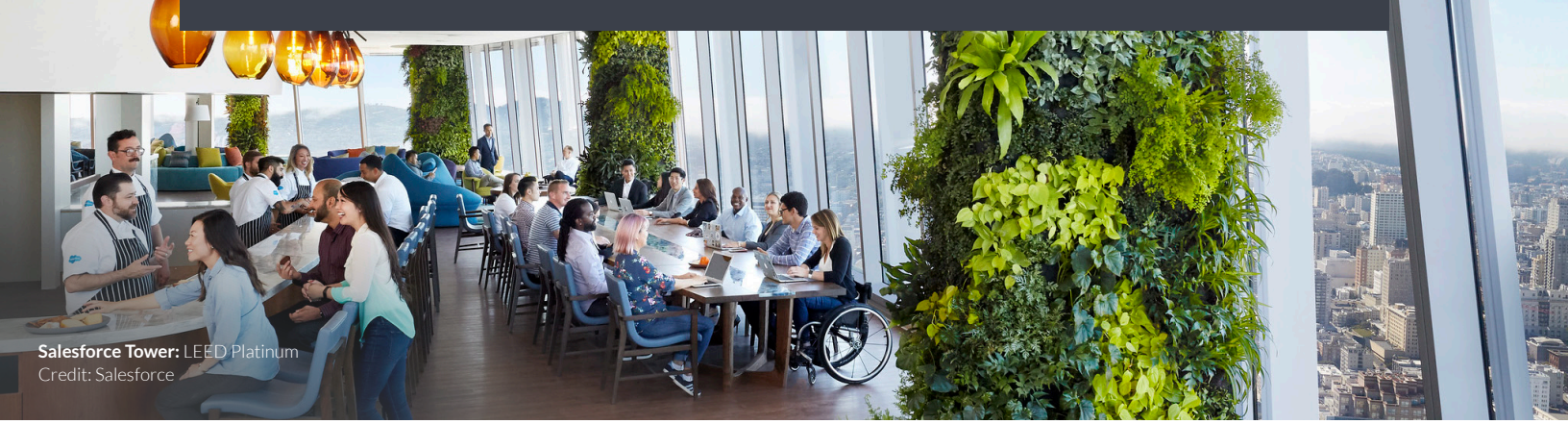
JAN 2020
30% reduction in operational carbon intensity from 2017

OCT 2020
Released Sustainability at Home Guide

JAN 2021
20% reduction in embodied carbon from baseline

DEC 2020
84% of space achieved or pursuing green building certification

SEP 2021
Net Zero across scope 1,2,3; **100%** renewable energy



Salesforce Tower: LEED Platinum
Credit: Salesforce

Salesforce's Sustainable Built Environment Program is an example of a best-in-class mature program that seamlessly integrates sustainability into the real estate process. Here we dive into key action steps and factors for success that have contributed to Salesforce's leadership.

ASSEMBLE PROGRAM TEAM

For Salesforce, team integration is critical to success and a core differentiator of its program. When assembling its program team, Salesforce's Executive Team understood that sustainability had to be all or nothing: either fully integrated into the real estate process or it wouldn't work. In a rare and pivotal move, Salesforce incorporated sustainability as a key stakeholder of the Real Estate and Workplace Services (REWS) Team by folding sustainability into the real estate project delivery playbook. Its Sustainable Built Environment Team works hand in hand with its REWS Team to ensure sustainability criteria are incorporated throughout its real estate process for new and existing global offices from initial site search to operations (see "Integrated Sustainability" figure on p.15).

External partnerships have been key in advancing the program too. Salesforce partners with expert third-party consultants on various aspects of the program, particularly decarbonization and the creation of healthy spaces. Working with consultants directly has ensured ideas don't get lost in translation between other project team members.

IDENTIFY MATERIAL IMPACTS

Guided by frameworks like LEED, Zero Carbon, and Fitwel, Salesforce's Sustainable Built Environment Program drives toward key impact areas including carbon, healthy materials, indoor air quality, and wellness.

Focused on creating healthy spaces that promote employee wellness and mindfulness, Salesforce created the Healthy and Sustainable Materials Program to guide its materials procurement across all real estate projects. The program has broadened from materiality assessment to improving Scope 3 carbon accounting methodologies, with a goal of more accurately accounting for emission impacts in its value chain, making Salesforce one of the first companies to take on the exploration. Launched in 2017, the program is charged to understand, mitigate, and improve the environmental and health impacts of building products. Material evaluation is calculated across four main performance categories: health, carbon, environment, and social responsibility. All finishes, furniture, and construction materials, as well as products in consideration for global portfolio projects, can be reviewed.

DATA

Salesforce is laser-focused on gathering data to make the financial and environmental case for program initiatives. This program data has unlocked access and invitations to key strategic decisions. Using Salesforce technology, the team has also built a dashboard for green building data that feeds directly into Salesforce's real estate dashboard to ensure the REWS Team has easy access to tangible data they can connect with.

Working with sustainability consultants that understand the nuance Salesforce requires in evaluations to make decisions has also been critical. The consultants help identify what data matters and support the team in sharing findings with the Executive Team. Now every time a new floor is opened in a Salesforce office, sustainability is part of the presentation.

COMMUNICATE AND ADVOCATE

Another core aspect of Salesforce's Sustainable Built Environment Program is its focus on advocacy to catalyze a global movement, leveraging its reputation and purchasing power to drive climate action in the built environment. The company recently introduced a sustainability exhibit, which is now included in all supplier procurement contracts, with a goal of reducing the company's collective carbon footprint and has been widely shared as a blueprint for the industry. Leaders from the team served on the City of San Francisco Mayor's Task Force for Building Decarbonization. The team also champions transparently sharing their work to move the entire industry forward. For example, Salesforce published "Healthier Materials in the Workplace: An Introductory Guide," which shares best practices and lessons learned from three years of Salesforce's industry-leading program.

Twitter Sustainable Real Estate and Workplace Strategy

At a glance

SQUARE FOOTAGE: 2.8M

NUMBER OF OFFICES: >50

GEOGRAPHIC REACH:

TEAM:

- 2 internal FTEs

KEY TARGETS:

- Achieve at least 95% "Green Building Certified" status and use 100% carbon-neutral energy in directly leased buildings by 2025
- Achieve 100% carbon-neutral power sourcing in current data centers by the end of 2022
- Use 100% recycled paper products in offices

Program timeline

JUL 2017
Dublin HQ achieves LEED Platinum certification

JAN 2019
Stok
Sustainable Real Estate and Workplace (REW) Strategy inception

APR 2019
Earth Day commitments established

AUG 2019
Baseline selected offices; Define impact areas

JUL 2019
Peer analysis

DEC 2019
REW Sustainability Committee created

JAN 2020
Utility tracking for all offices

APR 2020
Earth Day 50th Anniversary blog post

JUN 2020
REW sustainability communications

JUL 2020
Green lease template language and resources

NOV 2020
Site selection checklist; RFP language; Design and Construction Guideline

DEC 2020
Measurabl

JAN 2021
Carbon Intelligence
Carbon tracker for scope 1,2,3 created; Boulder office pursues LEED certification

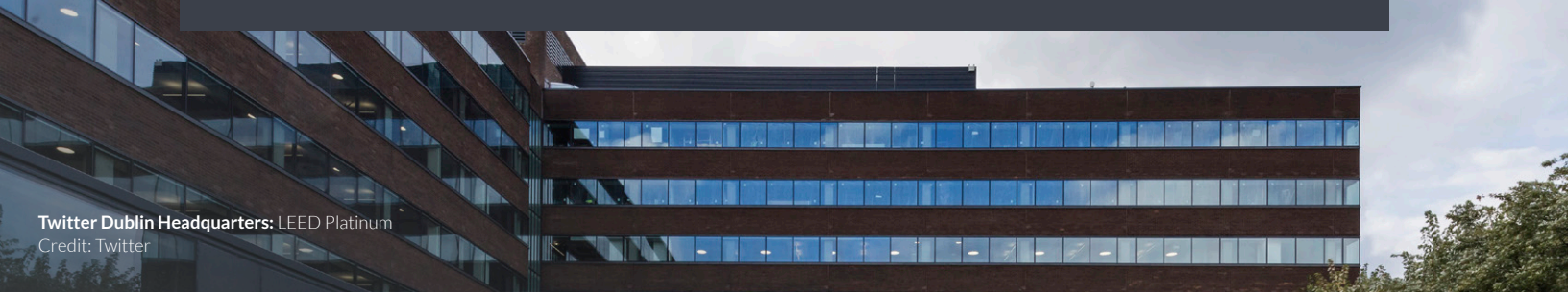
FEB 2021
Watershed

MAR 2021
First Director of Sustainability

APR 2021
First Global Sustainability Lead; First Global Impact Report released

JUL 2021
ISO 14064 certified

Partnership establishment/broadening
Sustainability milestone



Twitter Dublin Headquarters: LEED Platinum
Credit: Twitter

Still in its development, Twitter's Sustainable Real Estate and Workplace Strategy offers a look at how to thoughtfully build a resilient Sustainable Real Estate Program by engaging employees and key stakeholders, while remaining nimble to change. Here we focus on key action steps and factors for success that have been crucial to the program's development and management.

ASSEMBLE PROGRAM TEAM

Structured within Twitter's Real Estate and Workplace (REW) Team, the program team began with a Facilities Operations Manager and passionate volunteer team members. The Facilities Operations Manager evaluated everything from Twitter's real estate footprint, to data centers' impact, to Twitter's overall power and influence.

For program kick-off, Twitter gathered internal stakeholders from Real Estate and Workplace, Public Policy, Procurement, External Communications, Global Planning, and Food and Beverage to discuss defining sustainability, success metrics, opportunities and challenges across the company, and a review of other industry leaders addressing key impact areas under consideration. These initial engagement sessions resulted in a principle, vision, mission, and impact areas that helped align stakeholders across various departments, as well as set up a process and prioritization for developing a baseline of current office initiatives and activities.

In 2020, as offices closed due to COVID-19, the team had the opportunity to step back from focusing primarily on office operations, get organized, and commit to doing more. In January 2021, the team shifted to formalized roles with two dedicated employees focused on program development and management: a Director of Sustainability and Global Sustainability Lead, supported by leads in both the EMEA and JAPAC regions to ensure global coverage.

As a relatively young program, Twitter is still refining its process for propelling big projects forward. Consultants have been crucial in maturing the program, with expertise focused on strategic sustainability, carbon analysis and verification, utility data management and reporting, and business and employee travel carbon offsetting, among others. Twitter has continued to engage more stakeholders and conducted a materiality assessment that identified priority issues from which Twitter will define and align both its Sustainable REW Strategy and overall sustainability initiatives.

COMMUNICATION

The greatest stakeholders in Twitter's program may be its employees, called "Tweeps." Tweeps carry a lot of weight in how the company is run, and the vocal group continues to demand more from the tech leader. In October 2020, Twitter ran a workshop to understand where Tweeps saw Twitter in its sustainability journey. The organization was surprised to learn that many didn't know what the company's sustainability goals and strategies were, highlighting the need for stronger communication.

In addition, Twitter received feedback from external stakeholders interested in greater action and transparency. The company released its first Global Impact Report in 2020, organized around the Sustainability Accounting Standards Board (SASB) and the Global Reporting Initiative (GRI) frameworks. Twitter completed its first carbon footprint measurement, achieved ISO 14064 certification in 2021, and has identified the Task Force on Climate-Related Financial Disclosures (TCFD) as a key framework to support transparency and disclosure. This periodic reporting supports Twitter's sustainability narrative, demonstrating progress over time.

ITERATE AND INNOVATE

At the beginning of Twitter's journey, sustainability encompassed the built environment and has since progressed into other departments and programs, including food programs (ex. sustainable/organic procurement, compostable flatware, waste management), policies (ex. single use plastic, supplier code of conduct), and more.

The COVID-19 pandemic influenced Twitter's program heavily. It allowed the team to pause and refocus on sustainability with time and structure and envision what the program should look like as remote work became a long-term reality. In 2020, Twitter expanded its Global Work-From-Home Policy to continue supporting its key business objective of decentralization, accompanied by a roadmap to expand its geographic footprint to maximize flexibility for Tweeps.

Looking ahead, Twitter plans to solidify its top sustainability goals within REW and outside of it, continue its storytelling and reporting to demonstrate transparency and progress, and identify impact reduction opportunities related to its extended partners and suppliers, as well as its co-located data centers.

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