

A composite image of a green globe with wind turbines and solar panels. The globe is covered in lush green grass and trees, with a small stream flowing through it. Two white wind turbines are positioned on the globe, one on the left and one on the right. A large, dark blue solar panel is mounted on the right side of the globe. The background is a bright, cloudy sky. The image is framed by a dark teal horizontal band across the middle and vertical bars of cyan, magenta, yellow, and maroon on the right side.

GLOBAL GOALS

A Primer on the U.N. Sustainable Development Goals for Real Estate

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Introduction

In 2015, the United Nations released the 2030 Agenda for Sustainable Development, which included 17 sustainable development goals (SDGs) to end poverty while also improving global health, reducing inequality, and protecting the planet. Adopted by all U.N. member states, the SDGs build on previous U.N. frameworks.

Achievement of all 17 goals requires everyone's support, including governments and the private sector. National governments and local municipalities are already aligning their policies and regulations with the SDGs, which will eventually have an impact on business. A 2018 survey by the U.S. Sustainable Investment Foundation found that of 92 institutional asset owners responding—representing \$4 billion in

environmental, social, and governance (ESG) assets under management—23 percent cited the SDGs as a motivation for investment in ESG.

While progress has been made, the world is not yet on track to achieve the SDGs by 2030. In 2019, U.N. Secretary-General António Guterres called for the 2020s to be a decade of action toward meeting the SDGs at all levels, including global action to identify leadership and resources, local action to ensure that governments integrate the goals into policy, and personal action ranging from individuals to private businesses. While COVID-19 has set back progress toward many of the SDGs, these principles are key to rebuilding in a more sustainable way.



The Business Case

The main drivers for real estate firms aligning their ESG efforts with the SDGs are to showcase global leadership, to meet investor demand, and to attract further investment.

Global Leadership

The SDGs have become a common framework governments and businesses use for communicating their sustainability initiatives. Global real estate organizations now consider alignment with the SDGs an expectation for ESG leaders.

“As the global leader in logistics real estate, Prologis plays a critical role in creating a more sustainable future. Our robust ESG programs are integrated into every level of our business and deliver quantifiable benefits today and for the long term. Aligning with frameworks such as the United Nations SDGs is part of the transparency we build into our sustainability initiatives to create shared value for all stakeholders.”

—Ying Yu
Senior vice president of ESG, Prologis

The SDGs also create an opportunity for organizations that have not yet figured out how to set specific targets. Alignment with the SDGs allows companies to speak to stakeholders about their program's goals using a globally recognized but flexible framework.

Investor Demand

For numerous real estate organizations, the SDGs help communicate impacts, targets, and goals at the corporate and portfolio level to interested investors. Investors often request details on how a real estate organization is aligning with the SDGs. Over time, these questions have increased in both specificity and detail, particularly from international investors. To be proactive, some asset managers now include SDG information in standard investor responses about ESG.

“Immovable and real assets are the first to become affected by climate change. When constructing our portfolio, PGGM looks at a 10-year horizon, ensuring that actions and investments we make will remain relevant. SDGs are crucial to PGGM's investment strategy, helping us understand the societal and environmental impact of investment opportunities.”

—Hans Op 't Veld
Head of responsible investment, PGGM

The global consistency of this framework also helps investors understand and compare the risks and opportunities for impact from aligning their portfolios with the SDGs.

Attraction of Investment

Many investors now specifically seek SDG-aligned real estate investments, and several tools have been developed to help identify those. Using these tools, some investors now report the total percentage of their

portfolio that aligns with the SDGs, incentivizing asset managers to align their business with the SDGs. Two tools are the following:

- The U.N. Conference on Trade and Development, SDG Investors Partnership, TrackInsight, and Conser released a tool to help investors search for exchange-traded funds (ETFs) that directly align with the SDGs.
- APG, AustralianSuper, British Columbia Investment Management Corporation, and PGGM developed a Sustainable Development Investment Asset Owner Platform, which provides a consistent framework for determining an investment's contribution to the SDGs.

The European Union taxonomy, which aims to direct investments to sustainable projects, is also likely to result in increased investment in SDG-related activities by creating clear performance criteria for how economic activity contributes to environmental objectives.

SDG-aligned bonds, ETFs, and other investment vehicles are also on the rise. During 2020, total assets under management in SDG-aligned ETFs rose from \$21 billion to \$72 billion, the majority of which address climate change. Some SDG-linked green bonds use proceeds to achieve SDG objectives, such as Freddie Mac's sustainability bonds, which finance affordable housing and economic opportunity in support of the SDG goals No Poverty (goal 1), Affordable and Clean Energy (7), Reduced Inequalities (10), and Sustainable Cities and Communities (11). Others tie bonds to performance: in 2019, Goldman Sachs, with Italian energy company Enel, created the first “sustainability performance bond” linked to SDGs Affordable and Clean Energy (7); Industry, Innovation and Infrastructure (9); Sustainable Cities and Communities (11); and Climate Action (13). If standards are not met, the bond's interest rate increases.



The U.N. Sustainable Development Goals

Real estate organizations that align with the SDGs can add weight and significance to their corporate ESG goals by tying them to global goals. The benefits of achieving ESG goals are interconnected: while investments in energy and carbon reductions benefit a real estate portfolio's bottom line, they offer broader benefits to the community and the world, which the SDGs help communicate.

How to Align with the SDGs

Because they are global goals, it can be difficult for real estate organizations to understand how to align with some of the SDGs such as Zero Hunger (2) or Quality Education (4). However, underlying the goals are 169 more-specific targets, making each goal more practical and actionable.

“By ensuring that our goals support all 17 U.N. SDGs and putting those goals on a short-, medium-, and long-term time horizon, we feel that our ESG targets are comprehensive, realistic, and support the most important sustainability issues facing society.”

—Becca Rushin
Vice president of sustainability and
social responsibility, Jamestown
Properties

Many in the real estate industry began their SDG efforts with a materiality assessment. These assessments determine which goals are relevant to the business and the opportunities for impact. They can help identify which competitors have already aligned with SDGs and which goals they have selected. After a review of both the positive and negative potential effects on business operations, final results of the assessments indicate on which SDGs the company can make the greatest contribution. This also sets up the firm for obtaining internal buy-in to approve its alignment with SDGs.

In most cases, companies already have initiatives in place that can be quickly aligned with the selected goals. Framing each aligned SDG within a company's narrative helps shrink the global goals into more actionable pieces and allow the company to build them into its organizational culture. And selecting only the most relevant SDGs ensures that the impact will be significant and that specific performance indicators can be used to track progress.

“Our goal when implementing the SDGs was for all employees and departments to understand how the goals relate to their work. We did not want these to just be a set of goals that we adopted and then sat on the shelf. We developed a comprehensive communication plan to ensure employees were aware of Clarion Partners’ commitment to the SDGs and understood how they could contribute to the success of our goals.”

—**Kelly Hagarty**
*Senior director of sustainability,
Clarion Partners*

For real estate organizations currently aligned with a subset of the 17 SDGs, the opportunity remains to align with others as the definition of ESG grows and more topics become material to their business. Many firms regularly review the materiality of each SDG to determine whether it would be appropriate to align with additional ones, building up from more common SDGs such as Climate Action (13) to others, including Gender Equality (5) and Good Health and Well-Being (3).

“As a developer committed to sustainability for over two decades, City Developments Limited has embraced 14 out of 17 U.N. SDGs. The selected goals and targets are aligned with our material ESG issues and those we can make a difference [on], such as Good Health and Well-Being (3), Innovation and Infrastructure (9), Climate Action (13), and Partnerships (17).”

—**Esther An**
*Chief sustainability officer,
City Developments Limited*

Examples of Real Estate Alignment

Real estate firms align with the SDGs in many ways; however, several goals are most commonly cited. ULI Greenprint real estate members most frequently align with Climate Action (13); followed by Industry, Innovation, and Infrastructure (9); and Responsible Consumption and Production (12). The following pages show example language from public real estate ESG reports, in alignment with specific SDGs. For more details on how real estate aligns with the SDGs, links to company websites or sustainability reports are provided for each example.



SL Green’s One Vanderbilt in New York City.

Max Touhey

1 NO POVERTY



End poverty in all its forms everywhere.

“We support people furthest from the job market in our local communities by providing training, work placements, and a direct route into a job.” —Landsec

2 ZERO HUNGER



End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.

“Contribute to quality food access in urban communities by prioritizing retail leasing to bring local retailers into communities and supporting urban gardening and farmers market assistance programs.” —JBG SMITH

3 GOOD HEALTH AND WELL-BEING



Ensure healthy lives and promote well-being for all at all ages.

“Ensure healthy lives and promote well-being for all at all ages through annual indoor air quality testing and implementing green cleaning practices at all properties to reduce exposure to potentially hazardous contaminants.” —Parkway

4 QUALITY EDUCATION



Ensure inclusive and equitable quality education and promote lifelong learning

“Promote environmental and social focused events with local communities, in particular schools, to provide educational opportunities, including site visits, and continually support the professional development of our employees through a well-established education and training programme providing an array of different development opportunities.” —Sonae Sierra

5 GENDER EQUALITY



Achieve gender equality and empower all women and girls.

“We internally sponsor the Clarion Partners Women’s Leadership Network, which seeks to support and enhance the professional advancement of women within our firm by providing learning, development, and engagement opportunities for employees; fostering stronger client and community relationships; and recruiting even more competitively for diverse talent.” —Clarion Partners

6 CLEAN WATER AND SANITATION



Ensure availability and sustainable management of water and sanitation for all.

“Goal to reduce water use intensity by 20 percent by 2027, from a 2017 baseline, by installing water submeters to track water usage; ensuring 100 percent of the portfolio has water-efficient toilets and 70 percent of the portfolio has water-efficient fixtures; partnering with Banyan Water and implementing smart irrigation controls and monitoring at several properties and evaluating future opportunities, achieving 100 percent data coverage for water across the portfolio.” —GID

7 AFFORDABLE AND CLEAN ENERGY



Ensure access to affordable, reliable, sustainable, and modern energy for all.

“Reduce energy use by 30 percent from 2013 levels by 2030 and incorporate renewable clean energy for 75 percent of the portfolio by 2030.” —CommonWealth Partners

8 DECENT WORK AND ECONOMIC GROWTH



Promote sustained, inclusive, and sustainable economic growth; full and productive employment; and decent work for all.

“Community Workforce Initiative: 25,000 individuals trained by 2025; and hours spent benefitting local communities globally: 75,000 by 2025.” —Prologis

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

“Assess climate change vulnerabilities by modeling future climate scenarios; identify and anticipate climate-related factors during real estate activities, including business continuity, transitional and physical risks such as flooding, precipitation, extreme heat, wildfires, and water scarcity; train key personnel in climate-related risks and implement tailored emergency response plans at the property-level; maintain risk property insurance at the portfolio level for natural catastrophes such as flood, fire, earthquake and wind events; and work with cities and local governments to develop climate resilience plans.” —Boston Properties

10 REDUCED INEQUALITIES



Reduce inequality within and among countries.

“Track diversity for all tier-one suppliers (suppliers, vendors, contractors) and narrow gender pay gap disparities.” —Jamestown LP

11 SUSTAINABLE CITIES AND COMMUNITIES



Make cities and human settlements inclusive, safe, resilient, and sustainable.

“We continue to enhance our resilience program and have adopted a ‘Building Resilience and Climate Change Guide,’ performed a comprehensive resilience assessment, and track resilience and risk indicators on an annual basis. Clarion also pursues green building certifications for excellence in environmental sustainability, building health, and real estate management.” —Clarion Partners

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Ensure sustainable consumption and production patterns.

“Achieve a 20 percent like-for-like on-site reduction from 2015 energy levels by 2025; reduce the embodied carbon of construction materials in development projects 30 percent like-for-like by year-end 2030 and 50 percent by year-end 2050 from a 2019 baseline; and development projects will achieve at least a 75 percent like-for-like diversion of construction waste from landfill.” —Kilroy Realty Corporation

13 CLIMATE ACTION



Take urgent action to combat climate change and its impacts.

“Reduce greenhouse gas emission and address regional and asset-specific risks by reducing energy consumption through investing in efficiency measures with proven paybacks; assessing regional and asset-specific risks associated with climate change, which include sea-level rise, increased chances of flooding, and more extreme weather events; emergency response planning and occupant training, as well as communication regarding potential catastrophic events.” —JBG SMITH

14 LIFE BELOW WATER



Conserve and sustainably use the oceans, sea, and marine resources for sustainable development.

“Work with restaurant tenants to eliminate single-use plastics; so far, eliminating plastics from 75 percent of portfolio, covering all California, Seattle, Boston, and Washington, D.C., restaurant tenants.” —CommonWealth Partners

15 LIFE ON LAND



Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

“Purchase materials, appliances, and fixtures with an environmental rating, such as Energy Star, WaterSense, Greenguard, recycled content, Green Label Plus, Sustainable Forestry Initiative (SFI), etc., and pursue Timberland certification for at least one property.” —Jamestown LP

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; and build effective, accountable, and inclusive institutions at all levels.

“At Skanska we are always working toward a corruption-free society. Corruption and ethical breaches make long-lasting economic growth more challenging to attain, increase inequality, and hinder human rights. Skanska continuously works to advance ethics and anti-corruption. Skanska reviews the code of conduct every year, and in 2018 the code was updated to include procedures for properly abiding by international sanctions regulations and supported by the sanctions procedure.” —Skanska

17 PARTNERSHIPS FOR THE GOALS



Strengthen the means of implementation and revitalize the global partnership for sustainable development.

“Partner with local and national agencies to enhance the affordable housing market, engage local and national partners that align with our social and environmental mission, and increase social and civic engagement of employees and staff through voter registration.” —Jonathan Rose



Reporting on the SDGs

The SDGs can be reported on in numerous ways, often on a public website or in a publicly available corporate sustainability report. The level of detail provided varies by company, starting with providing a simple statement of alignment with all 17 goals, next outlining initiatives or goals that support aligned SDGs, and then monitoring progress toward aligned goals using interim targets. Setting goals helps a company track its impact, and interim annual targets help a company make sure it is on course.

For organizations that already report on their own sustainability goals or use other reporting initiatives—such as Global Reporting Institute (GRI), Task Force on Climate-related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB)—the SDGs can be easily incorporated into existing communications. Some organizations use the SDGs

as an overarching framework by aligning their own individual goals or program objectives with them, whereas others integrate SDGs into their existing reporting framework. Integrating these reporting structures helps make both business and financial sense of ESG performance and climate risk. (Examples of how real estate firms report on their SDG alignment are shown below.)

“We have been using GRI since 2013, and the SDGs provided a way to evolve our ESG program and develop the narrative. In 2020, we aligned with GRI, SASB, and the SDGs, which all work well together and showcase the robustness of SL Green’s sustainability program.”

—Evin Epstein
Vice president, assistant director of sustainability, SL Green

13 Climate Action

TARGET

Reduce greenhouse gas emissions by 20% by 2027, from a 2017 baseline.

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters

INITIATIVES

- Identifies and implements energy optimization (EO) capital projects on an annual basis, including performance tracking Installed EV charging stations to facilitate the use of electric vehicles and reduce carbon emissions
- Installed solar photovoltaic systems to reduce greenhouse gas emissions
- Drafted a Building Resilience and Climate Change Policy to mitigate the impacts of climate change and increase resilience to natural disasters
- Communicated our Windsor Emergency Response Program to prepare properties for emergency situations

GID aligns organizational goals and initiatives with the individual SDGs. Details can be found in *GID Sustainability: 2019 Annual Sustainability Report*.

FUTURE VALUE 2030 GOALS	2030 TARGETS	INTERIM 2019 ANNUAL TARGETS	FY2019 PERFORMANCE	
Goal 1: Building Sustainable Cities and Communities 	Achieve Green Mark certification for 90% of CDL owned and/or managed buildings ¹	≥ 85%	○○● 85% achieved	
	Maintain 100% tenant participation in CDL Green Lease Partnership Programme	Achieve 100%	○○● 100% maintained	
	Double our commitment to adopt innovations and technology of green buildings	Average of two innovations or new technology adoptions per year	○○●	1. Implementation of CityNexus app for Republic Plaza tenants 2. Launch of Incubator For SDGs
Goal 2: Reducing Environmental Impact 	Achieve science-based target of reducing carbon emissions intensity by 59% from 2007 levels ²	≥ 100 training programmes and events held in the SSA per year	○○● 154 comprising 46 trainings and 108 events	
	Asset Management (AM)- Office & Industrial: Reduce energy usage intensity by 45% from 2007 levels Reduce water use intensity by 50% from 2007 levels ³ Reduce waste intensity by 16% from 2016 levels ³	Newly Set Interim Targets for 2020 Energy use intensity: 37% reduction Water use intensity: 46% reduction Waste intensity: 14% reduction	○○● 38% reduction	Review of 2030 and Interim Targets Required Past targets were set before the recent changes of the company's asset management portfolio and tenant mix in a few properties, e.g. Republic Plaza. Performance in 2020 will be tracked and reported vs set targets subsequently.

An extract from City Developments Limited’s *Changing the Climate, Changing the Future: Integrated Sustainability Report 2020*, which aligns the company’s Future Value 2030 goals and targets, as well as annual interim targets and performance, with relevant SDGs.



SDG Commitments over the Long Term

After a real estate firm aligns its goals with the SDGs, it is important that it walk the talk and achieve impact.

The first step for many organizations is to educate employees. Numerous departments influence SDG achievement, so understanding why the organization has aligned with the SDGs, how they affect operations, and how to articulate that to investors and the broader community is essential.

“The SDG framework helps show how real estate can address issues outside of their core focus. At Tishman Speyer, we plan to continue tracking and reporting on our progress while also educating employees on what the SDGs mean to their work.”

—JP Flaherty
Global head, sustainability and building technology innovation, Tishman Speyer

Documentation for some SDG goals and targets may require company data that is not yet tracked. In those cases, implementing the SDG framework needs to involve an integrated and companywide effort to identify and begin tracking key performance indicators. Support can come from many different business units: human resources manages pay gap and health and well-being metrics; diversity, equity, and inclusion (DEI) teams or committees collect diversity metrics; and asset or portfolio managers are needed to implement many of the asset-level initiatives, such as those involving infrastructure, clean energy, water conservation, and waste management. Receiving this participation from other departments requires regular engagement and education.

It is also important to bring the SDGs into the full investment life cycle, from asset development to operations to sale. Investors, tenants, and agents have increasing interest in ESG topics, and all are key stakeholders in achieving SDG-aligned goals. For example, some lease structures give operational control to building tenants, creating opportunities for engagement such as customer webinars on what the SDGs are, why the building owner is aligned with them, and how tenants can get engaged. Through these opportunities, building owners can achieve more and strengthen tenant engagement.

Ultimately, real estate represents only a portion of the investment and activity needed to achieve the SDGs. In cooperation with internal and external stakeholders, the industry can take steps toward creating a more sustainable world while being a global leader with strong investor support.

Additional SDG Resources

SDG Tracker, Global Change Data Lab

<https://sdg-tracker.org/>

Blueprint for Business Leadership on the SDGs, U.N. Global Compact

<https://blueprint.unglobalcompact.org/>

Business Reporting on the SDGs: An Analysis of the Goals and Targets, GRI and U.N. Global Compact

<https://www.unglobalcompact.org/library/5361>

Integrating the SDGs into Corporate Reporting: A Practical Guide, GRI and U.N. Global Compact

<https://www.unglobalcompact.org/library/5628>

U.N. Sustainable Development Goals

<https://sdgs.un.org/>

About ULI

The Urban Land Institute is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission of shaping the future of the built environment for transformative impact in communities worldwide.

About ULI Greenprint

The ULI Greenprint Center for Building Performance is a worldwide alliance of leading real estate owners, investors, and strategic partners committed to improving the environmental performance of the global real estate industry. Through measurement, benchmarking, knowledge sharing, and implementation of best practices, Greenprint and its members strive to reduce greenhouse gas emissions by 50 percent by 2030, with an additional collective goal of net zero carbon emissions by 2050. On an ongoing basis, Greenprint also endeavors to demonstrate the correlation between environmental performance and enhanced property value. Learn more at uli.org/greenprint.

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