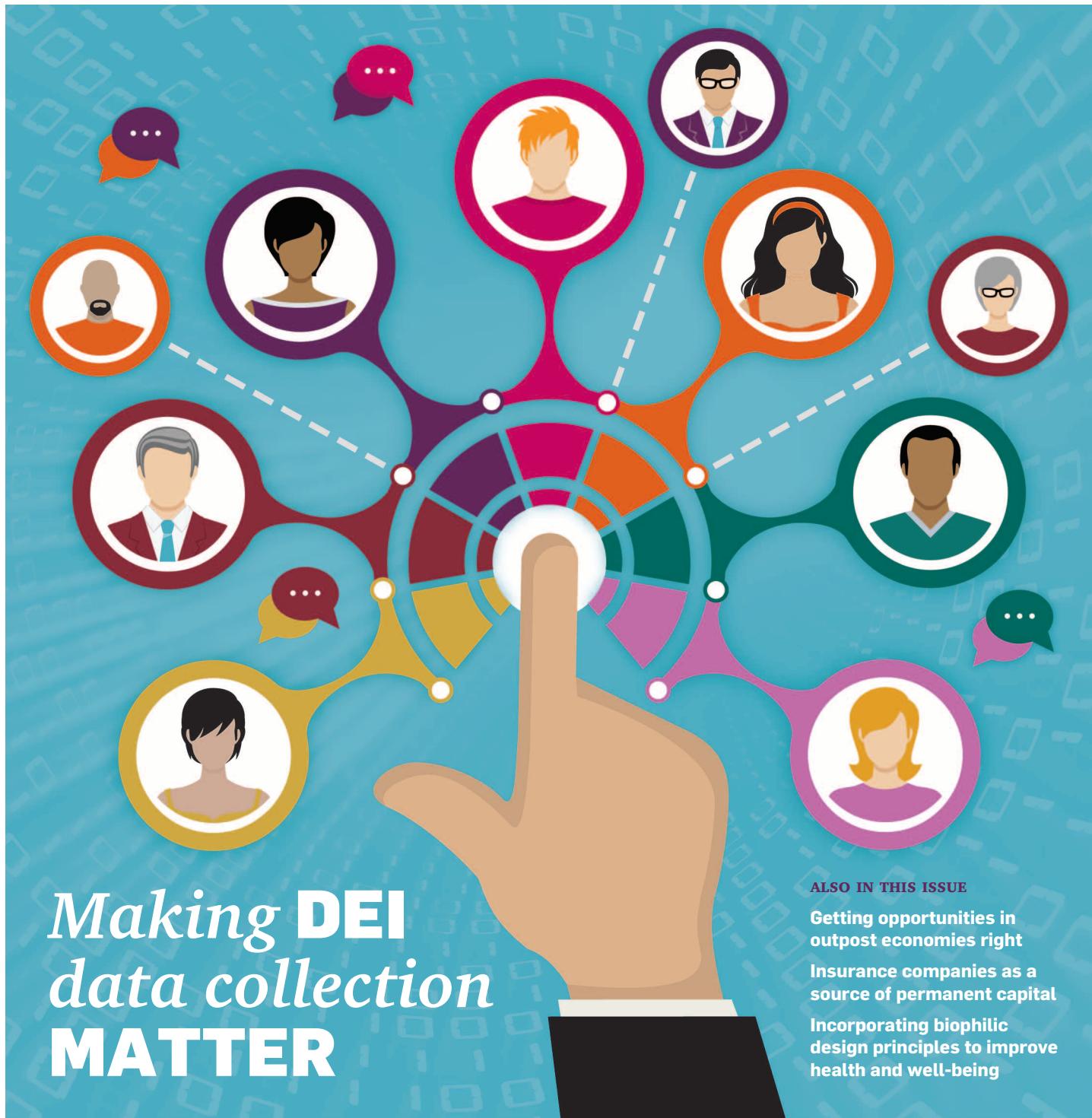


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SPRING 2022

BEST PRACTICES SHARED | VALUE ADDED

dialogues



*Making DEI
data collection
MATTER*

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DEI and ESG metrics you should prioritize

The Reporting Standards is introducing real estate KPIs for reporting on ESG and DEI.

The Reporting Standards has long dedicated itself to helping standardize how the industry reports the work of real estate investment management.

Now the NCREIF-PREA backed group has taken on the mammoth task of standardizing ESG and DEI reporting, by creating a prioritized list of the most important ESG and DEI key performance indicators (KPIs) the industry needs to consider for reporting to real estate investors and beneficiaries.

The KPIs are prioritized from hundreds of ESG and DEI questions across more than 10 industry frameworks, benchmarks and DDQ templates, and are recommended for use by managers and investors alike.

It was an undertaking like no other, according to Laura Craft, global head of ESG at Heitman and part of the Reporting Standards' ESG Think Tank of seasoned ESG professionals. "Consistent, transparent and scalable ESG information for the global real estate investment industry is no small task," she said.

“ The NCREIF-PREA backed group has taken on the mammoth task of ESG and DEI, by creating a prioritized list of the most important ESG and DEI key performance indicators (KPIs). ”

“The metrics are taken from both the Global Real Estate DEI Survey, sponsored by NAREIM, NCREIF, PREA and four other associations, and ILPA’s Diversity Metrics template.”

“We know that every association, standard-setter and stakeholder brings a different and valuable perspective to the table,” added Craft. “But that also means there’s an abundance of questionnaires tackling the same and slightly different ESG priorities with no single standard.”

The metrics are taken from both the Global Real Estate DEI Survey, sponsored by NAREIM, NCREIF, PREA and four other associations, and ILPA’s Diversity Metrics template. Split into three reporting priorities — those that are highest priority to have metrics around and report on, those that are recommended, and those that are optional — the KPIs are a guide to help managers and investors focus on impactful metrics in a world full of data.

On DEI, no metric is labeled as optional.

The KPIs are still in draft form, with the final version expected within the coming weeks. Here NAREIM and the Reporting Standards provide a preview of some of the corporate DEI metrics that have been highlighted as priorities for the real estate investment management industry. ♦

Reporting Standards' proposed DEI and ESG KPIs to prioritize

The KPIs below are in draft form and are awaiting feedback and approval by the industry

Reporting priority (draft)	Metrics
Highest priority	Policy and practices: Look to answer how your company addresses DEI and the formal and informal DEI policies, strategies and programs in place at the firm. Where firms are global, describe how DEI information is captured where regional differences exist.
Highest priority	Organizational practices: Provide details on whether your company has a formal DEI committee and who the committee reports to. Include the description of executive management’s role in assessing and managing DEI and its importance to the firm.
Recommended	Demographics by gender: Provide metrics on the percentage breakdown of firm and/or investment leadership and senior professionals by gender.
Recommended	Demographics by ethnicity/race: Provide the percentage breakdown of firm and/or investment leadership and senior professionals by ethnicity/race.
Recommended	Promotions, hires and departures by gender: Provide metrics and trends on the number of firm and/or investment leadership and senior professionals who were hired, promoted or departed in the last 12 months by gender.
Recommended	Promotions, hires and departures by ethnicity/race: Provide metrics and trends on the number of firm and/or investment leadership and senior professionals who were hired, promoted or departed in the last 12 months by ethnicity/race.
Recommended	Training and development: Provide metrics on the number of employees that have completed diversity-related training.
Recommended	Recruitment: Look to answer how your company develops diverse pipelines of talent across seniority and into the C-suite. For example, diversity internships or hiring programs, contributions to diversity programs, etc.

Notes: Firm/investment leadership equates to partners and C-suite executives.