



# **ESG BOARD TOOLKIT**

**PREPARED BY:**

**Mohamed Ali, Department of Earth and Atmospheric Sciences, University of Alberta through  
the generous support of the Mitacs Business Strategy Internship**

## ■ Table of Contents

---

■ <b>ESG – Part 1: A Background</b> .....	<b>2</b>
Introduction to the Toolkit .....	2
What is ESG? .....	3
How is ESG Used in Various Sectors .....	4
What Are the Experts Saying About ESG .....	4
What Are the Benefits of ESG for Non-Profit Organizations? .....	5
How Can ESG Be Adapted for Us? .....	6
The Process of Developing Recommendations: ASCHA’s Story.....	8
■ <b>ESG – Part 2: Developing an ESG Policy – A Guide</b> .....	<b>9</b>
Before Getting Started: Collaboration is Key.....	9
Step 1: Conceptualization: Determine Your Position .....	10
Step 2: Development: Conduct a Materiality Assessment .....	10
Step 3: Development: Identify Goals, Objectives, and Benchmarks .....	11
Step 4: Implementation: Develop and Execute a Plan of Action .....	12
Step 5: Evaluation: Monitor Goals, Objectives, and Benchmarks .....	13
Step 6: Evaluation: Reporting on ESG .....	14
■ <b>Sample ESG Policies</b> .....	<b>15</b>

## ■ ESG – Part 1: A Background

---

### ESG: A Toolkit Introduction

This toolkit was developed to guide the membership of the Alberta Seniors & Community Housing Association (ASCHA) as they explore the potential of adopting Environmental, Social, and Governance (ESG) policy for their organizations. ESG refers broadly to a set of factors that measure a company or organization's environmental sustainability, social responsibility, and ethics in their day-to-day operations. It is a term largely used in the corporate sector, and assists investors interested in making socially conscious investments, as well as other interested parties, evaluate a company or organization's commitment to these factors as an indicator of the role they play in their communities, as well as the broader political economy.

While the growth of ESG has been explosive in recent years, it is still burgeoning in Canada, as well as in the housing sector. Corporations and organizations that take initiative are well-positioned to play a leading role in identifying issues, setting trends, making connections, developing standards, and adapting ESG to fit their unique contexts and needs.

ASCHA embarked on a process to develop an ESG policy for itself. This toolkit is designed as a resource to assist member organizations to do so for themselves.

The first part of the toolkit provides an introduction and background to ESG. It includes discussion on how ESG is used across various sectors, how non-profit organizations specifically can benefit, and the type of considerations that different categories of ASCHA's membership may have to make as they embark on developing an ESG policy.

The second part of the toolkit is a step-by-step guide on the process of developing ESG policies. It begins with the questions that an organization should be asking themselves as they determine the relevancy of ESG to their needs. Once it does so, the following steps provide guidance from policy development to monitoring and reporting. The 6 steps are organized to fall along 4 different parts of standard strategic planning: conceptualization, development, implementation, and monitoring.

The third part of the toolkit contains 40 sample policies, along with brief commentary, from corporations and organizations in the housing sector that have been implemented in the interests of ESG. The sample policies can be a source of ideas, objectives, and practices that intersect with housing, and they can act as a starting point as an organization adapts ESG to suit its needs.

## **What is Environmental, Social, and Governance (ESG)?**

ESG policies are developed by corporations and organizations interested in unlocking value by representing how their respective entities perform as a responsible citizen in our society. As investors become increasingly interested in not just financial returns but investing within ethical parameters and in accordance with their own values, corporations and organizations are incentivized to attract financial resources, partnerships, and customer satisfaction by improving the way they operate and how they impact the world. As such, corporations and organizations make commitments towards sustainable development and social responsibility, and report and publish the progress on these commitments for review and evaluation by ethically minded analysts. These commitments are generally linked to the industry and the business/social environment a respective organization or corporation operates in. Identifying ways in which they can optimize their practices to maximize environmental and social benefits and respond to sector-specific issues, as well as broader trends, while mitigating potential harms are the overarching goal. In addition, a corporation with an ESG policy assessing and managing externalities sends a signal that they are interested in securing their long-term strategic health and financial viability, and they are responsive to the values of their stakeholders. For public and non-profit organizations, ESG policies are a useful mechanism to align their mission and values to their operations, as well as broader societal trends, and communicate a comprehensive narrative about the value of their work to interested parties and the general public.

ESG has 3 components: Environmental, Social, and Governance:

Environmental generally refers to commitments based around environmental sustainability and preserving our natural world. As the climate crisis represents a growing threat to our planet, investors, clients/customers, and stakeholders are increasingly interested in the environmental impact a corporation has, how natural resources are consumed, and how biodiversity is protected.

Social refers to the relationships between the corporation and the people and communities they employ, serve, and engage with. Diversity, inclusion, and improved working conditions are recognized as important to a corporation or organization's performance and viability, and a reflection of their responsiveness to social values and trends. How an organization adheres to human rights and anti-discrimination directives, fosters social relationships, and gives back to its community are all primary considerations.

Governance focuses on how a corporation or organization is governed in accordance with best practices, ethics, and accountability. Management structure, employee relations, and practices around transparency and regulatory compliance all serve to highlight whether a corporation governs itself responsibly, and in turn can be trusted with financial investments.

## How is ESG Used Across Various Markets & Sectors?

The usage of ESG varies widely based on location and across different sectors of the economy. ESG has seen significant uptake in the European Union, which has led the way in the promotion of ESG adoption, independent analysis, and monitoring, as well as developing regulatory schemes to manage the burgeoning system. A 2020 survey on responsible investment trends by RBC Global Asset Management found that 94% of respondents in the EU use ESG principles in their decision making. Canada is not too far behind, with 89% of respondents stating the same, a marked increase from 74% in the same survey conducted in 2018. While the US and EU combined represent 80% of sustainable assets invested globally, Canada is punching above its weight, with the highest proportion of sustainable investments in the world at 62%.

In Canada, our resource-based economy has tended to mean that ESG practices are most commonly and prominently adopted in the oil and gas industry, which is incentivized to emphasize sustainable practices in response to public and stakeholder concerns over climate. In other sectors, other concerns predominate. For example, in the cosmetic industry, toxic chemicals and animal testing/welfare issues would be more pertinent to address. The government also plays a role in signaling priorities. For example, an increased focus on single-use plastics and wasteful packaging is on the agenda across the board. Crown corporations and pension funds in Canada have led the way in calling for more robust ESG reporting and disclosures, including the Alberta Investment Management Corporation.

In the housing sector in Canada, ESG reporting is not common, but has been adopted by private housing corporations such as CAPREIT and Chartwell Residences. In this sector, a driving factor behind ESG adoption is a stakeholder that isn't present in others: residents. Corporations are eager to indicate how they are responding to environmental and social issues to position themselves as an ethical and welcoming choice for prospective tenants. In addition, housing and construction represents one of the most potent avenues to address carbon emissions, limit energy consumption, and, more broadly, the financial and health impacts of the climate crisis. ESG represents a useful tool to communicate how a housing provider is integrating these challenges into their daily operations, from conducting climate risk assessments to evaluating how to respond to heat waves and other weather conditions that impacts the safety of their residents.

There are also examples of ESG being used by social housing providers in the United Kingdom. They are used to position themselves as a choice for investors who are interested in partnerships or contributing their funds towards the provision of adequate and affordable housing, in order to maximize the social value of dollars invested through new construction or upgrading existing stock.

ESG is not commonly used in the non-profit sector in Canada. This is in part due to the differing nature of the work they are engaged in. The pressure to develop and report on ESG policy isn't there, given that non-profits are generally formed for the purpose of advancing collective or public benefits, rather than for profit motives. However, there are benefits to using ESG in the nonprofit sector, which are elaborated in the next section.

## What Do the Experts Say About ESG?

The rise of ESG in the past few years has been staggering to watch. However, research and analysis are still limited, and are primarily centered around the financial value ESG brings to for-profit corporations.

This is reflective of the origins of ESG: the term originated from a United Nations-led 2005 conference that brought together everyone from investors to financial analysts to government stakeholders to develop a framework for embedding ESG policy into capital markets for improving both financial and societal outcomes. Since then, substantive research has gone towards determining whether adopting ESG policy leads to stronger financial performance.

The research has borne out. A widely cited and extremely comprehensive 2015 study published in the *Journal of Sustainable Finance & Investment* reviewed over 2000 academic studies on ESG and similar corporate social responsibility movements since the 1970s, finding a strong positive correlation between ESG and financial performance in 90% of cases (Clarke et al, 2015). A subsequent 2021 study out of the NYU Stern Center for Sustainable Business and Rockefeller Asset Management focused on the literature published in the 2015-2020 period, and came to similar conclusions (Whelan et al, 2021). Research has also shown that organizations with ESG policies have lower capital constraints (Cheng et al, 2011). This means that an organization with ESG policies can unlock more financial capital, attract more investors, experience lower business risks, and have generally more expanded horizons compared to one without. According to experts at McKinsey, ESG is recommended to generate more value and attract talent and is described as “here to stay.” The current landscape of ESG asset management reflects this perspective. Global ESG fund assets have risen dramatically, doubling to 2.7 trillion in the 2 years between 2019-2021. The pandemic, as well as global social movements, have created an opening for funds to flow into these ESG portfolios. As of 2020, 88% of publicly traded companies and 67% of private companies adopted ESG policy. In Canada, over 60% of assets under management fall into this category of ESG investment. And globally by 2025, Bloomberg projects that ESG assets could make up a third of all professionally managed investments, totaling \$53 trillion.

To demonstrate the importance of ESG to investors themselves, 80% of investors globally consider ESG an important factor in their decision making. 63% of investors in the United States say they are more likely to invest where their values are aligned. On the consumer side, 76% of consumers say they will stop buying from companies that poorly treat the environment, employees, or the community in which they operate.

Given the conversation among experts is centered around large for-profit corporations, little to no research exists on the relevance of ESG to the housing sector in Canada. This toolkit marks an early exploration of the field. However, it is generally accepted that ESG has positive benefits.

The statistics on investor and consumer attitudes reflect a growing consciousness about the integrated nature of our economy, and the impacts an organization can have on issues outside their primary focus. ESG is here to stay, and as outcomes are studied, will be bolstered.

## **Benefits of ESG for the Non-Profit Sector**

Environmental, Social & Governance (ESG) policies are not limited to the private sector - they can also provide benefits to non-profit organizations. Assessing these benefits is important to considering the adoption of ESG policy.

First, developing and maintaining an ESG policy requires embarking on an assessment of an organization’s mission and values in relation to the role it plays in the social landscape it operates in. Identifying the extent to which social ideas and trends are reflected in an organization’s practices can be useful in ensuring its responsiveness to them, and how an organization may subsequently position itself,

its stated mission, and long-term goals in relation. ESG policy spurs both internal and external discussions on environmental commitments, social responsibility, and governance in an organized manner that provides nonprofit organizations the opportunity to reflect on these considerations as they make the decisions they are tasked to do so. In doing so, it provides an avenue towards ensuring an organization's activities are aligned with its stated mission and goals. The integrated nature of ESG allows organizations to identify connections between the work they are currently doing, how it may intersect with policies, practices, and trends that may not have been illuminated previously, and how it relates to the broader impact on society that they have. For example, non-profit organizations that primarily play a role in addressing social issues will be able to better connect their work to positive environmental outcomes that may be generated as a result but may not always be factored into evaluations of the impact they have. An ESG policy can serve as a tool to interweave an organization's myriad considerations in how they operate - from organizational structure to environmental commitments they may hold - into the relevance of the work that they are primarily engaged in. Second, ESG policy can serve as an excellent communications tool. Communication about an organization's mission and values, and how it is reflected in their activities, is integral to success both short-term and long-term. This information is very important to its membership, donors, stakeholders, relations with organizations in the same terrain, governments, and officials they may interact with, and ultimately, the general public. The adoption of an ESG policy sends a signal that the organization is responsive to emerging trends and ideas, which indicates the strength of its vision and its ability to meet the needs of the communities it serves. It allows for interested parties to better understand how the organization views itself and the impact of the work they do. Tying varying threads into a single set of policies communicates the relationships between them and how they correspond to the overarching pillars of ESG. It provides a platform for organizations to highlight areas they are making an impact in. ESG policy also does not necessarily require the adoption of new commitments - affirming existing commitments and communicating their integration into all aspects of the work they do is an important communication strategy. For example, an organization that has historically performed well in equity and inclusion or has adopted best practices for governance in the past, will have an avenue to communicate that via an ESG policy. It provides an additional way to track and report these metrics, in a format that interested parties may already be familiar with.

### **How Can ESG Be Adapted for Us?**

As mentioned previously, the usage of ESG in the housing sector is still in its early stages. Sector-specific policies, the development of best practices, and approaches to monitoring and reporting may exist in other industries but have not been developed by the housing sector in a substantive manner either locally or globally. However, as ESG continues to grow and evolve, and as organizations across the housing sector share perspectives and embark on their own processes, standards and strategies will arise.

As this toolkit is geared towards ASCHA's membership, there are different considerations that may be relevant to its different factions:

Private, for-profit seniors housing providers:

This category of housing provider is likely to benefit the most from adopting an ESG policy. This is due to the profit incentive providing a motivating factor to market the residence as the best option for current and prospective tenants, as well as to financiers who may be interested in investing. Consolidating and communicating a strategy for the housing provider to position itself as a socially conscious and responsible citizen would serve to improve resident morale, create a welcoming environment, and signal to financiers and insurers the strength and viability of the organization. Given that the primary audience of the ESG policy would generally be residents and investors, issues to prioritize would be those of social connectivity, safety, and environment-related healthcare hazards. How is your organization fostering a community? What is it doing to counter infectious disease epidemics? How will it deal with climate-related challenges such as extreme heat and wildfire smoke conditions? What is it doing to ensure the safety of its residents? What kind of management practices have been adopted to ensure efficient governance of sites? How are peer organizations performing?

Private, non-profit seniors housing providers:

Private, non-profit seniors housing providers face much of the same questions as for-profit housing providers. However, depending on the source of revenue, the audience for the ESG policy may be different. Community-based donors, religious and cultural institutions, and affiliated organizations may hold values and perspectives unaligned with the mainstream or be attuned to social and environmental issues that are more pertinent and relevant to the local community. In this sense, it is important that the ESG policies are designed to reflect the needs and desires of the communities that fund them. The process of engagement is key here: Are all internal and external stakeholders being brought to the table, and how? Is there consideration of how individual policies may be received by different communities? What distinctions exist between a for-profit and a non-profit housing provider, and how can the ESG policy be used to communicate that?

Public seniors and community housing providers:

For public housing providers, another relevant stakeholder is the taxpayer. Public housing providers are under pressure to demonstrate effective management of financial resources from government officials as well as the general public. They also face the pressure to respond to the social zeitgeist, and to operate in an ethical and responsible manner as expected from a housing provider entrusted to care for what are often the most vulnerable and challenging tenants in our society. Issues of equity and inclusion may be particularly important for a general public interested in ensuring taxpayer dollars are going towards embracing multiculturalism and the diversity of our society, as well as satisfactory working conditions for employees. Furthermore, as the general public becomes increasingly concerned about the climate crisis, they are looking to see what public bodies are doing to counter it and to promote responsible environmental stewardship. An ESG policy would be an excellent way to communicate actions in an organized manner. Questions to consider would include: How can an ESG approach be justified to critical and/or supportive government officials tasked with oversight? How do specific policies interact with the current and prospective federal/provincial/municipal legislative and regulatory

landscape? How can ESG be wrapped into existing public relations and communication strategies, or be used to reach new audiences?

Associate and all other categories of membership:

ESG policies can be adapted to serve small office settings, outdoor construction environments, or large multi-site corporations. It is important for all organizations interested in pursuing ESG policy to first determine what organizations of a similar size and stature, as well as partner organizations, are doing in relation to ESG so they can tailor it to their needs. An organization that is not a housing provider, but primarily serves the housing sector, should be attuned to its needs. For example, energy and resource efficiency and conservation is one significant area in housing that holds plenty of potential, and the opportunities to make commitments in relation to your specific niche. What is your organization's role in the sector, and how can it evolve its practices to suit a sector as ESG continues to rise?

### **The Process of Developing ESG Recommendations: ASCHA's Story**

The development of Environmental, Social, & Governance (ESG) policy for the Alberta Seniors & Community Housing Association (ASCHA) has been an extensive process. It started with conducting research into the origins and background of ESG, how ESG policy is developed and implemented across different sectors, and what kind of common or standard practices have arisen in the history of ESG, as well as corporate social responsibility moves writ large. In conjunction with this process, a review of ASCHA's organizational structure and operations, to identify what kind of ESG policy would make sense for an organization of ASCHA's stature, has been done. There is no one-size-fits-all approach when it comes to ESG. Non-profits, governments, and corporations all have markedly different approaches to adopting and integrating ESG into their strategies. Determining the best recommendations required navigating the information that is out there to tailor it to ASCHA.

A valuable component of the research is gathering feedback from housing providers, operators, and other organizations and stakeholders in the housing sector. ESG in Canada is still burgeoning, and it is more commonly associated with the natural resources sector. There are a couple private entities in the housing sector that have adopted an ESG policy (namely, Chartwell & CAPREIT) in Canada, while no non-profit organizations in the same space have done so. Across the non-profit sector writ large, no organizations or member-based associations similar in stature have adopted an ESG policy. As such, discussions with stakeholders in the private sector have been centered around the current and future trends of ESG, the unique aspects of the housing sector that should be taken into consideration, and broader conversations about commitments to environmental sustainability, social responsibility, and governance best practices that have been deployed by specific organizations in the housing sector. In addition, a discussion was held with the most important stakeholders - the member organizations themselves. A webinar featuring a presentation on ESG was held, along with a guided discussion with several member organizations to inform them and hear perspectives.

As these recommendations were being developed, key questions played a guiding role, including:

1. Is this within the scope of ASCHA's mandate, mission, and values?

2. How can they advance ASCHA's profile as well as its advocacy for, and services to, its member organizations?
3. How can these recommendations be implemented to facilitate the strengthening of ASCHA's relationship with its member organizations?

## ■ ESG – Part 2: Developing an ESG Policy – A Guide

---

### Initiating an ESG Policy: Before Getting Started

The process of developing an Environmental, Social, & Governance (ESG) policy is, and should be, a collaborative process that engages all relevant stakeholders of your organization. This includes everyone from the staff to the board of directors, to any primary business relationships that you may be interested in maintaining and that may be impacted by the decisions you make. This is important, because an effective and relevant ESG policy requires buy-in from those tasked to adhere to and execute it. After all, ESG is a tool to organize relationships - between employees and management, between the board of directors and partner organizations, and between the organization and the general public. Each of the components directly impacts all people involved. Environmental commitments require changes in behaviour and strategy. The social component is centered around issues of diversity and inclusion, human rights, and working conditions. Governance focuses on practices adopted in the interest of effective management. It cannot be an undertaking wholly designed by one individual or group to be carried out by everyone else.

A meaningful ESG policy is one that everyone at all levels of the organization feels confident enough to integrate into their activities, inspires collective efforts to ensure progress on its components, and can be communicated to interested outside parties.

Initiating an ESG policy also requires interrogation of the organization's mandate, goals, operations, strategic priorities and timelines, and role in the landscape they operate in. To successfully integrate and execute the policies you decide on, it is necessary to identify how the policies you choose to adopt will interact with other aspects of the organization. This process of evaluation is one that all employees should participate in, to identify strengths, weaknesses, opportunities, and risks that may be involved.

As such, the process of developing ESG policy should include opportunities for continuous input and discussion for all those involved. Education is a critical factor, and organizations interested in ESG should commit to providing educational resources to ensure all people involved are on the same page. Employees, management, and board members should be cognizant of what ESG policy is asking them to do now, and in the future. They should also have the space to air concerns or doubts through a mechanism that can incorporate anonymous feedback.

How an organization can establish a collaborative process is up to their unique context and pre-existing strategies for engagement. However, it is recommended that the process include effective communication, clear and established timelines, dispute resolution mechanisms or options to facilitate consensus-building, and open discussion.

## **Step 1: Conceptualization: Determine Your Position**

Before you initiate the process of developing an ESG policy, you must first determine your position, i.e., determine the relevance and efficacy of an ESG policy for your organization.

This requires a formal or informal interrogation of the organization's mandate, goals, operations, strategic priorities and timelines, and role in the landscape they operate in. To successfully integrate and execute the policies you decide on, it is necessary to have a thorough understanding of existing operations, services, and governance.

As an appropriately designed ESG policy will hold ramifications for all areas of operation, it is important that all voices within the organization are able to share their perspectives from the onset. Determining staff skills and capacity will play an integral role in the development and implementation of ESG policy objectives. As such, the purpose of this initial stage should also include identifying key individuals internally that can take a leading role in the development and implementation of the ESG policy. At this point, it is also best to have an idea of how the engagement process will proceed.

An internal review of how an organization is currently performing in accordance with its defined strategic goals, mandate, and values is an important starting point in assessing how an ESG policy will fit into the overall picture. The goal of the internal review should be to identify the ways in which the organization currently impacts people, and the environment in its operations and service delivery, both internally and externally. It should take into consideration existing stakeholder and business relationships, areas of strength and areas for improvement, potential opportunities for growth, and the development of new partnerships.

As an appropriately designed ESG policy will hold ramifications for all areas of operation, it is important that all voices within the organization are able to share their perspectives from the onset. Determining staff skills and capacity will play an integral role in the development and implementation of ESG policy objectives. As such, the purpose of this initial stage should also include identifying key individuals internally that can take a leading role in the development and implementation of the ESG policy.

A list of guiding questions to initiate this process and facilitate discussion is provided below:

What is Environmental, Social and Governance Policy?

How do the goals of ESG relate to our own goals and mandate as an organization?

What value can an ESG policy generate for our organization?

Who will be responsible for developing and monitoring our ESG policy?

Can we communicate the relevance and pertinence of our ESG policy to our stakeholders?

## **Step 2: Development: Conduct a Materiality Assessment**

Once the decision to adopt an ESG policy has been made, and key individuals responsible for its development are identified, the next step is to conduct a materiality assessment.

A materiality assessment is a formal exercise to analyze and categorize the key issues and topics in environmental, social, and governance that are relevant to the organization. The goal of the materiality assessment should be to identify the ways in which the organization currently impacts people and the

environment in its operations and service delivery, both internally and externally. This process also includes identifying what environmental and social issues are important to stakeholders, internal and external to the organization, and what areas stakeholders feel the organization is well-positioned to address or take a leading role in. It should take into consideration current and future trends, the values and opinions of those tasked to administer the ESG policies, as well as the potential risks that may arise. Incorporating the perspectives of competing organizations, or critical stakeholders such as environmental watchdogs and consumer advocacy groups, could be one way to ensure all bases are covered, and the materiality assessment is robust. For example, a seniors residence may choose to hold discussions with the Alberta Association on Gerontology, the Alberta Association of Seniors Centres, or other relevant groups to identify trends and issues.

A review of industry practices and relevant research in the sector can facilitate the pinpointing of issues most pertinent to your local environment. Once identified, the potential impacts an organization may have can be aligned with corresponding environmental and social trends and issues that stakeholders would like to prioritize.

Categorization includes defining broad issues, then refining them into sub-categories to better grasp how they relate to the organization as well as the different components of ESG. In doing so, this will create a methodical approach to hone in on key issues and rank them in terms of importance. Surveys that directly ask internal and external stakeholders to do so can be one avenue to generate and analyze data, and to make decisions based on aggregated information.

The materiality assessment should be wide-ranging in scope. It should take into consideration existing stakeholder and business relationships, areas of strength and areas for improvement, and potential opportunities for growth and the development of new partnerships. Even if an organization chooses not to proceed with an ESG policy, a materiality assessment is still valuable in taking account of the significant environmental and social issues that are related to its work, and then embedding them into their strategic considerations.

There are resources available to guide through the process of conducting a materiality report, including this report from KPMG.

### **Step 3: Development: Define Goals, Objectives, and Benchmarks**

The next step to developing an ESG policy involves setting goals, objectives, and benchmarks.

Setting goals is about defining overarching aims that your organization would like to achieve through adopting an ESG policy. Objectives are specific measurable actions that an organization would carry out in pursuit of achieving their goals. Benchmarks are standards established based on prior performance that can be used to evaluate the success of the objectives in meeting these goals.

The goals, objectives, and benchmarks are the central components of the ESG policy. It should identify goals that are relevant and attainable to the organization, objectives that can be reasonably met by the organization, and benchmarks that can be effectively monitored. Goals and objectives should align with the overall strategic vision of the organization, as well as the social context the organization operates in.

Example: The goal: reducing organizational energy consumption by 30% → The objective: invest in energy efficient appliances, tools, and techniques → The benchmark: the previous year's energy consumption, which will be used to evaluate whether the 30% goal has been achieved

When it comes to identifying goals, objectives, and benchmarks, it may be helpful to categorize them as areas you would like to maintain, improve, and optimize.

Where are we already doing well?

Many organizations are already using practices promoted in the ESG sector that just need to be maintained, formalized, and communicated in a comprehensive manner. In this sense, objectives are already being undertaken, and it is up to the organization to determine how to integrate them towards an overarching goal.

Where can we improve?

Goals and objectives do not have to be novel; they can also focus on making incremental improvements to currently existing operational practices. Determining ways in which existing priorities can be made more robust, or integrated into a larger policy, is a great avenue towards developing a successful ESG policy. In addition, improving on existing objectives highlights their significance to the organization, and demonstrates an ongoing commitment to the underlying philosophy of ESG.

Where can we optimize?

ESG policy can be an effective way to distinguish your organization as a sectoral leader, and to differentiate your organization from the other stakeholders in the landscape you operate it in. The process of developing an ESG policy can uncover issues and trends that have not received much attention in your sector, and your organization would be subsequently well-positioned to respond.

#### **Step 4: Implementation: Develop and Execute an Action Plan**

The identification of key goals, objectives, and benchmarks leads us to the next step: developing a plan of implementation. At this point, the ESG goals, objectives, and benchmarks should undergo review from organizational leadership, as well as employees and other relevant stakeholders, to ensure that they are relevant, reasonable, appropriate, actionable, and meaningful for your organization and sector writ large. Feedback and engagement are key. Employees and individuals that have not been directly involved in this process may be better able to highlight blind spots or to discuss the applicability of a specific goal or objective to their existing duties, given that they will be responsible for adhering to it. Outlining pertinent resources and appropriate timelines is central to developing a plan of implementation. After all, developing an ESG policy makes little sense without committing to the financial resources and additional time it takes to effectively execute it. This step should involve a clear-eyed analysis of the distribution of resources and capacities across the organization, and objectives should be attuned to the various types of operations, service delivery, skills development, regions, and

other activities that the organization is engaged in. It should also take into consideration existing business relationships and partnerships - whether a specific ESG objective is actionable within a given timeframe may be dependent on the initiation or termination of contracts or programs with external stakeholders.

Furthermore, while organizational leadership may have oversight, real progress happens on the ground. Developing a plan of implementation may require detailed guidance, elaboration on how a specific objective may relate to an individual's skills or duties, and further educational resources to adhere to the policy and achieve tangible results.

Accountability is also an important part of developing a plan of implementation. Roles in executing and monitoring ESG policy priorities should be clearly identified and effectively communicated to all internal stakeholders. Transparency is necessary when goals or objectives are not being met; this will allow the organization to develop strategies for getting back on progress, identify and respond to unforeseen challenges, or revise the policies to ensure they can be reasonably achieved.

Finally, a one-size-fits-all approach does not work for every organization. While these key elements of developing and executing a plan of implementation are generally critical components, the plan of implementation should be tailored to your organization's unique role and capacities.

### **Step 5: Evaluation: Monitoring**

Monitoring the execution of the implementation plan your organization developed is the final piece that ties it all together. This is where the benchmarks identified in Step 3 come into play. Once objectives are being implemented, it is necessary to measure them against the pre-existing baseline and the performance benchmarks where applicable. Regular and timely collection, and analysis, of data will help determine whether your organization is on the right track to ensure goals and priorities are being met. Centralization and accessibility are key to facilitating this. Having a centralized database, portal, or another mechanism of communication that is readily available to internal stakeholders and employees responsible for executing and adhering to ESG policy objectives can ensure any challenges or limitations are addressed, updates are available, and that the policy objectives remain at the forefront of the agenda. It will also serve to ensure accountability is distributed across the organization.

Determining how the organization will respond to achieving its goals and objectives is an important yet understated part of the monitoring and tracking process. At its core, ESG policy is about encouraging actions and refining operations to make a positive impact on people and on our planet. It is an exercise towards leveraging organizational resources and partnerships for societal benefit. As such, the acknowledgement and praise of collective efforts, as well as employees that choose to go above and beyond in adhering to ESG policy, should be a component of the monitoring process. Incentives to meet objectives can improve employee morale and/or attitudes towards the policy and inspire further progress and success.

After all, once you've succeeded, why not celebrate?

## **Step 6: Evaluation: Quantifying and Reporting on ESG:**

One of the most important elements of developing ESG policies is identifying and preparing ways to report on chosen metrics and areas of focus. This involves a commitment to collect and retain data to ensure that goals are being met, as well as a commitment to publish progress for internal and external stakeholders to review in the interest of transparency and accountability. An industry of analysis has accompanied the rise of ESG. As more and more corporations and organizations have developed ESG policies, there has been significant interest on reporting standards from the investors and stakeholders that factor ESG policy into their decision-making.

As the ESG movement is still in its early stages, there are not any circumscribed procedures to report on ESG metrics that are universally applicable to the myriad of corporations and organizations adopting ESG.

Most corporations that develop ESG reports use the standards developed by the Global Reporting Initiative (GRI), which is an international independent standards organization that publishes guidelines for entities interested in pursuing formal ESG reporting. They provide a baseline for corporations and organizations to understand what is necessary to include in a report, and what interested parties will be looking for. Standards are distinguished as universally applicable, sector-specific, as well as topic-specific, and guidance on reporting and disclosure are publicly available on the GRI website.

In the non-profit sector, the usage of GRI reporting is far more limited. PBO Advisory, a California-based consultancy, has found that as of 2021, only 30 non-profit organizations in North America have filed GRI-based reports in the past 15 years. GRI standards are geared more towards the private sector, and this is reflective of the type of information they request corporations to disclose. Most non-profit organizations tend to include their ESG disclosures as a component of, or accompanying, either their community impact reports or their annual reports. Publicly funded organizations can include ESG policies in their regular reports to boards and councils. This enables organizations to integrate ESG reporting more seamlessly into their existing disclosure and reporting strategies and timelines, as well as public-facing material. In addition, collecting data to specifically conform to ESG reporting standards that may not be relevant can be an extensive undertaking that many non-profit organizations do not have the resources for.

While GRI provides some useful guidelines, a one-size-fits-all approach is not ideal; rather, organizations should identify their key priorities and develop mechanisms to ensure accountability towards their goals. As ESG policy continues to mature and be increasingly adopted by non-profit organizations, it is the expectation that standards will evolve to be more responsive to their needs. Until then, it is within the purview of organizations developing ESG policy to also outline how they intend to track and communicate the goals they have decided to adopt on their own terms.

## ■ Sample ESG Policies

Need some ideas on how to proceed? Below is a list of 40 sample ESG objectives, along with short descriptions, that have been collected from organizations that have implemented ESG policy, such as Chartwell and Canadian Apartment Properties REIT(CAPREIT), as well as other organizations in the housing sector that have integrated social and environmental commitments into their strategic operations. These examples can provide some direction on important issues and areas similar organizations in the housing sector have identified and made progress on, and a starting point for you to determine the relevance and effectiveness of ESG policies and objectives for your specific needs.

<b>Environment</b>	Investing in energy efficiency initiatives	For a housing provider or operator, investing in energy efficiency initiatives is an excellent way to demonstrate awareness and commitment to responsible consumption of natural resources and reducing environmental impact on the world. This can look like anything from deep retrofits to new energy efficient appliances for offices, and it can be done on incremental timelines.
<b>Environment</b>	Documenting past reductions in energy consumption and GHG emissions that have occurred over time	Developing ESG policy is also about reporting on past progress. How has energy consumption or GHG emissions evolved over previous years? Are there any steps that have been taken in the past that can be highlighted?
<b>Environment</b>	Water conservation programs	Water consumption is another area where a reduction can lead to positive environmental impacts. This can include anything from installing low-flush toilets to partnering with utility providers to develop strategies to lower overall water use
<b>Environment</b>	Waste reduction/diversion policy	Waste reduction through a comprehensive recycling and composting program limits the

		amount of waste collected, processed, and ultimately dumped. Identifying ways to reduce and divert waste to appropriate avenues is a simple policy that can be adopted almost everywhere
<b>Environment</b>	Adopting clean technologies such as heat pumps and heat recovery systems, in-suite radiator heat reflectors, high-efficiency make-up air and air handling units, variable frequency drive installation on pump and fan motors, dry cooling systems, and renewable natural gas systems	Clean technologies reduce energy consumption. Investing in clean technologies has financial benefits, and demonstrates leadership in promoting energy consumption and greenhouse gas emissions, which is the primary impact the housing industry has on the environment
<b>Environment</b>	Conducting climate risk assessments	A climate risk assessment evaluates the susceptibility of a certain property to climate risks such as extreme weather, heat, etc. Conducting climate risk assessments demonstrates a proactive approach to meeting the challenge of the climate crisis, as well as signals due diligence in securing your properties to investors, stakeholders, and the general public
<b>Environment</b>	Purchase from suppliers that emphasize sustainability	Some businesses supplying products are making efforts to improve sustainability in their value chains. Choosing these businesses to patron demonstrates alignment with these efforts, rewards them and encourages others in the industry to follow in their footsteps, and reflects a commitment to making ethical procurement choices
<b>Environment</b>	Review susceptibility to the impacts of pandemics and	The COVID-19 pandemic forced all of us to take into

	environmental health hazards	consideration how our workplaces and housing facilities facilitate disease transmission. Reviewing strategies to combat this demonstrates a commitment to limiting their impacts on employees and residents
<b>Environment</b>	Bring pandemic-related health services directly to employees and residents	A commitment to recognizing the impact COVID-19 can have on our workplaces and residences can mean being proactive in assisting people in achieving healthcare needs. Providing Personal Protective Equipment (PPE), educational resources, and organizing vaccine clinics or excursions can be effective mechanisms to ensure environmental health hazards are taken into consideration
<b>Environment</b>	Naturalize indoor environments	The benefits of integrating nature into indoor environments through plants is well-documented. Providing a healthy environment in the workplace or residence can be done through leveraging plants and green infrastructure in design strategies
<b>Environment</b>	Promote the use of alternative modes of transportation	Reducing reliance on ICE vehicles can be a method to reduce GHG emissions and to promote healthy and active lifestyles. This can include opening bike storage spaces, investing in electric vehicle chargers, providing or subsidizing transit fare, and allowing access to credit for electric bikes and mobility options
<b>Environment</b>	Limit the use of single-use	A policy to eliminate single-use

	plastics as well as plastic packaging	plastics reduces environmental waste. This can include options such as a commitment to buy in bulk, reusable utensils and bottles/containers for office and residence use, and selecting biodegradable options where available
<b>Environment</b>	Choose cleaning products and chemicals that are environmentally friendly	Cleaning products can have harmful substances that affect local environmental quality. Choosing products that are certified as more environmentally friendly is a good way to advance ethical care of our environment
<b>Environment</b>	Engage in tree planting policies or exercises	Planting trees is an important strategy towards reducing carbon emissions globally. Tree planting policies that recommend planting trees at certain sites, areas, or locations, or events where employees and/or residents come together to plant trees, promotes this effort, and fosters social connectivity
<b>Environment</b>	Go digital	Advancements in digital communication have reduced our need for printing immense amounts of paper. A commitment to digital options for communication and file-sharing and transitioning to e-newsletters would be one way to reduce waste and to advance environmental consciousness in our everyday practices
<b>Social</b>	Employee engagement survey	Reporting on employee satisfaction is a simple way to demonstrate commitment to providing a welcoming workplace for all. Do employees feel that they are appropriately

		engaged and have influence in the organization? What kind of strategies are being implemented to improve employee satisfaction?
<b>Social</b>	LEAD Mentoring	LEAD mentoring is an approach in which senior employees are paired with junior employees on projects to facilitate professional relationships and growth
<b>Social</b>	Rotational Management Training	Rotational management training is an approach in which management is cross trained with different departments to ensure comprehension of the breadth and scale of operations
<b>Social</b>	Mindful meeting practices	Mindful meetings are about introducing mindfulness to meeting practices to promote mental health. This includes shortening meetings, including break opportunities, and identifying certain days or time periods as off-limits
<b>Social</b>	Becoming a living wage employer	A living wage is the minimum income a worker needs to meet their basic needs for a decent quality of life, and it is calculated per region. Adopting a living wage policy, and being certified by a living wage organization, demonstrates a commitment to invest in workers and communities, elevates your organization, and recognizes the need for advancing livable wages in the housing sector
<b>Social</b>	Bringing in wellness trainers, yoga instructors, and physical activity coaches	One way that organizations can foster mindfulness in the workplace is by hiring professionals on a regular basis

		that can provide physical training and wellness tips to employees
<b>Social</b>	Resident satisfaction survey	For housing providers, demonstrating resident and tenant satisfaction is a key way to highlight successful management and operation of services. This fosters trust among residents, as well as to the general public, and signals to investors and other business partnerships about the quality and viability of your organization
<b>Social</b>	Resident engagement opportunities	For housing providers, demonstrating efforts to engage residents highlights the importance of fostering a welcoming social space. This can include organizing social events and celebrations, classes with local fitness and mobility trainers, and excursion opportunities
<b>Social</b>	Community gardens	Community gardens foster social relationships and improve resident mental health and physical well-being as they come together to nurture and sustain a growing space. Introducing community gardens improves satisfaction and highlights attunement to the positive benefits of natural spaces
<b>Social</b>	Indigenous speaker series	One way reconciliation goals can be advanced in the housing sector is by introducing employees and residents to Indigenous communities, cultures, and the issues affecting them, through the bringing in of Indigenous

		speakers as an educational opportunity.
<b>Social</b>	Adopt Indigenous naming practices where applicable	Names hold power and reflect cultural and historic legacies. Adopting Indigenous naming practices can include referring to existing sites and locations by their Indigenous names where possible, and consulting Indigenous communities on ways Indigenous legacies can be integrated into new and existing sites
<b>Social</b>	Reporting on employee diversity and inclusion	Collecting data on employee diversity, and setting targets, can demonstrate recognition of the myriad benefits a diverse workplace holds, that different views and life experiences are accommodated and considered, and that the organization is committed to ensuring the diversity of our society is reflected in the workplace. Employee diversity is a key ESG metric - how an organization performs here is one area investors are very interested in.
<b>Social</b>	Advancing diversity initiatives in recruiting	If an organization is lacking in diversity, a commitment to improving diversity through recruiting is a great objective to adopt. This can be done through evaluating existing hiring practices for the presence of any biases or cultural discrimination, discussing with employees how diversity can be approved, adopting transparency and independence in hiring so nepotism is eliminated, identifying new approaches to reach different communities when job

		opportunities are available, as well as setting short- and long-term hiring targets.
<b>Social</b>	Accommodating religious holidays	Cultural awareness can be promoted through accommodating religious and cultural holidays that aren't mainstream, such as those celebrated by Jews, Hindus, Muslims, etc. This can look like sharing celebratory messages, providing a space for employees to put up decorations, proactively reducing or re-organizing workloads, or evaluating vacation policies to see how they correspond with religious holidays
<b>Social</b>	Adopt anti-oppression and equity training practices	Commitment to equity is also about ensuring your employees are educated about actions and behaviours that can be discriminatory or oppressive. Instituting training opportunities through seminars can make the workplace more conscious about the importance of being inclusive in operations and service delivery, and it improves employee morale.
<b>Social</b>	Acknowledging cultural and historic events and celebrations	Cultural heritage events, holidays, and months occur frequently. Organizations can take initiative by recognizing events such as Indigenous History Month, Black History Month, Pride, Chinese New Year, etc. by taking steps such as bringing in educational speakers or developing engagement opportunities for specific communities during these time periods
<b>Governance</b>	Increasing gender parity and	Gender parity and minority

	minority representation on boards and trusteeships	representation in decision-making have been shown to make the process more robust and reflective of the needs of the organization. Diversity in leadership signals a commitment to elevating underrepresented voices, improves employee morale and resident satisfaction, and enhances the viability and vitality of the organization
<b>Governance</b>	Adopting a Code of Conduct	Developing and adopting a Code of Conduct for employees and members at all levels of the organization is a governance best practice, and introduces a universal standard for all people to both abide by and hold each other accountable to
<b>Governance</b>	Ethics and regulatory compliance policies	All organizations abide by ethics and compliance regulations in their industry. Demonstrating their significance by reporting on how your organization does so, and taking steps such as appointing an ethics and compliance committee, is a positive signal to other stakeholders and potential investors
<b>Governance</b>	Transparency in board meetings	Transparency is a key principle that reflects an organization's commitment to conducting itself in an ethical manner. Making board meeting minutes publicly available is one avenue that this can be done, and is one area interested investors and stakeholders may review to get an understanding of how your organization operates
<b>Governance</b>	Whistleblower policies	Sometimes, employees and stakeholders make decisions

		that are not in accordance with established procedures or laws. Creating a way for reporting this, while guaranteeing anonymity and eliminating the threat of retaliation, demonstrates that your organization is serious about making sure all rules and best practices are followed.
<b>Governance</b>	Investments in physical, administrative, and technical cyber security controls	Cyber security is an important area of consideration in governance. The increasing importance of technology in our daily lives requires responsiveness to the challenges they bring. What steps are being taken to safeguard employee and resident data?
<b>Governance</b>	Establish robust business continuity plans and incidence response plans	How is an organization equipped to respond to challenges that may threaten their existence? Establishing robust plans for continuity and emergencies demonstrates the organization is proactive and cognizant about the challenges they face, and it provides comfort to employees, residents, stakeholders, and prospective investors
<b>Governance</b>	Security and Privacy Awareness training for all employees	Security and privacy procedures can be difficult to navigate. Ensuring all employees are trained on proper protocols is an important element of effective governance
<b>Governance</b>	Reward successes and outstanding achievements	Rewarding outstanding achievements by employees or teams demonstrates their importance to the success of the organization. Policies that promise incentives for performance-related

		benchmarks improves employee morale and signals effective management practices.
--	--	---