CHANGE THE WORLD: THE INVESTMENT CASE FOR ESG WITH SCOTT DENNIS, SONNY KALSI AND CHUCK LEITNER

Spencer Levy
I'm Spencer Levy and this is The Weekly Take. We've officially turned the calendar on our first full year since the pandemic lockdown, inspired us to connect with you on the air. So we'd like to start with a heartfelt appreciation for all of our listeners around the world, especially those of you who have been with us since the beginning. Thank you and welcome back. During our time together, we've covered issues and events of local, regional, national and even global concern. And on this episode, with Earth Day coming up in about a week, we explore the real estate angle on a topic that touches everyone on the planet. We're joined by a trio of chief executives who are active in the growing and important arena of ESG capital.

Scott Dennis
What's happening with weather patterns and the environment and just all the other aspects of things that come out of the pandemic and all the social injustice. There's just a lot of things that have highlighted this.

Spencer Levy
That's Scott Dennis of Invesco Real Estate, a private equity firm headquartered in Dallas. Invesco and its multinational parent company have more than 8000 employees and a presence in twenty five countries.

Sonny Kalsi
ES and G and we should talk about all of it. You know, it's gone from being interesting to nice to have to need to have to now in my mind, absolutely table stakes.

Spencer Levy
And that's Sonny Kalsi of BentallGreenOak, also known as BGO, a global real estate asset management business based in New York with two dozen offices around the world.

Chuck Leitner
We all know it's hard to get to an absolute goal. I think the big step is your commitment to work on getting there, which makes a big statement and your willingness to measure progress against those goals.

Spencer Levy
And that's Chuck Leitner to help us tie it all together. Chuck leads CBRE's Global Investors Group, overseeing assets of more than one hundred and twenty billion dollars worldwide. From environmental stewardship, the corporate citizenship to the ways our industry is evolving, our roundtable takes a 360 view and inclusive discussion, if you will, on all aspects of ESG. Coming up, three CEOs on E. S G. That's right now on The Weekly Take.

Welcome to The Weekly Take in this week, we're talking about E. S G with three CEOs. But let me start off with a quick story. About 12 years ago, I was hosting a panel not dissimilar to this one with some of the senior leaders of our business. And I asked them a very simple question, has the case been made to make your assets green, to go green to environmental changes to them? Not a single hand went up 12 years ago. That has certainly changed quite a bit since then. So maybe we'll start with you, Sonny. Do you agree with that?

Sonny Kalsi
Absolutely. I would argue it's not only has it changed a lot in the last 12 years, it's probably changed as much in the last 12 months as it did in the last 12 years. Right. You know, part of me, I say a little bit tongue in cheek that Mother Nature has been angry at us. That's part of the reason that we've been dealing with what we've all been dealing with for the last year. But I just think that the last 12 months has done for all of us has made us take a big step back and just think longer and harder about a lot a lot of stuff around us personally and professionally. And I think that, you know, E. S and G and we should talk about all of it. You know, it's gone from being interesting to nice to have to need to have to now, in my mind, absolutely table stakes. If you're not a if you're not a leader, you're probably not going to be at the table. And then but, you know, all of us are competitive. We want to do the best we can for our companies and our clients. So I think there's been this, you know, exponential growth in terms of not just the importance of it, but the application of it.

Spencer Levy
Scott, what's your perspective?

Scott Dennis
Well, it's a lot like Sonny's. We started tracking energy consumption office and multifamily properties about 13 years ago. And we laugh about is that the time green was really about the bottom line. Right. And we understood the energy efficiency had a direct bearing on the bottom line, but it was very different narrative and it has evolved. And I think as Sonny said, you know, it has become such a topic over the last 12 months. And, you know, by observation of what's happening with weather patterns and the environment and just all the other aspects of things that come out of the pandemic and all the social injustice, there's just a lot of things that have highlighted this. And it's interesting that it's not only top of mind for our investors, especially the sophisticated ones, but as Sonny can corroborate, if you're going to lease buildings, these are some significant things that sophisticated global tenants want for space. And nobody knows better than the CBRE people that you guys wrote the book on that, but that, you know, you're just not going to be in the running for top notch tenants if you're not very focused on the ESG and are.

Spencer Levy
Well, Chuck, I would love to hear from your perspective. Just define ESG. What does it mean specifically for our industry?

Chuck Leitner
Yeah, it's an interesting question. I mean, he means a lot of different things to a lot of a lot of people. What you really break it down by the environment, sort of sustainability. Part of it has been pretty much at the forefront of people's minds for the last probably 15 plus years, with varying exceptions and changes based on market conditions. Although I think you're right, in the last year to two years, it's become that much more prominent in terms of shaping investor's strategies and the other elements of yesteryear a little bit more elusive. The social elements obviously become very important, particularly of late, for all the right reasons. And the governance piece of ESG is something that's been around for quite a long time, actually, in terms of diverse representation on your management teams, your boards, and how you create the right governance that really sets the stage for how important those elements are to capital. And the more important has become the capital, the more important it has had to become to managers of that capital as we look at the industry and

where we're going.

Spencer Levy
Scott, I want to come back to you now, but I think it's fair to say it's quite a bit different in Europe than it is in the United States because of different regulations. So would you say that Europe is way ahead of the United States when it comes to certain elements of ESG?

Scott Dennis
I'd say that's fair to say. They are much more focused on it. And, you know, the SFDR, which has come out as far as the interpretation of what that means and the accountability, there's literally no negotiating room. So it is now a constant in the equation. Invesco Real Estate, we came out earlier this year and we absolutely stayed. This is on a global basis. But, you know, we stated targets, three percent annual reduction in energy and emissions by 2030, net zero carbon emissions by 2050, one percent reduction in water consumption and then one percent annual increase in waste diversion rate. So it's not just talking about it, it's getting specific and also putting timelines with those aspirations.

Spencer Levy
So now I want to come back to something you said. You use the term: table stakes. I'm going to push it back just a touch, because notwithstanding the fact that we are all in violent agreement, how important ESG is, I still think we're evolving in the United States on ESG, in part because the regulations are a hodgepodge year rather than more uniform in Europe, but also because there are elements of ESG investing that really only apply to office and may not apply to industrial or retail or hotels. What do you think, Sonny?

Sonny Kalsi
Well, I think the three of us are all in the investment management industry. So we have a lot of very important constituents. But our most important constituent, our investors. And what I would have said about Europe is the European investors, followed closely by the Asian investors, are much more all over this and have been for longer, I think, so far than most North American investors have been. So I think that the regulations are one thing, Spencer, but I think the practical reality is the investors and our businesses want to see demonstrable, measurable improvement, and they are going to reward those managers who show that demonstrable, measurable improvement. And I think the US, the Canadians, to be fair to them, are probably ahead of the US investors. The US investors are going to catch up quickly on this. My view on this is you can have a long discussion about what the right thing to do is. You can have a long discussion about how much it impacts on top and bottom line. What's most important is the investors want it and expect it. And so we've got to deliver on it. And that's why I say it's table stakes.

Chuck Leitner
In terms of table stakes and measurable table stakes. That's how it's got to show up, right? People making quantifiable commitments to an objective. Now, we all know it's hard to get to an absolute goal. I think the big step is your commitment to work on getting there, which makes a big statement and your willingness to measure progress against those goals. It takes a lot of bravery to put a number out there and also be able to say explain why you're not there or why you may never get there to an absolute net zero situation. So there's going to be a lot of nuance, I think, around what, again, that measurable comment that Sunny made is so accurate. But it also is how comfortable are we with measuring progress against and explaining why we may choose not to get to zero on a particular asset? Because you

have to sacrifice other goals and objectives with your investment to get there. And I try to say to investors, and I think they get it, you know, we also have a very important responsibility to deliver a financial return to them because they're delivering on retirement savings plans for their constituents, too. So you're constantly balancing how that works. But I think clearly it's not even a guess anymore. We need to put numbers on the table. We need to manage ourselves to those numbers, and we need to learn how to explain how we're progressing against those goals. Or I couldn't agree more with Sonny. You're just not going to be in the conversation if you don't do that.

Spencer Levy
We were all fiduciaries for our investors capital. We're trying to get maximum return for them. And this is not pushback back. But this is what I hear from our clients, is that, well, if the case isn't made for increasing the value of the asset it's a lot harder to deploy capital in an ESG sort of way, and maybe that makes the case for a side pocket of impact investing funds that are specifically dedicated to that. So, Sonny, do you have a point of view on that?

Sonny Kalsi
I do. I think look, I think, first of all, anything that is progress and is well intentioned is good and welcome. I kind of feel like raising an impact fund and saying we're going to raise a couple hundred million dollar impact fund and that's what we're doing. Look, there's nothing wrong with that. But I think if you think about the scale of our three organizations, it is much more meaningful if we all did something with our open in our core funds and we did whatever. Right. So I don't even know what the numbers are. But I bet between the three of us, we probably have 30 or 40 billion dollars in US Odyssey open encore funds. If 10 percent of that, if 20 percent of that got focused on impact investing, that's a lot more meaningful than individual impact funds to be raised.

Chuck Leitner
Impact investing has had a place in the market for a while, actually. Right. There have been, you know, triple bottom line funds and socially responsible investing funds. And they're all important part of the equation. But a big part of this is mainstream. Yet again, nothing against impact funds. They do make a difference. But and investors can always go on impact funds, right. They vote with their money and they put some money in those funds. And so if you want to have one of those funds that there's a role there. But it's this mainstream transformation where you kind of look at it, too. It's kind of defensive, more than offensive in many ways. And I'm dating myself a little bit. But you think. Back to you when you had to put a food court in a mall, otherwise you were going to be obsolete. You didn't get a return on that food court. But if you didn't have the food court, nobody showed up and shopped at your shopping center. And here at some point, if you're not resilient, people just aren't going to show up. Right. So some of the return on investment is more defensive than offensive. And I think you need to pay attention to that just as much, if not more.

Scott Dennis
You know, you're so right on that. You're selling from your high returning fund to a core fund. They're going to look at what's going to allow you to own that property for 30 years. That's one of the boxes they're going to tick. So it is important. The other thing is interesting, too, in our businesses, you know, it's going to cost more on our businesses. Our margins get affected. But it is back to you know, you've got to make that investment. I mean, the amount of reporting and the amount of now more due diligence that you do on an asset and the feasibility is increased significantly and will continue for some time.

Spencer Levy
Well, we could probably spend the entire episode on the E of the ESG thing, but I'm going to only ask one more question on the E and then we're going to shift. And the question I'm going to ask is very nitty gritty question about building materials. I've been looking very closely now across laminated timber in buildings in the Pacific Northwest and elsewhere. Most people talk about LEED and Energy Star, but what about building materials? Are we there yet that we're going to shift to that?

Sonny Kalsi
I'm not sure that I have a definitive enough point of view on it. I would say that what we find is that there are different parts of the world which are more progressive than others. Right. So I would say what we have seen in some of the most advanced kind of approach is the construction of materials around construction have come out of Scandinavia. And I think one of the things we all try to do, all of us run global businesses, is take best practices of what we're seeing in different places and apply them. You know, green have to produce green. Right. So it's still the economics still have to work. Right. That is something that, you know, I will tell you this, and this is I was on a call earlier today because timber costs have gone through the roof right now. I think we are all going to continuously be challenged by our the cross section intersection of the desire to do good with a desire to drive returns. Right. So, look, I you know, I think that that is something that maybe Chuck has got a better, more nuanced view on it. But I think this is something that's going to continue to evolve.

Scott Dennis
Yeah. You know, I'll just give an example. We were fortunate enough to be joint venture partners with Gerald Hines Company in Atlanta. And it was Atlantic Station, which is, you know, is adjacent to Georgia Tech and has more of a tech tendency. And so we built a timber building, a mid-rise timber building. And it was very well received by the market. It was, you know, was it mandatory? No, but it was testing the feasibility, testing the marketability, and it paid off so far. We'll see. I think it's just baby steps along, you know, to Sonny, to your point.

Sonny Kalsi
Modular housing, modular construction. Like, I you know, the one thing that's a big overlay to all of this is technology. And the speed with which technology is moving, I think is going to provide all of us with opportunity here. And I definitely I mean, Chuck's showing his age on food courts. I'd definitely be. But I'm glad this is not a technology prop tech panel, because I would I would just hang up.

Spencer Levy
I swore I wouldn't ask another E question. I got to ask one more, Scott, maybe to you or whoever would like to answer this. I've been hearing more and more developers suggesting that they aren't going to go for the LEED or the Energy Star rating, that it might be too restrictive for what they're doing. Does anybody have a point of view on that?

Chuck Leitner
I'm going to start. I do. And it's controversial. I think the problem with labels and plaques is they don't actually address the measurable point that Sonny made earlier. Right. And their point in time acknowledgments which have value. But until they actually measure ongoing performance, there's a challenge. I'll tell a quick story that's a little dated, but one of my

biggest clients in my former life decided not to fire us after the global financial crisis, which was a huge win. And then they immediately asked, where are you going to do about sustainability? And I said, well, we've got all these buildings with platinum status. And they said, no, that's we're not interested in that. We're interested in ongoing measurement. That's one of the shortcomings of those awards, their point in time awards. And I'm sure the guys that give them wouldn't like hearing that. But I think that's a real challenge. And that's why better ways of monitoring progress than just having a plaque on your building sound a little bit cynical about that. I think it's where the market's going.

Sonny Kalsi
I gratefully look, Scott was talking earlier about all the stuff Invesco is doing in terms of actual, you know, specific reductions of specific things on an annual basis, in a targeted basis that I think is personally much more important.

Chuck Leitner
Yeah, the times they show up now and measure you guys are right, it's no more hey, look at my merit badge.

Scott Dennis
I never got a lot of those anyways.

Spencer Levy
So much like the world at large, I think it's fair to say that podcast, which spent one hundred percent of its time on the E in the beginning, we're now going to shift to the S, and I think it's appropriate because I think that's how the world at this point, while the world is moving towards the S, it's moving much more slowly than it did to the E and certainly well behind. But Sonny I'm going to give you a shout out, because you and I did a show together two months ago. We talked about how BentallGreenOak was an early mover in the south side of it. Can you tell us more about that?

Sonny Kalsi
Yeah, sure. Look, I think, you know, as I mentioned earlier, the last 12 months, we've all had a lot of time to think about stuff. Right. And to be introspective personally and professionally. And I think this is very timely. Right. Given the trials going on in Minneapolis right now, I think which, you know, a lot of us would believe that George Floyd getting murdered was probably I think it was a moment that none of us are going to forget. Right. And so from our perspective, from my perspective, as I thought about it, I thought, what do we do to take something that is really, really well intentioned and where we've been talking about trying to do the right thing and actually now start doing the right thing and make it measurable and really hold our feet to the fire, really to speaking of the we in this context as our company, but then hoping that it's something that the industry more broadly looks at the expense of that that you and I talked about before. And I think the thing that's probably gotten the most attention has been, you know, we came out in the summer and said that we're going to significantly change how we approach hiring and that, you know, at a minimum, two thirds of the people we hire going forward are going to be women and minorities, people that are underrepresented in commercial real estate, unfortunately. Right. And, you know, look, it was viewed as somewhat revolutionary. And I kind of kept trying to downplay that and say it's just math, right? If you just look at the population, we're all global businesses. But if I take the US as an example, 50 percent of the US are women and about 40 percent of the US are minorities. And so if you just do the math around it and look, by the way, it's not easy.

It's a lot harder. You've got to work harder to find qualified candidates. You've got to work harder to keep those folks once you get them. You know, I think I use that acronym before with you, Spencer ARC, attract, retain and cultivate. But we've got to retain them, right? We've got to create an opportunity in an environment in which they can stay engaged in the workforce and we've got to help them grow professionally. I just think that there's a lot of tangible things we could do that are measurable. Right. And the reason last comment that then I'll turn over to my colleagues, I thought it was important to do something quantifiable here. Right. I think that everything we just talked about, about on the E is we're trying to think about what we can do that's quantifiable and measurable. And I think we're in a quantitative business for a living. Right. We care about investment performance. We care about assets under management. We care about a lot of different numbers. And my concern was if we did not put some numbers around what we're trying to do from one component of the S, which is what we do as a company, that we would be really well intentioned and we could be sitting here one, three, five years and we wouldn't really know if we've made a difference. It made a change. Right. And so making a quantifiable and putting quantifiable measure was supercritical.

Spencer Levy
Scott, what is Invesco's point of view on the S and how does it make it quantifiable?

Scott Dennis
Well, it's the right thing to do, not only, you know, for society, but for our business. Right. We've found that, you know, diverse thought makes us a better as a business. And we the better decision making, the better the results. And so we know that is a fact. And so we're committed to doing it. And I think, like Sonny, we've gone from saying, hey, it's such a good idea. Let's hire more women, hire more minorities to actually, you know, putting some numbers down and saying, OK, here's what we're going to try to achieve. And knowing, again, like anything, you know, whether or not you achieve them, you've got to set that benchmark. You've got to set up an aspiration out there to force you to not to force you, but to inspire you to do the right things. Not only it is hiring, but it's also promotions. It's, you know, pay, analyzing pay. And if there's pay inequity, you know, what's the reason for that? So we're looking at things from all angles. And we put together DE and I committee internally. And that's, you know, none of the senior partners or members of that. So it's being driven by a very diverse group as well. And so it's, you know, top of mind.

Spencer Levy
Thank you, Scott. So, Chuck, let me turn to you now. So I would like to first ask you your definition of how CBRE Global Investors is approaching the S. But I also want to push you a little bit further. And when I say push further into things like opportunity zones, empowerment zones, affordable housing, what's your point of view, Chuck?

Chuck Leitner
Yeah, happy to talk about that. I think clearly what Sonny and Scott are saying is that. Important opportunity for the industry to get more serious, right, about hiring practice, diversity in the workplace and diversity in industry, which we're yeah, we just haven't been good at it candidly. So I'm completely support the point of view they're sharing on that front. So your question is sort of the other opportunity, which is alright as an investor. Right. How do you have an impact on social issues? Right. And how does the built environment play a role and how can your investment priorities and strategies create some of the things we've talked about with the with the E part? Right. How do you create this sort of double bottom

line? Good, smart investing means investing in diverse markets, in diverse locations, in different kinds of properties. And so how can you drive change through your investment activities? And how does social impact investing actually equate with financial return driven investing? Right. And that's a great opportunity. I think we've got a lot of work to do. Right. To figure out exactly how those things work together. But there's clear opportunity. If you're just investing in our urban cores around the world and how those impact neighborhoods and create job opportunities and work life balance for our urban population, there are plenty of impact investment ideas that do some of these things already. But sort of back to Sonny's point about getting more mainstream around the social elements of ESG when you invest, I think is an important opportunity.

Spencer Levy
Well, let me give an example, if I could. I live in Baltimore and I'm not saying anything the people don't know. My city needs a lot of love. Right. And there are many areas within Baltimore that are known as food wastelands or just simply no grocery stores. If you drive through some of the most hard hit areas and I've spoken to many developers, so please put a grocery store here. And I've gotten an answer sometimes that I found disappointing, but maybe was just true. The demand case hasn't been made yet for that particular grocery store. And so my question is, given what's happened in the last year, is it easier to make that demand case where we still we're still not there yet to say, you know what, I'm going to go one step further out than I did before from an investment standpoint? Sonny, what's your point of view?

Sonny Kalsi
Yeah, I think look, I would not knowing enough about how to comment on the Baltimore case, I will say some of this has to be done in the form of public private partnerships. The opportunity zone legislation was a step towards that. I think, with the administration we now have in D.C., I think we're going to see more whether there's been a lot of discussion around the infrastructure plan. But a big part of the tangential part of the infrastructure plan is reinvesting in the urban core. There's this whole concept of double bottom line investing. Right. You're investing for the financial bottom line, but then also the bottom line of the good that you're doing. But the financial returns still need to make sense, right? I mean, public private partnerships are a big part of infrastructure investing for a long time now. I think we're hopeful that we'll start seeing some of that here in the US from a real estate perspective as well. We do see it in parts of Europe and Asia. It's been around for a while, right? Local governments incentivizing people through tax breaks and other encouragement to invest in certain markets where honestly that community investment is required. But I will tell you this to be really candid. Like Chuck was really candid earlier about plaques. You know, this is not the charity business. Right. So I think it's good. It's going to be hard for any of us unless we raise a charitable fund to do something which doesn't have some degree of make some degree of economic sense to go the next step, maybe to get to your grocery store. Spencer, you know, there's going to probably need to be some kind of public private partnership.

Spencer Levy
And I agree with that. There's no private solution here. It is public in terms of capital, is public in terms of regulation. So, Scott, last question on the to you. How do you approach it specifically, not just by neighborhood watch? We were talking about the Baltimore, but also by asset class. Do you ever look at affordable housing? Do you ever look at other forms of real estate that might fulfill an S purpose, even if not in that particular neighborhood?

Scott Dennis
Yes, Sonny, hit it on the you know, especially because we have that in Dallas, my backyard. You've got these food deserts, which are just incomprehensible in a major metropolitan area. You just can't believe this exists. And they do. But it is. He hit it on the head. It's public, private. We've had some luck on the affordable housing where we've taken a conventional property. Now, this is not highly blighted areas. This is more lower income areas. But gone to the municipality and said, listen, we will proactively convert some of the units in multifamily to affordable housing, but in exchange for a tax abatement. So we've been able to get a 40 year tax abatement. So it takes time. It is a process governments don't work like the private sector, and so there's an element of risk and you've got to evaluate that in your process, but I think there are ways to do it. The question is, can you know, can these municipalities be a little more commercial? And it takes both sides because it is we're in a bottom line business and that's just not going to change for a long time.

Spencer Levy
So we've spoken now a lot about E little bit about S it seems like the forgotten letter here is the G, the governance side. So maybe I'll start with you, Chuck. What does the G mean to CBRE global investors?

Chuck Leitner
Yeah, I think the G is a lot of ways is sort of the least exciting part of it. And one of the reasons why I struggle with ESG is the way to describe what we've been talking about, because I think literally interpreted better governance around hiring practices and how you populate your leadership entities, your boards, your investment committees, those kinds of things. All are important things that I think a lot of firms have been doing a better and better job of. And we need to keep doing it better and better job of how you know, how that works and how that G relates to the S and the you know the E, it's been a long time in this business where investors will do due diligence on your governance practices and make sure they're good, make sure they, you know, encourage contract hiring in your processes. And those things have been in our industry for a while, actually. And I think we're where we really need to be playing or catch up is in the other two. I think, you know, at the risk of kind of punting a little bit, Spencer, I think that's just part of it that has been addressed pretty well. You're always trying to make your governance better. You're always trying to be responsive to your stakeholders and what they want to see from you in terms of good governance. But I think we generally do a pretty good job there, actually, and I don't think it's particularly controversial. So that feels like a little bit of a punt, but that's sort of how I see it.

Spencer Levy
That's OK, Chuck. When I originally thought about the G years ago, I thought about it in a public company context, and I think that's where the term came in. You agree with that, Sonny?

Sonny Kalsi
Yeah, but that's the background of it. Right. And I think it's when public shareholders start agitating for, you know, how are there are the underlying companies set up? What is the diversity of their board make up? What is the diversity of the senior team make up? How is executive compensation work? You know, what are they focused on? Right. Do they also have staggered boards? Do they not write the type of things that you care about in that context? I think where I agree with Chuck, I think where it is spilled over and really has a lot

of application, I think has been I think some of what governance is focused on has now wound up in social. And when you heard me talk about my definition of social, it was first and foremost, what are we doing as a company with our own team? What are we doing in terms of hiring, retention, growth, pay equity, et cetera? I think there's an argument that 12 months ago people would have thought about a lot of that in the governance category. And the reality is they're all interrelated, right? There's a lot of governance which goes into what are the sustainability practices that a company has and are they part of the corporate charter and mission of a company or not? So it's probably a little bit more nebulous, the nonpublic company context. But I would say to Chuck's point, it's completely woven into everything.

Spencer Levy
Scott, your point of view on the G.

Scott Dennis
Yeah, you know, when I think about the three firms represented here, I think about incredible cultures. That's why we've been able to grow our businesses. And what leads with that culture is integrity. And this is at the heart of it. Right. So if you're focused on integrity, you're going to have these things as part of your process and part of who you are. The other thing is we also manage money for a lot of these public pension funds who they live in a fishbowl. Right. So by factor of that, we work for them. We are their vendor. We live in a fishbowl. And that's the way that transparency, that level accountability has heightened over the years. So I think it's a combination of just we're going to do the right thing because it's the right thing. But it's also just that, you know, there's nowhere to hide on these topics. Right. You've got to you've got to not just talk about them. You've got to live them. You've got to walk the walk. You know, to use an old phrase.

Spencer Levy
I started today's conversation by recounting my conversation twelve years ago where I asked people to raise their hands and has the economic case to be made green and nobody raised their hand. And I think we all would raise our hands today. So five years from now, will we all be raising our hands about some other expansion of ESG in your crystal ball? So let's start with you, Chuck. Give you the first final word. Where are we going five years now?

Chuck Leitner
Yeah, I think I'd start by saying I'm incredibly optimistic and motivated where we are and how we got here and what the opportunity is to raise the bar around all these things. I just think the industry is we've been all part of it for a long time and. You know, it's evolved and it's matured and it's made mistakes and it's learned from those mistakes, and I really believe we're at a special moment in time, which has me very optimistic about the opportunity. Also somewhat anxious about making sure we don't screw it up. I think we have to work as an industry to make sure that we don't allow these issues to become too political because they really actually aren't political issues. They're fundamental issues that need to be addressed regardless of your politics.

Spencer Levy
Scott, let me ask you the same question. Crystal ball five years from now, how do we look then? How do we look back? And I like the quote CBRE's chief of S.G. Tim Dismond. You use the word Scott transparency. He uses the word accountability. And I would love to hear your

point of view on that.

Scott Dennis
Well, I think you have to be transparent in order to be accountable, right. Because people need to know what you know, to what level or to what measure you are accountable. So I think when I look at five years, I'm optimistic as well. I think we're going to be a lot smarter than we are today. But, you know, real estate houses the economy. It houses society. So these are societal issues. These are economic issues. They're environmental issues, as we've talked about. So, you know, they can't be disconnected. And, you know, we've got constituents as a company. We have our clients. Right. And we need to meet their needs. We're all about our clients. That's one of the foundational values that we all appreciate. But the other is our assets are our people. We've got to take care of our people. And our people are diverse and they care about, you know, other things that are beyond the screen of their computer. And I believe that we're headed in a good direction. So back to the to the point is, if you have transparency, there is no place to hide. Right. And accountability is being more articulate about what you're trying to measure.

Spencer Levy
So, Sonny, last word for you. What does we're making good progress in five years look like?

Sonny Kalsi
I don't think this is like a football game where you wind up in the end zone that the bar keeps moving. The bar is moved so much on the environmental the sustainability part and continues to move. Partly because the environment literally continues to change. Right. So, look, I'm also I agree with Chuck and Scott. I'm very optimistic. I believe that what we've all been through for the last 12 months has changed us all fundamentally. They've change our companies have changed our people, they have changed our family dynamics. And I don't think any of us are going to soon forget that. My personal prediction is you'll see much more change in the next five years from an environmental perspective and on a measurable basis than you did in the last 12. And I believe I'm from a social perspective, we're going to see even more change than that because it's important to everyone. As you said, no one disagrees with that right now it's a matter of what, how and where. And I think that by putting things out there, which are not plaques, I love Chuck's comment, not plaques, but measurable things that we can do and hold ourselves accountable to every year and that we hold ourselves as firm companies accountable to that. We hold each other and the industry accountable to it. It's going to be sustained, permanent change. I will tell you every time I get a little bit bummed out, I just look at the younger generation, whether it's my kids or the young people that work for us in the company, they're holding us to task. And I think it's awesome. Right. So I'm very optimistic. I'm very optimistic. I just feel, you know, and I think that people are going to listen to this podcast in five years and think we're all a bunch of dinosaurs. But I'm going to be really happy that the three of us were asked to do this by you and that we were thinking about it.

Spencer Levy
Well, ESG as told by three CEOs. So I want to thank on behalf of The Weekly Take, Scott Dennis, CEO of Invesco Real Estate, Sonny Kalsi, CEO of BentallGreenOak, and Chuck Leitner, CEO of CBRE Global Investors. Gentlemen, thank you.

Chuck Leitner
Spencer, thank you.

Sonny Kalsi
Thank you very much.

Scott Dennis
Thank you, Spencer.

Spencer Levy
For more on ESG capital, as well as other insights into how investors around the world are thinking about risk tolerance and sector preferences, go to CBRE.com/investorintentions. And for more on our show, please visit Seabury CBRE.com/TheWeeklyTake, as we mentioned at the top. We're now officially in year two of our podcast and with gratitude to all our guests and of course, you listeners, we're looking ahead to more great conversations. So please send your feedback and suggestions. We appreciate it when you share our show and subscribe rate and review us wherever you listen. Thanks again to the CEOs who shared their time and candid insights. And as always, thank you for joining us. I'm Spencer Levy. Be smart. Be safe. Be well.