

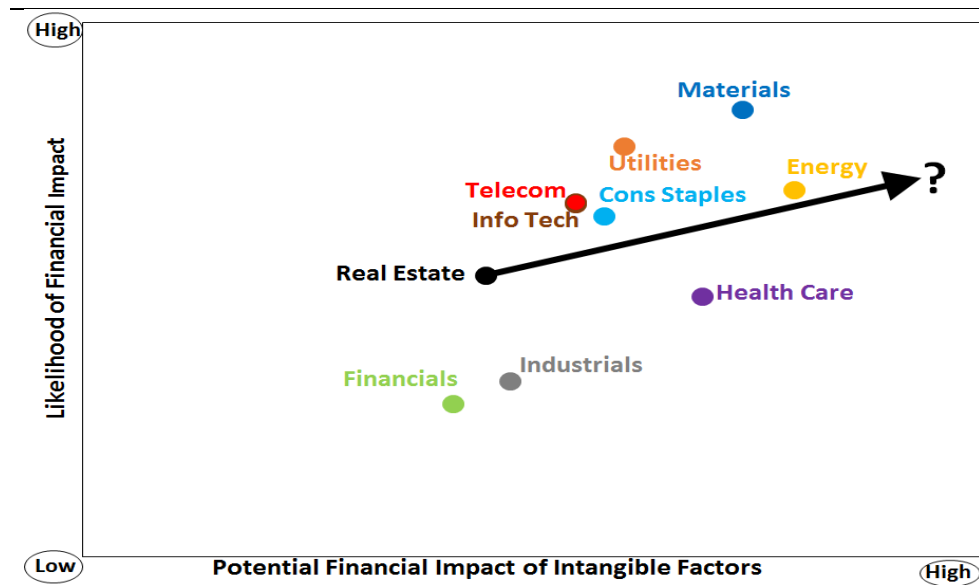
Real Estate and Its ESG Footprint: A Sector Strategy Perspective



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- **A New GIC.** On September 1, 2016, MSCI added Real Estate as a new sector, increasing the number of GICS sectors to 11.
- **Real Estate through an ESG Lens.** A preliminary assessment might suggest that environmental issues are at the forefront in the Real Estate sector. On this assumption, the sector would seem to be positioned relatively favorably in an ESG Materiality Matrix.
- **A More Complex ESG Footprint.** Social and governance factors are material in Real Estate too. As with Utilities, good community relations can have a significant impact on the amount of time it takes to bring a project to fruition. The sector also has many of the same governance issues as Financials, most notably those pertaining to business ethics. This broader view suggests the Real Estate sector's ESG risk profile is likely among the highest of the GICS sectors.

Figure 1: Real Estate's Position in an ESG Materiality Matrix



Source: Cornerstone Capital Group



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