



## A New Path Forward - Environmental, Social, Governance (ESG) at RPKLA



### Introduction

At RPK Landscape Architecture (RPKLA), we have been intentionally setting course to align our companies values, mission, and services to further align with environmental, social, and human impact values as we focus on shaping and designing places that impact the future of public and private land use and impact neighborhoods, communities, and ultimately the planet as a whole. Over this past year we have rooted our development in Environmental, Social, Governance (ESG) initiatives to quantify our impacts and begin to serve a dynamic new client base of corporations that are looking to broaden their social and environmental responsibility through sustainable function and design. We have created this introductory white paper to broaden education and introduction into the realm of ESG initiatives and to identify the elements and services we at RPKLA offer to enhance your ESG impact and rating<sup>1</sup> to ultimately impact our world for the better.

### Environmental Social Governance (ESG) Terminology and Trends

Environmental Social Governance (*or ESG*) criteria are a set of standards for a company's behavior that are used by socially conscious investors to screen potential investments. **ESG** - Environmental criteria consider how a company safeguards the environment, including corporate policies addressing climate change, as one example. **ESG** - Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. **ESG**- Governance deals with a company's leadership, executive pay, audits, internal controls, and shareholder rights.<sup>2</sup> Bloomberg recently reported that, "ESG is upending the worlds of finance and investing as it moves from the periphery to the mainstream," with **assets are poised to reach \$41 trillion by the end of this year** as, "growth has been

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<sup>1</sup> Green Business Bureau, [ESG and Sustainability: How to Improve Your ESG Score](#), November 17, 2021.

<sup>2</sup> Investopedia, [Environmental, Social, and Governance \(ESG\) Criteria](#), May 18, 2022.

spurred by record-breaking fund inflows amid concerns about climate change and other societal issues.”<sup>3</sup> Another source indicated that at the beginning of 2022, “**more than nine out of ten publicly traded companies are adopting ESG**, and that ESG is one of the biggest trends in the business world today.” Research indicates that ESG offers numerous benefits, including reduced business risks, better financial performance, and higher returns on investment (ROI). ESG reporting mandates have grown by 74 percent in the last four years indicating that, “ESG is here to stay.”<sup>4</sup>

The U.S. Securities and Exchange Commission (SEC) noted that Funds such as mutual funds and Exchange Traded Funds (ETF) that focus on environmental, social, and governance principles have gained popularity with investors over time. Fund managers focusing on ESG generally examine criteria within the environmental, social, and/or governance categories to analyze and select securities. In February of 2021, the SEC released an Investor Bulletin based on the rising popularity of ESG investing in recent years.<sup>5</sup> In the bulletin the SEC further helped to define each component of ESG below:<sup>6</sup>

- The **environmental** component might focus on a company’s impact on the environment—(energy use or pollution output.) Including risks and opportunities associated with the impacts of climate change on the company, its business and its industry.
- The **social** component might focus on the company’s relationship with people and society—(issues that impact diversity and inclusion, human rights, specific faith-based issues, the health and safety of employees, customers, and consumers locally and/or globally, or whether the company invests in its community, as well as how such issues are addressed by other companies in a supply chain.
- The **governance** component might focus on issues such as how the company is run—transparency and reporting, ethics, compliance, shareholder rights, and the composition and role of the board of directors.

The CFA Institute, an organization that has been committed to developing and upholding professional excellence in the global investment community for the last 75 years, released a further detailed overview of each element within each ESG Criteria, it is displayed below:<sup>7</sup>

 <b>Environmental</b> Conservation of the natural world	 <b>Social</b> Consideration of people & relationships	 <b>Governance</b> Standards for running a company
<ul style="list-style-type: none"> <li>- Climate change and carbon emissions</li> <li>- Air and water pollution</li> <li>- Biodiversity</li> <li>- Deforestation</li> <li>- Energy efficiency</li> <li>- Waste management</li> <li>- Water scarcity</li> </ul>	<ul style="list-style-type: none"> <li>- Customer satisfaction</li> <li>- Data protection and privacy</li> <li>- Gender and diversity</li> <li>- Employee engagement</li> <li>- Community relations</li> <li>- Human rights</li> <li>- Labor standards</li> </ul>	<ul style="list-style-type: none"> <li>- Board composition</li> <li>- <u>Audit committee</u> structure</li> <li>- Bribery and corruption</li> <li>- Executive compensation</li> <li>- Lobbying</li> <li>- Political contributions</li> <li>- Whistleblower schemes</li> </ul>

<sup>3</sup> Bloomberg, [ESG by the Numbers: Sustainable Investing Set Records in 2021](#), February 3, 2022.

<sup>4</sup> Perillion, [25 ESG Statistics You Need to Know in 2022](#), January 7, 2022.

<sup>5</sup> U.S. SEC [notes](#) - ESG may also be known as such as sustainable investing, socially responsible investing, and impact investing.

<sup>6</sup> U.S. SEC, [Environmental, Social and Governance \(ESG\) Funds – Investor Bulletin](#), February 26, 2021.

<sup>7</sup> CFA Institute, [ESG Investing and Analysis](#), Accessed - June 10, 2022.

## The integration of ESG and Sustainable Design in Landscape Architecture

One study in particular reflected on the role that Landscape Architecture (LA) could play in the realm of ESG, noting that, “LA is concerned about the relationship among humans, the built, and natural environments, so it is of special importance to study what LA firms are supposed to do in ESG practice. The study found that, “(1) an industry-based approach to the study of ESG performance is of theoretical and realistic significance; and (2) ESG responsibilities are worthy of attention for the study of LA firms.”<sup>8</sup> The study further concluded that, “environmental responsibilities are especially important to LA firms” and that, “LA firms are supposed to shoulder greater responsibilities of creating a better living environment for mankind than any other firms.” The study subsequently broke down three environmental responsibilities LA firms can provide within the ESG realm including, 1) Reducing environmental pollution, 2) Preserving historical and cultural relics, and 3) Improving urban ecological environment. Sustainable Brands - a global community of brand innovators since 2006 who see social and environmental challenges as an essential drivers of brand innovation, value creation, and positive impact, identify that a shifting paradigm in built environment design means restoring natural ecosystems and ecosystem services of cleaning water, purifying air, and sequestering carbon and other nutrients in soils.<sup>9</sup> They offer a few specific examples of how companies can work with investors and designers to restore the planet for future generations including: Regenerative design<sup>10</sup>, Net-zero and energy-positive buildings, Healthy and low-embodied-carbon materials<sup>11</sup>, and Biophilic design<sup>12</sup>

## RPK Landscape Architecture ESG service and product offerings

RPKLA offers a full array of Nature-based Solutions (NbS) to contribute towards impacting a full range of ESG realms. NbS involve working to address societal challenges, providing benefits for both human well-being and biodiversity and involve the protection, restoration or management of natural and semi-natural ecosystems; the sustainable management of aquatic systems and working lands such as croplands or timberlands; or the creation of novel ecosystems in and around cities<sup>13</sup>. We have authored several previous features that further illustrate environmental and social impacts of access to nature improving both physical/mental health<sup>14</sup> and the impact of specific types of placemaking on built environment design<sup>15</sup>. RPKLA offers the following range of services to impact ESG initiatives:

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<sup>8</sup> Xinying Zhang, Cun Zhou\* and Shiyun Zhang, [The Environmental, Social and Governance \(ESG\) Responsibilities of Landscape Architecture Firms](#), January 24, 2020.

<sup>9</sup> Sustainable Brands, [How ESG Is Forever Changing Investing, Design in the Built Environment](#), October 20, 2021.

<sup>10</sup> Sustainable Brands, [The Shift from Sustainable to Regenerative Design](#), January 25th, 2021.

<sup>11</sup> Sustainable Brands, [Operating vs Embodied Carbon in the Built Environment: The Difference and Why It Matters](#), November 18, 2020.

<sup>12</sup> International Living Future Institute, [Biophilic Design Initiative](#), Accessed: June 12, 2022.

<sup>13</sup> Nature-based Solutions Initiative - University of Oxford, [What are Nature-based Solutions?](#) Accessed: June 12, 2022.

<sup>14</sup> RPKLA, [Green Therapy - How you can benefit from health-promoting greenspace](#), November 18, 2021.

<sup>15</sup> RPKLA, [For the Love of Public Space](#), February 14, 2022.

1) **Biodiversity**<sup>16</sup> - RPKLA offers numerous examples of leveraging the built environment to enhance biodiversity (both flora and fauna) through planting a range of native plant species - we also specialize in leveraging wildlife habitats<sup>17</sup> and pollinator gardens<sup>18</sup>.



2) **Carbon Sequestration**<sup>19</sup> (Climate Change/Carbon Emissions) - through sensitive environmental design we are able to leverage plantings that can contribute to reducing urban heat islands<sup>20</sup> (through new greenspace or green roofs) or by leveraging or creating new greenspaces through carbon reducing plantings.

3) **Deforestation**<sup>21</sup> - Overcoming canopy loss and land degradation by participating in the renewal of Ecosystem restoration and large scale tree planting. Our partner company Trella Urban Forestry, LLC spearheads tree initiatives and provides corporations with cost efficient, technology-enabled reporting solutions.



4) **Water Scarcity**<sup>22</sup> (stormwater remediation/water conservation) - RPKLA specializes in leveraging water conservation elements (including drought-tolerant plants and lawn reduction) while also capturing stormwater runoff.



5) **Social Impact**<sup>23</sup> - RPKLA offers a range of greenspaces that impact *the health of employees and provide firms the opportunity to invest in their communities through green roofs, outdoor break rooms/classrooms, parklets, community forests and more.*

<sup>16</sup> The Guardian, [What is biodiversity and why does it matter to us?](#) March 12, 2018.

<sup>17</sup> National Wildlife Federation, [Certify Your Habitat](#), Accessed: June 12, 2022.

<sup>18</sup> U.S. Fish & Wildlife Services, [Highlighting the importance of pollinators](#), June 24, 2021.

<sup>19</sup> U.S. Geological Survey - Land Change Science Program, [LandCarbon](#), Accessed: June 12, 2022

<sup>20</sup> U.S. EPA, [Using Trees and Vegetation to Reduce Heat Islands](#), July 15, 2021.

<sup>21</sup> ESG Investor, [ESG Explainer: Halting Deforestation](#), February 23, 2022

<sup>22</sup> S&P Global, [Beyond ESG with Global Water Scarcity: Are You Pricing Water Risk?](#) March 22, 2022

<sup>23</sup> Harvard Business Review, [Social-Impact Efforts That Create Real Value](#), October 2020



*RPKLA stands ready to help your firm leverage its Environmental, Social, and Governance (ESG) impacts with tangible methods to improve your ESG Rating. See how our sensitive and responsive **Landscape Architecture, Master Planning & Sustainable Design** can suit your corporate needs. **Reach out to us** to begin a conversation about how we can impact the sustainable future of your company for the better.*