

# It's good doing business with you

Guidance on  
approaching EDI  
with partners

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## Introduction and contents

More than 125 CEOs and senior real estate leaders have signed up to the Real Estate Balance **10 CEO Commitments**, including 'encourage EDI throughout your organisation's business relationships'. We believe organisations can leverage their relationships with not just suppliers but with their wider business partners to share their values when it comes to equity, diversity and inclusion, and contribute to progressive professional practices being adopted throughout the UK real estate industry.

But how can we do this in a way which is beyond box ticking, beneficial for everyone and makes the most impact?

This was the question we tasked our **Policy and Campaigns Committee** and a working group comprising individuals from Real Estate Balance members **BlackRock, Landsec, Logicor, Avison Young, Bird & Bird** and **L&G Investment Management** with answering.

We then widened out our knowledge base by hosting a roundtable attended by representatives from members including **Cobalt Consulting, Octopus Investments, Federated Hermes, The Arch Co, CMS, Great Portman Estates, Heitman, Logicor, SEGRO** and **Lambert Smith Hampton**.

We are grateful to everyone who has contributed to the production of this concise guidance, and hope it is useful for our members and our industry.

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## It may be cliché but be the change you wish to see

When it comes to EDI and representation in our workplaces, every real estate or associated sector company is at a different stage of their journey. We should keep this in mind when it comes to attempting to influence or encourage others, particularly in the context of the differing dynamics at play in the relationships between clients, suppliers, investors and other partners.

Understanding is key.

An important first step is highlighting what EDI means to your organisation and how you have gone about embedding and promoting it. This could include sharing your own success stories, case studies and relevant policies, and also outlining how you intend to make further progress on diversifying your talent pool and senior leadership through recruitment and promotion policies and practices and addressing gender or ethnicity pay differences.

If you are a member of Real Estate Balance or any other EDI organisation or have committed to benchmarks or standards on being an equitable and progressive employer, then publicise these. Not for reputation, but with the aim of inspiring others to do the same. Ask the organisations you work with what commitments they too have made to EDI.



## The bigger picture

We know from the discussions we have with the CEOs and senior leaders at the more than 125 Real Estate Balance members that EDI is no longer a “nice to have” – it is a business imperative.

**McKinsey & Company’s landmark research** on the business case for EDI found that companies in the top quartile for gender diversity on executive teams are 25 per cent more likely to have above-average profitability than companies in the fourth quartile, with the figure rising to 36 per cent when it comes to the top quartile of ethnically diverse executive teams.

In terms of general populations, companies with representation of women exceeding 30 per cent are also significantly more likely to outperform those with fewer females. Companies in the top quartile for ethnic diversity show an average 27 per cent financial advantage.

If a business is not committed to EDI, it is likely leaving money on the table.

This isn’t just an issue of profitability, though. The moral and social cases for diverse workplaces and inclusive cultures matter. With Gen Z, Millennials, Generation X and Baby Boomers all now coexisting in our workplaces, they likely matter to your people too. According to the **Edelman Trust Barometer 2023**, which is based on 32,000 participants in 28 countries, societal impact is a strong expectation or deal breaker when considering where to work for more than two-thirds of people.

The race to recruit and retain talent is unwinnable for companies which fail to understand the relevance of EDI, whether on an individual or an organisational level. It is a compelling case when trying to encourage or influence others on why EDI should be important to them too.

*“Gen Zs and millennials have high expectations for their employers and for businesses overall. They continue to believe that business leaders have a significant role to play when it comes to addressing social and environmental issues”* – **Deloitte Gen Z and Millennial Survey 2023.**



## Laying out your expectations

Your expectations when it comes to EDI can be clearly communicated in contracts, agreements and relevant charters. Many companies see the value in having tiered requirements. Some Real Estate Balance members have minimum expectations for suppliers on sharing their workforce diversity data and reporting gender pay gaps. Others require a commitment to local education programmes. Some of the investors in our membership even insist on an apprentice being employed per a certain level of investment before entering into joint venture initiatives.

Higher level expectations could include committing to EDI training and developing enhanced cultural and emotional competencies in crucial managers of people. There are a variety of policies and procedures you may require all organisations in your ecosystem to implement in time.

But remember, this isn't a one-way street. It isn't even a two-way street, it's more like Spaghetti Junction! Encouraging and influencing others requires patience and guidance. You may need to provide support and resources to suppliers to help them meet your expectations. You may want to collaborate on EDI initiatives together and recognise successes to show your commitment to the journeys you want them to take. You may even have completely different expectations for different suppliers based on factors relating to their size and geography. And it is very likely that you will learn new strategies and practices while you undertake such a process. We are all still on a journey, after all.

**Standard wording for an RFP or similar could include:** *"How will you ensure your labour force reflects the ethnic and cultural diversity of your local communities? Describe your methods for monitoring workforce diversity and the strategies you employ to enhance this."*

This [case study](#) from Real Estate Balance member **Shepherd and Wedderburn** highlights how it uses short questionnaires and annual roundtables to find out how its suppliers are developing their inclusive cultures with the aim of gaining insights and sharing best practice.

Our members often tell us that their progress on EDI has been accelerated by the expectations of their clients or investors and that as long as this is communicated and then implemented with understanding and mutual respect, it is usually welcomed.

## Diversity is vital but don't forget inclusion

When deciding how best to have the biggest external EDI impact, it can be natural to think about the diversity of the workforces of the organisations you do business with.

Many organisations laudably prioritise long-term partnerships with suppliers within their own communities to try to ensure their partners have the same commitment to offering fair opportunities in their locales as they do.

Other organisations commit to spending set amounts with businesses depending on who owns them. This is particularly prevalent in the United States, where it is common for organisations to release figures relating to spending with SMEs majority-owned by women, ethnic minorities or veterans, for example. As this [case study](#) by Real Estate Balance member **Herbert Smith Freehills** explains, the rationale behind this is not just economic, it is to gain value and even innovation through an expanded diversity of ideas and enhanced opportunities for knowledge sharing.

In the UK, public sector organisations, led by regulation, are often leading the way when it comes to diversifying their supply chains through engagement with SMEs, as this [case study](#) by **LocatED** highlights.

*“Supporting diversity and a socially responsible corporate culture is the top objective for supplier diversity programmes” – The Hackett Group Supplier Diversity Study 2023.*

It is important to remember that there are nuances when it comes to EDI, though. Just because a business is majority-owned by a woman, for example, this does not make it gender balanced. It is also an assumption that someone who has a lived experience in terms of being excluded or having underrepresented protected characteristics will inherently behave in an inclusive way. There is no guarantee for that to be the case.

Rather than judging a book by its cover (or even the number of EDI awards it has!), it is advisable to apply a more holistic approach to determining where you and your potential and current partners are on the journeys towards diverse workplaces and inclusive cultures.

## Measuring commitment to EDI

Real Estate Balance want our members to be representative, particularly in the diversity dimensions of gender, ethnicity and social backgrounds. We ask them all to take part in our [Industry EDI Survey](#) every two years so we can, for example, monitor the progression of women into senior leadership roles and whether our industry reflects the census on ethnicity both in terms of the UK as a whole and also London, where many UK real estate companies are headquartered and employ lots of their people.

Looking at an organisation's affiliations with cross-industry bodies such as the Social Mobility Employer Index, Black Professionals in Construction Network, Women in Real Estate, the B Corp movement and more is another way to determine whether a business partner is engaging with the EDI agenda and can also be an indicator of where they are on their journey. This is particularly the case if the organisation is active within those affiliations; leading and supporting initiatives and encouraging its employees to join their committees and working groups, for example.

Another example of a successful EDI initiative you may encourage a partner to adopt and adapt is the [Mansfield Rule](#), which requires law firms to demonstrate year-long progress in increasing diversity in senior recruitment and leadership decisions and consider a minimum of 30 per cent diverse candidates for senior roles. Real Estate Balance members **Bird & Bird**, **Bryan Cave Leighton Paisner**, **Clifford Chance**, **Clyde & Co**, **DLA Piper**, **Hogan Lovells** and **Taylor Wessing** are among the UK firms to have achieved Mansfield accreditation.

Many of our members also utilise maturity models to determine their own and also their partners' progression on EDI. This usually involves identifying levels of practice in areas relating to recruitment, professional development, diversity data, culture and inclusive leadership ranging from the minimum to best in class, and then applying the criteria and regularly determining where an organisation is on its journey. The Irish government has produced a useful model which you could consider utilising [here](#). The maturity model developed by Georgetown University professor Ella F. Washington [here](#) is another example we would recommend considering.



## Final thoughts

There is, alas, no one-size-fits-all solution for progressing diverse workplaces and inclusive cultures. Like so much else in life, it often comes down to listening and learning, being open to new ideas and building trust with each other.

We did not intend for this guidance to be completely comprehensive, but we hope to have given our members food for thought in encouraging and influencing others on the importance of EDI and its benefits.

If your organisation is not already a member of Real Estate Balance but would like to find out more about joining our movement, please visit [www.realestatebalance.org/join-us](http://www.realestatebalance.org/join-us)

You can also connect with us on [LinkedIn](#) or [Twitter](#).