



# 2016 **GRESB Debt Assessment Reference Guide**

April 1, 2016

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## **Disclaimer: 2016 GRESB Debt Assessment Reference Guide**

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# Entity and Reporting Characteristics

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## Entity Characteristics

### Intent & overview

The information provided in the Entity and Reporting Characteristics section provides the framework for the submission of the GRESB Debt Assessment. This section identifies unique lender and portfolio characteristics and serves as the basis for scoring and peer group determination. Therefore, you must first complete this section before completing the remainder of the Assessment.

The section consists of two parts:

1. **Entity characteristics** identify the participant entity, based on characteristics that remain constant across different reporting periods.
2. **Reporting characteristics** define the reporting scope of the entity for the current reporting period and determine the structure of the Assessment submission.

**EC1** Entity name \_\_\_\_\_

Organization name (if applicable) \_\_\_\_\_

### Intent

Identify the participating entity.

### Terminology

**Entity name:** Fund, company, or unit name, which identifies the portfolio for which the Assessment is submitted.

**Organization name:** Legal name of the organization that manages or owns the entity (typically not applicable for mortgage REITs).

It is possible to complete the Assessment for multiple entities within the same organization. A separate submission for each entity is necessary.

### Requirements

Complete all applicable fields.

In the case of real estate finance units of banks, insurance companies, pension funds, and sovereign wealth funds, the entity name identifies the particular portfolio for which the Assessment is submitted. For example, a bank may have multiple portfolios with real estate finance exposures—owner occupied within commercial and industrial (C&I), commercial real estate (CRE), corporate real estate, etc. Likewise, an insurance company may have separate accounts responsible for originating balance sheet loans, conduit loans, agency loans, etc. If a global organization, national or regional markets may also serve to differentiate multiple portfolios within a single organization. It is up to the discretion of the submitting organization/entity to define the parameters of its portfolio(s). However, the entity name should accurately identify the particular portfolio selected for GRESB Debt Assessment submission.

In the case of debt funds—regardless of whether they are part of a larger investment management organization, such as a bank, insurance company or pension fund—the entity name identifies the specific portfolio for which the Assessment is submitted.

In the case of mortgage REITs, the entity name is the legal name of the organization, which is also used for identification on the international stock exchanges.

Nature of the organization

- Bank
- Insurance company
- Mortgage REIT
- Pension fund
- Private equity real estate fund manager
- Sovereign wealth fund
- Other \_\_\_\_\_

Nature of the entity (multiple answers possible)

- Asset originator
  - Originator of balance sheet loans  
 \_\_\_\_\_ % of annual originations held on balance sheet
  - Originator of off-balance sheet loans (intended for securitization)  
 \_\_\_\_\_ % of annual originations securitized
- Asset purchaser

The entity is a:

- Public company. Please specify ISIN \_\_\_\_\_
- Non-listed entity
- Other \_\_\_\_\_

**Intent**

Describe the ownership status and characteristics of the participating entity.

**Terminology**

**Asset originator:** The party that has originated an asset or group of assets by extending credit to one or more creditors.

**Asset purchaser:** The party that purchases an asset or group of assets from an asset originator. (Asset purchaser also refers to investors in mortgage-backed securities.)

**ISIN:** International Securities Identification Number. ISINs are assigned to securities to facilitate unambiguous clearing and settlement procedures. They are composed of a 12-digit alphanumeric code and act to unify different ticker symbols, which can vary by exchange and currency for the same security. In the United States, ISINs are extended versions of 9-character CUSIP codes.

**Non-listed entity:** Any participating entity that is not a public company (i.e. a private equity real estate debt fund) or is not managed or owned by a public company (i.e. a real estate finance unit of a pension fund or sovereign wealth fund).

**Public company:** A company, that is publicly listed on a recognized stock exchange. Entities that are real estate finance units of publicly listed banks and insurance companies are considered a public company as are mortgage REITs.

## Requirements

Select one of the options for 'Nature of the organization.' It is possible to complete the Assessment for multiple entities within the same organization. A separate submission for each entity is necessary.

Select one or more options for 'Nature of the entity.' Since an entity may both originate and purchase assets, it is possible to select both asset originator and asset purchaser.

Select one of the options to identify whether the entity is a public company or non-listed entity. For entities that are real estate finance units of banks and insurance companies, this refers to the organization (overarching company), not the entity.

## EC3 The reporting period is:

- Calendar year
- Fiscal year. Specify the starting month \_\_\_\_\_

## Intent

Identify the entity's annual reporting period.

## Terminology

**Calendar year:** January 1 – December 31

**Fiscal year:** Depending on the jurisdiction, the fiscal year can start on April 1, July 1, October 1, etc. (the period used to calculate annual financial statements).

## Requirements

Your answer must have been true at the end of the reporting period. Select one of the options.

## Reporting Characteristics

### RC1 Values are reported in:

- Euro (EUR)
- Pound Sterling (GBP)
- United States Dollar (USD)
- Australian Dollar (AUD)
- Brazilian Real (BRL)
- Canadian Dollar (CAD)
- Chinese Yuan (CNY)
- Danish Krone (DKK)
- Hong Kong Dollar (HKD)
- Indian Rupee (INR)
- Japanese Yen (JPY)
- Malaysian Ringgit (MYR)
- Mexican Peso (MXN)
- Singapore Dollar (SGD)
- South African Rand (ZAR)
- South Korean Won (KRW)
- Swedish Krona (SEK)
- Swiss Franc (CHF)
- Other \_\_\_\_\_

**Intent** Set the currencies used by the entity.

**Requirements** State the currency that is used for Assessment indicators that require a monetary value as a response.  
**Other:** State the currency. Other answers must be outside of the options listed in the indicator.

### RC2 What was the **entity portfolio's aggregate unpaid principal balance** at the end of the reporting period?

\_\_\_\_\_ (in millions)

**Intent** Unpaid principal balance (UPB) is a metric used in GRESB data analysis to identify the size of the entity's portfolio. Describe the size of the entity based on the aggregate UPB due the entity.

**Terminology** **UPB:** Unpaid principal balance

**Requirements** Complete the value in millions using the designated field (e.g. UPB of \$75,000,000 must be reported as 75). Do not complete the currency, as this has been selected in Indicator RC1, but make sure the currency used is consistent with Indicator RC1 above.  
The value provided should be the unpaid principal balance (UPB) for the entity at the end of the reporting period.  
As an alternative to UPB, you can report the Net Asset Value (NAV) or Market Capitalization (for mortgage REITs), at the end of the reporting period.

Property as security (multiple answers possible; must sum to 100%)

- Secured (% of UPB \_\_\_\_\_)
- Unsecured (% of UPB \_\_\_\_\_)

Borrower type(s) (multiple answers possible; must sum to 100%)

- Exposure to corporates (% of UPB) \_\_\_\_\_
- Exposure to SMEs (% of UPB) \_\_\_\_\_

Participations and syndications

- Syndicated and participated loans (% of UPB) \_\_\_\_\_

Maturity

- Average loan term \_\_\_\_\_ (in years)

### Intent

Assess the entity's portfolio composition. This information identifies parameters that may impact a lender's control and therefore, participant ESG implementation. Accordingly, this information may be used to further refine the basis for GRESB peer group formation.

### Terminology

**Borrower:** The party borrowing money from a lender. In the case of RC3, borrower also refers to the sponsor. The sponsor is the entity that provides equity to a Borrower in a real estate finance transaction.

**Corporates:** Large cap borrowers, which may include, but are not limited to, incorporated entities, associations, partnerships, proprietorships, trusts, funds, insurance companies and other financial corporates.

**Loan Term:** The lifespan of a Loan being the period of time from the borrowing of the Loan to the repayment of the Loan. (For the purpose of RC3, the average loan term should be weighted by UPB.)

**Participated Loan:** A large loan arranged by a group of banks, but unlike a syndicated loan, each lender does not have a direct contractual relationship with the borrower and typically, there is no lead bank/manager.

**Secured:** Borrowing that is made, in part, on the basis of security (property) pledged by the borrower to the lender.

**Security:** Assets—in this case property—that one pledges to another party to safeguard amounts lent to that party. Following the occurrence of certain events the party benefiting from the grant of Security can use the secured assets towards recovering the amounts owed to it.

**SME (or Small and Medium Sized Enterprises):** A company which by virtue of its number of employees, turnover, or balance sheet total is classed as a small or medium enterprise.

**Syndicated Loan:** A large loan arranged by a group of international banks that form a syndicate, headed by a lead manager. The borrower pays the lead manager a fee whose size depends of the complexity of the loan and the risk involved.

**Unsecured:** Borrowing that is made without security (property) pledged by the borrower to the lender.

### Requirements

**Percentage of UPB:** Defines a breakdown, per portfolio descriptor, based on a fraction of the entity portfolio's aggregate unpaid principal balance (UPB) at the end of the reporting period identified in RC2.

**Property as security:** select one or both answer options and input the percentage associated with each option based on the portfolio's aggregate UPB. In the case of RC3, secured refers only to property; i.e. what percentage of the portfolio is secured by property (secured) and what percentage is not secured by property (unsecured)? The percentages entered for secured and/or unsecured should total 100%.

**Borrower type:** select one or both answer options and input the percentage associated with each option based on the portfolio's aggregate UPB. In the case of RC3, borrower also refers to sponsor, the entity that provides equity to a borrower in a real estate finance transaction. The methodology for categorization— corporate (large-cap borrowers) vs. SME (small to mid-cap borrowers)—is left to the discretion of the participant, and therefore, may be relative to the overall borrower profile of the entity. Exposure refers only to that within the entity's portfolio and not to that of the overarching organization (if applicable). The percentages entered for exposure to corporates and/or SMEs should total 100%.

**Participations and syndications:** select this option if the entity portfolio contains one or more syndicated or participated loans, including club deals. Input the percentage of these types of loans as a fraction based on the portfolio's aggregate UPB.

**Maturity:** input the average loan term in years, rounding to one decimal, e.g. 5.8 years. The average of all loans, held in the entity's portfolio, should be weighted by UPB. In the case of mortgage backed securities, Weighted Average Maturity (WAM) can also be used.

**RC4 Which countries are included in the entity's portfolio?**

Country	% of UPB
Country ▼	
Country ▼	
Country ▼	

**Intent** Describe the location of the entity's exposure by country. GRESB may use the information to create country and regional peer groups.

**Requirements** Select the countries in which the entity's collateral is located, based on the fraction of the aggregate UPB. In cases of unsecured assets, select the location of the borrower, by country, based on fraction of aggregate UPB. Use the drop down menu.

**RC5 Provide additional context for the entity's portfolio composition (maximum 250 words)**

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**Intent** Provide additional context on the composition of the entity's portfolio.

**Requirements** The selections made in RC3 must reflect the UPB of the entire entity portfolio. Specify and clarify any inconsistencies with the portfolio composition in this open text box. The content in this open text box will be included in the participant's Assessment results, but will not be scored.



**Intent and overview** This Aspect focuses on how the organization addresses sustainability implementation in the context of its overall business strategy. The purpose of this section is (1) to identify who in the participant organization is responsible for managing sustainability issues and who has the authority for decision-making on sustainability matters; (2) to communicate, both to internal and external stakeholders, how management of sustainability issues is structured, and (3) to determine how sustainability is embedded in the organization.

## Sustainability Objectives

**Q1 Does the organization have specific sustainability objectives?**

1.1 & 1.2

Yes

The objectives relate to (multiple answers possible)

- Environment
- Social
- Governance

The objectives are (select one)

- Fully reflected in the overall strategy of the lending entity
- Partially reflected in the overall strategy of the lending entity
- Not reflected in the overall strategy of the lending entity

The objectives are

Publicly available

Online - hyperlink \_\_\_\_\_

Offline - separate document

**UPLOAD** supporting evidence

*Indicate where the relevant information can be found*

Communicate the broader organization's objectives and how they are incorporated in the entity's real estate finance strategy (maximum 250 words).

Not publicly available

**UPLOAD** supporting evidence

*Indicate where the relevant information can be found*

Communicate the broader organization's objectives and how they are incorporated in the entity's real estate finance strategy (maximum 250 words).

No

**2 points, G, MP**

### Intent

Clear sustainability objectives help participants identify material issues and integrate them into overall, day-to-day management. Integrating sustainability into the real estate lending strategy fosters alignment between management of sustainability issues at the organization-level and the overall strategy of the lending entity. It also demonstrates commitment to monitoring sustainability objectives and to meeting targets.

## Terminology

**Environmental objectives:** Objectives to improve absolute or relative environmental performance, such as greenhouse gas emissions or water consumption.

**Governance objectives:** Objectives to improve entity governance, such as increasing transparency or reducing risks from bribery and corruption.

**Overall strategy (of the lending entity):** Long-term investment strategy for meeting its objectives.

**Social objectives:** Objectives to improve absolute or relative performance on social issues, such as stakeholder engagement or health and well-being.

**Sustainability objectives:** Strategic priorities and key topics for the management of ESG issues.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Hyperlink OR document upload:** Provide the hyperlink OR document upload, depending on availability online or offline.

**Hyperlink:** If you provide a hyperlink, ensure that the relevant page can be accessed within two steps. In order to qualify as valid supporting evidence, the evidence provided must demonstrate the existence of publicly available sustainability objectives relating to each of the criteria selected with more than one paragraph of information.

**Document upload:** If you provide a document upload, it is mandatory to also indicate where relevant information demonstrating the existence of publicly available sustainability objectives can be found. In order to qualify as valid supporting evidence, the evidence provided must relate to each of the criteria selected. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Open text box:** Supporting evidence in the form of an open text box should fully support the answer selection(s) made above and include all of the following elements:

1. Define organization level objectives that address and describe environmental, social, and/or governance issues, matching the selected answer options in the indicator. The sustainability objectives can relate to quantifiable goals or to strategic developments;
2. Explain how these organization level objectives are integrated in the investment strategy of the real estate finance unit (entity), and describe next steps to foster further alignment. Not reflected indicates that none of the organization's sustainability objectives are yet exemplified in the entity's real estate lending strategy. Partially reflected indicates that some of the organization level sustainability objectives are exemplified in the entity's real estate lending strategy. Fully reflected indicates that all organization level sustainability objectives are exemplified in the entity's real estate lending strategy. For example, if an organization's sustainability objectives are to advance renewable energy, energy efficiency, sustainable transportation and water conservation, these objectives may be fully reflected in the lending entity's overall strategy as follows: 1) entity aims for 20% of all new loan originations to be secured by properties with on-site renewable energy generation capability, 2) properties with superior energy ratings and/or water consumption levels are eligible for a pricing break of X bps, and 3) entity aims for 40% of its portfolio to be secured by properties with green building certificates that specify credits for thoughtful location/transportation to the site.
3. The objectives have to be time-bound and applicable to the reporting period. Specify whether the objectives are short-term (one to two years), medium-term (three to five years), or long-term (more than five years). The specifications should address each applicable category of sustainability objectives (environmental, social, governance).

Complete the open text box describing the objectives, regardless of whether they are publicly available or not. Providing a publicly available hyperlink or upload without completing the open text box is not a valid answer.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers to the first sub-indicator should be applicable at organization level, while answers to the second sub-indicator should be applicable at the entity level.

## Scoring

Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with the requirements. Supporting evidence in the form of a hyperlink or an uploaded document is mandatory. Your answer will not be scored unless the hyperlink or the uploaded document is considered valid.

## References

GRI G4, G4-1, Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability  
PRI Reporting Framework, 2016

**Does the organization have one or more persons responsible for implementing the sustainability objectives at entity level?** (multiple answers possible)

- Yes
  - Dedicated employee(s) for whom sustainability is the core responsibility  
Provide the details for the most senior of these employees  
Name \_\_\_\_\_  
Job title \_\_\_\_\_  
Email \_\_\_\_\_
  - Employee(s) for whom sustainability is among their responsibilities  
Provide the details for the most senior of these employees  
Name \_\_\_\_\_  
Job title \_\_\_\_\_  
Email \_\_\_\_\_
  - External consultant/manager  
Name of the organization \_\_\_\_\_  
Name of the main contact \_\_\_\_\_  
Job title \_\_\_\_\_  
Email \_\_\_\_\_
  - Other \_\_\_\_\_
- No

3 points, G, MP

<b>Intent</b>	Allocating resources to sustainability management increases the likelihood that sustainability objectives will be properly managed and targets will be met.
<b>Terminology</b>	<p><b>Dedicated employee(s) for whom sustainability is the core responsibility:</b> The employee(s)' main responsibility is defining, implementing and monitoring the sustainability objectives at organization and/or entity level.</p> <p><b>Employee(s) for whom sustainability is among their responsibilities:</b> The implementation and monitoring of sustainability is part of the employee's role, but is not necessarily their main responsibility.</p>
<b>Requirements</b>	<p>Select yes or no. If you select yes, also select all applicable sub-options. Participants must provide an e-mail address together with the name and job title of the relevant employee. This information will remain confidential and will only be used for data validation purposes.</p> <p><b>Name of the organization:</b> Provide the name of the organization. Select the external consultant/manager that is most important as measured by contracting value. You may be asked for additional information about the organization. It is possible to report on multiple organizations; however, for this indicator, you will be able to provide contact details for only one organization.</p> <p><b>Other:</b> State the name of the organization responsible for implementing sustainability objectives. Other answers must be outside the options listed in the indicator. Answers such as "All employees" are not valid.</p> <p><b>Reporting period:</b> Your answer must refer to the reporting period identified in EC3.</p> <p><b>Reporting level:</b> Answers should be applicable at entity level.</p>
<b>Scoring</b>	Reporting more than one external consultant and/or other answers will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated. It is not necessary to select all answer options in order to obtain the maximum score for this indicator.

## Sustainability Decision-Making

### Q3 Does the organization have a sustainability taskforce or committee that is applicable to the entity?

3

Yes

Select the members of this taskforce or committee (multiple answers possible)

- |   |  |
|---|--|
| <input type="checkbox"/> Asset managers       | <input type="checkbox"/> Fund/portfolio managers |
| <input type="checkbox"/> Board of Directors   | <input type="checkbox"/> Loan Servicing Team     |
| <input type="checkbox"/> Chief Credit Officer | <input type="checkbox"/> Loan Underwriting Team  |
| <input type="checkbox"/> Chief Risk Officer   | <input type="checkbox"/> Senior Management Team  |
| <input type="checkbox"/> Credit Committee     | <input type="checkbox"/> Other _____             |
| <input type="checkbox"/> External Consultant  |  |
- Name of the organization \_\_\_\_\_

No

2 points, G, MP

#### Intent

The existence of a taskforce focused on sustainability issues demonstrates a structured approach towards integrating sustainability practices across the organization.

#### Terminology

**Asset manager:** An individual responsible for developing, overseeing and/or implementing investment strategies at the loan or asset level. They may originate, restructure, monitor or work out credit investments.

**Board of Directors:** A group of individuals empowered to carry out certain oversight and strategic management tasks as spelled out in the organization's charter. Boards normally comprise both executive and non-executive directors.

**Chief Credit Officer:** An individual responsible for providing credit information, loan policies and procedures to ensure the overall quality of the loan portfolio.

**Chief Risk Officer:** An individual responsible for identifying, analyzing and mitigating internal and external events that could impact debt repayment or collateral/security quality.

**Credit Committee:** The committee that assesses the credit risk of making a Loan to a Borrower. The credit committee ultimately approves the terms on which a Loan is made to that Borrower and the Security it requires from the Borrower.

**Fund/portfolio manager:** An individual who manages a portfolio of investments by creating and overseeing the implementation of real estate credit strategies across the entire entity portfolio.

**Loan Servicing Team:** A team of individuals responsible for post-closing loan administration. They may collect, apply and distribute payments, and facilitate borrower reporting. This category includes master, primary and special servicers.

**Loan Underwriting Team:** A team of individuals responsible for performing initial risk analysis and determining loan eligibility based on the organization or entity's established lending policy and parameters.

**Senior Management Team:** A team of individuals who have the day-to-day responsibility of managing the entity/organization. The Senior Management Team is typically appointed by the Board of Directors and/or the shareholders.

**Sustainability taskforce/committee:** A group of individuals who meet regularly during the year (at least four times per year) to discuss and monitor the implementation of the organization's sustainability objectives.

#### Requirements

Select yes or no. If you select yes, also select all applicable sub-options. If you select External consultant, also state the name of the organization.

**Name of the organization:** Provide the full name of the organization. You may be asked for additional information about the organization

**Other:** State the type of member of the taskforce. Other answers must be outside the options listed in the indicator and can include individuals (e.g. ESG Manager, IR Manager, HR representative) or groups of individuals (e.g. Product innovation team). It is possible to report on multiple other answers.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable at entity level.

**Scoring** It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Reporting more than one external consultant and/or other answers will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.

**References** GRI, G4-34 Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.

**Q4 Does the organization have a senior decision-maker dedicated to sustainability at the entity level?**

4

Yes

The individual is part of

- |   |  |
|---|--|
| <input type="checkbox"/> Board of Directors     | <input type="checkbox"/> Risk Management Committee |
| <input type="checkbox"/> Credit Committee       | <input type="checkbox"/> Senior Management Team    |
| <input type="checkbox"/> Fund/portfolio manager | <input type="checkbox"/> Other _____               |

Provide the details for the most senior decision-maker on sustainability issues

Name \_\_\_\_\_  
Job title \_\_\_\_\_  
E-mail (optional) \_\_\_\_\_

No

**1 point, G, MP**

**Intent** This indicator identifies the connection between those within the organization who are responsible for the implementation of sustainability and senior management. The presence of senior management dedicated to sustainability increases the likelihood that sustainability objectives will be met.

**Terminology**

**Board of Directors:** A group of individuals empowered to carry out certain oversight and strategic management tasks as spelled out in the organization's charter. Boards normally comprise both executive and non-executive directors.

**Credit Committee:** The committee that assesses the credit risk of making a Loan to a Borrower. The credit committee ultimately approves the terms on which a Loan is made to that Borrower and the Security it requires from the Borrower.

**Fund/portfolio manager:** An individual who manages a portfolio of investments by creating and overseeing the implementation of real estate credit strategies across the entire entity portfolio.

**Risk Management Committee:** A group of individuals that assess the internal and external risks that could impact debt repayment or collateral/security quality.

**Senior Management Team:** A team of individuals who have the day-to-day responsibility of managing the entity/organization. The Senior Management Team is typically appointed by the Board of Directors and/or the shareholders.

**Requirements** Select yes or no. If you select yes, also select one sub-option.

**Senior decision-maker:** The organization's most senior decision-maker on sustainability is expected to be actively involved in the process of defining the sustainability objectives and should approve associated strategic decisions regarding sustainability. This person can be the same person as the person identified in Q2.

Participants must provide an email address together with the name and job title of the relevant employee. The email address will remain confidential and will only be used for data validation purposes.

**Other:** State the most senior decision-maker on sustainability issues. Other answers must be outside the options listed in the indicator. Only include one other answer here.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable at entity level.

**Scoring** It is not possible to select more than one answer option. Answer options differ in weight. Details of the most senior decision-maker are used for validation purposes. Points will not be awarded if details are not considered valid.

## References

CDP, CC1.1

GRI G4-36 Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.

### Q5 Does the entity have a formal process to inform the most senior decision-maker on sustainability performance of the entity?

5

Yes

Describe the process (maximum 250 words)

---

No

Not applicable

#### 1 point, G, MP

##### Intent

This indicator identifies the way sustainability issues are integrated into communication between the person or persons responsible for day-to-day implementation of sustainability objectives and the most senior decision-maker on sustainability. A formal process to keep the most senior decision-maker informed on the entity's sustainability performance increases accountability and encourages the improvement of sustainability performance over time.

##### Terminology

Most senior decision-maker on sustainability: The most senior individual who holds authority for approving strategic sustainability objectives and steps undertaken to achieve these objectives.

##### Requirements

Select yes, no or not applicable. If you select yes, also complete the open text box.

**Open text box:** Supporting evidence in the form of an open text box should include all of the following elements:

1. Means of communication – Examples can include, but are not limited to: written communication in the form of memos, formal reports, presentations, or meeting minutes;
2. Frequency of reporting – Examples can include, but are not limited to: monthly, quarterly, or annually;
3. Contents of reporting – Examples can include, but are not limited to: (i) an overview of the sustainability performance of the loan portfolio (quantitative), (ii) actual sustainability performance against objectives, (iii) updates regarding long-term strategic objectives, (iv) updates/ notification regarding regulatory changes, or (v) updates regarding proposed actions to improve the sustainability performance of the loan portfolio.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable at entity level.

##### Scoring

Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with the requirements.

##### References

GRI, G4-37 Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body

Yes

Select the employees to whom these factors apply (multiple answers possible)

- |  |  |
|--|--|
| <input type="checkbox"/> All Employees           | <input type="checkbox"/> Loan Servicing Team       |
| <input type="checkbox"/> Asset managers          | <input type="checkbox"/> Loan Underwriting Team    |
| <input type="checkbox"/> Board of Directors      | <input type="checkbox"/> Risk Management Committee |
| <input type="checkbox"/> Credit Committee        | <input type="checkbox"/> Senior Management Team    |
| <input type="checkbox"/> Fund/portfolio managers | <input type="checkbox"/> Other _____               |

No

3 points, G, MP

### Intent

This indicator identifies whether and to what extent sustainability issues are specifically addressed in employee performance targets across the organization. It also identifies how the sustainability-related objectives outlined in Q1 are reflected within the organizational structure. Including sustainability factors in annual performance targets for employees can increase the organization's capacity to achieve improved sustainability performance.

### Terminology

**Annual performance targets:** Targets set in annual performance reviews, which are assessments of employee performance.

**Asset managers:** An individual responsible for developing, overseeing and/or implementing investment strategies at the loan or asset level. They may originate, restructure, monitor or work out credit investments.

**Board of Directors:** A group of individuals empowered to carry out certain oversight and strategic management tasks as spelled out in the organization's charter. Boards normally comprise both executive and non-executive directors.

**Credit Committee:** The committee that assesses the credit risk of making a Loan to a Borrower. The credit committee ultimately approves the terms on which a Loan is made to that Borrower and the Security it requires from the Borrower.

**Fund/portfolio manager:** An individual who manages a portfolio of investments by creating and overseeing the implementation of real estate credit strategies across the entire entity portfolio.

**Loan Servicing Team:** A team of individuals responsible for post-closing loan administration. They may collect, apply and distribute payments, and facilitate borrower reporting. This category includes master, primary and special servicers.

**Loan Underwriting Team:** A team of individuals responsible for performing initial risk analysis and determining loan eligibility based on the organization or entity's established lending policy and parameters.

**Risk Management Committee:** A group of individuals that assess the internal and external risks that could impact debt repayment or collateral/security quality.

**Senior Management Team:** A team of individuals who have the day-to-day responsibility of managing the entity/organization. The Senior Management Team is appointed by the board of directors and/or the shareholders.

**Sustainability factors:** Criteria associated with the entity's sustainability objectives.

### Requirements

This indicator only considers employee performance targets. Accordingly, if you employ a contractor, any review of their performance should not be considered when responding to this indicator.

**Other:** State the employees. Other answers must be outside the options listed in the indicator and can include, but are not limited to: Client services, Product development team, Green team, and Head of ESG. It is possible to report multiple other answers for transparency purposes.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable at entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator.

Reporting multiple other answers will not impact scoring. Reported answer options in this field will be validated individually, but scores will not be aggregated.



## Intent and overview

Regulators, institutional investors and other stakeholders are primary drivers for greater sustainability reporting and disclosure among real estate lenders. Disclosure shows how ESG policies and management practices are being implemented by the entity, and what impact these practices have on the business.

This Aspect focuses on the policies that the organization establishes to manage and communicate ESG issues. The purpose of this section is to (1) describe the organization's ESG policies (2) investigate how those policies are embodied by the entity and reflected in its real estate financing portfolio (3) understand how the organization communicates its ESG performance.

## Sustainability Disclosure

### Q7.1 Does the organization disclose its sustainability performance?

7.1

Yes (multiple answers possible)

Section in Annual Report

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Select the applicable reporting level

- Entity
- Investment manager or **business unit**
- Group

Aligned with

Stand-alone sustainability report(s)

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Select the applicable reporting level

- Entity
- Investment manager or **business unit**
- Group

Aligned with

Integrated Report

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Select the applicable reporting level

- Entity
- Investment manager or **business unit**
- Group

Aligned with

- Dedicated section on corporate website

Provide applicable hyperlink \_\_\_\_\_

Select the applicable reporting level

- Entity
- Investment manager or **business unit**
- Group

- Section in entity reporting to investors

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

Aligned with **Guideline name** ▼

- Other \_\_\_\_\_

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Select the applicable reporting level

- Entity
- Investment manager or **business unit**
- Group

Aligned with **Guideline name** ▼

- No

#### Guideline name:

- GRI Sustainability Reporting Guidelines
- IIRC International Integrated Reporting Framework
- PRI Reporting Framework

#### 4 points, G, MP

##### Intent

Disclosure of sustainability performance demonstrates an entity's transparency in explaining how sustainability policies and management practices are implemented by the entity and how these practices impact the business. Describe the entity's approach to the disclosure of ESG-related practices and performance.

##### Terminology

**Alignment:** To agree and match with a recognized standard (either voluntary or mandatory).

**Annual Report:** A yearly record of an organization's financial performance that must be distributed to investors under applicable financial reporting regulations.

**Dedicated section on corporate website:** A section of the organization's website that explicitly addresses ESG performance.

**Disclosure:** The act of making information or data readily accessible and available to all interested individuals and institutions. Disclosure must be external and cannot be an internal communication within the participant organization.

**Entity reporting to investors:** A report prepared by the participant for the purpose of informing investors on the (sustainability) performance of the entity. A summary outlining an entity's overall approach to sustainability that does not contain any analysis of performance (as defined below) is insufficient.

**Integrated Report:** A report that is aligned with the requirements of the International Integrated Reporting Council (IIRC) Integrated Reporting Framework (December 2013).

**Reporting Levels:**

Entity: related specifically to the named entity, where entity is defined as the real estate financing portfolio for which you are submitting an Assessment response.

Investment manager or business unit: related to the investment management organization or overarching business unit of which the participating entity forms a part.

Group: related to the group of companies of which the participating entity forms a part.

**Standalone sustainability report:** A report dedicated to the organization's sustainability performance (and if applicable, the entity's).

**Sustainability performance:** Indicators of environmental, social, or governance (ESG) management, implementation, or performance.

**Requirements**

Select yes or no. If you select yes, also select all applicable sub-options. In all cases:

1. Select the applicable reporting level. If the organization reports at multiple levels, you should select the most detailed reporting level. For mortgage REITs, the entity will always be the most detailed reporting level and accordingly, should be selected.
2. If applicable, select alignment from the dropdown lists to confirm that your method of reporting is aligned with an external standard or guideline. The list is based on leading international best practice guides for sustainability reporting. If reporting is aligned with more than one standard, select the standard with which there is most alignment;
3. Provide document upload. Note that with the exception of the 'Entity Reporting to Investors' option, you are not permitted to only provide the name and date of the document; you must provide the document upload. It is mandatory to also indicate where the relevant information that demonstrates the existence of include confirmation of the alignment (if aligned) can be found. In order to qualify as valid supporting evidence, the evidence provided must relate to each of the criteria selected. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Integrated report:** The document upload provided must contain evidence of alignment with the International Integrated Reporting Council (IIRC) Integrated Reporting Framework (December 2013).

**Other:** State the method of reporting. Other answers must be outside the options listed in the indicator. Include just one other answer here.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the organization level.

**Scoring**

It is not necessary to select all answer options in order to obtain the maximum score for this indicator.

For each answer, the reporting level and alignment are used for scoring. Supporting evidence in the form of an uploaded document is mandatory for the majority of disclosure methods included in this indicator. Points are awarded based on the validity of the upload.

Reporting more than one other answer will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.

**References**

GRI Sustainability Reporting Guidelines, 2013 IIRC Integrated Reporting Framework, 2013

PRI Reporting Framework, 2016

Yes

Select all applicable options (multiple answers possible, selections must match answers in Q7.1)

Section in Annual Report

Externally checked by \_\_\_\_\_

Externally verified by \_\_\_\_\_ using

Externally assured by \_\_\_\_\_ using

Stand-alone sustainability report

Externally checked by \_\_\_\_\_

Externally verified by \_\_\_\_\_ using

Externally assured by \_\_\_\_\_ using

Integrated Report

Externally checked by \_\_\_\_\_

Externally verified by \_\_\_\_\_ using

Externally assured by \_\_\_\_\_ using

Section in entity reporting to investors

Externally checked by \_\_\_\_\_

Externally verified by \_\_\_\_\_ using

Externally assured by \_\_\_\_\_ using

Other

Externally checked by \_\_\_\_\_

Externally verified by \_\_\_\_\_ using

Externally assured by \_\_\_\_\_ using

No

Not applicable

2 points, G, MP

### Intent

Environmental, social and governance (ESG)-related information is essential to the evaluation of investment performance. Third-party checks on sustainability disclosure communicate reliability, integrity and accuracy to internal and external stakeholders. Describe the organization's use of third-party checks, review, and assurance, to ensure the reliability, integrity, and accuracy of ESG reporting.

### Terminology

**Assured:** Assurance applies the same standards and methodologies used for financial data to non-financial data and can only be provided by accredited auditors. It is the process of checking data as well as related data collection and management systems through a systematic, independent and documented process against predefined criteria or standards.

**Checked:** A third-party review that does not comply with the definition of either Assurance or Verification.

**Verified:** The process of checking data as well as related data collection and management systems through a systematic, independent and documented process against predefined criteria or standards. Verification is only used for non-financial data. It applies different standards and can be performed by a wide range of accredited professionals.

## Requirements

Respond for all methods of reporting selected in Q7.1. In all cases:

1. State whether the methods of reporting are checked, verified or assured (select one option; the most detailed level of scrutiny to which the reporting was subject);
2. Select the assurance/verification scheme (as applicable) from the dropdown menu;
3. State the name of the checking/verifying/assuring organization.

**Other:** State the method of reporting. Other answers must be outside the options listed in the indicator. Include just one other answer here.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the organization level.

## Scoring

Q7.2 is linked to Q7.1. Your selections of disclosure methods in both indicators must match, otherwise your answer in Q7.2 will not be valid. Scoring depends on the average level of review of the disclosure methods reported in Q7.1. The document upload provided in Q7.1 will also be used to validate this indicator. Therefore, the upload should also include confirmation of the existence and type of third-party check.

## References

GRESB accepted assurance and verification are aligned with the [Carbon Disclosure Project \(CDP\)](#) accepted verification standards.

GRI, G4-32-c Reference to the External Assurance Report, if the report has been externally assured.

## ESG Policies

### Q8 Does the organization have a policy/policies in place, applicable to the entity level, that address(es) governance issues? 9

Yes

- Bribery and corruption
- Diversity and equal opportunity
- Executive compensation
- Shareholder rights
- Worker rights
- Other \_\_\_\_\_

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
 Publication date \_\_\_\_\_

No

### 1 point, G, MP

#### Intent

Policies on governance assist organizations with incorporating the management of governance issues into their business practices. Describe the existence and scope of policies that address governance issues. This indicator asks whether a participant has a policy in place. Q9 asks the participant to explain how that policy is implemented.

#### Terminology

**Bribery:** Offering, giving, receiving or soliciting an item of value to influence the actions of an official or other person in charge of a public or legal duty.  
**Corruption:** Abuse of entrusted power for private gain.

**Diversity:** Similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, sex, and sexual orientation.

**Equal opportunity:** The right to be treated without discrimination based on gender, race, sexual orientation, age, or other factors.

**Governance Issues:** Governance structure and composition of the organization. This includes how the highest governance body is established and structured in support of the organization's purpose, and how this purpose relates to economic, environmental and social dimensions.

**Policy:** Defines an organizational commitment, direction, or intention as formally adopted by the organization.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the policy/policies can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Other:** State the governance issue. Other answers must be outside the options listed in the indicator. It is possible to report multiple other answers.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Your answers should refer to the reporting period.

Reporting multiple other answers will not impact scoring. Reported answer options in this field are validated individually, but scores will not be aggregated. Points are awarded based on the validity of the upload OR name AND date of publication of the document.

## References

GRI G4, G4 Aspect Anti-Corruption DMA-b.

### Q9 Does the organization have systems and procedures in place to facilitate effective implementation of the **governance** policy/policies in Q8?

13

Yes

Select all applicable categories (multiple answers possible)

Internal audit

Training on governance - related to bribery and corruption risks for employees (multiple answers possible)

When an employee joins the organization

Regular follow-ups

Whistle-blower mechanism

Other \_\_\_\_\_

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

Not applicable

1 point, G, IL

**Intent**

This indicator examines specific actions taken to limit exposure to governance-related risks.

This indicator is linked to Q8 in Policy & Disclosure and refers to the implementation of the policy that addresses the entity's risks from exposure to governance issues (as defined in Q9).

**Terminology**

**Governance risks for employees:** Examples can include, but are not limited to: bribery and corruption risks, insider trading, sharing of confidential information.

**Regular follow-ups:** Training offered at least once a year to employees, starting from their second year of employment.

**Whistle-blower mechanism:** A process providing protection for individuals that reveal wrongdoing.

**Requirements**

Select yes, no or not applicable. If you select yes, also select all applicable sub-options.

**Other:** State the system or procedure in place. Other answers must be outside of the options listed in the indicator, for example: "Adherence to a code of ethics." It is possible to report multiple other answers.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory also to indicate where the relevant information that demonstrates, the following, can be found:

1. The existence of specific systems and procedures;
2. The means of implementation used, as identified by the applicable category/categories selected.

In order to qualify as valid supporting evidence, the evidence provided must relate to each of the criteria selected. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload. Examples of supporting evidence may include an excerpt from the organization's policy manual, example of formal update sent by the organization's general counsel, or a signed letter of verification from a third party.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the organization level.

**Scoring**

It is not necessary to select all answer options in order to obtain the maximum score for this indicator.

Reporting more than one other answer will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.

Points are awarded based on the validity of the name and date provided or validity of the upload based on the requirements stated above.

**References**

GRI, G4 Aspect Anti-Corruption DMA-b.

GRI G4, G4-SO4 Communication and training on anti-corruption policies and procedures

Q10

**Does the organization have a stakeholder engagement policy in place that applies to the entity level?**

10

Yes

Borrowers

Government/ local authorities

Community

Investment partners

Investor/shareholders

Other \_\_\_\_\_

Indicate where the relevant information can be found

**UPLOAD** supporting evidence

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

## 2 points, S, MP

<b>Intent</b>	Policies on stakeholder engagement assist organizations with managing relationships with individuals and entities that are relevant for the effective management of the credit or debt portfolio. Describe groups addressed by the organization's stakeholder engagement policy.
<b>Terminology</b>	<p><b>Borrower:</b> The party borrowing money from a Lender.</p> <p><b>Community:</b> Persons or groups of people living and/or working in any areas that are economically, socially or environmentally impacted (positively or negatively) by the organization's operations.</p> <p><b>Investment partners:</b> Partners in a loan syndicate, participation or club deal.</p> <p><b>Investors/shareholders:</b> The entity's current investors and/or equity stake owners in the entity.</p> <p><b>Government/local authorities:</b> The state and/or local authoritative and administrative governing body.</p> <p><b>Policy:</b> Defines an organizational commitment, direction, or intention as formally adopted by the organization.</p> <p><b>Shareholders:</b> Individuals, groups of individuals or organizations that affect and/or could be affected by an organization's activities, products and services</p> <p><b>Stakeholder engagement:</b> Engagement with individuals/entities that have an interest in the entity.</p>
<b>Requirements</b>	<p>Select yes or no. If you select yes, also select all applicable sub-options.</p> <p><b>Document upload OR Name and Date:</b> Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the policy/policies can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.</p> <p>An acceptable policy must include the following elements:</p> <ul style="list-style-type: none"><li>• Purpose: The intent of the stakeholder engagement policy.</li><li>• Scope: The breadth of issues and activities included in the stakeholder engagement policy.</li><li>• Stakeholders: the applicable stakeholders (matching selected answer options).</li></ul> <p><b>Other:</b> State the stakeholder. Other answers must be outside the options listed in the indicator. It is possible to report multiple other answers.</p> <p><b>Reporting period:</b> Your answer must refer to the reporting period identified in EC3.</p> <p><b>Reporting level:</b> Answers should be applicable to the entity level.</p>
<b>Scoring</b>	<p>It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Your answers should refer to the reporting period. Reporting multiple other answers will not impact scoring. Reported answers in this field are validated individually, but scores will not be aggregated. Points are awarded based on the validity of the upload OR name AND date of publication of the document.</p>
<b>References</b>	<p>AA 1000 Stakeholder Engagement Standard (AA1000SES), 2015 GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.27), 2008. GRI G4, G4-DMA (former FS1) Policies with specific environmental and social components applied to business lines.</p>

Yes

Select all issues included (multiple answers possible)

- Cyber security
- Diversity and equal opportunity
- Health, safety and well-being
- Performance and career development
- Remuneration
- Other \_\_\_\_\_

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
 Publication date \_\_\_\_\_

No

1 point, S, MP

### Intent

The existence and content of employee policies assist organizations with the management of employee relationships and with ensuring the stability of the group of individuals responsible for managing the organization and the entity. Describe the existence and scope of employee policies as related to ESG issues.

### Terminology

**Cyber security:** Protection from an assault by a third party via a computer against another computer or computer system, which is intended to compromise the integrity, availability or confidentiality of that computer or computer system.

**Diversity:** Similarities and differences among employees in terms of age, cultural background, physical abilities and disabilities, race, religion, sex, and sexual orientation.

**Employee policy:** Procedures, working conditions, and behavioral expectations that establish requirements and provide guidance for employees.

**Equal opportunity:** The right to be treated without discrimination, especially on the grounds of one's sex, race, or age.

**Health, safety and well-being:** Training, risk assessment, policy development, auditing, compliance activities, accident/incident investigation, ergonomic, and occupational hygiene intended to promote employee health and safety.

**Performance and career development:** Training, mentoring, reviews, and other processes intended to understand employee performance and guide career development.

**Remuneration:** Basic salary plus additional amounts such as those based on years of service, bonuses including cash and equity such as stocks and shares, benefit payments, overtime, time owed, and any additional allowances (such as transportation, living and childcare allowances).

### Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the policy can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Other:** State the employee issue. Other answers must be outside the options listed in the indicator. It is possible to report multiple other answers.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Your answers should refer to the reporting period. Reporting multiple other answers will not impact scoring. Reported answers in this field are validated individually, but scores will not be aggregated. Points are awarded based on the validity of the upload OR name AND date of publication of the document.

## References

GRI G4, DMA-b for Employment, Labor/Management Relations, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunity, and Equal Remuneration for Women and Men Aspects

### Q12.1 Does the organization have a policy/policies in place, applicable to the entity level, that address(es) environmental issues at the property?

8.1

Select all environmental issues included (multiple answers possible)

- |   |   |
|---|---|
| <input type="checkbox"/> Biodiversity and habitat                       | <input type="checkbox"/> Flood risk                   |
| <input type="checkbox"/> Building safety                                | <input type="checkbox"/> GHG emissions/management     |
| <input type="checkbox"/> Climate/climate change adaptation              | <input type="checkbox"/> Resilience                   |
| <input type="checkbox"/> Contamination                                  | <input type="checkbox"/> Waste management             |
| <input type="checkbox"/> Energy consumption/management                  | <input type="checkbox"/> Water consumption/management |
| <input type="checkbox"/> Environmental attributes of building materials | <input type="checkbox"/> Other _____                  |

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

3 points, E, MP

## Intent

Policies on environmental issues assist organizations with incorporating sustainability criteria into their business practices, and ultimately, may direct the entity's asset origination and monitoring decisions. Describe the existence and scope of policies that address environmental issues related to properties that secure the entity's assets.

## Terminology

**Biodiversity and habitat:** Issues related to wildlife, endangered species, ecosystem services, habitat management, and related topics.

**Building safety:** Environmental issues with the potential to create or exacerbate risks to human safety, such as structural failure.

**Climate/climate change adaptation:** Responses to long-term changes in climatic conditions.

**Contamination:** Refers to land and groundwater pollution and may require action to reduce risk to people or the environment.

**Energy consumption/management:** Fuel consumption or management of energy from renewable and non-renewable resources.

**Environmental attributes of building materials:** Life-cycle environmental characteristics of the building materials, such as embodied carbon or water.

**Flood risk:** The combination of the probability of a flood event and of the potential adverse consequences to human health, the environment and economic activity associated with a flood event.

**GHG emissions/management:** The management of greenhouse gas emissions, including the six gases listed in the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF<sub>6</sub>).

**Policy:** Defines an organizational commitment, direction, or intention as formally adopted by the organization.

**Resilience:** Ability to continue to function or return to function after disruption from catastrophic events or long-term change.

**Waste management:** Issues associated with waste generation, reuse, recycling, composting, recovery, incineration, landfill, and storage.

**Water consumption/management:** Issues associated with water use, conservation, or supply.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.  
**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the policy/policies in place can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Other:** State the environmental issue. Other answers must be outside the options listed in the indicator.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Your answers should refer to the reporting period. Reporting multiple other answers will not impact scoring. Reported answer options in this field are validated individually, but scores will not be aggregated. Points are awarded based on the validity of the upload OR name AND date of publication of the document.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.27), 2008.  
GRI G4, G4-DMA (former FS1) Policies with specific environmental and social components applied to business lines.

### Q12.2 Does the organization have a policy/policies in place, applicable to the entity level, that address(es) sustainability standards for property improvements? 8.2

Yes

Select all applicable categories (multiple answers possible)

Capital expenditure

Rehabilitation

Fit out or tenant improvement

Retrofit/renovation

New construction

Other \_\_\_\_\_

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

3 points, G, MP

## Intent

As providers of capital, participants facilitate activities such as construction, property maintenance, renovation and retrofitting. Policies on sustainability issues assist organizations with incorporating sustainability criteria into the entity's post-loan closing requirements. Describe the existence and scope of policies that address sustainability issues related to property improvements.

## Terminology

**Borrower:** The party borrowing money from a Lender.

**Capital expenditure:** Cost incurred to maintain the property's physical condition and its competitiveness in the market. (e.g. new roof or HVAC)

**Fit out or tenant improvement:** Alterations undertaken by either the tenant or the borrower to design, refurbish or decorate a leased space, making it fit for tenant purpose. Tenant improvement allowances are generally provided by the borrower, to a tenant, at time of lease origination.

**New construction:** Includes all borrower activities to obtain or change building or landuse permissions and financing, including construction work for the project with the intention of enhancing the property's value, development of new buildings and additions to existing buildings that affect usable space.

**Rehabilitation:** Includes all borrower activities to restore a damaged property or eradicate functional obsolescence (outdated design and building characteristics).

**Retrofit/renovation:** Includes all borrower activities to modify an existing building's systems and/or structure in order to improve building performance or tenant amenities.

**Policy:** Defines an organizational commitment, direction, or intention as formally adopted by the organization.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the policy/policies in place can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Other:** State the environmental issue. Other answers must be outside the options listed in the indicator.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Your answers should refer to the reporting period.

Reporting multiple other answers will not impact scoring. Reported answer options in this field are validated individually, but scores will not be aggregated. Points are awarded based on the validity of the upload OR name AND date of publication of the document.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.27), 2008.

GRI G4, G4-DMA (former FS1) Policies with specific environmental and social components applied to business lines.



## Due Diligence

### Intent and overview

One of the primary ways ESG can be embedded into real estate finance is through the due diligence process, which takes place prior to the decision to extend credit, at a time when the lender has the most leverage and control over the sustainability performance of its portfolio. The main purposes of due diligence are to: 1) establish whether the relevant asset is sound for the purpose of loan security, 2) verify borrower provided information, 3) identify risks inherent in the transaction or property and mitigate these where possible, 4) comply with statutory or regulatory requirements, and 5) support the process of lending decision making (CREFC, 2013). By embedding ESG considerations, the purposes for conducting due diligence can be more comprehensively fulfilled. This Aspect focuses on assessing both property and borrower sustainability performance in order to enhance the entity's due diligence process.

## Property Assessment

## 2015 Question

**Q13** As part of its standard due diligence process, does the entity require the following items?

15

Yes

Select all applicable options (multiple answers possible)

- Appraisal or valuation report
- Borrower submitted sustainability asset plan
- Engineering report or property condition assessment (PCA)
- Environmental site assessment (ESA)

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

2 points, E, IL

### Intent

Third party reports are basic components of lender due diligence and reflect external expert opinion. The planning and implementation of property level sustainability measures are however, typically controlled by the borrower. A combination of third party assessments and a borrower submitted sustainability asset plan can provide valuable insight regarding material ESG issues at the underlying property or properties. Describe the entity's use of such reports to inform investment decision-making.

### Terminology

**Appraisal or valuation report:** Third party valuation of the property or properties.

**Borrower submitted sustainability asset plan:** A borrower's long-term plan detailing how sustainability measures will be embedded into the property's lifecycle.

**Due diligence:** The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction.

**Engineering report of property condition report (PCA):** A report prepared by an engineering firm, in which property items requiring immediate repair (typically within 12 months) and items requiring attention over the loan term are identified.

**Environmental site assessment (ESA):** A report prepared by a qualified environmental engineer and defined by the American Society of Testing Materials (ASTM) to identify areas of environmental concern.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the third party and/or borrower submitted reports can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload. Examples of a document upload include but are not limited to the participant's due diligence or closing checklist.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is necessary to select all answer options in order to obtain the maximum score for this indicator.

Supporting evidence in the form of an uploaded document is mandatory for each type of report included in this indicator. Points are awarded based on the extent to which the upload demonstrates that the requirements have been satisfied.

## References

CREFC Europe Guidelines for Due Diligence on Real Estate in the U.K., 2013  
RICs Red Book 2014, VPS 4—Bases of value, assumptions and special assumptions—2.5(g)

### Q14 **As part of its standard due diligence process, does the entity review the sustainability risk profile of each property?**

16

Yes

Select all issues assessed (multiple answers possible)

- |  |  |
|--|--|
| <input type="checkbox"/> Building safety and materials | <input type="checkbox"/> Natural hazards                                     |
| <input type="checkbox"/> Climate change and adaptation | <input type="checkbox"/> On-site renewable energy generation and consumption |
| <input type="checkbox"/> Contamination                 | <input type="checkbox"/> Socio-economic                                      |
| <input type="checkbox"/> Energy consumption/management | <input type="checkbox"/> Regulatory  |
| <input type="checkbox"/> Energy rating                 | <input type="checkbox"/> Transportation                                      |
| <input type="checkbox"/> Flexibility for different use | <input type="checkbox"/> Waste management                                    |
| <input type="checkbox"/> GHG emissions/management      | <input type="checkbox"/> Water consumption/management                        |
| <input type="checkbox"/> Green building certification  | <input type="checkbox"/> Other _____   |
| <input type="checkbox"/> Health, safety and well-being |  |

For a minimum of one and up to five selected risks, describe how the outcome of the review is integrated into loan underwriting or lending decision-making processes (maximum 250 words)

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

## 5 points, E, IL

### Intent

Sustainability related risks at the asset level may have implications for the value of loan security, loan repayment, and lender liability. By requesting and reviewing information specifically pertaining to these risks, lenders may be better able to mitigate them and protect and grow investment capital. Describe the property sustainability risks reviewed and incorporated during due diligence.

### Terminology

**Building safety and materials:** Assessment to identify potential hazards resulting, for example, from vulnerabilities caused by the construction materials used, major structural flaws and the presence of asbestos.

**Climate change and adaptation:** Preparation for long-term change in climatic conditions or climate-related events. Example of climate change adaptation measures can include, but are not limited to: building flood defenses, xeriscaping and using tree species resistant to storms and fires, adapting building codes to extreme weather events.

**Climate change risks:** Examples can include, but are not limited to: changes in precipitation patterns, sea level rise, and tropical storms.

**Contamination:** Refers to land and groundwater pollution and may require action to reduce risk to people or the environment. As an example, contamination can be assessed through a Phase I or II Environmental Site Assessment.

**Due diligence process:** The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction.

**Energy consumption/management:** Fuel consumption and/or management of energy from renewable and non-renewable resources.

**Energy rating:** A scheme that measures the energy efficiency performance of buildings. It may be a scheme solely concerned with measuring energy performance or can be the energy rating element of a larger scheme measuring environmental performance.

**Flexibility for different use:** Refers to the flexibility of the property's physical structure and the ease with which it might be converted or adapted for another use (e.g. adapting a retail building for use as an office building).

**GHG emissions/management:** The management of greenhouse gas emissions, including the six gases listed in the Kyoto Protocol: carbon dioxide (CO<sub>2</sub>); methane (CH<sub>4</sub>); nitrous oxide (N<sub>2</sub>O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF<sub>6</sub>).

**Green Building Certificate:** Recognition that a project has satisfied the requirements of a green building rating system. A certificate indicates the name and location of the project, version of the rating system, date of certification, and level of recognition.

**Health, safety and well-being:** Health is a complete state of physical, mental and social well-being, not merely the absence of disease or infirmity" (WHO). Health and well-being can refer to a broad range of activities that address the determinants of health or the conditions that lead to health outcomes. Particularly relevant are the social determinants of health, which are the "conditions in which people are born, grow, work, live and age, and the wider set of forces and systems shaping the conditions of daily life" (WHO). These are conditions that enable or discourage healthy living. This could include issues such as physical activity, healthy eating, equitable workplaces, indoor environmental quality, access to healthcare, etc. The term „safety“ refers to traditional occupational health and safety issues such as ergonomics, slips and falls, workplace hazards and toxic exposures. A risk assessment on health, safety and well-being might address only one or all three of these topics and could include assessments of risks associated with employees, customers, surrounding communities or all of the above.

**Natural hazards:** Examples can include, but are not limited to: flooding, drought, hail storms, earthquakes, fire (including wildfire).

**On-site renewable energy:** Any source of energy produced at the property that can be used without depleting reserves, including energy from the sun, wind, water and the earth's core. Technologies should be available onsite, such as photovoltaic panels, wind turbines, transpired solar collectors, solar hot water heaters, small-scale hydroelectric power plants, ground pump heating systems, etc.

**Regulatory risks:** Examples can include, but are not limited to: mandatory energy/carbon disclosure schemes, changes to lettable or rentable status, changes in taxes, e.g. carbon tax, extreme volatility in energy prices due to regulation, zoning.

**Socio-economic risks:** Impact on social well-being and the livelihoods and prosperity of local communities and individuals. Examples can include, but are not limited to: economic/political instability, vulnerability to pandemics and epidemics, crime and vandalism, and the displacement of people.

**Transportation risks:** Location of a building in relation to pedestrian, bicycle, and mass-transit networks, and existing infrastructure and amenities in the surrounding area.

**Waste management:** Hazardous and non-hazardous waste including reuse, recycling, composting, recovery, incineration, landfill, and on-site storage.

**Water consumption/management:** Water withdrawn from any or all of the following sources: surface water, groundwater, rainwater, wastewater, municipal water supplies, or other water utilities.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options and complete the open text box.

**Other:** State the risk assessed. Other answers must be outside the options listed in the indicator. It is possible to report multiple other answers.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the review of each sustainability risk selected can be found within the document upload. In order to qualify as valid supporting evidence, the evidence provided must relate to each of the criteria selected. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload that identify which language or items—e.g. shown on a closing checklist—address which property sustainability risks selected.

Examples can include but are not limited to: a standard due diligence or closing checklist used by the entity during the due diligence process that clearly incorporates the applicable issues assessed and is consistent with the answer options selected. Other formalized internal documentation identifying protocol for reviewing property sustainability risks may also serve as evidence. For the purpose of this indicator, review does not necessarily imply ordering additional third party reports. Information may also be obtained via the borrower and their records, internal inquiry, property inspection, etc. If third party reports are the source of information under review, a separate report for each sustainability risk selected is not necessary to constitute a review. For example, you may obtain adequate information on transportation, socio-economic, and flood risk from a single source, such as an appraisal or valuation.

**Open Text box:** In order to obtain full points for the open text box, for each issue selected, up to a maximum of five:

1. Describe how the outcome of the review is integrated into the entity's loan underwriting or lending decision-making process, e.g. pricing, proceeds, credit enhancement, covenants, or required remediation/defenses;
2. State the entity's internal thresholds used to direct this process. Examples include but are not limited to:
  - If significant flood risk is identified, flood risk insurance is required as a condition of loan closing.
  - The loan pricing model adds one or more basis points to the loan spread in cases where the asset's energy rating is below an EPC of a defined threshold.
  - Credit is not extended in cases where public transportation access is more than a reasonable threshold distance (example: 3 miles or less).
  - GHG emissions are monitored throughout the life of the loan and a loan covenant exists such that if emissions exceed a certain threshold the loan balance must be paid down by a predetermined amount.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator.

Reporting more than one other answer will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.

Points are awarded based on the validity of the upload OR name AND date of publication of the document. Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with the requirements.

## References

GRI, G4 Aspect Emissions. Aspect-specific Guidance in the Implementation Manual (p. 110) and Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services, 2008.  
GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.28 & 30), 2008.  
GRI G4, G4-DMA (former FS2) Procedures for assessing and screening environmental and social risks in business lines.  
GRI G4, G4-DMA (former FS4) Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.  
RICs Red Book 2014, VPS 4—Bases of value, assumptions and special assumptions—2.5(g)  
World Economic Forum, Global Risks, 2014.

### Q15 As part of its standard due diligence, does the entity review a property's community engagement or other social impact programs? 17

Yes

Describe how this information is incorporated into loan underwriting, origination and/or the lending decision, and if there are specific triggering circumstances for review (maximum 250 words)

---

No

#### 1 point, S, IL

##### Intent

The construction, ongoing operation and renovation of buildings can impact or otherwise disrupt the local community. Risks associated with this impact may have implications for the value of loan security, loan repayment, and lender liability. By requesting and reviewing information pertaining to a property's community engagement or other social impact programs, lenders may be better able to understand and mitigate these risks. Describe the scope of review and incorporation of such information.

##### Terminology

**Community engagement:** Community means persons or groups of people living and/or working in areas that are economically, socially or environmentally impacted (positively or negatively) by the borrower's operations. The local community can range from people living adjacent to operations through to isolated settlements at a distance from operations that may experience the impact of these operations. Community engagement refers to interaction between the borrower and those groups.

**Due diligence:** The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction.

##### Requirements

Select yes or no. If you select yes, also complete the open text box.

**Open Text box:** Supporting evidence in the form of an open text box should fully support the answer selection made above and address all of the following elements:

1. State the circumstances under which the entity makes a verbal inquiry (to the borrower) regarding the property's community engagement program, e.g. for all loan requests, those involving certain property types only or those in particular stages of development (e.g. new construction);
2. State the circumstances under which the existence of a community engagement program is a requirement for the extension of credit, e.g. for every loan request, for those involving specific property types only, or those in particular stages of development (e.g. new construction);
3. State how the information is incorporated, e.g. document outlining the community engagement or other social impact programs is placed in loan closing file, serves as a factor in loan pricing and/or key financial ratios including loan to value ratio or debt service coverage ratio, serves as a factor in establishing loan covenants or ongoing monitoring requirements.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

##### Scoring

Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with the requirements. More specifically, all three required elements must be addressed in order to obtain full points. Partial points will be awarded for responses that address 1-2 required elements.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.28 & 30), 2008.  
GRI G4, G4-DMA (former FS2) Procedures for assessing and screening environmental and social risks in business lines.  
GRI G4, G4-DMA (former FS4) Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.  
UNEP FI, Sustainable Real Estate Investment for Equities, Bonds, & Debt, Set targets (p.56), 2016. Quantitative and qualitative targets to address social impacts of the portfolio, including community engagement and contributions to local communities.

## Borrower Assessment

**Q16** As part of its standard due diligence process, does the entity consider the sustainability performance of the borrower or sponsor? **18**

Yes

Select all applicable options (multiple answers possible)

- Carbon Disclosure Project (CDP) score is referenced
- GRESB Real Estate or GRESB Infrastructure score is referenced
- Sustainability policy of the borrower or sponsor is referenced
- Other \_\_\_\_\_

No

**1 point, E, IL**

### Intent

The sustainability performance of a borrower or sponsor provides insight into their broader business practices. ESG rating and benchmarking schemes such as CDP and GRESB, among others, provide benchmark ratings in line with industry best practices that allow lenders to assess sustainability performance relative to peers, e.g. similar credit risks.

### Terminology

**Borrower:** The party borrowing money from a Lender.  
**Carbon Disclosure Project (CDP):** CDP works to transform the way the world does business to prevent dangerous climate change and protect natural resources by working with companies to catalyze action towards a more sustainable world.  
**Due diligence:** The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction.  
**GRESB:** An industry-driven organization committed to assessing the sustainability performance of real assets globally, including real estate portfolios and infrastructure assets. The GRESB score referenced refers to the GRESB Real Estate score for listed property companies and private equity real estate funds.  
**Sponsor:** The entity that provides equity to a Borrower in a real estate finance transaction.  
**Sustainability policy:** A policy that formalizes the environmental, social and governance objectives of the loan sponsor, as well as its broader sustainable development goals and helps real estate lenders understand what sustainability criteria is being incorporated into the loan sponsor's business practices.

### Requirements

Select yes or no. If you select yes, also select all applicable sub-options.  
**Other:** State the sustainability performance data relied upon. Other answers must be outside of the options listed in the indicator.  
**Reporting period:** Your answer must refer to the reporting period identified in EC3.  
**Reporting level:** Answers should be applicable to the entity level.

**Scoring** It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Reporting more than one other answer will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.

**References** GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.28 & 30), 2008.  
GRI G4, G4-DMA (former FS2) Procedures for assessing and screening environmental and social risks in business lines.  
GRI G4, G4-DMA (former FS4) Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.  
PRI, Fixed Income Investor Guide, 2014.

**Q17 As part of its standard due diligence process, does the entity consider borrower or sponsor receipt of environmental fines or penalties?**

19

Yes

Select the most rigorous applicable option

As part of mandatory Know Your Customer (KYC) compliance

As part of voluntary Know Your Customer (KYC) compliance

As part of other on-boarding framework (describe)

Describe how this information is incorporated into the loan underwriting, origination and/or the lending decision (maximum 250 words)

No

1 point, E, IL

**Intent** Recurring or large environmental fines and penalties can increase the borrower's risk profile by imposing one or more financial, management and/or regulatory burdens, and may have implications for loan repayment, lender liability and reputational risk. Describe the entity's risk identification and mitigation process.

**Terminology**  
**Borrower:** The party borrowing money from a Lender.  
**Due diligence:** The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction.  
**Environmental fines and/or penalties:** Sanctions resulting from an illegal act, which directly harms the environment.  
**Know Your Customer (KYC):** Refers to the customer due diligence standards recommended by the Financial Action Task Force (FATF) and Bank for International Settlements (BIS), which go beyond basic identification evidence. KYC is not restricted to banks and is applicable for non-bank financial institutions and financial services financial intermediaries.  
**Sponsor:** The entity that provides equity to a Borrower in a real estate finance transaction.

## Requirements

Select yes or no. If you select yes, also select the most rigorous, applicable sub-option.

**Open Text box:** Supporting evidence in the form of an open text box should fully support the answer selection made above and include all of the following elements:

1. State whether the presence of previously settled or outstanding environmental fines or penalties are taken into consideration;
2. State whether the presence of such fines or penalties either directly impacts the entity's decision to extend credit or informs the terms under which credit is extended;
3. If such fines or penalties are incorporated into the loan terms, state how the information is incorporated, e.g. factored into pricing (interest rate), loan to value ratio, debt service coverage ratio, or serves as a factor in establishing loan covenants or credit enhancement requirements such as pledging additional loan security.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not possible to select more than one answer option. The most rigorous, applicable option, deemed by the entity, should be selected.

Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with the requirements.

## References

BIS, Customer Due Diligence for Banks, 2001.

FATF, International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation. Designated categories of offenses, 2012.

### Q18 As part of its standard due diligence process, does the entity consider borrower or sponsor misconduct? 20

Yes

Select all applicable options (multiple answers possible)

- Ongoing investigations
- Past investigations
- Ongoing legal cases
- Past legal cases

Consideration is given to misconduct related to the following issues (multiple answers possible)

- Environmental
- Social
- Governance
- Other \_\_\_\_\_

No

2 points, G, IL

## Intent

Involvement in misconduct poses a significant risk to a borrower's business operations, reputation, and ongoing license to operate, and may have implications for loan repayment. Describe the entity's scope of awareness and consideration of borrower misconduct.

## Terminology

**Borrower:** The party borrowing money from a Lender.

**Due diligence:** The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction.

**Environmental issues:** The impact on living and non-living natural systems, including land, air, water and ecosystems. This includes, but is not limited to, biodiversity, transport, and product and service-related impacts, as well as environmental compliance and expenditures.

**Governance Issues:** Governance structure and composition of the organization. This includes how the highest governance body is established and structured in support of the organization's purpose, and how this purpose relates to economic, environmental and social dimensions.

**Investigation:** Refers to scrutiny and inquiry prior to a legal case filing.

**Legal cases:** Court proceedings threatened or actually brought by third parties against any of the participant's organization, including its employees, business partners or contractors.

**Misconduct:** Unethical behavior, and more specifically, poor stewardship of environmental, social or governance issues, which may or may not result in legal action.

**Sponsor:** The entity that provides equity to a Borrower in a real estate finance transaction.

**Social issues:** Concerns the impacts the organization has on the social systems within which it operates.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Other:** State the issue for which misconduct is considered. Other answers must be outside the options listed in the indicator. It is possible to report multiple other answers.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this indicator. Your answers should refer to the reporting period. Reporting multiple other answers will not impact scoring. Reported answers in this field are validated individually, but scores will not be aggregated.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.28), 2008.

GRI G4, G4-DMA (former FS2) Procedures for assessing and screening environmental and social risks in business lines.

PRI, Fixed Income Investor Guide, 2014



## Intent and overview

While ESG integration during due-diligence focuses upfront attention on sustainability risk analysis and mitigation, the ongoing monitoring of ESG issues (post closing) is an activity sustained throughout the term of credit exposure. Monitoring provides insight into the effectiveness and impact of ESG integration and provides lenders and their investors with a current ESG profile across the financing portfolio.

Monitoring cannot occur without measurement. This Aspect addresses basic real estate sustainability measures (climate risks, energy ratings and green building certifications) in order to monitor and track these indicators over the investment horizon. By doing so, lenders develop more robust information on the attributes of their security over time and greater control over portfolio outcomes.

## Environmental Management System

**Q19 Does the organization have an Environmental Management System or comparable framework in place that is applicable to the entity level?**

new

Yes

Describe the EMS or comparable framework (maximum 250 words)

Select all elements covered by the EMS or comparable framework (multiple answers possible)

- Policies and plans
- Implementation actions
- Monitoring
- Accountability and responsive actions

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

No

2 points, E, MP

### Intent

An EMS is an internal framework that structures all ESG procedures, projects, and tactics into a cohesive program, aligning the sustainability efforts at entity or organization level. An EMS assists an organization in managing and improving its environmental performance, assists the business in complying with environmental laws and regulations, can generate financial savings through more efficient operating practices, and can improve the standing of the business with staff, client companies, partner organizations and other stakeholders. This indicator is about understanding the entity's overall approach towards measuring and managing ESG performance.

### Terminology

**Environmental Management System (EMS):** A framework for managing an organization's environmental impact based on its sustainability and related objectives. An EMS provides a practical framework for the assessment of environmental impacts, establishment of impact reduction targets, and the development of plans to achieve targeted reductions. An EMS enables an organization to take a structured approach to planning and implementing environmental protection measures. An effective EMS is analogous to a financial management system that monitors expenditure and income to support analysis of financial performance.

An EMS can cover a wide range of environmental topics, including, but not limited to: energy, GHG emissions, water, waste, transportation, climate change, resilience, risks, and materials. It can also refer to a wide variety of internal procedures, targets, persons responsible for implementing these procedures and working towards achieving the organization's objectives. In summary, an EMS is used to formalize the strategic approach of the organization towards sustainability. It outlines the structure used to monitor and manage environmental topics.

An important distinction needs to be made between an EMS and an EnMS. Unlike an EMS, an EnMS (Energy Management System) only covers energy, energy efficiency and conservation, energy management and performance. An EnMS does not qualify as a valid answer for the purposes of this indicator.

## Requirements

Select yes or no. If you select yes, also provide the document upload.  
Document upload: Supporting evidence in the form of an uploaded document is mandatory. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the EMS, can be found. In order to qualify as valid supporting evidence, the evidence provided must include:

1. A high level outline or diagram of the implemented EMS;
2. The applicability of the EMS at the entity level—for the particular real estate finance portfolio;
3. The stages, elements, and or processes currently covered by the EMS;
4. Evidence of implementation of the EMS into the organization's operations.

The evidence provided must relate to each of the criteria selected in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

ISO 14001 defines a complete EMS with respect to four stages:

### 1. Plan

- Define the scope of the organization's environmental policy (the most important areas of impact, and relationship with primary stakeholders)
- Define and maintain environmental objectives and targets (short term and long term)
- Define the materiality matrix, based on priority sustainability issues
- Relevant legal requirements and environmental legislation
- Define emergency procedures

### 2. Do

- Ensure the implementation of the action plan established in stage one and the maintenance of the systems in place
- Assign responsibility for the overall development and maintenance of the system
- Offer training and/or support to the people in charge to ensure conformity with the policy

### 3. Check

- Establish appropriate communication channels with the people in charge
- Monitor and document progress
- Ensure compliance with applicable legal requirements
- Identify and correct nonconformity

### 4. Act

- Schedule periodic management reviews on results and next steps
- Evaluate performance against targets
- Determine corrective and preventative actions
- Provide feedback and suggestions for improvement
- Prepare and/or update procedures and supporting documentation

The process above provides an example of the outline of an EMS with the stages and elements provided. The EMS and therefore the uploaded evidence does not necessarily have to be structured according the ISO recommendations, nor does it have to include all suggested elements for each stage. While adherence to ISO 14001 is not required, the reported EMS must support the purpose identified in ISO 14001 and provide comparable functionality.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers must be applicable to the entity and/or organization level.

## Scoring

Points are awarded based on the extent to which the upload demonstrates that the requirements have been satisfied. An EMS will receive full points if it covers at least one element from each of the four stages outlined above, or is considered to comprehensively cover comparable stages, with proof of implementation. An EMS will be considered for partial points if at least one element from the stages above are included, or is considered to comprehensively cover at least one comparable stage.

## References

GRI G4, G4 Aspect Overall DMA b and c.

ISO 14004:2004 Environmental management systems – general guidelines on principles, systems and support techniques

Q20

**Is the Environmental Management System (EMS) in Q19 aligned with a standard and/or certified by an independent third party?**

new

Yes

Aligned with \_\_\_\_\_

Externally certified by \_\_\_\_\_ using \_\_\_\_\_

**UPLOAD** supporting evidence

*Indicate where the relevant information can be found*

No

Not applicable

2 points, E, MP

**Intent**

Use of an aligned framework provides assurance to both the business and external stakeholders that environmental impact is measured and improved using a recognized and proven methodology. Periodical reviews of the EMS ensure its continuing suitability and effectiveness for the organization. Provide the details of an independent measure of the design and implementation of an entity's EMS.

**Terminology**

**Aligned:** To agree and match with a recognized standard (either voluntary or mandatory).

**Certified:** Third-party recognition of meeting the requirements of a recognized standard.

**Requirements**

Select yes, no or not applicable. If you select yes, also select one of the sub-options and complete the additional information requested.

**Document upload:** Supporting evidence in the form of an uploaded document is mandatory. It is also mandatory to indicate where the relevant information that demonstrates the existence of alignment or certification can be found. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

The document must support the answer in Q19 and demonstrate either:

1. The alignment of the EMS with a standard - document identifies by name the standard used for alignment and defines the extent of alignment. Elements of the EMS that align with the standard should be summarized, called out, highlighted, or shown in a diagram.
2. Signed proof of the certification according to a standard (must be named on document), including the contact information of the independent third party involved as well as the date of the most recent certification.

GRESB requires certification to be undertaken by a third party and not by the reporting entity/organization. EMS certification can be obtained through accredited certification by one (or more) of the main standards/schemes, for example ISO14001.

Note that aligning or certifying individual sections of the EMS does not comply with the requirements of this indicator and does not constitute a valid answer.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers must be applicable to the entity and/or organization level.

**Scoring**

Points are awarded based on (1) alignment and, if applicable (2) validity of the name of the organization that certified the EMS as well as (3) the extent to which the upload demonstrates that the requirements have been satisfied.

**References**

ISO 14001: 2004 Environmental management systems – Requirements with guidance for use.

Q21

Does the entity maintain a data management system to collect, organize, and manage environmental, social, or governance performance data related to properties and/or borrowers?

new

Yes

Select all data points (multiple answers possible)

- Borrower sustainability credentials
- Energy consumption
- Energy ratings
- Flood risks
- GHG emissions
- Green building certifications
- On-site renewable energy generation
- Other \_\_\_\_\_

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

No

3 points, E, IL

**Intent**

Monitoring property (security) and borrower ESG performance data is an important part of managing sustainability issues. A data management system enables a lender to monitor performance in an efficient and effective way, for example by integrating ESG data into refinance requests and covenant compliance determination. Describe the scope of the entity's activities to apply information technology to collect and analyze ESG performance indicators.

**Terminology**

**Borrower sustainability credentials:** Data that reflects the sustainability performance of a borrower or sponsor and can include, but is not limited to, a corporate ESG rating and benchmarking scheme such as CDP or GRESB, among others.

**Data management system:** A software system that enables an organization to collect, monitor and analyze performance data (collateral/security GHG emissions, energy and water consumption, waste, building certifications and ratings, etc.) related to individual loans within the portfolio, and to benchmark performance within or outside the portfolio, or against industry standards. A data management system improves data quality and provides organizations with the tools to identify opportunities for improvement.

A data management system may be part of an EMS; however, it has a distinct structure and function. A data management system is primarily focused on quantitative information and works as a centralized data collection and analysis tool.

**Energy consumption:** Examples can include, but are not limited to: energy demand, peak energy demand, energy efficiency, and energy supply characteristics.

**Energy rating:** A scheme that measures the energy efficiency performance of buildings.

**Flood risk:** The combination of the probability of a flood event and of the potential adverse consequences to human health, the environment and economic activity associated with a flood event.

**GHG emissions/management:** GHG management refers to the management of GHG emissions. GHGs are the six gases listed in the Kyoto Protocol: carbon dioxide (CO2); methane (CH4); nitrous oxide (N2O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF6).

**Green Building Certificate:** Recognition that a project has satisfied the requirements of a green building rating system. A certificate indicates the name and location of the project, version of the rating system, date of certification, and level of recognition.

**On-site renewable energy:** Any source of energy produced at the property that can be used without depleting reserves, including energy from the sun, wind, water and the earth's core. Technologies should be available onsite, such as photovoltaic panels, wind turbines, transpired solar collectors, solar hot water heaters, small-scale hydroelectric power plants, ground pump heating systems, etc.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Other:** State the performance indicators included. Other answers must be outside of the options listed in the indicator. It is possible to report multiple, other answers.

**Document upload:** Supporting evidence in the form of an uploaded document is mandatory. It is also mandatory to indicate where the relevant information which demonstrates the existence of a data management system can be found. Provide document upload that supports:

1. the existence of the data management system
2. the scope of the data management system (the performance indicators included)
3. the type of system(s).

In order to qualify as valid supporting evidence, the evidence provided must relate to each of the criteria selected. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload. Examples of anticipated documentation include but are not limited to system screen shots, project implementation documentation, system maps, data flow diagrams, and/or signed letters of verification from a third party.

If you use more than one data management system to track different elements, the document upload should include evidence for each system used and included in reporting.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers must be applicable to the entity and/or organization level.

## Scoring

Documentation must sufficiently prove all three requirements to achieve full points. Points are awarded based on the extent to which the upload demonstrates that the requirements have been satisfied.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.29), 2008.

GRI G4, G4-DMA (former FS3) Process for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.

## Portfolio Assessment

### Q22 Does the entity monitor its loan portfolio for significant flood risk?

22

- Yes

What percentage of the loan portfolio is monitored (based on UPB)?

Percentage of portfolio covered ▼

What percentage of the loan portfolio is identified as having significant flood risk (based on UPB)?

\_\_\_\_%

- No

Select the interval of % portfolio covered by each measure from the list below:

▼ 0%      ≥ 50%, < 75%  
≥ 25%, < 50%      ≥ 75%, ≤ 100%

### 2 points, E, IL

#### Intent

Significant flood risk has the potential to erode the value of loan security and impact investment returns. Analysis of the portfolio, in aggregate, reveals the entity's overall exposure to this sustainability risk and provides continuity for the implementation of mitigation strategies such as flood insurance, water barriers and natural defenses. Describe the scope of ongoing (post loan closing) monitoring and the significance of the entity's exposure.

#### Terminology

**Significant flood risk:** Property associated with higher-than-typical risk of flood within its geographic location.

## Requirements

Select yes or no. If you select yes, also complete the percentages for each sub-option.

For entities with exposures in regions where the government or public sector is responsible for monitoring and/or mitigating flood risk, select, yes. Assume 100% monitoring for exposures that fall under this exception.

Each entity determines what constitutes significant flood risk subject to the geographies associated with its portfolio exposure. Many government agencies that produce flood risk maps and private insurers may support a lender in establishing its own guidelines.

**Percentage of portfolio covered:** The percentages should reflect the proportion of the portfolio that is monitored (sub-indicator 1) and the proportion of the portfolio that is exposed to significant flood risk (sub-indicator 2). Coverage is calculated based on the aggregate unpaid principal balance (UPB) due the entity. Use the UPB applicable at the end of the reporting period. The numerator is the aggregate UPB for which data is monitored and exposure to flood risk is present. The denominator constitutes UPB for the whole portfolio.

$$\frac{\text{UPB associated with significant flood risk}}{\text{Portfolio UPB}}$$

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers must be applicable to the entity level.

## Scoring

The first sub-question, pertaining to the percentage of the portfolio that is monitored, is scored. The second sub-question, pertaining to the percentage of the portfolio exposed to significant flood risk, is not scored, but must be completed in order to receive the maximum score for this indicator.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.29), 2008.

GRI G4, G4-DMA (former FS3) Process for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.

UNEP FI, Sustainable Real Estate Investment, Debt Portfolios (p.59), 2016.

Q23

### Does the entity monitor ongoing energy ratings within the loan portfolio?

23

Yes

Report percentage of the portfolio which has received an energy rating:

EU EPC (Energy Performance Certificate): \_\_\_\_% of the portfolio based on UPB

What threshold is applied by the entity? \_\_\_\_\_

What percentage of the portfolio falls below this threshold? \_\_\_\_%

NABERS Energy: \_\_\_\_% of the portfolio based on UPB

What threshold is applied by the entity? \_\_\_\_\_

What percentage of the portfolio falls below this threshold? \_\_\_\_%

ENERGY STAR: \_\_\_\_% of the portfolio based on UPB

Government energy efficiency benchmarking: \_\_\_\_% of the portfolio based on UPB

Other. Please specify scheme \_\_\_\_\_: \_\_\_\_% of the portfolio based on UPB

No

## 5 points, E, IL

### Intent

Energy rating systems measure the intrinsic or actual operational energy performance of real estate assets. Energy ratings may be voluntary, require mandatory disclosure, and/or be used as the basis for mandatory energy efficiency upgrade obligations. Lenders can monitor the use of certification and rating schemes in their loan portfolio as part of ongoing risk management. In some countries, there may be direct negative consequences for properties with lower energy ratings such as Minimum Energy Efficiency Standards (MEES) in the UK, which calls for the unlawful leasing of properties with energy ratings below a certain threshold. Regardless of property location or energy rating level, this indicator examines whether energy ratings are known and monitored across the entity's portfolio; only then can lenders and investors understand risks associated with under-performing properties.

### Terminology

**Energy rating:** A scheme that measures the energy efficiency performance of buildings.

**ENERGY STAR:** A voluntary scheme designed by the US Environmental Protection Agency (EPA) that measures the energy efficiency of buildings. ENERGY STAR ratings are mandatory in some US cities and states. (www.energystar.gov)

**EU Energy Performance Certificates (EPC):** The Energy Performance Certificate regime introduced by the EU Energy Performance of Buildings Directive 2010 (re-cast).

**NABERS Energy:** The National Australian Built Environment Rating System (NABERS) measures the energy performance of buildings.

**Government energy efficiency benchmarking:** An energy benchmarking scheme that is mandated by the government, other than the EU EPC or NABERS Energy. For example: New York City's Local Law 84, Washington, DC's Clean and Affordable Energy Act of 2008, or California's Assembly Bill 1103. Disclosure may be annual or coincide with financial transactions.

### Requirements

Select yes or no. If you select yes, also (1) select all applicable sub-options and (2) complete the percentages by energy rating scheme for the entity's whole portfolio (based on UPB). The percentage should be calculated based on a numerator that is equal to the unpaid principal balance (UPB) associated with the entity's collateral/security that is energy rated, and a denominator that is equal to the entity's total portfolio UPB (as reported in RC2).

Additionally, for EU EPC and NABERS Energy, identify the minimum threshold level that is applied by the entity and identify the percentage of the corresponding portfolio that falls below the stated threshold.

**Other:** Other answers must be outside the options listed in the indicator.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers must be applicable to the entity level.

### Scoring

Scoring is not based on the total coverage, but on the selection of rating types and their corresponding coverage. The individual percentages are allocated to quartiles and receive points depending on the quartile to which they are assigned.

Reporting multiple other answers will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.

### Example

EU EPC: 40 % of the portfolio based on UPB.

What threshold is applied by the entity? E

What percentage of the portfolio falls below this threshold? 50 %

ENERGY STAR: 10 % of the portfolio based on UPB.

Explanation of the above response: In a USD 1,000,000,000 portfolio (based on UPB) just 500,000,000 is energy rated: USD 100,000,000 is ENERGY STAR rated and USD 400,000,000 is EU EPC rated. Of EPC energy efficiency ratings, A-G, the entity applies a minimum threshold of E. Of the USD 400,000,000 that is EU EPC rated, 50% (or USD 200,000,000) falls below an E rating.

Yes

Specify the certification scheme(s) used and the percentage of the portfolio certified (multiple answers possible)

- BREEAM: \_\_\_\_% of the portfolio [based on UPB] receiving (re)certification within the last 5 years.
- CASBEE: \_\_\_\_% of the portfolio [based on UPB] receiving (re)certification within the last 5 years.
- DGNB: \_\_\_\_% of the portfolio [based on UPB] receiving (re)certification within the last 5 years.
- Green Star: \_\_\_\_% of the portfolio [based on UPB] receiving (re)certification within the last 5 years.
- LEED: \_\_\_\_% of the portfolio [based on UPB] receiving (re)certification within the last 5 years.
- Other. Please specify scheme \_\_\_\_\_: \_\_\_\_% of the portfolio [based on UPB] receiving (re)certification within the last 5 years.

No

5 points, E, IL

### Intent

Green building certificates provide a measure of building quality and reflect design and operational attributes that can provide benefits to occupants, society, and the environment. Certification frameworks typically define a set of industry best practices and third-party certification provides external assurance on building asset attributes and performance characteristics. Lenders and debt investors desire greater knowledge about the sustainability performance of their real estate finance portfolios, specifically the properties securing assets held in the entity's portfolio. It is, therefore, important for lenders to monitor green building certificates to understand the portfolio's evolving risk profile and communicate the portfolio's sustainability performance to internal and external stakeholders.

### Terminology

**BREEAM:** The Building Research Establishment's Environmental Assessment Method and rating system for buildings. ([www.breeam.org](http://www.breeam.org))  
**CASBEE:** The Comprehensive Assessment System for Built Environment Efficiency from Japan, a tool for assessing and rating the environmental performance of buildings and built environment. ([www.ibec.or.jp/CASBEE](http://www.ibec.or.jp/CASBEE))  
**DGNB:** Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (The German Sustainable Building Council) is an organization that assesses the sustainability of buildings and urban districts. (<http://www.dgnb.de>)  
**Green Building Certificate:** Recognition that a project has satisfied the requirements of a green building rating system. A certificate indicates the name and location of the project, version of the rating system, date of certification, and level of recognition.  
**Green Star:** The Green Building Council of Australia's building certification scheme. ([www.gbca.org.au](http://www.gbca.org.au))  
**LEED:** The Leadership in Energy and Environmental Design green building program established by the US Green Building Council. (<http://www.usgbc.org>)  
**Scheme name:** The name of the Green Building Certification. Examples can include, but are not limited to: LEED, BREEAM, and Green Star.

### Requirements

Select yes or no. If you select yes, also select all applicable sub-options and complete the percentages. Green building certificates focused on 1) building design, development and structure (awarded at design and/or construction) and 2) those focused on actual operational criteria over specified period) can be included and combined so that they are listed by overall scheme. For example, both LEED Building Design and Construction and LEED Building Operations and Maintenance certificates should be included within the calculation listed for LEED. However, for both types of certificates, only include those obtained (certified or recertified) within the past five years. For certificates awarded at design and/or construction, only include those obtained within the past five years or during the reporting period specified in EC3 (e.g. pre-assessments or other unofficial forms of pre-certification are not valid). If an asset is certified by more than one scheme, only count it once using the green building certification scheme that is most prevalent in the region in which the property is located.

The percentage should be calculated based on a numerator equal to the unpaid principal balance (UPB) associated with the property/properties that has qualified green building certificates and a denominator equal to the entity's total portfolio UPB (as reported in RC2).

**Other:** Other answers must be outside the options listed in the indicator. See Appendix 2 for more information on Other options.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers must be applicable to the entity level.

## Scoring

Scoring is not based on the total coverage, but on the selection of certification types and their corresponding coverage. The individual percentages are allocated to quartiles and receive points depending on the quartile to which they are assigned.

Reporting multiple other answers will not impact scoring. Reported answer options in these fields are validated individually, but scores will not be aggregated.



## Opportunities

### Intent and overview

Buildings account for approximately one third of global energy consumption and greenhouse gas (GHG) emissions. The real estate sector is considered a high-impact business sector for urgent mitigation action on climate change and related imperatives. As financiers to building owners and operators, lenders have an opportunity to shape current and future efforts to reduce energy consumption and GHG emissions while increasing the value of the real estate that secures their assets (UNEP FI, 2014).

Real estate finance providers can play a major role in facilitating the transformation of the built environment while simultaneously creating new financial opportunities. Borrower priorities are evolving toward sustainable property solutions. Lenders at the forefront of ESG will encounter opportunities through stronger risk management practices, first mover advantages, and new product development and deployment opportunities.

## Market Transformation

**Q25 Does the entity monitor its borrowers' adherence to the sustainability standards for property improvements outlined in the policy referred to in Q12.2?**

25

Yes

Select all applicable categories (multiple answers possible)

- Capital expenditure
- Fit out or tenant improvement
- New construction
- Rehabilitation
- Retrofit/renovation
- Other \_\_\_\_\_

Select all applicable categories (multiple answers possible)

- Documentation review
- Property inspection
- Other \_\_\_\_\_

Describe how the entity ensures borrower adherence (maximum 250 words)

No

2 points, S, IL

### Intent

Requiring borrower adherence to sustainability standards outlined within the lender's policy on property improvements (Policy & Disclosure, Q12.2) indicates action is being taken to implement policy and further integrate ESG into lending practices. Describe the scope and method of adherence monitoring.

### Terminology

**Borrower:** The party borrowing money from a Lender.  
**Capital expenditure:** Cost incurred to maintain the property's physical condition and its competitiveness in the market. (e.g. new roof or HVAC)  
**Fit out or tenant improvement:** Alterations undertaken by either the tenant or the borrower to design, refurbish or decorate a leased space, making it fit for tenant purpose. Tenant improvement allowances are generally provided by the borrower, to a tenant, at time of lease origination.  
**New construction:** Includes all borrower activities to obtain or change building or landuse permissions and financing, including construction work for the project with the intention of enhancing the property's value, development of new buildings and additions to existing buildings that affect usable space.

**Rehabilitation:** Includes all borrower activities to restore a damaged property or eradicate functional obsolescence (outdated design and building characteristics).

**Retrofit/renovation:** Includes all borrower activities to modify an existing building's systems and/or structure in order to improve building performance or tenant amenities. This may or may not be related to energy efficiency upgrades.

**Policy:** Defines an organizational commitment, direction, or intention as formally adopted by the organization.

## Requirements

Select yes or no. If you select yes, also select all applicable sub-options.

**Open text box:** Supporting evidence in the form of an open text box should fully support the answer selection(s) made above and include all of the following elements:

1. State the procedure a borrower is required to follow for applicable property improvement(s), e.g. borrower must submit a written request along with supporting documentation provided by a third party to verify that the proposed improvement will meet lender sustainability standards.
2. State the form of enforcement, e.g. failure results in default notice with opportunity to cure.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

## Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this question. Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with indicator requirements.

## References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.29), 2008.  
GRI G4, G4-DMA (former FS3) Process for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.

Q26

**Does the entity engage with its borrowers to encourage use of sustainability-specific terms in underlying tenant leases?**

26

Yes

Select all topics addressed as part of engagement (multiple answers possible)

- Tenant obligation to do nothing to adversely affect the environmental performance of the building
- Sharing of utility data
- Cost-recovery clause for energy-efficiency-related capital improvements
- Shared consumption targets/goals in place
- Energy efficiency and/or environmentally responsible specifications for tenant works
- Operational performance standards for the building
- Information sharing relevant to support green building certificates
- Ability for the landlord (borrower) to prioritize sustainability requirements over minimizing costs of improvement and adjustments
- Legal obligations regarding the correctness of landlord (borrower)/tenant information required for mandatory energy rating schemes

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
Publication date \_\_\_\_\_

No

## 2 points, S, IL

### Intent

As providers of capital, lenders facilitate property investment, operation and repositioning (borrower activities). In turn, borrowers are the channel through which lenders can impact the ESG performance of the real estate sector. Through borrower engagement, lenders may be well positioned to influence the sustainability terms embedded in underlying leases and likewise, the satisfaction of borrower and tenants, resulting in successful portfolio outcomes.

### Terminology

**Ability for the landlord to prioritize sustainability requirements over minimizing costs of improvements and adjustments:** Enables the landlord to take into account sustainability goals when undertaking work to the building, even in circumstances where this increases the cost of works.

**Cost recovery clause for energy efficiency-related capital improvements:** Allows the landlord to implement energy-efficiency measures during the lease and to recover a proportion or all of those costs from the tenant.

**Energy-efficient and/or environmentally responsible specifications for tenant works:** A requirement that any fit-out, refurbishment or alterations made to the building (including its interior) should meet certain sustainability specific standards provided by the landlord.

**Legal obligations regarding the correctness of landlord/tenant information required for mandatory energy rating schemes:** Requires the parties to provide accurate information required for mandatory energy rating schemes.

**Sharing of utility data:** An agreement between landlord and tenant to share energy and/or water consumption and/or waste production data.

**Shared consumption targets/goals in place:** An agreement between landlord and tenant to set a maximum for energy/water consumption, waste production target or minimum reduction targets for a fixed period (one or more consumption targets required).

**Sustainability-specific terms in underlying tenant leases:** Refers to a green lease, which is a standard form lease with additional clauses included which provide for the management and improvement of the Environmental Performance of the Premises and/or the Building by both owner and occupier(s).

**Underlying tenant leases:** Standard lease format that is used by the organization as the basis for negotiations between landlord and tenant.

### Requirements

Select yes or no. If you select yes, also select all applicable sub-options and provide the document upload.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of the policy/policies can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

Examples of supporting evidence include but are not limited to: informational documents/materials for borrower distribution, internal checklist for borrower engagement or documented meeting notes showing topics covered.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

### Scoring

It is not necessary to select all answer options in order to obtain the maximum score for this question.

Points are awarded based on the validity of the upload OR name AND date of publication of the document.

### References

GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.31), 2008.

GRI G4, G4-DMA (former FS5) Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.

UNEP FI Investor Briefing, Commercial Real Estate: Unlocking the energy efficiency retrofit investment opportunity, 2014

Yes

Describe relevant financing options available to borrowers and at least one example of funding positive environmental outcomes (maximum 250 words)

**UPLOAD** supporting evidence

Indicate where the relevant information can be found

Document name AND \_\_\_\_\_  
 Publication date \_\_\_\_\_

No

**3 points, E, IL**

**Intent** Transforming the existing building stock can lower the risk profile of buildings, but will require capital. As financiers, participants can play a pivotal role in the real estate sector’s transition to lower environmental impacts. Describe the entity’s role in funding enhanced environmental outcomes.

**Terminology** **Property improvements resulting in lower environmental impacts:** Relative to the existing environmental impacts associated with a property, improvements that contribute to lowering those impacts, including but not limited to, increased energy efficiency, lower GHG emissions, reduction in water consumption.

**Requirements** Select yes or no. If you select yes, also complete the open text box and provide the document upload OR Name and Date of the document.  
**Open Text box:** Supporting evidence in the form of an open text box should fully support the answer selection made above and include all of the following elements:  
 1. State the financing possibilities provided by the entity for contributing to positive environmental outcomes. Examples may include, but are not limited to: structured replacement reserves intended for energy efficiency improvements such as, wall/roof insulation, window replacements, building energy management systems upgrades/replacement; or bridge loans targeting property repositioning with improvements such as installation of on-site renewable energy, smart grid/smart building technologies.  
 2. Provide one to two examples by listing the purpose of the financing and the loan structure (terms) provided.

**Document upload OR Name and Date:** Provide document upload OR name AND date of publication of the document. If you provide a document upload, it is mandatory to also indicate where the relevant information that demonstrates the existence of each example/case study can be found. The evidence provided must relate to each of the criteria selected, in order to qualify as valid supporting evidence. Additionally, you may add a cover page at the beginning of the document or clearly highlight, encircle, or otherwise identify the specific page number(s) within the upload.

**Reporting period:** Your answer must refer to the reporting period identified in EC3.

**Reporting level:** Answers should be applicable to the entity level.

**Scoring** Points are awarded based on the validity of the upload OR name AND date of publication of the document.  
 Full, partial or no points are awarded to open text box responses. Responses are assessed based on compliance with indicator requirements.

**References** GRI, G4 Sector-specific Aspect Product Portfolio. Sector-specific Guidance for DMA in the Sector Disclosure document for Financial Services (p.31), 2008.  
 GRI G4, G4-DMA (former FS5) Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.

## Appendix 1: Terminology - Definitions and Interpretations

Term	Definition
Annual performance targets:	Targets set in annual performance reviews, which are internal assessments of employee performance.
Asset manager:	An individual responsible for developing, overseeing and/or implementing investment strategies at the loan or asset level. They may originate, restructure, monitor or work out credit investments.
Asset originator:	The party that has originated an asset or group of assets by extending credit to one or more creditors. (CREFC, CRE Glossary of Terms, EU Version)
Asset purchaser:	The party that purchases an asset or group of assets from an asset originator. (Asset purchaser also refers to investors in mortgage-backed securities).
Biodiversity and habitat:	Issues related to wildlife, endangered species, ecosystem services, habitat management, and related topics.
Board of Directors:	A group of individuals empowered to carry out certain oversight and strategic management tasks as spelled out in the organization's charter. Boards normally comprise both executive and non-executive directors.
Borrower sustainability credentials:	Data that reflects the sustainability performance of a borrower or sponsor and can include, but is not limited to, a corporate ESG rating and benchmarking scheme such as CDP or GRESB, among others.
Borrower:	The party borrowing money from a Lender. (CREFC, CRE Glossary of Terms, EU Version)
BREEAM:	The Building Research Establishment's Environmental Assessment Method and rating system for buildings. ( <a href="http://www.breeam.org">www.breeam.org</a> )
Building safety:	Environmental issues with the potential to create or exacerbate risks to human safety, such as structural failure.
Capital expenditure:	Cost incurred to maintain the property's physical condition and its competitiveness in the market. (e.g. new roof or HVAC) (CREFC, Principles-Based Underwriting Framework, 2010, section III.d.)
Carbon Disclosure Project (CDP):	Carbon Disclosure Project works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations. ( <a href="http://www.cdpproject.net">www.cdpproject.net</a> )
CASBEE:	The Comprehensive Assessment System for Built Environment Efficiency from Japan, a tool for assessing and rating the environmental performance of buildings and built environment. ( <a href="http://www.ibec.or.jp/CASBEE">www.ibec.or.jp/CASBEE</a> )
Chief Credit Officer:	Person responsible for providing credit information, loan policies and procedures to ensure the overall quality of the loan portfolio.
Chief Risk Officer:	Person responsible for identifying, analyzing and mitigating internal and external events that could impact debt repayment or collateral/security quality.
Climate change:	A change of climate that is attributed directly or indirectly to human activity that alters the composition of the global atmosphere. (Article 1 The United Nations Framework Convention on Climate Change (UNFCCC), 21 March 1994)
Community engagement:	Community means persons or groups of people living and/or working in areas that are economically, socially or environmentally impacted (positively or negatively) by the borrower's operations. The local community can range from people living adjacent to operations through to isolated settlements at a distance from operations that may experience the impact of these operations. Community engagement refers to interaction between the borrower and those groups.

Term	Definition
Corporates:	Large cap borrowers, which may include, but are not limited to, incorporated entities, associations, partnerships, proprietorships, trusts, funds, insurance companies and other financial corporates. (BIS, Basel Committee on Banking Supervision, Second Consultative Document-Standards, Revisions to the Standardized Approach for credit risk)
Corruption:	The abuse of entrusted power for private gain. (Transparency International, <a href="http://www.transparency.org/whatwedo">www.transparency.org/whatwedo</a> )
Credit Committee:	The committee that assesses the credit risk of making a Loan to a Borrower. The credit committee ultimately approves the terms on which a Loan is made to that Borrower and the Security it requires from the Borrower. (CREFC, CRE Glossary of Terms EU Version)
Data management system:	A software system that enables an organization to collect, monitor and analyze performance data (collateral/security GHG emissions, energy and water consumption, waste, building certifications and ratings, etc.) related to individual loans within the portfolio, and to benchmark performance within or outside the portfolio, or against industry standards. A data management system improves data quality and provides organizations with the tools to identify opportunities for improvement. A data management system may be part of an EMS; however, it has a distinct structure and function. A data management system is primarily focused on quantitative information and works as a centralized data collection and analysis tool.
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (The German Sustainable Building Council) is an organization that assesses the sustainability of buildings and urban districts. ( <a href="http://www.dgnb.de">www.dgnb.de</a> )
Due diligence:	The process of factual and legal investigation, research, analysis and discovery typically undertaken by a prospective lender into the relevant borrower, asset, sponsor and other principal parties prior to entering into a transaction. (CREFC, Guidelines for Due Diligence in Real Estate in the UK, 2013, section B.1)
Energy consumption/management:	Fuel consumption and/or management of energy from renewable and non-renewable resources.
Energy rating:	A scheme that measures the energy efficiency performance of buildings.
ENERGY STAR:	A voluntary scheme designed by the US Environmental Protection Agency (EPA) that measures the energy efficiency of buildings. ENERGY STAR ratings are mandatory in some US cities and states. ( <a href="http://www.energystar.gov">www.energystar.gov</a> )
Engineering report or property condition report (PCA):	A report prepared by an engineering firm, in which property items requiring immediate repair (typically within 12 months) and items requiring attention over the loan term are identified. (CREFC, Principles-Based Underwriting Framework, 2010, section III.d.)
Environmental issues:	The impact on living and non-living natural systems, including land, air, water and ecosystems. This includes, but is not limited to, biodiversity, transport, and product and service-related impacts, as well as environmental compliance and expenditures.

Term	Definition
Environmental Management System:	“A framework for managing an organization’s environmental impact based on its sustainability and related objectives. An EMS provides a practical framework for the assessment of environmental impacts, establishment of impact reduction targets, and the development of plans to achieve targeted reductions. An EMS enables an organization to take a structured approach to planning and implementing environmental protection measures. An effective EMS is analogous to a financial management system that monitors expenditure and income to support analysis of financial performance. An EMS can cover a wide range of environmental topics, including, but not limited to: energy, GHG emissions, water, waste, transportation, climate change, resilience, risks, and materials. It can also refer to a wide variety of internal procedures, targets, persons responsible for implementing these procedures and working towards achieving the organization’s objectives. In summary, an EMS is used to formalize the strategic approach of the organization towards sustainability. It outlines the structure used to monitor and manage environmental topics ( <a href="http://www.environment.gov.au/node/20494">http://www.environment.gov.au/node/20494</a> ). An important distinction needs to be made between an EMS and an EnMS. Unlike an EMS, an EnMS (Energy Management System) only covers energy, energy efficiency and conservation, energy management and performance. The most commonly used standard for implementing an EnMS is ISO 50001. An EnMS does not qualify as a valid answer for the purposes of this question.”
Environmental site assessment (ESA):	A report prepared by a qualified environmental engineer and defined by the American Society of Testing Materials (ATSM) to identify areas of environmental concern. (CREFC, Principles-Based Underwriting Framework, 2010, section III.d.)
EU Energy Performance Certificates (EPC):	The Energy Performance Certificate regime introduced by the EU Energy Performance of Buildings Directive 2010 (re-cast).
Fit out or tenant improvement:	Alterations undertaken by either the tenant or the borrower to design, refurbish or decorate a leased space, making it fit for tenant purpose. Tenant improvement allowances are generally provided by the borrower to a tenant at time of lease origination. (CREFC, Principles-Based Underwriting Framework, 2010, section III.d.)
Flexibility for different use:	Refers to the flexibility of the property’s physical structure and the ease with which it might be converted or adapted for another use (e.g. adapting a retail building for use as an office building).
Flood risk:	The combination of the probability of a flood event and of the potential adverse consequences to human health, the environment and economic activity associated with a flood event. (European Flood Directive)
Fund/portfolio manager:	An individual who manages a portfolio of investments by creating and overseeing the implementation of real estate credit strategies across the entire entity portfolio. (elaborates on CREFC, CRE Glossary of Terms, EU Version)
GHG emissions/management:	The management of greenhouse gas emissions, including the six gases listed in the Kyoto Protocol: carbon dioxide (CO <sub>2</sub> ); methane (CH <sub>4</sub> ); nitrous oxide (N <sub>2</sub> O); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF <sub>6</sub> ).
Governance Issues:	Governance structure and composition of the organization. This includes how the highest governance body is established and structured in support of the organization’s purpose, and how this purpose relates to economic, environmental and social dimensions
Green Building Certificate:	Recognition that a project has satisfied the requirements of a green building rating system. A certificate indicates the name and location of the project, version of the rating system, date of certification, and level of recognition.
Green Star	The Green Building Council of Australia’s building certification scheme. ( <a href="http://www.gbca.org.au">www.gbca.org.au</a> )

Term	Definition
Global Reporting Initiative (GRI):	GRI is an organization providing sustainability reporting guidance. Its key product is the Sustainability Reporting Framework, a package of reporting and guidance materials provided by GRI. It also provides sector specific guidance for sustainability reporting. ( <a href="http://www.globalreporting.org">www.globalreporting.org</a> )
Health, safety and well-being:	"Health is a complete state of physical, mental and social well-being, not merely the absence of disease or infirmity" (WHO). Health and well-being can refer to a broad range of activities that address the determinants of health or the conditions that lead to health outcomes. Particularly relevant are the social determinants of health, which are the "conditions in which people are born, grow, work, live and age, and the wider set of forces and systems shaping the conditions of daily life" (WHO). These are conditions that enable or discourage healthy living. This could include issues such as physical activity, healthy eating, equitable workplaces, indoor environmental quality, access to healthcare, etc. The term "safety" refers to traditional occupational health and safety issues such as ergonomics, slips and falls, workplace hazards and toxic exposures. A risk assessment on health, safety and well-being might address only one or all three of these topics and could include assessments of risks associated with employees, customers, surrounding communities or all of the above.
Know Your Customer (KYC):	Refers to the customer due diligence standards recommended by the Financial Action Task Force (FATF) and Bank for International Settlements (BIS), which go beyond basic identification evidence. KYC is not restricted to banks and is applicable for non-bank financial institutions and financial services financial intermediaries. (Basel Committee on Banking Supervision, Customer Due Diligence for Banks)
LEED	The Leadership in Energy and Environmental Design green building program established by the US Green Building Council. ( <a href="http://www.usgbc.org">www.usgbc.org</a> )
Loan Servicing Team:	A team of individuals responsible for post-closing loan administration. They may collect, apply and distribute loan payments, and facilitate borrower reporting. This category includes master, primary and special services.
Loan Term:	The lifespan of a Loan being the period of time from the borrowing of the Loan to the repayment of the Loan. (CREFC, CRE Glossary of Terms, EU Version)
Loan Underwriting Team:	A team of individuals responsible for performing initial risk analysis and determining loan eligibility based on the organization or entity's established lending policy and parameters.
Most senior decision-maker on sustainability:	The most senior individual who holds authority for approving strategic sustainability objectives and steps undertaken to achieve these objectives.
NABERS Energy:	The National Australian Built Environment Rating System (NABERS) measures the energy performance of buildings.
New construction:	Includes all borrower activities to obtain or change building or landuse permissions and financing, including construction work for the project with the intention of enhancing the property's value, development of new buildings and additions to existing buildings that affect usable space.
Non-listed entity:	Any participating entity that is not a public company (i.e. a private equity real estate debt fund) or is not managed or owned by a public company (i.e. a real estate finance unit of a pension fund or sovereign wealth fund).
On-site renewable energy:	Any source of energy produced at the property that can be used without depleting reserves, including energy from the sun, wind, water and the earth's core. Technologies should be available onsite, such as photovoltaic panels, wind turbines, transpired solar collectors, solar hot water heaters, small-scale hydroelectric power plants, ground pump heating systems, etc.

<b>Term</b>	<b>Definition</b>
Organization name:	Legal name of the organization that manages or owns the entity.
Participated Loan:	A large loan arranged by a group of banks, but unlike a syndicated loan, each lender does not have a direct contractual relationship with the borrower and typically, there is no lead bank/manager.
Public company:	A company that is publicly listed on a recognized stock exchange. Entities that are real estate finance units of publicly listed banks and insurance companies are considered a public company.
Rehabilitation:	Includes all borrower activities to restore a damaged property or eradicate functional obsolescence (outdated design and building characteristics).
Retrofit/renovation:	Includes all borrower activities to modify an existing building's systems and/or structure in order to improve building performance or tenant amenities. This may or may not be related to energy efficiency upgrades.
Risk Management Committee:	A group of individuals that assess the internal and external risks that could impact debt repayment or collateral/security quality.
Secured:	Borrowing that is made, in part, on the basis of security (property) pledged by the borrower to the lender. (CREFC, CRE Glossary of Terms, EU Version)
Security:	Assets—in this case property—that one party pledges to another party to safeguard amounts lent to that party. Following the occurrence of certain events, the party benefiting from the grant of Security can use the secured assets towards recovering the amounts owed to it. (CREFC, CRE Glossary of Terms, EU Version)
Senior Management Team:	A team of individuals who have the day-to-day responsibility of managing the entity/organization. The Senior Management Team is typically appointed by the Board of Directors and/or the shareholders (IGGN Corporate Principles: Revised (2009)).
Small and Medium Sized Enterprise (SME):	A company which by virtue of its number of employees, turnover, or balance sheet total is classed as a small or medium enterprise. (CREFC, CRE Glossary of Terms, EU Version)
Social issues:	Concerns the impacts the organization has on the social systems within which it operates
Sponsor:	The entity that provides equity to a Borrower in a real estate finance transaction.
Stakeholder engagement:	Engagement with individuals/entities that have an interest in the entity.
Sustainability factors:	Criteria associated with the entity/organization's sustainability objectives.
Sustainability objectives:	Strategic priorities and key topics for the management of sustainability issues. This can include environmental, social and governance (ESG) objectives, as well as broader sustainable development goals.
Sustainability performance:	Indicators of environmental, social, or governance (ESG) management, implementation, or performance.
Sustainability policy:	A policy that formalizes the environmental, social and governance objectives of the loan sponsor, as well as its broader sustainable development goals and helps real estate lenders understand what sustainability criteria is being incorporated into the loan sponsor's business practices.
Sustainability-specific terms in underlying tenant leases:	Refers to a green lease, which is a standard form lease with additional clauses included which provide for the management and improvement of the Environmental Performance of the Premises and/or the Building by both owner and occupier(s). (BBP, Green Lease Toolkit, Glossary, 2013)
Syndicated Loan:	A large loan arranged by a group of international banks that form a syndicate, headed by a lead manager. The borrower pays the lead manager a fee whose size depends of the complexity of the loan and the risk involved. (CREFC, CRE Glossary of Terms, EU Version)

<b>Term</b>	<b>Definition</b>
Transportation risks:	Location of a building in relation to pedestrian, bicycle, and mass-transit networks, and existing infrastructure and amenities in the surrounding area.
Underlying tenant leases:	Standard lease format that is used by the organization as the basis for negotiations between landlord and tenant.
Unsecured:	Borrowing that is made without security (property) pledged by the borrower to the lender. (CREFC, CRE Glossary of Terms, EU Version)
UPB:	Unpaid principal balance refers to the aggregate outstanding principal amounts due the entity at the end of the reporting period.
Waste management:	Hazardous and non-hazardous waste including reuse, recycling, composting, recovery, incineration, landfill and on-site storage.
Water consumption/management:	Water withdrawn from any or all of the following sources: surface water, groundwater, rainwater, wastewater, municipal water supplies, or other water utilities.
Whistle-blower:	A person who reveals wrongdoing within an organization, such as mismanagement, corruption or illegality, to the public or to those in position of authority.

## Appendix 2: Building Certifications - Building Certification Schemes

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### Select the certification scheme for Q24

#### Certification Schemes for design and/or construction:

- ▼ ABINC Certification for Urban Development and Shopping Centre
- BCA Green Mark New Buildings
- BEAM Plus – Interior
- BEAM Plus - New Buildings
- BERDE For New Construction
- BERDE For Retrofits and Renovations
- BREEAM New construction
- BREEAM Refurbishment
- BREEAM Code for Sustainable Homes
- BREEAM Domestic Refurbishment (Eco-Homes)
- Build it Green – GreenPoint Rated, New Home
- CASBEE New Construction
- CASBEE Renovation Development Bank of Japan Green Building Certification
- DGNB New Construction
- EarthCraft Multifamily Florida Green Building Certification
- GPR Gebouw
- Green Globes New Construction
- GBC Indonesia GreenShip
- GBCA GreenStar - Design and As Built
- GBCA GreenStar - Interiors
- GBCSA Green Star
- NF HQE - New Building/Renovation
- IGBC Green New Buildings
- LEED Building Design and Construction
- LEED Interior Design and Construction
- LEED Homes
- NAHB National Green Building Standard
- SGBC Miljöbyggnad - New Buildings/New Construction
- SGBC Green Building EU

#### Certification schemes for operations:

- ▼ ABINC Certification for Urban Development and Shopping Centre
- BCA Green Mark Existing Buildings
- BEAM Plus - Existing Buildings
- BERDE For Operations (for Existing Buildings)
- BOMA BEST
- BOMA 360
- Build it Green – GreenPoint Rated, Existing Home
- BREEAM In Use
- CASBEE Existing Buildings
- DGNB Existing
- Development Bank of Japan Green Building Certification
- Florida Green Building Certification
- GBCA GreenStar Performance – Building Operations
- GBC Indonesia GreenShip - Existing Building
- GBCSA Green Star – Existing Buildings
- GPR Gebouw
- Green Globes Existing Buildings
- Green Key Eco-Rating Program
- Green Seal Hotels and Lodging
- NF HQE - Exploitation (Operation)
- IGBC Green Existing Buildings
- LEED Building Operations and Maintenance
- NABERS Multi-Rating Certificate
- NAHB National Green Building Standard
- SGBC Miljöbyggnad - Existing Buildings

## Appendix 3: Assurance and Verification Schemes

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### Select scheme from list below:

- ▼ AA1000 Assurance Standard
- Advanced technologies promotion Subsidy Scheme with Emission reduction Target (ASSET)
- Airport Carbon Accreditation (ACA) des Airports Council International Europe
- Alberta Specified Gas Emitters Regulation
- ASAE 3000
- Attestation Standards established by the American Institute of Certified Public Accountants/AICPA (AT101)
- Australia National Greenhouse and Energy Regulations
- California Mandatory Greenhouse Gas Reporting Regulation (NGER Act) (also known as Californian Air Resources Board regulations)
- Canadian Institute of Chartered Accountants (CICA) Handbook: Assurance Section 5025
- Carbon Trust Standard
- Certified Emissions Measurement and Reduction Scheme (CEMARS)
- Chicago Climate Exchange verification standard
- Compagnie Nationale des Commissaires aux Comptes (CNCC)
- Corporate GHG Verification Guidelines from ERT
- DNV Verisustain Protocol/ Verification Protocol for Sustainability Reporting
- ERM GHG Performance Data Assurance Methodology
- IDW AsS 821: IDW Assurance Standard: Generally Accepted Assurance Principles for the Audit or Review of Reports on Sustainability Issues
- ISAE 3000
- ISAE 3410, Assurance Engagements on Greenhouse Gas Statements
- ISO 14064-3
- JVETS (Japanese Voluntary Emissions Trading Scheme) Guideline for verification
- Korean GHG and Energy Target Management System
- NMX-SAA-14064-3-IMNC: Instituto Mexicano de Normalización y Certificación A.C
- RevR6 Procedure for assurance of sustainability report from Far, the Swedish auditors professional body
- Saitama Prefecture Target-Setting Emissions Trading Program
- SGS Sustainability Report Assurance
- Spanish Institute of Registered Auditors (ICJCE)
- Standard 3410N Assurance engagements relating to sustainability reports of the Royal Netherlands Institute of Registered Accountants
- State of Israel Ministry of Environmental Protection, VERIFICATION OF GREENHOUSE GAS EMISSIONS AND EMISSIONS REDUCTION IN ISRAEL GUIDANCE DOCUMENT FOR CONDUCTING VERIFICATIONS, Process A
- The climate Registry General Verification Protocol (also known as California Climate Action Registry (CCAR))
- Tokyo Emissions Trading Scheme
- Verification under the EU Emissions Trading Scheme (EU ETS) Directive and EU ETS related national implementation laws

## Appendix 4: Sources

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