

# Environmental, Social and Governance (ESG)

WHY IT MATTERS AND HOW TO GET STARTED  
A GUIDE FOR THE INSTITUTIONAL PRS

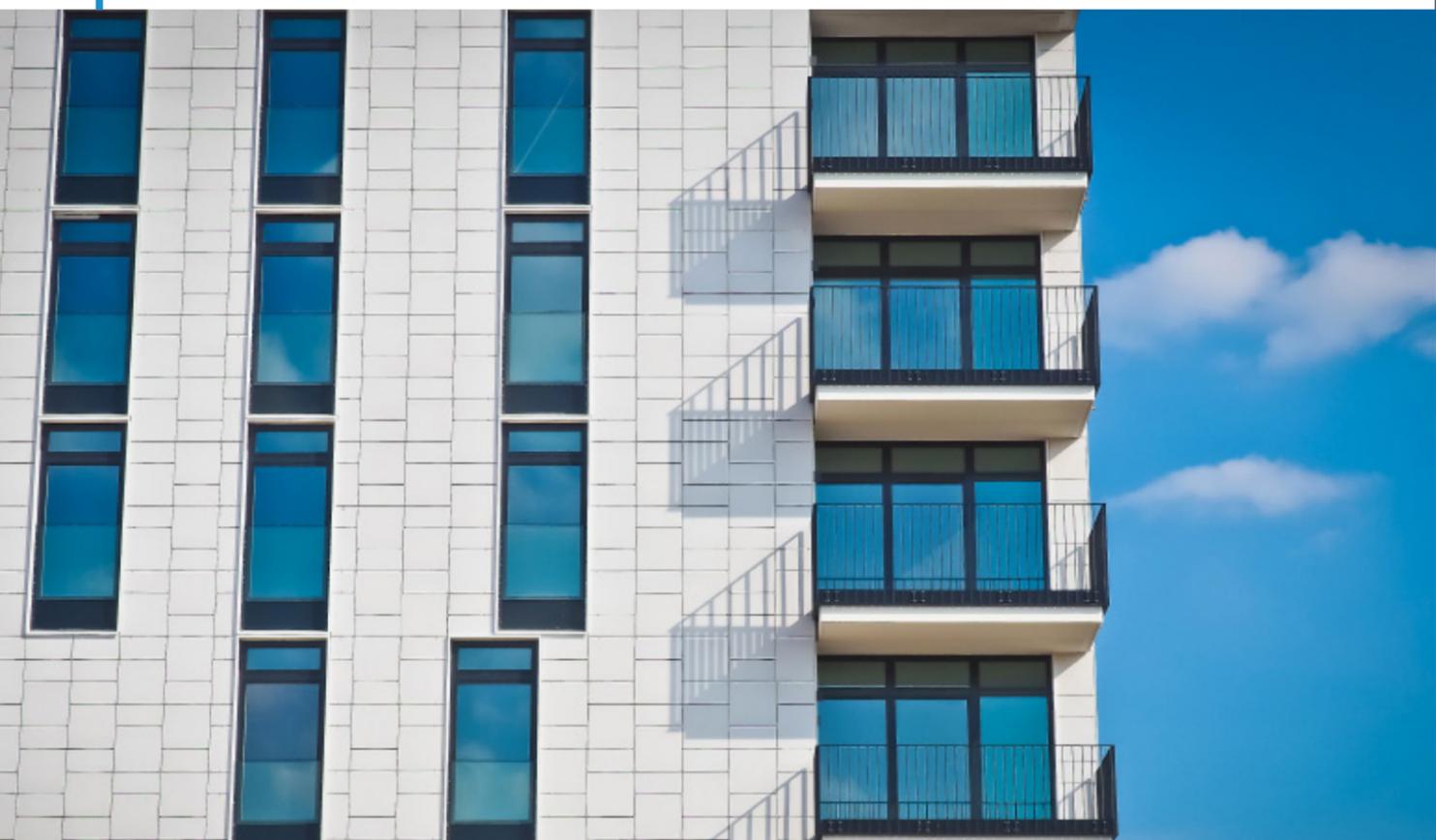
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## BPF Residential ESG Working Group Chair's Note

Alex Notay, Placemaking and Investment Director, PfP Capital



It is well understood that the real estate sector contributes substantially to global emissions, yet it is often missed that residential emissions and energy use are significantly higher than non-residential buildings, with [GlobalABC's fifth annual status report](#) in 2019 highlighting residential buildings at 22% of energy use vs 8% non-residential buildings and emissions at 11% vs 3%.

The proliferation of more than 500 real estate and sustainability benchmarks that have emerged over the past 20 years are overwhelmingly focused on the commercial real estate sector – a sensible place to start given a typical office or shopping centre is a far more homogenous asset, without the granular operational quirks of residential portfolios and with a more straightforward landlord-tenant relationship.

However, decarbonising our housing sector is a critical element to achieve Net Zero and despite advances in sustainable and zero-carbon new-build homes, the institutional private rented sector's (PRS) path remains unclear. While UK policy intervention has focussed on green incentives to owner-occupiers or penalties for low EPC-rated properties, the FCA, European and global markets have moved toward regulation around climate risk and energy use. As institutional investors demand ESG metrics and COVID-19 has highlighted the importance of the home environment, the need to have more clarity around ESG and residential became pressing.

When BPF's residential members made the not unreasonable request for us to simply recommend the best existing benchmark, we realised there was a gap in understanding of what is available and applicable. Significant leadership on ESG has already been provided by the social housing sector and the UK Green Building Council (UKGBC), and the COP26 meeting in Glasgow will generate a welcome plethora of new advice and guidance. Our Guidance, therefore, does not recommend one benchmark but distils the vast options and information into digestible summaries to help members understand the current ESG landscape and enable better conversations with specialist consultants, investors, policymakers, and customers.

This is such a fast-moving area of policy and practical capability, but each member of our working group has expertly shaped the Guidance, for which I'm enormously grateful. James Simondson, who has led on both drafting and design deserves every plaudit for creating such an intuitive and valuable document. I look forward to further conversations as this important area moves more into the policy spotlight.

## Editor's Note

James Simondson, Assistant Director of Policy, British Property Federation



The ESG field is crowded, with many tools now at the disposal of residential real estate to start or expand their ESG strategies. This guidance, developed by the BPF ESG Working Group, flags the key characteristics of a range of services – benchmarks, certifications, frameworks, guides – that can aid ESG reporting and outcomes. This guidance analysed the ESG service market at a point in time - we know that even as we go to publish, new ESG services are emerging and existing services adapting to suit their customer's needs.

ESG serves two chief purposes – it acts as a tool to mitigate risk from the known and unknown future and build resilience to these risks, and a framework within which real estate can create positive environmental and social change. Our society is headed for a climate crisis, which is already arriving at an increasing speed according to the Intergovernmental Panel on Climate Change (IPCC). In addition, the Covid-19 pandemic has clearly showed that our built environment must create positive change for the people and the places that it serves. Investors, residents and the public are demanding it. We must work to redefine real estate's role in tackling the problems we face as a society and the ESG framework is a tool to do this.

The UK's Net Zero 2050 targets are locked in, but as members will know there is a substantial delivery gap between these targets and the current policy levers, regulation and funding provided by government to transition the built environment to Net Zero. That gap will be bridged in time as government moves to strengthen and expedite the decarbonisation of our economy. But for now, responsibility sits with the industry to drive this change. And we'd be wise to do so, because government, whatever party or parties it constitutes in the future, will catch up eventually. If industry acts now and embeds a comprehensive ESG strategy into real estate planning, development and operations, it will make adjusting to an ever-strengthening regulatory environment easier.

The BPF Residential ESG Working Group is going to continue to explore ESG in a residential setting in 2022 - examining the uptake of ESG services and how useful they are to members, and looking at how ESG can be best measured and reported to suit the unique characteristics of Build to Rent and the institutional private rented sector.

# Overview

## Who is this guidance for?

This guidance is for institutional private rented sector (PRS) landlords, managers and developers to identify and encourage uptake of services that best suit their schemes, portfolios and companies. Assessment of the characteristics of each ESG service were made considering all publicly available information on each service's website. Feedback or correction from services cited is welcomed. This guidance will be updated periodically as new services emerge and evolve.

Members of the BPF working in the UK's institutional Private Rented Sector (PRS) have expressed interest in helping the sector make a more concerted and consistent effort to measure and achieve positive Environmental Social and Governance (ESG) outcomes. To do so, they have identified greater clarity of options – be that certifications, benchmarks, implementation frameworks or other – as essential in order to determine how best to enhance outcomes across their diverse property portfolios and create a positive impact through Real Estate.

The adoption of ESG strategies across both the residential and commercial sectors provides a pathway to achieving tangible change within the British Property Federation's (BPF) core pillars of our 'Redefining Real Estate' platform, which calls for members to reinvigorate and strengthen communities, and safeguard the environment.

This guidance provides an overview of what ESG is, and why it matters. It explores existing and emerging frameworks and accreditation systems for the residential sector that pertain to one or all of the letters contained within 'ESG'. A matrix outlines the suitability of each service. In the annexe, existing and emerging services are listed alphabetically in three categories - Internationally Recognised ESG frameworks and accreditation systems, Domestic ESG frameworks and accreditation systems, and Best Practice Frameworks and Guidelines that have been published by industry bodies and thought-leaders. Each framework or accreditation system is signposted regarding suitability - for example, whether a service is for new builds, existing assets, or both.

## This guidance was produced with the help, effort and advice of the BPF Residential ESG Working Group, whose members include:

**Alex Notay, PfP Capital**  
**Andrew Saunderson, Grainger**  
**Arianna Ricciotti, British Land**  
**Charlotte Hopkinson, Grainger**  
**Duncan Salvesen, Dorrington**  
**Georgie Nelson, Aberdeen Standard Investments**

**Jason Hardman, CBRE**  
**Jon Lovell, Hillbreak**  
**Kate Neale, Cadogan**  
**Laura Jockers, Howard de Walden Estates**  
**Neil Gardiner, Aviva Investors**  
**Olivia Harris, Dolphin Living**

# What is ESG?

Environmental, Social and Governance (ESG) refers to the three central factors that are commonly applied to define the impact of business investment across most sectors of the economy. In a residential real estate setting, an ESG approach can measure the impact and performance of housebuilding and management for a range of audiences, including investors.



Source: Savills

## The ESG Spectrum

Responsible, sustainable and impact investment styles address risk, performance and positive impact respectively.



Traditional	Responsible	Sustainable	Thematic (Impact)	Impact-first	Philanthropy
Seeks financial returns regardless of ESG factors. Limited or no focus on ESG factors of underlying assets or investments.	Focus on addressing risks to investment performance (e.g. suppressed income growth, lower exit yield, accelerated depreciation) arising from ESG factors. Also associated with avoiding significant harm to society and the environment.	Sustainability factors and financial returns drive investment strategy. Focus on ESG opportunities through investment selection, asset management or shareholder advocacy and engagement.	Targeted themes and financial returns drive investment strategy. Focus on issue areas where social and/or environmental need creates a commercial growth opportunity for market-rate returns or outperformance.	Social and/or environmental considerations take precedence over financial returns meaning that some financial performance is traded for impact.	Financial returns are disregarded in favour of social and/or environmental solutions.
Competitive returns					
ESG Risk Management					
ESG Performance & Opportunities					
Maximum-Impact Solutions					

Source: Global Impact Investing Network; adapted and updated by Hillbreak

Source: Hillbreak

# Why is ESG so important?

ESG is now a well-established component of investor strategy. In decades past, it was a commonly held assumption that responsible investment required a sacrifice of revenue - but not anymore. Significant events (such as the Grenfell Tower Tragedy) and global issues (such as the Climate Crisis), have meant investors are joining a growing movement to invest responsibly, and through a risk management lens. Most commonly, this can be done through ESG frameworks, which have become the main tool for identifying investment outcomes and risks.

In a Real Estate context, investors want to know that the money they contribute toward housing is actively improving outcomes and having a positive impact across each of the ESG criteria, as well as providing a financial return. On the ground, this means that property professionals designing, constructing, and operating must become more mindful of these criteria and as such, business operations are changing to reflect changing investment demand. In addition, government regulations and policy targets, such as Net Zero 2050, help increase the drive for change.

## ENVIRONMENTAL

Whilst Social and Governance are important for residential real estate, the E (Environmental) of ESG is the most dominant factor as the UK's housing sector contributes to 15 per cent of the UK's total greenhouse gas emissions and is currently statutorily required to meet net zero emissions by 2050. It is estimated that by 2050, 80 per cent of houses that the UK's residents will be living in will have already been built today - representing a huge retrofitting task for the PRS as well as owner-occupiers.

## SOCIAL

The S (Social) of ESG is quickly gaining traction in residential real estate. For many BPF members, social impact and social value are front of mind in delivering new Build to Rent homes across the country, as well as our broader membership who are operating and managing PRS portfolios. The ability to measure the social side of the institutional PRS - markers such as the communal amenities provided, the contribution to surrounding community and postcode area and the number of essential workers housed - is becoming essential to benchmark and demonstrate. The S (Social) of ESG will only continue to come into focus as the effects of the ongoing Covid-19 global pandemic are being felt across the PRS - changing tenants' priorities and lifestyles and warranting a rethink on the part of landlords as to how they can provide high quality, sustainable, affordable and functional places to live.

## GOVERNANCE

The G (Governance) is an important third piece to the puzzle. Demonstrating corporate responsibility in essence props up the E (Environmental) and the S (Social) through providing transparency in operations, spending and decision-making. The G (Governance) measures and monitors criteria such as organisational diversity and structure, donations, corruption and bribery and executive remuneration. Transparency and accountability in operations and decision-making, through an ESG framework or accreditation, helps to minimise investor risk.

**The next page outlines some of the policy context and interventions that support improved ESG outcomes.**

# Policy Context

## NET ZERO STRATEGY - BUILD BACK GREENER

On 21 October 2021, the UK Government outlined its strategy and investment plan to move toward Net Zero 2050. The announcement came ahead of COP26 in Glasgow in November 2021 and included highly anticipated announcements on various policies, reforms and funding approaches that had been in the pipeline and previously consulted on.

Touching on much more than just buildings but capturing the infrastructure that supports housing, the government's Net Zero Strategy outlines a wider trajectory for decarbonising the entire economy, covering sectors such as power, transport, natural resources & waste. The full 368 page strategy can be read [here](#).

### KEY FEATURES

- By 2035 the UK is to be powered entirely by clean electricity (nuclear and offshore wind to do the heavy lifting).
- The Heat and Buildings Strategy announced and outlined in the next heading.
- A zero-emissions vehicle mandate to end the sale of new petrol and diesel cars by 2030 and that by 2035 all cars should be fully zero emissions capable.
- £620 million allocated for zero emissions vehicle grants and electric vehicle infrastructure, with a focus on neighbourhood level charging infrastructure.
- £100 million allocated to greenhouse gas removals and associated innovation.
- Introduction of a new Sustainability Disclosures Regime, including mandatory climate related financial disclosures and a UK green taxonomy. See across for more.

## HEAT AND BUILDINGS STRATEGY

On 21 October 2021, the UK Government announced its Heat and Buildings Strategy, combining and confirming a number of other initiatives including the Minimum Energy Efficiency Standard (MEES). The full 200-page strategy documents can be read [here](#).

### KEY FEATURES

- The focus has very much been placed on the decarbonisation of heat in buildings.
- A new Boiler Upgrade Scheme will provide £450 million towards the installation of low carbon heating systems (early calculations suggest this will only be enough for roughly 90,000 installations).
- Money will be allocated to heat pump innovation projects to help bring the cost of this technology down over time.
- Consultations announced to explore the phasing out of fossil fuel heating in domestic and non-domestic off gas grid settings.

- A phase out date for the installation of new gas boilers by 2035.
- Commitments to future action on addressing the cost of gas vs electricity to enable a move to electric solutions and the consideration of multiple scenarios for heating technology including a 'high hydrogen scenario' in which hydrogen has proven feasible and preferable as a solution for heating most UK buildings. See Net Zero Strategy for more information.

In addition, the announcement confirmed:

- A minimum energy efficiency standard for domestic PRS properties of EPC C by 2028.
- A minimum energy efficiency standard for non-domestic properties of EPC B by 2030.
- The implementation of a performance-based energy rating for commercial buildings starting with pilots in 2022.
- Implementation of the Future Homes Standard.
- Commitment to bringing forward the Future Buildings Standard.
- Continued workstreams pertaining to minimum standards for owner-occupied homes and commercial buildings.

## GREEN FINANCE: A ROADMAP TO SUSTAINABLE INVESTING

Whilst not a new announcement HM Treasury's Green Finance Roadmap publication confirms the impending Climate Related Financial Disclosure mandates for UK Registered Businesses. The full 50 page report can be read [here](#).

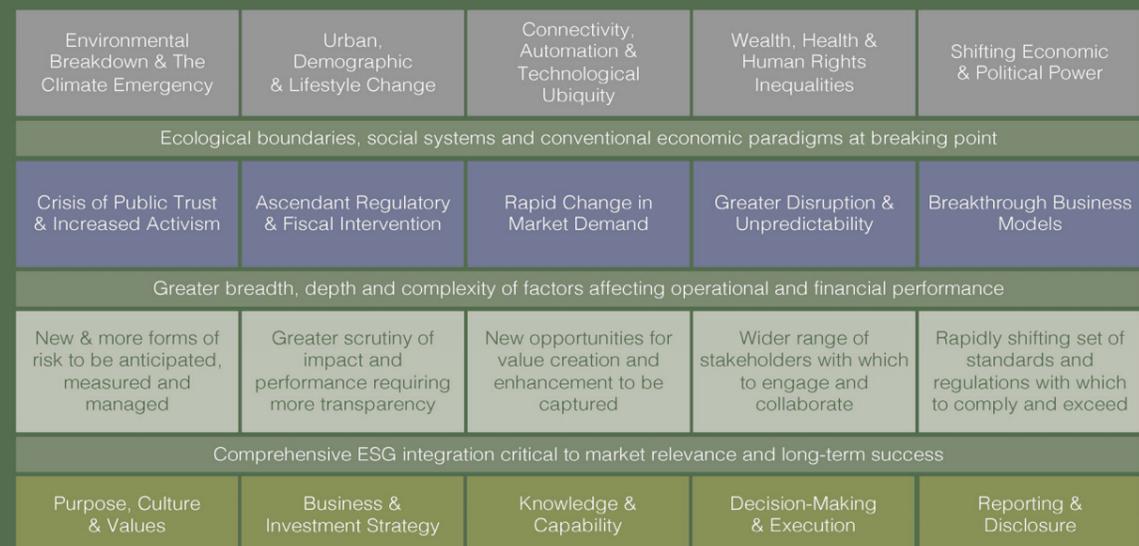
### KEY FEATURES

- The Sustainable Disclosure Requirements (SDR) will require reporting by companies under proposed international standards and environmental impacts using the UK Green Taxonomy.
- Asset managers and asset owners (including occupational pension schemes) will have to disclose how they take various aspects of sustainability into account.
- The types of disclosures required by corporates and asset managers/owners can be seen in figure B [here](#).
- A breakdown of the regulatory trigger points can be seen in figure C [here](#).
- Detail is provided on 'what constitutes green' through a UK Green Taxonomy. More detail [here](#).

These policy and funding announcements are at the current point in time and no doubt will (and indeed should) continue to evolve and escalate to meet the challenge of decarbonising the UK's built environment.

**The following page contains the ESG Matrix.**

## Understanding the drivers of change





# ANNEXE - LIST OF ESG SERVICES

The following pages contain a non-exhaustive list of ESG frameworks and accreditations that apply to the residential sector. We have only identified services that can be applied to residential, and whilst best efforts have been made to capture every existing service, it is likely that we may have missed some or that others have emerged since our research.

The services are listed alphabetically in three groups - Internationally recognised ESG frameworks and accreditations, Domestic ESG frameworks and accreditations, and Best Practice Frameworks and Guidelines.

We have sought to classify each ESG framework and accreditation to help guide members toward suitable solutions for their own portfolios. The suitability of a service is earmarked by the iconographic categories below. Please note that this is not a ranking system and assessment of suitability has been made with information that is publicly available on websites. If our assessment is incorrect, or there is missing information pertaining to a specific framework or accreditation, we would welcome correction and will amend accordingly.

## THE BELOW ICONS WILL APPEAR BELOW EACH FRAMEWORK OR ACCREDITATION TO DENOTE THEIR SUITABILITY.

### AUDIENCE



**Investor/Manager\***  
- The ESG Service is aimed at an investor audience.



**Resident\*** - The ESG Service is aimed at a resident or prospective resident audience.

*\*Order listed denotes primary and secondary audiences*

### COVERAGE



**Broad** - The ESG Service incorporates all or most aspects or components of an asset.



**Specific** - The ESG Service measures a specific aspect or component of an asset, e.g. energy efficiency.

### ASSET TYPE



**New Build** - The ESG Service is applied to the design and construction of new build assets.



**Existing Asset** - The ESG Service is applied to a completed asset, refurbishment and/or operations of existing assets.

### AN E, S OR G FOCUS



The ESG Service focuses on one, two or all elements of ESG, denoted by the colour green. This example denotes a service that focuses on Environmental and Social criteria.



# International ESG Services applicable to the UK

The below icons will appear below each ESG framework or accreditation to denote their suitability.

## AIRSCORE BY AIRRATED

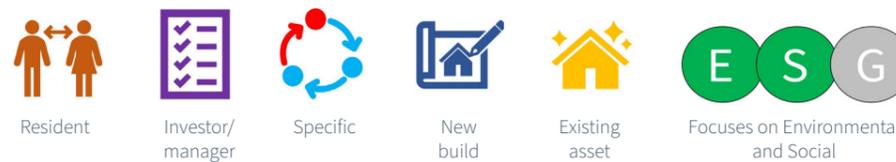
**AirScore** is the global indoor air quality benchmark for real estate, providing buildings in commercial, residential, education and the public sector with a third-party, independent certification - the 'AirScore'. This AirScore has four tiers Platinum, Gold, Silver and Certified.

AirRated offers design and performance-based certifications. The AirScore Design & Operation assessment evaluates a building's design based on six aspects; particulate matter (PM), carbon dioxide (CO<sub>2</sub>), total volatile organic compounds (TVOCs), inorganic gases, temperature and humidity. The AirScore assesses performance, through data, on five fundamental parameters; PM<sub>2.5</sub>, CO<sub>2</sub>, TVOCs, temperature and humidity. Both certifications are accepted accreditations on the Global Real Estate Sustainability Benchmark (GRESB) programme. The AirScore is a simple tool to effectively communicate the quality of the indoor environment to building users and displays a commitment to upholding healthy, sustainable and productive buildings.



## ACTIVE SCORE

**ActiveScore** is a certification that rates both commercial and residential buildings in accordance with how well implemented, usable and designed their active travel infrastructure is. The Score was developed in partnership with industry experts and planners, and predominantly lists in the United Kingdom but also internationally across Europe. The service provides a factsheet to building developers that explains how their building currently performs and provides them with suggested improvements that could enhance the active travel experience of the premises. There are five ratings – platinum 100, platinum, gold, silver and certified. The service also provides a bespoke design consultation service for new build construction and design, so that active travel infrastructure can be embedded into design, removing the need to retrofit to achieve high scores.



## BREEAM - NEW CONSTRUCTION STANDARDS

The **BREEAM New Construction Technical Standards** cover the design of a residential building from concept stage to the completion of construction. The New Construction standards can be used to assess the design, construction, intended use and future-proofing of new building developments, including the local, natural or manmade environment surrounding the building. The standards can be used to assess most types of new buildings, including new homes and new-build extensions to existing buildings. The standards use a framework that is adaptable to the building's type and location.



## BREEAM - REFURBISHMENT AND FIT-OUT (RFO) TECHNICAL STANDARD

The **BREEAM Refurbishment and Fit-out Technical Standard** enables the assessment of sustainability impacts during the design and works of a refurbishment or fit out project to an existing building, with the final certification reflecting the performance of the building once improvements have been made to any or all aspects of a building. The standard can be used to assess the refurbishment and fit-out of most types of buildings and contains specific criteria for domestic and non-domestic buildings. It also includes specific criteria for heritage buildings that take into account the constraints on these types of projects.



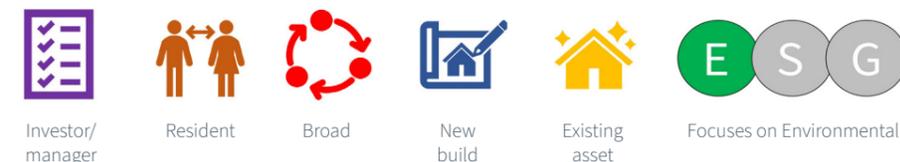
## BREEAM IN-USE

**BREEAM In-Use** is an assessment tool to measure operational improvements to existing buildings, with a focus on improved environmental outcomes across both asset performance and management performance. BREEAM In-Use identifies opportunities for energy efficiencies, ways to promote health and wellbeing outcomes for residents, recognises climate risks to a building, supports implementation of circular economy into building management, and provides data management capabilities that can benefit a number of building management outcomes, including identifying a pathway to Net Zero.



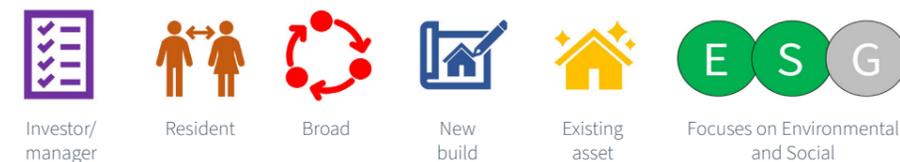
## CARBON RISK REAL ESTATE MONITOR (CRREM)

The **CRREM** and the incorporated CRREM Risk Assessment Tool is a European Horizon 2020 research and innovation project. The purpose of CRREM is to apply science-based carbon reduction pathways and apply them to a property setting, both at a portfolio and company level. CRREM aims to integrate carbon efficiency and retrofit requirements into investment decisions by evaluating and clearly communicating the downside financial risks associated with a low energy performance and quantifying the financial implications of stricter regulatory environment regarding carbon intensity on the building stock. The CRREM Risk Assessment Tool enables users to do this and whilst it was originally only for commercial real estate, it can now be applied to multifamily/Build to Rent. Various guidance and tutorials are supplied and the tool can be integrated into GRESB.



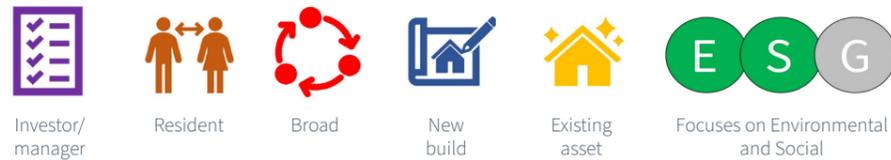
## CERTIFIED SUSTAINABLE HOUSING LABEL

**Certified Sustainable Housing Label (CSHL)** is a pan-European sustainable certification for housing companies, and demonstrates and rates the company's ESG performance, and their housing stock, against criteria linked to the UN's Sustainable Development Goals (SDGs), the EU taxonomy as well as the "The Sustainability Reporting Standard for Social Housing in the UK". CSHL is particularly strong on social criteria, which includes rents compared to local market levels and social activities for tenants. CSHL highlights sustainability focus and communicate environmental/social commitments towards multiple stakeholders. The chief audience of a CSHL certification is investors who are looking for positive social and environmental impact as well as management teams who are who are planning to develop a sustainability strategy and anchor it in the company – but it also has the ability to pivot and demonstrate to tenants the obligations that an affordable housing company has placed upon themselves.



## FITWEL

**Fitwel** is the world's leading platform for certifying and optimizing healthy buildings committed to building health for all. Generated by analysis of 5,600+ academic research studies and the operation of Center for Active Design (CfAD), Fitwel is implementing a vision for a healthier future. Fitwel was originally created by the U.S. Centers for Disease Control (CDC) and Prevention and U.S. General Services Administration, and the CDC remains CfAD's research and evaluation partner for Fitwel. Fitwel Scorecards include 55+ evidence-based design and operational strategies that can be applied to both new and existing assets. Each strategy is associated with evidence and the demonstrated impact on occupant health. Fitwel can be used to certify a whole portfolio or a single development, and projects are certified at the level of 1, 2, or 3 stars based on points earned. The certification is valid for three years.



## GRESB REAL ESTATE ASSESSMENT

**The GRESB Real Estate Assessment** measures and benchmarks the ESG performance of real estate assets, providing standardised and validated data to investors. Assessments are guided by what investors and the industry consider to be material issues in the sustainability performance of real asset investments, and are aligned with international reporting frameworks, the Paris Climate Agreement, UN Sustainable Development Goals, region and country specific disclosure guidelines.

Each year, GRESB produces benchmarks for real estate (the Real Estate Benchmark and the Real Estate Development Benchmark) that identify where participants stand against their peers. Currently, GRESB assesses approximately 1000 real estate companies worldwide. The Real Estate Assessment contains three core components – management, performance and development. In the GRESB Real Estate Benchmark, only management and performance components are measured – and in the GRESB Development Benchmark, only the management and development components are measured.

## GRESB REAL ESTATE BENCHMARK

**The GRESB Real Estate Benchmark** is completed by participants measuring the management and performance components of the Real Estate Assessment. The management component measures the entity's strategy and leadership management, policies and processes, risk management and stakeholder engagement approach, comprising of information collected at the organisational level. The performance component measures the entity's asset portfolio performance, comprising of information collected at the asset and at the portfolio level. The Component includes information on performance indicators, such as energy consumption, GHG emissions, water consumption and waste.



## GRESB DEVELOPMENT BENCHMARK

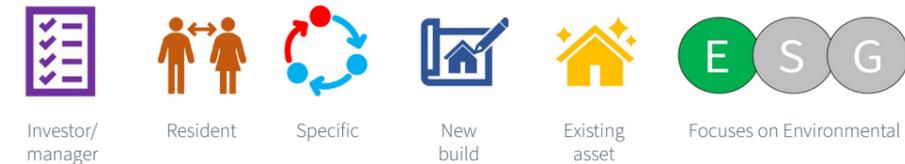
**The GRESB Development Benchmark** is completed by participants measuring the development and management components of the Real Estate Assessment. The development component measures efforts to address ESG issues during the design, construction, and renovation of buildings. This Component is suitable for entities involved in new construction (building design, site selection and/or construction) and/or major renovation projects, with on-going projects or completed projects during the reporting period. The management measures the entity's strategy and leadership management, policies and processes, risk management and stakeholder engagement approach, comprising of information collected at the organisational level.



## INTERNATIONAL FINANCE CORPORATION (IFC) - EDGE

**EDGE** currently provides green building certifications in more than 170 countries. Launched in July of 2014, EDGE received start-up funding from SECO (Switzerland's State Secretariat of Economic Affairs) and is currently also funded by the UK Government with additional funding provided by a number of other countries. EDGE consists of three certification levels – certified (20% or more on site energy savings), advanced (40% or more on site energy savings), and zero carbon (100% renewable energy).

EDGE is focussed on environmental sustainability. For homes, EDGE takes into account occupancy, the owner's income level and unit sizes to create a benchmark model for either landed homes or apartments. A developer's design team can then select from such practical solutions to reduce or eliminate carbon emissions. Each homeowner receives an EDGE certificate as proof of delivery on the promise to build green.

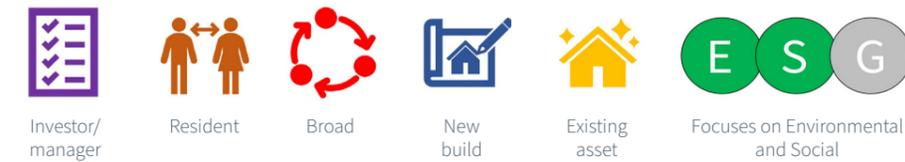


## INTERNATIONAL LIVING FUTURE INSTITUTE (ILFI)

**The International Living Future Institute (ILFI)** has produced a number of products for ESG in residential real estate as well as a number of other challenges including the Living Product Challenge and Living Community Challenge, which may also be of relevance to the institutional PRS but have not been listed below. Together, ILFI programmes create a suite of certifications designed to address the many types of highly aspirational projects. ILFI also has further certifications called 'Declare' and 'Reveal' which are available to participants who want a publishable rating certificate to use for engagement and communication.

## ILFI - CORE GREEN BUILDING CERTIFICATION

**The ILFI's Core Green Certification** provides ten core principles that a building must achieve to be considered a green or sustainable building. These principles include addressing place, transit, water, energy, health, materials, equity, inclusion, biophilia and inspiration. Core can be applied to new construction, existing buildings structures or even just to interiors of buildings. Core can be used as a stand-alone certification, or as an integral part of the Living Building Challenge (which is outlined below).



## ILFI - LIVING BUILDING CHALLENGE

The ILFI's **The Living Building Challenge** consists of seven performance categories, or 'petals': place, water, energy, health and happiness, materials, equity and beauty. Each Petal is subdivided into imperatives, for a total of twenty imperatives contained within the Living Building Challenge. The Imperatives can be applied to almost every conceivable building project, of any scale and any location—be it a new building or an existing structure. Many of the Imperatives have temporary exceptions to acknowledge current market limitations. Living Building Challenge compliance is based on actual, rather than modeled or anticipated, performance. Therefore, projects must be operational for at least twelve consecutive months prior to audit to verify Imperative compliance.



## ILFI - ZERO ENERGY PERFORMANCE CERTIFICATION

The ILFI's **Zero Energy (ZE) Certification** was created to allow projects to demonstrate zero energy performance, building an advanced cohort of projects with the integrity of third-party performance certification. This program certifies that the building is truly operating as claimed, harnessing energy from the sun, wind or earth to produce net annual energy demand through a third-party audit of actual performance data. It also provides a case study platform for projects to inform and accelerate other zero energy efforts throughout the world.



## ILFI - ZERO CARBON CERTIFICATION

The ILFI's **Zero Carbon (ZC) Certification** seeks to fully account for the embodied carbon in buildings and fully accounts for all operational carbon emissions. This means that all embodied carbon contained within a building must be declared and offset, as must any operational energy. Projects must demonstrate actual net zero carbon operations based on a twelve-month performance period, during which time the project must be occupied consistently with its stated use. New projects must demonstrate a reduction in the embodied carbon of primary materials compared to an equivalent baseline. Targets are benchmarked against local authority or government targets, if they exist. If not, standard benchmarked reductions against an equivalent baseline are provided.



## ONE PLANET LIVING

Bioregional created the **One Planet Living framework** in 2002 to drive and communicate about transformational sustainability across the globe. The framework consists of ten easily understood principles including 'health and happiness' and 'zero carbon energy', backed up with detailed guidance and tools that anyone, anywhere can use. Bioregional applies the One Planet Living framework to their programme called 'Creating sustainable homes and communities', which is used through the masterplanning and design, and construction stages. There is also the option of continuing through the occupation and management stages.



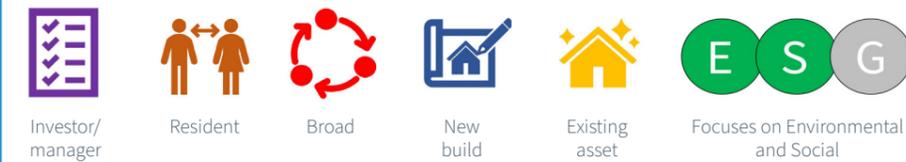
## INTERNATIONAL WELL BUILDING INSTITUTE

The **International WELL Building Institute (IWBI)** is a public benefit corporation and the world's leading organization focused on deploying people-first places to advance a global culture of health. IWBI mobilizes its community through the administration of the WELL Building Standard (WELL) and the WELL Health-Safety Rating, management of the WELL AP credential, the pursuit of applicable research, the development of educational resources, and advocacy for policies that promote health and well-being for everyone, everywhere.

## IWBI - WELL BUILDING STANDARD v2 CERTIFICATION

The **WELL Building Standard (WELL v2)** is the leading global rating system and the first to be focused exclusively on the ways that buildings and organisations can improve our comfort, drive better choices, and enhance our health and well-being. WELL v2 includes a set of strategies, backed by the latest scientific research, that aim to advance human health through design interventions and operational protocols and policies and foster a culture of health and well-being. There are ten concepts in WELL v2: Air, Water, Nourishment, Light, Movement, Thermal Comfort, Sound, Materials, Mind and Community. Each concept consists of features with distinct health intents and are classified as either preconditions or optimisations.

Importantly, WELL v2 is applicable to all project types. Build to Rent residential projects can use WELL v2 as it accommodates buildings containing five or more dwellings, contained within the core building structure. Projects that qualify include apartments, condominiums, townhouses, and other residential complexes within all market thresholds – affordable housing, market-rate, and luxury. To conduct performance testing to achieve WELL Certification, residential buildings must be at minimum complete, but don't have to be furnished or let-out. It is important to note that WELL performance criteria can be integrated into design and construction stages, to maximise scores once performance testing is conducted.



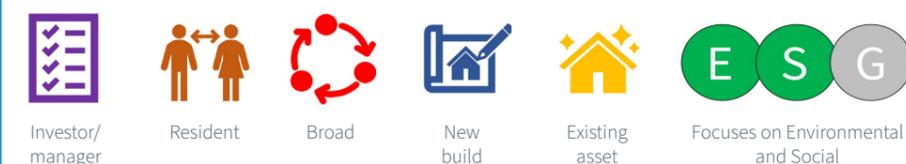
## IWBI - WELL HEALTH-SAFETY RATING

The **WELL Health-Safety Rating** for Facility Operations and Management is an evidence-based, third-party verified rating for all facility types focused on operational policies, maintenance protocols, stakeholder engagement and emergency plans to address a post-COVID-19 environment now and broader health and safety-related issues into the future. Designed to empower owners and operators across large and small businesses alike to take the necessary steps in order to prioritise the health of their staff, visitors and stakeholders, the WELL Health-Safety Rating can help guide users to get back to business as they respond to COVID-19, instilling confidence in those who frequent their building and the broader community. Drawing on a subset of features from the WELL Building Standard (WELL), the rating includes a total of 22 strategies across five key themes: air and water quality management; cleaning and sanitisation procedures; health service resources; stakeholder engagement and communication; and emergency preparedness programmes.



## IWBI - WELL PORTFOLIO

Rooted in the science-backed strategies contained within WELL v2, **WELL Portfolio** enables owners, developers and tenants to scale the health and well-being strategies found in WELL across multiple assets in their real estate portfolios and throughout their organisations. The WELL Portfolio Score is a metric that accrues over a period of time, as health-focused WELL features are achieved across all projects within the portfolio. It may serve as a metric for recording incremental progress, advancing environmental, social and governance (ESG) goals, and measuring portfolio-wide health and well-being achievements against other peers participating in the WELL Portfolio programme.

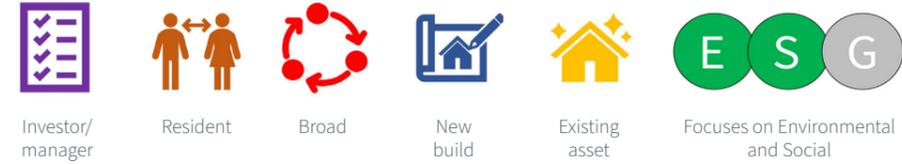




# DOMESTIC ESG SERVICES

## BUILDING WITH NATURE

**Building with Nature** has sought to define green infrastructure through the lifecycle of a building including the various stages of design, construction, maintenance and management by developing free standards for industry to use. The standards are refreshed regularly to ensure accordance with any changes to legislation and policy, but typically go beyond statutory requirements and are therefore for developers who want to deliver above and beyond for residents and nature alike. Developers are able to have their scheme assessed, and planners can also have designs accredited. There are three levels of accreditation – design accreditation, full award (good) and full award(excellent).



## HACT - SOCIAL VALUE CERTIFICATION

**HACT**, together with Simetrica, created the Social Value Bank – the largest bank of methodologically consistent values to measure the impact of activities from employment through to health. The methodology is now widely used across the social housing sector and beyond. By working with HACT Value, housing providers learn how and where social value is generated most effectively, from in-house projects to the value generated by the supply chain. The Social Value Certification captures performance across environmental, social and governance criteria. HACT also offer a bespoke consultancy service.



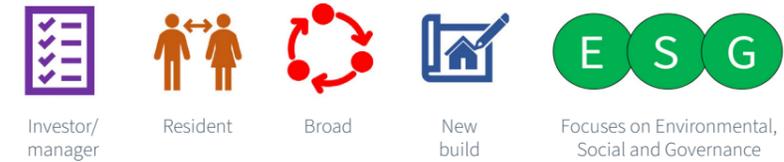
## HOME QUALITY MARK (by BRE)

**The Home Quality Mark (HQM)** is an independently assessed certification scheme for new homes – both the quality of construction and operational costs. HQM awards certificates with a simple star rating for the standard of a home’s design, construction and sustainability. HQM is a more consumer focussed ESG certification, which seeks to inform prospective buyers and renters on the design, construction and sustainability standards of the home in question. In practical terms, a HQM rated home is able to demonstrate savings to running costs, lesser environmental impact and benefits to health and wellbeing to the consumer.



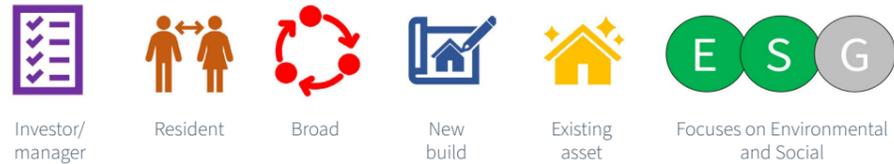
## NEXTGENERATION SUSTAINABLE BENCHMARK

**NextGeneration** enables homebuilders, Government, registered providers (RPs), investors, employees and the public to understand the sustainability of homebuilders’ operations and the new homes they build. NextGeneration annually benchmarks the sustainability performance of the largest 25 homebuilders in the UK across over 80 criteria, that cover environmental, social and governance sustainability issues. The benchmarking criteria are based on best practice standards and guidance, and have been developed in collaboration with the industry for over fifteen years. The assessment is primarily based on publicly available information and has been a key driver of greater transparency and accountability within the sector. A second phase of the benchmark then allows member homebuilders to submit further internal information to increase their benchmark score.



## PASSIVHAUS - THE PASSIVHAUS STANDARD AND ENERPHIT STANDARD

**PassivHaus** buildings are characterised by particularly high levels of comfort with very low energy consumption. This is achieved primarily using Passive House components (e.g. Passive House windows, insulation, heat recovery). Passivhaus certification provides quality assurance process verified via independent testing. Certification is available for buildings, specific components, Designers/Consultants & Tradespeople. The PassivHaus Standard is used for new builds, with rigorous attention to design and construction. The enerPHit Standard is aimed at refurbishment and retrofit projects, and carries the same principles as the PassivHaus Standard, but with less rigorous performance criteria to account for the constraints of existing structures and building types (e.g., listed buildings).



## PLANET MARK

Planet Mark's purpose is to unite the very best of people, technology and nature to radically reduce carbon emissions, transform communities and ultimately halt the climate crisis. Planet Mark offers a suite of Real Estate Certifications, detailed below - but also provides advisory services for Net Zero Solutions, and a Business Certification to measure and reduce the impact of business operations.

## PLANET MARK - DEVELOPMENT CERTIFICATION

**Planet Mark Development Certification** requires the measurement and reduction of whole-life carbon emissions, engagement of the supply chain and the inclusion of the local community. In this way, every building from its design through to its operation can combat climate change, support biodiversity and contribute to the society that it serves. Engagement of the supply chain and inclusion of the local community is embedded within the New Development Certification, which involves supporting local schools to achieve Planet Mark certification themselves, together with curriculum-linked workshops and assemblies delivered by our partner, the Eden Project.



## PLANET MARK - FIT-OUT CERTIFICATION

**Planet Mark Fit-Out Certification** requires the measurement and reduction of embodied and operational carbon of the material and design decisions. The LCA is conducted by a Planet Mark approved LCA consultant and provides a clear, digestible breakdown of your fit out carbon footprint against a national baseline. Third party verification from Planet Mark adds rigour to the LCA calculation. Where the Fit Out Certification is applied after a New Development Certification, a cumulative report will be provided, bringing together the base build and fit out carbon impacts and reductions.



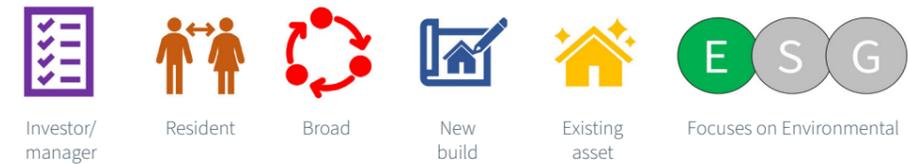
## PLANET MARK - PROPERTY CERTIFICATION

**Planet Mark Property Certification** quantifies a development's ongoing operational carbon footprint and sets annual reduction targets. In doing so, Planet Mark help you to engage and upskill staff onsite in sustainability and running their buildings more efficiently. They also support with communicating sustainability commitments and achievements internally and externally.



## SHIFT (by SHIFT ENVIRONMENT)

**SHIFT** is a sustainability standard provided by SHIFT Environment for both housing and the housing supply chain. SHIFT is an independent environmental reporting, benchmarking and accreditation scheme that demonstrates organisations are delivering against challenging environmental targets. The SHIFT assessment process takes measurements against 21 environmental criteria, including CO2 emissions, water use, landfill waste and response to climate change risks. Organisations that are assessed receive various ratings depending on performance, as well as recommended steps for improvement.



## THE SUSTAINABLE DEVELOPMENT SCORECARD

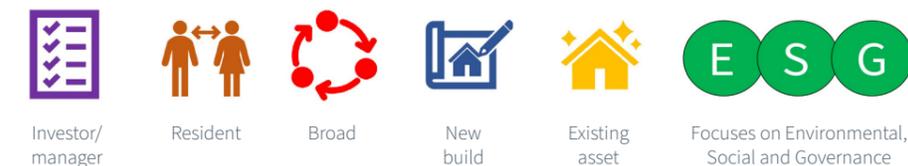
**The Scorecard** is a free to use tool developed by the Sustainable Development Commission (SDC). The SDC was convened to assess development against the UK Government's definition of sustainable development, which is contained in the National Planning Policy Framework (NPPF).

The Scorecard assesses development against the social, environmental and economic pillars of the NPPF. The service allows you to produce a free report that provides information on how your development is contributing to sustainable development goals. No pass or fail results are provided with the scorecard - rather, continuous improvement is encouraged.



## THE SUSTAINABILITY REPORTING STANDARD FOR SOCIAL HOUSING

**Sustainability for Housing Limited's Sustainability Reporting Standard for Social Housing** was launched in November 2020 by the ESG Working Group, consisting of 18 partners working across the social housing sector. Aligned closely to the Certified Sustainable Housing Certification developed by Ritterwald, as well as the UN's Sustainable Development Goals (SDGs), the Standard consists of 12 criteria themes across Environmental, Social and Governance. Beneath the 12 themes lie 48 criteria, split in to core and enhanced. Signup to the standard is voluntary and it is expected that participants report on their ESG performance annually against the set criteria.

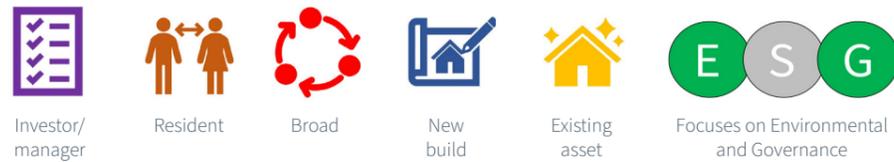


# BEST PRACTICE GUIDANCE, FRAMEWORKS, REPORTS AND INDUSTRY COMMITMENTS

## CDP - DISCLOSURE REPORTING

*Commitment & Framework*

CDP runs the global environmental disclosure system. CDP supports thousands of companies, cities, states and regions to measure and manage their risks and opportunities on climate change, water security and deforestation. Each year, CDP takes the information supplied in its annual reporting process and scores companies and cities based on their journey through disclosure and towards environmental leadership. CDP's data both fuels and tracks global progress towards building a truly sustainable economy for people and planet.



## GREEN ALLIANCE - REINVENTING RETROFIT

*Report*

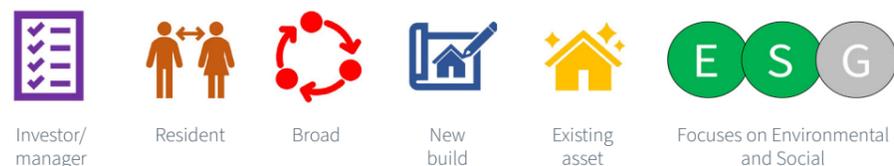
'Reinventing retrofit: how to scale up home energy efficiency in the UK' outlines how an approach called 'Energiesprong' may be able to alleviate the UK's energy challenges in the housing sector. Energiesprong, which translates as 'energy leap', is an approach to whole of house retrofitting that sets standards adding up to a net zero home. It typically involves retrofitting the facade, roof and energy hub to greatly reduce energy use in a domestic dwelling.



## GREENSPEC - BUILDING DESIGN GUIDANCE AND PASS ENDORSEMENT

*Framework & Guidance*

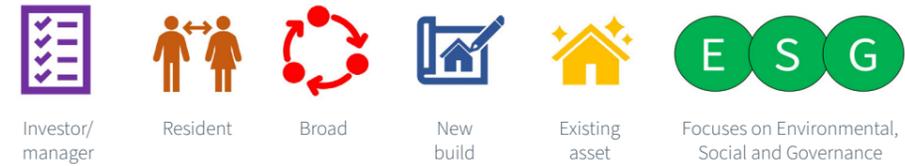
Greenspec's building design guidance and pass endorsement are extensive and cover in detail all materials and their impact on the environment. Greenspec launched in 2003 with government funding and promotes sustainable building products, materials and construction techniques. Greenspec has produced comprehensive guidance for the building design process, with particular focus on choosing sustainably sourced and made materials for all aspects of building design. Guidance also covers retrofitting of existing buildings and listed buildings. In addition, Greenspec administers PASS, which labels green materials and helps them to stand out from less sustainable products.



## LONDON STOCK EXCHANGE - YOUR GUIDE TO ESG REPORTING

*Guidance*

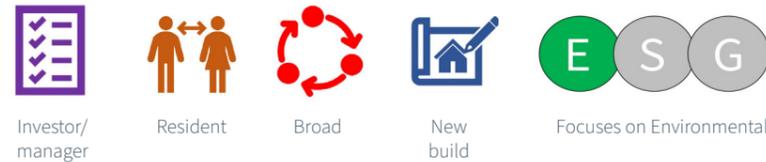
The London Stock Exchange Group has published [guidance on how to best report on ESG investment](#). The report's intention is to help companies gain a clear understanding of what ESG information investors would like to see provided by companies. The Guidance is not specific to the Real Estate industry, however provides comprehensive detail of reporting methods and global frameworks within which to do so.



## LETI - CLIMATE EMERGENCY DESIGN GUIDE

*Guidance*

The London Energy Transformation Initiative (LETI) published a [Climate Emergency Design Guide](#) for new builds in January 2021. The Climate Emergency Design Guide covers 5 key areas: operational energy, embodied carbon, the future of heat, demand response and data disclosure. The methodology includes setting the requirements of four key building archetypes (small scale residential, medium/large scale residential, commercial offices, and schools). The guide was developed by over 100 LETI volunteers over a period of 12 months.



## LETI - CLIMATE EMERGENCY RETROFIT GUIDE

*Guidance*

The London Energy Transformation Initiative (LETI) published a [Climate Emergency Retrofit Guide](#) in October 2021 which shows how we can retrofit our homes to make them fit for the future and support the UK's Net Zero targets. We define energy use targets for existing homes and provide practical guidance on how to achieve them. The guide is useful for architects, engineers, Local Authorities, social landlords, energy professionals, contractors and clients looking for guidance about best practice retrofit.



## PROPERTY INDUSTRY ALLIANCE - BEST PRACTICE FRAMEWORK FOR A RESPONSIBLE REAL ESTATE INDUSTRY

*Framework*

The PIA published their [best practice framework](#) in February 2020. It provides five-point guidance for property investors and developers to follow through the lifecycle of their buildings and has been developed with PIA members (one of which is the BPF). The framework has a number of key principles that members committed to bringing to their own memberships in order to improve their own practices in the ESG space - covering all three of the ESG elements.



## RIBA 2030 CLIMATE CHALLENGE

### Commitment & Framework

RIBA has developed the [2030 Climate Challenge](#) to help architects and the wider construction industry meet net zero (or better) whole life carbon for new and retrofitted buildings by 2030. It sets a series of operational target metrics for domestic buildings including operational energy, embodied carbon and potable water usage.

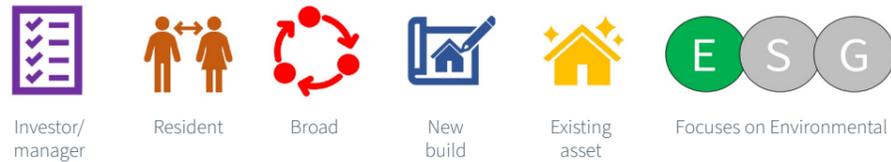


## RICS - WHOLE LIFE CARBON ASSESSMENT FOR THE BUILT ENVIRONMENT

### Commitment & Guidance

[RICS professional statement](#) is intended to standardise whole life carbon assessment and enhance consistency in outputs by providing specific practical guidance for the interpretation and implementation of the methodology. The statement outlines how to assess embodied carbon throughout the life cycle of a building, across residential, commercial and offices buildings. As a RICS professional statement, it is mandatory for members to adhere to.

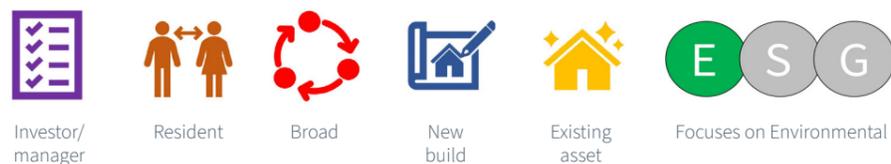
The professional statement is supported by the [RICS Building Carbon Database](#). The database is an evolution of the formerly known WRAP Embodied Carbon Database, with a continued relationship with UK GBC. The purpose of the database reinforces the RICS professional statement regarding whole life carbon assessment for buildings, which RICS members must act in accordance with. The aim of the database is to allow users to identify where associated carbon emission reductions can be made, during all stages of a building's life cycle.



## UK GREEN BUILDING COUNCIL (UKGBC) - NET ZERO CARBON BUILDINGS - A FRAMEWORK DEFINITION

### Framework & Guidance

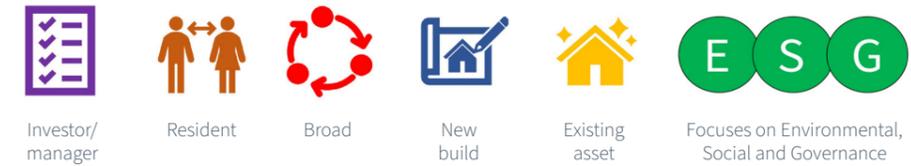
The UK Green Building Council published their [Net Zero Carbon Buildings](#) framework in April 2019. It provides overarching framework of consistent principles that can be integrated into policy and applied for business transition to net zero emissions. The framework has been developed by an industry task group of businesses, trade associations (including the BPF) and non-profit organisations and defines net zero carbon buildings including homes.



## UNITED NATIONS PRINCIPLES OF RESPONSIBLE INVESTMENT (PRI)

### Commitment & Guidance

[The PRI](#) is the world's leading proponent of responsible investment. It works to understand the investment implications of environmental, social and governance (ESG) factors and support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. As a signatory, a business signs up to adhere to the six core principles of responsible investment and in return is provided with support and resources to help guide investment decision-making and business reform.



## UNITED NATIONS GLOBAL COMPACT

### Commitment & Guidance

[The UN Global Compact](#) supports companies to do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption. It also supports businesses to take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

