



## SUBMISSION: REPORTING PRINCIPLES – ESG METRICS FOR REAL ESTATE

29 January 2025

### TO:

UK Financial Conduct Authority (**FCA**); and  
IFRS Foundation

### FROM:

Association of Real Estate Funds (**AREF**)  
British Property Federation (**BPF**)  
Commercial Real Estate Finance Council Europe (**CREFC Europe**)  
European Association for Investors in Non-Listed Real Estate (**INREV**)  
Investment Property Forum (**IPF**)  
Pensions for Purpose (**PfP**) and The Good Economy (**TGE**)  
(together, **the Associations**)

## INTRODUCTION

The Associations welcome the FCA:

- continuing to take a leading role on environmental, social and governance (**ESG**) regulatory issues.
- issuing its Policy Statement on Sustainability Disclosure Requirements (**SDR**) and investment labels (PS23/16)<sup>1</sup>
- In PS23/16, stating in paragraph 2.16:
  - *“We note the European Commission’s ongoing review of the SFDR [meaning the EU Sustainable Finance Disclosures Regulation (**SFDR**)], and its consultation published in September 2023. Among the Commission’s consultation proposals is consideration of a labelling regime to help consumers navigate the market. As our regime is among the first*

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<sup>1</sup> <https://www.fca.org.uk/publications/policy-statements/ps23-16-sustainability-disclosure-requirements-investment-labels>

*to consider introducing investment labels, we stand ready to work with the EU authorities on this important issue. We are also engaged with developments in other international jurisdictions and will continue to do so”.*

The reporting principles contained in this document represent the views of a working group (**Working Group**) of the Associations in response to a dialogue with – and request from – the FCA for the real estate industry sector’s views/suggestions/input, principally aimed at a set of best practice principles:

- to inform the development of real estate-specific metrics that enable consistent, transparent, and comparable reporting and disclosure for real estate portfolios and covering all real estate asset classes (committed via equity and/or debt); and
- that are aligned with International Sustainability Standards Board (**ISSB**) guidelines, the ISSB S2 Climate-related Disclosures (and intended to supplement the ISSB ‘Industry-based Guidance on implementing Climate-related Disclosures Volume 37—Real Estate Services’<sup>2</sup>), and the FCA’s PS23/16.

These principles and real estate specific metrics aim to facilitate consistency of disclosures across the UK as well as internationally where the ISSB’s recommendations will apply. While the principles are aimed at supporting consistent reporting and disclosure by international asset managers, local supplements or simplified versions may be appropriate or needed for smaller organisations focussed on domestic markets. In the context of realising this aim, the Working Group looks forward to progressing the dialogue with the FCA and resolving a time frame for appropriate implementation, recognising that some metrics are implementable sooner than other metrics.

We aim to emphasise to policymakers and financial market regulators that the real estate market is inherently asset-focused. Therefore, we encourage metrics that facilitate robust disclosure and transparency regarding the performance of underlying real estate assets by reporting entities.

For clarification, the position of debt investors in real estate differs from that of equity investors in real estate (for example, in terms of access to data, or which emissions fall within which scopes), as do those of different types of debt investor (consider for example, a fund that lends directly to real estate firms in the same way that a bank might, compared to a fund that invests in senior rated bonds issued by listed property firms or securitisation vehicles).

The Working Group includes associations that represent, or include, real estate lenders and debt investors, and they would be happy to engage with the FCA to consider whether additional or different reporting principles might be appropriate to address the position of real estate lenders and debt investors.

This submission has been shared across a range of real estate industry associations and so reflects cross-industry sector collaboration and input. The submission seeks to progress end-to-end solutions to the question of appropriate real estate specific metrics. The Working Group has focused on material issues applicable for real estate portfolios and the underlying assets, rather than at the entity level and,

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<sup>2</sup> ISSB. June 2023. Industry-based Guidance on implementing Climate-related Disclosures Volume 37—Real Estate Services. Available from: <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2023/issued/part-b/ifrs-s2-ibg-volume-37-real-estate-services-part-b.pdf?bypass=on>

therefore, entity level governance and oversight disclosure requirements are not covered in this document. For reporting principles at product level, the Working Group suggests considering relevant guidelines produced by industry bodies, such as the INREV Governance and Sustainability Guidelines<sup>3</sup>.

This submission and suggested metrics have considered issues that are broadly applicable across all real estate asset classes such as climate resilience, mitigation and adaptation, energy and energy efficiency, carbon, water, waste, the circular economy, biodiversity, and social value. However, the Working Group acknowledges that individual real estate portfolios and developments may have specific material risks and opportunities not addressed within this submission and suggests such risks and opportunities should be subject to further disclosure obligations. It is also acknowledged that this is not an exhaustive list of ESG metrics for real estate disclosures. Additionally, it should be noted that the ability to report against these metrics will vary depending on the type of asset class (residential, industrial, office, retail, leisure and specialist asset types such as datacentres), development type (new construction versus retrofit), the size and level of sophistication of the asset owner, and, as mentioned above, debt versus equity real estate funds.

Organisations will not be able to report on all of these metrics from day one nor are these proposed as a set of criteria for the **four sustainability investment labels** under PS23/16. Therefore, the Working Group puts forward these principles and suggested metrics on the basis that they are not mandatory but voluntary metrics that provide investment and asset managers, and other industry stakeholders with freely available, material, and comparable real estate specific metrics that support consistent and transparent disclosure.

As policy – alongside technological advances and industry ambitions for ESG performance – evolves, ESG metrics for real estate will need to be updated, and we suggest (as appropriate) applicable FCA regulations from time to time are revised to reflect the updates.

## PRINCIPLES

Reporting principles are required to standardise the approach to reporting across a variety of parties. They should include:

1. **Transparency:** Relevant stakeholders should be transparent in their approach to reporting and supply complete disclosure of all activities within the stated scope and boundary, and the granularity of data reporting. Selective reporting for examples, of on positive results, should not be permitted. For context, disclosure should be accompanied by information on the limits of the environmental and/or social resources at the sector, local, regional, or global level.
2. **Consistency and comparability:** All parties are encouraged to disclose a minimum set of ESG metrics for real estate applying standardised reporting methodologies, scope and reporting boundaries to support comparability across the market. Comparability needs to be between investment types and between real estate asset classes. It is envisaged that the minimum set of

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<sup>3</sup> INREV. January 2023. Professional Standards (including the INREV Standard Data Delivery Sheet):  
Governance: <https://www.inrev.org/guidelines/module/governance#inrev-guidelines>  
Sustainability: <https://www.inrev.org/guidelines/module/sustainability-2023#inrev-guidelines>

ESG disclosure metrics for real estate would be supplemented with other metrics, as appropriate, for investment portfolios and the different real estate asset classes.

3. **Verification:** All parties are encouraged to verify data to an external standard using independent third-party verification. Nevertheless, the Working Group acknowledges the practical challenges for landlords associated with the verification of occupier data.
4. **Detailed data notes:** All parties must disclose emissions factors, estimation methodology, scope and boundaries, and any limitations, such as use of benchmark/proxy data in the absence of actual portfolio/asset specific data. Details on any acquisitions, divestment, and/or policy changes and how they affect portfolio performance and trends over the reporting period shall be included.
5. **Simplicity:** Some reporting metrics involve complex calculations. The aim should be to keep ESG metrics for real estate and data collection as simple as possible to ensure reporting is cost effective, feasible to collect and achieves optimal coverage.
6. **Measurement over modelling:** Actual data is preferred over modelled or benchmark/proxy/estimated data. If it is not possible to collect and measure actual data, reasons for using alternative data and the methodology used must be disclosed and justified. This presents practical challenges in a landlord and occupier scenario. Legislative changes will be required to achieve this goal if this cannot be achieved by voluntary action.

The Working Group is delighted that the 12<sup>th</sup> January 2024 version of these reporting principles are referenced in the Transition Plan Taskforce finalised Guidance for Asset Owners and Asset Managers as at April 2024 and now accessible via the IRFS Knowledge Hub<sup>4</sup>.

We request that the IFRS Foundation updates the IRFS Knowledge Hub to refer to these reporting principles of 29 January 2025.

As noted above, this is not an exhaustive list and the ability to report these metrics varies depending on the type of asset class, development type debt versus equity real estate funds. The Working Group has provided some indicative ESG metrics for real estate disclosures in the Appendix for consideration by the FCA and industry stakeholders.

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<sup>4</sup> Transition Plan Taskforce (TPT) guidance:

TPT Asset Owners Sector Guidance: <https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/asset-owners-sector-guidance-apr-2024.pdf>

TPT Asset managers Sector Guidance: <https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/asset-managers-sector-guidance-apr-2024.pdf>

## **POINTS TO NOTE IN THE CONTEXT OF REAL ESTATE**

### **WEIGHTED AVERAGE CARBON INTENSITY (WACI)**

The Working Group recognises that the ISSB WACI metrics are not universally applied for real estate where revenue/rents are not considered within reporting; also if rents are variable. However, end investors often ask for the WACI metrics to be reported and many asset managers have adopted this as a disclosure metric and consider it useful as an indicator of investment risk. In addition to facilitating firm-wide reporting, real estate teams may need to calculate WACI using rental income as a denominator for ISSB reporting.

The Working Group also experiences end investors requesting footprint intensity vs Assets Under Management (AUM). If real estate uses just the ISSB WACI metric this may not sufficiently describe ESG risks. It should also be noted that the WACI metric does not align with the metrics employed for building regulation compliance, which is a key transitional risk driving change.

As such the Working Group recommends that besides allowing parties to apply the WACI metric, real estate metrics for carbon intensity normalised by floor area should also be presented, as this gives a more accurate picture of change for most asset classes than normalising by value<sup>5</sup>. The Working Group reiterates the importance of disclosing whole building data, including occupier data, and clarifying data gaps, to ensure data normalised by floor area accurately reflects intensity.

The Working Group suggests that investors should be able to compare real estate performance with that of other investment asset classes, but there should also be a consensus that enables real estate reporting metrics between different types of real estate investments.

### **CARBON FOOTPRINT**

The floor area is typically used as a denominator when measuring the carbon footprint of a real estate asset and the Working Group recommends that ESG metrics for real estate continue to be normalised by floor area<sup>5</sup>.

### **ENERGY PERFORMANCE CERTIFICATES AND OPERATIONAL/IN-USE ENERGY RATINGS**

In the UK, EPCs are a theoretical measure of potential performance and have been subject to criticism on the accuracy of benchmarking actual in-use performance of buildings. The diversity of EPC categorisation across member states in the EU also creates disclosure challenges for pan-European investors. While there are some current efforts underway to modernise EPCs, which are to be welcomed, the Working Group advocates the reporting and disclosure of actual operational performance using operational energy intensity metrics and ratings that benchmark against the typical practice, and test whether a building aligns with climate-related and net-zero carbon targets. This recommendation aligns with the 2021 proposals by BEIS for the introduction of a performance-based policy framework applicable to large commercial and industrial buildings<sup>6</sup>.

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<sup>5</sup>As alternative normalisation metric to floor area, number of units can be added for asset types where floor areas are not routinely measured and recorded: for example, with residential sector.

<sup>6</sup> BEIS. March 2021. Consultation: Introducing a performance-based policy framework in large commercial and industrial buildings: <https://www.gov.uk/government/consultations/introducing-a-performance-based-policy-framework-in-large-commercial->

In countries where regulation of EPC ratings (in both the commercial and residential rented sectors) has a trajectory to improve ratings by a future date, this trajectory has proved a significant financial motivator for energy efficiency improvements within these sectors. Many organisations have integrated EPC improvements into their Transition Plans and monitor EPC ratings as a climate-related metric. Coupled with operational energy ratings that drive building management and use improvements, we believe that EPCs have a role to play in real estate energy efficiency and should remain as part of a wider group of ESG performance metrics for real estate.

### **PRIMARY ENERGY DEMAND AND ENERGY USE INTENSITY**

Primary Energy Demand (**PED**)<sup>7</sup> is a metric identified for real estate under the EU Taxonomy (**EUT**) for Sustainable Activities and the PAIs of the SFDR<sup>8</sup>. Achieving a Target Primary Energy Rate (measured as kWhPE/m<sup>2</sup>/year) is also a requirement for newly constructed real estate (both commercial and residential) in the UK under Part L that reflects the primary energy consumption of regulated energy loads<sup>9</sup>

An additional reporting real estate metric is Energy Use Intensity (**EUI**) (measured as kWh/m<sup>2</sup>/year (Gross Internal Area **GIA**, or Gross Floor Area **GFA** or Net Lettable Area **NLA**<sup>10</sup>)) that is more closely related to operational building energy use and efficiency.

The Working Group recommends the application of the EUI metric alongside the PED.

### **REPORTING CHALLENGES**

As noted above, data coverage, particularly occupier data collection, and data quality are key challenges for the real estate sector. It is not always possible to collect the data required as there is no statutory requirement for residential or commercial occupiers to provide energy and other utility data to the property owners. Although contractually in the terms of the leases under which the asset is held or by virtue of a Memorandum of Understanding, many occupiers will be required to share such data, this is generally only in newer leases (i.e. "green" leases<sup>11</sup>) or occupational arrangements. There are significant data protection complexities for institutional residential landlords and operators in collecting energy data even where they can arrange access with the utility company and/or tenants/occupiers. This

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[and-industrial-buildings. Also relevant in this context are industry-backed schemes such as NABERS UK that have developed in the UK in the absence of government policy in this area \(<https://www.cibsecertification.co.uk/nabers-uk/>\)](#)

<sup>7</sup> Primary energy takes into consideration the impact of the upstream activities involved with the production and processing.

<sup>8</sup> The EUT also refers to a Nearly Zero-Emission Building (NZEB) as part of the criteria for real estate assets. The EU has also proposed to move from the current nearly zero-energy buildings to zero-emission buildings (ZEB) by 2030. For a definition of a NZEB and a ZEB, and more information on EU proposals refer to: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings\\_en#:~:text=Nearly%20zero%2Dmission%20building%20\(NZEB,produced%20on%2Dsite%20or%20nearby](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en#:~:text=Nearly%20zero%2Dmission%20building%20(NZEB,produced%20on%2Dsite%20or%20nearby)

[buildings\\_en#:~:text=Nearly%20zero%2Dmission%20building%20\(NZEB,produced%20on%2Dsite%20or%20nearby](https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/REEB%202023%20Benchmarks_0.pdf)

<sup>9</sup> Regulated energy is energy consumed by a building and its controlled, fixed services and systems including heating, cooling, hot water, ventilation, fans, pumps and lighting.

<sup>10</sup> The Working Group acknowledges there may be challenges when applying GIA, and data may be presented using NLA. GRESB also applies to Gross Floor Area (GFA): GRESB - Real Estate Reference Guide. Appendix 3a - Property Types Classification. Real Estate Environmental Benchmark (REEB) produces EUI benchmarks using both GIA and NLA, showing the range of EUI values possible depending on how the metric is stated

([https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/REEB%202023%20Benchmarks\\_0.pdf](https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/REEB%202023%20Benchmarks_0.pdf))

Stakeholders should clearly state the floor area metric applied.

<sup>11</sup> Refer to the BBP's 'Green Lease Toolkit' for more information on green leases: <https://www.betterbuildingspartnership.co.uk/green-lease-toolkit-0>

problem is going to be exacerbated with GHG Scope 3 requirements when data on indirect emissions will need to be collected such as tenant demise, embodied carbon across the life cycle and arguably associated transport emissions.

While technological advances and data management platforms are improving, and there is increasing landlord and occupier collaboration and data sharing, plus increasing application of “green” leases in the commercial sector<sup>11</sup>, there are still considerable data gaps. Ultimately, it is very difficult for a landlord to evict an occupier for not sharing their energy data, despite what may be in the lease. Similarly, even when full reporting is possible in a residential context, there are limits to how much influence landlords can exert over tenants regarding energy use and intensity in their own homes vs the common areas. The ongoing energy crisis presents additional pressures in terms of fuel poverty risks and; unfortunately, the most energy efficient solutions are still usually the most expensive. The granularity of operational residential real estate is a particular challenge, but the institutional and social housing sectors are investing heavily in community engagement programmes as well as retrofitting and new technologies.

Actual data is preferred over modelled or benchmark/proxy data. This presents practical challenges in a landlord-tenant and occupier scenario and raises policy issues on appropriate voluntary or mandatory disclosures. Legislative changes will be required to achieve this goal.

## **ESG BEYOND THE ‘E’**

Decarbonising the real estate sector is critical, particularly to achieve the UK government’s legislated target to achieve net zero by 2050. A vast majority of the real estate metrics, benchmarks and analysis focuses on carbon<sup>12</sup>, GHG and energy use reporting but it is important to acknowledge that a huge amount of work and activity is underway across the sector beyond the ‘E’ of ESG. We would encourage the FCA to address all aspects of ESG across real estate.

In relation the ‘S’ in ESG, we refer to the Appendix to this Submission that, in the context of PS23/16, provides recommendations for disclosing beneficial social metrics associated with real estate investment portfolios and the underlying assets.

Good governance is obviously a vital component of all responsible and effective organisations that represent the Associations’ varied membership but through an ESG lens many are undertaking specific additional governance measures, in particular to advance D, E&I (Diversity, Equality and Inclusion) across the industry.

Furthermore, in the context of the underlying assets, it may be appropriate to assess the impact of real estate on nature<sup>13</sup>

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<sup>12</sup> For example, see INREV October 2024 publication: <https://www.inrev.org/news/inrev-news/new-paper-addressing-embodied-emissions-real-estate>

<sup>13</sup> For example, see INREV November 2024 publication: <https://www.inrev.org/news/inrev-news/new-paper-impact-real-estate-nature>



## **CONCLUSION**

The Working Group welcomes further engagement with the FCA and IFRS Foundation to expand upon and discuss the contents of this submission.

They are grateful for the opportunity to be involved at this stage of policy development to deliver a workable metrics for the real estate sector.

## **WORKING GROUP**

Many have contributed to our Working Group in drafting and settling these reporting principles. This submission would not have been possible without their support. We would like to acknowledge the support from key members:

- Alex Notay – Radix Big Tent Housing Commission, Chair, BPF Residential ESG Working Group, AREF ESG & Impact Investing Committee Member
- Amy Ingham – The Good Economy, Senior Consultant, Real Estate Social Impact
- Elise van Herwaarden – INREV, ESG Manager
- Georgie Nelson – abrdn, Head of ESG, Real Estate: AREF ESG & Impact Investing Committee Member
- Helen Newman – Bidwells, Group Head of Sustainability: CIBSE Sustainability Special Interest Group Vice Chair; CREFC ESG Working Group Member; NLA Retrofit & Conservation Expert Panel Member; ULI UK Sustainability Product Council Member
- Hugh Garnett – IIGCC, Investor Strategies Senior Specialist, Real Assets
- Julie Townsend – PGIM Real Estate, Global Co-Head of Sustainability: BBP Investor Engagement Working Group Co-chair and ULI UK Sustainability Product Council Member
- (Lead) Melville Rodrigues – Apex Group, Head of Real Assets Advisory: AREF Public Policy Committee Member and IPF Member
- Oliver Light – Accenture, Principal Director, Director of Real Estate: AREF ESG & Impact Investing Committee Member
- Sofia Cordeiro – INREV, ESG Analyst

## **DISCLAIMERS**

This document is for information purposes only. The information is believed to be correct, but cannot be guaranteed, and the opinions expressed constitute the views of the Working Group members in a personal capacity as of this date but are subject to change. The views do not necessarily represent the views of their organisations or the Associations.

Reliance should not be placed on the information and opinions set out in the document for the purposes of any particular transaction or advice.

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## APPENDIX

As noted above, the Working Group has focused on material issues applicable for real estate investment portfolios and the underlying assets, rather than at the entity level, as the real estate market is inherently asset-focused. We encourage metrics that facilitate robust disclosure and transparency regarding the performance of underlying real estate assets by reporting entities. As such, entity level carbon emissions associated with activities such as business travel are not included below. Governance and oversight disclosure requirements are also not covered here.

### ENVIRONMENTAL AND SOCIAL REAL ESTATE METRICS

The aim of these principles is to achieve consistency, comparability and a holistic ESG view – applying decision-useful, robust, transparent, measurable, objective, and verifiable thresholds and criteria applicable to real estate on climate, sustainability, and evidence suitability, which are also aligned to ISSB, SDR, and SFDR reporting and disclosure requirements.

We recognise and support PS23/16 indicating that:

- Asset selection should be based on a “robust, evidence-based standard” that is an absolute measure of social sustainability (referred to in short as the ‘robust, evidence-based standard’), is applied in a systematic way, and can be used for both determining the social sustainability characteristics of the product’s assets and the ability of those assets to contribute to positive social outcomes.
- The methodology or approach may be based on, or determined by, an authoritative body (e.g., a government or regulator), industry practice (e.g., a third-party data or analytics service provider) or a proprietary methodology (developed in-house by the firm). The standard must stand up to scrutiny and be derived from or informed by an objective and relevant body of data/ other evidence.

### ENVIRONMENTAL REAL ESTATE METRICS

#### Greenhouse gas (GHG) Scope 1-3 emissions

The existing tools and processes being adopted by real estate firms describe risks clearly and have established processes. So, we would recommend aligning the ESG metrics for real estate disclosures with these. In particular:

- Using calculations based on open-source tools such as the Carbon Risk in Real Estate Monitor (**CRREM**)<sup>14</sup> spreadsheet to communicate intensities. It should be clearly stated whether intensities are reported in Gross Internal Area (**GIA**), or Gross Floor Area (**GFA**) or Net Lettable Area (**NIA**)<sup>10</sup>.
- In a context of assessing potential values at risk due to poor carbon performance, it is proposed that asset level comparisons be based on location-based emissions.

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<sup>14</sup> For more information on CRREM: [Risk Assessment Tool – CRREM Project](#)

- Maintaining the operational control boundary and making clear the different boundaries within reporting if equities and real estate are reported in a unified way.

Operational GHG reporting should include Scope 3 (in terms of tenant-controlled energy consumption) and sum to the Total Operational Carbon Emissions. Without Scope 3 tenant emissions, the footprint is not an accurate assessment of risk.

Real estate investment portfolios should be developing Scope 3 reporting of whole life carbon (**WLC**) emissions, including embodied and operational carbon.

Several metrics that may be appropriate include:

- Purchased goods and services – typically undertaken by mechanical, engineering and property management services (good practice is to undertake a life cycle assessment (**LCA**) on the product, process, or service);
- Tenant energy consumption – most tenant consumption data is still estimated by landlords. Despite green lease arrangements requiring tenants to share consumption information and the availability of smart data acquisition solutions in the market, it is frequently difficult to obtain actual tenant energy data. A regulatory requirement for tenants to authorise utilities to share consumption data with landlords would significantly aid the disclosure of carbon real estate risks to investors;
- Water, waste, and refrigerant (fugitive emissions) related emissions and associated emissions factors (including Scope 1 – Landlord; and Scope 3 – tenant emissions) – calculated from a combination of utility consumption data and benchmark modelling regarding GHG emissions:
  - Report portfolio absolute Scope 1, 2 and 3 emissions (tonne kg CO<sub>2e</sub>/yr) and carbon intensity (tonne CO<sub>2e</sub>/m<sup>2</sup>/yr);
  - Align with an accepted framework (such as the GHG Protocol and the UK Green Building Council (**UKGBC**)) on Scope 3 reporting in commercial real estate (several metrics that may be relevant to Scope 3 emissions are WLC, including embodied carbon; waste; water; and refrigerants (fugitive emissions) etc.);
- New construction, major refurbishment, and fit-out work – through a WLC assessment and aligned with industry benchmarks see below.

### **Whole Life Carbon – Life Cycle Embodied and Operational Carbon**

As noted above, embodied carbon of real estate falls under Scope 3. Evaluation and reporting of whole life carbon (**WLC**) impacts of real estate, including life cycle embodied, operational, and end of life impacts should be the norm across the real estate sector.

The Working Group encourages that new construction and major refurbishment projects within a fund/portfolio report at least the 'upfront' embodied carbon (modules A1-A5 Cradle to Practical

Completion) in line with the RICS Professional Statement 'Whole life carbon assessment for the built environment'<sup>15</sup>, BS EN 15978:2011, and the UK Net Zero Carbon Buildings Standard (**UKNZCBS**)<sup>16</sup>.

The UKNZCBS will establish performance targets and metrics for upfront embodied and operational carbon for a range of asset types.

We also strongly encourage the analysis and reporting of life cycle embodied carbon that captures embodied carbon arising from in use stages (modules A1–A5, B1–B5, C1–C4), and Whole Life Carbon (modules A–C, and D) that estimates embodied and operational performance, providing a more complete view of performance, as advocated by the UKNZCBS and RICS.

It should be noted that the default reference study period for WLC assessments in the RICS guidance<sup>15</sup>, and in EN15978, is 60 years. However, increasing regulation across Europe and the EUT requirements for the assessment of WLC is a 50-year reference study period. As such, all analysis of embodied or WLC should confirm the reference study period, the life cycle stages/information modules, as well as the carbon outcome for ease of comparison. The life cycle stages (assessment modules) in the WLC analysis may also differ across jurisdictions according to local requirements, so this should always be clearly reported.

## Energy

The Working Group recommends that ESG metrics for real estate for energy be normalised by floor area as this gives a more accurate picture of change than normalising by value. Organisations may also choose to normalise by value in order to support their stakeholders in aggregating reporting across multiple investment types. They also recommend including a submetric of "percentage that is estimated" for energy metrics. This is in line with multiple existing sustainability reporting standards' approach to energy and carbon including INREV, GRESB and the Carbon Emissions Template produced by the Association of British Insurers, the Investment Association, and the Pensions and Lifetime Savings Association. Taking into account the Better Building Partnership's Climate Commitment guidance<sup>17</sup> and the UK Green Building Council's net zero carbon hierarchy, they recommend that the primary energy metrics should be for whole building operational energy consumption (occupier and landlord) to drive improvements in energy efficiency and that this should be reported for all AUM. This is also reflected in the Pilot Version of the UK Net Zero Carbon Buildings Standard<sup>18</sup>.

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<sup>15</sup> RICS, September 2023. Whole life carbon assessment for the built environment. 2nd Edition:

[https://www.rics.org/content/dam/ricsglobal/documents/standards/Whole\\_life\\_carbon\\_assessment\\_PS\\_Sept23.pdf](https://www.rics.org/content/dam/ricsglobal/documents/standards/Whole_life_carbon_assessment_PS_Sept23.pdf)

<sup>16</sup> UK Net Zero Carbon Buildings Standard: <https://www.nzcbuildings.co.uk/>

<sup>17</sup> <https://www.betterbuildingspartnership.co.uk/member-climate-commitment> and the BBP's Net Zero Carbon Pathway Framework: [https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/BBP\\_Net-zero%20Carbon%20Pathway%20Framework\\_June22\\_v3\\_0.pdf](https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/BBP_Net-zero%20Carbon%20Pathway%20Framework_June22_v3_0.pdf)

<sup>18</sup> <https://www.nzcbuildings.co.uk/pilotversion>

The Working Group recommends the use of the following primary metrics for energy for real estate disclosures:

### ENVIRONMENTAL METRICS RECOMMENDED FOR ANNUAL DISCLOSURE

All metrics are voluntary but highly recommended for industry stakeholders to adopt. These are aligned to the required KPIs under INREV Sustainability Reporting Guidelines<sup>19, 20</sup>, support the net zero carbon hierarchy goal for buildings to reduce energy demand, maximise on-site renewables and renewable energy procurement. Additionally, INREV has created an overview with [recommended KPIs](#).

Environmental factor	INREV aligned indicator ID	Indicator	Units of Measure
Energy consumption <sup>21</sup>	ENV1	Energy consumption, for the proportion of portfolio that is in landlord's control	kWh
	ENV2	Energy consumption, for the proportion of portfolio that is in tenant's control	kWh
	ENV3 <sup>22</sup>	Estimated energy consumption (separate disclosure for the estimated proportions of portfolio in landlord's Vs tenant's control)	kWh
	ENV4	Total energy consumption (ENV1 + ENV2 + ENV3)	kWh
	ENV5 <sup>23</sup>	Total energy consumption data coverage, by area <sup>24</sup>	% of m2
	ENV6 <sup>15</sup>	Energy intensity (based on ENV4) (SFDR Annex 1 Table 2 Additional Real Estate PAI – 19), all assets in entity <sup>16</sup>	kWh / m2
	ENV7 <sup>15</sup>	Energy intensity (based on ENV4), by property type <sup>16</sup>	kWh / m2

<sup>19</sup> The INREV Sustainability reporting guidelines include a list of required and recommended KPIs that are categorised as: 1) data and disclosures which are required to be included in a vehicle's annual report to comply with INREV guidelines and 2) a recommended dataset comprising a more comprehensive list of metrics which provide a more granular view of a vehicle's ESG performance across a wide range of aspects. The updated guidelines became available on INREV website in January 2023.

<sup>20</sup> INREV, March 2023. Appendix 1 – Recommended ESG KPIs <https://www.inrev.org/media/7739>

<sup>21</sup> Energy consumption figures include total of different energy types used, including the renewable energy sources.

<sup>22</sup> Explain the methodology used to calculate this indicator and/or to determine the components used.

<sup>23</sup> KPIs aligned with [INREV ALI ESG data fields](#)

<sup>24</sup> Recommended unit of measure for data coverage is by area, investment managers may identify and report KPIs on value (AUM basis).

Environmental factor	INREV aligned indicator ID	Indicator	Units of Measure
Renewable Energy <sup>25</sup>	ENV8 <sup>15</sup>	Generated and consumed on-site by landlord (SFDR Annex 1 Table 1 Universal PAI – 5)	kWh
	ENV9 <sup>15</sup>	Generated on-site and exported by landlord (SFDR Annex 1 Table 1 Universal PAI – 5)	kWh
	ENV10 <sup>15</sup>	Generated and consumed on-site by third party or tenant (SFDR Annex 1 Table 1 Universal PAI – 5)	kWh
	ENV11 <sup>15</sup>	Generated off-site and purchased by landlord (SFDR Annex 1 Table 1 Universal PAI – 5)	kWh
	ENV12 <sup>15</sup>	Generated off-site and purchased by tenant (SFDR Annex 1 Table 1 Universal PAI – 5)	kWh
	ENV13	Renewable energy data coverage, by area <sup>16</sup>	% of m2
Greenhouse Gas Emissions (GHG)	ENV14 <sup>14</sup>	Direct emissions – Scope 1 (SFDR Annex 1 Table 2 Additional Real Estate PAI – 18)	tonne CO2e
	ENV15 <sup>14</sup>	Indirect emissions – Scope 2 (SFDR Annex 1 Table 2 Additional Real Estate PAI – 18)	tonne CO2e
	ENV16 <sup>14</sup>	Indirect emissions – Scope 3 <sup>26</sup> (SFDR Annex 1 Table 2 Additional Real Estate PAI)	tonne CO2e
	ENV17 <sup>14</sup>	Estimated emissions, by scope 1, 2, 3	tonne CO2e
	ENV18	Total operational carbon (ENV14 + ENV15 + ENV16 + ENV17) (SFDR Annex 1 Table 2 Additional Real Estate PAI – 18)	tonne CO2e
	ENV19 <sup>15</sup>	Total operational carbon data coverage, by area <sup>16</sup>	% of m2

<sup>25</sup> There is a variety of views on what constitutes renewable energy procurement. It is suggested that portfolios report the proportion of landlord controlled renewable energy that is backed by Guarantees of Origins (GoOs) (EU) or Renewable Energy Guarantees of Origin (REGO) (UK), as the minimum standard. It may also be of value to break this down into further detail in terms of sleeved or non-sleeved Power Purchase Agreements, bundled REGOs, etc.

<sup>26</sup> Scope 3 emissions in the INREV sustainability reporting guidelines are calculated as the emissions associated with tenant areas, unless they are already reported as Scope 1 or Scope 2 emissions. Scope 3 emissions do not include embodied carbon as it is listed separately as a recommended KPI under Appendix 1. Scope 3 emissions cover only operational activities of the portfolio of the vehicle and do not include emissions generated through the organisation's operations or by its employees, or upstream supply chain emissions.

Environmental factor	INREV aligned indicator ID	Indicator	Units of Measure
	ENV20 <sup>15</sup>	Operational carbon intensity (based on ENV18) (SFDR Annex 1 Table 1 Universal PAI – 3) <sup>16</sup>	tonne CO2e / m2
	ENV21 <sup>15</sup>	Operational carbon intensity (based on ENV18), by property type <sup>16</sup>	tonne CO2e / m2
Climate Change – Transition Risks and Opportunities	ENV22	Exposure to fossil fuels through real estate assets (SFDR Annex 1 Table 1 Real Estate PAI – 17)	% of AUM
Climate Change – Physical Risks and Opportunities	ENV23 <sup>14</sup>	Proportion of assets that fall into low / medium / high physical risk categories <sup>27,28</sup>	% of AUM
Water Consumption	ENV24	Water consumption, for the proportion of portfolio that is in landlord's control	m3
Waste Management	ENV25	Waste generated, for the proportion of portfolio that is in landlord's control	tonne
Building Certificates	ENV26 <sup>15</sup>	Proportion of assets with a certificate <sup>29</sup> , by area <sup>16</sup>	% of m2
Energy Ratings	ENV27 <sup>15</sup>	Proportion of assets with an energy rating <sup>23</sup> , by area <sup>16</sup>	% of m2
	ENV28	Exposure to energy-inefficient real estate assets (SFDR Annex 1 Table 1 Real Estate PAI 18)	% of AUM

<sup>27</sup> Tools/resource include (but not limited to): Carbone 4 Climate Risk Impact Screening; 427 Physical Climate Risk Application; GRESB/Munich Real Estate Climate Risk Platform, ClimateWise/CISL Physical Risk Framework; and Swiss RE Climate Risk Score Framework. Taking a whole building approach and justifying data gaps, and clearly reporting use of estimated/proxy data. Recommended unit of measure for data coverage is by area; investment managers may identify and report an additional KPIs on rental value (AUM basis) to identify risk of non-compliance with proposed MEES legislation in England and Wales, and legislation current (e.g. France) or proposed for EU countries (e.g. EPBD).

<sup>28</sup> Recommended unit of measure for data coverage is by area; investment managers may identify and report an additional KPIs on rental value (AUM basis) to identify risk of non-compliance with proposed MEES legislation in England and Wales, and legislation current (e.g. France) or proposed for EU countries (e.g. EPBD, ISSB).

<sup>29</sup> For the full list of certificates/energy rating schemes, please see INREV AI sustainability data fields which is referenced to GRESB Asset Spreadsheet

## ADDITIONAL METRICS TO INREV SUSTAINABILITY REPORTING GUIDELINES

The following metrics are additional to the INREV Sustainability Reporting Guidelines but support the goals of emerging net zero industry guidance like UKNZCBS<sup>30</sup>, and UK domestic energy policy that aims to eliminate fossil fuels from heating.

### Whole Life Carbon and Fuel Source Reporting

#### Whole Life Carbon

- Proportion of assets in a portfolio and the area that have undertaken a Whole Life Carbon assessment (m<sup>2</sup>) aligned with RICS<sup>15</sup> and EN15978 guidance.
- Report WLC carbon (kgCO<sub>2</sub>e/m<sup>2</sup>) and confirm the assessment life cycle stages (i.e. modules A, C, and D, as applicable) and the reference study period (e.g. 50 or 60 years).

#### Embodied Carbon

- Proportion of assets in portfolio and the area that have undertaken a life cycle embodied carbon assessment (m<sup>2</sup>) aligned with RICS<sup>15</sup> and EN15978 guidance.
- Proportion of assets in portfolio and the area that have undertaken an upfront embodied carbon assessment (m<sup>2</sup>) aligned with RICS<sup>15</sup> and EN15978 guidance.
- For each embodied carbon metric report outcome in kgCO<sub>2</sub>e/m<sup>2</sup>, and confirm the assessment life cycle stages (i.e. modules A1-A5, and B1-B5, C1-C4, as applicable) and reference study period (noting this may be different for assets in different jurisdictions).

#### Fossil Fuels

- Proportion of assets that use fossil fuels as their main heat supply (% of AUM).

### Climate Resilience

Climate resilience is a material risk for real estate. Many of the metrics detailed hereafter align with the ISSB guidance as defined by S2 Climate related Disclosures<sup>31</sup>.

ESG metrics for real estate disclosures to be considered include:

- **Transition risk metrics: Transition Plans:** Transition risk exposure is a material risk and opportunity identifying the potential for real estate assets to adapt in support of a low carbon economy, and a key component of ISSB guidance.
  - **Disclose scenarios and inputs** e.g. parameters, timelines, real estate-specific metrics, and methodologies.

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<sup>30</sup> <https://www.nzcbuildings.co.uk/>

<sup>31</sup> [IFRS – IFRS S2 Climate-related Disclosures](#)



- **Assets under management:**
  - Report both the proportion of underlying assets<sup>32</sup> by area (e.g. sqm or sq ft) (and additionally by value if required) of properties that have a **science-based, 1.5C aligned Transition Plan**. Transition Plans should address a range of acute and chronic physical risks and have clear mitigation strategies. Confirm the methodology applied, and definitions of physical risk categories.
  - **Transitional risk analysis:** report % of underlying assets and the area (e.g. sqm or sq ft) of properties that have been analysed using analysis such as CRREM. Separately report the % of underlying assets and the area (e.g. sqm or sq ft) of properties that are at risk of stranding, and the proportion and area that have asset level improvement plans/strategies aligned with the 1.5C target.
- **Acquisition:** Organisational policy requirement that physical climate risk and the use of risk assessment models such as CRREM analysis – should be undertaken as part of the due diligence process.
- **New construction:** new construction should report on its alignment to the World GBC and local equivalent e.g. UKGBC definition of Net Zero targets.
- **Physical climate risk metrics:** Report both the proportion of underlying assets<sup>33</sup> by area (e.g. sqm or sq ft) (and additionally by value if required) that has a climate adaptation and transition plan with supporting evidence.

## Circular Economy

Waste and use of raw materials are material ESG risks, and the EU Taxonomy includes Circular Economy (CE) objectives, although the criteria are currently focussed on waste. It should be noted that GRESB currently focuses on operational waste and does not request construction and demolition waste or CE in construction reporting. However, CE objectives should be broader than simply waste metrics, and should include information on the use of sustainable materials and embodied carbon; recycling, reuse, and repurposing of existing materials and components within a retrofit or construction project.

The real estate sector is increasingly developing CE strategies for properties and developments, and leading organisations are developing inventories of a property's construction materials to enable the future proliferation of Buildings as Material Banks (**BAMB**).

The Working Group encourages the consideration of broader CE metrics for real estate to be adopted in portfolio reporting and disclosure for both standing assets and development projects, including retrofit.

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<sup>32</sup> 'Underlying assets' refers to all the RE properties/assets held within the reporting portfolio.

<sup>33</sup> 'Underlying assets' refers to all the RE properties/assets held within the reporting portfolio.

## Biodiversity

Aligned with INREV reporting guidelines and SFDR (Annex 1 Table 2 Additional Real Estate PAI – 22) report:

- **Land artificialisation** – Share of non-vegetated surface area compared to the total surface area of the plots of all assets.
- **Biodiversity Net Gain**<sup>34</sup> – proportion of newly developed/major refurbished assets, and the area, that have achieved BNG and confirm the BNG factor.

With proposed requirements for new real estate development to achieve a Biodiversity Net Gain (**BNG**)<sup>34</sup>, and the work on the Taskforce on Nature-Related Financial Disclosures (**TNFD**) framework, it is appropriate that a holistic goal for ESG disclosure will incorporate biodiversity disclosure metrics for real estate. The FCA should engage with TNFD in due course.

## SOCIAL REAL ESTATE METRICS

For the purposes of this annex, “social impact” refers to positive or negative changes to social or economic wellbeing.

The Associations welcome PS23/16:

- stating (paragraphs 5.10 and 5.11) to use a label, products must meet the general criteria relating to that label on an ongoing basis, and this includes a sustainability objective (our underlining for emphasis):

*“All products using a label must have a sustainability objective to improve or pursue positive environmental and/or social outcomes as part of their investment objectives”.*

- on page 108, the ABC Social Impact Real Estate Fund example.

This guidance is concerned with delivering positive *social metrics* directly or indirectly in a real estate context, as a means of responding to the **local needs** of people and place. Any evaluation of social performance or social impact should focus on the metrics which evaluate an organisation’s objectives and help drive its target outcomes, as considered in line with local needs or the needs of society at large. Social metrics necessarily vary depending on portfolio composition, nature of the asset, geographical context and corporate strategy. Whilst the level of intent may vary, the expectation in this guidance is for **intentionality, additionality measurement and need** to be integrated into strategy as indicated below.

The goal is for a holistic set of example social metrics for real estate which reflect the spectrum of performance objectives and goals being adopted by retail funds and other real estate investors including enterprises.

This guidance sets out the considerations for addressing each of the three sustainability investment labels: ‘Sustainability Focus’, ‘Sustainability Improvers’, ‘Sustainability Impact’ – recognising that firms using the ‘Sustainability Mixed Goals’ label will need to meet the requirements under the specific criteria for each of the other three labels. It is not a mandated interpretation of these three labels, nor does it

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<sup>34</sup> DEFRA, February 2023. Understanding biodiversity net gain: <https://www.gov.uk/guidance/understanding-biodiversity-net-gain>

attempt to be an exhaustive list of metrics for all scenarios, and metrics are not limited or exclusive to each label for its use. The metrics are suggested examples of what a fund or enterprise may consider, pending metrics being detailed within the SDR framework itself.

## **Integrating process principles**

The expectation in this guidance is for the three GIIIN principles<sup>35</sup> immediately below plus local and societal need to be integrated into strategic design.

Intentionality: Stated intention to contribute to a defined positive social benefit through investments, assets and activities. Impacts are defined as part of strategy. Investments are assessed against social impact criteria as well as considerations of financial returns.

Additionality: The positive social benefit that would not typically have occurred without the investment or activity. It should be driven by an identified local or broader societal need.

Social value and impact measurement and management: The processes used by an organisation – with independent verification where appropriate – to measure performance, against appropriate metrics, and collect data against the metrics and to identify, assess and manage performance, benchmarking where possible.

(Local) needs: Needs analysis should be undertaken based on primary or secondary data including stakeholder engagement, or reveal (local) needs which the asset/ scheme /purpose/ activity is responding to, whereby the overall performance can be aggregated at fund level.

## **Scope of this guidance**

The metrics in this guidance:

- Do not claim to represent a definitive proposition. They are examples of metrics which could be considered where a fund or enterprise is seeking to align with the labels: 'Sustainability Focus', 'Sustainability Improvers', 'Sustainability Impact'.
- Include both quantitative and qualitative metric suggestions in order for a holistic view of social value and impact to be reflected.
- Can be applied or adapted to be either objective driven, i.e. apply to performance which an organisation can directly control, or outcome driven: impacts which an organisation cannot claim sole responsibility for e.g. because of the counterfactual/third party intervention.

## **Frameworks and Standards**

Adoption of an existing industry framework and best practice is encouraged. A number of existing standards are relevant to real estate, e.g. United Nations Sustainable Development Goals, Global Reporting Initiative, or for Impact Investing frameworks such as Impact Management Platform, Global

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<sup>35</sup> The GIIIN, 2020 Annual Impact Investor Survey

## Standards

This guidance assumes minimum legal obligations are already being performed. Minimum legal compliance does not therefore form part of the metrics framework to support assessment of impact creation<sup>36</sup>.

Example legal compliance metrics:

- Minimum wage pertaining to the asset jurisdiction is paid to operational staff (i.e. security, cleaning, catering and maintenance personal) and construction workers.
- Labour standards pertaining to the asset jurisdiction are observed for all onsite employees (including supply chain). (UK labour law or International labour standards)

## Social Metrics Framework

**Sustainability Focus:** Objective – Invests mainly in assets that are [environmentally or] socially sustainable determined by a ‘robust, evidence based standard’ of sustainability.

### Metrics measure the sustainability of assets

#### Example metrics

- **OBJECTIVE: Blended uses** – % portfolio value to affordable housing/specialist care places which are meeting local need in an otherwise mid-market /build to rent/private healthcare portfolio.
- **OBJECTIVE: Placemaking** – % of AUM with objectives aimed at targeting local issues by type – improving community health and wellbeing, reducing crime, tackling homelessness, which the market has to date failed to address.
- **OBJECTIVE: Skills development** – Number of skills development opportunities for disadvantaged groups created per asset and % undertaking supported ongoing training for over 12 months.
- **OBJECTIVE: Thriving economy** – Proportion of jobs created through development/AUM where operational staff i.e. security, cleaning, catering and maintenance personal and construction workers are paid at least the London Living Wage/Real Living Wage (jurisdictional equivalent).

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<sup>36</sup> See instead the EU Platform on Sustainable Finance’s draft report on minimal safeguards in relation to the Taxonomy Regulation Art. 3c./18.

- **OBJECTIVE: Fairer supply chain** – % spend meeting defined standard for responsible sourcing and fair treatment of suppliers, addressing disparities and suboptimal situations.
- **OBJECTIVE: Relieving fuel poverty** – % AUM with sustainable on-site energy generation made available to % of local community through district heating.

**Sustainability Improvers:** Objective – Invests in assets that have the potential to become more sustainable over time, determined by their potential to meet a robust, evidence-based standard of sustainability over time.

Investor stewardship is key – directed towards supporting delivery of the objective and accelerating improvements in sustainability performance.

### **Metrics measure the asset’s sustainability improvements**

#### **Example metrics**

- **OBJECTIVE: Affordability** – % site value to be converted to affordable work/living space for SMEs/low and middle-income households.
- **OBJECTIVE: Placemaking** – % of AUM intended to create inclusive placemaking which capitalises on local cultural assets and targets improvements to mental and physical health and wellbeing for underserved populations.
- **OBJECTIVE – Thriving Economy** – Number of jobs maintained per asset that have been brought up to National Living Wage/ Number of jobs created at National Living Wage
- **OBJECTIVE: Occupier health & wellbeing** – introducing a systematic process for measuring occupier health and wellbeing from physical and mental health initiatives to be designed into existing poorly performing schemes including social events, access to green spaces, improved air quality, natural light and noise reduction strategies.
- **OBJECTIVE: Fairer supply chain** – % spend now meeting defined standard for responsible sourcing and fair treatment of suppliers, addressing disparities and suboptimal situations. Defined standard was not previously being met.

**Sustainability Impact:** Objective – Invests to achieve a pre-defined<sup>37</sup> positive, measurable [environmental and/or] social impact measured over a longer period of time.

Metrics measure the positive impact (both the impact of the assets and the investor's contribution)

**Example metrics** (in addition to the ABC Social Impact Real Estate Fund example in PS23/16 on page 108: an example which the Working Group endorses).

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<sup>37</sup> Strict definition: Products with an explicit objective to achieve a positive, measurable contribution to sustainable outcomes. These are invested in assets that provide solutions to environmental or social problems, often in underserved markets or to address observed market failures.

- **OBJECTIVE: Specialist care provision** – Number of additional specialist care units provided for those earning less than a predefined percentage of local median income, including people on very low to low household incomes, older and/or disabled people.
- **OBJECTIVES: Affordable housing:**
  - Number of additional affordable homes in underserved locations for those earning less than a predefined percentage of local median income.
  - Number of additional individuals projected to be housed in underserved locations as a result of affordable housing investments, for those earning less than a predefined percentage of local median income.

Note: “additional” should be defined in relation to homes/ units that bring new supply to the market and would be unlikely to come about without the investment.

- **OBJECTIVE: Thriving Economy** – Number of quality full-time job opportunities for disadvantaged groups created at National Living Wage per asset for a minimum of duration, e.g. 13 weeks

‘Affordability’ is interpreted as a maximum percentage of gross income which may differ from country to country and also depend on whether it is a percentage of net, gross, individual or household income. In the UK, no more than ca. 35% of net household income spent on housing costs is considered to be affordable, i.e. a person is not overburdened by their costs relative to their net income.

- **OBJECTIVES: Community cohesion** – % AUM in assets whose primary purpose is to manage social issues by type – reducing crime, tackling homelessness, improving community health and wellbeing which the market has to date failed to address.
- **OBJECTIVES: Skills development** – Number of skills development opportunities for disadvantaged groups and % undertaking supported ongoing training for over 12 months
- **OBJECTIVE: Dynamic economy** – % AUM invested with a primary purpose of creating #no. local jobs paid at least the London Living Wage / Real Living Wage (jurisdictional equivalent) where job opportunities have previously been underserved.
- **OBJECTIVE: Community space** – % space dedicated free of charge for community activity or amenity identified as meeting an underserved local need and are well-used e.g. local start-ups, covered bike racks, seating, water fountains.
- **OBJECTIVE: Fairer supply chain** – % spend meeting defined standard for responsible sourcing and fair treatment of suppliers, addressing disparities and suboptimal situations. Defined standard articulates measurable objectives to ensure supply chain prioritises underserved groups.