



TRANSITION PLANNING REAL ESTATE SECTOR GUIDANCE

JANUARY 2026

VERSION 1 – DRAFT
FOR CONSULTATION

ABOUT THIS GUIDANCE

This report presents the first version of the *Transition Planning Real Estate Sector Guidance*, developed using the Transition Planning Taskforce (TPT) Disclosure Framework as its foundation. It provides practical sector-specific guidance that can be used now to support the implementation of effective and credible transition plans within the real estate sector.

As this is an initial version, we recognise that further refinement will be needed. This version forms part of a round of consultation that will take place in the first half of 2026, and we welcome feedback from all participants across the real estate ecosystem to inform the next iteration of the guidance. It includes but is not limited to investors, investment managers, lenders, advisers, architects, lawyers, and other stakeholders engaged in the sector.

Your feedback will help ensure that this guidance remains both practical and robust, supporting real estate organisations as they plan and deliver their transition plans. For more information or to submit feedback, please contact us on hello@brae.earth.

The development of this guidance was supported the Institutional Investors Group on Climate Change (IIGCC), Green Finance Institute (GFI), the Global Real Estate Engagement Network (GREEN) and BRAE. It was authored by Stephanie McMahon, Director of SMCI.



Additional development input was provided by the Institute for Human Rights in Business (IHRB) and ShareAction.



This guidance is also supported by the following real estate investment and finance associations: AREF, the Better Buildings Partnership (BBP), EPRA, INREV, the Loan Market Association (LMA), and the Urban Land Institute (ULI).

We would like to thank all those professionals who contributed through individual and organisational input, in particular members of the Real Economy Group, a multi-disciplinary group established to support the development of this work.

DISCLAIMER: The information contained in this guidance is provided for general information purposes only and does not constitute legal, financial, tax, or other professional advice. While every effort has been made to ensure the accuracy of the content at the time of publication, no guarantee is given, and no liability is accepted for any loss or damage arising from reliance on the information contained herein. The views expressed do not necessarily reflect the official positions of any affiliated organisations or their members, either individually or collectively.

Copyright© IFRS® Foundation

This publication contains copyright material of the IFRS® Foundation in respect of which all rights are reserved. Reproduced by BRAE with the permission of the IFRS Foundation. No permission granted to third parties to reproduce or distribute. For full access to IFRS Standards and the work of the IFRS Foundation please visit <http://ifrs.org>

IFRS FOUNDATION DISCLAIMER: The International Sustainability Standards Board, the IFRS Foundation, the authors and the publishers do not accept responsibility for any loss caused by acting or refraining from acting in reliance on the material in this publication, whether such loss is caused by negligence or otherwise.



FOREWORD

WHY THIS GUIDANCE MATTERS NOW

Real estate sits at the centre of the climate transition – a major emissions contributor and cornerstone of economic and social life. Buildings define how people live, work, and interact while anchoring vast capital flows. Yet transition planning across the sector remains fragmented. Existing frameworks have advanced investor and manager disclosure but fail to address the realities of owning, operating, and transforming physical assets over long horizons.

This guidance addresses that gap. It adapts the Transition Planning Taskforce (TPT) Disclosure Framework for the European, institutionally owned and professionally managed real estate sector. It targets senior decision makers – board members, C-suite executives, heads of strategy and sustainability – responsible for navigating business model change while protecting value, maintaining competitiveness, and meeting stakeholder expectations.

The document provides a structured approach to credible transition planning, connecting ambition to implementation and governance. It helps organisations identify where climate-related risks and opportunities are financially material, align internal functions around shared strategy, and integrate transition assumptions into capital allocation and financial reporting. It supports organisations to not only comply with emerging regulation and wider transition risks but anticipate them, positioning them to attract capital, manage downside factors, and capture transition finance opportunities.

While aligned with the TPT *Asset Owners Sector Guidance* and *Asset Managers Sector Guidance*, this guidance differs in scope and emphasis. Real estate is inherently physical, illiquid, and place based. Transition delivery depends on operational control, tenant engagement, and asset-level implementation – factors often outside the asset owner and asset manager framework scopes. This document provides sector-specific interpretation bridging those gaps, ensuring disclosure and strategy reflect how value is created and managed in professionally managed real estate.

The guidance is not another reporting exercise. It is a strategic tool to help institutional grade real estate leaders demonstrate credible action, enhance resilience, and steward portfolios through the transition now under way.

BACKGROUND

The guidance is designed for companies operating in Europe, building on the work of the Transition Planning Taskforce (TPT), which developed a leading global standard for transition planning.

As outlined in Figure 1, the TPT launched in March 2022 with a mandate to bring together leaders from industry, academia, and regulators over 18 months involving over 100 companies to set clear standards for transition plan disclosures for finance and the real economy.

The TPT Disclosure Framework complements and builds on the International Sustainability Standards Board (ISSB) final S1¹ and S2² and draws on the Net Zero Investment Framework (NZIF) and the Glasgow Financial Alliance for Net Zero (GFANZ) framework and guidance for credible, comprehensive, and comparable net zero transition planning.

The TPT approach has gained global acceptance, with adoption across Europe and internationally. The TPT's work on developing a leading standard for private sector transition plans concluded in October 2024. The International Financial Reporting Standards Foundation (IFRS) is now responsible for TPT disclosure-specific materials, and the International Transition Plan Network (ITPN) continues creating global norms for private sector climate transition planning and policies to leverage them^{3 4 5}.

A glossary of terms is in Table 1 (page 5).

FIGURE 1: TRANSITION PLANNING HISTORY

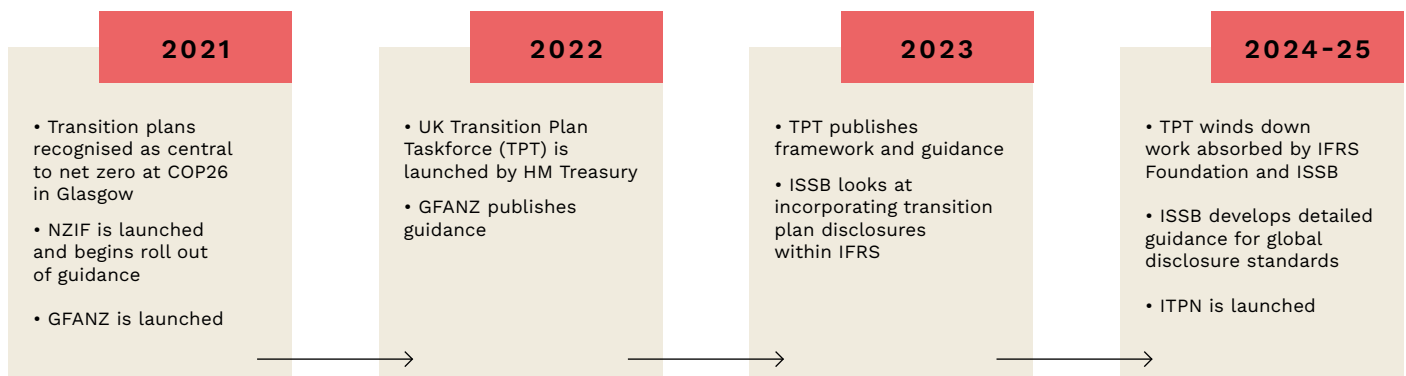


TABLE 1: GLOSSARY OF KEY TERMS

TERM	DEFINITION
ADAPTATION	Adjustments in ecological, social, or economic systems in response to actual or expected climate change impacts.
CARBON NEUTRAL	Achieving a balance between carbon emissions produced and carbon emissions removed from the atmosphere. Can be achieved through a combination of emissions reduction and offsetting but doesn't necessarily require the deep cuts implied by net zero.
CLIMATE POSITIVE	Going beyond net zero to remove more carbon from the atmosphere than is emitted, creating a net benefit for climate. See also carbon negative or climate negative.
EMBODIED CARBON	Carbon emissions associated with materials and construction processes used throughout the whole lifecycle (including demolition) of a building or infrastructure ⁶ .
JUST TRANSITION	Greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities, and leaving no one behind ⁷ .
MATERIALITY	Financial materiality: How sustainability matters may pose either a prospective material risk or opportunity that could affect a company's financial performance and position over the short, medium and long term. Sustainability matters are considered material for primary users of a company's financial reports if omitting or misstating the information could influence the users' decisions. Impact materiality: The actual or potential short-, medium- and long-term impacts on people or the environment that are directly linked to a company's operations and its value chain. These impacts can be both positive and negative⁸.
MITIGATION	Actions taken to reduce or prevent greenhouse gas emissions and limit the magnitude of climate change.
RESILIENCE	The ability of systems, communities, or organisations to anticipate, prepare for, respond to, and recover from adverse events, including climate change impacts. Encompasses both the capacity to maintain function during disruption and to transform when necessary.
TRANSITION RISK	Risks arising from the shift toward a low-carbon economy, including policy changes, technological disruption, finance shifts, market shifts, impact risks (community, workers) and reputational impacts.

CONTENTS

PART 1

1_	Understanding real estate's challenge	08
1_1	Real estate's role in climate transition	08
1_2	The transitions real estate must navigate	08
1_3	The cost of inaction	08
2_	The case for transition planning	10
2_1	Why transition planning matters	10
2_2	Why the TPT framework	11
2_3	Scope of this guidance	12
3_	Implementing transition planning	12
3_1	The TPT disclosure framework context	12
3_2	A strategic and rounded approach	12

PART 2

Interpreting the TPT framework for real estate	15
Ambition	17
Action	22
Assurance	32

APPENDIX	46
-----------------	----

PART_1

1 UNDERSTANDING REAL ESTATE'S CHALLENGE

1.1 REAL ESTATE'S ROLE IN THE TRANSITION

Real estate is more than a financial asset class; it sits at the crossroads of capital and community. The built environment contributes approximately 40% of global emissions across its whole-life carbon⁹. Effective stewardship requires the industry to drastically reduce emissions and contribute to future resilience of nature and societal equity.

To ensure that the buildings where we live and work do not exacerbate the devastating heat and natural disasters that are ever more frequently plaguing our communities, the real estate finance industry must rethink how it evaluates, underwrites, funds, and invests in ... properties.

_____ RMI

Climate events are intensifying and becoming more frequent. Regulatory frameworks signal the need for – and in some instances mandate – evidence of credible transition strategies. A global shift to low-carbon operations is inevitable.

The following pages are tailored to the institutionally owned and professionally managed real estate sectorⁱ across Europe. There is no single definition of 'professionally managed' real estate. This guidance uses the term to refer to both listed and unlisted portfolios actively managed by institutional-grade entities with formal governance, compliance, and reporting frameworks. This includes assets held by pension funds, insurers, REITs, and asset managers, where qualified professionals operating under fiduciary responsibility make day-to-day decisions.

This guidance targets those responsible for corporate strategy and development: board members, C-suite executives, heads of strategy, and sustainability leads within owners, investment vehicles, funds of funds, and fund managersⁱⁱ. It also includes the advisors which support the real estate industry.

1.2 THE TRANSITIONS REAL ESTATE MUST NAVIGATE

Despite being economically necessary, some entities may not survive the transition to net zero. Yet change creates opportunity. Transition planning helps organisations clarify their ambition and role, with some discovering their best course is a well-planned exit.

The 2050 economy will look fundamentally different from the current economy. If it doesn't successfully decarbonise... the places where people live, work, shop, and play will fundamentally change.

_____ MCKINSEY

Transition roles and pathways entities might assume include:

- Becoming a medium-term transition specialist – acquiring underperforming assets, accessing transition finance, implementing deep retrofits and preparing properties for long-term sustainable ownership for those seeking core returns
- Responsibly divesting brown assets to others managing green portfolios while maintaining commitment to overall asset-class decarbonisation
- Taking a blended approach, defined by target return and risk appetite.

This diversity of roles is especially critical in real estate, where the physical nature of assets creates unique constraints and interdependencies. Buildings cannot be relocated or eliminated – they are usually designed for a lifespan of around 60 years and must be transformed in place. While high-carbon assets can be divested from portfolios, reducing an entity's footprint, the emissions challenge remains unresolved until another player undertakes actual retrofit and operational improvements.

In the past, expansion and new-build models were rewarded. The near future will likely prize agility, stewardship, and deep retrofit expertise, opening space for innovation.

1.3 THE COST OF INACTION

Failure to engage in credible transition planning carries real and rising costs. Without clear understanding of transition role, entities risk misalignment with capital markets, policy expectations, and the needs of the customers and communities they serve. Poor transition planning may result in asset devaluation or economic obsolescence.

(MIS)ALIGNMENT WITH CAPITAL AND INSURANCE

As long-term capital increasingly flows toward resilient assets aligned with a low-carbon economy – overriding short-term policy shifts – investors, lenders, and insurers move beyond analysing current performance. They want visibility over how entities plan to adapt to changing regulation, underwriting requirements and tenant demand. Without a credible plan, organisations risk losing access to traditional capital and missing emerging transition finance.

As insurers raise premiums [response in part to increased frequency of natural disasters], modify terms and conditions, enact stricter underwriting protocols, impose higher deductibles, and reduce coverage, the real estate industry is challenged to secure adequate coverage that satisfies lender requirements¹⁰.

_____ INSURANCE ON THE RISE, ULI (2024)

ⁱ Within TPT sectors are defined as financial institutions and real estate as an asset class. To align with common language, real estate is referred to as a sector within this document.

ⁱⁱ Real estate has a complex investment hierarchy including owners, funds of funds, investment vehicles and fund managers. The percentage of overall funds allocated to real estate within a portfolio may be as large as 100% or less than 5%. The prioritisation of real estate transformation within the fund(s) and ultimately the corporate entity will vary enormously. Real estate funds within portfolios may have different legal structures, risk profiles and time horizons resulting in different strategies. The transition planning framework is designed to create an over-arching strategy whilst allowing for differences between fund(s).

ⁱⁱⁱ Within a diversified portfolio there may be development funds, however, the guidance is focused on investment rather than construction.

(MIS)ALIGNMENT WITH THE PARIS PATHWAY

Current global trajectories are misaligned with Paris goals, increasing the likelihood of abrupt policy and market adjustments. Reducing operational carbon protects asset value, mitigates regulatory and reputational risk, and supports competitiveness in markets where tenants, lenders, and occupiers increasingly expect low-carbon solutions.

Even if management assumes a slower policy trajectory or limited client demand, it remains prudent to test exposure under faster transition scenarios. Many measures that mitigate these risks – such as efficiency improvements, data transparency, or tenant partnerships – also enhance value under conservative assumptions. Moreover, some investors and lenders assign higher probabilities to ambitious transition pathways; demonstrating preparedness supports credibility and access to capital.

Mitigation alone is insufficient to maintain long-term value. A disorderly or failed transition would expose the sector to regulatory shocks and intensifying physical climate impacts. To reduce these risks, every real estate transition plan should incorporate explicit adaptation strategies alongside mitigation measures. Embedding adaptation ensures plans remain resilient, relevant, and responsive to evolving climate realities.

(MIS)ALIGNMENT WITH PARTNERS

Transition plans enable companies to make financial decisions with confidence, attract aligned partners, and future-proof portfolios. They help entities identify, form and scale emerging solutions, from financial products and governance models to technologies and materials.

Without a transition plan, (potential) partners perceive lack of clarity around ambition and approach. Finding evidence of credible approaches to navigating regulatory complexity, shifting investor expectations, or how a company intends to differentiate itself in an increasingly scrutinised market becomes difficult.

(MIS)ALIGNMENT WITH BUSINESS CHANGE

Inaction may mean unintentionally failing to capitalise on the wave of opportunity and innovation already transforming sectors. New financial and insurance products, service models and technologies have emerged and will continue to support the transition.

(MIS)ALIGNMENT WITH SOCIETY

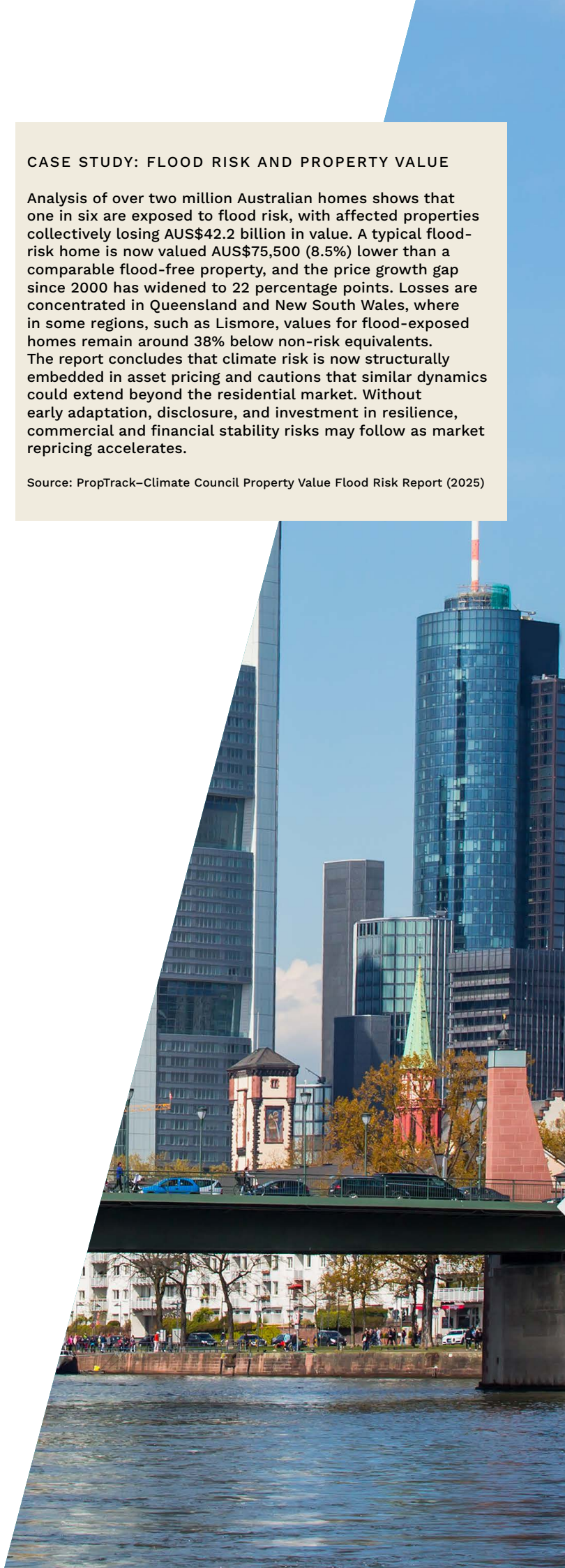
Over recent decades, real estate has become increasingly global and financialised. This evolution brought scale, sophistication, and improved capital access, strengthening the industry's ability to allocate resources efficiently and manage risk. Yet a gradual drift has occurred away from viewing buildings as physical assets rooted in place and community toward treating them primarily as tradable financial instruments. While the benefits of liquidity and portfolio diversification are evident, they have also contributed to a narrowing perspective on the social and environmental dimensions of ownership.

This shift now draws wider public scrutiny and potentially losing the licence to operate, most visibly in debates around short-term rentals where pursuit of return is perceived to conflict with housing affordability, displacement, community stability, and the social role of place. Emerging evidence also shows how climate-related risks are already capitalised into property values (See Case study: Flood risk and property value).

CASE STUDY: FLOOD RISK AND PROPERTY VALUE

Analysis of over two million Australian homes shows that one in six are exposed to flood risk, with affected properties collectively losing AUS\$42.2 billion in value. A typical flood-risk home is now valued AUS\$75,500 (8.5%) lower than a comparable flood-free property, and the price growth gap since 2000 has widened to 22 percentage points. Losses are concentrated in Queensland and New South Wales, where in some regions, such as Lismore, values for flood-exposed homes remain around 38% below non-risk equivalents. The report concludes that climate risk is now structurally embedded in asset pricing and cautions that similar dynamics could extend beyond the residential market. Without early adaptation, disclosure, and investment in resilience, commercial and financial stability risks may follow as market repricing accelerates.

Source: PropTrack–Climate Council Property Value Flood Risk Report (2025)



2 THE CASE FOR TRANSITION PLANNING

2.1 WHY TRANSITION PLANNING MATTERS

Transition planning enables organisations to design and deliver strategic change across multiple dimensions: digital transformation, mergers and acquisitions, artificial intelligence. Businesses navigate transition successfully when treating it as strategic priority. Climate transition is no different, it defines how a company moves from today's operating context through the shift to a net zero economy where it can thrive.

It is a strategic exercise at corporate level to determine how an organisation evolves toward a low-carbon, sustainable business model. It connects climate risks, commercial opportunities, and long-term value creation, aligning corporate purpose with environmental stewardship and social responsibility. By adopting a double materiality lens, it will act as safeguard to the natural world and ensure no one is left behind.

Regulators, financial institutions and the real economy increasingly favour organisations that can demonstrate they will successfully operate through and beyond transition, navigating economic, climate and social volatility.

For corporate entities, transition planning ensures all resources, training, operations and client offers align and are fit for purpose as we transition toward a net zero economy. At the core is a robust governance framework, enabling entities to measure progress and change course as markets and societies shift over coming years.

STAKEHOLDER NEED

Although transition planning is a singular corporate exercise allowing stakeholders to understand organisational direction,

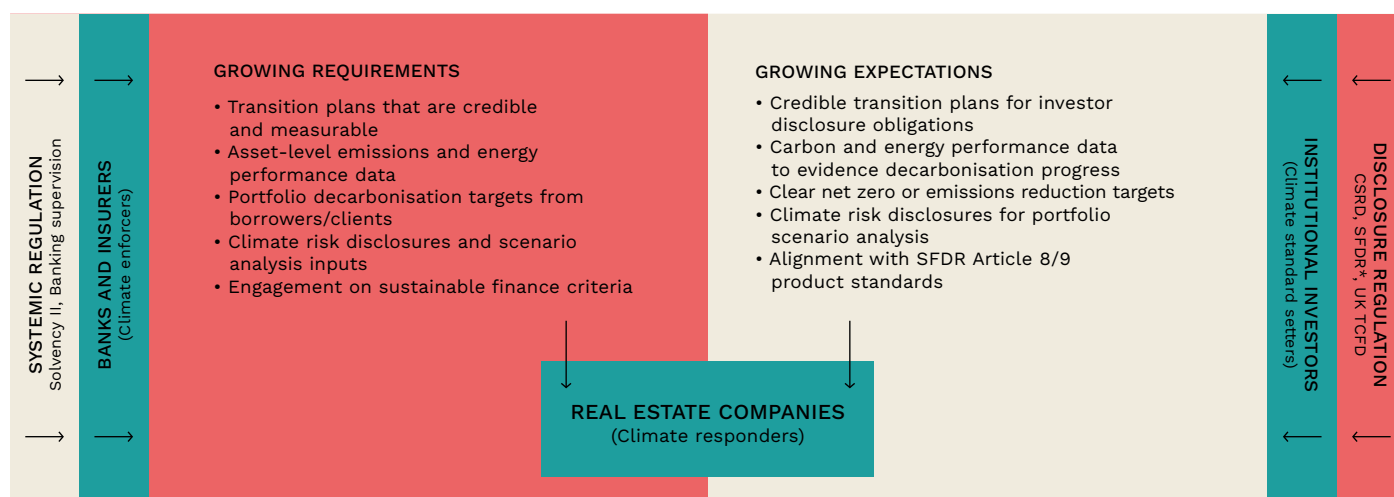
aggregating plans allows us to understand how a sector or asset class will likely adapt over the near and medium term. One plan acts as a bridging tool and disclosure is recommended. It is useful for many users and use cases:

- **Investors and lenders:**
 - Improved information for due diligence to price risk effectively
 - Reference point for financial instruments, products and mainstreaming sustainable finance
- **Policy makers and regulatory authorities:**
 - To understand trajectory of change
- **Business stakeholders:**
 - To understand companies' strategies to address environmental and social issues and influence those strategies.

THE TRANSITION SQUEEZE

While deferring investment until regulation mandates action may appear financially prudent, particularly given potential capital expenditure scale, it also carries material strategic risk. Absence of direct regulation does not insulate organisations from transition pressures; market expectations, stakeholder scrutiny, and evolving disclosure requirements already shape capital flows and asset values. Relying solely on regulatory triggers may limit flexibility, diminish competitiveness, and heighten exposure to a transition squeeze (see Figure 2).

FIGURE 2: TRANSITION SQUEEZE ACROSS REAL ESTATE ENTITIES



*Product classifications currently under review, with new categories proposed by the European Commission in November 2025

THE OPPORTUNITY FOR TRANSITION FINANCE

An estimated average of 3.5 trillion USD annually from today to 2050 will be needed to meet the Paris Agreement and achieve a net-zero global economy¹¹. Many experts believe government incentives and institutional transition finance¹² will increasingly be made available to transition projects, assets and operations over other investments.

Economic and transition risks in real estate are increasingly recognised by insurers¹³, financiers and policy advisors¹⁴. The market response is evolving in important ways. While the industry has spent years attempting to quantify 'green premiums' – with mixed and often inconclusive results – the focus is now shifting toward avoiding 'brown discounts'. This shift reflects a fundamental change in market expectations: low-carbon credentials are no longer a differentiator that commands a premium, but rather a baseline expectation for premium assets. What was once an add-on feature has become standard, meaning assets without these credentials now face valuation penalties rather than their counterparts enjoying uplifts.

In practice, transition risk impacts on asset value are becoming most visible through two channels: access to capital and occupancy performance. Assets with stronger decarbonisation credentials demonstrate reduced vacancy rates and maintain better access to financing, as lenders and investors increasingly integrate climate considerations into their capital allocation decisions. This positions transition planning not just as a risk mitigation exercise, but as a strategy to preserve competitiveness and secure long-term value.

2_2 WHY THE TPT FRAMEWORK

The Transition Planning Taskforce (TPT) Disclosure Framework is a globally adopted and trusted approach to transition planning. The guidance targets all corporate entities across all industries. Bespoke deep-dive frameworks exist for some key financial institutions adjacent to real estate, including banking and insurance. Specific guidance also exists for asset owners and asset managers (not asset-class specific). Further information on the TPT and available resources for guidance creation are hosted by IFRS¹⁵ on its website.

THE RATIONALE FOR REAL ESTATE SPECIFIC GUIDANCE

Real estate requires its own guidance because its structure, value drivers, and transition dynamics differ materially from other asset classes. Assets are physical, location-specific, and long-lived, with transition risks and opportunities manifesting at both building and portfolio level. The sector operates through a layered ecosystem of asset owners, fund and investment managers, and operating entities, each with distinct and sometimes conflicting mandates and fiduciary responsibilities. In addition, although it directly impacts the day to day lives of individuals and communities, it is rarely consumer facing. This complexity can create misalignment between capital allocation, operational delivery, and long-term transition objectives.

While the TPT frameworks for asset owners and asset managers set out valuable overarching principles, they do not fully reflect the governance structures, data dependencies, or place-based nature of real estate (see Figure 3). Key disclosure challenges include defining organisational boundaries, attributing accountability across fund structures, and integrating asset-level transition plans into entity-level reporting. A dedicated real estate framework ensures transition planning and disclosures are both decision-useful and reflective of how value is created and managed in practice. It aims to accelerate transition.

FIGURE 3: EXAMPLE OF THE RATIONALE FOR REAL ESTATE SPECIFIC GUIDANCE

The *Asset Manager Sector Guidance* assumes relatively liquid portfolios where transition strategy can be expressed through capital allocation, stewardship, and engagement. In real estate, however, transition delivery depends on direct operational control over physical assets, such as retrofitting, tenant engagement, and on-site energy systems, which are often outside a manager's direct authority under standard investment mandates. Similarly, *Asset Owner Sector Guidance* focuses on portfolio wide policy and capital stewardship, but not the building-level implementation and disclosure required to demonstrate credible transition progress.

THE PRINCIPLES OF THE FRAMEWORK

The TPT Disclosure Framework has three organising principles: Ambition, Action and Accountability. Underneath these principles are five elements and 19 sub-elements designed to capture every stage of corporate strategic planning (see Figure 4). The framework advocates disclosing a transition plan as part of sustainability-related disclosures, alongside financial disclosures.

FIGURE 4: THE TPT FRAMEWORK

PRINCIPLES	AMBITION	ACTION		ACCOUNTABILITY	
DISCLOSURE ELEMENTS	1_Foundations	2_Implementation	3_Engagement Strategy	4_Metrics & Targets	5_Governance
DISCLOSURE SUB-ELEMENTS	1_1 Strategic ambition	2_1 Business operations	3_1 Engagement with value chain	4_1 Governance, engagement, business and operational metrics and targets	5_1 Board oversight and reporting
	1_2 Business model and value chain	2_2 Products and services	3_2 Engagement with industry	4_2 Financial metrics and targets	5_2 Management roles, responsibility and accountability
	1_3 Key assumptions and external factors	2_3 Policies and conditions	3_3 Engagement with government, public sector and civil society	4_3 GHG metrics and targets	5_3 Culture
		2_4 Financial planning		4_4 Carbon credits	5_4 Incentives and remuneration
					5_5 Skills, competencies and training

2_3 SCOPE OF THIS GUIDANCE

DISCLOSURE EXPECTATIONS

The professionally managed real estate asset class was valued at approximately USD 3.8 trillion in 2024¹⁶. It is economically significant. Yet real estate ownership structure poses challenges for transition planning and transparency. According to INREV and EPRA, non-listed funds and other professional investors account for 63% of EU and UK institutional grade property holdings (2023)¹⁷. These entities are not or unlikely to be subject to the same mandatory disclosure regime as their listed peers. Instead, they typically report directly to shareholders or opt into voluntary frameworks¹⁸. Opacity limits the ability of stakeholders – customers, investors, policymakers, and communities – to make informed decisions and manage risks.

Corporates may report that public disclosure of all relevant data is untenable, citing risks such as competitive disadvantage, legal exposure and potential reputational damage. Yet non-disclosure also carries risks to credibility and competitiveness. While corporates should not be expected to publicly disclose commercially sensitive information, this should not prevent disclosure of a transition plan.

REAL ESTATE ALLOCATION

Real estate is often only part of a broader investment strategy. Within major European managers, real estate allocations by assets under management (AUM) vary significantly from under 5% to 100%. Among direct balance sheet investors, most allocate under 10% to property.

Given real estate is often one asset class within multi-asset organisations, the language, metrics and transition planning structures used in this guidance are designed to be interoperable with and complement wider corporate frameworks (see appendices for real estate-focused legislation and frameworks).

Owners and managers will find it useful to refer to the TPT's detailed guidance for asset owners¹⁸ and asset managers¹⁹ alongside this document.

Where real estate is only a portion of an entity's activity, this guidance should only apply to real estate-related aspects of ownership and management. It is not intended to override or replicate existing regulatory or voluntary disclosures, but rather to support strategic planning where real estate is a material activity.

SERVICE PROVIDERS AND THE VALUE CHAIN

Because real estate management involves collaboration between multiple parties, this guidance is also relevant for third-party service providers such as:

- Property and facilities managers
- Valuers and lease advisors
- Development consultants, architects and technical specialists
- Fund advisory including consultants and performance analysis.

These parties frequently play critical roles in implementing transition actions, managing data and disclosure, and influencing outcomes. They are likely key contributors to every element of the TPT framework and must be engaged in the planning process.

OUT OF SCOPE

Although for-sale housebuilding and construction are significant components of the broader built environment, this guidance is not designed for companies engaged exclusively in those activities. Their business models, regulatory exposure, and operational timelines differ markedly from institutional-grade real estate and require tailored approaches.

3_IMPLEMENTING TRANSITION PLANNING

3_1 THE TPT DISCLOSURE FRAMEWORK CONTEXT

The TPT Framework shares a common foundation with the Net Zero Investment Framework (NZIF), the UN Net Zero Asset Owner Alliance (NZAOA) Target-Setting Protocol, and the GFANZ Framework for Transition Plans, all of which provide methodologies for setting targets, aligning portfolios, and engaging with counterparties on the path to net zero.

While frameworks such as NZIF, NZAOA, and GFANZ focus on how investors plan and act to achieve alignment, TPT provides structure for how those actions are disclosed credibly, consistently, and in decision-useful ways. The TPT's emphasis on strategy, implementation levers, and governance mirrors the practical focus of these initiatives, helping ensure disclosures reflect real-world transition planning and capital allocation decisions. It supports reporting to the Paris Aligned Asset Owners Initiative²⁰.

3_2 A STRATEGIC AND ROUNDED APPROACH

The transition to a low-GHG and climate-resilient economy represents systemic change and drives repricing and capital reallocation. Buildings are fixed in place, capital is tied to long-term horizons, and real estate assets shape the daily lives of those who use them. The TPT framework helps organisations think holistically about their role, not just in reducing emissions, but as agents of broader transformation.

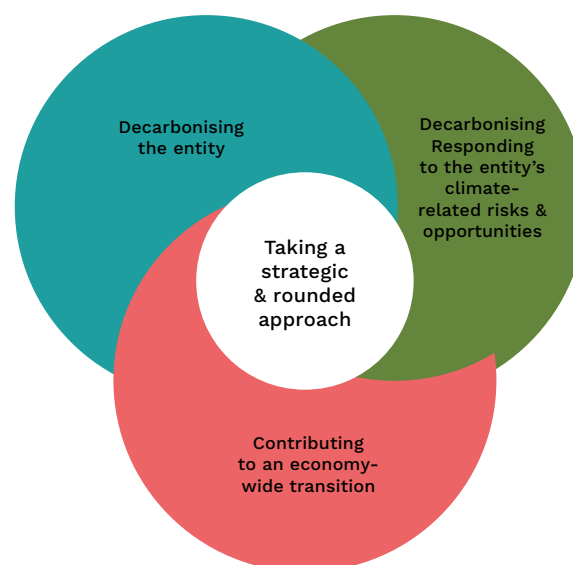
Real estate actors have significant responsibilities for carbon emission reduction. They also act uniquely as facilitators of change for community outcomes, enabling adjacent industries and fostering resilience across society and the natural environment.

Transition planning encourages a strategic and rounded process that moves beyond compliance and embraces transformation through three synergistic inter-related channels (see Figure 5).

¹⁶ Disclosure within the private markets ranges from fully private (eg. disclosed only to shareholders) to voluntarily disclosed information (eg. via frameworks). While not bound by public listing requirements, many private funds engage with voluntary or investor-driven standards.

FIGURE 5: THREE INTER-RELATED CHANNELS FOR STRATEGIC AND ROUNDED APPROACH

- 1** **Decarbonising the entity:** The entity's ambitions and actions, in either its own operations and the assets it has responsibility for or value chain, in the short, medium and long term, to reduce its GHG emissions to net zero.
- 2** **Responding to the entity's climate-related risks and opportunities:** The entity's ambitions and actions to enhance resilience to the changing climate and respond to the risks, opportunities and innovations that arise from the transition to a low-GHG emissions, climate-resilient economy.
- 3** **Contributing to an economy-wide transition:** The entity's ambitions and actions to use the levers and capabilities it has available to embed and accelerate a transition to a low-GHG emissions and climate-resilient just economy, thereby derisking assets and portfolios from climate change.



Delivering across these channels requires all actors within the real estate ecosystem to align on four key implementation principles.

ENGAGEMENT WITH THE VALUE CHAIN

Throughout the transition planning process, engagement with the value chain is critical, resulting in better aligned goals and incentives, fostering innovation and leading to wider decarbonisation across the real economy. Robust transition planning puts the customer front and centre as a collaborator.

The process necessitates engagement with customers to design and implement mutually beneficial retrofit pathways – particularly important where existing longer leases require cooperation. When disclosed, plans enable stakeholders and policymakers to capture industry-wide change, informing the design of intervention and incentivisation levers.

GOVERNANCE AND FINANCIAL INTEGRATION

Successful transition planning requires collaboration across business functions and is underpinned by capacity and capability building. It is ultimately owned and understood at board level, requiring the board to be fluent in climate and carbon risk. Transition planning is a strategic corporate activity; governance must reflect this.

For a transition plan to be credible, it must integrate into an entity's financial decision-making and disclosure processes. TPT and IFRS S2 both emphasise that transition-related assumptions, risks, and costs should be reflected within financial statements rather than separate reporting channels. This includes identifying how implementation will impact cash flow, asset valuations and impairment, and capital expenditure decisions.

For real estate entities, this means clarifying whether anticipated carbon pricing regulation, retrofit costs, changes in yield expectations, asset economic obsolescence risk, and financing shifts are incorporated into forward-looking financial models. Where factors cannot be included, this should be transparently stated. Integration ensures sustainability targets move beyond aspiration to action and are reinforced through governance, capital expenditure and risk oversight processes.

WIDER REAL ECONOMY AND JUST TRANSITION

Real estate has a frontline role in enabling wider real economy

decarbonisation and a just transition. Mitigating risks and embracing opportunities is key to credible transition planning. Greening the industry may create new jobs; it may also displace vulnerable communities or result in unaffordability. As net zero-oriented proptech and automation increase opportunities to streamline services and offer innovative solutions, workforce segments may be left behind.

Identifying how to mitigate risks within the transition plan – for example through using local workforce, developing social impact funds, training and redeploying existing teams, meaningfully engaging with affected communities and jurisdiction labour unions – enables the process to align with broader societal goals.

A SCENARIO-BASED AND ITERATIVE PROCESS

Scenario analysis is a core component of transition planning, enabling real estate actors to demonstrate how strategies perform under different plausible futures. Credible transition planning depends on using standardised, forward-looking forecasts that the industry can collectively rely upon. Without shared reference points, individual planning efforts risk losing credibility. Scenario analysis can draw on established climate and decarbonisation pathways such as IPCC scenarios or CRREM trajectories, while also exploring impacts of a range of future energy prices, changes in regulatory context, and the likelihood and responses to location-specific climate events. Equally important is anticipating how occupier and investor demand will shift, how lenders will treat commitments, and how market dynamics will evolve. Using commonly recognised scenarios strengthens comparability, supports peer benchmarking, and builds confidence among capital providers and other stakeholders.

Transition plans are intended to remain relevant throughout transition and are not static. Through an ongoing strategic process, they will evolve alongside changing market, regulatory and environmental conditions. A credible plan will disclose how frequently it is reviewed, by whom, and what triggers an update. The coming decades will be characterised by rapid change and will require explanations of how assumptions will be updated and course corrections embedded. Anticipating and maintaining feedback loops will lead to continuous improvement and robust, fit-for-purpose strategy.

Published plans serve as signals to the wider ecosystem, can inform sensitivity testing of asset values, revenue assumptions, retrofit timelines, and insurance cost trajectories. Their disclosure allows wider stakeholders and capital providers to evaluate risk robustness.

_PART_2



PART 2

INTERPRETING THE TPT FRAMEWORK FOR REAL ESTATE

SUB-ELEMENTS OF THE DISCLOSURE FRAMEWORK

This guidance diverges from existing TPT sector deep-dives by addressing each disclosure element in turn. Part 2 integrates established TPT best practice with real estate-specific interpretation and application. (See How to use this guidance, below)

The framework is designed to be both holistic and flexible, enabling entities to adapt principles to their scale, maturity, and strategic focus. Each disclosure element connects to others, ensuring ambition is carried through to implementation, engagement, measurement, and governance. This integrated approach allows entities to audit gaps in existing corporate evidence and identify redundant data collection. It is relevant both to top-down C-suite oversight and function-specific ownership of disclosure sub-elements.

HOW TO USE THIS GUIDANCE

This section is designed to help identify gaps in existing disclosures, not to create a new checklist. Many real estate entities already report through voluntary frameworks such as TCFD, the BBP Climate Commitment, and the Oxford Offsetting Principles, all of which satisfy parts of the TPT Framework. Use Part 2 to map what is already disclosed, identify where coverage is incomplete, and eliminate redundant data collection.

Transition plans are intended to consolidate and align existing disclosures, not add to reporting burdens. For entities already fatigued by sustainability reporting requirements, this framework offers an opportunity to streamline efforts by connecting strategy, implementation, and governance in a single coherent narrative.

WHERE TO START: A PRIORITISATION APPROACH

For entities developing their first transition plan, consider addressing disclosure elements in the following order:

1. Governance structures first – establish clear accountability and decision-making processes for transition planning
2. Materiality and strategic foundations – define scope, boundaries, and strategic objectives
3. Targets and metrics – set measurable commitments aligned with strategic priorities
4. Implementation and engagement – develop action plans and stakeholder engagement approaches
5. Monitoring and iteration – build systems for tracking progress and adapting over time.

This sequence ensures that foundational elements are in place before more granular implementation details are developed.

MATERIALITY SCOPE AND APPLICABILITY

To aid prioritisation, this framework identifies whether each disclosure element is material today, or likely to be material in the medium term..

Materiality assessment within this framework is assessed solely through a financial lens and reflects European professionally managed real estate sector context. It may not capture funds or strategies with explicit mandates for social or nature-based outcomes, where materiality is defined more broadly. The classifications of what is financially material today, or likely to be material in the medium term should not be interpreted as universal.

DISCLOSURE

TPT advocates for public disclosure through recognised platforms such as Transition Arc²¹ and the Carbon Disclosure Project (CDP)²². However, real estate's complex investment hierarchy – comprising owners, funds of funds, investment vehicles, fund managers, and asset managers – means not all entities are subject to mandatory or voluntary disclosure requirements. Given the scale of private markets within the European sector, this framework uses the term disclosure to encompass public disclosure, partial public disclosure, and internal reporting and due diligence, as appropriate to the entity's role and context.

This is particularly relevant for private real estate vehicles that already report through investor templates or voluntary frameworks. The guidance seeks to align and consolidate these existing efforts rather than impose additional burdens.

HOW TO READ THE GUIDANCE

This guidance follows the structure of the TPT framework. Information presented on a white background is drawn directly from the original TPT guidance, while sector-specific recommendations are shown on a cream background.

In addition, the guidance includes commentary in a side panel indicating whether each disclosure is considered material today or likely to become material within the medium term. The 'material today' classification only reflects direct financial impacts; however, indirect impacts and dependencies may also be creating material financial consequences depending on an entity's specific circumstances.

Note on language: Where the phrase 'shall disclose' appears in this guidance, it is carried over directly from the main TPT Framework. This language reflects the TPT's recommendations and should not be interpreted as a regulatory mandate, as transition plan disclosures are not yet subject to formal regulation in most jurisdictions.

AMBITION

1 FOUNDATIONS

1.1 STRATEGIC AMBITION

An entity shall disclose the strategic ambition of its transition plan. This shall comprise the entity's objectives and priorities for responding and contributing to the transition towards a low-greenhouse-gas (GHG) emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and priorities in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.

PURPOSE

Moving through climate transition and into a climate-resilient economy successfully creates both risk and opportunity for real estate. In addition to weather related harm to buildings, the risks encompass access to funding, insurance, workforce skills, value chain, customer demand, and supporting customers and stakeholder groups who are impacted by the assets within portfolios. The opportunity is the ability to create a successful, thriving real estate business fit for a post-transition economy and society. In the strategic ambition section, the entity determines its objectives regarding asset mitigation and adaptation, corporate form and function, access to finance and funding. It lays down the bedrock on which the remainder of the plan rests.

Third-party assurance will likely become market expectation for credibility with investors and lenders in the near term and good practice is for the ambition to be independently assured and scored under an appropriate assessment framework.

As part of this, an entity shall disclose^{vi}:

A) Its objectives and priorities:

i. For reducing its Scope 1, 2 and 3^{vii} GHG emissions in its operations and value chain. The TPT guidance specifies *either* operations or value chain. In real estate the value chain is significant and best practice covers *both* operations and value chain. Scope 3 is both upstream and downstream. The entity should include short-, medium- and long-term targets for emissions reduction. Best practice for all directly owned and managed assets is that the entity commits to net zero whole-life carbon by 2050 with intermediate targets. Whole-life means operational and embodied carbon, Scopes 1, 2 and 3 and both landlord- and occupier-controlled loads. Such practice is consistent with the Better Buildings Partnership (BBP) Net Zero Carbon Framework boundaries and the World Green Building Council (WorldGBC) recommendation for whole-life coverage (40% less embodied carbon in all new construction by 2030). The entity should explain material matters, and where no material explanation is available, it should outline the implications of its assumptions.

ii. For following the mitigation hierarchy – avoid, reduce, renew, offset. If there is a need to offset, review the financial implications of any future price volatility and only use high-durability removals. Good practice follows the Oxford Offsetting Principles²³.

iii. For enhancing its resilience to the changing climate and responding to the risks and opportunities that arise from the transition to a low-GHG emissions, climate-resilient economy.

This could be mitigation of an asset or exit from certain geographies and locations incorporating responsible divestment, adaptation and resilience planning – most especially in the event of a disorderly climate transition. Capex required for each approach will feed through to sections 2.4 and 4.2

MATERIAL TODAY

Direct operational costs, regulatory compliance (CSRD, EU Taxonomy), investor expectations, and asset valuations are immediately impacted by emissions reduction strategies.

MATERIAL TODAY

Required for EU Taxonomy alignment and increasingly demanded by investors; directly impacts financing costs and access to capital.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Physical climate risks will increasingly affect asset values, insurance costs, and operational continuity as extreme weather events become more frequent.

^{vi} TPT advocates for public disclosure, however, for the purposes of this document where the framework refers to disclosure, it encompasses public disclosure, partial public disclosure and internal use as appropriate.

^{vii} Although Scope 3 are not financially material today they are likely to be within the medium term as Scope 3 emissions will become reportable under CSRD.

iv. For using the levers and capabilities it has available to embed and accelerate a transition to a low-GHG emissions climate-resilient economy.

This should include embedding mitigation and adaptation principles into standard business practice through the organisation and value chain; using levers as points of influence for change, for example, capital allocation, procurement, asset management, development and policy engagement.

In addition, a real estate entity should consider:

I. Adapting business operations to a low-GHG economy, for example, identifying assets in need of mitigation or adaption, procuring low- or no-GHG energy, working with customers to reduce or eliminate GHG in the operation of buildings

II. Phasing out GHG intensive product processes, for example, fossil fuel heat sources, high carbon development materials and construction supply chain

III. Its capacity for action, for example: technical expertise in mitigation and adaptation/resilience, retrofit project management, data analytics, stakeholder engagement and partnerships with the wider ecosystem (finance, insurance, technology)

IV. Adopting an internal carbon-price trajectory in line with the Universal Principles for Carbon Pricing in Real Estate²⁴

V. Ensuring the benefits of these shifts are equally spread and enjoyed, and that costs are not borne by traditionally excluded or marginalised groups

VI. Avoiding, reducing or mitigating current or future negative impacts on nature and regenerating and restoring ecosystems. Most particularly enhancing nature, biodiversity, flood abatement and biophilic heat management into the design of buildings

VII. Identifying if and where the entity has opportunity to assist adjacent hard to abate sectors and help embed and accelerate whole of economy transition.

B) Stakeholder impacts and dependencies

An entity should disclose whether and how it has identified, assessed and considered the impacts and dependencies of the transition plan on its stakeholders (eg. its workforce, value chain counterparts, customers), society (eg. local communities and those impacted by the owned and managed buildings), the economy, and the natural environment, throughout its value chain, that may give rise to sustainability-related risks and opportunities.

Which may include:

i. Engagement with tenants and customers most particularly around energy usage, building upgrades and retrofits

ii. Identifying safeguards to prevent transition-related job losses or displacement from causing social harm²⁵

iii. Undertaking due diligence on human rights, particularly in new or modified supply chains

iv. Assessing the risks for likely non-performing assets and implications on customers and local communities should assets not be fit for occupancy

LIKELY TO BE MATERIAL IN MEDIUM TERM
Market differentiation and competitive positioning will become increasingly important as the transition accelerates.

MATERIAL TODAY
EPBD requirements, MEES regulations, and tenant demand for efficient buildings directly impact rental income and asset values now.

MATERIAL TODAY
High-carbon construction materials are already subject to increased costs and regulatory scrutiny; affects development economics.

MATERIAL TODAY
Technical capability to execute retrofits and transitions directly impacts ability to maintain asset values and meet regulatory requirements.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Will become standard practice for investment decisions and capital allocation as carbon pricing mechanisms expand.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Human rights and social equity risks are already triggering financial consequences, however, social equity considerations are not yet consistently reflected in property values or rental income across the sector.

LIKELY TO BE MATERIAL IN MEDIUM TERM
While important for ESG, nature impacts are not yet consistently priced into real estate valuations or rental income.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Adjacent sector support is not a core real estate business driver and does not directly impact financial performance.

MATERIAL TODAY
Tenant retention, lease renewals, and service charge recovery directly impact revenue; energy efficiency is a key factor in tenant demand.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Social equity considerations are not yet consistently reflected in property values or rental income across the sector.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Social equity considerations are not yet consistently reflected in property values or rental income across the sector.

MATERIAL TODAY
Economically unviable asset risk directly impacts valuations, loan-to-value ratios, and refinancing ability; critical for portfolio management.

v. Ensuring transition plans avoid displacing vulnerable communities or exacerbating inequalities, for example, regarding affordability

vi. Disclosing social and environmental risks to affected communities

vii. Disclosing where and how an entity has identified, assessed and taken into account impacts from its strategic ambition through: scope and methodology of assessment; resulting risks and opportunities; where risks and opportunities are concentrated (eg. supply chain, tenants).

C) External alignment

The entity should disclose the extent to which it has considered and aligned with any external requirements, commitments, science-based targets, transition pathways, roadmaps, or scenarios, which may include:

i. National or international commitments made by governments.

This guidance focuses on Europe however, the investor/fund jurisdiction may be outside of that geography

ii. Targets it is required to meet by law or regulation (eg. EU Taxonomy, EPBD, SFDR)

iii. Voluntary target commitments and/or pathways, (eg. NZIF, CRREM)

iv. Scenarios (eg. IEA Net Zero by 2050 Scenario, NGFS Climate Scenarios).

D) Trade-offs, synergies and co-benefits

An entity may find that there are trade-offs, synergies or co-benefits between different objectives and priorities. Where such trade-offs, synergies, or co-benefits arise, entities should disclose these and may consider explaining how any trade-offs have been managed, or synergies and co-benefits leveraged.

Potential trade-offs that an entity may include:

i. Scaling up low- or no-GHG emission technologies may result in a short-term increase in GHG emissions (eg. emissions resulting from the production and or delivery of the technology).

Potential synergies and co-benefits may include:

ii. Nature-based solutions that strengthen resilience and create additional co-benefits by storing carbon in biomass (eg. increasing tree cover, installing green roofs, protecting and/or restoring wetlands and marshes)

iii. Social measures which increase the availability of key skills and knowledge while ensuring an inclusive and equitable transition (eg. re-skilling and upskilling measures).

E) Timeframes

Any short-, medium- and long-term targets and milestones it has set to measure progress, including how short-, medium-, and long-term are defined in the context of transition planning.

Entities' definitions of short-, medium-, and long-term time horizons are likely to differ. In real estate, long-term is likely to be beyond 10 years – for example net zero by 2050 – given the market cycles, illiquidity of assets and need to prioritise capex. Entities should be explicit about their timescales and explain how their definitions of short, medium and long term have been determined.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Human rights and social equity risks are already triggering financial consequences, however, social equity considerations are not yet consistently reflected in property values or rental income across the sector.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Community disclosure requirements do not directly drive financial performance in the real estate sector today.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Climate risk disclosure will increasingly affect access to capital, insurance costs, and investor allocation decisions.

MATERIAL TODAY

EU climate commitments directly translate into binding regulations (EPBD, CSRD) affecting real estate operations and compliance costs.

MATERIAL TODAY

Mandatory compliance with EU Taxonomy, EPBD, and SFDR directly impacts ability to raise capital and avoid penalties.

LIKELY TO BE MATERIAL IN MEDIUM TERM

CRREM and NZAM alignment will increasingly influence investor capital allocation and valuation methodologies.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Scenario analysis will become standard for investment decisions and risk assessment as required by disclosure frameworks.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Managing transition costs and short-term increases in emissions, and their communication to investors will increasingly impact capital raising and valuations.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Co-benefits from nature-based solutions are not yet systematically valued in property transactions or valuations.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Human rights and social equity risks are already triggering financial consequences, however, social co-benefits do not materially affect property income or values sector-wide.

MATERIAL TODAY

Target-setting is required for regulatory compliance (CSRD) and is a key factor in ESG ratings that affect cost of capital.

1_2 BUSINESS MODEL AND VALUE CHAIN

An entity shall disclose a description of the current and anticipated implications of the entity's strategic ambition on its business model and value chain.

PURPOSE

Assessing the business model and wider value chain enables the entity to identify downstream and upstream transition opportunity in the business model and influence the value chain for decarbonisation, just transition, implementation strategy, and engagement strategy. To achieve the strategic ambition, the entities business model may need to re-position the company from passive rent collection to active carbon-performance stewardship.

As part of this, an entity shall disclose:

A) Strategic changes to business model and value chain:

i. Entering or exiting specific markets (geography and asset type)

MATERIAL TODAY

Geographic and asset type allocation decisions directly impact returns, risk profile, and portfolio valuations.

iii. Changes to its business strategy, for example becoming a retrofit specialist

LIKELY TO BE MATERIAL IN MEDIUM TERM
Business model evolution (eg. retrofit specialisation) will differentiate competitors and drive returns.

iv. Green revenue share evolution

LIKELY TO BE MATERIAL IN MEDIUM TERM
Green revenue tracking will become standard for SFDR Article 9 funds and impact capital allocation.

v. Changes in production or distribution, for example lower-GHG-emission materials or processes, biophilic building design, nature and heating/cooling building innovation

MATERIAL TODAY

Low-carbon construction materials and processes directly affect development costs and margins.

vi. Mapping of suppliers to assess their Scope 3 impact

LIKELY TO BE MATERIAL IN MEDIUM TERM
Scope 3 reporting requirements under CSRD will make supplier carbon footprints financially relevant.

vii. Downstream opportunities for product evolution including green and social leases, data sharing, delivery of renewable energy offers (the entity may wish to mandate renewable energy), co-investment in retrofits. Best practice may be followed through the BBP pathway guidance on owner/occupier cooperation

LIKELY TO BE MATERIAL IN MEDIUM TERM
Green leases and data-sharing will become standard practice affecting tenant relationships and rental income.

viii. Understanding of the impacts of a changing business model and value chain on occupancy cost evolution and potential for collaboration between tenants as well as building owner/operator

MATERIAL TODAY

Occupancy costs and competitiveness directly affect rental income, void rates, and lease renewals.

ix. Upstream procurement specifications. The entity may wish to adopt Environmental Product Declarations and low-carbon alternatives reflecting WorldGBC's 'radical whole-value-chain collaboration' vision. The BBP Net Zero Carbon Pathway Framework²⁶ provides a delivery strategy template for net zero delivery and articulation

LIKELY TO BE MATERIAL IN MEDIUM TERM
EPD requirements will become standard in procurement, affecting construction costs and timing.

x. Identify and implement shifts in culture, skills and incentives across the value chain to support execution.

B) Timeframes

The entity should disclose the timeframe over which changes are expected to occur. To communicate the timeframe over which the changes are expected to occur, an entity can refer back to the timeframes defined under 1.1 Objectives and priorities and categorise changes into those expected over the short-, medium- and long-term.

MATERIAL TODAY

Timeline disclosure is required for regulatory compliance and investor decision-making.

1_3 KEY ASSUMPTIONS AND EXTERNAL FACTORS

An entity shall disclose key assumptions that it has made and external factors on which it depends to achieve the strategic ambition of its transition plan.

PURPOSE

Disclosures may relate to the regulatory environment, counterparty data, shifts in demand, adaptation and economic non-viability, energy scenario planning and (re)financing costs as well as timeframes for change. 1.3 also outlines whether and how the key assumptions are incorporated into financial statements something less advanced within current real estate disclosure.

As part of this, an entity shall disclose:

A) Assumptions and external factors

i. Policy and regulatory change and potential for government incentives (eg. in building materials innovation)

MATERIAL TODAY

Policy changes (eg. EPBD revisions, carbon pricing) directly and immediately impact operating costs and asset values.

ii. Shifts in client and customer demand

MATERIAL TODAY

Tenant preferences for efficient buildings directly affect rental income, void periods, and lease terms.

iii. Macro trends such as energy sector decarbonisation and reductions in grid emissions intensity, energy pricing and forecasting, (see IEA Net Zero)

MATERIAL TODAY

Grid decarbonisation affects operational costs and Scope 2 emissions performance, impacting compliance and reporting.

iv. Decarbonisation trajectory and implications by jurisdiction as appropriate

MATERIAL TODAY

Jurisdictional differences in decarbonisation create portfolio-level risks and opportunities affecting asset allocation.

v. Assumptions of rapid scale-up and access to low-carbon materials and relevant technological developments (see WorldGBC)

LIKELY TO BE MATERIAL IN MEDIUM TERM

Material availability and costs will increasingly constrain retrofit and development timelines and budgets.

vi. Labour and skills availability

LIKELY TO BE MATERIAL IN MEDIUM TERM

Skills shortages will increasingly affect delivery timelines and costs for retrofits and development, impacting today in some jurisdictions.

vii. Micro trends such as availability of (re)finance and innovation, plus if finance is available for the climate transition (eg. in deep retrofits)

MATERIAL TODAY

Green finance availability and terms directly affect refinancing costs and development feasibility.

viii. Access to customer energy data and reliability of energy data

MATERIAL TODAY

Energy data is essential for accurate reporting, performance monitoring, and meeting regulatory requirements.

ix. The levels of localised warming over the short-, medium-, and long-term and the physical impacts of the changing climate, and the regional and spatial implications of these

LIKELY TO BE MATERIAL IN MEDIUM TERM

Physical risk assessment will increasingly affect insurance availability and costs, asset valuations, and investment decisions.

x. The local policy change to incentivise adaptation. These assessments may directly influence the effectiveness of and possible limits to adaptation efforts

LIKELY TO BE MATERIAL IN MEDIUM TERM

Adaptation incentives will influence capital expenditure decisions and asset management strategies.

xi. Sensitivity analysis to test its ability to fund transition under different climate, market and policy scenarios (eg. higher finance costs, grid emission intensities, lower asset valuations)

MATERIAL TODAY

Stress testing is required for risk management and is increasingly expected by lenders and investors.

xii. The timeframes over which any key assumptions and external factors under are expected to occur

MATERIAL TODAY

Assumption timeframes are required for regulatory disclosure and investor analysis.

xiii. Whether and how the key assumptions are reflected in the entity's financial statements. If they are not the entity shall explain why.

MATERIAL TODAY

Alignment between transition assumptions and financial statements is required for regulatory compliance and investor confidence.

ACTION

2_IMPLEMENTATION STRATEGY

2_1 BUSINESS OPERATIONS

An entity shall disclose information about the short-, medium-, and long-term actions it is taking or plans to take in its business operations to achieve the strategic ambition of its transition plan.

PURPOSE

Real estate as a long-lived asset provides opportunity for new and innovative business operations, for example, moving assets from brown to green through deep retrofit. Business operations ensure the capacity to implement an existing or changing strategy is considered. Growth in data and interoperability of teams is anticipated to assist business operational change, as well as development of retrofit levers and whole-life carbon asset level pathways.

As part of this, an entity should disclose:

A) Changes to investment and management of real estate assets:

- i. Management of assets that may be impacted as a result of the transition to a low-GHG emissions, climate-resilient economy
- ii. Shifts in client and customer demand
- iii. Adaptation of assets that are exposed to risks arising from the changing climate for example heat, flooding, drought, fire
- iv. Responsible divestment of GHG-intensive assets, eg. to an entity skilled in deep retrofits
- v. The location and resilience of its own offices and operations
- vi. Achieving nature and biodiversity objectives.

B) Current and anticipated actions:

- i. Within its supply chain and procurement
- ii. In workforce adjustments (eg less business travel, or reskilling workers).

C) Expected contributions:

- i. Quantified and presented either as point estimates or ranges
- ii. Explained in qualitative terms
- iii. Allocated to short-, medium- or long-term time frames and reflect the level of detail anticipated in the near term as opposed to the greater uncertainty attached to plans further into the future.

MATERIAL TODAY

Managing transition and physical risks is essential to preserving asset values and maintaining portfolio performance.

MATERIAL TODAY

Retrofit requirements driven by EPBD and economically unviable asset risk directly impact capital expenditure and asset values.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Physical adaptation will become necessary to maintain insurability and asset values as climate impacts intensify.

MATERIAL TODAY

Divestment strategy affects portfolio quality, investor perception, and compliance with green investment mandates.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Although a reputational consideration, corporate office locations have minimal impact on overall real estate portfolio financial performance.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Nature objectives are not yet consistently reflected in property valuations or rental income.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Supply chain emissions will become reportable under CSRD Scope 3 requirements, affecting costs and compliance.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Although minimal sector-wide financial impact compared to asset-level factors.

MATERIAL TODAY

Quantified targets are required for regulatory disclosure and are essential for investor analysis.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Qualitative disclosure will become standard practice for communicating strategy to stakeholders.

MATERIAL TODAY

Timeline allocation is required for credible target-setting and regulatory compliance.

D) Additional context:

The entity may disclose further information to help users contextualise change, eg. the prioritisation of capex to particular asset types, geographies, operational lifetime.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Contextual information will increasingly be expected by investors for comprehensive analysis.

2_2 PRODUCTS AND SERVICES

An entity shall disclose information about short-, medium-, and long-term actions it is taking or plans to take to change its portfolio of products and services to achieve the strategic ambition of its transition plan.

PURPOSE

As related to 1.2, successful transition to a climate-resilient economy will result in business models and real estate products which may be an extension of current business approaches or new business areas. Understanding the entities implementation plans for products and services guides resources, customer and supplier engagement as well and future financing and evaluation of the components of investment return. Disclosure levels both internally and externally will be guided by commercial sensitivity.

As part of this, an entity should disclose:

A) Changes to portfolio of assets:

- i. Development of social impact funds
- ii. New business opportunities and products developed through collaborations with suppliers
- iii. Retrofit programmes
- iv. Innovative approaches to heating and/or cooling
- v. Development techniques, eg. low-GHG-emission materials
- vi. Net gain of biodiversity and nature
- vii. Disposal programmes ensuring the new asset owner has the skills and competencies for transition
- viii. Use of transition-related financial products
- ix. Use of universal ownership and engagement to assess and influence the value chain, accelerating GHG emissions reduction across the real economy.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Although available now, social impact products will increasingly attract capital from ESG-focused investors.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Innovation partnerships will differentiate market leaders and drive new revenue streams.

MATERIAL TODAY
Retrofit programmes are essential for meeting regulatory requirements and maintaining asset values.

MATERIAL TODAY
Heating/cooling solutions directly affect operating costs and emissions compliance, critical for EPBD.

MATERIAL TODAY
Development methods impact construction costs, margins, and ability to meet green building standards.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Biodiversity features are not yet systematically valued in property transactions.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Responsible disposal will increasingly affect transaction prices and buyer due diligence.

MATERIAL TODAY
Green bonds and sustainability-linked loans directly affect financing costs and access to capital.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Universal ownership principles will increasingly influence institutional investor behavior.

B) Changes to services:

- i. Power Purchase Agreements (PPAs) and energy as a service
- ii. Social and green leases to align goals and ambitions with customers
- iii. Customer-facing green fit-out services
- iv. Innovative approaches to embed green and social clauses into existing leases.

MATERIAL TODAY
PPAs directly affect operating costs, emissions performance, and tenant value propositions.

MATERIAL TODAY
Green lease clauses enable cost recovery and emissions management, directly impacting financial performance.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Green fit-out services will become a competitive differentiator and revenue opportunity.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Retrofitting existing leases with green clauses will become standard practice for portfolio management.

C) Classification systems:

Any underlying taxonomy, tools, methodologies, or definitions used to classify products and services under this sub-element. Section 4.1 outlines further details below.

i. Mandatory legislation

ii. Voluntary guidance and frameworks

iii. Pathways and roadmaps

iv. Certifications and rating systems – see Systemiq for breakdown of certification²⁷

v. Financial and investment frameworks

vi. Reporting and disclosure standards.

MATERIAL TODAY

Compliance with mandatory legislation is essential for market access and avoiding penalties.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Voluntary frameworks increasingly influence investor expectations and capital allocation.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Pathway alignment will become standard for demonstrating credibility to investors.

MATERIAL TODAY

Building certifications (BREEAM, LEED) and ESG ratings (GRESB) directly affect asset values and investor appetite.

MATERIAL TODAY

SFDR classification directly determines eligible investor capital and fund marketing.

MATERIAL TODAY

Compliance with reporting standards (CSRD, ISSB) is mandatory and affects market confidence.

D) Expected contributions:

The expected principal contributions of its actions towards achieving its strategic ambition for example capex requirements, skills needs, acquisition/divestment plans. These may be:

i. Quantified and presented either as point estimates or ranges

ii. Explained in qualitative terms, eg. how is capex being prioritised to types of assets, age of assets, geography

iii. Allocated to short-, medium- or long-term time frames and reflect the level of detail anticipated in the near term as opposed to the greater uncertainty attached to plans further into the future.

MATERIAL TODAY

Quantified targets are required for regulatory disclosure and are essential for investor analysis.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Qualitative disclosure will become standard practice for communicating strategy to stakeholders.

MATERIAL TODAY

Timeline allocation is required for credible target-setting and regulatory compliance.

2_3 POLICIES AND CONDITIONS

An entity shall disclose information about any policies and conditions that it uses or plans to use to achieve the strategic ambition of its transition plan.

PURPOSE

Policies and conditions embed the transition plan within new and existing business systems and functional structures. They enable consistent training, communication and delivery of products and services that will prepare the entity for the transition and climate-resilient economy.

As part of this, an entity shall disclose:

A) Policy descriptions:

i. Energy usage and mechanisms to reduce GHG emissions, for example, green lease clauses to mandate whole-building data sharing, renewable energy procurement and collaborative building upgrades

ii. Phase-out of GHG-intensive assets including due diligence over climate and financial risk of existing assets. The entity may wish to consider retrofit first, green fit-out and development guidelines

MATERIAL TODAY

Energy policies directly impact operating costs, tenant satisfaction, and regulatory compliance.

MATERIAL TODAY

Phase-out strategy is critical for managing economically unviable asset risk and maintaining portfolio value.

iii. Climate-related considerations in procurement/for suppliers for example Environmental Product Disclosures and science-based targets (eg. WorldGBC upstream-collaboration)

iv. Climate-related considerations (eg. thresholds, targets or restrictions) in lending or investment activities

v. Safeguards to address potential adverse impacts on the natural environment, human rights and communities

vi. Human rights policies

vii. Labour policies

viii. Policies and safeguards for advancing social equity and addressing potential adverse social impacts (eg. on customer/tenants and communities).

B) Expected contributions:

The expected principal contributions of the policy or condition towards achieving its strategic ambition. The entity may wish to consider:

i. An internal shadow carbon price

ii. Executive remuneration variable pay linked to credible indicators

iii. Outcomes of the policies and conditions described including objective, scope, timeframes, monitoring, metrics and targets.

The expected principal contributions may be for example capex requirements, skills needs, acquisition/divestment plans:

i. Quantified and presented either as point estimates or ranges

ii. Explained in qualitative terms

iii. Allocated to short-, medium- or long-term time frames and reflect the level of detail anticipated in the near term as opposed to the greater uncertainty attached to plans further into the future.

2_4 FINANCIAL PLANNING

An entity shall, where the financial impacts of its transition plan are separately identifiable, disclose information about the effects of the transition plan on its position, financial performance and cash flows over the short-, medium-, and long-term, including information about how it is resourcing or plans to resource its activities.

PURPOSE

Real estate has a complex investment hierarchy including owners, funds of funds, investment vehicles, fund managers and asset managers. As a result, not all entities are required to either follow mandatory disclosure or seek voluntary disclosure. 2.4 enables the entity to expand upon where existing skills, capacity, resources and quantitative information are available for voluntary disclosure. The TPT advocates for public disclosure, however, the guidance reflects maturity and size of the entity. If financial planning is not made available, a comply or explain approach is adopted

LIKELY TO BE MATERIAL IN MEDIUM TERM
Procurement policies will become essential for Scope 3 reporting under CSRD.

MATERIAL TODAY

LIKELY TO BE MATERIAL IN MEDIUM TERM
Although already triggering financial consequences, environmental and social safeguards beyond climate are not yet consistently priced into real estate.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Although already triggering financial consequences, human rights policies have minimal direct impact on property financial performance.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Although already triggering financial consequences, labour policies do not materially affect real estate asset values or income.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Although already triggering financial consequences, social equity policies are not yet reflected in property valuations or rental income.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Internal carbon pricing will become standard for investment appraisal and capital allocation.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Climate-linked remuneration may become market expectation for demonstrating board commitment.

MATERIAL TODAY
Policy outcomes demonstrate effectiveness and are required for credible transition planning.

MATERIAL TODAY
Quantified targets are required for regulatory disclosure and are essential for investor analysis.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Qualitative disclosure will become standard practice for communicating strategy to stakeholders.

MATERIAL TODAY
Timeline allocation is required for credible target-setting and regulatory compliance.

with full explanation as to how transition planning is contained within wider financial planning. Larger and/or well-resourced organisations choosing to explain (vs comply) publicly are likely to be required to comply privately by wider stakeholders such as finance providers. In addition, European jurisdictions are assessing whether to make transition plans mandatory disclosure. This guidance therefore recommends that all entities prepare themselves for disclosure.

As part of this, an entity shall disclose:

A) Resourcing information:

Information (where available) about how the entity is resourcing, and plans to resource, the current and planned activities set out in its transition plan.

MATERIAL TODAY

Resource allocation directly impacts ability to execute transition plan and maintain asset values.

B) Financial position impacts:

Qualitative and quantitative information (where available) about how it expects implementation of its transition plan to affect its financial position over the short, medium, and long term, taking into consideration matters such as:

i. Its investment and disposal plans (eg. plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformations, innovation, new business areas, investments into research and development, technology and customer demand-sensitivity), including plans to which the entity is not contractually committed

ii. Planned sources of funding to implement its plan.

MATERIAL TODAY

Balance sheet impacts from transition investments are material to valuations and credit assessments.

C) Financial performance and cash flow impacts:

Qualitative and quantitative information about how it expects implementation of its transition plan to affect its financial performance and cash flows over the short-, medium-, and long-term (eg. energy cost savings, subsidy assumptions, increased revenue from products and services aligned with a low-GHG emissions, climate-resilient economy, and expenses associated with climate adaptation or mitigation).

MATERIAL TODAY

Income statement and cash flow effects directly impact returns and debt servicing capacity.

D) Disclosure requirements:

Shall, in disclosing information about 2.4 B-C:

i. Use all reasonable and supportable information that is available to the entity at the reporting date without undue cost and effort

MATERIAL TODAY

Using available information is a regulatory requirement for credible financial disclosure.

ii. Use an approach that is commensurate with the skills, capabilities, and resources that are available to the entity for preparing those disclosures.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Methodological approach will increasingly be scrutinised by investors and auditors.

E) Flexibility:

May, in disclosing quantitative information under 2.4 B-C:

i. Disclose a single amount or a range

LIKELY TO BE MATERIAL IN MEDIUM TERM

Disclosure precision will become increasingly important for investor confidence.

ii. Prioritise quantitative information for current financial effects and those of short-term actions that may be more certain.

MATERIAL TODAY

Quantifying near-term effects is essential for investment decision-making and regulatory compliance.

F) Exemptions:

Need not provide quantitative information about some or all of 2.4 B-C:

i. If it determines that: a. those effects are not separately identifiable or b. the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful

LIKELY TO BE MATERIAL IN MEDIUM TERM

Justification for non-disclosure will be increasingly scrutinised by stakeholders.

ii. If it does not have the skills, capabilities, or resources to provide that quantitative information.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Capability gaps will need to be addressed as disclosure expectations mature.

G) Explanation when quantitative information not provided:

If in accordance with 2.4.F, it shall need not to provide quantitative information about some or all of 2.4 B-C:

- i. Explain why it has not provided quantitative information
- ii. Explain how the implementation of its transition plan is covered within its wider financial planning and financial decision-making processes
- iii. Provide qualitative information about how considerations related to the implementation of the transition plan are integrated into the entity's investment and disposal plans (eg. plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformations, innovation, new business areas, investment into research and development for climate solutions), including plans to which the entity is not contractually committed.

Additional considerations:

The entity may disclose:

- i. Resourcing and funding both in absolute terms and where possible as a relative total of capital expenditure over the same time horizon
- ii. Expected changes to asset valuations and asset longevity because of delivering on the transition plan
- iii. Gearing impacts on the balance sheet in respect of funding.

Financial performance (Income statement) effects (2.4.C) may include:

- i. Expected impacts on revenues (eg. increased revenue from products and services aligned with a low-GHG emissions, climate-resilient economy, anticipated consumer demand for new low-GHG products and services)
- ii. Expected impacts on operating costs (eg. initial sunk costs due to embedding new low- or no-GHG emission technology, losses on disposal of business units, commodity risk, management costs due to increases in percentage of renewable electricity generation and increased costs passed on by suppliers)
- iii. Long-term savings from investments in renewable energy assets
- iv. Impairments due to adverse impacts triggered by the climate transition (eg. due to the trade-offs referenced in 1.1. D or where assets are (expected to become) economically unviable)
- v. Expected impacts on profit margins (eg. reflecting assumptions regarding the degree to which changes in costs can be passed through to customers).

Financial position (Balance sheet) effects (2.4.C) may include:

- i. Expected changes to asset valuations and asset longevity because of delivering on the transition plan
- ii. Expected positive changes to asset valuations
- iii. Planned financing arrangements to support business continuity as the entity develops low-GHG products and services, and material impacts on financing arrangements

LIKELY TO BE MATERIAL IN MEDIUM TERM
Explanation of limitations will be expected by investors when quantification is not provided.

MATERIAL TODAY
Demonstrating integration with financial planning is essential for credibility.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Qualitative disclosure will become standard when quantification is not feasible.

MATERIAL TODAY
Funding quantum and relative scale are essential for assessing plan credibility and deliverability.

MATERIAL TODAY
Valuation impacts are directly material to balance sheets, LTV ratios, and equity returns.

MATERIAL TODAY
Leverage effects from transition funding directly impact financial risk and covenant compliance.

MATERIAL TODAY
Revenue impacts from green premiums or obsolescence directly affect property income.

MATERIAL TODAY
Operating cost changes from retrofits directly affect net operating income and valuations.

MATERIAL TODAY
Energy savings directly improve NOI and are factored into valuations.

MATERIAL TODAY
Impairments from economically unviable assets directly impact balance sheets and investor returns.

MATERIAL TODAY
Margin effects are material to development feasibility and investor returns.

MATERIAL TODAY
Valuation changes are directly material to balance sheets and investor returns.

MATERIAL TODAY
Green value uplift directly affects portfolio valuations and equity returns.

MATERIAL TODAY
Financing arrangements directly impact financial risk and ability to fund transition.

Cashflow effects (2.4.C) may include:

i. The impacts of many of the above will need to be factored into cash flow projections when calculating forward looking revenue, capital expenditure, for example, as well as the growth rate of the business and terminal value. If appropriate, the entity may refer to the impact on financial position and performance in context of the entity's operating segments, under IFRS8, to enable consistency between the transition plan and the entity's general purpose financial reporting.

MATERIAL TODAY

Cash flow impacts are material to debt servicing, distributions, and financial planning.

In support of 2.4 the entity may:

i. Find it helpful to refer to IFRS S1 B8-10 in assessing whether it has used all reasonable and supportable information that is available to the entity at the reporting date without undue cost and effort (2.4.F.i)

ii. Find it helpful to refer to IFRS S2 B6-7 in assessing whether it has the used an approach commensurate with the skills, capabilities and resources that are available to the entity (2.4.F.ii) In disclosing information about how it will resource its transition plan, an entity may consider disclosing ranges or percentage of totals (2.4.E), particularly where expected resourcing needs are less certain and/or far into the future.

3__ENGAGEMENT STRATEGY

3_1 ENGAGEMENT WITH VALUE CHAIN

An entity shall disclose information about any engagement activities with other entities in its value chain that it is undertaking or plans to undertake to achieve the strategic ambition of its transition plan.

PURPOSE

Engagement with the value chain within real estate is fundamental to decarbonisation and human rights due diligence. Both upstream and downstream assessments are required and may include the construction supply chain as well as building end users. Scope 3 is required across each group and necessitates collaboration between actors within the value chain, particularly the advisory firms responsible to property and facilities management and those customers occupying the buildings. All sections of the guidance are necessary for a full and rounded plan; engagement however, is where real estate has the greatest ability to both decarbonise itself and influence decarbonisation across the real economy.

As part of this, an entity shall disclose:

A) Prioritisation approach:

An explanation of how the entity prioritises engagement activities to maximise their contribution towards achieving the strategic ambition of the entity's transition plan; this may reference key assumptions and external factors disclosed under 1.3 Key assumptions and external factors. This may include:

LIKELY TO BE MATERIAL IN MEDIUM TERM

Government engagement will increasingly influence regulatory outcomes affecting the sector.

i. Those that account for the largest proportion of the entity's Scope 3 GHG emissions, for example, occupying customers and the development/construction value chain, most particularly for building materials. For occupying customers, best practice could include a tenant partnership programme with co-creation of transition plans, transparency regarding investment costs and sharing of relevant data (eg. whole building energy dashboards)

LIKELY TO BE MATERIAL IN MEDIUM TERM

Scope 3 emissions will become reportable under CSRD, making supplier engagement financially relevant.

ii. Those over which an entity has the greatest degree of leverage to influence decarbonisation actions, for example creating procurement working groups with key suppliers. Best practice is available through the WorldGBC Whole Carbon Life roadmaps²⁸

LIKELY TO BE MATERIAL IN MEDIUM TERM

Effective supplier engagement will increasingly differentiate competitive positioning.

iii. Engage with energy suppliers to co-design low carbon operations

iv. Those over which an entity has the greatest degree of leverage to influence the most salient human rights issues

v. Those that are relevant to the most business-critical processes, for example the advisory firms responsible for property and facilities management and those customers occupying the buildings

vi. Those that have control, responsibility or influence over key external factors on which achievement of the strategic ambition of the transition plan depends (as disclosed under 1.3 Key assumptions and external factors (eg. suppliers who are developing key technologies required for the entity's transition))

vii. Small suppliers or customers which require a greater degree of support.

B) Current and planned activities:

A description of current and planned engagement activities:

i. Engagement with customers to encourage more sustainable consumption choices

ii. An assessment of universal ownership regarding investee entities

iii. Requests for data and information from individuals and organisations along the value chain

iv. Encouragement of suppliers to reduce their respective emissions or develop and implement credible transition plans

v. Working with financial partners to align disclosure, risk and assurance expectations.

C) Escalation processes:

A description of escalation processes or criteria in place to manage instances where engagement activities do not lead to the desired changes, eg. strategic misalignment between GPs, and/or if occupier(s) are unable or unwilling to collaborate on transition planning.

D) Expected contributions:

The expected principal contributions of its activities towards achieving its strategic ambition. An entity may set out criteria it applies to manage instances where engagement activities do not lead to the desired changes (3.1.C).

E. Quantification:

The expected principal contributions of its actions towards achieving its strategic ambition. These may be:

i. Quantified and presented either as point estimates or ranges

ii. Explained in qualitative terms

iii. Allocated to short-, medium- or long-term time frames and reflect the level of detail anticipated in the near term as opposed to the greater uncertainty attached to plans further into the future.

MATERIAL TODAY

Energy supplier relationships directly affect operating costs and emissions performance.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Although already triggering financial consequences, social equity considerations are not yet consistently reflected in property values or rental income across the sector.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Critical supplier engagement will become essential for managing transition risks.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Engaging on external dependencies will increasingly affect plan deliverability.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Small supplier support does not materially impact sector-wide financial performance today.

MATERIAL TODAY

Tenant engagement directly affects energy performance, cost recovery, and lease terms.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Universal ownership assessment will increasingly influence institutional investor strategy.

MATERIAL TODAY

Data collection is essential for Scope 3 reporting and performance monitoring.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Supplier emissions reduction will be necessary for Scope 3 compliance under CSRD.

MATERIAL TODAY

Lender and investor expectations directly affect financing terms and capital access.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Escalation mechanisms will become expected practice for credible engagement strategies.

MATERIAL TODAY

Quantified targets are required for regulatory disclosure and are essential for investor analysis.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Qualitative disclosure will become standard practice for communicating strategy to stakeholders.

MATERIAL TODAY

Timeline allocation is required for credible target-setting and regulatory compliance.

3_2 ENGAGEMENT WITH INDUSTRY

An entity shall disclose information about any engagement and collaborative activities with industry counterparts (and other relevant initiatives or entities) that it is undertaking or plans to undertake to achieve the strategic ambition of its transition plan.

PURPOSE

Real estate has a mature infrastructure of trade, member organisations and informal networks. Due to proprietary and competitive activity peer-to-peer collaboration is less active, however, as further climate adaptation is required – for example, localised interventions at street or neighbourhood level to manage heat, flooding or wind that benefit all landlords collectively – expect peer-to-peer collaboration to increase. The transition plan acts as a mechanism to identify and align interested parties, and in the case of public disclosure opens up engagement and potential opportunity with stakeholders.

As part of this, an entity shall disclose:

A) Memberships:

Information about memberships in trade organisations, industry bodies or other collaborative engagement activities and NGOs, for example IIGCC, GFI, GREEN, CA100+, Net Zero Engagement Initiative, IHRB, INREV, EPRA, AREF, BBP, LMA, ULI, GBC.

B) Prioritisation:

An explanation of how the entity prioritises engagement and collaborative activities to maximise their contribution towards achieving the strategic ambition of the entity's transition plan.

C) Activities and commitments:

A description of current and planned engagement and collaborative activities with membership bodies, industry associations, industry counterparts (and other relevant initiatives or entities, eg. peers and labour unions) including any commitments by the entity arising from these activities. This may include:

- i. Explore partnering with industry to share data, retrofit costs and innovation benefits, for example adaptation and resilience at a micro geography level with co-located owners/managers
- ii. Participate in initiatives to standardise reporting frameworks and metrics. consistency will reduce reporting fatigue and improve investment decision-making. eg. ARESI KPI-harmonisation task-force helping refine disclosure templates and BBP Member Climate Commitment²⁹, sharing anonymised performance data to build market transparency.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Industry data sharing will increasingly reduce costs and improve performance benchmarking.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Tool standardisation efforts do not directly impact property values or income but lack of standardisation may undermine credibility of plans.

D) Expected contributions:

The expected principal contributions of its activities towards achieving its strategic ambition.

E) Monitoring:

The steps it takes to monitor the activities of membership bodies or industry bodies in which it participates and minimise any actions that may conflict with its own strategic ambition.

Additional considerations:

An entity may further wish to consider the following:

In disclosing information about memberships in trade organisations or industry bodies (3.2. A), an entity may consider providing information to help users contextualise the nature of that relationship. For example, an entity may consider including information about:

- i. Governance positions it holds within that trade organisation or industry body
- ii. Chair roles or other influential positions it holds in working groups to formulate or influence policy or positions in areas critical to achieving the strategic ambition of its transition plan
- iii. Company-wide policies to track and minute interactions with outside stakeholders.

3_3 ENGAGEMENT WITH GOVERNMENT, PUBLIC SECTORS, COMMUNITIES, AND CIVIL SOCIETY

An entity shall disclose information about any direct and indirect engagement activities with the government, regulators, public sector organisations, communities, and civil society that it is undertaking or plans to undertake to achieve the strategic ambition of its transition plan.

PURPOSE

Real estate engages successfully with government(s) directly or through memberships and public sector directly or through partnerships. Formalised engagement with communities and civil society less so. The opaque nature of asset ownership has resulted in consumers (users of towns, cities and public spaces) being unaware of ultimate ownership of buildings.

Transition may create a shift whereby building owners are challenged by customers within and around their 'assets' to ensure safe and healthy environments.

As part of this, an entity shall disclose:

A) Prioritisation:

An explanation of how the entity prioritises engagement activities to maximise their contribution towards achieving the strategic ambition of the entity's transition plan.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Government engagement will increasingly influence regulatory outcomes affecting the sector.

B) Activities:

A description of current and planned engagement activities including disclosure of lobbying activities.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Lobbying disclosure will become expected for transparency and stakeholder confidence.

C) Expected contributions:

The expected principal contributions of its activities towards achieving its strategic ambition.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Demonstrating policy influence will increasingly affect stakeholder perception.

The entity should:

i. Embed board oversight of policy positions to prevent misalignment between public claims and private advocacy

LIKELY TO BE MATERIAL IN MEDIUM TERM
Policy alignment will increasingly be scrutinised by investors for reputational risk.

ii. Engage with stakeholders on which the transition plan is likely to have a significant impact (eg. communities within which development or ownership is located). Best practice is considered to include an assessment of their business model and tailored pathways co-created with affected communities regarding human rights and just transition^{30 31}

LIKELY TO BE MATERIAL IN MEDIUM TERM
Stakeholder engagement will become expected practice for demonstrating just transition.

iii. Disclose its strategic choices as to whether it engages with counterparties directly or indirectly (eg. via industry associations).

LIKELY TO BE MATERIAL IN MEDIUM TERM
Engagement transparency will increasingly affect stakeholder trust.

ASSURANCE

4_METRICS AND TARGETS

4_1 GOVERNANCE, ENGAGEMENT, BUSINESS AND OPERATIONAL METRICS AND TARGETS

An entity shall disclose information about the governance, engagement, business and operational metrics and targets that it uses to drive and monitor progress towards the strategic ambition of its transition plan, and report against these metrics and targets on at least an annual basis.

PURPOSE

For real estate, operational metrics and targets cover both corporate assets and operations and invested/managed assets and operations. Much of current reporting provides portfolio averages. For greater clarity of risk and progress to targets, disaggregation is necessary, eg. by asset class, geography, age, energy performance. In addition, how capex is prioritised. Metrics and targets are anchored in both mandatory and voluntary approaches. Work has and is being done by industry bodies to support entities in assessing relevant legislation, frameworks, guidance, pathways and metrics. Table 2 provides a summary of mandatory legislation, voluntary guidance, frameworks and pathways. The appendices provide greater detail.

There is additional complexity for those corporate entities 'rolling up' metrics and targets in partially invested/externally managed funds. Work is being undertaken by the IIGCC to create guidance around externally managed funds³².

TABLE 2: REQUIREMENT TYPES

REQUIREMENT TYPE	WHAT IT IS	EXAMPLES
MANDATORY LEGISLATION	Legal requirements with binding obligations, penalties for non-compliance, and enforcement mechanisms. These laws and regulations create minimum standards that commercial real estate companies must meet.	EU Taxonomy CSRD EPBD TCFD MEES
VOLUNTARY GUIDANCE AND FRAMEWORKS	Non-mandatory guidelines, best practices, and structured approaches that companies can choose to adopt. These provide direction and standardisation but without legal enforcement.	ESRS TCFD TNFD GRI SDGs
PATHWAYS AND ROADMAPS	Strategic routes and timebound plans for achieving sustainability goals, typically net zero or significant emissions reductions. These provide step-by-step guidance and interim targets.	SBTi CRREM Net Zero Carbon Buildings Commitment
CERTIFICATIONS AND RATING SYSTEMS	Third-party verification schemes and assessment methods that evaluate and certify building or company sustainability performance. These provide independent validation and benchmarking.	BREEAM LEED GRESB WELL
FINANCIAL AND INVESTMENT FRAMEWORKS	Rules, standards, and products governing sustainable finance and investment decisions. These link financial markets with sustainability performance and disclosure requirements.	SFDR EU Green Bond Standard
REPORTING AND DISCLOSURE STANDARDS	Structured formats and requirements for communicating ESG information to stakeholders, investors, and regulators. These ensure consistency and comparability in sustainability reporting.	ISSB EFRAG CDP

Further resources:

Regulated ecosystem guidance

- i. INREV overviews and guidance on the regulated ecosystem³³
- ii. GRESB mapping of EU Taxonomy, SFDR, CSRD and includes affordability disclosures.³⁴

Voluntary ecosystem guidance

- i. WorldGBC factsheet on navigating entity and asset-level voluntary ESG schemes³⁵
- ii. Systemiq paper on transparency.³⁶

As part of this, an entity shall disclose:

A) Target disclosure:

Disclose any targets it has set, and any targets it is required to meet by law or regulation.

B) Strategic alignment:

Disclose information about how the targets disclosed under 4.1.A reflect the strategic ambition of its transition plan, and how they relate to the actions outlined under 2. Implementation strategy and 3. Engagement strategy.

C) Target details (for each target disclosed under 4.1.A):

- i. The metric used to set the target

- ii. The objective of the target (eg. decarbonisation levers may refer to retrofits, acquisitions, energy procurement) and its relative contribution

- iii. The part of the entity or its activities to which this target applies

- iv. The period over which the target applies

- v. The base period and value from which progress is measured

- vi. Any milestones or interim targets

- vii. If the target is quantitative, whether it is an absolute or an intensity target. Best practice for real estate covers both absolute and intensity carbon emissions

- viii. How the latest international agreement on climate change, including any jurisdictional commitments that arise from that agreement, has informed the target

- ix. Whether and how the target aligns with any pathways disclosed under 1.1.C including, where possible, the expected trajectory of how this target will be achieved

- x. Any underlying taxonomy, tools, methodologies, or definitions on which this metric relies. Where the entity includes nature-related metrics and targets, an entity may find it helpful to align these to the recommendations of the Taskforce for Nature-related Financial Disclosures (TNFD)³⁷. Where an entity includes human rights and social-related metrics and targets, an entity may find it helpful to align these to the recommendations of the Taskforce on Inequality and Social-related Financial Disclosures (TISFD)³⁸, European Sustainability Reporting Standards (ESRS)³⁹, most particularly S1 to S4.

MATERIAL TODAY

Target disclosure is mandatory for regulatory compliance and essential for investor evaluation.

MATERIAL TODAY

Alignment between financial targets and strategic ambition is essential for credibility.

MATERIAL TODAY

Detailed financial target information is required for investor analysis and regulatory compliance.

MATERIAL TODAY

GHG metric selection affects comparability and regulatory compliance.

MATERIAL TODAY

Target objectives are required for understanding decarbonisation strategy.

MATERIAL TODAY

Target scope (eg. asset type, geography) is essential for interpretation.

MATERIAL TODAY

Target timeframes are required for credibility and compliance.

MATERIAL TODAY

Baseline definition is essential for measuring performance and ensuring comparability.

MATERIAL TODAY

Interim GHG targets demonstrate credible decarbonisation pathway.

MATERIAL TODAY

Interim GHG targets demonstrate credible decarbonisation pathway.

MATERIAL TODAY

Paris alignment is required for regulatory compliance and investor expectations.

MATERIAL TODAY

Pathway alignment (eg. SBTi, CRREM) is increasingly required for credibility.

MATERIAL TODAY

Methodology disclosure is required for transparency and comparability.

D) Target setting and review:

Disclose information about its approach to setting and reviewing each target disclosed under 4.1.A, and how it monitors progress against each target, including:

- i. Whether the target and the methodology for setting the target have been validated by a third party
- ii. The entity's processes for reviewing the target
- iii. The metrics used to monitor progress towards meeting the target.

E) Progress reporting:

Report against metrics used to assess progress towards the targets disclosed under 4.1. A at least on an annual basis; this shall include:

- i. Information about its performance against each target
- ii. An analysis of trends or changes in the entity's performance
- iii. Whether and to what extent (if known) measurements rely on estimated data, and
- iv. Any revisions to the target and explanation for those revisions

In addition, the entity may disclose:

i. The frequency of formal pathway reviews

- ii. The expected trajectory of how targets will be achieved (eg. information about whether an entity expects a linear reduction or increase towards targets, an s-curve trajectory or whether it foresees key 'bumps' or sudden changes, for example, due to the planned disposal out of assets).

4_2 FINANCIAL METRICS AND TARGETS

An entity shall disclose information about any financial metrics and targets, (both mandatory and voluntary) relevant to its business, sector and strategy, that it uses to drive and monitor progress towards the Strategic Ambition of its transition plan, and report against these metrics and targets on at least an annual basis.

PURPOSE

As outlined in 2.4, real estate has a complex investment hierarchy including owners, funds of funds, investment vehicles, fund managers and asset managers. As a result, not all entities are required to either follow mandatory disclosure or seek voluntary disclosure. The TPT advocates for public disclosure, however, the guidance reflects maturity and size of the entity. If financial metrics and targets are not made available, a comply or explain approach is adopted with full explanation as to how financial metrics and targets are contained within wider financial planning. This guidance recommends that all entities prepare themselves for disclosure.

As part of this, an entity shall disclose:

A) Targets:

Any targets it has set, plus any targets it is required to meet by law or regulation.

MATERIAL TODAY

Target governance is essential for credibility with investors and lenders.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Third-party validation will become market expectation for target credibility.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Review processes will demonstrate adaptive emissions management.

MATERIAL TODAY

Monitoring metrics are essential for demonstrating emissions performance.

MATERIAL TODAY

Financial progress reporting is mandatory and directly impacts investor decisions.

MATERIAL TODAY

GHG performance reporting is mandatory and affects access to capital.

MATERIAL TODAY

Emissions trend analysis is required for understanding performance trajectory.

MATERIAL TODAY

Financial target revisions directly affect investment decisions and must be disclosed.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Review frequency will increasingly demonstrate commitment to adaptive management.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Trajectory disclosure will increasingly be expected for assessing deliverability.

MATERIAL TODAY

Financial targets directly impact investment decisions and are required for disclosure.

B) Strategic alignment:

Information about how the targets disclosed under 4.2.A reflect the Strategic Ambition of its transition plan, and how they relate to the actions outlined under 2. Implementation strategy and 3. Engagement strategy.

C) Target details (for each target disclosed under 4.2.A):

i. The metric used to set the target

ii. A forward-looking view of capex/opex broken down by decarbonisation levers and timing of those levers (materials, energy in use)

iii. How the transition capex/opex is financed (eg. asset sales, debt, equity, current provisions)

iv. A forward-looking view of rental yields

v. The objective of the target

vi. The part of the entity or its activities to which this target applies

vii. The period over which the target applies

viii. The base period and value from which progress is measured

ix. Any milestones or interim targets such as:

a. The share of portfolio value that meets ARESI KPI 4 EU-Taxonomy “Acquisition & Ownership” alignment

b. Proportion of assets on NZIF alignment scale (committed, aligning, aligned, net zero).

x. Any underlying taxonomy, tools, methodologies, or definitions on which this metric relies.

D) Target setting and review:

Disclose information about its approach to setting and reviewing each target disclosed under 4.2.A, and how it monitors progress against each target, including:

i. Whether the target and the methodology for setting the target has been validated by a third party

ii. The entity’s processes for reviewing the target

iii. The metrics used to monitor progress towards meeting the target.

E. Progress reporting:

Report against metrics used to assess progress towards the targets disclosed under 4.2.A at least on an annual basis; this shall include:

i. Information about its performance against each target

ii. An analysis of trends or changes in the entity’s performance

iii. Whether and to what extent (if known) measurements rely on estimated data

MATERIAL TODAY

Alignment between financial targets and strategic ambition is essential for credibility.

MATERIAL TODAY

Detailed financial target information is required for investor analysis and regulatory compliance.

MATERIAL TODAY

GHG metric selection affects comparability and regulatory compliance.

MATERIAL TODAY

Capex/opex forecasts are essential for assessing funding needs and financial impact.

MATERIAL TODAY

Funding sources directly impact financial structure, risk, and returns.

MATERIAL TODAY

Yield impacts are material to valuations and investment returns.

MATERIAL TODAY

Target objectives are required for understanding strategic intent and priorities.

MATERIAL TODAY

Target scope is essential for interpretation and performance assessment.

MATERIAL TODAY

Target timeframes are required for credibility and regulatory compliance.

MATERIAL TODAY

Baseline definition is essential for measuring progress.

MATERIAL TODAY

Financial milestones demonstrate credible progression path and funding plan.

MATERIAL TODAY

Methodology disclosure is required for transparency and comparability.

MATERIAL TODAY

Target governance is essential for credibility with investors and lenders.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Validation will become market expectation for financial target credibility.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Review processes will demonstrate adaptive emissions management.

MATERIAL TODAY

Monitoring metrics are essential for demonstrating emissions performance.

MATERIAL TODAY

Financial progress reporting is mandatory and directly impacts investor decisions.

MATERIAL TODAY

GHG performance reporting is mandatory and affects access to capital.

MATERIAL TODAY

Emissions trend analysis is required for understanding performance trajectory.

iv. Any revisions to the target and explanation for those revisions.

F) Carbon pricing:

Disclose an explanation of whether and how the entity is applying a carbon price (see *Universal Principles for Carbon Pricing in the Real Estate Sector*⁴⁰) in decision-making (deep retrofit, acquisition and disposal decisions), and the price for each metric tonne of greenhouse gas emissions that the entity uses to assess the cost of its emissions.

G) Flexibility: may disclose a single amount or a range in providing quantitative information under 4.2.A-F.

Additional considerations:

To disclose effectively in accordance with 4.2 an entity should disclose:

i. Value at risk from physical changes in climate and transition to a low-GHG emission economy

ii. No- or low-GHG capital expenditure

iii. Revenue from no- or low-GHG products and services

iv. Procurement from no- or low-GHG suppliers

v. The expected trajectory of how target will be achieved (4.1.C.ix) (eg. information about whether an entity expects a linear reduction or increase towards targets, an s-curve trajectory or whether it foresees 'key bumps', for example, due to disposal of assets.

4.3 GHG METRICS AND TARGETS

An entity shall disclose information about the GHG emissions and removals metrics and targets that it uses to drive and monitor progress towards the Strategic Ambition of its transition plan, and report against these metrics and targets on at least an annual basis.

PURPOSE

There is additional complexity for real estate corporate entities 'rolling up' metrics and targets in wholly invested/partially invested/externally managed funds. 4.1 includes an overview of mandatory legislation, voluntary guidance, frameworks and pathways with further detail provided in the Appendix. Recent joint work from PCAF, CRREM and GRESB advocates for asset level accounting alongside corporate emissions to ensure accurate aggregation of building data, thereby creating greater value at fund and portfolio level assessments.⁴¹

As part of this, an entity shall disclose:

A) Targets:

Shall disclose any targets it has set, plus any targets it is required to meet by law or regulation.

A) Scope 1 and 2 targets:

Information about any targets the entity has set for reducing absolute gross GHG emissions for Scopes 1 and 2.

MATERIAL TODAY

Financial target revisions directly affect investment decisions and must be disclosed.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Carbon pricing disclosure will increasingly be expected for investment appraisal transparency.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Disclosure flexibility will help entities manage uncertainty while maintaining transparency.

MATERIAL TODAY

Climate value at risk (VaR) is increasingly required by investors and affects portfolio risk assessment.

MATERIAL TODAY

Green CAPEX tracking is required for EU Taxonomy compliance and investor reporting.

MATERIAL TODAY

Green revenue is required for SFDR classification and affects investor appeal.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Green procurement will become relevant for Scope 3 reporting under CSRD.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Financial trajectory disclosure will increasingly be expected for deliverability assessment.

MATERIAL TODAY

Financial targets directly impact investment decisions and are required for disclosure.

MATERIAL TODAY

Scope 1&2 targets are mandatory for regulatory compliance and essential for investor evaluation.

B) Scope 3 targets:

Information about any targets the entity has set for reducing absolute gross GHG emissions for Scope 3.

C) Additional targets:

Information about any additional GHG emissions targets that it has set.

D) Strategic alignment:

Information about how the targets disclosed under 4.3. A-C reflect the Strategic Ambition of its transition plan, and how they relate to the actions outlined under 2. Implementation strategy and 3. Engagement strategy.

E) Intensity targets (Scope 1 and 2):

May disclose information about any gross GHG emissions and energy intensity targets expressed as metric tonnes of CO₂ equivalent per unit of physical or economic output for Scopes 1 and 2. Best practice for real estate covers both absolute and intensity whole life carbon emissions.⁴²

F) Intensity targets (Scope 3):

May disclose gross GHG emissions intensity (ARESI KPI 18) and energy intensity (ARESI KPI 19) targets expressed as metric tonnes of CO₂ equivalent per unit of physical or economic output for Scope 3. Best practice for real estate covers both absolute and intensity whole-life carbon emissions at asset level, incorporating both the landlord shared space and the leased space within the building. This relies on collaboration and cooperation between the landlord/building operator and customer and may include green leases, power purchase agreements and data coordination.

G) Removal targets:

May disclose any targets for increasing GHG removals from activities such as land use, land use change, bioenergy, and carbon removal technologies.

H) Scope 3 categories:

Shall disclose the categories of Scope 3 GHG emissions included within the target disclosed under 4.3. B and, where it has excluded categories of Scope 3 GHG emissions from its targets, disclose the reason for omitting them, and any steps it is taking to improve monitoring and reporting systems.

I) Target details (for each target disclosed under 4.3. A-C):

- i. The metric used to set the target
- ii. The objective of the target
- iii. The part of the entity or its activities to which this target applies, eg. in real estate this may be the portfolio, fund, or asset
- iv. The period over which the target applies
- v. The base period and value from which progress is measured
- vi. Any milestones or interim targets
- vii. If the target is quantitative, whether it is an absolute or an intensity target

MATERIAL TODAY

Scope 3 targets are increasingly required for credible transition plans and regulatory compliance (CSRD).

LIKELY TO BE MATERIAL IN MEDIUM TERM

Supplementary targets will increasingly be used for comprehensive emissions management.

MATERIAL TODAY

GHG target alignment with strategy is required for credible transition planning.

MATERIAL TODAY

Intensity metrics (e.g., per sqm) are standard for real estate and enable comparability.

MATERIAL TODAY

ARESI KPI 18&19 are becoming standard metrics required for reporting and benchmarking.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Removals are not yet standard practice in real estate and face additionality challenges.

MATERIAL TODAY

Scope 3 category disclosure is required for transparency under CSRD and investor expectations.

MATERIAL TODAY

Detailed GHG target specifications are required for regulatory compliance and comparability.

MATERIAL TODAY

GHG metric selection affects comparability and regulatory compliance.

MATERIAL TODAY

Target objectives are required for understanding decarbonisation strategy.

MATERIAL TODAY

Target scope (eg., asset type, geography) is essential for interpretation.

MATERIAL TODAY

Target timeframes are required for credibility and compliance.

MATERIAL TODAY

Baseline definition is essential for measuring performance and ensuring comparability.

MATERIAL TODAY

Interim GHG targets demonstrate credible decarbonisation pathway.

MATERIAL TODAY

Target type affects interpretation and comparability; required for disclosure.

viii. How the latest international agreement on climate change, including any jurisdictional commitments that arise from that agreement, has informed the target

MATERIAL TODAY

Paris alignment is required for regulatory compliance and investor expectations.

ix. Whether and how the target aligns with any pathways disclosed under 1.1.C including, where possible, the expected trajectory of how this target will be achieved.

MATERIAL TODAY

Pathway alignment (eg., SBTi, CRREM) is increasingly required for credibility.

J) Target setting and review:

Information about its approach to setting and reviewing each target disclosed under 4.3.A-C, and how it monitors progress against each target, including:

MATERIAL TODAY

GHG target governance is required for credibility and regulatory compliance.

i. Whether the target and the methodology for setting the target have been validated by a third party

LIKELY TO BE MATERIAL IN MEDIUM TERM

Third-party validation will become market expectation for target credibility.

ii. The entity's processes for reviewing the target

LIKELY TO BE MATERIAL IN MEDIUM TERM

Review processes will demonstrate adaptive emissions management.

iii. The metrics used to monitor progress towards meeting the target. For real estate monitoring is at an asset level, good practice disclosure may include a CRREM-derived year of potential economic unviability, the associated scenario outcomes and data-coverage percentage.

MATERIAL TODAY

Monitoring metrics are essential for demonstrating emissions performance.

K. Progress reporting:

Shall report against metrics used to assess progress towards the targets disclosed under 4.3.A-C at least on an annual basis; this shall include:

MATERIAL TODAY

Annual GHG progress reporting is mandatory and directly affects investor evaluation.

i. Information about its performance against each target, eg. disclosure of assets divested, (and their average carbon intensity/emission performance), acquired and refurbished, to help provide context for changes in reported emissions and energy intensity figures

MATERIAL TODAY

GHG performance reporting is mandatory and affects access to capital.

ii. An analysis of trends or changes in the entity's performance

MATERIAL TODAY

Emissions trend analysis is required for understanding performance trajectory.

iii. Whether and to what extent (if known) measurements rely on estimated data

iv. Any revisions to the target and explanation for those revisions.

MATERIAL TODAY

Financial target revisions directly affect investment decisions and must be disclosed.

L) GHG emissions disclosure:

Shall in disclosing information on GHG emissions under 4.3.K.

MATERIAL TODAY

Absolute GHG disclosure is mandatory for regulatory compliance (CSR, SFDR).

i. Disclose its absolute gross GHG emissions generated during the reporting period, expressed as metric tonnes of CO2 equivalent, classified as Scope 1, 2 and 3 GHG emissions.

MATERIAL TODAY

Absolute emissions disclosure is mandatory and affects regulatory compliance.

ii. Measure its GHG emissions in accordance with the Greenhouse Gas Protocol: A corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its GHG emissions. Within real estate joint working from PCAF, CRREM and GRESB supports a 'whole-building approach' which takes a holistic view of the asset^{43 44}

MATERIAL TODAY

GHG Protocol compliance is required for regulatory acceptance and comparability.

iii. Disclose the approach it uses to measure its GHG emissions under 4.3.L.i, including: a. The measurement approach, inputs, and assumptions the entity uses to measure its GHG emissions b. The reason why the entity has chosen the measurement approach, inputs, and assumptions it uses to measure its GHG emissions c. Any changes the entity made to the measurement approach, inputs, and assumptions during the reporting period and the reasons for those changes

MATERIAL TODAY

Methodology disclosure is required for transparency and comparability.

iv. For Scope 1 and Scope 2 GHG emissions disclosed under 4.3.L.i, disaggregate emissions between a. the consolidated accounting group (e.g. parent and its consolidated subsidiaries) b. other entities excluded from the consolidated accounting group (e.g. associates, joint ventures and unconsolidated subsidiaries)

MATERIAL TODAY
Consolidation approach disclosure is required for regulatory compliance.

v. For Scope 2 GHG emissions disclosed under 4.3.L.i, disclose its location-based Scope 2 GHG emissions and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 GHG emissions

MATERIAL TODAY
Location-based Scope 2 disclosure is required for comparability.

vi. For Scope 3 GHG emissions disclosed under 4.3.L.i, disclose:

a. The categories included within the entity's measure of Scope 3 GHG emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) and, where it has excluded categories of Scope 3 GHG emissions, disclose the reason for omitting them, and any steps it is taking to improve monitoring and reporting systems to enable reporting

MATERIAL TODAY
Scope 3 category breakdown is required for CSRD and transparency.

b. If applicable, additional information about the entity's Category 15 GHG emissions or those associated with its investments (financed emissions).

M. GHG removals may:

Further disclose information about GHG removals from activities such as land use, land use change, bioenergy, and carbon removal technologies.

LIKELY TO BE MATERIAL IN MEDIUM TERM
GHG removals are not yet standard practice in real estate portfolios.

i. Shall be separately identifiable from information about GHG emissions disclosed under 4.3.L.i and information about carbon credits disclosed under 4.4

LIKELY TO BE MATERIAL IN MEDIUM TERM
Removal disclosure requirements are not yet material for most real estate entities.

ii. Shall include information about which third-party scheme(s) has or will verify or certify the removals

LIKELY TO BE MATERIAL IN MEDIUM TERM
Removal verification is not yet standard in real estate.

iii. Shall include information about which standard the removals have been or will be certified against

LIKELY TO BE MATERIAL IN MEDIUM TERM
Removal standards are not yet consistently applied in real estate.

iv. Disclose the extent to which the entity identifies and manages the impacts and dependencies of removals on its stakeholders, society, the economy, and the natural environment throughout its value chain, that may give rise to sustainability-related risks and opportunities (for example, this may include an assessment and mitigation of social risks of removals usage (eg. through human rights impact assessments)).

LIKELY TO BE MATERIAL IN MEDIUM TERM
Removal impact management is not yet standard practice.

Additional guidance:

To disclose effectively in accordance with 4.3 an entity may consider the following:

Further guidance on reporting information about GHG emissions targets (4.3.A-C, 4.3.E-I), an entity may find it helpful to refer to the Application Guidance provided in IFRS S2 Climate-related disclosures (see B68-9)

Further guidance on reporting information about GHG emissions (4.3.L), an entity may find it helpful to refer to the Application Guidance provided in the IFRS S2 Climate-related disclosure standard (see B19-63).

4_4 CARBON CREDITS

An entity shall disclose information about how it uses or plans to use carbon credits to achieve the Strategic Ambition of its transition plan, and report on the use of carbon credits on at least an annual basis.

PURPOSE:

As part of accountability the use of carbon credits in real estate enables the entity to manage the residual element of a building's decarbonisation strategy. The use of carbon credits should be addressed transparently and with caution, with credits

only used for residual emissions – those that remain after all reasonable reduction measures have been implemented. This might include limited Scope 3 emissions from hard-to-abate materials or site-specific constraints (see The Oxford Offsetting Principles⁴⁵). Overreliance on credits, especially for Scope 1 and 2 emissions, risks undermining credibility and may attract regulatory and reputational scrutiny.

As part of this, an entity shall:

A) Rationale:

Disclose an explanation of why the entity is employing carbon credits and the extent to which, and how the entity relies on the use of carbon credits to achieve the Strategic Ambition of its transition plan.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Carbon credit rationale will increasingly be scrutinised as offsetting comes under greater scrutiny.

B) Credit activity:

Disclose the number of credits sold, purchased and retired.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Credit volumes will increasingly be disclosed as stakeholders demand transparency on offsetting.

C) Verification:

Disclose which third-party scheme(s) has or will verify or certify the carbon credits.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Credit verification will become essential for credibility as market matures.

D) Standards:

Disclose information about which standard or methodology the carbon credits have been or will be certified against.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Credit standards disclosure will be expected for quality assessment.

E) Credit type:

Disclose the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal. Suitable high-durability removal credits for real estate could include nature-positive solutions (eg. peatland restoration, reforestation), or high-quality offsets related to embodied carbon.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Credit type disclosure (nature-based vs technological) will affect stakeholder perception.

F) Impact assessment:

Disclose whether and how the entity identifies and manages the impacts and dependencies of carbon credits on its stakeholders, society, the economy, and the natural environment throughout its value chain, that may give rise to sustainability-related risks and opportunities (e.g. this may include an assessment and mitigation of social risks of carbon credits usage (eg. through human rights impact assessments)).

LIKELY TO BE MATERIAL IN MEDIUM TERM

Impact assessment of carbon credits will increasingly be required for transparency.

G) Credibility factors:

Disclose any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credit the entity is using or plans to use.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Additional credibility factors will increasingly be required for stakeholder confidence.

H) Annual reporting:

Report on the use of carbon credits at least on an annual basis. Best practice follows The Oxford Offsetting Principles⁴⁶ and entities may also wish to reference the BBP Net Zero Carbon Pathway Framework.⁴⁷

LIKELY TO BE MATERIAL IN MEDIUM TERM

Annual carbon credit reporting will become expected practice for transparency.

5__GOVERNANCE

5_1 BOARD OVERSIGHT AND REPORTING

An entity shall disclose information about the governance body(s) (which can include a board, committee, or equivalent body charged with governance) or individual(s) responsible for oversight of the transition plan.

PURPOSE:

Real estate has a complex investment hierarchy including owners, funds of funds, investment vehicles and fund managers. Clarity of governance enables funds with different risk profiles, return needs and time horizons to be accommodated within the overall corporate structure. For effective transition planning, strategic oversight at the highest board and advisory level is necessary.

As part of this, an entity shall identify that body(s) or individual(s) and disclose:

A) Review and approval arrangements:

Its arrangements for review and approval of the transition plan and its Strategic Ambition, including oversight of any changes, updates, and reporting.

MATERIAL TODAY

Board oversight is required for regulatory compliance and demonstrates governance quality to investors.

B) Responsibility documentation:

How responsibilities for the transition plan are reflected in the terms of reference, mandates, role descriptions, and other related policies applicable to that body(s) or individual(s).

MATERIAL TODAY

Documented responsibilities are required for credible governance and regulatory compliance.

C) Skills and competencies:

How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee the transition plan.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Board competency assessment will increasingly be expected by investors.

D) Information flow:

How and how often the body(s) or individual(s) is informed about the transition plan.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Information flow disclosure will demonstrate effective governance oversight.

E) Strategic oversight:

How the body(s) or individual(s) considers the transition plan when overseeing the entity's strategy, most importantly its decisions on major real estate transactions and asset capital expenditure and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with the transition plan. To ensure strategic alignment, the entity may wish to consider cross-functional collaboration across key functions such as sustainability, finance, operations and legal.

MATERIAL TODAY

Board integration of climate into strategy is required for credible transition planning.

F) Target oversight:

How the body(s) or individual(s) oversees the setting of targets in the transition plan, and monitors progress towards these targets and the wider strategic ambition of the transition plan.

MATERIAL TODAY

Board target oversight demonstrates governance quality and affects investor confidence.

5_2 MANAGEMENT ROLES, RESPONSIBILITY AND ACCOUNTABILITY

An entity shall disclose information about management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee the transition plan, as well as how it is embedded within the entity's wider control, review, and accountability mechanisms.

PURPOSE

Each entity has differing corporate structures and clear governance accountability and assurance through the hierarchy of funds will identify risks, barriers as well as new business opportunities.

As part of this, an entity shall disclose:

A) Management identification:

The identity of the management body(s) or individual(s) responsible for executive oversight and delivery of the transition plan.

MATERIAL TODAY

Management accountability is required for effective delivery and regulatory compliance.

B) Management role:

The role of the body(s) or individual(s) in 5.2.A. in defining the Strategic Ambition of the transition plan, the setting of targets, and the monitoring of progress.

MATERIAL TODAY

Management role in strategy setting is essential for credible plan development.

C) Oversight structure:

How oversight is exercised over that body(s) or individual(s).

LIKELY TO BE MATERIAL IN MEDIUM TERM

Oversight structure disclosure will increasingly demonstrate governance quality.

D. Controls and procedures:

Whether the body(s) or individual(s) in 5.2.A. uses controls and procedures to support the oversight of the transition plan and ensure the reliability of information disclosed; if so, an entity shall disclose how these controls and procedures are integrated with other internal functions and information about which aspects of the transition plan are subject to external assurance or verification, including the nature of the assurance or verification.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Control disclosure will increasingly be required for assurance and credibility.

E) Shareholder approval:

Whether the transition plan is subject to shareholder approval, including through a shareholder vote.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Shareholder votes on transition plans will increasingly be expected for major strategic shifts.

Additional considerations:

The entity may wish to consider:

i. When directly managing assets, that the sustainability lead has responsibility for retrofit capex

LIKELY TO BE MATERIAL IN MEDIUM TERM

Sustainability lead accountability will increasingly be expected for effective execution.

ii. Information about relevant escalation processes that are in place to enable any challenges or concerns in relation to the entity's transition plan to be communicated to and considered by the relevant governance body(s) or individual(s)

LIKELY TO BE MATERIAL IN MEDIUM TERM

Escalation processes will increasingly demonstrate robust governance.

iii. Information on internal controls that are in place to scrutinise the transition plan, and progress against the plan, by relevant internal assurance functions such as internal audit.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Internal controls will increasingly be required for assurance purposes.

5_3 CULTURE

An entity **should** disclose information about how it aligns or plans to align its culture with the Strategic Ambition of its transition plan.

PURPOSE:

Organisational change requires every function of the business understanding its contribution and being confident of the benefit in the change. In real estate, sustainability teams may be integrated into compliance and audit delivery and/or technical and specialist teams. The risk is that the wider business functions do not understand their role and resulting in both a loss of engagement, and drive towards business innovation and upsides.

An entity may disclose information about any relevant steps taken in respect of:

A) Values and purpose:

Company values and purpose statements.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Corporate values do not directly drive property financial performance.

B) Communications:

Regular and consistent communications with employees.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Communication systems will increasingly be recognised as essential for effective implementation.

C) HR policies:

HR policies and procedures (including escalation processes, compensation, and benefits); see 5.4 Incentives and remuneration for disclosure recommendations on incentives and remuneration.

LIKELY TO BE MATERIAL IN MEDIUM TERM
HR policies linked to climate will increasingly support effective delivery.

D) Employee value proposition:

The employee value proposition.

LIKELY TO BE MATERIAL IN MEDIUM TERM
EVP does not directly drive real estate financial performance.

E) Training:

Leadership and manager training programmes.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Leadership training will increasingly be recognised as essential for capability building.

F) Engagement:

Regular and consistent engagement with employees.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Workforce engagement will increasingly drive innovation and performance.

Additional considerations:

The entity may also:

i. Influence cultural shifts in the value chain through procurement models that embed sustainability expectations for contractors, advisors, and joint venture partners as per Engagement 3.1

LIKELY TO BE MATERIAL IN MEDIUM TERM
Value chain culture influence has limited direct financial impact.

ii. In disclosing information about workforce engagement strategies (5.3.F), an entity may find it helpful to describe how it is listening to and engaging its workforce on the transition plan

iii. Information disclosed under this sub-element may reasonably include references to other aspects of 5. Governance, including by drawing links to information about incentives (5.4 Incentives and remuneration) and 5.5. Skills, competencies and training.

5_4 INCENTIVES AND REMUNERATION

An entity **should** disclose information about how it aligns or plans to align its incentive and remuneration structures with the Strategic Ambition of its transition plan.

PURPOSE:

Enforceable incentives and remuneration are a recognised mechanism to embed organisational change, alongside broader governance and culture systems. As part of this, an entity should disclose:

A) Executive remuneration:

A description of whether and how its executive incentive and remuneration structures are aligned with the Strategic Ambition of its transition plan; this may include information about:

LIKELY TO BE MATERIAL IN MEDIUM TERM
Climate-linked executive pay will become market expectation for demonstrating commitment.

i. The metric(s) used, for example:

- a. CRREM-aligned EUI reductions
- b. EPC-A coverage
- c. BBP guidance on carbon-cost signals.

ii. Whether the metric(s) is within the short-term and/or long-term incentive plan(s)

iii. The typical percentage weighting of the transition plan-related metric(s) within the incentive plan for the executive population

iv. The percentage of total executive remuneration that is linked to transition plan-related metric(s).

B) Employee remuneration:

A description of whether and how incentive and remuneration structures for employees across the organisation are aligned with the Strategic Ambition of its transition plan, including whether it has applied a consistent approach with that in 5.4.A or whether it has taken a differentiated approach for specific teams or roles.

5_5 SKILLS, COMPETENCIES AND TRAINING

An entity **should** disclose information about actions it is taking or plans to take to assess, maintain, and build the appropriate skills, competencies, and knowledge across the organisation to achieve the Strategic Ambition of its transition plan.

PURPOSE:

The real estate sector has good levels of technical skills regarding sustainability and climate transition need. As outlined in 5.3, there is a need to embed the appropriate skills and competencies across every function and level of the business. Continuous learning will align objectives and empower teams and individuals to identify risks and pursue solutions and opportunities.

As part of this, an entity shall disclose:

A) Skills assessment:

Information about how the entity assesses whether it has the appropriate skills, competencies, and knowledge across the organisation to effectively design, develop, deliver, and govern the transition plan in accordance with its Strategic Ambition.

B) Skills development:

Where it has identified a skills gap, information about actions it is taking or plans to take to acquire or develop the required skills.

C) Board and executive training:

Information about actions it is taking or plans to take to provide the Board and executive management with access to the appropriate skills, competencies and knowledge required to effectively oversee the transition plan. For example, board training scorecards to ensure ongoing competence.

Additional considerations:

In order to disclose effectively in accordance with 5.5 an entity may wish to consider the following:

i. Information about any key skills and knowledge gaps it has identified

ii. Recruitment efforts

iii. Internal training programmes and other efforts to up-skill or re-skill its workforce

LIKELY TO BE MATERIAL IN MEDIUM TERM

Remuneration metrics will increasingly be scrutinised for alignment with strategic priorities.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Incentive structure will increasingly affect executive behavior and delivery.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Weighting disclosure will demonstrate level of commitment to transition.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Total remuneration linkage will demonstrate strategic prioritisation.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Broader employee incentives will increasingly be used to drive organisational performance.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Skills assessment will increasingly be required for demonstrating capability to deliver.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Skills development programmes will increasingly be essential for execution capability.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Board training will increasingly be expected for effective oversight.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Gap identification will demonstrate awareness of capability challenges.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Recruitment for climate skills will increasingly be necessary for delivery.

LIKELY TO BE MATERIAL IN MEDIUM TERM

Training programmes will increasingly be essential for building organisational capability.

iv. Board effectiveness assessments

LIKELY TO BE MATERIAL IN MEDIUM TERM
Board assessments will increasingly evaluate climate competency.

v. Internally or externally provided training/engagement sessions

LIKELY TO BE MATERIAL IN MEDIUM TERM
Training provision will demonstrate investment in capability development.

vi. Regular briefings on transition plan-related issues.

LIKELY TO BE MATERIAL IN MEDIUM TERM
Regular briefings will demonstrate ongoing governance engagement.

APPENDICES

A photograph showing two people from behind, riding bicycles on a paved path. The person on the left is wearing a blue and white checkered shirt and a backpack. The person on the right is wearing a yellow jacket and jeans. In the background, there are modern multi-story buildings with large windows and balconies, surrounded by green grass and trees. The scene is captured in the warm light of late afternoon or early morning.

APPENDICES

UK AND EU CLIMATE TRANSITION LEGISLATION AND FRAMEWORKS

MANDATORY ENACTED LEGISLATION

REGULATION/ DIRECTIVE	JURISDICTION	YEAR ENACTED	APPLICATION IN COMMERCIAL REAL ESTATE
EU Taxonomy Regulation	EU	2020	Large companies (500+ employees OR €40m+ turnover OR €20m+ balance sheet)
Energy Performance of Buildings Directive (EPBD) - Recast	EU	2018/2024	All commercial buildings
Corporate Sustainability Reporting Directive (CSRD)	EU	2022	Large companies (250+ employees AND €50m+ turnover AND €25m+ balance sheet) from 2024; Listed SMEs from 2026
Sustainable Finance Disclosure Regulation (SFDR)	EU	2019	Financial market participants (asset managers, pension funds, insurance companies)
Climate Change Act	UK	2008	Large companies (quoted companies on main market)
Energy Efficiency (Private Rented Property) Regulations (MEES)	UK	2015/2018	All commercial landlords
Streamlined Energy and Carbon Reporting (SECR)	UK	2019	Large companies (250+ employees OR £36m+ turnover OR £18m+ balance sheet) OR Quoted companies
Energy Savings Opportunity Scheme (ESOS)	UK	2014	Large enterprises (250+ employees OR €50m+ turnover OR €43m+ balance sheet)
Energy Performance Certificates (EPCs)	UK	2007	All commercial properties when sold/let

UPCOMING MANDATORY LEGISLATION

REGULATION/ DIRECTIVE	JURISDICTION	IMPLEMENTATION DATE	APPLICATION IN COMMERCIAL REAL ESTATE
EPBD Recast 2024	EU	2030-2033 (phased)	All non-residential buildings
CSRD Phase 2	EU	2026	Listed SMEs (except micro-enterprises)
Corporate Sustainability Due Diligence Directive (CSDDD)	EU	2027-2029 (pending final approval)	Large EU companies (500+ employees, €150m+ turnover)
MEES Regulations Update	UK	April 2027 (proposed)	All commercial properties
Building Performance Standards	UK	2030 (under consultation)	All commercial properties

VOLUNTARY FRAMEWORKS

FRAMEWORK	ORGANISATION	ADOPTION LEVEL	APPLICATION IN COMMERCIAL REAL ESTATE
GRESB (Global Real Estate Sustainability Benchmark)	GRESB Foundation	Voluntary - 1,800+ participants globally	Portfolio-level sustainability benchmarking; investor reporting; due diligence
Task Force on Climate-related Financial Disclosures (TCFD)	FSB	Voluntary - Some mandatory adoption by regulators (e.g., UK FCA for premium listed companies)	Climate risk assessment; scenario analysis; governance structures
Science Based Targets initiative (SBTi)	SBTi	Voluntary - 1,000+ real estate companies committed	1.5°C aligned targets; Scope 1, 2, 3 emissions reduction pathways
UN Global Compact	United Nations	Voluntary - 12,000+ companies globally	Ten principles integration; sustainable development goals alignment
CDP (formerly Carbon Disclosure Project)	CDP Worldwide	Voluntary - Some institutional investor requirements	Climate change, water, and forests disclosure; supply chain engagement
Net Zero Carbon Buildings Standard	UKGBC		Operational and embodied carbon frameworks; net zero definitions

VOLUNTARY PATHWAYS

PATHWAY	ORGANISATION	TYPE	APPLICATION IN COMMERCIAL REAL ESTATE
CRREM (Carbon Risk Real Estate Monitor)	EU Horizon 2020	Voluntary	Portfolio decarbonisation pathways; stranding risk assessment; Paris Agreement alignment
Net Zero Asset Managers Initiative (NZAM)	Various	Voluntary commitment	Portfolio net zero alignment; interim targets; stewardship requirements
Real Estate Climate Transition Pathway	UNEP FI	Voluntary	Real estate specific net zero roadmap; performance metrics; sector collaboration
Net Zero Carbon Buildings Commitment	WorldGBC	Voluntary commitment	Operational and embodied carbon targets; whole life carbon approach

ACRONYMS

AREF	Association of Real Estate Funds
ARESI	Aligning Real Estate Sustainability Indicators
AUM	Assets under management
BBP	Better Buildings Partnership
BREEAM	Building Research Establishment Environmental Assessment Method
CAPEX	Capital expenditure
CDP	Carbon Disclosure Project
CO ₂	Carbon dioxide
COP 26	26th UN Climate Change Conference of the Parties (2021)
COP 29	29th UN Climate Change Conference of the Parties (2024)
CRREM	Carbon Risk Real Estate Monitor
CSRD	Corporate Sustainability Reporting Directive
EFRA	European Financial Reporting Advisory Group
EPBD	Energy Performance of Buildings Directive
EPC	Energy Performance Certificate
EPRA	European Public Real Estate Association
ESG	Environmental, social, and governance
ESRS	European Sustainability Reporting Standards
EUI	Energy use intensity
GBC	Green Building Council
GFANZ	Glasgow Financial Alliance for Net Zero
GFI	Green Finance Institute
GHG	Greenhouse gas
GRESB	Global Real Estate Sustainability Benchmark
GRI	Global Reporting Initiative
IEA	International Energy Agency
IFRS	International Financial Reporting Standards
IHRB	Institute for Human Rights and Business
IIGCC	Institutional Investors Group on Climate Change
INREV	European Association for Investors in Non-Listed Real Estate Vehicles
ISSB	International Sustainability Standards Board
ITPN	International Transition Plan Network
KPI	Key performance indicator
LMA	Loan Market Association
MEES	Minimum Energy Efficiency Standards
NGFS	Network for Greening the Financial System
NZAM	Net Zero Asset Managers Initiative
NZIF	Net Zero Investment Framework
OECD	Organisation for Economic Co-operation and Development
PCAF	Partnership for Carbon Accounting Financials
REIT	Real Estate Investment Trust
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure Regulation
TCFD	Taskforce on Climate-related Financial Disclosures
TISFD	Taskforce on Inequality and Social-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
TPT	Transition Plan Taskforce
ULI	Urban Land Institute
USD	United States Dollar
WELL	WELL Building Standard (International WELL Building Institute)
WorldGBC	World Green Building Council

1 <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-1-first-time-adoption-of-ifrs/>
2 <https://www.ifrs.org/issued-standards/list-of-standards/ifrs-2-share-based-payment/>
3 <https://www.ifrs.org/sustainability/knowledge-hub/transition-plan-taskforce-resources/>
4 <https://itpn.global/about/>
5 <https://www.ifrs.org/news-and-events/news/2024/06/issb-delivers-further-harmonisation-of-the-sustainability-disclosure-landscape-new-work-plan/>
6 <https://worldgbc.org/thecommitment/commitment-glossary/>
7 <https://www.ilo.org>
8 <https://www.pwc.com/us/en/services/esg/library/csrd-double-materiality.html>
9 <https://www.unep.org/resources/report/building-materials-and-climate-constructing-new-future>
10 <https://knowledge.uli.org/-/media/files/research-reports/2024/insurance-on-the-rise.pdf?rev=2d3217c8878543e5a3f069c8eda40ce0&hash=6DA9B40766D8F57DDCAB5275AFBBA848>
11 <https://www.energy-transitions.org/publications/financing-the-transition-etc/>
12 <https://www.iigcc.org/hubfs/Past%20resource%20uploads/IIGCC%20From%20concept%20to%20capital%20flows%20-%20the%20investor%20perspective%20on%20transition%20finance%202024.pdf>
13 <https://knowledge.uli.org/en/reports/research-reports/2024/insurance-on-the-rise>
14 https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/12/commercial-real-estate-markets-after-the-end-of-low-for-long-risks-and-policy-challenges_ead4b203/0f9ae118-en.pdf
15 <https://www.ifrs.org/sustainability/knowledge-hub/transition-plan-taskforce-resources/>
16 MSCI Real Estate Market Size Report, The size of the professionally managed global real estate investment market in 2024, July 2025
17 https://www.inrev.org/system/files/2024-11/INREV-EPRA-Real-Estate-Real-Economy_2024-Report.pdf
18 <https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/asset-owners-sector-guidance-apr-2024.pdf>
19 <https://www.ifrs.org/content/dam/ifrs/knowledge-hub/resources/tpt/asset-managers-sector-guidance-apr-2024.pdf>
20 <https://www.parisalignedassetowners.org>
21 <https://transitionarc.climatearc.org>
22 <https://www.cdp.net/en>
23 <https://www.smithschool.ox.ac.uk/research/oxford-offsetting-principles>
24 <https://europe.uli.org/wp-content/uploads/2024/10/Universal-Principles-for-Carbon-Pricing-in-the-Real-Estate-Sector-1.pdf>
25 <https://www.tisfd.org>
26 https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/BBP_Net-zero%20Carbon%20Pathway%20Framework_June22_v3_0.pdf
27 https://www.systemiq.earth/wp-content/uploads/2024/06/LOTUF_Seeing-is-Believing_Unlocking-the-Low-Carbon-Real-Estate-Market_June2024.pdf
28 <https://worldgbc.org/buildinglife/buildinglife-roadmaps/>
29 <https://www.betterbuildingspartnership.co.uk/member-climate-commitment>
30 <https://www.ihrb.org/resources/just-transition-in-the-built-environment>
31 https://make-the-shift.org/wp-content/uploads/2024/11/Investor-Guidelines-November_compressed.pdf
32 <https://www.iigcc.org/resources/consultation-externally-managed-funds-guidance>
33 <https://www.inrev.org/library/esg-glance-current-regulatory-status-eu-and-uk>
34 <https://www.gresb.com/nl-en/understanding-the-relationship-between-eu-taxonomy-sfdr-and-csrd-and-their-impact-on-real-estate/>
35 https://worldgbc.org/wp-content/uploads/2024/09/SFTF_ESG_Schemes.pdf
36 https://www.systemiq.earth/wp-content/uploads/2024/06/LOTUF_Seeing-is-Believing_Unlocking-the-Low-Carbon-Real-Estate-Market_June2024.pdf
37 <https://tnfd.global/publication/additional-guidance-on-assessment-of-nature-related-issues-the-leap-approach/>
38 <https://www.tisfd.org>
39 <https://www.unepfi.org/impact/interoperability/european-sustainability-reporting-standards-esrs/>
40 <https://europe.uli.org/wp-content/uploads/2024/10/Universal-Principles-for-Carbon-Pricing-in-the-Real-Estate-Sector-1.pdf>
41 <https://www.gresb.com/nl-en/insights/pcaf-crrem-and-gresb-release-first-version-of-technical-guidance-for-accounting-and-reporting-of-ghg-emissions-from-real-estate-operations/>
42 https://www.betterbuildingspartnership.co.uk/sites/default/files/media/attachment/BBP_Net-zero%20Carbon%20Framework_May21.pdf
43 <https://www.gresb.com/nl-en/insights/pcaf-crrem-and-gresb-release-first-version-of-technical-guidance-for-accounting-and-reporting-of-ghg-emissions-from-real-estate-operations/>
44 <https://carbonaccountingfinancials.com/financing-towards-net-zero-buildings>
45 <https://www.smithschool.ox.ac.uk/research/oxford-offsetting-principles>
46 <https://www.smithschool.ox.ac.uk/research/oxford-offsetting-principles>
47 <https://www.betterbuildingspartnership.co.uk/net-zero-carbon-pathway-framework>