



ACQUISITIONS SUSTAINABILITY TOOLKIT

Making better investment decisions

Opening Statement

Since the first version of the Better Buildings Partnership's Acquisitions Sustainability Toolkit, launched in 2017, we have witnessed a surge in the integration of sustainability into the real estate acquisition process. This evolution has been driven by an increase in regulatory requirements, growing evidence that ESG issues have financial implications, higher demands for exemplary spaces from tenants, and the reality that ESG integration is increasingly seen as part of fiduciary duty. The Better Buildings Partnership's members have been among the market leaders in developing their investment practices to prioritise and deliver sustainable buildings.

In 2023, the Better Buildings Partnership's Investor Engagement Working Group (IEWG) decided that a revision of the Toolkit was necessary to reflect how the industry has shifted in the past 7 years, with a greater focus on topics including net zero carbon, environmental regulation and climate resilience.

A key objective for the Working Group was to improve the Toolkit's suitability and overall value to acquisitions teams and their advisors. To achieve this, we expanded the Sustainability Investment Checklist, added three new investment critical Decisions Trees, and provided further guidance for the asset onboarding process. Additionally, in updating the toolkit, the Working Group was keen to expand its application and usability. Hence, whilst the original Toolkit was developed to support acquisition teams of direct real estate, it is now applicable to a broader range of stakeholders, notably lenders, property managers / managing agents and advisors / consultants. Together, these changes aim to provide transaction teams and their advisors with a more comprehensive and relevant resource, empowering them to make informed decisions aligned with their sustainability goals. To support greater alignment and standardisation across the industry, the Sustainability Investment Checklist was also mapped against a host of relevant industry resources

This was a highly collaborative process involving a diverse group of over fifty industry stakeholders including investment, lending, managing agent professionals as well as sustainability experts, all providing their valuable insights and experience. We extend our gratitude to the dedicated Working Group, the wider group of reviewers and all project supporters who contributed to the updated Toolkit. It has been a pleasure working with you all. We hope that commercial property owners, lenders, advisers and managing agents will use this Toolkit, apply it in practice, and provide feedback to the BBP that we might take into account for future iterations.



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Introduction

Sustainability is one of the most rapidly evolving areas of change in property ownership. From a real estate investment perspective, the drivers can be split into two main categories:

1. **Risk management:** protecting the medium to long term value and liquidity of real estate portfolios from factors such as occupier demand, investor requirements, regulatory exposure, the physical and transition risks of climate change and energy security.
2. **Value creation:** realising opportunities that can improve the value of property portfolios, such as increasing occupier attraction and retention, increasing rental value and slowing the rate of depreciation.

Successfully managing these risks and opportunities evidences good governance and can support attracting additional capital, receiving new mandates from a more diversified investor base, and securing new joint venture partnerships.

Fiduciary responsibility to investors has previously been perversely used as an argument for limited activity in this area. However, with growing evidence linking sustainability and investment performance, as well as the awareness of the risks and opportunities, there is widespread recognition that there is a duty to manage these issues. Future proofing portfolios against this is therefore not only a prudent action but necessary to deliver long term financial performance.

Investment and acquisition teams - as well as managing agents and lenders – must understand how such factors can influence portfolio performance and ensure they are given due consideration within the investment decision making process. To support them in identifying the risks and opportunities, this Toolkit sets out recommended sustainability criteria that should be considered during the acquisition process. It has been developed to be a practical and realistic reflection of what can be expected of commercial property owners.

2024 update to Toolkit

The Acquisitions Sustainability Toolkit was updated and expanded in 2024 following an extensive period of review, redrafting, and consultation. A key motivation for updating the Toolkit was feedback from BBP members that the treatment of sustainability in acquisitions had developed significantly since 2017, with four specific themes emerging:

1. The expectation that sustainability indicators will play an increasingly integral and dynamic role in decision making throughout the investment process.
2. Increased focus on themes including the financial costs of an asset's net-zero transition pathway, building operational performance, climate resilience, embodied carbon, and environmental regulation.
3. Greater range of sustainability KPIs / metrics for target-setting, monitoring, and reporting
4. Integration of sustainability into property valuation and the increasingly investment critical nature of sustainability considerations

The updated Toolkit was developed by a working group comprising representatives from fourteen BBP and Managing Agents Partnership (MAP) members and supported by a panel of reviewers representing commercial real estate companies, lenders, managing agents, advisors, and industry associations.

The BBP will continue to update the Toolkit periodically. Users should be mindful of new and emerging regulation / guidance not covered (e.g. the UK's Sustainable Disclosure Regulations).

Who is this Toolkit for?

This Toolkit is principally designed to support investment and acquisition teams within commercial real estate companies and investment managers.

The Toolkit provides information and guidance that can be incorporated within internal acquisition processes, from the initial selection of a potential property through to its integration into the property portfolio, to help

understand and identify key sustainability risks and opportunities, as well as consider if any mitigation measures are required.

Additional guidance is also provided throughout the Toolkit, for wider stakeholders involved in the acquisition process, specifically lenders, property managers / managing agents and advisors / consultants. The latter section entitled 'How to use this document?' provides specific recommendations for these stakeholders on how to use the Toolkit.

Lenders

Commercial real estate lenders are increasingly incorporating ESG and sustainability considerations into their lending activities. Associations such as the Commercial Real Estate Finance Council for Europe (CREFCE) and the Loan Market Association (LMA) provide guidance to their lender members in this area. CREFCE for instance have produced a [Climate-Related Commercial Real Estate Lending Due Diligence Guide](#). This is intended to help lenders to assess, in the early stages of discussions with a borrower or sponsor, climate-related resilience and risk, as well as impact, and thus potential eligibility for a sustainable loan. The LMA have produced and continue to develop a [Sustainable Lending microsite](#) with guidance on best practice for lenders and borrowers.

Property managers / managing agents

As an asset moves from the vendor to the buyer's portfolio it is important that the managing agent is clear as to how the evidence and data assessed during the transaction process is collected, managed, and reported to the new owner on an ongoing basis. The managing agent and the buyer should also be aligned as to the sustainability objectives relating to that asset. Managers could also use the Toolkit when preparing for a sale to assist with up front data collection that may be requested.

Advisors / consultants

Advisors and consultants supporting commercial real estate investors to design and implement their sustainability due diligence activities have an important role to play in encouraging standardisation of sustainability metrics and indicators.

What is included in the Toolkit?

The Toolkit is split into three main sections:




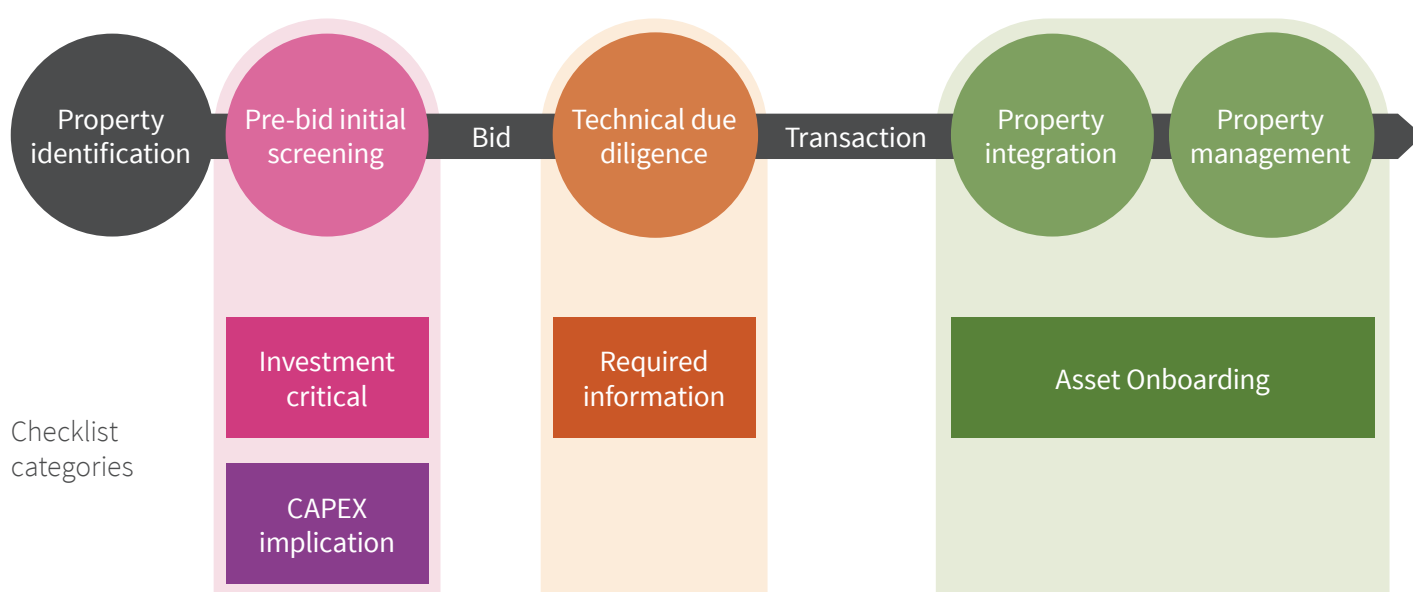
-  **1. Sustainability Investment Checklist:** setting out the information which should be requested and reviewed as part of the due-diligence process, from initial pre-bid through to transaction. Provided in a checklist format, it aims to complement any existing due-diligence processes by setting out the questions that should be asked; where such information is best sought or requested; follow on questions to support further investigation of potential risks; as well as providing additional notes and links to supplementary industry guidance.
-  **2. 'Investment Critical' Decision Trees:** For a number of 'Investment Critical' items included within the Sustainability Investment Checklist, a set of decision trees have been developed to support property owners in identifying the risks, considering the potential impacts, and determining whether any mitigation measures are required. These are presented as flowcharts setting out the sequence of events typical in assessing these items as well as the key decisions that may need to be made.
-  **3. Asset Onboarding:** setting out the key questions that should be considered post-acquisition to ensure a smooth transition into on-going management. This centres around reviewing all information that was gathered during due diligence, identifying key information gaps, and considering how this information should feed into property management regimes and future asset management plans.

Figure 1 is an illustrative mapping between the stages of a typical transaction and the resources within the Sustainability Investment Checklist. This mapping can be used to guide the reader towards the sections most relevant to their needs.

Figure 1: The stages of a typical transaction process indicating where the information within this Toolkit is most relevant



What is new in the 2024 version?

Several changes and additions have been made in the 2024 update to the original 2017 Toolkit. These are summarised in Figure 2 and will be of particular interest to those users familiar with the previous version seeking to update their processes to reflect the changes.

Figure 2: Summary of 2024 updates to 2017 Toolkit

Sustainability Investment Checklist

- Reallocation of questions and creation of new categories such as Net Zero Carbon, Climate Resilience and Environmental Regulation.
- Increase in overall number of checks from 58 to 77.
- **New** mapping between Checklist and other resources.
- **New** column identifying the sustainability checks deemed highest priority by lenders engaged in project.
- **New** blank column in Excel for user to populate with evidence.

Decision Trees

- **Update** to existing decision tree on Minimum Energy Efficiency Standards.
- **New** decision trees relating to:
 - Asset Energy and Carbon Performance.
 - Tenant Considerations.
 - SFDR PAI and EU Taxonomy.

Asset Onboarding

- Update to section and renaming from '100 Day Review'.

Overall

- New guidance provided for lenders, managing agents and advisors in using the Toolkit

How to use the Toolkit

Acquisition is a critical phase during the investment lifecycle for a property owner to gather detailed property information which might not be possible at any other time.

The aim of the Toolkit is to avoid any missed opportunities by ensuring investment and acquisition teams incorporate questions and information requests that will identify key sustainability risks and opportunities.

The Toolkit is designed to:

- Provide **guidance only**, and not be prescriptive or exhaustive
- Be **practical and flexible**, allowing investment and acquisition teams to select the items that they feel are most material to them as a business and incorporate them within their own acquisition/governance processes
- Cover items likely to be covered by both **internal review processes** and the instructions given to **lawyers and external consultants**

Guidance for commercial property owners

Figure 3 provides examples of how commercial property owners within the BBP membership are using the Toolkit and may provide the reader with options for application in their own transaction processes.

Figure 3: Summary of different applications of BBP Acquisitions Sustainability Toolkit reported by users



Figure 3: Factors affecting relevance of items within Toolkit

The document has also been put together to cover a wide range of property portfolios. As a result, the relevance of information provided will vary depending on the following:

Property type

The Toolkit is not designed to be applicable to a specific asset type and therefore may be applied to assets across offices, retail, industrial and other classifications. Additional consideration may be necessary to apply the Toolkit to other asset types.

Location

The Toolkit focuses on buildings and sustainable investment regulation in the UK and Europe and does not include regulation outside of these jurisdictions, or city-level regulation. The physical climate impacts that are included in the Checklist may be more or less relevant to assets in different geographical locations and further consideration should be given to assets whose main physical climate exposures are not included.

Project lifecycle

The Toolkit is focused on the transaction of existing buildings. Different considerations may be required for new construction or speculative / forward funding.

Level of management control of the owner

This is likely to be a significant factor impacting the availability of information relevant to the Toolkit, or the ability to underwrite capital expenditure relevant to remedial work where risks are identified.

Investment strategy for the property or fund / portfolio:

If an asset is earmarked for redevelopment or major refurbishment rather than long-term holding, this will influence the relevance of particular sustainability checks, including those in the “Asset Onboarding” section of the Checklist. The investment or sustainability strategy of the fund or portfolio into which the asset will be integrated is also relevant to consider, in particular if the fund is aiming to achieve any particular designation or label under sustainable disclosure regulations such as the Sustainable Financial Disclosure Regulations (SFDR) in the EU or the Sustainable Disclosure Regulations (SDR) in the UK.

It is also anticipated that this document will enable the standardisation of information that is requested during the due diligence phase of an acquisition. In turn, encouraging better record keeping of property information by commercial property owners, and ultimately, allowing the transfer of such information from one owner to another to become standard practice.

Guidance for other stakeholders

Table 1 provides a summary of considerations relevant to lenders, property managers / managing agents and advisors / consultants.

Table 1: Summary of considerations for stakeholders on the use of the Toolkit

Stakeholder type	User guidance
Lenders	<p>Commercial real estate lenders are increasingly developing sustainability requirements and checks for their lending activities. To guide lenders, the Sustainability Investment Checklist highlights specific checks deemed high priority for lenders, based on feedback from members of CREFCE and LMA.</p> <p>Lenders are encouraged to:</p> <ul style="list-style-type: none">• Review the column within the Sustainability Investment Checklist that highlights checks deemed high priority for lenders.• Engage in dialogue with borrowers to understand commonality and differences over which checks should be considered high priority.• Consider whether the items in the Checklist categorised as ‘CAPEX implication’ are being underwritten by borrowers and how this is being done.
Property managers / managing agents	<p>Property managers and managing agents should place the greatest attention on the Asset Onboarding sections of the Toolkit and Checklist. This sets out the information most relevant to the post-transaction period as part of property integration and onboarding, to ensure a smooth transition of ownership for the occupiers and integration onto the new property owner’s relevant management systems.</p> <p>Property managers representing the buyer in a transaction are encouraged to:</p> <ul style="list-style-type: none">• Work with the buyer and any appointed external advisors to ensure that data collected during the due diligence process is appropriately stored to support the ongoing management of sustainability performance for the asset. <p>Property managers representing the vendor are encouraged to:</p> <ul style="list-style-type: none">• Consider how they can make information related to the Sustainability Investment Checklist more readily available ahead of the short due diligence windows available to the buyer and their representatives, starting with the ‘Investment Critical’ and ‘CAPEX Implication’ categories.
Advisors / consultants	<p>Advisors and consultants are encouraged to:</p> <ul style="list-style-type: none">• Consider whether their services to clients around sustainability due diligence incorporate the checks within the Sustainability Investment Checklist.• Provide feedback to the BBP on any sustainability checks or themes not included in the Checklist that may be considered in a future version.

Sustainability Investment Checklist

This sets out the information which should be requested and reviewed as part of the due diligence process, from pre-bid initial screening to transaction and property onboarding and management.

Provided in a checklist format, it aims to complement any existing due diligence process by setting out the questions that should be asked; where such information is best sought or requested; follow on questions to support further investigation of potential risks; as well as providing additional notes and links to further guidance.

The checklist suggests the nature of the impact for each question and splits these into the categories shown in Table 2.

Table 2: Description and count for each category within the Sustainability Investment Checklist

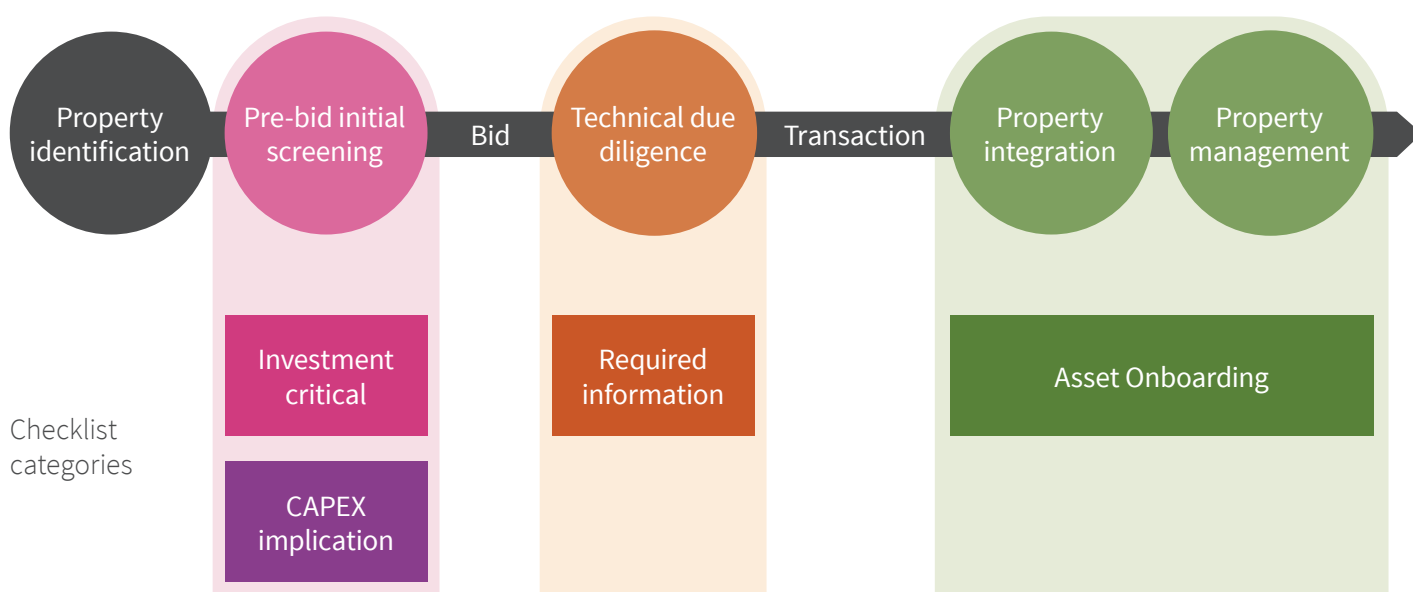
Category	Description
Investment Critical (15 items)	<p>Items that are most likely to have a material impact on an investment decision from a regulatory and financial perspective and where a negative appraisal may preclude investment.</p> <p>It is likely such items will be considered as part of any pre-bid review before a decision is made to enter into a thorough due-diligence phase (see section below for further guidance)</p>
CAPEX implication (8 items)	<p>Items which may require capital expenditure to be set aside or underwritten by the new owner or lender relating to the acquisition.</p>
Required information (28 items)	<p>Items which relate to legal or regulatory compliance or that should be required as a minimum.</p>
Asset Onboarding (26 items)	<p>Items that are considered best-practice. This information is particularly useful post-acquisition as part of asset onboarding to ensure a smooth transition of ownership for the occupiers and integration onto the new property owner's relevant management systems.</p> <p>Requesting such information during due diligence will also reduce future costs of commissioning surveys/reviews which historically may have been undertaken by the previous owner and may help to clarify which identified risks can be mitigated. As such, wherever possible and relevant to the transaction, the Asset Onboarding sections of the Checklist are recommended to be addressed pre-acquisition.</p>

There are a total of 77 items within the Checklist. It is not expected that all checks can or should be undertaken during every transaction. It is recognised that several factors may make this impossible or unnecessary, including those listed in the previous section, and that all businesses will have their own investment processes within different sustainability priorities. However, to assist users with prioritisation and sequencing of the checks, Figure 1 (repeated below for the reader as Figure 3) provides a suggested mapping between the four categories listed in Table 2 above and the typical stages of a transaction:

- **Investment Critical** and **CAPEX implication** checks are recommended to be completed – where possible – during the pre-bid initial screening. These are the checks most likely to influence an investment decision, bid value, or a requirement for capital expenditure being underwritten prior to a bid being made.

- **Required Information** checks are recommended to be completed during the technical due diligence (TDD) phase. This category represents the largest number of checks in the Checklist, reflecting the fact that this is typically when the greatest amount of information on the sustainability performance of the asset becomes available, post-exclusivity.
- **Asset Onboarding** checks are recommended to be completed, wherever possible and relevant to the transaction, during the technical due diligence (TDD) phase. Where this is not possible these checks should be completed as the asset is being integrated into the buyer's portfolio and attention is shifting towards ongoing property management. Please see the 'Asset Onboarding' section of this document for further information.

Figure 3: Description and count for each category within the Sustainability Investment Checklist



Guidance on Checklist columns

The Checklist includes the following columns:

- **Category:** This column categorises the Checklist into thematic areas to assist with filtering.
- **Question:** This column captures the specific check or question that is to be asked for each item. In some cases, this is expressed in multiple questions.
- **How information should be requested / sourced:** This column provides guidance on typical sources of information to address each check, whether these are standard or bespoke – examples include Commercial Property Standard Enquiries (CPSE)¹, valuation reports or EPC registers.

While the Checklist does not provide specific recommendations for each question, when reviewing evidence provided for each check it is recommended that the user considers whether a). it is an independent or externally verified and b). how recent / up to date the information is.

- **Response:** This column provides guidance on the format that the response should ideally be provided in – whether a simple ‘Yes / No’ answer or requiring more detailed information.
- **Additional Requirements:** This column sets out further detail on any additional investigation that could be undertaken related to each check. This will be particularly useful for those that identify the relevant checks as important to their due diligence processes.
- **Supplementary Information:** This column provides references to additional resources, guides, toolkits, or general information pertinent to each check.
- **Nature of Impact:** Please see Table 2 above.
- **Responsibility for check:** This column is deliberately left blank, to provide a space for users to populate. It is recommended that this is used to identify the name or job function of the individual or party responsible for completing each check. Alternatively, it could be used as a data collection form to capture information relevant to each check, or to capture the status of completion for each check.

- **Retained / Amended / Added:** This indicates whether each item is carried over from the 2017 version of the Toolkit, adapted, or added as part of the 2024 update. This will be particularly useful for those who have previously used the Checklist and would like to understand where the key changes are.

Mapping to other relevant tools

To assist the reader in better understanding the overlap between the Toolkit and other resources which have emerged or been adapted to assist commercial property owners, investors, and lenders in considering sustainability during due diligence, the BBP have produced a mapping between the items of the Sustainability Investment Checklist and each of these resources. Please note that this is a high level mapping intended to highlight overlap in thematic areas. This can be found in columns L to P of the [Excel version of the Checklist](#).

These resources include:



[The Commercial Real Estate Finance Council Europe \(CREFCE\) Climate-related Due Diligence Guide](#) (May 2021)



[The Urban Land Institute \(ULI\) Transition Risk Assessment \(TRA\) Guidelines](#) (June 2023)



[European Association for Investors in Non-Listed Real Estate \(INREV\) Due Diligence Questionnaires \(DDQ\)](#) (January 2023)

[ESG Standard Data Delivery Sheet \(SDDS\)](#) (October 2023)



[The Royal Institute for Chartered Surveyors \(RICS\) UK commercial secured lending – draft ESG framework](#) (July 2023)

¹ As an aside, the CPSE is noted as an information source on a significant number of checks. It should be noted that the CPSE is typically a standard document and is generally limited on sustainability requirements). Where the CPSE does not provide the necessary information, this may need to be put to the vendor as a separate general enquiry that would be reported back as part of CPSE submission. There is generally a section entitled 'Additional enquiries' within the CPSE which could capture many of the non-standard sustainability requirements.

Sustainability Investment Checklist

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Climate Resilience Has the asset been screened to identify inherent exposure to physical climate risks?	Procured physical climate risk model and/or screening provider	Indicate physical climate risk hazards and associated risk levels; including asset-level vulnerabilities which could impact its financial or operational performance (if known at an early stage).	Asset(s) are to be subject to at a minimum, two methods of scenario analysis covering multiple time horizons. Disclose of how the vulnerabilities of the asset expose the asset to physical risk hazards.	<p>Climate Related Risk Assessments are increasingly common and provided by numerous providers, including insurance companies. It also forms part of any TCFD disclosures. Consideration should be given to the future climate scenario used for assessments.</p> <p>Popular reference scenarios are those published by the Intergovernmental Panel on Climate Change (IPCC), NGFS and the International Energy Agency (IEA). It is recommended that at least IPCC scenario RCP 8.5 or equivalent is used, which aligns to 4 degree warming.</p> <p>Assessments should include:</p> <ul style="list-style-type: none"> • Sea Level Rise: Sea level rise is increasing instances of tidal flooding. In most cases, the damage of tidal flooding is minor, but when high tides combine with storms, strong winds, and rainfall they can cause extensive and damaging floods. These instances will continue to increase as the climate emergency accelerates. <p>Sea levels around the English coast are forecast to be about 35cm higher by 2050. Added to this, foreshores are being eroded, which leads to higher waves, especially when there are storms.</p> <p>For further information on assessing sea level rise risk for properties in the UK see https://www.gov.uk/government/publications/future-of-the-sea-impacts-of-sea-level-rise-on-the-uk</p> <ul style="list-style-type: none"> • Wind Storm: Increasing wind storms can increase risk of wind damage to buildings and ground planes. Gale-force winds are the most common cause of damage to property in the United Kingdom. Storms with high winds can have devastating consequences and often bring flooding damage simultaneously. • Heat wave: A heatwave is an extended period of hot weather relative to the expected conditions of the area at that time of year, which may be accompanied by high humidity. <p>Heatwaves create an uncomfortable environment to live and work, but also impact the structural integrity of properties. The contraction and expansion of building materials with the weather fluctuations can contribute to structural damage and cracks in the walls alongside soil stability, increased energy usage and restrict outdoor maintenance work.</p> <ul style="list-style-type: none"> • Wild fire: Recent hotter, drier weather has increased the scale, intensity, and frequency of destructive wildfires in many regions worldwide. <p>Wildfires affect air quality, impact forests, savannahs, and grasslands, and create hazards for the people and infrastructure surrounding them. It is predicted that there could be a substantial increase in wildfires around the world by the end of the century, particularly in locations not typically used to seeing wildfires such as central Europe.</p>	Investment Critical

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
				<p>The Fire Severity Index (FSI) is a Met Office bespoke service that uses information such as wind speed, temperature, time of year and rainfall, to provide an assessment of how severe a fire could become if one were to start. Covering a 5-day period, this assessment provides a summary which aims to improve the UK's resilience and preparedness for multi-hazard events. The assessment comprises 21 natural hazards, including fires, all of which are assessed using the Hazard Matrix which contains links and further information on each of the highlighted hazards see https://www.metoffice.gov.uk/public/weather/fire-severity-index/#?tab=map&fcT ime=1630666800&zoom=8&lon=-0.18&lat=51.56.</p> <ul style="list-style-type: none"> • Drought: A drought is a period of time in which an area or region experiences below-normal precipitation. <p>When a drought occurs, water is drained from the soil causing it to shrink around buildings and other structures. This results in uneven settling and can damage a building's foundation. While this damage may not be obvious at first, signs of foundation cracking will eventually become apparent.</p> <p>Aside from buildings themselves, other aspects of the property can be damaged due to a drought. Retaining walls, bridges, pavement and asphalt are all vulnerable to drought damage due to stresses imposed by expansive soils. This can cause deep cracks to develop over time, along with pavement warping, which causes great damage to streets and highway systems.</p> <p>To access historic UK drought maps see https://www.ceh.ac.uk/news-and-media/blogs/uk-drought-portal-near-real-time-updates.</p> <ul style="list-style-type: none"> • Cold Spell: Cold weather can damage property in a number of ways. The cold can encourage frozen pipes and damage or even failure of boiler systems which in turn can lead to burst pipes and water leakages. Longer term cold weather can allow mould growth and damp, blocked drainage pumps and clogged gutters. <p>Time horizons typically include short-term, 2030 and 2050.</p> <p>Other physical risk hazards that may be considered:</p> <ul style="list-style-type: none"> • Water scarcity • Wildfire • Fluvial flood • Pluvial flood • Mass movement <p>For more information, please see the BBP's Climate Resilience Guide: https://www.betterbuildingspartnership.co.uk/bbp-climate-resilience-guide</p> <p>The UK Green Building Council's (UKGBC) "Framework for Measuring and Reporting Climate-related Physical Risks to Built Assets" serves as a reference point to how physical risk can be considered. https://ukgbc.org/resources/a-framework-for-measuring-and-reporting-of-climate-related-physical-risks-to-built-assets/</p>	

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Climate Resilience Where the outcome of inherent screening exceeds the firm's internal risk tolerance, have further steps been taken to analyse what can be done to minimise exposure and/or reduce vulnerability?	Within CPSE, Building Survey, technical environmental advisor, climate risk assessment, historic insurance claims.	Commentary on what adaptation measures exist for respective physical risk hazards which exceed the firm's internal risk tolerance. Explanation of whether incorporating these measures reduce vulnerability and reduce residual risk once implemented.	Request historic insurance claims/ events in the past to assist risk assessment process. Disclose how such measures will improve asset's resilience to physical risk, including financial or operational performance. Use findings to identify potential costs which are to be factored into capital expenditure budgets, and ensure that such measures are incorporated into asset business plan.	Technical environmental advisors and/or consultants may use inherent physical risk screening as a baseline in performing a deep dive analysis and risk assessment as part of asset due diligence. This type of review should identify the asset's inherent attributes which may expose gaps and vulnerabilities. With respect to these findings, recommendations for climate adaptation measures should be obtained, and cost assumptions factored into forecasted capital expenditure. Asset management teams should also form part of this process given their responsibility to deliver business plan objectives and manage operational aspects of the asset following acquisition. For more information, please see the BBP's Climate Resilience Guide: https://www.betterbuildingspartnership.co.uk/bbp-climate-resilience-guide See also GRESB guidance (https://www.gresb.com/nl-en/toolkit-for-managing-climate-risk-and-resilience/) and EU Taxonomy guidance on modelling of physical risk (DNSH criteria for climate mitigation and TSC for climate adaptation).	Investment Critical
Climate Resilience Has a review of opportunities to improve climate adaptation been undertaken?	Technical environmental advisors, banks and financial institutions	Comment on what opportunities exist when progressing with climate adaptation at asset level. This may involve financial or tax-related incentives.	Utilise information collected from elsewhere in technical due diligence to identify opportunities arising from investment. Use findings to identify potential CAPEX and OPEX savings (thematic), opportunities for repositioning of asset and reduced exposure to potential future transition and physical impacts.	Existing or planned climate resilience measures, or building and location attributes, may contribute to positioning the asset positively in light of potential future climate risks. A high-level qualitative assessment of the asset characteristics can be undertaken to identify how the asset has reduced exposure to transition and physical risks. This review will draw on data made available throughout the wider technical due diligence process (e.g. energy efficiency reducing exposure to carbon taxes, biophilic design and Nature-Based solutions improving shading and cooling local microclimate, solar shading or hard engineering solutions in place to protect from heat gain, high wind peers, or flooding etc.). The findings of this qualitative assessment can be used to determine reduced need for CAPEX into resilience measures in future, identify opportunities for increased rental premiums, reduced exposure to external taxes, or improved occupier comfort and retention. For more information, please see the BBP's Climate Resilience Guide: https://www.betterbuildingspartnership.co.uk/bbp-climate-resilience-guide	Supports Asset Onboarding Review
Climate Resilience Has a flood risk assessment previously been undertaken and /or is the vendor aware of any flood events which have impacted the site?	Within CPSE.	Yes / No	If yes, request a copy.	Flooding (surface water, ground water, artificial water, sewage/drain or coastal / river) can have a significant impact on the value of a property, as well as the ability to obtain insurance and let the space. EA provides an initial desktop analysis. If asset is in a flood risk zone, a flood risk assessment will evaluate the various flood risks present at (and potentially beyond) the site, the potential impact and likelihood of occurrence, as well as suggest any appropriate mitigation measures. For more information, please see the BBP's Climate Resilience Guide: https://www.betterbuildingspartnership.co.uk/bbp-climate-resilience-guide	Investment Critical

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Climate Resilience Does the available information indicate a flood risk at the site that exceeds organisational standards?	Available information may include national flood risk maps, prior flood risk assessments and/or an independent flood risk review. See Assessing Flood Risk Decision Tree to support decision making.	Yes / No	If yes, undertake an assessment to understand mitigation options, costs & timescales which should feed into the investment appraisal.	The level of information required to determine how to proceed will be based on the individual risk appetite of each organisation. For further information on assessing flood risk for properties in the UK see www.gov.uk/check-flood-risk . For more information, please see the BBP's Climate Resilience Guide: https://www.betterbuildingspartnership.co.uk/bbp-climate-resilience-guide	Investment Critical
Environmental Risk Has a land contamination and radon gas risk assessment been undertaken? What risks are identified? Does the risk exceed organisational standards? What possible mitigation measures or opportunities are there?	CPSE, Phase 1 Environmental Report, UK Radon Map..	Yes / No	If yes, request a copy.	Contaminated land can have a significant impact on the value of a property, as well as result in high remediation costs, increased risk of insurance cover being withdrawn and even criminal penalties for directors. A land contamination assessment (typically provided within the Phase I Environmental Report) will evaluate any associated environmental risks, such as per-and polyfluoroalkyl substances (PFAS), liabilities and remediation costs for the site.	Investment Critical
Environmental Regulations What is the Energy Performance Certificate (EPC) rating for the asset?	Within CPSE, Marketing Brochure & National EPC Register. Valuer / Valuation reports	Rating, in addition expiry date, asset type, floor area, heating type, modelling type.	Request the certificate, the recommendation report, .nct files, and any supplementary information available. Confirm whether the provided information matches what is listed on the National EPC Register. For any F or G rated property check whether the property is listed on the exemptions register. In Scotland, Section 63 Action Plans should be requested for properties and/ or units over 1,000m2. EPC information should be checked against information stored in the data room to assess quality of EPC.	Energy Performance Certificates (EPCs) advise on the potential energy efficiency of a property and are required by law when a property is built, sold or let. The EPC displays a grade from A (best) to G (worst) and a numerical score and is valid for a period of 10 years. EPCs can be sourced via their respective national registers. See www.ndepcregister.com (for England & Wales) and www.scottishepcregister.org.uk (for Scotland). An EPC is used to determine whether there is a material risk in relation to The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 or The Assessment of Energy Performance of Non-Domestic Buildings (Scotland) Regulations 2016. During due diligence, appropriate steps should be taken to ensure that there is a valid EPC in place for the building, which has been completed in accordance with regulation. In particular, if the target asset is a recently completed new-build or refurbishment to shell/shell and core, it should be ensured that the EPC assessment was completed using suitably conservative assumptions that assume the most energy-intensive fit-out possible. Note that an EPC assessment of a shell/shell and core unit which makes any other assumptions on the possible efficiency of the fit-out is in breach of the regulation.	Required Information

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Environmental Regulations Is there a material Minimum Energy Efficiency Standards risk in relation to The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 or The Assessment of Energy Performance of Non-Domestic Buildings (Scotland Regulations 2016)?	Internal review based on EPC. See Assessing MEES Risk Decision Tree to support decision making.	Yes / No	As outlined in the Decision Tree, depending on the initial review of the EPC and how this compares to organisational standards, a new EPC assessment may be deemed necessary. If works are required to bring the property up to the organisational standard, then these costs should be factored into the investment decision making.	For properties in England & Wales, Minimum Energy Efficiency Standards make it unlawful to let residential or business premises that do not reach a minimum energy efficiency standard, This applies to all new and existing leases. For properties in Scotland, from October 2016 all lease and lease renewals over 1,000m2 are required to meet 2002 Building Regulations. EPC assessments post October 2016 confirm if this is the case or not. Any property not meeting these standards is required to have a Section 63 Action Plan which sets out the measures needed to be implemented within a 3.5-year timescale. Therefore, for Scottish properties, any accompanying Section 63 Action plan will be of greater relevance rather than the EPC rating. The internal organisational standard of an EPC rating will be dependent on the investment strategy for the property (e.g. redevelopment opportunities; length of existing leases and length of expected holding) and risk appetite of the organisation. For further information see The non-domestic Private Rented Property minimum standard – landlord guidance (for properties in England & Wales) and S63-001 - Improving Energy Performance and Emissions in existing Non-Domestic Buildings – a guide for owners (for properties in Scotland). Note that the UK Government is consulting on changes in the minimum EPC rating to 'B' by 2030 for commercial buildings and C by 2025 - 2028 for residential buildings.	Investment Critical
Environmental Regulations Is there a material Minimum Energy Efficiency Standards risk in relation to the Recast Energy Efficiency Directive (and based on individual Member State interpretation)?	As above for MEES	As above for MEES	As above for MEES	The Recast Energy Efficiency Directive pertaining to buildings is a legislative framework aimed at enhancing energy performance and sustainability in the construction sector across the European Union. It mandates stringent energy efficiency standards for new and renovated buildings, emphasizing the adoption of innovative technologies and practices to reduce energy consumption and promote environmental sustainability. Minimum standards have been set for EPCs: <ul style="list-style-type: none"> - For residential, EPC E by 2030 and D by 2033 - For commercial, EPC E by 2027 and D by 2030. 	Investment Critical

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Environmental Regulations Does the property contain any Principle Adverse Impacts that will require reporting under EU Sustainable Finance Disclosure Regulations (SFDR)?	Internal review based on tenant operations and EPC.	Operation of asset and EPC Rating, in addition expiry date, asset type, floor area, heating type, modelling type.	As outlined in the Decision Tree, depending on the operation of the asset and initial review of the EPC and how this compares to organisational / financial product standards, the deal may be terminated and/or a new EPC assessment may be deemed necessary. If works are required to bring the property up to the organisational standard, then these costs should be factored into the investment decision making.	The EU's Sustainable Finance Disclosure Regulation (SFDR) sets out how financial market participants must disclose sustainability information. This legislation is designed to allow investors to properly assess how sustainability risks are integrated in the investment decision process. As set out in 'Table 1: Statement on principal adverse impacts of investment decisions on sustainability factors' in the document linked to below, the following are Climate and other environment-related indicators: Indicators which are applicable to investments in real estate assets 17. Exposure to fossil fuels through real estate assets: Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels 18. Exposure to energy-inefficient real estate assets: Share of investments in energy-inefficient real estate assets The table referenced above can be found in the following European Commission document: https://ec.europa.eu/finance/docs/level-2-measures/C_2022_1931_1_EN_annexe_acte_autonome_part1_v6.pdf Note that similar requirements may be introduced as part of the UK's Sustainability Disclosure Regulation, once released.	Investment Critical
Environmental Regulations Is the property considered a sustainable investment in line with the EU Taxonomy activity "Acquisition and ownership of buildings" as laid down in Regulation (EU) 2020/852?	Review based on making a substantial contribution to an environmental objective and having no significant harm to the remaining objectives.	Yes / No	As outlined in the Decision Tree, depending on the energy efficiency of the asset and / or vulnerability of the asset to climate change and how this compares to organisational / financial products standards, a CAPEX programme for performance improvement and adaptation may be required.	EU Taxonomy relevant to Art. 8 & 9 funds only An environmentally sustainable investment is an investment in one or several economic activities that qualify as environmentally sustainable under the Taxonomy Regulation. In order for an investment to qualify as environmentally sustainable, the Taxonomy Regulation sets out four (4) criteria. 1) The economic activity should contribute substantially to at least one of six environmental objectives 2) The economic activity should not significantly harm any of the other five environmental objectives. 3) The economic activity shall be compliant with the minimum safeguards formulated by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Right. 4) The investment shall comply with a range of technical screening criteria, established by the European Commission. More information on the 'Acquisition and ownership of buildings' activity in the EU Taxonomy and the related criteria can be found here: https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/356/view	Investment Critical

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Environmental Regulations Is the property considered a 'sustainable investment' under EU Sustainable Finance Disclosure Regulations (SFDR)?	Internal review based on house definition of sustainable investment and Do No Significant Harm screening.	Yes / No	No further requirements are specified, as this is a house specific definition and process.	<p>According to SFDR, sustainable investments are investments in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators such as the use of energy, renewable energy, raw materials etc. or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion etc. Please note that this is a wider category of financial instruments than the category presented under EU Taxonomy below as it includes economic activities that contribute to other environmental objectives and/or to social objectives.</p> <p>For more information on SFDR and real estate, INREV has collated a collection of resources, guidance and insight papers on SFRD here: https://www.inrev.org/sfdr-sustainable-finance-disclosure-regulation</p>	Investment Critical
Environmental Regulations Does the property present a material risk to any product level EU SFDR related disclosures and commitments, such as Principle Adverse Impacts (PAIs) or EU Taxonomy alignment? (PAIs relevant to Art. 6, 8 & 9 Funds, EU Taxonomy relevant to Art. 8 & 9 funds only).	Internal review based on financial product's binding criteria.	Yes / No	<p>No further requirements are specified, as this is a house specific definition and process.</p> <p>As outlined in the decision tree - the asset's status against the mandatory PAIs is significant in the context of the Fund's commitments, disclosures or strategy relating to the SFDR PAIs.</p>	<p>Under the EU SFDR, Principle Adverse Indicators (PAIs) refer to a set of environmental, social, and governance metrics that financial market participants and financial advisers must disclose to assess the adverse impacts of their investment decisions on sustainability factors, enhancing transparency and responsible investing practices.</p> <p>PAIs relevant to Art. 6, 8 & 9 Funds, EU Taxonomy relevant to Art. 8 & 9 funds only</p>	Investment Critical
Environmental Certification and Ratings Where relevant, is there a Display Energy Certificate (DEC) or other operational energy certificate? E.g. NABERS energy ratings for offices.	Within CPSE & National EPC Register.	Yes / No	If yes then request copies of the certificate.	<p>Display Energy Certificates (DECs) advise on the actual energy performance of a property over a 12-month period. All public authorities are required to have a DEC for properties where they occupy a floor area over 250m2 and which are frequently visited by the public.</p> <p>DECs can be sourced via their respective national registers. See www.ndepcregister.com (for England & Wales) and www.scottishepcregister.org.uk (for Scotland). For further information see Display Energy Certificates and advisory reports for public buildings.</p> <p>NABERS Energy is an operational energy rating for offices that launched in the UK in 2020. The scheme is still nascent in the UK but likely will see greater uptake in prestige offices in coming years.</p>	Required Information

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Environmental Certification and Ratings Is the property certified under any third-party sustainability rating systems? e.g. BREEAM, LEED, SKA, WELL Buildings Standard, UK Net Zero Carbon Buildings Standard (upcoming)	Within CPSE, BRE GreenBookLive (BREEAM), US Green Building Council (LEED).	List those relevant with rating score, rating version, certification number, certification start and expiry date.	If yes, request copies of the certificate and supplementary details outlined to the left. Particularly attention should be paid to operational ratings that require re-certification e.g. BREEAM in-Use, NABERS, WELL, and assess whether there is sufficient budget within the PMA / Service charge for required management activities and re-certification. In addition, review against any internal organisational standards / targets relating to portfolio sustainability certification.	Such information is useful for marketing to potential new occupiers, reporting in ESG surveys and supporting valuations for onward sale. The supplementary information included within certification assessments is also useful for the Asset Onboarding Review to understand how systems were designed and intended to be used. Property owners should note that the rating methodology evolves over time and that historic ratings may not reflect the same performance under the most recent rating methodology.	Required Information
Environmental Certification and Ratings Is the property included within the scope of a certified Energy and/ or Environmental Management System (EMS) system? e.g. ISO 14001, ISO 50001, OHSAS 18001.	Within CPSE.	Yes / No		An EMS formally defines the procedures and processes for an organisation to follow when setting, managing and implementing environmental objectives. Depending on the prior arrangements at the property, the new owner will need to consider whether it is possible to continue any existing arrangements or not, whether the property should be integrated within any existing portfolio wide EMS, and who will be responsible for implementing and managing that process. Properties certified under an Energy Management System certified to ISO 50001 are also beneficial to property owners as it provides a compliance route to the Energy Savings Opportunity Scheme (ESOS).	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Environmental Certification and Ratings What is the property Energy Use Intensity?	If a DEC or NABERS rating not available, the property's EUI should be calculated based on 12 months energy data and floor area. This exercise could form part of a wider Net Zero Carbon Audit undertaken as part of the technical due diligence.	kWh/m2	EUIs should be reported on a kWh/m2/ year basis, for both NLA and GIA.	<p>Energy Use Intensity (EUI) is a building's annual energy consumption relative to its floor area. Compared to an EPC that reports potential energy performance, EUIs demonstrate the actual performance of a building and will be of interest to occupiers and investors to understand running costs and associated carbon emissions.</p> <p>With the attention in industry and policy increasingly shifting to energy performance in use, such as with the introduction of a Performance-based Policy Framework for large and commercial buildings, EUIs are critical to understanding whether a building is experiencing a performance gap and will require upgrades.</p> <p>Consider assessing how the asset compares to the BBP's Real Estate Environmental Benchmark (if of an applicable property type): https://www.betterbuildingspartnership.co.uk/our-priorities/measuring-reporting/real-estate-environmental-benchmark</p> <p>Consider separating electrical energy intensity from non-electrical energy intensity, which may provide further insights on the energy efficiency of main heating or cooling systems.</p> <p>It is recommended to be clear on landlord-obtained and tenant-obtained energy consumption data. Ideally both will be provided separately (as per INREV SDDS- see Asset Data - AL2: Energy Consumption).</p> <p>See also item Net Zero row 45</p>	CAPEX Implication
Building Fabric and Materials Are there any material risks identified in the Building Survey Report relating to the building fabric? E.g. insulation, risks of overheating, passive cooling opportunities, acoustic comfort and presence of deleterious materials.	Within Building Survey Report, any existing energy audit and EPC recommendations report.	Yes / No	If yes, these should be captured and included within the investment appraisal. This information should also be reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	<p>This should highlight any concerns regarding the level of insulation, risk of overheating, daylight levels, acoustic comfort and presence of deleterious materials.</p> <p>For further information see BSRIA BG 35/2012 Condition Surveys and Asset Data Capture; CIBSE TM52 The Limits to Thermal Comfort and CIBSE TM59: Design methodology for the assessment of overheating.</p> <p>Whilst out of scope of this Toolkit, consideration of asbestos and other deleterious materials should also be given at this stage.</p>	CAPEX Implication
Building Fabric and Materials Has a review of opportunities to improve the building fabric been undertaken?	Within Building Survey Report, any existing energy audit and EPC recommendations report.	Yes / No	If yes, these should be captured and reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	This should include opportunities to improve the envelope performance in terms of daylighting, airtightness, solar shading and insulation; as well as the potential for natural ventilation and use of thermal mass.	CAPEX Implication

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Building Fabric and Materials Is there any information available regarding the construction materials used in the property and their embodied carbon content? e.g. material type, source, disposal options and embodied carbon.	Within Asset Register, Whole Life Carbon Assessment, Architectural Drawings, Building Survey & CPSE.	Yes / No	If yes, request details.	<p>This will typically only be relevant for newly developed properties. However, details regarding materials use and embodied carbon etc. may be available for any major refurbishment works. This information will be used to assess the carbon impact of demolition, refurbishment or replacement of building components.</p> <p>Due to the increasing scrutiny placed on investors around embodied carbon when acquiring relatively newly constructed offices (particularly for those constructed in 2020 or after), it is becoming important to obtain an embodied carbon calculations. Such a figure can be used by the purchaser for reporting and transparency purposes and/or can be compared against appropriate embodied carbon targets specified by LETI or RIBA. Life-cycle assessments (LCAs) became a more common part of planning policy from 2020 onwards, and therefore such metrics on embodied carbon should be increasingly available for properties that underwent planning after this date.</p>	Supports Asset Onboarding Review
Building Fabric and Materials Are there property characteristics that may negatively affect the flexibility of use, or ability to change the future use of the property?	Internal review based on Building Survey, Structural Survey and M&E Report.	Yes / No	If yes, request details.	<p>Properties which convert easily between different end uses can reduce leasing and sales risk, cut refurbishment costs and extend the life of the property. Flexible buildings are ones that can accommodate change through reconfigurations of the space and non structural elements, while adaptability generally relies on planning building control and 'wet trades' to allow alternations or replacement of structural parts.</p> <p>Items which may pose a risk include:</p> <ul style="list-style-type: none"> • Low-storey (not ceiling) heights (<3.2m). • Irregular floor-plate shape (offices). • Frequent or obstructive internal supports. • Irregular planning grid (columns and façade). • Single floor/street access points. • Limited service risers. • Limited incoming services/energy supply. • Limited internal and external plant space. • Presence of overhead power lines or telecommunication masts. 	Supports Asset Onboarding Review
Building Services Are there any material risks identified within the M&E report?	Within M&E Report and/ or Net Zero Carbon Audit.	Yes / No	If yes, these should be captured and included within the investment appraisal. This information should also be reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	This should review existing ventilation, heating, cooling, lighting and control systems and highlight risks regarding the responsibilities for maintenance; the existence of obsolete equipment, equipment sizing, the level of supply, adequacy of capacity and level of controls. An existing Building Log Book, Air Conditioning Inspection Report and Building Information Model will all provide useful information in preparing the M&E report.	CAPEX Implication

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Building Services Has a review of opportunities to improve the building services been undertaken? e.g. lighting system, HVAC, controls, BMS, water efficiency.	Within M&E Report and/ or Net Zero Carbon Audit, any existing Energy Audit, EPC recommendations report and Air-Conditioning Inspection Report.	Yes / No	If yes, these should be captured and reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	Items reviewed should cover the potential for fuel switching (e.g. from gas or oil based heating to electric), on-site energy generation, upgrades to central plant, local air conditioning/ mechanical ventilation systems, lighting systems, controls, local hot water generation systems, BMS systems and opportunities for improved metering. For further information see CIBSE Guide F: Energy Efficiency in Buildings and Society of Light and Lighting Guides.	Supports Asset Onboarding Review
Building Services Where an air conditioning system has a combined cooling capacity greater than 12kW, has the latest Air Conditioning Inspection report and associated recommendations been supplied?	Within CPSE & National EPC register.	Yes / No	If yes, the date of the next inspection and any recommendations implemented to date should be noted. Any recommendations which have not yet been implemented should be included as part of the Asset Onboarding Review to feed into the property's asset plan. If no, an inspection will need to be commissioned.	Air Conditioning Inspections are a legal requirement under the Energy Performance of Buildings Directive (EPBD). All air conditioning systems with a combined cooling capacity greater than 12kW are required to have a valid Air Conditioning Inspection report and a certificate in place. Recertification is required every five years. CIBSE TM44: Inspection of Air Conditioning Systems offers a detailed methodology for the delivery of Air Conditioning Inspections, to wholly satisfy the requirements of the EPBD. Air Conditioning Inspection reports can be sourced via www.ndepcregister.com (for England & Wales).	Required Information
Building Services Are air conditioning systems and/or other systems utilising refrigerant gases subject to appropriate servicing and maintenance?	Within Air Conditioning Inspection report, M&E report and PPM Schedule.	Yes / No	As part of this assessment, the Plant Register, including the nature of refrigerant gas, quantity, required frequency of servicing based on calculated global warming potential, and evidence of servicing by appropriately qualified company and personnel, should be requested.	Refrigerant gases known as F-gases (including R410A, R134A, R404A) are subject to directly applicable European Regulations that set out the minimum frequency for leak detection, service and maintenance. Where the property owner is responsible for systems containing F-gases, they must ensure that the system is subject to leak detection at the required interval to prevent loss of F-gases to the atmosphere.	CAPEX Implication

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Building Services Which refrigerants gases are used within HVAC plant at the property? Are any banned refrigerants being used? Does the property use obsolete refrigerants or refrigerants that are due to be phased out?	Building Survey, CPSE specifically F Gas Records/ certificate and Air Conditioning Inspection report.	Yes / No	<p>Operation and Maintenance manuals should be used to determine the amount and type of refrigerant used to 'top up' HVAC equipment during typical building maintenance. Using the "Simplified Balance Method" (see UK Streamlined Energy and Carbon Reporting Annex C: GHG Emissions from Use of Refrigeration, Air Conditioning Equipment and Heat Pumps) calculate annual fugitive emissions. .</p> <p>If data is not made available onsite via O&Ms, utilise the 'Screening Method' (also see UK Streamlined Energy and Carbon Reporting Annex C) to estimate the emissions based on the type of equipment installed (or to be installed) and emissions factors.</p> <p>The fugitive emissions associated with 1) installation, 2) operating, and 3) disposal should be calculated and reported separately.</p> <p>If yes, determine capital costs of replacement or required upgrades to the HVAC system, which should then be included within the investment appraisal. The vendor may have historically carried out this exercise</p>	<p>Since 1st January 2015, it has been illegal to use R22 refrigerant to maintain or repair air conditioning systems in the UK. R22 was a very common refrigerant used in systems installed prior to 2004. If the property's air conditioning system uses R22 then the system will either need replacement or modification to use a new refrigerant before, or at the point of, system failure. It is recommended that owners take a proactive rather than reactive approach to R22 phase out with, the costs of upgrades factored in to investment appraisals. Additionally, it is recommended that owners review service charge clauses to determine possible contributions from occupiers. Other refrigerants may be phased out in the future so it is important to check the status of all refrigerants used in a property and maintenance records.</p> <p>The use of virgin fluorinated greenhouse gases (HFCS) with a GWP of 2500 or more to service or maintain refrigeration equipment with a charge of 40 tonnes CO2 equivalent or more has been prohibited from 1 January 2020. More info available here: https://www.gov.uk/guidance/bans-on-f-gas-in-new-products-and-equipment-current-and-future#refrigerants-f-gases-banned-in-new-products</p> <p>Air Conditioning Inspection reports must identify any refrigerants in air conditioning systems, therefore, they are valuable documents in helping identify associated risks.</p> <p>It is worth considering what the lowest GWP refrigerants are that the current plant are capable of using and remaining effective.</p>	CAPEX Implication

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Building Services Is there any on-site low carbon/ renewable technology present at the property? e.g. photovoltaics, solar thermal, biomass boilers, combined heat and power (CHP), ground source heat pump, air source heat pump, wind turbines, fuel cells, district heating connection.	Within CPSE, M&E report, legal review and service charge report.	Yes / No	If yes, request details of the following: If yes, request details of the following: 1. Ownership arrangements. 2. Financial arrangements regarding generation e.g. registration to any Government scheme such as Renewables Obligation Certificates (ROCs), Feed-in Tariffs (FiTs), Renewable Heat Incentive (RHI) etc; who it's registered under; where payments are registered to and whether any recharging exists. 3. Export arrangements e.g. to grid, common parts or occupiers. 4. Metering arrangements. 5. Maintenance arrangements and contracts. 6. Condition survey and age of plant. 7. Last 12 months of generation and associated emissions (e.g. NOx emissions if relevant). Such information should be assessed as part of the Asset Onboarding Review.	On-site low carbon / renewable energy systems are becoming more common as a result of planning requirements, the desire to reduce carbon emissions and reliance to the National Grid. The existence of such systems can be advantageous for property owners, however, ownership and financial arrangements linked to government incentives can be complex. As a result, it is imperative that the incoming owner ensures all relevant details are requested from the vendor during due diligence to ensure a smooth transition of the system's ownership. For further information see BSRIA BG 1/2008 Illustrated Guide to Renewable Technologies as well as relevant CIBSE Guides.	Required Information

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Building Services Does a Building Information Model (BIM) or Digital Twin for the property exist?	Within CPSE.	Yes / No	If yes, request a copy. In addition, request details of the type of BIM / Digital Twin and when it was last updated.	<p>A Building Information Model (BIM) is a digital model of a property in which information about a project is stored. It is a very useful tool for the property owner as it provides a detailed account of all aspects of the building design, including the location of all the plant, the services, the materials used in construction, energy use and carbon performance. It provides a detailed account of how the building was designed to be operated, which is not only useful for buildings management, but also to ensure occupier comfort. It also helps reduce costs of identifying and rectifying issues, as well as any future improvements by acting as a baseline to model scenarios. BIM models are only likely to be available for recent large developments.</p> <p>A digital building twin is a virtual replica of a physical building and all associated technologies, systems, equipment, sensors, and actors. Digital twins can be used as a means of optimising the operation and maintenance of physical assets, systems and processes.</p>	Required Information
Utility Arrangements and Metering Have details of the metering arrangements been provided?	Within CPSE.	Yes / No	<p>If yes, identify how many meters and sub-meters exist for electricity, fuel, heat, coolth and water.</p> <p>In addition, request details on data collection functionality e.g. AMR/remote access, to assess how that aligns to organisations data capture and reporting plans.</p>	This information should ideally be in the form of a Metering Plan which includes details of all on-site meters and sub-meters, their locations, MPAN and MPRN numbers, details of what they serve, whether they are MID approved and any photos to aid their location and reference. If the property management team is changing, this information will be helpful to the incoming team. If this information does not exist, the new property owner will need to consider appointing an engineering company to develop a Metering Plan so that the energy usage of the property can be efficiently managed by the property management team.	Required Information
Utility Arrangements and Metering Does the property contain a Heat Network as described under the Heat Network (Metering and Billing) Regulations 2014?	Within CPSE.	Yes / No	<p>If yes, identify how many meters and sub-meters exist for electricity, fuel, heat, coolth and water.</p> <p>In addition, request details on data collection functionality e.g. AMR/remote access, to assess how that aligns to organisations data capture and reporting plans.</p>	Under the Heat Network (Metering and Billing) Regulations 2014, property owners are required to notify the Government of the existence of Heat Networks every four years and test the viability for the installation of heat meters. Where heat meters exist, the regulations set requirements regarding the billing of occupiers for the consumption of heating, cooling and hot water.	Required Information

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Utility Arrangements and Metering Do sub-meters exist for occupier recharging?	Within CPSE & Metering Plan.	Yes / No	If yes confirm details of type, reference numbers and locations e.g. electricity, heat / coolth and district heating. Details of occupier billing arrangements should be requested and reviewed as part of the Asset Onboarding Review. In addition, request details on data collection functionality e.g. AMR/ remote access, to assess how that aligns to organisations data capture and reporting plans.	This information should ideally be in the form of a Metering Plan which includes details of all on-site meters and sub-meters, their locations, MPAN and MPRN numbers, details of what they serve, whether they are MID approved and any photos of meters to aid their location and reference. It is important to be clear on whether sub-metering covers electricity, gas, water, heath and/or coolth.	Required Information
Utility Arrangements and Metering Do sub-meters exist for major plant?	Within CPSE & Metering Plan.	Yes / No	If yes, confirm details of type, reference numbers and locations.	This information should ideally be in the form of a Metering Plan which includes details of all on-site meters and sub-meters, their locations, MPAN and MPRN numbers, details of what they serve, whether they are MID approved and any photos of meters to aid their location and reference.	Required Information
Utility Arrangements and Metering Is metering data being automatically collected?	Within CPSE.	Yes / No	If yes, request details and permission to retrieve historic data. This information is useful as part of the Asset Onboarding Review to assess how efficiently the property is being operated and identify any potential improvement opportunities.	Automatic Meter Reading (AMR) meters provide the ability to read consumption automatically and at high frequency (typically half-hourly). Half-hourly data from such meters are transmitted over a communications network to a data collector or aggregator (often a utility company). The data can then be passed on to the building management team or property owner for analysis within their own aM&T system. For further information see the BBP Better Metering Toolkit.	Supports Asset Onboarding Review
Utility Arrangements and Metering Have the Meter Operator (MOP) Contracts been provided?	Within CPSE.	Yes / No	If Meter Operator Contracts are not in place for electricity supplies, the property management team will need to make the necessary arrangements to put them in place.	A Meter Operator Contract is a legal requirement for all half hourly electricity supplied meters over 100kW demand (and best practice for <100kW demand). The contract covers the supply of the meter, maintenance and the necessary telecommunications for sending consumption half-hourly data to the electricity supplier. It is important to know who the meter operator is to ensure half-hourly data is sent to the designated energy supplier to support accurate billing and energy management.	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Utility Arrangements and Metering Have the utility supply arrangements been provided?	Within CPSE.	Yes / No		The requested information should include the name and contact details of the vendor representative who deals with energy supplies relating to the property and confirm that the purchaser may make contact in order to obtain information about the services supplied. This should cover the configuration in which the owner and/or occupier(s) purchase utilities for the property, relevant supply contracts and tariff details, and meter start reads for new ownership etc.	Required Information
Utility Arrangements and Metering Has information on the apportionment of occupier service charge and billing arrangements been provided for utilities, waste and on-site sustainability initiatives?	Within Service Charge Report.	Yes / No		This should include calculation methodology and administration fees for the last 12 months. Please see the BBP Guidance Note 'Improving Waste Management Practices: Standardised reporting framework': https://www.managingagentspartnership.co.uk/sites/default/files/media/attachment/BBP_MAP_Waste%20Management%20practices_Standardised%20reporting%20template%20and%20weight%20conversions.pdf	Supports Asset Onboarding Review
Does the available information indicate a contamination risk at the site that exceeds organisational standards?	CPSE & Phase 1 Environmental Report. See Assessing Land Contamination Decision Tree to support decision making.	Yes / No	If yes, undertake an assessment to understand mitigation options, costs & timescales which should feed into the investment appraisal.	The level of information required to determine how to proceed will be based on the individual risk appetite of each organisation.	
Does the site lie in an area of high radon gas risk?	Phase 1 Environmental Report and UKradon Map.	Yes / No	If yes, request the results of radon gas monitoring in the property, and details of radon protection and/or mitigation measures installed if required.	Radon is a naturally occurring radioactive gas that may occur as a result of local geology. Protection against radon ingress may be required in new properties or extensions by the Building Regulations (see BR 211- 2015 BRE Radon: Guidance on protective measures for new buildings for guidance). For further information see www.ukradon.org and BRE.	
Are there any characteristics that may have an adverse impact on performance as a result of future climate predictions? e.g. risks of overheating; localised urban heat island effect; extreme weather events; flooding etc.	Internal Review / specialist advice needed.	Yes / No	If yes, request details.	Whilst relatively uncommon across the real estate industry, forward thinking property owners are now starting to assess the potential of future climate risks to their property portfolios. Such information may be useful in assessing risks associated with value retention for medium to long term-ownership. For further information see CIBSE TM52: The Limits of Thermal Comfort: Avoiding Overheating in European Buildings; CIBSE KS16: How to Manage Overheating in Buildings and RICS Climatic Risks Toolkit.	

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Property Management Has all required property management information been provided?	Within CPSE.	Yes / No	List all information which has been provided as a record.	Required property management information may include, but is not limited to: <ul style="list-style-type: none"> • PPM Schedules. • Asset registers. • Operation & Maintenance Manuals • Building Logbook. • BMS log-in details. • Occupier handbook. • Occupier engagement programmes. • Local community engagement details. Such information is important as part of the Asset Onboarding to ensure adequate property management processes are in place. For further information see: - CIBSE Guide M: Maintenance Engineering & Management - BBP Responsible Property Management Toolkit GN 2.1: An asset register: https://www.betterbuildingspartnership.co.uk/responsible-property-management-toolkit/operational-management/gn-21-asset-register	Required Information
Property Management Is there a Building Log Book?	Within CPSE.	Yes / No	If yes, request a copy.	Building Regulations Approved Document L2A(2) requires information to be provided about the fixed building services and their maintenance requirements. Therefore, properties constructed after 2002 should have a Building Log Book that includes details of installed building services plant and controls, their method of operation and maintenance, and other details that enable energy consumption to be monitored and controlled. For further information see CIBSE TM31 Building Logbook Toolkit.	Required Information
Property Management Does the property have a Building Management System (BMS) in place?	Within M&E report & within CPSE.	Yes / No	If yes, request the BMS access codes and schedule. A review should be undertaken as part of the Asset Onboarding Review to assess what the BMS serves, how it has been programmed and its suitability for current occupier usage.	A BMS is a computer based central control system which is installed to manage the operation of building services e.g. heating, cooling, ventilation, hot water and lighting; and in some cases, the integration with the building envelope through control of shading devices and windows. A building with a well-managed BMS should provide occupiers with a high level of comfort.	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Net Zero Has whole-building historic energy consumption data been provided? How much of this data has been estimated versus actual? What is the source of this data?	Within CPSE.	Yes / No	If yes, determine whether the property presents a material risk to portfolio energy performance against buyer's fund or portfolio NZC targets (notably the Carbon Risk Real Estate Monitor (CRREM) location and sector specific targets). Energy consumption data should be aggregated at the asset level, however, clearly separate normalised consumption by each tenant area (preference), and where applicable landlord/ common areas. Periods of vacancy must to disclosed to ensure that energy consumption can be normalised to reflect this.	The latest 12-24 months of energy data should be requested. This should be, as a minimum, in the form of utility bills/manual meter reads; but preferably as an output from an energy management system based on half-hourly data.	Required Information
Net Zero Does the property present a material risk to portfolio energy performance against buyer's fund or portfolio NZC targets?	Based on EUI Calculation. See Assessing Portfolio Operational Energy Performance Impact Decision Tree to support decision making.	Yes / No	Depending on the relative performance of the property and level of risk perceived, an owner may wish to carry out an independent Net Zero/energy audit to identify improvement opportunities and estimated upgrade costs.	Material risk will be dependent on how the property compares to industry benchmarks e.g. Real Estate Environmental Benchmark and Carbon Risk Real Estate Monitor (CRREM) or equivalent, combined with its impact on corporate targets, the investment strategy of the investment vehicle (e.g. if a fund has net-zero ambitions) and property itself (e.g. whether it is a long-term hold or purchasing for immediate refurbishment).	Investment Critical

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Net Zero Does the tenants' operational energy/ carbon consumption profile present a material risk to portfolio energy performance against buyer's fund or portfolio NZC targets?	Within CPSE	Yes / No	Tenants screened by corporate decarbonisation commitments (SBTi or equivalent). Request tenants' energy procurement policies, and for long-leased assets, any energy efficiency improvement plans they wish to carry out (i.e. installing rooftop photovoltaics' etc.)	Depending on the nature of (one or more) of the tenant's operational energy/ carbon consumption, this would present a material risk to the buyer. All tenants should be screened as to their credible decarbonisation targets and commitments (SBTi or equivalents), as tenant's who do not have a plan to decarbonise could pose a material risk to whole-building asset performance.	Required Information
Net Zero Has whole-building fugitive emissions data been provided? How much of this data has been estimated versus actual?	Within CPSE, specifically F Gas Records/ certificate	Yes / No	<p>The F-Gas Logbook should be used to determine the amount and type of refrigerant used to 'top up' HVAC equipment during typical building maintenance. Using the "Simplified Balance Method" (see UK Streamlined Energy and Carbon Reporting Annex C: GHG Emissions from Use of Refrigeration, Air Conditioning Equipment and Heat Pumps) calculate annual fugitive emissions.</p> <p>If data is not made available onsite via F-Gas Logbook, utilise the 'Screening Method' (also see UK Streamlined Energy and Carbon Reporting Annex C) to estimate the emissions based on the type of equipment installed (or to be installed) and emissions factors.</p> <p>The fugitive emissions associated with 1) installation, 2) operating, and 3) disposal should be calculated and reported separately.</p>	<p>As electricity grids continue to decarbonise, fugitive emissions associated with refrigerant leakage become a material source of greenhouse gas emissions for buildings.</p> <p>Under the 'Simplified Balance Method', the F-Gas Logbook from the last 24 months should be used to determine representative annual fugitive emissions. Any major refrigerants tops (for large units) should be flagged as could misrepresent the data.</p> <p>For additional information please consult CIBSE TM44</p>	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Net Zero Has whole-building water and waste data been made available. If so, the greenhouse gas emissions associated with water usage and waste generation should be calculated and included as part of the asset's whole-building operational carbon footprint.	Within CPSE	Yes/ No plus supporting data if relevant	Request utility bills for water for the past 24 months for both landlord (if applicable) and tenant areas. Request waste collection bills (from waste management provider) for the past 24 months for both landlord (if applicable) and tenant areas. The latest DEFRA emissions factors can be used to compute the emissions associated with water consumption and waste generation.	Whilst the emissions associated with the transportation and use of water, and collection and disposal of operational waste can be immaterial in the context of emissions associated with operational energy usage and embodied carbon,, it is good practice for Scope 3 emissions reporting.	Supports Asset Onboarding Review
Net Zero Is the asset connected to a local district heating system? If yes, what information is available regarding the current and projected carbon content of the heat delivered. Are there any contractual arrangements for connection?	Within CPSE, and searches	Yes / No	Does the District Network Operator (DNO) have a plan in place to decarbonise the heating network?	District heat networks can be fuelled by a range of energy sources, from coal or gas through to biofuels and waste heat from manufacturing processes. Depending on the composition of the district heat network's energy sources, it will result in a different carbon factor associated with the heat delivered. Furthermore, the carbon content of the heat delivered can change on an hourly or daily basis accordingly. The average annual carbon factor of the heat delivered (per kWh) should be requested via the vendor from the District Network Operator (DNO) for the past 2 years. In addition, the DNO should outline any plans to decarbonise the network over the next 10 - 15 years, or in worst instance, by 2050, through changes to the network's energy sources. Any existing contracts with the DNO to connect to the heat network should be provided by the vendor.	Required Information
Net Zero Are any demand side response systems available? Does the asset have an onsite battery/ hydrogen storage?	Within Building Survey / M&E Report.	Yes / No	If yes confirm details of systems and locations.	With rising energy costs, avoiding peak loading can reduce both emissions and costs for occupants. Control over energy is an increasingly valuable selling point to potential tenants. More information here: https://www.nationalgrideso.com/industry-information/balancing-services/demand-side-response-dsr	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Net Zero Has the property had a historical net zero audit completed in the past [2] years? For more information please refer to the Net Zero Decision Tree	Within CPSE.	Yes / No:	If yes, request the net zero audit report and any schedules of actions carried out against recommendations made in the audit report. This information should then be reviewed as part of the asset onboarding plan to feed into the property's asset business plan.	A net zero audit may exist in different forms such as an ESOS audit or detailed third party investment grade audit. Specific standards include BS EN 16247 and ISO 50002. An audit could provide useful information regarding the: <ul style="list-style-type: none"> • Main building services, lighting and control systems • How energy is transported within the property. • Predominant areas of energy usage. • Patterns of use. • Energy supply and distribution arrangements. • Types of metering and sub-metering • How performance compares to standard benchmarks. Opportunities for energy and cost savings with recommendations for action. An Air Conditioning Inspection and EPC Recommendations Report will also suggest a number of improvement opportunities. For further information also see CIBSE Guide F: Energy Efficiency in Buildings.	Required Information
Net Zero Does the building use gas or connected to a fossil fuel based heat supply? For district heat networks see NZ Question 5	Building Survey, Energy audits, EPC, Asset Register.	Yes / No	If yes, an assessment should be undertaken to assess the technical ability and economic viability of electrification which should be fed into the business case.	Gas boilers will slowly be phased out of commercial and residential buildings through proposed changes to Building Regulations for both domestic and non-domestic buildings. In addition, the presence of gas poses significant challenges to any corporate net zero carbon ambitions as such system will need to be replaced with electric alternatives in time, and any interim emissions potentially offset. It is also likely that buildings with gas boilers become less desirable to both investors and occupiers in time. An assessment of a buildings technical capability to be electrified and an understanding of likely costs is important.	CAPEX Implication
Net Zero Have carbon offsets been purchased for this assets? Specify quantum (in tons), type of offset programme (and if known, carbon offset registry), vintage of offsets, and lifecycle carbon scope for which the offsets credits were used (i.e. upfront (A1-5), operational, in-use embodied etc.) Include any documentation that provides an independent verification of the accredited carbon offsets purchased.	Within CPSE	Yes/ No plus supporting data if relevant	Note the quantity, type, vintage and standard of carbon offset purchased.	Carbon offsets are considered a necessary component of many decarbonisation strategies. Carbon offsets must meet international standards for offset quality to be a credible part of a company's offsetting strategy. See more information here: https://www.ukgbc.org/ukgbc-work/renewable-energy-procurement-carbon-offsetting-guidance-for-net-zero-carbon-buildings/	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Net Zero Is roof space available for photovoltaics? Can the vendor confirm that the roof is structurally sound to safely install photovoltaic panels (15kg/sqm dead load)?	Within Building Survey.	Commentary on space availability and structural integrity of roof	If yes, an assessment of potential system sizing and viability can be undertaken. Such an exercise will likely require roof access. It should be noted that there is often competition for space on a roof, and buyer will need to consider trade-offs for available space between renewable energy generation (typically rooftop photovoltaics) and green roofs.	Rooftop photovoltaics, if optimally orientated on a rooftop to maximise solar exposure, can generate renewable energy onsite for landlord and tenant areas or sold to the electricity grid. Where these have yet to be installed, and the roof is free from HVAC plant or other building infrastructure, installing rooftop photovoltaics might be commercially feasible. The vendor should confirm whether the roof is structurally sound to accommodate the PV system, or if unknown, this should be analysed during TDD. It should be noted that a network study either provided by vendor or completed during TDD to ensure the local grid network can take the extra power that a potential PV system will generate. This will require liaising directly with the DNO.	Required Information
Has the property had an energy audit undertaken in the past four years?	Within CPSE.	Yes / No:	If yes, request the audit report and any schedules of actions carried out against recommendations made in the audit report. This information should then be reviewed as part of the Asset Onboarding Plan to feed into the property's asset plan.	An energy audit may exist in different forms such as an ESOS audit or detailed third party investment grade audit. Specific standards include BS EN 16247 and ISO 50002. An audit could provide useful information regarding the: <ul style="list-style-type: none"> • Main building services, lighting and control systems. • How energy is transported within the property. • Predominant areas of energy usage. • Patterns of use. • Energy supply and distribution arrangements. • Types of metering. • How performance compares to standard benchmarks. Opportunities for energy and cost savings with recommendations for action. An Air Conditioning Inspection and EPC Recommendations Report will also suggest a number of improvement opportunities. For further information also see CIBSE Guide F: Energy Efficiency in Buildings.	
Is the property a Participant Equivalent as defined by the CRC Energy Efficiency Scheme (CRC)?	Within CPSE.	Yes/ No	If yes, confirm how any CRC related charges are recharged to occupiers and request a copy of the evidence pack for the property where relevant.	Qualification for the CRC Energy Efficiency Scheme is based on whether the organisation as a whole used at least 6,000 megawatt hours (MWh) of electricity through all its settled half hourly meters (SHHMs). A Participant Equivalent (PE) is any individual undertaking within an organisation that would have met the qualification criteria for participation in CRC in its own right had it not been part of a larger organisation. PEs are defined at qualification only. Irrespective of the level of increase or decrease of energy use during the phase, the PE status of an undertaking does not change during a phase. If an organisation acquires a PE this is a significant event under the CRC and the regulator will need to be notified. For further information see https://www.gov.uk/government/publications/crc-guidance-for-participants-in-phase-2 .	

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Water use Has the property had a water audit undertaken in the past four years?	Within CPSE.	Yes / No	If yes, request the audit report and any schedules of actions carried out against recommendations made in the audit report. This information should then be reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	An audit could provide useful information regarding the: <ul style="list-style-type: none"> • Predominant areas of water usage. • The existence of water saving devices. • Patterns of use. • Supply and distribution arrangements. • Existence of water metering. • How performance compares to standard benchmarks. • Opportunities for water and cost savings with recommendations for action. For further information recommended reading is the BBP Responsible Property Management Toolkit GN 5.2: Undertaking a water audit: https://www.betterbuildingspartnership.co.uk/responsible-property-management-toolkit/water/gn-52-undertaking-water-audit	Supports Asset Onboarding Review
Water use Has a Site Drainage Plan been provided?	Within CPSE.	Yes / No	If yes, review to ensure the accuracy of the document. This information should then be reviewed as part of the Asset Onboarding Review to identify requirements for maintenance, upgrades or environmental permits for discharges.	A Site Drainage Plan is important in maintaining and achieving ISO14001. It should provide a layout of the site and details of: <ul style="list-style-type: none"> • All drain locations e.g. foul drains and surface drains. • On-site effluent treatment tanks or storage. • Discharge points from the site. • Watercourses, springs and boreholes, on or near to the site. • Mains water supply and sprinkler control valves. • Location of emergency equipment like spill kits and drain covers etc. 	Required Information
Has historic water consumption data been provided?	Within CPSE.	Yes / No	If yes, determine whether the property presents a material risk to portfolio water performance against organisational standards.	The latest 12-24 months of water consumption data should be requested. This should be in the form of utility bills.	
Water use Does a grey water and / or rainwater harvesting system exist?	Building Survey, any historic water audits	Yes/No	Detail systems and any management requirements	Is there an opportunity for the introduction of resilience or adaption measures? Greywater and rainwater harvesting systems on buildings are designed to collect and store rainwater or lightly used household water for later non-potable purposes, such as irrigation or flushing toilets, promoting sustainable water usage and conservation.	Required Information
Water use Can the property evidence its water usage / intensity and is it possible to comment on its efficiency?	Internal review.	Yes / No	Depending on the performance of the property, consider if a further audit is necessary post-acquisition.	Firstly, historic water consumption data should be requested (last 12-24 months). Water intensity can then be calculated using appropriate denominators (e.g. floor area to calculate m3 consumption per m2 per year). Intensities can then be compared to industry benchmarks (e.g. Real Estate Environmental Benchmark) and the impact on portfolio targets assessed. Any historic water audits and contextual information regarding the use and activities within the property will be useful in assessing risks.	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Waste management Have all relevant waste management arrangements been provided?	Within CPSE.	Yes / No	If yes, review to ensure the accuracy/ completeness of the information.	This should include the Site Waste Management Plan, waste management contract details (including contact information), Duty of Care documentation and relevant risk assessments relating to hazardous waste. This should include how suitable service yard and back of house areas are for waste collection and segregation.	Supports Asset Onboarding Review
Waste management Has the property had a waste audit undertaken in the past four years?	Within CPSE.	Yes / No	If yes, request the audit report and any schedules of actions carried out against recommendations made in the audit report.	A waste audit should provide details of the: <ul style="list-style-type: none"> • Breakdown of on-site waste streams and their estimated weights. • Current waste management strategy and on-site provisions. • Effectiveness of current waste management provisions and recommendations for improvements in line with the waste hierarchy and European Waste Framework Directive 2008/98/EC. For further guidance, is recommended to review the BBP's Responsible Property Management Toolkit GN 6.2: 'Undertaking a waste audit': https://www.betterbuildingspartnership.co.uk/responsible-property-management-toolkit/waste/gn-62-undertaking-waste-audit	Supports Asset Onboarding Review
Waste management Has historic waste generation data been provided?	Within CPSE.	Yes / No	If yes, determine whether the property presents a material risk to portfolio waste performance against organisational standards.	The latest 12-24 months of waste generation data should be requested. This should be in the form of a summary based on reported waste data and invoices from waste management service providers.	Supports Asset Onboarding Review
Waste management Is the property a material waste user and / or an 'inefficient' property according to organisation standards?	Internal review.	Yes / No	Depending on the performance of the property, consider if an audit is necessary post-acquisition.	Firstly, historic waste generation data should be requested (last 12-24 months). Performance can then be compared to industry benchmarks (e.g. Real Estate Environmental Benchmark) and the impact on portfolio targets assessed. Any historic waste audits, Duty of Care documentation and contextual information regarding the use and activities within the property will be useful in assessing risks.	Supports Asset Onboarding Review
Health & Wellbeing Does the property have equipment installed to monitor Indoor Environmental Quality? e.g. temperature, relative humidity, CO ₂ CO, VOCs, PM10, PM2.5, noise, light.	Within CPSE & M&E Report.	Yes / No	If yes, request details of monitoring equipment, what it measures, how data is collected, where data is stored and what information has historically been communicated to occupiers. Particular attention should be given to any licencing that is in place to continue the service and any constraints regarding data ownership.	With rising interest in the health & wellbeing agenda, occupiers are becoming more conscious of how the indoor environment can impact on how their employees feel, perceive, and interact with their surroundings. Occupiers are increasingly asking owners to provide evidence of performance and, as a result, owners are installing equipment to monitor internal conditions. It is therefore important for any incoming owner to understand the level of monitoring (if any) that exists, how that information has been stored and what information has previously been communicated to occupiers. For further information see World Green Building Council's Better Places for People campaign.	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Health & Wellbeing Has an indoor air quality test been undertaken for the property in the past three years?	Within CPSE.	Yes / No	If yes, request a copy.	Indoor air quality can influence the health, comfort and well-being of occupiers. Poor air quality has been linked to Sick Building Syndrome and reduced productivity. A recent Air Quality Test is a useful gauge to assess the adequacy of current ventilation systems and whether improvement works are required. It should be noted that a property will need to achieve a certain level of air quality if a property owner or occupier wishes to achieve a certification linked to health & wellbeing e.g. WELL Building Standard or FitWell.	Required Information
Occupier Engagement Do occupiers have any access to ecological/green amenity space?	Within the Building Survey & Building Plans.	Yes/ No	If yes, provide details, including maintenance arrangements and costs.	An amenity space for occupiers can comprise planting, or other ecological features such as a pond, together with seating and benches. Spaces can be within an internal courtyard, terracing or as part of the external landscaping. Amenity space should be attractive to occupiers. Studies have indicated that such spaces can lead to improved occupier satisfaction, health, wellbeing and productivity. For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration	Supports Asset Onboarding Review
Occupier Engagement Are any green leases in place? Have the occupiers agreed to cooperate and share data?	Within the legal pack.	Yes/ No	If yes, consider whether they present any material risks.	For further information into the types of green provisions that are becoming standard practice, see BBP Green Lease Toolkit: https://www.betterbuildingspartnership.co.uk/green-lease-toolkit (note this is due to be updated in January 2024) Whilst arguably not a 'green provision', any legal review should check for the existence of provisions that limit risks associated with Minimum Energy Efficiency Standards which may sit within the Lease or Licence for Alternations. It is recommended to ascertain whether green clauses are included within a lease or MoU and whether they entail: 1. data sharing clauses 2. clauses in relation to meeting use intensity benchmarks 3. specific clauses relating to meeting certification requirements such as BREEAM In Use, WELL and/or NABERS. For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration	Required Information
Occupier Engagement Is an Occupier/Building Management Forum in place?	Within CPSE.	Yes / No	If yes, request details including frequency of meetings, the owner / property management's role and minutes of previous meetings.	Occupier/Building Management Forums provide a platform from which to review the environmental performance of the property and to share ideas on how to improve its operational and occupational efficiency. This may have been formalised via a Memorandum of Understanding. They provide owners with an opportunity to explain to occupiers how their property is currently performing and can help stimulate action by occupiers to reduce their own environmental impacts. For further information see the BBP Responsible Property Management Toolkit (https://www.betterbuildingspartnership.co.uk/responsible-property-management-toolkit) and BBP Green Lease Toolkit (https://www.betterbuildingspartnership.co.uk/green-lease-toolkit) For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Occupier Engagement Has a post occupancy evaluation, an occupancy satisfaction and/or a health & wellbeing perception survey been carried out in the last three years?	Within CPSE.	Yes / No	If yes, request a copy of the report.	<p>A Post-Occupancy Evaluation is a process of receiving feedback on a property's operational performance in comparison to its design intent. This is normally carried out within the first 24 months of construction or a major refurbishment and can cover:</p> <ul style="list-style-type: none"> • The effectiveness of the space planning. • Aesthetic quality. • The standards of lighting, acoustic environment, ventilation, temperature and humidity. • Air-pollution and air quality. • User comfort. • Maintenance and occupancy costs. • Defects. • The balance between capital and running costs. • Environmental performance and operational energy consumption. <p>An Occupier Satisfaction Survey will provide recent feedback of occupier perceptions and their experience of using the property, as well as suggestions for improvements. Examples include the BUS Methodology and BRE Design Quality Method.</p> <p>For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration</p> <p>For further information see BSRIA BG 63/2015 Building Performance Evaluation in Non-Domestic Buildings.</p>	Supports Asset Onboarding Review
Occupier Engagement Does the licence for alterations include sustainable credentials?	Within the legal pack.	Yes / No	<p>If no, are there characteristics which constrain sustainability performance? State the risk.</p> <p>(For example, does the LtA process contain items to do with embodied carbon/ material reuse & recycling, protection of landlord installed equipment, or to prevent alterations that may affect the sustainability credentials of the asset or to capture any necessary improvements to meet a strengthening in regulation).</p>	<p>Looking for evidence of alterations undertaken, including drawings, fit out approvals, or evidence of alterations being undertaken.</p> <p>Scope to incorporate sustainable accreditations (ratings specific to fit-out, e.g. BREEAM In Use, SKA, etc)</p> <p>For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration</p>	Supports Asset Onboarding Review

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Occupier Engagement Does any occupier pose a risk to either the purchaser's reputation or having operations with high environmental impacts? (Tenant activities should have no detrimental impact on the EPC)	CPSE	Yes / No	If yes, state the risk.	Real estate investors are increasingly interested in the risks posed by occupiers of the companies they invest in. Either reputationally (e.g. weapons, tobacco, poor working conditions for employees/supply chain) or those where their operations have high environmental impacts (e.g. oil, coal, gas, deforestation). For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration	Investment Critical
Occupier Engagement Are there any socio-economic requirements linked to the property the purchaser should be aware of? Is there a S106 and has this been reviewed?	CPSE	Yes / No	If yes, request details.	Such requirements will typically only be relevant when acquiring a speculative or recent development. However, it is important to be aware of any potential socio-economic requirements. For example, whether the Local Authority has specific S.106 socio-economic requirements for the development, or commitments in the development agreement to report annually on socio-economic indicators. If any conditions do exist, the property owner should request copies of any socio-economic appraisal/study that was undertaken. For more information please see the BBP Owner / Occupier Insights Paper: https://www.betterbuildingspartnership.co.uk/owner-occupier-engagement-sustainability-unlocking-potential-collaboration	Investment Critical
Biodiversity Are there any biodiversity risks or constraints that could impact or limit activity at the property?	Within CPSE, Building Survey & Title Report	Yes / No	If yes, provide details.	Items to be reviewed should include; whether the property is on, or adjacent to, a designated site for the protection of the natural environment; has a tree preservation order; contains or has the potential for protected species (e.g. bats in derelict buildings); contains or has potential for invasive plants to invade the site. In relation to building infrastructure, items to be reviewed should include whether there exists a green/brown roof, living wall or biophilic spaces which require special management provisions.	Investment Critical
Biodiversity Does an Ecological Management & Maintenance Plan exist?	Within CPSE	Yes / No	If yes, provide a copy of the Plan.	An Ecological Management & Maintenance Plan will set out the green infrastructure in place at the property and associated management and maintenance requirements that will be required of the property manager. It is important to assess these from a cost perspective and ensure they are included in the scope of any future management contract.	Required Information

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Biodiversity Is there biodiversity opportunity for additionality / habitat creation? Is there opportunity for nature-based solutions integration in redevelopment/ new development asset management plans?	Specialist review	Yes / No	If yes, provide details.	Research is increasingly highlighting the important role of on-site biodiversity in supporting occupier health, wellbeing and productivity. As a result, maintaining and enhancing on-site biodiversity is becoming an additional asset management consideration. Such information may exist within a Biodiversity Action Plan for the property. Opportunities often include the: <ul style="list-style-type: none"> • Selection of specific fauna and flora. • Creation of ecological spaces / wildlife habitats. • Installation of green/brown roofs or walls. • Use of indoor plants. 	Supports Asset Onboarding Review
Biodiversity Is there any opportunity for 'green space' to be made available? (e.g. roof space is available for green roofs?)	Within Building Survey	Commentary on space availability.	If yes, an assessment of potential system sizing and technical viability based on roof structure can be undertaken. Such an exercise will likely require roof access.	Request ecological biodiversity assessment if it exists. Ideally a biodiversity baseline will be calculated using the DEFRA biodiversity metric or similar. Green spaces are important contributors to biodiversity net gain. In London, London Plan Policy G5 Urban Greening encourages major properties to incorporate green roofs and other forms of urban greening as part of a strategy to increase a development's urban greening factor. The site constraints will ultimately dictate what can be installed on the roof area. Installing green roofs alongside PVs can help improve the efficiency of the photovoltaic system.	Capex Implication
Transport Are there any concerns identified relating to the access to the property and travelling within the site premises?	Internal review of Building Survey & Plans, Title Report.	Yes / No	If yes, assess whether any mitigation measures are required and feed associated costs & timescales into the investment appraisal.	Items for review may include the: <ul style="list-style-type: none"> • Distance to public transport node and frequency of service in relation to property opening / operating hours. • Existence of designated and safe footpaths, walkways and cycle paths to access public transport and on-site facilities. • Adequate / space to include on-site cycle storage and facilities e.g. changing areas, showers, lockers and drying areas. • Adequate provision of car park spaces. • Existence of electric charge points and the financial charging arrangements. 	Required Information
Transport Is the asset DDA (Disability Discrimination Act) compliant?	Access Audit	Yes/No	If no, consider undertaking assessment to ensure compliance/ limitations to compliance	Part M Building Regulations will provide guidance around compliance.	Required Information

Category and Check	How information should be requested / sourced	Response	Additional Requirements	Supplementary Information	Nature of Impact
Transport Is the asset accessible via public transport?	Internal review	Yes / No		Should include details of public transport modes, distances and frequency. Explore plans for local transport improvements and how they may impact property short/long term	Required Information
Transport Are there any opportunities identified to improve transport provisions to the property and within site premises?	Internal review	Yes / No	If yes, this information should then be reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	Possible opportunities could include the: <ul style="list-style-type: none"> • Provision (or addition) of on-site cycle spaces. • Provision of showers, changing and locker facilities to support active travel options. • Development of a Green Travel Plan. • Creation of designated and safe footpaths, walkways and cycle paths to access public transport and on-site facilities. • Installation of electric vehicle charging points. 	Supports Asset Onboarding Review
Transport What is the number of cycle storage units?	Building Travel Plan	# of cycle spaces	This information should then be reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	Cycle storage units are increasingly important to occupiers and building users	Required Information
Transport Is there EV charging on site, or is there opportunity to add EV capacity?	Building/ Travel Plan	Yes / No # of spaces Yes / No	Review base build spec (health and safety, fire risk assessment) This information should then be reviewed as part of the Asset Onboarding Review to feed into the property's asset plan.	Existence of electric charge points and the financial charging arrangements should also be included, as well as whether there might be other barriers to implementing additional charging stations. For example, insurance companies can pose exclusions on installing EV supplies in basement car parks due to the fire risk and the associated difficulties in the fire tender being able to access them.	Required information

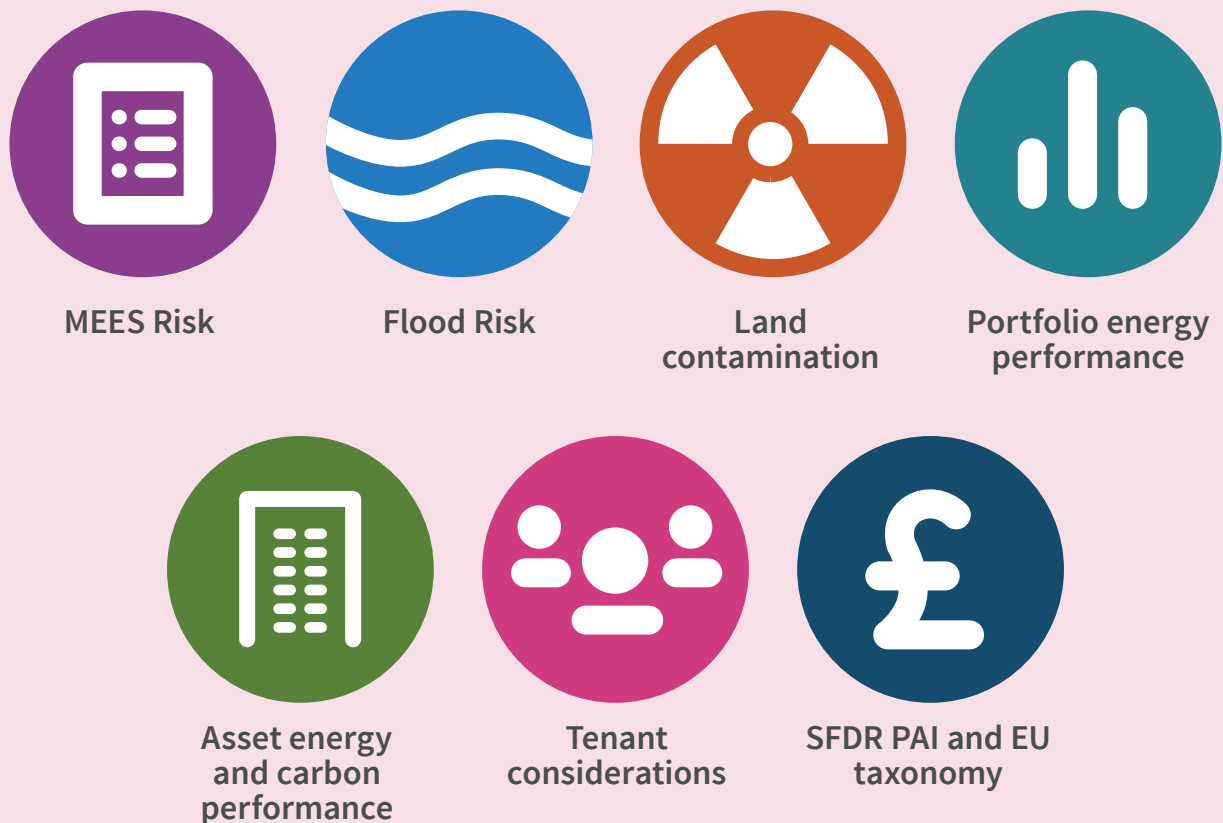
Investment Critical Decision Trees

The scope and extent of the due diligence undertaken during the acquisition of any property will vary depending on the type, size, and desired speed of acquisition; as well as the individual processes each vendor and buyer has in place. It may also depend on the availability of information and evidence relevant to undertaking due diligence.

As noted above, it is typical for a property buyer to undertake a pre-bid initial screening of Investment Critical elements to determine whether to proceed, and commit expenditure, into a phase of more detailed due diligence.

From a sustainability perspective, seven Investment Critical topics are included within the Sustainability Investment Checklist in Toolkit (see below). For each of these items, a decision tree has been developed to support property owners in identifying these risks, considering potential impacts and any mitigation measures which might be required. These are provided at the end of the section.

Figure 4: Investment Critical themes represented with decision tree in Toolkit

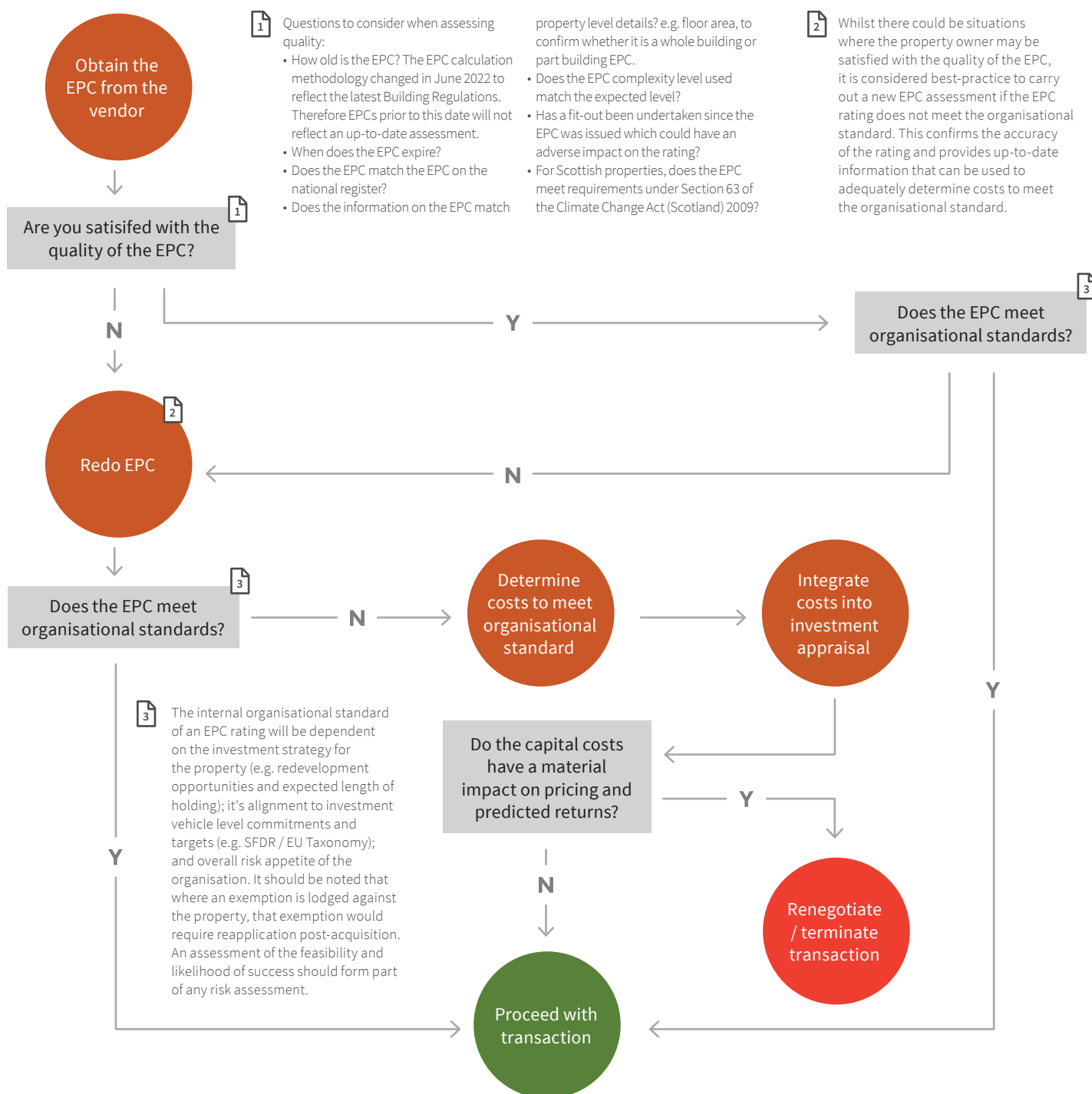


ASSESSING MINIMUM ENERGY EFFICIENCY STANDARDS RISK

For properties in England and Wales, The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015, more commonly known as Minimum Energy Efficiency Standards (MEES), make it unlawful to let residential or business premises that do not reach a minimum energy efficiency standard.

For properties in Scotland, Minimum Energy Efficiency Standards only apply to residential properties as defined within The Energy Efficiency (Domestic Private Rented Property) (Scotland) Regulations 2020. Other regulations may exist within other geographies.

The following decision tree can be used to support the assessment of risk against either of these pieces of legislation and whether further action is required as part of the acquisitions process.



ASSESSING FLOOD RISK

Flood risk is an area of growing significance to property owners, investors, lenders and insurers. Flooding (surface water, ground water, artificial water, sewage/drain or coastal / river) can have a significant impact on the value of a property. It can

cause damage requiring refurbishment works; result in the loss of rent if the property becomes incapable of being occupied or access is restricted; increase the risk of insurance cover being withdrawn and even cause resale to become difficult or impossible.

1 Available information may include national flood risk maps (or local equivalent), prior flood risks assessments and/or independent flood risk reviews. To assess flood risk of properties in the UK see www.gov.uk/check-flood-risk

Assessment should not simply be restricted to the specific site but also consider local transport infrastructure which may affect access and business continuity.

The level of information required to determine how to proceed will be based on the individual risk appetite of each organisation.



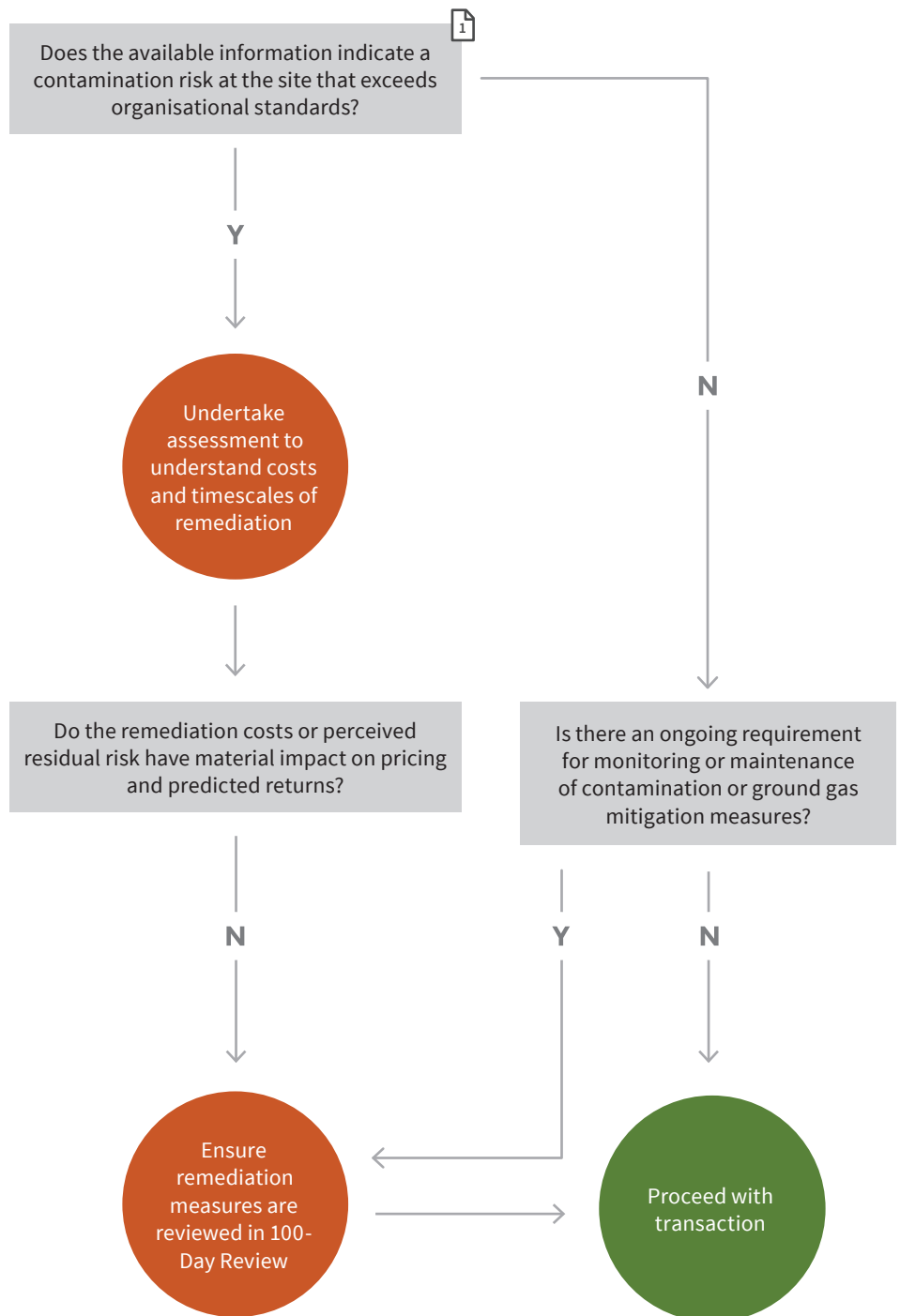
ASSESSING LAND CONTAMINATION

Contaminated land is an area of high risk for property owners, investors, lenders and insurers, from both a financial and regulatory perspective, that requires appropriate consideration and attention. It can have a significant impact on the value of a property, resulting in high remediation costs, the loss of rent if the building becomes incapable of being occupied, increased risk of insurance cover being

withdrawn, resale becoming difficult/impossible and even criminal penalties for directors. Conversely, an accurate land contamination assessment of associated environmental risks, liabilities and costs may also present opportunities, especially in cases where previously those risks have been overstated and considered prohibitive to a transaction.

1 This information is typically provided within the Phase I Environmental Report. Alternatively, it can be requested directly from the vendor.

The level of information required to determine how to proceed will be based on the individual risk appetite of each organisation.



ASSESSING PORTFOLIO OPERATIONAL ENERGY PERFORMANCE IMPACT

There is an increasing trend for property companies to set long-term energy reduction targets, which in some instances might be linked to external accreditation schemes e.g. the Science Based Targets Initiative. In order to meet these long-term targets, property owners will need to consider the energy performance of properties as they come into their portfolios rather than looking solely at the efficiencies possible for those properties already under ownership.

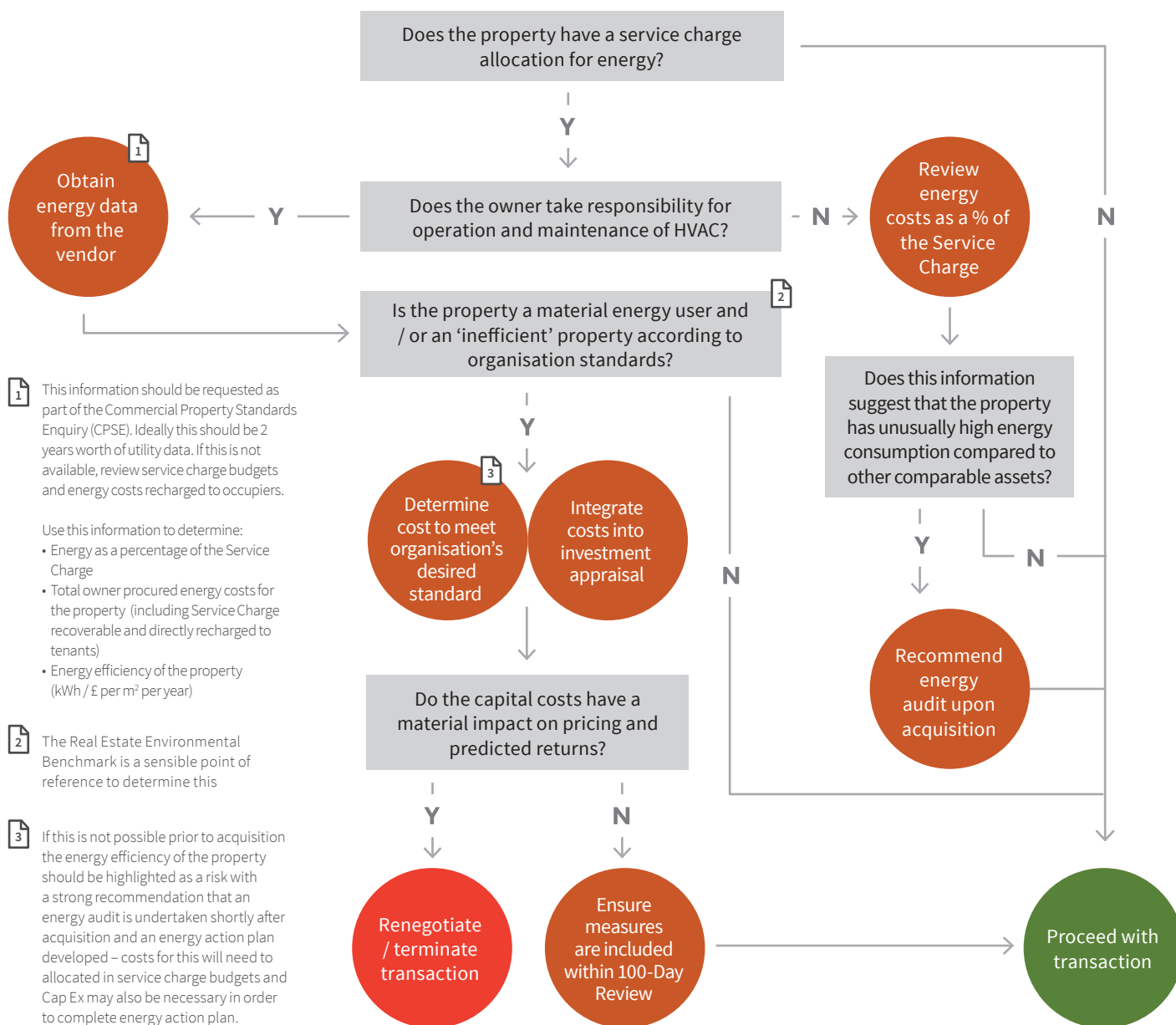
As part of setting these targets, property companies are expected to benchmark current portfolio energy performance and develop a trajectory to

meet the target. The target KPI is likely to be energy intensity (i.e. energy use per m²) and based on a technical assessment of achievable energy savings. By tracking portfolio energy intensity over time against a trajectory, property owners will also be able to assess the impact of a new acquisition on overall portfolio performance by undertaking simple calculations using historic energy consumption data and floor area.

As part of the process for assessing the potential impact on targets, it is also important that the business plan for the property is taken into account. For example, if a property is being acquired in order

to be repositioned, then the energy performance is less relevant in comparison to acquiring a property with the intention to hold it for a number of years with no plans of carrying out any capital upgrades.

The following decision tree can be used to support the assessment of the risk presented by an acquisition on the overall portfolio operational energy performance.

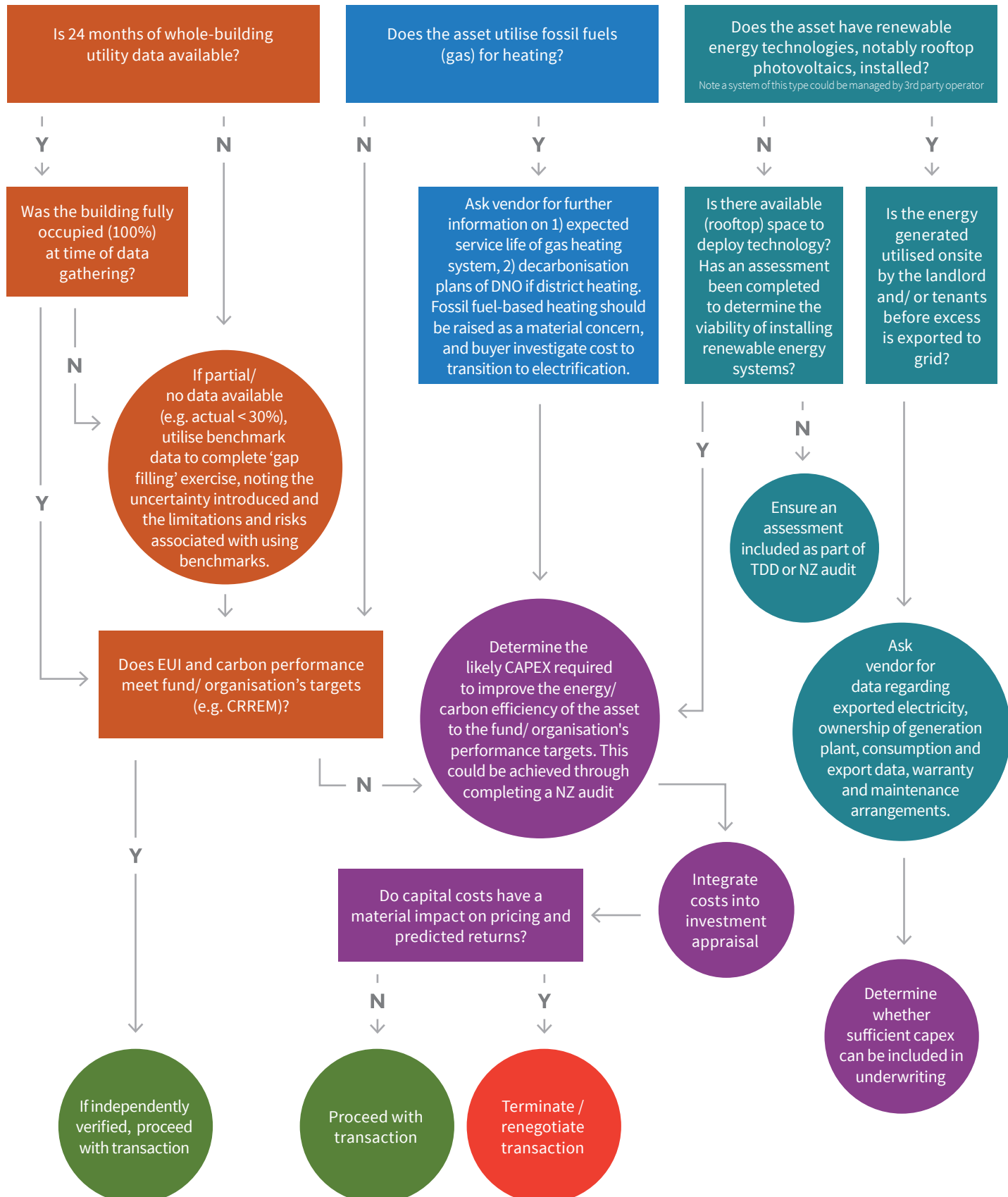


ASSET ENERGY & CARBON PERFORMANCE

The energy and carbon performance of buildings is increasingly connected to asset quality, tenant satisfaction, and asset value and therefore represents an area of growing risk or opportunity for buyers. It is important for buyers to be aware of the quality and coverage of energy data for the building, the extent to which the building is reliant on fossil fuel driven heating and how water systems, and the

extent to which it is serviced by renewable energy systems. If the building is likely to require capital expenditure to bring energy performance to a level consistent with fund or organisational performance targets, this needs to be factored into the acquisition process, and the vendor should share as much information gathered on this as possible to assist the buyer with their investment appraisals.

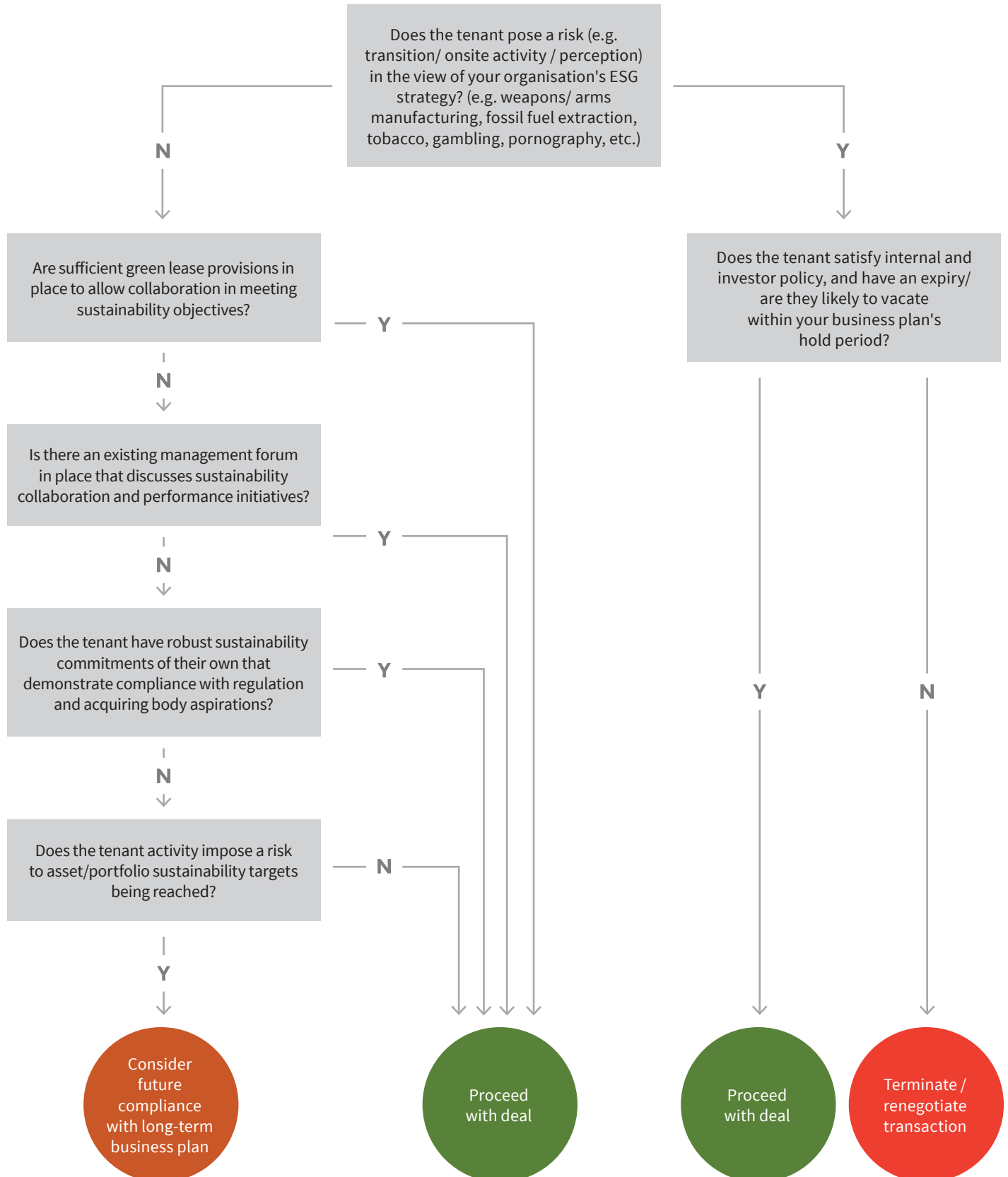
- Consumption data-related questions
- Fossil fuel-related questions
- Renewable energy-related questions
- Capex implications



TENANT CONSIDERATIONS

The activities and sustainability commitments of tenants are seen as increasingly relevant to asset owners, managers and landlords – potentially even posing a risk. Some tenant activities may be fundamentally inconsistent with the organisational ESG strategy, and without a

lease expiry date on the horizon, this may pose a risk. Tenants who lack robust sustainability commitments or who are not covered by green lease clauses allowing landlord intervention may also represent risks to buyers and should be scrutinised.



SFDR MANDATORY PRINCIPAL ADVERSE INDICATORS (PAIS) FOR REAL ESTATE

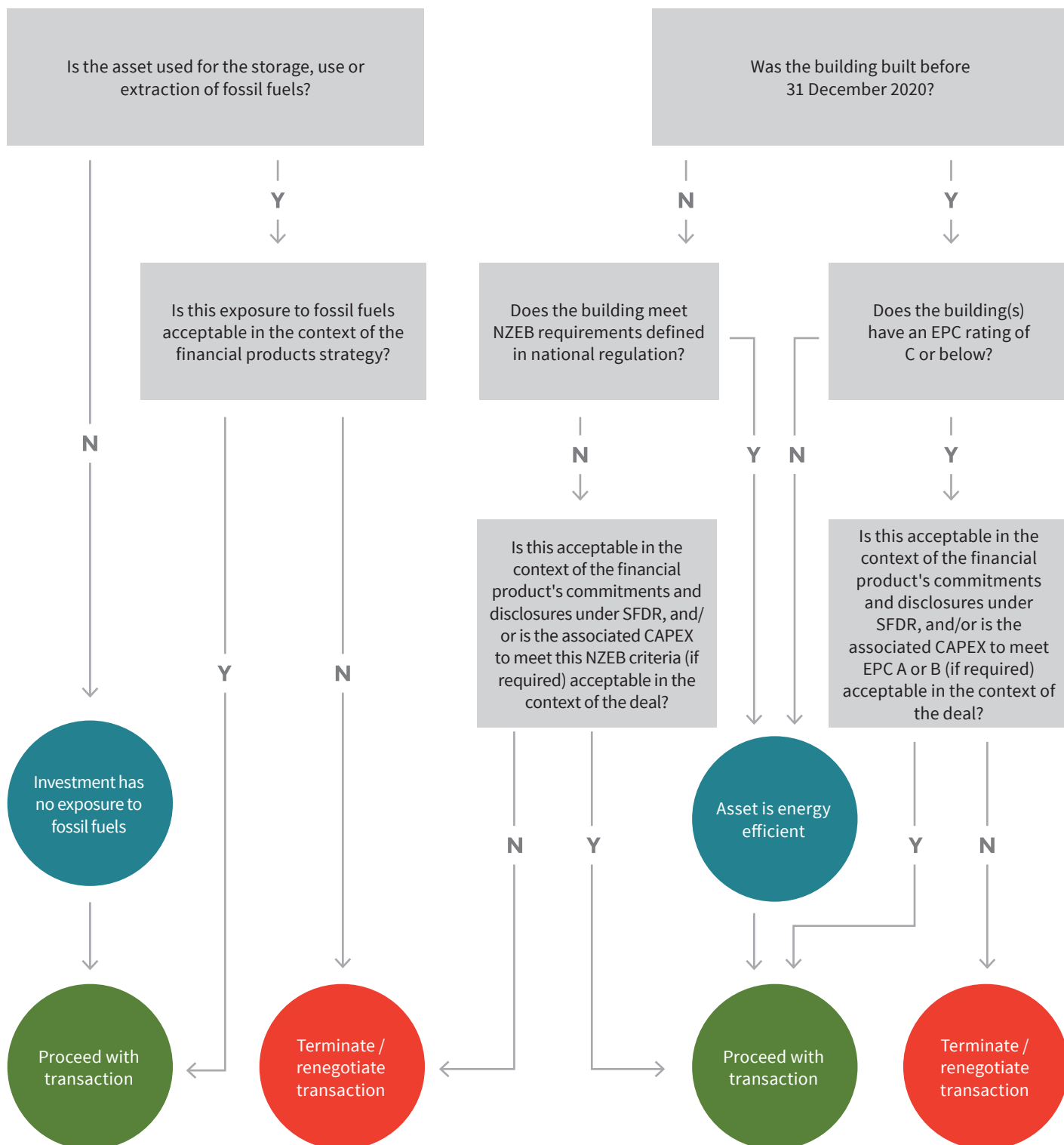
Note that the following decision tree is for use with Article 8 and 9 designed funds, and that both pathways illustrated below should be considered.

With regard to decision trees for the SFDR Principal Adverse Impacts (PAIs), please note that only the mandatory real estate PAIs have been included. Decision trees for the optional PAIs have purposefully not been included. Users should complete their own

assessment against any of the optional PAIs where relevant to do so under their financial product's own commitments and disclosures under SFDR.

With regard to the decision trees for both the SFDR PAIs and EU Taxonomy criteria, please note that these are primarily intended to be used for financial products in-scope of SFDR (but can also be used as a useful optional resource for non-SFDR Funds). The

decision trees should be used with due consideration to the commitments and disclosures made by the user within SFDR related disclosures. Please note that the decision trees purposefully do not provide interpretation on exactly how the SFDR/EU Taxonomy criteria should be applied to real estate assets. It is recommended that users seek third-party advice (where relevant) when assessing alignment against relevant SFDR PAIs and the EU Taxonomy.



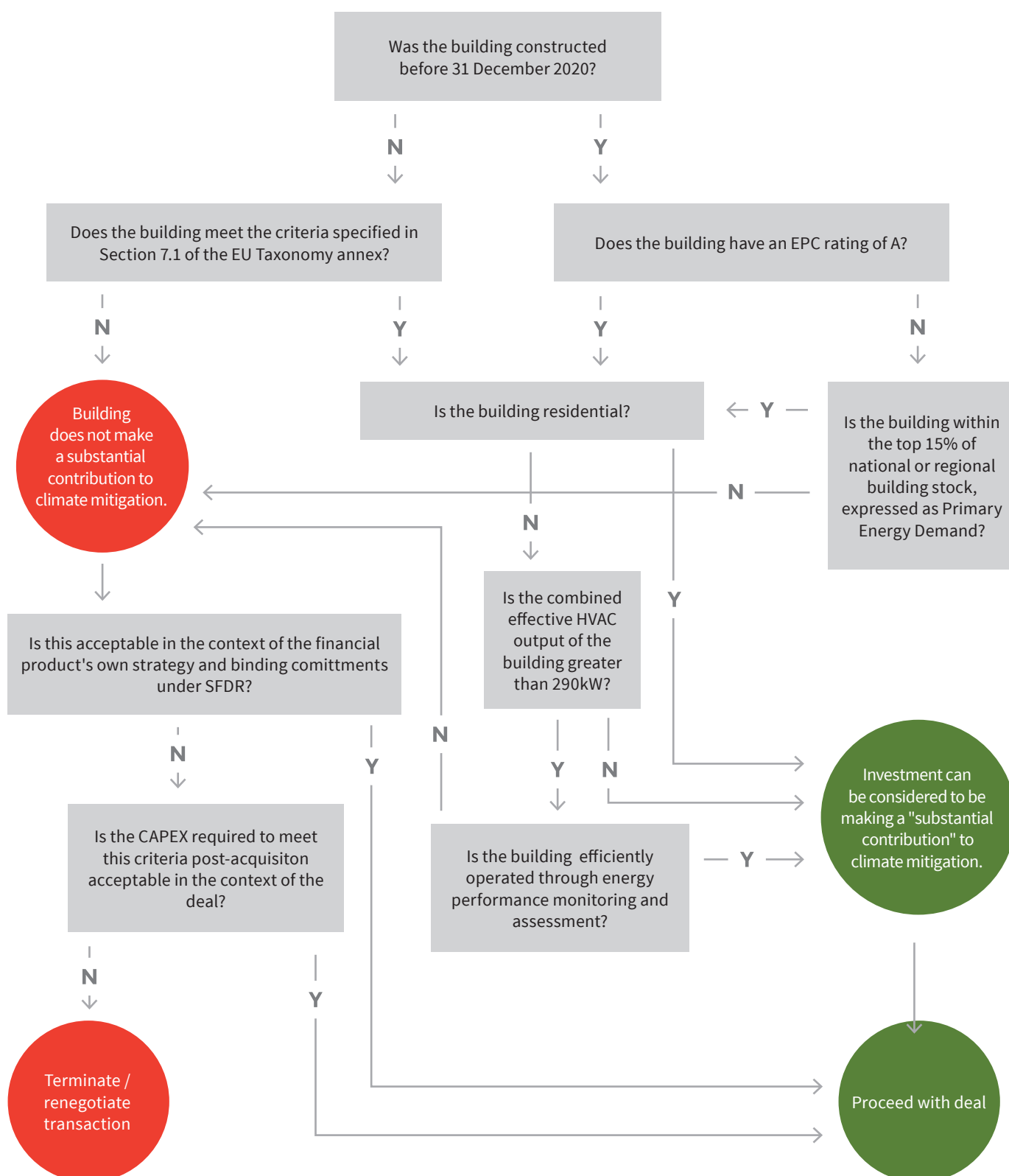
EU TAXONOMY SCREENING FOR "CONTRIBUTION TO CLIMATE MITIGATION"

Assessment of whether the investment makes a “substantial contribution” to climate mitigation

With regard to the decision trees for both the SFDR PAIs and EU Taxonomy criteria, please note that these are primarily intended to be used for financial products in-scope of SFDR (but can also be used as a useful optional resource for non-SFDR Funds). The decision trees should be used with due consideration to the commitments and disclosures made by the

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With regard to the EU Taxonomy decision trees, please note that in order to claim alignment with the EU Taxonomy, it should be ensured that Entity and/or Product-level due diligence processes meet the required Minimum Social Safeguards outlined by the EU Taxonomy. Further advice should be sought from third-parties on this point, where relevant.



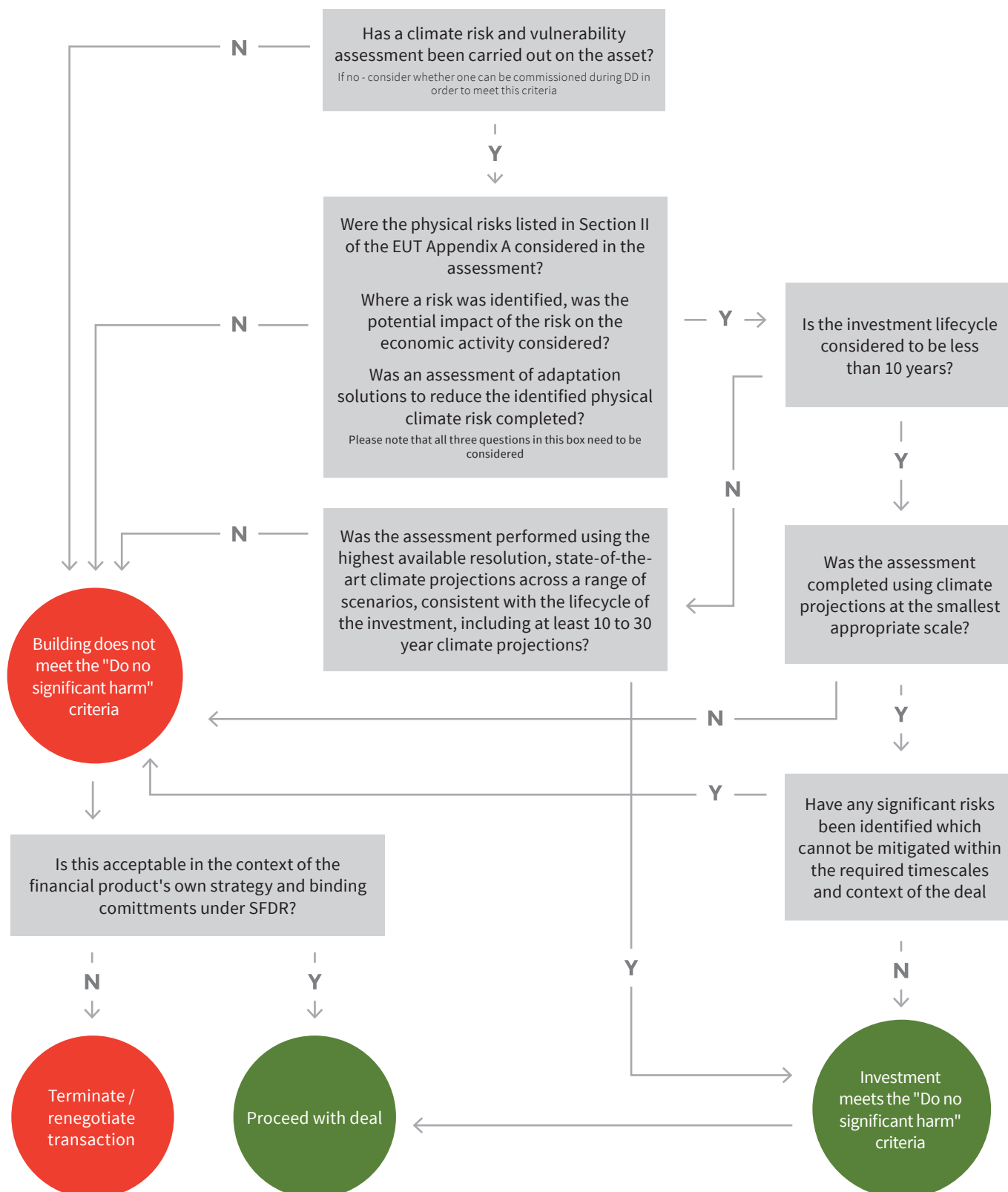
EU TAXONOMY SCREENING FOR "CONTRIBUTION TO CLIMATE MITIGATION"

Assessment of whether the investment does "no significant harm"

With regard to the decision trees for both the SFDR PAIs and EU Taxonomy criteria, please note that these are primarily intended to be used for financial products in-scope of SFDR (but can also be used as a useful optional resource for non-SFDR Funds). The decision trees should be used with due consideration to the commitments and disclosures made by the user within SFDR

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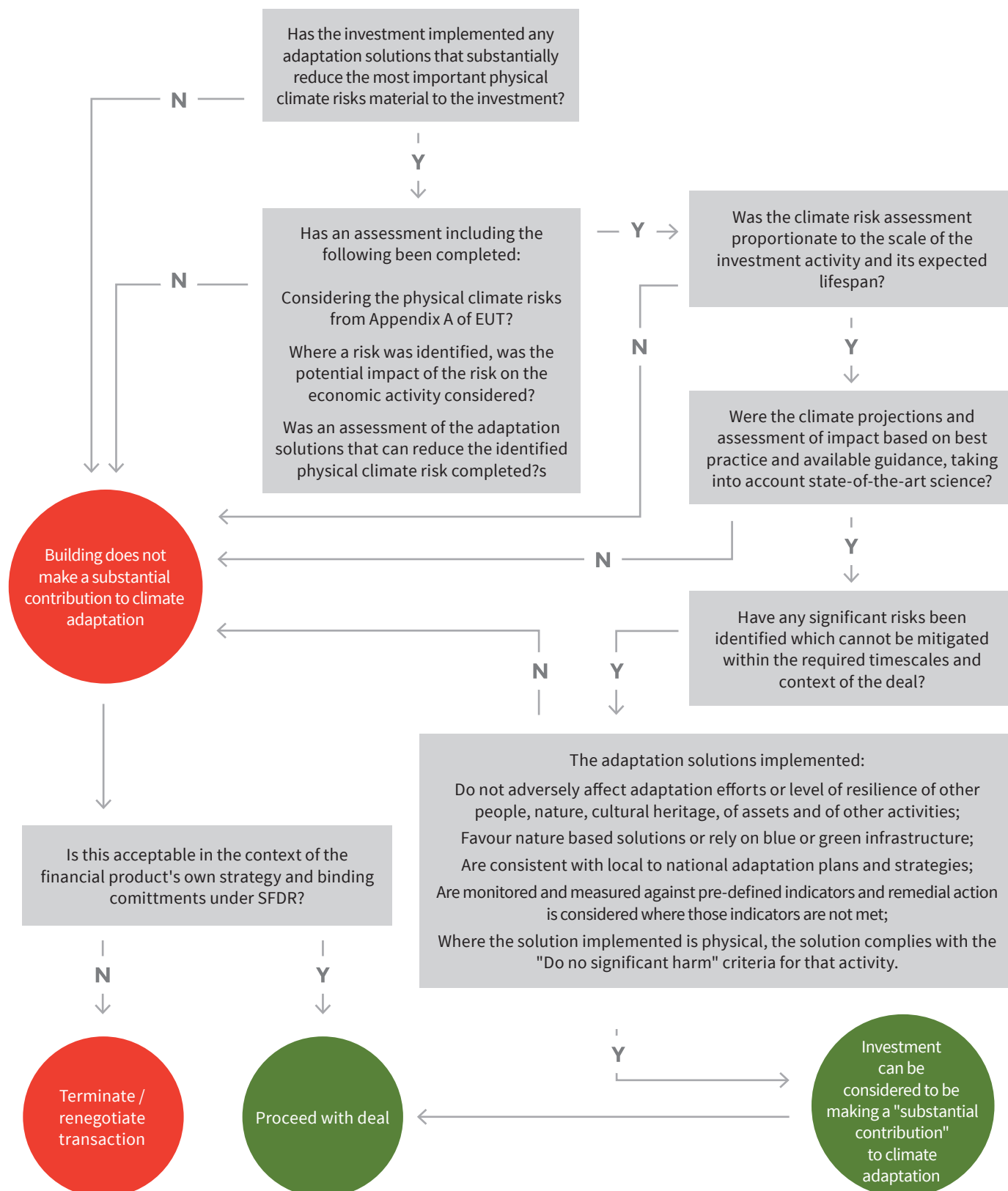
EU TAXONOMY SCREENING FOR "CONTRIBUTION TO CLIMATE ADAPTATION"

Assessment of whether the investment makes a "substantial contribution" to climate adaptation

With regard to the decision trees for both the SFDR PAIs and EU Taxonomy criteria, please note that these are primarily intended to be used for financial products in-scope of SFDR (but can also be used as a useful optional resource for non-SFDR Funds). The decision trees should be used with due consideration to the commitments and disclosures made by the

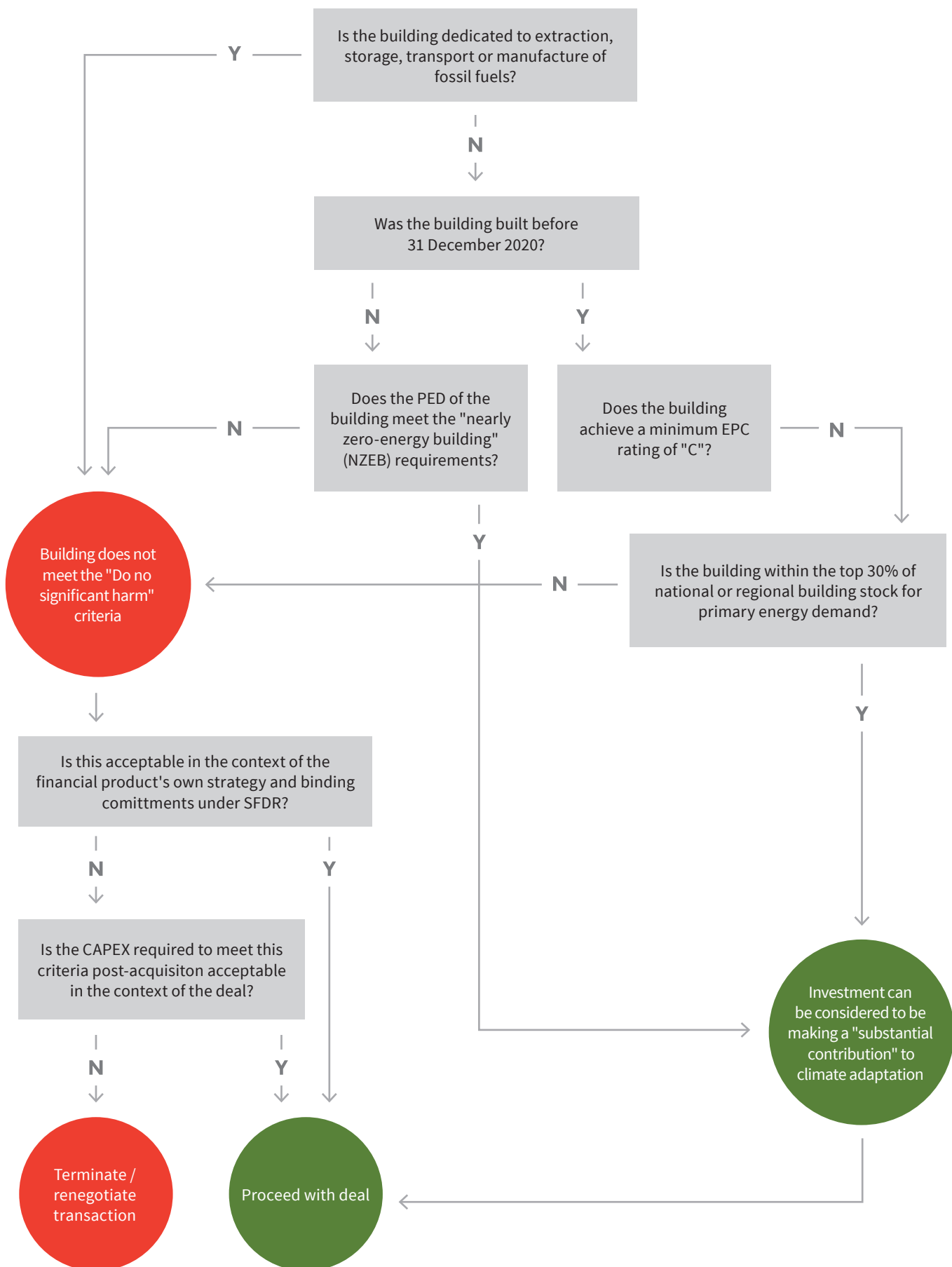
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EU TAXONOMY SCREENING FOR "CONTRIBUTION TO CLIMATE ADAPTATION"

Assessment of whether the investment meets the "do no significant harm" criteria



Asset Onboarding Review

Once acquisition is complete, it is important to take stock and review all the information that has been collected about a property. As an asset is onboarded into the buyer's portfolio, the managing agent will play an increasingly important role in ensuring that the relevant sustainability data and evidence that was collected during the initial screening and technical due diligence phases, is appropriately stored, managed, and utilised.

The Sustainability Investment Checklist includes a series of questions and checks typically suitable in preparation for and during the Asset Onboarding stage. This section sets out a series of more general considerations for the new property owner, their property management team, and any relevant advisors during this onboarding phase.

It is considered best-practice to pose the following questions at this stage to facilitate the process of reviewing the information that was gathered during due diligence, identifying key information gaps, and considering how this information should feed into property management and asset management plans. **It should be noted that this section is not intended as a prescriptive or exhaustive instruction on onboarding.** At the end of the section, we have provided a series of suggested further reading.

1. HAS ALL THE RELEVANT INFORMATION BEEN INTEGRATED ONTO THE NEW PROPERTY OWNER'S SYSTEMS?

It is important for the new property owner to consider how all the information gathered during the acquisition process is stored and made available for future use e.g. any asset management software, property management software, environmental management software. It is considered best-practice to record such information digitally and for it to be widely accessible within an organisation. This avoids information remaining in organisational silos. This is beneficial in enabling management of sustainability risks and opportunities, as well as internal and external reporting. A further benefit of this approach is that information is readily available for transfer to a new property owner if a decision is made to dispose of the property. This may be considered as a condition of sale, sometimes made available in data rooms, and often intermediated by a third party.

Alongside the due diligence assessment documents, it is also important that records of investment committee papers, screening tools/ checklists relating to the acquisition are saved on file, to ensure there is a robust evidence base for how ESG was assessed and integrated into the decision-making process (to satisfy requirements under SFDR, for example).

It is important to review the current property management programmes in place and ensure the property management team have all the necessary information to allow them to effectively manage the property. This should include the items listed in Figure 5 below.

Figure 5: Information recommended to be collected, stored, and managed by property management teams following asset onboarding



If the property management is being carried out by a third party, it is also important that appropriate management processes are put in place to ensure the property owner's expectations are met.

2. IS THE INFORMATION RECEIVED FROM THE VENDOR OF SATISFACTORY QUALITY, AND IS THERE INFORMATION OUTSTANDING POST-ACQUISITION?

At the point of onboarding, information requested during due diligence may remain outstanding, be deemed outdated or of unsatisfactory quality. Property owners may consider commissioning their own independent assessments to fill information gaps or obtain up-to-date information since it is unlikely that the vendor will respond to any outstanding requests for information. e.g. Metering Plan, Energy Audit, Site Drainage Plan, Occupier Handbook post-acquisition. This is likely to apply to items which were not flagged as investment critical during screening and due diligence.

Decisions on whether to commission additional work will be dependent on the use case, cost and perceived value and risk. The level of currency and accuracy of the information may be more or less important depending on this.

3. HAVE THE RISKS AND OPPORTUNITIES IDENTIFIED DURING DUE-DILIGENCE BEEN SATISFACTORILY MANAGED?

All risks and opportunities identified during due diligence should be reviewed with roles and responsibilities identified (e.g. between asset management and property management teams). These should also be incorporated into the relevant plans and schedules for the property, including any budgeting implications i.e. asset management plans, capex / service charge budgets and property management programmes. It is important to ensure that all risks have been included and priced for as part of underwriting processes.

Risks and opportunities will typically be identified from various sources, for example: EPC Recommendations Report, Physical Climate Risk Reports (e.g. flood reports), Building Survey, M&E Report, Air Conditioning Inspection Report, level of metering, Energy and/or Net Zero, Water, Waste and Biodiversity Audits, Post-Occupancy Evaluations, regulatory required reports/assessments e.g. EU Taxonomy alignment.

Some further specific considerations include:

1. **Green leases** – the focus during the asset onboarding should be operationalising these, tracking which clauses are in the lease contract, and ensuring landlord/tenant obligations are met/progressed. For further information, please see the [BBP's Green Lease Toolkit](#) (2024)
2. **Occupier engagement strategy** – the focus during the asset onboarding should be initiating conversations with tenant on their ESG /sustainability strategy and seeking

to identify areas of common ground that might serve as a foundation for ongoing dialogue and collaboration. For further information please see the [BBP's Industry Insight Paper: Owner-Occupier engagement on sustainability: unlocking potential for collaboration](#)

3. **Solar PV infrastructure** – the focus during the asset onboarding should be confirming the size, condition, ownership/management & insurance arrangement of Solar PV (and any associated electric vehicle (EV) charging) infrastructure – confirming relevant details for ongoing management.

Suggested further reading:

This box provides a series of recommendations to the reader on the onboarding of an asset into the new owner's property management / asset management practices, some of which are referenced in this section.

[1. BBP's Managing for Performance Framework](#)

The BBP's Managing for Performance Framework provides further guidance for property managers on how to gather and use information about the property to optimise its energy efficiency and performance.

[2. BBP Responsible Property Management Toolkit](#)

This Responsible Property Management Toolkit provides practical guidance for asset managers, property managers and facilities managers on embedding sustainability within property management services.

[3. BBP Industry Insight Paper: Owner-Occupier engagement on sustainability: unlocking potential for collaboration](#)

Led by the BBP on behalf of its members and delivered collaboratively through engagement with the BBP Owner Occupier Forum, this BBP Industry Insight Paper is based on a series of structured, in-depth interviews with owners and occupiers designed to better understand the challenges and opportunities that exist between property owners and occupiers.

[4. BBP Green Lease Toolkit](#)

This is a comprehensive online resource designed to promote sustainability in commercial real estate. With legal clauses covering key areas such as building management, circular economy, waste, and renewable energy, the toolkit offers suggested drafting variations categorised as "light," "medium," or "dark" to cater to users at various stages of their green leasing journey.

Acknowledgements

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Abbreviations

aM&T	Automatic Monitoring & Targeting
AMR	Automatic Meter Reading
BIM	Building Information Model
BMS	Building Management System
BREEAM	Building Research Establishment Environmental Assessment Method
CAPEX	Capital Expenditure
CIBSE	Chartered Institute for Building Services Engineers
CO	Carbon Monoxide
CO ₂	Carbon Dioxide
CPSE	Commercial Property Standard Enquiries
CREFCE	Commercial Real Estate Finance Council Europe
DEC	Display Energy Certificates
DNO	District Network Operator
EMS	Environmental Management System
EPBD	Energy Performance of Buildings Directive
EPC	Energy Performance Certificate
ESOS	Energy Savings Opportunities Scheme
EUI	Energy Use Intensity
FITs	Feed-in Tariffs
HVAC	Heating, Ventilation and Air-conditioning
INREV	European Association for Investors in Non-Listed Real Estate Vehicles
kWh	Kilowatt-hour
LEED	Leadership in Energy and Environmental Design
LMA	Loan Market Association
M&E	Mechanical & Electrical
MEES	Minimum Energy Efficiency Standard
MID	Measuring Instruments Directive
MOP	Meter Operator
MPAN	Meter Point Administration Number
MPRN	Meter Point Reference Number
NZCBS	Net Zero Carbon Buildings Standard
OPEX	Operating Expense
PPM	Planned Preventative Maintenance
RHI	Renewable Heat Incentive
RICS	Royal Institution of Chartered Surveyors
ROCs	Renewables Obligation Certificates
SFDR	Sustainable Finance Disclosure Regulation
ULI	Urban Land Institute
VOCs	Volatile Organic Compounds

