2018 Debt Assessment
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About GRESB

GRESB is an industry-driven organization transforming the way capital markets assess the environmental, social and governance (ESG) performance of real asset investments.

GRESB data and analytical tools are used by over 70 institutional and retail investors, including pension funds and insurance companies, collectively representing over USD 17 trillion in institutional capital, to engage with investment managers to enhance and protect shareholder value.

For more information, visit gresb.com. Follow @GRESB on Twitter.

About the 2018 GRESB Debt Assessment

The GRESB Debt Assessment is an ESG engagement and benchmarking tool for primary lenders including regional and national banks; insurance companies; private equity debt funds; and mortgage REITs. The benchmark is tailored to real estate lenders with specific focus on sustainability actions related to:

- Corporate ESG policies and business unit implementation
- Loan origination, due diligence and stakeholder engagement processes
- Property-level collateral monitoring methods
- Targeted loan programs and asset upgrade financing offerings

The Assessment is structured into three sections with 26 Core indicators along with five sector-specific indicators applicable to the lending units of banks and insurance companies, and a different set of five indicators applicable to private equity funds.

Participants answer 31 indicators that assess performance against 6 Sustainability Aspects:

- Management - Sustainability objectives as integrated into lending practices
- Policy & Disclosure - Existence of sustainability policies and performance disclosure
- Due Diligence - Application of sustainability considerations into the underwriting process
- Monitoring - Use of specific KPIs to measure the sustainability performance of existing loans and ongoing loan monitoring
- Risks & Opportunities - Actions taken to address sustainability risks
- Sector-Specific - Tailored aspects applicable to private equity funds and institutional lenders including banks and insurance companies.

The Assessment results provide opportunities to identify strengths and areas for improvement, both in absolute terms and relative to peers. Participants use their results to inform business planning and deepen stakeholder communication on sustainability issues.

For mortgage REITs and private equity real estate funds, the GRESB Debt Assessment serves as an outward facing communication tool to GRESB’s institutional investor members, and to the capital markets more broadly. Annual participation communicates commitment to ESG management practices and the incorporation of sustainability techniques into commercial real estate lending.
Participation and Membership

Participation in the Debt Assessment is free of charge. All participants receive a Scorecard with a summary of ESG performance. Participants do not need to be GRESB Members.

GRESB Members receive a bundle of benefits including a detailed Benchmark Report detailing current strengths and opportunities for improvement, business intelligence from peer-to-peer comparisons, and a thematic analysis of aspect scores. Members also receive a high-level pre-submission response check, and increased engagement opportunities including the opportunity to participate on the GRESB Debt Advisory Board.

Who can see my data?

GRESB Debt Assessment results and underlying information are private and not disclosed to any third parties. Data is submitted to GRESB through a secure online platform and can only be seen by current GRESB staff, or authorized personnel from GRESB’s parent company (GBCI, Inc). as necessary for the data validation process.

Timeline and Process

The GRESB Debt Assessment opens on April 1, 2018 via the assessment portal available at GRESB.com. The submission deadline is July 1, 2018 which provides participants a three-month window to complete the Assessment. This is a fixed deadline, and GRESB will not accept submissions received after this date.

The GRESB validation process starts on June 15 and continues until July 31, 2018. We may need to contact you during this time to clarify any issues with your response.

Results are published in September and are distributed as follows:

- Participants: Receive a Scorecard for each submission.
- Members: Members receive a full Benchmark Report for each submission, access to additional functionality in the Member Portal and preferential marketing, industry recognition, and networking opportunities.

Response Check

A Response Check is a high-level check of a participant’s Assessment response prior to final submission. It helps to reduce errors that may adversely impact the Assessment results and ensures the submission is as complete as possible.

The Response Check is available for request from April 1 to June 8, 2018 subject to available resources. We strongly encourage participants to place their request as early as possible.

Members are able to request a complimentary Response Check for one entity as a membership benefits.
Guidance & Support

The Assessment Portal is accompanied by indicator-specific guidance, available under the “Guidance” tab that describes:

- Intent of each indicator;
- Requirements for each response;
- Explanation of any terminology used;
- Basic scoring information;
- Number of points available.

In addition to the guidance found in the Portal, the GRESB Debt Assessment is accompanied by a Reference Guide. The Reference Guide provides general introductory information and provides indicator-by-indicator guidance that is also available under the Guidance tab in the Portal. The GRESB Debt Reference Guide will be available on March 1, 2018.

The GRESB Assessment Portal has the following tools and functionality to help ensure an efficient and accurate submission:

- The pre-filling function adds the information already provided in previous years.
- The document section provides an overview of documents submitted as evidence.
- The Portal allows participants to upload multiple documents as evidence per indicator, eliminating the need to merge different documentation into one file.
- Participants can manage access rights, adding users with different levels of access.
- The Portal has real-time error detection systems and warnings.
- The Template Tool enables participants to copy information across multiple submissions (available for GRESB Members only).
2018 Debt Assessment changes

GRESB works closely with its Members and broader industry stakeholders to ensure the Debt Assessment addresses sustainability issues specific to real estate lenders. Following extensive industry engagement and consultation with the GRESB Debt Advisory Board and 2017 Participants, the 2018 Debt Assessment introduces structural updates, new indicators and refinements to existing indicators.

The table below contains information on the most substantial of these improvements.

## Entity & Reporting Characteristics

<table>
<thead>
<tr>
<th>EC3</th>
<th>Improvements to entity type definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rationale for change:</strong></td>
<td>Refines the entity definition to focus on lender type rather than legal structure. This change is necessary for better peer grouping and providing sector-specific indicators.</td>
</tr>
<tr>
<td><strong>Impact of change:</strong></td>
<td>No significant impact.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RC6</th>
<th>New indicator - open text box</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rationale for change:</strong></td>
<td>Multiple participants indicated interest in the opportunity to communicate key sustainability achievements over the reporting period. This non-scored, open text box will be for reporting purposes only and included in the Benchmark Report.</td>
</tr>
<tr>
<td><strong>Impact of change:</strong></td>
<td>No significant impact.</td>
</tr>
</tbody>
</table>

## Management

<table>
<thead>
<tr>
<th>MA1.1</th>
<th>Additional text boxes - explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rationale for change:</strong></td>
<td>Each radio button contains a new text box for providing additional contextual information. The new structure allows participants to define specific objectives/ targets/KPIs. Previously this opportunity was included in Q1.2.</td>
</tr>
<tr>
<td><strong>Impact of change:</strong></td>
<td>Information will be validated and scored.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MA1.2</th>
<th>New indicator - sustainability objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rationale for change:</strong></td>
<td>Scope changed to emphasize actions taken to achieve objectives tied to MA1.1. This change supports the Debt Assessment emphasis on implementation actions. Scope of the Open Text Box is expanded to require a description of metrics used to track implementation progress.</td>
</tr>
<tr>
<td><strong>Impact of change:</strong></td>
<td>2018 Assessment participants must select applicable checkboxes then provide necessary context for validation and scoring.</td>
</tr>
</tbody>
</table>
**MA3.2 Additional changes - investment committee review**

**Rationale for change:** Scope changed from a narrower focus on the presence of a senior decision-maker with sustainability responsibility to now emphasize the investment committee process including sustainability-themed items reviewed during loan approval. The open text box scope request context on the loan review process along with actions committee takes to mitigate sustainability risks.

**Impact of change:** Participants must select applicable checkbox(es) and provide substantive context to receive points. This open text box will be validated and scored.

**Policy & Disclosure**

**PD1.1 Internal guidance - decision making framework**

**Rationale for change:** A range of guidance levels inform this indicator, and are provided to ensure better representation of participant actions. Evidence is mandatory and will be validated.

**Impact of change:** The level of internal guidance in place impacts scoring.

**PD1.2 Additional checkboxes - asset metrics, project scope and property type**

**Rationale for change:** Participants requested an opportunity to report more granular aspects to this internal guidance. Certain options connect to Q8 in the 2017 Debt Assessment.

**Impact of change:** Participants must select applicable checkbox(es) and provide substantive context to receive points. This open text box will be validated and scored.

**PD2 New indicator - post-close data monitoring**

**Rationale for change:** As lenders gather more sustainability-related metrics, a systematic approach to data collection is needed for improved risk management. Presence of a written guidance document signals the presence of a systematic approach.

**Impact of change:** The new indicator substitutes Q9 and will be scored in 2018.

**PD3 Enhanced indicator scope**

**Rationale for change:** Scope of this indicator has improved to emphasize lender engagement and involvement with evolving industry practice.

**Impact of change:** The engagement scope impacts scoring.
Due Diligence

**DD4**  
**New indicator - sustainability scorecard**

**Rationale for change:** Multiple 2017 Debt Assessment participants reported implementing sustainability-related scorecards to inform borrower and collateral analysis. This indicator allows participants to report the technique utilized.

**Impact of change:** This new indicator substitutes Q14 and will be scored in 2018.

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Monitoring

**ME1.1**  
**Indicator refinement - borrower emphasis**

**Rationale for change:** This refinement is focused on sustainability-related KPI tracking specific to the borrower.

**Impact of change:** The new indicator substitutes Q16 and will be scored in 2018.

**ME1.2**  
**Indicator refinement - asset emphasis**

**Rationale for change:** Indicator structure changed to offer opportunity to focus on asset type, relevant KPIs, and update frequency.

**Impact of change:** Update frequencies will be validated and scored.

**ME3**  
**Granular certification levels**

**Rationale for change:** Multiple participants reported tracking energy rating levels and the types of achieved building certificates within the loan portfolio. This new indicator structure allows participants to report certification level exposure.

**Impact of change:** Percentage coverage of all applicable certifications and levels is necessary to complete this indicator.

**ME4**  
**Building certification monitoring capabilities**

**Rationale for change:** To decrease reporting burden and improve data quality, new building certifications must be selected from the dropdown menu, then reported based on portfolio percentage coverage.

**Impact of change:** The ability to granularity identify building certifications, by level and points achieved, will be used in scoring.
Risks & Opportunities

R01.1 Additional checkboxes - valuation frameworks

Rationale for change: Focus of the indicator is how lenders include sustainability attributes in the valuation assignment. Participants may choose from existing frameworks or otherwise explain their approach.

Impact of change: The refined indicator substitutes Q23.1 and will be scored in 2018. Open text box is mandatory, and will be validated and scored.

R01.2 New indicator - post-close valuation attributes

Rationale for change: This indicator identifies the post-close valuation process as to the inclusion of sustainability attributes. Participants may select all applicable textbox(es) for this indicator.

Impact of change: The indicator replaces Q23.2 and is scored.

R04 Long-term sustainability risk identification

Rationale for change: The 2018 GRESB Debt Assessment includes additional checkboxes to better reflect key long-term sustainability risks faced by lenders. Participants may select applicable checkboxes when submitting this indicator.

Impact of change: No significant impact.

Fund Indicators

FUND1 Sustainability oversight - responsibilities and organizational reach

Rationale for change: Updated indicator structure allows participants to better define scope of the sustainability taskforce/committee.

Impact of change: No significant change.

FUND3 New indicator - asset improvement plan

Rationale for change: Multiple 2017 participants noted they require borrowers to provide asset improvement plans as condition of loan approval. This indicator allows participants to elaborate on the applicability and scope of asset improvement plans.

Impact of change: All information components are used to score this indicator.
FUND4  New indicator - social impacts

**Rationale for change:** Social impact review is necessary for commercial real estate lenders to integrate and track portfolio impacts.

**Impact of change:** Participants may select applicable checkboxes. This indicator will be scored in 2018.

FUND5  New indicator - long-term risk mitigation strategies

**Rationale for change:** This indicator asks participants to describe their approach to mitigating long-term sustainability risks in the real estate loan portfolio.

**Impact of change:** Completing this open text box is mandatory; this indicator will be validated and scored.

Bank Indicators

BANK1  Refinements - additional description opportunity

**Rationale for change:** Multiple 2017 Debt Assessment participants reported requiring specific metrics/thresholds for green loan product/program eligibility and/or internal impact targets.

**Impact of change:** Additional information contained in text boxes will be validated and scored.

BANK3  New indicator - green certification review

**Rationale for change:** Specific points achieved during green building certification provide supplementary information for risk management and review. Lenders should focus beyond the building certification level to include the specific points achieved.

**Impact of change:** This new indicator is scored.

BANK4  New indicator - dedicated capital

**Rationale for change:** Multiple 2017 GRESB Debt participants maintain capital commitments earmarked for financing property efficiency upgrades. This indicator allows participants to report progress, targeted impacts and achievements.

**Impact of change:** All components of this indicator will be scored in 2018.

BANK5  New indicator - notification process

**Rationale for change:** Advanced borrower and asset-based data tracking can identify future portfolio risk issues. Participants may select all applicable criteria and provide relevant context in the open text box.

**Impact of change:** All components will be used for validation and scoring.
Entity & Reporting Characteristics

Entity Characteristics

EC1 Legal characteristics

Entity/Business unit name: ____________
Organization name (if applicable): ____________

EC2 Location of the entity's headquarters office:

Street Address: ____________
City: ____________
Region/State: ____________
Country: [Country ▼]

EC3 Nature of the entity

To best determine peer groups, please select the most applicable lender type

☐ Private equity real estate debt fund
☐ Mortgage REIT
☐ Bank specializing in property investment/development financing
☐ Real estate lending unit of a: [select applicable]
  ☐ Bank
  ☐ Insurance company
  ☐ Pension fund
  ☐ Sovereign wealth fund

The entity is a:

☐ Listed company
  Please specify ISIN/ticker: ____________
☐ Non-listed company
☐ Other: ____________
**EC4  Nature of the business:**

Please note that reported percentages can’t exceed 100%

- **Loan originator**
  - Percentage of originations held on balance sheet: ____________%
  - Percentage of originations syndicated: ____________%
  - Percentage of originations securitized: ____________%

- **Loan purchaser**
  - Percentage of portfolio purchased: ____________%

**EC5  The reporting period is:**

- Calendar year
- Fiscal year

Specify the starting month

**Reporting Characteristics**

**RC1  Values are reported in:**

Choose from the following currencies:

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

**RC2  What is the aggregate unpaid principal balance (i.e. outstanding loan value) of the entity’s portfolio at the end of the reporting period?**

Please report this value in millions taking into account currency reported in RC1

____________
**RC3** For peer group purposes, describe the loan portfolio composition:

<table>
<thead>
<tr>
<th>Debt Strategy</th>
<th>% of loan portfolio</th>
<th>Average Loan Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior whole loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subordinated loans (mezzanine/junior)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Syndicated loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securitized loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RC4** Which countries and property types are included in the entity’s portfolio?

<table>
<thead>
<tr>
<th>Country</th>
<th>% of loan portfolio</th>
<th>Number of Assets</th>
<th>% Property Type by Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Retail</td>
</tr>
<tr>
<td>Country</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Country</td>
<td></td>
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</tr>
<tr>
<td>Country</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**RC5** Provide additional context describing the lending activity and/or loan portfolio (reporting purposes only)

_________________

**RC6** Please describe any sustainability-based achievements over the prior 12-month period related to originating and/or managing the loan portfolio (reporting purposes only)

_________________
Sustainability Objectives

MA1.1 Does the entity/business unit have sustainability objectives related to real estate lending?

- Yes
  - ESG issues are broadly addressed within stakeholder communications
    - Main sustainability themes include: ____________
  - The entity has clearly defined sustainability objectives and/or targets
    - First objective/target: ____________
    - Second objective/target: ____________
    - Third objective/target: ____________
  - Sustainability objectives/targets are tied to key performance indicators [KPIs]
    - First KPI: ____________
    - Second KPI: ____________
    - Third KPI: ____________

- No
**MA1.2** Does the entity/business unit take specific steps to achieve the sustainability objectives reported in MA1.1?

- Yes
  
  Select all applicable actions:
  - Engage borrower regarding underperforming assets
  - Formulate borrower’s sustainability profile
  - Provide dedicated financing for sustainability-based property improvements
  - Enforce external ESG standards
  - Derive an impact analysis of new construction/major renovation
  - Analyse long-term sustainability risks of the lending portfolio
  - Monitor and review asset-level consumption data
  - Develop standalone sustainable lending policy
  - Track asset-level sustainability KPIs
  - Use energy / water / waste metrics as a loan sub-condition
  - Other: ____________

  Describe connection to the objectives and metrics used to track implementation (maximum 200 words)

  ____________

- No
MA2 Does the entity/business unit have one or more persons responsible for implementing the sustainability objectives referenced in MA1.1?

☐ Yes
  ■ Employee[s] with responsibility for implementation and results
    Provide the details for the most senior of these employees
    Name: ____________
    Job title: ____________
    E-mail: ____________
  ■ Employee[s] responsible for ongoing monitoring and/or KPI reporting
    Provide the details for the most senior of these employees
    Name: ____________
    Job title: ____________
    E-mail: ____________
  ■ Employee[s] for whom sustainability is among their responsibilities
    Provide the details for the most senior of these employees
    Name: ____________
    Job title: ____________
    E-mail: ____________
  ■ Other: ____________
    Provide the details for the most senior of these employees
    Name: ____________
    Job title: ____________
    E-mail: ____________

☐ No
Sustainability Decision Making

MA3.1 Does the entity/business unit have a senior decision maker accountable for ESG issues? Q4.1

Yes

Provide the details for the most senior decision maker

Name: ____________

Job title: ____________

E-mail: ____________

The individual is part of (select most applicable):

- Board of Directors
- Senior Management Team
- Investment Committee
- Loan Portfolio Management
- Loan Servicing Team
- Loan Underwriting Team
- Other: ____________

No

MA3.2 Does the investment committee review ESG-related information during loan approval process? Q4.2

Yes

Select all items reviewed

- Stand-alone sustainability scorecard/analysis
- Congruence with sustainable lending policy
- Asset improvement plan
- Inclusion of sustainability-related covenants
- Other: ____________
- Other: ____________

Please elaborate as to the sustainability-related themes reviewed, and action[s] the investment committee takes to mitigate sustainability risks (maximum 200 words)

____________

No
MA4 Are ESG factors incorporated into annual employee performance reviews?

- Yes
  - ESG performance factors are applicable to (multiple answers possible):
    - Credit Committee
    - Fund/Portfolio Managers
    - Loan Servicing Team
    - Loan Underwriting Team
    - Risk Management Committee
    - Senior Management Team
    - Other: ____________

Does performance outcomes on ESG factors have consequences?

- Yes
  - Financial compensation
  - Non-financial factors
- No
- No
PD1.1 Is there a guidance document that describes how sustainability is incorporated into commercial real estate lending?

- Yes
  - Select applicable level
    - Generalized document that outlines overall approach
    - Guidance that includes specific sustainability aspects/criteria
    - Stand-alone policy describing sustainability approach to lending
  - Policy is applicable during:
    - Initial loan screening
    - Collateral assessment
    - Loan approval process
    - Post-close loan monitoring
    - Other: ____________
  - Upload the policy/guidance: [UPLOAD] OR URL ____________
  - Indicate where in the evidence the relevant information can be found____

- No
**PD1.2** Does the document referenced in PD1.1 include specific sustainability-related requirements?

- **Yes**
  - Select included metrics/aspects:
    - Asset-specific metrics
      - Green Building Certification
      - Energy Rating
      - Historical performance
        - Energy consumption
        - Water consumption
        - Waste diversion
        - Other: ____________
    - Project scope
      - New construction
      - Major renovation/deep retrofit
      - Refurbishment
      - Other: ____________
    - Property types applicable
      - Office
      - Retail
      - Residential
      - Industrial
      - Other: ____________
    - Regional/location considerations
      - Other: ____________
  - Provide context on the practical use of this guidance, its implementation, and its connection to sustainability objectives in real estate lending (maximum 200 words)
    ____________

- **No**
Yes

Select appropriate level

- Generalized document describing loan monitoring process, elements and approach
- Specific guidance that includes sustainability aspects and criteria
- Granular policy informing data collection process including KPIs, frequency, and metrics

Borrowers are required to report:

- Financial data
- Asset-level data
  - Energy Ratings
  - Green Building Certifications
  - Financial performance
  - Other: ____________
  - Other: ____________
- Third party reports
- Other: ____________

Indicate where in the evidence the relevant information can be found____

No
PD3  Does the entity/business unit participate in external forums or industry collaborations designed to evolve lending sustainability practices?

☐ Yes
Select applicable engagement scope
☐ Ad-hoc approach to stakeholder engagement
   Please describe: ____________
☐ Engagement rules are part of high-level policy/guidance document
☐ Stand-alone policy on engagement/collaboration process in real estate lending
Applicable organisations:
☐ Academia/Universities
☐ Government/Regulators
☐ Industry Associations
☐ Investors/Shareholders
☐ NGOs
☐ Other: ____________
UPLOAD OR URL__________
Indicate where in the evidence the relevant information can be found____

☐ No

Sustainability Disclosure

PD4.1  Does the entity disclose its ESG actions and/or performance? 2017 Indicator

☐ Yes
Disclosure locations (multiple answers possible)
☐ Annual Report
Select the applicable reporting level
☐ Dedicated section describing lending actions and/or resultant KPIs
☐ Aggregated lending information is presented along with other business units
UPLOAD OR URL__________
Indicate where in the evidence the relevant information can be found____
Aligned with Guideline name ▼
Sustainability Report
Select the applicable reporting level
- Dedicated section describing lending actions and/or resultant KPIs
- Aggregated lending information is presented along with other business units

Indicate where in the evidence the relevant information can be found
Aligned with

Integrated Report
*Integrated Report must be aligned with the IIRC framework
Select the applicable reporting level
- Dedicated section describing lending actions and/or resultant KPIs
- Aggregated lending information is presented along with other business units

Indicate where in the evidence the relevant information can be found
Aligned with

Corporate website
Select the applicable reporting level
- Dedicated section describing lending actions and/or resultant KPIs
- Aggregated lending information is presented along with other business units

Indicate where in the evidence the relevant information can be found
Aligned with

Investor Report
Select the applicable reporting level
- Dedicated section describing lending actions and/or resultant KPIs
- Aggregated lending information is presented along with other business units

Indicate where in the evidence the relevant information can be found
Aligned with

Other: ____________
Select the applicable reporting level
- Dedicated section describing lending actions and/or resultant KPIs
- Aggregated lending information is presented along with other business units

Indicate where in the evidence the relevant information can be found
Aligned with

Guideline name
- GRI Sustainability Reporting Guidelines
- IIRC International Integrated Reporting Framework
- PRI Reporting Framework
- Other: ____________
## Q6.2 Does the organization have an independent third party review its sustainability disclosure?

- **Yes**
  - Select all applicable options (multiple answers possible, selections must match answers in PD4.1)
  - **Annual Report**
    - Externally checked by [Service provider ▼]
    - Externally verified by [Service provider ▼] using [Scheme name ▼]
    - Externally assured by [Service provider ▼] using [Scheme name ▼]
  - **Sustainability Report**
    - Externally checked by [Service provider ▼]
    - Externally verified by [Service provider ▼] using [Scheme name ▼]
    - Externally assured by [Service provider ▼] using [Scheme name ▼]
  - **Integrated Report**
    - Externally checked by [Service provider ▼]
    - Externally verified by [Service provider ▼] using [Scheme name ▼]
    - Externally assured by [Service provider ▼] using [Scheme name ▼]
  - **Investor Report**
    - Externally checked by [Service provider ▼]
    - Externally verified by [Service provider ▼] using [Scheme name ▼]
    - Externally assured by [Service provider ▼] using [Scheme name ▼]
  - **Other: ____________**
    - Externally checked by [Service provider ▼]
    - Externally verified by [Service provider ▼] using [Scheme name ▼]
    - Externally assured by [Service provider ▼] using [Scheme name ▼]

- **No**
As part of standard due diligence, does the lender evaluate third party provided reports?

- Yes
  - Select reports included in standard due diligence (all loans)
    - Borrower submitted sustainability asset plan
    - Energy consumption audit
    - Environmental assessment (Phase I, ESA)
    - Green building certification documentation/report
    - Monitoring Surveyors report
    - Property condition assessment (PCA)
    - Resilience assessment
    - Sustainability attributes within the appraisal valuation report
    - Waste generation/diversion audit
    - Water consumption audit
    - Other: ____________
  - Upload checklist:
    - UPLOAD
  - Indicate where in the evidence the relevant information can be found____

- No
DD2 Does the lender review asset-specific sustainability risks and opportunities as part of standard review process?

☐ Yes
Select actions and/or risk factors that are considered during regular review
☐ Climate change risks
☐ Energy rating
☐ GHG emissions profile
☐ Habitat biodiversity impact(s)
☐ Health and well-being attributes
☐ Natural hazards
☐ On-site renewable energy installed/generated
☐ Regulatory risk exposure
☐ Socio-economic/demographic factors
☐ Transportation linkages
☐ Other: ___________

Identify sources used in the review process and describe specific KPI metrics utilized (maximum 200 words)
__________

☐ No
DD3 Does the lender perform a comprehensive borrower/sponsor assessment during the underwriting process?

☐ Yes

Select issues that are reviewed

☐ Borrower-specific risks
  ☐ Borrower or sponsor misconduct
  ☐ Environmental fines and penalties
  ☐ Industry-specific risks
  ☐ Regional risks
  ☐ Other: ____________

☐ Sustainability-related actions
  ☐ Sustainability-related objectives/targets
  ☐ Community engagement/social programs
  ☐ Public ESG commitments
  ☐ ESG performance/data disclosure
  ☐ Other: ____________

☐ ESG track record
  ☐ Overall sustainability score
  ☐ Use of Building Certifications
  ☐ Asset-related ESG metrics: (select all applicable)
    ☐ Energy reduction metrics
    ☐ Water reduction metrics
    ☐ Waste/recycling metrics
    ☐ Renewable energy installed/generated
    ☐ GHG metrics
  ☐ Other: ____________

☐ No
Does the lender include a sustainability scorecard/overview in the investment committee document package?

- Yes
  - Borrower or sponsor scorecard/overview
    - Select when it is constructed:
      - All loans
      - Loans above a value threshold
        - Define threshold: ___________
      - Borrowers with negative/minimal ESG track record
      - Other: ___________
  - Loan specific scorecard/overview
    - Select when it is constructed:
      - All loans
      - Loans above a value threshold
        - Define threshold: ___________
      - Loans for specific property types only
      - Loans with climate change risk
      - Construction/redevelopment loans with no sustainability plan
      - Loans with deficiencies identified in third party reports
      - Other: ___________

  Describe main scorecard elements and weights assigned to each component (maximum 200 words)
  
  ___________

- No
Portfolio Monitoring

ME1.1 Does the entity/business unit systematically track sustainability KPIs related to the borrower/sponsor?

- Yes
  - Select all applicable
    - ESG related misconduct (fines, penalties)
    - Climate change risk mitigation actions performed
    - ESG metrics and commitments
      - Sustainability commitments/objectives
      - ESG related disclosure
      - Achievement of sustainability targets
      - Utilization of green lease language
      - Third party sustainability score
    - Provided by
      - Service provider
    - Other metrics: ____________
    - Other KPIs: ____________

- No
Does the entity/business unit systematically track sustainability KPIs related to the loan collateral?

Yes

Select included items

- Asset Ratings
  - Green Building certifications
    - Update frequency
      - Once - at time of origination
      - Semi-Annual
      - Annual
      - Bi-Annual or less

- Energy ratings
  - Update frequency
    - Once - at time of origination
    - Semi-Annual
    - Annual
    - Bi-Annual or less

- Other: ____________

- Performance Indicators
  - Water consumption
    - Update frequency
      - Once - at time of origination
      - Semi-Annual
      - Annual
      - Bi-Annual or less

- Energy consumption
  - Update frequency
    - Once - at time of origination
    - Semi-Annual
    - Annual
    - Bi-Annual or less

- GHG emissions
  - Update frequency
    - Once - at time of origination
    - Semi-Annual
    - Annual
    - Bi-Annual or less

- Other: ____________

No
Does the entity/business unit maintain a systematic process to monitor the existing loan portfolio's exposure to natural hazards?

- Yes
  - Identify natural disasters
    - Flooding
      - Mandatory for:
        - All loans
        - Loans in a specific geographic region / country / area
        - Loans above a size/value threshold
        - Other: __________
    - Earthquakes
      - Mandatory for:
        - All loans
        - Loans in a specific geographic region / country / area
        - Loans above a size/value threshold
        - Other: __________
    - Wildfires
      - Mandatory for:
        - All loans
        - Loans in a specific geographic region / country / area
        - Loans above a size/value threshold
        - Other: __________
    - Drought
      - Mandatory for:
        - All loans
        - Loans in a specific geographic region / country / area
        - Loans above a size/value threshold
        - Other: __________
    - Other: __________
      - Mandatory for:
        - All loans
        - Loans in a specific geographic region / country / area
        - Loans above a size/value threshold
        - Other: __________

What percentage of the loan portfolio is exposed to natural hazards?

__________ %

Describe information sources [third parties, maps, etc.] used, and actions taken to mitigate natural hazard risks [maximum 200 words]

__________

- No
Does the lender monitor energy ratings within the loan portfolio?

- **Yes**

  Select energy ratings and levels present within the entity’s portfolio:
  
  - **EU - Energy Performance Certificate**
    
    Percentage of portfolio covered: ____________%
    
    Please report granular certification levels (must sum up to 100%):
    
    % received A & B level: ____________%
    
    % received C level: ____________%
    
    % received D level: ____________%
    
    % received E level: ____________%
    
    % received F&G level: ____________%
  
  - **Australia - NABERS Energy**
    
    Percentage of portfolio covered: ____________%
    
    Please report granular certification levels (must sum up to 100%):
    
    % received 5-6 stars: ____________%
    
    % received 4-4.5 stars: ____________%
    
    % received 3-3.5 stars: ____________%
    
    % received 0-2.5 stars: ____________%
  
  - **North America - ENERGY STAR**
    
    Percentage of portfolio covered (must sum up to 100%): ____________%
    
    Percentage 75 or higher: ____________%
    
    Percentage less than 75: ____________%
    
  - **Government efficiency benchmark**: ____________
  
  Percentage of portfolio covered: ____________%

- **No**
**ME4**  Does the lender monitor green building certificates within its loan portfolio?

- **Yes**

<table>
<thead>
<tr>
<th>Green Building Certification Scheme</th>
<th>Certification Level</th>
<th>% of Loan Portfolio</th>
<th>Number of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scheme ▼</td>
<td>Level ▼</td>
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<td>Scheme ▼</td>
<td>Level ▼</td>
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<td></td>
</tr>
</tbody>
</table>

- **No**

  A list of provisionally validated certification schemes is provided in the Appendix of the Reference Guide. If you wish to add a new scheme, please contact info@gresb.com, and you will be asked to complete the validation questions for the scheme (see Reference Guide Appendix).
**Market Transformation**

**R01.1** Does the lender instruct valuation professionals to include sustainability related metrics in the valuation assignment?

- **Yes**
  - Define framework
    - RICS Red Book – Global Standards 2017 with Mandatory application of VPGA8 Para 2.6 (c).
    - Sustainability and commercial property valuation - RICS GN, 2nd edition
    - Whole life carbon assessment for the built environment - RICS PS, 1st edition
    - Sustainability: improving performance in existing buildings - RICS GN, 1st edition
    - IPD/RICS Sustainability Inspection checklist
    - Lender defined/updated inspection checklist
      - Please select components
        - Equipment operating efficiencies - energy/water
        - Advanced building controls
        - Renewable energy installed/generated
        - Peak load energy demand reduction
        - On-site energy storage
        - Indoor environmental quality
        - Multi-modal transit access
        - Other: ___________
    - Other: ___________
  - Elaborate as to the degree of integration into the valuation assignment and how sustainability attributes are considered (maximum 200 words)
    - ___________

- **No**
**R01.2** Does the lender require periodic valuations during the loan term?

- **Yes**
  - Identify items included
    - Property condition assessment reports
    - Energy ratings
    - Energy audits
    - Statements of energy performance
    - Building commissioning reports
    - Green building certification scorecard/report
    - Sustainability attributes not required
    - Other: ____________
  - No

**R02** Does the entity/business unit provide additional financing for efficiency improvements?

- **Yes**
  - Please define the scope
    - Stand-alone financing program
    - Ad-hoc lending approach
  - Financing is meant for these positive impacts:
    - Improved water efficiency
    - Reduced GHG emissions
    - Improved energy efficiency
    - Improved waste management
    - Use of re-usable materials (circular economy)
    - Other: ____________
  - Provide additional information as to eligibility requirements and impact tracking (maximum 200 words)
    - ____________
    - UPLOAD OR URL ____________
    - Indicate where in the evidence the relevant information can be found
  - No
Are there instances of sustainability KPIs used as loan covenants in your portfolio?

- Yes
  - Select when covenants are used
    - For a specific property type
      Explain in which cases this was applied
      ___________
    - For a specific region
      Explain in which cases this was applied
      ___________
    - For specific financing
      - New construction
      - Tenant fit-outs and refurbishments
      - Deep retrofit/renovation
      - Other: ___________
      - Other: ___________
      - Other: ___________
  - Describe third-party standards referenced in covenants and granular KPI metrics used (maximum 200 words)
    ___________

- No

Has the lender identified long-term sustainability risks that may impact the existing loan portfolio?

- Yes
  - Please select identified risks
    - Regulatory risk
    - Obsolescence risk
    - Climate change risk
    - Other: ___________
    - Other: ___________
    - Other: ___________
  - Describe actions to measure these risks and track impact (maximum 200 words)
    ___________

- No
Fund Indicators

FUND1  Does the organization have a sustainability taskforce or committee?  Q3

Yes
Please define scope
☐ High-level taskforce that oversees sustainability in the organization
☐ Stand-alone committee focusing on incorporating sustainability in real estate lending

Select the issue(s) assigned to the taskforce
☐ Develop/refine policies to include sustainability issues
☐ Policy oversight/implementation
☐ Product development
☐ Research/analyze sustainability risk impacts
☐ Determine and track relevant KPIs
☐ Inform stakeholder reporting
☐ Research industry best practice
☐ Formal executive level advisory
☐ Other: ____________

No

FUND2  Does the lender review borrower's sustainability-based actions during and/or after completion of property improvements?  Q15

Yes
Select actions used to ensure adherence
☐ Third party document review
☐ On-site property visit(s)
☐ Review of final green building certification documents
☐ Require energy rating within one year of occupancy
☐ Other: ____________

Describe the process to ensure borrower adherence during improvements and any follow-up actions after completion (maximum 200 words)

____________

No
**FUND3** Does the entity/business unit request an asset improvement plan as part of due diligence?

- Yes
  - Define when asset improvement plan is required
    - For specific property types
    - For specific regions
    - Asset falls below defined threshold:
      - Loan size
      - Asset rating level
      - Other: ____________
    - Asset falls below external threshold (law, regulation)
    - Other: ____________
  - Elaborate which components are reviewed and any minimum improvements required (maximum 200 words)
    - ____________
- No

**FUND4** Does the entity/business unit assess the social impact of the loan?

- Yes
  - Positive impact(s)
    - Affordable housing
    - Projects for underserved communities
    - Refurbishment of ageing buildings
    - 'Property-backed' social businesses
    - Other: ____________
  - Negative exclusion
    - Please identify decision metrics: ____________
    - Other: ____________
- No
FUND5 Has the entity/business unit developed a mitigation strategy for all identified long-term sustainability risks?

☐ Yes
  Describe long-term mitigation strategy elements and implementation process (maximum 200 words)
  ______________

☐ No
Bank Indicators

**BANK1** Does the lender specifically offer loans that are aimed at positive environmental impact?  

- [ ] Yes
  
  Select criteria borrower must achieve
  
  - [ ] Building certification(s)
    
    Please elaborate applicable certification labels and levels
    
    ____________
  
  - [ ] Energy rating
    
    Please elaborate applicable certification labels and levels
    
    ____________
  
  - [ ] Energy efficiency upgrades
    
    Please elaborate on applicable threshold/improvement minimum
    
    ____________
  
  - [ ] Water efficiency upgrades
    
    Please elaborate on applicable threshold/improvement minimum
    
    ____________
  
  - [ ] Renewable energy installations
  
  - [ ] Other: ____________
  
  Explain who can receive these loans and any additional review checks applied (maximum 200 words)
  
  ____________

- [ ] No
BANK2  Does the lender provide incentives for loans with positive impact(s)?

- Yes
  - Select all applicable:
    - Greater loan proceeds
    - Reduced interest rate
    - Greater LTV ratio
    - Increased debt service coverage ratio
    - Other: ____________
  - UPLOAD OR URL____________
  - Indicate where in the evidence the relevant information can be found____
- No

BANK3  Does the lender inspect the points and/or scorecard underlying a green building certification?

- Yes
  - Review level
    - Focus only on used certification scheme
    - Analysis limited to certification scheme and level
    - Analysis focused on certification scheme, level and specific credit achievement(s)
      - Presence of specific prerequisites
      - Energy
      - GHG
      - Water
      - Waste
      - Transportation
      - Other: ____________
- No
**BANK4** Does the lender have dedicated capital for financing property improvements?

- **Yes**
  - Long term commitment (until 2020 in millions): ____________
  - Describe progress to date:
  - Total value of loans provided for property improvements (within reporting period):
    ____________
  - Describe targeted impacts and applicable property types/regions (maximum 200 words)
    ____________

- **No**

**BANK5** Does the lender have internal notification system to identify future risks?

- **Yes**
  - Select criteria used for determining risk level
    - Asset criteria
      - High energy intensities
      - High water intensities
      - Expired green building certifications
      - Lapsed energy ratings
      - Other: ____________
    - Borrower-level criteria
      - Absence of sustainability track record
      - Absence of sustainability commitment
      - Other: ____________
      - Other: ____________
    - Describe how the notification system is used including context on the borrower engagement process (maximum 200 words)
      ____________

- **No**