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Exposure Draft

IFRS[®] Sustainability Disclosure Standard

[Draft] IFRS S2 Climate-related Disclosures Appendix B Industry-based disclosure requirements

Volume B37—Real Estate Services

Comments to be received by 29 July 2022



This industry from Appendix B Industry-based disclosure requirements accompanies the Exposure Draft ED/2022/S2 *Climate-related Disclosures* (published March 2022; see separate booklet). It is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by 29 July 2022 and should be submitted by email to commentletters@ifrs.org or online at <https://www.ifrs.org/projects/open-for-comment/>.

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Introduction

This volume is part of Appendix B of [draft] IFRS S2 Climate-related Disclosures and is an integral part of that [draft] Standard. It has the same authority as the other parts of that [draft] Standard.

This volume sets out the requirements for identifying, measuring and disclosing information related to an entity's significant climate-related risks and opportunities that are associated with specific business models, economic activities and other common features that characterise participation in this industry.

The industry-based disclosure requirements are derived from SASB Standards (see paragraphs B10–B12 of [Draft] IFRS S2 *Climate-related Disclosures*). Amendments to the SASB Standards, described in paragraph B11, are marked up for ease of reference. New text is underlined and deleted text is struck through. The metric codes used in SASB Standards have also been included, where applicable, for ease of reference. For additional context regarding the industry-based disclosure requirements contained in this volume, including structure and terminology, application and illustrative examples, refer to Appendix B paragraphs B3–B17.

Real Estate Services

Industry Description

The Real Estate Services industry is composed of companies that provide a range of services to real estate owners, tenants, investors, and developers. Primary services include property management, brokerage, appraisal, and information services for real estate owners. Property management services may include leasing, tenant relations, building maintenance, and building security. Many companies also provide brokerage services, facilitating sales and leasing transactions. Appraisals and other advisory or information services are other specialized services that are commonly provided to clients. Companies in the industry play important roles in the real estate value chain, which is a substantial part of the global economy.

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Sustainability Services	Revenue from energy and sustainability services ⁵⁵	Quantitative	Reporting currency	IF-RS-410a.1
	(1) Floor area and (2) number of buildings under management provided with energy and sustainability services	Quantitative	Square feet (ft ²), Number	IF-RS-410a.2
	(1) Floor area and (2) number of buildings under management that obtained an energy rating	Quantitative	Square feet (ft ²), Number	IF-RS-410a.3

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of property management clients, categorized by: (1) tenants and (2) real estate owners	Quantitative	Number	IF-RS-000.A
Floor area under management with owner operational control ⁵⁶	Quantitative	Square feet (ft ²)	IF-RS-000.B

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⁵⁵ Note to IF-RS-410a.1 – The entity shall provide a description of the energy and sustainability services it offers.

⁵⁶ Note to IF-RS-000.B – The scope of floor area under management with owner operational control shall only include that portion of gross rentable floor area where property management services are provided and for which the real estate owner has operational control, where operational control is defined consistent with the 2018 GRESB® Real Estate Assessment Reference Guide as “having the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.”

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ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of buildings under management with owner operational control ⁵⁷	Quantitative	Number	IF-RS-000.C
Number of leases transacted, categorized by: (1) tenants and (2) real estate owners ⁵⁸	Quantitative	Number	IF-RS-000.D
Number of appraisals provided	Quantitative	Number	IF-RS-000.E

⁵⁷ Note to IF-RS-000.C – The scope of buildings under management shall only include distinct buildings or real estate assets where property management services are provided and for which the real estate owner has operational control, where operational control is defined consistent with the 2018 GRESB® Real Estate Assessment Reference Guide as "having the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies."

⁵⁸ Note to IF-RS-000.D – Dual agency transactions shall be included in both the (1) tenants and (2) real estate owners categories. Subleases shall only be included in the (2) real estate owners category.

Sustainability Services

Topic Summary

In the Real Estate Services industry, buildings owned or occupied by clients generally have significant sustainability impacts. Buildings, and the activities that take place within them, drive energy consumption, direct and indirect greenhouse gas (GHG) emissions, water consumption, waste generation, and indoor environmental quality concerns that can impact the health of occupants. Companies in the industry have an opportunity to improve the sustainability impacts of buildings and their operations through sustainability-related services. These services may include utility data management, energy procurement, energy and water benchmarking, resource efficiency improvements, activities related to sustainability certifications, and sustainability consulting and training. Companies in the industry can further impact building sustainability by arranging leases that incentivize both owners and tenants to enhance sustainability performance, while yielding financial benefits for both parties. Providing these services can drive new revenue growth and increase client retention; effective sustainability services can benefit owners and/or tenants through improved asset values, increased tenant demand, decreased operating costs, and improved tenant experiences.

Metrics

IF-RS-410a.1. Revenue from energy and sustainability services

- 1 The entity shall disclose its revenue from energy and sustainability services.
 - 1.1 Energy and sustainability services are defined as services provided to clients directly related to resource efficiency (including energy, water, and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, environmental reporting, and corporate sustainability consulting and training.
 - 1.1.1 Examples of energy and sustainability services include, but are not limited to, energy management and performance monitoring (e.g., through sub-meters to measure electric usage); energy, water, and waste benchmarking or ratings-scheme services; advisory services related to renewable energy procurement; services related to LEED, ENERGY STAR®, or other sustainability-related building certifications; energy- and sustainability-related building valuation analysis; and energy- and sustainability-related client training or consulting.
 - 1.2 The scope of energy and sustainability services excludes services that impart improved energy and sustainability performance in an ancillary, indirect, or minimal way, as well as environmental services that are part of the ordinary operation and maintenance of buildings (e.g., facilities maintenance and/or janitorial services).
- 2 The scope of disclosure includes, but is not limited to, services provided to leasing clients, project- and development-service clients, and capital market and investment management clients.

Note to **IF-RS-410a.1**

- 1 The entity shall provide a description of the energy and sustainability services it offers, where relevant information includes, but is not limited to:
 - 1.1 The degree to which energy and sustainability services are integrated into, or distinct from, the entity's base property management services, including, but not limited to, the sales process for such services, the amount of overlap between clients for base property management services and energy and sustainability services, and the level of consistency of contract lengths and terms among base property management services and energy and sustainability services.
 - 1.2 The market dynamics of energy and sustainability services, including competition, risks and opportunities, market share, customer demands and preferences, market growth, and legislative and regulatory impacts.
 - 1.3 Opportunities associated with providing market-leading energy and sustainability services, such as the potential to win a new client based solely on energy and sustainability services, which may lead to additional non-energy and sustainability-related services in the future.
 - 1.4 Risks associated with providing inadequate or insufficient energy and sustainability services, such as the potential to lose a client based on inadequate or insufficient energy and sustainability services.
- 2 The entity may disclose the number of energy- and sustainability-accredited professionals it employs.
- 3 The entity may disclose the estimated energy savings, greenhouse gas (GHG) emissions reductions, water savings, waste reductions, or other performance measurements associated with the results of the energy and sustainability services it provides to clients.

IF-RS-410a.2. (1) Floor area and (2) number of buildings under management provided with energy and sustainability services

- 1 The entity shall disclose (1) the floor area under management for which it provided energy and/or sustainability-related services during the reporting period.
 - 1.1 Floor area under management is defined as the gross rentable floor area where property management services are provided and for which the real estate owner has operational control.
 - 1.1.1 Operational control is defined, consistent with the 2018 GRESB® Real Estate Assessment Reference Guide, as an instance when the real estate owner has "the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies."
 - 1.2 Energy and sustainability services are defined as services provided to clients directly related to resource efficiency (including energy, water, and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, environmental reporting, and corporate sustainability consulting and training.

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- 1.3 The scope of energy and sustainability services excludes services that impart improved energy and sustainability performance in an ancillary, indirect, or minimal way, as well as environmental services that are part of the ordinary operation and maintenance of buildings (e.g., facilities maintenance and/or janitorial services).
- 2 The entity shall disclose (2) the number of buildings for which it provided energy and sustainability-related services during the reporting period.
 - 2.1 Buildings under management is defined as distinct buildings or real estate assets where property management services are provided and where the real estate owner has operational control.
- 3 The scope of disclosure includes the total floor area and all buildings that were actively provided with energy and sustainability services during the reporting period, regardless of the date of inception of such services.

IF-RS-410a.3. (1) Floor area and (2) number of buildings under management that obtained an energy rating

- 1 The entity shall disclose (1) the floor area under management that obtained an energy rating during the reporting period.
 - 1.1 Floor area under management is defined as the gross rentable floor area where property management services are provided and for which the real estate owner has operational control.
 - 1.1.1 Operational control is defined consistent with the 2018 GRESB[®] Real Estate Assessment Reference Guide as an instance when the real estate owner has “the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.”
- 2 The entity shall disclose (2) the number of buildings that obtained an energy rating during the reporting period, where:
 - 2.1 The number of buildings under management is defined as distinct buildings or real estate assets where property management services are provided and where the real estate owner has operational control.
 - 2.2 An energy rating is defined, consistent with the 2018 GRESB[®] Real Estate Assessment Reference Guide, as a scheme that measures the energy performance of buildings.
 - 2.3 The scope of energy rating schemes includes:
 - 2.3.1 ENERGY STAR[®] for operations in the United States and Canada;
 - 2.3.2 EU Energy Performance Certificates (EPC) for operations in the European Union;
 - 2.3.3 National Australian Build Environment Rating System (NABERS) Energy for operations in Australia;
 - 2.3.4 NABERSNZ for operations in New Zealand;
 - 2.3.5 Government energy efficiency benchmarking; and

2.3.6 Other energy rating schemes that can be demonstrated to have substantially equivalent criteria, methodology, and presentation of results to those schemes above.

- 3 The scope of disclosure is aligned with the 2018 GRESB® Real Estate Assessment Reference Guide in that it “only include[s] energy ratings that were awarded before or during the reporting period (pre-assessments or other unofficial forms of pre-certification are not valid). Some energy ratings are valid for a limited period only—the rating should be effective and official during the reporting period.”
- 4 The entity shall consider the GRESB® Real Estate Assessment Reference Guide as a normative reference, thus any updates made year-on-year shall be considered updates to this guidance.