

Five ESG Frameworks Real Estate Owners Need to Know



FRAMEWORK	PURPOSE	WHO REPORTS	WHAT IT MEASURES	REGIONS AFFECTED
SFDR (Sustainable Finance Disclosure Regulation)	SFDR aims to eliminate greenwashing of financial products and financial advice in the EU by ensuring that investors have the disclosures they need to make investment choices in line with their sustainability goals.	Capital market participants and financial advisers operating in the EU and global players marketing financial products to EU investors.	SFDR sets forth specific rules for how and what sustainability related information capital markets participants need to disclose.	European Union member countries and non-EU institutions marketing their funds to EU investors.
TCFD (Task Force on Climate-related Financial Disclosures)	The Financial Stability Board established the TCFD to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions.	Nearly 60% of the world's 100 largest public companies support the TCFD, report in line with the TCFD recommendations, or both. Energy companies and materials and buildings companies are leading these efforts.	Information on governance and financial strategy around a company's climate-related risks and opportunities, risk management, and metrics and targets used to assess and manage climate risks and opportunities.	New Zealand and the UK are the first countries to announce that mandatory TCFD compliance will go into effect in the next few years. Other countries such as Hong Kong, Switzerland, and Canada are working toward aligning future disclosures with TCFD requirements.
SBTi (Science-Based Targets Initiative)	Science-based targets are designed to provide companies with clearly-defined paths to reduce emissions in line with the Paris Agreement goals.	As of 2021, more than 1,000 businesses in a variety of sectors, including more than 100 real estate owners and managers, are working with SBTi to reduce their emissions in line with climate science.	The SBTi methodology entails the development of an emission reduction plan within SBTi's criteria, reporting company-wide emissions, and tracking progress toward that target annually, with a potential requirement of setting interim targets depending on the overall carbon reduction goals.	All, but participation is voluntary.
CRREM (Carbon Risk Real Estate Monitor)	CRREM is a tool designed to support the real estate industry in making energy efficiency improvements to its assets as well as determining which assets are at risk of becoming 'stranded' properties, or buildings that will not be financially feasible to maintain or upgrade to meet energy efficiency requirements.	Any real estate organization can utilize CRREM's publicly available assessment tool.	CRREM measures asset-level climate risk, projecting how commercial real estate properties will be affected in both 1.5°C and 2°C temperature increase scenarios.	CRREM focuses on the EU and the UK but can be used to analyse properties outside of those regions.
ECORE (ESG Circle of Real Estate)	Members of the Ecore initiative are developing a scoring standard to make sustainability in real estate portfolios transparent, measurable, and comparable. The Ecore initiative was founded in 2020 by Union Investment Group, in Frankfurt, Germany.	As of 2021, more than 80 real estate owners and investors are part of the Ecore initiative.	The Ecore framework takes into account aspects of portfolio- and corporate-level governance; energy and water consumption, waste generation, and CO2 emissions; and a variety of asset-level information including building materials, public transport accessibility, and maintenance management.	Europe with a focus on the DACH region.