

# RESPONSIBLE INVESTMENT DDQ FOR REAL ESTATE INVESTORS



# ABOUT THIS DDQ

This due diligence questionnaire (DDQ) has been developed to help investors better understand and evaluate real estate managers' approaches to responsible investment.

Investors can use the questionnaire when selecting an investment manager for a new real estate mandate or when monitoring an investment manager they have committed capital to. The questions are aimed at managers that make direct real estate investments.

The DDQ should not be considered in isolation, but rather used to support a wider information-gathering process. The PRI encourages investors to:

- consider what additional resources are available to enhance their understanding of investment managers' answers; and
- engage with investment managers to seek additional information and clarification, where necessary.

To promote consistency, the DDQ is designed to complement the information gathered through the [PRI's Reporting Framework](#) – particularly the real estate module – as well as investment disclosure standards and frameworks developed by external organisations. The DDQ will be updated periodically to align with future changes to the Reporting Framework.

## NOTES ON USING THIS DDQ

[Appendix 1](#) indicates whether DDQ questions map to an indicator in the PRI Reporting Framework, the requirements contained in the European Association for Investors in Non-Listed Real Estate Vehicles (INREV) DDQ, the GRESB 2023 Assessment or the Sustainable Finance Disclosure Regulation (SFDR).

Some questions in the DDQ focus on an organisation's overarching approach to responsible investment, while others are specific to the approach taken at a fund level.

The DDQ provides guidance on the type of information each question is aiming to elicit. The PRI encourages investment managers to provide information that goes beyond these points when responding to questions.

The PRI has previously published a DDQ on [diversity, equity and inclusion](#) (DEI). Investors are invited to supplement the questions in this real estate DDQ with those in the DEI DDQ.

Where relevant, we refer to the [Reporting Framework glossary](#) of key terms.

Please contact [realestate@unpri.org](mailto:realestate@unpri.org) if you have questions or feedback regarding this DDQ.

## DOCUMENT CHECKLIST

A suggested checklist of documents that investors can request from investment managers during the due diligence process.

Organisation-level responsible investment documents	Fund-level responsible investment documents	Organisation-level corporate sustainability documents
<input type="checkbox"/> PRI transparency report <input type="checkbox"/> Responsible investment policy <input type="checkbox"/> Responsible investment reports	<input type="checkbox"/> Examples of environmental, social and governance (ESG) disclosures from this or an earlier fund/ investment vehicle <input type="checkbox"/> Any additional policies relating to ESG matters	<input type="checkbox"/> Code of conduct <input type="checkbox"/> DEI policy <input type="checkbox"/> Whistleblower policy <input type="checkbox"/> Corporate social responsibility/ sustainability report <input type="checkbox"/> Taskforce on Climate-Related Financial Disclosures (TCFD) report

# DDQ QUESTIONS

## 1. POLICY, GOVERNANCE, COMMITMENTS AND RESOURCING

### 1.1 Do you have a [responsible investment policy](#)?

*If so, provide a copy. State whether it is publicly available; when it was published; whether it has been fully implemented; how it is reviewed and updated; and describe any changes recently made to it. If your organisation does not have a responsible investment policy, or if the policy does not cover all real estate investments, explain why not. If you have additional real estate fund-level policies relating to ESG factors, please share them.*

### 1.2 What international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices, have you committed or contributed to?

*Examples include being a PRI signatory, endorsing the TCFD recommendations, adhering to the UN Guiding Principles on Business & Human Rights, and committing to support the Sustainable Development Goals. If your organisation has made a net-zero commitment, describe what it involves.*

### 1.3 How is responsible investment overseen within your organisation?

*List the people/committees with ultimate oversight and describe their roles and how they are qualified to provide oversight. Describe any external resources used to support responsible investment activities.*

### 1.4 To what extent, if any, does your organisation incorporate responsible investment-related key performance indicators (KPIs) into performance reviews and compensation mechanisms?

*Describe how the objectives are defined and measured and to which positions they apply, e.g., investment professionals/ESG teams/senior management.*

### 1.5 How does your organisation ensure its investment professionals and other relevant staff are trained on responsible investment and stay up to date on applicable topics?

*If you provide training, assistance and/or additional resources, describe what they cover, which staff receive them and how frequently they are delivered.*

## 2. FUNDRAISING

### 2.1 What formal responsible investment commitments have you made, or do you plan to make, in the Limited Partnership Agreement, side letters, or other constitutive fund documents?

*Describe these and share sections of your private placement memorandum or other materials relevant to them. Examples include net-zero commitments and commitments to conduct ESG integration.*

## 3. PRE-INVESTMENT

### 3.1 How do you conduct [ESG materiality analysis](#) and [due diligence](#) on ESG factors for potential investments?

*Describe the process, including any standards and data used, to determine which ESG risks and opportunities are material. Mention the level(s) at which the analysis is conducted (e.g., individual properties, property categories or types). State whether you conduct scenario analysis.*

*Once you have identified material ESG factors, explain how you conduct due diligence on these (e.g., undertaking site visits, conducting detailed external stakeholder analysis and engagement). Describe how you document your ESG due diligence process. Give recent examples of material ESG risks and opportunities identified in relation to a prospective investment.*

### 3.2 How do [material ESG factors](#) affect investment selection?

*Describe whether they help identify risk management or value creation opportunities, lead to the abandonment of certain investments, impact their valuation, or affect other deal terms. State whether your investment committee or equivalent decision-making body considers material ESG factors. Explain using one to two recent examples.*

### 3.3 How are ESG-related considerations integrated into acquisition agreements or documents and/or representations made by the seller?

*Describe the process, including any requested ESG-related representations made when purchasing, e.g., environmental contamination, maintenance schedule, zoning, title encumbrances. Illustrate the process with a recent example.*

## 4. SELECTION, APPOINTMENT AND MONITORING OF THIRD-PARTY PROPERTY MANAGERS

### 4.1 Describe how you include ESG factors in your selection, appointment and monitoring of third-party property managers, if applicable.

Mention whether you i) request track records and examples of ESG initiatives during selection; ii) set dedicated ESG procedures in the property management phase; iii) set targets on material ESG factors to monitor performance against; iv) set incentives related to these targets and include ESG clauses in property management contracts; v) set ESG reporting requirements.

## 5. CONSTRUCTION AND DEVELOPMENT

### 5.1 What ESG requirements do you have for [development projects and major renovations](#)?

Requirements might relate to metering technology; ability to obtain green building certification; use of sustainable building materials; becoming net-zero carbon emitters within a certain timeframe after construction is completed; air quality protection during construction; or engaging with stakeholders, including local communities.

## 6. POST-INVESTMENT

### 6.1 Do you/your third-party property managers track KPIs relating to ESG factors for your investments?

If so, explain how you identify these, including any frameworks used. Provide examples of the KPIs tracked (e.g., energy consumption, water consumption, waste production) and specify the proportion of assets covered.

### 6.2 How do you use the identified KPIs relating to ESG factors?

Indicate if you set targets or benchmark performance against comparable assets, funds, companies or pathways, such as the [Carbon Risk Real Estate Monitor \(CRREM\)](#) decarbonisation pathways.

### 6.3 How do you manage material ESG risks and opportunities to protect and create value during the holding period?

Describe if/how you develop and implement [ESG action plans](#), and whether these vary depending on whether you take a minority or majority investment. Provide recent examples of actions taken, covering environmental and social factors.

### 6.4 Do you/your third-party property managers [engage with key stakeholders](#) on ESG factors?

If yes, describe what areas and activities are typically part of the engagement. Key stakeholders include tenants and post-construction service providers.

### 6.5 Do you/your third-party property managers screen existing and potential tenants for [ESG incidents](#) and/or for involvement in activities considered controversial?

If yes, provide examples where this affected the lease terms or prevented tenancy. Explain how potential risks are appropriately mitigated or managed.

ESG incidents include those in which tenants received a fine or faced other legal proceedings as a result of their actions. Examples of activities considered to be controversial include the manufacturing of indiscriminate weapons and involvement in gambling.

### 6.6 Do you include clauses relating to ESG factors in lease agreements and/or partnership agreements?

If so, provide examples of provisions included.

ESG clauses in lease agreements could require the occupier or owner to undertake specific obligations regarding the sustainable operation and occupation of the property, e.g., energy efficiency measures. They could also grant the owner access to metering data and other ESG information for occupier-controlled areas.

ESG clauses in partnership agreements could include requiring them to adhere to your organisation's responsible investment policies or data collection practices.

### 6.7 List the certification schemes, ratings and/or sustainability performance benchmarks (e.g., LEED/WELL/GRESB) that your real estate assets are assessed against and the proportion of assets these apply to.

The proportion of real estate assets should be calculated by floorspace.

### 6.8 How do ESG factors impact your hold/sell decisions?

If ESG factors impact sale preparations, explain how. What information (e.g., responsible investment approach, outcomes of property ESG risk assessments, property ESG performance data) do you share with potential buyers?

## 7. SUSTAINABILITY OUTCOMES

### 7.1 Do you identify **sustainability outcomes** related to your real estate investments?

*If so, disclose any frameworks or tools you use to do so (e.g., the Sustainable Development Goals, the Paris Agreement). Provide recent examples of the positive or negative outcomes that you have identified (e.g., the impact of the investments on climate change).*

### 7.2 Do you take action to improve the sustainability outcomes connected to investments?

*If so, provide details. Mention the sustainability outcomes objectives targeted and the actions taken to intentionally increase positive and/or decrease negative sustainability outcomes.*

## 8. DISCLOSURE

### 8.1 What information do you disclose on your responsible investment activities and performance to investors?

*Describe how the information is disclosed (e.g., in meetings with investors, written disclosures), the frequency of reporting and whether disclosures are linked to specific frameworks (e.g., the PRI Reporting Framework, the TCFD recommendations, GRESB). List any specific metrics disclosed (e.g., weighted average carbon intensity, carbon footprint) and the proportion of assets covered. Provide recent examples of ESG-related disclosures. If past disclosures are not available, please state whether you would consider introducing ESG-related disclosures.*

### 8.2 How do you approach disclosing any material **ESG incidents** to investors?

*Describe any processes you use to ensure material ESG incidents are reported. Provide details of thresholds used to quantify what constitutes a material ESG incident, e.g., those with legal implications or resulting in an insurance claim over a certain amount.*

## 9. ADDITIONAL INFORMATION

### 9.1 Does your organisation identify and manage the material ESG risks, opportunities and impacts connected to its internal operations?

*If so, provide a brief overview. Examples might include initiatives to reduce your organisation's carbon footprint or enhance the diversity of investment teams.*

### 9.2 Is there any information on your organisation's responsible investment approach, not otherwise covered in the DDQ, that you would like to share?

*Please use no more than 500 words.*

# APPENDIX 1: INDICATOR MAPPING

Below we outline how the questions in this DDQ map, either fully or partially, to the following indicators within the [PRI 2023 Reporting & Assessment Framework](#), the [INREV DDQ](#) (2023 edition), and the [GRESB 2023 Assessment](#). The mapping also indicates whether the DDQ questions correspond with the European Union's [Sustainable Finance Disclosure Regulation \(SFDR\)](#).

DDQ question	PRI Reporting Framework 2023	INREV DDQ 2023	GRESB 2023 Assessment	SFDR
<b>POLICY, GOVERNANCE, COMMITMENTS AND RESOURCING</b>				
<b>1.1 Do you have a responsible investment policy?</b>	PGS 1, 3, 8 RE 1	2.2.1.1 2.4.3	DMA1 PO1, 2, 3	Yes
<b>1.2 What international standards, industry (association) guidelines, reporting frameworks, or initiatives that promote responsible investment practices, have you committed or contributed to?</b>	PGS 17, 18 SLS 1	-	LE1	Yes
<b>1.3 How is responsible investment overseen within your organisation?</b>	PGS 11, 11.1, 12	2.2.2.1	LE3, 4, 5	-
<b>1.4 To what extent, if any, does your organisation incorporate responsible investment-related KPIs into performance reviews and compensation mechanisms?</b>	PGS 13, 14	2.2.2.2	LE6	Yes
<b>1.5 How does the organisation ensure its investment professionals and other relevant staff are trained on responsible investment and stay up to date on relevant topics?</b>	PGS 15	-	SE1	-
<b>FUNDRAISING</b>				
<b>2.1 What formal responsible investment commitments have you made, or do you plan to make, in the Limited Partnership Agreement, side letters, or other constitutive fund documents?</b>	RE 2	-	-	Yes

DDQ question	PRI Reporting Framework 2023	INREV DDQ 2023	GRESB 2023 Assessment	SFDR
<b>PRE-INVESTMENT</b>				
<b>3.1 How do you conduct ESG materiality analysis and due diligence on ESG factors for potential investments?</b>	PGS 41, 43 RE 3, 3.1, 5	2.2.1.1 2.2.3.2 2.2.4.2 2.2.4.3 2.2.4.4 2.2.4.6 2.2.5.1	RM4	Yes
<b>3.2 How do material ESG factors affect investment selection?</b>	PGS 41.1 RE 4, 5	1.2.3 2.2.3.2 2.2.4.1 2.2.4.2 2.2.4.3 2.2.4.6 3.8.2.5	-	Yes
<b>3.3 How are ESG-related considerations integrated into acquisition agreements or documents and/or representations made by the seller?</b>	-	-	-	-
<b>SELECTION, APPOINTMENT AND MONITORING OF THIRD-PARTY PROPERTY MANAGERS</b>				
<b>4.1 Describe how you include ESG factors in your selection, appointment and monitoring of third-party property managers, if applicable.</b>	RE 6, 7, 8	2.2.5.2	SE6, 7.1, 7.2	-
<b>CONSTRUCTION AND DEVELOPMENT</b>				
<b>5.1 What ESG requirements do you have for development projects and major renovations?</b>	RE 9, 10, 19	-	DBC1.1, 1.2 DEN1, 2.1, 2.2 DMA1, 2.1 DRE1, 2, 3 DSE1, 2.1, 3.1, 3.2, 4, 5.1, 5.2 DWT1 DWS1 SE8	-

DDQ question	PRI Reporting Framework 2023	INREV DDQ 2023	GRESB 2023 Assessment	SFDR
<b>POST-INVESTMENT</b>				
<b>6.1 Do you/your third-party property managers track KPIs relating to ESG factors for your investments?</b>	RE 11, 11.1, 12	1.2.1 2.2.1.1	EN1 GH1 RA1, 2, 3, 4, 5 TC2.1 WS1 WT1	Yes
<b>6.2 How do you use the identified KPIs relating to ESG factors?</b>	RE 13, 13.1	1.2.2 2.2.4.5 2.2.5.3 3.3.5	T1.1, 1.2 TC2.2	Yes
<b>6.3 How do you manage material ESG risks and opportunities to protect and create value during the holding period?</b>	PGS 44, 45 RE 14, 15, 16	1.2.2 2.2.4.1 2.2.4.2 2.2.4.3 2.2.4.5 2.2.5.3 3.3.5	RA3, 4, 5 T1.1, 1.2	Yes
<b>6.4 Do you/your third-party property managers engage with key stakeholders on ESG factors?</b>	RE 18, 19	2.2.5.3	TC1, 2.1 SE8	-
<b>6.5 Do you/your third-party property managers screen existing and potential tenants for ESG incidents and/or for involvement in activities considered controversial?</b>	-	3.3.2	RP2.1	Yes
<b>6.6 Do you include clauses relating to ESG factors in lease agreements and/or partnership agreements?</b>	RE 18	2.2.5.3	TC4	-
<b>6.7 List the certification schemes, ratings and/or sustainability performance benchmarks (e.g., LEED/WELL/GRESB) that your real estate assets are assessed against and the proportion of assets these apply to.</b>	RE 17	2.2.3.3 2.2.5.3 2.2.5.4	BC1.1, 1.2, 2	-
<b>6.8 How do ESG factors impact your hold/sell decisions?</b>	-	-	-	-



DDQ question	PRI Reporting Framework 2023	INREV DDQ 2023	GRESB 2023 Assessment	SFDR
<b>SUSTAINABILITY OUTCOMES</b>				
<b>7.1 Do you identify sustainability outcomes related to your real estate investments?</b>	PGS 47, 47.1	-	DMA2.1, 2.2 DEN2.2 DSE2.2 EN1 GH1 RA1, 2, 3, 4, 5 TC2.1 WS1 WT1	Yes
<b>7.2 Do you take action to improve the sustainability outcomes connected to investments?</b>	PGS 48, 48.1 SO 1, 2, 2.1, 3.3, 4, 4.1, 5, 6, 7	2.2.4.5 2.2.5.3	LE1 T1.2 TC2.2	Yes
<b>DISCLOSURE</b>				
<b>8.1 What information do you disclose on your responsible investment activities and performance to investors?</b>	PGS 16, 17, 18, 45, 46 RE 21	2.2.3.3 2.2.3.4 2.2.6.1 3.2.2 3.3.5	RP1	Yes
<b>8.2 How do you approach disclosing any material ESG incidents to investors?</b>	RE 21	-	RP2.1	-
<b>ADDITIONAL INFORMATION</b>				
<b>9.1 Does your organisation identify and manage the material ESG risks, opportunities and impacts connected to its internal operations?</b>	-	-	RM1, 2, 3.1, 3.2, 5, 6.1, 6.2, 6.3, 6.4 SE2.1, 2.2, 3.1, 3.2, 4, 5, 6	-
<b>9.2 Is there any information on your organisation's responsible investment approach, not otherwise covered in the DDQ, that you would like to share?</b>	-	-	-	-

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## APPENDIX 2: ACKNOWLEDGEMENTS

The PRI would like to thank the members of the Real Estate Advisory Committee, and particularly the following, for their contribution to the development of this questionnaire:

- AXA Investment Managers, Justin Travlos
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- Fibra Uno, Karen Mora
- Link REIT, Calvin Kwan
- UBS Asset Management, Tom Enger
- UniCredit, Francesco Polastri

## The Principles for Responsible Investment (PRI)

The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of environmental, social and governance (ESG) issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating ESG issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system.

More information: [www.unpri.org](http://www.unpri.org)



## The PRI is an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

### United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP FI is a unique partnership between the United Nations Environment Programme (UNEP) and the global financial sector. UNEP FI works closely with over 200 financial institutions that are signatories to the UNEP FI Statement on Sustainable Development, and a range of partner organisations, to develop and promote linkages between sustainability and financial performance. Through peer-to-peer networks, research and training, UNEP FI carries out its mission to identify, promote, and realise the adoption of best environmental and sustainability practice at all levels of financial institution operations.

More information: [www.unepfi.org](http://www.unepfi.org)



### United Nations Global Compact

The United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals. The UN Global Compact is a leadership platform for the development, implementation and disclosure of responsible corporate practices. Launched in 2000, it is the largest corporate sustainability initiative in the world, with more than 8,800 companies and 4,000 non-business signatories based in over 160 countries, and more than 80 Local Networks.

More information: [www.unglobalcompact.org](http://www.unglobalcompact.org)

