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Built to Last?

An assessment of 16 major real estate investment managers' climate strategies

ShareAction»

About ShareAction

ShareAction is an independent charity and an expert on responsible investment. We work to build a world where the financial system serves our planet and its people.

We set ambitious standards for how financial institutions, through their investment decisions, can protect our planet and its people and we campaign for this approach to become the norm. We convene shareholders to push companies to tackle the climate crisis, protect nature, improve workers' lives and shape healthier societies. In the UK and EU, we advocate for financial regulation that has society's best interests at its core.

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Introduction

Introduction

2024 was the hottest year since records began,[1] and January 2025 the hottest January.[2] The effects have been seen in drought, floods, fires and escalating extreme weather events around the world.[3]

Global temperatures will rise until we reach net-zero emissions, and we cannot reach net-zero without decarbonising buildings – their construction and operation accounts for a third of global greenhouse gas emissions.[4] The technologies to cut these emissions are available today,[5] and yet emissions from the sector have increased in the ten years since the Paris Agreement was signed.[6]

Institutional investors that invest in real estate, and the investment managers that act on their behalf, share in the responsibility to reverse this trend. The global professionally managed real estate market, which was valued at $13.2 trillion in 2023, represents a very large number of buildings and a correspondingly large volume of planet-warming emissions.[7] 150 investment managers manage real estate investments equivalent to 46% of this market.[8] With their concentrated influence they have the potential to drive decarbonisation on a large scale, and so a critical role to play in the real estate sector's transition to net-zero.

Beyond the imperative for climate action, there are many other reasons for investment managers to reduce their emissions. An increasing number of jurisdictions, including China, Japan, Europe, and several American local and state governments, regulate energy standards for buildings.[9] Energy-efficient buildings with lower operating costs are attractive to tenants, who in many cases are willing to pay a premium for sustainable buildings.[10] Buildings that fall below well-established carbon and energy benchmarks may be viewed critically by prospective buyers.

Investment managers will be most empowered to address their climate impacts if asset owners demand that they do – and we call on asset owners to do this. Even so, investment managers hold huge power in their own right. To the extent that they have discretion to take action on climate change, they should embrace this responsibility. Beyond this, they *can* engage with asset owners to make the case for climate action, and *do* have a choice of whether to act as a fiduciary for new clients whose appetite to invest against the grain of transition conflicts with a responsible investment approach.

In this report we assess whether and how 16 investment managers, chosen for their size and location, are taking action on climate change. Their combined real estate investments, at $1.66 trillion in 2024, are equivalent to the value of the entire New York City property market.[11]

Investment managers must plan to deliver a just transition

Every investment has an impact on the planet and its people, for better or worse. Real estate is clearly no exception: buildings exist to serve a social function. Responsible investment in buildings may create positive social change, but if buildings are treated solely as financial assets, there is a clear risk of tension between the welfare and human rights of tenants and communities and the expectation of financial return. The need to decarbonise buildings compounds this risk, as the upfront costs of decarbonisation may be passed on to vulnerable tenants.

Today, many people across the world are not afforded their right to adequate housing, labour rights abuses persist in buildings supply chains, and inequalities of wealth, power, and access to space exist in the built environment.[12] Climate action is an opportunity to address these issues. At the same time, if they are not considered in the process of decarbonisation, negative impacts on tenants, communities, and workers in the may be produced or worsened.

To mitigate these risks, investment managers must plan to deliver a just transition in the built environment. In the second half of this report we will consider evidence of whether the 16 investment managers have committed to do so.

How to use this report

This report aims to highlight leading practices and areas for improvement across commitments, strategies and disclosures, so that investment managers and their investor clients can better align with the aim of a just transition in the built environment.

- **Investment managers** are encouraged to use this report to benchmark their own performance and inform areas for improvement.
- **Asset owners** can use the information to assess the performance of investment managers. The findings and key standards can be used to set clear expectations and inform the selection of investment managers.

On page 10 (Figure 1) we rank the 16 investment managers we assessed based on their alignment with 12 key standards for climate action. They are intended to reflect current best practices in real estate. These are listed in the Recommendations on page 13.

Managers were graded A-F based on how many of the standards they met. Within grade bands, the managers are then ranked by score, which provides additional context for their performance. Part 1: Climate action presents our findings in detail.

In Part 2 we present evidence of how the investment managers are approaching two elements of the just transition in the built environment: human rights due diligence, and participation of affected groups in decision making. While these two elements do not cover all of the issues relevant to the just transition, we believe our findings highlight areas where investment managers can make progress, and that these should inform asset owners' engagements with their investment managers.

This report has a focus on major managers of non-listed investments who do not appear in ShareAction's other benchmarks. Beyond the managers in focus here, ShareAction assesses many of the world's largest real estate investment managers in its biennial asset manager survey, *Point of No Returns*, the latest version of which was published in May 2025. Consistent with previous years, the 2025 report showed that many asset managers are failing to consider climate change, biodiversity loss and social issues in their investment practices. We encourage asset owners to read that report and to use its findings and recommendations, which are detailed and specific to particular managers, to hold their asset managers to account.

How we assessed the investment managers

Definitions used in this report

Institutional investors invest in buildings to generate a financial return from rents paid by tenants and from the appreciation of property values.

Institutional investors can be exposed to real estate in lots of different ways. They can invest in real estate themselves – buying, leasing, and selling buildings. However, it is common for institutional investors to enlist an investment manager to make real estate investments on their behalf.

Investment managers use several investment strategies. In this report **direct investment** refers to investments made by investment managers in physical buildings or developments. Investment managers exercise greater control over directly-held assets, especially where they have discretion to make investment decisions. **Direct investments are the focus of this report.**

Investment managers also invest their clients' money in real estate companies or funds managed by third parties to get **indirect** exposure to real estate, and in real estate **debt**. We do not discuss these strategies in any depth in this report.

We selected managers based on their assets under management as well as their location. They are a mix of north American, European and Asian firms.

They cannot be taken as a representative sample. Their common feature is their large direct investments. There are differences in their locations, the regulations they are bound by, where they invest, how they are structured, the combinations of investment strategies they use, and the types of buildings they prefer to invest in. We acknowledge these differences and that enabling conditions for decarbonisation vary across the group. This may go some way to explaining differences in performance – but it does not excuse inaction. The standards we assessed managers against are attainable, despite these variations – each standard was achieved by at least one manager.

We assessed investment managers on their overarching climate commitments, which should set a standard for climate action that applies across managers' portfolios, rather than assessing the approach taken within individual funds. Recent research has revealed that leading sustainability certifications for real estate funds and assets do not necessarily indicate that carbon and energy performance are aligned with the goals of the Paris agreement,[13] which reinforces the need for transparent, overarching commitments.

We assessed managers based on their public disclosures as of May 2025 and then invited them to verify or supplement the information we had collected. We provide more details in the Methodology.

Summary of findings

Summary of findings

Figure 1: Ranking 16 real estate investment managers on climate action

			Key standards on climate action												
			Target setting					Decarbonisation strategy				Disclosures			
	Grade	Score	Public commitment to achieve net-zero emissions by 2050 or sooner covering scope 1, 2, and 3 emissions from the operation of directly held assets.	Public commitment to achieve net-zero emissions by 2050 or sooner explicitly covering upfront embodied carbon emissions from developments.	Interim target or targets to reduce scope 1, 2, and 3 emissions from the operation of directly held assets.	Interim target to reduce upfront embodied carbon emissions from developments.	Interim target or targets to reduce the energy intensity of directly held assets, covering landlord and tenant energy use.	Uses scenario analysis to assess the resilience of direct real estate investments to physical and transitional risks, and discloses the scenarios used.	Discloses details of a net-zero audit process used to create costed decarbonisation plans for directly held assets.	Has a pubic commitment to halt the installation of new fossil fuel-based heating, cooking, power generation and hot water equipment from 2030 at the latest.	Has a policy of completing whole-life carbon assessments for new developments.	Discloses scope 1, 2, and 3 emissions from the operation of directly held assets, in absolute terms and per m2.	Discloses the upfront embodied carbon intensity of new developments completed or acquired in the previous reporting year.	Discloses the energy intensity of directly held assets, covering landlord and tenant energy use.	Key standards met (/12)
Nrep	A	99%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	12
Savills Investment Management	B	78%	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	9
Patrizia	B	77%	Yes	Yes	Yes	No	Yes	Yes	Yes	No	Yes	Yes	No	Yes	9
Heimstaden	B	68%	No	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	8
Prologis	B	67%	Yes	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	No	Yes	8
Hines	C	59%	Yes	No	Yes	No	No	Yes	Yes	No	Yes	Yes	No	Yes	7
CBRE Investment Management	C	56%	Yes	No	Yes	No	No	Yes	Yes	No	Yes	Yes	No	Yes	7
La Salle Investment Management	D	38%	Yes	No	Yes	No	No	No	Yes	No	Yes	No	No	No	4
Capitaland Investment	E	29%	No	No	No	Yes	No	Yes	No	No	No	No	No	No	2
ESR Group	E	24%	Yes	Yes	No	No	No	No	No	No	No	No	No	No	2
Partners Group	E	19%	Yes	No	No	No	No	No	No	No	Yes	No	No	No	2
Brookfield Asset Management	E	17%	No	No	No	No	No	Yes	No	No	No	No	No	No	1
Praemia REIM	E	12%	No	No	No	No	No	Yes	No	No	No	No	No	No	1
Greystar	F	11%	No	No	No	No	No	No	No	No	No	No	No	No	0
Starwood Capital Group	F	4%	No	No	No	No	No	No	No	No	No	No	No	No	0
Blackstone	F	3%	No	No	No	No	No	No	No	No	No	No	No	No	0

Climate action

Performance against our key standards on climate action varied greatly across the group, with half of the investment managers we assessed lagging some distance behind their peers.

Several of the 16 managers we surveyed demonstrated their commitment to climate action today, by assessing climate-related risks, setting science-based targets, and making plans to meet them. One, Nrep, achieved every key standard, and was among the first companies to have its targets validated with the Science-Based Targets Initiative's Buildings Criteria.

At the same time, nine achieved fewer than half of our key standards, and three achieved none of them. The standards are ambitious yet attainable – every standard was achieved by at least one manager. These results should not be understood purely as a response to recent global political events. In large part this research is based on disclosures from the first half of 2024 that relate to 2023.

It is relevant to note that two managers we assessed, Heimstaden and Prologis, are structured as companies that own real estate, rather than as managers of many separate real estate funds on behalf of different investors – though Prologis does manage funds too.[i] This may give them greater flexibility to set portfolio-wide climate targets and make relevant disclosures.

Several investment managers were not transparent about their approaches to tackling climate change and managing related risks in their public disclosures. This is reflected in their grades. A lack of public disclosure by several managers, or disclosures that were vague, made it difficult to understand how they approached climate change in their investment practices. In some cases, we suspect that managers are doing more than their grades reflect, but have not evidenced this publicly. In others, the lack of disclosure appears deliberate; for example, several managers have opted not to publicly disclose their emissions, which had a big impact in our assessment.

Seven of the 16 managers either did not have a net-zero commitment, or excluded material scope 3 emissions from their commitments' scope (Findings 1 and 2). Of the thirteen managers that did disclose a net-zero commitment, four had not set a corresponding interim carbon reduction target (Finding 4), and several interim targets set across the group covered only a minority of investment managers' assets under management (Finding 5). Less progress has been made to target emissions related to the construction of buildings, but five managers show leading practice in this area (Finding 3).

Too few managers had disclosed energy intensity targets that apply across their portfolios (Finding 6). Energy efficiency is key to the transition in buildings, but most managers had not

i Heimstaden Bostad is a European residential real estate company, and Heimstaden AB is the majority owner and acts as the manager. Prologis is a real estate investment trust, but also manages several real estate funds via its 'strategic capital' arm.

disclosed energy efficiency targets in addition to a carbon reduction target. Some managers disclosed targets that apply only to certain funds or exclude tenant energy use.

Several managers did not publicly disclose emissions and energy metrics from the operation of their portfolios of buildings, including four that had made public climate commitments (Finding 7). There is no reason why this should be the case, as most managers do disclose this information.

Fewer than half of the managers set out what we considered a systematic approach to how they will create decarbonisation plans for their assets (Finding 9). While all managers described interventions they can make to decarbonise their buildings and developments, just one manager had a clear commitment to stop installing fossil fuel infrastructure (Finding 10) and seven did not report a policy of assessing whole life carbon for development projects (Finding 11). In addition, several managers did not make clear whether and to what extent they would rely on carbon offsetting to meet their climate targets in the future (Finding 12).

Risk assessment practices were mature across the group, with few exceptions (Finding 13). Most managers reported that they assess the resilience of their direct investments to climate-related risks, but several did not publicly disclose which temperature scenarios they have used to do this.

Just transition

The decarbonisation of buildings and the wider economy will create huge social change, some of which may be a consequence of decisions made by these managers. To different degrees, most of the investment managers did describe forms of engagement with tenants and communities in their corporate disclosures, but evidence of joined-up thinking on decarbonisation and social impacts was scarce. References to the just transition were almost entirely absent (Finding 14).

Preparing for a just transition requires these investment managers to identify social risks and opportunities. While these investment managers did report different forms of engagement with tenants and the communities they operate in, it was unclear whether or how they are engaging with them to manage the social impacts of the transition and take decisions that will affect them (Finding 15). It is unclear whether, when, or how most of the 16 investment managers perform human rights due diligence when they make decisions related to decarbonisation (Finding 16).

The investment managers surveyed had more developed policies to safeguard workers' rights in their supply chains. However, much remains to be improved. Seven investment managers had disclosed public vendor policies that require contractors to align with the International Labour Organization's Fundamental Principles and Rights at Work, and twelve reported, in varying levels of detail, that they carry out human rights due diligence in their supply chains (Finding 17).

Recommendations

Recommendations

The key standards on which our climate ranking is based serve as our recommendations to real estate investment managers:

1	Make a public commitment to achieve net-zero emissions by 2050 or sooner covering scope 1, 2, and 3 emissions from the operation of directly held assets.
2	Make a public commitment to achieve net-zero emissions by 2050 or sooner explicitly covering upfront embodied carbon emissions from developments.
3	Disclose an interim target or targets to reduce scope 1, 2, and 3 emissions from the operation of directly held assets. To demonstrate the quality of interim targets, we further recommend that all investment managers transparently disclose: • the proportion of assets covered; • a breakdown of excluded assets, and; • a plan to broaden target coverage over time.
4	Disclose an interim target to reduce upfront embodied carbon emissions from developments.
5	Disclose an interim target to reduce the energy intensity of directly held assets, covering landlord and tenant energy use.
6	Use scenario analysis to assess the resilience of direct real estate investments to physical and transitional risks, and disclose the scenarios used.
7	Disclose details of a net-zero audit process used to create costed decarbonisation plans for directly held assets.
8	Make a public commitment to halt the installation of new fossil fuel-based heating, cooking, power generation and hot water equipment from 2030 at the latest.
9	Have a policy of completing whole-life carbon assessments for new developments.
10	Disclose scope 1, 2, and 3 emissions from the operation of directly held assets, in absolute terms and per m2.
11	Disclose the upfront embodied carbon intensity of new developments completed or acquired in the previous reporting year.
12	Disclose the energy intensity of directly held assets, covering landlord and tenant energy use.

Recommendations for asset owners

Asset owners should use their influence to hold investment managers to account for their action on climate change.

We recommend that asset owners use this research to inform selection, monitoring and review of investment managers, and that they engage with their investment managers to encourage alignment with the key standards. We encourage asset owners to expect investment managers to transparently apply the key standards across their portfolios, and not just at the level of individual funds that asset owners are invested in.

Resources for asset owners

The Global Real Estate Engagement Network (GREEN) is a network of both direct and indirect institutional investors in real estate focused on financially material climate risks and opportunities. GREEN members engage with both listed and non-listed real estate vehicles on climate risk management. https://green-engagement.org/

The Institute for Human Rights and Business *Dignity by Design* Framework guides decision-making to manage risks to human rights and to maximise social outcomes in the built environment. Asset owners can refer to the framework's *Overarching Principles* and Stage-Specific Principles guidance on how they, and their investment managers, can protect and enhance human rights through their investment activities. *Guiding Questions* under each Principle can inform engagements with investment managers and developers, and help asset owners to consider their own practices with regard to direct investments in real estate. https://www.dignitybydesign.org/

The Shift, an international human rights organization led by the former-UN Special Rapporteur on the Right to Housing, has published guidelines on how residential real estate investors can align investment practices with human rights principles, enhance social value, implement effective human rights due diligence in business operations, and contribute to the solution of affordable housing challenges. The guidelines are freely available online. https://make-the-shift.org/investor-guidelines/

Part 1:
Climate action

Part 1: Climate action

Targets and disclosures

Real estate investment managers should make a public commitment to reach net-zero by no later than 2050, considering all material scope 1, 2 and 3 emissions, and should support this commitment with interim targets.[ii] These should set a minimum standard for investment vehicles to follow. In this section we assess the quality of commitments and targets disclosed by the 16 investment managers in our survey, considering their scope, ambition, and transparency.

We found a mixed picture. Around half of managers disclosed targets that excluded scope 3 emissions, had low asset coverage or contained loopholes, or had no targets at all. For managers that had set high-quality targets on emissions generated by the operation of buildings, there is room for improvement to set targets on emissions associated with construction.

Six investment managers did not publicly disclose carbon and energy data for their building portfolios, including four with climate commitments. This affected the ranking of certain managers who otherwise show commitment to addressing climate risk.

Common reasons for not meeting our key standards on target setting:

Exclusion of tenant emissions: some managers have made commitments that do not include tenant emissions. These are a significant source of scope 3 emissions. This undermines these commitments and does not properly reflect climate risk.

Limited target coverage: some managers set targets that only applied to assets in certain geographies.

Vague language: some managers had made vague commitments, or statements that fell short of being a commitment at all. For example, some commitments did not making clear which assets and emissions they covered, or by when a manager is required to make progress.

ii Scope 1 emissions come from direct sources that a company owns or controls. Scope 2 emissions are indirect emissions from the production of purchased energy. Scope 3 emissions include all other indirect emissions across the company's value chain, both upstream (e.g., supplier activities) and downstream (e.g., product use and disposal), excluding those covered in Scope 2.

Finding 1: All but two investment managers have disclosed some form of net-zero commitment, or will disclose one in the near future, with Blackstone and Starwood Capital Group lagging behind their peers.

Thirteen of the 16 investment managers disclosed some form of commitment to achieve net-zero emissions for their direct real estate investments by 2050 or sooner. Another, Heimstaden, reported that it will make a net-zero commitment in the near future.

Five managers targeted net-zero by 2040. This accelerated timeline reflects that achieving net-zero globally by 2050 demands greater ambition from companies and investors in developed countries, who have benefitted historically from the carbon-based economy.

Just two investment managers, Blackstone and Starwood Capital Group, both headquartered in the United States, have never had a net-zero commitment of any kind and did not report that they will make one. Though in the minority, they represent €418.9 billion, or 27% of the combined real estate assets under management (AUM) of the investment managers surveyed. Neither manager reported that, in the absence of a portfolio-wide commitment, funds or assets were being managed in line with net-zero emissions on any scale.

Finding 2: Just under a third of investment managers with net-zero commitments have excluded critical sources of emissions from their scope, undermining their credibility.

In several cases investment managers' did not make clear which emissions categories were in the scope of their net zero commitments. In some cases, where managers had made a public commitment to target "to the extent possible, material scope 3 emissions", they reported to us directly that key categories of emissions were excluded. This ambiguity made it difficult to assess managers, highlighting the need for clear and transparent disclosures.

At minimum, a net-zero commitment on direct real estate investments should encompass the emissions generated to produce the energy used to "light, heat, cool, and power" buildings – so-called 'operational carbon' emissions.[14] In a leased building, both tenants and the landlord will generate operational carbon emissions. Tenant emissions can represent upwards of 90% of the operational carbon emissions from some leased buildings,[15] so excluding them from commitments is inappropriate and is not a true reflection of risk.

Figure 2: Summary of net-zero commitments on direct real estate

		Public commitment language explicitly includes:			
		Net zero by	Landlord operational emissions	Tenant operational emissions	Upfront embodied emissions
Nrep	A	2050			
Savills Investment Management	B	2040			
Patrizia	B	2040			
Heimstaden	B				
Prologis	B	2040			
Hines	C	2040			
CBRE Investment Management	C	2050			
La Salle Investment Management	D	2050			
Capitaland Investment	E	2050			
ESR Group	E	2050			
Partners Group	E	2050			
Brookfield Asset Management	E	2050			
Praemia REIM	E	2050			
Greystar	F	2040			
Starwood Capital Group	F				
Blackstone	F				

included in commitment   not specified or disclosed

Despite this, four of the thirteen investment managers that disclosed a net-zero commitment (Figure 2) – Brookfield Asset Management, CapitaLand Investment, Greystar, and Praemia REIM – exclude operational carbon emissions generated by tenants from their scope. (Praemia REIM did not respond to us to verify our findings, and we could not confirm the scope of their commitment, so we have treated it as if tenant emissions are excluded. In addition, CapitaLand Investment told us that it has targets to increase green building certification and green leasing in its portfolio, which will include consideration of tenant-controlled areas.) Overall, only nine of the 16 managers disclosed a net-zero commitment that can be considered 'comprehensive', covering both landlord and tenant emissions.

Tenants' operational carbon emissions are determined by the characteristics of the building that is leased to them, the energy sources available, and how tenants behave. This means investment managers and tenants both have a role to play in addressing them and must work together. Tools exist to help investment managers do this. Where they are legally possible, 'green' building leases can define terms of cooperation between landlords and tenants on a wide range of sustainability issues, from energy data sharing to substantial building upgrades. In addition, fit-out guides for occupiers can give tenants guidance on how to minimise their emissions while adapting a rented space to meet their requirements.

Finding 3: Five investment managers have explicitly included embodied carbon in their commitments.

'Upfront embodied carbon' refers to emissions generated during the extraction of raw materials, material production, the construction of a building, and emissions associated with material transport. These are normally the most carbon intensive stages of a building's lifecycle.[16] Further embodied carbon emissions are generated across the building's lifecycle, including during refurbishment, demolition and the disposal of its components.[17] Embodied carbon accounted for 18% of building-related emissions in 2023.[18] As energy use in buildings is decarbonised, this share is likely to grow, and it is estimated that embodied carbon already accounts for half of emissions across the lifecycle of some buildings.[19]

Again, it was difficult to determine whether embodied carbon was in scope of several net-zero commitments. Five investment managers – ESR Group, Nrep, Patrizia, Prologis and Savills Investment Management – showed leading practice by explicitly stating that upfront embodied carbon emissions are included in their commitments. Patrizia's and Savills' commitments also included emissions associated with major refurbishments, and ESR Group's commitment encompassed the whole lifecycle, including end-of-life emissions associated with deconstruction, demolition, and disposal. While comprehensive commitments are welcome, their value depends on these investment managers aiming to achieve real decarbonisation before offsetting is considered (see Finding 12). All five investment managers that included upfront embodied emissions in their long-term commitments were credited equally in our ranking.

LaSalle Investment Management explicitly reported that upfront embodied carbon is included in the scope of its commitment for European assets. As of June 2023, Europe accounted for just under a third of LaSalle's unlisted AUM.[20]

Finding 4: Six investment managers had not set interim carbon reduction targets – including four which had disclosed a net-zero commitment.

Aligning with the goals of the Paris Agreement requires that global emissions are reduced significantly by 2030 from a 2019 baseline.[21] It is therefore crucial that investment managers set interim targets on the path to net-zero.

Ten of 16 investment managers had disclosed interim targets, including one – Heimstaden –that had not disclosed net-zero commitment (Figure 3). Conversely, three – ESR Group, Greystar and Partners Group – had not disclosed any form of interim carbon reduction target despite having made a net-zero commitment. (ESR Group reports that it plans to publish an interim carbon reduction target in the near future, and Partners Group similarly reports that it will set an interim target for real estate subject to the availability of third party guidance.)

A third investment manager that has made a net zero commitment, Praemia REIM, described their intention to reduce emissions in vague terms, which fell short of setting a clear target. Praemia REIM stated in 2022 that a "pillar" of its "carbon strategy" is: "by 2030, annualized targets for reducing the carbon footprint across Primonial REIM"[iii] (Primonial REIM has since re-branded Praemia REIM).[22] It is not clear whether this means Praemia REIM has, or will, set targets to reduce emissions by 2030, and no baseline or reduction is specified. We found that Praemia REIM had disclosed a specific, timebound interim target that applied to French assets in 2023, which excluded residential property.[23] Elsewhere Praemia REIM has said that "based on the projections of the Carbon Risk Real Estate Monitor (CRREM)[iv] assets are placed on a 1.5°C trajectory", but without stating which assets and categories of emissions are included in this statement, or introducing a quantitative element (e.g, for all assets to align with CRREM on an ongoing basis, or for a defined proportion of assets to align with CRREM by a future deadline).[24] In this way, Praemia REIM left their approach open to interpretation.

iii Translated from French: "A 2030, des objectifs annualisés pour la diminution de l'empreinte carbone à l'échelle de Primonial REIM"

iv The Carbon Risk Real Estate Monitor is a widely-used tool that allows buildings to be benchmarked against Paris-aligned energy and emissions pathways. https://www.crrem.eu/

Figure 3: Summary of portfolio-level interim targets to reduce operational emissions

		Emissions covered	Target type	Baseline year	Target year	Reduction	Third party verified?
Nrep	A	1, 2, 3 cat. 13	Intensity (/m2) "Maintain portfolio average GHG operational emissions intensity aligned with Paris Agreement 1.5C scenario"	2022	2030	-80%	Yes
Savills Investment Management	B	1, 2, 3 cat. 13 1, 2, 3 cat. 13	Intensity (/AUM) Intensity (/AUM)	2022 2022	2025 2030	-25% -50%	Covered by parent company target
Patrizia	B	1, 2, 3	Intensity (/m2)	2019	2030	-50%	No
Heimstaden	B	1, 2, 3	Absolute	2020	2030	-42%	Yes
Prologis	B	1, 2, 3 3 cats. 2, 13	Absolute Absolute	2019 2019	2030 2030	90% -27.5%	Yes
Hines	C	1, 2 3 cat. 13	Absolute Absolute	2021 2021	2030 2030	-42% -42%	Yes
CBRE Investment Management	C	1, 2, 3 cats 13, 15	Intensity (/m2)	2019	2030	-50%	No
La Salle Investment Management	D	1, 2, 3	Intensity (/m2)	2019	2030	-50%	No
Capitaland Investment	E	1, 2	Absolute	2019	2030	-46%	Yes
ESR Group	E						
Partners Group	E						
Brookfield Asset Management	E	1, 2	Absolute	2020	2030	-56%	No
Praemia REIM	E						
Greystar	F						
Starwood Capital Group	F						
Blackstone	F						

Six investment managers had set targets which have been verified by the Science-Based Targets Initiative (SBTi), or are covered by an SBTi-verified target set by their parent company – though CapitaLand Investment's verified target, like its net-zero commitment, does not cover tenants' emissions (see Finding 2).

Five of these 10 targets were set by signatories of the Net Zero Asset Managers (NZAM) Initiative, which has now been suspended pending a review. It is imperative that these targets should not be discarded, watered down or ignored, and that progress should be regularly reported on.

Most targets were expressed either as a reduction in absolute emissions or in emissions intensity. Either may lead to real decarbonisation, but both have potential flaws that investors should be aware of:

- Under either an absolute or an intensity target, investment managers may divest from high carbon assets to reduce portfolio emissions, which doesn't necessarily achieve real-world emissions reductions.

- Intensity targets aim to reduce emissions relative either to assets under management or floorspace. The acquisition of low-carbon assets may dilute the carbon intensity of a portfolio, making it possible to meet intensity targets without decarbonising high-carbon assets. In addition, if intensity-based targets set against assets under management are not inflation adjusted, then carbon intensity is likely to be reduced artificially.

Several interim targets are based on flawed approaches. CapitaLand and Brookfield Asset Management set interim targets that, like their net zero commitments, exclude tenant emissions. In addition, Blackstone disclosed a policy of setting targets that apply to cohorts of certain investments, rather than to their entire real estate portfolio. We did not accept this as constituting an interim target, and the scope and ambition of this approach is unclear:

- Blackstone explained that it assigns "certain new [real estate] investments" (see footnote[v]) to cohorts of investments acquired in the same year, and aims to "reduce [the] scope 1 and 2 carbon emissions [of cohorts] by 15% on average within the first three full calendar years of ownership".[25] "The individual emissions reduction over a three year period of each member of a given Cohort is averaged with that of other members of that Cohort. A Cohort's emissions reduction is calculated as a weighted average for the members in the Cohort based on the emissions of each member in the baseline year."[26] Blackstone stated that progress is "generally measured on a carbon intensity basis", but did not make clear whether they use AUM or floorspace as the denominator for real estate.[27]

v "For Blackstone Real Estate, the target applies to assets where Blackstone has greater than 50% equity ownership and the ability to oversee the introduction and implementation of operating, health and safety, and/or environmental practices." [Blackstone (2023). TCFD Report, p34.]

Pitfalls of this system of target setting are that:

- **It does not require Blackstone to reduce either its overall, absolute emissions or its emissions intensity.** Reducing the emissions of 'cohorts' on a rolling basis may, or may not, lead to a reduction in portfolio emissions.
- **The target is said to apply to new investments.** Assets acquired before 2021 appear to be out of scope, and it is unclear how significant these are for Blackstone.

Less progress has been made to set interim targets on embodied carbon emissions. Four investment managers currently disclose targets. A further three firms reported that their development briefs include requirements related to embodied carbon emissions, but these were not publicly available. In addition, Hines and LaSalle Investment Management disclosed targets to reduce embodied carbon from new developments that apply to select European funds only.

Finding 5: At this point in time investment managers have included only a portion of their total assets in their interim targets.

Several investment managers' interim targets only covered a portion of the total assets that they manage. This could be for several reasons. They may not have operational or financial control over some investments, but be seeking to increase the proportion of assets managed in line with the goal of achieving net-zero over time.[28] Or, they might have excluded particular investments from their long-term commitments. Though the focus of this report is managers' direct investments, several managers also invest in indirect real estate (funds managed by a third party) or in real estate debt. The level of control a manager has will depend on its investment strategy and the mandates it has agreed with clients.

Several investment managers did not disclose what proportion of their assets are covered by their interim targets, and so currently being managed in line with net-zero. The five managers that were signatories to the now-suspended NZAM Initiative disclosed figures ranging from 20% to 91%, with an average of 49%. If this average is applied to other investment managers that did not disclose the AUM coverage of their interim targets, then the proportion of assets managed in line with net zero across the *whole* group (including managers without interim targets, who represented 45% of total AUM) was 27%. Even if it is conservatively assumed that the target coverage of managers who have not disclosed this information is 100%, the level of AUM covered by interim targets across the group would still be below 40%.

We appreciate that investment managers with the ambition to reach net-zero have to start from different places and are subject to different constraints. Nonetheless, the low coverage of some of the targets we assessed highlights the distance that some managers – and their investors – still have to travel to fulfil their net-zero ambitions.

Finding 6: Energy efficiency is key to decarbonising real estate, but few investment managers have disclosed portfolio-wide targets on this metric.

Reducing energy demand across the economy is critical to enabling the energy transition. This will reduce emissions associated with producing energy today, and reduce the pressure on non-fossil energy sources to meet demand. Buildings account for just under a third of final energy demand today.[29] In the future, under the International Energy Agency's Net Zero Emissions by 2050 scenario, energy efficiency improvements could mean that 70% less energy is required to heat buildings, even if heated floorspace grows by 30%.[30] To align with the Net Zero Emissions scenario, energy intensity in buildings needs to fall by 35% by 2030.[31] It's far off track from this today.

Just four investment managers - Heimstaden, Nrep, Patrizia, and Savills Investment Management - disclosed energy efficiency targets for their directly held buildings that covered whole-building energy use. Hines and CBRE Investment Management reported that select European funds had set energy efficiency targets, but did not disclose targets at the portfolio level. The low level of target setting is surprising, given the clear co-benefits of energy efficiency for carbon reduction and making assets commercially attractive for tenants.

Another four investment managers – CapitaLand Investment, ESR Group, Greystar, and LaSalle Investment Management – disclosed targets that applied only to landlord-controlled building areas. (We could not confirm the scope of ESR's target, so have treated it as applying to landlord-controlled building areas only.) LaSalle's target only applies to European funds.

Finding 7: Several investment managers did not publicly report their emissions or energy intensity, including four that had made public climate commitments.

Common reasons for not meeting our key standards on disclosure:

Missing emissions categories: some managers reported their Scope 1 and 2 emissions, but not their tenants' emissions.

Missing metrics: CapitaLand Investment disclosed its emissions across Scopes 1, 2, and 3, but only disclosed carbon intensity for Scopes 1 and 2.

To assess and manage climate risk, investment managers need to collect whole-building emissions and energy data. Many will be reporting data at some level of detail to at least some of their investors; for example, following the disclosure standards of the European Association for Investors in Non-Listed Real Estate Vehicles.[32] To be transparent about their climate impacts and progress against their targets, they should also publicly report their carbon emissions and energy efficiency, at minimum.

Gathering and reporting emissions data in any sector brings well-documented challenges, especially for scope 3, where accurate and timely primary data is often difficult to obtain. Real estate is clearly no exception. We acknowledge that there are also inconsistencies in how key metrics are calculated and reported in this sector, which may render the same data points incomparable between two investment managers.[33] For example, different approaches to calculating floor area will affect intensity metrics. There are ongoing conversations in the real estate investment industry about how to standardise metrics in a way that allows for fair and consistent comparisons and valuations across assets.[34]

These challenges should not prevent investment managers from publicly disclosing key data points. They can be transparent about how they have arrived at the data they present, and can acknowledge gaps in data coverage where they have had to rely on extrapolations or secondary data sources. Many of the investment managers we surveyed do this today.

Six of the investment managers we assessed – Blackstone, Greystar, LaSalle Investment Management, Partners Group, Praemia REIM, and Starwood Capital Group – did not publicly disclose emissions or energy data, beyond some limited disclosures that appeared related to their corporate activities, making it difficult for stakeholders to understand their climate impacts and track progress against their commitments (Figure 4). This is despite four of them – Greystar, LaSalle, Partners Group, and Praemia REIM – having made net-zero commitments and three of these having set some form of interim target. A further three – CapitaLand Investment, ESR Group, and Brookfield Asset Management – made incomplete disclosures. This is an area for significant improvement, and had a large effect on these investment managers' placements in our ranking.

There is less reporting of embodied carbon emissions – where measurement and reporting challenges are significant. Several investment managers reported scope 3 categories that capture emissions from developments,[vi] but just one manager, Nrep, explicitly reported the embodied carbon intensity of newly completed developments. This is leading practice. Several investment managers reported that they routinely require life cycle assessments to be carried out for new developments (Finding 11); we encourage other investment managers to follow in disclosing this information.

vi Category 1 (Purchased goods and services) and Category 2 (Capital goods).

Figure 4: Operational carbon and energy use intensity disclosures

		Landlord emissions	Tenant emissions	Whole building carbon intensity	Landlord energy intensity	Whole building energy intensity
Nrep	A	disclosed	disclosed	disclosed	disclosed	disclosed
Savills Investment Management	B	disclosed	disclosed	disclosed	disclosed	disclosed
Patrizia	B	disclosed	disclosed	disclosed	disclosed	disclosed
Heimstaden	B	disclosed	disclosed	disclosed	disclosed	disclosed
Prologis	B	disclosed	disclosed	disclosed	disclosed	disclosed
Hines	C	disclosed	disclosed	disclosed	disclosed	disclosed
CBRE Investment Management	C	disclosed	disclosed	disclosed	disclosed	disclosed
La Salle Investment Management	D	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Capitaland Investment	E	disclosed	disclosed	not disclosed	disclosed	not disclosed
ESR Group	E	disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Partners Group	E	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Brookfield Asset Management	E	disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Praemia REIM	E	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Greystar	F	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Starwood Capital Group	F	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed
Blackstone	F	not disclosed	not disclosed	not disclosed	not disclosed	not disclosed

disclosed   not disclosed

Decarbonisation strategy

Once managers have made a public climate commitment, they need to set out clearly how they will deliver it. All the managers we assessed described initiatives to cut their emissions, but only seven of the 13 with net-zero commitments set out what we considered a systematic approach to decarbonisation for their direct investments.

In addition, just one manager had a clear commitment to stop installing fossil fuel appliances, and several did not report that they consistently measure the embodied carbon of their developments. This is a missed opportunity to address their embodied carbon emissions at the earliest stage.

Common reasons for not meeting our climate strategy key standards

Risk assessment: several managers did not disclose details of the scenarios they had used to assess physical or transition-related risks.

Net-zero audits:

- Some managers described decarbonisation planning for particular funds or assets, but it was unclear whether this represented a systematic approach to planning across portfolios.
- Some managers referenced devising 'ESG' action plans that were not clearly linked to decarbonisation targets.
- Some managers did not make clear whether they estimate costs as part of their decarbonisation planning process.

Fossil fuel free commitments: certain managers had made commitments to reduce the installation of fossil fuel infrastructure which contained loopholes.

Whole-life carbon assessments: some managers gave examples of producing life cycle assessments for developments, but did not make clear whether they had a policy to do this consistently.

Finding 8: Few managers quantified how they will meet their climate targets in their public reporting.

In the public disclosures we reviewed, every manager identified steps they could take to reduce emissions from their buildings, such as sourcing more renewable energy, electrifying heating, or engaging with tenants on energy procurement and use. Many also provided useful examples of how they had approached decarbonisation in specific cases.

Illustrative case studies are useful, but it was rarer for managers to aggregate decarbonisation plans across their buildings and quantify how they expect different decarbonisation levers to contribute to planned emission reductions at a portfolio level. Only two managers – Nrep and Heimstaden – publicly disclosed some form of portfolio-level quantified roadmap despite disclosures of this kind being an expectation of several leading transition plan frameworks.[35] This makes it less clear to stakeholders how managers plan to meet their targets. Some investment managers told us that this information is being disclosed to investors at fund level, but is not made public or reported at the level of the entire portfolio.

It was more common for managers to disclose secondary targets related to renewable energy, which give some detail on how they will meet their targets. These included five commitments to install on-site solar and three to increase renewable energy consumption. In addition, four managers disclosed targets specific to a fund or region. Targets to increase renewable energy consumption from the grid may leave the door open to claims that rely on Energy Attribute Certificates (EACs, also known as renewable energy certificates). These certify the generation of a quantity of renewable energy, and are the most common means of corporate renewable energy procurement today.[36] It is well documented that the purchase of EACs may not result in the generation of additional renewable energy or real-world emissions reductions.[37] Managers should clearly commit to prioritise on-site renewables, and then power purchase agreements, over the purchase of EACs.

Finding 9: Less than half of managers reported having what we considered a systematic approach to making decarbonisation plans for their assets.

Investment managers' emissions are dispersed across the many buildings that they hold, and each building is different. This means that to align buildings with net-zero pathways, managers need a systematic approach to making asset-level decarbonisation plans. Even if managers will not hold a building for a long time, they should do what they can to improve its performance. This is necessary not only for managers to meet their emissions targets, but also to prevent misalignment if a building falls behind the curve of established carbon and energy benchmarks for the real estate market.

We defined managers as having demonstrated a systematic approach to decarbonisation if:

1. They described a process for auditing assets to determine whether and how to reduce emissions;
2. This process was in service of a whole-building emissions reduction target, *and;*
3. The process involved estimating the capital expenditure that would be required to make the changes.

Seven managers, less than half the group, met our key standard. We could find only three of these – Nrep, Patrizia, and Savills Investment Management – that had reported in quantified terms on their progress to develop asset-level plans; for example, stating the number or proportion of assets in their portfolio for which they had developed a plan.

Finding 10: Only one investment manager, Nrep, has a clear commitment to stop installing fossil fuel infrastructure.

Technologies to replace fossil fuel infrastructure in buildings are available today, from heat pumps to electric cookers. Phasing out fossil fuel infrastructure is integral to the transition in the built environment. New, fossil fuel-based installations today could lock in dependence on fossil fuels for years into the future.

Just one investment manager, Nrep, has made a clear commitment to stop installing fossil fuel infrastructure in buildings owned or financially controlled by the company by 2030 at the latest, in accordance with the buildings criteria of the Science-Based Targets initiative.[38] Two other managers had made pledges that fell short of a watertight commitment. Patrizia has pledged to "remove fossil fuel *heat* sources" (our emphasis) by 2030, but not other fossil fuel appliances.[39] In addition, Savills Investment Management has pledged not to fund "new *developments* that are not all electric" (our emphasis), which does not require Savills to stop installing fossil fuel infrastructure in existing buildings.[40] Two more managers, CBRE Investment Management and LaSalle Investment Management, had made partial fossil-free commitments for select regions or funds.

Finding 11: Nine managers reported having a policy to produce whole-life carbon assessments, but only four required them for every new development.

Managers also need to set out how they will approach reducing embodied carbon emissions. Targeting upfront embodied carbon emissions remains challenging as steel and concrete are carbon-intensive materials. However, these emissions can be reduced. Developers can make material substitutions, procuring conventional materials that have a lower carbon intensity where available, or by opting for natural or circular materials with a lower carbon footprint. Design choices made early in a development project can also reduce embodied carbon through efficiency savings.[41]

To pinpoint embodied carbon hotspots in a new development, managers should carry out a whole-life carbon assessment to estimate the emissions a building will produce over its lifetime. This should follow a reputable framework, such as the Royal Institution of Chartered Surveyors (RICS) whole-life carbon assessment standard.[42]

Four managers – Heimstaden, Nrep, Prologis, and Savills Investment Management – reported that they required whole-life carbon assessments to be produced for all new development projects. A further five managers reported that they regularly require assessments, but not for all projects. For example, LaSalle Investment Management reported that they would be produced for European developments, and Partners Group reported that they are produced for developments over a certain value. It was not clear from most managers' disclosures whether these policies also applied to major refurbishment projects, which can also be a significant source of embodied carbon emissions. Managers that gave individual examples of having completed a life cycle assessment, without specifying a wider policy to do so across developments, did not meet our key standard.

Construction is typically the most carbon-intensive stage of a building's lifecycle. Producing a whole-life carbon assessment is vital to targeting and reducing upfront embodied carbon emissions.

Finding 12: Most managers plan to offset residual emissions in the future.

We believe offsets should not count towards the achievement of climate targets, and that they should only be used, if at all, to neutralise residual emissions that remain when all attempts to eliminate them have been exhausted. Operational emissions from buildings can be eliminated entirely so long as renewable energy is available.[43] Embodied carbon emissions associated with energy-intensive processes like cement production, or that result from disposing of materials at the end of a building's life, will be more challenging to mitigate, so investment managers will likely be faced with residual emissions.[44] Where managers may use offsets in the future, they should be entirely transparent about their use of offsets, where and how they were generated, and any third-party standards that they choose to align with.

Two managers – Hines and Heimstaden – reported that they will not use carbon offsets to neutralise residual emissions, and three more – Blackstone, Praemia REIM, and Starwood Capital Group – did not disclose whether or not they do or will use carbon offsets. The remaining eleven managers signalled that they will offset residual emissions in the future.

Finding 13: Nearly every manager reported that they use scenario analysis to assess climate risks, but several did not disclose details of the scenarios they use.

Real estate investments are exposed to both physical and transition-related risks. Physical risks are those which may arise from the physical impacts of climate change, such as extreme weather events. The human suffering and economic losses caused by natural disasters in 2024, the hottest year on record, has highlighted the acute physical risks that climate change is already creating for buildings and the people who inhabit them. Insurers' estimates of the value of 2024 losses due to natural catastrophes range between $318 billion and $417 billion, of which they estimate that 57–63% were uninsured.[47]

Transition-related risks are risks to the value of investments that may arise from the transition to a low-carbon economy. These are varied and could, for example, arise from regulations governing carbon emissions and energy efficiency, technological advances that erode the value of legacy assets, changing consumer preferences, and reputational risk.[48] Real estate investment managers must assess and mitigate climate-related risks as part of their investment approaches. Scenario analysis can help investment managers to understand the climate-related risks they face.

Physical risks

Every manager reported that they assess the resilience of their real estate portfolios to physical risks, reflecting a broad recognition of the physical realities of climate change and the relevance of climate risk to asset values. However, five managers – ESR Group, Greystar, LaSalle Investment Management, Partners Group, and Starwood Capital Group – did not publicly disclose details of climate scenario(s) they use to do this. Specifically, they did not say whether or not they have tested their investments against a >2C scenario. Physical climate risks are expected to become more severe beyond 1.5C of warming, and to be far more severe at 2C of warming[49] As global temperatures are projected to reach 2.7C above pre-industrial levels by 2100 based on current policies,[50] and scientists estimate that there is a small (1%) chance temperatures may exceed 2C this decade,[51] a >2C scenario is appropriate.[52]

(ESR Group has disclosed scenarios used "as part of regulatory requirements" to assess the listed entities it manages, but not its broader direct investments, for which the Group says it has used scenarios "modelled after the IPCC pathways"[53] Partners Group stated that physical risks are identified "on a qualitative basis" but that they "are moving towards a more quantitative... approach".[54])

Transition-related risks

All but one investment manager – Blackstone – reported that they had assessed the resilience of their real estate investments to transition-related risks. (Blackstone reports that it may face transition-related risks[55] and that it has "ESG due diligence processes where climate-related matters are considered, when deemed relevant, [including] energy management, emissions reduction opportunities [and] regulatory compliance"[56]) Two other managers – ESR Group and Partners Group did not publicly disclose details of the scenarios they have used to assess transition-related risk. (Partners Group reported to us directly that they use the CRREM tool to benchmark assets against transition pathways, but this information has not been disclosed publicly.)

Part 2: Are investment managers planning for a just transition?

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The need for a just transition in the built environment

Every investment has an impact on the planet and its people, for better or worse. Real estate is clearly no exception: buildings exist to serve a social function. Responsible investment in buildings may create positive social change, but if buildings are treated solely as financial assets, there is a clear risk of tension between the welfare and human rights of tenants and communities and the expectation of financial return.[57] The need to decarbonise buildings compounds this risk, as the upfront costs of decarbonisation may be passed on to vulnerable tenants.

This risk is shaped by the type of building in question. Real estate investors may own peoples' homes, but also warehouses, retail units and office spaces leased to commercial tenants. Investments in housing creates particular risks. The primary purpose of housing is to provide "a place for people to live in peace, security, and dignity".[58] Adequate housing that is 'habitable', 'affordable', and for which there is 'legal security of tenure' is a human right under international law.[59]

Today, many people across the world are not afforded their right to adequate housing, labour rights abuses persist in buildings supply chains, and inequalities of wealth, power, and access to spaces exist in the built environment.[60] Climate action is an opportunity to address these issues. At the same time, if they are not considered in the process of decarbonisation, negative impacts on tenants, communities, and workers in the may be produced or worsened.

To mitigate these risks, investment managers must plan to enable a just transition in the built environment. The Institute for Human Rights and Business (IHRB) considers four elements essential for a just transition across all sectors, including the built environment:[61]

- Preventing risks and adverse impacts through human rights due diligence
- Equal access to opportunities and benefits for people affected by the transition
- Accountability to, and agency of, potentially affected groups, who are included and actively engaged in the process of decision-making, and;
- Transformational systems change: "A just transition cannot simply replace an extractive carbon economy with a system of green extraction where fundamental power relations remain unchanged."

In Europe, regulation is driving more disclosure. Six investment managers reported that they had recently undertaken a double materiality assessment, of which four had identified tenants and/or affected communities as a material topic. The Corporate Sustainability Reporting

Directive (CSRD) now requires certain large companies in Europe to report on environmental and social topics they have assessed to be material, in line with the European Sustainability Reporting Standards (ESRS):

- **'Affected communities' [ESRS S3]**: companies must report on how they "identify and manage any material actual and potential impacts…in relation to… communities' economic, social and cultural rights (for example, adequate housing…)".[62] To do this they must disclose, among other things, "how the views, interests, and rights of affected communities, including respect for their human rights… inform its strategy and business model", and "[their] general process for engaging with affected communities… about actual and potential impacts".[63]
- **'Consumers and end users' [ESRS S4]:** companies must report on how they "affect [their] consumers and/or end-users" and "*actions* taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts".[64] To do this they must disclose, among other things, "how the interests, views and rights of its consumers and/or end-users, including respect for their human rights, inform [their] strategy and business model", "policies adopted to manage [their] material impacts", and "[their] general processes for engaging with consumers and end-users".[65]

In this section of the report, we consider evidence of whether investment managers have committed to two elements identified by the IHRB: human rights due diligence, and participation in decision making.

We make two caveats here. First, this is not a comprehensive assessment of these managers' alignment with a just transition nor of their positive or negative social impacts. There are many important issues that we have not considered which deserve attention, such as levels of investments in affordable housing.

Second, we have assessed policies, not their implementation, and based only on these managers' disclosures, not on testimonies from their tenants or the communities they operate in. While this limits what can be inferred from our findings, we believe they are still revealing of these managers' approaches to the just transition. This reinforces the need for asset owners to actively engage with their investment managers. Below (p. 38) we signpost to resources from the IHRB that can be used to do this.

Finding 14: Overall, it was unclear how investment managers are engaging with the themes of the just transition.

The decarbonisation of buildings and the wider economy will create huge social change, some of which may be a consequence of decisions made by the investment managers discussed here. The transition creates the possibility of both positive and negative social impacts, which investment managers must identify and manage.

It was common for investment managers' disclosures to make reference to their relationships with their tenants and the communities that they operate in. Several gave examples of social impact initiatives, either at the corporate level or through their investment activities. However, evidence of joined-up thinking on decarbonisation and social impacts was scarce, and explicit references to the just transition were almost entirely absent. Where managers referenced the just transition this was typically to say that they are contributing to it through the provision of affordable housing. Consistent with this finding, every company assessed by the World Benchmarking Alliance's Buildings benchmark scored zero under their just transition planning indicator.[66]

A small number of investment managers reported to us that they did consider the just transition in their investment approach in different ways, including with processes to identify and manage social risks and opportunities and initiatives geared towards social impact. We explore these areas below. However, the low response rate to our survey, and to specific questions we asked, limited our scope for analysis.

Finding 15: Managers did describe engagement with their tenants and communities, but it was unclear if they engaged on the social impacts of the transition.

Eleven managers referred to engagement with tenants or communities in their disclosures. Examples included surveys to gauge tenant satisfaction, events for tenants and communities to hear about projects or initiatives, community engagement that is required by planning laws in certain jurisdictions, and establishing points-of-contact for tenants to raise concerns with property managers or the investment manager. Of relevance to the transition, some managers highlighted the role of green leases in creating a dialogue between tenants and investment managers about the impacts and costs of decarbonisation.

Beyond this, the managers did not disclose evidence of engagement on the specific topic of the low carbon transition. Nor, critically, did they set out in any detail processes that would enable tenants and communities to participate in decision-making about aspects of the transition that may affect them.

The details of these processes matter. There is a substantial difference between sharing information with people who will be affected by a decision and inviting them to participate in making one. There is also a big difference between a blanket approach to engaging people and one that accounts for the needs of different groups and imbalances of power. These are essential considerations for a just transition.

Finding 16: It is not clear whether, when or how most investment managers identify or manage actual or potential human rights impacts arising from decarbonisation.

It is unclear whether, when, or how most of the 16 investment managers perform human rights due diligence when they undertake developments or acquisitions, or make property management decisions, including those related to decarbonisation. Ten managers had responsible investment policies that reference human rights impacts as a possible criterion in investment decisions. Seven of these have committed to align with an international human rights framework. These frameworks cover a wide range of investment activities and typically state that human rights *may* be considered as relevant to any particular investment, so it is difficult to determine when and how these policies are applied. Only one manager's policy made explicit reference to considering tenant and community impacts when making decisions about decarbonisation. Two other investment managers confirmed to us that it is their policy to assess the human rights impacts of their developments, renovations, and building upgrades.

We welcome the fact that two managers – Heimstaden and Patrizia – have reported in line with the CSRD for 2024, giving greater insight into their approaches to these issues. Heimstaden, which is a residential real estate company, has assessed that *S3 – affected communities* is immaterial to their business. Both companies report against *S4 – consumers and end-users,* claiming that they create a positive impact through the provision of affordable housing.[67]

Finding 17: Several investment managers lack robust commitments to protect workers' rights in their supply chains.

Investment managers had better policies on supply chain due diligence, but these were still lacking from several large investment managers. It is well understood that human rights abuses, including forced labour, modern slavery, and poor working and living conditions, occur in the construction sector,[68] and material supply chains also expose investment managers and their contractors to potential environmental and human rights abuses.

Twelve of the 16 investment managers reported that they carry out due diligence of their supply chains for actual or potential human rights abuses. However, managers generally did not describe due diligence processes in detail. This is again consistent with the finding of the World Benchmarking Alliance's Buildings Benchmark, which finds that companies in the buildings value chain consistently fail to disclose processes for identifying human rights risks.[69] We found no evidence of due diligence being exercised by Blackstone, Greystar, Praemia REIM, or Starwood Capital Group. Hines told us that they perform due diligence and have a Human Rights Statement, but this was not publicly available. However, Hines has publicly disclosed a Modern Slavery and Human Trafficking Statement.

Only seven of the investment managers had publicly disclosed vendor policies that require their contractors to uphold the International Labour Organization's Fundamental Principles and Rights at Work: freedom of association and effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; the elimination of discrimination in respect of employment and occupation; and a safe and healthy working environment.[70] One manager, CapitaLand Investment, had a vendor policy aligned with the United Nation's Global Compact, which encompasses all but the last of these five principles and rights. A further two managers, Brookfield Asset Management and Prologis, included provisions against forced labour in their vendor policies.

We found no evidence of vendor policies aligned with internationally affirmed labour rights frameworks from Blackstone, Greystar, Praemia REIM, Partners Group, or Starwood Capital Group. Again, Hines reported that their internal policy is aligned with the ILO's fundamental principles, but this was not publicly available.

Resources for investment managers and asset owners to advance a just transition in the built environment.

Tools are available that can help both asset owners and investment managers centre human rights in their decarbonisation strategies.

The *Dignity by Design* framework has been developed by the IHRB to "manage human rights risks and maximise social opportunity in the built environment". It is grounded entirely in existing international human rights frameworks and standards, giving investors and other stakeholders clear direction on how to embed human rights in decisions made when buying, developing, designing, constructing or maintaining assets.

The framework sets out principles for investors and other stakeholders for each stage, accompanied by guiding questions to help guide decision-making. These questions are highly relevant to investment managers and can also be used in asset owners' engagements with them and with portfolio real estate companies.

- An interactive online version of the framework can be accessed at: https://www.dignitybydesign.org/. Or, a PDF version can be downloaded from the website.

The Shift, an international human rights organization led by the former-UN Special Rapporteur on the Right to Housing, has published guidelines on how residential real estate investors can align investment practices with human rights principles, enhance social value, implement effective human rights due diligence in business operations, and contribute to the solution of affordable housing challenges.

- The guidelines are freely available online. https://make-the-shift.org/investor-guidelines/

Methodology

Methodology

How investment managers were selected

We selected investment managers based on their assets under management as well as their location:

- We selected the largest institutions, using managers' rankings in the Investments and Pensions Europe (IPE) list of the top 150 real estate investment managers.
- We excluded firms which appear, or whose parent organisation appears, in other ShareAction benchmarks, including our *Point of No Returns* ranking of asset managers, our *Insuring Disaster* ranking of insurers, and our survey of European banks. These already assess these institutions' approaches to responsible investment, albeit not specifically for this asset class.
- The number of north American managers, which dominate the IPE list, was capped at eight to allow for inclusion of investment managers in other geographies. We selected the two largest Asian firms, and the six largest European.

How the survey was conducted

All 16 investment managers were approached about the research in November–December 2024 via an enquiries email or contact form, investor relations or sustainability teams, or their media enquiries email address. In several cases, individuals working for the investment managers were also approached directly.

ShareAction developed a survey with input from internal and external subject matter experts. We pre-filled the survey for the managers, selecting answer options for each question based on publicly available information as of January 2025, and in January invited all managers to check the submission and provide additional publicly available evidence to support their answers. The investment managers also had the option to provide further clarification privately, should there be relevant information that was not yet released or commercially sensitive. Six managers verified the survey: Brookfield Asset Management, CBRE Investment Management, Heimstaden, Hines, Nrep, and Partners Group.

We then reviewed all submissions in full. Scoring was led by publicly available information, however we used information supplied privately to understand the exact application of public documents and to inform our commentary in the report and the development of future surveys. We finalized our findings based on managers' public disclosures as of May 2025.

The draft report was reviewed both internally and externally. We shared a summary of our assessment with all investment managers before finalizing the report, providing another opportunity for investment managers to check our conclusions and notify us of any errors.

How asset managers were graded and ranked

We assigned each investment manager a grade from A to F as a measure of their performance. These grades were based on 12 key standards. Asset managers were ranked first by grade and then by overall score within each grade.

Key standards

The 12 key standards on climate change are intended to give a clear and simple appraisal of each asset manager's performance against key indicators of climate action, while each manager's score provides additional context for their performance.

The key standards are designed to be consistent with ideas of best practice. Each standard was met by at least one asset manager.

For clarity and simplicity, we assessed the standards on a simple yes/no basis. This means that an asset manager that meets a standard may be doing just enough, or may be exceeding the standard by some distance. Conversely, an asset manager that does not meet a standard may be falling a long way short, or only just missing the threshold. This extra level of detail is captured in the overall score (which is used for the ranking). The 12 key standards are listed in the Recommendations.

Assigning grades

We assigned grades based on the number of key standards achieved

Grade	Required proportion of standards	Number of standards required	Additional requirements
A	≥ 83.3%	10-12	At least one standard in each section
B	≥ 66.6%	8	-
C	≥ 50%	6	-
D	≥ 25%	3	-
E	≥ 8.3%	1-2	-
F	None	0	-
Total number of standards available		**12**	

Scoring

We scored questions related to the topics covered by the key standards, assigning relevant questions a maximum number of available points, and points to each answer option within it. Higher numbers of points were available where the question was of greater significance for responsible financial performance. We included some questions in the survey to enhance our understanding of the results and/or overall trends; these were not scored.

Available points were distributed across three topics in line with the distribution of key standards across the sections.

Target setting	Decarbonisation strategy	Disclosures
41.7%	33.3%	25%

The asset manager's overall score is the sum of all the points it scored across all questions for which it was eligible, plus a bonus for each key standard achieved.

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Disclaimer

About ShareAction

ShareAction is an independent charity and an expert on responsible investment. We work to build a world where the financial system serves our planet and its people. We set ambitious standards for how financial institutions, through their investment decisions, can protect our planet and its people and campaign for this approach to become the norm. We convene shareholders to collectively push companies to tackle the climate crisis, protect nature, improve workers' rights and shape healthier societies. In the UK and EU, we advocate for financial regulation that has society's best interests at its core.

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