



SUSTAINABILITY ACCOUNTING STANDARD
INFRASTRUCTURE SECTOR

REAL ESTATE SERVICES

Sustainability Accounting Standard

Sustainable Industry Classification System™ (SICS™) #IF0403

Prepared by the
Sustainability Accounting Standards Board®

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Provisional Standard

REAL ESTATE SERVICES

Sustainability Accounting Standard

About SASB

The Sustainability Accounting Standards Board (SASB) provides sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability information for the benefit of investors and the public. SASB standards are designed for disclosure in mandatory filings to the Securities and Exchange Commission (SEC), such as the Form 10-K and 20-F. SASB is an independent 501(c)3 non-profit organization. Through 2016, SASB is developing standards for 79 industries in 10 sectors.

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INTRODUCTION

Purpose & Structure

This document contains the SASB Sustainability Accounting Standard (SASB Standard) for the Real Estate Services industry.

SASB Sustainability Accounting Standards are comprised of **(1) disclosure guidance and (2) accounting standards on sustainability topics** for use by U.S. and foreign public companies in their annual filings (Form 10-K or 20-F) with the U.S. Securities and Exchange Commission (SEC). To the extent relevant, SASB Standards may also be applicable to other periodic mandatory filings with the SEC, such as the Form 10-Q, Form S-1, and Form 8-K.

SASB Standards identify sustainability topics at an industry level, which may constitute material information—depending on a company’s specific operating context—for a company within that industry. SASB Standards are intended to provide guidance to company management, which is ultimately responsible for determining which information is material and should therefore be included in its Form 10-K or 20-F and other periodic SEC filings.

SASB Standards provide companies with standardized sustainability metrics designed to communicate performance on industry level sustainability topics. When making disclosure on sustainability topics, companies can use SASB Standards to help ensure that disclosure is standardized and therefore decision-useful, relevant, comparable, and complete.

SASB Standards are intended to constitute “suitable criteria” as defined by AT 101.23-.32¹ and referenced in AT 701² as having the following attributes:

- *Objectivity*—Criteria should be free from bias.
- *Measurability*—Criteria should permit reasonably consistent measurements, qualitative or quantitative, of subject matter.
- *Completeness*—Criteria should be sufficiently complete so that those relevant factors that would alter a conclusion about subject matter are not omitted.
- *Relevance*—Criteria should be relevant to the subject matter.

Industry Description

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

¹ http://pcaobus.org/Standards/Attestation/Pages/AT101.aspx#at_101_fn7

² <http://pcaobus.org/Standards/Attestation/Pages/AT701.aspx>

is a substantial part of the global economy. While some of the largest real estate services firms operate internationally, the majority of industry activity for U.S.-listed companies takes place in the U.S.

Guidance for Disclosure of Sustainability Topics in SEC Filings

1. Industry-Level Sustainability Topics

For the Real Estate Services industry, SASB has identified the following sustainability disclosure topics:

- Sustainability Services
- Transparent Information & Management of Conflict of Interest

2. Company-Level Determination and Disclosure of Material Sustainability Topics

Sustainability disclosures are governed by the same laws and regulations that govern disclosures by securities issuers generally. According to the U.S. Supreme Court, a fact is material if, in the event such fact is omitted from a particular disclosure, there is “a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the ‘total mix’ of the information made available.”^{3, 4}

SASB has attempted to identify those sustainability topics that are reasonably likely to have a material effect on the financial condition or operating performance of companies within each SIC industry. SASB recognizes, however, that each company is ultimately responsible for determining what information should be disclosed within the context of Regulation S-K and other guidance.

Regulation S-K, which sets forth certain disclosure requirements associated with Form 10-K and other SEC filings, requires companies, among other things, to describe in the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) section of Form 10-K “any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations. If the registrant knows of events that will cause a material change in the relationship between costs and revenues (such as known future increases in costs of labor or materials or price increases or inventory adjustments), the change in the relationship shall be disclosed.”

Furthermore, instructions to Item 303 state that the MD&A “shall focus specifically on material events and uncertainties known to management that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.”²

The SEC has provided guidance for companies to use in determining whether a trend or uncertainty should be disclosed. The two-part assessment prescribed by the SEC, based on probability and magnitude, can be applied to the topics included within this standard:

³ TSC Industries v. Northway, Inc., 426 U.S. 438 (1976).

⁴ C.F.R. 229.303(Item 303)(a)(3)(ii).

- First, a company is not required to make disclosure about a known trend or uncertainty if its management determines that such trend or uncertainty is not reasonably likely to occur.
- Second, if a company's management cannot make a reasonable determination of the likelihood of an event or uncertainty, then disclosure is required unless management determines that a material effect on the registrant's financial condition or results of operation is not reasonably likely to occur.

3. Sustainability Accounting Standard Disclosures in Form 10-K

a. Management's Discussion and Analysis

For purposes of comparability and usability, companies should consider making disclosure on sustainability topics in the MD&A, in a sub-section titled "**Sustainability Accounting Standards Disclosures.**"⁵

b. Other Relevant Sections of Form 10-K

In addition to the MD&A section, it may be relevant for companies to disclose sustainability information in other sections of Form 10-K, including, but not limited to:

- **Description of business**—Item 101 of Regulation S-K requires a company to provide a description of its business and its subsidiaries. Item 101(c)(1)(xii) expressly requires disclosure regarding certain costs of complying with environmental laws:

Appropriate disclosure also shall be made as to the material effects that compliance with Federal, State and local provisions which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, may have upon the capital expenditures, earnings and competitive position of the registrant and its subsidiaries.

- **Legal proceedings**—Item 103 of Regulation S-K requires companies to describe briefly any material pending or contemplated legal proceedings. Instructions to Item 103 provide specific disclosure requirements for administrative or judicial proceedings arising from laws and regulations that target discharge of materials into the environment or that are primarily for the purpose of protecting the environment.
- **Risk factors**—Item 503(c) of Regulation S-K requires filing companies to provide a discussion of the most significant factors that make an investment in the registrant speculative or risky, clearly stating the risk and specifying how a particular risk affects the particular filing company.

c. Rule 12b-20

Securities Act Rule 408 and Exchange Act Rule 12b-20 require a registrant to disclose, in addition to the information expressly required by law or regulation, "such further material information, if any, as may be

⁵ [SEC \[Release Nos. 33-8056; 34-45321; FR-61\] Commission Statement about Management's Discussion and Analysis of Financial Condition and Results of Operations](#): "We also want to remind registrants that disclosure must be both useful and understandable. That is, management should provide the most relevant information and provide it using language and formats that investors can be expected to understand. Registrants should be aware also that investors will often find information relating to a particular matter more meaningful if it is disclosed in a single location, rather than presented in a fragmented manner throughout the filing."

necessary to make the required statements, in light of the circumstances under which they are made, not misleading.”

More detailed guidance on disclosure of material sustainability topics can be found in the **SASB Conceptual Framework**, available for download via <http://www.sasb.org/approach/conceptual-framework/>.

Guidance on Accounting for Sustainability Topics

For each sustainability topic included in the Real Estate Services industry Sustainability Accounting Standard, SASB identifies accounting metrics.

SASB recommends that each company consider using these sustainability accounting metrics when preparing disclosures on the sustainability topics identified herein.

As appropriate—and consistent with Rule 12b-20⁶—when disclosing a sustainability topic identified by this Standard, companies should consider including a narrative description of any material factors necessary to ensure completeness, accuracy, and comparability of the data reported. Where not addressed by the specific accounting metrics, but relevant, the registrant should discuss the following, related to the topic:

- The registrant’s **strategic approach** to managing performance on material sustainability issues;
- The registrant’s **relative performance** with respect to its peers;
- The **degree of control** the registrant has;
- Any **measures the registrant has undertaken** or **plans to undertake** to improve performance; and
- Data for the registrant’s **last three completed fiscal years** (when available).

SASB recommends that registrants use SASB Standards specific to their primary industry as identified in the [Sustainable Industry Classification System \(SICSTM\)](#). If a registrant generates significant revenue from multiple industries, SASB recommends that it also consider sustainability topics that SASB has identified for those industries and disclose the associated SASB accounting metrics.

In disclosing to SASB Standards, it is expected that registrants disclose with the same level of rigor, accuracy, and responsibility as they apply to all other information contained in their SEC filings.

Users of the SASB Standards

The SASB Standards are intended to provide guidance for companies that engage in public offerings of securities registered under the Securities Act of 1933 (the Securities Act) and those that issue securities registered under the

⁶ SEC Rule 12b-20: “In addition to the information expressly required to be included in a statement or report, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading.”

Securities Exchange Act of 1934 (the Exchange Act),⁷ for use in SEC filings, including, without limitation, annual reports on Form 10-K (Form 20-F for foreign issuers), quarterly reports on Form 10-Q, current reports on Form 8-K, and registration statements on Forms S-1 and S-3. Disclosure with respect to the SASB Standards is not required or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Scope of Disclosure

Unless otherwise specified, SASB recommends:

- That a registrant disclose on sustainability issues and metrics for itself and for entities that are consolidated for financial reporting purposes as defined by accounting principles generally accepted in the United States for consistency with other accompanying information within SEC filings;⁸
- That for consolidated entities, disclosures be made, and accounting metrics calculated, for the whole entity, regardless of the size of the minority interest; and
- That information from unconsolidated entities not be included in the computation of SASB accounting metrics. A registrant should disclose, however, information about unconsolidated entities to the extent that the registrant considers the information necessary for investors to understand the effect of sustainability topics on the company's financial condition or operating performance (typically, this disclosure would be limited to risks and opportunities associated with these entities).

Reporting Format

Use of Financial Data

In instances where accounting metrics, activity metrics, and technical protocols in this standard incorporate financial data (e.g., revenues, cost of sales, expenses recorded and disclosed for fines, etc.), such financial data shall be prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP") and be consistent with the corresponding financial data reported within the registrant's SEC filings. Should accounting metrics, activity metrics and technical protocols in this standard incorporate disclosure of financial data that is not prepared in accordance with US GAAP, the registrant shall disclose such information in accordance with the SEC Regulation G.

Activity Metrics and Normalization

SASB recognizes that normalizing accounting metrics is important for the analysis of SASB disclosures.

⁷ Registration under the Securities Exchange Act of 1934 is required (1) for securities to be listed on a national securities exchange such as the New York Stock Exchange, the NYSE Amex, and the NASDAQ Stock Market or (2) if (A) the securities are equity securities and are held by more than 2,000 persons (or 500 persons who are not accredited investors) and (B) the company has more than \$10 million in assets.

⁸ See US GAAP consolidation rules (Section 810).

SASB recommends that a registrant disclose any basic business data that may assist in the accurate evaluation and comparability of disclosure, to the extent that they are not already disclosed in the Form 10-K (e.g., revenue, EBITDA, etc.).

Such data—termed “activity metrics”—may include high-level business data such as total number of employees, quantity of products produced or services provided, number of facilities, or number of customers. It may also include industry-specific data such as plant capacity utilization (e.g., for specialty chemical companies), number of transactions (e.g., for Internet media and services companies), hospital bed days (e.g., for health care delivery companies), or proven and probable reserves (e.g., for oil and gas exploration and production companies).

Activity metrics disclosed should:

- Convey contextual information that would not otherwise be apparent from SASB accounting metrics.
- Be deemed generally useful for an investor relying on SASB accounting metrics in performing their own calculations and creating their own ratios.
- Be explained and consistently disclosed from period to period to the extent they continue to be relevant. However, a decision to make a voluntary disclosure in one period does not obligate a continuation of that disclosure if it is no longer relevant or if a better metric becomes available.⁹

Where relevant, SASB recommends specific activity metrics that—at a minimum—should accompany SASB accounting metric disclosures.

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of property management clients, categorized by (1) tenants and (2) real estate owners	Quantitative	Number	IF0403-A
Floor area under management with owner operational control ¹⁰	Quantitative	Square feet (ft ²)	IF0403-B
Number of buildings under management with owner operational control ¹¹	Quantitative	Number	IF0403-C
Number of leases transacted, categorized by (1) tenants and (2) real estate owners ¹²	Quantitative	Number	IF0403-D
Number of appraisals provided	Quantitative	Number	IF0403-E

⁹ *Improving Business Reporting: Insights into Enhancing Voluntary Disclosures*, FASB Business Reporting Research Project, January 29, 2001.

¹⁰ Note to **IF0403-B**—Floor area under management with owner operational control shall only include that portion of gross rentable floor area where property management services are provided and for which the real estate owner has operational control, where operational control is defined consistent with the GRESB® Real Estate Assessment Reference Guide as “having the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.”

¹¹ Note to **IF0403-C**—Number of buildings under management shall only include distinct buildings or real estate assets where property management services are provided and for which the real estate owner has operational control, where operational control is defined consistent with the GRESB® Real Estate Assessment Reference Guide as “having the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.”

¹² Note to **IF0403-D**—Dual agency transactions shall be included in both (1) tenants and (2) real estate owners. Subleases shall be included in (2) real estate owners.

Units of Measure

Unless specified, disclosures should be reported in International System of Units (SI units).

Uncertainty

SASB recognizes that there may be inherent uncertainty when disclosing certain sustainability data and information. This may be related to variables such as the reliance on data from third-party reporting systems and technologies, or the unpredictable nature of climate events. Where uncertainty around a particular disclosure exists, SASB recommends that the registrant should consider discussing its nature and likelihood.

Estimates

SASB recognizes that scientifically based estimates, such as the reliance on certain conversion factors or the exclusion of *de minimis* values, may occur for certain quantitative disclosures. Where appropriate, SASB does not discourage the use of such estimates. When using an estimate for a particular disclosure, SASB expects that the registrant discuss its nature and substantiate its basis.

Timing

Unless otherwise specified, disclosure shall be for the registrant's fiscal year.

Limitations

There is no guarantee that SASB Standards address all sustainability impacts or opportunities associated with a sector, industry, or company, and therefore, a company must determine for itself the topics—sustainability-related or otherwise—that warrant discussion in its SEC filings.

Disclosure under SASB Standards is voluntary. It is not intended to replace any legal or regulatory requirements that may be applicable to user operations. Where such laws or regulations address legal or regulatory topics, disclosure under SASB Standards is not meant to supersede those requirements. Disclosure according to SASB Standards shall not be construed as demonstration of compliance with any law, regulation, or other requirement.

SASB Standards are intended to be aligned with the principles of materiality enforced by the SEC. However, SASB is not affiliated with or endorsed by the SEC or other entities governing financial reporting, such as FASB, GASB, or IASB.

Forward-Looking Statements

Disclosures on sustainability topics can involve discussion of future trends and uncertainties related to the registrant's operations and financial condition, including those influenced by external variables (e.g., environmental, social, regulatory, and political). Companies making such disclosures should familiarize themselves with the safe harbor provisions of Section 27A of the Securities Act and Section 21E of the Exchange Act, which preclude civil liability for material misstatements or omissions in such statements if the registrant takes certain steps, including,

among other things, identifying the disclosure as “forward-looking” and accompanying such disclosure with “meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements.”

The following sections contain the disclosure guidance associated with each accounting metric such as guidance on definitions, scope, accounting, compilation, and presentation.

The term “shall” is used throughout this document to indicate those elements that reflect requirements of the Standard. The terms “should” and “may” are used to indicate guidance, which, although not required, provides a recommended means of disclosure.

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Sustainability Services	Revenue from energy and sustainability services ¹³	Quantitative	U.S. Dollars (\$)	IF0403-01
	(1) Floor area and (2) number of buildings under management provided with energy and sustainability services	Quantitative	Square feet (ft ²), Number	IF0403-02
	(1) Floor area and (2) number of buildings under management that obtained an energy rating	Quantitative	Square feet (ft ²), Number	IF0403-03
Transparent Information & Management of Conflict of Interest	Brokerage revenue from dual agency transactions ¹⁴	Quantitative	U.S. Dollars (\$)	IF0403-04
	Revenue from transactions associated with appraisal services ¹⁵	Quantitative	U.S. Dollars (\$)	IF0403-05
	Amount of legal and regulatory fines and settlements associated with professional integrity or duty of care ¹⁶	Quantitative	U.S. Dollars (\$)	IF0403-06

¹³ Note to **IF0403-01**—The registrant shall provide a description of the energy and sustainability services it offers.

¹⁴ Note to **IF0403-04**—The registrant shall describe its approach to managing potential conflicts of interest in dual agency transactions.

¹⁵ Note to **IF0403-05**—The registrant shall describe its approach to managing potential conflicts of interest in appraisals.

¹⁶ Note to **IF0403-06**—Disclosure shall include a description of fines and settlements and corrective actions implemented in response to events.

Sustainability Services

Description

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

Accounting Metrics

IF0403-01. Revenue from energy and sustainability services

.01 The registrant shall disclose its revenue, in U.S. dollars, from energy and sustainability services, where:

- Energy and sustainability services are defined as services provided to clients directly related to resource efficiency (including energy, water, and waste), utility data management, energy procurement, obtaining and retaining sustainability and resource-related certifications, environmental reporting, and corporate sustainability consulting and training.
- The scope includes services provided to leasing clients, project- and development-service clients, and capital market and investment management clients.

.02 The scope of disclosure excludes revenue from services that impart improved energy and sustainability performance in an ancillary, indirect, or minimal way, in addition to environmental services that are part of the ordinary operation and maintenance of buildings (e.g., facilities maintenance, janitorial services, etc.).

.03 Examples of energy and sustainability services include, but are not limited to, energy management and performance monitoring (e.g., through sub-meters to measure electric usage); energy, water, and waste benchmarking or ratings-scheme services; advisory services related to renewable energy procurement; services related to LEED, ENERGY STAR®, or other sustainability-related building certifications; energy- and sustainability-related building valuation analysis; and energy- and sustainability-related client training or consulting.

Note to **IF0403-01**

.04 The registrant shall provide a description of the energy and sustainability services it offers, where relevant information includes, but is not limited to:

- The degree to which energy and sustainability services are integrated into, or distinct from, the registrant's base property management services, including, but not limited to, the sales process for such services, the amount of overlap between clients for base property management services and energy and sustainability services, and the level of consistency of contract lengths and terms among base property management services and energy and sustainability services.
- The market dynamics of energy and sustainability services, including competition, risks and opportunities, market share, customer demands and preferences, market growth, and legislative and regulatory impacts.
- Opportunities associated with providing market-leading energy and sustainability services, such as the potential to win a new client based solely on energy and sustainability services, which may lead to additional, non-energy and sustainability-related services in the future.
- Risks associated with providing inadequate or insufficient energy and sustainability services, such as the potential to lose a client based on inadequate or insufficient energy and sustainability services.

.05 The registrant may choose to disclose the number of energy- and sustainability-accredited professionals it employs.

.06 The registrant may choose to disclose the estimated energy savings, GHG emissions reductions, water savings, waste reductions, or other performance measurements associated with the results of the energy and sustainability services it provides to clients.

IF0403-02. (1) Floor area and (2) number of buildings under management provided with energy and sustainability services

.07 The registrant shall disclose the floor area under management for which it provided energy and/or sustainability-related services during the fiscal year, where:

- Floor area under management is defined as the gross rentable floor area where property management services are provided and for which the real estate owner has operational control.
 - Operational control is defined consistent with the GRESB® Real Estate Assessment Reference Guide as an instance when the real estate owner has "the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies."

.08 The registrant shall disclose the number of buildings for which it provided energy and sustainability-related services during the fiscal year, where:

- The number of buildings under management is defined as distinct buildings or real estate assets where property management services are provided and where the real estate owner has operational control.

.09 Energy and sustainability services are defined as services provided to clients that are directly related to resource efficiency, utility data management, energy procurement, sustainability- and resource-related certification services, environmental reporting, and corporate sustainability consulting and training.

- The scope of disclosure includes the total floor area and all buildings that were provided with energy and sustainability services during the fiscal year, regardless of the date of inception of such services.
- The scope of disclosure excludes revenue from services that impart improved energy and sustainability performance in an ancillary, indirect, or minimal way.

IF0403-03. (1) Floor area and (2) number of buildings under management that obtained an energy rating

.10 The registrant shall disclose the floor area under management that obtained an energy rating during the fiscal year, where:

- Floor area under management is defined as the gross rentable floor area where property management services are provided and for which the real estate owner has operational control.
 - Operational control is defined consistent with the GRESB® Real Estate Assessment Reference Guide as an instance when the real estate owner has “the ability to introduce and implement operating policies, health and safety policies, and/or environmental policies.”

.11 The registrant shall disclose the number of buildings that obtained an energy rating during the fiscal year, where:

- The number of buildings under management is defined as distinct buildings or real estate assets where property management services are provided and where the real estate owner has operational control.

.12 An energy rating is defined according to the GRESB® Real Estate Assessment Reference Guide as “a scheme that measures the energy performance of buildings.”

- The scope of energy rating schemes includes:
 - ENERGY STAR® for operations in the United States and Canada.
 - E.U. Energy Performance Certificates (EPC) for operations in the European Union.
 - NABERS Energy for operations in Australia.

- NABERSNZ shall for operations in New Zealand.
 - Government energy efficiency benchmarking.
 - Other energy rating schemes that can be demonstrated to have substantially equivalent criteria, methodology, and presentation of results to those schemes above.
- The scope of disclosure is aligned with the GRESB® Real Estate Assessment Reference Guide in that it “only include[s] energy ratings that were awarded before or during the reporting period (pre-assessments or other unofficial forms of pre-certification are not valid). Some energy ratings are valid for a limited period only—the rating should be effective and official during the reporting period.”
- .13 The registrant shall consider the GRESB® Real Estate Assessment Reference Guide as a normative reference, thus any updates made year-on-year shall be considered updates to this guidance.

Transparent Information & Management of Conflict of Interest

Description

The business model of real estate services companies is dependent on client trust and loyalty. To ensure long-term, mutually beneficial relationships, companies need to provide services that satisfy the highest professional and ethical standards of the industry. Professional integrity is an important governance issue, as the range of services and the number of professionals within a single organization can make the management of conflicts of interest more challenging. Brokerage and appraisal services may come with particularly high risk of conflicts of interest and negligence. In order to manage and avoid these risks, companies in the industry can implement a range of governance measures, including employee training, oversight, and policies, procedures, and enforcement systems focused on transparency and appropriate disclosures. Effective management of these risks can lead to increased client trust and better brand value in the market, adding to long-term revenue growth. Inadequate management of risks may lead to regulatory fines and penalties, as well as decreased client trust and a loss in business.

Accounting Metrics

IF0403-04. Brokerage revenue from dual agency transactions

.14 The registrant shall disclose of its revenue, in U.S. dollars, from real estate sales brokerage services that directly resulted from dual agency transactions, where:

- Brokerage services that directly resulted from dual agency (also referred to as “dual representation”) transactions are defined based on the [National Association of Realtors’ definition](#) as transactions in which the registrant represents both the buyer and the seller in the same real estate brokerage transaction.

.15 The scope of disclosure excludes leasing transactions, insurance transactions, and any other form of brokerage revenue not directly resulting from real estate sales.

.16 The scope of disclosure excludes property management revenue, appraisal revenue, and any other form of revenue resulting from a real estate sales transaction other than brokerage revenue.

Note to IF0403-04

.17 The registrant shall discuss its policies and practices to assure the professional integrity and duty of care of its workforce in avoiding of conflicts of interest in dual agency transactions, including mitigation and transparency of potential or perceived conflicts, where:

- Transparency relating to dual agency transactions may include disclosure of any material issues involving real estate transactions, including counterparties to the transaction, potential conflicts of interest, dual agency or dual representation, and fiduciary duties.

- Policies and practices may include, but are not limited to, notifying employees of policies and codes of ethics; conducting training; and enforcing compliance through investigations, mechanisms for internal reporting about violations or concerns regarding business ethics or compliance, and disciplinary procedures.

.18 The registrant should disclose how policies apply to and are enforced for business partners.

.19 The registrant may choose to discuss compliance with industry best practices, including codes of conduct and codes of ethics, as a measure of its management approach to ensuring quality of work and professional integrity.

- Examples include, but are not limited to, the National Association of Realtors Code of Ethics.

IF0403-05. Revenue from transactions associated with appraisal services

.20 The registrant shall disclose the amount, in U.S. dollars, of revenue from transactions associated with appraisal services, where:

- Transactions associated with appraisal services include those transactions associated with properties for which the registrant conducted appraisal services.
 - Appraisal services are defined based on the Appraisal Institute’s definition of appraisal as “the act or process of developing an opinion of value.”
- The scope includes revenues from brokerage services, financing services, and valuation or market-analysis services.
- The scope excludes revenue that directly results from appraisal services and property management services.

.21 The scope of disclosure includes revenue from services for properties for which the registrant provided appraisal services, regardless of when the registrant conducted the appraisal and recognized the revenue (i.e., during a previous fiscal year).

Note to IF0403-05

.22 The registrant shall discuss its policies and practices to assure the professional integrity and duty of care of its workforce in avoiding conflicts of interest in appraisal services, including mitigation and transparency of potential or perceived conflicts, where:

- Transparency relating to transactions associated with appraisal services may include disclosure of any material issues involving real estate transactions and/or appraisal services, including appraisal services conducted by related parties, fees and contingencies of appraisal services, potential conflicts of interest, and fiduciary duties.

- Policies and practices may include, but are not limited to, notifying employees of policies and codes of ethics; conducting training; and enforcing compliance through investigations, mechanisms for internal reporting about violations or concerns regarding business ethics or compliance, and disciplinary procedures.

.23 The registrant should disclose how policies apply to and are enforced for business partners.

.24 The registrant may choose to discuss compliance with industry best practices, including codes of conduct and codes of ethics, as a measure of its management approach to ensuring quality of work and professional integrity.

- Examples include, but are not limited to, the National Association of Realtors Code of Ethics and the Code of Professional Ethics of the Appraisal Institute.

IF0403-06. Amount of legal and regulatory fines and settlements associated with professional integrity or duty of care

.25 The registrant shall disclose the amount in U.S. dollars (excluding legal fees) of all fines or settlements associated with professional integrity or duty of care, including, but not limited to, those related to negligence, malpractice, data security or loss, fraud, corruption, and bribery.

.26 Disclosure shall include civil actions (e.g., civil judgment, settlements, or regulatory penalties) and criminal actions (e.g., criminal judgment, penalties, or restitutions) taken by any entity (government, businesses, or individuals).

Note to **IF0403-06**

.27 The registrant shall briefly describe the nature (e.g., guilty plea, deferred agreement, non-prosecution agreement) and context (e.g., negligence) of fines and settlements.

.28 The registrant shall describe any corrective actions it has implemented as a result of each incident. This may include, but is not limited to, specific changes in operations, management, processes, products, services, business partners, training, or technology.

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