



**UNEP Finance Initiative**  
Innovative financing for sustainability

## **PRESS RELEASE**

17 June, 2008

### **Sustainable Real Estate: UN urges investors to embed PRI in property portfolios**

Institutional investors world-wide are being urged to engage with property fund managers to embed the UN-backed Principles for Responsible Investment (PRI) in their decision-making.

The call is being made today by the UNEP FI Property Working Group, amid concern that the property industry is moving far too slowly to address its environmental footprint including greenhouse gas emissions.

Pressure will increasingly come to bear on the property industry as a result of the need to address challenges such as climate change with those pioneering improvements likely to see higher rates of return from corporate real estate than laggards in the sector.

These higher rates of return are likely to come from the lower operating costs of environment-friendly buildings and also from tenants willing to pay more for renting 'sustainable spaces'.

A new report launched today by the UNEP FI Property Working Group, whose members manage \$300 billion in property assets, notes that buildings directly and indirectly are responsible for around half of global carbon dioxide (CO2) emissions in terms of their operation and the energy consumed by people travelling to and from them.

The report, authored by Professor Gary Pivo of the University of Arizona, says that embedding the six PRI in this sector could play a key role in ending the 'circle of blame' over who precisely should manage a transition to more sustainably managed real estate investments.

The UNEP FI PWG has collaborated with the PRI Secretariat to produce the report which is entitled "Building Responsible Property Portfolios". Members of both organisations have contributed to the report which highlights leading examples of responsible property investing, categorized according to the six Principles for Responsible Investment.

**Paul McNamara, co-Chair of the UNEP FI Property Working Group comments:** "Ultimately, responsible investors can play a critical role in breaking down what has been termed the "circle of blame" that characterises the property industry's slowness to address its environmental impact. We operate in an industry where investors, occupiers, constructors, and developers each blame the other for the lack of positive action in improving the environmental footprint of new and existing buildings. Our report highlights the wide range of opportunities that exist for institutional investors who want to take positive action and apply the Principles for Responsible Investment to their property assets."

**Blaise Desbordes, co-Chair of the UNEP FI Property Working Group comments:** "Even though property typically comprises around 10% of an investor's portfolio, buildings and movement of people and goods between them are responsible for over half of all global CO2 emissions. Climate change is the issue of our times, and institutional investors can influence how their buildings are managed and occupied by engaging directly with their suppliers and tenants to reduce the CO2 emissions from buildings. Our report is intended to highlight these opportunities to institutional investors and to aid those wishing to apply the PRI to property."

**James Gifford, Executive Director, PRI comments:** "The goal is not to prescribe what PRI signatories should do, but to explore what leading signatories and responsible investors are already doing and placing those best practices within the framework of PRI. Institutional investors must be encouraged to embed these practices into the management of property portfolios worldwide, if we are to have any impact on reducing CO2 emissions from buildings and halting climate change. It is hoped this Report provides an introduction to the actions responsible property investors are undertaking, and inspires others to follow their lead."

**Paul Clements-Hunt, Head UNEP FI Secretariat comments:** "Property is a multitrillion dollar industry. If property investors get the environmental and social issues right, it will have a fundamental systemic effect on issues ranging from climate change to water consumption and sick building syndrome. Institutional investors hold significant property portfolios and they can send the strongest of signals to the length of the property investment chain to implement responsible investment approaches."

**Ends**

*\*The Report is available at <http://www.unepfi.org>.*

#### **About UNEP FI**

The United Nations Environment Programme Finance Initiative (UNEP FI) is a unique global partnership between UNEP and the financial services sector. UNEP FI works with more than 170 financial institutions – banks, insurers, asset managers, and pension funds - to develop and promote linkages between sustainability and financial performance. UNEP FI is the oldest and largest partnership between the UN and the global financial sector. UNEP FI promotes the adoption of best environmental and sustainability practice at all levels of financial institution operations.

Visit <http://www.unepfi.org/>

**About UNEP FI Property Working Group (PWG)**

The Property Working Group is a platform of financial institutions that collaborate to drive sustainable development to the heart of mainstream property finance. The PWG consists of the following members: AXA Real Estate Investment Managers France, CalPERS (observer), Caisse des Dépôts (Co-Chair), Cherokee Investment Partners (observer), Calvert Group, GPT Group (observer), F&C Property Asset Management, Investa Property Group (observer), Innovest Strategic Value Advisors, Hammerson (observer), Hermes Real Estate Investment Management Ltd, Lend Lease (observer), Infrastructure Leasing & Financial Services, Mitsubishi UFJ Trust & Banking Corp., Morley Fund Management, PRUPIM (Co-Chair), Sumitomo Trust, WestLB AG.

**Advisor** - Dr Gary Pivo, Professor of Urban Planning and of Natural Resources, University of Arizona.

Visit [http://www.unepfi.org/work\\_streams/property/](http://www.unepfi.org/work_streams/property/)

**About the Principles for Responsible Investment**

The PRI were developed by a group of leading institutional investors in a process convened by the UN Secretary-General and implemented by the UN Global Compact and the UNEP Finance Initiative. The Principles suggest actions for incorporating environmental, social and governance issues into mainstream investment decision-making and ownership practices. There are now over 360 PRI signatories, representing in excess of US\$14 trillion in assets. For more information: <http://www.unpri.org>

**FOR INFORMATION ONLY****Contact:**

Natalie Brooke  
M +44 7766 726722  
[Natalie.Brooke@prupim.com](mailto:Natalie.Brooke@prupim.com)