

# RESPONSIBLE INVESTMENT DUE DILIGENCE QUESTIONNAIRE FOR REAL ESTATE INVESTORS

This responsible investment due diligence questionnaire (DDQ) has been developed to help investors appraising potential real estate investment managers to evaluate how a manager handles environmental, social and governance (ESG) factors. The responses to the questions will give an insight into the depth and breadth of ESG strategy used by the manager, the sophistication of their approach for integrating ESG factors into the investment process and the levels of ESG disclosure that they routinely provide.

A questionnaire can never replace the dialogue between manager and investor: this DDQ is designed to act as a starting point for such dialogue by providing a baseline list of questions that investors can ask managers. From this baseline, the PRI encourages investors to create additional, tailored questions to suit their broader objectives and their strategy, size, experience and resources.

By publishing this freely available tool, the PRI hopes to streamline industry practices and curb the proliferation of different approaches, which can be counterproductive for investors and their real estate investment managers.

The DDQ is divided into five sections:

- Policy and strategy – the overarching approach to responsible investment
- Governance and resourcing – who is involved in implementing the strategy and what support do they have
- Pre-investment – the steps taken during an acquisition to integrate ESG factors
- Portfolio management – the systems in place to manage ESG factors for existing assets
- Monitoring and reporting – the communication channels between the manager and investors

## Notes on using this DDQ

This DDQ is intended to be used by an investor when selecting an investment manager for a real estate mandate. The questions are aimed at managers that make direct real estate investments.

This DDQ is based on the PRI Reporting Framework, with the corresponding sections marked for each question, enabling PRI signatories to populate their responses with answers from their private Transparency Reports. However, it is important to note the wider scope of the PRI Reporting Framework, which typically covers the entire organisation, whereas this DDQ is meant to assist investors assessing not only fund managers but specific investment vehicles/products.

Where questions broadly align with sections of the [European Association for Investors in Non-Listed Real Estate Vehicles \(INREV\) DDQ](#), this has also been flagged.

Download a copy of the PRI Reporting Framework questions at [www.unpri.org/reporting#RE](http://www.unpri.org/reporting#RE). This includes explanatory notes that will be useful to organisations that are not already familiar with the Reporting Framework.

# DDQ QUESTIONS

These questions have been designed to link to the PRI Reporting Framework and the INREV DDQ. The equivalent section is indicated after each question. For additional help with any question, see the PRI Reporting Framework explanatory notes at <https://www.unpri.org/reporting#RF>.

## POLICY AND STRATEGY

- 1.1 Does your organisation have an investment policy that covers your approach to responsible investment in real estate? If so, please provide a copy.
- Equivalent sections**  
PRI Reporting Framework: PR 01 and/or SG 01  
INREV DDQ: 1.3.1
- 1.2 Do you commit to any international standards, industry (association) guidelines, reporting frameworks or initiatives that promote responsible investment practices? If applicable, provide scores/further details.
- Equivalent sections**  
PRI Reporting Framework: PR 10.3 and SG 09 and CM 03 (combined)  
Partly answered by INREV DDQ: 3.8.1, 3.8.6, 3.8.7 and 3.8.8 (combined)
- 1.3 When requested, does your organisation make formal commitments relating to responsible investment in agreements with clients, fund formation contracts or side letters?
- Equivalent sections**  
PRI Reporting Framework: PR 03

## GOVERNANCE AND RESOURCING

- 2.1 Who is responsible and accountable for overseeing and implementing responsible investment policy and process within your organisation?
- Equivalent sections**  
PRI Reporting Framework: SG 07  
Partly answered by INREV DDQ: 3.8.3
- 2.2 Do your organisation's performance management, reward and/or personal development processes incorporate responsible investment?
- Equivalent sections**  
PRI Reporting Framework: SG 08

## PRE-INVESTMENT

- 3.1 Describe your organisation's approach to incorporating ESG issues when acquiring real estate assets.
- Equivalent sections**  
PRI Reporting Framework: PR 04 (PR 05 and PR 06 can add detail)  
Partly answered by INREV DDQ: 3.8.2

## PORTFOLIO MANAGEMENT

- 4.1 Describe how your organisation includes ESG issues in your selection, appointment and monitoring of third-party property managers, and how those managers contribute to managing ESG issues in your real estate investments.
- Equivalent sections**  
PRI Reporting Framework: PR 07  
Partly answered by INREV DDQ: 3.8.9

- 4.2 Does your organisation and/or do your third-party property managers engage with tenants or the local community on ESG issues? If yes, what areas and activities are typically part of the engagement?
- Equivalent sections**  
PRI Reporting Framework: PR 12 and PR 14
- 4.3 What ESG targets does your organisation and/or do your third-party property managers typically set and monitor?
- Equivalent sections**  
PRI Reporting Framework: PR 09  
INREV DDQ: 3.8.5
- 4.4 Provide examples of ESG issues that have affected your property investments, their impact and the activities undertaken in response.
- Equivalent sections**  
PRI Reporting Framework: PR 16  
INREV DDQ: 3.8.12
- 4.5 Do you measure whether your approach to responsible investment has affected the financial and/or ESG performance of your investments? If yes, please describe how you are able to determine these outcomes.
- Equivalent sections**  
PRI Reporting Framework: PR 15  
Partly answered by INREV DDQ: 3.8.5 and 3.8.11
- 4.6 How have you incorporated climate change related risks into your investment process and engagements?
- Equivalent sections**  
PRI Reporting Framework: SG 14
- 4.7 List the certification schemes, ratings and/or benchmarks that your real estate assets are assessed against and what proportion of your real estate assets they apply to.
- Equivalent sections**  
PRI Reporting Framework: PR 10.2  
Partly answered by INREV DDQ: 3.8.1

## MONITORING AND REPORTING

- 5.1 Does your organisation disclose information on its approach to responsible investment to investors? If yes, how often?
- Equivalent sections**  
PRI Reporting Framework: SG 19 property  
INREV DDQ: 3.8.4
- 5.2 Describe your organisation's process for identifying, managing and reporting to investors any material incidents that occur at your properties.
- Equivalent sections**  
PRI Reporting Framework: SG 04