

Social Real Estate

A framework to assess social exposure & mitigation

Amelia Peden, Lead Analyst, ESG Research

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Overview of Sustainalytics' ESG Risk Ratings

Sustainalytics' ESG Risk Ratings measure the degree to which a company's enterprise value is at risk driven by ESG factors.

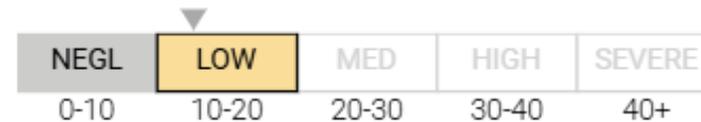
Sustainalytics' ESG Risk Ratings

Two-Dimensional Materiality Framework

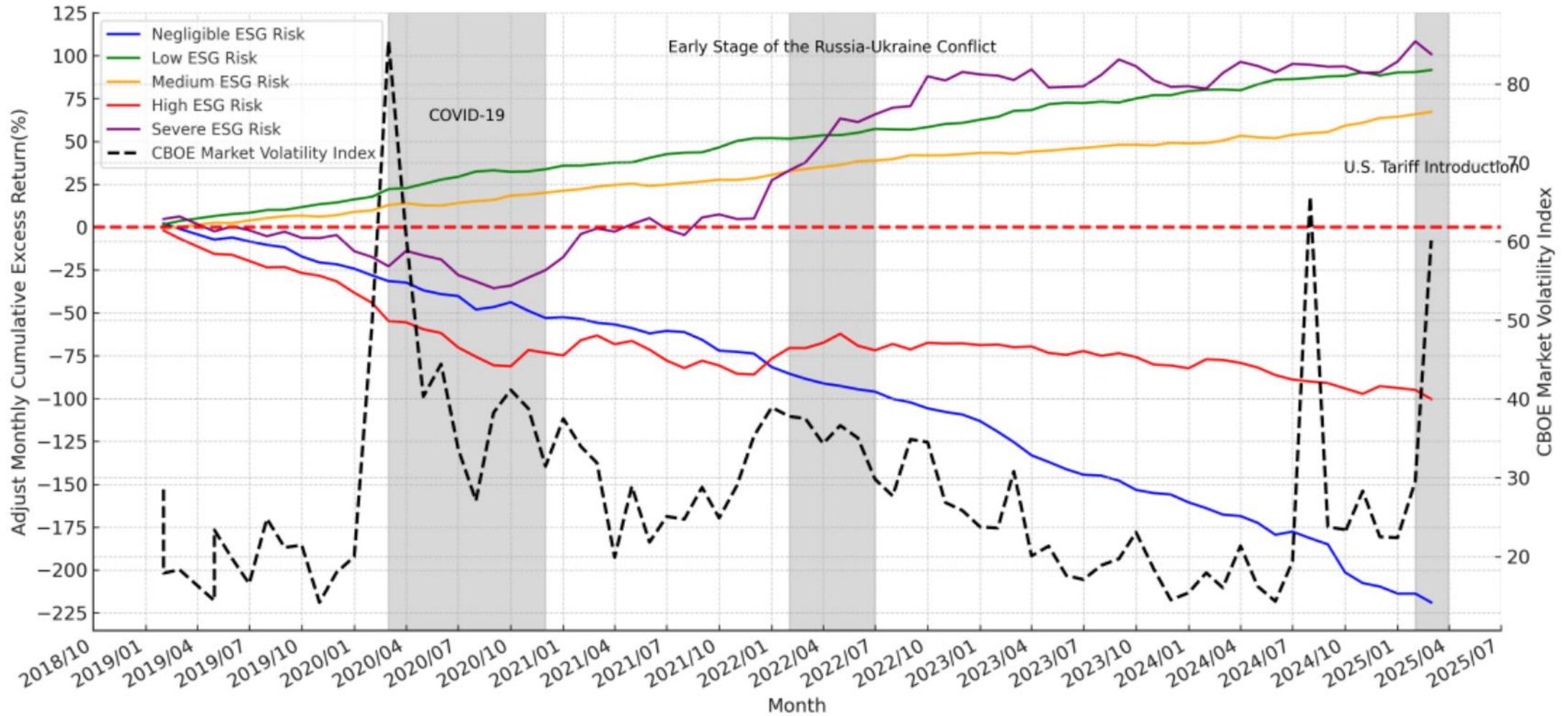


ESG Risk Rating ?

Low Risk



Low ESG Risk translates to resilience in times of market volatility



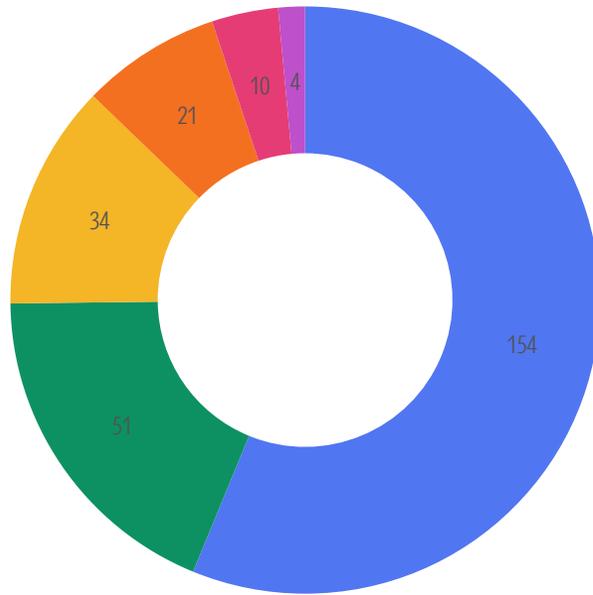
Source: Dong, B. 2025. "ESG Risk Ratings: A Protective Instrument Amid Economic Shocks" Morningstar Sustainability.

July, 2025. <https://connect.sustainalytics.com/esg-risk-ratings-a-protective-instrument-amid-economic-shocks>

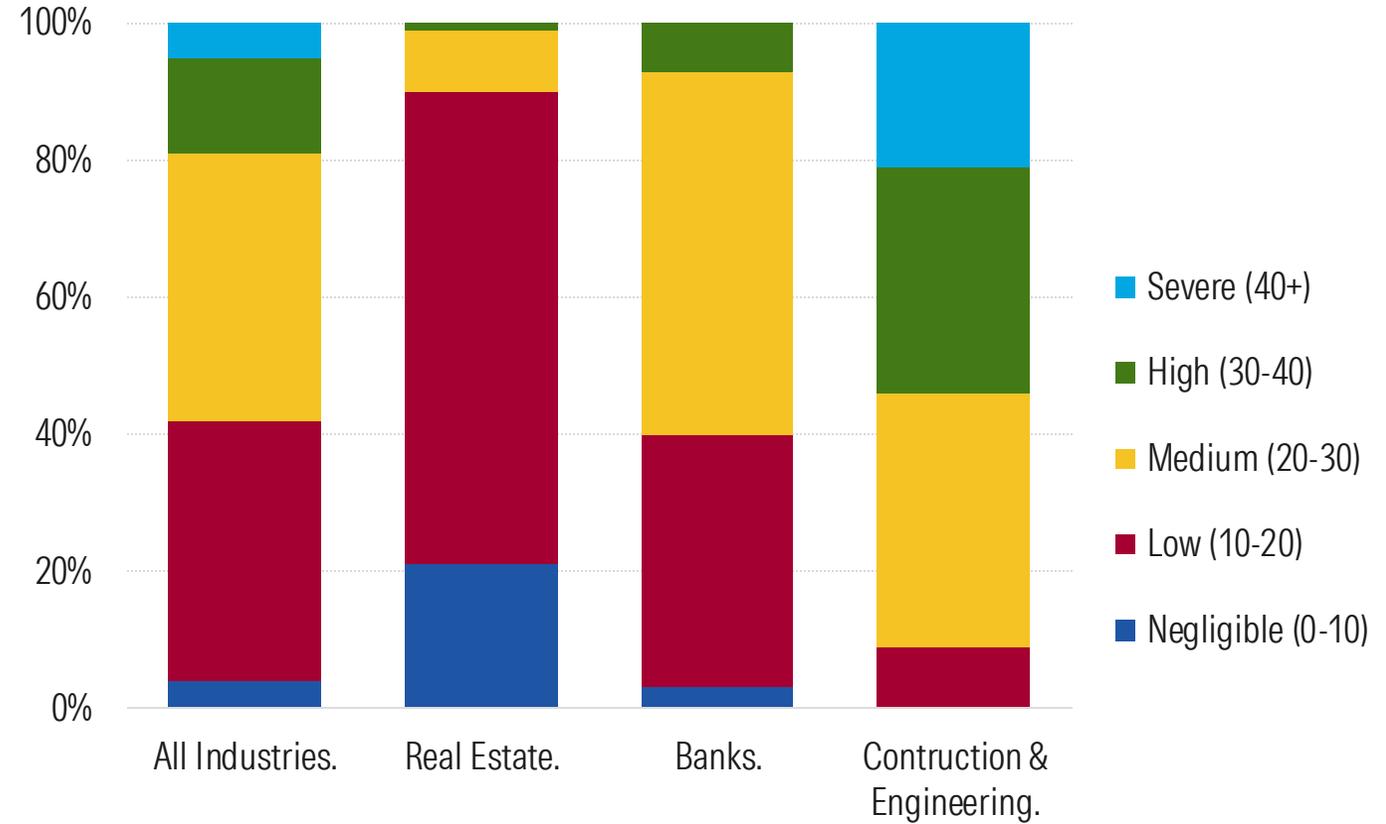
Real Estate: Industry Breakdown

Real Estate Coverage

- REITs
- Real Estate Management
- Real Estate Development
- Diversified Real Estate
- Real Estate Services
- Mortgage REITs



How well is Real Estate doing compared with other industries?



Real Estate: Mitigation of Social Issues

Product Governance

Product & Service Safety Programme

Occupier Surveys

Sustainable Products & Services

Community Relations

Community Development Programmes

Community Involvement Programmes

Occupational Health & Safety

Contractor Safety

Lost Time Incident Rate

H&S Certifications

Human Capital

Collective Bargaining Agreements

Gender Pay Disclosure

Employee Training & Turnover

Real Estate: Industry Leaders



Product Governance Leader

- Sustainable mandates during development phase incl BREEAM certification
- Majority green leasing mandate across all active leasing
- Tenant surveying annually
- Strong governance for product service safety



Community Relations Leader

- Stakeholder Mapping
- AA1000 Stakeholder Engagement Standard
- Quantifiable, monitored targets for community programmes incl. school & education, under-privileged communities



Occupational Health & Safety Leader

- 100% operational locations have H&S certifications
- Low employee/contractor fatality rate
- Mock drills, ESH training hours, medical screening

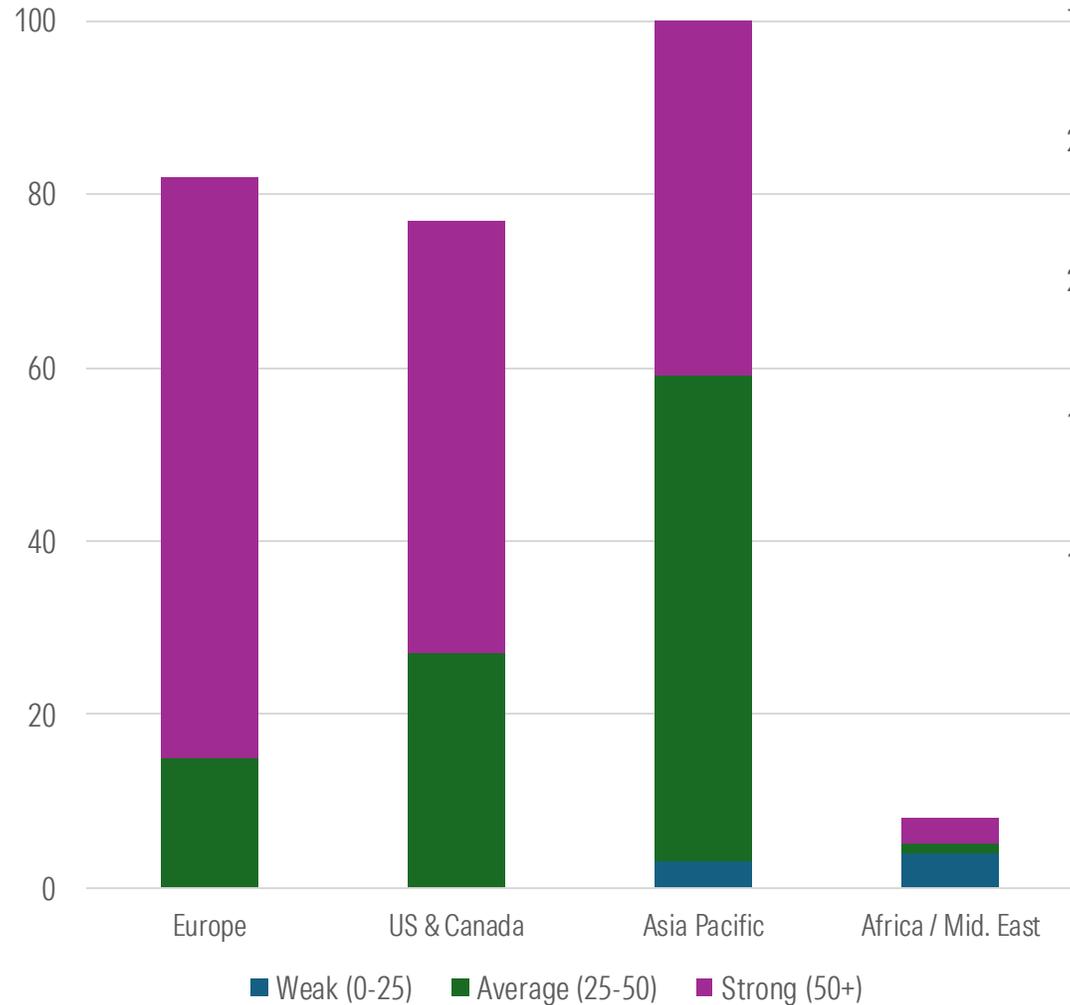


Human Capital Leader

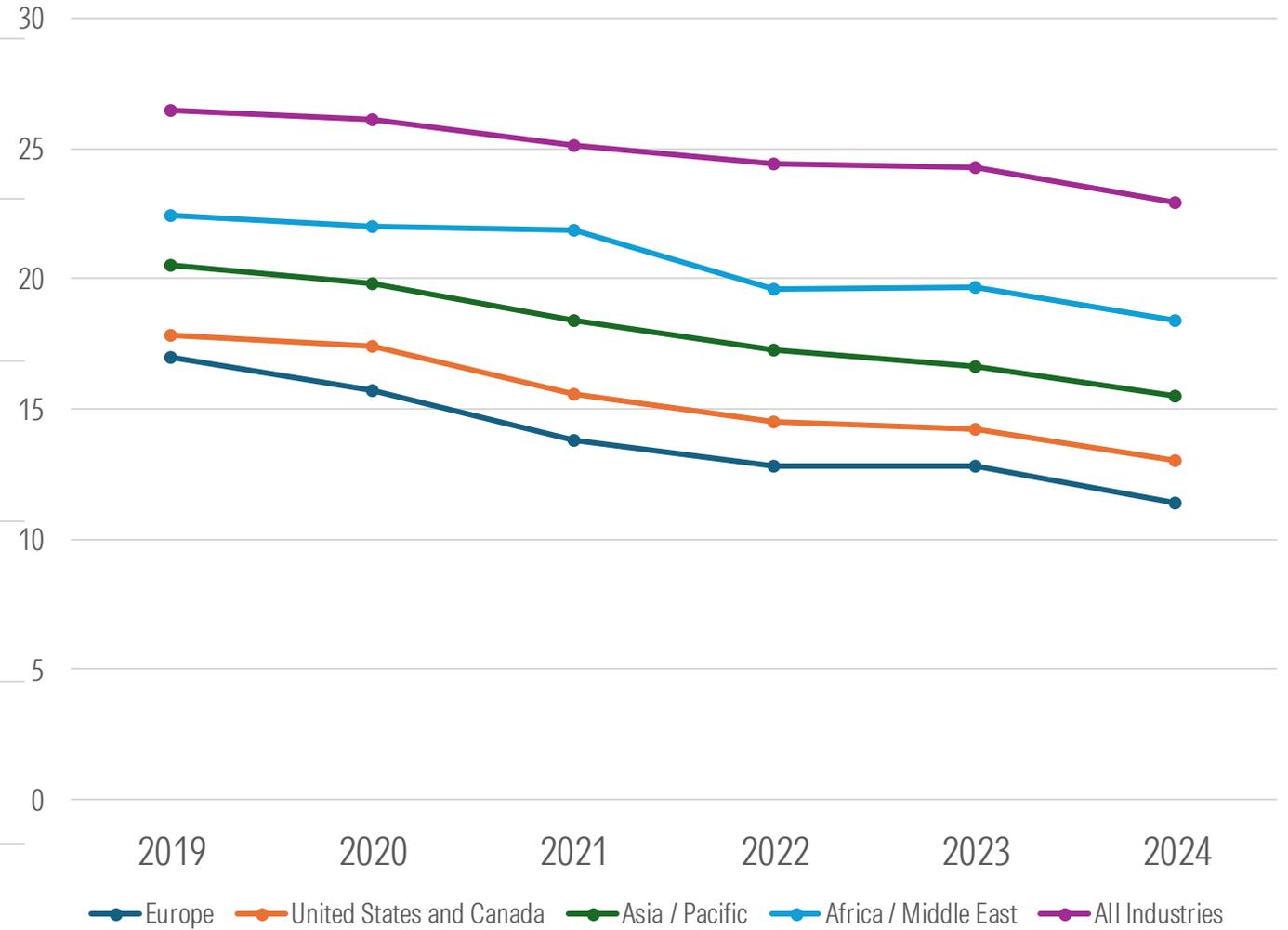
- Mean & median raw gender pay gap data with ratio for functions
- IVF/Adoption/Surrogacy support
- International Human Rights & Labour standards anchored in policies

Real Estate: Regional Patterns

Mitigation Strength by Region

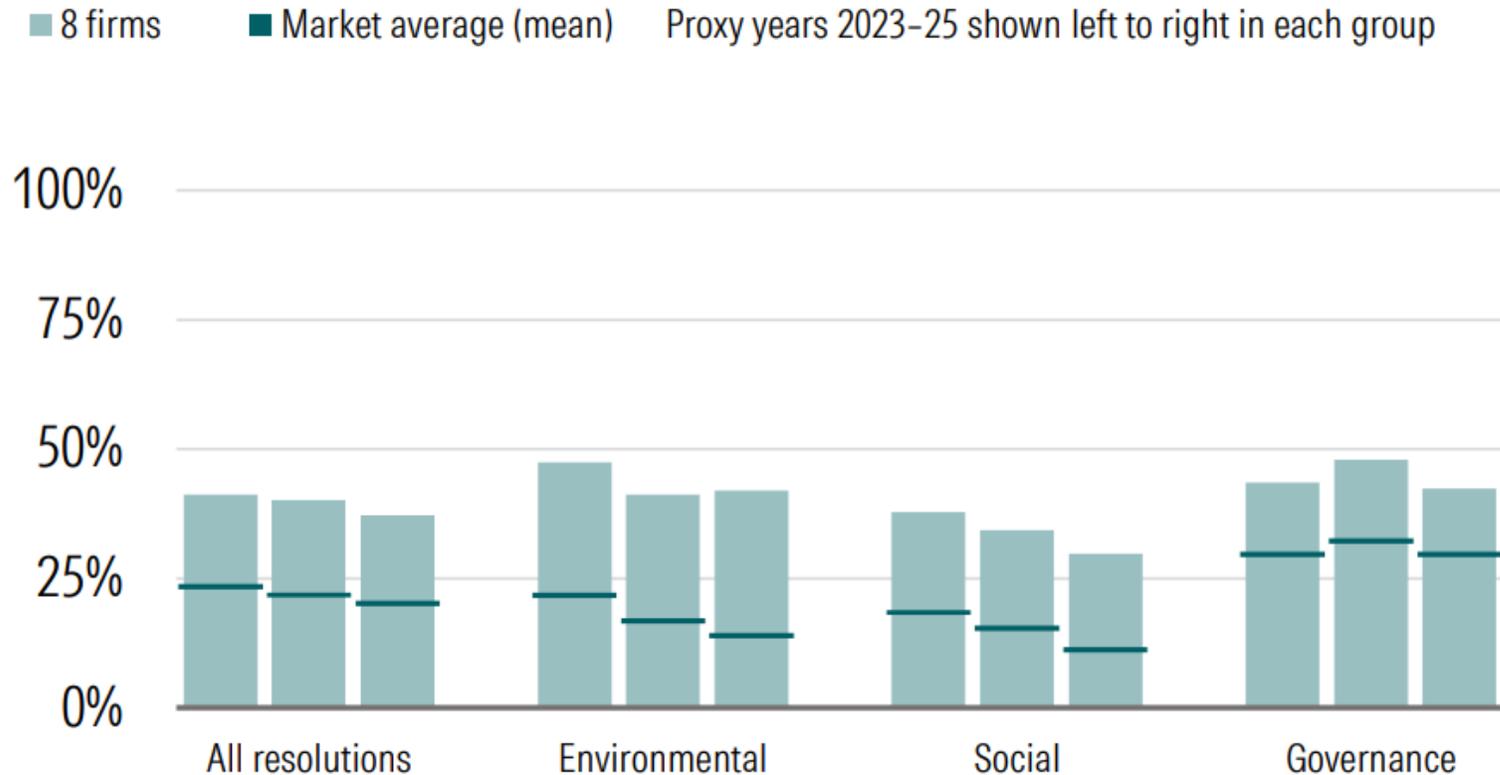


Historical Trend, ESG Risk by Region



How interested are large European asset managers in social themes?

Support for Shareholder Resolutions by Theme



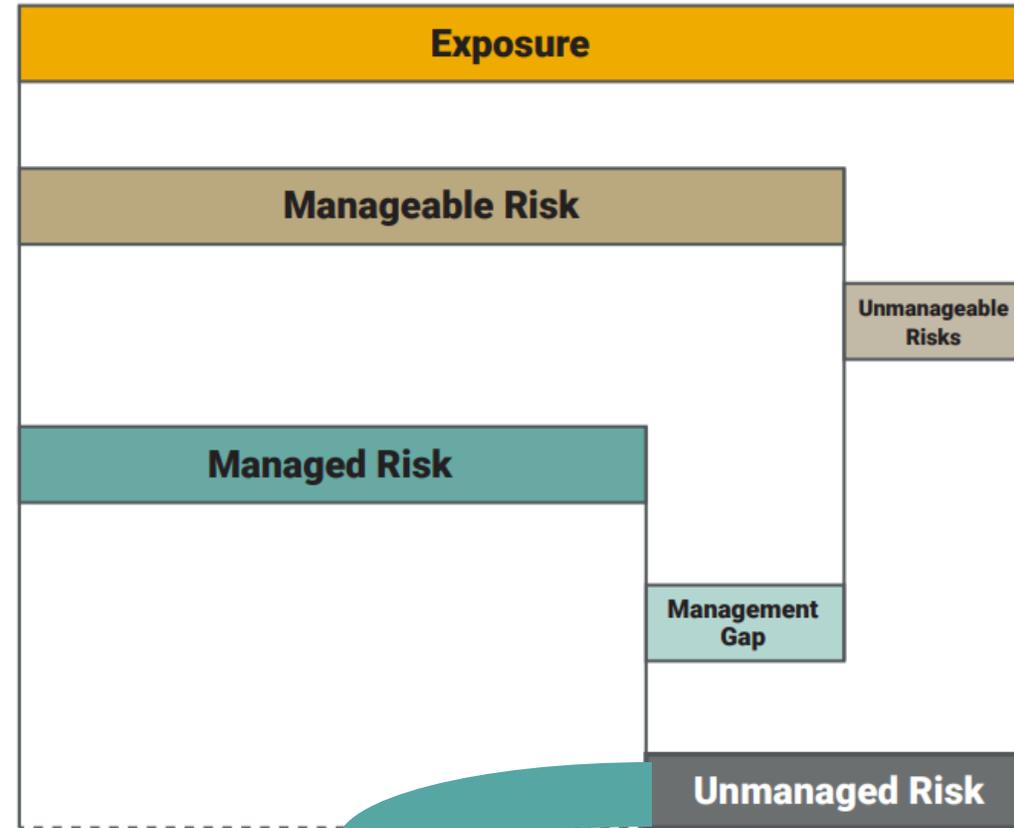
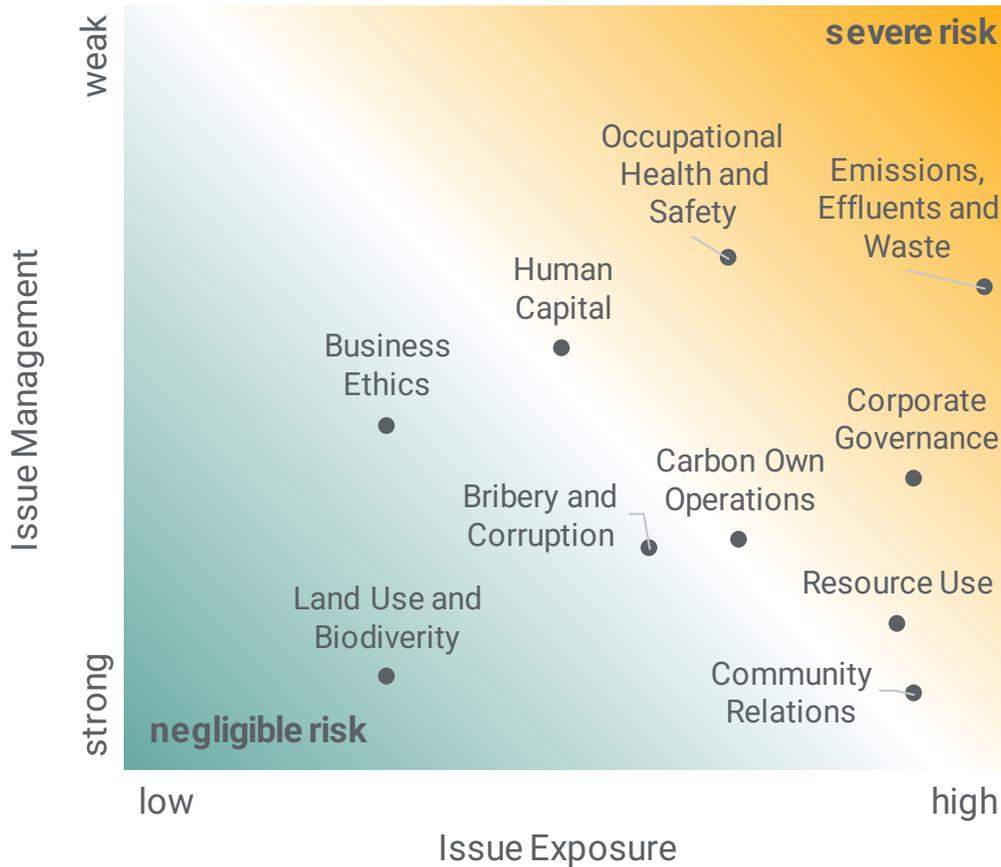
Aggregate percentages of fund votes cast in support of resolutions at companies in the Morningstar US Large-Mid Cap Index by eight European asset managers who have submitted NP-X filings to the SEC for 185 funds that they manage or subadvise. The eight firms are Aberdeen, Baillie Gifford, Candriam, Legal & General, Nordea, Pictet, Schroders, and UBS.

Source: Stewart, L. 2026. "US Proxy-Voting Trends: 2025 in Review." Morningstar Sustainalytics. January, 2026. <https://www.morningstar.com/business/insights/research/esg-proxy-voting>



Thanks!

Appendix: Risk Rating Composition



ESG Risk Rating ?

High Risk



Appendix: Mitigation Analysis Example

Indicator Details

S.3.1.9.1 Product and Service Safety Programme

This indicator assesses a company's initiatives to manage risks related to the safety and reliability of its products and services, and ensure that they do not pose health and safety hazards to customers, including managerial oversight, regular product safety risk assessments and employee training.

Raw Score	Weight	Weighted Score
50	30.0%	15.0

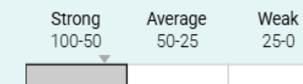
The company has an adequate programme

Criteria

- Product/service safety risk assessment
- Regular external product/service safety audits
- Product/service objectives or targets
- Incident investigation and corrective action
- Monitoring of product/service safety performance
- Public reporting on product/service safety issues
- Managerial responsibility for product/service safety
- Policy commitment to ensure product/service safety
- Regularly tested emergency response procedures to ensure product/service safety
- Regular employee training on product/service safety

Management

61.0
Strong



In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Occupier Satisfaction Surveys	100	40.0%	40.0
Product and Service Safety Programme	50	30.0%	15.0
Sustainable Products & Services	20	30.0%	6.0
Marketing Practices	Category 0	0.0%	0.0
Quality and Safety	Category 0	0.0%	0.0
Weighted Sum			61.0

Appendix: Assessing Company Management Performance using Events

Events dilute the management score of a company, based on the controversy assessment category



- 5** **Category 5:**
Severe Impact, Serious Risk
- 4** **Category 4:**
High Impact, Significant Risk
- 3** **Category 3:**
Significant Impact, Moderate Risk
- 2** **Category 2:**
Moderate Impact, Minimal Risk
- 1** **Category 1:**
Minimal Impact, Negligible Risk