

Basis of conclusions: ESG and sustainability in commercial property valuation, 4th edition, global professional standard

Background

RICS has updated its *ESG and sustainability in commercial property valuation* standard, last published in December 2021 and effective from 31 January 2022. This 4th edition provides a practical framework for delivering on sustainability and ESG requirements in professional valuation advice related to commercial property.

The update reflects new global ESG and sustainability professional standards and regulation that have been brought in since the last edition, and the resultant changes in process and practice.

ESG and sustainability remain priorities for many commercial property stakeholders, and this document supports their appropriate consideration in valuation. Valuation itself underpins trillions of dollars of commercial property investment globally, and with ESG and sustainability a key priority in many markets, there are opportunities and risks for valuation providers and end users.

This standard applies to commercial property valuation globally. In response to stakeholder insight, it now also includes a section with jurisdictional coverage of the UK, EU and Australia, referencing relevant legal and regulatory frameworks.

The lead author for the standard is Sam Carson, Head of Sustainability for Valuation and Advisory Services at CBRE UK. Sam has authored ESG valuation and risk advisory documents for other professional and trade bodies, and has a strong global reputation in sustainability and ESG advice. He has demonstrated the ability to liaise with stakeholders (including provider and client stakeholders) throughout the process.

The standard could not have been fully realised without the dedication and contributions of the associated expert group, which includes valuers, other surveyors, energy specialists, consultants, audit specialists, ESG specialists, social value specialists and academics.

This basis of conclusion document provides a summary of the project's approach, as well as insights into the consultation responses received and the decision-making process.

Executive summary

The updated professional standard covers the following headings and themes:

- interface with mandatory and best practice Red Book Global Standards and International Valuation Standards (IVS) requiring the consideration of significant ESG factors
- impact of the basis of value (e.g. market value or investment value/worth) on ESG considerations
- strategic sustainability/ESG advice as an additional service (distinction from valuation)
- appropriate consideration (and limitations) of cost assumptions (capital and operational expenditure) in commercial property valuation
- globally common ESG and sustainability considerations:

- assessing significant ESG factors and sustainability themes
- valuation approaches, methods and models
- specification
- comparable evidence
- physical climate risks
- potential income, letting and efficiencies
- green leases and
- energy income and efficiencies – renewable, green and collective.
- ESG/sustainability key performance indicators (KPIs) and
- jurisdiction-specific sustainability factors for the UK, Europe and Australia.

Engagement and insights

Development process

1. A lead author was identified. Additional substantial support and contributions came from a global expert group, made up of leading specialists selected for their specialist knowledge and diverse range of experience. The draft was shared with the expert group throughout its development for comment/feedback and contributions.
2. A public consultation was undertaken (see below); this document is the response to that consultation.
3. The development of the standard was informed by various internal and external stakeholders and governance groups, including RICS' [Valuation Professional Group Panel \(PGP\)](#), the PGP Sustainability sub-group, RICS' [Knowledge and Practice Committee](#) and the Professional Standards Steering Group, who approve standards on behalf of RICS' [Standards and Regulation Board](#).

Consultation

Process

4. A period of public consultation took place between 30 June and 12 September 2025 to gauge feedback and inform the development of the standard.
5. The consultation process was facilitated through the use of iConsult, our interactive platform, where participants were encouraged to provide feedback on the draft document itself and respond to a questionnaire.
6. The consultation was communicated across a range of engagement activities – including valuation forums, events and meetings.
7. The consultation was supported by social media posts such as [LinkedIn post \(8 Jul 2025\)](#) and [LinkedIn RICS Newsletter \(3 Jul 2025\)](#), a [post on MyRICS Insight Community](#), an update on the RICS website and features in RICS newsletters such as the global All Profession newsletter and the Valuation PGP newsletter.

Statistics

8. We received 76 responses from 22 participants, in the form of 13 questionnaire responses and 63 comments on the draft standard. There were 812 downloads of the draft standard.

9. Participants included SME and major valuation consultancies, valuation users such as commercial lenders and representatives of sustainability-focused organisations.
10. RICS members and member firms made up 86% of the registered participants on iConsult.
11. When asked what markets the questionnaire respondents operate in, 15% of participants said Asia-Pacific, 46% said Europe, 15% said Middle East and Africa, 0% said the Americas and 54% said the UK and Ireland. Some participants marked that they operate in more than one region.
12. When asked to what extent ESG is a factor in the commercial property advice they provide or use, 38% said a major factor, 46% said a moderate factor, 8% said a minor factor, 8% said it is not applicable because they don't provide or use valuations, and 0% said not a factor.

Key themes from the consultation and the RICS response

13. The themes identified below take account of comments on the draft standard made in consultation, as well as optional and free-text responses to the questionnaire. Themes mainly amalgamate common responses, and are not intended to reflect individual responses verbatim.
14. Many respondents were supportive of the revised and additional detail from the previous (2021) edition of the standard included in the consultation draft, particularly the jurisdictional detail.
15. Numerous technical and style comments were made across a number of key themes, discussed below.

Geographic scope

16. Some consultation respondents wanted greater clarity around which parts of the standard applied globally, which were jurisdictional and why certain jurisdictions had been chosen.
17. The document has been significantly restructured post consultation to address this concern, highlighting the globally applicable elements in the first four sections and clearly labelling relevant jurisdictional content in the fifth section.
18. It was felt that the standard itself was not the right place to set out why certain jurisdictions were covered, but a response is included here for clarity:
 - i. Feedback related to the 2021 3rd edition suggested that jurisdictional content was important to our stakeholders.
 - ii. Feedback related to markets where significant ESG and sustainability legal and regulatory frameworks were already in place.
 - iii. RICS is reliant on local expertise in relation to regulatory and legal frameworks relevant to ESG in commercial property valuation globally, and the UK, EU and Australia were the markets for which this support was available.
 - iv. There is the opportunity to include a wider range of jurisdictional feedback in future editions, subject to the first three points above.

Interface with other RICS standards (notably Red Book Global Standards)

19. Some stakeholders wanted to understand why this standard needed to remain separate to Red Book Global Standards, and how it should relate to other standards and requirements such as IVS.
20. The revised document more clearly references why it is separate from Red Book Global Standards:
 - v. because it relates only to commercial property valuation (as opposed to all valuation) and

- vi. because it includes jurisdictional as well as global guidance.

Definitions

- 21. Respondents used and referenced different sustainability- and ESG-related definitions, both within valuation and in terms of other matters (such as investment). Commonality across the professions on terminology was sought.
- 22. RICS notes and accepts this point and references it in the glossary of the subject standard. RICS is to an extent limited by definitions in other standards (Red Book Global Standards, International Valuation Standards, etc.), as well as jurisdictional and regulatory factors. We will continue to work with stakeholders towards common definitions where appropriate and possible.

Proportionality (reflecting SME participants and range of asset values)

- 23. A number of responses emphasised the need to make the standard proportionate to the valuation circumstances, particularly noting SME participants and the range and scope of asset types.
- 24. RICS has not lowered the expectations for SME providers, but does acknowledge and accept that the consideration of ESG should be reflective of the valuation circumstances, and has emphasised proportionality in this regard throughout the final post-consultation version.

Length and structure

- 25. Some respondents thought the consultation version was too long, with too many sections and too much supporting text for each recommendation/requirement.
- 26. The final version has had the number of chapters substantially reduced, extraneous text removed and specific requirements and recommendations emphasised. More bullets and tables have been used to summarise requirements, recommendations and guidance.

Costs

- 27. Numerous respondents noted the critical link between ESG/sustainability impacts and benefits and the required cost to achieve these – which some suggested should be reflected in valuation.
- 28. Some respondents thought that the content on costs was contradictory, as they felt the document suggested valuers both should and shouldn't be involved with the consideration and application of cost information to valuation. One respondent did not believe that standards relating to the approach to costing belong in an ESG standard.
- 29. The revised document emphasises the need for valuers to only undertake work that is within their competence and experience. It sets out the specific circumstances in which they may consider and apply cost information to valuation, appropriate for the valuation circumstances, and in some cases utilising the services of additional expertise (as appropriately agreed with the client).

Key performance indicators (KPIs)

- 30. A number of respondents made suggested inclusions related to ESG factors/KPIs (Appendix A in the final version).
- 31. Some felt that referring to a number of KPI data lists from different sources was confusing in the consultation draft; these have been consolidated into one global list for the final version.
- 32. Some of the suggested changes to KPIs made by respondents have not been included because they go beyond the scope of commercial property valuation into, for example, ESG risk analysis and disclosure

more widely, or they related to a too-narrow geographic scope. RICS continues to develop more general ESG/sustainability guidance, such as the pending global sustainability practice guidance and also jurisdiction-specific KPIs, which respondent feedback to this consultation can support.

Data

33. Numerous comments were made around ESG data availability, management, sharing, responsibility, verification and reliance. Some suggested a scope beyond valuation and others thought stipulations should be specifically aimed at valuation users and relevant third parties, as well as the provider of valuations.
34. It is accepted that relevant data is an important element for the consideration of ESG in commercial property valuation, and that the valuer has a role. The subject document is not able to make recommendations or requirements beyond the valuation provider and/or RICS member/firm (who will often be the only RICS-regulated party in the process). The document can and does provide guidance and supporting information around collecting and considering ESG information (such as that referenced in the KPIs in Appendix A).

Jurisdiction-specific factors

35. Respondents suggested numerous corrections and clarifications in relation to the jurisdiction-specific sections of the document, which have been amended where appropriate. These sections were edited with a view to keeping them succinct and high-level, so not all suggested detail was incorporated.
36. Some respondents pointed out the evolving nature of some specific regulations and legislation in the UK and EU. This has now been specifically highlighted further in the document, and we will continue to monitor developments and look at how we can communicate future changes.
37. A few respondents wanted a specific link to be made between this standard and RICS thought leadership, such as the EU data list. A cross-reference has been added to reflect this.

Physical risks

38. A number of respondents referenced the importance and increased prominence of physical risks. Some focused just on flood risk, and others noted the range of physical risks and related issues. This section has been broadened in scope, with additional emphasis on the steps undertaken to consider whether physical risks were relevant to commercial property valuation.

Reference to specific schemes, certifications and rating systems

39. For context and to support application, a number of relevant ESG-related schemes, certifications and rating systems have been referenced in Appendix A and other relevant sections of the standard. Respondents referred to a number of other different examples to add to these.
40. To keep the standard as succinct and clear as possible, we have sought to limit examples of schemes, certification and rating systems to those most frequently referenced, those with the widest reach or application, and those most relevant to commercial property valuation specifically (as opposed to ESG risk and disclosure advice more widely).

Questionnaire responses (see Appendix A for questionnaire response summary)

41. The final standard includes a subsection covering strategic ESG risk advice, which is broadly in line with questionnaire responses.

42. Questionnaire responses on how to address ESG factors (KPIs) within the standard were mixed, and the final outcome reflects a single approach that takes reference from a number of sources.
43. Questionnaire responses on cost elements have been applied in the subject standard, including limitations, cross-referencing Red Book Global Standards and referencing the appropriate use of third-party cost experts.

Concluding remarks

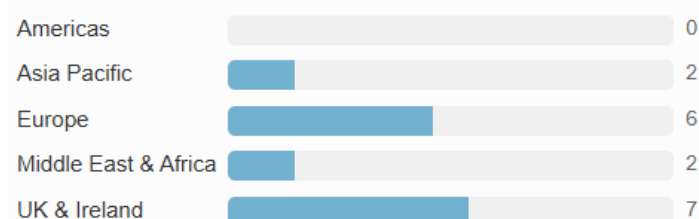
44. The proposed standard is much improved as a result of the technical and other input provided by consultation respondents and other feedback, and its implementation by the lead author and expert group. Thank you for your time and consideration in giving this feedback.
45. Work related to this standard does not end with publication. Please refer to [our website](#) where we will include links to implementation measures, other relevant content and training offerings.
46. ESG and sustainability are fast evolving areas, and we note on publication of this 4th edition that we will already need to think about the future of this standard, not least to reflect the emerging regulatory and policy position in some markets referenced in the document.
47. Please contact cgolding@rics.org with any feedback or comments.

Appendix A: consultation questionnaire responses – summary graphs

Are you responding on behalf of your firm or personally?



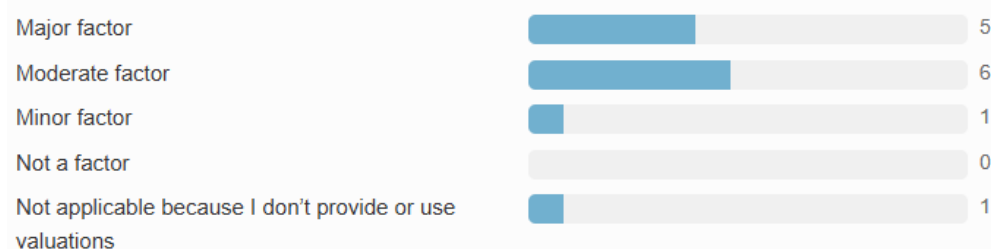
In which RICS world regional jurisdictions do you mainly operate? (select all that apply)



Are you mainly a provider or user of valuation services?

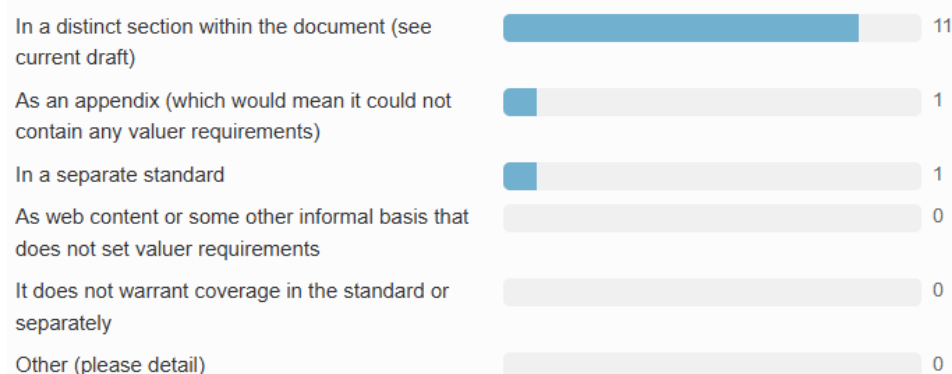


To what extent is ESG a factor in the commercial property advice you provide or use?

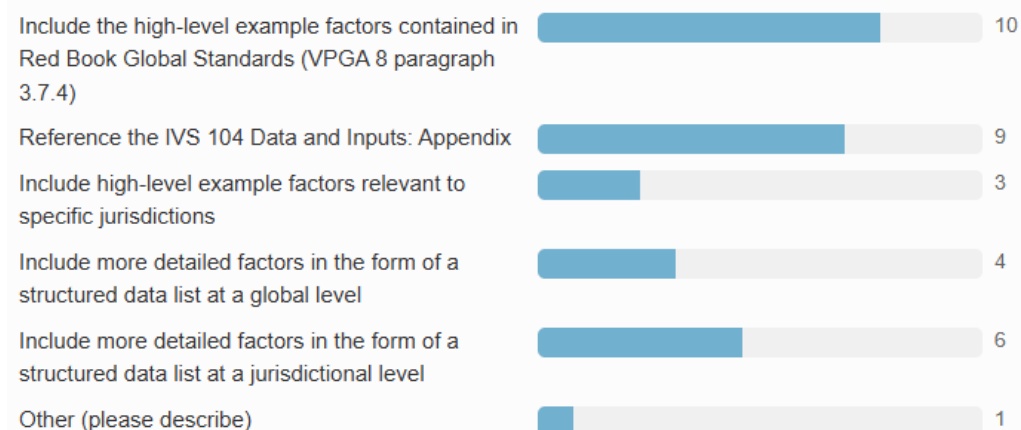


How should strategic ESG advice*, that is in some cases provided as a supporting service to a valuation, be covered in the standard?

**Professional advice provided by an RICS member to an external intended user (client) that relates to the financial and/or other implications of sustainability and/or ESG factors but does not constitute a valuation.*



How should ESG factors, in respect of commercial property valuation, be covered in the standard? (select all that apply)



Valuers are not typically cost advisory experts. How should the standard cover the interface of valuation and costs, such as capital expenditure to meet regulatory and market ESG expectations? (select all that apply)

