

## **Impact Reporting Metrics for Green Building Projects by ICMA and JCR's View**

In March 2019, the International Capital Markets Association (ICMA) published a Suggested Impact Reporting Metrics for Green Building Projects. The following is an abstract of the Suggested Metrics and JCR's view on the certification system for Green Building.

### **1. Summary of Metrics (Extract)**

Green Building is one of the Green Eligible Projects described in the Green Bond Principles (GBP) published by the ICMA.

In December 2015, one of the ICMA's working group consisting of eleven international financial institutions published a "Harmonized Framework for Impact Reporting". The framework outlined core principles and recommendations for impact reporting in order to provide issuers with reference and guidance for the development of their own reporting and provided core indicators and reporting templates for energy efficiency and renewable energy projects.

In common with the release of harmonised frameworks for impact reporting on sustainable water and wastewater management projects (in June 2017), for sustainable waste management and resource-efficiency projects (in February 2018) and for clean transportation projects (in June 2018), this document builds on the earlier framework and outlines a harmonised framework for impact reporting on green building projects.

Green Building's GBP categories cover a wide range of issues, including water use and waste management, in addition to energy consumption. However, it is recommended that those that focus only on building energy efficiency and low carbon are reported using the relevant indicators and templates presented in the "Unified Framework for Impact Reporting" described above, as they are considered to fall within the GBP category "Energy Efficiency (New Buildings, Renovations, etc.).

GBP recommends that both qualitative and, where practicable, quantitative performance measures be used along with disclosures of key underlying methodologies and assumptions used to determine quantitative measures.

While this document proposes certain quantitative impact reporting metrics, GBP also encourages issuers to provide qualitative information in relation to their green building projects, whether they are for new buildings or the retrofitting of existing buildings. Such qualitative information is also encouraged to provide for a meaningful contextualisation of the baseline situation and the improvement as a result of the project. For green building projects, regional, national or (optimally) internationally recognised standards or certifications are key and providing important baselines. These standards or certifications are important for comparing against which the green building project can be benchmarked. Other salient information such as the siting of the building and its purpose may be critical to understanding the design of the project, and its benefits in managing resources and protecting the environment.

For a meaningful assessment of the aggregate impact of projects, consistency in the methods of calculation, baselines and benchmarks is necessary. Thus for the purpose of data quality, issuers are encouraged to disclose additional technical reports and/or data verification protocols where additional information could be provided as well as links to the sources of such data and methods of calculation. The robustness of disclosures and/or the underlying methodology may be enhanced by making available any independent assessment from consultants, verification bodies and/or institutions with recognised expertise in environmental sustainability such as LEED, BREEAM and BEAM. We note, however, that many of these assessments and standards incorporate evaluations that extend beyond environmental factors, and thus issuers should seek to provide greater transparency on their scores against the “green” requirements.

Proposed major indicators and other sustainability indicators are designed to facilitate quantitative reporting at the portfolio level across projects and geographies. The importance of the geographic context in the assessment of solutions reinforces the benefit of additional disclosures, such as the national, regional and local context, information on the population served, pollution levels, and specific CO<sub>2</sub> electricity grid baselines. While the core indicators proposed focus on the construction, development and refurbishment of Green Buildings, and are thus also relevant to their purchase, several other sustainability indicators are relevant to the management of Green Buildings over time.

(Reference) <Five Major Indicators for Green Building>

- A. Energy Performance
- B. Carbon Performance
- C. Water Efficiency and Savings
- D. Waste Management
- E. Certification Standard, if available (described in "2. Description on the Certification Scheme")

## 2. Description on the Certification Scheme

### *Guidance and definitions (excerpts)*

Certification Scheme:

While the importance of international certification schemes as industry benchmarks are highlighted by their prime position in the proposed core indicators, the associated costs and processes may be deemed prohibitive for small local players, or large portfolios of very small assets. Locally applicable proxies (other applicable certification scheme) may therefore provide a relevant baseline when compatible with the major international certification schemes.

### *Five key indicators for the Green Building Project (excerpt)*

E. Certification Standard (if available)

#5 Type of scheme, certification level and m<sup>2</sup> GBA

### **Benchmarks**

Internationally and nationally recognised standards for Green Buildings

LEED (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method), ANSI/ASHRAE/IES/USGBC Standard 189.1 Standard for the Design of High-Performance Green Buildings and/or the International Green Construction Code; etc.  
and/or

Other standards for Green Buildings widely known and/or used in the industry locally,

CEEQUAL, DGNB, EDGE, the International Energy Conservation Code (IECC), the US Property Assessed Clean Energy Programs (PACE), Passive House or Swiss Minergie, etc., and/or

When compatible with the aforementioned standards

National Minimum Requirements for Energy Efficiency in Buildings in EU states (based on the EU Energy Efficiency Directive) and Energy Performance Certificates (EPCs), or national certification schemes.

### 3. JCR's view on the certification scheme

Certification of Green Building Projects is a key part of impact reporting, as indicated in ICMA's proposed Impact Reporting Standards. However, the suggested standard exemplifies a certification system that is mainly used in Europe and the United States, such as the U.S. LEED and European BREEAM, and does not provide specific examples of a certification system for CASBEE<sup>1</sup> and BELS<sup>2</sup> that is widely used in Japan.

However, national certification systems are also described as substitutable if they comply with "Internationally and nationally recognised standards for Green Buildings," such as LEED and BREEAM and/or "Other standards for Green Buildings widely known and/or used in the industry locally," such as standards or CEQUAL, the DGNB, the EDGE, and the International Energy Conservation Standards (IECC).

JCR recognises that CASBEE and BELS are eligible as "Internationally and nationally recognised standards for Green Buildings" as well as LEED and BREEAM. Although the DBJ Green Building is not a specialized evaluation of environmental performance, it also has a certain evaluation item regarding environmental performance. Therefore, JCR evaluates this certification as equivalent to the "Green Building" defined in the Green Bond Principles, which is "Green Project Classification: Internationally and nationally recognised standards for Green Buildings" as defined in the Green Bond Principles. However, if the certification is not specialized for the environment, the issuer may be requested to submit supplementary materials or provide additional explanations in order to confirm the environmental improvement effects such as energy saving performance.

#### **Japan Credit Rating Agency, Ltd.**

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

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<sup>1</sup> CASBEE is a method for evaluating and rating the environmental performance of buildings. The evaluation results are divided into five grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), Rank B (Slightly Poor), and Rank C (Poor)

<sup>2</sup> BELS is positioned as a third-party certification system for the guideline for energy conservation performance labeling. They are represented by five stars, four stars, three stars (guidance criteria), two stars (energy efficiency criteria), and one star (existing energy efficiency criteria).