

July 6, 2016

Sustainability Accounting Standards Board
75 Broadway, Suite 202
San Francisco, CA 94111

comments@sasb.org

Delivered Electronically

RE: Request for Public Comment on the SASB Proposal Amendments to: Sustainable Industry Classification System

Dear SASB,

This letter is submitted by the National Association of Real Estate Investment Trusts® (“NAREIT”) to provide comments, within the established Public Comment period, on the SASB Proposal Amendments to: Sustainable Industry Classification System.

NAREIT is the representative voice for real estate investment trusts (REITs) and publicly traded real estate companies with an interest in U.S. real estate and capital markets. NAREIT’s members are REITs and other real estate businesses throughout the world that own, operate and finance commercial and residential real estate. NAREIT’s members play an important role in providing diversification, dividends, liquidity and transparency to investors through their businesses that operate in all facets of the real estate economy.

REITs are generally deemed to operate as either Equity REITs or Mortgage REITs. Our members that operate as Equity REITs acquire, develop, lease and operate income-producing real estate. Our members that operate as Mortgage REITs finance housing and commercial real estate, by originating mortgages or by purchasing whole loans or mortgage-backed securities in the secondary market.

A useful way to look at the REIT industry is to consider an index of stock exchange listed companies like the FTSE NAREIT All REITs Index that covers both Equity REITs and Mortgage REITs. This Index was comprised of 222 companies representing an equity market capitalization of \$1.07 trillion at July 5, 2016. Of these companies, 180 were Equity REITs, representing roughly 95% of total U.S. stock exchange-listed REIT equity market capitalization (amounting to \$1.02 trillion). The remaining 42 companies were stock exchange-listed Mortgage REITs with a combined equity market capitalization of \$57.11 billion.

It is NAREIT’s continued position that principles-based disclosure based on the legal standard of materiality remains the best approach to environmental, sustainability and similar disclosures. The SEC’s existing framework, which mandates the disclosure of such material information, adequately accommodates this objective. Accordingly, NAREIT does not believe that the adoption of new prescriptive regulatory standards is necessary or appropriate. Voluntary sustainability metrics and frameworks developed outside the government sector, such as those being developed by SASB, the Global Real Estate Sustainability Benchmark (GRESB) and others, can facilitate disclosure, but should remain both voluntary and non-governmental.

Overview

On April 7, 2016, the Sustainability Accounting Standards Board (SASB) released SASB Proposal Amendments to: Sustainable Industry Classification System. In the document, SASB proposed 4 questions for Respondents. We are responding only to question 2 related to Item 9.



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Specific SASB Questions Addressed

2. *Do the proposed changes to SICS improve its usefulness for sector and industry analysis and portfolio construction according to sustainability risks and opportunities?*

Item 9

The following set of items—which for the most part deal with minor changes to SICS—are included here mainly for notification purposes; interested parties are nonetheless welcome to provide comments as they see fit. Some of the changes described below involve the renaming of industries either as a result of the SASB’s own research and/or external stakeholder feedback, while some others involve the addition of segments from within BICS (which were previously not considered under SICS due to their size and/or niche operations) to existing SICS industries.

Item 9.1: Rename the “Electric Utilities” industry [IF0101], currently under the “Infrastructure” sector, as “Electric Utilities & Power Generators.”

Item 9.2: Rename the “Gas Utilities” industry [IF0102], currently under the “Infrastructure” sector, as “Gas Utilities & Distributors.”

Item 9.3: Rename the “Water Utilities” industry [IF0103], currently under the “Infrastructure” sector, as “Water Utilities & Services.”

Item 9.4: Rename the “Real Estate Owners, Developers & Investment Trusts” industry [IF0402], currently under the “Infrastructure” sector, as “Real Estate.”

Item 9.5: Rename the “Forestry & Logging” industry [RR0201], currently under the “Renewable Resources & Alternative Energy” sector, as “Forestry Management.”

After reviewing the proposed change in the naming of “Real Estate Owners, Developers & Investment Trusts” industry [IF0402], we suggest that the category name be changed, but not to “Real Estate.” We suggest that the name for IF0402 be changed to Real Estate Owners & Investment Trusts. Our rationale for removing the Developers from the standard is that the activities related to development are not specifically covered in this standard.

After reviewing the proposed change in the naming of “Forestry & Logging” industry [RR0201], we agree that the change to “Forestry Management” more accurately describes the industry.

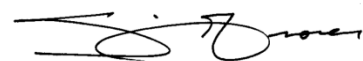
Conclusion

We believe that making the minor change to the naming for IF0402 will improve the usability and reduce confusion for publicly held companies that engage in development.

Respectfully,



Steven A. Wechsler
President and CEO



Sheldon M. Groner
Executive Vice President, Finance & Operations

