Earlier this year GRESB conducted a survey of Investor Members. The results show that investors are demanding greater transparency on the ESG performance of real asset portfolios. They want to know how ESG-related risks are managed so that they can make better decisions on the allocation of their capital. And they are looking for coverage across all asset classes and strategies they invest in.

All GRESB investors in the survey have confidence in the ability of managers to meet their ESG disclosure requirements. While most still value transparency above all else, they also want to know how ESG-related risks are managed so that they can make better decisions on the allocation of their capital. And they are looking for coverage across all asset classes and strategies they invest in.

GRESB’s mission is to enhance and protect shareholder value by assessing and empowering sustainability practices in the real asset sector.

InVESTOR PERSPECTIVE

Investor Members are demanding greater transparency on the ESG performance of real asset portfolios. They want to know how ESG-related risks are managed so that they can make better decisions on the allocation of their capital. And they are looking for coverage across all asset classes and strategies they invest in.

A global survey of Investor Members found that 94% of investors use GRESB data in their investment process. In addition, 35% set specific targets in terms of GRESB performance, while 56% use the data to prepare or assess their sustainability practices.

INVESTOR FUND MANAGER, ASSET OPERATOR AND COMPANY MEMBERS

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INFRARSTRUCTURE - SECTOR LEADERS

Entity Name

- AMP Capital Diversified Infrastructure Trust
- AMP Infrastructures de Telecommunications S.A.U.
- Finance Limited
- CalPERS Corporation
- EDF Energy Limited
- EnBW Baltic 2 S.C.S.
- TransAlta Corporation
- Portus Ports Limited
- TransAlta Corporation
- TransAlta Corporation

G cresb Infrastructure Members and Partners

Funding Members

- AIMCo
- AMP Capital
- apg
- ATP Capital
- CalPERS

Investor, Fund Manager, Asset Operator and Company Members

- Alinda
- Arcus
- BlackRock
- Cathexis
- Cubic
- Equilibrium
- HgCapital
- IJP Morgan Asset Management
- Obligo
- SWECO
- Townshend
- UBS
- UTA

Global Partners

- API
- CSR Design
- DeepValue

2017 GRESB RESULTS

Entity Name

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Global Response Rate

Key sectors

- Airports
- Telecommunication
- Ports
- Toll Road Operations
- Water Systems

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The average Fund Score increased by 11% to 60, showing increased consideration of ESG within management and investment processes. Aside from reporting widely implemented (22% funds), process supporting data integrity, third-party review of ESG disclosures, a lag behind Management & Policy (52), indicating improvement is needed in operational performance and implementation actions, to effectively meet ESG objectives. Reporting on Performance Indicators is yet to be common practice in infrastructure.

While ESG communication largely due diligence and investment decision making, only 53% integrate ESG across all three levels of screening; however, there is still room for improvement. Furthermore, third-party review of ESG disclosures, a practice supporting data integrity, is still not widely implemented (22% funds).

In 2017, more participants have an environmental policy covering key environmental issues than in 2016. The percentage of participants reporting on environmental performance also increased, but remains at a low level. The integration of environmental issues within risk assessments showed smaller levels of improvement, and even fell in two areas (Energy and GHG emissions).

Inclusion of ESG Risks/Opportunities in Investment Processes

The nature of infrastructure investments, typically long term with largely defined cash flows, means a thorough ESG review is fundamental for effective management. While the majority (95%) of funds integrate ESG risks/opportunities within their processes in which ESG is included, only 53% integrate ESG across all three levels of screening, demonstrating a comprehensive approach for infrastructure. Overall, there is a lack of uniformity in approach.

Analysis of ESG Information

While a high percentage of funds (88%) collect ESG information, there is a wide disparity in the actions funds take to track and analyse ESG performance of their investments. With only 22% of participants using four of the options provided, the majority are not demonstrating a comprehensive approach to ESG management. In investment decision making, overall, there is a lack of uniformity in approach.

Analysis of collected ESG information (1% participants)

1. Track real-time performance 86%
2. Track performance against targets 83%
3. Analyze performance trends over time 87%
4. Compare performance to peers or benchmarks 82%

Number of analysis types used (1% participants)

1. 1
2. 2
3. 3
4. 4

Asset Impact Assessments

Only 58% of participants undertake any form of impact assessment, with data. Environmental data is the most widely included (91%) currently, considering the fixed location and asset types of infrastructure assets, and potential vulnerabilities to environmental risks. Most impact assessments were conducted in the past two years, with a lack of systematic approach to be in place.

ESG Data Collection

Assets scored highly (91%) in the collection of ESG performance data. Environmental data is the most widely included (91%), followed by 88% of participants.

Type of performance data collected (% participants)

1. Environmental performance data 88%
2. Social performance data 71%
3. Governance performance data 60%
4. None 19%

Only 1% of participants have ESG data collected for only one year.

Integration of Environmental Issues

In 2017, more participants have an environmental policy covering key environmental issues than in 2016. The percentage of participants reporting on environmental performance also increased, but remains at a low level. The integration of environmental issues within risk assessments showed smaller levels of improvement, and even fell in two areas (Energy and GHG emissions).