ESG Engagement with Infrastructure Funds and Assets Using GRESB Data

**Key Messages**

GRESB offers a consistent framework to measure and compare key environmental, social, and governance (ESG) indicators and related performance metrics across global infrastructure funds and assets. GRESB Investor Members are key to increasing the transparency of ESG performance of their investments.

- By participating in the annual GRESB Infrastructure Assessment, managers are able to communicate their commitment to ESG and responsible investing to their investors, using an industry-specific framework.
- As an Investor Member, you are able to use GRESB data to benchmark and compare your investments across regions and infrastructure sectors.
- The annual GRESB results allow you to engage with your managers and operators on how they are managing ESG risks and capitalizing on opportunities.
- Not all infrastructure funds and assets with whom you engage may participate in GRESB. For those that do not participate, the benefits of doing so are explained on the Infrastructure Fund Assessment and Asset Assessment pages.
- Participation in both the Infrastructure Fund Assessment and the Infrastructure Asset Assessment is free of charge. All participants receive a Scorecard highlighting both absolute ESG performance and performance relative to peers. Participants do not need to be GRESB members.

**Assessment Aspects**

- MANAGEMENT
- POLICY & DISCLOSURE
- RISKS & OPPORTUNITIES
- PERFORMANCE INDICATORS
- MONITORING & EMS
- STAKEHOLDER ENGAGEMENT
- IMPLEMENTATION
- CERTIFICATIONS & AWARDS
TOPICS FOR ENGAGEMENT WITH INVESTMENTS

1. Consider asking your managers the following questions:
   - Do you report on your ESG performance by participating in the annual GRESB Infrastructure Assessment?
   - For fund managers only: If so, with how many funds do you participate?
   - Do you require your funds to participate with their underlying assets?
   - What proportion of your investments (by AUM) participate in the Assessment?
   - If you do not participate, please explain why not, and whether you plan to participate in the future?

2. ESG and responsible investment policies
   - The topics addressed by the annual GRESB Infrastructure Assessment are relevant for investors, whether or not your investments currently participate in GRESB. The starting point is to ask whether your managers and operators participate in the GRESB Assessment.
   - If so, you can request access to their Assessment results through the GRESB Portal. You can use the fund or asset’s GRESB Score and responses as the basis for engagement on each topic.
   - If your managers or operators do not participate, you can still use the engagement topics as the basis for discussions and encourage future participation as a way of reporting on these topics.

3. The engagement process
   - Encourage managers and operators to report to GRESB in each Assessment year.
   - Ask managers and operators to explain their GRESB Scores and encourage them to improve underperforming Aspects.
   - Explain to your investments that continuously improving their sustainability performance is more important than their absolute GRESB Score.
   - Encourage participants to become more transparent by improving and/or expanding the scope of their GRESB reporting.
INVESTOR ENGAGEMENT

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ASSESSING PERFORMANCE AGAINST YOUR ORGANIZATION’S ESG OR RI POLICY

1. Examine the sustainability performance of your investments against your own ESG criteria and policies.

2. Consider:

- The percentage of your investments that participate in GRESB.
- The GRESB Scores of your investments in absolute terms, and relative to their peers.
- Assessing whether there are any violations of internal ESG criteria/policies.
- Identifying engagement candidates, e.g., investments that underperform either on an absolute basis, or relative to their peers.
- Setting clear targets for improvement, e.g., focus on indicators and topics that are most material to your own ESG and responsible investing criteria/policies.

FURTHER INTEGRATION INTO DECISION MAKING

1. Assess possibilities to (further) integrate GRESB data into the due diligence/investment decision-making process.

Consider:

- Requiring the manager or operator to participate in the annual GRESB Infrastructure Assessment for the full holding period of your investment (GRESB can provide examples of standard side letters).
- If the investment does not perform in line with your expectations, require the manager or operator to work with you to identify and implement strategies to improve future performance.
- Setting GRESB performance when determining capital allocations.
- Including the GRESB Assessment results and the GRESB Rating of a fund or asset in the valuation model. The GRESB Score and Rating could translate into a risk premium or discount.
2017 RESPONSE RATE BY REGION/SECTOR

EXTERNAL COMMUNICATION AND REPORTING

1. Integrate the results from your ESG engagement process into external communication and reporting.

2. Consider:

- Disclosing the percentage of your investments that participated in GRESB and your target for future years
- Your aggregated GRESB Score (value-weighted) and how this Score compares to the (regional) benchmark
- Your engagement process, outcomes and targets
- How your investments perform against your own ESG criteria and policies
- The total energy consumption or carbon footprint of your infrastructure investments, and the reduction over time.
MEMBER PORTAL ENGAGEMENT TOOLS

As an Investor Member you can access high-quality, granular data and analytics for your managers and operators. You can view the individual results reports of participating infrastructure funds and assets online in the GRESB Member Portal, download reports for additional analysis and take advantage of the following engagement tools and services.

INVITE PARTICIPANTS
You are encouraged to use the “Invite” feature in the Member Portal to contact your managers and operators in order to prompt participation during the Assessment open period (2 April - 1 July 2018).

RESPONSE TRACKER
The Response Tracker allows you to track the progress of Assessment submissions and identify investments that may require additional outreach.

DATA ACCESS REQUEST
To maximize portfolio coverage and achieve a full portfolio view, you can request data access from Assessment participants. The ‘Data Access Request’ tool enables you to request data access for each infrastructure fund and asset managed by a GRESB participant. Pending requests can be tracked in the Member Portal.

BENCHMARK REPORT
The Benchmark Report contains an indicator-level analysis of a participant’s ESG performance in both absolute terms and relative to peers. It is designed to identify areas of risk and opportunity and deepen engagement on sustainability issues with your investments.

PORTFOLIO ANALYSIS TOOL
Using the Portfolio Analysis Tool enables you to perform a portfolio analysis for self-selected groups of investments, including application of weights and customized benchmarks. This online tool provides relevant insight into how each investment contributes to the investment portfolio’s aggregated ESG performance. It also provides a combined environmental footprint of the investment portfolio.
2018 TIMELINE

INVESTOR MEMBERS

JANUARY - FEBRUARY
- Engagement with the GRESB team on the most material topics in the Infrastructure Assessment

MARCH: ENGAGEMENT PROCESS CONTINUES
- Review Pre-release materials for a better understanding of the 2018 GRESB Infrastructure Assessment and process
- Outreach to managers and operators to request participation in the 2018 Assessment. This part of the engagement process continues throughout the Assessment period

MAY 1: OUTREACH
- Second outreach to managers and operators to request participation in the 2018 Assessments
- Track progress of Assessment submissions

JUNE 1: OUTREACH
- Third outreach to investments to request participation in the 2018 Assessments
- Track progress of Assessment submissions

SEPTEMBER 5: ASSESSMENT RESULTS
- Data in GRESB Portal
- Portfolio Analysis tool available
- Engage with managers and operators on results

OCTOBER - DECEMBER: CONSULTATION PERIOD STARTS
- Aggregate and analyze feedback received
- Engage with the GRESB team on the Assessment results

GRESB

JANUARY
- Structured investor and industry consultation - GRESB Portal development

FEBRUARY
- February 15: Pre-Release of Assessments

MARCH
- March 1: Pre-release of Reference Guides

APRIL
- April 2: Assessment Portal opens. Companies, funds and assets are invited to participate in the 2018 GRESB Assessments by logging into the Assessment Portal.

MAY
- Response Checks

JUNE
- June 15: Deadline to request a Response Check - Validation starts

JULY
- July 1: Assessment Portal closes. All submissions must be received by July 1, 2018.

AUGUST
- Validation ends - Scoring and benchmarking

SEPTEMBER
- September 5: Launch of the Assessment Results - Results Review - Public results events

OCTOBER
- Public results events - Participant feedback - GRESB Data Training

NOVEMBER
- Assessment consultation - Aggregation & analysis of feedback - GRESB Data Training

DECEMBER
- Assessment consultation - GRESB Portal development - Start of 2019 Assessment cycle
Enhance and protect shareholder value by assessing and empowering sustainability practices in the real asset sector.