Debt Working Group

April 22\textsuperscript{nd}, 2020
The GRESB Team

Rick Walters
Director Infrastructure

Aurelien Reynolds
Analyst, Infrastructure

Josien Piek
Head of EMEA

Steven Pringle
Sales Associate, EMEA

Ruben Langbroek
Head of Asia Pacific
<table>
<thead>
<tr>
<th>Time</th>
<th>Subject</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>10:00 - 10:10</td>
<td>Welcome and check-in</td>
<td>Josien Piek &amp; Steven Pringle</td>
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<tr>
<td>10:10 - 10:30</td>
<td>GRESB Infrastructure</td>
<td>2020 Infrastructure Asset Assessment update</td>
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<tr>
<td>10:30 - 11:00</td>
<td>LMA Perspective on ESG in Infrastructure Financing</td>
<td>Gemma Lawrence Pardew</td>
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<tr>
<td>11:00 - 11:30</td>
<td>Discussion led by LGIM on the next steps and goals for Infra Debt Working Group</td>
<td>Will Devenney</td>
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<tr>
<td>11:30 - 11:45</td>
<td>Closing of the meeting and check-out</td>
<td>Josien Piek</td>
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Infrastructure Assessment Structure

**Infrastructure Fund level:**
The Infrastructure Assessment has two levels: the Fund level and the Asset level. The Fund has a Management Component, its Performance Component is made up of the Aggregated Asset Assessments.

**Infrastructure Asset level:**
The Asset Assessment also has two Components: Management Component and Performance Component. These Asset Assessments get weighted and aggregated into the Fund Performance Component. Assets that are not yet participating in a GRESB Assessment get added, but do not contribute any points. Funds need to have 25% or more of their Assets reporting to receive a full GRESB Fund Assessment for that year.
Fund Management Component

Aspect weightings

- Leadership: 7.6%
- Policies: 3.0%
- Reporting: 5.0%
- Risk Management: 13.2%
- Stakeholder Engagement: 1.3%

Management component: 30%
Performance component: 70%

GRESB SCORE: 70.0%
Aspect weightings

- Management component 50%
- Performance component 50%

GRESB Score:
- Leadership: 12.5%
- Policies: 5.4%
- Reporting: 5.4%
- Risk Management: 19.7%
- Stakeholder Engagement: 7.1%
- GRESB Score: 47.6%
Asset - Performance Component

Aspect weightings*

- Energy: 12.5%
- GHG emissions: 5.4%
- Air pollution: 5.4%
- Water: 19.7%
- Waste: 7.1%
- Health & safety: 47.6%
- Biodiversity & habitat: 2.4%
- Customers: 12.5%
- Certifications & awards: 5.4%
- Employees: 5.4%
- GRESB SCORE: 100%

Performance component 50%
Management component 50%

Unscored aspects
- Implementation: 47.6%
- Output & impact: 52.4%

* Aspect weightings are determined by Materiality-Based Scoring
## Fund Peer Groups

### Peer group allocation methodology

<table>
<thead>
<tr>
<th>Trial #</th>
<th>Min size</th>
<th>Sector / Diversified</th>
<th>Region / Global</th>
<th>Nature of Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>6</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>

### Proposed

<table>
<thead>
<tr>
<th>Trial #</th>
<th>Min size</th>
<th>Nature of ownership</th>
<th>Sector/Diversified</th>
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<td>6</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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- Public entity, or
- Private (non-listed) entity – Debt
- Private (non-listed) entity – Equity
- Government entity

### Core
- Value
- Opportunistic
# 2020 Assessment Timeline (Updated)

<table>
<thead>
<tr>
<th>Assessment Engagement and Development</th>
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<tbody>
<tr>
<td>JANUARY</td>
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<tr>
<td>JANUARY  ● GRESB Portal Development following the Pre-release of the 2020 Real Estate and Infrastructure Assessments</td>
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<tr>
<td>FEBRUARY</td>
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<tr>
<td>FEBRUARY  ● GRESB Portal Development and industry engagement</td>
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<tr>
<td>MARCH</td>
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<tr>
<td>MARCH  ● Release of Real Estate and Infrastructure Assessments &amp; Reference Guides and the Resilience Module</td>
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<tr>
<td>MARCH  ● Online GRESB Assessment Training opens</td>
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<tr>
<td>APRIL</td>
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<tr>
<td>APRIL  ● April 1: GRESB Portal opens for the 2020 GRESB Assessments</td>
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<td>APRIL  ● Response Checks can be requested</td>
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<tr>
<td>APRIL  ● Online GRESB Assessment Training</td>
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<tr>
<td>MAY</td>
</tr>
<tr>
<td>MAY  ● Response Checks</td>
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<tr>
<td>JUNE</td>
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<tr>
<td>JUNE  ● Response Checks</td>
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<tr>
<td>JULY</td>
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<tr>
<td>JULY  ● July 1: Deadline to request a Response Check is July 1, 23:59 PDT</td>
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<td>JULY  ● Validation starts</td>
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<tr>
<td>AUGUST</td>
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<tr>
<td>AUGUST  ● August 1: GRESB Portal closes on August 1, 23:59 PDT</td>
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<tr>
<td>SEPTEMBER</td>
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<tr>
<td>SEPTEMBER  ● Validation ends</td>
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<tr>
<td>SEPTEMBER  ● Scoring and benchmarking</td>
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<tr>
<td>October</td>
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<tr>
<td>OCTOBER  ● October 1: Launch of preliminary Benchmark Reports</td>
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<tr>
<td>OCTOBER  ● Review period</td>
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<tr>
<td>November</td>
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<tr>
<td>NOVEMBER</td>
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<tr>
<td>NOVEMBER  ● November 1: Launch of the Assessment Results</td>
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<td>NOVEMBER  ● Public results events</td>
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<tr>
<td>December</td>
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<tr>
<td>DECEMBER</td>
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<tr>
<td>DECEMBER  ● Public results events</td>
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<tr>
<td>DECEMBER  ● Structured investor and industry engagement</td>
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<tr>
<td>DECEMBER  ● Participants provide feedback on Assessment content, products and services</td>
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<tr>
<td>DECEMBER  ● Start of preparation for the 2021 Assessment cycle</td>
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2020 Assessment Trainings

GRESB Online Training

New in 2020, GRESB has an online training platform to improve ESG reporting to the GRESB Assessments. You can enroll for free below by clicking on the appropriate login button.

https://gresb.com/online-training/
Green & Sustainable Lending
Gemma Lawrence-Pardew

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Hannah Vanstone

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w: lma.eu.com
INTRODUCTION
Green Loan Principles

• Launched March 2018

• Second iteration published December 2018 – application to RCFs

• High-level framework of market standards and guidelines

• Four core components:-
  1. Use of Proceeds
  2. Process for Project Evaluation and Selection
  3. Management of Proceeds
  4. Reporting
Sustainability Linked Loan Principles

• Launched March 2019

• Incentivise borrowers to improve sustainability profile by aligning loan terms

• Four core components:

  1. Relationship to the borrower's overall CSR strategy
  2. Target setting – measuring the sustainability of the borrower
  3. Reporting
  4. Review

• Do not focus on use of proceeds – usually for working capital
MARKET OVERVIEW
Global Green & Sustainability-Linked Loans

Global Green & Sustainability-Linked Loans Issuance

Volume (SBN) vs. Count

- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

Volume: AMER, APAC, EMEA
Count of Loans: AMER, APAC, EMEA
Green Bonds, Green & ESG-Linked Loans Issuance
Global Sustainability-Linked Loans Issuance
Global Sustainability-Linked Loans Issuance
Increasing awareness of ESG and climate change risks
THE GUIDANCE – KEY AREAS OF DEBATE
Guidance to the GLP

• Project eligibility

• Borrower eligibility

• What would constitute a ‘green’ breach?
Guidance to the SLLP

• Target setting - How to ensure that targets are both *ambitious* and *meaningful*?
  • Materiality mapping
  • Business as usual vs stretching targets
  • Aligning to external standards
WHY DOES IT MATTER?
Greenwashing/ESG washing

Greenwashing has been used to describe situations where claims on sustainable credentials are misleading, inaccurate or inflated.
THE ROLE OF DATA
CONCLUDING REMARKS