



Making the most of GRESB Infrastructure

Sustainability & Energy



Growing Global Demand For Sustainable Infrastructure

Global demand for new infrastructure is estimated to cost more than \$90 trillion between 2015 and 2030, nearly double the estimated value of existing global infrastructure assets. The increased demand for infrastructure investment coincides with rising urbanization and escalating climate risk factors, in parallel with growing recognition by investors of the importance of high-quality environmental, social, and governance (ESG) information in managing risk and return.

Until recently, there have been no globally established tools to assess, validate, and benchmark the ESG performance of infrastructure. While there are regional-specific tools for assessing the sustainability performance of individual infrastructure projects – for example CEEQUAL® (UK), Envision® (U.S.) and the Infrastructure Sustainability Rating Tool (Australia) – they are more appropriately applied to individual projects and do not provide a globally consistent framework with which to benchmark performance. This lack of a global standard in ESG assessment for infrastructure created an information gap for institutional investors.

GRESB Infrastructure: Filling The Gap

GRESB (Global Real Estate Sustainability Benchmark) is an industry-driven organization committed to assessing the ESG sustainability performance of real assets around the globe. It has become the most prevalent and well-established standard used by institutional investors to measure and benchmark the ESG sustainability performance of their portfolios and funds.

Since its inception in 2009, GRESB Real Estate Assessment has grown; covering more than 66,000 assets valued at more than \$2.8 trillion, and includes more than 58 institutional investor members representing approximately \$7.6 trillion in institutional capital.

Building upon the success of the GRESB Real Estate Assessment, GRESB introduced a similar assessment to be used for infrastructure assets and funds in 2016, providing institutional investors with a consistent framework to systematically assess and benchmark key ESG performance metrics.

GRESB Assessments are used not only for benchmarking performance relative to peers but also as a tool for continuous improvement. It also serves as an opportunity for institutional investors

to engage with internal and external stakeholders, including board members, property managers, tenants and suppliers.

GRESB Infrastructure is intended for various types of infrastructure, including:

- Energy generation (fossil fuels and renewables)
- Energy transmission and distribution
- Water (supply, wastewater treatment, etc.)
- Waste treatment and disposal (hazardous and non-hazardous)
- Telecommunications (wired and wireless)
- Transportation (airport, rail, rolling stock, ports, highways)
- Social (schools, health, etc.)

The assessment is aligned with international reporting frameworks such as the Global Reporting Initiative (GRI) and the Principles for Responsible Investment (PRI) in order to provide investors with access to better quality and standardized data that fulfil increasingly important ESG reporting obligations.

Asset Assessment Aspects



How it Works

The GRESB Infrastructure Assessment is administered annually. It has two main components: a Fund Assessment and an Asset Assessment. The Fund Assessment contains ten ESG-related questions about management and investment processes of fund managers, such as policies, leadership, risk assessment practices, stakeholder engagement, data collection, and communications.

The Asset Assessment is intended for infrastructure assets and is organized around eight core aspects identified in the previous figure.

These Aspects include 33 indicators that address asset-level plans and policies, implementation actions and operational performance.

To receive an overall GRESB score, at least 25% of the assets within a fund must complete the Asset Assessment. Fund managers may elect to complete and be scored only on the Fund Assessment. Independent infrastructure assets can complete Asset Assessment to receive an Asset score.

The GRESB quintile model yields ratings between 1-star and 5-stars based on ESG performance.

The Value

Responding to the assessment is not intended to be a one-time pursuit. Its real value is the power of benchmarking, not only against peers, but tracking an asset's performance over time. Responding to the assessment annually is a valuable way to identify gaps and opportunities and to continuously improve an asset's performance.

Infrastructure investment represents an opportunity to create scalable, resilient pathways for improving sustainability within the built environment globally, while simultaneously delivering lasting benefits to people and society.

GRESB Infrastructure Assessment 2016

In 2016, a total of 185 infrastructure entities (134 assets and 51 funds) reported to the first GRESB Infrastructure Assessment. GRESB's analysis showed that 90% of participating funds, spanning 53 countries across six continents, implemented ESG considerations into their investment processes.

Generally, the results demonstrated that fund performance was higher than asset performance; however, there was room for improvement in the performance of both assessment components. Although, most infrastructure business activities appeared to manage environmental risks through the adoption of environmental policies, the average GRESB Asset Score for infrastructure assets was low and scores showed a wide dispersion across infrastructure types.

2017 Assessment Scoring

All ten Fund Assessment indicators contribute equally to the Fund score. The Asset Assessment score is based on the weighted average of eight Aspect scores, reflecting that each aspect provides distinct and useful information. The Performance Indicators Aspect will continue to receive the greatest weighting, contributing approximately 30% to the Asset score. Within each Aspect, indicators are evenly weighted.

New for 2017, GRESB introduces sector-specific scoring of some questions. Recognizing that not all issues are material to all sectors, GRESB will modify the maximum number of criteria that must be selected to achieve full points on given indicators, based on research into sector-specific priorities.

Case Study:
California High-Speed Rail

WSP was engaged by the California High-Speed Rail Authority to provide program management services for the US\$64 billion rail program, connecting the major cities in California via a high-speed rail link. The Authority's goal is to be the most sustainable infrastructure project in the country, both in construction and operations.

To advance this priority, we supported the Authority to respond to the inaugural GRESB Infrastructure Asset Assessment in 2016 and prepare their first Sustainability Report. The Authority ranked as the most sustainable transportation asset in North America and 4th most sustainable infrastructure asset globally. As part of this project, we supported the Authority to prepare their first Annual Sustainability Report, as well as with the Authority's response to the inaugural GRESB Infrastructure Assessment. The CHSR Project achieved a GRESB Five Star Rating; the highest rating possible.

Want to learn more?

Please contact us:

Douglas Webber, P.Eng., LEED AP
Vice President Sustainability and Energy

t: 416-644-4925

e: douglas.webber@wsp.com

