



Investment Committee

Agenda Item 6a

March 13, 2023

Item Name: Global Real Estate Sustainability Benchmark

Program: Real Assets

Item Type: Information Item

Executive Summary

This item provides the Investment Committee with an overview of Global Real Estate Sustainability Benchmark (GRESB) and the external managers' participation in the annual GRESB assessment.

Strategic Plan

This agenda item supports the Strategic Plan goal to strengthen the long-term sustainability of the pension fund.

ESG considerations are integrated into Real Assets' processes around asset and manager selection, contracting, and monitoring, while remaining subject to fiduciary principles and consistent with Total Fund priorities.

Investment Beliefs

This item supports the following Investment Beliefs relevant to sustainability (ESG) in general:

Investment Belief 2 – A long term investment horizon is a responsibility and an advantage

Investment Belief 4 – Long-term value creation requires effective management of three forms of capital: financial, physical, and human

Background

Real Assets' sustainable investment objectives include identifying, assessing, and monitoring ESG risks and opportunities to promote greater engagement and alignment with external managers.

When possible, CalPERS includes contractual requirements that Managers have, or will commit to have an investment process which incorporates an annual assessment of relevant long-term sustainable investment and ESG factors preferably using third party sustainability performance surveys designated by CalPERS.

Since 2016, CalPERS has recommended that external managers utilize the GRESB (Global ESG Benchmark) survey.

Analysis

GRESB is a component of the sustainability integration efforts across Real Assets, also described in [Real Assets Sustainable Investment Guidelines \(ca.gov\)](#).

Merits

- GRESB provides a consistent and comprehensive ESG framework that can help managers set standards and design ESG policies and procedures.
- While results and peer benchmarks are evolving with industry adoption, the review of the surveys provides an opportunity for comprehensive engagement on relevant risks and opportunities.

Challenges

- Resource intensive for external managers.
- Still a work-in-progress for infrastructure with less comparability to peers than real estate.

Budget and Fiscal Impacts

Not Applicable.

Benefits and Risks

Not Applicable.

Attachments

Attachment 1 – Item 6a – ESG Reporting – GRESB Overview

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