Sustainability is rising in the Asian real estate sector. Investors are increasingly asking real estate companies and funds for information about environmental, social and governance (ESG) performance. Regional stock exchanges have begun to require ESG reporting for listed companies. Governments are considering new policies to meet national commitments under the new COP21 climate agreement. Consequently, action to understand and address ESG issues is rapidly becoming a new priority for leading property companies and funds across Asia.

This has translated into further growth in GRESB participation with 114 Asian companies and funds reporting on their ESG performance. The majority of GRESB participants are from Japan, Singapore, and Hong Kong; however, companies and funds based in China, India, and the Philippines increased their participation in 2016. GRESB participants are doing more than just reporting; the region’s ESG performance improved as well. The average GRESB score for participants increased by 9% from 2015 to 2016 with notable improvements in Building Certifications, Policies & Disclosure, Performance Indicators, and Stakeholder Engagement.

The region is expected to show further progress in the years ahead, as more governments establish new greenhouse gas reduction targets, policies, and supporting incentives to meet their commitments to the COP21 climate agreement. This is likely to create circumstances that push and pull Asian companies and funds toward higher levels of ESG performance. The pace of improvement may be mediated by behavioral and cultural factors, such as short-termism, lack of awareness, and, in some cases, skepticism about ESG-related risks and business opportunities. Ultimately, improvements in ESG performance will create better assets for property companies, more value for investors, and support for broader societal goals.

**Carbon Management**

GRESB indicators can be examined individually or as functional groups to understand management and performance in key areas, such as carbon, water, waste, and health. The charts below illustrate average responses to individual carbon management indicators and the cumulative achievement of the set of carbon management strategies.

**Renewable Energy (generated on-site)**

The GRESB Assessment provides data on year-over-year growth in on-site renewable energy. The dark shading indicates renewable energy generated by companies and funds in the region. The light shading indicates renewable energy generated elsewhere in the world.

**Health & Well-being**

New data for Asian property companies and funds show significant variation in health and well-being practices. Many companies are working to promote the health of their employees. A smaller fraction of participants complement these internal efforts with strategies to actively promote the health of customers through their products and services.

**Stakeholder Engagement**

GRESB includes 11 indicators addressing the engagement of property companies and funds with employees, tenants, suppliers, community, and customers. Each circle represents a point available for those 11 indicators.
Performance Indicators

**Footprint** 2015 (absolute) | **Like-For-Like Change** 2014-2015 (relative) | **Equivalent of Change**
--- | --- | ---
ENERGY | 12,383,899 MWh | 0.17% | 52,341 MWh | 4,663 homes
CARBON EMISSIONS | 4,281,680 tonnes CO₂ | 2% | 104,768 tonnes CO₂ | 21,799 passenger cars
WATER | 84,078,840 m² | 0.25% | 563,950 m² | 221 Olympic pools
WASTE | 7,707,613 tonnes | 48% diverted from landfill | 3,699,656 tonnes diverted | 410,073 truck loads

GRESB defines "like-for-like" as the fraction of a portfolio continuously owned by an entity for at least 24 months. Like-for-like measurements represent a relatively stable sub-set of a portfolio, and they may better reflect management action to improve performance. GRESB like-for-like metrics do not directly account for variation in weather, occupancy, and other factors.

**About GRESB**
GRESB is an industry-driven organization committed to assessing the environmental, social, and governance (ESG) performance of real assets globally, including real estate portfolios (public, private and direct), real estate debt portfolios, and infrastructure. More than 200 members, including 58 pension funds and their fiduciaries, use GRESB data in their investment management and engagement process, with a clear goal to optimize the risk/return profile of their investments. For more information, visit www.gresb.com.