

FAST-Infra Sustainable Infrastructure Label: Frequently Asked Questions (FAQs)

November 2021

To provide additional guidance to market participants on how to interpret the FAST-Infra Sustainable Infrastructure Label Framework (SI Framework) and associated criteria, please find a preliminary list of FAQs. On a periodic basis, and as the FAST-Infra Sustainable Infrastructure Label (SI Label) continues to evolve, the SI Label Secretariat will update the FAQs. The objective of this additional guidance is to support the SI Label's continued development and application.

Standards

Q: Which existing frameworks, standards, and taxonomies were used in the curation of the SI Label?

A: The SI Label sustainability standards rest on the IFC Performance Standards, as well as gaps in the current standards, along with positive contribution towards a set of criteria drawn from good market practice. The development of the 14 sustainability criteria, as well as associated example methodologies and indicators, that underpin the SI Label was done as a result of an extensive mapping against 25+ leading standards, frameworks, and principles in the market.

This mapping exercise includes, among others: The EU Green Taxonomy; Global Infrastructure Basel's SuRe standard; International Capital Market Association's (ICMA) Green Bond and Social Bond Principles; GRESB; the Infrastructure Sustainability Council of Australia; Institute for Sustainable Infrastructure (ISI) Envision standard; Climate Bond Initiative's (CBI) Climate Bond Standards, among others. As industry practice evolves, the SI Label sustainability criteria will align itself with any new elements of the IFC Performance Standards and other relevant standards and frameworks. The SI Label has also been mapped to the G20 Principles for Quality Infrastructure Investment (QII) and the Sustainable Development Goals (SDGs). Please refer to the end of this document for a high-level mapping of the reference standards and key elements extracted from the documents that were used to curate the sustainability criteria for the SI Label.



Reporting & measurement

Q: If I have already disclosed an asset's alignment with another framework, will that cover the relevant criteria of the SI Label?

A: Disclosures for referenced frameworks may be used to support the SI Label disclosure as applicable. The disclosure will need to be asset-specific and clearly meet all the requirements of the respective criteria.

Q: Are reporting requirements complementary to existing standards and requirements under the EU Taxonomy/Sustainable Finance Disclosure Regulation (SFDR), as well as other reporting requirements?

A: The SI Framework is built from the bottom-up - leveraging over 20 taxonomies, standards, and frameworks in the market - to align with existing reporting regimes and facilitate compliance with the EU Taxonomy and SFDR in particular. The SI Framework's transparency and disclosure parameters are designed to be highly complementary to existing reporting requirements. Since the SI Label applies to the asset itself, rather than economic activities or use of proceeds, the label's disclosure requirements are able to cover a broader range of environmental, social, governance, and adaptation & resiliency themes. For investors seeking to align with the EU Taxonomy, it is encouraged to disclose asset-specific indicators and thresholds included as part of the Taxonomy.

Q: Can indicators not included within the SI Framework Document be used?

A: The recommended methods of measurement and indicators are indicative, providing users the flexibility to provide rationale for the use of best available techniques as practices evolve. If other methods/indicators are used beyond the indicative list, rationale as to why that approach is more suitable will need to be provided.

Q: Will assets seeking the SI Label be graded on a scale or rated, and/or 'banded' for meeting more than one criterion?

A: To achieve the label, there is a discrete set of requirements that must be met: 1) consideration of the indicative and non-exhaustive list of sustainable infrastructure types; 2) fulfillment of all 14 baseline requirements across the four dimensions of sustainability and measurable, positive contribution to at least one criterion; 3) compliance with minimum safeguards and risk management requirements; and 4) declaration, disclosure, and periodic reporting (as appropriate) of an infrastructure asset's forecast and/or actual sustainability performance.

Since the SI Label itself is self-declared, an external third-party independent review and/or second-party verification from a standard-setter or global rating scheme is highly encouraged, but not required. As a result, the SI Label is not, by default, banded, shaded, or rated on a scale. An external independent review, however, is considered as good market practice and is strongly encouraged to facilitate trust, transparency, and assurance for participants.

Should external independent review be pursued, it is recommended that the selected reviewer(s): i) have the organizational capacity, staffing, and qualifications to implement the review in a fair and transparent manner; ii) possess the credentials to evaluate compliance with the SI Label Framework and selected indicators and methodologies vis-à-vis the 14 sustainability criteria; iii) demonstrate methodologies and/or analytical approaches; and iv) publicly disclose and report findings.



Q: Will there be a standardized impact reporting template provided as part of the self-declaration and annual reporting process?

A: There will not be a standardized template provided for self-declaration and annual reporting and disclosure, however such a template may be provided to facilitate reporting at a later stage, subject to Secretariat input. Reporting can be done through existing reporting channels. All that will be required is rationale on compliance with the minimum environmental and social safeguards, 14 baseline requirements, and positive contribution to one or more of the sustainability criteria, as outlined in the SI Framework. It is envisioned that the data platform developed for the SI Label will facilitate harmonization of reporting and act as a centralized, transparent repository to disclose, report, and measure performance of assets over time.

Q: How will reporting be aggregated and shared?

A: As part of the SI Label's governance, a data platform will be identified to aggregate performance, publicly disclose standards used to obtain the label, as well as document ongoing reporting. Subject to data availability, the platform will allow for comparability across infrastructure assets and promote transparency.

Asset Types

Q: Can the SI Label be applied to infrastructure assets beyond the indicative list (e.g. natural gas)?

A: While the SI Label is sector agnostic, seeking the SI Label will require disclosure of how the baseline and positive contribution criteria have been met. The indicative list is designed as guidance of asset types that could readily lend themselves to be considered sustainable, however inclusion in the indicative and non-exhaustive list does not represent automatic qualification of an infrastructure asset as 'sustainable.' An infrastructure asset not included in the list may be labelled sustainable, provided there is demonstrable evidence of alignment with other requirements set forth in the SI Label Framework Document. Additionally, the SI Label can be applied to both new (greenfield) assets and refinancing of existing (brownfield) assets.

Fossil fuel projects including unabated natural gas would unlikely meet the baseline criteria given the threshold of <100g CO₂e/kWh. Please refer to the Dimensions and Criteria Indicators Document for more details.

Compliance

Q: What are the associated administrative costs of complying the label (e.g. for verification)?

A: While it is acknowledged that there will be inherent costs borne by the asset owner, particularly for smaller assets, to obtain and maintain the label, as well as potentially seek independent external review, the level of transparency and disclosure for the SI Label could become a more valuable signal to the market over time - potentially offsetting upfront administrative costs. Additionally, verification and external review are not required to self-declare and may not be applicable in all cases, particularly for early-stage projects.



Q: Can SI Label assets align with local regulation in cases where it is more stringent than the IFC Performance Standards?

A: As outlined in Section 4 of the SI Framework ('Minimum Environmental & Social Safeguards and Risk Management'), in cases where local regulation is more stringent than the IFC Performance Standards, the former will be required.

Q: Are there conditions under which the SI Label can be withdrawn?

A: It is the responsibility of the asset owner to ensure that the SI Label requirements continue to be met, which must be disclosed at the required reporting intervals as outlined in the SI Framework. Failure to adhere to these requirements will result in the asset being considered non-compliant with the SI Label.

Miscellaneous

Q: What are the benefits to an asset owner of obtaining the SI Label?

A: The SI Label adds value across the infrastructure lifecycle. The label offers a standardized approach for attracting private financing/re-financing by facilitating investment decisions, allowing alignment of interests around environmental, social, resilience and governance needs, and increasing the velocity and liquidity in debt and equity instruments linked to labelled assets.

Q: Will the criteria be tested on real-life projects?

A: Prior to implementation, the SI Label will be tested against existing projects - ensuring a diversity of sectors and stages of development. A compendium of case studies will be included as an additional resource for those seeking the label.



Annex

High-Level Mapping of Sustainability Standards

Principles

- Equator Principles
- Green Bond Principles
- Green Loan Principles
- G20 Principles for Quality Infrastructure Investment (QII)
- Institute of International Finance Voluntary Principles for Debt Transparency
- PIDG HSES Safeguarding Rules
- SDGs
- Social Bond Principles
- Sustainability Bond Principles
- Sustainability Linked Loan Principles
- Voluntary Principles on Security and Human Rights

Standards & Frameworks

- Aligned Indicators for Sustainability in Infrastructure
- Aligned Set of Sustainability Indicators
- CBI Climate Bond Standards
- CPI Landscape of Climate Finance
- ICP Sustainable Infrastructure Indicators
- IFC Performance Standards
- MDB frameworks (ADB: ASEAN Infrastructure Fund Investment Principles, IDB Sustainable Infrastructure Framework; IFC Definitions and Metrics for Climate-Related Activities, Joint Report on MDB Climate Finance)
- TICCS (EDHEC Infrastructure)
- UN Social and Environmental Standards
- UNDP SDG Impact Standards for SDG Bonds
- UNDP & UN REDD Programme Guidelines of Free, Prior, and Informed Consent

Taxonomy

- EU Taxonomy

SI Label

Ratings & Benchmarking

- BRE Global/CEEQUAL (BREEAM sustainability rating scheme)
- Global Infrastructure Basel (GIB)/SuRe
- GRESB
- Infrastructure Sustainability Council of Australia (ISCA)/Infrastructure Sustainability Rating Scheme
- Institute for Sustainable Infrastructure (ISI)/Envision



Annex

Key Elements Extracted from Mapping

- Approach to measurement (baseline criteria, methodology used to comply with standard/framework/taxonomy).
- Scope of methodology (e.g. high-level objectives, sustainability 'aspects', themes covered, compliance and/or scoring requirements).
- Whether references mapped were already aligned to existing principles/frameworks/taxonomies.
- Indicators/KPIs/minimum safeguards associated for each reference, for example:
 - » **CEEQUAL:** Assessment Criteria (Pollution, water use, reducing whole life carbon emissions).
 - » **Climate Bond Standards:** (Renewable Energy Indicators for geothermal, hydropower, bio-energy, transmission & distribution; Transport indicators for public transport, freight rail; Water indicators on water storage & treatment; Waste indicators; carbon emission reductions of green buildings).
 - » **EU Taxonomy:** Relevant thresholds and indicators for: Buildings; Electricity, Gas, Steam, and Air Conditioning Supply (Renewable Energy); Energy Efficiency; Transport; and Water.
 - » **GIB SuRe:** RED Criteria (minimum safeguards) on environmental, social and governance aspects.
 - » **Green Bond Principles:** Impact reporting (qualitative and quantitative indicators) focused on: Renewable Energy; Energy Efficiency; Water & Wastewater; Waste Management; and Transport.
 - » **IDB Sustainable Infrastructure Framework:** Indicators related to: Economic and financial sustainability; environmental sustainability; including climate resilience; social sustainability; and institutional sustainability.
 - » **ISI Envision:** Review of **64** sustainability indicators (credits) focused on: Climate Resilience (emissions); Natural World (conservation); Resources Allocation (renewable energy and water); and Quality of Life (mobility).