

SuRe® – the Standard for Sustainable and Resilient Infrastructure

Terms of Reference

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Global Infrastructure Basel Foundation (GIB) is a Swiss non-profit foundation working to promote sustainable and resilient infrastructure globally. GIB engages with a wide range of stakeholders to build links between infrastructure projects and sources of finance. GIB is the Standard Owner of SuRe® – The Standard for Sustainable and Resilient Infrastructure, a private, voluntary, third-party verified certification standard.

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SuRe® Terms of Reference

1 Overview

1.1 General

1.1.1 At its meeting in June 2014, the Board of the Global Infrastructure Basel Foundation (GIB) approved the decision for GIB to develop a legally non-binding, voluntary standard for sustainable and resilient infrastructure, based on the existing GIB Grading for Sustainable Infrastructure. GIB has used financial and technical support from a range of partners in developing the standard. These include Natixis Bank, the Swiss Federal Office for the Environment (FOEN), the MAVA Foundation, the Rockefeller Foundation and a network of other organisations who provide their time as expertise to contribute to the Standard.

1.1.2 The aim of this document is to provide an overview of the development process of SuRe® – the Standard for Sustainable and Resilient Infrastructure.

1.1.3 This document is established with reference to the ISEAL Standard-Setting Code v6.0 (2014).

2 Contact Information and How to Contribute

GIB welcomes comments on the terms of reference (ToRs) at any time, and will include them in the next review process. For specific opportunities to contribute to the Standard Document, please refer to the SuRe® Work Programme (separate document) to see the anticipated dates and periods for public revision. We also encourage all stakeholders to regularly visit the website where opportunities for contributing will be announced. Please submit all comments, questions, concerns and feedback electronically to the following e-mail address:

standard@gib-foundation.org

You can also address your comments or concerns in writing to:

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3 Reference

The SuRe® Standard is developed in accordance with the Standard-Setting Procedures (see separate document PR01) last approved by the GIB Board in 02 November 17. The Standard Setting Procedures are publicly accessible on GIB's website (www.gib-foundation.org), and establish how and when the Standard will be developed and reviewed.

4 Terms of Reference

4.1 General

The SuRe® Standard was developed in order to promote infrastructure that is sustainable and resilient, i.e. infrastructure that is environmentally sound, socially desirable and economically viable, and can withstand impacts and recover quickly from shocks and stresses. SuRe® is based on GIB's Grading Tool for Sustainable Infrastructure, which has been used since 2012 as a self-assessment tool for over 150 infrastructure projects. The SuRe® Standard also follows the ISEAL Standard-Setting code v6.0 (2014) for best practice on standard setting.

4.2 SuRe[®] Objectives and Expected Outcomes

4.2.1 SuRe[®] aims to drive the integration of sustainability and resilience aspects into infrastructure development, upgrade, and financing by:

- Establishing a common language and understanding of sustainable and resilient infrastructure projects between project developers, financiers, local authorities, NGOs and end-users;
- Providing guidance on how to manage sustainability and resilience aspects of an infrastructure project, both from a risk management and a benefit creation perspective, and starting from as early as possible in the project's lifecycle.

4.2.2 SuRe[®] combines sustainability and resilience by recognising the mutually beneficial relationships between these issues and the need to take a long-term view to infrastructure development in order to meet both the present and future generations' needs. SuRe[®] provides benefits in terms of advancing sustainability and resilience best practice in infrastructure. Meant to be user-friendly, SuRe[®] supports the clear communication of a project's contribution to macro-benefits through impact measurement and thus project comparability.

4.2.3 The SuRe[®] Standard seeks to support transformative actions towards the rollout of more sustainable and resilient infrastructure globally, including in developing and emerging economies where significant infrastructure development is anticipated over the next decades. As such, SuRe[®] can be used to leverage both public and private investments in infrastructure in a way that ensures cost-effective access to critical services while strengthening resilience, maximising environmental or social benefits and limiting both the social and environmental footprints.

4.2.4 In summary, the strategic goals of the Standard are:

- a) Allow infrastructure projects to be assessed and graded in terms of their sustainability, holistically spanning critical criteria across the economic, governance, societal and environmental aspects;
- b) Provide a tool for common understanding among all stakeholders involved in infrastructure development and financing, across different sectors. This cross-cutting approach shall also allow for the smooth transition into, and compatibility, with existing and/or more sector-specific instruments;
- c) Develop a standardized set of sustainability investment criteria with a corresponding label which helps unite different investors' initiatives to better identify sustainable infrastructure.

4.3 Sustainability Expected Outcomes

4.3.1 The SuRe[®] Standard aims to go beyond serving as a risk mitigation tool focused on the critical sustainability challenges in infrastructure development by creating value for society, economy and environment:

- a) **Governance:** the Standard aims at enhancing project and sustainability management processes, including transparency and accountability as well as stakeholder engagement. Furthermore, it takes into account financial sustainability, including sound financial modelling and life-cycle assessment.
- b) **Society:** the Standard does not only aim at making sure an infrastructure project meets public needs, is inclusive and socially justified, but also assesses the project's respect for labour rights according to ILO Core Labour Standards and its contribution to socioeconomic development. Furthermore, the Standard aims to contribute to the preservation of cultural heritage and while being respectful of local practices.
- c) **Environment:** the Standard aims to minimise negative environmental impacts of infrastructure development by covering aspects such as pollution and resource management, biodiversity, climate protection and resilience, as well as land use criteria. Additionally, regenerative projects, which restore or enhance ecological value and are considered innovators, will be recognized.

4.3.2 The combination of economic, governance, social and environmental aspects in the scheme shall increase the potential of an assessed project to contribute to cities', communities' and the environment's resilience to shocks, stresses and sustainability risks, and set it on a path for long-term sustainable and resilient development.

4.3.3 Particularly, the SuRe® Standard will have the power to realize the potential of infrastructure as a driver for sustainable development, contributing to the attainment and measurement of the seventeen Sustainable Development Goals. In particular, the Standard will contribute to: Goal 9 "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation" and Goal 11 "Make cities and human settlements inclusive, safe, resilient and sustainable". The scheme has integrated these aims in order to provide a tool to further their implementation, thus providing a response to the political agenda of sustainable growth.

4.4 SuRe® Target Groups and Value Added

SuRe® is intended to be primarily relevant to three target groups:

4.4.1 Project developers - this group refers to all participants in the infrastructure project throughout its life cycle and may include infrastructure project owners or companies, financiers, constructors, engineers working on the project, other contractors and sub-contractors, operations and maintenance (O&M) agents depending on the nature and stage of development of the infrastructure project.

a) **SuRe® added value:** For project developers, SuRe® provides a decision-making and management tool to design, build and operate more sustainable and resilient projects and to optimise the use of resources. SuRe® contributes to the efficient management of related issues throughout the supply chain and in close collaboration with stakeholders. The certification helps to communicate related benefits to potential investors and public sector decision-makers. This in turn can favourably support access to financing and the project's licence to construct or operate, helping to channel greater financial flows, especially from the private sector, into sustainable infrastructure and alleviate the large investment gap for infrastructure faced globally by municipalities and communities.

4.4.2 Infrastructure financiers - this group refers to both public and private financiers, including commercial, international and public financial institutes, banks, equity funds, investment analysts, asset managers, institutional investors, private companies and communities depending on the financing approach of the project and associated sources of finance.

a) **SuRe® added value:** For infrastructure financiers, the Standard provides a tool to identify sustainable and resilient infrastructure investment opportunities. SuRe® supports the early consideration of environmental, social, and governance (ESG) aspects and thus serves as an instrument for risk mitigation and cost reduction by anticipating and avoiding potential negative impacts of infrastructure development. The early consideration of economic/governance, social and environmental challenges thus serves as an instrument for risk mitigation and cost reduction, by anticipating and avoiding potential negative impacts of infrastructure development.

4.4.3 Public sector institutions - refers to all public sector departments and institutions that have authority to procure, select, authorise and/or finance infrastructure projects at local, regional, national and international level depending on the location and scale of the infrastructure project.

a) **SuRe® added value:** For the public sector, SuRe® helps to set procurement criteria, project requirements and selection criteria for the preparation of guidelines for the public procurement process and the initial design requirements of sustainable and resilient infrastructure projects. It also provides a tool for comparing and selecting projects which in turn supports a more efficient use of limited public resources. In countries with weaker enforcement capacities, applying SuRe® can help to enforce the implementation of legal requirements.

4.5 Scope and Geographical Application

4.5.1 SuRe® is applicable to **infrastructure projects**, including assets and services, with a focus on infrastructure that meets public needs (i.e. beyond the needs of a corporation, individual or exclusive private group). The SuRe® certification will be dedicated to a project. The certification is intended to speak to financiers of infrastructure, and will target both debt, equity and other financing modalities. The Standard's strength will lie in its independent verification scheme and in its universal applicability spanning various infrastructure sectors. This creates a common understanding of sustainability across infrastructure sectors and will draw on the use of existing sectorial or technical standards.

4.5.2 Infrastructure sectors to which the Standard can be applied to (but is not limited to) include transportation, utilities (water, sewage, electricity), energy production and soft infrastructure (such as health and education infrastructure), urban as well as rural infrastructure development projects.

4.5.3 In terms of **infrastructure project phases**, the scope of SuRe® is not limited to new infrastructure development (commonly described as 'green- field' projects). While project developers are encouraged to apply SuRe® as early as possible in the life cycle of an infrastructure project, the Standard can also be applied during the refurbishment and upgrading of existing infrastructure (i.e. 'brownfield' projects), and during the construction or operation phases of a project.

4.5.4 In terms of **geographical application**, the SuRe® Standard will provide a globally intuitive and easily applicable scheme, without compromising the comprehensiveness of the sustainability assessment. In developing and emerging countries, SuRe® could accelerate the transition towards sustainable and resilient infrastructure by referring to international standards of sustainability and resilience as well as recognised best practices. Moreover, there is a clear opportunity in these regions to leapfrog old technologies in favour of more efficient, contextually appropriate and integrated infrastructure development options (including also green infrastructure), which is particularly attractive in the face of rising infrastructure needs. In developed countries, SuRe® is particularly relevant for Infrastructure refurbishment and modernisation upgrades as well as new infrastructure development.

4.5.5 It is important to note that whilst the Standard requires projects to comply with applicable law, it will not replace legal requirements or applicable law. The SuRe® certification will be able to be reviewed if there is cause for concern about the legal compliance, and the certification could be withdrawn in the case of non-compliance.

4.6 Standard Principles

4.6.1 The SuRe® Standard has been established in accordance to ISEAL's 10 credibility principles. Building on the feedback from stakeholders, the following ISEAL principles have been identified as those that shall govern the development and management of the SuRe® Standard:

- a) **Rigour:** The components (criteria, assurance, monitoring and evaluation system) of the SuRe® Standard are developed in a way that ensures measurable performance towards the SuRe® Standard's sustainability objectives;
- b) **Relevance:** The components (criteria, assurance, monitoring and evaluation system) of the SuRe® Standard are developed to measure impacts of infrastructure projects which contribute to creating more sustainable and resilient infrastructure;
- c) **Sustainability:** The SuRe® Standard's sustainability objectives are clearly defined and all decisions are made with these objectives in mind;
- d) **Transparency:** The components (criteria, assurance, monitoring and evaluation system) of the SuRe® Standard are developed through a rigorous, inclusive and transparent process, this includes making information readily available through GIB's website and providing opportunities for stakeholder

involvement and participation. Many other assessment systems are applied by the “mother” organisation internally (e.g. IFI safeguards), and not as an independently verified private voluntary standard. The SuRe® Standard with third-party verification will profit from greater legitimacy and transparency. Thus, it following the principle of open dialogue and interaction with its stakeholders.

4.6.2 In addition, the SuRe® Standard aims to operate in the space of the following principles:

- a) **Inclusive:** The standard aims to unite the stakeholders involved in infrastructure development around a common understanding of sustainability, by involving them throughout the process and including their requirements and expectations.
- b) **Bridging the gap to finance:** The aim of the SuRe® Standard is to provide a bridge between internal sustainability management and access to external sources of finance, as for example provided by IFIs and private financiers. Their requirements are therefore included in the standard.
- c) **Efficient and accessible:** SuRe® is designed to provide an easy-to-use assessment tool including a sustainability criteria set and corresponding indicators and to be coherent with existing assessment tools and procedures with financing institutions.
- d) **International:** SuRe® has been developed by a range of international stakeholders, and piloted in a diverse range of countries, to ensure that it is internationally applicable. In addition, SuRe® is built upon the content of internationally agreed sustainability and resilience frameworks and conventions, for example UNFCCC, Convention on Biodiversity, International Labour Organisation Conventions, the Sendai Framework for Disaster Risk Reduction, and the Sustainable Development Goals (SDGs). In countries that have adopted these conventions, the SuRe® standard is necessarily applicable. The SuRe® standard is also benchmarked on national requirements, assisting it to be internationally applicable, whilst providing additional value and making projects internationally comparable.
- e) **Holistic:** Existing standards often focus on specific sustainability issues, resilience issues, or regional contexts, SuRe® builds on and contributes to these more specific efforts to provide an overarching framework to assess infrastructure projects.
- f) **Comparability:** The Standard will serve as a basis for comparison among different projects. Thus, a standardized assessment will set the preconditions for a common understanding of sustainability and will also meet the needs of institutional investors.

4.6.3 These factors summarise the space in which the Standard will operate. To achieve its goals, GIB notes the importance of engaging with existing tools to further mutual learning and achieve mutual recognition and compatibility.

4.7 Justification of the need for the Standard

4.7.1 GIB based the development of the SuRe® Standard on two parallel assessments. The first is a pilot phase in which GIB has tested several iterations of criteria on real time projects, to understand how projects react, and in what ways SuRe® criteria can be targeted to create most efficient impact. This pilot phase has demonstrated the need for SuRe® and the additional value provided by SuRe® in developing and financing sustainable and resilient infrastructure.

4.7.2 Secondly, SuRe builds on the experience gathered by the internal use of an existing sustainability assessment tool, which in the span of three years and with over 150 projects assessed, has provided valuable insights into material aspects of sustainability in infrastructure development. With the know-how acquired and the feedback received from multiple stakeholders, the development into a voluntary sustainability standard with an associated certification is seen as a logical next step in reaction to these insights.

Figure 1. Summary of key existing sustainability schemes (relevant to infrastructure development)

Summary of key existing sustainability schemes		
Group	Characteristics	Examples
Main International Frameworks	<ul style="list-style-type: none"> - Internationally recognized - Provide guidance - Description of requirements, not assessment and therefore not auditable 	<p>Environment:</p> <ul style="list-style-type: none"> - The Sendai Framework for Disaster and Risk Reduction; - The United Nations Framework Convention on Climate Change; - The Convention on Biological Diversity; - The Montreal Protocol on substances that deplete the ozone layer; - The Rotterdam Convention; - The IUCN Red list and Key Biodiversity Areas Standard; - The Stockholm convention on Persistent Organic Pollutants. <p>Social:</p> <ul style="list-style-type: none"> - The United Nations Universal Declaration on Human Rights; - The Organisation for Economic Cooperation and Development (OECD) BRIDGE Indicators for Gender Equality; - The International Labour Organisation Fundamental Principles and Rights at Work; - The United Nations Principles on business and Human Rights. <p>Governance:</p> <ul style="list-style-type: none"> - The Sustainable Development Goals (SDGs); - The Addis Ababa Action Agenda: Financing for Development; - The OECD Guidelines for Multinational Enterprises; - The Multinational Enterprises Declaration (MNE) – ILO; - Transparency International Business Principles; - Global Reporting Initiative (GRI) Sustainability Reporting Standards. <p>Financial:</p> <ul style="list-style-type: none"> - The FATF National Money Laundering and Terrorist Financing Risk Assessment;

		<ul style="list-style-type: none"> - The International Finance Corporation Performance Standards on Environmental and Social Sustainability; - The Equator Principles;
Management and decision-support tools	<ul style="list-style-type: none"> - Implemented by project team; - Flexible in materiality/sustainability goals, therefore no general comparability/benchmarking; - Often verified by “mother organisation”, not independently verified. 	<ul style="list-style-type: none"> - FIDIC Project Sustainability Logbook; - ARUP Sustainable Project Appraisal Routine.
Responsible investment	<ul style="list-style-type: none"> - Part of due diligence, implemented by investors; - Does an investment fulfil environmental and social standards?; - Separate from financial analysis, therefore focus on social and environmental criteria; - Often focus on “green” aspects (CB, GS). 	<ul style="list-style-type: none"> - Guidelines and standards of MDBs (World Bank & IFC, African Development Bank, Inter-American Development Bank); - Various investor-specific approaches; - Climate Bonds Standard.
Existing standard and certification schemes	<ul style="list-style-type: none"> - Inflexible criteria, (minimum) criteria are mandatory (per definition); - Some are independently verified, others not; - Seldom international reach; - Some do not cover all sustainability aspects. 	<ul style="list-style-type: none"> - BREEAM Infrastructure; - CEEQUAL; - Envision™; - Climate Bonds Standard; - Equitable Origin; - The Gold Standard; - The LEED Standard; - ISCA Rating Tool.
Sector-specific schemes	<ul style="list-style-type: none"> - Various 	<ul style="list-style-type: none"> - ADB Project, Sustainable Transportation Appraisal Project; - Hydropower sustainability assessment protocol; - (There exist many others).

4.7.3 The table above summarises a world of existing tools, which ultimately contribute to similar goals of the SuRe® Standard and which can be consulted in the process of establishing it. However, GIB and its stakeholders view the lack of a common language among these approaches as an impediment for project developers to position themselves sustainably. The effect is an ad-hoc approach to infrastructure sustainability, in which the extent and materiality of the assessment depends on the specific end-purpose of the assessment. While certain safeguarding schemes as those issued by International Financial Institutions (IFIs) represent rather heavy frameworks of compliance and risk mitigation, other organisations (e.g. private with an engineering focus) have established very flexible sustainability management tools wherein a project

owner can freely set materiality and sustainability goals to be achieved by using the assessment scheme in question. Illustratively, should a project owner applying the latter later apply for funding by an IFI, he might have to redefine his approach to sustainability drastically, and might thus incur an unnecessary financial and/or reputational burden.

4.7.4 Therefore, SuRe[®] aims to address these needs and manage overlaps with other tools and initiatives by taking a collaborative and inclusive approach to standard development to ensure that the standard advances sustainability and resilience practices in infrastructure in a consistent and coherent manner. SuRe[®] recognises existing work to advance sustainability standards in infrastructure. The SuRe[®] Secretariat is engaging a number of relevant and reputable sustainability standards around the world including Equitable Origin (EO100TM), Envision[®] and ISCA's Infrastructure Sustainability rating scheme to explore scope for referencing and collaboration based on existing synergies and where applicable.

4.7.5 The SuRe[®] Standard is compatible with recognised standards used in finance such as the Equator Principles, the IFC's Performance Standards, UN Principles for Responsible Investment (PRI) and other guidelines and safeguards developed by Multilateral Development Banks (MDBs). SuRe[®] also recognises specific expertise pertaining to selected themes covered by the Standard by making direct reference to applicable international conventions, standards and other recognised guidelines where relevant in the SuRe[®] criteria.

4.8 Risk Assessment

In reference to ISEAL's Standard-Setting Code v6.0 (2014), the risks associated with developing the Standard can be separated into risks impeding successful standard development, risks of the Standard not achieving its goals (effectiveness) and potential unintended consequences.

4.8.1 Development

The following situations could pose a risk for the successful development of the SuRe[®] Standard:

- a) Opposition among expert and stakeholder groups;
- b) Implementation is delayed by disagreement on material content;
- c) Business model and/or certification model proves unfeasible;
- d) No or minimal uptake.

To mitigate these risks, GIB has engaged with the expert groups (Stakeholder Council and Standard Committee), other relevant stakeholders and potential certifiers from a very early stage on, in order to include their comments, remove uncertainties and build a solid base for the Standard implementation. Further, GIB is actively searching guidance from ISEAL on process and business modelling aspects.

4.8.2 Effectiveness

According to the International Federation of Consulting Engineers FIDIC¹, the quality of an assessment and certification scheme depends, amongst other, on the following parameters:

- a) Guidelines offered alongside the scheme;
- b) Credibility and recognition gained by certified projects;
- c) Quality of the sustainability criteria employed;
- d) Geographical and sectorial relevance.

There are certain risks associated with these characteristics. In order to mitigate them, GIB is taking various steps. Firstly, SuRe[®] is developed according to detailed guidelines accompanying the Standard, in

¹ FIDIC (2012), *State of the World Report 2012: Sustainable Infrastructure*, FIDIC, 2012.

collaboration with the Stakeholder Council and the Standard Committee. Secondly, SuRe has been successfully piloted to demonstrate effectiveness. Further, a broad analysis of existing tools and schemes, as well as a consultation of technical and financial experts has been done to verify the criteria set forming the core of the Standard. Finally, SuRe® is implemented with an innovative materiality assessment methodology which supports projects in efficiently targeting the sustainability and resilience issues relevant to its context.

4.8.3 Unintended consequences

Given the high level of interdependence and complexity of sustainability and resilience issues, there are certain risks of unintended consequences associated with the introduction of a sustainability standard, possibly also implying trade-offs among the economic, environmental and social goals. Also in this context, a wide, open and thorough stakeholder consultation will serve as a risk mitigation tool. Moreover, GIB will assess the impacts of the SuRe® Standard on a regular basis according to the ISEAL impacts code, and will adjust the Standard requirements accordingly through the regular revision process if unintended negative consequences point in that direction.

5 Decision Making Process

5.1.1 In order to ensure that a fair and gender-balanced representation of stakeholders groups is maintained at all times and that their inputs help shape the content of the SuRe® Standard, GIB's governance strategy is based on the collaborative functioning of two main governance bodies which oversee, make decisions and provide recommendations on the Standard development process: the Stakeholder Council and the Standard Committee.

5.1.2 For more information on the membership and governance procedures governing the Standard Committee and the Stakeholder council, please refer to the document "Governance Bodies Terms of Reference GO01" where clear steps for decision-making and membership requirements are outlined.