



# CLIMATE TRANSPARENCY REPORT

## 2019

Vert Asset Management LLC

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2019 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here ([https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-54DF9B0F-6279-44B5-B4DC-A4EF4DCBCC1B/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C\\*complete\\*%7C\\*public\\*/Merged/](https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-54DF9B0F-6279-44B5-B4DC-A4EF4DCBCC1B/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/)). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2019 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

## TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
SG 01.6 CC	-	Public				
SG 01.7 CC	-	Public				
SG 01.8 CC	-	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	-	Public				
SG 01.11 CC	-	Public				
SG 01.12 CC	-	Public				
SG 02.2	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-	Public				
SG 13.5 CC	-	Public				
SG 13.6 CC	-	Public				
SG 13.7 CC	-	Public				
SG 13.8 CC	-	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.4	✓	Public				
SG 14.5	-	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

## MAIN CHARACTERISTICS

<b>Name</b>	Vert Asset Management LLC
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 0 - 0.1 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Internally Managed
<b>Signed PRI Initiative</b>	2018
<b>Region</b>	North America
<b>Country</b>	United States
<b>Disclosure of Voluntary Indicators</b>	32% from 38 Voluntary indicators

# Vert Asset Management LLC

## Reported Information

Public version

Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01

Mandatory

Public

Core Assessed

General

**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input checked="" type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Engagement policy <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

**SG 01.3**

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

**SG 01.4**

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Vert's investment process is rooted in the results of academic research on sustainability in real estate. Our evidence-based approach focuses on the metrics within environmental, social and governance (ESG) criteria that research has shown to be most material for real estate companies. We evaluate companies based on Key Performance Indicators most relevant to their particular business within the real estate sector. Only companies with a demonstrated commitment to sustainability qualify for the portfolio. Companies that have a history of controversy, are inadequately prepared for climate risks, or that operate in certain business lines, are disqualified.

We use a long term buy and hold strategy and maximize diversification to try to lower uncompensated risks. Companies are held at approximately market cap weights to reduce turnover.

Vert is an active shareholder. REITs have abundant opportunities to maximize stakeholder value by being more sustainable and more transparent. We will encourage our portfolio companies to take these opportunities through direct engagement and coordinated campaigns with other asset owners.

**SG 01.5**

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

**Qualifying Criteria and Key Performance Indicators****Environmental:**

- Energy and/or Greenhouse Gas Reduction
- Water Use Reduction
- Green Building Certifications

**Social**

- Urbanism& Transit Orientation
- Community Engagement
- Affordable Housing

**Governance**

- Disclosure& Reporting
- Stakeholder Engagement
- Climate Change Adaption Policies and Programs



**Disqualifying Criteria and Key Performance Indicators**

Controversy

- Bribery & Corruption
- Displacements
- Environmental Fines

Business Line

- Excluding companies who operate solely in these two industries - Fossil Fuels and Private Prisons

Risk

- Sea Level Rise Risk
- Flood Risk
- Heat Stress Risk
- Water Stress Risk
- Storm Risk

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC	Voluntary	Public	Descriptive	General
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<b>SG 01.7 CC</b>	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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- Yes
- No

<b>SG 01.9 CC</b>	Indicate whether the organisation publicly supports the TCFD?
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- Yes
- No

<b>SG 01.10 CC</b>	Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.
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- Yes
- No

<b>SG 1.12 CC</b>	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

<b>SG 02</b>	<b>Mandatory</b>	<b>Public</b>	<b>Core Assessed</b>	<b>PRI 6</b>
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

<b>SG 02.1</b>	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL
- Attachment (will be made public)

	Attachment
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[File 1:Vert Global Sustainable Real Estate Fund 4Q18.pdf](#)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

	URL
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{[hyperlink:http://www.vertfunds.com](http://www.vertfunds.com)}

- Attachment (will be made public)

- Formalised guidelines on social factors

	URL/Attachment
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- URL

	URL
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{[hyperlink:http://www.vertfunds.com](http://www.vertfunds.com)}

- Attachment (will be made public)

- Formalised guidelines on corporate governance factors

URL/Attachment

URL

URL

{[hyperlink:http://www.vertfunds.com](http://www.vertfunds.com)}

Attachment (will be made public)

Asset class-specific RI guidelines

URL/Attachment

URL

URL

{[hyperlink:http://www.vertfunds.com](http://www.vertfunds.com)}

Attachment (will be made public)

Sector specific RI guidelines

URL/Attachment

URL

URL

{[hyperlink:http://www.vertfunds.com](http://www.vertfunds.com)}

Attachment (will be made public)

Screening / exclusions policy

URL/Attachment

URL

URL

{[hyperlink:http://www.vertfunds.com](http://www.vertfunds.com)}

Attachment (will be made public)

We do not publicly disclose our investment policy documents

**SG 02.2** Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

URL

URL

{hyperlink:http://www.vertfunds.com}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:http://www.vertfunds.com}

Attachment

Governance structure of organisational ESG responsibilities

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:http://www.vertfunds.com}

Attachment

Active ownership approaches

URL/Attachment

URL

Attachment

File Attachment

{hyperlink:VERT\_2018\_Annual\_Impact\_Report.pdf [1099KB]}

Reporting

Climate change

We do not publicly disclose any investment policy components

## Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

	Other Chief-level staff or head of department
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- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

<b>SG 07.7 CC</b>	For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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The Chief Executive Officer is responsible for leading the Investment Research Group, which designs the strategy and selects securities.

The Chief Sustainability Officer leads our Engagement Strategy.

## ESG issues in asset allocation

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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<b>SG 13.1</b>	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities
- No, not to assess future ESG/climate-related issues

<b>SG 13.3</b>	Additional information. [OPTIONAL]
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Not at this time. Though, we are encouraging our holdings during 2019 to report to TCFD which focus on scenario analysis.

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM			16	110	000
Currency	USD				
Assets in USD			16	110	000

Specify the framework or taxonomy used.

Our investment strategy incorporates qualifying criteria and disqualifying criteria.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3** Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.4** If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

We use emissions data from CDP, Bloomberg, and GRESB.

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Please provide further details on these key metric(s) used to assess climate related risks and opportunities.			

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Carbon intensity</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Exposure to carbon-related assets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Other emissions metrics</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Time Frame	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			



**SG 14.8  
CC**

Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management

Please describe

Our process for identifying climate-related risks is part of our investment strategy and portfolio construction process. We evaluate holdings on the following:

**Qualifying Criteria and Key Performance Indicators**

Environmental:

- Energy and/or Greenhouse Gas Reduction
- Water Use Reduction
- Green Building Certifications

Social:

- Urbanism & Transit Orientation
- Community Engagement
- Affordable Housing

Governance:

- Disclosure & Reporting
- Stakeholder Engagement
- Climate Change Adaption Policies and Programs

**Disqualifying Criteria and Key Performance Indicators**

Controversy:

- Bribery & Corruption
- Displacements
- Environmental Fines

Business Line:

- Excluding companies who operate solely in these two industries - Fossil Fuels and Private Prisons

Risk:

- Sea Level Rise Risk
- Flood Risk
- Heat Stress Risk
- Water Stress Risk
- Storm Risk

- Process for climate-related risks is not integrated into our overall risk management

**SG 14.9  
CC**

Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes

Please describe

For the upcoming 2019 engagement campaign, TCFDs will be a focus. We will ask how companies what their perspectives are on TCFD and what they are doing to report in alignment with the recommendations.

No, we do not engage

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No