Final Assessment Report

# External Sustainability and Resilience Appraisal of the Vertically Integrated Cargo Community (VICC™) at Los Angeles International Airport

Louis Downing, *CEO*
Lorena Zemp, *SuRe®Programme Director*
The Standard for Sustainable and Resilient Infrastructure

September 2020


GUGGENHEIM

Global Infrastructure Basel

SuRe®

## About SuRe® – The Standard for Sustainable and Resilient Infrastructure

SuRe® – the Standard for Sustainable and Resilient Infrastructure is a third-party-verified, global voluntary standard, developed through a multi-stakeholder approach incorporating inputs from developed and emerging nations to drive the integration of sustainability and resilience aspects into infrastructure development and upgrade by providing guidance and serving as a globally applicable common language tool for infrastructure project developers, financiers and public sector institutions. The Standard assesses infrastructure throughout the project life cycle at the design, construction and operational phases. SuRe® consists of 14 themes covering 61 criteria across environmental, social and governance (ESG) factors in addition to two general reporting requirements for impact measurement.

The SuRe® Standard is science and evidence-based. As such, SuRe® includes input from scientists and experts on an on-going basis to reflect new findings and understandings in the relevant frameworks for Infrastructure, Sustainability, and Resilience. SuRe® was developed following the ISEAL Alliance Codes of Good Practice for standard setting. The SuRe® Standard builds on existing initiatives and encourages Good International Industry Practice (GIIP) in line with the most relevant international frameworks and the Sustainable Development Goals (SDGs). SuRe® does not favor a particular technology or patented item over another; it rather builds up on existing efforts and encourages best international practice in line with the relevant frameworks for Infrastructure Sustainability and Resilience.

## About Global Infrastructure Basel Foundation

*Global Infrastructure Basel Foundation (GIB)* is the scheme owner of SuRe®. GIB is a Swiss foundation based in Basel, Switzerland, working to promote sustainable and resilient Infrastructure through sustainable Infrastructure design and financing on a global scale. Active since 2008, GIB works with multiple stakeholders such as city representatives, project developers and Infrastructure financiers, with a focus on emerging and developing countries. GIB envisions a world where sustainable and resilient Infrastructure is the norm rather than the exception, as such GIB supports the development and financing of sustainable and resilient Infrastructure through numerous initiatives and activities including the **SuRe® Standard**, which GIB has developed together with the French investment bank Natixis.

## About Guggenheim Investments

Guggenheim Investments (GI) is the asset management and investment advisory division of Guggenheim Partners, a global diversified financial services firm. GI has more than $220 billion[1] in total assets across fixed income, equity, and alternative strategies. GI focuses on the return and risk needs of insurance companies, corporate and public pension funds, sovereign wealth funds, endowments and foundations, consultants, wealth managers, and high-net-worth investors. As a global asset manager, GI seeks to deliver exceptional, long-term value to its clients while managing its business with strong governance, sustainable business practices, and a workplace built on respect and community engagement. GI's work in pursuing sustainable development goals seeks to advance safe, reliable infrastructure and financing innovation in ways that preserve and protect the environment and contribute to a better world.[1]

1 Guggenheim Investments assets under management are as of 6.30.2020. The assets include leverage of $13bn for assets under management. Guggenheim Investments represents the following affiliated investment management businesses of Guggenheim Partners, LLC: Guggenheim Partners Investment Management, LLC, Security Investors, LLC, Guggenheim Funds Distributors, LLC, Guggenheim Funds Investment Advisors, LLC, Guggenheim Corporate Funding, LLC, Guggenheim Partners Europe Limited, GS GAMMA Advisors, LLC, and Guggenheim Partners India Management. Guggenheim Investments has not made any commitment to participate, and may not participate, in the project on behalf of its client accounts.

# Foreword by Scott Minerd

The infrastructure asset class has grown among institutional investors, asset managers, developers, and the public sector because of its attractiveness as a long-lived asset, but more importantly because of its potential to have a positive economic, environmental, and social impact on our societies. The key to unlocking significant amounts of institutional capital for sustainable infrastructure development projects is establishing and adopting a set of consistent methodologies and metrics for measurement and accounting. The challenge we face is that the accounting and assessment tools for sustainable infrastructure investing is relatively underdeveloped compared to certain other, more mature asset classes.

Guggenheim has been at the forefront of the efforts to meet this challenge. As part of our work we developed what we call the Sustainability Quotient, which identifies the four characteristics that a sustainable infrastructure project must possess before institutional capital would be committed — financial return, positive social impact, environmental responsibility, and transparent governance. To advance the Sustainability Quotient we partnered with the Stanford Global Projects Center to identify and analyze infrastructure sustainability standards. This landmark study established a base from which to launch a series of three infrastructure sustainability research reports that will be released in the summer of 2020.

The second of these reports, prepared by the Global Infrastructure Basel Foundation (GIB), presents the results of an assessment of an existing infrastructure projecting using the SuRe® Standard—the Standard for Sustainable and Resilient Infrastructure. SuRe® is a third-party-verified, global voluntary standard that seeks to serve as a globally applicable common language tool for infrastructure project developers, financiers and public sector institutions. GIB works to advance the SuRe® Standard in cooperation with supporters and partners such as the World Wildlife Fund, Guggenheim Investments, and the European Investment Bank, the lending arm of the European Union.

The project that is being assessed, the Vertically Integrated Cargo Community (VICC™), is a pre-construction phase automated air cargo facility at Los Angeles Airport that is also conceptualized as a base for integrating retail, food and commercial activities. As part of the SuRe® certification process, the project is assessed to determine if it is compliant with the material SuRe® environmental, social and governance (ESG) criteria for the level of certification pursued (Bronze, Silver and Gold).

The work of GIB in advancing the SuRe® standard for practical use and widespread adoption is a momentous contribution to the field of sustainable development. I want to commend the team at GIB, led by CEO Louis Downing and Lorena Zemp, director of the SuRe® program, and the project team at VICC™ for their work in this important endeavor.

**Scott Minerd**
*Chairman of Investments and Global Chief Investment Officer*
Guggenheim Partners

# Table of Contents

# 1. Executive Summary

The Global Infrastructure Basel Foundation (GIB) completed a sustainability and resilience appraisal of the Vertically Integrated Cargo Community (VICC™) project (Parcel 1)[2], proposed at Los Angeles International Airport (LAX). The assessment was carried out virtually during the COVID-19 pandemic and has informed not only the evaluation of the current stage of design of the project but also improvements the project team is willing to implement to respond better to this and other unforeseen scenarios, such as force majeure events or conditions affecting project performance. The appraisal was based on the 61 environmental, social and governance (ESG) criteria of SuRe® – the Standard for Sustainable and Resilient Infrastructure, a leading international voluntary standard.

Based on the current compliance and commitments made by the project team, GIB concludes that the VICC™ would be likely to achieve the Gold certification level to the SuRe® Standard, if it were to seek formal certification at a more advanced stage of design. The Gold certification level of SuRe® is the highest of three possible certification levels (the others being Bronze and Silver) and is only applicable to projects that:

- Go beyond local Industry Norms
- Have thoroughly identified and mitigated key Environmental, Social and Governance risks
- Do not lead to a lock-in to unsustainable development pathways
- Implement best in class local and international practices
- Can demonstrate significant contributions to International Sustainability Frameworks such as the Convention on Climate Change (UNFCCC), the Sendai Framework for Disaster Risk Reduction and others
- Demonstrate benefits to society
- Demonstrate significant innovative practices

The appraisal was based on self-declarations by the project and found that 53 of the 61 SuRe® criteria were material to the project, and that 100% of these material criteria would likely be complied with. This result is considered outstanding.

The project exhibited notable areas of high performance for which it demonstrated a higher than minimum level of compliance in the following criteria:

- Interconnectivity, integration and lifecycle approach (G1.6, G2.2) through transport synergies and use of adaptive design principles
- Resilience planning and emergency response preparedness (G2.3 and G2.4)
- Gender equality (S5.3) through enabling access to new areas of work for women
- Land-use (E5.3) through efficient footprint reduction

2 The unit of assessment was Parcel 1 of the VICC™ project, comprising of the following main components: five-level cargo operation with and airside 1,580 pallet position Pallet Container Handling system (PCHS) facility, automated cargo handling system, administrative offices, training and conferencing facilities, Customer Service Units (CSUs), ample United States Federal Inspection Services (USFIS) facilities, employee support with child care, food, retail and commercial area, employee parking garage, truck docks, truck queuing and truck security entrance.

- Climate change mitigation (E1.1) through significant CO2 reductions and commitment to implementing the Airport Carbon Accreditation Standard, a voluntary global carbon management standard for airports, with the ultimate objective of becoming carbon neutral.

In addition, the project has committed to the highest of three levels of compliance in the following criteria:

- S4.4 Delivery of Public Health and Safety Benefits and S5.2 Indirect and Direct Economic Development Enabled by The Project; by committing to supporting the community in providing a much safer environment post development, by generating an estimated 19,150 jobs, building capacities within the surrounding community and workers, and enabling access to new areas of work for vulnerable or disadvantaged groups including women.
- E1.2 Climate change adaptation; by making commitments to demonstrate that it has been designed and built to withstand climate change impacts consistent with the predictive scenarios relevant to its location.
- E3.4 Resource efficiency; by committing to reducing the potential impacts of the materials it uses regarding global warming potential, abiotic depletion potential and toxicity potential average.
- E4.2 Water pollution; by demonstrating that it uses less water than the pre-development scenario as well as having a positive overall impact on water quality.

Throughout the assessment, the project team has also identified areas in which positive impacts of the project may be enhanced, for example through enhanced waste management systems, taking a proactive approach to planning for future climate change impacts beyond what is required by regulation and to include in design documents facilities and technology to respond efficiently to pandemics (such as thermal imaging and isolation facilities). Additionally, the project is advised to consider and monitor notable risks related to: potential negative impacts of gentrification; abiotic depletion potential; and decommissioning considerations such as recyclability of highly durable materials.

Based on this appraisal, GIB recommends that the project seeks formal certification to the SuRe® Standard in a future stage of development.

# 2. Preface

The following report has been prepared as part of the confidential external sustainability and resilience appraisal of the Vertically Integrated Cargo Community (VICC™) at the request of the VICC™ project team and Guggenheim Investments, a potential investor in the project on behalf of its client accounts[3]. The assessment of the VICC™ took place during the global pandemic of COVID-19 meaning that the findings presented in this report are based on virtual assessment activities. Once travel restrictions are lifted, GIB plans to conduct an onsite assessment of the VICC™ project, after which, this report will be updated with any additional findings. The present document gives a brief background of the project, describes the assessment methodology, presents the results of the assessment, showcases key areas of high performance and provides recommendations for improvement.

For the purposes of this report the following terms and definitions apply:

- Project or The Project: refers to The Vertically Integrated Cargo Community (VICC™).
- The Unit of Assessment: refers to those components of Parcel 1 of the VICC™ that are the subject of this appraisal, as described in section 3.4. Parcel 2[4] is outside the scope of this assessment.
- Project Team: refers to the companies that make up the private partnership to develop the Project (i.e. the VICC™); in this case Airis and CCR.
- The assessment: refers to the sustainability and resilience appraisal process carried out by Global Infrastructure Basel Foundation (GIB) assessors as described under section 3.5.
- The assessment team: refers to the GIB assessors that performed the sustainability and resilience appraisal as outlined in section 3.5.2 and in the Annex section 8.5.

## Disclaimer

The information, findings and results on this report are based on representations made by the project team as to the current and future practice of the project. These representations have been considered and evaluated by the assessment team without full assurance as to their validity (i.e. without a formal auditing process of evidence, which falls outside the scope of this assessment). The findings on this report are meant for information purposes only.

3 GI is a sponsor, but not an author, of this report. While GI, on behalf of its client accounts, may be a potential investor in the project described herein, GI has not made any commitment to participate, and may not participate, in the project on behalf of its client accounts. GI's involvement in this report is not an endorsement or recommendation of the project.

4 Parcel2: is a 61.24-acre land tract located at the northwest corner of the same intersection, known as the Imperial South Cargo Area. Parcel 2 currently consists of ten cargo facilities with aircraft adjacency, an historic building housing a GSE maintenance function, a fuel depot and an apron designed to serve eight ADG Category V aircraft. Source: VICC™ Proposal page 58; 2018.

# 3. External Sustainability and Resilience Appraisal Process

## 3.1. Introduction

The SuRe® Standard for Sustainable and Resilient Infrastructure is a third-party voluntary certification standard which encourages Good International Industry Practice (GIIP)[5] or better, in line with the most relevant international sustainability frameworks, including the Sustainable Development Goals (SDGs). The certification assessment process results in the issuance of a SuRe® certificate if the project is compliant with the material SuRe® environmental, social and governance (ESG) criteria for the level of certification pursued (Bronze, Silver and Gold). The full certification assessment is a 7-step process carried out by a SuRe® accredited certification body over a period of 4-8 months.

The present sustainability and resilience appraisal is based on the SuRe® certification assessment process, however it does not result in the issuance of a certificate or mark of conformity, nor is it a formal auditing process. It is, however, a sustainability and resilience appraisal of the project carried out by key infrastructure sustainability professionals with a deep knowledge of the SuRe® criteria to determine the project's readiness to undergo a full SuRe® certification, the likely performance of the project towards SuRe® criteria in terms of compliance and the likely certification level the project would achieve in the full certification process. Additionally, as the VICC™ is currently in the early stages of development, it is not required to demonstrate compliance with SuRe® criteria relating to performance during later phases of development, rather the project is required to make time-bound commitments to future practice, if possible including them in design or planning documents for future implementation.

This appraisal method was chosen due to the development stage and the confidential nature of the project in collaboration with both Guggenheim Investments and the Project Team and is also a recommended first step in the SuRe® certification process, as it provides insights into the project's current performance, areas of high performance and areas of improvement

## 3.2. Assessment Objectives

The objectives of the external sustainability and resilience appraisal are:

1. To understand the current level of performance of the VICC™ in terms of sustainability and resilience as described in the SuRe® Standard and its commitments for future practice.
2. To determine which SuRe® ESG criteria with which the project is most likely to comply with and which level of SuRe® certification the VICC™ would be likely attain should it go through a formal certification assessment process.
3. To highlight key areas of high performance, identify areas of opportunity and provide recommendations for improvement.
4. To support potential project investors in acquiring a deeper understanding of the VICC™'s sustainability and resilience performance to aid in their investment decisions.

5 Source: IFC Performance Standards, 2012.

## 3.3. Key Actors

Table 1 summarizes the key actors involved in the assessment. In addition, the following organizations were present at the assessment workshop that took place from March 31st 2020 to April 03rd 2020: Airis, Aeris Costa Rica, CCR Brazil, CCR Airports, CCR USA, Advantage Infrastructure Advisors, GIB, Guggenheim Investments, Handshake, HOK Architects, Holder Construction, Impact Infrastructure (Autocase), ePiece Ltd.; and LSA.

### Table 1. Key Assessment Actors

| | |
|---|---|
| AirisAviation Facilities Developer | Airis will assume the role as lead Project Developer in the development of the VICC™. |
| CCR<br>Operations and Finance Partners | CCR acts as lead project partner providing project financing and operational services. CCR is the main contact between GIB and the Project. |
| Global Infrastructure Basel Foundation (GIB) | Owner and developer of SuRe®. Sustainability and Resilience experts performing the assessment. |
| Guggenheim Investments | Potential investors on behalf of its client accounts and sponsor of this sustainability and resilience appraisal. |

## 3.4. Project Description

### Table 2. Project Profile

| | | | |
|---|---|---|---|
| Project name | The Vertically Integrated Cargo Community (The VICC™). | | |
| Project owner | Private Partnership between Airis (lead Project Developer in the development of the VICC™) and CCR (lead project partner providing financing and operational services) – creating a Special Purpose Entity (SPE) in the future. | | |
| Development phase at time of assessment | Owner and developer of SuRe®. Sustainability and Resilience experts performing the assessment. | | |
| Sector<br>Location | Aviation Infrastructure<br>Los Angeles, U.S.A. | **CAPEX (in USD)** | 1.12 billion USD (expected total project budget costs)[6] |
| Size and capacity | 45.11 acre site with a capacity of 4.5 million tons of cargo throughput | **Expected quantifiable net benefits (in USD)** | 9.82 billion USD[7] |
| Project description and unit of assessment | The VICC™ is an on-airport, highly automated air cargo facility. It is designed to accommodate all existing Imperial South and certain Century Cargo operation and forecasted volumes. Additionally, it is conceptualized as a community, integrating retail, food and commercials activities/developments such as financial institutions, childcare facilities, parking and other businesses within the project's structure. It is expected to have a service life of 50 years generating numerous benefits (such as job creation and regional economic output) throughout its service life. The assessment includes only Parcel 1 of the VICC™. Parcel 2 is outside the scope of this assessment. | | |

6 Source: VICC™ Proposal pg. 193; 2018
7 Source: VICC™ Proposal pg. 156; 2018

## 3.5. Methodology

### 3.5.1. Scope

The unit of assessment is Parcel 1 (the complete Vertically Integrated Cargo Community) described as follows: a 45.11-acre (18 hectare) site on which the VICC™ is developed having a capacity of 4.5 million tons of cargo throughput. The site is located in the eastern portion of the Los Angeles International Airport (LAX) at the intersection of West Imperial Highway and Aviation Boulevard. The facility consists of a five-level cargo operation with and airside 1,580 pallet position pallet container handling system (PCHS) facility, automated cargo handling system, administrative offices, training and conferencing facilities, customer service units (CSUs), ample United States Federal Inspection Services (USFIS) facilities, employee support with child care, food, retail and commercial area, employee parking garage, truck docks, truck queuing and truck security entrance.8Parcel 2 is outside the scope of this assessment.

### 3.5.2. Assessment Team

The present sustainability and resilience appraisal was carried out by two assessors from Global Infrastructure Basel Foundation (GIB). Refer to the Annex, section 8.5 for the assessors' biographies.

*Louis Downing, CEO*
*Lorena Zemp, Director, SuRe® Standard Program*

### 3.5.3. Assessment Steps

The external sustainability and resilience appraisal is a simplified SuRe® assessment process based on project documentation provided by the project developer team; including conversations, meetings and a virtual workshop to determine the likely compliance of the VICC™ against SuRe® criteria. This section describes the steps and activities that were completed as part of the project appraisal.

Prior to step one, a number of introductory calls were had among all actors to explain the assessment process, the tools to be used and to determine if the project was a suitable candidate to be assessed by SuRe® (in terms of CAPEX, sector and purpose of the project). Additionally, there was an introductory face to face visit from the project developer team to the GIB offices in Basel Switzerland in January 2020 where both SuRe® and the VICC™ were formally introduced and the steps of the assessment process were agreed.

*The assessment team concluded that the VICC™ was an eligible candidate to undergo the SuRe® appraisal.*

#### *Step 1. Desktop Assessment*

The purpose of the desktop assessment is for the assessment team to get more in-depth information about the project and to determine if additional information may be needed in preparation to carry out a materiality

8 Source: VICC™ Proposal page 9; 2018

assessment (step 2). In this activity, the assessment team performed a review of available documentation of the VICC™. Guggenheim Investments created a secure online data room where documentation regarding the VICC™ and SuRe® could be safely shared. The information about the project was condensed in the confidential document proposal of the Vertically Integrated Cargo Community (VICC™) and supplemented by several updates in calls between Guggenheim Investments, Airis, CCR and the assessment team.

*The assessment team concluded that the information provided was sufficient to continue the assessment process considering the development stage of the project.*

### *Step 2. Materiality Assessment*

The purpose of the materiality assessment is to identify which Sustainability and Resilience topics are of most importance to the Project. The Materiality Assessment considers the 'Importance' of a Sustainability or Resilience topic to a project's context and the 'Impact' The Project may have on this topic. The Materiality level (high, medium, low, or not material) affects how the Project is scored in terms of its requirements for compliance.

For the purposes of the SuRe® Materiality Assessment:

- 'Importance' refers to whether a Sustainability and Resilience topic is important to the context in which the Project is implemented (including opinions of stakeholders and impacts on society and the environment).
- 'Impact' refers to whether the Project is likely to cause a material effect upon the Sustainability and Resilience topic.

The Materiality Assessment of the VICC™ resulted in the following:

- **15** high materiality criteria for the Project
- **34** medium materiality criteria for the Project
- **4** low materiality criteria for the Project
- **8** not applicable criteria for the Project (not relevant to the VICC™'s context, topic or completely covered by local regulation)

In this activity, the assessment team performed a first materiality assessment supplemented with both a revision of the assessment by the project team and a clarification call. For the complete and final materiality assessment of the project refer to the Annex section 8.2.

*The assessment team concluded that a review of the materiality assessment during the virtual workshop together with the full project team would be beneficial to the appraisal process. After this revision on Day 1 of the virtual workshop, the materiality of the criteria was agreed among all participants and the assessment for compliance could begin.*

### *Step 3. Virtual Workshop*

The purpose of the virtual workshop was two-fold: (1) finalize the materiality assessment and (3) carry-out the resilience and sustainability appraisal through a series of online sessions between the project team and the assessment team. Due to the global COVID-19 pandemic it was agreed to hold the onsite visit as a virtual workshop

instead. This decision was taken the week prior to all travel bans entering into force in both Europe and the U.S. which demonstrates forward and applied sustainability thinking of all partners. The activities completed through the online workshop were the following: materiality assessment of the project; assessment of compliance against all material SuRe® criteria in all three environmental, social and governance (ESG) dimensions; opening and closing meetings.

The virtual workshop consisted of a four-day workshop with three 3-hour sessions and 1-hour closing meeting. The total number of participants was 30 (including the 2 GIB assessors) and included the following organizations: Airis, Aeris Costa Rica, CCR Brazil, CCR Airports, CCR USA, Advantage Infrastructure Advisors, GIB, Guggenheim Investments, Handshake, HOK Architects, Holder Construction, Impact Infrastructure (Autocase), ePiece Ltd.; and LSA. For the full participants list and agenda of the workshop refer to the Annex section 8.3.

*The assessment team raised 9 (nine) clarification requests. Aside from these clarifications the information was deemed sufficient to continue to the preliminary result analysis and no further interviews were needed.*

### *Step 4. Preliminary Results Evaluation and Closing of Clarification Requests*

The purpose of the preliminary results evaluation is to close open clarification requests and discuss the preliminary results of the project. Additionally, it is an opportunity for the project to raise additional considerations prior to emitting the final results.

*The assessment team concluded that the 9 (nine) clarification requests were satisfactorily addressed by the project and are therefore considered closed. Regarding the preliminary results of the assessment, the assessment team presented them virtually to the core project partners including a more detailed explanation on the scoring methodology of the Standard and recommendations to level-up to both Silver and Gold for the project's consideration.*

### *Step 5. Final Report*

The purpose of the final report is to present in a single document a detailed description of the assessment process and the results of the appraisal. The final report is submitted to the project team for revision, updated if necessary and accompanied by a final virtual closing meeting.

# 4. Results

## 4.1. Summary of Results

Refer to the Annex section 8.1 for a summary of the results.

The result of the assessment differentiated between current practice (of the project design) and future, anticipated practice (during construction, operation and decommissioning) for which commitments were made. According to the results obtained by the assessment team and based on the information provided by the project, the intended implementation of the project follows Good International Industry Practice and is, in many cases, superior to the baseline performance levels (i.e. performance level 1) required for baseline compliance thresholds of some SuRe® performance criteria.

*Therefore, the assessment team concludes that the results indicate Gold as the level of certification to be most likely achieved by the project if the project were to undergo a full SuRe® certification assessment process. This level, the highest of all three certification levels, demonstrates that the project not only has thoroughly identified and mitigated key environmental, social and governance risks but that is also does not lead to a lock-in into unsustainable development pathways, demonstrates significant benefits to society and goes above and beyond best in class innovative practices. Moreover, it demonstrates significant contributions to key international sustainability frameworks including the sustainable development goals (SDGs) upon which the SuRe® criteria are based.*

## 4.2. Materiality

From a total of 61 criteria found in SuRe®, the VICC™ was found to have a total of **53** material criteria, for reasons briefly summarized in Table 3 below.

### Table 3. Non-material Criteria for the VICC™

| | | |
|---|---|---|
| S1.1 | Human Rights Commitment | Non-material: sufficiently covered by local regulation. However, criterion G2.5 Supply Chain is material to capture compliance with requirements along the supply chain. |
| S1.2 | Human Rights Complaints and Violations | As above |
| S2.4 | Forced Labor and Child Labor | As above |
| S2.8 | Fair Wages and Access to Employee Documentation | As above |
| S2.9 | Retrenchment | As above |
| S3.1 | Minorities and Indigenous People | Non-material: There are no indigenous groups present in the project location. |
| S3.2 | Resettlement | Non-material: There is no resettlement needed for the implementation of the project. |
| S4.2 | Provision of Basic Infrastructure Services | Non-material: whilst the project may have some indirect impact on the provision of basic infrastructure services, this is not considered material in this project's context. |

From the **53** material criteria, there were a total of:

- **15** high materiality criteria, most of which are found in the Governance dimension.
- **34** medium materiality criteria, which are almost equally split into the three ESG dimensions.
- **4** low materiality criteria, most of which are found in the Environment dimension.

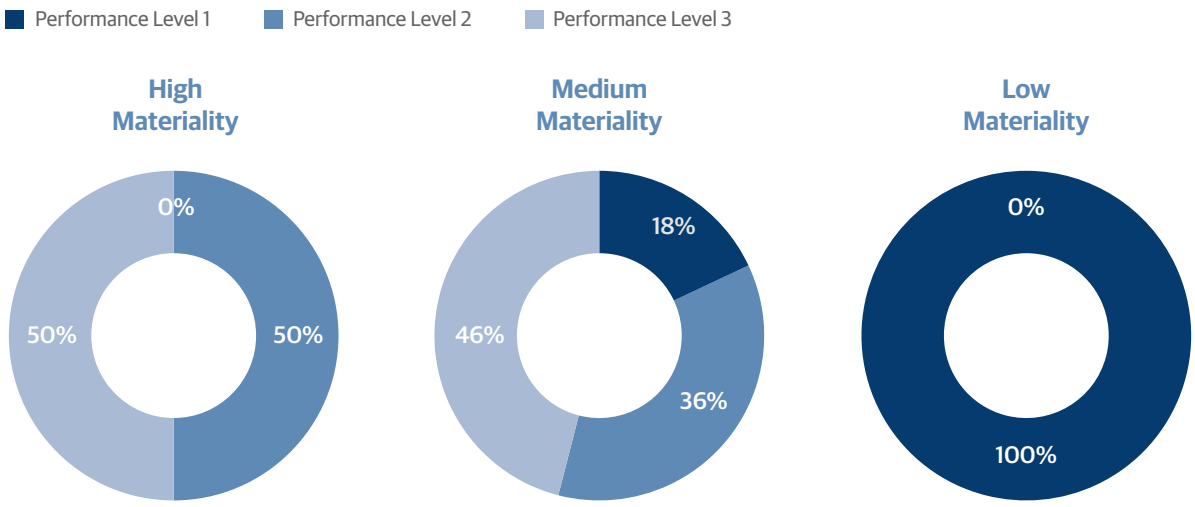
Please refer to the Annex, section 8.2 for the complete list of SuRe® criteria and the materiality per criterion.

## 4.3. Compliance

Management criteria (MC) in SuRe® (a total of 46), are criteria which are commitment and process oriented. They have one performance level only, which is the minimum compliance threshold. Compliance to MCs in SuRe® therefore results in either a 'yes' for compliance or a 'no' for non-compliance. The assessment team found no evidence that any of the MCs applicable to the VICC™ exhibited a significant risk of non-compliance.

Performance criteria (PC) in SuRe® (a total of 15), are criteria that have three performance levels (PL1, PL2 and PL3) to capture progressively improving performance against quantitative and qualitative requirements of the Standard. The assessment team found no evidence that any of the PCs applicable to the VICC™ exhibited a significant risk of non-compliance. The following graphs show the compliance of all applicable performance criteria according to their level of materiality.

**Figure 4. Performance Criteria Compliance According to Materiality**




The following points summarize the compliance found:

- From the two (2) high materiality performance criteria identified (E1.1, E1.2) the project is likely to comply with half of them at performance level three, one at performance level two and one at performance level one.
- From the eleven (11) **medium materiality performance criteria** identified (S4.4, S5.2, E2.2, E3.2, E3.4, E3.3, E3.5, E4.1, E4.2, E4.4, E5.2), the project is likely to comply with the majority (five) at the highest level

of performance (performance level three), with three at performance level two and the rest (three) at performance level one.

- From the one (1) l**ow materiality performance criteria** identified (S5.1), the project is likely to comply with it at performance level one.

*Based on the information provided by the project, the assessment team found no evidence that did not demonstrate full compliance with all 53 material criteria, including all applicable SuRe® mandatory red criteria. The nine clarifications raised were satisfactorily closed in the agreed timeframe.*

## 4.4. Areas of High Performance

### 4.4.1. Governance

The Governance section of SuRe® has the objective to determine if the project employs management and oversight processes and procedures that enhance the overall sustainability and resilience outcomes of the project.

The assessment team found evidence that the project team and especially the private partnership of CCR and Airis demonstrates significant qualifications to implement a project with a high quality and strong governance structure. In particular, the focus on impact evaluation by monitoring and analyzing the economic and potential social benefits of the project aided by the technology developed by the company Impact Infrastructure, speak about the seriousness of monitoring key performance indicators and supports the attainment of commitments by providing evidence through time. Moreover, the life cycle approach, emergency response preparedness, risk management and resilience planning demonstrated by the project speak of an approach that puts into practice the 'building better from the start' concept of the Sendai Framework for Disaster Risk Reduction of the United Nations Office for Disaster Risk Reduction (UNDRR) which has important social and environmental spillover effects aside from those of saving costs of repeated retrofitting and repairs over time.

The assessment team found the following specific areas of high performance and outstanding practices in the Governance dimension:

- **G1.6 Infrastructure interconnectivity and integration:** the project is located in close proximity to a new metro rail station (the Mariposa station) enabling new synergies with the transport infrastructure.
- **G2.2 Life cycle approach:** the project presents a modern and interesting concept for its sector: an evolving and modular approach which could ensure flexibility and adaptability over time. The project is expected to have a service life of approximately 50 years (at least) and it is evident that significant attention has been paid to the planning and design of the project to ensure that it remains relevant, efficient and provides benefits not only at first implementation, but throughout its lifespan.
- **G2.3 Resilience planning and G2.4 Emergency response preparedness:** some of the vulnerabilities of a project in the location include sea level rise, droughts, flood and earthquakes, all of which the project has considered early in its design process.

### 4.4.2. Society

The Society section of SuRe® has the objective to determine if the project upholds, promotes and contributes to all human and labor rights (including working conditions) and if it goes beyond risk assessment to provide clear benefits to all levels of society, while ensuring vulnerable groups are protected.

The assessment team found evidence that the project team's approach expressed in the form of commitments to future practice and current involvement of stakeholders could potentially benefit the local communities in and outside of the project's scope. Moreover, the approach to a vertically integrated cargo **community** project goes beyond a logistics solution for cargo. The community concept includes an inclusive design for the strong human component of the asset, which demonstrates planning for the development, protection and needs of the workers and users. Vulnerable groups have been taken into consideration by including them as potential suppliers or subcontractors of the project and designing training opportunities that benefit them.

The assessment team found the following specific areas of high performance and outstanding practices in the Society dimension:

- **S2.5 Occupational Health and Safety and S3.5 Management of Public Health and Safety Risks:** safety benefits are expected due to the proximity of the project to freeway interchanges that provides trucks direct access to the site from the freeway. This shortens the path for trucks entering and exiting the airport and removes them from public thoroughfares, thus reducing accidents. There is an indication that training practices of other CCR holdings such as those in Costa Rica may be implemented in the VICC™, for example training members of the community surrounding the VICC™ on what to do in the event of aircraft accidents which may impact them. Additionally, the project will include a clinic for employees. In terms of occupational health and safety considerations, the project includes a comprehensive safety program as part of the ongoing effort to refine and implement controls that make the program a model of efficiency and prevention. These will be implemented through a partnership with the Occupational Health and Safety Administration (OSHA) of the United States Department of Labor which speaks of commitment to continuous improvement and innovation in the field of safety.
- **S4.4 Delivery of Public Health and Safety Benefits:** due to the development of the project it is possible that there is both noise and crime reduction in the area. Additionally, the City of Los Angeles and the project plan to provide workforce training to the homeless which should have a direct impact on the health and wellbeing of those individuals who will be helped off the streets. One of the partner companies of the project, Impact Infrastructure, will measure the health impacts from reduced transit distances as a consequence of the location of the project.
- **S4.3 User Affordability:** employees benefit in the 'integrated community' installations with services at a reduced price such as cafeteria, commercial area, parking garage and child care support. Additionally, the proximity to the metro line ensures that there are other accessibility options to vehicles to arrive at the project site.
- **S5.2 Indirect/direct Economic Development Enabled by the Project:** the project follows local regulation by ensuring a certain level of participation of small and medium local enterprises (SMEs) and goes beyond regulation by involving SMEs from vulnerable groups such as those owned by veterans, women and other minorities. Additionally, it has the potential to be transformative for the local economy by creating approximately 19,150 jobs. An Economic Impact Analysis will be carried out by Impact Infrastructure to estimate the direct and indirect costs, impact and benefits of the approach.

- **S5.3 Gender Equality and Women Empowerment:** the use of automated equipment can open up possibilities for employment to all genders. Use of this technology will mean that those tasks that previously relied solely on physical strength (to which some individuals, especially vulnerable groups and women, may have been at a disadvantage to perform) now can be performance by a wider group of individuals. Additionally, the project team has a work-force development plan that includes hiring and apprenticeship processes designed specifically for individuals with barriers to employment such as veterans, re-entering ex-offenders and youth coming out of foster care). The project has also included in its design employee support with child-care facilities which can support working parents (especially single mothers) to access jobs that were previously out of their reach.

### 4.4.3. Environment

The Environment section of SuRe® has the objective to determine if the project minimizes negative environmental impacts of infrastructure development and operation and maximizes environmental benefits.

The assessment team found evidence that the project is planning for climate change scenarios at present and in the future as well as considering going beyond regulation in terms of waste, recycling, and material usage. The overall design of the project considers the expected life span of the asset and proposes an efficient way to maximize the output per area. Additionally, the VICC™ demonstrates a strong awareness of the impacts of airports on climate change and the VICC™'s commitments to future practice could contribute reducing the operational environmental footprints of the airport itself rather than increasing it.

The assessment team found the following specific areas of high performance and outstanding practices in the environment dimension:

- **Criterion E5.2 Land Use:** the project is not located on greenfield land and has demonstrated in the design an extremely smart and efficient use of space compared to the expected output of the project.
- **Criterion E1.1 Climate change mitigation:** the project team expects that for every metric ton of cargo handled by the VICC™ over current operations, 8.6 kilograms of CO2 are saved, which represents a 50% reduction of emissions per ton at Los Angeles airport[9]. Additionally, the project commits to the implementation of the Airport Carbon Accreditation Standard with the ultimate objective of becoming carbon neutral.
- **Criterion E4.2 Water pollution:** by demonstrating that it uses less water than pre-development scenarios as well as having a positive impact on water quality.
- Additionally**,** the project expressed commitments to comply to the highest level of performance (level three) of the following environmental criteria: **E1.2 Climate Change Adaptation**, **E2.2 Biodiversity and Ecosystem Conservation**, and **E3.4 Resource Efficiency**.

## 4.5. Areas of Potential Improvement

The following areas of improvement are not raised as corrective actions nor are they linked to non-conformities. These are recommendations for the project to improve its already good practices to, in some cases, comply with

9 VICC™ Proposal, pg. 154

the next performance level of SuRe® criteria and in others to go further from what is required by regulation and demonstrate innovate and forward sustainability practices.

Most infrastructure projects incur some negative environmental or societal impacts in order to create an overall positive impact. Based on the assessment team's understanding of the project, the following areas are the largest potential areas of negative impact:

- Gentrification of surrounding neighborhoods leading to unaffordability for lower socioeconomic groups;
- Abiotic depletion potential (i.e. use of non-replenishable natural resources) of construction materials;
- Embodied carbon of construction (i.e. the greenhouse gas emissions caused through creation, transportation and use of construction materials and equipment);
- Potential to increase scope 3 carbon emissions through aviation activities associated with the project.

To demonstrate leading sustainability and resilience practice, the project should seek to address each of these potential areas of negative impact through specific actions that avoid or mitigate these potential negative impacts.

### 4.5.1. Governance

The assessment team found no evidence that indicated that the project would not comply with any governance criteria, particularly after clarification of the management criterion G.4 Financial Transparency on Taxes and Donations was resolved. However, the assessment team has the following recommendations for improvement in the governance dimension.

- **G2.2 Life Cycle Approach:** the project should document all practices beyond regulation.
- **G2.3 Resilience Planning:** the project should complete a vulnerability assessment to include risks that are not currently in regulation, incorporate redundancy of systems and other back-up systems to make sure the facility stays operational in case of disasters and disruptions both short ('shocks') and long-term ('stresses').
- **G2.5 Supply Chain:** make a public commitment to sustainable procurement to ensure that suppliers are following sustainability good practice.
- **G3.1 Stakeholder Identification and Engagement Planning:** provide opportunities throughout all phases of development (including construction and operation) for stakeholders to participate in the development of the project. Prepare communication materials describing these processes to ensure the public is informed about the results of the engagement to demonstrate how their comments are being taken into consideration providing specific examples.

### 4.5.2. Society

The assessment team found no evidence that indicated that the project would not comply with any governance criteria. In general, the society component is well integrated, and it is evident that it's recognized as an important area for the project. However, the assessment team considers more can be done in going beyond regulation and simple corporate social responsibility to really integrate societal considerations into the project.

The assessment team has the following recommendations for improvement in the society dimension:

- **S3.4 Decommissioning and Legacy – Risks to Future Generations:** a decommissioning policy should be drafted and considerations for design (such as soil restoration elements) included if applicable.
- **S5.3 Gender equality and women's empowerment:** compliance with this criterion is subject to a commitment to future practice of the project addressing all evidence and requirements. From the information gathered in the proposal, currently these are some of the key suggestions for the project in terms of gender mainstreaming to ensure gender equality goes beyond non-discriminatory practices, achieving empowerment of vulnerable groups. A gender action plan is key to going beyond corporate social responsibility to ensure that women are empowered and supported throughout and by the project. This includes but is not limited to gender disaggregation of data (to monitor impacts), mainstreaming gender sensitive languages in all project documents (including the project proposal), adapting the project design and working atmosphere to cater for the needs of women (for example in terms of how work, training and career opportunities are distributed and planned for) and providing labor policies that can specifically support women (such as paid maternity or parental leave potentially beyond regulation). The assessment team recognizes that the use of automated equipment can provide the opportunity for employment on this specific task to not rely solely of physical strength to which some people and especially women may be at a disadvantage, however in order to empower women the practice should go beyond this, for example by providing training on this specific technology to a group of potential female workers and the maintenance of key performance indicators to ensure gender equality in the workplace.
- **S3.5 Management of Public Health and Safety Risks:** in order to plan for present and future health crisis such as the COVID-19 pandemic, the project could implement in its design and risk assessment, consideration to those risks derived from pandemics and additional project design features such as thermal imaging for employee health, clinics and isolation facilities.
- **S5.2 Indirect/direct Economic Development Enabled by the Project:** Whilst the project anticipates significant economic benefits to the surrounding areas, measures should be taken to address the risks of gentrification posed to lower socioeconomic groups. This may include actions within the project's direct scope as well as influencing other positive changes beyond the scope of the project.

### 4.5.3. Environment

The assessment team found no evidence that indicated that the project would not comply with any environment criteria, however the assessment team has the following specific recommendations for improvement in the environment dimension:

- **E3.2 Water efficiency:** the current project plan includes some scope for stormwater retention, treatment and reuse. The project may wish to set targets that maximize the project's ability to reduce water consumption in the anticipated future water scarcity and to maintain predevelopment water flow patterns.
- **E1.1 Climate change mitigation:** The project has committed to carbon neutrality, which is considered excellent. The project may also wish to investigate seeking to become carbon negative, through the further use energy efficiency measures, passive heating and cooling, elimination of onsite fugitive emissions, onsite power generation and of carbon offsets.

- **E1.2 Climate change adaptation:** The project should seek to understand the potential future impacts of future climate change upon the project, as well as components of its value chain. Some impacts anticipated for the Los Angeles area include: increased frequency and severity of heat waves, increased average annual temperature, sea-level rise, decreased soil moisture content. For airports, further impacts are often expected including increase in frequency of inclement weather, changes in prevailing wind directions, impacts limiting the availability of diversion airports, as well as regulatory and market-based changes. Responses to these risks often require tender specifications that are beyond minimum regulation, for example, regarding material selection for building facades and temperature tolerances for structures and equipment.
- **E3.5 Waste management:** similar to E3.2 above, significant opportunities may exist to avoid, or appropriately manage and recycle waste, including construction waste, and through planning the decommissioning and recycling/reuse of equipment from the beginning.

# 5. Conclusion and Next Steps

*The assessment team concludes that through the external sustainability and resilience appraisal of the VICC™ and with the information provided, there is no evidence to suggest that the project would not achieve the* ***Gold level*** *of certification if it went through the SuRe® certification assessment process. The assessment team concludes that the project is well placed to start the certification and assessment process of the SuRe® Standard.*

The project has zero non-compliances with SuRe® criteria, which in of itself indicates a high quality of planning in designing for sustainability considerations from the conception stage. The project has demonstrated important areas where it goes above and beyond regulation, for example by considering and designing for the needs of their workers and offering discounted services and amenities for their usage, including disadvantaged groups (women, veterans and others) in their hiring, vocational and business participation plan; by creating more than 19,000 jobs that will support and benefit the community; by having a governance structure that considers resilience and sustainability design as a key building block of their strategy, ensuring that the project is durable, efficient and is built better from the start; and by using the space efficiently and looking at ways to re-use and recycle the waste produced. Some areas of improvement for the project include the documentation and communication of all practices that go beyond regulation, the importance to plan for decommissioning; the mainstreaming of gender equality going beyond non- discrimination to achieve empowerment; planning for pandemics such as COVID-19 using technology such as thermal imagining and isolation wards, and by ensuring preemptive design for long-term climate impacts anticipated in Los Angeles.

The project has made commitments to ensure the compliance to the highest level of certification against SuRe® – The Standard for Sustainable and Resilient Infrastructure. In achieving Gold, the project demonstrates that it does not only follow current industry requirements and mitigates potential risks, but that it does go above and beyond to incorporate innovate practices into the project design that can have a potential transformative positive effect in the community.

This SuRe® sustainability and resilience appraisal is limited in so far as it doesn't provide strict auditing of evidence and is based on limited information and commitments to future practice provided by the project. The appraisal does not raise non-conformities nor plans for corrective actions (if there were any) and finally, does not provide a mark of conformity such as a SuRe® certificate. However, it does provide an indication of the status of the project in terms of ESG considerations and the assessment team has found that the project is well placed to continue onwards to a full SuRe® certification. In order to proceed to the full SuRe® certification and assessment process, the project is encouraged to register on the SuRe® e-portal https://sure-standard.org/e-portal/ and contact a GIB assessor.

# 6. Figures and Tables

# 7. Bibliography

**Airis, The VICC™ – Vertically Integrated Cargo Community Confidential Project Proposal;** 2018, Los Angeles, U.S.

**Global Infrastructure Basel Foundation, SuRe® – The Standard for Sustainable and Resilient Infrastructure;** ST01 ENG Version 1.1; 2018, Basel, Switzerland, Available at: https://sure-standard.org/wp-content/uploads/2019/10/ST01_Normative_Standard_v1.1_clean.pdf

# 8. Annex

## 8.1. Summary of Results

**External sustainability and resilience appraisal of the vertical integrated cargo community (VICC™).**

### Project Details

| | | | |
|---|---|---|---|
| **Project name** | The Vertically Integrated Cargo Community (The VICC™). | | |
| **Project owner** | Private Partnership between Airis (lead Project Developer in the development of the VICC™) and CCR (lead project partner providing financing and operational services) – creating a Special Purpose Entity (SPE) in the future. | | |
| **Development phase at time of assessment** | Design: preliminary planning with pre-construction activities. | | |
| **Sector**<br>**Location** | Aviation Infrastructure<br>Los Angeles, U.S.A. | **CAPEX (in USD)** | 1.12 billion USD (expected total project budget costs) |
| **Scope and Unit of Certification** | The complete Vertically Integrated Cargo Community (VICC™) comprising Parcel 1: a 45.11-acre (18 hectare) site on which the VICC™ is built with a capacity of 4.5 million tons of cargo throughput. The site is located in the eastern portion of the Los Angeles International Airport (LAX) at the intersection of West Imperial Highway and Aviation Boulevard.<br>The facility consists of a five-level cargo operation with and airside 1,580 pallet position pallet container handling system (PCHS) facility, automated cargo handling system, administrative offices, training and conferencing facilities, customer service units (CSUs), ample United States Federal Inspection Services (USFIS) facilities, employee support with child care, food, retail and commercial area, employee parking garage, truck docks, truck queuing and truck security entrance.<br>Parcel 2 is outside the scope of this assessment. | | |
| **Type of Assessment**<br>**Modality** | External Sustainability and Resilience Appraisal using the SuRe® Standar<br>Virtual | **Organization and assessors that conducted the Assessment** | Global Infrastructure Basel Foundation (GIB)<br>Louis Downing, CEO, GIB<br>Lorena Zemp, Programme Director – SuRe®, GIB |
| **Certification level likely to be achieved** | **SuRe® Gold Certification**<br>NOTE: results based on the information provided during the appraisal. This does not guarantee a SuRe® certification to this level of compliance | **Date of completion of assessment** | June 9th, 2020 |

## SuRe® Criteria and Materiality

| Summary of Compliance | | |
|---|---|---|
| **Sustainability Dimension** | **No. Of Applicable Criteria** | **No. Of Criteria Complied With** |
| Governance | 19 | 19 (100%) |
| Society | 16 | 16 (100%) |
| Environment | 18 | 18 (100%) |
| Mandatory Red Criteria | 21 | 21 (100%) |

| Summary of Non-Compliance According to Materiality | | |
|---|---|---|
| **Low Materiality Criteria** | **Medium Materiality Criteria** | **High Materiality Criteria** |
| Zero non-compliance | Zero non-compliance | Zero non-compliance |

| Remaining Requirements to Upgrade the Level of Certification |
|---|
| The Project is expected to achieve the highest level of certification: SuRe® Gold. Therefore, there are no additional compliance requirements. |

| Suggestionsto Potentially Achieve a Higher Level of Certification |
|---|
| The Project is expected to achieve the highest level of potential certification: SuRe® Gold. Therefore, there are no additional compliance requirements. |

## 8.2. Materiality Assessment

| Code v.1.1 | Criterion name | Importance | Impact | Materiality Level |
|---|---|---|---|---|
| | **Governance** | | | |
| G1 | *Management & Oversight* | | | |
| G1.1 | Organisational Structure and Management | Low | Med | Material |
| G1.2 | Team Qualifications and Know-How | Low | Med | Material |
| G1.3 | Legal Compliance and Oversight | Low | Med | Material |
| G1.4 | Result Orientation | Low | Med | Material |
| G1.5 | Risk Management | High | Med | Highly material |
| G1.6 | Infrastructure Interconnectivity and Integration | High | High | Highly material |
| G1.7 | Public Disclosure | High | Med | Highly material |
| G1.8 | Financial Sustainability | Med | Med | Material |
| G2 | *Sustainability and Resilience Management* | | | |
| G2.1 | Environmental and Social Management Systems | High | Med | Highly material |
| G2.2 | Life Cycle Approach | High | Med | Highly material |
| G2.3 | Resilience Planning | High | High | Highly material |
| G2.4 | Emergency Response Preparedness | High | High | Highly material |
| G2.5 | Supply Chain | Med | Med | Material |
| G2.6 | Pre-existing Liabilities | Med | High | Highly material |
| G3 | *Stakeholder Engagement* | | | |
| G3.1 | Stakeholder Identification and Engagement Planning | High | High | Highly material |
| G3.2 | Engagement and Participation | High | High | Highly material |
| G3.3 | Public Grievance Redress Mechanism | Med | Med | Material |
| G4 | *Anti-corruption and Transparency* | | | |
| G4.1 | Anti-bribery and Corruption Management System | Med | Med | Material |
| G4.2 | Financial Transparency on Taxes and Donations | Med | Med | Material |
| | **Society** | | | |
| S1 | *Human Rights* | | | |
| S1.1 | Human Rights Commitment | Low | Negligible | Not material |
| S1.2 | Human Rights Complaints and Violations | Low | Negligible | Not material |
| S1.3 | Human Rights and Security Personnel | High | Med | Highly material |
| S2 | *Labour Rights and Working conditions* | | | |
| S2.1 | Employment Policy | Med | Low | Material |
| S2.2 | Rights to Association and Collective Bargaining | Med | Med | Material |
| S2.3 | Non-discrimination | Med | Med | Material |

| | | | | |
|---|---|---|---|---|
| | **Society** | | | |
| S2.4 | Forced Labour and Child Labour | Low | Negligible | Not material |
| S2.5 | Occupational Health & Safety | Med | High | Highly material |
| S2.6 | Employee Grievance Mechanism | Med | Low | Material |
| S2.7 | Working Hours and Leave | Med | Low | Material |
| S2.8 | Fair Wages and Access to Employee Documentation | Low | Negligible | Not material |
| S2.9 | Retrenchment | Low | Negligible | Not material |
| S3 | *Community Protection* | | | |
| S3.1 | Minorities and Indigenous People | Negligible | Negligible | Not material |
| S3.2 | Resettlement | Negligible | Negligible | Not material |
| S3.3 | Cultural Heritage | Med | Med | Material |
| S3.4 | Decommissioning and Legacy: Risks to Future Generations | Med | Med | Material |
| S3.5 | Management of Public Health and Safety Risks | Med | Med | Material |
| S4 | *Customer Focus and Community Involvement* | | | |
| S4.1 | Physical Accessibility | Low | Low | Low materiality |
| S4.2 | Provision of Basic Infrastructure Services (PC) | Negligible | Low | Not material |
| S4.3 | User Affordability | Med | Low | Material |
| S4.4 | Delivery of Public Health and Safety Benefits (PC) | Med | Med | Material |
| S5 | *Socioeconomic Development* | | | |
| S5.1 | Direct Employment and Training (PC) | Low | Low | Low materiality |
| S5.2 | Indirect/direct Economic Development Enabled by the Project (PC) | Med | Med | Material |
| S5.3 | Gender Equality and Women Empowerment | Med | High | Highly material |
| | **Environment** | | | |
| E1 | *Climate* | | | |
| E1.1. | Climate Change Mitigation (PC) | Med | High | Highly material |
| E1.2 | Climate Change Adaptation (PC) | High | Med | Highly material |
| E2 | *Biodiversity and Ecosystems* | | | |
| E2.1 | Biodiversity and Ecosystem Management | High | Low | Material |
| E2.2 | Biodiversity and Ecosystem Conservation (PC) | High | Low | Material |
| E2.3 | Invasive Alien Species | Low | Low | Low materiality |
| E3 | *Environmental Protection* | | | |
| E3.1 | Responsible Sourcing of Water | Med | Low | Material |
| E3.2 | Water Efficiency (PC) | Med | Low | Material |
| E3.3 | Responsible Sourcing of Materials (PC) | Med | Med | Material |
| E3.4 | Resource Efficiency (PC) | Med | Med | Material |

| | Environment | | | |
|---|---|---|---|---|
| E3.5 | Waste Management (PC) | Med | Med | Material |
| E4 | *Natural Resources* | | | |
| E4.1 | Air and Soil Pollution (PC) | Med | Med | Material |
| E4.2 | Water Pollution (PC) | Med | Low | Material |
| E4.3 | Pest Management | Med | Low | Material |
| E4.4 | Noise, Light, Vibration and Heat (PC) | Med | Med | Material |
| E4.5 | Cumulative Impacts | Med | Med | Material |
| E5 | *Land Use and Landscape* | | | |
| E5.1 | Location, Project Siting and Design in Relation to Landscape | Med | Med | Material |
| E5.2 | Land Use (PC) | Low | Low | Low materiality |
| E5.3 | Soil Restoration | Low | Low | Low materiality |

## 8.3. Virtual Workshop Participants List

| # | Name | Organization | Title |
|---|---|---|---|
| 1 | Michael Likosky | Advantage Infrastructure Advisors | Partner |
| 2 | Ron Factor | Airis | Chairman |
| 3 | Adriana Carrillo | Airis- Costa Rica | Head of EHS and SMS |
| 4 | Normando Nakata | CCR - Brazil | Technology Manager |
| 5 | Eduardo Campos | CCR - Brazil | IT Project Leader |
| 6 | Jeff Scheferman | CCR Airports | Executive Vice-President North America |
| 7 | Gregory Huang | CCR Airports | Vice President |
| 8 | Skye Turcato | CCR-USA | Executive Assisstant |
| 9 | Zameer Bade | CCR-USA | Senior Financial Analyst |
| 10 | Gildo Araujo Rodriguez | CCR-USA | Director CCR Airports for the Americas |
| 11 | Paulo Varnieri | CCR-USA | General Counsel CCR Airport |
| 12 | Lionel Beckles | CCR-USA | Director of Airport Operations |
| 13 | Louis Downing | Global Infrastructure Basel Foundation | Chief Executive Officer |
| 14 | Lorena Zemp | Global Infrastructure Basel Foundation | Program Director, SuRe® Standard Program |
| 15 | Jim Pass | Guggenheim | Senior Managing Director |
| 16 | Ning Liu | Guggenheim | Vice President |
| 17 | Kathleen Amaro | Guggenheim | Managing Director and Associate General Counsel |
| 18 | Rober Ludke | Handshake | Senior Adviser |
| 19 | Alex Davis | Handshake | Director, Client Experience |
| 20 | Julia Cox | Handshake | Director |
| 21 | Angelo Arzano | HOK Architects | Senior Principal |
| 22 | Justin Wortman | HOK Architects | Senior Associate |
| 23 | Michael Burnett | Holder Construction | Senior Vice President |
| 24 | John Williams | Impact Infrastructure (Autocase) | Chairman and CEO |
| 25 | Silvio Tano | Total Airport Services | Chief Executive Officer |
| 26 | Eric Bill | Impact Infrastructure (Autocase) | Vice President, Economics |
| 27 | Robert McCann | LSA/Environmental Engineers | Principal |
| 28 | Juha Tuominen | ePiece Ltd. | CEO |
| 29 | Henric Nauckhoff | ePiece Ltd. | CCO |
| 30 | Nicole West | LSA/Environmental Engineers | Associate (Environmental planner, water quality specialist) |

## 8.4. Virtual Workshop Agenda

| | Day 0<br>30.03 | Day 1<br>31.03 | Day 2<br>01.04 | Day 3<br>02.04 | Day 4<br>03.04 |
|---|---|---|---|---|---|
| *15min to 01min before call begins* | *Participants join call, technical checks* | | | | |
| 15:00 – 15:15 CEST | Run tests if needed, cont. presenters briefing if needed | Welcome | Welcome and recap of Day 1 | Welcome and recap of Day 2 | 15:00 – 15:45<br>Closing meeting |
| 15:15 – 16:00 CEST | | Opening meeting:<br>▪ SuRe® and VICC™<br>▪ Objectives | Governance criteria per materiality (cont.):<br>▪ Medium<br>▪ (Low) | Introduction to Environmental criteria.<br>**Environmental** criteria per materiality:<br>▪ High<br>▪ Medium<br>▪ (Low) | |
| 16:00 – 17:00 CEST | | Project materiality assessment (overview)<br>Project materiality matrix | Introduction to **Social** criteria<br>Social criteria per materiality:<br>▪ High<br>▪ Medium<br>▪ (Low) | | 15:45 – 16:15<br>Workshop wrap-up |
| 17:00 – 17:30 CEST | | Introduction to **Governance** criteria<br>Governance criteria per materiality:<br>▪ High | | Cont. criteria discussion // 'Time buffer for additional discussion// | |
| 17:30 – 17:45 CEST | | Closing of Day 1 | Closing of Day 2 | Closing of Day 3 | |

## 8.5. Project Assessment Team Bios

### Lorena Zemp

*Role in the SuRe® Sustainability and Resilience Appraisal of the VICC™: Lead Project Manager*

Lorena is Head of the SuRe® Standard Programme at Global Infrastructure Basel Foundation (GIB). Lorena oversees the development, implementation and coordination of SuRe® with internal and external partners in different regions; in particular Asia, the Americas and parts of Europe. As part of her duties, Lorena leads various trainings on the SuRe® Standard for different audiences (including auditors, financiers, public sector, internal colleagues) and represents GIB in various international events as speaker and panelist. Previously, Lorena worked for the International Labour Organization (ILO) of the United Nations (Geneva) as technical M&E officer in the SCORE programme for improving working conditions in SMEs in 9 developing countries. Lorena has a business and financial background, having worked in Corporate Banking and impact investment in Canada, Mexico and Switzerland. Lorena is fluent in French, English and Spanish. Her specialties include: Monitoring and Evaluation of ESG KPIs, Labor Standards, Analysis and Development of Sustainability and Quality Standards, Gender Mainstreaming and Training of auditors and other stakeholders.

### Louis Downing

*Role in the SuRe® Sustainability and Resilience Appraisal of the VICC™: Supervisor*

Louis Downing is a sustainability and resilience expert and the Chief Executive Officer of the Global Infrastructure Basel Foundation. Louis managed the development of SuRe® - The Standard for Sustainable and Resilient Infrastructure and has 10 years' experience in the fields of design engineering, post conflict and emergency engineering as well as capacity building and managing participatory stakeholder processes. Louis has worked in regions including Asia-Pacific, Africa and Europe. More recently, Louis has begun working in the topic of finance for sustainable infrastructure, including working on data driven approaches to increase the business case for sustainable investing.

GUGGENHEIM

Global Infrastructure Basel

SuRe®

## Important Notices and Disclosures

This report was commissioned by and paid for by Guggenheim Partners Investment Management, LLC ("Guggenheim"). However, this report represents an independent analysis of Guggenheim and does not represent, nor should it be construed as views of Guggenheim or any of its executives, directors, or affiliates. The opinions, summaries, findings and conclusions reflect solely the views of the author. Guggenheim is a sponsor, but not an author, of this report, and Guggenheim's participation in the report is not an endorsement or recommendation of the report or the project.

The research provided herein should not be considered as a complete analysis of every material fact regarding the topic(s) reviewed herein. Forward looking statements, estimates, opinions and certain information contained herein are subject to change without notice. Information contained herein has been obtained from sources believed to be reliable but are not assured as to accuracy. Past performance is not indicative of future results. There is neither representation nor warranty as to the current accuracy of, nor liability for, decisions based on such information.

This material is distributed or presented for informational or educational purposes only and should not be considered a recommendation of any particular security, strategy or investment product, or as investing advice of any kind. Investing involves risk, including the possible loss of principal. This material is not provided in a fiduciary capacity, may not be relied upon for or in connection with the making of investment decisions, and does not constitute a solicitation of an offer to buy or sell securities. The content contained herein is not intended to be and should not be construed as legal or tax advice and/or a legal opinion. Always consult a financial, tax and/or legal professional regarding your specific situation.



44940