

IJGlobal ESG Award – Environment – Vauban

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Vauban Infrastructure Partners has long been deemed a fund manager with sustainable investment at its core, and the independent panel of judges agree... voting it the winner of the IJGlobal ESG Award in the Environment category.

One of the judges said: "Vauban's use and support of Carbone4 is innovative and demonstrates a commitment that gets well beyond most of its peers in infrastructure equity."

Another adds: "Good work and intentions from Vauban, but it looks like they're still not in full implementation mode... but more strategic evaluation with help of consultants and working through how to translate in actions for decarbonisation of portfolio."

This was rounded off with: "I have always thought of Vauban as having ESG close to its heart – if not hard-wired into its DNA – and it's a clear winner for me in the Environment category."

Vauban's environmental approach is embedded in its actions across the corporate level, the portfolio level as a responsible investor, and the stakeholder level as an industry ESG leader. Its success in this space is matched by having also won this year in the Governance category.

As the submission states: "At the corporate level, Vauban includes environmental considerations by integrating several practices to reduce our environmental impact in our daily work: we have a transport policy where we are firmly committed to offset transport emissions that cannot be avoided or reduced through our efforts; our Paris headquarters are in a high eco-standard, refurbished building and we adopt a paperless culture; finally, for 2021 activity, our corporate carbon footprint has been evaluated by Greenly, and several new initiatives are ongoing to perfect our results (IT system on cloud, ESG contract terms with providers, green transportation policy etc.)."

"At the portfolio level, beyond environmental KPIs followed our entire investment process, carbon emission reduction is one of our 4 main targets declared under SFDR article 8. Vauban is committed to strive for Net Zero carbon emission by 2050. We exclude controversial sectors that do not comply with our vision of responsible investment from our scope of investment, especially companies directly involved in E&P of fossil fuels (coal, oil, shale, gas).

"In 2021, we signed a framework contract with a leading climate consultant, Carbone 4, for a number of activities, such as: conducting analysis on the environmental impacts of our assets and establishing action plans in consequence (i.e. research on decarbonization followed by action plans – please see Environmental Activity 2); and conducting an annual review of our portfolio's carbon footprint and alignment to climate scenario, allowing our Investment Team and asset operators to improve KPIs for tangible GHG reduction.

"At the stakeholders' level, we take part in global initiatives and hold a top position in theGRESB Infrastructure Advisory Board. We strive to go beyond fulfilling our reporting commitment by working with our peers to improve the infrastructure market practices. Our open research on Infrastructure for Climate has been our main public report shared with the public in 2021."

Strategy

One of the key developments during the judging period that the panel found noteworthy was Vauban's development of Infrastructure for Climate – an open research study spearheaded in partnership with Altermind Consulting Partners.

In 2021, the IPCC's sixth assessment report reiterated the emergency of climate change and its consequences on human life and biodiversity. This situation requires strong mitigation actions to be taken to achieve net zero emissions by 2050 – a "narrow but feasible" path, according to the International Energy Agency (IEA).

Private companies will have to adapt to a fast-changing environment, in which citizens are increasingly involved, as illustrated by the various experiences of Citizens' Conventions for Climate in Europe. Investors will also have to adapt to new finance regulations, notably the EU Green Taxonomy, which defines a common classification system for sustainable economic activities. Infrastructures have a critical role to play and must strive for sustainability, as they are responsible for 70% of global emissions today. In this context, the key challenge for infrastructure stakeholders is to determine a relevant climate strategy, according to Vauban.

The submission states: "That is why Vauban and Altermind conducted a study on Infrastructure for Climate, arguing that climate strategies must concurrently be comprehensive and value driven. Reflecting Altermind's DNA, this study combines academic expertise with business insights, relying on the review of the existing literature and the outcome of thematic workshops organised with academic experts, investors and managers of Vauban's portfolio.

"Altermind has mobilised its network of academics and experts in order to bring perspective to this study, with a cross-sector approach. They have presented their views and interacted with professionals during four workshops dedicated to the changing regulatory environment of infrastructure; mitigation, adaptation, and beyond; climate strategy and value creation; and Vauban IP's climate strategy.

"The work undertaken by Altermind, who also sought expertise from academic experts from various fields, industrial partners, and portfolio assets from several sectors as well as investors, has enabled Vauban and its stakeholders participating to the project (CEOs of participations, investors, etc.) to sharpen their vision of climate strategy.

"Vauban is therefore reasserting its ambition, as a multi-sector infrastructure investor, to accelerate the transition towards sustainable infrastructure. Through its climate strategy, Vauban IP aims to create and maximize value for all infrastructure stakeholders – investors, public authorities, industrial partners, infrastructure assets, citizens, etc. – with a comprehensive and long-term approach to value.

"Thanks to this ambitious open research (the report is online for public views), a conference was held about "Climate Change: How infrastructure stakeholders can make a difference" during InfraWeek in October 2021. The conference fostered debates between well-known experts on climate change, industry leaders, and investors, notably: Jytte Guteland: Member of the European Parliament, rapporteur for the European Climate Law; Jean Jouzel: French climatologist member of the GIEC & Vetlesen prize winner (equivalent of Nobel prize for "earth science"); Jean-Baptiste Djebbari: Former French Ministry of Transport."

Picture added after IJGlobal ESG Awards 2022. Pictured with the Vauban team are IJGlobal head of content Ila Patel and content director Angus Leslie Melville.





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