

IJGlobal ESG Technical Advisory – Arup

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With a company-wide strategy of “Sustainable Development is Everything” it comes as little surprise that Arup should win the IJGlobal ESG Technical Advisory Award for the second year on the trot... the second time this trophy has been presented.

One of the judges said of Arup that “ESG is in Arup’s DNA” with another saying “Arup’s circular economy contribution is notable” and yet another adding that its “mitigation planning is important”.

Praise for Arup came fast and furious with one judge saying: “Arup is a winner for me for having engaged in industry leading initiatives to share best practice in ESG, such as the development of a globally applicable Sustainability Label with the Fast-Infra consortium, quantifying the impact of climate risk in investments with the Coalition for Climate Resilient Investment and delivering collaborative research on restoring the natural environment in cities with the World Economic Forum.”

Another added: “Sustainability is a cornerstone of the Arup business, which shows through the in-depth and broad portfolio of services and solutions. It is heavily skewed towards environmental topics, but nonetheless captures social through transition discussions. There is a good mix of advisory and applied solutions with project financing for green and social assets.”

The praise was rounded off with one saying: “Arup goes the extra mile by translating goals through industry outreach and partnerships.”



The submission

The Arup submission starts by laying out an established direction of travel that has been in place for more than 50 years when the company founder Ove Arup said in 1970: “We should always be asking ourselves ‘how does this create a more sustainable future for the world’, and if it doesn’t, we shouldn’t be doing it.”

This philosophy continues to be encapsulated within Arup’s sustainable development implementation strategy “A Better Way”, mapping out how it will help drive a radical shift to address climate change, making sustainable use of natural resources and delivering societal benefit.

To help clients unlock the potential from ESG, Arup developed a range of ESG advisory services.

ESG strategy and reporting for major infrastructure operators such as DC Water, Transport Infrastructure Ireland. It is delivering ESG reporting for infrastructure companies like HS1 and supporting investors such as Infracapital, Gore Street Capital and Colombia Threadneedle at fund and asset level to develop EU Taxonomy assessments, SFDR and GRESB reporting.

In the area of sustainable finance, Arup is building the case for sustainability in new projects like EV charging, green hydrogen and low carbon transport. It is supporting access to sustainable finance as assessors for green loans and green bonds, and helping create new partnerships and delivery models in areas such as carbon and biodiversity offsets.

For ESG due diligence and post-deal value realisation, Arup is capturing and realising value in investments through enhanced ESG DD where it is quantifying the impact of issues such as GHG reduction, physical climate risk, circular economy and then providing post-deal value realisation services or risk management across portfolios.

In the realms of sustainable Transition, Arup is helping owners and operators of infrastructure assets accelerate the transition at both asset and business level. It is working with Kellas, a UK midstream oil and gas storage and distribution business acquired by Blackrock, and Ineos at Grangemouth (the UK’s most carbon intensive site) to explore the potential to transition to hydrogen and carbon storage and use. It is co-creating diversification opportunities for Hitachi to transition from a product supplier across infrastructure sectors to delivery of sustainability as a service utilising digital capability.

According to the Arup submission: “We are engaging in industry leading initiatives to share best practice in ESG, such as the development of a globally applicable Sustainability Label with the Fast-Infra consortium, quantifying the impact of climate risk in investments with the Coalition for Climate Resilient Investment and delivering collaborative research on restoring the natural environment in cities with the World Economic Forum.”

Judging period

Arup advised on more than 100 transactions over the course of the judging period, of which reached financial close valued at almost \$30 billion.

On the environment element of ESG and the transition to Net Zero, Arup acted on Getec, Europe’s largest energy service provider, reviewing the potential to switch large industrial users from fossil fuels to more sustainable fuels. On Scotia Gas Networks and National Grid Transmission it mapped the transition from natural gas to hydrogen. In transport for two offshore safety vessel operators, ESVAGT and North Star, it explored options for switching to sustainable fuels and scope for electrification of vessels or enhancing fuel efficiency.

Arup supported early-stage green hydrogen investor HydrogenOne Capital to invest in 9 assets over the last year, and Meridiam’s Allego Carrefour EV Charging Network in France, which qualified for green financing.

On managing climate risk, Arup reviewed physical climate risk on many transactions across the globe including a port operator in the US and a fleet of coastal fuel storage facilities, delivering multi-hazard climate risk assessments. Unlike many other data driven providers in the market it also developed detailed mitigation plans for assets at risk.

As to the circular economy – one of the buzzwords of the day – Arup used approaches created with the Ellen McArthur Foundation to assess circular economy opportunities on transactions, such as the resource benefits of modular construction and re-usable components at Parmaco, a Scandinavian contractor.

On sustain natural resources, Arup promoted nature-based solutions in managing water catchments in UK and US, developed carbon and biodiversity trading platforms with landowners and promoted large-scale greening of cities to reduce urban flooding, transferring its experience on sponge cities in Shanghai to cities around the world.

The social element

Arup took a proactive position through its advisory and actions to create community benefits.

On Eranove – which provides affordable renewable energy and water across Africa – Arup reviewed commitments to local community support, skills training, sustainable local employment, and long-term family healthcare provision.

This year it is monitoring delivery of the community and social commitments of the Dar es Salaam Electric Railway in Tanzania, ensuring that the contractor in providing essential connectivity

engages appropriately with indigenous communities across the route.

On health and well-being, Arup is delivering health and safety transformation for IFM's global highway assets, Western Power Distribution and the MBNL mobile broadband network in the UK, and Mersin Port in Turkey. These roles are focused on reducing critical risk to loss of life and promotion of health and well-being for employees, the supply chain and wider community.

The Governance element

When it comes to the G for Governance in ESG, Arup has developed a framework for assessing the maturity of ESG governance and is applying that across all due diligence projects, often providing support to enhance governance post-deal.

The risk from cyber-attack is increasing and poses a real threat to the resilience of critical infrastructure. Arup has integrated cyber risk assessments into its DD service on assets including the National Grid Transmission in UK and Hedno Electricity Distribution in Greece and is providing a detailed post deal cyber risk assessment offering.

Picture added after IJGlobal ESG Awards 2022. Photographed with the Arup team are IJGlobal editor Ila Patel and editorial director Angus Leslie Melville.



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