

# IJGlobal ESG Infra Equity Investor – Igneo

**Angus Leslie Melville**

19/10/2023

Igneo Infrastructure Partners wins the IJGlobal ESG Infrastructure Equity Investor Award with one judge celebrating the fund manager’s “grown up approach” and being “bold enough to criticise the tick box noise that dominates our sector”.

Another judge said of Igneo that “you can see innovation running through a number of Igneo’s investments” adding that “their approach is clearly supportive of achieving positive outcomes”.

Yet another judge said: “I really liked their focus on how ESG – and the transition more specifically – drove value for their investors. What I like most is the action vs talk I can see through the examples, with good focus on the ‘S’ as well.”

Rounding off the judges’ comments, one said: “Very tangible examples of change – accident rate reduction, introduction of decarbonisation targets, among others – this is a clear data-driven engagement approach.”

In the Igneo submission, the fund manager highlights its key ESG principles: “Five Minimum ESG Standards that we aim to implement at all portfolio companies. These cover the core issues we believe to be materially relevant to all our companies: health and safety; GHG emissions; diversity; employee engagement and good governance.



**IJGlobal**  
**ESG**  
**AWARDS 2023**

“We focus on actions and delivering real-world improvements on ESG, rather than focusing on policy development, scorecards, reporting or certifications as often seen in our industry. We seek to ensure portfolio companies not only ‘tick the box’ but have the appropriate ESG culture and mind-set to deliver tangible improvements.

“We focus on improvements not exclusions. Though there are some show-stoppers, we have shown that we can create value and have a greater positive ESG impact by using our ownership to improve ESG performance rather than through blunt exclusion policies.

“We target lead or co-lead roles in portfolio companies, often 100% ownership. This means we engage directly with all companies via board representation and regular management meetings and enables us to proactively drive improvements in all aspects of the business, including ESG.”

## Portfolio

Igneo’s portfolio is made up of long-term investments in mature, stable, operating infrastructure businesses – mainly in the transport, utilities and energy sectors.

Although its funds are not branded “impact” or “ESG” vehicles, in reality, these investments – according to the submission – “cannot be managed successfully without managing their ESG risks and opportunities”.

The submission states: “ESG is therefore central to our strategy and integrated into every stage of the investment

process.

"For example, we have turned 2 traditional ferry companies into the world's leading green ferry operators, Scandlines and ForSea; we are leading the way in decarbonising district heating in Germany through our work with MVV; we have turned Utilitas from a 50% fossil-fuel company into Estonia's largest renewable energy producer; we are transitioning Nordion Energi from a traditional natural gas distribution operator to the 'go-to' partner in Sweden's energy transition; and we have grown our Iberian renewables platform Finerge from just 642MW of attributable capacity when we first invested in 2015 to almost 2GW following our fourteenth add-on to the company in March 2023.

"Igneo's ESG approach has delivered significant real-world environmental and social improvements alongside material value creation for our investors."

## **Embedded ESG**

Igneo is renowned for having had a long-standing focus on using ESG performance to generate value for investors, mitigate material risks, and secure the long-term sustainability of its portfolio companies.

The submission states: "While in our view many in the industry focus too much on policy development, scorecards, reporting or ratings and certifications when it comes to ESG, Igneo's focus is on working directly with each individual portfolio company to deliver tangible, real-world ESG improvements, manage risks and create value. And we are resolved to keep to our commitments, even in challenging years such as 2022.

"This means we are able to deliver major positive environmental and social impacts such as emissions reductions of 2.3million tCO2e/year by 2050, or a 73% average improvement in portfolio companies' Accident Frequency Rate within 3 years of our investment – and also deliver increased value for investors – such as the highest multiple ever achieved in the European ferry sector at ForSea. Some believe there is a trade-off between ESG and financial returns; Igneo's approach demonstrates that, when ESG is done well, this is not the case.

"Igneo is also committed to transparency and accountability, and investors have consistently commented that our ESG reporting is best-in-class.

"We provide quarterly updates on every portfolio company's status against the Five Minimum Standards and each year we produce our Global ESG Report with quantitative performance indicators and case studies.

"In 2022, we also produced our first detailed regulatory disclosures under the Sustainable Finance Disclosure Regulation (SFDR).

"Aware of significant, justified concerns around greenwashing in our industry, Igneo secured independent assurance of these disclosures from our auditors in 2022 – part of our commitment to accuracy and transparency from the get-go of this new regulation.

"Finally, through our parent company FSI we have also been a signatory to the Principles for Responsible Investment (PRI) for over a decade, and Igneo was awarded 5 Stars in the most recent (2021) PRI survey, with a score of 100/100."

*Thank you for printing this article from IJGlobal.*

*As the leading online publication serving the infrastructure investment market, IJGlobal is read daily by decision-makers within investment banks, international law firms, advisory firms, institutional investors and governments.*

*If you have been given this article by a subscriber, you can contact us through [www.ijglobal.com/sign-in](http://www.ijglobal.com/sign-in), or call our London office on +44 (0)20 7779 8870 to discuss our subscription options.*