

The EU Green Deal: shaping infrastructure impact investing

Generali Global Infrastructure (GGI) Managing Partner Gilles Lengaigne and Senior Advisor Stéphane Voisin, discuss how the EU Green Deal is consolidating GGI's impact investment strategy and, more broadly, the historic opportunity for infrastructure investors to engage in outcome-based investment approaches.

A call for a profound transition backed by an unprecedented policy and funding plan

The European Green Deal calls for a profound change to accelerate the environmental and social transition, with significant commitments in terms of education and health, and the determination to generate long term positive impacts on the lives of citizens and businesses of the European Union. Far from contradicting or relaxing the ambition of this green strategy, the post COVID €750 billion EU "Next Generation" recovery plan is likely to add teeth to it by integrating a number of green "covenants" - as already applied by some member states - to supporting businesses and financing new projects. It reinforces the green deal with a total package which aims at mobilizing well-over €1 trillion of public and private investments over the next decade. Together with the implementation of the Green taxonomy and the upcoming European Climate Law, this sends a very strong policy signal providing extraordinary visibility to investors: it can offer de-risking solutions, reduces market uncertainties and makes green mega trend scenarios bankable.

An explicit road map for sustainable investing through infrastructure investments

This historic deal provides an explicit roadmap for sustainable investing in Europe and turning the 2050 climate neutral challenge into massive opportunities across all 'green taxonomy aligned' sectors. The EU response covers virtually all areas of the economy, with however clear priorities set on green and digital transition, as well as resilience, starting with the health sector. This requires significant investments in infrastructure and support to innovation, from AI to clean hydrogen.

The infrastructure asset class has unbeaten ability to shape real-world outcomes at a very large scale, thus leading to positive impact at a macro-economic level, while traditional impact investing is usually limited to micro levels. Scaling is critical to meet the EU expectation on aligning the European energy mix towards its carbon neutrality goal by 2050. Massive developments in renewable power is key, but achieving carbon neutrality also requires significant investments in other areas such as greening certain

brownfield assets capable of unlocking substantial improvements, or the electrification of the transportation system, and more broadly the development of sustainable and smart mobility where scale is yet to be achieved.

An exceptional momentum for investors to adopt impact-based approach

Responsible investors benefit from an exceptional momentum to deploy positive impact strategies. The green deal has been designed from a starting point which is impact-based rather than sector-based, with the intention of shaping tangible positive outcomes that can be linked to the United Nations Sustainable Development Goals (SDGs), including actions on resources efficiency, pollution, circular economy and biodiversity. It is also designed to achieve a wide range of social goals, notably through the 100 billion euros "Just Transition Mechanism" intended to protect the most vulnerable citizens and regions of Europe. Moreover, by requiring significant disclosures over the "proof of greenness", the taxonomy regulation offers a rigorous ready-to-use impact reporting framework.

With their ability to exert significant influence on their investments, both at inception and over the long lives of these assets, infrastructure investors are uniquely positioned to pave the way to the development of - and channel large volumes of capital into - outcome-based investing. The implementation of such innovative methodologies is a not an easy journey, but certainly comes as a major step for guiding sustainable investment decisions in the asset class. In our view these outcomes should focus on aligning investment portfolios on the Paris Agreement climate trajectory, contributing to the SDGs, and protecting biodiversity. That has been GGI's approach to sustainability assessment since our inception. And it has never proven to be so essential than in the context of COVID 19, which has brought about an increased awareness of interdependencies between our health and the health of the natural world.

These targeted outcomes can be summarised under a simple overarching principle of achieving net positive impact. At GGI, this objective, which we believe fully reflects the Green Deal spirit and ambitions, drives our investment philosophy for the asset class.



Gilles Lengaigne is co-founder and Managing Partner of GGI. Gilles co-heads the investment activity of the firm and leads the development of its ESG (Environment, Social, Government) and impact investing approach.



Stéphane Voisin is a Senior Advisor to GGI on sustainable and impact investing. Stéphane leads the Green & Sustainable Finance Research Program and Sustainable Digital initiatives at Institut Louis Bachelier in Paris and co-chair the Research Committee at Finance for Tomorrow.

About Generali Global Infrastructure

Generali Global Infrastructure (GGI) is an independent infrastructure asset management company, regulated by the French Autorité des Marchés Financiers (AMF), founded by Philippe Benaroya, Alban de La Selle and Gilles Lengaigne in partnership with the Generali group. The creation of GGI represents a cornerstone in building Generali Investments' multi-boutique platform bringing together highly specialised investment skills and attracting capital both from Generali Group and third-party investors. GGI deploys positive impact investment strategies, investing through the capital structure to generate long-term sustainable performance across a wide range of infrastructure sectors and geographies.



More information are available on www.generali-investments.com

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