



Press Release

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Natixis and EDHEC*infra* team up to evaluate the impact of ESG on infrastructure investing

Infrastructure benchmark pioneers to create measures and indices of the increasingly significant impact of ESG (Environmental, Social, Governance) factors on infrastructure investments

Natixis and EDHEC*infra* launch today a new three-year research chair, directed by the same team that created an unlisted infrastructure indexing platform. The chair's aim is to create useable, comparable documented measures of the impact and risk profile of social and environmental factors on infrastructure investments.

ESG refers to the central factors in measuring the sustainability and ethical impact of an investment in a company or business. Despite its relevance to today's financial world, few holistic and systematic measures exist to help investors to track ESG outcomes and related risks.

The first aim of the Research Chair will be to produce a comprehensive but compact analysis of ESG reporting standards, taking the perspective of infrastructure companies and aiming to provide an exhaustive set of potential ESG impacts and risks. Next, using machine learning, the team will create new datasets on ESG risks and their impacts in infrastructure investments. The ultimate goal is that these will lead to the development of an infrastructure social acceptability index, as well as of measures of economic impact and of the climate risk exposure index of infrastructure assets.

"Infrastructure investments have value because they are useful over long periods of time. Social and environmental factors significantly impact this long-term value, but today we do not know how or on what scale. We can build a new area of applied knowledge, combining existing datasets with new ones created using artificial intelligence, and drawing on the depth of knowledge on infrastructure assets and investment shared between EDHEC*infra* and Natixis", says Frederic Blanc-Brude, director of EDHEC*infra*.

"We want to determine what impact better-designed, more resilient infrastructure can have, both for the economy and for investors, focusing on first-order problems like climate risk and social acceptability over the life of these investments. Ultimately, the understanding these issues will impact investors' selection criteria and the prudential treatment when investing in the asset class", explains Anne-Christine Champion, Global Head of Real Assets, Corporate & Investment Banking at Natixis.

About the Natixis/EDHEC*infra* Research Chair

This long-term partnership between Natixis and EDHEC began in 2012. Over the subsequent seven years, they have jointly generated a number of key research findings and industrial applications thanks to the strong link between academia and practitioners. With the support of Natixis, the EDHEC*infra* research institute delivered new ways to understand and model credit risk in private infrastructure debt, a series of financial benchmarks that track 20 years of investment in the asset class, and a better integration of this asset class in prudential regimes such as Solvency-II.

About Natixis

Natixis is a French multinational financial services firm specialized in asset & wealth management, corporate & investment banking, insurance and payments. A subsidiary of Groupe BPCE, the second-largest banking group in France through its two retail banking networks, Banque Populaire and Caisse d'Épargne, Natixis counts nearly 16,000 employees across 38 countries. Its clients include corporations, financial institutions, sovereign and supranational organizations, as well as the customers of Groupe BPCE's networks. Listed on the Paris stock exchange, Natixis has a solid financial base with a CET1 capital under Basel 3⁽¹⁾ of €11.1 billion, a Basel 3 CET1 Ratio⁽¹⁾ of 11.5% and quality long-term ratings (Standard & Poor's: A+ / Moody's: A1 / Fitch Ratings: A+).

(1) Based on CRR-CRD4 rules as reported on June 26, 2013, including the Danish compromise - without phase-in. See note on methodology in the 2Q19 earnings material.

Figures as at 30 June 2019

About EDHEC*infra*

EDHEC*infra* exists to answer a simple question: Why does infrastructure have value? The value of infrastructure is financial, economic and social and determines the opportunity to have infrastructure in the first place. EDHEC*infra* collects data, develops methodologies and produces research and tools to help answer this question. In 2019, EDHEC*infra* launched a series of global indices and benchmarks of the risk-adjusted performance of private investments in the equity and the debt of infrastructure companies. Having created the largest database of infrastructure investment data in the world, in combination with cutting-edge technology to estimate the fair value of illiquid assets, EDHEC*infra* is now a key knowledge repository for infrastructure investors. Going forward, EDHEC*infra* is developing a series of projects to measure the exposure and materiality of ESG (environmental, social and governance) risks and impacts present in infrastructure investment, including social acceptability, physical risks and the usefulness of infrastructure assets. All things by which infrastructure does, or not, have value in the long-term.

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