**Q&A**

**Investing in a sustainable future**

With the world gripped by a climate emergency, it is imperative that energy consumption - and more broadly infrastructure - is sustainable. Antin Infrastructure Partners’ NextGen Senior Partners, Nathalie Kosciusko-Morizet and Anand Jagannathan, explain the firm’s vision for a more sustainable and connected future.

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How important is it for infrastructure to be sustainable?

It is critical. This is the essence of infrastructure; it is meant to be future proof and deliver an essential service to society in the long run. Now, being sustainable has not always meant the same across the history of infrastructure, this has been an evolving concept. The next generation of infrastructure will be smarter, more connected, and occasionally more asset light than previous generations. But most importantly, it will be greener. The ecological dimension is paramount: it is a question of physical resilience, of economic resilience and of societal adoption of the infrastructure. Let me expand. Physical resilience is obvious: with climate change, the world is becoming more dangerous. Recent floods and so-called gigafires have been dramatic illustrations. Certain physical infrastructure will be challenged.

Economic resilience is a growing concern: in some sectors, the environmental costs and the resulting constraints are deepening the economics. The coronavirus pandemic has only accelerated the trend. Lastly, societal adoption is key, though often underestimated in investment strategies. What does good look like? What will good look like in the future? A desire for more flexibility and independence, more localised production spans across our society. How does infrastructure echo these?

What role does private sector investment play?

At Antin we believe infrastructure is what transforms innovation into progress. And these large transformations happen when four stars are aligned: technological breakthrough, societal trends, political will, and public and private funding. It looks like these stars are currently aligning. The private sector cannot miss what is both a responsibility and an opportunity.

The idea that infrastructure is what transforms innovation into progress means that infrastructure investors have a specific role to play. There are numerous technologies around that are ready for commercial deployment and need capital to do so. Some of them will be tomorrow’s infrastructure. We can accelerate the transition by funding them today to meet this responsibility and help bridge that gap.

What is your team looking for in terms of sustainable infrastructure?

We invest in the next generation of sustainable infrastructure that will address climate change objectives and will be green. We will also invest in proven technological advances that deliver a better connected and a smarter environment for society. We target companies that will display strong infrastructure characteristics, provide essential services, have strong barriers to entry and are able to generate predictable cash flows, even if those are not all fully actualised. We want to help bring them there, during our holding period. And we will do that across our four verticals - energy and environment, transportation, telecoms and social infrastructure.

We believe that the business models of tomorrow might not conform to traditional categorisations. They might span across sectors and will need cross-sector capabilities. Autonomous vehicles, for example, are a mix of our four sectors: obviously transportation, but also telecoms in the sense it involves connectivity and data, energy and environment as you want the electricity to be green and the battery life cycle to be taken care of, and social in the sense it allows people who had lost mobility, because of age or disability, to regain it. It will revolutionise infrastructures, well beyond just cars. This also applies to many other areas we are considering such as the hydrogen economy, which spans energy, mobility and social infrastructure, and zero-carbon homes.

How can governments help?

Governments can help by setting a clear, long-term policy framework backed by legislation and contractual schemes, where needed, to create a stable environment for financing the deployment of new infrastructure. This has been done quite successfully in recent years for the development of renewables and a similar commitment is needed to achieve net-zero objectives. It is also critically important these policies and schemes result in affordable consumer choices.

Historically, government’s role has been central to the development and financing of infrastructure, often through general taxation, as these were the backbone of economies and enablers for growth and expansion. In recent decades, this role has diminished; central planning and financing infrastructure through general taxation is not as fashionable or even considered appropriate and necessary. However, recent environmental crises, as well as the pandemic, have coalesced public opinion globally that significant, coordinated policy interventions are necessary and appropriate to deal with these serious issues and give governments the leeway to act decisively.

There is then a concomitance here of regulations, economic incentives, public policy tools and purposes, all under review. This is good news, as long as the overall objective that long-term policy stability is key to investing is not lost. Predictability is of the utmost importance: from an investor’s standpoint, no matter the nature of the policy tools or the amount of public money committed, the key outcomes are stability and affordability for consumers that result in standalone viable investible propositions.

In the run-up to November’s United Nations COP 26 climate change summit in Glasgow, what message would you like to send to world leaders?

Public opinion has shifted and there is acceptance that the frequent, widespread and increasingly acute environmental incidents are related to climate change. There used to be the occasional wake-up call but for a few years now, metaphorically, the telephone has not stopped ringing. 2050 targets can only be met by implementing irreversible measures to curb emissions immediately. While long-term objectives are useful to align efforts in the long run, immediate action is needed now. This is on our generation and this is a joint responsibility, public and private sector together, to catalyse both immediate and long-term change.

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