

Fund Finance Friday



Women in Fund Finance Event: Women in Infrastructure

March 17, 2023



By **Leah Edelboim**
Partner | Fund Finance



Women in Fund Finance hosted a panel discussion yesterday, co-hosted by National Australia Bank and Simpson Thacher & Bartlett LLP, which was held at NAB's beautiful new office in midtown Manhattan. This discussion featured a panel of senior women in infrastructure who discussed everything from their career paths to issues facing the infrastructure industry, such as the fundraising outlook, fund allocations, the impact of inflation and valuations, and the use of debt in these structures (according to the panel discussion, the infra finance market is about \$600 billion). Not surprisingly, ESG played a prominent role in the discussion.

This superb panel was moderated by Ashley Belton Gold, a partner in Simpson Thacher's Banking and Credit and Fund Finance practices, and included:

- Elise O'Connell, a director in the BlackRock Legal Transactions Group, who serves as counsel to BlackRock's Diversified Infrastructure Equity Fund, Global Renewable Power Fund, and Infrastructure Debt Fund;
- Jennifer Gray, who is a Senior Managing Director, Deputy General Counsel and Chief Compliance Officer at ECP, where she chairs the Compliance Committee and co-chairs the ESG Committee;
- Emily Zovko, also of ECP, where she is Head of Investor Services and Managing Director - Investor Relations and is involved in the firm's investor relations, marketing, fundraising and public relations activities and serves as Co-Chair of the ESG Committee;
- Helen McNamee, the North America ESG/Sustainability Leader at QIC Global Infrastructure, where she is responsible for sustainability strategy, integration, and outcomes within the global Infrastructure team across the investment lifecycle, from the evaluation of new investments to the active asset management of portfolio companies;
- Adrienne Saunders, Senior Managing Director with Stonepeak and the firm's General Counsel and Chief Compliance Officer; and
- Sonia McMillan, Managing Director at Amber Infrastructure, based in New York, responsible for expanding Amber's investment activities in North America.

Cath Carver, Executive, Client Coverage NAB Corporate & Institutional Banking (C&IB), who has global leadership responsibility for NAB's relationship banking team for large corporate clients and financial institutions, welcomed the

attendees with opening remarks.

After discussing their career paths, the panelists focused on how what constitutes an infrastructure asset has changed. Historically, infrastructure was defined as assets needed for the movement of people and physical goods. The list of assets that fall into the category has expanded well beyond hospitals, roads, bridges, and airports, and the focus is no longer just on transportation and fossil fuels. There are now a whole host of assets that retain the fundamentals of infrastructure in that they are a resilient asset class that serve a critical purpose, and they include infrastructure to deliver data and services as well as energy transition and much more.

Likewise, there has also been a shift from greenfield projects where you start from nothing and build something to build something new, to more of a brownfield approach where sustainable ways can be used to enhance existing infrastructure. One example the panelists gave was how owning a coal plant and coal site can be attractive as they can serve a purpose and be decarbonized by adding solar panels. Ultimately, infrastructure can address climate change and contribute to decarbonization.

The conversation naturally turned to ESG. One panelist noted that they had all been “doing ESG” their entire career, but they just didn’t call it that. With respect to market trends, there seem to be divisions as to which “letter” there is a focus on. According to the panelists, the “G” – as in governance – is going to get a lot of attention with a focus on risk management. One panelist discussed the ESG-related procedures at her institution and throughout the investment process – from evaluating a deal to managing it to the exit. She mentioned that all deals going to investment committee must go through an extensive ESG screening process for each factor to highlight any red flags that have to be addressed in the memorandum for the investment committee. Moreover, investment teams are asked to run downside scenarios to model what an asset looks like in a decarbonizing world to the year 2050. They viewed this as a critical part of the deal approval process, and it speaks to the appetite of LPs who are asking for more and more information and evidence that ESG is being considered and risks are being mitigated. In addition, investors are sophisticated and acutely focused on greenwashing. It is no longer enough to indicate ESG factors were considered; instead, investors want to see benchmarks with real progress. There was a note that Europe is focused on the “E” – as in environmental – and the metrics can be quite specific. In the United States, by contrast, there is also focus on the “S” – as in social – with a lot of focus on DEI initiatives.

In terms of ESG metrics, the panelists discussed how 10 to 15 years ago, it was a bit of a “check the box” exercise. That is very much not the case now where third parties are being engaged to validate a company’s ESG story. It is the expectation of the panelists that this validation of the optimization and reporting shows that real outcomes will be required.

The panelists were in agreement that this is an exciting time to be in the infrastructure space. Looking ahead to the next 3-5 years, they expected the infrastructure space to remain on a rapid course for change, even in terms of defining what infrastructure is. There was also a discussion that this will create a real opportunity for banks to further develop ESG financing. While it was hot in 2021, the interest has cooled somewhat, and some of the panelists believe that it could come back and create big opportunities for lenders who figure out how to offer these products and operate in the space.

The panel concluded with career advice. The panelists noted that there was a sense that infrastructure is a small community where, much like fund finance, everyone is in it together, no matter which side. The audience was encouraged to learn from one another and to be kind. One panelist gave the sage advice to seek advice and be open to unsolicited advice and to take from that unsolicited advice what serves you. Another panelist noted the importance of having a positive work environment where people feel enriched and fulfilled, adding that having a good time at work and finding power and purpose in your work really stems from these relationships, where you can appreciate the smart people with whom you get to exchange ideas.