A Case for Net Zero in Private Equity

initiative climat international

Private equity action on climate change

Produced in partnership with Indefi

INDEFI

Supported by:

PRI Principles for Responsible Investment

Endorsed by:

Ceres

CDP

FOREWORD

Against a background of geopolitical hostilities, a global pandemic, market volatility and raw material scarcities, there is a danger that a call to action on climate change will get lost in the noise of global events. However the climate issue is not going away. in fact, the opposite. According to the latest IPCC report, 3.3 billion people are already directly impacted by climate change, and GHG emissions are continuing to rise.

The situation is urgent and the time for resolute and effective climate action is now.

Finance plays a key role in the global economy and society, and thus is instrumental in the mission to preserve our planet's future. Private Equity (PE) firms stand at the unique intersection of:

- capital deployment capacity
- influence on business strategies of investee companies
- comparatively longer-term holding periods
- agile portfolio companies that have the potential to shape their respective markets

PE firms can play a role in funding and supporting the transitionto climate transformation among their portfolio companies.

Since the inception of Initiative Climat International (iCI), we have already seen concrete actions from committed PE investors. iCI also advocates for more collaboration amongst PE firms and sharing of learnings.

We are committed to supporting private equity firms to take effective climate action in the near term and ultimately to adopt a net-zero strategy.

This document is designed to support PE firms through a three-fold approach:

- **Explain** in simple terms what net zero means for the private equity industry
- **Convince** on rationale and urgency
- **Chart a course** by providing concrete guidance through a net-zero PE roadmap

We congratulate the PE investors who have already shown leadership by making net-zero commitments and encourage others to assess the merits of doing so.

This guidance is aimed at private equity CEOs, managing partners and their ESG practitioners. Its objectives are to explain the concept of net zero and encourage ambition from the most senior levels of private equity. This is based on three drivers:

- Net zero is a **demanding approach**, which requires a comprehensive knowledge of external and internal factors influencing companies' activities, and relies on strategic decisions
- Achieving net zero is a **continuous and iterative** process
- The net-zero trajectory is a **leadership concern**, directly implicating C-level executives in PE firms

iCI intends to release further guidance on the application of net zero to private equity; our objective is to support iCI members to adopt a net-zero strategy and to encourage a consistent approach towards net zero within private equity.

ACKNOWLEDGEMENTS

This guide does not substitute existing literature or technical guidance for a comprehensive understanding of climate action instruments for private equity (see Appendix A). The iCI intends to release further publications on net zero to provide its members with guidance and training.

The iCI Net Zero Working Group was established to provide guidance on net zero and science-based commitments for the benefit of iCI signatories.

In partnership with consultancy firm Indefi, we have developed this guidance as the first in a series of publications intended to support the development of net-zero strategies within private equity.

About the Initiative Climat International

The Initiative Climat International (iCI) is a global, practitioner-led community of private equity firms and investors that seek to better understand and manage the risks associated with climate change. The iCI was originally launched as the iC20 (Initiative Climat 2020) in 2015 by a group of French private equity firms to contribute to achieving the Paris Agreement's objectives. The iCI has since expanded internationally and now counts more than 212 firms representing over US$3.2 trillion in AUM, as of October 2022. Please see the full list of iCI members at the end of this document (Appendix C).

iCI's members share a commitment to reduce carbon emissions of private equity-backed companies and secure sustainable investment performance by recognising and incorporating the materiality of climate risk. In practice, this implies a commitment to effectively analyse and manage climate-related financial risk and greenhouse gas (GHG) emissions in their private equity portfolios, in line with the recommendations of the Financial Stability Board's Taskforce for Climate-related Financial Disclosure (TCFD). Members commit to sharing knowledge, experience and best practice, working together to develop resources that will help standardise practices across the industry.
The iCI is supported by the Principles for Responsible Investment, is a Supporting Partner of The Investor Agenda, and is open to all private markets firms and investors to join.

About INDEFI

Indefi is a leading strategy advisor for the global investment management business. Established in 2007, Indefi helps asset managers shape their business strategies and build a sustainable competitive advantage. The firm's expertise spans public and private markets, including infrastructure, private credit and equity, and real estate. A PRI signatory, INDEFI also advises asset managers in developing and implementing differentiated ESG and Sustainability strategies. For more information, please visit www.indefi.com.

Indefi authors:
Emmanuel Parmentier • Clemence Laurencel with the support of Imène Mahrazi

iCI Net Zero Working Group:
Alvar De Wolff, Bregal Investments (Co-Chair) • Josepha Montana, Turenne Capital (Co-Chair) • Serge Younes, Investindustrial (Co-Chair)

Adam Black, Coller Capital • Adinah Shackleton, Permira • Albina Stukalkina, IK Partners • Alexandre Murillo, Eurazeo • Allegra Day, Cinven • Anna Karin Portunato, Argos • Caroline Lofgren, Hg • Chloe Sanders, CVC • Christoph Lueneburger, Towerbrook • Edward Brenninkmeijer, Bregal • Eimear Palmer, Pantheon (formerly ICG) • Ellen De Kreij, Apax • Eva Vogt, EMK Capital • Graeme Ardus, Triton Partners • Ivo Dimov, ICG • Jennifer Flood, Investindustrial • Jennifer Signori, Neuberger Berman • Jessica Peters, Argos • Josie Davis, Coller Capital • Jovana Stopic, IK Partners • Leopoldine Meauze, CVC • Marco Bartholdy, CVC • Margaux Girard, Eurazeo • Nandini Hampole, Bregal • Nathalie Medawar, Astorg • Nicolas Theis, Bregal • Noella de Bermingham, Andera Partners • Nomsa Fulbrook-Bhembe, Permira • Monique Norberg, Permira • Rebecca Svensoy, FSN Capital • Simon Guichard, Argos • Thomas Carlier, Investindustrial (formerly PAI Partners) • Viviana Occhionorelli, Astorg.

During this process, the iCI Net Zero Working Group and Indefi engaged with the following representatives of key industry bodies and advisors:
• Peter Dunbar and Jack Baldson, UN PRI
• Peter Ellsworth and Kelly Odion from Ceres
• Radhika Mehrotra, CDP
• Howard Shih, WRI, on behalf of SBTi
• Tim Clare and Myles Tatlock, Anthesis

The Working Group would like to thank these representatives as well as the numerous iCI members and members of the iCI SteerCo who have reviewed this document, with particular thanks to Elizabeth Seeger, International Sustainability Standards Board (formerly KKR) Jie Gong, Pantheon, Lee Coker, DigitalBridge and Natasha Buckley, HarbourVest Partners.

The design of this guidance document was kindly sponsored by Investindustrial

Published November 2022.

CONTENTS

Executive Summary

EXECUTIVE SUMMARY

What is Net Zero?

Net zero reflects a common commitment to tackle climate change in line with a maximum temperature rise of 1.5°C above pre-industrial levels as defined by the IPCC[1]. The IPCC was created to provide policymakers with scientific assessments on climate change, its implications and potential future risks. This requires financial system actors to support action to reduce emissions that drive global heating and to finance the transition to zero-emissions energy systems.

Referring to the world as a whole, the IPCC defines net zero as when anthropogenic GHG emissions are balanced by anthropogenic removals over a specified period[2]. The common ambition is to achieve net zero at global level by 2050 or earlier.[3]

If this goal is not achieved, there is an expectation that investors and humanity in general will see worsening climate impacts and an economically destructive and disorderly transition towards reduced emissions and greater climate stability beyond the 2050 target date.

How to reach net zero at global level?

Net zero will be achieved primarily by reducing GHG emissions. Effective transition will require strong policy, public and private partnerships and international cooperation. Emissions that cannot feasibly be reduced could be addressed through carbon capture solutions (natural or technological). The Oxford Principles for Net Zero Aligned Carbon Offsetting (the "Oxford Offsetting Principles") provide guidelines to ensure offsetting helps achieve a net-zero society. Indeed, carbon offsetting, if performed effectively, can contribute to net-zero strategies.

Companies of all sizes and sectors bear responsibility for climate change and the breach of planetary boundaries. They can now be part of the solution, if they act swiftly and with intention.

The net zero target can only be achieved at global level with consistent action over the long term. No individual firm or country can meet this challenge on its own. The financial services industry will play a critical role in supporting corporate decarbonisation goals and scaling innovative climate solutions.

Combining financial means and an ability to take action and influence businesses practices, private equity firms are uniquely positioned to trigger effective and timely change.

A net-zero trajectory entails challenging strategic, financial and executive decisions for which private equity firms are particularly well equipped. This is due to their status as responsible shareholders and thanks to their relationships with portfolio companies and Limited Partners (LPs), which increasingly have their own net zero objectives.

As a PE leader, setting net-zero targets is a decisive and ambitious action, supported by rational business drivers that include:

- evidence-based scientific consensus;
- regulatory developments;
- public opinion and consumer trends;
- first mover advantage;
- increasing cost of inaction;
- competitive pressure;
- financial upsides from an orderly transition;
- PE investor (LPs) preferences and capital allocations in the mid-long term.

The PRI has commissioned forecasting work aiming to prepare institutional investors for a rapid acceleration of policy responses to climate change, and its associated risks and opportunities. See the PRI Inevitable Policy Response[4].

[1] IPCC, SR15, Summary for policy makers
[2] Race to Zero Lexicon
[3] As per the UNFCCC Conference of the Parties (COP)
[4] unpri.org/sustainability-issues/climate-change nevitable-policy-response

There is strong support for net zero across the financial sector, but the number of private equity firms making public commitments remains low. From surveying iCI members, this does not reflect a lack of ambition but rather confusion over application to private equity, relevance to investment strategies, and what public commitments may require in terms of resource and reporting.

So how can private equity investors get started?

This guide introduces iCI's new signatory roadmap. It builds on existing recommendations and encourages iCI members to commit to aligning with a net-zero trajectory and contributing to a low carbon economy.

The iCI will follow up with further guidance on the application of net zero.

Section 1

Private equity's contribution to achieving net zero

SECTION 1: PRIVATE EQUITY'S CONTRIBUTION TO ACHIEVING NET ZERO

In a nutshell

- Net zero reflects the common commitment to tackle climate change in line with a maximum temperature rise of 1.5°C above pre-industrial levels as defined by the IPCC[5].
- Referring to the world as a whole, the IPCC defines net zero as when anthropogenic emissions of GHG that cause global warming are balanced by anthropogenic removals over a specified period[6]. The common ambition is to achieve net zero at global level by 2050 or earlier.
- Companies of all sizes and sectors bear responsibility over the past century for climate change and the breaching of planetary boundaries; together with limited government policy and consumer responsibility. They can now be part of the solution, if they act swiftly and with intention.
- Combining financial means, agency and opportunities, private equity firms are uniquely positioned to trigger effective and timely change, particularly across the SME sector.

Companies and governments can now be part of the solution, if they act swiftly and with intention.

[5] IPCC, SR15, Summary for policy makers
[6] Race to Zero Lexicon

SECTION 1A: WHAT DOES "NET ZERO" MEAN?

Laying the foundations:
climate change is a complex topic with some key dynamics to keep in mind

This guide does not seek to summarise everything business leaders need to know on climate change. Instead, the analysis highlights key dynamics to consider when discussing net zero and associated action plans. Please refer to the IPCC's latest report for a more comprehensive description of the scientific consensus[7].

In the investment context, climate change actions are discussed with a focus on GHG emissions. However, before delving into carbon reduction strategies and emissions reduction pathways, additional context is required.

Climate change is one of the major challenges facing humankind, but is not the only one.

Earth operates under a certain set of conditions for life to thrive. The conditions may vary slightly within limits, called planetary boundaries[8]. Out of a total of nine planetary boundaries within which humanity can continue to develop and thrive, four have been breached: biodiversity loss, land-system change, altered biogeochemical cycles, and climate change[9]. Transgressing these boundaries increases the risk of large-scale, abrupt or irreversible climatic changes, with effects ranging from large economic system collapse to proliferation of diseases and deterioration of human wellbeing.

Taking action to address climate change goes beyond carbon emissions.

Many factors influence climate and each other in predictable and unpredictable ways (generally referred to as complex systems). These factors are physical and biological, as well as socio-economic and cultural.

Climate change impacts are unevenly distributed around the globe.

Some human and animal populations are already affected or deeply threatened by the rise in temperatures, destruction of their ecosystems, reductions in food supply and even a lack of fresh water. This means that while most carbon reduction plans and commitments target 2030 or even 2050, adaptation plans, to cope with the new reality, are a vital priority for billions of people on a shorter timeframe.

Whilst the rest of this document will focus on carbon and GHG emissions, work to achieve net zero should be seen as one part of a multilateral effort to address the challenges facing us and reduce the destructive impact of climate change on humanity and life.

[7] AR6 Climate Change 2021: The Physical Science Basis
[8] Stockholm Resilience Centre https://www.stockholmresilience.org/research/planetary-boundaries.html
[9] UNFCCC

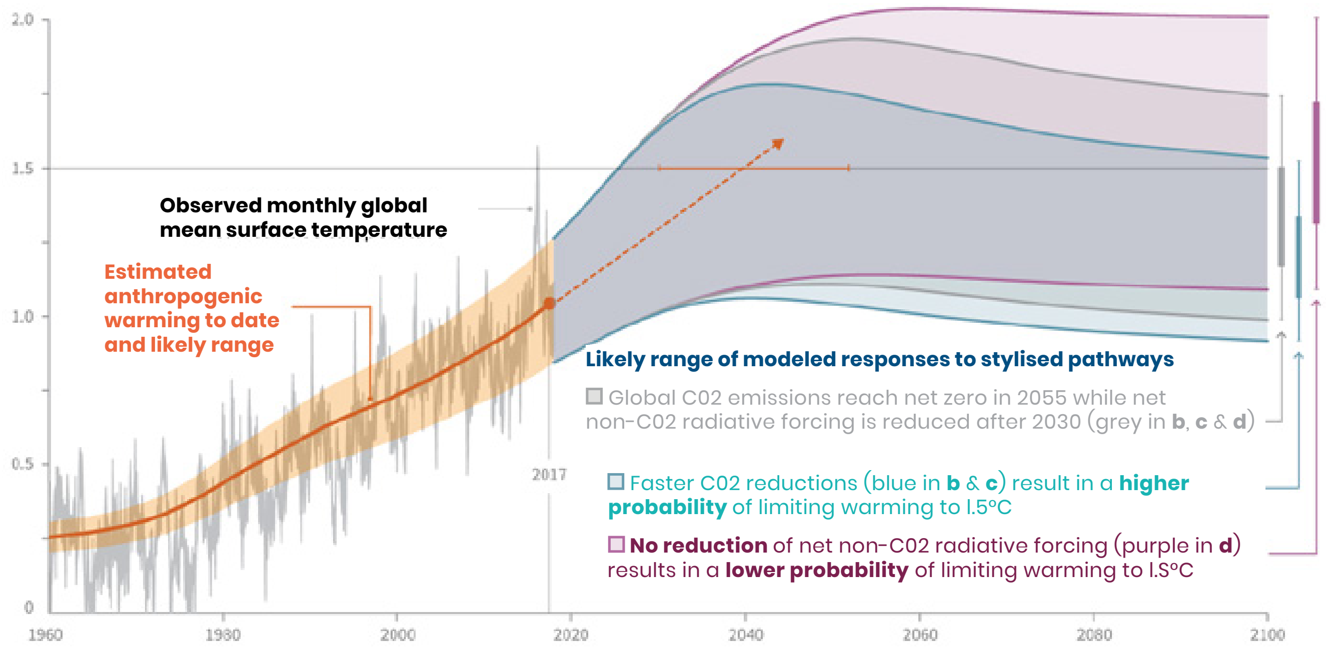
SECTION 1A:
WHAT DOES "NET ZERO" MEAN?

Net zero:
an imperative transformation to effectively reduce GHG emissions

The IPCC Working Group's latest report shows that the world will probably reach or exceed 1.5°C of warming within the next two decades (see graph below)[10]. The forecasts under a high-emissions scenario (more or less equivalent to business as usual), lead to a 4.4°C increase by 2100 — with catastrophic consequences.

Given the lagged effects (time between action taken and observed results), the window for decisive action is narrowing, with action needed in the coming years rather than decades.

Global warming relative to 1850-1900 (°C)



Observed global temperature change and modelled responses to stylised anthropogenic emission and forcing pathways (IPCC's Special Report on Global Warming of 1.5°)

Leaders at all levels (policy makers, corporates and investors) are responding to scientists' call to action and have defined a global objective: Achieve net-zero global emissions by 2050 or sooner.

Net zero reflects a shared commitment to tackle climate change in line with a maximum temperature rise of 1.5°C above pre-industrial levels as defined by the IPCC. The term 'net zero' refers to the ambition to reduce GHG emissions that cause global warming to net zero. This balance must be achieved by the middle of the century to meet the 2°C or 1.5°C objectives and stabilise temperatures. It can be achieved by:

- minimising emissions released in the atmosphere;
- removing emissions by expanding carbon sinks.

Scientists stress the need to focus on reducing emissions as a primary way to move towards the net-zero target. Net zero requires significant abatement of GHG emissions across all sectors.

Beyond carbon capture solutions, many investors are bringing emissions offset instruments into their net-zero strategies, while seeking to ensure the integrity of these instruments. For sectors where emission cuts are unlikely to be reduced to zero on the timescale required to meet the Paris Agreement temperature targets (e.g., cement, aviation), the residual emissions will need to be offset by sectors such as land use and power, which have the potential to deploy GHG removal technologies.

- Criticism that using offset measures is a decoy to cover climate inaction is more acute by the day, and public pressure / NGOs are becoming vocal on what is considered by many as a "licence to pollute".
- As per the Oxford Principles, carbon offsetting can contribute to net-zero strategies, especially in hard-to-decarbonise sectors such as aviation and agriculture, but only when companies have first prioritised emissions reductions (first principle)[11].

Net zero:
Financing the just transition

The transition in high-emissions industries is a complex topic, with potentially dramatic consequences for local communities, regions and industries. PE firms need to think carefully and collaborate with industry representatives, NGOs and governments to support sectors with high-emissions products or operations which would face substantial effects on demand, production costs and employment. The price of terminating operations goes beyond financial costs and is an illustration of how a net-zero approach should be a collective effort to find solutions in a timely manner.

Net zero:
a global and collective objective

The net-zero target can only be achieved at a global level. No firm, country, asset owner or asset manager can tackle the challenge on its own. The net-zero objective is scientifically defined at global level because:

- Emissions reduction needs to happen across both direct and indirect emissions (e.g., Scopes 1, 2 and 3); and
- A company or an investor cannot contribute to global neutrality just by offsetting their emissions. There are not enough "offsets" available worldwide to cancel out released emissions. Reducing both direct and indirect emissions has to be the focus.

The net-zero objective should therefore be understood as a collective effort:

- To slow the temperature rise;
- To develop adaptative measures for populations and their economies;

[10] IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change

[11] The Oxford Principles for Net zero Aligned Carbon Offsetting

SECTION 1B: INVESTORS ARE ALREADY TAKING ACTION

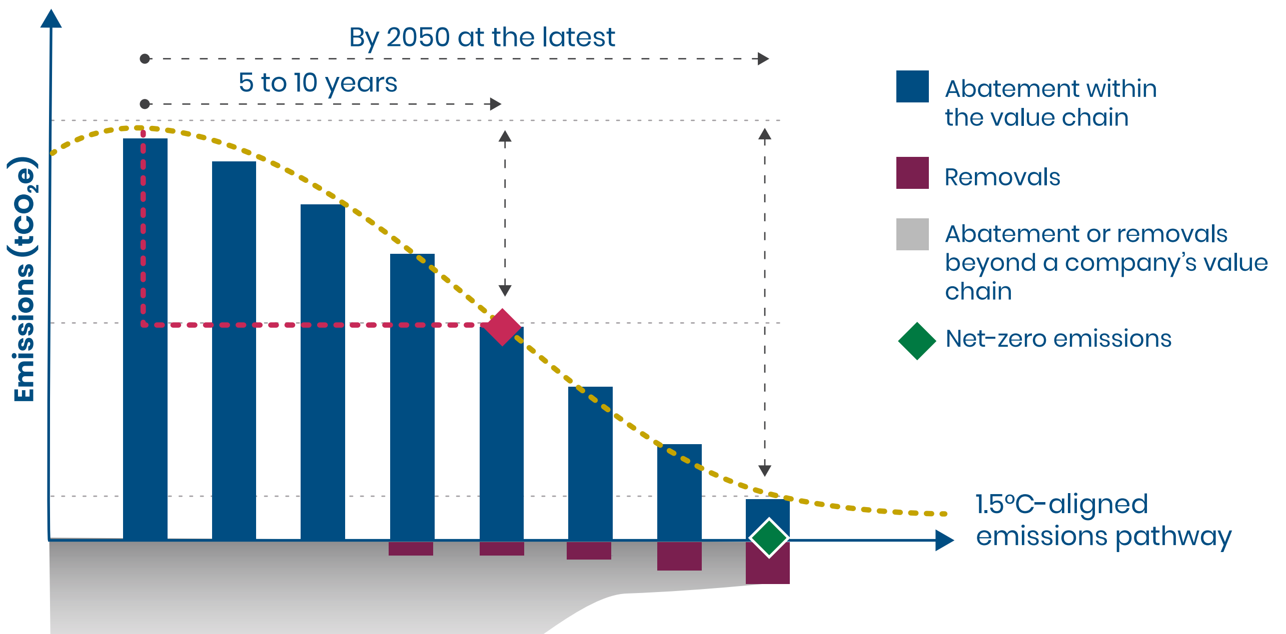
Why focus on private equity firms?

Almost 90% of global emissions and GDP are currently covered by net-zero commitments.[12] As of November 2021, this includes 450 financial firms from 45 countries.[13] However, the number of private equity firms committing to net zero has remained low: 18 PE firms had validated SBTi targets as of November 2022, and a similar number of firms were members of the Net Zero Asset Managers Initiative. Private equity typically invests in companies at a critical point in their lifecycle, and can play a key role in helping companies to reduce their emissions as part of a sustainable growth strategy.

Companies of all sizes and sectors bear responsibility for climate change and the breach of planetary boundaries. They can now be part of the solution, if they act swiftly and with intention.

The private equity market saw its size tripled from $2 trillion to over $6 trillion in the past decade.[14] Harnessing financial means, agency and opportunities, it is uniquely positioned to trigger effective and timely change. This requires leadership, capacity and accountability from the most senior-levels of private equity firms.

Committing to a net-zero trajectory means engaging investee company management to make strategic decisions to include net zero in their value creation targets. This engagement must be executed at a strategic level, reflecting the deep transformations required.



SBTi graphical representation for corporates of a near-term SBT (1), long-term SBT (2), additional compensation (3) and the point of reaching net zero (4) when residual emissions are balanced with carbon removals

[12] Glasgow Financial Alliance on Net Zero (GFANZ)

[13] Foundations for Science-Based Net zero Target Setting in the Financial Sector (November 2021)

[14] Institutional Investor, January 2022 https://www.institutionalinvestor.com/article/b1w69bngfm3j8g/BlackRock-Identifies-Factors-Fueling-the-Growth-of-Private-Equity

The net-zero timeframe to obtain tangible results is 10 years or less, twice the investment period of a typical fund. This means that net-zero inaction may harm a GPs ability to raise money for the next vehicle, and most likely for the following one. It then becomes a question of the durability of the GP itself and a conversation to start with stakeholders. A portfolio company that has contributed to net zero (or is clearly on a science-based path towards net zero) is likely to attract a higher valuation at exit, or at least will provide a hedge against a climate valuation cut.

The portfolio company will likely have better exit feasibility since the potential buyer group will have increasingly made climate commitments.

In addition, most asset owners (e.g., family offices, pension funds) are set up to operate over decades and wish to engage in long-term relationships with GPs.

Various investors initiatives have flourished

Many initiatives encourage net-zero commitments in the financial industry. iCI seeks to work with and enhance some of the following initiatives (non-exhaustive - further details can be found in appendix):

Principles for Responsible Investing Initiative hosting iCI

Ceres Partner to iCI North America network

CDP Worldwide iCI Partner

Science-Based Target initiative
Private equity guidance published in partnership with iCI

Sustainable Markets Initiative
Private Equity CEO Taskforce (PESMIT)

Glasgow Financial Alliance for Net Zero (GFANZ)

The Net Zero Asset Managers Initiative (NZAM)

UN-convened Net Zero Asset Owner Alliance (NZAO)

Paris Aligned Investment Initiative (PAII)

Despite these initiatives, net zero is a relatively new concept and different parties are defining the terms for corporates and financial sector actors.

Section 2

A deeper dive on why PE firms should set net-zero targets

SECTION 2: A DEEPER DIVE ON WHY PE FIRMS SHOULD SET NET-ZERO TARGETS

In a nutshell

This section describes why PE investors should act, answers their most common concerns at GP level and describes how to drive action with companies.

As a PE leader, setting net-zero targets is a rational choice which require decisive business decision based on the below:

- evidence-based scientific consensus;
- regulatory developments;
- public opinion and consumer trends;
- first mover advantage;
- increasing cost of inaction;
- competitive pressure;
- financial upsides from an orderly transition;
- PE investor (LPs) preferences and capital allocations in the mid-long term.

A commitment to net zero is a business decision and may have significant implications on strategies, governance, resource use, financing and profit allocation, innovation, company culture and management, both at GP and portfolio companies and in the short and long terms. Ultimately climate risk is an investment risk and may have significant impact on valuations.

2.A WHY SHOULD PRIVATE EQUITY INVESTORS ACT?

01 PURPOSE

To actively engage
as a responsible investor and contribute to the global fight against climate change

02 VALUE CREATION

To support
business leaders and seize the opportunities arising from a green revolution

03 REGULATION

To comply
with commitments made by countries, cities and local communities on long term targets as per the Paris Agreement and upcoming regulations

04 REPUTATION

To meet expectations
of LPs civil society, and protect investor reputation among stakeholders by adopting a "doing our best" approach

SECTION 2A:
WHY SHOULD PRIVATE EQUITY INVESTORS ACT?

Positive factors to inspire PE leaders to take resolute and immediate action:

01 PURPOSE

Actively engage as a responsible investor

Taking the first step may seem a distraction from business priorities or even from investment mandates. However, investors cannot afford to keep on questioning the reality or the magnitude of the threat climate change poses. The most prominent scientific research is definitive on:

- the responsibility of human activities on climate change;
- the entangled effects of climate change with biodiversity loss and other planetary factors; and
- the difference between "adaptative" and "maladaptive" measures[15].

LPs and GPs that have adopted a "responsible investment strategy" and integrated environmental, social and governance factors into their investment strategies (ESG) are already ideally positioned, with an investment thesis that naturally aligns with a net-zero commitment.

Stakeholders, employees and customers in all organisations want to establish a sense of purpose. The associated benefits are more and more tangible: higher market share, customer satisfaction, employee retention and trust.[16] Private equity firms would benefit from a clear commitment to drive positive change and spearhead the climate movement.

02 VALUE CREATION

Support business leaders and seize opportunities

The World Economic Forum's (WEF) Global Risks Report 2022 ranks climate crisis as the top global risk for the third year in a row. The business opportunity that comes with the low-carbon energy transition is clear:

- Create greener, more sustainable jobs
- Drive the innovation required to address climate change and climate adaptation
- Deliver enduring economic growth
- Build a more resilient society

Companies lagging are likely to face pressure from regulators, shareholders, customers, NGOs and other stakeholders:

i. Companies with a well-articulated long-term strategy and a clear plan to address the transition to net zero will stand out by inspiring confidence that they can navigate the global transition.

ii. Companies that do not quickly prepare themselves risk seeing their businesses and valuations suffer. Stakeholders may question the capacity of these companies to adapt their business models, strategies and operations in a timely and cost-effective manner, leading to growing concerns on their valuations in the mid-long term.

At the heart of any private equity firm is the mandate to deliver superior risk-adjusted returns. To this end, the case for net zero is strong in that it can help deliver improved financial performance through the following levers:

i. Measurement and reporting:
Reliable measurement of GHG emissions allows the company and the GP to understand the primary areas of emissions and will influence the ability of an organisation to make the right strategic and operational choices in the short and long terms..

ii. Risk management:
Understanding physical and transitional climate risks and opportunities is a tangible example of good governance translated into strategic decisions. Addressing climate risks may also mitigate other operational or financial risks. For instance, insurance companies increasingly rely on climate modelling to estimate potential liabilities from climate-related events by 2030 and 2050. There are consequences in terms of insurance premiums, climate mitigation costs and fund allocations.

iii. Carbon pricing:
External and internal carbon pricing is moving beyond carbon-intensive industries. Some carbon markets have recently seen significant price increases. Both voluntary and regulated emissions are becoming more substantial as a percentage of operating costs, and while some industries have been able to transfer the price to the end consumer, this is unlikely to continue going forward.

iv. Lower cost of capital:
Asset owners will increasingly be wary of capital allocations, taking into account their indirect GHG emissions across all their investments—listed and unlisted. In this respect, strategic management of climate risks/opportunities and GHG emissions may be an opportunity to attract ESG-type ratchets, linking ESG/carbon outcomes to the cost of debt. These ratchets can be in the form of both bonuses and malus, based on achieving or missing ESG or carbon related targets (e.g., European green bonds, sustainability-linked loans)

v. Valuation:
The effect on future valuations of carbon intensive portfolios seems obvious in the mid-to-long term. A poorly performing company already pays an "ESG tax", with corrective investments deducted from valuations. For instance, brown discounting is becoming more and more noticeable in today's European real estate industry, where green-labelled buildings tend to achieve higher financial returns. However, the financial premium for reducing GHG emissions and climate risks is yet to be widely proven, at least in a timeframe compatible with IRR optimization (impact of transformative capex on cash flows).

vi. Improved LP engagement and fundraising potential:
As a consequence of growing asset owner concern over climate risks, GPs committing to net zero may have access to a larger pool of asset owners, and experience more stable investor relationships over the long term. Most GPs have a diversified mix of institutional investors (different profiles, commercial needs, stakeholder pressures, and geographically-based requirements). As such, it is important for GPs to understand the variables and commitments beyond return profiles that drive investor decisions.

[15] As per the IPCC, maladaptation refers to actions that may lead to increased risk of adverse climate-related outcomes (e.g., increased GHG emissions, increased vulnerability to climate change, more inequitable outcomes, now or in the future). Most often, maladaptation is an unintended consequence.

[16] Deloitte Insights: www2.deloitte.com/us/en/insights/topics/marketing-and-sales-operations/global-marketing-trends/2020/purpose-driven-companies.html; 2020 Zeno Strength of Purpose Study.

SECTION 2A:
WHY SHOULD PRIVATE EQUITY INVESTORS ACT?

Expenses and investments will be required. However, the cost of inaction gets higher by the day.[17] Climate action will protect company valuations when taken early:

- During the holding period, climate action may reduce the cost of energy or provide opportunities for increasing sales of low-carbon products.
- At exit, whether through an IPO, sponsor or strategic buyer, the buyer will come under even more pressure to meet GHG emissions commitments. As such, will the buyer pay full value for a company which, by the middle of this decade, has not shown substantial progress on these issues? Most likely the buyer will discount the business accordingly. Designing and executing a clear plan will put the portfolio company in a better position to negotiate climate consequences with future buyer.

Moreover, PE firms are usually in a strong position to convince their clients of the validity of their climate action. iCI acknowledges this topic potentially implies the need to discuss the investment mandate, as business conditions are changing fast. LPs and asset owners are increasingly making their own commitments (e.g., Net Zero Asset Owner Alliance) and will expect substantial action from GPs.

This is why iCI believes PE firms have the capacity and the responsibility to take charge and act resolutely to fund and support the path to climate transformation among their portfolio companies. Not only does iCI encourage our members to take action, they should "do their best", i.e., extend their efforts, resources and focus to drive effective change.

A GP has sufficient influence and time to enact meaningful action on climate change at portfolio company level:

- Private equity's traditional growth and buyout funds generally invest with a goal to exit within a ten-year fund lifecycle, resulting in an average target holding period of three to seven years.
- With the emergence of longer-term funds, also referred to as patient capital, the holding periods of portfolio companies are potentially even longer.
- These timelines align with setting science-based targets and laying adequate foundations for long-term net-zero ambitions.

As shareholders, GPs have a key role to play:

- whenever they influence strategy and appoint/engage with management teams;
- whenever they prioritise capital flows towards the most climate-resilient companies;
- whenever they shape investment theses and capital flows in favour of solution-providing companies (to tackle climate change, facilitate adaptation measures, preserve biodiversity, etc).

03 REGULATIONS

Comply with international actions

Since the signing of the Paris Agreement, countries have been forced into action, spurred on by their nationally determined contributions (NDC).[18] In 2019, the United Kingdom became the first major economy to legislate for net zero, changing the long-term target in the Climate Change Act of 2008 to net zero by 2050. As of January 2022, the Energy and Climate Intelligence Unit's 'Net Zero Tracker' shows that fourteen other countries had passed net-zero legislation.[19] Additional climate-related disclosure standards are being implemented in the EU (Taxonomy, SFDR, CSRD), the UK (TCFD) and the US (New Climate Disclosure Requirements).

As with many social or environmental topics in recent decades, business acumen and cautious governance encourage PE firms to adopt corrective actions before stricter regulation comes into force. Rationales include:

- cost effectiveness;
- branding and trust (first-mover advantage, goodwill, social climate inside the company and with stakeholders); and
- the benefit of choosing the most meaningful path given the company's strategy, and not one imposed from outside.

04 REPUTATION

Meet expectations of LPs and civil society

Whilst the benefits of intangible assets, such as reputation or branding, may be hard to quantify, the damage to business and loss of value from negative press or damaging business practices is irrefutable.

For businesses, failure to act comes with unique reputational and substantial financial risks. Reputational risk does not only affect those involved in fossil fuel production or deforestation. Any business with a public profile should expect to be held accountable for its impact on the environment. Financial actors, including private equity, should heed these warnings and take action to support their portfolio companies. In Reptra's 2020 Global Trends in Reputation study, business leaders cited climate change as a top-five priority.[20] With consumers increasingly looking to support businesses that prioritise climate change, companies cannot afford to ignore their concerns. Doing so would mean putting their reputations, brands and bottom lines in jeopardy.

Civil society, whether private citizens or NGOs, is putting increasing pressure on governments and businesses to take responsibility for climate issues and to act. Direct shareholder engagement and public demonstrations have been potent forces to improve companies' disclosures. Furthermore, investors are becoming more aware of the inherent risks of poor ESG management (human rights issues in the supply chain, damage to real assets caused by climate change) as well as the potential long-term benefits of a low-carbon economy. As such, they demand transparency on the management of ESG issues to make better-informed decisions.

The implication?

In a competitive arena such as private equity, GPs may benefit from taking clear stands and meeting or exceeding stakeholder expectations on climate change.

[17] See World Economic Forum guide Winning the race to net zero.
[18] Nationally Determined Contribution as per the Paris Agreement
[19] https://eciu.net/netzerotracker
[20] https://www.reptrak.com/blog/2020-global-trends-in-reputation/

SECTION 2: A DEEPER DIVE ON WHY PE FIRMS SHOULD SET NET-ZERO TARGETS

2.B DRIVING ACTION WITH PORTFOLIO COMPANIES

This section stems from our discussions with our industry peers and is intended to provide grounds for candid conversations.

01	GROWTH COMPATIBILITY	**'How can I build a GHG emission reduction strategy that is compatible with production growth and external acquisitions?'**
02	FEASIBILITY	**'How can I assess and influence my Scope 3 emissions?'**
03	IMPACT	**'Is climate change relevant to my company?'** **'Is there any benefit from tackling climate change now? '** **'Can I consider that our [Product or Service] more than offsets our impact on the climate?'**
04	COSTS & RESOURCE RESTRAINTS	**'What is the cost of addressing climate issues?'** **'Does my company have the capacity to make this a top priority?'**
05	INFLUENCE	**'As private equity firm, how do we get the leverage to achieve net-zero outcomes?'**

01 GROWTH COMPATIBILITY

'How can I build a GHG emission reduction strategy that is compatible with production growth and external acquisitions?'

Usually, reduction opportunities lie in accessible and/or cost-effective actions (e.g., energy audits, smart meters, more efficient machinery/ equipment). By implementing these solutions, companies will both reduce their energy and associated costs, as well as their GHG emissions intensity. Furthermore, by moving to more onsite energy solutions, a business locks-in a secure supply of energy at a stable price.

It is important to look outside the company and understand:

a. What is the competition doing?

b. What are the consumer trends (if B2C)? What type of commitments are customers making (if B2B)?

c. How will not acting impact the company's reputation?

Managing for net zero encourages a company to rethink its business models and to innovate. This can lead to new business opportunities. It is not a matter of reducing production but thinking about how production can operate going forward.

Setting a net-zero strategy should not prevent a company from conducting external acquisitions, including of less mature companies. On the contrary, acquiring a less advanced competitor is an opportunity to accelerate the transition of the acquired company. Baseline and CO2 trajectories should be updated to reflect the new perimeter.

02 FEASIBILITY

'How can I assess and influence my Scope 3 emissions?'

Scope 3 usually represents more than 80% of a company's GHG emissions and the GHG Protocol states that companies must account for those emissions. Monitoring Scope 3 emissions also means better understanding and influencing the supply chain, bringing risk management benefits and future-proofing the business model. Starter questions can be:

a. Who are the suppliers?

b. Who are the most material suppliers based on carbon footprints and/or spend?

c. What are the suppliers doing and how are they managing risks?

d. Is the business unknowingly exposed to social or environmental risks in the supply chain?

e. How are the final products used and what is the footprint associated with that use?

Despite the fact that Scope 3 emissions may seem out of the control of the company, businesses are now starting to be held accountable for these emissions. In fact, in a recent landmark case, a court in The Hague ordered Royal Dutch Shell to cut its GHG emissions and ruled that the company is responsible for the emissions of its customers and suppliers.[21] SME businesses that may not have enough influence on their suppliers to drive change are encouraged to adopt a collaborative approach with their peers in the sector.

[21] https://www.forbes.com/sites/davidrvetter/2021/05/26/shell-oil-verdict-could-trigger-a-wave-of-climate-litigation-against-big-polluters/?sh=46a714b31a79

03 IMPACT

'Is climate change relevant to my company?'

Climate is relevant for all. Companies of all sizes and sectors bear responsibility over the past century for climate change and infringement of planetary boundaries. Regulation is increasingly demanding that companies consider their GHG emissions, even if they do not have a large footprint. For example, by 2025 in the UK, all companies will be required to report in line with the Task Force on Climate-related Financial Disclosure framework (TCFD). The largest companies were already subject to mandatory reporting as of April 2022. More countries are likely to follow suit. Understanding the company's GHG emissions is a good way to engage on sustainability, which includes issues relevant to all businesses (health and safety, supply chain, diversity and inclusion, employee relations).

Also, a net-zero approach based on a collective effort means that any company can be very active on the topic, challenge its peers, innovate, collaborate with different players, and develop new opportunities to change the way business is conducted.

Is there any benefit from tackling climate change now?

Companies are already starting to realise some of the early benefits from tackling climate issues through advantageous financing opportunities such as green bonds or ESG-linked financing facilities, and through reduced insurance premiums.

'Can I consider that our [Product or Service] more than offsets our impact on the climate?'

This kind of statement may be considered a form of greenwashing and potentially a harmful communication claim. Is there an opportunity being missed to bolster climate credentials and grow the top line? Companies should provide investors with comfort that operational climate issues are being measured, managed and mitigated beyond any product or service impact. If the claim is backed by sufficient evidence, the concern may become an investment opportunity.

04 COSTS AND RESOURCE CONSTRAINTS

'What is the cost of addressing climate issues?'

Some sectors will have no choice but to undertake significant investment to transform their operations. Therefore, these questions should be considered at sector and geography levels.

If all players are actively taking similar actions, market prices will adjust accordingly. For first adopters in any given market, building a moat in this respect can be a strategy to produce a competitive advantage. Another possible path would be to form coalitions with industry peers:

- to fund and develop shared R&D platforms, or
- to structure the rest of the value chain with low-carbon players that are still too small to provide for industry needs.

The cost of inaction is becoming higher by the day and exit valuations will be impacted by structural choices made today by portfolio companies. Invisible costs of inaction, such as employee morale, talent attraction and goodwill should be factored into the equation. Potential non-compliance costs should also be considered.

'Does my company have the capacity to make this a top priority?'

Except perhaps for companies struggling for their survival in the next 12-24 months, it is hard to imagine that climate issues would not be a top priority. From an energy price surge to public opinion and customer demands, climate pressure comes in many shapes and forms, possibly as a "climate-razor" to make choices for the future.

To open the discussion on priorities in an informed way:

- What is the competition doing?
- What are the consumer trends (if B2C)? What type of commitments are customers making (if B2B)?
- What is happening in the regulatory space? How will this impact the business now or in the near future?
- How will not acting immediately on this impact the company's strategy / reputation / future cash flows / business operations / employee morale / branding?

In terms of having the capacity to lead this initiative internally:

- Does the business have a strategy that is widely shared within the organisation? If yes, does this strategy consider climate risks?
- What parts of the business will be affected in the short and mid-term? What would teams need to execute a climate-ambitious plan?
- How do other operators in the sector / area organise their responses?
- Would a partnership, a shared set of resources or a common knowledge and operational hub be possible?
- The starting point of a net-zero strategy is a carbon footprint assessment, which can easily be conducted internally or outsourced at a reasonable cost, even for small companies.

05 INFLUENCE

'As a private equity firm, how do we get the leverage to achieve net-zero outcomes?'

The private equity model is well adapted to contributing to net-zero outcomes, given the GP-portfolio company relationship. For majority deals, a GP can work with the portfolio company to create a clear path to net zero. Even in the absence of control, the nature of the relationship should at least allow for a dialogue and for more concrete steps.

While certain mandates do provide more visibility over assets, or more influence to effect change, we find all private equity sub-asset classes (e.g., VC) are under growing pressure to adopt a formal position. All investment strategies have a role in 'integrating ESG into their investment processes', albeit commensurate with the limitations inherent to a particular mandate. In addition, regulators are not very discerning about types of investment strategy and tend to view the asset management industry collectively.

Section 3

iCI Member Roadmap

SECTION 3: iCI MEMBER ROADMAP

In a nutshell

iCI has developed a net-zero roadmap for its members, aligning with the recommendations of standard setters. This provides clear milestones for GPs and makes two clear points:

- Portfolio company engagement is a core component to a private equity net-zero strategy
- A net-zero strategy requires continual reinforcement

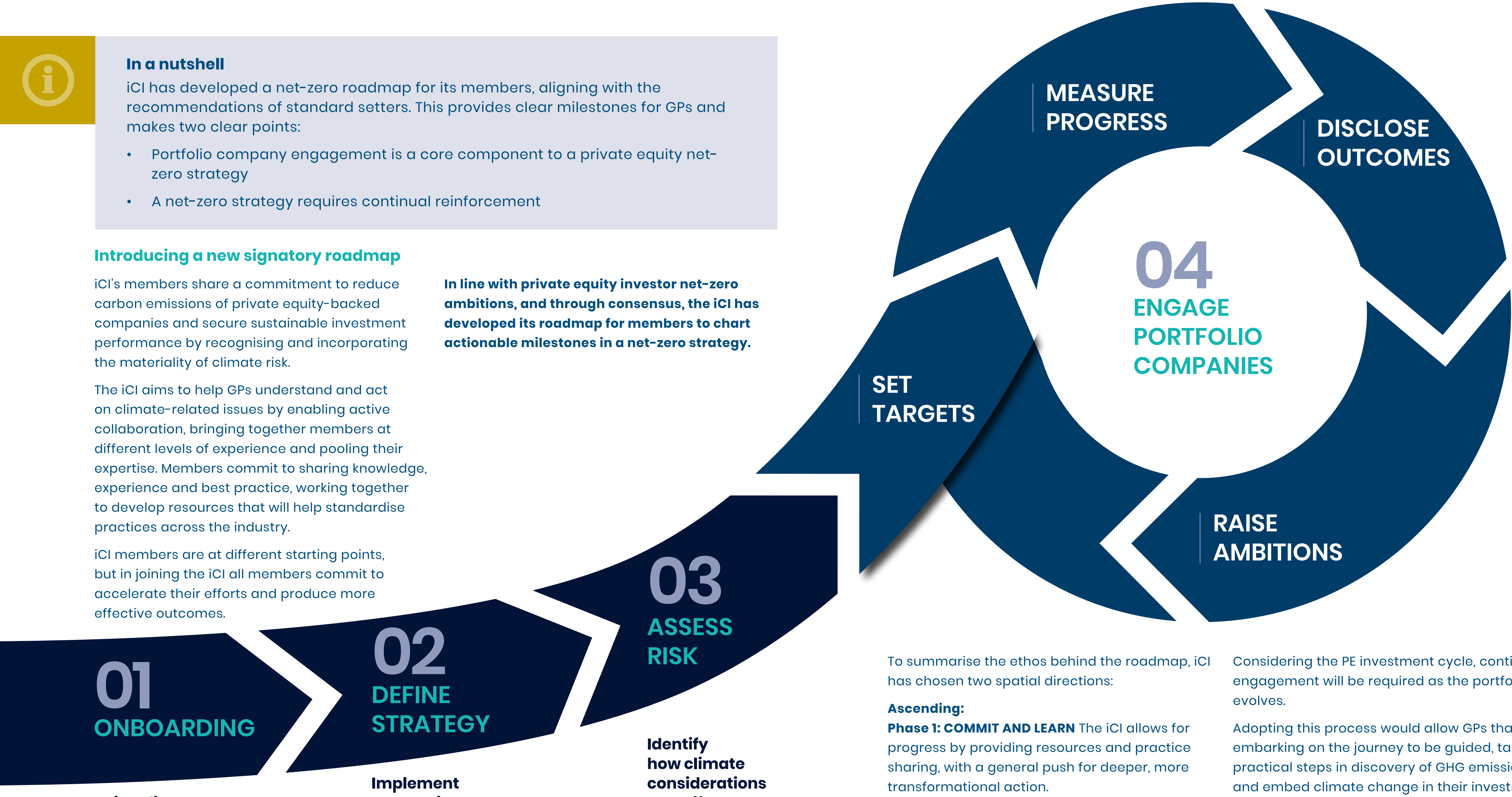
Introducing a new signatory roadmap

iCI's members share a commitment to reduce carbon emissions of private equity-backed companies and secure sustainable investment performance by recognising and incorporating the materiality of climate risk.

The iCI aims to help GPs understand and act on climate-related issues by enabling active collaboration, bringing together members at different levels of experience and pooling their expertise. Members commit to sharing knowledge, experience and best practice, working together to develop resources that will help standardise practices across the industry.

iCI members are at different starting points, but in joining the iCI all members commit to accelerate their efforts and produce more effective outcomes.

In line with private equity investor net-zero ambitions, and through consensus, the iCI has developed its roadmap for members to chart actionable milestones in a net-zero strategy.



Raise climate awareness and commitment at the firm

Implement appropriate governance of climate issues

Identify how climate considerations can affect portfolio holdings

To summarise the ethos behind the roadmap, iCI has chosen two spatial directions:

Ascending:
Phase 1: COMMIT AND LEARN The iCI allows for progress by providing resources and practice sharing, with a general push for deeper, more transformational action.

Circular:
Phase 2: ENGAGE The climate challenge will last decades. There will be unexpected effects, so initially-clear targets will need to be revisited, reshaped or abandoned. GPs should not expect a linear or static roadmap.

Considering the PE investment cycle, continuous engagement will be required as the portfolio evolves.

Adopting this process would allow GPs that are embarking on the journey to be guided, take practical steps in discovery of GHG emissions and embed climate change in their investment decisions and portfolio management.

SECTION 3: iCI MEMBER ROADMAP

A new roadmap to move towards a net-zero trajectory

PHASE 1:
COMMIT AND LEARN

01 ONBOARDING

Align climate awareness within the asset management firm

Join the iCI International and commit to concerted action on climate change

Educate and train investment teams on net-zero

- Raise awareness on net-zero concepts and the management of risks and opportunities with climate change
- Leverage the resources developed by the iCI to raise climate awareness through training

02 DEFINE STRATEGY

Implement appropriate governance of climate issues

Define a climate strategy at the asset management company level, referring to the global goal of reaching net zero in 2050 or before

Define governance on climate-related issues, as per SBTi guidance for private equity

- Board oversight on climate action
- Define responsibilities at management level

03 ASSESS RISK

Identify how climate considerations can affect portfolio holdings

Assess risks of climate change at portfolio level

- Conduct materiality analysis on portfolio companies to identify climate risks and opportunities exposure both in the short term and medium-long term (net zero 2050 scenario)
- Define key climate performance indicators for each portfolio company (e.g. energy consumption)
- Identify portfolio companies with the highest exposure and conduct in-depth analyses

Measure GHG emissions

- Support portfolio companies to measure Scope 1, 2 and 3 emissions
- Measure carbon footprint of the asset management company

Refer to the iCI standard on GHG accounting and reporting for the private equity sector for detailed guidance on how emissions are calculated and disclosed, as per SBTi guidelines.

PHASE 2:
ENGAGE

Support portfolio companies in their trajectory towards net zero and contribution to a low-carbon economy. Progressively raise ambitions.

4.1 Set Targets

Set targets on emissions reduction with portfolio companies to contribute to net zero

- Set near-term science-based targets in line with a 1.5°C / net zero 2050 scenario and validate them with a third party
- Set targets at asset management company and fund level

4.2 Measure Progress

Support the achievement of climate portfolio company action plans and measure progress on climate-related topics (climate risks and opportunities, emissions reduction)

- Define action plans to take action on short-, medium- or long-term climate risks or opportunities (physical and transitional)
- Track the progress of emissions reduction plans and associated KPIs
- Discuss with portfolio companies potential offsetting of their emissions that cannot be reduced

4.3 Disclose Outcomes

Communicate externally on targets and results via recognised disclosure frameworks

- At firm level: Disclose carbon footprint reduction and progress towards targets
- At portfolio level: Disclose the share (%) of AuM having defined a roadmap towards net zero, validated by an external party
- At portfolio level: Disclose the amount invested in thermal coal and fossil fuels

4.4 Raise Ambitions

Raise ambitions by periodically reviewing targets and enhancing commitments at portfolio level

- Update methodologies and targets on a regular basis, in line with the progress of scientific knowledge (moving targets)

Appendix

APPENDIX A

List of climate initiatives led by investors (non-exhaustive)

For further details on climate initiatives, refer to the iCI guidance on GHG Accounting and Reporting for the Private Equity sector

Initiative	Purpose
Ceres Initiative partnered with iCI	The non-profit organisation aims to transform the economy to build a just and sustainable future for people and the planet. Founded in 1989 by a group of forward-looking socially responsible investors and environmentalists, the group has steadily grown in prominence and influence. +200 institutional investors +$47 trillion in AuM Ceres is building a zero-emissions economy by driving greater corporate ambition, transparency and accountability for aggressive reductions in greenhouse gas emissions. Ceres Ambition 2030 is designed to meet the urgency of this moment.
The Principle for Responsible Investment (PRI) Private equity guidance published in partnership with iCI	A UN-supported world's leading initiative on responsible investment. The PRI has over 4,000 signatories (pension funds, insurers, investment managers and service providers) globally with approximately US $103trillion in assets under management. The PRI works with its international network of signatories to put the six Principles for Responsible Investment into practice. Its goals are to understand the investment implications of ESG issues and to support signatories in integrating these issues into investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.
The Science-Based Target initiative Private equity guidance published in partnership with iCI	The initiative founded by the CDP, United Nation Global Compact World Resources Institute (WRI) and World Wide Fund for Nature (WWF) aims to mobilise the private sector to take the lead on urgent climate action. 2634 companies taking action 1226 with science-based targets SBTi published guidance for the private equity sector, providing clear target-setting requirements on PE direct investments in buyout, growth and venture capital strategies. Also, to ensure PE firms collectively address this most material asset class and accelerate the GHG emissions calculation and target setting practices of private companies.
Climate Action 100+	Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change. 570 investors $54 trillion in AuM. The Climate Action 100+ Net Zero Company Benchmark assesses the world's largest corporate greenhouse gas emitters on their progress in the transition to a net-zero future.
The Glasgow Financial Alliance for Net Zero (GFANZ)	Launched in April 2021 by Mark Carney, UN Special Envoy for Climate Action and Finance, the UK's Finance Adviser for COP26, the COP26 Private Finance Hub in partnership with the UNFCCC Climate Action Champions, the Race to Zero campaign and the COP26 Presidency. +550 members +50 countries Bringing together existing and new net zero finance initiatives in one sector-wide coalition, GFANZ provides a forum to accelerate the transition to a net zero global economy.
The Partnership for Carbon Accounting Financials (PCAF)	An initiative led by the financial industry to develop a harmonised global standard to measure and disclose the greenhouse gas (GHG) emissions of loans and investments, in order to ultimately enable financial institutions to set science-based targets and align their portfolio with the Paris Agreement. +320 financial institution PCAF developed the Global GHG Accounting and Reporting Standard for the Financial Industry.
The CDP	A CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 680 financial institutions with over $130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Nearly 20,000 organizations around the world disclosed data through CDP in 2022, including more than 18,700 companies worth half of global market capitalization, and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative.
Paris Aligned Investment Initiative (PAII)	The Paris Aligned Investment Initiative is a collaborative investor-led global forum enabling investors to align their portfolios and activities to the goals of the Paris Agreement. It was established by four industry partners and is working in collaboration with PCAF. 118 investors $34 trillion in AuM. The initiative supports investors to implement commitments, using their Net Zero Investment Framework. The Paris Aligned Investment Initiative is now collaborating with the Partnership for Carbon Accounting Financials (PCAF).
The Institutional Investors Group on Climate Change (IIGCC)	The European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low-carbon future. +300 members, mainly pension funds and asset managers +22 countries +€37 trillion in AUM IIGCC recently released a net-zero investment framework implementation guide. A dedicated private equity component is being finalised and will provide a common set of recommended actions, metrics and methodologies through which investors can maximise their contribution to achieving net-zero global emissions by 2050 or sooner.
The Net Zero Asset Managers initiative	An international group of asset managers committed to supporting the goal of net-zero GHG emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5C°; and to supporting investment aligned with net-zero emissions by 2050 or sooner. 236 signatories including investors $57 trillion AUM. The Net Zero Asset Managers initiative is part of the UN Race to Zero initiative, which aims to rally leadership and support from businesses, cities, regions and investors for a healthy, resilient, zero-carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth.
UN-convened Net zero Asset Owner Alliance	An international group of institutional investors delivering a bold commitment to transition their investment portfolios to net-zero greenhouse gas emissions by 2050. 71 institutional investors $10.4 trillion AUM. The initiative shows united investor action to align portfolios with a 1.5°C scenario, addressing article 2.1 of the Paris Agreement.
Sustainable Markets Initiative Asset Manager & Asset Owner Task Force (PESMIT)	At the invitation of His Royal Highness The Prince of Wales, executives from a number of the world's largest asset managers and asset owners have come together under the auspices of the Sustainable Markets Initiative's (SMI) Asset Manager and Asset Owner Task Force (AMAO) to work on meaningful and actionable plans to help accelerate the transition to a sustainable future. The SMI AMAO offer resources to help institutional investors pursue net zero; including guidance on asset stewardship and allocation, and portfolio construction, as well as recommendations to accelerate transition finance.

APPENDIX B

List of other Net Zero guides for investors and companies (non-exhaustive)

Date	Author	Typology	Title	Public	Lang
October 2022	iCI	Guide	**TCFD Implementation Considerations for Private Equity**	Financial firms	EN
August 2022	Glasgow Financial Alliance for Net Zero (GFANZ)	Guide	**Measuring Portfolio Alignment**	Financial firms	EN
April 2022	SBTi	Guide	**Foundations for Science-Based Net Zero Target Setting in the Financial Sector**	Private Equity	EN
January 2022	World Economic Forum	Guide	**Winning the race to Net Zero: The CEO Guide to Climate Advantage**	Corporate	EN
November 2021	Glasgow Financial Alliance for Net Zero	Progress report	**The Glasgow Financial Alliance for Net Zero: Our progress and plan towards a Net Zero global economy**	Financial firms	EN
September 2021	SBTi	Guide	**Private Equity Sector**	Corporate	EN
Aug 2021	Deloitte	Guide	**"Net Zero" Debunked : A field guide for Board and C-suite executives to respond effectively to the climate emergency**	Public	EN
Aug 2021	IGCC	Guide	**Net Zero Investment Framework:**	Investors	EN
July 2021	RPMI Railpen	Case study	**Net Zero Plan**	Public	EN
July 2021	Carbon 4	Guide	**Net Zero Initiative - Final report**	Corporate	EN
June 2021	Robeco	White paper	**Showing the way to Paris-aligned investing**	Public	EN
March 2021	IIGCC	Progress report	**The Net Zero Investment Framework: Implementation guide** [21]	Investors: Real Estate & PE	EN
March 2021	ADEME	Guide	**Les avis de l'ADEME - La neutralité Carbone**	Corporate & Government agencies	FR
February 2021	Net Zero Asset Owner Alliance UN PRI / UNEP FI / WWF / Global Optimism	Protocol guidance	**Inaugural 2025 Alliance Target Setting Protocol**	Asset Owners	EN
April 2020	Carbon 4	Guide	**Net Zero Initiative - A framework for collective carbon neutrality**	Corporate	EN

[21] Guidance for private equity being finalised

APPENDIX C

List of members as of as of November 2022

21 Centrale Partners
3i
Abénex Capital
Access Capital Partners
Acofi Gestion
Activa Capital
Adagia Partners
Adamantem Capital
Adams Street Partners
Advent International Corporation
AE Industrial Partners
Affinity Equity Partners
Albarest Partners
Alchemy
Alliance Entreprendre
Allianz Capital Partners GmbH
AlpInvest Partners
AltamarCAM
Alter Equity 3P
Alven
Amethis
Amundi PE
Andera Partners
Antin Infrastructure Partners
AP3
AP6
Apax France
Apax Partners
Apicap
Arcano Partners
ARCH EM Partners
Ardian
Ares Management
Argos Wityu Partners S.A
Arjun Infrastrucute Partners Ltd
Arkéa Capital
Arsenal Capital Partners
Astorg
Atlante Gestion
Axcel Management
Azulis Capital
BAI Capital Management
Basalt Infrastructure Partners
BayPine
BC Partners
Bee Up Capital
BlackFin Capital Partners
Blisce
BlueGem
Bregal Investments
Bridgepoint
Caisse des dépôts et consignations
Cambridge Associates
Capital Croissance
Capital Dynamics
Crescent Point Group
Capital Export
CAPZA
Carlyle
Castik Capital
Cerea Partners
Certior Capital
CGE Partners
Charterhouse Capital Partners LLP
Chequers Partenaires S.A
Church Commissioners for England
Cibus Investments Limited
CIC Private Debt
Ciclad
Cinven
Clayton, Dubilier & Rice
Coller Capital
Conquest Group
Crédit Mutuel
Credit Suisse
Crescent Point Group
Cube Infrastructure Managers
Cubera Private Equity
CVC Capital Partners
Demeter Partners
DigitalBridge
Duke Street
Educapital
Eiffell Investment Group
EIG
EmergeVest
EMK Capital
Energy Impact Partners
EQT
Equistone Partners Europe
Eurazeo
Eutopia Gestion
Everstone Capital
Experienced Capital
Exponent
Flexstone Partners SAS
FnB Private Equity
Foresight Group
Fremman Capital
Freshstream
FSN Capital
Galiena Capital
GENEO Partenaires
GHO Capital
Global Infrastructure Partners
Greenpeak Partners
Hamilton Lane
HarbourVest Partners
Hermes GPE
Hg
Highlight Capital
Horizon Capital
Hosen Capital
I Squared Capital Advisors
IDG Capital
IDIA Capital Investissement
Idinvest Partners
IG4 Capital
IK Investment Partners
Inflexion
Infracapital
Infrared Capital Partners
InfraVia Capital Partners
Innovafonds
Intermediate Capital Group
Investindustrial
Isatis Capital
IXO Private Equity
John Laing Group
Kayne Anderson Capital Advisors
Keensight Capital
Kepler Chevreux Invest SAS
Kerogen
Kieger AG
KKR
Kohlberg & Company
Korelya Capital
Latour Capital
Lauxera Capital Partners
LBO France
LFPI Gestion
LGT Capital Partners
Lightrock Capital
Lightspeed China Partners
Livingbridge
LT Capital
LYFE Capital
M80 Partners
Main Capital
Mayfair Equity Partners LLP
MBO & Co
MCapital
Meanings Capital Partners
Mérieux Equity Partners
MidEuropa
Momentum Invest
Montagu
Montana Capital Partners AG
Montefiore Investments
Motion Equity Partners
Naxicap Partners
NCI
Neuberger Berman
NextStage AM
NIO Capital Management
NiXEN
NORD Holding
Nordic Capital
NorthEdge Capital
Oak Hill Advisors
Oakley Capital
Ocean Link Partners
ODDO BHF
Omnes Capital
One Rock Capital Partners LLC
Onex
Pacific Equity Partners
PAI Partners
Palatine Private Equity
Pantheon Ventures
Parquest Capital
Partners Group
Pechel
Permira
Polaris
Pollen Street Capital
Qualium Investissement
RB Capital
Revaia
Richland Capital
Ring Capital
Riverstone
Roc Partners
Rothschild & Co
Sagard Private Equity Partners
Seraya Partners
Seventure Partners
Silverfleet Capital
Siparex Groupe
Sparring Capital
Stafford Capital
StepStone Group
Stirling Square
Stonepeak
Suma Capital
Swen Capital Partners
TA Associates
TDR Capital
TowerBrook
TPG
Triton
Turenne Groupe
UI Investissement
Vantage Infrastructure
Vauban Infrastructure Partners
Vendis Capital
Veritas Capital
Verod Capital Management
Warburg Pincus
Weinberg Capital
Yotta Capital

initiative
climat
international

Private equity action on climate change