



SETTING THE SCENE ON CLIMATE INTEGRATION FOR PE AND VC

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Founder & Sustainability Strategist

ABOUT MYSELF



- **8y+ experience from sustainable investments**
- Sustainability strategist (**Formuesforvaltning**), ESG-analyst (**Nordea**), **Carnegie**
- Wealth Management Trainee Program (Nordea)
- **Co-founder of Norsif**
- **Mentor Katapult Ocean start-ups**

SustainableInsight (founder)

- **WHAT:** Support the acceleration of pioneering and best practise sustainability approaches and investments for fund managers, investors and companies.
- **WHO:** Particular focus on venture capital and private equity

ABOUT MYSELF

EXTENSIVE WORK WITH AND FOCUS ON PE/VC

ESTABLISHING STRATEGY, FRAMEWORKS AND INDUSTRY BEST PRACTISE

- **Strategy for sustainability** and PE/VC
- **Integration of sustainability** in due dil, active ownership and reporting
- **Extensive insight in best practise** in the industry
- **VC - Sustainability Framework**

SHARING INSIGHT IN SUSTAINABILITY AND PE

- **«Green and equitable private equity»**, chronicle Finansavisen
- **PE and sustainability seminars**
- **Roundtable** on climate risks and investment opportunities (NVCA collaboration)
- **Invited to Minister of Finance** for dialogue meeting on private equity

BIG PASSION FOR:
Green technology
Value creation from sustainability
Mobilizing capital for green tech
Cutting-edge best practise

SHARING INSIGHT IN GREEN TECH AND VC

- **«Redefining green tech investments»**, StartUpExtreme
- **LØRN TECH** podcast on green tech
- **«Bill Gates has a point»**, chronicle E24
- **«Oslo Scale Up Day - Rethinking green investments»**



CLIMATE IS TOP OF AGENDA FOR PE FUND MANAGERS AND INVESTORS

83% of the PE fund managers and investors in PwCs study are concerned about climate risks in their portfolios

77% are concerned about carbon footprint reporting

Source: PwC PE Responsible Investment Survey 2019

BUT ACTION IS MOVING TO SLOW!

BIG GAP BETWEEN CONCERNS AND ACTION

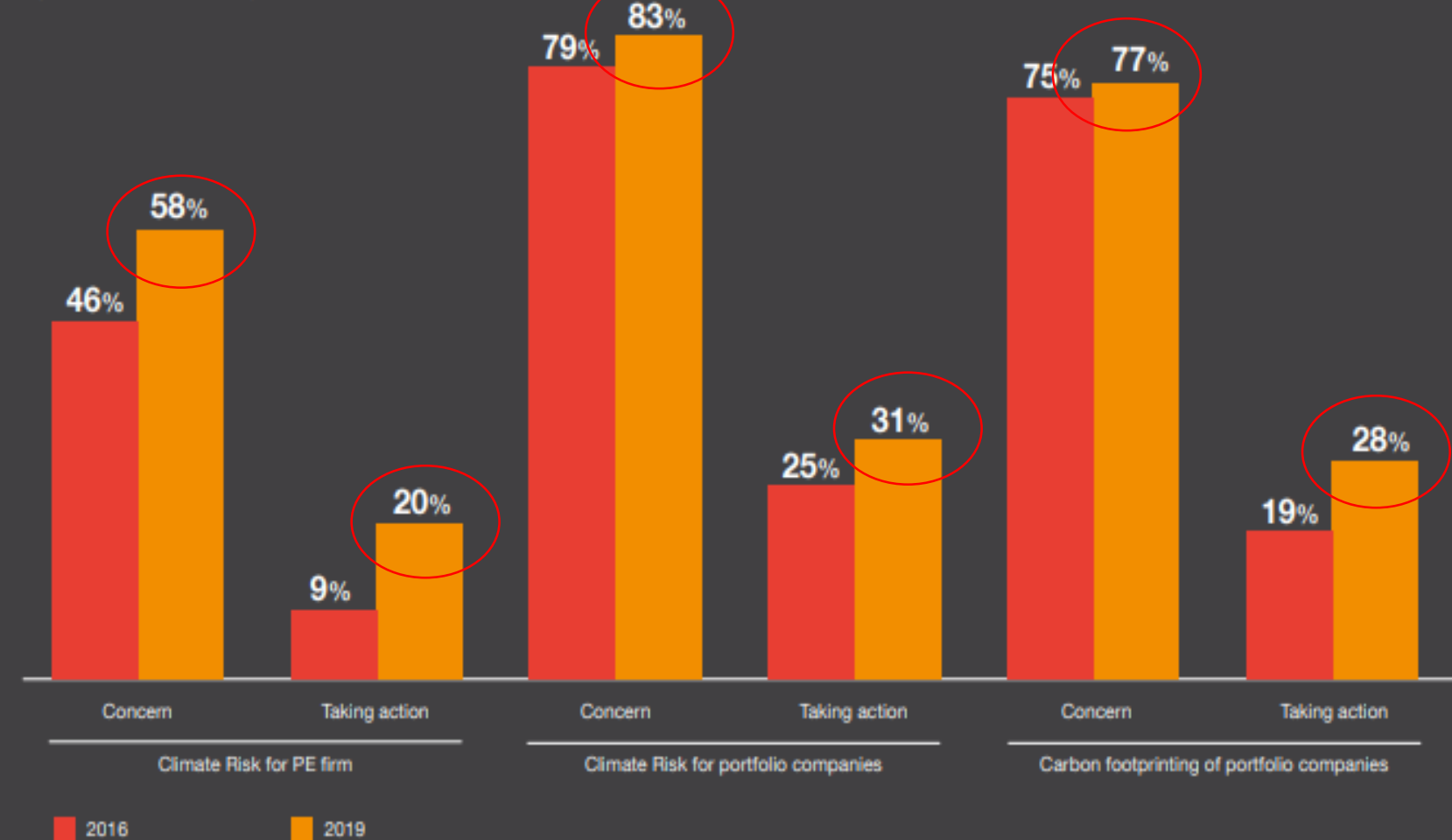
- **58%** concerned for **climate risk** for PE firms, **20%** take action
- **83%** concerned for **climate risk** for portfolio companies, **31%** take action
- **77%** concerned for **carbon footprinting** of portfolios, **28%** take action

Source: PwC PE Responsible Investment Survey 2019

Figure 6: Evolution of concern and action on climate-related topics over time

Q. What is your level of concern for emerging responsible investment or ESG issues? (very and slightly concerned)

Q. How are you addressing this issue? (For each issue selected as "very concerned" or "slightly concerned", Yes we have already implemented measures)



Source: PwC PE Responsible Investment Survey 2016 & 2019

Base: All respondents 2019 (162), 2016 (111)

WHY?

INVESTORS DEMAND MORE REPORTING AND TRANSPARENCY

80% of companies surveyed by ERM
faced increased pressure from investors to
**report climate-related risk and
management**

Source: ERM «Climate change risk – the new investment
fundamental» (2018)

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MARKETS

Show Us Your Climate Risks, Investors Tell Companies

Companies are expected to face a record of 75 or more climate-related shareholder proposals at coming annual meetings

STILL, ONLY A MINORITY OF PE FUNDS MEASURE AND REPORT CO2 EMISSIONS OF INVESTMENTS

ARGENTUMS ESG FUND MANAGER SURVEY:

8.6% of the total underlying portfolio reported CO2-emission data (63 companies)

*“The report shows that **few of the underlying companies have data for this**”*

*“Argentum will **continue to request this data from the managers in order to form a better picture of CO2 emissions in the underlying portfolio**”*

Source: Argentums ESG Report 2018



IT IS VITAL THAT WE STEP UP AND ACT

SO, WHAT SHOULD BE DONE?

NOT ONLY PE – VC AS WELL!

CLIMATE INTEGRATION IS RELEVANT FOR VC

	PRIVATE EQUITY	VENTURE CAPITAL
POSITIONING	<ul style="list-style-type: none">• INTEGRATE IN INVESTMENT STRATEGY	<ul style="list-style-type: none">• INTEGRATE IN INVESTMENT STRATEGY
REDUCE RISK/ STRENGTHEN COMPANY	<ul style="list-style-type: none">• INTEGRATE IN DUE DILIGENCE• IDENTIFY AND MANAGE CLIMATE RISK• RESILIENCE STRATEGY FOR REPOSITIONING OF COMPANIES	<ul style="list-style-type: none">• INTEGRATE IN DUE DILIGENCE
SEIZE OPPORTUNITIES	<ul style="list-style-type: none">• INVESTMENT OPPORTUNITIES• VALUE CREATION FROM SUSTAINABILITY	<ul style="list-style-type: none">• INVESTMENT OPPORTUNITIES• VALUE CREATION FROM SUSTAINABILITY
REDUCE CLIMATE IMPACT	<ul style="list-style-type: none">• PLAN AND TARGETS FOR CO2-EMISSION REDUCTION (DECARBONIZATION)	<ul style="list-style-type: none">• CLIMATE AWARENESS AND EMISSION AVOIDANCE
MEASURE AND REPORT	<ul style="list-style-type: none">• MEASURE & REPORT CO2-EMISSIONS (SCOPE 1,2,3)• MEASURE & REPORT POSITIVE IMPACT OF GREEN BUSINESS	<ul style="list-style-type: none">• MEASURE & REPORT CO2-EMISSIONS (SCOPE 1,2,3)??• MEASURE & REPORT POSITIVE IMPACT OF GREEN BUSINESS (TECH & PRODUCTS)

WHAT FRAMEWORKS AND GUIDELINES ARE AVAILABLE?

TCFD RECOMMENDATIONS



Source: TCFD Recommendations

- | | |
|---------------------|---|
| Governance | <ul style="list-style-type: none">- Board oversight- Management responsibility |
| <hr/> | |
| Strategy | <ul style="list-style-type: none">- Climate-related risks and opportunities- Impacts on businesses, strategy, and financial planning- Climate scenario analysis |
| <hr/> | |
| Risk Management | <ul style="list-style-type: none">- Process to identify and assess risks- Process to manage risks- Integration into overall risk management |
| <hr/> | |
| Metrics and Targets | <ul style="list-style-type: none">- Metrics to assess climate-related risks and opportunities- Scope 1, 2 and, if appropriate, Scope 3 emissions- Targets to manage climate-related risks and opportunities |

WHAT FRAMEWORKS AND GUIDELINES ARE AVAILABLE?



**IIGCC, PRI «A GUIDE ON CLIMATE CHANGE
FOR PRIVATE EQUITY INVESTORS (MAY, 2016)**

Recommendations for both LPs and GPs



**LEADING PIONEERS ARE STEPPING UP
INDUSTRY'S EFFORTS**

Initiative Climat International

An aerial, top-down view of a city, likely Hong Kong, with a high density of buildings and green spaces. The city is arranged in a circular pattern, resembling a globe, with a light gray background outside the circular city area. The text is overlaid on a dark gray horizontal band across the center of the image.

QUESTIONS WE SEEK ANSWERS TO

– TO ACCELERATE THE INDUSTRYS
CLIMATE INTEGRATION

THE «ACHIEVING» PART OF CLIMATE INTEGRATION

- What is status of the industry`s climate integration efforts?
- Where are practises lagging the most?
- What is best practise?
- What are some of the challenges GPs are facing?
- Current and expected demands from LPs – and should they do more?

REPORTING OF CLIMATE IMPACT AND CO2-EMISSIONS

- Strive for CO2- emission portfolio coverage independent of sector/size?
- Quantitative vs qualitative reporting?
- Scope 3 - should the industry strive to measure scope 3?
- How to best measure positive climate impact of green business?
- What is the value of measuring/reporting CO2-emissions for GPs and LPs?
- What tools are available?
- PE vs VC perspective

REPORTING VS ACHIEVING



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