SETTING THE SCENE ON CLIMATE INTEGRATION FOR PE AND VC

Susanne Gløersen, SustainableInsight
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 diligence, 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

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»

BIG PASSION FOR:
• Green technology
• Value creation from sustainability
• Mobilizing capital for green tech
• Cutting-edge best practise
CLIMATE IS TOP OF AGENDA
FOR PE FUND MANAGERS AND INVESTORS

83% of the PE fund managers and investors in PwC's 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
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)
“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!
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<td>reduce risk/strengthen company</td>
<td>• Integrate in investment strategy</td>
<td>• Integrate in investment strategy</td>
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| seize opportunities | • Integrate in due diligence  
| | • Identify and manage climate risk  
| | • Resilience strategy for repositioning of companies | • Integrate in due diligence |
| reduce climate impact | • Investment opportunities  
| | • Value creation from sustainability | • Investment opportunities  
| | | • Value creation from sustainability |
| measure and report | • Plan and targets for CO2-emission reduction (Decarbonization) | • Climate awareness and emission avoidance |
| | • Measure & Report CO2-emissions (Scope 1,2,3)  
| | • Measure & Report positive impact of green business | • Measure & Report CO2-emissions (Scope 1,2,3)  
| | | • Measure & Report positive impact of green business (Tech & Products) |

Climate integration is relevant for VC.
WHAT FRAMEWORKS AND GUIDELINES ARE AVAILABLE?

TCFD RECOMMENDATIONS

Governance
- Board oversight
- Management responsibility

Strategy
- Climate-related risks and opportunities
- Impacts on businesses, strategy, and financial planning
- Climate scenario analysis

Risk Management
- Process to identify and assess risks
- Process to manage risks
- Integration into overall risk management

Metrics and Targets
- 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

Source: TCFD Recommendations
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
QUESTIONS WE SEEK ANSWERS TO
– TO ACCELERATE THE INDUSTRY'S 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
SUSTAINABLEINSIGHT, SUSANNE GLØERSEN

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