

First net zero guidance for private equity for GPs and LPs launched by IIGCC

- IIGCC has developed a new private equity component for the Net Zero Investment Framework (NZIF) first published by the Paris Aligned Investment Initiative (PAII) in March 2021
- The comprehensive guidance – covering metrics, targets and implementation actions relevant to GPs and LPs – offers a coherent industry-wide approach to net zero
- For the first time, the component provides a blueprint for GPs to make and implement net zero commitments and allows LPs to incorporate private equity in net zero strategies for multi-asset class portfolios

The Institutional Investors Group on Climate Change (IIGCC) has today published a new component for the Paris Aligned Investment Initiative (PAII)'s Net Zero Investment Framework (NZIF), providing guidance on aligning private equity portfolios with net zero that is relevant to both GPs and LPs.

The addition of this new component is part of a strategy of continued expansion of the NZIF, following its initial launch in March 2021. The new component brings the asset classes covered to five: listed equity and corporate fixed income, sovereign bonds, real estate and private equity.

The NZIF is used by signatories of the [Net Zero Asset Managers initiative](#) and the [Paris Aligned Asset Owners](#), outlining a common set of recommended actions, metrics and methodologies to maximise their contribution to achieving net zero emissions globally by 2050 or sooner.

The proposed private equity guidance is now open for public consultation [here](#) until 27 February 2022, with the final component expected to be published in Q2 2022.

The most comprehensive private equity guidance currently available, the NZIF component is the first to be relevant to both GPs and LPs and covers scope and implementation in addition to metrics and targets. Specifically, it covers:

- **Scope** of portfolio companies to be considered for measurement and management as part of a net zero strategy for private equity
- **Metrics and targets** to measure alignment over time
- **Implementation actions** to achieve alignment targets and decarbonisation in the real economy.

Importantly for LPs, where asset owners and managers have multi-asset class portfolios, the new private equity component is designed to be integrated with the broader recommendations of the Net Zero Investment Framework 1.0. This will allow the asset class to be incorporated in net zero strategies for multi-asset class portfolios for the first time.

Stephanie Pfeifer, CEO, IIGCC, said: “This is an important step in bringing private markets – an ever-expanding and influential part of financial markets – in line with public markets. When it comes to net zero, private equity is currently a blind spot for institutional investors. We look forward to now seeing how many GPs adopt and are able to use the private equity components as a blueprint to make and implement net zero commitments.”

“Ultimately, the more asset classes that can be incorporated into net zero analysis and strategy, the better chance asset owners and managers have of delivering real-world impact. We will therefore look to add more asset classes to the Net Zero Investment Framework this year.”



Fabio Raghino, Partner and Head of Strategy & Sustainability at Ambienta, said: “The proposed approach has tried to consider the practical complexities of implementing net zero strategies across the breadth of the private equity sphere and provide actionable suggestions to market participants. We think all GPs, across stages and sizes, should benefit from the guidelines produced and embark with us on the net zero journey, as it requires everyone to contribute.”

Bryn Gostin, Managing Director and Head of Product Development & Strategy and chair of Responsible Investment Committee at Capital Dynamics, said: “The Net Zero Investment Framework for private equity is a catalyst for driving change towards a sustainable future. The guidelines address how GPs and LPs can take meaningful action in aligning investments with the goals of the Paris Agreement and turn pledges into practice.”

James Turner, Investment Manager at Railpen, said: “The Net Zero Investment Framework has already proven extremely valuable in helping us assess our listed equities portfolio against our stated net zero strategy. We are delighted that for the first time we will soon be able add the asset class of private equity to our analysis.”

The latest addition to the framework was developed by an IIGCC-led working group with input from the Paris Aligned Investment Initiative’s partner networks and their private equity-focused members. The working group co-leads were Bryn Gostin, Managing Director, Head of Product Development & Strategy, Capital Dynamics and Fabio Raghino, Partner & Head of Sustainability & Strategy, Ambienta.

The consultation document can be viewed [here](#).

ENDS

Notes to editors

Media contact

Ross Gillam, Head of Media Relations, IIGCC

rgillam@iigcc.org

+44 (0)738 850 6013

About IIGCC

The Institutional Investors Group on Climate Change (IIGCC) is the European membership body for investor collaboration on climate change and the voice of investors taking action for a prosperous, low carbon future. IIGCC has more than 375 members, mainly pension funds and asset managers, across 23 countries, with over €51 trillion in assets under management.

IIGCC works to support and help define the public policies, investment practices and corporate behaviours that address the long-term risks and opportunities associated with climate change. For more information visit www.iigcc.org and [@iigccnews](https://twitter.com/iigccnews).

About the Paris Aligned Investment Initiative

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.

The Paris Aligned Investment Initiative (PAII) was established in May 2019 by the Institutional Investors Group on Climate Change (IIGCC). As of March 2021, the initiative has grown into a global collaboration supported by four regional investor networks – AIGCC (Asia), Ceres (North America), IIGCC (Europe) and IGCC (Australasia).

118 investors representing \$34 trillion in assets have engaged in the development of the Net Zero Investment Framework through the Paris Aligned Investment Initiative.

www.parisalignedinvestment.org