

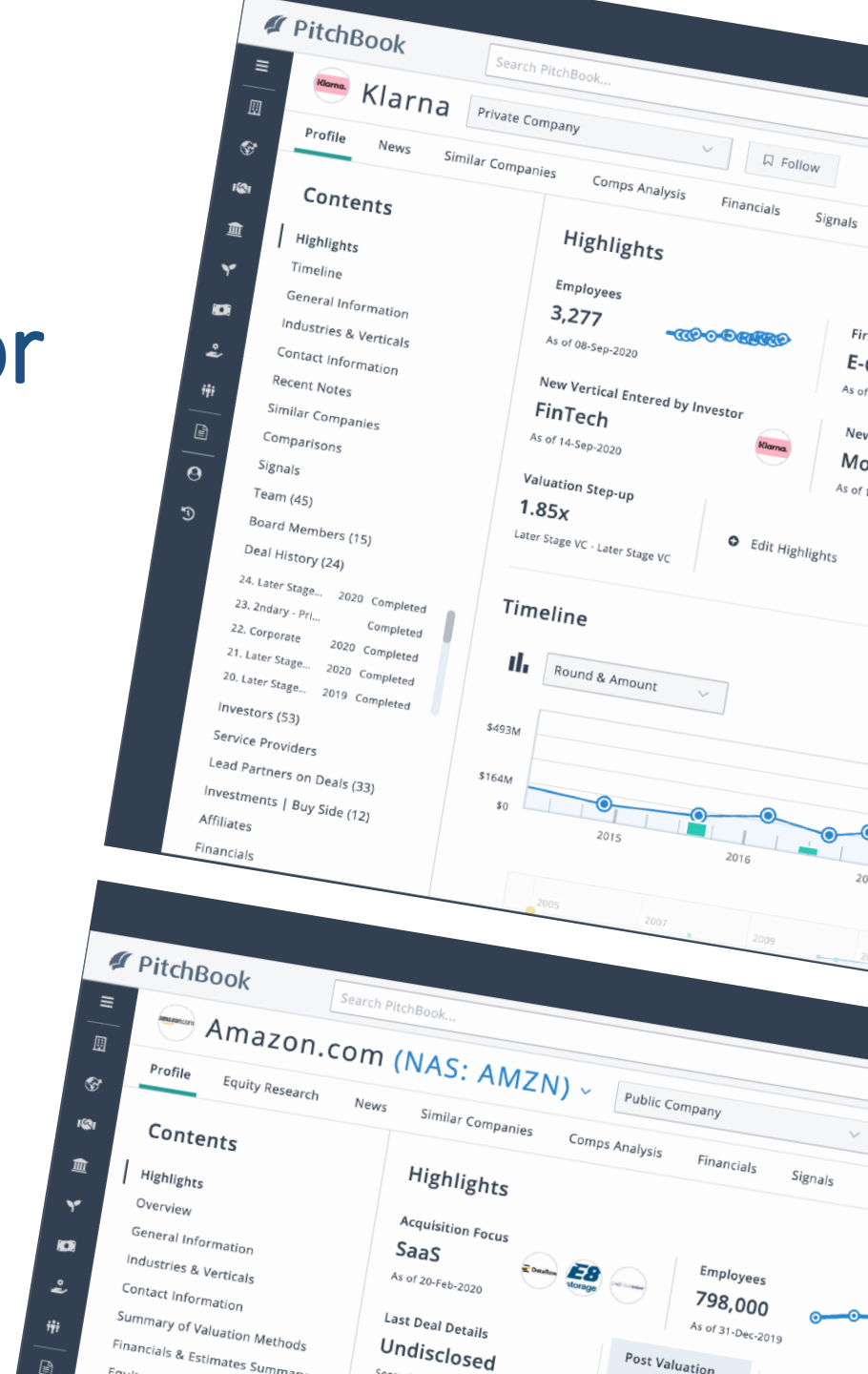


WEBINAR

# Views On Sustainable Investing: Exploring Private Market Views On Impact and ESG Risk Factors

# PitchBook: The leading resource for private and public market analysis

PitchBook is a financial technology company that provides data on the capital markets to help professionals discover and execute opportunities with confidence and efficiency. We collect and analyze detailed data on the entire venture capital, private equity and M&A landscape—including public and private companies, investors, funds, investments, exits and people. Our data and analysis are available through our suite of products (the PitchBook Platform), industry news and in-depth reports.



# Presenters



**Hilary Wiek, CFA, CAIA**

Lead Analyst, Fund Strategies & Performance  
PitchBook



**Dylan Cox**

Head of Private Markets Research  
PitchBook

# Research Coverage:

## *2021 Sustainable Investment Survey*

[Download Survey](#)

## *Impact Funds by Reason and Region*

[Download Note](#)

## *ESG and the Private Markets*

[Download Note](#)



PitchBook.

### Analyst Note

Impact Funds by Reason and Region  
Unpacking impact focus areas and where capital is flowing in the space

Author  
HILARY WIEK, Lead Analyst, Fund Strategies and Performance

PitchBook.

### Q2 2021 Analyst Note

ESG and the Private Markets  
Navigating the application of ESG in the private markets

Author  
HILARY WIEK, CFA, CAIA, Lead Analyst, Fund Strategies & Performance

# Agenda

- About the survey
- Motivations and priorities
- Views on sustainable investing
- Resources
- Q&A

POLL

Q: Select the option that most closely fits your organization

A

Asset Manager (LP)

B

Asset Owner (GP)

C

Both (have LPs and are an LP)

D

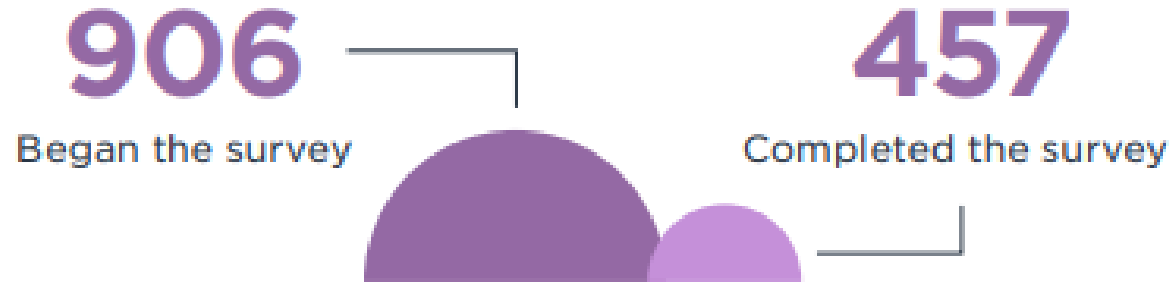
Other



# About the Survey

Survey by the numbers

906 began the survey, 457 completed it (up from 368 in 2020)




448/330<sup>1</sup>  
Ratio of respondents with an implemented sustainable investment program to those with none



37  
Days the survey was open  
(June 24 to July 30)

\$2,285  
Donated to  
World Central Kitchen

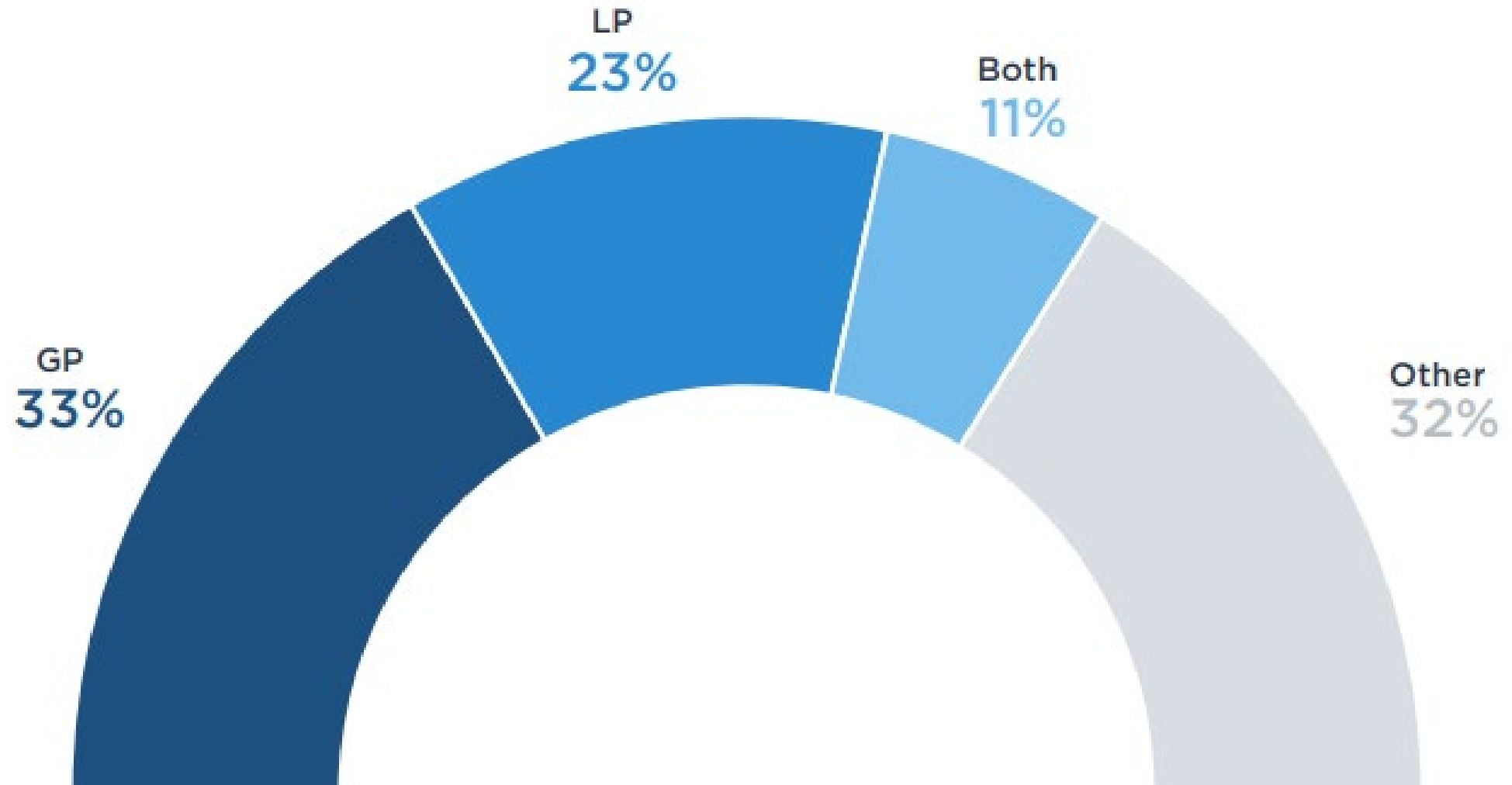


9/9  
Ratio of geographic regions represented to geographic regions provided



Respondents by Participant Type

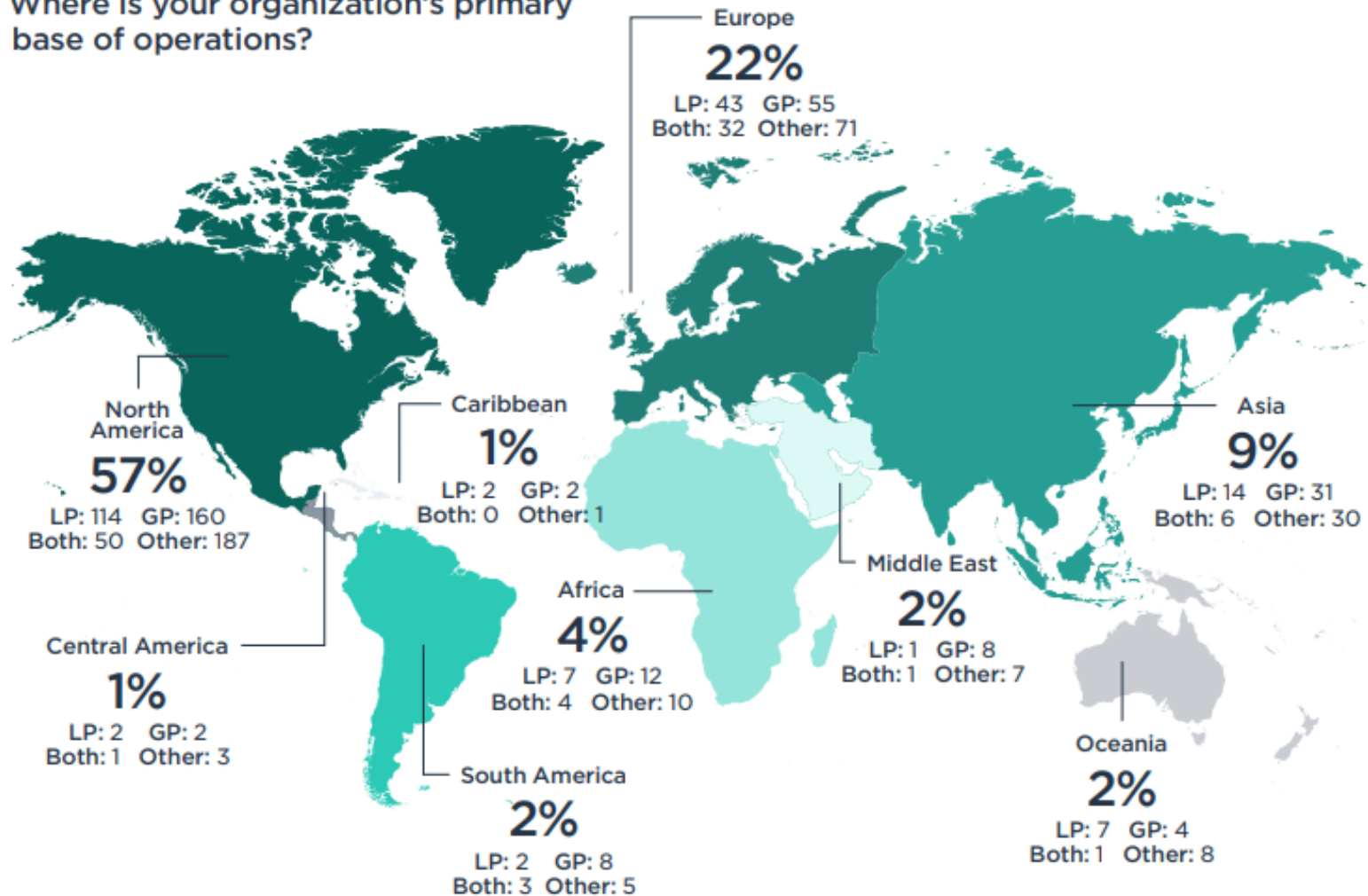
## The Mix of Respondents Was Nicely Representative



## Respondents by Region

In 2020, 65% Came From North America; 2021 More Globally Representative

Where is your organization's primary base of operations?



## Laying Out the Playing Field



# Motivations and Priorities

POLL

Q: On what areas are you most focused when it comes to sustainability in an investment context?

A

Environmental Health and Safety

B

Natural Resource Preservation and Management

C

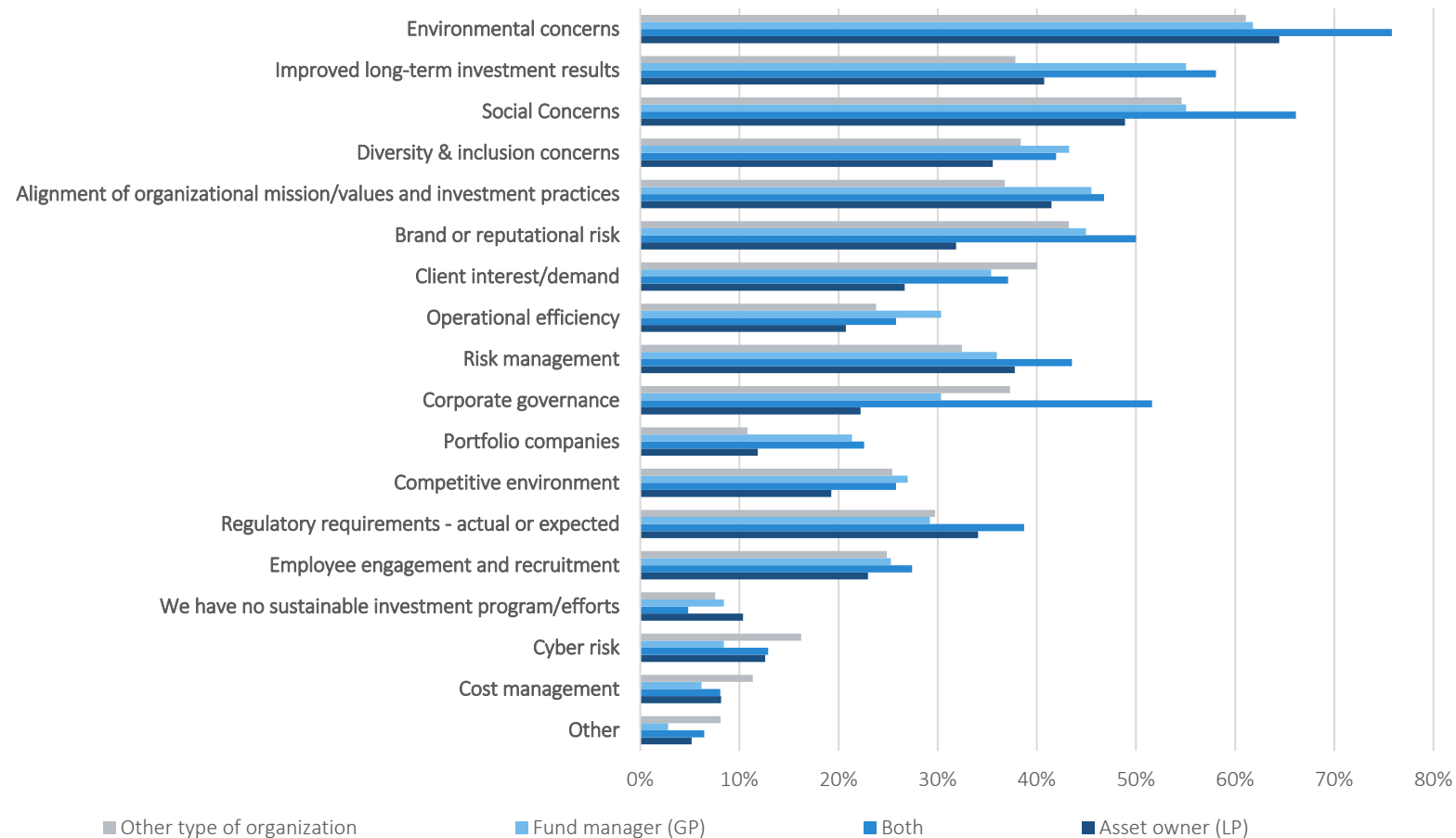
Social Issues

D

Corporate Governance

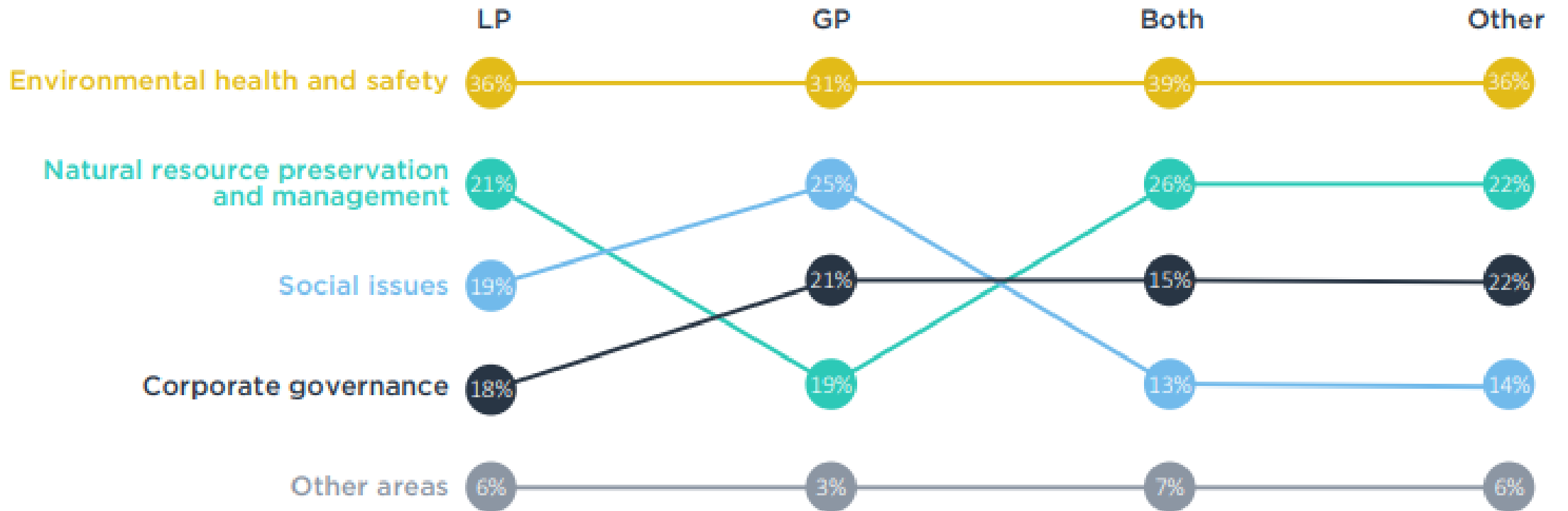
## Funds of Funds Are More Passionate About Most Drivers; GPs Slightly More Motivated by D&I Than Others

What factors led to the development of your sustainable investment program or efforts?



## All Respondent Types Ranked Environment First Most Often, GPs Selected Social Issues More Than Others

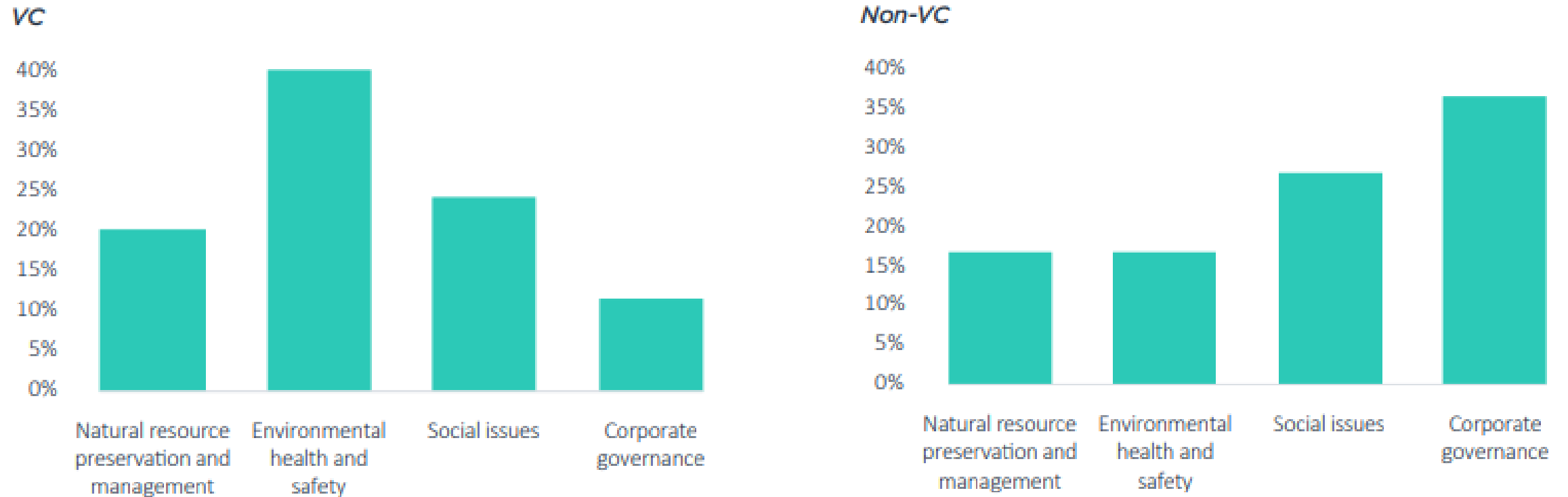
On what areas are you most focused when it comes to sustainability in an investment context?





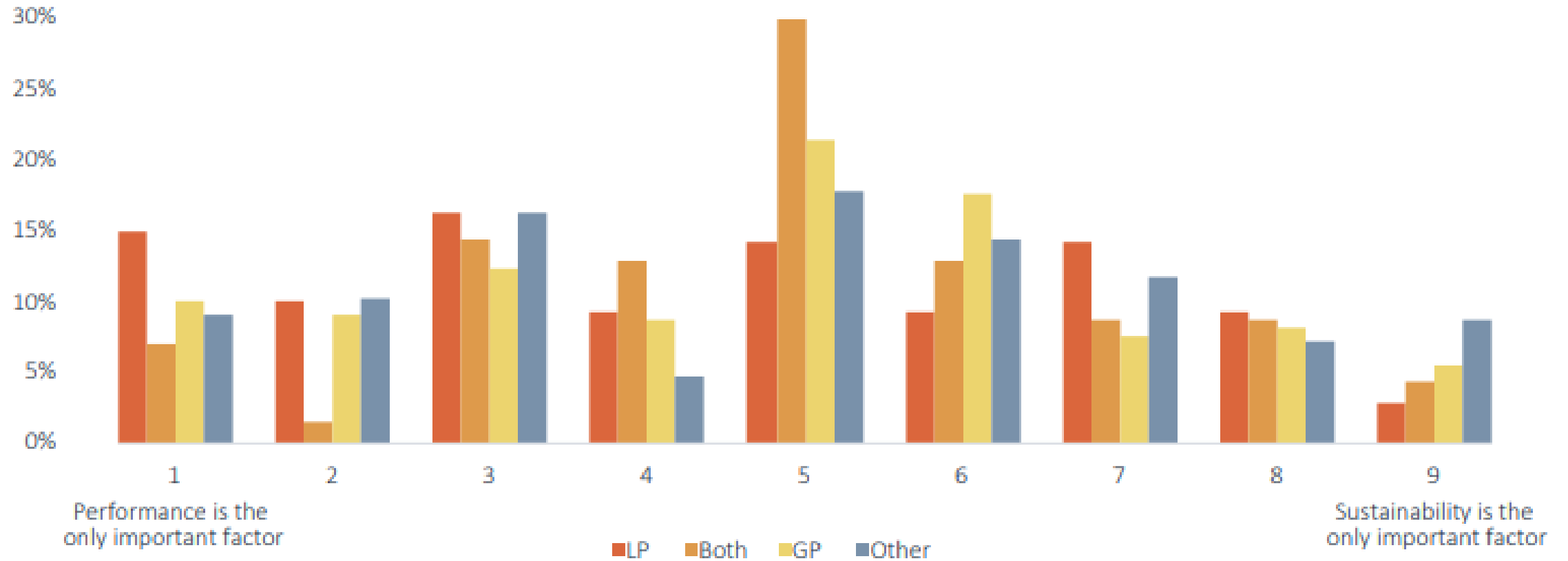
## VC GPs Prioritizing Environmental Health and Safety, Non-VC GPs Prioritizing Corporate Governance

On what areas are you most focused when it comes to sustainability in an investment context?



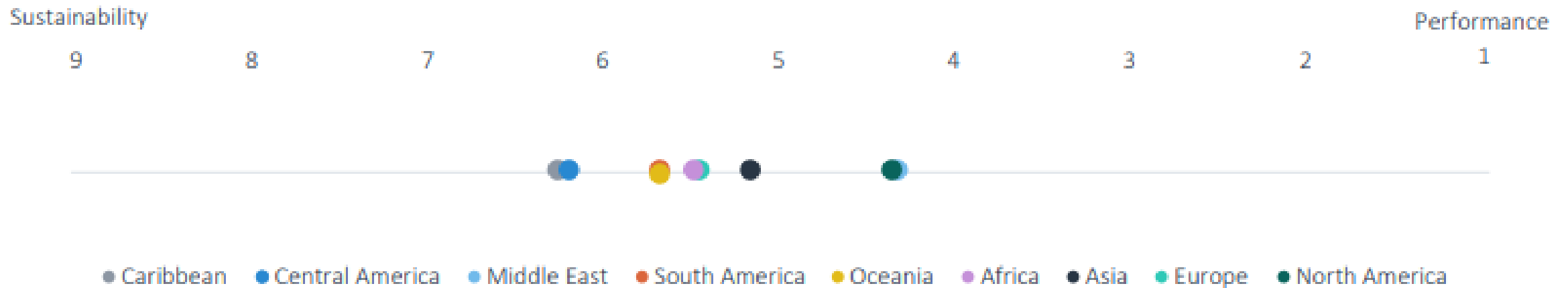
## More LPs Feel Performance Is All That Matters, the Mean Was a Balance For All

**How do you prioritize sustainable investing versus top performance as you assess a potential investment opportunity?**



## North America and Middle East Skew to Performance, Caribbean and Central America Skew to Sustainability

**How do you prioritize sustainable investing versus top performance as you assess a potential investment opportunity?**



# Views on Sustainable Investing

POLL

Q: How have the events of 2020 and 2021 impacted your focus on sustainable investing?

A

Increased

B

Stayed the same

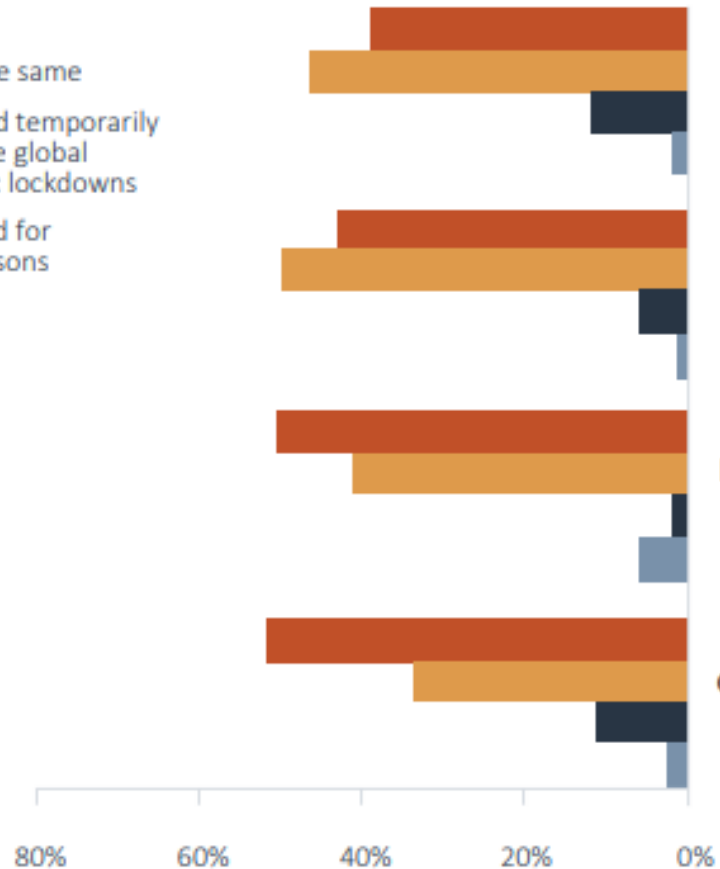
C

Decreased

## Sustainable Investing No Longer a Nice to Have Only in Good Times

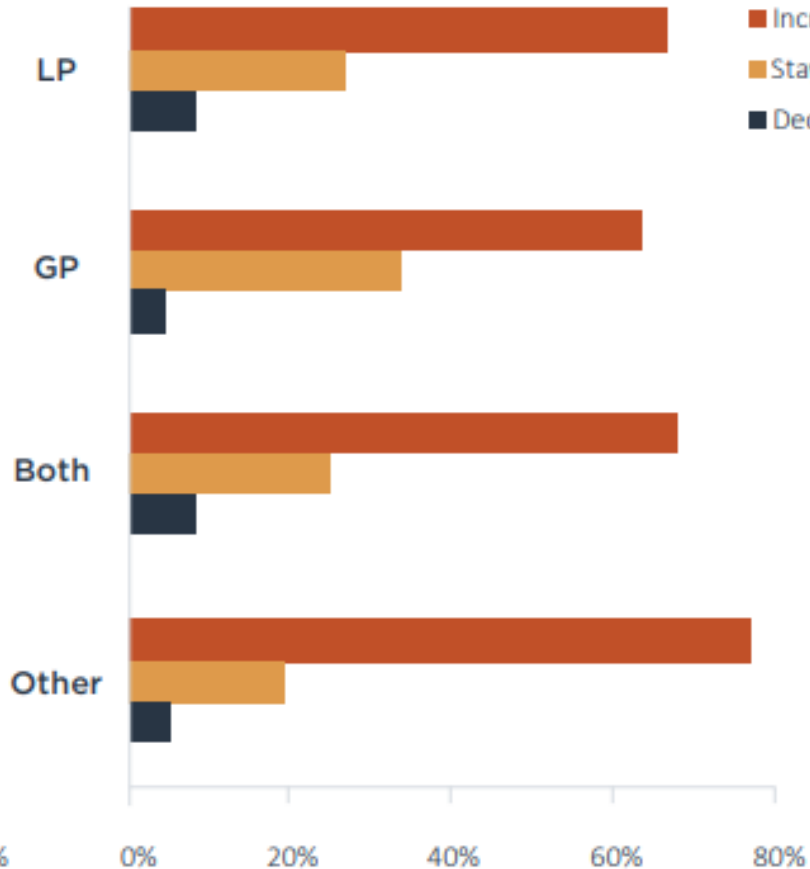
How have the events of 2020 and 2021 impacted your focus on sustainable investing?

- Increased
- Stayed the same
- Decreased temporarily due to the global pandemic lockdowns
- Decreased for other reasons



How do you think the events of 2020 and 2021 have impacted the industry participants' focus on sustainable investing?

- Increased
- Stayed the same
- Decreased



## Sustainable Investing Inspires Strong Views

How have the events of 2020 and 2021 impacted your focus on sustainable investing?



Increased

"The pandemic has only underlined the importance of ESG and sustainability."

"It is becoming increasingly clear that we must take action for the future of our children and the planet."

"We were founded out of the events of 2020 in an effort for our founders to both take control of their own investments and focus capital into sustainable investments."



Decreased

"Naught times naught still equals naught. This whole notion of sustainable investing is a farce."

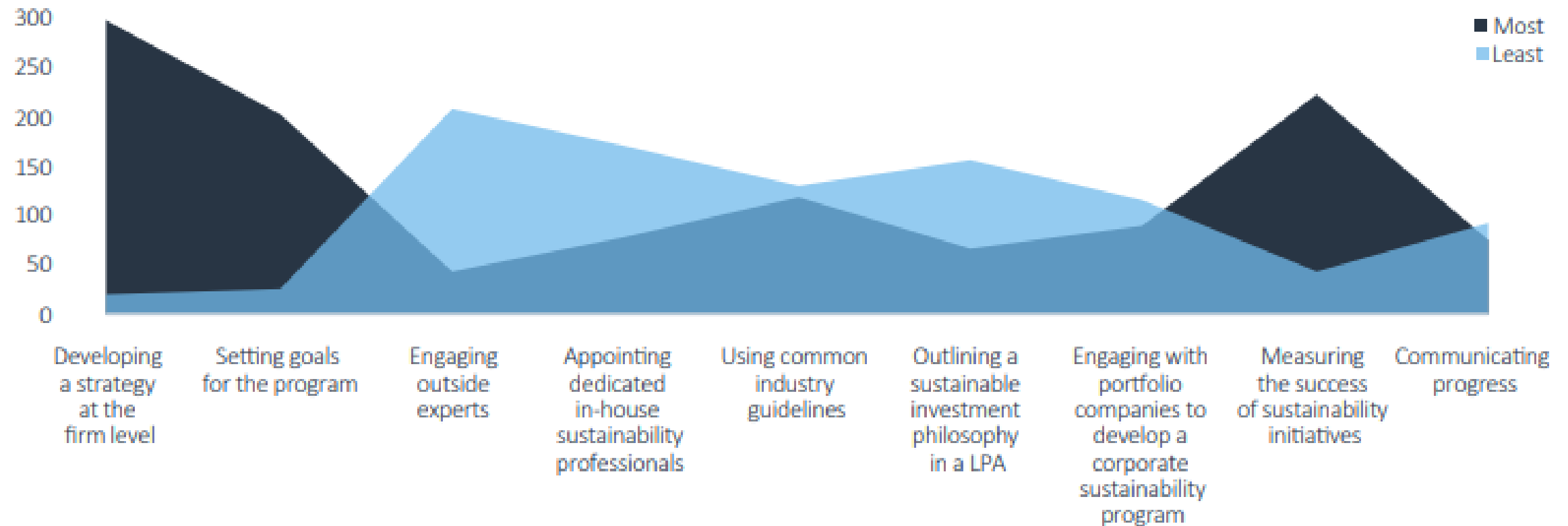
"A reactionary trend by people who don't understand value creation."

"I am only interested in returns. ESG is a political issue, one that promises to destroy portfolios."



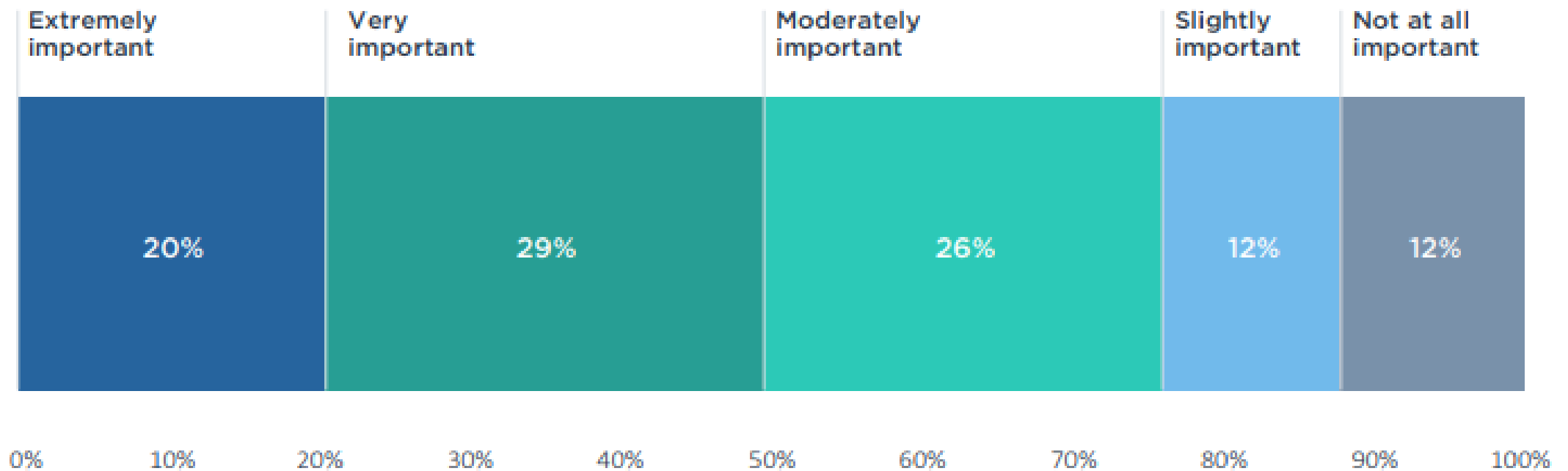
## Respondents Believe in Strategy, Engaging Outside Experts is a Low Priority

### What are the most important practices when developing a sustainable investment program?



## GPs May Not Want to Alienate More Than Half of the LP Investor Base

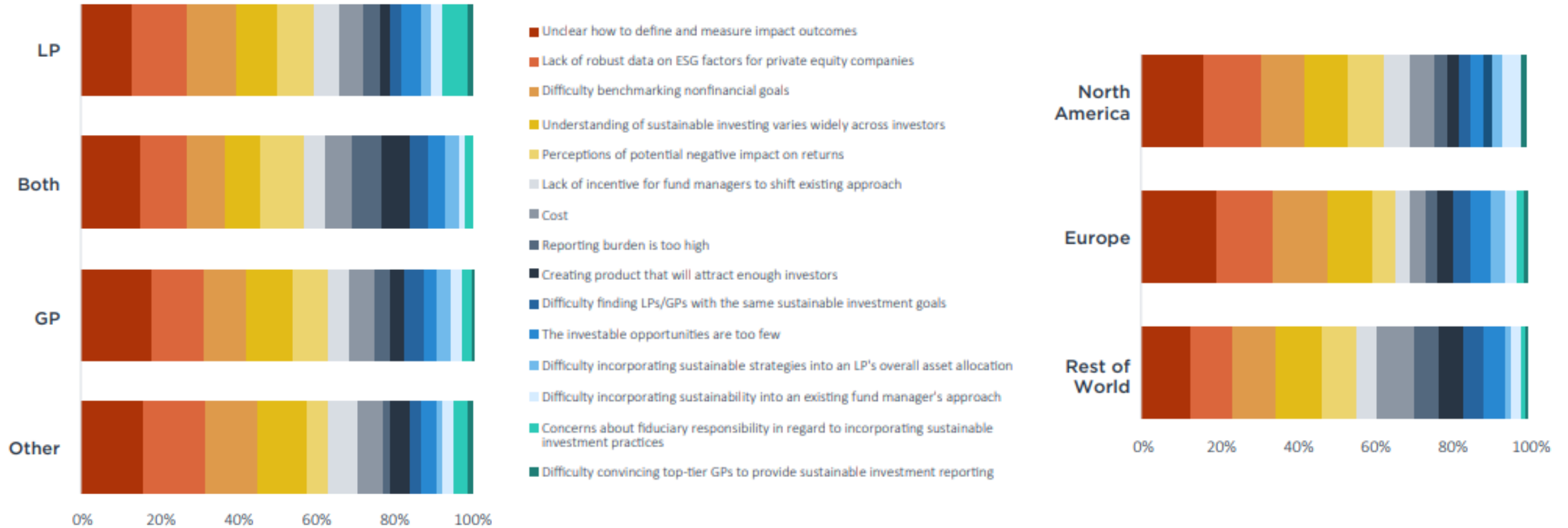
**How important is it that a GP uses an ESG risk factor framework in their acquisition and management of portfolio companies when you are deciding to commit to or recommend a fund?**



Source: PitchBook | Geography: Global | Respondents: LP, Both, Other

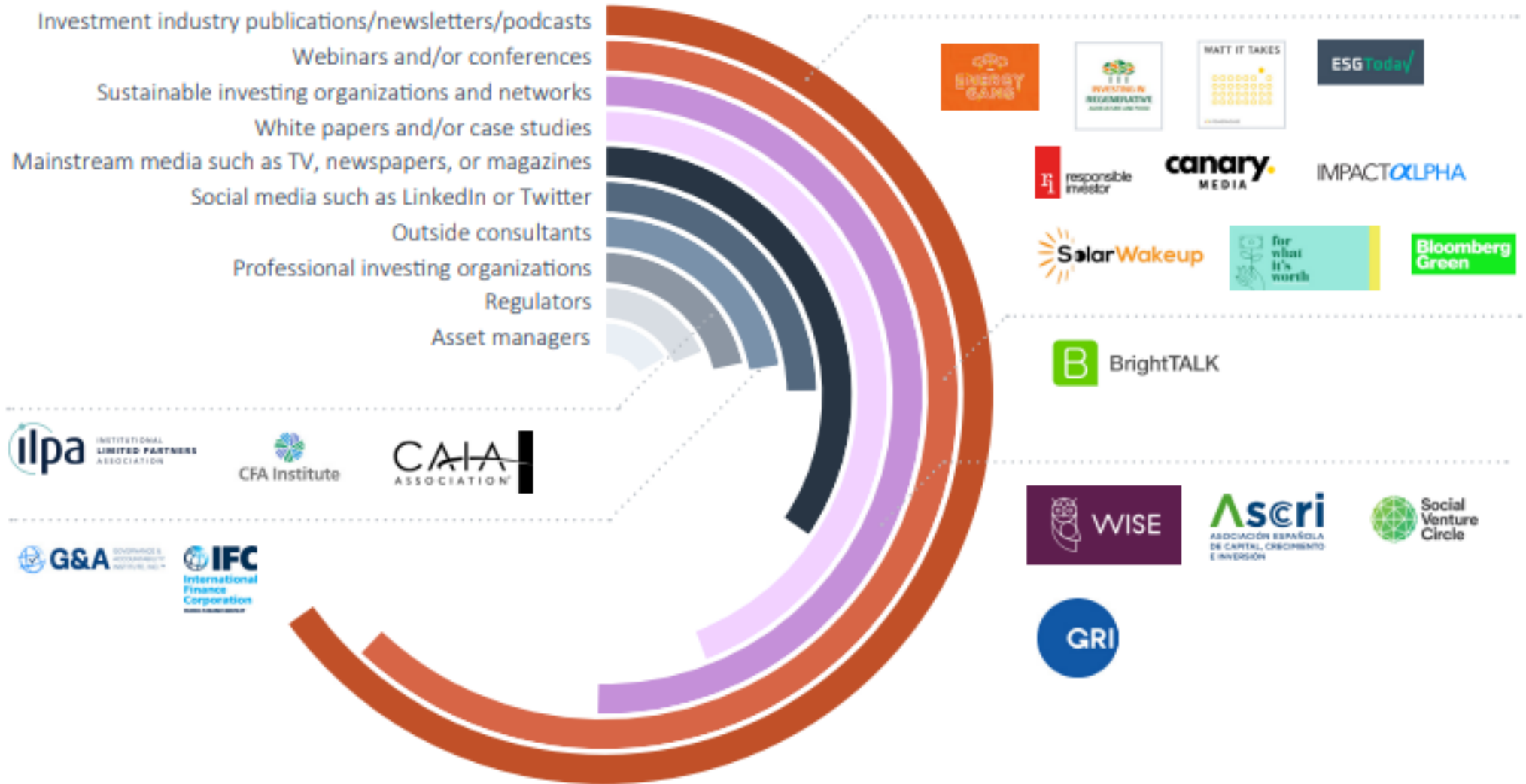
Top Three Challenges are Sustainable Investing

## Measurement, Data, and Benchmarking Voted as Top Sustainable Investment Challenges



# Resources

## How survey participants stay abreast of ESG and sustainable investment developments



## If you do any impact investment work, how do you measure impact?

	Standard framework	Custom framework
LP	CO2 emissions; GIIN (IRIS+); PRI; GRI; UN SDGs; SBTI	Qualitative framework; human centric/eco-friendly criteria; client-specific criteria
GP	Impact Management Project (IMP); UN SDGs; B Corp/B-Lab; SASB; GIIN (IRIS+)	SDG-derived framework; helping companies set and report impact KPIs; specific metrics per industry; plotting a theory of change and tracking KPIs through life of investment
Both	HRP-Resources; B Corp/B-Lab; UN SDGs; GQG Consulting; IRIS+; IMP	Fund managers defining a set of relevant impact KPIs at each portfolio company; theory of change; using UN PRI as a basis; surveys of GPs; company-specific metrics based on IMP framing; depending deal by deal
Other	SROI; GRESB; GRI; SASB; UN SDGs; IMP; GIIN; LSTA Green; Social Loan Principles; Investment Leaders Group	Multiple parameters to capture actions and outcomes; establishing a particular KPI for each project; analyzing in a one-off manner; no official framework, but using parameters and benchmarks similar to those used in philanthropic grant making

# Which Sustainability-Related Groups or Programs Do You Belong to, Endorse, or Participate In?

## GP



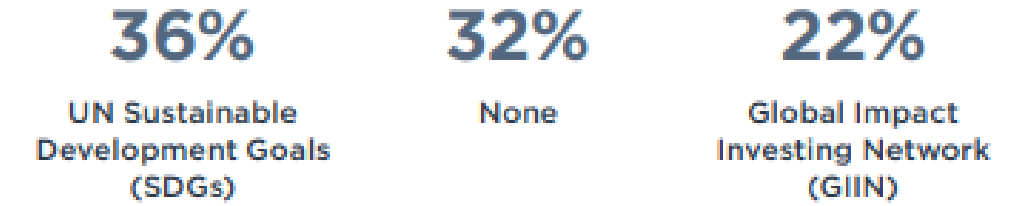
## LP



## Both



## Other





## What We're Doing to Serve the Sustainable Investment Ecosystem

- Launching coverage on climate and clean tech
- Impact investor and fund taxonomy and tagging
- Continuing research pieces reporting on sustainable investing in the private markets
- Annual sustainable investment survey
- Part of Morningstar family, which also now includes Sustainalytics
- Ongoing ESG task force working on a variety of platform improvements



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