

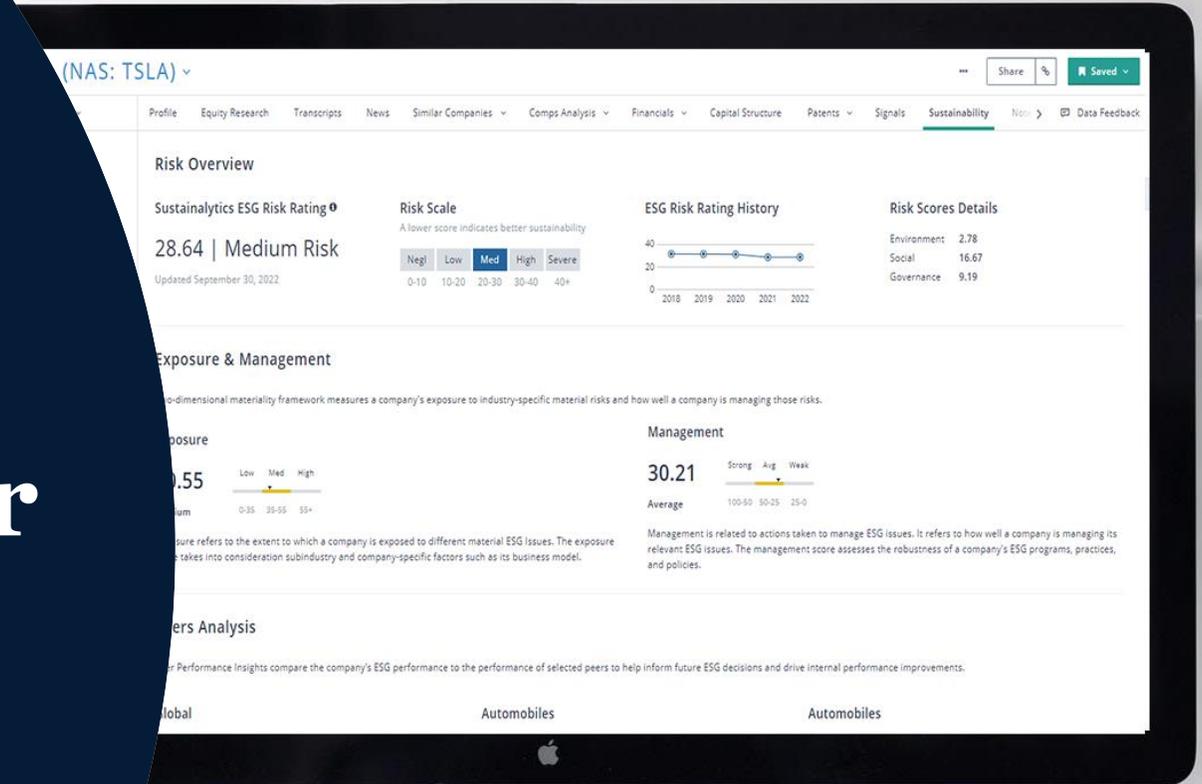


2022 Sustainable Investment Survey

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





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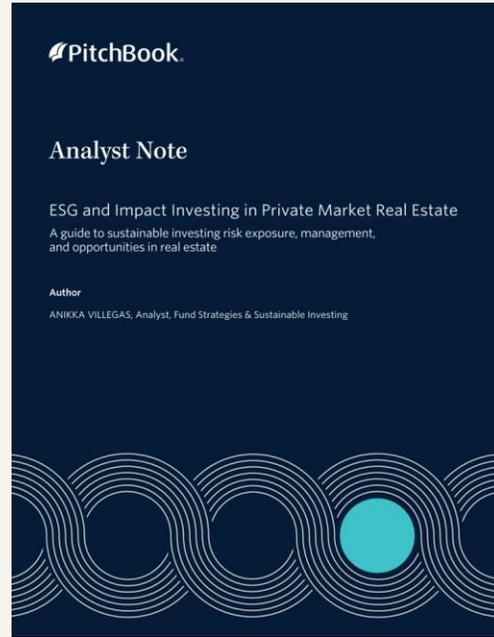
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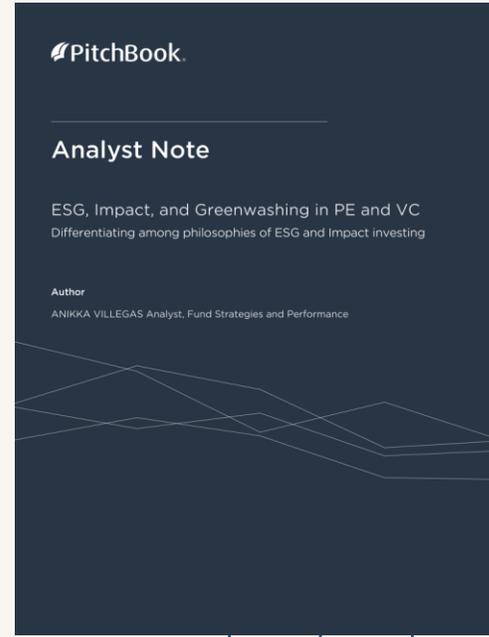
Relevant reports and additional research



2022 Sustainable Investment Survey



ESG & Impact Investing in Private Market Real Estate



ESG, Impact, and Greenwashing in PE and VC



Impact Funds by Reason and Region

Q: Select the option that most closely fits your organization

A Fund manager (GP)

B Asset owner (LP)

C Both

D Other type of organization

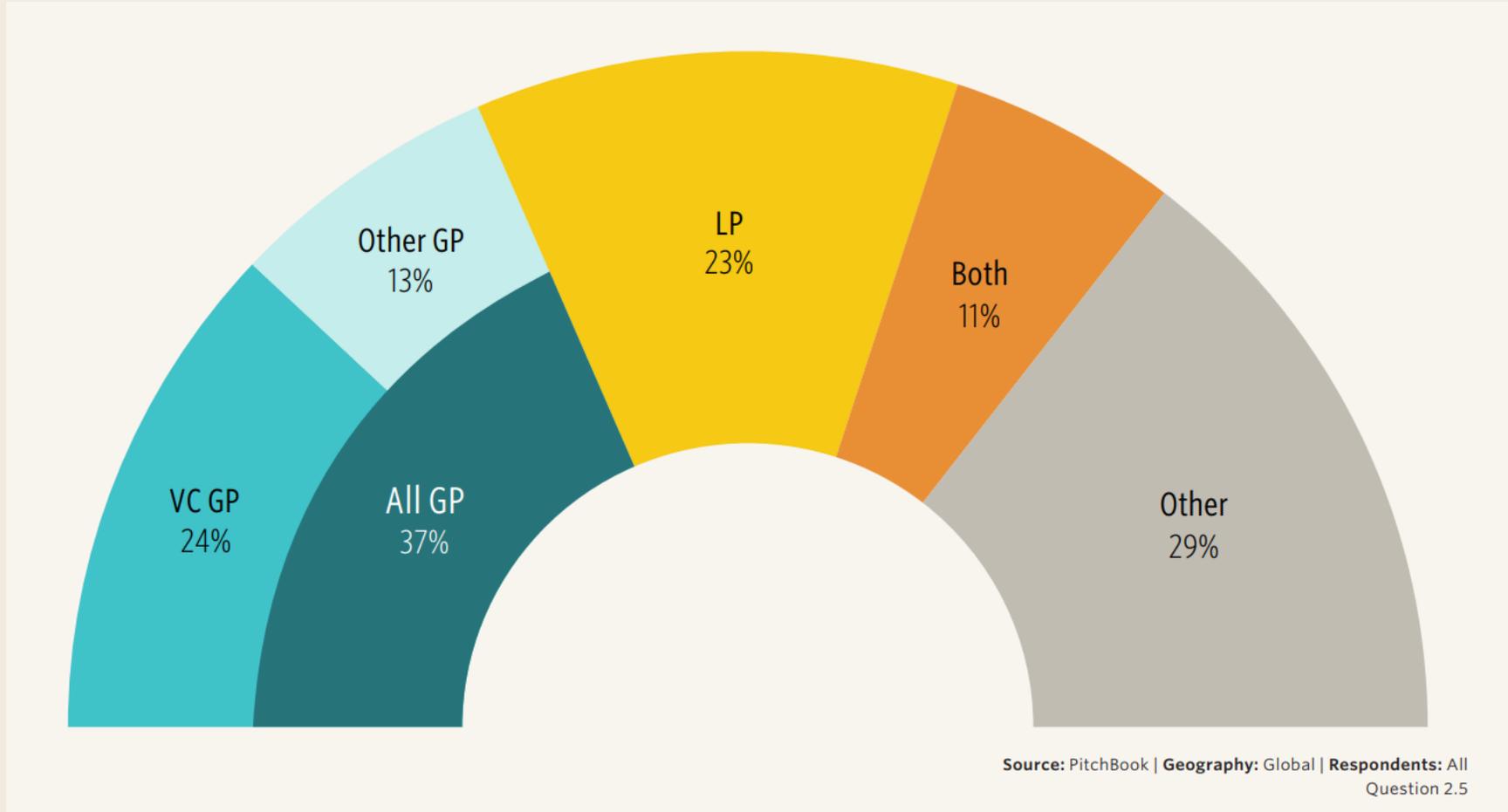
About the survey



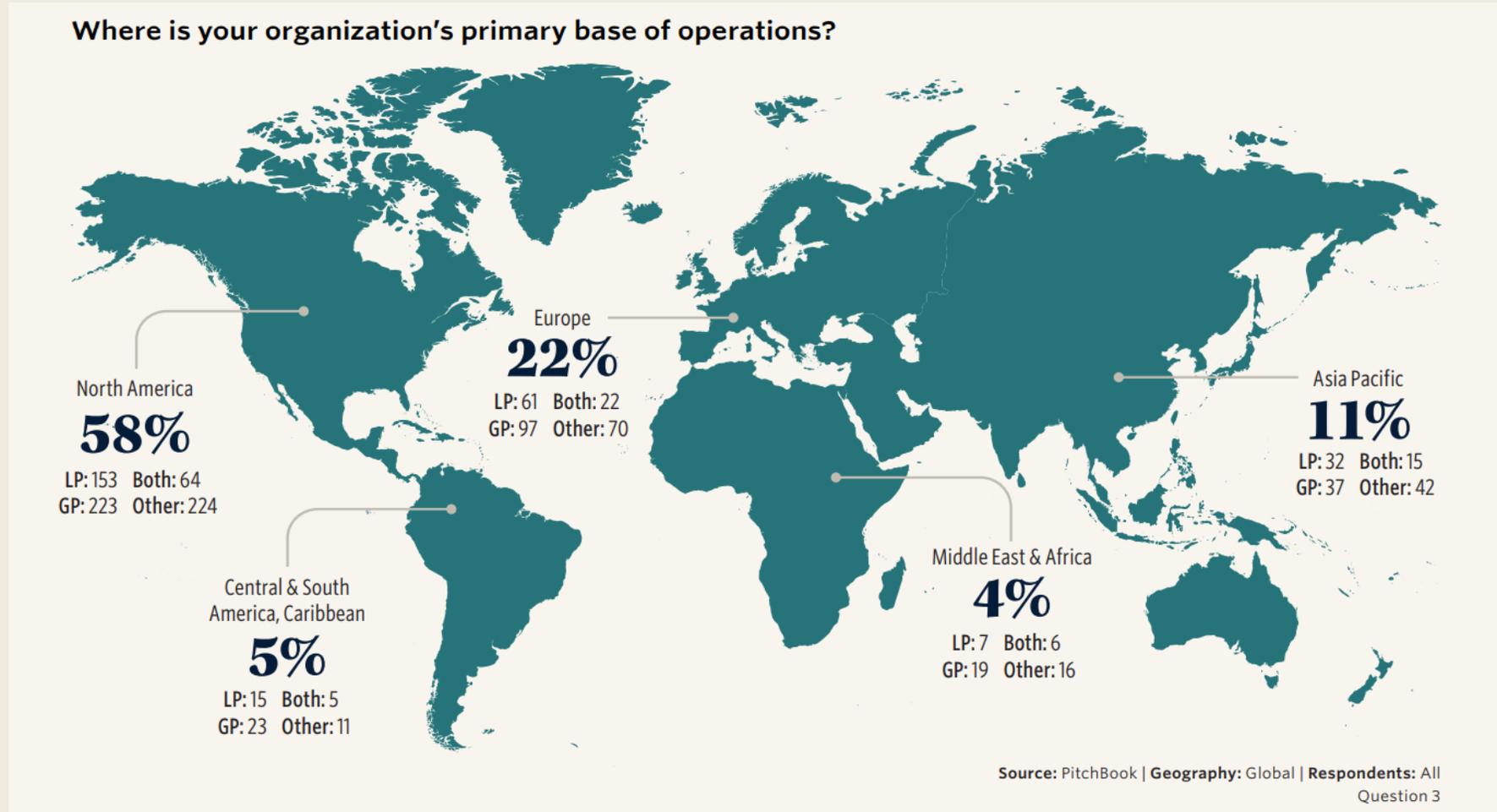
1,164 began the survey, 552 completed it (up from 457 in 2021)



The mix of respondent types was nicely representative



The geographical mix of respondents was very similar to last year's survey, with response numbers scaled



Laying out the Playing Field



Motivations and Priorities



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

A Environmental compliance and impact

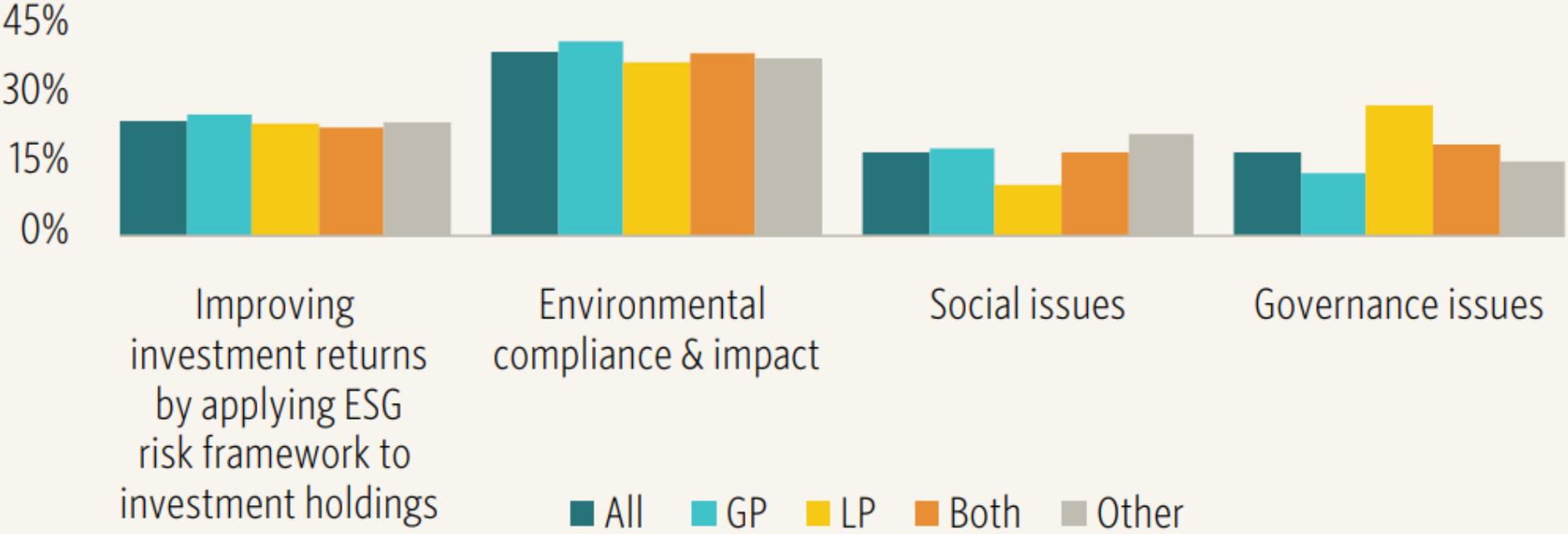
B Social issues

C Governance issues

D Improving investment returns by applying ESG risk framework to investment holdings

E We do not consider sustainability in an investment context

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

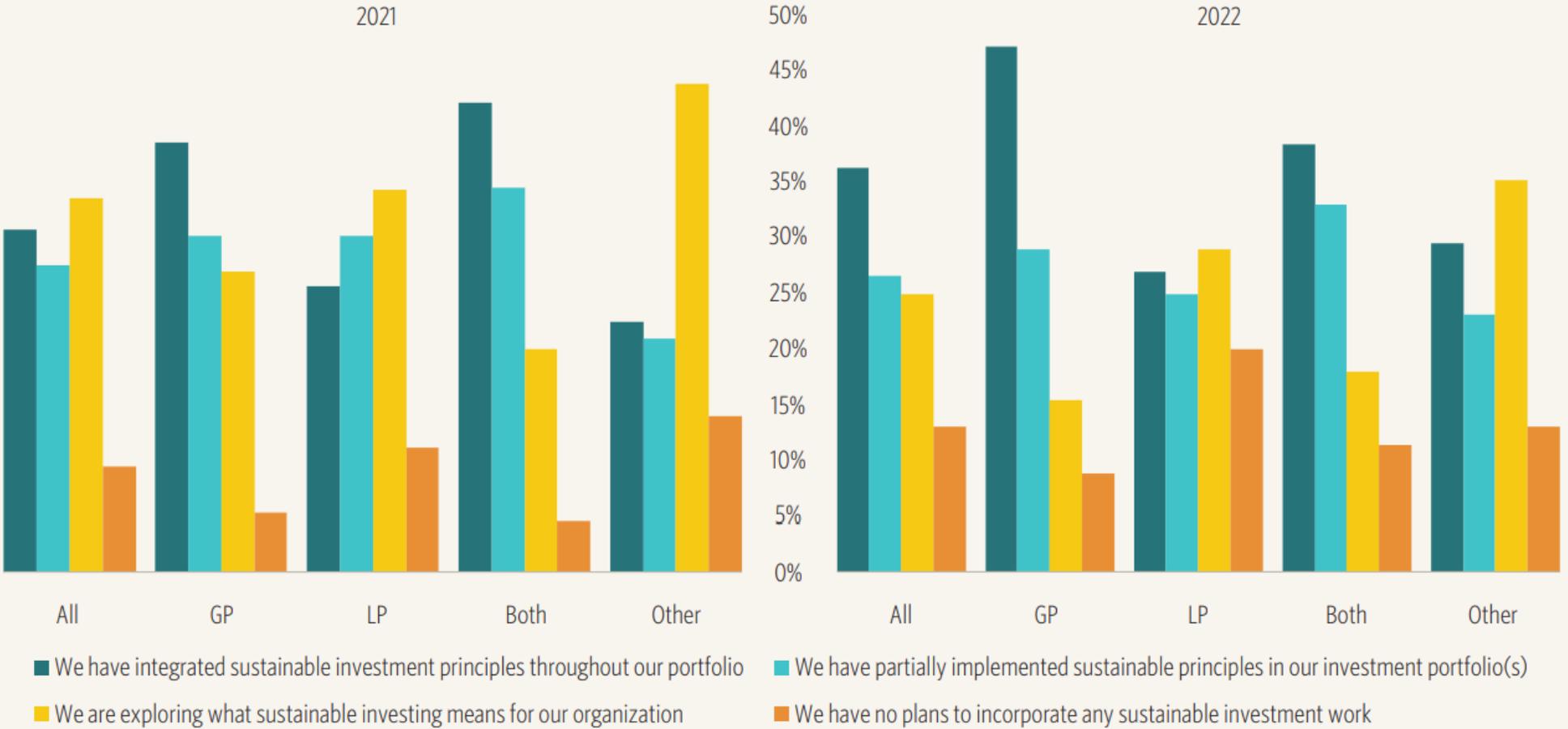


Source: PitchBook | Geography: Global | Respondents: All
Question 20

Across geographies and respondent types, the E ranked first most often, improving investment returns ranked first second most often, and S or G were the top area of focus for the least number of respondents

While the number of respondents with no plans to incorporate sustainable investment principles into their portfolios has grown (as has the numbers fully integrated), we believe this is an audience issue rather than a downward trend

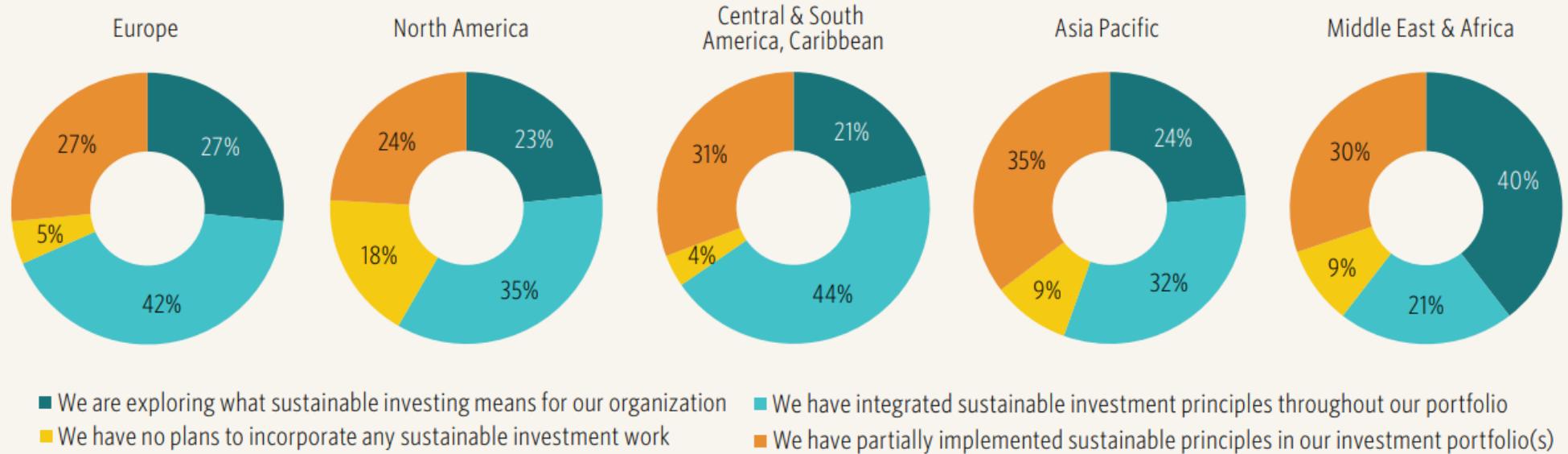
How would you characterize the stage of your sustainable investment implementation?



Source: PitchBook | Geography: Global | Respondents: All
Question 4.5

A larger proportion of North American respondents stated that they had no plans to incorporate any sustainable investment work

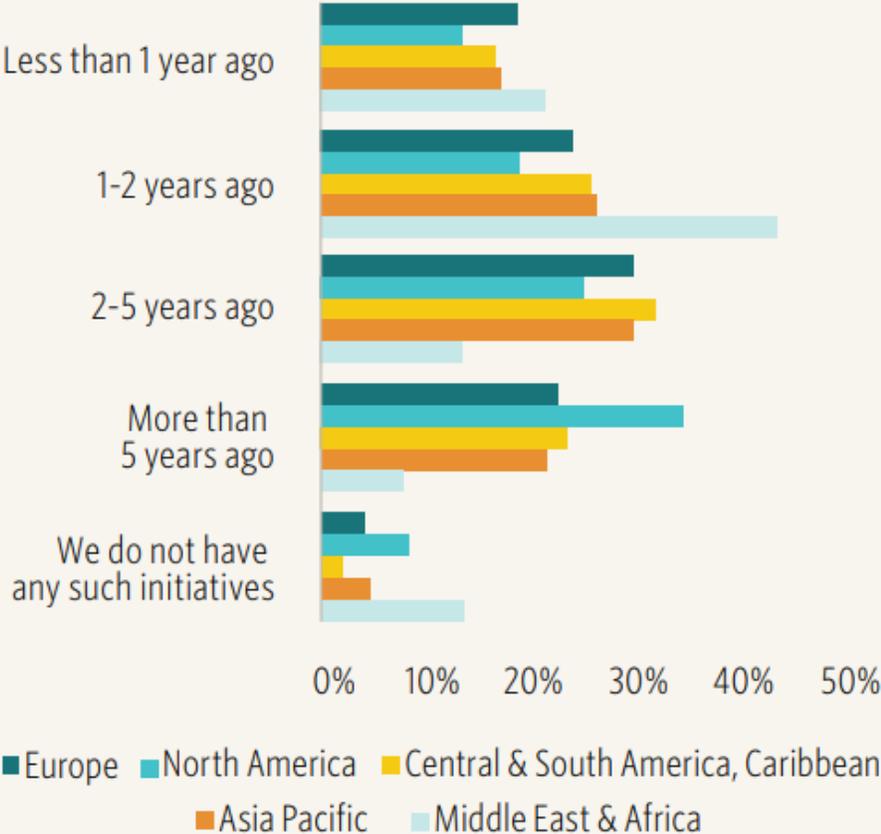
How would you characterize the stage of your sustainable investment implementation?



Source: PitchBook | Geography: Global | Respondents: All
Question 4.5

This year, 35% of North American respondents (compared to 23% of European) who have implemented sustainable investment principles said they began doing so over five years ago

When did your organization start actively implementing sustainable investing initiatives?



Source: PitchBook | Geography: Global | Respondents: All
Question 4.75

Politicization of ESG – actual responses

Some quotes:

- “ESG is clearly rubbish. It is mathematically impossible for a portfolio to outperform when additional constraints are imposed.”
- “It distracts us from our primary objective – maximizing returns”
- “Lack of scientific foundation for ESG as a framework at all”
- “Until China, Africa, and South America decide to start ESG, this is another suicide strategy that only progressive parasites who never created jobs or earned a living come up with”
- “We don’t subscribe to this communist crap. Go woke go broke!”
- “ESG has led to the selection of Directors using ethnicity or gender more than capability to govern profitably”
- “It’s mostly a sham made to make people ‘feel good’”
- “I have no desire to betray my fiduciary responsibility and sacrifice returns for the sake of promoting leftist political ideology”

Views on Sustainable Investing



Q: How have current economic and geopolitical events impacted your focus on sustainable investing?

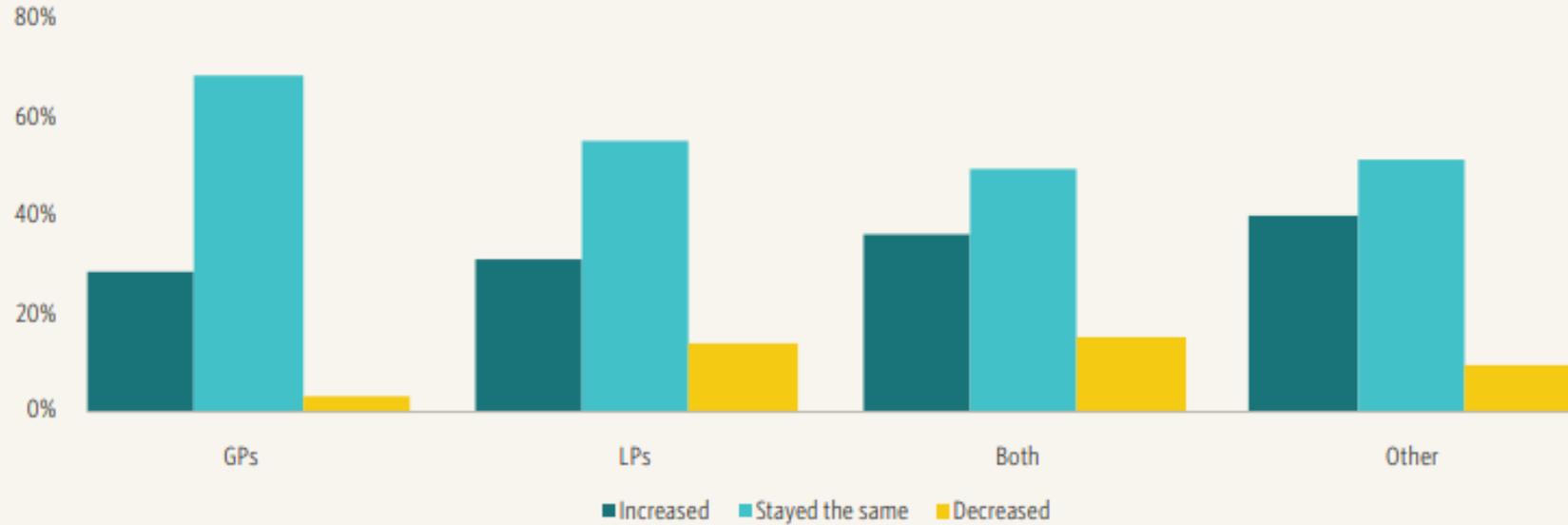
A Increased

B Stayed the same

C Decreased

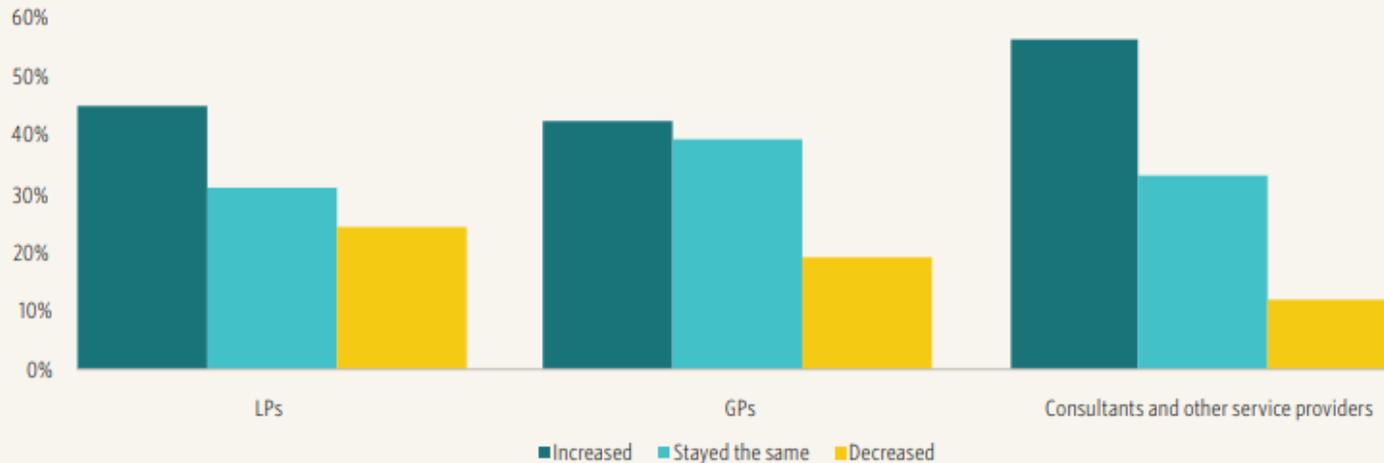
Our respondents are largely holding steady, but think the rest of the industry is either increasing or decreasing focus

How have current economic and geopolitical events impacted your focus on sustainable investing?



Source: PitchBook | Geography: Global | Respondents: All
Question 27

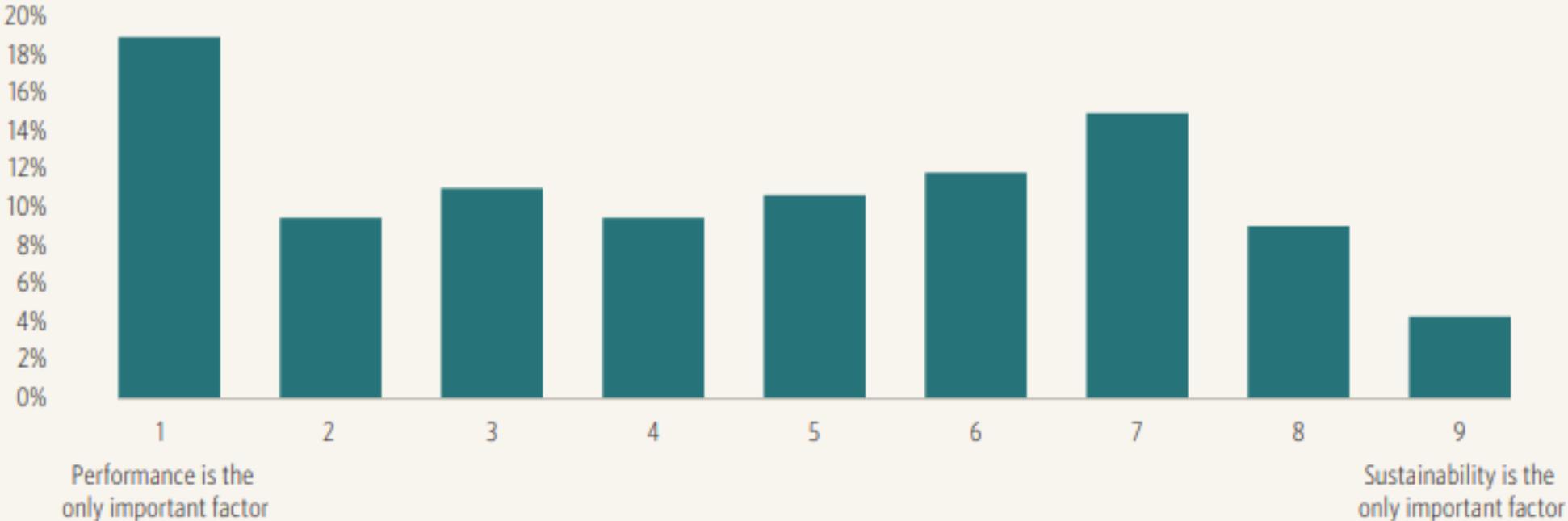
How do you think current economic and geopolitical events have impacted industry participants' focus on sustainable investing?



Source: PitchBook | Geography: Global | Respondents: All
Question 28

Among respondents in the LP and Both categories, 19% said performance was the only important factor

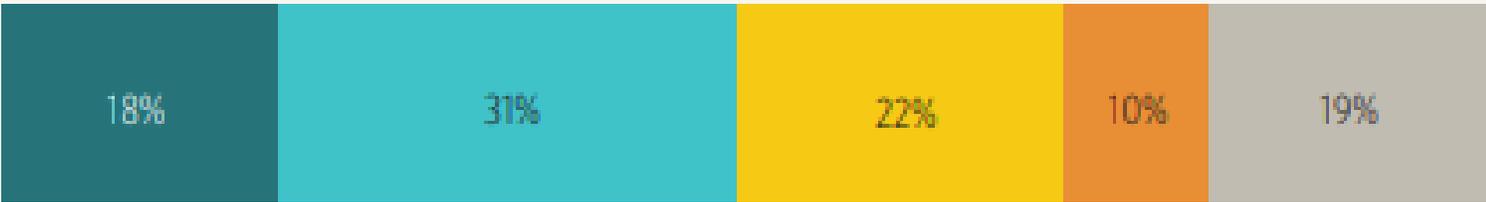
Please indicate how you prioritize sustainable investing vs top performance as you assess a potential investment opportunity.



Source: PitchBook | Geography: Global | Respondents: LPs and Both
Question 11

Responses showed a retraction of support for ESG among allocators compared to 2021

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

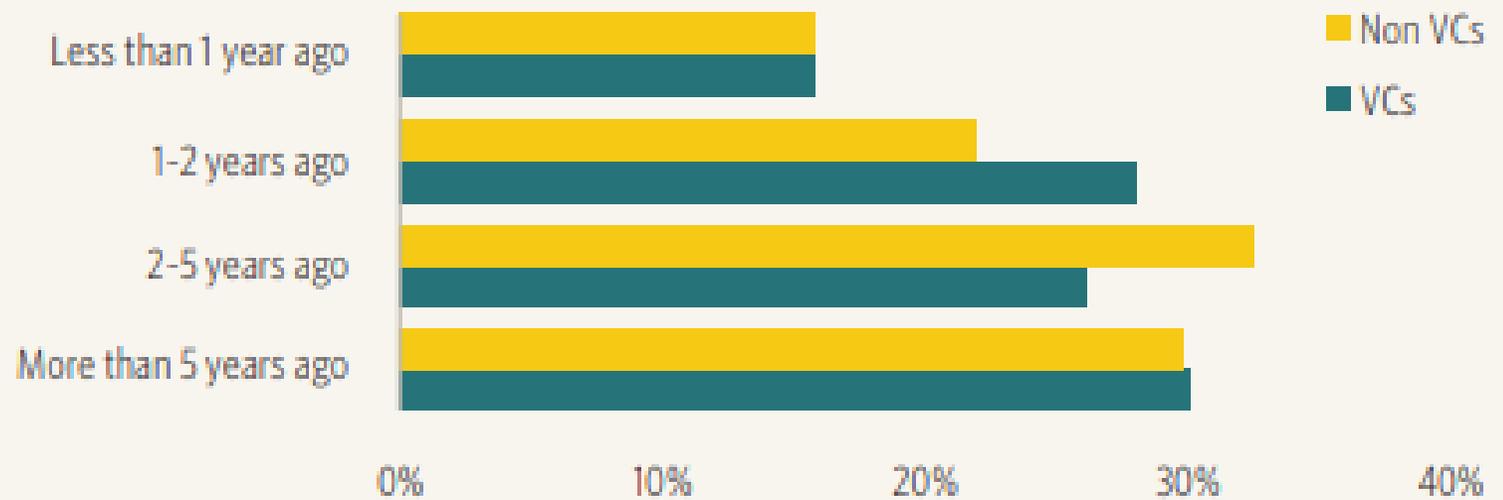


- Extremely important
- Very important
- Moderately important
- Slightly important
- Not at all important

Source: PitchBook | Geography: Global | Respondents: LPs, Both & Other
Question 13

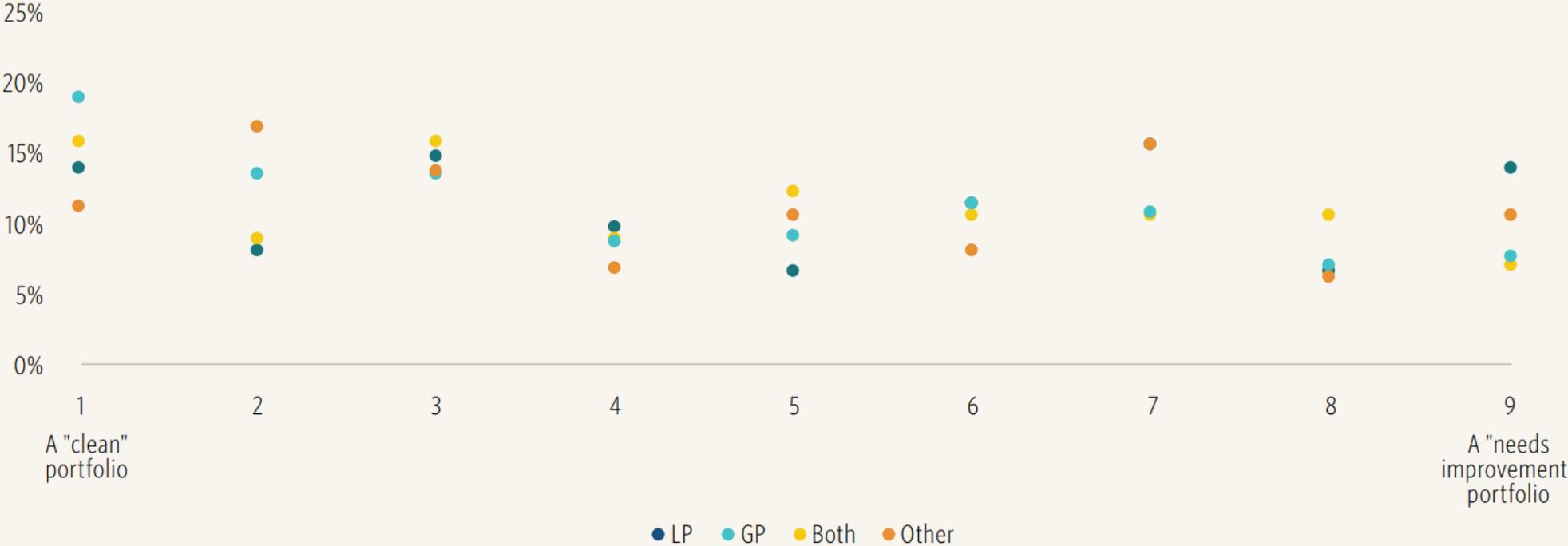
Despite perceptions that VC lags other areas of the private markets in sustainable investing, our survey shows that VC respondents and non-VC respondents were at similar stages

When did your organization start actively implementing sustainable investing initiatives?



Source: PitchBook | Geography: Global | Respondents: GPs
Question 4.75

When constructing or selecting investments to fill a portfolio that utilizes an ESG framework, how do you prioritize companies or portfolios already performing well across ESG issues versus companies or portfolios with ESG issues that will be addressed as part of the investment strategies?

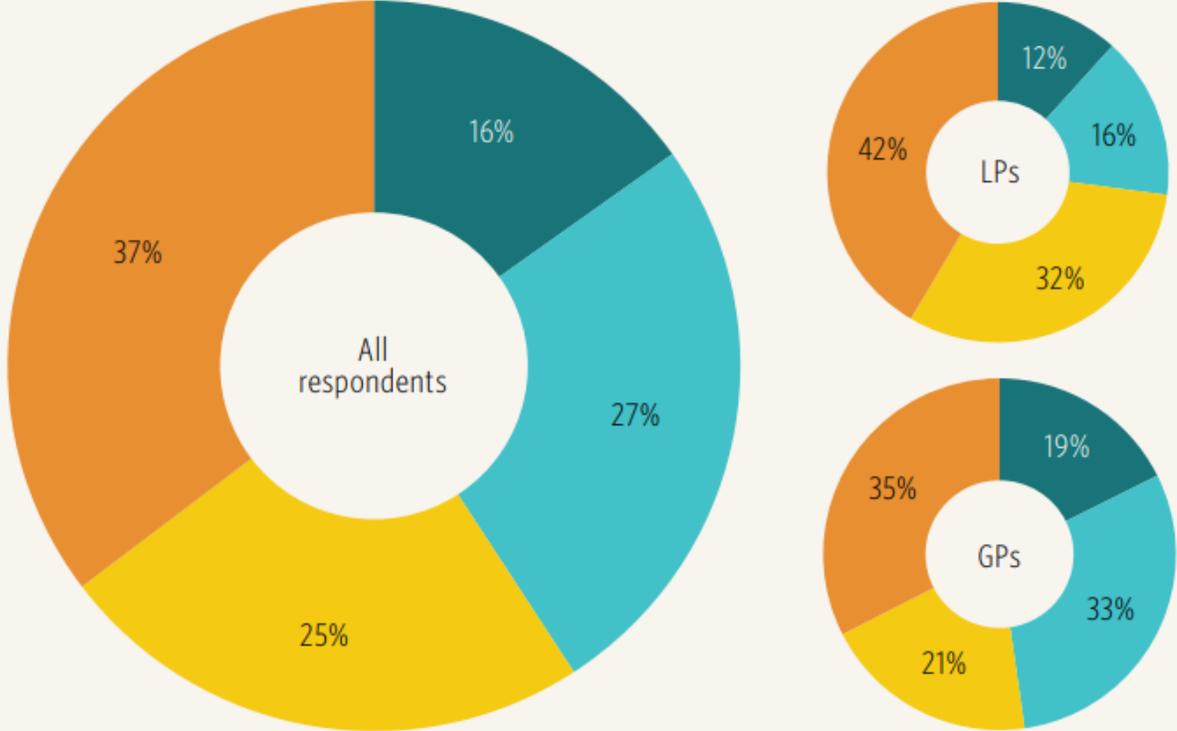


Source: PitchBook | Geography: Global | Respondents: All
Question 11.5

There is still a spectrum of perspectives on what a portfolio utilizing an ESG framework should look like

Measurement of Impact for Impact investors also varies considerably among GPs and LPs

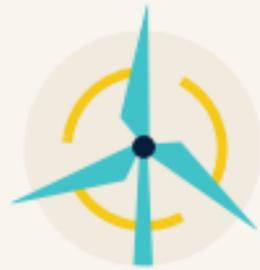
If you do any Impact investment work, how do you measure Impact?



- We use a standard framework created external to our organization
- We use a custom framework
- We do not do any work related to impact investing
- While we do seek financial and social or environmental returns, we do not measure the impact results at this time

Source: PitchBook | Geography: Global | Respondents: All
Question 8

Referencing the IRIS+ Framework, which categories of Impact investing are a focus for your organization?



Energy

45%



Climate

45%



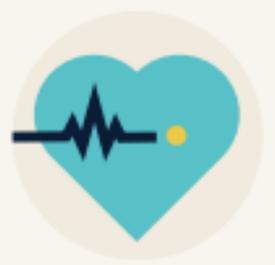
Agriculture

32%



Water

29%



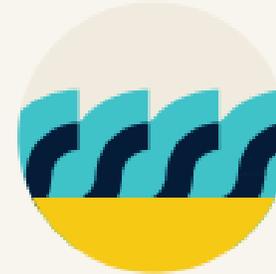
Health

29%



Land

15%



Oceans & Coastal Zones

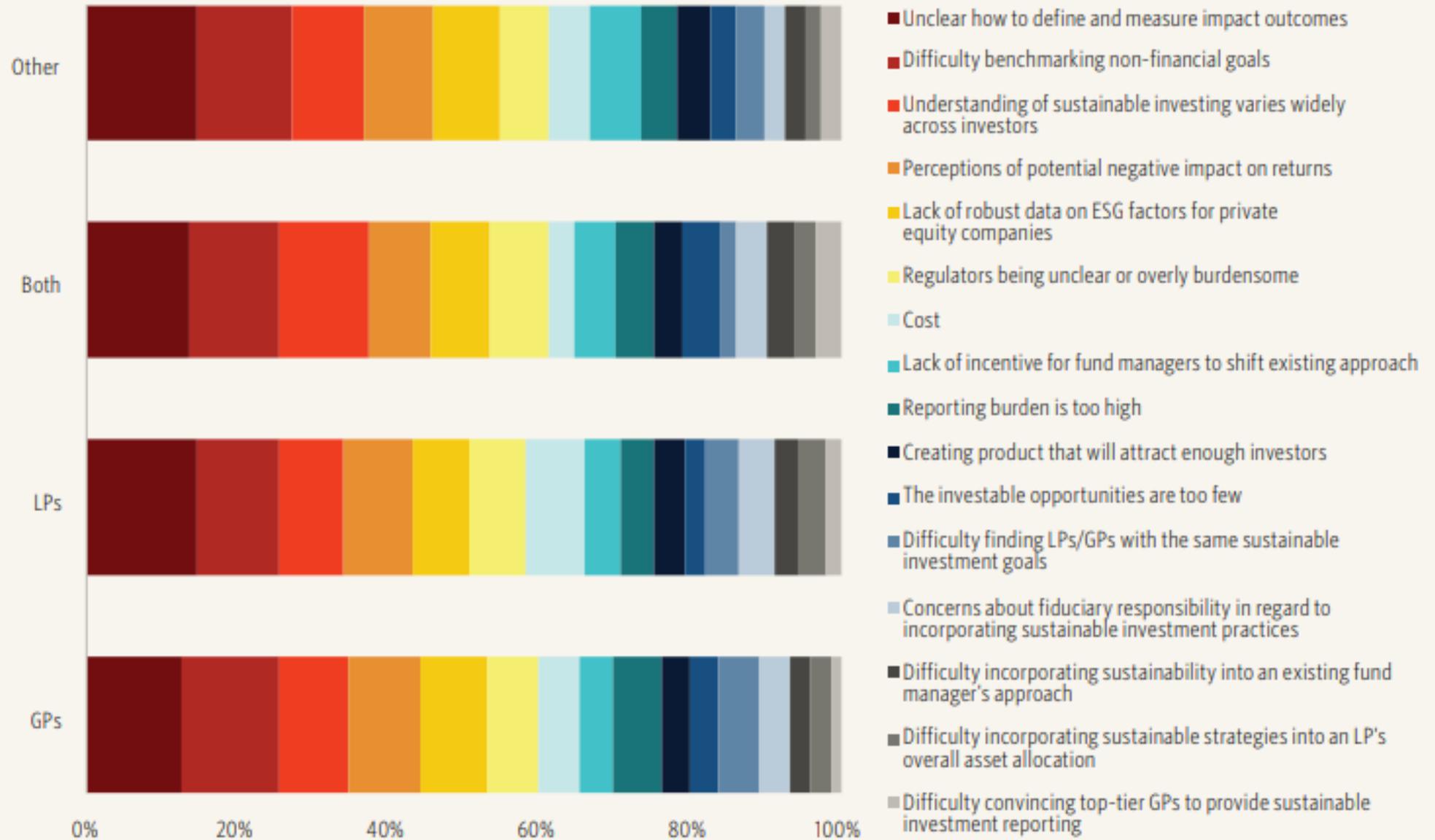
15%

One nuance of impact investing is that most investors have particular areas they care about, not just generally having a positive social or environmental impact.

Challenges and Resources



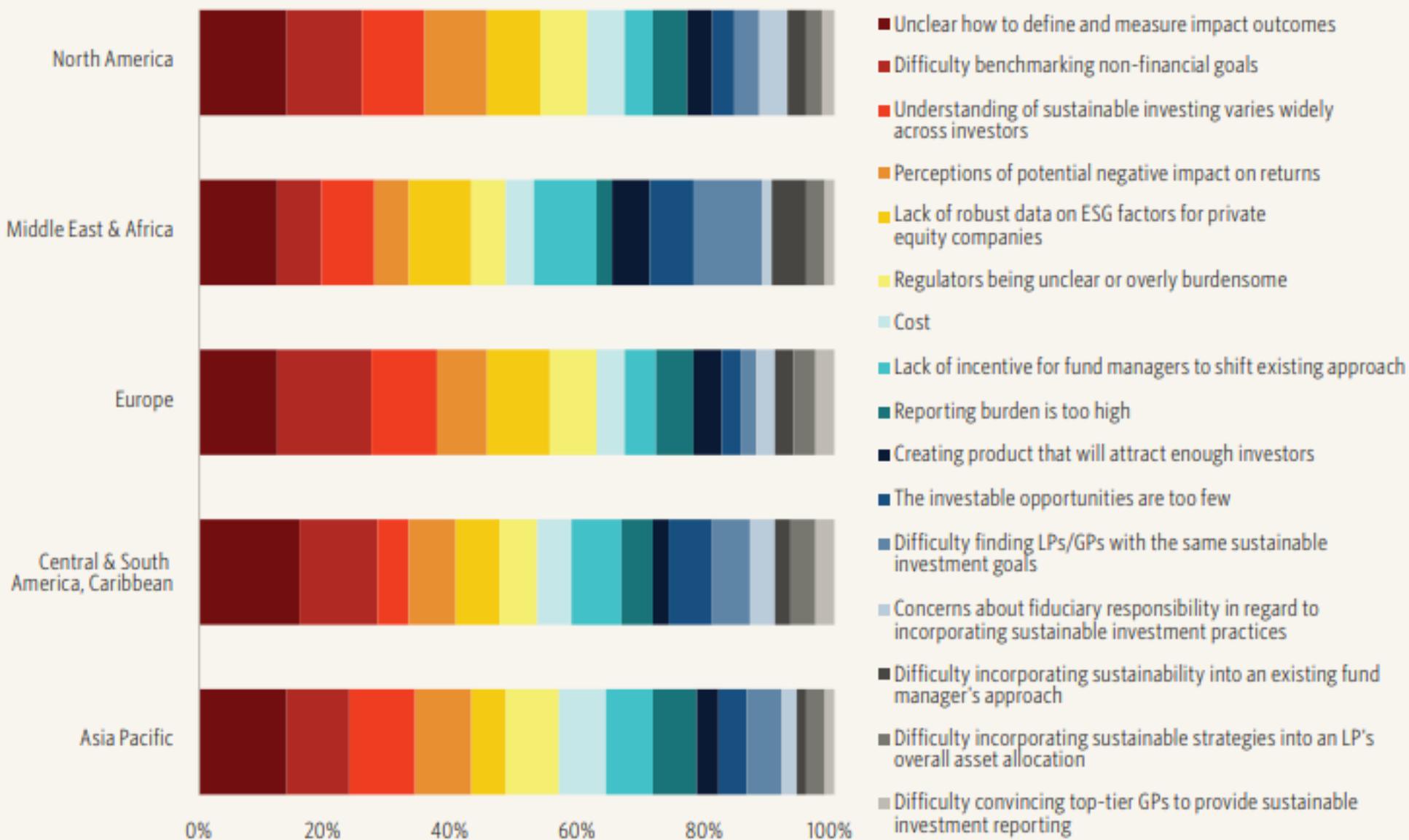
What do you perceive as the top 3 challenges for sustainable investing?



Source: PitchBook | Geography: Global | Respondents: All
Question 23

The top two challenges across respondent types were related to measurement. LPs were most likely to be worried about cost and fiduciary responsibility.

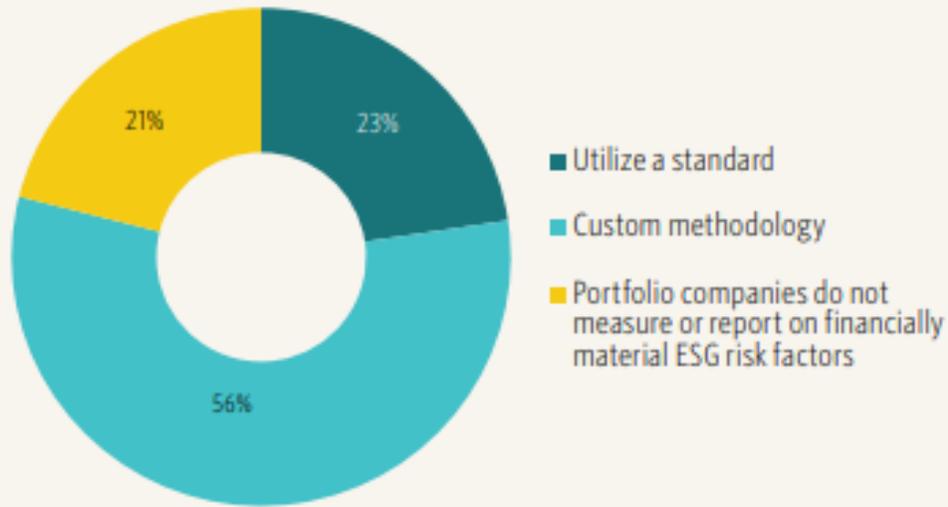
What do you perceive as the top 3 challenges for sustainable investing?



Some unique challenges across geographies: Middle East & Africa more likely to cite difficulty finding partners with the same goals. North America more likely to worry about negative impacts on returns.

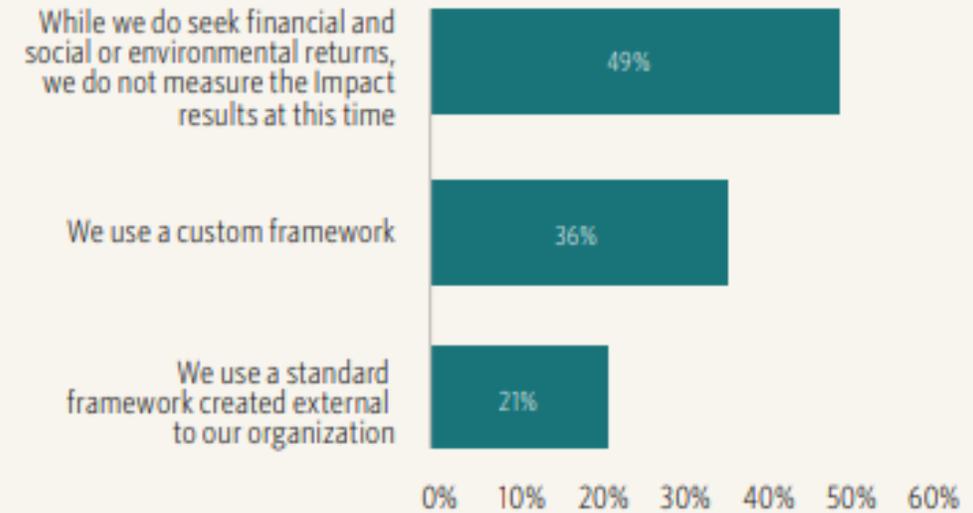
Convergence is a ways away, both with respect to ESG and Impact

Do your portfolio companies utilize a standard or custom framework to measure and report on their financially material ESG risk factors?



Source: PitchBook | Geography: Global | Respondents: GPs
Question 10.75

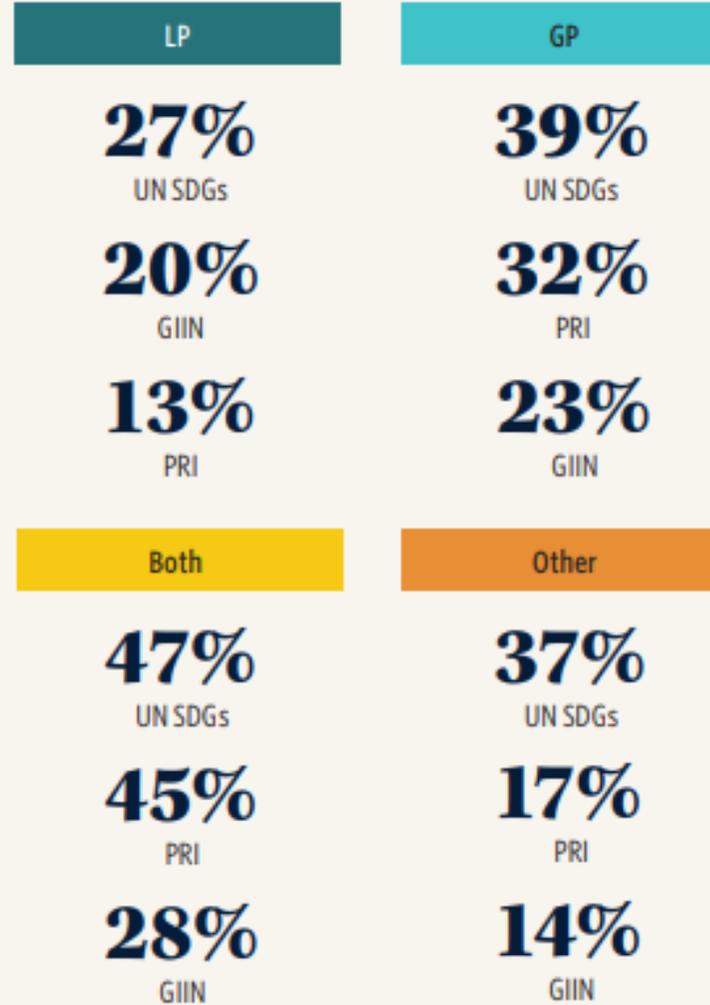
If you do any Impact investment work, how do you measure Impact?



Source: PitchBook | Geography: Global | Respondents: All
Question 8

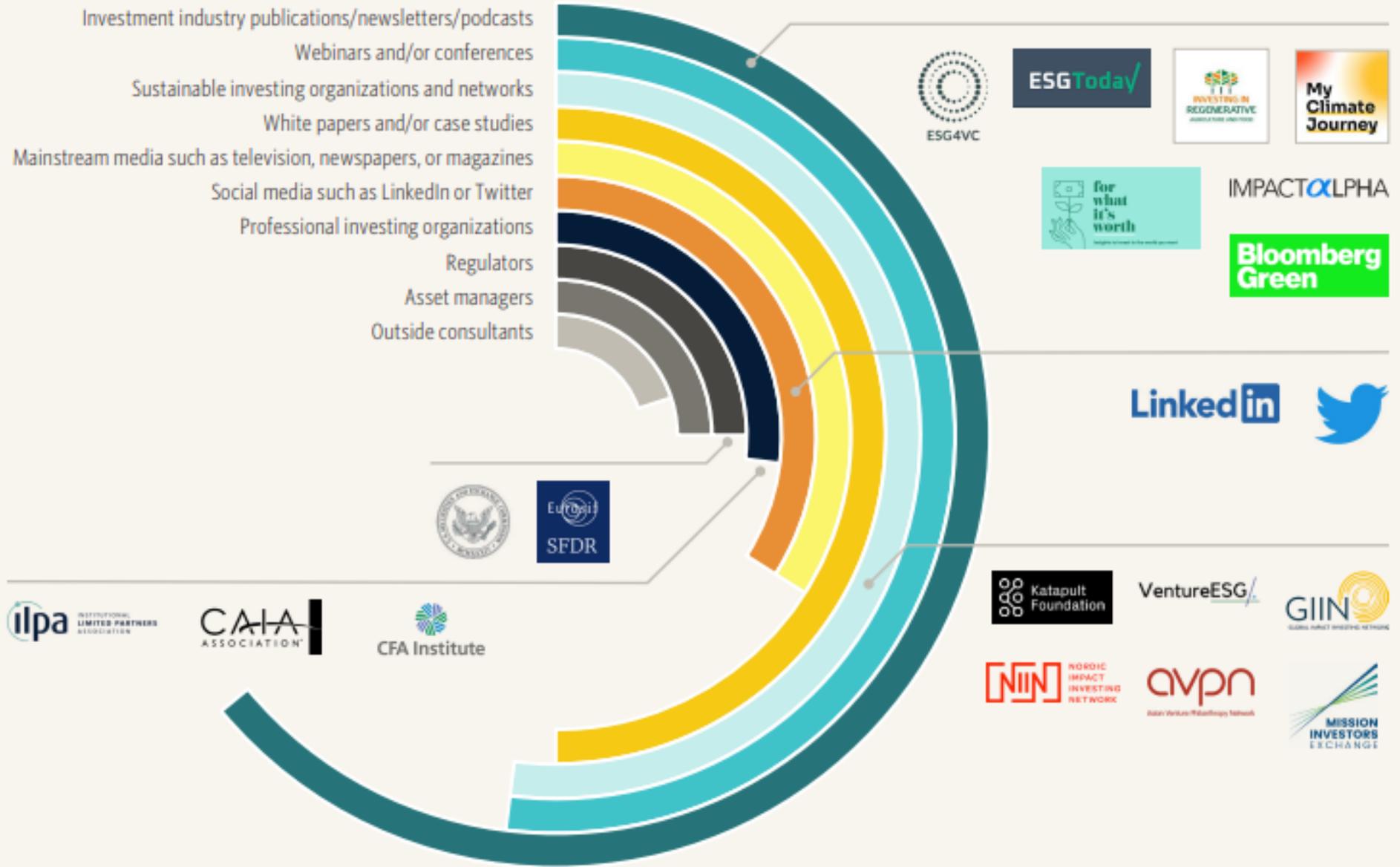
While the top organizations have pretty good alignment across the respondent types, even the most often selected have less than 50% support.

With which sustainability-related groups or programs do you belong, endorse, or participate?



Source: PitchBook | Geography: Global | Respondents: All
Question 30

How do you stay abreast of developments in ESG and sustainable investing?



Resources abound, with some key influential players having emerged over the years

How We're Serving the Sustainable Investment Ecosystem

- ESG and Impact-related private markets research
- Emerging Tech: Coverage of climate tech, carbon tech, ag tech, and other sustainability-related verticals
- Sustainalytics public company ESG scores and information on PitchBook platform
- Impact investor and IRIS+ fund tagging, searchable on platform
 - Company IRIS+ tags on the roadmap
- Annual sustainable investment survey (next survey set to run in April, publish in June)
- Ongoing cross-functional team working on data, platform improvements, building out expertise

Q & A





Win what's next

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