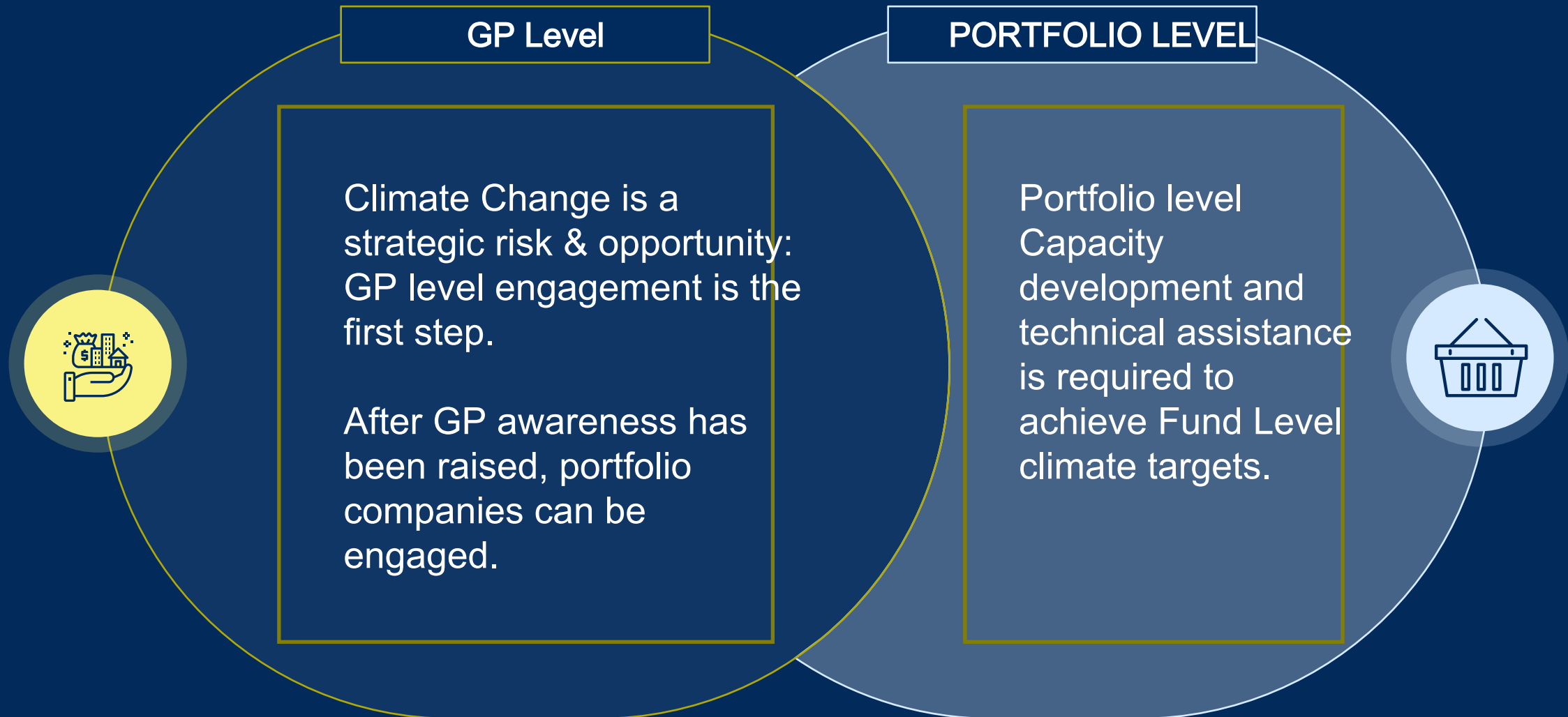


Climate Action Capacity Building for PE fund managers

Vika Bhagat: Technical Assistance, Senior Associate

Role of Capacity Development



GP LEVEL CAPACITY DEVELOPMENT



Education & Awareness

Start by educating the management and investment teams about climate change, climate finance, Paris Agreement, its goals, and the implications for the private equity industry.



Talent Development

Invest in the development of in-house climate expertise and engage external experts to stay updated on climate science, risk assessments, and mitigation strategies.



Strategic Planning

Develop a clear climate strategy that outlines the fund's commitment to aligning with the Paris Agreement.

Set targets and timeframes for carbon reduction and climate risk management. Explore integrating climate mitigation and adaptation into investment strategies, emphasizing investments in companies with significant climate impact.

Consider development of an impact/climate framework criteria into the investment decision-making process and

Monitoring and Reporting

Stay informed about evolving climate related regulations and ensure compliance with relevant laws and reporting requirements.

Establish robust monitoring and reporting mechanisms to track progress toward emissions reduction goals. Regularly report to investors on the fund's climate related activities and performance.

Collaboration and Stakeholder Engagement

Engage with investors, industry peers, and regulators to align with emerging climate related standards and expectations.

Collaborate with other private equity firms, organizations, and initiatives focused on sustainable finance and climate action. Sharing best practices and learning from others is invaluable.

Carbon Offsetting

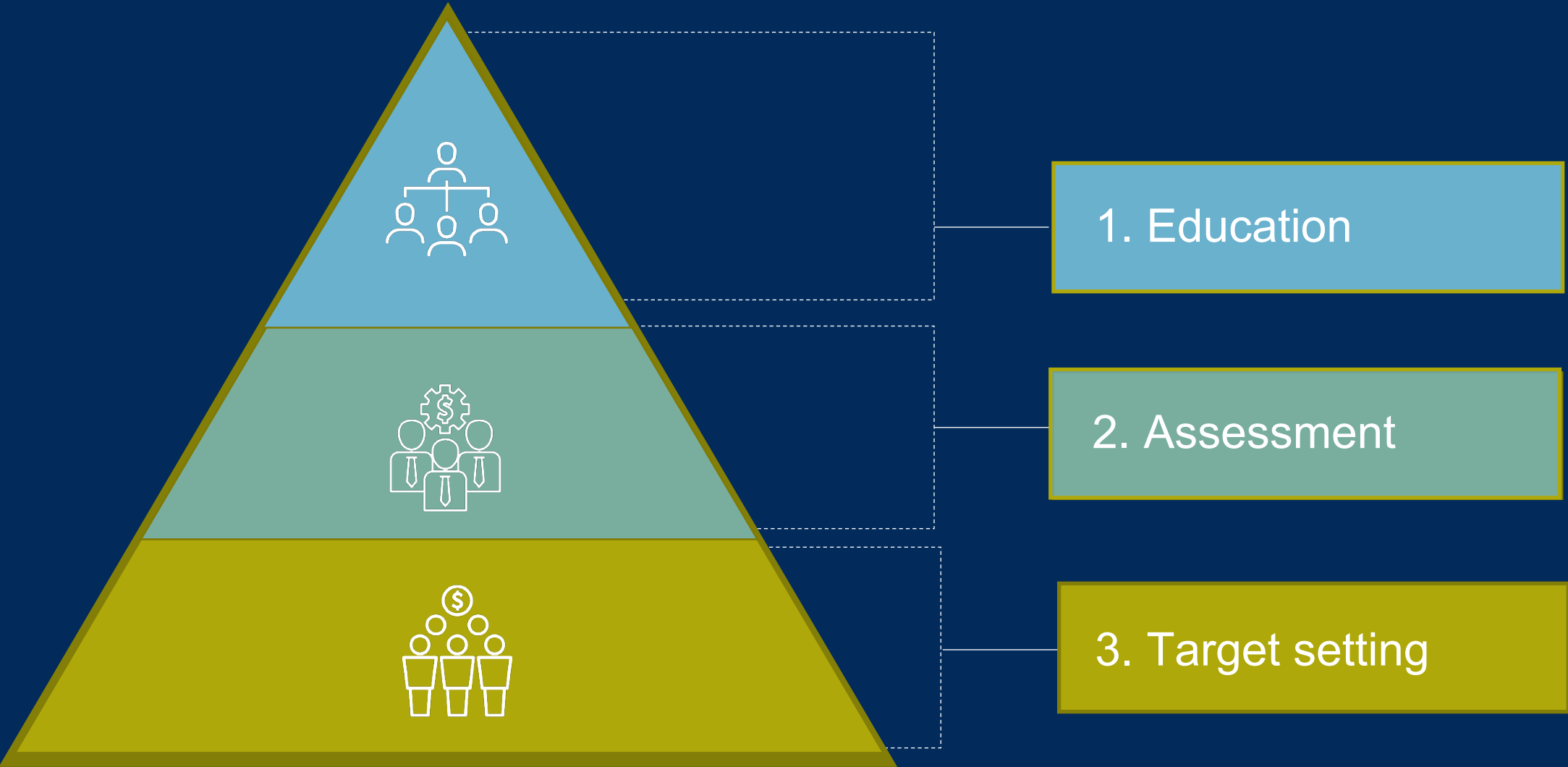
Consider carbon offsetting for emissions that cannot be eliminated within the portfolio. Invest in projects that remove or reduce carbon dioxide from the atmosphere, such as reforestation and renewable energy projects.

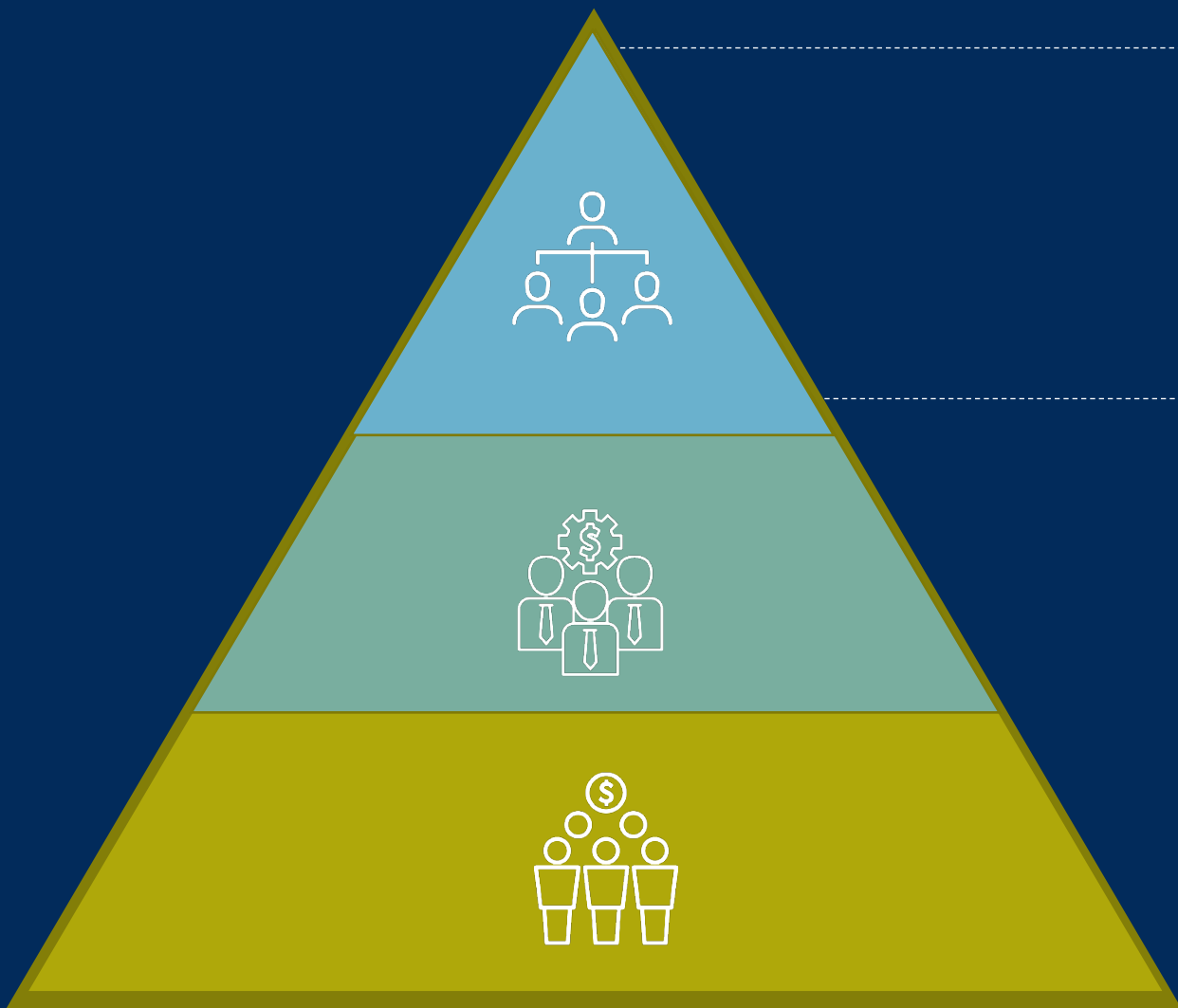
QUESTION 1

Who has engaged in capacity building activities to better align their investment portfolio with the Paris agreement?



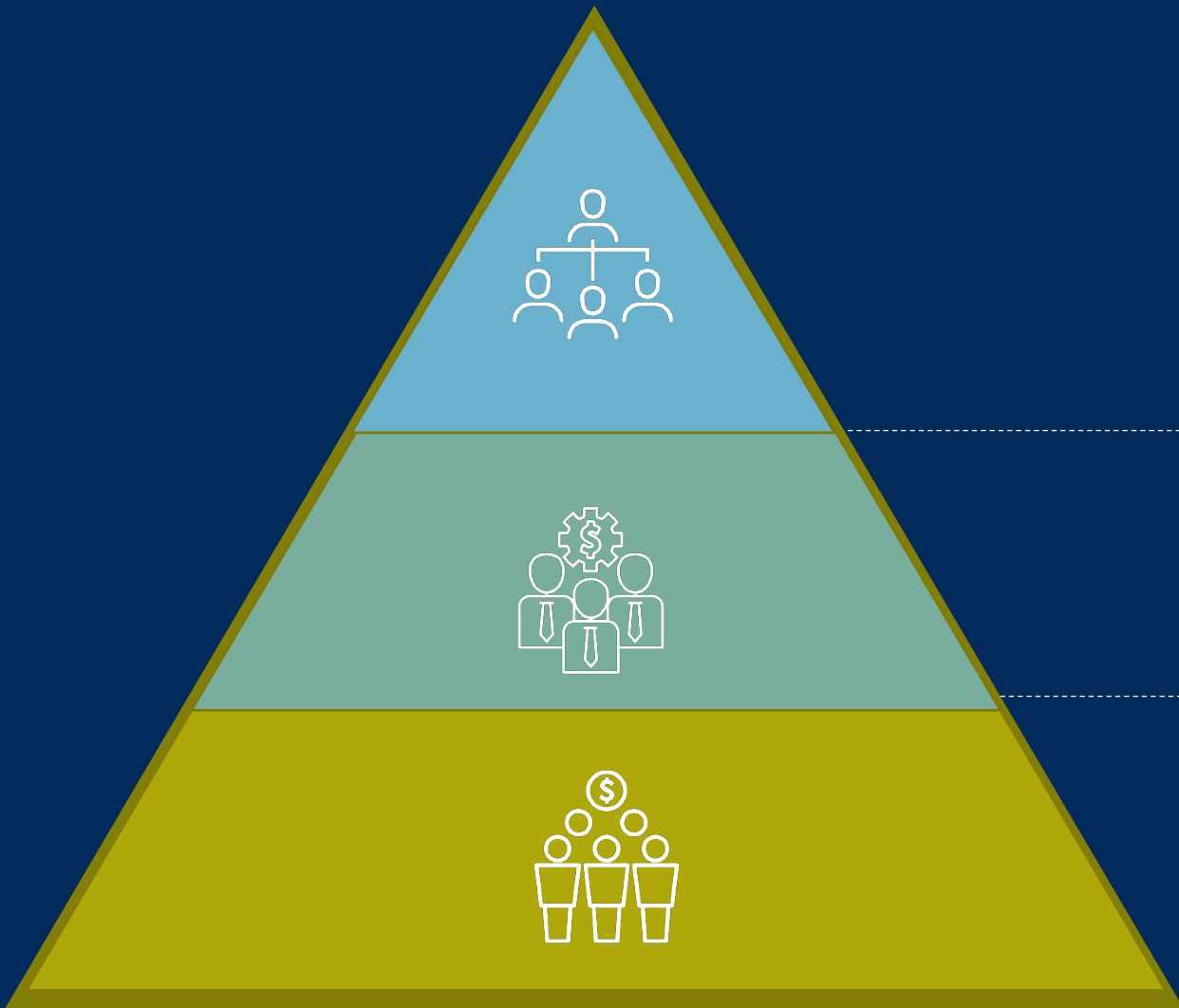
PORTFOLIO LEVEL CAPACITY DEVELOPMENT





1. Education and Awareness raising

Educate the Board, management and employees of portfolio companies about the Paris Agreement, its goals, and the implications for their specific industry.



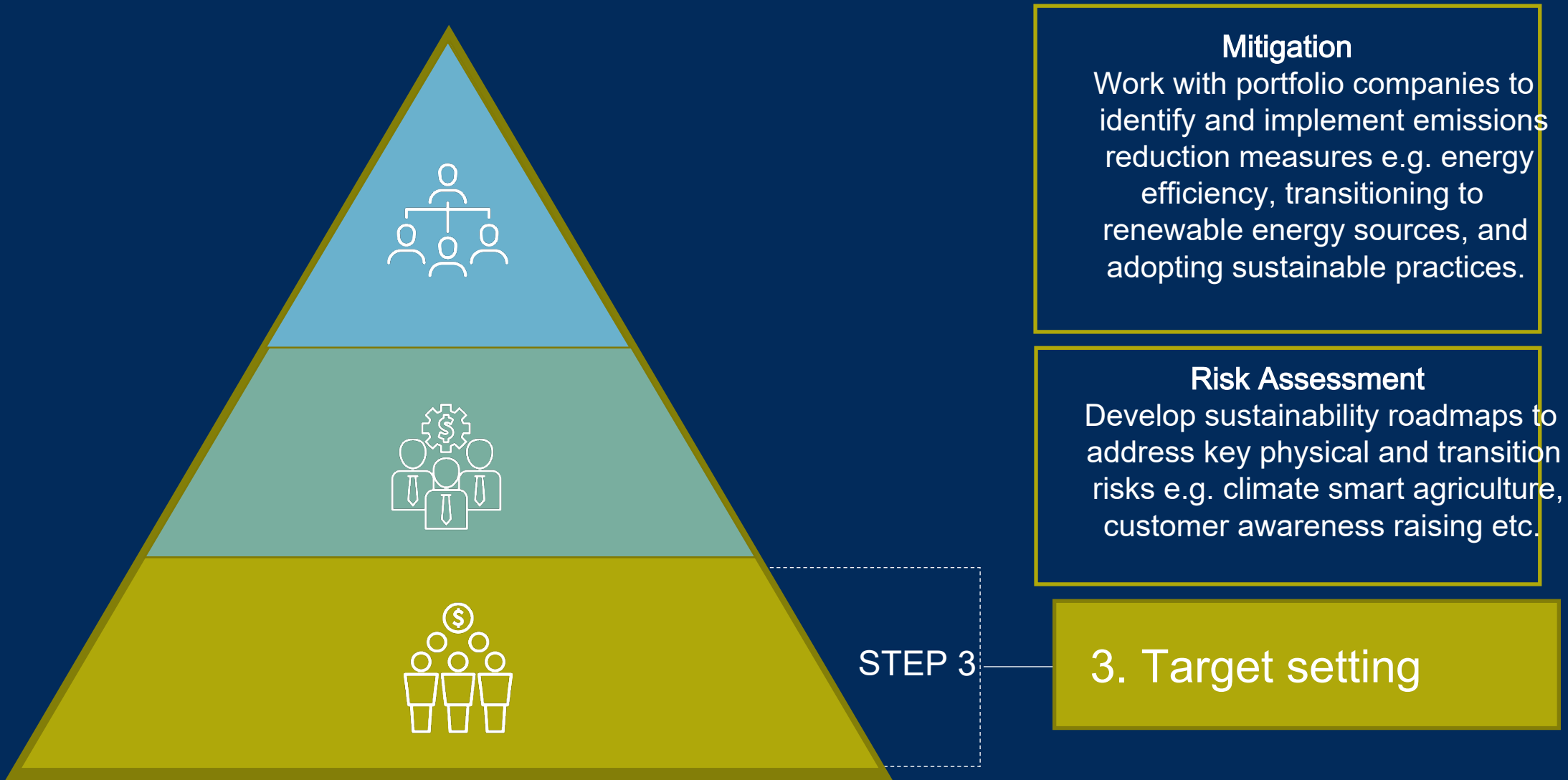
Mitigation

Evaluate the current carbon footprint of the portfolio to understand the emissions and climate risks associated with each investment

2. Assessment

Risk Assessment

Assess climate-related risks within the portfolio. This includes both physical risks (e.g., extreme weather events) and transition risks (e.g., regulatory changes).



TECHNICAL ASSISTANCE

Develop Technical Assistance packages to support portfolio companies with climate action.

- **Climate Action trainings**
- **Resource efficiency audits**
- **Climate risk assessments and roadmaps**
- **Emission measurement and reporting**
- **Developing sustainability roadmaps and setting science-based targets**

INCENTIVES

Consider aligning compensation and incentives for portfolio company executives with climate and ESG performance to drive action.

QUESTION 2

What are you going to do in the next 5 days, 5 months and 5 years to achieve Climate Action goals?

