



Sustainable finance guide



Produced by **Greenly** and **ESG Connect** with the help of dedicated partners.

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**CAPUCINE CUSINBERCHE**

Sustainable Finance Manager - Greenly

“Working with investment funds is a powerful way to accelerate the decarbonization of our economy. They have a lot of influence and a major role in supporting their SMEs in their commitment to climate, the major battle of the 21st century.”

About this **guide**

Sustainable finance is a major hot topic as more and more companies and investors seek to integrate ESG criteria into their financial strategies.

This guide aims to provide an in-depth analysis of the state of sustainable finance, by examining current trends and future prospects. We hope that this guide will be useful for investment funds and decision-makers who are looking to engage in more sustainable financial practices and contribute to a greener, more sustainable future.

Why this guide ?

ON



Enable everyone to take action

Move toward greener finance and understand the challenges.

A guide to the latest trends

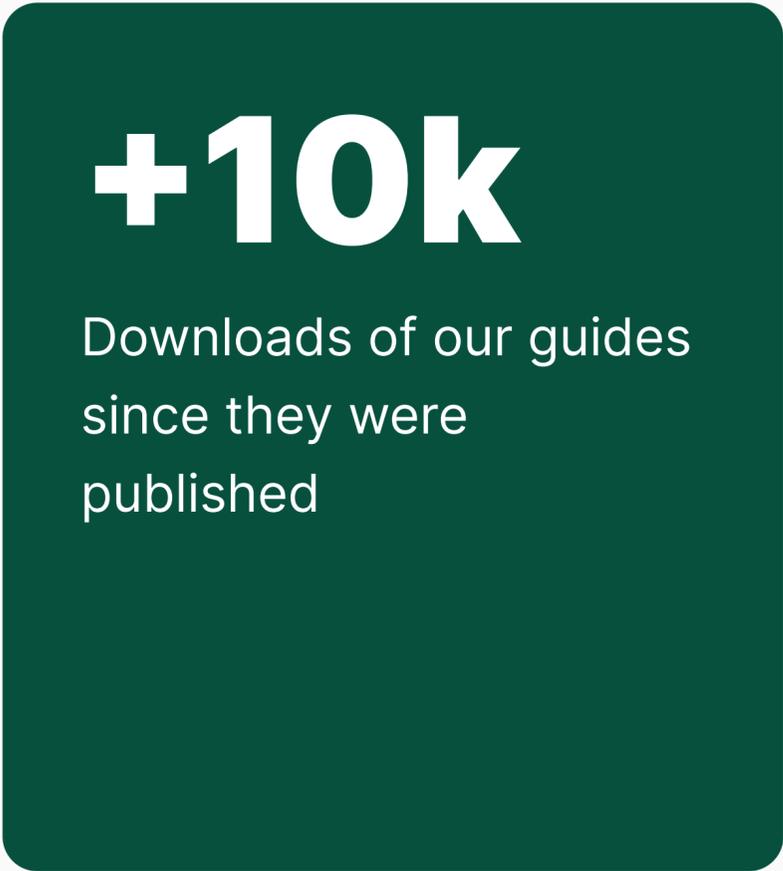
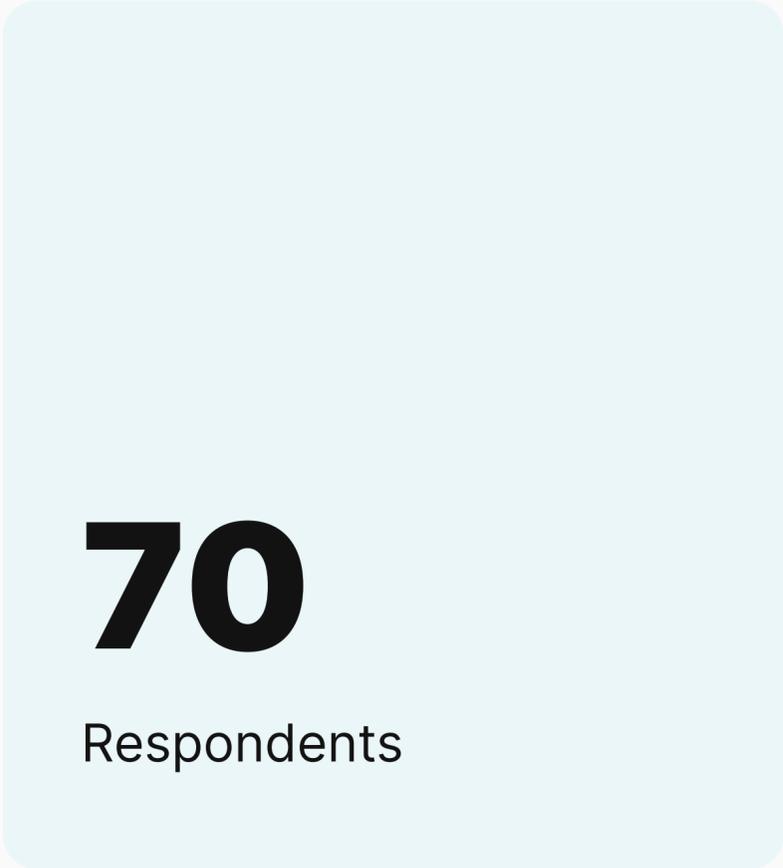
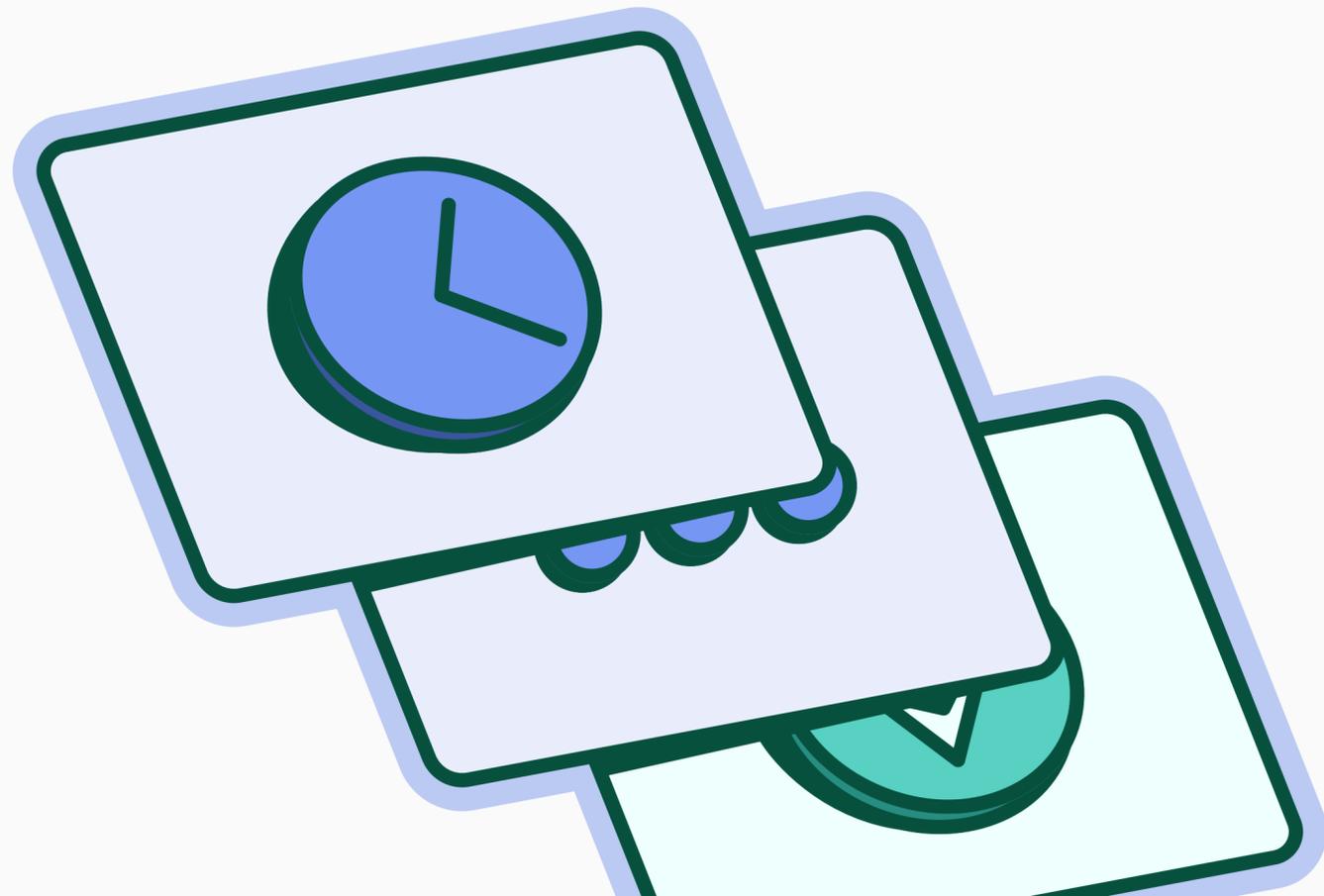
Learn about current trends and understand future projections.

Understand how to engage

Gain a better understanding of the challenges with certifications and regulatory issues, and the importance of calculating a Carbon Footprint.



Statistics from the Greenly survey



Summary

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1

Respondent profiles

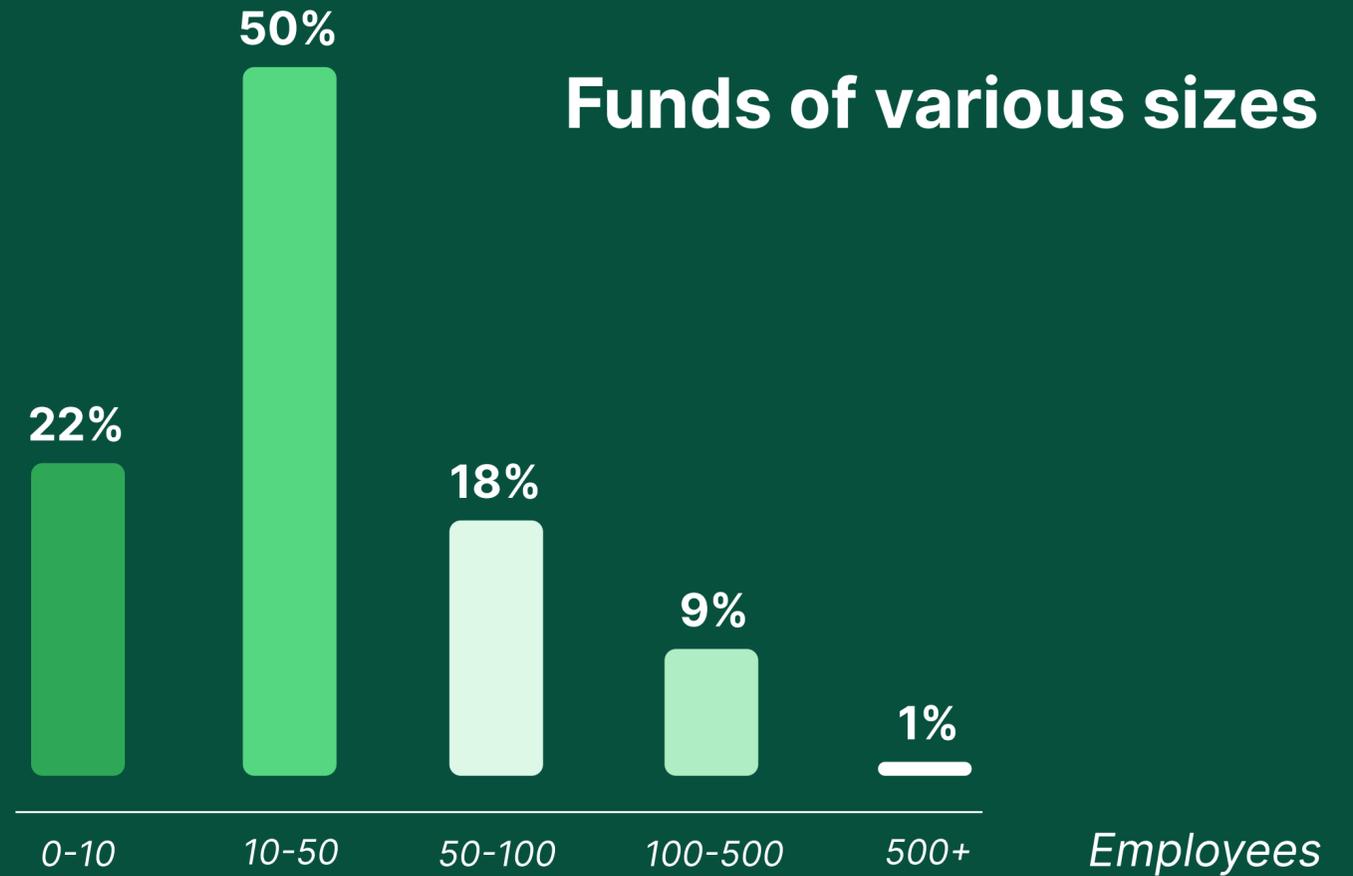


Over 70 investment funds surveyed

This questionnaire was conducted on Sphinx, a site that collects data for studies such as our 2022 Carbon Footprint Guide.



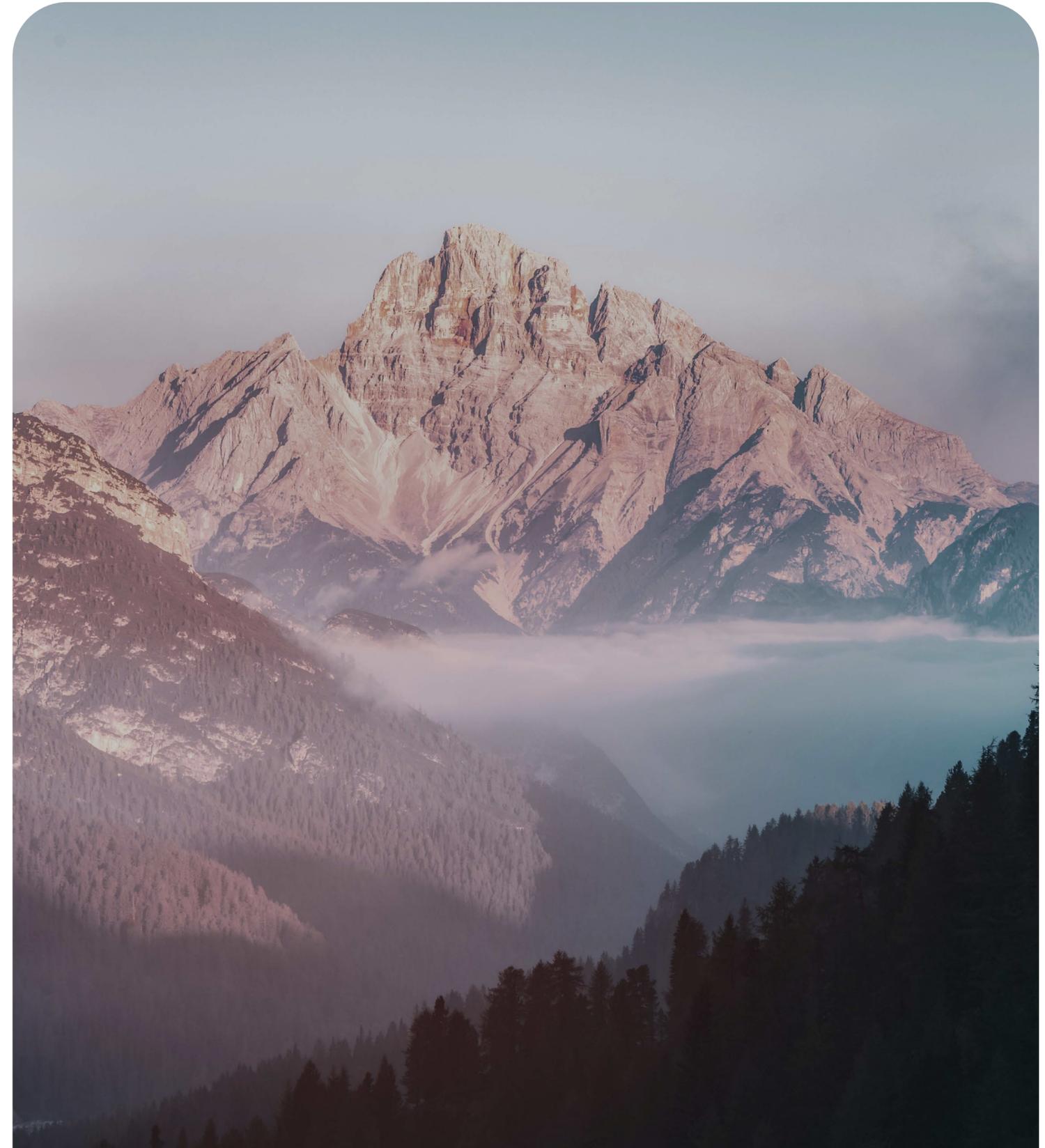
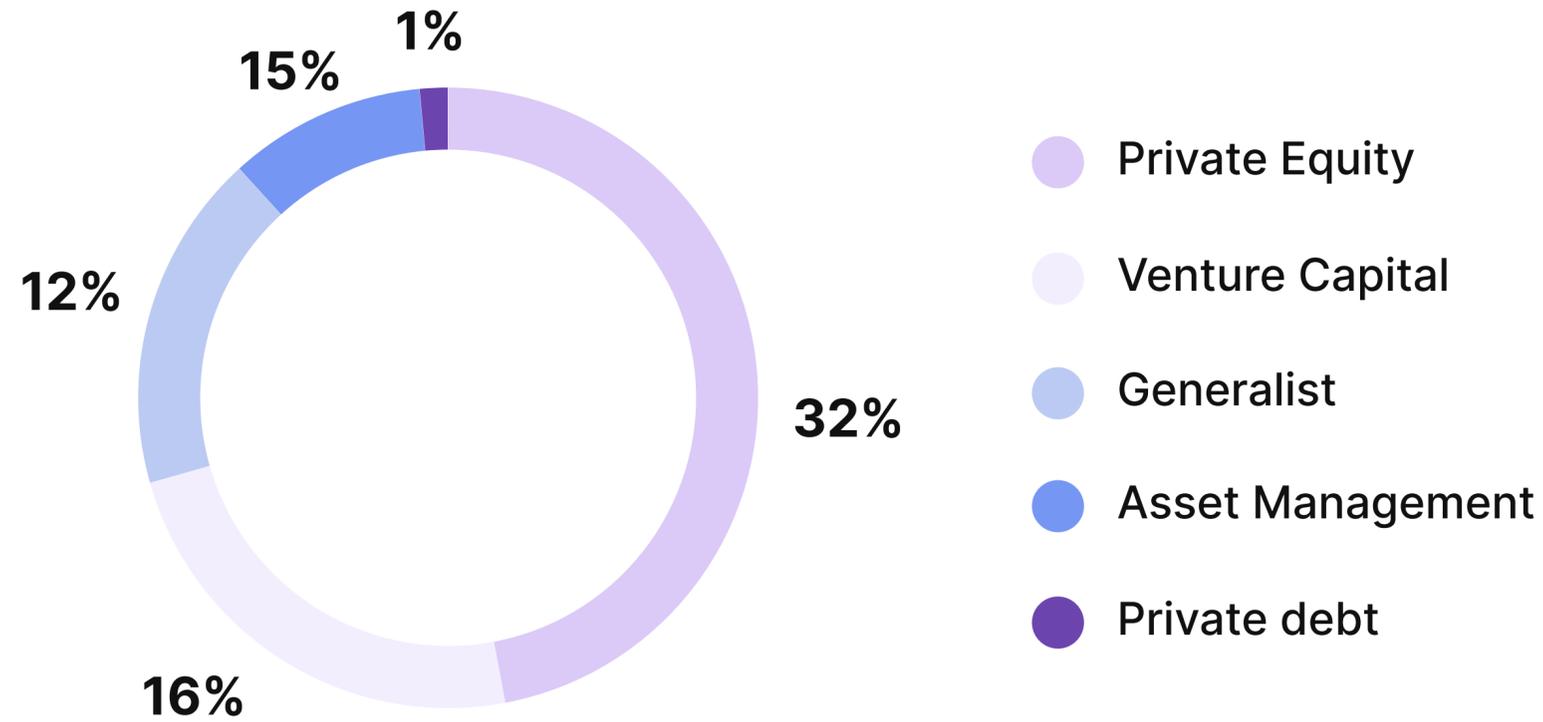
● < 1 year 4%
 ● 1-5 years 7%
 ● 3-5 years 9%
 ● 5-8 years 10%
 ● >8 years 69%



Note

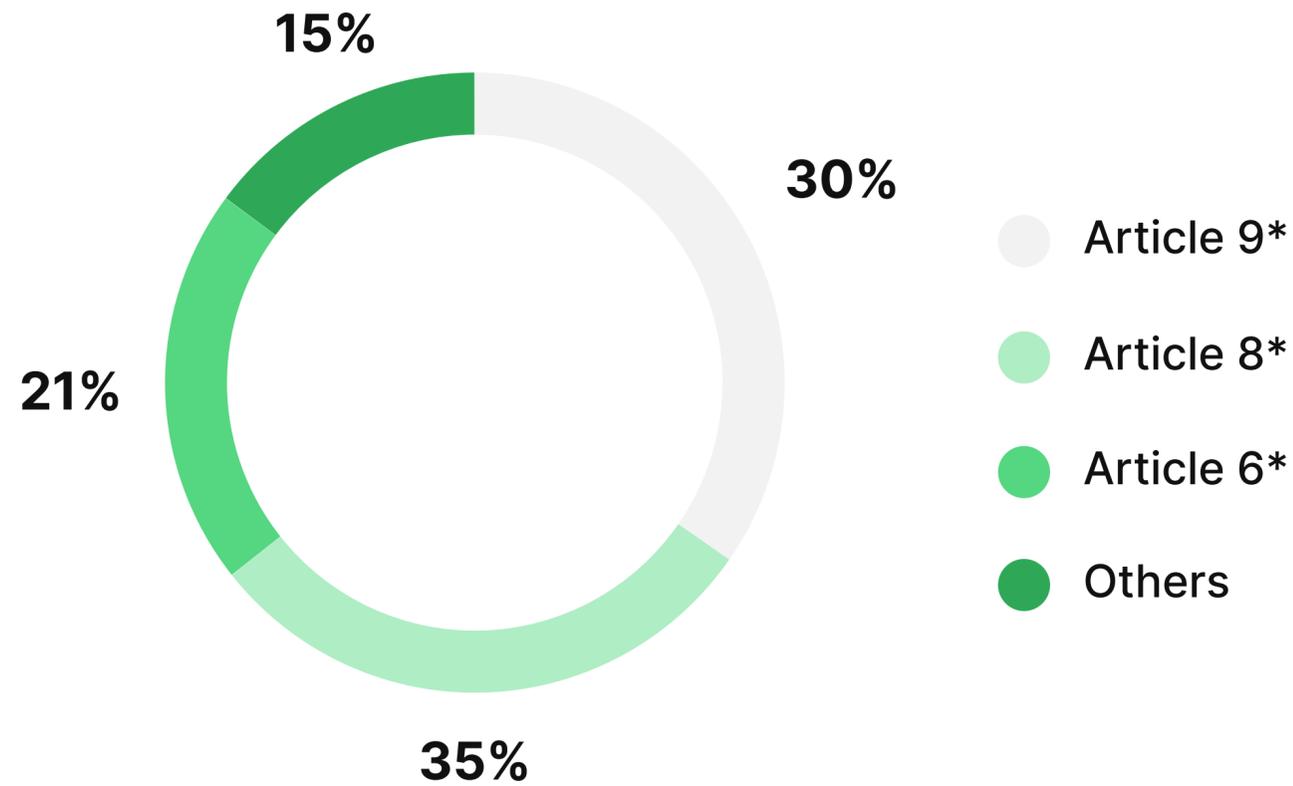
The majority of funds surveyed are **over 8 years old** and 50% of them have between **10 - 50 employees**.

Nearly **47%** of respondents are Private Equity funds





RESPONDENT PROFILES



Nearly 1 out of 3 surveyed funds has a specific sustainability mission and therefore must provide detailed information on how they integrate ESG criteria into their investment selection process as well as on the results of their sustainable investment policy.

*Article 6 : No explicit sustainability goals
*Article 8 : Sustainability goals, no binding criteria
*Article 9 : Sustainability mission, required to provide information on sustainable investments

These are articles from the SFDR (European regulation on "Green Finance").





Chapter 1 Conclusion

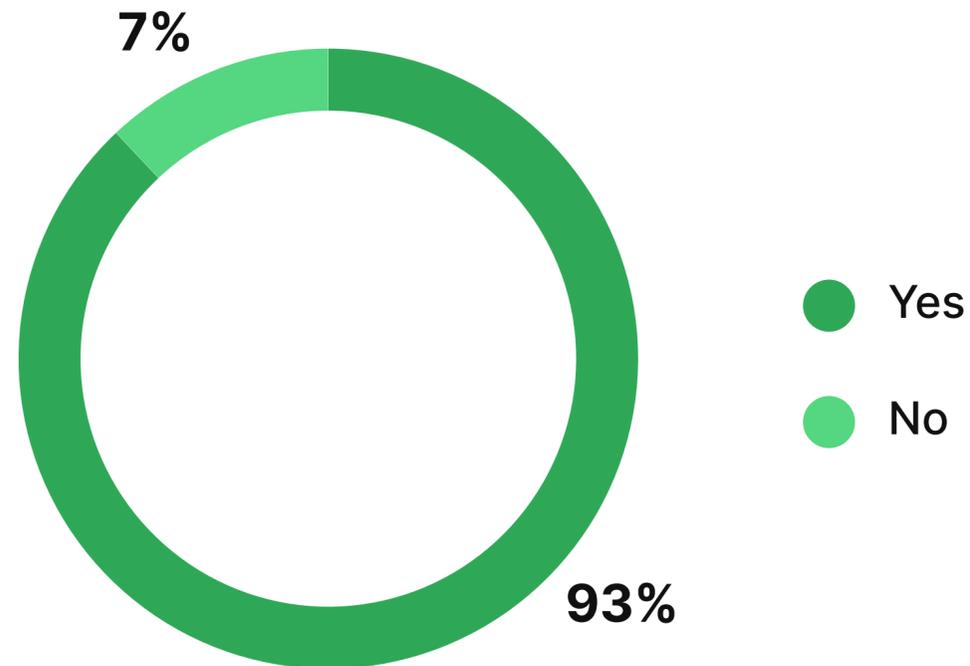
Over 70 funds were surveyed for this guide, and nearly 7 of 10 surveyed funds were established more than 8 years ago. They are for the most part medium-sized with 10 - 50 employees. In terms of type, half the surveyed funds are private equity and the other half are equally split between asset management, venture capital, and funds of varying investment modes. Surveyed funds are mostly categorized by Articles 6, 8, or 9, with 30% of them being article 9 meaning they have specific sustainability commitments.

2

ESG in investment funds



Have you implemented an ESG strategy for your investment funds?

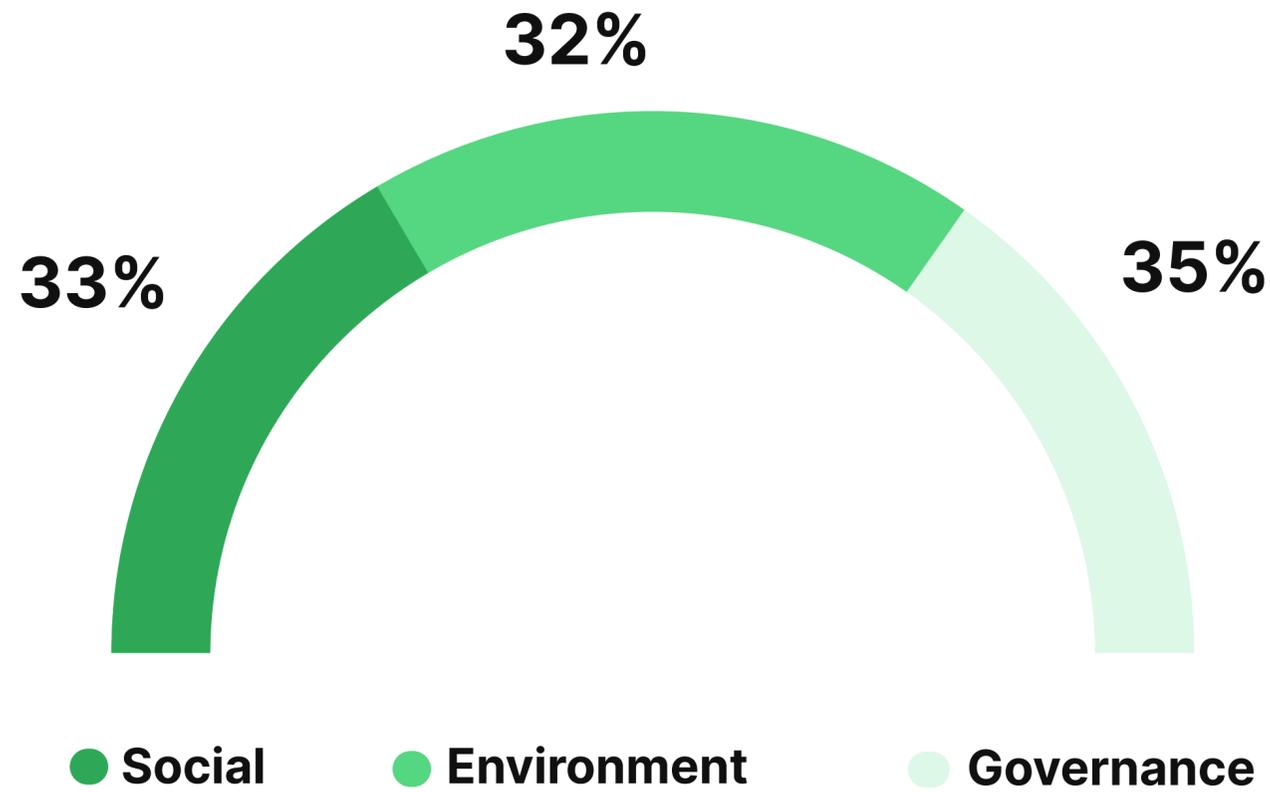


Note

Regardless of their size, nearly all French investment funds have already implemented an ESG strategy.

93% of respondents have already implemented an ESG strategy

ESG funds is primarily focused on



Transition plans for funds

“Our ESG roadmap is public and built with our clients” **“Audit ESG”**

“We have an internal ESG rating system based on 10 points: four for governance, three for social, and three for environmental”

“ESG analysis before investment” **“Responsible investment policy”**

“Certified B Corp” **“ISO 50 0001”** **“Policy of exclusion”**

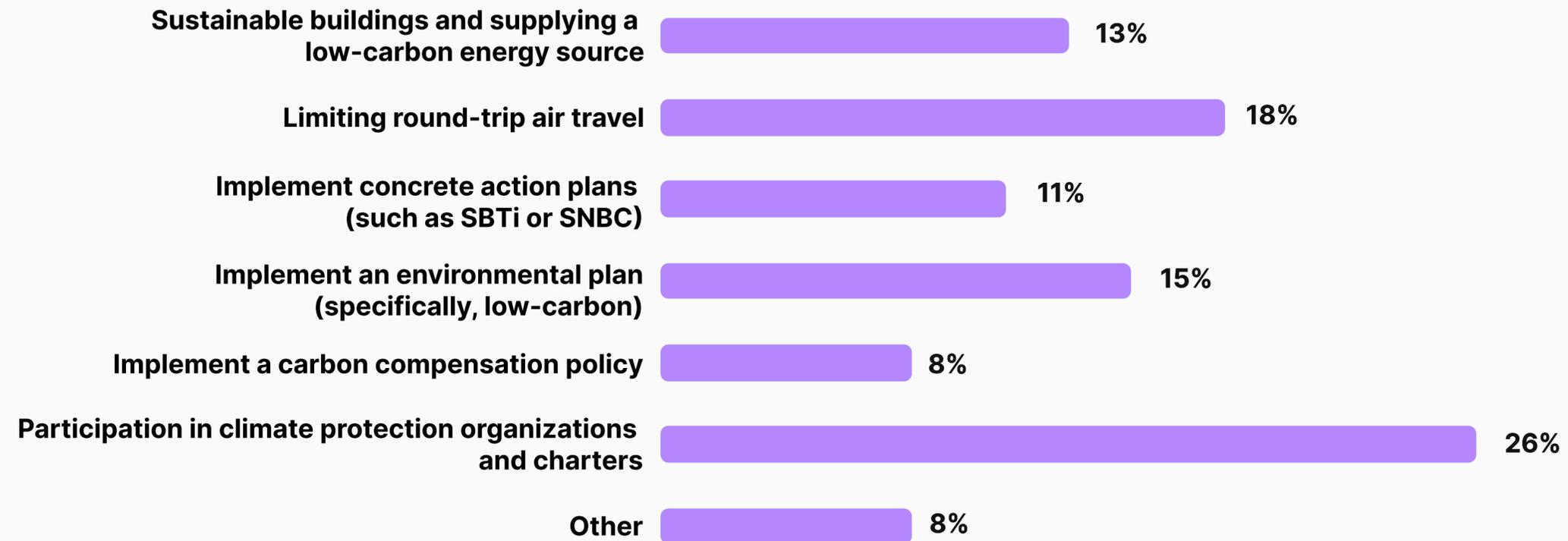
“Scopes I, II and III measurements”

“Set up a dedicated team” **“Progressively upgrade funds towards Article 8 then 9”**

“Pre-investment ESG due diligence”



Climate engagement is mainly carried out via participation in climate protection organizations and charters

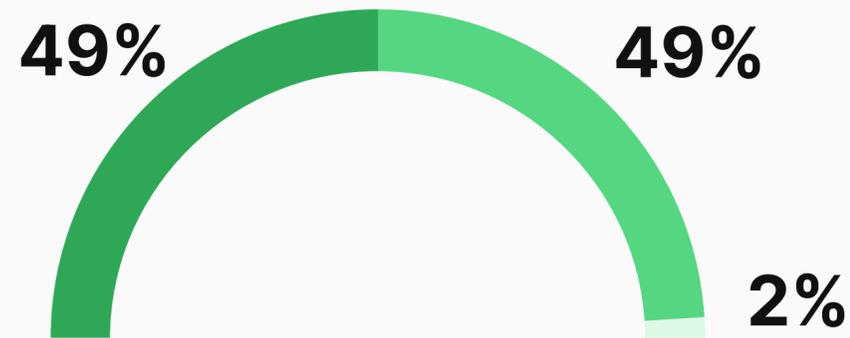


Note

Implementation of a carbon compensation (carbon offsets) policy is the least cited action by respondents



What are your specific climate commitments with regard to your portfolio?

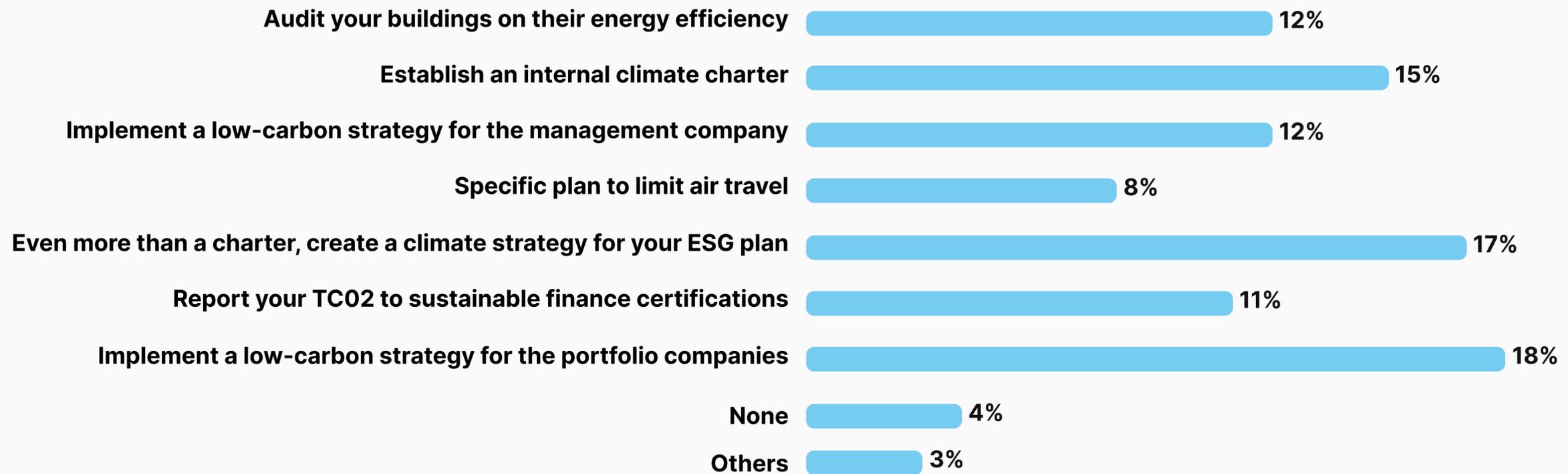


- Implement carbon accounting to limit CO2 footprint
- Directing investments by taking into account ESG sustainability criteria

- **Others:**
 - “Supporting companies in the portfolio to reduce emissions throughout the production chain (logistics, sourcing, etc).”
 - “Support becoming a Certified B Corp.”
 - “Launch of Article 9 SFDR Funds dedicated to financing the energy and climate transition.”



Actions already set up are a **low-carbon strategy for portfolio companies** and a **climate strategy for the ESG plan**

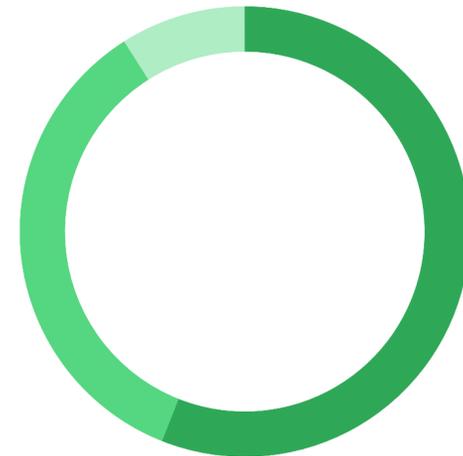


Note

The implementation of a low-carbon strategy for portfolio companies is the most common action taken among funds

Would you be interested in implementing a low-carbon strategy?

- Yes: 56%
- No, I already do: 35%
- No: 9%



91% of companies surveyed wish to implement a low-carbon strategy or have already done so.

Transition plans for funds

"Supporting employees in reducing their CO2 emissions"

"We have an internal ESG rating system based on 10 points: four for governance, three for social and three for environment"

"Article 9 Clean Energy Fund"

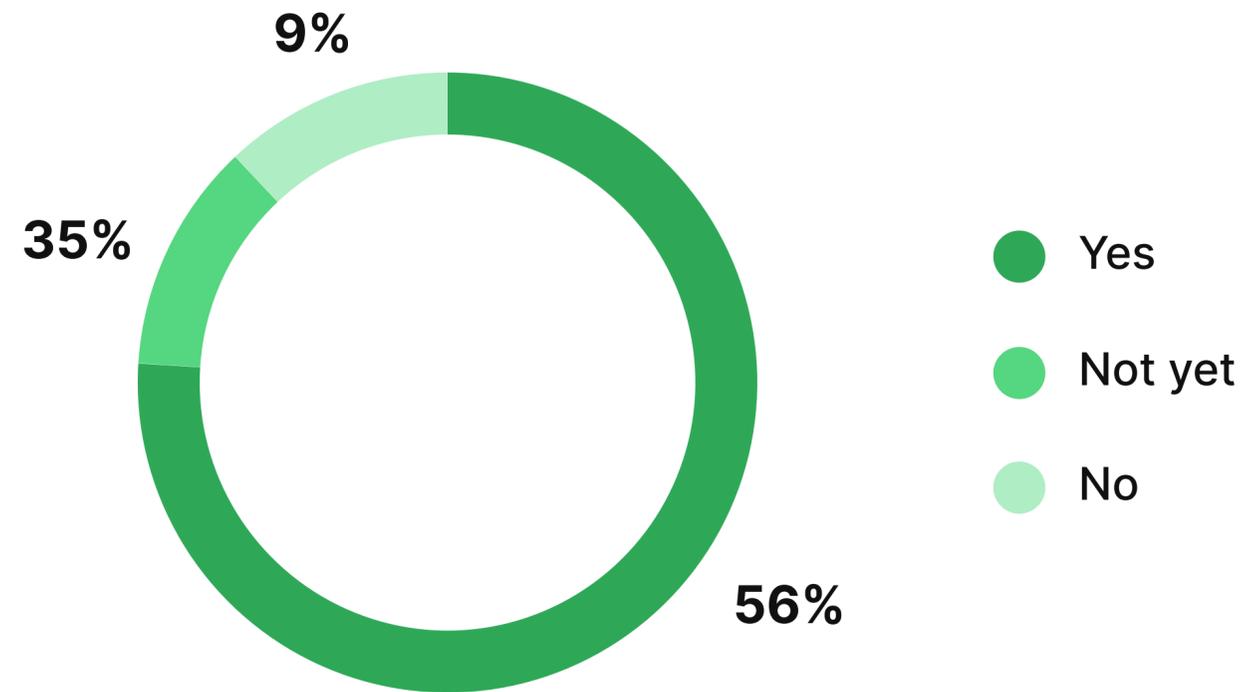
"Monitoring of holdings, Section 8, ESG reporting, etc."

"Reduce travel, measure carbon impact compensation/offsets."

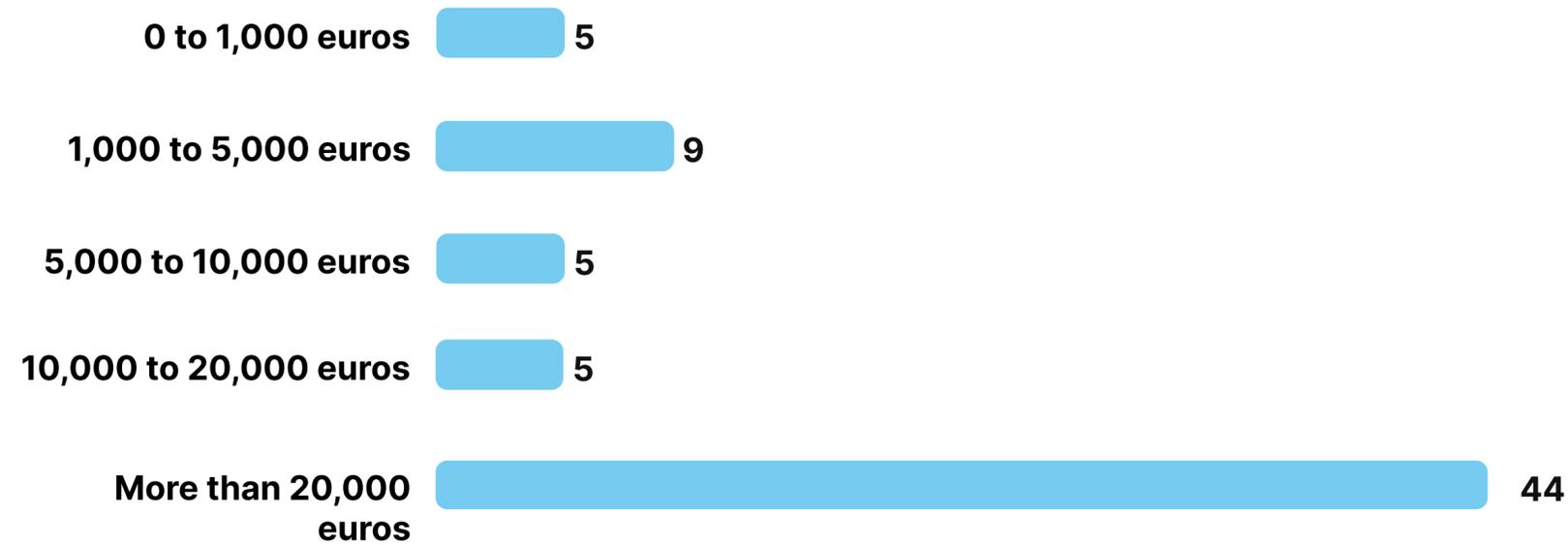
"Low Carbon Strategy aligned with the Paris Agreement and NZI."

"Net zero strategy under development"

Do you have a team/unit dedicated to ESG?

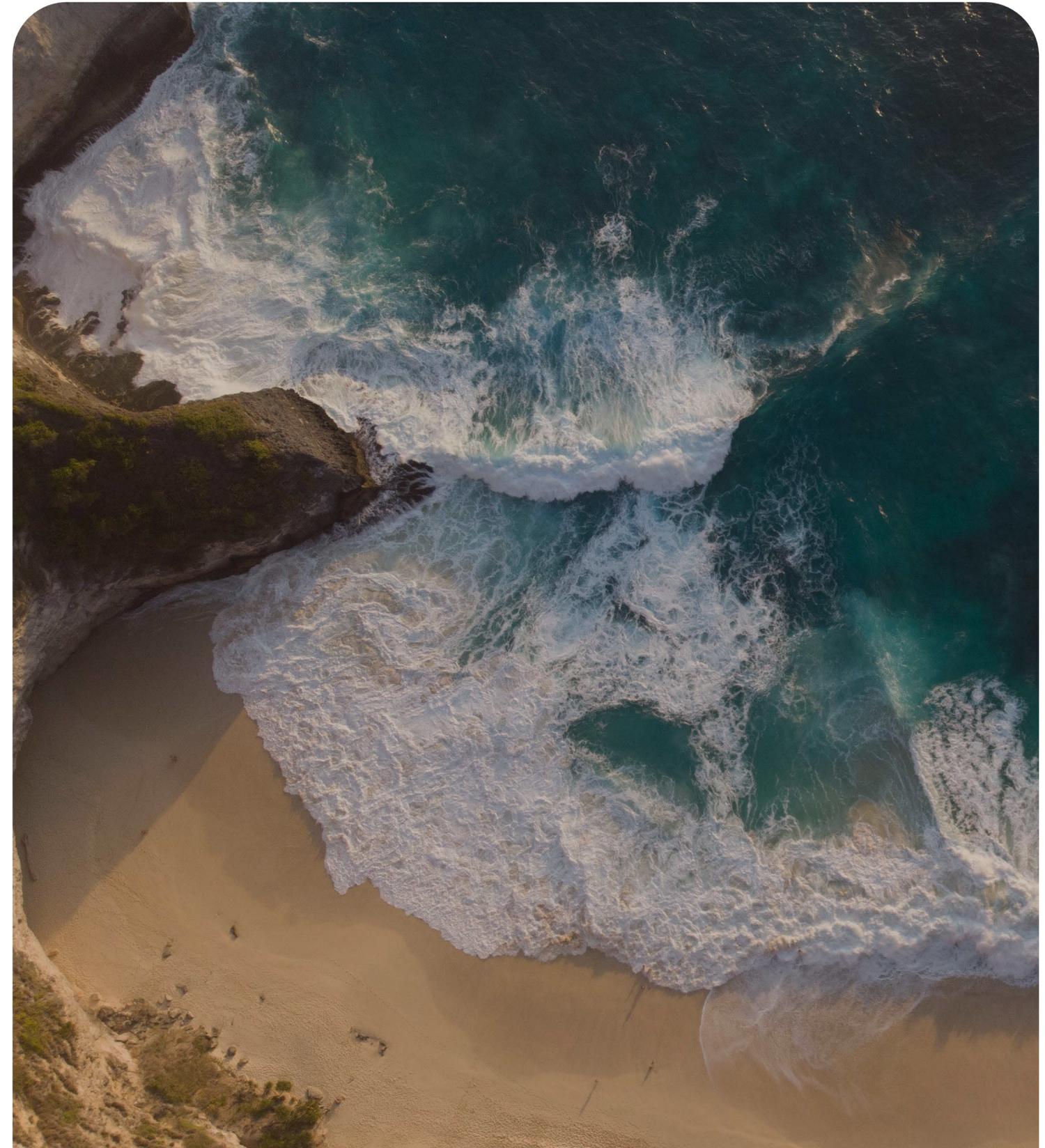


What is the annual allocated budget for ESG and the environment in your funds?



Note

The majority of companies who responded allocate over 20,000 euros each year to ESG and the environment.



Can you specify which environmental plan you have implemented?

“ESG Audit “

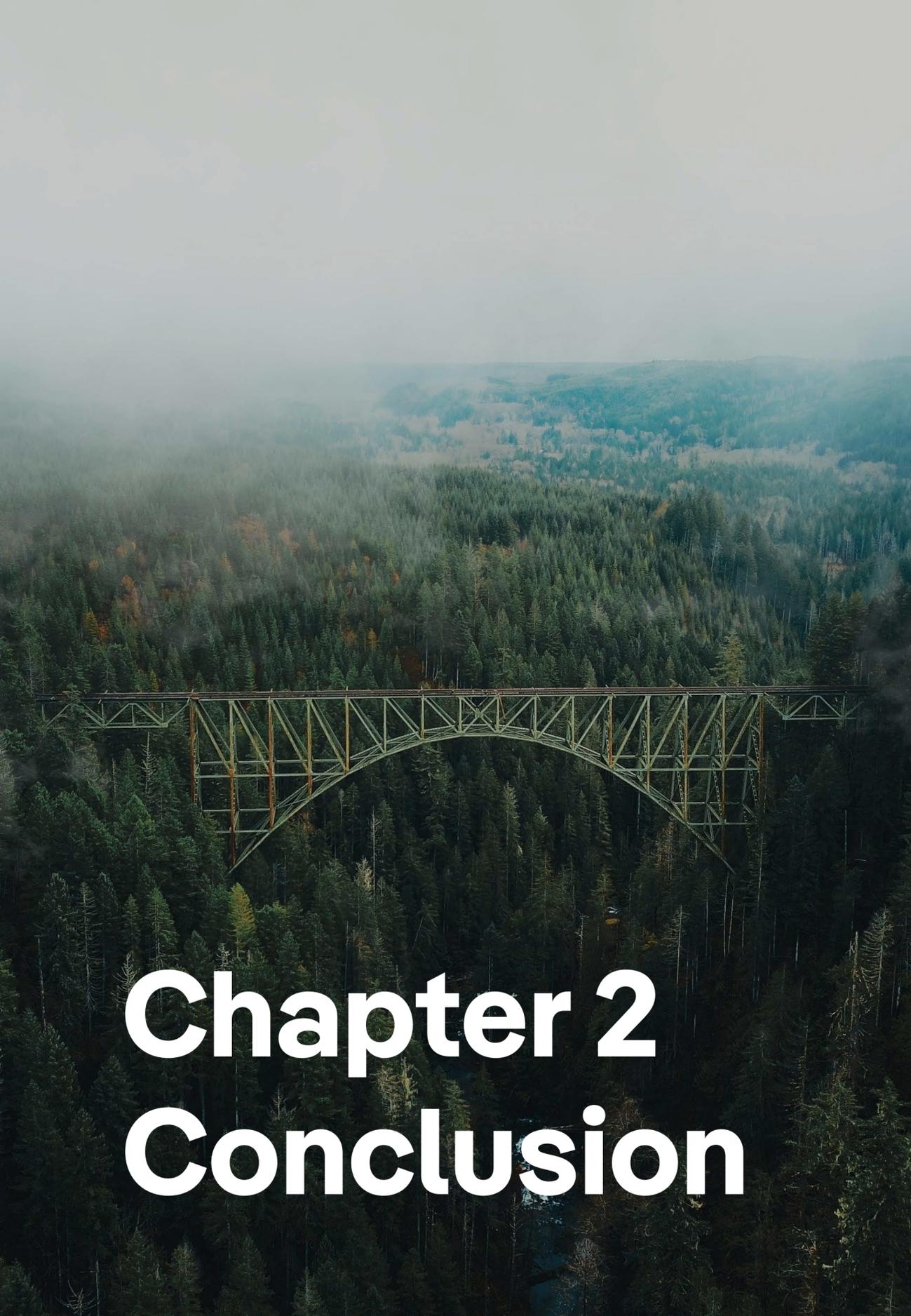
“We mainly select projects with positive prospects for development from a social and environmental point of view.”

“By investing in Health, the Environment, and Agribusiness, all sectors which are linked to SDGs.”

“Thanks to a partnership with Ethifinance, we have 70 criteria which allow us to evaluate a target company and to improve its ESG performance during our holding.”

“Implementation of a pre-investment ESG reporting process by the internal team using free, available tools.”

“All funds are Article 9 and integrate ESG challenges by favoring solution providers who focus on environmental and social issues.”

An aerial photograph of a dense forest with a large, green metal arch structure spanning across it. The arch is made of a complex lattice of beams and supports, resembling a bridge or a large-scale sculpture. The forest below is a mix of green and brown trees, suggesting a transition in seasons. The sky is a pale, hazy blue.

Chapter 2 Conclusion

Most investment funds have implemented an ESG strategy and those who have not yet done so are all smaller than 50 employees. The ESG focus in funds is split equally between social, environmental, and governance and many funds' transition plans focus on pre-investment ESG due diligence. Climate commitment is largely demonstrated by participation in climate protection organizations and charters as well as policies such as limiting air travel. Nearly 9 out of 10 companies want to implement a low-carbon strategy and would like to be categorized as article 8 or 9 funds. More than 50% of them have a division or team dedicated to ESG and 44 of them allocate more than 20,000 euros their budget to it annually.

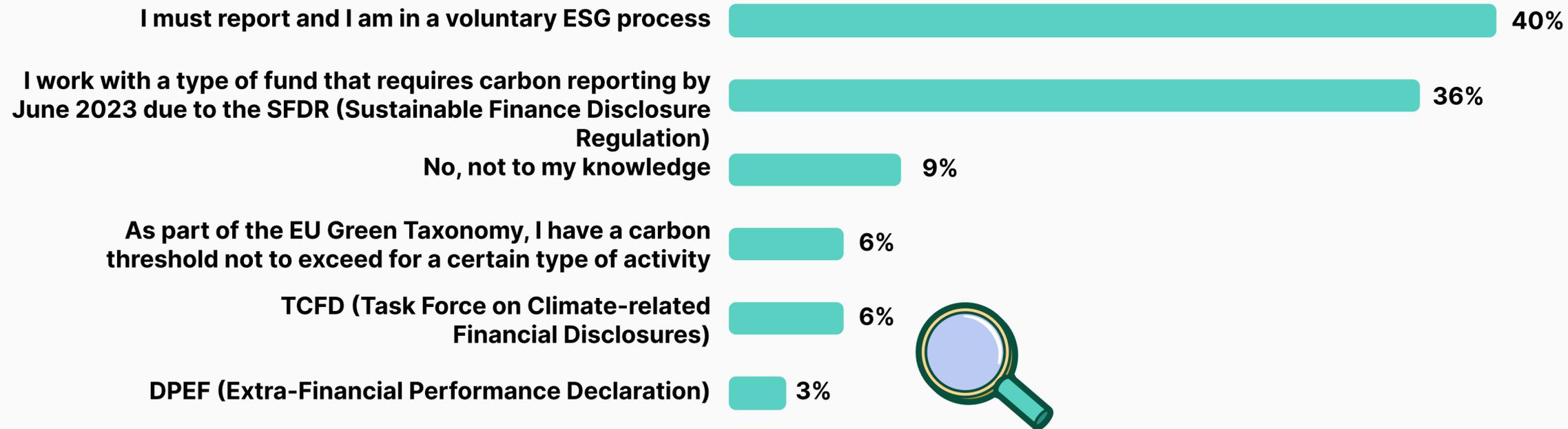
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Certifications and regulations

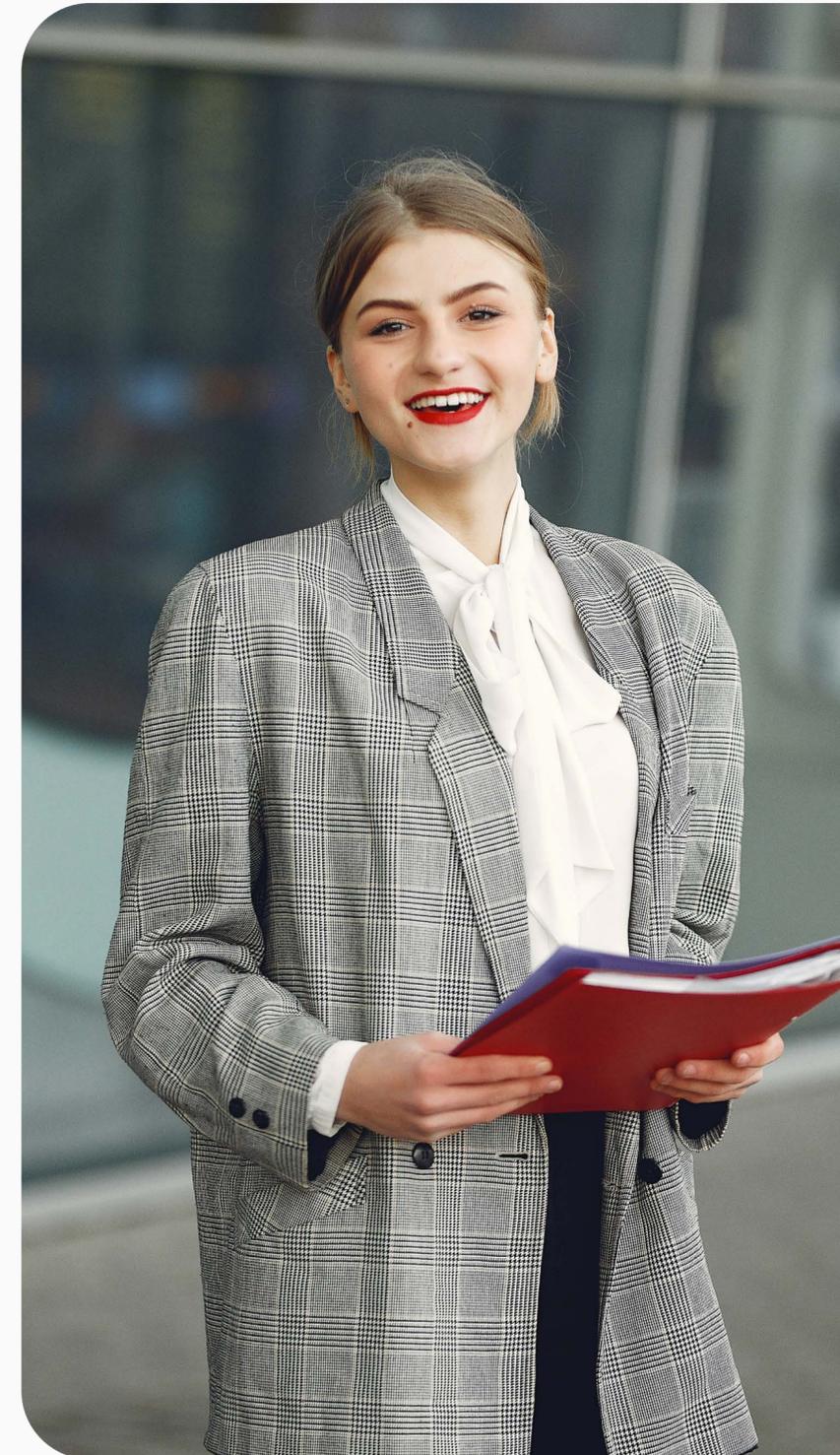


76% of the surveyed funds must conduct extra-financial reporting on climate

Do you have to report on carbon already, or do you think you will have to report on carbon and the climate more broadly?



Note 36% of funds are subject to the SFDR, while 40% take a voluntary ESG approach.



Have you applied for any certifications or charters for sustainable finance?



Do you plan to get any or get more?

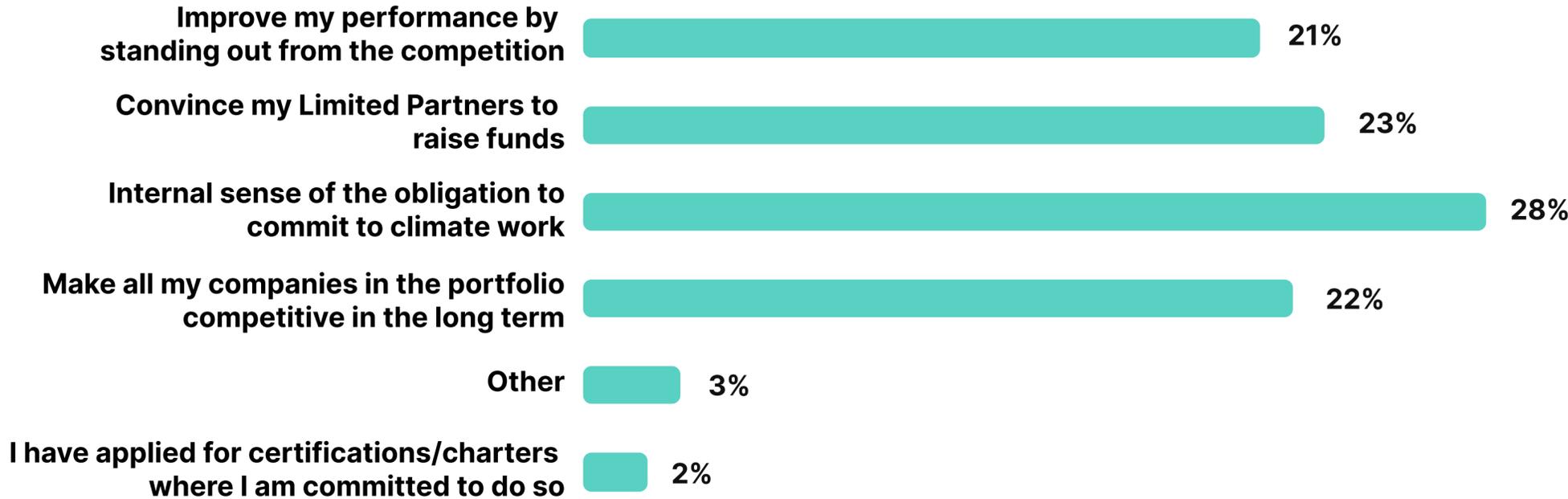


A few examples of certifications

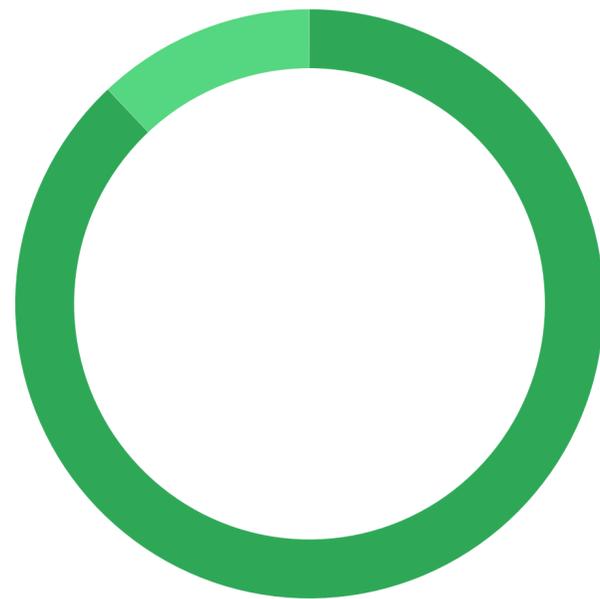


Certifications help funds maintain their performance while demonstrating their commitment to climate

Why would you seek to obtain one or more certifications for your fund?



Do you consider investments in green businesses less profitable than others?



● No: 88%

● Yes: 12%

What do you think of carried interest in sustainable financing?

"100% of our carried interest is indexed to achieving impact goals. I think that's a good thing."

"50% of the carried interest of the front team is indexed to the achievement of environmental impact goals which we have set for each portfolio company."

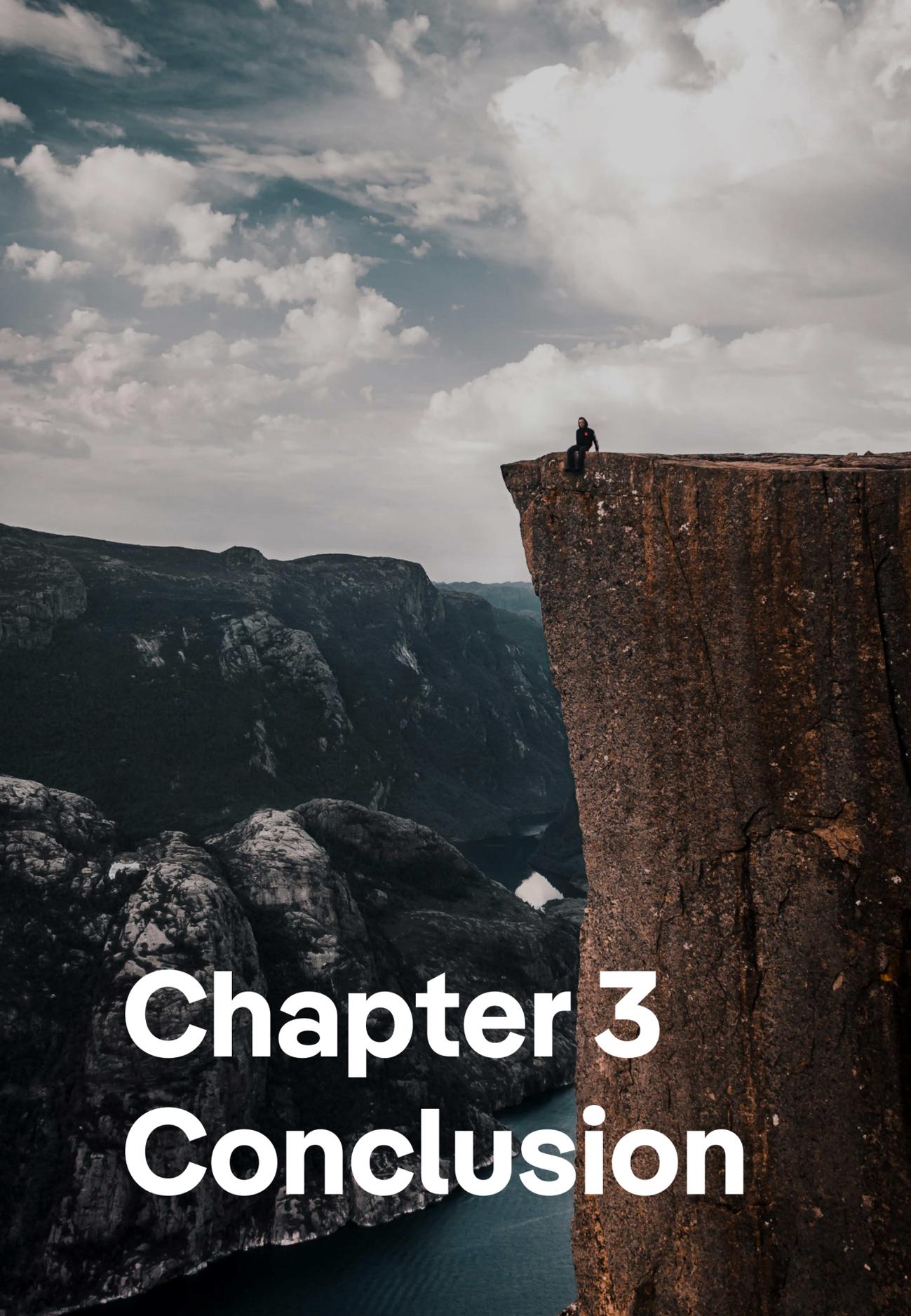
"Article 9 Clean Energy Fund"

"The subject is increasingly prevalent in raising capital..."

"Personally I'm in favor, but its still a complex subject with funds."

"Very complicated because it can lead to conflicts of interest."

"Very interesting but complicated to implement, especially in a VC environment."



Chapter 3

Conclusion

Nearly 8 out of 10 surveyed funds must conduct extra-financial reporting on climate, and half of them have applied for certifications or charters for sustainable finance. The main driver behind this is internal conviction of an obligation to commit to climate work. Most funds consider investments in green businesses to be at least as profitable as others. Finally, carried interest in sustainable financing is an interesting issue that funds are adopting, but it is still a complex subject.

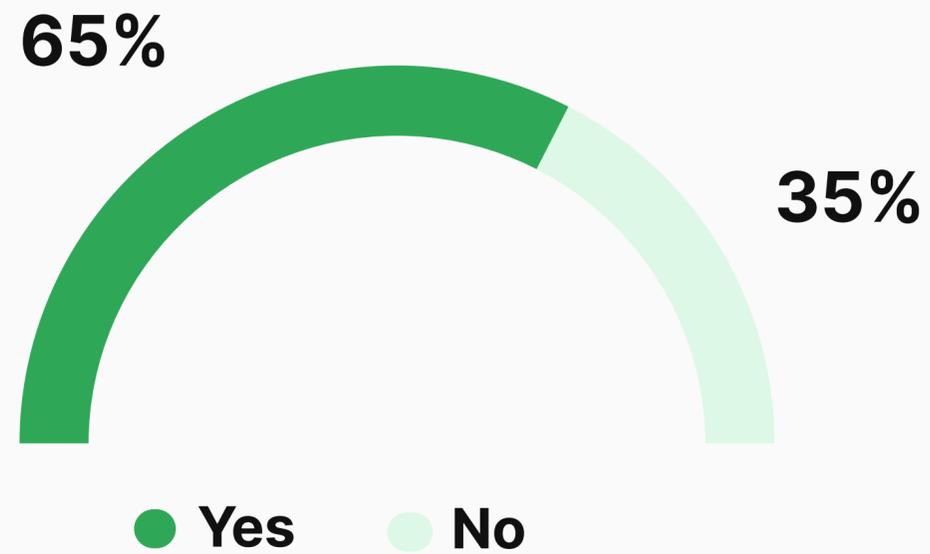
4

Carbon Footprint





Have you already calculated your carbon footprint?



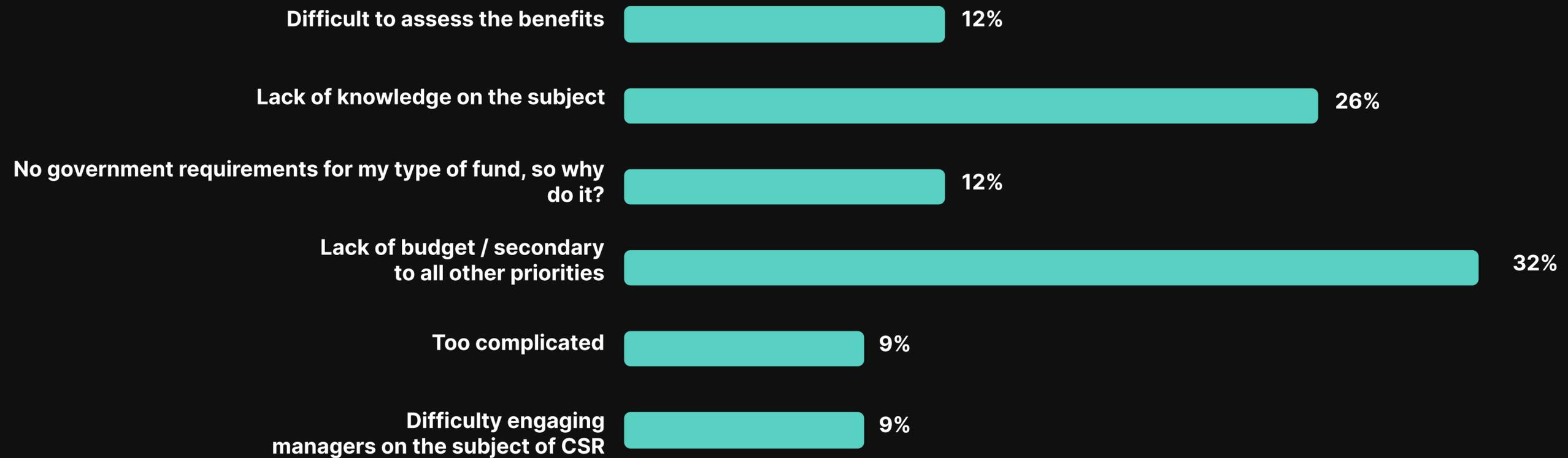
If not, are you planning to calculate your carbon footprint?



Note 86 % of respondents have already calculated or would like to calculate their carbon footprint

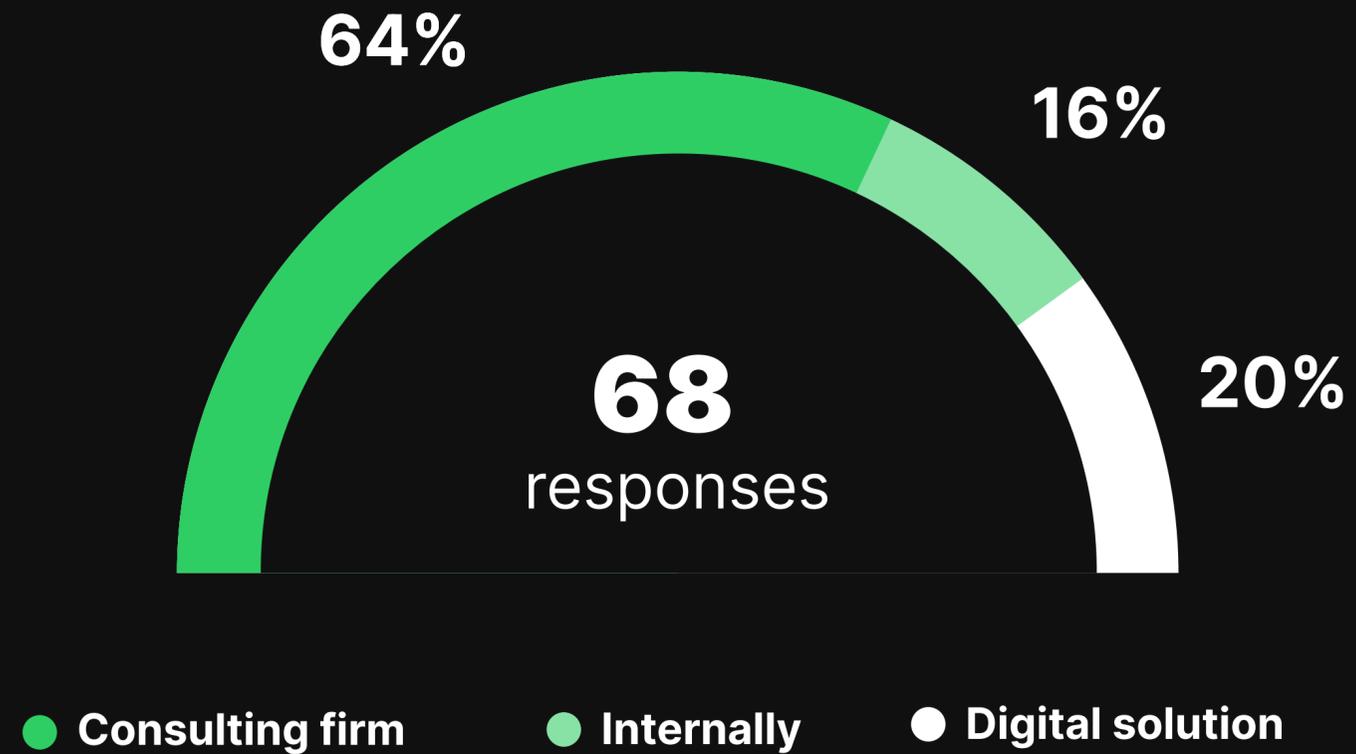
Lack of budget and lack of knowledge on the subject are the main reasons some have not yet calculated their carbon footprint

What haven't you calculated your carbon footprint yet?



3 out of 5 companies have already calculated their Carbon Footprint and the majority prefer to **outsource it to a consulting firm**

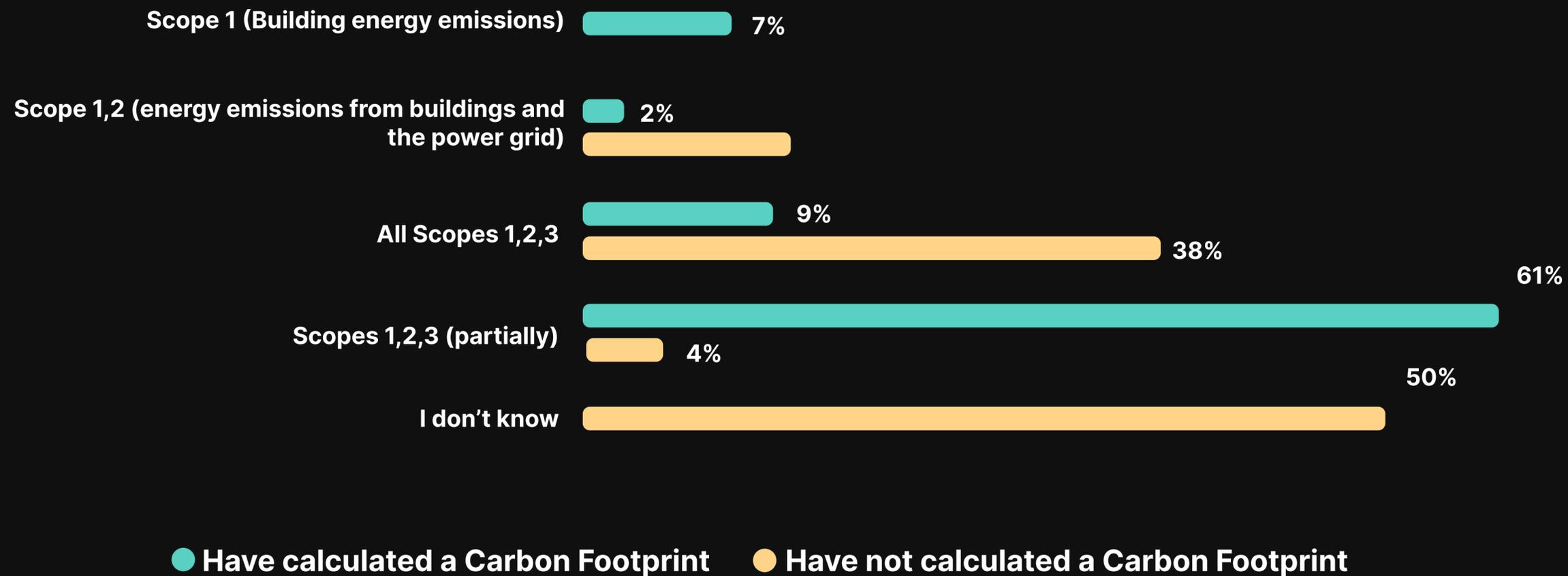
How did you calculate your Carbon Footprint?



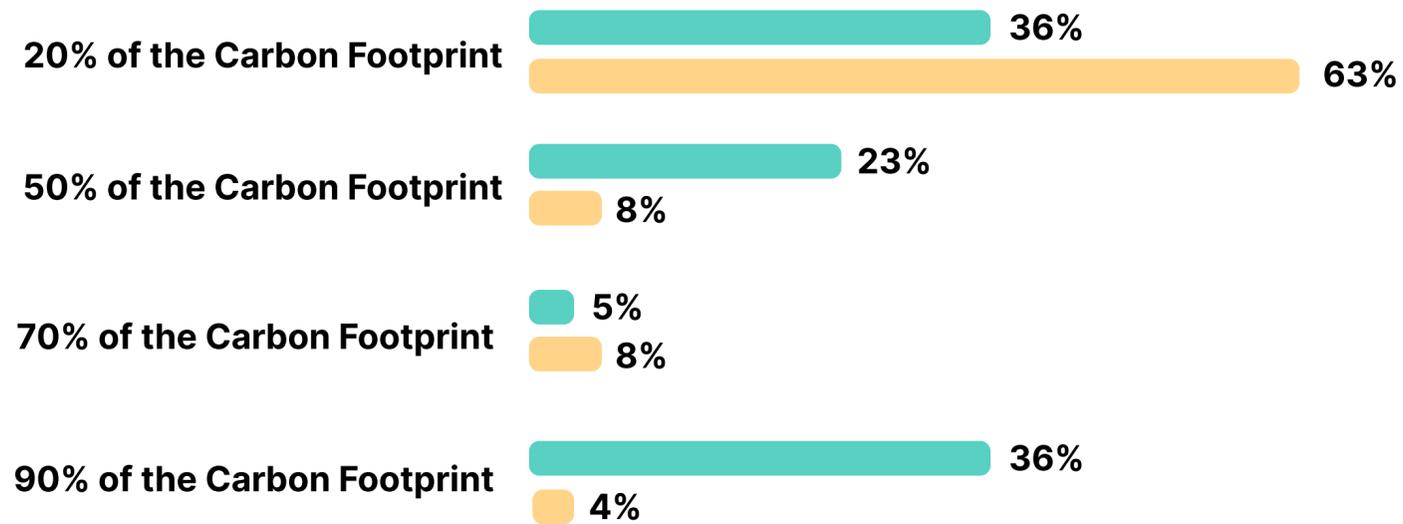


3 out of 5 companies have already calculated their Carbon Footprint, though 61% are incomplete for scopes 1, 2, 3

What items have you/would you like to calculate?

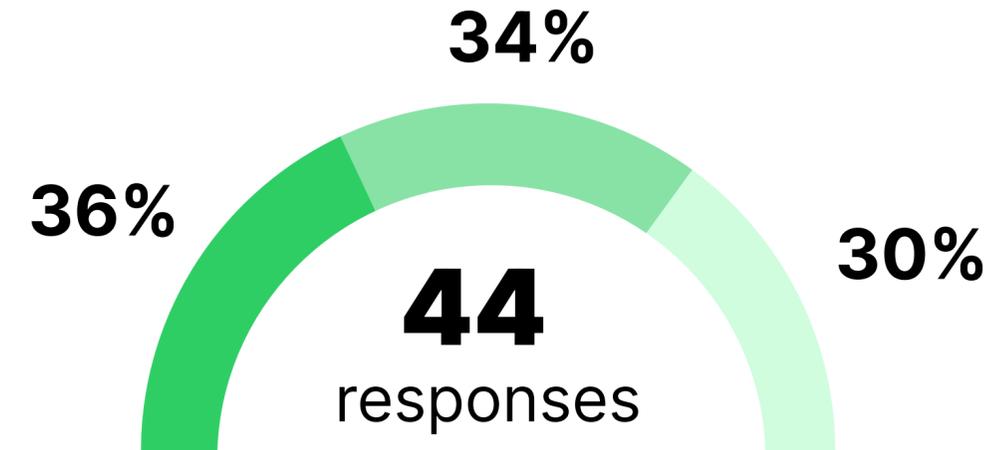


According to you, what % of portfolio investments are represented in your Carbon Footprint?



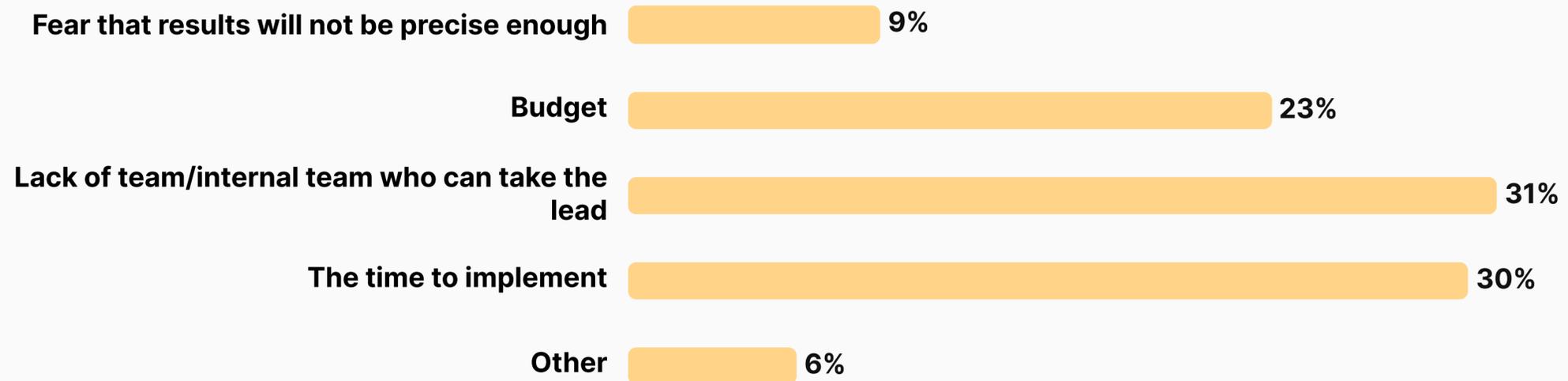
- have calculated a Carbon Footprint
- have not calculated a Carbon Footprint

Have you calculated the carbon footprint of your holdings?

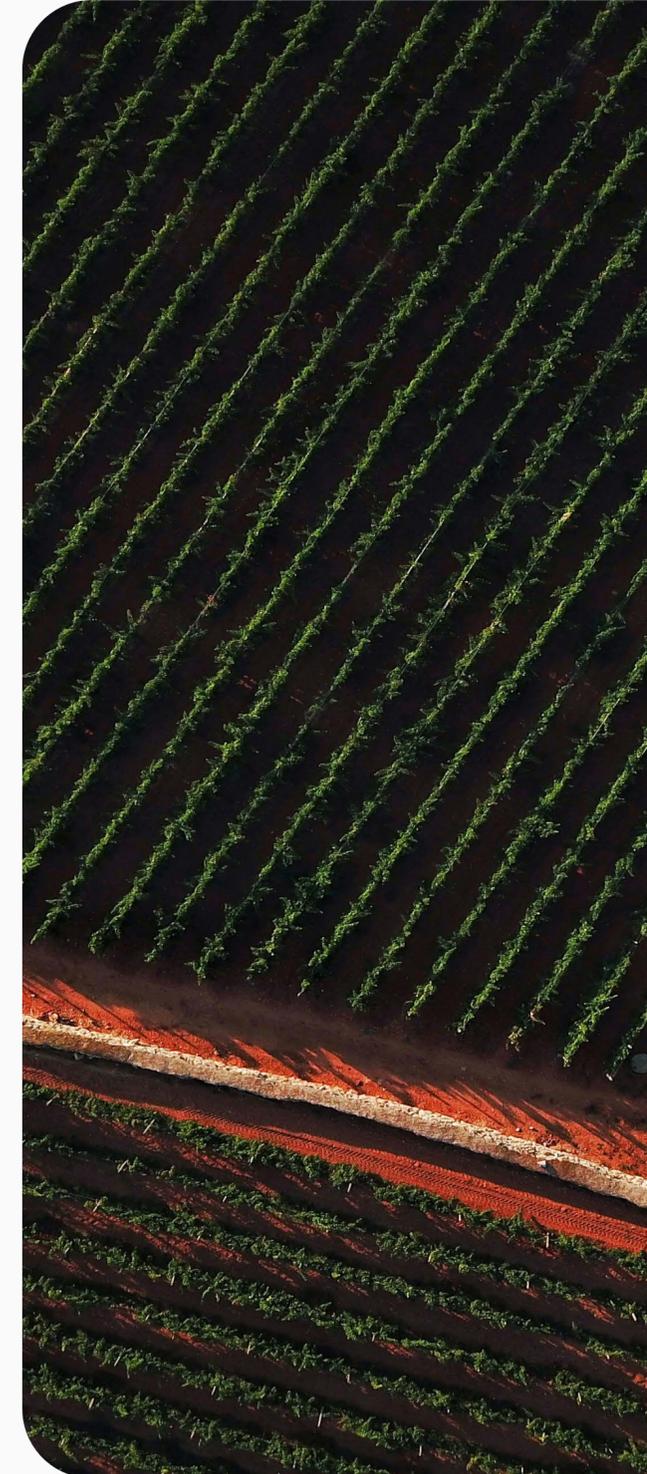


- Yes, I've asked for an estimate from my projects
- Yes, and I've also undertaken carbon assessments for all my projects
- Not yet

The lack of internal team and time to implement are the main obstacles to efficient action plans



“Carbon footprints are a useful starting point for those convinced of the benefits of a low-carbon strategy. For those who don’t share this opinion, the use of a carbon footprint is not obvious. The question of short/medium-term ROI of a low-carbon strategy quickly complicates the conversation.”



Is there internal or external communication or reporting?



Respondents' suggestions

"Take a centralized approach to all ESG data and impacts, not only carbon, and pathways for improvement that can be guided with tools."

"We need to lighten the reporting burden for SMEs / VSEs."

"The carbon footprint results still largely depend on the methodology. We must continue refining so that it can be used consistently."

"Don't limit sustainable finance to carbon."



Chapter 4 Conclusion

65% of the surveyed funds have already calculated their carbon footprint, and 63% of those who have not yet done so plan to do it. For the most part, investment funds outsource the implementation to an external consulting firm, and this is done for scopes 1, 2, 3 (though incomplete). The blockers for implementing effective action plans include lack of internal teams and time. The main reasons for lack of interest in calculating carbon footprints are not enough budget and not enough subject matter expertise. Most funds that are committed to carrying out carbon assessments communicate and report their results.

Guide conclusion

What does this study reveal?

This study shows that investment funds are taking action now to tackle their emissions, both by reducing them and by investing in climate projects, and they plan to continue to do so. However, many of them are still unsure of the best way to do it.

Funds committed to ESG

Most investment funds have implemented an ESG strategy, and those who have not yet done so are all smaller than 50 employees.

Key takeaways

Fund transition plans focus in particular on pre-investment ESG due diligence.

The main motivation and the driving force behind this commitment is the internal conviction that it is a duty to make a commitment to the climate.

Funds mostly outsource the implementation of their carbon footprint to an external consulting firm, and this is typically done for scopes 1, 2 or 3 (though incomplete). The majority of businesses that implement a carbon footprint do so with the aim of communicating it to the outside world, for example posting on LinkedIn.



AND YOU TOO...

Measure, track your emissions, establish an action plan, and invest in climate projects to cover your remaining emissions!





Thank you to all our partners for help creating this guide.

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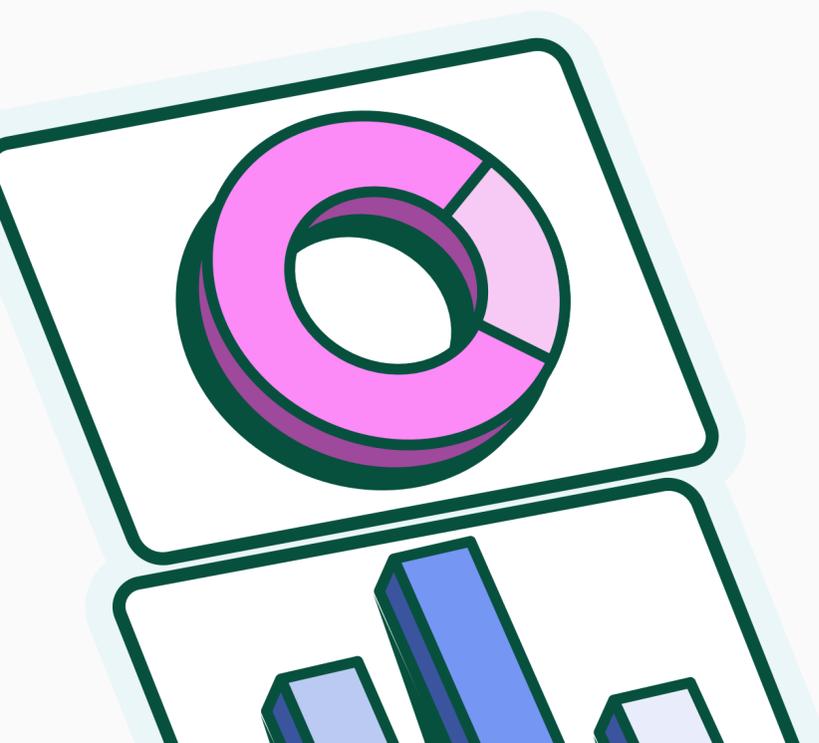
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Thank you to all our partners for supporting us in conducting this study, and to all the businesses who have taken the time to respond to our questions.



Measure to reduce
Measure your company's CO2 emissions and start your journey toward zero carbon



A digital platform to help businesses manage and reduce their CO2 emissions

4.7 Trustpilot



Over 1000 companies have committed to continuous impact monitoring.

→ What about you?



Climate experts to help companies reduce their CO2 emissions

The crème de la crème of experts to support you month after month



More than **1000 companies** trust us

• APTIV •

OLIPO

II:II SYSTEMS

○ Patch

TYPEX

CLOSED LOOP PARTNERS

TIER

LOGAN

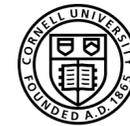
BIOMIMICRY 3.8

BARKLEY

ft

impact

goli NUTRITION



Man Bites Dog.

HSBC



Accreditation Council for Graduate Medical Education

CO/ACTION



TAMARACK OTTAWA RACE WEEKEND

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LMAX GROUP

thefork a TripAdvisor company

HELLO FRESH

Bridewell

Savings United

LYST

ogury

ecovadis

360Learning

ZOOPLA

ivanti

thebelfieldgroup

Red Chutney

gorgias

bemari

Collectiv Food

jewellerybox

weshape

Qonto

Signet

SDIC Red Rock Power Limited

An aerial photograph of a dense forest, likely a coniferous forest, with a dirt road winding through it. The trees are in various shades of green, and some dead, grey trees are visible. The word "greenly" is overlaid in white, lowercase letters across the center of the image.

greenly