



ONE PLANET
SWF NETWORK

The One Planet
Climate Disclosure
Guidance for
Private Markets

ONE PLANET SOVEREIGN WEALTH FUND'S CALL TO ACTION ON CLIMATE DATA IN PRIVATE MARKETS



The One Planet Sovereign Wealth Funds Network acknowledges that a fundamental barrier exists in measuring, managing, and mitigating our portfolios' climate impact due to the struggle to access reliable data, most evident in private markets.

In order to bridge the gap in improving the quality of climate and environment-related financial information, OPSWF members, in consultation with our asset manager and private equity peers, developed the One Planet Climate Disclosure Guidance for Private Markets (One Planet CDG). The guidance was published

at the 5th Annual OPSWF CEO Summit in Abu Dhabi on October 6th, 2022.

OPSWF members strongly encourage private markets asset managers to meet the expectations of Level One of the One Planet CDG, including estimating carbon footprint, by year end 2023.

With this announcement, the OPSWF members are explicitly indicating the importance of taking action on the climate challenge, and are providing clear, immediate and practical guidance on the path forward for the private markets.

What's the Challenge?

- Fewer than 25% of GPs are unable to provide data on scope 1 and 2 emissions of their portfolio companies when it was requested¹
- Limited access to high quality data and the lack of universally adopted frameworks are key obstacles hindering faster integration of climate considerations into private markets²
- This leads to suboptimal financial and climate outcomes for investors

What's the Call?

- The OPSWF members strongly encourage private markets asset managers to meet the expectations of Level One of the One Planet CDG, including estimating carbon footprint, by year end 2023
- Level One of the One Planet CDG has been specifically designed as a first step that is achievable by all direct private market asset managers today

- The One Planet CDG represents operationalisation of OPSWF members' existing endorsement of TCFD and is designed to complement and align with existing investor climate frameworks

Why is this Announcement Significant?

- SWFs are in a unique and influential position to promote long-term value creation and sustainable outcomes in the private markets
- SWFs own approximately 16% of global private equity assets under management , with this allocation forecasted to accelerate in the coming years
- The One Planet Sovereign Wealth Funds (OPSWF) Network is representative of the market, consisting of 46 members with over US\$37 trillion in assets under management³, including 18 sovereign wealth funds (SWFs), 18 asset managers, and 9 private investment firms

¹ ILPA & Bain: LPs and PE firms embraces ESG; 2022

² Ceres & ERM: The Changing Climate for Private Equity; June 2021

³ SSGA: How do Sovereign Wealth Funds Invest?; April 2022

List of OPSWF Members

- Abu Dhabi Investment Authority (ADIA), Abu Dhabi, United Arab Emirates*
 - Bpifrance, France
 - Cassa Depositi e Prestiti (CDP Equity), Italy
 - Compañía Española de Financiación del Desarrollo (COFIDES), S.A., S.M.E, Spain
 - Fonds Gabonais d'Investissements Stratégiques (FGIS), Gabon
 - Fonds Souverain d'Investissements Stratégiques (FONSIS), Senegal
 - Growthfund, the National Fund of Greece (HCAP SA), Greece
 - Ireland Strategic Investment Fund (ISIF), Republic of Ireland
 - Korea Investment Corporation (KIC), Republic of Korea
 - Kuwait Investment Authority (KIA), Kuwait*
 - Mubadala Investment Company, Abu Dhabi, United Arab Emirates
 - National Investment and Infrastructure Fund (NIIF), India
 - National Investment Corporation of the National Bank of Kazakhstan (NIC NBK), Kazakhstan
 - New Zealand Superannuation Fund (NZSF), New Zealand*
 - Nigeria Sovereign Investment Authority (NSIA), Nigeria
 - Public Investment Fund (PIF), Kingdom of Saudi Arabia*
 - Qatar Investment Authority (QIA), Qatar*
 - The Sovereign Fund of Egypt (TSFE), Egypt
- *denotes founding member



The One Planet CDG in practice

The Disclosure Guidance sets out five levels of maturity and outlines base climate data that private markets asset managers can begin to effectively incorporate into their strategies, and that LPs believe can be decision-useful for their own practices. It identifies two types of reporting from GPs; at the portfolio company level and at the fund level:

- **Portfolio company level:** The One Planet CDG outlines basic estimated GHG emissions data as Level 1 disclosure. While estimated data is an appropriate starting point, GHG emissions disclosure should evolve to contain actual reported (but unverified) data, and, finally, actual reported and fully verified data, as efforts are made to increase data availability and resources.
- **Fund level:** The One Planet CDG identifies easily aggregated data as a start point, before moving to more focused, TCFD-style disclosure.

More complete guidance and FAQ on the One Planet CDG is presented in the Appendix.

Level 1 as an achievable first step for all

Level 1 Disclosure has been identified as fundamental and achievable for private asset market participants¹⁵. It is notable that many private market actors are currently at a higher level of maturity than Level 1, and it is encouraged that all firms strive to be at the highest level of maturity they can expect to reach. However, Level 1 represents a level of disclosure feasible for private asset managers, given that basic climate

data can be estimated from common company operational and financial data and using free publicly available tools. Basic resources have been identified in the Appendix to assist market participants to achieve Level 1 disclosure and beyond.

In alignment with our objective to offer guidance on disclosures and to use engagement to encourage progress on TCFD implementation, the Network strongly encourages private markets asset managers to meet the expectations of Level 1 of the One Planet CDG, including estimating carbon footprint, by year end 2023.

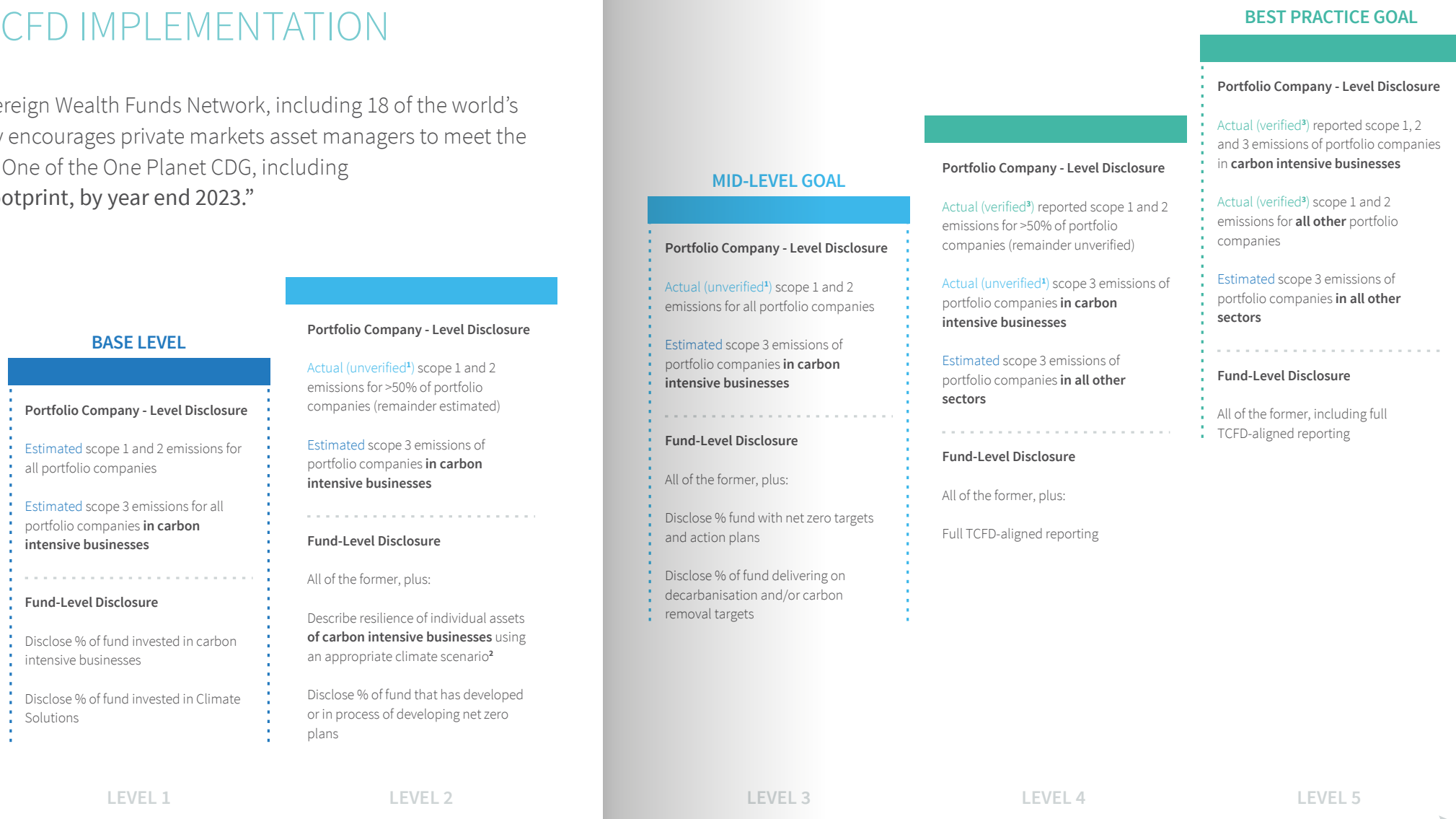
Outlining the pathway to increasing maturity

The One Planet CDG identifies the fundamental level of climate data disclosure and describes improvements in the maturity of disclosure. While the development of estimated data is a good and necessary start to understanding high-level risks and opportunities, more decision-useful data for portfolio companies will emerge when actual carbon footprints are available and deeper analytical approaches, such as scenario analysis, are performed and reported. As such, private market asset managers are encouraged and expected to progress the maturity of their climate data disclosure in line with higher Levels of the One Planet CDG.

As climate regulation develops globally and the market continues to progress at pace regarding climate-related issues, the Network expects to revisit the One Planet CDG over time.

PROVIDING GUIDANCE TO PRIVATE ASSET MANAGERS ON CLIMATE DISCLOSURE TO SUPPORT TCFD IMPLEMENTATION

“The One Planet Sovereign Wealth Funds Network, including 18 of the world’s largest SWFs, strongly encourages private markets asset managers to meet the expectations of Level One of the One Planet CDG, including estimating carbon footprint, by year end 2023.”



¹ refers to reported emissions being calculated in line with the GHG Protocol without verification by a third-party auditor

² an appropriate climate scenario would include alignment with 1.5 or 2 degree pathway and with a country’s Nationality Determined Contribution

³ refers to reported emissions being calculated in line with the GHG Protocol and verified by a third-party auditor, e.g., by a standard acceptable to CPD

This Guidance has been designed to cover the following strategies within the private markets space, buyout and growth private equity, private equity style strategies in the infrastructure and real estate sectors (operating only).

APPENDIX

GUIDANCE ON THE ONE PLANET CDG: FAQ

1. What is meant by estimated, actual reported, unverified and verified emissions?

Estimated: GHG emissions are estimated based on a company's geographic location, sector involvement and size and are driven using common financial and operational measurements (e.g. revenues or number of employees).

Actual Reported: GHG emissions are calculated in line with the GHG Corporate Protocol based on actual company activity data, such as energy used and other inputs used in the production/ business process. GHG emissions are then calculated from these inputs based on relevant emissions factors identified by local government or other means, and reported.

Unverified: Reported emissions that are not third-party verified.

Verified: Reported emissions that are verified by a reputable third party, to a standard acceptable (for example) to CDP¹⁶.

2. How is the materiality of climate issues considered? What counts as carbon intensive businesses?

Scope 1 and 2 emissions are identified as basic climate data relevant for all companies. The One Planet CDG recommends that at least estimated, material scope 3 emissions be reported. Carbon intensive businesses may be those defined internally, or by market standards such as the Partnership for Carbon Accounting Financials (PCAF) and the EU Technical Expert Group on Sustainable Finance.

3. What counts as 'Climate Solution' investments?

The Network has purposefully left this open-ended given the variety of national and market-based approaches. It is left to the private asset manager to internally define what they consider as a Climate Solution and should be defensible. Investments in carbon removal strategies, as referenced in Level 3 of the One Planet CDG, such as carbon capture and storage (CCS) or nature-based solutions, can be particularly impactful climate solution investments. Examples of classifications and/or approaches to determine climate solutions include:

- National and regional taxonomy frameworks
- ICMA Green Bond Principles
- Taxonomies developed by ESG Data Providers
- Definitions guided by Circular Carbon Economy framework as endorsed by G20 leaders

4. What investment strategies/ asset classes does the One Planet CDG cover?

The One Planet CDG has been designed to cover the following strategies within the private markets space:

- Buyout and growth private equity
- Private equity-style strategies in the infrastructure and real estate sectors (operating only)

For the avoidance of doubt, debt, pre-revenue venture capital, assets in the construction phase within infra-structure and real estate, and private equity strategies such as secondaries and fund-of-funds are not in scope.

5. How is the One Planet CDG aligned with TCFD?

The TCFD outlines four sections of disclosure: Governance, Strategy, Risk Management and Metrics and Targets. The One Planet CDG is intended to showcase how private asset managers can disclose in accordance with the Metrics and Targets element of the TCFD.

6. Is this yet another framework?

No. The One Planet CDG is not a framework, but rather framework-agnostic guidance to private asset managers articulating a common view of climate data reporting maturity for private assets. It is aligned with industry-wide frameworks, including PCAF. Implementation of the Disclosure Guidelines should always consider relevant legal and regulatory environments.

The Network recognised that almost all existing climate investor tools and frameworks assumed the ability to conduct and disclose a GHG emissions footprint. Through its market engagement, the Network recognised that for many private asset managers, the barrier to climate data reporting and integration was a result of either (1) a lack of internal priority, (2) being unsure how to start this process with

limited internal resource and knowledge, (3) unavailable data, and/or (4) lack of resources.

The One Planet CDG identifies a pragmatic and actionable first step and a potential pathway that all market actors may consider today and describes a pathway to advanced climate reporting over time. It creates a common ask from a material group of LPs to help provide the catalyst for action.

7. How is the One Planet CDG aligned with climate science? Is the One Planet CDG ambitious enough?

The Network is acutely aware of the priority of the climate crisis and urges all market actors to include climate considerations into their business and investment strategies as a priority. The Network encourages all private asset managers to strive to reach the highest level of maturity possible in the One Planet CDG, that some private asset managers are already close to achieving, and to integrate this data effectively, aligned with science and their respective requirements into their investment decision-making processes.

Through its market engagement, the Network recognised that for many private asset managers, the barrier to climate data reporting and integration was a result of either (1) a lack

of internal priority, (2) being unsure how to start this process with limited internal resource and knowledge, (3) unavailable data, and/or (4) lack of resources. The One Planet CDG is a description of relative levels of climate data reporting maturity. It identifies pragmatic and fundamental disclosure as an actionable first step, and a potential pathway that all market actors can pursue over time. It may also help to facilitate the creation of a common ask from a sizeable group of LPs to help provide the catalyst for action.

8. Private asset managers differ significantly in resources; is the One Planet CDG too ambitious for many firms?

The Network spoke to private asset managers that demonstrated a broad range of geographies, team size, investment ticket size, sector focus and other factors. Because basic climate data can be estimated from common company operational and financial data and using free publicly available tools, the Network believes that Level 1 of the One Planet CDG is an achievable first step for any private asset market participant today. Resources have been identified in the Appendix to assist market participants to achieve Level 1 disclosure and beyond.

9. How does the One Planet CDG treat OECD and non-OECD countries?

The One Planet CDG does not differentiate companies or private asset managers based on location. Differentiation between developed and developing markets may be considered as the Network revisits the One Planet CDG in later stages in light of developments relating to fundamental disclosures (Level 1). The One Planet CDG, for now, has been intentionally designed to provide achievable One Planet CDG first step for any private market participant today and to describe a potential pathway to advanced climate reporting over time.

10. How will SWF members action the One Planet CDG? What questions will be asked to GPs?

Recognising the diversity of OPSWF member mandates and legal contexts, it is up to each individual SWF member how they wish to action the One Planet CDG with their private market asset managers.

11. What will SWFs do with this data?

Recognising the diversity of OPSWF member mandates and legal contexts, it is up to each individual SWF member how they wish to incorporate climate data into their respective investment processes.

12. What will happen if a GP does not disclose climate data as outlined in the One Planet CDG?

Recognising the diversity of OPSWF member mandates and legal contexts, it is up to each individual SWF member how they wish to implement the One Planet CDG into their respective investment mandates.

13. Will there be a reporting mechanism going forward regarding GP alignment of the One Planet CDG from OPSWF members?

There is currently no formal reporting mechanism regarding GP alignment to the One Planet CDG.

14. How does the One Planet CDG align with regulation?

The One Planet CDG has been designed to complement, and in cases, anticipate incoming market climate regulation. It is the Network's view that providing guidance and engagement on climate data disclosure can help prepare our private asset managers and their portfolio companies to be prepared for potential future regulatory requirements in all jurisdictions.

15. What about environmental issues beyond GHG emissions?

The Network was created to accelerate efforts to integrate the opportunities in the transition to a low GHG emissions economy, and to address the risks related to climate change. While the Network recognises the importance of other environmental issues beyond GHG emissions, they are beyond the scope of this work.

16. Will the Network update the One Planet CDG in the future?

Both global climate regulation and the market's reaction to climate issues is developing at pace. Recognising this, the One Planet CDG has been designed to showcase maturity as we see it today. One goal of the One Planet CDG is to better understand where the market currently stands on climate data disclosure. As this emerges, and as the global ecosystem develops, the Network may update its guidance.



EXTERNAL GUIDANCE AND RESOURCES

The Network has identified resources to help private asset managers:

1. Implement the One Planet CDG; and
2. Integrate climate related issues into the investment process

If you believe there are additional resources, which would be useful to include, please get in touch with the One Planet Secretariat at secretariat@opswf.net

GHG EMISSIONS REPORTING GUIDANCE AND TOOLS

GHG Protocol

GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions.

The GHG Protocol provides, among other things:

- GHG Protocol Scope 1 and 2 Calculation Tool
- GHG Protocol Scope 3 Evaluator



Other Tools

In addition, the Network has identified a number of online, free-to-use tools, which may help investors conduct GHG emissions footprints (estimated or otherwise). This is not an exhaustive list. If you believe there are additional resources, which would be useful to include, please get in touch.

Tool

Berkeley Cool Climate Tool

Global Business Carbon Calculator for SMEs

Cool Farm Tool

Berkeley Carbon Calculator

Carbon Fund Business Emissions Calculator

Purpose

Estimated emissions for US based companies

Estimated emissions for the agricultural sector

Estimated emissions for the forestry sector

Basic unverified emissions for US based companies

Basic unverified emissions for SMEs

The Network also has experience working with and employing a range of consultants to provide estimate, unverified and verified GHG emissions footprint exercises. Please get in touch if you would like more information on options.

INVESTOR-FOCUSED GHG EMISSIONS REPORTING GUIDANCE

iC international (iCI)’s Greenhouse Gas Accounting and Reporting for the Private Equity Sector

iCI is a global community of private market investors seeking to understand better and manage the risks associated with climate change. Members commit to sharing knowledge, tools, experience and best practice among peers to help build and manage both climate aligned and climate-resilient portfolios.

It has developed guidance on GHG accounting and reporting for the private equity sector, which provides actionable guidance on alignment with unverified and verified components of the One Planet Climate Disclosure Guidance for Private Markets.

PARTNERSHIP FOR CARBON ACCOUNTING FINANCIALS

(PCAF)’s Global GHG Accounting and Reporting Standard for the Financial Industry

PCAF is a global partnership of financial institutions that work together to develop and implement a harmonized approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

The harmonized accounting approach provides financial institutions with the starting point required to set science-based targets and align their portfolio with the Paris Climate Agreement. PCAF enables transparency and accountability and has developed an opensource global GHG accounting standard for financial institutions, the Global GHG Accounting and Reporting Standard for the Financial Industry.

CLIMATE-FOCUSED INVESTMENT FRAMEWORKS

TCFD: Task Force on Climate-Related Financial Disclosures

Endorsed by the One Planet Network, the TCFD provides recommendations on the types of information that companies should disclose to support investors in appropriately assessing and pricing risks related to climate change, and in turn what investors should report to their beneficiaries.

ILPA ESG Assessment Framework

ILPA released this ESG Assessment Framework as a resource for limited partners looking to build a tool to evaluate and understand the various stages of ESG integration that peers are observing among general partners in the market today. It is designed to help LPs evaluate and benchmark GP responses to due diligence efforts, inform goal-setting conversations with GPs and measure ESG integration progress over time.

Investor Agenda Investor Climate Action Plans (ICAPs)

The ICAPs provide investors with clear expectations for issuing and implementing comprehensive climate action plans, including steps investors can take to support the goal of a net-zero emissions economy by 2050 or sooner. The framework aims to help investors navigate existing expectations and initiatives on climate change.

ESG Data Convergence Initiative

The Initiative's participating firms have agreed to report on a core set of ESG metrics across six categories and drawn from existing frameworks. The categories include greenhouse gas emissions, renewable energy, board diversity, work-related injuries, net new hires, and employee engagement.

IIGCC's Paris Aligned Investment Initiative

IIGCC's Paris Aligned Investment Initiative (PAII) looks at how investors can align their portfolios to the goals of the Paris Agreement. It has recently developed resources to help investors in the Private Equity and Infrastructure space.

Net Zero Asset Managers Initiative

The Net Zero Asset Managers initiative is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

UN-convened Net Zero Asset Owners Alliance

The Net Zero Asset Owners Alliance is an international group of institutional asset owners aiming to transition their investment portfolios to net-zero GHG emissions by 2050. They also provide guidance and methodologies on alignment across asset classes.

Science Based Targets initiative (SBTi) Private Equity Sector Guidance

The SBTi Private Equity Sector Guidance helps enable PE firms to set targets for operations and investment portfolios aligned with the emission reductions needed to stay in line with well-below 2°C and 1.5°C climate scenarios.

PRI

The PRI is the world's leading proponent of responsible investment. It has significant guidance and tools regarding environmental issues across asset classes.

For further information
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