

4 Future ESG INNOVATORS

The *Real Deals* Future 40 ESG Listing, in association with Private Equity Recruitment (PER), showcases alternative fund managers and advisers that are leading the way in transforming the industry's approach to environmental, social and governance (ESG).

By *Real Deals team*

THE PROCESS

The Future 40 ESG selection is based on nominations from across the industry – Real Deals and PER received in excess of 100 submissions for this inaugural ESG list, showcasing the breadth and depth of innovation in that space throughout the global PE landscape. Each entry was then carefully reviewed by our panel of industry specialists, who had the tough task of selecting the 40 standouts in what was a very compelling field. The judges paid particular attention to the innovation displayed by the firms and individuals across several key areas, including implementation in both the portfolio and the organisation itself, reporting and wider stakeholder engagement.

THE JUDGES

Jovana Stopic
*ESG director,
IK Partners*

Chloe Sanders
*Head of ESG,
CVC Capital Partners*

Caoimhe Bain
*Head of ESG,
Hayfin*

Andy Duffy
*Chief sustainability
and decarbonisation officer,
White Summit Capital*

Gail McManus
*Founder and
managing director,
PER*

Kate Goodall
*Head of ESG
and sustainability,
PER*

Greg Gille
Editor, Real Deals

In association with

PER

SHAMI NISSAN ACTIS



Actis partner and head of sustainability Shami Nissan has spearheaded the integration of ESG into the infrastructure investor's decision-making processes. She leads a dedicated in-house team of six, who implement ESG and impact activities across Actis's portfolio. Actis has developed two key proprietary tools: the Actis Impact Score, rooted in the UN SDGs and designed to measure impact; and the Transition Tool, to facilitate the assessment of climate-related risks in the diligence process. The latter is a key tool to support the firm's net zero commitment by 2050. An adviser to the G7 Impact Taskforce and advisory board member to Operating Principles for Impact, Nissan helped secure financing of up to \$1.2bn for its latest real asset energy fund, Actis Energy 5, through an impact-linked revolving subscription credit facility. Additionally, she has played a key role in accelerating diversity and inclusion at Atlas, an Actis company, which launched the Women Workforce Programme, seeking to increase female participation in the renewable energy labour market via training, employment, entrepreneurial opportunities and leadership positions. The programme led to the employment of 925 women within Atlas's construction activities and an increase of female representation at construction sites from 2% to 15%.

SUMMA FUND III SUMMA EQUITY

Summa has long been recognised as one of the European PE houses that has lived and breathed ESG since inception. But the firm has not rested on its laurels, continually working to advance its approach to impact and ESG. Summa has notably been working with the Impact-Weighted Accounts (IWA) Project at Harvard Business School to pilot the application of impact monetisation to its portfolio. As part of its annual reporting process, Summa monetises the environmental and employment impact of all of its portfolio companies. Last year, Summa also conducted pilots of the IWA Product framework for two of its portfolio companies, with plans to expand this work to additional portfolio companies each year. Summa also has a longstanding commitment to aiding the world's transition to a 1.5°C scenario, committing to the Science-Based Targets (SBT) initiative and SBT standards for validating its own targets and those of its portfolio. Several of the companies have started the process and are expected to have validated SBTs by H1 2023.

NORDIC CAPITAL

Kickstarted in 2014 and spearheaded by Elin Ljung, Nordic Capital's efforts in the ESG area in recent years have been particularly impressive. Highlights have included the rapid development of a comprehensive training programme for both the organisation itself and its portfolio companies, with more than 1,000 professionals trained in sustainability (including 200 in 2022 alone). But the judges were particularly impressed by the robustness of Nordic's data-driven approach to tracking ESG across the portfolio, using a specialist software platform to measure sustainable

performance and empower companies to prepare for stakeholders' increasing ESG expectations and increased regulation. During 2022, the GP further improved its ESG data collection process to cover more standardised ESG metrics and developed updated training, playbooks and webinars around the new ESG regulatory requirements and reporting standards. The efforts are demonstrably paying off: in 2015, less than a third of Nordic Capital's portfolio companies had implemented a sustainability strategy but in 2021 this had increased to more than four out of five.



CAPZA FLEX EQUITY MID MARKET II CAPZA

Capza has demonstrated a particularly strong focus on decarbonisation through its Flex Equity Mid Market II fund. With this fund, Capza integrates ESG objectives in the documentation of the transaction and in the carried interest formula of the investment team, while also providing the fund with a budget to start to implement ESG actions at the portfolio company level. But the judges were also impressed by how this approach to ESG extends to wider stakeholder engagement. All staff members at Capza are trained on Climate Fresk and 2 Tons workshops, and

volunteers within Capza's investment teams are trained to be facilitators in order to provide educational sessions on climate challenges to portfolio companies. The firm has found that this education effort can spark the necessary rethinking of business models in light of the climate transition, and maintain more informed discussions with management and employees on this necessary transformation. This even extends to LP engagement, as the firm has also organised workshops with investors in the fund.



EURAZEO CAPITAL V (EC V) EURAZEO

EC V, the latest mid-large buyout fund of Eurazeo, seeks control investments in growing mid-market businesses predominantly in Europe and North America, with a focus on four core sectors: tech-enabled business services, healthcare and life sciences, consumer and financial services. Eurazeo has developed an ESG progress plan called O+ to enable investments to incorporate ESG into their business model and gradually make progress, whatever their size or maturity in that area – with 100% of companies within EC V having to set an ESG action plan and demonstrate progress over time. Said progress is measured across four levels – bronze,

silver, gold and platinum – according to the number of criteria adopted. Eurazeo notably urges its portfolio companies to progress in the areas of diversity, equity and inclusion: promoting gender diversity, driving access to healthcare coverage and ensuring greater value-creation sharing. Furthermore, in line with Eurazeo's SBTi decarbonisation targets, all EC V portfolio companies are committed to setting science-based reduction targets by 2030. Starting at the end of 2022, the buyout team has initiated deployment in all EC V portfolio companies of the definition of its carbon net neutrality pathway, with the work having already started with several EC IV companies.

HENRY PHILIPSON BERINGEA

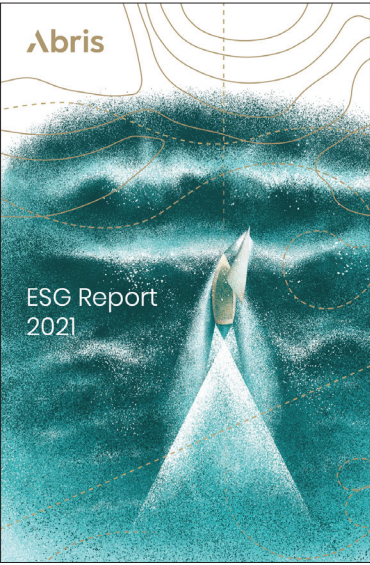
Beringea's director of marketing and communications, Henry Philipson, has made it onto this year's Future 40 thanks to his integral role as co-founder of ESG_VC, a network of more than 175 venture capital firms across the UK, US and Europe. The network's ESG measurement framework, which helps startups to measure and benchmark their ESG performance by responding to 55 metrics, has been adopted by a large cohort of European venture firms and hundreds of their portfolio companies, as well as now becoming a part of Beringea's annual reporting function. The data, which is published online by the BVCA, helps Beringea to inform leadership teams on how to improve their ESG performance. Philipson is also responsible for delivering events for ESG_VC and Beringea, which includes an annual programme of workshops and training sessions, as well as policies and templates for portfolio companies to help them embed better ESG practices. In 2022, he hosted webinars on topics such as carbon accounting and the gender pay gap that regularly secured more than 150 attendees.



HG

Having become a household name in the global PE space in recent years with its laser focus on highly successful tech investments, Hg has not done so at the expense of developing one of the strongest ESG approaches in the game. The judges were particularly impressed by how ESG is embedded into every aspect of the deal process, from screening to exit. This starts with ESG onboarding and diagnostics within the first months of acquisition but doesn't stop there. Notably, the firm's portfolio companies are assessed against Hg's Sustainable Business framework, where each company gets a maturity score from 0 to 10 and can see how it performs against its peers. This provides not just a portfolio benchmark but also some competitiveness across these businesses – with everyone wanting to be at the leading edge, according to the firm. Hg hasn't lost focus on its own ESG performance either, especially when it comes to DE&I: in 2019, the Hg board set two gender balance targets whereby the firm would reach more than 30% female executives by March 2021 and 35% by March 2022, and these two targets have already been achieved.

ABRIS CAPITAL PARTNERS



Abris has long been a mover and shaker when it comes to ESG transformation, making its inclusion on the inaugural Future 40 ESG Leaders list unsurprising. Having achieved carbon-neutral status in its Warsaw office at the beginning of last year, Abris is striving to be the first PE house in Central Europe to achieve net-zero and carbon neutrality across its portfolio, by 2025. Its ESG 2023 Universe strategy comprises 17 initiatives across governance and culture, standards, education and carbon neutrality, adhering to the UN SDGs. Key to the CEE investor’s development of its ESG programme is its risk mitigation strategy, through which in-person ESG risks. Additionally, Abris has developed a proprietary ESG Scoring Application in recent years to support investment decision-making and oversight of the portfolio. It tracks more than 650 ESG inputs across each portfolio company, providing a single platform through which the deal team can monitor ESG-focused value creation and risk mitigation.

ENERGY IMPACT PARTNERS

Energy Impact Partners’ investments span the power and gas, industrial, construction, mobility and agriculture sectors, with a lens on the clean energy transformation. While EIP demonstrated it has clear and in-depth ESG assessment frameworks in place, the judges were also impressed by how the firm engages with stakeholders at large when it comes to ESG. A strategic group of LPs, consisting of more than 40 leading energy utilities and industrial firms with strong involvement in energy and climate technologies, is crucial in this effort – rather than acting as passive investors in the fund, this group is

deeply involved in helping EIP find the best early-stage and emerging-growth clean energy technologies, adopting them to innovate within their own enterprises and helping to scale these solutions rapidly throughout their addressable market. Furthermore, in 2020, EIP established a dedicated ESG Advisory Board for its investors to provide input and guidance on ESG activities and to provide a forum for sharing ideas, best practices and intelligence. The board meets on a quarterly basis to review EIP’s ESG activities and discuss other ESG-related matters of importance to the LP base.

CAMPBELL LUTYENS



Impressed by Campbell Lutyens’s strong entry, the Future 40 judging panel wanted to recognise the crucial role that can be played by a placement and secondaries adviser that sees ESG as more than a marketing tool. Operating across a number of asset classes, Campbell Lutyens has helped raise funds dedicated to sustainable investing across its private equity, private credit, infrastructure and secondaries practices by taking a hands-on approach. The firm uses an increasingly robust framework to assess a GP’s ESG credentials and

looks towards a broad spectrum of criteria, before committing to work with the GP and fund. The scrutiny comes in a bid to commit more to both buyout GPs raising sustainability private credit funds, but also investors raising dedicated sustainable investing vehicles – as it targets \$50bn in commitments for climate funds by 2030. The judges also noted that the adviser, which is itself carbon neutral, is increasingly utilising the secondary market to help transition brown assets to green assets in the infrastructure space.

BEYONDNETZERO
GENERAL ATLANTIC



General Atlantic closed its maiden climate solutions fund, BeyondNetZero, with total commitments of \$3.5bn at the end of last year. Created in July 2021, BeyondNetZero backs businesses already heading towards achieving net zero and using a roadmap applicable to the Science-Based Targets (SBT) initiative. The Article 9 fund works closely with

SystemIQ to determine the climate impact of a product or service provided by a portfolio company and allows the firm to best assess a company’s realistic likelihood of delivering emissions reductions. BeyondNetZero has already deployed \$826m across five companies, all of which have the technological, engineering and operational

capabilities to go beyond net zero. By working closely with SystemIQ, BeyondNetZero has co-authored the paper, Setting Science-Based Targets for Growth Companies, to address its unique insight – using SBTs for high-growth climate solutions businesses as opposed to large and low-growth companies.

MIGUEL ZURITA
ALTAMARCAM

Miguel Zurita, chair of ESG at AltamarCAM, has been instrumental in promoting ESG across the firm, allowing AltamarCAM to become a trusted adviser on ESG-related topics. A strong emphasis has been placed on the investment process, from due diligence all the way through to the monitoring performed during the holding period. Both the investment team and the ESG team track the progress of funds and portfolio companies, with an automated questionnaire sent to GPs. This allows the firm to gain an in-depth understanding of the ESG performance of the underlying managers/investments, developing concrete engagement strategies to improve their ESG commitment in the long term. As a firm believer that good ESG performance supports strong long-term returns, AltamarCAM has also developed an analysis model, processing the firm’s extensive data from investments to demonstrate the correlation between ESG performance and the financial returns of underlying funds.



SERGE YOUNES
INVESTINDUSTRIAL

Serge Younes, head of sustainability at PE house Investindustrial, makes this year’s list after introducing robust ESG tools and training programmes as well as bringing rigour to the firm’s existing reporting. Under Younes’ guidance, Investindustrial’s annual report became more aligned with GRI guidance and integrated SDGs. The firm also added TCFD reporting ahead of it becoming mandatory. For its portfolio companies, Investindustrial has been publishing ESG KPIs since 2016, and in 2022 these have aligned closer with the SFDR guidance on PAI reporting. Also, most portfolio companies publish GRI-aligned sustainability reports annually. A member of the UN PRI Private Equity Advisory Committee and ICI’s Net Zero lead, Younes works tirelessly on advancing the implementation of strategies on ESG in private markets such as science-based targets and Net Zero. When it comes to results, over half of Investindustrial’s portfolio companies have committed to the SBTs, while all active Investindustrial Funds have been carbon-neutral (Scope 1&2) since 2020. Furthermore, many portfolio companies are either pursuing or considering B Corp certification. And thanks to Younes’ ability to influence the whole organisation, Investindustrial said it has achieved the highest B Corp score for a non-impact PE firm.

ADAM BLACK COLLER CAPITAL

Secondaries investors are typically one step removed from underlying investee companies, which has historically led to them taking more of a back seat on ESG. In spite of this, Coller Capital's ESG function, led by partner and head of ESG and sustainability Adam Black, has sought to lead the way in incorporating ESG policies within private markets secondaries. The firm has invested in and formed relations with more than 400 GPs across its funds, working directly with them to ensure that ESG is a formal component of the manager-portfolio company relationship. All investments in GPs and portfolio assets are captured on an annual basis via its GP ESG Survey. The responses are then used to highlight ESG progress made at the firm and fund levels in Coller's ESG Report. This diligence has seen Coller Capital receive high praise from European PE house Investcorp and its Norway-based portfolio company ABAX after supporting the company on its carbon neutrality target for 2022, while Black, a course director on BVCA's ESG course, was personally praised by portfolio company Dainese's management team for incorporating ESG into its strategic thinking and day-to-day operations.



CINVEN FUND 7 CINVEN

Although Cinven has been focused on ESG value creation for several years, 2021 marked the arrival of a dedicated ESG director in the team. The judges were impressed by Cinven's efforts in building its ESG function since then, including its ESG Value Creation Playbook. Strong examples of how this playbook has been put into action include Arxada, a provider of speciality chemicals for microbial control solutions. One of the company's biggest decarbonisation achievements with Cinven's backing has been the installation of a nitrous oxide (NOx) removal device called a scrubber, which led to a 99.9% reduction in Arxada's annual NOx emissions, a CHF25m reduction in annual emissions costs, CHF11m in indirect benefits from sales of excess CO2 certificates, and CHF1.8m of potential savings per annum for 10 years from meeting ESG targets within the company's sustainability-linked loan. The judges also noted Cinven's leadership role on climate change within the Private Equity Sustainable Markets Initiative Task Force, which led to the first private markets guidance on valuing carbon in the investment process.

FSN CAPITAL



FSN's approach to ESG can be best summed up by its ethos: "Decent people making a decent return in a decent way". FSN currently has €4bn in assets under management, having most recently closed FSN Fund VI on €1.8bn in 2021. With its ESG team led by head of ESG Rebecca Christine Svensøy, ESG associate Mia Sørli and supported by partner responsible for ESG Justin Kent, the GP refined its efforts in recent months with highlights including the raise of an ESG-linked subscription facility for FSN VI to further incentivise implementation. The firm looks

beyond its own organisation too: in 2021, it collaborated with five other private equity firms, all peers of the Initiative Climat International, to contribute to the development of the Science-Based Targets initiative's tailored guidance for the private equity industry. FSN became one of the first PE firms globally to adopt science-based emissions reduction targets, aligned with the Paris Agreement's goal to limit global warming to 1.5°C. FSN has committed that 100% of the portfolio will have set SBTs by 2030, with an interim target of 60% by 2026.

LDC

As part of Lloyds Banking Group, LDC has a portfolio of 90 businesses spanning the UK in a broad range of sectors. But despite its relentless investment and portfolio management schedule, the judges were impressed by how LDC still manages to engage with ESG matters on many different levels, with a broad range of company-wide initiatives, including its partnership with The Prince's Trust to support young entrepreneurs. The firm has notably made a clear push when it comes to diversity in recent months: of the almost 30 new recruits hired in 2022, 60% of these identify as female or non-white. LDC has also supported the #1000blackinterns programme

since 2020, to improve non-white representation across its organisation and the industry by providing internships each year. The judges also praised how LDC helps its portfolio management teams to broaden their understanding of ESG risks and opportunities by partnering them with subject matter experts, hosting best-practice webinars, providing access to the Green Buildings Tool and thus enabling portfolio companies to model and appraise their decarbonisation options, and offering the opportunity to complete the Cambridge Institute for Sustainability Leadership's course on Sustainability Essentials for Business.



OLIVIA PRENTICE BRIDGES FUND MANAGEMENT

ESG-driven value-creation efforts at Bridges are led by the firm's partner and head of impact, Olivia Prentice. Both pre- and post-investment, Prentice and her team work closely with portfolio companies to improve their impact management and reporting – from identifying relevant industry standards and frameworks to the selection of decision-useful KPIs.

The judges also viewed her role as co-founder and COO of Impact Management Platform, a sector-wide initiative to build market consensus on

sustainability and impact management, as extremely impressive. Helping to move companies towards integrated global corporate reporting and disclosure standards, Prentice brought more than 2,000 organisations together to agree on shared definitions and norms. She helped facilitate the IMP's Structured Network, a collaboration of 16 leading standard-setters who agreed to collaborate and align their efforts, leading to the creation of the International Sustainability Standards Board.

REBECCA PERLMAN HERBERT SMITH FREEHILLS

A London-based partner at Herbert Smith Freehills (HSF), Rebecca Perlman is the mastermind behind the law firm's global impact investment practice. With its roots dating back to 2014, the practice is an early adopter of providing ESG and impact advice to LPs and GPs throughout the investment lifecycle, from fund formation and house advisory, to deal execution and portfolio management. Since its establishment, more than 250 HSF lawyers have advised on cross-sector impact deals. In addition to co-leading the impact investment practice globally, Perlman leads the firm's ESG practice in the UK, US and EMEA. Highlights of the team's work include helping more than 3,000 clients navigate developments through the launch of a digital ESG regulatory tracker, and establishing sustainability-related initiatives with a number of organisations, including social impact and DEI partnerships with clients such as BlackRock and the establishment of an award-winning clinic for vulnerable and homeless young people with Goldman Sachs and Centrepont. On the environmental and climate side, the firm recently advised BP on its \$1.1bn purchase of a 50% interest in Equinor's Empire Wind and Beacon Wind assets, supporting the company's first move into offshore wind.



EMK CAPITAL FUND I EMK CAPITAL

The judges were not only impressed by EMK's ESG implementation at the portfolio level, but perhaps even more so by its efforts to promote diversity and inclusion both internally and across the wider PE industry. In 2022, EMK participated in Level 20's GAIN Internship Programme, which provides female and non-binary students a solid foundation of training, industry work experience, and mentoring with which to move on and secure a graduate role in the industry. EMK's hiring policy also integrates diversity and equal opportunity as key considerations when hiring new staff, as the firm believes diverse teams have been proven to produce better results. The policy focuses on limiting bias in any hiring process, first by asking for gender- and race-anonymised CV screening when possible and secondly by putting all candidates through the same selection process to enable a true like-for-like assessment of ability. Looking beyond the firm's own progress, EMK mentors and sponsors students at the London Academy of Excellence, which supports access to opportunity for the economically underprivileged, refugees and disproportionately ethnically diverse learners.

QUADRIGA CAPITAL VI
QUADRIGA CAPITAL

Quadriga Capital’s sixth fund closed in May last year and is an Article 8 fund under the EU’s SFDR regulation. The firm backs companies that enhance human wellbeing and personal growth, help with preservation of the environment or undertake sustainable transformations driven by digitalisation and innovative technologies. Its value creation system, QC-Sustain, supports mission-driven businesses with the potential for transformative

improvement or expansion of impact themes, and was widely praised by the judges for its interesting and differentiating approach. The toolkit, which includes specific modules around governance, supply chain and materials, management, employees, operations customers, and products and services, embeds Quadriga’s sustainability objectives and accelerates the rate at which they are implemented within portfolio companies.

INSURESILIENCE INVESTMENT FUND (PRIVATE EQUITY FUND II)
BLUEORCHARD



The fund was launched by BlueOrchard in 2022 as a follow-on PE fund to IIF I, which was fully deployed in 2022, with the primary mission of reducing the vulnerability of poor and vulnerable households and MSMEs to climate change by improving their access to insurance. The fund aims to build on the success of its predecessor, with a strong focus on technology to drive the affordability and accessibility of climate insurance. The fund is a blended finance partnership with KFW,

the German Development Bank, on behalf of the German Ministry of Economic Cooperation and Development. The blended finance structure aims to de-risk the strategy for private investors and offer grant-funded technical assistance for the fund’s portfolio companies. Its proprietary impact management framework, B.Impact, includes dedicated ESG and impact scorecards, which assess the ESG risks, potential impact and alignment with the UN Sustainable Development Goals.

LEAPFROG EMERGING CONSUMER FUND III
LEAPFROG INVESTMENTS



LeapFrog invests in purpose-driven healthcare and financial services businesses across global growth markets, seeking to deliver outstanding financial returns alongside outsized social impact. Accountability is a key pillar of impact investing, according to LeapFrog, and the firm continues to play a leading role in the evolution of industry standards and metrics. A key element of its value-add thesis is its Customer Experience Launchpad, which goes to customers directly to understand their experience of using products and services provided by its portfolio companies. This data and qualitative

understanding allows the investor to build upon the purpose of the businesses and support the communities that they serve. From due diligence to exit, ESG credentials are a key consideration for LeapFrog and its Emerging Consumer Fund III. The firm strives to commit to the highest standards of ESG, even if a potential investment is initially screened in a medium- or high-risk bracket. This attention to ESG is sustained all the way to exit, as the investor’s Responsible Exits Framework means the investment committee will only approve a sale if the buyer has demonstrated how they will continue its ESG efforts and value-add.

BRITISH SUSTAINABLE INFRASTRUCTURE FUND
GRESHAM HOUSE



Comprising two flagship funds and four locally-focused co-invest vehicles, Gresham House’s British Sustainable Infrastructure Fund (BSIF) strategy aims to identify profitable investments that help address some of the UK’s biggest societal and environmental challenges. BSIF I closed in May 2020 with commitments from six of the largest Local Government Pension Scheme (LGPS) investors and one Treasury investor, totalling £300m. Gresham House is holding the final close of BSIF II in H1 this year, targeting £500m, with five LGPS and three family office investors already committed. In the meantime, the philosophy that impact

drives returns has so far been vindicated by the first fund, with attractive returns on investment running in tandem with positive environmental and social impact: in the most recent performance update, BSIF I has been running at a 21% gross IRR since inception in 2019. As for the intended social and environmental impact of the investments, per £100m invested in BSIF II, highlights include 401,382 tonnes of CO2 emissions avoided; 157,917 tonnes of waste diverted from landfill; 908,092m3 of water savings; 40,411 homes connected to the internet; 514 new children’s nursery places created; and 93,213 hectares of farmland savings.

SWEN CAPITAL PARTNERS

ESG conviction has been embedded in the DNA of French LP Swen Capital Partners since inception in 2012. This is evident when looking at the LP’s extended ESG scoring and monitoring framework, which was augmented in 2022 with additional analysis based on climate and biodiversity performances. Swen has also played a key role in pan-industry initiatives. The firm was among the first members of the Sustainability Commission of France Invest and participates in several workshops aimed at standardising ESG

and impact analyses for fund managers and underlying portfolio companies. Among impact initiatives, for instance, Swen has also contributed to the launch of the 1000 Ocean Startups coalition, whose objective is to establish a common methodology for measuring impact for the ocean innovation ecosystem. For the past 10 years, Swen has also been actively promoting the integration of ESG in the private sector by organising an annual conference, the ESG Best Practices Honours.

PALATINE PRIVATE EQUITY

The recent rebrand to ‘positive equity’ reflects Palatine’s leading position in driving and delivering sustainable business growth and showcases the positive impact it realises in all activities. Having achieved B Corp status a few months ago, its score from the assessments marked the fourth highest-scoring private equity firm in Europe. Investing from two funds – Buyout and Impact – Palatine follows a six-pillar ESG framework, which is consistently applied by its in-house sustainability team for all of its investments, providing portfolio companies with sustainability reports and scores to support them on sustainability journeys, ensuring value-add

opportunities are being met. Palatine put a firm focus on addressing the climate crisis in 2022, with the firm mandating and supporting all portfolio companies (currently 21 across both funds) to create a Carbon Reduction Plan. Internally, Palatine has offset 150% of its carbon emissions, becoming a Beyond Net Zero company. However, the work hasn’t stopped there. Through recognising that carbon reduction is key, the firm not only plans to offset its carbon footprint, but to minimise its carbon emissions as much as possible. Schemes such as the introduction of an electric-vehicle salary-sacrifice scheme have proven popular among employees.



PAUL DAVIES LATHAM & WATKINS

As global co-chair of Latham & Watkins' ESG practice, Paul Davies stands at the forefront of the industry's legal landscape. After building a team of transactional, disputes and regulatory lawyers, Davies has been instrumental in advising many of the world's leading PE houses on ESG risk and strategies. He has partnered with a number of key industry associations to drive the law firm's initiatives, including serving as one of the Green Bond Principles & Social Bond Principles Advisory Council's law firm members, being the only European lawyer on the board for environmental thinktank ELI, and sitting on the Steering Committee of Cambridge Forum, which invites a select group of up to 48 individuals at the forefront of ESG to resolve client challenges. Most recently, Davies has been collaborating with Landmark to further develop RiskHorizon, a software tool to assess ESG risks in the due diligence process. Latham is rolling out the software to the broader legal community, helping other law firms to effectively advise PE houses and other stakeholders on ESG-related matters.



WEIL GOTSHAL & MANGES

This year's Future 40 judges were impressed by Weil's edge on ESG implementation. Key leadership input in London is provided by managing partner Mike Francies, supported by director of pro bono and corporate responsibility Rob Powell. Weil's London office supports its PE clients and portfolio companies through the ESG landscape, advising on regulatory, legal and reputational risk, as well as value creation and opportunity. Weil recently advised on the establishment of a number of the largest climate, impact and sustainable funds, as well as advising a number of clients on acquisitions that further the climate transition, such as advising M&G on its investment in a stake in Storegga Geotechnologies, a developer of carbon reduction and removal projects. Its collaboration with PE houses goes further, with the partners notably hosting several employability programmes for women who are long-term unemployed. Internally, the legal adviser has developed a number of ESG-related initiatives, which includes its London office providing more than 85,000 hours of pro bono work on a range of complex matters in the social finance and humanitarian spaces, as well as designing a six-week paid internship in Howden's legal team for candidates from working-class backgrounds.

AMBIENTA

With founder and managing partner Nino Tronchetti Provera recently becoming the inaugural Real Deals ESG Awards Hall of Fame recipient, it comes as no surprise that Ambianta has made it onto this year's Future 40 list. Ambianta's investment strategy focused on businesses driving measurable environmental sustainability improvement has been coupled for almost a decade with an innovative ESG programme, named ESG in Action. The programme has become a

standard for responsible investing, as it integrates best ESG management practices at both the portfolio company level throughout the investment cycle, and at the GP level. As well as approving ESG policies at the board level and appointing an ESG officer within each investment, Ambianta also assesses its carbon footprint and, if needed, supports the company to improve it during the holding period. Ambianta feels it is important to separate environmental impact from ESG, to

better report each element alongside adding to its value creation methodology. Ambianta's focus on improving ESG practices isn't restricted to the holding period, however, as each action plan is built with the aim to promote longevity and an enduring legacy, where its typical hold can only achieve short-term improvement. To support its efforts, the firm employs nine full-time ESG and sustainability experts, with future plans to grow this team.



FORESIGHT GROUP

Foresight has fully embraced its status as a sustainability-led alternative assets investment manager that offers a comprehensive approach to ESG and impact. Foresight's infrastructure investments – which centre on renewables, including a recently launched natural capital forestry fund – play a key role in the transition to decarbonisation, while its private equity division recognises that SMEs backed by ambitious investors can have an enormous impact, benefiting their local areas and enabling substantial value creation. Foresight has leaned heavily on the SDGs for a number of recent initiatives, including its new AIB Foresight SME Impact Fund; a fund in partnership with Allied Irish Banks that will

support Ireland's transition to a low-carbon economy. The SDGs are also a key framework behind the Foresight Capital Management Sustainable Future Themes fund, which targets an attractive global portfolio of scalable listed companies that address the core themes of sustainable development and decarbonisation – each sustainable investment must address all 10 UN Global Compact Principles and demonstrate impact against the SDGs, as well as derive at least 80% of its revenues from five sustainability pillars. Furthermore, the judges were impressed by the firm's approach to the 'S' of ESG, especially when it comes to its focus on apprenticeship schemes and high-quality, local job creation.

IIFC STRATEGY NEWMARKET CAPITAL



Newmarket Capital is a US-based alternative asset manager and registered investment adviser. It designs bespoke investment solutions that emphasise environmental and social themes, such as the promotion of renewable energy and energy efficiency, affordable housing and development finance. Utilising its focus on infrastructure investment, Newmarket's IIFC strategy has transitioned to more renewable power in recent times, alongside social impact projects. A significant element of the ESG efforts lies with how the firm underwrites its deals, coupled with climate prediction data: the firm judges climate-related property risk alongside data analytics, to ensure

climate hazards are taken into account throughout the transaction. The judges were also impressed by the firm's involvement with helping to boost the firepower and ultimate impact of multilateral development banks (MDBs) – inspired by the Antalya Action Plan for MDBs to optimise their balance sheets, the Newmarket team began working with the African Development Bank in 2014 towards Room2Run, a first-of-its-kind \$1bn transaction that closed in 2018 and has garnered significant attention given its potential to free up balance sheet capacity to deliver on MDB objectives, such as climate resilience and social mobility.

CLEAN GROWTH FUND

Clean Growth Fund is a greentech investor that provides capital and expertise to early-stage UK-based cleantech entrepreneurs. Managing a £101m fund since 2020, the firm has invested in and helped to grow eight impactful companies. In 2022, its founder and managing partner was appointed to the UK Government's Net Zero Innovation Board, as one of four independent members reviewing the government's net-zero initiatives. In supporting its portfolio companies, Clean Growth Fund provides free consultancy services through its sister company, Carbon Limited Technology. The incubator supports portfolio companies in building up their day-to-day focus on ESG credentials. With environmental impact at the heart of its portfolio, diversity is at its core internally. The Clean Growth Fund has achieved a 50:50 male-to-female split in its team and aims to be fully diverse in age, race and sexual orientation.

TIKEHAU GROWTH EQUITY III TIKEHAU

Tikehau Growth Equity III (TGI III) is aligned with the European NextGenerationEU plan and aims to provide partnership capital to socially minded entrepreneurs and companies critical to delivering a resilient European economy with stronger and more circular value chains. The fund follows an impact framework compliant with Article 9, thus committing to only invest purpose-driven companies and report in line with EU Taxonomy to monitor ESG KPIs. The latter in particular caught the eye of the judges, with TGI III building an in-house impact nomenclature of about 60 impact outcomes, both environmental and social, with more than 150 impact indicators. Furthermore, the fund has conditioned part of its carried interest to reaching portfolio impact roadmaps objectives. When it comes to its own track record on the 'E' of ESG, Tikehau Capital commissioned several service providers adapted to its business lines (ERM, GreenSolute, ISS and Sirsa/Reporting21) in 2021 to carry out carbon assessments of the group's investments, including direct

ARES MANAGEMENT

Ares accelerated its ESG activities in 2022, including strategic investments in clean energy solutions and continued increased participation in the issuance of sustainability-linked loans (SLLs). In 2021, Ares issued its first SLL and the largest sustainability-linked financing in Europe at the time of issuance, as the sole lender of a £1bn debt facility to the RSK Group, the UK's largest privately-owned multidisciplinary environmental business. Following the RSK transaction, Ares deployed the first private credit-backed SLL in Australia, providing a \$280m credit facility to Waste Services Group, a specialised operator of waste management services. In June, the firm's infrastructure debt team closed its first SLL in the US to support decarbonisation efforts at data-centre provider EdgeConneX. Away from SLLs, the judges were also impressed by Climate-Resilient Employees for a Sustainable Tomorrow (CREST), a five-year, \$25m initiative of the Ares Charitable Foundation that aims to close the gap between the demand for a skilled workforce for green jobs and the number of people ready for these opportunities. CREST intends to help at least 25,000 individuals in the US and India prepare and reskill for these careers, including people with low socioeconomic status, people of colour, women and other frequently overlooked populations.

TRILL IMPACT



The judges felt Trill Impact deserves its spot in this year's Future 40 list due to its fully integrated Value Creation Impact approach. Through highlighting the Impact and ESG elements of each investment, the firm feels it can work closer with management teams to communicate and tailor value-creation efforts. The impact element addresses how the company can provide societal or ecological value for future generations, even after Trill Impact's investment. The firm has notably implemented an Impact Champion programme for all portfolio companies: members of the Trill Impact team host a workshop series with the portfolio companies to share best practices regarding value creation plans and KPIs. Key KPIs and targets are established, incorporated into company communication and considered for company incentive programmes. When it comes to reporting, Trill Impact collects ESG data from all portfolio companies annually and impact data quarterly through its reporting system. Each portfolio company can use the same data to produce an annual sustainability report, which is gradually developed in each company, based on its size.

TRITON PARTNERS

Triton codified its approach to ESG in 2012, when Graeme Arduis joined as head of ESG and the firm first published its Responsible Investment Policy, outlining how it identifies and manages ESG factors throughout the investment lifecycle. The firm has invested in and developed its ESG team since then, most recently recruiting a head of sustainable investing, Ashim Paun, to support a strategic focus on investing in businesses supported by positive sustainability megatrends. Triton recently became one of the first private equity firms to formalise its commitment to achieving net-zero emissions by 2040 through

setting science-based targets. Furthermore, in December 2021, Triton announced its first, multi-year, sustainability-linked credit facility for its Triton V Fund, where successful performance is measured against five ESG metrics and independently verified. When it comes to DE&I, the GP was one of the first private equity firms to outline specific gender diversity targets and has made significant progress towards these targets every year: as of 2021, 54% of new investment professionals are female, 48% of Triton's total workforce is female, and 39% of its manager boards and general partners are women.



VERDANE IDUN I VERDANE

Verdane is a specialist growth equity investment firm that partners with tech-enabled and sustainable European businesses across three core themes: 'Sustainable Society', 'Software Everywhere' and 'Digital Consumer', with a particular interest in digitalisation and decarbonisation. Verdane's investment focus on sustainability was significantly bolstered in 2021 with the close of Verdane Idun I, its €300m inaugural dedicated impact fund, at the time the largest impact fund in Europe. A step forward following Verdane's 30+ sustainability investments since 2006, Idun builds on the GP's long-term focus

on technology and sustainability, as well as the proven financial outperformance and impact delivery of those businesses. Idun investments need to qualify inside Verdane's proprietary impact framework, built on the Impact Management Project together with Bridgespan Social Impact. The firm is putting its money where its mouth is, too: Verdane's returns from Idun are linked to how well the portfolio companies achieve their impact KPIs. The GP said it will also look to take the best practice frameworks and toolkits developed for that impact fund and use them to drive value across all of its fund strategies.

IMPAX NEW ENERGY STRATEGY IMPAX ASSET MANAGEMENT



Since its launch in 2005, Impax's New Energy Strategy has been investing in the buildout of renewable energy projects predominantly in Europe, through investments in local development platforms and the acquisition of single projects. The judges took particular note of the robust ESG implementation for Greenfinch, Impax's joint venture partnership with Bullfinch, a green services asset manager. Greenfinch supports the installation of rooftop solar, batteries and smart metres in Germany. During the due diligence phase, Impax paid close attention to

how solar panels were sourced, given the recent evidence of forced labour in China impacting the solar supply chain. Impax engaged with Bullfinch's management team on the topic of forced labour, highlighting current risks and relevant international regulations. Impax worked with Bullfinch to enhance its supplier due diligence process, and together Impax and Bullfinch engaged one of the world's largest panel suppliers on traceability and forced labour. Impax's ESG reporting was also singled out as impressive, especially its annual Beyond Financial Returns reports.

JOSHUA BRUNERT APEX GROUP

Joshua Brunert, global head of ESG product at Apex Group, was a driving force behind the 2019 launch of the group's ESG product suite. Since its formation, the advisory firm has onboarded and served more than 400 GPs and LPs across the private markets, as well as more than 1,200 portfolio companies, helping them to measure and improve their ESG credentials. An in-demand speaker and panellist, Brunert has gone above and beyond in building an offering consisting of a comprehensive range of ESG assessment and advisory services, including the launch of a leading EU taxonomy service to ensure that companies and investors are prepared for regulatory reporting. His diligent understanding of carbon footprint assessments and reduction has also helped the private markets space with net-zero advisory and target-setting. Internally, Brunert is supporting Apex's own ESG efforts, with highlights in the past year including Apex becoming the first in the financial industry to offset its lifetime (18 years) of carbon emissions.



GENUI II GENUI

In October 2022, Genui became the first buyout manager headquartered in the DACH region to be certified as a B Corp. Its current fund, Genui II, focuses on what the firm regards as society's central tasks: good health, digitalisation and environmental transformation. In the last year, Genui also developed its Entrepreneurs' Social Impact Partnership, which serves underprivileged children and young people, promoting good education, participation and health, independent of socioeconomic background. The partnership leverages the financial contributions from Genui's network of entrepreneurs and invests into Genui and other leading investment firms, with the investment teams waiving this part of their carried interest. The judges were especially impressed by Genui's work on formalising LP engagement, in reference to its LP Sustainability Council, to stay engaged with its LP's ever-developing view on ESG. The council exists as a forum for receiving LP's sustainable objectives and opinions on regulatory developments. Governance is also at the heart of Genui's value-add within the portfolio, as one of its first tasks upon investment is appointing ESG responsible staff, at C-level management, alongside an ESG internal coordinator and other officers to support governance requirements.