

Sustainability Standards for Private Equity— A Summary

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This is a summary guide for private equity sponsors and their portfolio companies to the frameworks, initiatives and resources for climate and sustainability targets, reporting and disclosure. The guide covers both mandatory and voluntary frameworks, and is particularly targeted at sponsors who market their funds in the European Union.




This summary guide is complemented by a more extensive overview of sustainability standards that we are happy to provide upon request.

Please note that this guide is not comprehensive.

Sustainability reporting and disclosure frameworks		Climate action and low-carbon initiatives		Sustainability accounting standards
Mandatory frameworks	The EU's Non-Financial Reporting Directive requires large EU companies to include a non-financial statement in their annual report, with emissions information aligned to the TCFD, to be extended under the Corporate Sustainability Reporting Directive .	Climate targets	The EU Climate Law binds all EU member states to reduce greenhouse gas (GHG) emissions.	The new International Sustainability Standards Board (that sits alongside the existing International Accounting Standards Board) will consolidate existing sustainability disclosure organisations, including the Climate Standards Board and the Value Reporting Foundation, to produce a single set of sustainability accounting standards.
	The EU's Taxonomy Regulation provides the conditions, including technical screening criteria, to determine whether an economic activity qualifies as environmentally sustainable.		Members of the UN Net Zero Asset Manager Initiative commit to transition their investment portfolios to net-zero greenhouse gas emissions by 2050.	The Sustainability Accounting Standards Board Standards comprise sustainability reporting standards tailored for different industries, identifying the most relevant environmental, social, and governance issues for each industry.
	The EU's Sustainable Finance Disclosure Regulation provides a framework for regulated EU investors to disclose how they take into account sustainability matters in their investment decisions.	Climate lobbying and reporting initiatives	Climate Action 100+ is an initiative led by investors to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.	The Global Reporting Initiative Standards are standards on sustainability disclosure, including reporting standards for reporting on numerous environmental and social topics.



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Voluntary frameworks	<p>The UN Principles for Responsible Investment are principles for investors to incorporate ESG issues into investment decision-making. The PRI reporting framework covers a comprehensive set of questions about the investor’s approach to ESG.</p> 	Climate lobbying and reporting initiatives	<p>Institutional Investors Group on Climate Change is a European body for investors to collaborate on climate change.</p> 	<p>The Climate Disclosure Standards Board Framework sets out a framework for companies to report environmental and climate change information aligned with TCFD recommendations.</p> 
	<p>The ILPA ESG Data Convergence Project identifies six core ESG data metrics for firms to collect and report on, with benchmarking data to be produced.</p> 		<p>Task Force on Climate-Related Financial Disclosure is an initiative for companies and investors to disclose a set of climate-related information, including emissions metrics in investment portfolios.</p> 	<p>The International Integrated Reporting Council Framework is a high-level reporting framework for how an organisation can create an “integrated report” that shows providers of capital how the organisation creates and preserves financial and non-financial “value” over time.</p> 
	<p>Novata is a platform for private companies to report their environmental, social and governance performance.</p> 	Guidance on climate targets	<p>Greenhouse Gas Protocol provides standards and guidance to measure and manage emissions.</p> 	

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Voluntary frameworks	<p>The Impact Management Project norms set out a framework for enterprises and investors to measure their ESG impact.</p> 	Guidance on climate targets	<p>The Invest Europe Climate Change Guide helps private equity sponsors and limited partners in their climate risk assessment and management activities.</p> 	
			<p>The Private Equity Sector Science-Based Target Setting Guidance is a guide for private equity firms to set targets for their portfolio in line with reducing carbon emissions to achieve the aims of the Paris Agreement.</p> 	

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