Private Equity and Climate Change
Questions for General Partners on Climate Risk and the Energy Transition

With the US rejoining the Paris Agreement and setting a 2030 target to halve emissions, there will likely be strengthening of environmental regulations with fossil fuel companies expected to face increasing scrutiny from investors, regulators, and the public. The growing urgency for action to limit the temperature increase to 1.5°C means that all political and economic actors must take steps to reduce carbon.

Private equity firms have invested billions across the fossil fuel industry, including pipelines, LNG export terminals, coal plants, fracking and drilling. These investments have largely underperformed over the last decade illustrating the combined financial and climate risks of conventional energy investments.

To assess how well private equity firms are adapting their portfolios and energy strategies for a low-carbon economy, investors should ask the following questions.

1. **Net Zero Energy Portfolio:**

   What is investment manager’s plan to shift its energy portfolio to be pollution free?

   For current fossil fuel holdings and energy investments:
   
   a. What plans does the manager have for current fossil fuel investments to eliminate emissions?
   
   b. How does the company track and share data on all emissions (Scope 1, 2 and 3)?
   
   c. Will the company commit to publicly disclose Scope 1, 2 and 3 emissions for its energy investments?

   For undeployed capital and future funds:
   
   d. By what date can the company commit that a majority of new capital deployed in energy investments will be invested in renewable energy?
   
   e. Will the company commit that all new energy investments will be in renewables by 2030?

2. **Just and equitable transition:**

   What programs does the company have or can it develop to ensure a just transition both for the workforce of and for communities impacted by current fossil fuel holdings?

   How is participation from impacted workers and communities included in the company’s planning for a transition to clean energy?

3. **Political spending to mitigate climate change:**

   Will the company commit to disclose to investors its and its portfolio companies’ political spending and how it aligns with the [Investor Expectations on Corporate Climate Lobbying](#), including:
   
   a. Corporate and executive political spending – lobbying and campaign contributions?
   
   b. Political spending by portfolio companies and their executives?
   
   c. Membership in trade associations and how those trade associations’ lobbying positions align with the goals of the Paris Agreement?