

## SWEN Capital Partners awards ESG Best Practices Honours to three asset management companies at ChangeNow

In partnership with ChangeNow, SWEN Capital Partners organized the 9<sup>th</sup> edition of the ESG Best Practices Honours, held May 19, 2022. Each year, this event brings together more than 400 professionals from the world of unlisted assets to share best practices for responsible investment. Three outstanding companies were recognized on this occasion: Meridiam (Infrastructure Award), Quadriga Capital (Private Equity Award) and Harrison Street (Special Jury Award).

### The 10<sup>th</sup> annual ESG data collection campaign

The jury, comprised of more than a dozen international experts, based its verdict on results from the ESG data collection SWEN Capital Partners has carried out annually for the past decade. This survey has become a benchmark campaign in France and Europe for asset management companies active on the private equity, private debt and infrastructure segments.

As in previous years, the questionnaires been updated to include the latest indicators stipulated by European regulations (SFDR, Article 29 of the energy-climate law...). For this edition, SWEN Capital Partners adopted guidelines developed under the aegis of France Invest, also used by various French LPs. The purpose is to deliver more transparent reporting and to better anticipate and meet French and European regulatory requirements.

A total of 218 asset management companies were surveyed this year, yielding a participation rate of 90% amongst GPs SWEN works with, an increase versus previous years.

### The three winners

3 management companies were selected by the jury for the quality of their ESG initiatives following a multi-step process including pre-selection (40 management companies) and nomination (14 companies):

[Meridiam](#), an independent French company specializing in the development, financing and management of public infrastructure projects, received the Infrastructure prize. The jury applauded the firm's internally developed approach for measuring contributions to the UN's Sustainable Development Goals (SDGs) thanks to the implementation of a dedicated tool (Simpl). Meridiam's forward-looking and innovative reporting methodology also drew praise. And lastly, the company was rewarded for launching new thematic funds that are particularly innovative and relevant to the market, such as The Urban Resilience Fund.

Based in Germany, [Quadriga Capital](#) was this year's winner of the Private Equity award. The jury was impressed by the robustness of the firm's ESG approach, which it has strengthened

year after year. The group has also become a signatory to the International Finance Corporation's (IFC) Operating Principles for Impact Management, which demonstrates a commitment to integrating impact into its investment strategies.

The Special Jury Award went to [Harrison Street](#), an American management company known for setting certification objectives for all its real-estate investments. The certification aims to reward buildings—particularly retirement homes—that incorporate well-being, accessibility, comfort and safety criteria into their design. Harrison Street played a key role in the development of the “Fitwel” standard for senior housing, which is certified by the [Center for Active Design](#).

## Changes in observed ESG practices

The Best Practices Honours are a core expression of SWEN Capital Partners' responsible investment approach, which has made the firm a pioneer in ESG for close to 10 years. Historically a decision-making tool, the data collection campaign that precedes this annual ceremony also makes it possible to follow the behavior of players in the sector and the evolution of companies' sustainability and ESG performance.

Four key phases of development to date in the unlisted asset industry have been identified by SWEN's ESG investment teams, under the stewardship of Isabelle Combarel, Deputy Managing Director in charge of Development and ESG.

### 1/ Before 2016: ESG as a differentiating factor

ESG integration was still in its infancy: 42% of management companies publicly shared a responsible investment policy in 2015, versus 70% in 2021. Approximately 60% were PRI<sup>1</sup> signatories in 2015, climbing to 83% in 2021. In 2015, just 1 in 10 firms published an annual ESG report, as compared to nearly half in 2021.

### 2/ 2015-2018: acceleration phase

Management companies shifted into higher gear impelled by the regulatory environment and international objectives (Article 173 on ESG and climate disclosure requirements, the UN's Sustainable Development Goals, the Paris Climate Agreement, etc.). In 2018, 4 out of 5 management companies tracked the CSR performance of their holdings, whereas only half did so in 2015.

### 3/ 2018-2021: structuring phase

As the ESG approach became more widespread the business consequently gained in professionalism. An entire ecosystem of professionals and solutions began to take shape and grow. Specialized consultants sprang up to meet the increasingly sophisticated demands of clients motivated in part by regulatory requirements that were just beginning to emerge. ESG data collection tools and processes became more industrialized.

The priority for PE firms at this time lay in supporting their holdings and implementing roadmaps to address the key ESG issues of each one. Some 2 out of 3 GPs possessed ESG roadmaps at this juncture (vs. 53% in 2018). This support was increasingly incorporated into contractual documentation. In 2016, half of companies indicated that they applied such contractual clauses in shareholder agreements; in 2020, a full three-quarters did so.

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<sup>1</sup> Principles for Responsible Investment.

Moreover, this period was also characterized by an increase in the number of players according significant consideration to climate issues.

**4/ 2021 and beyond: ESG standardization leading to a necessary transformation of our industry, with innovative initiatives essential in order to stand out**

Now that the framework of European sustainability regulations has been established for all (although it is still being structured), those seeking to go further must integrate ESG at the heart of their strategic thinking and their creation of investment vehicles. Beyond mere compliance, at issue is the capacity to support, build and transform business models to meet the challenges of tomorrow.

This holistic approach to ESG will benefit particularly from the momentum underway at management companies to transform their organizations structurally, in particular by internalizing the ESG function and leveraging its impact on all other functions (managers, compliance, risk, etc.). In 2019, 27% of management companies surveyed indicated that they had a full-time Head of ESG, compared with 39% in 2020.

Financing the necessary energy and ecological transition creates numerous opportunities for management companies of all sizes that wish to stand out by undertaking concrete and innovative initiatives.

In 2021, only 15% of management companies surveyed affirmed they were sufficiently equipped to measure the environmental impact of their investment strategies.

*“In 10 years of ESG data collection, we have witnessed a true Copernican revolution on the part of private equity players. After several years of trial and error, that last few campaigns have witnessed a strong acceleration. The challenge now is to bring all our approaches in line to make ESG more credible in the sector. After a phase of standardization, when regulatory milestones have been reached, the challenge will be to find a new way to stand out,”* commented Isabelle Combarel.

#### **About SWEN Capital Partners**

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SWEN Capital Partners is a leading player in responsible investment in unlisted assets in Europe. With €6.8 billion (calculated in amounts of cumulative commitments) under management, SWEN Capital Partners offers a wide range of investment programs for institutional and private clients. The asset management company integrates ESG criteria in all its asset management activities and has been implementing a climate strategy since 2017. In 2019, it reinforced its actions in favor of fairer and more sustainable growth by launching its first impact fund dedicated to renewable gas. Its increasingly strong convictions are leading the management company to go further in 2021 by launching its new impact management strategy dedicated to ocean regeneration. SWEN Capital Partners is a subsidiary of OFI (whose main shareholders are Macif and Matmut).

Since January 2022, SWEN Capital Partners is a co-shareholder of the NEC Initiative, a company with an independent mission and developer of a methodology allowing socio-economic actors to measure their contribution to the ecological transition towards a common goal: the construction of a responsible and sustainable economy.

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