

05/27/2021 06:37:46 [BN] Bloomberg News

Reproduced with permission. Published May 27, 2021. Copyright 2021 by The Bureau of National Affairs, Inc. (800-372-1033) <http://www.bloombergindustry.com>

Advent to Screen for Green Assets as Private Equity Embraces ESG

- Advent will work with S&P's new Sustainable1 organization
- It will look at metrics including diversity, carbon emissions

By Benjamin Robertson

(Bloomberg) -- Private equity firm Advent International plans to adopt new guidelines created by S&P Global Inc. to help it gauge the green credentials of its investments.

Pressure is building on asset managers to find a reliable measure to establish which investments include environmental, social and corporate governance features and which ones don't. Regulators have been slow to create rules for the burgeoning market, risking so-called greenwashing as managers tap surging investor demand for the products.

That's in turn creating demand for ESG consulting services from the likes of S&P, MSCI Inc. and Morningstar Inc.'s Sustainalytics unit. S&P's deal with Advent is via its newly created Sustainable1 organization and will be that unit's first with a global private equity firm, according to a statement Thursday.

Boston-based Advent will screen for metrics including diversity, carbon emissions, and labor and human rights, to establish a baseline and targets for improvement. This will better benchmark portfolios firms against their peers and increase valuations at point of sale, Advent Managing Partner James Brocklebank and Director of Risk Management and ESG Jarlyth Gibson said in an interview.

"Virtue is not the enemy of value. It is the opposite," Brocklebank said. "We strongly believe a positive sustainability performance is helpful to the value creation process."

Advent International, which was founded in 1984, managed \$76 billion of assets as of Dec. 31, according to its website.

Private equity firms are steadily incorporating ESG strategies into their investment thesis when buying businesses. While the move looks good for public relations, it is increasingly being demanded by major investors including pension funds, as well as governments and regulators, who have their own net-zero and ESG targets to meet.

Efforts to establish anti-greenwashing rules took a leap forward in March after the European Union started demanding fund managers evaluate and disclose ESG features of financial products.

Read more: [Europe's Anti-Greenwashing Rules Take Effect for Fund Managers](#)

To be sure, Advent's portfolio includes investments in chemicals and fossil fuel extraction industries.

"We are always going to need chemical companies," said Brocklebank. "The trick here is objectively, with a third party assessor, to demonstrate progress on all the different metrics."

This report may not be modified or altered in any way. The BLOOMBERG PROFESSIONAL service and BLOOMBERG Data are owned and distributed locally by Bloomberg Finance LP ("BFLP") and its subsidiaries in all jurisdictions other than Argentina, Bermuda, China, India, Japan and Korea (the "BFLP Countries"). BFLP is a wholly-owned subsidiary of Bloomberg LP ("BLP"). BLP provides BFLP with all the global marketing and operational support and service for the Services and distributes the Services either directly or through a non-BFLP subsidiary in the BLP Countries. BFLP, BLP and their affiliates do not provide investment advice, and nothing herein shall constitute an offer of financial instruments by BFLP, BLP or their affiliates.