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Investors with US\$2.3 trillion of assets demand standardized environmental data from private companies

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- CDP collaborates with investors to create **first ever** standardized environmental disclosure platform specifically for private markets;

- **Beach Point Capital, Coller Capital, Intermediate Capital Group, M&G, Neuberger Berman and Nuveen** among participating investors;
- Standardized disclosure platform will allow investors to benchmark private companies and compare like-for-like on environmental performance.

London; September 8, 2021: Private market investors with US\$2.3 trillion of assets including M&G, Neuberger Berman and Nuveen are, for the first time, requesting standardized environmental disclosure from over 1,000 privately held portfolio companies through [CDP](#), the non-profit global environmental disclosure platform.

A trend towards the privatization of high-carbon assets, such as BP's sale of its Alaska Oil and Gas business to Hilcorp Energy, risks diminishing transparency and performance on ESG issues since private companies do not have to comply with the reporting requirements of a listed entity.

To address this gap in transparency, CDP collaborated with a global group of influential investors to create the first ever standardized environmental disclosure questionnaire focused specifically on private companies. The so-called Private Markets Pilot's objective is to increase disclosure from private companies of all sizes, including the mid-markets and SMEs, and those with high-impact business activity that have historically avoided scrutiny on environmental issues and pressure to decarbonize.

CDP's standardized disclosure platform will allow investors to benchmark private companies and compare like-for-like on environmental performance, a call increasingly made by investors. To meet anticipated gaps in reporting, CDP will augment reported data with emissions estimates, allowing private market investors to calculate financed emissions so that they can set and report against their own net-zero commitments.

While there has been increasing transparency on ESG issues in public markets – in 2020 CDP saw a record number of listed company disclosures – global markets are increasingly characterized by a rapidly expanding pool of private organizations and capital. Private equity net asset value, for example, has grown three times as fast as public markets since the turn

of the century, doubling 8 times compared to 2.8.^[1] This is a critical opportunity gap given that private equity investors, particularly those with control stakes, can significantly influence the sustainability strategy and governance policies of investee companies.

Claire Elsdon, Joint Global Director of Capital Markets at CDP, commented: “CDP, with its 20+ years of providing comparable and TCFD-aligned environmental disclosure data is ideally positioned to pioneer standardized environmental disclosure in private markets, just as we have done in public markets.

As demonstrated by the support of this pilot, investors require decisive data that is consistent, comparable and comprehensive across both public and private markets. To make this possible and support them in setting and meeting their own net-zero ambitions in the run up to COP-26, they expect private companies to fully engage with TCFD-aligned standards on environmental disclosure and reporting.

This pilot is essential to avoiding “emissions leakage” between asset classes such as public companies selling high-carbon intense assets to private companies in a bid to avoid scrutiny and transparency. Stark warnings from the latest IPCC report that disastrous climate tipping points are nearing underline the urgency of this pilot’s work. We thank participating investors and look forward to scaling this work in the years to come.”

Adam Black, Partner and Head of ESG & Sustainability at Collier Capital, commented: “Encouraging more private companies to actively measure and disclose their carbon impacts (and also their water and possible deforestation impacts) is no longer a nice to have - it is essential to the low carbon transition. Moreover, it will better enable investors to make much more informed investment management decisions when it comes to the private markets.”

Jennifer Signori, Managing Director at Neuberger Berman commented: “CDP’s initiative is seeking to provide guidance and tools for calculating emissions data to the private markets industry. We believe pragmatic tools will help investors understand and manage climate risks and support portfolio objectives in climate transition and solutions.”

Bridget Bartlett, Head of ESG at Beach Point Capital, commented: “As a Technical Working Group Member, Beach Point Capital is proud to participate in the CDP Private Markets Pilot as we seek to engage private companies on the management of environmental risks and opportunities. The CDP Private Markets Pilot represents an important step in helping narrow the gap of climate-related disclosures for private companies. We believe proper measurement and disclosure of climate-related risks and opportunities can help better prepare companies to manage the climate transition, while also enhancing their potential long-term sustainable value.”

The companies engaged in this pilot operate in both developed and emerging markets and cover a wide range of industries including Oil & Gas, Finance, Renewable Energy, Tech, Healthcare and Manufacturing.

[1] <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/mckinseys-private-markets-annual-review>

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For more information, or exclusive interviews, please contact:

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About CDP

CDP is a global non-profit that runs the world’s environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 590 investors with over \$110 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 10,000 organizations around the world disclosed data through CDP in 2020, including more than 9,600 companies worth over 50% of global market capitalization, and over 940 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world,

and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative. Visit cdp.net or follow us @CDP to find out more.



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