

How is this guidance of value to fund managers?

Fund managers need to follow robust and pragmatic procedures throughout the investment cycle to identify and analyse ESG factors, determine their relevance to each deal and ensure they are properly addressed.

For the fund manager, the benefits of utilising the procedures described in this section include:

- Informing investment decisions by understanding the important ESG factors, potential related liabilities, costs and influence on financial performance, and potential opportunities for value creation.
- Minimising exposure to reputational or legal risks.
- Ensuring adequate systems are in place to assess and monitor companies' ESG performance, to comply with the applicable ESG requirements and to manage associated investment risks.
- Forming the basis for ongoing engagement with companies to discuss, assess and manage ESG risks and impacts, and to identify and capitalise on opportunities.
- Demonstrating proper consideration and management of relevant ESG factors to relevant stakeholders, particularly limited partners (LPs).

Procedures setting out a fund's approach to integrating ESG throughout the investment life cycle should be described as part of the fund's [management system](#). These procedures should build on ESG policies and cross-reference roles and responsibilities within the team, arrangements for internal reporting and reporting to LPs.

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