

## 1. Overview

All funds should have an effective system for monitoring and periodically reviewing the adequacy of their BIMS. In order to do this, appropriate records need to be kept, documenting the process followed for each investment and the progress made or challenges encountered. Reviewing the successes and challenges faced when implementing the BIMS can reveal important lessons and insights to improve the system and make it more effective. Continuous improvement is a key component of the BIMS.

When assigning roles and responsibilities funds should be clear about who will conduct performance reviews and how corrective actions/changes to the ESMS will be implemented and approved.

## 2. Guidance and advice

Fund managers should monitor the adequacy and performance of their BIMS and the underlying policies to understand the extent to which they are meeting their own objectives and strategy, meeting stakeholders' (e.g. LPs) expectations and requirements, and contributing to the performance of their funds and the companies in which they are invested.

Periodic review of the efficacy of the BIMS and BI policies allows the fund to assess whether it needs to adjust its ambitions or goals, invest more in capacity building of its investment team, or remedy any matters that are either posing obstacles or being by-passed within the investment cycle. Responsibility for monitoring the efficacy and efficiency of the policies should be clearly identified in the policies and BIMS documentation.

- [Elements of performance management](#)
  - Evaluation of the BI policies against changes in the fund's investment strategy, priority sectors, geographies or shareholding. In light of such changes fund managers should evaluate whether the BIMS is still relevant, achievable and applicable and revise the policies as appropriate.
  - Performance evaluations of people assigned responsibility for managing and implementing BIMS. Fund managers should assess whether the people responsible for the implementation of the BIMS and its underlying policies have the capacity and commitment to continue successfully driving implementation of the system.

- Processes to assess how thoroughly and consistently BI issues are addressed by Investment/Portfolio Officers. It will be necessary to check whether screening memos, due diligence reports, investment memos, investment agreements and monitoring reports contain adequate and relevant information, an assessment of BI risks and clear follow-up of key issues between documents demonstrating progress over time. It is useful to compare levels of detail between investment/portfolio Officers and deal teams to identify any gaps or inconsistencies.
- Mechanisms to get feedback from the various teams, which should follow the BI policies.
- A process to approve changes to the BIMS (may require LPs approval).
- A process to ensure the implementation of corrective actions to improve the system and to address the limitations/development areas identified. For example:
  - Additional training and awareness raising;
  - Improving the oversight mechanisms;
  - The inclusion of BI performance metrics in personal objectives;
  - Improved tools and guidance;
  - Additional use of consultants to advise the team;
  - Peer-to-peer learning within the team.
- Assessment of global trends in managing BI issues in sectors in which the fund is active, as this will help to assess whether the BI should be revised and/or whether additional training should be provided. For example, increased focus on transparency in the extractives sector, could suggest that portfolios need to be more actively monitored in these sectors. Related templates or guidance documents in use may also need to be revised.