

Sustainability services for private equity & asset management clients

Creating sustainable value for private equity and asset management clients amid evolving ESG expectations

Investor focus on Sustainability

As Environmental, Social, and Governance (ESG) standards gain momentum in the marketplace, limited partners and institutional investors are increasingly focused on how ESG issues are integrated into the evaluation of investment opportunities by their fund managers. These investors believe that organizations with sound ESG programs will perform better over the long term and generate stronger financial returns.

ESG as a driver of value creation

The private equity and asset management industry has historically viewed ESG from a narrow risk/cost management perspective. This approach has evolved as the savviest firms have begun to recognize ESG as an opportunity for long-term value creation. These firms incorporate ESG considerations across their investment lifecycle from pre-investment to exit.

The journey begins with the development of an ESG strategy that identifies the ESG topics most important to the firm's investment thesis, investors, and other stakeholders. These ESG inputs are anchored into the firm's approach to assessing potential targets and engaging with current investments. From there, the firm can guide portfolio companies in building their own ESG programs - including governance, oversight and initiatives to address their ESG material topics.

ESG initiatives such as renewable energy procurement, creating employee resource groups, and board succession planning can increase access to capital, reduce turnover, and improve organizational decision making - all drivers of business transformation and value creation for portfolio companies during the life of the investment.

When the time comes to exit an investment, proper ESG reporting can help address potential risk factors and demonstrate ESG performance, allowing firms to protect the value they've created.

Grant Thornton supports firms in identifying the ESG issues that matter to their stakeholders, integrating those topics in the investment process, and engaging with portfolio companies to further value creation. Grant Thornton can help define what ESG looks like at your firm and help you create a roadmap for the next phase of the journey.

- What ESG issues are of most interest to your investors?
- What ESG initiatives do you have in place, and to what degree have you approached ESG as a value creation opportunity?
- What are your ESG ambitions going forward?



We use a tailored approach that leverages ESG to help you meet your goals.



We'll help break ESG into bite-size, actionable pieces, delivering meaningful progress along the way.



We make sure that you not only have support today, but also a solid foundation for the future.



Integrating ESG in the investment lifecycle

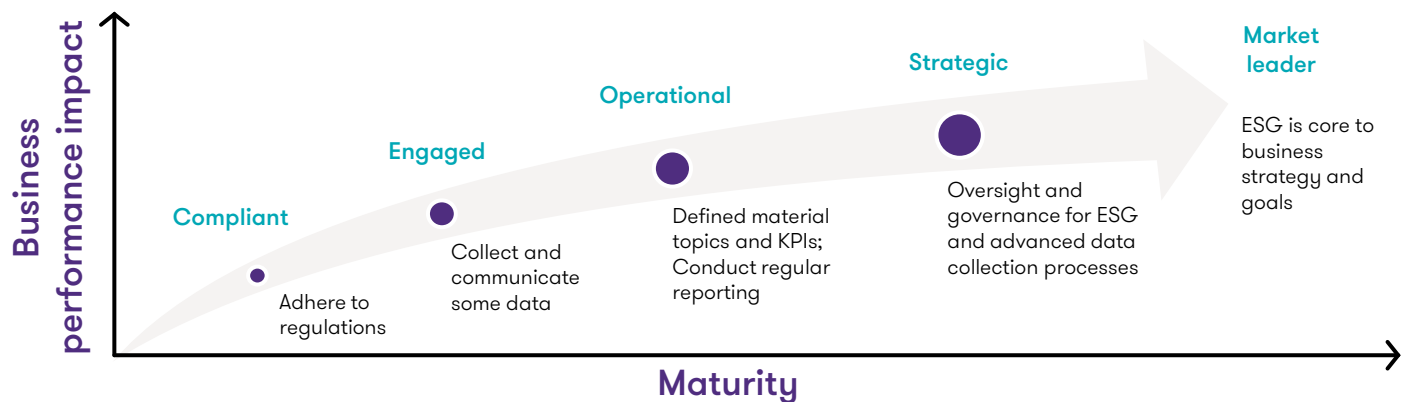
Forward-thinking private equity firms are incorporating ESG considerations during all phases of their investment lifecycle.

Phase	Pre-Investment	Initial Engagement	Value Creation	Exit Strategy
Objective	Outline overall investment strategy, incorporating ESG objectives and communicating with potential investors.	Establish a baseline of ESG performance, identify priorities, and develop action plans in pursuit of goals.	Drive growth and create real value for a range of investments across all levels of ESG maturity.	Pursue exit strategies that generate strong financial returns and demonstrate ESG performance.
How GT Can Help	<ul style="list-style-type: none"> • Design ESG Policy and strategy • Integrate ESG factors into the investment screening process • Conduct ESG due diligence identifying key ESG issues material to the target • Support investment decision by summarizing diligence findings for the Investment Committee Memorandum 	<ul style="list-style-type: none"> • Conduct PortCo current state ESG assessment to evaluate ESG maturity on key material topics and integrate ESG priorities in future planning • Develop PortCo ESG roadmap with short and long-term activities to pursue • Educate PortCo management on how ESG fundamentals connect to their business performance 	<ul style="list-style-type: none"> • Create tailored ESG strategy via materiality, benchmarking, and gap analysis • Launch PortCo ESG program including ESG policy, oversight, and program activities • Recommend ESG metrics and data collection framework • Develop portfolio-wide ESG report illustrating overall ESG performance 	<ul style="list-style-type: none"> • Conduct benchmarking study to assess ESG performance of the PortCo compared to peers • Complete PortCo ESG impact assessment • Prepare an ESG exit strategy report, documenting success stories and growth opportunities

Readiness assessment / assurance

Assessing & advancing ESG maturity

Whether you are just starting your ESG program and are seeking compliance and risk mitigation support, or strategically positioning ESG to become embedded throughout your operations, we can help you through it – one step at a time.



For more information, visit grantthornton.com/ESG

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