Key Findings

Different funds and GPs have different pieces of the sustainability puzzle in place—but few have completed the entire puzzle just yet. According to our findings:

Asia-based GPs are dedicating additional resources to their sustainability efforts—but is it enough and are these changes taking place in the most pressing areas?

Work on sustainability policies and implementation has slowed, and GPs remain reluctant to include sustainability performance metrics in remuneration structures



43%

of respondents have both an ESG committee and an ESG specialist dedicated to this area, up from **8%** in research from 2022.

90%

of respondents have made no recent changes to their ESG policies or work on implementation of those policies.



48%

say their ESG committee is solely dedicated to ESG matters, up from **39%** a year ago.

50%

of respondents say they have held back because of concerns raised by principals/investment professionals— 26%, or by limited partners—24%.



33%

say their ESG committee includes at least one member with specialist ESG expertise.

Only **17**%

of respondents have set up links between investment team compensation and ESG goals or targets. **Sustainability work goes well beyond climate-related issues—**with many GPs working particularly hard to make progress on DE&I

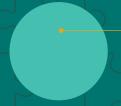
73% of respondents have identified clear and measurable goals on DE&I.

of respondents have conducted internal training on DE&I for management and staff and/or communicated the importance of DE&I internally and externally.

39% of respondents consider DE&I issues during the due diligence phase of deal processes.

Sustainability is a consideration at each stage of the investment process—but poor sustainability credentials at a potential portfolio company are rarely seen as a barrier to investment

Fewer GPs are dealing with accusations of greenwashing—but there is concern about the potential for such controversy



84%

of respondents conduct non-compliance-related ESG due diligence on most or all deals they consider.



respondents report having seen greenwashing concerns raised about them or one of their portfolio companies.



23%

of respondents have pulled out of an investment process after uncovering adverse ESG issues during diligence.



70%

of respondents have policies regarding ESG communications or green claims by portfolio companies, up from **54%** a year ago.



81%

of respondents sometimes or always include clauses in investment documentation to enhance or ensure ESG compliance.



30%

of respondents actively promote their green investment practices.

GPs recognize the potential for strong and improving sustainability performance to drive value and return



91%

of respondents have invested in a company with negative or neutral ESG credentials, expecting to increase its valuation by improving these metrics.



of respondents believe positive ESG metrics will increase the valuation of a target.



of respondents say ESG was part of the investment thesis when they went through a portfolio exit.

GPs face significant challenge as they work to integrate sustainability practices into their operations

of respondents cite the need to keep pace with rapidly evolving regulatory regimes—the most significant challenge for respondents—as one of their top three concerns.

43% of respondents point to a lack of transparency and reliability of ESG data as a top three challenge.





The need to respond to LPs' diverse and changing ESG demands is also regarded as highly challenging.

Responsible tech is a key theme for investment and sustainability in 2023—

but some GPs may be missing out

Respondents are taking action to make changes at fund or portfolio companies to improve performance toward emissions reduction or decarbonization



80%

of respondents say they have adopted or make it a requirement to adopt responsible tech at portfolio companies, a full 20% either do not take this action or are unfamiliar with the concept.

91%

of respondents say they have formal policies and procedures at the fund or portfolio level for collecting, analyzing and reporting on climate-related ESG data.



50%

of respondents mention that there are competing priorities for tech innovation over responsibility and social considerations at their firm.

72%

of respondents say monitoring evolving reporting standards and guidelines is the top action they are taking to comply with the increasing reporting requirements.





Data privacy and cybersecurity are the **top** concerns among respondents...

while Al ranks **last** despite the power and complexity this innovation presents.

86%

of respondents say they require input on policymaking, procedure formulation and KPI design when turning to third-party professionals to assist with ESG matters.



What do these findings mean, and what do funds need to do in practice? Take our short online quiz to find out where you are along your ESG journey.



Go to Page 45 for six pieces to start putting your sustainability puzzle together. There is a short podcast to accompany each piece.