

ESG STRATEGY

8 WAYS TO CREATE VALUE FOR PRIVATE EQUITY FIRMS



Amid increased focus across the financial services sector on environmental, social, and governance (ESG) concerns, a well-defined and well-executed ESG strategy can help a private equity firm stand out within the investment community, and drive value throughout the fund lifecycle.

1

FUND FORMATION

Aligning investment criteria, policies, and procedures with ESG strategies from the start can be a differentiator for potential stakeholders – from limited partners to employees and service providers – and create a shared understanding of your business priorities and decision-making.



2

CAPITAL RAISING

An ESG strategy will support capital-raising efforts with investors that have ESG-related interests and investment mandates.



3

FUND OPERATIONS

When stakeholders are aligned on an ESG strategy, and confident that the fund is operating according to it, they'll be better able and more likely to understand and support the fund's goals and operational success.



4

RECRUITING & RETAINING TALENT

As coveted job seekers increasingly take into account prospective employers' social and environmental efforts – both internal and external – really “walking the talk” on ESG can make a company more attractive.



5

REPUTATION MANAGEMENT

A solid ESG strategy can help a PE firm build a strong reputation for corporate responsibility – and attract interest from like-minded investment and acquisition targets.



6

INVESTMENT DECISIONS

Applying an ESG lens when sourcing investments and throughout the due diligence process can help identify and avoid or mitigate reputational, financial, and stakeholder risks.



7

INVESTMENT MANAGEMENT


Carefully developing, implementing, and monitoring ESG strategy, policies, and procedures throughout the portfolio will be key to maintaining sustainable value creation efforts.



8

REPORTING & INVESTOR RELATIONS

Similarly, an inability to report ESG metrics against strategy, policies, and procedures could jeopardize relationships with investors and regulatory agencies; strong reporting can help support them.



The best place to start is with a thorough assessment by CohnReznick of your ESG goals and objectives, what has been implemented and achieved so far, and what the next steps should be on your ESG journey to best drive positive impact and deliver outstanding value.

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