Deloitte.

ESG in Private Capital Survey 2023

Leading with impact: ESG value creation propels UK private markets

September 2023

Contents

Foreword

For a decade there has been growth in ESG and impact investing in UK private markets, with climate-related investments taking precedence due to the growing concern about climate change. The conventional view is that private capital is under less scrutiny than capital in public markets and is therefore less accountable. On the contrary, our research, based on a comprehensive survey and in-depth interviews, shows that private market investors are strongly committed to ESG and impact investing. Their focus on ESG is largely being driven by their clients, not regulators.

We have sought insights from 69 individuals across 61 UK private asset investors, including both General Partners (GPs) and Limited Partners (LPs), to capture their diverse perspectives. We found considerable differences in how they approach ESG integration, handle ESG risk management, and measure success.

The survey spans firms of different sizes and asset classes – Private Equity, Private Debt, and Real Assets – and therefore paints a comprehensive picture of the ESG landscape in the UK private markets.

Despite the commitment to ESG, firms' ESG integration efforts remain fraught with challenges that must be addressed if the sector's potential is to be fully realised. Five main obstacles emerged from our analysis as barriers to effective ESG integration: the burden of data collection and reporting, a shortage of ESG expertise, lack of traction in ESG benchmarking, the question of alignment between GPs and LPs, and the challenge of demonstrating ESG value creation to LPs. For small firms it is particularly difficult to overcome these barriers.

We recommend that regulators enforce standardised ESG reporting guidelines and facilitate the development and use of ESG benchmarks. This would help firms gauge their progress and performance against peers and industry standards, especially for private debt.

We recommend that LPs encourage transparent dialogue with GPs about ESG objectives and build in-house ESG expertise to assess whether GPs' ESG strategies align with their own mandates. LPs should strategically consider sector relevance, materiality and explain to GPs why they are requesting data and what they are using it for, to enhance reporting quality. LPs can take advantage of the strong potential of private markets for impact investing and potentially earn strong returns while facilitating global progress towards sustainable development goals.

GPs should communicate their ESG approach and initiatives to LPs and actively seek feedback, especially on the appropriate ESG metrics to report. We recommend that GPs establish a cohesive data-gathering plan and streamline ESG metrics to improve reporting relevance and actionability. Firms should clarify their requirements for different ESG roles, develop talent personas and engage with external partners to fill talent gaps.

We would like to extend our heartfelt thanks to those who participated in the research. This report is particularly intended for private equity, private debt, and real assets managers and their asset owners, and anyone with an interest in ESG integration in private markets. We look forward to discussing our findings with you.

Tony Gaughan
Vice Chairman, Partner, EMEA and UK Investment Management and Wealth Leader

"We recommend that LPs encourage transparent dialogue with GPs about ESG objectives and build in-house ESG expertise to assess whether GPs' ESG strategies align with their own mandates."

About the Survey

Why?

The purpose of the ESG in Private Capital survey is to explore the opportunities and challenges faced by UK-headquartered private asset investors while integrating ESG in their investment process.

When?

The survey was conducted between January and March 2023.

Who?

We surveyed 69 individuals from 61 UK-headquartered private asset investors (both General Partners and Limited Partners) and compared ESG integration across different firm sizes, varying roles, and asset classes – Private Equity, Private Debt, and Real Assets (Real Estate and Infrastructure). We further interviewed five respondents to delve into their strategies and the challenges they face.

Disclaimer

This study is based on data gathered from a representative sample of market participants across GPs and LPs in the UK. Given that our respondents are either already involved in the market or have strong views on the topic of ESG in private capital, care should be taken when interpreting these findings which may not be a direct corollary for activity and sentiment across the whole UK private capital marketplace.

Sample demographics

61

Firms representing £1.1trillion+ AUM

59

respondents are General Partners

18

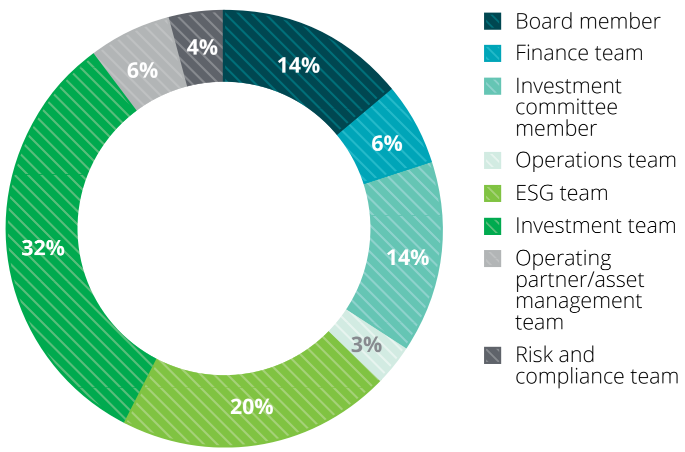
respondents are Limited Partners

*Note: 8 respondents are both LPs and GPs

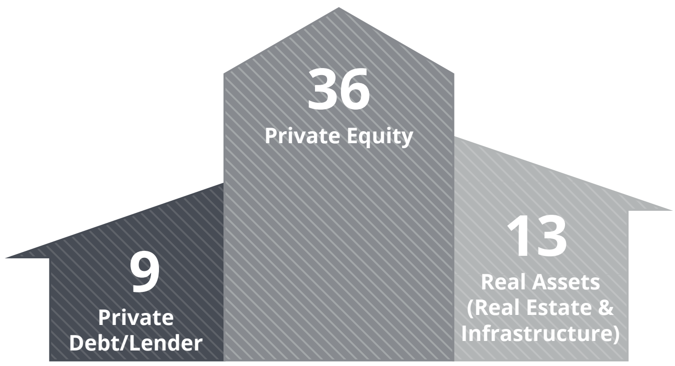
All

UK headquartered

Percentage of respondents by position:

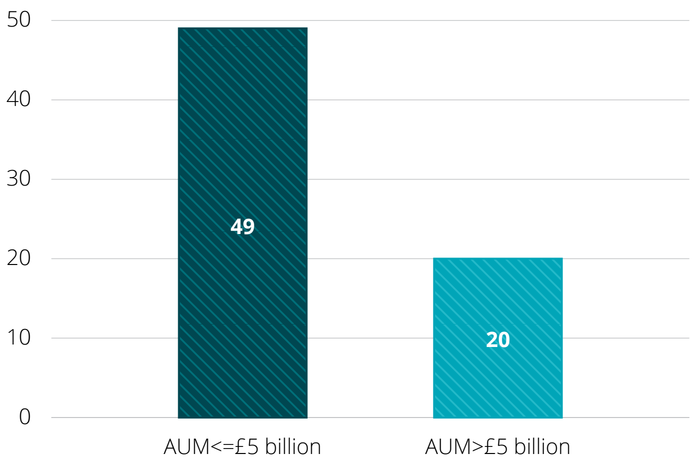


Number of respondents by fund type:

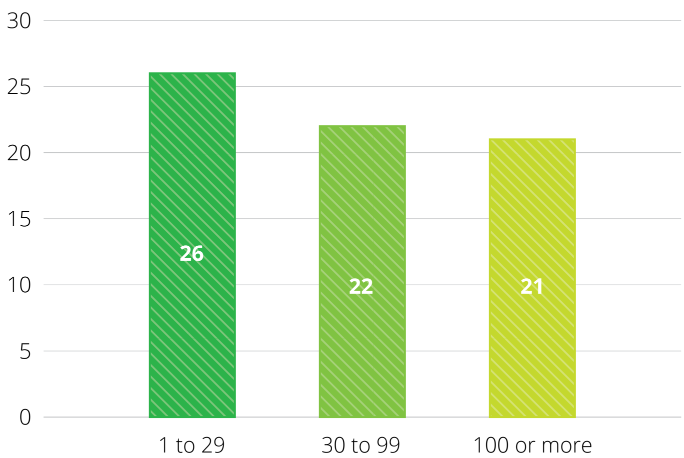


Note: For each fund type, we included GPs who either selected the specific fund type as "primary type" or "other type" and LPs who only invested in one specific fund type to make the sample mutual exclusive.

Number of respondents by firm AUM:



Number of respondents by employee count:

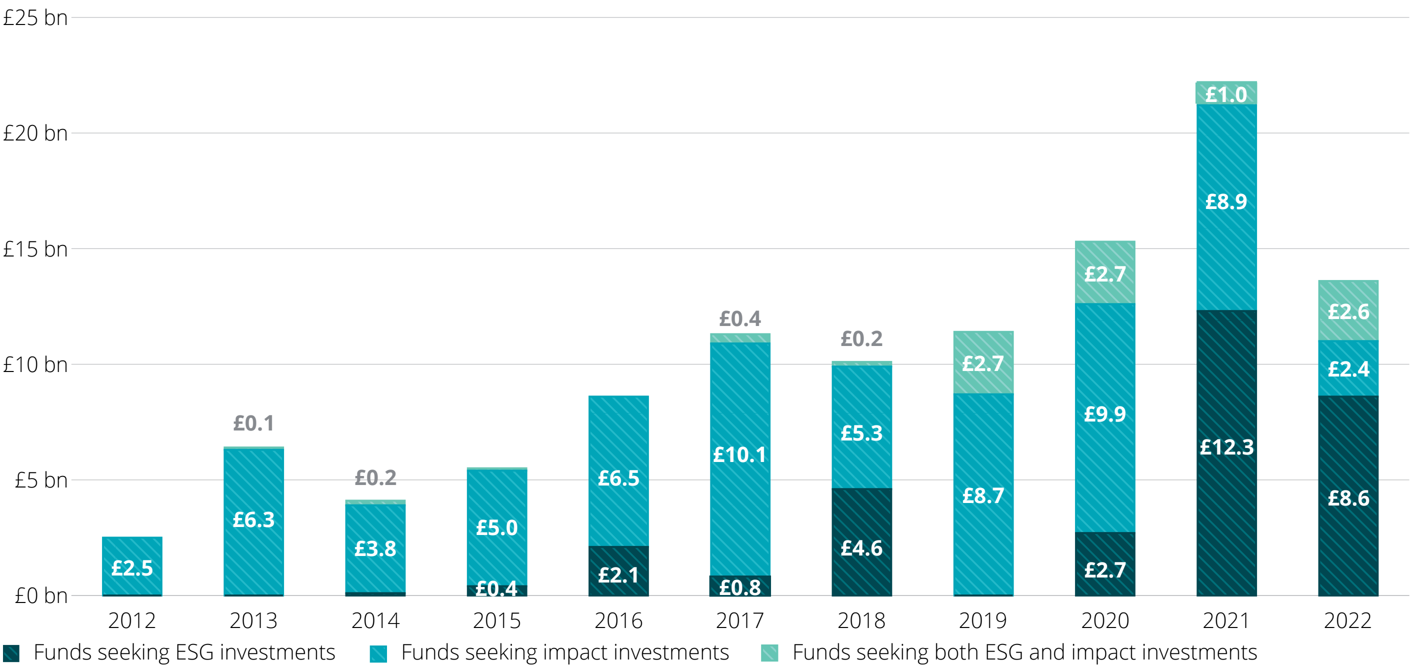


Trends in ESG and Impact Investing

UK private market funds seek ESG or impact investments

UK private market funds seeking ESG or impact investments have experienced a decade of growth and expect to continue to grow. As shown in Figure 1, firms raised £111 billion in funds seeking ESG or impact investments between 2012 and 2022, accounting for 11% of total private market fundraising in the UK. According to the Impact Investing Institute and the Global Impact Investing Network (GIIN), three quarters of UK investors aim to increase their impact investing by at least 10% within the next five years.[1]

Figure 1. Aggregate fundraising for ESG or impact investments, 2012-2022 (£ billion; at year-end)

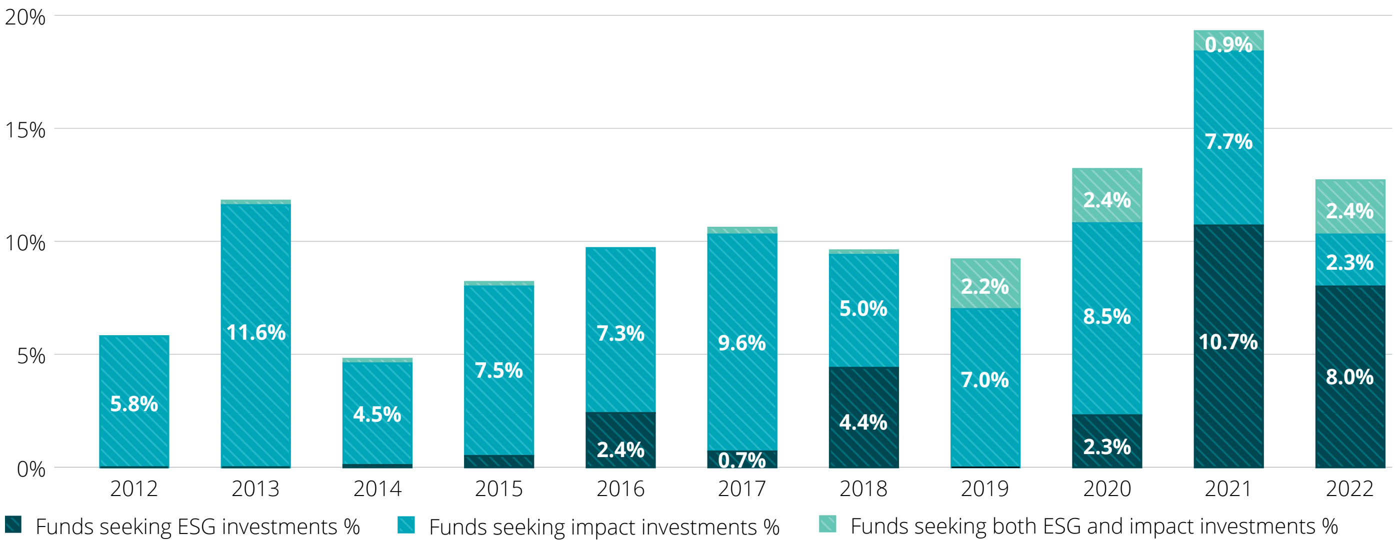


Source: PitchBook Analysis, 2023

In the UK aggregate fundraising for ESG or impact investments peaked in 2021, representing 19% of total UK private market fundraising for the year (see Figure 2). In 2022, ESG and impact fundraising dipped due to a rise in inflation and interest rates that triggered a shift from growth to value investing. Supply chain disruptions and inflation also hit environmental physical products hard.[2] Despite a decline in 2022, private asset managers told us that they expect investor demand for ESG and impact funds to continue to grow. Managers plan to expand their offerings to meet the demand from investors and keep pace with the market.

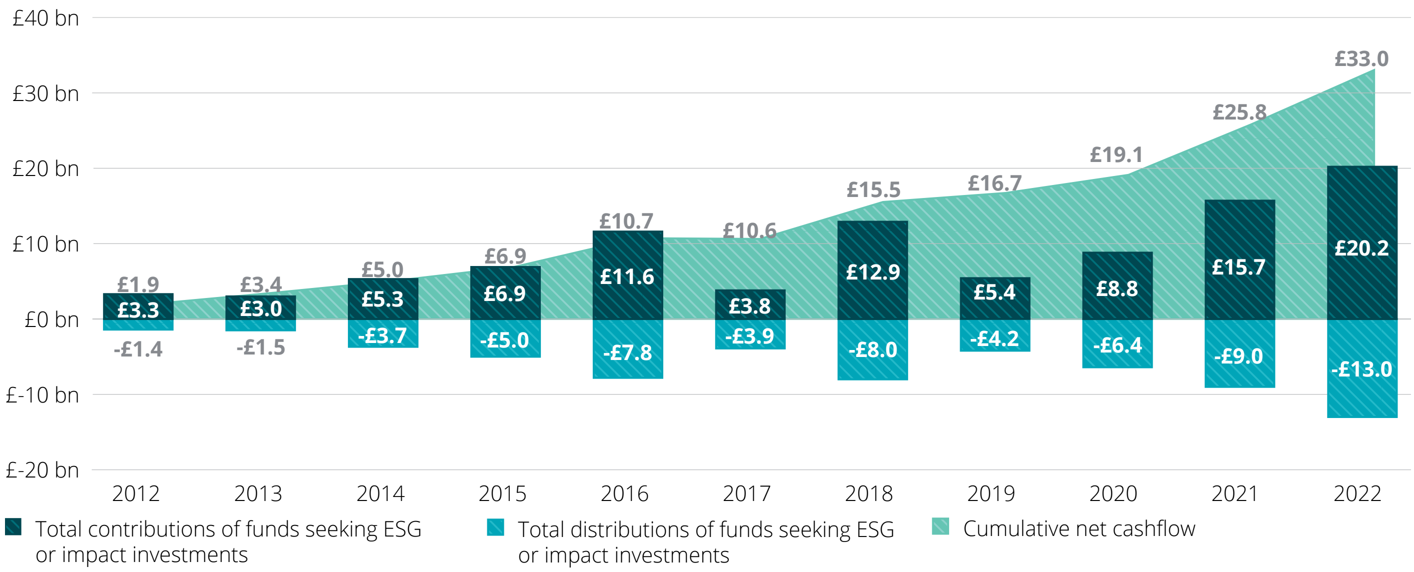
The cumulative net cash inflow of UK private market funds seeking ESG or impact investments over the past 11 years reached £33 billion (see Figure 3). Looking to 2023, managers believe that despite uncertainties around inflation and interest rates, sustainable solutions, particularly in energy and food security, are increasingly viewed as integral to economic activity and could drive performance. Managers are optimistic about sustainable companies' growth prospects and potential contribution to addressing sustainability challenges.[3]

Figure 2. UK aggregate fundraising seeking ESG or impact investments as % of total UK fundraising (by year-end)



Source: PitchBook Analysis, 2023

Figure 3. Cash flow of UK private market funds seeking ESG or impact investments, 2012-2022 (£ billion; at year-end)



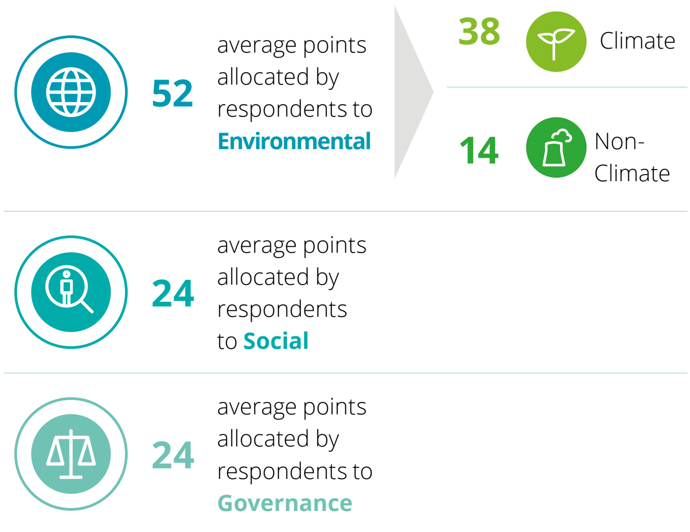
Source: PitchBook Analysis, 2023

Climate investing dominates private market investors' ESG choices

As shown in Figure 4, private markets focus on climate over social, governance, or non-climate factors. We believe this is due to mounting concern about climate change, which could potentially cost the global economy $178 trillion over the next 50 years if the temperature rises by more than 3 degree Celsius.[4] According to analysis by PitchBook, a source of data on global capital markets, investments in renewable energy infrastructure and climate tech innovation are expected to grow further, driven by concerns about climate change and energy security.[5]

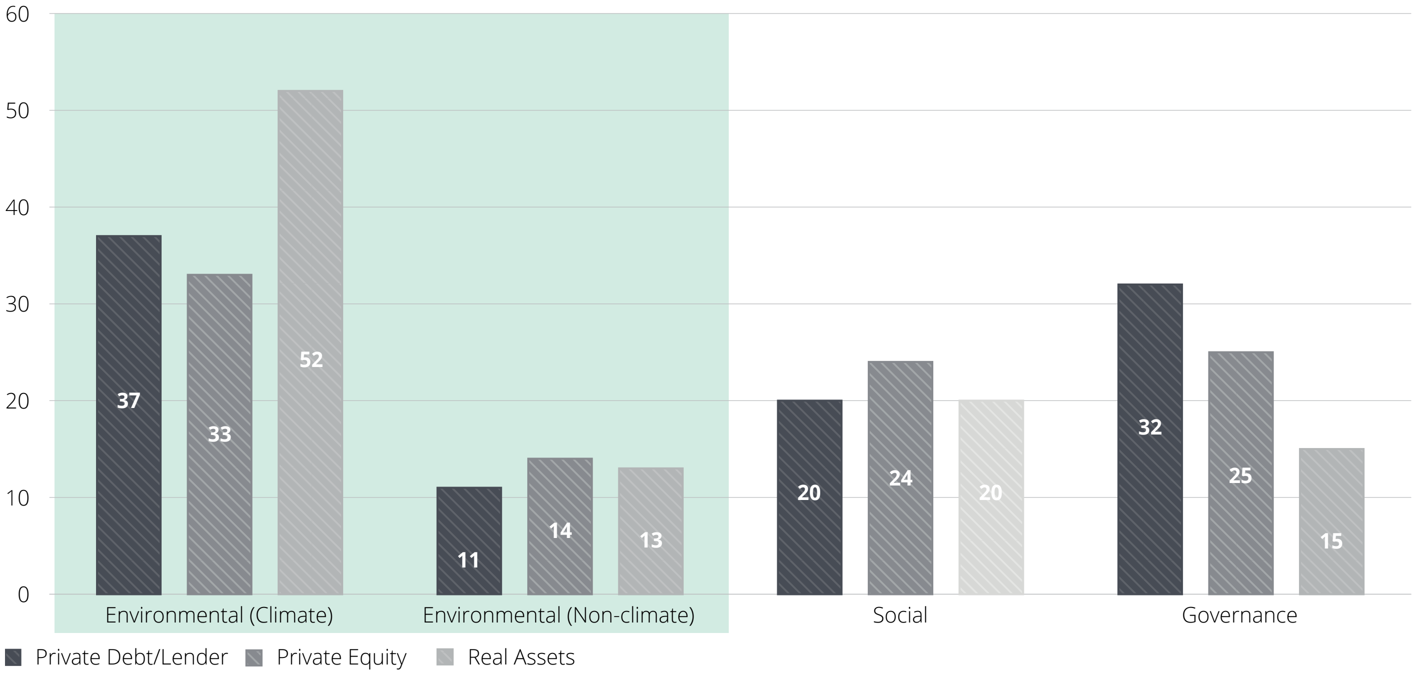
While the environment is the key focus area across all asset classes, the nature of the different asset classes does create some divergences. Real assets, such as real estate and infrastructure, have high potential to achieve improved outcomes and the environment is their chief focus. For private debt, concern about governance is almost as important as the environment (see Figure 5).

Figure 4. Private assets investors' key focus areas in ESG



Source: ESG in Private Capital Survey, 2023
Question: 'What are your key focus areas in ESG?' N = 65

Figure 5. Private assets investors' key focus areas in ESG by fund types



Source: ESG in Private Capital Survey, 2023
Question: 'What are your key focus areas in ESG?' N = 65; private debt/lender (n=9); private equity (n=36); real assets (n=13)

Key Findings

1. ESG commitments are LP-driven

- UK private market firms are committed to integrating ESG factors into investment decisions, with 91% already having ESG policies in place.
- Clients' views – rather than regulators, or the moral imperative - are driving their approach to ESG.

2. Diverse approach to integrating ESG

- Some investors regard ESG considerations as primarily a risk mitigator, while for others ESG is key to their value creation strategy. They focus both on acquiring the "right" assets, but also effectively managing them during ownership.
- Two thirds of GPs in our sample believe they make the most impact on ESG outcomes during the ownership/ asset management stage.

3. Demonstrating ESG value creation to LPs is key

- GPs are more confident than their LP counterparts that ESG integration improves fund performance.
- GPs view ESG as beneficial to generating robust long-term returns – but struggle to measure its value.

4. Investors interested in impact focus on private markets

- 30% of private market investors surveyed use the IRIS+ impact investing framework
- This is a disproportionately large interest relative to overall impact investing which is c. 1% of all UK invested assets.

5. Alignment of GPs and LPs is critical

- In developing ESG policies, GPs and LPs are highly aligned across most key areas.
- There is some divergence of views on how best to define outcomes and measure success, as well as on the approach to management of ESG risks.

6. Data and reporting are a material resource strain

- Investors face challenges in addressing the disparate reporting frameworks and sourcing data to meet LPs individual requirements, with significant resources devoted to collecting data, reporting and compliance rather than advancing sustainability outcomes.
- Around two thirds of respondents integrate ESG data in their investment process. Smaller firms identify the portfolio companies/assets monitoring phase as the most challenging, whereas larger firms cite the due diligence phase as the most difficult from a data perspective.

7. ESG talent is still in high demand

- Private market investors prefer ESG roles to be filled by individuals with many years of ESG experience, rather than to upskill in-house teams on ESG. This may perpetuate the shortage of ESG expertise.
- Securing the right talent with a balanced skillset is challenging due to high demand and low supply. This has driven up compensation packages, making it hard for many firms to afford and retain talent.

8. ESG benchmarking is yet to gain traction

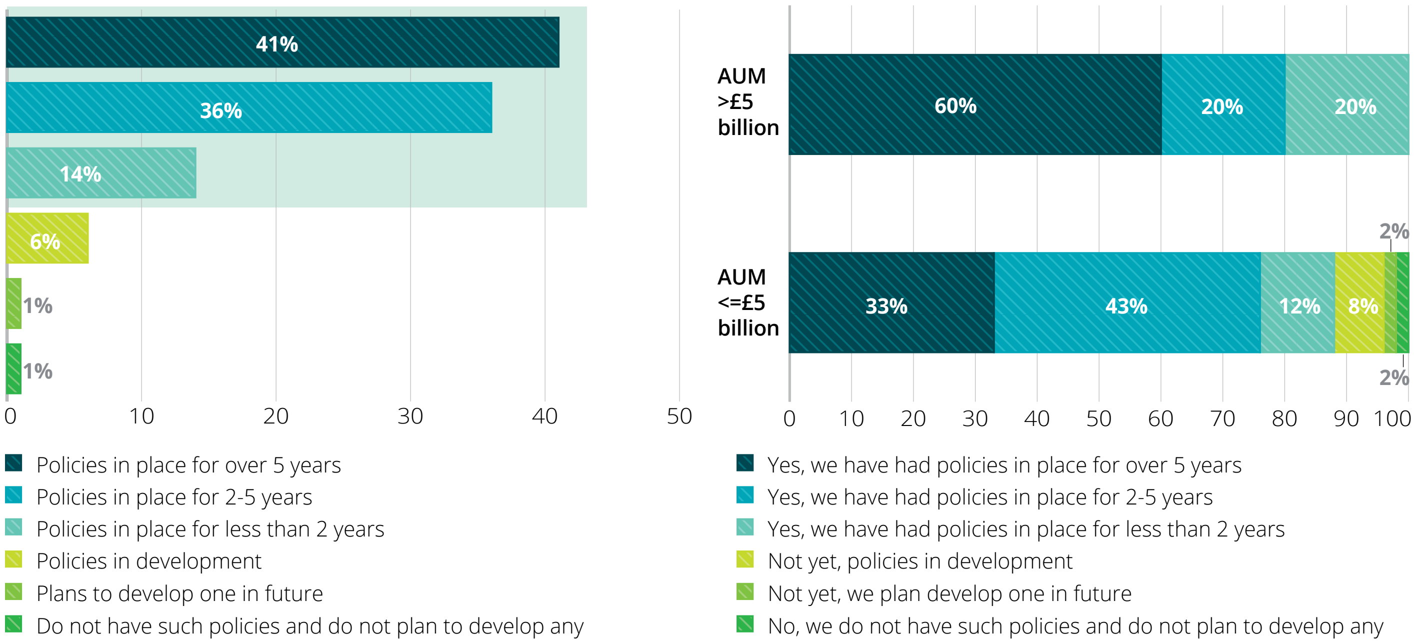
- Benchmarking of ESG performance against peers still lacks widespread adoption, with 34% of respondents not using any of the current ESG benchmark providers. For Private Debt benchmarking is even less common, with 56% of respondents not using ESG benchmarks.

Strategic approaches to ESG integration

ESG commitments are driven by Limited Partners

UK private market investors are very committed to integrating ESG factors into investment decisions, with 91% of those surveyed already with policies in place. More than three quarters – 77% – have had ESG policies in place for more than two years. These policies are more established in larger firms, but smaller firms have also seen a significant increase in the adoption of ESG policies over the past five years (see Figure 6).

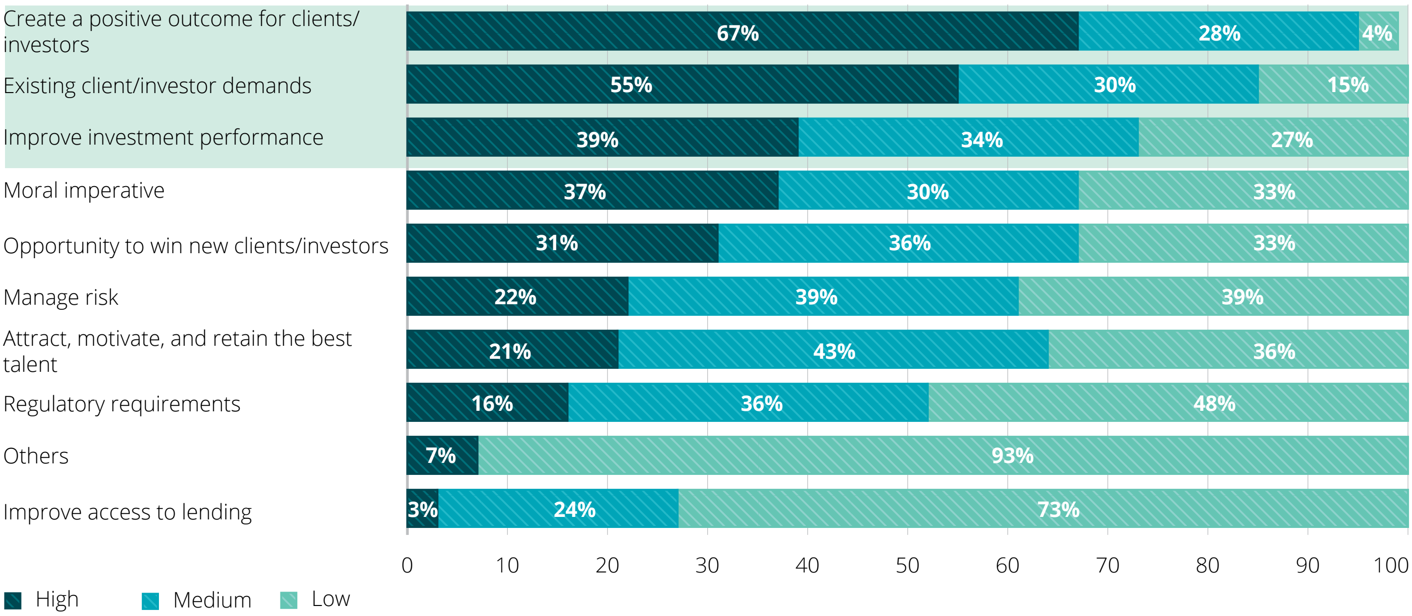
Figure 6. Comparison of sustainable investing/ESG policies in place by AUM



Source: ESG in Private Capital Survey, 2023
Question: 'Do you have a sustainable investing/ESG policy in place, or in development?' N = 69; n (AUM<=£5 billion) = 49 and n (AUM> £5 billion) = 20.

Clients' views – rather than regulators or the moral imperative – drive the approach taken by private assets managers to sustainable investments. (See Figure 7).

Figure 7. Key drivers behind private asset investors' approaches to sustainable investment/ESG



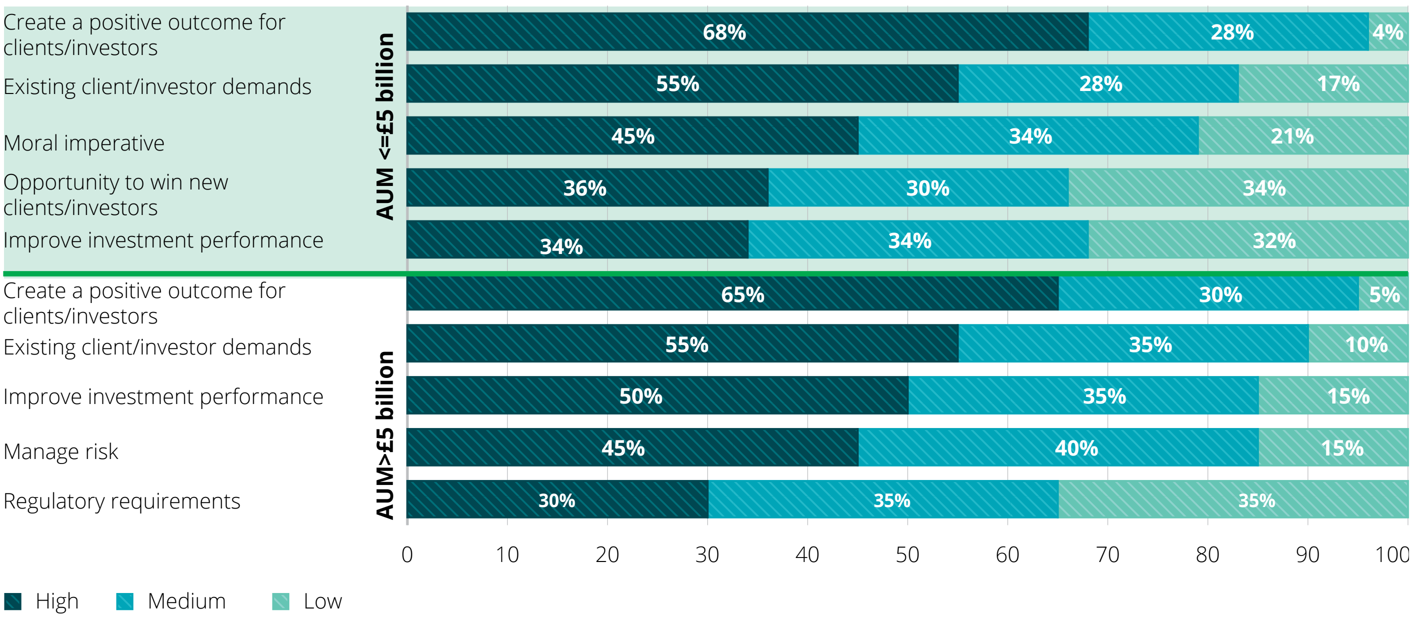
Source: ESG in Private Capital Survey, 2023
Question: 'What are the key drivers behind your approach to sustainable investment/ESG?' N = 67
Note: Respondents were asked to rank according to the importance level, e.g., 1 indicates most important driver, 10 indicates least important driver; High denotes rank 1 to 3, Medium from 4 to 7, and Low denotes 8 to 10 ranks.

"Everything that we do is always with our clients at the forefront of our minds. The production of the reports, the work that we're doing on ESG, and sustainability is always [with] the interest of our clients in mind."

Chief Operating Officer, Private Equity Manager

There are differences in the drivers for smaller and larger firms but the desire to create positive outcomes and meet clients' demands are the key drivers shaping managers' approach to ESG, regardless of size. Smaller firms are more than twice (45% vs 20%) as likely to be driven by a moral imperative and to see ESG as helping them to win new business. Larger firms look more to ESG to improve investment performance. They also see risk management as a key input into how they approach ESG investing (see Figure 8).

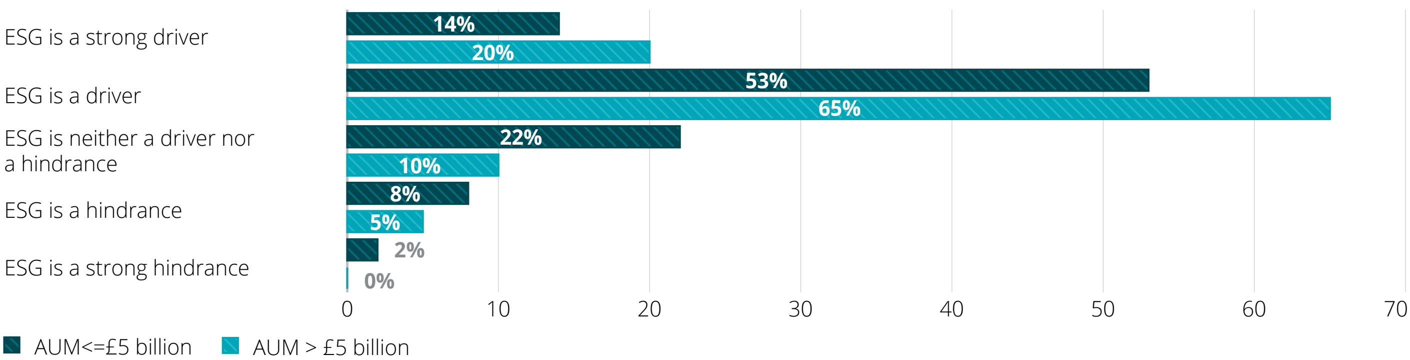
Figure 8. Comparison of the top 5 drivers behind private asset investors' approaches to sustainable investment/ESG by AUM



Source: ESG in Private Capital Survey, 2023
Question: What are the key drivers behind your approach to sustainable investment/ESG?' N = 67; n (AUM<=£5 billion) = 47 and n (AUM> £5 billion) = 20
Note: Respondents were asked to rank according to the importance level, e.g., 1 indicates most important driver, 10 indicates least important driver; High denotes rank 1 to 3, Medium from 4 to 7, and Low denotes 8 to 10 ranks.

Almost three quarters (73%) of respondents believe that integrating ESG into their investment processes is not just for moral and compliance reasons, but actually improves funds' financial performance. This view is more widely held at large firms (see Figure 9). From a financial performance perspective, ESG integration is typically about screening out investments where ESG factors may negatively impact on performance. Very few firms surveyed (one in ten small firms and one in twenty large ones) see ESG as a hindrance to financial performance.

Figure 9. Private market investors' views of ESG as the driver of financial outcomes by AUM



Source: ESG in Private Capital Survey, 2023
Question: 'To what extent do you believe ESG delivers better financial outcomes (e.g., new ventures/avenues, higher investment returns) at the portfolio level?' N = 69; n (AUM<=£5 billion) = 49 and with n (AUM> £5 billion) = 20

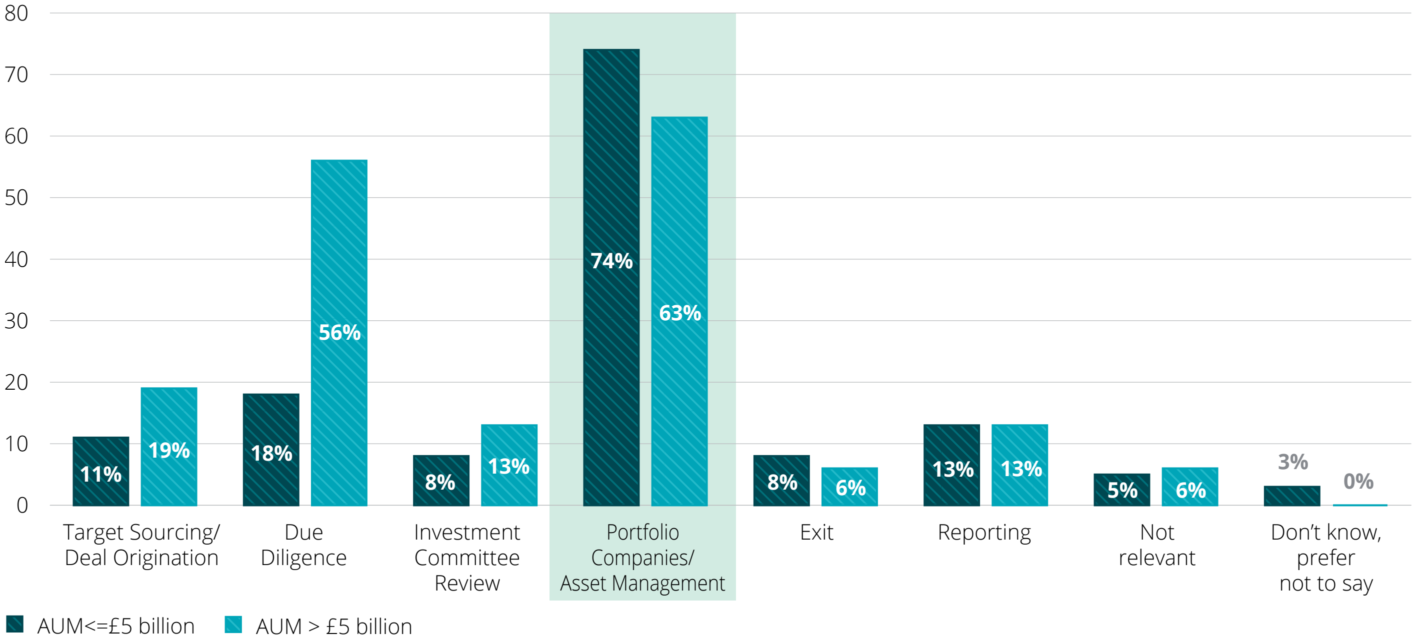
Diverse approaches to integrating ESG

Some investors we interviewed regard ESG considerations as primarily a risk mitigator. For others ESG is key to their value creation strategy. Managers see value creation arising from both deal origination/due diligence, and also effective management of assets/portfolio companies.

As shown in Figure 10, two thirds of GPs in our sample believe they make the greatest impact on ESG outcomes during the asset management stage. More than half of GPs with £5bn+ AUM also focus on due diligence to drive value creation in the deal lifecycle; only 18% of smaller GPs have the same view.

> "Managers see value creation arising from both deal origination/due diligence, and also effective management of assets/portfolio companies."

Figure 10. The most impact on ESG outcomes private market investors are able to make in the deal lifecycle



Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate where in the deal lifecycle below do you typically - find that you are able to make the most impact on ESG outcomes / performance?' N = 54; n (AUM<=£5 billion) = 38 and n (AUM> £5 billion) = 16

I think it's really changed. When I started, it was around risk mitigation. Now, it's more around value creation. A lot of work is going on now in terms of developing exit reports with a real focus around the value creation.

Head of ESG & Sustainability, Private Equity Manager

What we are focusing on is measuring embodied carbon during construction and refurbishment. Because that's where we think we can make the most impact: not what you are doing, [but] how to improve what you are doing.

Development Director & Chief Sustainability Officer, Real Estate Manager

The new legislation is adding a burden on all companies. Beyond that, if you introduce proper ESG integration as part of your investment process, you can also avoid many risks. You want to introduce environmental screens so that you avoid stranded assets.

Sustainable Investing Senior Associate, Private Equity Manager

Our approach to ESG has evolved. Five years ago, we would probably say this has got diesel or fossil fuels in it, we're not doing it. But now, we do detailed assessments to say can we make this investment which might not be on the surface meeting all our ESG aspects now, but can we do some additional work? Or can we put actions in place to effectively decarbonise that asset or improve the benefits it's providing? If we can do that during the ownership period, we will take on board the investment.

Head of Sustainability, Infrastructure Manager

Impact a bigger focus in private than public markets

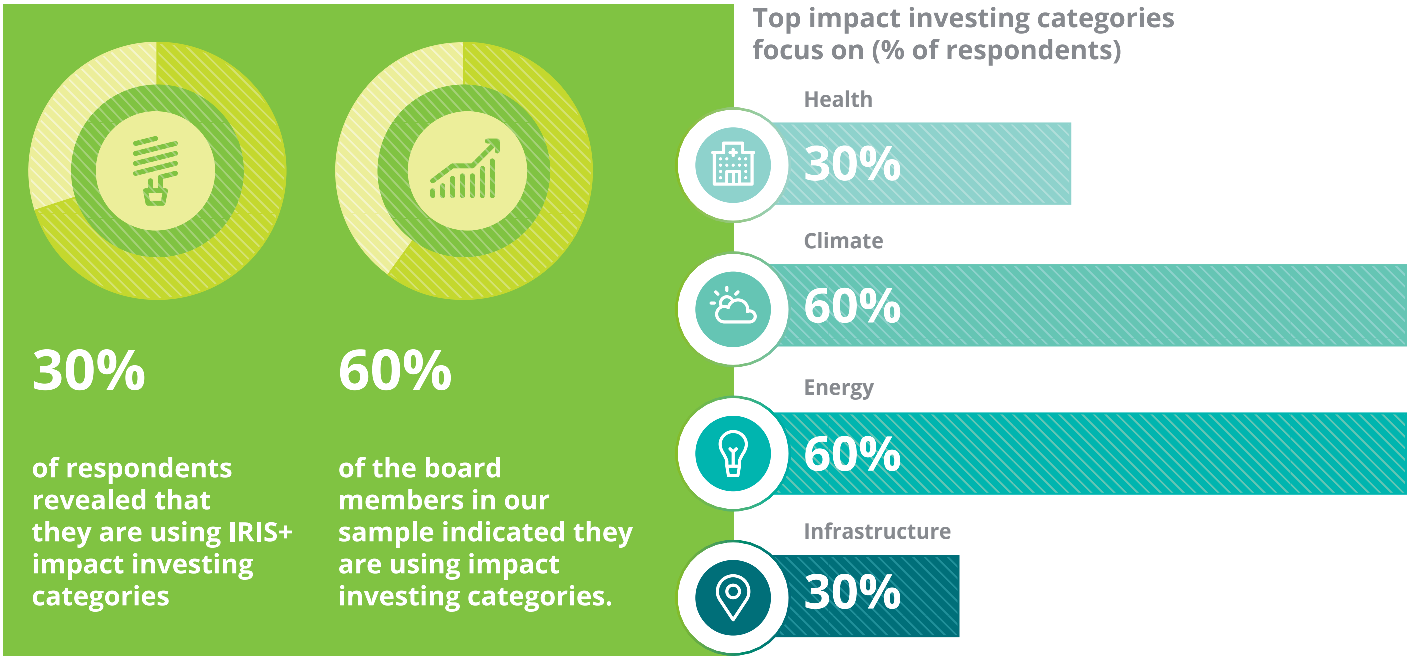
Achieving the 17 United Nations Sustainable Development Goals (UN SDGs) requires a clear plan. The UN's roadmap for financing the 2030 agenda for sustainable development seeks greater public and private sector involvement in channelling capital towards achieving SDGs.[6] The required investment, put at US$2.5 to US$3 trillion annually until 2030, is large but the need for it and its potential to propel global socio-economic transformation is undoubted.[7]

Aligning with this initiative, the Global Impact Investing Network's Impact Reporting and Investing Standards (IRIS+) provides a framework whereby investors can link impactful categories to the SDGs, so as to earn good returns and facilitate global progress towards these goals.[8]

Almost a third – 30% – of private market investors surveyed use the IRIS+ framework for impact investing (see Figure 11). This is a disproportionately large interest relative to overall impact investing, which is less than 1% of all UK invested assets.[9]

Private markets offer much potential for impact investing for three reasons. Investors enjoy much greater control over portfolio companies and assets than public market investors. Private asset managers have far greater capacity to engage with management teams to drive ESG as well as financial outcomes. And private investors typically have much more scope to focus on new sectors, such as CleanTech. Some private asset managers who do not have an explicit impact mandate believe that impact outcomes are a by-product of their sustainability outcomes.

Figure 11. Private assets investors' key focus areas in impact investing



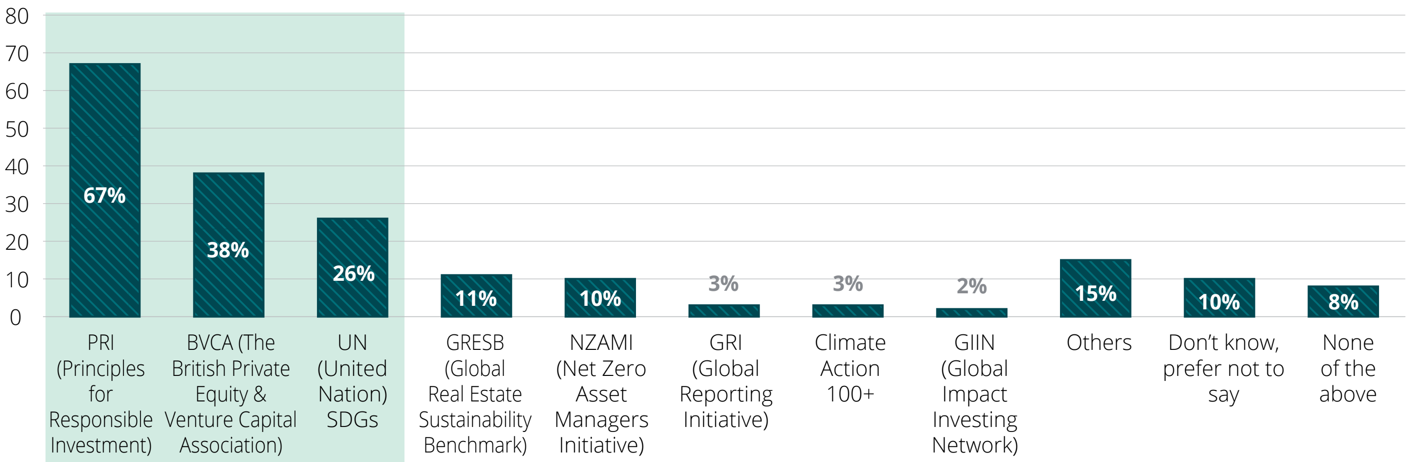
Source: ESG in Private Capital Survey, 2023
Question: 'If you are an impact investor, which of the following 17 IRIS+ impact investing categories are you focused on? What are your Top 3 IRIS+ impact investing categories?' N = 69

Sustainable Investing/ESG frameworks and guidance: UN Principles for Responsible Investment (PRI) and beyond

Principles for Responsible Investment (PRI), the British Private Equity & Venture Capital Association (BVCA), and United Nations Sustainable Development Goals (UNSDGs) are the dominant frameworks and guidance for ESG participation among UK private investors (see Figure 12). The wide use of PRI, BVCA and UNSDGs reflects the broad applicability of these initiatives, which appeals to investors managing diverse portfolios. The Initiative Climat International (iCI) has emerged as a notable choice among respondents selecting 'other' initiatives.

PRI dominates ESG participation across UK private asset classes. BVCA and GRESB are the second choice for Private Equity and Real Assets, respectively. However, there is no dedicated initiative for private debt: all firms in our survey subscribed to the PRI, which has wide applicability (see figure 13).

Figure 12. Top sustainable investing/ESG groups that private asset investors belong to or participate in



Source: ESG in Private Capital Survey, 2023; Metrics - EDCI (esgdc.org)
Question: Which sustainable investing/ ESG groups do you belong to or participate?' N = 61

Figure 13. Top sustainable investing/ESG groups that private asset investors belong to or participate in by fund types

Private Debt/Lender

- **100% PRI** — All private debt investors subscribed to Principles for Responsible Investment
- **44% Others** — Includes: Initiative Climat International (iCI), Better Buildings Partnership, INREV ESG Committee, b corp
- **22% UN SDGs** — United Nations Sustainable Development Goals

Private Equity

- **64% PRI** — Principles for responsible investment
- **58% BVCA** — The British private equity & venture capital association – Responsible investment Advisory Board
- **24% UN SDGs** — United Nations Sustainable Development Goals

Real Assets

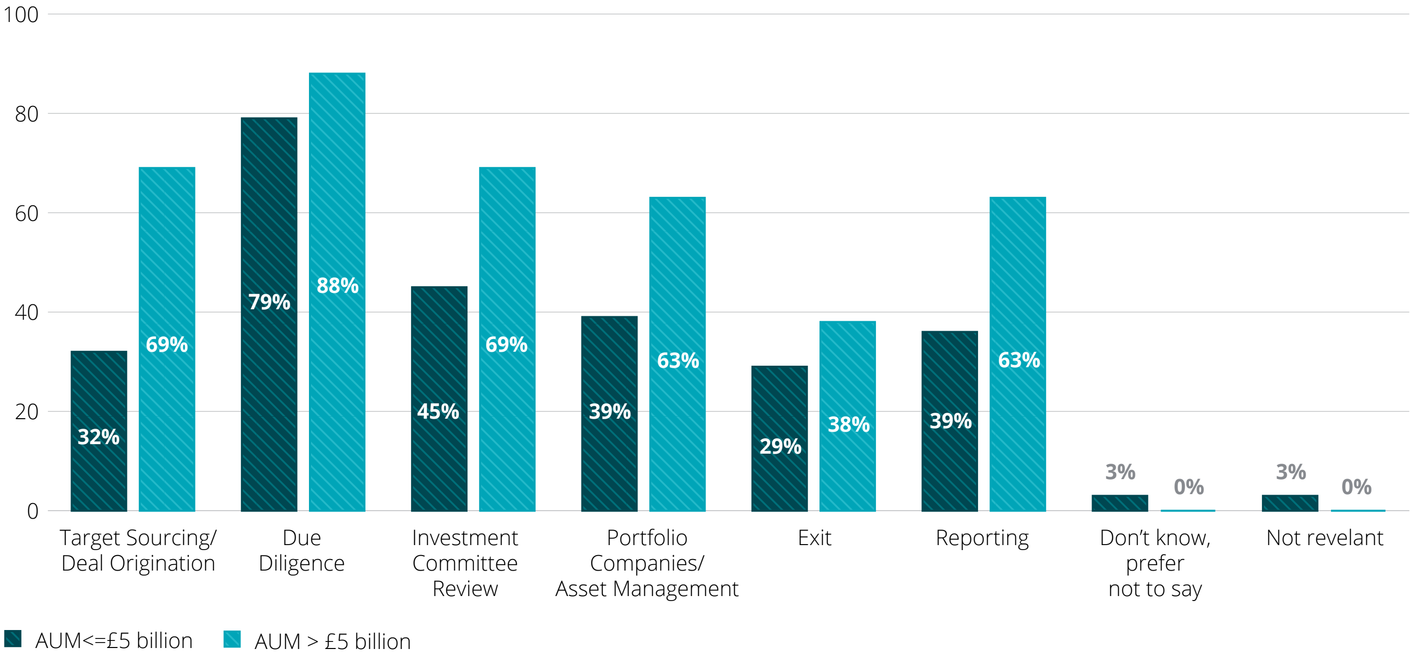
- **64% PRI** — Principles for responsible investment
- **55% GRESB** — Global Real Estate Sustainability Benchmark
- **46% UN SDGs** — United Nations Sustainable Development Goals

Source: ESG in Private Capital Survey, 2023; Metrics - EDCI (esgdc.org)
Question: 'Which sustainable investing/ ESG groups do you belong to or participate?' N = 61; private debt/lender (n=9); private equity (n=33); real assets (n=11)

ESG due diligence: bridging governance, valuation, and post-deal ownership

As shown in Figure 14, evaluation of ESG criteria has become more important across all stages of the deal lifecycle, with larger firms engaging in more extensive reviews. Due diligence emerges as a crucial stage for ESG evaluation, with only 7% of respondents in our sample overlooking ESG factors during the process. 85% of respondents perform ESG due diligence across all funds, not just ESG-focused or impact funds, when acquiring new assets. This figure spikes to 94% among private equity respondents.

Figure 14. ESG criteria evaluation in the deal lifecycle by AUM



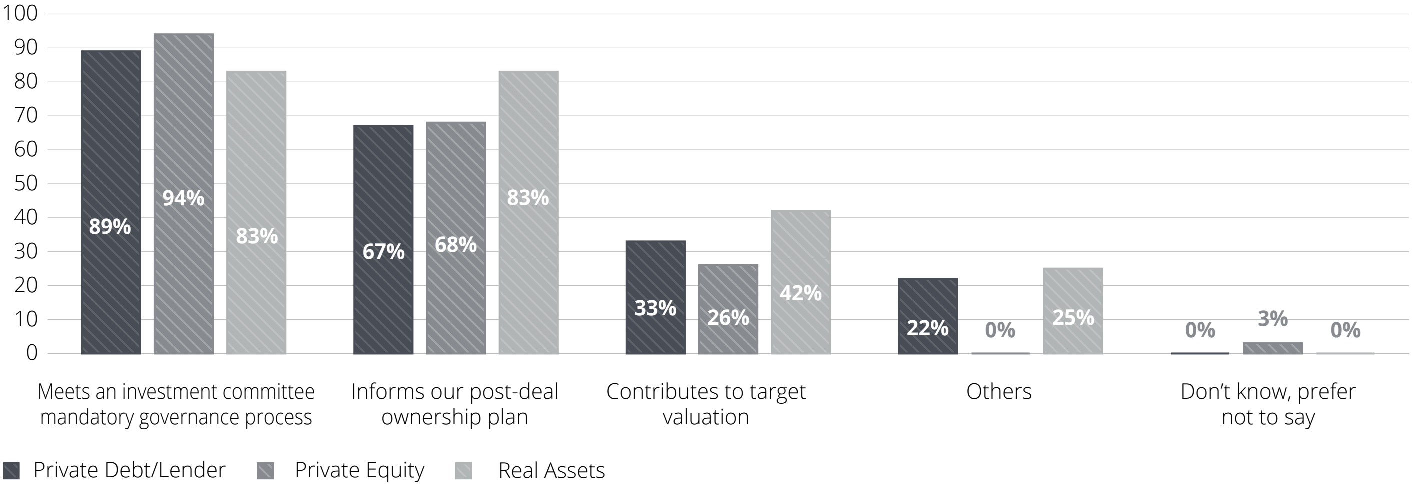
Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate where in the deal lifecycle below do you typically - evaluate ESG criteria?' N = 54; n (AUM<=£5 billion) = 38 and n (AUM> £5 billion) = 16

Our research reveals three key purposes behind the growing emphasis on ESG due diligence. Meeting investment committee mandatory governance emerges as the primary purpose, with 90% of respondents aligning with it. Secondly, 67% of respondents conduct ESG due diligence to inform the post-deal ownership plan, deepening their commitment to ESG integration and helping to shape their ownership strategies.

Thirdly, there is also a strong sentiment that ESG due diligence contributes positively to target valuation – a belief endorsed by 30% of respondents. The target valuation process now considers both potential upsides and downsides value implications, shifting from a historically risk-focused approach to a more comprehensive assessment. Firms with this purpose are more likely to approach their pre-deal ESG due diligence with a focus on value implication, which may further help them demonstrate value creation at the exit stage.

Compared to private equity investors, real asset investors are 1.6X more likely to conduct the due diligence with a focus on the contribution to target valuation (see Figure 15). Given the tangible nature of real assets, ESG due diligence becomes a more manageable task, allowing managers to consider the cost-benefit relationship in the target valuation.

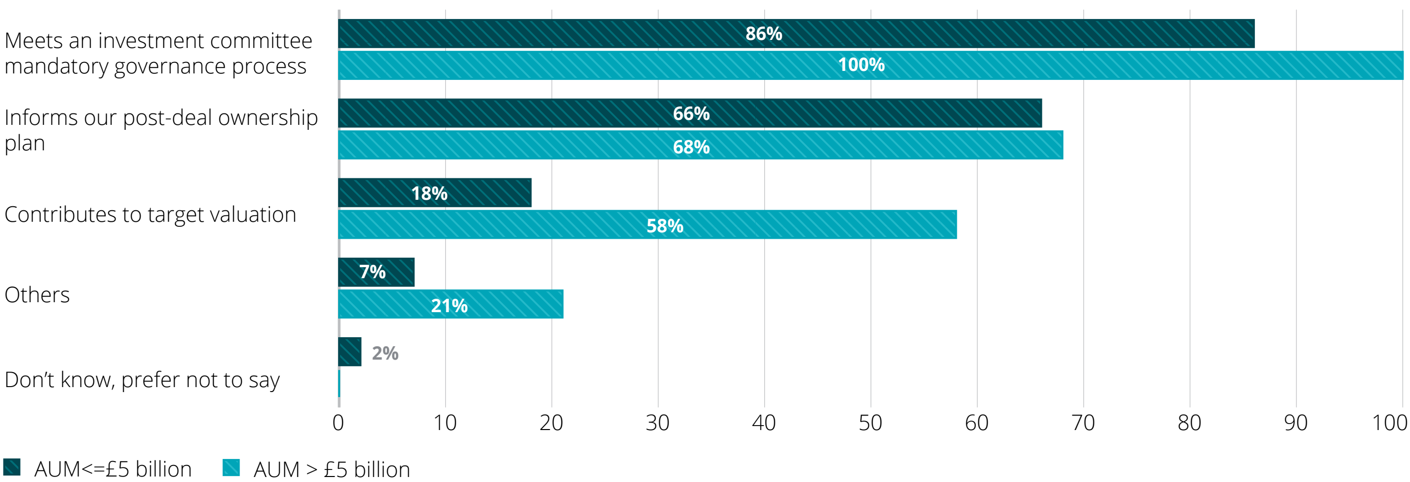
Figure 15. Key purposes behind the growing emphasis on ESG due diligence by fund types



Source: ESG in Private Capital Survey, 2023
Question: 'What purpose does an ESG due diligence (DD) serve?' N = 63; private debt/lender (n=9); private equity (n=36); real assets (n=13)

The importance of ESG due diligence is further highlighted in larger firms, with all respondents aiming to comply with the investment committee's mandatory governance process, suggesting it is mandatory as part of their investment process. Moreover, compared to firms with less than £5 bn AUM, larger firms are 3.2X more likely to undertake due diligence with a view to contributing to the target valuation (see Figure 16).

Figure 16. Key purposes behind the growing emphasis on ESG due diligence by AUM



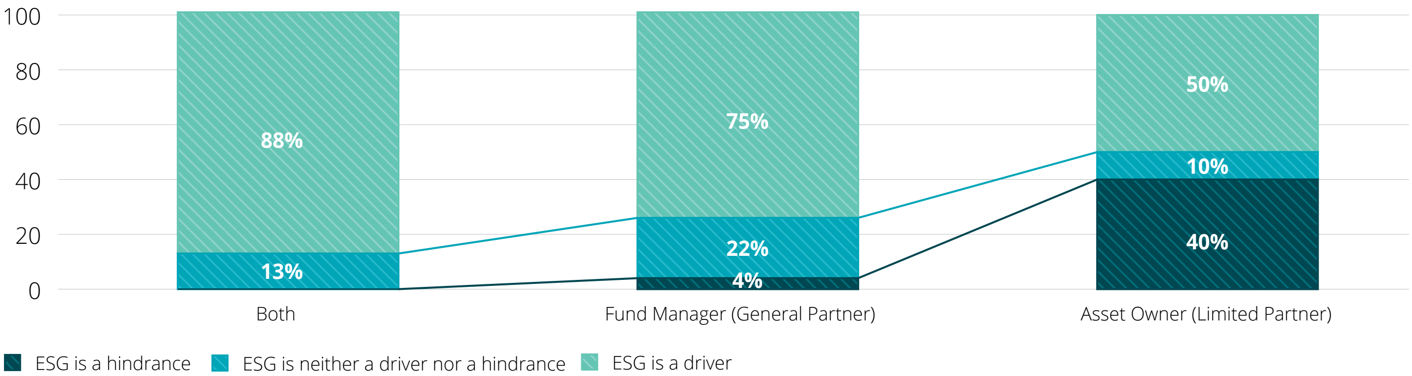
Source: ESG in Private Capital Survey, 2023
Question: "What purpose does an ESG due diligence (DD) serve?' N = 63; n (AUM<=£5 billion) = 44 and n (AUM> £5 billion) = 19

Barriers to ESG integration

Demonstrating ESG value creation to LPs is key

While GPs are generally convinced that ESG integration delivers better financial outcomes, there is less confidence in its value among the LPs surveyed (see Figure 17). One of the key challenges for GPs is that, while it may be evident that ESG integration in the investment process brings value, the contribution to financial performance is not easy to demonstrate from a quantitative perspective. This suggests that more may need to be done to inform LPs of GPs' ESG approaches and provide qualitative and quantitative insights on the impact on performance.

Figure 17. GPs vs LPs' view on ESG as a driver for financial performance



Source: ESG in Private Capital Survey, 2023
Question: 'To what extent do you believe ESG delivers better financial outcomes (e.g., new ventures/avenues, higher investment returns) at the portfolio level?' N = 69; fund manager (n=51); asset owners (n=10); both (n=8)

""I think one of the hottest things around ESG is [that] it's hard to put forward a real, clear, quantitative metric and prove that you're creating a real impact that is supporting or leading to overall improvement in the financial performance of an asset... Our mindset is that this is good for our business in terms of managing resilient assets that generate strong, robust, long-term returns for investors. But can I point to a number on a piece of paper to prove that or demonstrate that? No."

Head of Sustainability, Infrastructure Manager

It's quite hard if you look at the exit plan. They've got a really good embedded strategy. They've done some really good work. But, putting figures to all that they're doing around ED&I, learning development, higher engagement scores, better retention, it's just really hard to quantify the value internally.

Head of ESG & Sustainability, Private Equity Manager

More than two thirds of respondents believe ESG integration improves operational outcomes, such as talent retention, board diversity, and equity and inclusion, with larger firms slightly more positive about ESG's operational impact. Increasingly we see that individuals want to work at firms that are run in an ethical and sustainable way that is evident in their business practices.

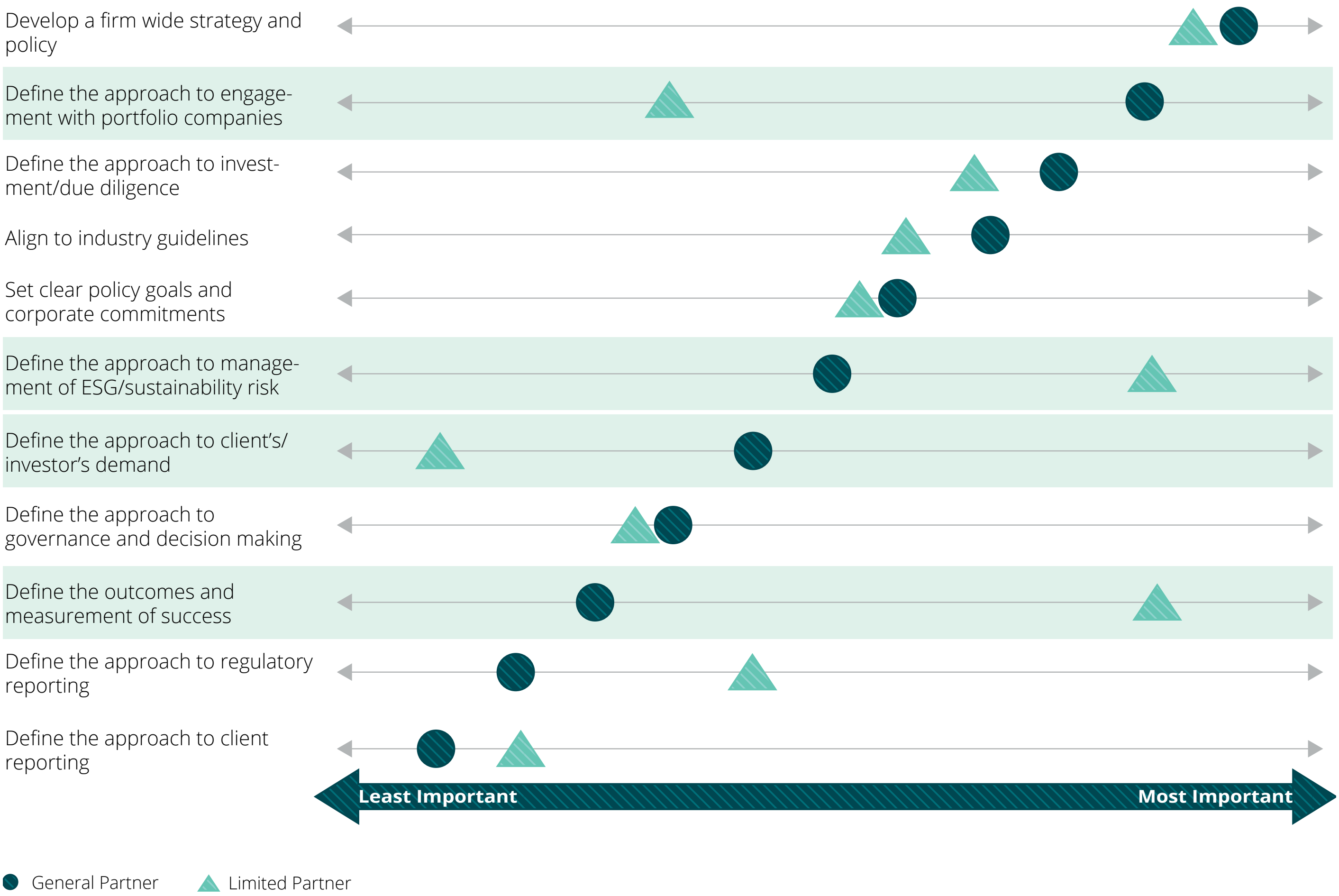
Alignment of GPs and LPs is critical

The consensus among 82% of respondents is that firms need to drive ESG strategies and policy frameworks deep into the firm's operational structure and ensure widespread adoption. Nonetheless, it is evident from the survey that firms are taking a variety of different approaches to implementing ESG.

GPs and LPs are highly aligned across most of our key considerations on ESG policy development. But the survey highlights differences of view with regard to defining outcomes and measuring success, and the approach to management of ESG risks (see Figure 18). GPs who fail to establish clearly defined goals may leave LPs confused about the outcome of their policies. The survey suggests these factors are more important for LPs and should, therefore, be considered by GPs when communicating their approach to investors.

> "GPs and LPs are highly aligned across most of our key considerations on ESG policy development. But the survey highlights differences of view with regard to defining outcomes and measuring success, and the approach to management of ESG risks."

Figure 18. Key considerations while developing sustainable investment/ESG policy as per GPs and LPs

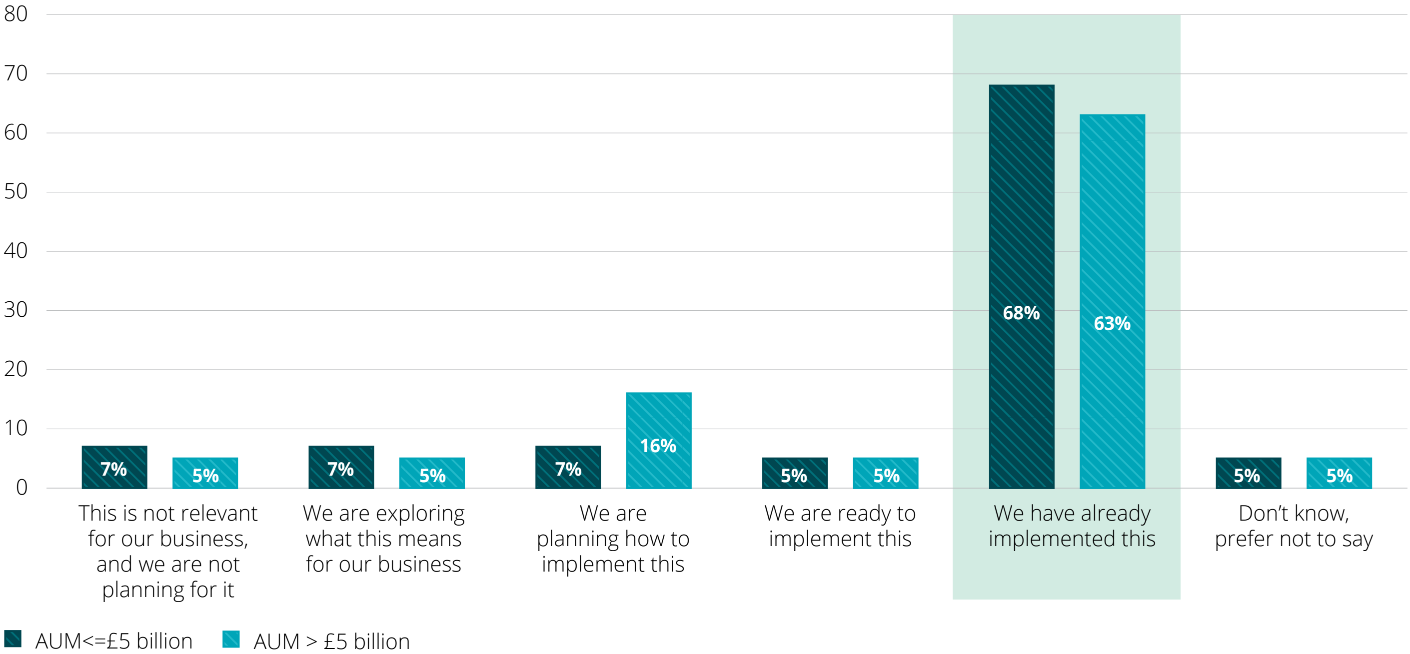


Source: ESG in Private Capital Survey, 2023
Question: 'When developing a sustainable investment/ESG policy, which of the following are your key considerations?' N = 61
Note: Respondents were asked to rank according to the importance level, e.g., 1 indicates most important driver, 12 indicates least important driver; High denotes rank 1 to 4, Medium from 5 to 8, and Low denotes 9 to 12 ranks.

Data and reporting are a material resource strain

Around two thirds of respondents suggested that they have integrated ESG data into their investment process across firm sizes, with smaller firms feeling more ready for ESG data integration. Nonetheless, they face challenges when sourcing and using ESG data (see Figure 19).

Figure 19. Readiness to integrate ESG data into the investment process by AUM



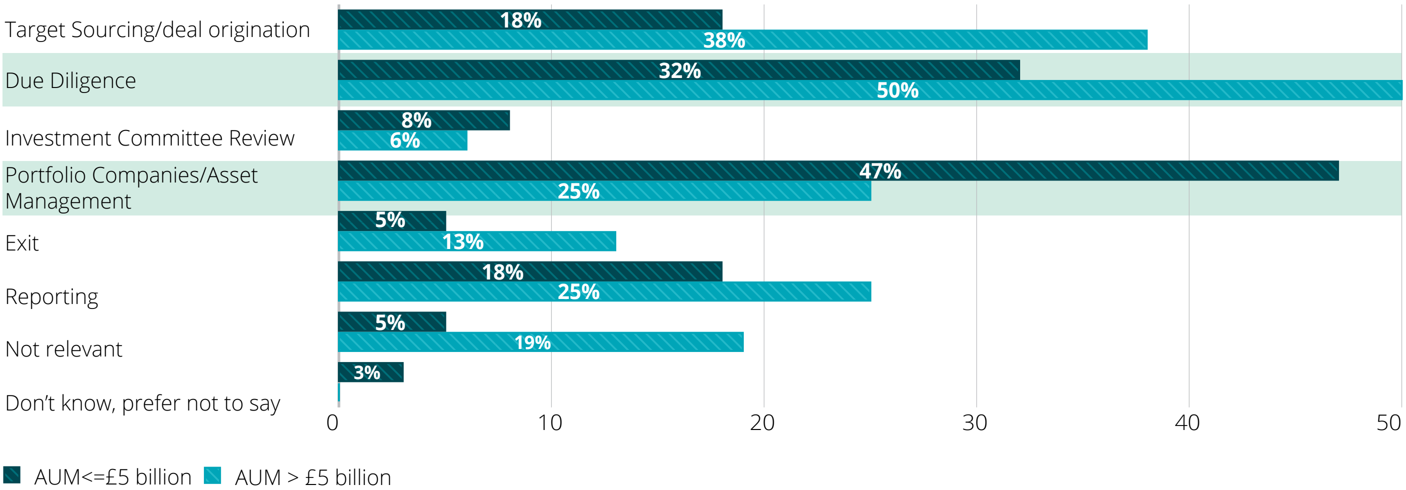
Source: ESG in Private Capital Survey, 2023
Question: Please indicate your current level of readiness for - Integration of ESG data into your investment process; N = 60; n (AUM<=£5 billion) = 41 and n (AUM> £5 billion) = 19

47% of respondents with less than £5 bn AUM face the most data challenges when monitoring portfolio companies/assets, and 50% of respondents from larger firms say they face the most challenges during due diligence (see Figure 20).

Larger firms with bigger funds tend to invest in larger scale, more mature businesses that have internal personnel focused on ESG reporting. Thus, they have better access to ESG data at the portfolio companies monitoring phase. Nevertheless, smaller firms typically make smaller investments in smaller portfolio companies, which may not have dedicated ESG personnel or the resources to gather comprehensive data. Despite their deeper resources, larger firms may struggle with data-intensive due diligence process due to investing in portfolio companies/ assets with more complex operations, which often spread across multiple jurisdictions.

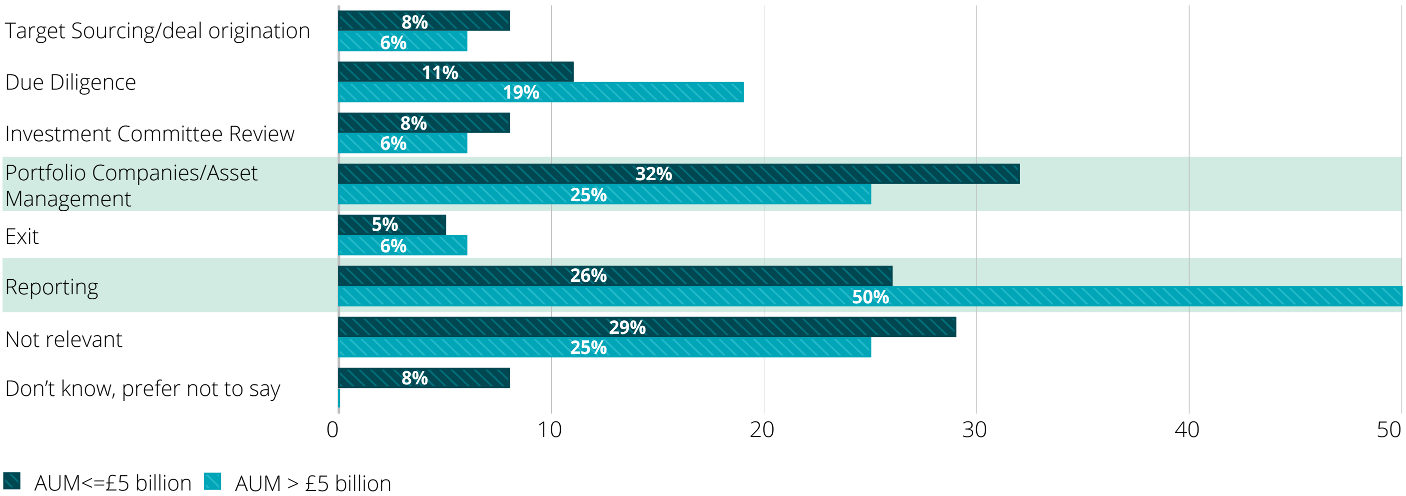
As shown in Figure 21, half of respondents with more than £5 bn AUM find reporting is where they face most challenges when meeting regulatory requirements. By contrast, smaller firms, with less regulatory requirements, face most difficulty when monitoring the portfolio companies and assets.

Figure 20. Challenges sourcing and using ESG data by AUM



Source: ESG in Private Capital Survey, 2023
Question: Please indicate where in the deal lifecycle below do you typically - find the most challenges from 'ability to source and use ESG data'? N = 54; n (AUM<=£5 billion) = 38 and n (AUM> £5 billion) = 16

Figure 21. Challenges in meeting regulatory requirements



Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate where in the deal lifecycle below do you typically - find the most challenges from meet regulatory requirements?' N = 54; n (AUM<=£5 billion) = 38 and n (AUM> £5 billion) = 16

Measurable and comparable

"All the regulations are focused on long-term ownership of assets, i.e., how do you improve your assets every year. We don't hold the assets for the long term. We have different assets every year. It's difficult to measure and compare what we have done every year and improve, because we may have a new building with different capacity or very bad environmental [features], because we just bought the building."

Development Director & Chief Sustainability Officer, Real Estate Manager

Data availability, engagement

"TCFD is relatively easy. We can do estimation. So that's best-in-class data and estimations. For any other types of reporting we need to work very hard to get access to the data from the companies. We need to engage with the companies. And we will not get 100% disclosure. We will not get 80% disclosure either. But it's hopefully going to go in the right direction. It is a real challenge [for us] as a minority investor."

Sustainable Investing Senior Associate, Private Equity Manager

The Taskforce on Climate-related Financial Disclosures (TCFD) as a regulatory requirement in UK private markets

In December 2021, the UK's FCA (Financial Conduct Authority) required asset managers, including authorised alternative investment fund managers (AIFMs) – which manage hedge funds, private equity funds, retail investment funds, investment companies and real estate funds – to make disclosures in line with those recommended by TCFD as stipulated in the FCA Policy Statement 21/24.[10] These requirements have applied since January 2022 and the larger in scope AIFMs with over £50 bn assets under management (AUM) are required to publicly disclose their TCFD statements by 30 June 2023, followed by smaller in scope AIFMs, with between £5 and £50 bn AUM, a year later on 30 June 2024.

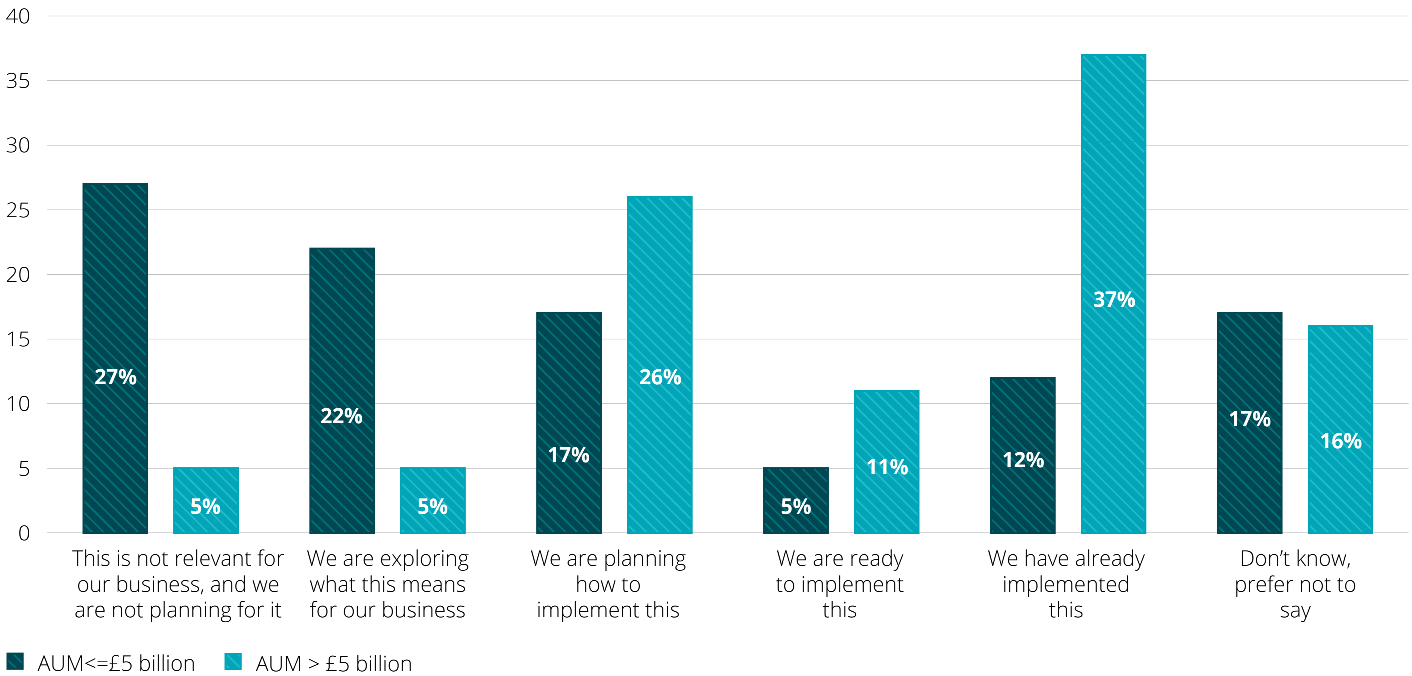
The disclosures include both qualitative and quantitative elements, at both entity and product level.[11] Already, 37% of respondents from firms managing over £5 bn have implemented TCFD reporting, while 31% are still assessing its implications or planning for its adoption. Surprisingly, a third of smaller firms are planning or ready to implement or have already implemented it voluntarily beyond regulatory requirements (see Figure 22).

Disparate reporting frameworks

"TCFD is a separate exercise that comes in terms of a climate risk tool that asks very specific questions on climate resilience and where their suppliers are located. When asking for metrics from portfolio companies, we tried to make our assessment as specific to the sector as possible, using SASB, GRI metrics because that's one of the feedback items we've had previously. Once you make it too high level and not relevant to the sector, they don't see the relevance to them and don't answer it. It's a balance not trying to overwhelm them."

Responsible Investment Specialist in Portfolio Team, Private Equity Manager

Figure 22. Level of readiness for TCFD by AUM



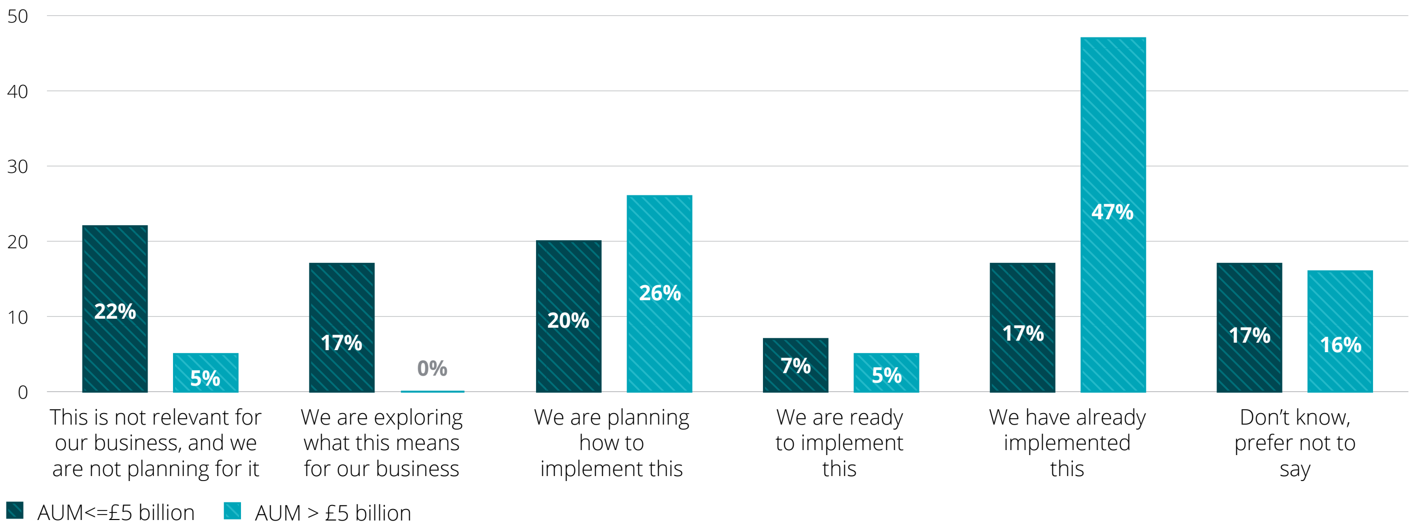
Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate your current level of readiness for - Regulatory Reporting – TCFD?' N = 60; n (AUM<=£5 billion) = 41 and n (AUM> £5 billion) = 19

The Sustainable Finance Disclosure Regulation (SFDR)

SFDR applies to EU firms and is not mandatory for UK firms post-Brexit. However, SFDR is mandatory for managers outside of the EU which market (or intend to market) products to clients in the EU.[12]

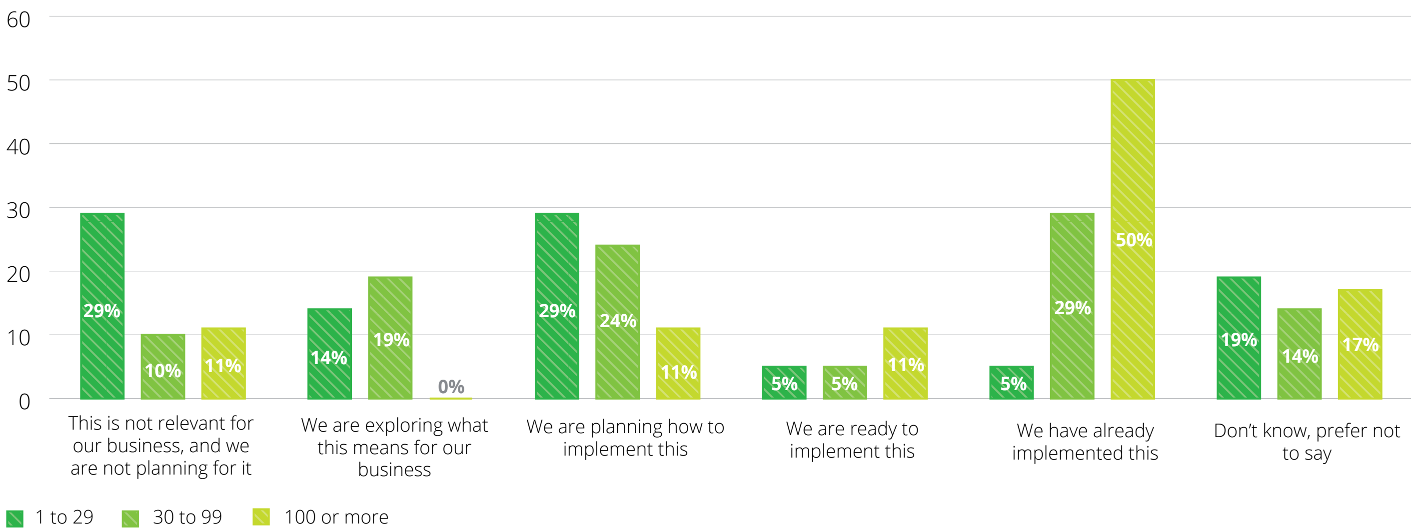
Half of respondents from larger UK firms, as measured by AUM and the number of employees, indicated that they have already implemented SFDR's regulatory reporting, with a small proportion of them in the planning stages (see Figures 23 and 24). This compliance may be driven by their EU-based clients or investors, illustrating the influence of SFDR beyond the EU's boundaries.

Figure 23. Level of readiness for SFDR by AUM



Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate your current level of readiness for SFDR?' N = 60; n (AUM<=£5 billion) = 41 and n (AUM> £5 billion) = 19

Figure 24. Level of readiness for SFDR by number of employees



Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate your current level of readiness for SFDR?' N = 60; n (1 to 29) = 21, n (30 to 99) = 21 and n (more than 100) = 18

The forthcoming wave of regulatory reporting in UK private markets

Instead of SFDR, UK firms will be governed by the Sustainability Disclosure Requirements (SDR). SDR, with its sustainable investment labels, disclosure requirements, and anti-greenwashing rules is scheduled for gradual implementation by 2026. Although it shares similarities with SFDR, SDR differs in its prescriptive labels such as "Sustainable Focus", "Sustainable Improvers", and "Sustainable Impact", offering more detailed guidance for sustainable investment.[13]

Most firms we interviewed have been exploring how to implement the EU's Corporate Sustainability Reporting Directive (CSRD), a more comprehensive framework that requires more entities to include mandatory sustainability disclosures.[14] CSRD will be implemented from FY2024 (reports published in 2025) for listed companies with over 500 employees and expand to include large non-listed firms and listed SMEs in FY2025 and FY2026, respectively.[15]

The IFRS foundation's International Sustainability Standards Board (ISSB) published two standards, IFRS S1 and IFRS S2, on June 26, 2023, aimed at standardising global sustainability reporting. The standards cover disclosure requirements for an entity's governance, strategy, risk management and sustainability-related metrics and targets. Entities need to apply both standards for reporting periods beginning on or after January 2024, depending on when different jurisdictions adopt the framework.[16]

Managers have expressed optimism over the alignment of these regulations. The introduction of CSRD and the subsequent wave of regulations signify a substantial shift in ESG standardisation, reflecting industry-wide efforts to streamline and consolidate sustainability reporting. Many firms anticipate significant adjustments, especially those private companies with EU operations that have not previously been in scope for these reporting requirements. The task may be daunting but this transformation in the regulatory landscape calls for private asset investors to strategically prepare for and adapt to these changes, bolstering the overall quality of ESG compliance and reporting.

ESG data integration in investor reporting

More than half of respondents said that they have implemented ESG data integration in their investor reporting. Nevertheless, in interviews GPs emphasised the need for continued improvements in reporting to ensure transparent communication of their ESG initiatives to LPs as well as requesting feedback from LPs. Operational challenges in ESG reporting lie in gathering granular data on each asset, particularly for a large portfolio with numerous assets.

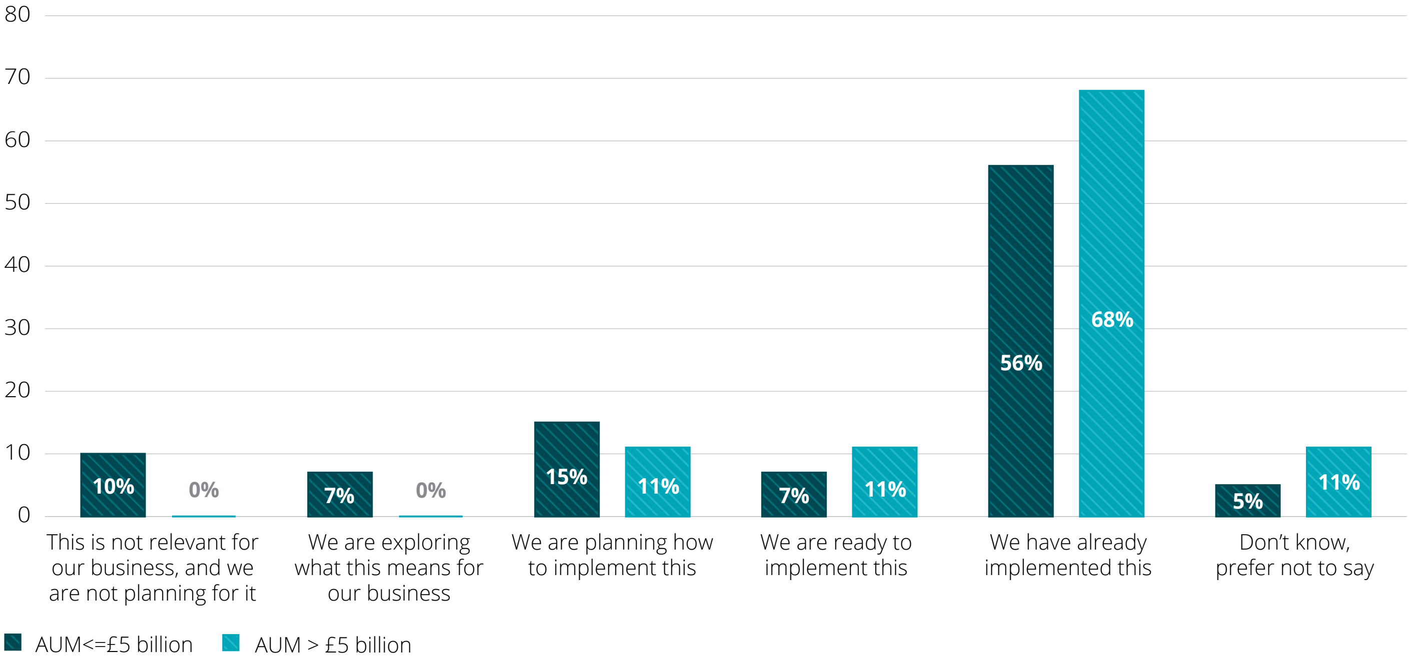
"There's definitely a two-way conversation from LPs and GPs around trying to feedback what information they want to see, what's relevant to them. It's important because we're pushing to increase our disclosure, and it's only good if we're addressing their needs... LPs all want their GHG emissions data, but how do we use it? What does that tell us as we're trying to get Scope 3 information? What's relevant in that? This is a conversation that still needs to happen between the two."

Head of Sustainability, Infrastructure Manager

"Every year when we redo our diagnostics, we review all the questions that get asked from LPs and try to be really proactive requesting these data from the portfolio companies... We do try and respond to the demands from our LPs. However, they get to a point where we have to balance whether this data is actually useful. We can use it for portfolio companies to drive positive impact rather than just asking questions and passing information on and having no impact. We have to be conscious of the reporting burden of the portfolio companies."

Responsible Investment Specialist in Portfolio Team, Private Equity Manager

Figure 25. Level of readiness for ESG data integration into investor reporting



Source: ESG in Private Capital Survey, 2023
Question: 'Please indicate your current level of readiness for - Integration of ESG data into your investor reporting?' N = 60; n (AUM<=£5 billion) = 41 and n (AUM> £5 billion) = 19

ESG talent is in high demand

Securing the right talent with a balanced skillset of commercial acumen, soft and technical skills, and an understanding of regulatory compliance is challenging due to high demand and low supply. This has driven up compensation packages, making it hard for many firms to afford talent and retain it.

Private market investors prefer ESG roles to be filled by individuals with many years of ESG experience, rather than to upskill existing in-house teams on ESG. These knowledgeable senior leaders are expected to effectively address regulatory demands and capitalise on value creation opportunities. This may perpetuate the shortage of ESG expertise.

Shifting responsibilities. The increased regulatory pressure and investor expectations for reporting have moved ESG roles towards compliance rather than driving ESG outcomes.

> "What I found over the last couple of years is the regulatory push from investors on reporting and data. If anything, this role is moved more to a regulatory compliance aspect instead of advancing sustainability outcomes"
>
> **Head of Sustainability, Infrastructure Manager**

Ambiguous talent personas. There is little consistency on where ESG roles should sit and report to.

"There are still unknown considerations about where the role sits within the business and which member of the C-suite they report to? Are they with HR? Are they with the legal team? Should they be senior or someone from a graduate scheme?"

Responsible Investment Specialist inPortfolio Team, Private Equity Manager

Affordability and retention. With high demand and short supply, securing and retaining ESG talent has become costly.

"Sadly, ESG talent is hard to find. Compensation-wise, it's difficult because they're in demand. The more the demands, the higher the compensation package that goes with it. There are affordability questions. I imagine that's being felt across the board unless you're in a fortunate position where price isn't a consideration. But we've experienced it here across the platform, and it is a challenge. I imagine many of our GPs are experiencing something similar."

Chief Operating Officer, Private Equity Manager

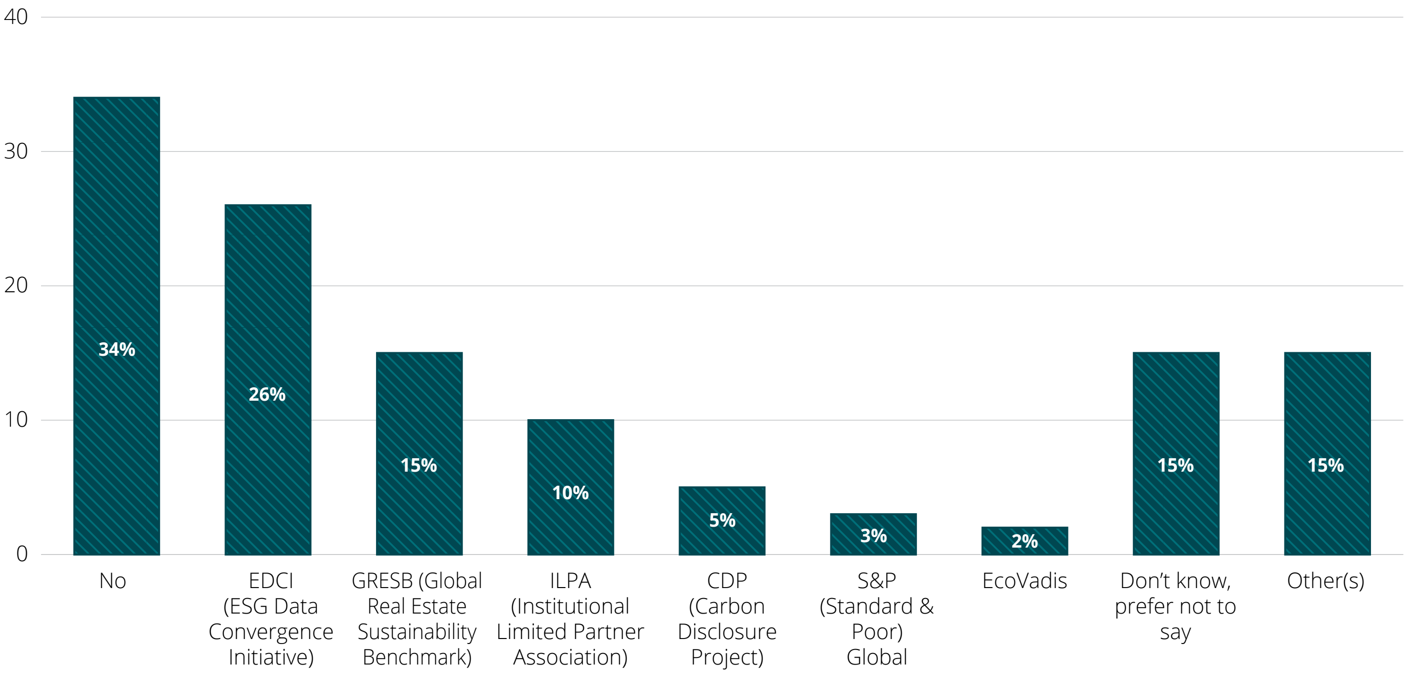
ESG benchmarking is yet to gain traction

Benchmarking of ESG performance against peers remains a challenge for UK private asset investors, with more than a third (34%) of respondents not using any existing ESG benchmark providers (see Figure 26). Lack of quantitative and comparable ESG data/benchmarks has made it hard to assess ESG progress and can be burdensome for companies to report on.

The most popular benchmark provider accounts for barely a quarter (26%) of managers surveyed. The Data Convergence Project/ESG Data Convergence Initiative, an open partnership with over 275 GPs and LPs managing $25 trillion in AUM, is the most popular benchmark provider among respondents. It standardises ESG metrics for comparative reporting, with participating firms reporting on a core set of ESG metrics based on existing frameworks. 15% of respondents have chosen “Others” and specified benchmarks not listed in our choices, which include B Corp, 60 Decibels, Anthesis Group, Apex, Place-based impact investing, MSCI and SASB.

> “We do 200 questions on ESG and sit down with the portfolio company to go through all the different stages across ESG and where we think they position versus the benchmark, which is helpful in providing an action plan and opportunities for improvement.”
>
> **Responsible Investment Specialist in Portfolio Team, Private Equity Manager**

Figure 26. Most used ESG benchmark providers



Source: ESG in Private Capital Survey, 2023; Metrics - EDCI (esgdc.org)
Question: ‘Are you using any existing ESG benchmark providers?’ N = 61

Benchmarking against peers: the call for industry-specific ESG benchmarks

GRESB is widely recognised and used by real estate and infrastructure fund managers in the UK. However, outside these asset classes there is much work to be done to develop industry-specific ESG benchmarks, especially for private debt (see Figure 27).

More than half (58%) of larger firms are ready to implement, or have already implemented, benchmarking non-financial performance. By contrast, among smaller firms less than two fifths (39%) have done so, while more than two-fifths (42%) are in the exploratory or planning phases. These findings suggest that smaller firms are deprioritising ESG benchmarking, whether because of limited resources, or less pressure from LPs (see Figure 28).

Figure 27. Most used ESG benchmarks by fund types

Private Debt/ Lender			Private Equity			Real Assets		
56%	22%	11%	36%	27%	21%	64%	36%	9%
No	EDCI	GRESB	EDCI	No	Others	GRESB	No	CDP

Private Debt/ Lender

- More than half of private debt managers surveyed are not using any benchmark provider.
- Where ESG data is collected, there is an emphasis on using it for due diligence and review of contractual provisions to manage ESG risks and opportunities, rather than benchmarking or reporting.

Private Equity

"We will cover the ESG Data Convergence Initiative...we are probably going to use the iCI's net zero map... we also want to understand whether there has been any other ESG KPIs tracked beyond the EDCI, and whether there has been any ESG improvement initiatives. That is also a good story to tell in general, when our portfolio is going through some improvement initiatives, something our LPs normally would like to hear."

Sustainable Investing Senior Associate, Private Equity Manager

"We've been part of the data convergence initiatives for the second year now, and generally really supportive of that initiative as it tries to streamline data flows between GPs and LPs. We still do get a lot of other ad hoc requests. I think there is definitely more room for streamlining.

Responsible Investment Specialist in Portfolio Team, Private Equity Manager

Real Assets

"GRESB is thought-provoking for the real estate sector and helpful because they set some standards in the way they measure. It gives us a framework to work with and helps us to set a roadmap. How GRESB is aligned with the reporting platforms is also helping us."

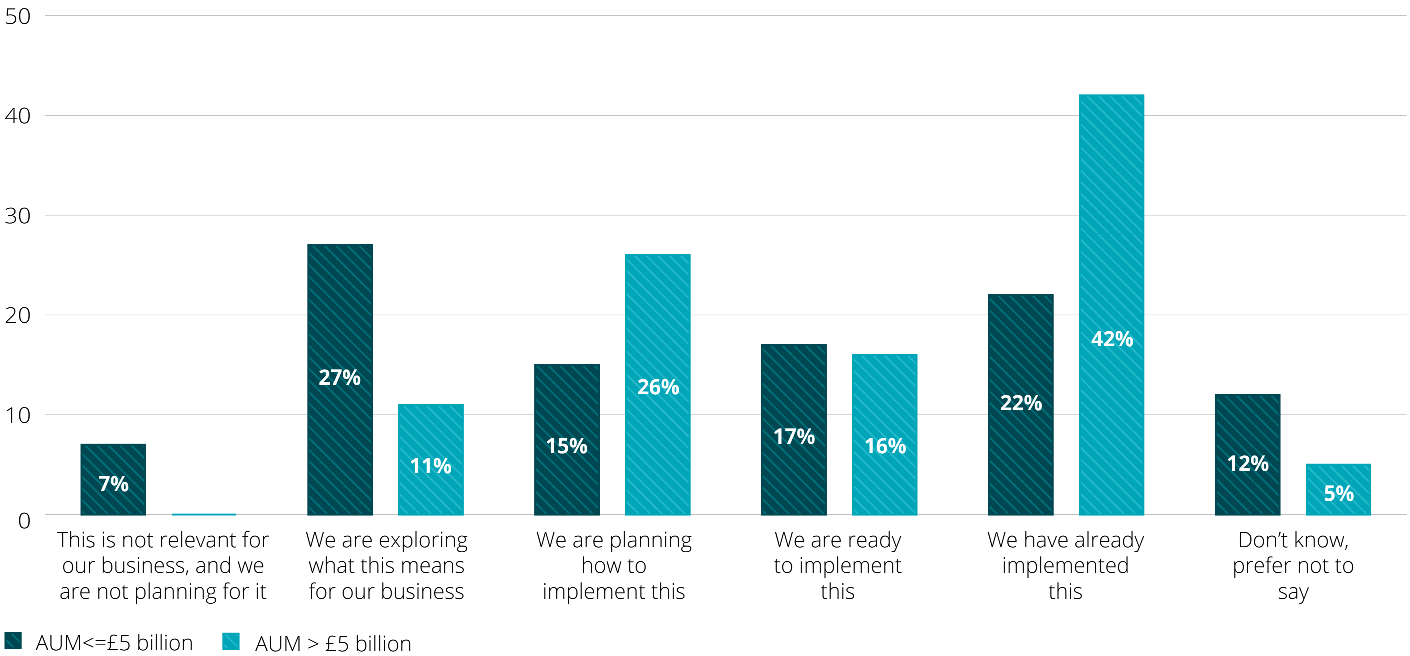
Development Director & Chief Sustainability Officer, Real Estate Manager

"I think GRESB is the best in terms of the infrastructure asset class. It is one of the best metrics in terms of ESG benchmarking against our peers."

Head of Sustainability, Infrastructure Manager

Source: ESG in Private Capital Survey, 2023; Metrics - EDCI (esgdc.org)
Question: 'Are you using any existing ESG benchmark providers?' N = 61; private debt/lender (n=9); private equity (n=36); real assets (n=13)

Figure 28. Level of readiness to benchmark non-financial performance



Source: ESG in Private Capital Survey, 2023; Metrics - EDCI (esgdc.org)
Question: 'Please indicate your current level of readiness for - Benchmarking non-financial performance?' N= 60; n (AUM<=£5 billion) = 41 and n (AUM> £5 billion) = 19

Recommendations on ESG integration

Recommendation to regulators

There is a need for agreed ESG benchmarks for each asset class, especially Private Debt. We recommend that regulators enforce standardised ESG reporting guidelines and facilitate the development and use of ESG benchmarks to help firms gauge their progress and performance against peers and industry standards, especially for the private debt asset class. This may require actively fostering an environment conducive to performance gauging and comparison among firms.

Recommendation to LPs

Effective communication between GPs and LPs is critical for ESG integration. GPs are grappling with diverse reporting frameworks and sourcing data to meet LPs' requirements, often dedicating substantial resources to data collection, reporting, and compliance. LPs should encourage transparency dialogue with GPs about ESG objectives and expectations.

LPs should build in-house ESG expertise to assess whether GPs' ESG strategies align with their own mandates. They should strategically consider sector relevance, materiality and explain to GPs why they are requesting data and what they are using it for, to enhance reporting quality.

LPs can take advantage of the strong potential of private markets for impact investing and fund impactful categories to earn returns and at the same time facilitate global progress towards sustainable development goals.

Recommendation to GPs

GPs should both inform LPs of their approach to ESG and provide insights into its qualitative and quantitative impact on performance. They should also actively seek feedback, especially on the appropriate ESG metrics to report, in order to improve the supply of information and the overall positive impact of ESG.

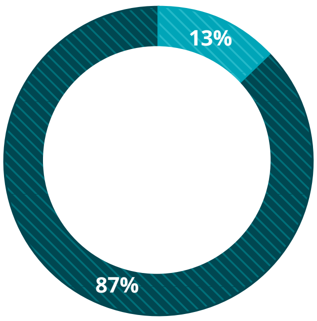
GPs should also establish ESG targets, key metrics and action plans for portfolio companies or after onboarding of assets and designate individuals responsible for ESG within portfolio companies for efficient engagement during the ownership.

GPs can take advantage of the high interest in and strong potential for private markets in impact investing given their greater control over portfolio companies and assets. They have the capacity to engage with the management team to drive ESG outcomes and the potential to focus on new sectors.

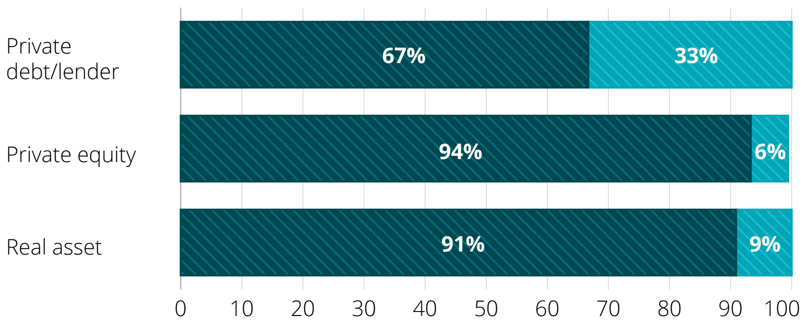
Streamlined ESG metrics would boost reporting relevance and actionability

We recommend that GPs establish a cohesive data-gathering plan and streamline ESG metrics to improve reporting relevance and actionability.[17] Most firms are mandating portfolio companies to track and report core ESG metrics from the ESG Data Convergence Initiative (EDCI). This focused, streamlined approach provides pertinent and actionable ESG data. EDCI aligns well with UK private market investors' ESG priorities, offering comparable and actionable data and prioritising feasible collection (see Figure 29, 30).

Figure 29. Requirement of measuring and reporting on ESG metrics



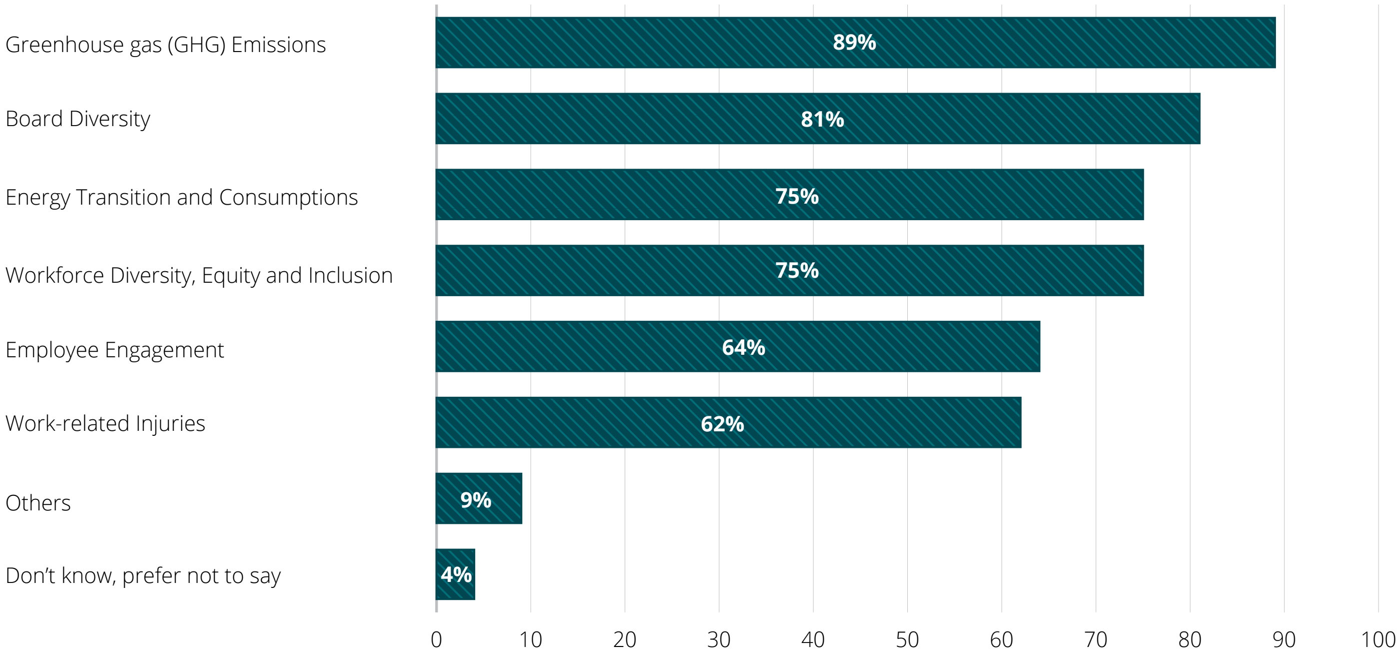
87% of respondents' firms require portfolio companies to measure and report on ESG metrics, with Private Debt lagging Private Equity and Real assets.



Yes No

Source: ESG in Private Capital Survey, 2023
Question: 'Do you require portfolio companies to measure and report on their ESG metrics?' N = 61; private debt/lender (n=9); private equity (n=36); real assets (n=13)

Figure 30. Key ESG metrics portfolio companies are required to measure and report



Source: ESG in Private Capital Survey, 2023; Metrics - EDCI (esgdc.org)
Question: 'What are the key ESG metrics that you are looking to measure and report?' N = 53

The path to securing ESG talent

Clarify role requirements. To improve the acquisition of ESG talent a number of steps need to be taken. First, it is important to clearly define the skills set required and expectations for ESG roles to align them with sustainable business and investment objectives. Linking remuneration to ESG measurements is also becoming more prevalent and is a positive step.

> I think that's where you look at the different requirements or skills and consider "What are you trying to achieve? What do you need from this role? What do you need to effectively manage a sustainable business that is focused on sustainable investment? "
>
> **Head of Sustainability, Infrastructure Manager**

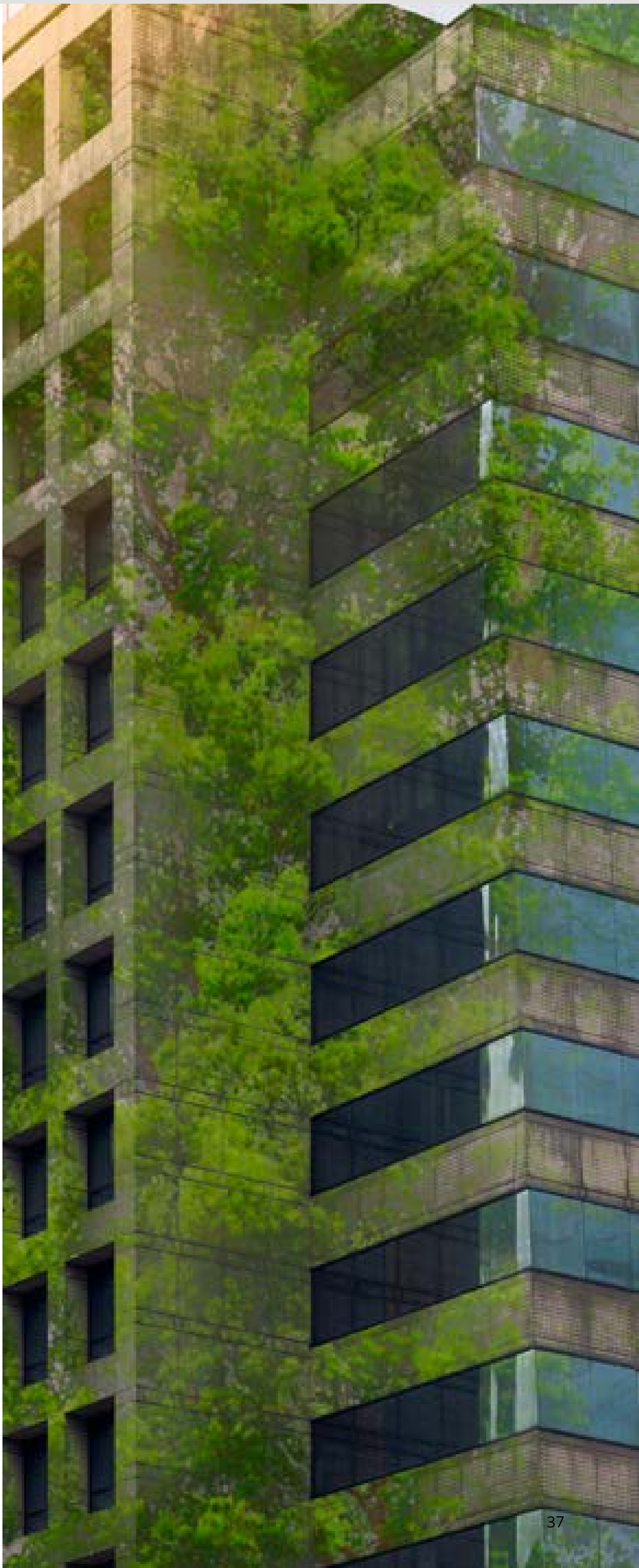
Develop talent personas. Firms also need to develop different talent personas based on ESG professionals' focus area, such as data and reporting, value creation or other strategic roles.

> You're requiring [them] first to have a holistic skill set, but also to be quite technical, especially on areas like climate risk and climate greenhouse gas accounting, which I think probably will take most of their time. But they also need to be good at the soft persuasive skills, undertaking business cases.
>
> **Responsible Investment Specialist in Portfolio Team, Private Equity Manager**

Engage with external partners to fill talent gaps. Engaging with consultancy firms or hiring contractors could be effective solutions for firms with limited resources to establish ESG policies and learn to comply with the reporting systems.

> "I think it's a big opportunity for consultancy companies to help firms with limited resources to create policies with ESG integration, deal with the reporting systems, such as SFDR regulations, and understand the embodied carbon, etc."
>
> **Development Director & Chief Sustainability Officer, Real Estate Manager**

> "It comes with not having the resources to recruit, probably [we] should recognise the opportunities not only to bring in a full time ESG professional, but also contractors [who are] less permanent."
>
> **ESG Analyst in Portfolio Team, Private Equity Manager**



Leading practice for GPs through the deal lifecycle

Key drivers

- Create a positive outcome for clients/investors
- Existing clients/investors demand
- Improve investment performance
- Manage risk
- Regulatory requirements

Responsible Investment Policy

- Outline approaches to ESG
- Align with LPs' key considerations
- Continuously evolve through ongoing stakeholder engagement

1. Target sourcing/deal origation

- Set key themes on origination: identify ESG driven investment spaces
- Define positive and negative screening criteria
- Actively source targets that fit the profile

2. Due diligence (DD)

- Meet IC mandatory governance process: identify material risks and value proposition areas
- Contribute to target valuation: consider the cost-benefit analysis, help quantifying ESG value creation at the exit stage
- Inform post-deal ownership plan: red flag risks and value creation shape ownership strategies

3. Investment Committee Review

- Review ESG DD findings and make investment decisions
- Regularly review progress and ongoing actions

4. Portfolio Management

- Work with portfolio company and assess ESG positioning vs benchmark during ESG onboarding
- Establish ESG targets, key metrics (may link to remuneration) and action plans matching investment horizon; mitigate risks and monitor the implementation
- Designate individuals responsible for ESG in portfolio company to facilitate board engagement and collaboration, stay informed and respond to risks

5. Exit

- Develop exit positioning report, inform investors of ESG approach, provide insights into its qualitative and quantitative impact on performance
- Evaluate ESG risks and mitigation strategies
- Review ESG improvement during ownership and incorporate ESG performance in vendor DD

ESG Talent

1. Clarify role requirements
2. Develop ESG talent personas
3. Engage with external partners

Data, Regulatory & Client Reporting

1. Include ESG data provision and assessment as the condition of signing the portfolio companies, establish reliable and consistent ESG data collection via reporting platform
2. Request feedback from LPs on why they are requesting data, what they are using it for, and appropriate ESG metrics to report on
3. Streamline ESG metrics to boost reporting relevance and actionability, reporting on key metrics to monitor performance
4. Oversight of data policy to ensure appropriate data is collected, assess performance against peers to identify area for improvement and create strategic action plan

Conclusion

UK private asset investors face a complex path to ESG integration. A series of strategic decisions must be taken on a range of questions, from ESG frameworks to ESG due diligence, and the difficulties obtaining and processing data, and finding the talent to address ESG questions, must be overcome.

Despite these challenges, the opportunities offered by ESG integration, both through reducing risk and creating value, make it imperative for investors.

As we move forward, fostering alignment between GPs and LPs, streamlining ESG metrics, and securing relevant talent will be critical to more effective ESG integration. The recommendations outlined in this report are aimed at helping firms successfully navigate their ESG journey and contribute to a more sustainable and responsible investment landscape.

“Despite these challenges, the opportunities offered by ESG integration, both through reducing risk and creating value, make it imperative for investors.”

Glossary

Impact Investing	Impact investing is an investment strategy that targets opportunities intended to create both financial returns and a positive social and/or environmental impact.
Impact Fund	For a fund to qualify as an impact fund, it must meet criteria 1-3: • Investing for financial returns • Investing to intentionally create a positive social and/or environmental impact • Actively measuring the impact that is created (with ESG criteria, UN SDGs, IRIS, GIIRS, etc.) OR Self-identify as an impact fund
Funds seeking Impact Investments	The investor is interested in making investments into companies, organisations, and funds that plan to generate a measurable, beneficial social or environmental impact alongside a financial return
Funds seeking ESG Investments	The investor rates investments using the following Environmental, Social, and Governance criteria: • How the target company performs as a steward of the environment • How the target company manages its employees and the communities it operates in • and the target company's ethical governance and internal controls

Authors and Contacts

Authors

Insights

Margaret Doyle
Chief Insights Officer, Partner
madoyle@deloitte.co.uk
+44(0) 20 7007 6311

Robert Stubbs
Insights Director, Financial Services
rstubbs@deloitte.co.uk
+44(0) 20 7007 0170

Tiffany Tianjiao Yuan
Insights Manager, Investment Management and Wealth
tiffanyyuan@deloitte.co.uk
+44(0) 118 322 2300

Prachi Tokas
Insights Analyst, Investment Management and Wealth
ptokas@deloitte.com

Practice authors

Andy McNeill
Partner, Investment Management and Wealth Consulting
amcneill@deloitte.co.uk
+44(0) 20 7007 6151

James Alexander
Director, Investment Management and Wealth Consulting
jdalexander@deloitte.co.uk
+44(0) 20 7007 9206

John Wilson
Senior Manager, Investment Management and Wealth Consulting
johwilson@deloitte.co.uk
+44(0) 20 7303 5244

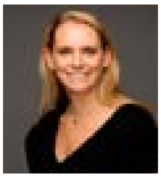
Lewis Watkins
Manager, Investment Management and Wealth Consulting
lewatkins@deloitte.co.uk
+44(0) 20 7303 2447

Contacts

Tony Gaughan
Vice Chairman, Partner, EMEA and UK Investment Management and Wealth Leader
tgaughan@deloitte.co.uk
+44(0) 20 7303 2790

Andy McNeill
Partner, Investment Management and Wealth Consulting
amcneill@deloitte.co.uk
+44(0) 20 7007 6151

James Alexander
Director, Investment Management and Wealth Consulting
jdalexander@deloitte.co.uk
+44(0) 20 7007 9206



Jessica Hodges
Partner, UK ESG Investment Management and Wealth Lead
jhodges@deloitte.co.uk
+44(0) 20 7303 8391

James Hilburn
Partner, Financial Advisory, Sustainability & Climate Lead
jhilburn@deloitte.co.uk
+44(0) 20 7303 0362

Chris Donovan
Partner, Financial Advisory, Head of Private Equity Portfolio
cdonovan@deloitte.co.uk
+44(0) 20 7007 7561

Philip Parnell
Partner, Head of Real Estate Valuation and Sustainability & Climate Lead
pparnell@deloitte.co.uk
+44(0) 20 7303 3898

David Brown
Tax
Partner
debrown@deloitte.co.uk
+44 (0)20 7007 2954

Reference

Endnotes

1. Sizing the impact investing market: 2022, The Global Impact Investing Network (GIIN), 2022

2. Will investors go green in 2023? Fund managers on why ESG has struggled this year and what opportunities lie ahead, This is Money, 2022

3. Same as above

4. Global turning point report, Deloitte, 2022

5. Are private markets up to tackling the climate crisis? Pitchbook, 2022

6. UN Secretary-General's roadmap for financing the 2030 agenda for sustainable development, United Nations, 2019

7. UN secretary-general's strategy for financing the 2030 agenda, United Nations, 2018

8. PitchBook Analyst Note: Impact Funds by Reason and Region, Pitchbook, 2021

9. Sizing the impact investing market: 2022, The Global Impact Investing Network (GIIN), 2022

10. Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers, FCA, 2021

11. FCA Portfolio Letter: Our Alternatives Supervision Strategy, FCA, 2022

12. Article 42 — Conditions for the marketing in Member States without a passport of AIFs managed by a non-EU AIFM, AIFMD, 2011

13. Sustainability Disclosure Requirements: FCA package of proposals on fund labels and disclosures raises new challenges for fund managers, Deloitte, 2022

14. E.U. Corporate Sustainability Reporting Directive and the impact on U.S. companies, Deloitte, 2023

15. Timeline for the Corporate Sustainability Reporting Directive, Deloitte, 2022

16. Deloitte ESG Now - Global ESG Disclosure Standards Converge: ISSB Finalizes IFRS S1 and IFRS S2, Deloitte, 2023

17. What's driving investment and wealth managers' ESG strategies? Data connects E, S and G, Deloitte, 2022

Deloitte.

Designed by CoRe Creative Services. RITM1491765