

# Due Diligence For Developmental Mandates

ORC



## The Benefits of Combining Operational, Investment and ESG Due Diligence

For allocators that have developmental mandates, there are often significant benefits and natural synergies to combining Operational, Investment and Environmental, Social and Governance (“ESG”) due diligence on third-party managers.

Combined due diligence provides a comprehensive approach to evaluating potential investments, promoting financial performance and ensuring alignment with broader developmental goals.

It may not always be practical to conduct these three exercises simultaneously; however, using the same provider to cover all three still allows allocators to access the benefits described in this thought piece.

### Comprehensive Risk Management

Combining operational, investment and ESG due diligence provides allocators with a holistic view of the risks associated with investments and enables allocators to assess all facets of potential risks – operational, investment and sustainability-oriented. This comprehensive risk management approach ensures that no critical aspect is overlooked.

Allocators can enhance risk mitigation by addressing operational inefficiencies, investment risks and ESG concerns simultaneously, enabling the development of more effective risk mitigation strategies, thus leading to more resilient portfolios.



**Nigel Morriss**  
CEO

“Combined investment, operational and ESG due diligence offers Development Financial Institutions a powerful, resource-efficient solution to meet developmental mandates when investing in emerging managers.”

## Our Service Lines



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## The Benefits of Combining Operational, Investment and ESG Due Diligence

### Improved Investment Decision Making

A thorough understanding of operational capabilities, investment potential and ESG factors allows for better informed investment decisions. This leads to investments being better aligned with both financial and developmental objectives.

ESG considerations often highlight long-term sustainability and social impact, which can contribute to long-term value creation and stable returns, making them an important input into investment decisions.

### Alignment with Developmental Mandates

Allocators with developmental mandates can ensure their investments support goals that align with their mission and values. This may be development of local economies, specific interests or targeted impact goals.

Asset managers in a developmental allocator's portfolio can often be newer and have fewer resources. Combined due diligence can reduce the burden on these managers by limiting the number of interactions.

### Effective Due Diligence

Combining operational, investment and ESG due diligence can streamline processes, reduce redundancies and create synergies, leading to more efficient and effective evaluations.

Consolidated due diligence efforts provide clear, integrated and more comprehensive reporting, making it easier to communicate findings and recommendations to stakeholders and governance forums.

### Regulatory Compliance and Adaptation

Integrating ESG considerations, alongside more traditional operational and investment considerations, helps allocators stay ahead of regulatory changes and comply with evolving standards, reducing the risk of non-compliance.

A combined due diligence approach ensures that allocators are well-prepared to adapt to new regulatory requirements and industry best practices while ensuring they have a holistic view of all the risks associated with the investment.

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## The Benefits of Combining Operational, Investment and ESG Due Diligence

### Collaboration and Knowledge Sharing

Combining operational, investment and ESG due diligence facilitates better engagement with stakeholders, including, where applicable, regulators and beneficiaries, fostering collaboration and knowledge sharing.

This integrated approach can also build internal capacity and expertise, enhancing the allocator's ability to manage complex investment landscapes.

In summary, combining operational, investment and ESG due diligence creates a robust framework for asset allocators with developmental mandates, enabling them to manage risks comprehensively, make informed decisions, align with their missions and contribute to sustainable development.

### About ORC:

Our firm, as a leading due diligence provider, excels in navigating the complexities of emerging markets and nascent asset classes. We specialize in investment, operational and ESG due diligence. We offer deep insights into evolving risk trends and support asset owners in managing these risks effectively. By raising institutional investment standards, we aim to drive positive change in local investment ecosystems.

### Reach out to find out more.

### About the author:

Nigel Morriss is the CEO of ORC and a respected authority in global investment operations. With 17 years of industry expertise, he provides strategic advisory services to industry leading institutional investors, helping them manage the risks associated with their investments.

“At ORC, we combine tailored due diligence with expert guidance, empowering investors to make informed decisions that drive transparency, trust and sustainable.”



**Maria Long**  
Partner

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