



## ILPA Releases Updated DDQ and Diversity Metrics Template

### Resources to Help Streamline Due Diligence and Track Progress on DEI

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**November 9, 2021 (Washington, D.C.)** The Institutional Limited Partners Association (ILPA) today released an updated Due Diligence Questionnaire and Diversity Metrics Template. The documents are intended to standardize the key areas of inquiry posed by investors during their diligence of managers and to provide a framework for ongoing monitoring of progress related to DEI. Each has been meaningfully updated to reflect changes in the marketplace and to incorporate comments received during ILPA's public consultation process earlier this year.

"Market practices—and ILPA's own guidance in response, as reflected in the ILPA Principles—have evolved significantly since the release of the DDQ in 2013. While DEI is a comparatively newer area of focus for LPs, the industry is experiencing a sea change in LPs' appetite for more nuanced information about team diversity and GP actions to advance DEI," noted ILPA CEO Steve Nelson.

Among other enhancements to the DDQ, ILPA has introduced a new document structure to aid in the usability of the materials and added new sections on co-investments, GP-led secondaries, credit facilities and data security/technology. ILPA has also augmented sections on accounting/valuations, reporting, legal related issues, ESG and DEI. Having collaborated with the Principles for Responsible Investment on the ESG section within the ILPA DDQ in 2016, ILPA once again joined up with PRI to refine the ESG questions in this latest revision and promote convergence in ESG-related information. To that end, ILPA has adopted in full the PRI's LP Private Equity Responsible Investment DDQ as the ESG section of the ILPA DDQ.

"The PRI is thrilled to have developed an updated version of its private equity ESG due diligence questionnaire for LPs. The update of our ESG questionnaire is the result of a lengthy collaboration with our private equity industry signatories, both LPs and GPs, for which we thank them. One of the key evolutions in the updated version is the inclusion of specific questioning around climate considerations in the investment process. Standardizing a core set of questions for LPs to better understand GPs' ESG practices is critical to reducing reporting burden, and we thank ILPA for including this within their DDQ," shared Peter Dunbar, Private Equity Senior Specialist, PRI.

The ILPA Diversity Metrics Template has also been meaningfully updated to reflect the state of reporting today, as well as LPs' long-term goals for DEI information sharing that aligns with a holistic total portfolio view. Changes include a single set of globally relevant designations for race and ethnicity, the inclusion of a non-binary option on gender, additional self-identified dimensions of diversity such as LGBTQ+ and persons with disabilities, a simplified structure for role designations across ownership and professionals, insight into staff movement and select portfolio company level data.

Notably ILPA has worked closely with FCLTGlobal to align ILPA's Diversity Metrics Template with FCLTGlobal's template used to track diversity for boards of private companies.

"The private markets offer a unique platform to make meaningful progress on promoting diversity, equity and inclusion, key characteristics of firms that create value over the long term. Increasing transparency and focus on this area is a critical step in realizing that value creation potential. Standardizing the way this data is collected and providing a shared platform to access the information

will be instrumental in driving adoption and ensuring efficiency and comparability. We were excited to contribute to the work of this important initiative,” said Ariel Babcock, Managing Director and Head of Research at FCLTGlobal.

“ILPA has been privileged to tap into the perspectives of an engaged group of industry leaders involved both in our *Diversity in Action* initiative as well as FCLTGlobal’s efforts to enhance diversity among private equity-backed company boards. This insight has shaped our understanding of how diversity data collection is evolving and must evolve,” added Jen Choi, ILPA’s Managing Director of Industry Affairs. “The additional nuance in the amended template will be invaluable for LPs and GPs seeking to measure and manage progress over time.”

The ILPA DDQ and Diversity Metrics Template are now available publicly on [ILPA’s website here](#).

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**About ILPA**

With more than 550 member institutions representing over 2 trillion USD of private equity assets under management, the Institutional Limited Partners Association (ILPA) is the only global organization dedicated exclusively to advancing the interests of LPs and their beneficiaries. Our members include public and private pensions, insurers, endowments and foundations, family offices, development finance institutions, and sovereign wealth funds. Our policy agenda is focused on strengthening the private equity asset class through strong governance, alignment of interests, and transparency.