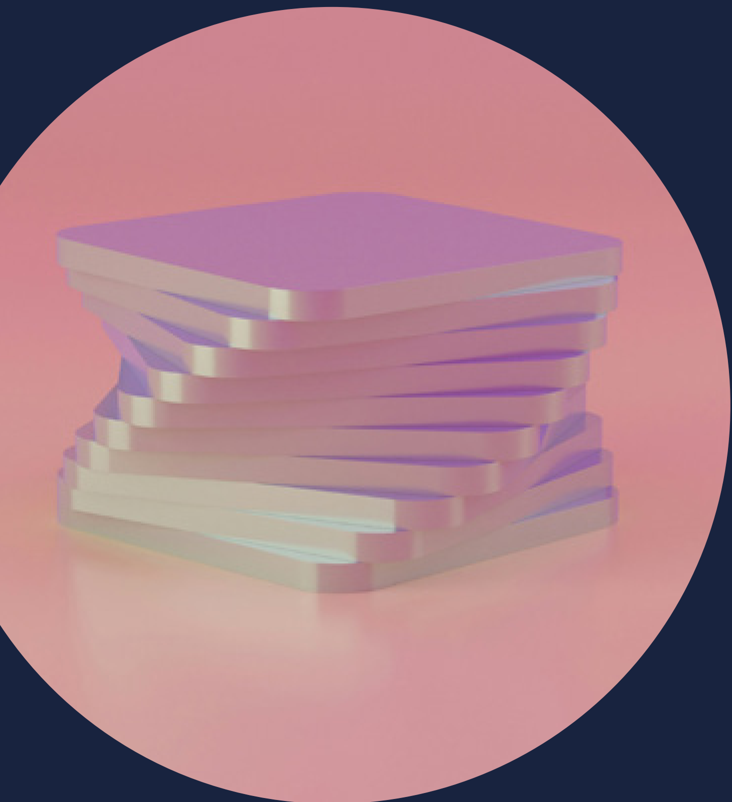
Ownership Project Insights, No. 4

Integrating ESG Across a Single Family Office's Investment Portfolios: NextWorld's Playbook

Marie-Elodie Bazy, Geetika Mantri, Dr Bridget Kustin



Ownership Project 2.0:
Private Capital Owners and Impact
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About Ownership Project Insights

Ownership Project Insights is Ownership Project 2.0's publication series dedicated to practitioners. It is edited by Dr Sarah McGill. These action-oriented papers deliver critical analyses, data-driven observations, provocations, and playbooks for family offices, family holding companies, family businesses, family foundations, and those working closely with them.

About Ownership Project 2.0: Private Capital Owners and Impact

Ownership Project 2.0: Private Capital Owners and Impact is a global research project driven by dual imperatives:

First, we are conducting high calibre research into family offices and family holding companies, and into the investment activities of family businesses and family foundations, and publishing it in top peer-reviewed academic journals.

Second, we aim to move the needle on practitioner behaviour, using our research to drive conversations and influence the strategy and goals of family-owned capital. Achieving this objective means translating our data and academic research papers into forms that practitioners – family members, non-family leadership and staff, and professional service providers – can actually use, day to day.

The project is led by Professor Marya Besharov, Principal Investigator, and Dr Bridget Kustin, Senior Research Fellow and Director.

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Find Ownership Project 2.0 online:
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Editor’s note

NextWorld, an ecosystem of multiple distinct entities where investments held by limited partners and philanthropy coexist under one roof, has a comprehensive ESG strategy for its investments. Ownership Project 2.0’s case study of the organisational design and management of NextWorld details its development as an ‘integrated capital organisation’ (ICO) – one that disrupts the classic separation between private equity and philanthropic giving common in family offices. This ESG playbook emerged from the NextWorld case study. The richness of the case was such that an outlet was needed to detail the emergence and development of NextWorld’s ESG strategy. This Insights piece thus complements the case study.
The case study provides an overview of how the ESG strategy came about, beginning with the recruitment of the lead author of this Insights piece, Marie-Elodie Bazy, Director of ESG at NextWorld. It also shows how the ESG strategy has benefited the entire organisation. We invite readers to use the playbook as a supplement to the case study detailing what a step-by-step design implementation process can look like.

The three pillars of NextWorld’s ESG strategy

1 The ESG team strives for **an iterative and inclusive development process**. It brings together NextWorld’s leadership, family members, and representatives from both the investment advisory and philanthropy teams.

2 **An ‘ESG offers and ESG asks’ framework** mutually benefits investors and direct private equity investees. While the ESG team makes requests of NextWorld’s limited partners’ portfolio companies for information and collaboration, it also provides them with the resources to act on those requests and attain their ESG goals.

3 **Bridges between investments and philanthropy** create synergies across both teams. That sharing of knowledge also allows the ESG team to pass learnings on to portfolio companies. This also has implications for family organisations looking to harmonise the impacts of philanthropy or impact investing with those of the operating business, instead of using charitable giving to ‘fix’ the types of problems caused by the business.

Who this document is for

This *Insights* piece is for family offices, family philanthropies, and other family-led organisations seeking to create positive environmental and social impact through their investments. It is intended to serve as an illustrative example for family organisations and those working with them who may be contemplating how to establish their own ESG strategy, and those who may be at any stage of developing one.

NextWorld is a unique organisation, so its ESG strategy will not be precisely replicable. We therefore encourage readers to use this document as a source of insight into the types of steps that should be included in developing and implementing a comprehensive ESG strategy – reviewing resources, determining what is important to the organisation and its stakeholders, and articulating how the ESG strategy adds value.

NextWorld has transcended the perennial debate about whether ESG is 'real', or whether the existence of multiple ESG metrics is an insurmountable obstacle to choosing meaningfully among them. They have shown what is possible for family offices working toward impact. Rather than focusing on fine distinctions in terminology or different metric systems, NextWorld has created a meaningful system for achieving its impact goals.

About the authors

Marie-Elodie Bazy

Marie-Elodie is Director of ESG at NextWorld, a San Francisco-based integrated capital organisation. Before joining NextWorld in 2020, Marie-Elodie was Principal at Kois Invest, an impact finance firm. Prior to this role, she held different positions in listed French corporations in corporate finance, investor relations, and strategic planning. Marie-Elodie holds a Master of Science in Sustainability Management from Columbia University, a Master's in Finance from Sciences-Po Paris, and a Master's in Management Sciences from Université Paris Dauphine.

Geetika Mantri

Geetika is an award-winning journalist from India. She brings her storytelling expertise to researching and writing case studies of impact-driven single family offices and impact scaling mechanisms for Ownership Project 2.0. She holds a Master's in Public Policy from the Blavatnik School of Government, University of Oxford.

Dr Bridget Kustin

Bridget is an economic anthropologist and Senior Research Fellow at Oxford Saïd, where she is Director of the global research initiative, Ownership Project 2.0: Private Capital Owners and Impact. Her research, teaching, and consultancy focus on family ownership, wealth, trusts, intergenerational transfer of property, and forms of collective and shared ownership, particularly in comparative perspective between the Global North and Global South.

Photo by Danist Soh

Introduction

NextWorld's founders, Sebastien and Julie Lepinard, have always had the deep conviction that their wealth should be used as a force for good.
This conviction translated progressively into tangible actions – first through philanthropic efforts set up prior to the inception of NextWorld, and then, since NextWorld's founding in 2008, through various ad hoc initiatives driven by both the founders and the next generation. These initiatives included joining 1% for the Planet, a global network of businesses and environmental organisations, introducing a negative screening on fossil fuels for NextWorld's limited partners' (LPs) liquid asset portfolios, and co-organising a side-event called Climate & Capital with Stanford University Steyer-Taylor Centre at the UN's COP21 in Paris in 2015.

A turning point came in 2019 with the articulation of NextWorld's purpose – 'We leverage capital to create value for society' – and NextWorld's core principles – 'stewardship, social responsibility, cooperation, and effectiveness' – along with the creation of a Stewardship Committee. The clarification of NextWorld's purpose, core principles, and governance paved the way for the construction of a comprehensive ESG strategy.

However, it was in 2020, a year of profound global disruption, that NextWorld's formal journey toward a comprehensive ESG strategy began. The COVID-19 pandemic and the resurgence of the Black Lives Matter movement exposed critical social, economic, and environmental challenges, prompting some of NextWorld's LPs' portfolio companies to seek guidance.

It became clear to NextWorld's founders that a more coherent ESG strategy was needed. They provided the impetus to launch a formalised process.

The ESG approach described was gradually formalised, starting with two NextWorld LPs becoming UNPRI signatories. A newly formed ESG team and an ESG committee then rolled out a structured, iterative, and participatory approach, ensuring the successful delivery of a comprehensive ESG strategy. The step-by-step process undertook to develop this strategy is outlined in this Insights piece. It remains a dynamic framework, evolving in step with the society NextWorld seeks to serve.

Step 1: Setting up ESG governance

First, NextWorld set up the internal structures necessary to build and deliver the strategy:

- an **ESG Committee**, composed of representatives from the investment advisory team, the philanthropic entities, and the family, in charge of defining the overarching ESG strategy.
- an **ESG Team** with two dedicated staff members, responsible for ensuring NextWorld's ESG strategy is implemented on a day-to-day basis. It is also in charge of engaging on ESG with the investment advisory team, NextWorld LPs' investments, NextWorld peers, and the broader community.

1 The United Nations Principles for Responsible Investment (UNPRI) is a UN-supported international network of financial institutions that work to promote the incorporation of sustainability criteria into investment decision-making.

Step 2: Defining the ESG approach and scope

In 2021, the ESG Committee kicked off its work by defining NextWorld's ESG approach and scope in a participatory manner. They collectively defined ESG as follows:

> The set of practices to systematically and explicitly incorporate ESG considerations in
> **(i) investment decisions,**
> **(ii) asset stewardship, and**
> **(iii) internal processes,**
> with the aim of achieving financial and societal objectives aligned with NextWorld's purpose.

Step 3: Focusing and prioritising through a materiality assessment

By the end of 2021, NextWorld was ready to define the core focus areas of its ESG strategy. The ESG Committee performed a comprehensive materiality assessment using a participatory and iterative process.

Identifying material topics

The assessment built upon the ESG frameworks most relevant to NextWorld, such as the United Nations Sustainable Development Goals (UN SDGs), the Sustainability Accounting Standards Board (SASB),[2] B Lab,[3] and the Global Reporting Initiative (GRI).[4]

Through this process, the ESG Committee first selected the 14 most material ESG topics through the lens of its key stakeholders and its LPs' investment strategies:

2 SASB Standards, part of the IFRS (International Financial Reporting System) Foundation, are intended to help companies disclose sustainability-related risks and opportunities to investors.

3 B Lab (Benefit Lab) standards provide best practice guidance on ESG for businesses. B Corp (Benefit Corporation) Certification is available to firms that meet B Lab's standards for 'deliver[ing] leadership and systemic change' (B Lab (2025), 'Evolving the standards for B Corp certification', https://www.bcorporation.net/en-us/standards/performance-requirements/ [accessed 26 February 2025])

4 The GRI is an international independent non-profit organisation that provides a common framework for businesses and other organisations to communicate their environmental, social, and governance impacts.

Environmental

1. Climate (greenhouse gas (GHG) emissions & energy)
2. Waste, Water, & Packaging
3. Ecological Impact

Social Capital

8. Product Quality, Safety, & Health Benefits
9. Responsibe Supply Chain
10. Product & Service Impact
11. Data Security & Consumer Privacy

Human Capital

4. Gender Equality
5. Diversity, Equity & Inclusion
6. Employee Engagement & Development
7. Labour Practices

Leadership & Governance

12. ESG Management & Accountability
13. Business Ethics & Stakeholder Interest
14. Executive Leadership & Decision-Making

Figure 1: NextWorld’s most material ESG topics (Source: NextWorld)

Prioritising topics in a materiality matrix

The ESG Committee then plotted the 14 material ESG topics across a materiality matrix, according to their importance to NextWorld's key stakeholders – NextWorld's Stewardship Committee and Erol Foundation – and their relevance to the investment strategies. This led to the emergence of five core focus areas: climate (greenhouse gas (GHG) emissions); waste, water, and packaging; gender equality; diversity, equity, and inclusion; and ESG management and accountability. NextWorld decided to primarily concentrate their ESG action on these five areas.

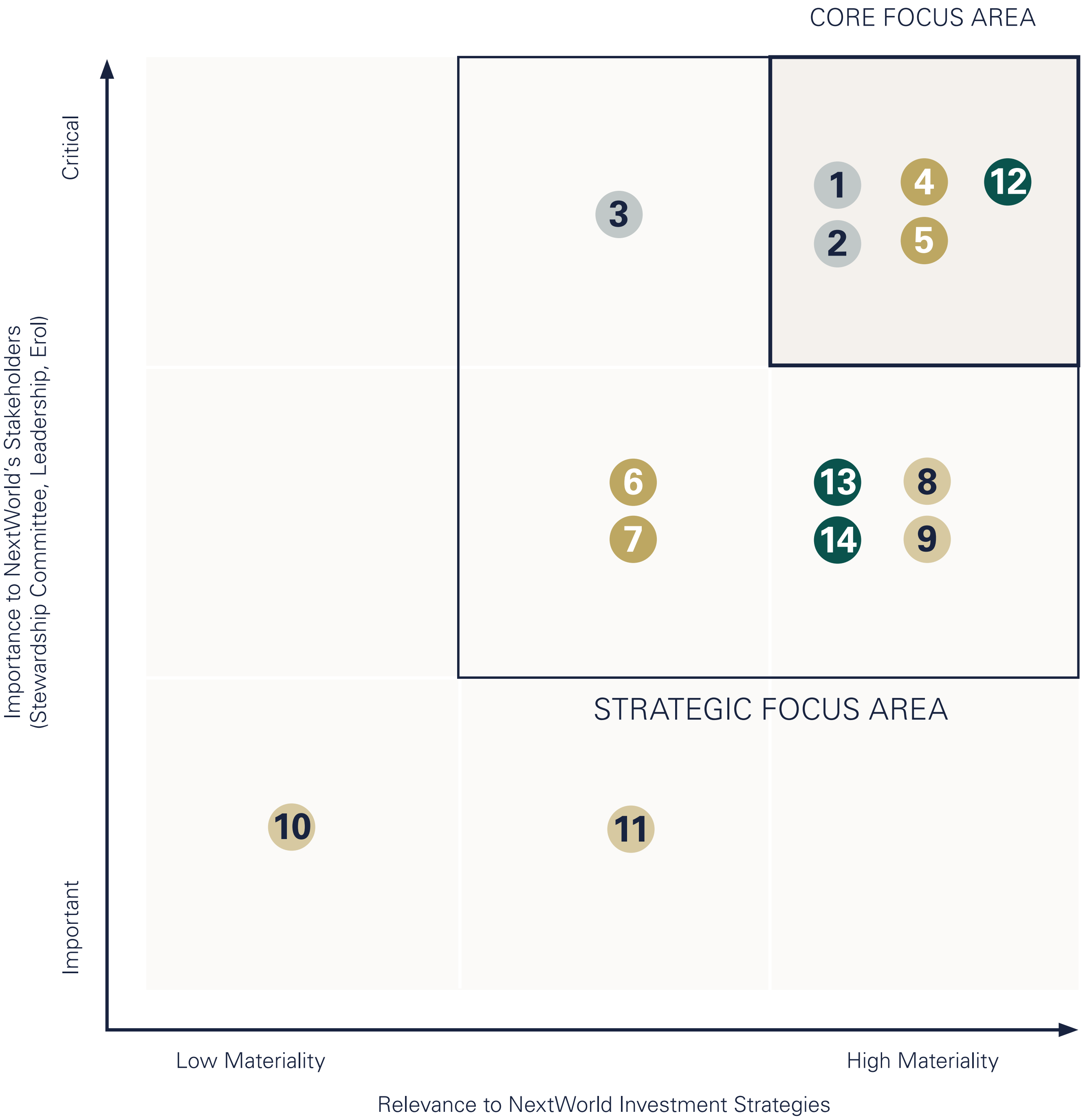

Figure 2: NextWorld's materiality matrix (Source: NextWorld)

Step 4: Creating the underlying framework to set a baseline, measure progress, and set goals

To set well-balanced and ambitious ESG goals, NextWorld worked on establishing a baseline to understand NextWorld LPs' investments' performance across its 14 material ESG topics, and particularly for its five core focus areas (plus one strategic focus area, i.e., responsible supply chain).

NextWorld developed ESG surveys – drawing from SASB, GRI, B Corp, and SFDR – for three broad asset classes: direct private equity investments, private equity investment funds, and liquid asset portfolios managed by discretionary managers.

In 2022, NextWorld sent its first ESG surveys to establish its baseline on 2021 data. Survey participation and completion rates varied greatly from one asset class to another. NextWorld LPs' direct private equity investments showed the highest level of engagement, owing to LPs' levels of ownership and influence. Other asset classes engaged minimally.

Using the results from the 2021 data baseline, NextWorld revised its approach and further tailored the ESG surveys for each asset class, in the hope of increasing engagement in the next ESG campaign. As a result, engagement remained the highest with direct private equity investments, but both survey participation and survey completion rates increased for investment funds and liquid asset portfolios.

In 2022 NextWorld also joined the ESG Data Convergence Initiative (EDCI), a partnership of private equity stakeholders dedicated to improving how the industry collects and reports ESG data. Each year, NextWorld contributes anonymised data of its LPs' direct private equity investments to EDCI, which are then included in a global private equity ESG benchmark that NextWorld leverages to identify key ESG trends across private markets.

Step 5: Engaging with investment portfolios

NextWorld cemented its ESG direct private equity engagement strategy with the Nextworld Evergreen fund ('Evergreen'), NextWorld's 335 million USD flagship growth equity investment vehicle, by formalising an 'ESG offers and ESG asks' framework.

1. ESG Offers: NextWorld offers Evergreen portfolio companies ESG resources to help build their own ESG strategies, including material support.

- ESG Team Knowledge Support: NextWorld's ESG team supports Evergreen portfolio companies with their ESG strategy, ESG research, and ESG reporting. For example, NextWorld has so far assisted three Evergreen portfolio companies in performing their own materiality assessments by putting together Materiality Assessment 101 presentations, which provide training materials and hands-on support for performing materiality assessments. NextWorld supported an Evergreen portfolio company in measuring their gender pay gap. It subsequently offered the methodology to the rest of the portfolio.
- ESG Catalyst Fund: NextWorld set up an ESG Catalyst Fund of 500,000 USD which aims to lower financial barriers around ESG capacity building. The Fund has focused on GHG emissions for the first three years. Thanks to the Catalyst Fund, 100% of companies in the Evergreen portfolio have calculated their GHG inventories several years in a row, improving the quality and actionability of these GHG assessments year on year. One Evergreen company has calculated a bespoke emissions factor for its main raw material. Three Evergreen portfolio companies have performed lifecycle assessments of one key product each to identify at what phases of their lifecycles they create the most emissions. In 2025, most companies in the Evergreen portfolio will be developing emissions reduction action plans, with the ambition of decarbonising the portfolio.
- ESG Collaboration Forum: NextWorld has facilitated ESG Collaboration Forum sessions for Evergreen portfolio companies to encourage discussions on ESG best practices and challenges among peers. NextWorld hosted two sessions at Evergreen Executive Summits, including one session on why ESG matters and one session on materiality assessments.

- **ESG Benchmark Analyses:** NextWorld shares the results of its annual ESG campaigns with Evergreen portfolio companies in personalised benchmarking decks which contain actionable recommendations to improve ESG performance based on best-in-class peers' initiatives.

2. ESG Asks: NextWorld requires Evergreen portfolio companies to meet five ESG asks:

- Complete NextWorld's annual ESG survey (approximately 130 questions): This engenders change within the companies: asking for ESG data requires companies to start collecting it – sometimes for the first time. After a couple of iterations, most companies have integrated most of the data points requested into their regular reporting.
- Designate an ESG point person: an ESG point of contact to drive implementation of each company's ESG initiatives supports oversight and results – e.g. completing ESG surveys, GHG inventories, or performing a materiality assessment.
- Determine ESG priorities via a materiality assessment: It is important for a company to stay on the pulse of which ESG issues matter to its stakeholders and are financially material to its business. In addition to being good business practice from a risks and opportunities standpoint, a materiality matrix is also a great resource for effectively communicating a company's sustainability strategy and priorities to stakeholders.
- Perform a GHG inventory: NextWorld Evergreen's portfolio companies measure their carbon emissions yearly following the GHG Protocol[5] methodology. The results are used to identify emissions hotspots in their supply chains and set up action plans for managing emissions in the near and long term.
- Have ESG on the board agenda at least once a year: The company's ESG initiatives, performance, and/or targets should be discussed at the board level at least once a year to ensure that ESG efforts are not confined to the sustainability department but rather integrated across the company and recognised as a company-wide priority. This encourages accountability and target-setting.

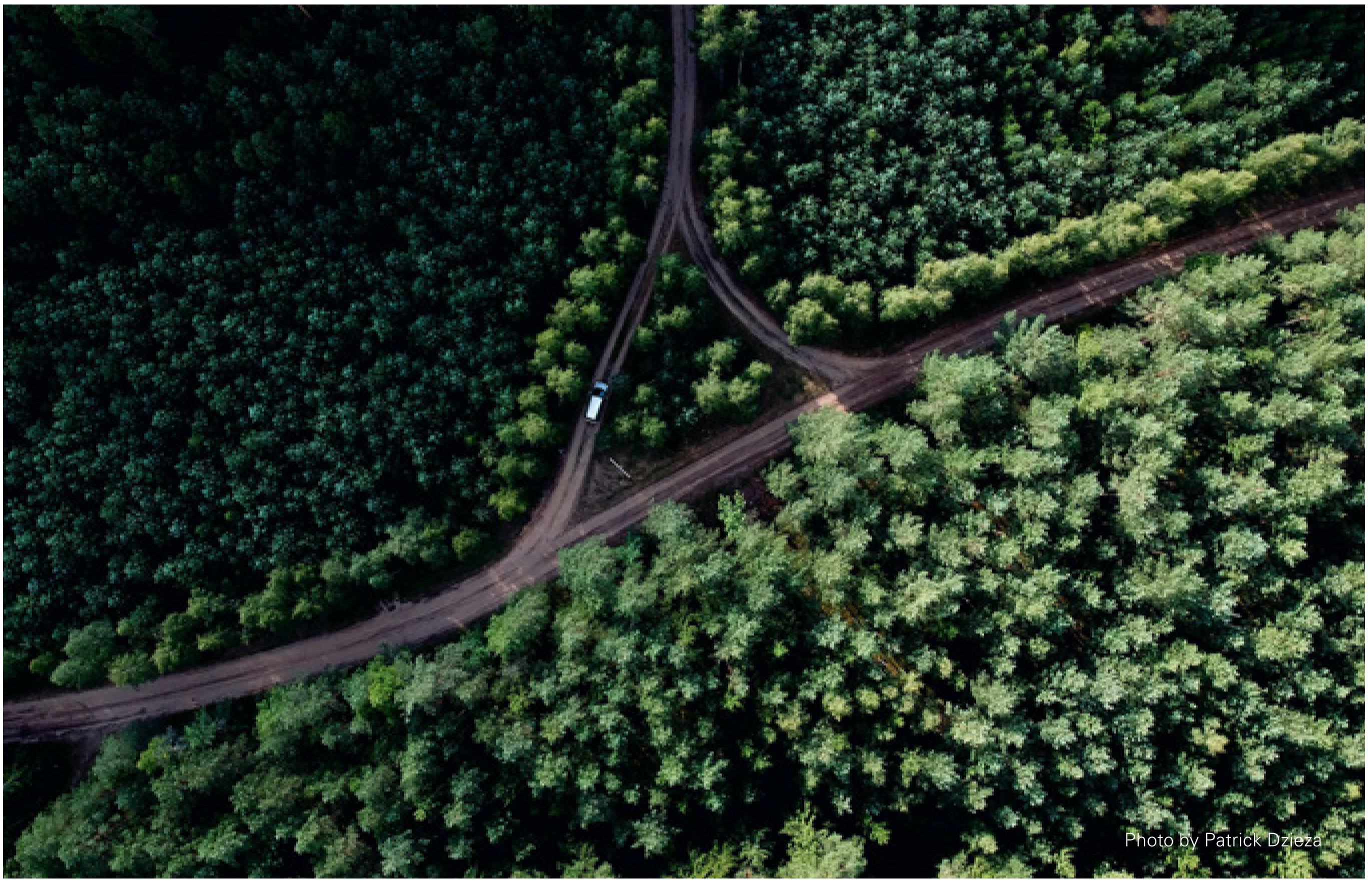
Photo by Patrick Dzieza

5 The GHG Protocol provides standard global frameworks for public and private sector organisations to measure and manage GHG emissions.

Concluding Questions for Reflection

With a strong ESG foundation in place, NextWorld is now focused on refining its strategy and enhancing its attributable impact year after year. As the organisation evolves, three key challenges emerge:

1. **Influencing LPs' investments with limited shareholding – How can engagement with private equity investment funds be further strengthened?**
2. **Balancing reporting and action – How can reporting be leveraged more effectively as a tool to drive meaningful action?**
3. **Measuring and attributing impact – How can impact measurement and attribution be improved?**

These questions serve as a guide for continuous improvement, ensuring that ESG efforts remain dynamic, effective, and aligned with NextWorld's long-term vision.

Photo by daryl-baird

Ownership Project 2.0: Private Capital Owners and Impact is housed in the Skoll Centre for Social Entrepreneurship at Saïd Business School, University of Oxford. The Project leverages the Skoll Centre's convening power, network, and capacity to translate and disseminate research findings to a broad public audience.

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