

Introduction

All funds need to have a governance and business integrity management system (BIMS) commensurate with the level of governance, business integrity and compliance (BI) risk, and the impacts of those risks associated with current and potential portfolio companies. The BIMS will need to take into account the fund manager's capacity and structure. It should be noted that BIMS is more than a set of documents. It is the way in which a fund manager ensures that ESG aspects are well managed. The documents are just a part of the fund management system.

- [What does BI cover?](#)

In this section and throughout the BII Toolkit for Fund Managers BI covers:

- [Corporate governance](#) practices
- [Anti-corruption](#) policies and procedures
- [Whistleblower](#) policies and procedures
- Compliance policies and practices, particularly [anti-money laundering](#), Know Your Customer (KYC) and [sanctions](#)

A fund's BIMS should include the following key elements:

- **Policies:** The fund manager's policies form the framework for the whole management system. The policies should clearly and simply set out the objectives and principles that guide the fund manager/fund, applicable requirements for the fund and portfolio companies, and those accountable and responsible for their implementation.
- **Roles, responsibilities and oversight:** A clear definition of who is responsible for developing and driving the policies behind the BIMS and stating who will participate in each element of its implementation. BII believes that there should always be a nominated individual responsible for each of the policies.
- **Procedures:** What needs to be done at the various stages of the investment cycle. These should be underpinned by specific tools to ensure consistent application.

- **Performance management:** A periodic review to refine and improve the systems. The fund will need to consider how, when and by whom these reviews are undertaken and who they are reported to.
- **External communication:** The fund should consider the variety of channels available to communicate with its Limited Partners (LPs) and other stakeholders about how the policies and management system is functioning alongside the BI performance of the portfolio.

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