

FUND ESMS: PROCEDURES, ROLES AND RESPONSIBILITIES

Note: This table has been developed to guide fund managers when designing procedures and defining responsibilities. The table is an example and is not comprehensive (no description of procedures or roles).

		PROCEDURES/ACTIVITIES		ROLES AND RESPONSIBILITIES	
		DESCRIPTION <i>(Sample of activities which would form part of the procedure)</i>	REFERENCES & TOOLS	OPERATIONAL	OVERSIGHT
INVESTMENT STAGE	SCREENING	<ul style="list-style-type: none"> Compliance with Exclusion List. Identify E&S inherent risks - Categorisation. Due diligence plan and allocation of deal responsibilities. Prepare IC papers. 	<ul style="list-style-type: none"> Fund's ES& policy/ Exclusion List. Categorisation guidance. Screening/high level checklists. 	<ul style="list-style-type: none"> Define role of the E&S Officer (e.g. categorise sign-off on the investment categorization). Define role of the Investment Officer. 	<ul style="list-style-type: none"> Investment Committee: <ul style="list-style-type: none"> - Discussion of key E&S issues. - Due diligence budget approval.
	DUE DILIGENCE	<ul style="list-style-type: none"> Assess E&S risks and opportunities. Assess company's capacity, commitment and track record (CTTR). Consultant engagement. 	<ul style="list-style-type: none"> Site visit and due diligence checklists/ questionnaires. ToRs for consultants. Action Plan template. 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role of the Investment Officer. 	<ul style="list-style-type: none"> Senior member/partner to oversee due diligence.
	INVESTMENT DECISION	<ul style="list-style-type: none"> Provide input for the Investment Committee (define what needs to be included). 	<ul style="list-style-type: none"> Investment paper template. 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role of the Investment Officer. 	<ul style="list-style-type: none"> Investment Committee: <ul style="list-style-type: none"> - Approve/reject the proposed investment.
	INVESTMENT AGREEMENT	<ul style="list-style-type: none"> Incorporate E&S terms in the legal agreement (s). 	<ul style="list-style-type: none"> Legal template/drafting guide. 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role of the Investment Officer. Define role of the legal team. 	<ul style="list-style-type: none"> Investment Committee may be contacted if significant issues arise or if the conditions of approval are not met.
	OWNERSHIP & MONITORING	<ul style="list-style-type: none"> Monitor E&S Action Plan and compliance with laws/standards. Monitor company's E&S performance and provide support. Address unexpected events. Engage with Limited Partners. Prepare IC papers. 	<ul style="list-style-type: none"> Companies' reporting forms. Site visits. ESG Reporting templates to LPs (including serious incidents). 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role of the Investment Officer/Portfolio Manager. 	<ul style="list-style-type: none"> Regular reporting to senior management. Portfolio/Investment Committee to be informed of any significant issues.
	EXIT	<ul style="list-style-type: none"> Prepare documentation for potential buyers. Provide evidence of E&S improvements. 	<ul style="list-style-type: none"> Evidence/data gathered during investment period. 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role of the Investment Officer/Portfolio Manager. Define role of the legal team. 	<ul style="list-style-type: none"> Partners relevant committees to oversee.
	PERFORMANCE MANAGEMENT	<ul style="list-style-type: none"> Evaluation of the adequacy of the ESMS as a whole. Approval and implementation of changes to the ESMS. 	<ul style="list-style-type: none"> ESMS evaluation guidance. Questionnaires to get feedback from the teams. 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role of the senior member accountable for the ESMS. 	<ul style="list-style-type: none"> Senior partners.
	EXT. STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none"> Reporting on the company's E&S performance and the fund's ESMS to LP's. Grievance mechanism for external parties. 	<ul style="list-style-type: none"> Reporting templates. Stakeholder engagement guidance. Grievance mechanism. 	<ul style="list-style-type: none"> Define role of the E&S Officer. Define role person acting as Communication Officer (if appropriate). 	<ul style="list-style-type: none"> Senior management.