

# FUND ESMS: PROCEDURES

Note: This table has been developed to guide fund managers. The table is an example and is not comprehensive.

		POINTS TYPICALLY COVERED BY PROCEDURES <i>(various points would be typically covered under one procedure)</i>	FUND'S REFERENCES & TOOLS	KEY REFERENCES & TOOLS PROVIDED BY CDC ESG TOOLKIT <i>(Also see Downloads/Reference Materials)</i>	
INVESTMENT STAGE	SCREENING	<ul style="list-style-type: none"> <li>• Identification of material breaches of the fund's E&amp;S policy, including Exclusion List.</li> <li>• Identification of key E&amp;S risks, impacts and opportunities.</li> <li>• E&amp;S inherent risk/impact categorisation.</li> <li>• Preparation of IC documentation.</li> </ul>	DEFINE ROLES AND RESPONSIBILITIES	<ul style="list-style-type: none"> <li>• Fund's ESG policy/ Exclusion List.</li> <li>• Categorisation guidance.</li> <li>• Screening/high level checklists.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ESG in the Investment Cycle: Screening.</a></li> <li>• <a href="#">CDC E&amp;S Briefing Notes.</a></li> <li>• <a href="#">CDC Sector Profiles.</a></li> </ul>
	DUE DILIGENCE	<ul style="list-style-type: none"> <li>• DD process - Assessment of ESG matters: desktop review, meetings and site visits, assessment of the company's commitment, capacity and track record and guidance on ensuring influence and oversight during ownership/monitoring.</li> <li>• Engagement of external advisors.</li> </ul>		<ul style="list-style-type: none"> <li>• Site visit and due diligence checklists/ questionnaires.</li> <li>• ToRs for consultants.</li> <li>• Action Plan template.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ESG in the Investment Cycle: Due Diligence.</a></li> <li>• <a href="#">E&amp;S and G&amp;BI Checklists.</a></li> <li>• <a href="#">CDC E&amp;S Briefing Notes.</a></li> <li>• <a href="#">CDC Sector Profiles.</a></li> <li>• CDC Guidance: <a href="#">Site Visits</a>, <a href="#">Working with Consultants</a>, <a href="#">Action Plans</a>, <a href="#">Assessing Companies' CCTR</a>, <a href="#">Working with Management</a>.</li> </ul>
	INVESTMENT DECISION	<ul style="list-style-type: none"> <li>• Preparation of IC papers.</li> </ul>		<ul style="list-style-type: none"> <li>• Investment paper template.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ESG in the Investment Cycle: Investment Decision.</a></li> <li>• <a href="#">CDC Guidance: Working with Management.</a></li> </ul>
	INVESTMENT AGREEMENT	<ul style="list-style-type: none"> <li>• Incorporation of E&amp;S terms in the legal agreement(s).</li> </ul>		<ul style="list-style-type: none"> <li>• Legal template/ drafting guide</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">CDC ESG Legal Drafting Guide for Equity Investments.</a></li> <li>• <a href="#">ESG in the Investment Cycle: Investment Agreement.</a></li> <li>• <a href="#">CDC Guidance: Working with Management and ESG Action Plans.</a></li> </ul>
	OWNERSHIP & MONITORING	<ul style="list-style-type: none"> <li>• Monitoring of E&amp;S Action Plan and company's compliance with laws/standards and E&amp;S performance.</li> <li>• Engagement with the company.</li> <li>• Management of unexpected events.</li> <li>• Engagement with/reporting to Limited Partners.</li> <li>• Prepare of IC papers (monitoring)</li> </ul>		<ul style="list-style-type: none"> <li>• Companies' reporting forms.</li> <li>• Site visits.</li> <li>• ESG Reporting templates to LPs (including serious incidents).</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ESG in the Investment Cycle: Ownership and Monitoring.</a></li> <li>• <a href="#">E&amp;S and G&amp;BI Checklists.</a></li> <li>• <a href="#">CDC E&amp;S Briefing Notes.</a></li> <li>• <a href="#">CDC Sector Profiles.</a></li> <li>• <a href="#">CDC Guidance: Working with Management.</a></li> <li>• <a href="#">CDC Good Practice: Preventing Fatalities and Serious Accidents.</a></li> </ul>
	EXIT	<ul style="list-style-type: none"> <li>• Preparation of documentation for potential buyers .</li> <li>• Evidence E&amp;S improvements.</li> </ul>		<ul style="list-style-type: none"> <li>• Evidence/data gathered during investment period.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ESG in the Investment Cycle: Exit.</a></li> </ul>
FUND'S PERFORMANCE MANAGEMENT	<ul style="list-style-type: none"> <li>• Evaluation of the adequacy of the ESMS as a whole.</li> <li>• Approval and implementation of changes to the ESMS.</li> </ul>	<ul style="list-style-type: none"> <li>• ESMS evaluation guidance.</li> <li>• Questionnaires for staff to get feedback.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">ESG Management System: Environmental and Social Management System.</a></li> </ul>		
FUND EXT. STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none"> <li>• Reporting on the company's E&amp;S performance and the fund's ESMS to LP's.</li> <li>• Grievance mechanism for external stakeholders..</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting templates.</li> <li>• Stakeholder engagement guidance.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">CDC Fund's Reporting Template.</a></li> <li>• <a href="#">ESG in the Investment Cycle: Ownership and Monitoring.</a></li> </ul>		