

ESG IN THE INVESTMENT PROCESS – SCREENING AND DUE DILIGENCE

DESK REVIEW: INFORMATION SOURCES

WHAT DOES THE FUND MANAGER WANT TO ASSESS?

DOCUMENT/INFORMATION SOURCE

NOTE: THE INFORMATION TO BE REQUESTED AND REVIEWED WILL DEPEND ON THE COMPANY'S CHARACTERISTICS AND THE RELEVANCE OF THE ESG FACTORS.

SECTORAL AND CONTEXTUAL INFORMATION

GEOGRAPHICAL AND LOCAL CONTEXT

- Key regional political, economic, social and environmental factors and trends (including climate change risks), applicable laws, codes and regulations. Useful sources are Economist Intelligence Unit reports, press coverage, local NGOs' information, local government offices and publications such as the Transparency International Corruptions Perceptions Index, its Bribe Payers index and the Ibrahim Index of African Governance. Specialist databases such as Dow Jones or WorldCheck provide details on investee companies.
- Maps and other information that show the location of the company's assets and area of influence to help assess existing (or anticipated) impacts to the local economy, community and environment. Google Maps satellite imaging is particularly useful. Maps and aerial images are also helpful for site visit planning.

SECTOR-SPECIFIC ESG FACTORS

- Relevant [CDC Sector Profiles](#).
- [IFC 2012 Performance Standards](#) and related [Guidance Notes](#).
- [World Bank Group EHS Guidelines](#).
- Information on relevant sector initiatives/associations.

UNDERSTAND THE COMPANY'S STRUCTURE

- Company legal structure showing subsidiaries, parent companies, joint ventures etc.
- Reporting structures and organograms.
- Information on investors and shareholders.
- Information on directors and other controllers of the company.

UNDERSTAND THE COMPANY'S ACTIVITIES/START TO DEFINE THE SCOPE OF THE ESG ASSESSMENT

- Business plan, including planned expansions and acquisitions.
- Information on current and expected number of staff and turnover.
- Overview of operations, company reports, process flow diagrams, feasibility studies, strategic growth plans. Understand where responsibility for aspects of ESG management sits, considering that this may be disbursed e.g. HR, site managers, Company Secretary etc.

EXISTING/POTENTIAL INVESTORS

- Information about existing investors' or potential co-investors' ESG priorities and requirements, and investment timelines.

PUBLICLY AVAILABLE INFORMATION

COMPANY'S COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

- Records/copies of permits and licences obtained.
- Details of any fines or complaints.
- Publicly available information (see below).

Refer to [CDC Guidance: Assessing Company Management's Commitment Capacity and Track Record](#).

ESG IN THE INVESTMENT PROCESS – SCREENING AND DUE DILIGENCE

DESK REVIEW: INFORMATION SOURCES

WHAT DOES THE FUND MANAGER WANT TO ASSESS?

DOCUMENT/INFORMATION SOURCE

NOTE: THE INFORMATION TO BE REQUESTED AND REVIEWED WILL DEPEND ON THE COMPANY'S CHARACTERISTICS AND THE RELEVANCE OF THE ESG FACTORS.

PUBLICLY AVAILABLE INFORMATION

MEDIA COVERAGE/ REPUTATIONAL RISKS

FURTHER INFORMATION ON THE COMPANY'S ESG PERFORMANCE/ LEGAL COMPLIANCE

- Company website and annual reports.
- Google and media searches.
- Comparison to competitors.
- DFI investors sometimes disclose the findings of their DD if they have invested in the company (e.g. IFC Project Data Base).

MANAGEMENT COMMITMENT, CAPACITY AND TRACK RECORD

COMPANY'S ESG PERFORMANCE

- Meetings/discussions with management.
- Board/ESG Committee minutes where ESG matters were discussed.
- Documentation related to Company's ESG performance (see below).
- Publicly available information (see below).
- External and internal ESG audit reports.
- Details of any fines or complaints.
- Occupational health and safety records (e.g. records of lost time due to injuries accident investigation reports etc.).
- Details on stakeholder engagement activities and grievance mechanisms for workers and external stakeholders, including complaints received and solved.
- Implementation status of any E&S Action Plans (ESAPs).
- Environmental records (e.g. water discharge data).
- Publicly available information (see above).

COMPANY'S WRITTEN STATEMENTS ON ESG MANAGEMENT SYSTEMS

- Occupational health and safety policy.
- Human Resources Policy/Manual and Employee Handbook.
- Documented ESMS/Standard Operating Procedures covering E&S aspects. *Note – Some ESMSs are fully integrated into business operations (e.g. managed through integrated IT systems) rather than available on a separate documented system that would show up during a desk review. In these cases, fund managers will need to understand how E&S management is integrated into business operations.*
- Grievance/whistleblower mechanisms and stakeholder engagement plans.
- Policies and procedures relating to contractors and/or suppliers.
- Key external E&S studies and audits (e.g. environmental and social impact assessment reports (ESIA), DD reports commissioned by other investors). *Note – studies may have been conducted a long time ago and their relevance may be limited.*
- Any ESAPs in place, including sub-Action Plans such as Resettlement/Livelihood Restoration Action Plans, Biodiversity Action Plans.
- Awards and certifications (e.g. ISO 14001, OHSAS 18001, SA 8000).
- Any other information relevant to the company (e.g. information on food safety or biosecurity).
- Copies of anti-corruption policies.
- Copies of corporate governance documents.

For further guidance on how to assess this information, refer to [CDC E&S Briefing Notes](#), [Governance and Business Integrity](#), [CDC Environmental and Social Checklist](#) and [CDC Governance and Business Integrity Checklist](#).

COMPANY'S ESG INFORMATION

ESG IN THE INVESTMENT PROCESS – SCREENING AND DUE DILIGENCE

DESK REVIEW: INFORMATION SOURCES

KYC
DOCUMENTATION

WHAT DOES THE
FUND MANAGER
WANT TO ASSESS?

OBTAIN KYC
DOCUMENTS

DOCUMENT/INFORMATION SOURCE

NOTE: THE INFORMATION TO BE REQUESTED AND REVIEWED WILL DEPEND ON THE COMPANY'S CHARACTERISTICS AND THE RELEVANCE OF THE ESG FACTORS.

- Corporate structure charts.
- Registers of shareholders, or members.
- Lists of directors.
- Certified copies of passports and utility bills for major shareholders and the ultimate beneficial owners.