

# ESG IN THE INVESTMENT CYCLE – EXIT

## OBJECTIVES

- Maximise the contribution that good ESG performance can make to return on investment (ROI).
- Potentially attract buyers for whom good ESG performance would be a priority and/or legal requirement.
- Prepare credible ESG materials for exit (e.g. for listing requirements or information that prospective buyers may wish to see).
- Help the company answer questions from prospective investors. For example, collate relevant ESG data which shows the extent to which business improvements have been achieved.
- Ensure the company's ESG management system is self-sustaining.
- Help mitigate post-exit reputational risks..

## ACTIVITIES

### PLAN THE EXIT

- Nearing the end of the investment term, review any material ESG issues to ensure there is sufficient time to address any potential problems.
- Collate relevant ESG information for potential bidders. ESG improvements should be clearly laid out and evidenced.

### PRIVATE SELL

- Prepare the offering document (private placement memorandum (PPM)) . Include evidence of ESG improvements and how they have improved the company.
- Feature ESG improvements in the road show presentations.
- Ensure that prospective buyers cannot use ESG factors to negotiate a lower price by arguing for expensive warranties on potential ESG liabilities.
- Highlighting the operational value-add of ESG improvements in meetings with prospective buyers.
- Help the company prepare for investor questions on ESG.
- Share vendor DD documents featuring ESG DD by a consultant and an assessment of the business integrity (BI) management system.
- Prepare a data room containing all documents that buyers, and their technical advisors, might want to see.
- Consider pre-prepared answers to questions that might be asked

### PUBLIC FLOTATION – INITIAL PUBLIC OFFERING (IPO)

- Include ESG information in the offering memorandum, including a summary of risks, impacts, opportunities, management measures and improvements over the past years..
- Include ESG in road show slides.
- Consider answers to likely questions.
- Consider how to maintain promises post-exit.

## OUTPUTS

- Financial model taking into account ESG aspects.
- Information memorandum including information on the company's ESG performance and improvements over the past years.

## CDC ESG TOOLKIT RESOURCES

- [ESG in the Investment Cycle: Exit](#)
- [Downloads/Reference Materials](#).