

Procedures, roles and responsibilities

Fund ESMS

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).

	INVESTMENT STAGE	PROCEDURES/ACTIVITIES		ROLES AND RESPONSIBILITIES	
		DESCRIPTION (Sample of activities forming part of the procedure)	REFERENCES AND TOOLS	OPERATIONAL	OVERSIGHT
	SCREENING	<ul style="list-style-type: none"> Comply with exclusion list. Identify E&S inherent risks – categorisation. Plan DD and allocate deal responsibilities. Prepare IC papers. 	<ul style="list-style-type: none"> Fund's E&S 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 categorisation). Define role of the Investment Officer. 	<ul style="list-style-type: none"> IC: <ul style="list-style-type: none"> Discuss key E&S issues. Approve DD budget.
	DUE DILIGENCE	<ul style="list-style-type: none"> Assess E&S risks and opportunities. Assess company's CCTR. Engage with consultants. 	<ul style="list-style-type: none"> Site visit and DD checklists/questionnaires. Terms of reference 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 DD.
	INVESTMENT DECISION	<ul style="list-style-type: none"> Provide input for the IC (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"> IC: <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"> IC may be contacted if significant issues arise or if the conditions of approval are not met.
	OWNERSHIP AND MONITORING	<ul style="list-style-type: none"> Monitor ESG action plan and compliance with laws/standards. Monitor company's E&S performance and provide support. Address unexpected events. Engage with LPs. 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/IC 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 and 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.
	EXTERNAL STAKEHOLDER ENGAGEMENT	<ul style="list-style-type: none"> Reporting on the company's E&S performance and the fund's ESMS to LPs. 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.