

Procedures

Fund ESMS

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

| POINTS TYPICALLY COVERED BY PROCEDURES (various points would be typically covered under one procedure) | FUND'S REFERENCES AND TOOLS | KEY REFERENCES AND TOOLS PROVIDED BY CDC ESG TOOLKIT (See also Reference materials) | |
|---|---|--|--|
| INVESTMENT STAGE SCREENING | <ul style="list-style-type: none"> • Identification of material breaches of the fund's E&S policy, including the exclusion list. • Identification of key E&S risks, impacts and opportunities. • E&S inherent risk/impact categorisation. • Preparation of IC documentation. | <ul style="list-style-type: none"> • Fund's ESG policy/exclusion list. • Categorisation guidance. • Screening/high-level checklists. | <ul style="list-style-type: none"> • ESG in the Investment cycle: Screening. • E&S topics. • Sector profiles. |
| DUE DILIGENCE | <ul style="list-style-type: none"> • DD process – assessment of ESG matters: desktop review, meetings and site visits, assessment of the CCTR and guidance on ensuring influence and oversight during ownership/monitoring. • Engagement of external advisors. | <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"> • ESG in the investment cycle: Due diligence. • E&S and G&BI checklists. • E&S topics. • Sector profiles. • CDC guidance: Site visits, Working with consultants, ESG action plans, Assessing CCTR., Working with management. |
| INVESTMENT DECISION | <ul style="list-style-type: none"> • Preparation of IC papers. | <ul style="list-style-type: none"> • Investment paper template. | <ul style="list-style-type: none"> • ESG in the investment cycle: Investment decision. • CDC guidance: Working with management. |
| INVESTMENT AGREEMENT | <ul style="list-style-type: none"> • Incorporation of E&S terms in the legal agreement(s). | <ul style="list-style-type: none"> • Legal template/drafting guide. | <ul style="list-style-type: none"> • ESG legal drafting guide for equity investments. • ESG in the investment cycle: Investment agreement. • CDC guidance: Working with management and ESG action plans. |
| OWNERSHIP & MONITORING | <ul style="list-style-type: none"> • Monitoring of E&S action plan and company's compliance with laws/standards and E&S performance. • Engagement with the company. • Management of unexpected events. • Engagement with/reporting to LPs. • Prepare of IC papers (monitoring) | <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"> • ESG in the investment cycle: Ownership and monitoring. • E&S and G&BI checklists. • E&S topics. • Sector profiles. • CDC guidance: Working with management • CDC good Practice: Preventing fatalities and serious accidents |
| EXIT | <ul style="list-style-type: none"> • Preparation of documentation for potential buyers. • Evidence of E&S improvements. | <ul style="list-style-type: none"> • Evidence/data gathered during investment period. | <ul style="list-style-type: none"> • ESG in the investment cycle: Exit. |
| FUND'S 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 for staff to get feedback. | <ul style="list-style-type: none"> • Management Systems: Environmental and social management system. |
| FUND 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 stakeholders. | <ul style="list-style-type: none"> • Reporting templates. • Stakeholder engagement guidance. | <ul style="list-style-type: none"> • Fund's reporting template. • ESG in the investment cycle: Ownership and monitoring. |

DEFINE ROLES AND RESPONSIBILITIES