

Investment decision

ESG in the investment cycle

OBJECTIVES

- The objective at this stage is to enable the fund's IC to make an informed investment decision that takes ESG factors into account.

ACTIVITIES

PROVIDE INPUT FOR THE INVESTMENT DECISION

- Provide input for the investment paper to be discussed at the fund's IC. This input should be prepared or signed off by the ESG Officer (or person responsible for the ESG DD) with input from other team members, as appropriate (particularly Investment Officers).

MAKE AN INVESTMENT DECISION

- Consider and, as appropriate, discuss in the IC meeting(s), ESG DD findings in the context of the deal as a whole and use it to validate or question information from other DD work streams (e.g. financial and legal DDs). ESG discussions and related decisions made should be included in the IC minutes.

PROVIDE UPDATES TO THE INVESTMENT COMMITTEE

- Revert to the IC if legal negotiations between the fund manager and company materially fail to achieve the desired outcome as described by the investment paper/report or as requested by the IC.

TOOLKIT RESOURCES

ESG in the investment cycle:
Investment decision

Reference materials

OUTPUTS

- Fund's IC minutes should include ESG matters discussed and the related decisions.
- Where the IC has granted conditional approval, ensure that conditions or outstanding actions and/or documentation have been completed/attained and reviewed before drawdown.
- Update the IC if legal negotiations between the fund manager and company materially fail to achieve the desired outcome as described by the investment paper/report or as requested by the IC.