

The background of the slide is a photograph of a vast field of solar panels. The panels are arranged in a grid pattern and are highly reflective, mirroring the bright blue sky and white, fluffy clouds above. The perspective is from a low angle, looking down the rows of panels towards the horizon, creating a sense of depth and scale.

How to Invest Responsibly

A Guide to ESG Due Diligence for Private Equity GPs and their Portfolio Companies

Acknowledgements

Invest Europe Responsible Investment Roundtable

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Disclaimer

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INTRODUCTION/OVERVIEW

Invest Europe is committed to supporting its members and non-members integrate responsible investing practices into their business and investment processes. This updated guidance provides a summary of emerging good practices available to Limited Partners (LPs), General Partners (GPs) and portfolio company management teams to support them identify material ESG risks and opportunities during pre-investment screening and address these during the ownership period.

The guide is intended to be of practical use in a variety of different transactional contexts and should be applicable to all asset class strategies. It should support existing ESG investment processes.

The guide is divided into three sections:

Section One provides an overview of good practice steps an investor may wish to incorporate into ESG screening and due diligence processes;

Section Two provides an overview of good practice steps an investor may wish to incorporate into its ownership practices and engagement with company management; and

Section Three provides a comprehensive set of ESG questions an investor or management team may wish to consider when carrying out any of the steps outlined in Section One and Section Two. These questions reflect current good practice, are by no means exhaustive, and may not all be relevant (for example, they may be too specific for a company that is just starting to implement an ESG programme for the first time). Therefore, they should be considered on a case-by-case basis, as appropriate to the particular transaction and investment (company) circumstances.

It is noted that it may not be possible to ask some of the more detailed questions in Section Three when access to management/the company may be limited. It is intended to facilitate the identification of material risks and opportunities. The ESG questions in Section Three may also be relevant for use post-initial investment as part of the GP's portfolio management/active ownership programme.

For additional ESG information and guidance, please also refer to Invest Europe's [Professional Standards Handbook](#) and [Responsible Investment Bibliography](#).

Invest Europe will welcome feedback. The aim is to update this document on a regular basis to keep it relevant and to ensure best practice standards are maintained. Any comments should be directed to professionalstandards@investeurope.eu.

SECTION



SECTION 1

This section provides a non-exhaustive outline of good practice steps that a GP may wish to follow to integrate ESG factors into its pre-investment due diligence process.

GP Policies

Understand underlying ESG restrictions and requirements

The GP should initially identify any ESG restrictions or requirements it should adhere to as part of its investment activities. The following questions could help this process.

Does the GP have:

- a particular Investment Strategy (focussing on investments in any particular regions or sectors)?
- any LPA obligations/restrictions on investing in particular companies or sectors?
- an Exclusion Policy (excluding investment in any particular regions or sectors)?
- any additional circumstances to consider, such as co-investor requirements?

This could mean that companies in certain sectors or geographies are therefore not within the firm's investment appetite.

Sectoral Review/ Research

Conduct geographic/sectoral/thematic screening

Aligned with the GP's policies, the GP could consider conducting geographic/sectoral/thematic screening to provide a generic inherent risk rating associated with a specific investment or investment theme. This is often provided in simple Low, Medium and High risk bands, with a description of potential associated ESG risk areas, which should be considered during the investment process.

- A very high risk rating may give early ESG red flags that could avoid further due diligence budget being spent on deals with significant potential ESG concerns, or help the GP to focus due diligence on the most material ESG issues.
- A medium to high risk rating may prompt the need for further research as described below.
- For some GPs, a low risk rating could suggest limited further screening is conducted (but not recommended).

Many online sources for ESG screening are available. The PRI lists many sources; other sources include *SASB*, *EBRD ESG Risk Categorisation List*, *Transparency International*, *CDC ESG Toolkit*.

Company Specific Due Diligence

Conduct High-Level Screening

This may include the review of information already available in other due diligence streams. The scope could cover questions including:

- does the company engage in any activities prohibited by the firm's ESG policies or other obligations?
- is the company present in a higher risk sector or geography (consider labour, human rights or the environment)?
- is there any evidence of human rights or labour force issues?
- is there any evidence of major non-compliance concerns?
- is there any evidence of legal sanctions, potential corruption, money laundering, bribery, product/company boycotts or other negative media/reputational coverage?

Focus is often on risk identification at this stage but consideration should also be given to potential ESG growth/value creation related opportunities for the business (new products, markets, differentiation from peers by being best in class).

SECTION 1 (CONTINUED)**Company Specific Due Diligence continued****Conduct Internal or Third party Desk Top reviews**

These screens may be covered by in-house ESG resources (if available) or third party online screening tools. The screens should identify if there are any activities that raise or lower the inherent ESG risk of the target business.

Section 2 of this document provides a non-exhaustive list of topics that should be reviewed.

External ESG Due Diligence

The GP could consider conducting external Due Diligence based on the level of inherent risk of the target business and consequent financial materiality of ESG risks to the transaction. Findings from ESG due diligence may also provide useful information on how a target company performs relative to its peers. Recommendations to make this process easier include:

- to maintain a list of preferred and approved external ESG advisers
- to ensure a clear scope of work and fee estimate is in place (including desk top review or site visit strategy)
- to consider when to conduct ESG due diligence. Many firms do this at exclusivity stage; however, this may miss the opportunity of identifying potential red flag ESG issues early in the deal process. Some GPs, particularly in competitive transactions in higher risk industries, choose to phase ESG due diligence to mirror the bidding rounds and access to management. This can provide the investment teams with relevant information to inform bids earlier in the process, control fees, and improve the coordination with the vendor and their advisers.
- to ensure key ESG findings are clearly documented so they can be followed up as part of any post-acquisition review processes.

Investment Recommendation**Incorporate ESG findings into the investment recommendation**

The GP could include:

- an ESG summary in investment committee discussions
- key ESG findings from due diligence in the investment papers.

Final Investment Decision**Address ESG findings in the post-investment decision process**

If a positive investment decision is made, the GP should:

- ensure that an ESG summary is included in investment committee and GP/Fund Board papers
- ensure key ESG findings from due diligence have been adequately addressed in the contractual arrangements
- integrate ESG clauses into investment agreements.

Develop an ESG programme post-acquisition

The GP could incorporate initial ESG actions into a post-investment programme. This could include:

- sharing the GP's ESG objectives, policies and practices with the portfolio company
- seeking formal commitment from the portfolio company by incorporating ESG issues into the deal documents (e.g. SPA/shareholder agreement or other)
- collaborating with the portfolio company to draft a 100-day plan to address identified ESG risks and opportunities, and/or
- formulating a roadmap with a 3-5 year horizon with clear process benchmarks.

SECTION



SECTION 2

This section provides a non-exhaustive outline of suggested good practice steps to support GPs and management teams integrate ESG into portfolio company operations and monitoring and reporting processes.

ESG engagement	<ul style="list-style-type: none"> • As soon as is practically possible, ideally as part of the 100-day plan or equivalent, portfolio company senior management should be engaged on ESG. This engagement could also include the investment team, portfolio company individuals responsible for ESG, and any external ESG resources, e.g. consultants. • Any issues identified during due diligence that have not already been addressed should be factored into early action planning, with progress tracked. • Depending on the level of ESG information disclosed during due diligence, the GP may want to conduct a more detailed ESG review to determine/verify the status of policy implementation at the company level and to determine what improvement actions, if any, are required.
ESG governance check	<ul style="list-style-type: none"> • The GP and portfolio company Board should agree who is responsible for ESG at the portfolio company Board level. The Board should have overall responsibility. • As good practice and depending on the ESG risk profile of the company, the portfolio company should consider assigning day-to-day responsibility for ESG matters to a nominated individual. • The GP should continue to provide support and guidance to management (e.g. through dedicated GP-level ESG resources, a GP Board representative and deal team members).
Assess portfolio company ESG management systems	<ul style="list-style-type: none"> • The portfolio company should establish an appropriate ESG management system, which could include: <ul style="list-style-type: none"> – ESG-related policies – ESG materiality risk assessment (value protection/value creation) – portfolio company level objectives and targets – appropriate oversight and resources – training programme – monitoring process (to include KPIs) – formal ESG management system certifications, e.g. ISO 45001 for Occupational Health and Safety, ISO 14001 for Environmental Management, ISO 27001 for Information Security – routine and incident-driven reporting (to the Board, external reporting requirements and all other key stakeholders). <p>As appropriate, the portfolio company should provide assurances to the GP that it has implemented and maintains an effective ESG management system.</p>
Consider initial key ESG initiatives	<ul style="list-style-type: none"> • As part of the implementation of the ESG management system, the GP should work with the portfolio company to identify company/sector specific risk management and value creation initiatives. • The initial focus could be to identify and address quick wins (e.g. operational efficiencies) or red flags from due diligence.
Monitoring	<ul style="list-style-type: none"> • The GP should establish appropriate monitoring processes to ensure ESG risks and opportunities are being appropriately managed. • Monitoring should be regular and focus on relevant material KPIs. It should also track progress regarding risk management and value creation initiatives. Results should be reported to the Board as appropriate. • To the extent possible, monitoring should consider the environmental and social benefits of key ESG initiatives, and business impact, e.g. costs saved, staff retention and absenteeism, improved revenues, etc. • The GP should ensure that ESG due diligence processes are applied to expansion/bolt-on acquisitions, including where acquisitions are being managed by the portfolio company management team.

SECTION 2 (CONTINUED)**Consider establishing reporting requirements (including incidents) to the GP**

- The GP should agree a process for reporting ESG performance at the company level, to the GP and to any other relevant stakeholders (employees, customers, investors, regulators, etc.) as required.
- This should include reporting of ESG incidents to the company board and GP (frequency and type of incidents to be reported to be agreed between the GP and the portfolio management team). Managing the reputational impact of incidents is important, as financially immaterial risks can escalate and have material consequences if not appropriately handled from a communications perspective.
- The GP should agree with the portfolio company when particular incidents require immediate escalation (e.g. a fatality).
- A process to respond to, investigate and to learn from material incidents, accidents or events should also be implemented.

Pre-exit considerations

The GP should:

- assess how ESG has created value throughout the holding period
- consider what level of ESG reporting may be required to support the exit process. The level of disclosures will be dependent on the type of exit (i.e. IPO, trade sale, secondary buyout, carve out, etc.)
- consider the need for ESG advisers to support the preparation for sale and undertaking appropriate ESG vendor due diligence.

SECTION



SECTION 3

Detailed below is a list of non-exhaustive ESG questions covering common themes across the ESG agenda. These questions can be used either pre- or post-investment to facilitate the identification of potential material risks and opportunities at a portfolio company and provide a useful prompt to determine what action is required to ensure appropriate ESG policies, processes and reporting systems are implemented and maintained. Dependent on the nature of the issue identified and the level of internal ESG expertise, the assessment of a particular ESG topic may require further technical support from an external adviser.

Please note that, given the diversity in the use of ESG-related terms across portfolio companies, for the purposes of this DDQ the term “ESG” shall be considered as overlapping with Corporate (Social) Responsibility (CSR)/sustainability/governance. Furthermore, it is important to recognise that a company may not have an “ESG” policy in place but may have certain policies (environmental/waste/HR/EHS/Code of Conduct, etc.) that do address relevant ESG aspects.

In addition, please note that the ESG profile of a company will vary dependent on its individual circumstances (e.g. nature of operations), its geographical footprint and the sector it operates in. Therefore, ESG assessments should be tailored to the individual company and not all questions listed below may be relevant or cover all of the inherent risks and opportunities of that company.

The questions below have also been cross-referenced to the PRI’s [“ESG Monitoring, Reporting and Dialogue in Private Equity”](#) (2018) for consistency.

Additional information: Space to upload documents or to provide links to further information as appropriate.

Other potential sources of ESG information: Information relevant to ESG issues can often be obtained from other due diligence workstreams and departments. This column suggests where information relevant to the question may be found, or where ESG information can be corroborated (in addition to the standalone ESG report(s)).

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
GENERAL			
Business overview	Please describe the geographical location/key countries the company operates in. Please provide details of operations in emerging markets. The answers will help to support the assessment of the inherent ESG risk profile.		Commercial
	Please describe the type of operations associated with the company (e.g. office, manufacturing/production, warehousing, logistics, etc.).		Commercial
	Please list the countries the company's key suppliers/distributors operate in.		Commercial
	Please provide details of the total number of employees (split by permanent/full-time equivalent (FTEs) and part-time). If the company's operations use a significant number of contractors, please also provide a breakdown.		Commercial
	What does the company consider to be the material risks and opportunities in relation to ESG for the business? This should reflect the organisation's significant economic, environmental and social impacts.		Commercial
	What is the company's budget for ESG spend over the next 3-5 years in terms of CAPEX (e.g. installation of pollution abatement equipment), OPEX (e.g. on-going air monitoring costs) and contingent liabilities (e.g. contaminated land remediation)?		Commercial Financial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ESG/SUSTAINABILITY GOVERNANCE			
ESG policy	Does the company have a separate standalone ESG policy (i.e. in addition to an environmental or safety policy), which provides details of its approach and commitments to management of key ESG risks and opportunities? Please provide details.		Legal
	Please describe the key commitments included within the policy (e.g. compliance with regulations, continuous improvement, training, monitoring, etc.).		Legal
Materiality assessment	Please detail the process the company has been through to determine what key ESG topics are relevant to the company's business and have therefore formed the basis of the company's policies. What stakeholders were engaged in this process?		Commercial
Reputation risk assessment	Has the company conducted an ESG risk assessment of media, stakeholders and other public sources external to the company?		Commercial
	Does the company have any current or pending material ESG compliance/reputational risk concerns?		Legal Commercial IT Financial
Maturity of ESG systems and processes	<p>What is management's view of the overall maturity status of its existing ESG policies, processes and systems? This could be assessed using a scored scale, for example:</p> <p>1 = mature (policy, procedures and systems are coordinated centrally, are well established and embedded, reviewed and continuously improved; management system certification, e.g. ISO);</p> <p>2 = partly developed and implemented at a departmental level (developed and implemented within departments but not centrally coordinated, and are not subject to regular review and improvement, and not consistently applied);</p> <p>3 = immature (no formal policies and systems in place).</p>		Legal Commercial IT Technical
Resources (roles & responsibilities)	Has the company assigned a designated point person for day-to-day ESG matters? Please provide details.		Commercial Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ESG/SUSTAINABILITY GOVERNANCE (CONTINUED)			
Governance (roles & responsibilities)	What is the company's governance around ESG matters? What is the level of the highest role with responsibility for ESG matters (Board, Advisory Board, Compliance, others, ...)?		Legal Commercial
Competence and training	What relevant experience/qualifications does the employee with ESG oversight have? Is this person specifically trained in ESG?		Commercial
	Does the company provide ESG training to staff? If so, please provide details of the type of training, how often it takes place, and whether it includes senior management.		Technical
ESG committee/steering group	Has the company established an ESG committee/steering committee to monitor performance? If so, who is it chaired by and how often does it meet?		Legal
Corporate risk register	Please summarise the key ESG issues, which are included within the corporate risk register.		Commercial Legal
ESG risk register	Does the company have a separate ESG risk register or other method for monitoring ESG risks? If yes, please provide details of key risks and control measures.		Commercial Legal
Improvement programme	Has the company developed an ESG improvement programme? How is this implemented?		Commercial
Monitoring & reporting	Please describe arrangements in place for monitoring and reporting ESG issues and performance to senior management/the Board.		Commercial Legal
	Are specific KPIs used to monitor performance? If so, please provide details of these (e.g. carbon emission, safety statistics, cases of ABC). How frequently is reporting undertaken and how is information collated and stored (e.g. use of IT systems, etc.)?		Legal Technical IT Commercial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ESG/SUSTAINABILITY GOVERNANCE (CONTINUED)			
Monitoring & reporting continued	Does the company publish an external ESG/CSR/Sustainability report or a designated section in its annual accounts? If yes, please provide a copy. Is it aligned to any external reporting standards, e.g. UN Global Compact, Global Reporting Initiative (GRI)?		Legal Financial
	Is the company required by regulation to publish a sustainability report (e.g. EU Non-Financial Reporting Directive)?		Legal
ESG audit and review	Are ESG policies, processes and systems reviewed/audited either internally or externally on a regular basis and are the results reported back to the Board? If yes, please provide details of the types/frequency of these audits, who they are conducted by and key issues identified in the last audit. Examples of topics that could be subject to audit are anti-bribery and corruption controls, and health and safety management systems.		Legal Financial Technical
Memberships	Is the company a member of, or signatory to, any external initiatives relevant to the management of ESG issues? Examples include the United Nations Global Compact and CDP (formerly known as the Carbon Disclosure Project).		Legal Technical
Standards and certifications	Please provide details of any additional ESG relevant standards applied and certifications held, such as the application of the IFC Environmental, Health and Safety Guidelines; International Labour Standards; G4 Sustainability Reporting Guidelines.		Legal Technical
Policy engagement transparency	Does the company carry out policy lobbying on ESG matters? If so, describe the policy position and institutions being targeted.		Legal
Sustainable Development Goals (SDGs)	Is the company aware of the SDGs? If so, has it taken any steps to integrate them into its business strategy and/or do its products or services contribute to them?		Commercial Technical
ESG benefits	Has the company experienced any business benefits from its ESG initiatives? For example, winning new customer contracts, additional revenues from sustainable products, etc.		Commercial Financial Technical

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ENVIRONMENT			
Environmental policy	Does the company have an environmental policy, which sets out clear commitments and targets to improve the company's environmental footprint? Does this also cover climate change issues that could be relevant to the company? Please provide details and indicate who in the organisation signs off the policy, e.g. CEO or equivalent.		Legal Technical
	When was the policy last updated? How often is the policy reviewed and updated?		Legal Technical
Risk & opportunity assessment	Has an environmental risk and opportunity assessment of the company's activities been completed? If yes, please provide details of the key risk(s)/opportunities, control measure(s) and improvements.		Commercial
Organisational arrangements/resources	Please provide details of who is responsible for environmental management on a day-to-day basis, including key roles and responsibilities, if different from the above (e.g. Board member responsibility, ESG/Sustainability manager).		Legal Technical
	Does the company regularly engage third-party specialists to help it manage its environmental (broader sustainability) requirements and performance? How are these contractors selected?		Technical
Training	Please provide detail of any environmental induction/training provided to staff and senior management.		Legal
Certification/standards	Has the company implemented an environmental management system to manage environmental matters and has this been externally certified, e.g. to ISO 14001 or an equivalent standard?		Technical Commercial
Environmental improvements	Please provide details of any significant projects/initiatives that have been implemented to improve environmental performance/standards/compliance at the company (for example, waste/energy projects that have resulted in carbon/consumption reductions, as well as cost savings, and enhanced communications to improve environmental awareness).		Technical Commercial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ENVIRONMENT (CONTINUED)			
Permits/licences/consents	Please confirm that the company is fully compliant with all relevant environmental permits/licences/consents and that there have been no material regulatory issues/cases of non-compliance/enforcement action in the last three years.		Legal Technical
Environmental permits	Please provide a list of the key environmental permits/licences/consents, which the company is required to comply with, and provide an overview of what data is collected to evidence compliance.		Legal Technical
Incidents/breaches	Please provide details of any serious environmental incidents/regulatory breaches in the last three years. Please provide details of the nature of the incident, what improvements were made/lessons learnt and whether there was any regulatory action (enforcement/prosecution/quantity of fine).		Legal Commercial
Emergency preparedness and response	Please provide details of what arrangements are in place to respond to/manage any environmental and safety incidents, such as oil/chemical spills, gas leak/explosive atmospheres and other environmental nuisances. Please indicate whether scenario testing is undertaken as part of these and if environmental insurance cover is in place.		Legal Technical
Carbon emissions/climate change	Does the company have a climate risk policy (i.e. a policy addressing risks associated with the transition to a low carbon economy/physical climate change risks)? If yes, please provide a summary of the key commitments and requirements.		Legal
	Has the company considered the TCFD (Financial Stability Board's Task Force on Climate-related Financial Disclosures) recommendations on climate-related disclosures? If so, please provide a summary of the action taken and subsequent outputs.		Commercial Financial
	Does the company monitor and report its carbon footprint and/or other greenhouse gas (GHG) emissions such as methane, nitrous oxide, etc.? Is the company legally required to do so and how is this done? Investors are also encouraged to consider the IIGCC/PRI "A Guide on Climate Change for PE Investors" when assessing climate change issues.		Legal Technical

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ENVIRONMENT (CONTINUED)			
Carbon emissions/ climate change continued	Has the company conducted a climate change assessment to identify the risks and opportunities it faces arising from the transition to a low carbon economy (e.g. current/evolving climate change regulation, changes in market preferences) and/or physical changes brought about by climate change (e.g. increased flooding, drought or other severe weather events), for example, business or supply/value chain disruption or damage to assets and production? If yes, please provide key outcomes/actions from the assessments.		Commercial Technical
	Has the company implemented any measures to reduce carbon/GHG emissions and/or mitigate material climate change impacts? If yes, please provide details of the measures/mitigating controls.		Technical
Resource efficiency/ management	What are the company's primary energy (e.g. gas, coal, diesel, heating oil, electricity) and water sources (river/lake or groundwater extraction, public mains) and what initiatives/plans (if any) have been put in place to monitor, reduce consumption and improve efficiencies?		Commercial Technical
	Has management considered the opportunities to generate its own sources of energy/power at its sites? If so, please provide details of the source of energy (e.g. solar, wind) and associated energy, carbon and cost savings.		Technical
	Please provide details of key findings/recommendations from any resource efficiency (e.g. energy, waste, water) audits completed within the last three years. Please summarise any improvement measures implemented.		Technical
Waste management	Please provide details of key waste streams generated and how these are managed/disposed of, including any particular waste management initiatives that have been implemented to minimise or reuse/recycle wastes. Please provide tonnages (if available) and confirm the method of data collection.		Technical
Circular economy	Is the company implementing any initiatives related to, or assessing its potential to support the transition to, a circular economy, for example through its design, manufacturing and waste management practices?		Technical Commercial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ENVIRONMENT (CONTINUED)			
Chemicals/hazardous substances handling & supply chain	Please describe any chemicals/hazardous substances used or present on site, including storage and handling arrangements (drums, tanks, aboveground/underground storage, etc.). Is management aware of any potential disruption to the supply of these, e.g. through regulatory phase-out? Have there been any spills/leaks in excess of 200 litres?		Technical Legal
	Is the company considering the use of more environmentally friendly and safer raw materials/chemicals in the production process? How is this being addressed? Please provide details. Please also provide details of any work the company has done in relation to engaging with suppliers on this topic.		Technical
Soil and groundwater contamination	Is the company aware of any former or current soil/groundwater contamination issues at the site(s) and is there a need to conduct remediation and inform the local regulator? Please provide details of the type of contamination and the associated costs for clean-up, including status on any remedial plans.		Legal Technical
	Please explain how the company assesses contaminated land risks in the acquisition of new assets.		Technical
Product stewardship	Is the company impacted by any regulation regarding product stewardship, e.g. the EU REACH Regulation concerning the registration, evaluation, authorisation and restriction of chemicals, the EU Conflict Minerals Regulation, and the Waste Electrical and Electronic Equipment Directive (WEEE Directive), etc.? Does the company take responsibility for the environmental impacts of products throughout their lifecycle? For example, does the company take into consideration at the end of life, the disposal options available for the product? Are these considerations considered at product design stages? If so, please provide details.		Legal Technical
Environmental benefits	Do the company's products and/or services lead to any environmental benefits? If yes, please describe.		Technical Commercial
Supply chain management	Is the organisation's choice of suppliers influenced by their environmental performance? What factors are considered? Does the company conduct any ongoing monitoring of suppliers on environmental performance, e.g. audits? If so, please provide details.		Legal Technical Commercial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
ENVIRONMENT (CONTINUED)			
Financial provisions	Has the company recognised any financial provisions in the accounts to address any environmental liabilities, such as contaminated land/environmental restoration and aftercare requirements/removal of asbestos, etc.? Please provide further details, including how these provisions have been calculated. Are there any contingent liabilities that need to be budgeted for from a risk management perspective?		Legal Financial Technical
SOCIAL			
Health and Safety (H&S) policy	Does the company have a H&S policy, which is signed off by the CEO or equivalent?		Legal Technical
	Does the company have a H&S risk register and is this reviewed on a regular basis? If yes, please state how often it is reviewed and by whom.		Legal Technical
	Has the company implemented a formalised H&S management system, which sets out clear organisational responsibilities and management arrangements for implementing the H&S policy? Has the management system been certified by a third party, e.g. to ISO 45001:2018? Please provide a high-level overview of the key elements of the management system.		Legal Technical
	Does the company have formal processes for undertaking workplace risk assessments, providing communication and training to employees, and conducting audits? How often are these risk assessments reviewed/updated? Does the company conduct any process safety audits?		Legal Technical
Safety culture	Has management conducted a safety culture review across the organisation? Please provide details of key findings and associated improvement actions identified from the assessment.		Legal Technical
Employee welfare	Does the company have occupational health or wellness initiatives (e.g. mental health support, cycle to work programmes)?		Commercial
Consumer Health and Safety	What steps are taken to ensure the health and safety of consumers in using or consuming the company's products or services, e.g. provision of safety information or a safety risk assessment?		Commercial Technical

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Product safety	What steps are taken to ensure compliance with all relevant product safety requirements (e.g. CE, ROHS, REACH, relevant food safety regulation)?		Legal Technical
External audits	Has the company been subject to any external audits by its customers? If so, what were the main findings and outcomes of these audits?		Commercial Technical
Insurance/ Compensation policy	Please confirm the insurance policies in place and the extent of cover with regard to employee industrial injury claims. Please confirm the total number of open and potentially pending claims, including details of claim reserves and potential financial/legal implications.		Legal
Freedom of Association and Collective Bargaining	What form of worker representation is there at the company? Are all staff able to share their views and concerns?		Legal Commercial
	Are workers free to join a union and engage in collective bargaining? Please provide details of the associated unions.		Legal Commercial
Accidents/incidents/ occupational illness (employees, contractors, other relevant stakeholders)	Does the company monitor incidents/accidents/occupational illness cases? If so, please provide a breakdown of statistics for the last three years, including near misses, number of lost days, frequency rates, illness cases, absenteeism records, etc. Does it conduct any root-cause analysis?		Legal Technical
Enforcement	Has the company been subject to enforcement action by the regulators for breaches of relevant H&S legislation in the last three years? If so, please provide details of the nature of the incident, enforcement action, fines, remedial actions and lessons learnt.		Legal Technical
Broader social related claims	Has the company had any serious social related complaints/claims/enforcement actions over the last three years, associated with employees or key stakeholders, such as customers or suppliers? If so, please provide details.		Legal Technical Commercial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Human Resources (labour practices)	Does the company provide all workers with a written contract, in a language the employee understands, setting out terms of employment? This would include employer, nature of work, expected regular working hours, including overtime hours, rates of pay, lawful wage deductions, pay cycle, benefits, including leave entitlement and rest days.		Legal
	Does the company have a policy or process that prohibits the employment of employees who are under the international minimum age for work (e.g. as per the ILO/Good practice 15 years), or the national minimum age for work if it is higher?		Legal
	Has the company's Human Resources (HR) policy and/or Employee Handbook been reviewed for compliance with applicable laws in the last 12 months? Has the HR policy or Employee Handbook been communicated to all employees?		Legal
	Does the company have (an) employee(s) dedicated to HR on a full-time basis? Does this individual have a relevant HR qualification/educational background? In the absence of dedicated internal HR specialists, has the company accessed external specialist support (e.g. lawyers)?		Legal Commercial
	What proportion of employees are full-time, part-time, hourly employed or freelance?		Legal
	Please provide details of the company's grievance mechanism for its employees and contractors.		Legal
	Does the company have a policy or process requiring the timely, accurate payment of wage, specifying that wages should be aligned to local minimum legal or industry standard wage for all workers (including agencies workers and contracted workers)? Are wages paid directly to workers and do workers receive payslips, in a language and format they understand, that explain how their wages are calculated and any deductions made?		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Human Resources (labour practices) continued	What process does the company have in place so that their sub-contractors a) operate ethical and legal employment practices, and b) prohibit forced labour and human trafficking in their operations and in those of their employment agencies or sub-contractors that they use, if relevant?		Legal Commercial
	Does the company employ migrant workers? If so, does the company have a policy or process that prohibits forced labour and human trafficking in their operations and is this communicated to this category of workers? How does the company manage and monitor the implementation of this policy or process on this category of workers specifically, including how the company verifies that all workers are entitled to work in the country of operation? Please describe.		Legal
	Does the company pay the service fees charged by the employment agencies or sub-contractors that they use for recruitment and hiring and all other recruitment related expenses necessary to recruit, hire, deploy, and manage workers? If not, how does the company ensure that workers have not paid recruitment fees in excess of national legislation? Does the company prohibit the withholding of identification documents belonging to workers, by the company, or employment agencies acting on its behalf, before and after the start of employment?		Legal
Human Resources - Employee welfare	Does the company have a process in place to monitor employee absenteeism and employee turnover? Does the company consider that these metrics are higher/lower than industry averages?		Commercial
	Does the company conduct an employee engagement survey? If so: <ul style="list-style-type: none"> when was the last survey conducted? how is feedback from the survey shared with employees and acted upon? what initiatives have been undertaken in the past year to improve employee engagement? 		Commercial
Anti-discrimination policy	Does the company have a policy that supports anti-discrimination? If so, please provide details of the company's key commitments/control measures.		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Diversity and inclusion	Does the company have a diversity and inclusion (or equivalent) policy that supports diversity and equal opportunity? If so, please provide details of key commitments and initiatives.		Legal
	Please confirm the company is in compliance with and has not breached local relevant regulations.		Legal
	What is the number and percentage of women who are: <ul style="list-style-type: none"> • directors • senior managers • employees? 		Legal
	If relevant, is the company in compliance with relevant national legislation on equal pay and transparency on pay? One example is the UK's Equality Act 2010 (Gender Pay Gap Information) Regulations 2016.		Legal
	Does the company collect any data related to other forms of diversity (e.g. ethnicity, disability)? If so, please provide details.		Legal
	How are diversity and inclusion criteria factored into succession planning and recruitment?		Legal
	Does the company provide training to employees on diversity? Does the company monitor the diversity of the workplace? If yes, what is the % of employees from ethnic minorities in the organisation?		Legal
	Please provide details of any notified cases/breaches of gender-based discrimination (including sexual harassment) and inequality regulations/policies in the last three years.		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Diversity and inclusion continued	Please provide details of any specific initiatives implemented to raise awareness/promote equality/address issues of gender discrimination in the workplace.		Legal
Data privacy and security	Please provide details of the company's data security policy. Have there been any breaches in data security within the last three years?		IT Legal
	What processes does the company have in place to protect sensitive data? Has the company taken steps to comply with the EU General Data Protection Regulation (GDPR)?		IT Legal
Cyber security	What processes has the company implemented to assess its cyber security risk profile? What are the key risks and existing controls?		IT
	Does the company have in place a cyber security incident response plan?		IT
	Have there been any cyber security incidents in the last three years and what were the implications and remedial actions?		IT Legal
	Please provide details of the company's cyber security audit (internal or external) process.		IT
	Who are the company's top 5 critical suppliers? Has the company considered assessing or has it already assessed the adequacy of those suppliers' own cyber security capabilities?		IT
Certification/ standards	Has the company implemented an IT security management system? Is it aligned, or certified to any external standards for information security (e.g. ISO 27001, NIST, SOC2, Cobit)?		IT

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Responsible purchasing policy	Does the company have a responsible purchasing policy/Code of Conduct for suppliers? If so, please provide details of this and evidence of how this is being applied/monitored.		Legal
Supply chain management	Does the company conduct supply chain risk assessments involving its procurement, supply chain and logistics departments? Please provide further details and examples of the risk assessments/strategy implemented. Please provide examples of key social issues identified and dealt with, e.g. employee safety and worker pay.		Legal
	For suppliers in countries/regions that have experienced labour issues, is a policy in place to identify such issues? Please provide details.		Legal
Modern slavery/ Human rights/ Child labour	Does the company have a policy (e.g. a Code of Conduct/Employee Handbook/Human Rights/Corporate Social Responsibility/Labour Rights or equivalent) that prohibits forced or involuntary labour and child labour? If yes: <ul style="list-style-type: none"> • Please specify to which standards (e.g. ILO, etc.) the policy refers. • How does the company ensure that these requirements are communicated and met by first-tier contractors (e.g. contractors on site) and its key suppliers? 		Legal
	What processes does the company have in place to identify, assess and address risks across the company and its supply chain with respect to human rights, labour standards and modern slavery?		Legal
	Please indicate if the company has undertaken a labour rights third party audit or internal audits (SA 8000, FLA, Industry standards audits or similar). If yes, please specify the reasons why those assessments were commissioned, the main results and on-going corrective action plan.		Legal
	Can the company provide details (date status, resolution, corrective action plan put in place) of any historic and existing labour rights related enforcement/litigation actions against the company from the workforce, supply chain or external stakeholders?		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
SOCIAL (CONTINUED)			
Community investment and stakeholder engagement programmes	Is the company involved in any community investment/stakeholder engagement activities (including engagement with the NGO sector, if any)? If so, please provide details of the NGOs involved, type of activities, amount of time/resources invested, level of engagement, etc.		Legal Commercial
Social benefits	Do the company's products and/or services lead to any social benefits? If yes, please describe.		Commercial Technical
Community involvement	Please describe any formal programmes in place to promote company involvement with the community (volunteering, philanthropic activity, etc.). How much is invested in these projects? Has the company received any third party awards for its ESG-related projects?		Commercial
GOVERNANCE			
Corporate governance	How is corporate governance managed across the company and its operations? Please provide details of any associated key policies.		Legal Commercial
Board structure and role	How is the composition of the Board determined (e.g. diversity of skills, industry experience, gender)? Please provide details.		Legal Commercial
	How is diversity (e.g. gender, ethnicity) taken into consideration when appointing members?		Legal Commercial
	Are shareholders consulted in relation to Board composition? If so, how?		Legal Commercial
	How many members of the Board are Executive Directors and Non-Executive? Please provide names/positions of each individual.		Legal Commercial

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
GOVERNANCE (CONTINUED)			
Board structure and role continued	Is there an independent Chairman of the Board?		Legal
	How are issues raised by the Board communicated with management?		Legal
	Is there a remuneration committee in place? Does this committee engage with the Board?		Legal
	Is ESG discussed at the Board level? If so, how often does this take place and does this follow a set agenda/Terms of Reference? Please provide details of the key issues regularly discussed.		Commercial
Signing authority policy	Is there a signing authority policy in place to control the risk of corruption and fraud?		Legal
Executive compensation	How is compensation between individuals within the company aligned to take into consideration performance and pay ratio?		Commercial
Audit committee	Does the company have an audit committee? Please provide details of its composition, Terms of Reference and policies.		Commercial
	What other committees are in place, e.g. Risk, ESG/sustainability/CSR? Are these championed by a dedicated person? Please provide details.		Legal Commercial
Ethics in business activity	Does the company have a code of ethics? Please provide details and confirmation of how this is delivered to staff within the company.		Legal
Compliance officer(s) or committee	Has a compliance officer(s) or committee been appointed?		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
GOVERNANCE (CONTINUED)			
Code of Conduct	Please provide details of the company's corporate code of conduct. How is this delivered to staff within the company?		Legal
Conflict of interest	Does the company have a policy to manage conflicts of interest? If so, please provide details.		Legal
Anti-bribery or anti-corruption (ABC) policy and procedures	Please provide details of the company's ABC policy. How many employees have received ABC training to date?		Legal
	Has the company completed an ABC risk assessment? If so, what are the key risks?		Legal
	Please provide details of the company's ABC compliance programme.		Legal
	Please provide details of ABC training rolled out to all staff (type of training, when delivered, completion records).		Legal
	Does the company have a process in place to conduct ABC due diligence on new suppliers, contractors, third party agents, distributors, etc.? Please provide details of the process and how it is implemented.		Legal
Anti-trust or competition policy and procedures	Please provide details of the company's anti-trust or competition policy.		Legal
	Has the company completed an anti-trust risk assessment? If so, what are the key risks?		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
GOVERNANCE (CONTINUED)			
Anti-trust or competition policy and procedures continued	Please provide details of the company's anti-trust compliance programme.		Legal
	Please provide details of anti-trust training rolled out to staff (type of training, how many employees, when delivered, completion records).		Legal
Anti-money laundering (AML) policy and procedures	What are the safeguards in place to ensure the company does not breach applicable money laundering or equivalent law?		Legal
	Please provide details of the company's AML policy. How many employees have received AML training to date?		Legal
Political contributions	Does the company make any political contributions?		Legal
Gifts policy	Please provide details of the company's gifts/corporate entertaining policy. How is this regulated? Have there been any recorded breaches? Please provide details.		Legal
Sanctions policy and procedures	Please provide details of the company's sanctions compliance programme.		Legal
	Please provide details of sanctions training rolled out to all staff (type of training, when delivered, completion records).		Legal
	What are the safeguards in place to ensure the company does not breach applicable sanctions (EU, US, other)?		Legal
	Has the company completed a sanctions risk assessment? If so, what are the key risks and how have these been addressed?		Legal

SECTION 3 (CONTINUED)

		Additional information	Other potential sources of ESG information
GOVERNANCE (CONTINUED)			
Corruption/ fraud detection	What does the organisation currently do to safeguard against illegal practices? Has the organisation had any issues in relation to illegal practices (i.e. corruption/fraud) in the past? How has this been detected and resolved?		Legal
Whistleblowing policy	Does the company have a whistleblowing policy?		Legal
	Does the company have a whistleblowing hotline, and is it anonymous and available at all times of the year? Is it managed by a third party?		Legal
	Who is responsible for resolving the grievances resulting from the whistleblowing service? Are these incidents reported to the Board?		Legal
Breaches/ enforcement	Please provide details of any corporate governance and/or ethical related employee claims/breaches/enforcement/litigation action relating to issues such as anti-bribery and corruption, cases of unfair labour practices, human rights abuses, and other malpractices. Please provide details of any prosecution (fines, imprisonment) and corrective/improvement action post the event(s). Has the company had any claims settled out of court/claims dealt with in court in the last three years relating to governance, workplace, community, marketplace or environment issues?		Legal
Transparency	Please provide details of policies and initiatives that embody the principles of transparency in specific parts of the business. This will include confirmation of compliance with any applicable transparency laws or regulations including the EU Transparency Regulation (which requires companies to publish certain financial information).		Legal Financial
Tax transparency	Does the company have any policies in place regarding tax transparency or tax avoidance/evasion?		Legal