

*Note - This document is focused on assessing an FI's client's commitment, capacity and track record from an environmental and social perspective.*

Alongside assigning relevant risk ratings to clients based on the inherent E&S risks, impacts and opportunities, it is equally important to assess a client's capacity, commitment and Track Record (CCTR) in E&S management. This is because regardless of the robustness, breadth and depth of a client's E&S policies and procedures, without adequate governance, oversight, and internal capacity, the E&S risk management needs are unlikely to be met and opportunities will remain unrealised..

This guideline relates primarily to clients' ability to assess and manage E&S risks and opportunities. Their commitment, capacity, and track records are all leading indicators of their ability to achieve and maintain compliance with E&S requirements and importantly their ability to see where E&S performance can drive business value and opportunity. Hence, it is important for FIs to factor in a CCTR assessment as a key part of their DD to ensure a more holistic understanding of clients' E&S risk profile and to determine where the client is on their E&S journey.

CDC has designed this [questionnaire](#) such that it can be used as part of due diligence. It focuses on the internal processes, practices, capacity and accountabilities that underpin the successful assessment and management of E&S issues within the company. The main points of this questionnaire are also covered in CDC Environmental and Social Checklist.

Together with the findings of the general and technical due diligence, assessing client's CCTR will help the FI to identify the main E&S-related follow-up actions, opportunities and challenges for the FI to consider/address.