

ESG Diagnostics

Product deck

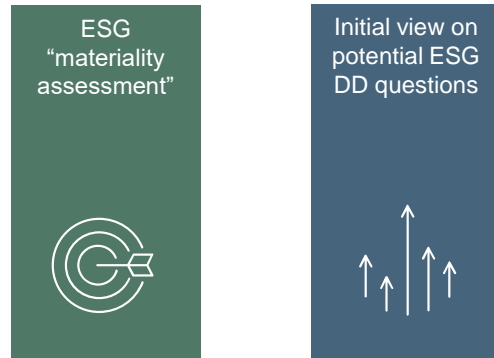
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BAIN & COMPANY 

Bain uses three different products to assess ESG in diligences, ranging from a simple diagnostic to an ESD ODA and an ESG due diligence

1 | ESG diagnostics

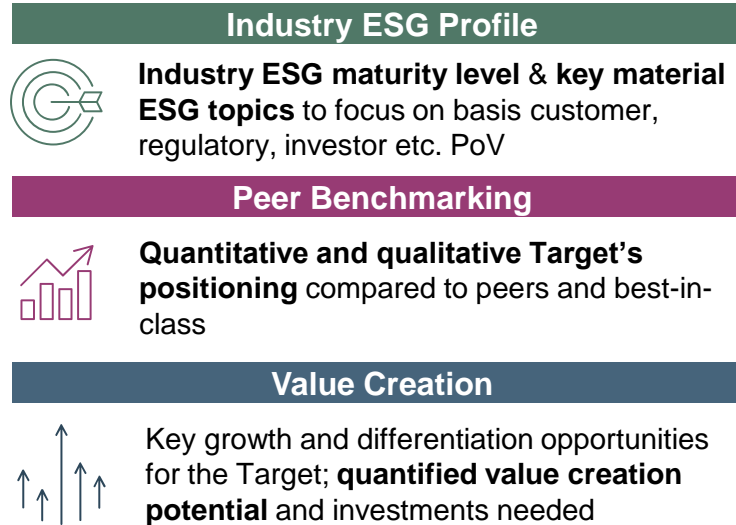
Standardized ESG scan to obtain an initial view on key ESG issues in target's sector, level of materiality & value creation levers



- Provides quick initial view on Target industry's **key material ESG issues and levels of materiality**
- Highlights scope for **key DD questions on ESG assessment**

Use case: Proposals / ODAs, Fund portfolio reviews
Timeline: 1 day effort

2 | ESG ODA Assessment

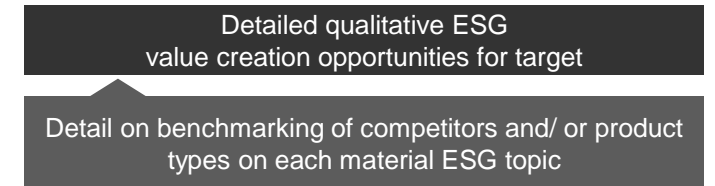


- Assessment of the **point of departure, risk mitigation and qualitative ESG value creation** opportunities through benchmarking and industry analysis

Use case: Deals with low/medium ESG importance
Timeline: 1.5 - 2 days

3 | ESG due diligence

Full ESG assessment including quantification of value drivers, resource requirements & **monetization potential** on ESG topics, fully integrated with other DD streams



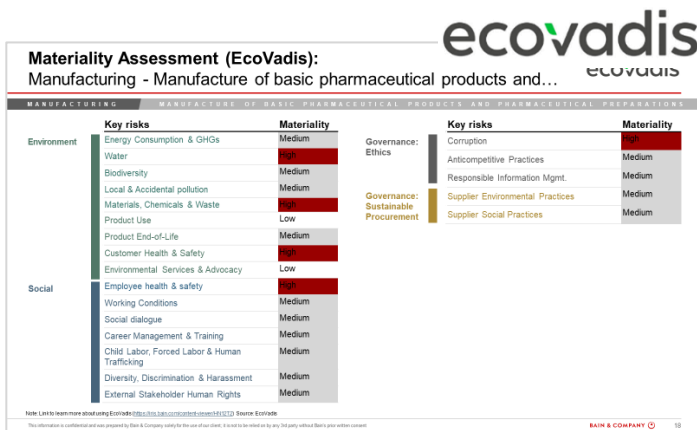
- Include **full quantification and deep-dives** on value creation initiatives and implementation roadmap

Use case: Deals where ESG plays a major role
Timeline: 1-3 weeks

BCN PEG compliments the ESG Rave on materiality by adding an additional peer lens and providing a summary answer on materiality in the Bain ESG framework

ESG MATERIALITY

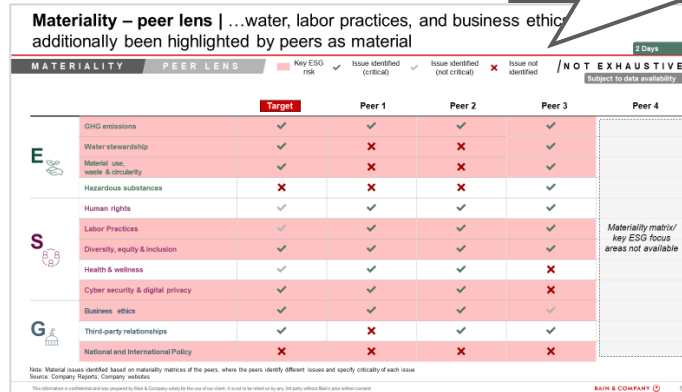
While the Rave offers material issues from Ecovadis and MSCI



BCN PEG includes additional peer lens in identifying material issues

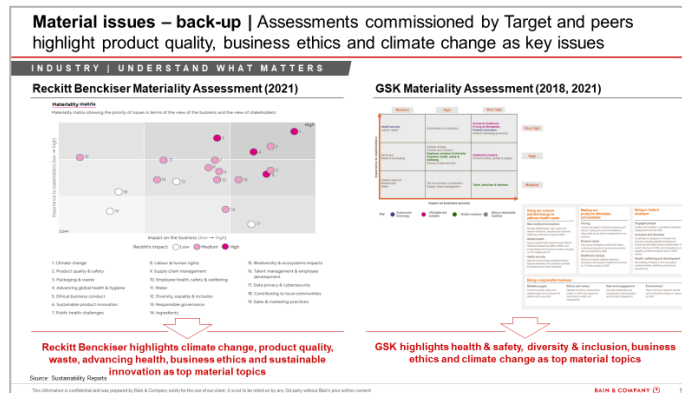
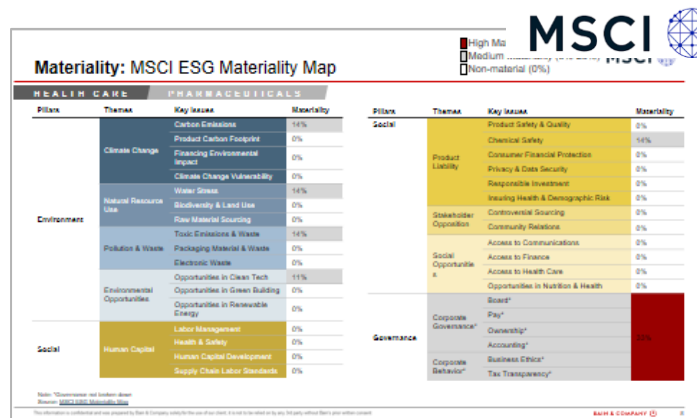
The additional peer lens helps specifically for industries where a direct industry match is not available on Ecovadis/MSCI

To provide a collated view of ESG issues for the industry in focus



Industry and sector level analysis:

- Assess the target's industry and sector on ESG risk overall vs other industries
- Determine the **weightage** of each of the three components: **Environment, Social, Governance** for the relevant sector
- **Identify the most important / high risk metrics** for the sector and call out any **hot topics** or red-flags



ESG DD scope and proposal questions outline

ESG

DD QUESTIONS

Materiality assessment

What are the most material ESG dimensions in the [target] industry?

- What are the **most material ESG dimensions** and megatrends in the target's industry?
- What are the **key ESG risks** and impact on the target?
- What is the perspective of **key external stakeholders** (incl. customers/ consumers, regulators and competitors as well as other relevant stakeholders)?
- What are the most **relevant regulations** influencing the importance of these ESG topics for the industry?

Benchmarking

How does Target Co perform on the most material E, S, and G metrics for the [target] industry?

- What is the relevant set of **quantitative KPIs** to consider in this sector (e.g., scope 1-3 emissions, employee satisfaction, DE&I)?
- What are the **best-in-class examples** of ESG maturity in the industry?
- How do the target and peers **perform on material topics**? What are the risks / red-flags? Where is the target leading?
- Which peers are **reporting on ESG dimensions** and what are their **future targets** and initiatives to achieve them?

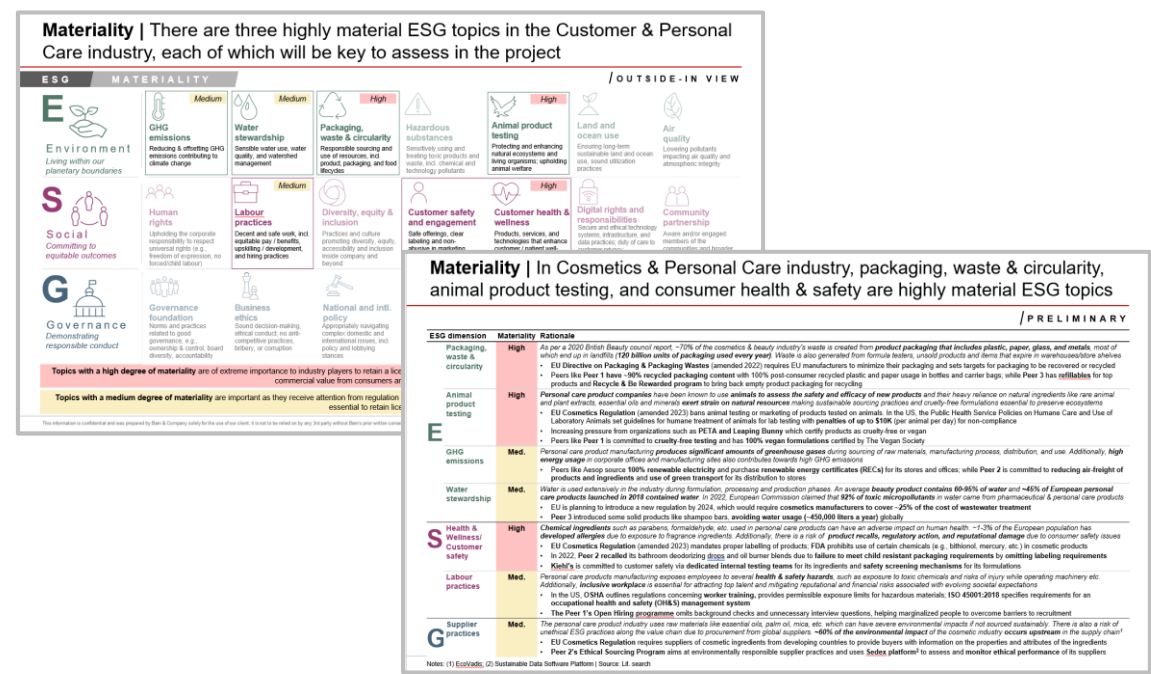
Value creation

What are the ESG value creation opportunities emerging for Target Co?

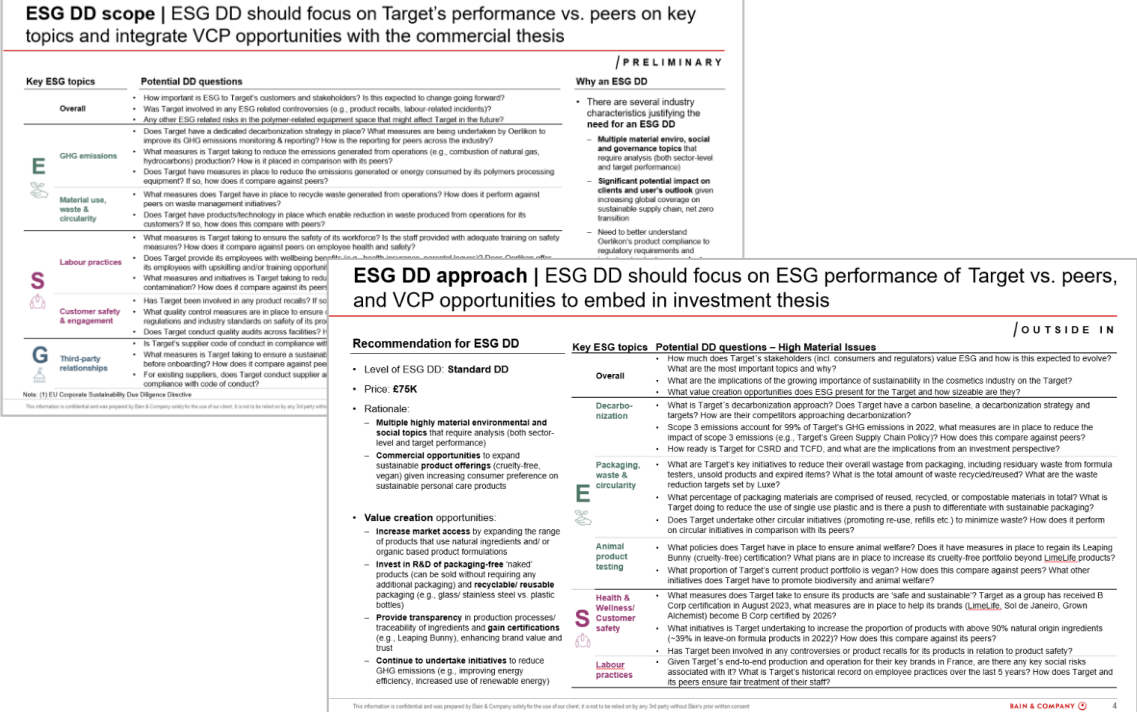
- What is the target's **ESG ambition**?
- What is the **value creation plan** and overall **impact potential** in the business model?
- What are the **key initiatives** and levers **for value creation and risk reduction**?

ESG Diagnostics Sample Output

ESG Materiality



Potential DD questions



Understand key material ESG risks in the Target's industry and their level of materiality from regulatory and peer lens

Key potential ESG DD questions to assess and benchmark Target's ESG performance

Note: Persefoni could be additional

