

ESG ODA Assessment

Product deck

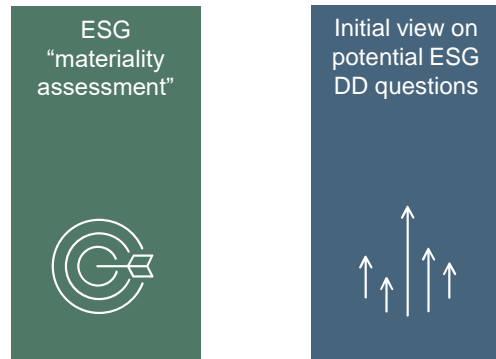
DRAFT

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

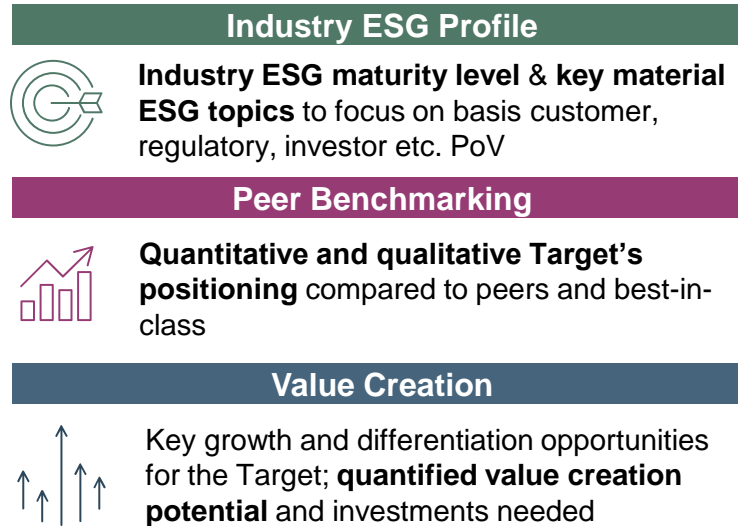
Standardized ESG scan to obtain an initial view on key ESG issues in target's sector, level of materiality & value creation levers



- 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

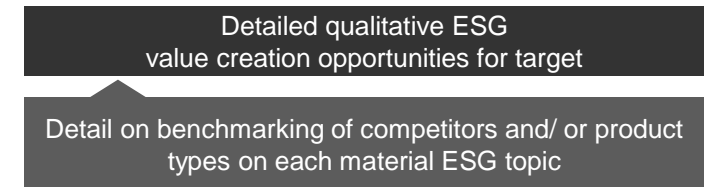


- Assessment of the **point of departure, risk mitigation and qualitative ESG value creation** opportunities through benchmarking and industry analysis

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

Materiality Assessment (EcoVadis):
Manufacturing - Manufacture of basic pharmaceutical products and...

Key risks	Materiality	Key risks	Materiality
Environment		Governance: Ethics	
Energy Consumption & GHGs	Medium	Corruption	High
Water	High	Anticompetitive Practices	Medium
Biodiversity	Medium	Responsible Information Mgmt.	Medium
Local & Accidental pollution	Medium	Supplier Environmental Practices	Medium
Materials, Chemicals & Waste	High	Supplier Social Practices	Medium
Product Use	Low		
Product End-of-Life	Medium		
Customer Health & Safety	High		
Environmental Services & Advocacy	Low		
Social			
Employee health & safety	High		
Working Conditions	Medium		
Social dialogue	Medium		
Career Management & Training	Medium		
Child Labor, Forced Labor & Human Trafficking	Medium		
Diversity, Discrimination & Harassment	Medium		
External Stakeholder Human Rights	Medium		

ecovadis

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

Materiality – peer lens | ...water, labor practices, and business ethics additionally been highlighted by peers as material

2 Data

MATERIALITY

PEER LENS

Key ESG risk

Issue identified (critical)

Issue identified (not critical)

Issue not identified

NOT EXHAUSTIVE

Subject to data availability.

	Target	Peer 1	Peer 2	Peer 3	Peer 4
E <div> <div></div> <div></div> </div>	GHG emissions	✓	✓	✓	✓
	Water stewardship	✓	✗	✗	✓
	Material use, waste & circularity	✓	✗	✗	✓
	Hazardous substances	✗	✗	✗	✓
S <div> <div></div> <div></div> </div>	Human rights	✓	✓	✓	✓
	Labor Practices	✓	✓	✓	✓
	Diversity, equity & inclusion	✓	✓	✓	✓
	Health & wellness	✓	✓	✓	✗
G <div> <div></div> <div></div> </div>	Cyber security & digital privacy	✓	✓	✓	✗
	Business ethics	✓	✓	✓	✓
	Third-party relationships	✓	✗	✓	✓
	National and International Policy	✗	✗	✗	✗

Materiality matrix/ key ESG focus areas not available

Note: Material issues identified based on materiality matrices of the peers, where the peers identify different issues and specify criticality of each issue based on Company Reports. Company website.

The information is not intended to be used for the purpose of making an investment decision. It is not to be relied on as a basis for making an investment decision.

BANKS COMPANY

Materiality | Key ESG themes for the plastic packaging industry include GHG Emissions, Material Use, Labor Practices and Third-party Relationships

Environment	Social	Governance
GHG emissions: Reducing & offsetting GHG emissions contributing to climate change	Human rights: Upholding the corporate responsibility to respect universal rights (e.g., the liberty of association, no forced labor)	Business ethics: Sound decision-making, ethical conduct, no anti-competitive practices, bribery, or corruption
Water stewardship: Sustainable water use, water quality, and watershed management	Labor practices: Decent and safe work, not exorbitant pay / benefits, working conditions, development, and living practices	Transparency & risk management: Accurate accounting, disclosure and management, ESG transparency
Material use, waste & circularity: Responsible sourcing and use of resources, not product, packaging and food wastes, and food wastes, reduce, reuse, recycle	Diversity, equity & inclusion: Practices and culture promoting diversity, equity, accessibility, and inclusion, inside company and beyond	Third-party relationships: Accurate accounting, disclosure and management, ESG transparency
Hazardous substances: Sensitively using and treating toxic products and waste, not chemical and technology pollutants	Health & wellness: Products, services, and technologies that enhance customer wellbeing	Tax practices: Fair tax payment and practice
Air quality: Limiting pollutants, impacting on quality and development, energy	Customer safety and access: Safe and accessible offerings, clear information, clear labeling and non-abusive practices in marketing, access, and pricing	Indirect economic impacts: Involvement in indirect economic activity
Land and ocean use: Ensuring sustainable land and ocean use, not land cover change (e.g., deforestation), sound utilization practices	Cyber security & digital privacy: Secure technology system, infrastructure, and data practices, data security, data protection, data privacy	National and international policy: Appropriately managing complex domestic and international issues, regulatory and policy
Biodiversity & ecological welfare: Protecting and enhancing nature, ecosystems, and living organisms, upholding natural values	Community partnership: Access and engaged members of the communities and broader society	



Materiality: MSCI ESG Materiality Map

High Ma

Medium

Non-material (0%)

REALM CASE		PHARMACEUTICALS	
Pillar	Theme	Key Issues	Materiality
Environment	Climate Change	Carbon Emissions	14%
		Product Carbon Footprint	0%
		Financing Environmental Impact	0%
		Climate Change Vulnerability	0%
	Natural Resource Use	Water Stress	14%
		Biodiversity & Land Use	0%
		Raw Material Sourcing	0%
		Toxic Emissions & Waste	14%
	Pollution & Waste	Packaging Material & Waste	0%
		Electronic Waste	0%
Environmental Opportunities	Opportunities in Clean Tech	14%	
	Opportunities in Green Building	0%	
	Opportunities in Renewable Energy	0%	
	Labor Management	0%	
Social	Human Capital	Health & Safety	0%
		Human Capital Development	0%
		Supply Chain Labor Standards	0%

High Ma

Medium

Non-material (0%)

Pillar	Themes	Key Issues	Materiality
Social	Product Liability	Product Safety & Quality	0%
		Chemical Safety	14%
		Consumer Financial Protection	0%
		Privacy & Data Security	0%
		Responsible Investment	0%
	Stakeholder Opinion	Issuing Health & Demographic Risk	0%
		Controversial Sourcing	0%
		Community Relations	0%
	Social Opportunities	Access to Communications	0%
		Access to Finance	0%
Access to Health Care		0%	
Governance	Corporate Governance	Opportunities in Nutrition & Health	0%
		Board*	0%
		Pay*	23%
	Corporate Behavior	Ownership*	0%
		Accounting*	0%
		Business Ethics*	0%
		Tax Transparency*	0%

High Ma

Medium

Non-material (0%)

Notes: *Disclosures not disclosed about
 Source: [MSCI ESG Research](#)
 The materiality assessment was prepared by ERM & Company, members of the ERM Group. It is for informational purposes only and does not constitute an offer or recommendation.

ERM & COMPANY

1

Material issues – back-up | Assessments commissioned by Target and peers highlight product quality, business ethics and climate change as key issues

Industry Understand what matters	Reckitt Benckiser Materiality Assessment (2021)	GSK Materiality Assessment (2018, 2021)
Reckitt Benckiser highlights climate change, product quality, waste, advancing health, business ethics and sustainable innovation as top material topics		
GSK highlights health & safety, diversity & inclusion, business ethics and climate change as top material topics		

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

BCN PEG benchmarks the target vs its peers and identifies key value creation levers for the target to improve ESG performance thereby mitigating risks

ESG

BENCHMARKING & VALUE CREATION

Benchmarking Target vs Peers

Methodology

Target company level analysis :

- Establish a **peer-set** to compare the target to
- Compare the target's **overall ESG score and score on each of the three components** to the **industry benchmark** and that of the peer-set
- Compare the **target's performance to the industry benchmark and the peer-set** on the **high-risk metrics** identified
- Analyze sector/product level drivers of the risk factors, **industry best practices** for important metrics and **initiatives undertaken by the target company**
- Identify **opportunities and specific recommendations** for the target, along with **feasibility of implementation** and **criticality or potential impact**

Target & Peer set (Processed Food Industry)



Value creation for Target

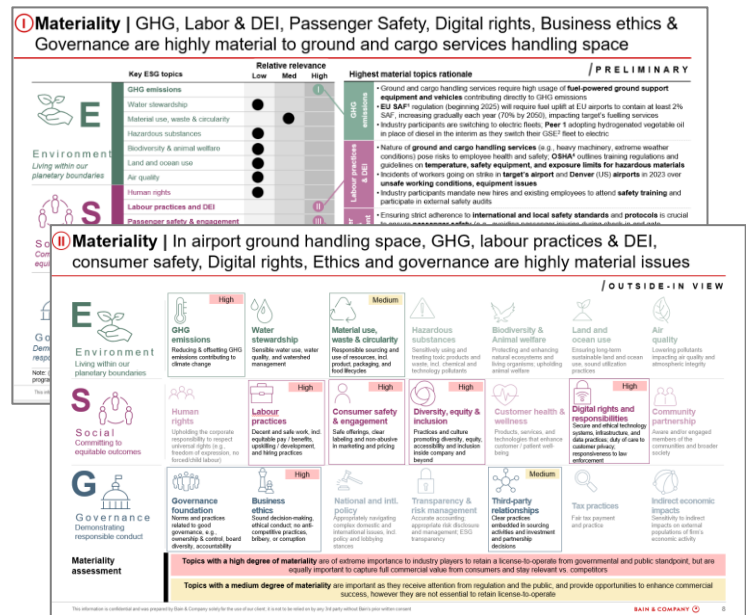
Target company level analysis :

- After establishing the peer set, we deep dive into the **target's key initiatives** to look for **value creation opportunities**
- Deep dive into **benchmarking** to compare the target's initiatives with the peers to **identify gaps in ESG performance**
- Identify and summarize **potential value creation levers** to improve ESG performance across **high risk ESG themes**

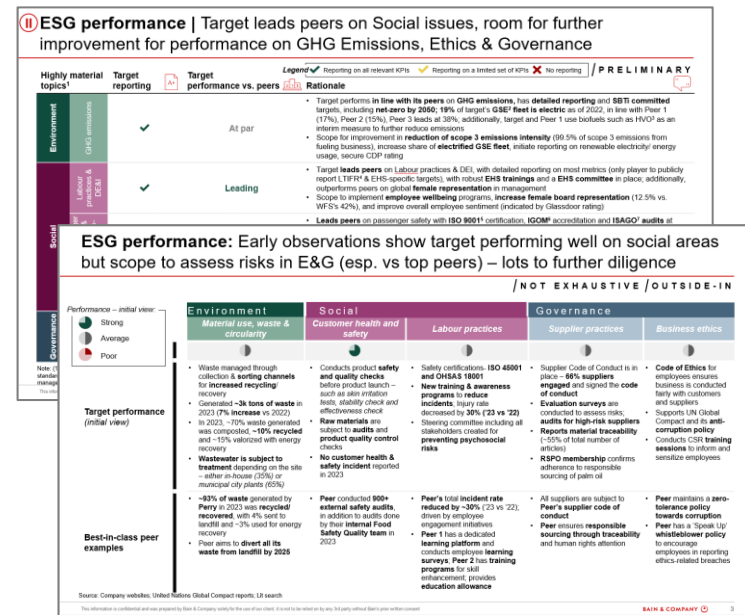
Note: Persefoni cost would be additional

ESG ODA Sample Output

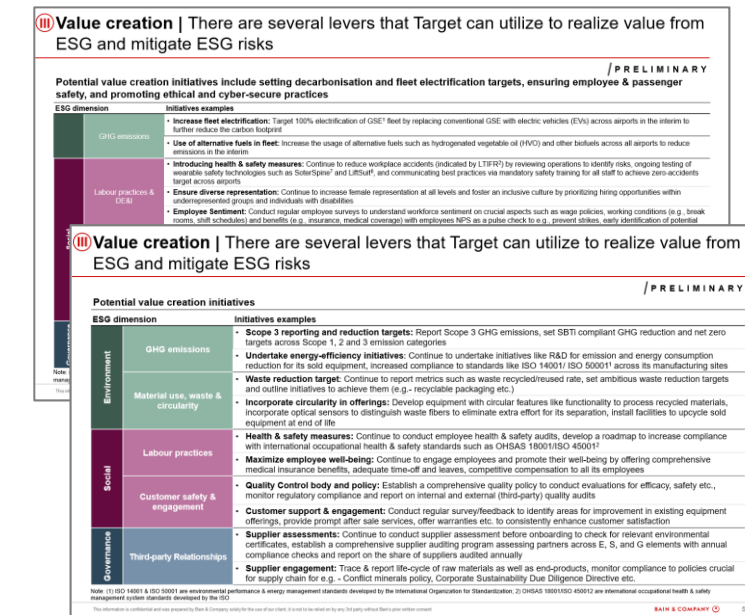
ESG Materiality



Benchmarking



Value creation



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

Benchmark Target's ESG performance with the related peers in the industry via key quantitative & qualitative metrics across ESG topics

Deep dive on benchmarking to identify best-in-class practices and potential value creation levers for the Target

Note: Persefoni cost would be additional

