

ESG DUE DILIGENCE

To integrate environmental, social and governance (ESG) in investment choices and in business strategies.

The Due Diligence conducted according to ESG criteria aims to analyze the environmental, social and governance aspects of a company in order to identify the relevant risks and to enhance the acknowledged commitments and the results achieved with regard to potential investors.

THE NEEDS

ESG aspects do not represent a separate sphere of action from the corporate business. On the contrary, risk management as a whole and the ability to seize market and growth opportunities cannot be separated from an analysis of environmental, social and governance factors required by:

- ▶ **INVESTORS AND FINANCIAL MARKETS** - Attention to environmental, social and governance aspects is constantly increasing and is now considered indispensable to direct investment choices or to conduct extraordinary operations by intercepting potential risks and seizing the opportunities for creating value over time.
- ▶ **LEGISLATORS** - Governments, administrations, authorities and regulators need to understand the compliance and nature of extraordinary operations or investment and have embarked on an unprecedented regulatory evolution path for integrating ESG criteria into business strategies and for corporate assessment.

THE BENEFITS OF ESG DUE DILIGENCE



OUR EXPERIENCE

- Multisectoral experience in managing complex assessments for leading national and international realities
- Concrete cases of ESG due diligence management and involvement of specialized professionals with transversal skills
- Availability of Partners and Managers "24/7"
- Capability to coordinate "multilocation" assignments
- Competitive rates based on efficient cost structures

OUR INTERVENTION

ESG Due Diligence aims to analyze the Environmental, Social and Governance aspects of a company in order to identify the relevant risks (materiality, reporting and management and control).

ESG Due Diligence integrates with traditional due diligence, maintaining its main features.

IN PRACTICE

PHASE 1 - PRELIMINARY ANALYSIS

It allows to obtain an overview of the management procedures on ESG aspects and to acquire the necessary knowledge on the critical aspects, both from the point of view of regulatory compliance and with respect to international standards and best practices.

PHASE 2 - CHECK ON SITE

It allows to evaluate the level of implementation of the management procedures and the level of commitment of the company Management.

PHASE 3 - ESG REPORT

It allows to accurately detail the scoring obtained with reference to the applicable ESG issues, concerning both the level of compliance, and the level of management, reporting and attitude and propensity for improvement.

AN INTEGRATED APPROACH TO THE TRADITIONAL DUE DILIGENCE



(E) ENVIRONMENTAL

- Climate change
- Emissions in the atmosphere
- Use of natural resources
- Waste

(S) SOCIAL

- Health & Safety
- Local community
- Diversity and equal opportunities
- Human Rights

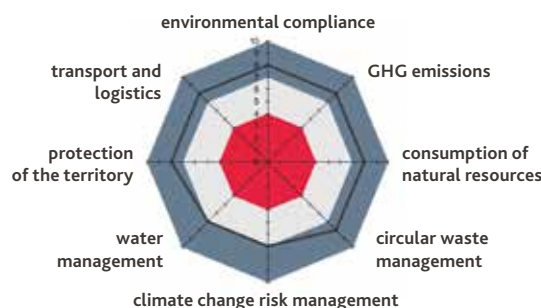
(G) GOVERNANCE

- Transparency and anti-corruption
- Remuneration policies
- Diversity in the governance bodies
- Fiscal strategy

OUR RISKS ANALYSIS

ENVIRONMENTAL

- Environmental Compliance
- GHG Emissions
- Consumption of Natural Resources
- Circular Waste Management
- Climate Change Risk Management
- Water Management
- Protection of Territory
- Transport and Logistics



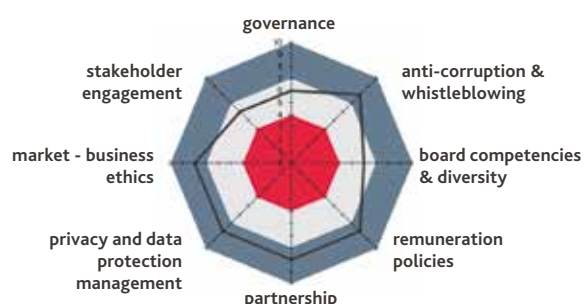
SOCIAL

- Human Rights
- Supply Chain & Responsible Procurement
- Local Communities
- Diversity and Equal Opportunities
- People Training and Professional Growth
- Health & Safety
- Welfare & Wellbeing
- Resilience



GOVERNANCE

- Governance
- Anti-corruption & Whistleblowing
- Board Competencies & Diversity
- Remuneration Policies
- Partnership
- Privacy and Data Protection Management
- Market - Business Ethics
- Stakeholder Engagement



BDO case study 1

- **Client:** multinational company operating in the industrial sector with production plants in Italy and around the world.
- **Need:** subject to an assessment aimed at the acquisition by another Company, the Client has undergone a complex due diligence activity.
- **BDO Solution:** combining transversal skills, an ESG Due Diligence was conducted which led to consider low the risk in ESG terms deriving from the extraordinary operatio, moreover it confirmed the intrinsic value of management policies and practices undertaken to guarantee not only the compliance, but also a greater stability of the business model enhanced by a sustainability approach.

BDO case study 2

- **Client:** a development bank that provides debt financing and equity to private sector firms operating in emerging and developing markets, including long-term loans and risk capital.
- **Need:** acquisition of a minority share in an insurance company serving SMEs and retail clients in Southeast Asia.
- **BDO Solution:** was called upon to perform financial, non-financial and actuarial due diligence to assess the risk associated with the acquisition of a minority share. The work highlighted the strenghts and weaknesses of teh target company, as well as potential measures that contribute to the advancement of the structural and impact effects linked to economic, social and environemental development.

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