



Integrating environmental, social, and governance (ESG) due diligence into deals

How ECOFAV can help
ecofav.org/services



Invest or not?: Why ESG due diligence matters

ECOFAV professionals can help.

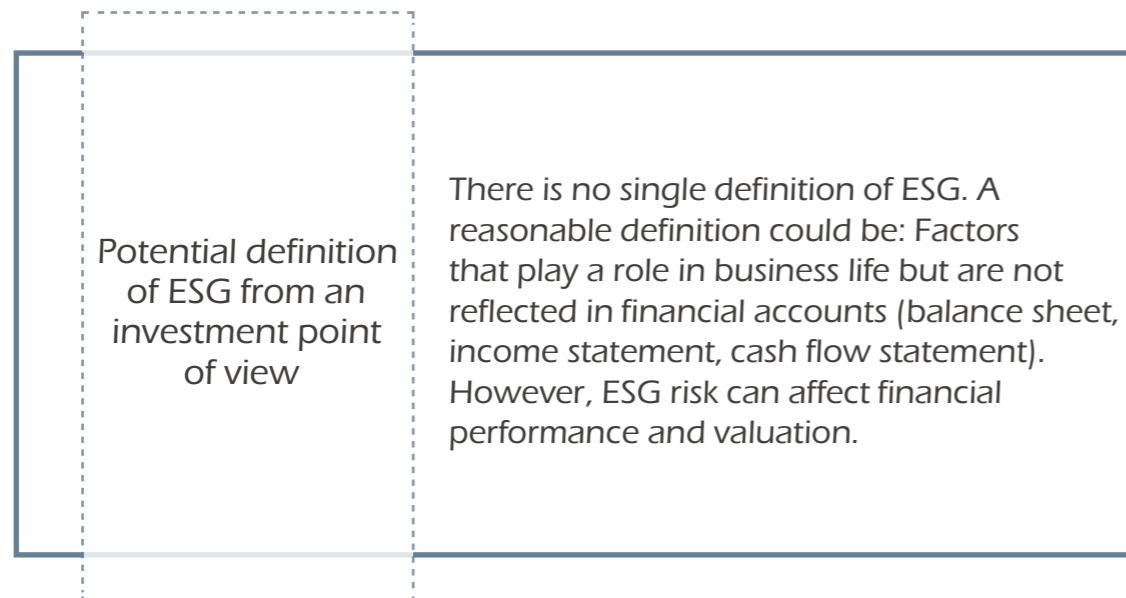
In today's business world, issues like carbon emissions, water pollution, noise, child labor, and grievance bring complex and costly risks as well the opportunity to gain a competitive advantage by doing things differently.

In short, the way a company handles environmental, social and governance (ESG) issues can affect its long-term performance, its valuation and investor's confidence.

More and more investors are following the six UNPRI guidelines. The Principles for Responsible Investment (PRI) are a UN financial initiative launched in 2005 to develop principles for responsible securities management. In implementing them, signatories contribute to developing a more sustainable global financial system. The guideline integrates ESG aspects into investment processes and ownership policies.

So it's no surprise that comprehensive ESG due diligence is now a core part of the deal process. A complete view of all relevant risks and opportunities is critical before a transaction or investment decision.

Our sector-focused professionals apply their skills across all infrastructure projects. Our environment and social specialists work as part of multidisciplinary teams and so have a strong insight required to identify the environmental and social risks affecting schedule, project delivery, commercial performance and operation.



How we can help

ECOFAV ESG due diligence professionals go much further than traditional environmental, health & safety assessments.

ECOFAV specialists look at a wide range of potential liabilities, compliance issues and hidden risks that could reduce the deal price or opportunities that could increase it. Therefore ECOFAV also search for value creation opportunities that might improve the divestment valuation of the business.

The ECOFAV ESG due diligence service includes:

-  Assessment of compliance with national regulations and international treaties
-  Overview of how emerging social and environmental megatrends are likely to affect the company and its market
-  Comprehensive assessment of the business's material ESG risks, liabilities and opportunities
-  Benchmarking of the company's ESG policies, procedures and performance against peers and sector best practice
-  Insight into how the company's ESG performance could affect its most valuable intangible assets including reputation, brand value, trust and relationship with stakeholders
-  Estimates of how potential liabilities could affect investee and investor

The ECOFAV ESG due diligence approach covers a wide range of performance, risk and compliance issues. They include, but are not limited to:

Environmental	Social	Governance
<ul style="list-style-type: none"> ✓ Climate strategy ✓ Environmental management ✓ Environmental impact of the product portfolio ✓ Eco-efficiency: CO₂, water waste, energy ✓ Energy management ✓ Water risks and impact ✓ Equal opportunities 	<ul style="list-style-type: none"> ✓ Freedom of association ✓ Health and safety ✓ Human rights ✓ Product responsibility ✓ Social impact of the product portfolio ✓ Gender and diversity ✓ Supply chain management ✓ Business ethics 	<ul style="list-style-type: none"> ✓ Compliance ✓ Independence of the supervisory board ✓ Compensation ✓ Shareholder democracy ✓ Shareholder structure ✓ Whistle-blower schemes ✓ Lobbying ✓ Taxes

Sources: ISS ESG; Environmental, Social, and Governance Issues in Investing, A Guide for Investment Professionals, CFA Institute

Client stories

1 E&S risks identified and safeguard measures deployed prior investment decision

A Chinese foreign investor was negotiating a deal to invest in an India based Natural Gas Utility company. Sustainability experts at ECOFAV in India, working as part of an ESG due diligence team, uncovered limited ESG risks including environmental liabilities, and potential for labor disputes.

Risk identification as result of ESG due diligence processes minimized the potential of futuristic E&S issues and liabilities. ECOFAV delivered its report within a tight time frame of only two weeks.



2 E&S risks within supply chain of investee identified, safeguard measures, performance disclosure requirement invoked in investment consent

A Austrian foreign investor was negotiating a deal to invest in an India based solar glass manufacturing facility. ESG due diligence team, uncovered a few ESG risks including environmental pollution, potential for labor disputes and E&S risks in the supply chain of the investee company.

Keeping in mind the identified E&S issues the investor requested investee to develop, integrate additional management plans and also disclose ESG performance. ECOFAV conducted ESG - DD visit within 5 days of engagement and delivered its report within a tight time frame of three weeks.



Our clientele, measurable impact

We are offering a range of our ESG services and adding value to the following clients/ portfolios of investments of the following lenders*;

INVESTORS



RENEWABLE ENERGY COMPANIES



PORT, LOGISTICS, ROAD & HIGHWAY MANGEMENT COMPANIES



NATURAL GAS DISTRIBUTION DATA CENTER COMPANIES

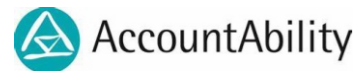


I Squared Capital Portfolio Company. (I Squared Capital is an independent global infrastructure investment manager focusing on energy, utilities, telecom and transport in the Americas, Europe and Asia.)

* Includes either direct or indirect (verifiable) service engagements with investors.

Our accreditations/ memberships/licenses

We engage with a range of stakeholders, industry-led bodies and collaborative memberships on topics, progress in our sector and impacts of our business in support of the achievement of the SDGs, our business goals.



Contact us to find out how ECOFAV can help you.



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With over 10 years of work experience, Sanjay has worked with dozens of institutional investors and asset management companies to understand and integrate ESG into their investment policies, and measure the impact of this for their business. He is well connected with key organizations in this space such as the UN Principles for Responsible Investment (PRI), United Nations Global Compact (UNGC).

DISCLAIMER

We have compiled the information in this publication with due care. However, they are of a general nature and can naturally lose their currentness over time. Accordingly, the information contained in our publications does not replace individual professional advice, taking into account the specific circumstances of the individual case. Accordingly, ECOFAV assumes no responsibility for decisions taken on the basis of the information contained in our publications, for the currentness of the information at the time it is made available, or for errors and/or omissions

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