



# WHERE ESG INVESTMENT MANAGEMENT IS HEADING

## An overview of M&A ESG considerations





Discover research findings and key takeaways from “The imperative for incorporating ESG into the due diligence process” webinar.

Background	<p>The Martec Group, a global market research and consulting firm, and Goby, the ESG platform, partnered to explore leading considerations with regard to ESG (Environmental, Social, Governance) management and deal making.</p> <p>With information collected from our research and live webinar, we are providing industry insights on what is driving middle and lower middle market investors to incorporate ESG data into their deal-making processes.</p>
Key Insights	<ol style="list-style-type: none"><li><b>1. The number of investors seeking ESG investments is vast.</b> By reviewing ESG priorities during the due diligence process, investors can align and better manage potential portfolio companies for stronger long-term gains.</li><li><b>2. ESG management will continue to be a key metric for staying competitive.</b> Now is the time to cultivate an ESG-focused culture and set related performance goals. During the diligence phase to support risk mitigation, it can be determined if the potential investment has the capacity to meet investor-led ESG goals.</li></ol>






## More Key Insights

**3. Expect to see more “S&G” benchmarks.** Social Sustainability and Sustainable Governance policies are expected to grow in prevalence and importance alongside existing Environmental policies.





### ENVIRONMENTAL

-  Pollution
-  Exposure to extreme weather
-  Carbon management
-  Use of scarce resources

### SOCIAL

-  Product safety
-  Human rights
-  Worker safety
-  Customer data protection
-  Diversity & inclusion

### GOVERNANCE

-  Accounting standards compliance
-  Succession planning
-  Anti-competitive behavior
-  ESG management process

**4. Pervading focus areas are driving interest in ESG solutions,** including:

**Capital Sources** – public-facing LPs are requesting ESG information; in our research, the two most frequently mentioned types were pension funds and endowments

**Geographical Focus** – the EU is far ahead of the US in terms of ESG

**Market Focus** – Environmental issues have been around for many years, especially for deals that focus on environmentally sensitive markets (e.g., oil & gas). Social and Governance issues are increasingly important for specific sectors (e.g., services and labor-intensive markets)

**5. Middle market companies (\$500M – \$2B) may benefit most from software solutions for ESG management.** Solutions like Goby can collect ESG data and regularly survey portfolio companies to show what ESG factors are trending in the right direction and what needs more attention.

## Uncover Your Business Opportunities

The overall outlook is very positive for ESG-related solutions as general interest in reporting ESG goals and performance metrics has spiked in the past 12 – 18 months and is not expected to slow.

### Take action.

Contact us for more information about ESG due diligence and management solutions.

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