

ESG VERIFICATION/DUE DILIGENCE/COMPLIANCE:

ESG Compliance:

Environmental, Social and Governance (ESG) factors are increasingly being applied to companies by investors and potential business partners.

- **Environmental factors** include anything to do with the company's sustainability practices and environmental impact. Examples of issues include high carbon emissions, sustainable sourcing and other practices contributing to climate change.
- **Social factors** refer to how the company treats people and societies. Issues may include violating human rights or using child labour.
- **Governance** refers to how the company is run. Issues often involve a lack of ethical and fair policies (bribery, poor accounting or auditing, etc.).

ESG due diligence is the process of uncovering a company's ESG policies and risk factors. This information then informs ethical and less risky investment decisions, mergers and acquisitions.

Understanding the known and potential risks involved with an acquisition, transaction, partnership, or investment is critical to protecting businesses from liabilities.

Marsh Advisory provides both strategic advisors and technical consultants to conduct ESG verification – designed to ensure companies are complying with both their own ESG guidelines and goals, and those of governments and regulators.

Our approach simplifies the ESG due diligence review, identifies key ESG issues, and minimises the burden on the potential investment's management team.

As both strategic partners and technical consultants, we provide comprehensive customized ESG due diligence reviews across supply chains, product stewardship, human capital, climate change, carbon emissions, waste minimization, biodiversity impacts, water quality, fuel, and energy efficiency.

Our ESG experts can help:

- Eliminate deal issue threats
- Highlight deficient standards
- Pinpoint key ESG opportunities for improvement post-acquisition
- Highlight enterprise customers' sustainability expectations
- Understand industry-level trends
- Identify regulatory liability...
- Review current corporate ESG principles (sustainability reporting, ISO standards, LCA of buildings and certification, resource efficiency, employee rights, CSR/ESG programmes and membership, code of conduct, work safety audit, climate policy, adherence to legal regulations by employees and third parties, exclusion policy and other relevant codes and policies), and implementation across countries and involved operational activities (identification of sustainability level and archetype).
- Assess corporate ESG principles compliance with national legal regulations and international treaties (such as EHS/OHS, extraordinary events action plans, equal pay principles, ISPOP reporting, TCFD, non-financial reporting). We will also assess the compliance of the crucial issues with the forthcoming ESG EU regulations.

The ESG Due Diligence Process

There are several key steps used to perform ESG due diligence. These include:

- Collecting Key Performance Indicators and Documents
- Interview Company Stakeholders
- Perform Background Checks on Decision-Makers
- Review All Accounts
- Execute Inspection Initiatives
- Conduct and Compile an ESG Risk Assessment

The final step in performing due diligence is compiling a risk assessment. After completing the above steps, you will have an overview of how a company is run and what risks it may pose.

We can also make recommendations based on the information. If your company is looking to make an acquisition, you will have the information needed to determine if the investment is low-risk and will provide your company with long-term value. If your company is looking for a new supplier, you will be able to make a decision to ensure that your supply chain is sustainable and ethical.