



ESG Due Diligence



KPMG's ESG Due Diligence Framework

KPMG's ESG due diligence framework is based on **international regulations such as the EU Taxonomy, SFDR, CSRD/ESRS, GRI, SASB**, and has proven itself in transactions on both the buy-side and sell-side. ESG due diligence focuses on the status quo of the company, in particular on the material issues within the various subtopics within **the Environmental (E), Social (S), and Governance (G) categories**.

The **materiality analysis** and material topics are highlighted and scored in the ESG DD framework using a color code. The materiality level indicates the relevance of the issue to the **target's business**. The scope of ESG DD for the target is based on **sector-specific** topics which are identified based on the Sustainable Accounting Standards Board (SASB) and the client.

Each ESG sub-topic is **analyzed and assessed** against detailed **key elements**. The assessment of the target's **status quo** and **ESG performance** is based on the data provided during the assessment phase and on the identified and analyzed risks and opportunities presented in a **heat risk analysis map**.

KPIs are tabulated in connection with the materiality analysis and international regulations and are presented over the course of several years, ensuring that a certain trend or development can be identified and evaluated.

Climate risks are identified on a coordinate-specific basis using open-source data and are analyzed based on TCFD and EU taxonomy.



Environment



Analysis of e.g. emissions, energy, water, circular economy, biodiversity or climate as well as the corresponding KPIs and assessment of overall risk & ESG performance.



Social



Analysis of e.g. occupational health & safety, employee diversity & inclusion, working conditions or supply chain as well as the corresponding KPIs and assessment of overall risk & ESG performance.



Governance



Analysis of e.g. code of conduct, governance structures, ESG policies and compliance management as well as corresponding KPIs and assessment of overall risk & ESG performance.

ESG Due Diligence Process



Materiality Analysis

Identification of sector-specific ESG issues based on the SASB and the client.



Data Collection & Evaluation

Evaluation of the data obtained to assess the ESG status quo and KPIs.



Risks & Opportunities

Assessment & analysis of all predefined key material elements and KPIs by highlighting risks and opportunities.



ESG (V)DD Report

Completion of ESG DD report in full scope, including ESG performance, all identified risks, opportunities & recommendations for improvement.

ESG Due Diligence Add-on

KPI ESG Data Fact Book	Full Set of KPI ESG Data Fact Book Assessment
TCFD	Climate Risks and Opportunity Assessment
EU Taxonomy	EU Taxonomy-Eligibility and –Alignment Assessment
CSRD	CSRD Indicative Readiness Assessment
EDD & EHS DD	Environment & Environment, Health and Safety Due Diligence

ESG Due Diligence Team

Our professional and environmentally experienced ESG due diligence team assists clients in diverse sectors to both mitigate material risks in a given transaction and identify opportunities for ESG value creation. The ESG DD team focuses on supporting our clients at every stage of

the investment process by conducting a holistic ESG due diligence from pre-deal assessment to closing and post-deal and presenting a transparent and objective picture of the target's ESG performance.

Contact

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