



ESG value creation in M&A
Value creation services

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ESG trends are already impacting global financial markets and can substantially contribute to solving global sustainability challenges through use of ESG industry knowledge, network, and financial solutions



Which global trends evidence the current and future importance of ESG?

- Global ESG assets under management are expected to grow to \$47.5 trillion in 2024¹
- Climate action failure, extreme weather, and biodiversity loss have been identified as the 3 most critical risks to address in the next 5-10 years²
- On trajectory to reach global temperature rise of 3 degrees by 2100³
- The global population is expected to demand 50% more energy in 2030 compared to 2016⁴
- Estimated water scarcity for nearly every country south of 35N latitude by 2025⁵
- The proportion of the world's population aged over 60 years will nearly double between 2015 and 2050⁶ (from 12% to 22%)
- The EC implemented the SFDR to improve transparency in the sustainable investment product market⁷
- Internet searches for sustainable products have increased by 71% since 2016⁸, 97% of institutional investors in Europe are interested in ESG investment⁹



Who will this apply to?

- Companies, asset managers, investors, financial institutions, funds, customers and other stakeholders to measure and compare ESG performance in investor's decision - making process
- M&A becoming central part of the corporate arsenal towards sustainable corporate strategy

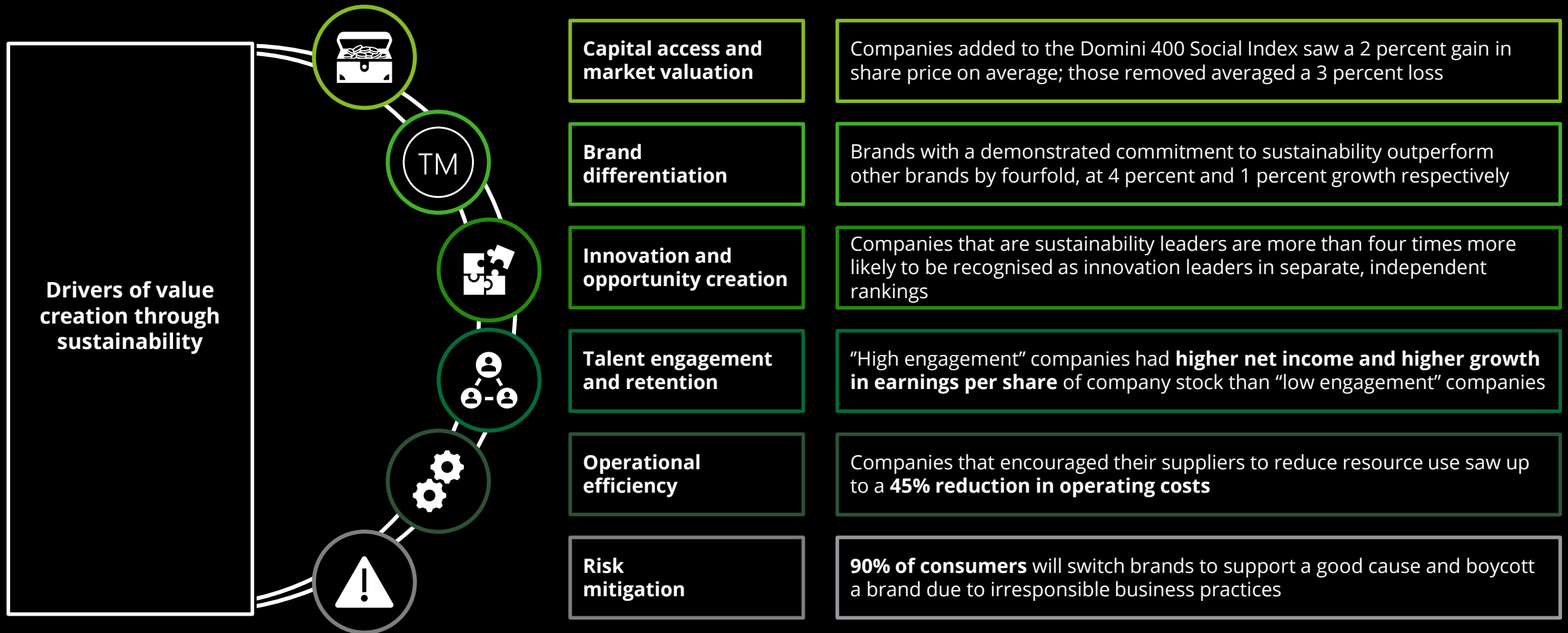


What will this mean for M&A?

- ESG has shifted from being an M&A risk to a significant value driver:
1. Purchasing companies with good ESG performance and profiting off of pricing in that ESG performance
 2. Purchasing companies with bad, priced-in ESG performance and implementing ESG turnaround strategies
 3. Purchasing early-stage companies with products that contribute to environmental and social goals before they are visible to the rest of the market

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Sustainability is an increasingly important consideration and driver for deals, with recent examples of discounts for companies involved in ESG controversies as well as premiums for companies that score highly on ESG





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