



# **TresVista** **ESG Services** Overview

# ESG In Investing

Investors Aim to Assess the Impact of their Investments Across these Three Segments



## Importance of ESG



### Positive Brand Image

High ESG value companies experience pos (+) brand recognition



### Legal Benefits

Unlikely to be impacted by any regulations, taxes and restrictions



### Cost Reduction

Water utility achieved cost savings of \$180 million per year



### Better Performance

Portfolio with high ESG scores outperforms competitors



### Attractive to Investors

Investors are more likely to fund companies with good ESG scores



# ESG Analytics

## Summary

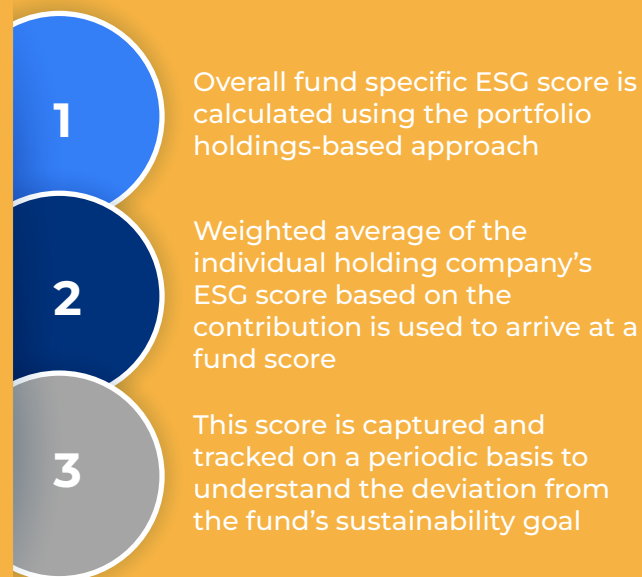
- ESG is becoming increasingly important due to regulatory frameworks and priorities of banks, institutional and retail investors
- As per the survey conducted by Bain & Company and ILPA, 93% of LPs would pass on the investment opportunity if it poses ESG concern<sup>(1)</sup>
- ESG ratings are generally reported on a letter or numeric basis
  - AAA to CCC : 7-point scale (MSCI)
  - A+ to D- : 12-point scale (ISS)
  - 1 to 100: Percentile basis (S&P Global)

## Databases

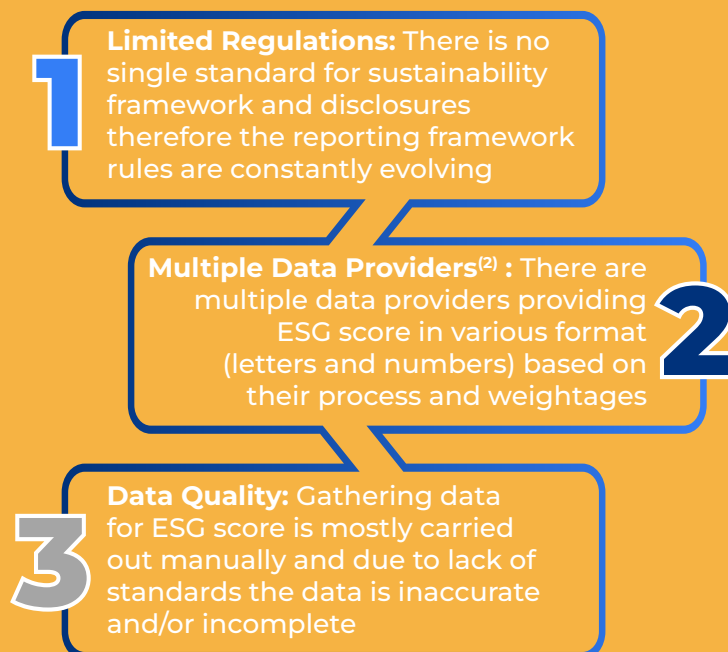
- There are multiple rating agencies and data providers with their own set of metrics and weightages to calculate ESG scores

S&P Global	Sustainalytics	Preqin
Thomson Eikon	MSCI	Bloomberg
Refinitiv	ISS Global	FactSet

## Fund



## Challenges



ESG ratings are only as good as your ESG data disclosures and little correlation is observed between major ESG vendors

1. ESG in Private Equity | Bain & Company  
2. ESG Ratings: A Compass without Direction (harvard.edu)

# ESG In Our Clientele

## Range Matrix

Client Types	What they need	What we can do	POCs
<b>Private Capital includes:</b> <ul style="list-style-type: none"> <li>Private Equity/ Venture Capital</li> <li>Private Credit</li> <li>Family Offices</li> <li>Real Estate</li> <li>Secondaries</li> <li>Limited Partners</li> <li>Impact Investors</li> </ul>	<ul style="list-style-type: none"> <li>ESG Strategy</li> <li>Due Diligence</li> <li>Monitoring and Reporting</li> <li>Standards and Benchmarking</li> <li>Regulatory Compliance</li> <li>Sustainability Assessment</li> </ul>	<ul style="list-style-type: none"> <li>New Investment Strategy Identification</li> <li>Identifying Potential Targets</li> <li>Investment Due Diligence</li> <li>Creating DDQs</li> <li>Periodic Reporting</li> <li>Scorecard Formulation and Benchmarking</li> <li>Formulating Assessment Methodology</li> </ul>	<ul style="list-style-type: none"> <li>Deal Team</li> <li>Investor Relations Team</li> <li>Business Development Team</li> </ul>
<b>Public Assets include:</b> <ul style="list-style-type: none"> <li>Hedge Funds</li> <li>CLOs</li> <li>Wealth Management Firms</li> </ul>	<ul style="list-style-type: none"> <li>ESG Strategy</li> <li>Due Diligence</li> <li>Monitoring and Reporting</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>New Investment Strategy Identification</li> <li>Identifying Potential Targets</li> <li>Creating DDQs</li> <li>Periodic Reporting</li> <li>Scorecard Formulation and Benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>Deal Team</li> <li>Investor Relations Team</li> <li>Business Development Team</li> </ul>
<b>Intermediaries include:</b> <ul style="list-style-type: none"> <li>Investment Banks</li> <li>Merchant Banks</li> <li>Advisory Firms</li> <li>Placement Agents</li> </ul>	<ul style="list-style-type: none"> <li>Research and Analysis</li> <li>Advisory &amp; Insights</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Research and Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Deal Team</li> <li>Marketing Team</li> </ul>
<b>Others include:</b> <ul style="list-style-type: none"> <li>Corporates</li> <li>Portfolio Companies</li> </ul>	<ul style="list-style-type: none"> <li>Due Diligence</li> <li>Monitoring and Reporting</li> <li>ESG Target and Assessment</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Creating DDQs</li> <li>ESG Trackers</li> <li>Periodic Reporting</li> </ul>	<ul style="list-style-type: none"> <li>Marketing Team</li> <li>Investor Relations Team</li> <li>Business Development Team</li> </ul>

Larger firms would have more requirements on ESG front as compared to medium and small firms

## What Can TresVista Do?

### Service Offerings

Deal Screening/Execution	Marketing/Investor Relations	Portfolio Management	Others
<ul style="list-style-type: none"> <li>Target Setting and Assessment</li> <li>Target Identification for Impact Investing</li> <li>Scorecard Formulation</li> <li>Due Diligence - Asset Level and Fund Level</li> <li>Advisory &amp; Insights</li> </ul>	<ul style="list-style-type: none"> <li>Thought Pieces/ Commentary</li> <li>ESG DDQ</li> <li>ESG Matrix</li> <li>Social Media Marketing Materials</li> <li>Periodic Investor Reporting</li> </ul>	<ul style="list-style-type: none"> <li>ESG Questionnaire</li> <li>Periodic Reports</li> <li>Periodic Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Assistance in Creation of ESG Strategy</li> <li>Standards &amp; Benchmarking</li> <li>ESG Trackers</li> <li>Sustainability Assessment</li> <li>Research &amp; Analytics</li> </ul>

# What Can TresVista Do?

## Value Addition

### What We Offer

#### Due Diligence & Investment



ESG due diligence delivers insights into the effectiveness of a company's ESG policies, performance and historical track record. It helps in adjusting the valuation

#### Survey Analytics



Surveys are conducted and analyzed to understand the PortCo attitudes toward responsible investment and how they integrate ESG processes

#### Data Driven ESG Scores



ESG scores are generated to transparently and objectively measure company's relative ESG performance, commitment and effectiveness across themes

#### Business Intelligence Solutions



Dashboards are developed for PE firms to monitor all their PortCo across sectors and report their Environmental, Social and Governance performance

ESG Analytics helps investor identify insights and take better data driven decisions across the value chain





# Case Studies:

## Research and Investment Services

### ESG Due-Diligence Scorecard - Private Equity Limited Partner

#### Request Overview

- To analyze and prepare an Environmental, Social, and Governance scorecard for a General Partner on whom the client which is an LP is conducting due diligence for investment

#### Final Deliverable and Value Add

- Analysed and scored based on Environmental, Social, and Governance integration and management by the General Partner, to assess its practices
- Provided the scorecard that provided the reader an understanding of how the material risks are identified, managed, and monitored at the portfolio level also provides the user an overview of the Environmental, Social, and Governance considerations adopted by the General Partner at the Firm and portfolio level

#### Output Snapshot

		Questions	Answer
Policies		Does the firm follow a formal ESG policy/ framework?	
		If not, please explain why you don't have any formal ESG policy/framework in place	
		Does the firm intend to meet the client's Baseline Screens criteria?	
Processes	Identification	How does the firm identify and manage material ESG risks/issues and opportunities at the portfolio companies' level?	
	Contribution	How does the firm contribute/add value to portfolio companies in an ESG context?	
	Monitoring	How does the firm monitor the identified ESG risks/issues? What key performance indicators are used to track ESG improvements achieved?	
Disclosures		What is the firm's approach to disclosing material ESG-related risks/issues and ESG performance?	
Overall Assessment The GP has an established ESG framework overseen by an Internal ESG Committee, that works cross functionally with the investment teams to incorporate PRI's six principles for Responsible Investment when evaluating investment opportunities during investment diligence across funds and professionally.			Score 3

**Created a scorecard that provides an overview of the Environmental, Social, and Governance policies and code of ethics followed by a particular General Partner**

### ESG Analysis - LP-led Deals: ESG Analysis

#### Request Overview

- The client required assistance conducting an ESG screening for all the underlying assets in the deal
- The screening required classifying the assets as per the GICS sector guidelines and understanding the concentration of the assets across various industries

#### Final Deliverable and Value Add

- Outputs included the detailed ESG screening analysis with classifications done based on the 4 levels and a summary of the entire deal portfolio
- The team leveraged the GICS classification and assisted the client in bucketing the portfolio of assets based on their operations. They also provided a summary of the findings which enabled easier decision making on the deal
- As the ESG-compliant framework equip funds with a competitive advantage to attract investors and lenders, the analysis performed by TresVista helped the client understand their ESG impact through the deal

#### Output Snapshot

		1. Exclusion List										2. ESG Risk										Is Reputational risk check required?
GICS (Level 1)	Liberty (Level 2)	Confirms the asset does not breach the Exclusion List	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Interest sector ESG Risk Rating	Climate risk score	Climate risk score	Climate risk score	Climate risk score	Climate risk score	Climate risk score	Climate risk score	Climate risk score	Climate risk score	Climate risk score	
4000000 Application Software	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Insurance Brokers	Utility	Confirmed	4	High risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Investment Support Services	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Education Services	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Security Chemicals	Utility	Confirmed	5	Very high risk	0.75	1	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	Yes
4000000 Hospital Services	Utility	Confirmed	4	High risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Health Care Services	Utility	Confirmed	4	High risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Hospital Services	Utility	Confirmed	4	High risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Healthcare Equipment & Supplies	Utility	Confirmed	3	Medium risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Human Resources & Employment	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Education Services	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Application Software	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Security Chemicals	Utility	Confirmed	5	Very high risk	0.75	1	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	Yes
4000000 Multi-Family & Support	Utility	Confirmed	3	Medium risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Chemical Support Services	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Business Software	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Health Care Services	Utility	Confirmed	4	High risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Business Software	Utility	Confirmed	3	Medium risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No
4000000 Human Resources & Employment	Utility	Confirmed	2	Low risk	0.75	0	1	0	0.14	0.12	0.12	0.14	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.12	No

**Conducted ESG analysis for an ongoing deal to measure the risk posed by the underlying assets**

# Case Studies:

## Data Intelligence Group

### ESG And Private Equity - ESG Score-Card

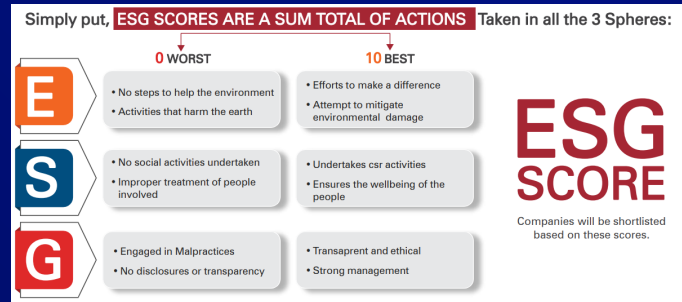
#### Request Overview

- Rate each potential PortCo company based on company's resilience to long-term, industry material Environmental, Social and Governance (ESG) risks

#### Final Deliverable and Value Add

- Rule-based methodology was designed to score companies according to their exposure to ESG risks
- The score helps in evaluating how well the companies manage risks relative to peers
- Identified trends over time for the score to check for the improvements
- Compared latest period's values relative to benchmarks (previous year/budget)

#### Output Snapshot



**ESG score-card helps identify industry leaders and laggards according to their exposure to ESG risks**

### ESG And Private Equity - ESG Dashboard

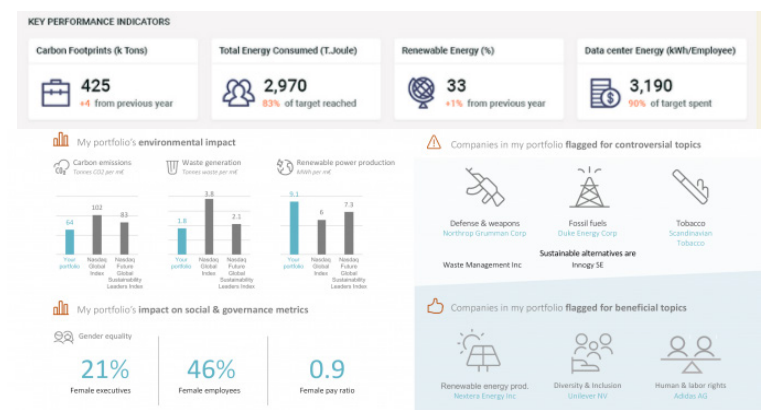
#### Request Overview

- Develop a single view to monitor the overall ESG health of the company
- Track the YoY changes across the various parameters and identify the reasons behind the anomalies occurring in the trend

#### Final Deliverable and Value Add

- ESG dashboards helped to track and monitor financials and operational KPIs of multiple portfolio companies and map them back to the ESG scores
- Identified trends over time for profit, sales, expenses, etc.
- Compared latest period's values relative to benchmarks (previous year/budget) based on the ESG development

#### Output Snapshot



**Provided the overall ESG health of the organization in a single view helping in easier decision making**



salessupport@tresvista.com |  
www.tresvista.com