

## A Private Equity Firm's Journey Taking ESG from Reporting Burden to Value Creation

*How a leading private equity firm partnered with ESGTree to streamline its ESG reporting journey for its portfolio companies, while creating value for them in the process*

After pressure from investors and regulators to report on ESG, a leading private equity firm chose the ESGTree technology platform to automate its ESG data management and analysis while leveraging ESGTree's Advisory team for policy creation, annual ESG reporting and capacity-building activities. The firm knew it needed to partner with a leading SaaS company with deep expertise in ESG for private markets, both on the technology and consulting fronts.

### Lead-up to the ESGTree Partnership:

In 2019, the firm decided that becoming a best-in-class ESG investor was a top priority. It had consistently set the bar for investment excellence and was committed to understanding and managing the ESG impact of its own operations – as well as that of its vast portfolio companies. This, coupled with the surge in demand for ESG data from investors and oncoming regulation, pushed the firm to take matters into its own hands.

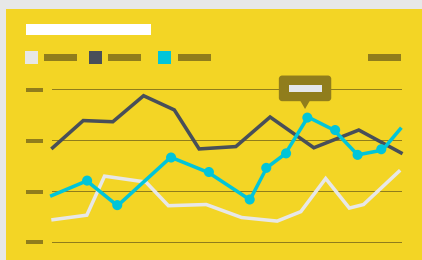
The firm struggled with large spreads of decentralized data from several portfolio companies, complex calculations on multiple data points, and a knowledge gap on standards and compliance-related issues. Collecting and processing ESG data manually in Excel sheets was overwhelming, tedious, complex and expensive.

### Leveraging Tech-enabled and Investor-grade Reporting:

The private equity firm quickly realized that it needed an ESG data management and reporting solution to collect, organize, and report its ESG data.

When its leadership team met ESGTree, it was the first time they had encountered a technology solution purpose-built for private capital investors which also provided essential advisory services to chalk out the ESG roadmap, strategy and vision.

Moreover, the platform offered: carbon calculation tools, ESG data collection and reporting, independent ESG scorecards for portfolio companies, a benchmark analysis tool backed by large ESG datasets, and trends analysis, all at the firm and portfolio level. Impressed, the firm decided to partner with ESGTree.



## Moving From Reporting Burden to Value Creation:

ESGTree's Client Success Team trained and aligned the firm's senior leadership on ESG best practices, and automated metrics, based on materiality principles, using a major reporting standard for portfolio-level ESG management.

This enabled the firm to conduct an in-depth materiality analysis and peer benchmarking against an inbuilt dataset of over 10,000 companies.

ESGTree's built-in reporting questionnaires, auto reminder notifications, leaderboards, and proprietary scorecards allowed portfolio companies to seamlessly track and optimize their ESG scores based on data-driven insights, allowing the firm to gain visibility of the ESG health of its entire portfolio.

The firm started to translate best practices across from the best portfolio company performers to the ones that were lagging behind in ESG practices – creating a true value creation system. In addition, portfolio companies started using the Scorecards and Carbon Calculator to fill out other, non-investor, ESG due diligence forms as well — benefiting their business overall.

*"We collect a lot of data on our companies, but this is data we do not have anywhere else. We benchmark everything, so I'm not sure why we didn't think of benchmarking ESG data before ESGTree."*

*~ Managing Partner, Private Equity Client*

## ESGTree: A One-Stop Solution – Technology + Advisory Services:

With a strong belief in the capabilities of the ESGTree technology platform, the firm decided to employ the full suite of ESGTree's Advisory Services. ESGTree then worked alongside the newly formed ESG Committee to structure the firm's ESG approach from the ground up, including activities such as:

- Creating the firm's ESG and climate policies
- Generating Quarterly ESG Reports for the firm's Limited Partners (LPs)
- Drafting the firm's Annual ESG Report, including creative design and publication
- Led webinars, conferences, and presentations for training and capacity-building amongst the firm's executive teams, employees and portfolio companies.

If you would like to discuss how you can take ESG from reporting burden to value creation for your portfolio companies, reach out to us at [sales@esgtree.com](mailto:sales@esgtree.com)

