

ESG in M&A transactions: Risk Scan and Due Diligence

Reliable assessment of material opportunities and risks in investment decisions



Considering ESG: a must in the investment process

Climate change, issues such as water and resource efficiency, and social aspects such as attractiveness as an employer and human rights in the supply chain are having a significant impact on the business success of companies and their future viability - and therefore on investors' returns. At the same time, there is a clear expectation from various stakeholders for investors to play an active role on the path to more sustainable business models. Integrating ESG factors into investment decisions has therefore become a fundamental part of value creation and risk management.

ESG Risk Scan and ESG Due Diligence: your guide in the pre-investment phase

The basis for the consideration of material environmental, social and governance opportunities and risks is their reliable assessment prior to an investment. In this context, the depth of the analysis may vary depending on the business model and the investor's strategic ESG positioning.

In order to meet the individual needs of investors, fors.earth offers two transaction-related screening processes that build on each other but differ in scope and depth: the ESG Risk Scan as a compact analysis and the detailed ESG due diligence. Both assessments can be carried out using the standard fors or a customized approach, e.g. based on an investor's specific ESG strategy.

	 ESG Risk Scan	 ESG Due Diligence
Contextual analysis: business model and value chain	✓	✓
Identification of business model specific sustainability issues	Focused	Comprehensive
Derivation of opportunities and risks	Focused	Comprehensive
Controversies and red flags check	✓	✓
Status quo analysis of the company's ESG management:		
- <i>Evaluation of documents</i>	(✓)	✓
- <i>On-site visit and interview with management</i>	—	✓
Derivation of value drivers and fields of action	External perspective	Internal and external perspective
Documentation	Overview report	Comprehensive DD report
Based on market standards (e.g. CSRD, taxonomy, ESG ratings)	✓	✓
Application	Cost-efficient ESG analysis for short-term investment decisions (budget: <1 week)	In-depth ESG due diligence for informed investment decisions (budget: 2-3 weeks)

Interested? Contact us for more information.

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