



BEST PRACTICES CHECKLIST FOR SUSTAINABILITY IN MERGERS & ACQUISITIONS



Environmental, social, and governance (ESG) factors are core drivers of valuation, risk allocation, and deal execution in mergers and acquisitions. Investors and acquirers treat climate risk, governance maturity, and social performance as underwriting inputs that influence pricing, diligence scope, and post-merger integration strategies. **Use this checklist for ESG readiness in the M&A process.**

1. PRE-ACQUISITION DUE DILIGENCE

Regulatory & Risk:

- Assess climate regulation exposure.
- Screen for physical and transition risks.
- Complete scenario analysis (qualitative or quantitative).

Data & Reporting:

- Complete Scope 1–2 inventory.
- Perform Scope 3 screening.
- Ensure data systems are documented and auditable.

Governance:

- Define ESG policies and oversight.
- Establish board/management accountability.

Value Creation:

- Identify energy efficiency, electrification, and renewable energy opportunities.
- Estimate cost savings and ROI.
- Develop ESG value narrative.

2. ACQUISITION & INTEGRATION

Systems & Data:

- Align reporting systems and standardize calculation methodologies.
- Establish controls and SOPs.

Strategy & Targets:

- Consolidate ESG targets and align KPIs across entities.
- Initiate climate transition plan.

Supply Chain:

- Align supplier expectations.
- Ensure Scope 3 data integration plan is in place.

3. DIVESTITURE / EXIT

Data & Assurance:

- Verify or assure ESG data.
- Complete audit trail and documentation.

Positioning:

- Prepare climate risk and resilience narrative.
- Benchmark ESG performance.

Transaction Readiness:

- Ensure reporting systems are clean and transferable.
- Ensure integration readiness has been demonstrated.


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