



ESG Data
Convergence
Initiative

ESG Data Convergence Initiative

Overview



Limited Partners

**Can't understand
ESG performance of
their portfolio**



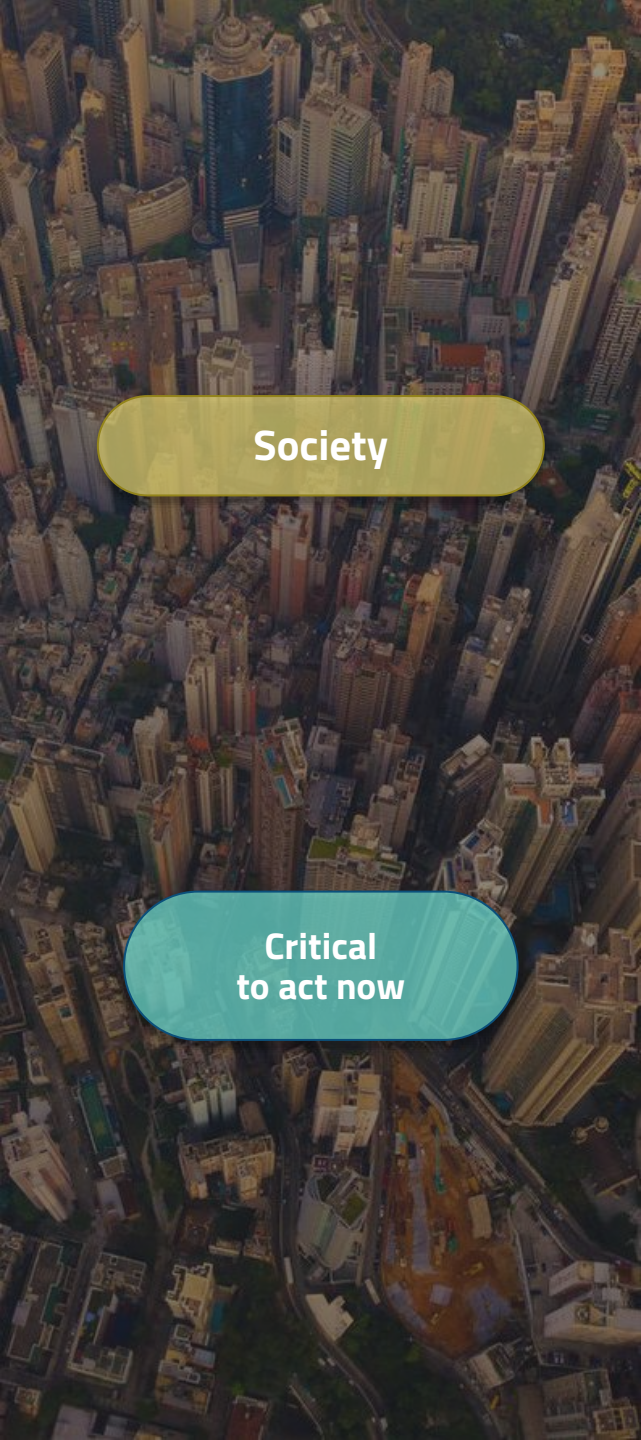
General Partners

**Mounting volume of
data requests**



Portfolio companies

**Increasingly
complex set of ESG
frameworks**



Society

**Critical
to act now**

The GP/LP community came together to converge around a standardized set of ESG metrics



Founding EDCI members

Co-chairs

CARLYLE CPP Investments

Blackstone

IEQT

CVC

PGGM

PERMIRA

CalPERS

PICTET
1805

apg

wellcome trust

TOWERBROOK

ALPINVEST

PSP
Investissements
Investments

Bridgepoint

Employee's
Retirement System
of Rhode Island

EDCI Principles

Simple

Broad

Substantial

EDCI GPs and LPs aligned around 6 core categories of metrics

Environmental



GHG
Emissions



Renewable
energy

Social



Work-related
injuries



Net
new hires

Governance



Diversity of board
members



Employee
engagement



Enabling more than 2,000 portfolio companies from
>100 GPs to submit data in the inaugural year

An aerial photograph of a lush green forested landscape. The sun is low in the sky, creating a bright flare and lens flare effects. The text is overlaid on a semi-transparent white rounded rectangle in the center of the image.

**More than 22k data points
have led to key insights...**

On average, privately owned businesses are starting from a lower ESG baseline

Private firms have lower renewable energy usage...

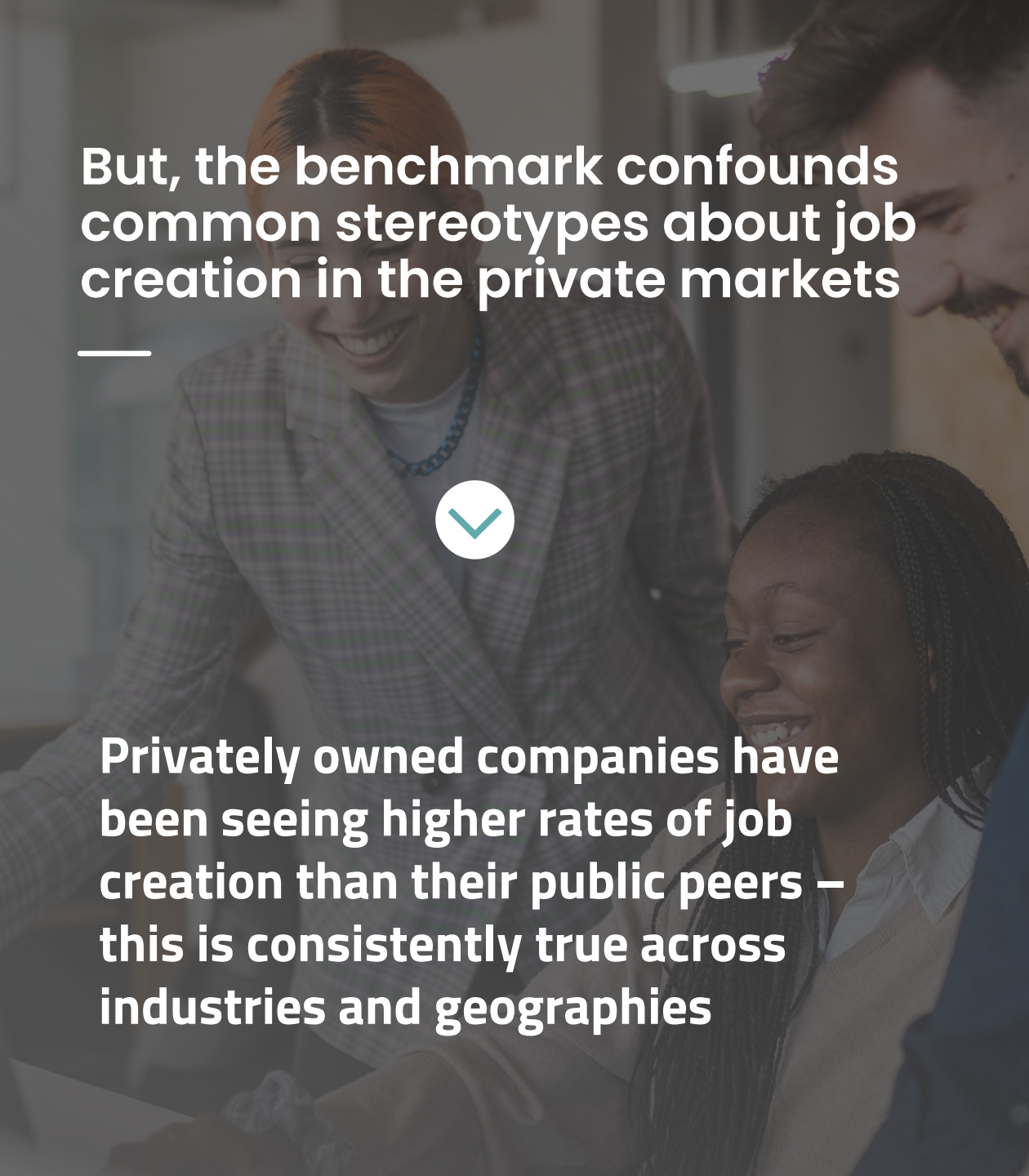


... and are more likely to have no women on their board



But, the benchmark confounds common stereotypes about job creation in the private markets

Privately owned companies have been seeing higher rates of job creation than their public peers – this is consistently true across industries and geographies

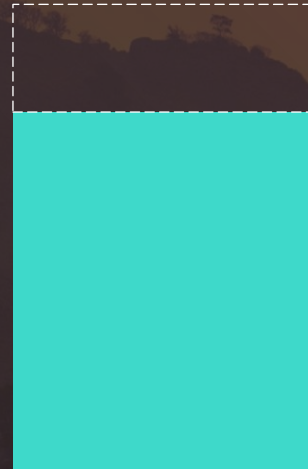


Making progress:
The private equity investment model can be very effective at enabling rapid progress on ESG

Example: Private firms have been effectively increasing their usage of renewable energy over time

YoY change in pp of energy usage from renewables

+10-13pp



Private firms

+1-2pp

Public firms

The performance advantage: Those funds that focus on ESG improvements will likely see significant financial returns from these investments

It is too early to draw definitive conclusions from the benchmark on the relationship between ESG metrics and financial outcomes



However, there are already early signs of correlations (in line with public markets)

9%

Revenue growth rate without board gender diversity

13%

Revenue growth rate with board gender diversity

What will be new for the EDCI in 2023?

The EDCI is focused on enabling greater participation and improving data quality and quantity over time



Enhanced metrics guidance and addition of one new metric
(% women in C-suite roles)



Direct data submission via ESG Tech platforms



More robust trending data



Increased number of portfolio companies



Formalizing BCG's role as advisory & benchmarking partner to initiative

Thank you!

Learn more on our website here!

