

Principles for BCG's Role in the EDCI (April 2023 to April 2026)

The ESG Data Convergence Initiative (EDCI) is a first-of-its-kind, industry-led effort by the private equity community to drive convergence around meaningful ESG metrics and generate useful, comparable, performance-based ESG data.

Since its inception, the EDCI Steering Committee (SteerCo) has led this initiative. The EDCI SteerCo is made up of 16 members represented by an equal number of GPs and LPs, and co-chaired by one GP and one LP, elected annually by the EDCI SteerCo. The EDCI has been enabled through significant pro bono support from BCG since the initiative's inception, as well as support from the Institutional Limited Partners Association (ILPA), which has served as the Secretariat of the EDCI since 2022.

After due consideration, the EDCI SteerCo recommended formalizing BCG's EDCI role for an initial 3-year term, beginning in April 2023. In this role BCG will support the initiative in two primary ways: benchmark creation and EDCI SteerCo advisory support. This document is not a legal document, but instead describes the ways in which BCG plans to support the EDCI over the coming years. Specifically:

Benchmark creation: BCG will continue to utilize its benchmarking capabilities (provided by [BCG Expand](#)) to create and share the EDCI benchmark annually with all participating private equity GPs and LPs free of charge (see 'Keeping purpose over profit' for more details).

EDCI SteerCo advisory support: BCG will continue to support the EDCI SteerCo with its annual sprint process (activities include gathering and structuring feedback on metrics from participants, providing supporting analysis on potential new metrics being considered, refining and updating EDCI metric guidance, implementing EDCI SteerCo priorities for the initiative, etc.).

Ownership and control of data: As the legal entity responsible for creating and ensuring the quality of the benchmark, BCG is the steward of the EDCI benchmark. This allows the EDCI SteerCo to ensure that only EDCI participants can access the benchmark data and insights and that all participants who have access are complying with the terms and conditions. BCG's role is one of a steward and supporting partner to the EDCI SteerCo, and will always follow SteerCo guidance on the use of this intellectual property (as described in legal contracts currently in place with all GPs and LPs). BCG is committed to support the transition of the benchmark in the case an EDCI non-profit entity were to be set up.

Data privacy and security: BCG will continue to deploy best-in-class security protocols to protect sensitive private company data (more information on these protocols can be found [here](#)).

Keeping purpose over profit: BCG will provide participating GPs and LPs with the EDCI offering that was available in the initiative's inaugural year (a benchmark portal with the ability for GPs and LPs to do flexible self-service benchmark cuts) free through April 2026, with the expense of administering and staffing the current level of support for the EDCI provided for by BCG.

Support the EDCI's plan for longer-term financial sustainability: The EDCI SteerCo believes that exploring a potential earned revenue model will enable optionality and sustainability for the EDCI long-term, so that it is not fully and/or perpetually reliant on ongoing subsidy or pro bono support. In the future, BCG may offer additional functionality, developed at the direction of the EDCI SteerCo, which will be available to EDCI participants that wish to upgrade for a fee (in order to start building a model to recover at least some EDCI operational costs). In doing so, BCG will continue to cover the costs in full if earned revenues do not cover costs. Any fees will be reviewed annually by the EDCI SteerCo for reasonableness and limited to covering BCG's cost of administering the EDCI, with any potential revenue earned above this being deployed at the SteerCo's discretion (e.g. investing in new benchmark functionality). The development of this model will be directed by the EDCI SteerCo, which will continue to have full decision rights over initiative decisions. In addition, under this longer-term financial model, BCG will choose to continue to provide additional pro bono resources to support the initiative on an ongoing basis.

Transitional support: Over the long term, the EDCI SteerCo is interested in setting up a dedicated EDCI non-profit to support the initiative once it is financially sustainable. This ambition deeply resonates with BCG, and BCG would provide support in transitioning the benchmark and EDCI administration at the end of the three year partnership period, should the EDCI SteerCo elect to do so.