

PRI/ Bain/ NYU Stern Initiative

# Interactive Group Discussion: Sustainability-Linked Value Creation

*Private Equity Sustainability Practicum*

December 10<sup>th</sup>, 2024

# Today's agenda

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Note:  
Source:

- 1 Introduction** 5'

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- 2 Most value driving topics and initiatives** 25'  
*Sources of (financial) value creation*

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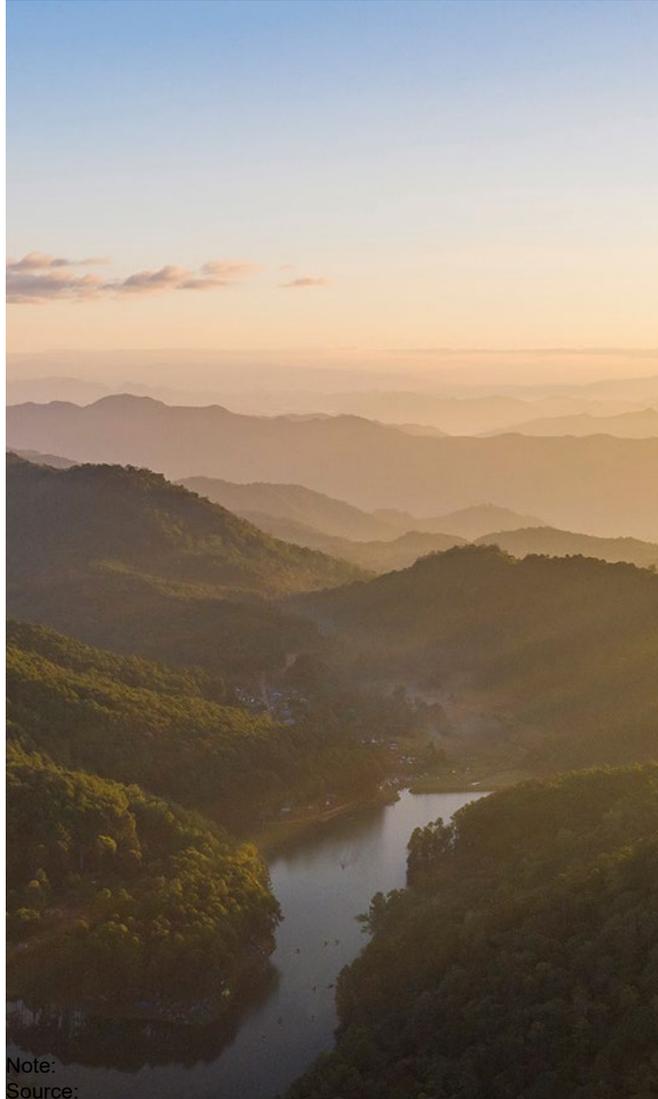
- 3 Addressing key challenges** 25'  
*Value creation throughout the organization*

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- 4 Wrap-up and how to get involved** 5'

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# Flagship Initiative | Sustainability-linked Value Creation in Private Markets

## PROJECT OBJECTIVES

**Empower investment firms to drive (financial) value through sustainability!**



Provide **guidance** & raise **standards**



Foster **collaborative dialogue** btw. private markets stakeholders



Understand & disseminate **best practices**

## LEADING INSIGHTS & PERSPECTIVES



**Investor-led guidance** from independent standards setter



**Pragmatic business practices** from consulting experience



**Pioneering research** from academia expertise



Center for Sustainable Business



**Sustainability drives value creation opportunities and is a core differentiator/ competitive advantage for PortCos**

**Revenue uplift**



**Cost reductions**



**Risk mitigation/  
Regulatory  
resilience**



**Multiple optimization**



**FIRM-LEVEL & SOCIETAL IMPACT**

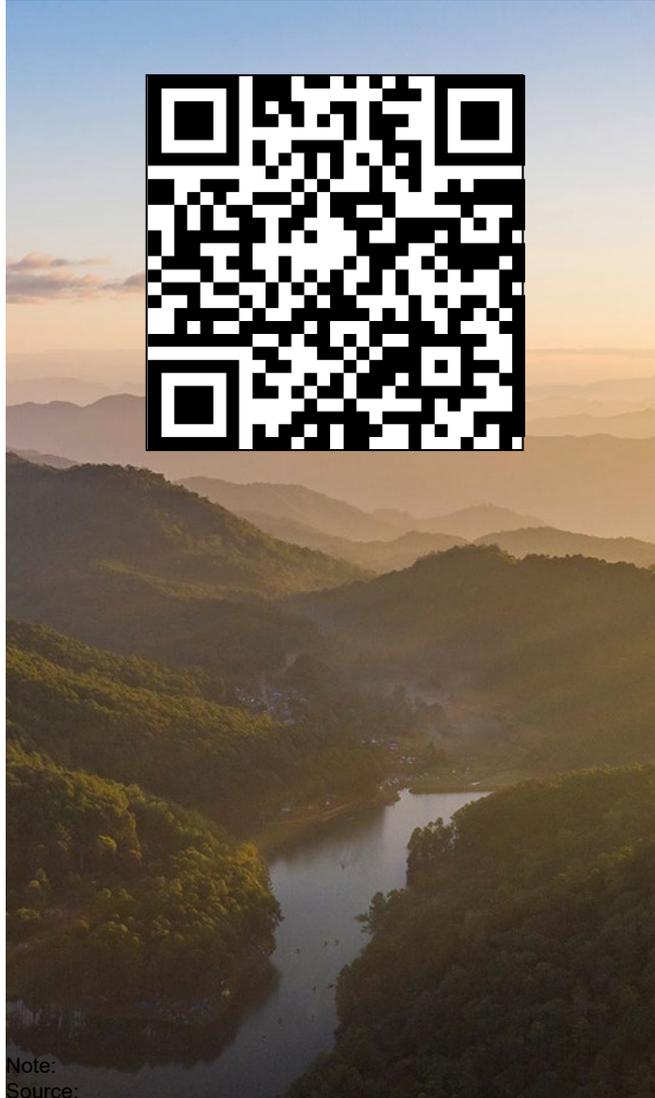
Financial return for investors

Sustainability outcome for internal & external stakeholders

Broader societal & environmental impact

# Today's agenda

/ PRELIMINARY



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# What do you think are the top 3 sustainability topics driving most financial value in your portfolio?

*Please select top 3 most valuable topics*



Question #1  
"Slido" - 3'



/ ILLUSTRATIVE - NON EXHAUSTIVE

## **E**nvironment



- Energy consumption & GHGs / Carbon footprint
- Water stewardship
- Material use, waste & circularity
- Land and ocean use
- Biodiversity and ecological welfare

## **S**ocial



- Human rights
- Labor practices
- Diversity, equity & inclusion
- Customer safety and engagement
- Community partnership

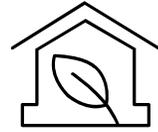
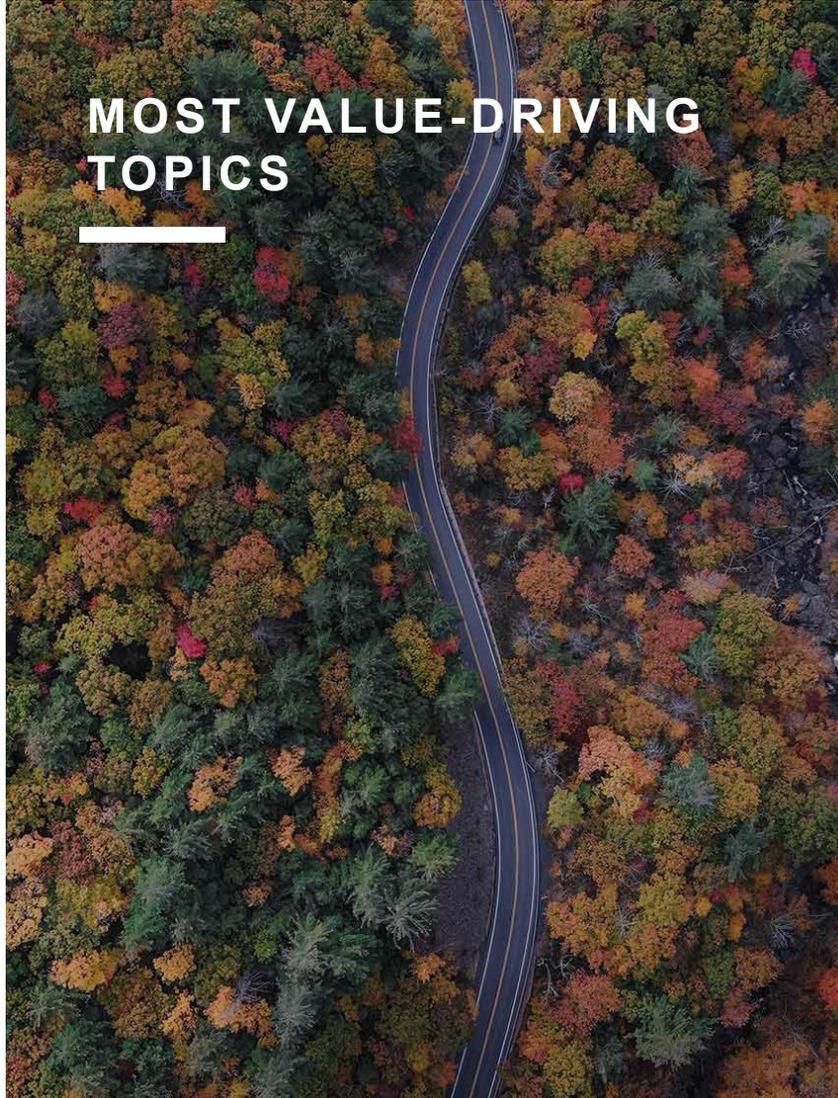
## **G**overnance



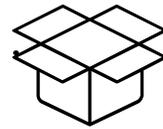
- Governance foundation
- Responsible business practices
- Transparency & risk management
- Third-party relationships
- Tax practices, and national & international policy

# Preliminary insights | Most value driving topics emerging from initial interviews and survey responses

/ PRELIMINARY



**GHG emissions/ decarbonization**



**Responsible supply chains**



**Labor practices (Health & Safety)**



**DE&I**

# What do you think are the **key initiatives at portfolio company level** associated to the most value-driving topics?

*Please discuss top 2 initiatives and report your answer on Slido*



Question #2

10'

Groups of 2/3 people

## **E**nvironment



- **Decarbonize production and operations** (e.g., *alternative fuel sources, electrified logistics*)
- **Implement circular business model initiatives** (e.g., *recyclable materials, take-back programs*)
- ....

## **S**ocial



- **Protect worker health & safety** (e.g., *workplace best practice in place, regular safety drills*)
- **Ensure consumer health and safety** (e.g., *no harmful materials/ ingredients*)
- ...

## / EXAMPLES - NON EXHAUSTIVE

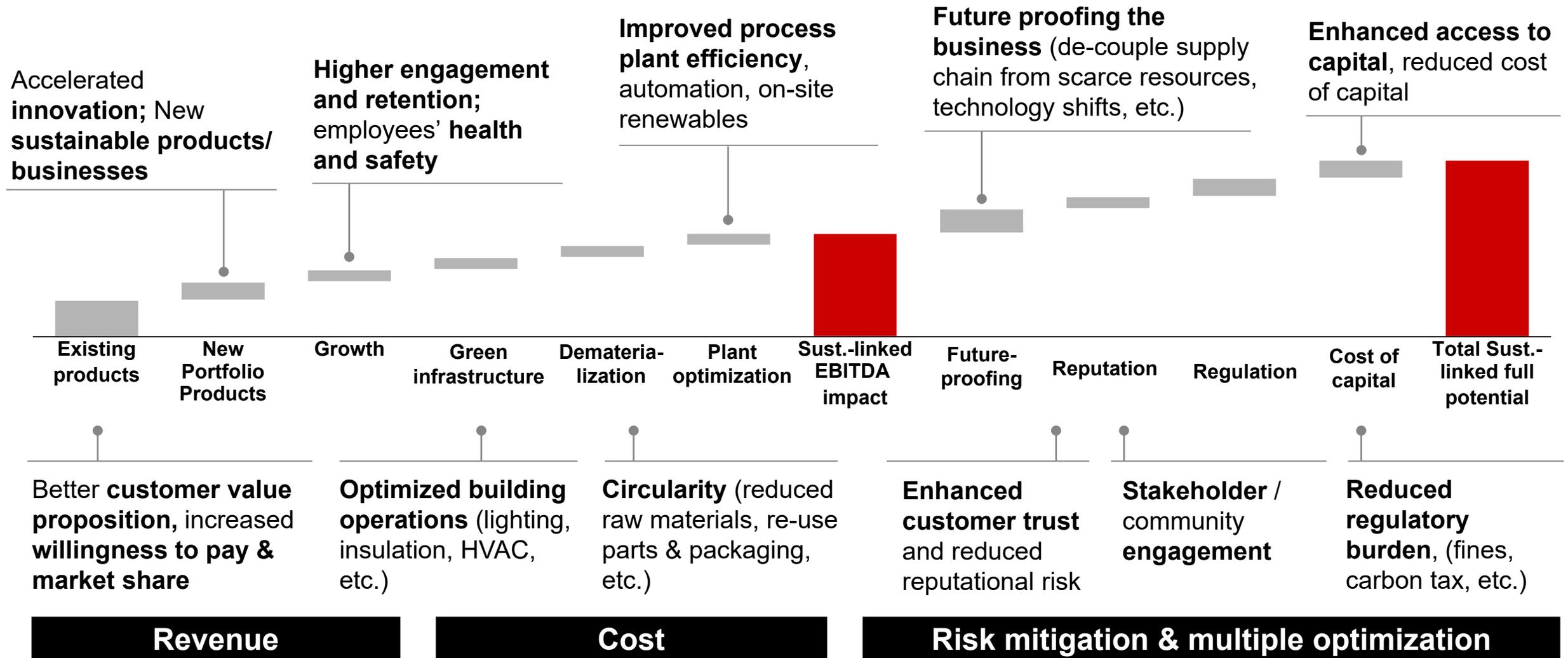
## **G**overnance



- **Drive responsible supply chain management** (e.g., *traceability in sourcing, supplier audits*)
- **Assess business ethics risks on regular basis** (e.g., *unethical behavior assessments (bribery, corruption, etc.)*)
- ...

# From initiatives to value creation | Sustainability unlocks value for investors across multiple drivers – extending beyond just compliance and risk mitigation

/ ILLUSTRATIVE

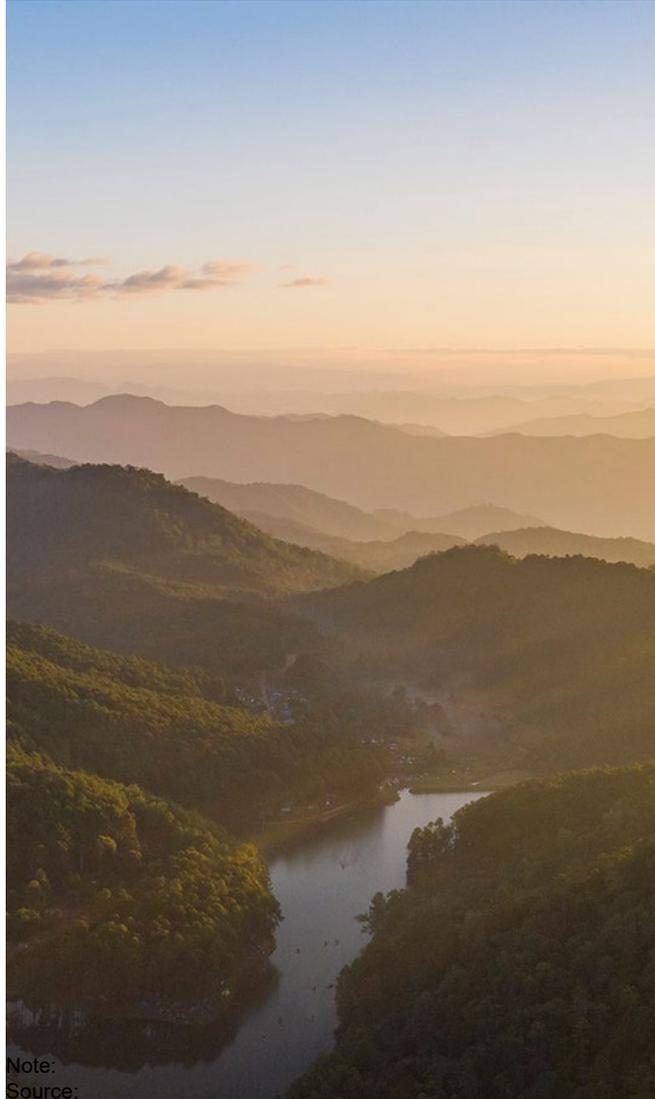


Source: Bain analysis

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What **key challenges** have you encountered in your sustainability-linked value creation journey? *Please enter top 2 challenges on Slido (<10 words)*



Question #3  
"Slido" - 3'

/ ILLUSTRATIVE - NON EXHAUSTIVE



**Demonstrating ROI:** Clearly **linking sustainable initiatives to positive financial returns**, building a strong case against competing high-ROI initiatives



**Leveraging data:** **Capturing & sharing relevant data** from portfolio companies to highlight sustainability-driven value creation



**Achieving stakeholder alignment:** **Securing organizational buy-in**, especially from Deal teams (investor level) and top management (PortCo level)



Other

# What **key tactics** do you leverage to overcome such challenges?

*Please discuss top 2 tactics and report your answer on Slido*



Question #4

10'

Groups of 2/3 people

/ EXAMPLES - NON EXHAUSTIVE



**Drive visibility:** **Start tracking and gathering data on portfolio companies' maturity and progress** during and after implementing sustainability-linked value creation initiatives



**Support establishing clear governance:** **Clarify roles and responsibilities** for sustainability-linked value creation effort at **both portfolio company and investor levels** to drive impact beyond holding period



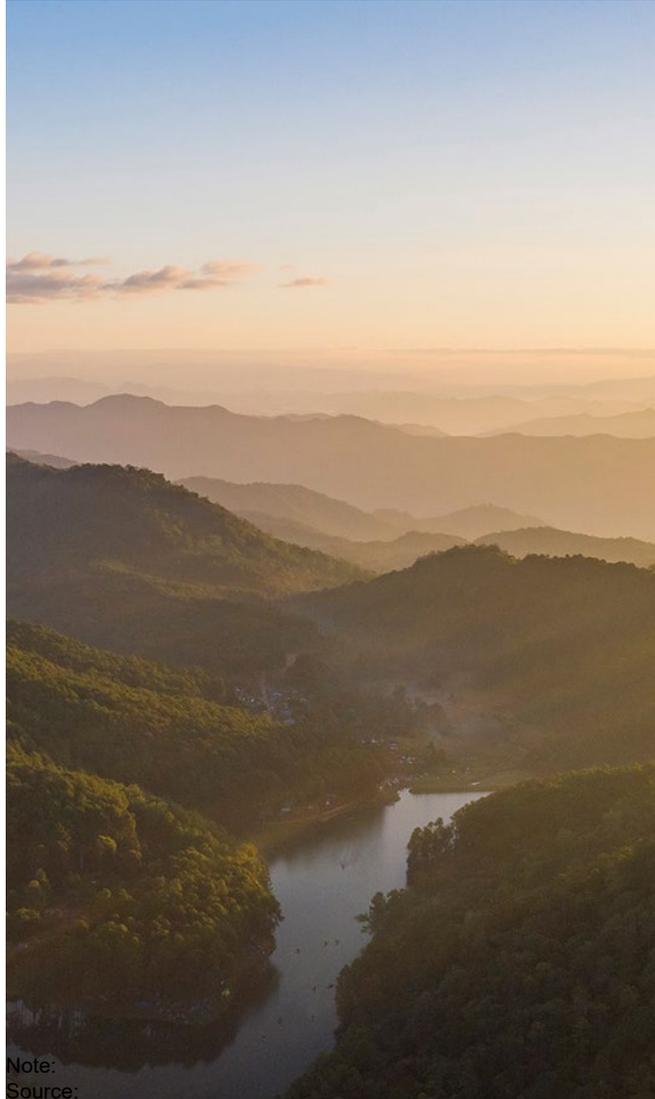
**Leverage expertise:** Secure capabilities by **hiring the right talent** and/ or **partnering with external experts where needed**



Other...

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# Initiative outlook: Get involved!

## Output | Practical guidance for investment firms on how to drive (financial) value through sustainability!

Coming up in  
Spring 2025

### CONTRIBUTE!

#### WHAT

**Worldwide survey** gathering key insights (incl. best practices)

**25+ interviews** with investment firms

**5+ workshops** across geographies and maturity levels

#### WHY

Get early access to results

Profit from peers' insights and a 'platform' to exchange

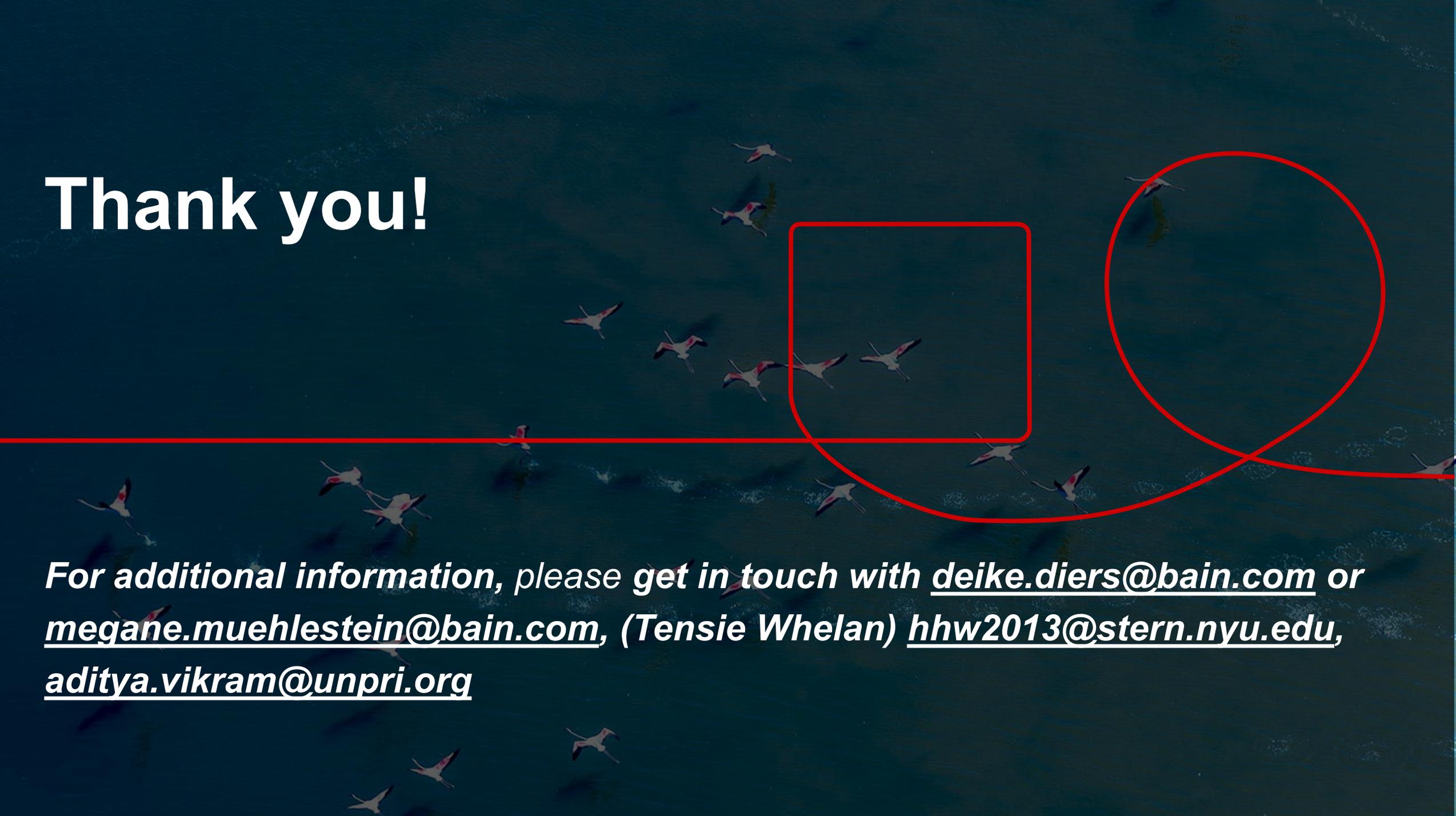
**Shape the future of sustainable investing!**

#### HOW

**Enter your email address:**



# Thank you!



*For additional information, please get in touch with [deike.diers@bain.com](mailto:deike.diers@bain.com) or [megane.muehlestein@bain.com](mailto:megane.muehlestein@bain.com), (Tensie Whelan) [hhw2013@stern.nyu.edu](mailto:hhw2013@stern.nyu.edu), [aditya.vikram@unpri.org](mailto:aditya.vikram@unpri.org)*