

A photograph of a cable-stayed bridge with a tall, illuminated pylon, set against a night sky with a crescent moon. In the background, several modern skyscrapers are lit up, reflecting on the water in the foreground.

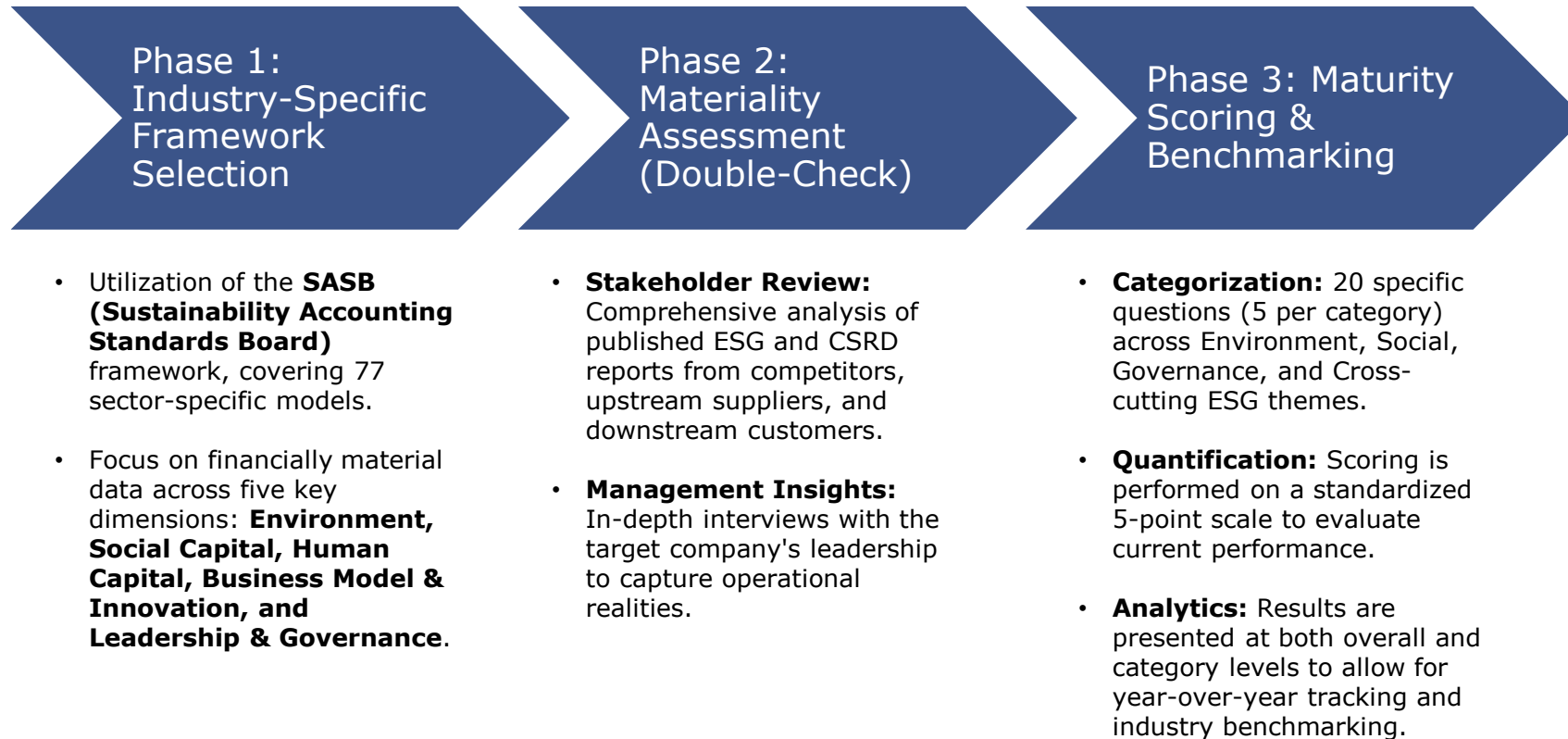
ESG Due Diligence Methodology & Value Creation Framework

Implementing a Rigorous and Sector-Specific Approach to Drive Scalability and Exit Value.

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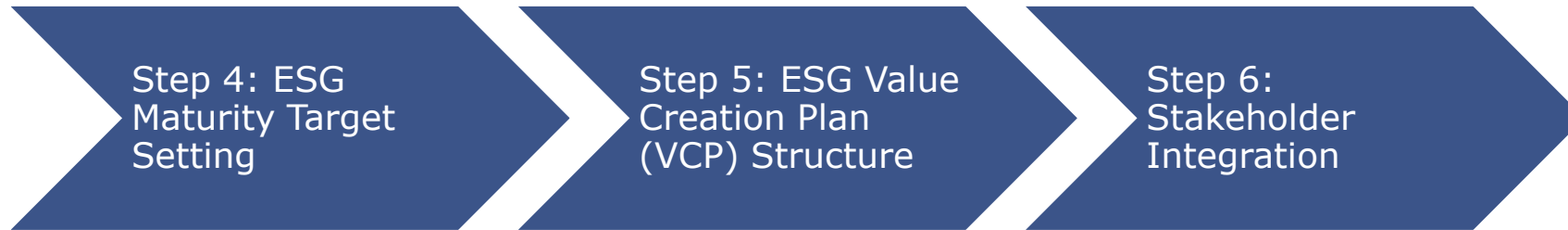
ESG Due Diligence Methodology & Assessment Framework

Our ESG Due Diligence process is built upon globally recognized standards and a data-driven materiality approach to ensure a reliable baseline for Limited Assurance.



ESG Strategy, Target Setting & Value Creation

The assessment concludes with a forward-looking plan that integrates ESG into the company's core business strategy and exit narrative.



- Definition of a **Year 3 Maturity Target** based on the gap analysis.
- Formal alignment and agreement on these targets with shareholders and the Private Equity firm.

The plan moves beyond simple compliance to focus on three value-driven objectives:

- 1. Risk Mitigation:** Identifying and addressing 'Red Flags' to secure a foundation for operational scalability.
- 2. Commercial Leverage:** Using ESG initiatives as a catalyst for commercial success and margin improvement.
- 3. Exit Readiness:** Preparing the company for a future exit by maximizing the potential for a premium valuation through a validated ESG track record.

- Final presentation and discussion of ESG findings and targets with the **Investor (PE company)** and the **Target management team** to ensure operational buy-in.

ESG Maturity Framework & Global Assessment Standards

Utilizing a Standardized 5-Level Scale to Ensure Objective Scoring and Alignment with Global Audit Requirements.

Level	Score Range	Description	Description (short)	Key indicators
1	1.0–1.9	Nascent / Basic	Nascent	No formal ESG policy, ad hoc compliance only
2	2.0–2.9	Emerging / Developing	Emerging	Policy drafted, limited implementation, no KPIs
3	3.0–3.9	Integrated / Established	Integrated	ESG integrated into governance, data collected, internal reporting
4	4.0–4.5	Advanced / Strategic	Advanced	Systematic management, external disclosure (Taxonomy, SFDR)
5	4.6–5.0	Impact-driven / Leadership	Impact	Full ESG integration, impact KPIs, external assurance, CSRD-ready

- **Globally Recognized Methodology:** This 5-level scoring structure is based on the **Capability Maturity Model (CMM)**, an international standard for process maturity used by global audit firms, the UNPRI, and financial institutions to ensure a universal language for ESG performance.
- **Evidence-Based Assessment:** To ensure objectivity, each score is derived from 20 industry-specific assessment questions (5 per category: E, S, G, and Cross-cutting). This allows for a verifiable audit trail based on operational evidence rather than subjective observation.
- **Benchmarking & Target Setting:** The framework enables precise year-over-year tracking and benchmarking across diverse portfolio companies. It serves as the foundation for setting **Year 3 Maturity Targets**, aligning ESG progress directly with long-term value creation.

Applied Excellence: Indicative ESG Due Diligence Deliverables

Translating Rigorous Assessment into Strategic Boardroom Insights: A Clear Roadmap from Day 1 to Exit.

1. Sector Benchmarking & Peer Analysis

ESG Assessment Top 5 Cleaning Companies NL
The top 5 market leaders have institutionalized ESG, setting a high benchmark for strategy and transparent reporting.

ESG Assessment Top 5 Cleaning Companies The Netherlands	Key Question (What's Next?)	DRAFT: WORK IN PROGRESS
1. Overall ESG Governance (Leadership)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	• Strategic Integration: Leaders have fully integrated ESG into their core strategy, utilizing frameworks like GRI and SASB. This level of professionalization is increasingly becoming a prerequisite for winning large-scale tenders (e.g., Sodexo, Central Government).
2. E: Climate Strategy, Targets & Scope 1 & 2	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	• Measurable Ambitions: Top competitors distinguish themselves with validated Science-Based Targets (SBTs) and quantified social impact goals, creating a transparency gap that Luna must bridge to remain competitive.
3. E: Fleet & Vehicle Decarbonization (incl. contracting)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	• Social Innovation: Major competitors are aggressively tackling labor scarcity by branding themselves as "valuable leaders," investing heavily in sustainable employability and diversity programs to attract talent.
4. E: Water Management in Cleaning Operations	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	• Smart & Green: The top 5 link sustainability directly to efficiency ("Smart Cleaning"), using data and sensor technology to optimize labor deployment, reducing a technological standard that Luna needs to monitor.
5. E: Waste & Circularity of Consumables/Supplies (incl. take-back)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
6. E+S: Sustainable Procurement & Supplier ESG (Human Rights)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
7. S: Occupational Health & Safety (incl. ergonomics)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
8. S: Fair Work Working Conditions (incl. wage setting/working time)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
9. S: Training, Skills & Career Pathways	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
10. S: Diversity, Inclusion & Equal Opportunity	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
11. S: Employee Wellbeing, Engagement & Absenteeism Management	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
12. S: Social Impact & Business Engagement (Community, NGO, etc.)	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
13. G: ESG Governance, Stakeholder & CSR Initiatives	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
14. G: Business Conduct, Compliance & Data Privacy/Security	Do policies/standards align? Do policies, targets (e.g., 2025) and initiatives?	
AWS Company ESG Maturity Level	Based on overall ESG performance	

- Benchmarking against top 5 peers using sector-specific criteria.
- This identifies the 'transparency gap' and key requirements to remain competitive in professional tenders.

2. Evidence-Based Maturity Scoring

ESG Maturity Assessment Luna
Luna excels as a pragmatic 'doer' with high ESG scores but requires a strategic shift in Governance to match industry leaders.

ESG Maturity Assessment Luna	Overall Score	Strengths	Weaknesses
1. Overall ESG Governance	4.5	Strong	Weak
2. E: Climate Strategy, Targets & Scope 1 & 2	4.0	Strong	Weak
3. E: Fleet & Vehicle Decarbonization	4.0	Strong	Weak
4. E: Water Management	4.0	Strong	Weak
5. E: Waste & Circularity	4.0	Strong	Weak
6. E+S: Sustainable Procurement	4.0	Strong	Weak
7. S: Occupational Health & Safety	4.0	Strong	Weak
8. S: Fair Work Working Conditions	4.0	Strong	Weak
9. S: Training, Skills & Career Pathways	4.0	Strong	Weak
10. S: Diversity, Inclusion & Equal Opportunity	4.0	Strong	Weak
11. S: Employee Wellbeing, Engagement & Absenteeism	4.0	Strong	Weak
12. S: Social Impact & Business Engagement	4.0	Strong	Weak
13. G: ESG Governance, Stakeholder & CSR	3.5	Weak	Strong
14. G: Business Conduct, Compliance & Data Privacy/Security	3.5	Weak	Strong
AWS Company ESG Maturity Level	4.0	Strong	Weak

- Granular scoring per ESG sub-theme provides a quantitative baseline.
- This creates a verifiably 'audit-ready' trail for external auditors and ensures clear performance insights.

3. ESG Opportunity Assessment Matrix

ESG Opportunity Assessment Luna
Leveraging Fictitious Discount of Level 3 P50 and CO2 PL* and formalizing the ESG strategy offers immediate high-impact wins with low effort. Reporting and retention program are essential to capture long-term value.

Ease of Implementation	Low	Medium	High
Easy	<ul style="list-style-type: none"> • QQ: Set up Supplier Code of Conduct Soliciting ESG performance reporting within the supply chain. • Green Consumables Roll-out (ZZ) A visible "green" signal to clients and employees with relatively low effort, boosting the brand image. 	<ul style="list-style-type: none"> • Leverage "Fictitious Discount" (6%) of P50 and CO2 Prestableladder Level 3 Status. Active marketing of this differentiator to prospects and intermediaries. • ESG Narrative & Strategy Formulation Creating brand value by combining several loose ESG initiatives to one overarching story. 	<ul style="list-style-type: none"> • Formal Annual ESG Reporting (Ile) External report secures "license to operate" with major clients, bridges the gap with top-tier competitors and increases exit valuation. • XX
Medium	<ul style="list-style-type: none"> • Complete Fleet Electrification (EV) This solidifies the Scope 1 performance and aligns with client net-zero goals. • ZZ 	<ul style="list-style-type: none"> • Scope 3 Chain Integration (for CO₂ Ladder Level 5) Lead initiatives to force emission reductions and data transparency in the supply chain. This positions Luna as a market leader in sustainability innovation, not just a follower. • YY 	
Difficult			

- We benchmark the target Prioritizing initiatives by implementation ease and business impact.
- Management can capture 'Quick Wins' that improve margins, brand value, and client net-zero alignment.

4. Strategic Value Creation Roadmap

ESG Value Creation Plan Luna
Transforming informal strengths into a professional ESG platform by commercializing Social leadership and formalizing Governance drives revenue growth, margin improvement, and exit valuation.

Phase	1: The Foundation (Year 1-2)	2: Acceleration (Year 3-4)	3: Maximization (Year 5 - Exit)
Goal	Mitigate risks (Remove Red Flags) and lay the foundation for scalability.	Leverage ESG for commercial success and margin improvement.	Prepare for exit with a premium valuation.
Actions	1. Formalize ESG Strategy and Governance <ul style="list-style-type: none"> • Action: • Result: • Value: 	2. Implement Governance Quick Wins <ul style="list-style-type: none"> • Action: • Result: • Value: 	3. Start "ESG-lite" Reporting <ul style="list-style-type: none"> • Action: • Result: • Value:

- A phased roadmap from day 1 to exit. Focused on mitigating 'Red Flags', driving commercial acceleration, and maximizing exit multiples through a validated ESG track record.

The examples shown above are derived from an anonymized ESG Due Diligence report for a target company in the professional services sector.

To ensure the confidentiality of our clients, certain data points in these thumbnails have been masked. In these sections, we provide additional insights into the Stenton methodology applied during the assessment.

Let's move from Compliance to Exit Value.

Contact us to discuss how our senior-led ESG approach can strengthen your portfolio's equity story.

Key Takeaways:

- **Peer-to-Peer Seniority:** Engagement on a boardroom level, bridging the gap between investors and management through decades of executive experience.
- **Audit-Ready Methodology:** A rigorous assessment framework based on the International Capability Maturity Model (CMM), ensuring seamless alignment with Limited Assurance requirements.
- **Execution-Focused:** Moving beyond static reports to a hands-on '100-Day Plan' that drives operational scalability and commercial growth.

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