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DISSERTATION

**THE STRATEGIC USE OF ESG RATINGS IN M&A
PROCESSES: A CASE STUDY ON THE ACQUISITION OF
SLACK BY SALESFORCE**

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SUPERVISION:

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GLOSSARY

- BQL – Bloomberg Query Language.
- CRM – Customer Relationship Management.
- CSR – Corporate Social Responsibility.
- CSRD – Corporate Sustainability Reporting Directive.
- DCF – Discounted Cash Flow.
- DEI – Diversity, Equity, and Inclusion.
- ESG – Environmental, Social, and Governance.
- ESRS – European Sustainability Reporting Standards.
- EU – European Union.
- FY – Fiscal Year.
- IFRS – International Financial Reporting Standards.
- IOSCO – International Organization of Securities Commissions.
- ISSB – International Sustainability Standards Board.
- LSEG – London Stock Exchange Group.
- M&A – Mergers and Acquisitions.
- MSCI – Morgan Stanley Capital International.
- OECD – Organisation for Economic Co-operation and Development.
- PMI – Post-Merger Integration.
- PRI – Principles for Responsible Investment.
- S&P – Standard & Poor's.
- SDGs – Sustainable Development Goals.
- SEC – U.S. Securities and Exchange Commission.
- SFDR – Sustainable Finance Disclosure Regulation.
- UN – United Nations.
- UNEP – United Nations Environment Programme.
- UNFCCC – United Nations Framework Convention on Climate Change.
- U.S. – United States.
- WCED – World Commission on Environment and Development.

ABSTRACT

Environmental, social, and governance (ESG) factors have become central to corporate strategy and investor decision-making. Increasingly, ESG considerations influence deal selection, valuation, and integration, positioning them as critical drivers of Mergers and Acquisitions (M&A) outcomes.

This thesis examines how ESG ratings respond to M&A by analysing Salesforce’s 2021 acquisition of Slack, through an ESG measurement lens, using provider ESG rating time series and complementary disclosure and media evidence to contextualise rating dynamics and divergence. Drawing on ESG rating data from Bloomberg, Morgan Stanley Capital International (MSCI), and Sustainalytics for the period 2016–2025, complemented by sustainability reports and media coverage, the study investigates whether the acquisition produced measurable short-term changes in Salesforce’s ESG ratings and how rating divergence manifests at the firm level.

The results show no evidence of an ESG rating “jump” after the acquisition. Instead, all three providers display stable or gradually improving trends, while their assessments diverge considerably, consistent with prior research on low inter-rater reliability. These findings suggest that ESG-aligned deals do not automatically translate into higher ratings and that methodological heterogeneity continues to shape how acquisitions are evaluated. The observed stability may reflect strategic consistency: sustaining ESG performance through integration can enhance legitimacy and support long-term credibility, highlighting ESG in M&A less as a source of immediate rating gains and more as a mechanism for sustaining institutional trust.

KEYWORDS:

ESG ratings; mergers and acquisitions; inter-provider rating divergence; signaling theory; Salesforce–Slack acquisition.

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TABLE OF CONTENTS

Glossary	i
Abstract.....	ii
Table of Contents.....	iii
Table of Figures	v
Table of Tables	v
Acknowledgments	vi
1. Introduction.....	1
2. Literature Review	4
2.1 ESG Fundamentals	4
2.1.1 Historical development of ESG	4
2.1.2 Why ESG matters	6
2.1.3 ESG ratings: agencies, methodologies, and limitations.....	7
2.1.4 ESG Rating Divergence and M&A Implications	10
2.1.5 Emerging Regulatory Efforts to Harmonise ESG Disclosure	11
2.2 M&A Fundamentals and ESG in Transactions	12
2.2.1 Key stages of the M&A process	12
2.2.2 Specific features of tech-sector M&A	14
2.2.3 ESG in M&A	15
2.3 Critical perspectives on ESG measurement and M&A value.....	16
3. Methodology.....	18
3.1 Case study design	18
3.2 Data sources.....	19
3.3 Analytical Framework	20
4. Case Study: Salesforce–Slack Acquisition.....	22

4.1 Company profiles.....	22
4.2 Strategic rationale and deal overview	22
4.3 ESG profiles before the acquisition	23
4.3.1 Slack	23
4.3.2 Salesforce.....	25
4.4. ESG Framing in Deal Communications and Media Coverage.....	27
4.5 Stakeholder reactions and post-merger integration	28
4.6 ESG ratings before and after the acquisition	29
5. Conclusion	33
5.1 Limitations of the study	34
5.2 Future Research Directions.....	35
References.....	37
Appendices	45

TABLE OF FIGURES

Figure 1 - Bloomberg ESG Score for Slack and Salesforce (2016–2025) 24

Figure 2 - Salesforce ESG-Score: Annual Evolution (2016-2025) 30

TABLE OF TABLES

Table I - ESG Profiles Pre-Acquisition (2018–2020)..... 26

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THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

1. INTRODUCTION

Over the past decade, Environmental, Social, and Governance (ESG) considerations have moved from the periphery to the core of corporate and financial strategy (Thomson Reuters, 2024). Investors increasingly rely on ESG ratings to inform allocation decisions and to assess firms' ESG-related risk management and long-term performance considerations, while companies use sustainability reporting and ESG disclosures to communicate ESG-relevant information to external stakeholders. This growing emphasis on ESG has transformed how corporate performance is assessed, not only through financial results but also through disclosure practices and transparency. (International Organization of Securities Commissions (IOSCO), 2021; CFA Institute, 2024; Organisation for Economic Co-operation and Development (OECD), 2025).

This thesis aligns with the Sustainable Development Goal (SDG) 12 (Responsible Consumption and Production), specifically Target 12.6 on integrating sustainability information into corporate reporting cycles, by analysing how ESG disclosures and third-party ESG ratings are interpreted around the Salesforce–Slack acquisition.

At the same time, Mergers and Acquisitions (M&A) remains a central mechanism of strategic transformation, particularly in the technology sector, where acquisitions are frequently used to strengthen competitiveness and strategic positioning (Li X, 2024). Salesforce's 2021 acquisition of Slack offers a timely and illustrative case for examining how ESG ratings respond to high-profile corporate transactions (Salesforce, 2021). Slack is a workplace communication and collaboration platform used by teams to coordinate work through channels, messaging, and integrations with other productivity tools (Slack, 2021). Slack publicly reported on diversity, engagement, and belonging initiatives and framed itself as a company with a progressive workplace culture (Slack, 2021). Meanwhile, Salesforce has presented itself as sustainability- and stakeholder-oriented through recurring impact reporting and broader ESG disclosures (Salesforce, n.d.).

This combination provides a relevant setting to explore whether acquiring a company with ESG-aligned positioning is associated with measurable changes in the acquirer's ESG ratings and how such outcomes are interpreted by different rating agencies (IOSCO, 2021; OECD, 2025).

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

Despite the growing use of ESG ratings and ESG data products in investment analysis and corporate decision-making, important research gaps remain with respect to how these scores behave around discrete corporate events (IOSCO, 2021). First, the literature documents substantial divergence across ESG rating providers at the market level, but there is limited evidence on how such divergence manifests at the firm level in a concrete M&A setting (Berg, Kölbel, & Rigobon, 2022).

Second, while ESG considerations are increasingly discussed as value-relevant in corporate transactions, existing evidence on ESG-related deal effects is mixed and context-dependent, including the extent to which acquirer–target ESG characteristics relate to transaction dynamics and post-deal outcomes (Tang, 2024; Edmans, 2020). This raises a specific question for this thesis: whether acquiring a target with ESG-aligned positioning is associated with measurable changes in the acquirer’s ESG ratings, particularly when the target is materially smaller than the acquirer and any potential “signal” may be diluted in aggregate scores.

Against this background, this thesis investigates Salesforce’s acquisition of Slack in 2021 as a firm-level case to examine whether the transaction is associated with short-term changes in Salesforce’s ESG ratings and (ii) how divergences across Bloomberg, Morgan Stanley Capital International (MSCI), and Sustainalytics manifest in this M&A context (Berg, Kölbel, & Rigobon, 2022; IOSCO, 2021). To address these questions, the study combines ESG rating time-series data (as available in the dataset) with qualitative evidence drawn from corporate sustainability reporting and external media and analyst coverage, enabling a triangulated and context-sensitive interpretation of rating dynamics around the deal.

By doing so, the thesis aims to contribute to both literature and practice in three ways. First, it provides micro-level evidence on whether inter-rater divergence documented at the macro level persists when analysis is anchored in a single, well-defined corporate event (Berg, Kölbel, & Rigobon, 2022). Second, it evaluates whether an ESG-related deal narrative is reflected in observable rating outcomes, aligning with calls to assess ESG claims empirically and to distinguish rhetoric from measurable outcomes (Edmans, 2020). Third, it clarifies how methodological differences across rating providers can shape the interpretation of the same underlying transaction, which is directly relevant for

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

investors, corporate managers, and other stakeholders who use ESG ratings in monitoring and decision processes (IOSCO, 2021).

The thesis is structured as follows. Chapter 2 builds the literature base by covering ESG fundamentals and ESG rating divergence before turning to M&A fundamentals and showing how ESG considerations shape transaction processes and value outcomes, particularly in technology-sector acquisitions. Chapter 3 outlines the methodology, including the case study design, data sources, and analytical framework. Chapter 4 presents the Salesforce–Slack case study, covering company profiles, deal rationale, ESG profiles before the acquisition, deal-related communications and media coverage, post-merger integration signals, and ESG rating developments before and after the transaction. Chapter 5 concludes by summarising the findings and outlining limitations and future research directions.

2. LITERATURE REVIEW

This literature review provides the conceptual foundation for the thesis by tracing the evolution from sustainability to ESG and explaining why ESG has become financially and strategically relevant. It then examines ESG ratings as the dominant measurement mechanism in capital markets, outlining key agencies, methodological differences, limitations, and the implications of persistent inter-provider divergence as well as recent regulatory harmonisation efforts. Building on this ESG-focused basis, the review introduces core M&A fundamentals, highlights distinctive features of technology-sector acquisitions, and synthesises evidence on how ESG considerations enter valuation, due diligence, and post-merger integration, before concluding with critical perspectives on measurement challenges and the conditional nature of ESG-related value creation in M&A contexts.

2.1 ESG Fundamentals

This section provides the background needed for the empirical analysis by tracing the historical development from sustainability thinking to the emergence of ESG as a finance-oriented framework and explaining ESG ratings as market-based measurement tools, including their main agencies, methodological approaches, and key limitations relevant for interpreting provider data in this thesis.

2.1.1 Historical development of ESG

The origins of sustainability can be traced back to the early 18th century, when Hans Carl von Carlowitz introduced the concept of “Nachhaltigkeit” in his 1713 work (Grober, 2007). His principle of using resources within regenerative limits laid an early foundation for later sustainability thinking by emphasising stewardship and intergenerational responsibility. While sustainability initially emerged from ecological and resource-management concerns, it progressively entered the political, economic, and cultural mainstream over the 20th century. A major step in the international institutionalisation of environmental policy was the United Nations Conference on the Human Environment in Stockholm (1972), which consolidated environmental protection as a global governance issue and is commonly associated with the formalisation of international environmental cooperation (United Nations Environment Programme (UNEP), 2012).

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

Subsequent global initiatives further shaped the contemporary understanding of sustainability. The World Commission on Environment and Development (WCED) popularised a widely used definition in the 1987 Brundtland Report, framing sustainable development as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987). In the 1990s, sustainability discourse expanded beyond environmental protection to explicitly integrate economic and social considerations, often linked to the “triple bottom line” perspective (Elkington, 1999). By the 2000s and 2010s, sustainability had become embedded in global policy frameworks, most notably through the adoption of the SDGs in 2015 (United Nations, 2015). In parallel, the Paris Agreement further reinforced the link between climate objectives and economic systems, strengthening the expectation that climate-related risks and transition pathways must be incorporated into policy and capital allocation decisions (United Nations Framework Convention on Climate Change (UNFCCC), 2015).

Against this broader sustainability trajectory, environmental, social, and governance emerged as a more operational and finance-oriented lens. Sustainability is often used as an umbrella concept describing long-term environmental and societal responsibility, whereas ESG typically refers to a set of criteria used by investors and other stakeholders to assess non-financial risks, opportunities, and the robustness of corporate oversight structures. In practical terms, the environmental pillar includes topics such as emissions, energy use, and resource management. The social pillar relates to labor standards, human rights, product responsibility, and community impacts. Governance covers board structures, executive incentives, compliance, and business ethics.

A key milestone in the mainstreaming of ESG within investment processes was the launch of the Principles for Responsible Investment (PRI) in 2006. The PRI provided an institutional framework for integrating ESG considerations into investment analysis, ownership practices, and engagement, marking a shift from sustainability as primarily an ethical or reputational concern toward ESG as a systematic component of capital-market decision-making (United Nations (UN) PRI, 2006). Over time, the growing relevance of ESG was accompanied by the expansion of ESG data products and ratings. Rating providers such as MSCI, Sustainalytics, Refinitiv, and Standard & Poor’s (S&P) Global developed proprietary frameworks that translate heterogeneous ESG information, drawn from corporate disclosures and external data, into quantitative scores and rankings

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

(Kotsantonis, Pinney, & Serafeim, 2016). In essence, ESG ratings attempt to proxy a firm's exposure to ESG-related risks and its management quality across the E, S, and G pillars, but they do so using different methodological choices.

As a result, academic research has highlighted persistent challenges regarding transparency, comparability, and methodological heterogeneity across providers, including differences in scope, indicator selection, weighting schemes, and the treatment of missing data (Aouadi & Marsat, 2018). These differences can yield divergent assessments of the same company and motivate closer scrutiny of how ESG performance is measured and interpreted in capital markets.

2.1.2 Why ESG matters

Over the past two decades, ESG has developed from a niche concept to a central component of corporate strategy and capital-market decision-making. This shift reflects increasing stakeholder expectations and the growing use of ESG-related information in investment analysis and corporate communication (Eccles, Ioannou, & Serafeim, 2014; IOSCO, 2021). In particular, Eccles, Ioannou, and Serafeim (2014) document that firms characterised by strong sustainability practices exhibit superior organisational processes and stakeholder engagement, which is consistent with the view that ESG-related management capabilities can be linked to long-term performance outcomes.

A large body of empirical research has examined the relationship between ESG and financial performance. Friede, Busch, and Bassen (2015) conducted a meta-analysis of more than 2,000 empirical studies and report that the overall association between ESG and corporate financial performance is, on average, positive. Beyond profitability, ESG has been linked to risk and financing conditions. For example, evidence suggests that stronger ESG performance can be associated with more favorable loan contracting terms and a lower cost of debt, consistent with the idea that ESG-related information may reduce perceived firm-specific risk and informational frictions (Qian, Shi, Song, & Wu, 2023). Relatedly, capital-market reactions to ESG-related news indicate that downside exposure is particularly relevant: investors tend to react strongly negatively to adverse corporate social responsibility (CSR) events, whereas positive events elicit weaker average reactions (Krüger, 2015). Taken together, this literature suggests that ESG can matter not

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

only through upside “rewards” but also through the mitigation of downside risk stemming from controversies and reputational shocks (Krüger, 2015).

Beyond financial metrics, ESG has been linked to customer behavior and demand-side outcomes. For consumer-facing categories, evidence indicates that products with environmental or social claims can exhibit higher growth rates than comparable products without such claims, implying that ESG-related positioning may translate into commercially relevant differentiation under certain conditions (McKinsey & NielsenIQ, 2023). At the same time, reputational risks remain salient: ESG controversies can undermine trust and negatively affect stakeholder perceptions, which can translate into economic costs depending on visibility and stakeholder sensitivity (Krüger, 2015; Aouadi & Marsat, 2018).

However, ESG should not be portrayed as a universal “holy grail” for value creation. Edmans (2020) cautions that ESG effects are often context-dependent, with empirical findings varying by industry, measurement approach, stakeholder salience, and time horizon. Under this view, it is important to separate corporate rhetoric from measurable outcomes and to treat ESG as an empirical question rather than an assumed performance driver (Edmans, 2020). This perspective is particularly relevant for research designs that rely on third-party metrics (such as ESG ratings), where observed outcomes may reflect both underlying changes and measurement choices by data providers (IOSCO, 2021).

2.1.3 ESG ratings: agencies, methodologies, and limitations

In financial markets, ESG ratings have become a widely used mechanism for quantifying corporate sustainability performance. Their primary objective is to translate ESG-related information into measurable indicators that allow investors and analysts to benchmark companies across industries and geographies (Kotsantonis, Pinney, & Serafeim, 2016; IOSCO, 2021). By transforming qualitative information into numeric or categorical scores, ESG ratings aim to reduce information asymmetries and facilitate the integration of non-financial considerations into financial decision-making. However, the process of quantification is not neutral. Provider methodologies reflect specific assumptions about what constitutes “material” ESG performance, and therefore inevitably embed judgment, interpretation, and institutional design choices.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

A wide range of agencies offer ESG assessments, including MSCI, Sustainalytics, Bloomberg, Refinitiv/London Stock Exchange Group (LSEG), and S&P Global. These providers differ in scope, data sources, and weighting schemes. Some frameworks emphasise sector-specific financial materiality (notably MSCI and Sustainalytics), while others place stronger emphasis on the breadth, consistency, and comparability of disclosed information (LSEG, 2024; IOSCO, 2021). As a result, the same firm can receive materially different assessments across providers, which limits the interpretability of cross-provider score comparisons.

Methodological differences become particularly clear when comparing the constructs of major providers. MSCI's ESG Ratings aim to measure a company's resilience to long-term, financially relevant ESG risks relative to industry peers. The approach is built around an industry materiality map and a set of ESG Key Issues that are weighted by sub-industry relevance, resulting in an overall rating expressed on a letter scale from AAA to CCC (MSCI, 2023). MSCI also provides underlying numeric scores for the constituent building blocks (e.g., Key Issue scores on a 0–10 scale), and the methodology is maintained through periodic review and update processes (MSCI, 2024). Sustainalytics, in contrast, conceptualises ESG primarily through a risk lens. Its ESG Risk Ratings estimate “unmanaged ESG risk” by combining a firm's exposure to material ESG risks with an assessment of management strength, yielding a quantitative score on an open-ended scale where lower values indicate lower unmanaged risk; companies are then assigned to absolute risk categories ranging from negligible to severe (Sustainalytics, 2024). Refinitiv/LSEG's ESG framework represents another approach: scores are derived from publicly reported data, use a percentile-rank methodology across categories, and separately account for controversy-related adjustments (LSEG, 2024). Bloomberg provides ESG scores and broad issuer coverage via the Bloomberg Terminal, but the construct is commonly interpreted as more disclosure- and data-availability oriented than risk-based “unmanaged risk” models, reinforcing that providers operationalise ESG through different measurement objectives (Bloomberg, 2023; IOSCO, 2021).

These methodological differences also imply that score orientations and scales are not directly comparable. Sustainalytics expresses ESG as a risk measure (lower is better), MSCI communicates the headline rating as letter grades (AAA–CCC), and many data platforms display numeric representations of MSCI's underlying components or mapped

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

time series for analytical purposes (MSCI, 2023; Sustainalytics, 2024). Consequently, absolute score levels across providers should not be interpreted as interchangeable measures of the same underlying construct. Empirical analyses therefore benefit from focusing on within-provider changes over time, rather than mechanically comparing levels across methodologies.

Despite divergence, ESG ratings have gained widespread use because they perform several practical functions. For investors, they support risk screening and monitoring by translating complex sustainability information into comparable indicators (IOSCO, 2021). For companies, ESG ratings can serve as an external reference point in stakeholder communication and may influence perceptions among capital-market participants, particularly when sustainability-related claims are salient (Eccles, Ioannou, & Serafeim, 2014; Friede, Busch, & Bassen, 2015). These functions are especially relevant in strategic contexts such as M&A, where ESG-related risks, governance quality, and reputational exposure can shape interpretations of deal quality and integration capability (Deloitte, 2024).

Nevertheless, significant limitations remain. Correlations between major ESG rating agencies are low, often reported around 0.3 to 0.5, indicating substantial divergence in how ESG is operationalised and measured (Berg, Kölbel, & Rigobon, 2022). Divergence arises from differing definitions of materiality, heterogeneous indicator selection, variation in scope and weighting, and inconsistent treatment of data gaps (Berg, Kölbel, & Rigobon, 2022; IOSCO, 2021). Ratings also depend heavily on corporate disclosures and externally available information, which can create sensitivity to reporting practices and data availability rather than reflecting purely underlying performance. In addition, ESG ratings often update periodically rather than continuously, meaning that scores may adjust with a lag relative to real-world developments and new information (MSCI, 2024; IOSCO, 2021). A further conceptual limitation is that many systems evaluate performance in relative terms within sectors, reflecting industry-specific materiality, so a company in a high-impact sector can still rank strongly if it performs better than peers, even if its absolute footprint remains large (Kotsantonis et al., 2016).

Taken together, these limitations suggest that ESG ratings should not be treated as objective or interchangeable measures of corporate sustainability (Berg, Kölbel, &

Rigobon, 2022; IOSCO, 2021). Rather, they are constructed indicators shaped by provider-specific methodological choices, data constraints, and institutional incentives. For academic research and corporate practice, this implies that ESG ratings must be interpreted cautiously and in context, as observed levels or changes may reflect both underlying corporate developments and measurement decisions by the rating provider. Accordingly, analyses that rely on ESG ratings benefit from explicitly acknowledging these constraints and being transparent about the specific rating sources and methodologies applied. At the same time, despite these limitations, ESG ratings remain among the most widely used and readily available comparative indicators of corporate sustainability performance, making them a pragmatic, though imperfect, input for both research and practice.

2.1.4 ESG Rating Divergence and M&A Implications

This thesis focuses on ESG ratings from Bloomberg, MSCI, and Sustainalytics, three widely used providers in global capital markets. While ESG scores are often treated as objective indicators of corporate sustainability performance, rating and data providers apply materially different methodologies, which can produce inconsistent, and at times contradictory, assessments of the same firm (Berg, Kölbel, & Rigobon, 2022; IOSCO, 2021; OECD, 2025).

Across providers, divergence is commonly driven by differences in (i) scope and materiality assumptions, (ii) data inputs and measurement choices (e.g., the balance between corporate disclosures and external sources, and the treatment of controversies), and (iii) aggregation and weighting schemes across E, S, and G dimensions (IOSCO, 2021; Berg, Kölbel, & Rigobon, 2022). As a result, the same company can receive meaningfully different evaluations across agencies even within the same period, and observed changes over time may reflect both underlying corporate developments and provider-specific measurement choices (Berg, Kölbel, & Rigobon, 2022; OECD, 2025).

Academic and policy-oriented work emphasises that such heterogeneity is not a marginal issue. Berg, Kölbel, and Rigobon (2022) document low average correlations among major ESG ratings, and institutional reviews highlight limited transparency and heterogeneous methodological objectives as structural features of the ESG ratings market (IOSCO, 2021; OECD, 2025). This motivates cautious interpretation of ESG scores and

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

supports research designs that explicitly acknowledge provider divergence when using ESG ratings as empirical measures (Berg, Kölbel, & Rigobon, 2022; IOSCO, 2021).

In the context of corporate transactions, provider divergence can shape how stakeholders interpret ESG performance and risk, and it can influence decision-making processes that rely on third-party metrics. For this reason, the thesis adopts a multi-provider approach and treats rating outcomes as constructed indicators rather than interchangeable “ground truth” measures (IOSCO, 2021; Berg, Kölbel, & Rigobon, 2022).

2.1.5 Emerging Regulatory Efforts to Harmonise ESG Disclosure

While ESG ratings continue to exhibit substantial divergence, regulators and standard setters are seeking to improve the consistency, comparability, and reliability of sustainability information. Mandatory reporting, however, can be a double-edged sword: while it may enhance transparency and comparability, it can also incentivise symbolic compliance and “box-ticking” behaviour rather than substantive change (Christensen, Hail, & Leuz, 2021). In the European Union, harmonisation efforts are anchored in the EU Taxonomy and the Sustainable Finance Disclosure Regulation (SFDR). In parallel, the Corporate Sustainability Reporting Directive (CSRD) introduces more detailed sustainability reporting requirements under the European Sustainability Reporting Standards (ESRS), with first reporting applying to the 2024 financial year and reports published in 2025 (European Commission, n.d.). Beyond Europe, the International Financial Reporting Standards (IFRS) Foundation’s International Sustainability Standards Board (ISSB) has issued IFRS S1 and IFRS S2 as a global baseline for sustainability-related financial disclosures, effective for annual reporting periods beginning on or after 1 January 2024 (IFRS Foundation, 2023).

These initiatives primarily address the standardisation of sustainability disclosure, whereas ESG ratings remain produced through provider-specific methodologies and aggregation choices (IOSCO, 2021; Berg, Kölbel, & Rigobon, 2022). As a result, even with more structured reporting requirements, differences across rating providers can persist due to variation in objectives, indicator selection, weighting schemes, and the treatment of data limitations (IOSCO, 2021; OECD, 2025).

2.2 M&A Fundamentals and ESG in Transactions

M&A is a common form of corporate transactions through which firms restructure ownership and control to combine assets, capabilities, and operations. In practice, M&A can take different forms, including mergers, acquisitions, joint ventures/alliances, and divestitures, each associated with distinct legal structures and deal mechanics (Bruner, 2004; DePamphilis, 2021). A merger generally refers to the combination of two firms into a single entity, whereas an acquisition describes one firm obtaining control over another, typically through the purchase of equity or assets (Bruner, 2004; DePamphilis, 2021). In the context of this thesis, the relevance of M&A lies less in broad corporate-strategy debates and more in how such transactions create information needs and uncertainty for stakeholders, particularly around valuation assumptions, risk exposure, and post-merger integration execution, thereby providing a setting in which ESG-related assessments and third-party ratings may shape interpretations of deal quality and risk (DePamphilis, 2021; IOSCO, 2021; Marks & Mirvis, 2011).

2.2.1 Key stages of the M&A process

Mergers and acquisitions can be defined as corporate transactions through which firms combine ownership and control rights to integrate assets, capabilities, and operations, either through a merger of entities or the acquisition of (a controlling stake in) a target firm (Bruner, 2004; DePamphilis, 2021). M&A transactions typically follow a sequence of interrelated stages aimed at generating value by combining firms, although the precise process varies by industry context and deal structure. The literature commonly groups the process into three core phases: (i) valuation and strategy, (ii) due diligence, and (iii) post-merger integration (PMI) (DePamphilis, 2021). This structure provides a useful foundation for examining where, and through which mechanisms, ESG considerations may interact with traditional transaction decision-making.

The first phase, valuation and strategy, concerns the economic and strategic rationale of the transaction. Firms pursue acquisitions to achieve objectives such as market expansion, diversification, access to technology, or efficiency gains (Trautwein, 1990; Bruner, 2004). At this stage, the acquirer screens potential targets, evaluates strategic fit, and develops an initial value-creation thesis. Traditional valuation approaches include discounted cash-flow (DCF) models and multiples-based methods, which translate

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

expected future cash flows and market benchmarks into an assessment of the target's financial attractiveness (Damodaran, 2012). In addition, especially in technology-driven sectors, intangible assets, such as innovative capabilities, intellectual property, and organisational know-how, can be central to the strategic logic and value creation potential of a deal (Laamanen & Keil, 2008). Within this phase, ESG considerations may become relevant insofar as they affect assumptions about risk, growth, and the sustainability of competitive advantage. Moreover, because M&A decisions unfold under uncertainty and information asymmetry, observable deal choices and credible commitments communicated around the transaction can serve a signaling function: stakeholders may interpret them as indications of underlying strategic priorities, governance quality, and the acquirer's long-term commitment, dimensions that are otherwise difficult to verify *ex ante* (Spence, 1973; Connelly et al., 2011).

The second phase, due diligence, aims to validate the assumptions underpinning the strategic and financial rationale of the transaction. It typically involves a structured review of financial performance, operations, legal and regulatory risks, and human-capital-related issues, with the purpose of identifying liabilities, information asymmetries, and execution risks that could affect the deal's value (DePamphilis, 2021). In practice, due diligence increasingly extends beyond purely financial and legal topics to include non-financial considerations, such as sustainability-related risks, reputational exposure, and stakeholder relations. In this sense, ESG-related diligence can be understood as a mechanism to identify potential downside risks and to reduce uncertainty regarding issues that may only materialise post-transaction, including controversy risk, compliance vulnerabilities, or governance shortcomings.

The third phase, post-merger integration (PMI), is frequently regarded as the most critical determinant of whether a transaction creates value. PMI involves aligning structures, processes, systems, and culture; integrating resources; realising synergies; and maintaining employee engagement and operational continuity (Marks & Mirvis, 2011). Integration failures are commonly linked to cultural incompatibility, insufficient communication, and weak change management, which can undermine the realisation of synergies and damage stakeholder trust (Marks & Mirvis, 2011). As ESG factors have become more salient, PMI also increasingly includes the alignment of sustainability-related strategies, reporting practices, governance arrangements, and organisational

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

values across the combined entity (Kotsantonis, Pinney, & Serafeim, 2016). More broadly, PMI success depends not only on capturing cost and revenue synergies but also on sustaining legitimacy and managing stakeholder expectations during and after the integration process (Bauer & Matzler, 2014).

2.2.2 Specific features of tech-sector M&A

While transactions in more traditional industries are often driven by economies of scale and the recombination of tangible assets, technology-sector M&A is frequently motivated by access to innovation, human capital, and other intangible resources. Prior research argues that these characteristics make tech M&A a potential source of competitive advantage while simultaneously increasing integration risk, as value creation depends heavily on post-deal capability transfer and organisational alignment (Bower, 2001; Laamanen & Keil, 2008).

A defining feature of technology acquisitions is the relevance of intangible assets. Targets are often valued not only for current financial performance but also for intellectual property, software assets, data, and innovative capabilities (Damodaran, 2006; Puranam, Singh, & Zollo, 2006). In platform-oriented business models, brand reputation and customer networks can further shape valuation, as the strategic logic of the deal may center on ecosystem expansion and user adoption rather than physical assets.

A second characteristic relates to organisational culture and talent retention. Technology firms compete for highly skilled employees, and acquisition outcomes often depend on retaining key engineers, developers, and product leaders whose knowledge is difficult to transfer contractually (Graebner, 2004). Cultural fit therefore becomes a critical determinant of integration success. Misalignment between entrepreneurial cultures and larger corporate structures can accelerate talent attrition and undermine the intended value-creation thesis of the acquisition.

Finally, technology M&A is often innovation- and strategic-positioning-driven. Acquirers may pursue deals to strengthen innovative performance, acquire complementary competencies, and accelerate product development cycles (Clodt, Hagedoorn, & Van Kranenburg, 2006). As a consequence, value realisation may depend less on short-term cost synergies and more on long-run market dynamics and the ability to integrate capabilities. At the same time, technology transactions are increasingly

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

scrutinised for their implications for competitive dynamics, data privacy, and digital governance (Cunningham, Ederer, & Ma, 2021). These issues connect to ESG primarily through the governance and social dimensions, as data ethics and privacy are commonly treated as governance concerns, while inclusivity and user impacts relate to social considerations in digital contexts.

2.2.3 ESG in M&A

The integration of ESG considerations into M&A has accelerated in recent years, reflecting the broader institutionalisation of sustainability in corporate strategy and capital markets. Practitioner evidence indicates that ESG factors increasingly influence deal processes and outcomes, including the decision to proceed with a transaction and the assessment of a target's risk profile. In Deloitte's 2024 ESG in M&A Trends Survey, 91% of respondents report a "high" or "very high" level of confidence in evaluating a target's ESG profile, while 72% state they have decided not to proceed with a potential acquisition due to concerns about the target's ESG performance (Deloitte, 2024).

From a strategy and valuation perspective, ESG can enter the transaction rationale through both upside and downside channels. KPMG's 2022 EMA ESG Due Diligence Study documents that more than two-thirds of respondents would be willing to pay a premium for a target that demonstrates high ESG maturity in areas aligned with their priorities. Among all respondents, 50% indicate that this premium would be 1–5%, and almost one-in-five indicate a premium of 5% or more (KPMG, 2022). This suggests that, for a meaningful share of dealmakers, ESG maturity is treated as value-relevant in pricing discussions rather than purely reputational.

The due diligence phase is the most visible point of ESG operationalisation in transactions, as it translates sustainability considerations into concrete risk identification and data requests. KPMG (2022) reports a clear expected increase in the frequency of ESG due diligence: the share of dealmakers who expect to conduct ESG due diligence "very frequently" rises from 16% historically to 24% going forward, while the share who do not plan to conduct any ESG due diligence falls from 28% to 5%. Deloitte (2024) similarly indicates that ESG concerns can be deal-stoppers in practice, consistent with ESG due diligence functioning as a mechanism for identifying downside risks that may

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

otherwise materialise post-transaction, such as controversy risk, compliance vulnerabilities, or governance shortcomings.

ESG considerations also extend into PMI, where deal value is realised. Prior research highlights that integration challenges, particularly around culture, communication, and organisational alignment, are among the most common drivers of acquisition underperformance (Marks & Mirvis, 2011). As ESG increasingly shapes governance expectations and corporate culture, PMI may also require alignment of sustainability-related governance arrangements, internal accountability, and reporting practices across the combined organisation (Serafeim, 2020).

Finally, the influence of ESG in M&A varies across regions and industries. Deloitte (2024) reports higher operational impact from climate change in Europe and the Middle East (64%) compared to Asia-Pacific (50%) and North America (46%), and it also documents industry differences in the share of respondents attaching high importance to ESG in M&A (e.g., financial services: 69%; life sciences and healthcare: 60%) (Deloitte, 2024). This is consistent with the view that ESG materiality and stakeholder scrutiny differ across sectors and regulatory environments, shaping how ESG is operationalised in transaction processes.

2.3 Critical perspectives on ESG measurement and M&A value

Despite the prominence of ESG considerations in corporate strategy and capital markets, several scholars caution against overstating their impact on firm performance and transaction outcomes. Empirical evidence on value relevance is mixed and depends on the channel and measurement approach. On the one hand, Friede, Busch, and Bassen (2015), based on a large meta-analysis, conclude that the overall association between ESG and corporate financial performance is, on average, positive. On the other hand, Krüger (2015) documents that stock markets react more strongly to negative CSR-related events than to positive ones, suggesting that ESG may matter primarily through downside risk and that “positive ESG” does not automatically translate into symmetric valuation benefits. Taken together, these studies indicate that ESG effects are context-dependent and may vary across types of ESG information and time horizons.

A second critical perspective concerns the measurement of ESG itself. ESG scores and ratings can reflect disclosure incentives and reporting choices as much as substantive

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

sustainability performance, which may encourage symbolic compliance and strategic communication rather than operational change (Christensen, Hail, & Leuz, 2021). In addition, heterogeneity in rating methodologies implies that apparent “improvements” recorded by one provider may not be captured by others, limiting the reliability of ESG scores as a common benchmark and complicating comparisons across firms and over time (Berg, Kölbel, & Rigobon, 2022). These measurement concerns reinforce the need to distinguish between narrative claims about ESG and empirically observable outcomes captured by third-party metrics.

Legitimacy theory provides a complementary lens to interpret why ESG narratives and disclosure can remain salient despite measurement limitations. Organisations depend not only on economic performance but also on social approval, which legitimacy theory conceptualises as a generalised perception that an organisation’s actions are desirable, proper, or appropriate within socially constructed norms and expectations (Suchman, 1995). From this perspective, ESG disclosure and transaction-related sustainability framing may serve legitimacy-seeking purposes by signaling alignment with prevailing stakeholder values, particularly in contexts characterised by heightened visibility and uncertainty. Importantly, institutional research suggests that formal structures and communicated commitments can become decoupled from underlying practices, implying that adoption may at times be more symbolic than substantive (Meyer & Rowan, 1977). This reinforces the analytical importance of separating ESG rhetoric and signaling from outcomes that are demonstrably reflected in independent measures.

These critiques are particularly relevant in M&A settings, where ESG narratives may feature prominently in deal communication and stakeholder positioning, while isolating tangible value creation through ESG-related “synergies” is difficult and may require long time horizons and strong post-deal implementation (Edmans, 2020). Accordingly, the literature motivates a cautious and context-specific interpretation of ESG metrics in M&A, with explicit attention to (i) the asymmetry of market reactions to ESG-related information, (ii) measurement limitations and rating heterogeneity, and (iii) the distinction between legitimacy-oriented rhetoric and empirically observable outcomes (Krüger, 2015; Christensen et al., 2021; Berg, Kölbel, & Rigobon, 2022; Suchman, 1995).

3. METHODOLOGY

This thesis examines Salesforce's acquisition of Slack as a single-case study to analyse how ESG ratings and ESG-related narratives behave around a major M&A transaction. The case provides a focused setting to observe whether an acquisition that is widely perceived as culturally and reputationally aligned with ESG expectations is followed by observable changes in the acquirer's third-party ESG ratings and how differences across rating providers manifest at the firm level. By combining ESG rating time series with corporate disclosures and contemporaneous external commentary, the case study aims to generate context-specific insights into the interpretation limits and practical relevance of ESG ratings in an M&A setting.

3.1 Case study design

A case study approach is appropriate because it enables an in-depth analysis of complex dynamics, spanning strategic, reputational, and measurement-related dimensions, that are difficult to isolate in large-sample designs. Rather than aiming for broad statistical generalisation, the objective is to generate contextualised insights into how ESG ratings evolve around a major corporate transaction and how rating-provider divergence manifests at the firm level. The design is primarily qualitative, complemented by descriptive quantitative analysis of ESG rating time series.

The Salesforce–Slack acquisition was selected as the focal case for three reasons. First, it is a high-profile technology-sector transaction in which both firms publicly position themselves on sustainability-related topics, making it a suitable setting to study the interaction between transaction narratives and external ESG assessments. Second, the case supports triangulation across complementary data sources, including ESG ratings from Bloomberg, MSCI, and Sustainalytics (with provider-specific coverage periods), corporate sustainability disclosures, and external commentary from media and analysts. Third, the transaction provides a clear empirical anchor for defining a pre- and post-acquisition observation window in the rating data. The case actors are introduced in Chapter 4 before any case-specific analysis is conducted.

To strengthen methodological rigour, the study defines clear temporal and evaluative boundaries. The observation window from 2016 to 2025 was chosen to capture a sufficiently long pre- and post-acquisition period and to accommodate provider-specific

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

update cycles and coverage limitations in ESG rating datasets. Given that rating providers use distinct methodologies, scales, and rating orientations, the analysis does not treat ESG scores as directly comparable across agencies. Instead, it adopts a descriptive, within-provider approach that focuses on changes over time within each rating series and interprets observed patterns in light of documented divergence among ESG raters. This design reduces the risk of drawing inferences from mechanically non-comparable metrics while still allowing the study to examine whether rating changes occur around the acquisition period and whether divergence is visible in a single-firm, transaction-specific context.

3.2 Data sources

This study draws on secondary data from three ESG rating providers, Bloomberg, MSCI, and Sustainalytics, for Salesforce over the period 2016–2025, subject to availability. Coverage is not fully harmonised across providers: Slack is only available as a Bloomberg series in the dataset used for this thesis, and MSCI's and Sustainalytics' coverage of Salesforce begins later than Bloomberg's. As a result, the observation windows differ across series and are analysed on a within-provider basis.

ESG rating data were retrieved from Bloomberg terminals at the university laboratory. For consistency of handling and time-series construction, the empirical analysis relies on the series as represented in the Bloomberg Query Language (BQL) export (ESG_SCORE). In this format, Bloomberg and MSCI are displayed as numerical scores on a 0–10 scale (10 = better), whereas Sustainalytics is displayed as an ESG Risk Rating (lower values indicate lower unmanaged ESG risk). In addition to the headline score value, Bloomberg provides associated metadata such as percentile rank, disclosure (0–10, reflecting the extent of disclosed underlying issues), revision date (reference date of the underlying disclosure data), and model version (to flag methodology changes).

Because the providers revise assessments only periodically, monthly exports can contain repeated values over extended intervals; in this study, such flat segments are interpreted as infrequent score updates rather than true month-to-month changes.

To contextualise the rating data, the analysis incorporates corporate sustainability materials from both companies. For Salesforce, this includes Stakeholder Impact Reports and related ESG communications from 2018 onwards. For Slack, publicly available

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

responsibility statements and website disclosures are used to reconstruct its ESG profile prior to the acquisition. These documents provide insight into formal targets, disclosure practices, and the narrative positioning of ESG within each firm's strategy.

In addition, press and analyst coverage of the Salesforce–Slack deal was collected. Searches focused on the period surrounding the announcement and closing of the transaction and targeted articles discussing deal rationale, stakeholder reactions, and any explicit references to ESG or sustainability considerations. Industry publications and consultancy surveys (e.g., Deloitte, 2024; KPMG, 2022) were used to situate the case within broader developments in ESG-driven M&A activity and to benchmark observed patterns against practitioner perceptions.

The data are used to (i) examine within-provider changes in Salesforce's ESG-related scores before and after the acquisition and (ii) descriptively compare provider assessments over time to illustrate the extent and nature of inter-rater divergence, recognising differences in scale and direction across providers.

3.3 Analytical Framework

The analytical framework of this thesis combines three complementary perspectives: ESG ratings as informational and legitimacy-related devices, inter-provider divergence as a measurement challenge, and signaling theory as an interpretive lens for transaction narratives.

First, ESG ratings are treated as external information intermediaries that translate heterogeneous sustainability-related data into provider-specific indicators used by capital-market participants. At the same time, sustainability disclosure and external assessments can contribute to organisational legitimacy by shaping how stakeholders evaluate a firm's adherence to prevailing norms and expectations (Suchman, 1995; Kotsantonis, Pinney, & Serafeim, 2016). In this view, ESG ratings do not function as "objective ground truth" measures, but as stakeholder-facing indicators that can influence perceptions of credibility and risk (Christensen, Hail, & Leuz, 2021). In M&A contexts, such indicators may become part of the broader communication environment surrounding a transaction, in which firms seek to maintain legitimacy and reduce uncertainty among investors and other stakeholders.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

Second, the framework explicitly incorporates divergence among ESG rating providers as a central source of complexity. Prior research documents substantial disagreement across major ESG rating agencies, driven by differences in scope, measurement approaches, and weighting schemes (Berg, Kölbel, & Rigobon, 2022). Given the single-firm focus of this study and the infrequent update patterns typical of provider time series, the empirical analysis does not compute statistical inter-rater correlations. Instead, it documents within-provider developments over time and describes cross-provider discrepancies descriptively, interpreting observed differences in direction, timing, and level in light of the rating-divergence literature (Berg, Kölbel, & Rigobon, 2022; IOSCO, 2021).

Third, signaling theory is applied as an interpretive lens for how stakeholders may read deal-related actions and communications under information asymmetry, interpreting them as cues about underlying strategic priorities and commitment-related qualities (Spence, 1973; Connelly, Certo, Ireland, & Reutzel, 2011). The empirical question is whether, and in what form, such signals are reflected in third-party ESG metrics and external stakeholder narratives, particularly given the measurement limitations and provider heterogeneity discussed above (Edmans, 2020; Berg, Kölbel, & Rigobon, 2022).

Together, these perspectives guide the empirical analysis in Chapter 4. Rating developments are interpreted cautiously as constructed indicators, assessed within each provider's series, and complemented with qualitative context from corporate disclosures and external commentary to evaluate how transaction narratives, legitimacy considerations, and rater heterogeneity interact in a firm-level acquisition setting.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

4. CASE STUDY: SALESFORCE–SLACK ACQUISITION

Chapter 4 presents the Salesforce–Slack case and organises the empirical material to address the research questions. It first introduces the two firms and the combined entity to provide essential context for interpreting rating developments. It then summarises the strategic rationale and key milestones of the transaction, before documenting ESG-related narratives in corporate communications and contemporaneous external coverage. Finally, the chapter reports the provider-specific ESG rating trajectories around the deal and synthesises what the observed patterns imply for post-acquisition rating changes and inter-provider divergence in a single-firm M&A setting.

4.1 Company profiles

Salesforce, Inc. is a United States (U.S.)-based enterprise software company in the cloud-based Customer Relationship Management (CRM) and broader enterprise applications segment, operating primarily under a subscription model, meaning that its applications are delivered over the internet and paid for through recurring subscriptions rather than installed and licensed as on-premise software. Its core product category CRM, complemented by adjacent offerings across sales, service, marketing, commerce, and platform capabilities. In the fiscal year ended January 31, 2021, Salesforce reported total revenues of \$21,25 billion and 56.606 employees (Salesforce, 2021a).

Slack Technologies, Inc. operates in the enterprise collaboration and productivity software segment, providing a workplace communication platform monetised mainly through paid subscriptions and supported by an ecosystem of third-party integrations. The company's product category is commonly discussed alongside Microsoft Teams and other collaboration tools within the digital workplace market. For the fiscal year ended January 31, 2021, Slack reported revenue of \$902,6 million and 2.545 employees (Slack Technologies, 2021).

4.2 Strategic rationale and deal overview

On December 1, 2020, Salesforce announced that it had entered into a definitive agreement to acquire Slack Technologies, Inc. The transaction implied an enterprise value of approximately USD 27.7 billion, based on Salesforce's closing share price on November 30, 2020 (Salesforce, 2020). The consideration was structured as a mix of cash

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

and Salesforce stock: Slack shareholders would receive USD 26.79 in cash and 0.0776 shares of Salesforce common stock per Slack share (Salesforce, 2020). The acquisition closed on July 21, 2021 (Salesforce, 2021).

Salesforce stated that the acquisition would combine Slack with its Customer 360 offering and position Slack as a “digital HQ”, a central collaboration layer for communication, coordination, and workflow execution across teams, within customer-facing workflows (Salesforce, 2020; Salesforce, 2021). External commentary at the time commonly framed the deal as strengthening Salesforce’s position in workplace collaboration relative to Microsoft’s offerings (Axios, 2020).

Consistent with established perspectives on technology-sector M&A, the transaction can be situated within a logic that emphasises intangible assets and ecosystem positioning, where value creation depends less on physical assets and more on platform complementarities, user adoption, and integration into broader product architectures (Laamanen & Keil, 2008). Accordingly, the deal rationale articulated by Salesforce centres on product and platform complementarity and the integration of collaboration functionality into its broader enterprise software ecosystem (Salesforce, 2020; Salesforce, 2021).

4.3 ESG profiles before the acquisition

Prior to the acquisition announcement, both Salesforce and Slack publicly positioned themselves around ESG-relevant themes, albeit with different levels of disclosure maturity and formalisation. However, the quantitative ESG-rating baseline before the transaction is constrained by provider coverage limitations in the dataset used for this thesis. Specifically, only Bloomberg provides a usable pre-acquisition time series, while MSCI and Sustainalytics scores are observable only in the post-acquisition period for the focal entities. Consequently, this section establishes a qualitative pre-deal ESG profile for both firms, and uses Bloomberg’s ESG score series as the sole quantitative pre-announcement baseline to structure the subsequent rating discussion.

4.3.1 Slack

From a quantitative perspective, Slack cannot be treated as independently observable in third-party ESG ratings prior to the transaction within the dataset analysed in this thesis.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

The Bloomberg ESG score series displayed for Slack is identical to the Bloomberg ESG score series for Salesforce, indicating that it does not reflect an independently assessed Slack trajectory. This identity suggests a provider- or dataset-level coverage/mapping artefact rather than Slack-specific scoring, and therefore Slack’s pre-acquisition baseline is established primarily through qualitative disclosures rather than through score dynamics.

Figure 1 is retained for transparency and comparability because it captures the only available pre-acquisition quantitative rating series in the dataset.

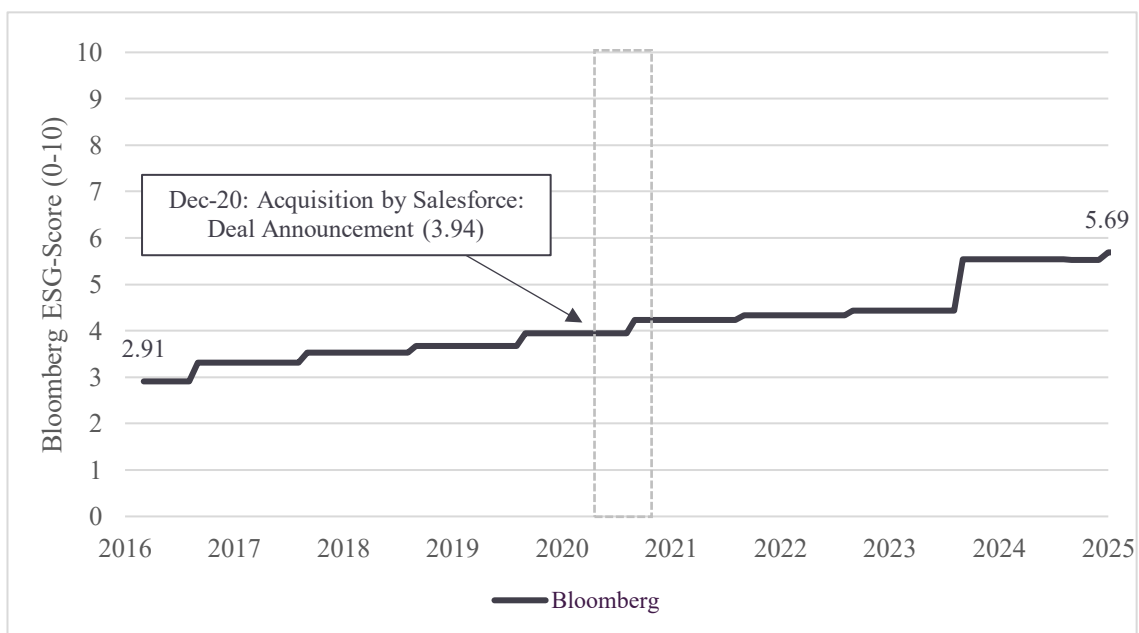


Figure 1 - Bloomberg ESG Score for Slack and Salesforce (2016–2025)

Source: Analysis based on Bloomberg data. Note: In the dataset export, the Bloomberg ESG score series shown for Slack is identical to Salesforce’s; Slack therefore has no standalone Bloomberg time series in the pre-acquisition period.

In line with the analytical framework, the disclosures reviewed and the ESG ratings used in this study are interpreted as stakeholder-facing indicators rather than objective measures of underlying ESG “truth”. In an M&A context, where information asymmetry and execution uncertainty are elevated, sustainability reporting and third-party assessments can function as legitimacy-related devices that help shape external perceptions of credibility and risk. Accordingly, the pre-deal ESG profile established here serves as a contextual baseline for interpreting subsequent rating developments as

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

provider-specific reassessments conditioned by disclosure inputs and methodological design, rather than as direct readouts of transaction-induced ESG performance changes.

4.3.2 Salesforce

Salesforce, in contrast, exhibited a comparatively mature and institutionalised approach to sustainability communication prior to the acquisition. Its Stakeholder Impact Reports emphasised climate-related targets, 100 percent renewable-energy operations, and a strong focus on equality and ethical governance (Salesforce, 2019; Salesforce, 2020). In addition, ESG themes were embedded into the firm's broader business model and brand identity as well as extensive volunteer and philanthropy programmes.

Despite this reporting maturity, third-party rating coverage is not consistently available across providers in the pre-acquisition period within the dataset used for this thesis. MSCI and Sustainalytics scores become observable only after the acquisition window, meaning that Salesforce's quantitative pre-announcement baseline must likewise rely on Bloomberg's ESG score series.

In Figure 1, the Bloomberg ESG score series increases in a stepwise pattern with extended flat segments, indicating periodic score revisions rather than continuous month-by-month updates. Starting from 2.91 in 2016, the series rises in discrete steps and reaches 3.94 by December 2020. This December 2020 value serves as the pre-announcement baseline for the subsequent discussion of rating developments around and after the transaction. Importantly, the staircase-like structure implies that long plateaus should not be interpreted as unchanged underlying ESG performance, but rather as an absence of provider updates during those months.

Taken together, the qualitative record suggests thematic alignment between Salesforce's stakeholder-oriented sustainability agenda and Slack's people- and governance-adjacent positioning. However, the empirical pre-deal baseline is constrained by provider coverage: only Bloomberg provides a usable pre-acquisition score series, and the dataset does not provide an independently distinguishable Slack trajectory. This asymmetry is analytically consequential for the subsequent empirical sections: provider divergence and post-acquisition rating dynamics can be assessed primarily on Salesforce, while Slack's pre/post rating comparison is limited by the absence of standalone provider coverage (Slack Technologies, 2021; Salesforce, 2019; Salesforce, 2020).

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

Table 1 summarises the qualitative pre-deal ESG profiles of both firms based on corporate disclosures and publicly available sources and serves as a structured baseline for the subsequent rating analysis.

Table I - ESG Profiles Pre-Acquisition (2018–2020)

ESG dimension	Salesforce (based on stakeholder impact reports)	Slack (based on public filings and media coverage)
Environment	Early climate and carbon-neutrality commitments; stated goal to reach 100% renewable electricity for global operations by fiscal year 2022 (FY22); introduced Salesforce Sustainability Cloud to support customers' environmental data tracking and reporting.	Limited standalone environmental reporting prior to the acquisition; ESG-related references largely embedded in general corporate communications; environmental commitments less prominently articulated than social and workplace-related themes.
Social	Strong emphasis on equality initiatives, employee engagement, and large-scale philanthropy and volunteering programs.	Reputation for an inclusive culture and transparency on diversity, equity, and inclusion (DEI); employee-centric practices and transparent communication frequently highlighted in public disclosures and media reporting.
Governance	Formalised ESG governance and reporting processes aligned with major frameworks; structured internal controls and review processes for ESG disclosures; reporting maturity supported by established compliance and oversight structures.	Standard public-company governance disclosures primarily through U.S. Securities and Exchange Commission (SEC) filings; comparatively less extensive standalone ESG governance communication than Salesforce during 2018–2020.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

Sources. Salesforce Stakeholder Impact Reports (Salesforce, 2019; Salesforce 2020; Salesforce 2021); Slack public filings and corporate disclosures (Slack Technologies, 2021) and supporting media coverage; Bloomberg Terminal used to support the timing context see Figure 1).

4.4. ESG Framing in Deal Communications and Media Coverage

Salesforce's deal communications and contemporaneous media coverage framed the Slack acquisition primarily as a strategic move in enterprise collaboration, anchored in the "new way to work" and "digital HQ" narrative. ESG-related considerations did not feature prominently in the stated deal rationale. In official announcement materials, Salesforce and Slack emphasised the combination of Salesforce's CRM ecosystem with Slack as an enterprise communications layer, positioning the transaction as an "operating system for the new way to work" in a work-from-anywhere environment (SEC, 2020; Salesforce, 2020).

This strategy-first framing was mirrored in widely circulated media and analyst-style interpretations around announcement and closing. Axios contextualised the transaction mainly through competitive dynamics and Slack's positioning relative to Microsoft's enterprise collaboration ecosystem, rather than through an ESG lens (Axios, 2020). Investopedia similarly interpreted the deal as a competitive response to Microsoft Teams and highlighted the intended integration with Salesforce's Customer 360, without elevating sustainability as a principal driver of the stated rationale (Investopedia, 2020). Trade and technology outlets also concentrated on product strategy, integration, and competitive implications (e.g., CIO Dive, 2020; CRN, 2021).

Where ESG-adjacent themes appeared in external narratives, they tended to surface indirectly through governance-related issues that overlap with ESG, such as competition policy and data governance, rather than as an explicit sustainability thesis for the transaction. Slack's EU competition complaint against Microsoft illustrates how the Slack–Teams rivalry intersected with regulatory and competition considerations, but this remained adjacent to the core public deal narrative in late 2020 and mid-2021 (Slack, 2020).

Overall, the documentary record suggests that ESG operated largely as contextual background supporting broader corporate credibility and "trust" framing, while the transaction itself was publicly communicated and interpreted as a platform-and-product

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

integration play in the enterprise collaboration market (Salesforce, 2020; Investopedia, 2020; CIO Dive, 2020).

In line with signaling theory, deal communications can be interpreted as attempts to reduce uncertainty by signalling strategic priorities and execution intent to key stakeholders. In the Salesforce–Slack case, the dominant signals emphasised platform complementarity and competitive positioning, while ESG remained largely background context rather than an explicit transaction thesis. The following sections therefore examine whether, and with what timing, these signals are reflected in third-party ESG ratings and stakeholder narratives.

4.5 Stakeholder reactions and post-merger integration

Building on the deal-framing evidence this section assesses stakeholder reactions and post-merger integration signals that are observable in the public record, including capital-market responses, formal transaction milestones, and post-close reporting. In contrast to narrative framing, these sources offer more concrete indicators of how key stakeholders (investors, regulators, and shareholders) responded to the transaction and how Salesforce positioned the integration after closing.

Observable market reactions around the announcement window reflected a target–acquirer split commonly seen in large acquisitions. Contemporaneous reporting on initial deal talks and the subsequent announcement noted Slack’s share price increase alongside a decline in Salesforce’s share price, with commentary largely focused on deal size, valuation, and execution risk (Reuters, 2020; TechCrunch, 2020). Analyst-style coverage during this period assessed the transaction primarily through strategic fit and competitive dynamics, particularly in relation to Microsoft Teams, rather than through sustainability as a near-term driver of deal economics (Investopedia, 2020; CIO Dive, 2020; CRN, 2021).

Formal transaction milestones progressed through standard governance and regulatory processes documented in filings and subsequent company reporting. SEC materials detail the governance pathway and shareholder-approval mechanics associated with the merger agreement (SEC, 2020). Slack’s reporting confirms that stockholders approved the proposal to adopt the merger agreement in March 2021 (Slack Technologies, 2021). The transaction closed in July 2021, with reporting at closing emphasising

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

regulatory clearance and reiterating the strategic integration rationale (Salesforce, 2021b; Reuters, 2021).

Post-close integration communication continued to foreground operational and workflow integration. Salesforce's closing communications positioned Slack as a collaboration layer within Salesforce's broader platform strategy and reiterated "digital HQ" messaging focused on productivity and coordination in distributed work environments (Salesforce, 2021b; Slack, 2021). In parallel, Salesforce's post-close ESG disclosures emphasised continuity in reporting cadence and previously stated targets rather than an acquisition-linked repositioning. In the reporting cycle after closing, Salesforce reiterated climate-related milestones as part of an ongoing sustainability agenda (Salesforce, 2021a; Salesforce, 2022), and subsequent stakeholder reporting maintained this "trust" and continuity framing without explicitly tying ESG strategy to Slack integration (Salesforce, 2023).

Taken together, the most defensible stakeholder reaction signals observable in the reviewed sources are (i) short-term investor responses framed around valuation and execution risk, and (ii) standard-cycle governance and regulatory approvals documented in filings and transaction milestones. By contrast, explicit stakeholder endorsement or rejection of the deal on ESG grounds is not a dominant feature of the contemporaneous public record (Reuters, 2020; Slack Technologies, 2021; Salesforce, 2021b; Reuters, 2021).

4.6 ESG ratings before and after the acquisition

Building on the pre-announcement baseline, this section examines whether Salesforce's ESG ratings show any observable change around the Slack transaction. Because Bloomberg, MSCI, and Sustainalytics rely on different constructs, scales, and rating orientations, the analysis focuses on within-provider changes over time rather than mechanically comparing score levels across providers. While MSCI and Sustainalytics coverage in the exported dataset begins only in the post-transaction period, these series remain informative for assessing how third-party assessments evolve during the post-close integration phase. Therefore, Bloomberg enables a direct pre/post comparison, whereas MSCI and Sustainalytics are used to complement the analysis by capturing post-close revision patterns over time. In line with the analytical framework, these cross-

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

provider differences are treated as a measurement challenge rather than a purely substantive disagreement. Divergence reflects heterogeneous constructs and weighting schemes, but also provider-specific coverage decisions and infrequent update mechanics that shape the timing and visibility of score revisions. Accordingly, the analysis emphasises within-provider developments and revision timing, and reports cross-provider differences descriptively rather than through mechanical level comparisons across scales. In this case, divergence is particularly visible in differences in coverage timing, scale orientation, and revision patterns across providers.

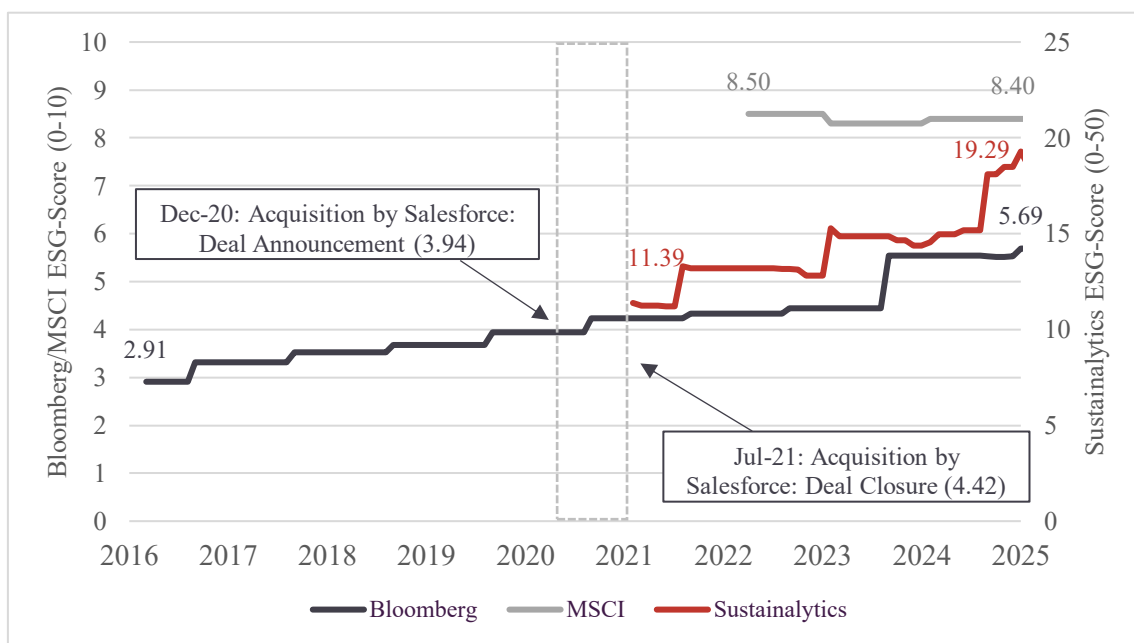


Figure 2 - Salesforce ESG-Score: Annual Evolution (2016-2025)

Source: Compilation based on Bloomberg, MSCI, and Sustainalytics data

Figure 2 visualises Salesforce’s ESG ratings around two key transaction milestones: the deal announcement in December 2020 and the deal closure in July 2021. The two vertical black lines mark these transaction milestones in the figure: the first black line indicates the deal announcement in December 2020, and the second black line indicates the deal closure in July 2021. They serve as visual reference points to distinguish the pre-transaction period from the post-announcement and post-closing periods. The underlying monthly rating values used for this plot are reported in Appendix 1. Two features of the figure are important for correct interpretation. First, the series exhibit a stepwise

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

(“staircase”) pattern with long flat segments, reflecting periodic provider updates rather than continuous month-to-month remeasurement. Apparent stability over multiple months should therefore be read as an absence of score revisions in the exported series, not as evidence that underlying performance is unchanged. Second, the scale orientation differs across providers: Bloomberg and MSCI are shown on a 0–10 scale where higher values indicate better performance, whereas Sustainalytics is shown as an ESG Risk Rating where lower values indicate lower unmanaged ESG risk. In Figure 2, Sustainalytics is plotted on a separate right axis to make this difference explicit.

Provider-specific patterns are as follows. Bloomberg’s ESG score for Salesforce increases gradually over the full period, moving from 2.91 in 2016 to 3.94 by the deal announcement in December 2020 and to 4.42 in the period around the deal closure in July 2021, followed by further stepwise increases to 5.69 by 2025. The absence of a discrete jump at either transaction milestone suggests that Bloomberg’s assessment did not register an immediate, transaction-linked re-rating. Instead, changes appear incremental and consistent with periodic revisions over time.

MSCI coverage in the exported series begins only after the transaction and remains relatively stable once available. In Figure 2, the MSCI series is shown at approximately 8.50 initially and later at around 8.40, indicating only minor movement across the observed period. Given the late start of the MSCI series relative to the announcement and closure dates, the dataset does not support a clean before/after comparison for MSCI at the announcement stage; interpretation is therefore limited to post-closure stability in the available window.

Sustainalytics coverage begins in 2021 in the exported series and is reported as an ESG Risk Rating, where lower values indicate lower unmanaged ESG risk. In Figure 2, Salesforce’s Sustainalytics risk score is approximately 11.39 around 2021 and increases over time, reaching around 19.29 by 2025. This deterioration is not temporally concentrated around the deal closure in July 2021 but unfolds through stepwise revisions across subsequent years, consistent with the notion that post-merger integration effects may materialise gradually rather than immediately at closing. Notably, the direction of change contrasts with Bloomberg’s more steadily improving score trajectory, reinforcing the broader point that provider outputs are not directly interchangeable and should be

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

interpreted primarily through within-provider trends and revision timing rather than cross-provider level comparisons.

Taken together, Figure 2 supports two observations that are directly relevant to the research questions. First, there is no evidence of an immediate, discrete uplift in Salesforce's ESG ratings following the Slack acquisition. Across the available provider series, the transaction milestones coincide with continuity or gradual, stepwise change rather than a short-term re-rating. Second, the figure illustrates how provider divergence appears at the firm level even when plotting series together: providers differ in coverage start dates, scoring orientation, and revision patterns, which reinforces why the empirical analysis is structured within-provider and reported descriptively rather than through cross-provider level comparisons or correlation statistics (Berg, Kölbel, & Rigobon, 2022).

These rating patterns are consistent with the broader case evidence in the preceding sections: Salesforce's post-close communication emphasised continuity and an established reporting cadence rather than framing the transaction as an ESG catalyst. Accordingly, the absence of a visible post-acquisition "jump" in the ratings should be interpreted primarily as stability in provider assessments and update mechanics, not as a claim that sustainability performance did or did not change. This aligns with the general caution that ESG outcomes are often more nuanced and context-dependent than transaction narratives might imply (Edmans, 2020).

5. CONCLUSION

This chapter summarises the empirical findings of the case study, answers the research questions, and outlines key limitations and directions for future research.

This thesis examined whether Salesforce's acquisition of Slack was associated with measurable effects on the acquirer's ESG ratings. Using ESG time-series data from Bloomberg, MSCI, and Sustainalytics for 2016–2025 (as available in the dataset), complemented by corporate reports and media coverage, the study yielded two central findings.

Does Salesforce's acquisition of Slack lead to a measurable short-term change ("jump") in the acquirer's ESG ratings? The evidence does not indicate an immediate, discrete post-transaction uplift in Salesforce's ESG ratings. Bloomberg's ESG score follows a gradual, stepwise trajectory and does not exhibit a discernible discontinuity around either the announcement (December 2020) or the transaction closure (July 2021). MSCI and Sustainalytics coverage becomes observable only in the post-transaction period in the exported dataset. Once available, both providers display revision patterns that are not temporally concentrated around the transaction milestones. Taken together, the case suggests that ESG-aligned deal narratives do not automatically translate into short-term upward adjustments in provider assessments.

To what extent do ESG rating providers diverge in their assessment of Salesforce around the acquisition period, and what does this imply for interpreting ESG ratings in an M&A context? Provider divergence is clearly observable at the firm level, including differences in coverage timing, scale orientation, and revision dynamics. Bloomberg reflects a disclosure-oriented scoring trajectory, MSCI shows stable high post-coverage levels once available, and Sustainalytics applies a risk-based construct with an opposite scale orientation. These differences align with the methodological heterogeneity documented by Berg, Kölbel, and Rigobon (2022) and demonstrate that inter-provider inconsistencies are not only a market-level phenomenon but also appear in single-firm, transaction-specific contexts. The implication is that ESG ratings should be interpreted as provider-specific signals shaped by methodology, coverage constraints, and update mechanics, rather than as a uniform, transaction-sensitive measure of ESG performance.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

Beyond these empirical patterns, the case supports a broader interpretation that aligns with prior research cautioning against overly mechanical conclusions from ESG narratives or isolated metrics (Edmans, 2020). In particular, the absence of pronounced post-acquisition volatility in provider assessments can itself be strategically relevant: stability in ESG ratings may reduce the risk of negative surprises for external stakeholders and reinforce credibility in stakeholder-facing disclosures, even when no immediate rating uplift is observed.

Overall, the Salesforce–Slack case finds no evidence of a short-term ESG rating uplift following the acquisition and confirms persistent divergence across major ESG providers in coverage, scale orientation, and revision patterns. ESG ratings should therefore be understood as relational assessments rather than objective measures of performance, shaped by methodological choices, data availability, and provider-specific updating logic.

5.1 Limitations of the study

While the case provides valuable theoretical and managerial insights, several limitations must be acknowledged. First, Slack’s relatively small financial size compared with Salesforce likely constrains the observable impact on aggregate ESG ratings. Even a fully ESG-aligned acquisition represents only a marginal share of Salesforce’s overall portfolio and therefore a limited quantitative signal for rating agencies.

Second, the analysis relies exclusively on publicly available secondary data, including ESG ratings, corporate reports, and media coverage. Internal due-diligence materials and proprietary integration data were not accessible, which restricts the ability to establish causal links between the acquisition and specific ESG outcomes.

Third, ESG data availability is uneven across providers and affected by coverage and entity-mapping decisions. Bloomberg provides the only usable pre-acquisition ESG time series in the dataset; however, Slack cannot be treated as independently observable, as the Bloomberg ESG_SCORE values shown for Slack appear identical to Salesforce’s. MSCI, in turn, only begins rating Salesforce in late 2021. As a result, changes in observed scores may partly reflect data consolidation and provider-specific coverage decisions rather than genuine performance effects.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE ACQUISITION OF SLACK BY SALESFORCE

Fourth, ESG ratings themselves exhibit methodological shortcomings. Their partial reliance on corporate disclosure, heterogeneous weighting schemes, and limited temporal granularity restrict their ability to capture short-term or event-driven changes.

A further limitation concerns the evidence base on stakeholder perceptions. The study does not include primary data such as interviews or surveys with investors, employees, customers, or civil-society actors. Future research could examine whether the stability narrative documented here aligns with stakeholder assessments at the micro level, or whether different groups interpret the acquisition in diverging ways.

Finally, the regulatory environment for sustainability disclosure is evolving rapidly. As mandatory reporting frameworks expand over time, the comparability and completeness of ESG information available to rating agencies may change, which limits the extent to which findings from this historical window can be generalised to future post-harmonisation reporting regimes.

Despite these limitations, the case contributes to the literature by showing that stability in ESG ratings can represent a form of strategic success in volatile markets, and that inter-provider divergence remains a persistent challenge for both researchers and practitioners in ESG-driven M&A. The study also underscores the need for greater transparency regarding how rating agencies treat acquired entities within their scoring methodologies, a crucial but often overlooked factor when analysing ESG performance over time.

5.2 Future Research Directions

The results of this study open several avenues for further investigation. A first direction concerns longitudinal effects. Future research could examine whether repeated ESG-aligned acquisitions lead to cumulative improvements in ESG ratings over time.

A second avenue involves comparative event studies. Expanding the analysis to a larger sample of acquirers could help determine whether the absence of measurable ESG rating changes observed in this case is typical across industries or specific to the technology sector. Such quantitative designs would allow for statistical validation of the patterns identified here and could reveal sectoral differences in how ESG signals are processed by rating agencies and investors.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

A third direction relates to rating-methodology transparency. Further research should explore how ESG rating agencies treat corporate restructurings, acquisitions, and post-merger data consolidation within their scoring frameworks. Greater clarity regarding the treatment of acquired entities would improve the interpretability and comparability of longitudinal ESG data, addressing one of the key limitations identified in this thesis.

Finally, future work should investigate integration processes and qualitative ESG outcomes. Interviews with managers, employees, and investors, or access to internal sustainability and integration data, could shed light on how ESG values are operationalised after an acquisition. Such insights would help bridge the gap between external signalling and substantive change, and clarify when ESG-oriented M&A reflects symbolic compliance versus genuine transformation.

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

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ACQUISITION OF SLACK BY SALESFORCE

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

APPENDICES

Appendix 1 - Salesforce ESG Rating Dataset (Sep 2016–Sep 2025)

DATES	Bloomberg	MSCI	Sustainalytics
09.16	2,91	-	-
10.16	2,91	-	-
11.16	2,91	-	-
12.16	2,91	-	-
01.17	2,91	-	-
02.17	2,91	-	-
03.17	3,32	-	-
04.17	3,32	-	-
05.17	3,32	-	-
06.17	3,32	-	-
07.17	3,32	-	-
08.17	3,32	-	-
09.17	3,32	-	-
10.17	3,32	-	-
11.17	3,32	-	-
12.17	3,32	-	-
01.18	3,32	-	-
02.18	3,32	-	-
03.18	3,53	-	-
04.18	3,53	-	-
05.18	3,53	-	-
06.18	3,53	-	-
07.18	3,53	-	-
08.18	3,53	-	-
09.18	3,53	-	-
10.18	3,53	-	-
11.18	3,53	-	-
12.18	3,53	-	-
01.19	3,53	-	-
02.19	3,53	-	-
03.19	3,68	-	-
04.19	3,68	-	-
05.19	3,68	-	-
06.19	3,68	-	-
07.19	3,68	-	-
08.19	3,68	-	-
09.19	3,68	-	-
10.19	3,68	-	-
11.19	3,68	-	-
12.19	3,68	-	-
01.20	3,68	-	-
02.20	3,68	-	-
03.20	3,94	-	-

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

04.20	3,94	-	-
05.20	3,94	-	-
06.20	3,94	-	-
07.20	3,94	-	-
08.20	3,94	-	-
09.20	3,94	-	-
10.20	3,94	-	-
11.20	3,94	-	-
12.20	3,94	-	-
01.21	3,94	-	-
02.21	3,94	-	-
03.21	4,24	-	-
04.21	4,24	-	-
05.21	4,24	-	-
06.21	4,24	-	-
07.21	4,24	-	-
08.21	4,24	-	11,39
09.21	4,24	-	11,25
10.21	4,24	-	11,25
11.21	4,24	-	11,25
12.21	4,24	-	11,21
01.22	4,24	-	11,21
02.22	4,24	-	13,31
03.22	4,33	-	13,20
04.22	4,33	-	13,18
05.22	4,33	-	13,18
06.22	4,33	-	13,18
07.22	4,33	-	13,18
08.22	4,33	-	13,18
09.22	4,33	-	13,18
10.22	4,33	8,50	13,18
11.22	4,33	8,50	13,18
12.22	4,33	8,50	13,18
01.23	4,33	8,50	13,18
02.23	4,33	8,50	13,17
03.23	4,44	8,50	13,17
04.23	4,44	8,50	13,13
05.23	4,44	8,50	12,80
06.23	4,44	8,50	12,80
07.23	4,44	8,50	12,80
08.23	4,44	8,30	15,27
09.23	4,44	8,30	14,88
10.23	4,44	8,30	14,88
11.23	4,44	8,30	14,88
12.23	4,44	8,30	14,88
01.24	4,44	8,30	14,88
02.24	4,44	8,30	14,88
03.24	5,54	8,30	14,88

THE STRATEGIC USE OF ESG RATINGS IN M&A PROCESSES: A CASE STUDY ON THE
ACQUISITION OF SLACK BY SALESFORCE

04.24	5,54	8,30	14,67
05.24	5,54	8,30	14,67
06.24	5,54	8,30	14,36
07.24	5,54	8,30	14,36
08.24	5,54	8,40	14,56
09.24	5,54	8,40	14,97
10.24	5,54	8,40	14,97
11.24	5,54	8,40	14,97
12.24	5,54	8,40	15,18
01.25	5,54	8,40	15,18
02.25	5,54	8,40	15,18
03.25	5,53	8,40	18,11
04.25	5,52	8,40	18,11
05.25	5,52	8,40	18,48
06.25	5,53	8,40	18,48
07.25	5,69	8,40	19,29
08.25	5,69	8,40	18,48
09.25	5,54	8,40	18,84

Source: Based on Bloomberg, MSCI, and Sustainalytics data

Recognition of the application of artificial intelligence

AI-based tools were used in the preparation of this thesis as a support for language refinement and clarification of academic wording. The research design, analytical approach, interpretation of findings, and all conclusions are solely the author's. The use of AI did not substitute independent critical thinking or academic judgment. All sources were selected, evaluated, and cited by the author in line with academic standards, and the author assumes full responsibility for the content of this thesis.