ESG Data Management and Analytics

Using data analytics to generate valuable insights into your ESG performance

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YOUR HOSTS TODAY

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AGENDA

1. What is ESG data and why are we talking about it?

2. What is the foundation for mastering ESG data?

3. How can we use ESG data and AI/ML to achieve greater insights and make better decisions?
What is ESG data and why are we talking about it?
ESG DATA TAKE MULTIPLE FORMS AND RESIDE ACROSS MULTIPLE CORPORATE AND PARTNER SYSTEMS

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FOCUS ON ACCESSIBILITY, AVAILABILITY AND TRANSPARENCY OF ESG DATA IS ACCELERATING

REGULATORS, INDUSTRY BODIES, AND STANDARD-SETTERS

REGULATORS, INDUSTRY BODIES

FOLKETINGET

EUROPEAN CENTRAL BANK

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

PRI принципи и практик

FRAMEWORKS AND STANDARDS

Global Reporting Initiative

SASB

Sustainable Development Goals

IFRS

CDP

DATA AND INDEX PROVIDERS

Bloomberg

MSCI

Nasdaq

THOMSON REUTERS

RepRisk

... 100+

INVESTORS, CUSTOMERS & OTHER STAKEHOLDERS

Key Questions:

• Data Availability – How do we get complete, reliable data?
• Data Management – How do we operationalize and work with the data?
• Data Transparency – How do we report our data? What does it tell us?
What is the foundation for mastering ESG data?
MANY COMPANIES ARE GRADUALLY IMPROVING THE QUALITY OF ESG DATA MANAGEMENT FOR BETTER DECISION-MAKING

FOUNDATIONAL

- Existing data usage (emails, production units, F&A, HR, HSE systems)
- Spreadsheets (and post-its)
- Manual data management
- High-level partner input (e.g. from reports)

ADVANCED

- Standard ESG reporting tools
- BI/Analytics dashboards
- Detailed supply chain reporting
- Sourced third party data
- Investing in “for-purpose” solutions (often AI-powered)

LEADING

- Boardroom using ESG data-driven insights
- Advanced ESG forecasting and predictions at the heart of strategic decision-making
- Exploration and investment in solution-building and data acquisition
- ESG data of sufficient quality to be tied to compensation and bonus schemes
- Ecosystem collaboration around new technologies, business models and partnerships

ESG data is evolving from static and backward-looking to dynamic and forward-looking, harnessing the digital revolution.

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STRONG GOVERNANCE IS NEEDED TO BUILD THE CONTROL ENVIRONMENT FOR ESG DATA TO THE LEVEL OF FINANCIAL DATA
GETTING ESG DATA RIGHT REQUIRES A STRONG FOUNDATION AND SYSTEMIC APPROACH ACROSS IT, PROCESSES AND CONTROL

Definition of Metrics and Data Transparency
- Metric definitions, standard protocols and measurements
- Compliance with relevant external standards
- Alignment of assumptions, projections, measurements and the use of conversion factors in calculations
- Protocol for avoiding aggregations- and conversion errors (US ton vs. metric ton)

Scope of Consolidation and Reporting Scope
- Consistent scope of consolidation and reporting period with key financial figures
- Specification of ‘consolidation groups’, e.g. ensuring alignment on which locations are relevant for collection of environmental indicators

Roles and Responsibilities
- Clear allocation and definition of ownership and responsibilities as well as adequate competencies
- Formal procedures to ensure sufficient knowledge-sharing

Processes and IT
- Formal reporting processes
- Corporate reporting requirements and alignment of processes at each relevant location
- Definitions and descriptions of relevant data
- Use of IT-systems
- Clear and robust interfaces between manual and automated processes

Internal Control Systems
- Formal and operational control systems for non-financial key metrics
- Design – Controls are designed to address the risk of false statements
- Implementation – Ensuring that the controls are correctly implemented
- Operating Effectiveness – Ensuring that the controls are working optimally
How can we use ESG data and AI/ML to achieve greater insights and make better decisions?
DATA-DRIVEN INSIGHTS REQUIRE VIGILANCE AND ALIGNMENT – AND THE INVOLVEMENT OF YOUR ENTIRE ECOSYSTEM

Know where you stand

Iterate, innovate and collaborate to increase insights and impact

Visualize risks and opportunities

Build scenarios and forecasts
COLLECT, COLLABORATE, AGGREGATE AND ANALYZE ALL RELEVANT ESG DATA TO DELIVER RELIABLE MEASUREMENT

What it takes
A full overview of and access to ESG data in internal as well as relevant partner systems and reports.

Options
Leverage Cloud, automation, process and data mining to identify areas that can be optimized, and deliver transparency across all relevant stakeholders.

Challenges
Ensuring that all relevant data is digitized and 'online'. Ensuring the right levels of access and the right breadth of capabilities.

BENEFITS
Clarification of ESG data availability and baseline measurements. Clear overview and ‘activation’ of relevant corporate data-sources (and gaps).

How to get started
Create an ESG data heatmap and prioritize areas to improve by building e.g. a materiality matrix or performing a business value measurement.

Example – Insights for CFOs

Data Management Platforms

Standardize, collect and aggregate ESG data in 1 cloud platform with full audit trail
ENSURE MANAGEMENT ALIGNMENT AND BASE DECISIONS ON INSIGHT INTO MOST MATERIAL RISKS AND OPPORTUNITIES

What it takes
A full overview of and access to ESG data in internal as well as relevant partner systems and reports.

Options
Combine AI, data science and ESG insights with data management, data visualization, intelligence and dashboard solutions to present executive management and board with status, risks, opportunities and options.

Challenges
Aligning strategic ambitions with ESG risks and opportunities. Creating a strong and diverse team to build data stories and solutions. Ensuring robust governance to develop solutions across the company.

How to get started
Create a sprint to build a first-generation dashboard on the highest prioritized ESG-targets and iterate with key stakeholders.

BENEFITS
Strong basis for communicating and ensuring alignment with key internal stakeholders on ESG-initiatives, key focus areas and impacts across the company.

Example – Insights for CEOs

Global physical climate risk analysis
Investment Portfolio risks and exposures
COMBINE DATA AND DIGITAL TECH TO FORECAST AND PREDICT THE MOST IMPACTFUL ACTIVITIES AND INVESTMENTS

Options
Merge the digital and the virtual world through Big Data, IOT, Digital Twin and Distributed Ledgers technologies.

Challenges
Securely integrating third party systems and data with legacy. Ensuring the right capabilities are mobilized across the company and able to deliver on short response-times.

What it takes
Comprehensive data management and visualization skills applied on top of a state-of-the-art IT/data architecture.

How to get started
Start by looking at your existing portfolio of ESG projects and partners, then assess who in the market shares your values and ESG goals.

BENEFITS
Strong data, analytics and AI skills will maximize impact by enabling real-time insights and abilities to pro-actively take action.

Example – Insights for COOs
Digital Twin Architecture to combine insights, analysis, and simulations based on real data
CONTINUE TO ITERATE AND COLLABORATE TO FIND NEW WAYS TO INCREASE INSIGHTS FOR GREATER IMPACT

**Options**
Increase impact and knowledge generation by adopting new, fast and iterative ways of working to leverage the value of agile and collaboration.

**Challenges**
Identifying the trusted partners and technologies that will deliver the highest value and impact.
Ensuring foundation for secure collaboration on sensitive data.

**What it takes**
A dedicated team, working with an ecosystem of trusted and like-minded partners to experiment.

**How to get started**
Define initial use case for collaboration and seek out trusted partners to support.

**BENEFITS**
Accelerate knowledge acquisition by sharing and working closely with research institutions, experts, start-ups, competitors, etc.

Green Sustainability Hub - leveraging a platform to make all datasets available for collaboration to relevant stakeholders

Example – Insights for Everyone
ESG DATA ANALYTICS CAN OPEN UP FOR DEEP INSIGHTS THAT DRIVE BETTER DECISION-MAKING

... provided there is the right architecture, governance and vigilance in place.

Getting ESG data management right is an **iterative process** that requires a continuous commitment to improving skills, competencies and ways of working.

Meaningful insights and impacts cannot be delivered alone by a core ESG-team but require the **commitment of the entire company**, often in collaboration with partners, suppliers and customers.

This simple loop starts with getting the ‘data foundation’ in order and then gradually increasing the technical complexity to deliver greater insights and impact.
KEY TAKE-AWAYS

1. ESG data is evolving from static and backward-looking to dynamic and forward-looking, harnessing the digital revolution.
2. Embrace robust ESG data as a new window into your business. It will help you to govern sustainability at scale and achieve real ESG impact.

Data has a better idea