



ESGEO

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# ESG & Sustainability Intelligence: a definition



Based on [recent European Commission Press Release](#), the new regulation sets out how financial market participants and financial advisors must integrate environmental, social or governance (ESG) risks and opportunities in their processes, as part of their duty to act in the best interest of clients.



It also sets uniform rules on how those financial market participants should inform investors about their compliance with the integration of ESG risks and opportunities. By so doing, **it addresses information asymmetries on sustainability issues between end-investors and financial market participants or financial advisors.**



The availability of information is crucial to the integration of risks related to the impact of ESG events on the value of investments, for example in assets located in flood-prone areas. The regulation also requires the disclosure of adverse impact on ESG matters, such as assets that pollute water or devastate bio-diversity, to ensure the sustainability of investments.

# ESG & its natural correlation to UN Goals



In 2015, all United Nations Member States defined 17 Sustainable Development Goals and 169 targets with a high level of ambition for a new universal Agenda (2030). These goals have been defined “*an urgent call for action by all countries - developed and developing - in a global partnership*”. The United Nations created a Division for Sustainable Development Goals (DSDG) as a part of the United Nations Department of Economic and Social Affairs (UNDESA) to support and develop the SDGs and their related thematic issues, including water, energy, climate, oceans, urbanization, transport, science and technology..

# ESG & Sustainability Intelligence: a new era



## SOCIAL

Human rights, Development of HC, Attraction of talents, Equal opportunities & Diversity Health and Safety Responsible Management of the Supply Chain, Involvement and relations with the community, Social and Economic Development Philanthropy



## ENVIRONMENTAL

Air, Water, Soil, Biodiversity, Natural Resources, Energy, Waste



## GOVERNANCE

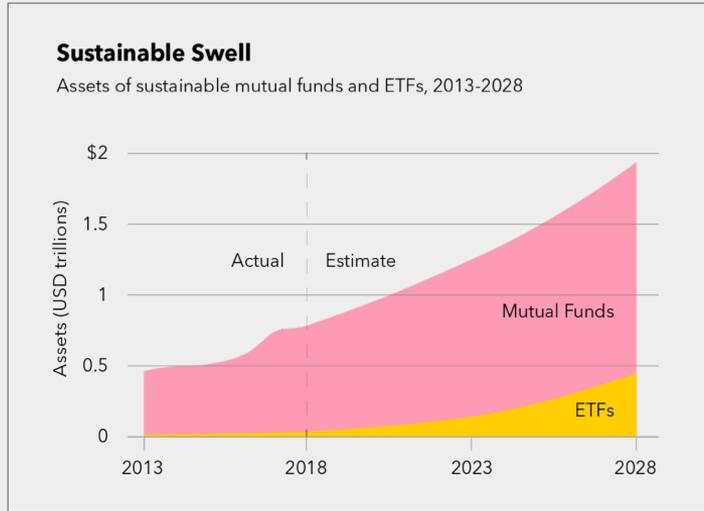
Independence, Remuneration, Compliance, Corruption, Shareholders' rights, Risk Management

The integration into investment process of ESG factors is strongly increasing and impacting the value of companies: **ESG, as well as SRI (Socially Responsible Investment) principles, became a necessary choice in maximize expected return for Long-term and passive investments.**

Companies with high governance standards and production processes based on sustainable principles, have a better chance of obtaining profits over time if they comply with ESG's regulation.

In the next years the value chain will strongly include company behaviour, data control and risk management on sustainable issues. Integration of ESG factors in the company decision-making reinforces management top positions and reduces risks of controversies.

# ESG & Sustainability Intelligence: a new era



Long term and passive investors, like pension funds, are increasingly demanding sustainable investing strategies.

Asset managers will reward and recognize companies adopting best practices on ESG issues.

Professional investors start to believe that **sustainability is not only an ethical issue** and should not hamper, but rather increase, shareholders value.

The **asset management industry** has become highly concentrated increasing reputational risks on ESG factors

"Firms that have trillions of dollars under management have no hedge against the global economy; in short, they have become too big to let the planet fail"

(HBR May 2019)

"Profits are in no way inconsistent with purpose – in fact, profits and purpose are inextricably linked"

[\(Larry Fink's, Black-Rock 2019 Letter to CEOs\)](#)

# ESG & Sustainability Intelligence: new regulations

**New regulations** led to improve data disclosure and transparency on corporate sustainable issues: in **2018** more than **170 new global regulatory measures** (+160% vs 2017) were proposed; 80% of these were targeting institutional investors.

Under new EU Directives listed companies (and not only) **must disclose their policies on environmental protection**, treatment of employees, respect for human rights, anti-corruption, and board members diversity.



Entities like PwC, Boston Consulting declare that **more than USD 30 trillion** in AUM were impacted in 2018 by new regulations.

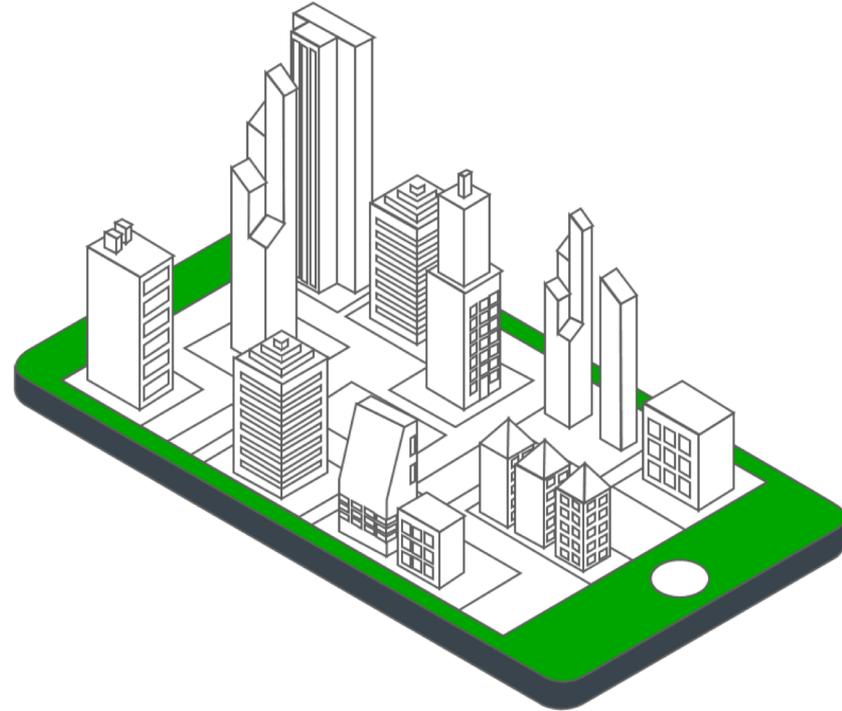
Even **emerging market authorities** (including China Securities Regulatory Commission - CSRC - and the Ministry of Ecology) voted initiative proposals for mandatory ESG disclosures by all listed companies, bond issuers and asset managers.

## Risks & opportunities for board members

- **Board members have a vital oversight** role in assessing the organization's environmental and social impacts and in understanding the potential impact and related risks of ESG issues on the organization's operating model.
- Modern organizations, aware on long term value, need to integrate ESG factors in the value chain.
- When a scandal or controversy will hit, and how it will affect a given company is unpredictable.
- **Higher investor influence**, specially in listed companies, **produce higher board replacement**.

—

Companies with a strong and solid process of ESG factors integrate in the decision process, in the compensation policies, in budget and risk controls, will produce more value for shareholders and therefore will reinforce management top positions.



*"The average change in board and CEO of listed companies in the next three years will be caused by ESG-related controversies"*

Source ESG TRENDS TO WATCH, MSCI (January 2019)



## ESGeo: a sustainable Intelligence Platform

**ESGeo**, our pioneer product, is able to:

- Identify the main ESG key points of the related industry and sector;
- Define budget to the major ESG variables;
- Audit ESG process;
- Provide reports, statics and improvements on company ESG topics (even relative to sector and industry);
- List programs & initiatives developed to improve ESG factors;
- Strengthen the management in controlling the ESG process and would minimize the risk of controversies

With ESGeo companies get real-time sustainable datas in insightful, easy to manage dashboard reports, alerts, opportunities and open risks.

# The Solution: Key Features

The solution is compatible with Microsoft Office's tools (Excel, Word, PowerPoint), easy to use, and totally auditable. Key features:

## EASY TASK ASSIGNMENT:

All critical stakeholder got the right level of responsibility prior the process is starting

01

## DATA UPLOAD:

All key features are easily distributed at an effective & competitive cost

02

## ADVANCED KPI

### CALCULATION:

Fully leveraging key Microsoft features to collect and elaborate datas (both on prem & in Cloud)

03

## TASK & RESPONSIBILITY

### ASSIGNMENT:

All critical stakeholder got the right level of responsibility after the process has completed too

04

05

## ALL DATAS AUDIT

All datas are perfectly trackable and it is easy to demonstrate which users are responsible for the insertion

TRAIL:

## SIMPLE MONITORING OF ACTUAL VS PLAN:

Keep monitored the evolution of kpi and compare with targets

06

## DATA VISUALIZATION & ANALYSIS CREATION:

Fully integrated with Office 365 suite

07

## INDEPENDENT SUSTAINABILITY REPORTING

Production: Fully integrated with Office 365 suite to release the final Reporting document.

08

## OPTIMIZED PREBUILT PACKAGE

With fully integrated GRI requirements.

09

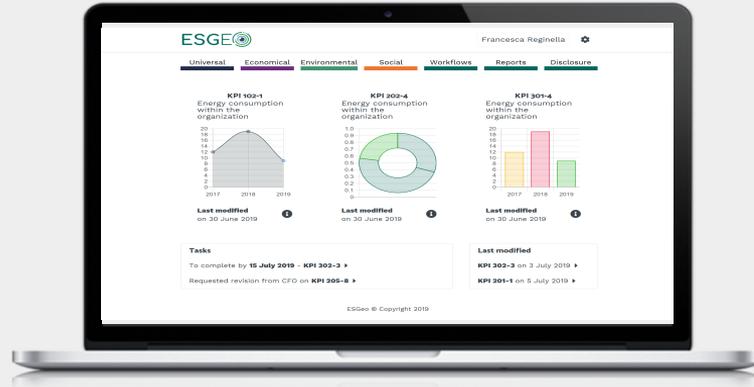
E2E Process covered

# The solution: how does it work?

## A Unique Portal



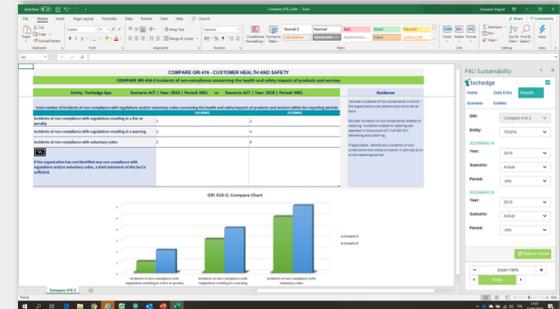
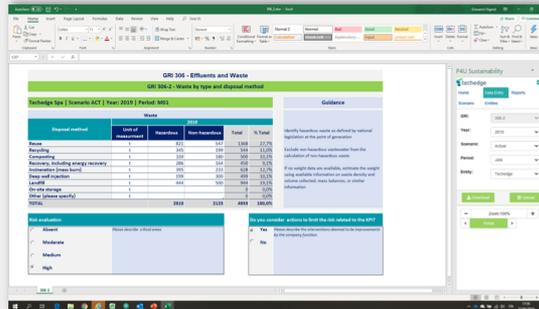
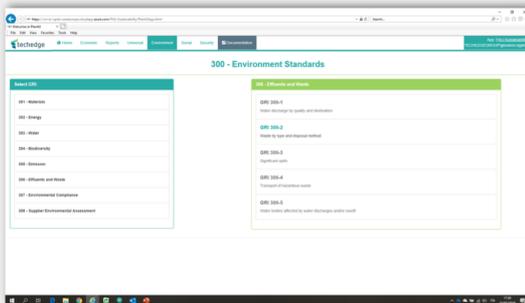
You can have easily access to all feature menu



## An easy web add-in



It allows you to transform Excel into an engine to manage Data Entry, Reporting e Data Manipulation

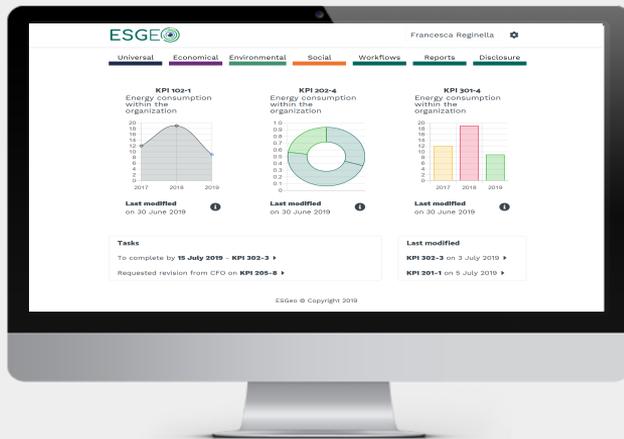


# The solution: how does it work?

Add-in to create & modify docs



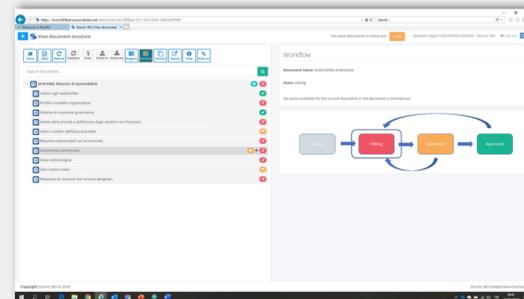
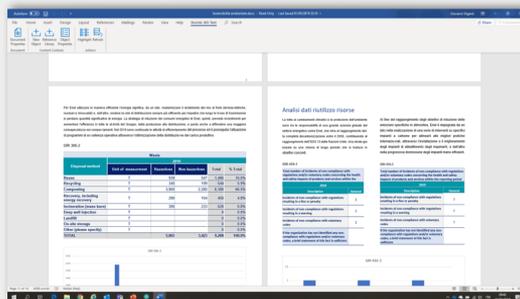
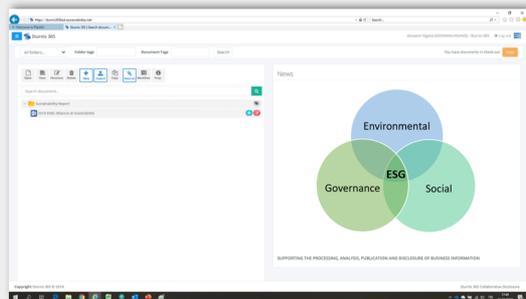
Multiple Word o Power Point docs can be created and managed



Workflows



Docs are assigned to different users using also specific approval workflow



# The path of ESGeo adoption

**Identify** relevant KPI that the Customer should track to run ESGeo.

**Set up** final document structure using "inverse design" approach.

**Identify** the data sources that are eligible to collect those KPI's.

**Define Gaps** between prebuilt solution and KPIs identified.

**Identify and specify each task's owner** to create right level of responsibility.

**Define specific steps** of collection, aggregation, delivery of all the data set.

**Individuate the best solution** for Data Intelligence.



## The benefits

01

Thanks to a perfectly automated, auditable data collection platform each customer can save quality time, responsibly assigned tasks and **gain full traceability of datas.**

02

**Optimization of generation of "Balance Annual Report"** and "Sustainability report" that can be deployed in nearly one click.

03

**As integrated with O365 suite, the product is fully accessible from IT & Business users** at any company level and with a reduced learning curve.

04

As a fully scalable solution the product has a **consumption/usage" pricing model** and address needs of scale up and down easily.

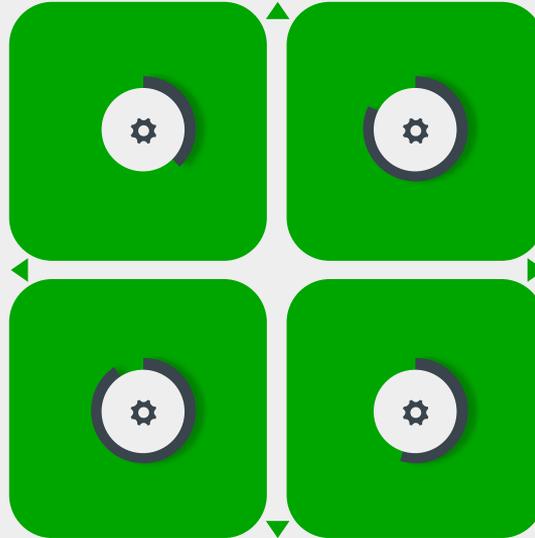
05

**A ready & easy to deploy solution aligned to the GRI standard** with reduced internal adoption time and complete alignment to EU regulations.

# Why Now?

Companies should measure and deeply know **ESG risk and opportunities** exposure in their Business in terms of revenues, assets, operations and geographic segment.

Moreover they should identify specific **company risk exposure factors**: number of employees, size, corruption, outsourcing, etc.



Management's involvement in identifying and **managing material ESG issues** became urgent.

[Directive 2014/95/EU](#) lays down the rules on disclosure of non-financial and diversity information by large companies. Companies are required to include non-financial statements in their annual reports from 2018 onwards.

# Why Now?

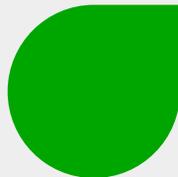
## ESG & Market Performance

Stocks of sustainable companies tend to significantly outperform their less sustainable counterparts



Source: Eccies, Robert G, Ioannis Ioannou, and George Serafeim, "The Impact of Corporate Sustainability on Organizational Processes and Performance." Management Science 60, no. 11 (November 2014): 2835 - 2857.  
[http://www.hbs.edu/faculty/Publication%2CFies/SSRN-id1964011\\_6791edac-7daa-4603-a220-4a0c6c7a3f7a.pdf](http://www.hbs.edu/faculty/Publication%2CFies/SSRN-id1964011_6791edac-7daa-4603-a220-4a0c6c7a3f7a.pdf)

#01



From: CEB Collection of Sustainability Report Best Practices, February 2018. (CEB, now Gartner)

"With investors increasingly showing interest in companies' non-financial performance, companies must provide meaningful environmental, social, and governance (ESG) disclosures."

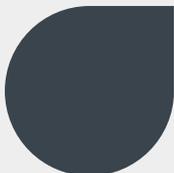
#02



From: [Harvard Business Review research](#) "The Investor Revolution"

Reveals that companies, to prepare for the new era, should invest in internal systems for ESG performance information and improve measurement and reporting.

#03



From: Progress Against ESG Goals, CEB Research

"Investors care about how different ESG efforts drive business outcomes. However, when IR teams share information regarding ESG strategy, they do so in isolation from the corporate strategy. As a result, investors find it hard to understand how the ESG objectives align with the company's strategy and affect the company's ability to achieve short- and long-term goals." "A broad range of sustainability challenges, such as climate change, increase in price of natural resources, and regulatory fluctuations present enormous potential risks to business. As a result, not only investors but also rating agencies and financial institutions are now demanding more information on a company's sustainability practices to manage future implications stemming from these risks. This pressure from the investment community is compelling companies to provide detailed disclosures of how the company plans to address these risks and maximize sustainability-related opportunities."

# Why Techedge?



## COST EFFECTIVE

- Less expensive due to the fact it is prebuilt for this specific use
- Monthly fee per user
- No software installation



## PREMIUM GLOBAL PLAYER

As premium global player we can count on effective integration of cutting edge technologies with our proprietary accelerators to offer our clients solution that perfectly fit to their business needs.



## E2E PROCESS COVERED

Our solution is able to cover the entire process: from data acquisition to KPI calculation, until the documentation has been released.



## BEST IN CLASS TECHNOLOGY

Advanced technologies for one of the most innovative solution on the market, perfectly runned both for on premise scenarios & in Cloud.