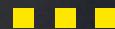


# The path to a sustainable tomorrow: Our ESG Way

JCN network Days, October 27<sup>th</sup> 2023



The better the question. The better the answer.  
The better the world works.

# With you today

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# Agenda

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- 1** Introduction & Warm-up (15 min)
- 2** Presentation: Setting the Scene - Sustainability and ESG (10 min)
- 3** Presentation: How can technology accelerate Sustainability? (30 min)
- 4** Project Examples: What does EY Consulting do in terms of Sustainability? (10 min)  
15 min Break
- 5** Group exercise: How are you driving long-term value? (40 min incl. 15 min presentation)
- 6** Summary & Questions (15 min)

# Introduction & Warm-up

# Questions

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Please Scan this QR code to submit your answer...



...or go on [Menti.com](https://Menti.com) and enter the survey with this number: **8136 3589**



## Learning Objectives

1. Understand the importance of Sustainability themes for businesses
2. Get actionable insight on how EY is driving Sustainability
3. Learn how to approach clients in the context of sustainability topics



# Sustainability, ESG and Long-term value

# Starting Point for ESG: The Sustainable Development Goals



# What is ESG? - The Three Pillars of ESG

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## Environment

- Energy efficiency and carbon footprint
- Waste management
- Natural resource management



## Social

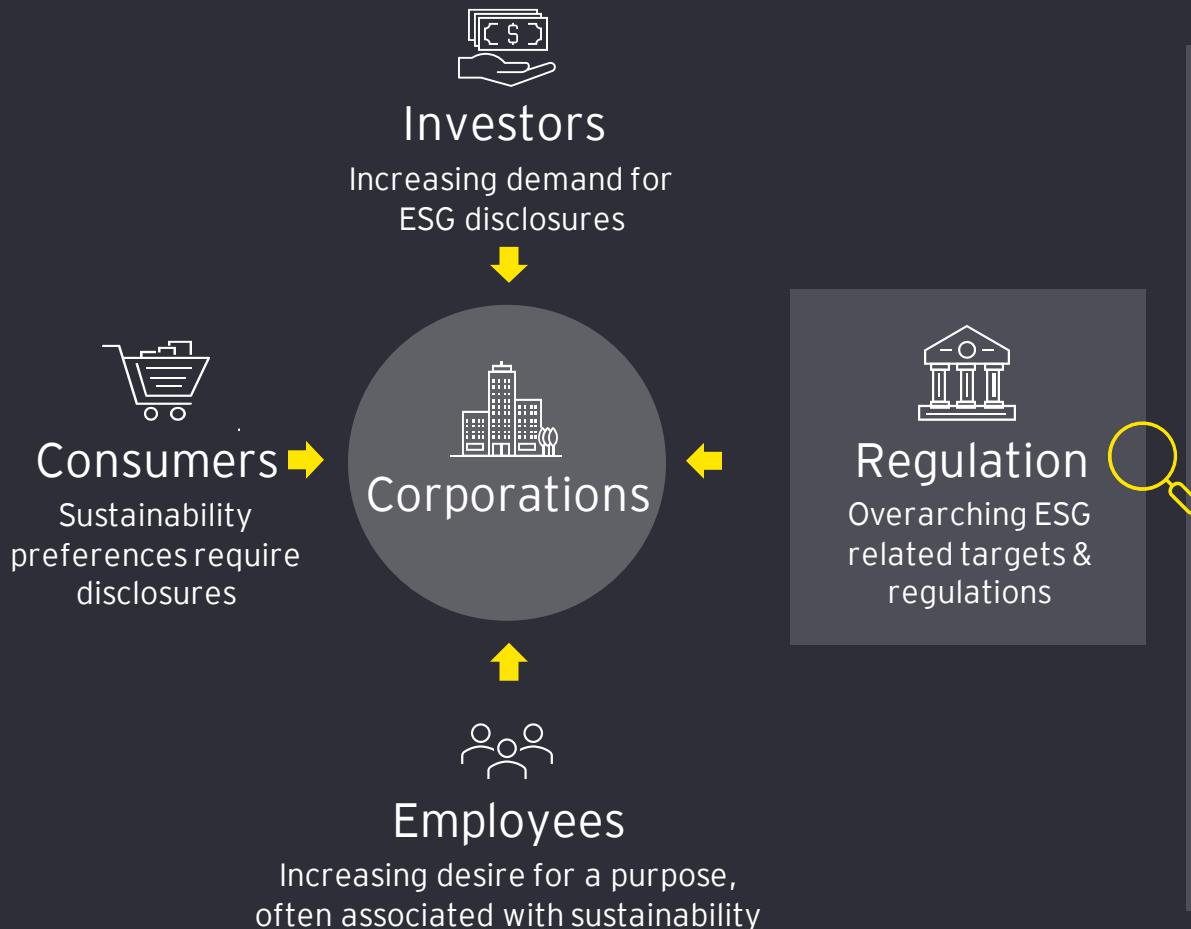
- Labour standards
- Community development
- Product responsibility



## Governance

- Board structure and compensation
- Stakeholder rights
- Transparency and ethics

# The changing stakeholder environment is forcing companies to adapt by implementing ESG considerations into their reporting & steering processes



## Exemplary regulatory requirements



The introduction of many regulations regarding ESG and sustainability coupled with demand for it from other stakeholders have increased its importance

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**June 12, 2020**

The **EU Taxonomy** takes effect making it necessary for companies to report on sustainability, additions to it are being made regularly

**1 January 2024**

Start of **CSRD** reporting obligation for large capital market-oriented companies with >500 employees

**1 January 2025**

Start of **CSRD** reporting obligation for remaining large companies (especially the not capital market-oriented)

**1 January 2026**

Start of **CSRD** reporting obligation for small and medium-sized capital market-oriented companies



**1 January 2024**

**German Supply Chain Act** takes effect, which requires companies to assess human rights and environmental risks across their supply chain

**1 January 2025**

Start of **TCFD** reporting for financial market participants in the UK

# ESG issues impact all aspects of a company's value chain and stakeholders

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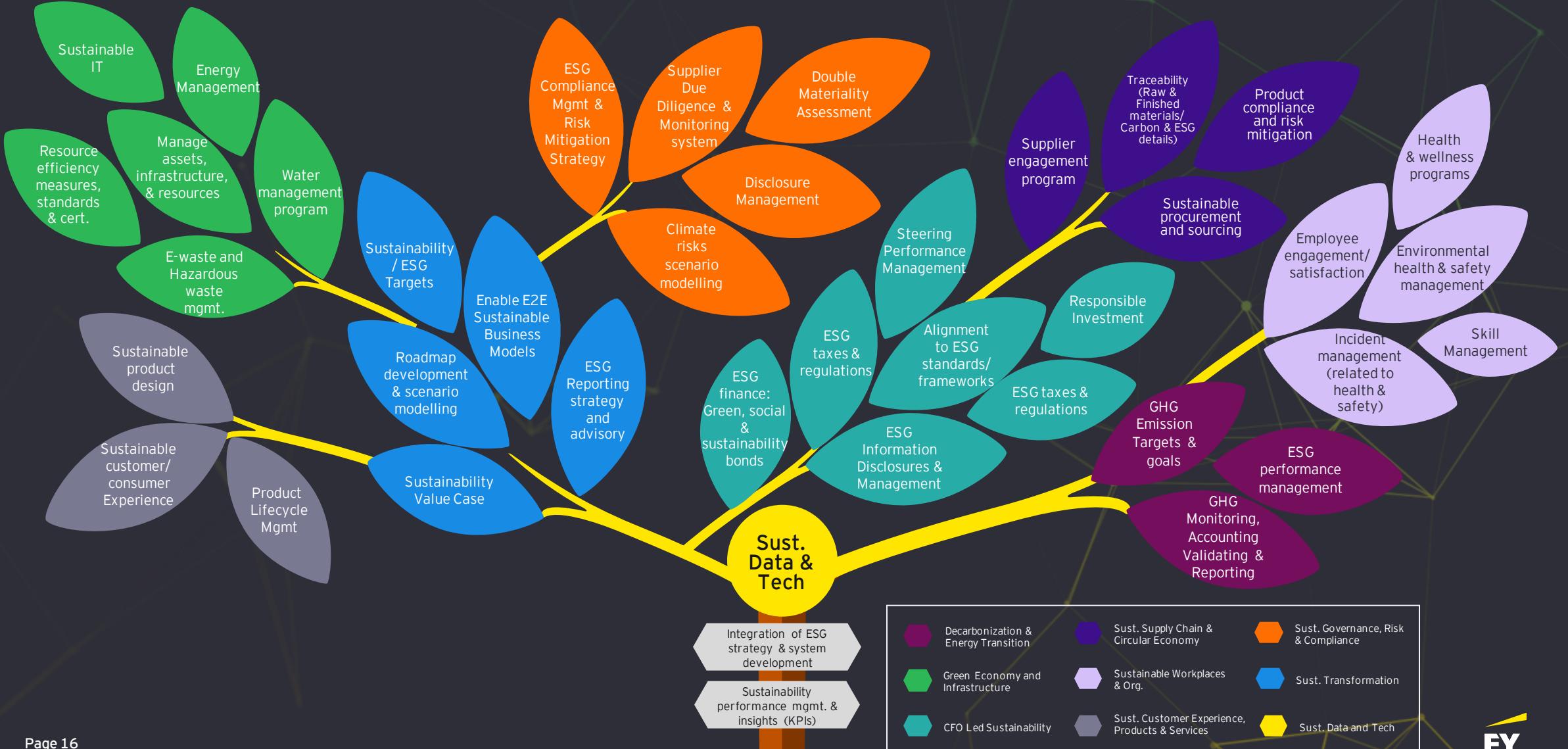


# How can Technology accelerate Sustainability?

There are a broad range of use cases that are pursued across companies, all of them require a solid data & technology foundation to be realized



## Data & Technology



We see two challenges clients are facing in the area of Sustainability Data and Technology:

- 1** *How can I build a comprehensive ESG data landscape that supports reporting as well as other data-driven use cases?*
- 2** *What technology architecture can be leveraged to draw together data points from diverse systems?*

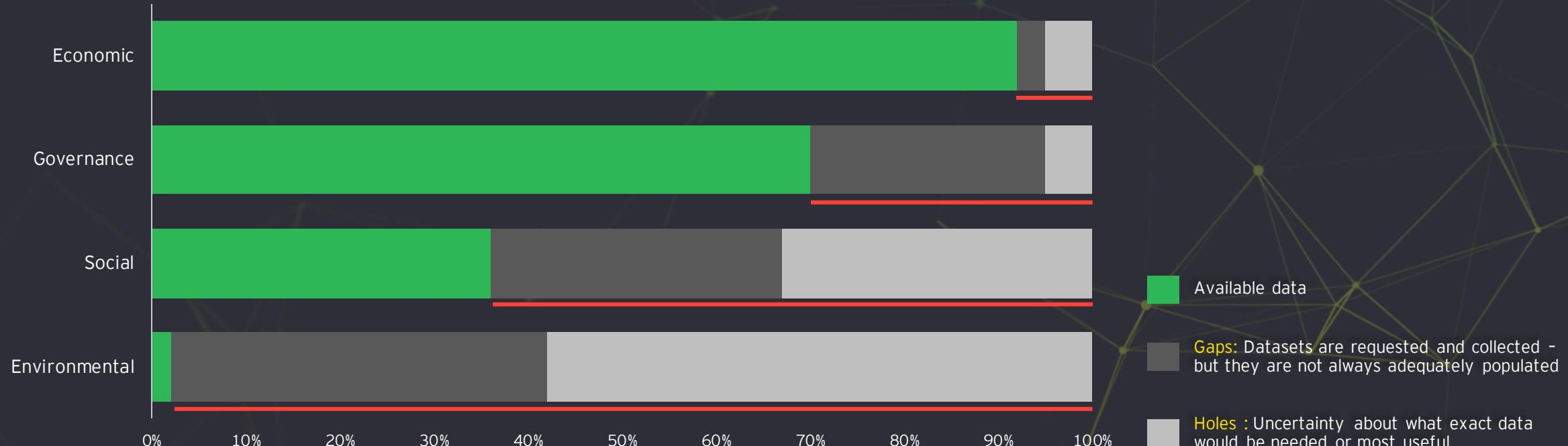


Research shows that the ESG data gap represents a significant challenge for achieving the sustainability agenda



Data & Technology

... the data GAP widens and presents significant challenges to clients



Source: Future of Sustainable Data Alliance, 2021

# From an architecture view, companies tend to move from spreadsheet based reporting solutions to more integrated Data Management Solutions



## Data & Technology

From spreadsheet based reporting solutions ...

*EY experience as well as leading analyst firms show a trend to move beyond excel-based approaches to overcome challenges and manage complexity*



'[...] While this approach is low in cost, it is fraught with **data quality issues**, doesn't scale and requires a high amount of **manual effort** to generate reports [...]'<sup>1</sup>

'[...] **ESG data strategy** must be carefully considered in the early reporting stages to ensure that it **provides a long-term foundation** to build on; **accuracy, trust, and integrity** will be critical [...]'<sup>2</sup>

... to more integrated sustainability Data Management Solutions



Companies are designing and implementing more integrated Data Management Solutions to benefit from higher degree of automation, better data quality and faster time-to-market for ESG use cases and reporting



Materiality Assessment



Standards & Frameworks



Data Modelling & Quality



Decision support and Roles & Responsibilities



KPI Dashboards & Visualizations



ESG Analytical Products

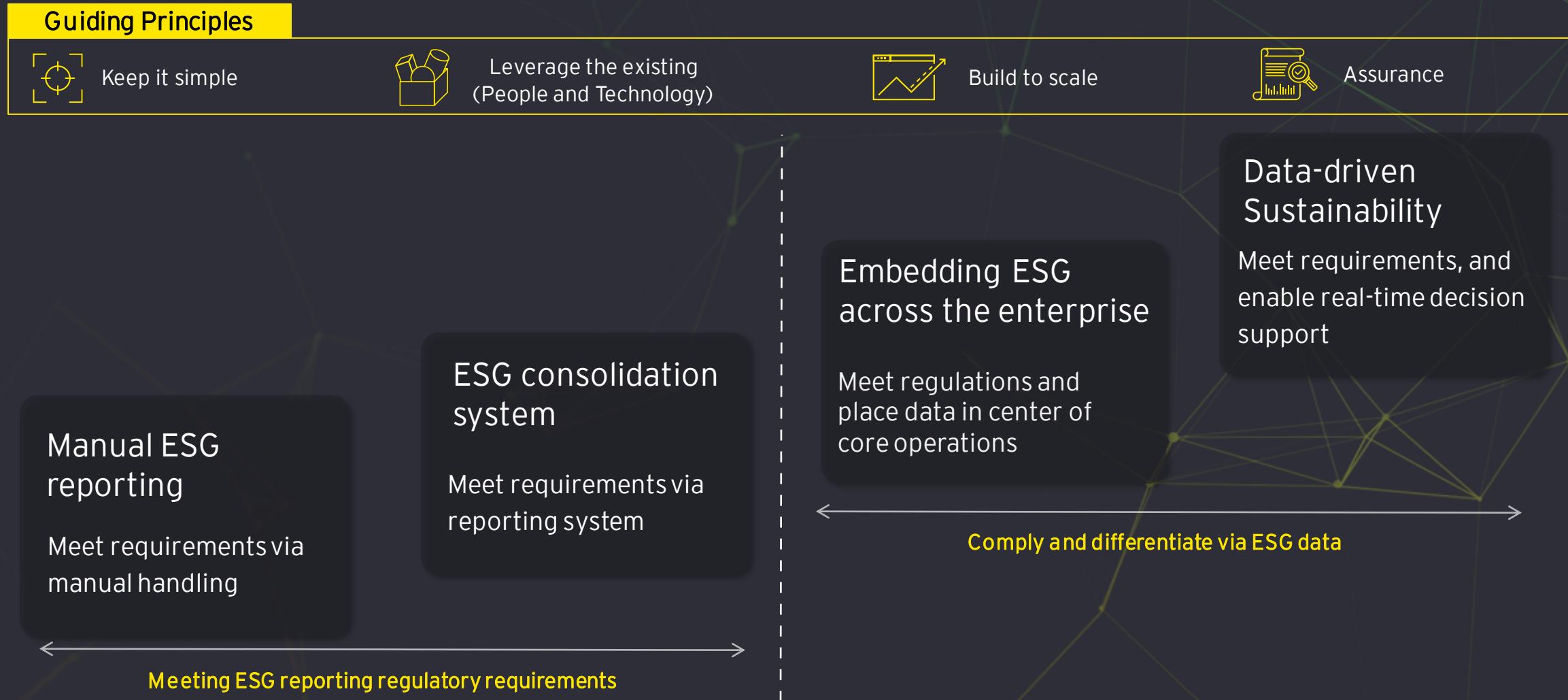


Reporting & Disclosure Publication

# We see companies having differing maturity and ESG ambitions but the basic guiding principles are usually universally applicable



## Data & Technology



# Overview of ESG Tech Solutions: Alliances and Ecosystem



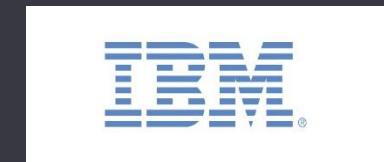
**Value proposition:** EY as convener, connector and orchestrator of sustainability ecosystems



**Scope:** Coverage across the entire FoP client issue framework and all service offerings (solutions)



**Winning formula:** Bundling the best of multiple alliances with EY's knowledge and delivery capability. To consistently differentiate and win in the market this is an 'AND', not an 'OR' decision



**Broader ecosystem:** Global network of partners (established and under evaluation) including industrial, start-ups, venture builders and academic partners

ServiceNow is the single point of entry **Platform-of-Platforms** that transforms more than just Service Management.



Origins

Founded 2004 by Fred Luddy with a **vision to simplify** Service Management.



ITSM Revolution

ServiceNow introduced a **revolutionary approach** to handle ITSM by leveraging the cloud.

Expansion Beyond ITSM



ServiceNow gained popularity and expanded its scope beyond ITSM.

Continuous Innovation



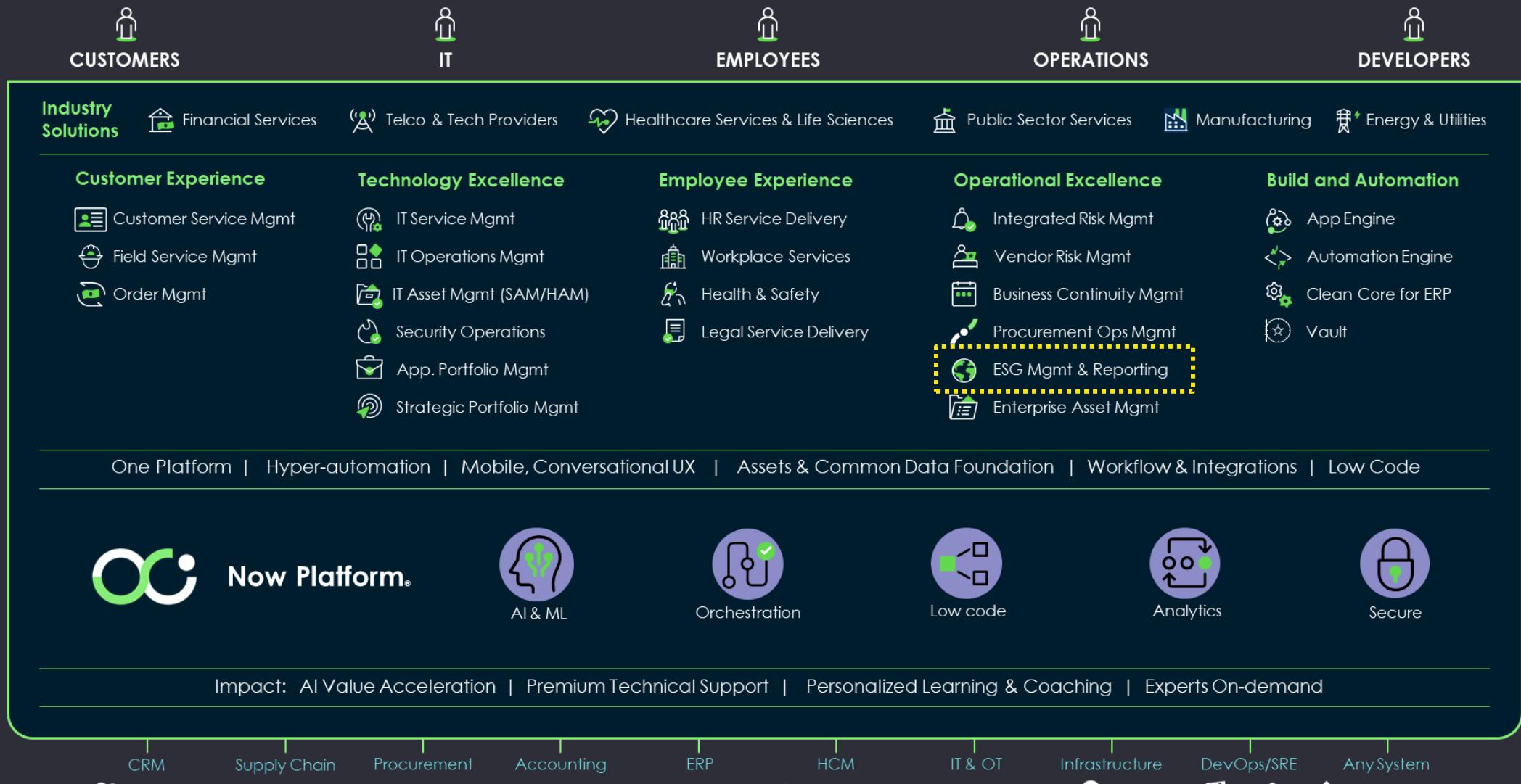
ServiceNow is committed to continuous innovation, and invests in AI, ML, & Automation.

Future-oriented



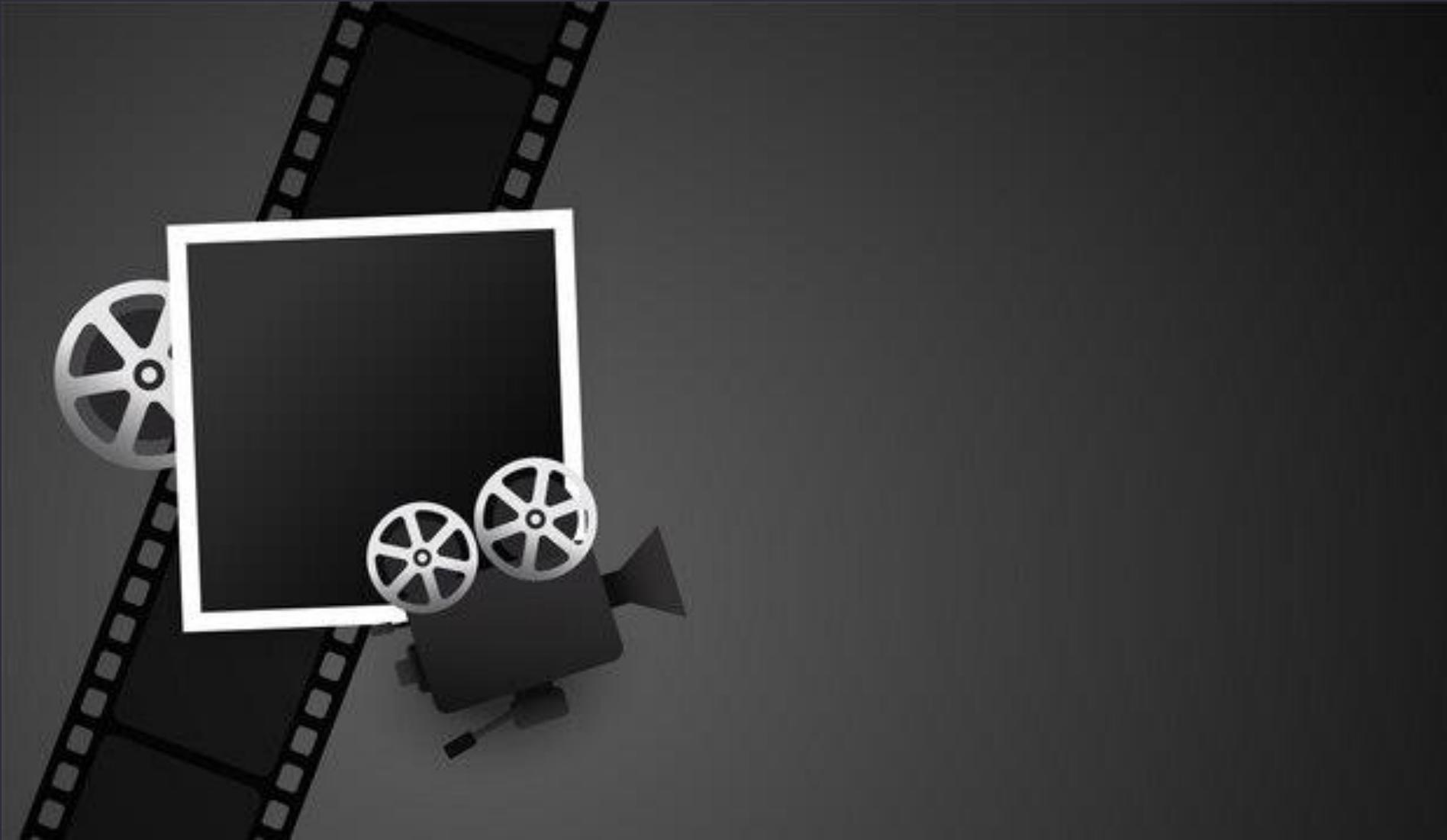
Bill McDermott, becomes CEO, **strategically positions company** as digital transformation leader.

# The intelligent platform for end-to-end digital transformation



# ServiceNow ESG Solution Demo

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# Project Examples

# Client Case 1: CSRD Readiness Analysis in the automotive industry

## Approach for the CSRD Readiness

Structure of the Analysis	Maturity Level Assessment	Clustering	Conclusions
<p>We analyzed each ESRS based on the following three criteria:</p> <ul style="list-style-type: none"><li>• Complexity of GAPs</li><li>• Immaturity of reporting information</li><li>• Implementation efforts</li></ul>	<p>Our assessment of the maturity level of sustainability reporting of the client was based on:</p> <ul style="list-style-type: none"><li>• Screening of the existing, accessible sustainability information</li><li>• Analysis of GRI requirements and comparison with the ESRS requirements</li></ul>	<p>Clustering the data according to the three criteria</p> <ul style="list-style-type: none"><li>• Complexity of GAPs</li><li>• Immaturity of reporting information</li><li>• Implementation efforts</li></ul> <p>to identify major GAPs for all standards.</p>	<p>Here we provided the key results based on our analysis of the cross-cutting as well as topical (E, S and G) standards. On the basis of our GAP analysis we derived some conclusions.</p>

Cross-cutting		Sector-agnostic		
		Environmental	Social	Governance
ESRS 1: General principles	ESRS E1: Climate change	ESRS S1: Own workforce	ESRS G1: Governance, risk management and internal control	
ESRS 2: General, strategy, governance and materiality assessment disclosure requirements	ESRS E2: Pollution	ESRS S2: Workers in the value chain	ESRS G2: Business conduct	
	ESRS E3: Water & marine resources	ESRS S3: Affected communities		
	ESRS E4: Biodiversity & ecosystems	ESRS S4: Consumers/ End-users		
	ESRS E5: Resource use and circular economy			



# Client Case 2: ESG Reporting TOM and Implementation Roadmap

## Project Background

- With increasing regulatory requirements, the client needs to adapt its ESG Reporting Target Operating Model (TOM)
- Aside from achieving regulatory compliance, the ESG reporting TOM needs to enable steering based on ESG KPI's
- Neither regulatory, nor steering considerations will be limited to the CSRD, so the ESG reporting TOM will cover various ESG regulations & frameworks (e.g. TCFD, EcoVadis)



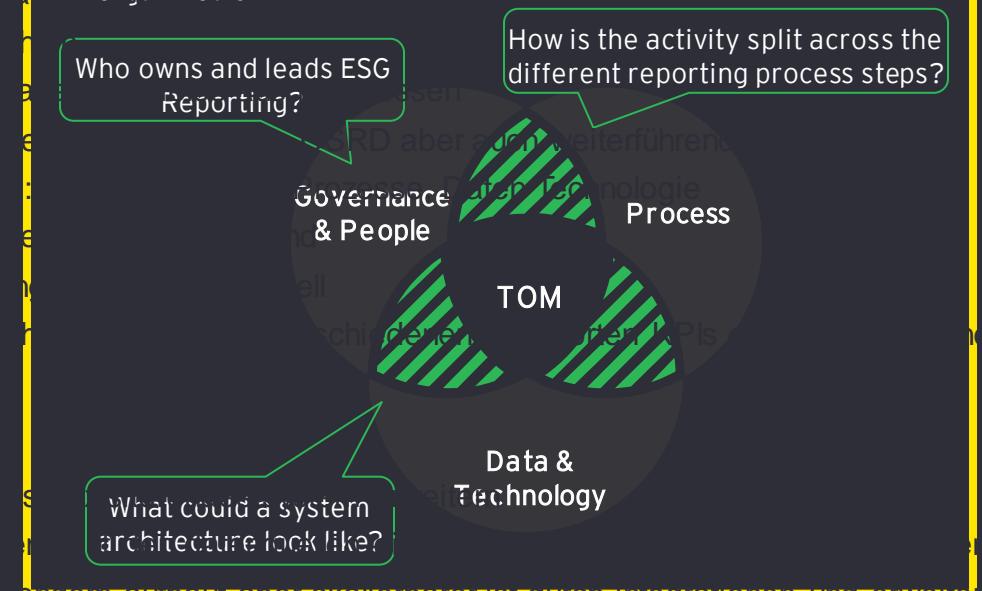
## Project Objective & Scope

- The ESG Reporting TOM covers 3 dimensions (governance & people, process, data & technology) each of which needs to be tied to the overall sustainability ambitions of the client and will be implemented over a timeline of 1 - 2 years with further reiterations to be done later on
- The ESG Reporting TOM will not explicitly cover the overall end-to-end ESG Governance, but is designed with it in mind
- The design of the ESG Reporting TOM will be followed by a high-level roadmap which covers its implementation across your organization

Who owns and leads ESG Reporting?

How is the activity split across the different reporting process steps?

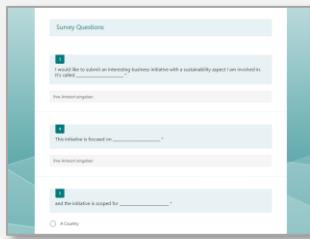
What could a system architecture look like?



# Client Case 3: Scoping and Designing a Sustainability Data Platform

1

Use a survey to collect sustainability related initiatives



1

2

3

4

5

6

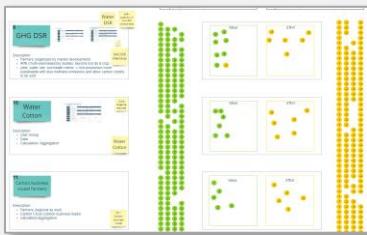
5

Prioritize the use cases based on the calculated score



2

Leverage workshop to add use cases, aggregate and prioritize



3

Conducting interviews to collect more information per top-priority use case



4

Valuate each use case and calculate a total score based on derived parameter



6

- Review existing SDP architecture and underlying processes
- Detailed data mapping to the use case requirements
- Creation of conceptual target architecture for the SDP



## Overall Approach

- Collection of relevant data
- Requirements gathering and documentation

- Create data requirement summary
- Cost & effort estimation

- Full design summary

# Exercise

## Group Exercise: How can you support your key buyer in terms of sustainability?

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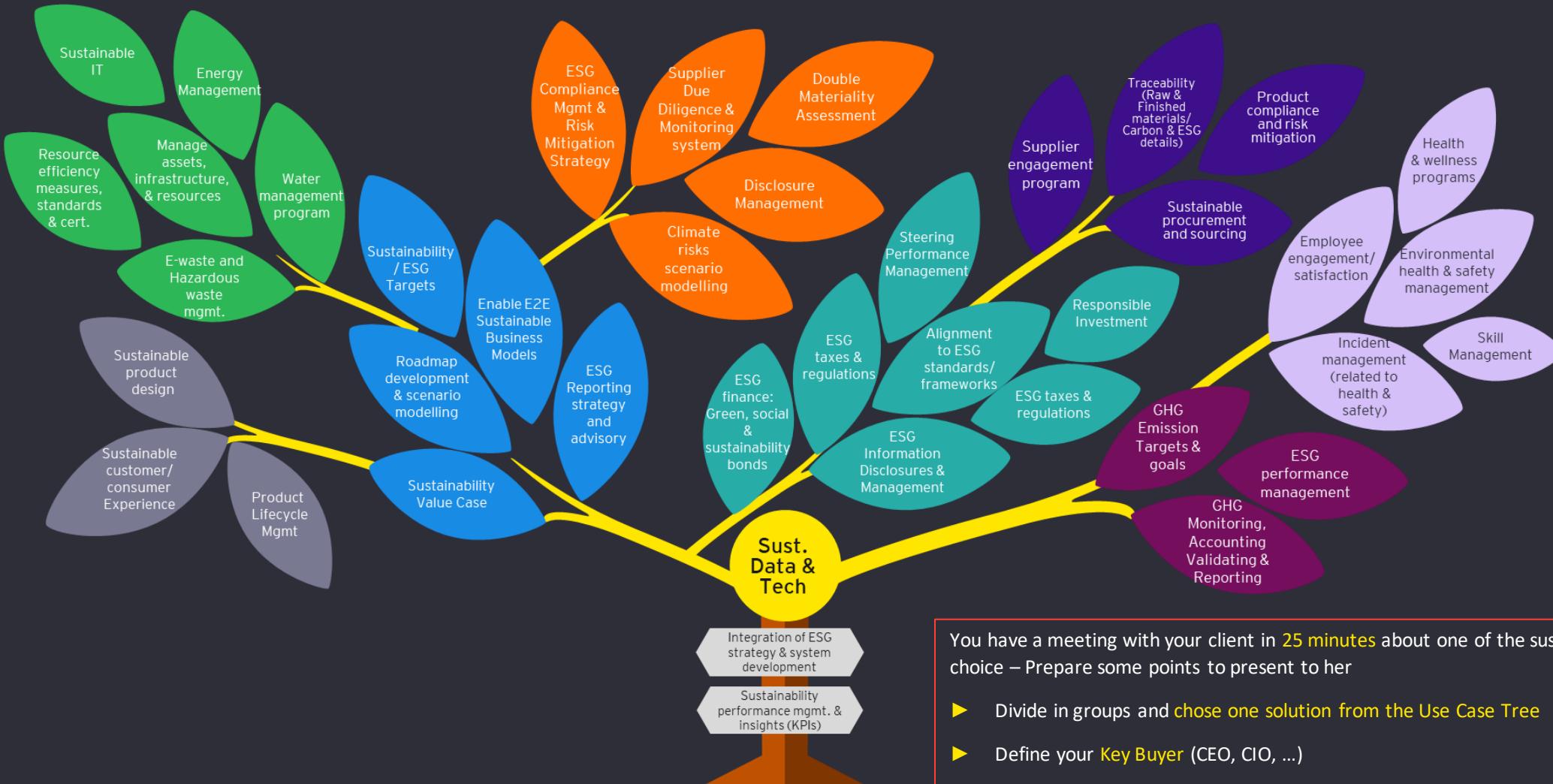
You are participating together with one of your clients a conference around the critical future topics of the industry. After an interesting panel discussion concerning sustainability, your client suggests to schedule a short follow-up meeting to better understand how EY could support the next required actions to tackle sustainability challenges.

Take the next **30 minutes** to

- ▶ define your **Key Buyer** (CEO, CIO, CFO, CRO ...),
- ▶ summarize the **key sustainability challenges** of your key buyer, and
- ▶ to outline **how you can support** your key buyer (what are the services we provide? How can we bring value to the client?)

*You can utilize whatever you want (flipcharts, Post-Its, etc.) to make a **3 minute elevator pitch***

There are a broad range of use cases that are pursued across companies, all of them require a solid data & technology foundation to be realized



You have a meeting with your client in **25 minutes** about one of the sustainability topics of your choice – Prepare some points to present to her

- Divide in groups and **choose one solution** from the Use Case Tree
- Define your **Key Buyer** (CEO, CIO, ...)
- Think about **one value proposition** – how can you bring value to the client with this use case?
- You can utilize whatever you want (flipcharts, Post-Its, PowerPoint etc.) to make a **3 minute elevator pitch**



# Summary

Don't hesitate to reach out to us!

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[https://www.ey.com/de\\_de/nachhaltigkeit-und-sustainability-services](https://www.ey.com/de_de/nachhaltigkeit-und-sustainability-services)



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The background of the slide is a high-angle aerial photograph of a turbulent ocean. The water is a deep, dark blue, with numerous white-capped waves and spray visible, particularly on the left side. The texture of the water is highly detailed, showing the movement and energy of the sea.

*Thank You!*