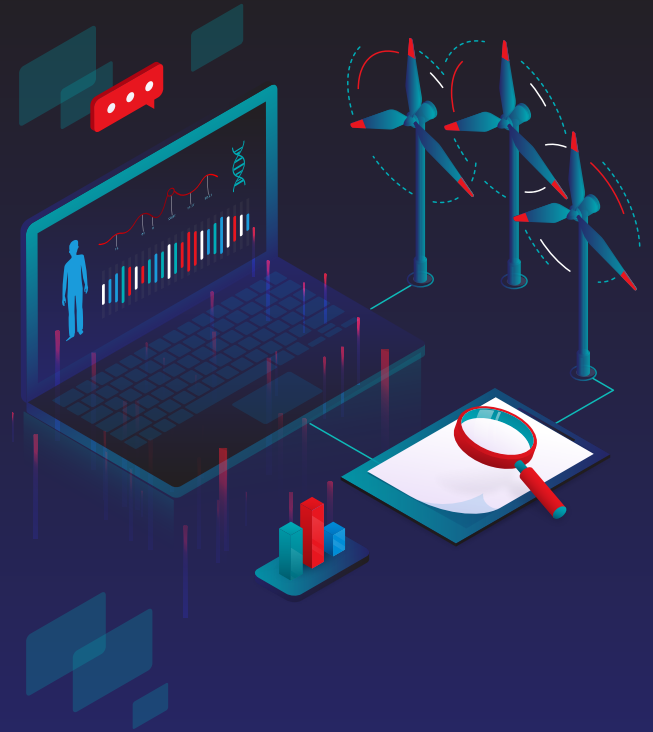


# Big Data and the big three ESG, CSR and SDGs

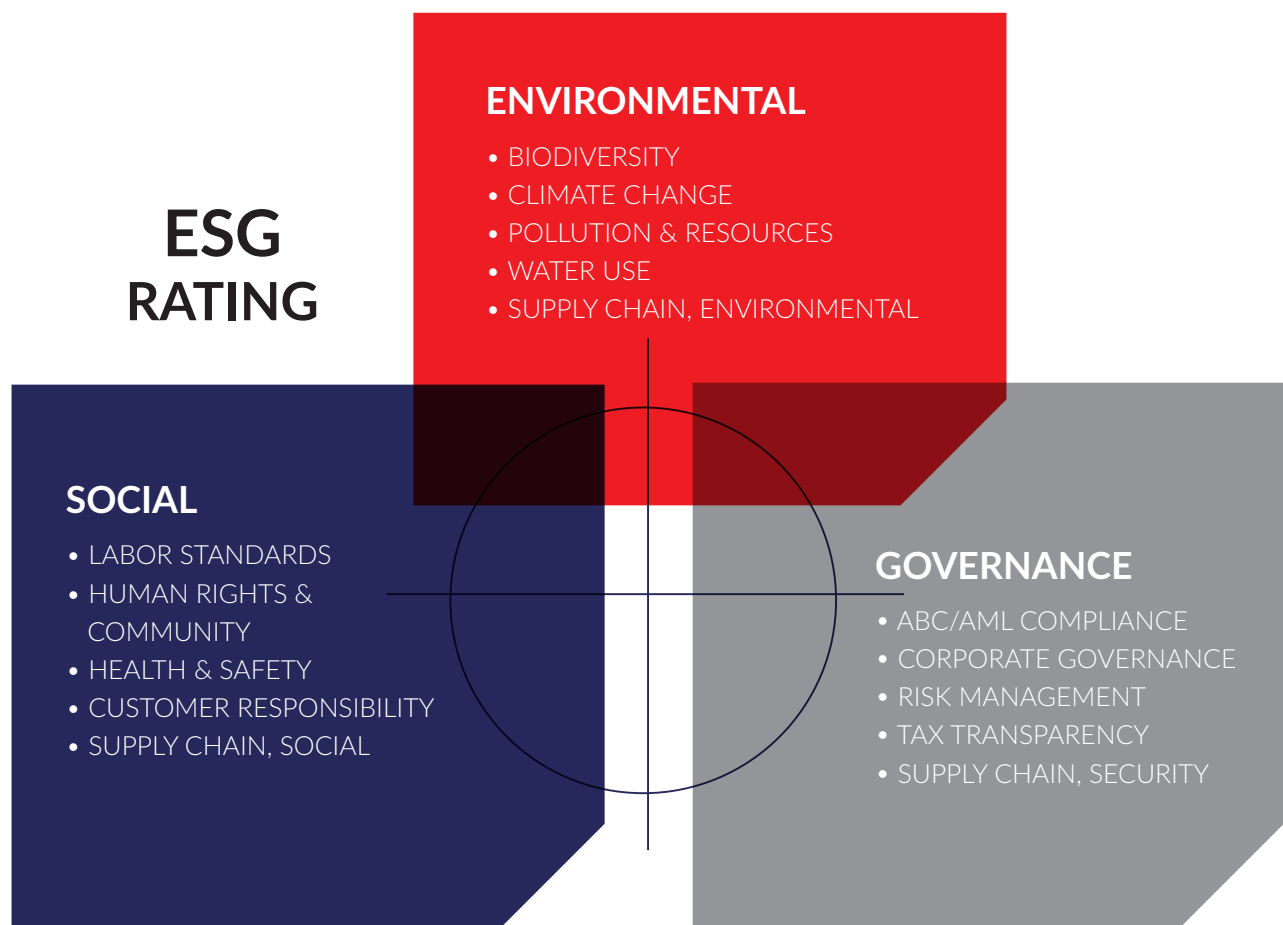


**Investors are increasingly linking ethical behavior and decisions based on positive environmental and social impacts with prospects of sustainable long-term profit.** Committing to Corporate Social Responsibility and adhering to Environmental, Social & Governance factors makes companies more attractive to both consumers and investors, helping to ensure profitability while addressing some of the world's most pressing social and environmental concerns.

## Investors rate companies on ESG principles

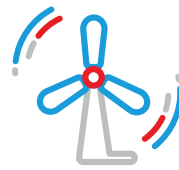
Investors increasingly look at environmental, social and governance (ESG) factors as part of their investment analysis, recognizing the risk of tangible losses from unethical business practices and long-term performance advantages of transparency and trust.

### AN ESG RATING IS BASED ON THE FOLLOWING:



# Consumers Demand Corporate Social Responsibility

Investors may measure on ESG factors, but consumers are more tuned in on corporate social responsibility (CSR) efforts by the companies and brands they follow. What factors should be considered when establishing and assessing a CSR program? The list of indicators in EcoVadis's assessment methodology for global supply chains provides a summary of the CSR issues companies need to give relative weight to, based on factors such as their size, the nature of their activities and geographic location.<sup>1</sup>



## SOCIAL

(LABOR PRACTICES & HUMAN RIGHTS)

### Human Resources

- Employee Health and Safety
- Working Conditions
- Labor Relations
- Career Management & Training

### Human Rights

- Child & Forced Labor
- Freedom of Associations
- Non-discrimination
- Fundamental Human Rights

### Sustainable Procurement

- Supplier Social Performance

## ENVIRONMENT

### Operations & Products

- Energy Consumption
- Water
- Biodiversity
- Local Pollution
- Materials, Chemicals & Waste
- Air Emissions
- Greenhouse Gases
- Product Use & End of Life
- Customer Health & Safety

### Sustainable Procurement

- Supplier Environmental Performance

## ETHICS

### Ethical Business Practices

- Corruption & Bribery
- Anti-competitive Practices
- Labor Relations

### Sustainable Procurement

- Data Security

## Enter the UN and SDGs

The Sustainable Development Goals (SDGs) are 17 global goals set by the United Nations in 2015 with an overall aim of “ending poverty, protecting the planet, and ensuring prosperity for all.”<sup>2</sup> Each of the somewhat interdependent goals has a list of defined targets to achieve by 2030.

The SDGs span social and economic development issues including poverty, hunger, health, education, gender equality, social justice, environment, climate change, energy, work and economic growth, industrial innovation and infrastructure, and responsible consumption and production.

At a UN business forum in 2017, leading business organizations, private sector institutions and networks, including the International Chamber of Commerce and International Agri-Food Network, issued a business statement on the opportunity and importance of the SDGs. “The SDGs provide all businesses with a new lens through which to translate the world’s needs and ambitions into business solutions,” it says.<sup>3</sup> “These solutions will enable companies to better manage their risks, anticipate consumer demand, build positions in growth markets, secure access to needed resources, and strengthen their supply chains, while moving the world towards a sustainable and inclusive development path.”<sup>4</sup>

## What are the sustainable development goals?

### 17 GOALS TO TRANSFORM OUR WORLD



## Driving Investment with ESG, CSR, and SDGs

Meeting global standards on ESG, CSR and SDG factors has become an important driver for businesses that want to align with shareholder expectations.

Investors are increasingly acknowledging the impact of ESG factors on a company's ability to manage risk and deliver financial performance over the long term. They are pressuring companies to disclose performance on material ESG factors and may participate in the development of disclosure standards.

There are numerous ESG frameworks businesses can use to demonstrate to investors their commitment to sustainable ethical practices, and businesses may find themselves indexed or rated by organization according to defined corporate responsibility standards.

- **United Nations Global Compact:** The world's largest corporate sustainability/CSR initiative with 13,000 corporate participants and other stakeholders. It encourages businesses to adopt sustainable and socially responsible policies, and report on their implementation. It aims to mainstream the 10 principles in its framework (in the areas of human rights, labor, environment, and anti-corruption) and catalyze actions in support of broader UN goals such as the Sustainable Development Goals.
- **Sustainability Accounting Standards Board:** Formed in 2011, the independent private-sector SASB has been working within the US's current system of financial regulation (FASB, Form 10-K) in pushing for the inclusion of social and environmental measures now considered important to sustainability.<sup>5</sup> Its Sustainable Industry Classification System covers 10 sectors and more than 80 industries. Its rapidly strengthening Investor Advisory Group comprises leading asset owners and managers—representing more than \$21 trillion in assets under management—who are committed to improving the quality and comparability of sustainability-related disclosure to investors.
- **Climate Disclosure Standards Board:** A London-based non-profit organization, whose framework references existing standards instead of creating new ones, provides a tool for companies to disclose climate change-related information in financial reports while reflecting regulatory and voluntary reporting, and carbon trading rules.<sup>6</sup>
- **FTSE4Good Index Series:** Stock market-linked benchmark indexes (US, UK, EU, Australia, Japan, Emerging Countries, ASEAN, etc.) maintained by the FTSE Group and applying to companies that meet recognized corporate responsibility standards: support for human rights, making progress to become environmentally sustainable, ensuring good labor standards (internal and supply chain), fighting bribery and corruption.<sup>6</sup> Automatic exclusions include tobacco companies, weapon systems manufacturers and nuclear power producers. Oil and gas companies are evaluated for inclusion based on their efforts to evolve into more environmentally friendly operations.
- **EcoVadis:** As mentioned previously, EcoVadis has developed a collaborative platform providing supplier sustainability ratings for global supply chains. Since its founding in 2007, EcoVadis has become a partner for procurement organizations in more than 200 multinationals including Verizon, Nestlé, Johnson & Johnson, Heineken, Coca-Cola Enterprises, Nokia, L'Oréal, Bayer, and Air France-KLM. Its CSR assessment methodology has 22 indicators and covers 190 purchasing categories in 150 countries.<sup>7</sup>

## The Big Data Approach

Ethical expectations are here to stay—and many CEOs are embracing the challenge. Acknowledging the trend earlier this year, Harvard Business Review noted, “We are witnessing a big, transitional moment—akin to the transition from analog to digital, or the realization that globalization is a really big deal. Companies are beginning to realize that paying attention to the longer term, to the perceptions of their company, and to the social consequences of their products is good business.”<sup>8</sup> But if you don’t have an ESG or CSR strategy already in play, where can you start with Big Data?

**Use a customizable adverse media feed** to power predictive analytics or integrate into risk management tools to gain valuable insights into potential regulatory, reputational, financial, and strategic risks facing companies.

**Review Critical Mention broadcast content** to capture the full context of a company’s position on ESG issues. While a newspaper headline might cherry-pick a single quote from a CEO, a transcript of the full interview may help establish the extent of a company’s ethical approach and ESG commitment.

**Tap into data spanning PEPs, sanctions, watchlists, and blacklists** to identify potential regulatory misconduct by firms and the third parties with whom they do business.

## Why choose Nexis Data as a Service?

With an unmatched global content collection enhanced through normalization and metadata enrichments, Nexis® Data as a Service (DaaS) delivers the highly relevant, archival and current data organizations require for a broad range of artificial intelligence applications.

Whether you want to integrate data into your in-house ERM system, support ESG efforts or leverage machine learning and predictive analytics to enhance risk visibility, you need access to timely, relevant data.

### Nexis Data as a Service can help you:

- **Identify additional information** relevant to an organization's ESG policy or commitments, outside of the reporting framework
- **Integrate third-party data** such as licensed news and social commentary into your proprietary analytics applications
- **Fill in blind spots**, where an existing ESG content provider has gaps
- **Ingest targeted big data** to power machine learning algorithms to uncover emerging trends or new risk

1 "CSR Assessment Methodology," EcoVadis. Accessed at: <https://www.ecovadis.com/methodology/>

2 "17 Goals to Transform the World," United Nations Sustainable Development Goals. September 25, 2015. Accessed at: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

3 "Business is stepping up for transformational partnerships," International Chamber of Commerce. July 18, 2017. Accessed at: <https://iccwbo.org/media-wall/news-speeches/business-stepping-transformational-partnerships>

4 IBID

5 Climate Disclosure Standards Board. Accessed at: <https://www.cdsb.net/>

6 FTSE Russell. Accessed at: [www.ftserussell.com](http://www.ftserussell.com)

7 "CSR Assessment Methodology," EcoVadis. Accessed at: <https://www.ecovadis.com/methodology/>

8 Henderson, Rebecca M. "More and More CEOs are Taking Their Social Responsibility Seriously," *Harvard Business Review*. February 12, 2018. Accessed at: <https://hbr.org/2018/02/more-and-more-ceos-are-taking-their-social-responsibility-seriously>

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We hope you do.

Email us at [information@lexisnexis.com](mailto:information@lexisnexis.com)