

SUSTAINABLE

Demystifying ESG Reporting

Driving Change Across ESG From Strategy to Disclosure

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Life Is On

Schneider
Electric

DRIVERS of ESG



INVESTOR DEMAND

growing demands from clients for greater transparency about how their money is invested

CONSUMER DEMAND

growing demands from consumers for companies to be more environmentally & socially responsible

REGULATION

emergence of new global reporting framework from ISSB is driving transparency from 2024 (including Scope 3)

MATERIALITY

increasing recognition that ESG factors can affect risk and return

VALUE CREATION

achieved through minimising costs, optimising efficiencies, new products and/or technologies, new business models & differentiated value position

An evolving, complex ESG landscape



Non-exhaustive examples

Frameworks

GRI Empowering Sustainable Decisions
 CDSB Climate Disclosure Standards Board
 SUSTAINABLE DEVELOPMENT GOALS
 SUSTAINABILITY ACCOUNTING STANDARDS BOARD SASB
 Global Compact LEAD
 TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
 GREENHOUSE GAS PROTOCOL
 INTEGRATED REPORTING <IR>
 International Organization for Standardization ISO

Data aggregators

CDP
 REFINITIV
 Bloomberg
 S&P Global
 G R E S B

Ratings & Rankings

MSCI
 SUSTAINALYTICS
 ISS ESG
 FTSE4Good
 EURONEXT vigeo eiris
 ecovadis
 Dow Jones Sustainability Indexes

Certifications & Targets

RE 100 EP 100 EV 100
 SCIENCE BASED TARGETS
 DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Regulatory Authorities

UK ETS
 EU ETS
 NFRD
 CSRD
 SFDR
 EED
 SECR
 EU Taxonomy
 BEGES
 Décret tertiaire
 ISSB

Reporting challenges

vary by organisation, but most arise from one of these areas:

SUPPORT

Support from internal executive stakeholder to externally share your company's program.

DATA

The foundation for external reporting; having complete and accurate data is paramount to reporting.

STRATEGY

Identifying a roadmap and implementation strategy to achieve corporate goals.

TIME

Skillsets, market knowledge and resources to complete external report.

ESG reporting requires its own data strategy

different set of challenges to sustainability / GHG reporting

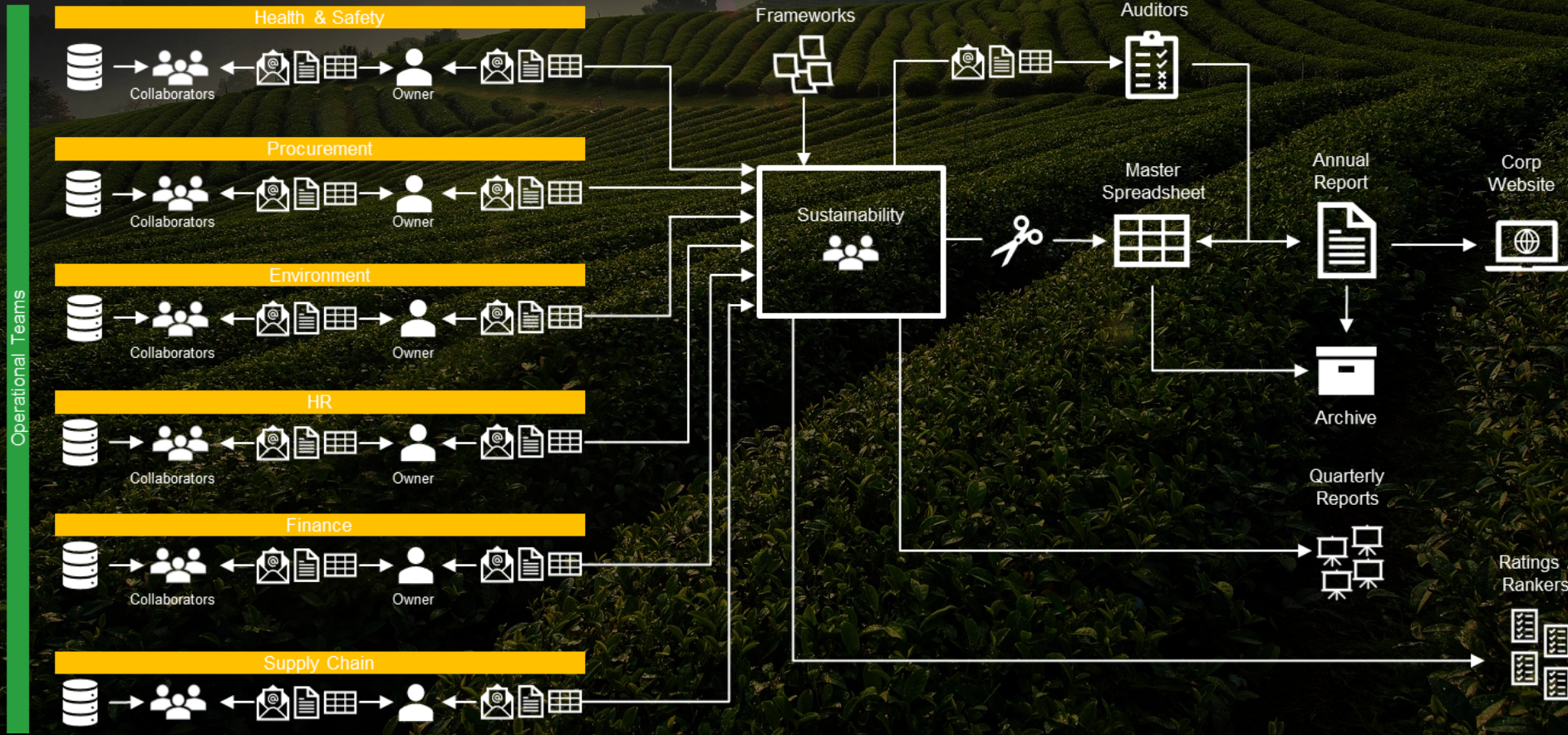


Common ESG Data Challenges

- Large number of internal stakeholders
- Lack of standardisation
- Different data types & sets
- Integration with existing business processes
- Highly influenced by external factors
- Reported externally, increasing risk
- Auditability and transparency of data

Current programs are built on spreadsheets

that are prone to error and limit value that can be delivered



Select your path

to the three levels of ESG reporting

Compliance

- Compliant-focused
- Broad policies
- No commitments
- No disclosure

Basic

- Understood as risk management issue
- Reactive statements/some commitments
- Limited disclosure of activities or achievements
- No 3rd party assurance
- Limited materiality

Better

- Understood as risk management issue + value opportunity
- Proactive and measurable commitments
- Comprehensive disclosure
- 3rd party assurance of select data
- Enterprise-wide materiality + integrated with strategy & risk reviews

Best

- Considered essential for enterprise-wide excellence
- Measurable commitments across all focus areas + integrated into long term strategy
- Integrated reporting + impact reporting
- Comprehensive 3rd party assurance of all key data
- Enterprise-wide materiality + with annual risk review + externally validated



The Journey to Investor Grade ESG Reporting

Basic: Compliant

Overview

Characterised by tactical adoption, driven through localised compliance requirements or isolated customer requests.

Data Management

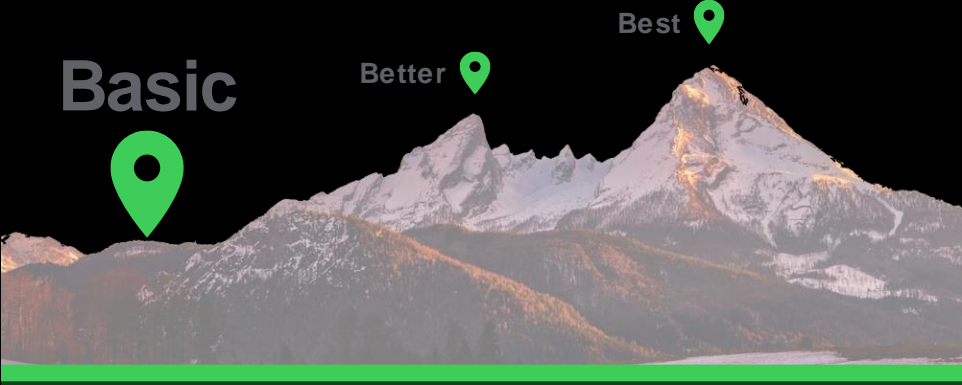
- Annual process
- Manual data collection
- Loads of siloed data sources
- No analysis or performance tools

Governance

- Few corporate indicators
- Large number of localised initiatives
- Limited guidance from frameworks
- No central process

Reporting

- Compliance submissions
- Limited references on corporate website and communications
- Limited alignment with disclosure frameworks



The Journey to Investor Grade ESG Reporting

Better: Responsive

Overview

Recognised need to report centrally on ESG driven through increased interest from investors and customers.

Data Management

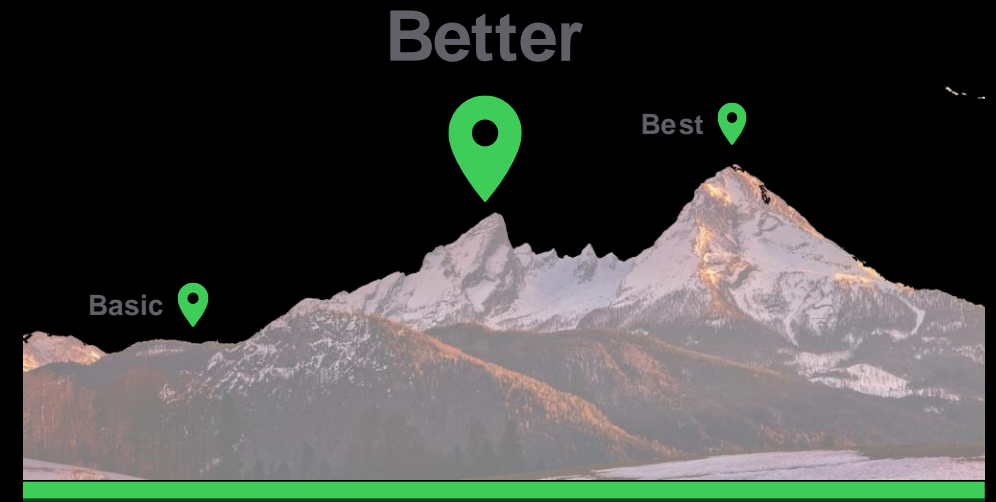
- KPIs reported inconsistently
- Coordinated data campaigns managed via spreadsheets
- Individual teams using their own tools for visualisation and reporting

Governance

- Managed centrally, supported by operational teams
- Corporate KPIs set at company level
- Ad-hoc policies and procedures targeted at corporate KPIs

Reporting

- Publication of an annual sustainability or ESG report
- Participation in small number of ratings or rankings
- Limited assurance of key indicators



The Journey to Investor Grade ESG Reporting

Best: Integrated

Overview

Integrated within corporate strategy and performance management, to mitigate risk and increase value creation.

Data Management

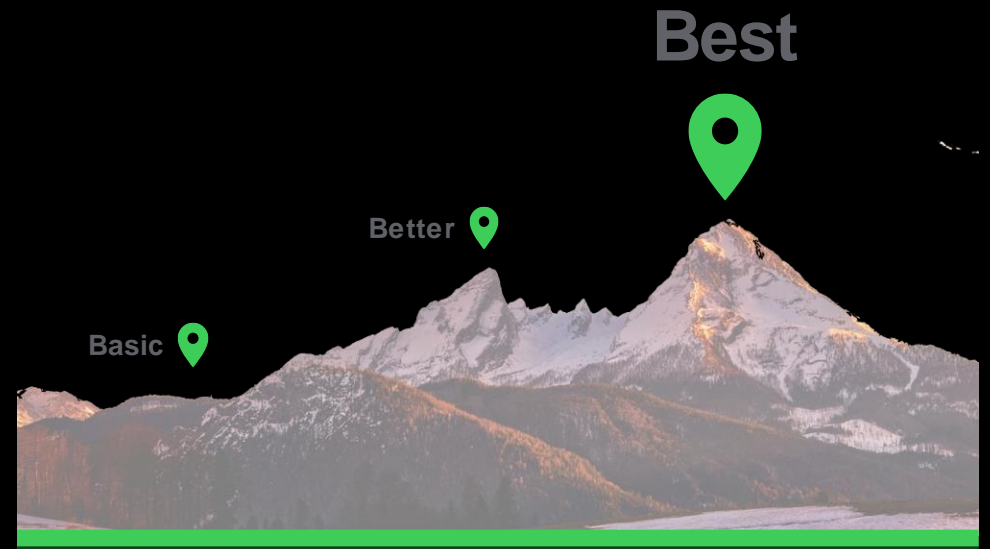
- Indicators defined & managed in a system of record
- Data collection included in corporate IT architecture
- Analytics-informed decisions

Governance

- Full alignment to frameworks
- Ownership and accountability passed to operational teams
- Policies and procedures aligned with corporate data governance

Reporting

- Data published in annual report
- Detailed data available externally, investors included
- Greater assurance of data across indicators



How advanced is your ESG journey?

6 key steps to improve your ESG performance



Define Risk Exposure

- Analyse all your ESG scores using the most common global frameworks
- Peer benchmarking



Set ESG Priorities

- Materiality Assessment
- The insights gained are used to guide strategy and communication to disclose more meaningful data and information on performance



Visualise ESG Data & Performance

"If you can't measure it, you can't manage it"

- Critical to have a central visibility of all the ESG performance indicators



Create ESG Vision and Strategy

- Workshop with key stakeholders to align with organisations vision, values and growth plan



Meet Compliance + Choose to Disclose

- ESG compliance & disclosure to global frameworks such as CDP, GRI, SASB, TCFD, etc.



Communicate Progress

- Corporate Sustainability Reporting
- Marketing activities such as blogs, social media, corporate website

Single Solutions Provider

Schneider Electric's Sustainability Business is a recognised global leader in energy and sustainability (incl ESG) consulting and managed services.



Our **differentiated** Sustainability Strategy

**Leading ESG by example
in our ecosystem**

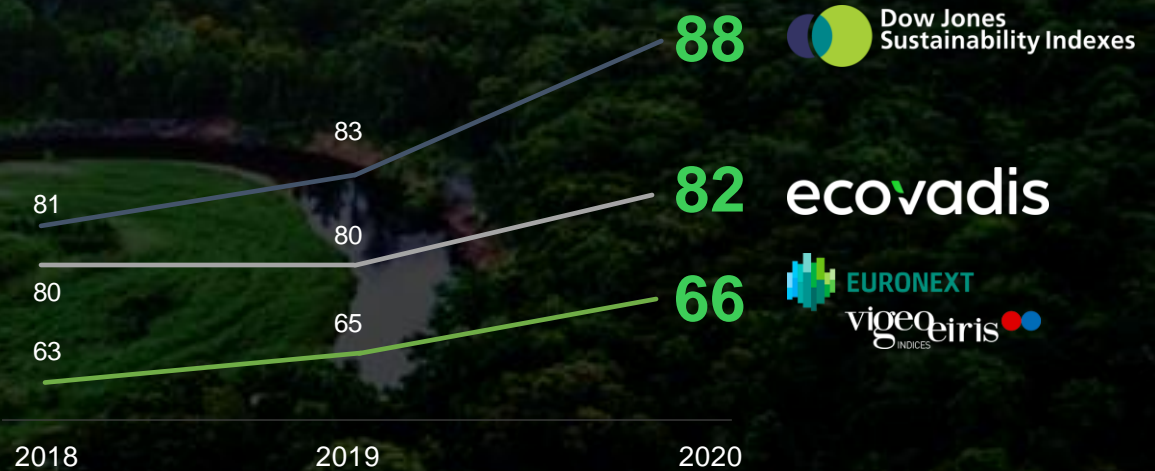


**Being part of the solution
for our customers**

Sustainability Recognition



2021's most sustainable corporation in the world



A List
(Climate)
10 years in a row



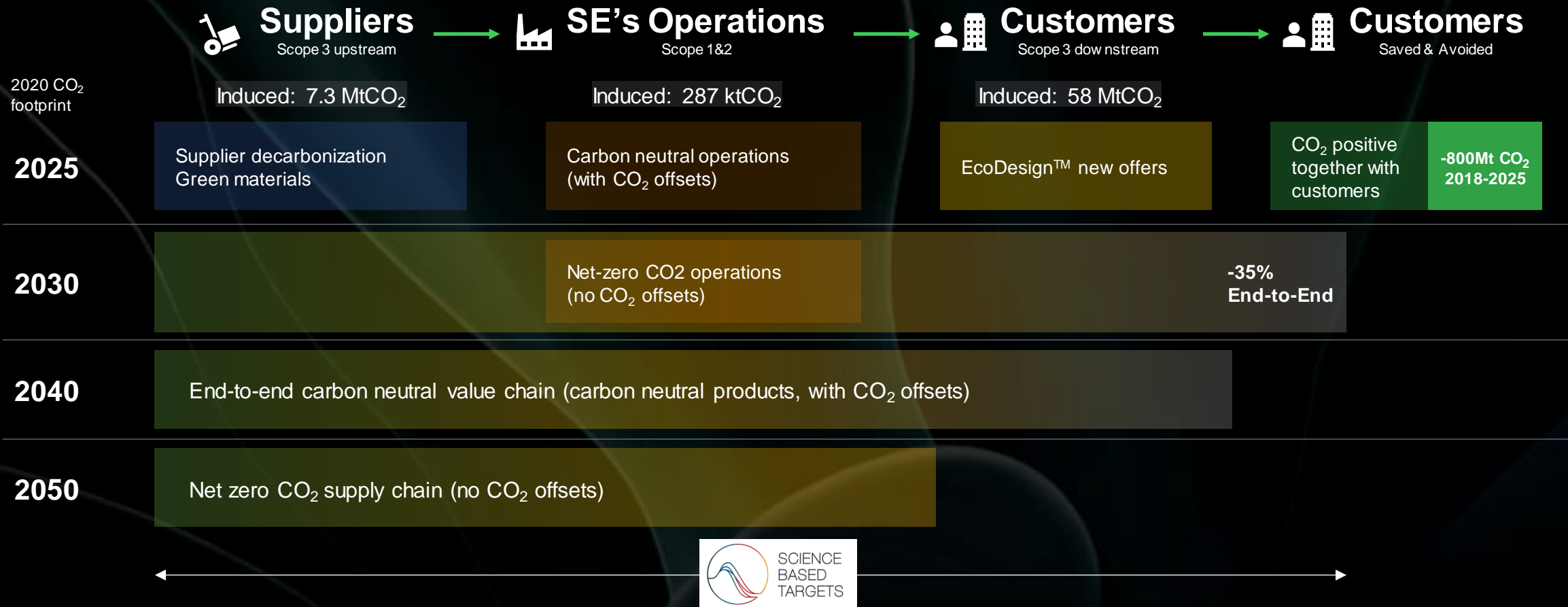
AAA
10 years in a row



Included since inception
(2018)

Schneider Electric Carbon Pledge

Leading the way towards the 1.5°C climate objective



**Our purpose is to empower all to
make the most of our energy and resources,
bridging progress and sustainability for all.**

At Schneider, we call this Life Is On.

Life Is On



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