

Sustainability TechSprint 2021: TechSprint Demos

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SDGenius

Presenter: Ian Bradbury, Sal Khalil

Judges: Francesca Hopwood Road (Chair)

- Bruce Harrison; Managing Director, BlackRock
- Elena Strbac; Global Head, Data Innovation, Standard Chartered
- Emily Keaney; Director of Legislative Reform, Information Commissioner's Office
- Emily Pierce; Assistant Director, International Affairs, U.S. Securities and Exchange Commission
- Jayne Wickins; UK Banking Director, Microsoft
- Stephen Ingledew; FinTech Scotland Executive Chair
- Satoshi Ikeda; Chief Sustainable Finance Officer, Japan Financial Services Agency

Ian Bradbury

Good afternoon, I'm from team SDGenius and I'm here today to talk to you about a tool called the SDG Tracker which enables us to ingest unstructured ESG data from many sources and to provide actionable insights for regulators and other organisations. Next slide please. Just a quick word to say thank you very much for allowing us to do this. It's been really enjoyable to work together. We've had great fun and actually we've come up with a solution that we all believe will be really valuable going forward. Next slide please. So the main problem that we focussed on is the fact that, as has been said many times, ESG data is largely unstructured from many different sources, and that makes it very difficult to analyse that. So what we chose to do was to put that data into a format that we could read, and we chose the UN SDGs. Next slide please. The reason that we chose the UN SDGs was quite simply that we thought that they were the most comprehensive ESG blueprint. So we're not just looking at climate, we are looking at all the ESG issues. They have also been committed to by all UN member states. So every national organisation, every regulator that represents them has a perspective on meeting those targets that have been set. And that's the third reason, there are specific targets that are aligned to these things, which is very different to many other forms of reporting. Next slide please. So in terms of what we did in the TechSprint, first of all we took four of the SDGs and we took key terms from those SDGs which we could then run NLP against 24 different ESG publications from 24 different organisations, to see whether we could get that alignment in that analysis. We also designed an overall solution for the SDG tracker which was far more ambitious but could be scaled up. And some of the key points around that are the fact that we are going to use unstructured data sources from other organisations in that analysis. So for example, press, legal proceedings, and academic papers. And the main reason for doing that is so that we could detect much broader, different sectors, different cohorts. I'll hand over to my colleague for a video to talk about what we did in the TechSprint. Next slide please.

Sal Khalil

We've taken the ESG and SASB reports for 24 different companies for the financial sector and used a combination of NLP techniques to come up with a reference score to monitor how often within these documents each of the SDGs have been referenced. As

you can see in the top left we can add as many SDGs as we like, and scale up and down as we wish, to see them side by side. As we know this software is to be used by a regulator we've also added functionality to show a lower limit which will show companies that might be lagging behind the rest of the and pack, and an upper limit to show companies that will be excelling in the field.

Ian Bradbury

Thank you. Next slide please. Sorry, slide before please quickly. Thank you. One thing we did do was validate the data that we came out with. So we took the insights we generated and we looked at the carbon energy emissions of those organisations, the 24 organisations. And what we found was those companies that talk the most about SDG15 also were the ones that use the least carbon. So we did a validation and it worked. Next slide please. So to give you a few quick examples of how we might see this working, if we look at SDG16 we could generate from newsfeeds a report that actually identified potential bribery and corruption and governance issues. So this is an organisation where's there's a lot to talk about that, this is potentially a regulatory intervention. Next slide please. Another example would be climate action where we could look at both structured and unstructured data coming from organisations and identify where we are not actually getting the correct volume of reporting that we need. And we could take action. So this would be potentially a sector view, a larger cohort. Next slide please. And last but not least a very individual target level. So this is the gender pay gap which is a 8.5.1 target in the SDGs. This is actually showing two organisations that probably do require intervention, and one organisation at the top where women are actually getting paid more than men for the work they do which is great. And last but not least, next slide please. Where we want to go with this is to build a skateboard. We think it would be good to build an MVP focussed on one of the SDGs and a number of the targets. And we would identify the data sources related to that, we'd build the data models and we'd deliver the MVP and take a value-based view from there. Thank you very much.

Francesca Hopwood Road

Thank you team 10. Judges, any questions form you for our final team? Stephen, perhaps I can come to you?

Stephen Ingledew

Great presentation. How well understood are SDGs do you think in the corporate world?

Ian Bradbury

I think they're growing in their understandability, and many organisations are now using them to align their purpose. So you'll see organisations saying we want to go for six, two and four as core parts of our purpose. Of course as we get closer to 2020 when those targets, the commitments that have been made against those targets will be assessed, you're going to see more and more organisations talking about the SDGs.

Francesca Hopwood Road

Thank you. And how would this data be presented to end-users?

Ian Bradbury

Well, we've initially designed it for regulator use. So in that context you would see probably tabs on each of the SDGs that you could drill down into and select top level reports like the bribery and corruption one. Apply different tabs for different companies, different sectors, different cohorts. And then drill down into individual specific targets as part of the SDGs.

Francesca Hopwood Road

Thank you. And Bruce, your question please?

Bruce Harrison

Yeah, thanks. My question was, let's take firms who use the tools themselves there in terms of their overall investments for example, rather than waiting for the FCA to tell them how they're doing in their measures?

Ian Bradbury

Sal, did you want to go for that one?

Sal Khalil

Yeah, sure. So similar to the dashboard that we showed we could provide this as an open framework for other firms to use, compare, to see how their competitors are doing, or to see how potentially other firms that they'd like to invest in are performing and they can use that. So preferably that upper limit if you're looking to invest, you want to see firms that are outperforming the rest of the field.