

# **Sustainability TechSprint 2021: TechSprint Demos**

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## **The Green Score**

**Presenter:** Alpesh Doshi, Javier Campos Zabala

**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

### **Alpesh Doshi**

Hi, I'm Alpesh Doshi and I'm with Javier. We're going to talk about the green score and our team is called the Climate Crew. Next slide please. So the problem that we're solving is the challenge around the regulators talking about the availability of data. So, one of the things that we know around the ESG industry through current market issues around, for example, asset managers, is there's really a lack of independent, auditable data across the market to be able to make sound and structured investment decisions. One of the biggest challenges around that is the operational data availability from companies and the auditability of that data and the challenge of having uniformity around ratings and indexes and scoring. As we know, in all the ESG metrics that is one of the key challenges there. What we're doing is making sure that we provide the auditability of data, the ability to get, collect, use, and manage that data across the value chain and ecosystem. The next slide, please. So, our solution basically takes from something that has already been done by the FCA around open banking. What we're looking to do is ensure that you have an open taxonomy, you have open metadata standards and you have open governance standards akin to what open banking did on one side. You also have open source algorithms and models that help you create the green score, which is what we're focusing on and the ability to then feed that in real time into the regulator, or enable that to be fed into third-party companies that can use those scores to help customers make investment decisions. So our overall system is around an open source, open ecosystem for investors and regulators to basically track reliably the environmental credentials of any company and help make the green score central to the investment decisions of anybody in the ecosystem. Next slide.

### **Javier Campos Zabala**

Thank you, Alpesh. One thing which is worth mentioning is the solution can really help in implementing what the government just published this week, actually during the hackathon, I think it was on Tuesday. They published the UK net zero plans, and there is a specific chapter about how to achieve climate and green finance. And this model will be fundamental, so effectively what the team has done. The other thing is it's been great to have all this amazing diversity in the team, so we have actually been able to come up with this very open solution. So, what the score does - it takes data from a lot of

different ESG data sources and also goes into the taxonomy, and is then able to create this green score that is then returned to the different clients. And one of the key elements is we ingest all these different ESG data sources. This prototype has just two phases but we can extend to many more.

We can then detect any anomaly. If there is a discrepancy that is detected, we can flag that there is something quite weird going on. The next thing is we try to compare apples to apples. We sort of standardize all the different data according to the UK taxonomy, which is going to be there. Then finally we'll calculate the green score and that goes back to the clients in the form of a single number between one to zero. The other important thing is that this can be done in real time. And then as you can see, there will be other phases, adding more data and adding the ability to be able to use NLP, natural language processing, to detect alarms. For example, if there are any changes, this has score could be done in real-time. Next slide please. So just to give you an idea of the UI, where the team have done amazing. So people will join there, whether it is a regulator to sort of keep an eye on the companies or an investor who is making a decision. We look at the companies and you can see there, the UX has done a tremendous amount of work, simplifying all the mathematics and the data science going into a single risk scoring to a very easy green to red number. And then next slide, please. If you click onto one slide, then you can actually drill down. You can see what happened in a particular company - the green score has gone down or up. Then you can actually go, "what happened over the last year?, how is that coming across all the different segments/products?" And then you can then drill down and understand what is the problem. So next slide please, just in closing and in the last few 40 seconds, as I said, and I'm sure Alpesh can also agree that the team - it is extraordinary, having all these different angles and points of view, it took us a while to find out the right use case, but in the end we have money to get all the right contribution from all the different teams. And the other thing to say is that the solution, you can see, can be implemented by phases quite quickly, especially phase one, which in the prototype is nearly there. And also in a very affordable way.

### **Francesca Hopwood Road**

Thank you, team one. Very good at keeping to time there, and thank you for your presentation. I would now like to open the floor to the judges. Do you have any questions for the team? Standby - I'm just waiting to see if there are any questions coming through. Jayne, you have a question. Can I hand over to you for your question, please?

### **Jayne Wickins**

Yeah. Thank you so much. Just a quick question. What's the biggest blocker to adoption and how would you resolve that in terms of getting that easy to use view that you just talked about in your brilliant pitch there?

### **Alpesh Doshi**

Some of the, some of the blockers are to do with data, you know, ultimately being able to source the data from, from the companies or corporates themselves, but what we're seeing is there's a large move to SME's and others getting that data available. And that's been one of the biggest challenges. And in fact, you know, most companies haven't really used data from their company, so this is a new thing. So that the biggest blocker is actually sourcing the data from the corporates.

**Javier Campos Zabala**

To build on that – and that is a very good question - is the difficulty of a lot of ESG data today that is based on questionnaires, and the questionnaires can either be misinterpreted or even tampered with. So, it's not very good. What we're trying to do here is getting multiple data points from different places, then that important comparing of apples with apples. And this is why this solution will be translated with the UK taxonomy, which the government just announced this week that it's going to publish next year. So it will be very important to make sure that we compare apples with apples and you take different data points from different places to ensure you have the right view rather than what someone has filled on a questionnaire, which, you know, for many reasons cannot be the right data.

**Francesca Hopwood Road**

Okay. Quick in 14 seconds, Stephen, your question.

**Stephen Ingledew**

Have you compared to similar innovations in the market?

**Francesca Hopwood Road**

Thank you, Stephen.

**Alpesh Doshi**

I can say from our own company perspective, most solutions are pretty much providing what I call the database and a dashboard. And most, if not all of the vendors are focusing on disclosures and reporting rather than focusing on data and being able to collect data across the organization. So that's the current market and what we see as the opportunity.