

# **L'uso dell'AI e dei dati alternativi per misurare le performance ESG delle aziende e la loro corretta percezione esterna.**

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Presentazione di Claudio Zamboni alla  
Milano Digital Week - IAB Italia, 18.03.2021



# We augment human intelligence for business growth.





## The importance of intangible assets: sustainability and ESG.

Intangible assets are responsible for 87% of the S&P 500 market value.

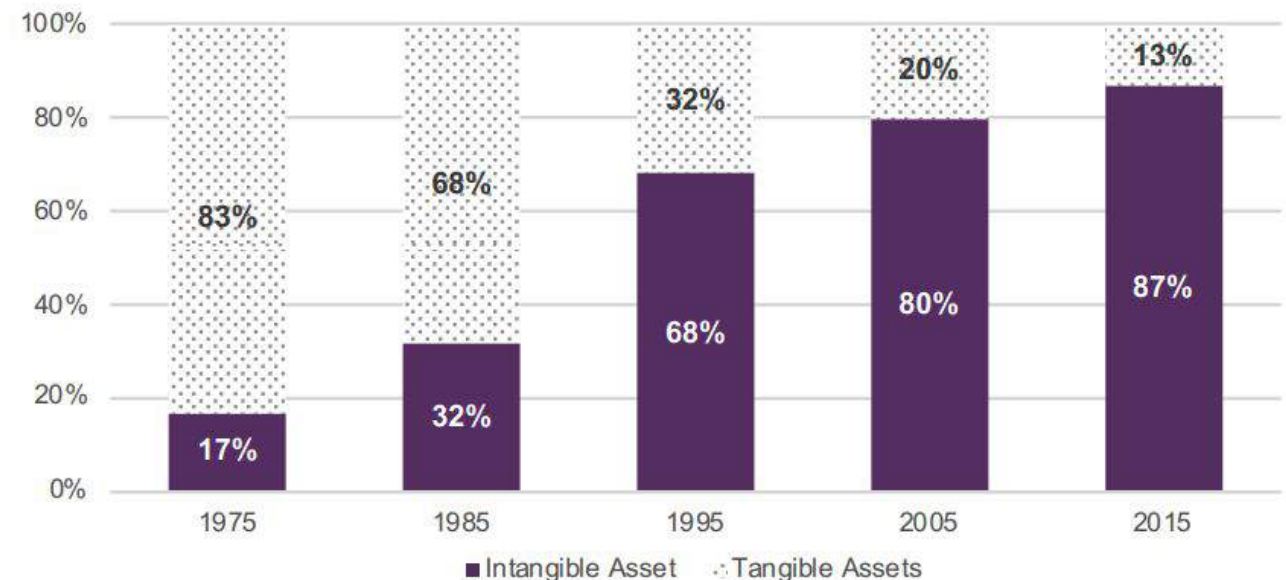
Companies are now aware that being leaders in sustainability issues is going to impact in corporate evaluation.

Corporate sustainability is determined by its intangible assets, and ESG – environmental, social and governance – factors are the main criteria to measure them.

Source: Ocean Tomo (Merchant bank focused on intellectual property and intangible assets)

**Snapshot of Global Investing Assets, 2016-2018**

Ocean Tomo: "Intangible Asset Value Market Study"<sup>9</sup>



## ESG performance and value creation.

A recent study\* revealed that companies with a high ESG rating performed better in terms of budgetary outcomes and stock returns.

As a consequence, there is a need for new models of ESG performance analysis, which could assist companies in managing risks and opportunities in order to increase profit and value on the long term.

\*Banor SIM in partnership with the Politecnico di Milano; data refer to 882 stocks comprised in the Stoxx Europe 600 Index in the period 2010-2017

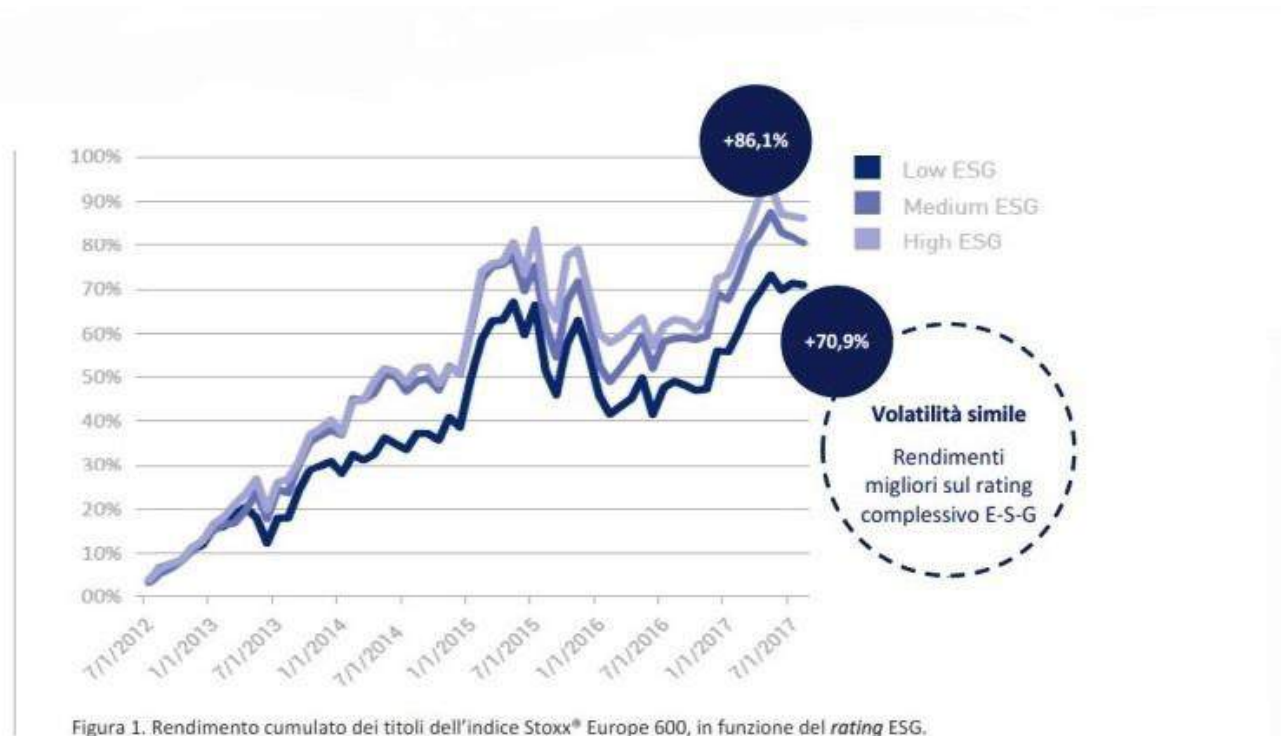


Figura 1. Rendimento cumulato dei titoli dell'indice Stoxx® Europe 600, in funzione del rating ESG.

## An ESG solution to support:

- **Asset/investment managers, pension and hedge funds** in monitoring corporate ESG performance for ESG integration in portfolio management
- **Companies** in:
  - tracking their ESG reputation and communication strategy
  - monitoring and integrating stakeholder perception in company reporting and business strategies
  - comparing contribution to UN SDGs of companies operating in the same industry



## The importance of External Data.

Measuring ESG performance based only on in-bound information – that is data published by the company itself – could lead to an incomplete assessment, as data is partial and the nature of such disclosure is strictly connected to the particular reporting framework chosen by the company

**THEREFORE**

**Integrating such assessment with the analysis of great amounts of external data – by adopting an AI-based approach – provides a more complete view of which are the corporate opportunities in terms of performance increasement associated to specific strategies and more efficient activities.**

## Why evaluating sustainability

- **Increasing corporate performance**
- **Increasing transparency towards stakeholders**
- **Favouring profitability on medium-long term**
- **Acting in a view of shared value creation**
- **Improving corporate reputation**
- **Increasing customers and stakeholders' loyalty**
- **Favouring the relationship with local communities and administrations**



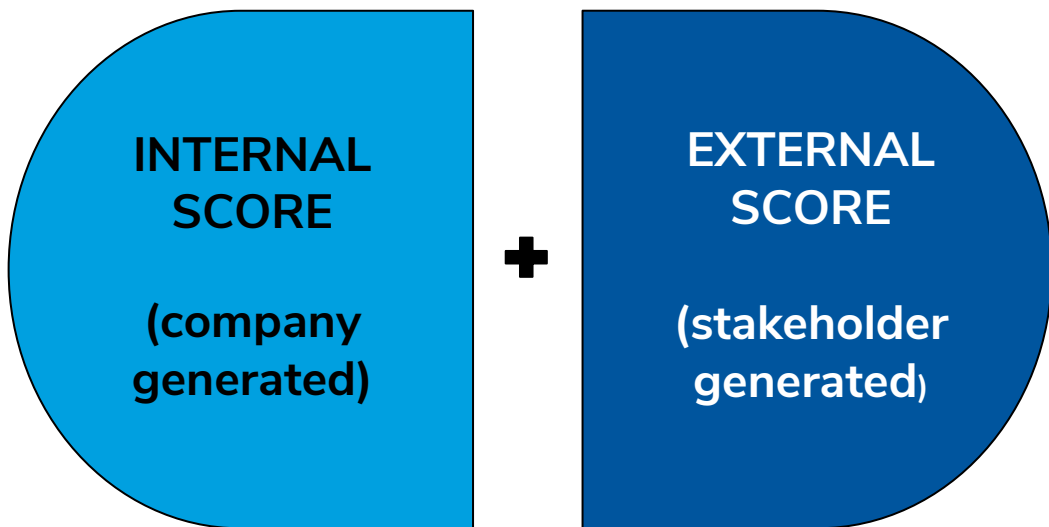
## FinScience for Sustainability

We provide a 360° assessment of corporate ESG performance, by combining internal data (traditional, self-disclosed data) with external 'alternative' data (stakeholder-generated data).





## FinScience Alternative ESG Score



### KEY FEATURES

- 400+ SDG-related indicators
- 100,000+ data sources
- AI-driven data collection
- Weekly updates
- Sentiment-analysis integration
- Corporate reputation evaluation
- Green/social washing detecting tools
- Controversial activities detection
- Benchmarking tools

## Key Reference Framework.

FinScience Alternative ESG Scores evaluate corporate sustainability based on company performance on each of 17 UN Sustainable Development Goals (SDGs) of the UN 2030 Agenda.

However, the scoring process and evaluation also take into consideration other **global sustainability standards and frameworks** such as SASB, GRI, IIRC and CDP.



INTEGRATED REPORTING <IR>

# Internal Data Sources

## Sustainability / CSR Reports



N.	Relevant indicators (TOT: 106)	SDGs
1	Third-party assurance on SR	16
2	SDG topics mentioned in the report	1-17
3	Sustainability certifications (ISO 14001, ISO 20400, ISO 50001, BS OHSAS 18001, SA8000 etc.)	1-16
4	% Water recycled (compared to previous year)	6, 12, 14
5	Women employees %	5, 8, 10
6	...	...

## Corporate Websites



N.	Relevant indicators (TOT: 8)	SDGs
1	Sustainability/CSR/GRI section on company website	1-16
2	SDG topics mentioned in the website	1-17
3	Transparency on diversity section on company website	5, 16
4	Transparency on compensation section on company website	16
5	...	...

## Sustainability Memberships/Affiliations



N.	Relevant indicators (TOT: 48)	SDGs
1	CSR Europe - Corporate Member	1-17
2	Global Compacts - Participant	1-17
3	Oceana Partner	12, 14, 17
4	TCFD supporter	7, 13, 16, 17
5	Fair Labor Association - Participating Company	1, 2, 3, 4, 5, 8, 16
6	....	....

## Sustainability Corporate Engagement - Shareholder Proposals



N.	Relevant indicators (TOT: 12)	SDGs
1	Shareholder proposals on Climate Change	7, 13
2	Shareholder proposals on Environmental Management	6, 7, 12, 13, 14, 15
3	Shareholder proposals on Human rights	1, 2, 3, 4, 10
4	Shareholder proposals on Workplace diversity	5, 8, 10,
5	...	...

# External Data Sources

## Sustainability Rankings



N.	Relevant indicators (TOT: 55)	SDGs
1	Corporate Knights Global 100	1-16
2	Best Workplace for Commuters	8, 10
3	Comparably - Best Places to Work for Women	5, 8, 10
4	Computerworld - Computer World 100 Best Places to Work in IT	8, 9
5	Fortune 100 Best Companies to work for	8
6	Forbes The World's Most Innovative Companies	9
7	...	...

## ESG Controversial Activities



N.	Relevant indicators (TOT: 11)	SDGs
1	SIPRI - Contribution to arm industry	16
2	ChemSec SIN Producers	3, 16, 12, 14, 15
3	PERI - Toxic 100 Water Polluters Index	3, 6, 12, 14
4	Workplace safety or health violations	3, 8
5	Environmental violations	6, 12, 13, 14, 15
6	...	...

## Reviews



N.	Relevant indicators (TOT: 36)	SDGs
1	Glassdoor: Overall/Rating Trend	5, 8, 16
2	Glassdoor Culture & Values/Rating Trend	8, 16
3	Trustpilot overall rating	16
4	Indeed Work Happiness Score	8
5	Indeed Inclusion Score	8, 10
6	PayScale Learning and Development	4, 8
7	PayScale Fair Pay Score	5, 8, 10
8	...	...

## ESG Indexes



N.	Relevant indicators (TOT: 13)	SDGs
1	Bloomberg Gender Equality Index	5, 8, 10
2	Nasdaq ISE Clean Edge Water Index	6, 14
3	Nasdaq OMX Clean Edge Smart Grid Infrastructure Index	9, 11
4	Calvert US Large Cap Responsible Index Fund	1-16
5	iShares MSCI KLD 400 Social Index Fund	1-16
6	...	...

# External Data Sources

## NEWS AND SOCIAL MEDIA

  
**NGOs - News/Social Post**

  
**Vertical Websites**

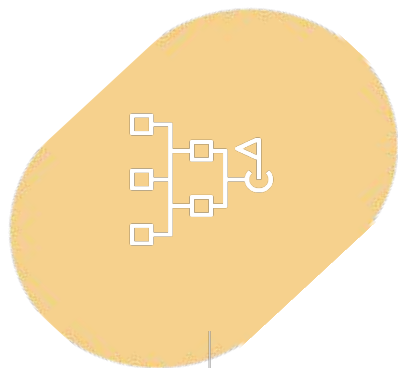
  
**Mainstream News**



**1.5 million+** web pages visited every day on  
**35.000+** domains

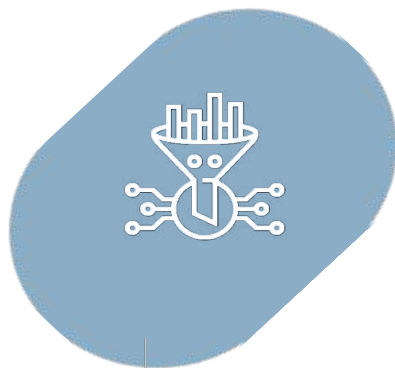
N.	Relevant indicators (TOT: 79)	SDGs
1	CERES - Twitter Post Sentiment*Digital Popularity Value	1-16
2	Greenpeace- Twitter Post Sentiment*Digital Popularity Value	6, 7, 11, 12, 13, 14, 15
3	Newplasticseconomy.org - Sentiment*Digital Popularity Value	12, 15
4	SDGs Mainstream News/Social Posts - Sentiment*Digital Popularity Value	1-17
5	...	...

## The Scoring process



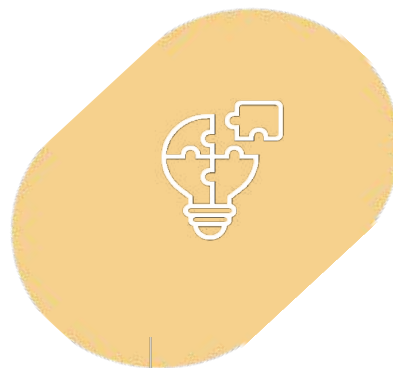
### Data Collection

Data are automatically collected from the different sources described below with different frequency (daily, weekly or annually).



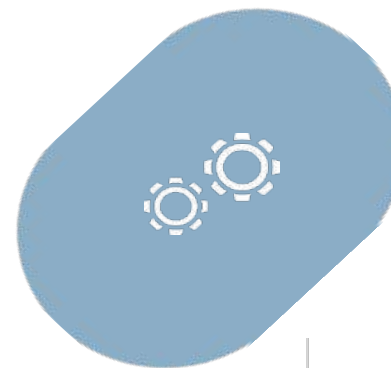
### Conversion into SDG-related indicators

Textual content is first analyzed via Natural Language Processing tools such as text classification, entity extraction and sentiment analysis.



### SDG Meta-Score calculation

The data sources are classified into internal or external, according to whether or not it is voluntarily disclosed by the company. Internal and external scores for each SDG are computed.



### Internal/External Score calculation

External and internal scores are obtained by aggregating the SDG scores, also taking into account the industry in which the company operates by means of materiality matrix.



### Final FinScience ESG Score

The final FinScience ESG score is obtained by averaging internal and external scores, applying a penalty coefficient for those companies where internal and external disclosure results as conflicting.

## Why our approach is different?

- 1 Combination of company **self-disclosed information** and **external alternative data** to provide a 360° complete and accurate view of its ESG profile.
- 2 Weekly updates on **social media** and **news data** related to single companies and ESG themes.
- 3 Integration of **digital diffusion** and **sentiment analysis** in the ESG scoring process.
- 4 Provision of external and external **meta-scores** for **each SDG** compared with **industry average scores**.





[finscience.com](https://finscience.com)

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