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**AWASH IN ESG DATA?  
LEARN HOW TO FIND  
THE INSIGHTS**

Three leading experts from Capgemini and Accern recently presented their insights and perspectives on environmental, social, and governance (ESG) in the financial services industry. Below is a recap of the webcast featuring presenters Arindam Choudhury, head of Capgemini’s Insights and Data Practice for banking and capital markets; Tej Vakta, senior industry leader and head of ESG solution in Capgemini’s Insights and Data Practice; and Kumesh Aroomoogan, co-founder and CEO of Accern, a New York-based, venture-backed no-code AI startup.

Financial services organizations have a responsibility to society to promote a more sustainable economy. But sustainability is not just a goal, according to Vakta, “Sustainability needs to be a way of life and an integral part of conducting business.” According to recent research<sup>1</sup>, in the next three to four years, more than one-third, or \$53 trillion, of total global assets will be dictated by sustainability.



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**Tej Vakta**

Head, ESG solutions, Financial Services Insights & Data  
Capgemini

## KEY AREAS FOR ESG INVESTMENT



<sup>1</sup>Source: Capgemini Market Analysis, 2021

Figure 1: Key areas for ESG investment

Source: United Nations, <https://sdgs.un.org/goals>

One reason for the increase of sustainable investing is the transfer of wealth to younger generations. As these young investors inherit significant financial assets, they are demanding sustainable investment opportunities. This was evidenced in Capgemini's 2021 Market Analysis when a full 25 percent of this demographic sought investments tied to social responsibility<sup>2</sup>.

In addition, many financial services organizations are pledging to achieve net-zero by 2030 as defined by the Paris Climate Agreement. They are committing trillions of dollars to green financing, green bonds, and eco-financing and striving to ensure they align with their partners' and customers' sustainability goals.

According to Choudhury, while financial services organizations have a responsibility to promote sustainability, they must also manage the associated risks of committing to net-zero and other sustainability efforts, including the massive transition to ESG. "Organizations need to measure risk from an ESG perspective,

so they can make objective judgements and investment recommendations to their customers."

Choudhury believes we need to view corporations differently by looking at them not just in terms of profits but also in terms of purpose. "ESG creates huge opportunities to offer sustainable investment choices and provide information that helps customers make more informed decisions," says Choudhury. "This will allow companies to brand themselves as ESG pioneers and will be the key to capturing market share."



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**Arindam Choudhury**

Head, Banking & Capital Markets,  
Financial Services Insights & Data  
Capgemini

<sup>2</sup>Source: Capgemini Market Analysis, 2021



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# DATA IS AT THE CORE OF ESG DECISION-MAKING

How can financial services organizations take advantage of ESG opportunities? According to Vakta, data is critical. Some data is available through third-party data providers, like Bloomberg and Reuters, or traditional scoring and rating agencies like Moody's and S&P Global. Other data is captured internally through the partner ecosystem, and then there is alternative data. Naturally, there are pros and cons of each.



Third-party data is usually structured, easy to digest, and readily available, though some variation exists with regard to organization and immediate usability. However, it can be expensive and is not always current or customizable. In addition, third-party data needs to be standardized for consistency. Unlike credit rating data, sustainability ratings currently lack standards, so it is important to determine how you will standardize third-party ESG data.

Alternative data, while unstructured, includes real-time, publicly available information from news, blogs, customer reviews, etc. "Monitoring real-time, publicly available data will put you one step ahead of the curve," says Aroomoogan. "Especially the ability to discover new ESG themes and categories on the fly, look closely at them, and apply them to your investments." Aroomoogan believes this will be a driving factor for future investments. Machine learning and artificial intelligence (AI) capabilities can capture news events that are trending, even those unrelated to industry standards and frameworks like SASB, GRI, TCFD, and EU Taxonomy. Alternative data can also help validate ESG scores, which, given the lack of current standards, can help provide the transparency needed to gain trust.

It's important not to focus only on structured information from rating agencies. You need a solid strategy for unstructured data, which will grow exponentially as ESG gains momentum in the marketplace. Because unstructured data provides real-time results and brings transparency to ESG scores, it can be a big differentiator.

We recommend building an ESG data supply chain so you can capture data from many, diverse sources. First, you'll need a platform that can automatically discover structured and unstructured external data. Next, you need to aggregate and standardize the data and associate it with a listed security or issuer. Then you can enrich it with insights from unstructured data using AI and machine learning to score the data, extract key sentiments, and remove false positives.

# BUILDING AN ESG SUPPLY CHAIN

## Sustainability-led transformation

Stronger data foundation leads to stronger ESG strategy-led outcomes

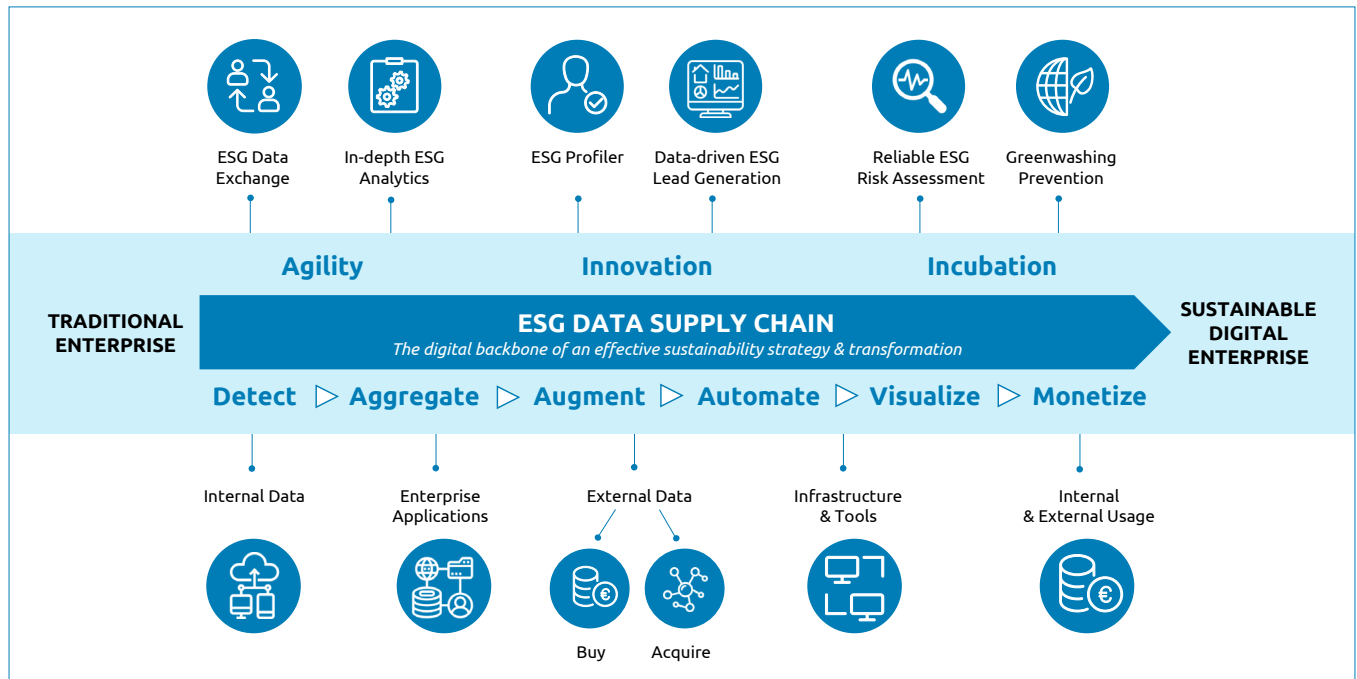


Figure 2: BUILDING AN ESG SUPPLY CHAIN

# RESPONDING TO THE ESG DATA CHALLENGE

“There are many things you need to do from a technology and data integrity standpoint to ensure you have the cleanest data possible to support investment decisions,” says Aroomoogan. AI provides a holistic view of ESG and can bring together many data sets from multiple angles and interpret the data intelligently. You can then rapidly scale that across many companies, which is not possible solely with human effort.

Capturing real-time ESG trends and activities is a challenge and often a highly manual process, so automating the identification and capture of real-time ESG activities and companies is critical. AI and automation can help speed up manual processes, so information is timely and platforms can be updated in real-time.



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Using AI to centralize data enables you to use capabilities such as natural language processing (NLP) to automate the extraction of key information from unstructured text documents. NLP can also associate specific ESG or sentiment scores from these documents, so you can understand and validate scores. Continuously monitoring the changing ESG activities of a specific

company will provide real-time insights into its ESG scores that provide positive or negative signals for investment or risk. These signals can be integrated into your decision management systems, trading applications, investment management platforms, and risk management platforms so you can automate ESG-based decisions.



## KEY TAKEAWAYS

When you embark on your ESG journey, we recommend first defining your north star based on your ESG transformation goals. Once you set your direction, think in terms of creating a flexible data infrastructure, so you can look at and accommodate different standards. The more data you have in your data supply chain, the more granularity

you will have in making investment or risk decisions. It is really about the richness of information and the methods data providers use to acquire data. Bringing in unstructured and alternative data and using AI to achieve transparency around ESG scores will have a big impact and allow much faster adoption of ESG.

## CONTACT US TO HELP FIND THE INSIGHTS IN YOUR ESG DATA

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### About Accern

Accern is a no-code AI platform that enables teams at financial organizations to easily build machine learning models that uncover signals and trends from unstructured data for better business decisions. Teams use Accern to build and deploy Natural Language Processing (NLP), specifically trained for financial services use cases, to automate processes, find value in data, and inform better business decisions - faster and more accurately than before. Enterprise clients such as Allianz and Mizuho Bank use Accern to save time, increase productivity, and enhance their current processes.

### LEARN MORE AT

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### About Capgemini

Capgemini is a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 325,000 team members more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering and platforms. The Group reported in 2021 global revenues of €18 billion.

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