Sustainability Attributes: Emissions & ESG

Get a clearer view of the emissions and ESG Risk of your SME customers.

An ESG view of customers in the Financial and Banking industry **is fast becoming essential**

New regulation combined with mounting pressure from consumers and investors means credit risk professionals must act now to be able to report, and act on the issue of carbon emissions.

There is an imperative for all of us help tackle the impacts of climate change. UK lenders will play a crucial role enabling UK SMEs to adapt to a low carbon economy. However, with climate change, comes a new set of risks for lenders to get to grips with.

Accurate emissions estimates and reliable ESG profiles are critical to baseline and manage the climate-related risk within your SME customer portfolio.

However, SMEs are a climate and ESG data blind spot; these highly diverse entities lack the measurement and disclosure of large corporates. Experian's Sustainability Attributes provides a solution to this problem.

Regulators are increasingly focused on ESG and climate-risk

Bank of England: As of 2022, supervised firms must quantify climate-related financial risks.

FCA: 22022 ESG Sourcebook; mandated TCFD (Taskforce for Climate-related Financial Disclosures) reporting.

FCA: Consulting on SDRs (Sustainability Disclosure Requirements) reporting on Net Zero plans, Scope 3 emissions, ESG labels.

Firms must act now to respond to these new requirements.

[1] ONS UK Environmental Accounts
[2] Experian comparing Sustainability Attributes vs DEFRA Scope 3 sector emissions factors

Giving you the power to tackle climate change with **Sustainability Attributes**

Get a more accurate, actionable view of climate risk in your SME portfolio with individual Greenhouse Gas (GHG) emissions and ESG profiles for every UK SME.

Readily accessible data, for the first time, delivering an ESG and GHG emissions profile for every SME in your customer portfolio, to help meet your regulatory requirements to report and actively manage this increasingly important measure of risk.

Available via API or as batch enhancement, and refreshed quarterly.

A profile for every UK SME business comprising an estimate of their GHG emissions (by Scope 1,2 and 3) and Social Impact and Governance ratings.

Gives visibility of the ESG profile of businesses without any contact or information needed from the business in question.

Enables measurement, monitoring and benchmark comparisons of emissions related climate-risk within customer portfolios, market sizing and targeting on ESG criteria.

Enrich all of your SME accounts **instantly**

11 ESG and emissions attributes for every SME backed by Experian's trusted business reference data.

- Every UK SME has a Sustainability Attributes profile.
- Complements corporate ESG disclosure data.
- Backed by Experian trusted BusinessView and credit bureau data.
- Reliable SME account enrichment, either as a one-off exercise or ongoing refreshes.

SCOPE 1 GHG EMISSIONS

SCOPE 2 GHG EMISSIONS

ESG SEGMENT

WATER & WASTE SCOPE 3 GHG EMISSIONS

GOVERNANCE RATING (1-5)

SOCIAL IMPACT RATING (1-5)

EXAMPLE:

When it comes to emissions, all shops are not the same

Company tailored estimates differentiate between SMEs in a portfolio, crucial to managing climate risk.

	Unknown	Sector Proxies	Sustainability Attributes
Implications	Regulatory needs unmet	Over-simplified; unactionable	Differentiating; actionable insight
GHG Estimate Inputs	?	Retail £0-250k turnover	Café £266k turnover 6 employees 3 drive to work 12MWh energy consumption On mains gas
GHG Estimate	?	22T CO_2	11T CO_2 x Scope 1,2,3
PCAF Data Quality Score (1-5)	?	5	4
Social Impact and Governance Rating	?	?	✓

Precision of GHG carbon emissions

200%

Typical over-estimation of SME emissions using sector proxies*

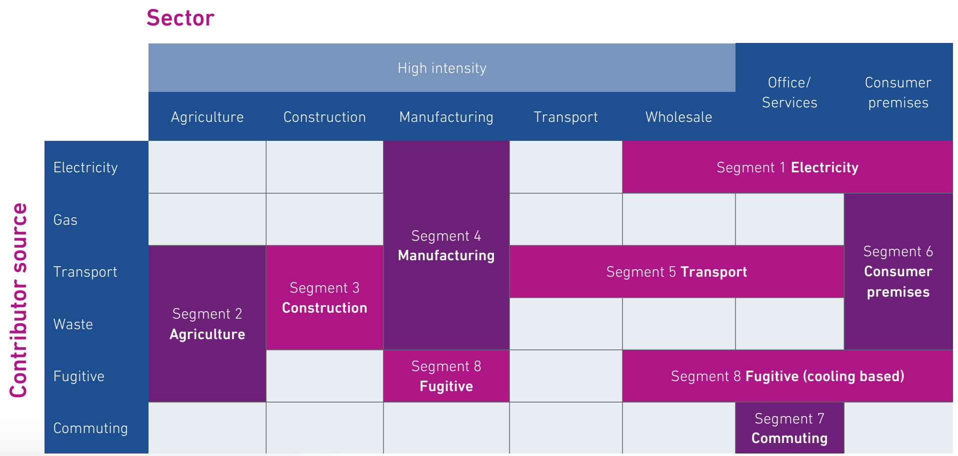
- Typical sector-base emissions factors fail to allow differentiation beyond a coarse view of sector.
- Over-simplification commonly means over-estimation for smaller SMEs, by an average of nearly 200% for the 4.2m businesses under £1m turnover.

* Experian comparing Sustainability Attributes vs DEFRA Scope 3 sector emissions factors

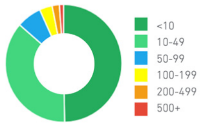
Emissions insight: get a clear view of the emissions distribution within your portfolio

Portfolio profiling

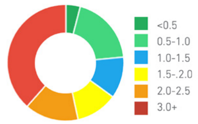
- Portfolio emissions and ESG profile analysis: explore emissions mix by scope, source, sector, business type and geography.
- Identify where your portfolio is over-indexed vs underlying SME market, compare new customers vs pre-existing.
- Understand how ESG risk within your base is changing over time.
- Overlay Social Impact & Governance ratings to understand 'engagement'.



Number of customers

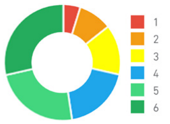


Total emissions

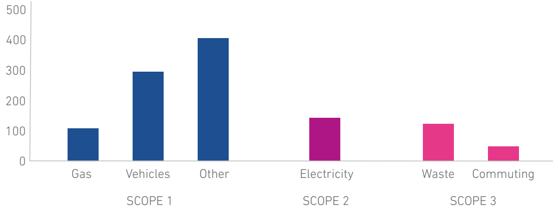


Social responsibility score

Governance score



Analyse GHG emissions contribution by scope, sector, geography, firmographics



Compare vs UK to identify portfolio emissions concentrations

GHG emissions per company (tonnes)

	<10	10-49	50-99	100-199	200-499	500+	TOTAL
Agriculture	0.4	0.9	0.8	0.4	0.6	0.4	**0.5**
Manufacturing	1.0	1.3	1.5	1.6	1.1	0.5	**1.1**
Energy	0.0	0.0	0.0	0.0	1.6	0.6	**0.8**
Water/waste	1.1	1.4	0.9	0.8	3.0	2.0	**1.5**
Construction	0.0	1.4	2.0	2.0	1.8	0.6	**1.5**
Wholesale	1.1	2.1	1.8	1.4	0.9	0.3	**1.5**
Retail	1.0	2.5	2.3	1.6	1.1	0.1	**1.6**
Transport	0.9	1.6	2.3	2.6	2.4	1.3	**1.8**
Accommodation	0.6	0.9	1.1	1.1	0.8	0.6	**0.8**
Pubs/restaurants	0.8	1.6	1.6	1.3	0.8	0.3	**1.1**
Info/comms	1.0	1.5	0.8	0.5	0.1	0.0	**1.0**
Finance	0.5	0.5	0.3	0.0	0.1	0.0	**0.5**
Property	0.6	1.0	0.5	0.3	0.3	0.0	**0.6**
Pro. services	0.9	1.5	1.0	0.8	0.9	0.1	**0.9**
Personal services	0.9	1.1	0.8	0.8	0.3	0.0	**0.8**
Public sector	0.9	1.1	1.0	0.8	0.4	0.1	**0.9**
TOTAL	**0.9**	**1.5**	**1.6**	**1.4**	**1.1**	**0.6**	**1.0**

Market segmentation

- View portfolio emissions by key contributor source and sector energy intensity.
- Better target emissions reduction strategies to fit with differing sector needs and motivations.

How can **Sustainability Attributes** help you?

- **Report on SME portfolio emissions** and calculate financed emissions with a stable, repeatable, robust methodology.
- **Re-define policy rules** to hit financed emissions targets and ESG goals and minimise climate-related risk while minimising revenue impact.
- **Benchmark portfolios** on ESG factors and emissions; by product, brand, over time, and against the full UK SME population.
- **Use insight to drive development** of new products for SMEs that reduce theirs and your emissions footprint.
- **Target individual SMEs** with green finance needs.
- **Model the impact** of sustainability-linked loans.
- **Target engagement** with customers on sustainability and social impact issues.

FAQs

Which businesses does ESG Insight's data cover?

All UK SMEs (97% of business population), both Ltd and Non-Ltd.

How is the model created?

It is an expert, rule-based model using multiple data sources trained against the government's published emissions summary data, using a top-down and bottom up approach to derive a company's ESG performance.

What data goes into the model?

Aggregated data on SMEs from Experian, Public Business Directories, Companies House, Public Registers, Open Government Data, Specialist Data providers, Web-harvested Data alongside macro and statistical data from BEIS, DEFRA, DVSA, HMRC, SMMT the ONS.

How do we enrich SME customers with Sustainability Attributes data?

Matching algorithms reliably link an SME record to Experian's BusinessView, containing ESG Insight, with any combination of Business Name, Address and CRN.

How is the ESG Insight data delivered?

Via Batch or API and is refreshed quarterly to adjust with firmographic and input reference data changes.

Is there a supporting analytics service accompanying Experian ESG Insight?

There is an option to receive a standard portfolio ESG Insight analysis report. There is also scope to commission bespoke analytics on a portfolio, should this standard report not meet you needs.

For more information on **Sustainability Attributes** and how it can help your business, please contact your Experian Account Manager or the Product team.

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