

Redefining your risk
framework:
Is your company
prepared to respond to
new forms of risk?

eRevalue Webinar



4 May 2016

Monitoring emerging risks.



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- Setting the stage
 - Current & emerging regulatory developments
- Group discussion
 - Building blocks of robust risk management processes
 - Expertise required to understand emerging risks
 - Regulatory change as an opportunity vs. a cost
 - Technology for proactive risk management
- Q&A with the audience
- Concluding thoughts & takeaways

There are 10x the amount of non-financial disclosure requirements today than there were 3 years ago

In 2013, research identified 180 ESG-related regulatory initiatives*

Today, there are over 2,000 captured in Datamaran™

*<https://www.globalreporting.org/resource/library/Carrots-and-Sticks.pdf>

Here are some of the most recent ones from the Americas:



Human Rights & the Supply Chain - are companies prepared?

Modern Slavery Act 2015 FOLLOW

Mandatory DISCLOSURE REQUIREMENTS: Yes United Kingdom, Europe

DESCRIPTION

The Act applies to all org business in the UK. The "approach" should be applied to organizations that do not subsidiary will not, in itself parent or other group of subsidiaries or also to the Explanatory Notes, "modified from all walks of life". It introduces a provision for Act to publish a slavery supply chains or its own which can prevent the po

LINKS:

Original text in English, M

Related Initiative:

Relates to Corporate Hu

TOPICS REFERENCED

Within Disclosure Requirement

Sexual exploitation Grievance

Supply chain engagement Sup

Labor rights Children rights

Forced labor Human rights

LIFE CYCLE

Entry into Force: Mar, 26, Last update: Oct, 29, 201 Evolution of the initiative: Especially Women and Ch Modern Slavery Act is the on 16 December 2014 an On the same day, the UK on: i. who is required to approve and publish the s ending on or after 31 Mar 6 months of the company no later than 6 months af

ISSUER

Name: United States Congress Type: National Government

DISCLOSURE:

Section 3

APPLICATION SCOPE

Entity status: Private company, Pub

Tags

Criminal sanctions Criminal litigation Penalties Civil fines Sp

Business Supply Chain Transparency on Trafficking and Slavery Act of 2015-H.R.3226 FOLLOW

Mandatory DISCLOSURE REQUIREMENTS: Yes United States, Americas

DESCRIPTION

The Bill aims to amend the Securities disclosure information describing me forms of child labor within their s website.

LINKS:

Original text in English, Additional

TOPICS REFERENCED

Within Disclosure Requirement

Sexual exploitation Grievance

Supply chain engagement Sup

Labor rights Children rights

Forced labor Human rights

LIFE CYCLE

Introduction: Jul, 27, 2015 Evolution of the initiative: This bill w reintroduced at the House of Repre

ISSUER

Name: United States Congress Type: National Government

DISCLOSURE:

Section 3

APPLICATION SCOPE

Entity status: Private company, Pub

Tags

Criminal sanctions Criminal litigation Penalties Civil fines Sp

Law proposal on duty of care of parent companies towards subsidiaries and suppliers FOLLOW

Mandatory DISCLOSURE REQUIREMENTS: Yes France, Europe

DESCRIPTION

The law proposal seeks to establish a duty of care of parent companies towards their subsidiaries and suppliers. More precisely, the new law would require parent companies to perform due diligence on their subsidiaries and subcontractors overseas and would allow victims to access to justice and reparation. In order to implement such requirements, the proposal requires companies to establish a "duty of care roadmap" ("plan de vigilance") that shall prevent human rights' violations as well as environmental damages to be committed abroad. The proposal provides for possible civil and criminal liabilities if breaching the duty of care which was defined as at least taking preventive measures to prevent the damage to occur. The law would only apply to companies having a minimum of 5000 employees.

LINKS:

Original text in French , Additional information in French as of latest developments (January 2016)

TOPICS REFERENCED

Within Disclosure Requirements:

Supply chain management Human rights ESG compliance

Outside of Disclosure Requirements:

Supply chain management Anti-corruption & Bribery

ESG risk management Human rights

LIFE CYCLE

Introduction: Mar, 30, 2015 Repeal: 2015 Evolution of the initiative: The French National Assembly adopted the law proposal during its first reading on 30 March 2015 while the Senate adopted the law in its first reading on the next day. It was adopted in its second reading on 19 November 2015 by the National Assembly. The text was approved by the Senate in its second reading on 24 March 2016.

ISSUER

Name: French Government Type: National Government

DISCLOSURE:

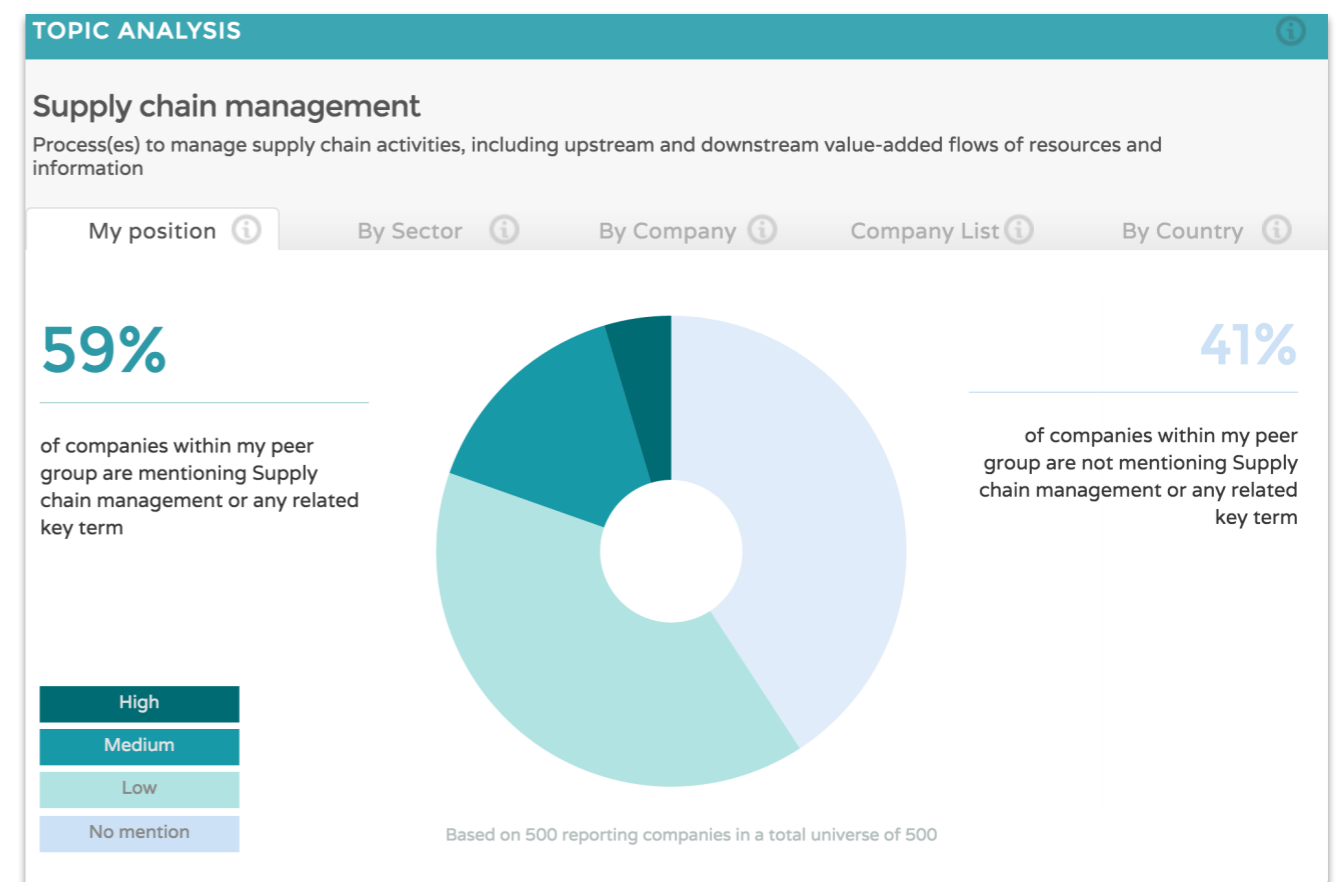
Article 1 §3 which refers to L. 225-102 of the French Code of Commerce

APPLICATION SCOPE

Entity status: Private company , Public company , State-owned company

Tags

Civil fines Penalties Administrative litigation Criminal litigation



Based on an analysis of 2015 SEC filings (10-K's, 20-F's), Annual Financial Reports and Annual Sustainability Reports.

41% of the Top Global 500 do not mention "Supply Chain Management" and related issues in their public disclosures published in 2015.



- Media 
- Corporate filings 
- Public 
- Regulations 

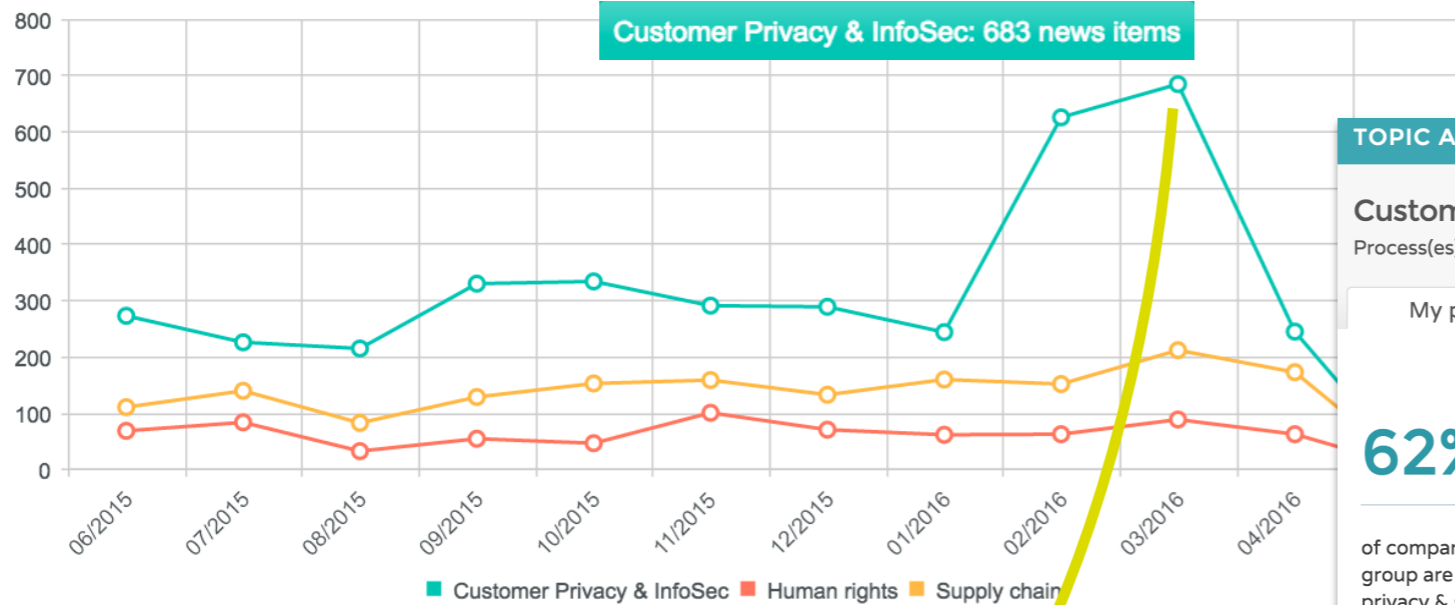


Investor demands, stakeholder expectations and compliance requirements for corporate transparency on ESG issues are snowballing.

News stories across digital media

SHOW: MONTH WEEK

News items per topic, monthly view



Customer Privacy & InfoSec: 683 news items

TOPIC ANALYSIS

Customer privacy & security

Process(es) to protect confidential information of customers from unauthorized access, modification, or loss

My position *i* | By Sector *i* | By Company *i* | Company List *i* | By Country *i*

62%

of companies within my peer group are mentioning Customer privacy & security or any related key term

38%

of companies within my peer group are not mentioning Customer privacy & security or any related key term

High

Medium

Low

No mention

Based on 500 reporting companies in a total universe of 500

Europe Wants U.S. Companies Like Google To Play By New Privacy Rules (29/02/2016)

ALPHABET INC

Unlocking iPhone would leave millions exposed, Apple to tell Congress (29/02/2016)

APPLE INC

Based on an analysis of 2015 SEC filings (10-K's, 20-F's), Annual Financial Reports and Annual Sustainability Reports.

38% of the Global Top 500 companies do not mention "Customer Privacy & Security" and related issues in their public disclosures published in 2015.

PUBLIC POLICY

What the Panama Papers Mean for Transparency and 'Dark Money'

Last updated: April 17, 2016 7:15 pm

VW faces looming deadline as potential costs of scandal mount

Patrick McGee in Frankfurt

€38bn

UBS analysts' estimate of how much the scandal will cost VW

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Is the Seafood You Eat Caught by Slaves? Meet the Pulitzer Winners Who Broke Open a Global Scandal

APRIL 18, 2016 | STORY | [▶ WATCH FULL SHOW](#)

ESG Portfolios Outperform Broad Market Indices

Environmental, social and governance investing has great value, Calvert attests.

Why a Sustainable Supply Chain Is Key to Staying Competitive (Hint: Look at Apple)

By: Jessica Lyons Hardcastle



Today, there are 10x more regulations demanding corporate transparency on economic, environmental, social and corporate governance (EESG) issues than just 3 years ago *(Source: eRevalue's proprietary database)*

ESG investing has now gone mainstream, exceeding US \$6.6 trillion in assets managed in the US alone *(Source: USSIF)*

Reputation represents over 25 percent of a company's market value - one of the key intangible assets that account for 84 percent of the S&P500 market value today *(Sources: Deloitte 2014 Global Survey on Reputation Risk; Ocean Tomo 2015 study)*

“Mankind’s greatest achievements have come about by talking, and its greatest failures by not talking. It doesn’t have to be like this.

Our greatest hopes could become reality in the future. With the technology at our disposal, the possibilities are unbounded.

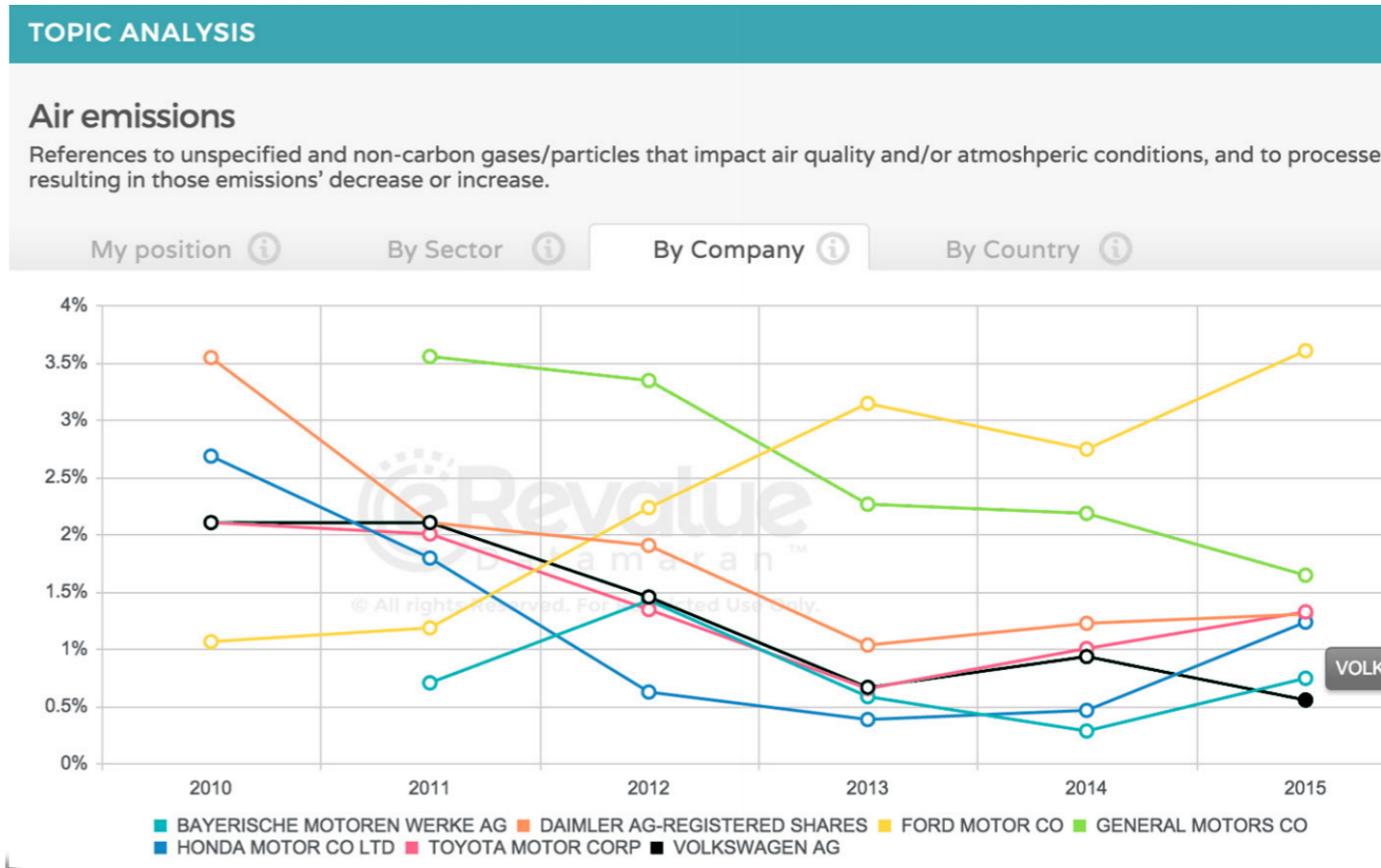
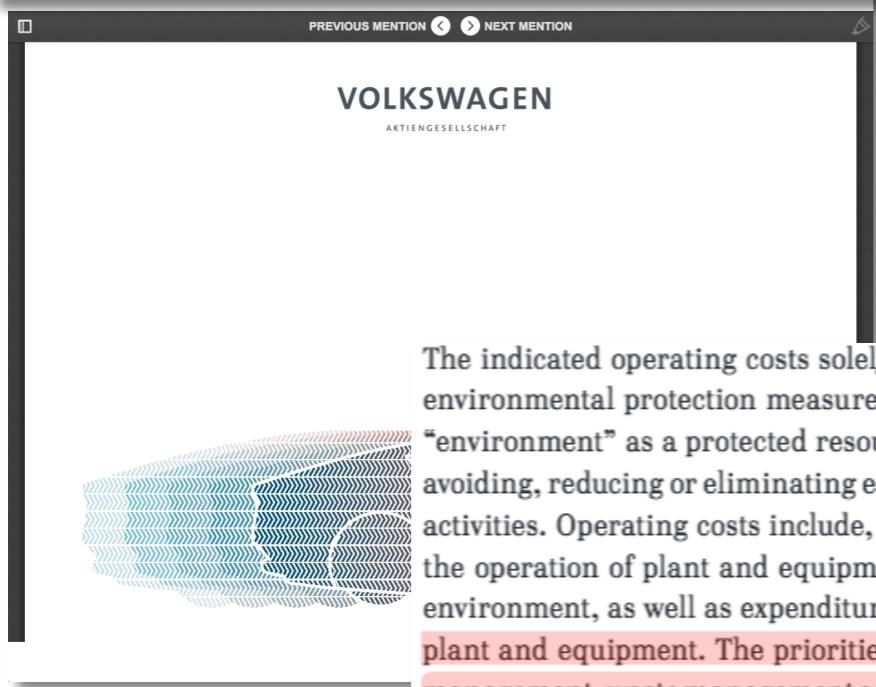
All we need to do is make sure we keep talking.”

Stephen Hawking

Quantifying qualitative information for decision-making

Search: "air emissions" [SEARCH] Recent years: [dropdown]

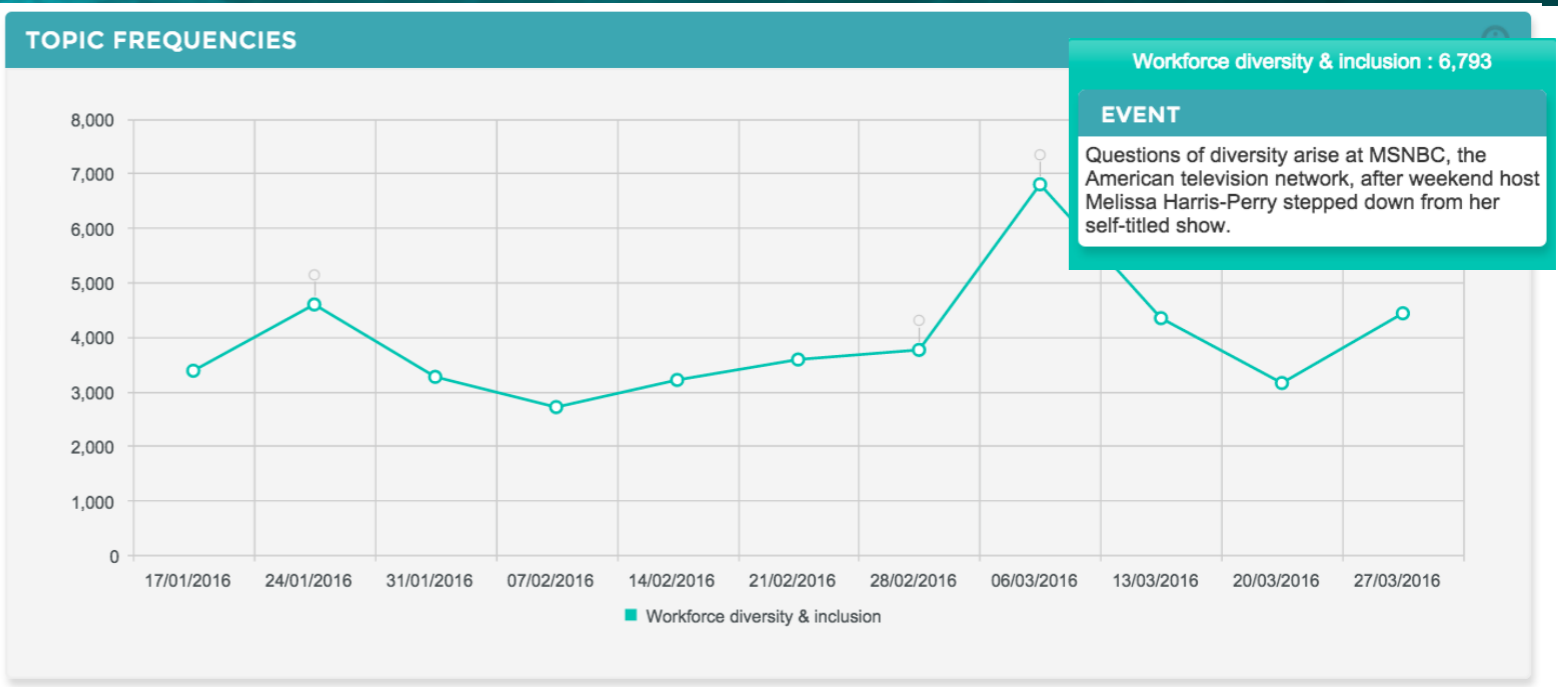
1178	GARMIN LTD	2013	Annual Sustainability Report	not a significant source of air emissions. We do not use Class I or Class II ozone-depleting ... Garmin's manufacturing processes are not a significant source of air emissions. We do not use Class I	4.930273
40414	COSTA CROCIERE SPA	2012	Annual Sustainability Report	gas, diesel oil) for heating Air emissions Atmospheric pollutants from diesel oil or natural gas heating systems air emissions noise electromagnetic fields Fuel consumption (natural gas, diesel oil) for heating Air emissions Atmospheric pollutants	4.9257097
59	VOLKSWAGEN AG	2013	Annual Sustainability Report	air emissions 144 8 eN21 Water discharge 146, OSR 85, BP 8 eN22 Waste by type and disposal ..., and other air emissions 144 8 eN21 Water discharge 146, OSR 85, BP 8 eN22 Waste by type and	9.109858



- Today's technology has the power to transform unstructured data into structured insights
- Big data analysis enables users to easily draw actionable insights from multiple sources

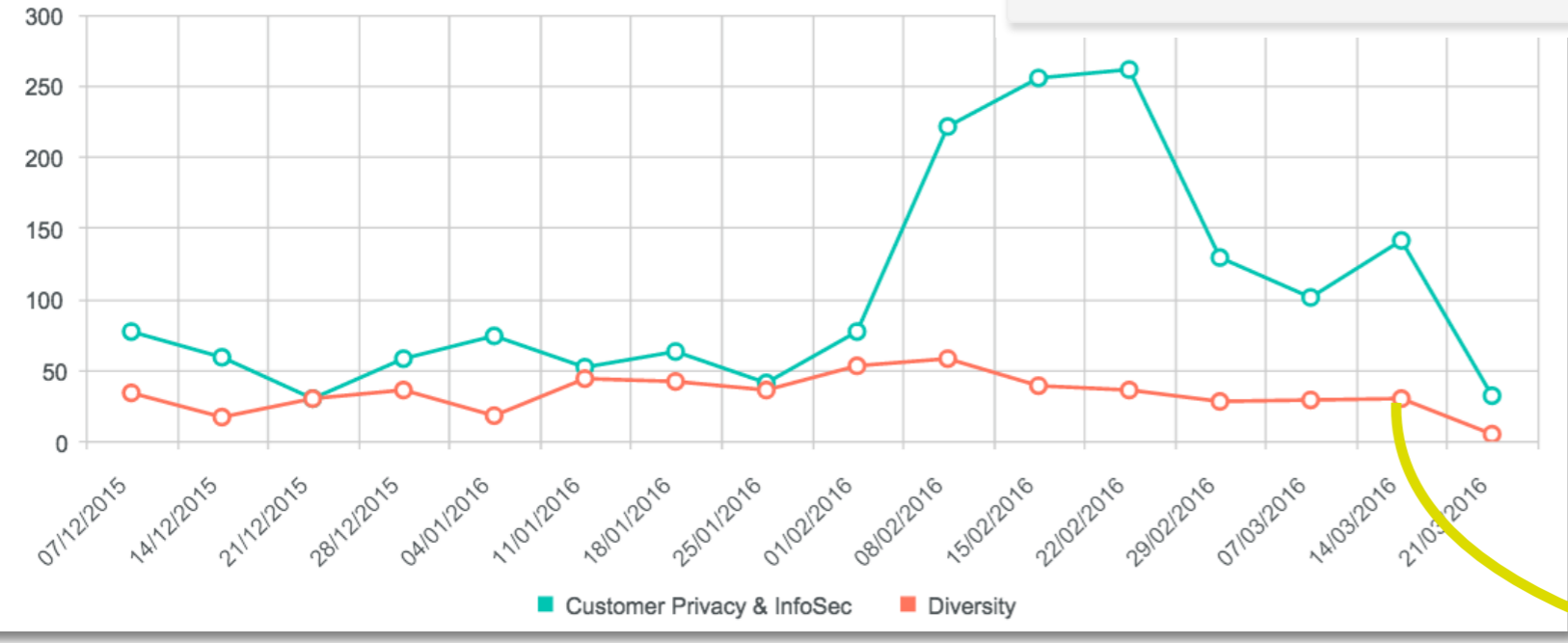
From unstructured data to structured insights

News stories across digital media and conversations on Twitter (see right).



SHOW: MONTH **WEEK**

News items per topic, weekly view



Amazon.com Amazon at odds with SEC over allowing shareholder vote on gender pay gap

US regulator says the e-commerce retailer cannot omit a proposal addressing the pay gap and it should be voted on at the May shareholder meeting

Amazon at odds with SEC over allowing shareholder vote on gender pay gap

Topics: Diversity, Workforce, Employment practices

- Technology helps to provide ongoing “diagnostics” on non-financial issues
- It does so in a way that is un-biased, replicable, scalable and near real-time.





- Credible information for decision-making - data that is timely, consistent and reliable
- Intuitive risk framework and defined taxonomy - define the problem landscape and solution in a way that resonates with people
- Governance and corporate culture - accountability sits with the Board and Senior Management, and extends across the value chain



Bio:

Steve has 30+ years in the financial industry at Salomon Brothers and Bank of America. Performing in roles ranging from developing trading systems to cyber security, Steve is currently consulting and advising companies in cyber security and strategic infrastructure strategy planning.



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Bio:

Paula Luff is founder and CEO of Viso Strategies Corporation, a sustainability advisory firm based in New York. From 2007 through 2015, Luff was vice president of Corporate Social Responsibility for Hess Corporation where she established and led the global Social Responsibility and Philanthropy functions for the company.

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Bio:

In 2005, Kevin Co-Founded Get The Net, LLC ("GTN") a compliance and operational risk consulting firm servicing the Alternative Investment and Investment Banking Communities which provides customized solutions to complex issues that fit client's strategies, size, and in-house expertise. From 1998 through 2005, Kevin was a Founding Member and Managing Director of Bank of America's Equity Financial Products Unit.

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Bio:

Susanne has worked internationally advancing ESG strategy in business, mainly with Fortune 500 companies. She worked most recently at the Global Reporting Initiative (GRI), the standard for sustainability reporting, prior to which she conducted research on power dynamics impacting hydropower resettlement villages. Susanne supports eRevalue's activities in the Americas.



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