NextWave®

alteryx

Gain control and insight into ESG data
Optimise your CSRD reporting
Introducing the NextWave and Alteryx solution that delivers compliance and enables detailed analytics

The CSRD mandates have landed...

Navigating the EU's Corporate Sustainability Reporting Directive (CSRD) legislation isn't an easy task. To deliver goals for increased economic flow to sustainable business models, the EU is demanding improved transparency to evaluate companies' sustainability performance and related impacts and risks. The disclosures, based on the 'double materiality' concept, require businesses (including EU subsidiaries of non-EU companies) to report on the ESG impact of their business activities, and the business impact of their ESG initiatives.

The CSRD will impact approximately 60.000 companies. This includes around 50.000 EU based corporations that meet two of three thresholds: €50 million in net turnover, €25 million in assets, and/or 250 employees.
The CSRD is applicable to around 10.000 non-EU based organisations above a threshold for turnover (€150 million) generated in the EU and having an EU branch or subsidiary.

Starting in the financial year 2024 and reporting in 2025, public organisations already mandated to comply with the Non-Financial Reporting Directive (NFRD) now have to comply with the CSRD, with a phased implementation approach for public and large private companies to follow. In addition to CSRD disclosures being publicly available, the legislation mandates third-party auditing of all disclosures for accuracy and completeness.

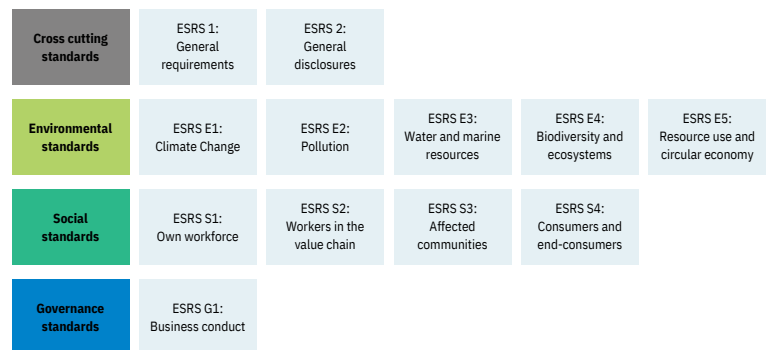### Sanctions for non-compliance
Coupled with the risk of reputational and brand damage, companies should pay close attention to the sanctions for non-compliance. These could include public statements indicating the personas involved, issuance of a cessation order related to the area of infringement, and financial sanctions proportional to profits made and financial strength of the company.

... and the data requirements are complex

Companies subject to the CSRD must report according to the European Sustainability Reporting Standards (ESRS). These consist of the 12 standards on the picture below, containing significant quantitative metrics that require complex calculations and reporting, with 82 disclosures and approximately 1,200 datapoints.

Under value chain sustainability reporting aspects, companies are also required to report on Scope 3 emissions; indirect emissions result from the company's upstream and downstream activities. With significant data gaps emerging and related credit charges, trust and reliability in data is paramount to monitor emissions effectively.

Sustainability data will have to be submitted in a standardised digital format, to allow for easier checking and comparison in an EU single access point database.

Cross cutting standards	ESRS 1: General requirements	ESRS 2: General disclosures		
Environmental standards	ESRS E1: Climate Change	ESRS E2: Pollution	ESRS E3: Water and marine resources	ESRS E4: Biodiversity and ecosystems	ESRS E5: Resource use and circular economy
Social standards	ESRS S1: Own workforce	ESRS S2: Workers in the value chain	ESRS S3: Affected communities	ESRS S4: Consumers and end-consumers
Governance standards	ESRS G1: Business conduct			

Several hurdles are limiting progress on the CSRD
Many organisations are facing challenges in effectively operationalising their ESG data strategy. These include:

- Continued reliance on MS Excel and manual End User Computing solutions to manage complex, heterogeneous, and disparate datasets.
- Lack of flexibility in pre-packaged ESG reporting platforms and modules to deliver high volume and intricate data transformations.
- Uncertainty where data gaps exist that impact the sustainability value chain.
- Limitations to demonstrate reporting compliance, with transparency of data from source to report.
- Inability to focus on analytical insights that re-direct business actions taking ESG factors into consideration.

"41% of respondents cite constantly evolving and new ESG data as their top data management challenge" - Bloomberg

"88% of respondents said they don't feel ready to meet the expectations of the CSRD. Only 7% consider their reporting systems to be ready." - Baker Tilly

"Nearly half of companies still using spreadsheets to manage ESG data" - ESG Today

The Solution

Our packaged technical solution consists of three critical components...

1. **Pre-packaged Alteryx workflow accelerators, configurable to your CSRD data sources allowing you to:**
   - Connect directly to a multitude of systems, applications and files
   - Ingest high volume and granular data to complete data validations and cleansing
   - Manage data quality and transform the data for reporting and analysis purposes
2. **'Plug-and-play' CSRD reporting Alteryx macros, our off-the-shelf solution provides:**
   - Pre-defined reporting coordinates that map quantitative data inputs to the CSRD disclosures and sub-forms.
   - Assurance on meeting CSRD compliance requirements.
   - Documentation that supports third-party risk assessment with transparency on data lineage and transformations.
3. **Automated reporting and analysis, enabling:**
   - Generation of reporting datasets ready to publish to relevant CSRD disclosures.
   - Management reporting with driver-based analysis to explain movements in positions against ESG targets.
   - Correlation analysis to help identify opportunities that optimise performance considering ESG factors.

The Benefits

...that deliver six business benefits.

1. **Reduced cost of change and operating cost:** Our solution is more cost effective than the EFRAG estimated cost for CSRD reporting and auditing, ranging from 0.004% to 0.008% of revenue for administrative costs and 0.013% to 0.026% of revenue for auditing costs, summing up to millions in costs for large companies.
2. **Faster speed to market:** Our solution reduces the burden of analysis of each quantitative requirement of the CSRD. It easily brings together big datasets with multiple variables from various partners across the supply chain, with pre-built Alteryx macros working as a plug and play solution. A technology based solution, it reduces reliance on temporary staff or consultants.
3. **Improved data literacy:** The solution maintains traceability throughout the data lifecycle, even when piecing together disparate and varied datasets. It has complete end-to-end transparency, with self serve low-code/no-code capabilities.
4. **Reduced audit risk and cost:** The solution is transparent and easily auditable with clear data lineage. This will facilitate easier and more cost effective auditing.
5. **Improved resilience and reporting flexibility:** The solution efficiently runs large-scale and complex data integrations, a task for which manual processes and spreadsheet reliance are inadequate. It can utilise data from diverse sources and formats, and seamlessly feeds into existing monitoring and reporting platforms.
6. **Improved compliance assurance:** Readily available data and fully auditable steps, easily viewed and assessed for compliance in one place. The solution is flexible and can accommodate future regulatory requirements, scaling as requirements develop.

The implementation of the CSRD-ESG Reporting Solution involves a 4 stage process

Seamlessly connect multiple datasets from across your operations automatically, keep track of large datasets that are constantly in flux, with a cost-effective, tech-based solution

Stage A: Data sourcing & import
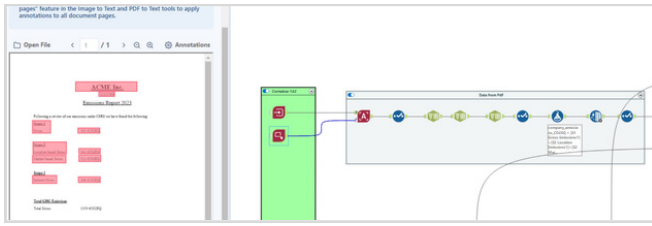
ESG data is sourced from a wide variety of places (departments, value chain partners, 3rd party vendors) and comes in various formats (both structured and unstructured).

- Data imports are created on a per-client basis, dependent on company data structure. Data is sourced in a dynamic and adaptable manner in varying formats, including:
  - SQL databases
  - Spreadsheets
  - Emails
  - PDFs
- Bespoke data connectors have been created for each source of the truth, and these connections are built into the main Alteryx workflow.

Stage B: Data normalisation and preparation
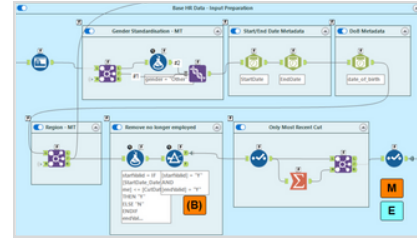
Once data has been sourced and ingested into the workflow, it must be cleansed and normalised in preparation for parsing. A variety of data preparation methods can be harnessed, including:

- Data cleansing to ensure quality and completeness.
- Setting of metadata (data types) of each field.
- Bespoke mapping tables, used to standardise data.
- Preparatory calculations.
- Filtering of unnecessary data, to ensure runtimes are kept to a minimum and required processing power isn't excessive.
- All data cleansing and preparation methods implemented are bespoke and built on a per-client basis, dependent on requirements of the incoming sourced data.

Stage C: Data processing

After preparation, all relevant CSRD pre-built Alteryx Macros, representing the quantitative reporting requirements relevant to the client's business needs and reporting requirements, are placed into the workflow. The Alteryx workspace allows organisations to select and acquire the CSRD Alteryx Macros they need.

- Prepared data is fed in, and relevant required data fields are selected in the custom macro interfaces.
- Inbuilt workflows then process the data as constructed and create outputs for both CSRD regulatory reporting purposes as well as internal trends analysis (Stage D).

Stage D: Reporting outputs & analytics
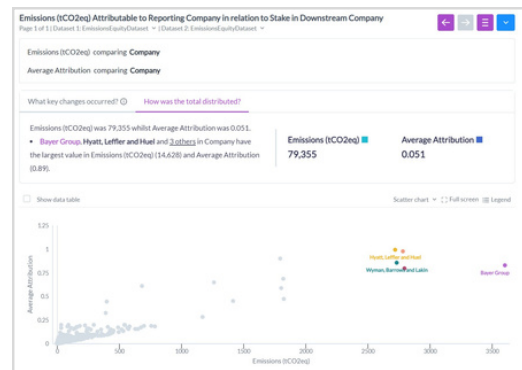
The Alteryx Macro outputs can be constructed directly as tables for static regulatory CSRD reporting, or can be integrated with existing monitoring and reporting platform. Additionally, Alteryx Auto Insights provides visual, interective reports for a more detailed overview of results. Alteryx Auto Insights leverages AI for a more detailed trends analysis tracking of key metrics, essential for making strategic decisions and driving overall strategy.

About the NextWave and Alteryx partnership

The NextWave and Alteryx partnership brings together business expertise and leading analytics solutions to automate your ESG data and reporting processes. Our longstanding partnership combines deep industry experience, complex data engineering capabilities and analytical skills with the power of Alteryx. When tackling the challenges of dealing with ESG data management and the CSRD regulation, we offer a variety of services ranging from ESG strategy, regulatory advisory, program planning, materiality assessments, and data collection as well as data optimisation and reporting via our CSRD-ESG Regulatory Reporting Solution.

Additional CSRD Related Services:

Complementary to the Alteryx CSRD-ESG Reporting Solution, NextWave offers a variety of additional technology solutions and consultancy services to assist corporates and financial institutions with their sustainability reporting, analytics, and strategy.

| ESG project and program management	Double materiality assesments	Business and data requirements and collection	Supply chain analytics and entity resolution	CSRD - ESG Reporting Alteryx Solution	ESG strategy and advisory
Mobilising and delivering ESG and CSRD related projects. Planning and implementation.	Identify relevant CSRD data points, evaluate financial and non-financial impacts, and assess entity and industry-specific ESRS standards.	The definition of the business and data requirements needed to support CSRD reporting. Data collection supported with AI.	Using big data techniques, entity resolve ESG data before starting to source data. Advanced analytics of supply chain data.	Configuration of workflows in Alteryx to enable for self-service. Transition from development environments into production.	Leveraging insights from trend analytics, receive strategic recommendations for ESG improvement.

Contact Us
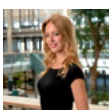
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