

REDWOODS.AI ENTERPRISE SaaS ESG PLATFORM WHITEPAPER

ACT NOW. LEAD. SHAPE THE FUTURE.

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EXECUTIVE SUMMARY

The million-dollar question – actually, it's worth much more than that – is what can we all do to spur the transformation?

The Good News

The push for more accountable ESG reporting will lead to many benefits for your enterprise:

Businesses making better-informed decisions to address a range of ESG concerns, including climate change.

Investors gaining trust and transparency in sustainable business practices, which can enhance market value.



The Bad News

Many ESG reports currently blend precise data with a significant amount of estimates and averages, leading to an unclear picture of a business's true ESG performance. Inaccuracies or misleading reports could even be considered securities fraud, resulting in regulatory fines and litigation.

This whitepaper explores major improvement areas in ESG reporting, the consequences of not addressing inaccuracies, and the necessary actions for compliant, investor-grade reporting. You will discover:

Why ESG disclosures are under increased scrutiny.

- The financial and legal repercussions of inaccurate reporting.
- Strategies to improve data accuracy, including direct sourcing.
- The benefits of data automation over reliance on estimates.
- The return on investment for ESG data automation.

OUR MISSION & STRATEGY

Our Mission

Our mission is to equip leaders with a cutting-edge, AI-enhanced platform specifically designed for in-depth ESG evaluation. This platform adeptly tackles the intricacies of Scope 1, 2, and 3 emissions, significantly enhancing the efficiency of the reporting process. Our tool goes beyond mere compliance; it's an indispensable strategic asset for setting and swiftly attaining NetZero objectives.

Our Vision

Our goal is to enable businesses to shift towards sustainable practices with both efficiency and confidence. By melding advanced technological solutions with profound ESG expertise, we foresee a future where every company is equipped to make well-informed, responsible decisions. These decisions will not only favour the environment but also positively impact their financial success.

Summary

Our platform transcends the traditional bounds of a reporting tool; it's an all-encompassing solution adept at navigating the intricate maze of ESG compliance and strategic planning. With our AI-driven analytics, businesses are not just meeting regulatory requirements; they're also discovering and seizing new avenues for sustainable development. In an era where ESG performance is increasingly critical, Redwoods delivers the exactitude and insight that contemporary businesses demand.



METHODOLOGY

Embedded in Your Process



Redwoods.ai's API is crafted for direct integration with specific enterprise systems like SAP, Salesforce, and Oracle. It facilitates real-time data syncing with ESG frameworks such as the GRI, SASB, ISSB, CSRD ensuring precise and up-to-date sustainability reporting.

API / Integration Tools

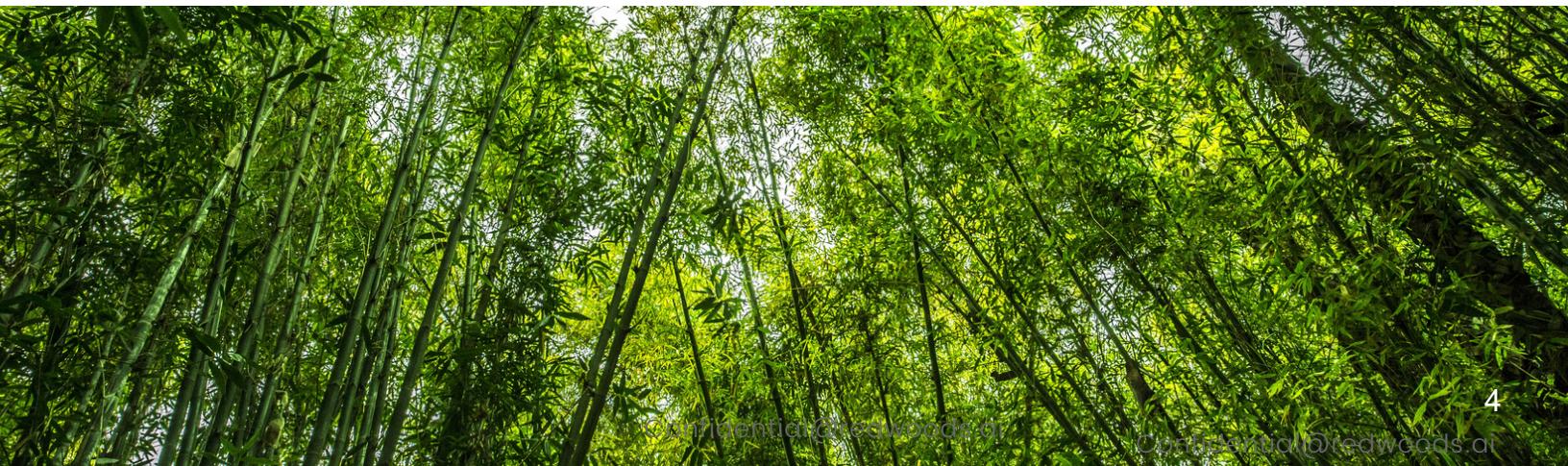


Our API toolkit offers specialized features for seamless data integration from various sources, including IoT sensors, cloud storage (AWS, Azure), and environmental databases. It incorporates advanced data validation algorithms and adheres to GDPR and CCPA for secure and compliant data handling.

Web Application



The Redwoods.ai web platform is equipped with AI-driven analytics for complex environmental data processing, including satellite imagery analysis and sensor data interpretation. It supports custom dashboard configurations for real-time emissions tracking and utilizes predictive modeling tools for future impact projections



ESG CHALLENGES: ACCESS

Deadlines like 2030, 2035, and 2050 are too distant. We need immediate action, not just plans and teams. We must act swiftly to address these urgent challenges.



Access

Many organizations face difficulties in accessing and capturing ESG data due to the diversity of data sources. There's a lack of universal standards across different sectors, resulting in varied formats and fields in data sources that require harmonization.

If a company operates in multiple locations, it deals with different data structures and access methods from various utility providers and other sources. For example, municipal water management often relies on non-digital data delivery methods, like postal mail.

Accessing and consolidating disparate ESG data for comprehensive reporting can be cumbersome without appropriate technology. Methods range from manual entry to OCR software



ESG CHALLENGES: ACCURACY

Consider a scenario where a business processes around 6,000 utility bills monthly, with two or three employees dedicating about five minutes to each bill through manual data entry. By integrating Redwood's efficient data automation system, this company could reallocate roughly \$185,000 worth of staff time towards more intricate and high-impact projects.

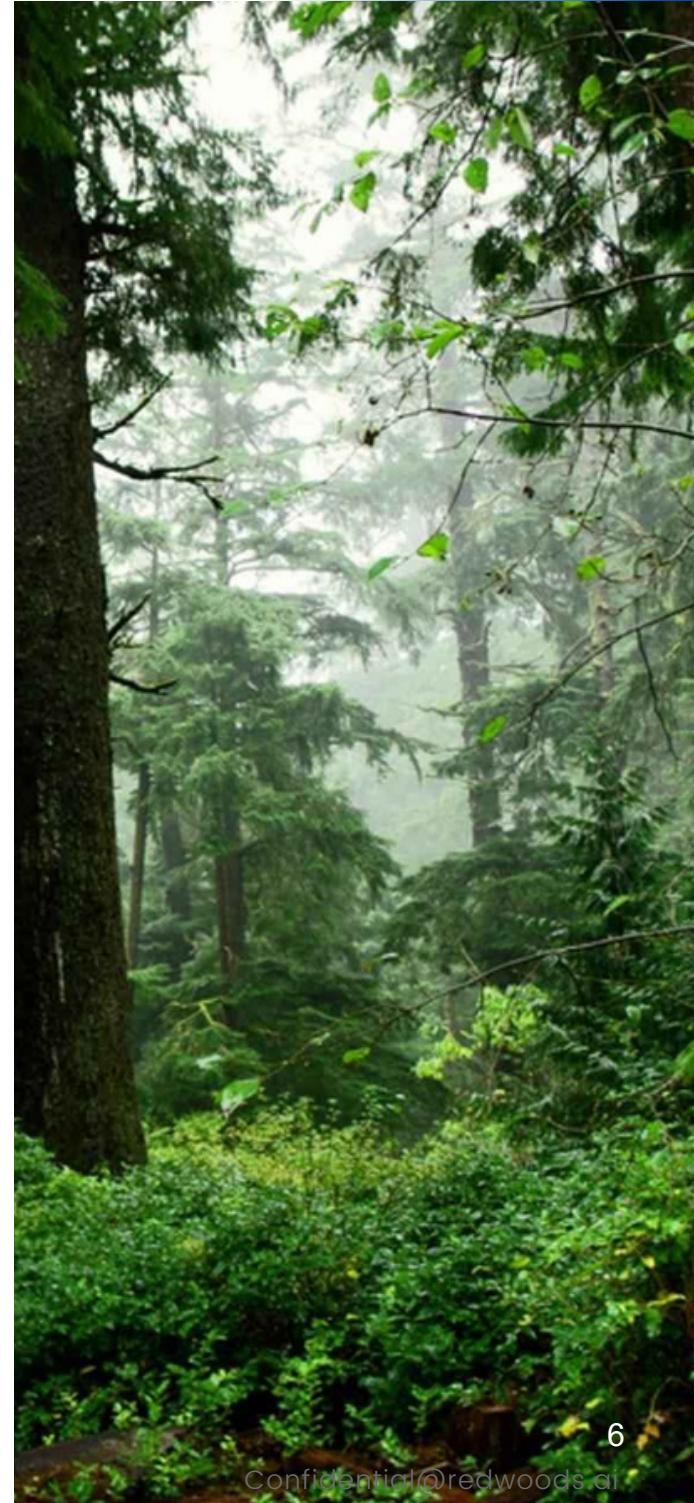


Accuracy

The accuracy of ESG data is crucial. Inaccurate data can lead to misrepresentation of a company's ESG performance, affecting progress tracking and strategic adjustments.

Companies must rely on actual, not estimated, figures for aspects like energy usage. Many ESG reporting services currently use estimates based on indirect data, which can lead to inaccurate carbon footprint calculations.

Accurate, source-based data is essential for credible ESG reporting. Inaccurate data can result in fines, damaged stakeholder relations, and missed opportunities for efficiency improvements. Data quality was identified as the primary ESG data challenge by over one-third (35%) of executives in Deloitte's report.

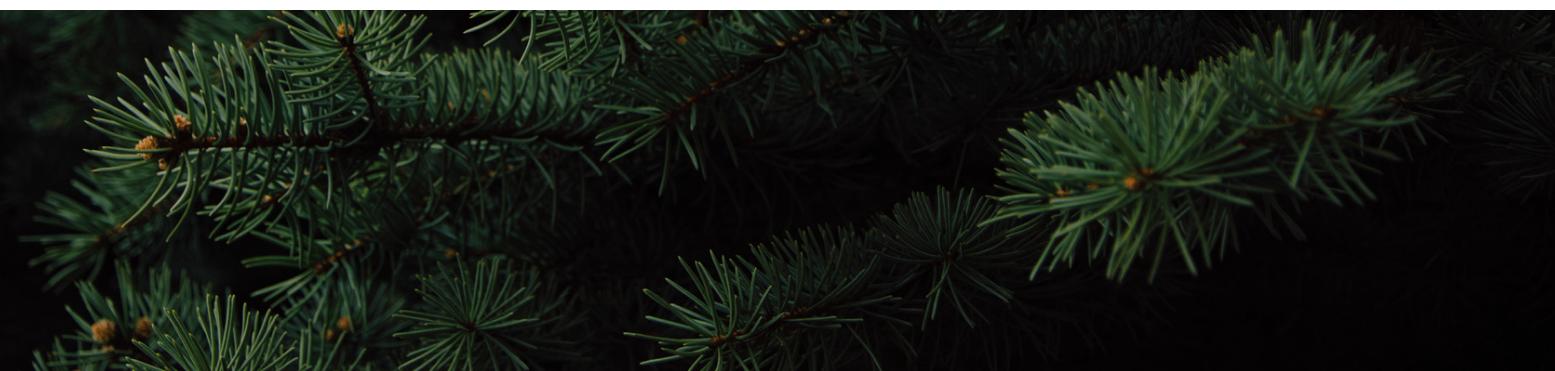


ESG: An Imperative

We are entering an era where ESG (Environmental, Social, and Governance) reporting, encompassing carbon greenhouse gas (GHG) emissions, is becoming mandatory. Countries like Brazil, India, Canada, Japan, New Zealand, Sweden, and the United Kingdom, and in the EU have already initiated mandatory ESG disclosures. The United States is set to join this list with the SEC's proposed climate rule, the Enhancement and Standardization of Climate-Related Disclosures for Investors.

This proposed rule, while primarily targeting public companies, is expected to extend its reach to private companies within the value chains of public entities. This creates an urgent and broad demand for effective ESG reporting.

In response, an increasing number of software vendors are broadening their services to include comprehensive ESG tracking features. A critical element for all these entities is the acquisition of highly accurate emissions data, sourced directly from the origin. This accuracy is not only essential for compliance but also for enabling informed decision-making and strategic planning in the realm of ESG.



DISCLOSURE AND COMPLIANCE

Our focus extends beyond climate impacts, delving into the comprehensive spectrum of ESG responsibilities. Redwoods underscores the urgency and necessity of accurate ESG reporting and the repercussions of falling short below

The financial impact of ESG compliance is substantial. For instance:

Large Enterprises: face initial compliance costs of \$640,000, with subsequent annual expenses around \$530,000.

Smaller Reporting Companies: encounter \$490,000 in the first year and \$420,000 in the following years.

Breakdown of Disclosure Costs

GHG Analysis and Disclosures: \$237,000.

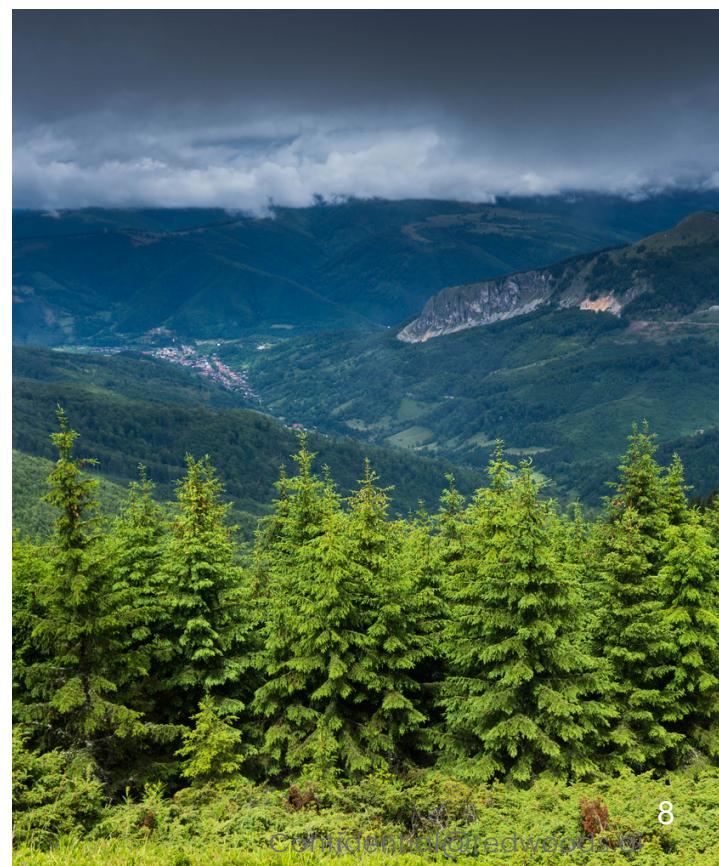
Climate Scenario Analysis: \$154,000.

Additional Climate-Related Analysis: \$130,000.

Internal Climate Risk Management Controls: \$148,000.

Proxy Responses to Climate Proposals: \$80,000.

Climate-Related Assurance/Audits: \$82,000.



Our Solution



Embrace Data Automation

Redwoods' advanced platform streamlines ESG reporting, particularly for Scope 1, 2, and 3 emissions, by offering unparalleled data automation that ensures speed, cost-efficiency, and accuracy. The system enables easy integration for seamless data collection from diverse sources, including non-digital utilities, and automates the extraction and standardization of data across formats to enhance consistency and comparability.

Streamline Calculations

Beyond data collection, Redwoods provides sophisticated analytics to comprehensively understand the impact of a company's ESG activities. This includes advanced data processing like calendarisation, ensuring precise allocation of data across time periods for accurate reporting. Furthermore, the platform not only ensures high data quality through thorough audits but also proactively identifies and corrects errors from data providers, ensuring unmatched accuracy.

Supply Chain End-to End Management

The Redwoods solution can enhance operational efficiency and ESG benefits by facilitating the analysis of commonalities and gaps in sustainability and Science-Based Targets (SBTs) across vendor partners. It emphasises the importance of using data for operational excellence in planning, forecasting, inventory management, and develops an intelligent supply chain network that improves end-to-end operations visibility and minimises overall sustainability risks.

REDWOODS PLATFORM

1. STREAMLINE

- Data accuracy
- Data collection efficiency
- Seamless integration
- Report generation time
- Customised reports & dashboards
- Compliance with data security
- Frequency & impact of updates & innovations

2. MEASURE

- Greenhouse gas emissions
- Water & marine resources
- Materials, waste & energy consumption
- Effectiveness of circular economy governance
- Own workforce in the value chain
- Health & Safety incidents

3. ACCELERATE

- Supply chain responsibility
- Diversity at all levels
- CO2 emissions per unit of production
- Regulatory compliance with recognised standards & frameworks

4. REPORT

ESG reporting in compliance with latest standards & frameworks :

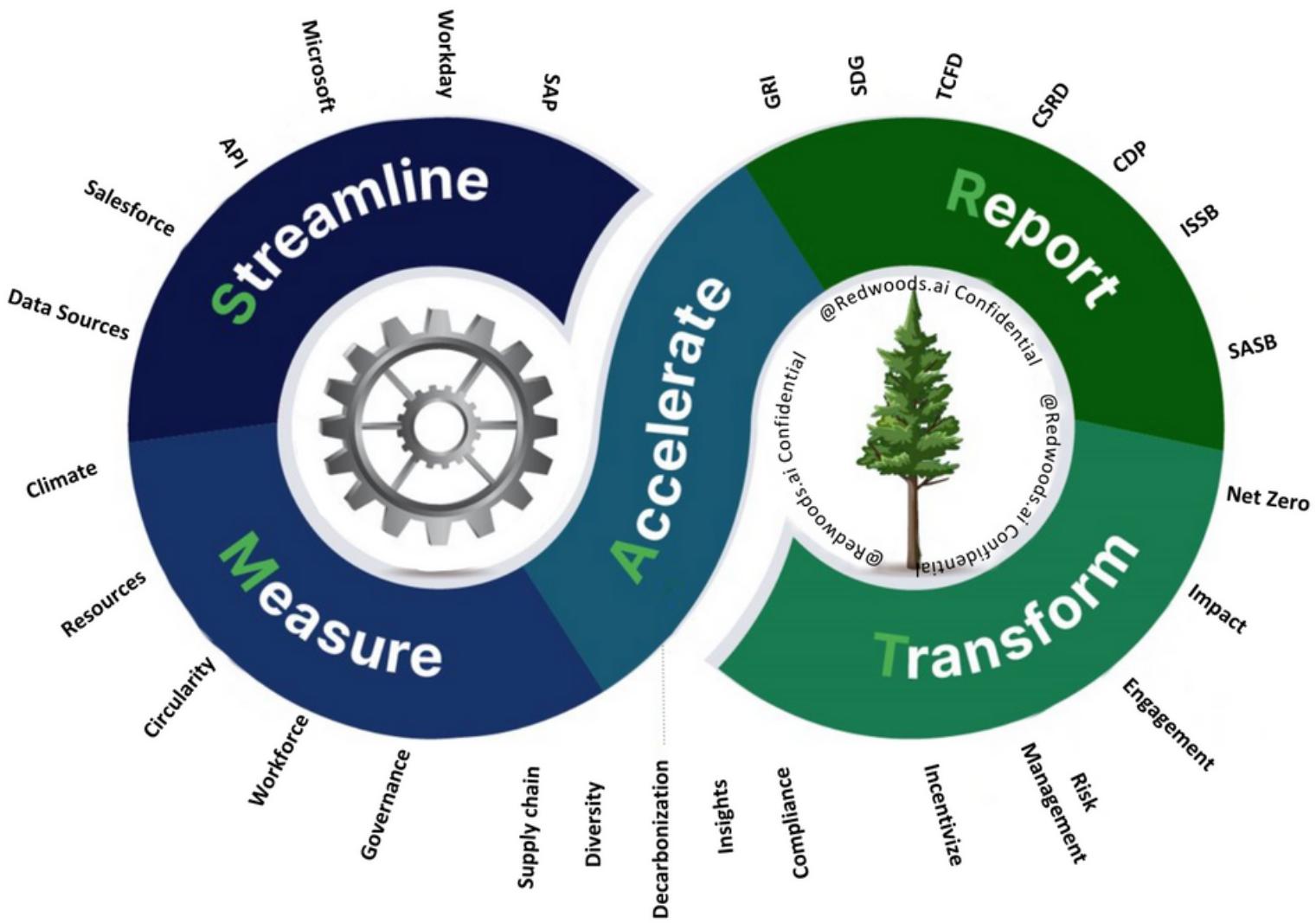
- GRI
- SDG
- TCFD
- CSRD
- CDP
- ISSB
- SASB

5. TRANSFORM

- Net-Zero transformation
- Risk Management
- Impact assessments
- Stakeholder engagement



SMART FEATURES



REQUEST A DEMO

Connect with us for pioneering ESG solutions. Let's shape a sustainable future together. Contact us for a conversation on impactful strategies.



Scan to **request a demo**



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