



Empowering your sustainability efforts through data and technology

ESG Arena



The ESG Arena is an environmental, social and governance (ESG) business transformation platform optimized for financial services. ESG Arena accelerates your journey toward ESG data management, analytics and reporting for multiple personas and use cases – tailored to where your organization stands in its sustainability journey.

ESG Arena for wealth and asset management combines our deep sector knowledge with a flexible platform and powerful ecosystems. It helps you push the boundaries of new ideas in sustainability and builds services faster to meet your customers' needs.

What are the business issues wealth and asset managers face today?

- Manual processes to source, aggregate, analyze and report on ESG metrics – increasing time to market on sustainability-linked data products.
- Challenges with sourcing third-party and client ESG data.
- Current tools don't support multiple personas in investment research, operations and regulatory reporting functions.
- Create ESG data products to support differentiating use cases such as proprietary ESG scoring and regulatory reporting acceleration (i.e., Sustainable Finance Disclosure Regulation (SFDR)).
- Lack of in-built integration with fund administrators to create custom ESG analyses such as fund- and security-level ESG score determination.
- After basic data management is done, wealth and asset managers also need to migrate, aggregate and integrate data so that it can be monetized. ESG's potential is untapped – and there is a big opportunity to use data and technology to generate advice and enhance client experiences.
- Complex legacy IT infrastructure is costly to maintain and hard to connect with new products and platforms.
- Legacy technology slows product development and innovation, makes new product and services experimentation more expensive, and prevents wealth and asset managers from creating value-based customer experiences.
- Regulatory regimes are undergoing evaluation. With the proliferation of ESG products in the market, the U.S. Securities and Exchange Commission (SEC) has proposed changes to the Investment Company Act, an umbrella fund-labeling regulation that requires 80% of holdings to be invested in accordance with the fund's suggested investment focus. Similar European regulations on funds that deem themselves ESG, sustainable or green would be required, under the modernized regulation, to identify securities included in the 80% basket. Wealth and asset managers are looking at how this affects them globally.

What are the business benefits of using ESG Arena for wealth and asset management?

EY Arena for wealth and asset management helps you to:

- Create an ecosystem of ESG data management applications that can help enable wealth and asset managers to launch products and services along with necessary ESG disclosures.
- Implement digital and business transformation quickly, securely and cost-effectively.
- Deliver at the speed of opportunity rather than the speed of legacy constraints.
- Seamlessly connect new platforms, legacy systems and third-party products to unlock the power of ESG data and advanced analytics and access new solutions as they become available.
- Gain valuable insights into customer behavior towards ESG and deliver new, customer-centric products and experiences.
- Establish a digital operating model that provides a cohesive experience to your advisors and creates richer and more intuitive customer experiences.
- Allow for cross-functional, auditable and simultaneous collaboration across internal departments to prepare ESG-related business key performance indicators (KPIs).
- Future-proof your IT infrastructure.

END-TO-END

ESG Arena provides the framework and tools to centralize ESG data, perform analytics, and inform current and future business decisions.

Application examples

SFDR reporting

ESG Arena can aggregate data at a portfolio level to build an SFDR disclosure report. The disclosure builder tool collects data at the fund level and provides insights at both the fund and portfolio level. Fund managers can extract data from a source vendor or manually fill out the SFDR questionnaire to add ESG-related data for private funds. With a complete view of the SFDR framework, this tool can provide a quick and accurate disclosure report for investor viewing, confirming that all EU investors have the disclosure they need to make investment choices that are in line with their sustainability goals.

Carbon emission calculations

Wealth and asset managers can assess carbon emissions through an interactive climate impact portfolio report extract and showcase information on the carbon footprint of the company as well as allow comparison to levels across the industry. The non-regulatory climate analytics in ESG Arena also makes use of vendor-provided data, creating insightful environmental performance scorecards.

Enhanced data management

ESG Arena's data management platform aggregates, cleans and automates data streams. Users can rapidly onboard data from multiple sources, and an integrated ESG data central provides access to vendor and third-party ESG data sources on demand.

ESG Arena was created to solve challenges in data management through a centralized data framework, and therefore the entire platform is modular and scalable by design, which means it can accommodate your present as well as future needs.

Why the EY organization

Our deep sector knowledge, combined with our traditional strengths in consulting, assurance and tax, forms the foundation of everything we develop with ESG Arena. Our solutions are founded on a unique combination of wealth and asset management industry experience and advanced technology knowledge.

Our experience in orchestrating and curating trusted ecosystems – which include specialist technology and data service providers as well as our clients' own ecosystems of internal and external resources – means we can help our clients achieve their transformation goals quickly and securely.

ESG Arena in action

- Serving as the foundation for risk, regulatory, strategic and alpha-gen solutions that can be developed, ESG Arena is the end-to-end ESG transformation platform that scales alongside your company's business needs.
- ESG Arena can help firms address issues of standardization using taxonomies to harmonize data attributes. This creates an issue with harmonizing data sources which can subsequently impact the company's auditability, governance and defensibility.
- ESG Arena makes rapid and accurate reporting possible to meet the increase in investor and regulatory demands. The reporting module cuts the need to handle multiple spreadsheets or to check for the latest and most up-to-date report. Access to accurate real-time reports facilitates ESG transparency for client holdings, giving investors access to your portfolio's ESG metrics.
- ESG Arena supports a disclosure report builder for standard frameworks such as the GRI, SASB, TCFD and more. Regulatory reporting such as generating disclosure is important for any company to comply with regulatory responsibility and integrate ESG impact with effective investment decisions.
- An interactive disclosure graph within ESG Arena also enables fund managers to visualize the interconnectivity of existing guidelines within and across ESG. It is a convenient tool to conceptualize the relationship between the different frameworks to accurately understand your ESG performance standing.
- ESG Arena is changing how organizations consume and utilize ESG data. ESG Arena is a centralized system that provides an end-to-end platform for ESG data needs. Through an AI-powered data platform, ESG Arena fosters effective ESG decisions.

ESG Arena helps increase sustainable initiatives and reduce business transformation costs through an end-to-end solution that connects multiple ESG features and applications.

20%–40%

Leveraging ESG Arena's capabilities for sustainable product development can potentially increase market outreach by 20%–40%.

ESG Arena helps generate valuable insights for fund managers that can help them deliver better client experiences.

To find out how ESG Arena can help you, contact Ernst & Young LLP:



Harish Arora
Wealth and Asset Management
Executive Director
harish.arora@ey.com
+1 212 773 4190



Maxim Ogjenko
Wealth and Asset Management
Senior Manager, Data and Analytics
max.ogjenko@ey.com
+1 212 773 3714



Aradhna Mangla
Wealth and Asset Management
Manager, Data and Analytics
aradhna.mangla@ey.com
+1 857 316 7209

EY Sector Leadership



Gurdeep Batra
Partner, Americas Wealth & Asset
Management Consulting Leader
[linkedin.com/in/gurdeepbatra/](https://www.linkedin.com/in/gurdeepbatra/)



Brandon Sutcliffe
Partner, Americas Financial
Services Sustainable Finance
Leader
[linkedin.com/in/brandonsutcliffe/](https://www.linkedin.com/in/brandonsutcliffe/)

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