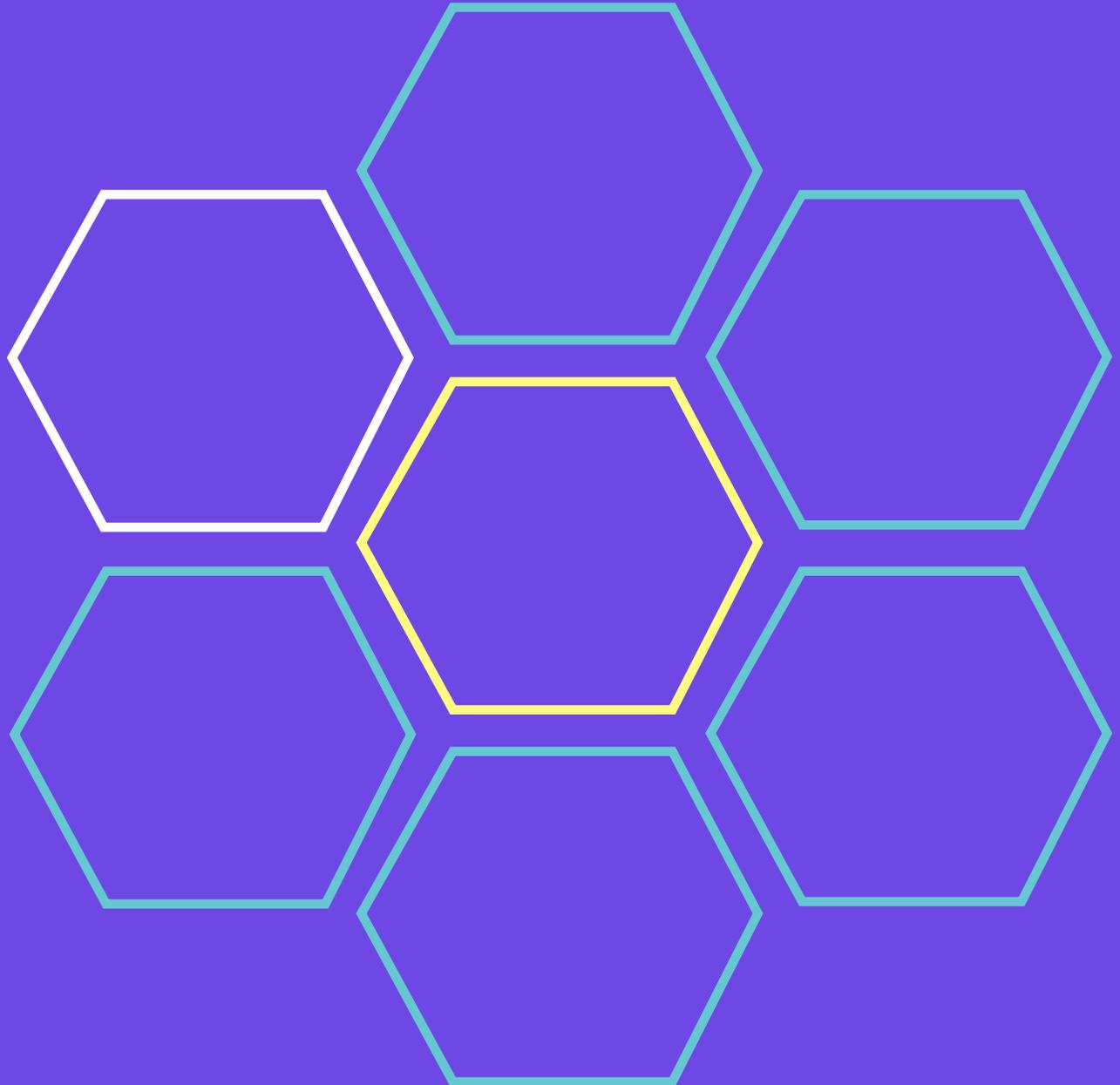


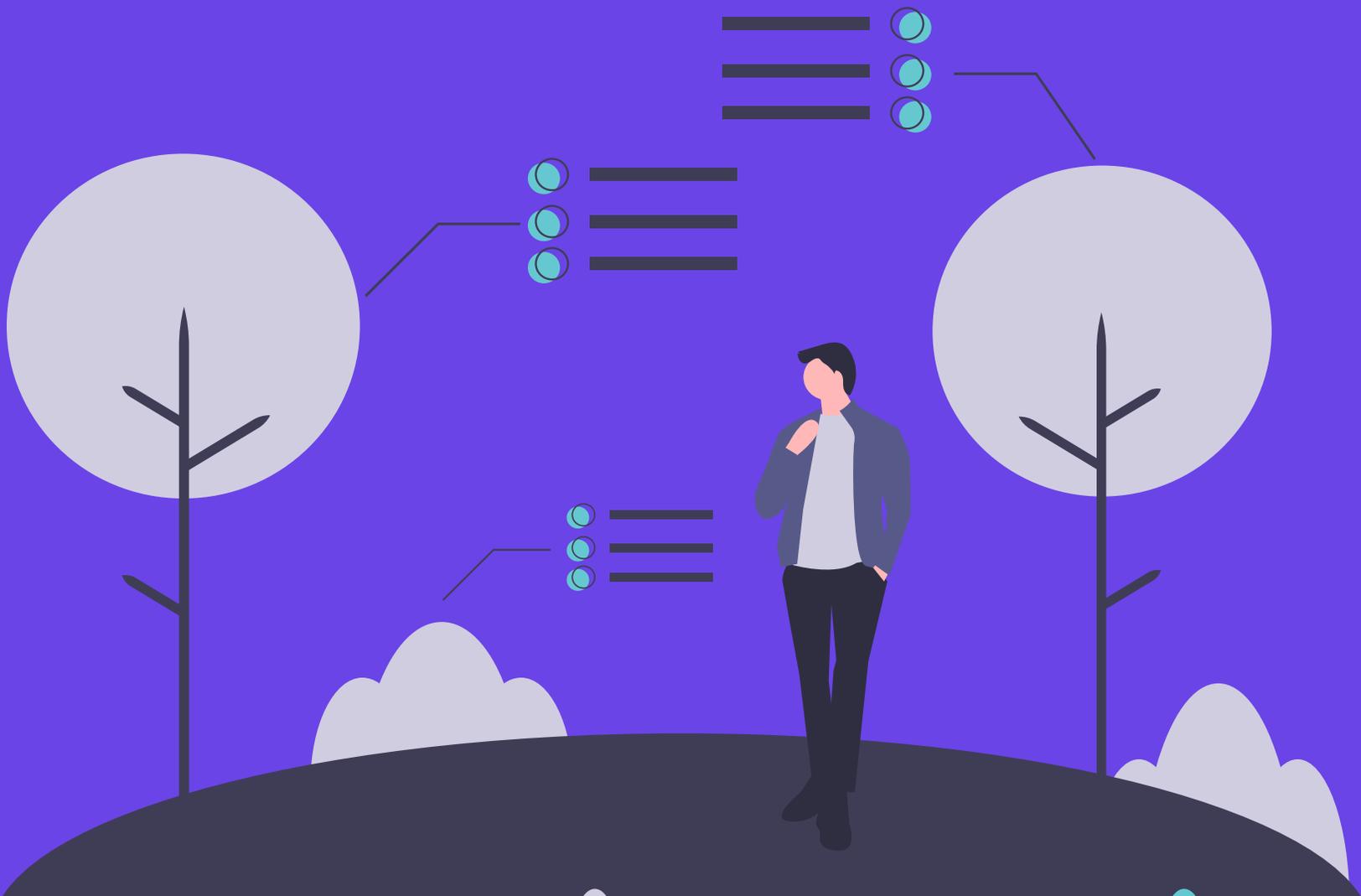
# hydrus

Modern Corporate Strategy:  
The Urgency of ESG Reporting + Analytics



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# Why Environmental, Social, Governance (ESG)?

Environmental, Social, and Governance (ESG) data is becoming the forefront of corporate disclosure. Having strong ESG not only makes a company more appealing to investors, but reports from MSCI show that organizations that seek a high-ESG have overall lower market risk and cost of capital. Businesses with high-ESG also tend to hold a good reputation for their brand. Forward looking organizations drive insights not only from financials, but from alternative data metrics such as greenhouse gas emissions, water and energy usage, social controversy, diversity, governance, and more.

ENVIRONMENTAL



SOCIAL



GOVERNANCE



## **ESG Links To Value Creation And Cash Flow In 5**

### **Essential Ways:**

- 1) Facilitating Top-Line Growth
- 2) Cost Reductions
- 3) Minimizing Regulatory and Legal Interventions
- 4) Increasing Employee Productivity
- 5) Optimizing Investment and Capital Expenditures

# Reporting Standards + Analytics

There are a variety of ESG and sustainability related standards and each of them are specific to the nature of the industry and data being reported. Certain standards focus on financial disclosures while others focus on industry specific metrics.

Hydrus simplifies the collection, storage, reporting, and distribution of ESG data by supporting most standards including custom standards that can be created upon request. Data integrity is also built-in via a blockchain-like database for full auditability.



| Category      | Theme                                      | Metric  | Summary   | Standard   | Edit | Export | Verify |
|---------------|--|---|---|--|------|--------|--------|
| Social        | Health & Well-being                        | Monetized impacts of work-related incidents on organization           | Monetized impacts of occupational injuries to the company.  | Adapted indicator based o...   |      |        |        |
| Governance    | Governing Purpose                          | Purpose-led management  | How the company's stated purpose is embedded in company strategies, policies and goals.                                   | GRI 102-26   |      |        |        |
| Environmental | Solid Waste                                | Impact of solid waste disposal  | The valued societal impact of solid waste disposal, including plastics and other waste streams.                           | Natural Capital Protocol ...<br>ISO 14008: Monetary valua...<br>Value Balancing Alliance |      |        |        |
| Social        | Equal Employment Opportunity               | Diversity and Inclusion   | Report the number of sales workers in your company by gender and ethnicity.   | EEO-1 Section D 4  |      |        |        |
| Social        | Workforce Health and Safety                | Culture of Safety Throughout the Exploration and Production Lifecycle | Discuss the management systems used to integrate a culture of safety throughout the exploration and production lifecycle. | SASB EM-EP-320a.2  |      |        |        |
| Social        | Innovation of better products and services | Total R&D expenses  | Total costs related to research and development   | US GAAP ASC 730<br><br>TCFD Sc)<br>CDSB R01, R02, R03, R04 a...                          |      |        |        |

# ESG Metrics

Hydrus collects an evergrowing set of metrics critical to an organizations' end-to-end ESG reporting in compliance to most major standards.

## ENVIRONMENTAL



**GREENHOUSE GAS EMISSIONS**

**ENERGY USAGE**

**WATER USAGE**

**POLLUTION**

**LAND COVER**

**PROXIMITY TO COASTAL/FLOOD ZONES**

**R&D INVESTMENT**

**CAPEX BUDGET**

## SOCIAL



**CORPORATE CONTROVERSY**

**GENDER PAY GAP**

**EMPLOYEE SENTIMENT ANALYSIS**

**DIVERSITY**

**FUTURE OF WORK / AUTOMATION**

**PUBLIC SENTIMENT ANALYSIS**

## GOVERNANCE



**MANAGEMENT STRUCTURE**

**ESG REPORT ANALYTICS**

**DISASTER PLANNING & RECOVERY**

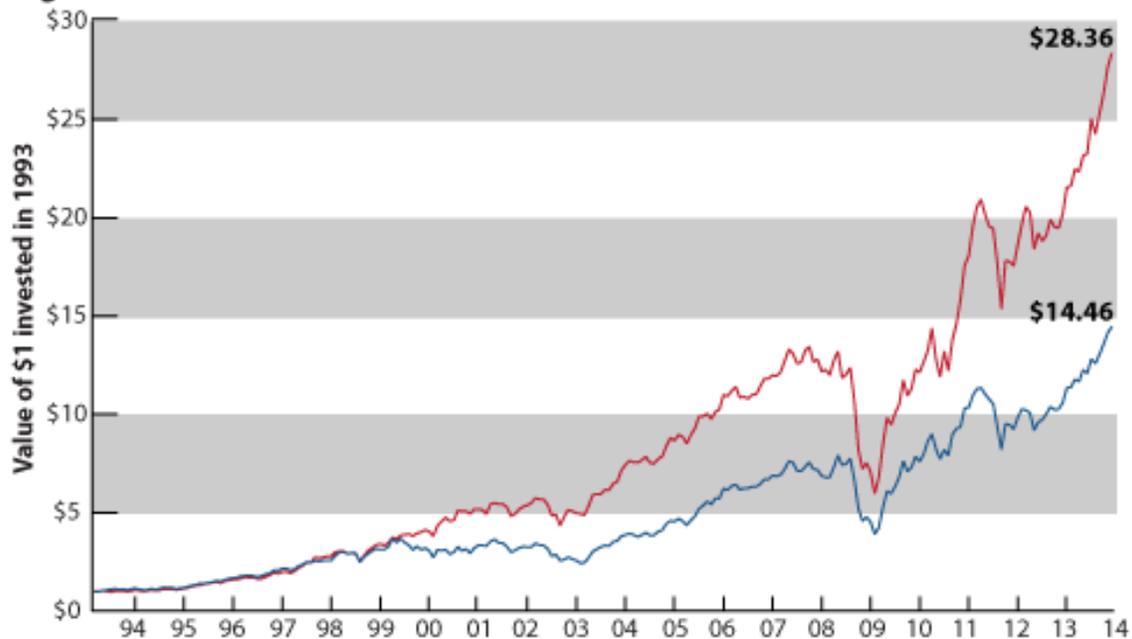
**COMPLIANCE ISSUES**

# Firm Performance

Operating a business through sustainable decision making has been **proven to drive outperformance** in the mid to long term. A joint Harvard University and Brookings Institute study demonstrated that when firms addressed material sustainability issues in their respective industry, equity returns outperformed considerably. Over a 20 year period, investment of \$1 in 1993 returned \$28.36 by 2013 in the group of companies

that operated sustainably, while the group of companies that did not address material sustainability issues only returned \$14.46 by 2013. Addressing key sustainability issues typically starts with quantifying relevant metrics and resolving deficiencies through innovation, technology, and strong governance.

**Figure VI: Investment Performance**



The figure shows the evolution of \$1 invested in a portfolio of firms with high performance on the material sustainability issues versus competitor firms with low performance on material sustainability issues. Materiality of sustainability issues is industry-specific and it is defined by the Sustainability Accounting Standards Board. Source: Mo Khan, George Serafeim and Aaron Yoon. Corporate Sustainability: First Evidence on Materiality. HBS working paper, 2014.

# Sustainability Marketing

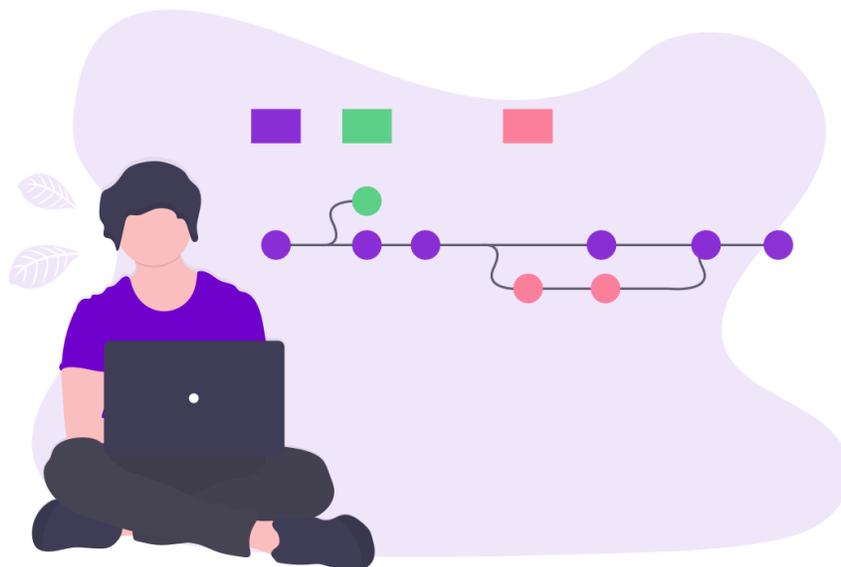


- 1) Our market research has shown that companies want to market themselves based on how well they comply to various industry standards
- 2) Compliance data can be visualized on the Hydrus platform to demonstrate how well your company is performing compared to competitors in your industry.
- 3) Hydrus software helps organize campaigns and reporting and prepares you to distribute your data effectively with software integrations and data integrity.
- 5) Hydrus's innovative dashboard can help you visualize a clear marketing strategy based on sustainability data
- 6) As shown on the previous section, investors are more likely to invest in companies with good sustainability management over ones that do not.

# Industry Trends

Hydrus.ai has noticed that ESG and sustainability has become a top priority for executives in various industries with companies creating “green teams”, “sustainability teams”, and these teams are created to actively report SASB and TCFD. Additionally, we have seen growth within these standards as they consolidate and acquire other standards. Hydrus can help you navigate these ever evolving standards so that you need not worry about if you are in compliance.

Looking beyond 2020, global events are likely to unfold in the next decade and Hydrus analytics software can help prepare your organization to proactively manage social sustainability related risks and enable governance opportunities that drive shareholder value and investor confidence. The Hydrus platform is a new realm of digital transformation becoming critical to operations, finance, legal, and investor relations.



“Given the groundwork we have already laid and the growing investment risks surrounding sustainability, we will be increasingly disposed to vote against management when companies have not made sufficient progress.”



*BlackRock Global Executive Committee,  
January 2020*

**in** Hydrus.ai     Hydrus\_ai

Hydrus.ai, Inc. is a San Francisco based data analytics software company focused on environmental, social, and governance (ESG) data reporting and analytics. We leverage machine learning and artificial intelligence to help organizations detect ESG related problems early enabling prompt remediation. The Hydrus platform leverages blockchain-like database technology ensuring data integrity and serves as a single source of truth for investors, advisors, executives, and other stakeholders.



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