Informatica

eBook

Top 10 Use Cases for Climate Risk Management

How Innovative Companies Use Data To Increase Compliance, Invest Responsibly and Improve Sustainability

Where data & AI come to LIFE™

Contents

Business Leaders Must Step Up To Mitigate Climate Risk

Climate change, combined with increasingly frequent and extreme weather conditions, poses significant physical threats to our world. No longer are these dangers confined to geographic areas traditionally burdened by excessive heat, fire or hurricanes. The impacts are spreading and concerns are now global.

Climate change has become a board-level concern, similar in scope and impact to critical business challenges such as cybersecurity. In a recent World Economic Forum **report** on global risk, 66% of respondents say that the number one risk for their business is extreme weather. In 2023, damage from global natural disasters created $380 billion in economic losses, according to **Zurich Insurance Group**. Yet only $118 billion of those losses were covered by insurance.

Investors and stakeholders expect business leaders to do the right thing and protect their investments against these threats. They want to know what steps are being taken to manage and mitigate climate risks. After all, says Amar Rahman, global head of climate and sustainability solutions at **Zurich Resilience Solutions**, "Companies that identify and act on climate risks now will have a better chance to not only survive, but to thrive, in a new net-zero world."

"Record-breaking heat waves on land and in the ocean, drenching rains, severe floods, years-long droughts, extreme wildfires and widespread flooding during hurricanes are all becoming more frequent and more intense."

National Aeronautics and Space Administration (NASA)

This e-book discusses the challenges that climate change and extreme weather events pose for business organizations, and it explores how better data management can help companies mitigate and manage their risk. We'll review six key industry use cases and explain the business goals and results achieved by industry leaders who are prioritizing climate risk management. This document also discusses how Informatica cloud data management solutions can help organizations meet their climate risk management goals.

To Thrive, Companies Must Innovate

Weather-related business challenges have become far more severe in the past few decades. For example, North America, Central America and the Caribbean have experienced a tenfold increase in economic losses related to weather, climate and water extremes over the past 50 years, according to the World Meteorological Association.

Because our world is so interconnected, climate and extreme weather threats affect everyone. Imagine a volcano that erupts and spews ash, reducing air quality and shutting down air travel in downwind areas. Or global sea-level rise that closes certain shipping ports and impedes logistics operations, causing supply chain shortages around the world. Or years-long drought that creates large-scale migration into already overwhelmed cities.

These conditions demand new, focused efforts from today's business leaders. Companies need to adopt more collaborative approaches, such as systems thinking, to enable structural changes for their entire value chain.

Some leading companies have taken this challenge to heart. As part of their commitment to change, they are using AI-powered data management approaches to more effectively manage the risks posed by climate change and severe weather events. The following sections describe these companies and how they are using technology to get and stay ahead of the challenges of climate change.

"A single company or a single government can only go so far. We need collective action."

Scott Corwin, Chief Strategic & Commercialization Officer, U.S. Sustainability, Climate & Equity Practice at Deloitte

To Thrive, Companies Must Innovate (continued)

Regulatory Mandates Require Businesses To Take Action

Depending on its industry and location, your business may need to comply with one or more of the following regulatory mandates:

- The Task Force on Climate-Related Financial Disclosures (TCFD), which requires companies to provide information to investors about actions taken to mitigate the risks of climate change.
- The EU Taxonomy, which classifies a company's economic activities according to their environmental sustainability, allowing investors to make more informed decisions.
- The EU's Sustainable Finance Disclosure Regulation (SFDR), which aims to increase the transparency of financial companies' disclosure of sustainability information.
- The EU Deforestation regulation, which will require companies to confirm their products have not contributed to deforestation.
- The Corporate Sustainability Reporting Directive (CSRD), which specifies the social and environmental information that companies doing business in the EU must report.
- Scope 1, 2 and 3 carbon emissions reporting, which calculates greenhouse gas (GHG) emissions from a company's own operations and those of its supply chain partners, as required by the U.S. Environmental Protection Agency (EPA).

Use Case: Financial Services – Responsible Investing

Federated Hermes Scales Sustainable Investing Using Reliable Data

A global leader in responsible investing, Federated Hermes manages more than $770 billion. Headquartered in Pittsburgh, the company offers a broad platform of solutions to help investors target a range of outcomes.

Goals: Federated Hermes aspires to fully embed environmental, social and governance (ESG) considerations into its investment processes while giving workers the freedom to innovate. The company manages huge volumes of financial data and ESG data, some of it from third-party sources. Business leaders wanted to ensure that users throughout the organization understood data lineage and could communicate about data quality using the same language.

Solution: Using advanced data management tools from Informatica, Federated Hermes created a modern data governance framework. The company deployed Informatica Data Governance to allow users to access data and understand data flows. Data cataloging and lineage tools provide metadata-driven insights and allow users to visualize the data.

Results: By fully embedding sustainability into its investment processes, Federated Hermes ensures transparency and accuracy for clients and regulators while effectively handling complex, diverse sustainability data. Robust governance practices help the company maintain the quality and relevance of its sustainability data. A dedicated methodology governance council ensures the right data is used in the right way. These actions help Federated Hermes drive better investment decisions, ensuring every data point and decision supports a sustainable future.

"The ESG thought leadership is the vision people follow. Making sure that everyone has the same opportunity to understand what ESG is, how it works and why it's so important is critical."

Sally Bashuan
Executive Director and Head of Enterprise Data Governance, Federated Hermes

Use Case: Financial Services – Green Financing

Bank of Ireland Reduces Its Carbon Footprint and Business Risk Using Data

Established in 1783, the Bank of Ireland Group is a diversified financial services organization. As a relationship-driven retail and commercial bank headquartered in Dublin, Ireland, the institution focuses on strong, value-added customer relationships, simplified business activities and interactions, and becoming a sustainable company.

Goals: To meet its purpose of helping customers, colleagues and society thrive, the Bank of Ireland wanted to use data to drive positive impact and mitigate the negative effects of climate change.

Solution: Bank of Ireland deployed advanced data management technology from Informatica to provide financial and sustainability insights. Integrating clean, trusted ESG data into its decision-making helps the organization make informed lending decisions. As the first Irish bank to use scientifically validated Greenhouse gas (GHG) emission reduction targets, Bank of Ireland uses data to meet its carbon-reduction goals and ensure that its efforts are making an impact.

Results: Putting data at the heart of its solutions helps the bank provide customers with products that enable and reward investments in energy efficiency. It offers personalized insights and financing options for energy efficiency, setting new benchmarks in the financial industry. The bank is the leading provider of new green mortgages and financing for electric vehicles in Ireland. By automating the collection, analysis and reporting of sustainability data, the bank also ensures compliance with key financial regulations, such as CSRD.

50%

Of all electric vehicles purchased in Ireland in 2022 were financed by the Bank of Ireland

Use Case: Insurance Products – Data-Driven Innovation

Elevance Health Improves Quality of Care With Trusted Insights

Leading health insurance provider Elevance Health offers insurance plans for medical, pharmaceutical, dental, behavioral health, long-term care and disability through affiliated companies. Headquartered in Indianapolis, Elevance Health aspires to efficiently serve its more than 100 million members while improving healthcare access and health equity.

Goals: With 50 million clinical records and more than 50 billion claims data records, Elevance Health wanted to use its data assets to become an insights-driven organization. The company needed a comprehensive, end-to-end view of how data is cataloged and transported through the enterprise so teams could spend less time preparing data and more time executing on it.

Solution: Elevance Health deployed AI-powered data management technology from Informatica to enhance its vast central data catalog. The technology allows the company's teams to quickly find and use data, reducing tasks that once took days to just hours. With this richer, user-friendly catalog, Elevance Health improved data literacy and understanding across the organization.

Results: The AI-powered data catalog serves as a foundation for Elevance Health to accelerate its ability to use data to solve complex problems and enable value-based care that supports its goal of health equity. The technology increased the efficiency of data onboarding, saving the company $10 million annually. By using the data to support cutting-edge programs around genomics and home and virtual health, Elevance Health can provide better, more innovative and equitable care for its members.

"By leveraging the data and insights faster, our business users have been able to deliver the right outcomes to our providers and members. We are able to improve the quality of care and also serve members at the time of their need."

Ashok Chennuru
Chief Data and Analytics Officer, Elevance Health

Use Case: Financial Services – ESG Reporting

Ford Motor Credit Builds Green Business Leadership Using Data

Ford Motor Credit provides finance solutions for retail, commercial and wholesale customers who want to buy Ford vehicles. Headquartered in Dearborn, Michigan, the company is the financial services arm of Ford Motor Company.

Goals: Ford Motor Credit embarked on a multi-year project to elevate its data management practices so it could provide better insight to company stakeholders and comply with regulatory disclosure requirements. As ESG reporting evolved from a voluntary to mandatory requirement, the company needed a robust system to manage environmental and sustainability data to ensure compliance.

Solution: The company transformed its data management capabilities by deploying powerful tools from Informatica. Informatica's enterprise data catalog scans IT assets, the data governance solution defines business terms and data quality tools highlight key issues that need to be addressed. The data marketplace enables quick access to clean, trusted data, allowing Ford Motor Credit to produce accurate sustainability reports and demonstrate a clear reduction in carbon emissions.

Results: As part of the project, Ford Motor Credit cataloged more than one million data objects and published more than 500 data sets. The company mastered 1.6 million customer and dealer records. The transformation delivered critical strategic insights and investment, and it turned the ESG regulatory challenge into an opportunity for growth.

$35 million

In revenue enablement benefits and cost savings through enhanced data management

Use Case: Supply Chain Management – Regulatory Compliance

BayWa r.e. Uses Trusted Data To Convert ESG Into Business Opportunity

The mission of BayWa Renewable Energy is to make renewable energy even better. Founded in 2009 and headquartered in Munich, Germany, the company is a leading global renewable energy developer, service provider, distributor and energy solutions provider.

Goals: Germany's Supply Chain Due Diligence Act of 2023 requires companies to certify that they have no human rights or environmental law violations in their own operations or in those of their supply chain partners. To comply, BayWa r.e. needed to be able to measure critical KPIs and enhance its governance to deliver trusted, high-quality ESG data.

Solution: The company built a central data platform using the Informatica Intelligent Data Management Cloud with Microsoft Azure. By choosing an out-of-the-box solution that could track supplier data across its more than 80 legal entities in 30 countries, BayWa r.e. was able to quickly comply with the new regulations, optimize processes and achieve significant cost savings.

Results: BayWa r.e. used the expertise gained throughout its ESG projects to establish a center of excellence for analytics, data and data integration. The center helps the company effectively use data to improve operations, meet regulatory demands and achieve cost savings. It also ensures that data-driven initiatives are consistently implemented across the organization, fostering a culture that uses data and analytics to drive business growth and efficiency.

"Informatica sees the need to include third-party supplier data to help our compliance efforts. Using this feature is a huge advantage, one that will save a lot of time and money."

Peter Redeker
Head of Analytics, Data and Data Integrations, BayWa Renewable Energy

Use Case: Carbon Emissions Measurement

Zalando Improves Sustainability and Business Value With the Right Data Foundation

Zalando is a German online retailer of fashion, beauty and lifestyle products. Founded in 2008, the company has more than 51 million active customers in 25 European markets. Headquartered in Berlin, Germany, Zalando employs about 16,000 workers.

Goals: To comply with ESG regulations in the markets it serves, Zalando wanted to better understand the sustainability implications of operational practices, including carbon emissions, waste management, sourcing of materials and goods, and supply chain management. Business leaders understood that better insights into these issues would help the company produce and sell fashion products responsibly.

Solution: Using data management technology from Informatica, Zalando automated the processes of collecting and analyzing sustainability data, understanding data lineage and interpreting sustainability data. The Informatica solutions help the company calculate the carbon emissions of each product sold across its lifecycle, from raw materials and manufacturing to transportation and logistics.

Results: The company made sustainability data accessible to employees across the company, helping teams improve the accuracy and completeness of their analyses, make more informed decisions and ensure that sustainability is embedded in every aspect of the business. By analyzing carbon data, Zalando can identify specific areas where emissions are too high and explore innovative ways to reduce the company's carbon footprint.

84%

Of the data management process needed to calculate the total emissions of Zalando products is automated

Four Additional ESG Use Cases for Data Management

Informatica is working with numerous organizations to enhance their ESG outcomes. The following examples illustrate additional possibilities of using advanced data management to improve ESG compliance and overall sustainability.

Climate Risk Integration in Insurance Underwriting

Leading insurers want to monitor climate risks and understand the impact of climate change and severe weather events on claims and the bottom line. By integrating climate risk into pricing and actuarial models, companies can use the data to inform underwriting, premium and investment decisions.

Climate-Enabled Product Innovation for Insurance Companies

Insurers want to be able to identify new products and services based on a data-driven understanding of climate risk. Leading companies are integrating ESG data into their policyholder portfolios, which helps them develop innovative offerings such as climate risk insurance protection that packages insureds into sidecar arrangements.

Premium Discounts for Physical Risk Mitigation

By analyzing operational data and third-party climate data, some insurers have identified strategies that can help customers reduce risk. The companies offer premium discounts to customers that deploy these strategies.

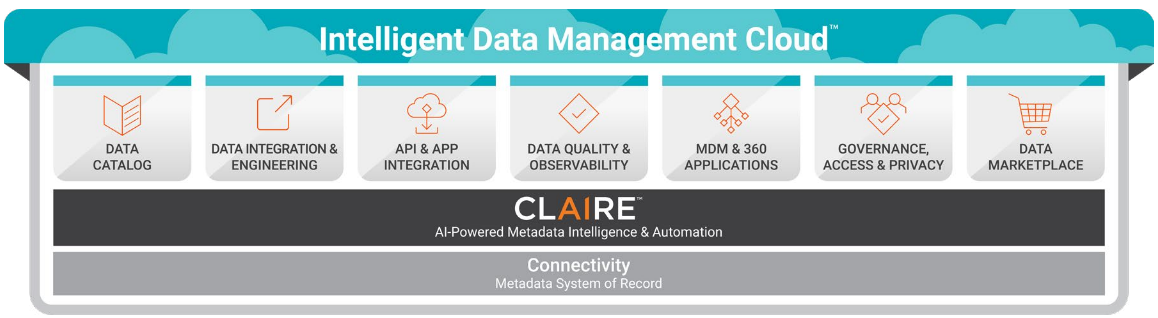
Citizen Safety and Protection by Public Sector Agencies

Forward-thinking public sector and government agencies gather and integrate critical geospatial, climate, weather, asset and infrastructure data. By analyzing this data, these agencies can help people and organizations take steps to anticipate and mitigate risk, protect assets and improve safety.

How AI-Powered Cloud Data Management From Informatica Helps You Manage Climate Risk

Informatica Intelligent Data Management Cloud (IDMC) is dedicated to helping you manage data of any type, pattern, complexity or workload across any location. This single platform is powered by CLAIRE, our AI engine, which turns data chaos into data clarity.

To help you manage and report your environmental and social initiatives, Informatica recently launched the **IDMC for ESG Sustainability** solution. The solution offers specialized tools for sustainability and regulatory compliance, including comprehensive carbon footprint tracking, integration of external sustainability ratings and detailed supply chain analysis. Using the latest AI and machine learning technologies, it helps you accelerate your ESG reporting and empowers sustainability-related decisions with cloud data management and data governance.



In addition, IDMC offers numerous solutions that support your climate risk management efforts.

- The Cloud Data Integration solution helps you access and integrate physical asset data and systems.
- The Cloud Data Governance and Catalog capabilities help you discover and understand data.
- The Cloud Data Quality solution helps you bring trust to your data.
- MDM 360 helps you master the data and enrich it using data from ESG Rating providers like Dun & Bradstreet.
- Climate 360 in MDM helps you to understand and manage your climate risks by leveraging geospatial, remote sensing, satellite data.
- The Cloud Data Marketplace helps you govern, protect and democratize your data.

How AI-Powered Cloud Data Management From Informatica Helps You Manage Climate Risk (continued)

We also offer several solutions that work with IDMC to support your sustainability goals, including the following:

Dun & Bradstreet Climate Risk Insights – This solution combines climate data from geospatial satellite imagery from our industry-leading partner, Climate Engine, with location, financial, economic and firmographic risk intelligence from the Dun & Bradstreet Data Cloud. The Climate Risk Insights solution provides unparalleled insight into physical climate risks and resiliency. The solution:

- Combines physical climate risk data with global firmographics and financial characteristics to provide the visibility needed to mitigate climate-related risks throughout business relationships
- Covers more than 270 million private and public companies
- Provides physical climate risk insights on as short as a 30-day near-term outlook for acute physical risks or as long as 2050 and beyond for chronic physical risks or long-term outlook, with updates every 30 days
- Covers nine perils, including flood, wildfire, drought, hurricane, extreme cold, extreme heat, extreme precipitation, wind and sea-level rise
- Offers more than 80 climate and economic insights

IDMC ESG Intelligence – This solution offers a trusted source of ESG data, with intelligent third-party sustainability analytics to help you manage risk, increase supply chain resiliency and drive entity performance. The solution includes:

- Deep data coverage of more than 80 million public and private companies
- ESG data updated monthly to support regular reviews
- Scoring built around trusted sustainability frameworks
- ESG data synthesized into meaningful metrics for supplier risk prioritization and informed decision-making
- Data depth scores identifying areas where you may want to engage with your suppliers for more insight

How AI-Powered Cloud Data Management From Informatica Helps You Manage Climate Risk (continued)

Informatica ESG Sustainability Data Hub – This solution supports integration, collection and automation of your ESG data into a centralized sustainability data lake, where you can manage the data. This solution includes:

- A data catalog of your technical data assets, using data lineage and profiling for the data lake
- Data governance that assigns the appropriate ownership, stewardship and business definitions of the logical data and links it to the technical data
- Data quality that brings trust to your data
- A single view of ESG data including Climate Risk Data, providing an up-to-date record for ESG Sustainability Disclosures, Physical Climate Stress Scenarios (Climate Stress Testing in Financial Services & Insurance) and enable 'reasonable assurance' for ESG, Sustainability and Climate Disclosures
- Data democratization and collaboration, with a common model for data reporting and a self-service cloud data marketplace to unlock collaboration at scale

Learn More

To learn more about how Informatica can help your business mitigate climate risk, visit our **website**.

About Us

Informatica (NYSE: INFA) brings data and AI to life by empowering businesses to realize the transformative power of their most critical assets. When properly unlocked, data becomes a living and trusted resource that is democratized across your organization, turning chaos into clarity. Through the Informatica Intelligent Data Management Cloud™, companies are breathing life into their data to drive bigger ideas, create improved processes, and reduce costs. Powered by CLAIRE®, our AI engine, it's the only cloud dedicated to managing data of any type, pattern, complexity, or workload across any location — all on a single platform.

Where data & AI come to LIFE™

Informatica

Worldwide Headquarters
2100 Seaport Blvd,
Redwood City, CA 94063, USA
Phone: 650.385.5000
Fax: 650.385.5500
Toll-free in the US: 1.800.653.3871

informatica.com
linkedin.com/company/informatica
twitter.com/Informatica

CONTACT US

IN19-5001-0724