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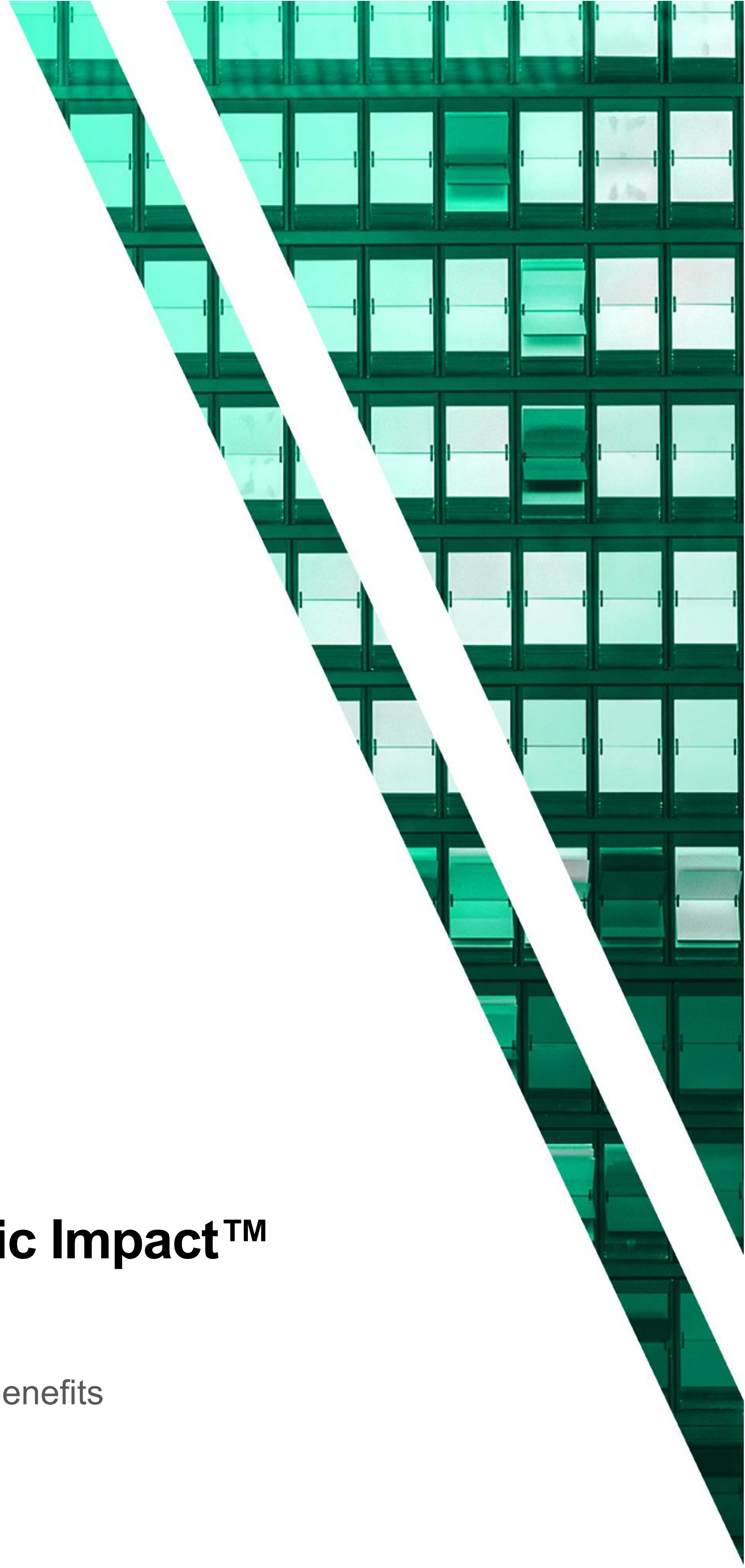

The Total Economic Impact™ Of Diligent ESG

Cost Savings And Business Benefits Enabled By Diligent ESG

JULY 2022

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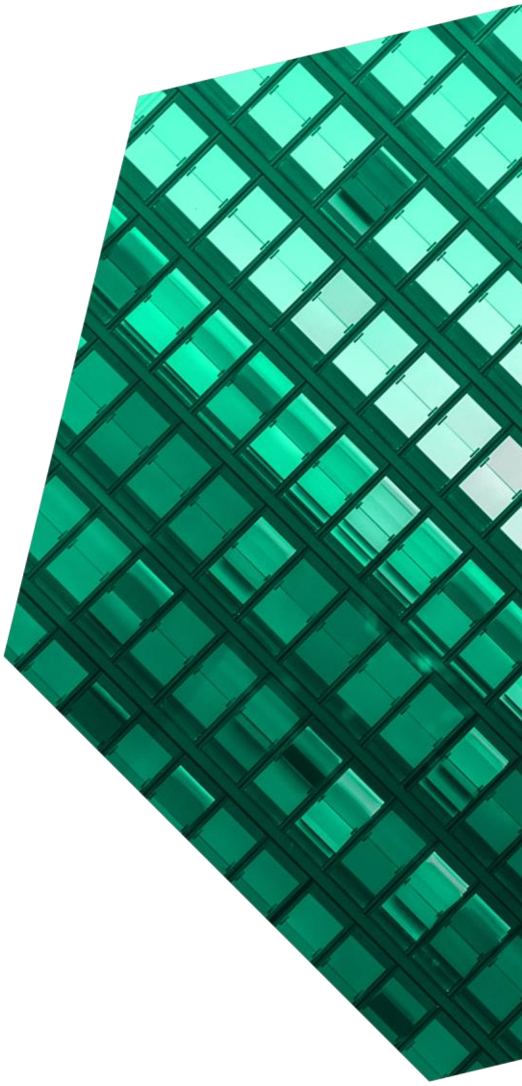


ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. For more information, visit forrester.com/consulting.

Executive Summary

Diligent ESG allows organizations to simplify and reduce costs of emissions data collection, aggregation, calculation, and auditing. It scales with businesses as they grow and allows for flexibility in the depth and breadth of reporting. Key benefits of Diligent ESG include a reduction in the labor required to collect, validate, aggregate, and share data as well as efficiency in creating reports and savings in auditing costs.

Diligent ESG is a platform that simplifies the collection, aggregation, validation, and sharing of energy and resource consumption data, before then converting this into Scope 1, 2, and 3 greenhouse gas emissions data.[1] It additionally streamlines the process to complete and file regulatory and voluntary sustainability reports and automatically creates an audit trail to simplify external auditing processes. Diligent ESG also allows organizations to track their own program against TCFD, WEF, CDP, GRI, SASB, DJSI, and GRESB requirements.[2]

KEY STATISTICS

Return on investment (ROI)
167%

Net present value (NPV)
$301K

Diligent commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying Diligent ESG.[3] The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Diligent ESG on their organization.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed two representatives of an organization with experience using Diligent ESG. Forrester used this experience to project a three-year financial analysis.

Prior to Diligent ESG, interviewees noted how their organization attempted to use both spreadsheets and an in-house database system. However, these systems yielded limited success, leaving teams with significant amounts of manual labor and complexity in the auditing process across the firm's 20 companies and multiple countries of operation, with unique data collection, analysis, and reporting requirements. Prior systems had limitations with data transparency for both investors and their own business leaders. These shortcomings led to challenges in forming emission reduction strategies, concerns around data quality, and difficulty with emissions reporting keeping pace with growing businesses.

After investing in Diligent ESG, interviewees found they were able to easily scale sustainability reporting with the significant growth of their businesses without additional cost. Data could be trusted as it was automatically collected, aggregated, and converted using standard processes, removing risks for error in manual entry and manipulation. This made auditing more straightforward and less costly.

Key results from the investment include efficiency gains from less manual effort required to collect and aggregate data, ease of sharing and tracking insights across businesses, and direct cost savings from a reduction in external auditing expenses.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits include:

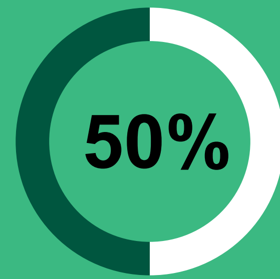
- **Time savings in collecting, validating, and sharing emissions data, saving the company more than $171,000.** The interviewees described how Diligent ESG integrated directly with meter data aggregators, automating much of the data collection process for their businesses. This not only saved time in collecting the data but also made reviewing and validating data easier as it was more consistent and accurate. Diligent ESG's built-in dashboards provided additional savings due to ease of data access to business unit leaders, management, and board members who used the data to inform their operational strategy. The interviewees estimated that they saved 60% to 80% of their time collecting, validating, and sharing emissions data due to the Diligent ESG investment.

- **Time savings in aggregating and standardizing emissions data, saving the company $119,000 over three years.** Diligent ESG automatically aggregated much of the data into a standard and useful format, removing much of the need to transform the data manually. The interviewees estimated that they saved 50% of their time aggregating and standardizing usage data because of investing in Diligent ESG.

Time saved collecting, validating, and sharing emissions data:

60% to 80%

Reduction in auditing costs:



- **Time savings in completing and filing regulatory and voluntary sustainability reports, saving the company more than $75,000.** The time savings previously mentioned helped to make the actual process of completing and filing emissions reports easier and faster. The interviewees estimated that they saved 20% to 40% of their time creating and filing emissions reports because of investing in Diligent ESG.

- **Auditing cost savings of approximately $116,000.** Auditors similarly needed less time to verify the emissions data the company reported as Diligent ESG automated much of the collection, aggregation, and validation work, reducing the potential for error. This made the auditing process more transparent, the data easier to verify, and the quality of data higher.

  This also allowed key stakeholders to trust the data and reports from Diligent ESG more than previously possible, significantly reducing friction and effort. The interviewees estimated that auditing costs would be at least twice as high if not for the investment in Diligent ESG.

Unquantified benefits. Benefits that are not quantified for this study include:

- **Adaptive partnership.** The interviewees' organization had a complex environment with many businesses operating across multiple countries and sectors. It had varying emissions systems, regulatory requirements, and public interest in voluntary reporting. This created unique challenges to emissions governance and reporting. The interviewees reported that Diligent was an adaptive partner in meeting these needs and helped them to get the most value out of their investment in Diligent ESG.

- **Improving investor trust and marketplace reputation.** Ensuring consistent data quality is difficult when an organization is working across complex environments with multiple geographies, emissions types, and regulatory environments. Nonetheless, doing so is crucial to build and maintain trust with investors and key stakeholders. The interviewees described how Diligent ESG allowed their organization and their investors to have more trust in the quality of their data and in the processes used to collect, aggregate, and report that data. This solidified the trust in their brand across the marketplace.

Costs. Risk-adjusted PV costs include:

- **Diligent ESG licensing costs.** The interviewees mentioned that licensing was the largest cost associated with Diligent ESG. This cost is estimated to be approximately $157,000 over three years.

- **Diligent ESG implementation and training.** Diligent ESG was described as relatively simple to learn and implement across the organization. However, some time was still required to accomplish this implementation, and the combined cost initially and for ongoing training for new employees costs the organization more than $23,000 over three years.

The decision-maker interviews and financial analysis found that the representative organization experiences benefits of $481,000 over three years versus costs of $180,000, adding up to a net present value (NPV) of $301,000 and an ROI of 167%.

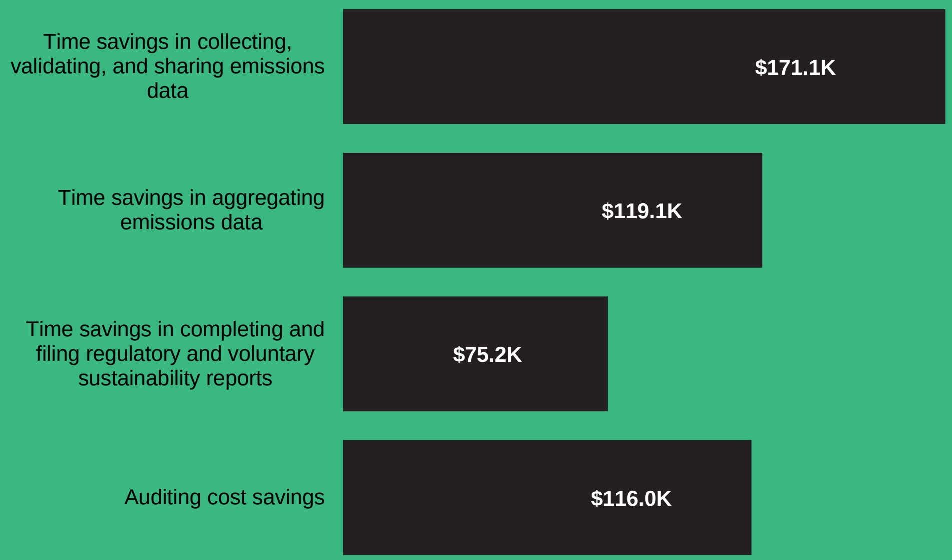
ROI
167%

BENEFITS PV
$481K

NPV
$301K

AUDITING COST SAVINGS
50%

Benefits (Three-Year)



> **We as a business see further growth, and we certainly need a system like [Diligent ESG] to carry all of this. I couldn't think of any other way of doing it.**
>
> — Group head of sustainability

TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Diligent ESG.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that Diligent ESG can have on an organization.

DUE DILIGENCE

Interviewed Diligent stakeholders and Forrester analysts to gather data relative to Diligent ESG.

DECISION-MAKER INTERVIEWS

Interviewed two decision-makers at an organization using Diligent ESG to obtain data with respect to costs, benefits, and risks.

FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewees.

CASE STUDY

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see Appendix A for additional information on the TEI methodology.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Diligent and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Diligent ESG.

Diligent reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Diligent provided the customer names for the interviews but did not participate in the interviews.

INTERVIEWEES' ORGANIZATION

Forrester interviewed two representatives of an organization that has used Diligent ESG for several years. One interviewee had been the group head of sustainability during the time that the team first invested in Diligent ESG. The other was the current group head of sustainability. Both are labeled as "group head of sustainability" in this study. Their organization has the following characteristics:

- Is headquartered in Europe with principal operations in more than a dozen countries globally.
- Requires unique emissions data systems and reporting requirements across dozens of sites.
- Generates more than £12 billion in revenue annually.
- Employs more than 15,000 people.
- Owns and operates more than 35 businesses across the healthcare, technology, and energy sectors.

While the organization is headquartered in Europe, financial figures in this report have been modeled in US dollars.

KEY CHALLENGES

Prior to the investment in Diligent ESG, the interviewees' organization stored and shared their emissions data in spreadsheets across segmented groups and businesses. They also attempted to replace the spreadsheets with a custom database solution, but they ultimately found that both the spreadsheet and in-house database solutions were ineffective.

The interviewees noted how their organization struggled with common challenges, including:

"[Building and maintaining our own ESG solution] was taking up more time than it was worth… and then also that other issue of not being able to feed back to the businesses themselves because it was all a very manual process."

Group head of sustainability

- **Significant labor required to manually gather, process, and validate data.** The interviewees' organization operates across many countries, with unique data processes and reporting requirements. To meet these demands, many FTEs from each of the organization's businesses were required to collect, aggregate, and confirm data required for ESG reporting. This was a lengthy and burdensome process that added significant overhead to the organization.

"The biggest challenge becomes data quality and integrity, because spreadsheets aren't a great auditable system."

Group head of sustainability

- **Concerns around data quality and integrity.** Because the process to gather and compile data involved so much manual work, human and process error meant it was difficult to ensure the quality of data throughout the reporting process. This made it more difficult to drive trust with key stakeholders.

- **Difficulty with data transparency and internal access.** Using spreadsheets across businesses made data difficult to access and track. In addition, the lack of dashboards and automated summaries limited transparency and made it difficult for business leaders to use or act on the information until it had been published in a central report weeks or months later.

- **Inability for in-house solutions to scale and effectively meet demands.** The interviewees' group had previously attempted to implement an in-house database solution. However, within a short usage period, they determined that it was not able to scale to support the anticipated growth of the company.

  The group head of sustainability said: "I had moved from spreadsheets into a very basic online database built by an in-house developer. It was very rudimentary, but it was slightly better than spreadsheets. I think I'd only been using that for about eight months when I realized this just isn't a sustainable place to be, given increasing expectations."

SOLUTION REQUIREMENTS

The interviewees' organization searched for a solution that could:

- Reduce the amount of manual labor required to collect, validate, and aggregate emissions data.
- Allow teams to more efficiently complete and file both regulatory and voluntary sustainability reports.
- Provide an online platform that is scalable across different businesses and environments.
- Promote stakeholder trust by providing assurance of data quality and transparency throughout the reporting process.

> **"Moving off basic systems into a more online based software bespoke to address the problem was the best and optimal outcome for us."**
>
> *Group head of sustainability*

USE CASE DESCRIPTION

After their initial investment in Diligent ESG, the interviewees' organization began rolling the platform out to their businesses to collect emissions data. As new businesses were developed or acquired, they were onboarded to Diligent ESG. In many cases, Diligent ESG integrated directly with existing systems, so manual entry and aggregation were no longer needed.

For this use case, Forrester modeled benefits and costs over three years. The revenue for the organization, as well as the benefits and costs it received from Diligent ESG, have been converted to US dollars.

Key Assumptions

- **12+ countries**
- **35+ businesses within enterprise**
- **Scope 1, 2, and 3 emissions reporting**
- **£12 billion revenue**

Analysis Of Benefits

Quantified benefit data

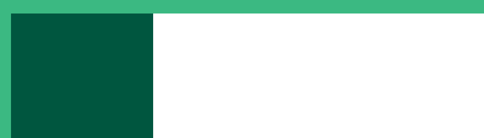
Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Time savings in collecting, validating, and sharing emissions data	$68,796	$68,796	$68,796	$206,388	$171,085
Btr	Time savings in aggregating emissions data	$47,880	$47,880	$47,880	$143,640	$119,070
Ctr	Time savings in completing and filing regulatory and voluntary sustainability reports	$30,240	$30,240	$30,240	$90,720	$75,202
Dtr	Auditing cost savings	$46,648	$46,648	$46,648	$139,944	$116,007
	Total benefits (risk-adjusted)	$193,564	$193,564	$193,564	$580,692	$481,364

TIME SAVINGS IN COLLECTING, VALIDATING, AND SHARING EMISSIONS DATA

Evidence and data. Both interviewees described how Diligent ESG significantly improved efficiency in collecting, validating, and sharing emissions data.

- Diligent ESG was able to integrate directly with meter data aggregators to automate much of the data collection process for the businesses.
- Validating the data collected with Diligent ESG was also easier than with the previous spreadsheet and in-house systems as the same level of manual review was no longer needed. In addition, the data was more accurate because there were fewer risks of input error.
- The interviewees also noted that sharing the collected and validated data was easier with Diligent ESG as they were able to provide access to business leaders. The high-level insights helped to inform leaders of opportunities for emissions savings in each business.
- The interviewees estimated that Diligent ESG reduced the manual labor required to collect, validate, and share emissions data by approximately 60% to 80%.

60% to 80% time reduction to collect, validate, and share



Modeling and assumptions. Interviewees provided estimates of the time savings for collecting, validating, and sharing emissions data as compared to their previous environment.

- Without Diligent ESG, a total of 2,800 hours are needed to collect, validate, and share emissions data across businesses. This figure accounts for combined effort across the more than 35 businesses in the interviewees' company.
- Diligent ESG saves 70% of the time otherwise required to collect, validate, and share emissions data.

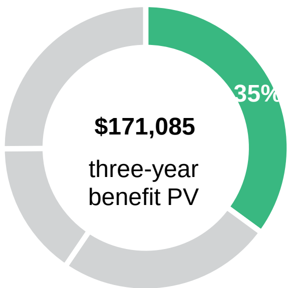
- Forrester estimates that the average fully burdened hourly salary of employees tasked with collecting, validating, and sharing emissions data is $39 per hour across accounting, finance, operations, and business roles with varying levels of seniority.[4]

Risks. Results may not represent all experiences, and will vary depending on the following factors:

- The system being used before investing in Diligent ESG and the manual labor required to collect, validate, and share emissions data.
- The complexity of the organization and inherent difficulty in collecting, validating, and sharing emissions data across different groups or businesses.
- The availability of metered emissions data. Organizations that do not have direct access to metered data may have more manual labor required.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of more than $171,000.

> **"[There is] a direct feed from the [meter data] company for their electricity and gas meters so that every day that file is emailed to [Diligent ESG]. … Once you've set it up, it's a fantastic system … it means the accuracy level is much higher, and businesses can look at opportunities for energy savings."**
>
> *Group head of sustainability*



Time Savings In Collecting, Validating, And Sharing Emissions Data

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Labor hours to collect, validate, and share emissions data before Diligent ESG	Interview	2,800	2,800	2,800
A2	Percentage reduction in time spent collecting, validating, and sharing emissions data with Diligent ESG	Interview	70%	70%	70%
A3	Subtotal: labor hours saved with Diligent ESG to collect, validate, and share emissions data	A1*A2	1,960	1,960	1,960
A4	Average hourly fully burdened salary	TEI standard	$39	$39	$39
At	Time savings in collecting, validating, and sharing emissions data	A3*A4	$76,440	$76,440	$76,440
	Risk adjustment	↓10%			
Atr	Time savings in collecting, validating, and sharing emissions data (risk-adjusted)		$68,796	$68,796	$68,796
	Three-year total: $206,388		**Three-year present value: $171,085**		

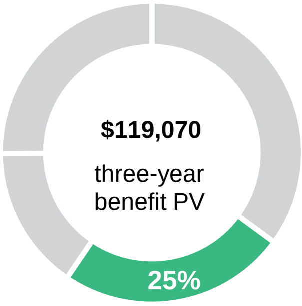
TIME SAVINGS IN AGGREGATING EMISSIONS DATA

Evidence and data. Interviewees described their process for aggregating and standardizing energy and resource consumption data to be analyzed, converted into greenhouse gas emissions data, and integrated into reports. They found that Diligent ESG also helped make aggregating data more efficient.

- Prior to Diligent ESG, aggregating data was difficult as it was not always in the same format. This required heavy manipulation of the data and reports to standardize them before emissions could be understood and analyzed.
- After investing in Diligent ESG, the interviewees described that much of the labor in standardizing data and converting to greenhouse gas emissions data was no longer required; the software would automatically aggregate and calculate results and provide reports with a standard format.
- The interviewees estimated that they needed about half as much time aggregating data than they would if Diligent ESG were not available.

Modeling and assumptions. Interviewees shared time savings for aggregating and standardizing usage data as compared to their previous environment:

- Without Diligent ESG, approximately 2,800 labor hours would be required to aggregate and manually standardize emissions data across businesses. This figure accounts for combined effort across the more than 35 businesses in the interviewees' company.
- Diligent ESG saves 50% of the time to aggregate and standardize emissions data.
- Forrester estimates the average fully burdened hourly salary of employees that aggregate and standardize emissions data is $38 per hour across accounting, finance, operations, and business roles with varying levels of seniority.[5]



Risks. Results may not represent all experiences, and will vary depending on the following factors:

- The system being used before investing in Diligent ESG, and the manual labor required to aggregate and standardize emissions data.
- Organization complexity and inherent difficulty in collecting, validating, and sharing emissions data across different groups or businesses.
- The availability of metered emissions data. Organizations that do not have direct access to metered data may require more manual input.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of more than $119,000.

"It's less time manipulating the data. It's easier for the businesses to enter the data into one standard system on a replicable basis. Then we don't have to do the same level of consolidation."

Group head of sustainability

Time Savings In Aggregating Emissions Data					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Labor hours to aggregate emissions data before Diligent ESG	Interviews	2,800	2,800	2,800
B2	Percentage reduction in time spent collecting and maintaining data with Diligent ESG	Interviews	50%	50%	50%
B3	Subtotal: labor hours saved with Diligent ESG to aggregate emissions data	B1*B2	1,400	1,400	1,400
B4	Hourly fully burdened salary	TEI standard	$38	$38	$38
Bt	Time savings in aggregating emissions data	B3*B4	$53,200	$53,200	$53,200
	Risk adjustment	↓10%			
Btr	Time savings in aggregating emissions data (risk-adjusted)		$47,880	$47,880	$47,880
	Three-year total: $143,640		**Three-year present value: $119,070**		

TIME SAVINGS IN COMPLETING AND FILING REGULATORY AND VOLUNTARY SUSTAINABILITY REPORTS

Evidence and data. The interviewees described their process for completing and filing both regulatory and voluntary sustainability reports. They found that Diligent ESG made this process more efficient and provided additional time savings:

- The interviewees' organization filed multiple reports annually, including GRP[6], SASB, and CPD.
- Prior to Diligent ESG, collecting, validating, sharing, aggregating, and standardizing data took significant amounts of manual labor. This made completing and filing reports more difficult as well, as the data was not as easily accessible or in as useful as a format.
- The interviewees estimated that Diligent ESG saved them between 20 and 40% of the time throughout the year to complete their reporting.
- Much of this time saved occurred before the fiscal end of the year when regulatory reports were due. Additional time was saved throughout the year with standalone voluntary reports and investor events.

"We've completed [reporting] within 28 days after year-end. It's pretty impressive turnaround, and I'd have to say would be absolutely impossible without something like [Diligent ESG]."

Group head of sustainability

"The total amount of effort without [Diligent ESG] today, including the people and the businesses, would probably be more like three full-time people."

Group head of sustainability

Modeling and assumptions. Interviewees provided estimates of the time savings for completing and filing regulatory and voluntary reports as compared to their previous environment:

- Without Diligent ESG, approximately 2,800 labor hours would be required to complete and file regulatory and voluntary sustainability reports. This figure accounts for combined effort across the 35+ businesses in the interviewees' company.
- Diligent ESG saves 30% of the time otherwise required to complete and file regulatory and voluntary sustainability reports.
- Forrester estimates that the average hourly fully burdened salary of employees tasked with aggregating and standardizing emissions data is $45 per hour across accounting, finance, operations, and business roles with varying levels of seniority.[7]

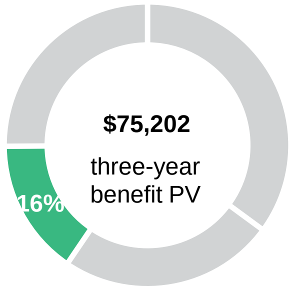
Risks. Results may not represent all experiences, and will vary depending on the following factors:

- The system being used before investing in Diligent ESG, and the manual labor required to complete and file regulatory reports.
- The complexity of the organization and inherent difficulty in completing and filing regulatory and voluntary reports.

- Organizations' regulatory requirements and obligations. Those with stricter expectations for reporting may see greater benefit from investing in Diligent ESG as there are more potential processes for which it can be leveraged.

The amount of voluntary reporting an organization opts to perform. Organizations that report more of their emissions and impact may see greater benefit from investing in Diligent ESG than those that opt to not participate in voluntary reporting.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV of over $75,000.



Time Savings In Completing And Filing Regulatory And Voluntary Sustainability Reports

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Labor hours to complete and file regulatory and voluntary sustainability reports	Interviews	2,800	2,800	2,800
C2	Percentage reduction in time spent collecting and maintaining data with Diligent ESG	Interviews	30%	30%	30%
C3	Subtotal: hours saved with Diligent ESG to complete and file regulatory and voluntary sustainability reports	C1*C2	840	840	840
C4	Hourly fully burdened salary for FTE aggregating and standardizing emissions data	TEI standard	$45	$45	$45
Ct	Time savings in completing and filing regulatory and voluntary sustainability reports	C3*C4	$37,800	$37,800	$37,800
	Risk adjustment	↓20%			
Ctr	Time savings in completing and filing regulatory and voluntary sustainability reports (risk-adjusted)		$30,240	$30,240	$30,240
	Three-year total: $90,720		**Three-year present value: $75,202**		

AUDITING COST SAVINGS

Evidence and data. An additional benefit from the improved efficiency Diligent ESG offered was in minimizing auditing costs.

- Interviewees noted the large amount of effort required to audit their previous environment with spreadsheets and an in-house database solution. Much of this cost was due to auditing firms charging for the additional time it took for their employees to sort through and match up data across spreadsheets.
- The group head of sustainability estimated that auditing costs would be at least twice as high without Diligent ESG.
- Diligent ESG provided relevant data needed by auditors in one place, so auditors were able to save significant time by checking that the source metric data matched what Diligent ESG reported.
- Increased data accuracy after investing in Diligent also led to auditing cost savings. With fewer data collection and aggregation errors, auditors could charge less to review.

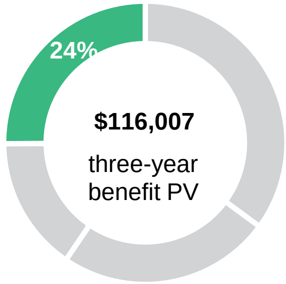
Modeling and assumptions. Interviewees estimated cost savings from a shorter auditing process.

- Investing in Diligent ESG for emissions data collection, aggregation, and reporting lowers auditing costs by 50% as the auditors require less time and labor.
- Auditing costs have been provided by the interviewees and converted by Forrester to US dollars at approximately $104,000 annually, before Diligent ESG.[8]

Risks. Results may not represent all experiences, and will vary depending on the following factors:

- The level of complexity of the emissions data will impact the costs of auditing that data and reporting. If auditing costs were not very high before investing in Diligent ESG, there is less opportunity to reduce those costs.
- Organizations that elect to have more of their voluntary reporting audited may have higher auditing costs and therefore more opportunity for Diligent ESG to provide cost savings.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of $116,000.



"It's not just a question of the effort to produce that basic data — it's having that data provided more easily on a platform to develop further reporting."

Group head of sustainability

"If you didn't have the [Diligent ESG] system, you would need two or three [more people]. You could easily double auditing costs."

Group head of sustainability

Auditing Cost Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	External auditing costs without ESG (annual, converted from GBP)	Interviews	$103,663	$103,663	$103,663
D2	Percentage savings due to Diligent ESG	Interviews	50%	50%	50%
Dt	Auditing cost savings	D1*D2	$51,831	$51,831	$51,831
	Risk adjustment	↓10%			
Dtr	Auditing cost savings (risk-adjusted)		$46,648	$46,648	$46,648
	Three-year total: $139,944		**Three-year present value: $116,007**		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Adaptive partnership.** The interviewees described how Diligent had adapted their service to meet the unique needs of the organization. This was particularly helpful as the organization provided investors with several custom reports and needed help improving the efficiency of generating those reports. While not all of these reports were required by regulators, many of them served to improve transparency and trust with investors and the public.

  The group head of sustainability said: "We also are supported by [Diligent] at this time of the year in developing bespoke reports that aren't in the standard reporting tool function. And that is extremely helpful for us as well when we need to get something that's particular to our needs."

> **"[Diligent ESG] is part of the mechanism by which we give investors the confidence and latitude to invest in us given their view of the financial performance."**
>
> *Group head of sustainability*

- **Improved investor trust and marketplace reputation.** The interviewees felt that Diligent ESG enabled them to improve trust with current and potential investors. They cited that this trust was driven through accuracy of reporting and transparency of process, both improved by Diligent ESG.

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Diligent ESG and later realize additional uses and business opportunities, including:

- **Ability to seamlessly scale with business and environment growth.** The interviewees noted that since investing in Diligent ESG, their organization had almost doubled the number of businesses it operates, requiring additional emissions data processing and reporting. Diligent ESG allowed them to support their organization in this rapid expansion without additional costs and allowed them to maintain simplicity in an increasingly complex environment.

  Interviewees also described that scaling had been difficult and costly using their previous spreadsheet or in-house solutions, and they credited Diligent ESG with allowing them to keep up with the demands of the business, regulators, and investors.

- **Better visibility and access to emissions data.** A major shortcoming of the solutions in place before Diligent ESG was that business leaders often lacked visibility to their own emissions data until reports were prepared. Diligent ESG provided ongoing visibility through live dashboards and increased process transparency. This information was critical for leaders' ability to improve their businesses and inform both near- and long-term strategy.

  The group head of sustainability said: "I think one of the more important things is that there was very little ability for the businesses themselves to see how they were doing or what their own carbon emissions were … and that's something again that we've been able to address with [Diligent ESG]."

- **Cross-team alignment.** In addition to greater visibility for business leaders, many other teams were able to get access to emissions information through Diligent ESG. Having a central source of truth allowed greater alignment and collaboration across teams and made conversations more productive.

  The group head of sustainability noted, "The quality of the conversation is much greater when the [Diligent ESG] system is used. … It means that the data is understood and is transparent and is consistent."

- **Opportunities for deeper and better reporting.** The interviewees described how Diligent ESG allowed them to fully report on Scope 1 and Scope 2 emissions and that this helped them to deepen their analysis to Scope 3 reporting in the future. While some of this functionality is still being integrated, the interviewees noted that moving to Scope 3 would not have been possible without the investment in Diligent ESG.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in Appendix A).

"We certainly do need a system like [Diligent ESG] to carry all of this. We probably would have never gone anywhere near Scope 3 reporting because we would have had so much on our plate just trying to get the Scope 1 and Scope 2 data in place."

Group head of sustainability

Analysis Of Costs

Quantified cost data

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Diligent ESG licensing costs	$0	$63,000	$63,000	$63,000	$189,000	$156,672
Ftr	Diligent ESG implementation and training	$19,844	$1,443	$1,443	$1,443	$24,174	$23,433
	Total costs (risk-adjusted)	$19,844	$64,443	$64,443	$64,443	$213,174	$180,105

DILIGENT ESG LICENSING COSTS

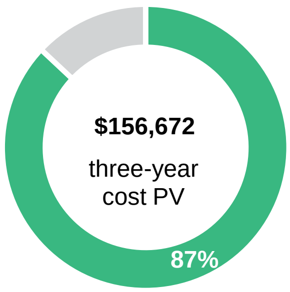
Evidence and data. The main cost associated with an investment in Diligent ESG was licensing costs. Diligent ESG license costs are based on the solution implemented and number of business sites.

Modeling and assumptions. This section explains how the modeling is done.

- As the interviewees had a custom approach with Diligent ESG, standard license costs have instead been provided by Diligent for an organization matching these characteristics.
- License costs have been held flat each year for this analysis, consistent with the realization of benefits.
- Pricing may vary based on solution requirements. Readers building their own business case should contact Diligent for pricing details.

Risks. Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on the specific use case and needs of an organization. Organizations where the number of sites are greater or the solution requirements more complex may have higher license costs than assumed in this analysis.

Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of $157,000.



Diligent ESG Licensing Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Annual license fee	Diligent		$60,000	$60,000	$60,000
Et	Diligent ESG licensing costs	E1	$0	$60,000	$60,000	$60,000
	Risk adjustment	↑5%				
Etr	Diligent ESG licensing costs (risk-adjusted)		$0	$63,000	$63,000	$63,000
	Three-year total: $189,000			**Three-year present value: $156,672**		

DILIGENT ESG IMPLEMENTATION AND TRAINING

Evidence and data. Interviewees noted that implementing Diligent ESG into their system required some initial training.

- Four in-person trainings were scheduled across businesses, each with 10 attendees. The sessions were led by the group head of sustainability.
- Each training session was completed within one day, and additional follow-up training was not required.

Modeling and assumptions. Implementation and training costs are calculated based on the initial three years of investing in Diligent ESG.

- Forty total FTEs are required to spend an entire business day learning how to use Diligent ESG in their specific business.
- Forrester assumes that an additional 120 hours of labor are required to fully integrate Diligent ESG across businesses. These hours account for the required initial base implementation, customization, and testing.
- The average fully burdened hourly wage of a full-time employee being trained and integrating Diligent ESG is $41 across accounting, finance, operations, and business roles at varying levels of seniority.[9]
- Forrester assumes that those trained to use Diligent ESG will have an annual attrition rate of 10%, and new hires will similarly need to take a full business day to be trained on Diligent ESG each year.

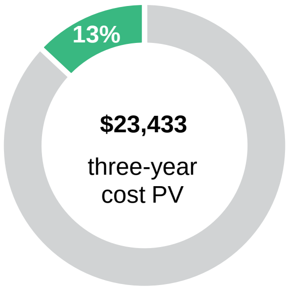
Risks. Forrester recognizes that these results may not be representative of all experiences, and the benefit will vary between organizations depending on the following factors:

"In terms of training on [Diligent ESG], I organized some onsite training to explain how you get the data in and how to fill out the data. Once they put that in, everything else was taken care of."

Group head of sustainability

- If a business is more complex, is more siloed, or contains more types of emissions data, training and integration may take longer than assumed in this analysis.
- Depending on their structure, some organizations may wish to involve senior business leaders in the integration and training process. This would mean that the cost of their time would also need to be accounted for.
- Organizations with large amounts of historical data to integrate may need to account for additional time and professional services.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of $23,000.

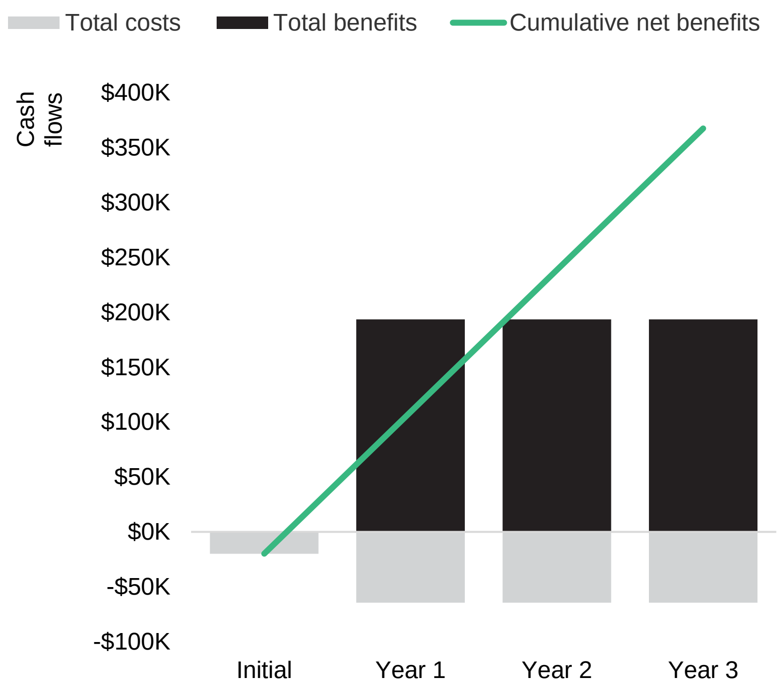


Diligent ESG Implementation And Training						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Time to implement (hours)	Interviews	120	0	0	0
F2	Time to train (per person) (hours)	Interviews	8	8	8	8
F3	Number of FTEs trained on Diligent ESG	Interviews	40	4	4	4
F4	Subtotal: total time to implement Diligent ESG (hours)	F1+(F2*F3)	440	32	32	32
F5	Average fully burdened salary (hourly)	TEI standard	$41	$41	$41	$41
Ft	Diligent ESG implementation and training	F4*F5	$18,040	$1,312	$1,312	$1,312
	Risk adjustment	↑10%				
Ftr	Diligent ESG implementation and training (risk-adjusted)		$19,844	$1,443	$1,443	$1,443
	Three-year total: $24,174		**Three-year present value: $23,433**			

Financial Summary

CONSOLIDATED THREE-YEAR RISK-ADJUSTED METRICS

Cash Flow Chart (Risk-Adjusted)



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI and NPV for the organization's investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI and NPV period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	($19,844)	($64,443)	($64,443)	($64,443)	($213,174)	($180,105)
Total benefits	$0	$193,564	$193,564	$193,564	$580,692	$481,364
Net benefits	($19,844)	$129,121	$129,121	$129,121	$367,519	$301,259
ROI						167%

Appendix A: Total Economic Impact

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

TOTAL ECONOMIC IMPACT APPROACH

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

The initial investment column contains costs incurred at "time 0" or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

PRESENT VALUE (PV)

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

NET PRESENT VALUE (NPV)

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

RETURN ON INVESTMENT (ROI)

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

DISCOUNT RATE

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

Appendix B: Endnotes

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[1] Source: Greenhouse Gas Protocol.

[2] I.e., Task Force on Climate-Related Financial Disclosures; World Economic Forum; Carbon Disclosure Project; Global Reporting Initiative; Sustainability Accounting Standards Board; S&P Global; Global Real Estate Sustainability Benchmark.

[3] Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

[4] Fully burdened salary includes both the direct wages and indirect costs of hiring and employment. Burden rate refers to indirect costs of employment beyond direct compensation, including, but not limited to, hiring costs, training costs, financial services, paid time off, sick leave, expenses, retirement contributions, payroll taxes, and incremental technology and workplace costs for the employee.

[5] Ibid.

[6] Source: The Climate Registry

[7] Ibid.

[8] Source: Currency conversion is from GBP to USD based on the monthly average for April 2022, using X-rates.com.

[9] Ibid.


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