

ESG

What you need to know

ESG, Risk, Standards, Practical Next Steps

PRESENTED BY:

SPEAKER NAME HERE

SPEAKER TITLE HERE

The Perfect Storm

- Climate
- Technology
- People



Source: samatters.com

Source Task Force on Climate-related Financial Disclosures Guidance on Risk Management Integration and Disclosure Oct 20.

Note: Content in this figure is adapted from the CRO Forum's *The Heat Is On—Insurability and Resilience in a Changing Climate*, January 2019. The CRO Forum indicates its report “relies heavily on the [IPCC] for data and charts, drawn from SR15 and AR5 working papers.”

Figure C1
Possible Implications of Different Temperature Increases










Warming by 2100	<2°C		3°C	5°C
	1.5°C	2°C		
Physical Impacts				
 Sea-level rise	0.3-0.6 m	0.4-0.8 m	0.4-0.9 m	0.5-1.7 m
 Chance of ice-free Arctic summer	1 in 30	1 in 6	4 in 6 (63%)	6 in 6 (100%)
 Frequency of extreme rainfall	+17%	+36%	+70%	+150%
 Increase in wildfire extent	x1.4	x1.6	x2.0	x2.6
 People facing extreme heatwaves	x22	x27	x80	x300
 Land area hospitable to malaria	+12%	+18%	+29%	+46%
Economic Impacts				
 Global GDP impact (2018: \$80tn)	-10%	-13%	-23%	-45%
 Stranded assets	Transition: fossil fuel assets (supply, power, transport, industry)		Mixed: some fossil fuel assets and some physical stranding	Physical: uninhabitable zones, agriculture, water-intense industry, lost tourism
 Food supply	Changing diets, yield loss in tropics		24% yield loss	60% yield loss, 60% demand increase

Figure 5

Core Elements of Recommended Climate-Related Financial Disclosures



Governance

The organization's governance around climate-related risks and opportunities

Strategy

The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning

Risk Management

The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities



ENVIRONMENTAL

- Biodiversity and habitat
- Climate change
- Land contamination
- Energy consumption
- Greenhouse gas emissions
- Indoor environmental quality
- Location and transportation
- Materials
- Pollution
- Resilience to catastrophe/ disaster
- Renewable energy
- Sustainable procurement
- Waste management
- Water consumption



SOCIAL

- Community development
- Health and safety
- Human rights
- Inclusion and diversity
- Labour standards and working conditions
- Social enterprise partnering
- Stakeholder relations
- Occupier amenities – showers, changing rooms,
- Controversial tenants



GOVERNANCE

- Anti-bribery and money laundering
- Cybersecurity
- Data protection and privacy
- Legal and regulatory fines
- ESG clauses in existing leases

Source [The UN Principles for Responsible Investing for Real Estate](#)

Finding the right chemistry for sustainability reporting

These frameworks help organizations report different aspects of their nonfinancial impact



www.globalreporting.org

PURPOSE: Help organizations report on economic, environmental & social impacts considering a wide range of interests.

AUDIENCE: Broad set of stakeholders

WHERE TO REPORT: Corporate sustainability report

FOCUS AREAS:
 ENVIRONMENT
 SOCIAL
 GOVERNANCE



- INFORMATION TO REPORT:**
- **General disclosures:** Organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process.
 - **Economic:** Performance, market presence, indirect economic impacts, procurement practices, anti-corruption and anti-competitive behavior.
 - **Environment:** Materials, energy, water and effluents, biodiversity, emissions, effluents and waste, environmental compliance, and supplier environmental assessment.
 - **Social:** Employment labor/management relations, occupational health and safety, training and education, diversity and equal opportunity, nondiscrimination, freedom of association and collective bargaining, child labor, etc.

PRESCRIPTIVE OR FLEXIBLE: Prescriptive **SECTOR FOCUS:** Agnostic (+ some sector-specific guidance)



www.cdp.net

Capture environmental performance data related to GHG emissions, water, forests, and supply chain.

Investors, buyers, other stakeholders

Corporate sustainability platform



- **Climate change:** Risks and low-carbon opportunities.
- **Forest:** How organizations produce, source, and use major soft commodities associated with detrimental impacts on natural resources.
- **Water security:** Company's management, governance, use, and stewardship of water resources.
- **Supply chain:** Management of climate change, forest and water security.

PRESCRIPTIVE OR FLEXIBLE: Prescriptive **SECTOR FOCUS:** Specific



www.integratedreporting.org

Establish Guiding Principles and Content Elements allowing companies to produce "integrated reports."

Investors

Stand-alone integrated report



- **Organizational overview** and external environment.
- **Governance structure:** How it supports ability to create value in the short, medium & long term.
- **Business model** of the organization.
- **Risks and opportunities** that affect the ability to create value over the short, medium & long term; how those issues are dealt with.
- **Strategy** and resource allocation.
- **Performance:** Extent to which objectives were achieved for the period; outcomes and their effect on capitals.
- **Outlook:** Challenges and uncertainties likely to be encountered; implications for the business model and future performance.
- **Basis of presentation:** How the organization determines what to include in its integrated report.

PRESCRIPTIVE OR FLEXIBLE: Flexible **SECTOR FOCUS:** Agnostic



www.sasb.org

Facilitate disclosure of material sustainability information in SEC filings.

Investors

SEC Form 10-K, 20-F filings



- **Environment:** Corporate impacts on the environment.
- **Social capital:** Human rights, protection of vulnerable groups, local economic development, access to and quality of products, and services, affordability, responsible marketing, and customer privacy.
- **Human capital:** Issues affecting employee productivity (e.g., employee engagement, diversity, and incentives and compensation).
- **Business model and innovation:** Impact of sustainability issues on innovation and business models, and the integration of these issues in a company's value-creation process.
- **Leadership and governance:** Management of issues inherent to the business model or common practice in the industry that are in potential conflict with the interests of broader stakeholder groups.

PRESCRIPTIVE OR FLEXIBLE: Prescriptive **SECTOR FOCUS:** Specific



www.fsb-tcfd.org

Encourage firms to align climate-related risk disclosures with investors' needs.

Investors, lenders, insurers

Annual financial filings (e.g., annual report)



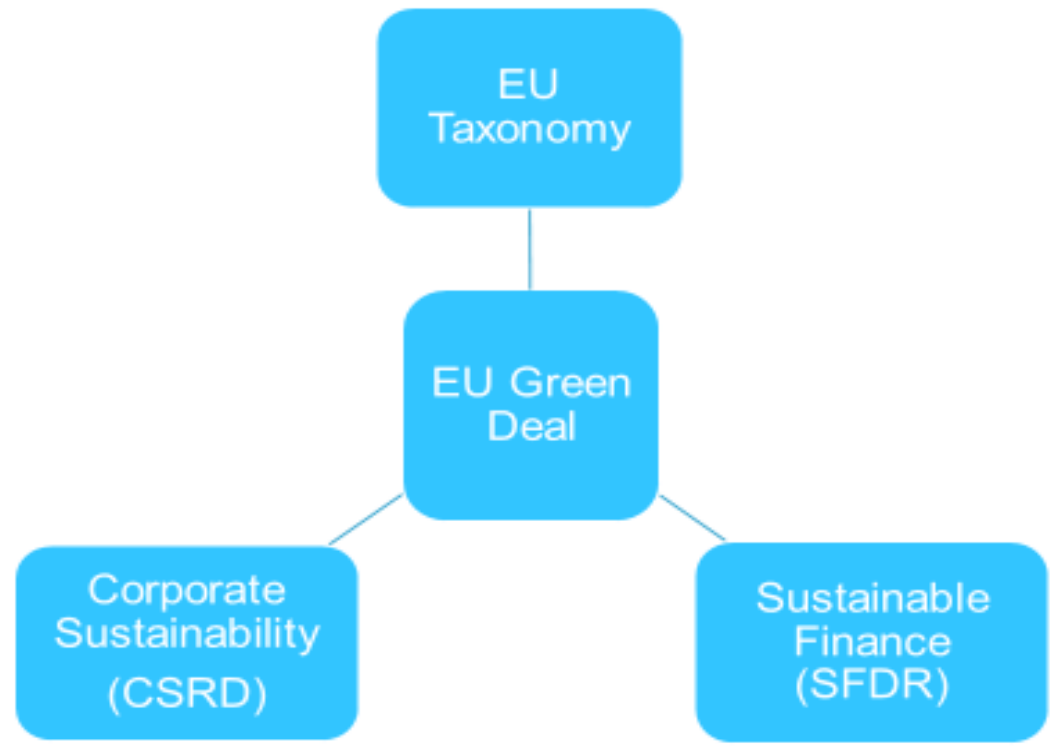
- **Governance:** Governance around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.
- **Risk management:** How the organization identifies, assesses, and manages climate-related risks.
- **Metrics and targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

PRESCRIPTIVE OR FLEXIBLE: Flexible **SECTOR FOCUS:** Agnostic (+ some sector-specific guidance)

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Source: The Conference Board

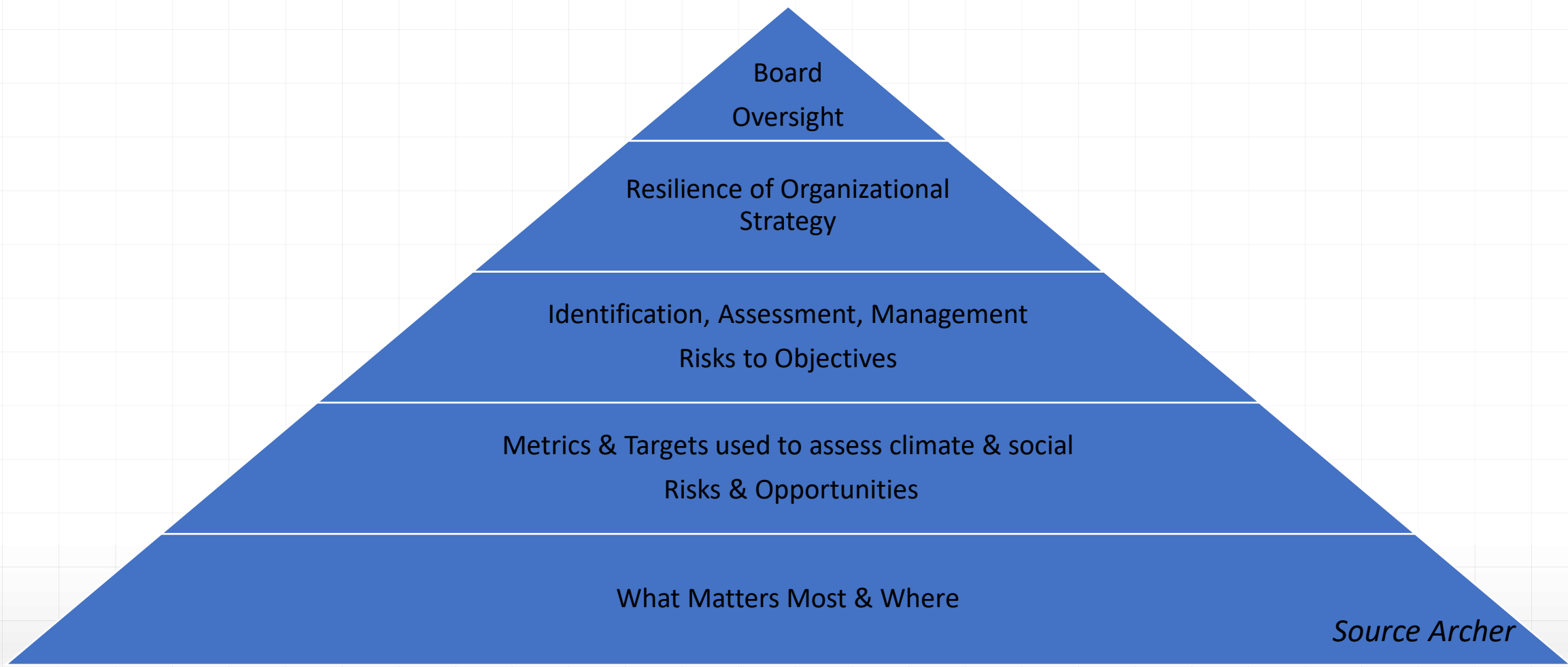
EU Green Deal: To be First Major Economic Block @ Net Zero @Circular Economy





Source: CSR Europe

ESG Risk Governance



Source Archer

Archer ESG Solutions

What is ESG?

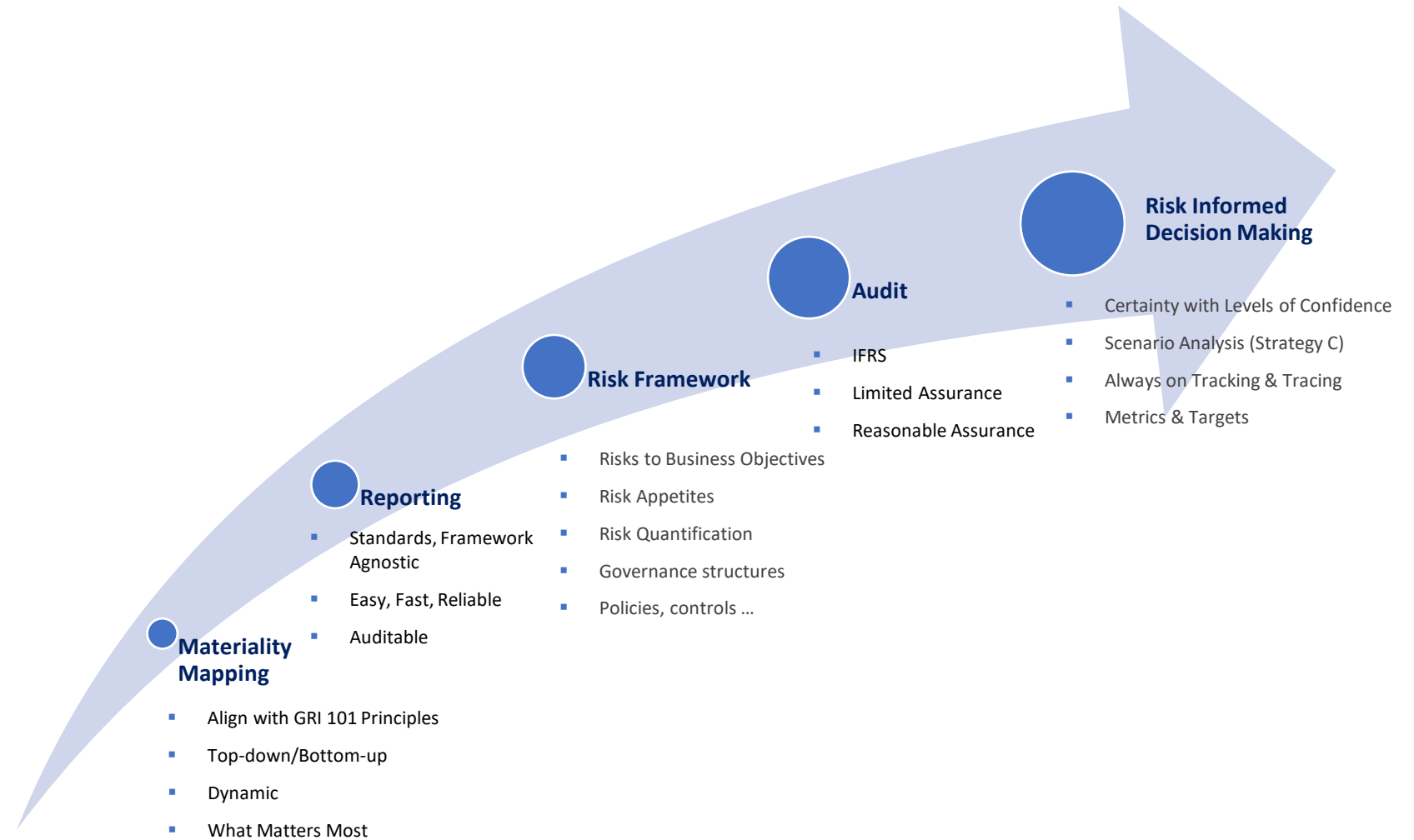
All of the nonfinancial activities required to achieve sustainable performance

Who does it affect?

The Board and CEO

What does it affect?

Ability to access and raise capital.
Poor ESG Metrics = Increased cost of capital



ARCHER ESG

CUSTOMER PROFILE

Personas: Chief Sustainability Officer, Chief ESG, CRO, General Counsel, EHS Officers, Risk/Compliance teams

CUSTOMER CHALLENGES

- ESG program compartmentalized across different spreadsheets, systems, & stakeholders, making it challenging to have a central view into key decisions, impacts, and performance.
- Manual processes for gathering data and metric information from stakeholders and internal systems.
- With broad list of ESG topics, it's difficult for companies to determine which have the biggest impact.
- Difficulty determining which ESG metrics to track
- Aggregating and understanding performance against key metrics & ESG goals is a challenge.

QUESTIONS TO ASK

- How is your organization compiling its data around ESG initiatives?
- What is your process for managing and reporting ESG risks?
- What standards are you wanting to align with and/or disclose to? (SASB, GRI, CDP, CDSB, TCFD, etc.)
- How do you determine which ESG topics are most material to your internal & external stakeholders?
- How do you determine the ESG metrics your organization wants to measure & monitor, and how do you assign ownership?

OUR SOLUTION

Archer ESG provides business leaders a complete and aggregated view of the organization's ability to meet its environmental, social and sustainability goals. With a centralized, complete picture of ESG data, organizations are able to monitor, act, and report on current and future ESG risks. The Archer ESG solution provides enterprise-wide assessment, mapping, monitoring, reporting, and quantification of ESG programs.

HOW WE DO IT

- Metric generation, collection, monitoring and reporting. With a library of ESG metrics & standards, organizations can automatically generate and track the metrics that map to their corporate objectives. (SASB, GRI at GA)
- Centralized tracking and managing of all ESG efforts including objectives, stakeholders (internal & external), materiality assessments and metrics.
- Identify which ESG topics matter most and which have the largest impacts with stakeholder materiality & identification assessments.
- Easily gather ESG metrics from stakeholders with Archer Engage for Business Users.
- Identify compliance/noncompliance by setting thresholds for ESG metrics.
- Centralize ESG data and leverage broader risk management capabilities in the Archer IRM platform.

BENEFITS

- Monitor and act on current and future ESG risks.
- Foster collaboration among ESG stakeholders throughout the organization.
- Capture and preserve ESG data for use in trading and performance evaluation.
- Addresses the challenge of having numbers that can be drilled down against.
- Develop a complete picture of your ESG data, without duplications or gaps.
- Brings together the challenge of different people, different languages, and different ways of measuring ESG risk.
- Capture and preserve ESG data for use in trading and performance evaluation.
- Build scenarios and audit trails beyond simple reporting and PDF creation.

THANK YOU

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PRESENTED BY:

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