

ACCLAIMANT KNOWLEDGE NETWORK

Introduction to Environmental, Social, and Governance Programs For Risk Management

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ESG in Business

Transparency | Value Creation | Stakeholder Engagement | Innovation

Environmental Stewardship

- Energy
- Water
- Waste
- Biodiversity
- Carbon
- Etc.

Social Responsibility

- Health
- Wellness
- Safety
- Diversity, Equity, and Inclusion
- Etc.

Governance

- Resiliency
- Risk Management and Mitigation
- Anti-Corruption
- Ethics
- Etc.

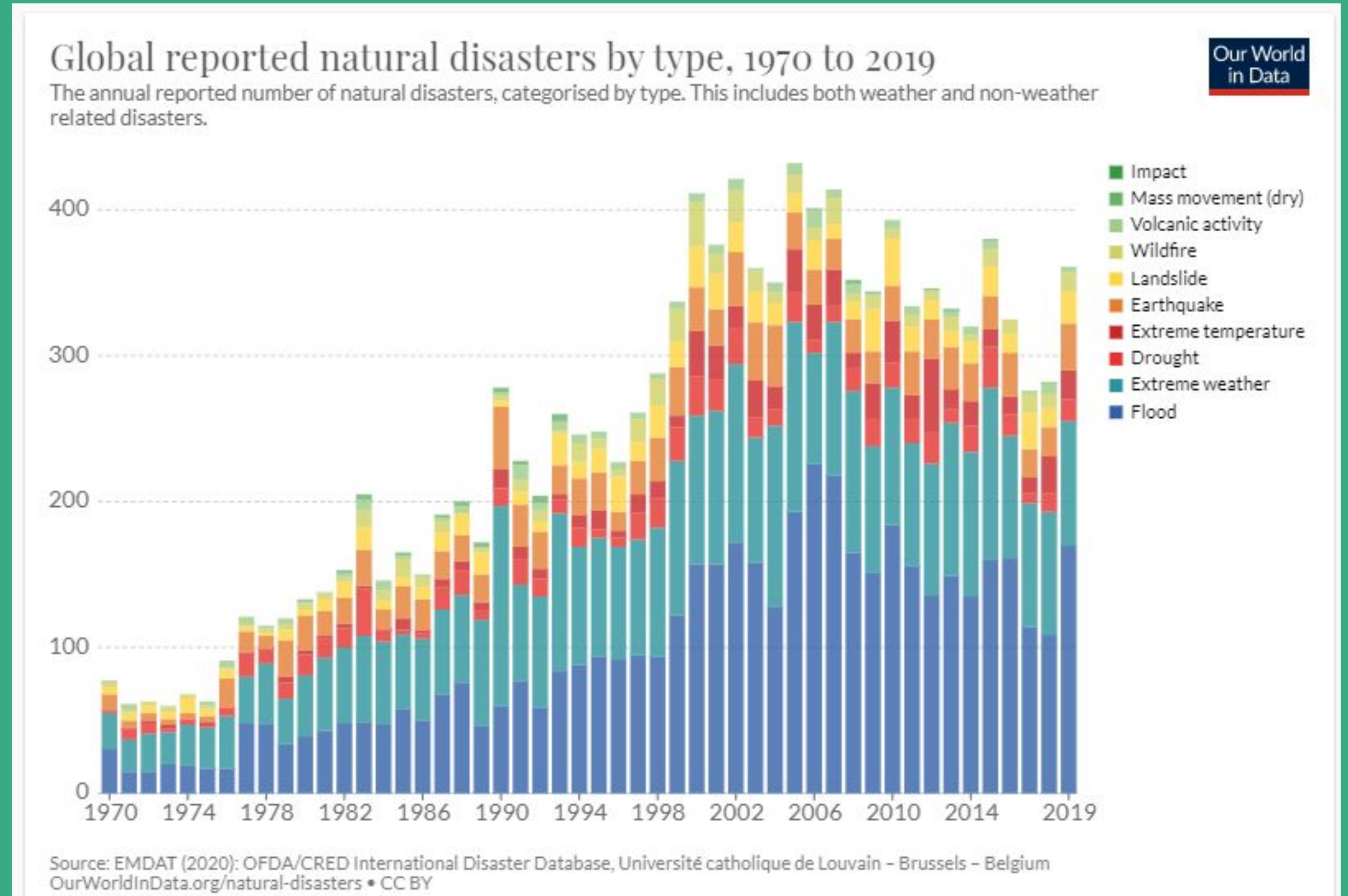
ESG is important - and different - for every organization

Benefits of ESG

- Operational efficiency and cost savings
- Drive business growth and reputation
- Enhance investor/customer relationships
- Enhanced employee productivity and wellness
- Focus on human capital
- Employee engagement and retention
- Enhanced infrastructure
- Risk management and mitigation
- Community betterment

Rising Awareness and Significance of ESG

- Pandemic (Health and Safety)
- Global policies (Paris Agreement)
- Societal factors (Social justice movement)
- Rising insurance costs from increased occurrence of natural disasters
- Current and future employee interest
- Customer Interest
- Investor Interest



Frameworks and Standards

- UN Sustainable Development Goals (SDGs)
- GRI
- TCFD
- CDP
- DJSI
- SASB
- MSCI
- Sustainalytics
- ISS
- And many more...

Risk Management and ESG Partnership

Awareness | Transparency | Communication with Stakeholders

Excerpt from Task Force on Climate-related Financial Disclosures Report

Financial Markets and Transparency

One of the essential functions of financial markets is to price risk to support informed, efficient capital-allocation decisions. Accurate and timely disclosure of current and past operating and financial results is fundamental to this function, but it is increasingly important to understand the governance and risk management context in which financial results are achieved. The financial crisis of 2007-2008 was an important reminder of the repercussions that weak corporate governance and risk management practices can have on asset values. This has resulted in increased demand for transparency from organizations on their governance structures, strategies, and risk management practices. Without the right information, investors and others may incorrectly price or value assets, leading to a misallocation of capital.

Laws and Regulations

- US Clean Air Act
- US Clean Water Act
- US Endangered Species Act
- US Occupational Safety and Health Act

- Local energy and water benchmarking ordinances
- Upcoming legislation to reduce greenhouse gas emissions

- International focus and laws (EU SFDR)

Authenticity and Integrating ESG Into Business Strategy

- Doing the right thing is good for business
- Manage risk (regulatory, reputational, physical, etc.)

ESG Resources

- ESG in Business: www.Greenbiz.com
- Task Force on Climate-Related Financial Disclosures: www.fsb-tcfd.org/
- GRI Reporting Standards: www.globalreporting.org/
- CDP Climate Disclosure: www.cdp.net
- S&P Global: Dow Jones Sustainability Index: www.spglobal.com/esg/performance/indices/
- Sustainability Accounting Standards Board: www.sasb.org/
- MSCI: www.msci.com/
- UN SDGs: sdgs.un.org/goals
- Sustainalytics: www.sustainalytics.com/
- How to build an ESG program: www.pboadvisory.com/how-to-build-an-esg-program/
- Integrating ESG risk into a risk management framework: www2.deloitte.com/ie/en/pages/financial-services/articles/esg-risk-management-framework.html



THANK YOU

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