

Archer ESG Management Solutions

The Importance of ESG Compliance: Ensuring Sustainability and Responsibility in Organizations

As businesses move towards attaining sustainable growth, there is an increasing demand for social and environmental responsibility. Meeting these standards can go a long way towards managing risks, improving corporate reputation, and ultimately promoting long-term stability. Environmental, Social, and Governance (ESG) compliance is key to achieving these goals. ESG refers to the practices and standards companies must follow to ensure accountability and transparency in their financial performance. ESG factors highlight tangible and intangible business costs such as environmental damage, social inequality, and widespread corruption.

What is ESG Compliance?

ESG compliance guides corporations in being more sustainable, responsible, and reliable. ESG criteria go beyond short-term financial gains and assess the long-term value of an organization. The environmental aspects focus on an organization's commitment to reducing its environmental impact, such as reducing energy consumption, mitigating carbon emissions, and minimizing waste. Social factors deal with how businesses interact with society, including corporate social responsibility, employee welfare, and human rights. Governance focuses on how a company is structured, how it operates, and the mechanisms put in place to ensure adequate accountability and compliance measures are implemented.

ESG Compliance: Why It Matters

There is an increasing need for organizations globally to adjust their operations to stay in sync with new social expectations. Environmental crises, pandemics, inequality, and corruption have amplified the stakes in the corporate world. Failing to comply with ESG regulations could lead to significant harm to the organization and the environment. With the rise of social media, investor activism, and watchdog groups, companies have come under greater scrutiny to adopt sustainable practices. ESG compliance enhances risk management and risk mitigation practices and policies, leading to a more sustainable corporate landscape.

The Benefits of ESG Compliance

Companies with effective ESG programs enjoy significant benefits such as attracting talent, becoming more competitive, gaining new investors, and staying future-proof. According to a study by the University of Oxford, 88% of companies with robust ESG practices achieved better operational performance. In addition, the same study revealed that 80% of companies with prudent sustainability practices positively influenced their stock price.

Building an effective ESG program is not without its challenges. The wide spectrum of data organizations must gather, analyze, and disclose is growing exponentially. There are a myriad of regulations and ESG frameworks being introduced that vary by region, country, and continent. Technology will play a big hand in helping organizations establish effective and scalable programs that will enable businesses to become better corporate citizens, mitigate risk, and ensure their long-term viability.

The Archer ESG Management Advantage

Archer ESG Management provides business leaders with integrated technology and tools to meet ESG regulatory and compliance obligations, manage ESG risks, and leverage ESG opportunities.

Archer's ESG Management solution allows organizations to collect and centralize ESG data, evaluate the impact of risks and opportunities on business strategy, assess third-party ESG risks, set ESG objectives, and produce auditable sustainability reports - all from a single, integrated platform.

Take control of your ESG data

Gathering accurate, reliable ESG data is crucial to informed decision-making leadership requires to drive business success. Companies need to ensure their data collection processes' accuracy, completeness, and consistency.

With Archer, your organization can quickly and efficiently gather, aggregate, and analyze ESG data internally and across your supply chain, empowering decision-makers with actionable, accurate, and timely data. Archer ESG Management provides powerful tools to automate the data collection and aggregation process. The Archer platform enables any 3rd party data source, database, or business system to directly input relevant ESG data, such as carbon footprint data from your organization, vendors, and global supply chain.

Manage Regulatory Divergence

The growing number of ESG regulations comes with challenges for multinational corporations. Each region, country, and governing body has its own set of requirements, which can pose issues when trying to manage ESG reporting and compliance across different regions. Differences between ESG standards stem from everything, including political, social, and economic factors within these countries. Although there has been some progress in harmonizing ESG standards, many countries are yet to achieve complete alignment, leading to regulatory divergence.

The Archer ESG Management solution provides access to the major ESG frameworks in use today and continually evaluates and certifies new ESG frameworks as they go into effect. Archer currently supports the TCFD, GRI, and SASB frameworks. By incorporating ESG frameworks into Archer, organizations can use the ESG framework(s) that best address their needs.

Archer ESG Management provides powerful tools to automate the data collection and aggregation process.

Emissions Tracking and Reporting

Today's organizations face mounting pressure to track and report their environmental impact. Consumers are increasingly eco-conscious, and regulations like the European Union Corporate Sustainability Reporting Directive (CSRD) and California's Climate Corporate Data Accountability Act require reporting on the organization's scope 1, 2, and 3 emissions. However, accurately measuring your carbon footprint can be a complex and time-consuming challenge.

Archer Carbon Management empowers organizations to overcome these challenges with a user-friendly software solution designed to simplify and streamline sustainability and emissions reporting. Archer Carbon Management allows organizations to evaluate their carbon footprint and establish emission-reduction targets to improve organizational resiliency and sustainability.

The Importance of Materiality

Materiality plays a crucial role in the disclosure of information by companies. In the U.S., an omitted fact is considered "material" if a reasonable shareholder would deem it important in deciding how to vote or if its disclosure would significantly alter the total mix of information made available. The E.U.'s CSRD, on the other hand, requires double materiality. It entails disclosing how a company impacts the world (outside-in materiality) and how the world affects the company (inside-out materiality).

Double materiality may sound complicated, but it's pretty simple. At its core, double materiality means that companies can have a material impact on the environment and society and vice versa; environmental and social issues can have a material impact on a company's business operations. When companies report on their environmental and social impact, they must consider not only their direct impact but also their indirect impact on society and the environment.

The Archer Double Materiality Calculator helps you quickly and easily assess, calculate, and report on double materiality impacts. Pre-configured assessments based on the E.U. ESRS framework allow for evaluating individual impact and performing financial assessments. The Archer Double Materiality Calculator provides a simple and intuitive environment that enables users to quickly and efficiently input the required data by simply responding to questions and prompts in alignment with the ESRS framework.

Empower Institutional Investors

The investment community plays a pivotal role in the environmental, social, and governance (ESG) world. As the momentum behind impact investing continues to grow, institutional investors are increasingly motivated to assess the ESG footprint of their investment portfolios. However, this task presents significant challenges, as portfolio managers must execute a tedious process of collecting and reviewing an extensive volume of data points across their investment portfolios, which can encompass anywhere from a few dozen to thousands of investment companies. As a result, this manual approach leads to a long and inefficient execution cycle.

To meet this challenge, Archer has developed an ESG solution tailored to meet the needs of the private equity's general partner (GP) - portfolio company structure. This innovative solution can be utilized by a diverse group of institutional investors involved in private and public, debt and equity investments. A wide range of portfolio managers, including asset management companies, venture capital, private equity firms, and commercial lenders, can benefit immensely from implementing Archer ESG Portfolio Management.

Archer ESG Management

With Archer ESG Management, you can help ensure your organization's continued success and longevity by addressing today's environmental, social, and governance challenges. Archer ESG Management centralizes ESG data and assesses performance against thresholds using intuitive, graphical reporting to clarify evolving regulations, requirements, and liabilities.

Archer ESG Management includes a number of use cases to meet your needs:

- **Archer ESG Management** provides enterprise-wide assessment, mapping, monitoring, reporting, and quantification of the organization's environmental, social, and governance programs.
- **Archer ESG Disclosure Management** is a comprehensive solution addressing the growing demand for transparency in ESG reporting, providing a complete solution that aligns with the TCFD framework & GRI 2 General Disclosures initiative.
- **Archer Carbon Management** provides a comprehensive solution for organizations aiming to accurately measure and manage their carbon emissions amidst growing regulatory pressure and consumer demand for sustainability.
- **Archer Double Materiality Calculator** helps you quickly and easily assess, calculate, and report on double materiality impacts.
- **Archer ESG Portfolio Management** enables institutional investors to efficiently gather and analyze ESG data across their investment portfolios.

Archer ESG Management provides the tools to deliver decision-useful information to business leaders to view and evaluate compliance, environmental impact, and supply chain risk with quantifiable data and metrics. This actionable data helps inform better decision-making and achievement of corporate goals while mitigating risk and ensuring the business takes steps to ensure its success.

About Archer

Archer is a pioneer in risk management delivering solutions for the heroes tasked with helping their organization deal with uncertainty. We enable better decision making with a technology platform to manage all types of risk. With more than 20 years of experience, Archer is solely dedicated to helping organizations manage risk, ensure compliance and meet emerging challenges such as ESG and operational resilience. Working with the largest pure risk management community globally with more than 1,200 customers of all sizes and industries, we help our customers not by building a wall around their business but by building a bridge to their next opportunity.

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