everbridge™

Climate policies and the urgency for organizations to increase climate resilience

Climate change is one of the most pressing issues facing humanity today. The impacts of climate change are widespread and affect everything from the natural environment to social and economic systems.

As a result, governments around the world have begun to implement policies to address climate change. These policies are designed to slow the rate of climate change, mitigate the threats, and protect the most vulnerable. However, with the urgency of climate change, governments have also implemented ESG (Environment, Sustainability, and Governance) regulations, which often include mandatory reporting of the performance of operational and financial activities, as well as a commitment by organizations to adhere to sustainability goals.

Organizations need to prioritize climate resilience efforts to meet evolving expectations from investors, customers, and stakeholders. Failure to do so can lead to financial losses, reputational damage, and legal liabilities. In this white paper, we will explore the different climate and ESG policies being implemented globally, the importance of complying with these policies, the pressures placed on organizations to invest in climate resilience, and available solutions for organizations to navigate these policies.

Climate and ESG policies 101

Policies to help offset the impacts of climate change are being mandated internationally. These policies are defined as "standards that seek to integrate ESG data related to company performance into the decision-making and risk management process for investors, financial institutions and regulators, among others." For example, there are policies that require companies to disclose their carbon emissions, policies that incentivize the use of renewable energy sources, and policies that aim to reduce deforestation.

Expanding climate regulations means that businesses must prioritize their climate resilience efforts to meet evolving expectations from investors, customers, and stakeholders. Recently, the SEC (Securities & Exchange Commission) proposed new rules to "expand the requirements for corporate disclosure of financial risk to include climate-related risks and their potential impact on companies' business models and financial outlooks." The European Union has begun implementing similar mandates with the Corporate Sustainability Reporting Directive (CSRD) (Kenan Institute of Private Enterprise, January 2023).

There is good reason for organizations to care about climate and ESG policies: "Over $500 billion flowed into ESG-integrated funds in 2021, contributing to a 55% growth in assets under management in ESG-integrated products," and these numbers are expected to increase in the coming years. Investors increasingly want to put their money in organizations that are abiding by ESG and climate policies and following sustainable practices.

Expanding climate regulations across the globe

Countries around the world are implementing ESG standards that are affecting organizations. It is especially important that organizations stay up to date on these new policies so that they remain compliant in each country where they are active.

Latin America

In Latin America, "companies are increasingly working to improve ESG standards following criteria established by growing international investor focus on ESG...[and] the financial industry and government regulators are driving ESG efforts, as evidenced by economic trends." More and more, investors are attracted to organizations following ESG standards. Organizations must begin following ESG standards to not only to stay compliant, but also to remain competitive and survive.

For example, in Mexico, the governing body that regulates pension funds (CONSAR) issued rules in 2022 stating that "retirement funds will be required to incorporate sustainability criteria in their methodologies and prioritise ESG investments in their portfolios, as well as advocate within the public companies in which they are represented for compliance with sustainable principles." Other countries in the region are implementing similar regulations.

North America

Since mid-2020, the US regulatory landscape has seen significant change with new ESG initiatives and proposals, including those from the SEC and the Biden Administration. The SEC's proposed rule requires companies to disclose material information related to climate risk, including how climate risk affects their business operations, financial condition, and prospects for future growth (The International Comparative Legal Guide, 2023).

Several federal agencies, including the Financial Stability Oversight Council (FSOC), the Federal Reserve Board and the Office of the Comptroller of the Currency (OCC), the Department of Labor (DOL), and NASDAQ have called on financial regulators to focus on capacity building, disclosure, data, and assessment and mitigation of climate-related risks. Many states have also enacted or are poised to enact requirements to enhance diversity on boards and advance sustainable investment (The International Comparative Legal Guide, 2023).

Europe

In Europe, new ESG reporting requirements will have a significant impact on the nonfinancial reporting landscape. The EU Corporate Sustainability Reporting Directive (CSRD) is expanding reporting obligations to capture a much wider range of entities and require reporting on a broader range of ESG topics in more detail than before. The CSRD applies to EU companies and public and private non-EU companies that meet certain thresholds. Non-EU companies with EU business may be required to produce ESG reports in compliance with EU rules, even if such companies are not listed on a European exchange (Cooley, 2022).

For example, the EU's CSRD mandates that companies report on their environmental, social, and governance (ESG) performance, including climate-related risks and opportunities. Failure to comply with these regulations can lead to legal liabilities, reputational damage, and financial losses.

Asia Pacific

In Asia Pacific, there have been "more than 200 relevant [ESG] regulations in Asia, a two-fold increase since 2016 (Invesco, 2022). While regulations across the region are currently somewhat fragmented, there is growing interest in investing in sustainable organizations, and this interest is only expected to grow (Invesco, 2022).

Africa

In Africa, ESG is also becoming a focus. The African Development Bank Group (AfDB) lists ESG issues as "very high on our corporate agenda, particularly in a time of resource constraints and rising social pressures, with public and private organizations facing an increased need for a strong approach to ESG integration in their operations." ESG regulations and standards are reaching every part of the globe, and will continue to expand in the coming years.

It is important for organizations to comply with the policies of the country or countries they operate in, as failure to do so can lead to financial penalties, reputational damage, and legal liabilities. Additionally, non-compliance can result in loss of business opportunities, as investors and customers increasingly prioritize sustainability in their decision-making processes.

The pressures placed by policy

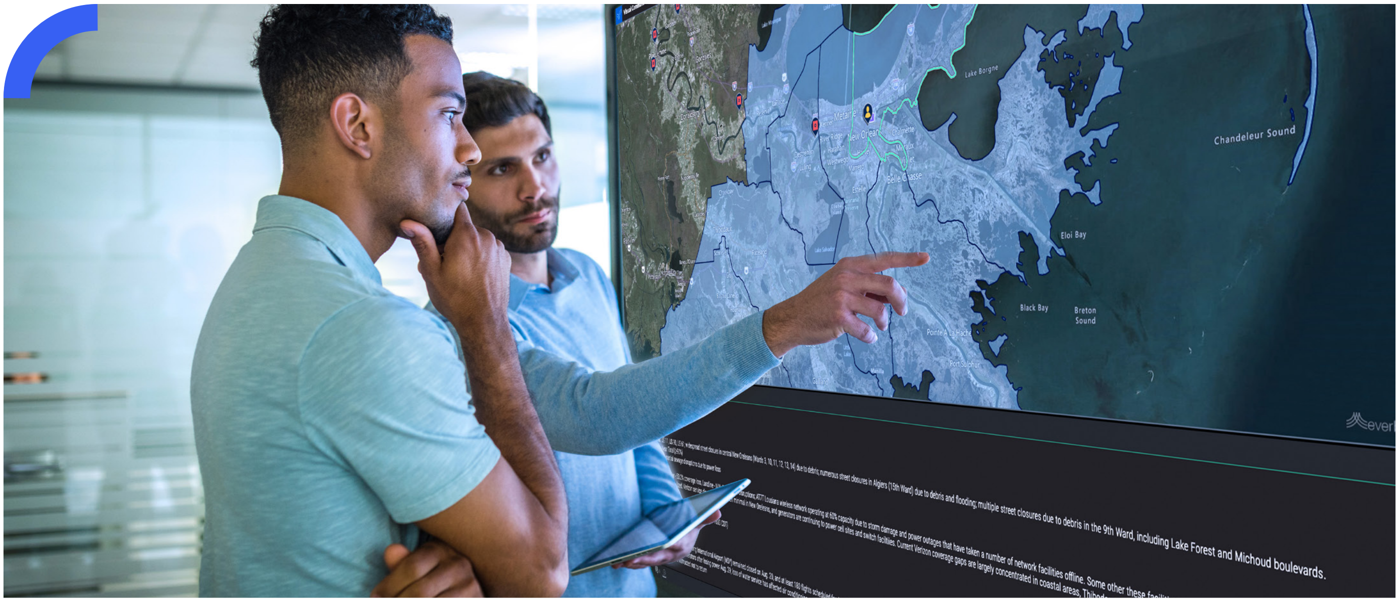
Corporate responsibility and regulatory pressures are the two most driving forces behind an investment in climate risk management according to the Verdantix study commissioned by Everbridge in 2022. Organizations should prioritize investing in climate resilience tools to align with internal and external sustainability requirements, such as ISO frameworks, corporate sustainability goals, and the UN Sustainable Development Goals. The pressure to comply with these policies is only increasing as governments continue to implement more stringent regulations, with "74% of participants in the study [highlighting] regulatory pressure as a key factor influencing climate risk management budgets."

Additional pressure comes from a range of stakeholders, including investors, customers, employees, and communities. With increasing public awareness of environmental and social issues, organizations are under scrutiny to operate ethically and transparently, and to demonstrate their commitment to sustainability.

In response, organizations must prioritize ESG considerations in their operations, reporting, and decision-making processes, and adopt technology solutions that enable them to collect, manage, and report on ESG data in a timely and accurate manner.

Organizations that don't comply with ESG regulations and fail to invest in resilience could face several consequences. First, they may face financial penalties, reputational damage, and legal action. Many governments and regulators are imposing strict penalties on non-compliant companies. Moreover, customers, investors, and other stakeholders are increasingly considering ESG factors in their decision-making processes, such as whether or not to invest or purchase a product.

Second, companies that do not invest in resilience may be more vulnerable to operational disruptions, supply chain failures, and reputational risks. These risks can negatively impact their operations, market share, and profitability. Third, companies that do not address ESG factors may miss out on opportunities for growth and innovation, as customers and investors are increasingly demanding sustainable and socially responsible solutions. It is critical for organizations to comply with ESG regulations and invest in resilience to mitigate risks and capture opportunities in the evolving business landscape.



Solutions for organizations

As a global leader in critical event management solutions, Everbridge provides organizations with a platform and a comprehensive suite of tools that enable them to prepare for, respond to, and recover from any critical event or disruption, including those related to new climate policies.

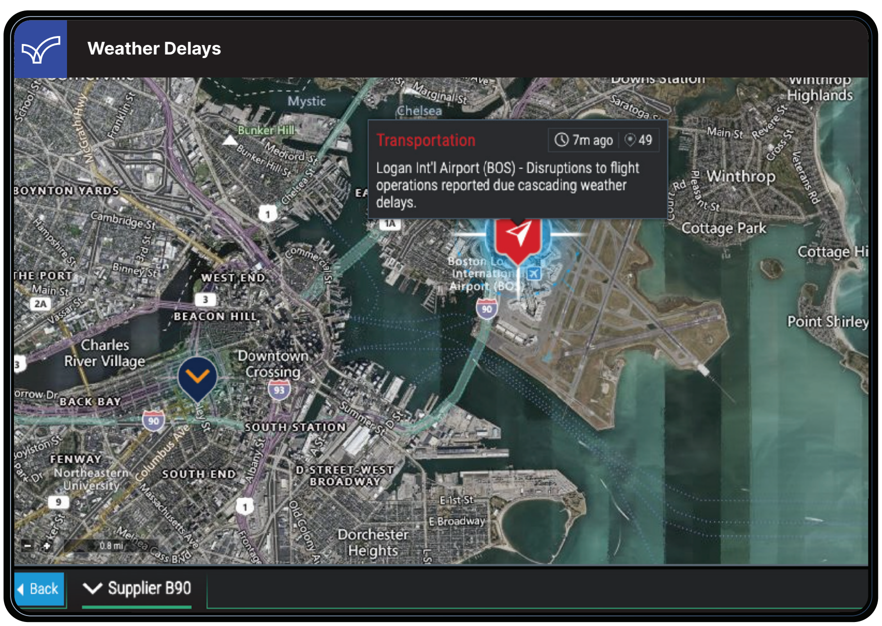
Public safety: The Everbridge public safety solution helps organizations to protect their people and assets by providing real-time, location-based alerts and notifications to ensure that critical information reaches the right people at the right time. This can be particularly useful in emergency situations, such as natural disasters, where compliance with new climate-related policies requires organizations to rapidly communicate critical information to stakeholders.

Digital operations: The digital operations solution provides organizations with the ability to maintain business continuity during IT disruptions or cyber-attacks. This solution can help in complying with new climate policies related to cybersecurity reporting rules. The solution allows organizations to quickly identify and respond to cyber threats, ensuring the security and compliance of their digital operations.

People resilience: The people resilience solution helps organizations to keep their workforce safe and productive, particularly in times of crisis or uncertainty. This solution enables organizations to locate and communicate with their employees in real-time, ensuring that they have the necessary support and resources to navigate new climate policies related to human capital and board diversity disclosure rules.

Smart security: The smart security solution helps organizations monitor, manage, and respond to security threats across their facilities and operations. As organizations work to comply with new climate and ESG policies related to reporting, this solution can help on a broader set of ESG topics than those required under current and proposed Securities and Exchange Commission (SEC) rules. The solution provides organizations with real-time situational awareness and the ability to respond to security incidents quickly and effectively.

Business operations: The business operations solution helps organizations maintain business continuity and minimize disruptions during critical events. This solution can help by providing organizations with the necessary tools to collect and report on ESG data in a timely and efficient manner. It also allows organizations to identify and mitigate risks, and to maintain business continuity during disruptions.



Everbridge also provides advanced security and compliance features, such as end-to-end encryption, multi-factor authentication, and SOC 2 Type 2 compliance. These features ensure that organizations can collect and manage critical event data securely and in compliance with data protection regulations.

Conclusion

In conclusion, the urgency of climate change has led governments to implement ESG regulations, which include mandatory reporting of the sustainability performance of operational and financial activities. This has placed significant pressure on organizations to meet evolving expectations from investors, customers, and stakeholders. Failure to comply with climate policies can lead to financial losses, reputational damage, and legal liabilities.

To address this challenge, organizations must prioritize the integration of climate risk considerations into their business models, develop robust risk management strategies, and invest in technologies and solutions that can help them manage acute hazards. Everbridge offers compliant and innovative methods to ensure businesses are meeting these regulations. By taking proactive measures to prepare for emergencies, organizations can safeguard their employees, protect their assets, and minimize financial losses. The urgency of climate change requires action now, and it is up to organizations to prioritize climate resilience to secure their future.

About Everbridge

Everbridge, Inc. (NASDAQ: EVBG) empowers enterprises and government organizations to anticipate, mitigate, respond to, and recover stronger from critical events. In today's unpredictable world, resilient organizations minimize impact to people and operations, absorb stress, and return to productivity faster when deploying critical event management (CEM) technology. Everbridge digitizes organizational resilience by combining intelligent automation with the industry's most comprehensive risk data to Keep People Safe and Organizations Running™.

For more information, visit Everbridge.com, read the company blog, and follow us on LinkedIn and Twitter.

Get in touch to learn about Everbridge, empowering resilience.