

Appian for Financial Services: Managing ESG in Sustainable Finance

ESG increases opportunity—and scrutiny.

As the world moves toward a carbon-neutral economy and sharpens its focus on environmental, social, and governance (ESG) issues, the spotlight on financial institutions has intensified, particularly in the European Union. Banks, asset managers, and other organizations across the finance sector are facing pressure to reduce their impact on the environment while still supporting growth. Sustainable finance is one response to this pressure.

Sustainable finance is when organizations consider ESG factors—like the use of alternative energy and practices to protect consumers and human rights—when making investment decisions.

Sustainable finance¹ factors into organizations' governance, including things like individual companies' employee relations and compensation practices. How might ESG factors impact the global financial system? Do financial institutions and corporate actors have sufficient visibility of risks? And are appropriate guardrails in place for risk mitigation?

Sustainable finance also plays out in the growing market for eco-friendly financial products, such as “green” and “blue” bonds, bonds for social impact projects, and sustainability-linked loans and credit facilities.

Increased complexity—and risk—across the enterprise.

Determining the sustainability of a company, project, or investment decision, and sharing the results with interested parties, is easier said than done.

Sustainable finance adds fresh complications to activities that are already complex and highly involved, like customer onboarding and trade finance. Applications for financing involve data from multiple internal and external sources. International financing instruments require validation in areas like Know Your Customer (KYC), anti-money laundering

(AML), sanctions compliance, and more. When siloed systems and inefficient manual processes cause delays or hassles, financial institutions risk a negative impact on customer satisfaction, speed to market, and revenue growth.

Meanwhile, organizations have multiple regulatory, compliance, and risk management factors to oversee. Do a portfolio's investments adhere to internal thresholds? Does a sustainability-focused product meet required certifications? Frameworks are complex and still evolving. The EU Taxonomy for sustainable activities², for example, currently logs in at over 550 pages, with more on the way.

Appian streamlines reviews and strengthens confidence.

Appian helps financial institutions take the complexity and risk out of sustainable finance evaluations and oversight—enabling organizations to grow into the future with greater speed, accuracy, and assurance

Here's how it works:

- **A unified platform:** Appian puts sustainability data, evaluation, and validation into one centralized digital platform, with full transparency at each decision step.
- **Automation:** Automated document identification and classification along the way, plus robust case management capabilities, keep reviews and approvals moving. Sustainability analyses also automatically update based on the latest thresholds.
- **Easy integrations:** Seamless integration with external information providers, regulators, and government agencies ensures that teams are working with the most up-to-date screening criteria and data.
- **Adaptability:** Dynamic questionnaires and threshold levels are fully configurable, enabling organizations to quickly adjust to ongoing taxonomy changes and fine-tune risk ratings and responses.

1. S&P Global, “A Short Guide to the EU’s Taxonomy Regulation,” May 12, 2021. <https://www.spglobal.com/esg/insights/a-short-guide-to-the-eu-s-taxonomy-regulation>.

2. Harvard Extension School, “What Is Sustainable Finance and Why Is It Important?,” August 9, 2021. <https://extension.harvard.edu/blog/what-is-sustainable-finance-and-why-is-it-important/>.

Discover how the Appian Low-Code Platform supports ESG:

- **Fast integration** with external information providers, regulatory organizations, and governmental agencies for managing ESG updates, ratings, and certifications directly through Appian as a central hub.
- **Flexibility** in addressing constantly changing and evolving ESG criteria and by managing changes to taxonomy content, questions, or industry designations.
- **Intelligent automation** through intelligent document processing (IDP) that combines document extraction with Google AutoML and built-in retraining to improve accuracy.
- **Low-code data** to view ESG data from different sources in one place for enhanced data modeling and to stay on top of all security features
- **Process mining** to accelerate the discovery of ESG relevant processes, data and performance across structured and unstructured environments.
- **Powerful native-mobile adoption** on-the-go so applications can be used immediately on any device, with the confidence of the highest-rated security certifications.
- **Reporting and auditing** of processes both internal and external, public and private that yields full visibility into all records, historical information, and current activities and provides exceptional insights into ESG-relevant processes, performance indicators, and risk parameters.
- **Seamless records and information access** for managing internal and external data related to ESG criteria and, delivering a 360-degree, single-pane-of-glass view to determine the ESG conformity of products, services and relationships.
- **Speed** for quickly changing or enhancing existing applications with ESG-related components and assessment criteria.
- **Visual process flows** that give a comprehensive view into all ESG-related workflows and their dependencies across the entire organization.

Leaders in financial services trust Appian.

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Transform your organization's environmental footprint, products, and services through sustainable and socially accepted governance.