

ESG performance – the 2020 imperative

The remarkable growth of ESG as a mainstream investor issue raises the bar for every company. What it takes to be a leader is changing. The Covid-19 pandemic is only reinforcing the rise of ESG. BlackRock CEO Larry Fink said in his March 29, 2020 Letter to Shareholders that:

“...the pandemic we’re experiencing now highlights the fragility of the globalized world and the value of sustainable portfolios.”

Most companies tend to be reactive – responding to requests from ESG raters (e.g., MSCI, DJSI, ISS, CDP, etc.). Sadly, ESG ratings can backfire. A year ago, *The Wall Street Journal* called the PG&E bankruptcy “the first major corporate casualty of climate change.” (PG&E received “gold star” ESG ratings.)

“We take so many surveys (e.g., CDP, DJSI, etc.) – ranked against our peers, but we rarely gain insights. ESG Navigator allows us to dig into the contributing factors – and see where the opportunities lie.”

Michel Washer, Deputy Chief Sustainability Officer, Solvay

It is tempting to chase ESG ratings, but smart companies navigate to future-proof their company.

A robust benchmarking platform – developed by industry – for industry

ESG Navigator is a comprehensive assessment, analysis, and planning tool and data platform. Launched in 1997, the Corporate Sustainability Scorecard™ (later changed to ESG Navigator) was developed in direct response to questions raised in Fortune 500 boardrooms. Using **ESG Navigator**, company executives can measure and compare their company’s sustainability efforts and plan strategically.

ESG touches every corporate function; however, most operate in silos. **ESG Navigator** helps executive teams align; know how the company stacks up today and where the leaders are heading. Executives can then engage in thoughtful conversations based on a common set of criteria and real data.

“ESG Navigator speaks the language of our C-suite and board; great for engaging senior executives.”

Scott Tew – Executive Director, Trane Technologies

In 2018, companies began joining the benchmarking collaborative – a (virtual) community of practice. Today, over 100 major global companies are actively involved with **ESG Navigator**.

Confidential pulse-check; access to leading companies

With **ESG Navigator**, you can “peek around the corner” – see where leading companies are heading. It does not tell you what is right or wrong. You can confidentially assess your company’s current position and benchmark peers. No travel required. Engage in direct conversations in confidential settings during our monthly webinars: discover new practices; test ideas; gauge trends.

Over 100 companies value **ESG Navigator** because it is:

- **Comprehensive:** This provides a holistic view of ESG performance. Demystifying the “G” in ESG, the tool helps secure top-to-bottom internal alignment on ESG/sustainability.

“External ESG ratings focus mostly on environmental and social risks – with hardly any focus on governance or strategy. That’s where ESG Navigator is especially helpful.”

Linda Hilbert, Consumers Energy

- **Proven:** This benchmarking tool has been shaped by >75 leading companies globally since 1997.
- **Strategic:** The perfect ESG input into strategic plans, identifying drivers of value creation.
- **Vetted:** The rating criteria have been challenged, revised and edited by industry practitioners.

To learn more: Contact Gib Hedstrom, Hedstrom Associates: +1 978 505 7640 or gib@hedstromassociates.com.

Membership participation is for corporations only (excluding professional service firms). ESG Navigator™ is a proprietary business tool owned by Hedstrom Associates (<http://hedstromassociates.com/>).

2020 Join Options

We listened to you. The 2020 “Join Options” incorporate new features our most active members asked for.

Free Trial

After requesting log-in credentials, companies begin with a free trial (same as Option B below). Following the free trial, companies select one of the following options.

Option A – Free: How are we doing?

If you select Option A, you can access the site, complete a company self-assessment (on line or with new Excel upload); view the “high-level” analytics (~30%) to see how your company stacks-up overall against all companies in the database. Plus, you can join the monthly interactive webinars.

Option B – Basic: How do we compare with others?

Here, you can view 100% of the analytics in place as of Q1-2020. See how you stack-up vs. your industry sector and sub-sector peers at all levels of detail. A custom Excel sheet makes it easy to engage a broad group of colleagues to update your ratings. In addition:

- Access automated analysis of many Excel sheets; import to the website.
- Download best practice examples for all 17 Scorecard elements.

Option C – Advanced: How do we drive performance improvement?

The Advanced Option incorporates all of Option B - and includes key new features:

- *Expanded Excel-Website Interface:* Not just uploading but also downloading and tailoring.
- *ESG Ratings:* Toggle across ~12 ESG ratings to see how your ratings overlap.
- *Additional Analytics:* See how you stack-up vs. companies of similar revenue, headcount, location.
- *Quarterly Strategic Discussion Forum:* Engage quarterly with CSOs and sustainability leaders – separate from the (more operational) monthly webinars.

ESG Navigator – What your peers say

ESG Navigator is built around three major themes:

Know your position...

“With support from our CEO, we selected 20 ESG Navigator questions; converted them into a survey that we sent to the top 100 executives. The results were shared with those executives, the Corporate Sustainability Committee and will be shared with our Board to address areas of opportunity.”

Mark Cancilla, VP EHS and Sustainability – PPG Industries

Chart your course...

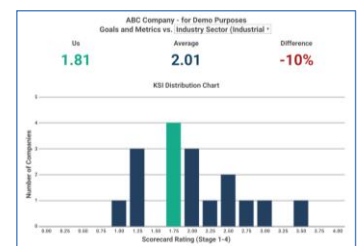
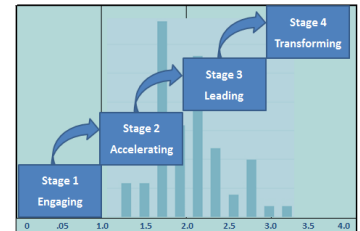
“ESG Navigator was one of several inputs we used to inform the next generation of sustainability at UPS. The framework helped us engage with other functions to identify top priorities, refine our strategy and set new goals.”

Suzanne Lindsay-Walker, Chief Sustainability Officer – UPS

Build Robust Systems...

“I’ve always viewed ESG Navigator as a tool for corporate leadership to assess readiness for success in a carbon-constrained world.”

Dave Stangis, Chief Sustainability Officer – Campbell Soup (retired)



ESG Navigator Subscription Options - Feature Comparison		Subscription Options		
		Free	Basic	Advanced
Effective October 1, 2019				
Access the Website				
	Access the website 24/7/365	●	●	●
	Download a PDF of rating criteria	●	●	●
Rate Our Company: Data Collection & Data Entry				
	Enter data directly into website; update "Scorecard" anytime	●	●	●
	Use Standard Excel worksheet for ratings (all KSIs listed; no sorting)	●	●	●
	Import Excel worksheets directly to website (<i>coming in 2020</i>)	●	●	●
	Use Custom Excel worksheet for ratings (sort KSIs by topic/team)	X	●	●
	Use automated analysis of multiple Excel worksheets	X	●	●
				<i>New</i>
				<i>New</i>
Analyze Our Results				
	1. Compare our Company to:			
	• All companies in the system that have submitted data	●	●	●
	• Companies in our <i>industry sector</i> and <i>sub-sector</i> (GICS definition)	X	●	●
	• Companies of <i>similar size: annual revenue</i> and <i>FTE Headcount</i>	X	X	●
	• Companies headquartered in our <i>geography</i> (U.S., Europe, etc.)	X	X	●
	• All <i>public</i> or <i>private</i> companies	X	X	●
	• Select our own benchmark group (of 6+ companies)	À la carte selection ¹		
				<i>New</i>
	2. Compare our company at which 'level':			
	• Overall: Single average rating across all KSIs	●	●	●
	• Sections: Ratings by the 4 Sections (Governance, Strategy, etc.)	●	●	●
	• Elements: Ratings by the Elements within Sections	●	●	●
	• KSIs: Ratings by each KSI (within Elements)	X	●	●
	• HR !: Ratings for only our Highly Relevant KSIs	X	●	●
	3. Download graphics			
	• Save graphics (bubble, rainbow, bar charts) as JPEG or PNG	●	●	●
Prioritize our "Highly Relevant" (!) Key Sustainability Indicators				
	"Highly Relevant" KSIs you select	X	●	●
	"Highly Relevant" KSIs of industry peers and leaders	X	X	●
	"Highly Relevant" KSIs: "Top 20" from Hedstrom Associates	X	X	●
				<i>New</i>
				<i>New</i>
Action Planning				
	Best Practices: View examples as we update our ratings	●	●	●
	• Download examples for our Priority (!) KSIs (<i>coming in 2020</i>)	X	●	●
	• Download library for the 17 Scorecard Elements (<i>coming in 2020</i>)	X	●	●
	ESG Ratings: Toggle across CDP, MSCI, etc. vs. our rainbow charts	X	●	●
	• Toggle across CDP, MSCI, etc. vs. our KSI bar charts (<i>coming in 2020</i>)	X	X	●
				<i>New</i>
				<i>New</i>
Peer-to-Peer Learning				
	Compare Scorecard v. ESG Ratings (e.g., MSCI, CDP, ISS, DJSI, etc.)	●	●	●
	Access example "Pitch Deck"	●	●	●
	Join general <i>Monthly Webinars</i>	●	●	●
	Join <i>Quarterly Strategy Discussion Forum</i>	X	X	●
	Independent review, analysis, insight	À la carte selection ¹		
				<i>New</i>
Fees: Annual Subscription²				
	"Founding Participants" (data entry before October 1, 2019)	Free	\$2,200	\$3,400
	New companies (data entry after October 1, 2019)	Free	\$2,750	\$4,250
¹ The cost for à la carte items is in addition to the annual subscription fee above.				
² To join, visit https://esgnavigator.com/join/ . Pay by credit card or check (after invoicing).				