

# ESG Benchmarking: *How do we stack up?*

ABC Company

March 2020



**This “Pitch Deck” builds on examples of how peer companies have shared ESG Navigator results internally – especially with senior executives**

**If you would like a PPT version of this, just ask Gib.**

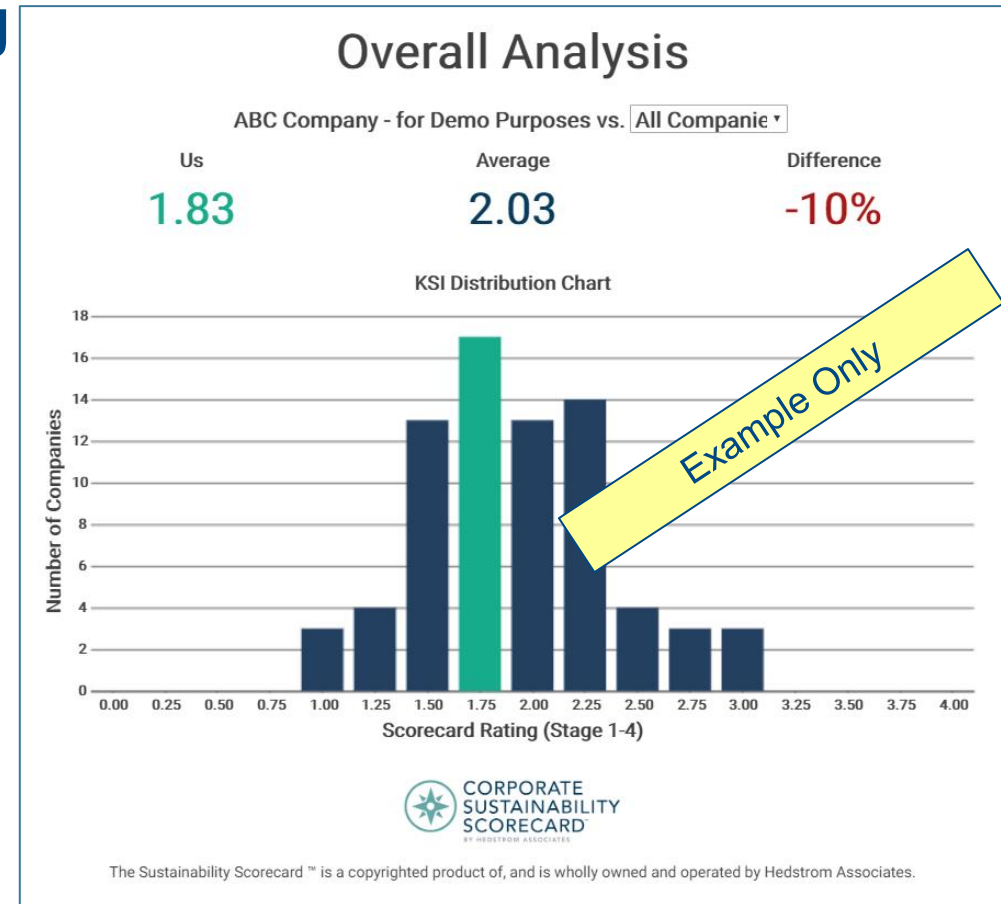
# Background & Benefits

## Confidential ESG Benchmarking

- Helps us align internally re ESG
- Benchmark with:
  - Cross-industry peers & industry leaders
  - ~70 Fortune 500 companies and growing
  - Our industry sector/sub-sector
- Easy to use; fast; powerful graphics

## A well-established, proven tool

- C-suite and board-focused
- 20-years of development
  - 2015: Pilot with 25 major companies
  - 2018: 60 “founding” participants (F-500)
  - 2019: Official launch
- Rating system and criteria have been vetted by >80 companies

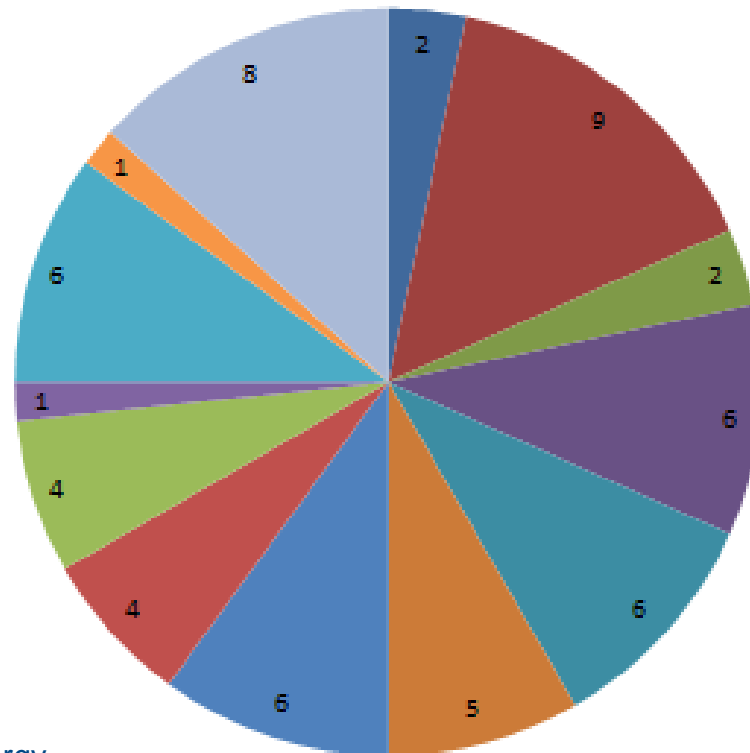


# Selected Participating Companies

3M  
 Air Products  
 Altria  
 Apex Tool  
 Ashland  
 Bristol-Myers Squibb  
 Campbell Soup  
 Chemours  
 Chevron Phillips Chem.  
 Cisco  
 Coca-Cola  
 Con Edison  
 Danaher  
 Dow  
 DTE Energy  
 Eastman  
 Eaton  
 Ecolab  
 Eversource  
 Fluor  
 Hersheys  
 HP Inc.  
 IBM  
 IFF  
 Ingersoll Rand  
 Kaiser Permanente  
 Kohler  
 Marriott

Medtronic  
 Merck  
 Novelis  
 PPG  
 PSEG  
 Sempra Energy  
 Sims Metal Management  
 Stanley Black & Decker  
 Xerox

## Founding Participants by Industry Sector



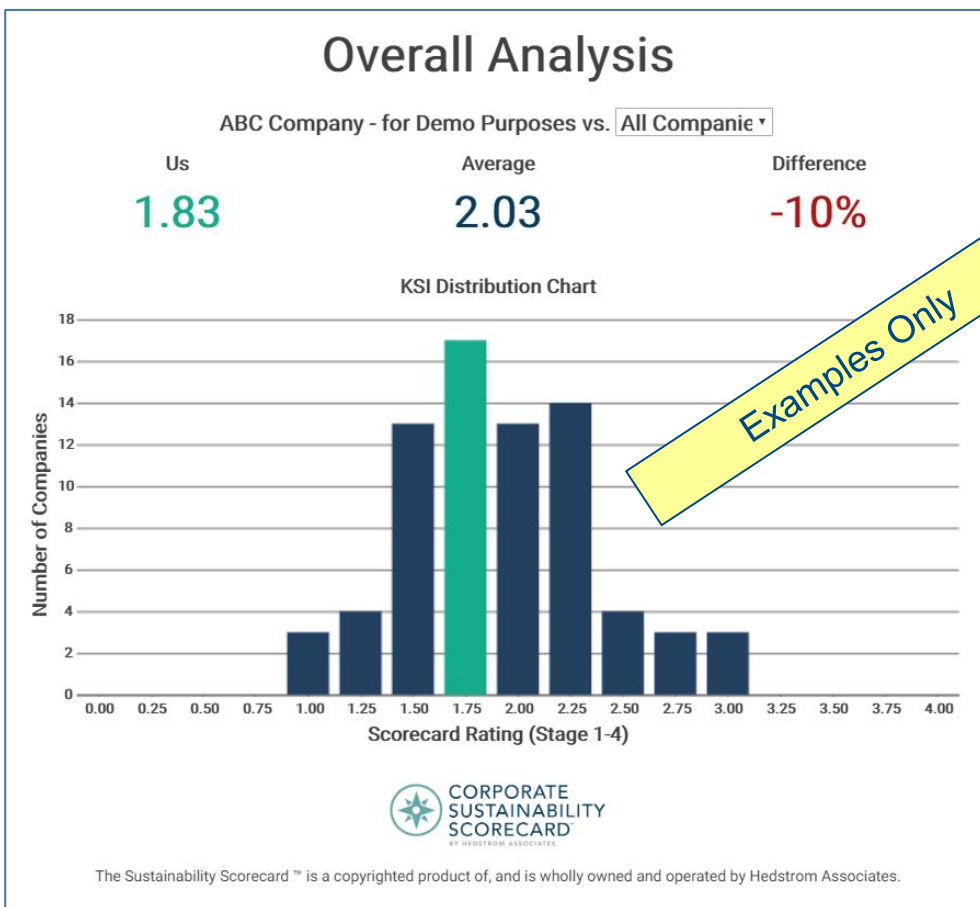
- **Energy (2)**
- **Materials (11)**
  - Chemicals (9)
  - Metals (2)
- **Industrials (12)**
  - Capital Goods (6)
  - Transport & Services (6)
- **Consumer Discretionary (5)**
- **Consumer Staples (6)**
- **Healthcare (8)**
  - Equipment (4)
  - Pharmaceuticals (4)
- **Financials (1)**
- **Information Technology (6)**
- **Telecom (1)**
- **Utilities (8)**

For current list of participating companies, visit  
<https://thesustainabilityscorecard.com/user/participants/>

# How do we stack-up - Overall?

## A Tough Rating Scale

## Summary “Bubble Chart”

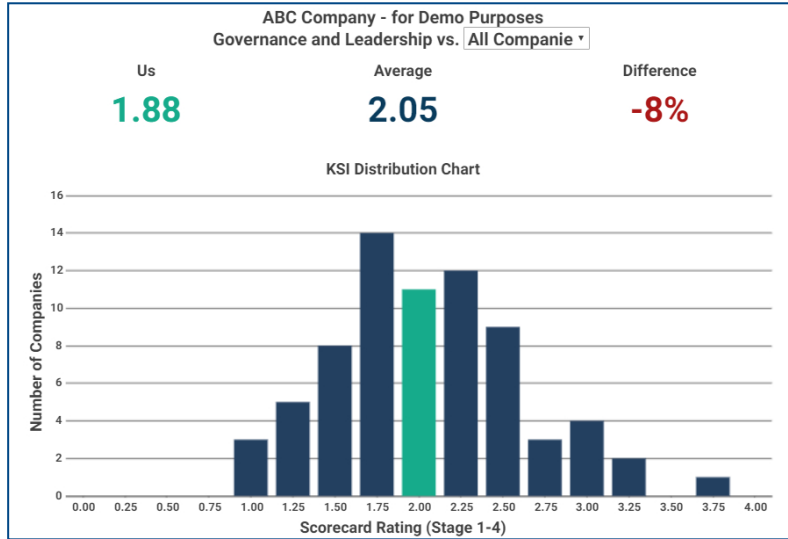


Note: this is the highest level summary (“30,000 foot”)

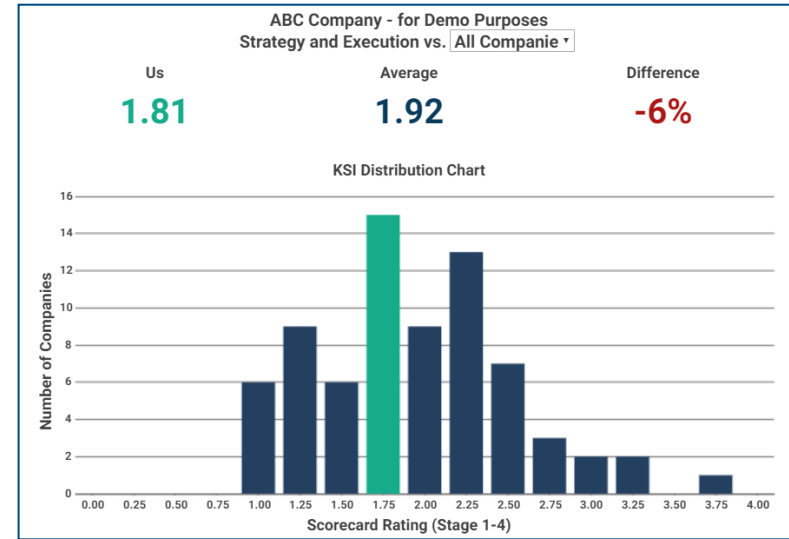
# Hedstrom Associates

## How do we Stack Up – vs. All Companies

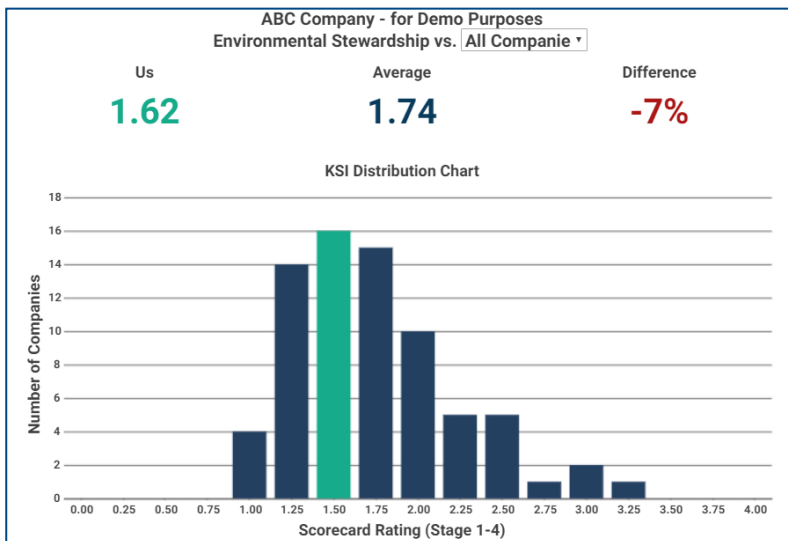
### GOVERNANCE



### STRATEGY



### ENVIRONMENT



### SOCIAL

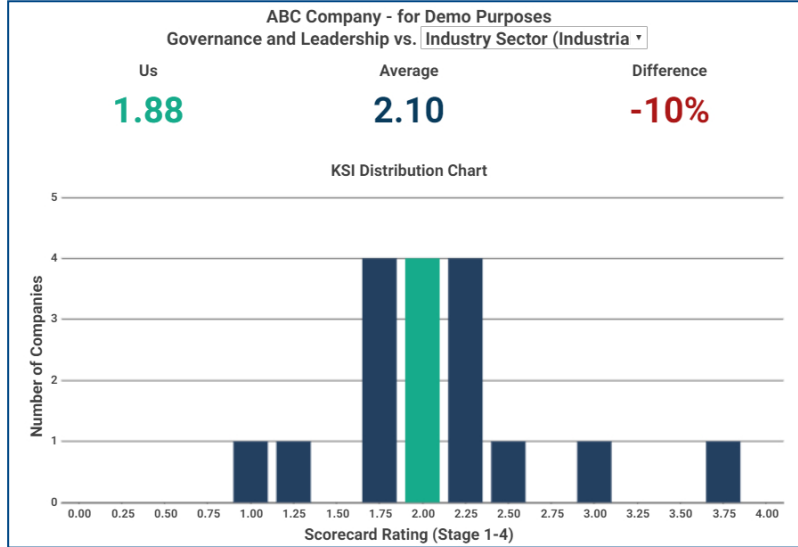


ABC Co. vs. All Companies

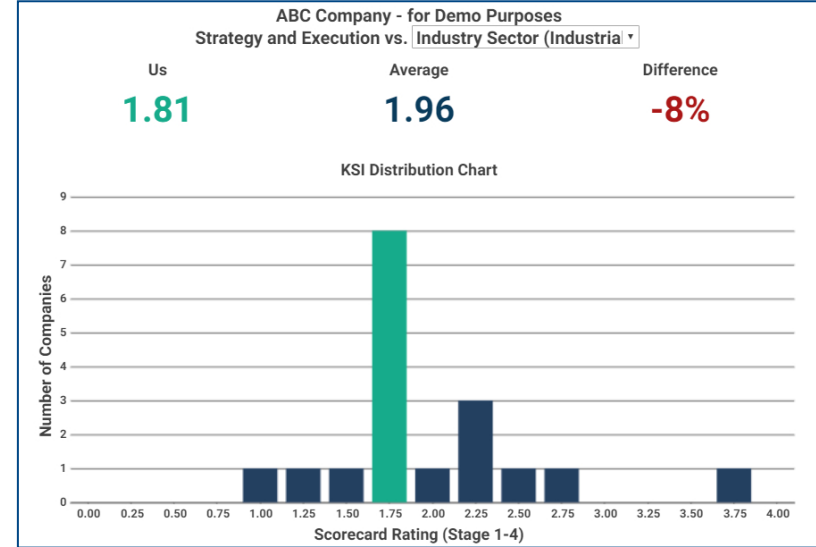
# Hedstrom Associates

## How do we Stack Up – vs. Our Industry Sector

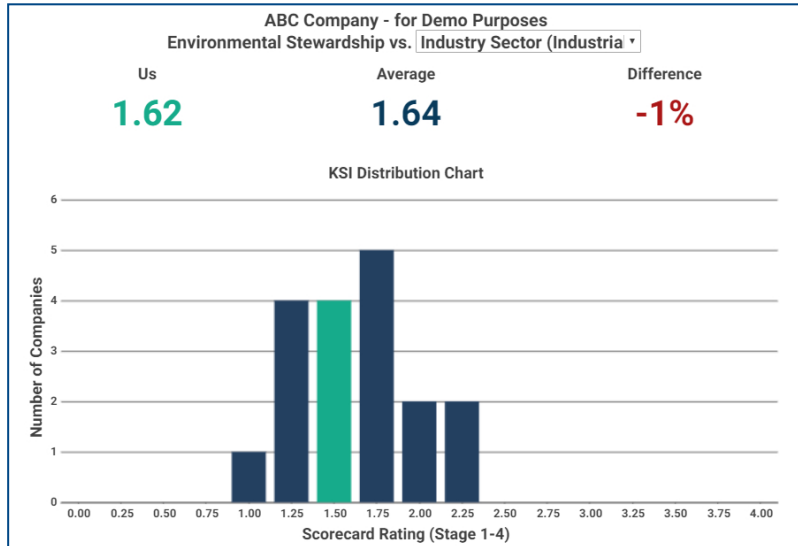
### GOVERNANCE



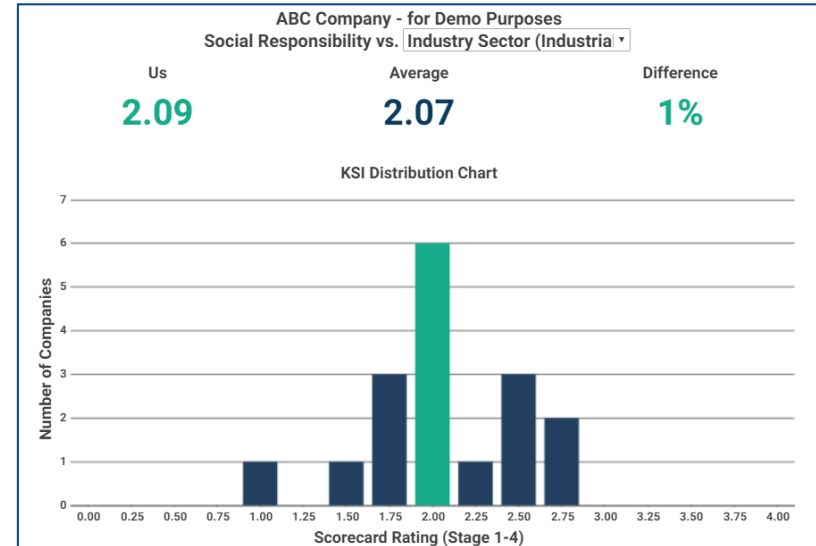
### STRATEGY



### ENVIRONMENT



### SOCIAL



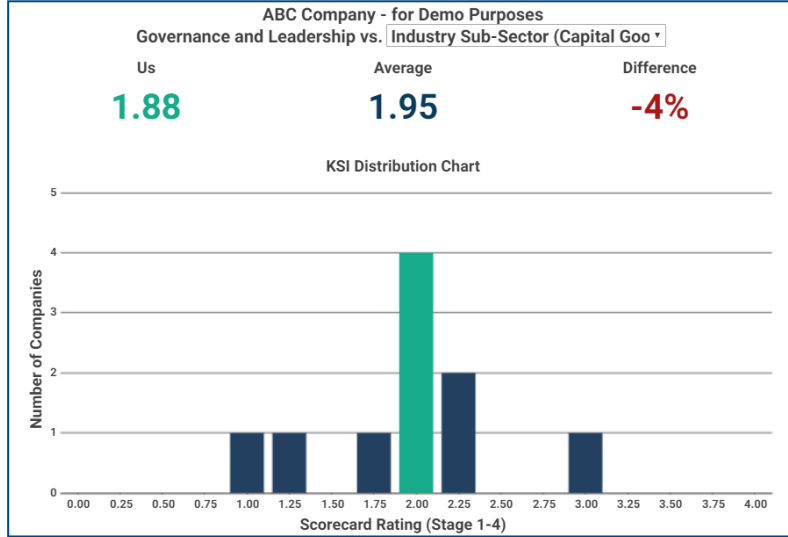
ABC Co. vs. Industry Sector

# Hedstrom Associates

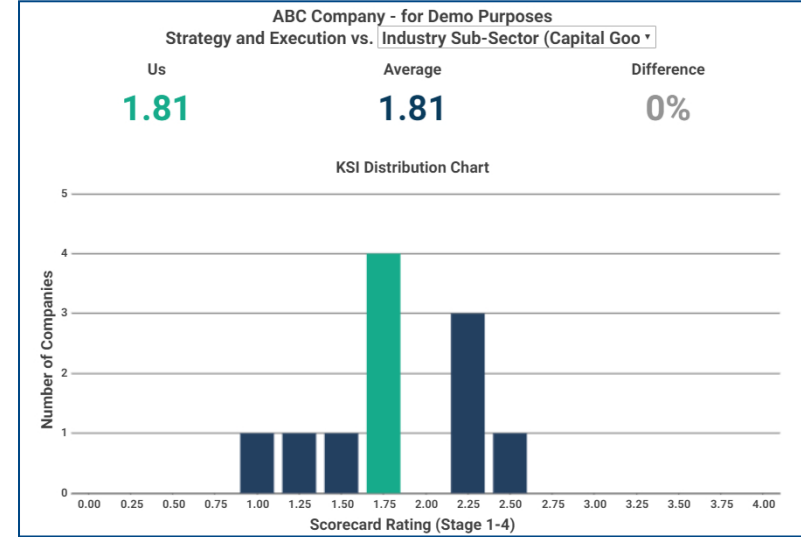
## How do we Stack Up – vs. Our Industry Sub-Sector

ABC Co. vs. Industry Sub-Sector

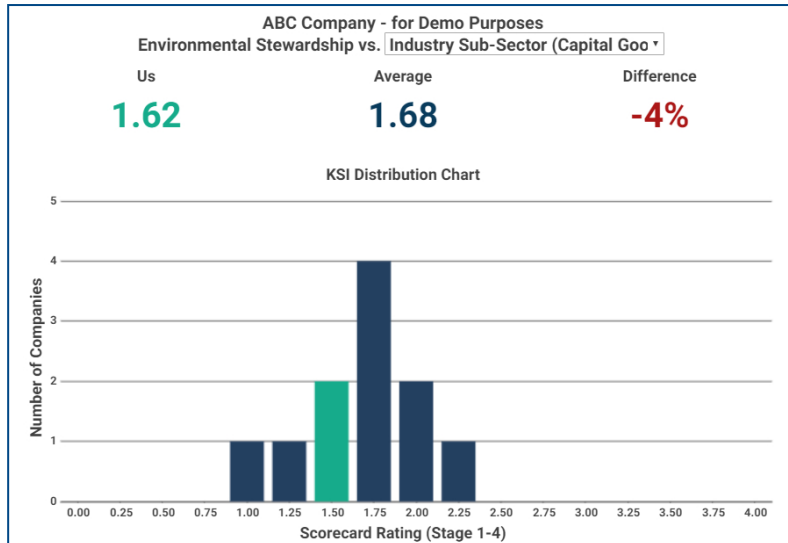
### GOVERNANCE



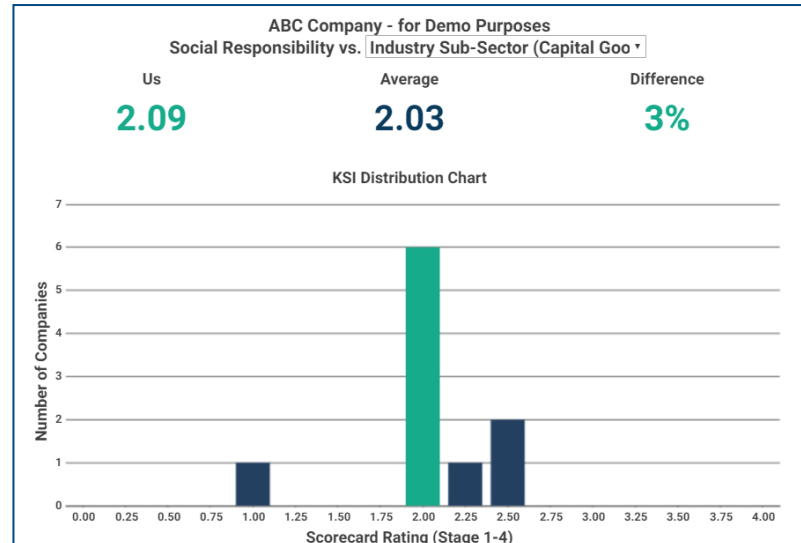
### STRATEGY



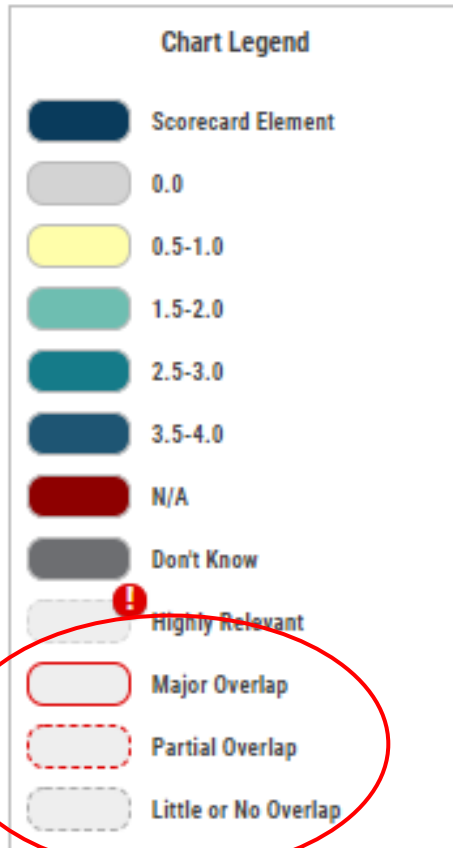
### ENVIRONMENT



### SOCIAL

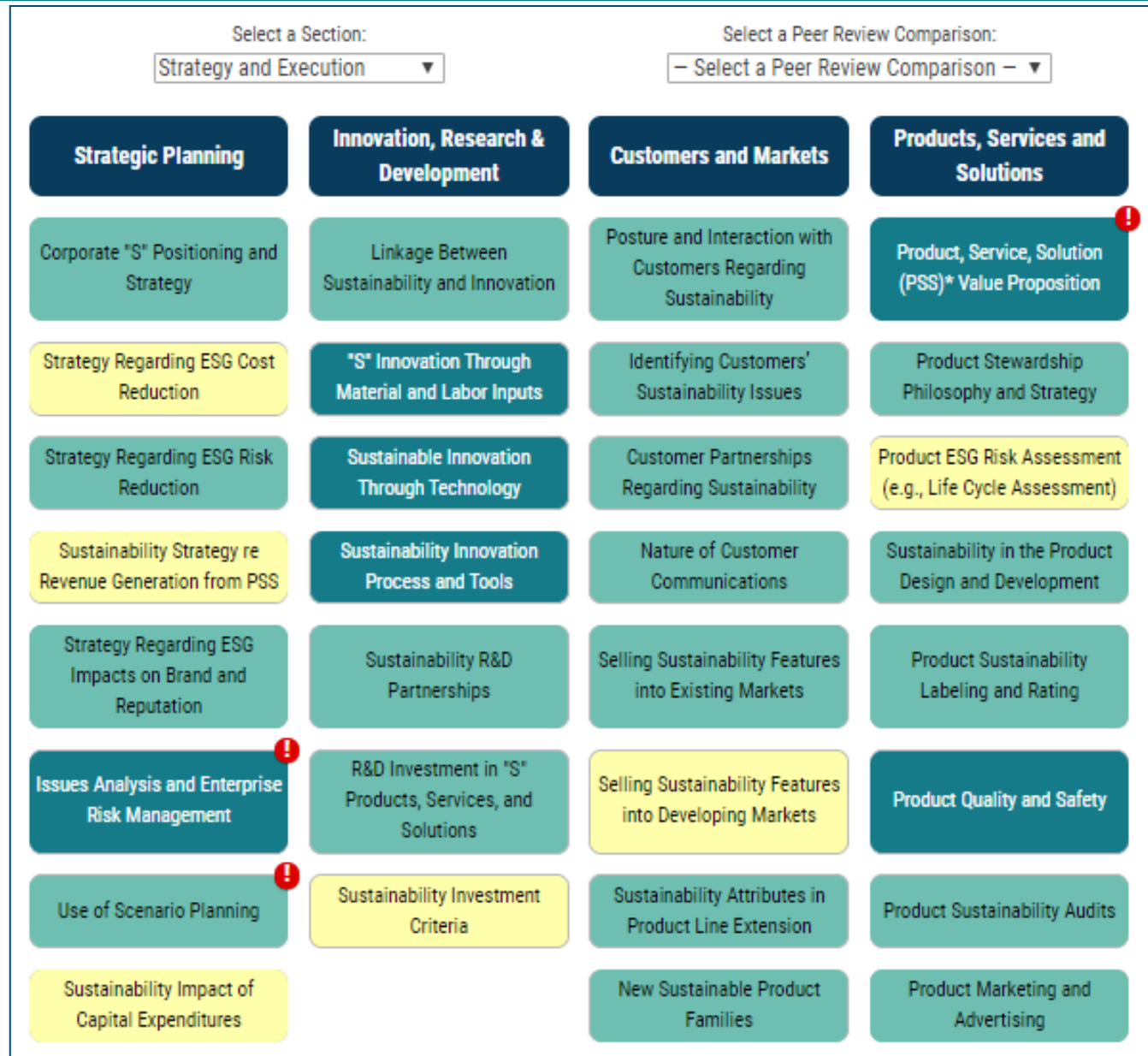
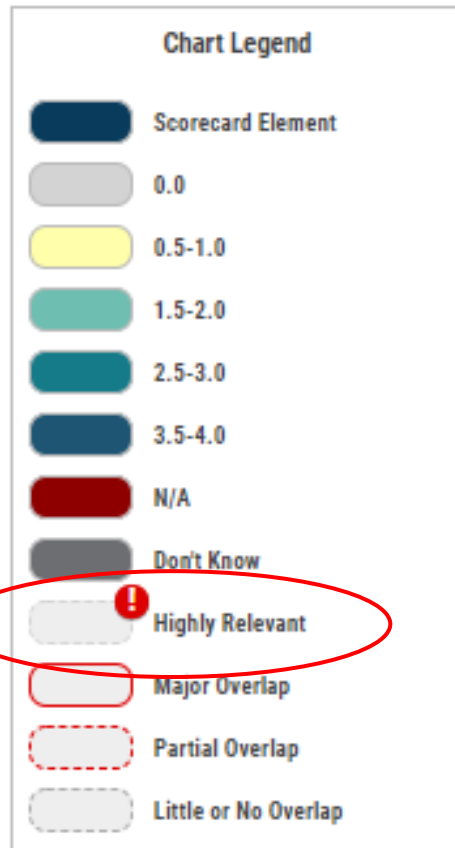


### Comparing Our Ratings vs. ESG Ratings

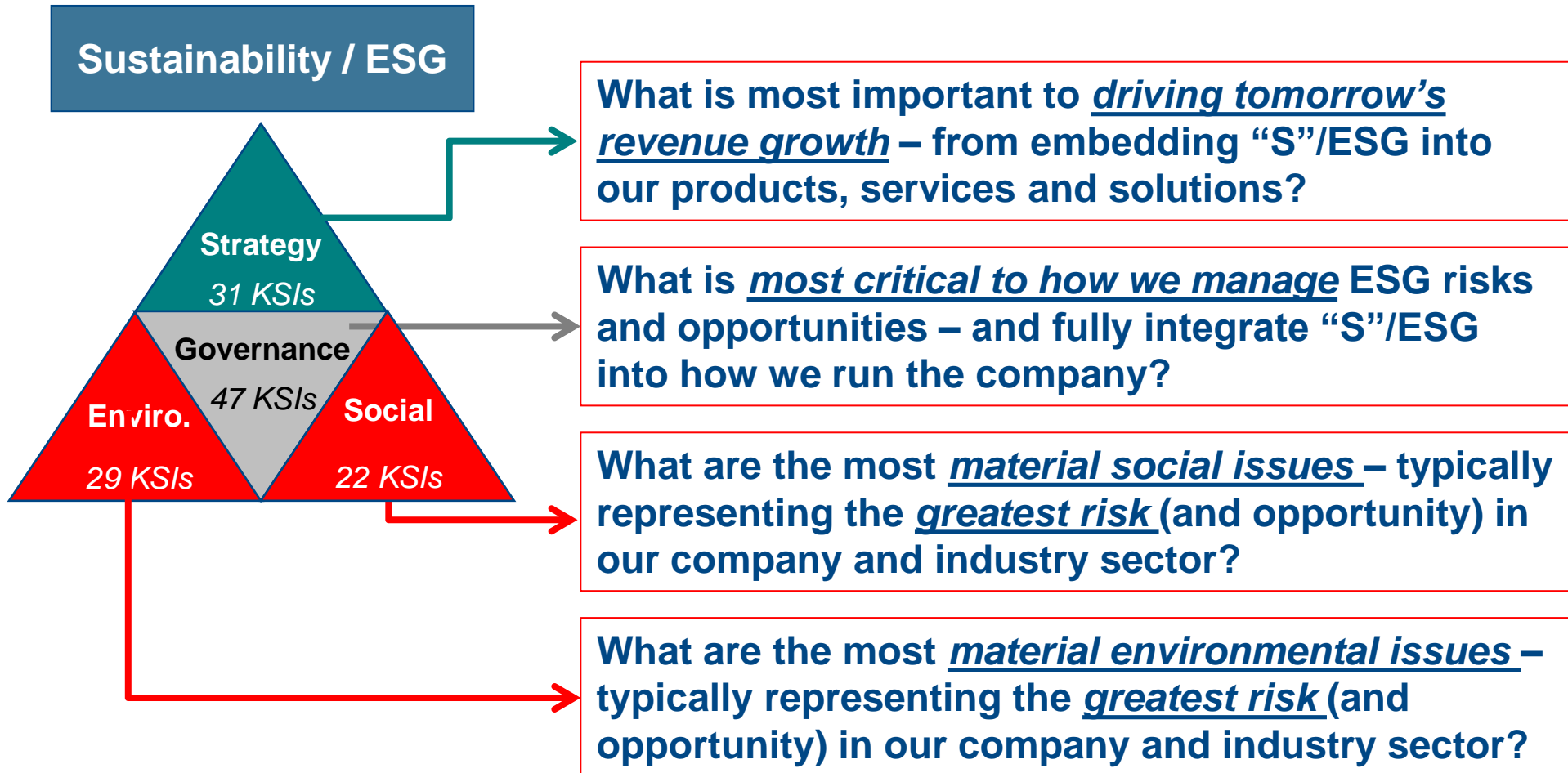




### Selecting Our ‘Top Few’ Highly Relevant KSIs



# How to Pick Your “Top xx” KSIs



# 12 Priority Topics (KSIs)

## How we selected:

- Our ESG Working Team
- ~129 KSIs
- We flagged 12 (~10%) as “*Highly Relevant*”
- This resulted in:
  - 4 to Leverage
  - 8 to Improve
- It’s a draft

### Areas we should find ways to better leverage

All KSIs you rated 2.5 or higher and “Highly relevant”

- Issues Analysis and Enterprise Risk Management
- Product, Service, Solution (PSS)\* Value Proposition
- Energy Purchased - Scope 2 Emissions
- Role of Sustainability Benefits in Recruitment and Retention

Example Only

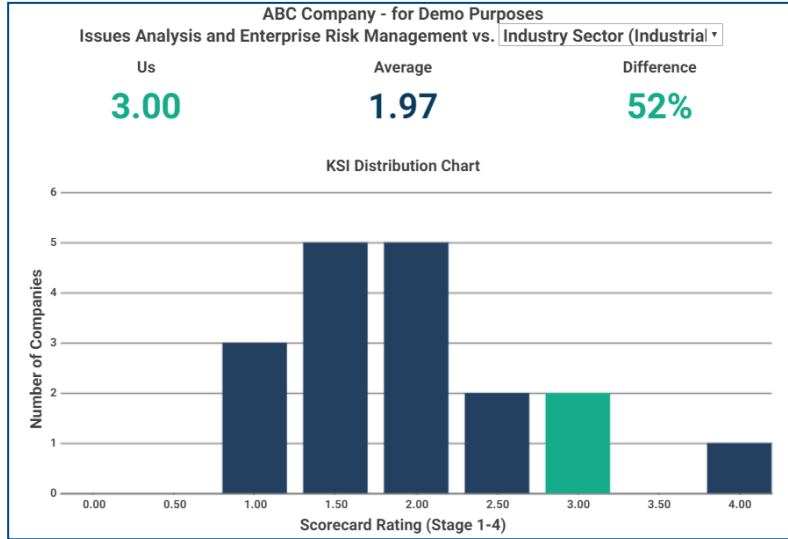
### Our key improvement priorities

All KSIs you rated 0.5 to 2.0 and “Highly relevant”

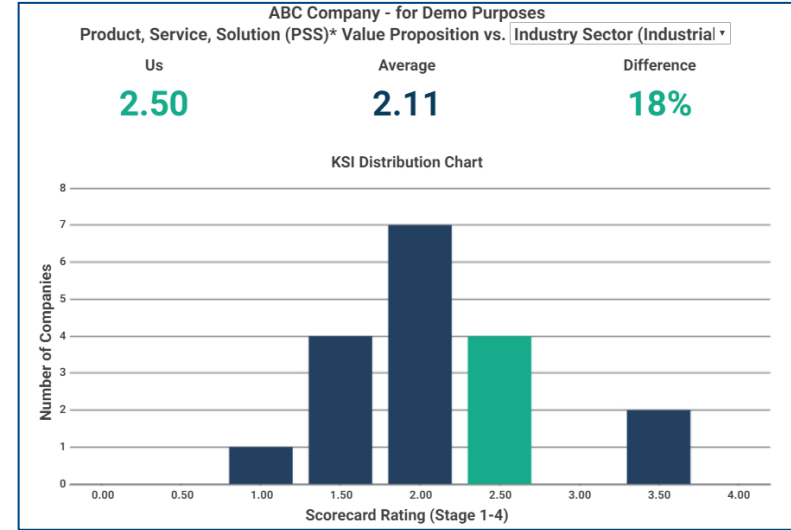
- Key Business Decisions (KBDs)\* tied to ESG Risks and Opportunities
- Public Posture Regarding Sustainability by CEO and C-suite Executives
- Board Agendas Regarding Sustainability
- Sustainability Factored Into Executive Compensation
- “Unwritten Rules of the Game\*” Regarding Sustainability
- Accounting for Most Material\* Externalities (e.g., Carbon)
- Use of Scenario Planning
- Upstream and Downstream GHG Emissions (Scope 3)

**Areas to Focus on – with additional resources**

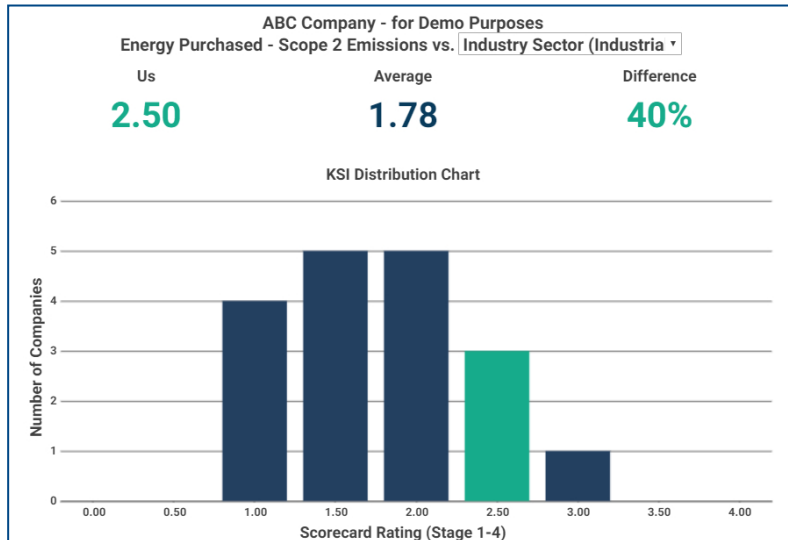
### Strategy: Issues Analysis/Enterprise Risk Mgmt.



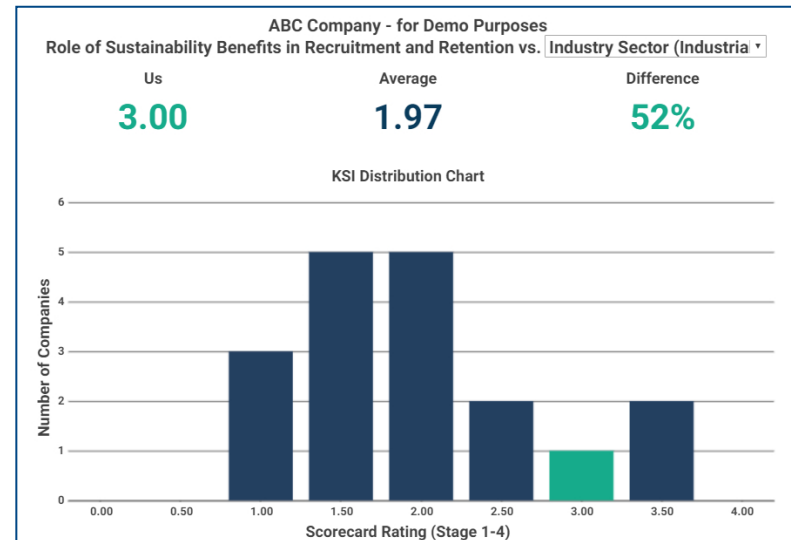
### Strategy: Product, Service, Solution Value Prop.



### Environment: Scope 2 Emissions



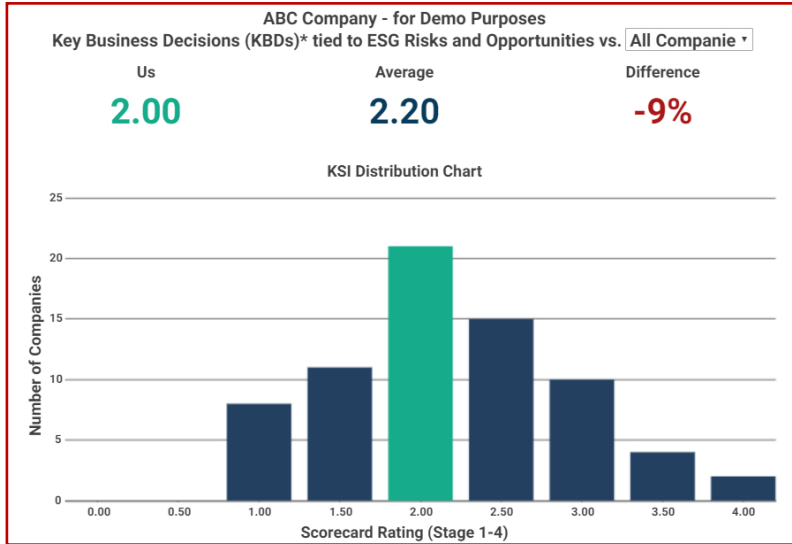
### SOCIAL: Recruitment & Retention



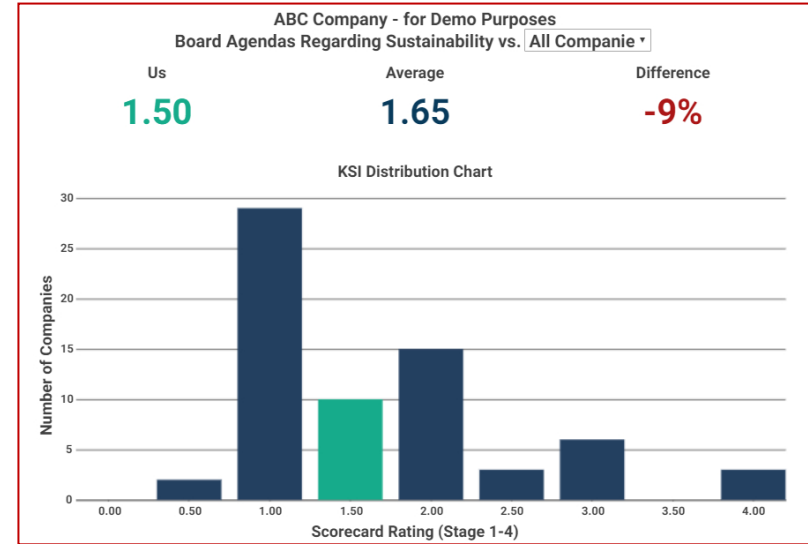
## Action Planning: High Priority KSIs where we Scored Lower (Area for Improvement)

ABC Co. vs. All Companies

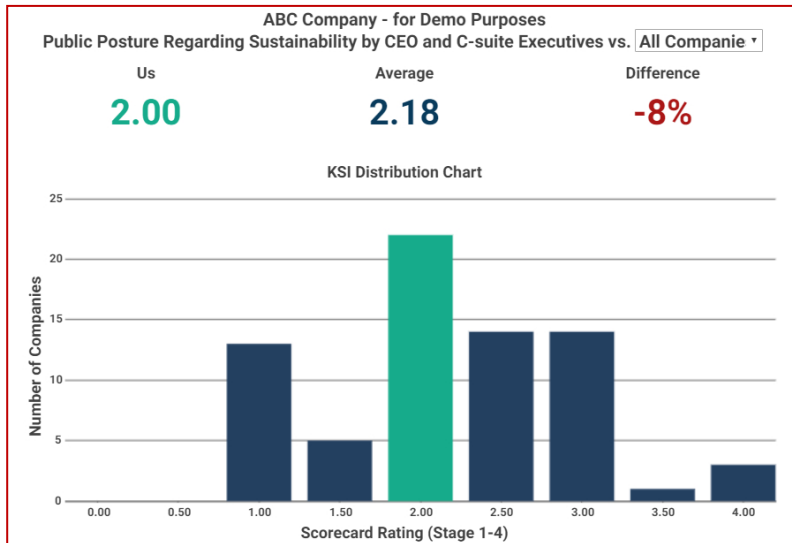
### Governance: Key Business Decisions



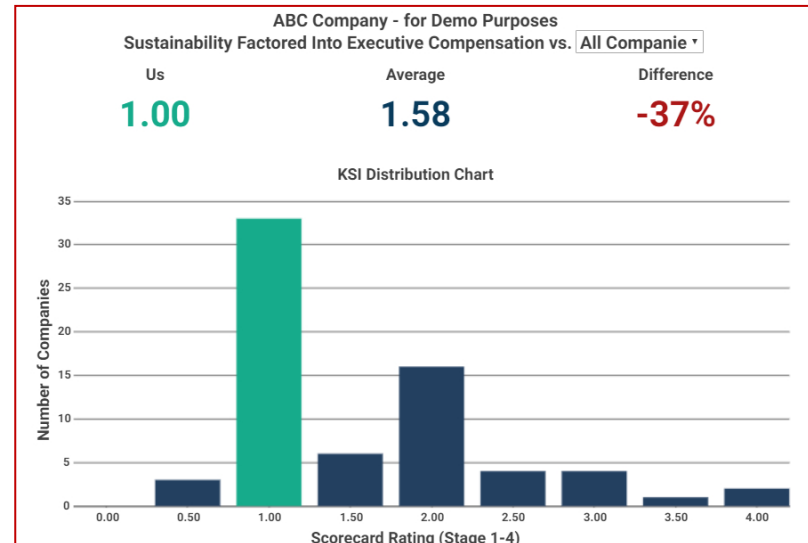
### Governance: Board Agendas



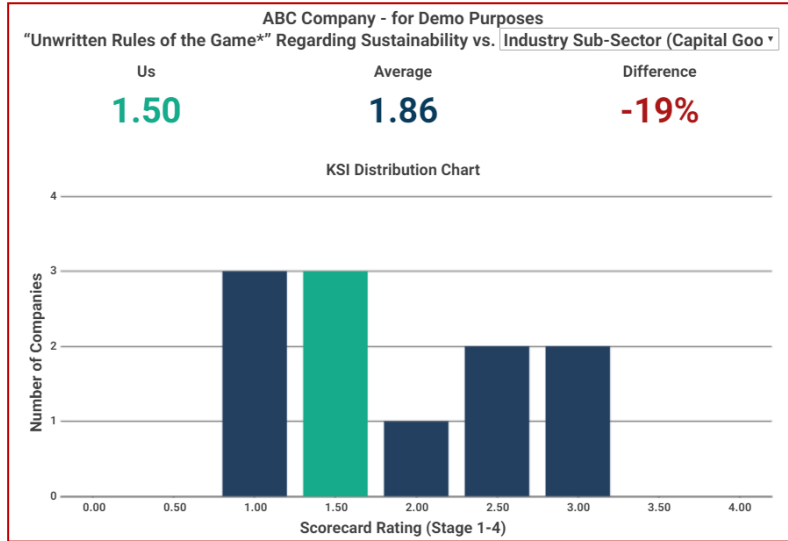
### Governance: Public Posture – CEO & C-Suite



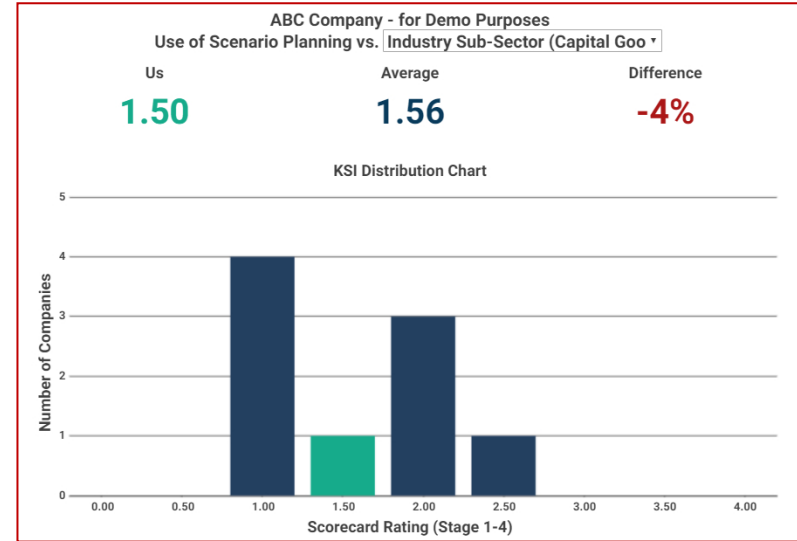
### Governance: ESG in Executive Compensation



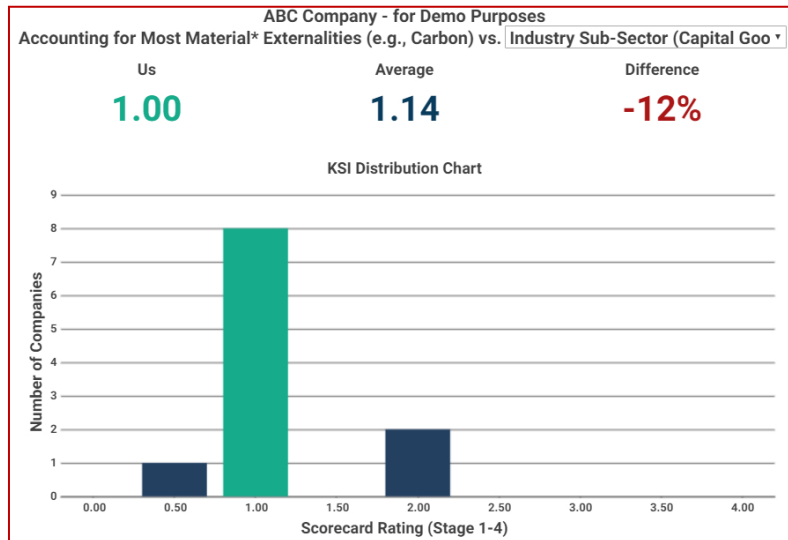
### Governance: "Unwritten Rules of the Game"



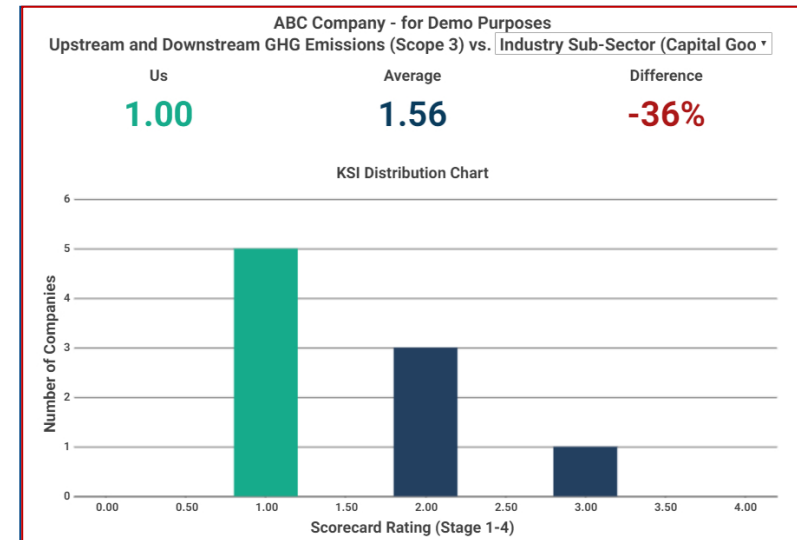
### Strategy: Use of Scenario Planning



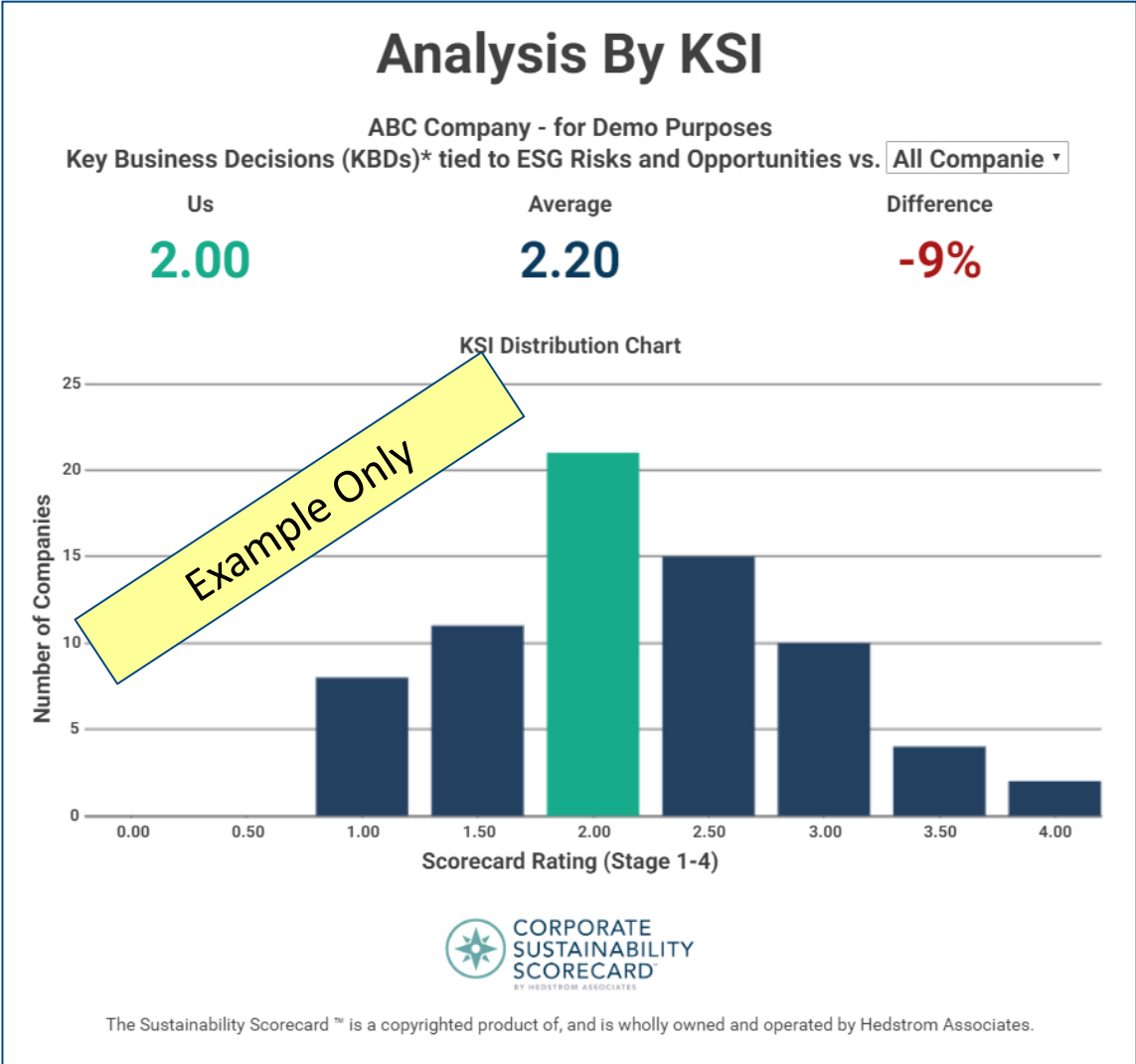
### Governance: Accounting for Material ESG Risks



### Environment: Scope 3 Emissions



## #1: Key Business Decisions tied to ESG Risks & Opportunities



### Rating Criteria

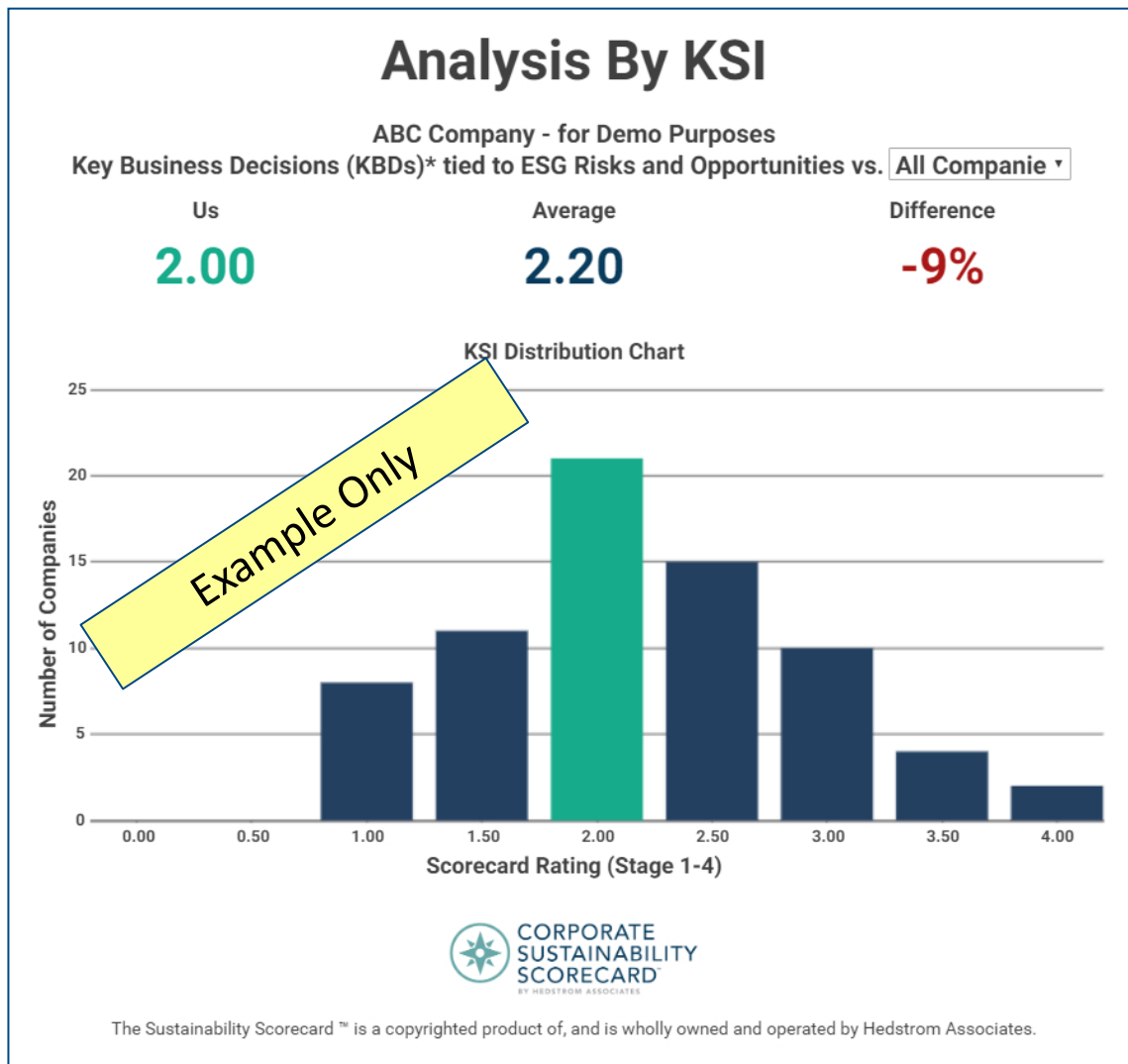
**Stage 1:** ESG (in core values or policy statement) remain “on the conference room wall”

**Stage 2:** ESG elements are key factors in major business decisions; openly discussed and “rule” during crises

**Stage 3:** Formal ESG “screen” is applied to all key business decisions\* - reviewed with the C-Suite

**Stage 4:** Material ESG issues guide strategic planning and key business decisions made by C-Suite and board of directors

### #1: Key Business Decisions tied to ESG Risks & Opportunities



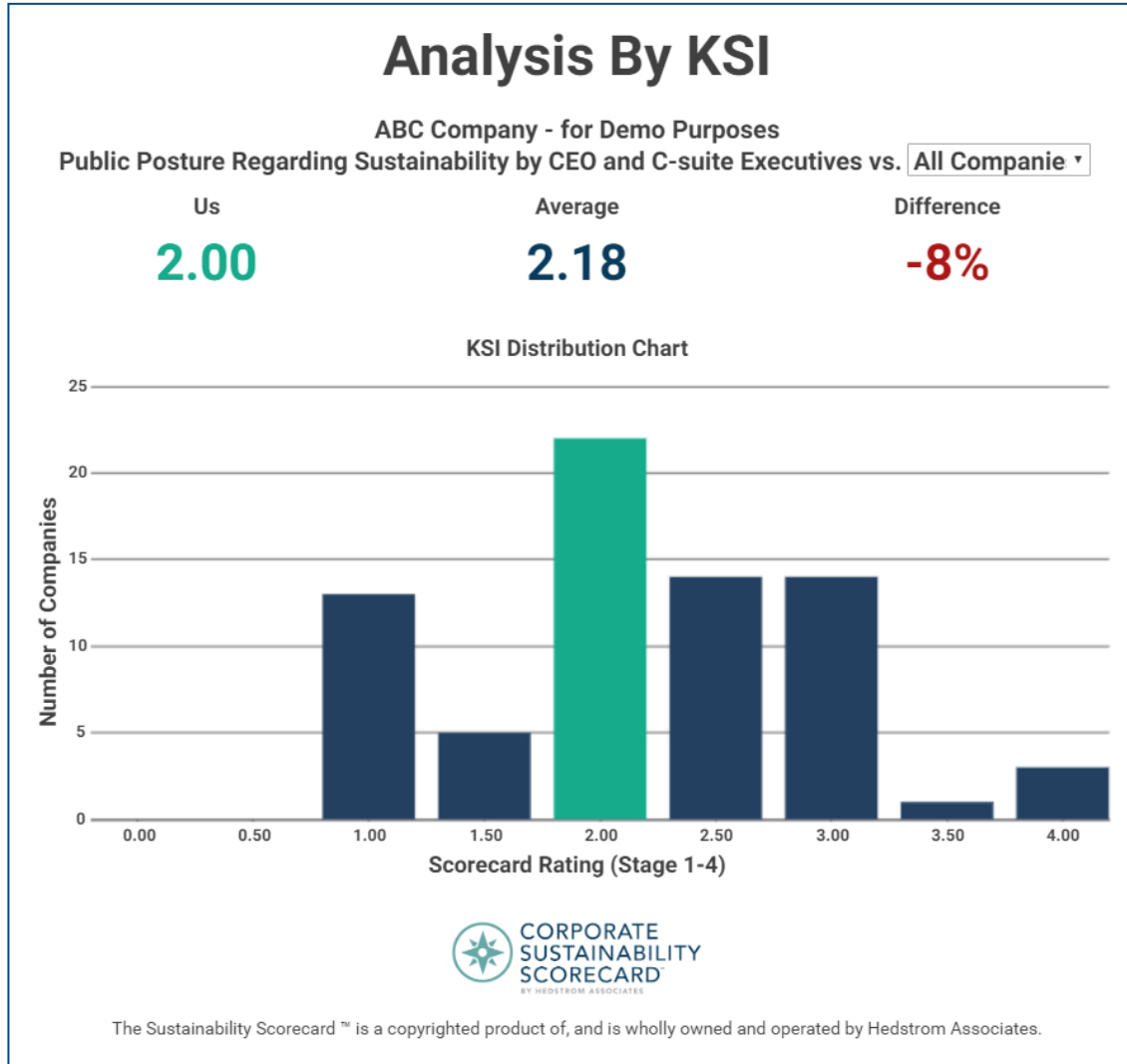
ESG Rating	Degree of Overlap
TCFD	◐
DJSI	◐
CDP	○
ISS	●
MSCI	◐
SASB	○
Sustainalytics	○

#### Legend

- = Major Overlap
- ◐ = Partial Overlap
- = Little or No Overlap



### #2: Public Posture re ESG by CEO and C-Suite

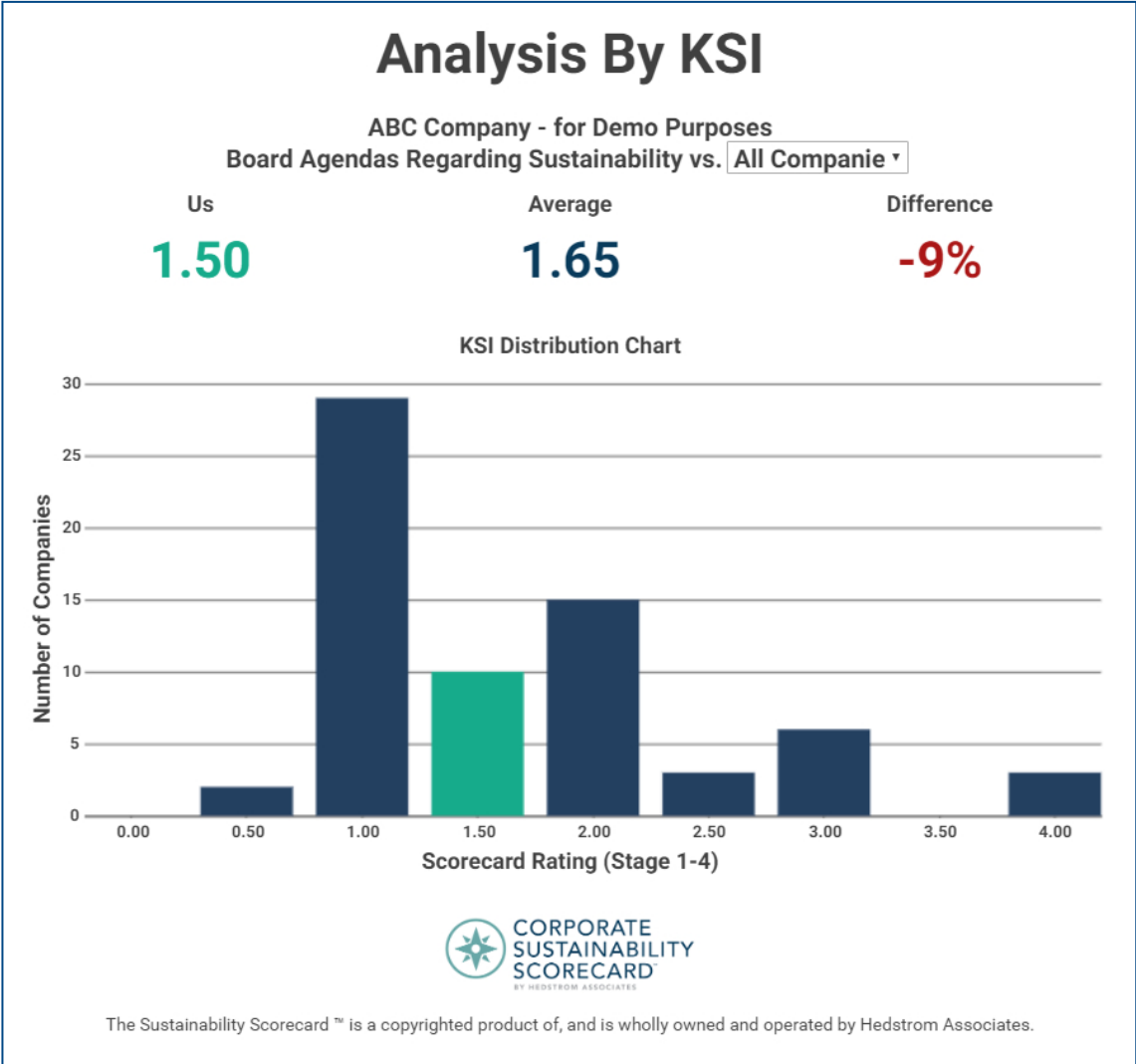


ESG Rating	Degree of Overlap
TCFD	●◐
DJSI	○
CDP	○
ISS	○
MSCI	●◐
SASB	○
Sustainalytics	○

#### Legend

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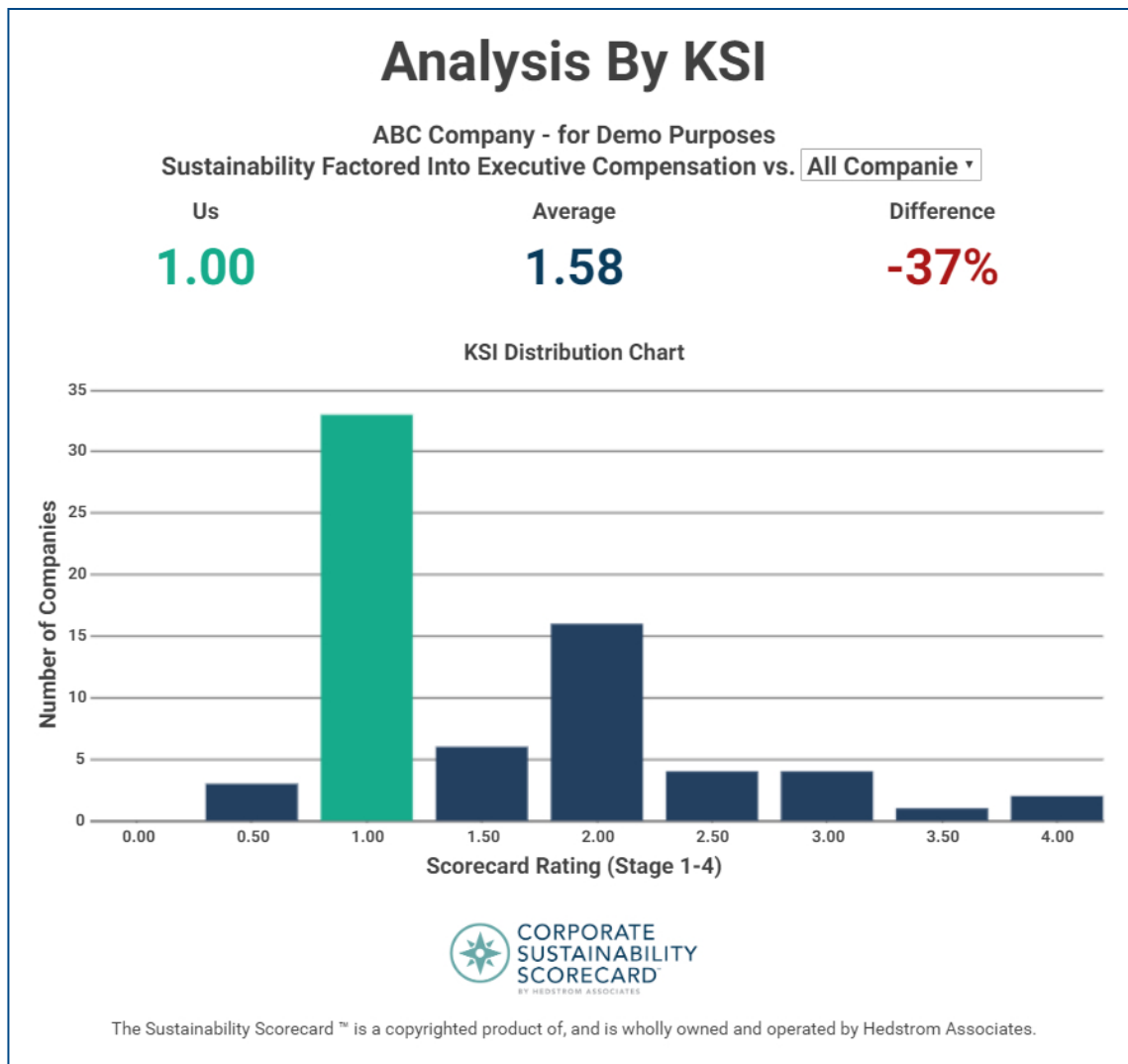
## #3: Board Agendas regarding Sustainability



ESG Rating	Degree of Overlap
TCFD	●
DJSI	○
CDP	○
ISS	◐
MSCI	◐
SASB	○
Sustainalytics	○

- Legend**
- = Major Overlap
  - ◐ = Partial Overlap
  - = Little or No Overlap

### #4: Sustainability Factored into Executive Compensation

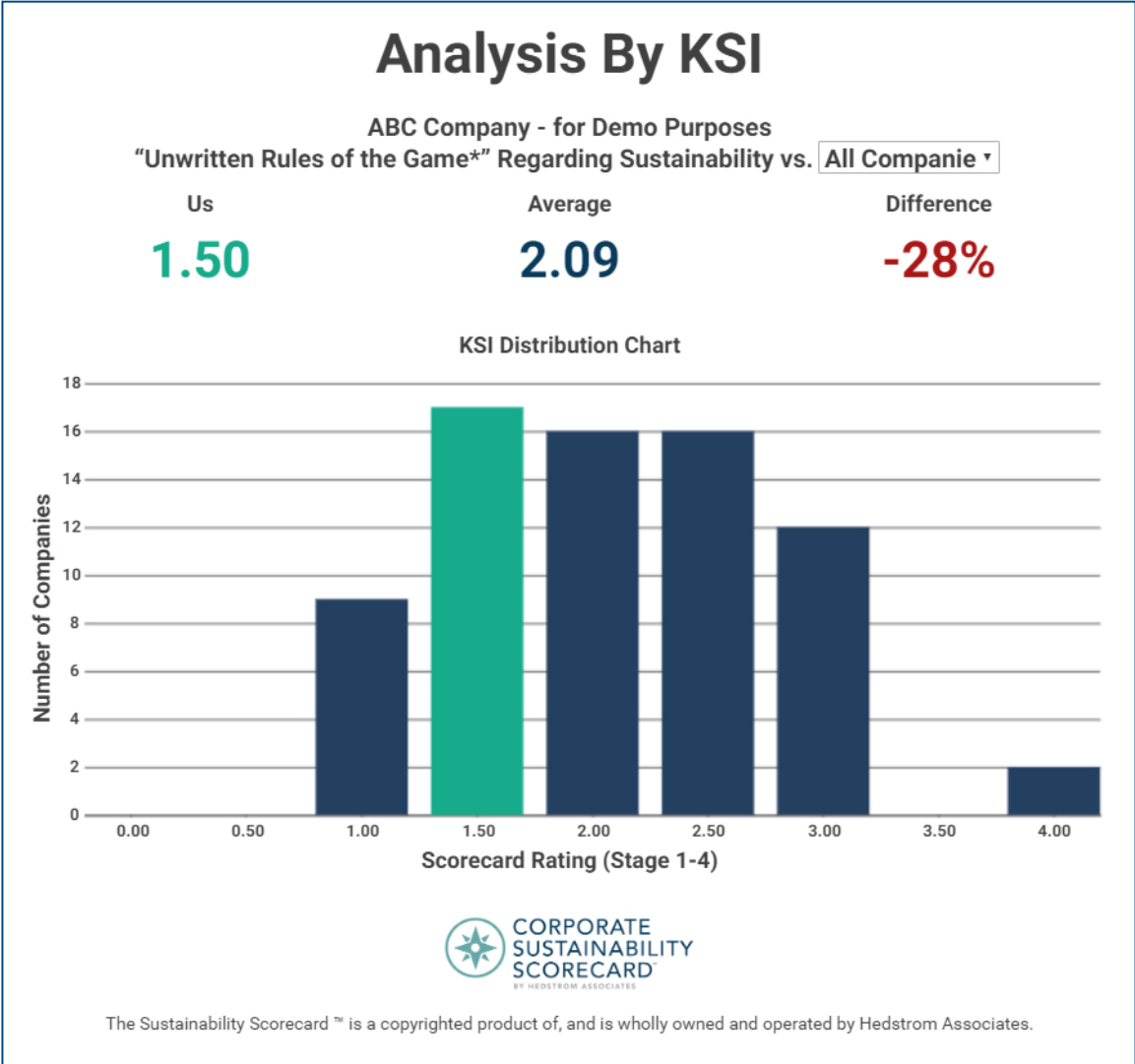


ESG Rating	Degree of Overlap
TCFD	◐
DJSI	●
CDP	●
ISS	●
MSCI	○
SASB	○
Sustainalytics	●

#### Legend

- = Major Overlap
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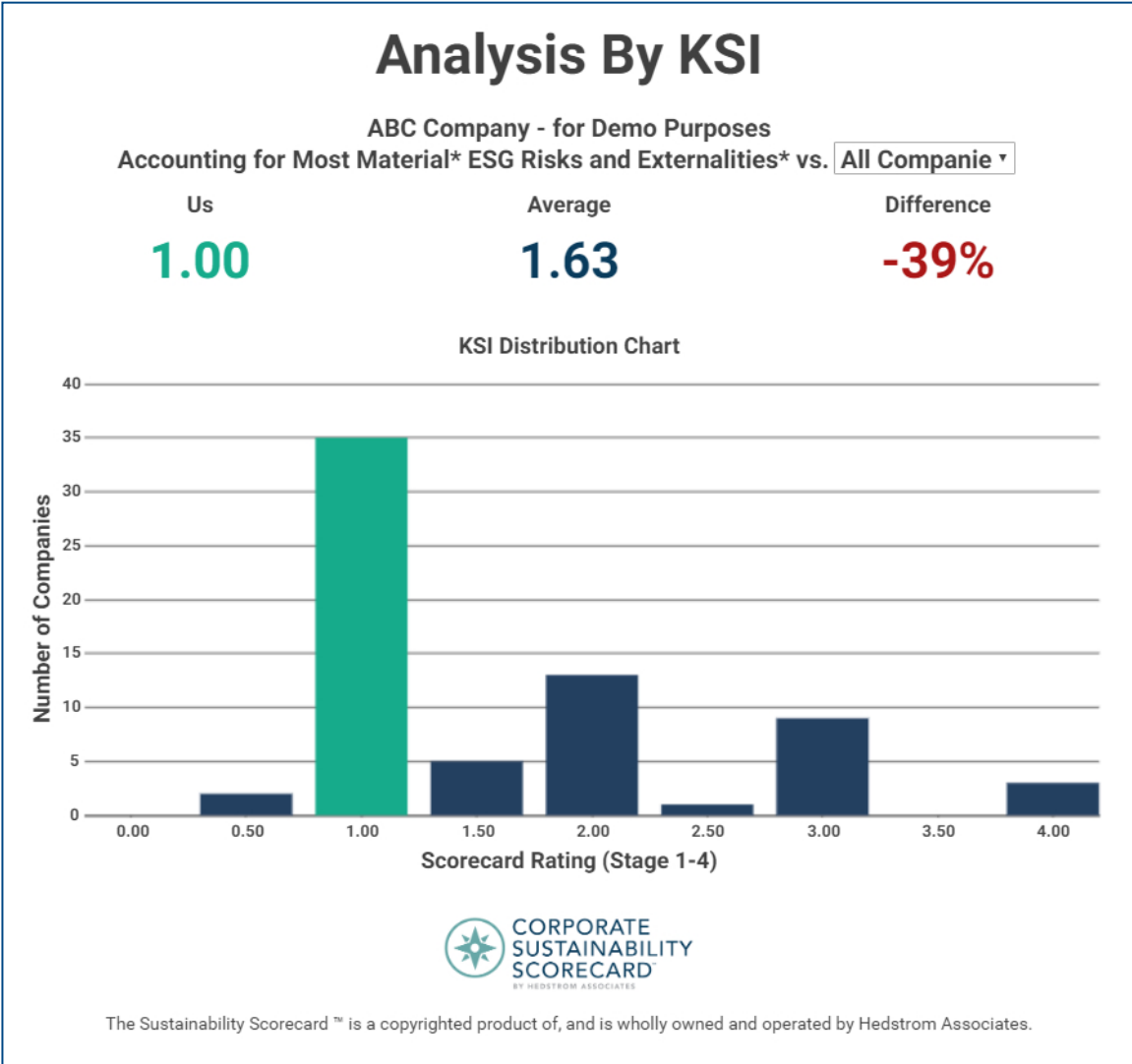
## #5: “Unwritten Rules of the Game” regarding Sustainability



ESG Rating	Degree of Overlap
TCFD	○
DJSI	◐
CDP	○
ISS	○
MSCI	○
SASB	○
Sustainalytics	○

- Legend**
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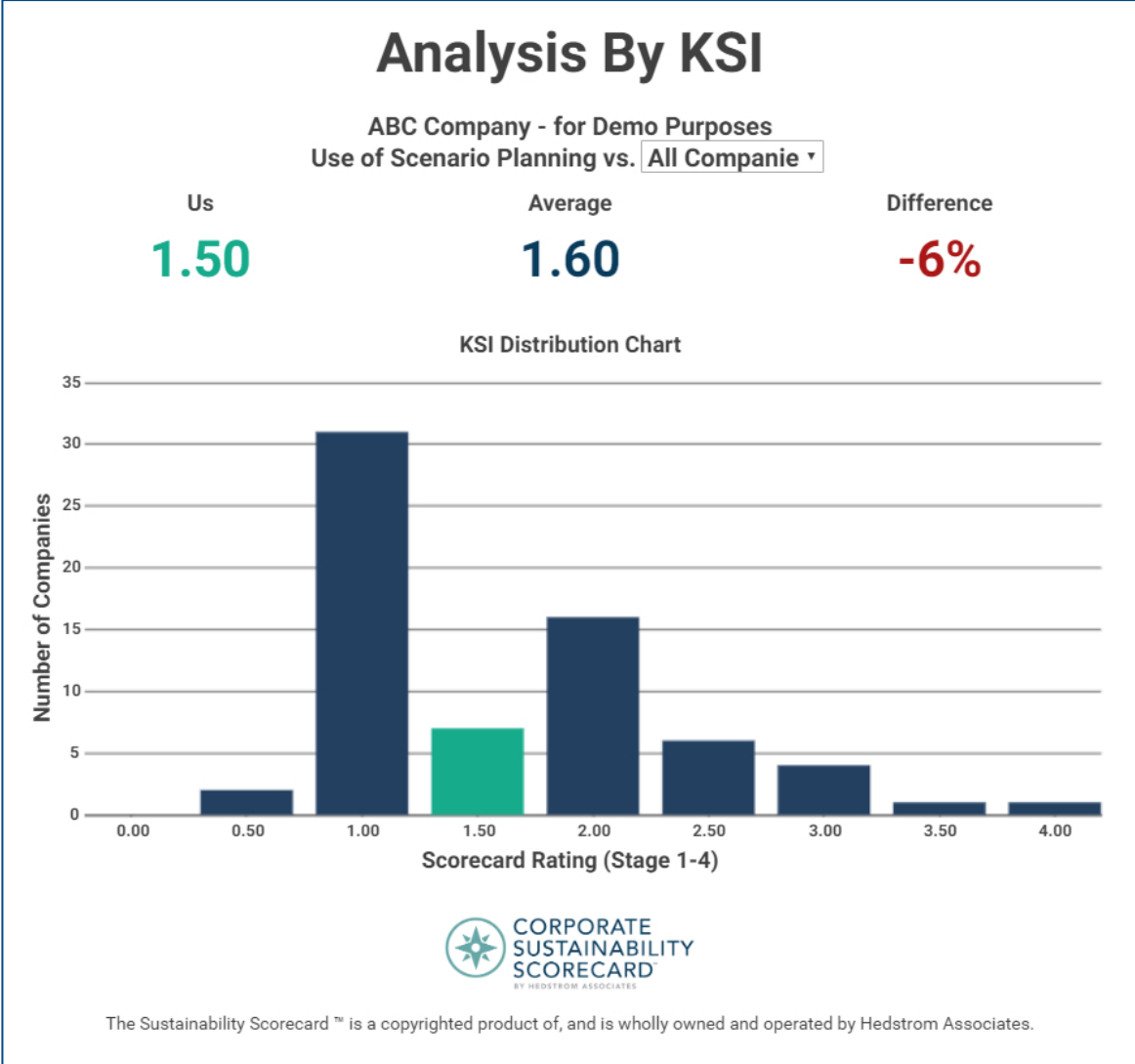
## #6: Accounting for Most Material ESG Risks and Externalities



ESG Rating	Degree of Overlap
TCFD	●
DJSI	●
CDP	●
ISS	○
MSCI	◐
SASB	◐
Sustainalytics	○

- Legend**
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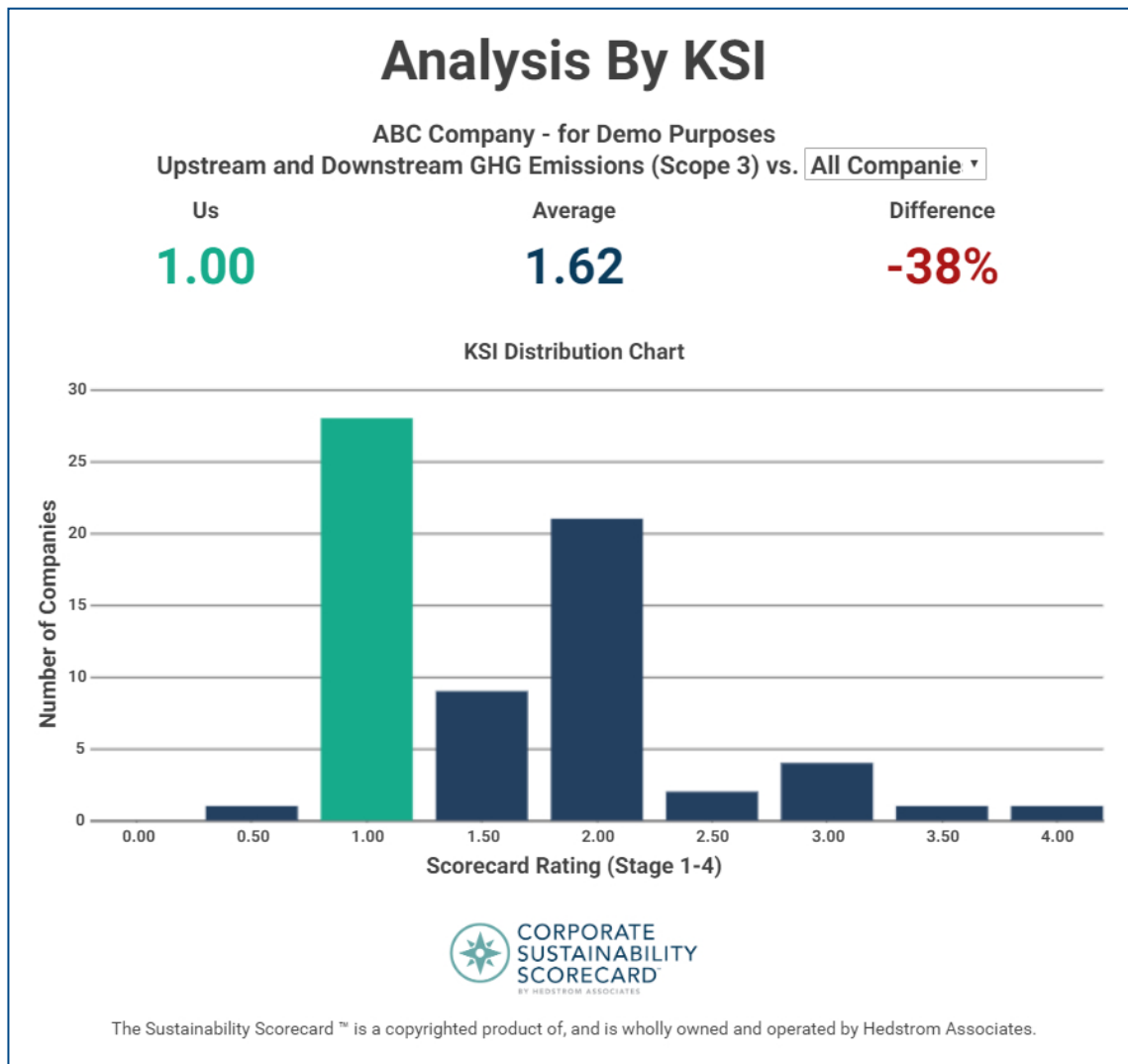
## #7: Use of Scenario Planning



ESG Rating	Degree of Overlap
TCFD	●
DJSI	◐
CDP	●
ISS	◐
MSCI	○
SASB	○
Sustainalytics	○

- Legend**
- = Major Overlap
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  - = Little or No Overlap

### #8: Scope 3 Emissions



ESG Rating	Degree of Overlap
TCFD	●
DJSI	●
CDP	●
ISS	●
MSCI	●
SASB	●
Sustainalytics	●

#### Legend

- = Major Overlap
- ◐ = Partial Overlap
- = Little or No Overlap

# Discussion...

**Imagine this kind of deck on your company template with your company data...**

**We will continue to build and improve this example “Pitch Deck” based on your input.**

**Please send along any ideas...**

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