



# ESG NAVIGATOR

ENVIRONMENT • SOCIAL • GOVERNANCE

## Sustainability Benchmarking Collaborative

Monthly Webinar

July 16, 2020

# Agenda

- **Welcome**
- **Quick Update** *(10 minutes)*
  - The Conference Board
  - ESG Navigator Performance Maps (and Index)
  - Status of Pilot
- **ESG Performance Maps** *(40 minutes)*
  - **Breakout A:** ESG Ratings/Frameworks – Review of Current 12
  - **Breakout B:** ESG Performance Index
- **Actions for You – July to September** *(5 Minutes)*
  - Update KSI and Highly Relevant Scores
  - 1:1 Calls re FY2021 Join Options

## Welcome... (pre-registered)

Company	Pre-Registered
• <b>AEP</b>	Melissa Tominack
• <b>Altria</b>	Amanda Tate
• <b>Ashland</b>	Nicole Voss
• <b>Citi</b>	Jeremy Capungcol
• <b>Consumers Energy</b>	Jessica Spagunolo
• <b>Dow</b>	Jennifer Princing
• <b>DTE Energy</b>	Greg Ryan
• <b>Duke Energy</b>	Michelle Abbott Julie Hyde
• <b>Fluor</b>	Nancy Kralik Jenna Richards
• <b>GM</b>	Sharon Basel
• <b>HP Inc.</b>	David Eichberg
• <b>IFF</b>	Christina Forst
• <b>Kohler</b>	Nathan Nissan
• <b>Lear</b>	Carolyn Markey

Company	Pre-Registered
• <b>NextEra Energy</b>	Amy Albury; Charlotte Anderson; Meredith Rollo
• <b>PPG</b>	Mark Cancilla Mike Corcoran
• <b>PPL</b>	Lissette Santana Stephen Katz
• <b>Solvay</b>	Michel Washer
• <del><b>Stryker</b></del>	Erol Odabasi
• <b>Trane Technology</b>	Ben Tacka Jessica McKinnerney
• <b>UPS</b>	Danielle Crownover Ta'Keda Eastman
• <b>Wyndham</b>	Rishi Shah

Shading: Darker = 2018 Founding Member

### Yesterday



### Tomorrow?



*“Maybe this crisis is, when it comes to corporate governance, a blessing in disguise”*

Peter Dey and Sarah Kaplan

March 26, 2020

## This week...

BlackRock placed 244 companies “on watch” for insufficient progress on climate issues.

- It took voting action at the annual meetings of 53 companies (including Exxon and Volvo) over climate issues - voting against the re-elections of directors.
- The remaining 191 companies "risk voting action in 2021 if they do not make substantial progress“

*Financial Times*  
*July 14, 2020*

## Today...

### LONDON –

*“A group of the world’s top oil companies, including Saudi Aramco, China’s CNPC and Exxon Mobil, have for the first time set goals to cut their greenhouse gas emissions as a proportion of output, as pressure on the sector’s climate stance grows.”*

*Reuters  
July 16, 2020*

# Agenda

- **Welcome**
- **Quick Update** *(10 minutes)*
  - The Conference Board
  - ESG Navigator Performance Maps (and Index)
  - Status of Pilot
- **ESG Performance Maps** *(40 minutes)*
  - **Breakout A:** ESG Ratings/Frameworks – Review of Current 12
  - **Breakout B:** ESG Performance Index
- **Actions for You – July to September** *(5 Minutes)*
  - Update KSI and Highly Relevant Scores
  - 1:1 Calls re FY2021 Join Options



### Key Points

- A big deal for TCB
- Major focus on ESG
  - ESG Center
  - *ESG Advantage*
  - *ESG Navigator*
- All TCB corporate members globally

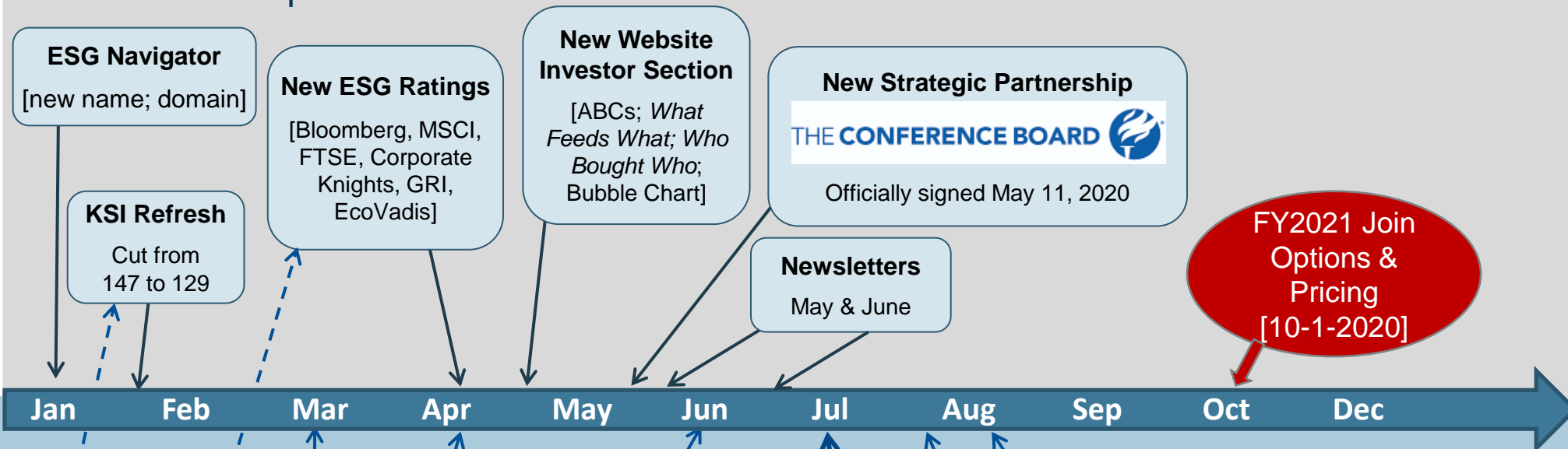
### Actions Underway

- Target Sept. launch
- IT integration
- Marketing
  - 2 Minute video
  - Lots more

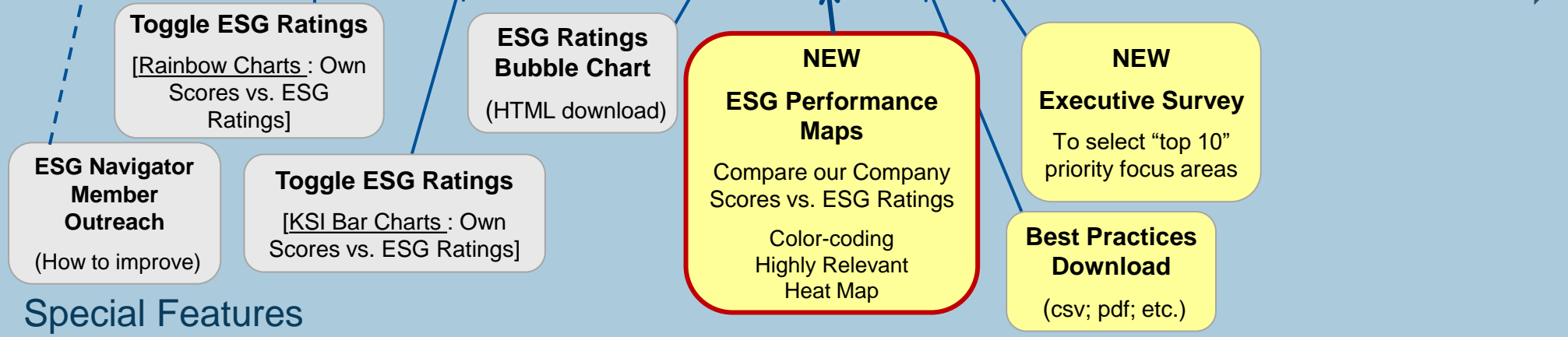


# July 2020 Update

## General Developments



## Special Features



# New: ESG Performance Maps

Designed to help you answer:  
***How well positioned are we*** –  
 for topics addressed by the most important  
 external ESG frameworks & ratings?

KSI	Name	Score	Us	Gib	Others	CDP	GRI	SASB	TCFD	BB	DJSI
3.6	Time Spent on Sust. in Board Meetings	0.5	~	!	~	●	○	○	●	●	○
3.7	Board of Directors' Sources of Sust. Learning	0.5	~	!	~	○	○	○	○	○	○

KSI	Name	Score	Us	Gib	Others	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS
6.4	Engaging on Most Material Issues Across Supply Cha	3.0	!	~	~	●	○	●	○	●	●	○	●
6.5	Scale of Typical Stakeholder Engagement Driven by	1.5	!	~	~	●	○	○	○	○	○	○	○
6.6	Link between Stakeholder Engagement & Biz. Strateg	0.5	~	~	~	○	○	○	○	○	○	○	○
6.7	Time Spent by C-Suite with NGO Stakeholders	~	~	~	~	○	○	○	○	○	○	○	○
7.1	Disclosure of Material ESG Impacts	1.0	~	~	~	○	○	○	○	○	○	○	○

Score	Us	Gib	Others	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI
0.5	~	!	~	■	■	■	■	■	■	■	■	■
1.0	~	!	!	■	■	■	■	■	■	■	■	■
2.5	~	~	~	■	■	■	■	■	■	■	■	■
2.5	~	~	!	■	■	■	■	■	■	■	■	■
1.5	~	!	!	■	■	■	■	■	■	■	■	■
3.0	~	~	~	■	■	■	■	■	■	■	■	■

# ESG Performance Maps Pilot

## Key Points

- All you need to do is:
  - Update Scorecard 2020
    - KSI scores
    - Highly Relevant
- We create your report
  - Color bubble charts
  - Heat Maps
  - New Metrics
- Zoom call to review
- No cost for pilot

## Participants (to date)

- **Option C**
  - Trane Technologies
  - Duke Energy
  - ConEd
  - Stryker
- **Option B**
  - Ashland
  - Fluor
  - Otis
  - PPL
- **Option A / New to ESG Navigator**
  - Eastman
  - Sims
  - Citi
  - IFF

# Agenda

- **Welcome**
- **Quick Update** *(10 minutes)*
  - The Conference Board
  - ESG Navigator Performance Maps (and Index)
  - Status of Pilot
- **ESG Performance Maps** *(40 minutes)*
  - **Breakout A:** ESG Ratings/Frameworks – Review of Current 12
  - **Breakout B:** ESG Performance Index
- **Actions for You – July to September** *(5 Minutes)*
  - Update KSI and Highly Relevant Scores
  - 1:1 Calls re FY2021 Join Options

# ESG Performance Maps

Performance Maps
Intro (0) (1) (2) (3) (4) **ABC**  
Basic w/Data Score Mix Heat **Comp**  
**(5)**

## ESG Ratings Map - Basic

The 'fill' of the circles indicates the extent to which the KSI subject matter is a focus of each rating organization: Solid circle=significant focus, 'Ring'=moderate focus, Empty circle=little or no focus.

KSI	Name	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI	Sust.
1.1	Co. Purpose (CEO's View re Role of Co. in Society)	○	●	○	●	○	○	○	○	○	○
1.2	Sust. in Corp. Vision, Mission, Values & Policies	○	●	○	●	○	○	●	○	○	○
1.3	Support of Intl. Sust. Charters or Commitments	●	○	○	○	●	○	●	○	●	●

Gib to Demo

# Breakout A (Groups of 4-6)

## Review the 12 ESG Frameworks/Ratings

ESG Reporting Frameworks				ESG Ratings and Rankings								
				Primarily for Investors						Primarily for Customers	Primarily for the Public	
CDP	GRI	SASB	TCFD	Bloom-berg	DJSI	FTSE	ISS	MSCI	Sustain-alytics	Eco-Vadis	Corporate Knights	B-Corps

1. Any missing that are very important to you?
2. Any that you do not want to see included

### Currently On-line

- Frameworks
  - CDP
  - GRI
  - SASB
  - TCFD
- Ratings - Investors
  - Bloomberg
  - DJSI
  - FTSE
  - ISS
  - MSCI
  - Sustainalytics
- Other
  - EcoVadis
  - Global 100 (Corporate Knights)
  - B-Corps

### Others to Consider?

- Investors
  - State Street R Factor
  - ?
- Others
  - ?
  - ?

# ESG Performance Maps Metrics

ESG Navigator Performance Maps Intro (0) (1) (2) (3) (4) ABC Comp (5)

Basic w/Data Score Mix Heat

**Gib to Demo**

## ESG Ratings Map - Basic

The 'fill' of the circles indicates the extent to which the KSI subject matter is a focus of each rating organization: Solid circle=significant focus, 'Ring'=moderate focus, Empty circle=little or no focus.

KSI	Name	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI	Sust.
1.1	Co. Purpose (CEO's View re Role of Co. in Society)	○	●	○	●	○	○	○	○	○	○
1.2	Sust. in Corp. Vision, Mission, Values & Policies	○	●	○	●	○	○	●	○	○	○
1.3	Support of Intl. Sust. Charters or Commitments	●	○	○	○	●	○	●	○	●	●

Score	Us	Gib	Others	CDP	GRI	SASB	TCFD	BB	DJSI
0.5	~	!	~	●	●	○	●	●	●
0.5	~	!	~	○	●	○	●	●	○
1.0	~	!	!	●	●	●	●	●	●

KSI	Name	Score	Us	Gib	Others	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI	Sust.	Eco-V	CK	BCor.
6.4	Engaging on Most Material Issues Across Supply Cha	3.0	!	~	~	●	●	●	○	●	●	○	●	○	●	○	○	○
6.5	Scale of Typical Stakeholder Engagement Driven by	1.5	!	~	~	●	●	●	○	●	●	○	●	○	●	○	○	○
6.6	Link between Stakeholder Engagement & Biz. Strateg	0.5	~	~	~	○	○	○	○	○	○	○	○	○	○	○	○	○
6.7	Time Spent by C-Suite with NGO Stakeholders	~	~	~	~	○	○	○	○	○	○	○	○	○	○	○	○	○
7.1	Disclosure of Material ESG Impacts	1.0	~	~	~	○	○	○	○	○	○	○	○	○	○	○	○	○

Score	Us	Gib	Others	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI
0.5	~	!	~	■	■	■	■	■	■	■	■	■
1.0	~	!	!	■	■	■	■	■	■	■	■	■
2.5	~	~	~	■	■	■	■	■	■	■	■	■
2.5	~	~	!	■	■	■	■	■	■	■	■	■
1.5	~	!	!	■	■	■	■	■	■	■	■	■
3.0	~	~	~	■	■	■	■	■	■	■	■	■



# ESG Performance Maps - *Metrics*

## 1. ESG Ratings Coverage (ERC)

- 0 to 100 scale
- 100 = all 12 ratings address/cover that KSI topic

## 2. ESG Ratings Positioning Score (RPS)

- 0 to 100 scale
- Derived from Heat Maps
- How well positioned are we (ESGN scores) vs. ESG Ratings Coverage?
- A “leading indicator” of future results on ESG ratings?

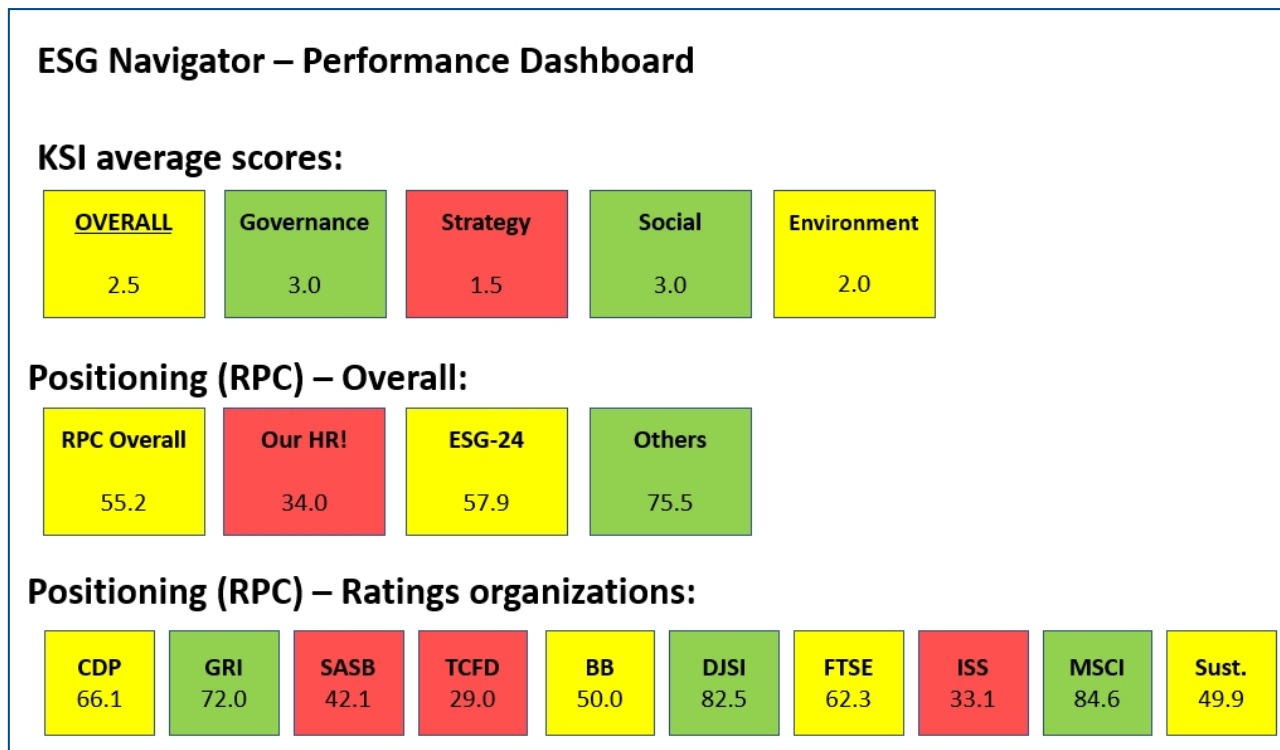
## 3. ESG Performance Index (EPI) [currently under consideration]

- Links together:
  - ESG Navigator KSI Scores
  - ESG Navigator Highly Relevant
  - ESG Ratings – degree of coverage
- Score for Governance; Strategy; Environment; Social

# ESG Performance Maps *Dashboard*

## Summary Snapshot

- Scores across all KSIs
- Scores on Priority KSIs
- Ratings Positioning (RPS) – for each Ratings org
  - Governance
  - Strategy
  - Environment
  - Social



## Breakout B (Groups of 4-6)

# ESG Performance Maps Metrics

### 1. ESG Ratings Coverage (ERC)

- 5-7 minutes in small groups
- Full group feedback

### 2. ESG Ratings Positioning Score (RPS)

- 5-7 minutes in small groups
- Full group feedback

### 3. ESG Performance Index (EPI) – [currently under consideration]


- 5-7 minutes in small groups
- Full group feedback

# Agenda

- **Welcome**
- **Quick Update** *(10 minutes)*
  - The Conference Board
  - ESG Navigator Performance Maps (and Index)
  - Status of Pilot
- **ESG Performance Maps** *(40 minutes)*
  - **Breakout A:** ESG Ratings/Frameworks – Review of Current 12
  - **Breakout B:** ESG Performance Index
- **Actions for You – July to September** *(5 Minutes)*
  - Update KSI and Highly Relevant Scores
  - 1:1 Calls re FY2021 Join Options

# What's Next for ESG Navigator?

## FOR US

- ESG Performance Maps Pilot
-  THE CONFERENCE BOARD
- Best Practices
- Importance Survey
- Excel (Upload; Download)
- Ongoing...

## FOR YOU

- Do your 2020 Update
  - KSI Scores
  - Highly Relevant Scores
- ESG Performance Maps
  - Pilot?
  - Talk with Gib

# Your 2020 Win: C-Suite Presentation

Three Steps	Webinar Presentations
<p><b>1. Is our company self-assessment (benchmarking) data solid?</b></p>	<ul style="list-style-type: none"> <li>• Medtronic (April 2019)</li> <li>• Marriott International (May 2019)</li> <li>• UPS (March 2020)</li> <li>• Stryker (June 2020)</li> </ul>
<p><b>2. Have we identified the “right” (~10+) priority focus areas to drive more value from ESG?</b></p>	<ul style="list-style-type: none"> <li>• Ingersoll Rand (Sep 2019)</li> <li>• PPG (Nov 2019)</li> <li>• UPS (March 2020)</li> </ul>
<p><b>3. How do we create the most powerful “pitch” to our C-Suite and Board?</b></p>	<ul style="list-style-type: none"> <li>• Kohler (July 2019)</li> <li>• Kaiser Permanente (July 2019)</li> <li>• DTE Energy (Aug 2019)</li> <li>• Stryker (June 2020)</li> </ul>

# Selecting Your “Top 20” KSI

## 1. For Environment and Social, quickly from...

- **Materiality Assessment**
- **SASB**
- **SD-KPI**

## 2. For Governance and Strategy...

### a) Tap into ESG Navigator Experience

- **What Peer Companies Rate as HR!**
- **Gib’s “Top 20”**

### b) Survey Your Executives

# Selecting Your “Top 20” KSIs

## GOVERNANCE

- Purpose
- C-Suite leadership
- Board leadership
- Goals & Metrics
- Culture/Organization
- Stakeholders
- Reporting

[47 KSIs]

## STRATEGY

- Strategic Planning
- Innovation, R&D
- Customers
- Products, Services & Solutions

[31 KSIs]

## ENVIRONMENT

- Operations
- Supply Chain
- Products

[29 KSIs]

## SOCIAL

- Workplace
- Supply Chain
- Community

[22 KSIs]

Risk/Opp’y

Opportunity

Risk

Leading

Lagging

**Your Company (ESG) Materiality Assessment**

[ See also: SD-KPIs (<https://www.sd-m.de/en/sd-kpis.html>) and SASB]



## A parting thought...

*“Covid-19, with all its unfolding tragedy, presents a once-in-a century obligation to rethink the relationships among business, markets, government, and society. What is desperately needed, and what we must deliver, is a sustainable form of capitalism.”*

*David Blood and Al Gore*

*The Wall Street Journal*

*June 30, 2020*

On behalf of our  
ESG Navigator team:

**Thank You!**

Please take 3 minutes and send Gib an  
email with any comments or suggestions.