



**ESG NAVIGATOR**

ENVIRONMENT • SOCIAL • GOVERNANCE

# **Sustainability Benchmarking Collaborative**

**Monthly Webinar**

**November 20, 2020**

## Welcome... (final participants)

Company	Pre-Registered
• <b>Burns*</b>	Doug Dietrich*
• <b>Cargill*</b>	Eliza Clark*
• <b>Coca-Cola</b>	Sha Green
• <b>CMS</b>	Jessica Spagnuolo; Kristen Trovillion*
• <b>Dell*</b>	Federico Sendel*
• <b>Duke Energy</b>	Julie Hyde
• <b>Eastman</b>	Jen Creek
• <b>Fluor</b>	Nancy Kralik
• <b>Hain Celestial</b>	Simon Wong
• <b>Hexion</b>	Syd Lindquist

\* First webinar

**Shading:** Darker = 2018 Founding Member

Company	Pre-Registered
• <b>Marriott International</b>	Claire Cutting
• <b>NextEra Energy</b>	Charlotte Anderson
• <b>Northrop Grumman</b>	Stanley Merritt
• <b>PPG</b>	Mike Corcoran
• <b>UPS</b>	Andria Smith
• <b>Waters Corp</b>	Andrew Pastor
• <b>Wyndham</b>	Rishi Shah

### Our Team

Gib Hedstrom  
Larry Krupp  
Allie Barrett  
Beth Tener  
Dean Slocum

### Our Guest



Halina Caravello  
(Program Director, Chief  
EHS Officers' Council)

# Agenda

- **What's New?** *(15 minutes)*
- **Responding to Investors in 2021** *(30 minutes)*
  - **Recap:**
    - Polling Results: *TCB Global Investor Relations Council*
    - BlackRock: *Messages to Board members*
    - Major ESG Developments: *Past 30 Days*
  - **Discussion:**
    - How to tell our story?
    - What does this mean over next 1-2 years?
- **2021 Look Ahead** *(5 Minutes)*
  - KSI Review

# What's New?

## Enhancements

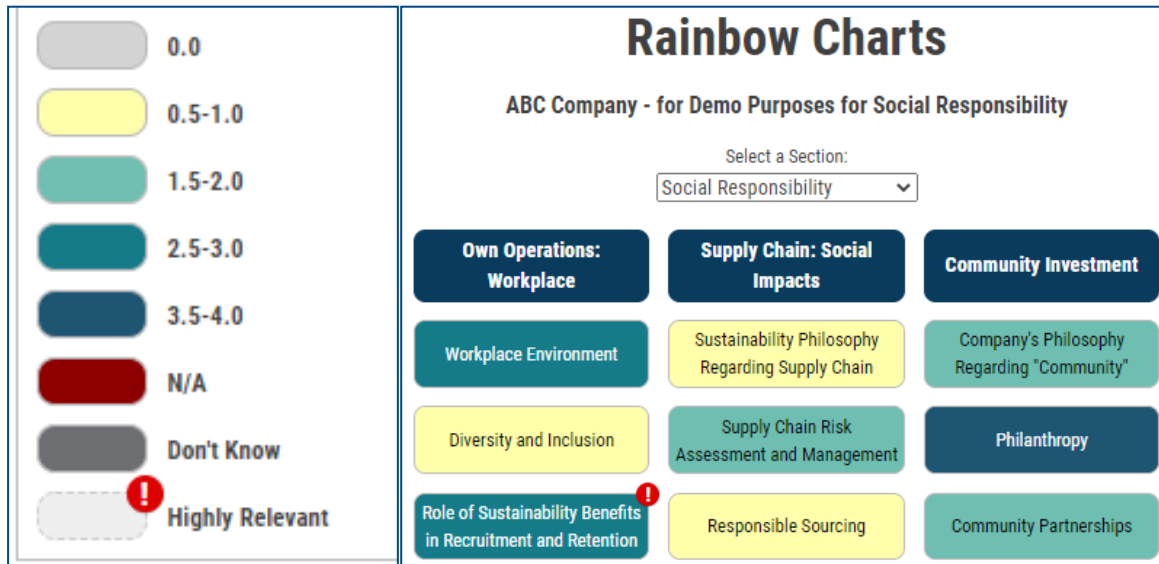
- Website speed
- Rainbow Charts (4 colors → 3 colors)
- Summary Bubble Chart (vs. All Companies → + industry sector/sub-sector)

## Updates - Coming Soon

- The Conference Board launch
- ESG Performance Maps: Special Review Session
- Annual KSI Review
- Excel Toolkit (v1.0 → v2.0)
- Schedule 2021 webinars

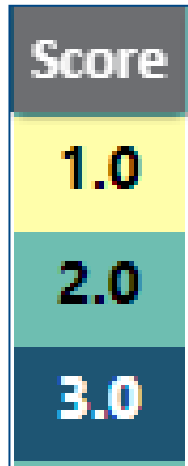
# Rainbow Charts

Has Been:  
4 Ranges



Now:  
3 Ranges

- 0.5 to 1.0
- 1.5 to 2.5
- 3.0 to 4.0



\* During August 27 webinar, we polled participants. An overwhelming majority agreed that we should ***simplify*** and move to three score ranges

# Summary Bubble Chart

## Coming Soon

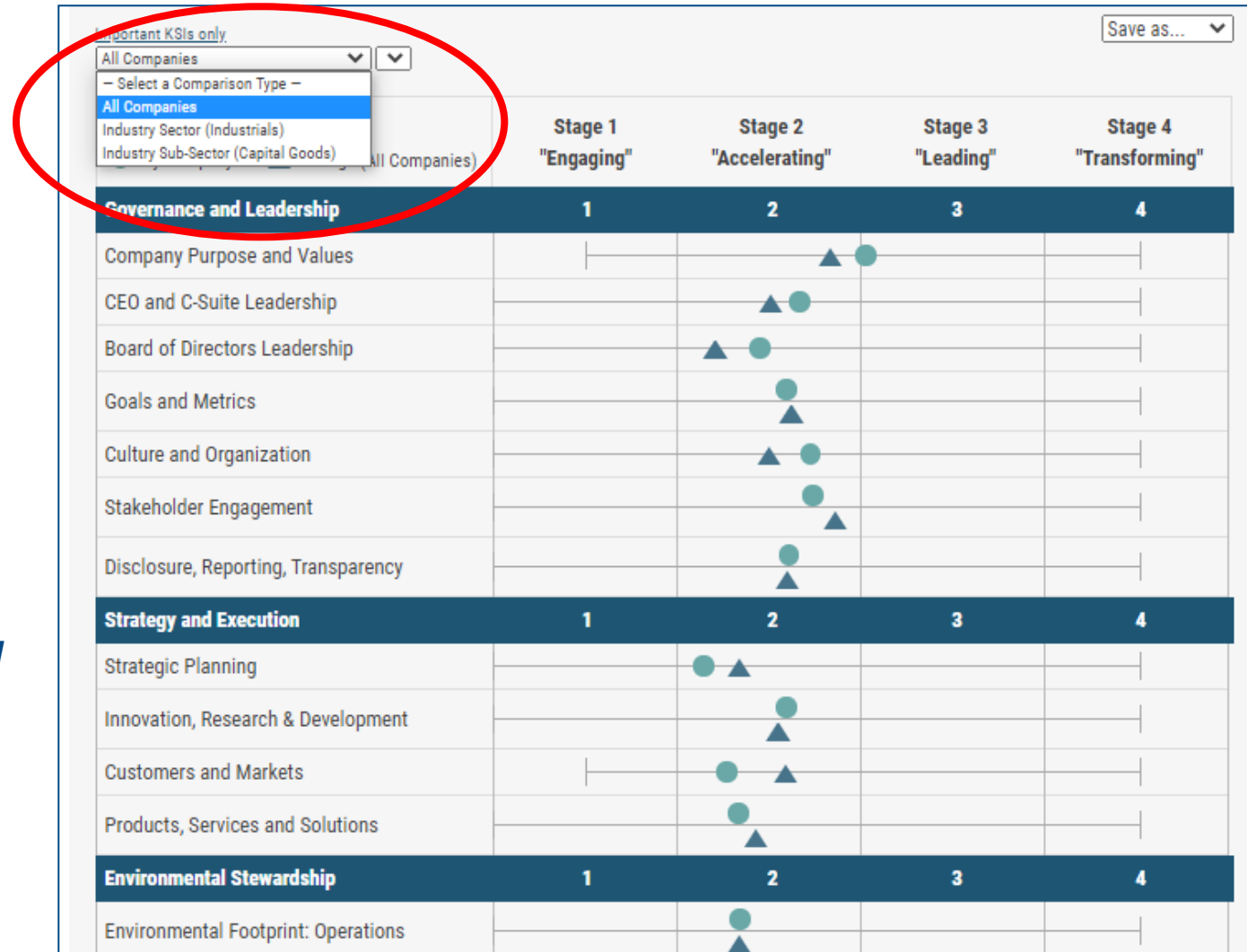
[For Join Options B, C]

Compare to:

- All Companies
- Industry Sector
- Industry Sub-Sector

[For Join Option A (& TCB)]

- All Companies
- Industry Sector



# What's New?

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## *Launched!*



# The Conference Board licenses ESG Navigator!

- *“Since 2015, over 80 members of The Conference Board ESG Center have actively used and shaped ESG Navigator. We are excited to make this unique and concise platform available to our member companies globally.”*

**Uwe Schulte, Director, Global Sustainability Centre**

- *“The global membership of The Conference Board - 1,000+ companies worldwide - will benefit from the power and elegant simplicity of the ESG Navigator benchmarking platform.”*

**Rainer Schultheis, Executive Vice President, International**

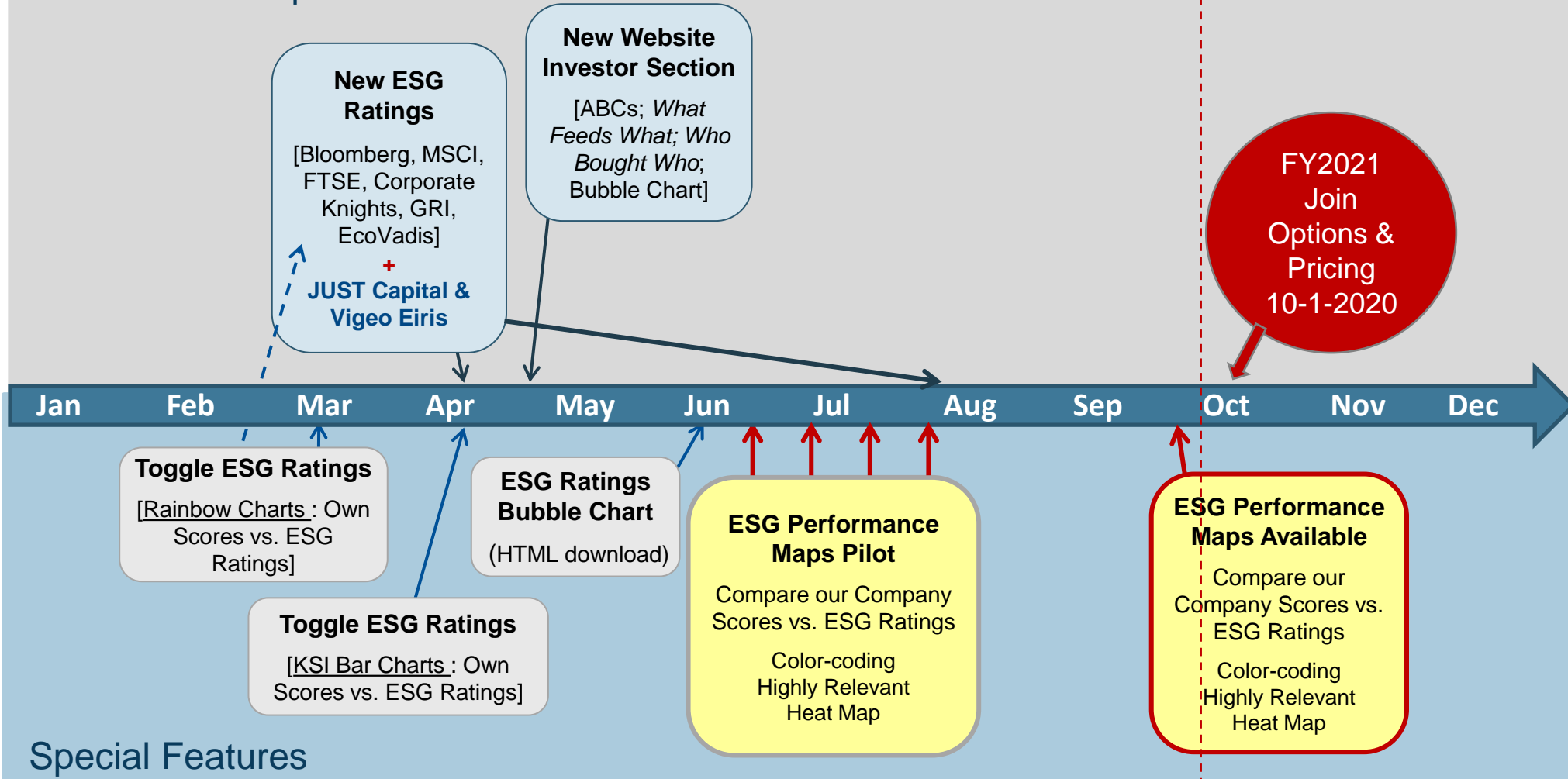
- *“ESG Navigator distills 30 years of industry knowledge, interactions with dozens of CEOs, board members, and ESG expertise into an easy-to-use, online assessment tool.”*

**Paul Washington, Executive Director, ESG Center**

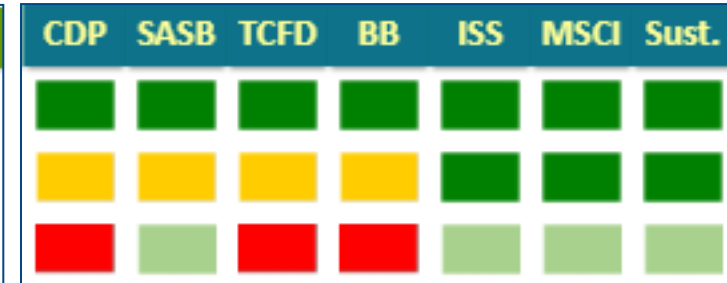
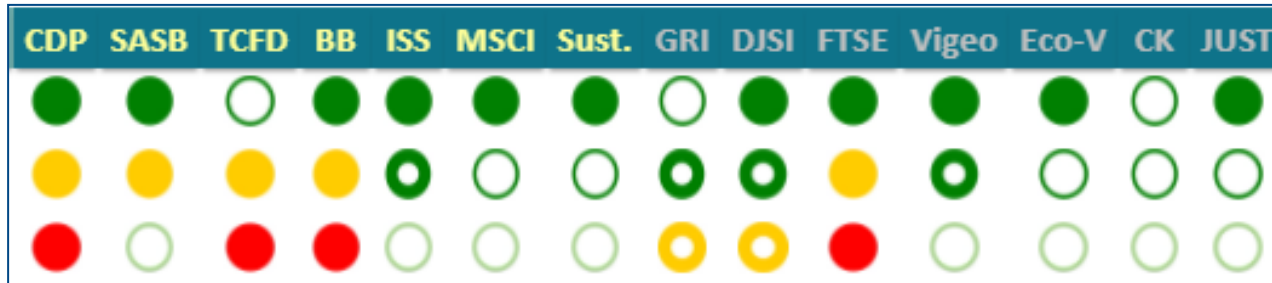


## ESG Performance Maps: Recap...

### General Developments



# ESG Performance Maps: keen interest...

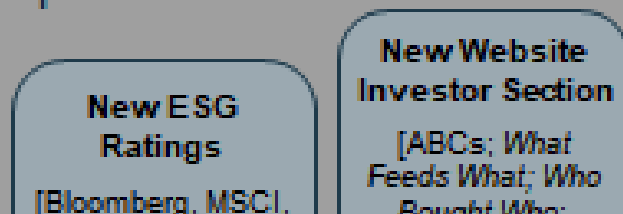


- **Color** = how well positioned your company is, given the Coverage by each Rating
  - **Green** = very well positioned
    - Light Green = b/c not covered
    - Dark Green = b/c your score
  - **Yellow** = somewhat positioned
  - **Red** = poorly positioned

	Ratings Organization - Overlap		
	High 	Med. 	Low 
Your Score			
High 3.0 - 4.0	green	green	green
Med. 1.5 - 2.5	yellow	green	green
Low 0.5 - 1.0	red	yellow	green

# November 2020 Update

## General Developments



## November Updates:

1. “Maps” available to Join Options A, B, C
2. 20+ companies already have signed up
3. Special Review Session December 4<sup>th</sup>

FY2021  
Join  
Options &  
Pricing  
10-1-2020

Oct Nov Dec

Scores vs. ESG  
Ratings]

(HTML download)

Toggle ESG Ratings  
[KSI Bar Charts : Own  
Scores vs. ESG Ratings]

ESG Performance  
Maps Pilot  
Compare our Company  
Scores vs. ESG Ratings  
Color-coding  
Highly Relevant  
Heat Map

ESG Performance  
Maps Available  
Compare our  
Company Scores vs.  
ESG Ratings  
Color-coding  
Highly Relevant  
Heat Map

## Special Features

# ESG Performance Maps: Special Session

FEES:	Option A	Option B	Option C
ANNUAL SUBSCRIPTION FEE: Effective September 2020	Free	\$2,500	\$4,000
Discount for <b>Founding Members</b> (Data entry before 10/1/2018 and updated during 2020)	n/a	-500	-800
OPTIONS (additive to annual fee)			
\$ <b>Excel Toolkit</b> : Scoring sheets & summary report	\$700	included	included
\$ <b>Best Practices Library</b> : Excel File - sortable	\$900	included	included
\$ <b>ESG Performance Maps</b> : The basic features in place September 2020 with upgrades	\$2,200	\$1,800	\$1,600
Total fees depend on options selected:			
TOTAL: Companies with Data entry after 10/1/2018	Depends on options selected	\$4,300	\$5,600
TOTAL: <b>Founding Members</b> - Data before 10/1/2018; updated during 2020	N/A	\$3,800	\$4,800

## Quarterly Strategy Discussion

## Friday December 4 from 1-2pm EST

# Annual KSI Review

## Objective & History

### Objective

- **Update** (for recent developments)
- **Streamline** (reduce redundancy)
- **Sharpen** (Stage 1-4 descriptors)
- **Retain the integrity** (for year-over-year comparisons)

### Past Updates

- **Jan. 2020** (147 → 129 KSIs)
- **Aug 2018** (157 → 147 KSIs)

## Next Update

### Why Now?

- **2020 Developments**
  - COVID
  - Other social issues
  - BlackRock and investor ESG developments
- **TCB** (get non-USA input)

### Timing

- **Dec 2019: Ask for Input**
- **Jan 2020: Make changes**

# Today

## 1. Request Excel sheet

*[included in Options B, C;  
“a-la-carte” for Option A]*

## 2. Receive Special Excel Analysis Report *[ditto]*

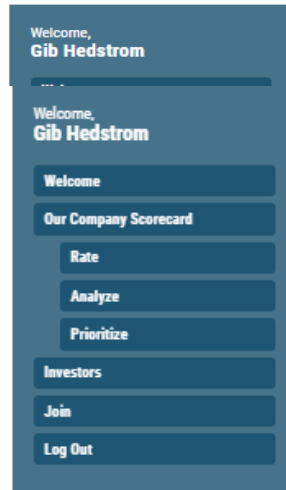
- Typically 5-25 people
- Core ESG Network

## 2021 – Q1

### 1. “Excel Toolkit 2.0”

- Send globally (30-100 people)
- Enhanced Analysis Report

### 2. Upload/Download



Distributing Excel Internally  
Special Excel Analysis Report  
Access ESG Ratings Bubble Chart

Home About **Resources** Our Scorecard Investors Engage

## Excel Toolkit

### Distributing Excel Internally

An Excel version of the ESG Navigator rating criteria is available to all Registered Users (individuals/companies that have [requested log-in access](#)). The Excel Toolkit described below is included at no cost for subscribers to Join Option B (Basic) and Join Option C (Advanced). [The Excel Toolkit is available to Option A subscribers for a fee.](#)

In an effort to preserve confidentiality, each Excel sheet sent to a Registered User is pre-loaded with your company name. All aspects of the Excel sheet except for the rating column and comments column are locked.

- If you want to access the Excel Toolkit, please [email Gib Hedstrom](#).
  - Free for subscribers to Option B and Option C.
  - Extra fee for subscribers to Option A.
- You then send the Excel sheet out to multiple people in the company, asking them to complete the ratings.
- After you receive the completed ratings (Excel sheets) back, you send to us and we shoot back a [Special Excel Analysis Report](#).

### Special Excel Analysis Report

Don't waste your time comparing and analyzing responses on multiple Excel sheets you receive back from your colleagues. We have a program to analyze the results (instead of you having to have an analyst do so manually).

- You send us complete Excel files – and
- We shoot back a full report with analysis.
- Coming soon: upload a completed Excel file directly to the website.

### Access Special ESG Ratings Bubble Chart

Wouldn't you love to see – in one simple chart –

- How your company stacks up on a set of critical ESG factors – AND
- How a dozen of the major ESG ratings address (or do not address) those factors?

More details in this section.

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# Game On!



**ESG Navigator**<sup>™</sup>  
ENVIRONMENT • SOCIAL • GOVERNANCE

## November 2020 Update

Dear ESG Navigator Colleague,

**20 Years On... The Tide Just Turned!**



“In economics, things take longer  
to happen than you think they  
will...

...and then they happen faster  
than you thought they could.”

Rudi Dornbusch

# The Rapid Rise of ESG: How are Investor Relations Officers to Respond?

The Conference Board  
Global Investor Relations Executives Council  
(GIRC)

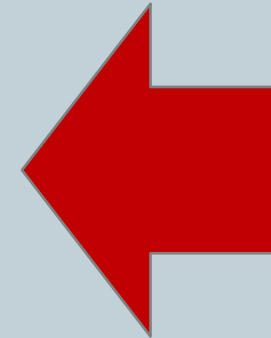
**Webinar**

**November 13, 2020**

### Polling Question #1 to GIRC (*with results*)

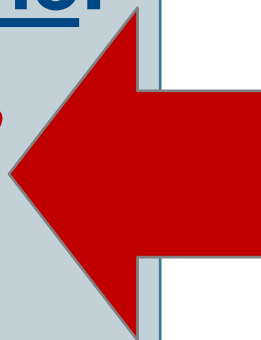
Over the past 18 months, the importance of ESG to mainstream investors has become:

1. Significantly more important = **33%**
2. Somewhat more important = **63%**
3. Stayed about the same = **4%**
4. Somewhat less important = **0%**
5. Significantly less important = **0%**



### Polling Question #2 to GIRC (*with results*)

Over the next 18 months, the importance of ESG to mainstream investors will become:

1. Significantly more important than it is today = **50%**
  2. Somewhat more important than it is today = **41%**
  3. Stayed about the same as it is today = **9%**
  4. Somewhat less important than it is today = **0%**
  5. Significantly less important than it is today = **0%**
- 

### Polling Question #3 to GIRC (*with results*)

What's the balance of your investor ESG  
interest today:

ESG Ratings and Telling Our Story?

1. ~80/20 – significantly more attention to DATA (ESG ratings, etc.) = **5%**
2. ~60/40 – Somewhat more attention to DATA (ESG ratings, etc.) = **20%**
3. ~50/50 – About the same on data/ratings and telling our company's story = **20%**
4. ~40/60 – Somewhat more attention to telling our company's story = **20%**
5. ~20/80 – Significantly more attention to telling our company's story = **35%**



# Michelle Edkins – BlackRock

BlackRock

September 2020





# **Five Engagement Priorities**

- 1. Board Quality**
- 2. Environmental Risks and Opportunities**
- 3. Corporate Strategy and Capital Allocation**
- 4. Human Capital Management**
- 5. Compensation that Promotes Long-termism**

# How does BlackRock Gather Info about these “soft” topics? Michelle’s Answer



*Yes we are very data-driven and retrospective...  
the data aggregation and the proxy advisors’  
research are an input into what we do –  
**but the company’s own reporting is way more  
important.***



## Breakout Groups

**Changing the Balance:**

Earn strong ratings and...

**Tell a compelling story**

**What makes for a good story?**

**(re ESG governance and strategy - to tell investors)**

**What makes for a good story (re ESG)?**

- 1. Pick a top 5 issue for investors**
- 2. Track major news developments**
- 3. Candid look in the mirror  
(benchmark peers)**
  - a) Identify gaps and leaders**
  - b) Examine best practice examples**
- 4. Propose simple fixes**

## **EXAMPLE: a Stage 3+ company**

- 1. Issue = Board Engagement**
- 2. News Developments = BlackRock – growing importance**
- 3. Candid look in the mirror:**
  - Outstanding board engagement
  - But to outsider, looks like Stage 1
    - No Board ESG Committee
    - Board Charters very lean on ESG
- 4. Best practices offer stark contrasts**

**Breakout Groups: *What makes for a good story to tell investors?***

# **Breakout Groups & Feedback**

# In recent days . . .

FRC, the UK regulator for auditors:

- How are boards of directors taking account of climate-related challenges?
- How are auditors taking account of climate-related challenges?

Many companies and funds will have to report how they will affect and be affected by global warming.

## U.K. Tries Climate Reports

Environmental-standards experiment could bring write-downs, risk clarity



# In recent days . . .

**ePulse**

- **Disclose climate risks or face divestment: Investors representing \$9 trillion in Europe.** [Read](#)
- **Australia's biggest pension fund committed to net-zero carbon portfolio by 2050.** [Read](#)
- **The world's largest institutional investors are pushing for 'ESG 3.0' - focuses more real-world impacts.** [Read](#)
- **PwC: 77% of institutional investors will stop buying non-ESG products by 2022.** [Read](#)
- **EU Directive in force: increasing shareholder engagement in corporate governance.** [Read](#)
- **"Social" jumped in ranking from #3 last year to #1 ESG factor in the U.S.** [Read](#)

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- **2021 Look Ahead** *(5 Minutes)*

# **Coming Soon**

- **The Conference Board roll-out**
- **ESG Performance Maps: Special Review**
- Session – December 4<sup>th</sup>**
- **Annual KSI Review**
- **Schedule 2021 webinars**



On behalf of our  
ESG Navigator team:

**Thank You!**

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