

ESG Benchmarking: *How do we stack up?*

ABC Company

January 2021

Notice

This report of **ABC Company** benchmark data is based on **ESG Navigator**, an easy-to-use, online self-assessment platform that helps companies answer the question:

“How do our ESG (or sustainability) efforts stack up?”

With the rising tide of societal expectations, ESG Navigator offers a confidential, frank and honest company self-assessment. This tool enables **ABC Company** to:

- Assess your organization’s sustainability/ESG performance
- Benchmark with peers -- across all industries and within your sector
- Identify areas to improve

ESG Navigator is the wholly-owned property of Hedstrom Associates. Use of ESG Navigator (via <https://esgnavigator.com/> or via <https://www.conference-board.org/esg-navigator> is limited to Registered Users - individuals who accept the User Agreement and are provided a user name and password. (The Conference Board, Inc. (TCB) has licensed ESG Navigator and is making the platform available to TCB members.)

This report provides a summary of selected analytics available with ESG Navigator. Many additional benchmarking analytics are available.

ABC Company currently subscribes to ESG Navigator at the ____ level. Additional information about **ABC Company** performance is available upon log-in to ESG Navigator at: <https://esgnavigator.com/user/analysis/>.

Contents

- **Background**
- **Summary Analytics**
- **Breakdown: Governance, Strategy, Environment, Social**
 - ABC Company vs. All Companies
 - ABC Company vs. Our Industry Sector
 - ABC Company vs. Our Industry Sub-Sector
- **Our “Top 12” Priority KSIs**
 - Where we score highly and can leverage (4 KSIs)
 - Where we score fairly low and need to improve (8 KSIs)

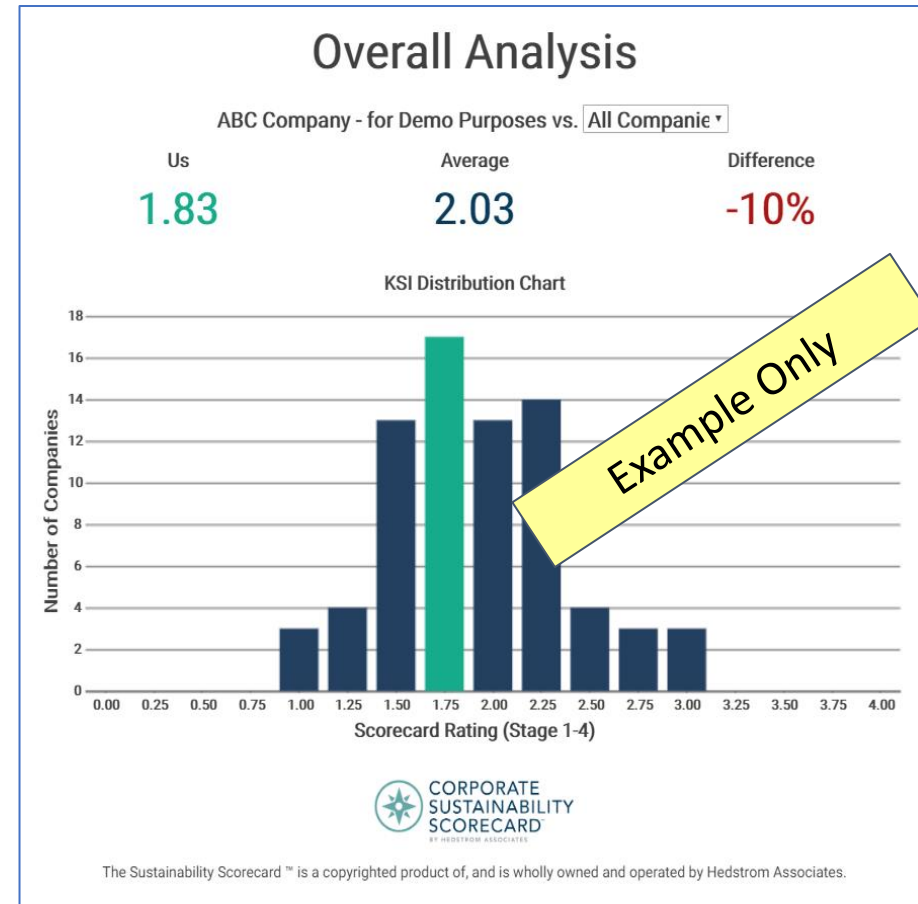
Background & Benefits

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

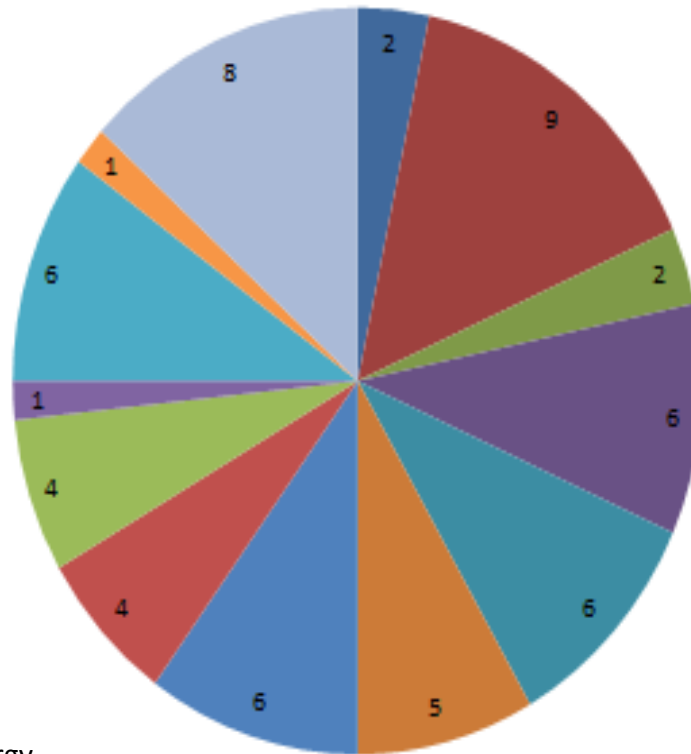


Selected Participating Companies

Founding Participants by Industry Sector

- 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



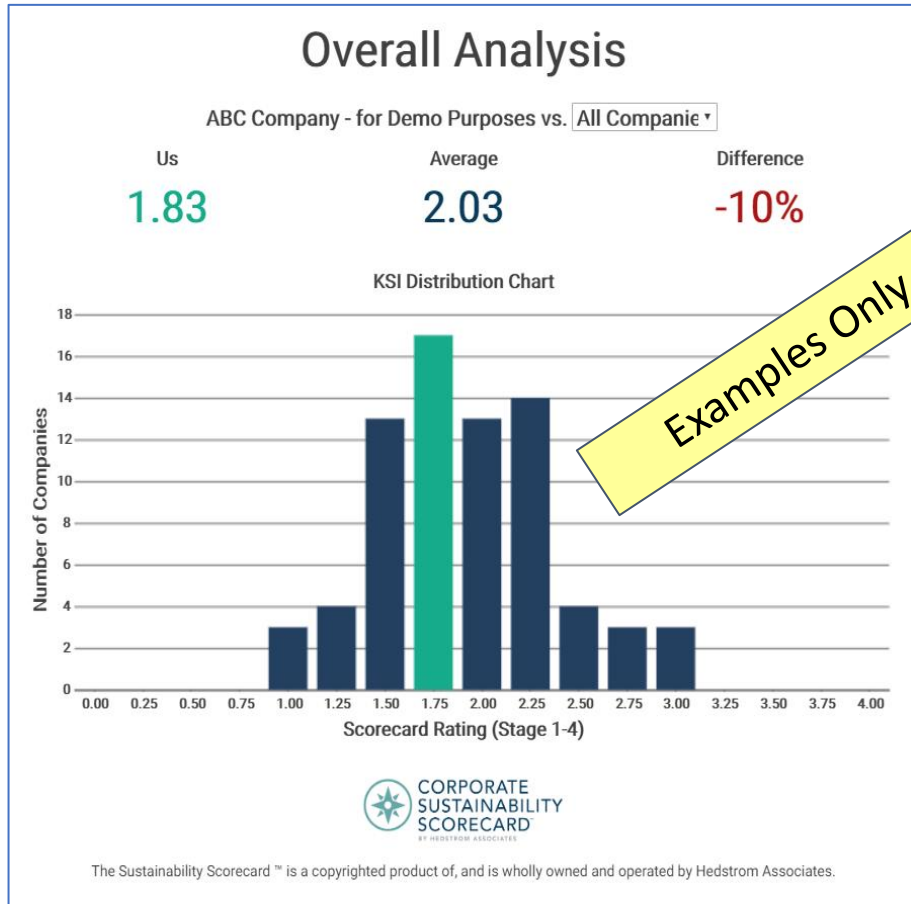
- **Energy (2)**
- **Materials (11)**
 - Chemicals (9)
 - Metals (2)
- **Industrials (12)**
 - Capital Goods (6)
 - Transport & Services (6)
- **Consumer Discretionary (5)**
- **Consumer Staples (6)**
- **Healthcare (8)**
 - Equipment (4)
 - Pharmaceuticals (4)
- **Financials (1)**
- **Information Technology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

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

How do we stack-up – 30,000'

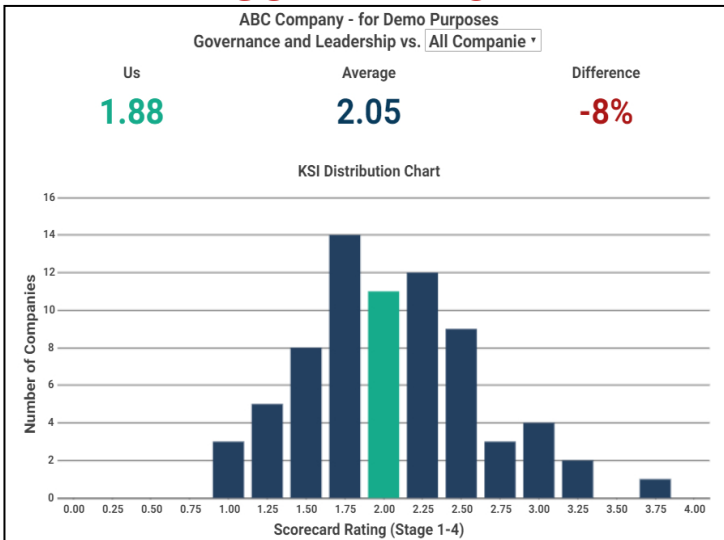
A Tough Rating Scale

Summary “Bubble Chart”

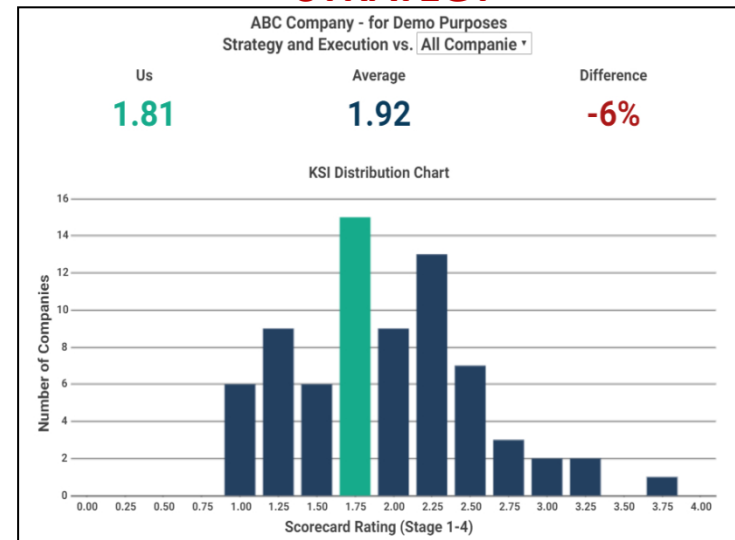


ABC Co. vs. All Companies

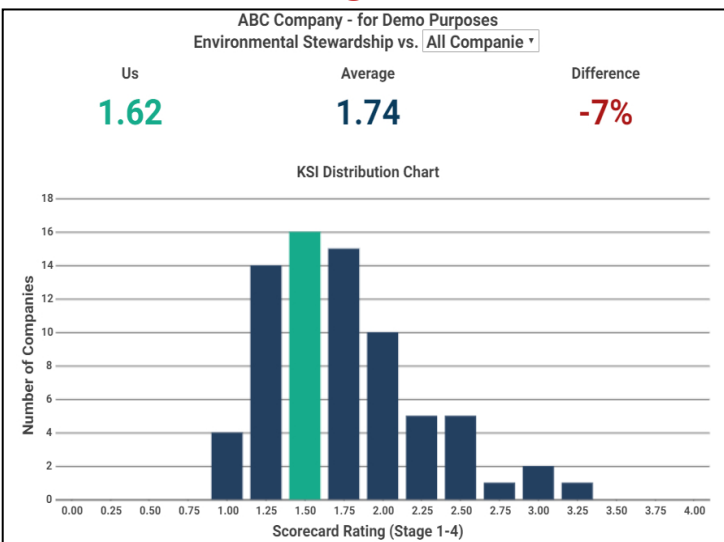
GOVERNANCE



STRATEGY



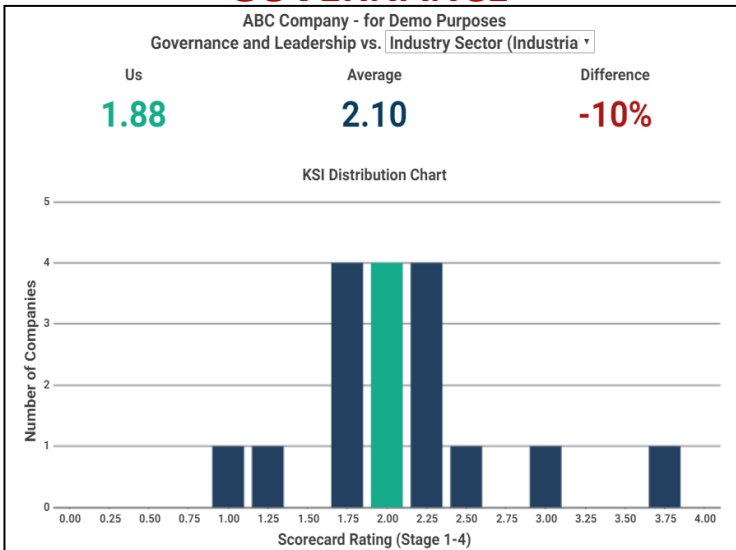
ENVIRONMENT



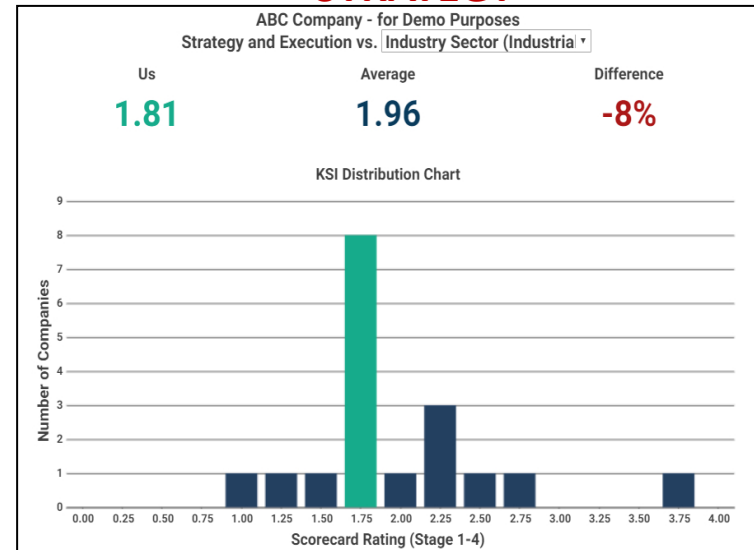
SOCIAL



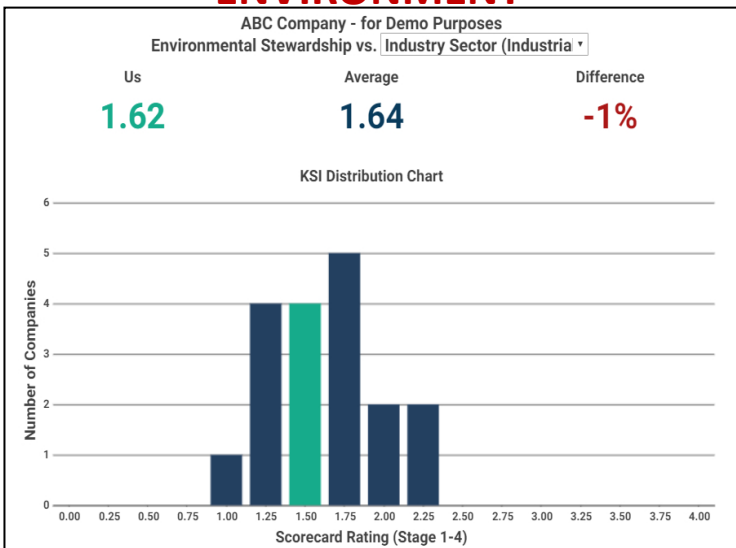
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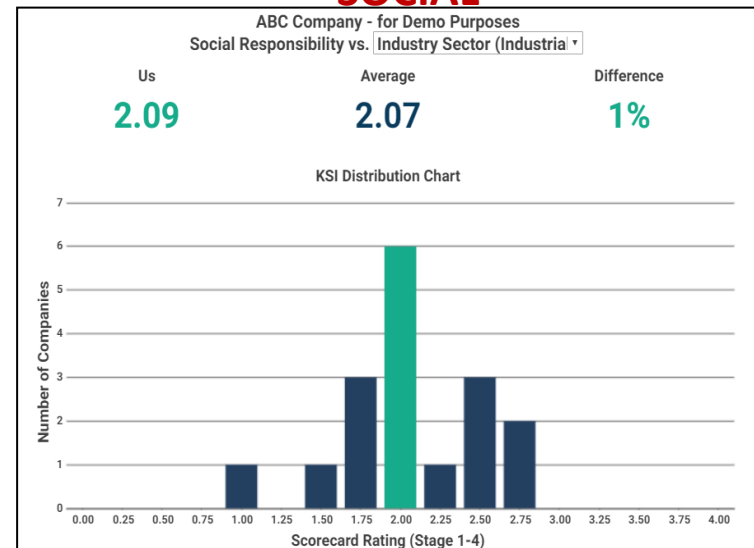
STRATEGY



ENVIRONMENT



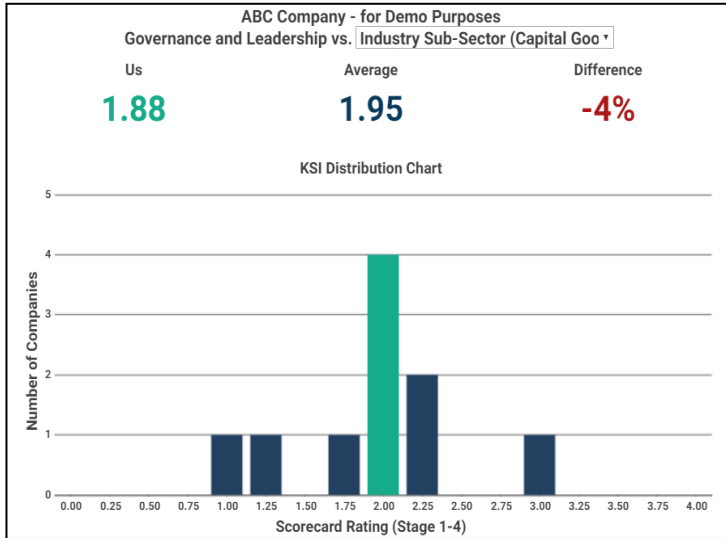
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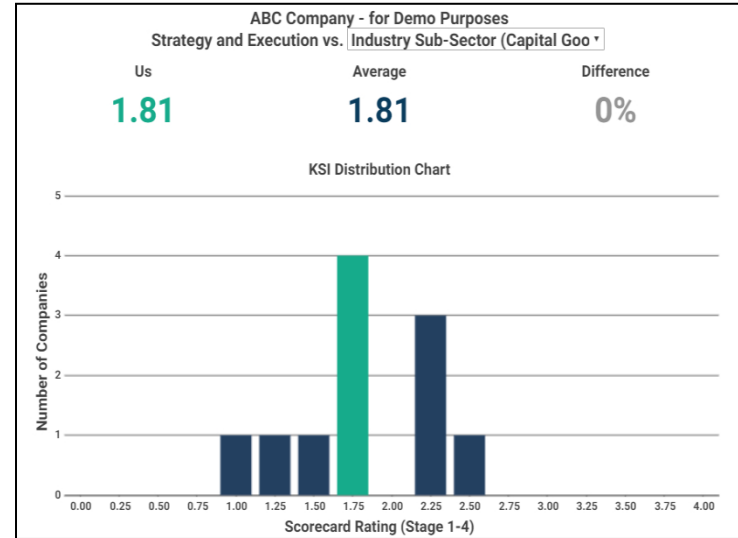


ABC Co. vs. Industry Sub-Sector

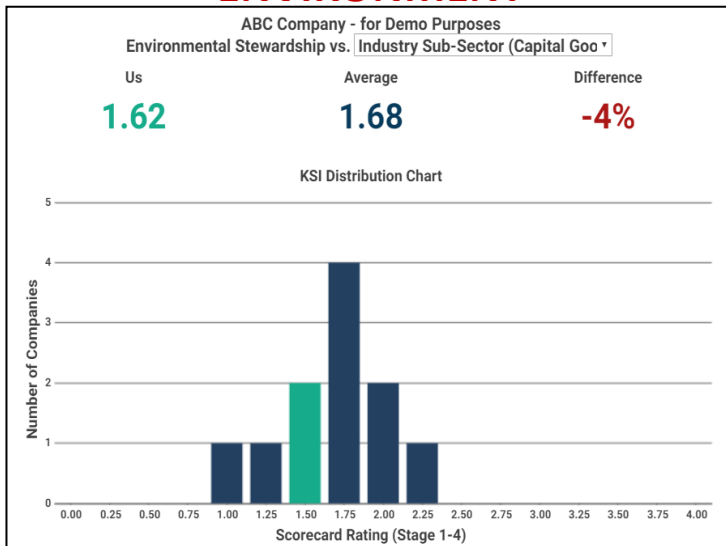
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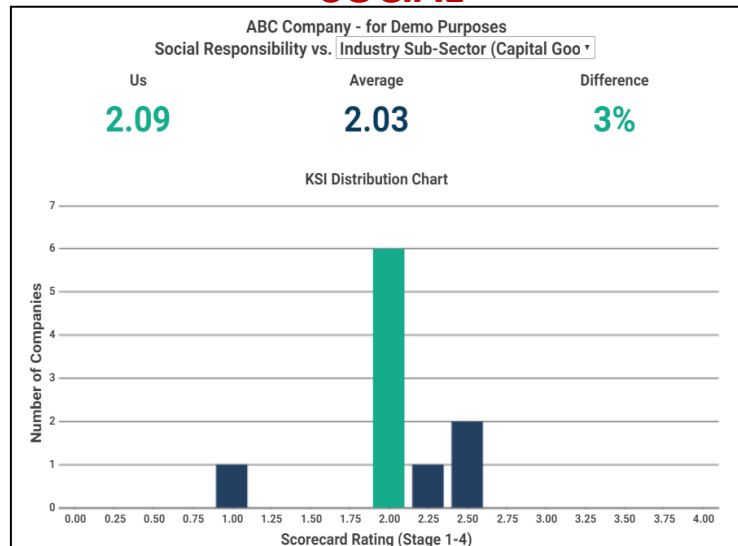
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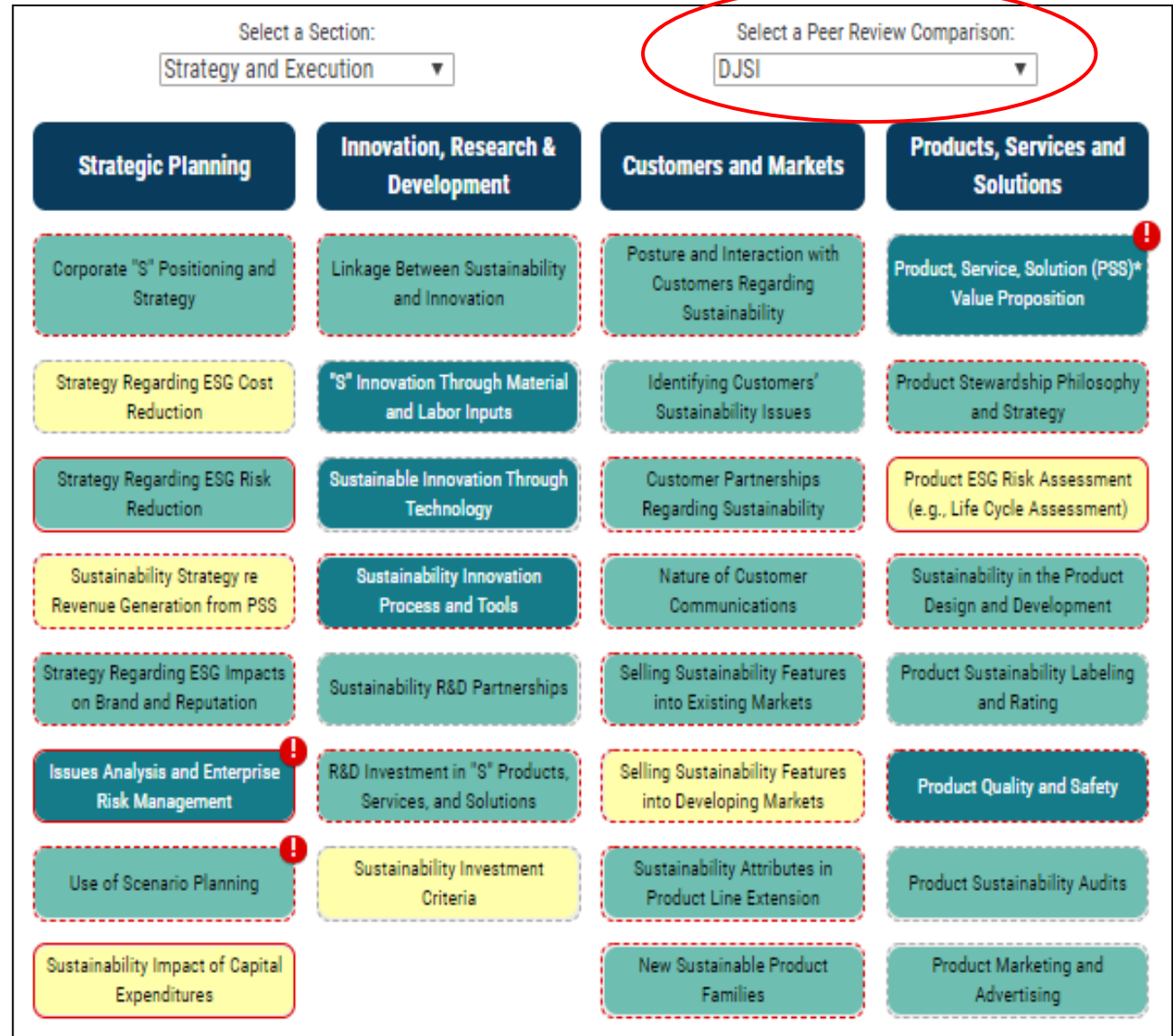
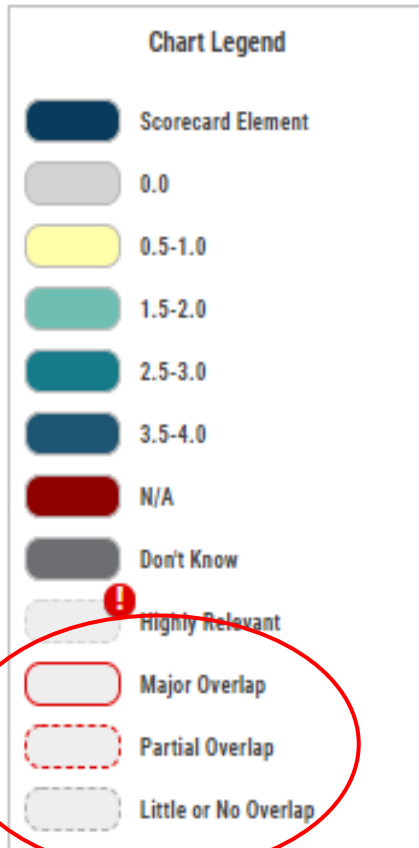
ENVIRONMENT



SOCIAL



Comparing Our Performance vs. ESG Ratings (e.g., DJSI)



ESG Ratings Analysis



KSI	Section	KSI Name	Score	HR!	CDP	SASB	TCFD	BB	ISS	MSCI	Sust.	GRI	DJSI	FTSE	Vigeo	Eco-V	CK	JUST	ERC	RPS
1.5	Gov	KBDs tied to ESG Risks & Opportunities	1.5	!	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	46	34.1
2.1	Gov	Public Posture re: Sust. by CEO & C-Suite Execs	1.5	!	Yellow	Green	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Yellow	12	45.9
3.5	Gov	Board Agendas re Sust.	1.5	!	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Yellow	Green	Green	Yellow	Green	Green	Green	38	41.2
4.8	Gov	Accounting for Most Material ESG Risks & Externali	1.0	!	Red	Yellow	Red	Red	Green	Green	Green	Yellow	Red	Red	Yellow	Green	Green	Green	46	28.2
5.4	Gov	"Unwritten Rules of the Game" re: Sust.	1.0	!	Yellow	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	15	45.9
8.6	Str	Process to Embed ESG Issues into ERM	2.0	!	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Green	Yellow	Yellow	Green	Green	Green	Green	65	57.6
8.7	Str	Use of Scenario Planning	1.5	!	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Green	Green	Green	38	38.8
9.1	Str	Linkage Between Sust. & Innovation	1.5	!	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	65	27.1
10.1	Str	Posture & Interaction with Custs. re: Sust.	2.0	!	Yellow	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	46	76.5
11.1	Str	PSS* Value Proposition	2.5	!	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Yellow	Yellow	Green	Green	46	71.8
12.2	Env	Energy Consumed - Scope 2 Emissions	2.5	!	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	100	20.0
13.3	Env	Measuring S.Chain Envir. Footprint	1.0	!	Yellow	Yellow	Yellow	Red	Yellow	Green	Yellow	Yellow	Yellow	Red	Red	Yellow	Red	Green	62	23.5
13.6	Env	Up & Downstream GHG Emissions (Scope 3)	1.0	!	Red	Red	Red	Red	Red	Yellow	Red	Red	Red	Red	Red	Red	Red	Green	88	8.2
15.3	Soc	Role of Sust. Benefits in Recruitment & Retention	3.0	!	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	54	100.0

This “Heat Map” shows how our current performance on our priority (HR!) topics (KSIs) compares with what 14 ESG ratings measure.

12 Priority Topics (KSIs)

How we selected:

- Our ESG Team
- ~129 KSIs
- We flagged 12 of the 129 as “Priority”
- This resulted in:
 - 4 to Leverage
 - 8 to Improve

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

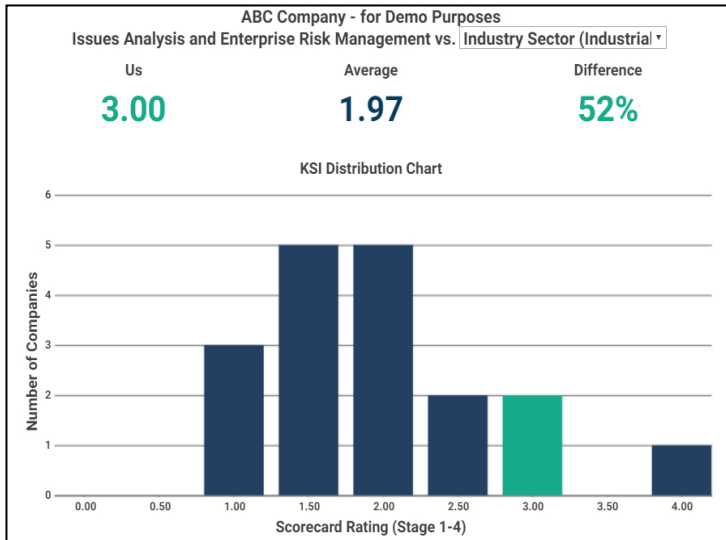
All KSIs you rated 0.5 to 2.0 and "Highly relevant"

- 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)

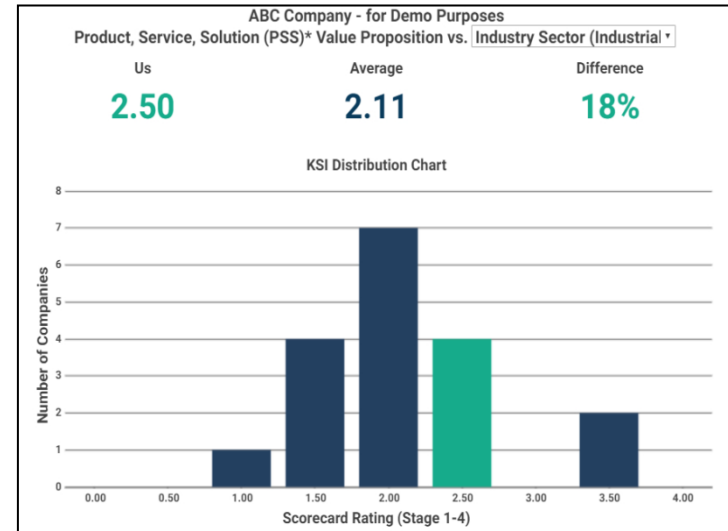
Areas to Focus on – with additional resources

ABC Co. vs. Industry Sector

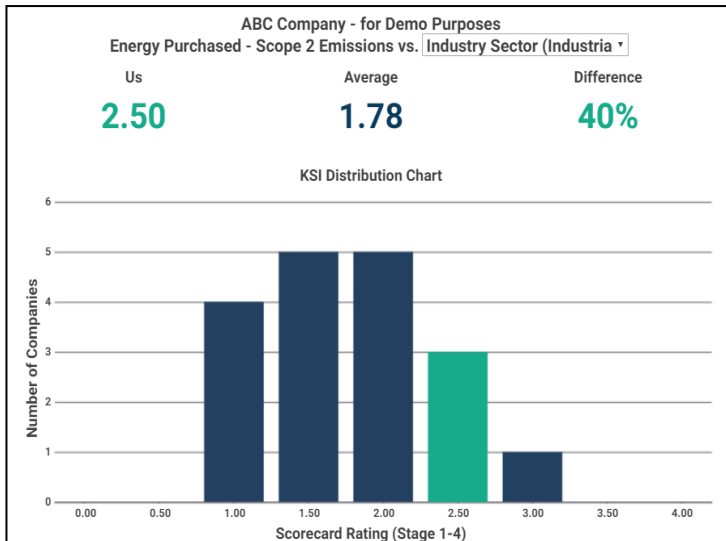
Strategy: Issues Analysis/Enterprise Risk Mgmt.



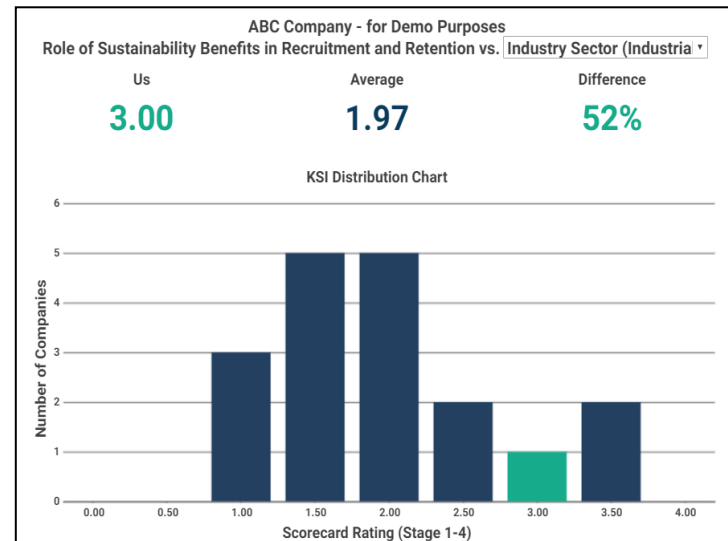
Strategy: Product, Service, Solution Value Prop.



Environment: Scope 2 Emissions

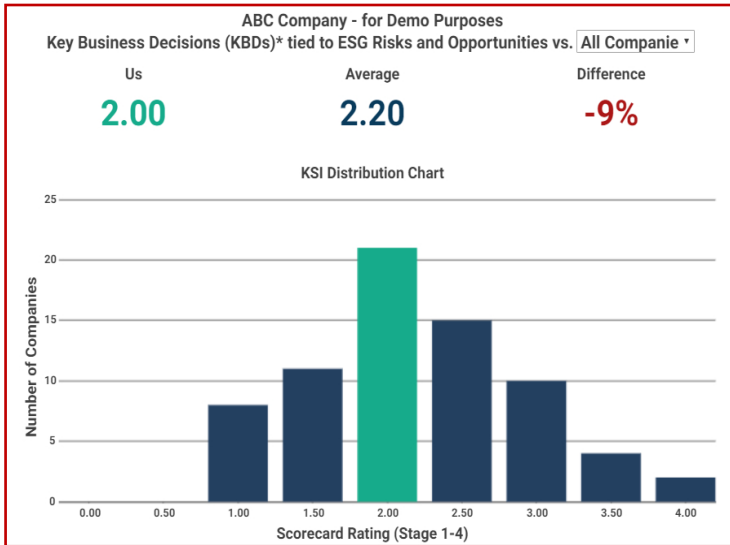


SOCIAL: Recruitment & Retention

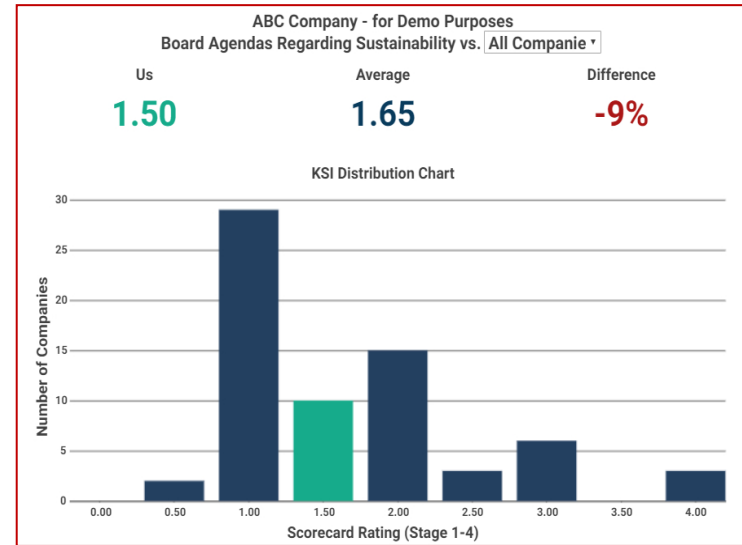


ABC Co. vs. All Companies

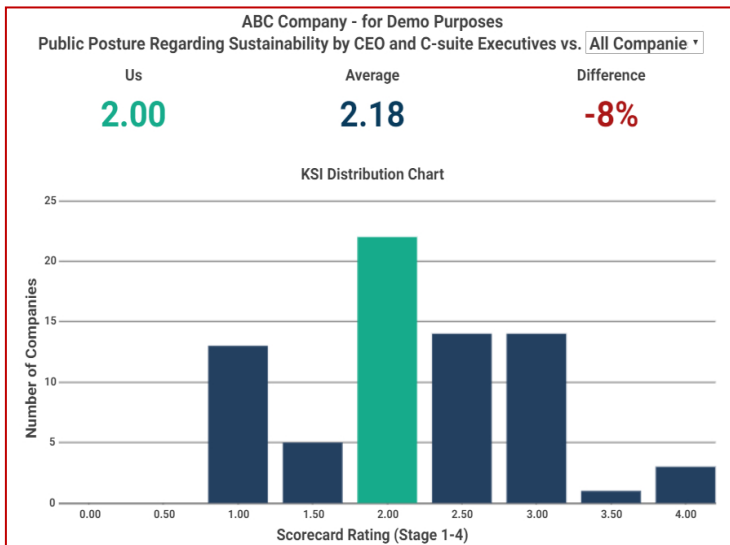
Governance: Key Business Decisions



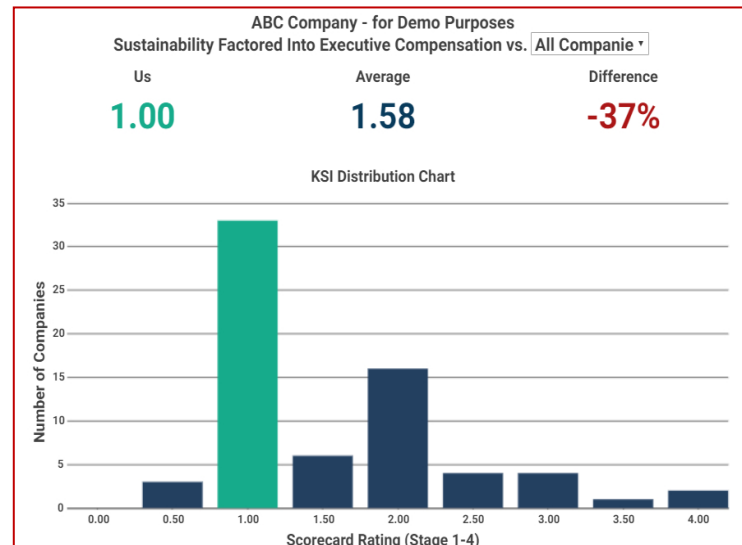
Governance: Board Agendas



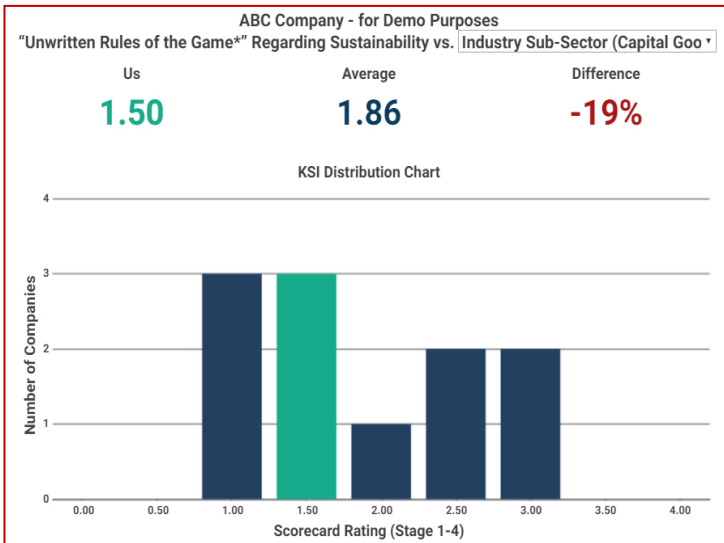
Governance: Public Posture – CEO & C-Suite



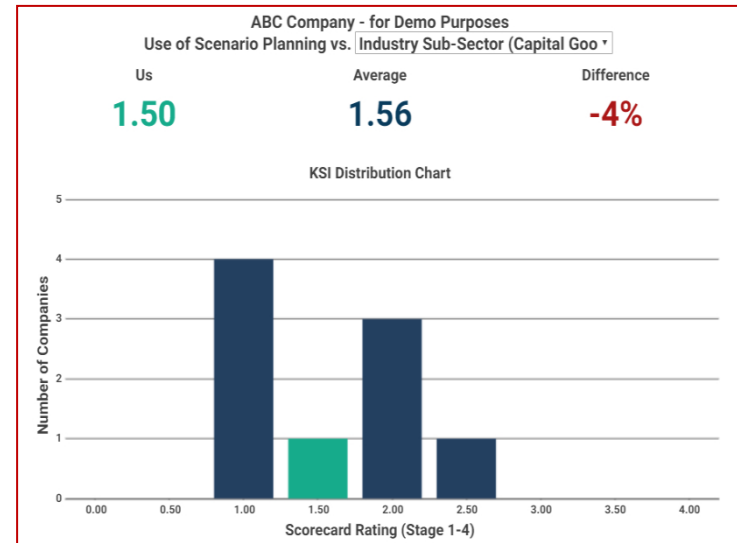
Governance: ESG in Executive Compensation



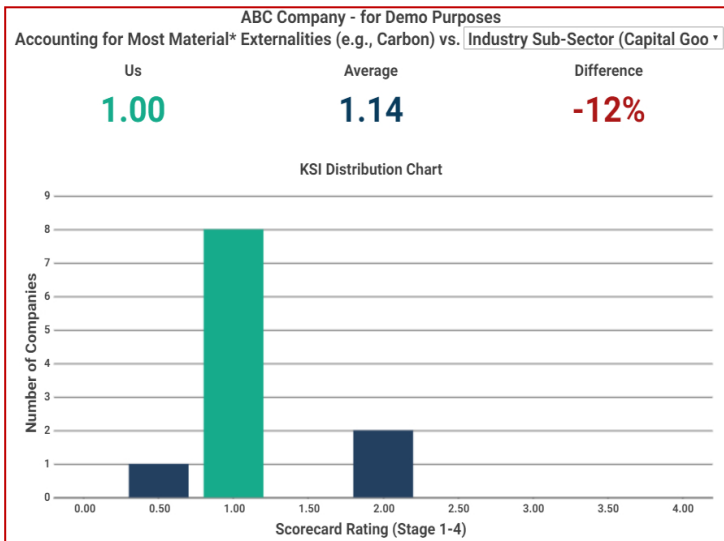
Governance: "Unwritten Rules of the Game"



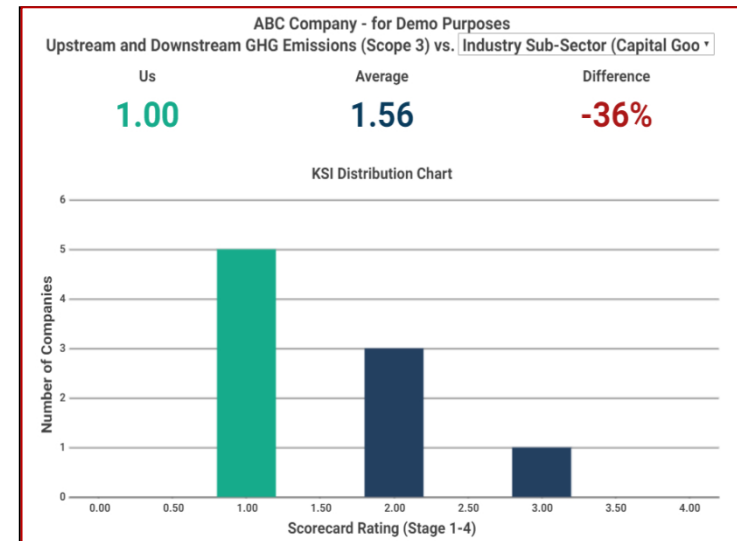
Strategy: Use of Scenario Planning



Governance: Accounting for Material ESG Risks



Environment: Scope 3 Emissions

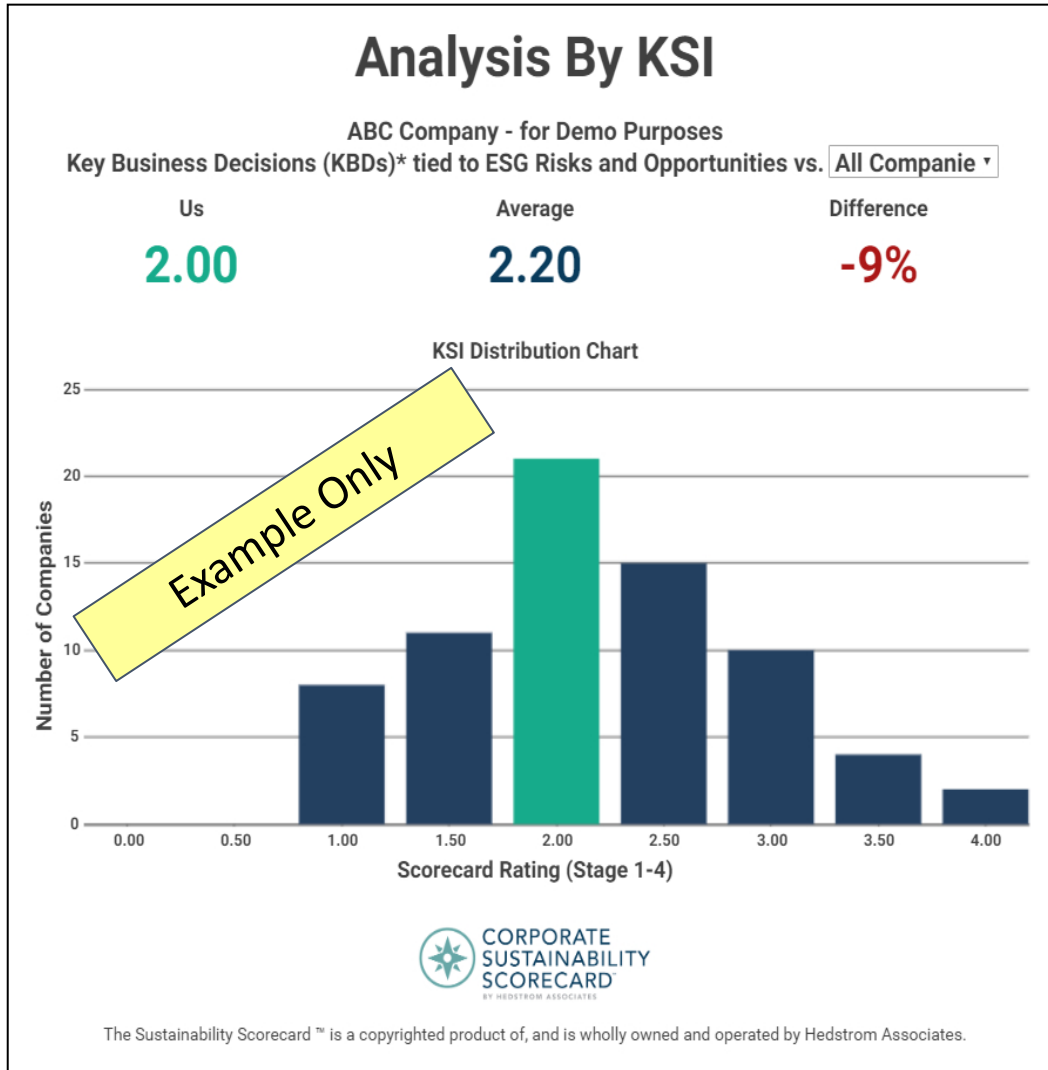


Back-up

Separate slides each on the eight (8) topics (KSIs) that:

- **We defined as high priority; and**
- **We currently score at the low end**

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



Rating Criteria

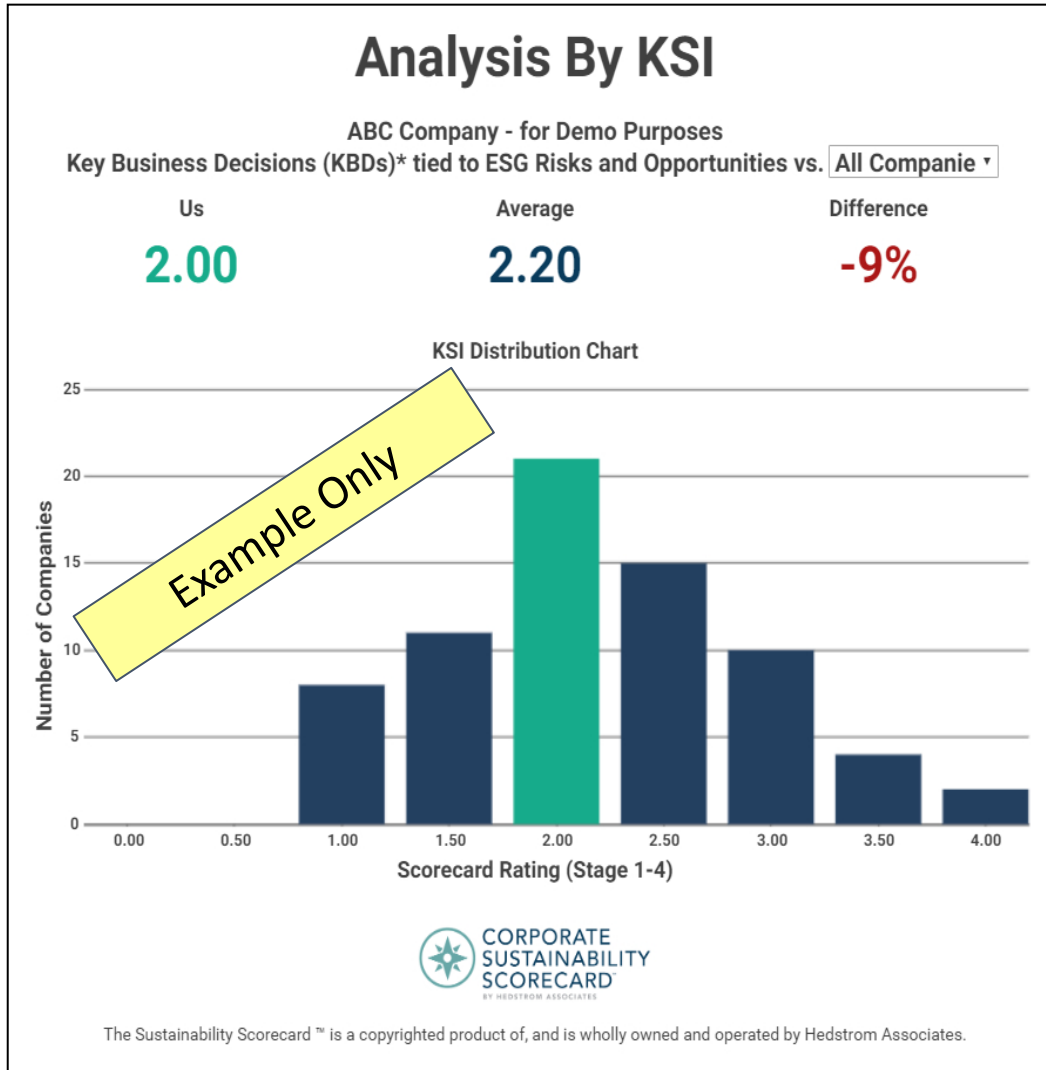
Stage 1: ESG (in core values or policy statement) remain *“on the conference room wall”*

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

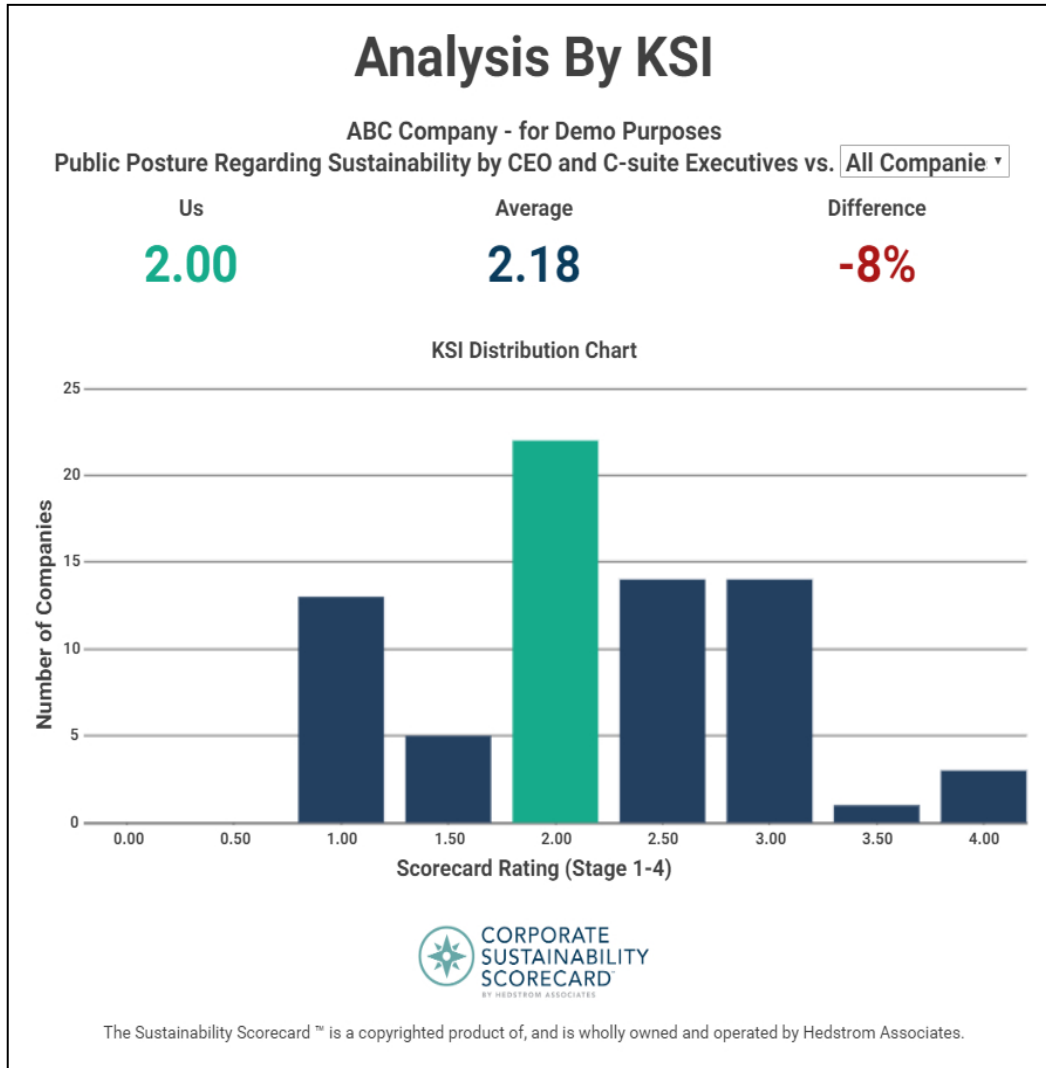


ESG Rating	Degree of Overlap
TCFD	Partial Overlap
DJSI	Partial Overlap
CDP	Little or No Overlap
ISS	Major Overlap
MSCI	Partial Overlap
SASB	Little or No Overlap
Sustainalytics	Little or No Overlap

Legend

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

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

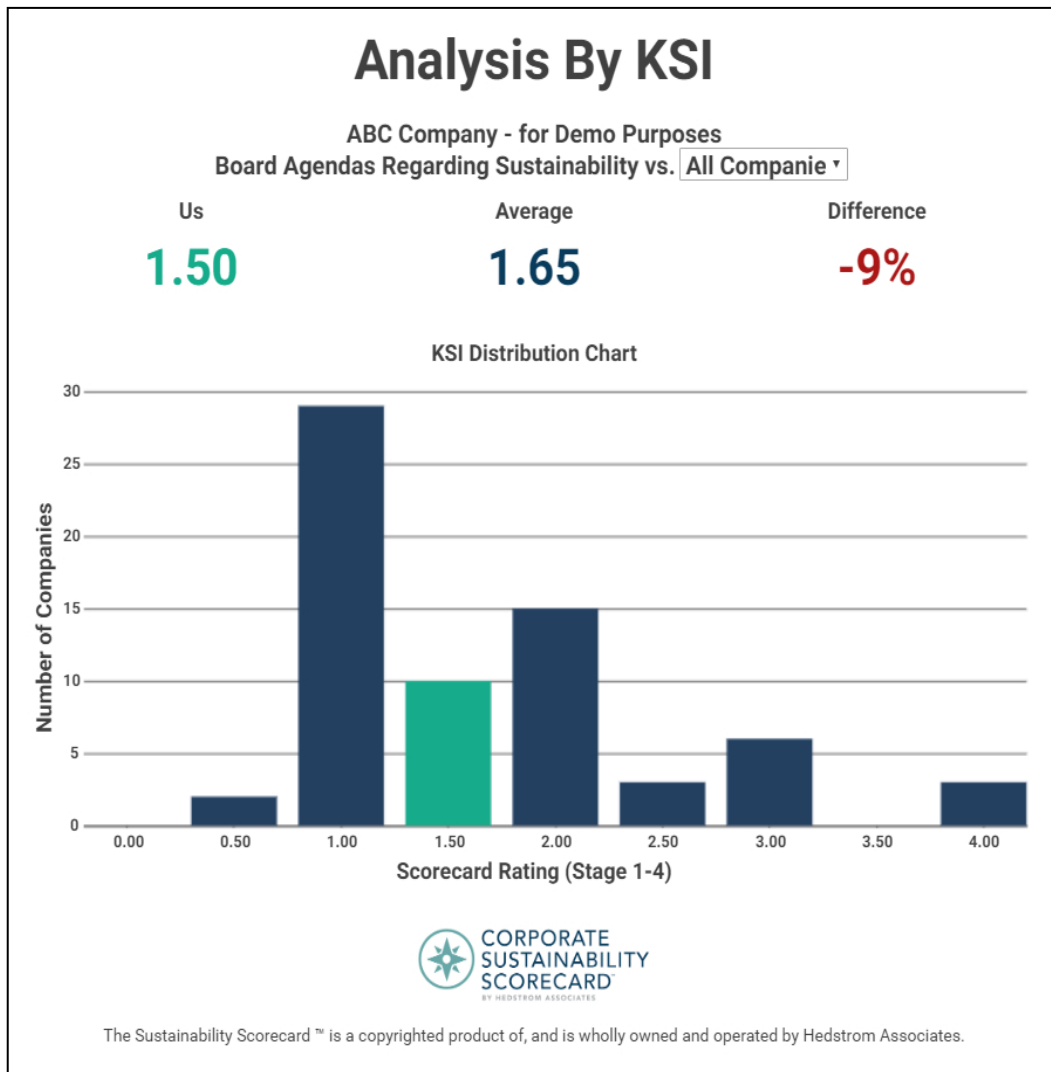


ESG Rating	Degree of Overlap
TCFD	●
DJSI	○
CDP	○
ISS	○
MSCI	●
SASB	○
Sustainalytics	○

Legend

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

#3: Board Agendas regarding Sustainability

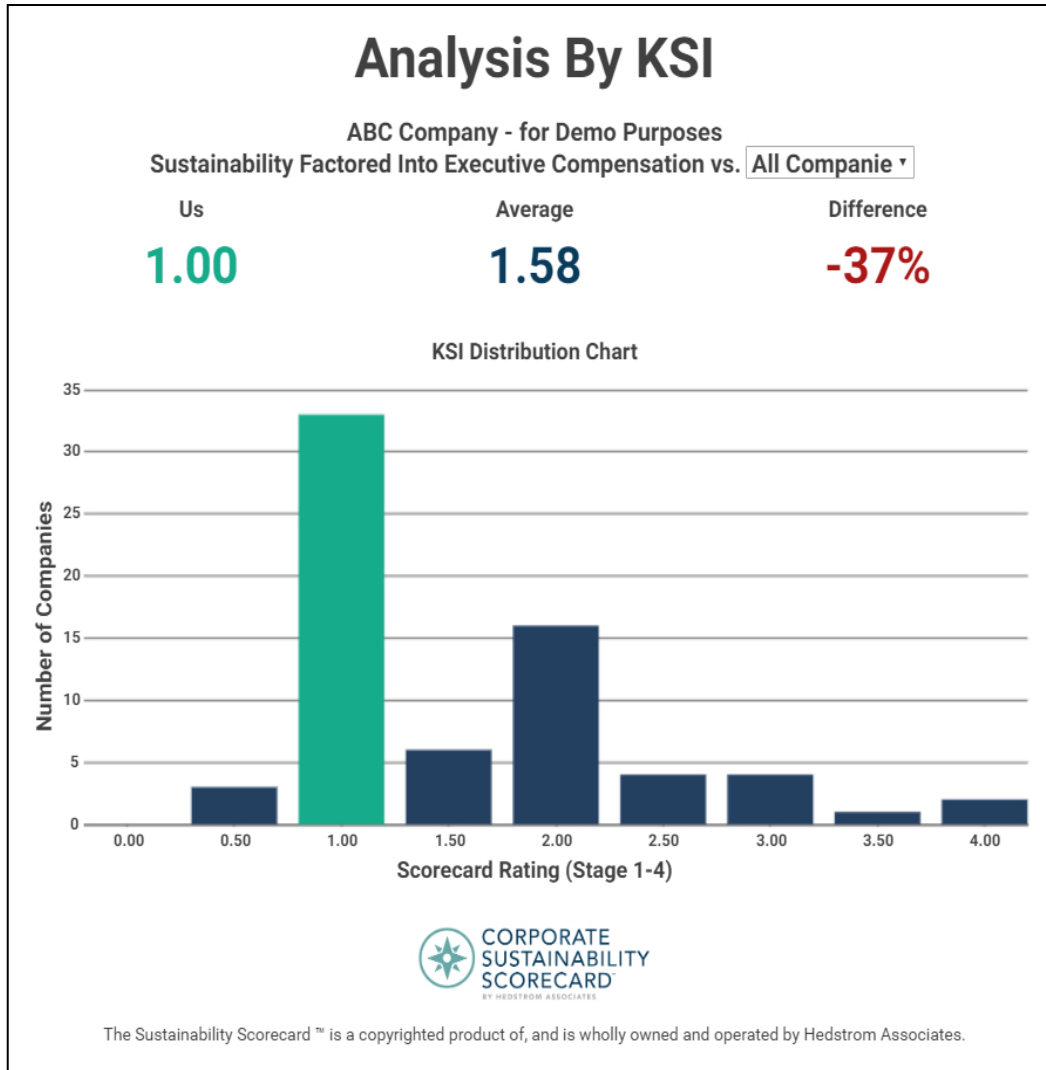


ESG Rating	Degree of Overlap
TCFD	●
DJSI	○
CDP	○
ISS	◐
MSCI	◐
SASB	○
Sustainalytics	○

Legend

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

#4: Sustainability Factored into Executive Compensation

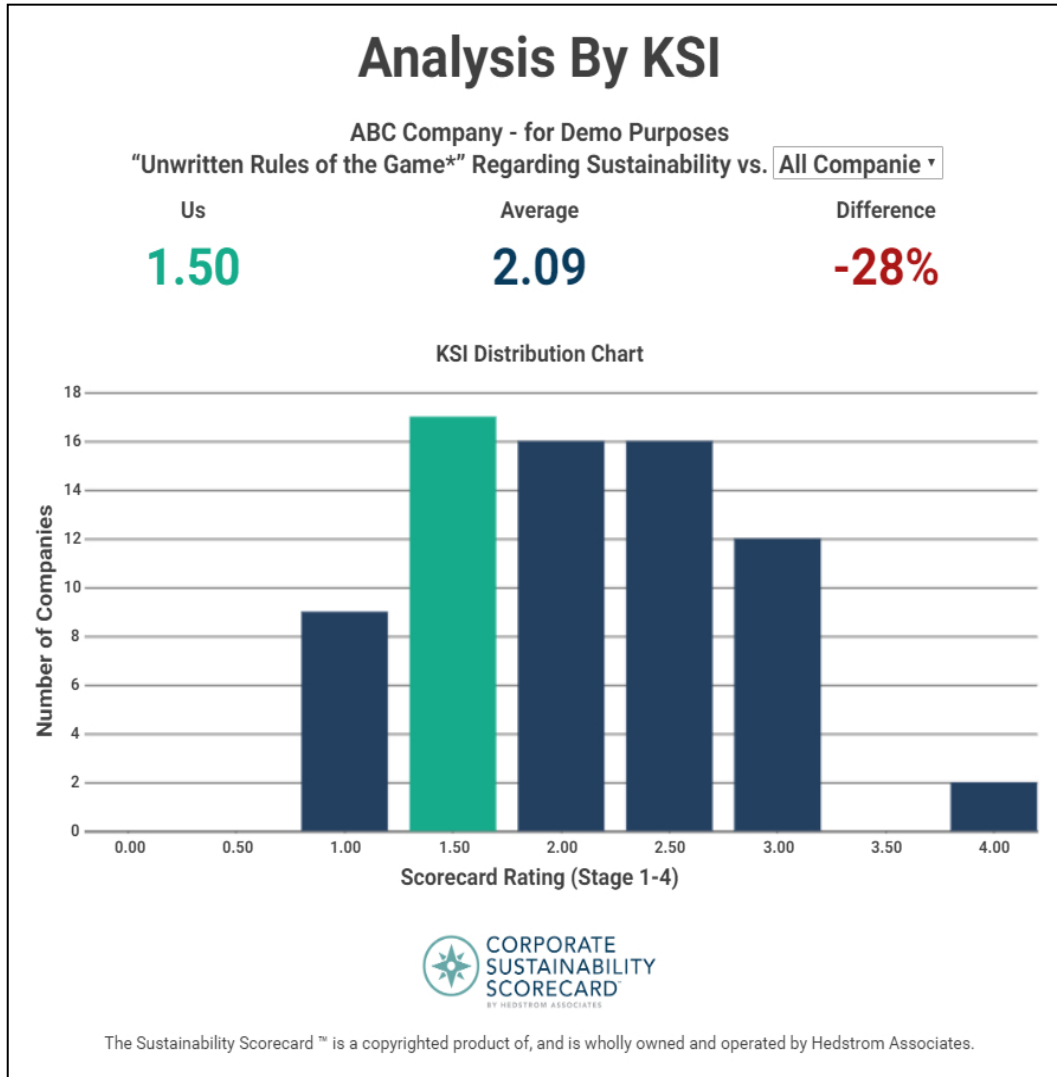


ESG Rating	Degree of Overlap
TCFD	Partial Overlap
DJSI	Major Overlap
CDP	Major Overlap
ISS	Major Overlap
MSCI	Little or No Overlap
SASB	Little or No Overlap
Sustainalytics	Major Overlap

Legend

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

#5: “Unwritten Rules of the Game” regarding Sustainability

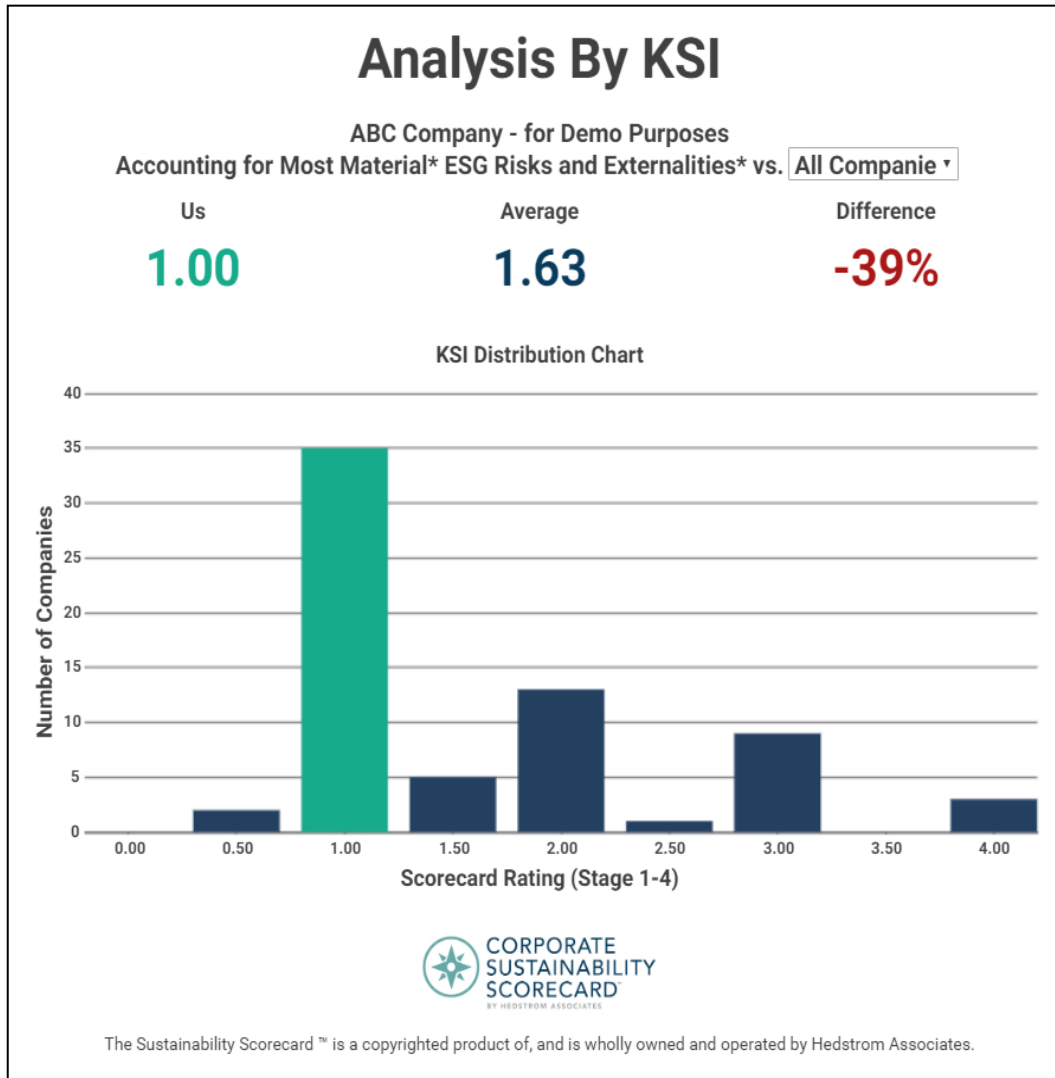


ESG Rating	Degree of Overlap
TCFD	○
DJSI	◐
CDP	○
ISS	○
MSCI	○
SASB	○
Sustainalytics	○

Legend

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

#6: Accounting for Most Material ESG Risks and Externalities

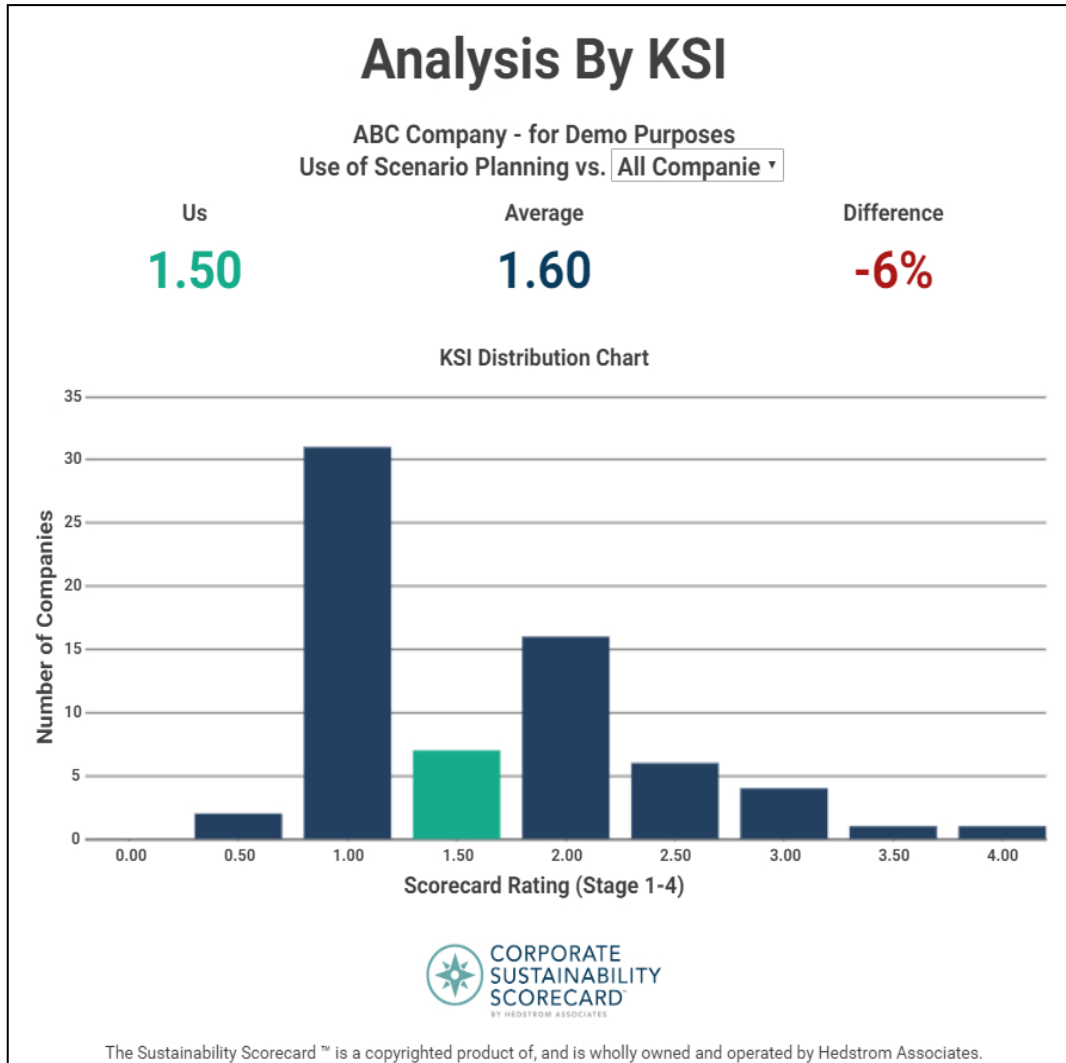


ESG Rating	Degree of Overlap
TCFD	●
DJSI	●
CDP	●
ISS	○
MSCI	◐
SASB	◐
Sustainalytics	○

Legend

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

#7: Use of Scenario Planning

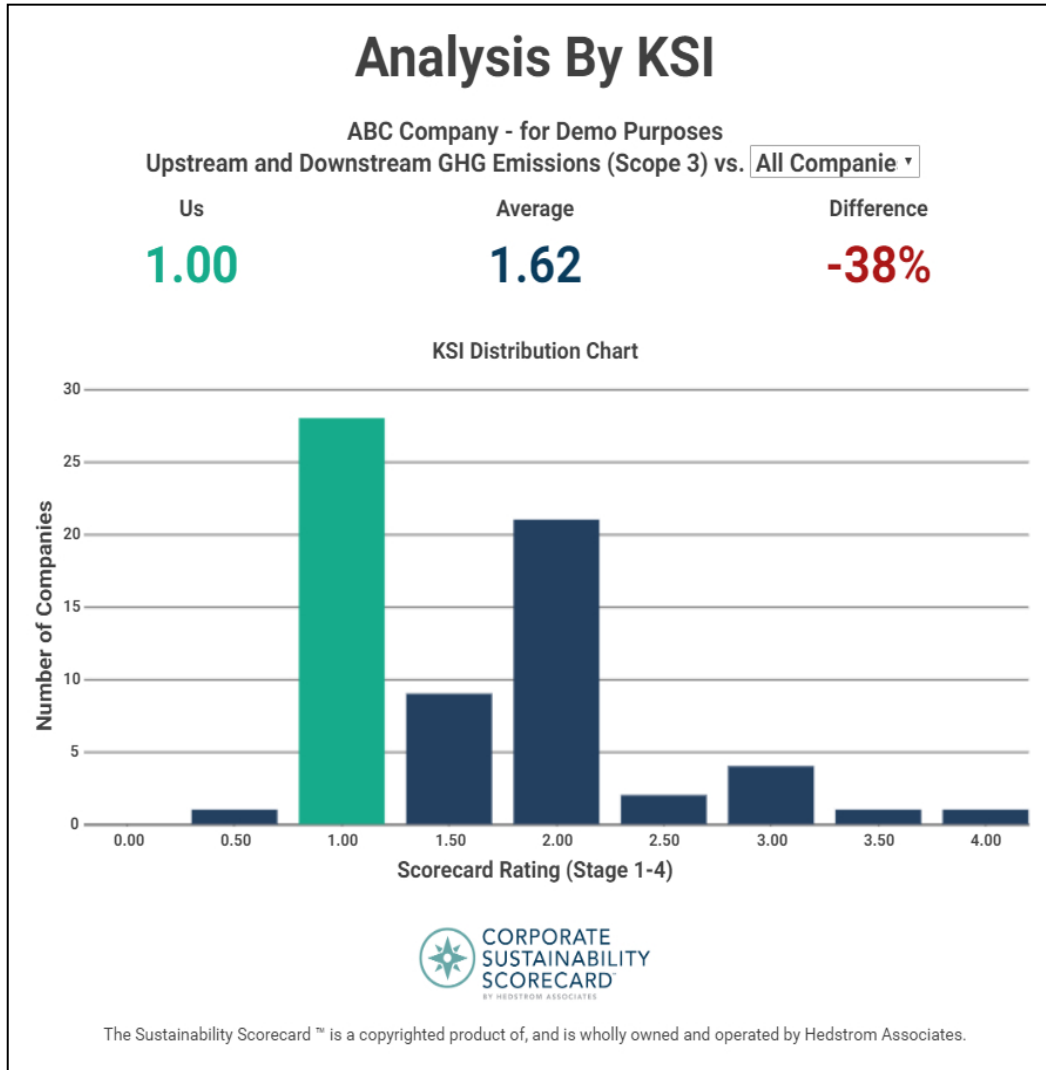


ESG Rating	Degree of Overlap
TCFD	●
DJSI	◐
CDP	●
ISS	◐
MSCI	○
SASB	○
Sustainalytics	○

Legend

- = Major Overlap
- ◐ = Partial Overlap
- = 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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gib@hedstromassociates.com

ESG Navigator – Example Pitch Deck January 2021