



ESG Navigator™

ENVIRONMENT • SOCIAL • GOVERNANCE

ESG Navigator Webinar

March 19, 2021





Participants: Pre-Registered

Company	Pre-Registered
• Altria	Kimberlee Pepple
• Arconic	Kim Kipin-McDonald
• Coca-Cola	Sha Green
• Consumers Energy	Linda Hilbert; Jessica Spagnuolo
• Danaher	Stephen Evanoff
• Deere	Kim Noe
• Dell	Courtney Kauzens; Federico Sendel
• Diodes	Sheana Chen
• Duke Energy	Julie Hyde
• Fluor	Lucy Brady
• Goodyear	Ashley Fahey
• Hain Celestial	Simon Wong
• Hexion	Syd Lindquist

Company	Pre-Registered
• HP Inc.	David Eichberg; Katherine Hand*
• Kohler	Nathan Nissan
• Lear	Rich O'Herron*
• Marriott Int'l.	Denise Naguib; Claire Cutting
• Medtronic	Ginny Cassidy; Lyrae Myxter*
• Momentive	Roger Bowman
• Northrop Grum.	Stanley Merritt
• Otis	Terry Robinson; Matt Turner*
• PPG	Mike Corcoran; Mark Cancilla
• Solvay	Michel Washer; Marie-Helene Enrici
• Stryker	Erol Odabasi
• Trane Technologies	Scott Tew; Ben Tacka
• UPS	Andria Smith

Our Team



	2020	2021
PRODUCT DEVELOPMENT & GENERAL SUPPORT	Larry, Allie	Larry, Allie, Tatiana Uwe Schulte (TCB)
WEBINAR SUPPORT	Beth, Dean	Dean
WEBSITE UPGRADES	Scott	Scott + 2
GRAPHIC DESIGN	(Gib)	Neela, Karin
MBA PROJECT	N/A	Amanda, Heeseung



Agenda

Annual KSI Review *(10 minutes)*

- Recap
- Results
- What it means for you

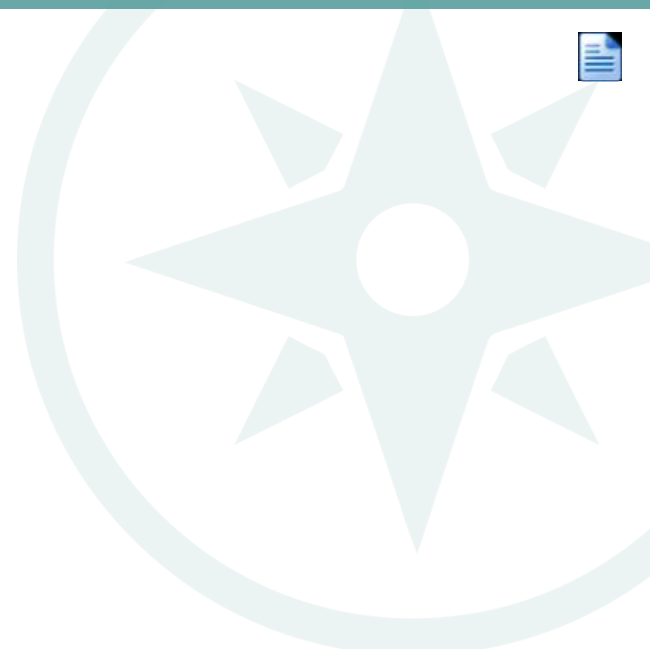
ROI of ESG Ratings *(15 minutes)*

- Draft Survey
- Quick Feedback
- Next Steps

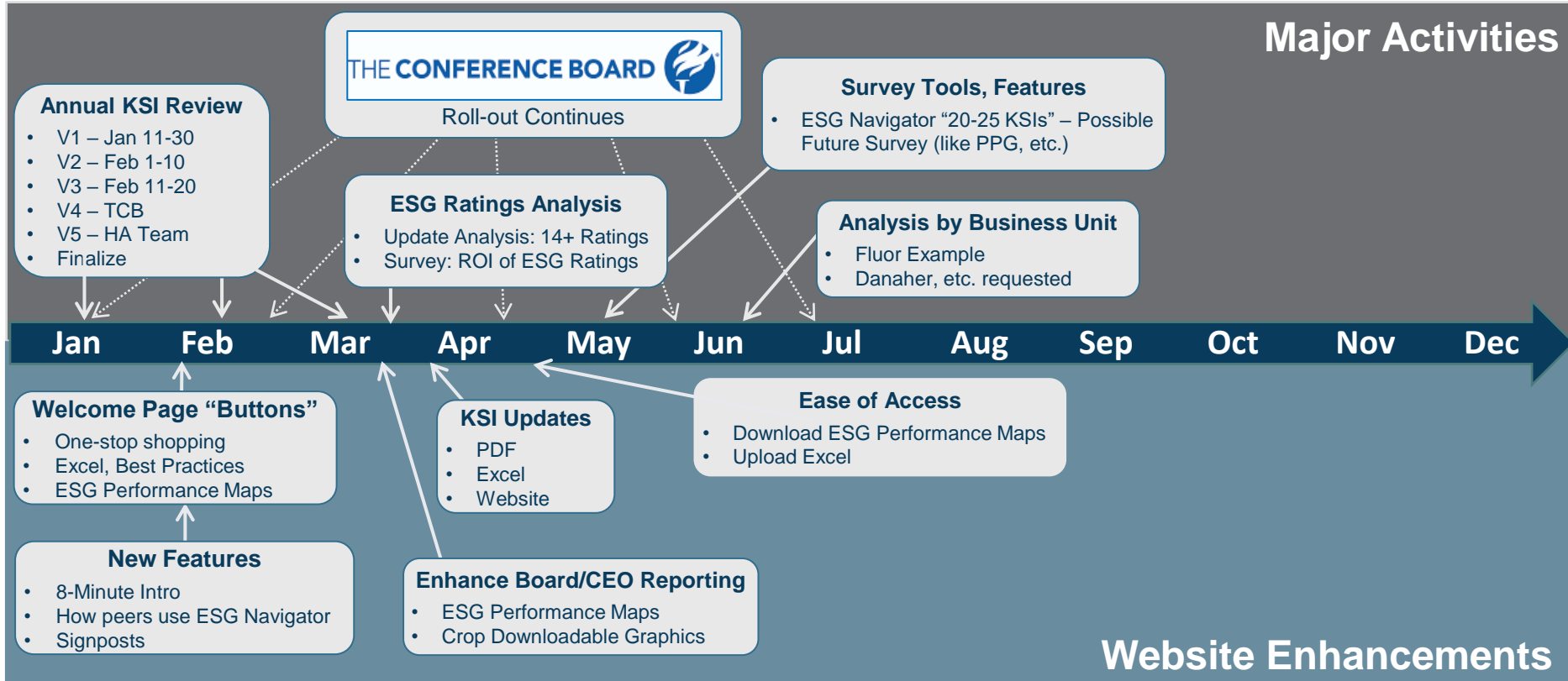
Board and C-Suite Reporting *(25 minutes)*

- Company Example: **Hexion**
- Breakout Groups

Next Steps *(5 minutes)*



March 2021 Update





Is our company “future-ready”?

SIGNPOSTS

HPE Stands Out Disclosing Climate Risks

Following Hurricane Harvey hit Houston...

- **2017:** HPE CEO announced all manufacturing operations moved to locations less exposed to extreme weather
- **2018:** Publicly estimated impact under 1.5°C and 2°C scenarios
- **2019:** Disclosed its climate-related risks to investors
- **2021:** Customers giving preference in contract bids; \$847MM in new contract awards

The Wall Street Journal
March 15, 2021

Trane Technologies Plans to Cut Product Carbon Emissions in Half by 2030, Supporting Paris Goal

- First in its industry to have its targets validated by the Science-Based Targets Initiative (SBTi)
- One of only 47 companies to be verified twice

March 15, 2021



Annual KSI Review: The Methodology

Comments since January 2020

- From you during the year
- From our ESG ratings analysis
- From business news tracking

Solicited input

- 15+ active members responded
- 125+ great comments, suggestions
- Special focus on Supply Chain

The Conference Board

- 70+ comments from Uwe (Europe)
- Thomas Singer (U.S.)
- Anu Saush; Anke Schrader

ESG Navigator Team

- Thorough edit
- Amanda and Heeseung; Larry
- Gib's final edit



Annual KSI Review: Example KSI



October 26, 2020

7.7	Corporate Marketing and Advertising Approach Regarding Sustainability	Focus on being honest – but often viewed by NGOs as “green marketing”	Focus on a balanced, truthful, humble approach	Earn the respect of NGOs; emulated by others that aim to be leaders	Earn ethical marketing credentials and reputation
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February 7, 2021

7.7 NEW 7.6	Corporate Marketing and Advertising Approach Regarding ESG/Sustainability	Focus on being Walk a tight line: approach with honesty – but may be viewed by NGOs as “green marketing.” (perhaps not fully addressing material ESG/S risks.	Focus on Adopt a balanced, truthful, humble approach to corporate marketing and advertising; solicit feedback from a range of stakeholders.	Earn the respect of NGOs; emulated by others that aim to be leaders.	Earn ethical marketing credentials and reputation from external stakeholders that critically analyze industry sector peer companies.
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March 18, 2021

7.7 NEW 7.6	Corporate Marketing and Advertising Approach Regarding ESG/Sustainability	Walk a tight line: approach with honesty – but may be viewed by NGOs as “green marketing” (perhaps not fully addressing material ESG/S risks.	Adopt a balanced, truthful, humble approach to corporate marketing and advertising and solicit feedback from a range of stakeholders.	Earn the respect of NGOs; emulated by others that aim to be leaders.	Earn ethical marketing credentials and reputation from external stakeholders that critically analyze industry sector peer companies.
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October 26, 2020

4.2	Philosophy Regarding Sustainability Goals	Goals may be a stretch, but are achievable; compliance mindset; stay in comfort zone	Goals are a stretch to achieve; aligned to most material ESG impacts	Goals pursue a dual track: driving to zero footprint* as well as pursuing 'S' innovation and growth	Goals are science-based* and best-in-class across all industry sectors
4.4	Long-term (5-15 year) Sustainability Goals	Long-term 'S'/ESG goals may exist; focus mostly on own operations and suppliers	Long-term 'S'/ESG goals exist; focus on own operations, suppliers, and products; map to SDGs*	Long-term 'S'/ESG goals are top-quartile in most material KPIs across full value chain* – with robust roadmap for implementation	Long-term 'S'/ESG goals are combined with following a roadmap toward zero net impact or net positive* impact

February 7, 2021

4.4 NEW 4.1	Long-term (typically 5-150 year) ESG/Sustainability Goals and Roadmap [Old 4.2 – Philosophy re ESG/S Goals folded into this.]	Goals may be a stretch, but are achievable, Long-term ESG/S goals may exist; mainly focusing on own operations and suppliers (not products). General mindset is stay within comfort zone, with No 5-15 year ESG/S roadmap Interim steps to achieve goals.	Goals are a challenge to achieve and aligned to most material ¹ ESG/S impacts. The Goals exist with a central focus is on own operations, suppliers, and products. Goals map to SDGs and are supported by general roadmap.	Goals address material KPIs (full value chain): drive to zero footprint (science-based where applicable) and pursue ESG/S innovation and growth. Goals have key milestones, supported by a roadmap (aligned with TCFD), with key milestones, and are strictly maintained during times of business stress.	Goals are highly rigorous (e.g., net zero or net positive impact where applicable). Goals are supported by a detailed roadmap (short-term; mid-term; longer-term), and incorporate net-zero or net-positive impact.
4.2	Philosophy Regarding ESG/Sustainability Goals	[Old 4.2 – Philosophy re ESG/S Goals folded into old 4.4, new 4.1.]			

March 18, 2021

Goals may be a stretch, but are achievable, mainly focusing on own operations and suppliers (not products). General mindset is stay within comfort zone, with interim steps to achieve goals.	Goals are a challenge to achieve and aligned to most material ¹ ESG/S impacts. The central focus is on own operations, suppliers, and products. Goals map to SDGs and are supported by general roadmap.	Goals address material ESG/S issues across full value chain using science-based targets where applicable. Goals pursue ESG/S innovation and growth, with key milestones, supported by a roadmap (aligned with TCFD).	Goals are highly rigorous (e.g., net zero or net positive impact where applicable), supported by a detailed roadmap (short-term; mid-term; longer-term) using science-based targets.
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Annual KSI Review: The Output

Simplified

- From 129 KSIs
- To 114 KSIs

Streamlined

- Reduced overlap
- Consolidated topics

Enhanced

- Current (best practices; business trends)
- Global input
- Alignment between KSI Name and Stage 1-4 Descriptors
- Sharper “swim lanes”
- First KSI in each element (page) is consistently “higher-level” or “overarching” (green shaded rows)
- All while retaining the integrity of data for year-over-year comparisons





Annual KSI Review: *Governance*

#	Element	2021 KSI	2020 KSI
2	CEO and C-Suite	-----	2.6 - Annual ESG/S Risk Review
3	Board of Directors	3.4 – Board Agendas	3.4 – Reporting to Board Material ESG Issues
	“		3.5 – Board Agendas
	“	3.7 – Board Diversity, Equity, & Inclusion (NEW)	-----
4	Goals and Metrics	4.1 – Long-term ESG/S Goals and Roadmap	4.2 – Philosophy re ESG/S Goals
			4.4 – Long-term (5-15 year) ESG/S Goals
5	Culture	5.1 Driving ESG/S Culture via Executive Comp.	5.2 – Executive Compensation
			5.6 – C-Suite and Employee Goals
6	Stakeholders	6.2 – ESG/S Partnerships	6.2 – ESG/S Partnerships
			6.5 – Scale of Stakeholder Engagement
7	Reporting	7.2 – Annual Reporting of ESG/S	7.2 – Annual Report
			7.3 – Sustainability Report





Annual KSI Review: *Strategy*

#	Element	2021 KSI	2020 KSI
8	Strategic Planning	8.3 – ESG/S Risks: Process to Manage and Embed into Enterprise Risk Management	8.3 – Strategy regarding Risk Reduction
			8.6 – Enterprise Risk Management
9	Innovation, R&D	9.4 – Sustainability in Product Design & Development	9.4 – Innovation Process & Tools (re ESG/S)
11	Products, Services, & Solutions (PSS)		11.4 – Sustainability in Product Design
10	Customers & Markets	10.1 – Posture & Interaction with Customers re ESG/S	10.1 – Posture & Interaction with Customers re ESG/S
			10.2 – Identifying Customers' ESG/S Issues
11	Products, Services, & Solutions (PSS)	7.2 – Annual Reporting of ESG/S	7.2 – Annual Report
			7.3 – Sustainability Report





Annual KSI Review: *Environment*

#	Element	2021 KSI	2020 KSI
12	Env: Operations	12.4 – Materials Sourced	12.1 – Chemicals Substances Sourced
			12.3 – Materials Sourced – Biological-based
			12.4 – Materials Sourced – Human-Made
			13.7 – Supply Chain Impacts: Materials Sourced
13	Env: Supply Chain	12.4 – Materials Sourced	13.8 – Supply Chain Impacts: Toxics
			14.3 – Product Materials Use
14	Env: Products		
12	Env: Operations	12.5 – Water Management	12.5 – Water Sourced
			12.11 – Water Use

Timing of new KSIs: online; download pdf; request Excel

I will advise all by end of next week.



Agenda

Annual KSI Review *(10 minutes)*

- Recap
- Results
- What it means for you

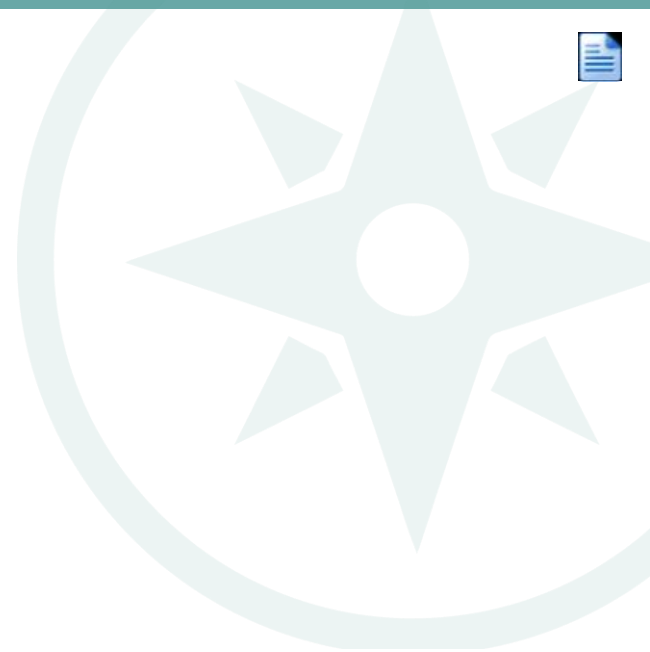
ROI of ESG Ratings *(15 minutes)*

- Draft Survey
- Quick Feedback
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Board and C-Suite Reporting *(25 minutes)*

- Company Example: **Hexion**
- Breakout Groups

Next Steps *(5 minutes)*



Third Party ESG Ratings Organizations



KSI	Section	KSI Name	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI	Sust.	Vigeo	Eco-V	CK	JUST	ERC	
1.1	Gov	Co. Purpose (CEO's View re Role of Co. in Society)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12	
1.2	Gov	Sust. in Corp. Vision, Mission, Values & Policies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	8	
<div>SURVEY QUESTIONS</div> <div><div>1. Stature</div><div>2. Importance to your company</div><div>3. Selection criteria</div><div>4. Repercussions (of not responding)</div><div>5. Resource intensity (person days)</div><div>6. Benefits (10 listed)</div><div>7. Return on Investment</div><div>8. Trend (compared with other ratings)</div><div>9. Transparency</div></div>			<div><div>• 14 Existing ESG Frameworks and Ratings</div><div>• Update (S&P Global , DJSI, Trucost)</div><div>• Add Bloomberg Gender Equality Index</div><div>• Add Refinitiv</div></div>															
			<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	19
			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	0
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			<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	12
			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	4
			<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	15





PLANNED SURVEY

Third Party ESG Ratings Organizations

DRAFT SURVEY

SURVEY QUESTIONS

1. Stature
2. Importance to your company
3. Selection criteria
4. Repercussions (of not responding)
5. Resource intensity (person days)
6. Benefits (10 listed)
7. Return on Investment
8. Trend (compared with other ratings)
9. Transparency

Any key questions missing?

Anything else you would like to know?

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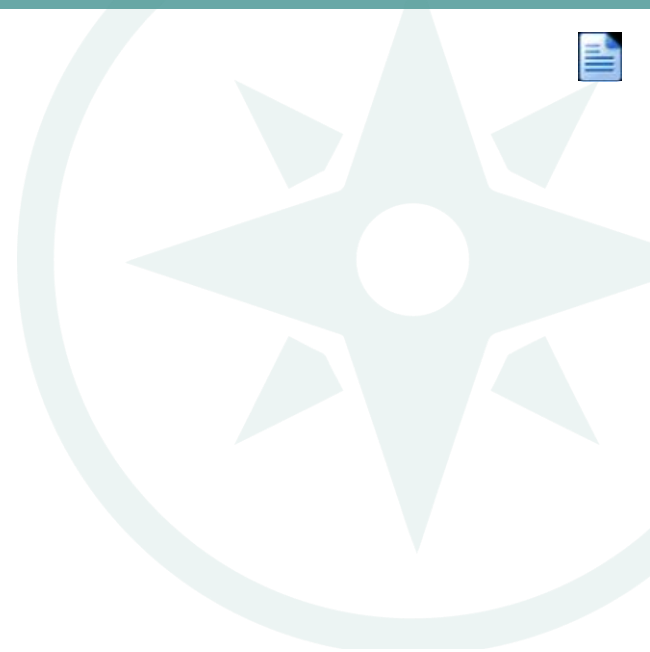
ROI of ESG Ratings *(15 minutes)*

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Board and C-Suite Reporting *(25 minutes)*

- Company Example: **Hexion**
- Breakout Groups

Next Steps *(5 minutes)*





Board and C-Suite Reporting

- *“Our Board does not have a separate ESG Committee; how do we best convey that we have rigorous board oversight of ESG?”*
- *“We are looking into doing more education around ESG/S for our Board. How best to do that?”*
- *“I have 20-30 minutes with our board committee, 3x/year. How do I gain maximum impact?”*
- *I am building excitement around our ESG positioning and actions:*
 - ✓ *First I did ESG Navigator solo*
 - ✓ *Then used Excel to get inputs from a broad cross-section*
 - ✓ *Then zeroed in on about 25 KSIIs – and narrowed down to 15*
 - ✓ *Presented to the C-Suite; they loved it*
 - ✓ *Presented to our Board; great discussion*





Responsible Chemistry

Hexion ESG March 2021



Hexion's Rich History of Innovation

Hexion at a Glance

- 34 production/manufacturing facilities
- More than 2,600 associates
- World Headquarters: Columbus, Ohio

Primary Technologies

- Amino Resins
- Epoxy Resins
- Phenolic Resins
- Versatic™ Acid and Derivatives

Two Hexion Divisions, One Vision

We partner for success with 2 business units:

- Coatings & Composites
- Adhesives



**Leveraging chemical expertise and green chemistry
principles to create innovative products**

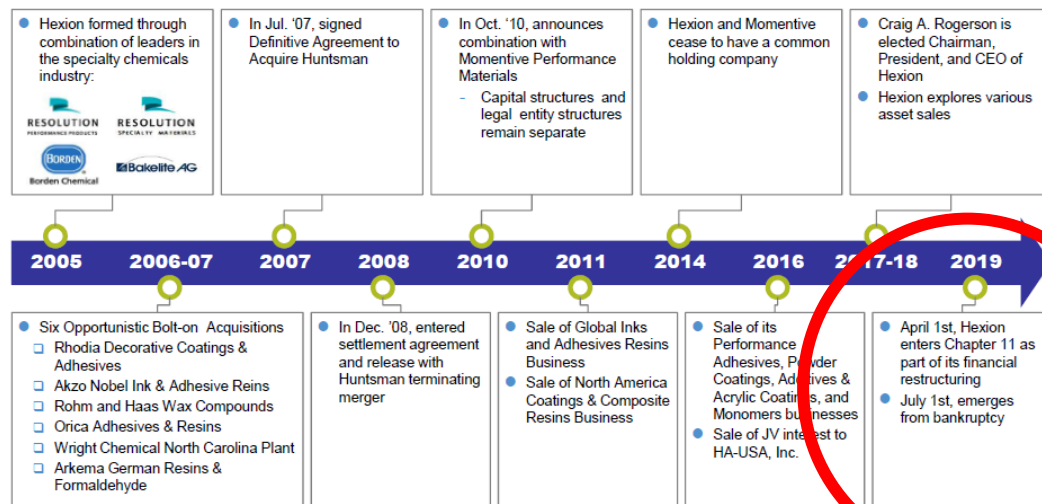
Hexion History

- Prior to July 2019 privately held by Apollo Management (14+ years)

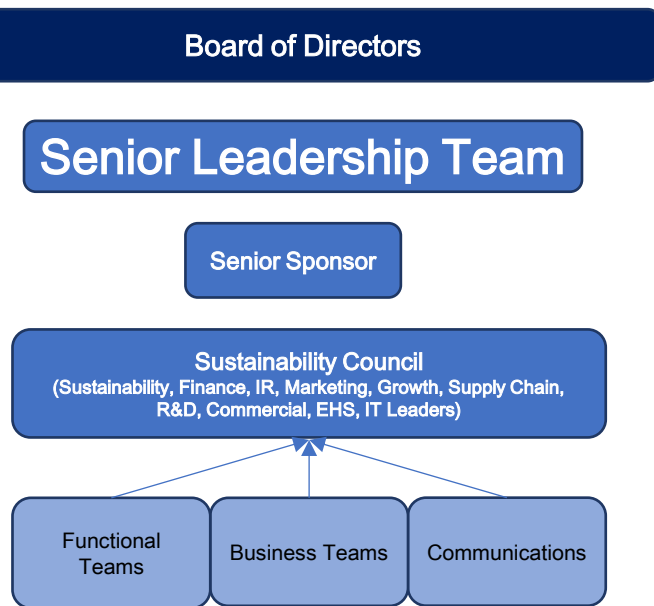


- July 2019 emerged from bankruptcy as public company

- ESG requests from Investors
- Internal tracking of ESG frameworks and investors (Massive Spreadsheet)
- ESG Navigator Update



ESG Navigator History



- ✓ 2018 – 2020 annual ESG Assessment
- ✓ 2019 ESG Performance Maps
- ✓ 2021 update of ESG Assessment supported by full Sustainability Steering Team input
 - Excel Tool & Discussions
- ✓ C-Suite and Board Communications

Benefits of ESG Navigator

A look ahead

A focused
strategic approach

Section	E#	Element Name	Avg. Score	KSIs	CDP	GRI	SASB	TCFD	BB	DISI	FTSE	ISS	MSCI	Sust.	Vigeo	Eco-V	CK	JUST	ERC	RPS	View KSIs
Gov	1	Purpose	2.00	5															34	42.6	
Gov	2	CEO & C-Suite	2.43	7															11	72.1	
Gov	3	Board of Directors	1.64	7															40	41.0	
Gov	4	Goals & Metrics	2.50	8															57	67.4	
Gov	5	Culture & Org.	1.92	6															36	57.5	
Gov	6	Stakeholders	3.00	7															33	85.2	
Gov	7	Disclosure & Rept.	2.07	7															69	32.1	
Str	8	Strat. Planning	1.88	8															53	45.6	
Str	9	Innovation, R&D	2.14	7															40	51.6	
Str	10	Custs. & Markets	2.44	8															28	65.9	
Str	11	Products & Services	1.88	8															49	38.3	
Env	12	Env. Operations	1.23	11															77	24.0	
Env	13	Env. Supply Chain	0.83	9															58	27.6	
Env	14	Env. Products	1.28	9															54	38.6	
Soc	15	Soc. Workplace	1.86	7															62	44.9	
Soc	16	Soc. Supply Chain	1.25	8															58	31.5	
Soc	17	Soc. Community	1.79	7															36	50.9	



World Headquarters

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POLLING QUESTIONS

Board Reporting

1. What is your Board's current level of interest in ESG Ratings?

- a) Very high – deeply focused on a few
- b) High
- c) Modest
- d) Little or none

2. Characterize your Board's discussion of ESG Ratings?

- a) Board initiates and drives discussion
- b) Board engages deeply but does not initiate
- c) Board is interested, active
- d) Board is a bit passive
- e) Board is not particularly interested

Polling results were displayed during the webinar.





BREAKOUT GROUPS

Board Reporting

At the most recent Board meeting:

1. Did the board discuss ESG Ratings?
2. How much time did they spend on the topic?
3. What did you show the Board?

BREAKOUT GROUP FEEDBACK



ESG Navigator™
ENVIRONMENT • SOCIAL • GOVERNANCE



ESG Ratings Analysis: *Heat Map by Element*

Section	E#	Element Name	Avg. Score	KSIs	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI	Sust.	Vigeo	Eco-V	CK	JUST	ERC	RPS	View KSIs
Gov	1	Purpose	2.10	5															34	52.9	
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Gov	3	Board of Directors	2.00	7															40	42.2	
Gov	4	Goals & Metrics	2.56	8															57	58.8	
Gov	5	Culture & Org.	2.17	6															36	57.8	
Gov	6	Stakeholders	2.21	7															33	50.6	
Gov	7	Disclosure & Rept.	1.86	7															69	39.2	
Str	8	Strat. Planning	1.88	8															53	43.8	
Str	9	Innovation, R&D	2.57	7															40	58.3	
Str	10	Custs. & Markets	1.56	8															28	42.4	
Str	11	Products & Services	2.25	8															49	54.1	
Env	12	Env. Operations	1.09	11															77	17.1	
Env	13	Env. Supply Chain	1.11	9															58	29.0	
Env	14	Env. Products	0.94	9															54	26.9	
Soc	15	Soc. Workplace	2.07	7															62	42.7	
Soc	16	Soc. Supply Chain	1.63	8															58	41.0	
Soc	17	Soc. Community	1.64	7															36	50.3	

Legend: = strong because company scores high = strong because rating does not cover



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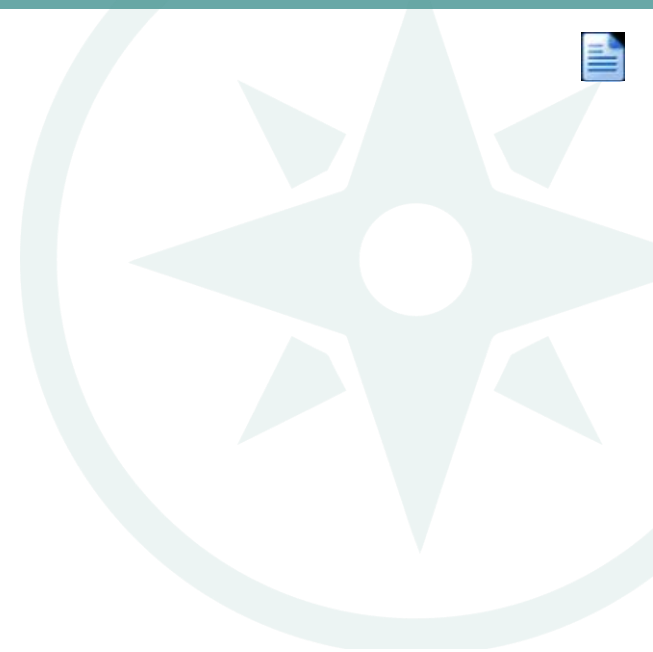
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Board and C-Suite Reporting *(25 minutes)*

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Next Steps *(5 minutes)*



Next Steps



FOR US

- **KSI Updates**
 - Finalize and post Word (PDF)
 - Create final Excel version
 - Update Website
- **14-16 ESG Ratings Analysis**
 - Complete analysis (target 4/9/21)
 - Update ESG Performance Maps (4/15/21)
- **Website Enhancements**
 - Participating Companies (Pie Charts)
 - Add Definitions to KSI criteria
 - Migrate ESG Performance Maps
 - Excel upload

FOR YOU

- **Update Your Data**
 - Request Excel (if applicable)
 - Update online Gib to advise: ~March 24
- **Complete ESG Ratings Survey**
 - Coming this weekend
 - Benefit: full report for companies participating
- **Reach Out**
 - Ask questions
 - Happy to have 1:1 Zoom calls



Thank You!