ESG Navigator™
ENVIRONMENT • SOCIAL • GOVERNANCE

ESG Navigator Webinar

April 23, 2021

Participants: Pre-Registered

Company	Pre-Registered
• Altria	Kimberlee Pepple; Athaliah Edwards-Sedra
• ~~Arconic~~	~~Kim Kipin-McDonald~~
• ~~Ashland~~	~~Sarah Phelan*~~
• Coca-Cola	Sha Green
• Consumers	Jessica Spagnuolo
• Deere	Kim Noe
• ~~Dell~~	~~Federico Sendel~~
• ~~Diodes~~	~~Sheana Chen~~
• Eastman	Davis Waters
• Fluor	Nancy Kralik~~; Lucy Brady~~
• Goodyear	Ashley Fahey
• ~~GM~~	~~Sharon Basel~~

Company	Pre-Registered
• Hexion	Syd Lindquist
• Kohler	Nathan Nissan
• ~~Lear~~	~~Rich O'Herron~~
• Marriott Int'l.	Denise Naguib; Claire Cutting
• Medtronic	Ginny Cassidy
• NextEra Energy	Morgan McCall
• Otis	Terry Robinson
• PPG	Mike Corcoran
• Solvay	~~Michel Washer;~~ Marie-Helene Enrici
• Stryker	Eileen Buckley
• Trane Technologies	~~Scott Tew;~~ Ben Tacka
• ~~Waters Corp.~~	~~Andrew Pastor~~

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Agenda

Update *(15 minutes)*

- Companies Currently Participating - Status
- ESG Ratings Analysis (MBA Project)
- ESG Ratings Survey

Excel Toolkit *(20 minutes)*

- Plans for 2021
- Polling
- Discussion

Climate Week – Biden Summit *(15 minutes)*

Next Steps (*5 minutes)*

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Quick Look Back

Refresh Content

- KSI Review
- MBA Ratings Analysis
- Welcome Page
- Signposts
- Branding

New Features

- Excel Analysis
  (e.g., by business unit)
- Executive Survey

Q1 2020 | **Q2 2020** | **Q3 2020** | **Q4 2020**

Website

- Participant Pie Charts
- Excel Toolkit
- Migrate ESG Perf. Maps
- MBA Strategy Review

Join Options
(for FY 2022)

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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”
- All while retaining the integrity of data for year-over-year comparisons

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Companies Participating

Welcome

Start Navigating, Gib Hedstrom

Get Started – Learn from Peers

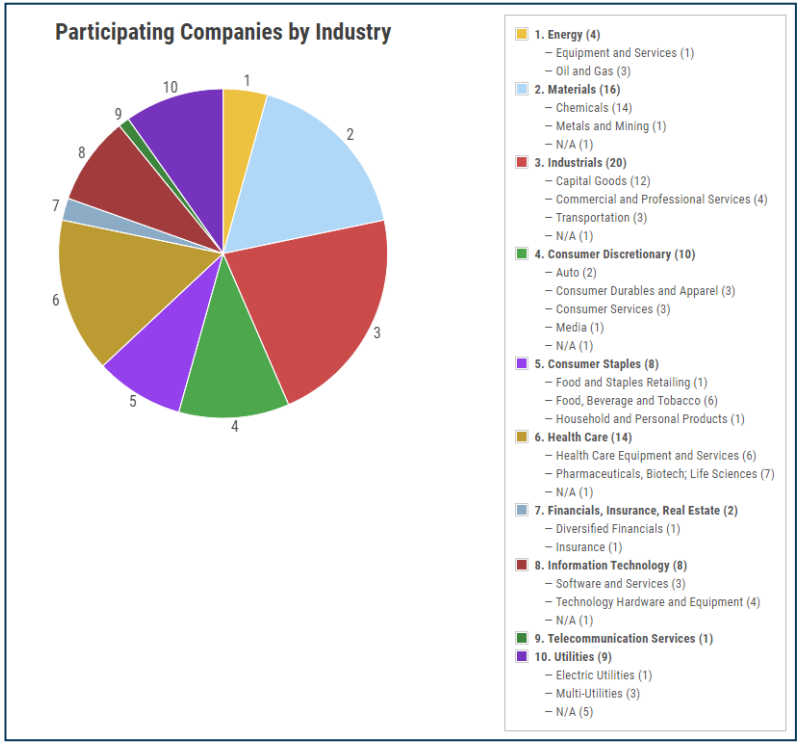
- 8-Minute Introduction
- Companies Participating

Access Special Features and Tools

- Best Practices
- Excel Toolkit

Analyze Your Company Performance

- Our Company Report
- Our ESG Performance Maps



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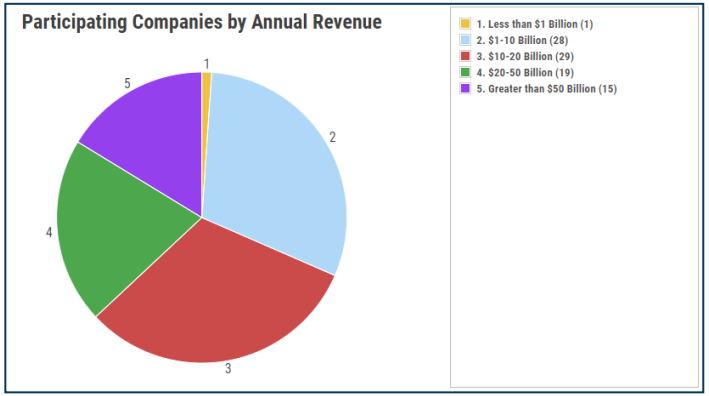
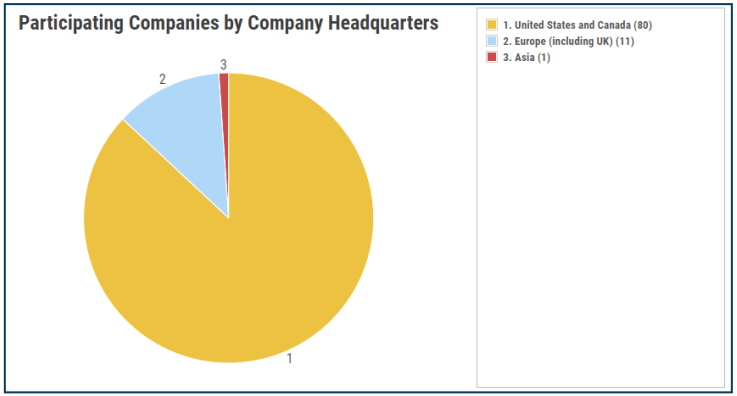
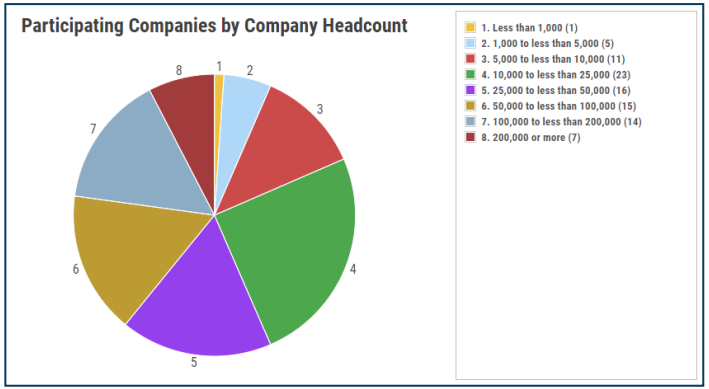
Companies Participating







The Conference Board – Asia

- Discussion this week
- EVP Asia – keen interest
- Singapore: new goal
- Agreed steps forward

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ESG Ratings Analysis (MBA Project)

Example: S&P Global [Governance: Goals and Metrics]

2021 KSI#	KSI Name	STAGE 1	STAGE 4			
4.1	Long-term (typically 5-10 year) ESG/Sustainability Goals and Roadmap	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 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.	3	4.2.4	Climate related targets - asks whether the company has any corporate-level climate related targets.
4.2	Ultimate (typically 2050) ESG/Sustainability Goals	Company does not have 2050 (or similar range) ESG/S goals but might make a general reference to wanting the company to be around long-term.	Company has goals and metrics driving to **net positive total societal value** across its full **supply chain**. Addresses **circular economy** as appropriate.	3	4.2.3 and 4.2.4	Climate related targets - asks whether the company has any corporate-level climate related targets.
4.3	Materiality Assessment of ESG/Sustainability Impacts and Risks	**Materiality assessment** mostly covers impacts from own operations.	**Materiality assessment** drives large **footprint** reductions, with C-Suite executives personally owning the most **material** ESG/S issues.	3	3.2.1 and 3.2.2	3.2.1 explicitly asks whether the company has conducted a materiality analysis to identify the most important material issues and how they impact the business and generation of long term value. 3.2.2 asks for disclosure around how they publicly disclose the information and where this information is available
4.4	Tracking Reduction in ESG/S Footprint or Impact	Informally assess full **value chain** ESG/S impacts. Demonstrated cuts in company operations **footprint** from baseline year (or when footprint reduction efforts began).	Carbon reductions are on track to align with 1.5°C or well-below 2°C goals. Cuts in all footprint components align with **circular economy** principles.	3	3.6.6, 4.1.1, 4.1.2, 4.2.6	4.2.6 focuses on on the top 3 most relevant sources of scope 3 emissions, which *can* include supply chain information. It asks for a specific measurement of these emissions. This paired with 3.6.5 and 3.6.6 which asks for details on how ESG is integrated into supply chain strategy and how they report out on key KPIs for supply chain (which can include a variety of things)

ESG Ratings Analysis: Compare 2021 vs. 2020

Example: GRI

2020 KSI#	2021 KSI#	KSI Name	STAGE 1	STAGE 4	Final 2021 Rating	A+H Rating	A+H Content	A+H Comments	Allie Rating (2020)	Allie Content (2020)	Allie Questions (2020)
1.1	1.1	Company Purpose	ESG/Sustainability (ESG/S) is viewed as compliance, an extension of Environment, Health, and Safety (EHS), and/or corporate responsibility. The core purpose of the company is to create shareholder value.	Every strategic and key operational decision is guided by purpose, with ESG/S at the core of the company's distinctive role in society. C-Suite is driving deep integration of ESG/S into core business processes.	3	3	102-14 Pg. 14	Requests statement from senior decision-maker about the **relevance of sustainability to org and strategy for addressing.** Also asks for overal vision/strategy with respect to economic, environmental, and social impacts	3	102-14, 102-26	
1.2	1.2	ESG/S in Vision, Mission, Values, and Policies	ESG/Sustainability is not explicitly called out; vision and mission can enable ESG/S. Business ethics policies and controls are broadly communicated.	ESG/S is central to transformation, driving goal of **net positive** impact. There is a demonstrated commitment to creating both economic value and value for society.	3	3	102-14 P. 14	See above	3	102-14, 102-16, 102-17	
1.3	1.3	ESG/S Commitments (by Board and/or C-Suite)	Company conforms to common industry practices and standards (e.g., **Responsible Care** or **Global Reporting Initiative**).	Company's full board of directors publicly commit to ESG/S (the intent of the **SDGs**). Company supports and measures **total societal impact**.		3	102-54 P. 37 102-12 P. 13 102-32	Explicitly asks for confirmation of prepared report in accordance with GRI Standards. Makes no mention of public commitment though. Also asks for list of externally-developed economic, environmental, and social charters the organization subscribes to or endorses. Also asks for the the highest committeee or position that formally reviews and approves the sustainability report	1	102-12, 103-2	Maybe?
1.4	1.4	Managing Long-Term Viability of Core Business(es)	Core businesses may or may not align with **sustainability principles**.	Core businesses engage with larger company to measure and drive toward **net positive total societal impact** - helping to drive the global sustainability agenda, defined by the **SDGs**.	3	3	102-15 P. 15	Asks for description of key impacts, risks, and opportunities and must include impact of sustainability trends, risks, and opportunities on long-term prospects and financial performance of organization	3	102-14	(what is "core business?" they talk a lot about long term goals)
1.5	1.5	Key Business Decisions Tied to ESG/S Risks and Opportunities	ESG/S elements are typically not factors in **key business decisions** made by C-Suite and **board**.	**Material** ESG/S issues guide strategic planning and capital allocation. Company demonstrates a track record of factoring **material** ESG/S risks into **key business decisions**.	3	3	103-2 P. 8	For each material topic, org must report on how they manage topic	3	102-15	

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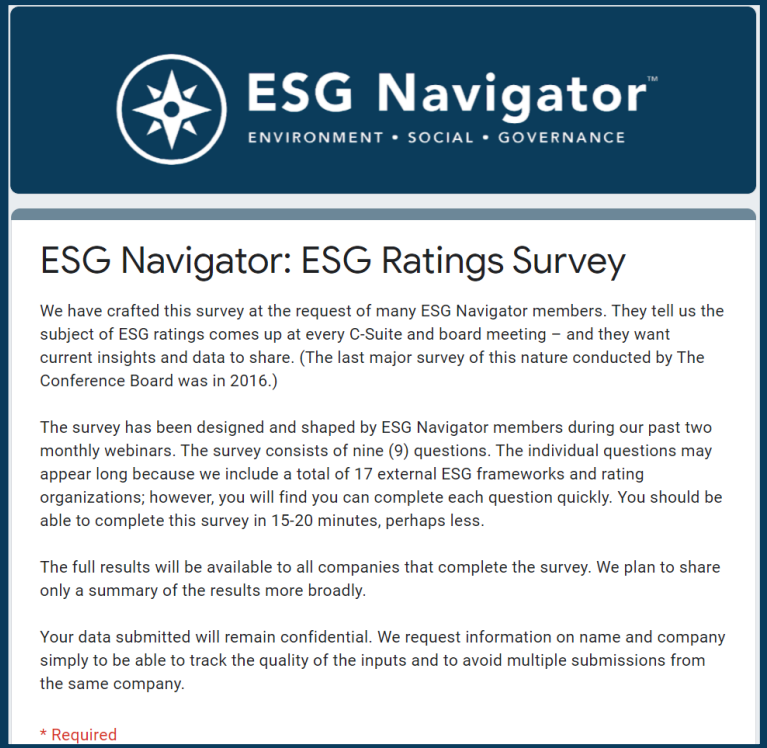
ESG Ratings Survey



Updates and Game Plan

- Sent out April
  - Email to Advanced Members
  - Newsletter to all
- Responses to date
  - 11
  - How to increase that?
- Next steps
  - Please help
  - Share the survey

SURVEY UNDERWAY

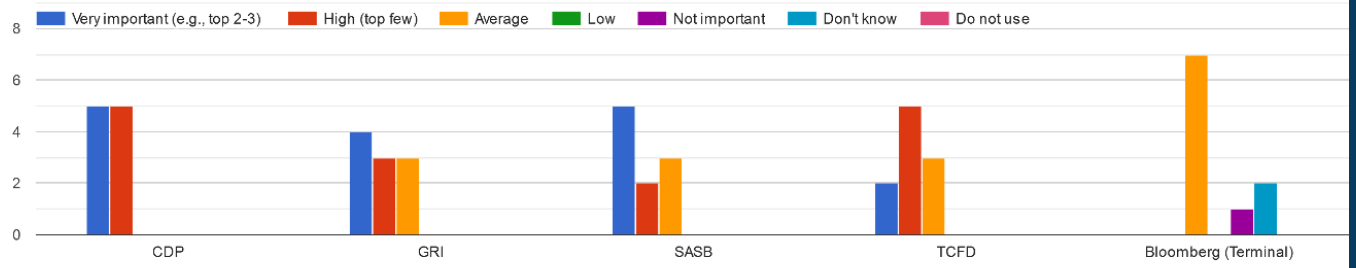
Third Party ESG Ratings Organizations

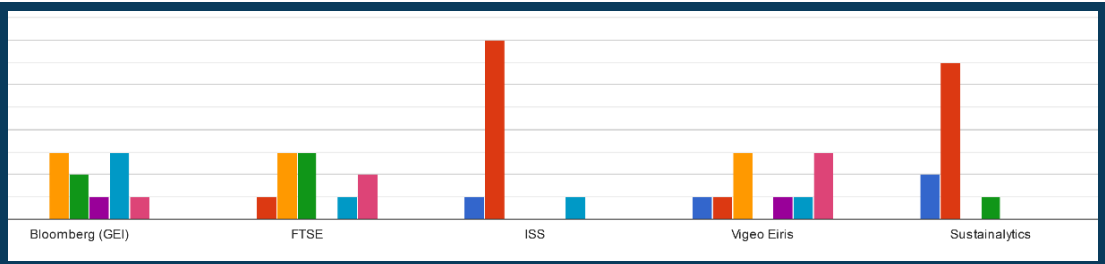
SURVEY QUESTIONS

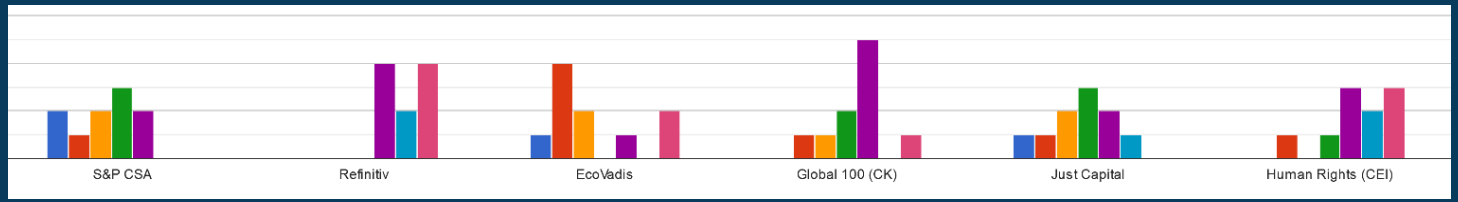
1. Stature
2. Importance to your company
3. Selection criteria
4. Repercussions (of not responding)
5. Resource intensity (person days)
6. Benefits (10 listed)
7. Return on Investment
8. Trend (compared with other ratings)
9. Transparency

PRELIMINARY RESULTS

1. IMPORTANCE: How important are each of the following to your company (CEO, board, investor relations, key customers, etc.)?







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Agenda

Update *(15 minutes)*

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Excel Toolkit *(20 minutes)*

- Plans for 2021
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Climate Week – Biden Summit *(15 minutes)*

Next Steps *(5 minutes)*

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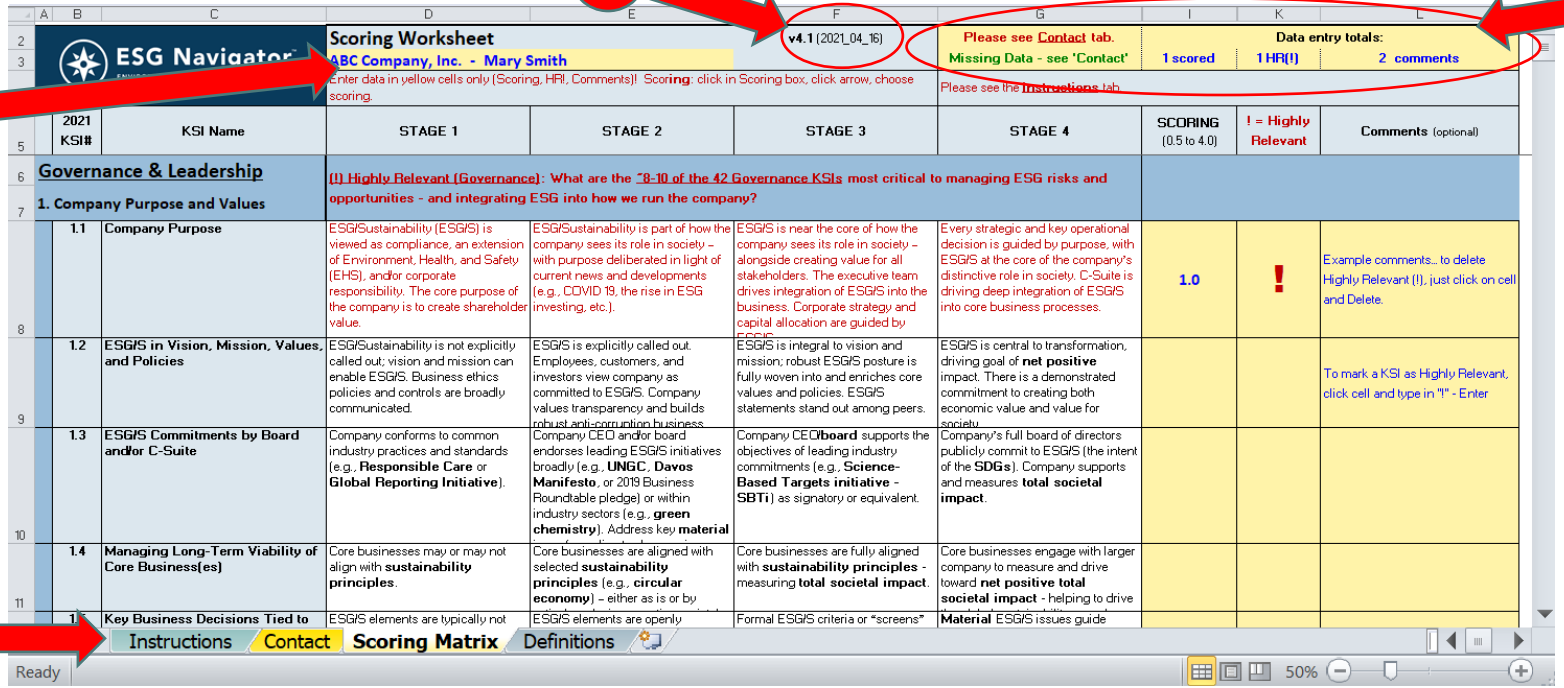
Excel Toolkit



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Excel Toolkit: Summary Analysis Report

KSI Summary

This section shows overall results for each of the 114 KSIs, averaged across all 2 ESG Navigator Excel files for *ABC Company, Inc.*. KSI names are colored to reflect the strength of the self-assessment score (green=high score, yellow=moderate score, red=low score).

KSI	Topic	Description	Avg.	#Rated	%Rated	Range	#HR(!)	%HR(!)	Details	Flags/Notes*
01.01	Gov.	Company Purpose	1.0	2	100	1.00-1.00	2	100	details	Rated by all, HR by all
01.02	Gov.	ESG/S in Vision, Mission, Values, & Policies	0.5	1	50	0.50-0.50	0	0	details	
01.03	Gov.	ESG/S Commitments (by Board and/or C-Suite)	2.0	2	100	2.00-2.00	0	0	details	Rated by all
01.04	Gov.	Managing Long-Term Viability of Core Biz.(es)	2.0	1	50	2.00-2.00	0	0	details	
01.05	Gov.	Key Biz. Decisions Tied to ESG/S Risks & Opportunities	2.0	1	50	2.00-2.00	0	0	details	
02.01	Gov.	Co.s Approach to ESG/S - by CEO & C-Suite	1.0	1	50	1.00-1.00	0	0	details	
02.02	Gov.	CEO/C-Suite Msgs. to Investors/Owners re ESG/S	2.0	1	50	2.00-2.00	1	100	details	HR by all
02.03	Gov.	CEO/C-Suite Interaction with Custs. re ESG/S	3.0	1	50	3.00-3.00	0	0	details	
02.04	Gov.	CEO/C-Suite Msgs. to Employees re ESG/S	1.0	1	50	1.00-1.00	0	0	details	
02.05	Gov.	CEOs & C-Suites Sources of ESG/S Learning	2.0	1	50	2.00-2.00	0	0	details	
02.06	Gov.	Cross-functional ESG/S Leadership Group(s)	3.0	1	50	3.00-3.00	0	0	details	
03.01	Gov.	Board Oversight of ESG/S	1.5	1	50	1.50-1.50	1	100	details	HR by all
03.02	Gov.	Board Roles, Committees & Charters	2.0	1	50	2.00-2.00	1	100	details	HR by all

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Excel Toolkit: Updates & Upgrades

- How Excel was used during 2020
  - *Example:* ***Consumers Energy***
  - *Example:* ***Stryker***
  - *Example:* ***PPG***
- Upgrades being considered
  - Mechanics
    - Download from Website
    - Upload to website
      - Individual File
      - Summary Report results (average scores)
  - Sort, filter options
  - Summary Report – Version 2 (spider diagrams, etc.)

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POLLING QUESTIONS

Excel Toolkit

The Excel Toolkit has lots of advantages; we'd like your views

Separate polling questions for use of Excel Toolkit going forward:

1. **Basic data entry (alternative to portal)**
2. **Small team collaboration**
3. **Broad survey across company**
4. **Teaching tool**
5. **Other (discussion**

- Extremely helpful
- Very helpful
- Helpful
- Not sure
- Doubtful

BREAKOUT GROUPS

Excel Toolkit

Using ESG Navigator Excel in 2021?

1. How are you planning to use Excel Toolkit this year?
2. What additional features/flexibility would you like to see?

BREAKOUT GROUP FEEDBACK

POLLING QUESTIONS

Excel Toolkit

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POLLING RESULTS

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Next Steps *(5 minutes)*

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Climate Week 2021

Is our company “future-ready”?

SIGNPOSTS

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Next Steps (*5 minutes)*

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Next Steps

FOR US

- **14-16 ESG Ratings Analysis**
  - Complete analysis *(target 5/15/21)*
  - Update website data *(target 5/15/21)*
  - Update ESG Performance Maps *(target 5/15/21)*
- **Survey**
  - Reminders
  - Analyze results
- **Website Enhancements**
  - Migrate ESG Performance Maps
  - Excel upload
  - Excel download

FOR YOU

- **Update Your Data**
  - Request Excel (if applicable)
  - Update online
- **Complete ESG Ratings Survey**
  - Please do it! (12 minutes)
  - Benefit: full report for companies participating

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THANK YOU!