



ESG Navigator™
ENVIRONMENT • SOCIAL • GOVERNANCE

Navigating ESG

How do we stack up?

Benchmarking Results for ABC Company

June 2021



This report (for hypothetical ABC Company) provides an example of how **ESG Navigator** data can be summarized and shared with senior corporate and C-Suite executives. Many companies that have been engaged with ESG Navigator since 2018 have created similar reports with their own company data – and shared them with our ESG Navigator team. Based on customer requests, we created (and continue to update) this “example CEO pitch deck.”

This report provides selected **ESG Navigator** analytics (from 500+ available to member companies). ESG professionals from companies that use **ESG Navigator** can replicate, refine, and tailor this format – using your own company data.

ESG Navigator is an easy-to-use, online ESG benchmarking platform that helps companies answer the question:

“How do our ESG/sustainability efforts stack up – vs. peer companies and external ESG raters?”

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

Additional information about **ESG Navigator** is available at: <https://esgnavigator.com/> or email Gib Hedstrom: gib@hedstromassociates.com.



Is our company future-ready?

Benchmarking by ESG Navigator -

The premier global ESG platform
to help companies capture value from ESG

Background and Benefits

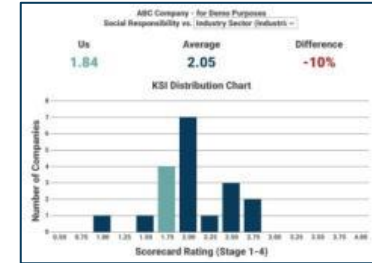
Confidential ESG Benchmarking

- Helps us align internally re ESG
- Benchmark with:
 - Cross-industry peers & industry leaders
 - 14 Major ESG frameworks & ratings
- Easy to use; fast; powerful graphics

A well-established, proven tool

- Endorsed by The Conference Board
- C-suite and board-focused
- 20+ years of development
- Continually vetted by >80 companies

Benchmark vs. Industry Peers



Benchmark vs. ESG Ratings



The Conference Board Partnership

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

Uwe Schulte, Director, Global Sustainability Centre

“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

“The Conference Board’s 1,000+ corporate members globally will benefit from the power – and the elegant simplicity – of the ESG Navigator benchmarking platform.”

Rainer Schultheis, Executive Vice President, International

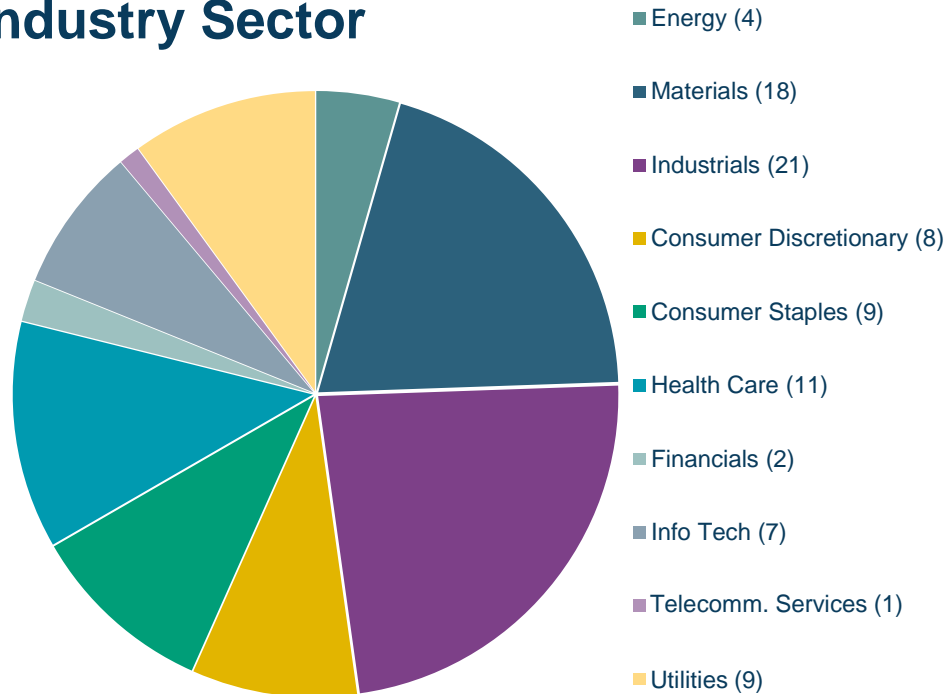
In 2020, The Conference board licensed ESG Navigator and is rolling the platform out to its 1,000+ corporate members worldwide.

Participating Companies [Selected]

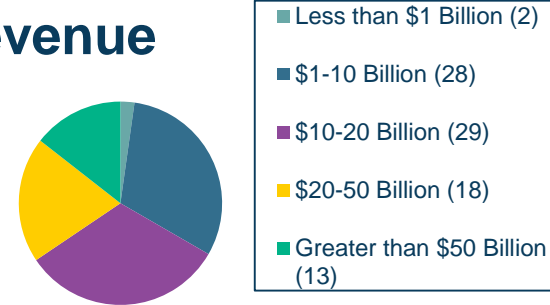


Participating Companies *[Data from 90 major companies as of June 1, 2021]*

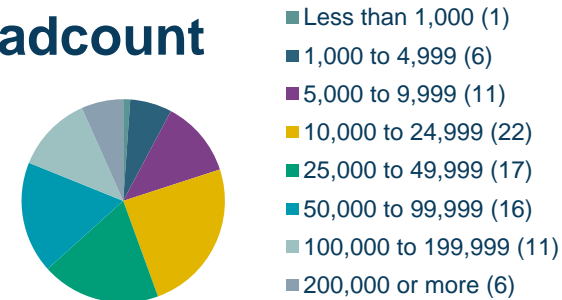
Industry Sector



Revenue

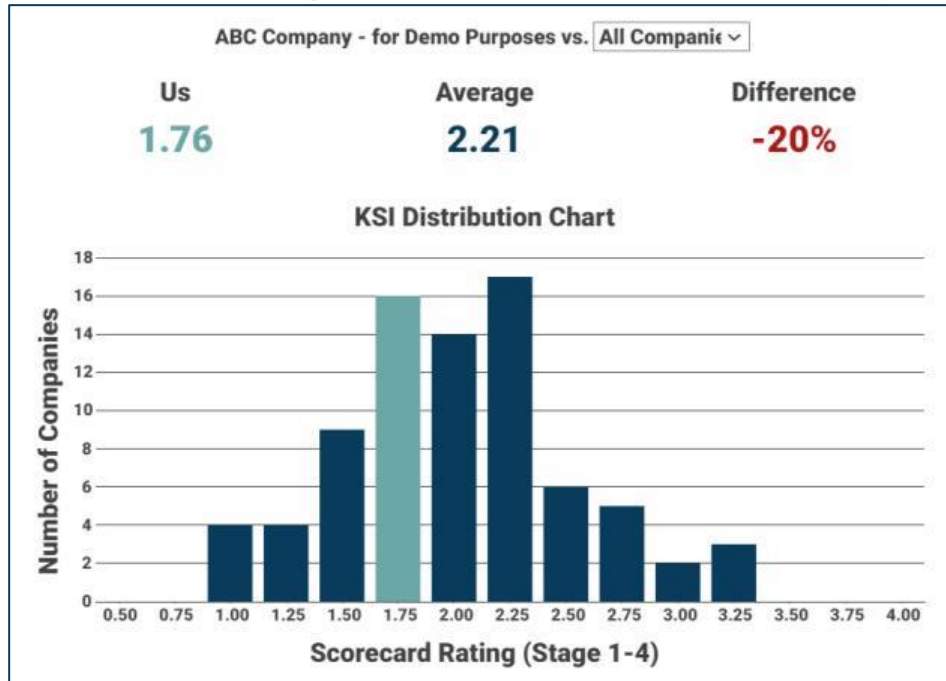


Headcount

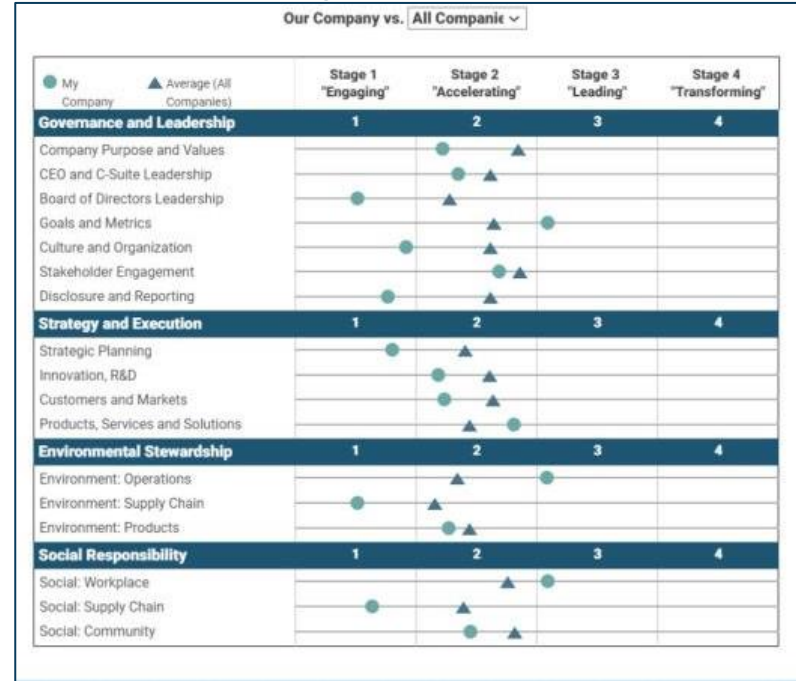


How do we stack-up? 30,000'

Benchmarking Bar Charts: Up to 500+/company

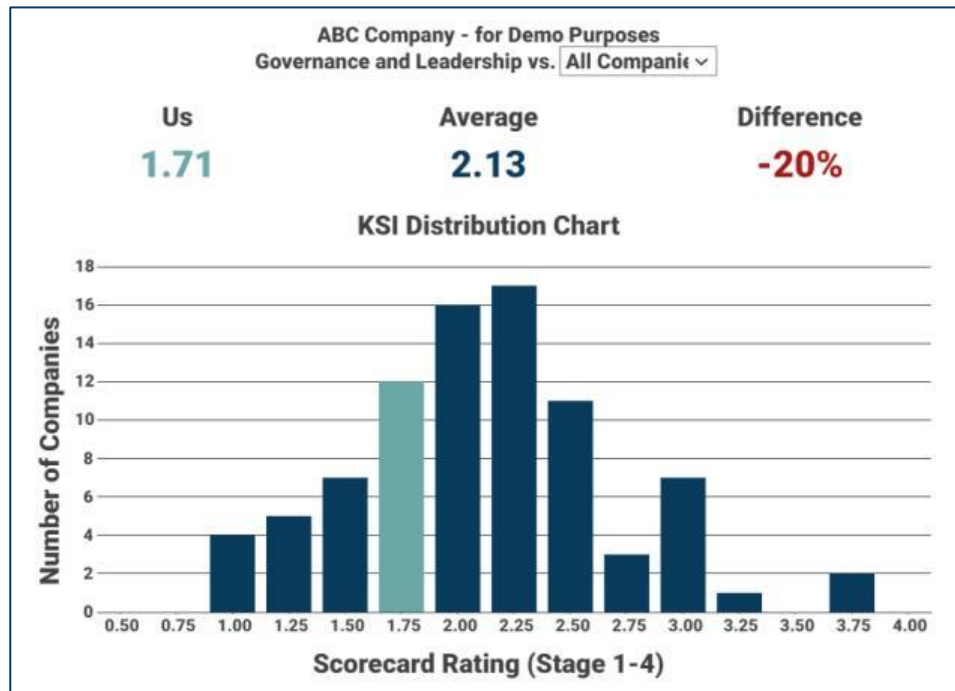


Summary “Bubble Charts”



How do we stack-up – Governance & Leadership

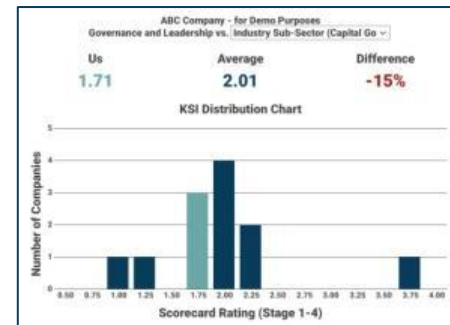
Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers

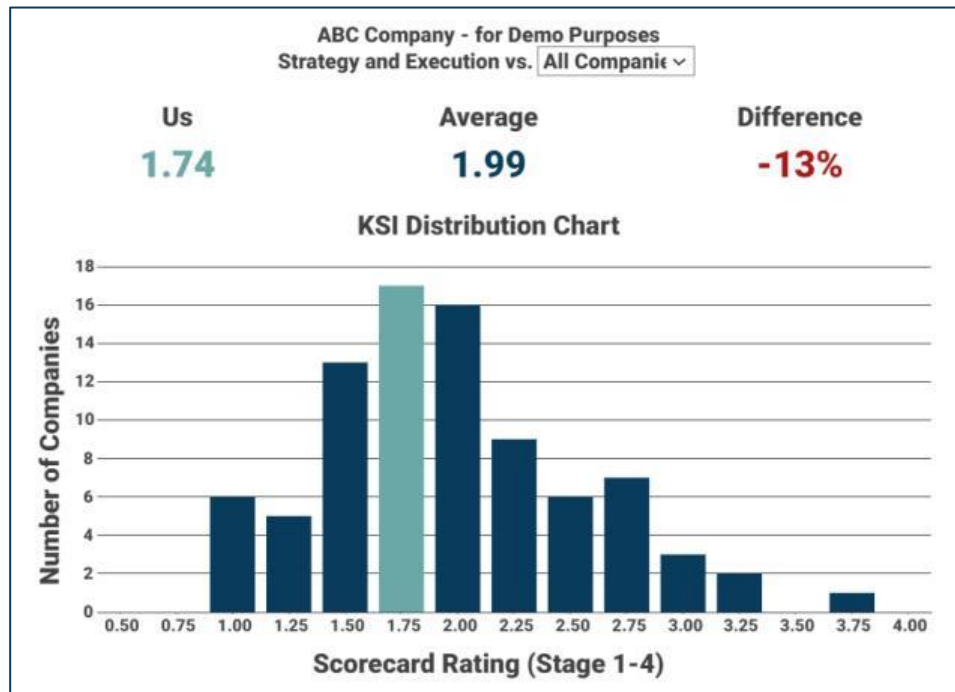


Compared to:
Our industry sub-
sector peers



How do we stack-up – Strategy and Execution

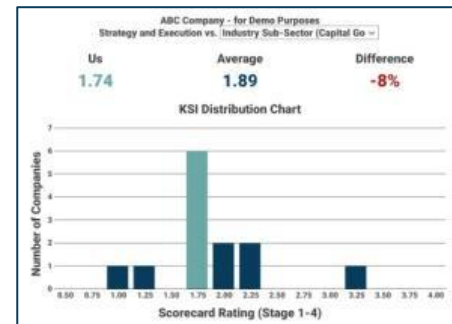
Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers

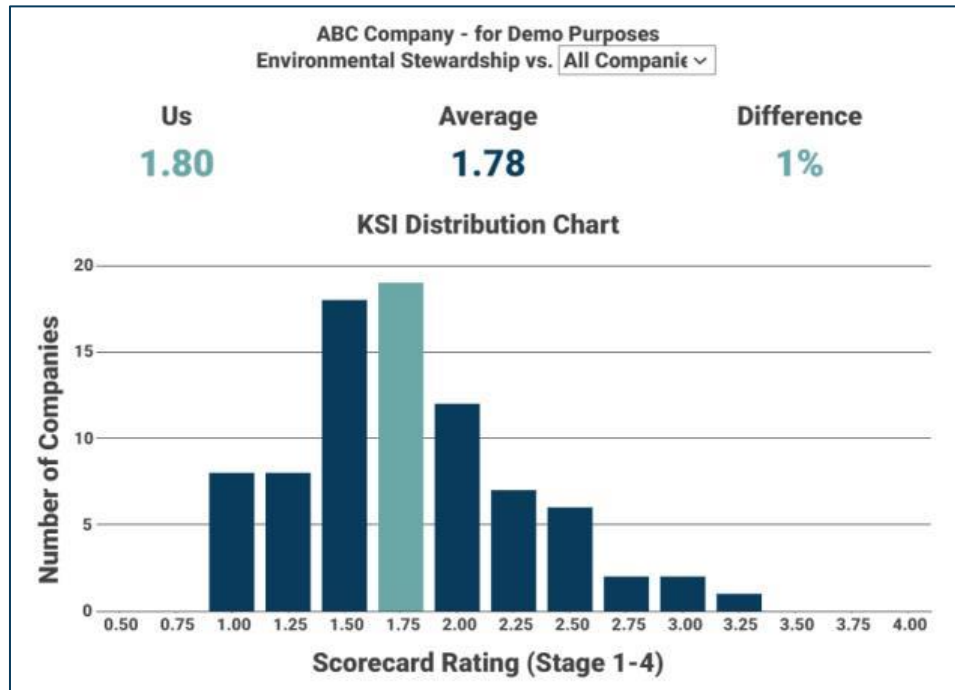


Compared to:
Our industry sub-
sector peers



How do we stack-up – Environmental Stewardship

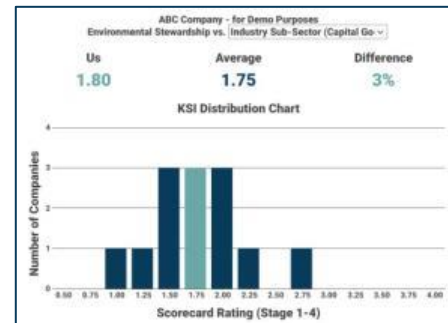
Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers

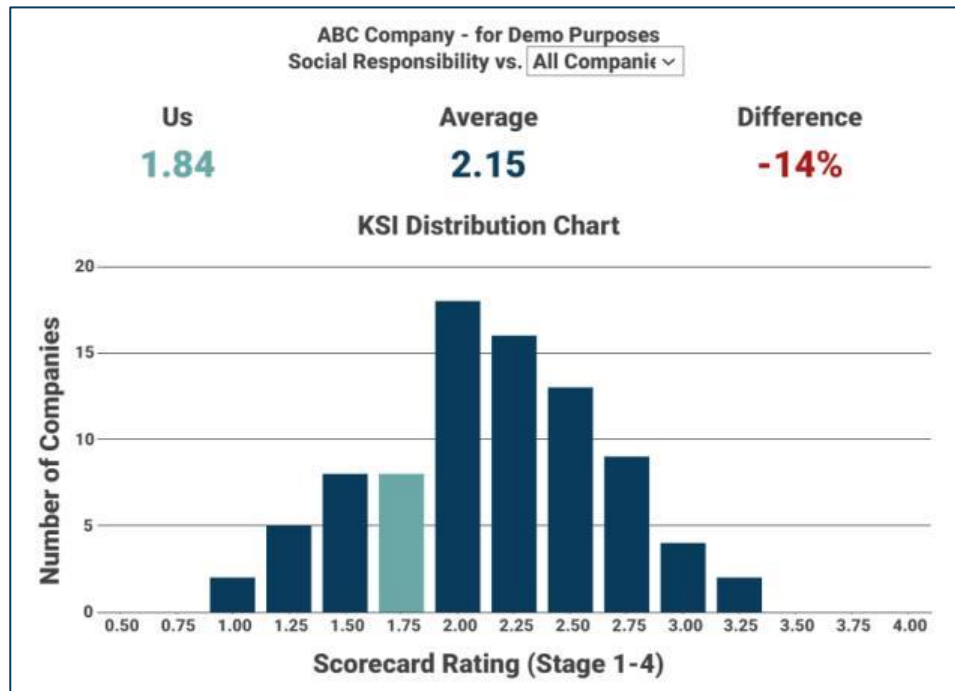


Compared to:
Our industry sub-
sector peers



How do we stack-up – Social Responsibility

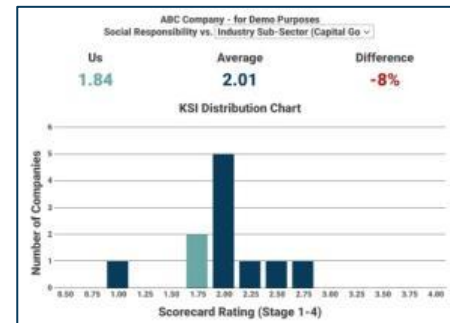
Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers



Compared to:
Our industry sub-
sector peers



Where do we focus on improving – *to drive value creation?*

ESG Navigator – 114 Key Sustainability Indicators (KSIs)

We selected “top 12” as “Highly Relevant” to our company based on:

- Governance: Critical to how we run the company & integrate ESG/S into our business
- Strategy: Especially important to how we drive growth
- Environment and Social: Key material and top priority issues

Rainbow Charts – Governance & Leadership

ABC Company - for Demo Purposes for Governance and Leadership

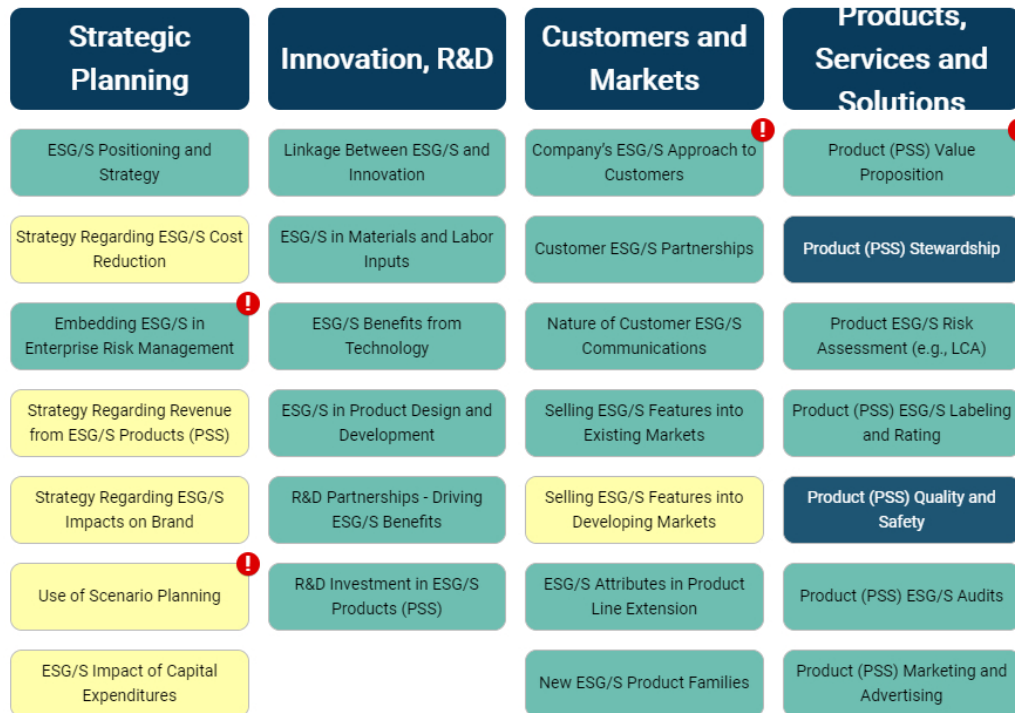
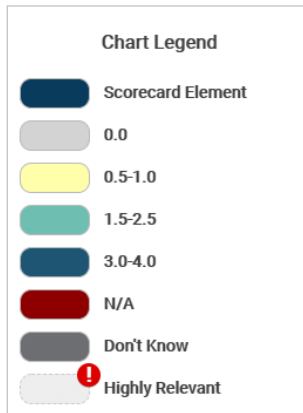
NOTE: We will improve the Rainbow Chart graphics.



Rainbow Charts – Strategy and Execution

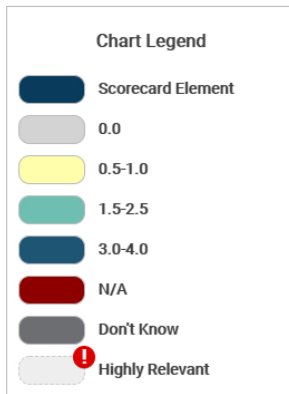
ABC Company - for Demo Purposes for Strategy and Execution

NOTE: We will improve the Rainbow Chart graphics.



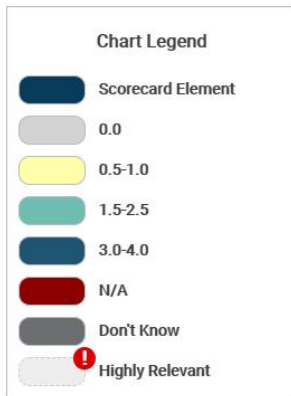
Rainbow Charts – Environmental Stewardship

ABC Company - for Demo Purposes for Environmental Stewardship



Rainbow Charts – Social Responsibility

ABC Company - for Demo Purposes for Social Responsibility



Priority KSIs: 12 Marked as Highly Relevant

4 Key
Strengths to
Leverage

8 Key
Improvement
Priorities

Areas we should find ways to better leverage

All KSIs you rated 2.5 or higher and "Highly relevant"

- Embedding ESG/S in Enterprise Risk Management
- Product (PSS) Value Proposition
- Energy Purchased
- ESG/S Benefits in Recruitment and Retention

Our key improvement priorities

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

- Key Business Decisions: ESG/S Risks & Opportunities
- Company's Approach to ESG/S – by CEO and C-Suite
- Board Agendas Regarding ESG/S
- Driving ESG/S Culture via Compensation and Goals
- Accounting for Material ESG/S Risks and Externalities
- Use of Scenario Planning
- Company's ESG/S Approach to Customers
- Approach to Supply Chain Environmental Footprint

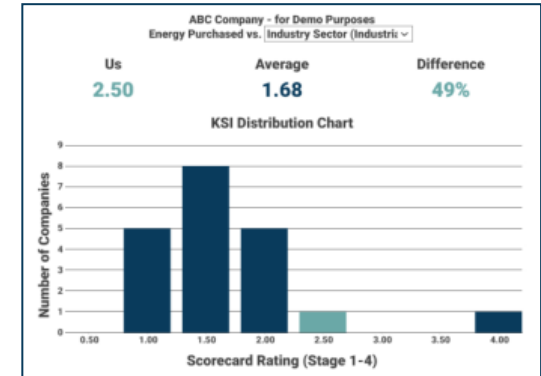


Key Strengths to Leverage – Compared vs. Industry Sector Peers

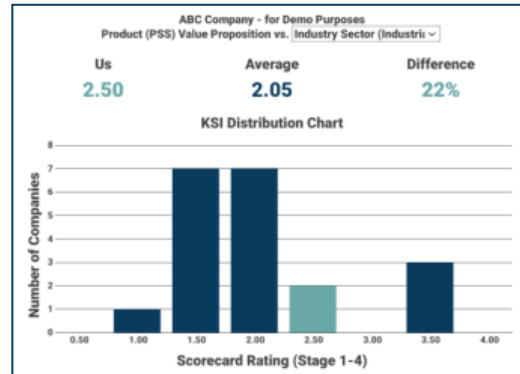
Enterprise Risk Management



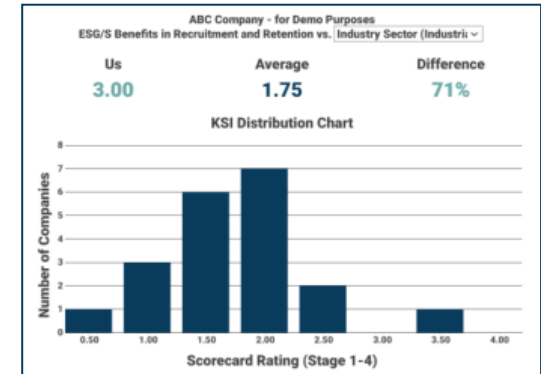
Energy Purchased



Product (PSS) Value Proposition



Recruitment and Retention

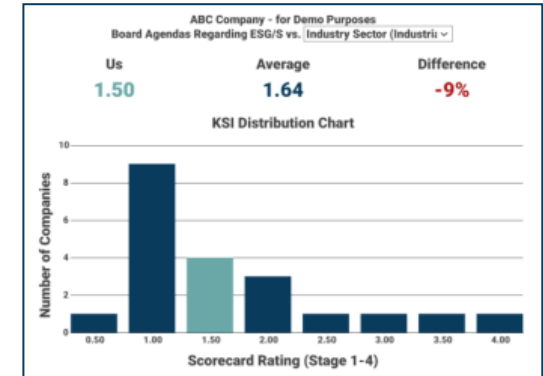


Key Opportunities – Compared vs. Industry Sector Peers

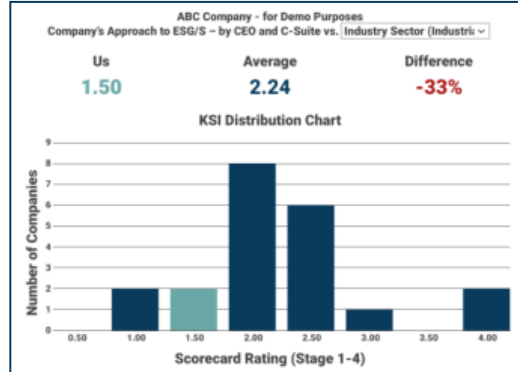
ESG in Key Business Decisions



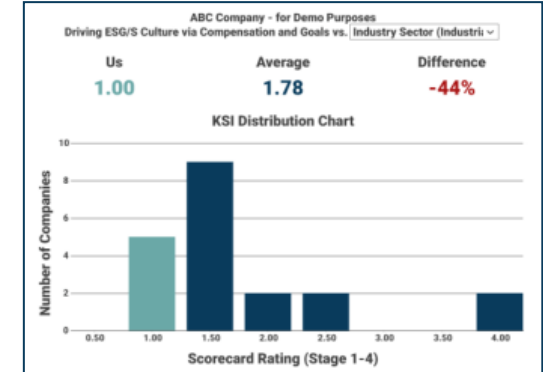
Board Agendas



Approach to ESG/S by CEO and C-Suite

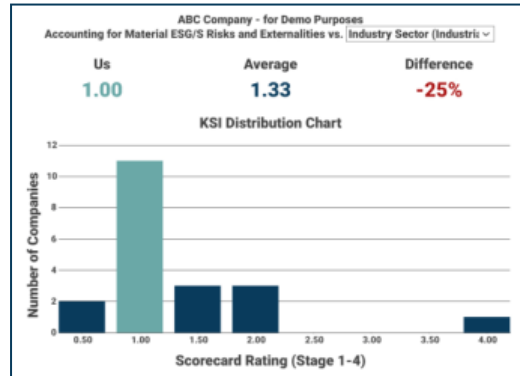


Driving Culture via Compensation and Goals

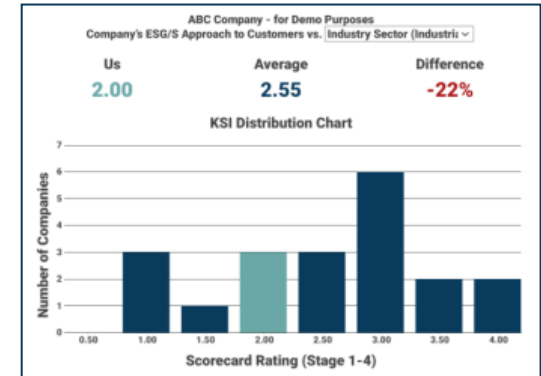


Key Opportunities – Compared vs. Industry Sector Peers

Accounting for
Material ESG/S
Risks and
Externalities



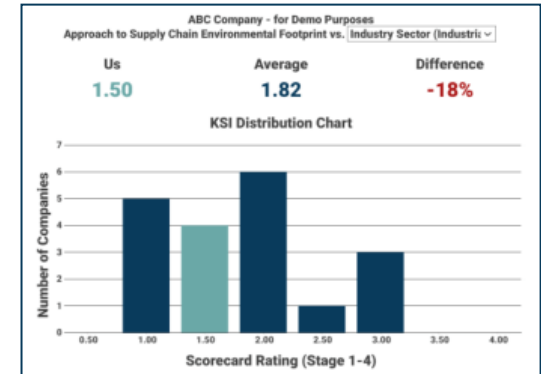
Company's
ESG/S
Approach to
Customers



Use of Scenario
Planning



Approach to
Supply Chain
Environmental
Footprint



Where do we focus on improving – *to also improve our ESG ratings?*

ESG Navigator is mapped to 14 major ESG frameworks and ratings



Bloomberg

S&P Global



Moody's



Morningstar



ESG Navigator's *ESG Ratings Maps*

ESG Ratings Maps

- Detailed analysis of methodologies vs. ESG Navigator criteria
- ERC = ESG Ratings Coverage (degree of overlap)

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	○	●	○	●	○	○	○	○	○	○	○	○	○	○	12
1.2	Gov	ESG/S in Vision, Mission, Values, & Policies	○	●	○	●	○	○	●	○	○	○	●	○	○	○	23
1.3	Gov	ESG/S Commitments (by Board and/or C-Suite)	●	○	○	○	●	○	●	○	●	●	●	●	●	○	38
1.4	Gov	Managing Long-Term Viability of Core Biz.(es)	●	●	○	●	●	●	●	●	○	○	○	○	○	○	46
1.5	Gov	Key Biz. Decisions Tied to ESG/S Risks & Opportunities	●	●	○	○	●	○	●	●	○	○	●	○	○	○	46

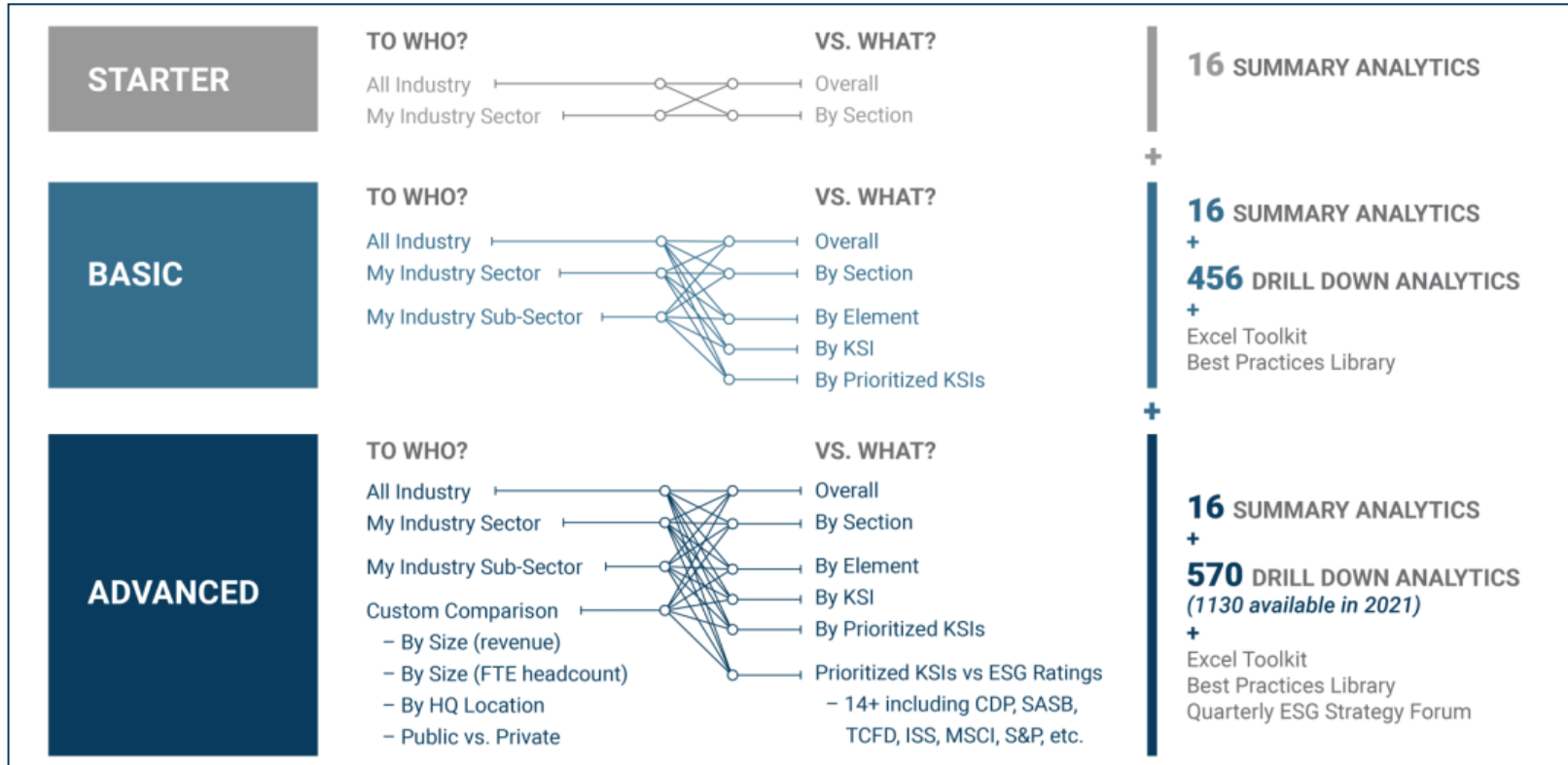
ESG Ratings Heat Maps

- “Stoplight” approach
- Multiple levels of detail:
 - By KSI (114)
 - By Element (17) →
 - By Section (4)
- Great summary for Board and C-Suite

Section	E#	Element Name	Avg. Score	KSIs	CDP	GRI	SASB	TCFD	BB	DJSI	FTSE	ISS	MSCI	Sust.	Vigeo	Eco-V	CK	JUST	ERC
Gov	1	Co. Purpose & Values	1.70	5	●	●	●	●	●	●	●	●	●	●	●	●	●	●	34
Gov	2	CEO & C-Suite Leadership	1.83	6	●	●	●	●	●	●	●	●	●	●	●	●	●	●	10
Gov	3	Board of Directors Leadership	1.00	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	40
Gov	4	Goals & Metrics	2.57	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	59
Gov	5	Culture & Organization	1.40	5	●	●	●	●	●	●	●	●	●	●	●	●	●	●	34
Gov	6	Stakeholder Engagement	2.17	6	●	●	●	●	●	●	●	●	●	●	●	●	●	●	38
Gov	7	Disclosure & Reporting	1.25	6	●	●	●	●	●	●	●	●	●	●	●	●	●	●	74
Str	8	Strategic Planning	1.14	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	56
Str	9	Innovation, R&D	1.67	6	●	●	●	●	●	●	●	●	●	●	●	●	●	●	39
Str	10	Custs. & Markets	1.71	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	29
Str	11	Products, Services, & Solutions	2.29	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	51
Env	12	Operations - Env. Footprint	2.56	8	●	●	●	●	●	●	●	●	●	●	●	●	●	●	72
Env	13	S. Chain - Env. Footprint	1.00	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	62
Env	14	Products - Env. Footprint	1.75	8	●	●	●	●	●	●	●	●	●	●	●	●	●	●	54
Soc	15	Workplace	2.57	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	62
Soc	16	S. Chain - Social Impacts	1.13	8	●	●	●	●	●	●	●	●	●	●	●	●	●	●	58
Soc	17	Community - Social Impacts	1.93	7	●	●	●	●	●	●	●	●	●	●	●	●	●	●	36



ESG Navigator Member Level Analytics



Back-up Detail

Eight (8) Key Sustainability Indicators (KSIs)

- High Priority: We identified as being especially important to our company
and
- Low Scores: We scored our company at Stage 1.5 or lower

KSI 1.5: Governance: Purpose and Values – Key Business Decisions tied to ESG/S



Take-away messages [Illustrative]

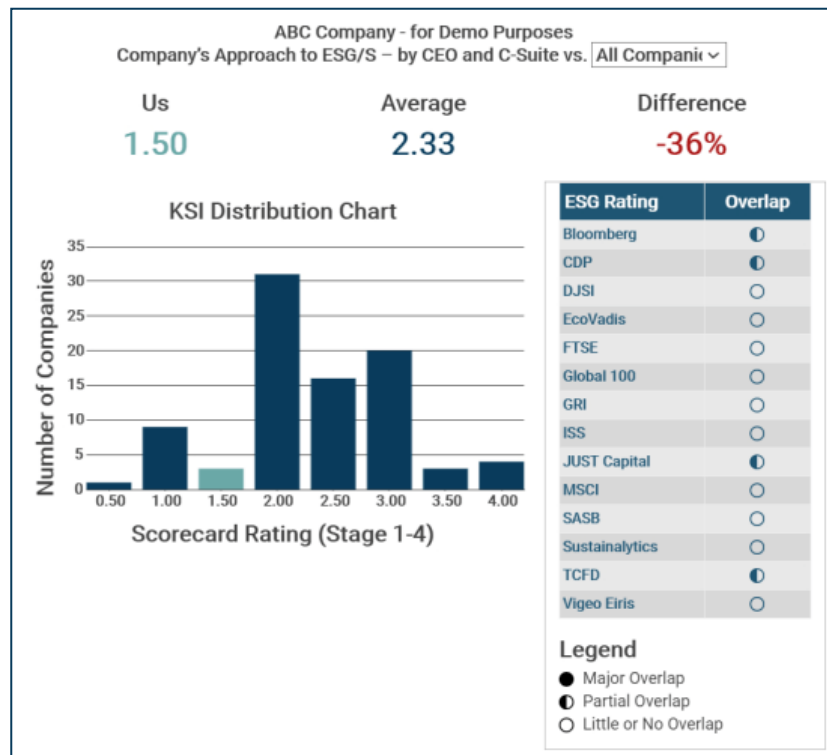
- Key Business Decisions (defined as ones made by CEO and Board) = vital to LT company success
- ESG raters try to measure – but cannot
- Opportunity to fully align all company staff

ESG Navigator Maturity Map: Rating Criteria

Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
ESG/S elements are typically not factors in key business decisions made by C-Suite and board .	ESG/S elements are openly discussed and debated – and are major factors in key business decisions . ESG/S factors (e.g., product safety) are prioritized when in question or during crises.	Formal ESG/S criteria or "screens" (e.g., internal carbon price) are applied to all key business decisions . ESG/S purpose and goals are clear enough that mid-managers are confident making trade-offs in daily decisions.	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 .



KSI 2.1 Governance: CEO and C-Suite Leadership – Company's Approach to ESG/S by CEO and C-Suite



Take-away messages *[Illustrative]*

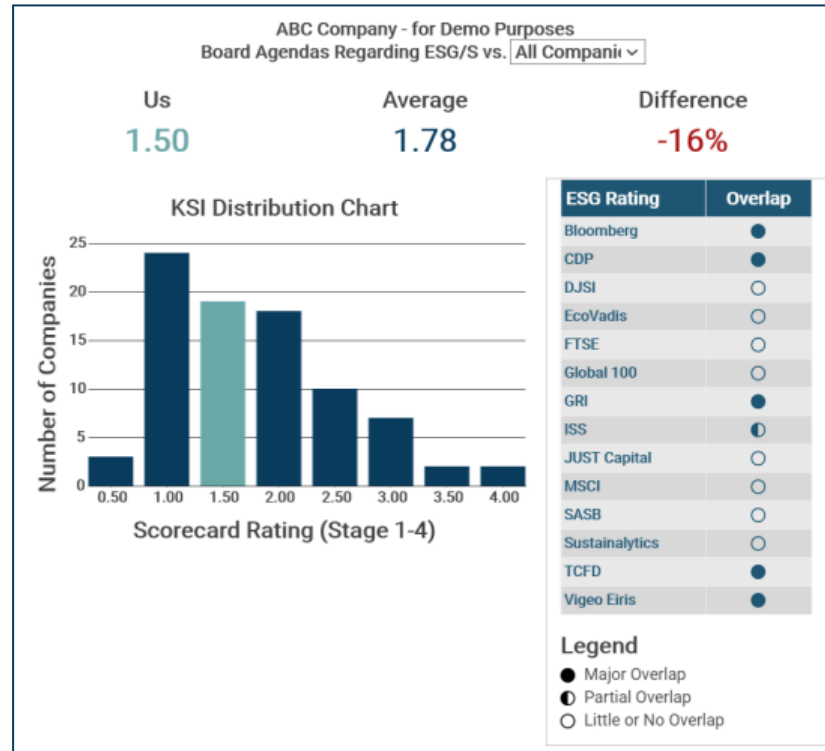
- C-Suite's visible leadership on ESG = key
- ESG raters cannot really measure this
- Opportunity to inspire, engage, and align our employees at little or no cost

ESG Navigator Maturity Map: Rating Criteria

Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
CEO/C-Suite rarely mentions issues relating to ESG/S, or the material environmental or social impacts of the company practices or industry overall.	CEO/C-Suite mentions ESG/S when it pertains to reduction of ESG/S risks, but only where ESG/S is material to industry or sector.	CEO/C-Suite makes ESG/S goals and policy stance clear when it is material to company and its industry sector – and ensures ESG/S is integral to growth strategy.	CEO often communicates material ESG/S risks and opportunities and discusses role of company and industry in addressing global ESG/S challenges.



KSI 3.4 Governance: Board of Directors' Leadership – Board Agendas Regarding ESG/S



Take-away messages *[Illustrative]*

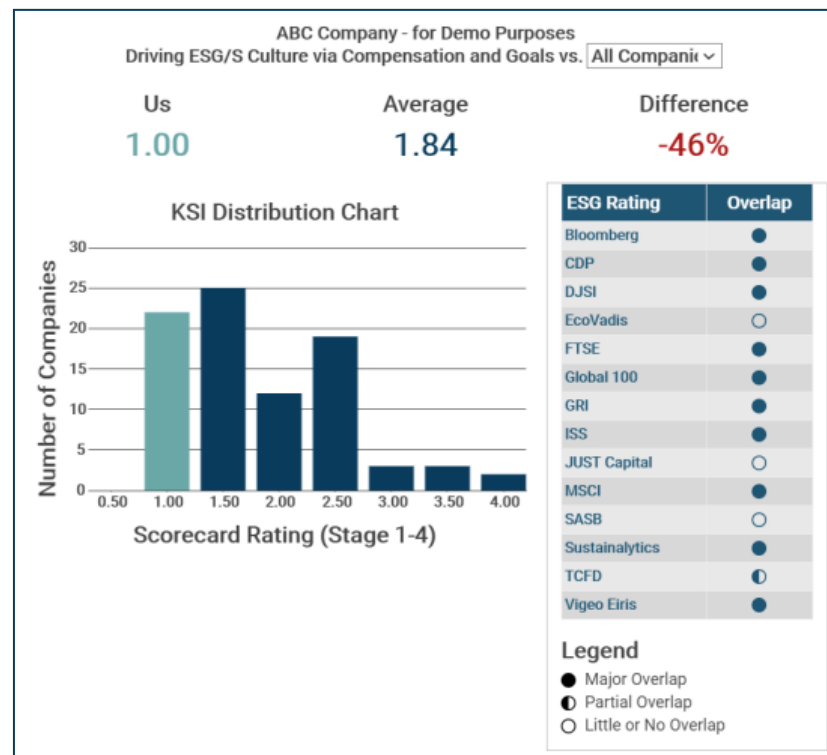
- Board agendas = powerful leverage point
- ESG raters cannot measure the degree of board engagement and ESG activity
- Opportunity to leapfrog competitors

ESG Navigator Maturity Map: Rating Criteria

Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
Board agendas typically cover: EHS, philanthropy, peer company ESG/S actions, ESG/S trends, and emerging issues. CSO reports goals and metrics (own operations).	Board discusses material ESG/S issues, benchmark data, trends, and performance vs. goals. CSO reports ESG/S risks in own operations and value chain .	Board actively engages in ESG/S dialog between meetings. Board discusses full value chain ESG/S risks.	Board meetings incorporate planned ESG/S learning (e.g., site visit). Board discusses implications of full value chain ESG/S risks and opportunities.



KSI 5.1 Governance: Culture and Organization – Driving ESG/S Culture via Compensation and Goals



Take-away messages [Illustrative]

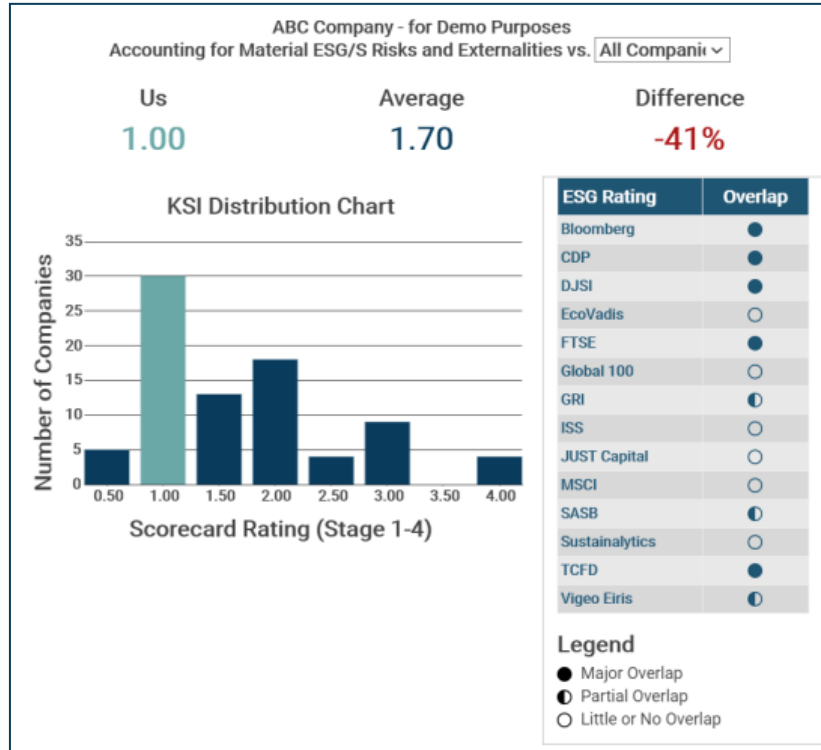
- Compensation = BlackRock priority
- Large, growing focus of ESG raters
- Opportunity to drive fast change

ESG Navigator Maturity Map: Rating Criteria

Stage 1 “Engaging”	Stage 2 “Accelerating”	Stage 3 “Leading”	Stage 4 “Transforming”
CEO and C-Suite compensation and KPIs ¹ may include a few “traditional” ESG/S topics (e.g., safety; diversity, compliance). Annual ESG/S goals for individual employees are largely limited to ESG/S staff and teams.	CEO and C-Suite compensation and KPIs include measuring performance against key, material ESG/S metrics (including GHG for almost all sectors). Several C-Suite members have ESG/S goals as part of their personal annual performance goals.	CEO and C-Suite compensation (about 15-20%) is based on performance on material ESG/S issues. CEO/S-Suite ESG/S annual goals cascade down the chain of command.	CEO and C-Suite compensation (about 20%*) is based on performance on material ESG/S issues. CEO/S-Suite annual goals track performance against material ESG/S metrics. GHG target cascades to all relevant company staff and contractors.



KSI 4.6 Governance: Goals and Metrics – Accounting for Material ESG/S Risks and Externalities



Take-away messages *[Illustrative]*

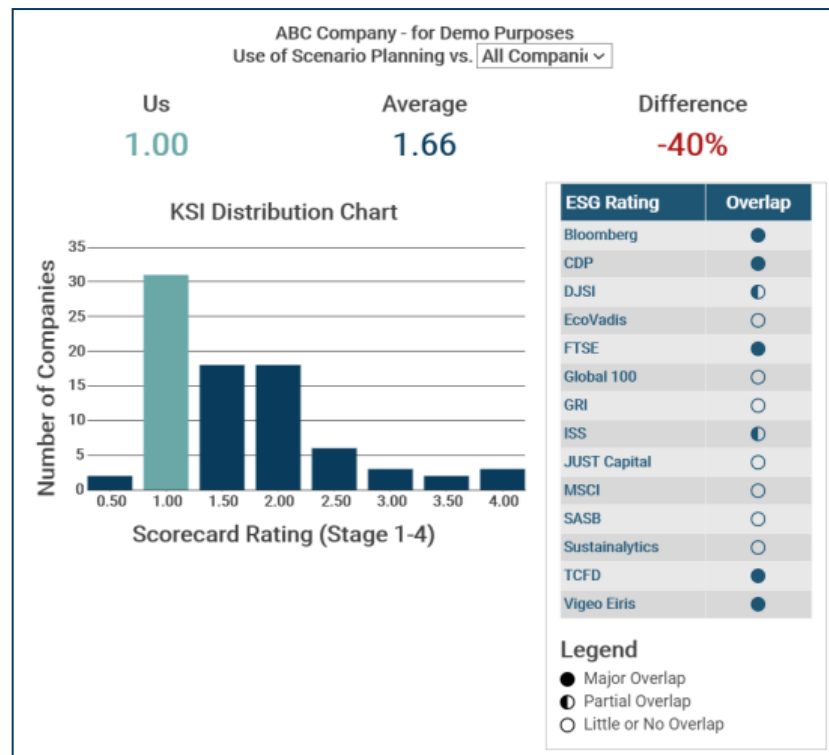
- Accounting for externalities = new “table stakes” (e.g., price on carbon)
- An area of growing interest by ESG raters
- Opportunity to deeply integrate with existing business practices

ESG Navigator Maturity Map: Rating Criteria

Stage 1 “Engaging”	Stage 2 “Accelerating”	Stage 3 “Leading”	Stage 4 “Transforming”
View accounting for material ESG/S risks and externalities as a compliance requirement. May assign carbon price .	Assess magnitude and scale of material ESG/S risks & liabilities across value chain and factor into key business decisions .	Account for externalities . Assign carbon price equal to or greater than industry average; fully aligned with TCFD.	Account for externalities across the value chain in a formal way, consistent with the company’s financial controls.



KSI 8.6 Strategy: Strategic Planning – Use of Scenario Planning



Take-away messages *[Illustrative]*

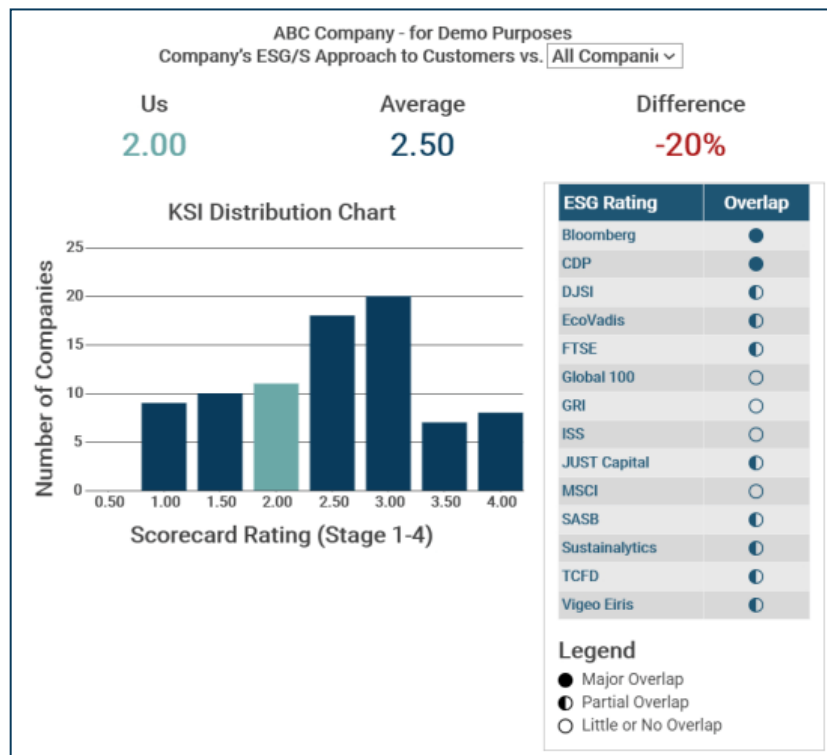
- Scenario planning = core to TCFD
- Tough for ESG raters (little data)
- Opportunity to deeply focus on future linkage between ESG and strategy

ESG Navigator Maturity Map: Rating Criteria

Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
Use informal processes to identify potential future ESG/S impacts on the business.	Use a formal scenario process, systematically identifying and assessing major ESG/S drivers in terms of impact and uncertainty.	Use best-in-class ESG/S scenario process, including a 1.5 °C scenario (perhaps also 2 °C scenario), to be reviewed with C-Suite (but not board).	Review robust scenarios with C-Suite and board to consistently shape business strategy and portfolio changes.



KSI 10.1 Strategy: Customers and Markets – Company's ESG/S Approach to Customers



Take-away messages [Illustrative]

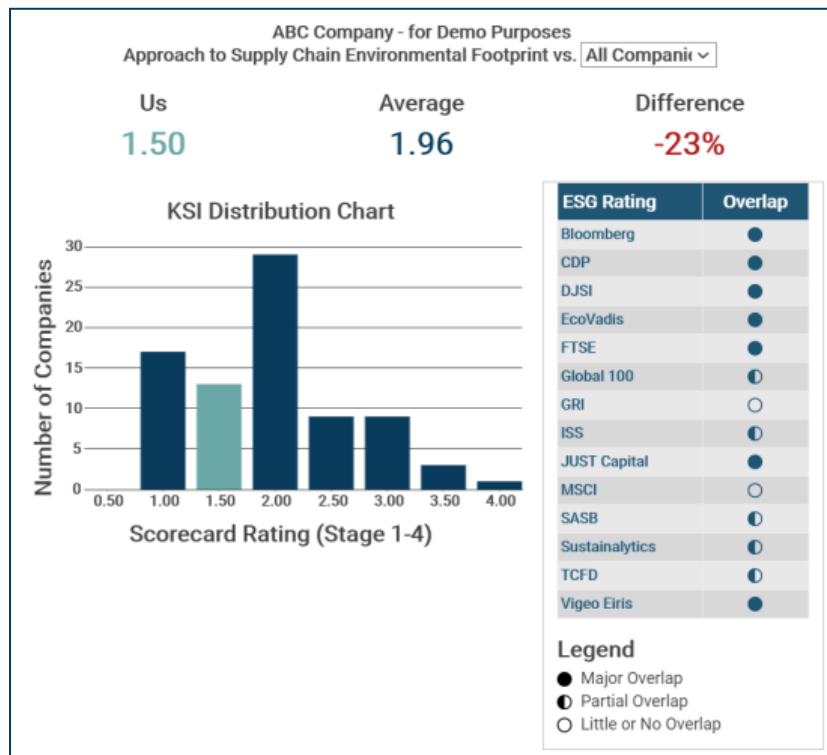
- Customers = key leverage point
- Not a major focus of most ESG raters
- Opportunity to build for the future

ESG Navigator Maturity Map: Rating Criteria

Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
Respond to customer ESG/S requests. Focus is: "Do our customers like our products?"	Understand ESG/S goals of key customers. Educate customers about ESG/S attributes. Focus is: "Can we help our customers achieve their ESG/S goals?"	Work with customers to meet their ESG/S goals. Promote responsible ESG/S consumption. Focus is: "Do our products benefit our customers and society?"	Work with customers to jointly create demand for ESG/S solutions while greatly reducing existing ESG/S impacts. Focus is: "Do our products, services, and solutions address the world's toughest challenges?"



KSI 13.1 Environment: Supply Chain – Approach to Supply Chain Environmental Footprint



Take-away messages [Illustrative]

- Supply chain = major footprint
- Large, growing focus for ESG raters
- Opportunity to learn from leaders

ESG Navigator Maturity Map: Rating Criteria

Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
Comply with industry standards regarding environmental footprint . ¹ Focus on quality, cost, and dependability (over environmental impacts).	Engage with key suppliers to assess and actively reduce environmental impacts. Provide ESG/S training and incentives to suppliers.	Engage upstream supply tiers to aggressively cut material environmental impacts. Set joint impact reduction goals. Incorporate ESG/S in buyer performance.	Partner with most suppliers to drive down full supply chain environmental footprint toward zero. Monitor performance against joint customer-supplier goals. Collaborate around growth opportunities.



To Learn More

Please visit <https://esgnavigator.com/>
or email gib@hedstromassociates.com