



**ESG Navigator™**  
ENVIRONMENT • SOCIAL • GOVERNANCE

# Example C-Suite Presentation

How do we stack up on ESG?

August 2021

# Purpose of this CEO Pitch Deck



## If you are new to ESG Navigator

- Imagine your boss (and/or C-Suite member) asks for an update on your company's ESG performance
- Imagine you have a deck like this...
  - On your company PPT templates
  - With your company (vs. ABC Co.) data
- Your team can create this in a half-day...
  - Log-in and create your company self-assessment on ESG Navigator
  - Download any of the graphics you like and create a report like this



## If you have data in ESG Navigator

- Imagine your boss (and/or C-Suite member) asks for an update on ESG
- Imagine you have a deck like this...
  - On your company PPT templates
  - With your company (vs. ABC Co.) data
- Your team can create this in a few hours...
  - Decide which slides you like/want
  - Log-in to ESG Navigator
  - Download any of the graphics you like and create your report



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- DRILL-DOWN: 12 IMPROVEMENT PRIORITIES

## Navigating Changes Ahead

- ESG NAVIGATOR MEMBERSHIP OPTIONS





**Is our company future-ready?**

# Welcome to ESG Navigator

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*“It’s a simple tool using clear language to help you understand what fair, good, better, and best look like – and what’s expected of you as you progress.”*

Scott Tew, VP Sustainability – Trane Technologies

# About ESG Navigator

**ESG Navigator** empowers sustainability professionals and their companies to address the world's most pressing challenges – through **ESG benchmarking analytics** and a **strategic roadmap**, supported by a **peer network & knowledge hub** to stay abreast of the rapidly-changing landscape.

**ESG Navigator** is a well-established, easy-to-use, online ESG benchmarking platform – aimed at the C-Suite and shaped by 80+ companies over 20+ years – that helps companies answer the question:

***How do our ESG/sustainability efforts stack up?***

***– vs. peer companies?***

***– across 15 major ESG ratings?***

**ESG Navigator** has been licensed by **The Conference Board** (TCB) and is being rolled out to TCB's 1,000+ member companies worldwide. ESG Navigator is becoming the global standard for ESG self-assessment and planning.

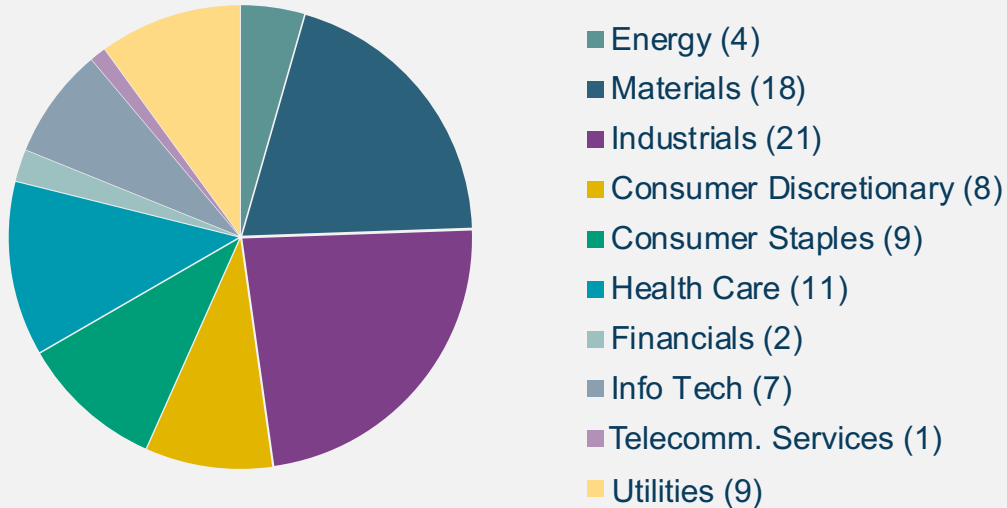
**ESG Navigator** is available to large companies globally (except for professional services firms), and can be accessed via <https://esgnavigator.com/> or via <https://www.conference-board.org/esg-navigator>. ESG Navigator is the wholly-owned property of Hedstrom Associates.

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



# Broad Industry Participation *[Data from 90 major companies]*

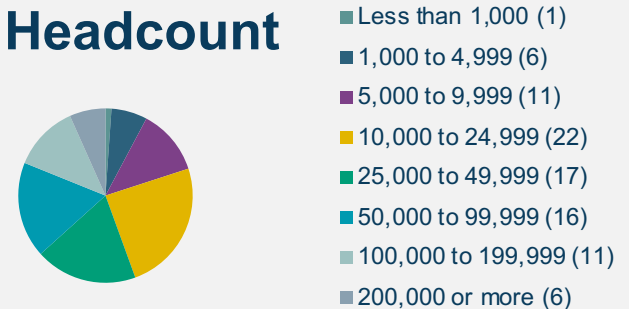
## Industry Sector



## Revenue



## Headcount



# Participating Companies [Selected]





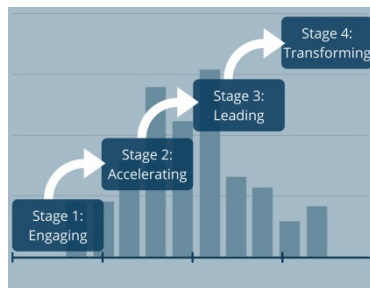


# Knowing Our Position

BENCHMARK vs. INDUSTRY PEERS

# Knowing Our Position

## Benchmark vs. Industry Peers



## Benchmark vs. ESG Ratings



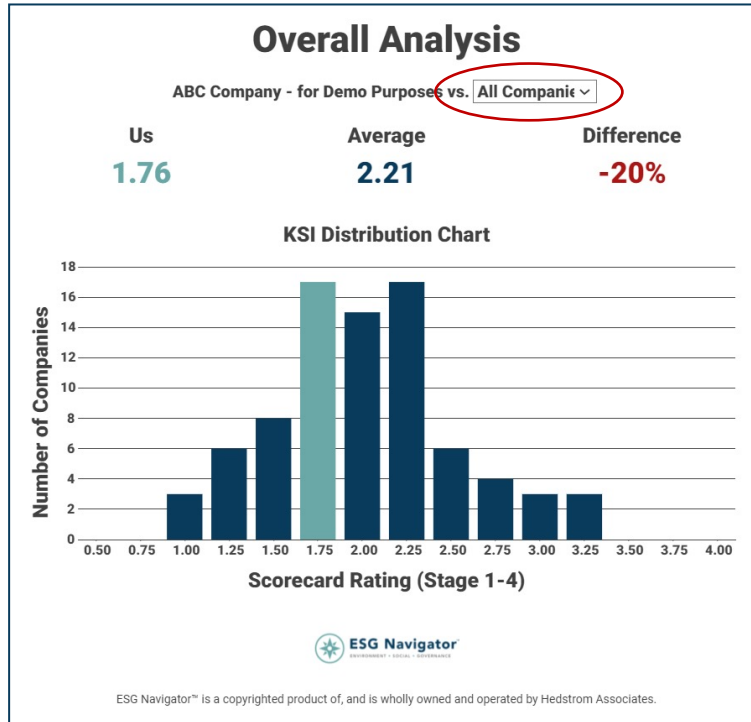
## Confidential ESG Benchmarking

- Helps us align internally on our ESG strategy
- Easy to use; fast; powerful graphics

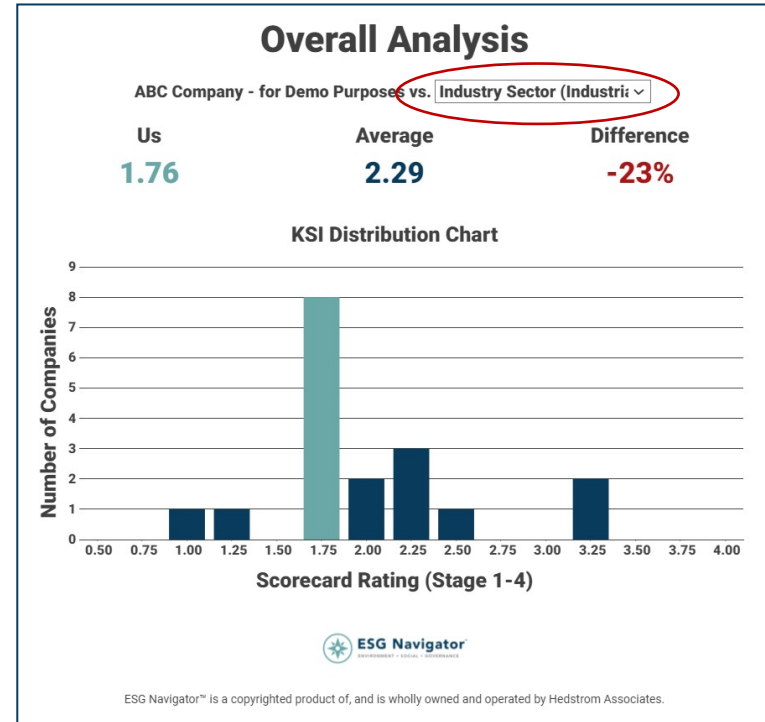


# Knowing Our Position | High-Level Summary

## Our Company vs. All Companies



## Our Company vs. Our Industry Sector

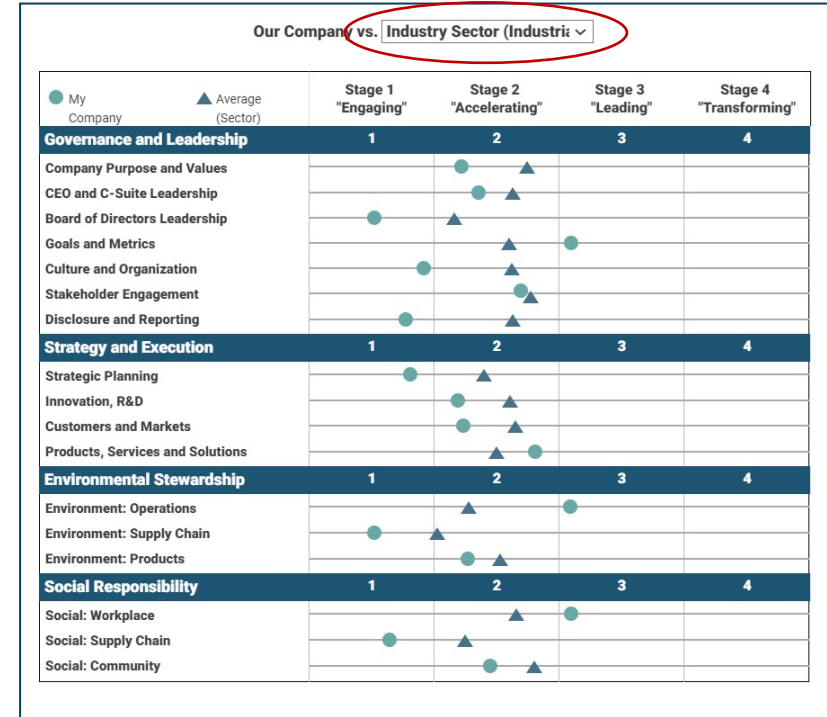


# Knowing Our Position | High-Level Summary

## Our Company vs. All Companies



## Our Company vs. Our Industry Sector





# Knowing Our Position

BENCHMARK vs. ESG RATINGS

# What's our position?

ESG Navigator is mapped to 14 major ESG frameworks and ratings:



London  
Stock Exchange



SUSTAINALYTICS

a Morningstar company



ESG Navigator  
ENVIRONMENT • SOCIAL • GOVERNANCE

# Knowing Our Position | ESG Ratings Gaps

KSI	Section	KSI Name	BB	CDP	G100	EcoV	FTSE	GRI	ISS	JUST	MSCI	Refin	SASB	S&P	Susty	TCFD	VE	ERC
1.1	Gov	Company Purpose	○	○	○	○	●	●	○	●	○	●	○	○	○	●	○	27
1.2	Gov	ESG/S in Vision, Mission, Values, and Policies	●	●	○	●	●	○	●	●	●	○	○	○	○	●	●	53
1.3	Gov	ESG/S Commitments (by Board and/or C-Suite)	●	●	●	○	●	○	●	●	○	○	○	○	●	○	●	51
1.4	Gov	Managing Long-Term Viability of Core Business(es)	○	○	○	○	○	●	○	●	○	○	○	○	○	●	●	40
1.5	Gov	Key Business Decisions: ESG/S Risks & Opportunities	●	●	○	○	●	●	○	●	○	○	○	○	○	●	●	56
2.1	Gov	Company's Approach to ESG/S – by CEO and C-Suite	○	○	○	○	○	●	○	●	○	○	○	○	○	○	○	31
2.2	Gov	CEO/C-Suite Messages to Investors Regarding ESG/S	○	○	○	○	○	●	○	○	○	○	○	○	○	○	○	20
2.3	Gov	CEO/C-Suite Interaction with Customers Regarding ESG/S	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	7
2.4	Gov	CEO/C-Suite Messages to Employees Regarding ESG/S	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	13
2.5	Gov	CEO's and C-Suite's Sources of ESG/S Learning	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	18
2.6	Gov	Cross-functional ESG/S Leadership Group(s)	○	○	○	○	○	○	○	○	○	○	○	○	○	○	○	20
3.1	Gov	Board Oversight of ESG/S	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	69
3.2	Gov	Board Roles, Committees and Charters	●	●	○	○	○	○	○	○	○	○	○	○	○	○	○	64
3.3	Gov	Board Independence and Expertise in ESG/S	●	○	○	○	○	○	○	○	○	○	○	○	○	○	○	56

ERC =  
ESG  
Ratings  
Coverage

ERC  
number  
represents  
% of  
ratings that  
address  
the KSI  
topic

ESG ratings fail the 80/20 rule: they only address ~20% of governance and strategy topics related to ESG.



# Knowing Our Position | ESG Ratings Heat Maps

Section	E#	Element Name	Avg. Score	KSIs	BB	CDP	G100	EcoV	FTSE	GRI	ISS	JUST	MSCI	Refin	SASB	S&P	Susty	TCFD	VE	ERC
Gov	1	Company Purpose and Values	1.70	5																45
Gov	2	CEO and C-Suite Leadership	1.83	6																18
Gov	3	Board of Directors Leadership	1.00	7																50
Gov	4	Goals and Metrics	2.57	7																67
Gov	5	Culture and Organization	1.40	5																38
Gov	6	Stakeholder Engagement	2.17	6																48
Gov	7	Disclosure and Reporting	1.25	6																75
Str	8	Strategic Planning	1.29	7																68
Str	9	Innovation, R&D	1.67	6																67
Str	10	Customers and Markets	1.71	7																38
Str	11	Products, Services and Solutions	2.29	7																66
Env	12	Environment: Operations	2.56	8																92
Env	13	Environment: Supply Chain	1.00	7																88
Env	14	Environment: Products	1.75	8																54
Soc	15	Social: Workplace	2.57	7																63
Soc	16	Social: Supply Chain	1.13	8																70
Soc	17	Social: Community	1.93	7																49

## ESG Ratings Heat Maps

- “Stoplight” approach
- Multiple levels of detail:
  - By KSI (114)
  - By Element (17) [shown here]
  - By Section (4)

Avg. Score = Our Company’s ESG Navigator Self-Assessment Score





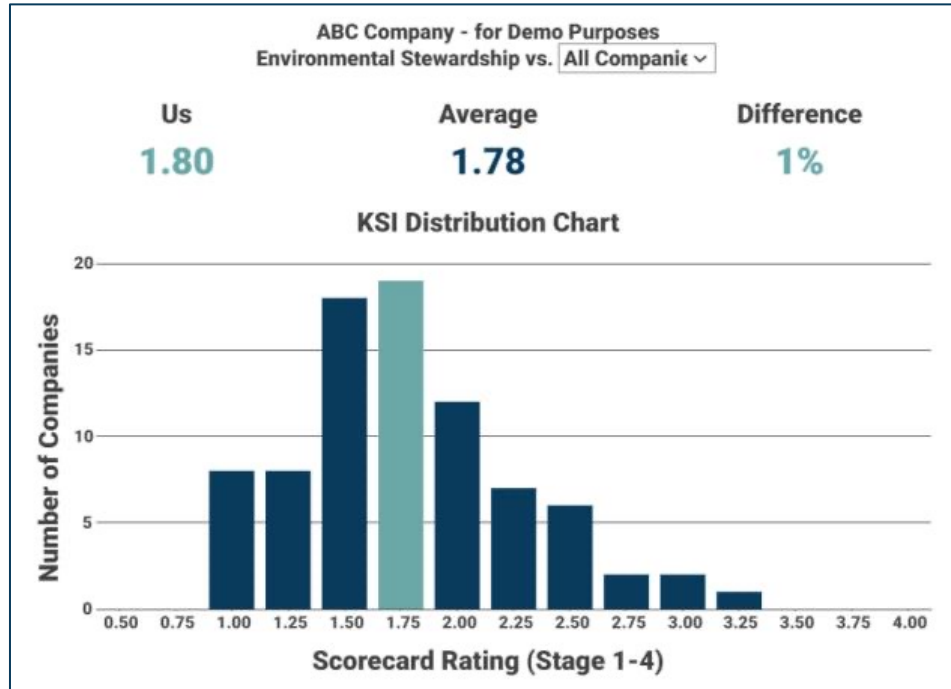


# Knowing Our Position

DRILL-DOWN: E+S+G+STRATEGY

# Knowing Our Position | Environmental Stewardship

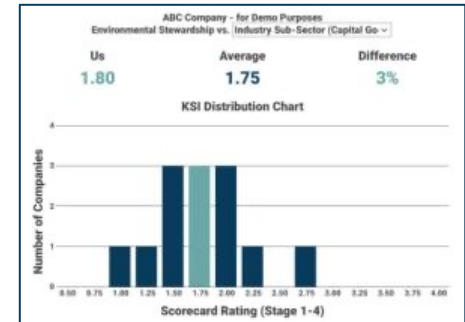
**Compared to:** All companies currently in ESG Navigator database



**Compared to:**  
Our industry  
sector peers

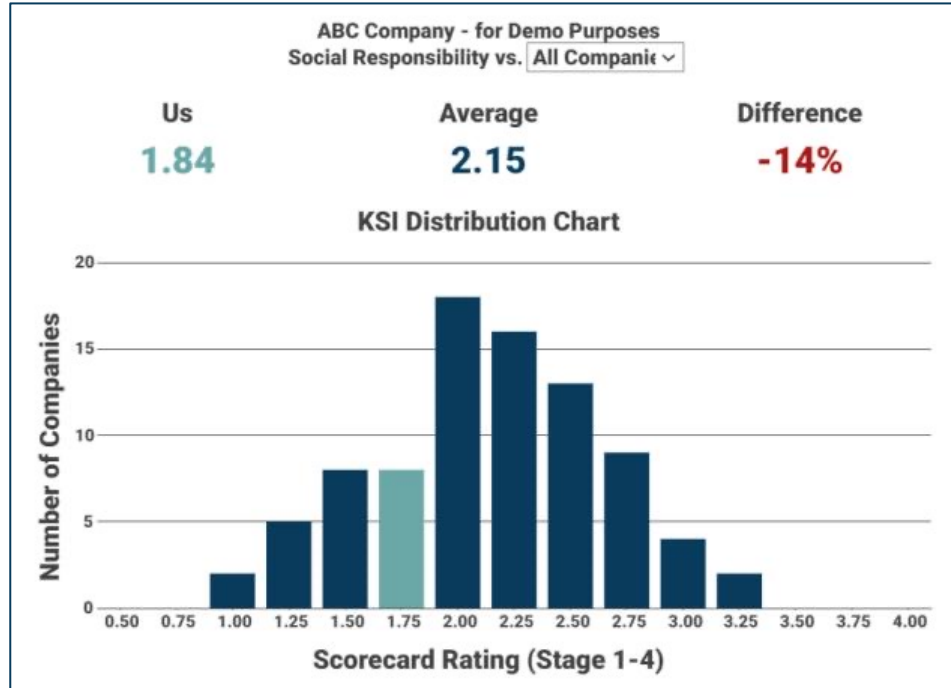


**Compared to:**  
Our industry sub-  
sector peers



# Knowing Our Position | Social Responsibility

**Compared to:** All companies currently in ESG Navigator database



**Compared to:**  
Our industry  
sector peers

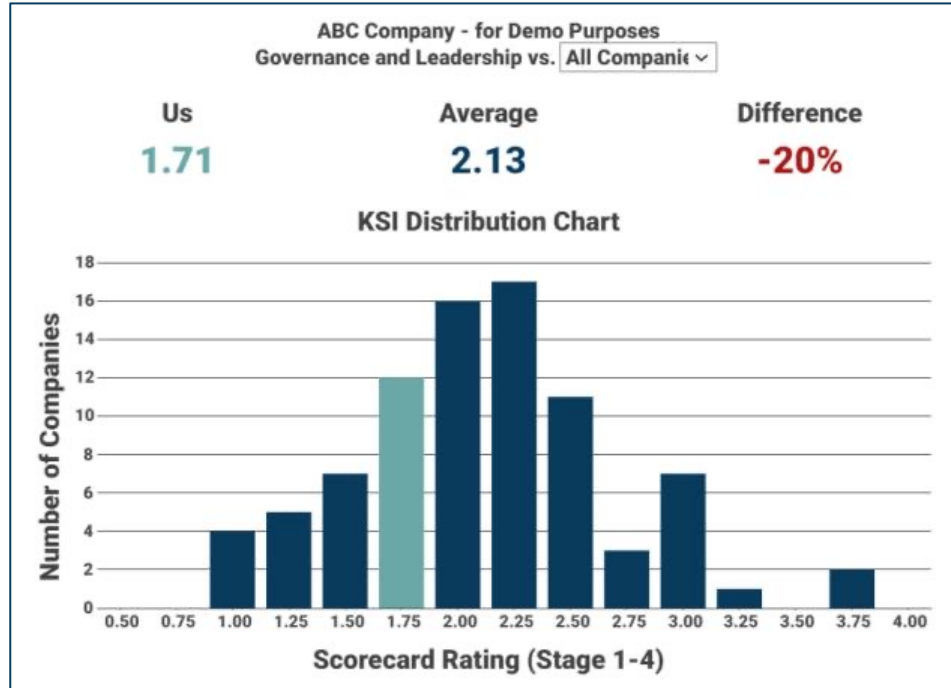


**Compared to:**  
Our industry sub-  
sector peers



# Knowing Our Position | Governance & Leadership

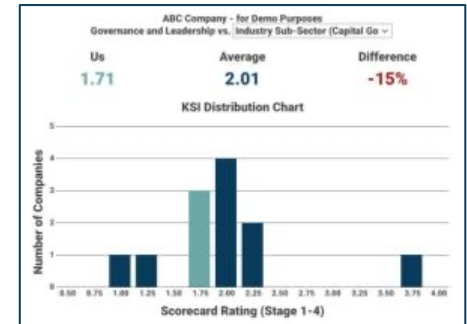
**Compared to:** All companies currently in ESG Navigator database



**Compared to:**  
Our industry  
sector peers

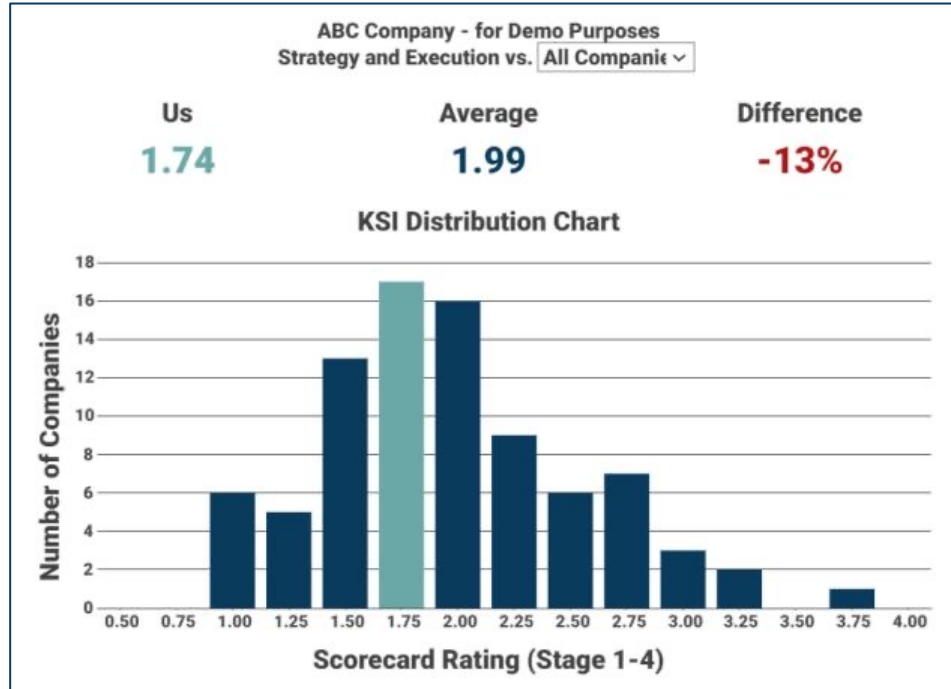


**Compared to:**  
Our industry sub-  
sector peers



# Knowing Our Position | Strategy & Execution

**Compared to:** All companies currently in ESG Navigator database



**Compared to:**  
Our industry  
sector peers



**Compared to:**  
Our industry sub-  
sector peers





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# Charting Our Course

IDENTIFY IMPROVEMENT PRIORITIES

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

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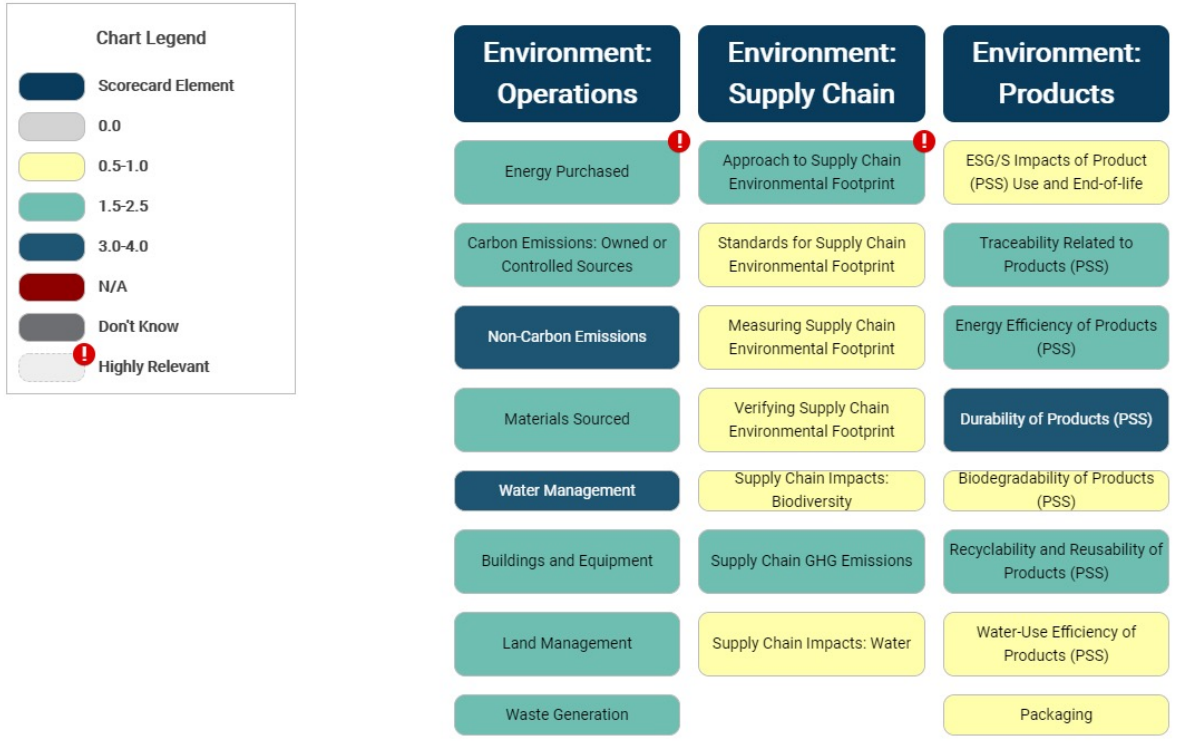
## ESG Navigator – 114 Key Sustainability Indicators (KSIs)

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

# Improvement Priorities | Environmental Stewardship

ABC Company - for Demo Purposes for Environmental Stewardship





# Improvement Priorities | Social Responsibility

ABC Company - for Demo Purposes for Social Responsibility



# Improvement Priorities | Governance & Leadership

ABC Company - for Demo Purposes for Governance and Leadership

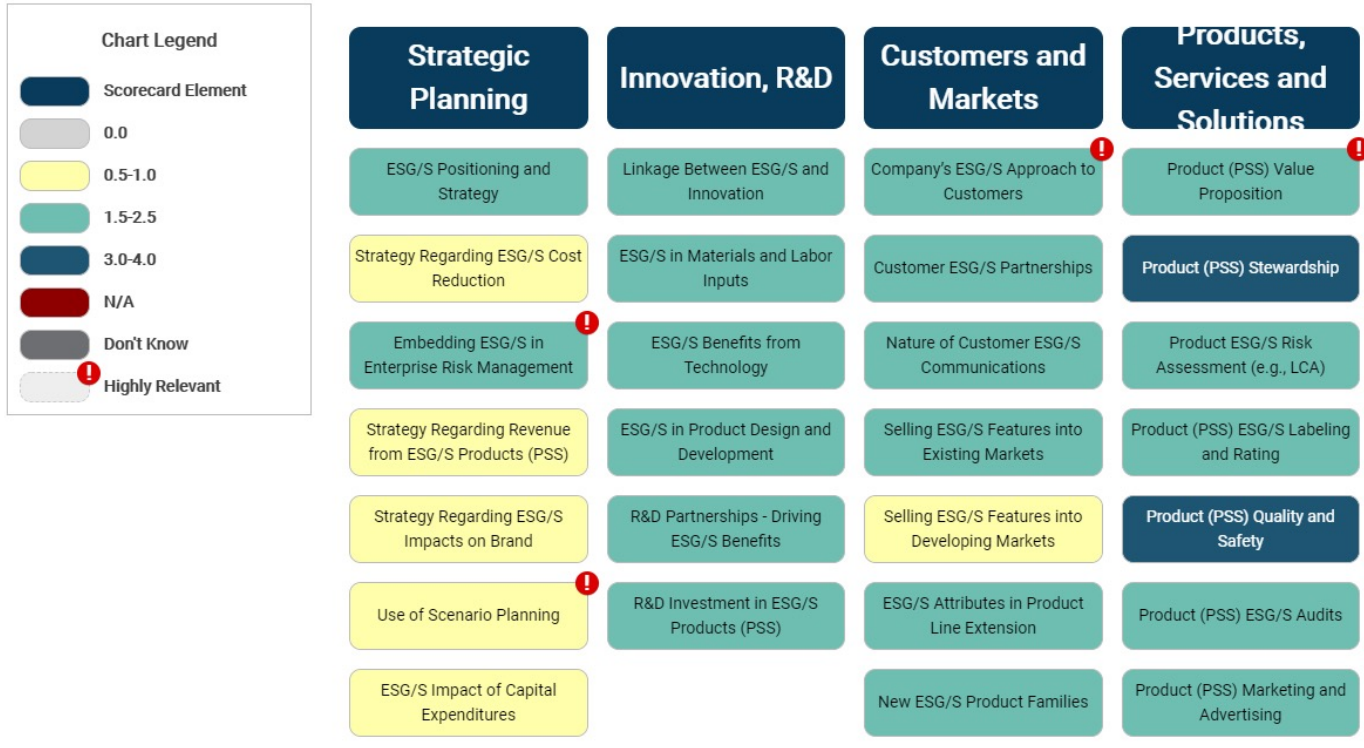
NOTE: We will improve the Rainbow Chart graphics.



# Improvement Priorities | Strategy and Execution

ABC Company - for Demo Purposes for Strategy and Execution

NOTE: We will improve the Rainbow Chart graphics.





# Charting Our Course

DRILL-DOWN: 12 IMPROVEMENT PRIORITIES

# 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

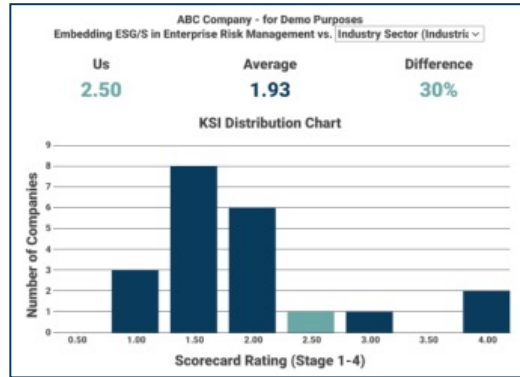
All KSIs you rated 0.5 to 2.0 and "Highly relevant"

- 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

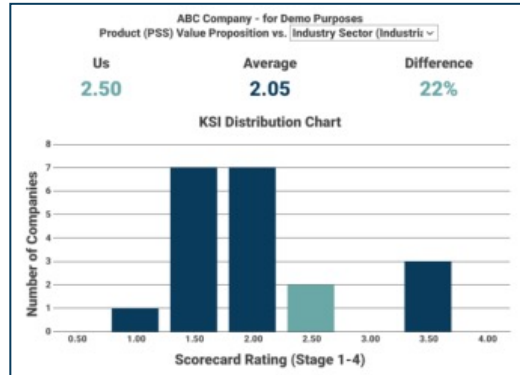
## Enterprise Risk Management



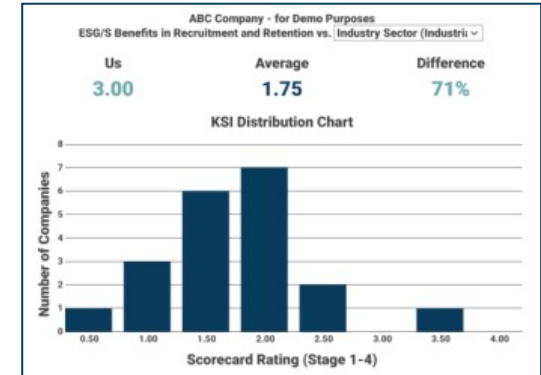
## Energy Purchased



## Product (PSS) Value Proposition

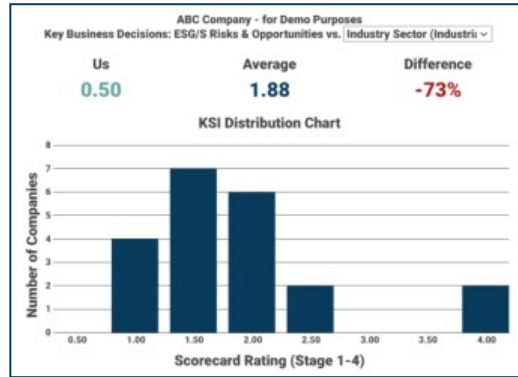


## Recruitment and Retention



# Key Opportunities | Compared vs. Industry Sector Peers

## ESG in Key Business Decisions



## Board Agendas



## Approach to ESG/S by CEO and C-Suite



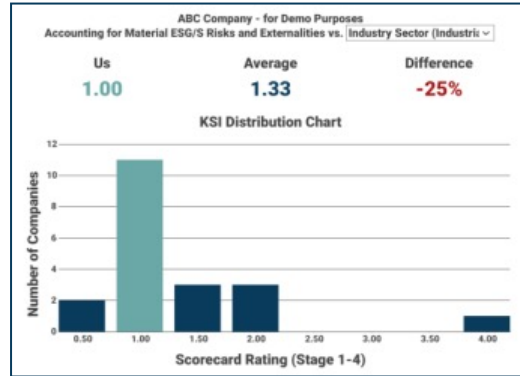
## Driving Culture via Compensation and Goals



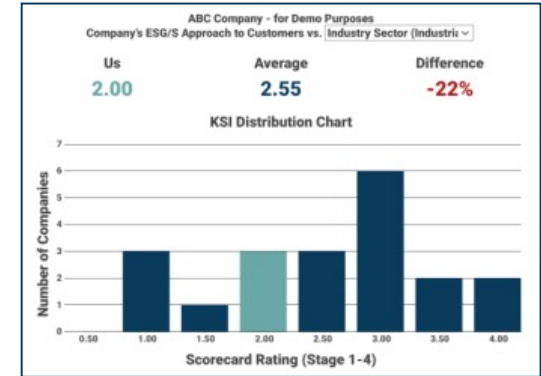


# Key Opportunities | Compared vs. Industry Sector Peers

Accounting for  
Material ESG/S  
Risks and  
Externalities



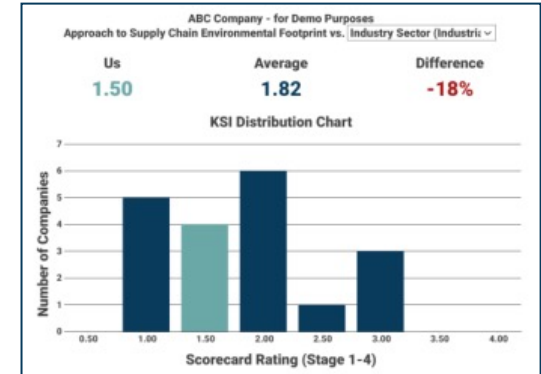
Company's  
ESG/S  
Approach to  
Customers



Use of Scenario  
Planning



Approach to  
Supply Chain  
Environmental  
Footprint





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



## Take-away messages [Illustrative]

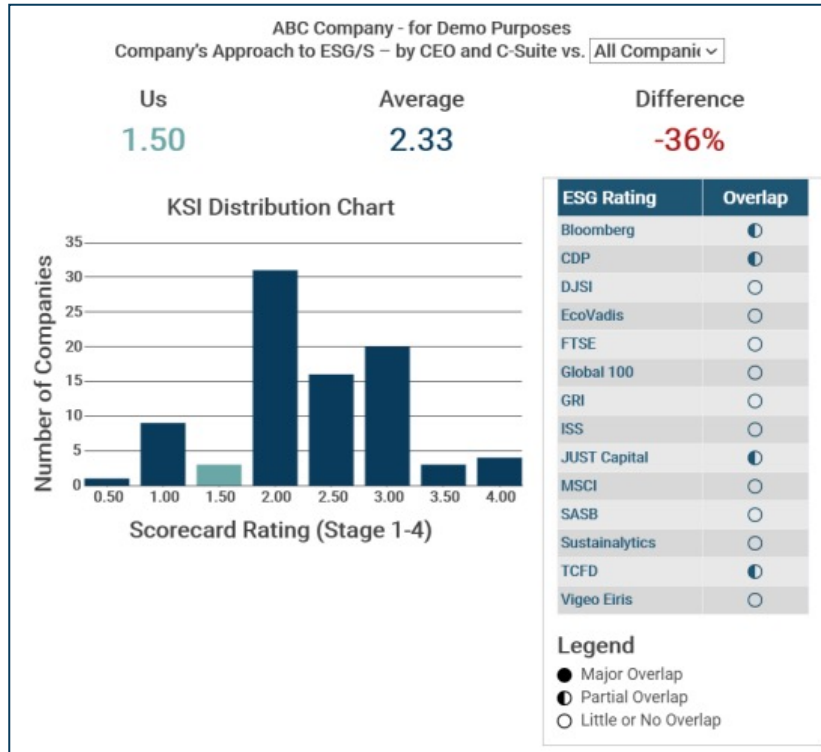
- Key Business Decisions (defined as ones made by CEO and Board) = vital to LT company success
- ESG raters try to measure – but cannot
- Opportunity to fully align all company staff

## 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 <b>key business decisions</b> made by C-Suite and board.	ESG/S elements are openly discussed and debated – and are major factors in <b>key business decisions</b> . ESG/S factors (e.g., product safety) are prioritized when in question or during crises.	Formal ESG/S criteria or "screens" (e.g., internal <b>carbon price</b> ) are applied to all <b>key business decisions</b> . ESG/S purpose and goals are clear enough that mid-managers are confident making trade-offs in daily decisions.	<b>Material</b> ESG/S issues guide strategic planning and capital allocation. Company demonstrates a track record of factoring <b>material</b> ESG/S risks into <b>key business decisions</b> .



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



## Take-away messages *[Illustrative]*

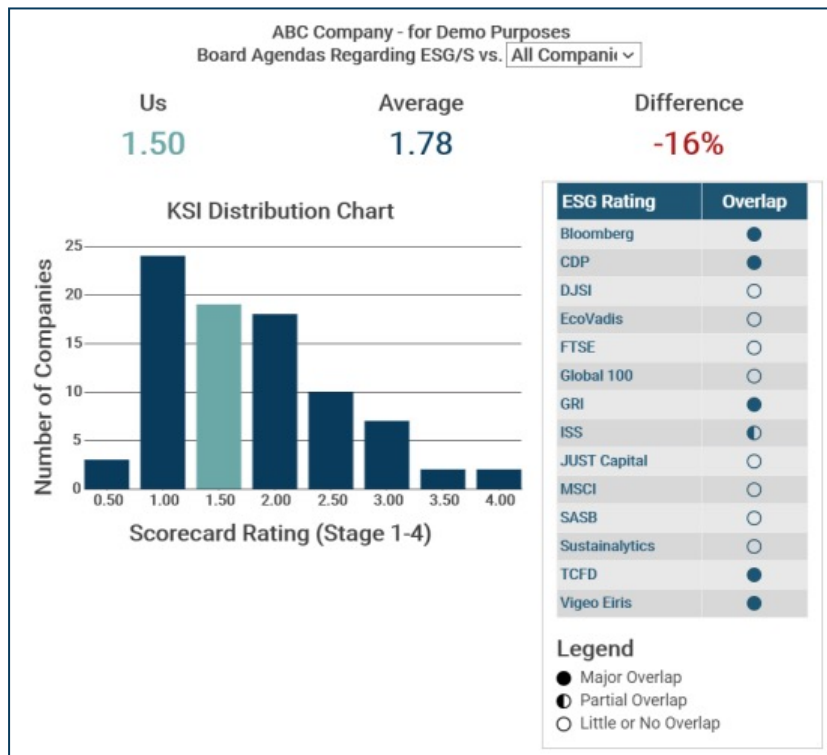
- C-Suite's visible leadership on ESG = key
- ESG raters cannot really measure this
- Opportunity to inspire, engage, and align our employees at little or no cost

## 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 <b>material</b> 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 <b>material</b> to industry or sector.	CEO/C-Suite makes ESG/S goals and policy stance clear when it is <b>material</b> to company and its industry sector – and ensures ESG/S is integral to growth strategy.	CEO often communicates <b>material</b> 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]*

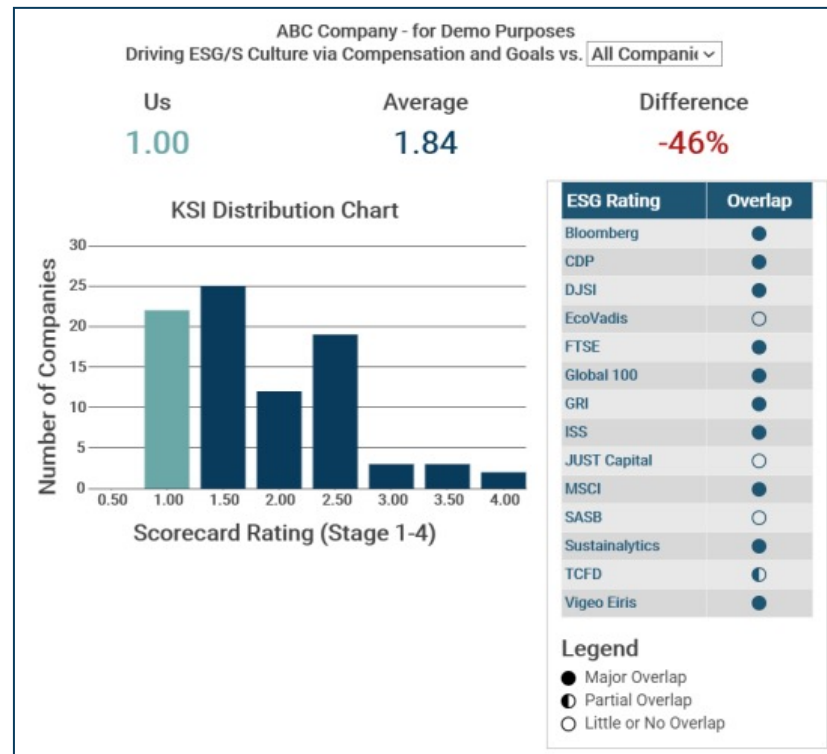
- Board agendas = powerful leverage point
- ESG raters cannot measure the degree of board engagement and ESG activity
- Opportunity to leapfrog competitors

## ESG Navigator Maturity Map: Rating Criteria

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



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



## Take-away messages [Illustrative]

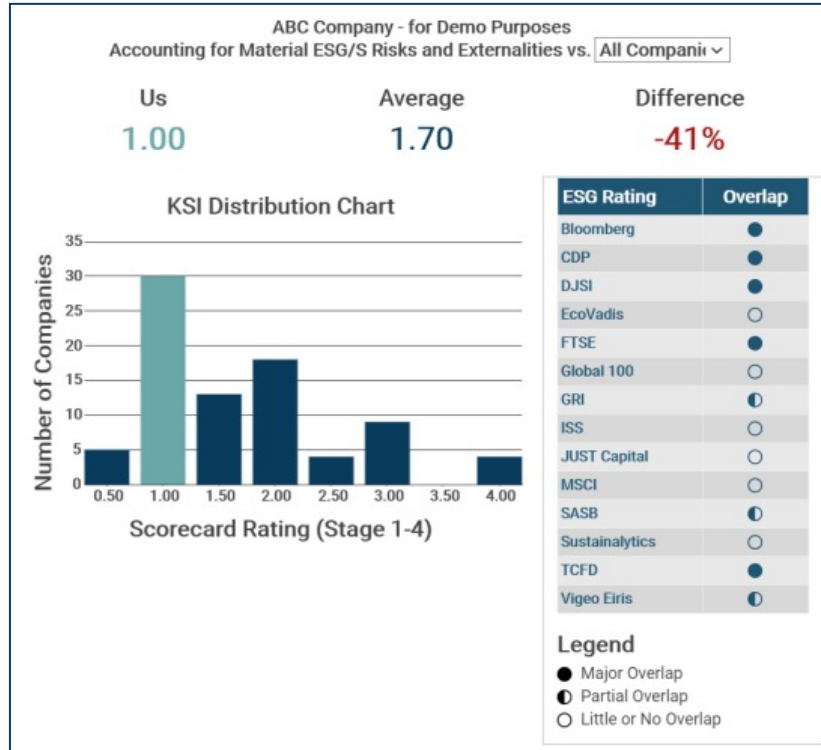
- Compensation = BlackRock priority
- Large, growing focus of ESG raters
- Opportunity to drive fast change

## ESG Navigator Maturity Map: Rating Criteria

Stage 1 “Engaging”	Stage 2 “Accelerating”	Stage 3 “Leading”	Stage 4 “Transforming”
CEO and C-Suite compensation and <b>KPIs</b> <sup>1</sup> 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 <b>KPIs</b> include measuring performance against key, <b>material</b> ESG/S metrics (including <b>GHG</b> 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 <b>material</b> ESG/S issues. CEO/S-Suite ESG/S <b>annual goals</b> cascade down the chain of command.	CEO and C-Suite compensation (about 20%*) is based on performance on <b>material</b> ESG/S issues. CEO/S-Suite annual goals track performance against <b>material</b> ESG/S metrics. <b>GHG</b> 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

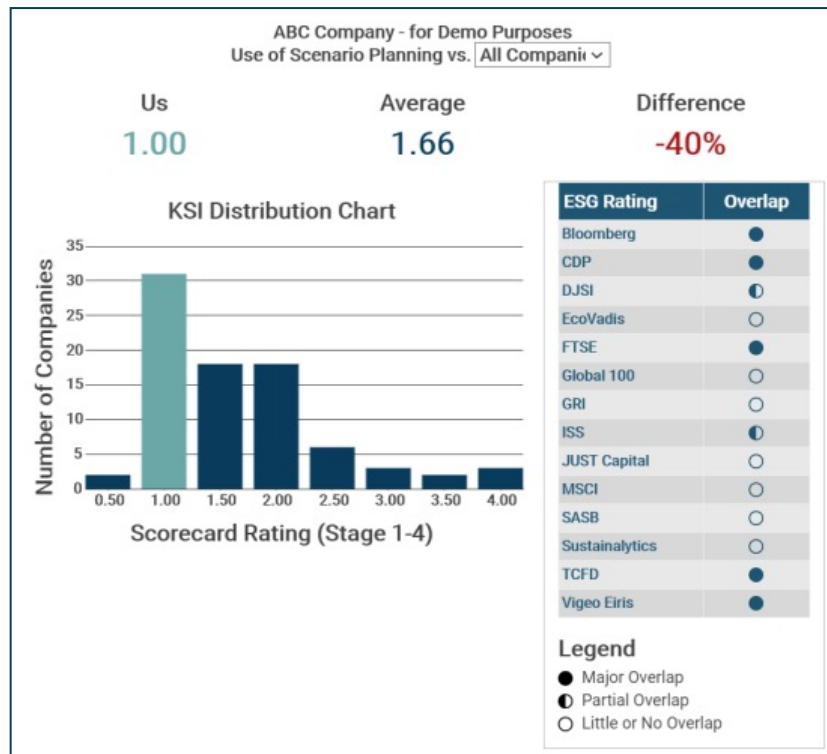
## ESG Navigator Maturity Map: Rating Criteria

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

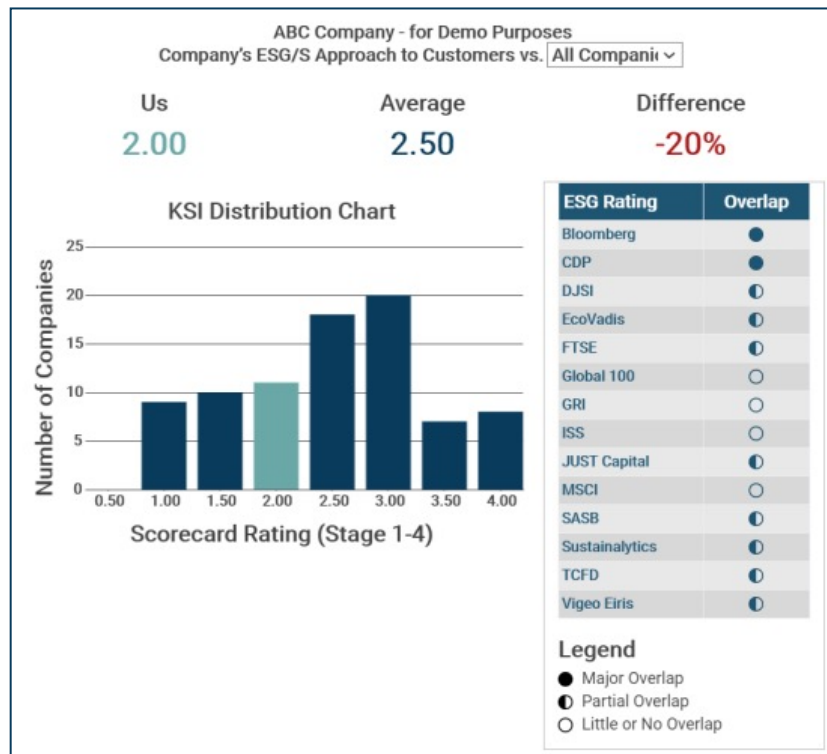
- Scenario planning = core to TCFD
- Tough for ESG raters (little data)
- Opportunity to deeply focus on future linkage between ESG and strategy

## 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 <b>scenario</b> process, systematically identifying and assessing major ESG/S drivers in terms of impact and uncertainty.	Use best-in-class ESG/S <b>scenario</b> process, including a 1.5 °C <b>scenario</b> (perhaps also 2 °C <b>scenario</b> ), to be reviewed with C-Suite (but not <b>board</b> ).	Review robust <b>scenarios</b> with C-Suite and <b>board</b> 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]

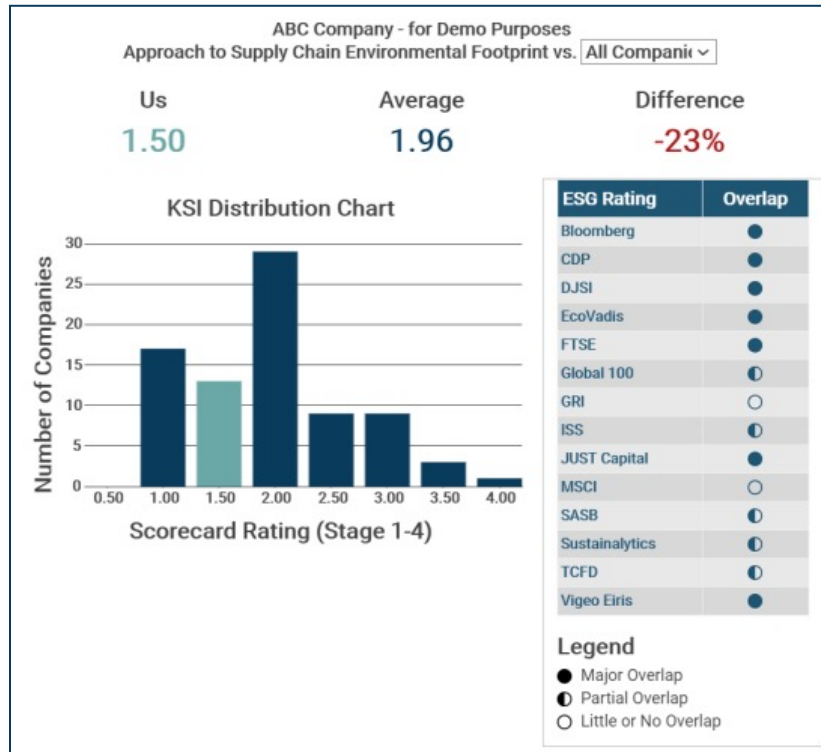
- Customers = key leverage point
- Not a major focus of most ESG raters
- Opportunity to build for the future

## 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 <b>footprint</b> . <sup>1</sup> 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 <b>material</b> environmental impacts. Set joint impact reduction goals. Incorporate ESG/S in buyer performance.	Partner with most suppliers to drive down full <b>supply chain</b> environmental <b>footprint</b> toward zero. Monitor performance against joint customer-supplier goals. Collaborate around growth opportunities.







# Navigating Changes Ahead

# Navigating Changes Ahead | Resources

## Knowledge Hub (“Wiki”)

- Investors
  - ABCs of ESG Frameworks and Ratings
  - “Who Bought Who”
  - “What Feeds What”
- ESG Ratings Survey Data – 2021
  - Survey of 50+ global companies on ESG Ratings
  - Results on the *benefits*, *importance*, and *ROI* of each
- + More

## Signposts & Best Practices Library

- Over 750+ best practice examples on ESG Navigator – each aligned to (and an example of) the 114 KSIs
  - Free online as a company creates its initial data entry – and for ongoing updates.
  - Downloadable Excel file (sortable) for Advanced Option subscribers
- Signposts: example ‘high-impact’ current news stories

## Peer Network

- Monthly Webinars
  - Open to anyone who is a Registered User of ESG Navigator
  - Frequent company presentations followed by Q&A
  - Breakout groups, each with facilitator
  - Forum for asking peers relevant ESG questions

# ESG Navigator Membership Options

## BENCHMARKING

To Who?

Vs. What?

## + ESG RATINGS

## + EXTRAS

<b>FREE</b>	<ul style="list-style-type: none"> <li>All Industry</li> <li>My Industry Sector</li> </ul> <ul style="list-style-type: none"> <li>Overall</li> <li>By Section (E+S+G+Strategy)</li> </ul> <b>= 16 SUMMARY ANALYTICS</b>	<ul style="list-style-type: none"> <li>View full ESG Ratings Maps for ABC Company (interactive bubble charts, heat maps, dashboard, etc.)</li> <li>View my company data for CDP; S+P only</li> </ul>	<ul style="list-style-type: none"> <li>Monthly Webinars</li> <li>CEO Pitch Deck (Partial)</li> <li>Knowledge Hub (partial) – e.g., Investor Pages (ABC's etc.)</li> </ul>
<b>STANDARD</b>	<b>All of the above – PLUS</b> <ul style="list-style-type: none"> <li>My Industry Sub-Sector</li> <li>By Element</li> <li>By KSI</li> <li>By Prioritized KSI</li> </ul> <b>= 456 DRILL DOWN ANALYTICS</b>	<b>All of the above – PLUS</b> <ul style="list-style-type: none"> <li>Download full ESG Ratings Maps 24/7/365 for my company</li> <li>Rainbow Charts by Section (E+S+G+Strategy) – showing ESG ratings overlap</li> </ul>	<b>All of the above – PLUS</b> <ul style="list-style-type: none"> <li>CEO Pitch Deck (Full)</li> <li>Knowledge Hub (full)</li> <li>Excel Toolkit</li> <li>Best Practices Excel Download</li> </ul>
<b>PREMIUM</b>	<b>All of the above – PLUS</b> <ul style="list-style-type: none"> <li>By Size (revenue)</li> <li>By Size (FTE/headcount)</li> <li>By Headquarters Location</li> <li>Public vs. Private [Under development]</li> <li>By prioritized KSI vs.               <ul style="list-style-type: none"> <li>15 ESG Ratings</li> <li>KSI criteria</li> <li>Best Practices</li> </ul> </li> </ul> <b>= 1,000+ DRILL DOWN ANALYTICS</b>	<b>All of the above – PLUS</b> <ul style="list-style-type: none"> <li>114 KSI bar charts showing overlap of 15 ESG ratings</li> <li><b>KEY BENEFIT:</b> Opportunity during the year to have immediate and early access to all new ESG Navigator features, tools, website enhancements under development</li> </ul>	<b>All of the above – PLUS</b> <ul style="list-style-type: none"> <li>Quarterly ESG Strategy Forum</li> <li><i>Signposts</i> (current news)</li> <li>ESG Ratings Survey 2021 Results</li> <li><b>KEY BENEFIT:</b> Opportunity during the year to have immediate and early access to all new ESG Navigator features, tools, website enhancements under development</li> </ul>





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

## To Learn More

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Please visit <https://esgnavigator.com/>

or email [gib@hedstromassociates.com](mailto:gib@hedstromassociates.com)