



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

# ESG 2022: Are we ready?

EXAMPLE ANSWERS TO C-SUITE QUESTIONS

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Q4 - 2021

We asked members the most common questions they hear from their C-Suite...

...and the most powerful graphics they share in response.

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**Here's what we discovered:**

# ESG 2022: Top C-Suite Questions



## Creating a winning strategy (confidential to the company)

- 1 | Are we thinking about ESG strategically?
- 2 | What's our position today?
- 3 | How do we improve our positioning?
- 4 | How do we align internally on ESG?



## Telling our ESG story (to key stakeholders)

- 5 | Which ESG ratings do we focus on?
- 6 | What is our performance across key ratings?
- 7 | What are our key actions for 2022?
- 8 | How can we track ratings and best practices?





# Creating a Winning Strategy

# 1 Are we thinking about ESG strategically?

THE CONFERENCE BOARD ENDORSES ESG NAVIGATOR'S HOLISTIC APPROACH

**ESG NAVIGATOR KSIs**  
**Governance and Leadership**

COMPANY PURPOSE AND VALUES	CEO & C-SUITE LEADERSHIP	BOARD LEADERSHIP	GOALS & METRICS	CULTURE & ORGANIZATION	STAKEHOLDER ENGAGEMENT	DISCLOSURE & REPORTING
Company Purpose	CEO/C-Suite Approach to ESGs	Board Oversight of ESGs	Long-Term (5-10 year) Goals	Driving ESG Culture via Compensation	Approach to Engagement	Disclosure of Material ESG Impacts
ESGs in Vision, Mission, Values	CEO Messages to Investors	Board Roles, Committees, Charters	2020 ESG Goals	CEO/C-Suite Roles Regarding ESGs	Reasons for Engagement	ESGs in Annual Report
ESGs Considered: Board and/or C-Suite	C-Suite Interactions with Customers	Board Independence & ESG Expertise	Materiality Assessment	C-Suite ESG Reward and Recognition	Stakeholder Partnerships	Assurance and Verification of ESGs
LT Viability of Core Businesses	C-Suite Messages to Employees	Board Agenda: Regarding ESGs	Tracking Reduction of ESGs Footprint	Unwritten Rules of the Game	Engaging on Material Supply Chain Issues	Transparency
ESGs in Key Business Decisions	CEO's Sources of ESG Learning	Time Spent on ESGs in Board Meetings	Tracking ESGs Impact on Growth	Leadership of ESGs within the C-Suite	Engaging on Strategy	Public Policy (e.g., Lobbying, Regs.)
	ESGs Leadership Groups	Board Sources of ESG Learning	Accounting for Material ESGs Risks		Engagement by CEO/C-Suite	ESGs in Corporate Marketing, Advertising
		Board Diversity, Equity & Inclusion	ESGs Ratings and Rankings			

**ESG NAVIGATOR KSIs**  
**Environmental Stewardship**

ENVIRONMENTAL FOOTPRINT: OPERATIONS	ENVIRONMENTAL FOOTPRINT: SUPPLY CHAIN	ENVIRONMENTAL RISK: ECONOMIC: PRODUCTS
Energy Purchased	Approach to Supply Chain Footprint	Responsibility for PIR Use, End-of-Life
Carbon Emissions: Owned Sources	Standards for Supply Chain Footprint	Transparency for Products (PIR)
Non-Carbon Emissions	Measuring Supply Chain Footprint	Energy Efficiency of Products (PIR)
Materials Sourced	Verifying Supply Chain Footprint	Durability of Products (PIR)
Water Management	Supply Chain Impact: Biodiversity	Sustainability of Products (PIR)
Buildings and Equipment	Supply Chain GHG Emissions	Recyclability of Products (PIR)
Land Management	Supply Chain Impacts: Water	Water Use Efficiency of Products (PIR)
Waste Generation		Packaging



**ESG NAVIGATOR KSIs**  
**Strategy and Execution**

STRATEGIC PLANNING	INNOVATION, RESEARCH & DEVELOPMENT	CUSTOMERS AND MARKETS	PRODUCTS, SERVICES & SOLUTIONS
ESGs Positioning and Strategy	Linkage between ESGs & Innovation	Company's ESGs Approach to Customers	Product (PIR) Value Proposition
Strategy re: ESGs Cost Reduction	ESGs in Materials and Labor Inputs	Customer ESGs Partnerships	Product (PIR) Resiliency
Strategy re: Enterprise Risk Mgmt.	ESGs Benefits from Technology	ESGs Customer Communication	Product (PIR) Risk Assessment
Strategy re: Revenue from ESGs Products	ESGs in Product Design & Development	ESGs Features in Existing Markets	Product (PIR) Labeling, Rating
Strategy re: ESGs Impacts on Brand	R&D Partnerships Driving ESGs	ESGs Features in Emerging Markets	Product (PIR) Quality & Safety
Use of Scenario Planning	R&D Investment in ESGs Products	ESGs in Product Line Extension	Product (PIR) Audits
ESGs Impact of Capital Expenditures		New ESGs Product Families	Product (PIR) Marketing & Advertising

**ESG NAVIGATOR KSIs**  
**Social Responsibility**

WORKPLACE: EMPLOYEE	WORKPLACE: SUPPLY CHAIN	WORKPLACE: COMMUNITY
Workplace Environment	Approach to Supply Chain Social Footprint	Philosophy Regarding "Community"
Diversity, Equity and Inclusion (DEI)	Standards for Supply Chain Social Footprint	Social Investment
ESGs Benefits: Recruitment & Retention	Measuring Supply Chain Social Footprint	Community Partnerships
Safety Programs and Performance	Verifying Supply Chain Social Footprint	Employee Volunteering
Health, Wellness, and Security: Incidents	Human Rights	Infrastructure Development & Rehabilitation
ESGs Training and Skill Development	Labor Relations	Community Education
Employee Engagement with ESGs	Animal Welfare	Community Job Creation
	Supply Chain Capacity Building	



# 1 | Are we thinking about ESG strategically?

DON'T FALL INTO THE 80/20 ESG GOVERNANCE TRAP

## The PG&E Example:

- Highly rated by Sustainalytics, *Newsweek Green Rankings*, and *Corporate Responsibility*
- Faulty equipment caused more than 1,500 fires California wildfires in the past 8 years
- Forced to file for bankruptcy



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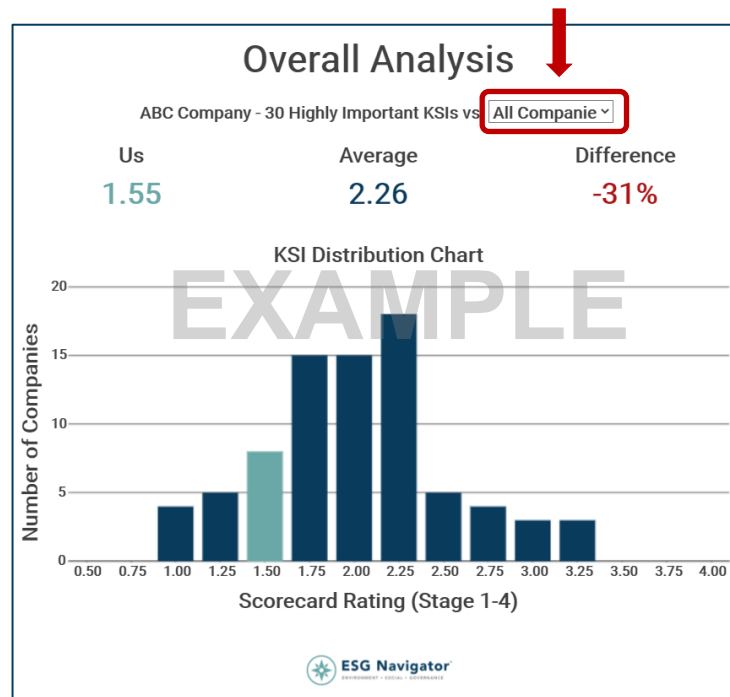
Are we ready for 2022?

## 2 What's our position today?

100+ COMPANIES BENCHMARKED ACROSS INDUSTRY SECTORS

### Why ESG Navigator?

- Endorsed by **The Conference Board**
- Shaped, vetted by 80+ companies over 20+ years



# 2 What's our position today?

SUMMARIZE ACROSS 17 ELEMENTS OF ESG: E + S + G + Strategy

How do we compare against our industry sub-sector (e.g., chemical companies)?

How ESG Navigator works:

- Company self-assessment on 114 KSIs
- Score our company from Stage 0.5 to Stage 4.0
- KSI scores roll up to the 17 elements (shown in figure)

Our Company vs. Industry Sub-Sector (Chemical) ←





## 2 What's our position today?

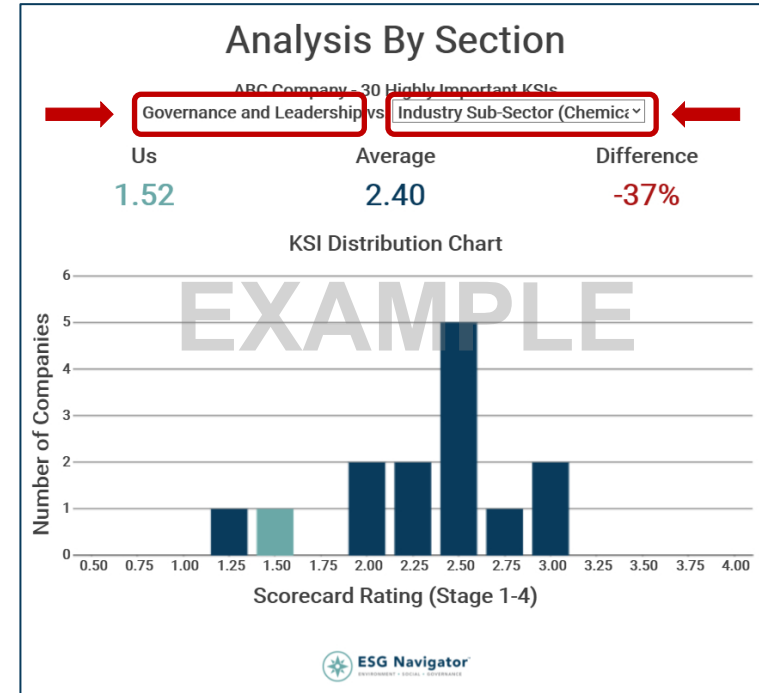
140 CHARTS COMPARING VS. INDUSTRY (SUB-SECTOR) PEERS

### ESG Navigator framework

- Uses standard GICS industry classification
- Confidential (only company name is shared)
- Rule of Six (6+ companies in any peer group)
- Company self-assessment ("Scorecard") approach

### Our industry sub-sector position:

- 14 chemical companies have ESG Navigator data
- Companies include (examples from website)



## 2 What's our position today?

PRIORITY ACTION AREAS (KSIs) MAPPED ACROSS THE KEY RATINGS

### Select top priority frameworks and ratings

**Special Feature: for Premium (Option C) members only.**

Select which ratings organizations to include in your ESG Ratings Maps report.

#### Framework

☒ CDP ☐ GRI ☒ SASB ☒ TCFD

#### Rating (Financial)

☒ BB ☐ FTSE ☒ ISS ☒ MSCI ☐ Refin ☐ S&P ☒ Susty ☐ VE

#### Rating (Other)

☒ EcoV ☐ G100 ☒ JUST

KSI	Section	KSI Name	Score	HR!	CDP	SASB	TCFD	BB	ISS	MSCI	Susty	EcoV	JUST	ERC	RPS
1.5	Gov	Key Business Decisions: ESG/S Risks & Opportunities	1.5	!	!	!	!	!	!	!	!	!	!	41	42
2.3	Gov	CEO/C-Suite Interaction with Customers Regarding ESG/S	1.0	!	!	!	!	!	!	!	!	!	!	0	60
2.4	Gov	CEO/C-Suite Messages to Employees Regarding ESG/S	1.0	!	!	!	!	!	!	!	!	!	!	0	60
3.4	Gov	Board Agendas Regarding ESG/S	1.0	!	!	!	!	!	!	!	!	!	!	44	33
3.5	Gov	Time Spent on ESG/S in Board Meetings	1.0	!	!	!	!	!	!	!	!	!	!	33	40
3.6	Gov	Board Sources of ESG/S Learning	1.0	!	!	!	!	!	!	!	!	!	!	7	56
4.1	Gov	Long-Term ESG/S Goals and Roadmap	2.0	!	!	!	!	!	!	!	!	!	!	70	28
4.6	Gov	Accounting for Material ESG/S Risks and Externalities	1.0	!	!	!	!	!	!	!	!	!	!	56	27
5.1	Gov	Driving ESG/S Culture via Compensation and Goals	1.0	!	!	!	!	!	!	!	!	!	!	78	13
7.1	Gov	Disclosure of Material ESG/S Impacts	2.0	!	!	!	!	!	!	!	!	!	!	100	20
7.2	Gov	ESG/S in Annual Reporting and Financial Disclosures	2.0	!	!	!	!	!	!	!	!	!	!	96	20
8.1	Str	ESG/S Positioning and Strategy	1.5	!	!	!	!	!	!	!	!	!	!	81	24
8.4	Str	Strategy Regarding Revenue from ESG/S Products (PSS)	1.0	!	!	!	!	!	!	!	!	!	!	89	7
10.1	Str	Company's ESG/S Approach to Customers	2.0	!	!	!	!	!	!	!	!	!	!	44	38
11.1	Str	Product (PSS) Value Proposition	2.0	!	!	!	!	!	!	!	!	!	!	81	24

*“There is nothing else like these ESG Ratings Maps out there!”* – Vice President, Sustainability | Fortune 50 Company



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Are we ready for 2022?

# 3 How do we improve our positioning?


ESG RATINGS MAPS SHOW WHERE POSITIONING IS WEAK







The *Ratings Positioning Score* summarizes our heat map scores (green, orange, yellow, red)













KSI improvement targets for **TCFD**

To improve your positioning for **TCFD**, consider focusing on these KSIs:

**Top Priority:**  = very poorly positioned

-  ! 04.06 - Accounting for Material ESG/S Risks and Externalities
-  ! 05.01 - Driving ESG/S Culture via Executive Compensation and Employee Goals
-  ! 08.04 - Strategy Regarding Revenue from ESG/S Products (PSS)
-  ! 12.01 - Energy Purchased
-  01.04 - Managing Long-Term Viability of Core Business(es)
-  08.06 - Use of Scenario Planning

**Next Priority:**  = poorly positioned

-  ! 01.05 - Key Business Decisions Tied to ESG/S Risks and Opportunities
-  ! 04.01 - Long-Term ESG/S Goals and Roadmap
-  ! 07.01 - Disclosure of Material ESG/S Impacts
-  ! 07.02 - ESG/S in Annual Reporting and Financial Disclosures
-  ! 08.01 - ESG/S Positioning and Strategy
-  ! 13.06 - Supply Chain GHG Emissions
-  02.06 - Cross-functional ESG/S Leadership Group(s)
-  03.01 - Board Oversight of ESG/S
-  03.02 - Board Roles, Committees and Charters



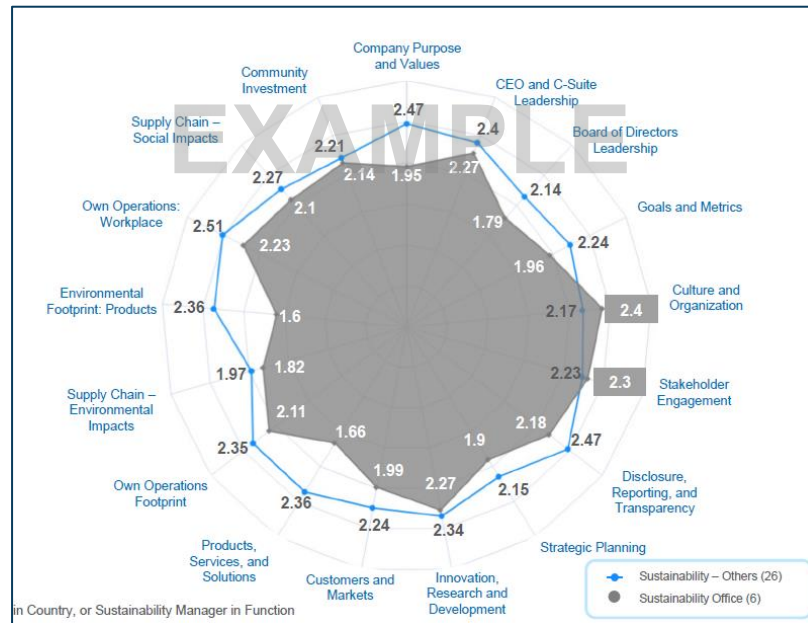
# 4 | Are we aligned internally

ESG NAVIGATOR'S *EXCEL TOOLKIT* IDENTIFIES GAPS

## The Excel Toolkit

- CONFIDENTIAL – for internal company use only
- FLEXIBLE – answer only the questions (KSIs) you want
- FAST – 24-hour turn-around for summary report

## ESG Corporate vs. ESG Business Scores



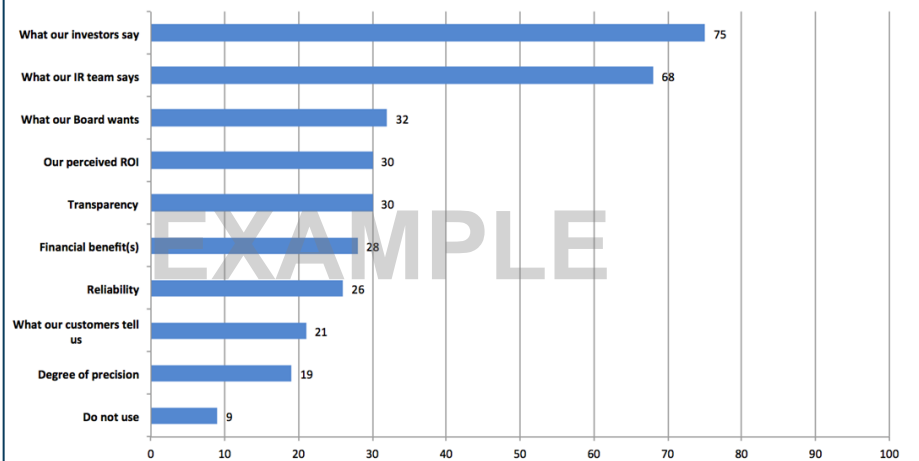


# Telling our ESG story

# 5 Which ESG frameworks & ratings matter most?

50+ MAJOR COMPANIES PARTICIPATED IN THE 2021 ESG RATINGS SURVEY

## Selection Criteria Why do companies select each rating?




# 6 How does our performance map across key ratings?

MANY COMPANIES HAVE SHARED THIS SUMMARY MAP WITH THEIR BOARD

## Summarize for the CEO & Board:

- Roll-up to the 17 elements
- Show average scores
  - Average score = our company's Stage 1 → 2 → 3 → 4) score
  - Scores for the 17 Elements roll-up from KSI scores within each Element
- “Stop light” heat map highlights where to improve



Section	E#	Element Name	Avg. Score	KSIs	CDP	SASB	TCFD	BB	ISS	MSCI	Susty	EcoV	JUST
Gov	1	Company Purpose and Values	1.30	5	Yellow	Green	Yellow	Yellow	Green	Green	Green	Green	Yellow
Gov	2	CEO and C-Suite Leadership	1.42	6	Green	Green	Yellow	Green	Green	Green	Green	Green	Green
Gov	3	Board of Directors Leadership	1.21	7	Green	Green	Yellow	Red	Green	Yellow	Red	Green	Red
Gov	4	Goals and Metrics	1.86	7	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Gov	5	Culture and Organization	1.70	5	Yellow	Green	Yellow	Green	Green	Green	Yellow	Green	Green
Gov	6	Stakeholder Engagement	1.67	6	Green	Green	Green	Green	Green	Green	Green	Green	Green
Gov	7	Disclosure and Reporting	1.50	6	Green	Green	Yellow	Green	Green	Green	Green	Green	Yellow
Str	8	Strategic Planning	1.64	7	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Green	Yellow
Str	9	Innovation, R&D	1.33	6	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow	Yellow
Str	10	Customers and Markets	1.50	7	Green	Green	Yellow	Green	Green	Green	Yellow	Green	Yellow
Str	11	Products, Services and Solutions	1.79	7	Green	Green	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow
Env	12	Environment: Operations	1.56	8	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Env	13	Environment: Supply Chain	1.36	7	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Env	14	Environment: Products	1.38	8	Green	Green	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow
Soc	15	Social: Workplace	2.07	7	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Green
Soc	16	Social: Supply Chain	1.50	7	Green	Yellow	Green	Yellow	Green	Yellow	Yellow	Yellow	Yellow
Soc	17	Social: Community	1.57	7	Green	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Yellow

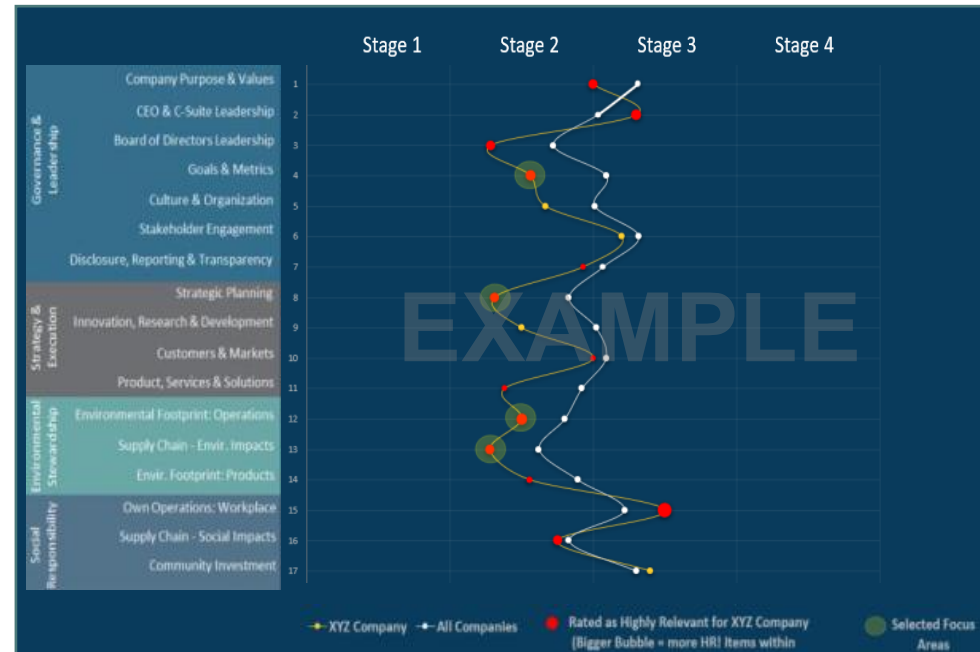


# 7 What are our “high-leverage” 2022 actions?

FOUR PRIORITY ACTION AREAS WILL MOVE US TOWARD STAGE 3 GOAL

## Summary “Snake Chart”

- Maps our company vs. all companies in database
- Scores rolled-up from 114 KSIs to 17 Elements
- Flags total KSIs marked as Highly Relevant (HR!)
- Zeros in on four key improvement areas





# 8 How can we track ratings and best-in-class?

8 PRIORITY KSIs SELECTED – TRACKING RATINGS & BEST-IN-CLASS

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



ESG RATINGS COVERAGE

5. Governance: Culture and Organization					
<b>Key Question:</b> How does our company's culture and organization promote robust integration of ESG/S into executive compensation and job descriptions, resulting in actions and performance from the C-suite to the shop floor?					
[NOTE: For each Key Sustainability Indicator (KSI) below, <u>stages are additive</u> ; e.g., to be Stage 3 requires meeting metrics in Stages 1, 2, and 3.]					
KSI #	Key Sustainability Indicators (KSIs)	Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
5.1	Driving ESG/S Culture via Compensation and Goals	CEO and C-Suite compensation and KPIs <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 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.

OUR COMPANY TODAY

OUR GOAL





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