



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

“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.

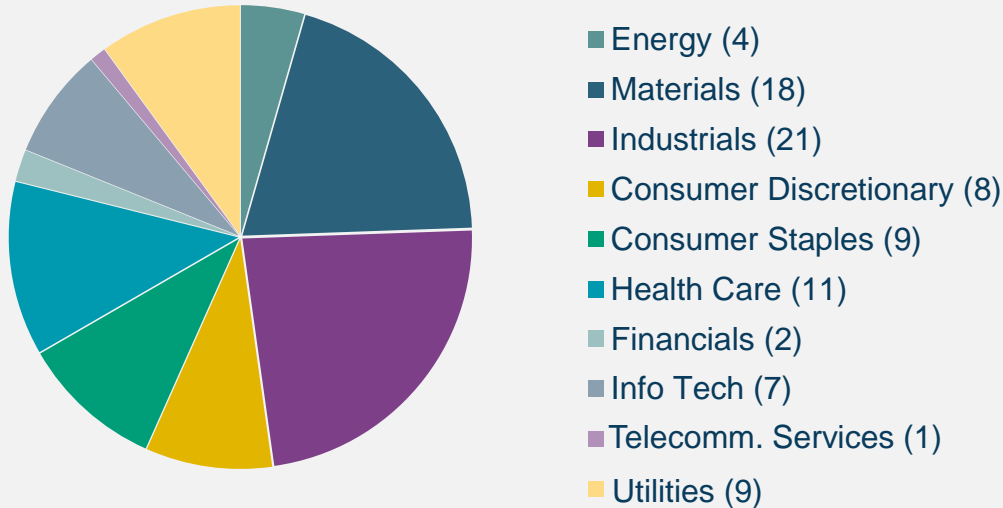
ESG Navigator is available to large companies globally (except for professional services firms), and can be accessed via <https://esgnavigator.com/> or via <https://www.conference-board.org/esg-navigator>. ESG Navigator is the wholly-owned property of Hedstrom Associates.

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



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

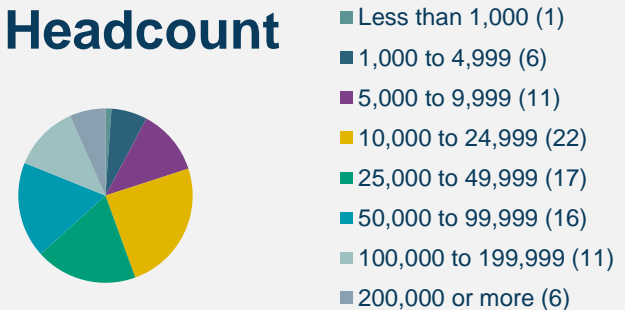
Industry Sector



Revenue



Headcount



Participating Companies [Selected]



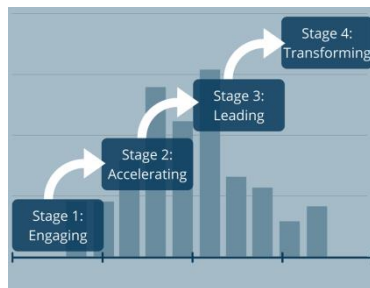
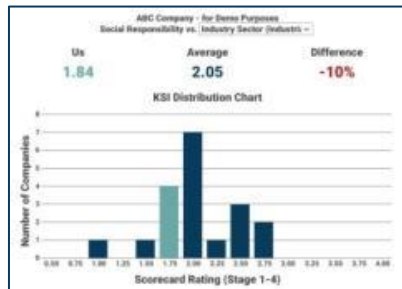


Knowing Our Position

BENCHMARK vs. INDUSTRY PEERS

Knowing Our Position

Benchmark vs. Industry Peers



Benchmark vs. ESG Ratings



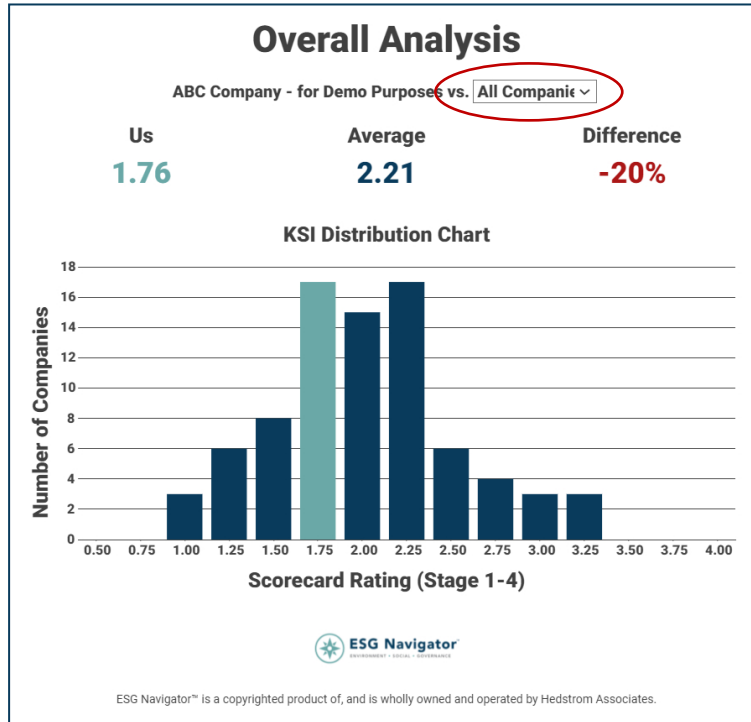
Confidential ESG Benchmarking

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

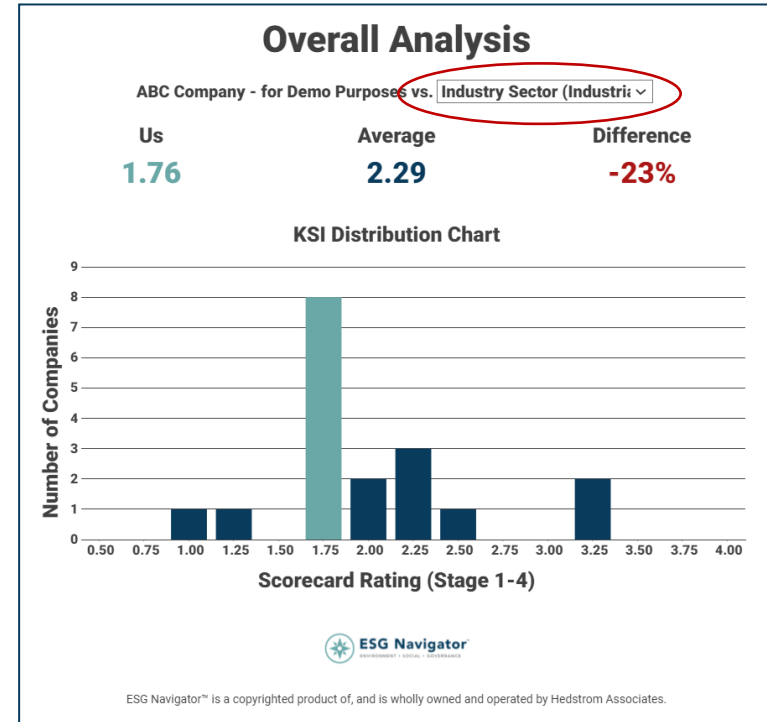


Knowing Our Position | High-Level Summary

Our Company vs. All Companies

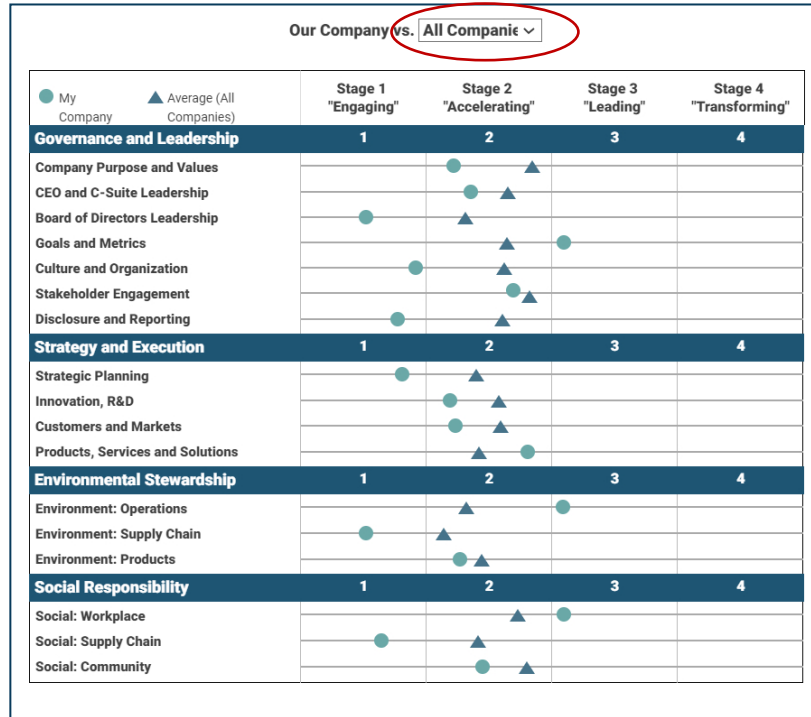


Our Company vs. Our Industry Sector

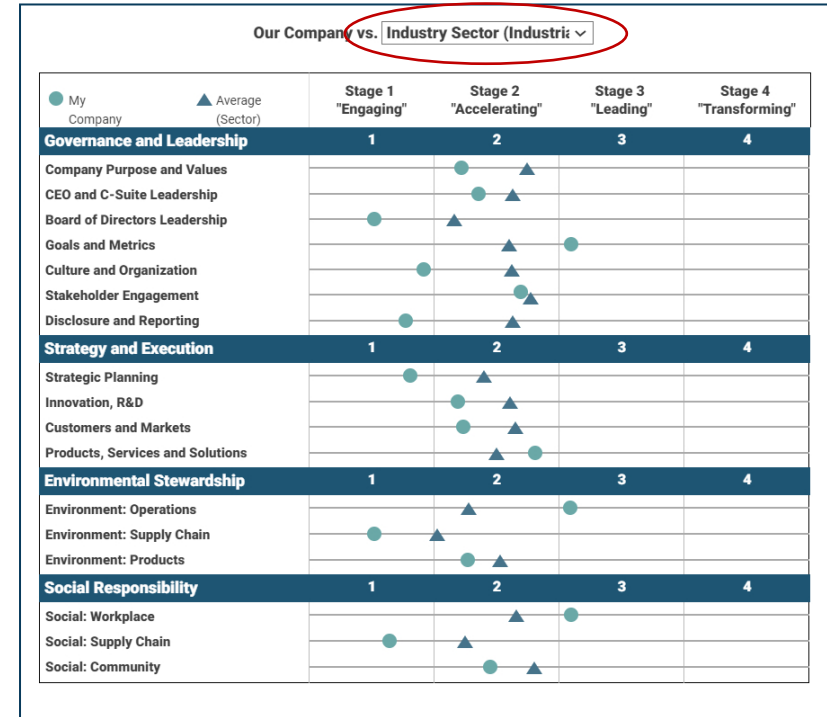


Knowing Our Position | High-Level Summary

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

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Confidential to ABC Company

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



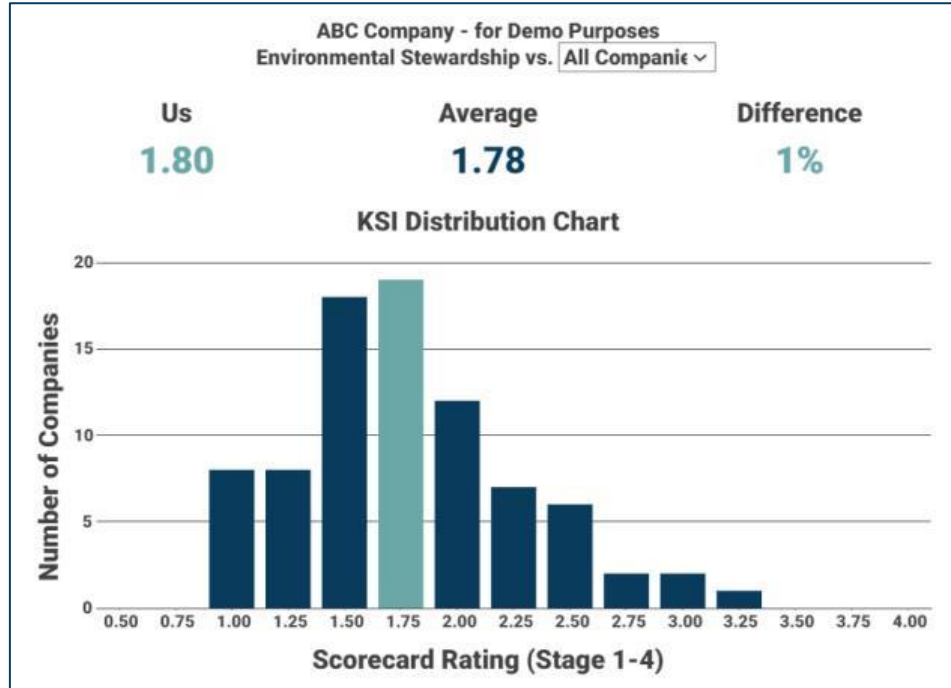


Knowing Our Position

DRILL-DOWN: E+S+G+STRATEGY

Knowing Our Position | Environmental Stewardship

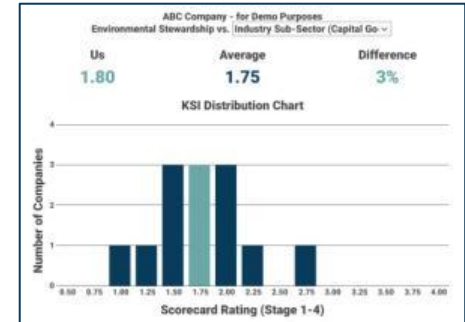
Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers

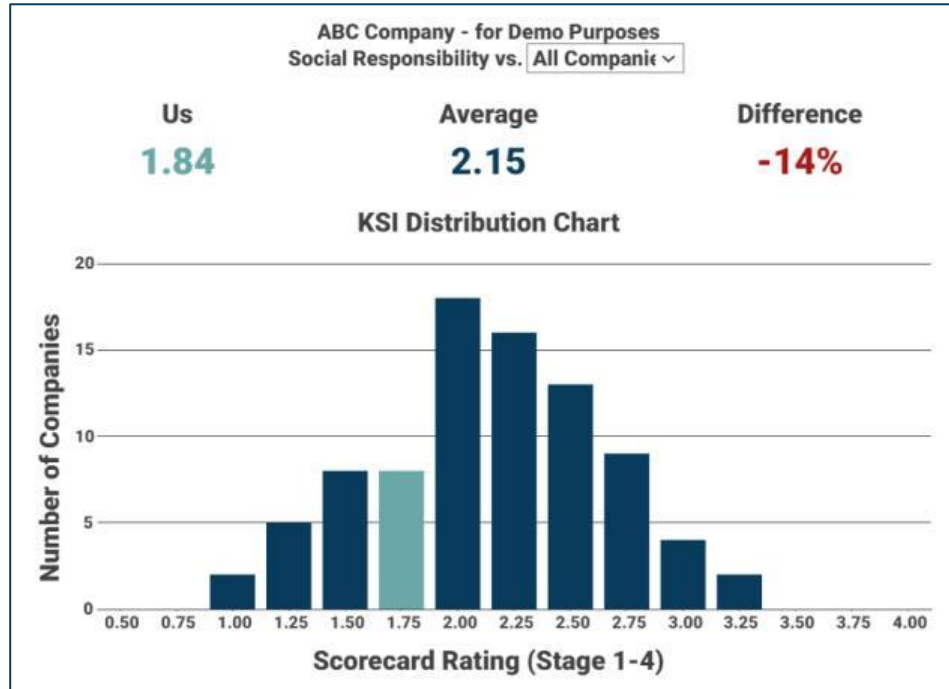


Compared to:
Our industry sub-
sector peers

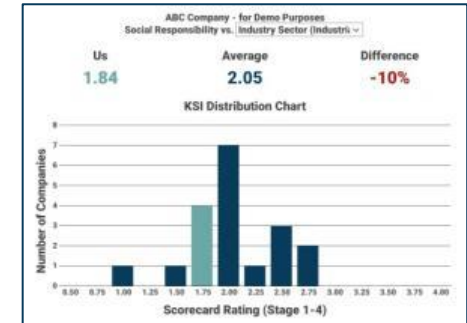


Knowing Our Position | Social Responsibility

Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers

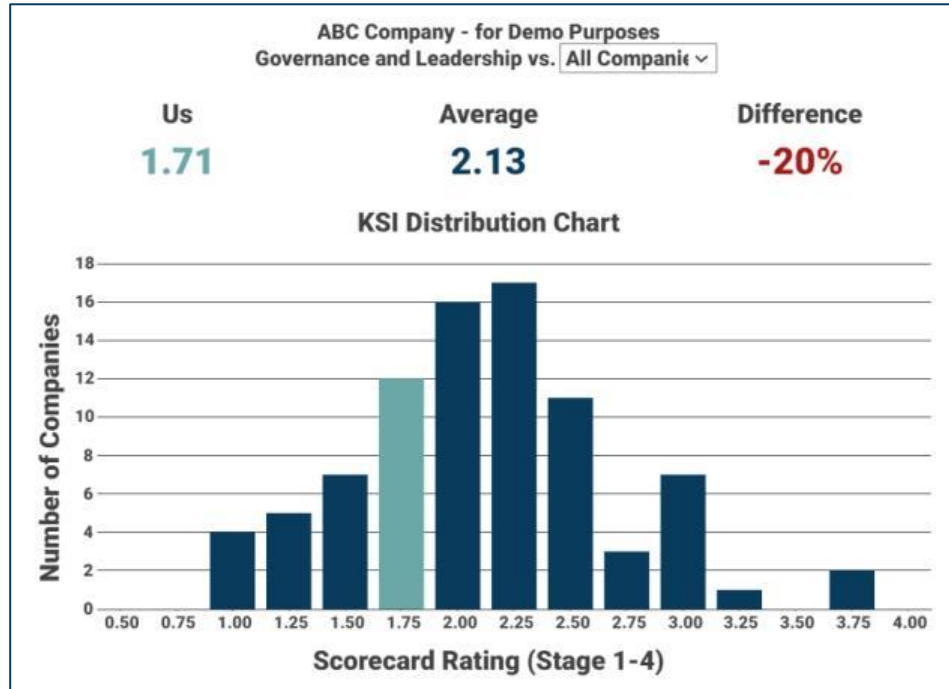


Compared to:
Our industry sub-
sector peers



Knowing Our Position | Governance & Leadership

Compared to: All companies currently in ESG Navigator database



Compared to:
Our industry
sector peers

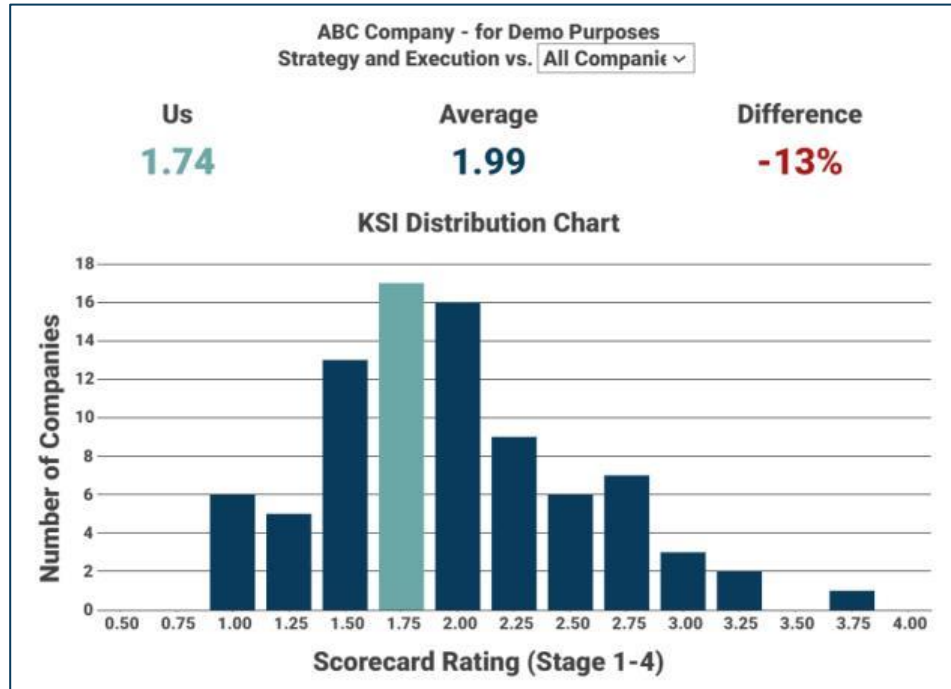


Compared to:
Our industry sub-
sector peers



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





Charting Our Course

IDENTIFY IMPROVEMENT PRIORITIES

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

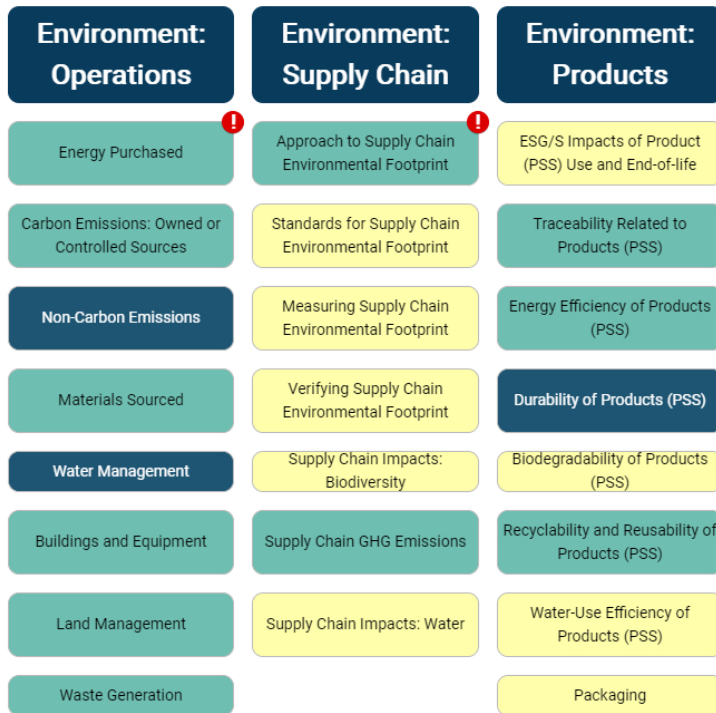
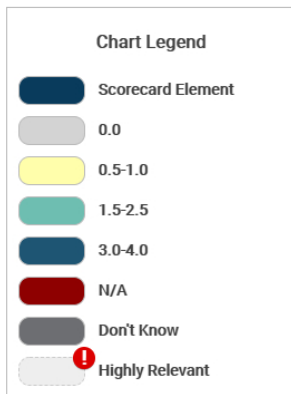
ESG Navigator – 114 Key Sustainability Indicators (KSIs)

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

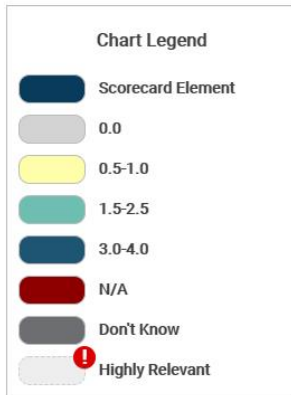
Improvement Priorities | Environmental Stewardship

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

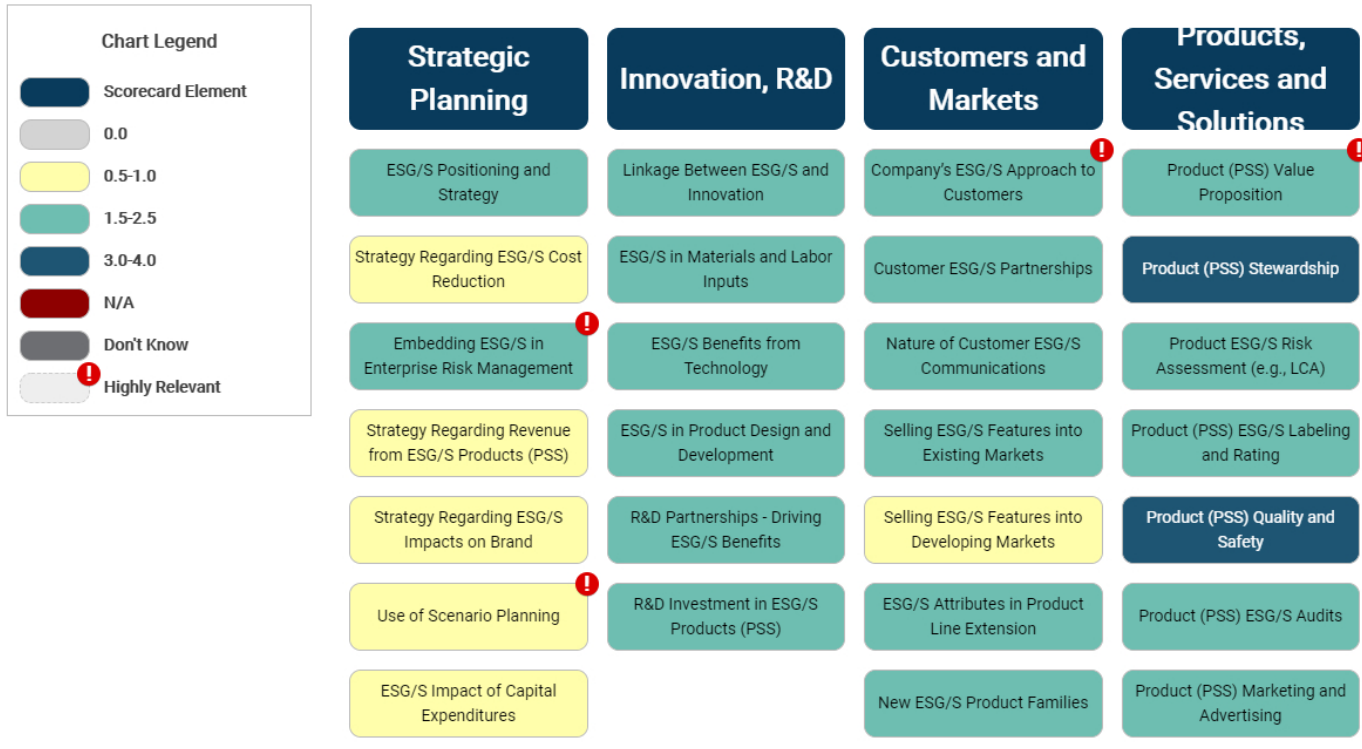
NOTE: We will improve the Rainbow Chart graphics.



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

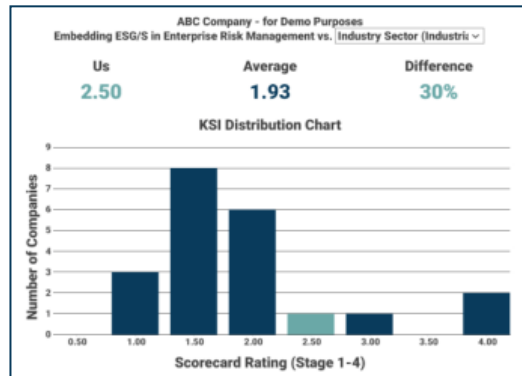
All KSIs you rated 0.5 to 2.0 and "Highly relevant"

- 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

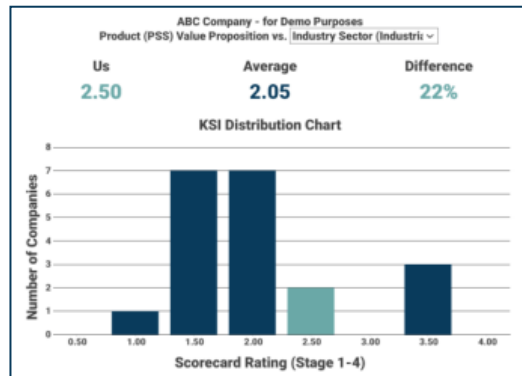
Enterprise Risk Management



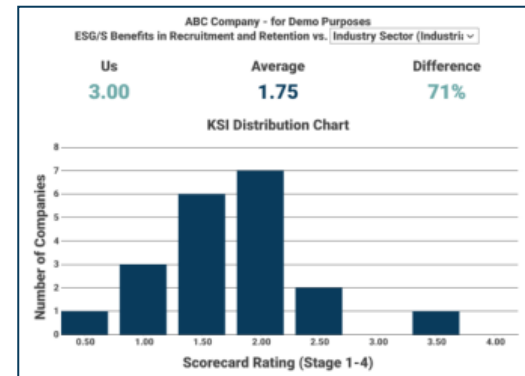
Energy Purchased



Product (PSS) Value Proposition



Recruitment and Retention

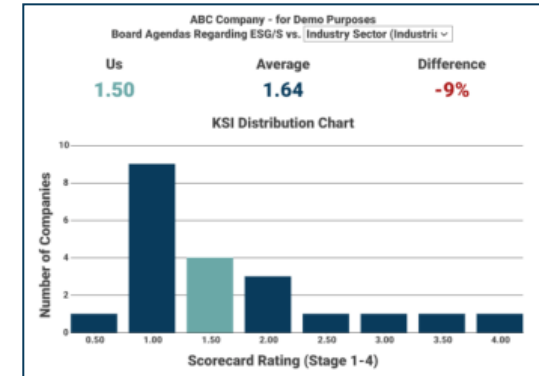


Key Opportunities | Compared vs. Industry Sector Peers

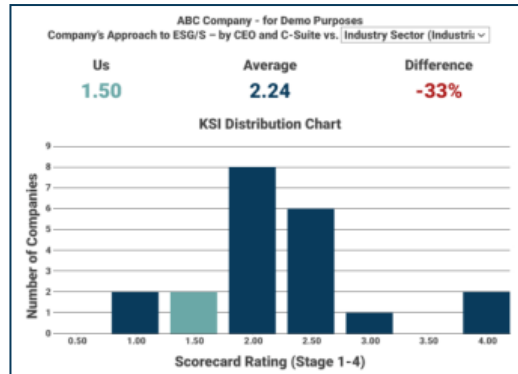
ESG in Key Business Decisions



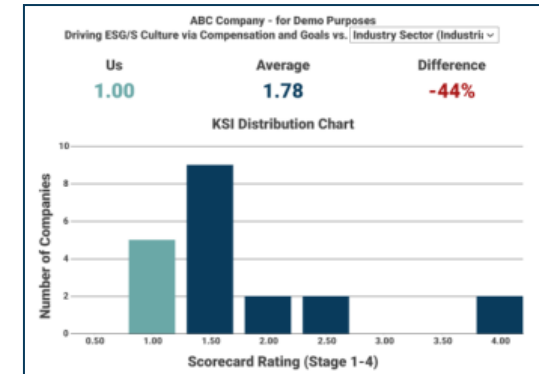
Board Agendas



Approach to ESG/S by CEO and C-Suite

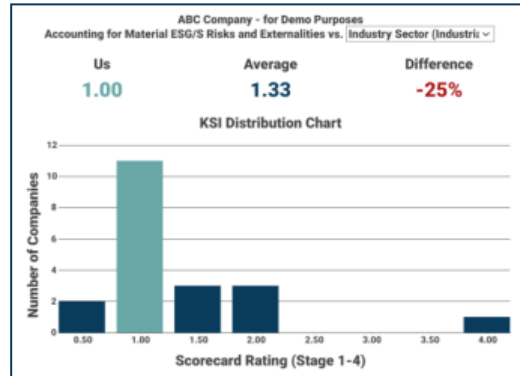


Driving Culture via Compensation and Goals

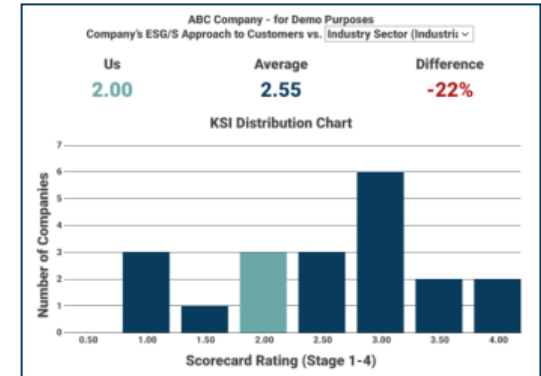


Key Opportunities | Compared vs. Industry Sector Peers

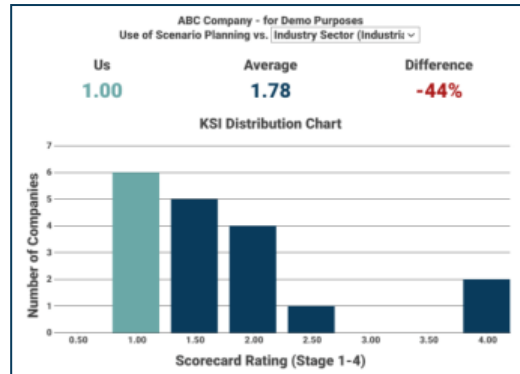
Accounting for
Material ESG/S
Risks and
Externalities



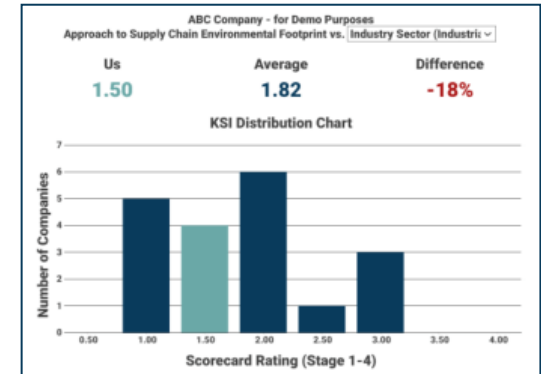
Company's
ESG/S
Approach to
Customers



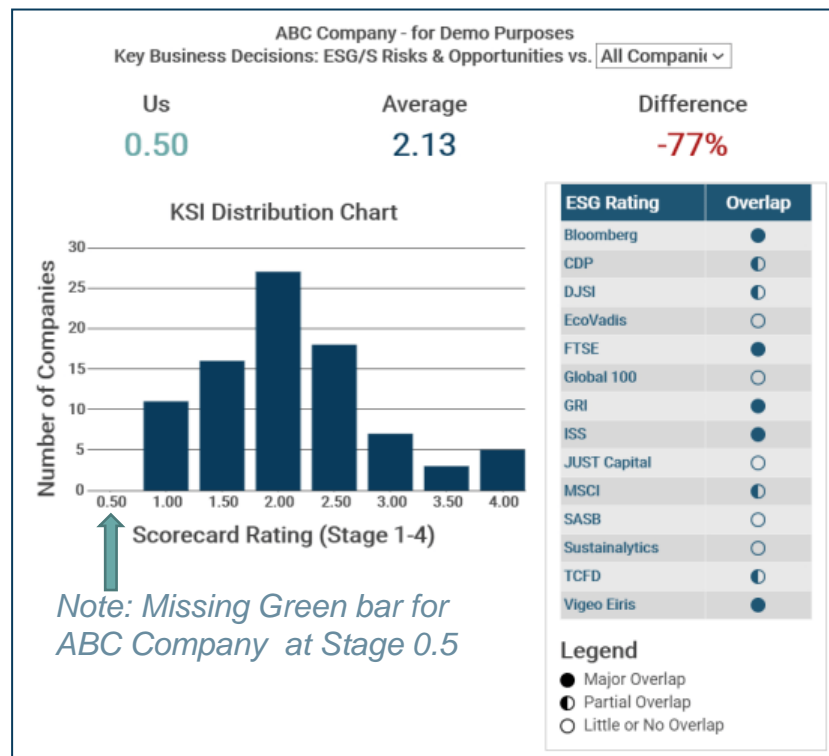
Use of Scenario
Planning



Approach to
Supply Chain
Environmental
Footprint



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



Take-away messages [Illustrative]

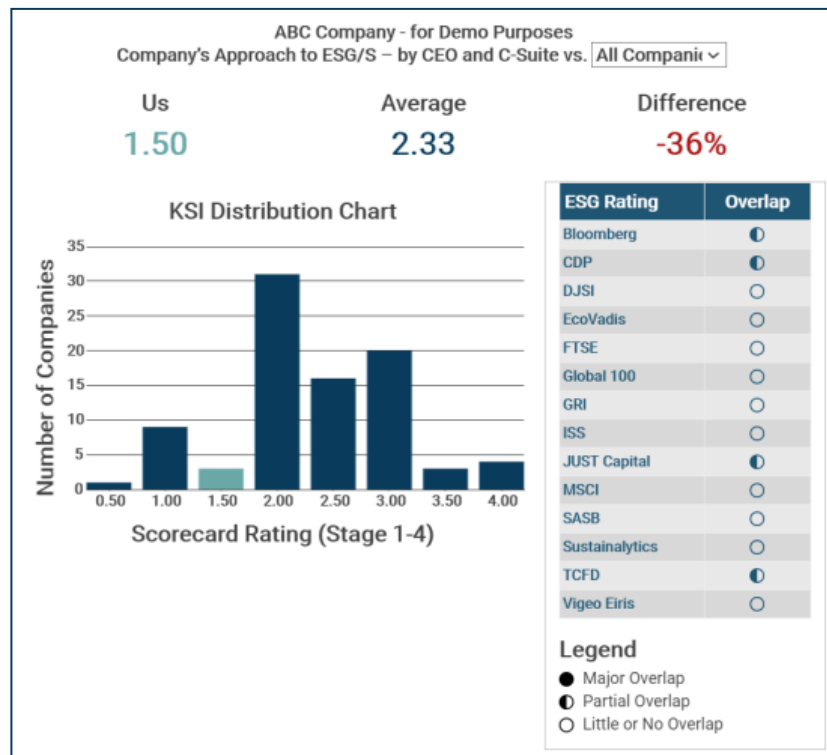
- Key Business Decisions (defined as ones made by CEO and Board) = vital to LT company success
- ESG raters try to measure – but cannot
- Opportunity to fully align all company staff

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 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]

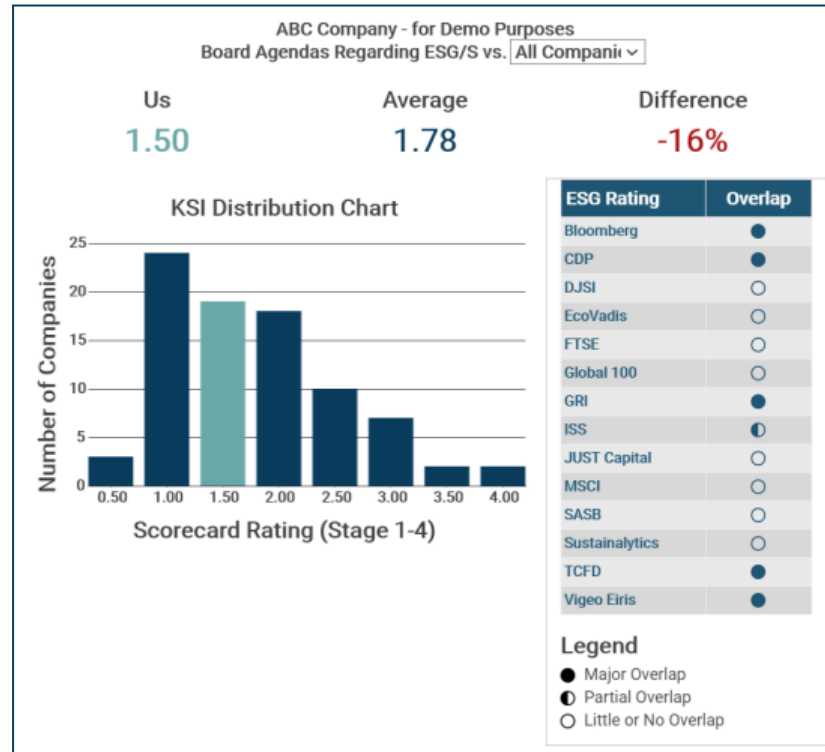
- C-Suite's visible leadership on ESG = key
- ESG raters cannot really measure this
- Opportunity to inspire, engage, and align our employees at little or no cost

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]

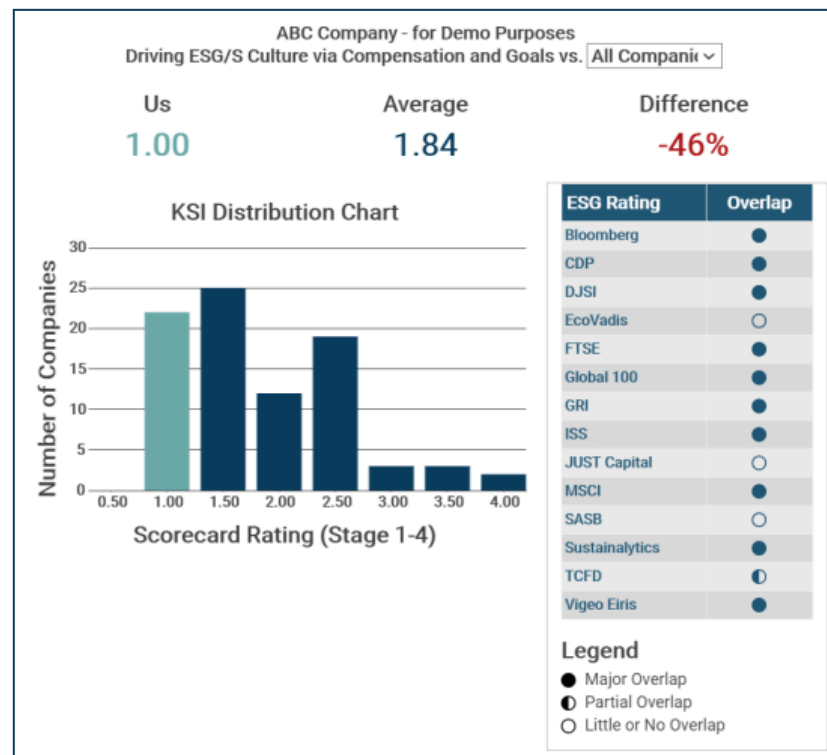
- Board agendas = powerful leverage point
- ESG raters cannot measure the degree of board engagement and ESG activity
- Opportunity to leapfrog competitors

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]

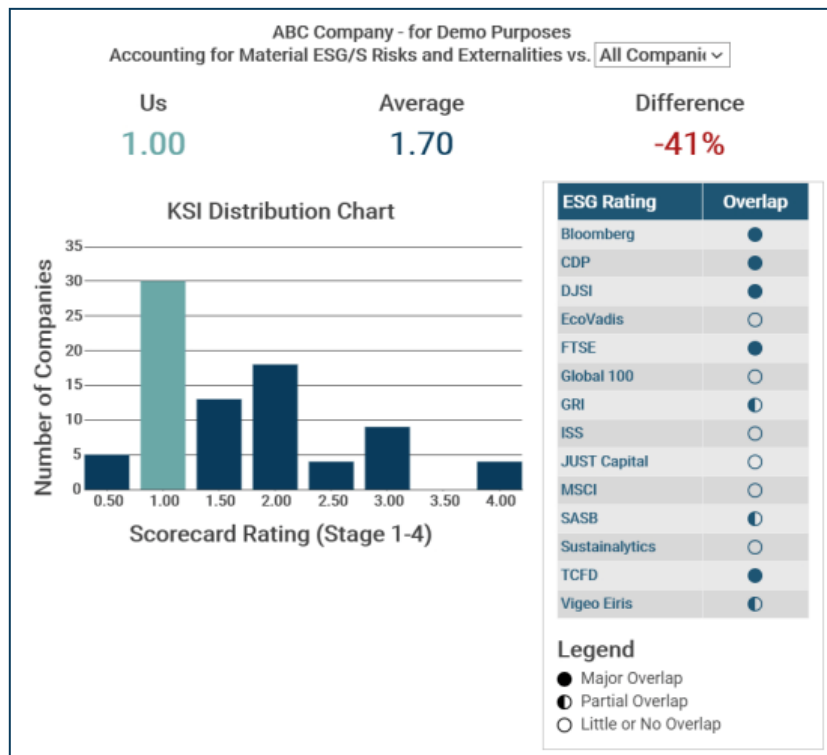
- Compensation = BlackRock priority
- Large, growing focus of ESG raters
- Opportunity to drive fast change

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]

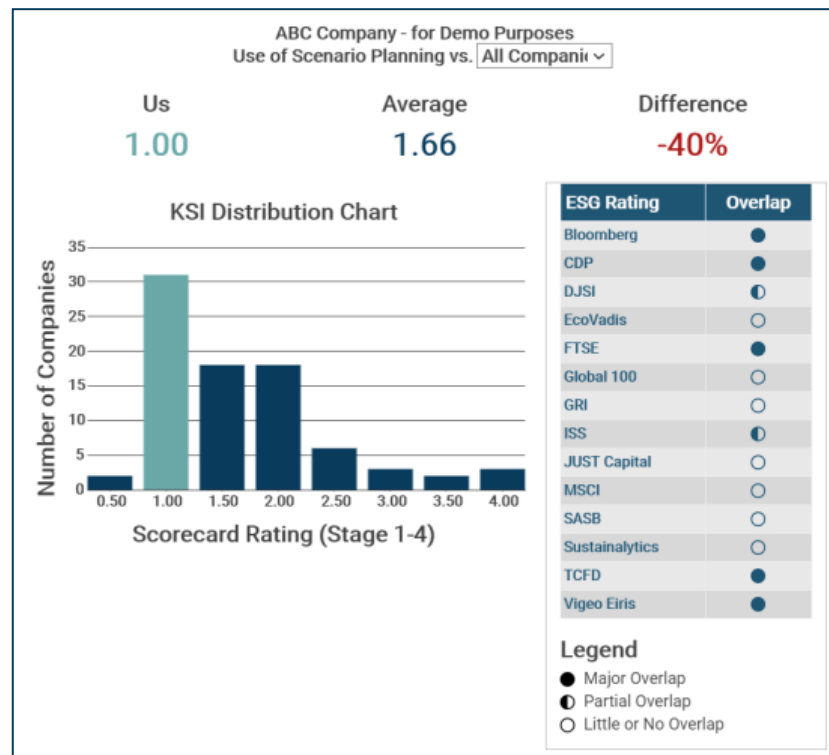
- Accounting for externalities = new “table stakes” (e.g., price on carbon)
- An area of growing interest by ESG raters
- Opportunity to deeply integrate with existing business practices

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]*

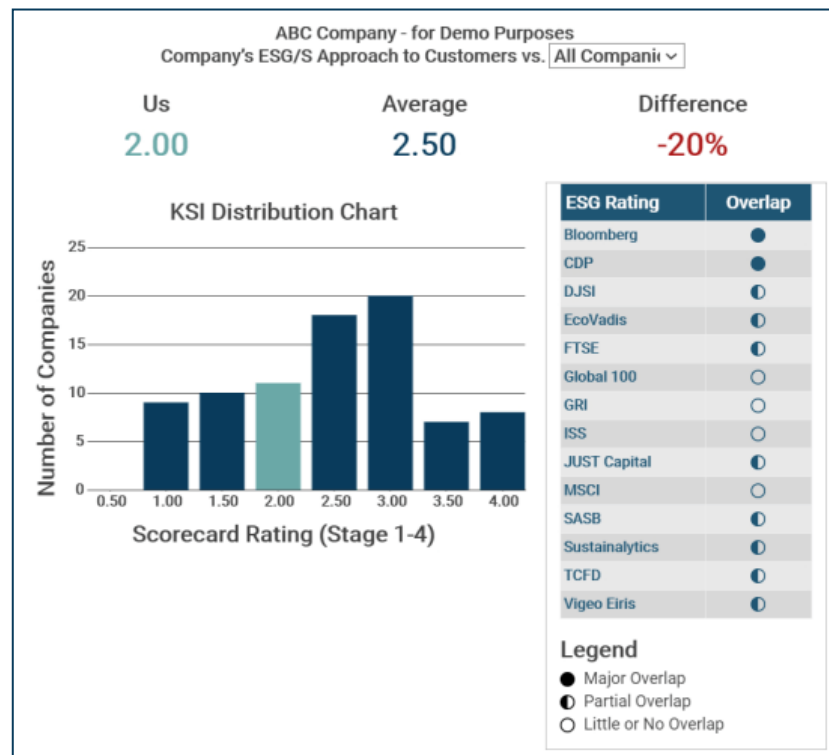
- Scenario planning = core to TCFD
- Tough for ESG raters (little data)
- Opportunity to deeply focus on future linkage between ESG and strategy

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]

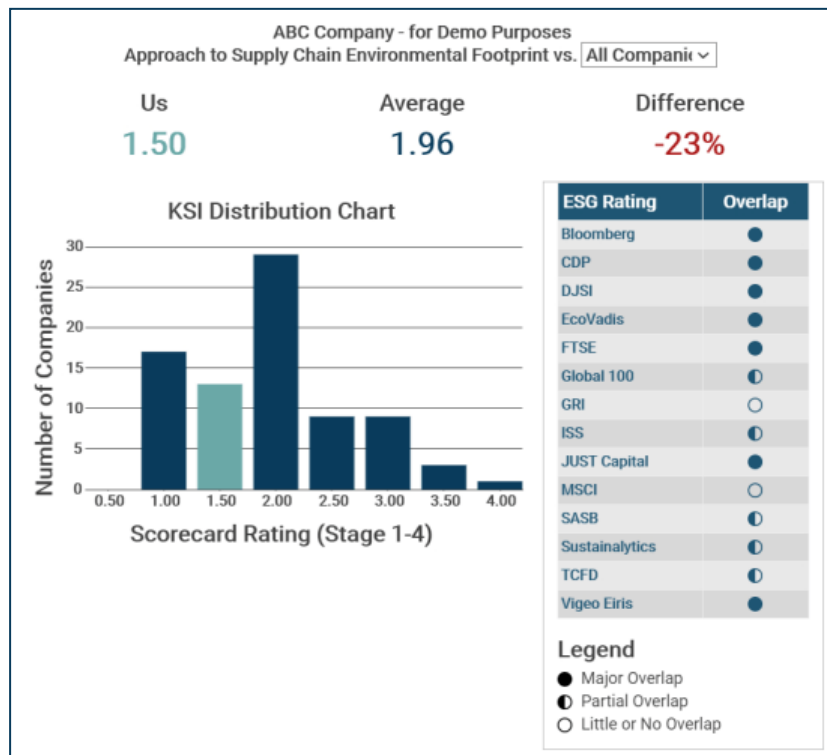
- Customers = key leverage point
- Not a major focus of most ESG raters
- Opportunity to build for the future

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.





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

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





ESG NavigatorTM
ENVIRONMENT • SOCIAL • GOVERNANCE

To Learn More

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

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