ESG Navigator™
ENVIRONMENT • SOCIAL • GOVERNANCE

ESG Navigator Webinar

November 23, 2021

Pre-registered

Company	Pre-Registered
• AB InBev	Sugandha Rastogi*
• Altria	Athaliah Edwards-Sedra
• Ashland	Eileen Costello*
• CPChem	Tiffany Fisher*
• Coca-Cola	Sha Green
• Consumers Energy	Jessica Spagnuolo; Kristen Trovillion
• Danaher	Kim Tuyn
• Deere	Kim Noe
• Dell	Andrea Falkin*
• DuPont	Jane Schindewolf; Matt Morrison
• Eastman	Jen Creek
• Fluor	Nancy Kralik; Lucy Brady
• Hexion	Syd Lindquist

Company	Pre-Registered
• HP Inc.	Paige Tornow*
• Materion	Jon Newton
• Medtronic	Kim Makurat
• Momentive	Shaibal Roy*
• NextEra Energy	Morgan McCall
• Otis	Terry Robinson; Matt Turner
• PPG	Mike Corcoran
• Solvay	Michel Washer
• Stryker	Erol Odabasi
• UPS	Andria Smith; Andy Meislin; Elba Pareja-Gallagher*
• Waste Management	Michele Grossman*
• Waters Corporation	Andrew Pastor

*= First webinar

ESG Navigator Team: Gib, Larry, Tatiana - Dean Slocum, Alex Gold – with Evan Ladao (TCB)

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Agenda

Welcome *(5 minutes)*

ESG Questions on the CEO's Agenda for 2022 *(30-40 minutes)*

- ***Signposts***
- **Discussion**
- **What you tell us – and best graphics to share with the C-Suite**
- **Breakout Groups**

Few Updates *(10 minutes)*

- **Website**
- **ESG Ratings**
- **New *"Quick Start"* Survey**

Next Steps *(5 minutes)*

- **What we are doing**
- **What we need you to do**

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FY-2022 Game Plan

Our Plan

- No price increase
- Simplify getting started
- Continued investment:
  - New features
  - Premium members shape changes
- Equip you for CEO and board presentations

The Goal

- Grow 2x companies with ESG Navigator data
- Deepen roll-out by The Conference Board
- Further liaise with :
  - Corporate Eco Forum
  - National Association of Corporate Directors

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ESG Ratings Maps: Used by The Conference Board

ESG Navigator
ENVIRONMENT • SOCIAL • GOVERNANCE

Coverage Map (Basic)

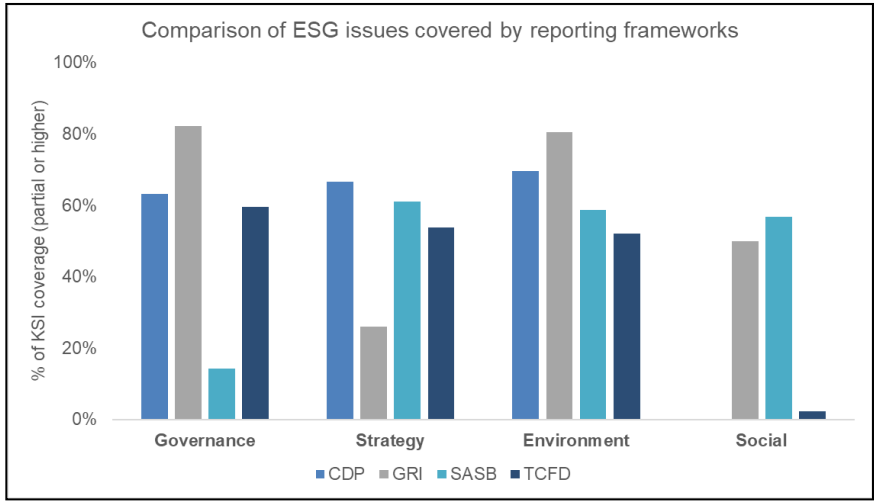
The extent to which KSI topics are covered by ratings organizations.

This map shows, for each KSI, the degree of overlap (indicated by the 'fill' of the circles) with these

KSI	Section	KSI Name	CDP	GRI	SASB	TCFD	ERC
1.1	Gov	Company Purpose	○	●	○	○	25
1.2	Gov	Vision, Mission, Values, and Policies	●	●	○	◉	67
1.3	Gov	Commitments (by Board and/or C-Suite)	●	◉	○	○	42
1.4	Gov	Long-Term Viability of Core Business(es)	○	●	○	●	50
1.5	Gov	ESG/S in Key Business Decisions	●	●	○	●	75
2.1	Gov	CEO/C-Suite Approach to ESG/S	◉	●	○	◉	57
2.2	Gov	CEO/C-Suite Messages to Investors	◉	●	○	◉	57
2.3	Gov	CEO/C-Suite Interaction with Customers	○	●	○	○	25
2.4	Gov	CEO/C-Suite Messages to Employees	○	●	○	○	25
2.5	Gov	C-Suite's Sources of ESG/S Learning	○	●	○	○	25
2.6	Gov	ESG/S Leadership (at the C-Suite)	○	●	○	●	50
3.1	Gov	Board Oversight of ESG/S	●	●	○	●	75
3.2	Gov	Board Committees, Charters, and Roles	●	●	○	●	75
3.3	Gov	Board Independence and ESG/S Expertise	○	●	○	○	25

Upcoming publication:

Navigating ESG Reporting Frameworks



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ESG Ratings Survey

Update

- **Corporate Eco Forum Partnership**
  - CEF Chair: *"absolutely top-notch survey; brilliantly done; totally comprehensive"*
  - Final Report: July 7, 2021

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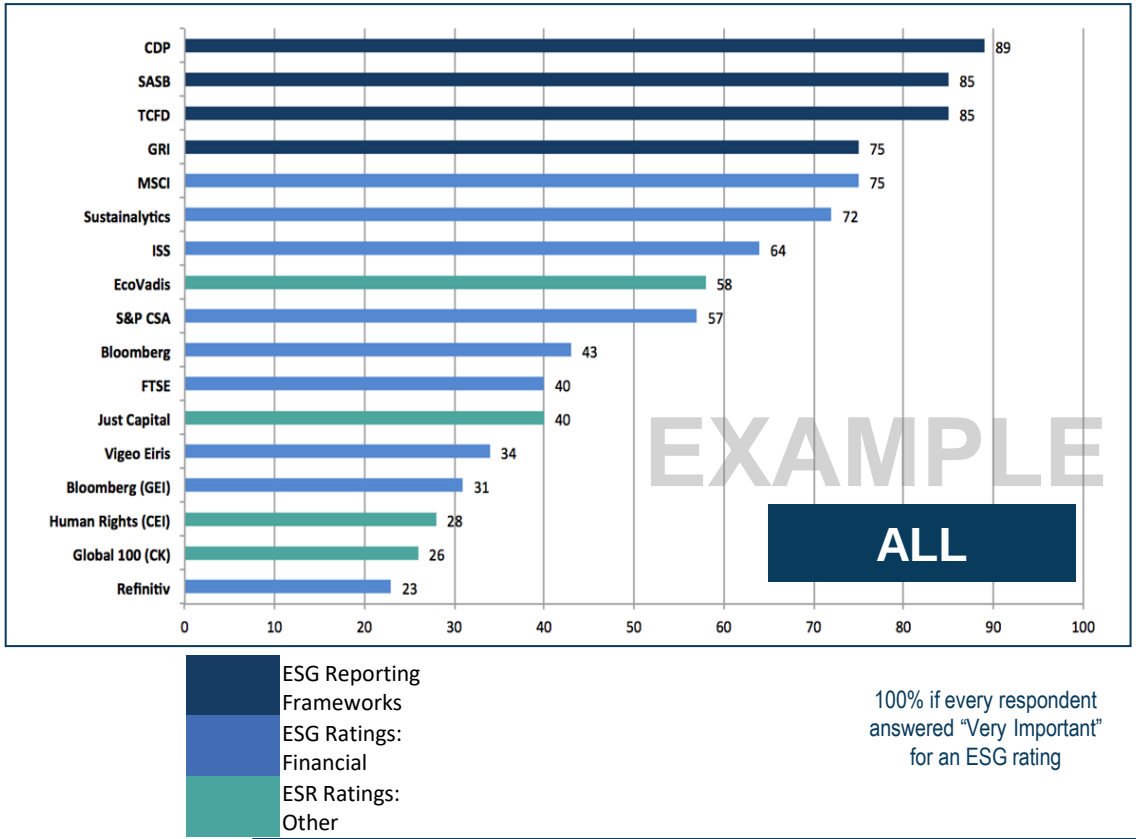
1. Importance

How important are each of the following to your company (CEO, board, IR, customers, etc.)?



100% if every respondent answered "Very Important" for an ESG rating

Do you have the final report?

- Available to all ESGN members
- Go to:

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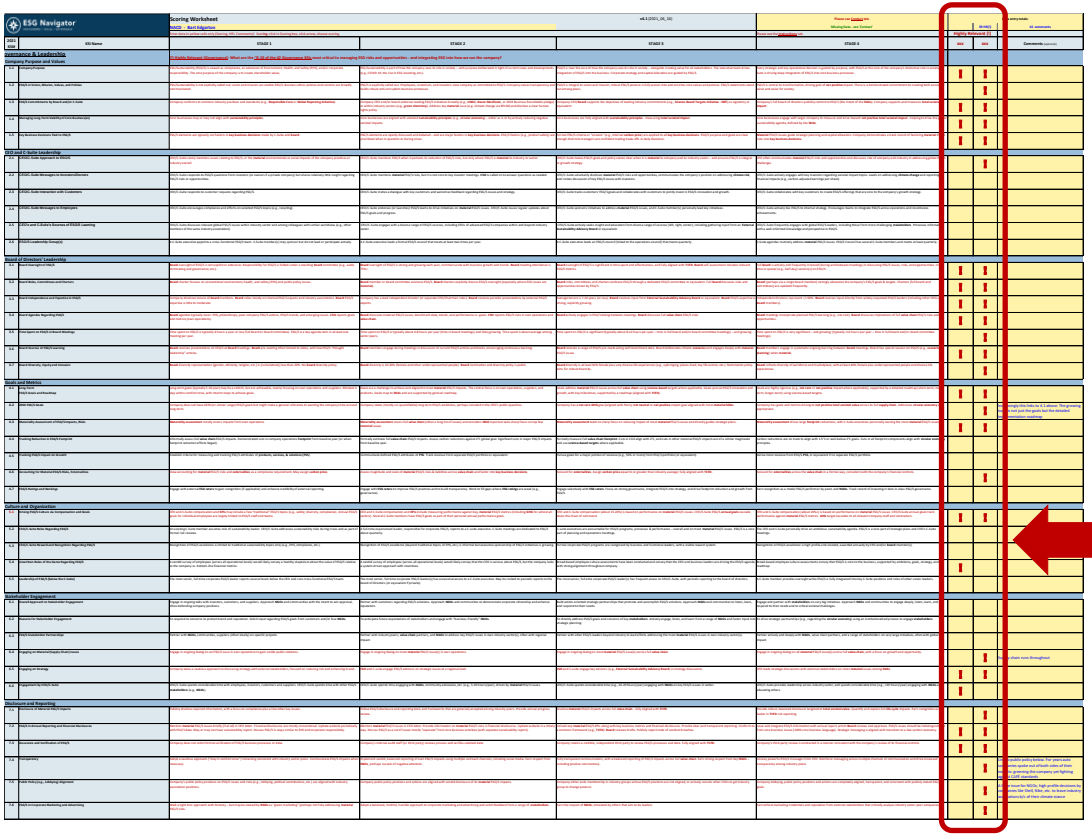
ESG Navigator – National Association of Corporate Directors



NACD Board ESG Training Module

Which KSI topics should be included in a board of directors training module on ESG?

Gib and the NACD research team separately answered this question – then compared notes.

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Agenda

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- **What you tell us – and best graphics to share with the C-Suite**
- **Breakout Groups**

Few Updates *(10 minutes)*

- **Website**
- **ESG Ratings**
- **New *"Quick Start"* Survey**

Next Steps *(5 minutes)*

- **What we are doing**
- **What we need you to do**

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Is your company “future-ready”?

SIGNPOSTS

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Has COP 26 changed the *content* or *pace* of action on your company's 2022 ESG plans?

Open Discussion

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What have we been hearing from 25+ ESG Navigator members?

ARE WE READY FOR 2022?

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Update (Input) Data by 12/31/2021

Updating your company self-assessment data is the key to capturing the greatest value

"You can do it so fast and immediately gain a lot of insight; very quick to identify gaps – and some surprises."

Scott Tew – Vice President, Sustainability – Trane Technologies

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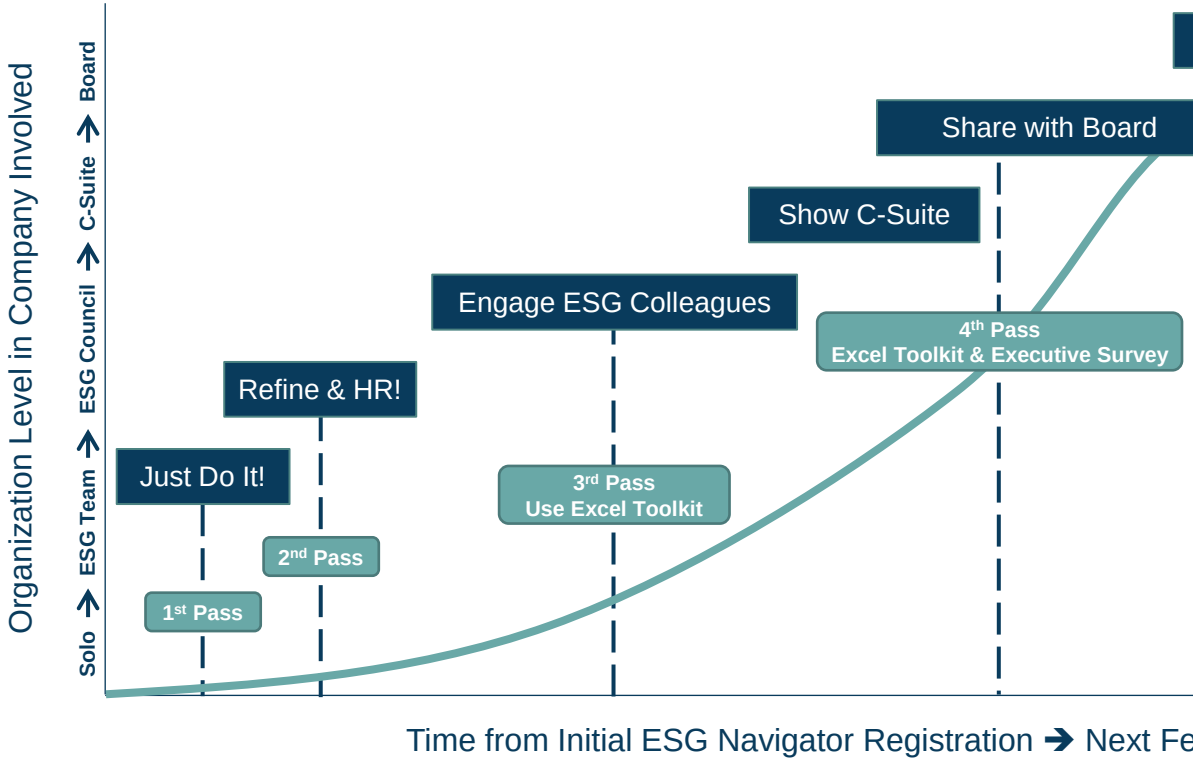
How Companies Typically Use ESG Navigator



Example slides available:

- Marriott International
- DTE Energy
- UPS
- Consumers Energy
- PPG
- Stryker
- Chevron Phillips Chemical
- Kaiser Permanente
- Hexion
- Trane Technologies

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BREAKOUT GROUPS

ESG Navigator: What is your CEO asking?

Breakout Groups

- What challenging questions are you hearing?
- What do you need to better respond?

BREAKOUT GROUPS

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Next Steps *(5 minutes)*

- **What we are doing**
- **What we need you to do**

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Website Updates

1. **Simplified top menu**
   - Resources ➔ Toolkit
   - Knowledge Hub

2. **Get started**
   - First-timers
   - Not logged-in

3. **ESG Ratings Maps**
   - Click and Select
   - Customize for your company

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Website Updates

ESG Frameworks & Ratings: *Master Map*

Information Flow →

Companies

Collect, validate, and publish ESG data and other information.

ESG Reporting Frameworks

Provide standardized content and structure for reporting of ESG data and information

Major Players
- CDP
- GRI
- TCFD
- Value Reporting Foundation
  - IIRC
  - SASB

ESG Data Providers and Ratings

Aggregate ESG data and/or conduct independent ESG rating of companies, making data and ratings available to public or investor customers

Major Players
- Bloomberg *Terminal*
- CDP *Company Scores*
- Deutsche Börse *ISS ESG Ratings*
- LSEG *FTSE Russell & Refinitiv*
- Morningstar *Sustainalytics*
- Moody's *Vigeo Eiris*
- MSCI *ESG Research*
- S&P Global
- Corporate Knights *Global 100*
- EcoVadis *Scorecard*
- JUST Capital *Rankings*

ESG Stock Indices and ESG Bonds

ESG Stock Indices - A mutual fund or exchange traded fund (ETF) designed to follow certain preset (ESG) rules; the fund then tracks a specified basket of underlying investments

ESG Bonds – Bond instruments where terms are linked to the issuer's ESG performance (e.g. carbon intensity, ESG rating)

Major Players
- Bloomberg SASB ESG Index Family
- FTSE ESG Index Series
- MSCI ESG Indexes
- S&P Dow Jones Sustainability Indices
- "Green Bonds" or "Sustainability-linked Bonds"

Go to these pages for more information…

ABC's of ESG Frameworks & Ratings | *ESG Reporting Frameworks* | *Who Bought Who* | *What Feeds What*

NOTE: The ESG Navigator Team thanks Dr. Alex Gold, Head of ESG and CEO of BWD North America, for assistance in updating and reviewing the ESG ratings' content on our Knowledge Hub – including the graphics and the "ABC's of ESG Frameworks and Ratings."

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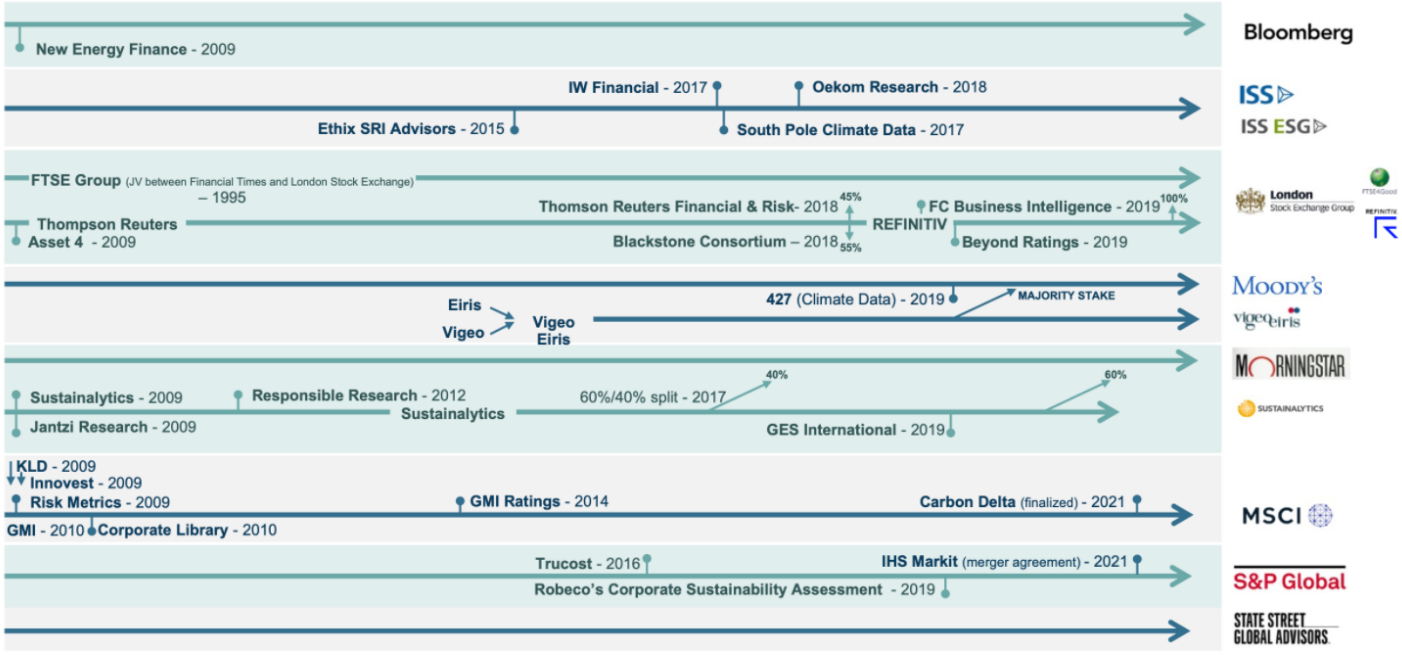
Website Updates

Home | About | Toolkit | Knowledge Hub

- ESG Ratings Library
- Engage

ESG Ratings: "Who Bought Who"



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Website Updates

Home | About | Toolkit | Knowledge Hub

ESG Ratings Library

Engage

ESG Ratings: "What Feeds What"

Target Customer Focus

- FINANCIAL
- CUSTOMER
- PUBLIC

Information Sources

- COMPANY DATA
- QUESTIONNAIRE
- REVIEW

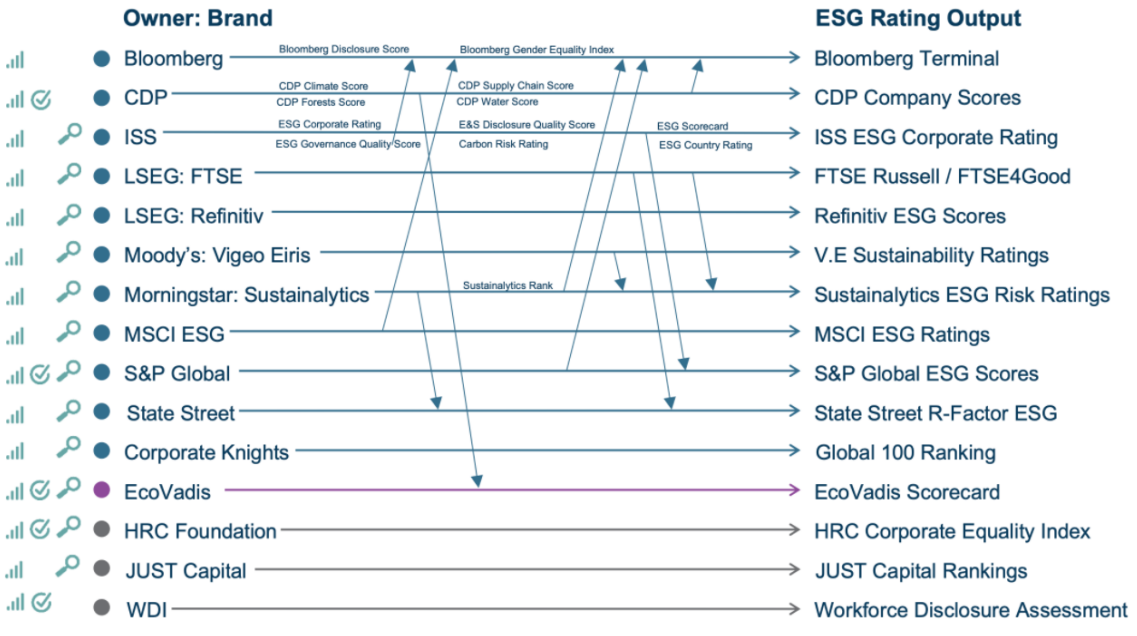
Abbreviations

ISS: Institutional Shareholder Services

LSEG: London Stock Exchange Group

HRC: Human Rights Campaign

WDI: Workforce Disclosure Initiative



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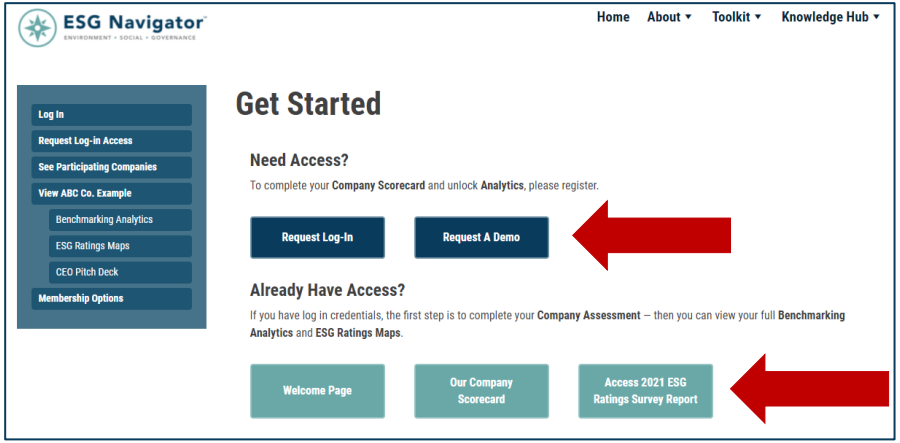
Website Updates

1. **Simplified top menu**
   - Resources ➔ Toolkit
   - Knowledge Hub

2. **Get started**
   - Request a Demo
   - Ask for the ESG Ratings Survey Report!

3. **ESG Ratings Maps**
   - Click and Select
   - Customize for your company



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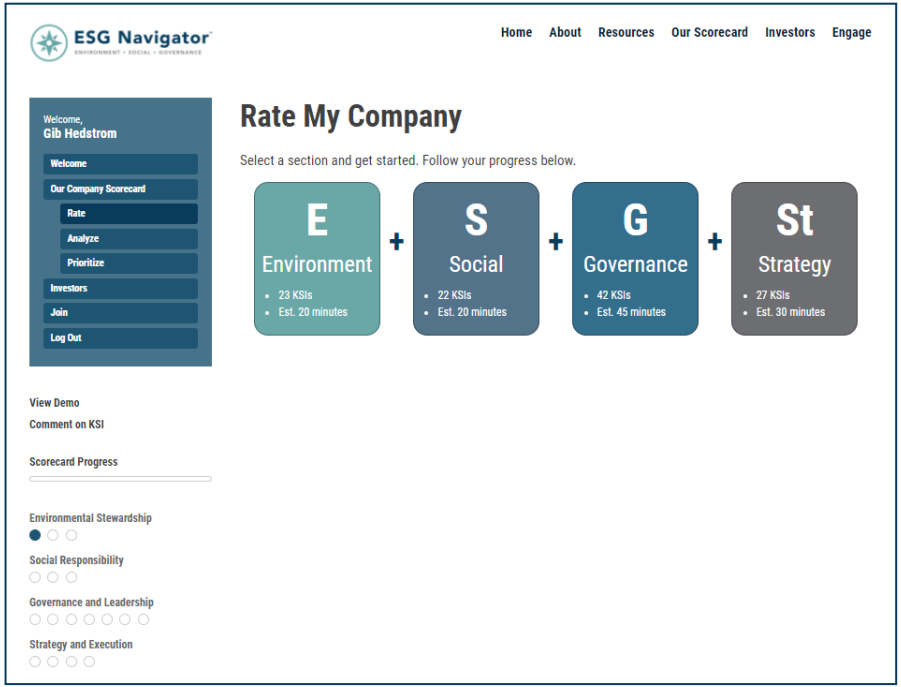
Website Updates

Simplify “Rate” Page

- Flexible Starting Point
- E + S + G + Strategy
- Previously set up to encourage starting with Governance – then Strategy



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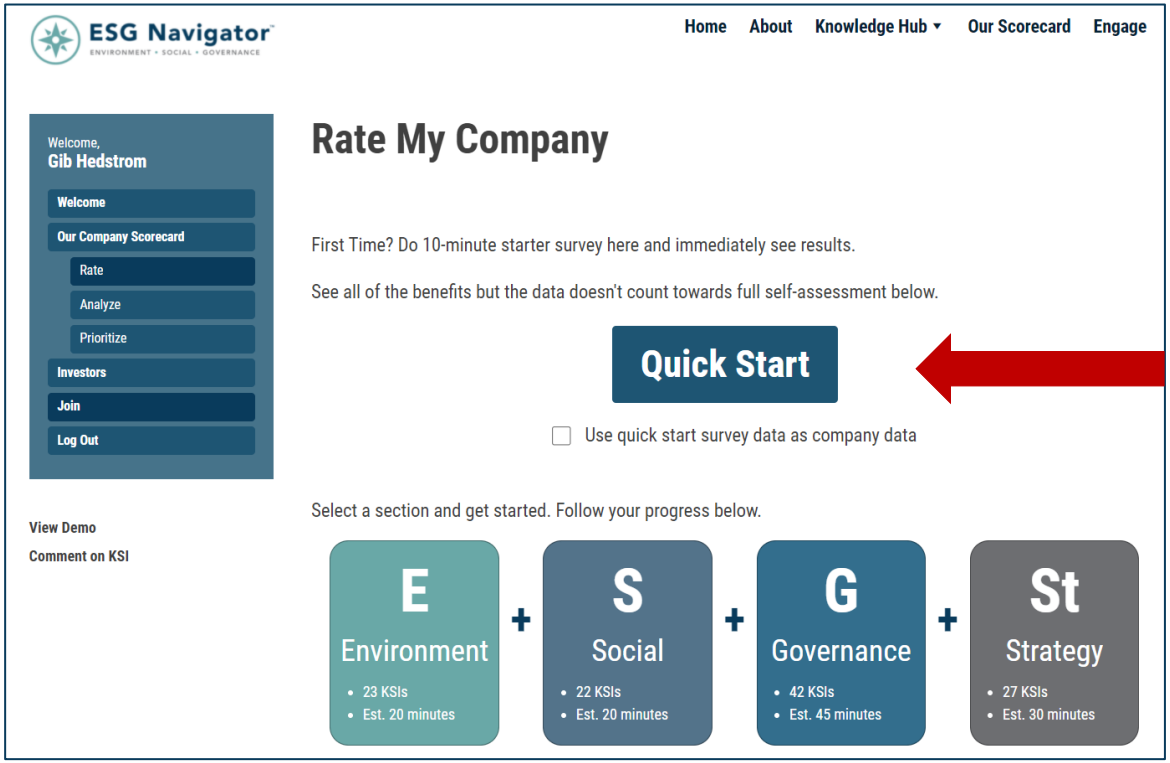
New “Quick Start” Survey:



Under development; on Staging site

- With login credentials
- Add company info.
- 17 KSIs – one/element
- Able to view all analytics
  - Benchmarking
  - ESG Ratings Maps
- Option to keep/use data

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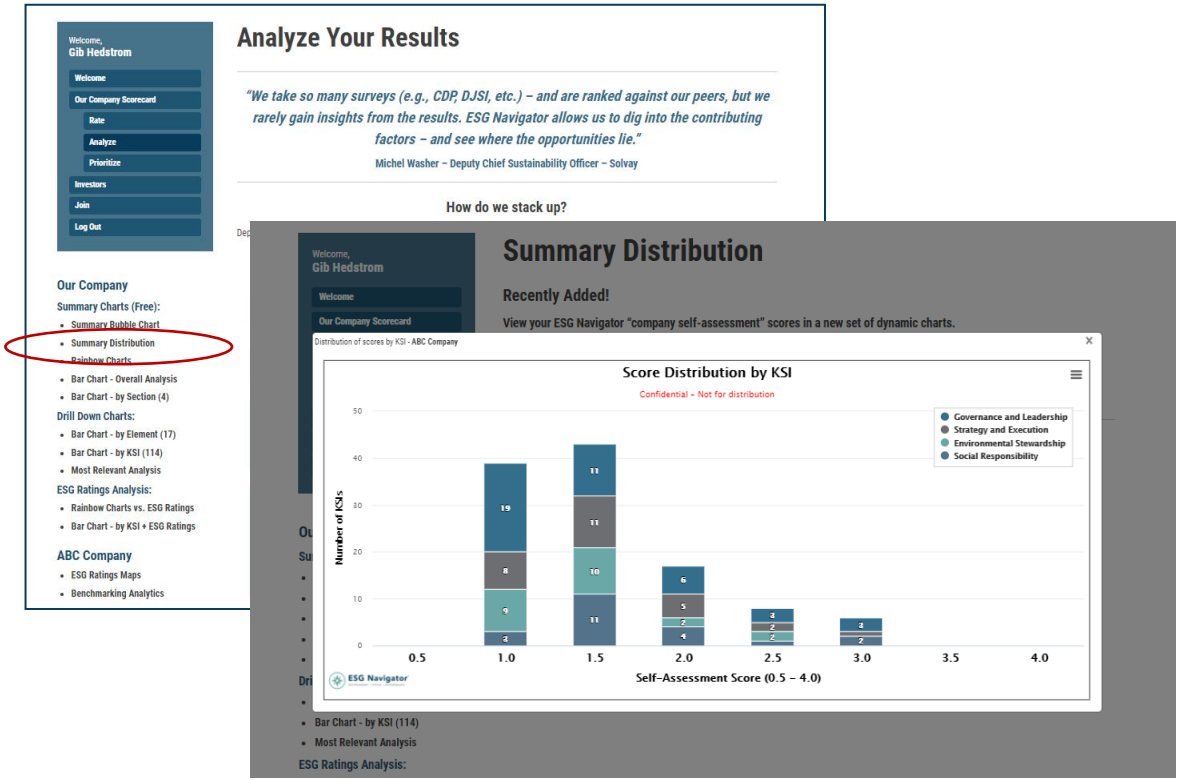
Website Updates

New Analytics: Summary Distribution

- By KSI
- By Highly Relevant KSIs
- By Element



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ESG Ratings Maps: The Starting Point

ESG Navigator — Introduction | Dashboard | Coverage | Heat Maps | RPS

ESG Navigator

Coverage Map (Basic)

The extent to which KSI topics are covered by ratings organizations.

This map shows, for each KSI, the degree of overlap (indicated by the 'fill' of the circles) with these 3rd party ratings organizations.

KSI	Section	KSI Name	CDP	GRI	SASB	TCFD	BB	FTSE	ISS	MSCI	Refin	S&P	Susty	VE	EcoV	G100	JUST	ERC
1.1	Gov	Company Purpose	○	●	○	○	○	◎	○	○	●	○	○	○	○	○	◎	20
1.2	Gov	Vision, Mission, Values	●	●	○	◎	●	◎	○	◎	●	○	○	◎	◎	○	◎	47
1.3	Gov	Commitments: Board/C-Suite	●	◎	○	○	●	●	◎	○	○	○	◎	●	○	●	◎	47
1.4	Gov	Long-Term Viability of Businesses	○	●	○	●	◎	○	◎	◎	◎	○	○	●	○	○	◎	37
1.5	Gov	Key Business Decisions - ESG/S	●	●	○	●	●	●	○	○	●	●	○	●	○	○	◎	57
2.1	Gov	CEO/C-Suite Approach to ESG/S	◎	●	○	◎	◎	○	○	○	●	○	○	○	○	○	◎	27
2.2	Gov	Messages to Investors/Owners	◎	●	○	◎	◎	○	○	○	○	○	○	○	○	○	○	17
2.3	Gov	C-Suite Interaction with Customers	○	●	○	○	○	○	○	○	○	○	○	○	○	○	○	7
2.4	Gov	C-Suite Messages to Employees	○	●	○	○	○	○	○	○	○	○	○	●	○	○	○	13
2.5	Gov	CEO/C-Suite ESG/S Learning	○	●	○	○	○	●	○	○	○	○	○	○	○	○	○	13
2.6	Gov	ESG/S Leadership Group(s)	○	●	○	●	○	○	○	○	○	○	○	●	○	○	○	20
3.1	Gov	Board Oversight of ESG/S	●	●	○	●	●	●	●	◎	○	◎	●	●	○	○	●	67
3.2	Gov	Board Roles & Committees	●	●	○	●	●	●	●	◎	◎	○	●	●	○	○	◎	63
3.3	Gov	Board Independence & Expertise	○	●	○	○	●	◎	◎	◎	◎	●	●	●	○	○	○	47
3.4	Gov	Board Agendas re ESG/S	●	●	○	◎	●	○	○	○	○	○	◎	●	○	○	◎	37

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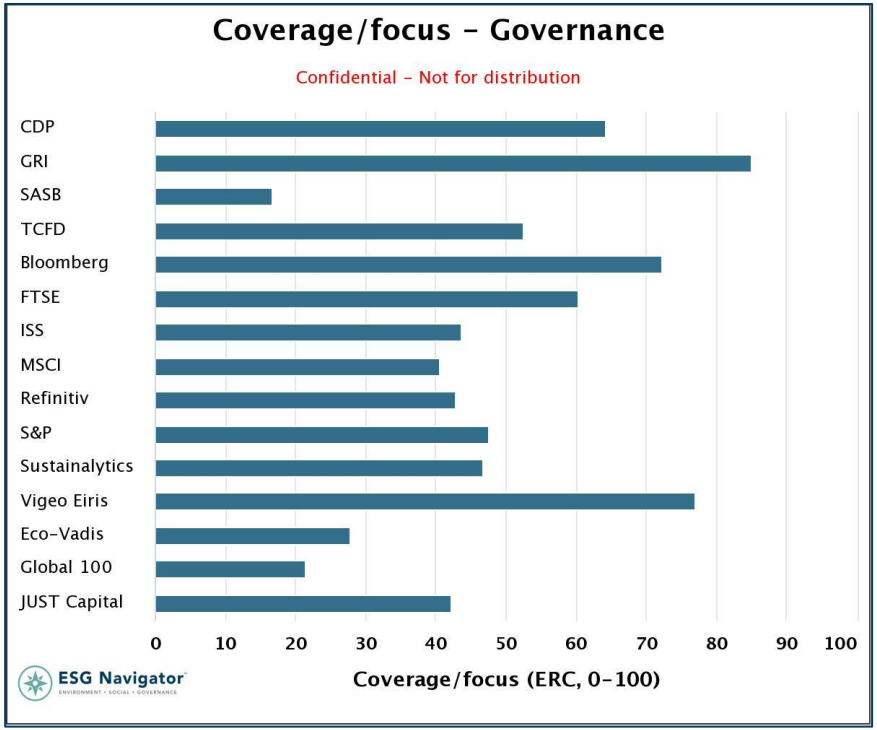
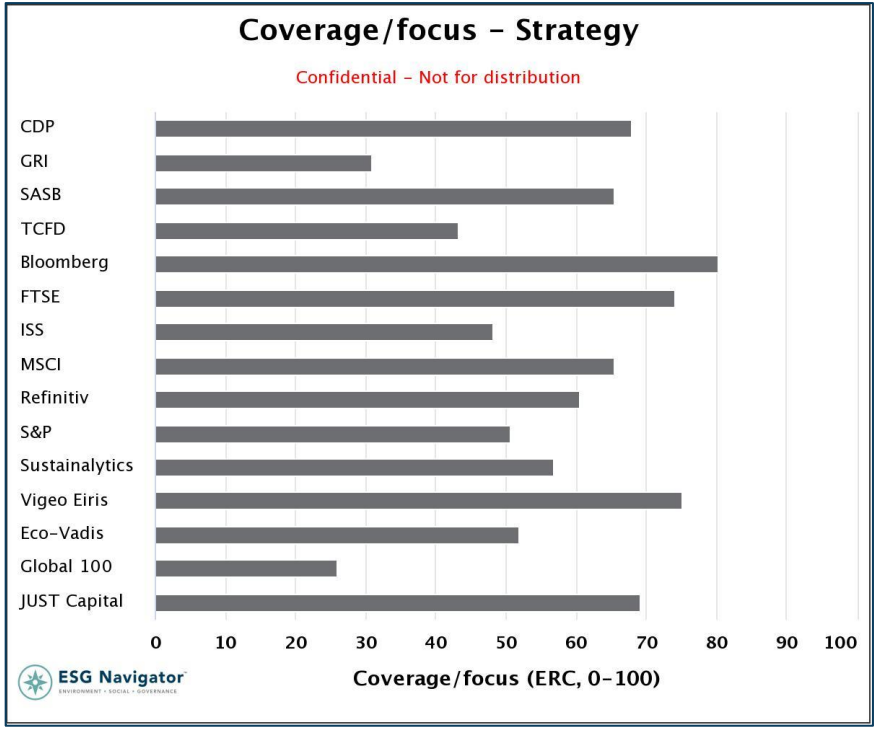
ESG Ratings Maps: Coverage by ESG Framework/Rating





The same charts are downloadable for Environment and Social

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ESG Ratings Maps: Customized

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

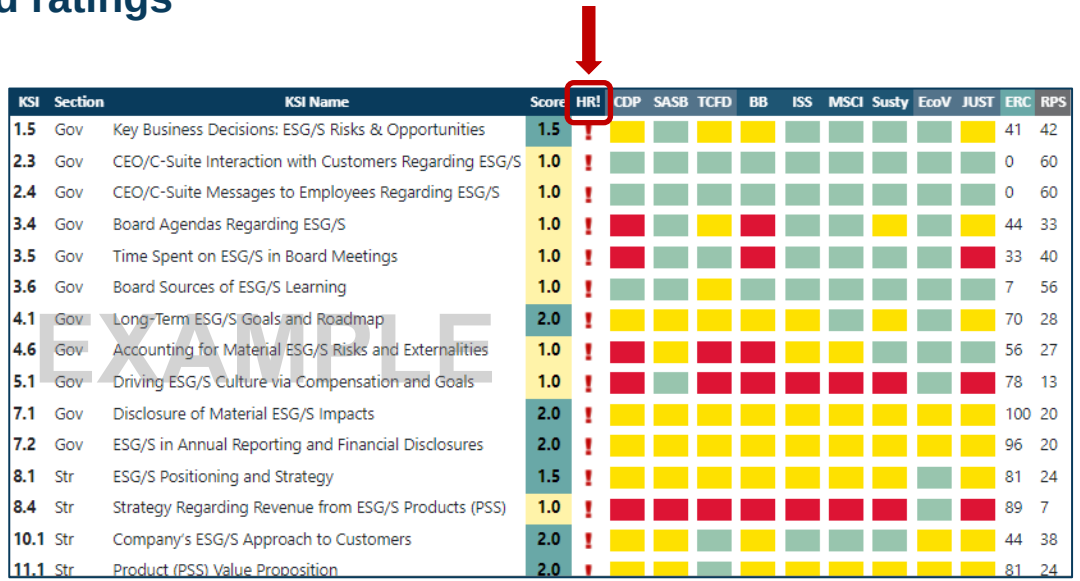
☑ CDP ☐ GRI ☑ SASB ☑ TCFD

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

EXAMPLE

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

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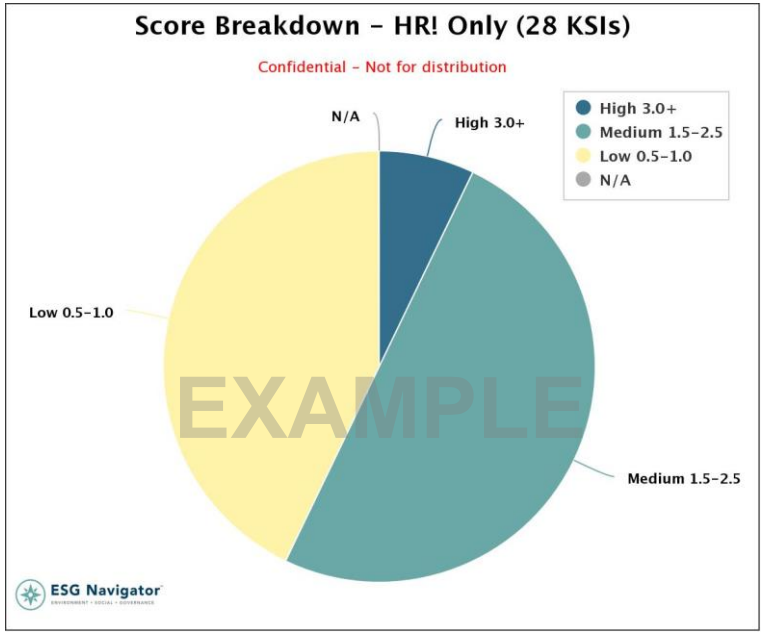
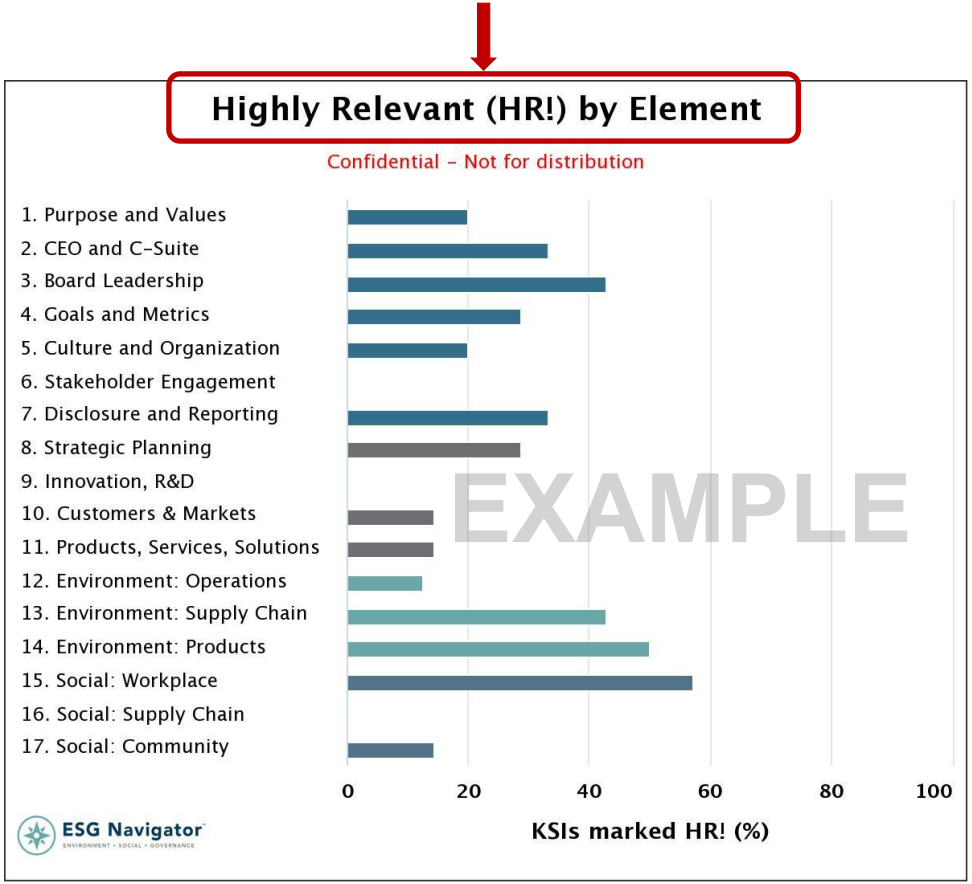
ESG Ratings Maps





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ESG Ratings Maps: Final RPS Section available

#	KSI	Section	KSI Name	Score	HR!	CDP	GRI	SASB	TCFD	BB	FTSE	ISS	MSCI	S&P	Sust.	Vigeo	Eco-V	CK	JUST	ERC
1	8.1	Str	ESG/S Positioning & Strategy	1.5	~	●	◎	◎	●	●	●	◎	●	◎	○	●	○	○	○	54
2	1.5	Gov	Key Business Decisions - ESG/S	0.5	!	◎	●	○	◎	●	●	●	○	◎	○	●	○	○	○	46
3	4.3	Gov	Materiality Assessment	3.5	~	●	○	●	○	●	●	●	●	●	●	●	●	○	●	69
4	4.1	Gov	ESG/S Goals & Roadmap	2.5	~	●	●	●	●	●	●	●	○	●	◎	●	●	○	○	81
5	3.3	Gov	Board Independence & Expertise	1.0	~	○	○	○	◎	●	○	●	◎	◎	◎	●	○	○	○	31
6	2.3	Gov	C-Suite Interaction with Customers	1.0	~	○	○	○	○	○	○	○	○	○	○	○	○	○	○	0
7	5.1	Gov	ESG/S in Compensation & Goals	1.0	~	◎	◎													
8	15.7	Soc	Employee Engagement	2.0	~	○	○													
9	9.1	Str	ESG/S & Innovation	1.5	!	◎	◎													
10	13.1	Env	Supply Chain Env. - Approach	1.5	!	●	○													
11	16.1	Soc	Approach: Supply Chain Social	1.0	~	●	◎													
12	14.1	Env	ESG/S Resp.: PSS Use & End-of-life	1.0	~	○	◎													
13	17.1	Soc	Philosophy re 'Community'	1.5	~	○	◎													
14	6.1	Gov	Approach to Stakeholders	3.5	~	○	●													
15	7.1	Gov	Disclosure of Material Impacts	1.5	~	●	●													

EXAMPLE

#	KSI	Section	KSI Name	Score	HR!	CDP	GRI	SASB	TCFD	BB	FTSE	ISS	MSCI	S&P	Sust.	Vigeo	Eco-V	CK	JUST	ERC	RPS
1	8.1	Str	ESG/S Positioning & Strategy	1.5	~															54	34.1
2	1.5	Gov	Key Business Decisions - ESG/S	0.5	!															46	24.7
3	4.3	Gov	Materiality Assessment	3.5	~															69	100.0
4	4.1	Gov	ESG/S Goals & Roadmap	2.5	~															81	29.4
5	3.3	Gov	Board Independence & Expertise	1.0	~															31	40.0
6	2.3	Gov	C-Suite Interaction with Customers	1.0	~															0	60.0
7	5.1	Gov	ESG/S in Compensation & Goals	1.0	~															31	41.2
8	15.7	Soc	Employee Engagement	2.0	~															38	41.2
9	9.1	Str	ESG/S & Innovation	1.5	!															65	29.4
10	13.1	Env	Supply Chain Env. - Approach	1.5	!															65	29.4
11	16.1	Soc	Approach: Supply Chain Social	1.0	~															65	17.6
12	14.1	Env	ESG/S Resp.: PSS Use & End-of-life	1.0	~															42	32.9
13	17.1	Soc	Philosophy re 'Community'	1.5	~															50	36.5
14	6.1	Gov	Approach to Stakeholders	3.5	~															50	100.0
15	7.1	Gov	Disclosure of Material Impacts	1.5	~															81	29.4

EXAMPLE

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Agenda

Welcome *(5 minutes)*

ESG Questions on the CEO's Agenda for 2022 *(30-40 minutes)*

- ***Signposts***
- **Discussion**
- **What you tell us – and best graphics to share with the C-Suite**
- **Breakout Groups**

Few Updates *(10 minutes)*

- **Website**
- **ESG Ratings**
- **New *"Quick Start"* Survey**

Next Steps *(5 minutes)*

- **What we are doing**
- **What we need you to do**

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How to promote data entry

TCB Actions

- ***ESG Navigator Starter* (15 KSIs)**
  - Created and tested
  - Target December 2021
- **Publications**
  - Navigating ESG Reporting Frameworks
- **ESG Center Member Outreach**

ESGN Actions

- **New *Quick Start* page**
- **ESG Ratings Positioning Score (RPS)**
  - Available now if you ask
  - Move to website by January
- **Best Practices**
  - Updated on website (for all)
  - Updated Excel download (Option B, C)
- **Annual KSI Review**

Your Actions

- **Ensure 2021 data is updated**
  - Contact me if you need help
  - Excel toolkit available
  - ESG Ratings Survey Report when done
- **Please brag – send us your Stage 3-4 best practices**

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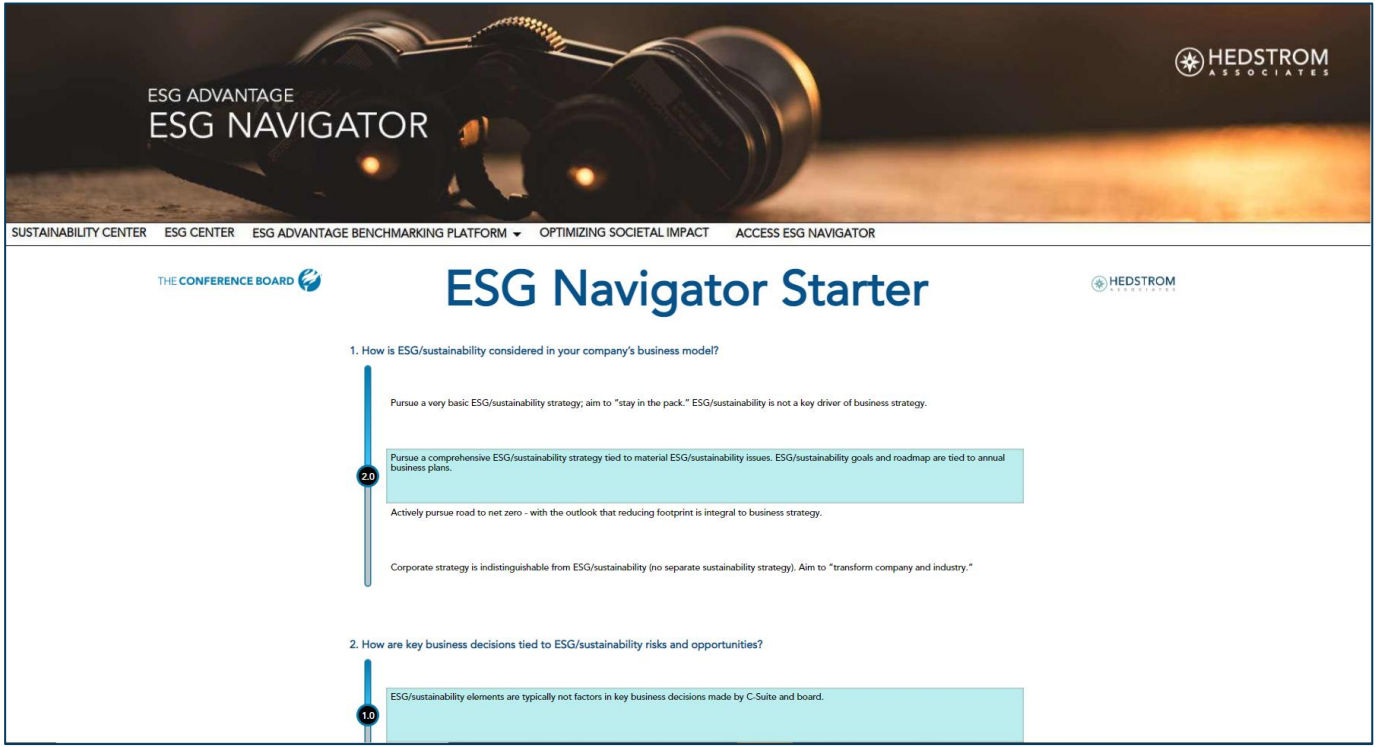
TCB Actions: ESG Navigator Starter



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Best Practices Excel Download

Included in Options B, C and for a fee a-la-carte for Option A

ESG Navigator
ENVIRONMENT • SOCIAL • GOVERNANCE

ESG Navigator - Best Practices Library

Current Best Practices on esgnavigator.com -- Comments welcome re additions, changes, deletions

Section	Element	KSI #	KSI Name	Compar	Best Practice "Blurb"
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Ecovative	Core mission is to envision, develop, produce and market earth friendly materials to help rid the world of toxic, unsustainable materials.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Interface	Founder Ray Anderson's vision was to lead the way to the next industrial revolution by becoming the first sustainable corporation, and eventually a restorative enterprise. This led to "Mission Zero® promise to eliminate any negative impact the company has on the environment by 2020.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Neste (Finland)	Facing headwinds and market devaluation in oil refining, transformed the company to develop sustainable sources of energy.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	NRG Energy	Fomer CEO David Crane wanted to *"transform our company, our industry and our society...towards a distributed generation-centric, clean energy future featuring individual choice."*
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Ørsted	Known as Danish Oil and Natural Gas until 2017, began a bold transformation in 2009 - reinventing itself as a top-to-bottom renewable energy company.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Patagonia	Founder Yvon Chouinard aimed to create a profitable company without losing your soul. The company's mission: *"Build the best product, cause no unnecessary harm, use business to inspire and implement solutions to the environmental crisis."*
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Tesla	*"Tesla Motors was created to accelerate the advent of sustainable transport."* Declared their entire patent portfolio open source to stimulate the adoption and further growth of the electric vehicle market.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Trane Technologies	Spun off from Ingersoll Rand in early 2020 as a pure-play climate company that creates *"efficient and sustainable solutions for buildings, homes, and transportation,"* with Mike Lamach continuing as CEO.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Unilever (NL)	*"We cannot close our eyes to the challenges that the world faces. Business must make an explicit and positive contribution to addressing them,"* says former CEO Paul Polman.
Governance	Purpose & Values	1.1	Company Purpose (CEO's View re the Role of Company in Society)	Waste Management	Former CEO David Steiner transformed the company from a disposal company wanting customers to increase waste- to a services company helping its customers reduce waste.

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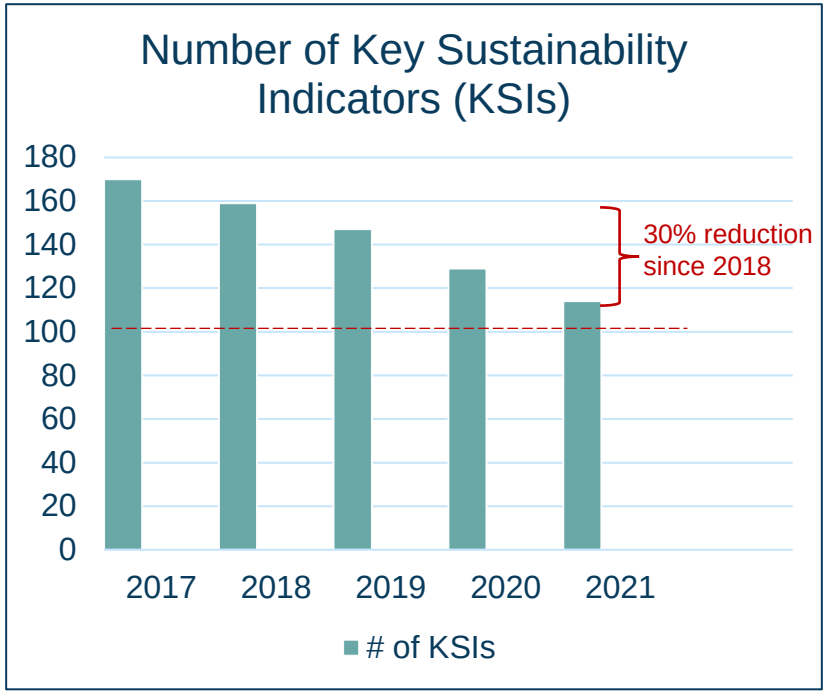
ESG Navigator Maturity Model (KSIs)



Annually, we conduct a detailed review of the ESG Navigator Maturity Model:

- Overall structure
- Individual KSIs
  - Overlap
  - Clarity of KSI name
  - New ESG topic
- Stage 1 ➔ Stage 4 descriptors
  - Progression
  - Clarity

Next review is January 2022

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A Parting Thought: 29 years on…

The Message from Rio (1992)

- "The ceiling becomes the floor"
- "Those of us who represented industry and government in Rio came away with a renewed sense of urgency."

  - Gib Hedstrom

Arthur D. Little Prism
Summer issue – 1992

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THANK YOU!