



ESG Navigator™

ENVIRONMENT • SOCIAL • GOVERNANCE

Are we thinking about ESG strategically?

November 2021

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THE CONFERENCE BOARD ENDORSES ESG NAVIGATOR'S HOLISTIC APPROACH

Governance & Leadership

- Purpose
- CEO and C-Suite Leadership
- Board Leadership
- Goals and Metrics
- Culture and Organization
- Stakeholder Engagement
- Disclosure and Reporting

Environmental Stewardship

- Environment: Operations
- Environment: Supply Chain
- Environment: Product



Strategy & Execution

- Strategic Planning
- Innovation, Research & Development
- Customers and Markets
- Products, Services and Solutions

Social Responsibility

- Social: Workplace
- Social: Supply Chain
- Social: Community

Are we thinking about ESG strategically?

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ESG NAVIGATOR KSI's
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 ESG	Board Oversight of ESG	Long-Term (5-10 year) Goals	Diving ESG Culture via Compensation	Approach to Engagement	Disclosure of Material ESG Impacts
ESG in Vision, Mission, Values	CEO Messages to Investors	Board Roles, Committees, Charters	2000 ESG Goals	CEO/C-Suite Roles Regarding ESG	Reasons for Engagement	ESG in Annual Report
ESG Commitment: Board and/or C-Suite	C-Suite Interaction with Customers	Board Independence & ESG Expertise	Materiality Assessment	C-Suite ESG Reward and Recognition	Stakeholder Partnerships	Assurance and Verification of ESG
LT Viability of Core Businesses	C-Suite Messages to Employees	Board Agenda: Regarding ESG	Tracking Reduction of ESG Footprint	Unwritten Rules of the Game	Engaging on Material Supply Chain Issues	Transparency
ESG as Key Business Decisor	CEO's Stance of ESG Learning	Time Spent on ESG in Board Meetings	Tracking ESG Impact on Growth	Leadership of ESG within the C-Suite	Engaging on Stigma	Public Policy (e.g. Lobbying, Litigation)
	ESG Leadership Groups	Board Success of ESG Learning	Accounting for Material ESG Risks	Engagement by CEO/C-Suite	ESG in Corporate Marketing, Advertising	
		Board Diversity, Equity & Inclusion	ESG Ratings and Rankings			

ESG NAVIGATOR KSI's
Strategy and Execution

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

ESG NAVIGATOR KSI's
Environmental Stewardship

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

ESG NAVIGATOR KSI's
Social Responsibility

WORKFORCE: WORKPLACE	WORK FORCE/STAKEHOLDER: SUPPLY CHAIN	WORK FORCE/STAKEHOLDER: COMMUNITY
Workforce Environment	Approach to Supply Chain Social Footprint	Philanthropy (Regarding "Community")
Diversity, Equity and Inclusion (DEI)	Standards for Supply Chain Social Footprint	Social Investment
ESG Benefits: Recruitment & Retention	Measuring Supply Chain Social Footprint	Community Partnerships
Safety Programs and Performance	Verifying Supply Chain Social Footprint	Employee Volunteering
Health, Wellbeing, and Sustainable Livelihoods	Human Rights	Workplace Development & Education
ESG Training and Skill Development	Labor Relations	Community Education
Employee Engagement with ESG	Animal Welfare	Community Job Creation
	Supply Chain Capacity Building	



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 ESG/S	Board Oversight of ESG/S	Long-Term ESG/S Goals and Roadmap	Driving ESG Culture: Compensation & Goals	Overall Approach to Engagement	Disclosure of Material ESG/S Impacts
Vision, Mission, Values, and Policies	CEO/C-Suite Messages to Investors	Board Committees, Charters, and Roles	2050 ESG/S Goals	CEO/C-Suite Roles Regarding ESG/S	Reasons for Engagement	Annual Reporting & Financial Disclosures
Commitments (by Board and/or C-Suite)	CEO/C-Suite Interaction with Customers	Board Independence and ESG/S Expertise	Materiality Assessment	ESG/S Reward and Recognition	Stakeholder Partnerships	Assurance and Verification of ESG/S
Long-term Viability of Core Business(es)	CEO/C-Suite Messages to Employees	Board Agendas Regarding ESG/S	Tracking Reduction of ESG/S Footprint	Unwritten Rules of the Game	Engaging on Material Supply Chain Issues	Transparency
ESG/S in Key Business Decisions	C-Suite's Sources of ESG/S Learning	Time Spent on ESG/S in Board Meetings	Tracking ESG/S Impact on Growth	ESG/S Leadership (below the C-Suite)	Engaging on Strategy	Public Policy (e.g., Lobbying) Alignment
	ESG/S Leadership (at the C-Suite)	Board Sources of ESG/S Learning	Accounting for Material ESG/S Risks		Engagement by CEO/C-Suite	Corporate Marketing and Advertising
		Board Diversity, Equity & Inclusion	ESG/S Ratings and Rankings			

Strategy and Execution

STRATEGIC PLANNING	INNOVATION, RESEARCH & DEVELOPMENT	CUSTOMERS AND MARKETS	PRODUCTS, SERVICES & SOLUTIONS
ESG/S Positioning and Strategy	Linkage between ESG/S and Innovation	Company's ESG/S Approach to Customers	Product (PSS) Value Proposition
ESG/S Cost Reduction	ESG/S in Materials and Labor Inputs	Customer ESG/S Partnerships	Product (PSS) Stewardship
Enterprise Risk Management	ESG/S Benefits from Technology	Nature of Customer ESG/S Communications	Product (PSS) ESG/S Risk Assessment
Revenue from ESG/S Products (PSS)	ESG/S in Product Design and Development	Selling ESG/S Features: Existing Markets	Product (PSS) ESG/S Labeling and Rating
ESG/S Impacts on Brand	R&D Partnerships - Driving ESG/S Benefits	Selling ESG/S Features: Developing Markets	Product (PSS) Quality and Safety
Use of Scenario Planning	R&D Investment in ESG/S Products (PSS)	ESG/S Attributes in Product Line Extension	Product (PSS) ESG/S Audits
ESG/S Impact of Capital Expenditures		New ESG/S Product (PSS) Families	Product (PSS) Marketing and Advertising

Environmental Stewardship

ENVIRONMENT: OPERATIONS	ENVIRONMENT: SUPPLY CHAIN	ENVIRONMENT: PRODUCTS
Energy Purchased	Approach to Supply Chain Environmental Impacts	Responsibility for ESG/S: Product (PSS) Use and End of Life
Carbon Emissions: Owned or Controlled Sources	Standards for Supply Chain Environmental Impacts	Traceability Related to Products (PSS)
Non-Carbon Emissions	Measuring Supply Chain Environmental Impacts	Energy Efficiency of Products (PSS)
Materials Sourced	Verifying Supply Chain Environmental Impacts	Durability of Products (PSS)
Water Management	Supply Chain Impact: Biodiversity	Biodegradability of Products (PSS)
Buildings and Equipment	Supply Chain GHG Emissions	Recyclability/Reusability of Products (PSS)
Land Management	Supply Chain Impacts: Water	Water-Use Efficiency of Products (PSS)
Waste Generation		Packaging

Social Responsibility

SOCIAL: WORKPLACE	SOCIAL: SUPPLY CHAIN	SOCIAL: COMMUNITY
Workplace Environment	Approach to Supply Chain Social Impacts	Philosophy Regarding “Community”
Diversity, Equity, and Inclusion (DEI)	Standards for Supply Chain Social Impacts	Social Investment
ESG/S Benefits in Recruitment/Retention	Measuring Supply Chain Social Impacts	Community Partnerships
Safety Programs and Performance	Verifying Supply Chain Social Impacts	Employee Volunteering
Health, Wellness, and Sustainable Lifestyles	Human Rights	Infrastructure Development
ESG/S Training and Staff Development	Labor Relations	Community Education
Employee Engagement with ESG/S	Animal Welfare	Community Job Creation
	Supply Chain Capacity Building	

The ESG Navigator Maturity Model

BENCHMARK VS. PEERS: OVERALL; INDUSTRY SECTOR; INDUSTRY SUB-SECTOR

How ESG Navigator works:

- Four-stage maturity model
- Tough rating scale (no company is fully Stage 4)
- Company self-assessment on 114 KSIs
- Score our company from Stage 0.5 to Stage 4.0
- Analytics downloadable:
 - 114 KSIs
 - Roll up to 17 elements
 - Roll up to 4 sections (E + S + G + Strategy_)
 - Roll up to overall benchmark

5. Governance: Culture and Organization					
<i>Key Question:</i> 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 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.

↑
OUR COMPANY TODAY

↑
OUR GOAL

EXAMPLE

For more information...

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