



ESG Navigator™

ENVIRONMENT • SOCIAL • GOVERNANCE

ESG NAVIGATOR

INTRODUCTION

April 2022

Welcome to ESG Navigator!

*ESG Navigator is the premier global platform
to help companies capture value from ESG*

Built “by industry – for industry” since 1997

Endorsed by *The Conference Board*

Respected author of “*Leading Economic Indicators*”

“The Conference Board’s **1,000+** corporate members globally are benefiting from the **power** – and **elegant simplicity** – of ESG Navigator.”

Paul Washington, *Executive Director* | ESG Center

Our Value Proposition

ESG Navigator empowers C-Suite executives and your teams to create a future-ready strategy:

- Know where your company ***stands today***
- Build robust *governance* systems and *strategy* to ***create long term value tomorrow***



Participating Companies *(selected)*



Benefits



Fast & Easy

- Get started for free
- Complete Quick Start in 15 minutes and full assessment in 60-90 minutes
- Immediately compare vs. peers



Proven

- Crafted in boardrooms in 1997
- Refreshed annually by ESG experts
- Tested & vetted by 80+ companies – including many Conference Board members



Robust

- Proprietary ESG Maturity Model
- A tough 4-stage rating scale:
 - Stage 1-3 are okay, good, better
 - Stage 4 is the next frontier
- 100 “Key Sustainability Indicators”
- Spans every ESG theme and every corporate function

ESG Navigator helps ESG Leaders Report to the CEO, C-Suite, and Board



- 1 | Are we thinking about ESG strategically?
- 2 | What is our current position vis-à-vis peer companies?
- 3 | How do we improve our ESG ratings' positioning?
- 4 | How do we align internally on ESG?
- 5 | Where do we invest to create value?

1 | Are we thinking about ESG strategically?

ESG Navigator is built on 100+ Key Sustainability Indicators that cover all aspects of ESG

ESG NAVIGATOR KSIs
Governance and Leadership

COMPANY PURPOSE	CEO & C-SUITE LEADERSHIP	BOARD LEADERSHIP	GOALS & METRICS	CULTURE & ORGANIZATION	DISCLOSURE & REPORTING
Company Purpose (Vision, Mission)	CEO/C-Suite Public Posture re ESG/ESG	Full Board Oversight of ESG/ESG	ESG/ESG Goals and Roadmap	Driving ESG Culture, Compensation & Goals	Annual Reporting & Financial Disclosures
Operationalizing ESG/ESG	CEO/C-Suite Messages to Investors	Board Committees, Charters, and Roles	Long-term (e.g., 2050) ESG/ESG Goals	ESG/ESG Organization	Disclosure of Material ESG/ESG Impacts
Commitments (By Board and/or C-Suite)	CEO/C-Suite Interaction with Customers	Board Independence & ESG/ESG Expertise	Materiality Assessment	ESG/ESG Leadership Role, Position	Assurance and Verification of ESG/ESG
Long-term Viability of Core Businesses)	CEO/C-Suite Messages to Employees	Board Agendas Regarding ESG/ESG	Tracking Reduction of ESG/ESG Footprint	ESG/ESG Reward and Recognition	Transparency
ESG/ESG in Key Business Decisions	Engagement by CEO/C-Suite with NGOs	Time Spent on ESG/ESG in Board Meetings	Revenue from ESG/ESG-Advantaged PSS		Public Policy (e.g., Lobbying) Alignment
		Board Diversity, Equity & Inclusion	Accounting for Material ESG/ESG Risks		Corporate Marketing & Advertising
			ESG/ESG Ratings and Rankings		

ESG NAVIGATOR KSIs
Strategy and Execution

CUSTOMERS AND MARKETS	STRATEGIC PLANNING	INNOVATION, R&D	PRODUCT OFFERINGS	SUPPLY CHAIN MANAGEMENT
Customer ESG/ESG Engagement	Strategic Planning Process	Linkage between ESG/ESG and Innovation	Product (PSS) Value Proposition	Responsible Sourcing Approach
Market Strategy for Product ESG/ESG Features	Use of Scenario Planning	ESG/ESG in Materials and Labor Inputs	Product (PSS) Stewardship	Engaging on Material Supply Chain ESG/ESG Impacts
Market Expansion for ESG/ESG Features	ESG/ESG Cost Reduction	ESG/ESG in Product Design and Development	Product (PSS) ESG/ESG Risk Assessment	Standards for Supply Chain ESG/ESG Impacts
ESG/ESG Attributes in Product Line Extension	Enterprise Risk Management	R&D Partnerships - Driving ESG/ESG Benefits	Product (PSS) ESG/ESG Labeling & Rating	Measuring Supply Chain ESG/ESG Impacts
ESG/ESG Impacts on Brand	Revenue Pipeline from ESG/ESG Products (PSS)	Investment in ESG/ESG Products, Technology	Product (PSS) Quality and Safety	Verifying Supply Chain ESG/ESG Impacts
	Capital Allocation to Address ESG/ESG Impacts		Product (PSS) Marketing and Advertising	

ESG NAVIGATOR KSIs
Environmental Stewardship

ENVIRONMENT: OPERATIONS	ENVIRONMENT: SUPPLY CHAIN	ENVIRONMENT: PRODUCTS
GHG Emissions: Energy Purchased (Scope 2)	Approach to Supply Chain Environmental Impacts	Responsibility for ESG/ESG: Product (PSS) Use and End of Life
GHG Emissions: Owned or Controlled Sources (Scope 1)	Materials Sourced: Human Made	Traceability Related to Products (PSS)
Non-Carbon Emissions	Materials Sourced: Biological-Based	Carbon (GHG) Impact of Products (PSS)
Buildings and Equipment	Scope 3 (GHG Emissions)	Durability of Products (PSS)
Water Management	Supply Chain Impact: Biodiversity	Biodegradability of Products (PSS)
Biodiversity and Land Management	Supply Chain Impacts: Water	Recyclability/Reusability of Products (PSS)
Waste Management	Supply Chain Impacts: Waste	Water-Use Efficiency of Products (PSS)
		Product Packaging

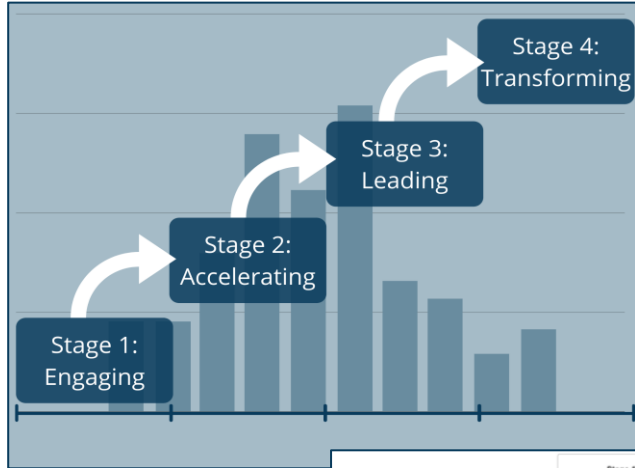
ESG NAVIGATOR KSIs
Social Responsibility

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



2 | What is our current position vs peers?

Benchmark where your company stands vs. industry peers - on 100 KSI's from Stages 1-4



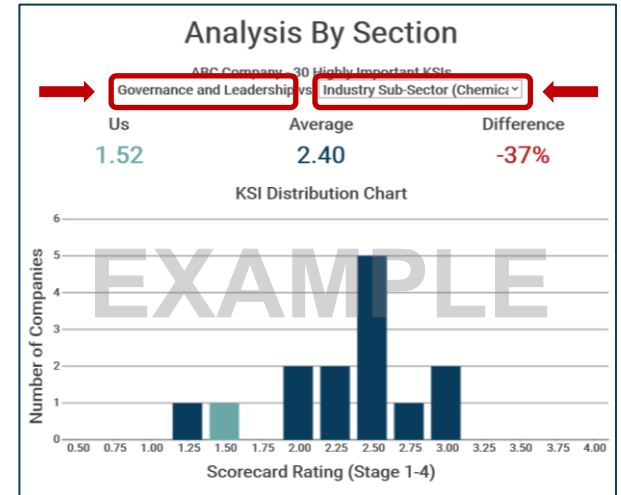
Social: Community

Key Sustainability Indicators (KSIs) listed below

Philosophy Regarding "Community" (17.1)

Stage	Description
Stage 1	Focus community initiatives (often locally or regionally) where it fits business goals.
Stage 2	Align community initiatives with full supply chain impacts ("think globally, act locally").
Stage 3	Engage with communities wherever company has full supply chain impacts. Inspire employees to drive positive total societal impact aligned with company strategy.
Stage 4	Embed ourselves in communities, driven by shared value (value to shareholders and to society). Actively measure and track the company's total societal impact.

3.0



3 | How do we improve our ESG ratings' positioning?

- Select the priority **ESG frameworks** and **ratings** that are most critical for your company
- **Map** your company's performance
- Zero in to **enhance ratings positioning**

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	Green	Green	Green	Green	Green	Yellow
Str	9	Innovation, R&D	1.33	6	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Yellow
Str	10	Customers and Markets	1.50	7	Green	Green	Green	Green	Green	Green	Green	Green	Yellow
Str	11	Products, Services and Solutions	1.79	7	Green	Green	Green	Green	Green	Green	Green	Green	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	Green	Green	Green	Green	Green	Yellow
Soc	15	Social: Workplace	2.07	7	Green	Green	Green	Green	Green	Green	Green	Green	Green
Soc	16	Social: Supply Chain	1.50	7	Green	Yellow	Green	Green	Green	Green	Green	Green	Yellow
Soc	17	Social: Community	1.57	7	Green	Yellow	Green	Yellow	Yellow	Yellow	Green	Green	Yellow

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

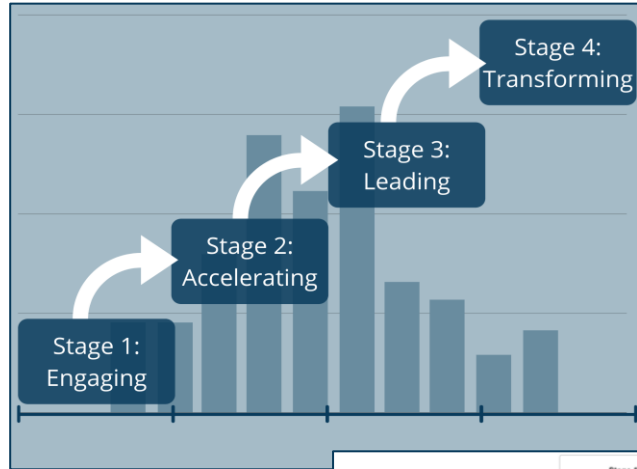
Rating (Financial)
 BB FTSE ISS MSCI Refin S&P Susty VE

Rating (Other)
 EcoV G100 JUST



2 | What is our current position vs peers?

Benchmark where your company stands vs. industry peers - on 100 KSI's from Stages 1-4



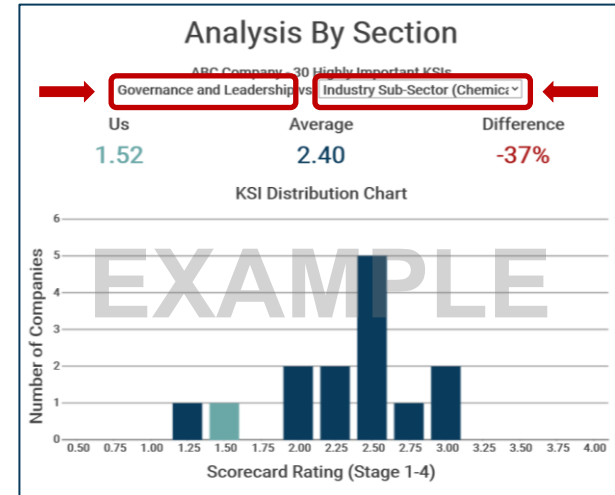
Social: Community

Key Sustainability Indicators (KSIs) listed below

Philosophy Regarding "Community" (17.1)

Stage	Description
Stage 1	Focus community initiatives (often locally or regionally) where it fits business goals.
Stage 2	Align community initiatives with full supply chain impacts ("think globally, act locally").
Stage 3	Engage with communities wherever company has full supply chain impacts. Inspire employees to drive positive total societal impact aligned with company strategy.
Stage 4	Embed ourselves in communities, driven by shared value (value to shareholders and to society). Actively measure and track the company's total societal impact.

3.0



4 | Are we aligned internally on ESG?

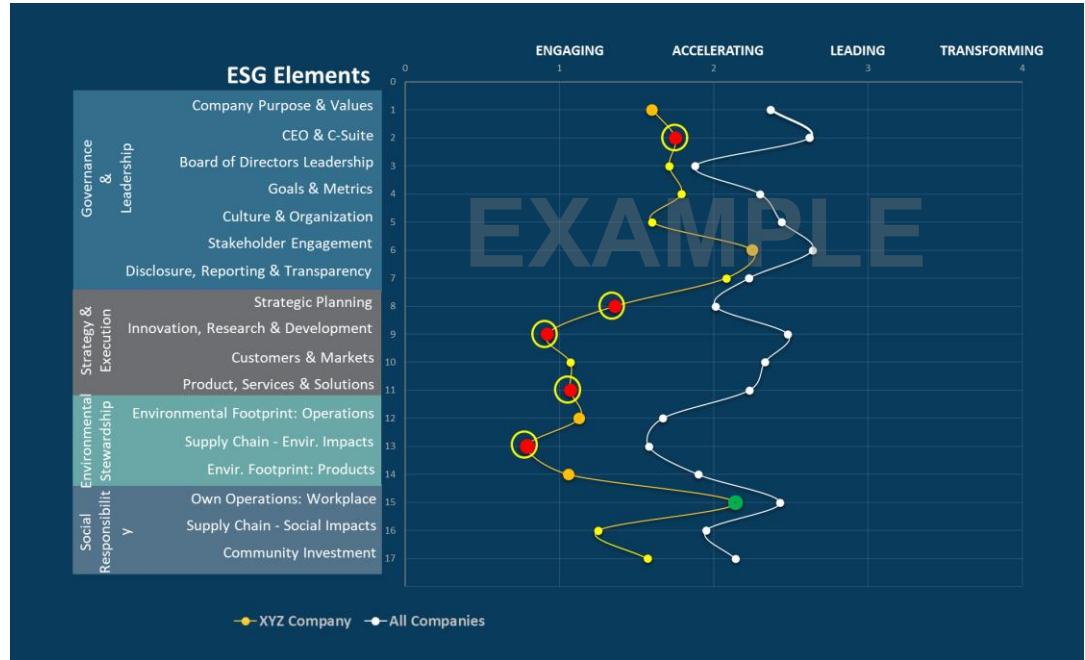
The KSI's address every **corporate function**, and help corporate teams agree on **key issues**



5 | Where do we invest to create value?

Summary “Snake Chart”

- Maps our company vs.
 - All companies in database
 - Our industry sector
 - Our industry sub-sector
- Scores rolled-up from 100 KSIs to 17 Elements
- Flags total KSIs marked as Highly Relevant (HR!)
- Zeros in on key improvement areas



Beware the ESG Disclosure Trap

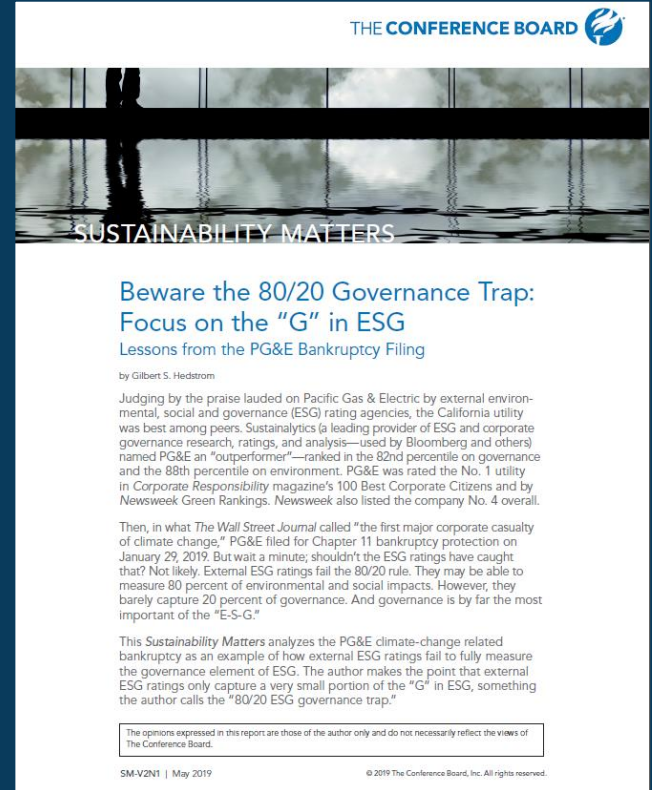



- About **50%** of corporate ESG activity is disclosed
- The other **50%** is private: how the company manages ESG

ESG Reporting Frameworks (GRI, SASB, TCFD) and ESG Ratings (ISS, MSCI, S&P, etc.)

- Address only the **disclosure half**...
- **Don't measure the most important things!**

ESG Navigator helps companies see the full picture...



THE CONFERENCE BOARD 

SUSTAINABILITY MATTERS

Beware the 80/20 Governance Trap: Focus on the "G" in ESG

Lessons from the PG&E Bankruptcy Filing

by Gilbert S. Hedstrom

Judging by the praise lauded on Pacific Gas & Electric by external environmental, social and governance (ESG) rating agencies, the California utility was best among peers. Sustainalytics (a leading provider of ESG and corporate governance research, ratings, and analysis—used by Bloomberg and others) named PG&E an "outperformer"—ranked in the 82nd percentile on governance and the 88th percentile on environment. PG&E was rated the No. 1 utility in *Corporate Responsibility* magazine's 100 Best Corporate Citizens and by *Newsweek Green Rankings*. *Newsweek* also listed the company No. 4 overall.

Then, in what *The Wall Street Journal* called "the first major corporate casualty of climate change," PG&E filed for Chapter 11 bankruptcy protection on January 29, 2019. But wait a minute; shouldn't the ESG ratings have caught that? Not likely. External ESG ratings fail the 80/20 rule. They may be able to measure 80 percent of environmental and social impacts. However, they barely capture 20 percent of governance. And governance is by far the most important of the "E-S-G."

This *Sustainability Matters* analyzes the PG&E climate-change related bankruptcy as an example of how external ESG ratings fail to fully measure the governance element of ESG. The author makes the point that external ESG ratings only capture a very small portion of the "G" in ESG, something the author calls the "80/20 ESG governance trap."

The opinions expressed in this report are those of the author only and do not necessarily reflect the views of The Conference Board.

SM-V2N1 | May 2019 © 2019 The Conference Board, Inc. All rights reserved.

Great Value for the Money

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

Scott Tew, VP Sustainability | Trane Technologies

Members say:

“We would pay about \$500K for what ESG Navigator provides (for ~\$5K)”

Annual Membership Options: Free – Standard – Premium

For more information go to esgnavigator.com/join



ESG Navigator™

ENVIRONMENT • SOCIAL • GOVERNANCE

THANK YOU!

Please visit us at <https://esgnavigator.com>
or email us: admin@esgnavigator.com