



**ESG Navigator™**

ENVIRONMENT • SOCIAL • GOVERNANCE

# Are we thinking about ESG strategically?

ESG NAVIGATOR KPIs

January 2024

# Are we thinking about ESG strategically?

THE CONFERENCE BOARD ENDORSES ESG NAVIGATOR'S HOLISTIC APPROACH

## Governance & Leadership

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



## Environmental Stewardship

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

## Strategy & Execution

- Customers and Markets
- Strategic Planning
- Innovation, R&D
- Product Offerings
- Supply Chain Management

## Social Responsibility

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

# 100 KPIs (KSIs) – 60% Governance & Strategy

THE CONFERENCE BOARD ENDORSES ESG NAVIGATOR'S HOLISTIC APPROACH

**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/S	Full Board Oversight of ESG/S	ESG/S Goals and Roadmap	Driving ESG Culture: Compensation & Goals	Annual Reporting & Financial Disclosures
Operationalizing ESG/S	CEO/C-Suite Messages to Investors	Board Committees, Charters, and Roles	Long-term (e.g., 2050) ESG/S Goals	ESG/S Organization	Disclosure of Material ESG/S Impacts
Commitments by Board (and/or C-Suite)	CEO/C-Suite Interaction with Customers	Board Independence & ESG/S Expertise	Materiality Assessment	ESG/S Leadership Role, Position	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	ESG/S Reward and Recognition	Transparency
ESG/S in Key Business Decisions	Engagement by CEO/C-Suite with NGOs	Time Spent on ESG/S in Board Meetings	Revenue from ESG/S-Advantaged PSS		Public Policy (e.g., Lobbying) Alignment
		Board Diversity, Equity & Inclusion	Accounting for Material ESG/S Risks		Corporate Marketing & Advertising
			ESG/S Ratings and Rankings		

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

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



# Governance and Leadership

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Company Purpose (Vision, Mission)	CEO/C-Suite Public Posture re S/ESG	Full Board Oversight of S/ESG	S/ESG Goals and Roadmap: Near-Term	Driving ESG Culture: Compensation & Goals	Annual Reporting & Financial Disclosures
Operationalizing S/ESG	CEO/C-Suite Messages to Investors	Board Committees, Charters, and Roles	S/ESG Goals and Roadmap: Long-Term	S/ESG Organization	Disclosure of Material S/ESG Impacts
Commitments (by Board and/or C-Suite)	CEO/C-Suite Interaction with Customers	Board S/ESG Fluency	Materiality Assessment	S/ESG Leadership (Role, Position)	Assurance and Verification of S/ESG
Long-term Viability of Core Business(es)	CEO/C-Suite Messages to Employees	Board Agendas Regarding S/ESG	Tracking Reduction of S/ESG Footprint	S/ESG Reward and Recognition	Transparency
S/ESG in Key Business Decisions	Engagement by CEO/C-Suite with NGOs	Time Spent on S/ESG in Board Meetings	Revenue from S/ESG-Advantaged PSS		Public Policy Alignment (e.g., Lobbying)
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# ESG NAVIGATOR KPIs (KSIs)

## Strategy and Execution

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Customer S/ESG Engagement	Strategic Planning Process	Linkage between S/ESG and Innovation	Product (PSS) Value Proposition	Responsible Sourcing Approach
Market Strategy: Existing Products, Services & Solutions	Use of Scenario Planning	S/ESG in Materials and Labor Inputs	Product (PSS) Stewardship	Engaging on Material Supply Chain S/ESG Impacts
Market Strategy: New Products, Services & Solutions	S/ESG Cost Reduction	S/ESG in Product Design and Development	Product (PSS) S/ESG Risk Assessment	Standards for Supply Chain S/ESG Impacts
Product Portfolio Transformation	Enterprise Risk Management	R&D Partnerships - Driving S/ESG Benefits	Product (PSS) S/ESG Labeling & Rating	Measuring Supply Chain S/ESG Impacts
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Employee Engagement with S/ESG		

# 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 100 KSIs
- Score our company from Stage 0.5 to Stage 4.0
- Analytics downloadable:
  - 100 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**

**Key Question:** 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, stages are additive; 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

EXAMPLE



# Get Started Now

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<https://esgnavigator.com/request-log-in-access>

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For more information...

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