



The ESG matrix

Understanding the alphabet soup of ESG

Our speakers



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Webinar goals

In this webinar, you will learn:

- 1.** Define disclosures, frameworks
- 2.** Connect the frameworks
- 3.** Understand what's right for your company
- 4.** Discover industry trends
- 5.** Plan next steps

Defining the Alphabet Soup



Where do I start?

- Where do you jump in?
- What makes sense for your company?
- What do all these acronyms mean?



What and how do I disclose?

- Is disclosing on your website enough?
- Are there specific standards that can help structure your disclosures and provide legitimacy?

Why disclose?

The value drivers of ESG disclosures:



Attract investors



Streamline operations



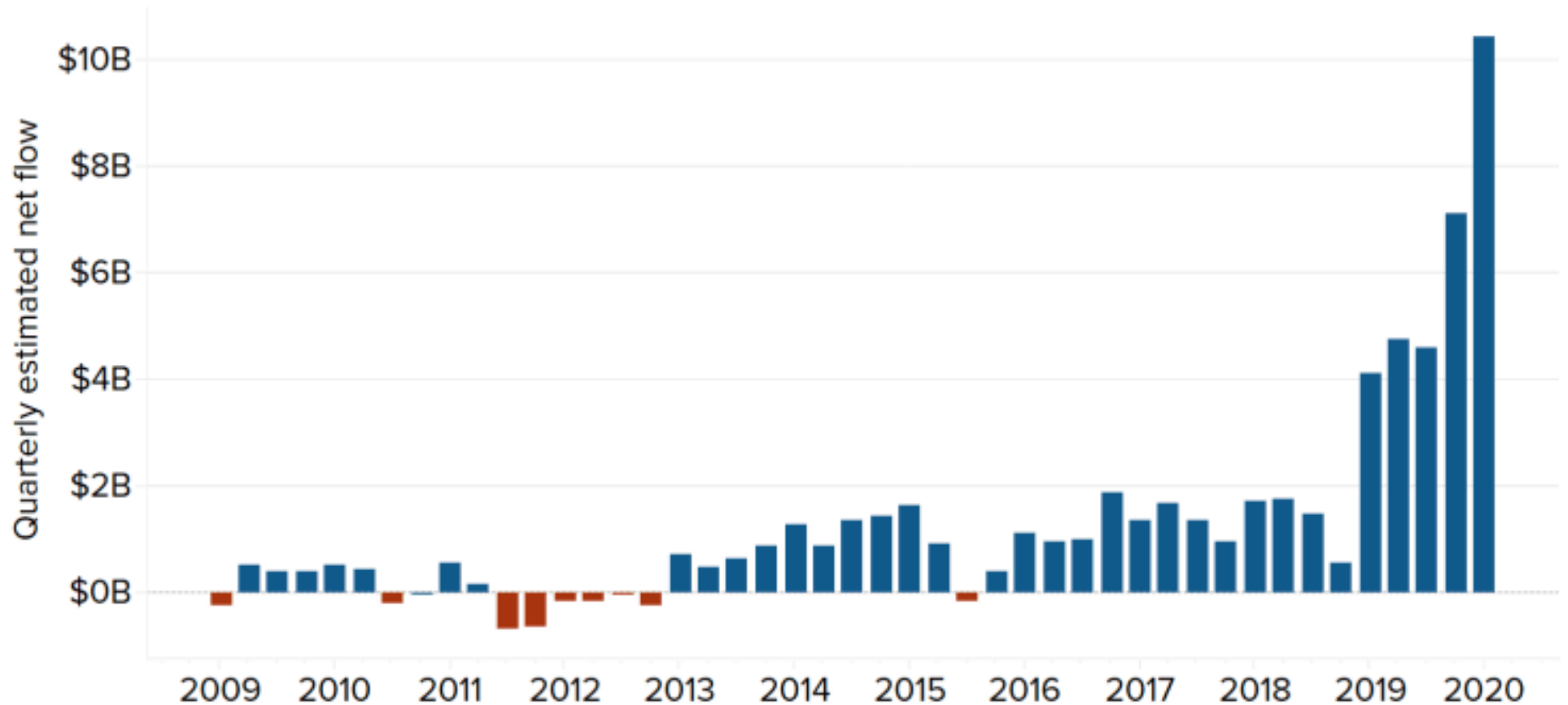
Mitigate risk



Comply with regulations

Chartboard 1

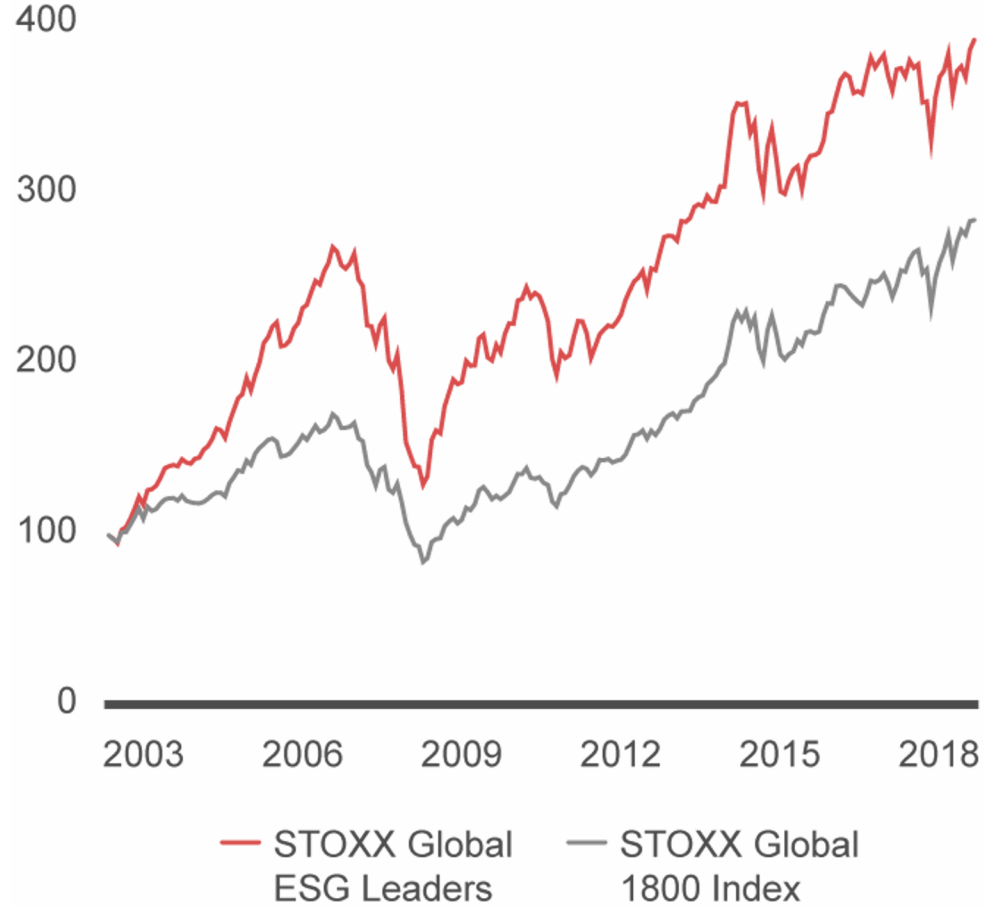
Sustainable funds see record inflows in first quarter



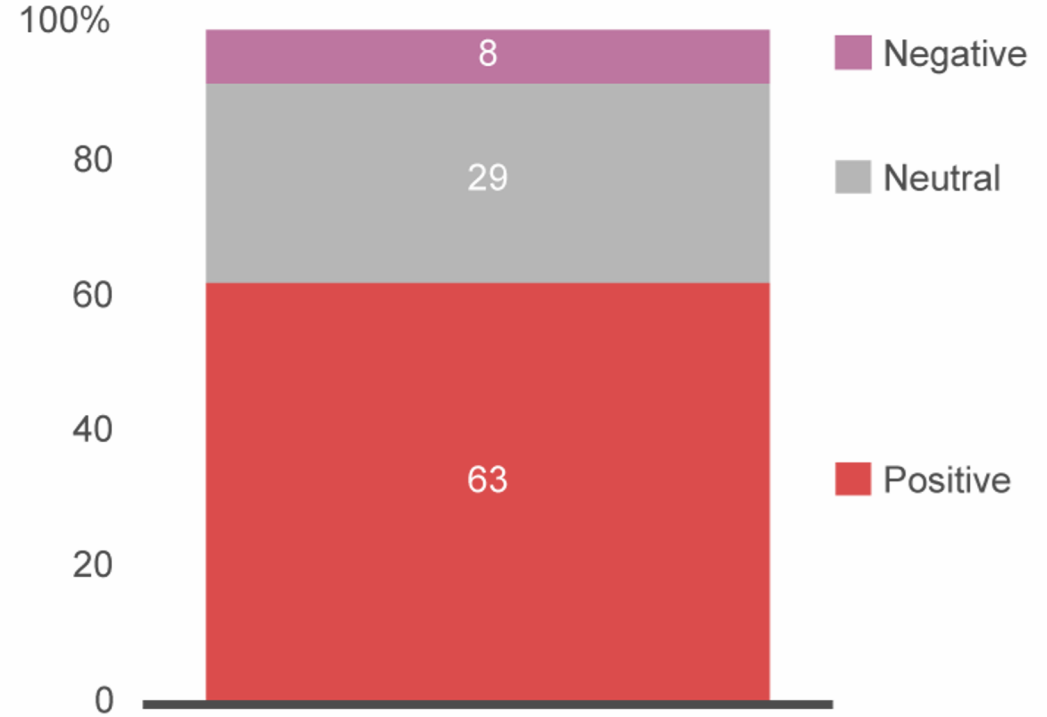
SOURCE: Morningstar Direct, as of 3/31/2020. (ESG Integration, Impact, and Sustainable Sector funds as defined in Sustainable Funds U.S. Landscape Report, 2018. Includes liquidated funds; does not include funds of funds.



STOXX index performance (indexed to January 31, 2003)



Results of meta-studies on link between ESG and financial performance (by type of relationship)



Sources: DWS and University of Hamburg, "ESG and Financial Performance: Aggregated Evidence from More than 2,000 Empirical Studies," 2015; DWS and Global Research Institute, "ESG & Corporate Financial Performance: Mapping the Global Landscape," 2015; STOXX; Bain analysis

Defining the Alphabet Soup disclosure frameworks

Reporting frameworks



Guidance frameworks (standards)



Third-party aggregated frameworks

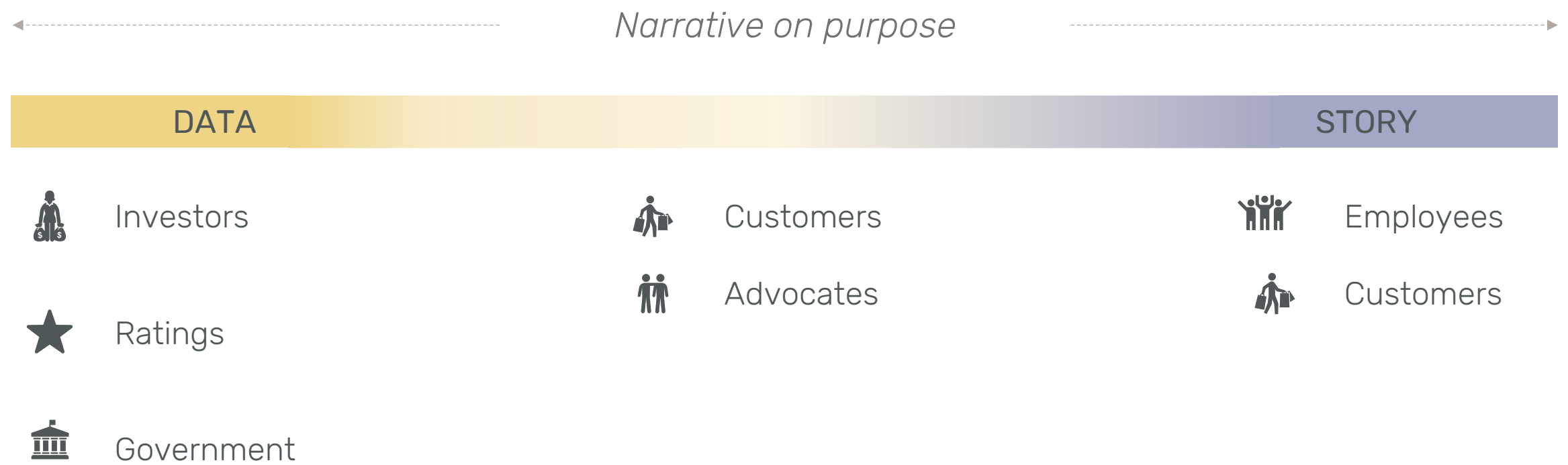


Framework Alignment

Why pick more than one? Where are they going to be reported? Think audience & impact



The data-story continuum



How do TCFD & SASB fit into sustainability?

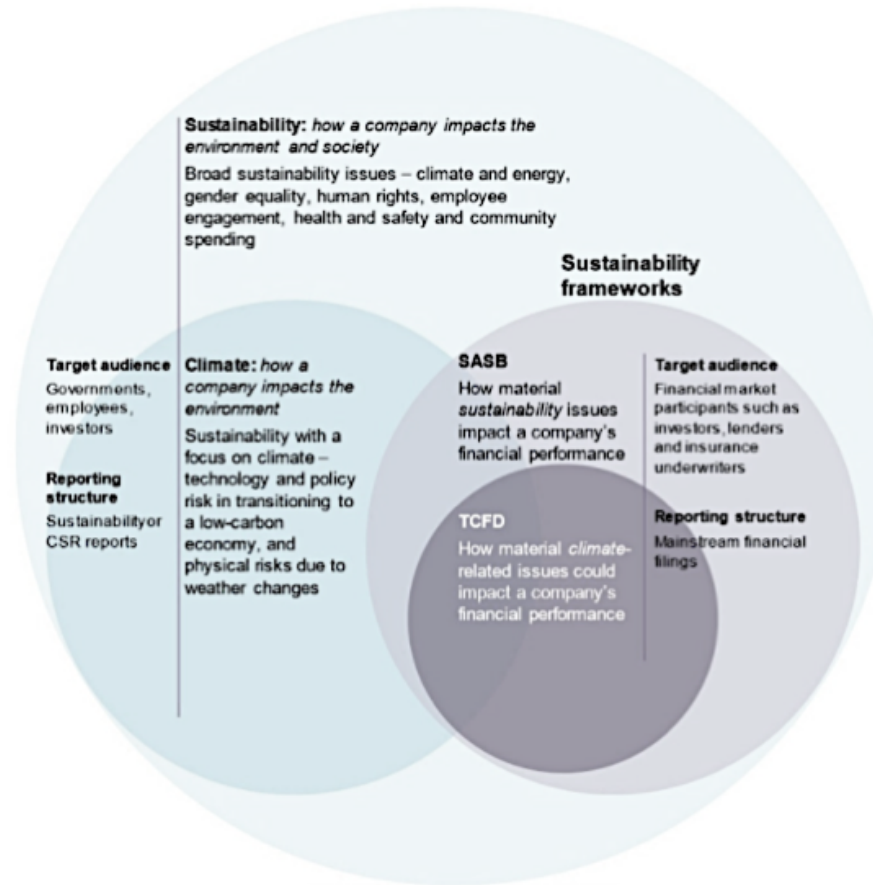


Figure 6. Alignment of TCFD Recommended Disclosures with the Requirements of the CDSB Framework and SASB Standards.

• CDSB Requirement is aligned with TCFD recommendations	◊ SASB metrics and guidance are aligned with TCFD recommendations	# SASB metrics are aligned with TCFD guidance in key industries
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Recommendations of the Task Force on Climate-Related Financial Disclosures

	Governance		Strategy			Risk Management			Metrics & Targets		
CDSB FRAMEWORK REQUIREMENTS	G a)	G b)	S a)	S b)	S c)	RM a)	RM b)	RM c)	MT a)	MT b)	MT c)
REQ-01: Governance	•	•						•	•		
REQ-02: Policies, Strategy & Targets		•	•	•			•		•	•	•
REQ-03: Risks & Opportunities			•	•	•	•	•	•			
REQ-04: Sources of Impacts									•	•	•
REQ-05: Performance & Comparison									•	•	•
REQ-06: Outlook			•	•	•		•	•			
REQ-07: Organisational Boundary											
REQ-08: Reporting Policies											
REQ-09: Reporting Period											
REQ-10: Restatements											
REQ-11: Conformance											
REQ-12: Assurance											
SASB STANDARDS	G a)	G b)	S a)	S b)	S c)	RM a)	RM b)	RM c)	MT a)	MT b)	MT c)
Standards Application Guidance	◊	◊	◊	◊	◊	◊	◊	◊	◊	◊	◊
Industry-Specific Standard(s)	#	#			#		#	#	◊	#	◊

SASB materiality map

		Consumer Goods	Extractives & Minerals Processing	Financials	Food & Beverage	Health Care	Infrastructure	Renewable Resources & Alternative Energy	Resource Transformation	Services	Technology & Communications	Transportation
Dimension	General Issue Category ^①	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand
Environment	GHG Emissions											
	Air Quality											
	Energy Management											
	Water & Wastewater Management											
	Waste & Hazardous Materials Management											
	Ecological Impacts											
Social Capital	Human Rights & Community Relations											
	Customer Privacy											
	Data Security											
	Access & Affordability											
	Product Quality & Safety											
	Customer Welfare											
Human Capital	Selling Practices & Product Labeling											
	Labor Practices											
	Employee Health & Safety											
Business Model & Innovation	Employee Engagement, Diversity & Inclusion											
	Product Design & Lifecycle Management											
	Business Model Resilience											
	Supply Chain Management											
	Materials Sourcing & Efficiency											
Leadership & Governance	Physical Impacts of Climate Change											
	Business Ethics											
	Competitive Behavior											
	Management of the Legal & Regulatory Environment											
	Critical Incident Risk Management											
	Systemic Risk Management											

Framework alignment

- Alignment to TCFD
 - CDP near perfect alignment
 - GRI has wider subject scope, and not all of TCFD's recommended disclosures are fully covered (particularly resilience). GRI offers wider guidance
 - SASB are well-aligned and complementary. Organizations fully meet TCFD recommendations with SASB standards
 - GRESB has some alignment, but far more with the resilience module
- CDP, GRI, SASB intentionally aligned with one another
- GRESB provides wider guidance, and shares about half of the disclosures of SASB
- DJSI is more industry specific in some questions, but intentionally aligns to climate change questions of the CDP/suggested disclosures of SASB
- UNPRI intentionally aligned to GRI, with inclusion of SDGs

	Investor focus	Industry-specific	Who reports	Reporting period	Scoring
	✗	✗	Public and private organizations, municipalities, government agencies, universities, hospitals, NGOs.	Anytime, but typically integrated into a company's traditional annual report.	Focus is on transparency, no scoring methodology. G.4 framework requires entity reporting to choose "Core" or "Complete" reporting
	✗	✓	Public and private organizations, municipalities, government agencies, NGOs, supply chains.	Climate Change program: Feb.1 – May 29 Supply Chain program: April 1 – July 3 Cities program: Jan. 1 – Mar. 31 • Water and Forestry programs: Feb. 1 to June 30	Separate scores for Disclosure and Performance using a 100-point scale. Top scoring companies enter the Carbon Disclosure Leadership Index (CDLI).
	✓	✓	Everyone	Yearly or more frequently	Focus is on transparency, no scoring methodology.
	✓	✓	Everyone	Recommended annually	Focus is on transparency, no scoring methodology.
	✓	✓	Real Estate firms	April 1 – June 30	Responses scored out of a possible 140.5 points distributed across two categories of data. Heavy weighting placed on implementation and asset level performance.
	✓	✓	Public companies	April 3 – May 28	Companies receive a total Sustainability Score is between 0 –100 and are ranked against peers; includes a Media and Stakeholder Analysis; those scoring within the top 10%are included in index.
	✓	✗	Everyone, with focus on investments	April 1 st deadline	Year-on-year progress and broad scoring bands,
	✓	✓	Anyone who wants to adopt	Anytime,	Focus is on adoption, no scoring

What's right for your company?

Audience

- Who is your audience for your disclosures?
- What do you want your audience to understand about your ESG efforts?
- Do you have different stakeholder groups that you think should be informed about your ESG work?

Drivers

- What is motivating you to think about ESG disclosures?
- Are there conflicting opinions on disclosure within your organization and stakeholder groups?
- Are there any risks in **not** adopting a new reporting or disclosure framework?

Resources

- What resources do you have dedicated to this?
- Do you have personnel available during the reporting seasons?
- Do you have the capacity and time to produce a stand-alone report?
- Are there any cases where you would need to introduce outside help to meet timelines?

Case Study: Company A

Builds, owns, and manages multi-family residential buildings

- **Goals:**
 - Benchmark their portfolio's ESG performance against peers
 - Advertise their sustainability initiatives to possible tenants
 - Accurately report on their GHG emissions as requested by stakeholders
 - Provide a "scorecard" to potential investors
- **Potential Frameworks:**
 - GRESB
 - with ownership and management at a property level, collecting environmental performance data is simplified for Company A
 - GRESB will provide a score on overall ESG performance as well as contextualize Company A's achievements amongst its peer group
 - CDP
 - Specific to GHG emissions, CDP will be able to provide Company A with a comprehensive understanding of its carbon footprint, a priority of their stakeholders
 - GRI
 - A sustainability report utilizing the GRI framework will provide a platform for Company to identify and disclose on topics that are material to their stakeholders, including tenants
 - This GRI report can display the initiatives that Company A has implemented, data regarding their environmental performance, any certifications such as LEED or ENERGY STAR, as well as overall ESG strategies in one overarching document.

Industry trends

1. TCFD & climate resilience
2. Measurable goal setting
3. Stand-alone reports

Still lost?

IMPORTANCE TO STAKEHOLDERS	Major		<div><div></div> Natural resources and water stewardship</div> <div><div></div> Climate change</div>	<div><div></div> Supply chain stewardship</div> <div><div></div> Over and under nutrition</div>
	Significant	<div><div></div> Women's empowerment</div> <div><div></div> Community relations</div>	<div><div></div> Rural development and poverty alleviation</div> <div><div></div> Human rights</div> <div><div></div> Business ethics</div> <div><div></div> Responsible marketing and influence</div> <div><div></div> Product quality</div> <div><div></div> Food and nutrition security</div> <div><div></div> Resource efficiency, waste and the circular economy</div>	<div><div></div> Food and product safety</div> <div><div></div> Changing consumer demographics and trends</div> <div><div></div> Product packaging and plastic</div>
	Moderate	<div><div></div> Animal welfare</div> <div><div></div> Employee safety, health, wellness</div> <div><div></div> Decent employment and equal opportunities</div>	<div><div></div> Product regulation and taxation</div> <div><div></div> Geopolitical uncertainty</div> <div><div></div> Responsible use of technology</div> <div><div></div> Data privacy and cyber security</div>	
		Moderate	Significant	Major
IMPACT ON COMPANY A'S SUCCESS				

Questions?



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Thank you!

And please VOTE!