

The background is a collage of business-related graphics. At the top left, there's a list of items with a plus icon. Next to it are two donut charts showing 86% and 62%. To the right is a horizontal bar chart. In the center, a hand points at a vertical bar chart with an upward-trending blue arrow. At the bottom, there's a line chart with candlestick-like markers.

## Achieve Results With Your ESG Reporting

March 26, 2019



# Benefits of NAEM Community

## Conferences



## Research



## Networking



## Publications



Actionable Strategies that Empower Corporate  
EHS&S Leaders to Make an Impact



# A diverse community for EHS&S leaders



# Today's Speakers



**Kristen Lang**  
*Senior Director of  
Company Network*  
CERES



**Nathan Shuler**  
*Sustainability Solutions  
Architect*  
Schneider Electric

**Have a question?**

**Type it into the chat  
box in the lower  
right-hand corner.**



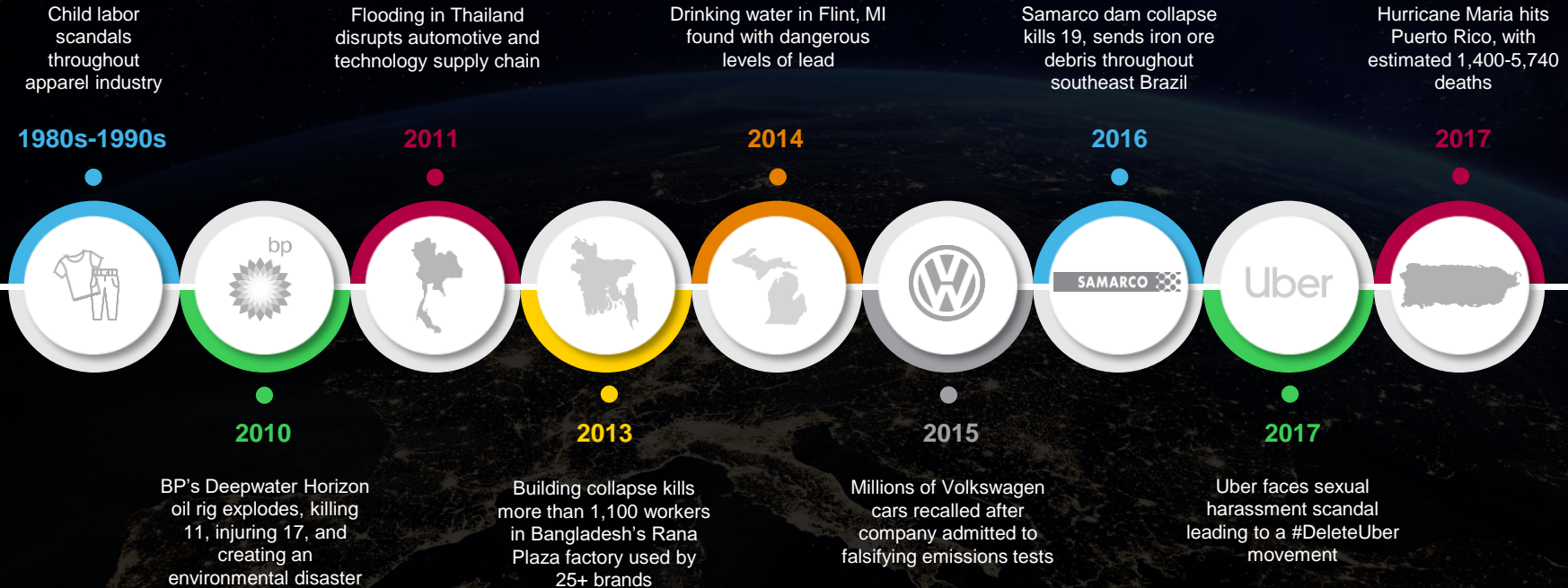


# What is ESG?



SOURCE: Enterprise Risk Management, COSO & WBCSD

# A Timeline of ESG-related Impacts



SOURCE: Organizations that have experienced ESG-related impacts, COSO & WBCSD



# Determining Materiality

Review Current Approach + Identify Risks & Opportunities



Example ESG-related Risks or Opportunities				
TYPE	RISK/OPP	ENVIRONMENT	SOCIAL	GOVERNANCE
Strategic	Customer preference		●	
	Investor interest	●	●	●
Ops	Raw materials	●		
	Business continuity	●		
Financial	Tax transparency		●	●
	Local content		●	
	Taxation	●		
Compliance	Reporting	●		
	Disclosure	●		●

# Fund Family Puts ESG Investing At Investors' Fingertips

JANUARY 28, 2019 • TRACEY LONGO

## 'Sustainable' funds outperformed the

Last Updated : Jan 30, 2019 10:15 AM IST | Source: Moneycontrol.com

## All about growing wealth while being socially responsible on ESG funds

More and more institutional investors have been moving towards allocating a higher sum towards this investing platform or are incorporating Environmental, Social and Governance (ESG) issues into their investment decision making

SECTIONS

WATCHLIST >

MarketWatch

## Opinion: When stock markets turned turbulent, ESG funds punched above their weight

Published: Jan 29, 2019 4:07 p.m. ET

SUSTAINABLE INVESTING FINANCIAL MARKETS

## Values a Beat the The State of Socially Responsible Investing

by Adam Connaker and Saadia Madsbjerg

JANUARY 17, 2019  
By Leslie P. Norton Jan. 4, 2019 7:23 p.m. ET

## Fitch Ratings Launches ESG Relevance Scores to Show

or Danish pension funds in  
ng round

## Bucking the Trend, Flows Into ESG Funds Set Another Record in 2018

## Responsible investing survey reveals major shift in ESG Thinking

Jon Hale, Ph.D., CFA 24 Jan 2019

Words by Amy Brown

## The New York Times Responsibly

Investors need more information, but it's not clear who will end up paying for it.

By Mark Gilbert

INVESTMENT & MARKETS

## If 2018 Was the Year of ESG investing, What Will 2019

## New research finds that ESG screening boosts stock market performance

## Schroders expands multi-factor range with ESG fund

Michael Holder

Tuesday, January 22, 2019 By Chris Soley / 25 Jan, 2019

rt says

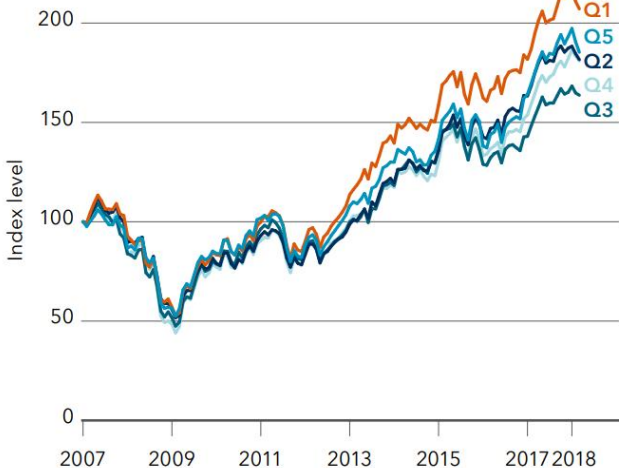


# ESG Financial Impacts

## Market Buffering

### Making the grade

Performance of European stocks by ESG quintiles, 2007–2018



Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index. Sources: BlackRock Investment Institute, with data from MSCI, April 2018. Notes: European stocks are represented by the STOXX 600. Quintile 1 is the 20% of STOXX stocks with the highest MSCI ESG scores, followed by quintiles 2 through 5. ESG scores are lagged by one month. Returns are cumulative from Jan. 31, 2007, to March 31, 2018. Data were rebased to 100 at Jan. 31, 2007.

SOURCE: Blackrock, Sustainability Investing: A "Why Not" Moment

“Companies in the top quintile of MSCI’s ESG scores outperformed since 2007. The **first quintile (top 20%) outperformed fairly consistently**, while results for the remaining quintiles were more dispersed. Companies that **didn’t report ESG metrics were fairly reliable laggards**, we also found. **Top ESG scorers led the pack.**”

# BETTER

PERFORMANCE | RISK MANAGEMENT | PERCEPTION | MANAGEMENT

# Sustainability Alphabet Soup

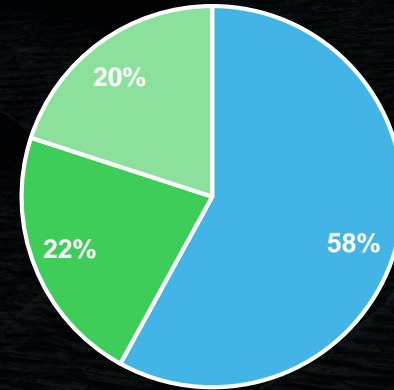
And the real data challenge



## TCFD



## Not everyone knows BY THE NUMBERS



- Share some data across departments
- Share data across the enterprise
- Don't share data across departments

Source: 2019 Corporate Energy & Sustainability Progress Report



Learn more:  
[insights.se.com](https://insights.se.com)



# Sustainability Alphabet Soup

And the real data challenge



TCFD



“ 75% of senior executives in investment firms agree that a company’s good sustainability performance is materially important when making investment decisions. However, only 60% of managers in publicly traded companies believe that good sustainability performance is materially important to investors’ investment decisions. ”

SOURCE: INVESTING FOR A SUSTAINABLE FUTURE, MIT SLOAN MANAGEMENT REVIEW



# Sustainability Alphabet Soup

And the real data challenge



TCFD



Michael Bloomberg

Mark Carney



# Ceres

*Sustainability is the bottom line.*



# The Sustainable Investment Landscape



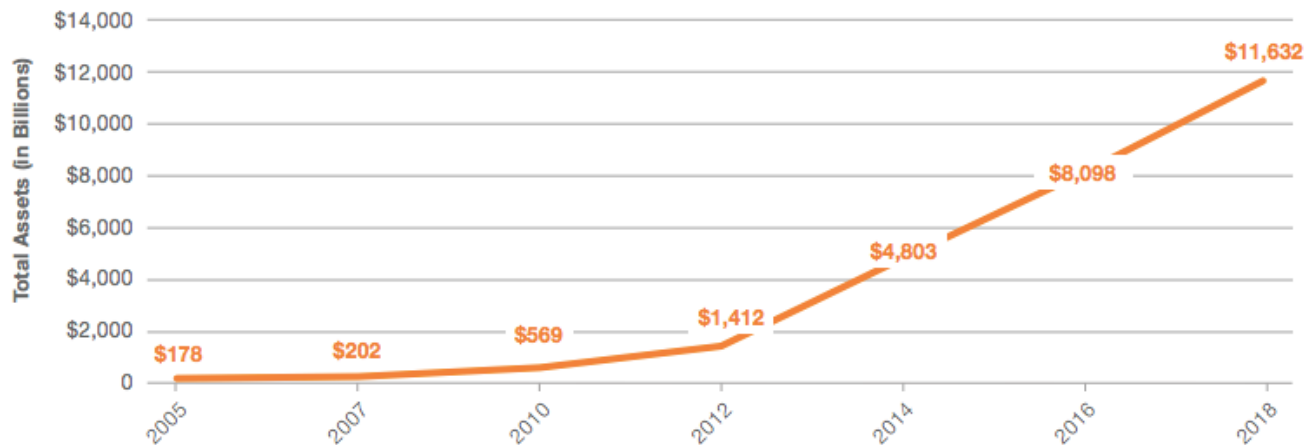


# The Investment Landscape



## Sustainable and Impact Investing— Money Managers 2018

Growth of ESG Incorporation by Money Managers 2005–2018



Money Manager Assets, by Type, Incorporating ESG Criteria 2018



# Not all investors are the same

**“ESG investing is not just one thing.** It could be integrating ESG into the entire analysis process, the portfolio manager trying to figure out best in class, or momentum stories of companies just starting to get into sustainability, etc. It’s important for investor relations teams to understand that dynamic.

**There is no one-size-fits-all approach.”**

Jamie Martin, Executive Director  
Global Sustainable Finance  
Morgan Stanley



# Calls for Disclosure and Accountability



“We think that the lead independent director should talk about [ESG]. If there is a board committee—and we think there should be one, whether it is part of another committee or standalone—the chair of that committee should be able to engage with investors on these topics.”

Tim Goodman, Director of Engagement  
Hermes Investment Management





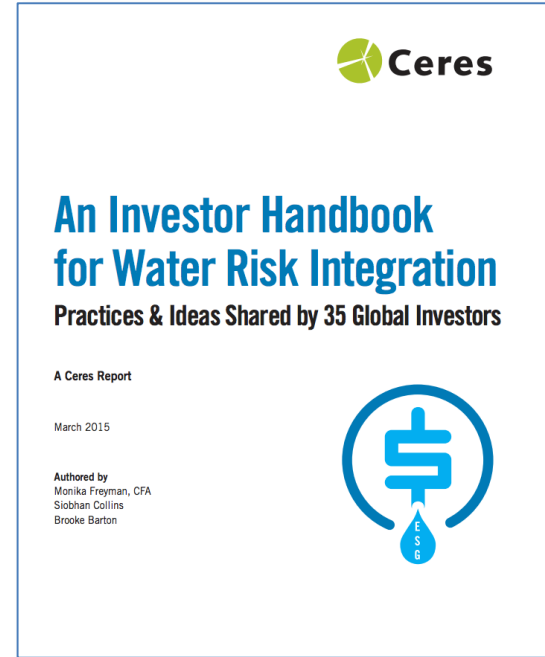
# Investors Taking Action



# Investors Taking Action

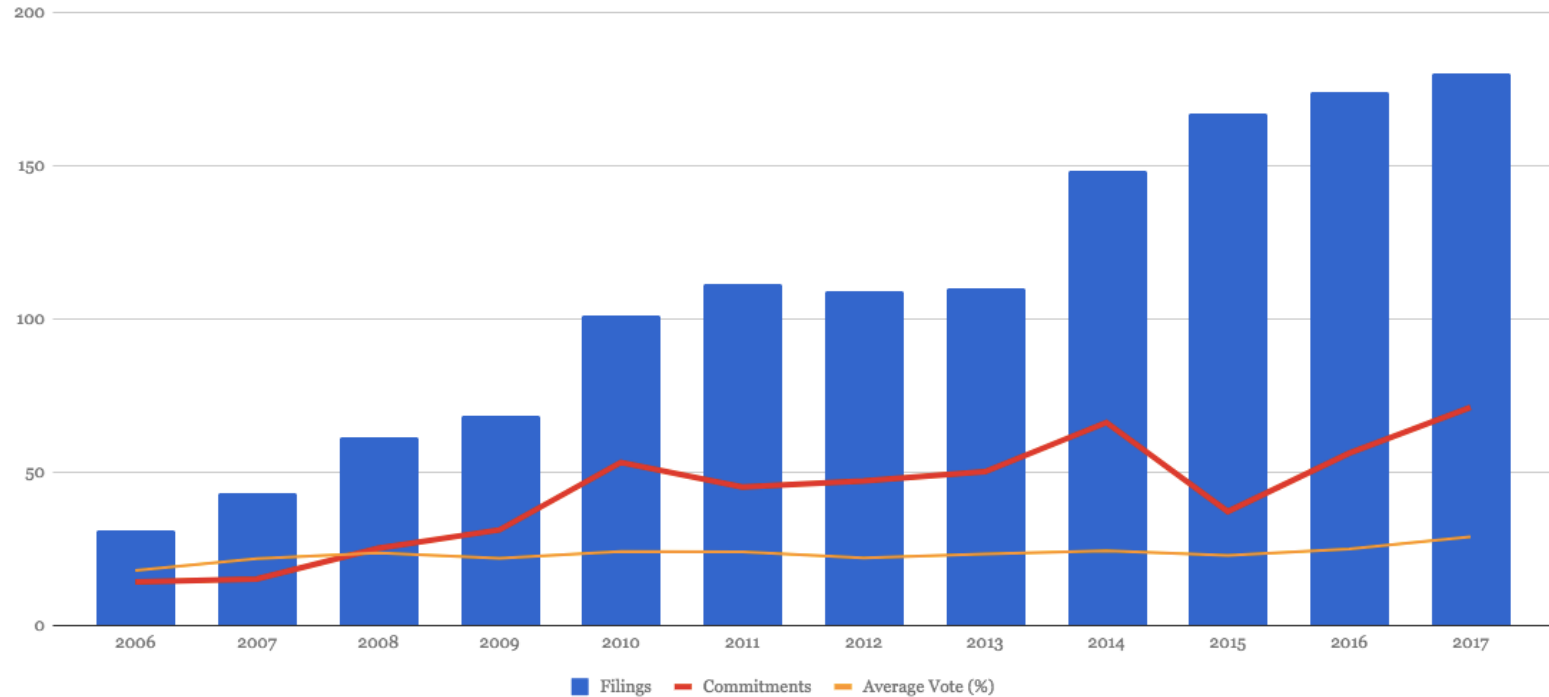
**“[Water] is a really critical determination for anyone working in the investment space at this time. If they have not already developed a set of internal metrics and a risk evaluation procedures around the water risk that their portfolio companies face, they are behind.”**

**Ken Locklin, Director  
Impax Asset Management**



# Investors Taking Action

U.S. Climate-Related Shareholder Resolutions (2006-2017)





# Ceres

*Sustainability is the bottom line.*

# CHANGE THE CONVERSATION:

Redefining How Companies Engage  
Investors on Sustainability





# Strategy #1: Formalize sustainable business integration

## RECOMMENDATIONS



1. Demonstrate accountability for sustainability.



2. Develop the sustainability business case.



3. Cultivate collaboration between sustainability, investor relations and governance teams.

“Investors are always looking for higher returns, but **sustainability is handicapped** because investors think it’s being led by people who don’t understand the business. This means **it is hugely important to demonstrate concrete business cases that deliver real results.**”

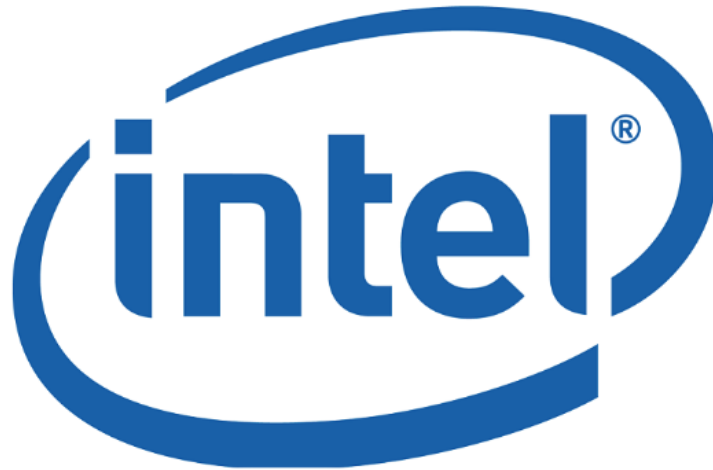
Rebecca Henderson, Board Director at Amgen and Idexx  
Harvard Business School Professor



# Company in Action

“ We have found that our integrated and year-round approach to investor outreach and reporting has resulted in improved insights into our investors' ESG strategies and has also further strengthened our internal collaboration and integrated thinking.”

Suzanne Fallender, Director of Corporate Responsibility at Intel





## Strategy #2: Identify what to disclose and where to disclose it

### RECOMMENDATIONS



1. Focus investor-directed disclosures on what is material, but don't ignore emerging trends.



2. Disclose decision-useful information, both quantitatively *and* qualitatively.



3. Disclose sustainability information consistently where investors are already looking.

“BlackRock's engagements with companies focus on the financially material sustainability topics most relevant to their business and long-term economic value. Sound practices around ESG factors inherent to a company's business model can be a signal of operational excellence and management quality.”

Michelle Edkins

Managing Director, Global Head of Investment Stewardship, BlackRock



# Company in Action

“For an airline like JetBlue with a significant focus in the Caribbean, the prospect of more extreme storms raises a legitimate concern: how prepared is JetBlue to deal with changing weather patterns that may be caused by climate change? Our experience with hurricanes Harvey, Irma and Maria shows that **JetBlue is well positioned among major airlines to deal with the impacts of a changing climate.**”

JetBlue 2018 joint SASB and TCFD report

jetBlue®







## Strategy #3: Implement a proactive investor engagement strategy

### RECOMMENDATIONS



1. Use language that investors understand and value.



2. Leverage the C-suite and board of directors as key messengers.



3. Diversify investor engagement strategies.

**“Letting investors into your thinking and strategy should not be limited to times of crisis. Making a company’s position known on a sunny day means that when things are complex or there is opposition, there is no last-minute panic of trying to socialize how the company thinks about risks and opportunities.”**

Danielle Sugarman, Vice President Investment Stewardship  
BlackRock



# Company in Action

“Sustainability is unlocking product innovations that are high performing, both in terms of athlete experience and revenue growth....Since the launch of Nike’s FlyKnit technology, the product has generated over \$1 billion in revenue growth, and is quickly approaching \$2 billion.”

Andy Campion, Chief Financial Officer  
Nike, Inc.



# A Two-Way Street: A Call for Increased Investor Transparency

**“The investment community needs to up their game by connecting the dots between sustainability and financial performance. We can’t get away with the same type of questions we did 5-6 years ago. We need to ask tougher questions that drive companies to communicate the business case for sustainability.”**





# Ceres

*Sustainability is the bottom line.*

## CHANGE THE CONVERSATION:

Redefining How Companies Engage  
Investors on Sustainability

[www.ceres.org/ChangeTheConversation](http://www.ceres.org/ChangeTheConversation)





# Communicating for Success

Sustainability & Investor Relations Toolbox



# Managing the Relationship

INVESTOR CALLS



INSIGHT INTO ESG

STAKEHOLDER INTERVIEWS



POSITIONING

FINANCIAL REPORTS



UNDERSTAND RATINGS, RANKINGS

SHAREHOLDER RESOLUTIONS



ESG RESOLUTIONS

AUDIENCE MANAGEMENT



COMMUNICATION





# 2019

## GLOBAL SUSTAINABILITY REPORTING & COMPLIANCE CALENDAR

### JANUARY

SUN	MON	TUE	WED	THU	FRI	SAT
		01	02	03	04	05
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

### FEBRUARY

SUN	MON	TUE	WED	THU	FRI	SAT
					01	02
03	04	05	06	07	08	09
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

### MARCH

SUN	MON	TUE	WED	THU	FRI	SAT
						01
03	04	05	06	07	08	09
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

### APRIL

SUN	MON	TUE	WED	THU	FRI	SAT
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14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

### MAY

SUN	MON	TUE	WED	THU	FRI	SAT
					01	02
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

### JUNE

SUN	MON	TUE	WED	THU	FRI	SAT
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09	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

### JULY

SUN	MON	TUE	WED	THU	FRI	SAT
01	02	03	04	05	06	
07	08	09	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

### AUGUST

SUN	MON	TUE	WED	THU	FRI	SAT
					01	02
04	05	06	07	08	09	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

### SEPTEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
		01	02	03	04	05
08	09	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

### OCTOBER

SUN	MON	TUE	WED	THU	FRI	SAT
		01	02	03	04	05
06	07	08	09	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

### NOVEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
					01	02
03	04	05	06	07	08	09
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

### DECEMBER

SUN	MON	TUE	WED	THU	FRI	SAT
		01	02	03	04	05
08	09	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

### JANUARY

- CCA annual year reports submitted to sectors (deadlines sector-specific)
- EED annual reporting deadline (country-specific)

### FEBRUARY

- CCA annual year reports submitted to sectors (deadlines sector-specific)

### MARCH

- CCA annual year reports submitted to sectors (deadlines sector-specific)
- UK EU ETS emissions reports to be submitted - March 11
- UK EU ETS allowances surrendered in trading registry - March 15
- CHPQA report submission deadline
- EED annual reporting deadline (country-specific)
- State aid for indirect cost compensation application deadline (country-specific)
- EPA MRR Compliance reporting deadline
- EU ETS emissions reports to be submitted to local regulators - March 31

### APRIL

- CCA annual year reports submitted to sectors (deadlines sector-specific)
- SBT target validation deadline to include in CDP 2019 - April 15
- EED annual reporting deadline (country-specific)
- CDP cities response submission deadline - April 26
- EU ETS allowances surrendered in trading registry - April 30

- BECS deadlines throughout the year
- GRI open throughout the year

### MAY

- DJSI response submission deadline - May 31

### JUNE

- EU ETS improvement reports deadline
- EEG exemption deadline (Germany)

### JULY

- GRESB response submission deadline - July 1
- CRC annual reporting deadline
- CDP supply chain & investor response submission deadline - July 31

### SEPTEMBER

- CRC allowances payment window

### OCTOBER

- CRC allowances surrender
- State aid for indirect cost compensation application deadline (Denmark, Italy)
- NGER deadline - Oct 31

### NOVEMBER

- ENERGY STAR building certification deadline - Nov 15

### DECEMBER

- BEGES report submission deadline
- EU ETS capacity changes and non-significant changes
- EEDI/ESOS qualification deadline (country-specific)
- MCP Directive to be applied for new plants

\* Deadlines are subject to change.  
Check reporting website for up-to-date information.



contact@ems.schneider-electric.com



schneider-electric.com/ess



Blog



Schneider Electric Energy & Sustainability Services



@SchneiderESS



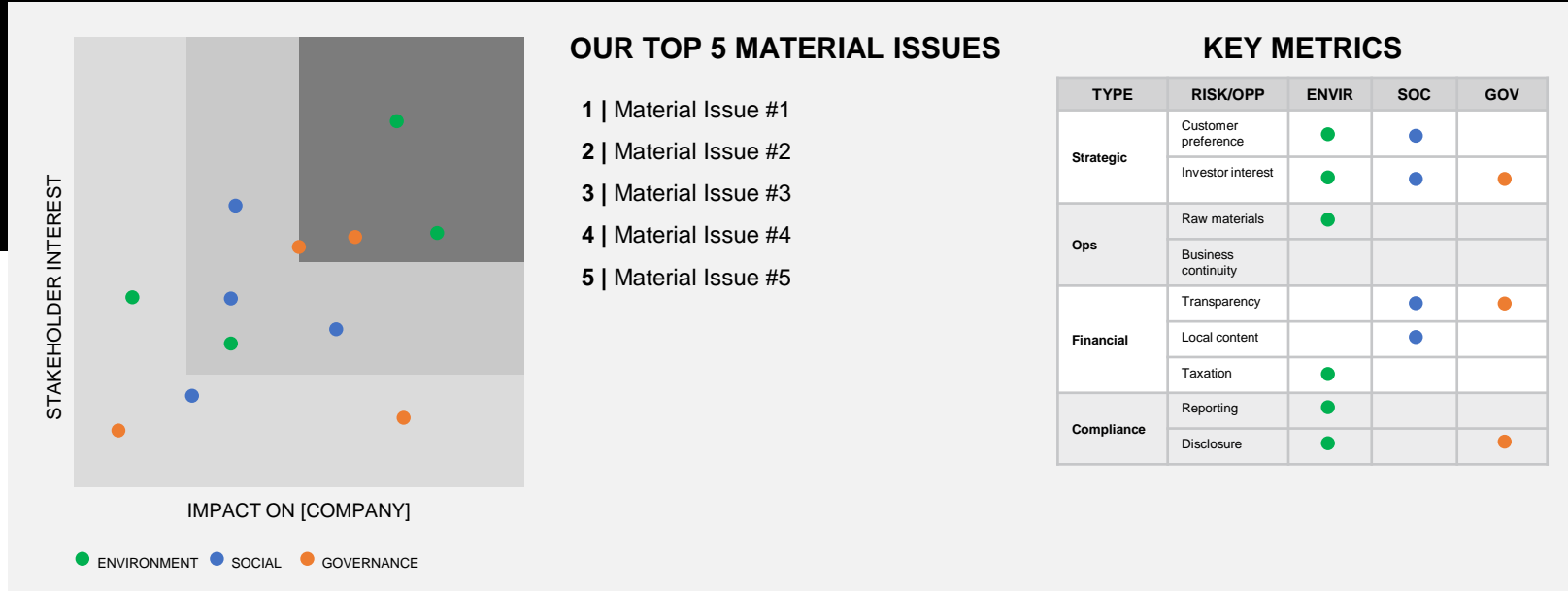
Reference Library

Life Is On

Schneider  
Electric

Never miss a deadline!

# WHAT WE'RE TRACKING



## [COMPANY] MATERIALITY MATRIX

Insert more information around material issues across your company and value chain.

## [COMPANY] MATERIAL ISSUES

Insert more information around how you're tracking against material issues across your company and value chain.



# WHAT WE'RE ALIGNED WITH

## TARGETS & ORGANIZATIONS



[INSERT OTHERS]

[INSERT INDUSTRY CHARTERS]

## OUR GOALS

1. GOAL	-/+ %
2. GOAL	-/+ %
3. GOAL	-/+ %
4. GOAL	-/+ %
5. GOAL	-/+ %
6. GOAL	-/+ %
7. GOAL	-/+ %

## [COMPANY] ORGANIZATION AFFILIATIONS

Insert more information around organization affiliations and what it means to your organization.

## [COMPANY] TARGETS AND GOALS

Insert more information around how you're tracking against goals and targets across your company.



# Question & Answer

Please input your questions in the chat box.



**NATHAN SHULER**  
Sustainability Solutions Architect  
Schneider Electric



**KRISTEN LANG**  
Director, Company Network  
Ceres

# Come Join NAEM's Solve-Its!

Proven process for facilitating collaboration that achieves business objectives



## ESG Reporting

Do you feel like you lack a clear ESG reporting strategy? Are you overwhelmed by the number of organizations asking for or using your sustainability data? Are you frustrated with the lack of consistency, standardization and transparency of the ESG organizations collecting and analyzing your data?

*Collaborate to solve challenges that can't be tackled alone!*



# Current Solve-It Topics



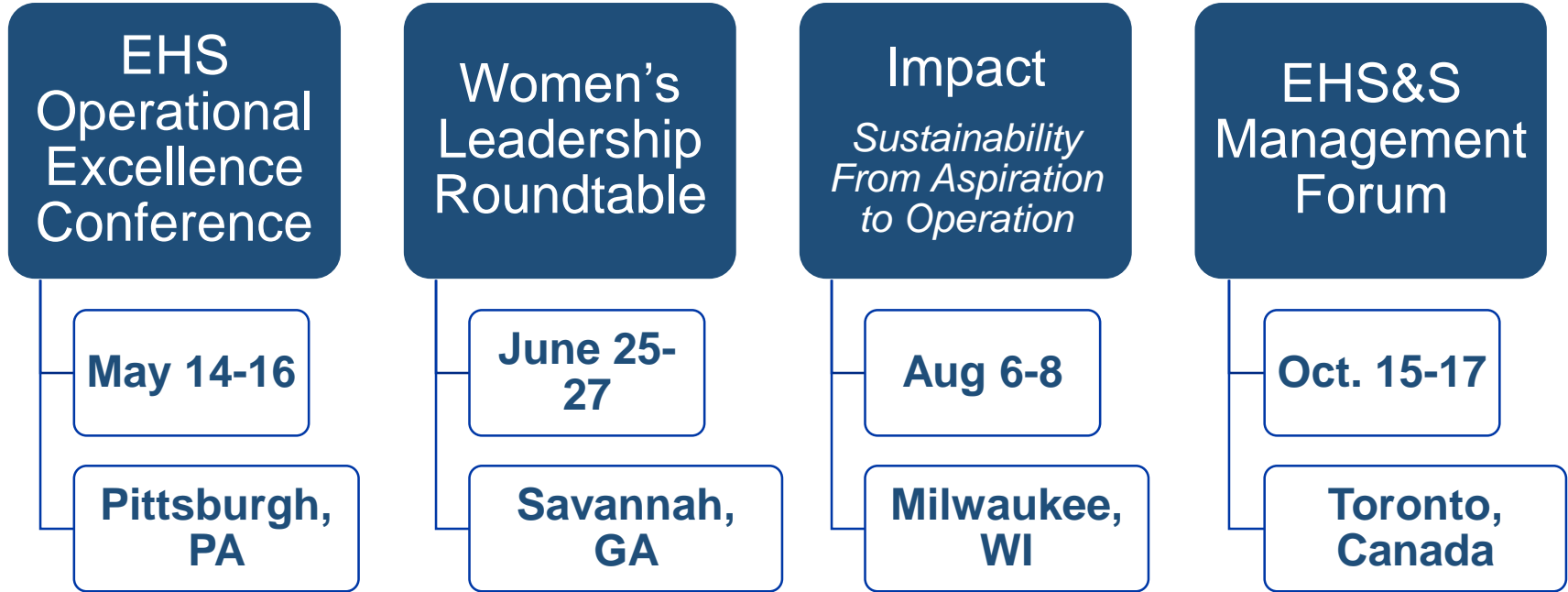
*Virtual Meetings between March and August*

*Email: [Mike@naem.org](mailto:Mike@naem.org)*





# 2019 Conference Dates



*Check our website for registration and additional information about our conferences!*

[www.naem.org](http://www.naem.org)



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  - YouTube: [www.youtube.com/NAEMorgTV](http://www.youtube.com/NAEMorgTV)

# Thank you for Attending!

- A recording will be available in 1-2 days. You will receive an email once it's posted to our site.
- Have a safe & great day!

