

ENVIRONMENTAL, SOCIAL, GOVERNANCE

Current State Assessment

ESG Scorecard



Key Objective: Provide clear understanding of relevant ESG issues to better manage business risks and seize opportunities

- Compare performance to industry and competitive set
- Identify sustainability risks and opportunities
- Improve stakeholder engagement



What

- Rapid diagnostic using 14 ESG criteria and industry weighting factor
- Overall ESG score and risk rating
- Benchmarking against competitors

- Complete an interactive ESG questionnaire with our experts
- Our experts research industry benchmarks and broadly used ESG scores and risk ranking data to define your current state





Company ABC

Armanino Strategy & Transformation

Company ABC is well positioned across Social and Environment pillars. Significant progress has been made in the maturation of environmental reporting, with an established energy management program and time-bound targets for greenhouse gas emissions. Governance presents that biggest organizational risk, with improved ESG board oversight and training as recommended next step and guick win.





Complete A In Progress A Gap





Environmental

Short explanation of Environmental



GREENHOUSE GAS EMISSIONS

Measure and report annual GHG emissions (6,500t CO2e, 50% reduction target by 2030)



ENERGY MANAGEMENT

Measure annual electricity consumption and % renewable (12,434 kWH 3% Renewable)



CLIMATE RISK

Completed climate risk assessment



Social

Short explanation of Social



DATA SECURITY

Zero data breaches involving PII data



EMPLOYEE HEALTH & SAFETY

Measure and report employee injuries and days lost



WORKFORCE DIVERSITY

Measure and report percentage gender and ethnic/racial representation for management and staff (43% Women, 32% Minority)



EMPLOYEE ENGAGEMENT

Regular employee engagement surveys



SUPPLY CHAIN MANAGEMENT

Supplier code of conduct policy with regular audit and compliance



Governance

Short explanation of Social



BOARD OVERSIGHT & COMPETENCY

Regular oversight over ESG risks and opportunities. Board member(s) with ESG competence



BUSINESS ETHICS

Business ethics policy



BOARD DIVERSITY

Measure and report board diversity



BUSINESS STRATEGY

Strategy to assess ESG risks & opportunities



RISKS & OPPORTUNITIES

Strategy to manage ESG risks & opportunities



TAX STRATEGY

Publicly available tax strategy



Scorecard Methodology



How we do the work

Listen Analyze Recommend Assess Design Deliver ESG scorecard Prepare ESG Complete ESG **Evaluate ESG** Review current scorecard based on with key questionnaire with questionnaire business strategy and recommendations questionnaire results, company leadership responses and assign any ESG policies, ESG scores, and risk (1 hour session) qualitative rating goals, and objectives Understand ESG information (including industry risks and Based on 14 weighting factor) Create C-Suite opportunities for key topic Executive the business areas Analyze ESG scores and risk ranking Presentation Collect company Ability to results communicate ESG scores and risk ESG progress to ranking data from Review ESG industry employees, MSCI, benchmark standards Sustainalytics, and customers, (average and S&P Global partners, and leadership level) other stakeholders

Industry weighting of key ESG issues



		Technology	Manufacturing & Distribution	Nonprofit	Healthcare	Private Equity	Cannabis	Real Estate
Environmental	Greenhouse Gas Emissions	Teelinelegy	Diotribution	Honprom	2	1 iivato Equity	Zamiabio	2
	Energy Management				2	2		2
En	Climate Risk							
Social	Data Security & Privacy			2				
	Employee Health & Safety					2		
	Workforce Diversity							
	Employee Engagement		2			2		
	Supply Chain Management					2		
Governance	Board Oversight & Competency			2				
	Board Diversity		2					
	Business Strategy		2					
	Risks & Opportunities							
	Business Ethics					2		
	Tax Strategy	2	2		2			





Assessment Questions

- Do you measure and report greenhouse gas emissions? What are your total emissions? Emissions reduction goals?
 Purchase carbon offsets?
- Do you measure and report energy consumption? Percent renewables?
- □ Do you assess and manage physical and transition risks associated with climate change? Integrated into enterprise risk management?
- □ Do you measure and report data breaches? Percentage involving personally identifiable information? Do you have a process to identify and manage data security risks?
- □ Do you measure and report employee injuries and days lost due to injury?
- □ Do you measure and report percentage of gender, racial/ethnic representation for management and staff? What percentages for gender and race/ethnicity?



Assessment Questions

- □ Do you conduct a regular employee engagement survey? Do you measure and report percent engagement? Engagement score?
- □ Do you have a supplier code of conduct policy, and audit and report supplier compliance? Measure and report supplier diversity?
- □ Does your Board have regular oversight over ESG risks and opportunities? And do you have at lease one Board member with competence on ESG issues?
- □ Do you measure and report Board diversity? Do you have at least two diverse Board members?
- □ Do you have a strategy to assess and manage ESG risks and opportunities? Engage stakeholders? Commitments to ESG partnerships and initiatives?



Assessment Questions

- □ Do you have a process to identify and manage ESG risks? Integrated into the company's overall risk management?
- □ Do you have a business ethics policy? Do you measure total amount of monetary losses from legal proceedings (fraud, regulations, laws)?
- □ Do you have a tax strategy? Publically available? Considering stakeholders? Linked to sustainabile development strategies?



ESG Rating Systems References

- MSCI public ESG ratings for over 2,900 companies
- Morningstar Sustainalytics public ESG ratings for over 20,000 global companies
- S&P Global public ESG ratings for over 11,000 companies





