

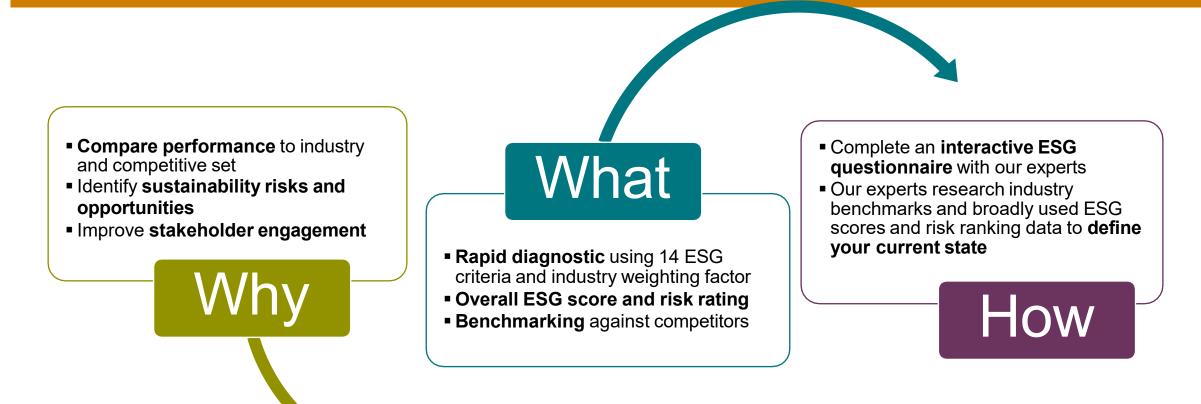
armanino.com

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





Company ABC

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 quick win.



ESG Scorecard Armanino Strategy & Transformation





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



TAX STRATEGY Publicly available tax strategy



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esg scorecard Scorecard Methodology

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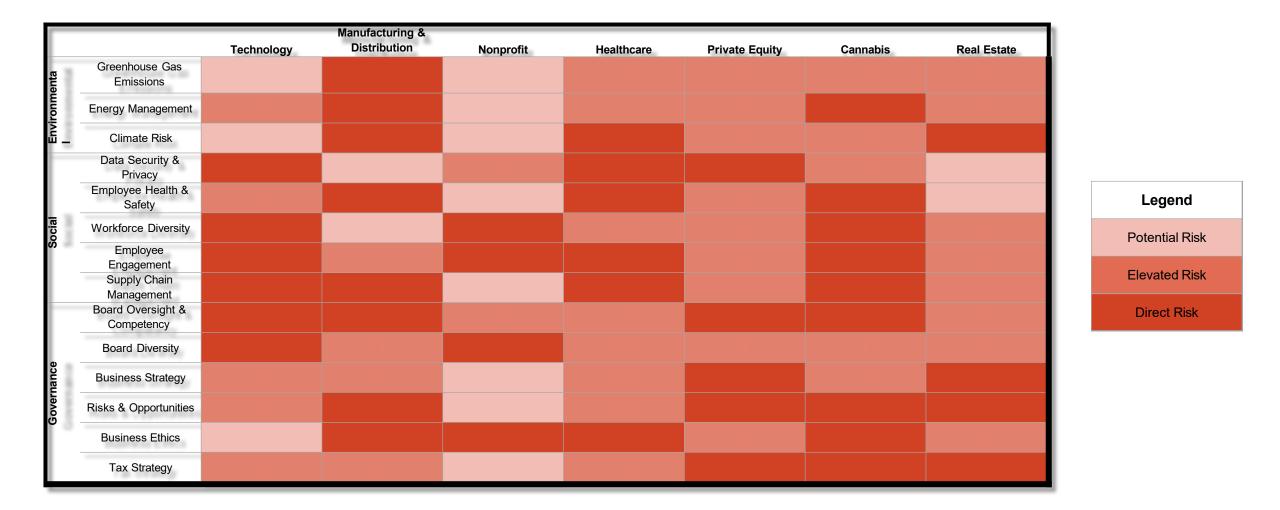


How we do the work

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



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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

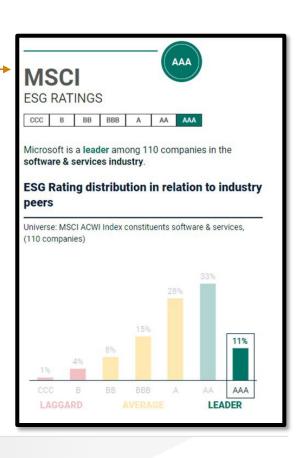
- Do you have a process to identify and manage ESG risks? Integrated into the company's overall risk management?
- Do you have a business ethics policy? Do you measure total amount of monetary losses from legal proceedings (fraud, regulations, laws)?
- Do you have a tax strategy? Publically available?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

Microsoft Corporation ESG Score		Microsoft Corp.		
		Industry Group: Software & Services	Country/Region: United States of America	
TICKER: MSFT Industry: SOF Software Country: United States of America		Identifier: NAS:MSFT		
ESG Score Result	Microsoft II Industry Mean Environmental Microsoft Corp. 43 Industry Mean 11 Microsoft Corp. 43 Industry Mean 14 Industry Best 80 Governance & Economic Microsoft Corp. 56 Industry Mean 23 Industry Best 77	Score History VY Change: -2	and Office productivity suite. The company is organiz business processes (legacy Microsoft Office, cloud- dynamics), Intelligence cloud (infrastructure- and pit server), and more personal computing (Windows Cli- tablets, and desitops). - show Less Full time employees: 221,000 ESG Risk Rating COMPREHENSIVE C 15.3 Low Risk	Industry Group (1st = lowest risk) Software & Services 76 out of 1109 Universe
Last Updated: December 16, 2022. Updated annually or in response to major developments.		Negligible Low Medium High Seven 0-10 10-20 20-30 30-40 40+	TO7 9 out of 15608	
Data Availability: 📕 Very High		Last Update: Apr 13, 2023 🚱		





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