

Investment in Environmental, Social & Governance Policies: Mixing Dollars With Values

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PERSEFONI



CORNERSTONE

— AN EMPLOYEE-OWNED COMPANY —



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Jack Belcher is a Cornerstone principal with more than 25 years of experience in energy, energy policy and sustainable development. Jack provides strategic and tactical advice to energy and transportation companies and financial institutions, focusing on government relations, regulatory affairs, public policy, strategic communications, situational risk management, and Environmental, Social, Governance.

Jack previously served as executive vice president of HBW Resources, LLC, regulatory affairs and policy manager for Shell North America's Exploration & Production Division, and staff director for the U.S. House of Representatives Subcommittee on Energy and Mineral Resources.

Jack also previously worked for the Independent Petroleum Association of America, Hart Energy Publications, and Texaco Gas Marketing Inc. He is certified by the Sustainability Accounting Standards Board (SASB) and the Task Force of Climate-related Financial Disclosure (TCFD). Jack holds a B.A. in Government from The University of Texas at Austin.

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Kristina Wyatt

Kristina is Persefoni's Deputy GC and SVP of Global Regulatory Climate Disclosure. She joined Persefoni from the Securities and Exchange Commission where she was Sr. Counsel to the Director of the Division of Corporation Finance, focused on climate and ESG. There, she helped lead the drafting of the SEC's climate disclosure rule proposals, and worked closely with other US regulatory agencies and the Financial Stability Oversight Council, and foreign regulatory agencies on climate disclosure policy issues. Before joining the SEC, Kristina was Director of Sustainability at the law firm Latham & Watkins. While at Latham, she built the firm's sustainability program and co-led its ESG practice.

Kristina holds a BA from Duke University, a JD from the University of Colorado, and an MBA in Sustainability from Yale University.

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What is ESG?



Why ESG Important?

- Companies that embrace ESG principles have lower costs of capital, higher valuations, are less vulnerable to risks, and are more profitable
- ESG is one of the most important business strategies that investors, policy makers, and other key stakeholders are closely monitoring
- ESG addresses a broad cross section of issues, from CO2 emissions to labor practices, compliance, reporting and investor ratings

Successful businesses take proactive measures to develop ESG plans that mitigate the adverse impact to their brands reputation and long-term viability



Why Focus on ESG?



Corporate Valuations



Employees Recruitment and Retention



Clients



Industrial Supply Chain



Mitigate Risks



Financial Performance



Investor Trust and Capital



Consumer Perception



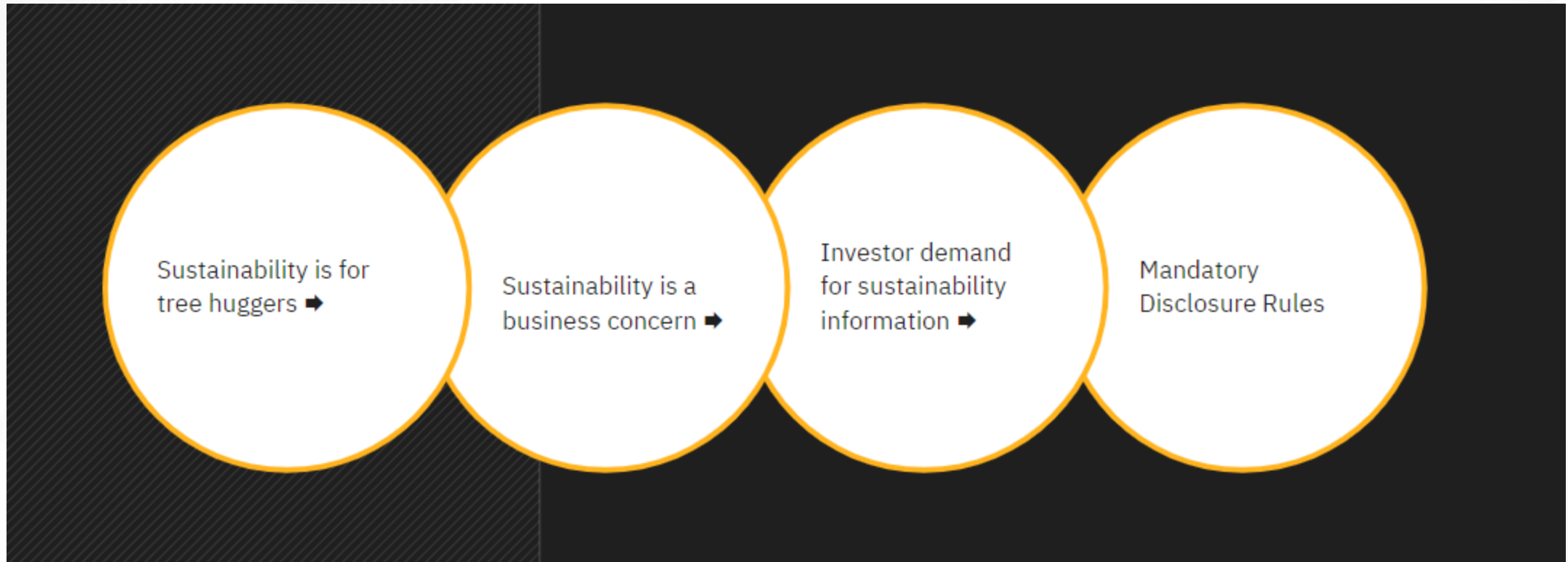
NGO Ratings



Growth Opportunities



Evolution From Values to Value





History of Sustainability Movements



Corporate Sustainability
Programs Siloed in Companies

Sustainability Becomes a Mainstream Business Concern



Investors Are Demanding Sustainability Disclosures

S&P Global

Companies, investors face new pressure from compulsory disclosure of climate risk

 **REUTERS**

ESG Watch: Disclosure pressures to grow as investors push for a just transition

 **PRI** Principles for Responsible Investment

“As the risks stemming from climate change continue to grow, so too do the information needs of investors. We are hopeful that this update to the SEC’s disclosure rules is able to move efficiently through the regulatory process so investors can have clarity on the decision-useful climate

BLACKROCK

“BlackRock believes climate risk is investment risk... Comparable and consistent climate-related disclosure by corporate issuers is essential to accurately integrating climate into investment decision-making processes.”

Why Engage Now?

ESG has seen incredible momentum due to three main drivers:

- Our world is changing and global factors like climate risk are increasing regulatory pressures, investor risk, social shifts and economic challenges.
- We have a new generation of investors and millennials are asking more of their investments.
- We have better data and technology for ESG disclosure and insights

Marketplace Expectations




91% of business leaders believe their company has a responsibility to act on ESG issues

Regulatory Pressure

Mandatory reporting requirements

A global movement toward ESG

ESG Standards, Frameworks & Ratings

Disclosure and Accountability Standards	Policy Frameworks and Guidelines	Rating Reports
		

- ESG frameworks differ
- ESG scoring and rating agencies:
 - Provide a benchmark for a company's performance
 - Inform companies where they are excelling and where they have opportunities for improvement
 - Provide guidance for leadership strategy and metric prioritization

These global frameworks are becoming more standardized.

What Companies Can Do

Build Internal Awareness

Develop Your Cultural
Commitment & Strategy

Conduct ESG &
Materiality Assessment

Develop Your ESG
Roadmap

Implement
Improvements

Communicate Findings &
Improvements Made

- One size does not fit all – a company’s approach to ESG must be tailored and ESG factors can be integrated in multiple ways.
- Building internal awareness and a cultural commitment to ESG is critical to success.
- Understand your priority stakeholders for ESG reporting.
- Report on ESG-related information that best aligns with your company’s values and strategy.
- ESG frameworks differ – choose one or multiple frameworks to guide your disclosures.
- Assess your peers and understand how you compare in terms of ESG metrics and performance.
- ESG requires ongoing maintenance. It’s not a one-time effort but rather an annual commitment to maintain ESG reporting, using the same methodology year after year