

# What Commissions Should Know About Environmental, Social and Governance Issues in the Industry

Committee on Energy Resources and the Environment

NARUC 2019  
Annual Meeting and  
Education  
Conference





Edison Electric  
INSTITUTE

# ESG/Sustainability

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# Environment, Social, and Governance (ESG)

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## Example ESG topics

### Environmental

- GHG & energy Use
- Air quality
- Coal ash
- Water stewardship
- Energy efficiency

### Social

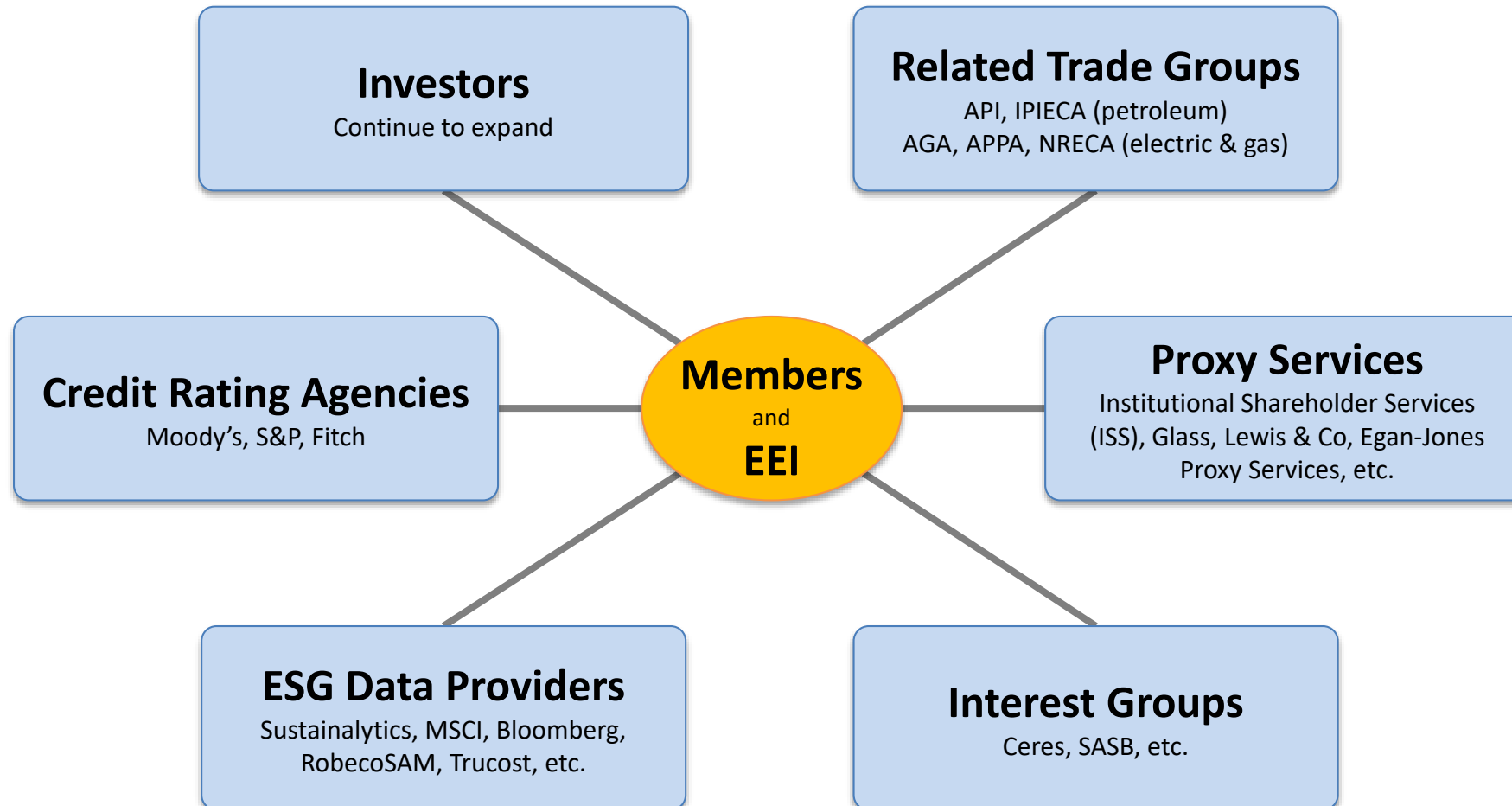
- Community impacts
- Economic contributions
- Health & Safety
- Grid reliability
- Lobbying

### Governance

- Board diversity
- Board experience
- Independence
- Incentives & compensation
- Tax strategy

# Investor Engagement & Stakeholder Outreach

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# ESG/Sustainability Template – Version 2

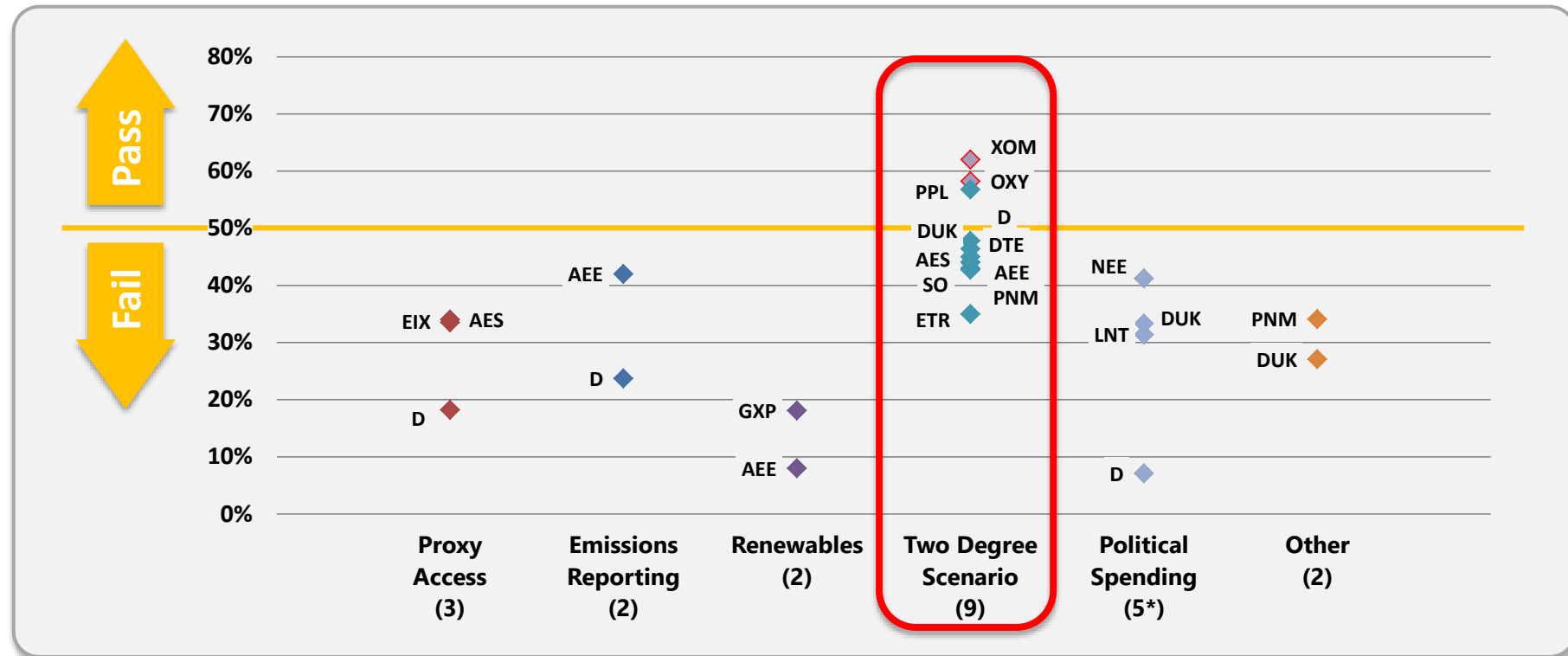
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Qualitative	
<b>ESG/Sustainability Governance</b>	Management and oversight of ESG/Sustainability issues such as cyber security and climate-related risks and opportunities
<b>ESG/Sustainability Strategy</b>	Practices, programs, and initiatives designed to support the company's transition to a lower carbon and increasingly sustainable energy future
Quantitative	
<b>Portfolio Emissions Resources Gas-Related</b>	The Excel-based data reporting template is customized for regulated electric and gas companies. Portfolio, emissions, and resources are included on the 'EEI Metrics' tab for electric company disclosure, while gas-related metrics are included on the 'AGA Metrics' tab for gas company disclosure.

Note: data for these areas should include as much historical, current, and forward-looking information as is appropriate.

# ESG Shareholder Activism

## Results of Shareholder Proposals in 2017



9 of the 23 (39%) shareholder proposals were related to “Two Degree” reporting. Despite being the first year many were introduced, the Two Degree proposals received significant votes in favor and was accepted by shareholders of one member company.

Notes:

\*Only four results charted because one proposal was withdrawn prior to shareholder meeting after discussion with company.

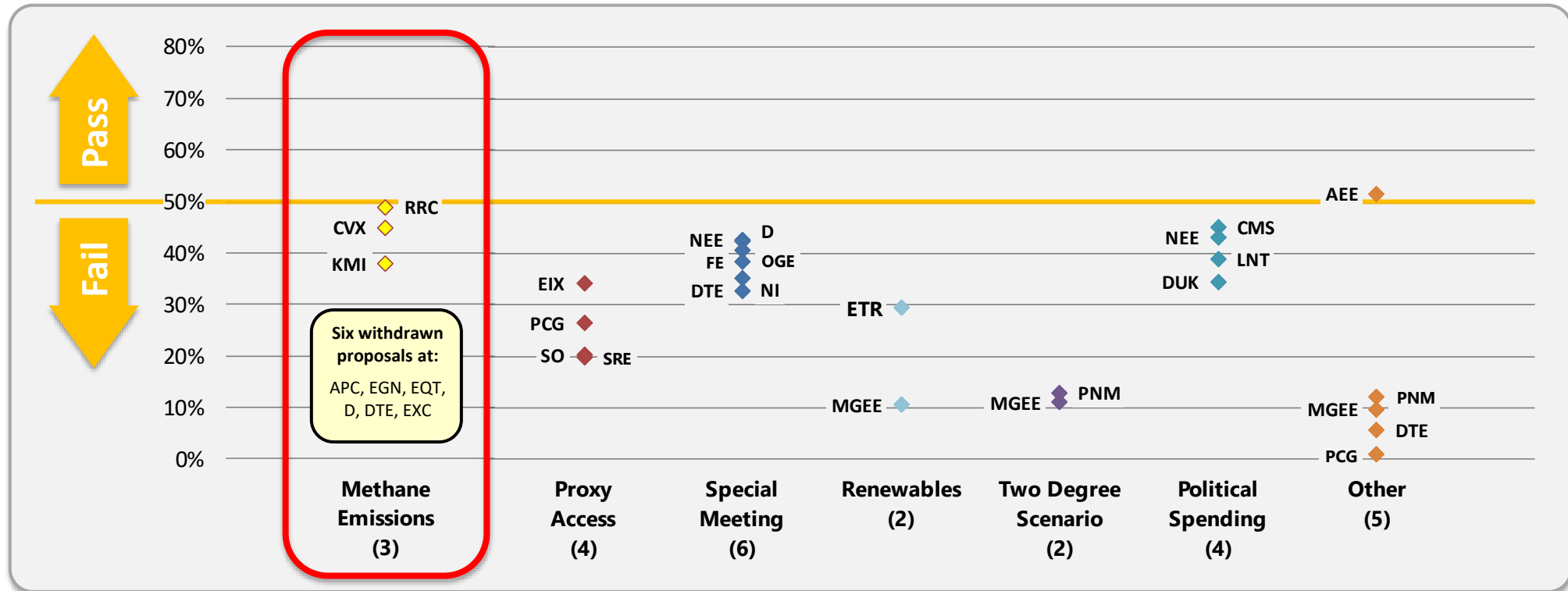
\*\*ExxonMobil and Occidental Petroleum had Two Degree shareholder proposals pass in 2017. XOM and OXY are shown for information only and not included otherwise.

Source:

Member Company Survey, Proxy Monitor, SEC.

# ESG Shareholder Activism

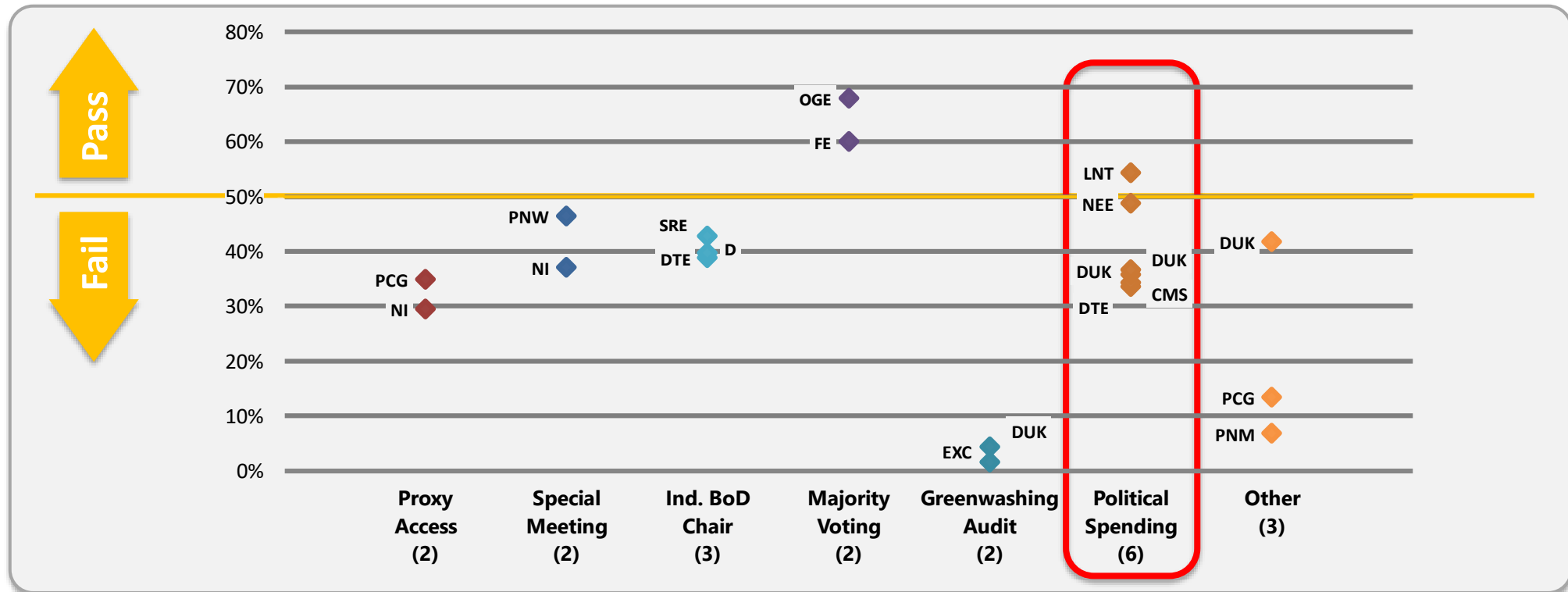
## Results of Shareholder Proposals in 2018



Proposals related to reporting on methane emissions include energy companies in the oil and gas sector, as well as regulated electric companies in the electric utility sector. The remaining categories in this chart include shareholder proposals at regulated electric companies only.

# ESG Shareholder Activism

## Results of Shareholder Proposals in 2019



16 of the 20 (80%) shareholder proposals were related to Social or Governance topics. ESG shareholder activism in the electric utility industry has shifted away from the focus on environmental topics observed in recent years.

Note: OGE's shareholder resolution did not pass because it would require an amendment to the company's certificate of incorporation, which must be approved by holders of at least 80 percent of the company's outstanding common stock.

Source: EEI and 2019 company SEC filings.



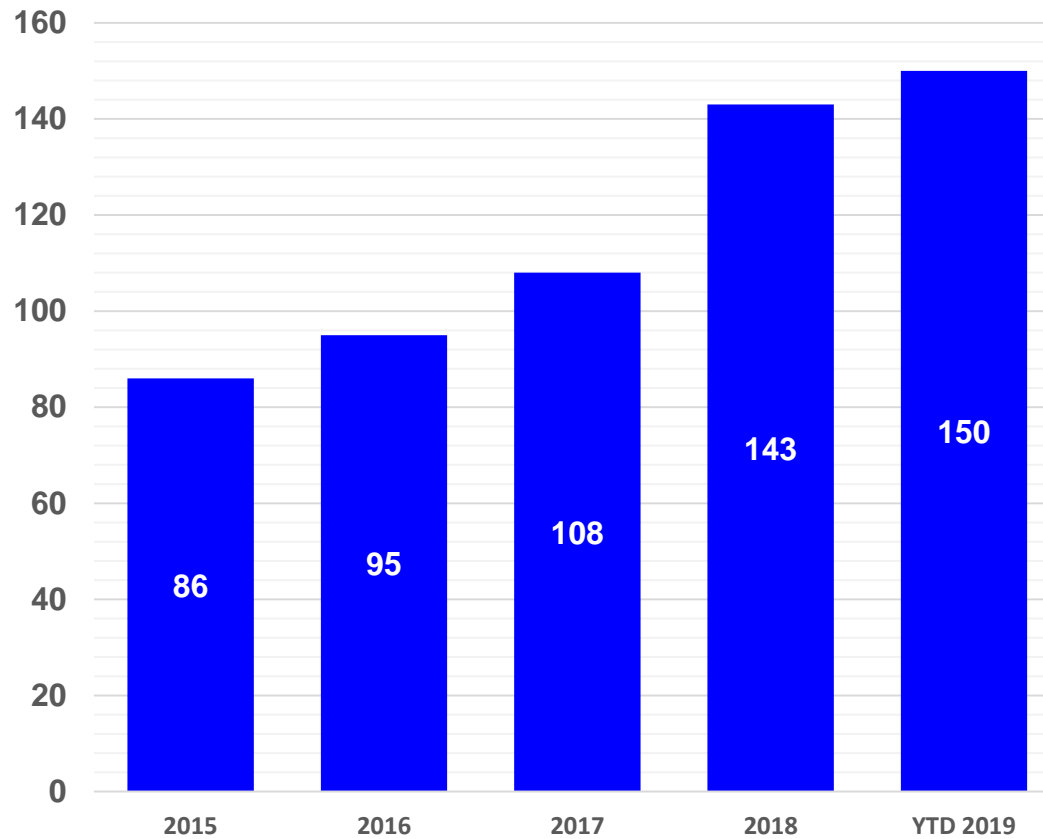
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## Number of ESG Funds Holding Eversource Shares Is Growing Rapidly



- Actively target ESG and Infrastructure funds
- ESG screening more prevalent in investment process
- Funds now hold 5% of our outstanding shares

## ESG Ratings and Research – A Growing Industry



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