



BUSINESS

A Workshop on ESG Pathways and Best Practices

**Metropolitan Mayor's Caucus Environment
Committee Meeting**

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Lecturer, College of Business

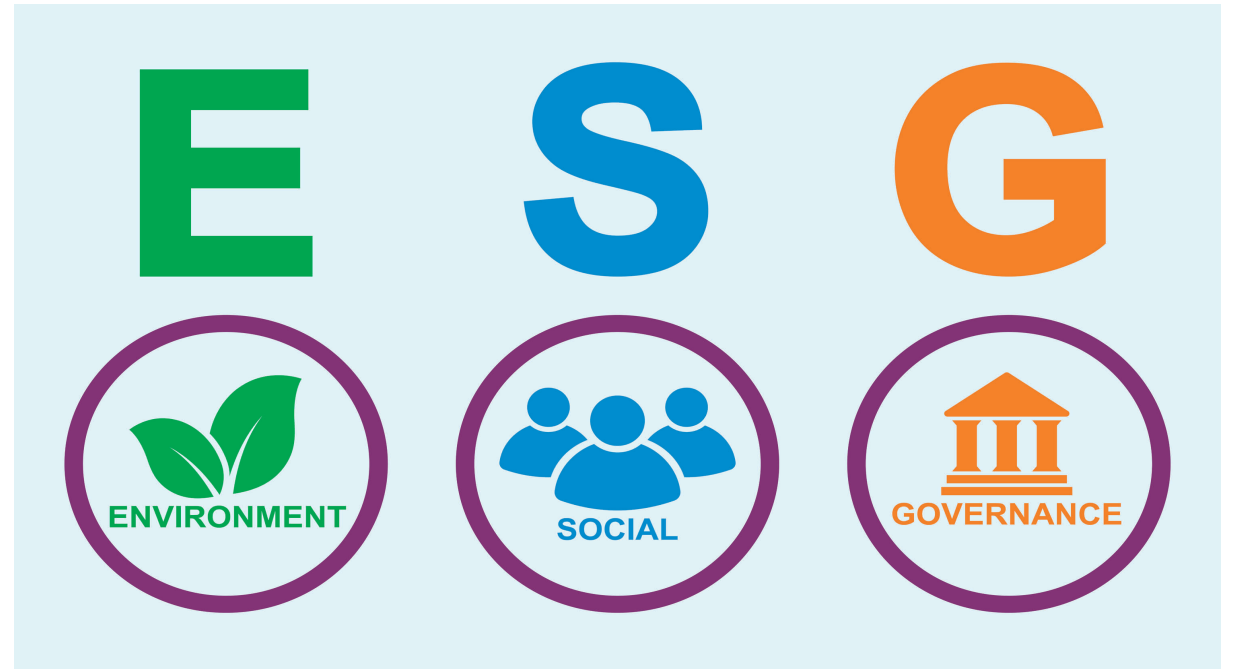
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APRIL 18, 2023



What is ESG?

ESG captures all the non-financial impacts and opportunities of operations, investments, and day-to-day activities.



Source: Kiplinger

Risk is like fire:
if controlled, it will help you;
If uncontrolled, it will rise up and destroy you

Theodore Roosevelt, US President

ESG Elements

Environmental

Addresses impact on the physical environment and the risk of a company and its suppliers/partners from climate events

- Climate change and greenhouse-gas emissions (GHG)
- Air pollution (non-GHG)
- Water and wastewater management
- Waste and hazardous-materials management; circularity
- Biodiversity and ecosystems; rehabilitation

Social

Addresses social impact and associated risk from societal actions, employees, customers, and the communities where it operates

- Labor practices
- Health and safety
- Community engagement; diversity and inclusion
- Community relations, local economic contribution
- Product and service attributes

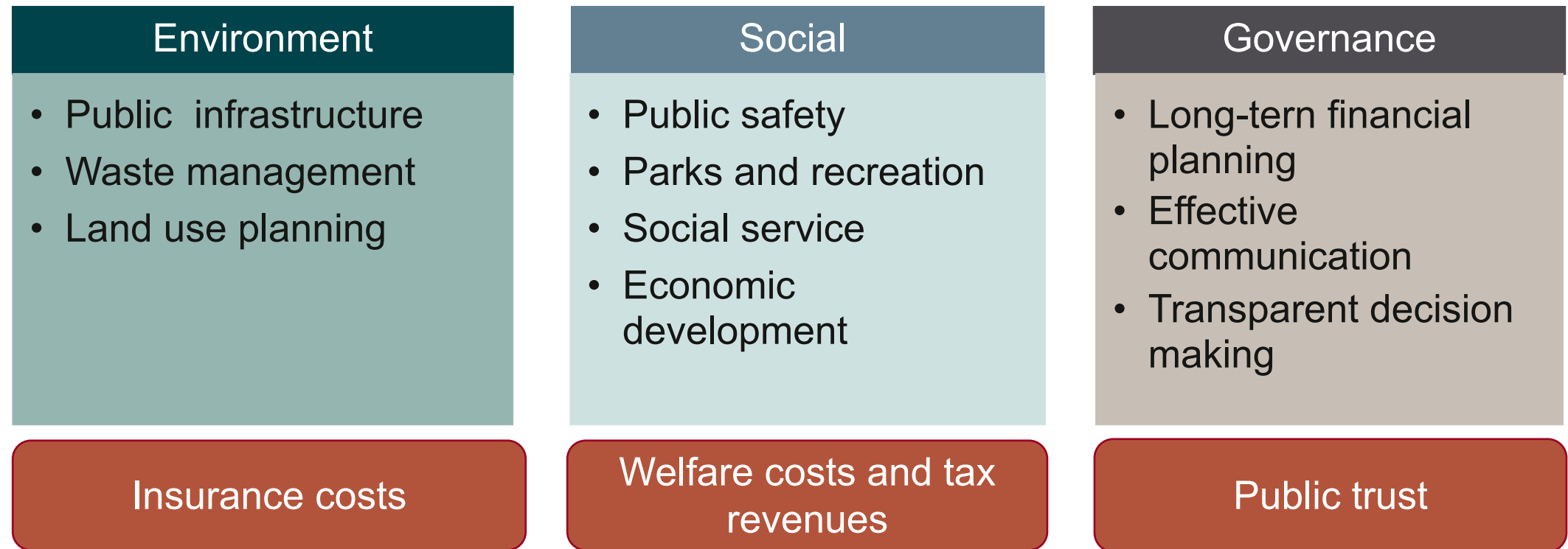
Governance

Assesses timing and quality of decision making, governance structure, and the distribution of rights and responsibilities across different stakeholder groups, in service of positive societal impact and risk mitigation

- Business ethics, data security
- Capital allocations, supply chain management
- Governance structure and engagement; incentives
- Policies; external disclosures; position and advocacy

Importance to Municipalities

- Municipalities are responsible for several functions that directly impact ESG



- Municipalities cannot relocate and easily diversify ESG risks in these activities
- Stakeholder expectations around ESG have increased

ESG Related Activity in Illinois

- 30 municipalities have sustainability or climate action plans (Chicago and Evanston were pioneers in 2008)
 - 50% with populations greater than 100,000
 - 38% with populations greater than 50,000 to 100,000
 - 16% with populations greater than 25,000 to 50,000
- Participation in ESG networks
 - 149 communities have resolutions to achieve the 49 goals of the Greenest Region Compact (GRC)
 - 17 municipalities (at least) signed resolutions with the U.S. Conference of Mayors (USCM)
 - 7 local governments are part of ICLEI – Local Governments for Sustainability
 - Chicago is part of the C40 Cities Climate Leadership Group

*Going green: The adoption of climate actions plans by IL municipalities, 2008-2022, IMPJ, 2022

Leadership in ESG

- Increase the number of municipalities that have sustainability plans.
- Reduce barriers for smaller municipalities to create sustainability plans.
- Articulate the importance to leadership of sustainability plans in the plan! (only about 10% of plans do this)

How do we get there?

- Internalize the value proposition of sustainability
- Reduce the resource requirements to create a sustainability plan
- Share best practices and guidelines

Increase Impact and Visibility of Efforts

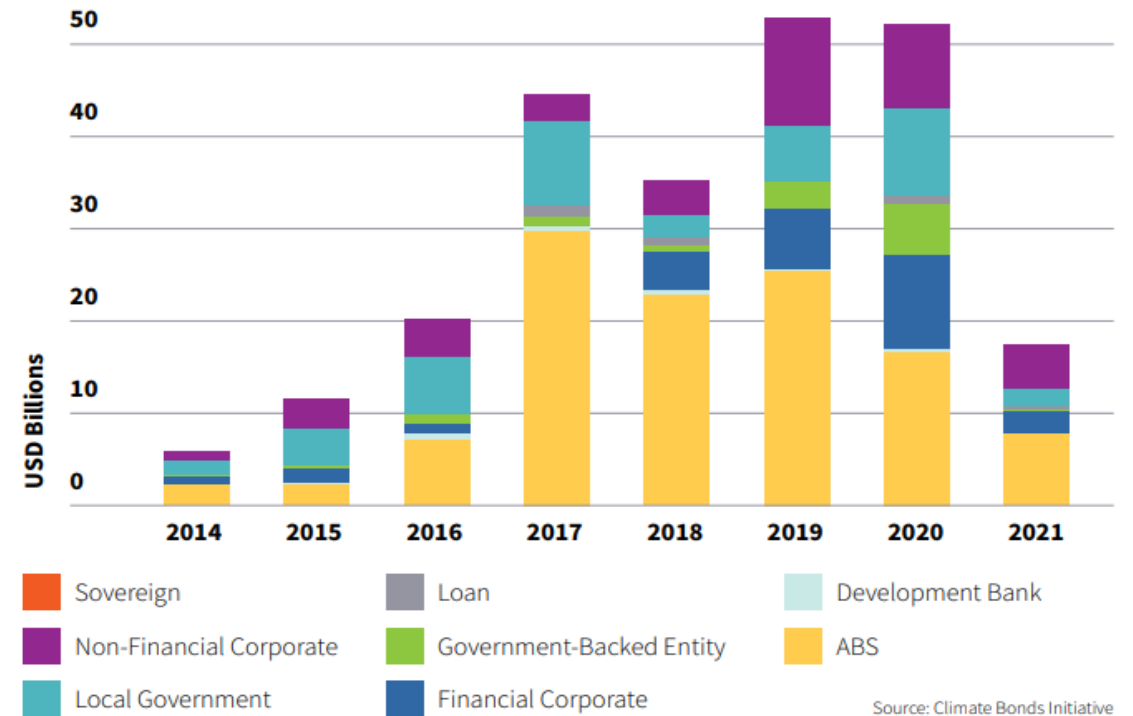
- Illinois municipalities that are part of GRC2 have adopted 49 ESG-related goals and metrics.
- Even the sustainability plans of the largest municipalities do not mention established national or global ESG reporting standards or adherence to them.
- From 2018 to 2022, only two Illinois municipalities have appeared in the CDP A-List (Evanston in 2019 and Village of Park Forest in 2020)
- 7 Illinois cities and 5 organizations reported to the CDP in 2022.

How do we get there?

- Understand the reporting landscape and standards.
- Align data collection and reporting to meet standards efficiently
- Engage with public institutions to stay on top of the evolving standards.

Attract Investment

- United States green bond issued by local governments in 2020 was 15 Billion
- By mid-2021, six Illinois green bond issues totaling 1.4 Billion**
- None in the ICMA database
- Several ongoing and planned municipal projects likely meet ICMA guidelines for green/social bond issuances.



How do we do this?

- Understand ICMA guidelines and investor ESG expectations
- Learn bond issuance best practices and reduce resource overhead to meet guidelines
- Apply it to existing and future projects

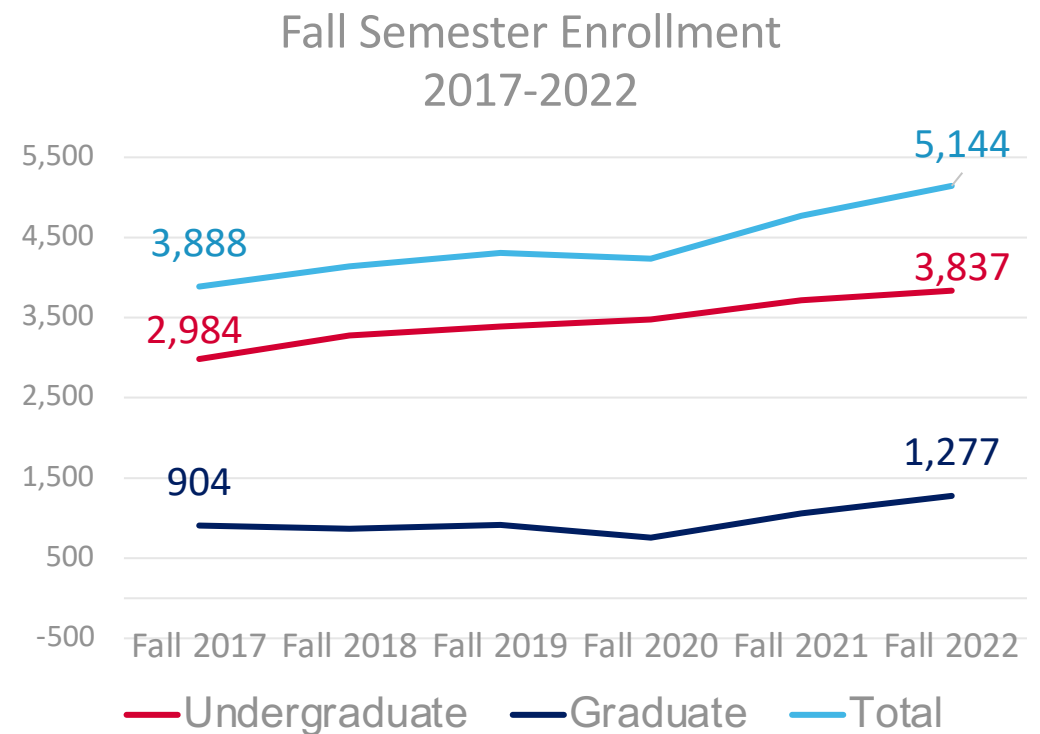
ESG Education

- ESG education can play an important role in reducing the barriers for municipalities to participate in ESG and benefit from its expansion
- The College of Business at the University of Illinois at Chicago (UIC) is planning.
 - A 2-day course on ESG tentatively at the end of July 2023
 - An ESG certificate
- These efforts align with UIC's mission to address challenges facing the Chicagoland area, train professionals in a range of public service disciplines, and provide educational opportunities that a leading research (Carnegie R1) university can offer.

Overview of UIC Business

- **5,144** Students (Fall 2022)
 - **44%** Female, **56%** Male
 - **210** Faculty and staff
 - **40,000+** Alumni
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- **38%** First-generation college students
 - **9** bachelor's degree programs
 - **7** master's degree programs
 - **2** Ph.D. degree programs

5-Year Growth In Enrollment (32% Increase)



*Source: <https://diversity.uic.edu/data/>

Source: <https://oir.uic.edu/data/student-data/data-book-dashboards-2/>

UIC Business Research

- Research 1 (R1) University
- Research expertise in data analytics and AI, operations and supply chain management, accounting, entrepreneurship and innovation, finance, accounting, marketing, real estate, and management
- **Research Centers**
 - Center for Applied Analytics (CAA)
 - Center for Supply Chain Management and Logistics (CSCML)
 - Institute for Leadership Excellence and Development (iLEAD)
 - International Center for Futures and Derivatives (ICFD)



Innovation and Outreach

College

- Office of Business, Alumni and Community Engagement (BACE) (est. 2023)
- Stuart Handler Department of Real Estate (est. 2020)
- Corporate Partners Program (est. 2021)

Undergraduate

- 2-year undergraduate Cohort Program (est. 2021)
- Professional Development Program to teach critical soft skills (3 required courses)
- UIC Business Scholars

Graduate

- Online MBA launched in 2021
- Online one-year specialized Master's programs in development



Workshop Overview

- Two-day course on ESG Pathways and Best Practices focused on municipal decision-makers
- The workshop will provide both training as well as a forum for municipal decision-makers to share their experience with ESG and exchange ideas.
- The workshop will revolve around three modules and include UIC instructors and guest speakers.
 - Module 1: Integrating ESG policies and practices in the organization
 - Module 2: ESG reporting landscape
 - Module 3: ESG financing best practices

Module 1: Integrating ESG Policies and Practices in the Organization

Governance – Setting the ESG Foundation

Understand
governance
as social,
evolve.

“Governance
policies,
and fin

Government Finance Officers Association - GFOA

Achieving the Intended Outcomes
While Acting in the Public Interest at all Times

Participants will explore a governing framework of implementing principles focused on achieving the intended outcomes of the Sustainability Strategy.

Learning Outcome: Know the foundations to create an ESG strategy and communicate it with internal and external stakeholders.

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outcomes

Individuals within it

Module 1: Integrating ESG Policies and Practices in the Organization

Develop

A sustain
resource:

Participants will be guided through a 5-step process that

- integrates ESG in the vision and mission statement
- sets programmatic and budgetary priorities
- identifies focused KPIs
- sets the implementation and reporting roadmap

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Learning Outcome: Be equipped with tools to turn strategic priorities into measurable KPIs and implementation roadmaps.

Module 1: Integrating ESG Policies and Practices in the Organization

Identify

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Participants will learn about risk assessment and risk management processes that account for constraints specific to ESG and municipalities around distributed data, tight resources, and limited spatial mobility

Learning Outcome: Be trained to create or improve materiality assessments and risk plans to account of ESG factors.



Module 2: ESG Reporting Landscape: Tracking and Reporting

Tailor Reporting Priorities

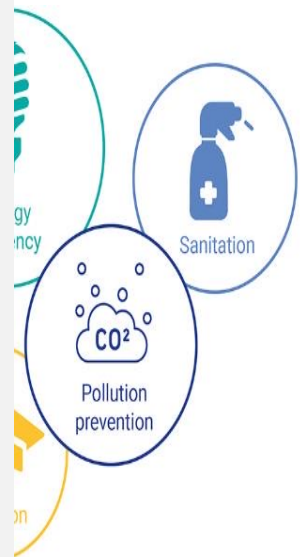
The ESG reporting standards from several sources, including TCFD, GRI, and SASB, are

- Each standard has its own set of priorities and metrics, which are often unaligned
- **Think** about how you can tailor reporting to your specific business and constraints

“Ask what reporting and tracking can do for you, as opposed to how you can follow reporting standards”

Participants will explore how to leverage tracking and reporting to accelerate progress towards strategic ESG priorities, create visibility for ESG activities, and align with national and international standards

Learning Outcome: Be aware of actionable guidelines to benefit from tracking and reporting in a resource-efficient manner.



Module 3: ESG Financing Best Practices

Participa
Bond Ma
Internation
Green, S
Principles

Participants will learn about the green bond framework for a labeled bond offering and provide relevant information within the context of the issuer's overarching sustainability, tracking, and reporting strategies.

Learning Outcome: Use best practices for financing existing and new ESG related projects.

Linked
S

Financial
Instrument
Guidance

Thematic
Guidance

Thank you

- We look forward to your comments.
- We welcome involvement from municipal experts with ESG experience. Do reach out to us!
- Please send workshop and ESG education-related questions and comments to
Lisa Bonnett (lbonnett@uic.edu) and
Selva Nadarajah (selvan@uic.edu).
- Please send broader engagement questions with the UIC College of Business to Liz Dickey, Associate Director, Office of Business, Alumni and Community Engagement (ldickey@uic.edu).

