

# ESG Analysis: Using REMI-DEI to Evaluate Corporate Social Impact

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# Agenda

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Topic overview

Sample Scenarios

Live Model Demo & Notable Results

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Q&A

*what does **REMI** say?<sup>sm</sup>*

# About Us

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We are the nation's leader in dynamic local, state and national policy modeling.

From the start, REMI has sought to improve public policy through economic modeling software that informs policies impacting our day-to-day lives.

We were founded in 1980 on a transformative idea: government decision-makers should test the economic effects of their policies before they're implemented.

At REMI, we're inspired by a single goal: *improving public policies.*



what does **REMI** say?<sup>sm</sup>

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Our models are built for any state, county, or combination of counties in the United States.

## Our Representative Clients

Our model users and consulting clients use REMI software solutions to perform rigorous economic analysis that critically influences policy.



what does **REMI** say?<sup>sm</sup>

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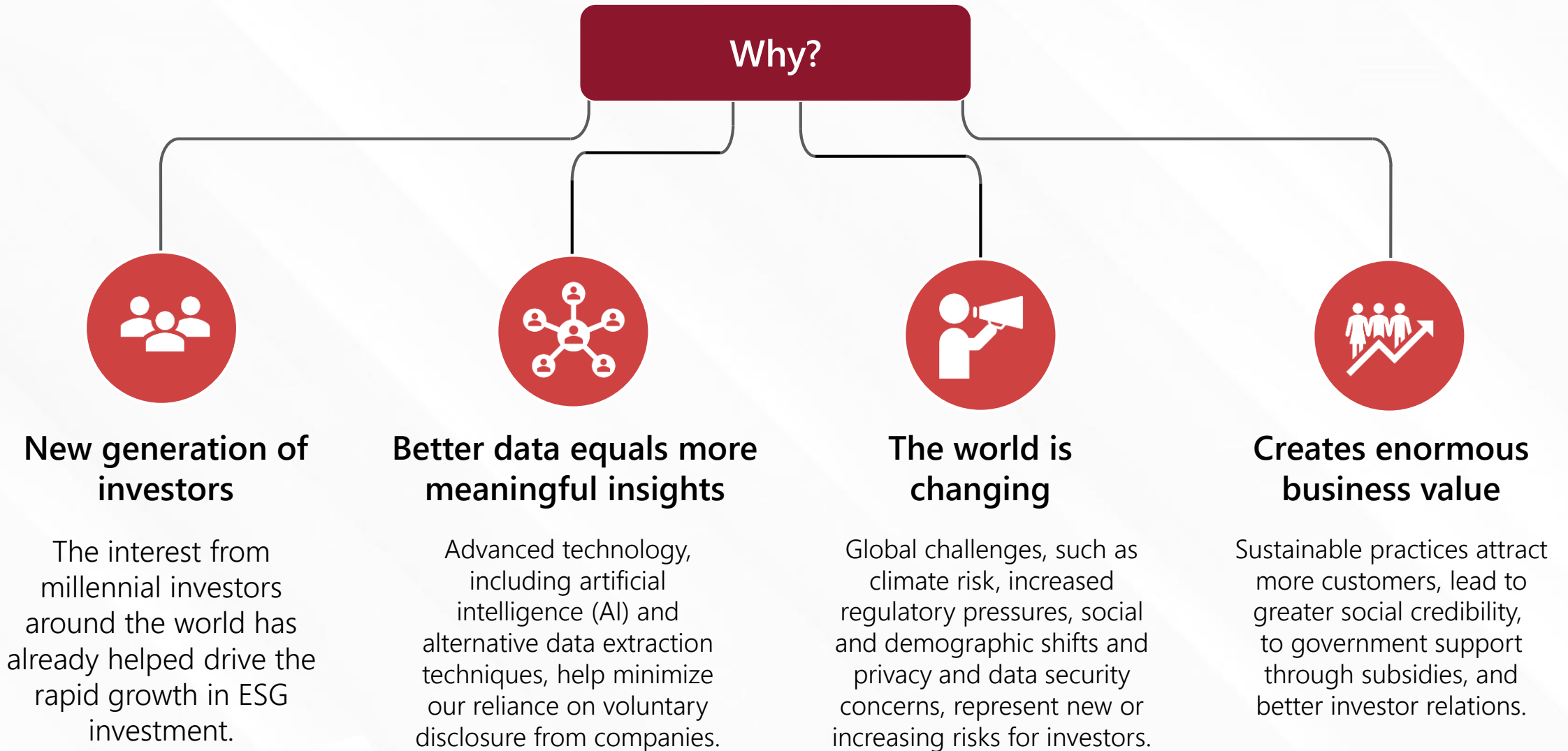
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# The Importance of ESG Analysis



**what does *REMI* say?<sup>sm</sup>**

# What is Environment, Social, Governance (ESG)?



Environment	Social	Governance
<ul style="list-style-type: none"><li>• What kind of impact does a company have on the environment?</li><li>• This can include a company's carbon footprint, toxic chemicals involved in its manufacturing processes and sustainability efforts that make up its supply chain.</li></ul>	<ul style="list-style-type: none"><li>• How does the company improve its social impact, both within the company and in the broader community?</li><li>• Social factors include everything from LGBTQ+ equality, racial diversity in both the executive suite and staff overall, and inclusion programs and hiring practices.</li></ul>	<ul style="list-style-type: none"><li>• How does the company's board and management drive positive change</li><li>• Governance includes everything from issues surrounding executive pay to diversity in leadership as well as how well that leadership responds to and interacts with shareholders.</li></ul>
<p>Addresses how companies serves all their stakeholders: workers, communities, customers, shareholders and the environment.</p>		

## Pros

- Especially given COVID-19, investors, customers & employees prioritize social responsibility in the business world.
- Companies considering ESG can proactively assess and plan for non-traditional risks and opportunities.
- Aligning social values with business practices can benefit companies' bottom lines.

## Cons

- Potential for ESG concepts to be poorly defined and hard to measure.
- Companies may face challenges in collectively identifying the ethical business values to prioritize and the most beneficial strategies to use to enhance their bottom lines.
- As with any investment strategy, there is the risk of making bad investments, meaning careful collection of quality data and effective analysis are imperative.



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# ESG Analysis & The REMI Model: Sample Topics



## Objective

## Strategy

## Impact



Environment & Energy

**Growth & Prosperity**  
Position company for long-term growth through more environmentally friendly business practices, careful climate-related risk management & opportunity identification.

**Carbon Reduction**  
Identify benefits and trade-offs of sustainability in supply chain, output, and company's bottom line by **measuring & modeling** impacts of new practices against the current system.

**Data-Driven, Eco-Conscious Outlook**  
Use quality data and analysis to get accurate results, disclose ESG impacts to stakeholders, incorporate climate risk management into business strategy, identify future areas for innovation & growth.



Diversity, Equity & Inclusion

**Inclusive & Broad-Based Benefits**  
Ensure company make-up and culture fosters social equity, both within the business and in communities of impact. Identify & support social causes that matter to stakeholders.

**Effective Recruiting, Hiring & Retainment Practices & Community Engagement**  
Identify DEI impacts of current practices through **comprehensive dynamic modeling**, collect and analyze high quality data.

**Enhanced Brand Representation & Business Growth**  
Report performance through precise DEI metrics, interest new investors, achieve returns on inclusion, improve business bottom line.

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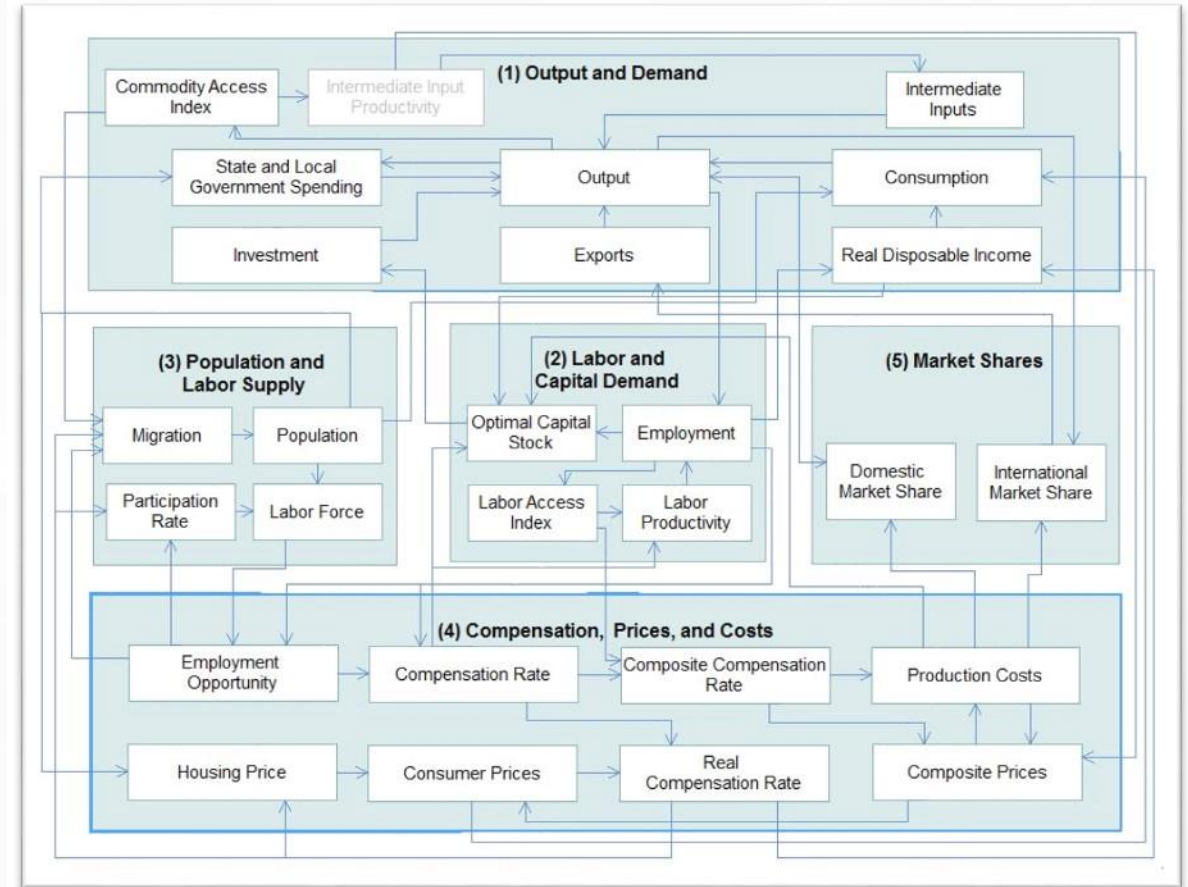
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# Model Simulation: REMI E3<sup>+</sup>



E3<sup>+</sup> is the premier software solution for analyzing the macroeconomic and demographic impacts of any initiatives related to the energy and environmental sectors.

Decision-makers depend on E3<sup>+</sup> to provide comprehensive evaluations of the total economic impact of altering electric rates, introducing new power sources, investing in the production of energy, and other policy changes.



what does **REMI** say?<sup>sm</sup>

## Model

- E3+/ DEI Enabled
- Observed Years: 2022 – 2030
- 160 NAICs Sector
- 3 Region

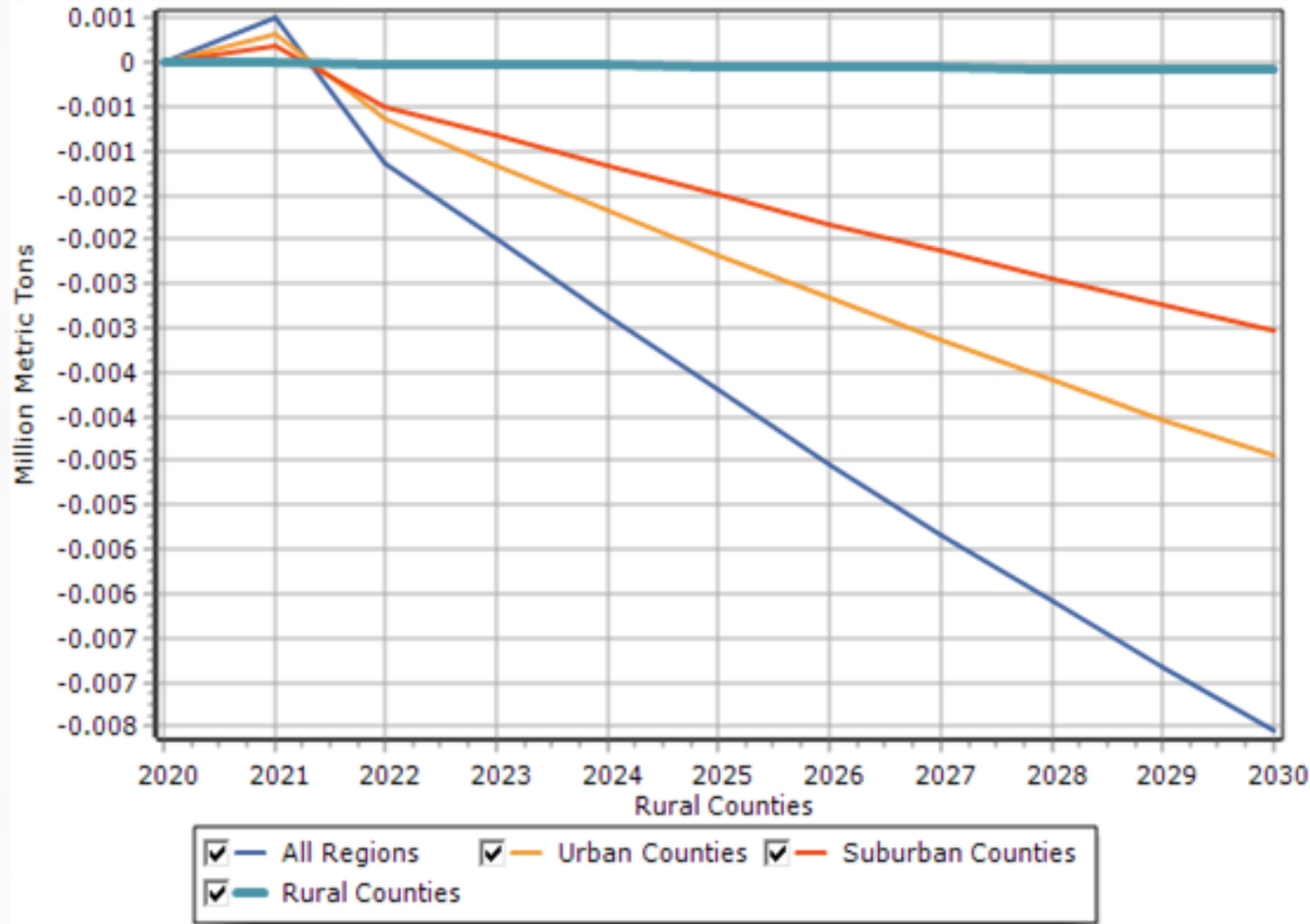
## Variables

- Capital Cost
- Production Cost
- Consumer Price
- Consumer Spending

## Carbon Tax Scenario

- Increases:
  - Capital Cost, Production Cost, and Consumer Price
- Decreases:
  - Consumer Spending

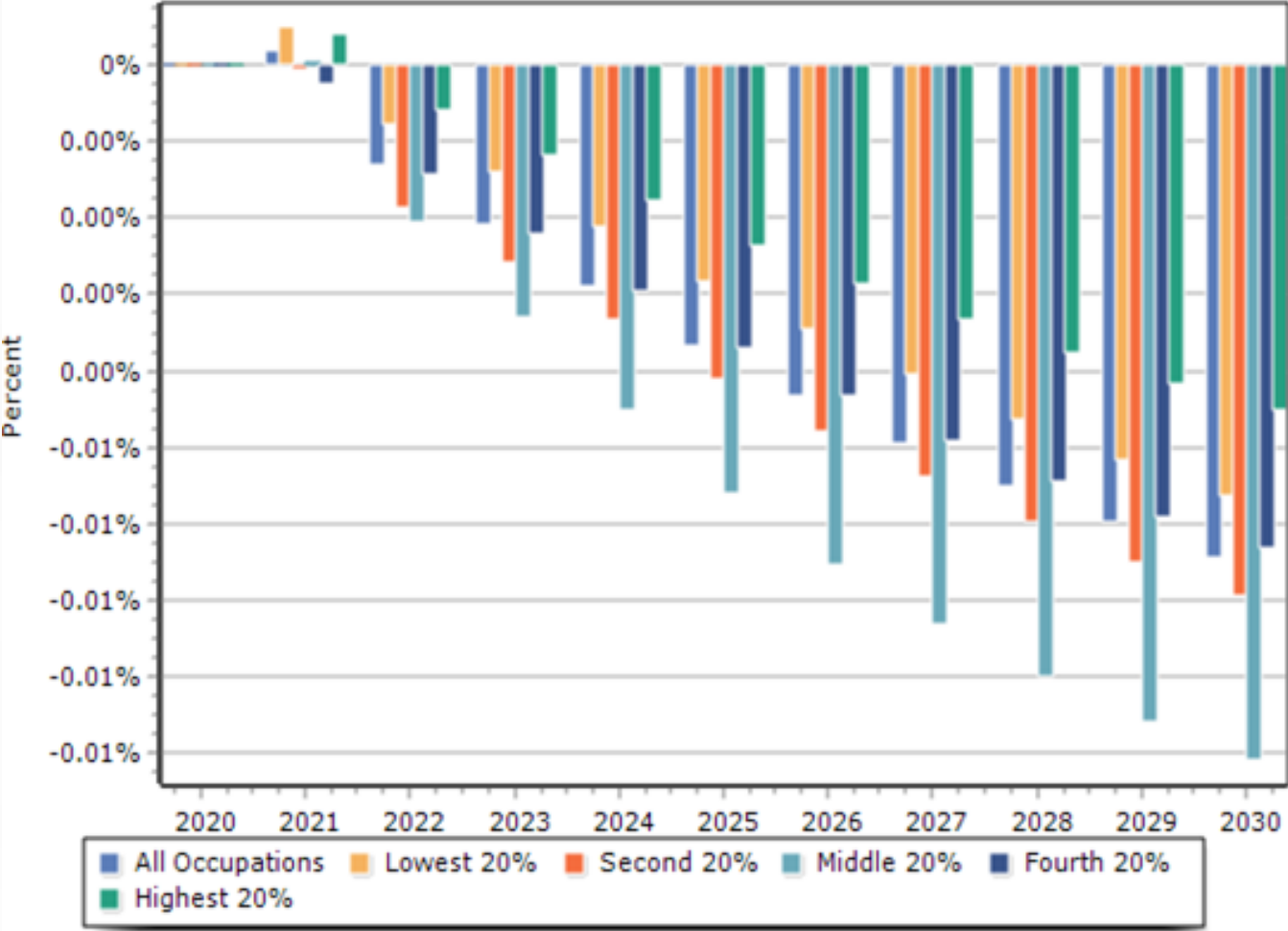
# Carbon Dioxide Emissions by Region: 2021 - 2030



After the carbon tax was implemented, the effects of the environmental impacts were seen immediately.

The fuel types included: petroleum, natural gas, coal, and electricity.

# Employment by Occupation Quintile: 2021 - 2030



The effects of the carbon tax on the automobile industry has drastic impacts employment for all income groups.

- The middle 20% income quintile (\$30,000 – 39,000) suffered large impacts.

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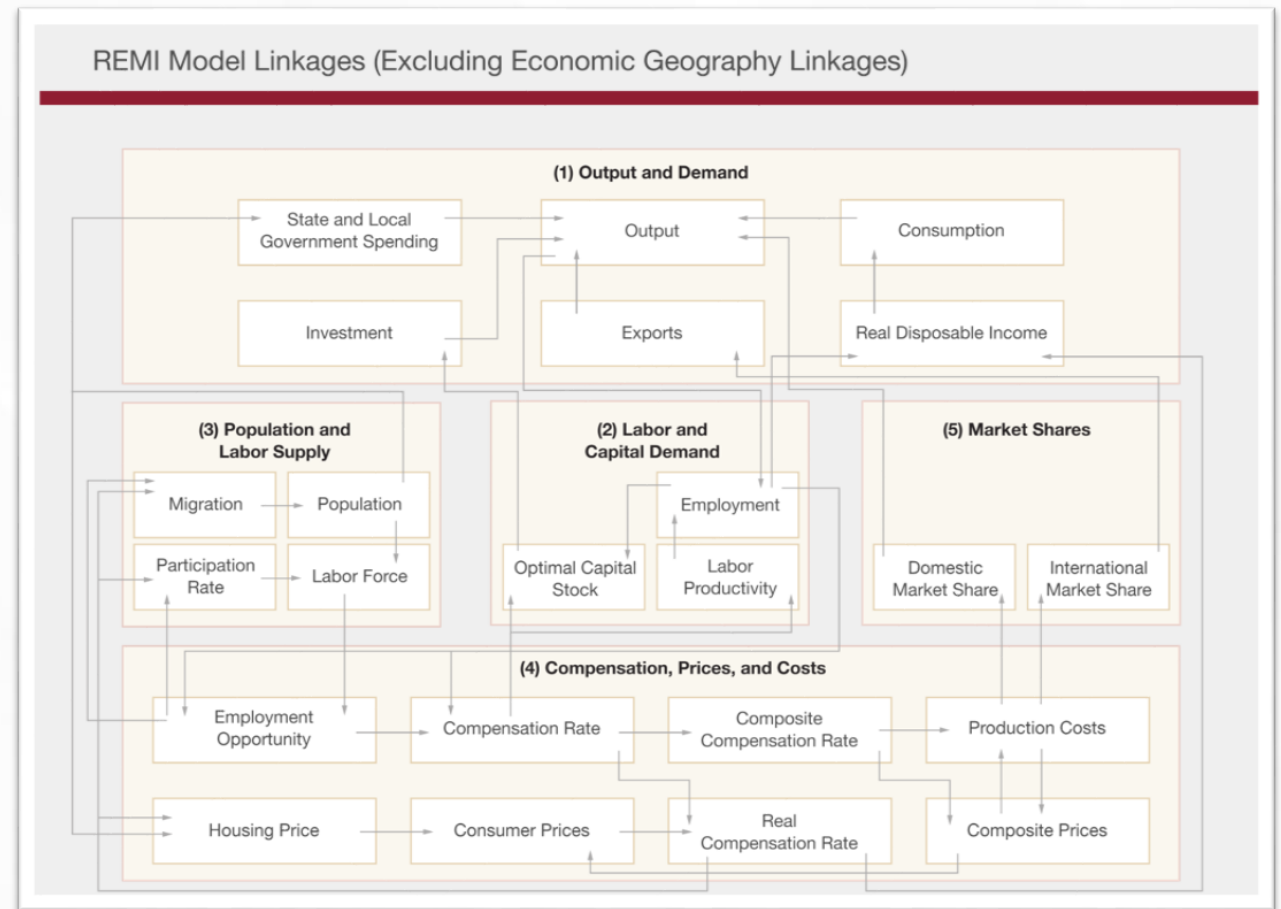


# Model Simulation: REMI PI<sup>+</sup>



PI<sup>+</sup> is the premier software solution for conducting dynamic macroeconomic impact analysis of public policy.

As our flagship model, PI<sup>+</sup> specializes in generating realistic year-by-year estimates of the total local, state, and national effects of any specific policy initiative.



what does **REMI** say?<sup>sm</sup>

## Federal Government Spending (Civilian)

- Increase in spending through grants and subsidies to businesses in health industries that hire more diverse employees
  - \$80 million over 10 years

## Production Cost Decreases in Health-Related Industries

- Decrease in spending for businesses in health industries that prioritize DEI
  - \$80 million over 10 years

## Employment Increases in Health-Related Industries

- Increase in employment in health industries (as a result of DEI initiative)
  - 100 thousand over 10 years

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## Assessing ESG impacts affects businesses' bottom lines

- Planning for future economic shocks impacts businesses directly
- Direct and indirect effects of these initiatives carry macroeconomic implications
- Effective ESG investments require careful collection of quality data, accurate forecasting & a big-picture perspective
- Economic modeling adds value to ESG assessments by accounting for critical macroeconomic forces and shocks
  - Helps identify risks and opportunities over a long-term time horizon
  - Assists decisionmakers in determining benefits and trade-offs
  - Provides perspective on environmental and DEI impacts of ESG

# Economic Modeling: Why does it matter?



## Clarify

- Understand economic, fiscal and demographic implications of policies before implementation
- Ensure that public policy serves the broad-based interests of the public



## Predict

- Make predictions about the effects of policies before implementation
- Avoid unwanted negative impacts
- Make effective use of resources



## Inform

- Inform policy with standard metrics rather than ideology or intention
- Address stakeholders with evidence that communicates how policy benefits or disadvantages their communities broadly

# The REMI Model: Our Approach & Applications

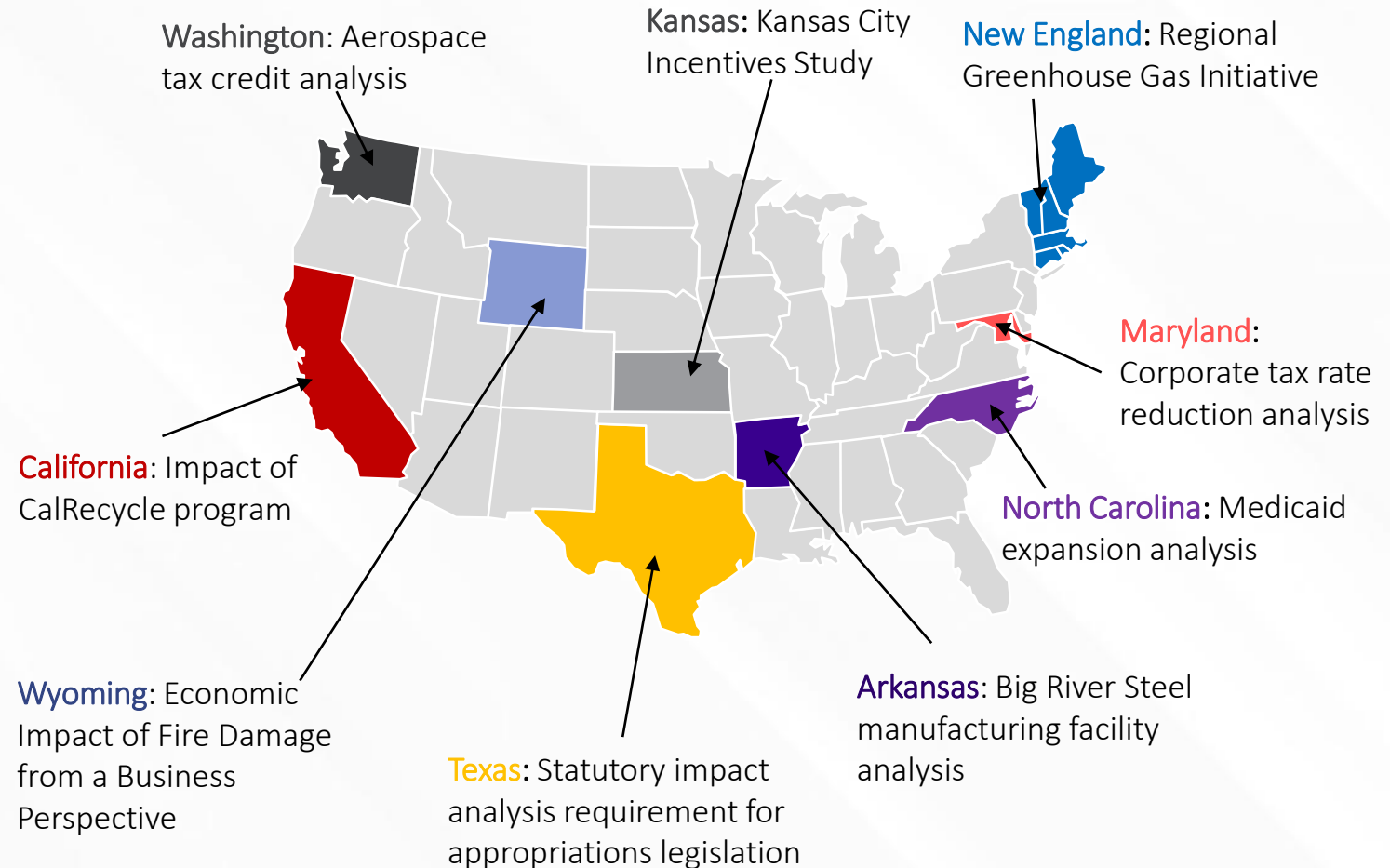


## Our Approach

You need a *software solution* that can clarify, calculate and communicate a *quantitative narrative* to policy makers and the general public about policies for your economy.

## Rigorous Economic Analysis

- Since 1980
- Peer Reviewed
- Multiple Reputable Data Sources
- Public Equations



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# Thank you for attending!

For more information, please contact

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