

Sustainability Benchmarking Collaborative

Peer-to-Peer Learning

Webinar #1
January 15, 2019



CORPORATE
SUSTAINABILITY
SCORECARD™

BY HEDSTROM ASSOCIATES

Hedstrom Associates

Registered Webinar Participants

Company	Participant	Company	Participant
• Altria	Kimberlee Pepple	• IFF	Maureen McGeehan
• Ashland	Nicole Voss	• Ingersoll Rand	Scott Tew; Debbie Kalish
• Berry Global	Rob Flores	• Kaiser Permanente	Joe Bialowitz
• Bristol-Myers Squibb	Victoria Emerick	• Marriott	Garrett Zink; Niki Zoli
• Con Edison	Harun Asad	• Merck	Michael Waslin
• Dow Chemical	Mark Weick	• Momentive	Amy Pressly
• DTE Energy	Greg Ryan	• PPG	Mark Cancilla; Mike Circoran
• Eastman	Cathy Combs	• Solvay	Michel Washer; Amy Essinfeld
• Eaton	Jon Newton	• Southern Cal. Edison	Holly Hill
• Eversource	Kevin Cahill; Joy Woolley	• Stanley Black & Decker	Dan Fitzgerald
• Fluor	Nancy Kralik	• Walt Disney	Kristine Pendon; Angie Renner
• Hain Celestial	Erol Odabasi	• Xerox	Catherine Reeves
• Honeywell	Cathy Gallagher		

Agenda

- **Welcome and Updates (20 minutes)**

- Gib's 1:1 Conversations with participants
- Website Improvements

- **Analysis & Insight (10 minutes)**

- TCFD and External ESG Ratings

- **Workshop (20 minutes)**

Do external ratings drive your company's ESG strategy?

- External Ratings: Measure “the hard stuff”
- Company Best Practices = “hard stuff & soft stuff”

Q1-2019 Theme: Update, Prioritize, Take Action

Webinar #1

January 15
11:00 am EST

Webinar #2

February 5
11:00 am EST

Webinar #3

March 5
11:00 am EST

<p>Updates:</p> <ul style="list-style-type: none"> • Website • 1:1 Conversations 	<ul style="list-style-type: none"> • 1:1 Feedback • Participants • Scorecard Updates • Analyze Results • TCFD, etc. 	<ul style="list-style-type: none"> • Participants • Analyze Results • Prioritize and Take Action 	<ul style="list-style-type: none"> • TBD
<p>Analysis & Insight</p> <ul style="list-style-type: none"> • Topic of the Month 	<ul style="list-style-type: none"> • Comparison to TCFD, DJSI, MSCI, etc. • Degree of Overlap 	<ul style="list-style-type: none"> • Highly Relevant KSIs • Prioritize and Take Action 	<ul style="list-style-type: none"> • TBD
<p>Workshop</p> <ul style="list-style-type: none"> • Topic of the Quarter • Topic of the Month 	<ul style="list-style-type: none"> • Comparison to External Ratings • TCFD Discussion 	<ul style="list-style-type: none"> • TBD 	<ul style="list-style-type: none"> • TBD

Note – at this point Gib walked through key changes to the website: <https://thesustainabilityscorecard.com/>

■ **Scorecard Participants**

- <https://thesustainabilityscorecard.com/user/participants/>
- Current Participating Companies (Option A or Option B)
- Historical Contributors

■ **Why This Scorecard?**

- <https://thesustainabilityscorecard.com/user/why-this-scorecard/>
- Feedback from 35+ of you...

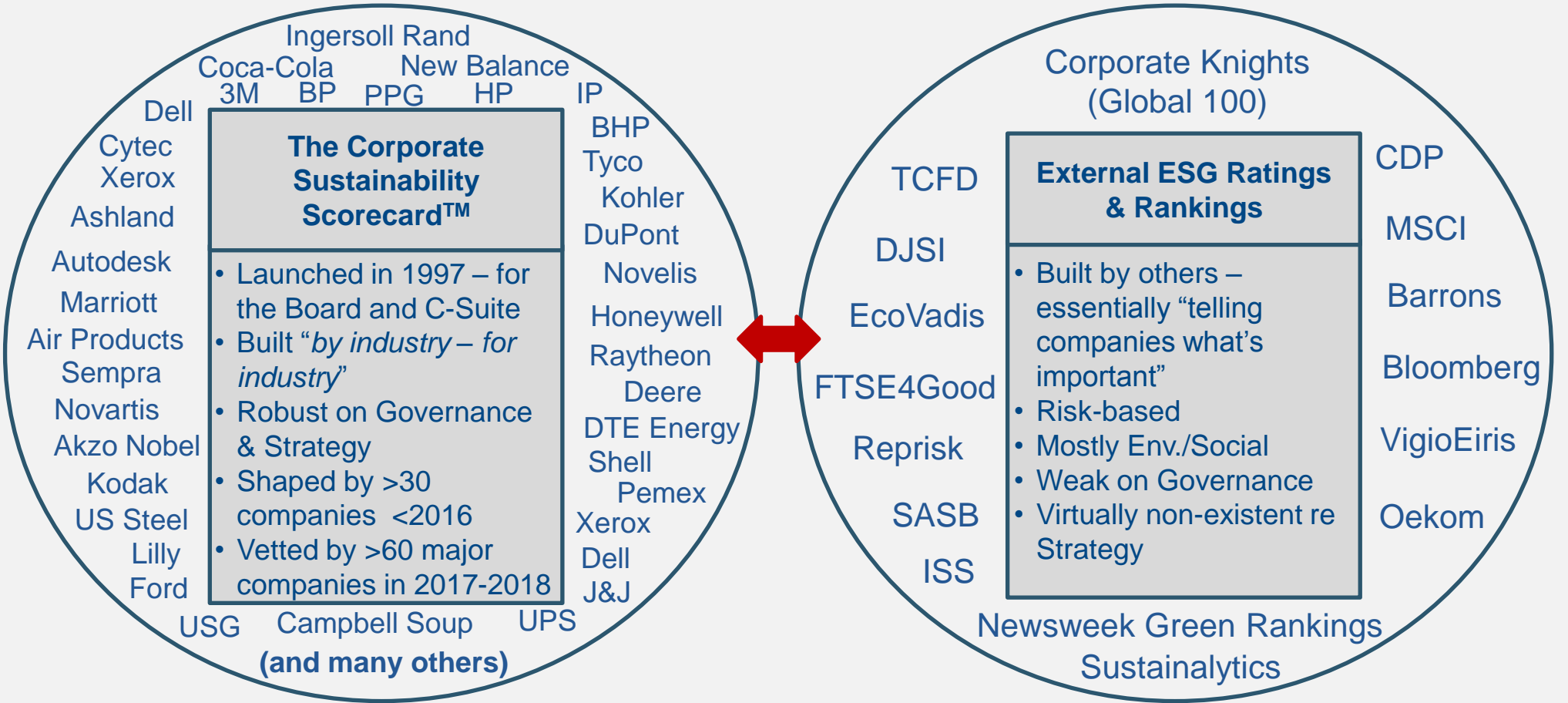
■ **Edit (or Do) a Self-Assessment**

- Easier than ever
- Excel option available

■ **Analyze Your Results**

- Rainbow Charts and Bar Charts
- Highly Relevant KSIs

This is VERY Different!



Degree of Overlap between key external ESG ratings (the questions they ask) and the rating criteria in the Corporate Sustainability Scorecard (built on industry best practices)

Scorecard Element	Degree of Overlap	Comments
GOVERNANCE <ul style="list-style-type: none"> Vision, Mission, Values CEO Leadership Board Leadership Goals and Metrics Culture and Organization Stakeholder Engagement Disclosure & Reporting 	Only Partial Overlap <ul style="list-style-type: none"> Some Some More Lots Little Little Some 	
STRATEGY <ul style="list-style-type: none"> Strategic Planning Innovation, R&D Customers & Markets Products, Services, etc. 	Only Partial Overlap <ul style="list-style-type: none"> Little Very little Very little Some 	e.g., TCFD scenarios e.g. green products
ENVIRONMENT	Strong Overlap	
SOCIAL	Quite Strong Overlap	

Our take-away...

External ratings address key environmental and social risks and a bit of governance (as best they can from the outside).

External ratings currently do not (*cannot*) assess:

- *the rigor and effectiveness of internal company processes*
- *to define, discuss, and appropriately consider material ESG risks*
- *at the C-suite and Board levels*
- *and incorporate those issues into key business decisions* (defined as the major decisions typically involving board sign-off).

Agenda

- **Updates (20 minutes)**
 - Gib's 1:1 Conversations with participants
 - Website Improvements
- **Analysis & Insight (10 minutes)**
 - TCFD and External ESG Ratings
- **Workshop (20 minutes)**
 - Do external ratings drive your company's ESG strategy?*
 - External Ratings: Measure “the hard stuff”
 - Company Best Practices = “hard stuff & soft stuff”

1. Does responding to external ESG ratings **tend to drive your company's strategy re sustainability?**
2. How can companies **leverage “the soft stuff”** (governance and strategy business processes that are difficult to quantify)

How's how small groups will work:

- Assigned to groups of 3-5 people
 - Say quick hello – name, company, location
 - Capture notes on the side as desired (shoot email to Gib/Ben if you want)
- Have an open discussion for 10-15 minutes:
 1. Do ESG ratings tend to drive your strategy?
 2. How to leverage “the soft stuff” not in ESG ratings?
- Listen for common themes
- At 1 minute – a warning – don't click “return to main room” – use the full minute
- Request technical assistance at bottom right of Zoom

WHAT'S NEXT?

Hedstrom Associates

Webinars Design (Current Thinking)

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- Website
- 1:1 Conversations

- 1:1 Feedback
- Participants
- Scorecard Updates
- Analyze Results
- TCFD, etc.

- Participants
- Analyze Results
- Prioritize and Take Action

- TBD

Analysis & Insight

- Topic of the Month

- Comparison to TCFD, DJSI, MSCI, etc.
- Degree of Overlap

- Highly Relevant KSIs
- Prioritize and Take Action

- TBD

Workshop

- Topic of the Quarter
- Topic of the Month

- Comparison to External Ratings
- TCFD Discussion

- TBD

- TBD

Your Actions Please:

- 1. Update or complete your Company Self-Assessment**
- 2. Mark ~10-15% as Highly Relevant**

On behalf of our
Corporate Sustainability Scorecard team:

Thank You!

Please take 3 minutes and send Gib an
email with any comments or suggestions.

Gib Hedstrom

Ben Roberts (Webinar Mechanics and Facilitation)

Scott Sousa (Website Design)

Kelsa Summer (Best Practices Research)