

# Sustainability Benchmarking Collaborative

Peer-to-Peer Learning

Webinar #3  
March 5, 2019



CORPORATE  
SUSTAINABILITY  
SCORECARD™

BY HEDSTROM ASSOCIATES

# Housekeeping

- **Tech overview:**
  - **Look at your live image – check the name – if it is not correct, type your name into Chat**
  - **Other:**
    - **Raise hands – speak up**
    - **Gallery view and speaker view**
    - **Ask questions via Chat box**
    - **Mute and unmute yourself**
- **Provide (email) feedback after the webinar**

### Today's Webinar Participants...

Company	Participant
• Altria	Amanda Tate
• Chemours	Michelle Fitzpatrick
• Chevron	Lisa Epifani
• Danaher	Farsad Fotouhi
• DTE	Greg Ryan; Eric Younan
• Eaton	Jon Newton
• Eversource	Joy Woolley
• Fluor	Nancy Kralik
• Ingersoll Rand	Ben Tacka
• Kimberly-Clark	Chris Weber
• Medtronic	Ginny Cassidy
• PPG	Mike Corcoran

# Our Third Webinar

### Webinar #1

January 15

11:00 am EST

### Webinar #2

February 5

11:00 am EST

### Webinar #3

March 5

11:00 am EST

#### Updates:

- Website changes
- 1:1 Conversations

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

- Sample Analytics
- User Report

- Best Practices
- Downloadable graphics

#### Analysis & Insight

- Topic of the Month

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

- PG&E Case Study [Highly Relevant KSIs]
- Larry Fink letter

- The “G” in ESG

#### Workshop

- Topic of the Month
- Website Next Steps

- Comparison to External Ratings
- TCFD Discussion

- PG&E Case Study
- Draft User Report

- User Downloads:
  - Report
  - Graphics

# Agenda

- **Updates (10 minutes)**
- **Analysis & Insight (10 minutes)**
  - The “G” in ESG
- **Workshop (30 minutes)**
  - Downloadable Report and Graphics
  - Full Group Discussion
- **What’s Next (5 minutes)**

# Website Updates

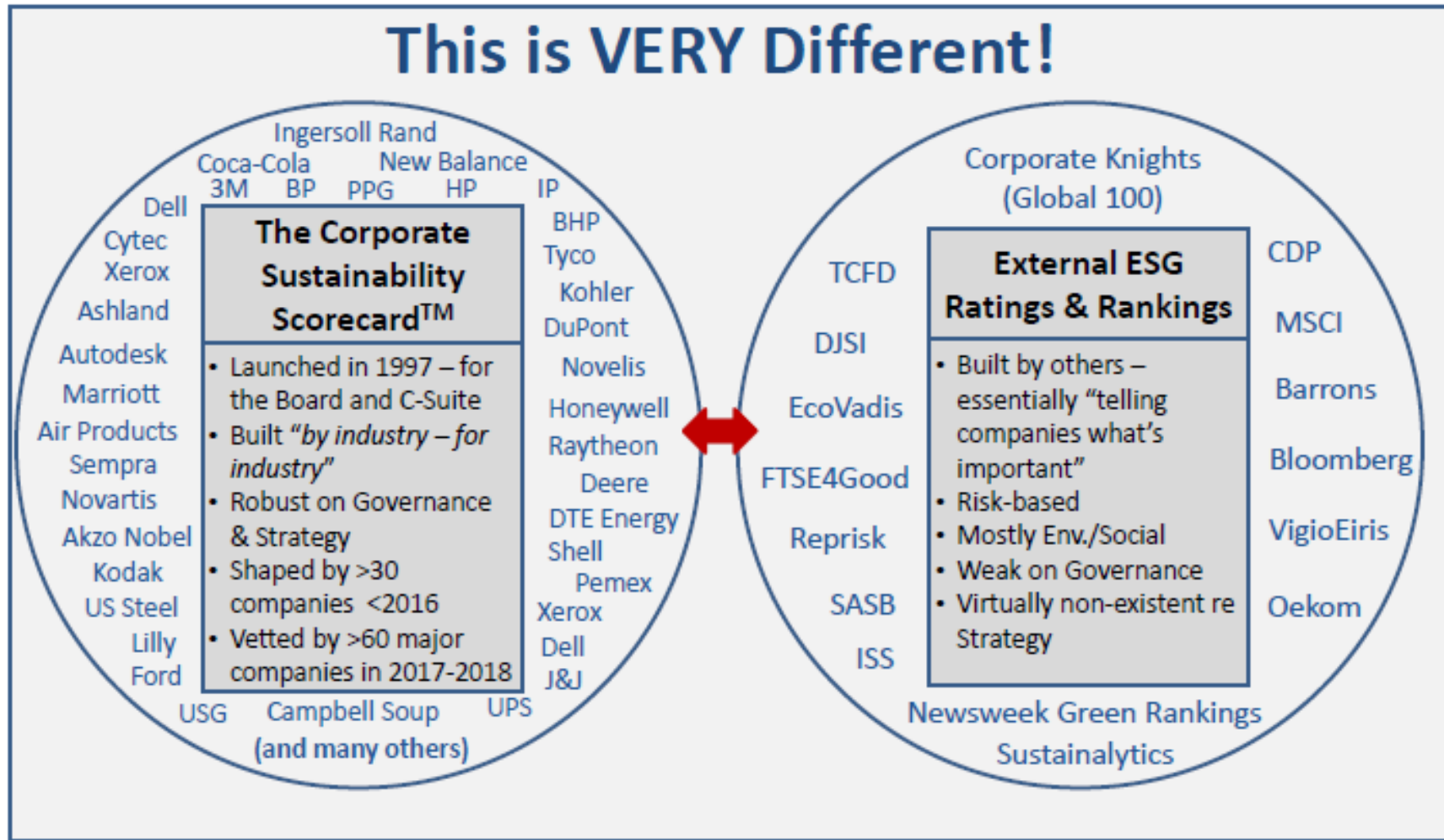
- **Downloadable PDF Report**
  - Go to “Edit a Self-Assessment” – click on your latest Scorecard, click on REPORT
- **Downloadable Graphics** (Save as JPEG or PNG Image)
  - Rainbow Charts, Bar Charts, “Highly Relevant” Summary
  - Peer Ratings (e.g., TCFD, MSCI, etc.)
- **Best Practices**
- **2019 Revisions to KSIs**
  - We again plan to update in 2019 – by end of June
  - Criteria: simplify; streamline; retain integrity of year-to-year comparisons
- **Coming Next**
  - Submit a Company Self-Assessment (Scorecard) by Section (e.g., after Governance)
  - Excel Sheet Uploading

Gib walked through the updates sharing his screen on  
<https://thesustainabilityscorecard.com/>

# Agenda

- Updates (10 minutes)
- **Analysis & Insight (10 minutes)**
  - The “G” in ESG
- **Workshop (20 minutes)**
  - Downloadable Report and Graphics
  - Full Group Discussion
- **What’s Next (10 minutes)**

# A Reminder: Why This Scorecard?





# The “G” in ESG...

## External ratings address:

- Environmental and Social data (re impacts)
- Governance *data* (very limited – e.g., board diversity)
- Governance *structure/processes* (the existence of only)

## 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 (e.g., M&A).*

### Example: Critical ESG Risk Management Questions that ESG ratings cannot really get at...

	Do we have robust business processes in place to manage our ESG risks?
<b>IDENTIFY ESG Risks</b>	<ol style="list-style-type: none"> <li>1. Have we <i>identified</i> our major ESG risks? <ul style="list-style-type: none"> <li>• Conducted a materiality assessment</li> <li>• Considered specific implications of major global risks (e.g., World Economic Forum’s Global Risk Review)<sup>i</sup></li> <li>• Aligned with critical few most (financially) material sector-specific ESG risks (e.g., German Environment Ministry report – SD-KPI)<sup>ii</sup></li> </ul> </li> <li>2. Have we assessed the <i>magnitude and scale</i> of our potential impacts and resulting costs/liabilities?</li> </ol>
<b>EMBED ESG Risks</b>	<ol style="list-style-type: none"> <li>3. Are ESG risks <i>fully incorporated into our company’s enterprise risk management process</i>?</li> <li>4. Have we considered and mapped alternative futures via <i>robust scenario planning</i>?</li> <li>5. Are the magnitude, scale and potential impact of sustainability issues <i>fully incorporated into our strategic and business planning processes</i>?</li> </ol>
<b>OWN ESG Risks in C-Suite</b>	<ol style="list-style-type: none"> <li>6. Do <i>business leaders personally own</i> the most significant ESG risks and summarize annually?</li> <li>7. Are <i>cultural norms and executive incentives aligned</i> to manage major ESG risks?</li> </ol>
<b>OVERSEE ESG Risks by the Board</b>	<ol style="list-style-type: none"> <li>8. Does our <i>Board spend sufficient time</i> to ESG risks during and between board meetings?</li> <li>9. Do <i>Board agendas and pre-reads</i> comprehensively <i>address the most material ESG issues</i>?</li> <li>10. Are material ESG issues sufficiently factored into <i>key business decisions</i> (e.g., M&amp;A, major capital allocation, etc.)?</li> </ol>

<sup>i</sup> World Economic Forum Global Risk Report

<sup>ii</sup> SD-KPI Standard 2016-2021 (A standard of standards for sector-specific and material Sustainable Development Key Performance Indicators (SK-KPIs) used in annual reports and institutional investments)

# Agenda

- **Updates (10 minutes)**
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- **What’s Next (10 minutes)**

### The Question Many of you Asked

How can we create downloadable graphics that users can copy and use to create tailored executive briefings and presentations?

**Gib walked through the updates sharing his screen on <https://thesustainabilityscorecard.com/>**

# Downloadable Report Info now Available

## PDF Report:

- Summary Table (Bubble Chart)
- Back-up 4-5 pages of ratings

## Downloadable Graphics (as JPEG or PNG image):

- Analyze Results
  - Rainbow Charts
  - Bar Charts (~145 x 3)
  - Highly Relevant
- Peer Comparisons (“rainbow” charts)
  - By Rating (TCFD, DJSI, CDP, MSCI, etc.)
  - By Section (Governance, Strategy, Environment, Social)

# Agenda

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- **What’s Next (10 minutes)**

# What's Next?

- **User Report**
  - Further tweaks to downloadable graphics
  - What else?
- **Excel Sheet Updates**
  - Ability to input by Section (e.g., just Governance)
  - Ability to tally up ratings from multiple people in your company
  - Ability to directly upload to website coming soon
- **Revisions to KSIs**
  - See downloadable PDF on Welcome Page
  - Propose to eliminate 7-8 KSIs (combine; eliminate redundancy)
  - Continue to sharpen Stage 1-4 descriptors
  - Maintain the integrity of comparable ratings

# Your Actions Please

- **Update Your Company Self-Assessment**
  - Update or new
  - On-line or Excel
- **Flag “Highly Relevant” KSIs**
- **User Report – Check downloadable graphics**
- **KSIs: Q2-2019 Revisions**
  - See Draft KSI Changes
  - Provide comments (as/after you update your company self-assessment)



# **Upcoming Webinars**

## **Mark Your Calendars:**

- **Tuesday April 9**
- **Tuesday May 7**
- **Tuesday June 4**

**All for one hour, starting at 11:00 AM EST**

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 and Ruth Shafer (Best Practices Research)