# Sustainability Benchmarking Collaborative

**Peer-to-Peer Learning** 

Webinar #6 – and mid-year "Pulse Check" June 4, 2019



Welcome

### **2019 Webinar Game Plan**

	Q1-2019	Q2-2019	Q3-2019	Q4-2019
	January 15 February 5 March 5	April 9 May 7 June 4	July 23 August 27 September 17	October 15 November 12
Updates	<ul> <li>Website Updates</li> <li>Analytics</li> <li>Peer Ratings</li> <li>New Excel version</li> </ul>	<ul> <li>Downloadable graphics</li> <li>Completing Scorecard section-by-section</li> </ul>	<ul> <li>Strategic Planning – "Highly Relevant" KSIs</li> <li>Website development: Prioritize &amp; Take Action</li> </ul>	<ul> <li>Participant Status</li> <li>Website Updates</li> <li>Analytics</li> </ul>
Analysis	<ul> <li>PG&amp;E Case Study</li> <li>The "G" in ESG</li> </ul>	<ul> <li>Example 'Pitch Decks'</li> <li>Engaging peers</li> <li>Member company sharing</li> </ul>	<ul> <li>Example 'Pitch Decks'</li> </ul>	<ul> <li>Example 'Pitch Decks'</li> </ul>
Workshop	<ul> <li>Small breakout group discussions</li> <li>Comparison to External Ratings</li> <li>Using Excel sheet</li> </ul>	<ul> <li>Group discussions</li> <li>Engaging peers to do/update ratings</li> <li>Creating 'Pitch Deck'</li> </ul>	<ul> <li>Small breakout group discussions</li> <li>Annual Planning <ul> <li>Priority KSIs</li> <li>Action Planning</li> </ul> </li> </ul>	<ul> <li>Small breakout group discussions</li> <li>Annual Planning <ul> <li>Priority KSIs</li> <li>Action Planning</li> </ul> </li> </ul>

Agenda

# Agenda

- Quick Introductions (5 minutes)
- Breakout Groups: Spreading the Word (15 minutes)
- Latest Website Developments (5 minutes)
- Member Update: Kohler (10 minutes)
- Workshop Discussion (15 minutes)
  - Updating your Company Scorecard
  - Assigning "Highly Relevant"
  - Preparing the "Pitch Deck"

### What's Next (5 minutes)

#### Webinar Participants: Quick Introductions

Company	Participant	Completed Scorecard	Highly Relevant KSIs?	Past Webs	Planned Next Step
• Apex Tool	Kihoon Lee	2019	No	Yes	Engage Peers
Ashland	Nicole Voss	2018	Yes	Yes	2019 Update
• Dow	Mark Weick	(Pending)		Yes	Initial Scorecard
• DTE	Greg Ryan	2018, 2019	Yes	Yes	Updating Now
• Eaton	Jon Newton	2018	(A few)	Yes	2019 Update
• Fluor	Nancy Kralik	2018	(A few)	Yes	2019 Update
• Kohler	Brigitte Dillman-Cruze	2018, 2019	Yes	Yes	Engage peers
• Lilly	Julie Delp	2018		No	2019 Update
Marriott	Claire Cutting	2018, 2019	Yes	Yes	Engage peers & Act on Results
Medtronic	Ginny Cassidy	2018, 2019	Yes	Yes	Leverage Results
Momentive	Roger Bowman Amy Pressly	(Pending)		Yes	Initial Scorecard

#### **Hedstrom Associates**

Spreading the Word: Expanding Our Pool of Companies

### **Gib's Recent Activity:**

### **The Conference Board:**

- TCB Global Sustainability Centre
- PSRA Council: Update data (or create new Scorecard data) related to product stewardship prior to fall 2019 meeting
- Discussions re ESG benchmarking

### **Other Industry Groups:**

- WBCSD
- WEC
- WHC
- GEMI
- NACD

- Gib has had ongoing conversations with these industry groups – all of which are very interested in the Corporate Sustainability Scorecard. The emerging collaboration:
- They encourage members to use the Scorecard
- Gib and team provide tailored analytics for the groups to use in meetings, etc.

# THE CONFERENCE BOARD &

#### Beware the 80/20 Governance Trap: Focus on the "G" in ESG Lessons from the PG&E Bankruptcy Filing

by Gilbert S. Hedetrom

Judging by the praise lauded on Pacific Gas & Electric by external environmental, social and gevernance (ESG) rating agencies, the California utility was best among been. Sustainallyics (a leading provider of ESG and corporate governance research, ratings, and analysis—used by Bioomberg and others) named PG&E m<sup>3</sup> outpartormet<sup>2</sup>—unsited in the Rohd perarette on governance and the 88th percentile on environment. PG&E was rated the No. 1 utility in Corporate Responsibility magainets 100 Best Corporate Citizens and by Newwake Cenen Rahnings. Newwake also listed the company No. 4 versall.

Then, in what The Wall Steed Journal called "the first major corporate casualty of climate change," PG&E field for Chapter 11 bankrupty: protection on January 29, 2019. But wat a minute; shouldn't the ESC mittigs have caught that? Not likely. External ESC ratings fail the 80/20 rule. They may be able to measure 80 percent of environmental and social impacts. However, thay bankly capture 20 percent of governance. And governance is by far the most important of the "ESC."

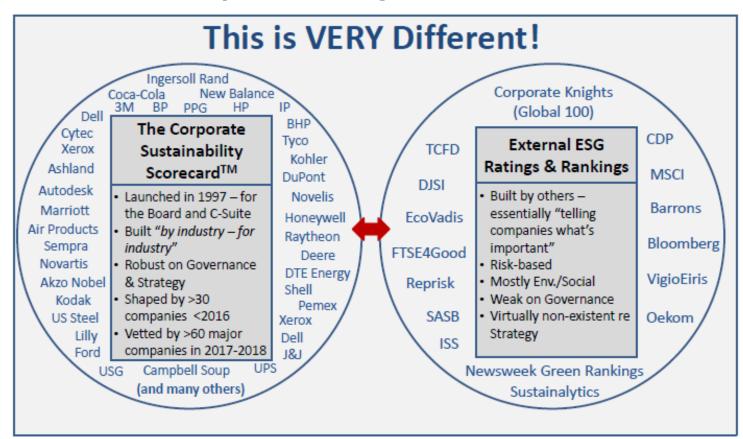
This Sustainability Matters analyzes the PG&E climate-change related benkruptly as an example of how external ESG ratings fail to fully measure the governance element of ESG. The author makes the point that external ESG ratings only capture a very small portion of the "G" in ESG, something the author calls the "80/20 ESG governance trap."

The opinions expressed in this report are draw of the action only and do not necessarily reflect the views of The Conference Roard.			
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Spreading the Word: Reminder

# A Reminder: Why This Scorecard?

- By Industry For Industry
- The 80/20 Trap (Can't rely on external ESG ratings)



Spreading the Word: Expanding Our Pool of Companies

### **Mid-year pulse check...** How do we spark growing interest in the Scorecard?

#### **Head Winds**

- Bandwidth: Competing priorities
- Desire for + external ESG ratings
- Yikes Rate the CEO and Board
- Others?
  - Log-in credentials?
  - Getting started?
  - ???

### **Tail Winds**

- Growing questions re ESG
- "How do we stack up?" (showing rainbow charts, etc.)
- Maturity guide
- Engaging cross-functional peers
   inside company
- Conference Board 80/20



# Small Group Discussions: What can we collectively do to grow the pool of companies using the Scorecard?

Spreading the Word: Expanding Our Pool of Companies

# **Results from Breakout Groups...**

### How do we spark growing interest in the Scorecard?

- Easier Entry Point: Make it easier for new companies to get started
- Quick Start: Cut down level of effort to:
  - Get up to speed
  - Do an initial (can be partial) company assessment
- Q3-Q4: Encourage companies to do/update Scorecard 2<sup>nd</sup> half of year (Q1 and Q2 are busy with reporting, DJSI, CDP, etc.)
- **Show End Result**: Examples of how companies use results:
  - To convince management of the value
  - To see how a peer company stacks up
  - To see the "next frontier" of where leading companies are heading (re ESG)

#### Website Updates

# **Website Updates**

#### Downloadable Graphics and Report

- Added Summary "Bubble Chart" to Rainbow Charts, Bar Charts, "Highly Relevant"
- Bar charts enhance images (colors, font size, etc.)
- Go to "Edit a Self-Assessment" or "Prioritize and Take Action" click on REPORT

#### Getting Started

- Submit Scorecard by Section
- Quick demo re instructions

#### Coming Next Few Months

- Enhancements to KSI bar charts (view Stage 1-4 rating criteria)
- Greater access to Best Practices (wealth of information few people see)
- Excel Sheet Uploading
- 2019 KSI Annual update (simplify; streamline; retain integrity of comparisons)

Agenda

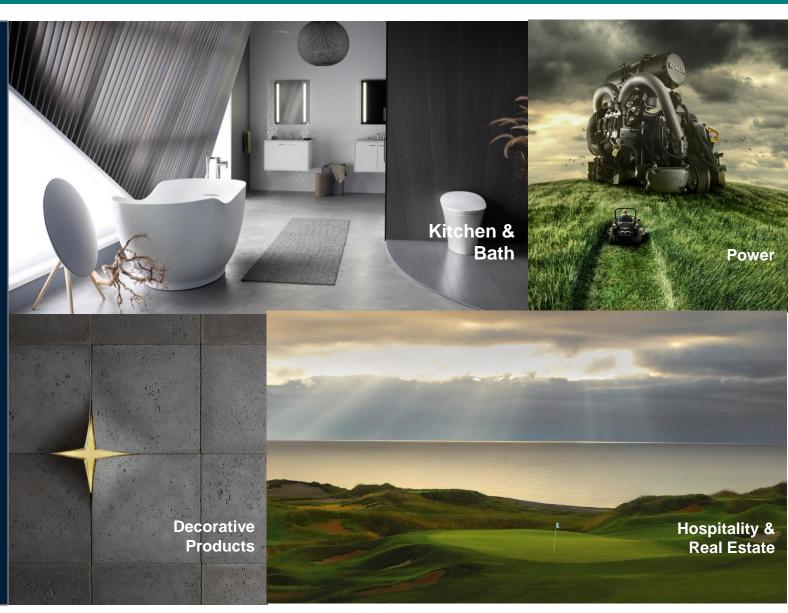
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#### **Hedstrom Associates**

#### Member Update: Kohler





### KOHLER.



#### HEADQUARTERS

KOHLER, WISCONSIN



#### FOUNDED IN 1873

ONE OF AMERICA'S OLDEST AND LARGEST PRIVATELY HELD COMPANIES



LOCATIONS ACROSS SIX CONTINENTS



50+ MANUFACTURING FACILITIES

ACROSS 30+ BRANDS

**Background: Kohler & Sustainability Scorecard** 

### Update from Kohler Co.

# What was it about the Scorecard that caught Kohler's attention?

- Benchmark our progress against peers/other companies
- Use as self-assessment and strategic planning tool

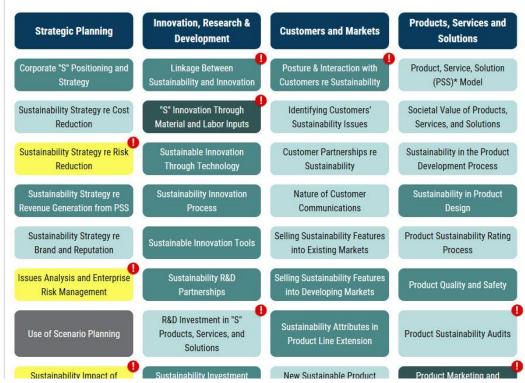
# What was your experience doing the initial company self-assessment in 2017-2018?

- Easy to use and update
- Involved the team on specific questions
- NOTE: some questions were not relevant since we are privately held

# Update from Kohler...

# What about the "highly relevant" items – how did you guys think about that?

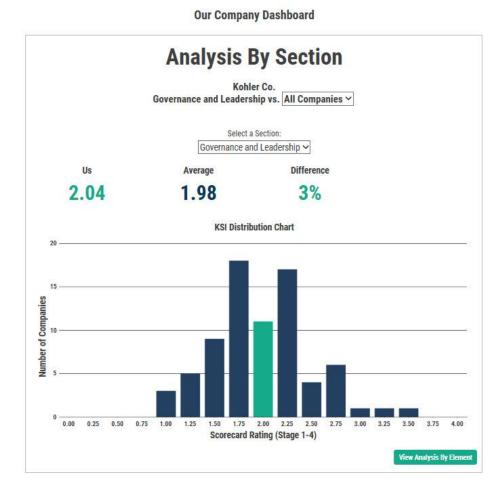
- Objective v. Subjective
- Strategic plan
- Ability to edit/flexibility
- Rainbow diagram



# **Going Forward...**

- Executive communication: "How do we measure up?"
  - Easy to read graphics with key points
  - Focuses the conversation w/o distractions
  - Benchmarking with peers, other industry leaders

**Future: Pitch Deck!** Downloadable graphics for PPT, PDF, etc.



# **Going Forward...**

### Use as an Analytic Tool

- SWOT or Materiality exercises
- Self-evaluation: measuring progress & results
- Strategic planning
- Reporting

By Company Average (All Companies)	Stage 1 "Engaging"	Stage 2 "Accelerating"	Stage 3 "Leading"	Stage 4 "Transforming"
Governance and Leadership	1	2	3	4
Values, Mission, Vision		•	<u>.</u>	
CEO Leadership		<b>A O</b>		
Board of Directors Leadership	•	*		
Goals and Metrics		<b>A</b> •		
Culture and Organization		<b>A</b> 0		
Stakeholder Engagement		• *		
Disclosure, Reporting, Transparency		<b>A</b>	8	
Strategy and Execution	1	2	3	4
Strategic Planning				
nnovation, Research & Development			•	
Customers and Markets		<b>A</b> •		
Products, Services and Solutions		A 0		
Environmental Stewardship	1	2	3	4
Environmental Footprint: Operations		<b>A</b> •		
Supply Chain - Environmental Impacts		A •		
Environmental Footprint: Products				
Social Responsibility	1	2	3	4
Own Operations: Workplace		• •		-
Supply Chain: Social Impacts	•	<b>A</b>		
Community Investment			•	

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Webinars Game Plan

## **Example Pitch Deck**

### Over the past several months, we have been building an example "pitch deck" based on input from Scorecard participants.

### **Download latest example from website**

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### What's Next (5 minutes)

Webinars Game Plan

# **Upcoming Webinars**

- Mark Your Calendars (all on Tuesday for one hour, starting at 11:00 AM EST).
- July 23
- August 27
- September 17
- October 15
- November 12

### **Actions for All:**

- 1. <u>Updating your Company Self-Assessment</u>: Engaging group of internal peers in updating the ratings
  - Using the Excel sheet
  - Single account vs. several per company
- 2. <u>Highly Relevant</u>: Flagging ~10-15% (15-25) KSIs
  - Criteria (define vs. leave loose)
  - What next? (See Prioritize and Take Action)
- 3. <u>Pitch Deck</u>: Creating an internal "pitch deck" to share results with boss and executive team
  - Gib presented latest working example
  - Folks liked it but said each company needs to create it's few critical slides.

### 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)