

Reporting as a Tool for Motivating Change & Sustainability Performance



April 19, 2022

Sustainable & Resilient Resources Roundtable

Reporting as a Tool for Motivating Change in Climate & Sustainability Performance

Introduction to the Sustainable & Resilient Resources Roundtable

David Berry: For 18 years, the Sustainable Water Resources Roundtable and SRRR, its successor, were part of a federal advisory committee launched by the White House Council on Environmental Quality. When the last US Administration began to disband advisory committees, we saw the handwriting on the wall and formed a 501(C)3 nonprofit organization.

We welcome you to this SRRR meeting. We have three presenters with 20 minutes for each presentation and 10 minutes for questions. The presentations will be followed by an open discussion. We will lead off with Cynthia Figge, CEO of CSRHub.

Presentation I: Cynthia Figge, [CSRHub](#),



Cynthia Figge: ([Bio](#)) Thank you. Welcome everyone. It's exciting to be a part of this conversation. I began to focus on sustainability in the mid-90s and started a firm Ecos International to help companies understand what sustainability meant and to build a business case for sustainability and integrate it into their core business strategy. Around 2007, I looked at the need for companies to better understand

how they were being judged, how stakeholders reviewed them from the outside, and how they were perceived. That began my journey into big data. Companies were trying to understand how they were being rated by Wall Street analysts, and how that data was used by investors in social responsibility. That was the genesis of this work.

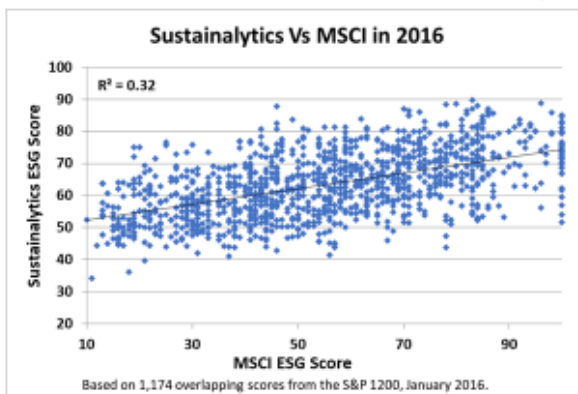
We're a big data platform. Our core purpose is to provide the strongest signal on how companies are performing. We call this consensus data – "ESG ratings". We're a big corporation, and although we're a for-profit entity one thing that's important to me as CEO, and to the COO, is to focus on our purpose and what we're trying to do in the world. We're using this data company on ESG performance to empower users to improve corporate sustainability, society, and our planet. Part of my dream is that our ESG data becomes as important as economic data in determining the value of a company. We're seeing ESG is very hot right now and we'll see if this trend continues. By some measures, almost 50%

of investors will be using ESG data as a screen for companies for decision making, investing, exclusionary factors, building portfolios, fund analysis, etc. It will hit that 50% mark, probably within a year. And hopefully, that's a tipping point.

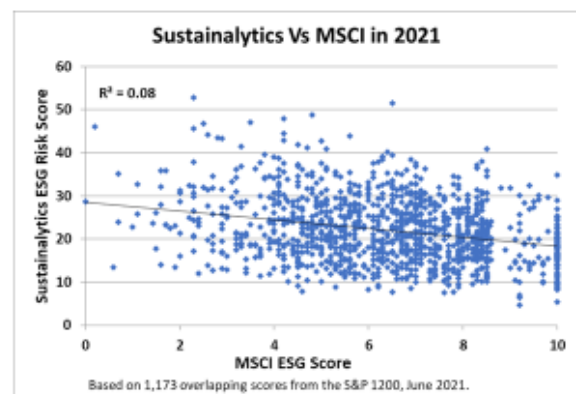
Today, we're the leading consensus ESG ratings and information platform in the world. We're bringing together hundreds of different sources. We convert a lot of data and cover 50,000 companies. We don't engage companies directly for their information or self-reported performance. We're actually looking at what everyone is saying about the company, and what the consensus is. If some of you have been in this field for a while, you know that it's somewhat chaotic. There are many different rating systems, schemas, metrics, and certification standards that are public and being rated. And a lot of private companies are flying under the radar for what we call dark data. There's not much transparency.

Each ESG Rater Measures Sustainability Differently

Major ESG Rating Systems Have Low Correlations That Have Gotten Worse - Resulting in Market Confusion



These two Major Sources had only 32% correlation for S&P 1200 in 2016



Correlation is now only 8% on the same group and slope is reversed because Sustainalytics now measures risk, not performance

For some of you in the nonprofit and government sectors, you need verification that your strategic partners are aligned with your values, stakeholder management. We have 50,000 visitors to the site each month, and many of them are students and academics. It is one of our favorite areas of giving back. We try to reduce our fees and if any of you in the group are academics, we'd love to talk with you. We're working directly with companies, consulting firms and investors as well.

Here is a sense of what this ESG data ecosystem looks like. We see companies that provide what we call self-reported data - companies reporting publicly on their websites through a CSR report or a framework. And we see data from Bloomberg or Refinitiv, FactSet. There are the Wall Street, analysts that are serving investors primarily like MSCI, and IS, and others. And there's a new sort of entrant, folks that are doing AI and natural language processing. We bring together many of these sources and try to make sense of them. We buy some data under license.

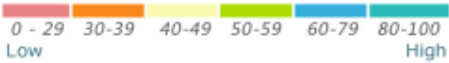
We bring in a lot of stakeholder data as well, from organizations which may focus on human rights, gender equality, perception of leadership, crowd-based sources, etc. We also track reporting systems and participation in those systems. And we are able to rate a company across these 12 dimensions of ESG. So that gives you an overview.

CSRHub's Schema Covers 12 Critical ESG Subcategories



* Sample ratings for the subcategories

<https://www.csrhub.com/csrhub-esg-data-schema>



We have a lot of benchmarking tools, where we can look at how a company compares to other companies, maybe its peers, its competitors, best in class. We also have tools that help companies analyze their suppliers and do benchmarking to see how they compare. What is their track record on community development and philanthropy, human rights and supply chain? What is their social impact through their products and services? What's their compensation and benefits, diversity, labor rights, training, health and safety.

We also focus in on the environment aspects: energy and climate change, environmental policy, and reporting and resource management. So hopefully, that's of interest to the folks that are part of this group looking at resilience and resources. Finally, we look at governance - how well is the board functioning? How do people rate the Leadership Ethics? And what how is the company doing with respect to transparency, and reporting? We track every month and updating the entire database and all the ratings on these 50,000 companies. We track whether they report to global frameworks like the Global Reporting Initiative? Are they part of the modern slavery registry? Are they a FASB reporter, sustainability Accounting Standards Board? are they reporting to the task force for climate related disclosures? Are they mapping to the ESA SDGs? Are they a part of the UN Global Compact? So we're tracking hundreds of these stakeholders. It's very exciting - there's a lot of movement and every day we're coming up with new applications. We will be launching on Salesforce very soon, enabling those CRM systems to integrate this kind of ESG data with tracking your customers and providing intelligence for understanding better the companies that they're dealing with.

Rich Juricich: I will facilitate questions for this section. I have a question. Can you elaborate on your business model in terms of how you finance your operations?

Cynthia Figge: Yes, thank you. We are a B Corp. We're a data service - like software as a service or data as a service, we have a subscription model based on an annual license fee. We charge based on use case, size, and type of the entity. We give deep discounts to academics and also discount nonprofit organizations. And then we have standard rates for companies. Sometimes companies are very large, sometimes they're small. We work with consulting firms around the world. Sometimes the consulting partners share or are licensed to be able to share the data with their clients.

John Wells: What indicators underlie your ratings on energy and climate performance that you had on one of your tables? Can you give a summary of the things that you look at?

Cynthia Figge: That's a great question. We are getting data from a variety of different organizations, some of which actually collect CO2, or greenhouse gasses. We have some aged out EPA data and we also collect data from sources like ISS MSCI and others. They're pulling specific data around energy intensity or energy use and reduction targets and all sorts of things. We're not only pulling in ratings, but sometimes we pull in raw data. For example, one of our sources called True Costs (part of S&P Global) is providing some of that underlying raw data, say carbon emissions, which we then translate... We age out data over time, but it's a bit like a credit score. So somebody might get credit for the fact that they've been doing something for a number of years. That's one of the ways in which we're tracking; that's very specific underlying data.

Anupam Saraph: Are you also tracking data that evaluates impact investing?

Cynthia Figge: Yes, we are used by impact investors. We have what we call 16 identified special issues. These could be anything from animal testing to if the company is a union supporter. Does it have good diversity at the board level? - various issues like that. Impact investors use these scores as a way to determine performance. And they might screen it out because it's in a certain industry, or they might include it because it's doing well. We have one subcategory that looks at the company's capacity to reduce environmental costs, and create new market opportunities, sustainable technologies, etc. And that is probably as close as we come to what we call our impact score. It is interesting - based on a lot of different data that we're picking up. That's one of the scores that we have that tracks impact.

Abdul Khan: Thank you for an excellent presentation. Could you talk about some of the significant use cases that you see of the ESG data ecosystem?

Cynthia Figge: Thank you for that question. I am amazed at the proliferation of use cases and where ESG is going. We're able to do without a lot of costly questionnaires and companies self-reported data. We focus to help organizations understand what is the performance of their extended supply chain. There has been tremendous focus on environment for example on the cover of a company magazine. But that calls into question the quality of data and whether we're getting good investment signals. We're in this for a long term view, looking at how a company performs and progresses. So it's not just who are

the best in the world, but which companies have momentum and trajectory of improvement? That's an important use case. Another use case growing in importance is social. When we started, we had twice as much social data as environmental. That caused us to divide our methodology into two buckets of social. It's clear there's pressure on understanding community impacts as well as internal employee impacts. So those are some ways the government and nonprofits are using these use cases as well.

Abdul Kahn: Thanks, Cynthia. How often are you looking at these different datasets that you're building? Every year, there's a new data set out there. How often do you reevaluate your index?

Cynthia Figge: Excellent. We update our entire rerolling 350 million data elements. We're rerunning everything every month. However, some of our data sources only update once a year. So some sources, particularly indexes, best of lists, maybe government data sources, maybe 1000s of companies are based on human analysts so they're only doing that once a year, to make adjustments, or some alerts and down rates. For example, S&P and Moody's spend more time on the credit side, integrating ESG as alerts for risk. Risk is such a huge area. We're concerned about all types of risks, ESG risk, reputational risk, cyber risk, supply chain risk, and when we see a company that has done something bad, sometimes there's an alert, and that is an immediate change. But we have something like just under 300 sources that we track. Every month, we have a schedule, and some number of those sources will be refreshed. It's on a cadence so that hopefully throughout the year, there's always something changing on a company page.

Marianna Grossman: I find this to be an important resource that you have to offer and have some questions. How do you let people know about what you're doing? It could be called marketing or communication. How do people find out about your services? And then how do you convey the depth that you were showing us on your web page. Do people go down and look into the details of the data?

Cynthia Figge: We were very early into this whole market. In 2007 no one was using the words big data and the problem of disparate data across different raters was not as well-known as it would be in 10 years. One thing we did was try to optimize our search engine capability so that if you went into Google and you searched Dell, CSR, or ESG ratings we would come up.

So that's probably the primary way that people find us. They're searching. The other strategy for marketing, penetration, and expansion has been to partner. Our partners are wonderful and have huge platforms and reach. That has been exciting, not only giving us reach, but for the integration, because it's very hard for companies to have all these different systems. And then they have to do the tough work of integration and putting their financial data and their marketing data and their ESG data and all these other datasets together. So those are the two ways that we've done our marketing.


Abdul Kahn: Related to what Mariana just asked, in California, we are struggling with this issue. I would like to know specifics on how you tackle data standards interoperability, as you ingest data from multiple sources, which may have different protocols, and different kinds of standards. What sort of method or approaches are you taking to ensure that the data you set out has similar standards, and then also, seamlessly, access and offer them that data to produce the final outcome?

Cynthia Figge: We have dashboards that deal with this. (Visible in the workshop video projected from the CSRHub website.). We give credit to all of the frameworks out there, and we map each one to try to understand how they work. And we try to learn the most from the different reporting systems and different frameworks. We try to make it more transparent. It's very difficult to find one system so we try to identify all sorts of leading frameworks and systems. On each client's dashboard enables them to look across all these different frameworks, or standards, or things like GRI or Green Seal, or Crespi, or sales, etc. And whether or not the companies are following them and using them. And then what we try to do is to go at a deeper level, for example, if it's science-based targets, we see if the company is using science based targets, what commitments have they made, and we try to track that. We've looked at all the 17 SDGs and we are trying to track has a company disclosed that they're tracking SDGs? It's not quite an answer to your question, because your question is, how are we going to bring all these disparate frameworks together and make sense of them? We're seeing some movement. I know in California how important that is. We're also a very global database - over 50% of our traffic comes from Europe and the rest of the world. Now they're all worried about the new taxonomy SFDR and all of the regulatory pressures that they're facing. So we're not quite at the point of reconciling frameworks but at least we're managing all the major ones and trying to map to them and where a company is following them. It's our state of the art so far.

David Berry: Cynthia, thank you very much for a very succinct and clear presentation of a very big and complex subject. We'll hear more from you in the open session.

Presentation II: Fran Teplitz, [Green America](#)

David Berry: I'm happy to call on Fran Teplitz from Green America. Twenty years ago, when I ran interagency groups at the White House Council on Environmental Quality, I met Fran's Co-Director Alicia Gravitz at a wonderful workshop on consumption at [Kykuit](#), the Rockefeller estate on the Hudson. I became a member of Green America. And I'm pleased how it's evolved over the years including the certification of green businesses. Fran, please say a few words about yourself and Green America, and then launch your presentation.



Mission Overview

Green America mission: To harnesses economic power—the strength of consumers, investors, businesses, and the marketplace—to create a socially just and environmentally sustainable society.

Green Business Network (GBN) mission: To provide the tools, the information, and the consumer base to help businesses committed to people & the planet to thrive in today's competitive green marketplace.

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Fran Teplitz: [\(Bio\)](#) Thanks so much, I appreciate it, David. And thanks to everyone for joining this meeting. I serve as one of our two executive co-directors at Green America and also as director of Green America's Green Business Network. Green America is based in Washington, DC, although I come to you from my dining room in Silver Spring, Maryland. We have about 35 staff, increasingly located around the country, and sometimes in other countries now in this virtual world we find ourselves in. And

we have a very long history going on 40 years, precisely addressing the issues that David mentioned. How can the economy, purchasers, investors, companies large and small, all play their role toward a more sustainable future? So we're going to switch gears here, we just heard a fabulous presentation on big data and publicly traded companies, major corporations and global standards. Now I'm going to shift over and look at micro enterprises. If you have any questions afterwards, my email is fteplitz@greenamerica.org. I'd be happy to follow up with you.

For 40 years now, Green America has been working to harness the power of the economy. We look at people with all the different economic hats that we wear, whether we're a consumer or investor and by investor we don't necessarily think of an angel investor or an institutional investor, but we even include people who have a bank account. Because wherever our money sits, it's having an impact. We look at all the different economic actors, including some of the smaller, deep green companies, as well as larger corporations with a commitment to stay in sustainability. We try to figure out what are the different strategies that each can employ for both social justice and environmental sustainability. And we use the word green a lot. For us, green is always both social and environment combined. We are

looking for holistic solutions that don't pit human needs against environmental needs. It's not - you can either have jobs or you can have owls. We're going to get way past that and look at solutions that work for the long term for our natural world and for human life. Green America also has a National Green Business Network with the mission to foster and connect consumers to businesses with, for the most part deep green commitments as the reason that the company exists. We provide marketing expertise and connect these businesses to consumers by telling their story. We provide a variety of tools, print, digital webinars, etc. These businesses can get a leg up since competing in the green marketplace has become increasingly confusing. The green marketplace has become larger and more complex.

What does green mean? Looking broadly, in other circles, what might be called ESG. For us, green for short. Our focus is on micro enterprises and by micro enterprises we mean - 1 to 5 employees. We also have members of our Green Business Network that are larger, we have mutual fund companies like Green Century, we have a large mattress company – Naturepedic. We have foods like Crofters jam that you may have seen in stores and other major brands in the green marketplace that you may be familiar with. But most of our companies are small entrepreneurs including sole proprietors, selling at farmers' markets and online. We focus on micro to midsize companies that are making a difference in their communities and demonstrating through their viability, that business can be done differently. When you're looking at businesses like this, the approach to a certification is very different. They don't have a



Today's Certification Overview

- What does "green" mean?
- Focus on micro-enterprises
- 38 specific sectors; office/facility requirements; all-business requirements
- Transparency of criteria
- Consumer audience resources

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sustainability department so the person who's making the product and putting it in the box is going to be the same person who's completing a certification assessment. Again, many of them are sole proprietors. It's rare for our businesses to have sustainability departments and experts where that's the only thing that they do. But scope is very broad in terms of sectors. Everything from banks to candle makers, food, travel, and so forth. We cover almost 40 different industries at this point. And we have a certification

that's tailored to the unique needs and impacts of those different sectors. I also want to emphasize that our certification is focused on the business operations and business overall, it's not a product certification. Certainly, the product comes into play and there are certain products we would not accept in terms of what we can certify. We have a number of certification criteria that regardless of the sector, all businesses must meet. That includes, for example, their green facility or office; whatever space they occupy we look for greening of that space. The business also needs to have a public mission statement of some kind. They can't be secretly green. They have to have online statement or a pronouncement.

The last point I mentioned was that we're looking for a public statement and public commitment, a public value, announcement about social and environmental issues. And we also need to be transparent at the Green Business Network about what we're looking for. All of our 48 standards are featured on our website by industry sector. So a company can get a sense of whether to apply. On our website we give a high level review of what the deeper assessment delves into. And it has a social and

environmental impact section. For a deeper dive: our website is greenbusinessnetwork.org - click under the certification tab, you'll see what it is exactly we're evaluating with these companies.

Businesses who take our certification, first need to become a member. That's a key point in connection to today's theme because we're looking to build that long-term relationship for continual improvement and long term commitment to addressing the climate crisis and a broad array of sustainability goals. And we know that as businesses improve, and we tell their stories, that there are consumers who are looking for these businesses and products. They want to understand innovation within small businesses

and how they can be nimble and creative. They want to support local living economies. So we tie these together and help them find each other. Our certification process begins with a written application. Then there's an interview process, usually a combination of phone and email. Our certification manager evaluates the feedback with a point system as well as judgment calls. That's why the interview process is so important. We come up with an overall ranking to determine whether or not the business meets our core standards.



Sample Certification Questions

- **What kind of banking institution do you use?**
- **How do you incorporate justice, equity, diversity & inclusion in your business?**
- **How do you invest in employee growth & development?**
- **How do you inform the public/customers about your business impacts?**
- **Are you involved in public policy advocacy?**

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We have required standards and preferred standards. I'll say more about that at the end. We have a regular certification that we grant, as well as a gold level standard. So if the preferred criteria are met, then that demonstrates that the company is even deeper green than some of its counterparts. We also view the certification as an ongoing learning process as we hear from a number of the companies that take the assessment. We also ask what bank do you use? The bank that we each use is extremely relevant, and has major implications for the climate crisis in that JPMorgan Chase, Bank of America, Citi and Wells Fargo, globally, are the leading financiers of the fossil fuel sector. We provide educational resources and help both individuals and businesses switch to a bank that better aligns with their mission and their values. And so through the certification process, they expand their understanding and the next steps on their green journey. Another area in terms of learning experience, has to do with electronic waste. People are focused on recycling but they haven't thought about electronic waste. And they haven't all thought about the voice of their employees in furthering the mission of the company. Employee voice is different from just providing good benefits, which is crucial. But it's what is the say that workers have in the direction of a company? So that's another area where businesses have told us that they learn more from us.



Certification Process Highlights

- **Written application**
- **Phone/email interviews**
- **Certification manager evaluation and point system**
- **"Going green" resources – certification as a learning process**
- **Board Committee review (gold)**

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A few of the sample questions that we asked that are a little different from the ones that you might expect around supply chain sourcing such as: How is justice equity, diversity and inclusion integrated into your business model? What are the opportunities for employee growth and development? How do you educate your customer base about being a green business and why being a green business is important? And what is the business owners' engagement in public policy? It is key for public officials to hear not just from concerned constituents at the individual level, but also from business owners espousing sustainability concerns such as climate or toxic chemicals. It could also be around federal minimum wage or a state minimum.

We're working on a regenerative agriculture label that will be for farmers as well as food companies across the food supply chain. Are you familiar with regenerative agriculture? It includes building soil health, which has tremendous implications for reversing climate change. It has implications for water quality, and implications for farming communities. And there's more educational work that needs to be done with this. But this would be a new label to be on the lookout for down the line.



Working Across the Economy

- Green America provides a holistic approach to using purchasing power that drives toward social justice and environmental sustainability by connecting consumers, businesses, investors, and supply chains.
- Next up: A new label for Regenerative Agriculture with the Soil Carbon Initiative.

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I will wrap up by mentioning the seals that our business members can earn - the regular seal and the gold seal. Again, for those who go the extra mile, they need an additional set of criteria and also receive an additional review through our, from our board of directors where we have a dedicated Green Business Network committee, and they provide an additional layer of oversight to give confidence in the green claims, and certifying the green claims that a business has made. Thank you so much.

Marianna Grossman: Thank you Fran, that was great. It's a nice balance to the corporate view that the rest of the economy can also get certified. And that you're also building community among the producers and the vendors as well as the customers. Can you talk more about how you measure impact on society and how you measure impact on the members of green America? What are the benefits to society? What's changed, that wouldn't be there if you were not there?

Fran Teplitz: Thank you. As I mentioned, Green America is now in our 40th year. And we came about during the Reagan era, when there was a sense among our cohorts that there wasn't political space for the initiatives we wanted to push through to bloom at that time. But there's always space around economic choice that people can make. And that gave rise to our organization. We often use the phrase vote with your dollars. And there are other types of voting within our own lives, within our businesses, as investors when we think about how we want to deploy assets, what we want to consume, where we want to pull back on consumption, all of those choices. To your question if Green America were not there, I don't know that as many millions of people that we've touched over the decades, would be thinking as consciously about the power we all have individually and collectively to

push for shifts, even when the political space doesn't look optimistic for achieving sustainability goals. But in our economic life, we can all be drivers of the change we want to see and we all know there are always people in the banking profession. There are always investors, there are always businesses and consumers who want to see these changes and they don't have to wait on the government. The government certainly has a role and we would also like to see a strong positive ROI. But in the absence of that, economic actors can always move ahead. And that's one major contribution that Green America has made over time.

A second contribution is the impact on members which is more of a narrative. Then there are the statistics we report. I've been with the organization for 22 years now, and wherever one is on the green journey, whether you're dipping your toe, or you've been doing this a long time, there's always more to do, there are always ways to improve. Green America has succeeded in being a very welcoming organization, wherever you are on the green spectrum, and always pushing the envelope to do more and to do better. And it's that embrace of people who are just starting off, looking for the one thing they could do, or are feeling overwhelmed. We can work with individuals like that and get them on track to a slow adoption of some steps in their lives to make a difference. And then we have people who are part of larger communities, or businesses or institutions that have been doing this work a long time, and we can engage with them at a higher, more sophisticated level, about what is the next frontier in their green journey? And how can they be a model and push the envelope further, for what it means in terms of environmental and social justice that we espouse.

Marianna Grossman: One thing I appreciate about your process is that you've divided the 38 industry groups on your website, so you can look at the certification criteria. So for me as a consultant, I can look into consultant professional services, and relate to all the categories, whereas if I'm trying to report on something, a corporation would report on, most of the criteria aren't relevant. So I like how you target it those and I'd be happy to follow up with you on joining.

Fran Teplitz: What we hear from our members is that there's no other certification that they could get. If you're a sole entrepreneur whether it's between 5 and 100 employees, and you don't have a sustainability officer, per se, but everyone is part of the sustainability mission in some way. We work with architects we just work across so many different sectors where people have said, this is finally a trust mark that I can earn. That's helping me deepen my commitments, and it's actually doable for me.

Bill Middlecamp: Can you give examples of where electric cooperatives have been certified and how the membership has responded to that certification?

Fran Teplitz: We had been in conversation a few years back with some initiatives, especially Rural Electric Co Ops, and working to push for clean energy through them. It's been a big lift. I know there's another organization now that's dedicated to that mission. And sort of democratizing the process. There's been a whole lot specifically on Electric Coops recently. Well, how did Electric Coops leap out to you, Bill?

Bill Middlecamp: The National Rural Electric Cooperative Association is a very conservative organization. And they act as a lobby organization that tries to slow down initiatives to green the energy

system. So I was wondering if there are some examples that could be a wedge or a camel's nose in the tent. One of the things that might be interesting to cooperatives is the shift to electricity from other sources of energy for things like transportation, heating, and cooking and water moving to electricity, because it can be green, it can be carbon free. And so if they can convince their members, that that is an option, that could be a good selling point. But I need examples in order to push that within my own cooperative.

Fran Teplitz: Interesting Bill, are you part of a larger coalition that's pushing on this?

Bill Middlecamp: I'm a director on the board of my electric cooperative.

Fran Teplitz: That was exactly the strategy that we were working on with some colleagues was to get people like yourself actively involved at the leadership level of these cooperatives. We don't have a specific campaign on that but we have communicated to our entire membership of 250,000 individuals urging if they are served by a Rural Electric Co Op, that they should get involved, and referred them on to ways of doing that. So your point is well taken. It's a big lift.

Bill Middlecamp: We're seeing more activity and interest in the membership of the cooperative, to push in this direction. As a member of the board I can help, hopefully, open their eyes a little bit to some avenues.

Abdul Khan: As you work with these companies, for the most part with the Green Business Network, they're already looking and receptive so it's sort of a self-identified audience.

Fran Teplitz: We say to new entrepreneurs, you have to be up and running for four months before we can talk with you because we want to make sure that your business is moving forward. But frequently an entrepreneur has an idea and they want to join right away. If they have a People, Profits and Planet mission, as we say, they seek us out. Other times, through our board members or other networks that we're part of, we reach out to a business we believe already has a high level of synergy, and we can help them go further. It's a matter of relationship building and many conversations and sharing of resources.

Since people join Green America by choice, they're proactively opting in. People see us on social media and they see our magazine or blogs, they read us about us in traditional media. Increasingly, young people play a key role in moving their families, communities, schools, and workplaces, in a green direction. That is crucial to changing this broader segment of the US population that's unconvinced. There is greater receptivity in a younger and also an in a more diverse population, and people thinking more holistically about the kind of life and society and world that they want to live in for themselves, and for future generations.

Marianna Grossman: We'll pause here for our next speaker, and then bring you back for the joint conversation with all the speakers at the end. Thank you so much.

David Berry: Fran, thank you. I enjoy the diversity of level and approach here. It comes together like a tapestry or collage. I sense possibility for collaboration among people who hadn't met before.

Presentation III: Richard Hardymont of the [World Benchmarking Alliance](#)



David Berry: I'd like to invite a self-introduction from Richard Hardymont who is with the World Benchmarking Alliance. The subject of his talk today is transformative benchmarks, comparing company's performance on the SDGs. And that's both a particular focus and a very broad one. Richard, I turn it over to you to say a word of introduction about yourself and about the World Benchmarking Alliance, and then launch into your presentation. Your respondent is going to be John Wells.

Richard Hardymont: [\(Bio\)](#) Thank you very much, David. And thank you for inviting me to this. It's a great pleasure to join you. I'm based in London, where the sun is setting. The WBA is an independent nonprofit global organization. We are about 80 people based all over the world. I'm the Research Director, so I'm responsible for producing our methodologies and benchmarks that I'll say a bit more about in a moment. My background has been in the private sector. I spent over 10 years working with large companies, including American multinationals, on how they measure and disclose on their sustainability impacts. And also part of the B Corp movements. I'm on the B LAB advisory board for certifying multinational standards, as well as an author with interest in well-being. I published a book a few years ago on how companies affect life satisfaction. But the topic today is benchmarking. The Benchmarking Alliance develops publicly available and free rankings of how companies are performing on the UN Sustainable Development Goals (SDGs). Everything we do is a public good. We make publicly available both the methodologies and the results so that others can use it. Our starting point is that the private sector has an absolutely crucial role to play in the sustainable development goals. Fran was telling us a little bit about smaller organizations just now. Our focus is on large multinationals, and we're ranking 2000 of the world's most influential companies, on the SDGs. And we do that so that

different stakeholders can use the results. Our benchmarks are used by investors as you'd expect, but we have a team that works with policymakers and governments. We have civil society organizations, academics, think tanks, as well as companies themselves, using these rankings, to learn and improve on their performance. The idea of a public benchmark and ranking is that it provokes a race to the top

We're calling out the leaders who are on top of the results, and also holding to account the laggards who are underperforming. It's that dual role of benchmarking, calling out the leaders, as well as laggards that creates the strength of what we're doing as an accountability mechanism. So the key idea here is to create that accountability for the private sector in terms of their impacts.

We use a systems approach to develop these benchmarks. When the WBA was founded, we did a lot of global consultations all around the world on how to create this accountability mechanism - explored

Benchmarking for a better world



- **Business has to play a key role** in leading the transformative change required to achieve the UN Sustainable Development Goals (SDGs).



Seven systems transformation

- Urgent action is needed to put the world on a more sustainable and resilient path.
- SDGs can only be achieved through **transformational change**.
- Recognises the interconnected and interdependent nature of the SDGs and requires active involvement of all stakeholders.
- By 2023, we will publish a **series of benchmarks** assessing 2,000 of the most influential companies across all areas of transformation.



all sorts of different ideas with the SDGs. As you probably know, the SDGs have different topics and themes and can be segmented by industry. One of the key insights we landed on is not to look at these issues and companies in isolation. So we adopt a systems lens. And we use systems thinking as an organization, both in how we work and also what we produce, to look at those interconnections between those

industries, between those industries and companies, and also between the issues. So we benchmark 2000 companies across these seven different systems. We're nearly halfway through this year. And they're things like a food and agriculture system where we have 350 of the world's most influential Food and Ag companies. The new one we're launching this year, which might be of interest to a few people on this call is around nature and biodiversity where we've done a public consultation for the last six weeks on our methodology. And we're just finalizing that next week, we're going to rank 1000 companies on nature and biodiversity. And at the heart of these seven systems sits our social methodology, where we assess all 2000 companies on fundamentals of things like human rights, living wage, health and safety, and business conduct. And on decarbonization and energy, we use a methodology developed by CDP with the French government agency ADEME, the ACT initiative. ACT stands for assessing low carbon transition, to measure how those huge emitting companies, 450 of the world's biggest emitters, are progressing towards a 1.5-degree scenario. So how far they are they on the track in terms of what the science says needs to be done? So it's that interconnected nature really, that is at the heart of WPS approach in terms of producing these rankings.

When Cynthia was presenting her material on CSR hub, I was delighted to see she maps whether the companies are in the SDG 2000, which is our universe of the 2000 companies that we rank. We selected these companies on the basis of their influence and impact. There are big well-known companies with the biggest revenues, but also some less well-known names which have been selected because we think they're Keystone, an idea we borrowed from the Stockholm resilience center in terms of their influence within a system. Keystone in terms of tipping that system towards more sustainable outcomes. We have quite a rigorous process we go through each year to update this list of the 2000 most influential companies, it's worth saying they're not only publicly listed but some are also privately held or state owned companies. We have the Iranian national oil company for example, as well as many companies owned by the Chinese state that make up the list of 2000 companies that were held into account.

At the heart of WBA is an alliance of over 300 different organizations, who helped us in terms of building the methodologies, and also crucially, as users of our data, and that alliance of 300 organizations, some of the logos you can see here, includes many well-known organizations and investors is drawn from across the spectrum. I mentioned civil society and NGOs, but also business and industry associations and some of the large institutional investors. It's that idea of an alliance that helps both in terms of what we measure, but also holding the companies to account that is fundamental to our theory of change.

A good methodology provides a roadmap to the private sector, and explains what does good look like. And when I worked with companies, I heard clearly that companies can be confused by everything that's going on and uncertain of the role they should play in the SDGs. They often want to do something but aren't clear on the first step. A good methodology sets out metrics that companies should be held to account for, so what they should be disclosing, but it's crucial what process we go through to develop those methodologies. We have a multi stakeholder process where we put in the same room, the investor, with the civil society representative with the company, as well and have a dialogue and always build on two things. Firstly, what does science say needs to be done when it comes to this issue for the private sector? And secondly, what are societal expectations, and again, that's a very difficult thing to

judge. There's a spectrum of societal expectations on different issues. But there are global standards on things like UN guiding principles on human rights, the SDGs themselves are a global standard. We translate those global standards using the science and societal

The SDG2000



WBA has identified the 2000 most influential **companies** with the greatest potential to transform systems and influence outcomes on the SDGs.

Keystone companies **dominate, control, connect** and **influence** the structure and functioning of the systems in which they operate

These companies are being benchmarked in one or more of our systems. All companies will have been benchmarked by the end of 2023.



expectations into metrics that spell out what the company should be doing, and what we expect them to disclose.

There are four big challenges. When we look at how we assess corporate sustainability performance today. One big question we all face is are these measures are these disclosures that you see in a company's sustainability report? Are they a good proxy for impact? It was some of the questions some of you were asking earlier, to companies understand their impact, because a company can say they do something or they can disclose their greenhouse gas emissions or say they've got a policy on health and safety. But there's often a gap between what a company says and what the impact is in terms of how that's felt by people and planted on the ground. And being cognizant of that gap and being aware of it is important for any of us working in this space. The second big challenge in assessing companies is the context. What is the scale of a company, and the setting - where does it operate? Is it just within one state? Is it a multinational all over the world? The setting when it comes to measuring issues like water or biodiversity is absolutely crucial. So people like me need to simplify all this down to one metric, you can hold the company to account but actually the context is challenging. The third big one, where there's some exciting work going on with things like science based targets is what does "Good Enough" look like and what does the science say needs to be done? A lot of thinking around thresholds and allocations and carrying capacities being done around this, We're looking at our nature methodology. Unfortunately, the science isn't there yet. But it's coming in future years in terms of new science based targets around nature. And then what about social, we often default to the environmental issues? But

Our Methodologies

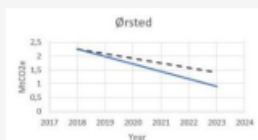
- Our publicly available methodologies provide a **roadmap** that translates the global agenda into a tangible action – making clear what **'good'** looks like
- WBA methodologies are **based on societal expectations** and **best available science**, always **building on existing** corporate reporting frameworks wherever available.



actually, what does the science say? The normative threshold or scientific threshold for social issues is an incredibly challenging area to standardize.

Good metrics – four challenges

- A good **proxy for impact?**
 - The commitment-disclosure-performance-impact gap.
- What's the **context?**
 - Scale & Setting
- What's 'good enough'? **Thresholds, allocations & carry capacities**
 - Planetary boundaries; Science-based; 1.5°C pathways...
 - What about social? "No poverty" – SDG1; "gender equality" - normative threshold
- How do you measure a **transformation?**
 - Business models, product innovation... Hugely challenging to standardise



Regarding climate change, we look at energy company targets for reducing greenhouse gas emissions against what their sector based decarbon pathway says is needed. We do that for 450 of the biggest emitters.

We're trying to transform the private sector, and we want

the private sector to step up and change. A lot of that is about new business models and product innovation. And how you develop metrics and standardize that is challenging as well. Companies often address that through narrative reporting. If you're a benchmarking organization, or an investor, looking at these companies, what you want to know isn't always possible to put into metrics today. Some of the innovations we're going to see in that space around how to a transformation are exciting. There are some ideas from what I've been thinking about on metrics. I hope that was interesting and I'm happy to answer any questions.

John Wells: Thank you, Richard. You've tackled a massive agenda, as have our other speakers. I looked at your website and at the automotive benchmark that you have, and the electric utilities and oil and gas benchmarks. Not surprisingly, you cite the oil and gas sector as being full of empty promises. Understandable since our goal would be to end or reduce their business. I saw Bill Clinton on late night TV once saying he thought the key for the future of climate change was for oil and gas companies to get into wind power and solar power and get out of oil and gas. He said that about 25 years ago. My question is, have you set up a system that will help us see whether companies realize that we are in a COVID pandemic type crisis with our climate? Do you feel confident that your system of indicators for the big companies will do that?

Richard Hardymont: Thanks, John, that's a great question. For me, that comes back to urgency and how you set the bar. How do you get this balance between being challenging enough to recognize the climate crisis that we're in without completely turning off the private sector and then being ignored with people not engaging with you? We often toy with how to get that balance right on climate, I'd say that we have set the bar pretty high. You've seen some of those rankings on oil and gas companies where the transformation simply isn't good enough - not fast enough. And it's not urgent enough. We've been guided by the science and we're able with CDP, who's our research partner to map the commitments of those companies. And as you'd expect, that the one or two that are leading are those investing in renewable energies, as you mentioned. The rest of the sector is behind.

Abdul Kahn: The California Department of Water Resources is developing a statewide water, strategic water plan, we are considering for society, social expectation or values. These include health and safety, economy and ecosystem, STEM and enriching experiences. I'd like to know your opinion on these choices based on your experience.

Richard Hardyment: Thanks. I'm happy to pickup with you separately and give you a more thorough answer. But now with reference to our methodologies, we've set out expectations for private companies. But you can apply some of those expectations to public organizations as well, including on social issues. We have 18 core indicators that we assess. Companies' health and safety is just one, but there are lots of other issues. And then also our new nature methodology, which touches on a lot of these issues. Water is one part of that, but I'm happy to share more details on that with you.

John Wells: This might be a general question for everybody. How we can use benchmarks and indicators to predict, for example, if we adopt a carbon fee and dividend increasing over 5 years, how will that affect the ratings, the company's participation in going green, or going to a low carbon society by 2035? Can we use indicators in that way?

Richard Hardyment: I would love to be able to model the impact, so if I understand your question, if you price carbon, how does that affect the private sector? I would love to be able to do that. I'd say we're not there yet with our own data. But that is the type of thing investors are also asking us in terms of the business case for this and making it more commercial for the companies is one good angle.

John Wells: I see in your automotive benchmark, for example, that companies are ready to be in a transition but they need to have greater motivation. Fuel standards, for example, can give that motivation. I saw that Volkswagen is planning to scale up electric vehicles. Is that on your radar?

Richard Hardyment: The automotive sector is fascinating. Just five or six years ago, the death of the internal combustion engine would seem horrifying to some, but now it's widely accepted in the speed of transmission to EVs and beyond that - hydrogen. It's incredibly exciting. It's obviously going at different speeds in different markets. Our automotive benchmark tracks the change year on year, and sees dramatic shifts in how some companies, not all, are investing in these next generation vehicles.

Anupam Saraph: Thank you for your presentation. You talk about building a movement, and you want to measure and incentivize the business impact towards a sustainable future. Could you say something about how to build this movement and what it means? How does the definition of sustainability change or evolve or fail theme based on how the movement evolves?

Richard Hardyment: Our movement, in essence is our alliance. It evolves through being sensitive to that alliance and listening carefully. The mission of WBA is not to produce the world's best data or most insightful analysis. I remind the researchers that our research is only useful if it's applied. Having an alliance helps us build that movement. We've got 300 organizations, and others who aren't actually formally part of the alliance that use our data as well. Our understanding of what sustainability means and how we measure it comes from a very close cooperation with those allies, some on a near daily basis, feeding back on our methodologies using our data, asking for underlying data. Others might

come to our annual allies' assembly in South Africa this year, and feedback more formally on what we're doing. There is a spectrum of different shapes that this movement takes. not too much structure - to sense where that movement itself wants to go. We want the accountability mechanism to exist and the private sector to be accountable for its impacts. We might solve that together as part of this movement and web as an enabler of it. So that's how we think about movement within the mission.

Marianna Grossman: You mentioned a B labs and B Corp certification. Can you talk more about that? And how that interoperates with your work?

Richard Hardymont: The lab is our one of our allies. We work closely to align with them although they have different intended audiences. I'm personally involved as part of their effort to scale it up the baseline requirements for multinational companies. Within this ecosystem, we're doing slightly different things for different groups and we don't need to perfectly align. The key point with any of these organizations is that we don't say different things to companies - you don't want to confuse them and have one saying go this way and another go that way. The more we talk, understand and feedback on each other's work, and the more we share views on what best practice looks like, the more helpful that is for everyone.

Marianna Grossman: How do you define it? You say you need to have the right balance between economic, environmental, and social components to make a just transition toward sustainability. Given that we have such a crisis, and we need to get, for example, only on the climate factor get to zero emissions of carbon or a low carbon society, how do you argue for that just balance in the process?

Richard Hardymont: Within our de-carbon and energy system, we started off assessing these companies on climate, but the feedback was we were missing something. What about the social elements of this transition? So we've integrated a climate assessment in alignment with Paris (COP) with a social assessment that includes different elements. We looked around for metrics that exist already. We did a year of consultations or conversations with different stakeholders, including the companies and investors, but also trade unions, representatives and civil society to understand what metrics are appropriate there. In the last two years, we've had this up and running and there has been a spike of interest in the equitable nature of that transition to a low carbon economy.

Rhonda Kranz: I was pleased to see that you include nature and biodiversity. For a lot of companies, climate change as related to energy has been the umbrella for environmental concerns. The biological aspects are rarely included. How did you decide to include it, and what's been the feedback from the companies?

Richard Hardymont: We originally didn't scope nature and biodiversity as one of the seven systems when WBA launched in 2019. We had a number of conversations and saw what was going on at the global level particularly the agenda at the UN regarding the private sector's role and the Task Force on nature related financial disclosures. C ft. We sensed that maybe we were missing something and would be more relevant if we pivoted to nature. There wasn't a lot of work to build on so we've had to create some metrics from scratch. The reaction so far is it's going to be one of the biggest benchmarks and the feedback is quite positive from those that are doing something and mixed from those who aren't.

David Berry: Thank you Richard. Now we will have an open discussion and start this chat by hearing a comment from each presenter on what you heard from the questions and the other presenters.

Cynthia Figge: Thank you, David, I am excited. I've been attending ESG conferences for many years and I humbly say that bringing this content together is exceptional. I learned so much listening to the questions and listening to Fran and Richard. We touch one another since our goals are so similar. We are focused in different ways, but overlapping. Fran's remarks struck me that one of the biggest challenges and needs that we have is this ability to focus on smaller, often privately held companies, a lot of people want data on them. We have a kind of Yelp approach where we have a page with the name of the company and some data, but nobody's claimed it. These companies may be living their goals and aspirations, but they don't have somebody writing a CSR report. I was intrigued by that because it's an important complement to the larger publicly traded companies around the world who maybe have the resources and the visibility. So it works both ways.

I was excited with Richard, because you're working across hundreds of organizations that have extraordinary data, and the opportunity for me to listen to how this data gets built, and the depth. We use and give visibility to WBA and we're covering almost the 2000 that they cover. It was just short of that by about 100, which is very exciting overlap. So, every company page we have for a WBA listed company, that name, and link to the WBA page show up. We go forward through the transformation society needs, by means of alliances, partnerships, through the strength of this data work, and the utility of IT help. As Richard said, helping people use the data for action and decision making.

John Wells: My thoughts dovetail with Cynthia's. I'm blown away by the maturation, breadth, and sophistication of evaluating businesses, how data is aggregated, and understanding distilled. Dealing with 1000s of data points is incredible. Data can drive change. The movement piece that both presenters and participants have touched on indicates that this is not just an academic exercise. I'd be very excited about a follow up workshop in terms of driving an active agenda forward.

Richard Hardyment: I was just mulling how data drives change, because data is not enough. Transparency is the first step but next is accountability and taking action on that data with all the different actors we've been talking about, I was struck with both Cynthia and Fran's presentations. This space is exciting because it's growing, and there's so much going on. Data and standards are exploding, but the pressure is to standardize. Cynthia's great scatterplots show the difference between the rating agencies assessment and there's no one right answer to this. Fran, what you said about how assessments of small companies are partly bespoke, so it is down to the context. I love one of the comments in the chat, it said financial reporting as revenues and profits, what's the equivalent for sustainability? Can it be that simple? For greenhouse gas emissions, we've got years of scientists telling us how to measure this, and not all companies get it right. But we know what to do. There are other issues such as impact on nature and how you affect people. There are differences of opinion and emphasis. That's debate and that's what makes it fascinating and challenging for companies. Part of the challenge is getting companies to do more. They can get clear on what's expected. They just need to collect data on this and disclose it whilst also acknowledging that some things are challenging and complex.

Rich Juricich: I would like to explore and maybe SRRR can help with this is tying the different types of tools into on the ground geographic improvements. For example, by country or by states, looking at carbon footprint or water footprint, and how can we tie successes in these areas geographically to what we're seeing in these different indices to actually try to show on the ground improvements. That's something this group could look at over the next few meetings.

John Wells: It struck me during Cynthia's presentation. Are authoritarian countries doing any better than democratic countries? Have you looked at your indicators to see whether that's the case?

Cynthia Figge: We, we have an advanced search tool, which I welcome any of you to use that allows you to look by industry, geography, overall rating - it has a number of things that you can look up - and you can string the search. And I had a utility client in the Czech Republic who wanted to know how they were stacking up against the European Union. They asked me to exclude Russia, from the analysis. We can do the opposite and look at any level by geography and by industry. One of the biggest challenges we have is the willingness of disclosure. For example, we're working hard to get data on Chinese companies. A new group called Sun Tao green finances is a source and we have sourced in Russia and Eastern Europe who are scouring for data that will tell us if our country is falling behind more authoritarian countries. First we have to get that data and determine whether and authoritarian approach is helping or hurting and, and how so? That's the beginning answer to that question.

Mariana Grossman: I also enjoyed the juxtaposition of the different domains that each of you work in, and appreciated the World Benchmarking Alliance, including nature and not just energy to talk about environment - that was powerful. There may be metrics that will be useful such as color-coded maps so that people in democratic countries can influence their elected officials by showing how they compare to other regions. I'm also interested in how to translate this into public policy. WBA and CSRhub are looking at external measures, but certain standards must be met to survive as a civilization and to have ecosystems survive? How do we compel good behavior and not just ask for it as a voluntary effort?

Cynthia Figge: I appreciated the comment that Richard made of that Race to the Top due to the exposure. We have a premium level and overall ranking, that we disclose for free. It might motivate good behavior and raise the bar. My fervent hope is that this will begin to matter from a competitive standpoint in addition to the fact that it is the right thing to do. It is about enlightened self-interest and volunteerism may not get us there. It has to be the virtuous circle of regulatory pressure.

Richard Hardymont: I completely agree with Cynthia; We've got to do both. There's a political dimension to this and lots going in the standard space. Within two or three years, this will look quite different from how it looks today, particularly in Europe to lift the baseline up. There is also the leadership angle - what's the business case for innovating, doing things differently. Showcasing the leadership angle alongside the stick of regulation, is the way to create the fastest change. And obviously, different actors are focusing on different areas that should complement one another.

Abdul Kahn: This relates to the question of transformation. As I listened to Richard, Cynthia and Fran, I thought your efforts are geared toward transforming traditional businesses and dysfunctional

businesses to achieve overarching goals. One is harnessing the power of business to end social inequality and the climate crisis. And the second is to support businesses to solve the world's most pressing problems. Can you make a short observation? In the absence of governmental efforts, we need a lot of efforts like yours. Thank you for what you are doing.

Bill Middlecamp: First of all, this is a language. And we need the language to be able to move forward to talk across boundaries. I believe that until it is economically attractive, we can't get significant movement on things. When we think about the transition to LED light bulbs, for example, nobody talks about whether or not that's important anymore, they just know that it saves money. We stop talking and just do the right thing. We need the language to find the solutions that are economically attractive.

John Wells: Part of my work in Minnesota was to make things economically attractive by charging the full cost of the externalities of everybody's actions. That's an easy thing to say, but difficult to do. My question is, where do you expect your groups to be in 10 years? Where would you like to be?

Cynthia Figge: Sometimes I'll be listening to the business channel talk about the pressure and the numbers that include their ESG rating when they are putting out a stock issue to sell, I can foresee a time when all of this that we work so hard to have legitimized and integrated, becomes integrated. That's my hope and vision. I hope it's sooner than 10 years. A question I often hear is, "tell me specifically what I have to do to improve? I love the benchmarking, and it gives a roadmap, but what do I have to do?" And we're going to get better at saying - This is what you need to do to transform for radical improvement, not just small, incremental improvements.

Fran Teplitz: 10 years or 20 years? I didn't talk about all the different fronts that we work across. Instead of the low 1000s, there should be tens of thousands of small businesses embracing our programs and more organizations like us. There can be similar organizations with different stripes, doing work in synergy with each other. Hopefully there will be more groups like Green America as well as Green America being larger and more powerful through an increased membership base among consumers, investors and businesses. On a selective basis, we also work collaboratively with some large corporations on particular issues where there's agreement to work with competitors, and to clean up an issue in the supply chain and they're all in agreement on that. This will be further consolidated as a business norm. That's the most important thing.

Richard Hardyment: Our vision, if I can use that to answer the question, is for a society that ultimately values the success of business by what it contributes to the world. And I guess in order to get there, our hope is for us as an organization to be nested within the multilateral system. But what we want nested is not necessarily WBA, but the accountability mechanism. The idea in terms of in 10 years' time, where we need to be is that if companies are continuing to create an impact on the world, both positive and negative, that there is some means of holding them to account for that. I'd say that's the vision of where we where we want to be.

David Berry: Thank you very much to our presenters and to you all for being here.