

ESG for EHS Professionals

Rocky Mountain EHS Peer Group
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SPIRIT
ENVIRONMENTAL

ESG Landscape- Big Picture

- **Environmental, Social, Governance**
 - Annual Reporting
 - Investor Disclosure
 - Systems Integration
 - Positive Impact and Marketing
- **AKA Corporate Social Responsibility (CSR), Sustainability**
- **Rising Trend**
 - Vast increases in ESG reporting in relevant industries 2019-2021
 - ESG funds outperforming in many cases



ESG Standards – Big 3 + 1



ESG Standards – Big 3

- **Global Reporting Initiative**
 - Original
 - Comprehensive
 - Multi-stakeholder
 - Based on identification of material issues
 - Materiality Assessment
 - Surveys and analysis
- Founded 1997

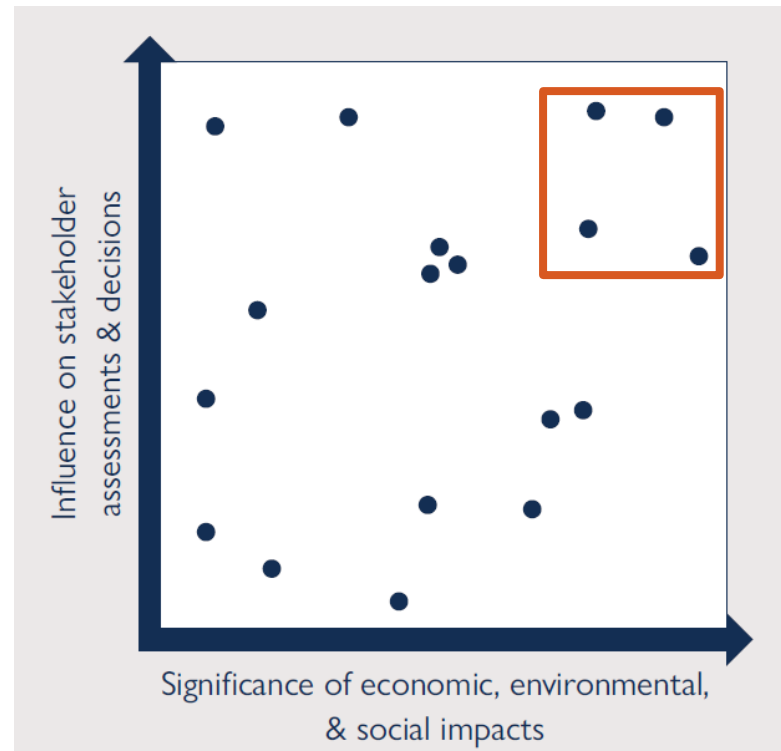
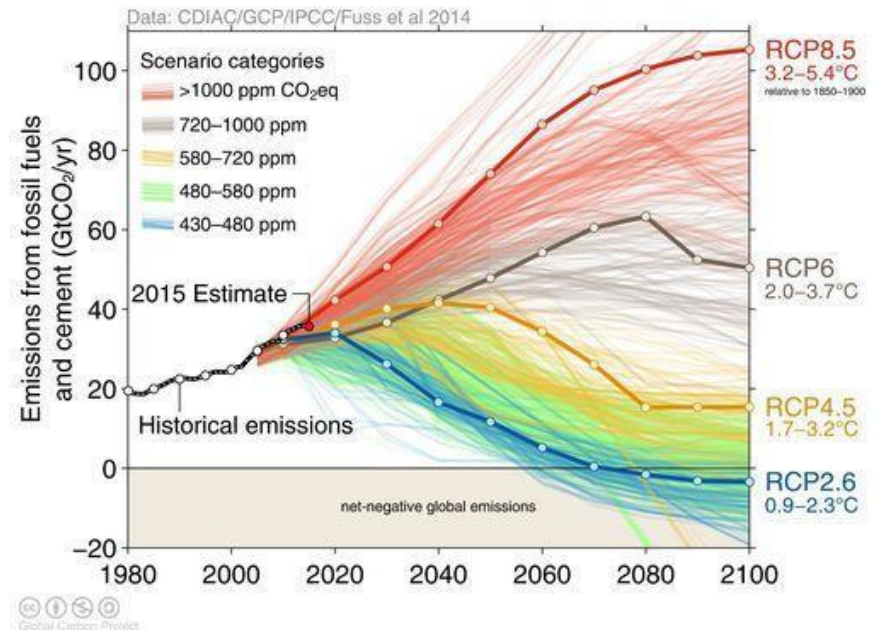


Image credit: Consolidated Set of GRI Sustainability Reporting Standards (2016)

ESG Standards – Big 3

- **Taskforce for Climate-related Financial Disclosures**
 - *Climate Risks and Opportunities*
 - Investor Focused
 - Scenario Based
 - At least 3 from the IEA - Current Policies, New (Stated) Policies, Sustainable Development
 - Focused on impacts and strategy under each
- **Founded 2017**



TCFD Continued

Table 5: CO₂ prices in selected regions by scenario (\$2019 per tonne)

Region	Sector	2025	2040
Stated Policies			
Canada	Power, industry, aviation, others*	34	38
Chile	Power	8	20
China	Power, industry, aviation	17	35
European Union	Power, industry, aviation	34	52
Korea	Power, industry	34	52
South Africa	Power, industry	10	24
Sustainable Development			
Advanced economies	Power, industry, aviation**	63	140
Selected developing economies	Power, industry, aviation**	43	125

Source: IEA WEO-2020.

Cost of Carbon (EU Regulated Market)

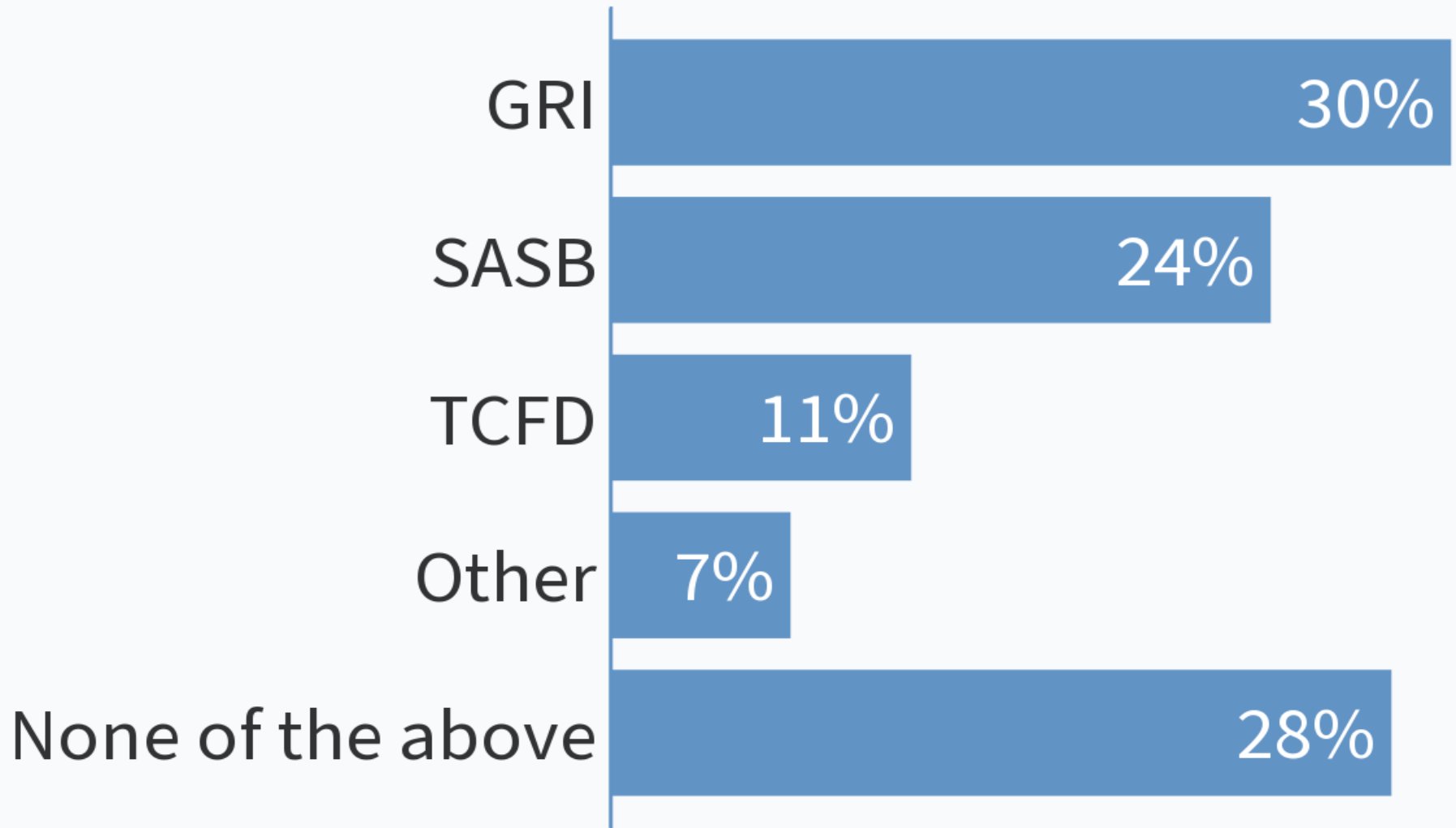


ESG Standards – Big 3

- **Sustainability Accounting Standards Board**
 - Investor Focused
 - Industry Specific
 - Streamlined Topics
 - Apples to Apples
 - (Relatively) User-Friendly
 - (Mostly) Public data
- **Founded 2011**



Which of the following have you heard of?



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Reasons to Adopt ESG Practices



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1. Internal Analysis

- Peer Benchmarking
- Gap Analysis
- Environmental Footprint

2. Initial Disclosure

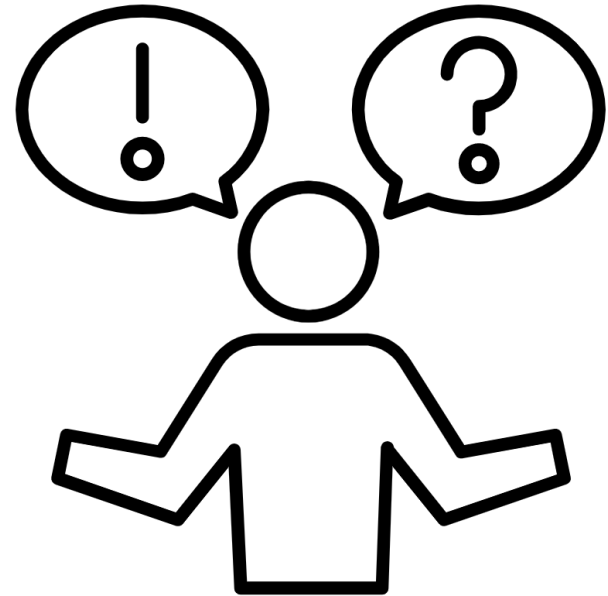
- Index Tables
- Brochures

3. Robust Disclosure

- ESG Report
- Web-based reporting
- Climate Risks and Opportunities

EHS and ESG

- Environmental & Safety (or Social?)
 - Corporate wide metrics
 - Common measures for comparison
 - Increasingly granular over time
 - Variously “live” under E or S

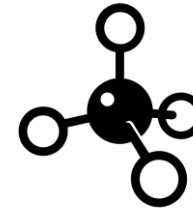


Which Standard to Choose?

- Full Coverage- GRI



- Climate Focused- TCFD



- Key Topics- SASB



Operationalizing SASB – SICS and Topic Tables

- **Sustainable Industry Classification System**
 - [SICS Look-up Tool](#)
 - If multiple industries apply, start with the most relevant
- **Disclosure Topic Table**
 - “Cheat Sheet” summary of topics
 - Best resource to have on hand

Table Example – O&G Midstream

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Quantitative	Metric tons (t) CO ₂ -e, Percentage (%)	EM-MD-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	n/a	EM-MD-110a.2
Air Quality	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM ₁₀)	Quantitative	Metric tons (t)	EM-MD-120a.1

Table Example – O&G Midstream

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Total metric ton-kilometers of: (1) natural gas, (2) crude oil, and (3) refined petroleum products transported, by mode of transport ⁴	Quantitative	Metric ton (t) kilometers	EM-MD-000.A

Credit: Oil & Gas- Midstream Sustainability Accounting Standard – Version 2018-10

— Typical ES Data – SASB

- **Environmental**
 - GHG Scope 1 Emissions
 - Air Emissions (CPs)
 - Water Withdrawals / Consumption (Fresh, produced, recycled, etc.)
 - Spills
 - Sensitive Areas/Biodiversity
 - Chemicals
- **Safety**
 - **Total Recordable Incident Rate**
 - Fatality Rate
 - **Near Miss Frequency Rate**
 - Average Training Hours by Classification (FTE, Contract, etc.)

— Typical Additional ES Data

- **Environmental**
 - Scope 2 GHG Emissions
 - Purchased electricity
 - Materials Management
 - Waste streams
 - Supply chains
 - Recycled/Reused Materials
- **Safety**
 - Transport Safety
 - Workforce Health
 - Products assessment
 - Process Safety
 - Security Risk Management

How to Document ES Data?

- Existing EHS software
- ISO 14001 EMS
- Spreadsheets and databases



Best Practices for ES Data

- Document QA/QC Process
- Redundant knowledge
- Regular QC efforts (monthly, quarterly, or more frequent)
- Consistent data locations



What data has presented the biggest challenge for ESG reporting?

“final future impact of disposition of assets”

“scope 2 & 3 emissions”

“impact of final future disposition of products created”

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Your Role in ESG Reporting

- Be Prepared!
 - Download your SASB Table(s)
 - Check your metrics
- Identify Opportunities
- Identify Constraints



— Latest ESG News

- Shared Corporate ESG Reporting (Dec 2020)
 - CDP, CDSB, GRI, IIRC, SASB committed to collaborating towards global standards
- Blackrock's Annual CEO Letter (Feb 2021)
 - Asking all companies to report under TCFD and SASB
 - Notes 363% increase YoY in SASB disclosures



— Thank You



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