

SSCA Supplier Assessment Training September 2023

Objectives and Agenda

Objectives:

- Share the value of the SSCA Assessment platform and process for suppliers
- Set you up for success in meeting utility customer expectations around you responding to the 2023 Assessment request on time
- Share what is new in "The Sustainability Project" in 2023

Agenda:

- Welcome
- Value of SSCA Assessment platform
- Process and timeline overview
- How to respond to the 2023 Assessment request summary
- Open Q&A time





Antitrust Statement

We want to advise all participants that these meetings and all activities related to the Sustainable Supply Chain Alliance are subject to compliance with all federal and state antitrust laws. We will not discuss any company's specific pricing, vendor terms and conditions, discounts or anything else that may affect prices, allocation of markets, specific vendor experiences, or any other competitively sensitive information.



Our Members























































We also have 75 Supplier Affiliate Members representing small, medium, large, product, service and diverse organizations covering most of our key spend categories.



Join Us!

The SSCA remains the best venue for us to reach and engage senior level supply chain professionals on the topic of sustainable business practices. – Supplier Member

Supplier Affiliate Membership

- Join us in advancing sustainability within utility value chains
- Benefits of Membership:
 - Access: Participate in year-round activities, workshops,
 and forums with decision makers and influencers
 - Recognition: Display your Supplier Affiliate Member logo on your website, brochures and business cards to identify your company as one with a special focus on electric utility sustainability
 - Expertise: Expand your expertise by becoming a regular participant in our key topic training sessions
 - Discounts: Take advantage of discounts and visibility in our Supplier Affiliate Member Only Showcase during the Annual Sourcing Conference

July –June Memberships Include

- Annual Sourcing Conference Sept 27-28th
- Investor Engagement Workshop
- Performance Improvement Roundtable and Training on key ESG topics
- 2023 Roadmap development
- Value chain work teams addressing industry level challenges
- 2023 Workshops on key ESG topics
- Supplier Performance Dashboard
- Supplier Advisory Board opportunities
- ... and more



Invitation to Respond

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2023 SSCA Supplier Sustainability Assessment

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Energy Utility (Demo)

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Sincerely,

The Alliance



TSP Outreach Schedule

Action	Timeline
TSP Tutorial Recorded	August 2023
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Key Value of SSCA Assessment

Consistent approach to rapidly evolving stakeholder interests

- The updated assessment has been designed to meet suppliers where they are and guide them over time to focus on the critical practices, policies, and data points that utilities are or will be requesting
- Informed by global best practice and SSCA's 2025 Framework that provides insight on the long term ESG expectations to allow for a smoother transition over time

Single supplier response for multiple customer requests

• The assessment has been developed to allow suppliers to answer the request once and share it with as many SSCA utility members as relevant

Mechanism to support continual ESG performance improvement

• Throughout the assessment suppliers are guided to key priority focus areas, additional improvement opportunities, resources, and tracking tools to drive continual Environmental, Social and Governance (ESG) improvements

Benchmarking against industry peers

• Supplier dashboard provides useful benchmarking data and a summary dashboard of performance against emerging expectations

Reporting and impact calculation tools

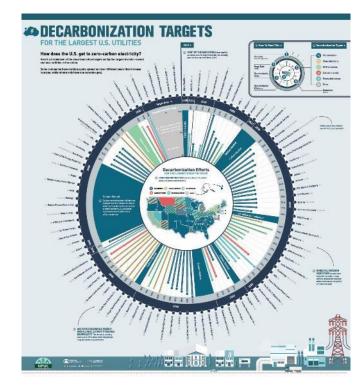
• GHG calculator to support emissions calculation and reporting



Value of SSCA Assessment

Changing Supply Chain Environmental, Social and Governance (ESG) Expectations

- Generation emissions (Scope 1) is typically responsible for more than 90-95% of a vertically integrated utility's footprint and therefore has been the focus of stakeholder and investor focus
- Significant growth in commitments by over 75% of leading generators to 80% or more clean electricity goals by 2050 (See '<u>Decarbonization Targets</u>') that addresses this top priority
- Leading stakeholders, including investors and regulators, to ask 'what is next'. Today seeing the following priorities...
 - Holding utilities accountable for progress to goals (See Sierra Club Jan 2021 report "The Dirty Truth About Utility Climate Pledges")
 - 2. Scope 3 (i.e. outside of organizational boundary) with a focus on
 - i. Methane emissions from natural gas supply chains
 - ii. Purchased electricity (including line losses)
 - iii. Purchased Goods and Services, Capital Expenditures
 - iv. Just Transition/ ESG (Environmental, Social, and Governance)
 - Everything else
 - i. Waste and Investment Recovery
 - ii. Fleet and Facilities



Visual representation of carbon targets of 60 largest electric utilities <u>Decarbonization Targets</u>

Sample of comments from recent CPO Round Table "Supply Chain ESG activities being noticed and considered by CEO, CFO, ..."

"CFO is spending more time talking about ESG than financials"
"Stakeholders are paying attention to supply chain ESG efforts"



Value of SSCA Assessment Platform Selection

- In response to changing expectations, the SSCA:
 - Recognised need to adapt assessment process
 - Shifted focus from supplier continual improvement to balance of data collection <u>and</u> continual improvement
- In 2022 SSCA undertook a rigorous evaluation of leading assessment platforms, but chose to continue relationship with TSP, and develop TSP 2.0
- Key benefits and considerations
 - Met highest number of member and supplier priorities
 - Familiar to suppliers
 - Adaptable to evolving needs
 - Single platform for utility members to align requests
 - Strong existing partnership

















Investor ESG Expectations and TSP 2.0 Approach

Emerging Investor ESG Expectations	TSP 2.0 Approach
Engaging significant number of key suppliers	Accessible and free tool for suppliers to provide data, support improvements, and enabling reporting Greater supplier engagement on the tool given scale of requests
De-risking supply chains via suppliers defining policies	Collecting policies, data, and supplier practices on Human Rights, Supplier Code of Conduct, Employee Code of Conduct, key value chain risks, minerals of concern, sourcing from high-risk regions, etc.
Collecting supplier data	Collects data and information on GHG emissions (supports Scope 3 Reporting), Water, Waste, code of conduct infractions, etc.
Verifying responses	Third party verification partner (as of 2023) will review supporting documentation and allow greater confidence in supplier data
Tracking improvements year on year	Adding in data mapping functionality to improve year on year tracking
Prioritizing high impact suppliers	Adapting our supplier list request process to focus on high spend suppliers and suppliers in Construction Services, Construction Materials and Waste Management. (The latter were identified via the hotspot assessment as high impact purchase categories.)



Structure of TSP 2.0

ESG Core Questions and Targets

A core set of questions that utilities "need to know" from every supplier-- if not today in the near future

Industry-Specific Practices

Industry specific ESG practices and improvement opportunities

Improvement Planning

Identify priority improvement opportunities and supporting resources

Verification

Validate supporting materials for increased assurance



What is new for 2022 in TSP 2.0 TSP 2.0 Core Questions Concept

The Core Questions represent global best practice in ESG topics and question approaches. They set up suppliers to meet emerging expectations and value chain ambitions.



	ESG Core Questions	Industry-specific practices
Objective	A core set of questions that utilities "need to know" from every supplier if not today in the near future	Support select suppliers in identifying and improving performance gaps
Who responds to them	All responders	Only a few responders per member given the added effort
Description	25 questions on policies, risks, GHG emissions, targets	The existing TSP 1.0 questions that are not 'core' decision point questions but are areas for continual improvement (e.g. chemical procurement policy)
Expected to be verified	Yes	No



TSP 2.0 ESG Core Questions



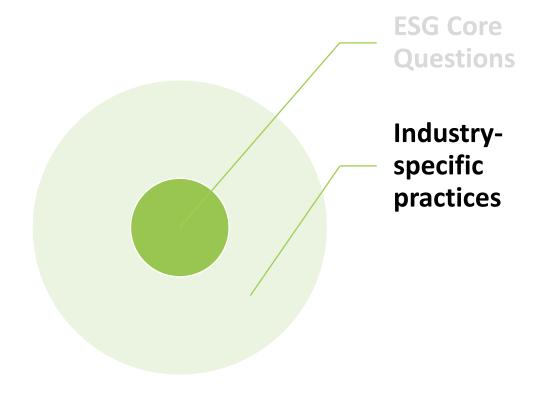
Examples of ESG Core Questions

- Does your company have a Supplier Code of Conduct and/or Human Rights Policy in place?
- Does your company have an Employee Code of Conduct?
- What are your company policies related to sourcing materials of concern?

Suppliers are expected to provide supporting documentation for responses to Core Questions



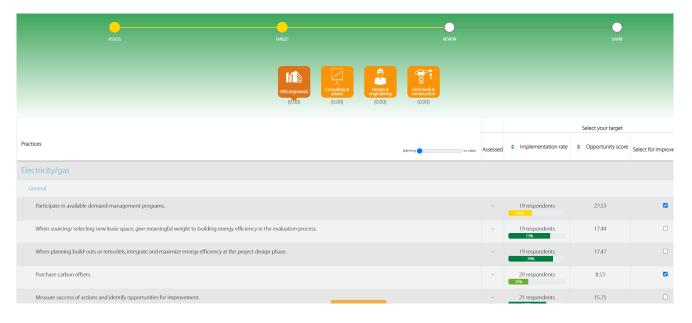
TSP 2.0 Industry-specific practices



Examples of Industry-specific practices

- Is your company participating in available energy demand-management programs?
- Does your company have a chemical procurement policy and/or process in place?

Suppliers will respond to these questions on a scale to measure and benchmark continual improvement

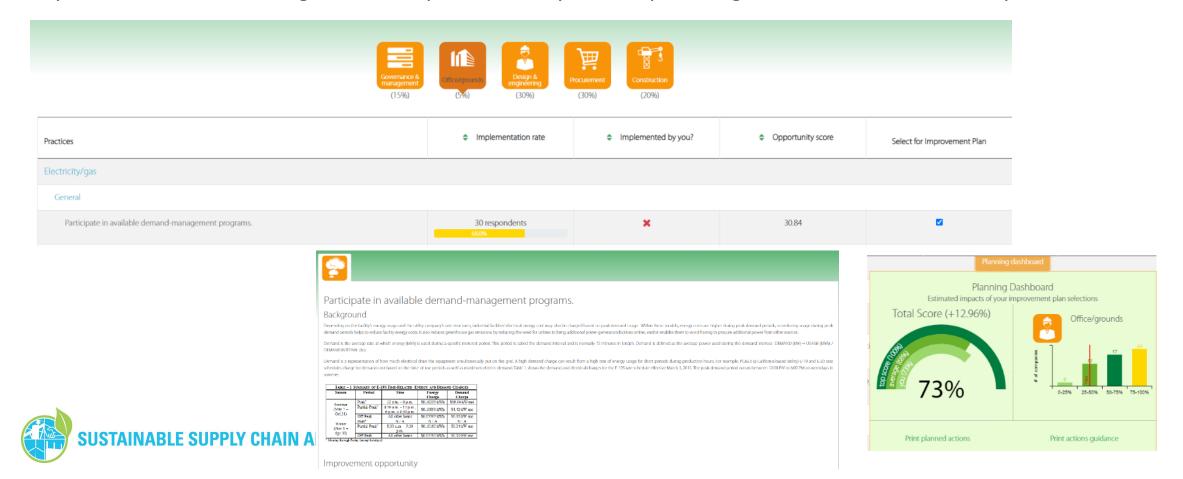




Improvement Planning

TSP has been designed to support the continual improvement of supplier performance.

Following the assessment suppliers are guided to high opportunity improvements, resources to support implementation, and insights on the potential impacts of planning on overall and relevant performance.



Supplier Improvement Plans

- The TSP tool can provide insight on where to focus your improvement efforts
- Prioritize what is important for your organization

Cost savings

- Lower bills
- Reduced maintenance

Competitive advantage

 Understand what your peers are doing

Align with org priorities

 Focus on efforts that align with current projects



Verification – Why?

- Confidence in responses enables greater use of data and responses in decision making
- Addresses concerns around supplier ESG risk on key (i.e. core question) topics
- Supports investor and customer questionnaires that are increasingly asking for verification
- Addresses increasing scrutiny on and quality expectations for utility reporting





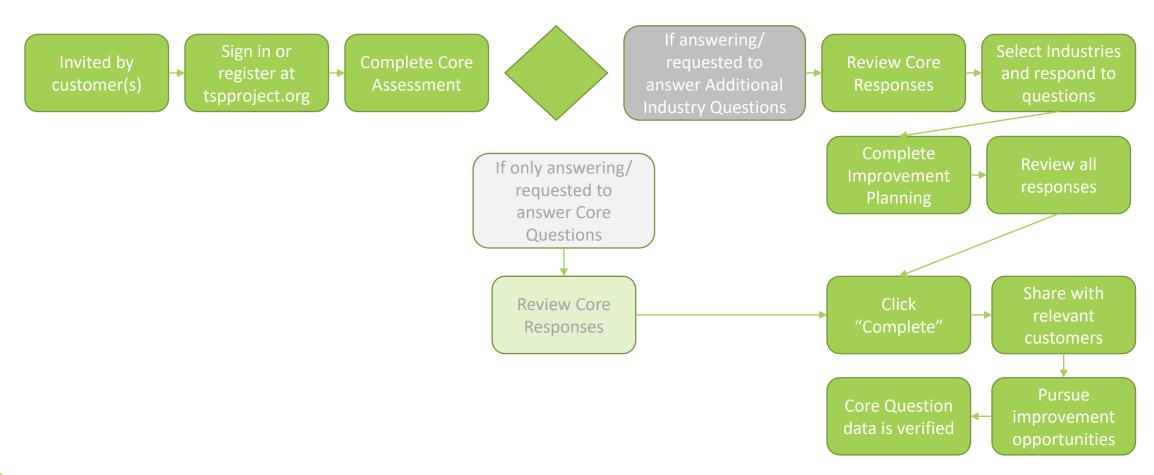
Verification – What it means for you

- We are looking to increase the % of our suppliers and responses that are substantiated by verifiable evidence
- The request: Provide supporting documentation to all Core Question (public targets, progress tracking, GHG inventory results, Codes of Conduct, etc.)
- This content will be reviewed and assessed by our independent verifier and shared as part of your contribution to the Assessment
- This content will ultimately be used by utilities to verify their own progress and claims, and so is supporting your customers with important disclosure





TSP 2.0 Process Overview





TSP Timeline

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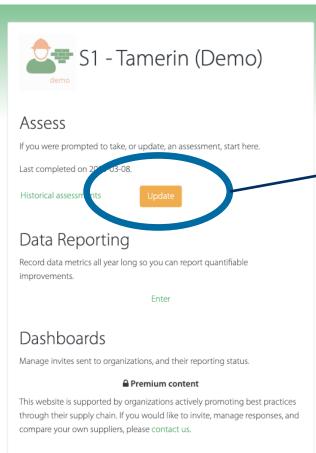
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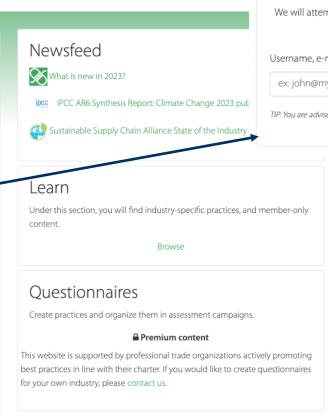
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Connect to your organization www.tspproject.org





- Get started!

 We will attempt to connect you to your organization's profile on The Sustainability Project (TSP) website. If you have any questions, please feel free to contact us

 Username, e-mail address or phone number*

 ex: john@myorganization.com

 TIP: You are advised to verify the certificate in the URL bar before entering any information.
 - 1. If you have an account, enter your password.
 - 2. If you don't have an account, and your e-mail matches an organization's domain with a profile on TSP, register & connect to your profile.

If you don't have an account and your organization does not have a profile on TSP, register & create an organization profile.

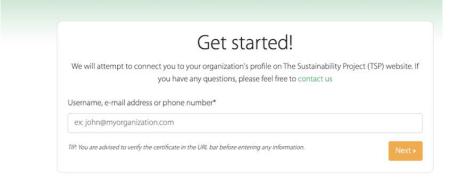
Live Demo of TSP

https://tspproject.org/



Next Steps

- Make sure you have received your email from
 - tsp@ssca.org
 - If you haven't, reach out to your
 Utility Member customers to
 ensure you were included
- 2. Follow link in email and complete assessment



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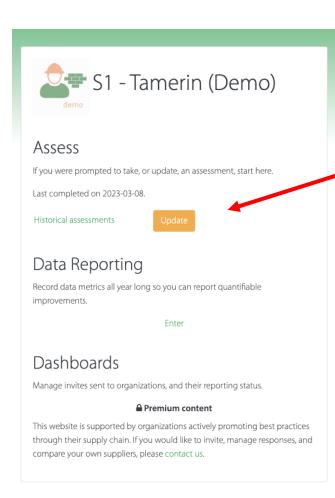
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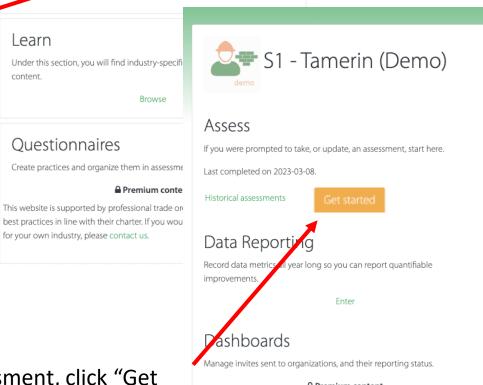




3. After logging in, you'll land on the home page. If you have previously taken an assessment on TSP, click "Update" under the 'Assess' section. You can also easily access historical reports here as well.

Newsfeed

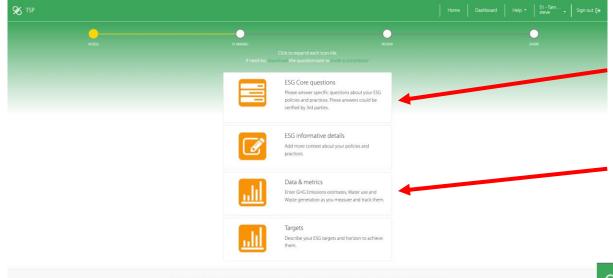
What is new in 2023?



IPCC AR6 Synthesis Report: Climate Change 2023 published Sustainable Supply Chain Alliance State of the Industry | 2022 Report Learn Under this section, you will find industry-specific practices, and member-only content. Browse Questionnaires Create practices and organize them in assessment campaigns. This website is supported by professional trade organizations actively promoting best practices in line with their charter. If you would like to create questionnaires for your own industry, please contact us. Premium content This website is supported by organizations actively promoting best practices through their supply chain. If you would like to invite, manage responses, and compare your own suppliers, please contact us.

4. If it is your first assessment, click "Get Started" under the 'Assess' section.





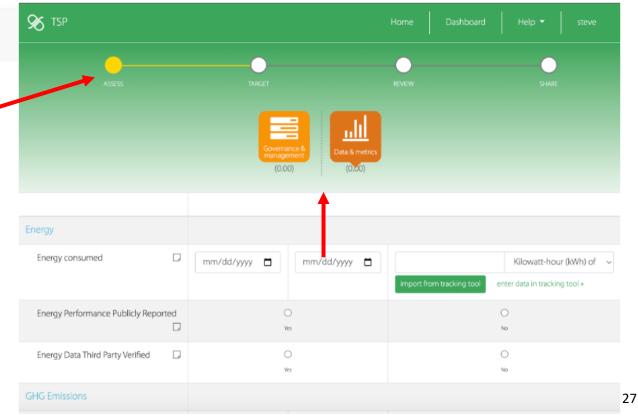
Once done, move to the next step in the workflow progress bar at the top of the page. On the REVIEW step, click the "Complete" button at the

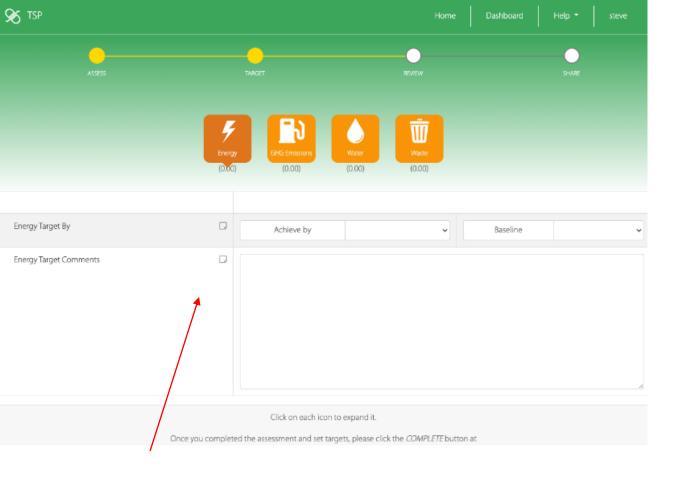
5. After clicking "Update" or "Get Started", you'll land on the **Assess** page, where you can click each 'tile' to update your responses. Responses from previous years will be shaded in blue for quick reference. Click through each 'tile' to complete the relevant information.

SUSTAINABLE SUPPLY CHAIN ALLIANCE

6. "ESG Core Questions", will be responded to by all suppliers completing the assessment with Yes/No answers. You can add comments and supporting documentation by clicking the 'attachment' icon and compare your responses to peers by switching the toggle at the top of the page. "ESG informative details" are optional written responses...

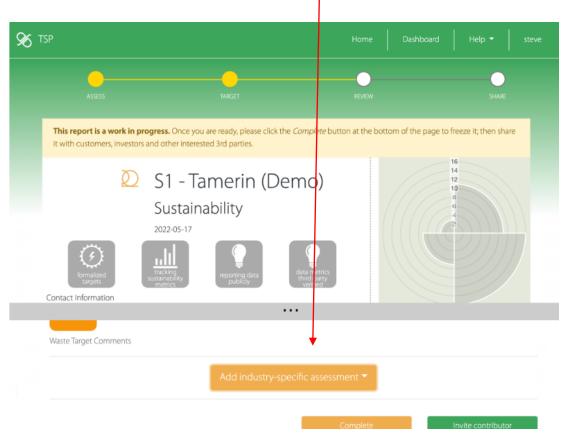
The "Data and Metrics" tile includes tracking fields and estimator tools supplement incomplete data. Specifying 'Targets' is required. If you do not have a target for a particular area, select 'No Target' and use comments/notes to explain why.



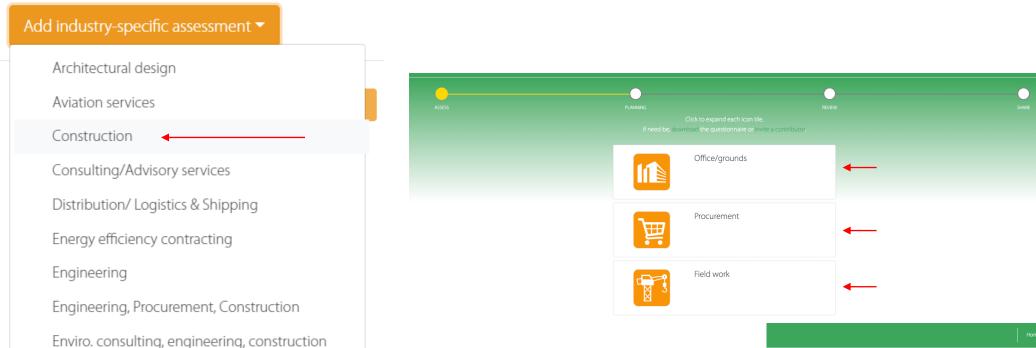


7. Once the 'Assess' steps are completed go to the PLANNING step (optional) to create and communicate an improvement plan. Then go to the REVIEW step.

8. To add 'Industry Specific Practices,' click the 'Review' bullet in the progress bar at the top of the page. This will allow you to review your assessment so far and see what needs to be completed. Scroll to the bottom of the page and select "Add industry-specific assessment."

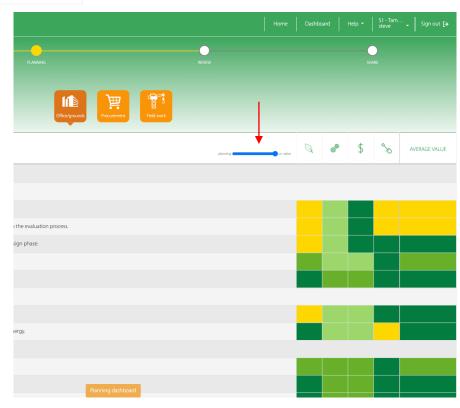






- 9. Selecting an industry specific assessment from the drop-down list will bring you back to the ASSESS step for the industry you selected. In this case, selecting 'Construction' shows three tiles with practices to assess your organization against: 'Offices/grounds,' 'Procurement,' and 'Construction.'
- 10. Click each tile until you have responded to the entire industryspecific assessment.

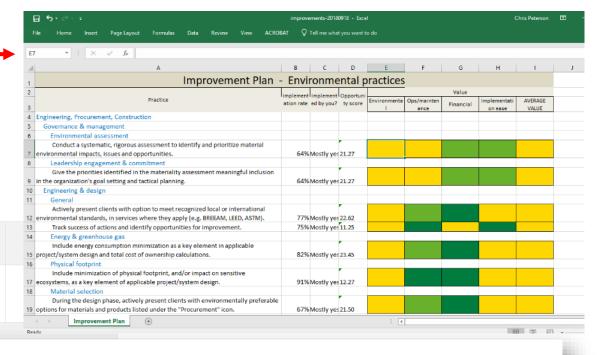




11. Scroll to the bottom of your 'industry-specific assessment' and click on 'Planning dashboard.' Here you can see potential benefit from implementing the selected improvements and download planned actions and a PDF guidance for quick reference.







Conduct a systematic, rigorous assessment to identify and prioritize material environmental impacts, issues and opportunities.

[NOTE: By completing the "Assessment" section specific to their industry segment on this website, an organization would satisfy this best practice].

The overall purpose of the assessment process is to identify the environmental impacts issues and opportunities that are material to the organisation and, therefore, on which the organisation should focus management resources and efforts. The Global Reporting Inititive (GRI), and the Sustainbility Accounting Standards Board (SASB) have both developed methods for defining materiality.

- GRI Definition of Materiality Material topics for a reporting organization should include those
 that have a direct or indirect impact on an organization's ability to create, preserve or erode
 economic, environmental and social value for itself, stakeholders and society.
- SASB Materiality Map(TM) SASB is establishing sustainability accounting standards for use by publicly-listed corporations in the U.S. in disclosing material sustainability issues for the benefit of investors and the public.

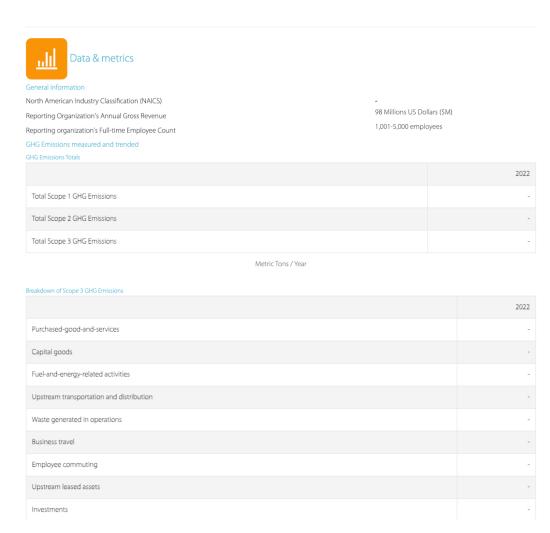
In addition to identifying the material or significant issues, the assessment should identify those issues that are adequately managed versus those which require improvement. This process should also be



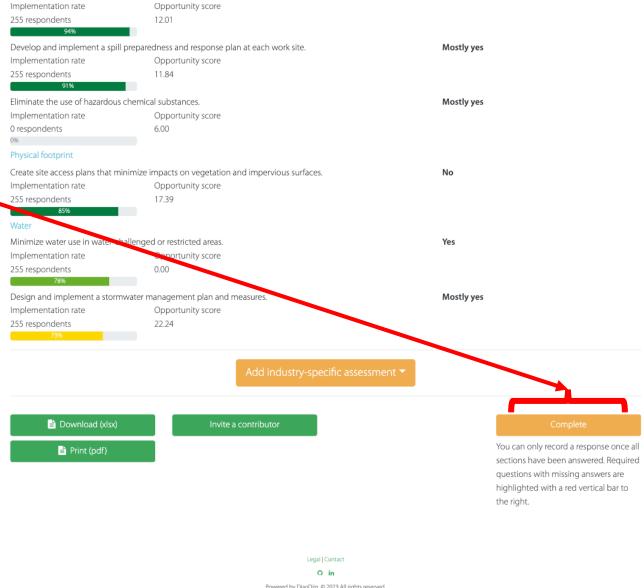
12. Once you have completed ESG core questions, industry specific questions, and flushed out targets and improvement plans, you're able to review your responses prior to completing the assessment.



13. You're able to review your answers from the entire assessment, including data and metrics.

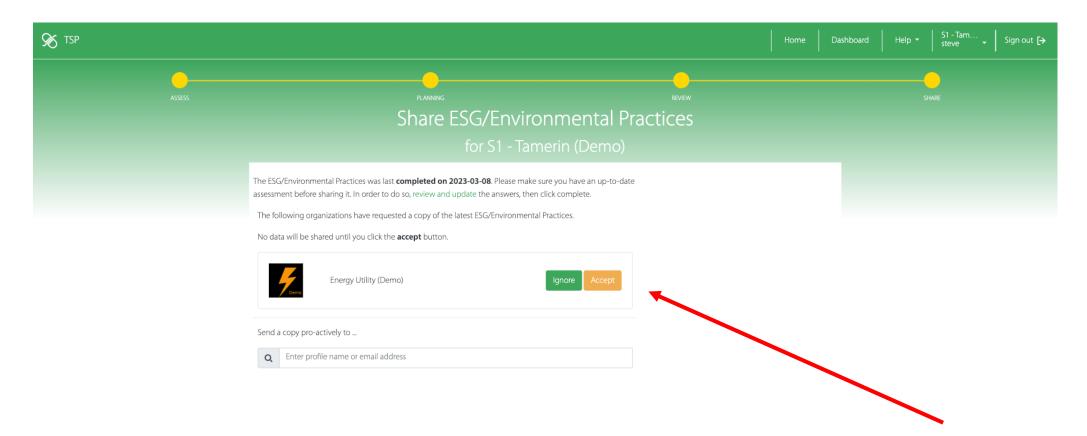


14. Once you have reviewed your responses you can complete your assessment by scrolling to the bottom of the 'Review' page and clicking the 'Complete' button. Also at this stage, you can also invite people to contribute to the assessment.



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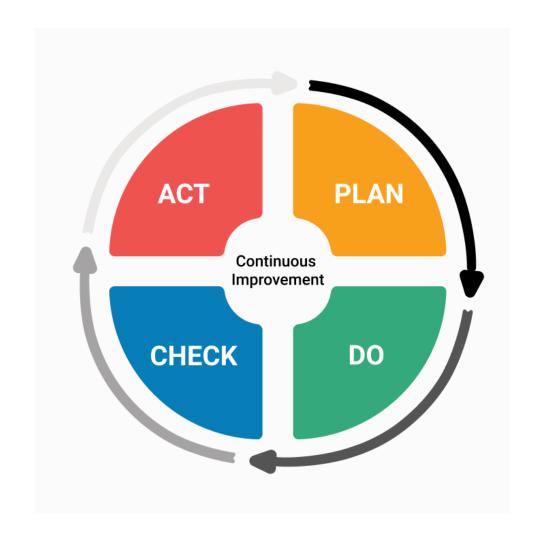
15. You can only share assessments that have been marked "completed" first. If you want to share a previously completed assessment with a third-party, navigate to the 'history' link.

- 16. Organizations requesting your information will be displayed on this page, where you can 'Accept' or 'Ignore' the request.
- 17. Congratulations! You have now completed the Supplier Sustainability Assessment.



Importance of Improvement Planning

- Once ESG impacts have been measures, a plan can be made to improve performance
- Things to consider:
 - A plan is needed to prioritize efforts
 - Strive for continuous improvements
 - Include key stakeholders
 - Investors and/or customers want to know what you are doing to make improvements





Points of Contact

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Upcoming Events

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