



Procurement Executives Group
for the Engineering and Construction Industry



Sustainability Working Group – Oct 2022

Subgroup #1 – Training and Awareness tools

- Leads: Doug Dietrich/ Melissa Brinkmeyer
- What FREE training tools are available?
- How do we enhance PEG member understanding of the topic?
- What can we share with our co-workers and suppliers?

Subgroup #2 – Regional Understanding

- Lead: David Turner
- Identify Regions in the world that are progressing sustainability faster than others
- Collect data on how/ when other regions plan to set targets with ESG/ Sustainability goals.

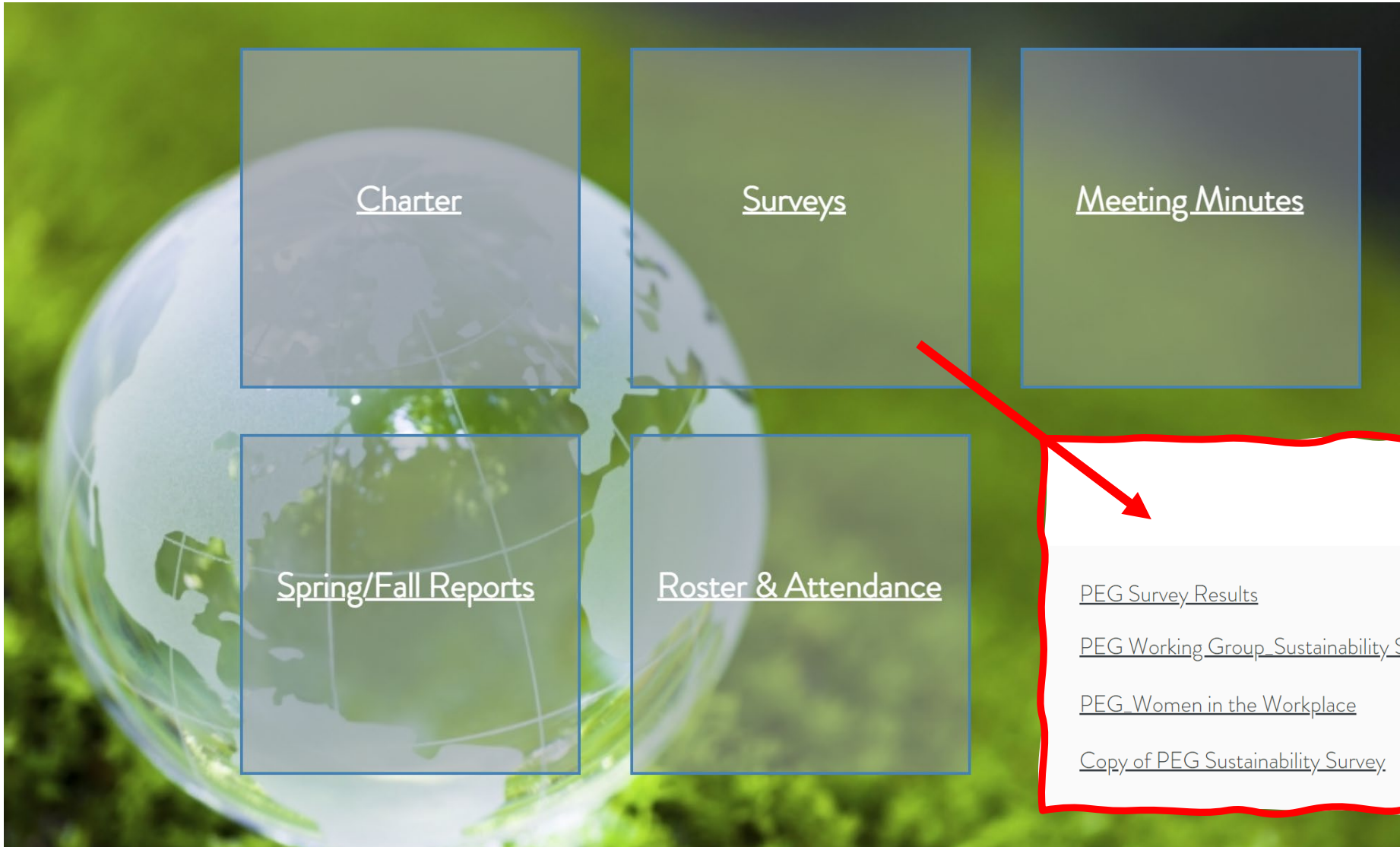
Subgroup #3 – Standardized approach across PEG member companies

- Lead: Rudy Anzaldua
- Develop templates and reference industry accepted guidelines
- Focus on a consistent interface with our mutual supply base for materials/services

PEG Website – Sustainability Working Group



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Surveys

- [PEG Survey Results](#)
- [PEG Working Group Sustainability Survey](#)
- [PEG Women in the Workplace](#)
- [Copy of PEG Sustainability Survey](#)

SubGroup 1 – Training & Awareness tools (FREE)



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- **Coursera – Driving business towards the Sustainable Development Goals**
 - Description: Provides an overview of the United Nations’ Sustainable Development Goals (SDGs) and the role that business can play in achieving them.
 - Time commitment: ~15 hours
 - Offered by: Erasmus University Rotterdam
- **EdX (audit track is free) – Introduction to Corporate Sustainability, Social Innovation and Ethics**
 - Description: Explores sustainability through the lens of corporate sustainability, business ethics, and social innovation. Gives an overview of triple-bottom-line approaches and the business case for sustainability.
 - Time commitment: ~15 hours
 - Offered by: Imperial College Business School
- **EdX (audit track is free) – Sustainable Supply Chain Planning, Sourcing, and Procurement**
 - Description: Covers preparatory material for ISCEA’s Certified Sustainable Supply Chain Professional credential (see Credentials section below). Explores the business and material planning needed to create a sustainable supply chain.
 - Time commitment: ~20 hours
 - Offered by: International Supply Chain Education Alliance (ISCEA)
- **Supply Chain Sustainability School – See catalog and filter by topic of interest.**
 - Description: Supply chain courses covering a diverse range of topics.
 - Time commitment: Variable
 - Offered by: Supply Chain Sustainability School

SubGroup 1 – Training & Awareness tools (FEE)



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- **EcoVadis – [EcoVadis E-Learning platform](#)**

- Description: Three procurement courses are available through the [EcoVadis E-Learning platform](#), but the link will only work for those with an EcoVadis subscription.
 - Sustainable Procurement Policy (all subscription levels)
 - Description: Explanation of how to develop a sustainable procurement policy.
 - Time commitment: 35 minutes
 - Sustainable Procurement Reporting (only Premium, Select, and Corporate subscription levels)
 - Description: Explanation of the structure, core topics, and metrics for sustainable procurement reporting.
 - Time commitment: 35 minutes
 - Supplier Code of Conduct & Contract Clauses (only Premium, Select, and Corporate subscription levels)
 - Description: Explanation of the importance of a supplier code of conduct and how to develop one. Describes development of sustainability contract clauses and how to monitor and enforce a supplier code of conduct.
 - Time commitment: 40 minutes

- **Sustainable Purchasing Leadership Council – Members-only organization – login at the [SLPC website](#)**

- Description: Multiple webinars, workshops, and micro-learning courses are available for SPLC members. Educational topics covered include supplier diversity, introduction to sustainable purchasing, renewable energy procurement, etc.

SubGroup 1 – Training & Awareness tools



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- **CDP – Engaging the Chain: Driving Speed and Scale. CDP Global Supply Chain Report 2021**
 - Description: Report analyzing 2021 CDP Supply Chain program data. Provides insights on science-based targets, zero-deforestation initiatives, and water security targets.
- **McKinsey – Could climate become the weak link in your supply chain?**
 - Description: Case study exploring how climate risks are likely to evolve over the next few decades by looking at specialty, intermediate, and commodity supply chains.
- **Harvard Business Review – How Exposed Is Your Supply Chain to Climate Risks?**
 - Description: Article describing an assessment of climate-related risks on 12,000 supplier sites in the US and China serving 100 original equipment manufacturers in the high tech, auto, and consumer goods industries. Offers advice on improving resiliency to climate-related disruptions.
- **Moody’s Analytic – Supply Chain in Focus**
 - Description: Events and resources related to supply chain risk.
- **MBA Central – The 15 Best Free Online Sustainability Courses**
 - Description: List of free online sustainability courses from US universities.

SubGroup 1 – Training & Awareness tools (Events)



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- **CDP – 2022 CDP Supply Chain Summit: Oct. 24-25; San Jose, CA**
 - Description: Gathering of CDP Supply Chain members to discuss leading practices in environmental supply chain sustainability. Topics include Scope 3 emissions, supplier capacity building, and supply chain issues such as biodiversity, deforestation, and water-security.
- **Reuters – Transform Supply Chains USA 2022: Nov. 1-2; Chicago, IL**
 - Description: Gathering of senior sustainability and supply chain executives to establish robust digital infrastructure, maximize supplier collaboration, and successfully scale new innovations and investments for decarbonization.
- **International Supply Chain Education Alliance (ISCEA) – Certified Sustainable Supply Chain Professional (CSSCP)**
 - Description: Comprehensive educational program that integrates sustainability into supply chain principles. Topics covered: sustainable supply chains and circularity; sustainable supply chain planning, sourcing, and procurement; and sustainable supply chain operations and technology.

SubGroup 2 – Regional Understanding



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- To address the gap between investor demand for ESG information and supply of information by companies, several countries have enacted national legislation that makes requires public and private companies to properly disclose information on ESG issues in traditional financial disclosures or specialized standalone reports such as corporate social responsibility reports.
- **While investor pressure has pushed disclosure from "good to have" to "must-have", mandatory reporting continues to remain irregular, localized, and issue-focused.**
- SEC issued a **risk alert to inform investors of potentially deceptive statements** identified during recent audits of investment firms that provide ESG products and services.

SubGroup 2 – Regional Understanding



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- To bridge the gap between the demand for ESG information by investors and the supply of information by firms, more countries are adopting mandatory ESG disclosure legislation.
- A study from 2021 identified 25 countries that introduced mandates for firms to disclose ESG information during the sample period – most applying to financial institutions, state-owned companies, and large, listed companies.
- The prominent 2016 study by Carrots and Sticks revealed that there are around 400 sustainability reporting instruments in 64 countries, 65% of which are mandatory compared to 180 instruments in 44 countries identified in a 2013 report.
- It is important to note that mandatory sustainability reporting has been mostly applied only to state-owned companies, large corporations, or so-called listed companies but applicability continues to expand.

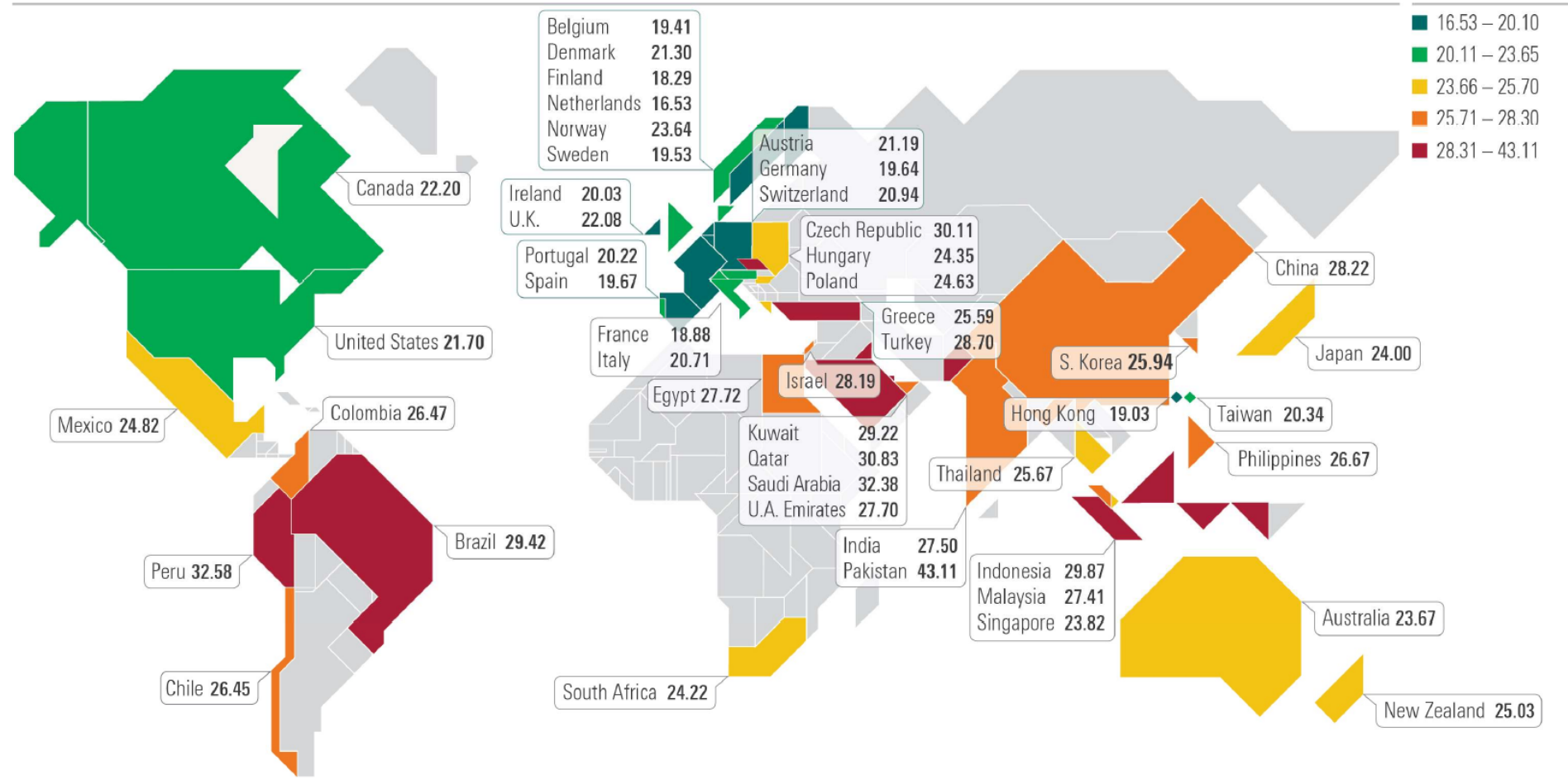
SubGroup 2 – Regional Understanding

Map of Morningstar Country Indexes' Portfolio Sustainability Scores

The Morningstar Portfolio Sustainability Score is an asset-weighted average of the Sustainalytics ESG Risk Rating, measuring the degree to which a company's economic value may be at risk driven by ESG issues.


As usual, Continental European countries are the global sustainability leaders. The Netherlands is the world's most sustainable stock market, thanks to holdings like payment company Adyen and the

Exhibit 1 Map of Morningstar Country Indexes' Portfolio Sustainability Scores



Source: Morningstar Direct. Data as of March 31, 2022.

SubGroup 3 – Standardized Approach

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- Scope 3 is split into Material/Equipment (Goods) and Logistics (Services)
 - Opportunity in coming months to focus on supplier feedback for Goods
 - Further research required on Environmental Product Disclosures (EPD)
 - Logistics services have a range of maturity depending on the mode of transport
 - ✓ Smart Freight Centre – developing guidelines for container, RORO, Breakbulk industry
 - ✓ Trucking and Barge industry - yet to establish a plan for a guideline
 - ✓ Air and Rail – more mature, but still lacking a global standard guideline
 - ✓ ECMC – created a committee to review the guidelines

Summary

- ✓ SubGroup 1 - Request members to assign some of the training and provide feedback to “continue” or “change” based on value
- ✓ SubGroup 2 -As an industry, we need to establish globally accepted guidelines for consistency in reporting CO2e that can pass an audit for both Goods and Services
- ✓ SubGroup 3 - Separate D&I efforts and Scope 3 emissions scope into different PEG working groups to have parallel focus
- ✓ How do we focus on reduction – beyond measuring?
- ✓ Need more active participation / nominations. Small group of active participants.

Discussion



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