Workshop M

Best Practices in Sustainability …

UL880 - A Case Study in Sustainability Certification

Tuesday, March 27, 2018
2 p.m. to 3:15 p.m.
Biographical Information

Tanis Marquette, CSP ISSP-CSP, Global Sustainability Leader, Hexion Inc.
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With over 20 years of experience in environmental health safety and sustainability, Ms Marquette has been recognized for leadership, advocacy, and integrity. Her career has touched foundry, wire rope, poultry processing, textiles, healthcare, forest products, and chemicals industries and various levels of government. She has been at Hexion Inc since 1997.

Tanis has also been actively involved with the standards development process through technical committee participation within American Society for Testing and Materials (ASTM), National Science Foundation (NSF), and National Association of Home Builders (NAHB).

She is a professional member in the International Society of Sustainability Professionals (ISSP) and American Society of Safety Engineers (ASSE), with an extensive history of both professional and community engagement. Her most recent community engagement has to be a guest lecturer at the Ohio State University since 2014 and speaker at numerous conferences in South America, Europe, Canada, and across the US, including MEC.

Catherine Sheehy, PMP, Advisory Lead, Advisory Services
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Catherine brings to clients, 20 years of project and program management experience. She manages a range of advisory projects including sustainability training initiatives, sustainability risk assessments, and greener market positioning support.

Catherine’s other work experience included updating and growing the Corporate Equality Index for the Human Rights Campaign and served as Director of Corporate Benchmarking Services at the Investor Responsibility Research Center, where she provided social and environmental screening data on companies to institutional investors.

Catherine holds a BA from the University of Notre Dame, an MBA from the Robert H. Smith School of Business at the University of Maryland, and is a certified Project Management Professional.
Workshop M: Best Practices in Sustainability
UL 880 - A Case Study in Sustainability Certification

March 27, 2018
Who We Are

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Agenda

• About Hexion & About UL
• Part A: Overview of the Sustainability Assessment & Reporting Landscape
• Part B: About UL 880
• Part C: Interactive Discussion
About Our Organizations
Global Manufacturing

No matter what you make, making it in today’s world is tougher than ever. The competition. The cost-cutting. The clamor for innovation. It’s a demanding environment to say the least—and one perfect for partnership with Hexion.

Our global team—over 5,100 strong—produces the best in specialty chemicals and performance materials and provides the technical expertise to customize them to your exact needs. The result? Specific solutions, not generic products, leading to thousands of breakthroughs that improve businesses’ bottom lines and customers’ lives. In returning to the Hexion name, with its heritage of innovation plus partnership, we want to make a clear, strong statement that we are more serious than ever about helping you succeed. After all, we only make it if you do. We’re proud to be Hexion. Helping you make it in today’s world.
Diverse Product Portfolio

Hexion at a Glance
- As of December 31, 2015, Hexion operated approximately 65 production and manufacturing facilities.
- Approximately 5,100 employees.
- World headquarters: Columbus, Ohio

Hexion is organized into two divisions: the Epoxy, Phenolic and Coatings Resins Division, and the Forest Products Division.

Primary Technologies
- Acrylic Monomers and Resins
- Amino Resins
- Epoxy Resins
- Phenolic Resins
- Polyester and Unsaturated Polyester Resins
- Versatic™ Acid and Derivatives

Key Markets
Hexion serves a broad range of industrial and consumer markets. These include:
- Architectural
- Automotive
- Construction (Commercial and Residential)
- Consumer/Durable Goods
- Electronics/Electrical
- Furniture
- Graphic Arts
- Industrial/Marine
- Oilfield E&P
- Repair/Remodel
- Wind Energy

Commitment to Excellence, and the Environment
At Hexion, we believe that leadership begins with integrity, ethics and environmentally sound operations. When you work with us, you are partnering with a company that is not only focused on delivering value but on doing it in a safe, ethical and environmentally responsible manner.
Sustainability Infographic

OPERATIONAL EXCELLENCE
- ENERGY MANAGEMENT
- WATER MANAGEMENT
- WASTE MANAGEMENT
- HEALTH & SAFETY
- GREEN ENGINEERING

OUR COMMITMENT
We follow the Global Reporting Initiative reporting guidance to ensure the information and metrics we communicate to our stakeholders are material. We have chosen SDoF™ and GaBi™ as our manufacturing and product sustainability software platforms to enable robust reporting of our footprint and impacts on the environment and to track progress against our goals.

This icon will always let you know where you are in the Sustainability Framework.
UL: We are a Global Force for Good

- Approximately 22 billion UL marks appear on products.
- 104 countries with UL customers.
- 11,615 employees in the UL family of companies ready to serve customers.
- Over 1 billion consumers were reached with safety messages in Asia, Europe, and North America.
- Approximately 96,000 product evaluations.
- 1,614 current standards for safety published by the UL family of companies.
- 40 countries with UL employees.
- In the countries in which we operate, there are 170 UL laboratory testing and certification facilities.
Safety is evolving. Complex issues of today have replaced concerns of the past. And the safety landscape of tomorrow is yet to be defined.

- Chemicals
- Food and water
- Infrastructure
- Initial adoption of electricity
- Medical devices
- Nanotechnology
- New sustainability breakthroughs
- Renewable energy
- Wireless integration
Greenwashing

Greenwash (grēn'wŏsh', -wŏsh') – verb: the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service.

Greenwashing damages the marketplace by:

• Generating purchaser skepticism about the entire marketplace of greener product or service claims;
• Reducing consumer confidence;
• Increasing the potential for regulatory oversight due to consumer complaints.
Welcome to the trusted source for credible sustainable product information.

Over 45,000 products. Easily searchable. Empowering trust.
Poll #1: Audience Demographics

How is your role best described?

- EHS
- Sustainability
- Operations
- Human Resources
- Consultant
- I don't know
Part A: Overview of the Sustainability Assessment & Reporting Landscape
A (Partial) Living History of Corporate Sustainability

1587
Quakers prohibit investment in the slave trade, setting the stage for the “socially responsible investing” of today.

1971
Global Sullivan Principles of Social Responsibility developed to provide ethics guidance to business in apartheid South Africa.

1987
The World Commission on Environment and Development (the Brundtland Commission) coined the term “sustainable development” and defined it as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

1989
The Exxon Valdez oil spill in Alaska prompts a group of investors to found the advocacy nonprofit, Ceres. This group created the Ceres Principles for responsible environmental conduct.

1992
Rio Declaration on Environment and Development produced at the UN Earth Summit promotes 27 principles of sustainable development.

1993
Nike contractors in Indonesia, its biggest production center at the time, accused of labor abuses, including allegations of unfairly low wages, forced overtime, unfair workplace conditions, retaliations for attempts to organize and bargain collectively, and child labor. Nike rewrite its code of conduct in 1997.

1996
Charges surfaced that Kathie Lee Gifford’s clothing line, sold in Walmart, was being made by 13- and 14-year-olds working 20-hour days in factories in Honduras. Soon thereafter, news broke that workers making blouses for Gifford’s line in a factory in New York City’s garment district had not been paid. These and other “sweatshop” allegations prompted companies to develop or update their codes of conduct, the White house to establish an anti-sweatshop taskforce, and the then-Council on Economic Priorities to establish Social Accountability (SA) 8000, an international labor accreditation standard.

1996
The voluntary certification standard, ISO 14001, was published by the International Organization for Standardization to assist companies in reducing their environmental impact.

1997
The Global Reporting Initiative (GRI) was founded by Ceres and the Tellus Institute.

2000
The UN Global Compact (UNGC), first announced in 1999, is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

2010
The International Organization for Standardization published ISO 26000 to provide guidance on socially responsible behavior and possible actions.

2012
UL published UL 8801960s
Civil rights, women’s rights and anti-Vietnam war movements raise consciousness about the role of business in society.
Corporate Sustainability Drivers Overview

There are many stakeholders and forces compelling business to move toward sustainability. We will focus on just four.
“Society is demanding that companies, both public and private, serve a social purpose. To prosper over time, every company must not only deliver financial performance but also show how it makes a positive contribution to society. Companies must benefit all of their stakeholders, including shareholders, employees, customers and the communities in which they operate.”

*US Forum for Sustainable and Responsible Investment 2016 report*
Trade Partner Requirements

Companies are increasingly turning a spotlight on their supply chains for cost savings and sustainability wins. Planning ahead to meet emerging requirements will enable companies to gain positive recognition from trade partners.

**Target’s Sustainable Product Index**
Focuses on ingredients, transparency, and environmental impact of personal care, beauty, household cleaning, and baby care products.

**Social Environmental Responsibility (SER) Standards**
Applicable to all suppliers with a commitment to carry more environmentally preferred products.

**Supplier Sustainability Index**
Originally based on 15 corporate-level questions; has since evolved based on KPIs developed by The Sustainability Consortium.
Regulators and Government Procurement

Federal and local government have been moving toward environmentally preferable purchasing in recent years, creating opportunities for companies that are ready to supply verified products and services.

National Association of State Procurement Officials (NASPO), Sept. 2015
Employees

Sustainability is going mainstream as companies realize the benefits of their efforts to their recruitment and retention strategies.
Part B: About UL 880
A comprehensive company-level sustainability standard from an independent, global certification agency.
Standard Guiding Principles

• Promotes continuous improvement
• Fosters leadership and innovation
• Integrates with existing protocols
• Verifiable
• Promotes transparency and disclosure
• Attainable but aspirational
UL 880 and SQ Program Development

Jan ’10
Start Drafting Standards

End-July through Mid –Sept
ULE 880 Round 1
Open Comment Period

Nov 15,16
Stakeholder Advisory Panel

Jan ‘11 – May ‘11 2nd Comment Period

Dec/Jan Release ISR & Response Paper

Jan ‘11 – May ‘11 2nd Comment Period

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Stakeholder Engagement:
850 Stakeholders
Over 1,600 Comments

Market Engagement & Feedback
Program Revisions
Pilots & More Revisions

881 Development

Stakeholder Advisory Panel
Jan ’11 – May ’11 2nd Comment Period

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MLE
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Open Comment Period

Nov 15,16 Stakeholder Advisory Panel
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“This … standard provides clear and concise requirements and scoring system; and does a good job of incorporating existing standards and guidelines.” (Auditing services firm)

 “[We] believe your efforts to develop a well-recognized label to provide some clarity can be beneficial to the overall movement towards sustainability.” (Federal agency)

 “[We] applaud ULE-880’s directly addressing the issue of manufacturers‘ use of toxic chemicals and encouraging reductions in toxic chemical use and evaluation of safer alternatives.” (Non-governmental organization)
Five domains, one score

1. Governance for Sustainability
2. Environment
3. Work Force
4. Customers and Suppliers
5. Community Engagement and Human Rights

95 indicators, 1003 points
UL 880 Scoring Structure

- **Inventories and Baselines**
  - Prerequisites
  - Core Indicators
  - Leadership Indicators

- **Policies and Procedures**

- **Performance**

- **Reporting**

0 points
- 8 Indicators

Up to 240 points
- 22 Indicators

Up to 763 points
- 65 Indicators
Overview:
The intention of the Governance for Sustainability domain is to assess the extent to which the Applicant’s leadership – its board, executive leadership and its senior management – views sustainability as part of its fiduciary responsibility and ensures that sustainability issues are well managed throughout the organization.

A  Sustainability Strategic Plan and Reporting
B  Board Oversight
C  Stakeholder Engagement
D  Organizational Ethics
E  Creating a Culture of Sustainability
Overview:
The intention of the Environment domain is to assess the extent to which the Applicant has developed and implemented a system to identify the environmental impacts of its operations and strategies and programs to mitigate or eliminate the impacts.

A  Environmental Management
B  Company Operations: Energy and Greenhouse Gas Management
C  Company Operations: Water
D  Company Operations: Solid Waste Reduction
E  Transportation and Logistics
F  Facilities and Land Use
G  Organizational Environmentally Preferable Purchasing (EPP)
H  Product Stewardship
**Overview:**
This intention of the Work Force section is to assess the extent to which the Applicant’s policies and programs foster a positive work environment and engage and motivate employees, which are the foundations of a sustainable workplace.

- **A** Positive Work Environment
- **B** Fostering Workplace Integrity
- **C** Workplace Health and Safety
- **D** Employee Health and Wellness
4 Consumers and Suppliers

Overview:
The intention of the Customers and Suppliers domain is to determine the extent to which the Applicant has aligned its sustainability goals throughout its value chain.

- A Fair Marketing and Communications
- B Product Safety
- C Customer Support, Service and Complaint Resolution
- D Sustainable Supply Chain
Overview:
The intention of the Community Engagement and Human Rights domain is to ensure that the Applicant is a responsible and proactive corporate citizen.

- Community Impacts
- Community Alignment
- Human Rights
Certification

Companies are able to seek “focus” area certification against components of UL 880, or “full” certification against all prerequisite and core indicators, giving it flexibility to achieve market recognition at different stages of its sustainability journey.

![Certification Process Diagram]

**Deliverables**

Readiness assessment report (if applicable), verification findings report, a certified score, and mark.
Part C: Interactive Discussion
Poll #2: Governance

Sustainability Policy
Does your company have an organization-wide sustainability policy or formal statements of commitment that cover environmental, social and governance areas?

- Yes
- No
- I don't know
Discussion:
Sustainability Policy (Prerequisite)

Applicant shall demonstrate that an organization-wide internally developed sustainability policy or formal statements of commitment are in place, and that the company is actively pursuing this policy or statements.

Evidence of meeting this prerequisite shall include documentation confirming that the sustainability policy or statements have been communicated to all employees and are available on an internal or external corporate website or document available to all employees.
Poll #3: Environment

Energy and GHG Management Program

Does your company have an energy management program for managing its energy consumption and corresponding GHG emissions?

☐ Yes
☐ No
☐ I don't know
Discussion:
Energy and GHG Management Program (Core)

Applicant shall earn eight points for providing evidence that it has a program for managing energy consumption and corresponding GHG emissions. The program shall detail management responsibilities, data management and control, and procedures for establishing targets for improved energy efficiency and energy reductions.

Certification to Energy management systems – Requirements with guidance for use, ISO 50001:2011, and recognition in The Climate Registry’s leadership program at the Climate Registered Silver level is not required but will serve as evidence for this indicator.
Poll #4: Environment

Waste Reduction Management Program
Does your company have a waste reduction management program?

- Yes
- No
- I don't know
Discussion: Waste Reduction Management Program (Core)

Applicant shall earn up to eight points for this indicator.

Applicant shall earn three points for providing evidence that it has a waste reduction management program. The program shall detail management responsibilities, data management and control, and establish measurable targets and implementation strategies for waste reduction.

Applicant shall earn five additional points for providing evidence that its waste management program includes waste reduction strategies that include waste prevention and recycling and at least one of the following:

a) Reuse;
b) Composting; and/or
c) Byproduct reuse synergies.

Documentation on recycling shall include evidence that it provides recycling of both consumable and durable materials for which recycling is widely available unless it can be documented that no locally available markets exist for any of these materials. Documentation on byproduct reuse shall include details on the reuse applications and benefits achieved.
Poll #5: Workforce

Workforce Requirements
Does the company have work force policies that cover all of the following areas?

- Yes
- No
- I don't know
Discussion:
Workforce Requirements (Prerequisite)

Applicant shall provide evidence of organization-wide policies that cover, at a minimum, its commitments around the following concepts:

a) Health and Safety;
b) Freedom of Association and Collective Bargaining;
c) Nondiscrimination;
d) Transparency Around Disciplinary Practices;
e) Fair Working Hours; and
f) Equal Pay for Work of Equal Value.

Evidence shall include documentation of mechanisms used to monitor compliance with and the effectiveness of these policies. The Applicant shall also show evidence of a training program covering organizational work force policies that is delivered to all new employees at orientation, and made available to current employees on at least an annual basis. As used here, training may cover a broad range of approaches and tools such as traditional instructor-led courses, computer-based training, presentations, simulations, exercises, videos, and/or events..
Poll #6: Customers & Suppliers

Sustainable Supply Chain Code of Conduct
Does your company have a supply chain policy, code of conduct, or formal statement that includes a commitment to assess and monitor Tier 1 suppliers on environmental laws, occupational health and safety, safe work conditions, child labor, human rights and ethics?

☐ Yes
☐ No
☐ I don't know
Discussion: Sustainable Supply Chain Code of Conduct (Core)

Applicant shall earn up to eight points for this indicator.

Applicant shall earn 10 points for providing evidence that it has established a supply chain policy, code of conduct, or formal statement that includes a commitment to assess and monitor Tier 1 suppliers on, at minimum of the following:

- Regulatory compliance with all applicable environmental laws, occupational health and safety regulations;
- Safe working conditions;
- Respect for the basic human rights of employees;
- Prohibition of child labor; and
- Ethics policies.

Applicant shall earn 15 additional points for providing evidence that its supply chain policy, code of conduct, or formal statement includes a commitment to address and monitor Tier 2 suppliers on the same criteria listed in 35.2.2 (a) – (e).
Poll #7: Community Engagement & Human Rights

**Human Rights Risks Assessment**

Does the company have procedures to understand how its existing and proposed activities affect human rights and to measure the potential gaps between its human rights commitments and its results?

- Yes
- No
- I don't know
Discussion:
Human Rights Risk Assessment (Core)

Applicant earn up to 25 points for this indicator.

Applicant shall earn 10 points for showing evidence that it has implemented procedures to understand how its existing and proposed activities affect human rights and to measure the potential gaps between its human rights commitments and its results. This assessment shall include documentation that addresses, at a minimum, the following:

a) Inventory and assessment of the specific human rights challenges and dilemmas the organization may face across its operations and its Tier 1 supply chain;
b) Processes the organization has created to avoid or manage human rights risks; and;
c) Means of tracking performance over time in order to make necessary adjustments to policies and approach.

Applicant shall earn an additional 15 points for showing evidence that the assessment listed above covers its Tier 2 suppliers.
Closing Discussion
Thank you!

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RESOURCES:
ULE Circular Economy YouTube Video:
https://www.youtube.com/watch?v=fByG_5aPY3U&t=10s
Standards (ULE standards free as PDF downloads):
https://www.shopulstandards.com/
UL EHSS – Pure Sustainability Offerings: https://www.ulehssustainability.com/en/
Blogs / articles:
• Numbers to Know – Zero Waste: Impacting the Environment & The Bottom Line:
  http://library.ul.com/?document=numbers-to-know-zero-waste
• Waste diversion webinar with Walmart: https://ul.wistia.com/medias/m2nbom4tlw
• Blog post about work with Walmart: http://www.ul.com/inside-ul/do-you-have-what-it-takes-to-go-to-zero-waste/
MAKING THE WORLD SAFER, GREENER, HEALTHIER... BETTER!

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