

SR INC'S SUSTAINABLE BUSINESS & ENTERPRISE ROUNDTABLE (SBER) SUMMER REVIEW 2020

From the Service Leader

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Leading to a Zero Emissions Economy

In the summer of 2020, the world is gripped by the pandemic that experts long warned about and which best practice Corporate Sustainability Committees recognized at least since the World Economic Forum's Health Risks Report first did in 2006. Even prior to the pandemic in politics throughout the world, an anti-global nativism was ascendant; having come to dominate governments including those in Brazil, Turkey, Hungary, Poland and even Britain and the U.S. which did so much to create global trade. Furthermore, the Black Lives Matter movement has brought the demand for racial equity to the fore in the U.S. and the scientific news regarding human caused climate breakdown has only become even more alarming in the first half of 2020.

In this context and as the public sector worldwide intervenes in the economy through fiscal and monetary policy at levels without precedent outside of World War II, CEOs in the U.S. and around the world are publicly joining calls to "**Build Back Better.**" The CEOs of several SR Inc Member-client companies joined more than 150 others also participating in the Science Based Targets Initiative to sign onto a [UN Global Compact coordinated statement](#) to call for policies to hold global temperature rise to within 1.5 C in line with reaching a net zero emissions economy well before 2050. SR Inc Member-client CEOs also joined well more than 300 endorsing [Ceres LEAD on Climate 2020 Call to Action: Build Back Better](#) - which recommends investment in the country's transition to a net zero economy. Institutional investors representing more than 11 trillion in assets under management also [came together to urge EU leaders](#) as they plan recovery from the COVID crisis to accelerate the transition to a net zero economy in line with the EU's officially adopted Green Deal and the 2015 Paris Agreement.

Interestingly, a survey of Fortune 500 CEOs found that 48% think the COVID crisis will accelerate the move to the type of "multi-stakeholder capitalism" highlighted by the **Business Roundtable** one year ago by its "[Statement on the Purpose of a Corporation](#)." Which is consistent with Harvard Business School professor Rebecca Henderson's new book "[Reimagining Capitalism in a World on Fire](#)" as reviewed on [SR Inc's Sustainable Leadership blog](#). The book is a brilliant summary of more sustainable business as Henderson provides chapters on how to best: create shared value, build purpose driven organizations, rewire finance and build multi-company cooperation.

It is not, however, until Henderson reaches her fifth recommendation - which she acknowledges is the most important for systems change - that she offers something that will be new to leaders in sustainable business. In her final recommendation that companies help "**Rebuild Our Institutions and Government**", Henderson moves beyond the tired framing of markets vs. government to acknowledge the broad consensus among relevant scholars that a superior framing is "open regimes" with "inclusive economies" such as the U.S., Germany, Britain and Japan versus "closed regimes" with "extractive economies" like Russia, North Korea and Angola. As Henderson observes: "**The problem is not free markets. The problem is uncontrolled free markets, or the idea we can do without government . . .**" and "**the alternative to strong, democratically controlled government is not the free market triumphant. The alternative is crony capitalism, or what the development economists call "extraction."**

Consequently, Henderson advises business leaders to move beyond involvement with host communities to expand efforts on both national and global levels on three key issues that promote "inclusive economies": (a) ensuring minority rights and inclusion; (b) pricing major environmental externalities; and, (c) preserving and strengthening democracy and civil society. This is tall order but "in a world on fire" its needed and there are well developed "Non-market Strategies" (see e.g.: "[Aligning for Advantage](#)", Lawton 2014), examples, templates and tactics to help you lead.

Covid-19 Is the Ultimate ESG Issue

SR Inc's virtual Q2 Symposium includes discussions on the importance of strong ESG management in responding to rapidly emerging issues like the coronavirus and racial unrest.

Corporate commitments to systemized and reported management of ESG issues grew dramatically throughout 2019. Corporates' careful approach to determine which ESG issues were most material to them was upended in 2020 as the Coronavirus and now the swelling demand for racial equity catapulted to the fore in stakeholder concerns. Now, as Member-Clients make urgent changes required by Covid-19 and seek to understand what they can do to address systemic racism, many will recognize that vaccines and anti-racism statements are unlikely to eradicate these issues that ESG Committees will likely grapple with for years. The "new normal" will include a recognition that human-caused climate breakdown is increasing both the likelihood and severity of global pandemics that are likely to disproportionately injure our most vulnerable communities and contribute to increasing demands for greater racial equity.

Consequently, Member-Clients expect the long-term Pandemic Response and Anti-racism efforts to move from internal ad hoc emergency "Task Forces" to the ESG/Corporate Sustainability Committee that will be expected to help guide, drive, and report a related systematic engagement with customers, employees, suppliers, host communities, and investors. Covid-19 and the growing awareness of the need for racial equity are rightly recognized as ESG issues because they impact each of these key stakeholders. We encourage you to further explore this topic in our [detailed blog post](#). It reviews the five principal reasons Covid-19 is "the ultimate ESG issue," including:

1. Although Covid-19 is exogenous to a given company and its markets, it presents risks to both.
2. Covid-19 impacts decisions key stakeholders of a company—such as customers, employees, and host communities—make regarding that company.
3. Covid-19 requires systemic engagement with key stakeholders to create needed and shared value.
4. Covid-19 is a long-term risk that can only be understood and managed with respect for science.
5. It will be necessary to track and report how Covid-19 risks are managed.

SBER's 2019 Leadership Awards

Sean Kinghorn, Intuit's Global Sustainability Leader receives SBER's 2019 Outstanding Corporate Executive Award



Mike Mattera, Akamai's Director of Sustainability receives SBER's 2019 Outstanding Corporate Leader Award



Visit our [press release](#) to learn more.

Net Zero Operations in 2020 Amidst Covid-19

The second half of our **Q2 Symposium** discussion centered on **how leading companies are striving for net zero operations in 2020 amidst Covid-19** and included updates from **Mike Mattera**, Director of Corporate Sustainability at **Akamai Technologies**. Key findings included:

- Corporate leadership toward net zero emissions and 100% renewable energy is accelerating, driving public policy and private commitments:
 - More than 300 businesses signed the [LEAD on Climate 2020 pledge](#) to urge Congress to promote a resilient and clean energy economy.
 - Scores of companies moved forward with ambitious, public Earth Day 2020 goals amid Covid-19.
- Corporates are taking innovative approaches to mitigating Scope 1, 2 and 3 emissions:
 - Scope 1: [Many options exist to reduce emissions from thermal energy](#) including biomass, biogas, renewable gas, and geothermal.
 - Scope 2: Leading companies seek high impact utility-scale renewables through innovations in transaction structures like virtual power purchase agreements (VPPAs) and utility green tariffs.
 - Scope 3: Leaders are assisting suppliers in pursuing 100% renewable energy since suppliers' scope 2 is their scope 3.
- Market Trends/Covid-19 Impacts:
 - Renewable energy is continuing to crowd out coal as oil and gas retracts.
 - Energy markets are poised to recover at the end of this year.
 - There is a federal and state policy divide: at the federal level, fossil fuels and "old guard" utilities are holding ground and fighting back at FERC, and at the state level, "blue states are green."
- Leading tech companies are exploring emerging entrepreneurial solutions that enable customers to indicate their interest in procuring net zero products & services (e.g. online payment company [Stripe is exploring the possibility of using its platform to enable customers to support carbon removal technologies](#)).
- [News from Akamai](#): The company will hit all of its 2020 sustainability goals and is developing a new and more ambitious framework for its 2030 goals, focusing on renewable energy for its networks that have the largest impact, but also on its internal and external communities and its supply chain.
- [Key Advice from Akamai](#): Emerging from Covid-19, to come back stronger, stay focused on meeting your existing goals by regrouping with internal and external stakeholders and building a path to meet the goals under the new normal.

Intuit Leads on a New Type of Renewable Energy Transaction

Sustainability Roundtable Inc Renewable Energy Procurement Services (SR Inc REPS) supported multiple corporate clients in helping to cause new renewable energy capacity to be built through a new type of transaction process and structure. As an outcome of this process, one of SR Inc's Member-clients, **Intuit**, [contracted a portion of the 419 megawatt \(MW\) Mesquite Star wind farm in Fisher County, Texas which became operational in June 2020](#). Intuit, makers of TurboTax, QuickBooks and Mint, contracted 10 MW under a Virtual Power Purchase Agreement (VPPA), which along with other buyers enabled Clearway Energy Group to finance the development and construction of the new wind generation capacity.



419 MW Mesquite Star wind farm, Fisher County, TX

"Intuit is committed to delighting our customers and they have made clear they would like us powered by renewable energy. We have appreciated SR Inc REPS' leadership in helping to create a model of shared services and Buy-side Aggregated VPPAs that has the potential to deliver cost-positive renewable energy for every enterprise that is creditworthy and able to make a long-term commitment to cause new renewable energy. It has made it possible to meet our goal of 100% renewable energy 10 years early and to move to a bold climate positive target: by 2030, we will reduce carbon emissions 50 times greater than our 2018 carbon footprint, resulting in a reduction of 2 million metric tons of carbon dioxide."

Sean Kinghorn,
Intuit's Global Sustainability Leader

Visit our [press release](#) to learn more.

SR Inc Welcomes Horizon Therapeutics as a Member-Client in Q2



Founded in 2008 with U.S. headquarters in Lake Forest, Illinois, Horizon Therapeutics now has over 1,200 employees focused on helping those impacted by rare and rheumatic conditions. Horizon believes science and compassion must work together to transform lives. Horizon is driven to deliver innovative medicines to those living with rare and rheumatic diseases because they uniquely understand the patient journey. Horizon is also proud to devote their time and resources to initiatives that benefit their community, patients and employees.

SR Inc Welcomes HubSpot as a Member-Client in Q2



HubSpot, headquartered in Cambridge, Massachusetts, is a leading growth platform with thousands of customers around the world. Comprised of a Marketing Hub, Sales Hub, Service Hub, and a powerful free CRM, HubSpot gives companies the tools they need to grow better. Having global offices, their company culture builds connections, careers, and employee growth by creating a workplace that values flexibility, autonomy, and transparency. HubSpot believes businesses can grow with a conscience, and succeed with a soul — and that they can do it with inbound.

SBER Premier Thought Leader: Clearway Energy Group



Clearway Energy Group, headquartered in San Francisco, California is accelerating the world's transformation to a clean energy future. Clearway is focused on providing customers with the power they need and the customer experience they deserve. Clearway Energy's environmentally-sound asset portfolio includes over 7,000 megawatts of wind, solar and natural gas-fired power generation facilities, as well as district energy systems.

SR Inc's CDP Assistance

Having worked with more than 75 Fortune 500 and growth companies on a multi-year basis, SR Inc has witnessed firsthand how leading companies use iterative CDP filings to guide the development of best-in-class ESG and sustainability programs and improve their scores. Although many of the ESG, sustainability, and CSR executives we work with are overwhelmed by the multiple competing global standards and the time and data analysis they require, CDP is well worth the effort. Learn more [here](#).

SBER 2020 Scheduled Events

Jan. 23, 2020 2-3:00 pm ET	2020 SBER Charter Nomination SBER Member-Clients meet remotely
Feb. 13, 2020 2-3:00 pm ET	2020 SBER Charter Ratification SBER Member-Clients meet remotely
March 13, 2020 12-2:30 pm MT	Q1 Executive Symposium SBER Member-Clients remotely
May 21, 2020 2-3:00 pm ET	Renewable Energy Strategy SBER Member-Clients meet remotely as part of the Net Zero Consortium for Buyers
June 18, 2020 12-2:30 pm PT	Q2 Executive Symposium SBER Member-Clients meet remotely
Sept. 24, 2020 12-2:30 pm ET	Q3 Executive Symposium SBER Member-clients meet remotely
Dec. 10, 2020 12-3:00 pm ET	Q4 Executive Symposium SBER Member-clients meet remotely