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Evolving Environmental Stewardship & Sustainability Standards: An Interview

15 July 2019



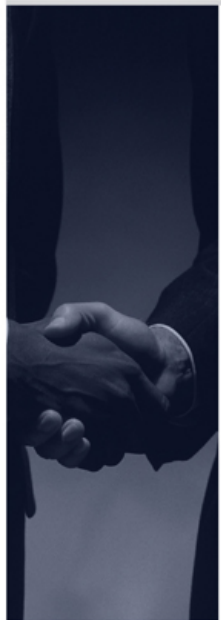
social compliance
environmental
protection



QCA & the Environment

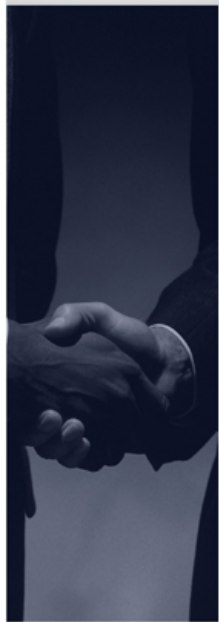


- Where we've been
- What has and is continuing to shape our approach
- Voices from ground-level



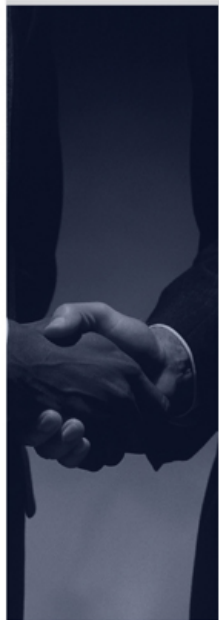
QCA Environmental Stewardship: Background

- QCA estd Compliance Standard for Promo
 - QCA Environmental Stewardship Standard based in UN Global Compact Standard for Environment
 - Capacity-Building
 - Aspirational
- 2015 Update
 - Membership Survey
 - New questions required quantitative measures
- 2019 Update
 - Membership Survey



Environment: It Matters to Your Key Customers

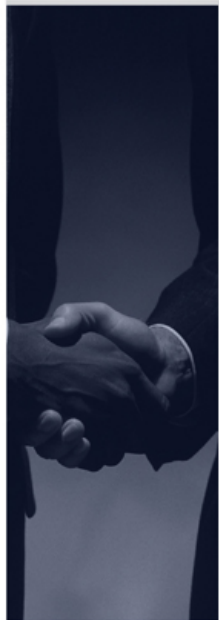
- 85% of the S&P 500 published Sustainability Reports (2017) (Governance & Accountability Institute)
- 40% of the S&P 500 include sustainability in annual financial reports or other regulatory filings (2018) (TheCorporateCounsel.net)
 - 95% quantify environmental performance
- 30 ESG Funds launched in 2018 – total value \$32B (2019) (Quartz)



ESG: What is it?

Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.

- Environmental criteria consider how a company performs as a steward of nature.
- Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates.
- Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.



ESG: What is it?



Winds of Change: Environmental Sustainability Rises to the Board Level

KEY TAKEAWAYS

diligent Institute

This Diligent Institute report *Winds of Change: Environmental Sustainability Rises to the Board Level* explores how boards around the world are handling oversight of environmental sustainability issues. Below are some of the key findings.

▼ Who responded to the survey?
447 Respondents → 46 Countries
 ▶ 80% of respondents are directors

▼ How often do boards discuss environmental sustainability issues?

DISCUSSION FREQUENCY

PAST	FUTURE
Had board-level conversations over the past 2 years: 80%	Expect board-level conversations in the next 2 years: 82%
Discussed issue at least annually: 46%	Expect to discuss issues annually: 56%
Covered the topic at least quarterly: 34%	Expect to cover the topic at least quarterly: 43%
89% Expect an increase in level of discussion over the next 2 years	2% Expect a decrease in discussion over the next 2 years

▼ What motivates directors to discuss environmental sustainability issues at the board level?

DIRECTOR MOTIVATIONS

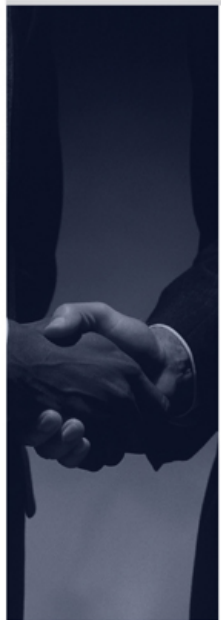
TOP	MOTIVATION	PERCENTAGE
1	Societal impact	40%
2	Long-term viability	37%
3	Reputational risk	35%
BOTTOM		
4	Investor pressure	9%
5	Current regulations	13%

▼ Which governing bodies own the oversight of environmental sustainability issues?

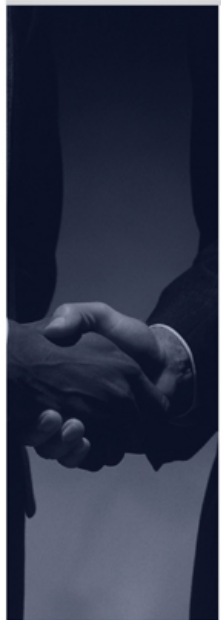
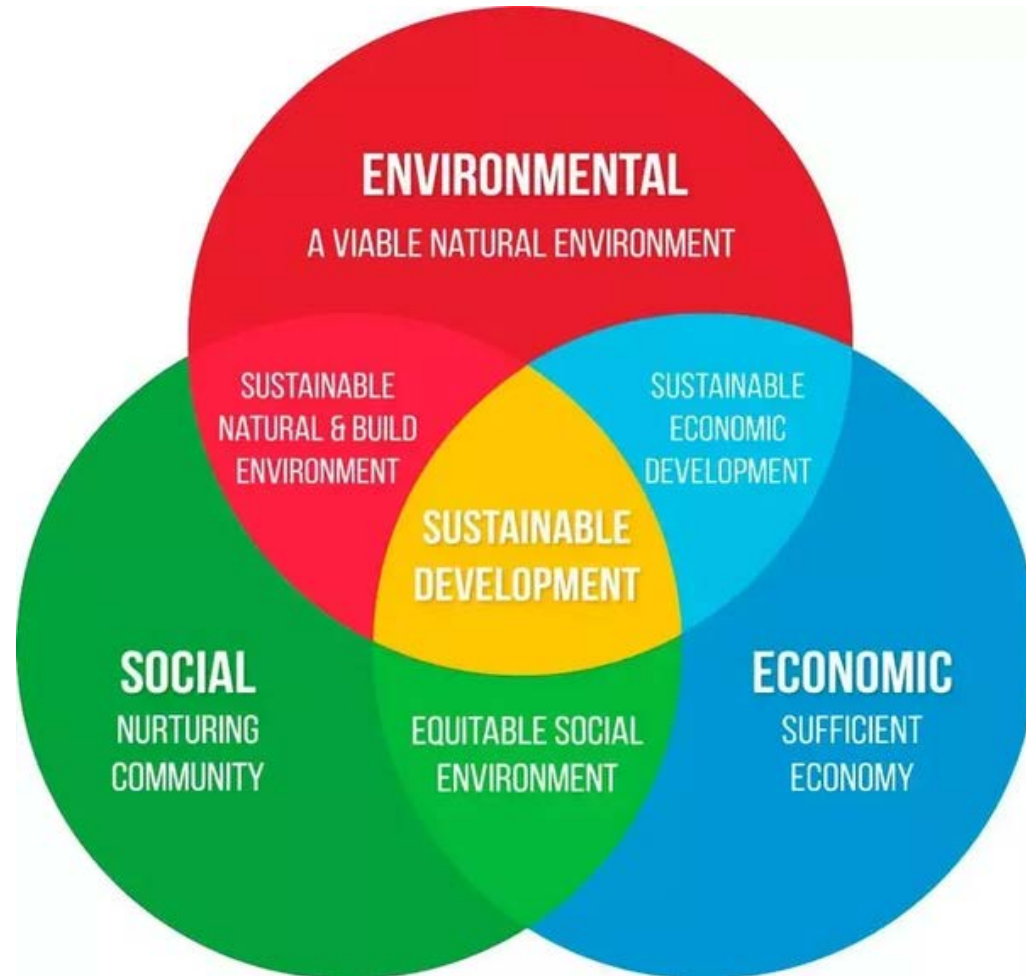
SUSTAINABILITY GOVERNANCE

GOVERNING BODY	PERCENTAGE
Entrust ownership to the full board	20%
Place it with a board committee	30%
Use some form of below-the-board oversight	19%
Only environmental and sustainability issues are not overseen at all	25%
Did not know if these issues were being addressed	10%

Download the full report at: diligentinstitute.com/sustainability-report



ESG / Sustainability: What is it?





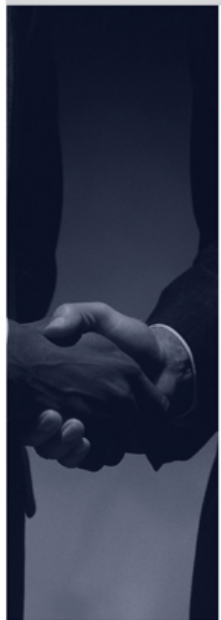
Origins of Sustainability



SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

<p>1 NO POVERTY</p>	<p>2 ZERO HUNGER</p>	<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>4 QUALITY EDUCATION</p>	<p>5 GENDER EQUALITY</p>	<p>6 CLEAN WATER AND SANITATION</p>
<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>10 REDUCED INEQUALITIES</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>13 CLIMATE ACTION</p>	<p>14 LIFE BELOW WATER</p>	<p>15 LIFE ON LAND</p>	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p>	<p>17 PARTNERSHIPS FOR THE GOALS</p>	

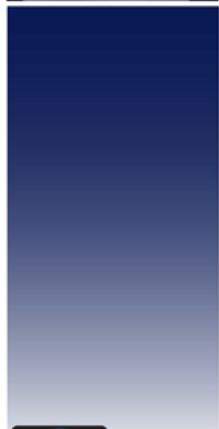
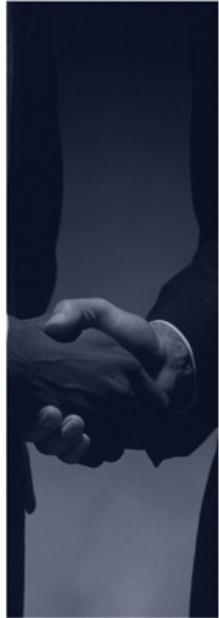


State of Sustainability

North America

- Most common reporting guideline used is the Global Reporting Initiative (GRI) (65%)
- Reports are self-reported, not validated externally
- Shareholders / Boards increasingly advocate for external validation.

Centre for Sustainability and Excellence, 2017
(Forbes)



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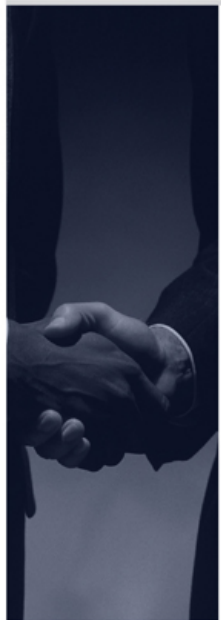


Interview



Matt Hare (Hit Promotional Products) Occupational Health,
Safety and Environmental Manager

Joe Chanin (Logo Mark Promotional Products)
Vice President - Purchasing & Compliance





Q & A



Thank You

