



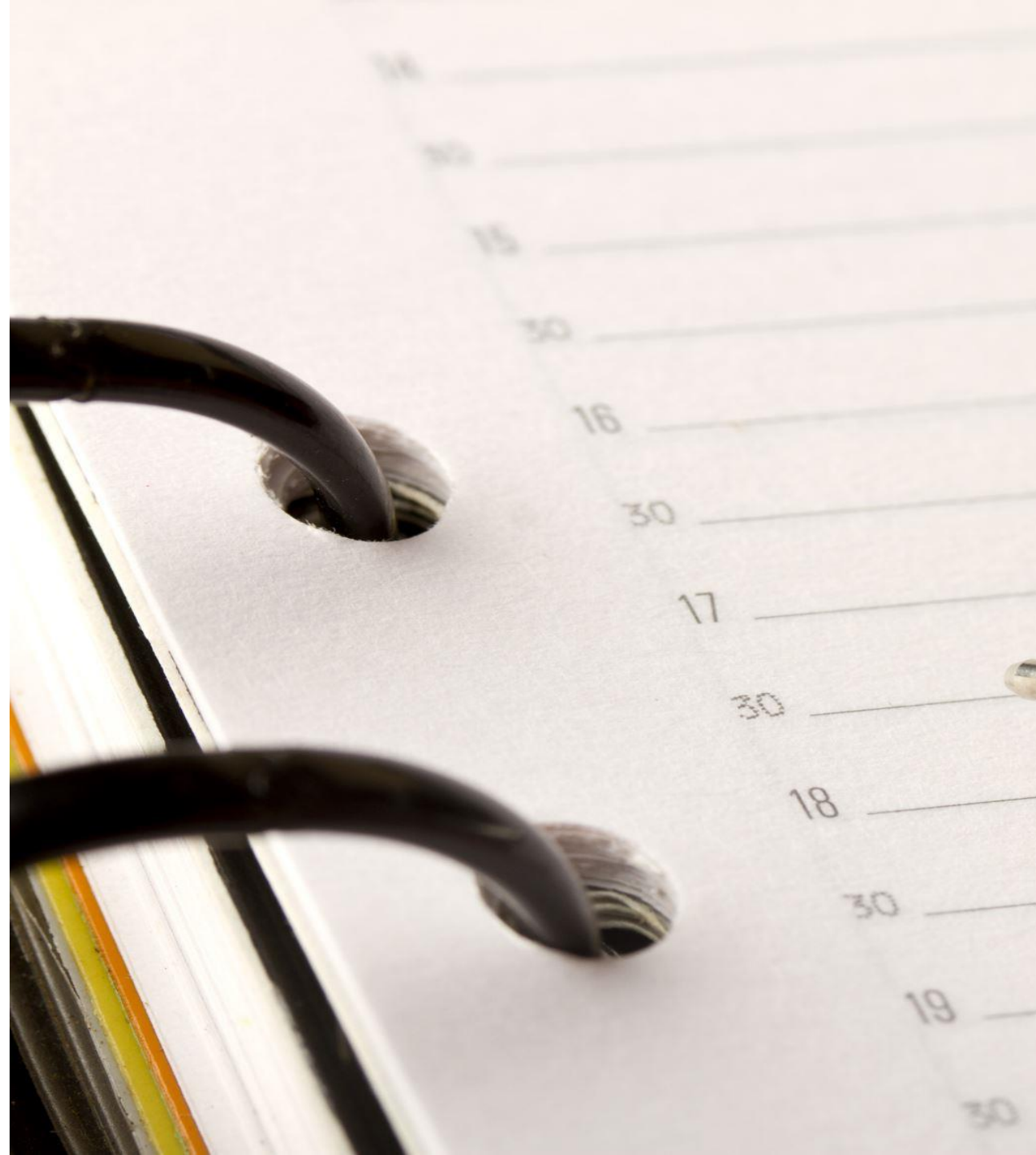
SUSTAINABLE SUPPLY CHAIN ALLIANCE

Supplier TSP Training

April 16th, 2024

Agenda

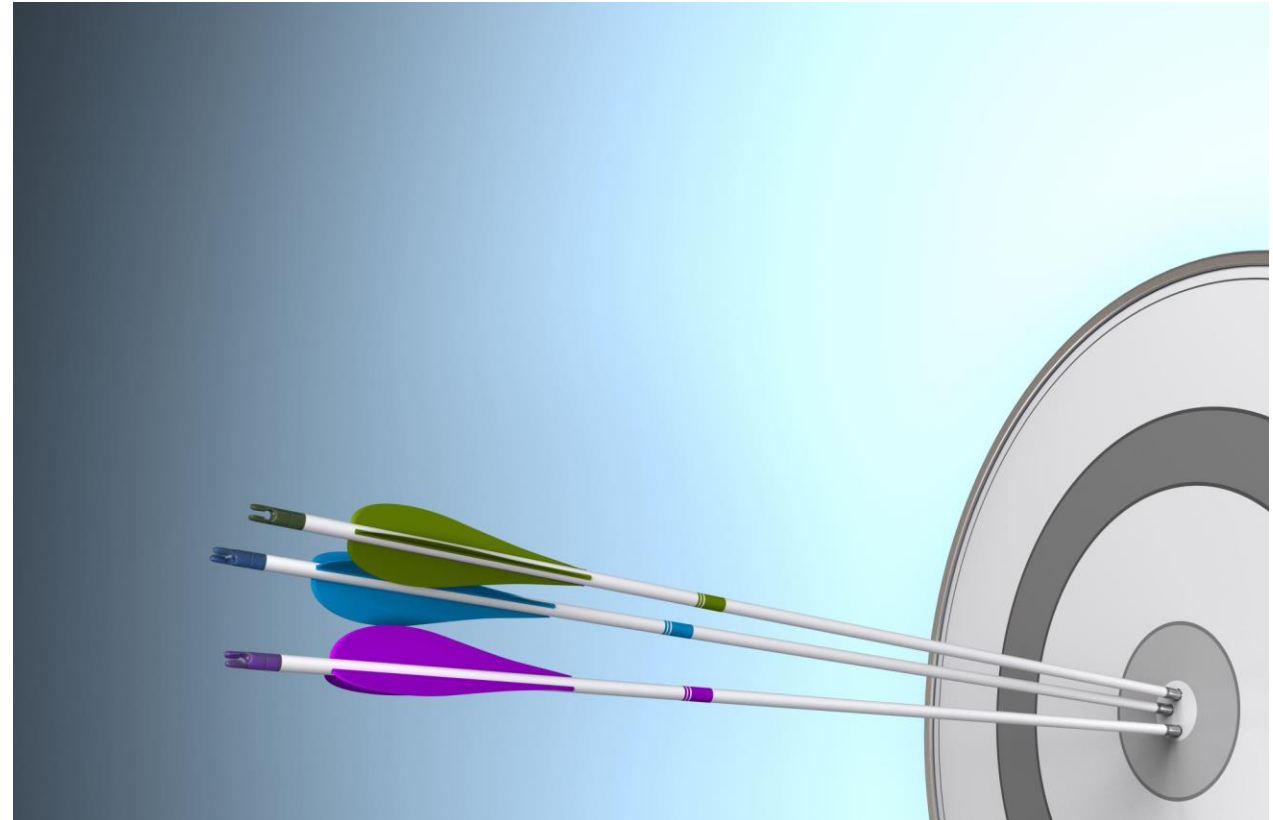
- **Utility Member Sharing: CenterPoint Energy**
- **2023 Assessment Overview**
- **2023 TSP Results**
- **TSP Live Demo**
- **Open Discussion / Q&A**



Purpose of Training

- Highlight the importance of the SSCA Assessment in driving improvement
- Provide a better understanding of SSCA level supplier data
- Guide suppliers through assessing and understanding their results
- Helping suppliers prioritize their gaps to continuously improve performance
- Answer member questions and ensure members understand how to use their results

Our Ask: Please ask questions and share your needs with us. The more specific, the better!



CenterPoint Energy

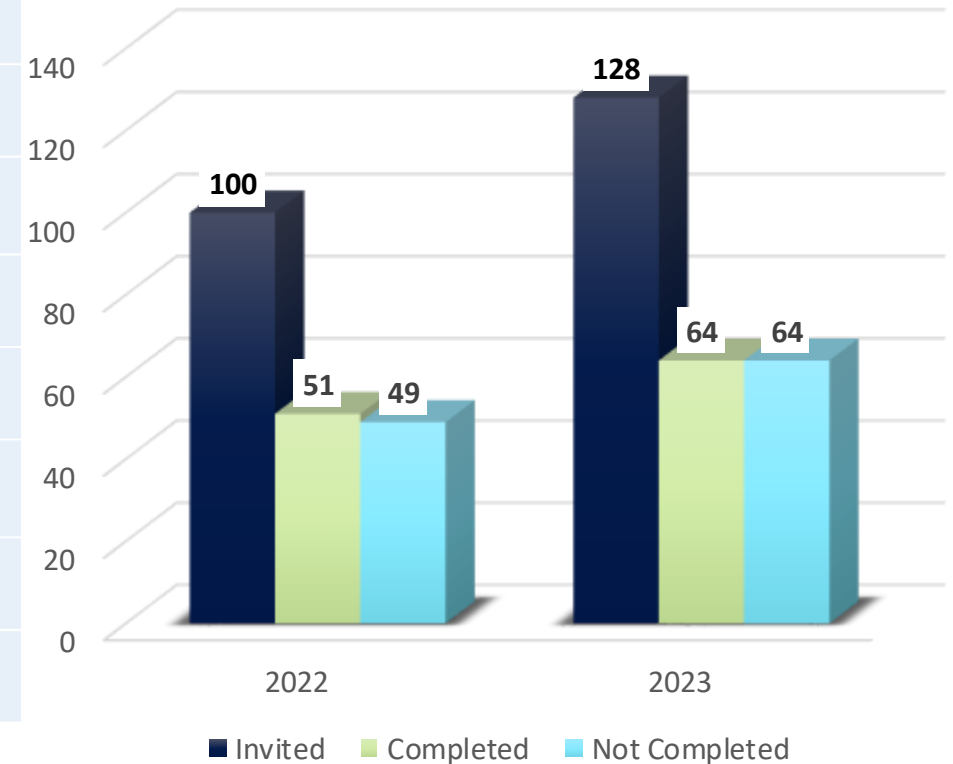
TSP Data



TSP Data

1.1 Does your company have a formalized ESG strategy and performance targets that: 1/ Define a future vision of ESG performance, 2/ Are clear, actionable, and achievable, 3/ Are resourced effectively, 4/ Address material issues for the business?	44/64
1.3 If yes, Has your company designated a point person(s) responsible for implementing strategy and meeting targets?	48/64
1.5 If yes, Does your company report externally on strategy: program elements, key ESG issues and goals, challenges, resiliency, and continual improvement efforts in accordance with a reputable reporting standard (e.g. GRI, SASB, TCFD)?	39/64
2.2 Does your company have a Supplier Code of Conduct and/or Human Rights Policy in place?	50/64
3.1 Are there any conflict minerals or additional minerals of concern (including: cobalt, tin, tantalum, tungsten, or gold) in the product(s) that your company manufactures, subcontracts, or sells?	13/64
3.4 Does your company source any of the specific materials, minerals, or products from the related countries listed on the Department of Labor "List of Goods Produced by Child Labor or Forced Labor" (available here https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods)?	5/64
7.1 Does your company report total Scope 1 GHG emissions publicly?	35/64
11.1 Has your company had any significant code of conduct breaches including but not limited to breaches resulting in fines, class action lawsuits, or repeated breaches of Codes of Conduct in the past 36 months?	3/64

Suppliers Invited in 2022 & 2023



Leveraging TSP Data

Environmental, Social and Governance (ESG) Core

ESG Core questions	Overview
Environment, Social & Governance (ESG) Strategy	
1.1 Does your company have a formalized ESG strategy and performance targets that: 1/ Define a future vision of ESG performance, 2/ Are clear, actionable, and achievable, 3/ Are resourced effectively, 4/ Address material issues for the business?	Yes count: 44, No count: 19, Not Answered: 1
1.2 If yes, Has your company assigned formal responsibility for directing and overseeing ESG performance to top/executive management?	Yes count: 47, No count: 13, Not Answered: 4
1.3 If yes, Has your company designated a point person(s) responsible for implementing strategy and meeting targets?	Yes count: 48, No count: 12, Not Answered: 4
1.4 If yes, Does your company report internally, including to top management, on strategy: key ESG issues (revealed by materiality analysis), resiliency, risk, business continuity, progress toward goals, and plans/needs to address gaps towards your targets?	Yes count: 47, No count: 12, Not Answered: 5
1.5 If yes, Does your company report externally on strategy: program elements, key ESG issues and goals, challenges, resiliency, and continual improvement efforts in accordance with a reputable reporting standard (e.g. GRI, SASB, TCFD)?	Yes count: 39, No count: 20, Not Answered: 5
1.6 If yes, Does your company have ESG strategy and reports, targets, and Key Performance Indicators (KPIs) periodically (every 5 years or sooner) validated by an independent third party?	Yes count: 21, No count: 39, Not Answered: 4
Environment, Social & Governance (ESG) Materiality Assessment	
1.7 Has your company conducted a systematic, rigorous assessment to identify and prioritize material ESG impacts, issues and opportunities?	Yes count: 41, No count: 22, Not Answered: 1
Code of conducts and policies	
2.1 Does your company have an Employee Code of Conduct in place?	Yes count: 62, No count: 1, Not Answered: 1
2.2 Does your company have a Supplier Code of Conduct and/or Human Rights Policy in place?	Yes count: 50, No count: 13, Not Answered: 1



Q&A



Member Examples

Dominion

- Supply chain sustainability and SSCA in their [Sustainability and Corporate Responsibility Report](#). They share findings from the annual Supplier Assessment (TSP).

Entergy

- Supply chain sustainability and SSCA in their [2022 Path to Net-Zero Emissions and Climate Resilience Report](#) and discuss their supply chain initiatives and strategy, including SSCA activities like the supplier assessment, and GHG letter.

Exelon

- Supply Chain Sustainability and SSCA in their [Corporate Sustainability Report](#). They discuss SSCA activities including the maturity model, Scope 3 emissions, and hot-spot analysis.

PG&E

- Supply chain sustainability and SSCA in their [Corporate Sustainability Report](#). Discuss their focus on supplier diversity and other key milestones in supply chain sustainability. Highlight SSCA activities including utility and supplier benchmarking, carbon hot spots, sustainable construction, and the annual supplier assessment.

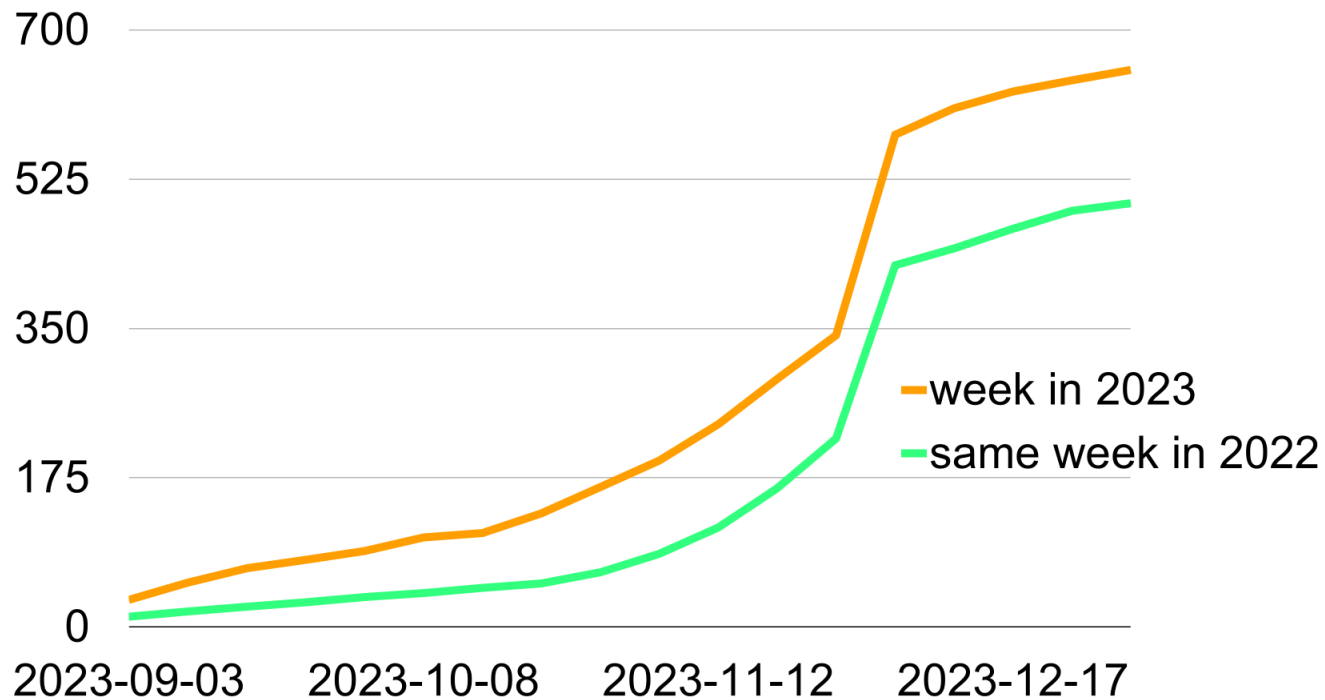
Vistra

- Supply chain sustainability and SSCA in their [Sustainability Report](#). They discuss supplier benchmarking and the supplier assessment.

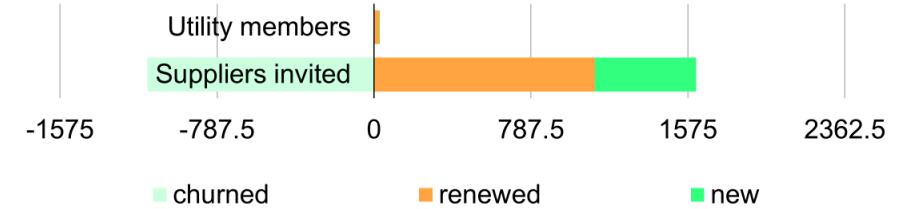


2023 Supplier Engagement

Number of suppliers that completed an ESG/Environmental Questionnaire by week (Sep 3rd - Dec 31st)



Change in members and suppliers invited



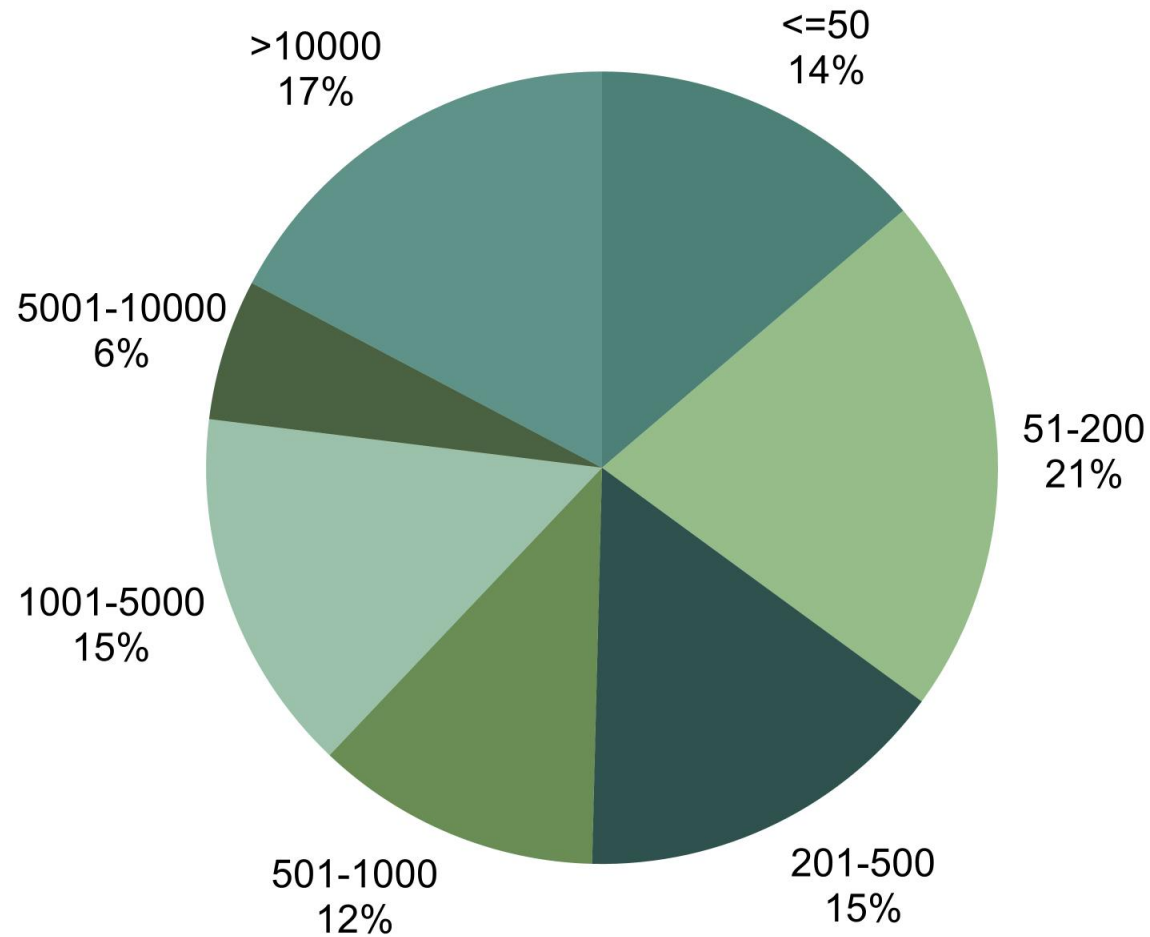
In 2023, 662 suppliers out of 1618 invited completed the Environmental practices questionnaire across 27 utility members. (1149 users logged in)

Increase in suppliers invited	8%
Increase in suppliers responding	31%



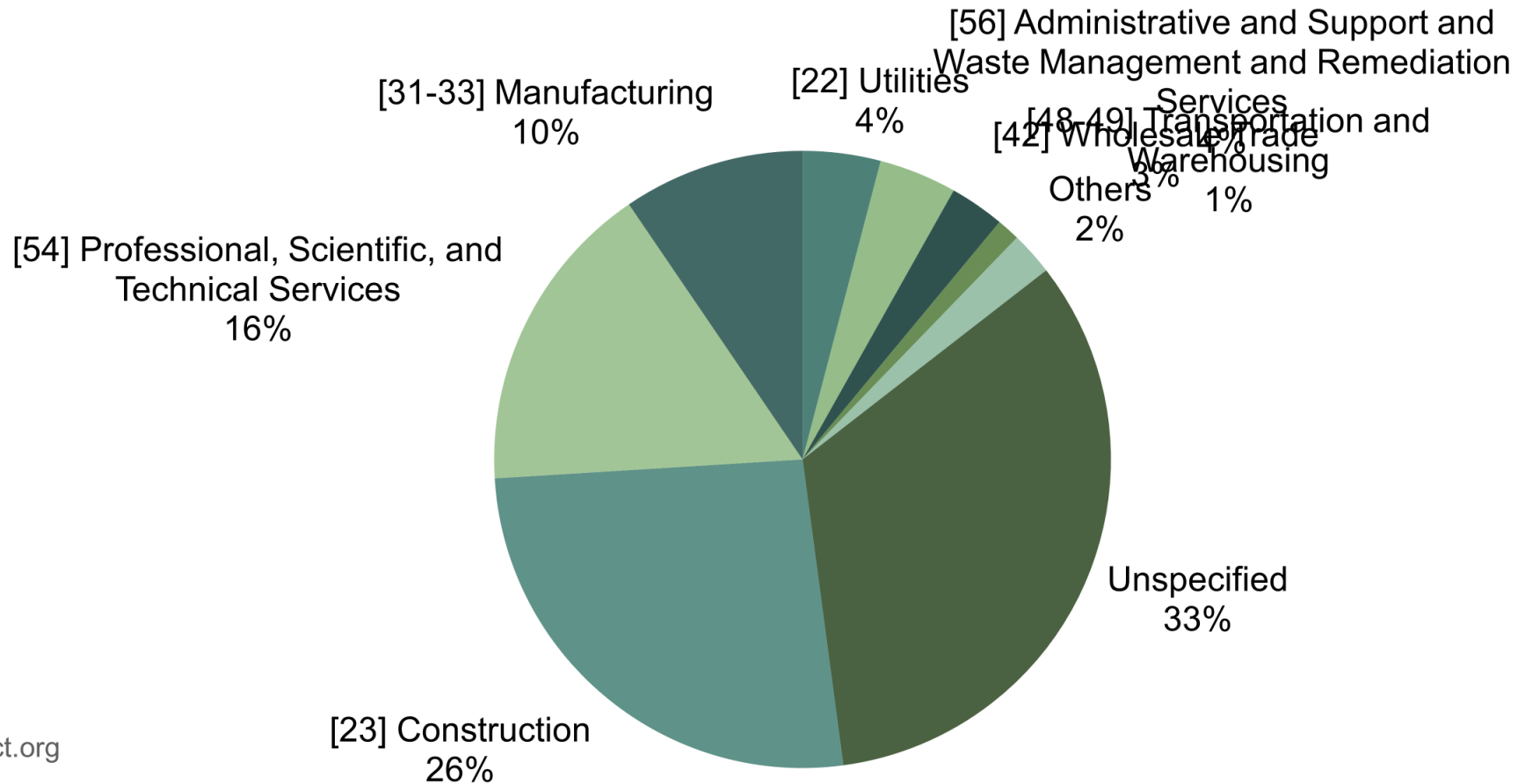
2023 Supplier Engagement

SSCA respondents per employee count



2023 Supplier Engagement

SSCA respondents per NAICS code



2023 TSP Verified Key Results – GHG Reporting, Disclosing and Targets

Below represents the results of supplier responses that were verified (~85%)

GHG Questions	All	SAM	Non-SAM
Scope 1 - Disclose Publicly	16%	42%	14%
Scope 1 - Disclose in TSP*	56%	78%	54%
Scope 1 – Target	6%	12%	6%
Scope 1 - % of targets that are (Science Based/Net Zero)	5%	10%	4%
Scope 2 - Disclose Publicly	15%	36%	14%
Scope 2 - Disclose in TSP*	53%	72%	52%
Scope 2 - Target	5%	14%	4%
Scope 2 - % of targets that are (Science Based/Net Zero)	5%	10%	4%
Scope 3 - Disclose Publicly	11%	20%	11%
Scope 3 - Disclose in TSP*	41%	50%	40%
Scope 3 - Target	3%	4%	3%
Scope 3 - % of targets that are (Science Based/Net Zero)	3%	4%	3%

*These are calculated from how suppliers responded within the TSP survey. This captures those that responded 0 for calculated emissions.

Key Response Takeaways:

- More than 2x delta between SAMs disclosing emissions publicly and non-SAMs for all scopes.
- TSP disclosures show that more suppliers are tracking GHG emissions than are publicly communicating them
- ~2x delta between SAM and Non-SAM on disclosure and targets that are Science based or Net Zero for Scope 1 and a ~3x delta for Scope 2. The distribution is less, but closer for Scope 3
- ~90% or more of all responders do NOT have targets for Scope 1, 2, or 3 emissions
- All suppliers struggling with Scope 3 disclosure and targets

2023 TSP Verified Key Results – ESG Governance Practices

Key - ESG Core Questions Related to Governance	All	SAM	Non-SAM
Suppliers with a formalized ESG strategy and performance targets	20%	40%	19%
Suppliers who have done a materiality assessment?	16%	30%	15%
Suppliers with a Employee Code of Conduct	23%	40%	22%
Suppliers with a Supplier Code of Conduct	21%	38%	20%
Suppliers with an environmental management system (EMS) in place	8%	18%	8%
Suppliers reporting internally on strategy: key ESG issues, resiliency, risk, business continuity, progress towards goals, and plans/ needs to address gaps to targets	10%	20%	9%
Suppliers reporting externally on strategy: key ESG issues, resiliency, risk, business continuity, progress towards goals, and plans/ needs to address gaps to targets	13%	24%	12%
Suppliers with a target for diverse spend publicly communicated	23%	28%	23%

Key Response Takeaways:

- Respondents claim to have strategies, sense of what is material, and doing some internal reporting
 - Average % of respondents with a ESG strategy (40% SAMs, 19% Non-SAM)
 - ~ 1/3 of SAMs have done a materiality assessment which is 2x the number of non-SAMs (30% of SAMs) and 15% of non-SAMs
- Similar % of suppliers who have an ESG strategy also report emissions publicly
- Low % of respondents that are verified to have an Employee or Supplier Code of Conduct
- Low % of respondents with an EMS (18% SAMs, 8% Non-SAMs)
- Low % with public diverse spend targets (28% SAMs, 23% Non-SAMs)

2023 TSP Verified Key Results – Low performance on key risk ESG Core Questions

ESG Core Questions	All	SAM	Non-SAM
Suppliers with conflict minerals or additional minerals of concern in manufacturing, subcontractors, or products	3%	12%	2%
Suppliers with policy related to sourcing minerals of concern	8%	26%	7%
Suppliers sourcing from regions of concern	2%	8%	1%
Suppliers with policies related to sourcing from regions of concern	6%	20%	5%
Suppliers disclosing a Notice of Violation over \$10,000 in last 36 months...	1%	2%	1%
Suppliers acknowledging any significant code of conduct breaches in the past 36 months	1%	2%	1%

Key Response Takeaways:

- Surprisingly low responses to existence of conflict minerals and sourcing from regions of concern. Likely speaks to lack of education and awareness
- Lack of verified policies on materials of concern (26% SAM, 7% non-SAM) and even less for regions of concern (8% SAMs, 1% non-SAMs)
- Low disclosure numbers for Notices of Violation and Code of Conduct breaches likely speaks to limited oversight

TSP Live Demo



SUSTAINABLE SUPPLY CHAIN ALLIANCE



Q & A



TSP 2024 Tentative Supplier Schedule

Action	Timeline
Identify and address gaps from previous years and work to implement practices, policies, documents, etc.	Now - Fall
TSP Tutorial Recorded	August 2024
SSCA Invitation to suppliers	Early September
Supplier TSP Training (Live, Recorded)	Mid-September
Utilities engaging suppliers to complete	October & November
TSP Final Supplier Guidance	Early November
SSCA Assessment Deadline*	December 1st
Collect Feedback and Improve	December - January

Who to Contact with Questions

For questions related to the TSP Platform:

- Review [FAQ Section on TSP](#)
- Contact: TSP Support
- Email: support@tspproject.org

For questions related to the SSCA Assessment in general:

- Contact: Kasee Connon
- Email: Kasee.connon@thessca.org

For questions related to becoming an SSCA Supplier Affiliate Member:

Contact: Andrea Smerek

Email: Andrea.Smerek@thessca.org



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