

SR INC'S SUSTAINABLE BUSINESS & ENTERPRISE ROUNDTABLE (SBER) 2ND QUARTER NEWS

From the service leader

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SASB Seeks to Be the FASB of Corporate Sustainability

For over six years SR Inc has helped leading companies and real estate investors understand *Corporate Sustainability* as “a more strategic approach to management in a world of rising resource constraints”. This specific contention that an organized commitment to Corporate Sustainability advances “a more strategic approach to management” recently received impressive support in the form of a rigorous quantitative analysis by Harvard Business School professor George Serafeim. The analysis found that companies who were high-performers on “material” sustainability-related issues substantially outperformed peer companies in shareholder value. The analysis was made possible – and persuasive – by the development of a respected, industry-specific delineation of what constitutes “material” non-financial Environmental Social and Governance (ESG) issues by the **Sustainability Accounting Standards Board (SASB)**.

SASB was founded in 2010 by current CEO **Jean Rogers** (a former Management Consulting lead at ARUP and past SBER Member Executive) and is Chaired by **Michael Bloomberg** (Chairman of SBER Charter Member-Client Bloomberg LP). SASB’s ambition is to regularize accounting for non-financial, Corporate Sustainability-related issues in a manner similar to how FASB has regularized financial accounting. To do this, SASB has developed a systemized multi-stakeholder process involving leading relevant corporations, market participants, and expert NGOs to determine what non-financial sustainability related items are “material” to a company’s performance in more than 80 distinct industries.

Harvard Business School Professor Serafeim’s recently published “working paper” *Corporate Sustainability, First Evidence on Materiality* applied SASB’s new industry-specific guidance on what constituted “material” ESG issues to MSCI KLD 400 Social Index2 firm-level performance ratings on an array of sustainability issues and against time series data of shareholder value performance. As a result, they found that:

- Firms that are high-performers on “material” ESG issues as defined by SASB significantly outperform peers in value to shareholders (when normalized for size and other factors).
- Focusing on material ESG issues (i.e. performing well on material issues and less well on immaterial ESG issues) increases shareholder benefit even more.

SASB’s new data architecture has enabled the development of rigorous quantitative analysis which finds that even before “future proofing” and innovation value is likely fully realized, shareholders benefit significantly when management understands deeply –and manages well– those non-financial ESG considerations that will help the company flourish in a rapidly changing world. SASB is now working with NAREIT to [develop standards for REITS](#). SBER Member-Clients look forward to the testing of SASB and Professor Serafeim’s important working paper by scholars, critics, and the burgeoning ranks of well-capitalized, sustainability-minded investors.

2015 Select SBER Events

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| Feb 12, 2015
11am PT/
2pm ET | Charter Member Meeting
Charter Members discuss and ratify the 2015 <i>SBER Agenda</i> . |
| Mar 26, 2015
2:30-5pm ET | Q1 Executive Symposium
SBER Member-Clients met in Cambridge, MA and virtually. |
| June 11, 2015
12-2pm ET | Q2 Executive Symposium
SBER Member-Clients met in Washington, D.C and virtually. |
| June 24, 2015
6-8pm PT | SBER Multi-Client Meetup
SR Inc visited with Member-Clients in the Bay Area, CA. |
| Sep 17, 2015
12-2pm ET | Q3 Executive Symposium
SBER Member-Clients meet in New York, NY and virtually. |
| Oct 8, 2015
12-2pm PT | SBER Executive Lunch
SR Inc visits with Member-Clients in Boston, MA. |
| Oct 19, 2015
6-8pm PT | CoreNet Global VIP Dinner
SR Inc hosts Member-Clients for dinner at CNG’s Summit. |
| Dec 3, 2015
12-2pm PT | Q4 Executive Symposium
SBER Member-Clients meet in the Bay Area, CA. |
| Dec 17, 2015
12-2pm ET | SBER Executive Lunch
SR Inc visits with Member-Clients in Boston, MA. |

Please contact [Erica Levy](#) to register for the CoreNet Global Summit VIP Dinner.

Q2 Executive Symposium: *Portfolio Managers Meet the IoE & Renewable Energy Revolutions*

SR Inc was pleased to host the Sustainable Business & Enterprise Roundtable "SBER" **Q2 Executive Symposium: Portfolio Managers Meet the IoE & Renewable Energy Revolutions** on June 11th in Washington, D.C.

The discussion focused on SR Inc's SBER Shared Research Focus for 2015 – "Net Zero Emissions Portfolio-wide by 2030" – and more specifically on SBER's two 2015 chartered projects: "Portfolio Manager Meets the Internet of Everything" and "Portfolio Manager Meets the Renewable Energy Revolution". The role of the IoE in high-performing CRE is an emerging phenomenon, but many Member-Clients have acknowledged the implications it will likely have for their companies' operations, and some Member Executives, including the Q2 Symposium presenters **Stephen Evanko and George Holcombe of Capital One**, are already piloting and implementing smart building technologies. Member-Clients also discussed the current market context for renewable energy in CRE and, in particular, noted the growing promise of renewable energy storage and advanced strategies for off-site renewable energy procurement. The following are key takeaways from the presentation delivered by SR Inc, highlighting general findings from among multiple Member-Clients during the preparation for this meeting:

- With the exponential growth of the Internet of Everything (IoE) comes an **emergence of a "4th platform" – a continuously communicating network of "ambient computing" between people and things involving billions of non-human and human users, apps, and sensors.**
- Portfolio managers are increasingly recognizing the challenges and opportunities of IoE-enabled workplaces – for improved consumption data and data management, predictive analytics, and fixture-level control – as well as for **workspace optimization and improved employee productivity.**
- Solution providers are responding to the market demand for **open architecture** that promotes innovation and sustainability within a facility and serves to make the technology both **"future-proof" and compliant with global standards.**
- **Energy storage capabilities are rapidly evolving** and will likely have significant implications for renewable energy in corporate real estate (CRE) in 2016.
- **Advanced strategies for off-site renewable energy procurement** have growing appeal for Portfolio Managers as they wrestle with the limitations associated with onsite installations – particularly for leased buildings.
- **The best states to pursue solar in 2015 include California, New York and Massachusetts** based on state solar policy, electricity cost, solar incentives, payback and internal rate of return, and net metering and interconnection opportunities.

Materials presented at the Q2 Executive Symposium and a summary of the discussions are available in SR Inc's Member-only Digital Library [here](#).

MEMBER EXECUTIVE COMMENTS



Roger van Overbeek,
Director of Corporate RE
at Autodesk, on SR Inc
Management Best Practices
Research & Tools

"SR Inc's content was excellent because it was not just a high level overview, but meaningful enough that I can use it for implementation and refinement. The information I obtained in one day and on the thumb drive was equal to months of consulting provided by one of our vendors, and the SR Inc materials are more meaningful. I cannot say enough good about the content."



Deidre Buzzetto,
Director, International Real
Estate at Lenovo, on
experience with SR Inc

"SR Inc was critical in us bringing forward to our senior executive team how important it is to input sustainability into our overall strategy... Having SR Inc with us pushing us forward and pushing us in the right direction is what we needed. Our sustainability council has gotten the data they need and all the right metrics. Getting the research has been invaluable. We're gaining the knowledge [SR Inc is] getting from others. That shared resource has been really important."



Brad A. Molotsky,
EVP & General Counsel at
Brandywine Realty Trust, on
experience with SR Inc

"SR Inc was one of the early stops we made. The ability to have a third party-neutral kind of 'referee' at all the noise that's out there was very relevant, very meaningful. The ability to connect with people who are sprinting, crawling, and all in between on various aspects is what [SR Inc] is able to bring to the table in a cogent, cohesive fashion. To me nothing is ever worth the price of admission, but that's worth the price of admission."

New Q2 2015 Charter Member-Client: Cimpress

 **Cimpress**, previously Vistaprint, is the world leader in mass customization, using its own patented mass customization and web-to-print technology systems to aggregate large numbers of customized marketing materials and promotional items, and print them in automated production facilities in North America and Europe. The company also maintains a customer service call center, Vistaprint Jamaica Ltd., in Montego Bay, Jamaica.

Founded in 1995 as Vistaprint, the company eventually acquired a number of other customization and printing companies in various countries, demonstrating a remarkable success story of rising from a startup to well over \$1 billion of annual revenues. Its current name, Cimpress, was adopted in 2014 when the company reorganized with the intention of unifying their systems across their subsidiary brands.

Based in Venlo, Netherlands, Cimpress employs over 5,100 employees globally through its offices in Lexington, Massachusetts and Barcelona, Spain and its three printing facilities which total almost 800,000 sqf of production space in Deer Park, Victoria, Australia; Windsor, Ontario, Canada; and Venlo.

Cimpress strives to conduct business in an environmentally responsible manner and expects the same of its suppliers and business partners. Cimpress expects its suppliers and business partners to comply with all environmental laws and regulations applicable to them, and to strive to improve their processes in order to advance environmental stewardship.

SR Inc Team Member Spotlight: Kelsey Wallace, Senior Sustainability Analyst



SR Inc was pleased to welcome **Kelsey Wallace** to our team as a Senior Sustainability Analyst at the start of the year. Kelsey has extensive experience conducting quantitative and qualitative research to support the development of environmental policies and strategic environmental communications, and she has facilitated best practice sharing and multi-stakeholder collaboration through convening multiple expert panels.

At SR Inc, Kelsey supports the development and implementation of sustainability strategies for corporate clients who recognize the necessity of more sustainable operations and real estate in the face of climate change and an increasingly resource-constrained world.

Throughout her educational and professional career, Kelsey has pursued national and international experience in the field of sustainability. After graduating with a B.A. in Environmental Studies from Connecticut College, she worked for over 2 years as an analyst at The Cadmus Group, Inc., where she supported clients including the U.S. Environmental Protection Agency and the USGBC to promote sustainable buildings, clean energy, and safe drinking water. Prior to joining SR Inc, Kelsey devoted a year to national service with AmeriCorps NCCC, supporting conservation and community development projects throughout the Southwest United States.

SELECT CHARTER MEMBERS OF THE SBER INCLUDE:

AEW Capital Management

Anthem

Apollo Group

Bentall Kennedy

Bloomberg

Brandywine Realty Trust

Capital One

Cimpress

Cisco Systems

City National Bank

EMC Corporation

Genentech

Grainger

Interpublic Group

Intuit

Kaiser Permanente

Lenovo

LinkedIn

McKesson

MetLife

National Institutes of Health

NetApp

Nokia Siemens

Novant Health

Oracle

PG&E

Putnam Investments

REIT Management & Research

Salesforce.com

T. Rowe Price

Teradyne

The Tower Companies

U.S. GSA

Verizon Wireless

Xerox

Capital One Shares IoT & Renewable Energy Procurement Expertise at Q2 Symposium

SBER Member Executives and industry leaders Stephen Evanko and George Holcombe of **Capital One** shared their experience with both intelligent portfolio technology and renewable energy procurement at the SBER Q2 Executive Symposium in Washington, D.C. June 11th.



Stephen Evanko is the Director of Capital One's Environmental Sustainability Office, working in partnership with senior leaders across the enterprise to oversee environmental measurement systems, establish, track and implement environmental goals and projects, lead enterprise engagement efforts, and author corporate sustainability disclosures and reports.

As Senior Manager for the Environmental Sustainability Office, **George Holcombe** works with operations and design teams to integrate sustainability strategies into projects and to optimize building operations through identifying and building business cases for energy management measures.



Both have led the charge in piloting 6 smart building technologies which will inform an RFP and ultimately help Capital One select an intelligent portfolio solution that will provide the greatest benefit to company operations and workplace productivity. Their firsthand experience with these technologies made them well-positioned to share insights and answer questions from SBER Member-Clients at the symposium. They emphasized that, although there is a range of software solutions available to provide improved energy use data and dashboarding, it is important to establish the people and processes in place to prioritize and monetize energy-saving opportunities and manage the implementation of changes based on actionable data. They also noted that, based on their experience, it is useful to establish a "haystack" naming convention for data points that is easily scalable and enables incremental integration of additional data points by decreasing level of priority.

On the renewable energy front, Stephen and George have overseen a number of substantial projects, including Capital One's purchase of approximately 66 MWh of Renewable Energy Credits (RECs) in 2014 as well as an onsite, utility-owned 500 kW solar array at a data center in Chester, VA. The latter is a no-cost project that has drawn a significant amount of positive press for Capital One and motivated the company to seek additional opportunities for onsite solar throughout the real estate portfolio.

George and Stephen's expertise was a valuable asset to the symposium, which serves to advance SR Inc's year-round primary research on management best practices in IoE and renewable energy in corporate operations and real estate. Such perspective helps to ensure that SR Inc's shared research continues to focus on issues of greatest relevance to Member-Clients and to provide them with the latest industry best practices and lessons learned, so that we may all stay on the cutting edge of these inflecting technological revolutions and progress towards Net-Zero portfolios.

Leading Silicon Valley in Scaling Sustainable High-Performance

SBER Member-Client Oracle was the host of this year's 3rd Annual **Silicon Valley Leadership Group (SVLG) Energy & Sustainability Summit** June 25th. SR Inc CEO & Chairman Jim Boyle moderated a panel entitled "*Pathways to 50% – Getting from Here to There in Clean Energy, Next Generation Transportation & Energy Efficiency*" featuring exemplary Member Executives **Amy Aves** of Oracle, **Karen Cochran** of PG&E, and **Brian Glazebrook** of NetApp. The panel focused on how these leaders leveraged SR Inc support to develop a sustainability strategy to organize and animate disparate efficiency efforts into a broadly resonant common cause. By developing and driving implementation of a sustainability strategy portfolio-wide, they each were able to seize a remarkable opportunity to achieve multiple bottom-line outcomes throughout their companies' expansive corporate real estate portfolios.



Amy Aves, Senior Director of Oracle's Global Real Estate Operations team, is a 21-year Oracle veteran who, in addition to supporting programs related to technology, health and safety, and energy management, leads Oracle's Real Estate Sustainability Program. Under her guidance and with SR Inc's support, she reported, Oracle has set portfolio-wide sustainability goals for 2016 that include a 10% reduction of energy use per employee, a 6% improvement in power usage effectiveness in production data centers, a 15% reduction in potable water use per employee, and a 15% reduction in waste to landfill per employee.



Karen Cochran shared her experience leading a multi-faceted sustainability program for PG&E's Corporate Real Estate portfolio of over 6 million sqft as Sustainability Lead & Supervisor, Engineering Records. Karen and her team are currently reflecting upon the successes and lessons learned of PG&E's 5-year Environmental Leadership Index (ELI) Program, which concluded last year. The company exceeded all targets for reducing their environmental footprint and embedding environmentally preferable practices into the real estate lifecycle.



Brian Glazebrook spoke of his work as Senior Global Sustainability Manager integrating sustainability into NetApp's operations and real estate. Since joining in 2012, Brian has worked to implement energy efficiency projects that make sense from a financial, operational and technical standpoint, such as portfolio-wide efforts to optimize HVAC systems, design improvements to Labs and Data Centers, and opportunities for renewable energy procurement.