

GEMI Benchmarking Survey

Emerging Issues Management

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July 19, 2005

Results

Participant Overview

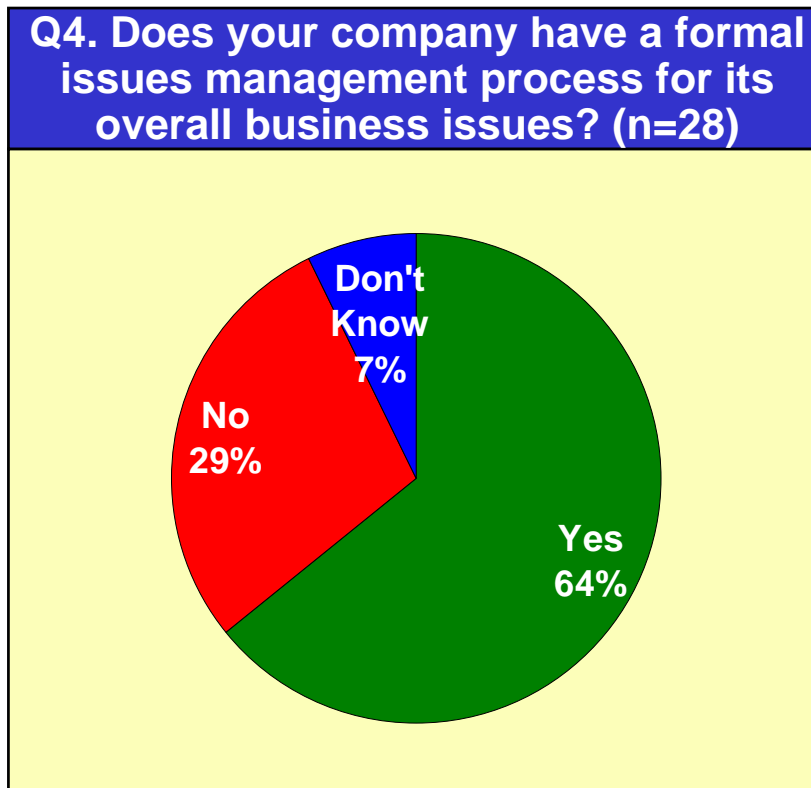
This survey addressed how GEMI members manage emerging issues.

- Survey response rate was 67%
 - 28 out of 42 member companies responded to the survey
 - Not all companies completed all questions
- Broad industry coverage
- Wide range in company size
 - Annual sales of participants ranged from \$3 billion to \$54 billion, with an average of \$23.4 billion.
- Thank you to all participants!

Results

Issues Management Process

Most participants (64%) have a formal (structured) issues management process for business issues.

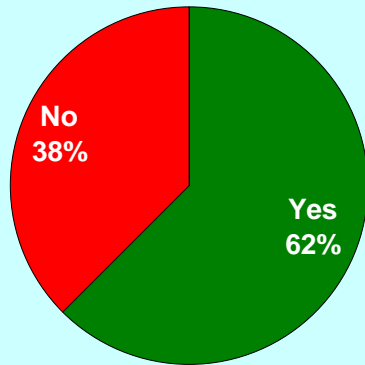


Results

Issues Management Process

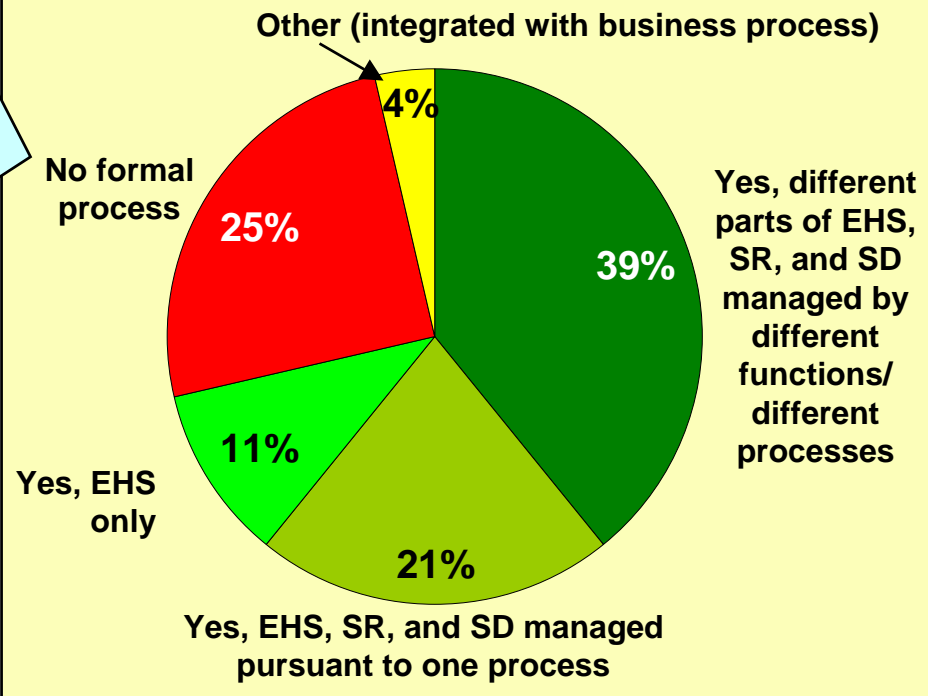
Seventy-one percent (71%) of participants also have a formal issues management process for EHS, social responsibility, and/or sustainable development issues.

For those who do not have a formal process, most are planning on developing one.



Q6. If your company does not have a formal process, does it plan to develop one in the near future? (n=8)

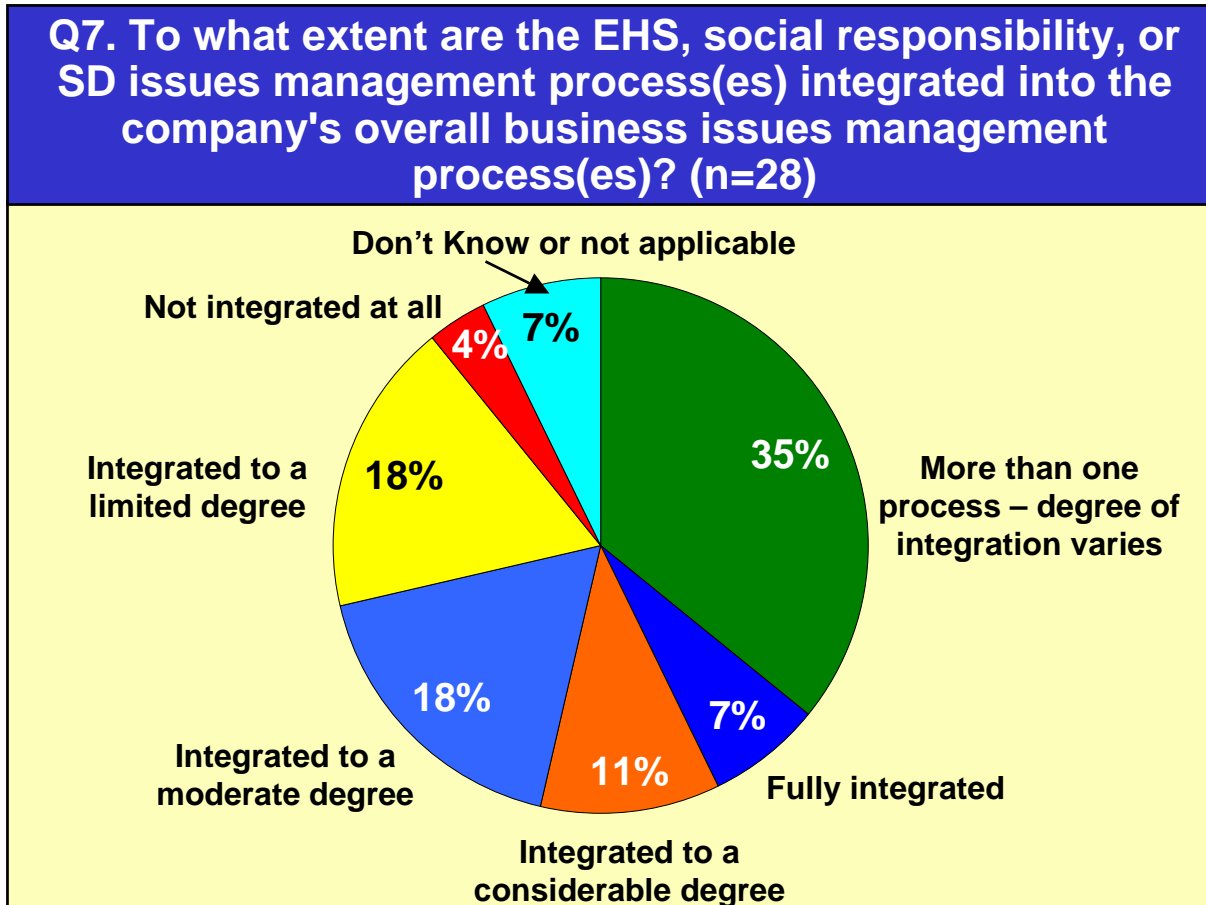
Q5. Does your company have a formal issues management process for EHS, social responsibility, or SD issues? (n=28)



Results

Issues Management Process

Almost all participants report that their EHS, social responsibility, and SD issues management processes are integrated, to some extent, with business processes.



Results

Process Effectiveness

Seventy-nine percent (79%) of participants consider their company's issues management process at least moderately effective.

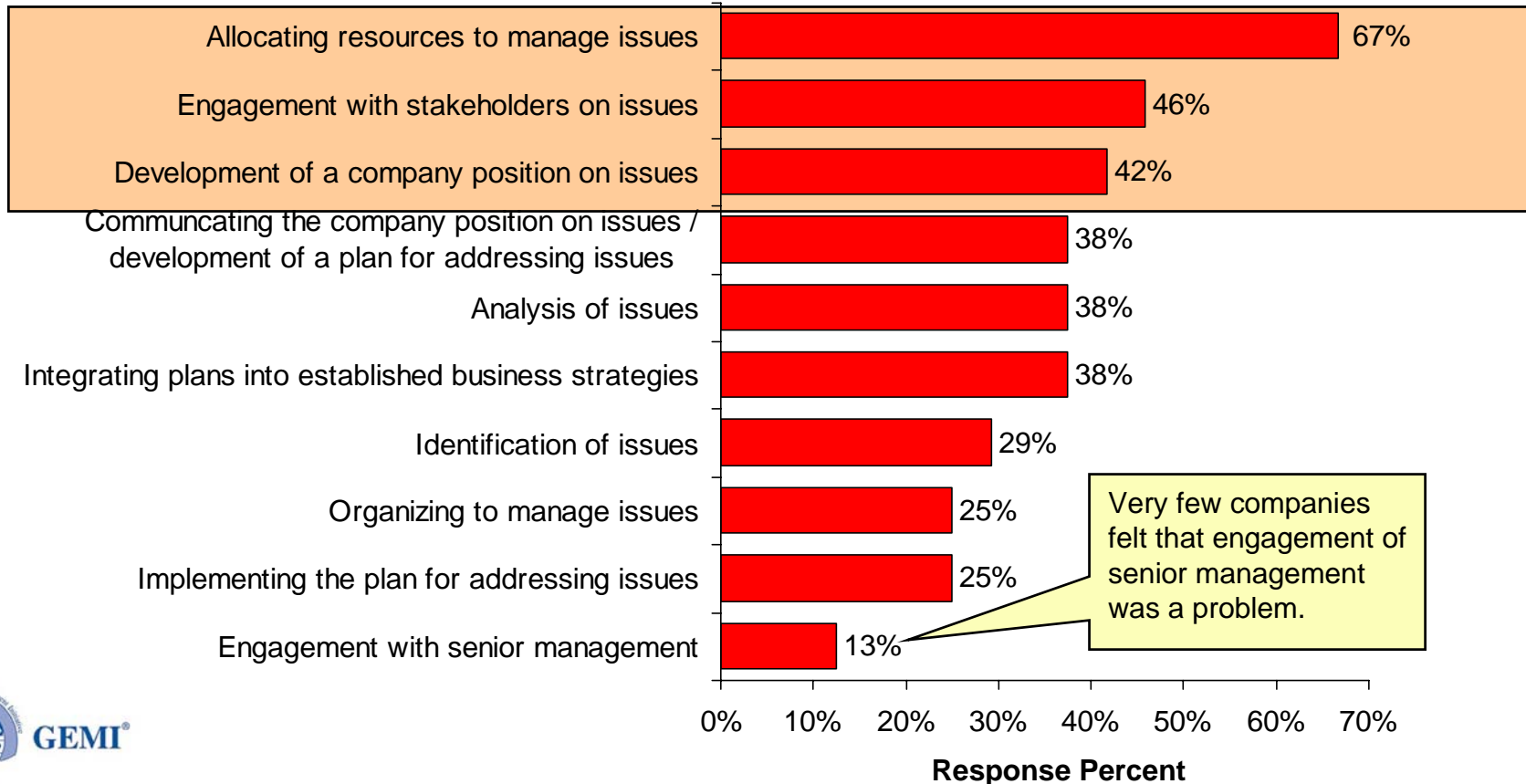


Results

Process Effectiveness

Allocation of resources was considered the area most in need of improvement, followed by stakeholder engagement and development of company position on issues.

Q9. If you consider all or part of your company's issues management process to be in need of improvement, which aspect(s) require(s) significant improvement? (n=24)

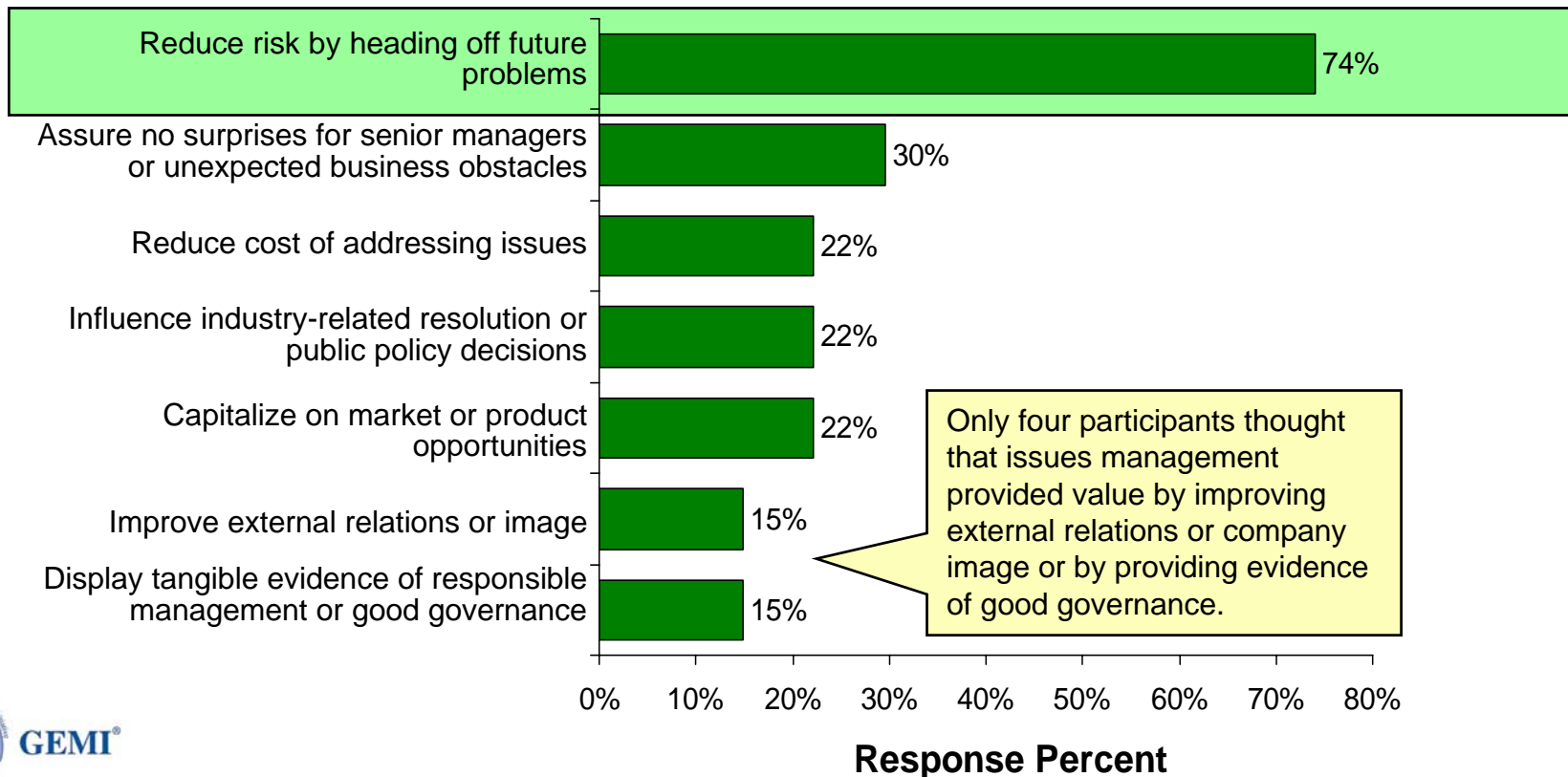


Results

Business Value

Most participants (74%) thought that that the greatest source of potential business value to be gained through issues management was risk reduction.

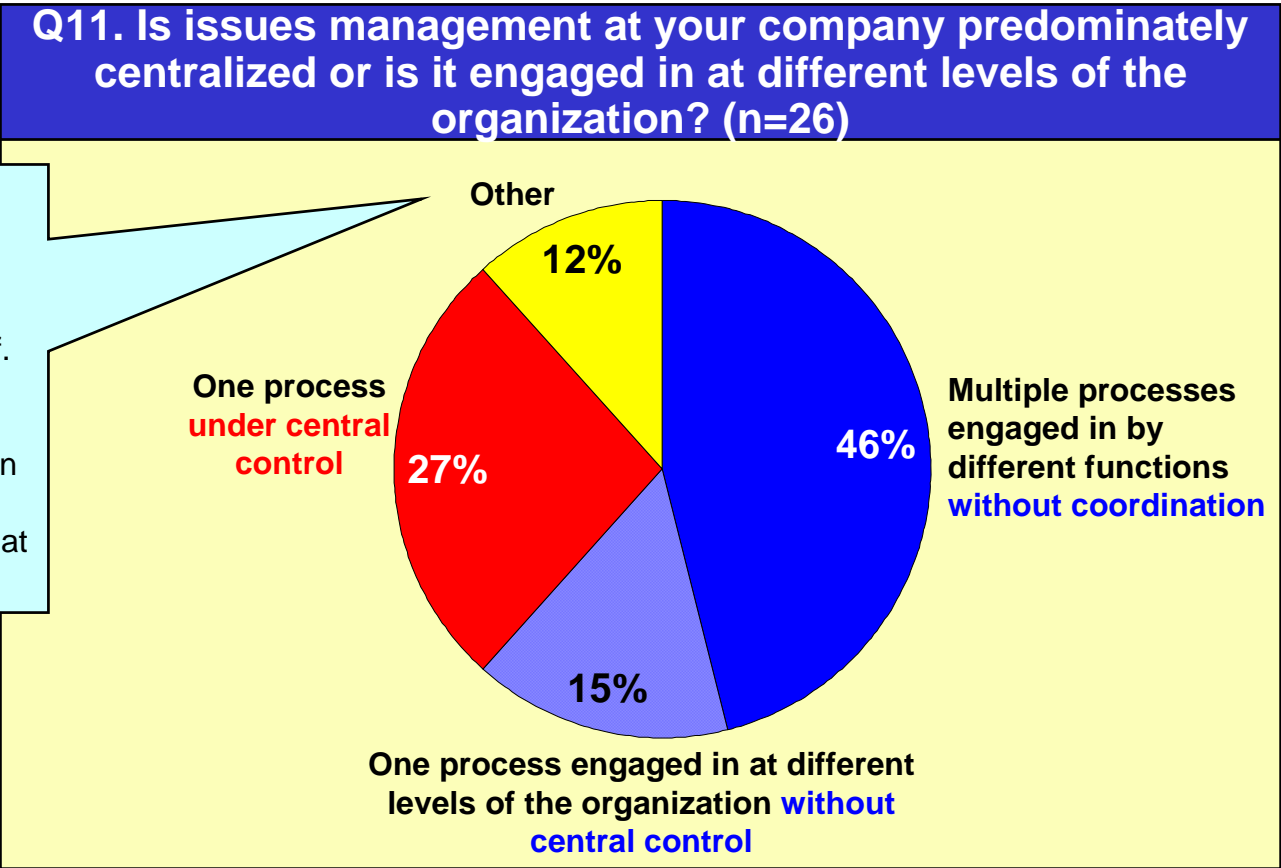
Q10. Indicate the top two potential sources of business value to be gained through managing issues? (n=27)



Results

Organization

In sixty one percent (61%) of participant companies, issues are managed in a decentralized manner by different parts of the organization.



Other includes:

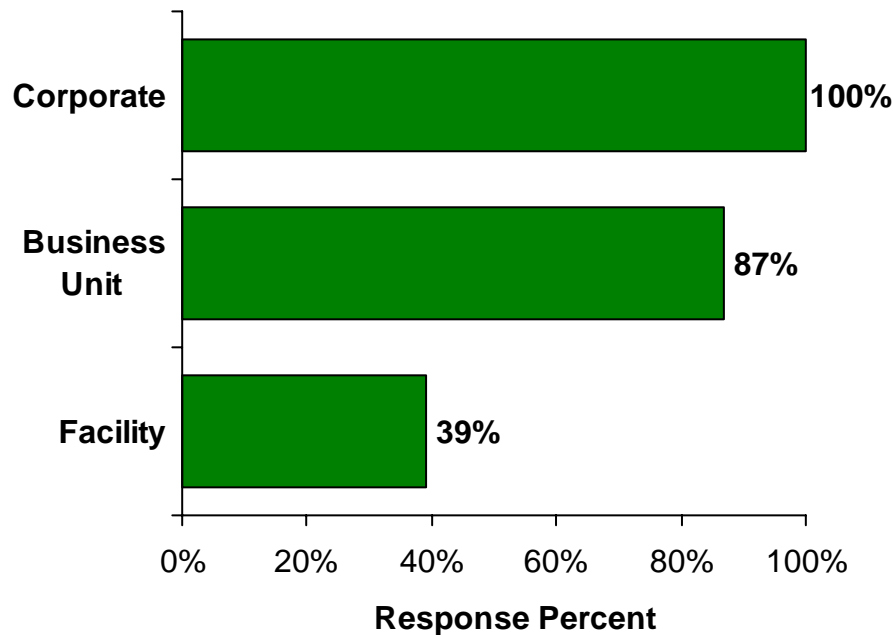
- Multiple processes engaged in by different BUs with some coordination by EHS staff.
- Multiple processes engaged in by different functions with coordination
- No formal process but issues generally handled at corporate level.

Results

Organization

Issues management is typically engaged in at the corporate and business unit levels.

Q12. If issues management at your company is engaged in at different levels of the organization, which levels are involved? (n=23)

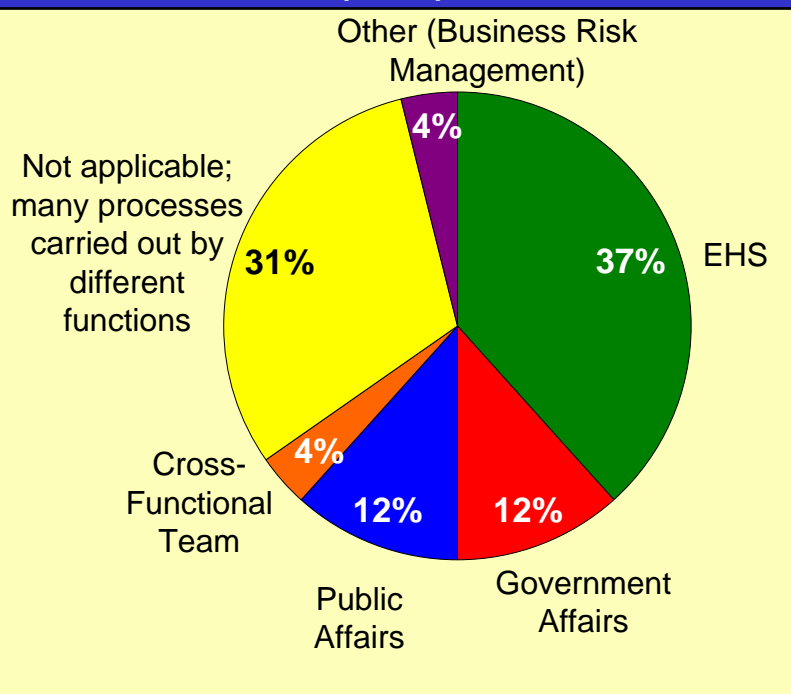


Results

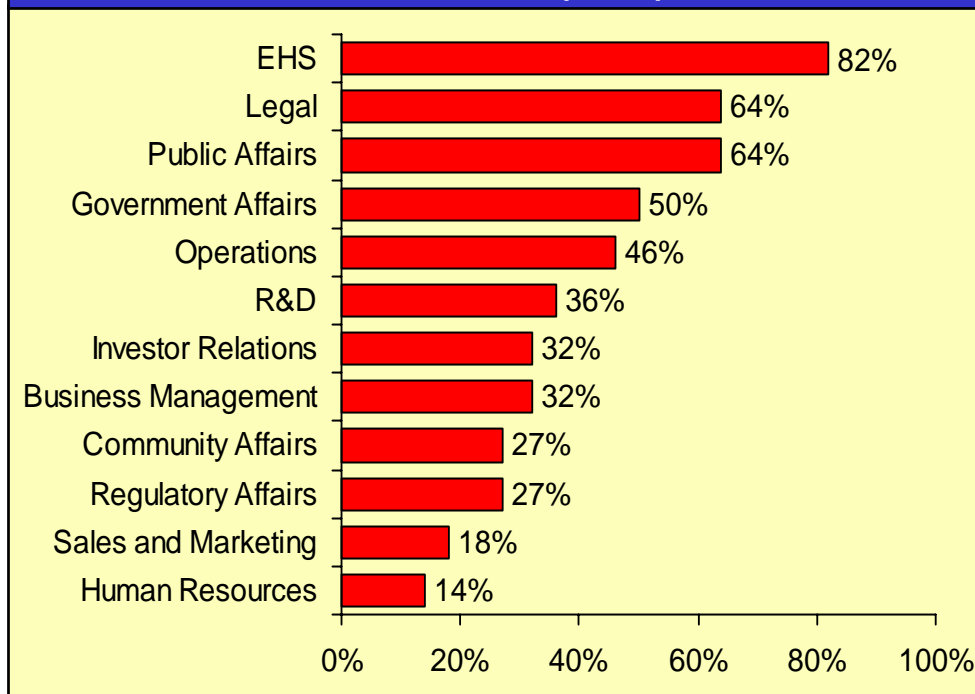
Organization

Although EHS takes the lead in issues management for many participant companies, a wide range of functions are typically involved in the issues management process.

Q13. Which functional group takes the lead in the issues management process? (n=26)



Q15. If your company uses a cross-functional team(s) to manage issues, which functions are part of the team? (n=22)

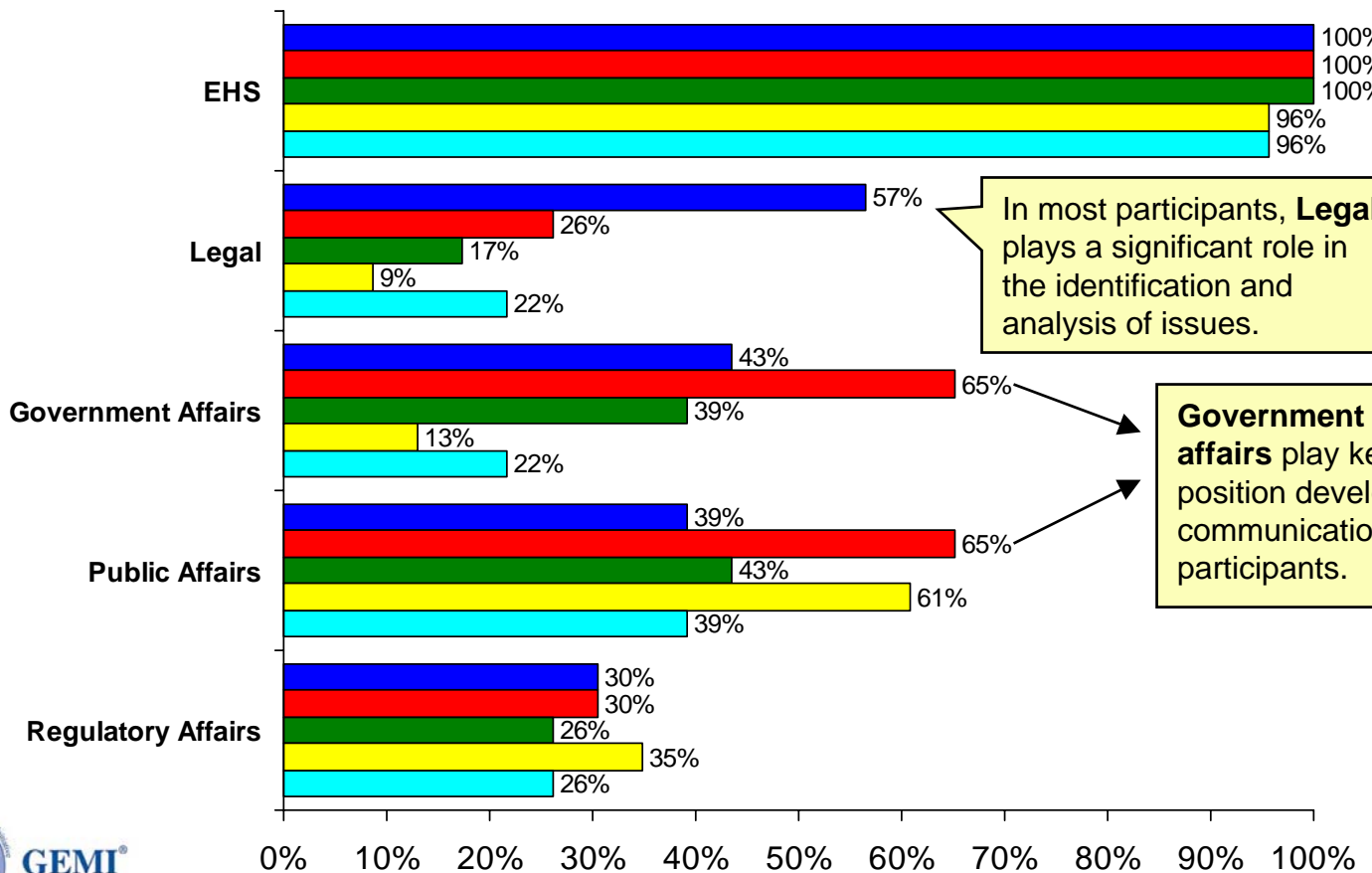


Results

Organization

Q16. Indicate which functions typically play a significant role in these various aspects of issues management ? (n=23)

■ = Issue identification and analysis
 ■ = Position development and communication
 ■ = Issue management plan development
 ■ = Stakeholder engagement
 ■ = Plan implementation



Almost all participants use **EHS** personnel in each phase of the issues management process.

In most participants, **Legal** plays a significant role in the identification and analysis of issues.

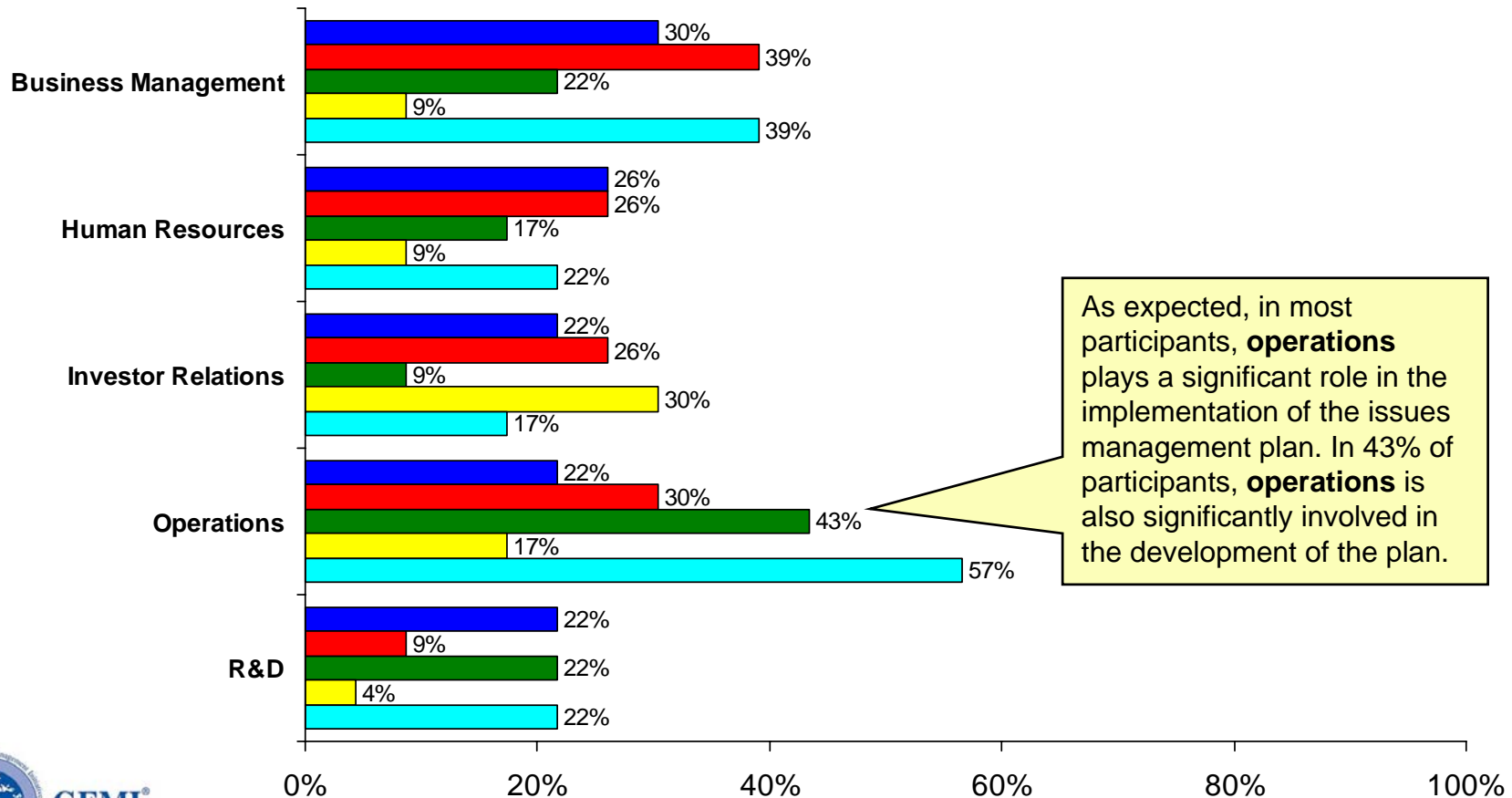
Government and public affairs play key roles in position development and communication in most participants.

Results

Organization

Q16 (Continued). Indicate which functions typically play a significant role in these various aspects of issues management ? (n=23)

■ = Issue identification and analysis
 ■ = Position development and communication
 ■ = Issue management plan development
 ■ = Stakeholder engagement
 ■ = Plan implementation



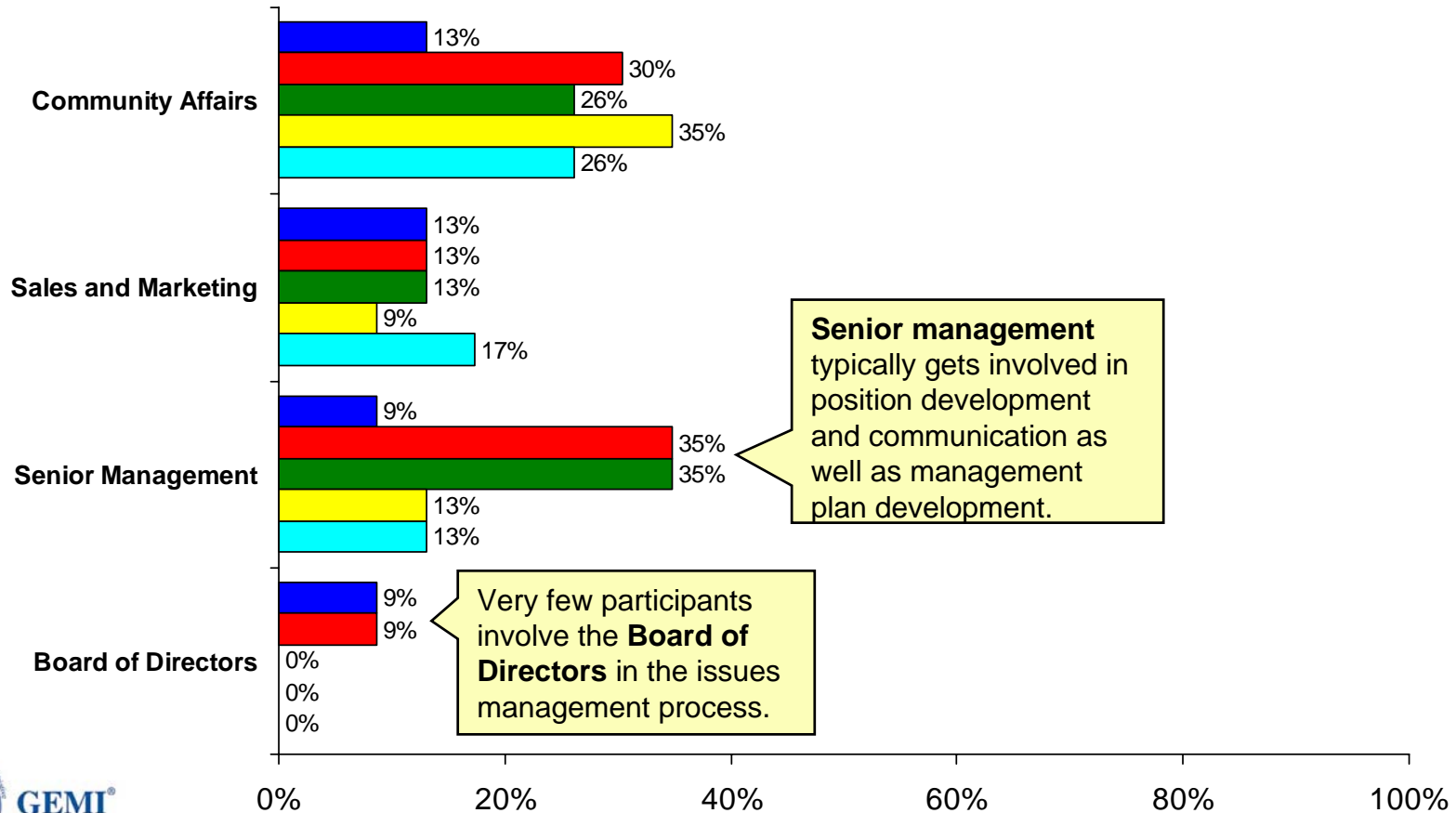
As expected, in most participants, **operations** plays a significant role in the implementation of the issues management plan. In 43% of participants, **operations** is also significantly involved in the development of the plan.

Results

Organization

Q16 (Continued). Indicate which functions typically play a significant role in these various aspects of issues management ? (n=23)

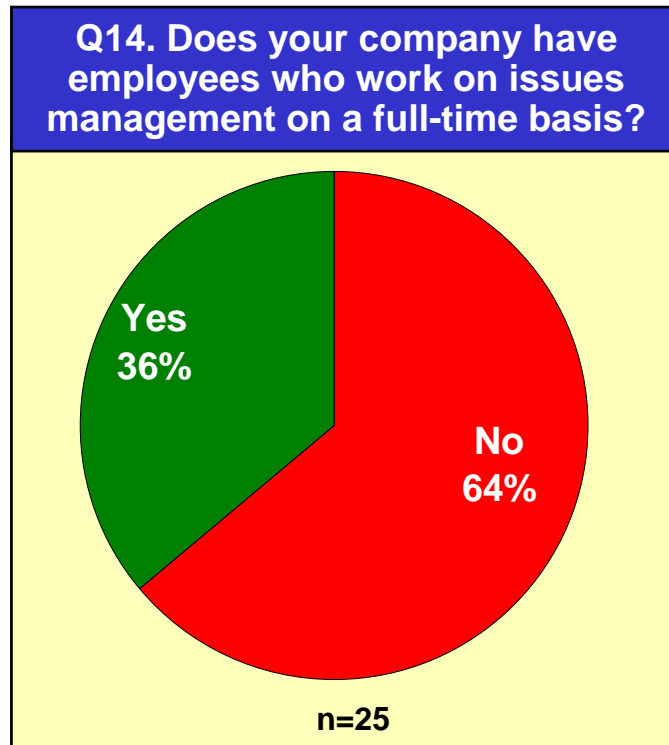
■ = Issue identification and analysis
 ■ = Position development and communication
 ■ = Issue management plan development
 ■ = Stakeholder engagement
 ■ = Plan implementation



Senior management typically gets involved in position development and communication as well as management plan development.

Very few participants involve the **Board of Directors** in the issues management process.

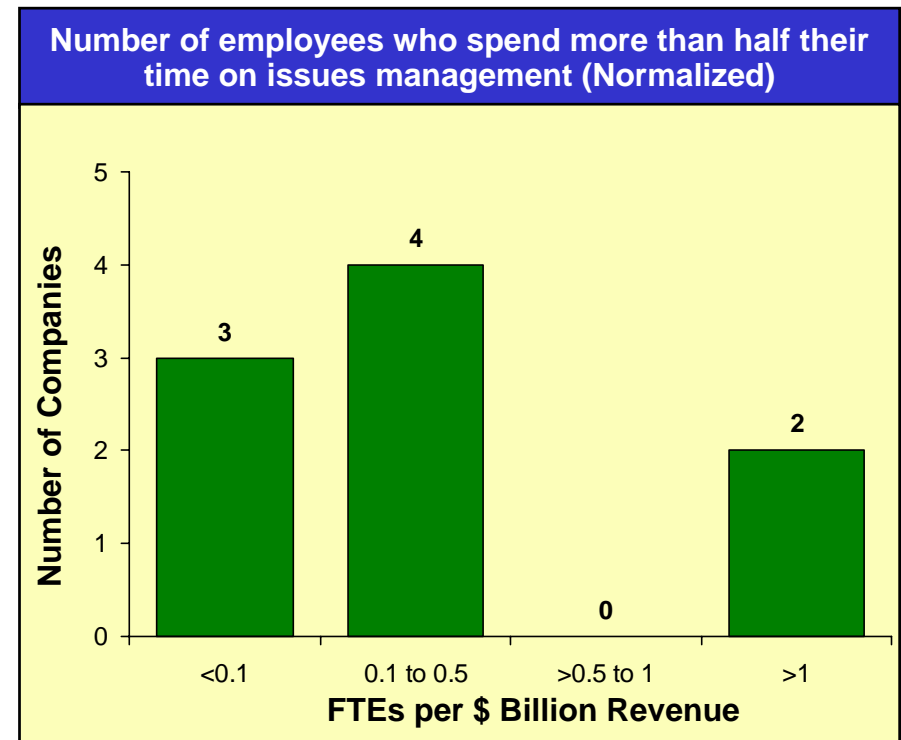
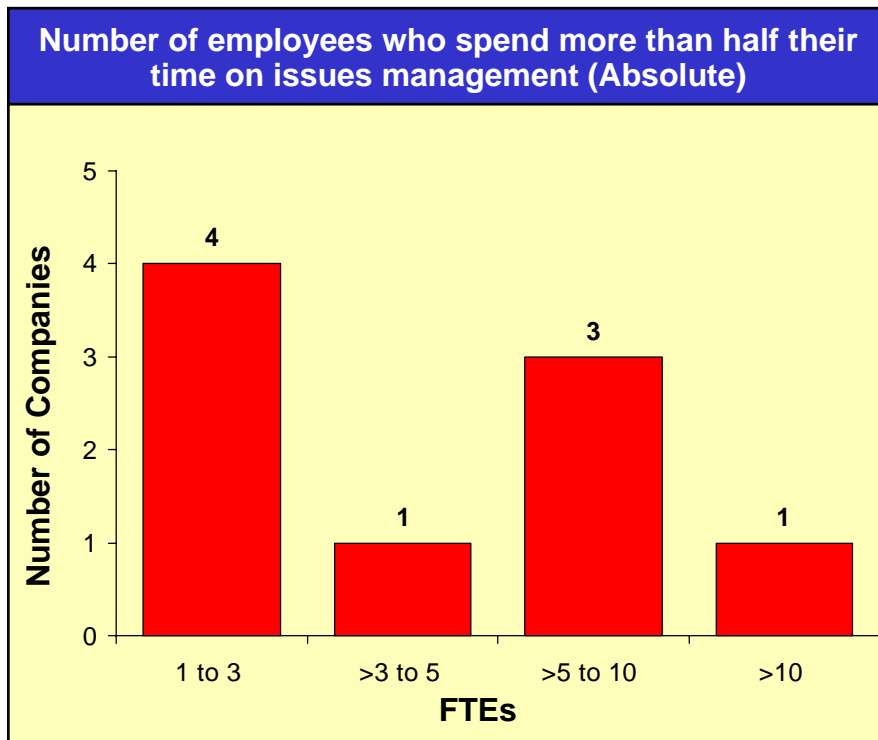
Most participants do not have staff dedicated full-time to issues management.



Results

Resources

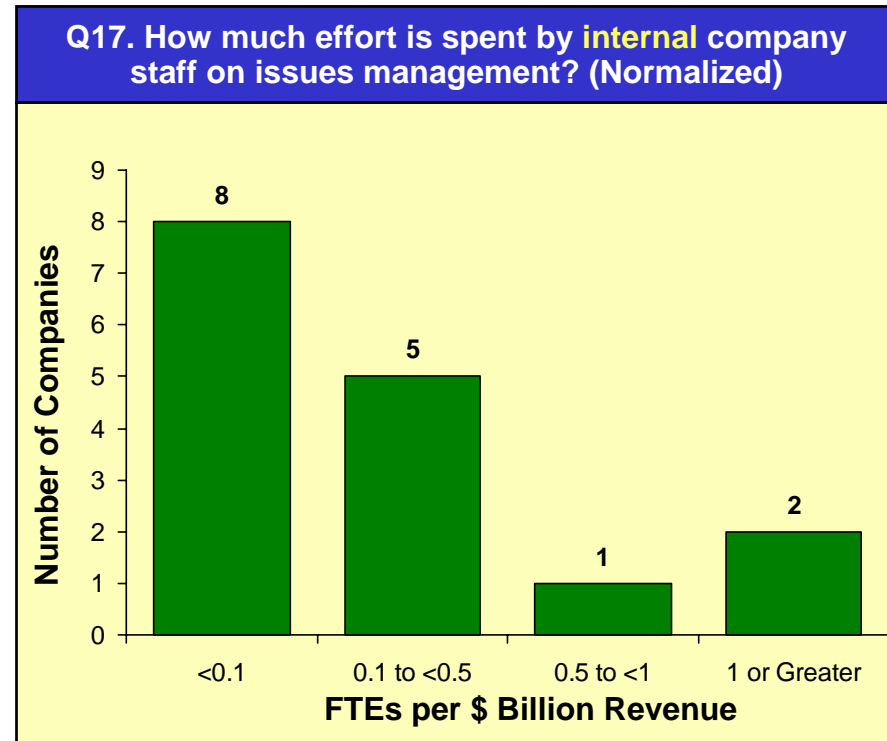
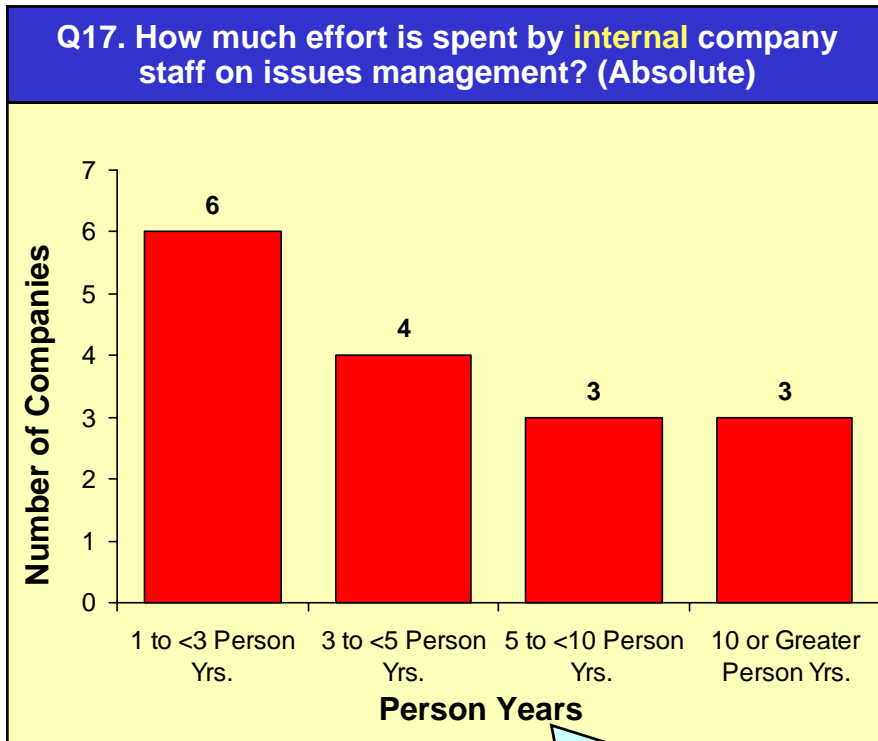
For those participants that do have staff dedicated full-time to issues management, most have fewer than 5 FTEs (and fewer than 0.5 FTEs per \$ billion revenue).



Results

Internal Resources

Among all participants, the average level of effort expended by internal staff on issues management was 5 person-years.

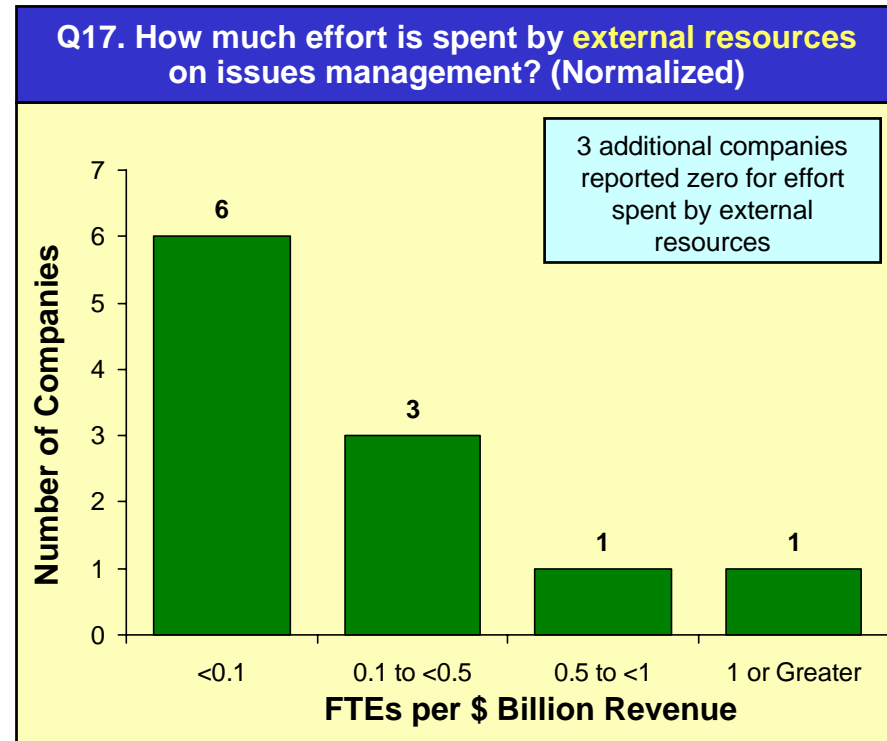
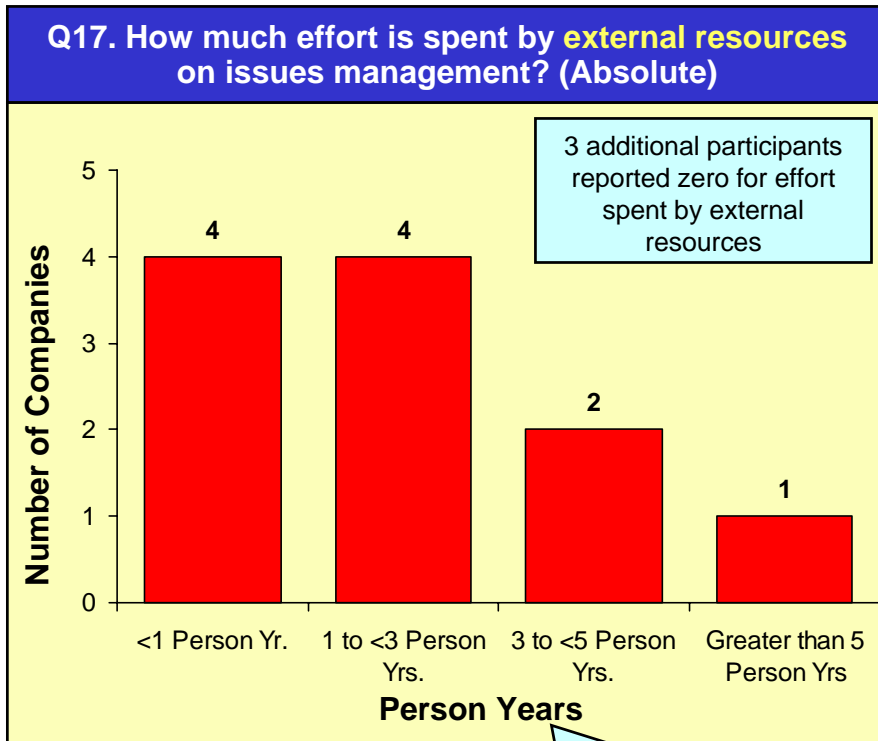


The average level of effort spent by internal staff on issues management was 5 person-years (n=16 companies).

Results

External Resources

Among all participants, the average level of effort expended by external resources on issues management was 1.9 person-years.

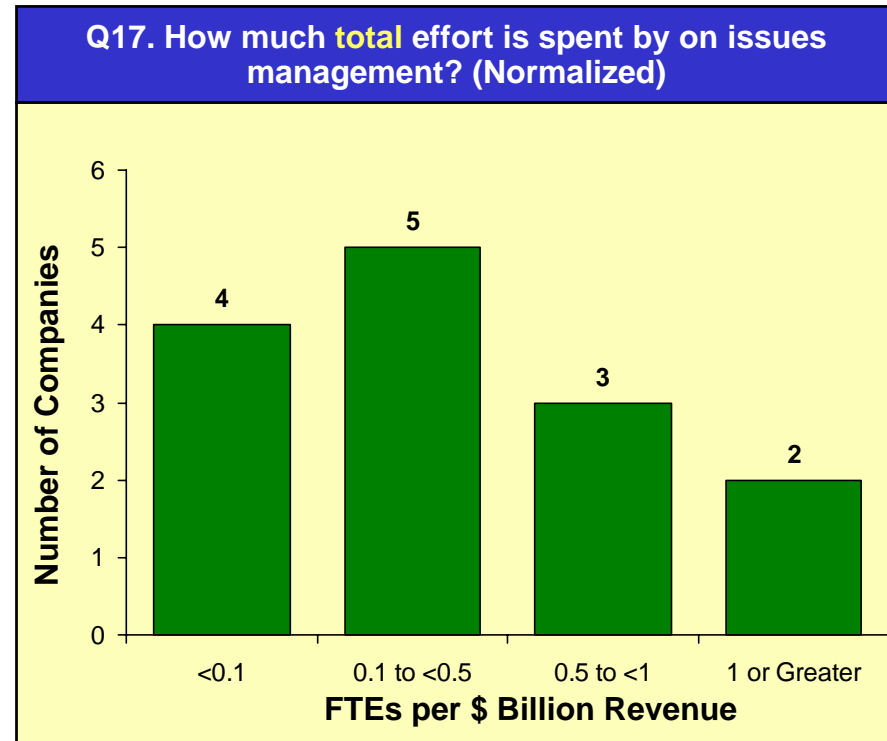
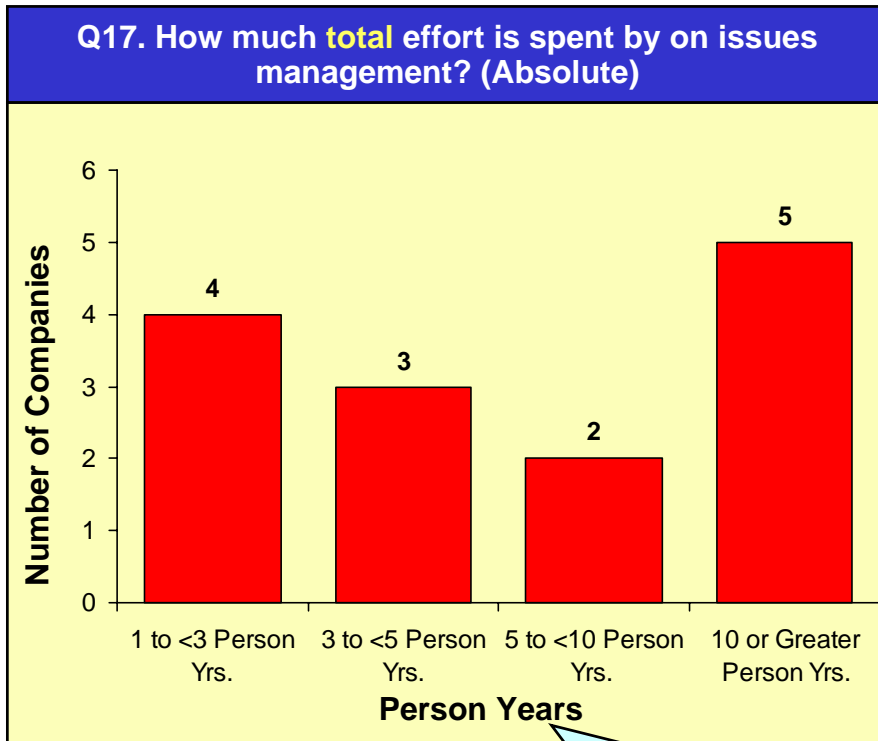


The average level of effort spent by external resources on issues management was 1.9 person-years (n=14 companies).

Results

Total Resources

Among all participants, the average level of effort expended by the total of internal and external resources on issues management was 7.7 person-years.



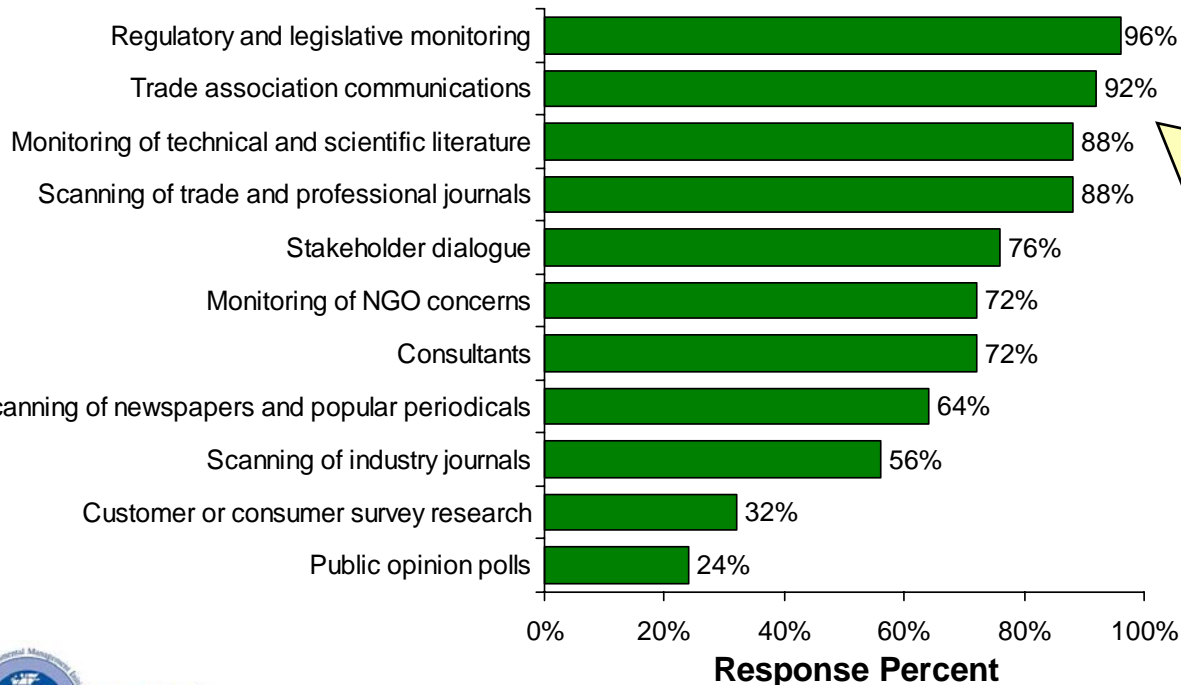
The average level of effort spent by internal and external resources on issues management was 7.7 person-years (n=14 companies).

Results

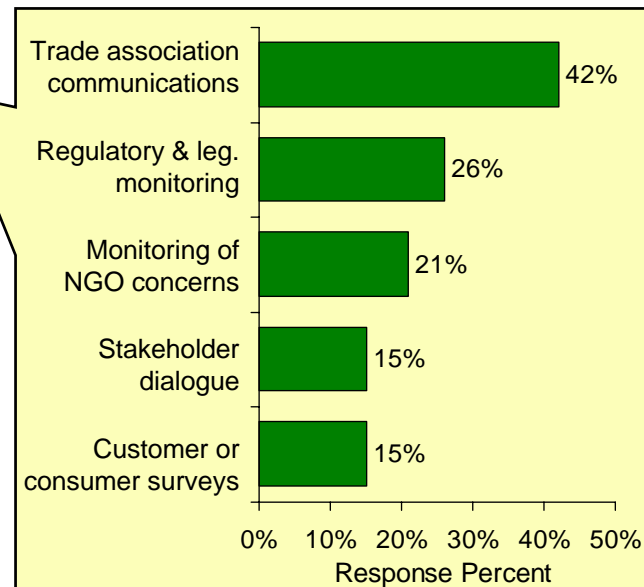
Issue Identification and Analysis

Participants typically use many different sources of information to identify issues to be managed, with trade association communications reported as the most valuable source of information by 42% of participants.

Q18. Which sources of information are used by your company to identify issues to be managed? (n=25)



Q19. Which of these sources of information does your company consider to be the most valuable? (n=19)

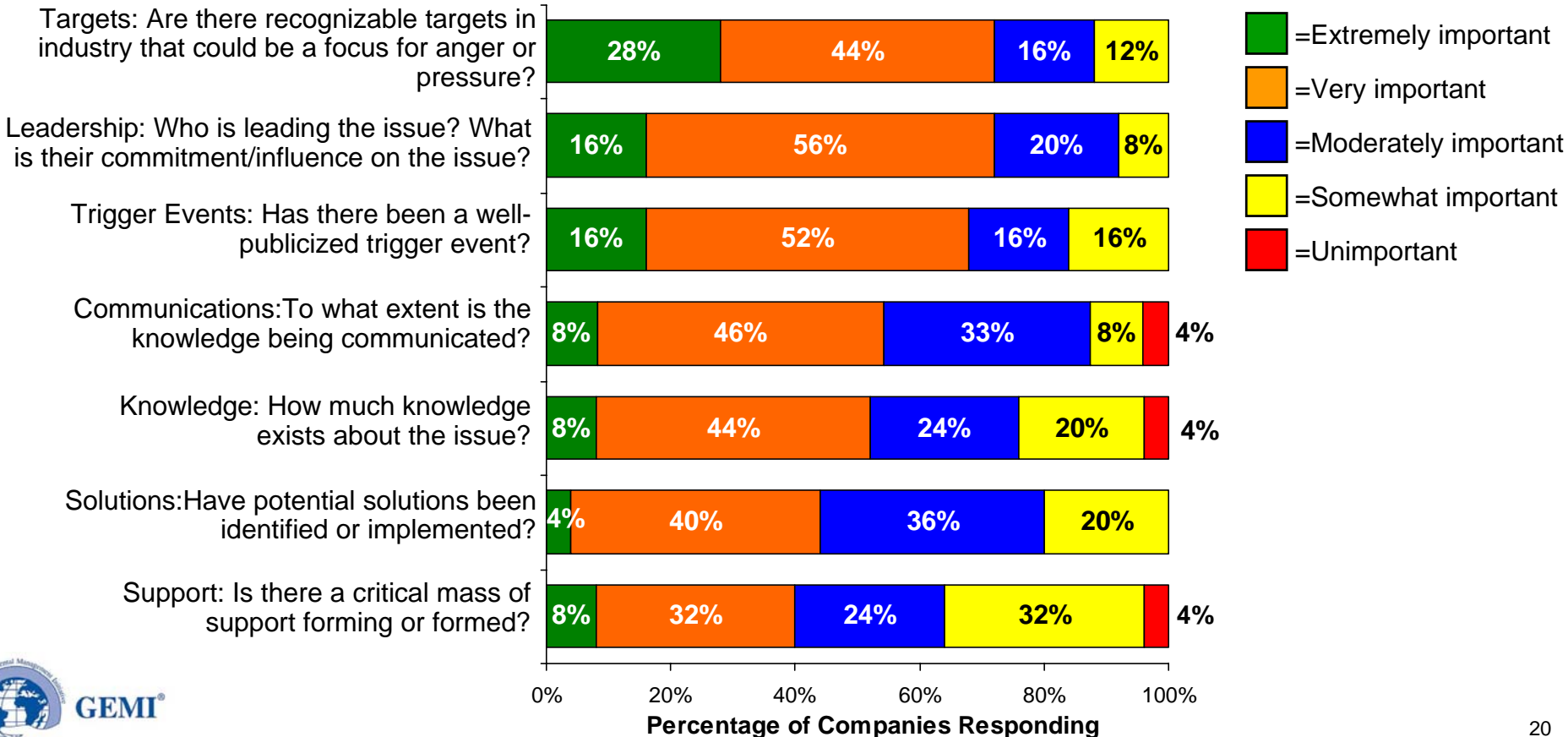


Results

Issue Identification and Analysis

Several criteria were considered important in determining the potential significance of an issue.

Q20. How important are each of the following criteria in determining the potential significance of issues? (n=25)



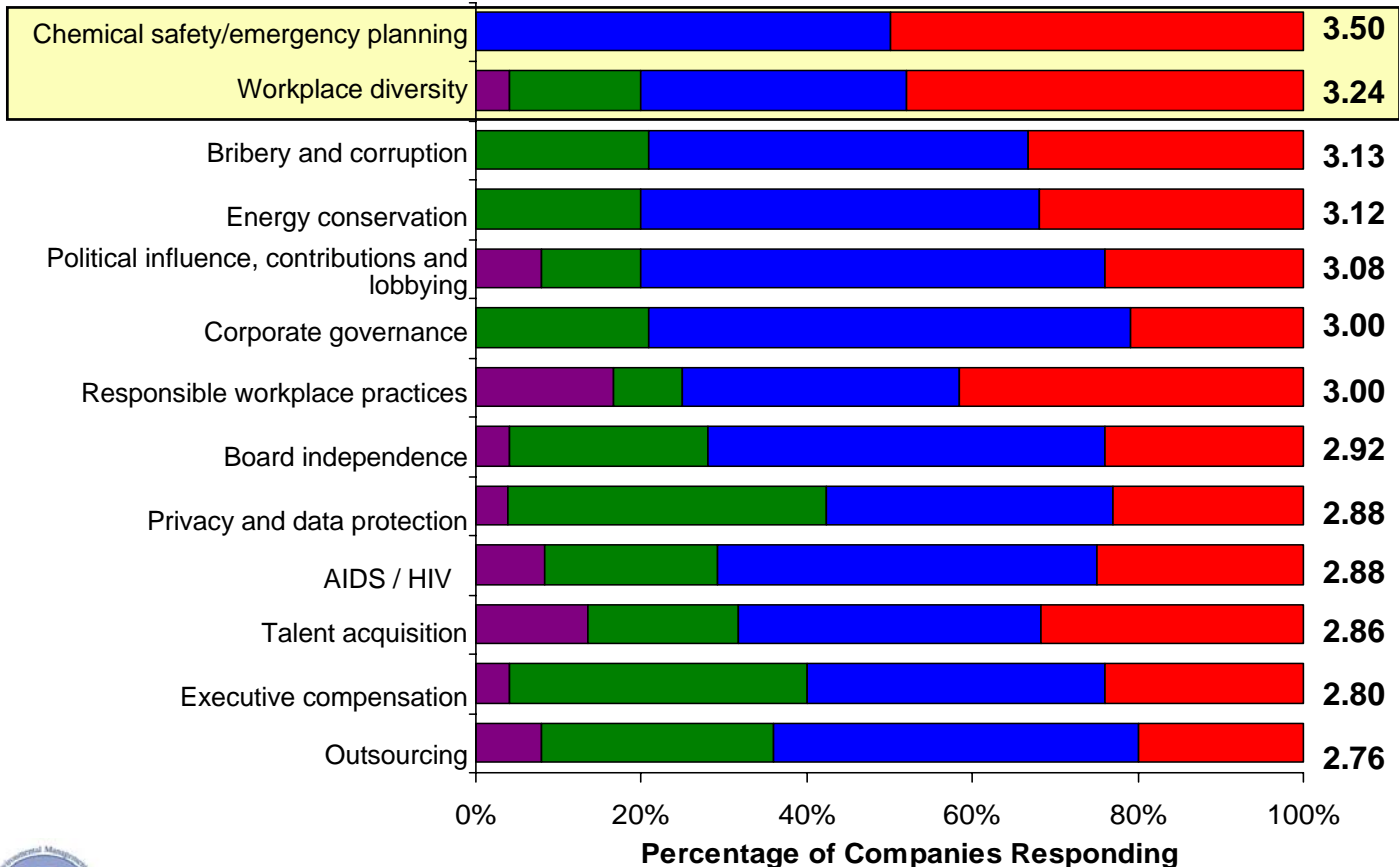
Results

Issue Identification and Analysis

Q21. At which stage of evolution do you consider the following issues to be? (n=25)

■ = Latent
 ■ = Emerging
 ■ = Mature
 ■ = Institutionalized

Maturity Score*



Chemical safety / emergency planning and workplace diversity were considered the two most mature issues.

***Maturity Score** represents a response average. It was calculated by assigning values of 1, 2, 3 and 4 to responses of Latent, Emerging, Mature, and Institutionalized, respectively, and dividing by Total Responses. Responses of 'Don't Know' were not included.

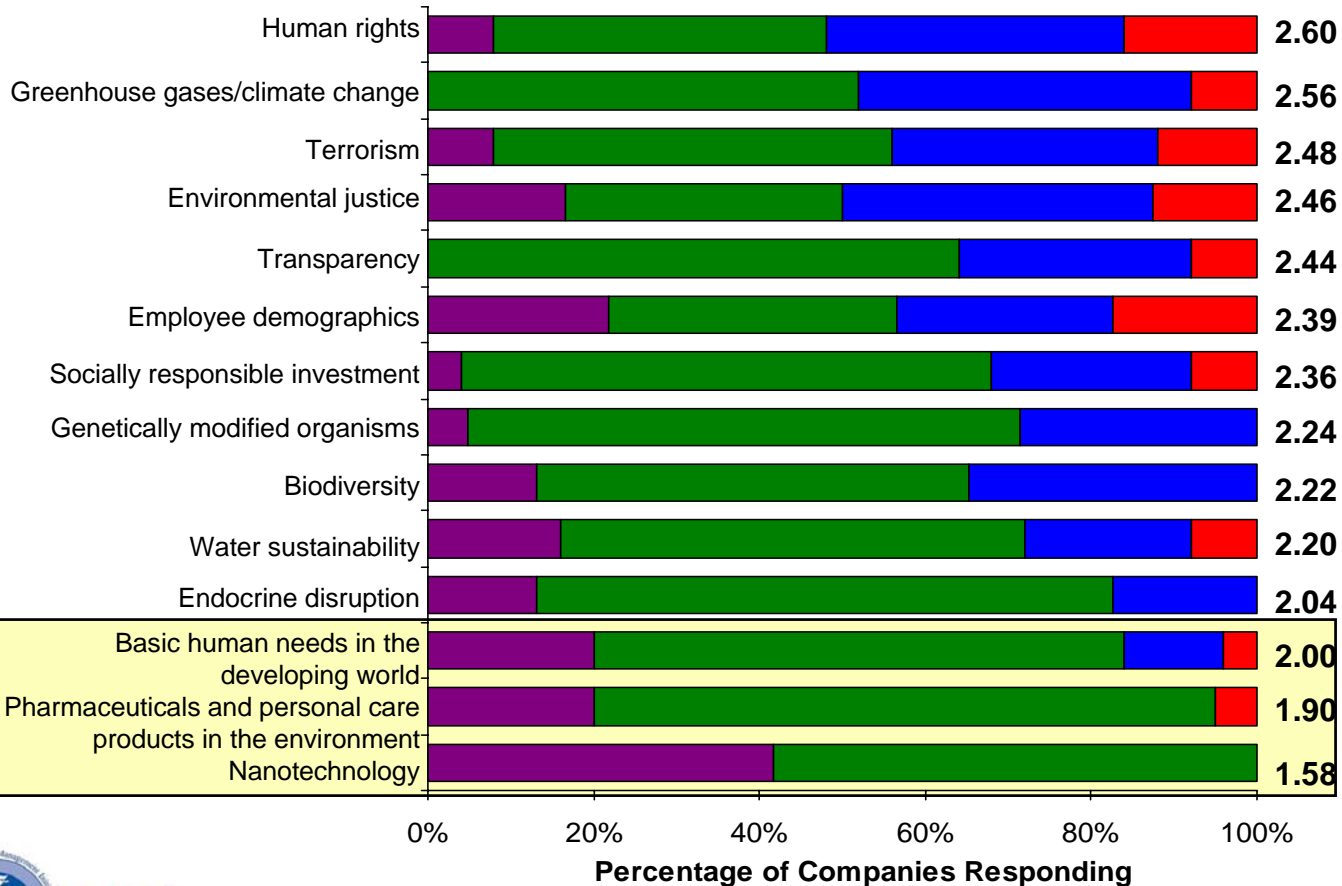
Results

Issue Identification and Analysis

Q21 (Continued). At which stage of evolution do you consider the following issues to be? (n=25)

■ = Latent
 ■ = Emerging
 ■ = Mature
 ■ = Institutionalized

Maturity Score*



***Maturity Score** represents a response average. It was calculated by assigning values of 1, 2, 3 and 4 to responses of Latent, Emerging, Mature, and Institutionalized, respectively, and dividing by Total Responses. Responses of 'Don't Know' were not included.

Basic human needs in the developing world, Pharmaceuticals and personal care products in the environment, and Nanotechnology were the least mature issues.

Nanotechnology, pharmaceuticals/ personal care products in the environment, and basic human needs were the least mature issues.

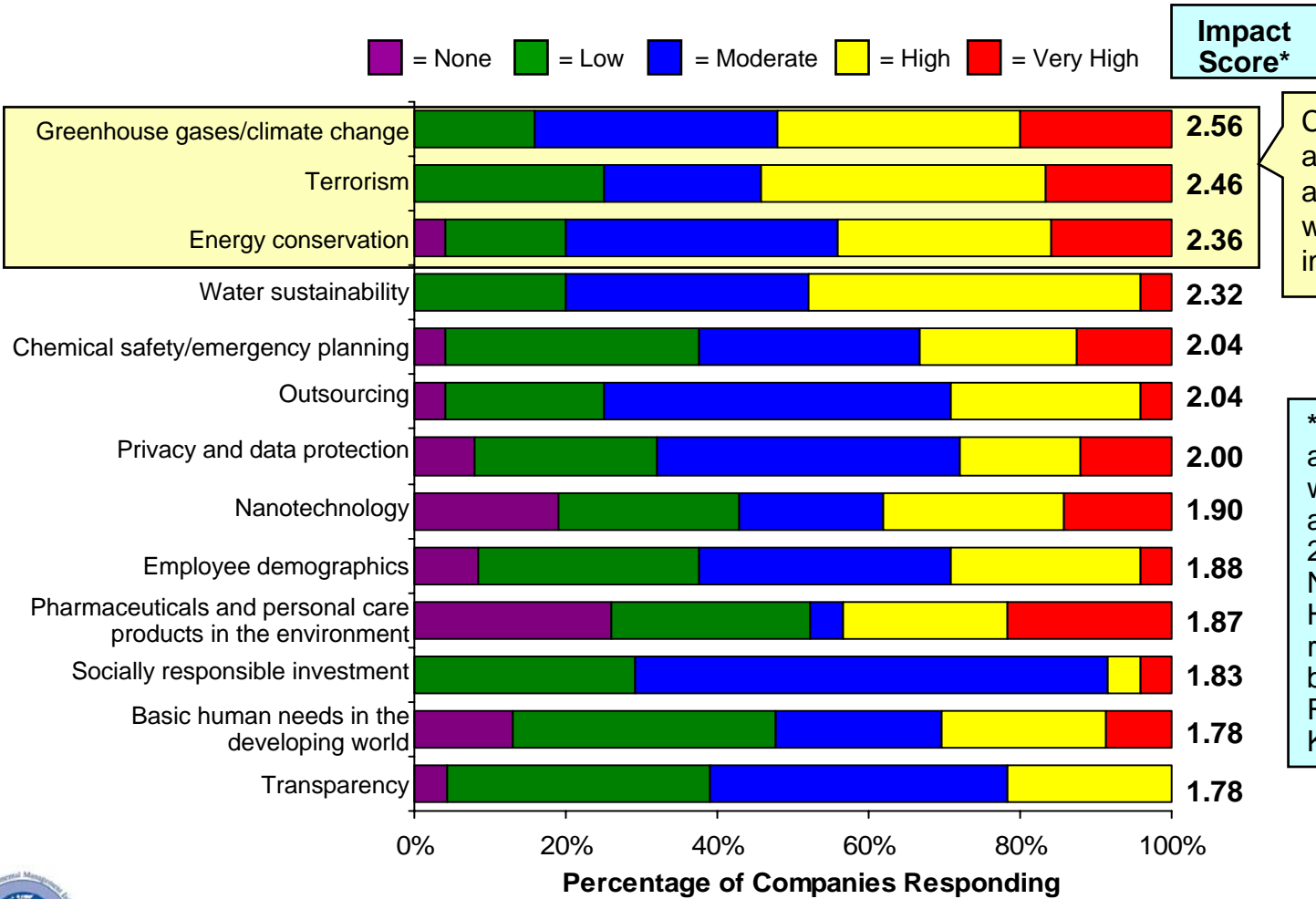
Q22. Other issues not identified in Question 21 include the following: (n=8)

- Sustainable consumption & production (emerging)
- Universal regulation of chemicals (emerging)
- Producer responsibility (emerging)
- Children's health issues (emerging)
- Animal rights and animal welfare (mature)
- Life cycle analysis (mature)
- Ingredients issue as it relates to product safety
- Supply chain impacts
- Globalization
- Ramping up of regulations in EU and China; growing EU influence of regulations in China
- Managing global health threats (SARs, etc.);
- Health & productivity potential to reduce health care costs
- Incentives viewed as corporate welfare
- Biotechnology
- Communities & NGOs doing their own science
- Sensitive security information

Results

Issue Identification and Analysis

Q23. If it were to become "mature", what would be the potential impact on your company's business of each of the following issues? (n=25)



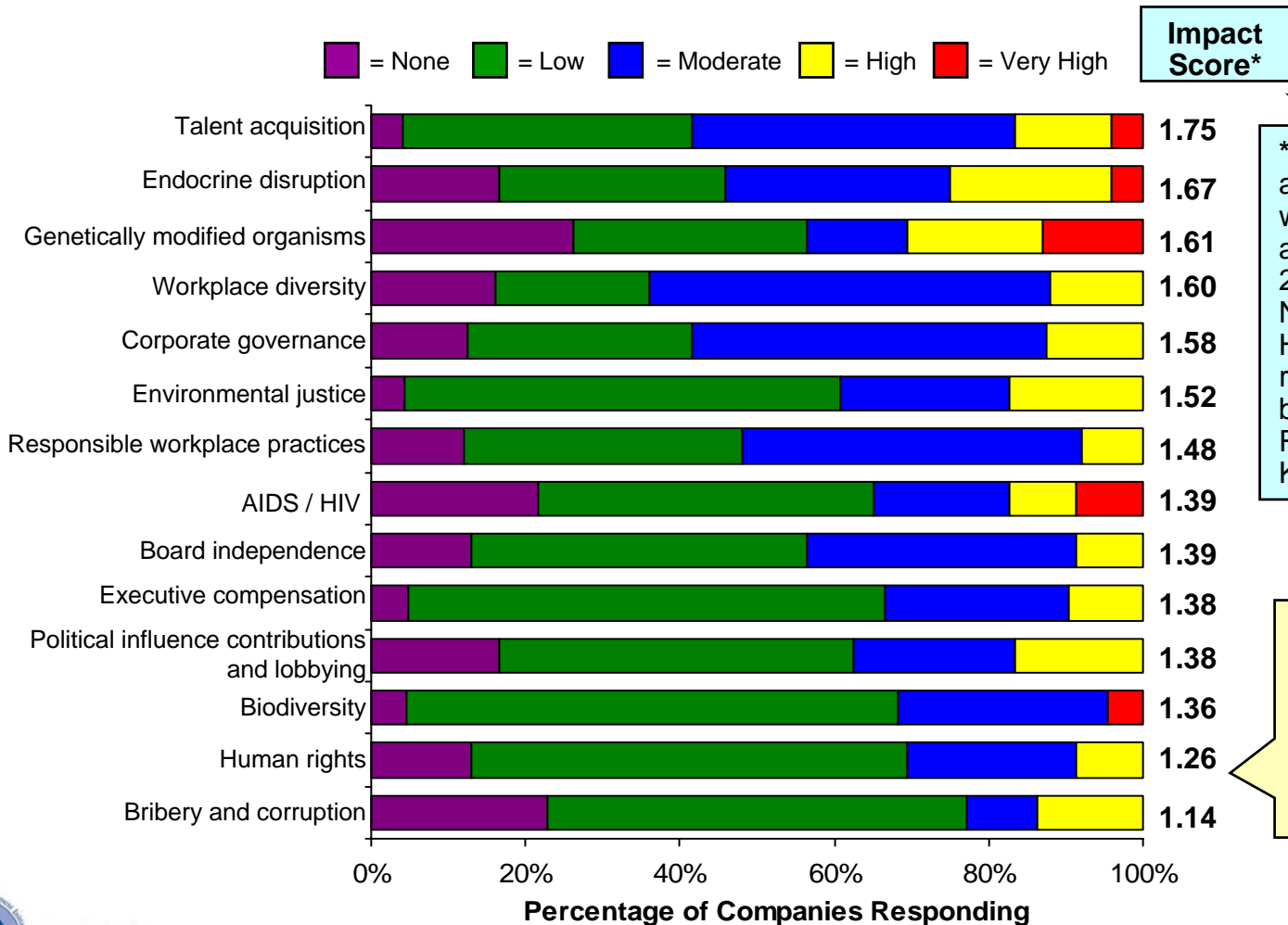
Climate change, terrorism, and energy conservation are viewed as the issues with the highest potential impact on business.

***Impact Score** represents a response average. It was calculated by assigning values of 0, 1, 2, 3 and 4 to responses of None, Low, Moderate, High, and Very High, respectively, and dividing by Total Responses. Responses of 'Don't Know' were not included.

Results

Issue Identification and Analysis

Q23. If it were to become "mature", what would be the potential impact on your company's business of each of the following issues? (n=25)



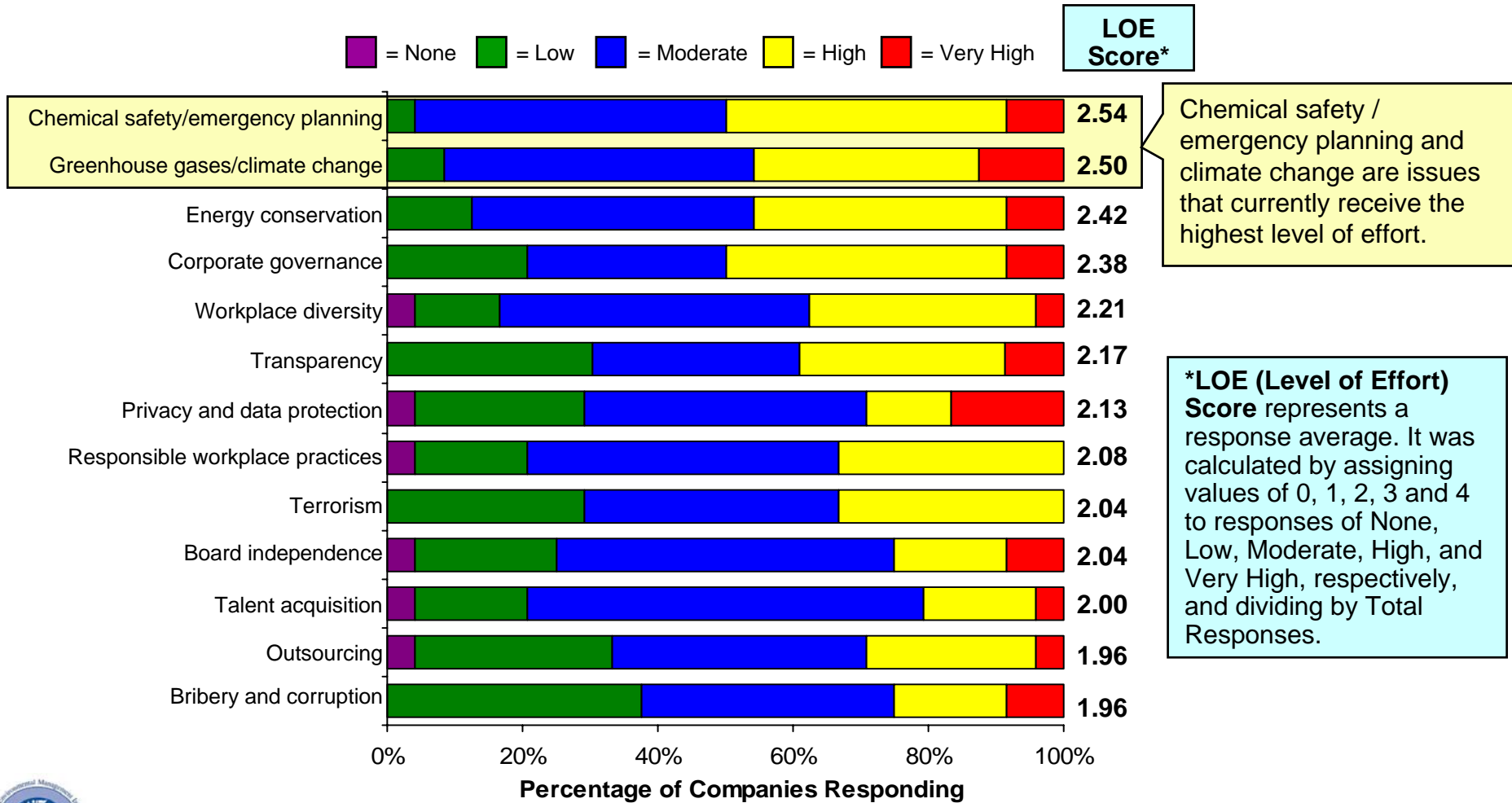
***Impact Score** represents a response average. It was calculated by assigning values of 0, 1, 2, 3 and 4 to responses of None, Low, Moderate, High, and Very High, respectively, and dividing by Total Responses. Responses of 'Don't Know' were not included.

Human rights, and bribery and corruption were viewed as the issues with the lowest potential impact on business.

Results

Issue Identification and Analysis

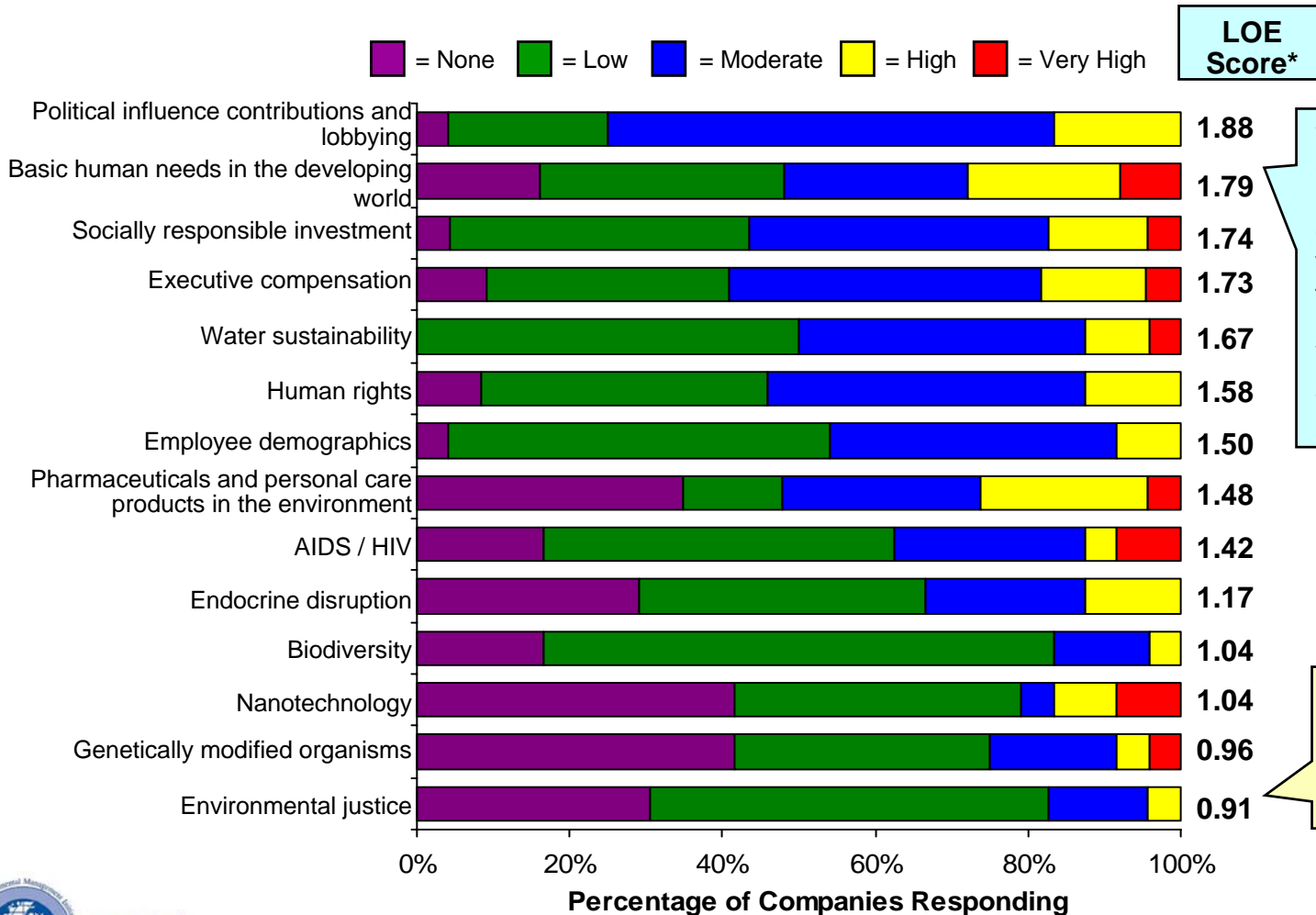
Q24. What level of effort does your company currently devote to each of the following issues? (n=24)



Results

Issue Identification and Analysis

Q24. What level of effort does your company currently devote to each of the following issues? (n=24)



***LOE (Level of Effort) Score** represents a response average. It was calculated by assigning values of 0, 1, 2, 3 and 4 to responses of None, Low, Moderate, High, and Very High, respectively, and dividing by Total Responses.

Environmental justice and GMOs are issues that receive the lowest level of effort.

Results

Issue Identification and Analysis

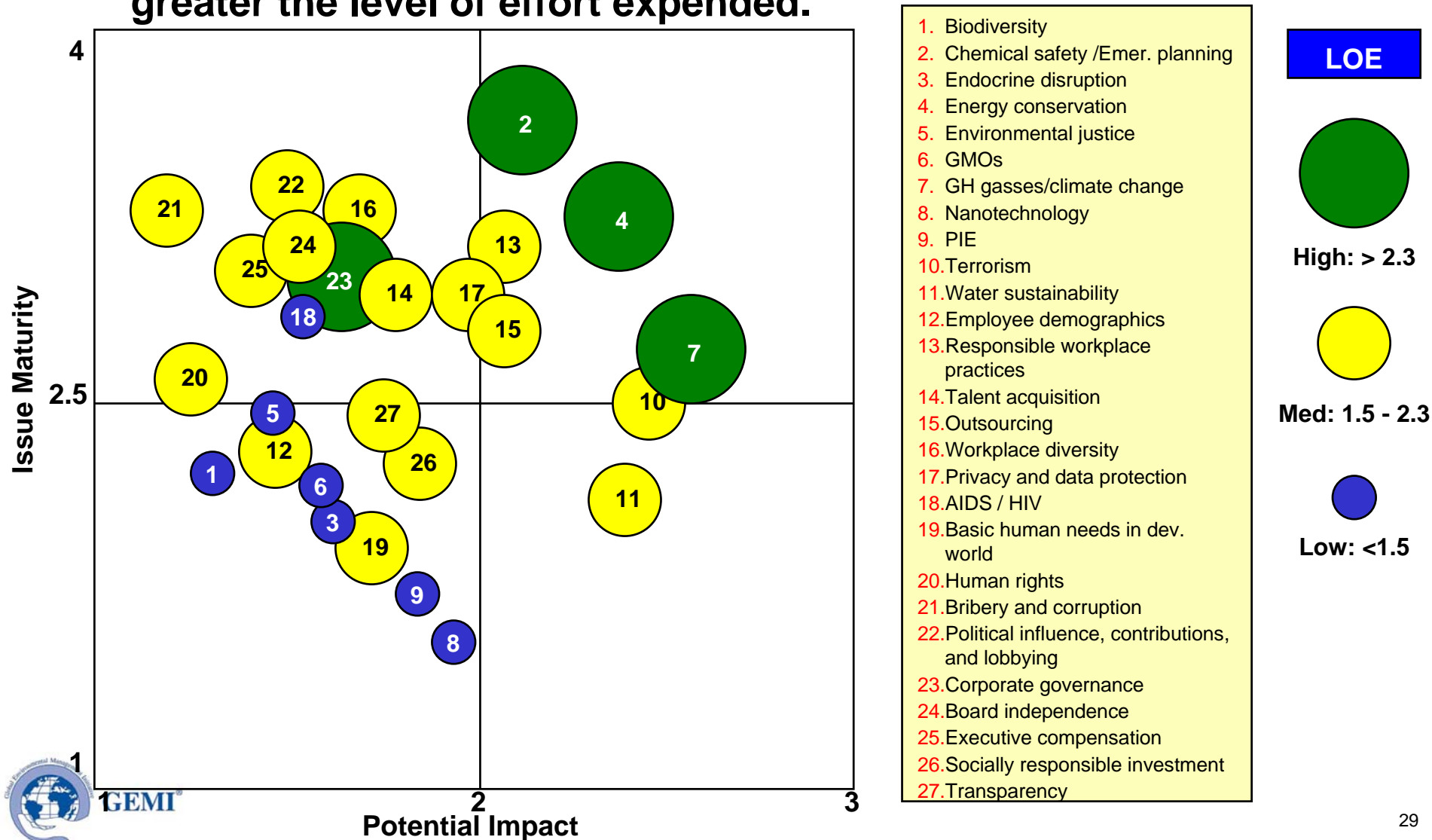
Q25. Issues not listed in Question 24 but identified by participants as receiving some level of effort include the following: (n=3)

- Children's health issues (moderate)
- Producer responsibility (moderate/high)
- Rising health care costs – employee health & productivity programs (high)

Results

Issue Identification and Analysis

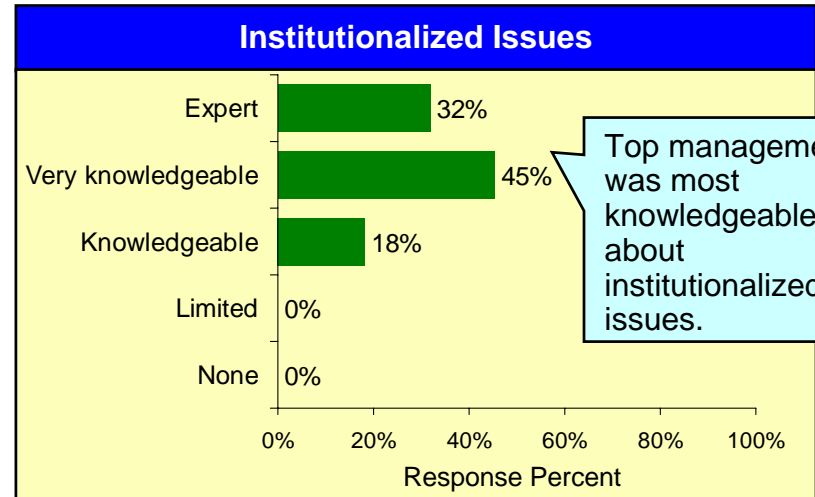
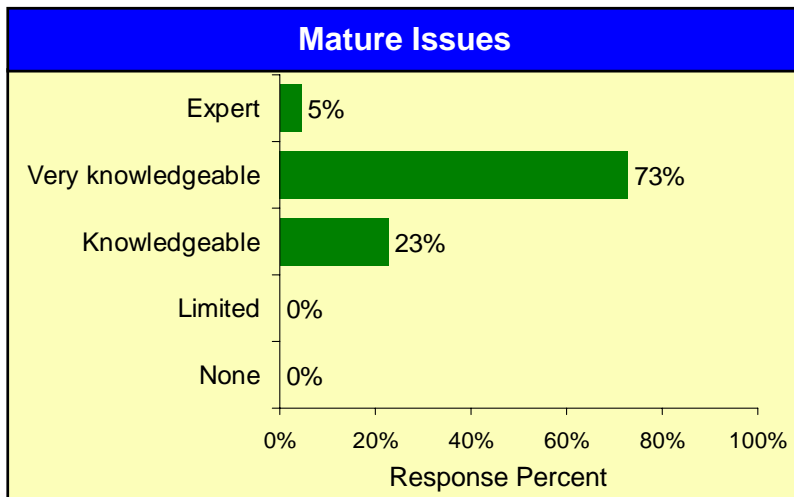
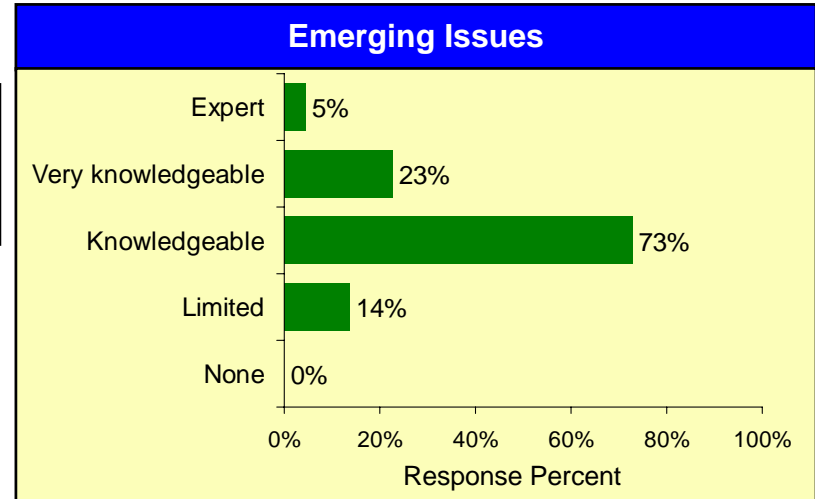
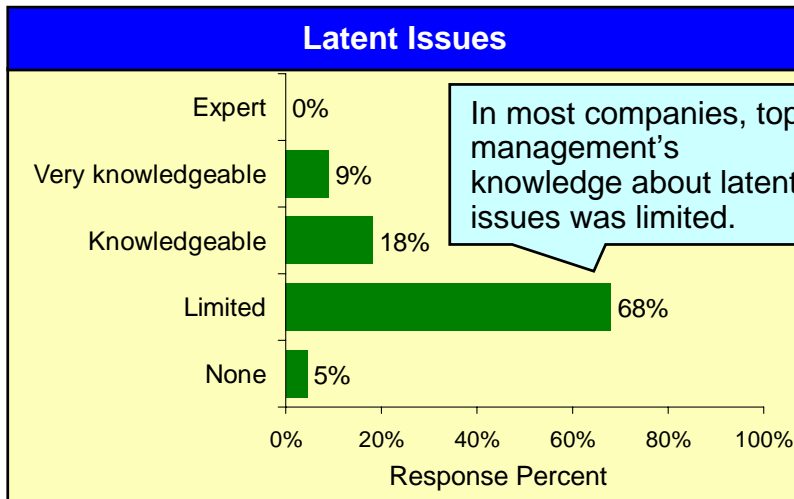
The more mature the issue and the greater its impact, the greater the level of effort expended.



Results

Issue Identification and Analysis

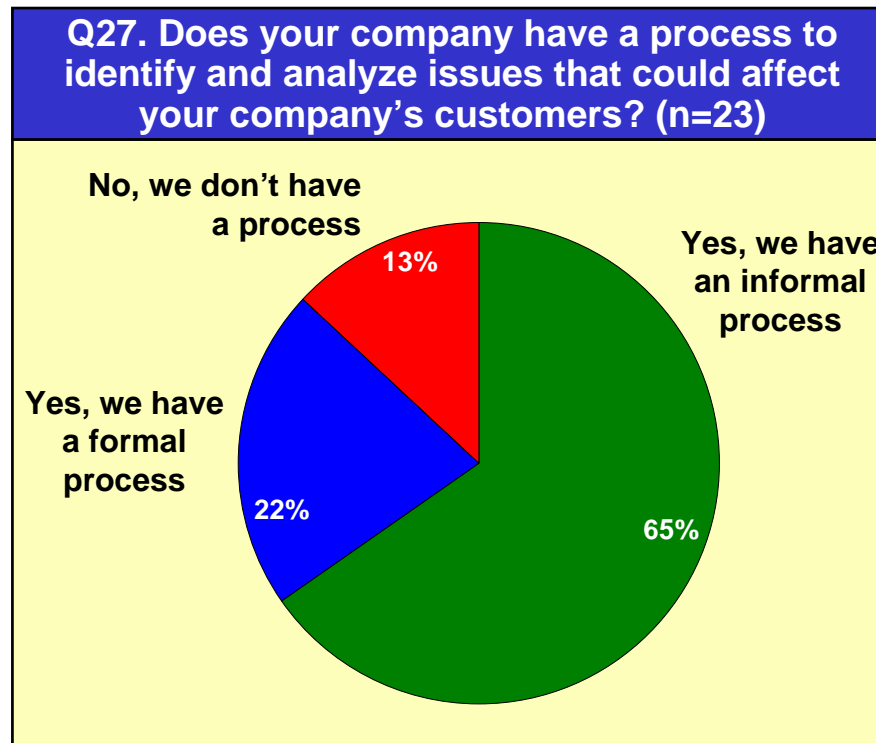
Q26. What is the level of awareness of issues among your company's top management? (n=22)



Results

Issue Identification and Analysis

Almost all participants (87%) have an informal or formal process to identify issues that could affect their customers.



Results

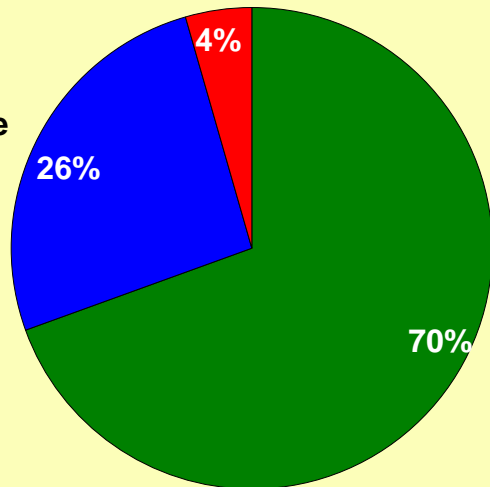
Issue Identification and Analysis

In the last five years, issues have become a more significant area to manage.

Q28. In the last five years, have issues become a more significant area for your company to manage? (n=23)

No, issues less significant receiving decreased attention

No, the significance of issues has not changed



Yes, issues have become more significant and are receiving increased attention

Q29. Which issues not currently being managed by your company do you believe will become an important area for your company to manage in the next five years? (n=7)

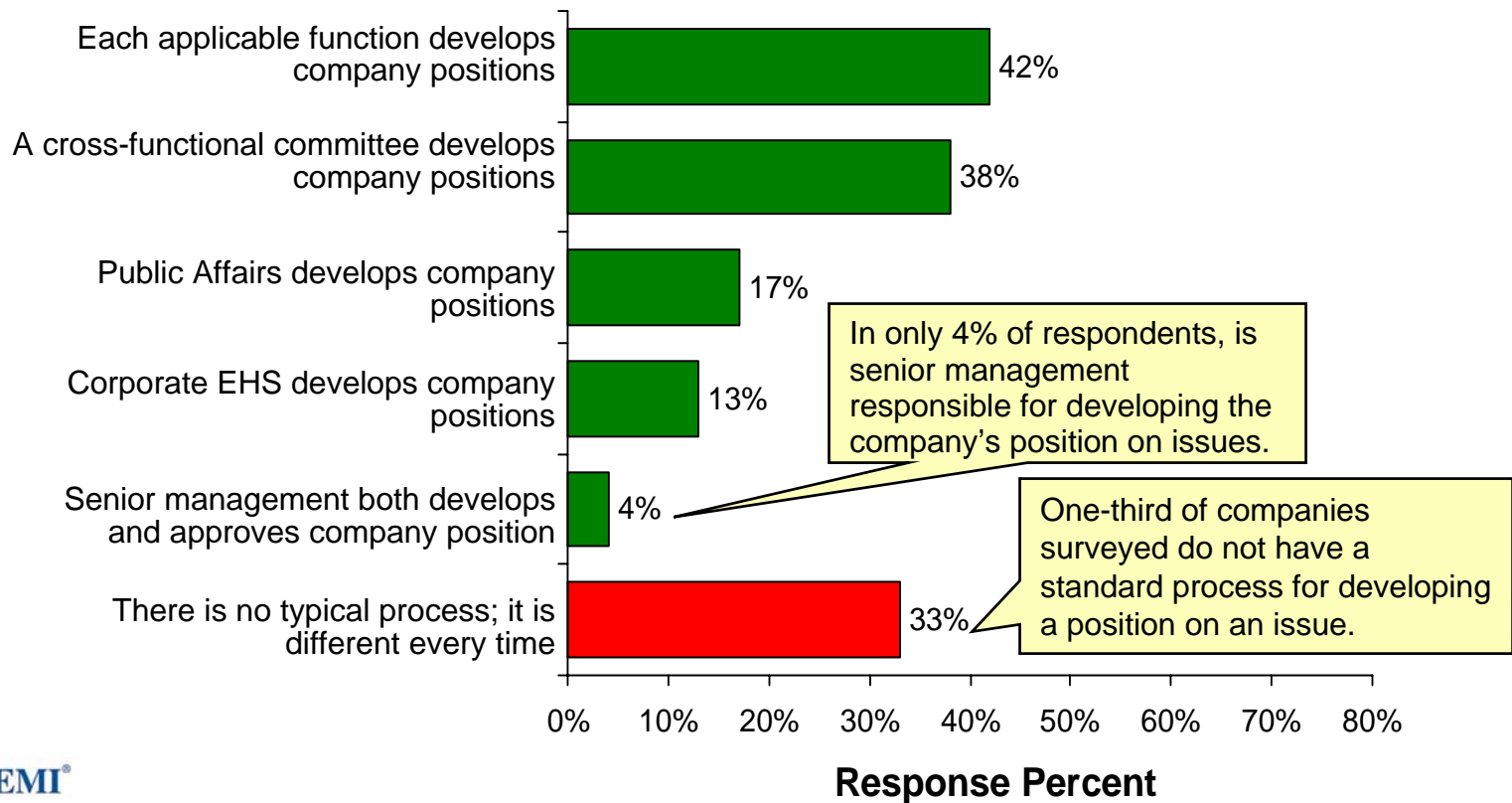
- Ecosystems/biodiversity
- Water quality and availability
- Exposures to multiple chemicals
- Universal chemical management
- Growing shift of jobs and resources to new geographies
- Growing new markets by addressing quality of life needs in emerging markets
- Sustainable production
- Personal care products in the environment
- Environmental justice
- Outsourcing
- Negative impact of disease on growth

Results

Development of Company Position & Communications

There is no clear consensus as to which function most typically develops company position on issues.

Q30. Indicate the process that is typically used to develop your company position on issues. (n=24)

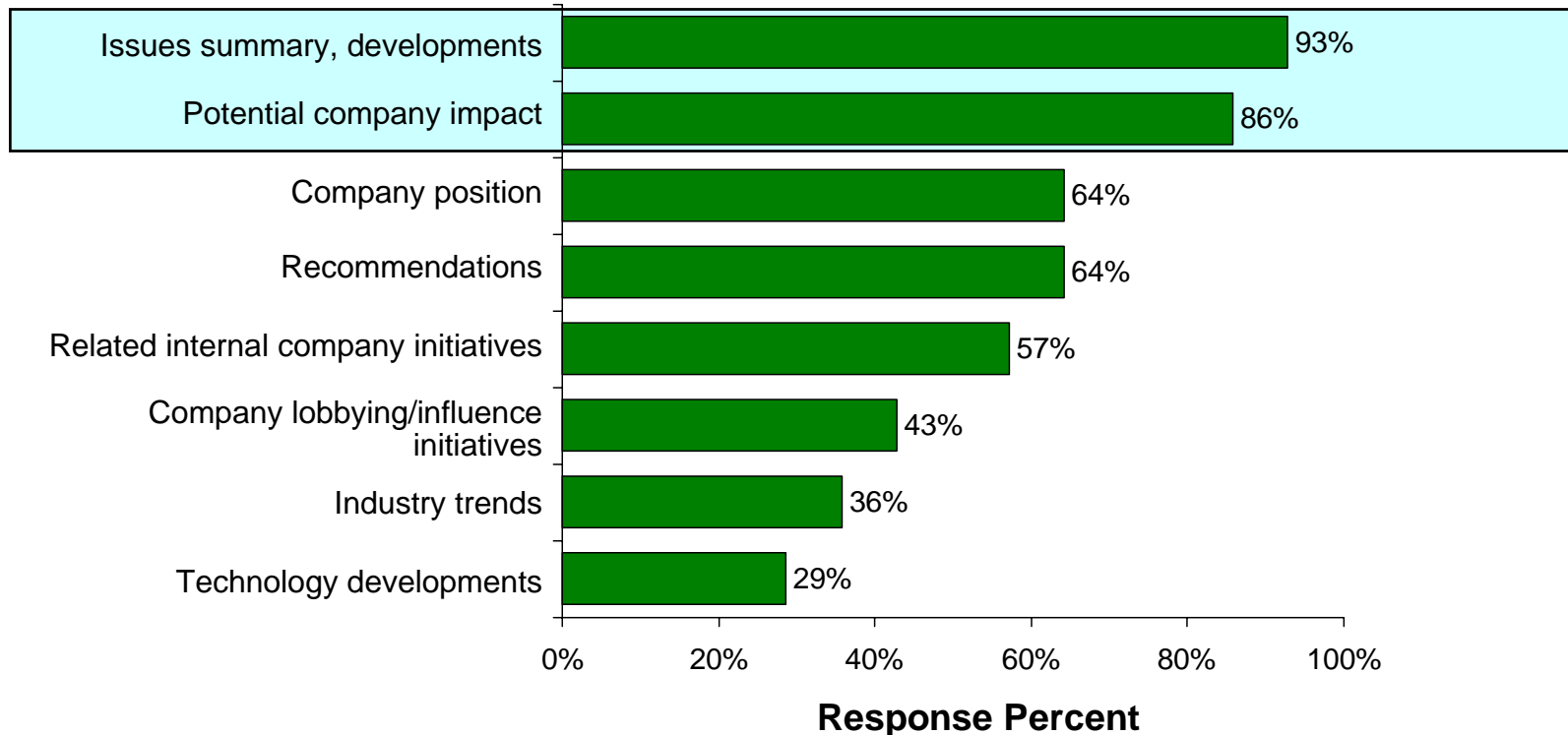


Results

Development of Company Position & Communications

Most participants (14/23) create internal issues reports, with almost all of these companies including a summary of the issues and their potential impact on the company in the report.

Q31. If your company creates an issues report for internal company audiences, what does it include? (n=14*)



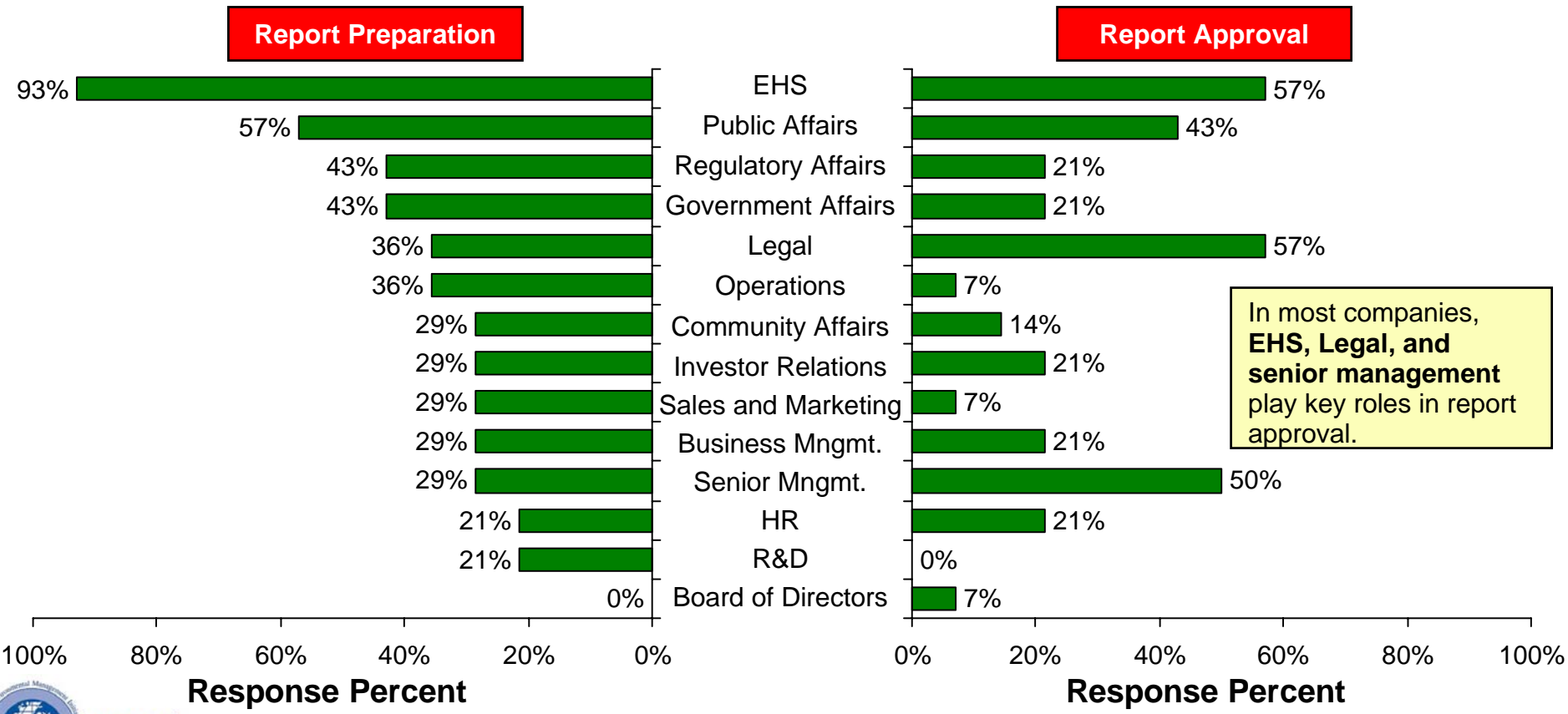
**Nine respondents (39%) indicated that their companies do not create issues reports for internal company audiences*

Results

Development of Company Position & Communications

In almost all participants, EHS is involved in report preparation, and in 57% of participants, EHS plays a role in report approval.

Q32. If your company creates an issues report, indicate which functions typically are involved in preparing and approving such a report and which receive the report. (n=14)



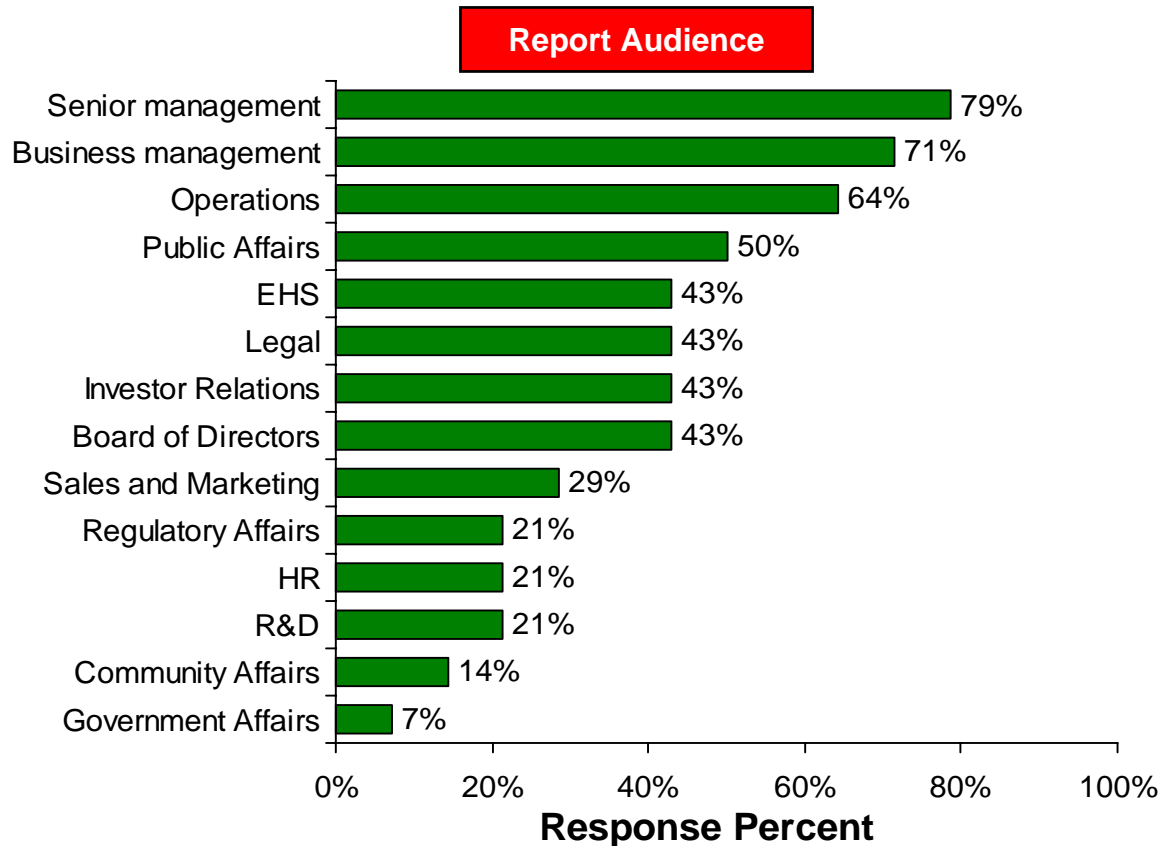
In most companies, **EHS, Legal, and senior management** play key roles in report approval.

Results

Development of Company Position & Communications

In most participants, the key audiences for internal reports are management and operations.

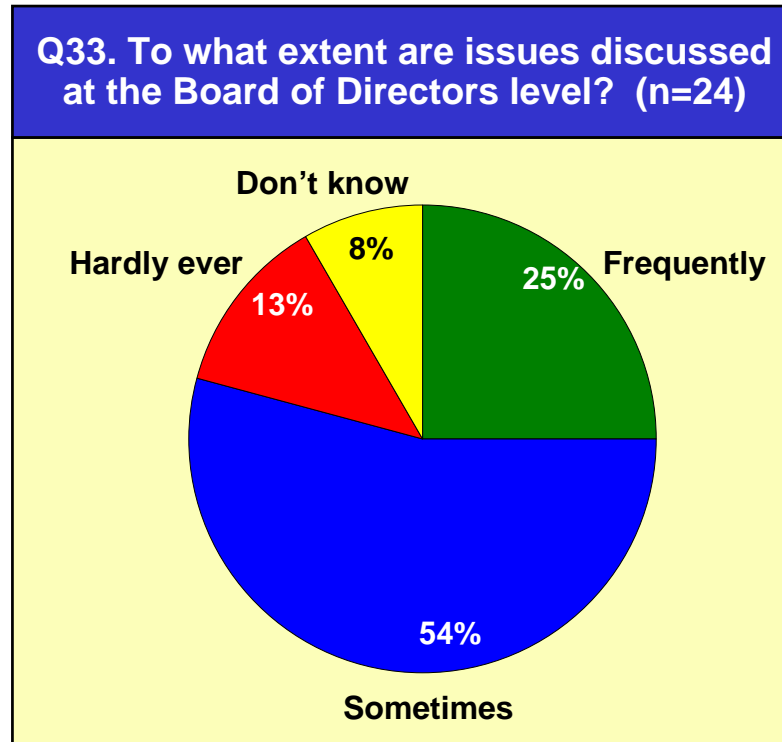
Q32 (Continued). If your company creates an issues report, indicate which functions typically are involved in preparing and approving such a report and which receive the report. (n=14)



Results

Development of Company Position & Communications

In 79% of participants, issues are at least sometimes discussed at the Board of Directors level.

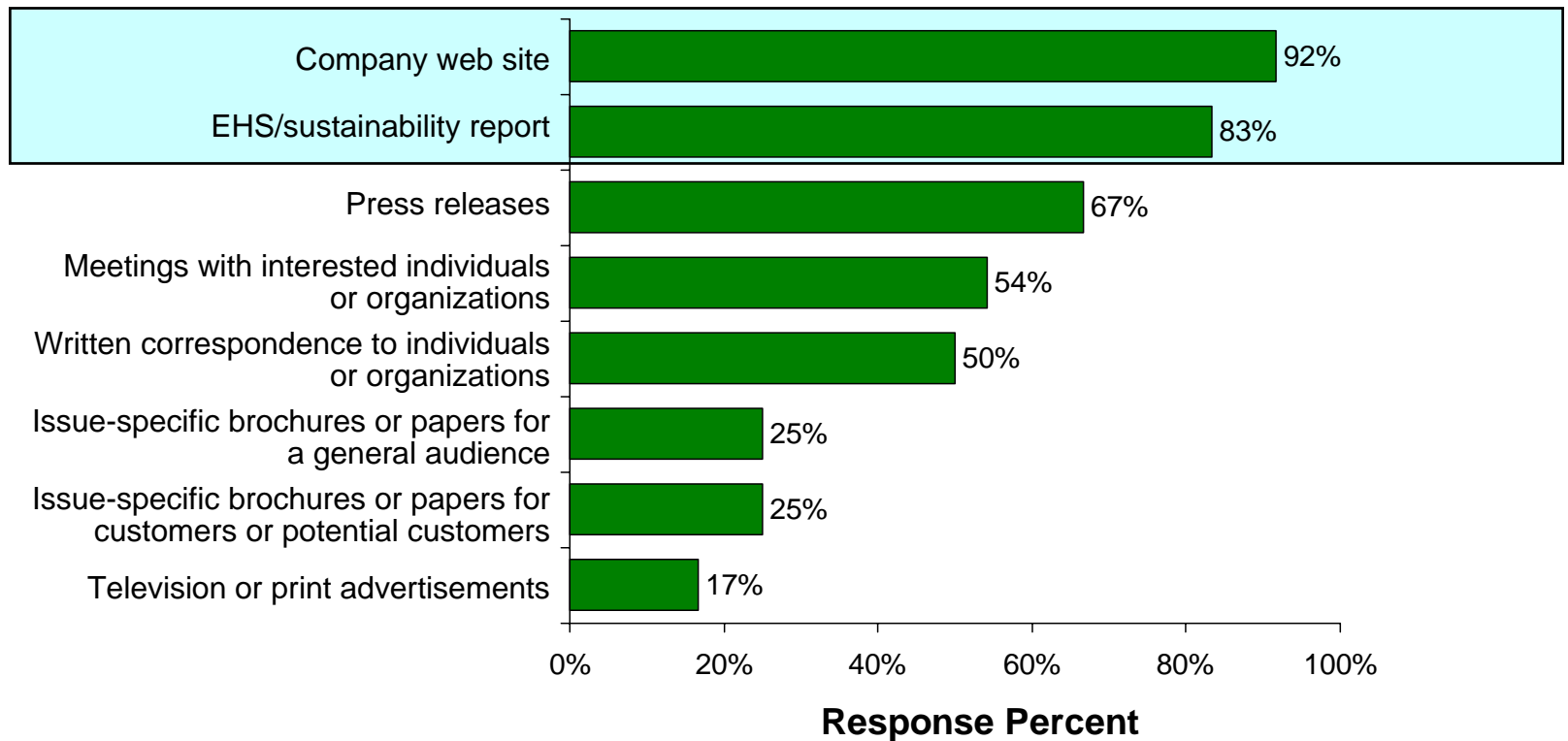


Results

Development of Company Position & Communications

Company web sites and EHS/sustainability reports are the two most popular mechanisms for external communication of issue positions.

Q34. Which mechanism does your company use to communicate externally its position on issues? (n=24)

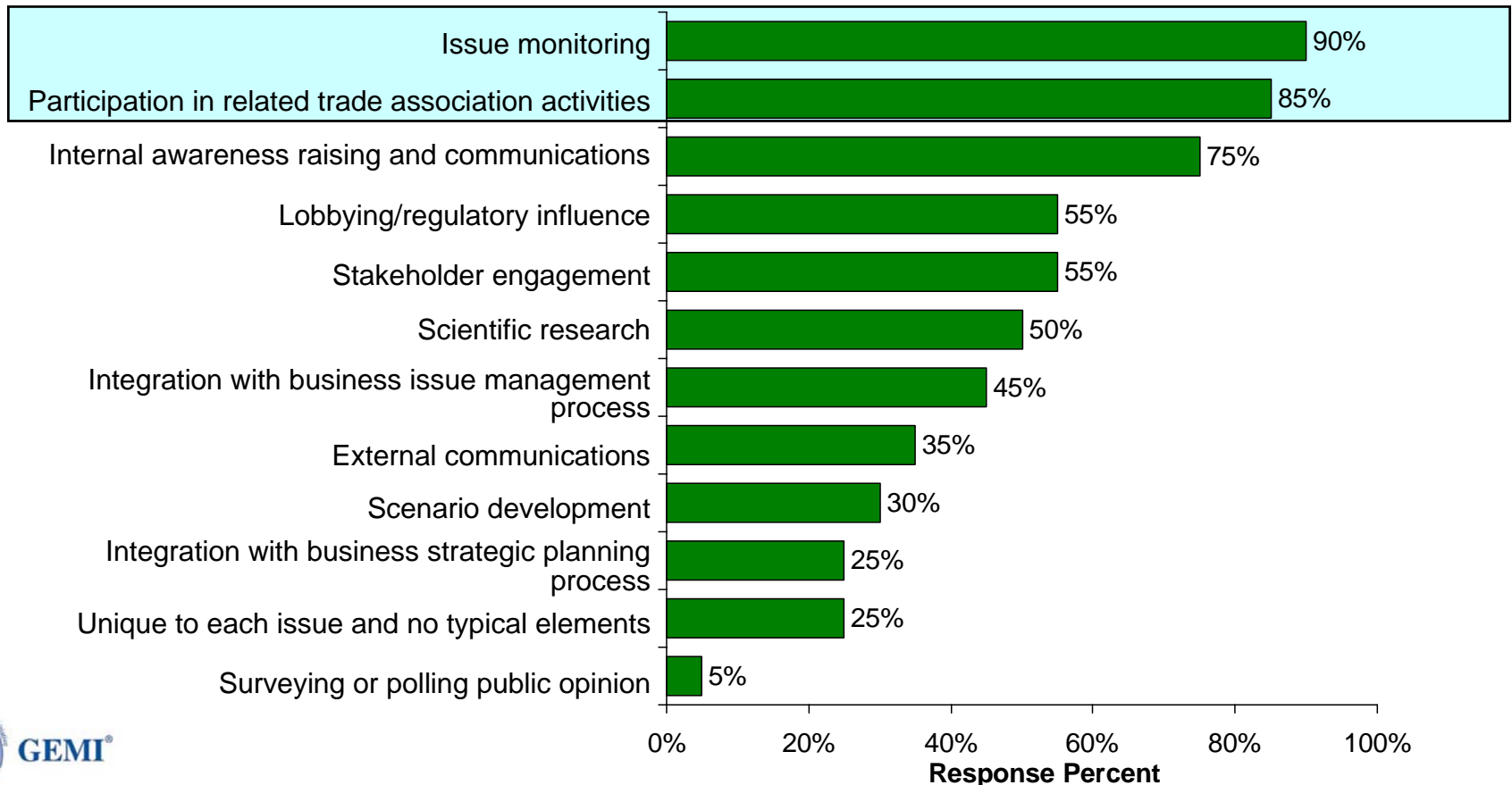


Results

Development of a Plan

Issue monitoring and participation in trade association activities are the most common elements of an issues management plan.

Q35. Which of the following elements is typically part of an issues management plan developed by your company? (n=20)

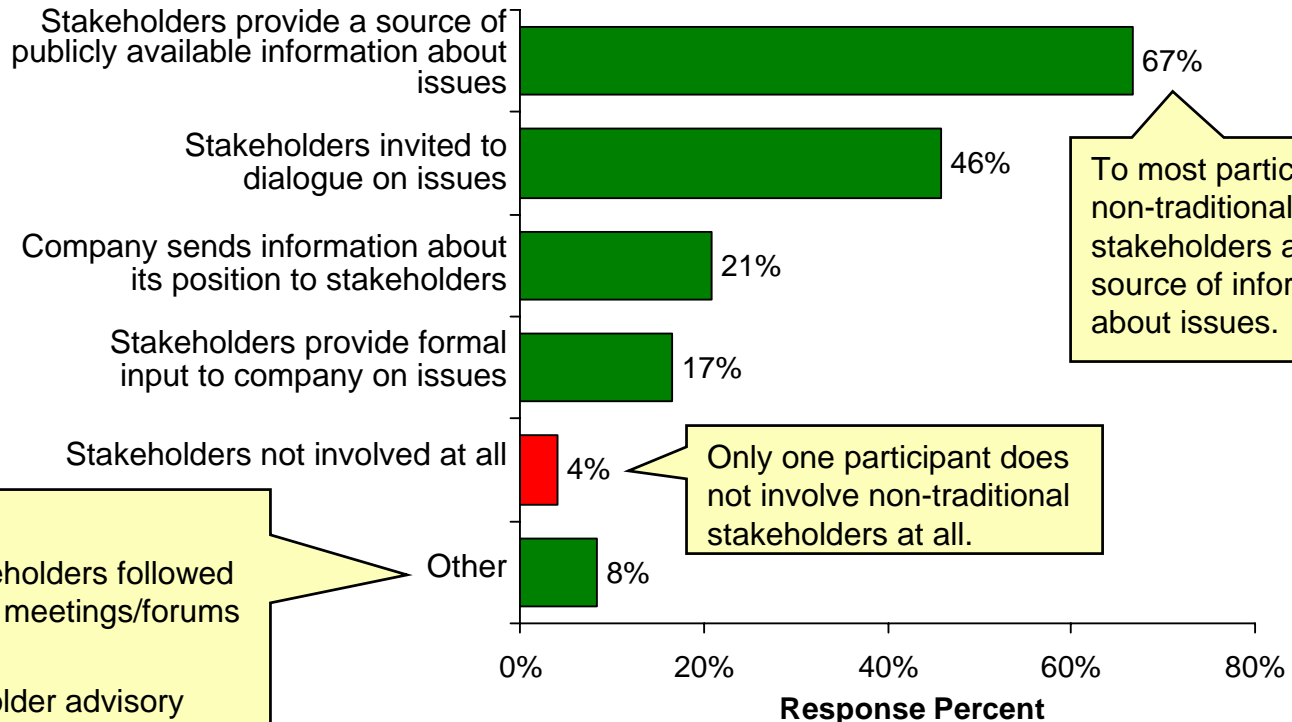


Results

Stakeholder Engagement

In almost all participants, non-traditional stakeholders have a role in the issues management process.

Q36. To what extent are non-traditional stakeholders* involved in the issues management process? (n=24)



To most participants, non-traditional stakeholders are a source of information about issues.

Only one participant does not involve non-traditional stakeholders at all.

Other includes:

- Survey of stakeholders followed by face-to-face meetings/forums to solicit input.
- Formal stakeholder advisory team.

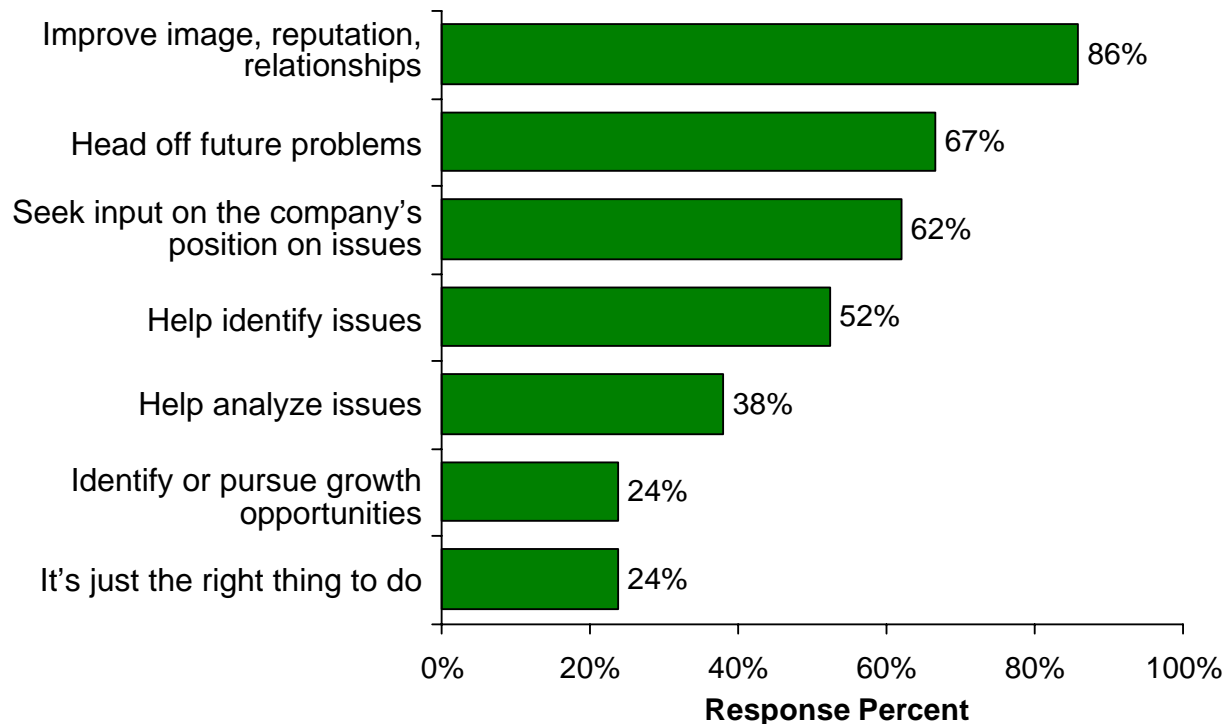
****Non-traditional stakeholders** denotes stakeholders other than shareholders, customers and employees.**

Results

Stakeholder engagement

Almost all participants (86%) believe that engaging with non-traditional stakeholders on issues will help improve the company's image and reputation.

Q37. What is your company's goal or purpose in engaging with non-traditional stakeholders on issues? (n=21)

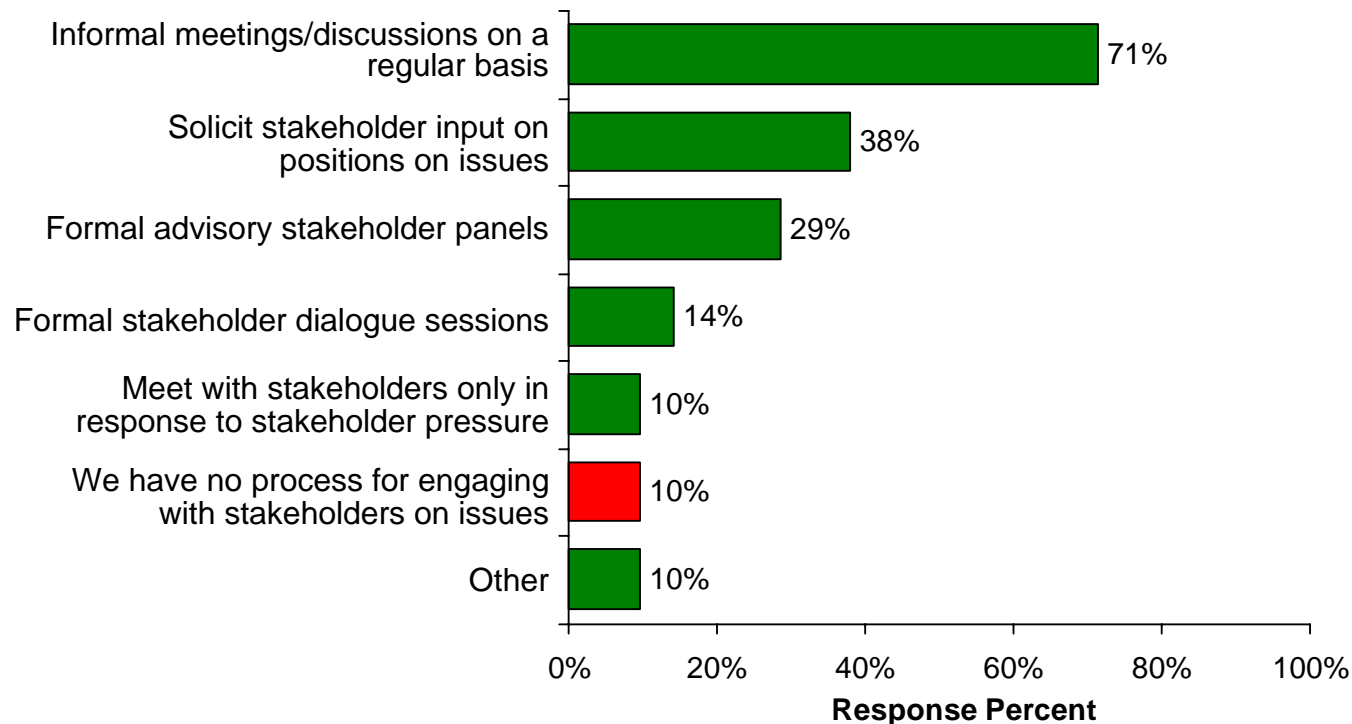


Results

Stakeholder engagement

Most participants (71%) use informal meetings or discussions to involve non-traditional stakeholders in the issues management process.

Q38. Which process does your company use to engage with non-traditional stakeholders on issues? (n=21)

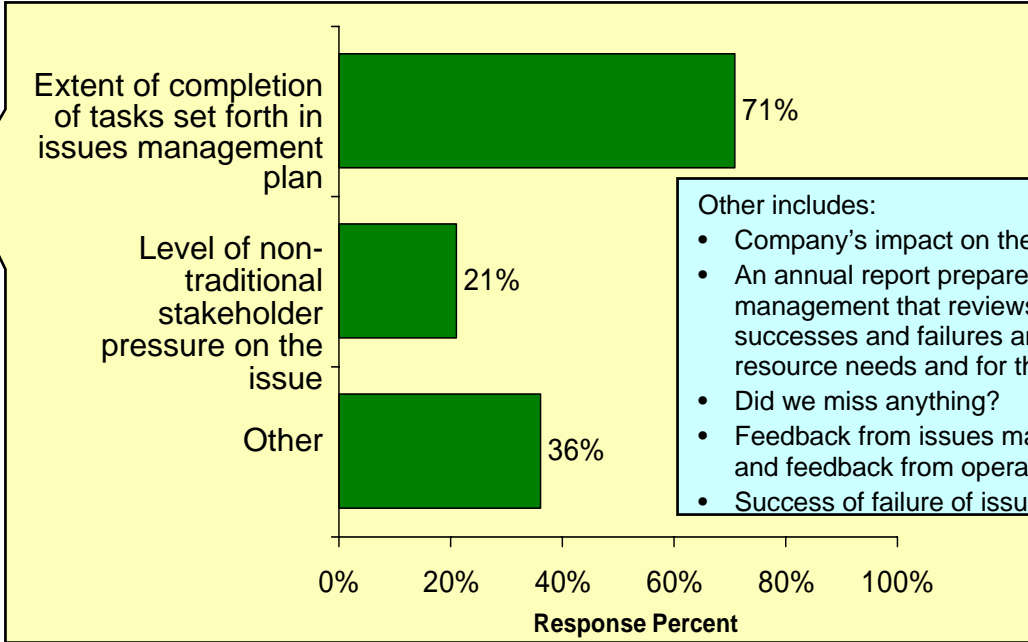


Results

Implementation

Sixty-four percent (64%) of participants evaluate the effectiveness of their issues management process.

Q39. How does your company evaluate the effectiveness of its issue management process? (n=14)



- Other includes:
- Company's impact on the issue
 - An annual report prepared for senior management that reviews the past year's successes and failures and estimates resource needs and for the coming year
 - Did we miss anything?
 - Feedback from issues management team and feedback from operations
 - Success of failure of issue

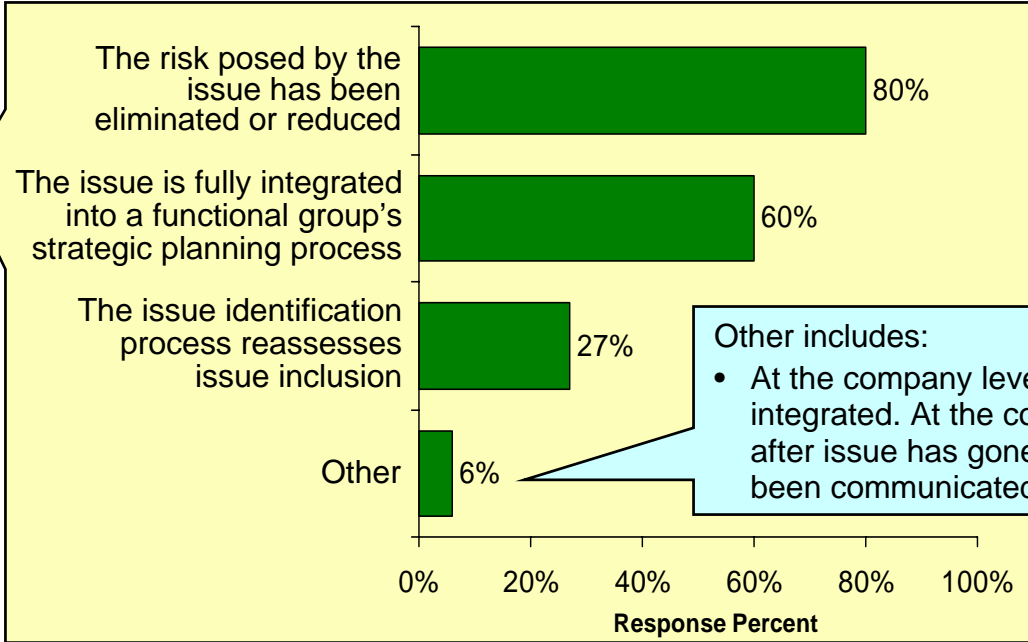
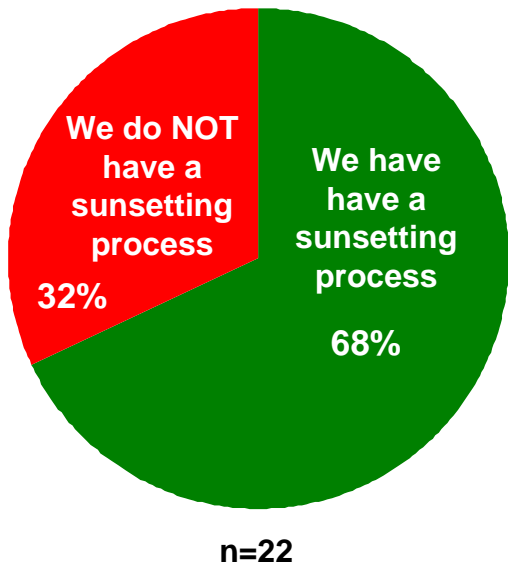
Of these, 71% base their evaluation on the extent that tasks outlined in the plan are completed.

Results

Implementation

Sixty-eight percent (68%) of participants have a process to sunset (remove) an issue from the issues management process.

Q40. What triggers the sunseting (exclusion) of an issue from the issue management process? (n=15)



Other includes:

- At the company level, after fully integrated. At the corporate level, after issue has gone final and has been communicated.

Of these, 80% base sunseting on risk reduction – whether the risk posed by the issue has been eliminated or reduced.

Summary

This key learnings from this survey include:

- Most participants have a formal issues management process for both business issues and for EHS, social responsibility and/or SD issues.
- In most companies, issues are managed in a decentralized manner, involving a wide range of functions.
- The average level of effort expended on issues is 7.7 person-years.
- Nanotechnology, pharmaceuticals and personal care products in the environment, and basic human needs in the developing world were seen as the least mature issues.
- Climate change, terrorism, and energy conservation were seen as the issues with the greatest potential impact on business.
- The more mature the issue and the greater its potential impact on business, the greater the level of effort expended.
- Issues are becoming a more significant area to manage.
- In almost all companies, external stakeholders have a role in the issues management process.

Q4. Does your company have a formal issues management process for its overall business issues?

- We do have a law and regulatory review committee to review any legal issues (including new regulations) that are or may impact the company. This committee is made up of very high level members of the company management team.
- It seems not as formal as some and, or not as viable.
- One is being implemented.
- Depends on what you mean by formal.
- Varies by business unit, small issue management group at corporate level.
- A more formal process is currently being developed.
- Depends on the issue.

Q5. Does your company have a formal (structured) issues management process for its EHS, social responsibility, or SD issues?

- EHS process more robust than others.
- There are clearly Issues Management Processes used in the company. Various processes are used by the various groups. Significant issues that may impact the company from a regulatory standpoint are forwarded to and discussed at the Law and Regulatory Review Committee.
- They are not equally robust nor well connected to each other.
- Also includes public affairs and government affairs functions.
- Part of business issues management.
- A more formal process is currently being developed.

Q6. If your company does not have a formal (structured) issues management process or processes for its EHS, social responsibility, or SD issues, does it have plans to establish such a process in the near future?

- We are currently working on our first sustainability report and it will likely drive us having a more formalized process for addressing key issues.
- Working on improving current processes.
- Do not have plans to implement a process for SD or SR.
- Process exists in some business units.

Q7. To what extent is your company's EHS, social responsibility, or SD issues management process or processes integrated into your company's overall business issues management process?

- The issues management process feeds into the company's strategic planning process.
- We have only an overall process that includes EHS, social responsibility and sustainability.
- EHS issues management process is part of the Company Corporate Responsibility Council.

Q8. How effective do you consider your company's issues management process?

- Do not know how managers throughout the company view this, probably fairly positive though.
- New process under development to be expanded globally.
- The process involves global participation and external participants.
- Effectiveness is for EHS only and is best for business units and staff functions which participate in our formal business risk management process.
- Emerging issues tend to be fairly mature prior to entry into the informal issues management process.
- Depends on issue.
- We have only an overall process that includes EHS, social responsibility and sustainability.
- EHS issues management process is part of the Company Corporate Responsibility Council.

Comments

Qs. 9, 11, 12

Q9. If you consider all or part of your company's issues management process to be in need of improvement, which aspect(s) of the process require(s) significant improvement?

- Some areas above more than other need attention, I.e., all responses not of equal weight. Overall opportunities to improve and achieve better results.
- Different business units may have very different issues, more issues are dealt with on a lower level than corporate.
- I really don't understand the question, since it all depends on the issue.

Q11. Is issues management at your company predominantly centralized (I.e., managed at the corporate level only), or is issues management engaged in at different levels of the organization?

- No formal process but issues are generally handled at the corporate level.
- There is some coordination, but it could be better done.
- The process is centralized, but input and involvement engages all levels and geographies.
- Multiple processes engaged in by different business units of the organization with some coordination through an EHS extended staff.
- Multiple processes engaged in by different functions of the organization with coordination.

Q12. If issues management at your company is engaged in at different levels of the organization, which levels are involved?

- Most any employee could get involved.

Q13. Which functional group typically takes the lead in the issues management process?

- Process involves EHS, PA,GA, Legal, Issues response team, R&D, HR, and Finance.
- We have Business Risk Management department.
- For environmental. issues, not H&S.
- Depends on the issue.

Q14. Does your company have employees who work on issues management on a full-time basis?

- 1 full time person at the corporate level, other part time people at the business and site level.
- The one FTE works at the business unit level.
- 5
- For EH&S, social and SD, probably about 8 staff
- One FTE in EHS for European issues but other functions allocates portions of individuals.
- 7
- 2
- 17
- Corporate 1 FTE divided up by 3 corporate employees. 7 FTE government and regulatory affairs. These number include all our companies (~30K employees across 10 business units).
- Depends on the issue.

Comments

Qs. 15, 17, 18

Q15. If your company uses a cross-functional team(s) to manage issues, which functions are typically part of the team?

- Who is involved depends on the issue.
- Any group may initiate issue management for their respective divisions and responsibilities.
- Also external groups, stakeholders.
- Depends on the issue.
- Team make-up varies with issue and business unit.

Q17. How much effort (in person-years) is spent by your company on issues management?

- This is a very rough guess.
- External includes associations.
- We have a very decentralized model, no aggregate spend is available.
- Question unclear, since most people in company are to resolve issue or make things better.

Q18. Which sources of information are used by your company to identify issues to be managed?

- We have extensive routine meetings that include an emerging issues component. Our strategic planning process includes continuous scanning by participants.

Q27. Does your company have a process to identify and analyze issues that could affect your company's customers (i.e., to identify potential opportunities for your company)?

- As related to EHS or social issues, we do not have a process.
- Mainly for business risk, competitiveness.
- Depends on issue.

Q31. If your company creates an issues report for internal company audiences, what does it include?

- This happens both as issues arise and as a routine strategic annual summary; also a weekly on-line scan is circulated to management and key staff and a web site is used.
- The report includes an analysis of issue, company position and the rationale to be used by all that work on the issue.
- System is set up to capture each company's information separately (analysis, position, risk rank), then this is visible to all other companies.

Q33. To what extent are issues discussed at the Board of Directors level?

- Emerging issues are communicated regularly to board reps.
- Depends on the issue.

Q34. Which mechanism does your company use to communicate externally its position on issues?

- Not a lot of issues communications unless person to person with lawmakers and politicians. Companies use consortium groups to consolidate comments and also comment on rules individually.

Q41. Is there an aspect of an issues management process not covered in the survey that you would like to explore?

- Believe at times in some questions unsure if this relates to the entire company or only EHS, as a leading instruction indicated but the questions and opportunities to respond did not always seem to reflect that. So, Answers may be off base in some areas. Also, for whether something would be impact if was mature, a low impact in my response means it already being managed.
- These questions were helpful to think about the elements of a comprehensive issues management process.
- Review the prioritization criteria used by various companies; involvement of expert third parties and external stakeholders; involvement of suppliers/ business partners .
- This was without a doubt the most confusing survey that I have ever taken. I'm not sure it was worth my time, since most of it made little sense. Seems the survey is seeking very specific answers to very generic questions. Maybe I just don't understand what this is about, since survey seems to suggest that a company can develop a single team to work issues, which all appear to be rather unique and require different levels of expertise to resolve or in some cases foster for business value. Again, I don't understand reason or logic for this survey.

Q42. Please provide suggestions for future GEMI benchmarking surveys

- Better navigation through survey form
- Globalization
- Health care costs/ health and productivity programs
- Don't do one like this one!