GEMI Benchmarking Survey

Emerging Issues Management

Stephen Poltorzycki, The Boston Environmental Group
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.

Q4. Does your company have a formal issues management process for its overall business issues? (n=28)

- Yes: 64%
- No: 29%
- Don't Know: 7%
Results

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

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

- Yes, EHS only: 39%
- Yes, EHS, SR, and SD managed pursuant to one process: 25%
- Yes, different parts of EHS, SR, and SD managed by different functions/different processes: 11%
- No formal process: 21%
- Other (integrated with business process): 4%

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

- Yes: 62%
- No: 38%
Results

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

Q7. To what extent are the EHS, social responsibility, or SD issues management process(es) integrated into the company’s overall business issues management process(es)? (n=28)

- Fully integrated: 35%
- Integrated to a considerable degree: 18%
- Integrated to a moderate degree: 18%
- Integrated to a limited degree: 11%
- Not integrated at all: 4%
- More than one process – degree of integration varies: 7%
- Don’t Know or not applicable: 7%
Results

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

Q8. How effective do you consider your company’s issues management process (n=25)

- Effective to a considerable degree: 42%
- Effective to a moderate degree: 33%
- Effective to a limited degree: 21%
- Consider ourselves world leaders: 4%
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)

- Allocating resources to manage issues: 67%
- Engagement with stakeholders on issues: 46%
- Development of a company position on issues: 42%
- Communicating the company position on issues / development of a plan for addressing issues: 38%
- Analysis of issues: 38%
- Integrating plans into established business strategies: 38%
- Identification of issues: 29%
- Organizing to manage issues: 25%
- Implementing the plan for addressing issues: 25%
- Engagement with senior management: 13%

Very few companies felt that engagement of senior management was a problem.
Most participants (74%) thought 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)

- Reduce risk by heading off future problems: 74%
- Assure no surprises for senior managers or unexpected business obstacles: 30%
- Reduce cost of addressing issues: 22%
- Influence industry-related resolution or public policy decisions: 22%
- Capitalize on market or product opportunities: 22%
- Improve external relations or image: 15%
- Display tangible evidence of responsible management or good governance: 15%

Only four participants thought that issues management provided value by improving external relations or company image or by providing evidence of good governance.
Results

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

Q11. Is issues management at your company predominately centralized or is it engaged in at different levels of the organization? (n=26)

- 46% Multiple processes engaged in by different functions without coordination
- 27% One process engaged in at different levels of the organization without central control
- 15% One process under central control
- 12% Other

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.
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)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>100%</td>
</tr>
<tr>
<td>Business Unit</td>
<td>87%</td>
</tr>
<tr>
<td>Facility</td>
<td>39%</td>
</tr>
</tbody>
</table>
Results

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)

- 37% EHS
- 31% Government Affairs
- 12% Public Affairs
- 12% Cross-Functional Team
- 4% Not applicable; many processes carried out by different functions
- 4% Other (Business Risk Management)

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

- 82% EHS
- 64% Legal
- 64% Public Affairs
- 50% Government Affairs
- 46% Operations
- 36% R&D
- 32% Investor Relations
- 32% Business Management
- 27% Community Affairs
- 27% Regulatory Affairs
- 18% Sales and Marketing
- 14% Human Resources
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

**EHS**
- Issue identification and analysis: 100%
- Position development and communication: 100%
- Issue management plan development: 96%
- Stakeholder engagement: 100%
- Plan implementation: 96%

**Legal**
- Issue identification and analysis: 9%
- Position development and communication: 26%
- Issue management plan development: 22%
- Stakeholder engagement: 22%
- Plan implementation: 43%

**Government Affairs**
- Issue identification and analysis: 13%
- Position development and communication: 22%
- Issue management plan development: 39%
- Stakeholder engagement: 65%
- Plan implementation: 65%

**Public Affairs**
- Issue identification and analysis: 13%
- Position development and communication: 22%
- Issue management plan development: 39%
- Stakeholder engagement: 65%
- Plan implementation: 61%

**Regulatory Affairs**
- Issue identification and analysis: 30%
- Position development and communication: 28%
- Issue management plan development: 35%
- Stakeholder engagement: 26%
- Plan implementation: 30%

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

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

- Community Affairs
  - Issue identification and analysis: 13%
  - Position development and communication: 30%
  - Issue management plan development: 26%
  - Stakeholder engagement: 35%

- Sales and Marketing
  - Issue identification and analysis: 13%
  - Position development and communication: 13%
  - Issue management plan development: 13%
  - Stakeholder engagement: 9%

- Senior Management
  - Issue identification and analysis: 9%
  - Position development and communication: 35%
  - Issue management plan development: 35%
  - Stakeholder engagement: 13%

- Board of Directors
  - Issue identification and analysis: 9%
  - Position development and communication: 9%
  - Issue management plan development: 0%
  - Stakeholder engagement: 0%

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.

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

- Yes: 36% (n=9)
- No: 64% (n=16)

n=25
Results

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).

<table>
<thead>
<tr>
<th>Number of Companies</th>
<th>1 to 3</th>
<th>&gt;3 to 5</th>
<th>&gt;5 to 10</th>
<th>&gt;10</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Companies</th>
<th>&lt;0.1</th>
<th>0.1 to 0.5</th>
<th>&gt;0.5 to 1</th>
<th>&gt;1</th>
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<tr>
<td>FTEs per $ Billion Revenue</td>
<td>3</td>
<td>4</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>
Results

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

Q17. How much effort is spent by internal company staff on issues management? (Absolute)

Q17. How much effort is spent by internal company staff on issues management? (Normalized)

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

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

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).
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)

- **Targets**: Are there recognizable targets in industry that could be a focus for anger or pressure?
  - Extremely important: 28%
  - Very important: 44%
  - Moderately important: 16%
  - Somewhat important: 12%

- **Leadership**: Who is leading the issue? What is their commitment/influence on the issue?
  - Extremely important: 16%
  - Very important: 56%
  - Moderately important: 20%
  - Somewhat important: 8%

- **Trigger Events**: Has there been a well-publicized trigger event?
  - Extremely important: 16%
  - Very important: 52%
  - Moderately important: 16%
  - Somewhat important: 16%

- **Communications**: To what extent is the knowledge being communicated?
  - Extremely important: 8%
  - Very important: 46%
  - Moderately important: 33%
  - Somewhat important: 8%

- **Knowledge**: How much knowledge exists about the issue?
  - Extremely important: 8%
  - Very important: 44%
  - Moderately important: 24%
  - Somewhat important: 20%

- **Solutions**: Have potential solutions been identified or implemented?
  - Extremely important: 4%
  - Very important: 40%
  - Moderately important: 36%
  - Somewhat important: 20%

- **Support**: Is there a critical mass of support forming or formed?
  - Extremely important: 8%
  - Very important: 32%
  - Moderately important: 24%
  - Somewhat important: 32%

- **Results**

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

Results

Chemical safety/emergency planning: 3.50
Workplace diversity: 3.24
Bribery and corruption: 3.13
Energy conservation: 3.12
Political influence, contributions and lobbying: 3.08
Corporate governance: 3.00
Responsible workplace practices: 3.00
Board independence: 2.92
Privacy and data protection: 2.88
AIDS / HIV: 2.88
Talent acquisition: 2.86
Executive compensation: 2.80
Outsourcing: 2.76

*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.

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

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Maturity Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights</td>
<td>2.60</td>
</tr>
<tr>
<td>Greenhouse gases/climate change</td>
<td>2.56</td>
</tr>
<tr>
<td>Terrorism</td>
<td>2.48</td>
</tr>
<tr>
<td>Environmental justice</td>
<td>2.46</td>
</tr>
<tr>
<td>Transparency</td>
<td>2.44</td>
</tr>
<tr>
<td>Employee demographics</td>
<td>2.39</td>
</tr>
<tr>
<td>Socially responsible investment</td>
<td>2.36</td>
</tr>
<tr>
<td>Genetically modified organisms</td>
<td>2.24</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>2.22</td>
</tr>
<tr>
<td>Water sustainability</td>
<td>2.20</td>
</tr>
<tr>
<td>Endocrine disruption</td>
<td>2.04</td>
</tr>
<tr>
<td>Basic human needs in the developing world</td>
<td>2.00</td>
</tr>
<tr>
<td>Pharmaceuticals and personal care products in the environment</td>
<td>1.90</td>
</tr>
<tr>
<td>Nanotechnology</td>
<td>1.58</td>
</tr>
</tbody>
</table>

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

**Issue Identification and Analysis**

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)

*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.

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

<table>
<thead>
<tr>
<th>Issue</th>
<th>Impact Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenhouse gases/climate change</td>
<td>2.56</td>
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</tr>
<tr>
<td>Energy conservation</td>
<td>2.36</td>
</tr>
<tr>
<td>Water sustainability</td>
<td>2.32</td>
</tr>
<tr>
<td>Chemical safety/emergency planning</td>
<td>2.04</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>2.04</td>
</tr>
<tr>
<td>Privacy and data protection</td>
<td>2.00</td>
</tr>
<tr>
<td>Nanotechnology</td>
<td>1.90</td>
</tr>
<tr>
<td>Employee demographics</td>
<td>1.88</td>
</tr>
<tr>
<td>Pharmaceuticals and personal care products in the environment</td>
<td>1.87</td>
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<tr>
<td>Socially responsible investment</td>
<td>1.83</td>
</tr>
<tr>
<td>Basic human needs in the developing world</td>
<td>1.78</td>
</tr>
<tr>
<td>Transparency</td>
<td>1.78</td>
</tr>
</tbody>
</table>
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)

<table>
<thead>
<tr>
<th>Issue</th>
<th>LOE Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemical safety/emergency planning</td>
<td>2.54</td>
</tr>
<tr>
<td>Greenhouse gases/climate change</td>
<td>2.50</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>2.42</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>2.38</td>
</tr>
<tr>
<td>Workplace diversity</td>
<td>2.21</td>
</tr>
<tr>
<td>Transparency</td>
<td>2.17</td>
</tr>
<tr>
<td>Privacy and data protection</td>
<td>2.13</td>
</tr>
<tr>
<td>Responsible workplace practices</td>
<td>2.08</td>
</tr>
<tr>
<td>Terrorism</td>
<td>2.04</td>
</tr>
<tr>
<td>Board independence</td>
<td>2.04</td>
</tr>
<tr>
<td>Talent acquisition</td>
<td>2.00</td>
</tr>
<tr>
<td>Outsourcing</td>
<td>1.96</td>
</tr>
<tr>
<td>Bribery and corruption</td>
<td>1.96</td>
</tr>
</tbody>
</table>

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.

Chemical safety / emergency planning and climate change are issues that currently receive the highest level of effort.
Results

Issue Identification and Analysis

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

- Political influence contributions and lobbying
- Basic human needs in the developing world
- Socially responsible investment
- Executive compensation
- Water sustainability
- Human rights
- Employee demographics
- Pharmaceuticals and personal care products in the environment
- AIDS / HIV
- Endocrine disruption
- Biodiversity
- Nanotechnology
- Genetically modified organisms
- Environmental justice

Results

Table:

<table>
<thead>
<tr>
<th>Issue</th>
<th>LOE Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political influence contributions and lobbying</td>
<td>1.88</td>
</tr>
<tr>
<td>Basic human needs in the developing world</td>
<td>1.79</td>
</tr>
<tr>
<td>Socially responsible investment</td>
<td>1.74</td>
</tr>
<tr>
<td>Executive compensation</td>
<td>1.73</td>
</tr>
<tr>
<td>Water sustainability</td>
<td>1.67</td>
</tr>
<tr>
<td>Human rights</td>
<td>1.58</td>
</tr>
<tr>
<td>Employee demographics</td>
<td>1.50</td>
</tr>
<tr>
<td>Pharmaceuticals and personal care products in the environment</td>
<td>1.48</td>
</tr>
<tr>
<td>AIDS / HIV</td>
<td>1.42</td>
</tr>
<tr>
<td>Endocrine disruption</td>
<td>1.17</td>
</tr>
<tr>
<td>Biodiversity</td>
<td>1.04</td>
</tr>
<tr>
<td>Nanotechnology</td>
<td>1.04</td>
</tr>
<tr>
<td>Genetically modified organisms</td>
<td>0.96</td>
</tr>
<tr>
<td>Environmental justice</td>
<td>0.91</td>
</tr>
</tbody>
</table>

*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.

1. Biodiversity
2. Chemical safety /Emer. planning
3. Endocrine disruption
4. Energy conservation
5. Environmental justice
6. GMOs
7. GH gasses/climate change
8. Nanotechnology
9. PIE
10. Terrorism
11. Water sustainability
12. Employee demographics
13. Responsible workplace practices
14. Talent acquisition
15. Outsourcing
16. Workplace diversity
17. Privacy and data protection
18. AIDS / HIV
19. Basic human needs in dev. world
20. Human rights
21. Bribery and corruption
22. Political influence, contributions, and lobbying
23. Corporate governance
24. Board independence
25. Executive compensation
26. Socially responsible investment
27. Transparency

LOE
High: > 2.3
Med: 1.5 - 2.3
Low: <1.5
**Results**

**Issue Identification and Analysis**

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

**Latent Issues**
- Expert: 0%
- Very knowledgeable: 9%
- Knowledgeable: 18%
- Limited: 68%
- None: 5%

**Emerging Issues**
- Expert: 5%
- Very knowledgeable: 23%
- Knowledgeable: 73%
- Limited: 14%
- None: 0%

In most companies, top management’s knowledge about latent issues was limited.

**Mature Issues**
- Expert: 5%
- Very knowledgeable: 73%
- Knowledgeable: 23%
- Limited: 0%
- None: 0%

**Institutionalized Issues**
- Expert: 32%
- Very knowledgeable: 45%
- Knowledgeable: 18%
- Limited: 0%
- None: 0%

Top management was most knowledgeable about institutionalized issues.

In most companies, top management’s knowledge about latent issues was limited.
Almost all participants (87%) have an informal or formal process to identify issues that could affect their customers.

Q27. Does your company have a process to identify and analyze issues that could affect your company’s customers? (n=23)

- Yes, we have a formal process: 65%
- Yes, we have an informal process: 22%
- No, we don’t have a process: 13%
Results

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 (70%)
- Yes, issues have become more significant and are receiving increased attention (26%)
- No, the significance of issues has not changed (4%)

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
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)

- Each applicable function develops company positions: 42%
- A cross-functional committee develops company positions: 38%
- Public Affairs develops company positions: 17%
- Corporate EHS develops company positions: 13%
- Senior management both develops and approves company position: 4%
- There is no typical process; it is different every time: 33%

In only 4% of respondents, is senior management responsible for developing the company’s position on issues.

One-third of companies surveyed do not have a standard process for developing a position on an issue.
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*)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issues summary, developments</td>
<td>93%</td>
</tr>
<tr>
<td>Potential company impact</td>
<td>86%</td>
</tr>
<tr>
<td>Company position</td>
<td>64%</td>
</tr>
<tr>
<td>Recommendations</td>
<td>64%</td>
</tr>
<tr>
<td>Related internal company initiatives</td>
<td>57%</td>
</tr>
<tr>
<td>Company lobbying/influence initiatives</td>
<td>43%</td>
</tr>
<tr>
<td>Industry trends</td>
<td>36%</td>
</tr>
<tr>
<td>Technology developments</td>
<td>29%</td>
</tr>
</tbody>
</table>

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

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)

<table>
<thead>
<tr>
<th>Report Audience</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>79%</td>
</tr>
<tr>
<td>Business management</td>
<td>71%</td>
</tr>
<tr>
<td>Operations</td>
<td>64%</td>
</tr>
<tr>
<td>Public Affairs</td>
<td>50%</td>
</tr>
<tr>
<td>EHS</td>
<td>43%</td>
</tr>
<tr>
<td>Legal</td>
<td>43%</td>
</tr>
<tr>
<td>Investor Relations</td>
<td>43%</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>43%</td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>29%</td>
</tr>
<tr>
<td>Regulatory Affairs</td>
<td>21%</td>
</tr>
<tr>
<td>HR</td>
<td>21%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>21%</td>
</tr>
<tr>
<td>Community Affairs</td>
<td>14%</td>
</tr>
<tr>
<td>Government Affairs</td>
<td>7%</td>
</tr>
</tbody>
</table>
Results

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

Q33. To what extent are issues discussed at the Board of Directors level? (n=24)

- Hardly ever: 13%
- Frequently: 25%
- Sometimes: 54%
- Don’t know: 8%
Results

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)

- Company web site: 92%
- EHS/sustainability report: 83%
- Press releases: 67%
- Meetings with interested individuals or organizations: 54%
- Written correspondence to individuals or organizations: 50%
- Issue-specific brochures or papers for a general audience: 25%
- Issue-specific brochures or papers for customers or potential customers: 25%
- Television or print advertisements: 17%
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)

- Issue monitoring: 90%
- Participation in related trade association activities: 85%
- Internal awareness raising and communications: 75%
- Lobbying/regulatory influence: 55%
- Stakeholder engagement: 55%
- Scientific research: 50%
- Integration with business issue management process: 45%
- External communications: 35%
- Scenario development: 30%
- Integration with business strategic planning process: 25%
- Unique to each issue and no typical elements: 25%
- Surveying or polling public opinion: 5%
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)**

- Stakeholders provide a source of publicly available information about issues: 67%
- Stakeholders invited to dialogue on issues: 46%
- Company sends information about its position to stakeholders: 21%
- Stakeholders provide formal input to company on issues: 17%
- Stakeholders not involved at all: 4%

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.*
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)

- Improve image, reputation, relationships: 86%
- Head off future problems: 67%
- Seek input on the company’s position on issues: 62%
- Help identify issues: 52%
- Help analyze issues: 38%
- Identify or pursue growth opportunities: 24%
- It’s just the right thing to do: 24%
Results

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)

- Informal meetings/discussions on a regular basis: 71%
- Solicit stakeholder input on positions on issues: 38%
- Formal advisory stakeholder panels: 29%
- Formal stakeholder dialogue sessions: 14%
- Meet with stakeholders only in response to stakeholder pressure: 10%
- We have no process for engaging with stakeholders on issues: 10%
- Other: 10%
Sixty-four percent (64%) of participants evaluate the effectiveness of their issues management process.

Of these, 71% base their evaluation on the extent that tasks outlined in the plan are completed.
Sixty-eight percent (68%) of participants have a process to sunset (remove) an issue from the issues management process.

Of these, 80% base sunsetting 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.
Q. 4

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**

<table>
<thead>
<tr>
<th><strong>Q15. If your company uses a cross-functional team(s) to manage issues, which functions are typically part of the team?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Who is involved depends on the issue.</td>
</tr>
<tr>
<td>• Any group may initiate issue management for their respective divisions and responsibilities.</td>
</tr>
<tr>
<td>• Also external groups, stakeholders.</td>
</tr>
<tr>
<td>• Depends on the issue.</td>
</tr>
<tr>
<td>• Team make-up varies with issue and business unit.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Q17. How much effort (in person-years) is spent by your company on issues management?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• This is a very rough guess.</td>
</tr>
<tr>
<td>• External includes associations.</td>
</tr>
<tr>
<td>• We have a very decentralized model, no aggregate spend is available.</td>
</tr>
<tr>
<td>• Question unclear, since most people in company are to resolve issue or make things better.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Q18. Which sources of information are used by your company to identify issues to be managed?</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• We have extensive routine meetings that include an emerging issues component. Our strategic planning process includes continuous scanning by participants.</td>
</tr>
</tbody>
</table>
## Comments

### 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.
# Comments

**Qs. 33 & 34**

<table>
<thead>
<tr>
<th>Q33. To what extent are issues discussed at the Board of Directors level?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Emerging issues are communicated regularly to board reps.</td>
</tr>
<tr>
<td>• Depends on the issue.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Q34. Which mechanism does your company use to communicate externally its position on issues?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 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.</td>
</tr>
</tbody>
</table>
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.
Q. 42

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!