

RILA ESG Webinar Series

Validating ESG Disclosure Data – Leveraging Internal and Third-Party Resources



**RETAIL INDUSTRY
LEADERS ASSOCIATION**

September 30, 2021

Technology Reminders

Everyone is muted upon entry.

- This reduces background noise during the presentations and while others are posing questions.
- To participate in the discussion via phone, unmute yourself by pressing *6.
- Computer users may hit the 'unmute' button in the Zoom platform.

Please do not put us on hold.

- Should you need to step away, please hang up and rejoin the call later

No Roll Call.

- In interest of time and to avoid disruptions, we are dispensing with a roll call. If you have joined via computer or the Zoom App, please take a moment to check that your screen name is unambiguous.

Posing a question/commenting

- When speaking up on the call, introduce yourself first with your name and company.
- To pose questions/comments anonymously, email Kathleen.mcguigan@rila.org, Erin.Hiatt@rila.org, or Tom.Casey@rila.org, or message us in the Zoom messaging system **by messaging Host/Co-Host.**

Antitrust Statement

RILA believes strongly in competition. Our antitrust laws are the rules under which our competitive system operates. It is RILA's policy to comply with both the letter and the spirit of antitrust laws. This Antitrust Statement has been adopted to avoid even the appearance of impropriety under the antitrust laws.

At any association meeting, participants must avoid any discussion of the following subjects in order to avoid even an appearance of impropriety:

- Do not discuss current or future prices, price quotations or bids, pricing policies, discounts, rebates, or credit terms.
- Do not discuss cost information such as production costs, operating costs, or wage and labor rates.
- Do not discuss profits or profit margins, including what is a "fair" profit margin.
- Do not discuss allocating markets, territories, or customers.
- Do not discuss current or future production or purchasing plans, including plans to take facility downtime, production quotas, or limits on output.
- Do not discuss refusing to deal with any suppliers, customers, or competitors (or any class or type of suppliers or customers).
- Do not require or pressure any supplier, customer, or competitor to adopt any particular actions or policies.
- Never agree on any aspect of future pricing or output.

Do not engage in prohibited discussions before a meeting or after a meeting is over. These antitrust guidelines apply not only in formal RILA meetings, but also in hallways, casual conversations, phone calls, emails, text messages, cocktail parties, golf outings, or any other setting that is related in any way to the RILA. If you have questions or concerns, or if you are uncertain about the propriety of any subject of discussion or proposed activity, you should stop the discussion immediately and bring the issue to the attention of RILA staff, or consult your company's general counsel.

Final Upcoming Webinar

Webinar 4: *Board Oversight Over ESG Issues and Disclosures*

Date: Thursday October 7, 2021

Time: 12:00 p.m. - 1:00 p.m. ET

Speakers: [Sarah Fortt](#), Partner Vinson & Elkins

SPEAKERS



Hugh Cherne
Associate Director,
Best Buy



Ty Colman
Chief Operating Officer,
Optera

September 2021



Data Assurance and Verification



Agenda



Section

Approximate Time

Introduction

10 minutes

Data Assurance/Verification Overview

10 minutes

Verification Approach

10 minutes

Key Considerations

10 minutes

Q&A

20 minutes



Introductions

About Optera

Optera provides industry-leading tools and professional services to help companies set, manage, and achieve energy and sustainability goals.

Optera is comprised of experienced consultants, analysts and software developers who support leading multinational companies, NGOs and governments to achieve ambitious sustainability goals.

Optera's industry-leading sustainability data management and analytics software, **Optera Sustainability Management Platform**, enables companies to set and achieve ambitious climate goals through data management, reporting, supplier tracking, and project management tools.

We offer a unique blend of expertise in analytics, energy efficiency, renewable markets, emissions management, commodity finance, software engineering, and business strategy to our projects and software.

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About Best Buy

Enriching lives through technology

Company overview



More than \$47 billion in revenue for fiscal 2021



More than 1,000 stores in the United States and Canada



Approximately 100,000 total employees

BestBuy.com is one of the top retail websites in the U.S.

Domestic online sales were 43% of total domestic revenue in FY21

In Q4 FY21, almost half of online sales were picked up at stores



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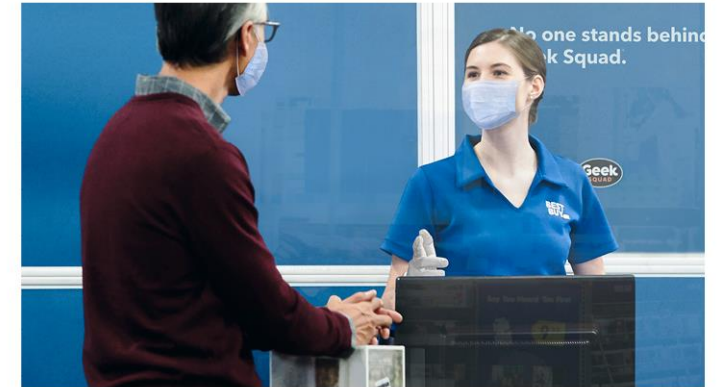
FY25 goals



Be one of the best companies to work for in the United States



Double significant customer relationship events to 50 million



Deliver continued top- and bottom-line growth over time

Sustainability & Community goals

Signed The Climate Pledge, a commitment to be carbon neutral by 2040

Reduce customers' carbon footprint 20% by 2030, to save \$5B in utility costs

Build a network of 100+ Teen Tech Centers

Live Poll

Which best describes your company's approach to emissions data verification? Select one.

- Our emissions data is verified by a third party
- Our emissions data is validated by internal audit/internally only
- We will begin having our emissions data verified in the next 1-3 years
- To be determined/still considering emissions data verification
- We have decided not to have our emissions data verified for the foreseeable future
- Not applicable – we do not measure our emission footprint
- I am not sure



What is Data Assurance/Verification

Third party verification refers to verification carried out by an **independent** external organization **accredited and competent** to perform GHG verification. This organization must be independent of the organization(s) that have gathered and/or provided the data and those that will use the data. Third party verification is **akin to the audit of financial data**.

The business benefits of independent third party verification are far reaching. By **improving internal processes, identifying risks and opportunities, increasing the reliability of data** and building a strong reputation, independent verification of environmental data can result in cost savings and a competitive advantage for your organization.





Data Assurance/Verification Objectives

- Assess a company's emissions to confirm alignment with GHG inventory principles: Relevance, Completeness, Consistency, Accuracy, and Transparency
- Identify areas to improve data and analysis; streamline GHG inventory development
- Improve confidence in reported metrics
- Identifying risks and opportunities in resource consumption and emission generation
- Align with regulation & legislation (e.g., carbon tax, cap and trade requirements, climate disclosure)
- Support disclosure of sustainability metrics for CDP and other Corporate Responsibility materials



Best Buy - drivers for climate data verification



Great programs require the latest protocols and methodologies are understood and applied are integrated into your measurement process.

Key drivers for Best Buy:

Compliance

- Demonstrates compliance to current protocols and GHG measurement methodologies and creates confidence for public statements

Accuracy/consistency

- Assures reporting is thorough, accurate, relevant and consistent over time

Stakeholder expectations/Brand Management

- CDP and other investor surveys ask for and reward third party verification, which helps buoy our sustainability reputation

Live Poll



Why does your company want to verify its emissions data, if applicable? Select all that apply.

- Compliance
- Brand differentiation
- Cost savings
- Managing Environmental Risk
- Improve Corporate Reputation
- Stakeholder/NGO demand
- Investor demand
- N/A – We measure emissions but do not plan to verify
- N/A - We do not measure emissions
- Not sure



Verification Approach



Approach: Data Verification

The verification team will work with a company to verify its GHG inventory for a given year. An experienced verifier will apply a GHG emissions data assurance process that is robust and credible, founded on best practice principles outlined in industry guidance documents, e.g. The Climate Registry General Verification Protocol and ISO 14064-3. The verification process typically follows three key steps:

Data Collection & Assessment

Collect and conduct initial evaluation of inventory data for completeness and clarity.

Inventory Data Acceptance

Examine and validate approach, factors and sources, and calculations. Prepare and review issues and questions in collaboration with the company to produce final inventory.

Verification Report Development

Deliver Verification Report for internal use and Verification Statement for external reporting, e.g. CDP, GRI.



Verification Process Detail

Stage	Key Activities	Timeline
1 Data Collection & Assessment	<ul style="list-style-type: none"> • Outline 2020 emissions scopes/categories to be included in verification activities: <ul style="list-style-type: none"> • Scope 1 • Scope 2 <ul style="list-style-type: none"> • Location-based accounting • Market-based accounting • Identify, collect and evaluate inventory data • Confirm verification parameters and expected outcome • Conduct interview with key inventory participants to improve understanding of inventory processes 	3-6 weeks
2 Inventory Data Acceptance	<ul style="list-style-type: none"> • Examine and validate GHG inventory spreadsheets and underlying calculations • Evaluate data for potential errors, omissions or misrepresentations resulting from data input, transformation and/or output processes • Prepare GHG inventory verification Punch List (details the issues and questions encountered through the verification process) • Collective review and acceptance of final GHG inventory data 	2 weeks
3 Verification Report Development	<ul style="list-style-type: none"> • Prepare and deliver Verification Report and Verification Statement for client approval • Support follow-up questions and submittal of CDP response 	1 week

Verification Timeline Detail



Stage		Milestones	Timeline	Notes
1	Data Collection & Assessment	Progress Report – team check-in	Week of April 19	Teleconference
		Data Collection – 2020 GHG Inventory Company → Verifier	April 30	Electronic File Transfer
		Company approval of verification goals, objectives and methodologies	Week of May 3	Teleconference
		Verifier Interview – Inventory data collection/management process(es)	Week of May 10	Teleconference
2	Inventory Data Acceptance	Conduct comprehensive GHG inventory review Verifier	April 30 – May 14	
		Develop/provide GHG Inventory review Punch List Verifier → Company	May 17	Electronic File Transfer
		Question/issue review and resolution Verifier & Company	Week of May 17	Teleconference
3	Verification Report Development	Draft Verification Report submittal Verifier → Company	May 21	Electronic File Transfer
		Feedback on draft Report Company → Verifier	May 26	Electronic File Transfer
		Final Verification Report submittal Verifier → Company	May 28	Teleconference, as needed

Verification Output



optera 2020 GHG Inventory Verification Statement
Best Buy Co., Inc.

Verification Statement

Background
Optera was engaged by Best Buy Co., Inc. (Best Buy) to provide independent verification on the accuracy of selected information included in Best Buy's 2020 GHG emissions and water withdrawal datasets, and express a conclusion as to whether the assertions contained in the inventory is presented fairly in accordance with (1) ISO 14064-1 Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, and (2) Global Reporting Initiative's (GRI), G4 Sustainability Reporting Guidelines.

Per contractual agreement, Best Buy's 2020 GHG Emissions and water withdrawal Inventory Verification Report and Statement were prepared by Optera solely for Best Buy's benefit. The information contained therein, its presentation to CDP and inclusion in corporate sustainability reports are the sole responsibility of Best Buy.

Boundary and Scope
Optera examined Best Buy's 2020 greenhouse gas (GHG) emissions and water withdrawal assertion, as follows:

Scope 1	Direct emissions from onsite fuel combustion and fugitive emissions
Scope 2	Indirect emissions from purchased electricity, steam, heating, or cooling
	<input type="checkbox"/> Location-based accounting method <input type="checkbox"/> Market-based accounting method
Scope 3	Other indirect emissions in the value chain
	<input type="checkbox"/> Business travel: commercial air <input type="checkbox"/> Employee Commute (to/from corporate campus) <input type="checkbox"/> Waste Generated in Operations <input type="checkbox"/> Use of Sold Products
	Water withdrawals for use in operations
	<input type="checkbox"/> Municipal sources <input type="checkbox"/> Well sources

The verification was conducted on 100 percent of Best Buy's reported scope 1, scope 2 and scope 3 emissions. The water withdrawal inventory includes 100 percent of the reported municipal and well water withdrawals. This includes all direct and indirect emissions and water withdrawals from facilities that are under Best Buy's *operational control*: all Best Buy stores, distribution centers, off-site warehouses, offices and data centers, fleet vehicles, corporate travel and use of sold products for United States, Puerto Rico, Canada and Mexico operations.

Period Covered
Best Buy's GHG assertion covers the 2020 calendar year: 1 January to 31 December 2020.

1

BEST BUY

Best Buy Co., Inc.

Verification Report: 2020 GHG Emissions & Water Withdrawal

In Support of CDP 2021 Climate Change & Water Security Information Response

June 7, 2021

Verification Completed By: Optera

Best Buy Verification Punch List

Date: 5/21/2021

Resolved	Issue	Client Notes
<input type="checkbox"/>	Recommendation: <ul style="list-style-type: none"> Electricity: Several IDsites are present in multiple countries/states leading to difficulties in assessing site-level consumption and emissions trends Example: Id Site: 3000049 is present in both Canada and Mexico. 3000041, 3000042, 3000043, 3000044, 3000045, 3000046, 3000047, 3000048, 3000049, 3000050, 3000051, 3000052, 3000053, 3000054, 3000069, 3000070, 3000071, 3000072, 3000073, 3000074 	

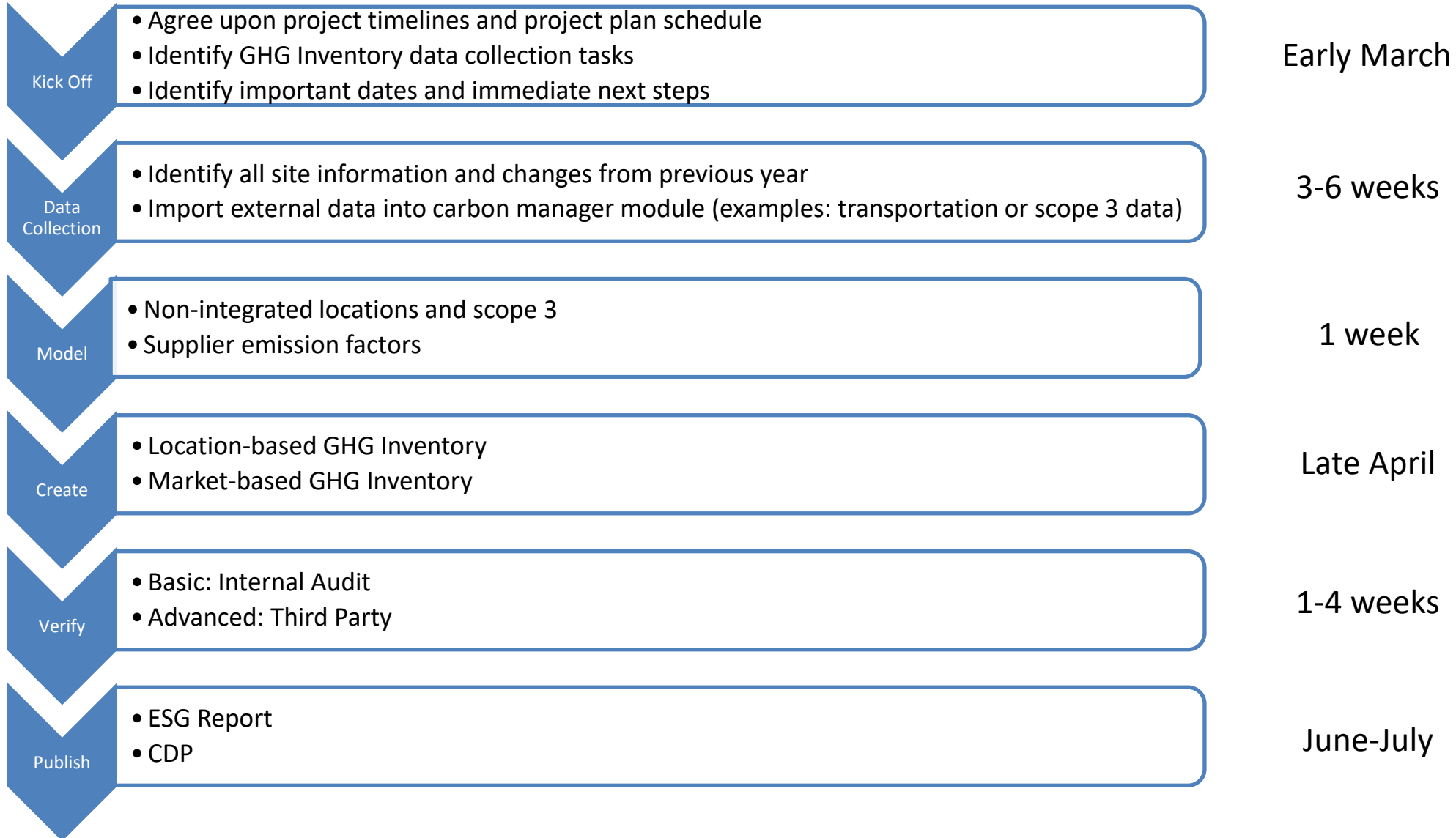
Electricity (location based)																																																		
Resolved	Workbook	Tab	Cell	Issue	Client Notes																																													
<input type="checkbox"/>	Best_Buy 2020 working copy	Electricity	Several IDsites:	Several sites have partial year data that does not correspond with end date. Example: IdSite 480073 was closed on 15 July 2020. Expecting 7 months of data but only 1 month of data was provided.																																														
				<table border="1"> <thead> <tr> <th>ID Site</th> <th>Months received</th> <th>Months expected</th> </tr> </thead> <tbody> <tr><td>451704</td><td>10</td><td>12</td></tr> <tr><td>132786</td><td>6</td><td>12</td></tr> <tr><td>112040</td><td>5</td><td>6</td></tr> <tr><td>417757</td><td>3</td><td>12</td></tr> <tr><td>480073</td><td>1</td><td>6</td></tr> <tr><td>111943</td><td>4</td><td>8</td></tr> <tr><td>660198</td><td>2</td><td>3</td></tr> <tr><td>663683</td><td>2</td><td>3</td></tr> <tr><td>112030</td><td>2</td><td>5</td></tr> <tr><td>655700</td><td>1</td><td>2</td></tr> <tr><td>663688</td><td>2</td><td>5</td></tr> <tr><td>676808</td><td>1</td><td>2</td></tr> <tr><td>330339</td><td>1</td><td>2</td></tr> <tr><td>2350672</td><td>9</td><td>12</td></tr> </tbody> </table>	ID Site	Months received	Months expected	451704	10	12	132786	6	12	112040	5	6	417757	3	12	480073	1	6	111943	4	8	660198	2	3	663683	2	3	112030	2	5	655700	1	2	663688	2	5	676808	1	2	330339	1	2	2350672	9	12	
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Verification Statement: Public

Verification Report: Private

Punch List: Private

Best Buy Process



Live Poll



What is your company's greatest emissions verification process challenge? Select one.

- None - Our data is centrally managed, and we have/will have no issues securing data
- Our data is not centralized, and data collection takes/will take some time
- We do not have data for emissions scopes we would like to
- N/A – We measure emissions but do not plan to verify
- N/A - We do not measure emissions
- Not sure



Key Considerations



Considerations for Verification

For Discussion:

- Reporting Requirements
 - SEC regulations
 - Customer requests
 - ESG reporting frameworks
- Peer benchmark
- Vendor selection
- Emissions reduction targets
- Investor rankings and surveys



Verification Checklist

- Company commit to verification activities (budget, resources)
- Vendor selection
- Inventory data preparation
- Data transfer
- Data review and Q&A support
- Data revision
- Final data acceptance
- Reporting

Best Buy Best Practices



- If you aren't ready for the rigor of third-party verification, start by partnering with your internal audit team. Internal audit resources may be able to provide robust guidance.
- Start with basic climate data and build proficiency overtime to include waste, water and other ESG metrics.
- With Internal Audit team, develop processes and training that assures metrics are accurate, time bound, repeatable, and verifiable
- There is a lot of ESG metrics that can be measured but focus third party verification on those that are published or have environmental goals attached to them.
- Establish realistic internal deadlines.
- Build the business case for third party verification to optimize your program.

Live Poll

What do you still have questions about, following today's discussion?

- Data Assurance/Verification Objectives
- Data collection processes
- Benefits of third-party verification
- Verification timeline
- How/why/when to engage Internal Audit team
- Nothing-feeling better prepared!

Questions?

Hugh Cherne

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Ty Colman

Chief Operating Officer, Optera

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