



December 4-6, 2019 | Santa Barbara, CA

# Senior Roundtable Annual Meeting

Share. Connect. Experience.





# The Nexus Between ESG, Corporate Strategy and Valuation

Speaker:

Melissa Adams, AVP & Chief Corporate Social Responsibility Officer,  
WGL



# Introduction

---

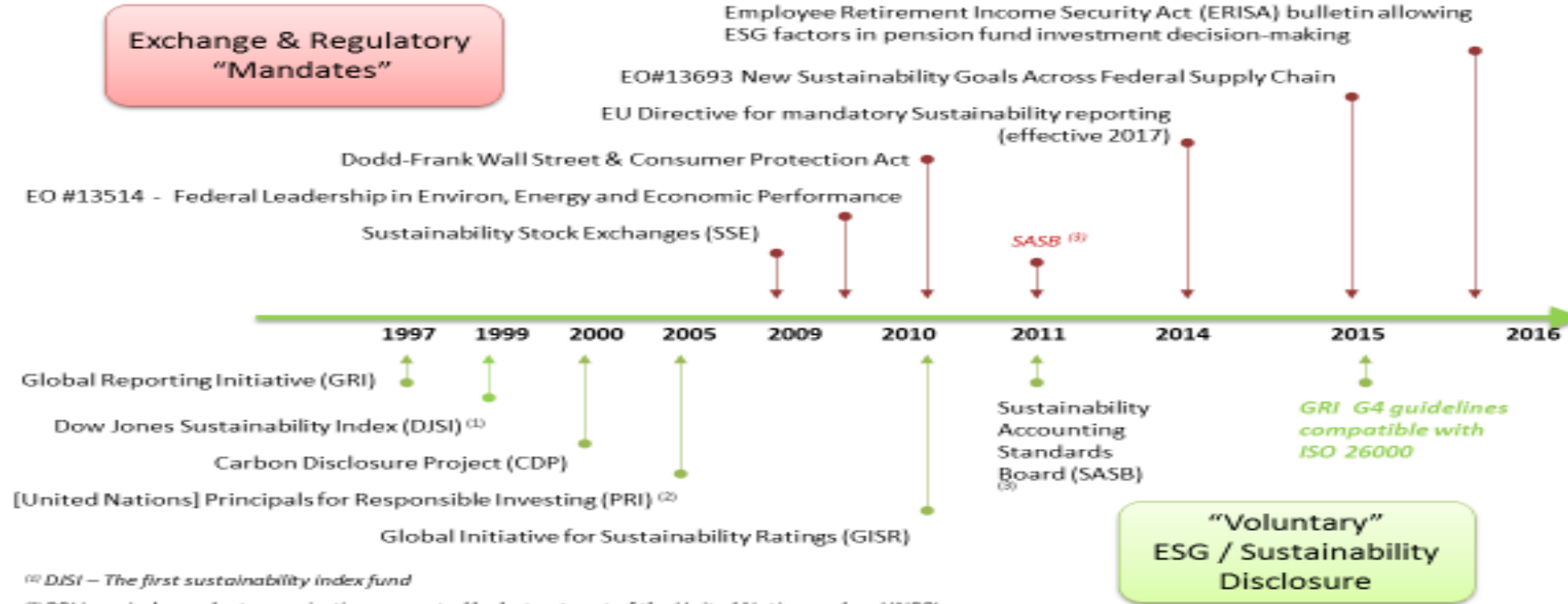


**Melissa E. Adams**

Chief Corporate Social Responsibility Officer  
Washington Gas and WGL Holdings, Inc.

# Historical Perspective

## U.S. Public Policy Trends & ESG Disclosure Convergence



(1) DJSI – The first sustainability index fund

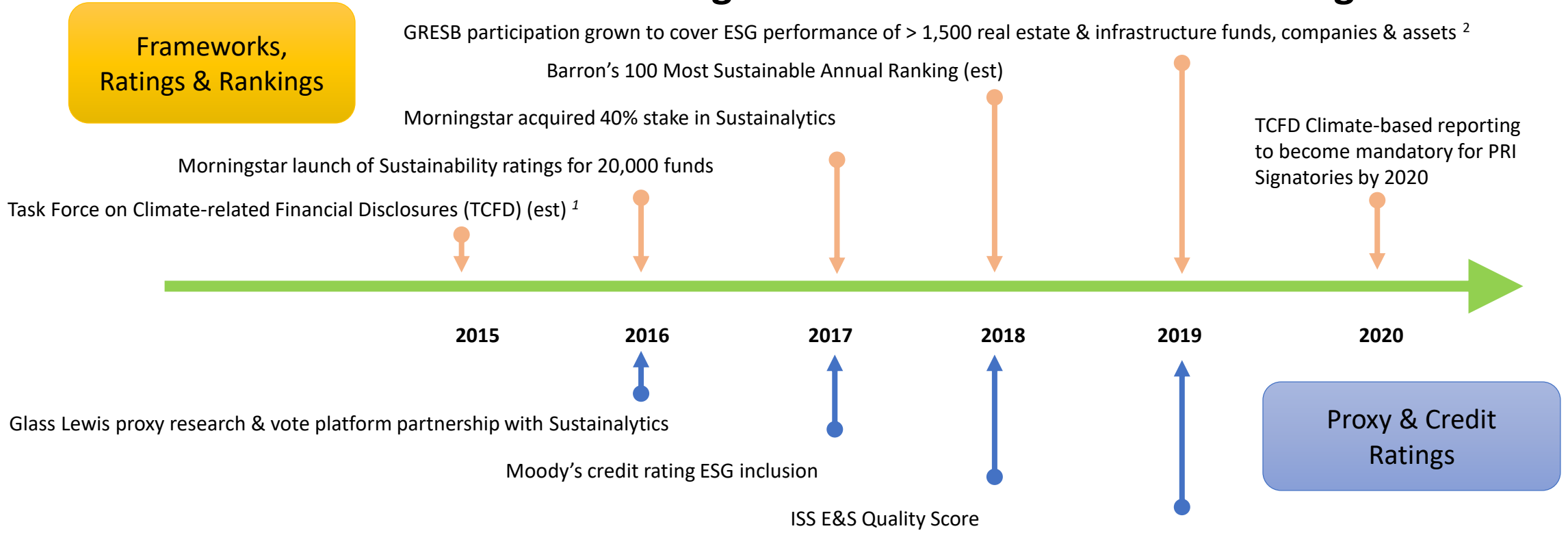
(2) PRI is an independent organization supported by but not part of the United Nations, a.k.a. UNPRI

(3) Introduced as voluntary reporting, but TBD if SASB may be positioning as the FASB of Sustainability

© Copyright 2016. Next Level Investor Relations LLC

# Accelerated Developments & Participation

## Raters and Rankings Trends & ESG Disclosure Convergence



<sup>1</sup> TCFD set up after the G20 pointed out that the current failure to price climate change into financial markets represents somewhat of a risk in terms of global financial stability

<sup>2</sup> GRESB is an investor driven benchmark for real assets



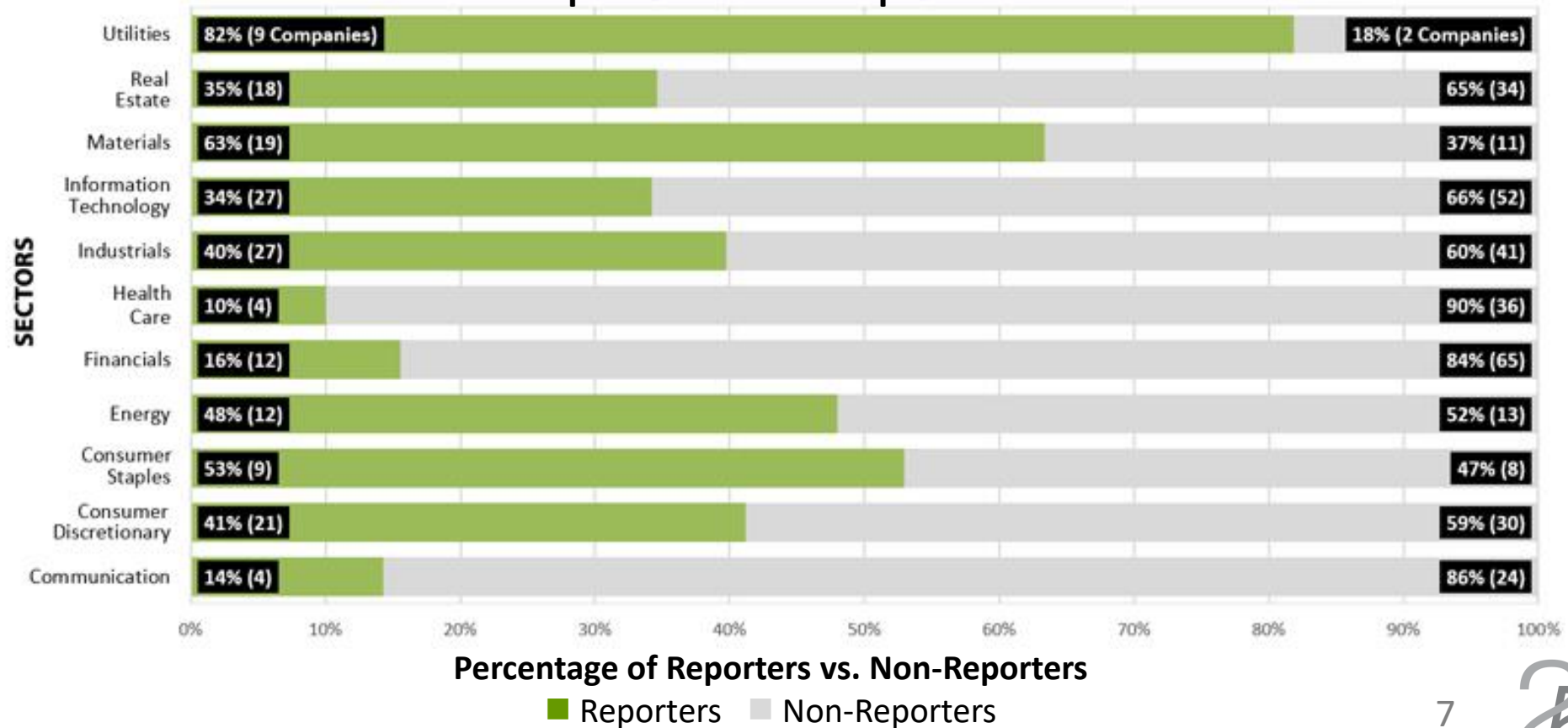
# Sustainability Reporting



# 60% of Russell 1000<sup>®</sup> Are Publishing Sustainability Reports, G&A Institute's 2018 Inaugural Benchmark Study Shows



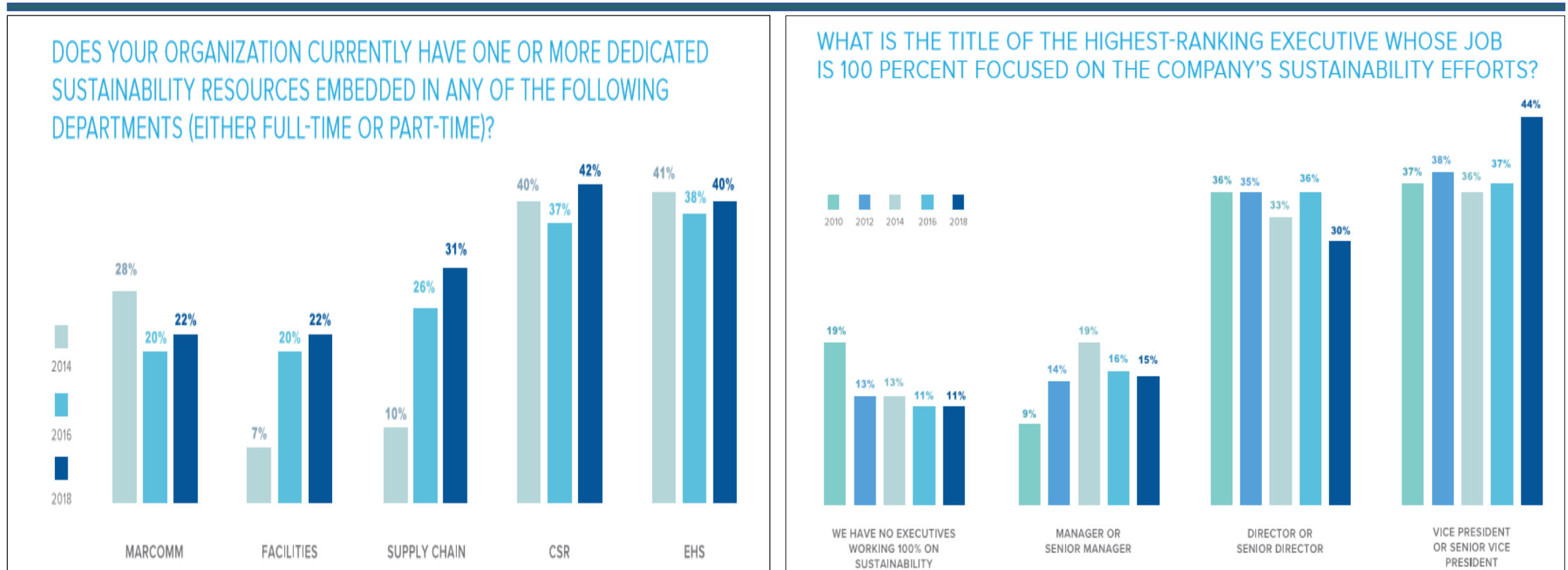
**BOTTOM HALF OF RUSSELL 1000<sup>®</sup> BY SECTOR**  
Reporters vs. Non-Reporters



Source: Governance & Accountability Institute, Inc. 2018 Research – [www.ga-institute.com](http://www.ga-institute.com)



# Internal Sustainability Emphasis & Responsibility



Source: Greenbiz.com – State of the Profession 2018





# From IR to CSR

Melissa E. Adams

Chief Corporate Social Responsibility Officer

WGL/Washington Gas



# Disclaimer

---

**The views, thoughts, and opinions expressed in this presentation and on the following slides are sole those of the presenter, and not necessarily those of the presenter's employer or any organization(s) with which the presenter is or has been affiliated.**

# Corporate Social Responsibility Priorities

**Impact:**

**Achieve measurable good in areas of importance to stakeholders**

**+**

**Shared Value:**

**Select initiatives that resonate with and support business purpose**

**=**

**Leadership**

**Create respect for our good works (beyond awareness)**

# Our Sustainability Journey (Overview)



# Four Steps

---



## Identify societal objectives

What social, community or environmental issues do we want to address?



## Make the Business Case

What business objectives can our CSR initiatives help advance?



## Set Specific Goals

With your objectives in mind, what are the program goals?



## Develop Metrics

Identify the inputs, outputs and outcome that we will track

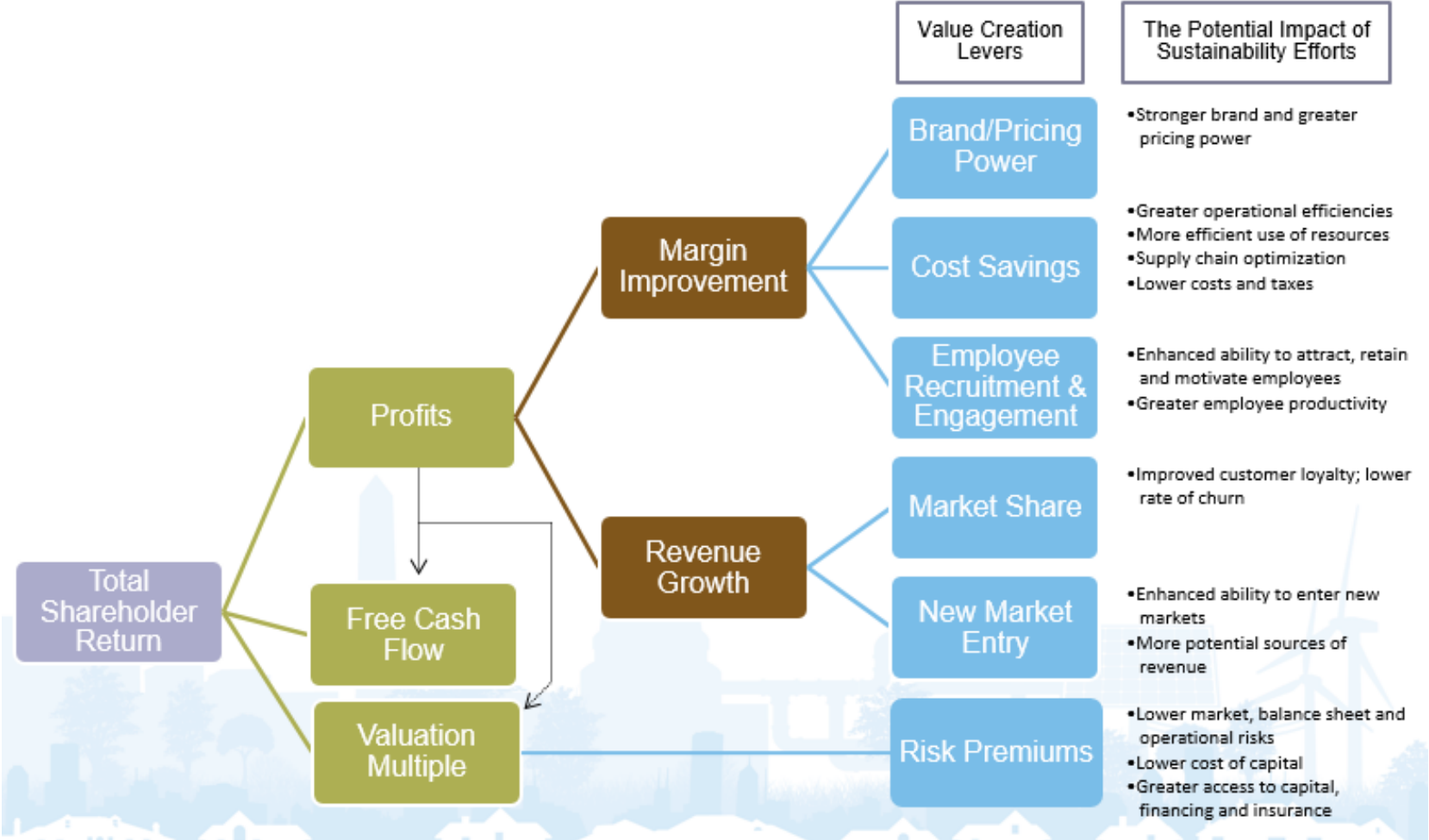
# Strategy

---

- Embed sustainability into corporate culture
- Demonstrate leadership
- Establish measurable indicators of commitment and progress
- Align behavior, operational activities and investment
- Drive value



# The Business Case: Driving Value



# Setting WGL Sustainability Priorities

---

- Nearly all corporate Scope I & II emissions generated by Utility (WG)
- 2008 GHG inventory emissions baseline boundary set for WG
- Governance and accountability can be aligned with management performance goals
- GHG emissions expressed as CO<sub>2</sub>e per ton is the generally accepted global sustainability reporting metric
- Targets align with recognized external reporting initiatives like CDP and GRI





# 2020 Targets (set in 2011)

---

- Reduce absolute emissions from fleet and facilities 70 percent
- Reduce emissions intensity per delivered therm by 18 percent

# Publicly Announcing Targets



En Español

Pay Bill



[MY ACCOUNT](#) [HOME OWNERS](#) [BUSINESS OWNERS](#) [BUILDERS & CONTRACTORS](#) [SAFETY & EDUCATION](#)

## Washington Gas to Reduce Greenhouse Gas Emissions from Operations 70% by 2020

December 01, 2011

Dateline City:

WASHINGTON

Additional reductions targeted for gas delivery system

WASHINGTON--(BUSINESS WIRE)--Washington Gas announced today that the company is targeting a 70 percent reduction in greenhouse gas (GHG) emissions from its fleet and facilities operations by 2020, compared against a 2008 GHG baseline. The company will utilize clean and efficient natural gas and LEED Gold building standards in its new office and operations center in Springfield, Va., and will continue to deploy energy efficiency improvements at multiple satellite stations within the Washington Gas service territory.



# Tracking Progress with Annual Goals

## Operations Goals & Targets: Facilities

Reduction goals set relative to 2008 baseline

Goal	Metric(s)	2008 Baseline	Target		Rationale
			2015	2020	
Reduce operations emissions	mtCO <sub>2</sub> e	61,216	↓50% (30,608)	↓65% (21,426)	
Reduce electricity consumption	MWh	3,821	↑190% or less (7,260)	↑180% or less (6,878)	
Reduce natural gas consumption	Therms	9,552,783	↓60% (3,821,113)	↓70% (2,865,835)	

15

## Operations Goals & Targets: Waste, Water and Employee Commuting

Reduction goals set relative to 2008 baseline

Goal	Metric	2008 Baseline	Target		Rationale
			2015	2020	
Water consumption	gallons	922,000*	↓14% (793,000*)	↓24% (701,000*)	Meet minimum LEED certification requirement, consistent with EO 13541 Goals
Waste diverted	%	45.7%	50%	55%	Meet EO 13514 Goals
Waste to landfill	tons	316	355	Achieve 2008 level (316)	Maintain (or decrease) total waste production relative to 2010 (~700 tons) and meet targets for diverting waste from landfill
Employee telework	employee	4.31	↓2.5% (4.20)	↓5% (4.09)	Expand current telework and flexwork participation to 15% by 2015, and 25% by 2020. Additional 0.5% reduction from other programs by 2020.

16

## Operations Goals & Targets: Fleet

Reduction goals set relative to 2008 baseline

Goal	Metric	2008 Baseline	Target		Rationale
			2015	2020	
Reduce total fleet emissions	mtCO <sub>2</sub> e	7,318	↓20% (5,855)	↓30% (5,123)	Based on expected reductions in petroleum fuels and increase in NG vehicles.
Reduce gasoline and diesel consumption	Gallons of Fuel	761,328	↓25% 570,996	↓35% 494,864	Exceeds EO 13514 Goal of 2% reduction per year. 15.6% reduction already achieved.
Increase NG fueled vehicles	Number of NG Vehicles	0	180	240	200 NGVs by 2014 goal already exists. Pushed to 2016 (180 by 2015) because types of vehicles required by WG are not currently available in a CNG configuration. More vehicle options expected to be available to reach 2020 goal

17

# Exceeding Expectations



**News Media:**  
Bernie Tylor  
202-624-6778

**Financial Community:**  
Douglas Bonawitz  
202-624-6129

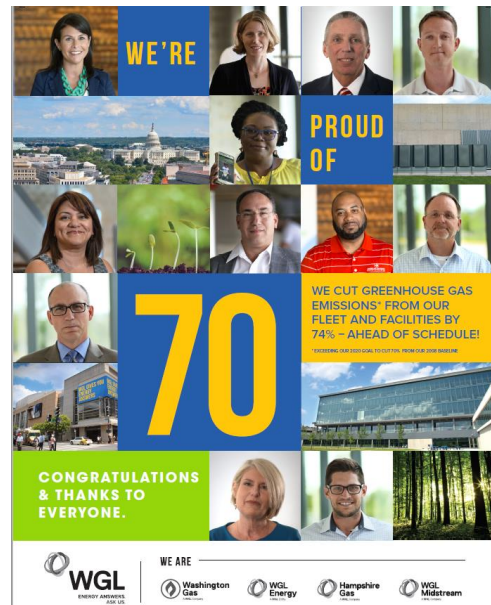
## **Washington Gas Exceeds Carbon Reduction Goals Four Years Ahead of Schedule**

WASHINGTON (September 22, 2016) -- Washington Gas, a WGL company (NYSE: WGL), today announced that it beat two aggressive greenhouse gas (GHG) emissions reduction goals four years ahead of schedule as part of an ongoing commitment to sustainable business practices and environmental stewardship.

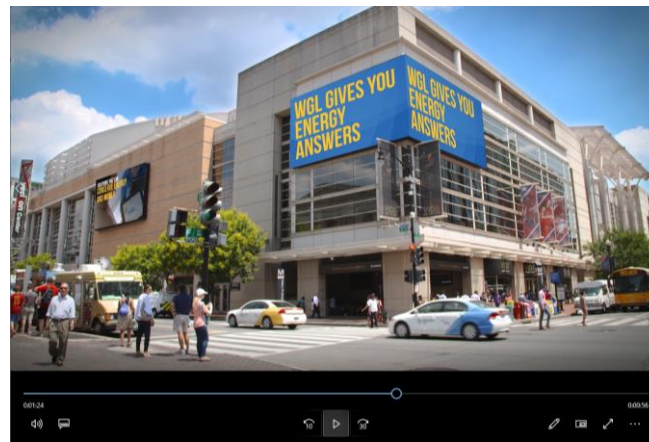
Washington Gas achieved a 74 percent reduction in absolute GHG emissions from its fleet and facilities and a 20 percent reduction in methane emissions for every unit of natural gas delivered, exceeding goals of 70 percent and 18 percent, respectively, by 2020

# Celebrating Success With Stakeholders

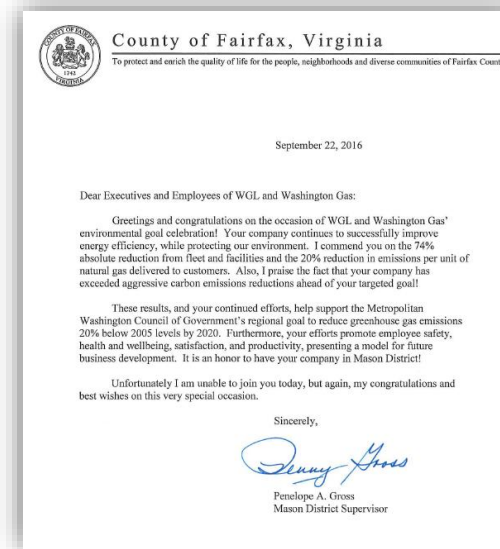
## Thanking Our Teams



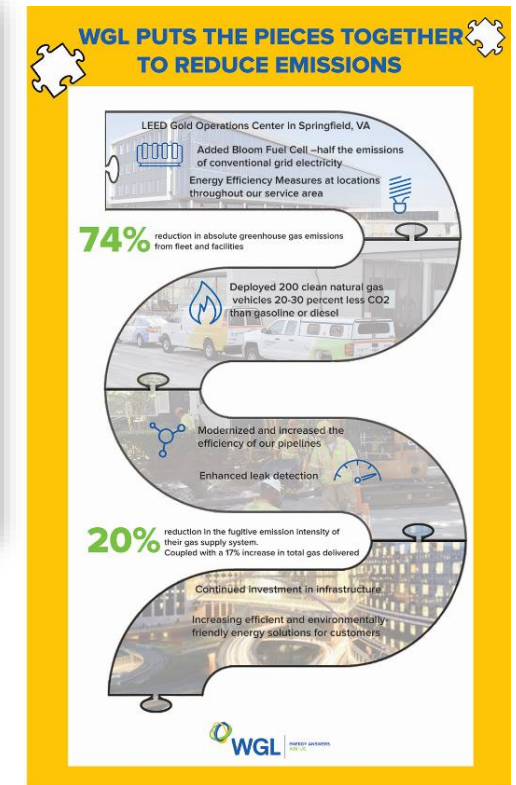
## Public & Internal Videos



## Engaging Elected Officials



## Explaining How





# Why Do a Sustainability Report?

Connecting multiple story lines into an effective narrative defining corporate purpose



# Employee Volunteerism



# Supplier Diversity

- Since 2009 WGL has steadily increased its spend with diverse, minority and women-owned businesses
- AltaGas Merger Commitment targets 35% spend by 2028
- Many initiatives identified – including creation of \$500,000 fund to help vendors access capital

**Programming actualizes our diversity and inclusion values and benefits our customers, communities and employees**

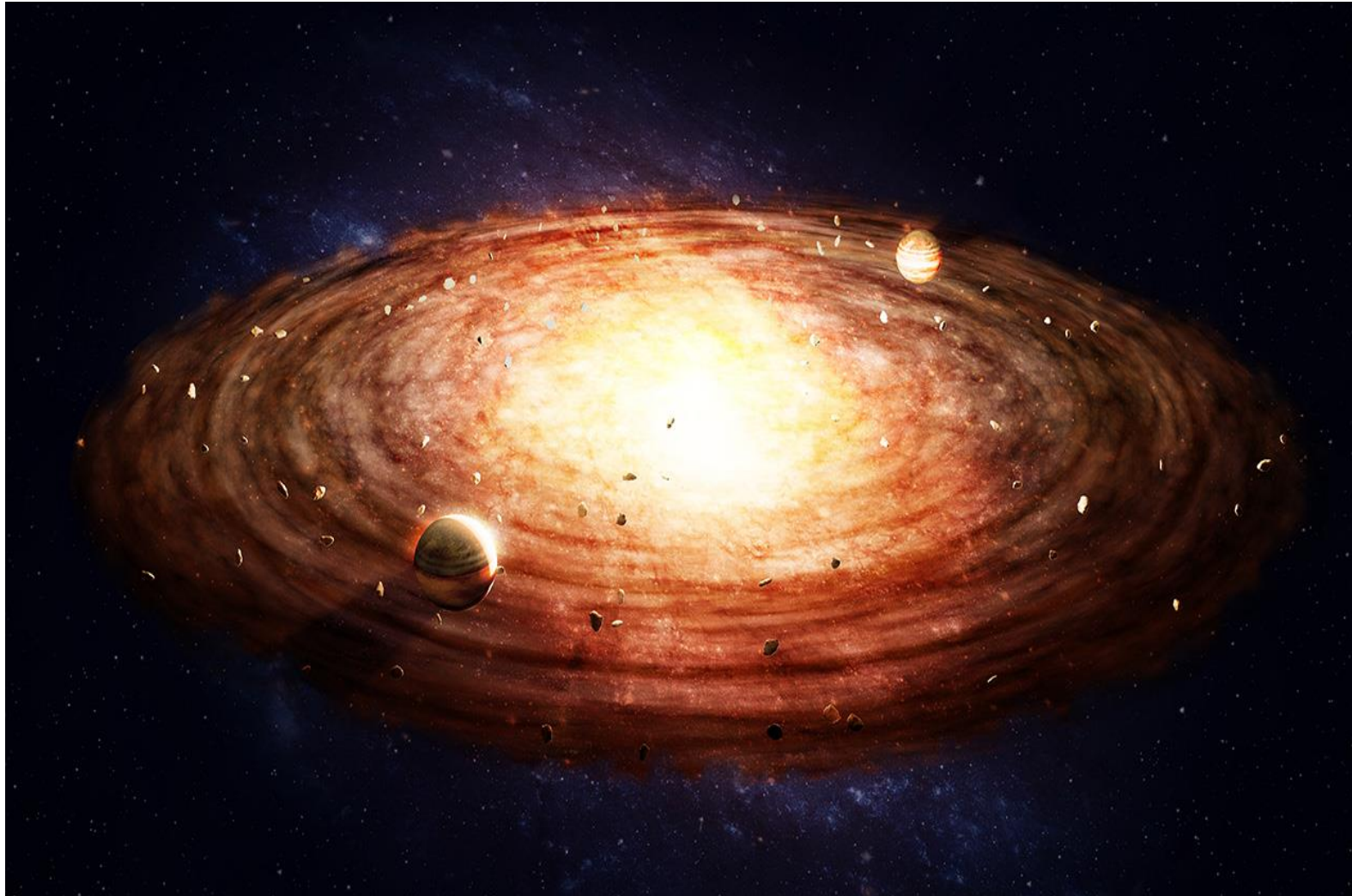


# Corporate Giving



# Nothing succeeds like success ...

---



# Collective Accountability – Corporate Scorecard




## Aligning Rewards with Desired Outcomes

- Safety
- Supplier Diversity
- Employee Engagement
- Community Involvement
- Sustainability
- Corporate Giving
- Volunteerism

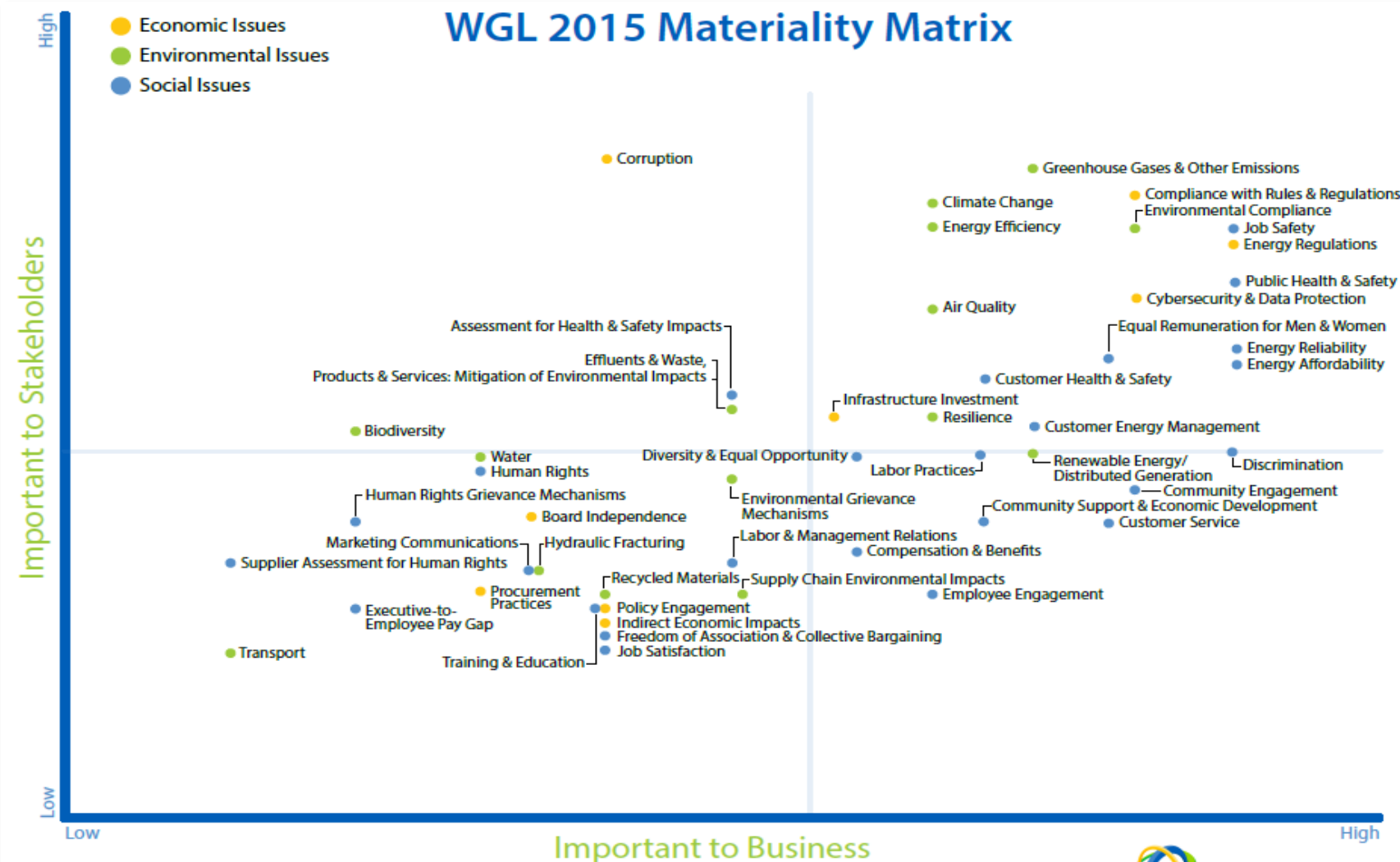
Corporate Goal	FY2015 Target*	FY2015 Actual	FY2016 Target*	FY16 Weights
<b>SAFE DELIVERY</b>				
Employee Work Safety	1.30 DART rate	0.57	≤1.00 DART rate	10.0%
System Safety/ Pipeline Integrity	≥100%	107.8%	≥100%	10.0%
<b>PERFORMANCE IMPROVEMENT</b>				
O&M/Customer	\$275	\$281	\$273 <small>Maintain O&amp;M at or below budget.</small>	6.25%
Construction Unit Cost	≤100%	67.8%	<small>N/A. This metric will be tracked internally as a non-weighted performance measurement.</small>	N/A
<b>CUSTOMER VALUE</b>				
New Meter Additions	≥14,500	12,099	<small>For FY2016, this metric will be re-designated as Utility Customer Revenue Growth, with a target of \$8.9MM.</small>	6.25%
Customer Engagement	≥80%	100%	<small>N/A. This metric will be tracked internally as a non-weighted performance measurement.</small>	N/A
Customer Information System	≥90%	101%	≥90%	6.25%
Customer Satisfaction	≥89%	89.3%	≥87.5%	10.0%
<b>SUPPLIER DIVERSITY</b>				
Supplier Diversity	≥20%	26.3%	23%	6.25%
<b>EMPLOYER OF CHOICE</b>				
Employee Engagement	At or above Towers Watson national norm	88%	<small>88% of designated activities for business units based on 2015 OE survey results</small>	6.25%
Community Involvement	≥10,500 volunteer hours	12,866 hours	≥11,250 volunteer hours	6.25%
<b>RELIABLE SUPPLY</b>				
System Reliability	≤60 outages/100,000 meters	62.4 outages/100,00 meters	<small>This metric will be redesigned to capture percentage of customers who experience no unplanned interruptions in service. The FY16 target is set at 99.70%.</small>	6.25%
<b>SUSTAINABILITY</b>				
Sustainability	95%	95.5%	<small>≥95% of reductions and activities as part of the company's overall 2020 targets for reductions in greenhouse gas emissions.</small>	6.25%
<b>FINANCIAL PERFORMANCE</b>				
Utility ROE	≥9.57%	10.5%	≥9.57%	10.0%
Non-Utility Adjusted EBIT	≤100%	143.5%	≥100%	10.0%



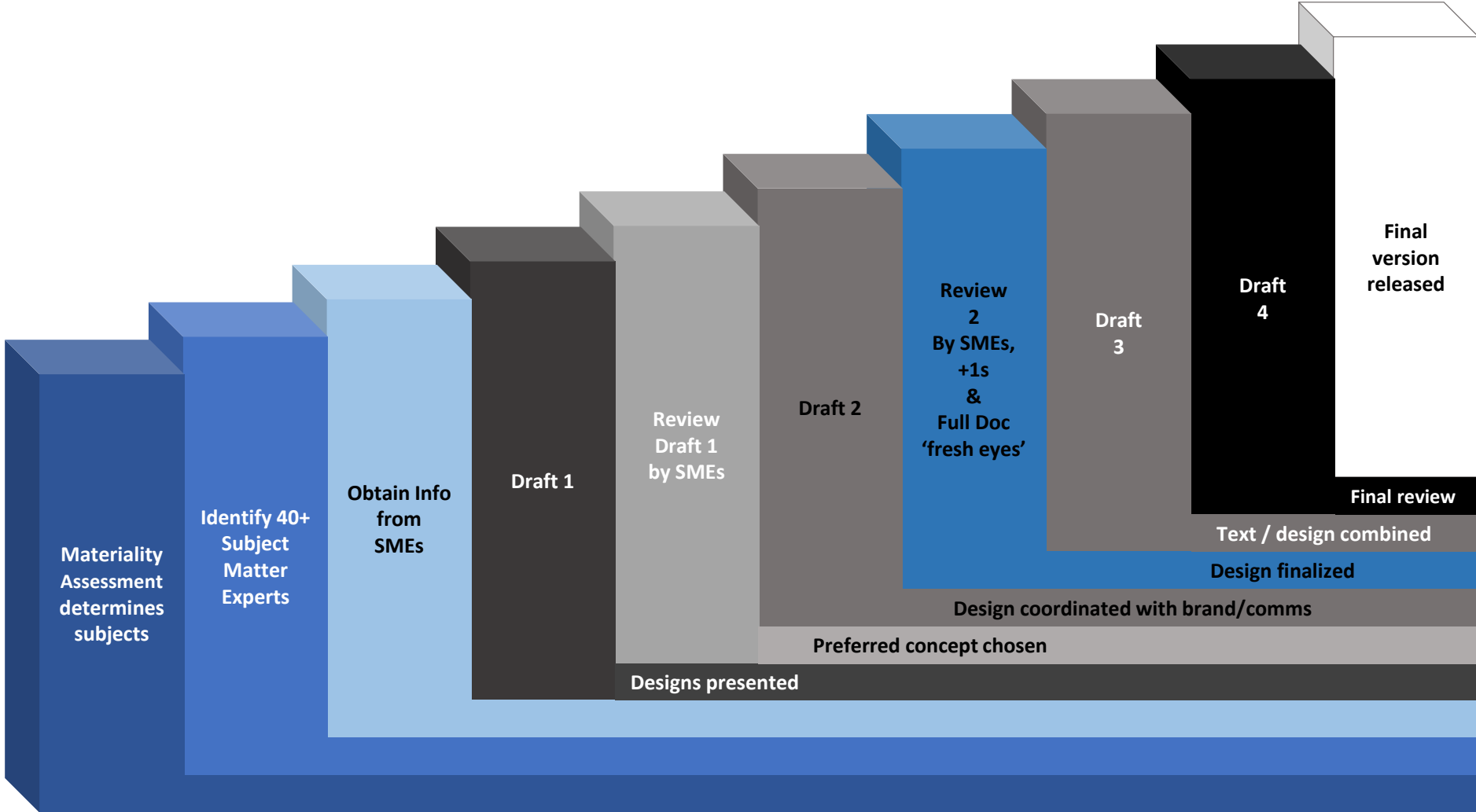
# Selecting a Reporting Framework

			
Who uses it	Investors	Investors, NGOs, labor, media, employees, government, peers	Investors
Number of companies reporting	2,000	7,500	2,500
Access to data	Public	Public	Private
Topics covered	<ul style="list-style-type: none"> <li>• Climate change (GHG emissions and mitigation)</li> <li>• Forests (timber, palm oil, cattle and soy)</li> <li>• Water</li> <li>• Supply chains (climate and water risks)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Broad CSR topics including environmental, social and governance</b> e.g.:               <ul style="list-style-type: none"> <li>• Climate change, emissions</li> <li>• Human rights</li> <li>• Corruption</li> <li>• Labor management and relations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Corporate economic, environmental and social performance</li> <li>• Corporate governance</li> <li>• Risk management</li> <li>• Climate change mitigation</li> <li>• Supply chain standards</li> <li>• Labor practices.</li> </ul>
Rationale for reporting	Provides transparency to interested investors and acknowledges that company takes climate change risks/opportunities seriously and has an understanding of its impacts.	Provides full scope of company's sustainability strategy to critical external stakeholders and demonstrates the company has a process to identify and address its material sustainability issues.	It is an exclusive list that a company has to qualify for based on broad range ESG metrics, being on DJSI demonstrates to investors that a company has strong performance on sustainability issues.

# Determining What Matters



# A Heavy Lift



# SUSTAINABILITY REPORT

WGL • 2015-2016

**At WGL, we recognize the scientific consensus that human activity – primarily GHG emissions and the conversion of land for agriculture and development – is contributing to changes in the global climate including changing weather patterns, rising sea levels and more extreme weather events.**

**Climate change presents risks to WGL and our operations, but also provides us with an opportunity to be part of the solution. These factors underlie our commitment to continued change and improvement in our operations, and provide an evolving portfolio of clean and renewable products and services to communities we serve.**

# GRI TABLE

## GENERAL STANDARD DISCLOSURES

Standard Disclosure	Disclosure Title	Location	External Assurance
<b>STRATEGY AND ANALYSIS</b>			
<b>G4-1</b>	Statement from the most senior decision-maker of the organization	Please see "Message From Our Leadership"	
<b>ORGANIZATIONAL PROFILE</b>			
<b>G4-3</b>	Name of the organization	WGL Holdings, Inc.	
<b>G4-4</b>	Primary brands, products and services	Please see "About WGL: Our Company"	
<b>G4-5</b>	Location of the organization's headquarters	101 Constitution Avenue, NW Washington, D.C. 20080	
<b>G4-6</b>	Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report	WGL operates in the United States	
<b>G4-7</b>	Nature of ownership and legal form	WGL Holdings, Inc. is publicly traded on the New York Stock Exchange. It was established as a Virginia corporation on November 1, 2000, and provides natural gas and other energy-related products and services through subsidiaries that include Washington Gas, WGL Energy Systems, WGL Energy Services, WGL Midstream and Hampshire Gas. WGL owns all of the shares of common stock of Washington Gas and Washington Gas Resources, which owns WGL Energy Systems, WGL Energy Services and WGL Midstream. Please see "About WGL: Our Company"	



# Our 2017 Sustainability Report



# Framed on Sustainable Development Goals





# What are the Benefits?

Reputation ties to business results



# Recognized Leadership



[Washington Gas > media-center > washington-gas-wins-fleet-leadershi...](#)

## Washington Gas Wins Fleet Leadership Award

Washington Gas was recognized with a Fleet Leadership Award from GWRCCC for its natural gas vehicles.

[Washington Gas > newsroom > press-release > community > washington...](#)

## Washington Gas Earns 2018 ENERGY STAR® Award for ...

Apr 2, 2018 - WASHINGTON--(BUSINESS WIRE)--Washington Gas is proud to announce that it has received the 2018 ENERGY STAR® Award for ...

[WGL > 2019 Cogent survey award](#)

## Washington Gas Earns Most Trusted Brand for Third ... - WGL

National study lists top energy utility brands among residential customers. WASHINGTON, D.C. (July 25, 2019) – Washington Gas has been recognized as a ...

[www.wglholdings.com > news-releases > news-release-details > washi...](#)

## Washington Gas Awarded for its Energy-Efficient ...

Oct 11, 2012 - WASHINGTON --(BUSINESS WIRE)-- Washington Gas has been awarded the highest level of achievement in the CLEANfleet Certification ...

[DC.gov > doe > page > washington-gas-energy-services-case-study-...](#)

## Washington Gas Energy Services - Case Study for Mayor's ...

Washington Gas Energy Services, Inc. 2013 Mayor's Sustainability Award Winner.



# EPA: Grandfathered OUT

---

- Launch of the Methane Challenge Program, March 30, 2016.
- Voluntary program organized by industry.
- Helped forestall the promulgation of burdensome, one-size fits all regulation while achieving the same results.



# Shareholder Proxy Withdrawn

## PROPOSAL 4

### SHAREHOLDER PROPOSAL

As You Sow, whose address is 1611 Telegraph Ave., Suite 1450; Oakland, CA 94612, has given notice of its intention to present a proposal on behalf of Samajak LP for consideration at the annual meeting. The proposal of Samajak LP, which is the owner of record of 55 shares of common stock of the Company, is set forth below in the form of whereas clauses followed by a resolution.

**Your board of directors and the management of WGL Holdings, Inc. oppose the adoption of the following proposal for the reasons stated after the proposal and, therefore, recommend that shareholders vote “AGAINST” the proposal.**

WHEREAS, As You Sow files this resolution on behalf of WGL Holdings investors requesting reporting on the financial risk the Company’s leaks of ‘methane’, a key greenhouse gas, pose to investors. WGL’s primary business is the delivery of natural gas to customers. The main chemical component of natural gas is methane. When methane leaks from WGL’s aging pipeline infrastructure, it creates significant climate risk, and the risk of devastating explosions beneath the streets of Washington D.C., the nation’s capital.

Scientists estimate that the earth could race pass the maximum level of global warming for a livable world - 2 degrees Celsius - as soon as the 2030. Methane leaks, which have 87 times the climate change impact of carbon dioxide in the first 20 years of its release, are an important contributor to global warming, and increase the speed of catastrophic climate change. WGL’s methane leaks worsen climate change, and expose the company to climate-change related regulatory risk. Indeed, in May 2016, the Environmental Protection Agency issued its first methane regulations.







# Securing Merger Support

- CSR Initiatives & Outreach -> Strong Community Support for Merger



# Attracting, Retaining & Engaging Talent

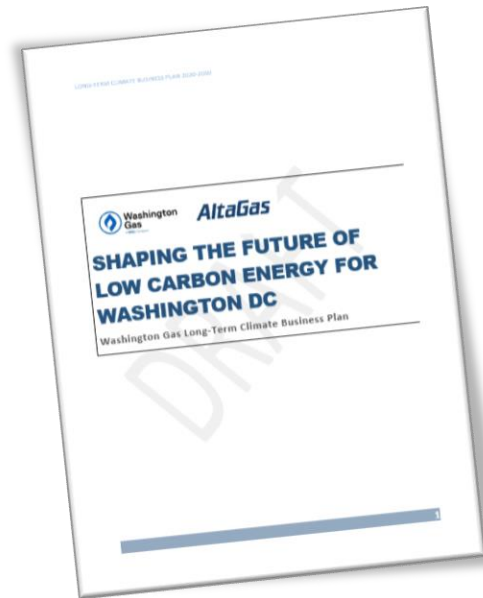
Organizational Effectiveness Survey consistently identify Corporate Responsibility as a major driver of employee engagement

Category	WGL 2017 (n = 1,276)	WGL 2013 (n = 1,082)*	US Norm*
Safety	86% 	NA	72% (14)
Corporate Responsibility	84% 	NA	67% (17)
Engagement	82% 	NA	72% (10)
Alignment	79% 	NA	69% (10)



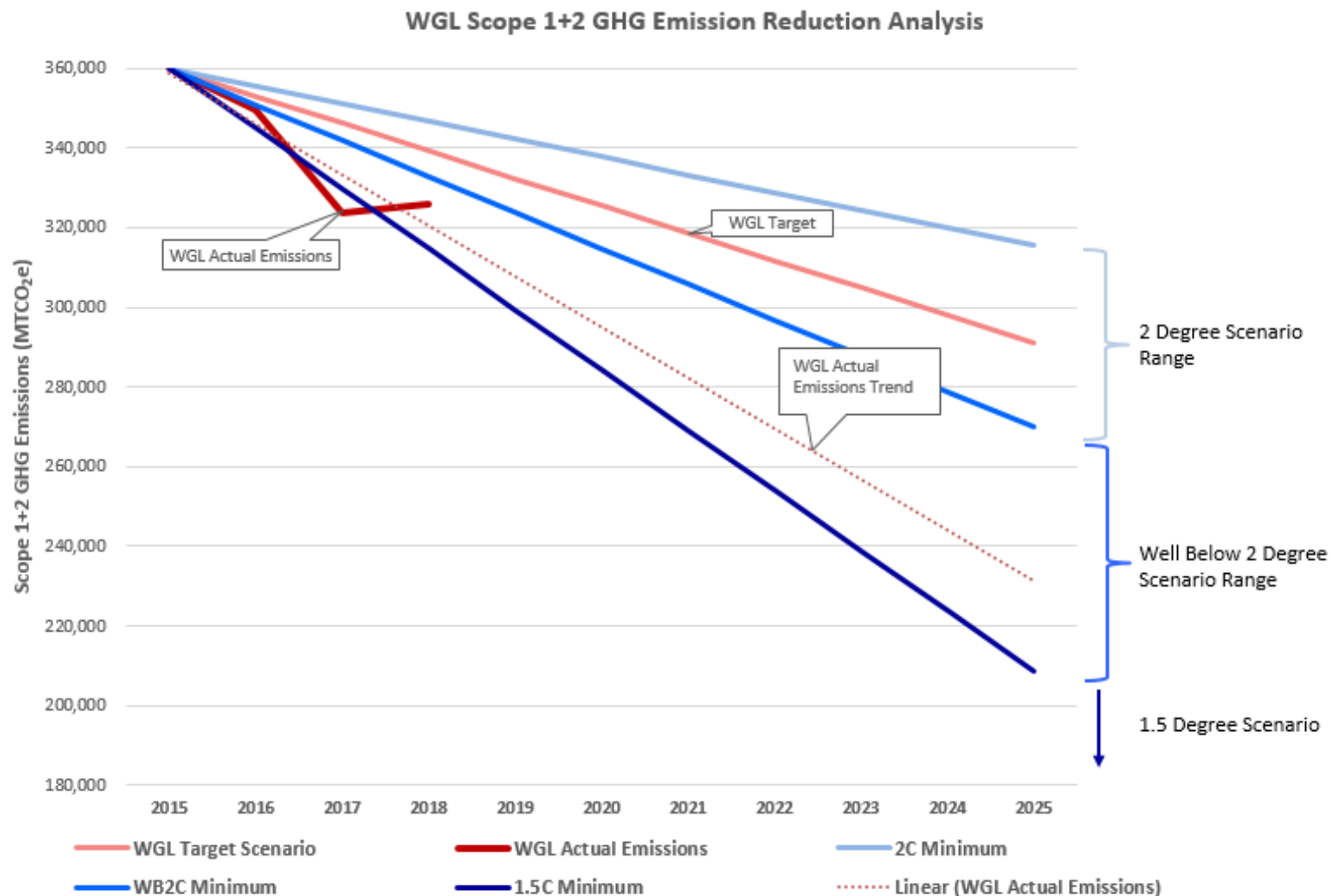
# Climate Business Plan: Redefining Our Company

---



“By January 1, 2020, AltaGas will file with the Commission a long-term business plan on how it can evolve its business model to support and serve the District's 2050 climate goals (e.g., providing innovative and new services and products instead of relying only on selling natural gas). After the business plan is filed, AltaGas will hold bi-annual public meetings to report on and discuss its progress on the business plan.”

# Redefining Expectations: “Well Below 2°C”



# Summary

---

- Every company has its own journey
- Sustainability includes sustaining and growing the company
- Success earns you an invitation to take a seat at the table

# Q&A

---

**Melissa E. Adams**

Chief Corporate Social Responsibility Officer  
Washington Gas and WGL Holdings, Inc.

# Speaker Bio

---

**Melissa E. Adams**  
**Chief Corporate Social Responsibility Officer**  
**Washington Gas and WGL Holdings, Inc.**

Ms. Adams is Chief Corporate Social Responsibility Officer for WGL where she serves as lead strategist for the design and implementation of ESG goals, policies and programs that benefit the company and the communities it serves. She works in collaboration with WGL's Board and executive leadership to implement initiatives across all businesses that actualize corporate values and amplify brand positioning and business development while reducing risk. Ms. Adams works to minimize the effects the business has on the environment through both internal operations and the development of innovative new business models; promotes social objectives through corporate giving and volunteerism; and advances good governance and social equity through hiring, training, and procurement practices as well as other programming. Prior to leading this new function, Ms. Adams was Division Head for Utility Sales, Economic Development and Corporate Sustainability. Ms. Adams began her career at WGL as Chief Investor Relations Officer.

Prior to joining WGL, Ms. Adams led the Investor Relations function for a vertically integrated Fortune 500 energy company and was the founding Principal of an energy and environmental consulting practice that provided strategic management, public affairs, and communications support to government, association and corporate clients. She began her energy career at the Edison Electric Institute.

Ms. Adams has served and continues to serve on many appointed national and regional commissions, associations, and task forces devoted to addressing climate change and greenhouse gas emissions. She is a member of Leadership Greater Washington and Lead Virginia and a graduate of The George Washington University.

