

Andrew Whitlock: Hello everyone. Thanks for joining today's webinar. We're going to give folks another moment to log on, but we'll go ahead and get started soon.

Let's go ahead and get started. Hello everyone, and welcome to the 2023 Better Buildings Summer Webinar Series, dedicated to bringing you the latest actionable insights from leading industry experts. This annual series is a chance to explore the topics, technologies and trends that affect your organization as well as efforts to accelerate decarbonization and energy efficiency adoption.

Today's webinar is called It Takes a Village; Building a Culture of Energy Efficiency in Your Facilities. Before we dive in, there's a few housekeeping points I'd like to cover. Please note that today's webinar will be recorded and archived on the Better Buildings Solution Center. We'll follow up when today's recording and slides are made available.

Next, attendees are in listen only mode. This means your microphones are muted. If you experience any audio or visual issues throughout the webinar, please send a message in the Q&A box on the bottom of your Zoom panel.

My name is Andrew Whitlock, and I'll be your moderator today. I've been with the Better Plants programs for just over two months now, where I helped to inform and carry out program activities. Prior to joining the Better Plants program, I was with another Department of Energy agency, the Advanced Research Project Agency for Energy, where I served as a project manager. Prior to that, I was with the American Council for an Energy Efficient Economy as a researcher on industrial decarbonization topics.

Before we get started, I briefly want to review today's agenda. First up, we have our welcome and introduction, followed by a few audience polls. Then we'll get into our speaker presentations. After that, we'll have some dedicated time for Q&A before wrapping up the webinar.

So why are we talking about building a culture of energy efficiency today? Well, many companies have set aggressive goals to reduce energy and emissions. However, changing company culture is no easy feat. There are challenges translating lofty corporate goals into action at the facility level across portfolios. Some of these challenges include budget, time and resources, lack of management support, or that sustainability is not viewed as a

priority in the organization.

Employee engagement is critical to instilling a culture of ownership and accountability. Employees need to be engaged in meaningful ways, and in ways that align and reinforce the company mission. Energy efficiency and decarbonization are not just technology problems. They're people problems. To reach these goals, people must feel empowered, motivated, and responsible for the results.

So let's take a look at the Pyramid of Employee Needs. At the base level, employees need to be safe, treated fairly, and equipped to do their job successfully. Even reaching this level can be challenging. An engaged employee at the next level will feel part of the team, empowered to make an impact and really push the status quo forward. At the very top you've got inspired employees who are motivated by leadership and feel aligned with the company's mission.

So how do we get from satisfied to inspired? That's done through employee engagement. So how do we engage employees? Next slide please. In part it's going to depend on existing company culture. If you don't understand the current company culture, you'll likely be faced with resistance in any attempt to change it.

You'll need to ask questions like, is it more effective for our company to start quickly and develop capabilities along the way? Or to plan long-term and strive to reach targets? Or other questions like, should we establish strict control and procedural documents? Or let employees guide practices? In reality, it will likely be some combination of all of the above and then some. But understanding your organization is going to be key to instilling a culture of energy efficiency.

Let's take a look at some of the opportunities to engage employees. So number one. Set and communicate clear goals. These goals should be SMART: specific, measurable, achievable, relevant and time bound. For example, we're seeing many companies set goals for net zero emissions by 2050, and other science based emissions, targets. A goal in and of itself will not engage employees. But it does have the potential to create a sense of purpose and responsibility if met with real action. This means, you can attract and retain motivated talent.

Number two, sustain corporate leadership and support. This means companies need to walk the walk. Companies can implement

internal policies and procedures, and communicate them to their employees, such as by incorporating energy efficiency into daily safety huddles, or by creating posters, newsletters, and intranet sites to promote sustainability.

Having an energy team, one that's composed of a variety of experience, roles, and expertise along with the authority and resources to drive change, can also be very impactful. This is something that should be embedded across business divisions and personnel levels, from C Suite to facility managers, HR, and finance. Also importantly is to fund projects. If the company is serious about decarbonization, the employees will be too.

Number three, tools, training and resources. In order to establish or to grow your culture of energy efficiency, you'll need employees who understand best practices and know how to use the available tools. Professional development opportunities can motivate employees and instill a sense of responsibility. Plus, activities help to build alignment with goals.

Number four, recognize and reward. This one's pretty straightforward but should be emphasized. Distinguish individuals or facilities for good work. Find creative ways to do this. Competitions to save energy and identify projects has been an effective way for Better Plants partners to engage employees.

Number five, solicit input and feedback. Make the employees feel heard. And, make sure that they know the company is listening, by acting on feedback. Open forums, surveys and questionnaires are all effective tools for gathering this type of information.

Okay, so now that we've reviewed these five high-level opportunities to engage employees, I'll pass the mic over to Wei Guo from Oak Ridge National Laboratory. Wei is one of our technical account managers for the Better Plants program, who will briefly talk about the way the Better Plants and Better Climate challenges can help to engage employees. Wei, the floor is yours.

Wei Guo:

All right. Thank you Andrew and thank you everyone for joining us today. I saw that we got a very big crowd today, and I also saw some very familiar names. Thank you guys for joining us. And Like Andrew said, it takes a village to build a, to achieve some very ambitious energy efficiency goals, you know. Just like, you know.

So I'm going to ask if we want to do something big. If we want to

accomplish something big, we cannot just do it by ourselves. We need to have all the, all the team members get together to work towards that goal, right? So the Better Plants program and the Better Climate Challenge program has a very good view to create team engagement mechanisms. And I'm going to talk about that from three fronts.

Number one is, by joining the Better Plant and the Better Climate Challenge program, probably we'll have a very clear, and a very ambitious, and a very noble goal, right? For Better Climate partners, it's at least, it's about 25% energy savings in 10 years. And for Better Climate Challenge, at least 50% greenhouse gas emissions savings.

That is a lot. That's very ambitious. That's why it is very motivated that we can get our, our team members pumped, so they can get some great things to work for, right? We are going to do it. Not because it's easy. We're going to do it because it is hard. Right? That is the number one. And next slide.

Number two is, we are not just going to let employees be alone. Let them do it themselves. We are going to give them live tools and live trainings and technical resources. For Better Plants partners, we provide impact trainings. So we're going to teach people, our partners, how to use tools to find out savings, so quantify the savings, and to implement those projects.

We also have virtual in-plant trainings for people who would dig a little deeper into those energy services, who do not have a lot of you know, travel budgets. We have the virtual in-plant training for them. And we also have boot camps, energy boot camps for people who would like to have a crash course on the fundamentals of energy systems. We also have tons of other technical documents to help you to understand utility bills, and how to track your energy performance. How to you know, track your greenhouse gas emissions, something like that. Go ahead, Andrew. Show the slide.

The number three is we would like to give our team members timely feedback, especially positive feedback when they have accomplished something big. We want other people to know, and we want them to know. And for Better Plants and Better Climate Challenge partners, we have two major recommendation mechanisms.

Number one is the goal achievers. And by now we have 78 goal has been achieved by 67 partners. And we will hand out a trophy to

our partners by achieving those very ambitious goals in our summit. And every year we have the Better Project and Better Practice awards. I think by now we have recognized about 70 projects and 70 practices. And we also feature some partners in our case studies and our podcast. That's the three fronts that Better Plants program and the Better Climate Challenge program can help you to engage your team members. Go ahead, Andrew.

Andrew Whitlock: Awesome. Thanks a lot for sharing, Wei.

Wei Guo: Thank you.

Andrew Whitlock: So today, we'll be using an interactive platform for Q&A and polling to learn more about you all in the audience. Please go to www.slido.com on your mobile device or by opening a new window on your Internet browser. Today's code is #DOE. If you'd like to ask our panelists questions, please submit them anytime throughout their presentations. We'll be answering your questions near the end of the webinar.

Another note on that is that you can select the thumbs up icon for questions that you like, which will result in the most popular questions moving to the top of the queue. If you're having any issues with Slido or Zoom, please reach out to the tech support team using the Zoom Q&A function.

All right, so the first poll up is, to rate how important sustainability is to your company's culture. One for not at all, five for very important, extremely important. All right, and we're seeing the numbers come in. It's great to see five in the lead. Three and four are pretty neck and neck. It's really reassuring to see the importance of sustainability to companies' culture. Setting that tone is key to driving employee engagement.

All right, great, let's go ahead and go to the next one. What employee engagement strategies have been most impactful in your organization? You can select multiple choices here. All right, we're seeing some good results coming in. Business leadership event advanced support is currently leading the way, followed by corporate goals. Having that mission, and actively pursuing it through business leadership and support can really set the tone for the entire organization and get employees engaged. That's great to see.

Okay, let's go ahead and go to the next question. What are the largest barriers to engaging employees? Go ahead and choose

multiple options. Yeah, time and resources. I'm not surprised to see that one up top. Employees already have so many responsibilities, worrying about safety, productivity, sometimes sustainability can become less of a priority with those competing objectives.

Okay, fantastic. Thanks for your participation in these polls. We've got a great lineup of presenters today. So first up we've got Patrice Baumann. Mr. Baumann has joined EnerSys as Senior Vice President of Operations and Supply Chains since August 2018, and has served as Chief Integrated Supply Chain Officer since May 2023. Before that he was employed as the Global VP of Integrated Supply Chain for the Enclosures Division of nVent, a spinoff of Pentair. And worked in various operations leadership positions at Pentair from 2011 to 2018. He brings over 25 years of experience in lean manufacturing in the automotive and broader industries.

Our second speaker today is Chad Snodgrass. He's been with Sherwin Williams for nine years. He's worked in material efficiency, continuous improvement site engineering, and corporate process engineering. It's his goal to economically achieve and surpass Sherwin Williams's 2030 sustainability goals, and he has been directly heading the onsite solar compressed air optimization and process heating and cooling initiatives throughout Sherwin Williams. Thanks to both of you all for being with us today. And with that, I'll go ahead and hand it off to Patrice to kick us off.

Patrice Baumann: Thanks, Andrew. Thank you for the opportunity to present today as sustainability is one of the important things we do here at EnerSys. So I am French. I have spent 15 years before Pentair working for German companies, so my accent might be a bit more German than French. So with EnerSys. EnerSys is a global leader in stored energy solutions for industrial applications.

We manufacture and distribute energy system solutions, multipower batteries, specialty batteries, battery chargers, power equipment, battery accessories, power door equipment in enclosures, and and and. So energy systems, is combining enclosures, power conversion, power distribution, energy storage. Used in telecom, in broadband, in utility industries. They also do the power supplies, the different applications requiring stored energy solutions.

The multipower line of business is mostly selling batteries and chargers, and mostly used in, in trucks like electric forklifts.

Specialty batteries are used in aerospace and defense for example. But also on the large, over the road trucks, premium automotive, medical security systems, applications and so on.

We are always in the aftermarket business. We serve customers around the globe in over 100 countries. We have about 32 plants and distribution centers, 11,000 people. So I am in charge of what we call integrated supply chain. It's covering strategic sourcing, supply chain, our Lean organization. We call that EOS, the EnerSys Operating System. I also have environmental health and safety. I have industrial engineering. And operations part of finance. And all those plans and distribution centers report to me. Next slide please.

What I would like to explain you today over the next minutes is how we drive operational excellence through our EnerSys Operating System. I would like to explain you how we combine what we call the Managing Daily Improvements. You will hear about MDI and 5S, and those are very strong foundation for us. Basically, to empower our teams.

So when I speak about empowering our teams, that means that the how we do it is close to as important as what we do. So that the way is the goal. It's not just about the goal itself. So the way is basically how we are driving cultural change. Next slide please.

So MDI, Managing Daily Improvements, is one of the core processes we have in our EnerSys operating system. So this is the summary of the MDI process we have implemented in all our sites, to involve our people. So first we have standardized KPIs at the plant level, as well as standardized hour by hour tracking sheets at the machines. In between the machine and the plant level, we have standardized the visualization in the area and over the value stream. But we let the plants take the KPIs they want.

Why we do that, let me just give you an example. The plants need to have a KPI for quality. But depending on where the opportunity is, they may want to track customer complaints or first yield, or scrub or rework. You see, it just depends on where your biggest opportunity is, so you contribute to the plant. We also have three standardized KPI categories.

So the first one is employees, where we have safety KPI, healthy KPI, and employee engagement. Then we have a customer category where we track quality and delivery. And the shareholder category, where we track cost productivity and cash. For each of

those KPIs, we have a trend chart. Below the trend chart we prioritize it out, so that basically we drive our organization to focus on the right things. And then it's about fixing them in the right way.

So how we do that is, we have accountability tags where we drive our people to go down to find out first the right root cause. And then to find the right countermeasure. All of those accountability tags are then put on an accountability board, which is visual in the factory, in each area. Next slide please.

So as I mentioned, in our EnerSys Operating System, we have many different playbooks. So two core playbooks are MDI and 5S. I don't want to go too deep into 5S. You can read a lot on the Internet directly. So we basically use the classic, the typical 5S. But what you need to understand is that for us, 5S and MDI are fundamentals of our house of lean. Basically, the Japanese would call that kaizen. We use MDI and 5S to basically have the input from all our employees for all small and sometimes big improvements.

So very important to us is what you can see on the right hand side of that slide. So, the how we do it. So we really want to empower the teams. We do that with strong leadership. So we delegate a lot, and hold the team accountable. So we want to build a strong team culture. It's not about the leaders to solve the problems.

And it's more about moderating the team, in making sure that you get to the root cause in asking the right question, open questions, so that teams can find the solutions. The good thing with the team finding the solution is, you have a much more greater acceptance for that solution, because then the team, they find the solution and then they are very proud in implementing that solutions.

So let's also focus a little bit on one of the standardized KPI I mentioned in the people section, which is the empower, the employee engagement. Which is also critical to team empowerment. So when we did start to roll these out, about four, five years ago, we first started with people engagement as how many times do we get from our people to issues we have to fix.

Then over time, about a year or two ago we said ah, but just to engage people is not enough. We want to see the results on the KPIs. So, let's sure they go down to the right root cause. So we're counting the number of accountability tags where we did find why's. And over our company in last fiscal year, we saw basically

more than 10,000 accountability tags where the people was really, were really going down to the root causes.

And now we are more going into, we want to see the results in the KPIs, which means it's not just about having the right, first off the operator to go down to the right root cause. But also that you have the right countermeasure. And with that done right, we should see the impact in the trends of our KPIs.

We also do a net promoter's core surveys of our employees to see how our people would recommend EnerSys to family or friends. What we also do within that EOS is we have certifications for what the Six Sigma organizations would call the belt system. So we have it similarly to Six Sigma where we have a white, yellow, green, blue or black belt certification. And this is just depending on how many playbooks you basically understand.

And then we also have an expertise system, which is like stripes, when you get belts. So we can, you can get a stripe for MDI if you are an expert in MDI, or for 5S or also for SMED, which is a changeover tool for TPM called preventative maintenance. For strategic deployment by mapping, creating a flow, making material flow, and and and. So we have a lot of them.

So. Empowering our talents is not just accelerating the operation excellence transformation, but also delivering a lot of positive energy. And as you know, we do batteries and positive energy for batteries is very good. Next slide please.

So basically, what I would like to give you away on this last slide is you can read in many news that in order to achieve a transformation, you need to have your organization, your people, as part of the transformation. If it's just a top down process, like leadership is pushing for it, or just you have the business goals but you do not really involve the people, you can find out in different research that you are 2.6 times more successful if you are really involved in people.

And I believe we did understand that at EnerSys. So we do a lot to involve the people. And we also found out is that many companies, when they have issues with the quality of the system like our EnerSys operating system, and many companies now have business systems in place. So when they have issues with their business system, they go back to their corporate business system's organization to fine tune that system.

In reality, what we did find out, it's not about having a perfect system. If the system is 80% good enough, it's not bad. But you need to work on getting a great acceptance on the shop floor, in the offices, as being support processes for the shop floor. And then you can basically have a formula like the quality of the system times the acceptance of the system is what is giving you the result. So, a lot about involving people and powering the teams. Thank you very much for listening. I pass it over to you again, Andrew.

Andrew Whitlock: Awesome. Thank you so much, Patrice. Just a quick reminder to our audience to send in any questions you have at Slideo.com, event code #DOE. We look forward to answering your questions at the end of the webinar. All right, Chad, I'll pass it over to you.

Chad Snodgrass: Awesome. Thank you Andrew. Good morning everybody. My name is Chad Snodgrass. I'm with Sherwin Williams. I'm the lead sustainability engineer. I'm originally from East Lansing, Michigan. I've been all around the Midwest now, after college. I've been with Sherwin Williams for nine years. I've been in positions ranging from material efficiency to continuous improvement to site engineering, and now in corporate engineering. I've enjoyed them all and have learned a lot through those different jobs.

So, Sherwin Williams, we're one of the global leaders in paints, coatings and stains. If you haven't heard of us, we have more than 64,000 employees. More than 5000 stores and branches. We're in over 120 countries. We have 136 manufacturing and distribution facilities. Due to our product mix, our manufacturing distribution facilities vary quite a bit. It makes my job as lead sustainability engineer a little bit challenging, because leveraging from one site to the next might be a little bit more complicated due to the differences in processes, in manufacturing products. But also it adds to part of the value and the interest in working in it. Next slide.

Sherwin Williams, we have four primary sustainability goals. I think this is pretty common across the industry, but these are ours. So reduce absolute scope 1 and 2 greenhouse gas emissions by 30%. Increase renewable energy to 50% of total electricity usage. Increase operational efficiency by 20%. And reduce waste disposal intensity by 25%. It's part of my job, it is my duty to reach these goals and surpass these goals as economically as possible. So that's what I'm working on, on a day-to-day basis. Next slide.

Okay, so what I'm presenting on today is the ADP Sustainability

Challenge. To know what this is, you first need to know what ADP stands for. That is our Accelerated Development Program. It's a program designed to help develop new hires' knowledge, skills, and ability to apply this information in the work environment. As a result of this program, we hope that employees, new hire employees typically right out of school, are able to meet the challenges and be able to contribute in their next full time position.

So in this program, the employees are getting exposed to our processes. Really understanding how we look at goals, what is our day-to-day like, how are these plants running, and really how can we contribute and make them better. These fields range from engineering, EHS, finance, fleet operations, HR, manufacturing operations and field supply chain. So it's a variety of positions, a variety of skills, that are all included in this program. Next slide.

So the ADP Sustainability Challenge, what we did is we divided ADP members or staff into teams of four to five, to develop energy, water and waste reduction solutions. We are judging the projects based on impact on sustainability goals, ease of implementation, ability to impact multiple sites, and cost savings. This is also allowing these new hires to develop the essential collaboration and project management skills among early talent employees entering the program.

Purposefully, we gave very little direction outside of those 2030 sustainability goals, because we did not want to limit the scope. We wanted these teams to be as outside the box as possible. A couple weeks into the program, we did do a check-in with the teams to see okay, what kind of ideas were they brainstorming, were they doing research on?

And very rarely when we pushed them down a different direction, if they did come up with an idea that we might already have in mind or be working on at another site or even at that site we still wanted these teams to go down the road of what kind of research, what kind of impact can we make? What is the best way to implement something? Because we can still steal those ideas and that fresh style of thinking is worth using. Especially with sustainability. Next slide.

So, so far, we've been doing this a little over a year. We're on our third wave. We've had two waves completed over four month durations. That's the project duration that they're working on it together. Teams in wave one were grouped together based on similar job functions and location experience. By this I mean, the

engineers let's say at a resident facility, several resident facilities might be grouped together, because they're seeing similar things on a day-to-day basis. They might see similar opportunities at our sites that can really drive impact, draw our business.

In wave two, teams were grouped together on the opposite. On diverse job functions and work locations. So here, we had HR, finance, supply chain operations, engineering, all working together. Some could be at headquarters, some could be at a latex facility, some could be at a resident facility. Some could be in packaging coil. Anything, with very different processes and seeing very different ways that we do our manufacturing processes and filling processes, and how we cheat them.

We were interested to see if there would be any variance in the type of projects that two different groups came up with. So both waves developed unique variety of projects, varying from solvent distillation to water bottle consumption reduction. Something very simple. Together, the challenges identified more than 200,000 in annual saving opportunities, in addition to significant reductions in waste and energy footprints. So that was really our goal, is how do we execute this, and make an impact that is economical at our facilities. Next slide.

So I'll roll through just a couple high level examples of what was proposed and implemented at our sites. So the first one being increase wash solvent recycling utilizing a third party recycling service. So wash solvent and solvent in general can be a huge material and also a huge waste at our sites, hazardous waste at some of our manufacturing sites. This project would improve the recycle rate in and reduce the need for fresh solvent. That's where the savings come in. The financial savings were estimated at \$83,000 at the Ennis, Texas plant.

Second one, that was reduce the demand for fresh water for site's cooling water towers by utilizing rainwater. So this is an interesting one. And you can see in a small image there, that the plan of conveying water from the roof for utilization of our cooling towers. The estimated benefit would reduce water demand by 43% at our Birmingham, Alabama plant.

The last one on this page here is reuse plastic pails instead of disposing or recycling them. So when pails get damaged through a process which we use to fill containers, oftentimes they would be sent for recycling. And instead of recycling, we're looking, how do we reuse these in our manufacturing process?

Whether it's weighing up backing filling, trying to reconcile the pail for use and utilize that throughout the site. As you can imagine, we're going through millions of these a year. So the Chicago site estimated a savings at almost \$1000 a month, and that's a really simple improvement, but one that needed focus, execution and leverage at our sites. Next slide.

A few more project examples here. And just for awareness. We've had I think a total of 12 teams across the two waves, total. All right. This one here, replace existing trucking fleet with trucks that use renewable natural gas. Converting only four trucks would reduce carbon emissions by 200 metric tons of CO2.

So for those of you that don't know, Sherwin Williams does have their own fleet of trucks for distribution. This is a bigger picture proposal. But the research into best ways to execute it, what is available now, is still extremely helpful for us as we develop our portfolio and our plan to meet our goals.

The next one, reusable hearing protection. Reduce the waste footprint by 300 pounds, that's a single site, annually and 10,000 in site savings. If you walk through our manufacturing facilities, it would not be uncommon to see little earbuds on the floor in recycling bins and trash. That is normal I think in many manufacturing locations. This proposal was to have more permanent or more steady hearing protection than you would use regularly, instead of disposing of the same hearing protection day-to-day.

And then the last one, and I'm going to elaborate on this a little more, was to reduce plastic water bottle use across manufacturing sites with better implementation of filtered water stations onsite. \$10,000 site savings projection, this varies site to site significantly, along a total footprint of 55,000 tons of plastic waste across our global supply chain. Next slide.

So I'm going to get into the kind of, what a team would look like for us. This project example for the water bottle reduction. This is the group that put that together. So, engineering, EHS which is safety, and HR generalist were all working together from different sites. None of those sites were together, so they were having to collaborate from a distance based on what they're seeing at their various sites. Which is helpful in this case, because what is each site doing that's good or bad, and what is that footprint at the site. They were able to get that information a little bit more easily. Next

slide.

So this is a high level summary of what was proposed to our group from the team. So the focus here for water bottle reduction was eliminating plastic water bottles, and installing a water filtration system to promote sustainability across GSC and PCG sites. We use plastic water bottles or have previously, especially in hot summer months, where we're concerned about operators, heat and dehydration and wanted to make water as accessible as possible to the floor, right?

So how do we move away from that process to something more sustainable, but it's still hydrating for employees? So they conducted an employee survey at three sites to gain support for the idea. So you can see that pie graph on current operator habits for drinking water. You can see that 81% use plastic water bottles as their main source of water. Think about how much water somebody would go through in an eight or ten hour shift in the summer.

Survey of the number of plastic water bottles consumed per shift. So you can see it at least based on that site, it's second shift was consuming the most amount of water bottles onsite. And then where would you want refill stations to be placed? And there was breakroom, close to work station, or on all floors. Next slide.

So then, going into the details of the finances on how we would actually achieve this improvement. And so here's this optimize convenience for operators. Metal water bottles would be distributed for employees to use. We have a Sherwin Williams water bottle. Distribute to all employees, so they have their own water bottle and a backup for their own sake. They can put their name on and use on a day-to-day basis.

And then the next step is really okay, now we need to implement filtered water stations. We have our supplier. There's several out there. You want to use, to have those water stations onsite and in a place that's convenient for operators that they will actually use. They don't need to walk super far away from their work stations to get, that's the challenge right there. Right?

So what is the cost to do all that? And you can see the cost numbers there. I won't go into any details. But compared to what we're spending on plastic water bottles to what the cost would be for this water station and to maintain it. So the cost saving's roughly \$9776 per year. At a 100 employee basis, which

depending on the site could be anywhere from the full site to maybe a quarter or a fifth of the site. And this project is applicable to 2030 sustainability goals as we discussed, with a 5.4 million water bottles and 55,000 tons of plastic reduction opportunity. Next slide.

So company leverage. How do you take these ideas or at items even a single site execution, and take it throughout the rest of the company. That's where somebody like me would come in and team up with the employees, and help them take this idea and execute it across the company. So there, we brought in procurement to survey all manufacturing sites, to understand current onsite filtration station setups and maintenance process.

Where are these right now? Partner with a third party, identify ideal locations for new water stations. As we said, we want operators to be able to get this water easily and consume it on a day-to-day basis. Calculated in more detail, the site by site consumption information. Some of our sites are going through over 100,000 water bottles a year. Distribute reusable water bottles to employees and initiate friendly competitions among sites and shifts.

I think with a project like this, the actual numbers and impact to our goals is going to be a little bit small. But what's good about it is that it's giving sustainability thinking to all employees. And it's getting people to think on a day-to-day basis about their footprint and identify even larger opportunities throughout our sites, at home, et cetera. And it really leverages our want, as far as sustainability in a team environment. Next slide.

This is it, this is my last one. So what has the ADP Sustainability Challenge achieved for us? It's gotten us creative and applicable sustainability opportunities throughout Sherwin Williams. Collaboration and project management skills for young talent. And young and ambitious sustainability thinking with practical application experience.

I think that this is important, if anything, is this young talent coming into the workforce, hopefully for a long time, will now be thinking in a sustainable way and knowing what kind of numbers, what kind of impact can be made with a project, and how you go about implementing it across the board. And I think a lot of times, people aren't necessarily unwilling to work at trying to be more sustainable in their day-to-day efforts.

But it helps to see other people thinking the same way, and it's definitely encouraging to see other people who are motivated and contributing as well. And it might motivate others to do the same. So, it's pretty simple. But that's our ADP Sustainability Challenge, and what it's done for us so far. That's it for me. Thank you, everybody.

Andrew Whitlock: That's excellent, Chad. Thanks to both you and Patrice for your presentations today. So now we're going to move on to Q&A. So if you haven't already, please join us over at [slido.com](https://www.slido.com) with event code #DOE to submit and upload questions. All right, let's start with the one at the top of the list. Oftentimes it feels like executives are on board for sustainability, as are individual contributors at the plant level. How do you get management in the middle, plant and operation managers, to prioritize sustainability versus cost? Chad, let's go ahead and direct this one to you. And then Patrice, feel free to weigh in on it as well.

Chad Snodgrass: Yep. I definitely think that's important. It says that executives are on board for sustainability. But if that is the case, then you need to make sure that the plants are held responsible for their execution on sustainability metrics, right? So I think if plant operation managers are only graded based on production numbers, that's what they will continue to lean towards. They need to also feel and understand why sustainability goals matter. And it should be required in their goals for their performance as well.

I think that's the only way it's going to happen across the board, outside of maybe a few people that may be extra motivated to do something. And I will add too, I think keeping costs is important, right? Is leveraging good sustainability projects that can impact costs as well, right? And drive whatever we can, and there will be investment required. But drive whatever we can that will also impact costs, is a good way to sell these plant operation managers on a certain project. But they should have that in their goals as well.

Patrice Baumann: Great, Chad. I agree. So it first needs to be within the goals. And so you have monthly reviews, and so you can get it. You get what you measure, yeah. So the way I would phrase it is leadership support, goals, involving people. The way we do this is, I was mentioning three KPI categories for people, customer, shareholder. We always start with people. So it's about the safety of our people, the health of our people. What we do for the environment. The sustainability. So it's people with community, basically.

And so we start all the ways employee engagement's course before we move on into quality metrics, delivery metrics, productivity metrics, and then inventory levels. The good thing about that is, and I will make it very short. It's first about the people. If you take care about the people, they will take care about the customers. They will make sure they produce a good product. They will give it on time to their internal customer. And then we need to manage that with the Lean techniques and so on to get productivity and all the *[Inaudible, garbled]*.

So for me, it will start with the people. And the best question you could ask yourself is what's the best tool for employee retention? We all know we have labor scarcity and so on. For me, the best tool for employee retention is listen to them. Not just when they leave, but listen to them each day, the whole year, and fix the problems they have so that tomorrow can be an even better day.

Andrew Whitlock: Great. Wei, go ahead.

Wei Guo: Yeah, I think you guys had some very good points. I would like to add two more things. Number one is, if we have those executives on board, maybe we can convince them to provide some dedicated fund for those projects, right? Have for the KPIs and the annual performance, but if we can give them the needed money, needed financial support, that will make their life a lot easier. That's one thing. Especially for the projects with much longer payback, especially after you handle all those that don't have room for some big projects. That's going to take a lot of money, and need a lot of time to get payback, and that's one.

Number two is, for Better Buildings program, we have the financial navigator tool. If you guys need any help on the financial side, I'm going to put it in the chat for you guys as well.

Andrew Whitlock: Great. Thanks for those additional comments, Wei. So the next question up is similar, but from a different angle. Our company leadership routinely fails to incorporate energy use into future company planning, leaving efforts to a small group who are not executives. Any recommendations on how to change this dynamic? So in this case, it's the leadership that's not on board with sustainability. How do others manage upward? And Patrice, I'll go ahead and start with you on this one.

Patrice Baumann: So I would say the culture in the company is a top down process. You need to start at the top. If it's not let's say signed off at the top, it won't work. You can take exactly the same approach in a

plan. If you have the plan leadership team who is not supportive of it, it won't work. So I will give you an example. For energy intensity, for example.

So we said from 2020 to 2030, we would like to reduce that by 25%. In 2022, we already actually 17%. So you need to measure it. You need to have monthly discussions about those metrics. And then it will work. And then it's about what you as a leader are totally right, but first yes, the leader needs to be on board.

Chad Snodgrass: Yeah. What I would do is come up with an example of how you would want to incorporate some kind of sustainability work or investment into future company work, and why. And how it's not like skewed on or not planned for. That there's going to be issues down the road. And try and communicate that, so that it makes sense to leadership.

That's really, I mean, that's a tough situation to be in. That's the only way you're going to get any help on something like that, is using the example to show why it matters to plan for this in future for company planning. And if it's the design of a process or building, then use that as an example of hey, it's way harder to modify this now. And if we put in the work ahead of time, and make this as efficient as it could have been.

Andrew Whitlock: Great. Thanks, Chad for sharing.

Wei Guo: And I will add two more things on that. Number one is, so we probably need to understand the, like people, executives, what are their priorities. How we can relate the efficiency and sustainability to their priorities so they can buy in. Another thing is, to show those executives how the competitors are doing, right? If the competitor has drawn better plans for value, they have committed to reduce energy and intensity by this much. How about, that, you know, peer to peer competition might get the executives on board to do something similar.

Patrice Baumann: Let me just add one point to this one. I think at the beginning it should not be very complex to get the executives on board, yeah? It may sound easy for me to say it because I'm in the C Suite. But even if the company is just giving financial goals, at the beginning you have a lot of low-hanging fruit where you have very good return on investments. So even if it's just about the financials, it's easy to do very good things within the first years.

- Andrew Whitlock:* Exactly. There's a lot of co-benefits to energy efficiency. Next question up is what trainings or certifications do you require for your building operators. And maybe just a quick word on this. Patrice, I'll start with you.
- Patrice Baumann:* I am not so deep into what is done at that level. So, we do a lot of trainings or certifications. And it's embedded in our EOS system. So most of the time it's not just specific for sustainability things. It's also related to safety. It's related to economy. To EnerSys. So we have a lot of different things, and it's also different if you look at the different countries we have. So, if you want to know more details, I can pass it over to some of my sustainability teams and they can send it out later.
- Andrew Whitlock:* Thanks. And we'll go ahead and move to the next question, since this is directed to Chad. What's the timeframe for reaching 30% reduction of scope one and two emissions? And what's been your progress to date?
- Chad Snodgrass:* Good question. 2030 is our target. We're off a baseline of 2019 as our year, I think the three years leading up to it averaged together was our baseline, so that gives you an idea. We're roughly three years into this so far. We've made, based on 2022 data, really only about a one and a half percent reduction, so we have a long way to go. And I'm only about six months in this role. I think we're making a lot of big impacts this year.
- My target by 2025 is to have a 20% reduction and then continue to move on from there. But we're acting on onsite solar, BPPAs, and also really working hard for capital improvements on compressed air systems, heating and cooling systems, LED lighting. Those different like Patrice is saying, low hanging fruit that we know is out there. And trying to shore all that up, so we can see okay, how do we get to our last 10%.
- And it's going to probably take a little more engineering work, a little more sophistication. But that's kind of the way we're strategizing. And I feel pretty comfortable about those numbers, at least getting to 2025. And then how do we get that last bit.
- Andrew Whitlock:* Thanks for sharing that update, Chad. So I think we've got time for one more question. And Wei, I'll start by asking for your comments on this. How do you address the divide between management's voice for support, of support for sustainability but not providing enough resources?

Wei Guo: All right. Okay, Andrew, this is a tough one. How to address the divide between management's support of sustainability but not providing financial support. I guess maybe that gap could be caused by the lack of internal resources. So for this case, you know, I guess, I'm going to talk about the Better Buildings, Better Plants program again. This program has a lot of free resources that you can get from, for those trainings. Technical support. We've got technical programs for Better Plants partners. So you can get all those support pretty much for free.

Then maybe, as long as they will require, they will put an efficiency goal and a greenhouse gas emission reduction goal into your annual plan. Then you can use that as a leverage to seek free resources from DOE or you know, use that to talk to some other departments within the company, to get help I guess.

Andrew Whitlock: Thanks, Wei. Patrice or Chad, do either of you want to weigh in on this?

Patrice Baumann: I saw the next one coming up for me from EnerSys.

Chad Snodgrass: I would say, somewhat like my last question, is proving the need for it, with good projects. And saying we can execute more of these with resources, whether it's external or internal, that we need for the time and work that goes into making those improvements and actually executing on what you need to execute on. But I think this is probably pretty common across the board, so good question.

Andrew Whitlock: Yeah, there's some upcoming SEC rules about sustainability claims. So there might be some reassessing of what goals are and actually allocating the resources to get them done. But we'll see. I think that's all the time we have for questions. So thanks everyone, for posing these questions and to our panelists for their responses. You know, as a reminder, this webinar is just one part of the 2023 Better Buildings summer webinar series. So you can see, we've got a great lineup of presentations through August. And if you visit the Better Buildings Solution Center, you can learn more and register for these webinars today.

So we hope you'll join us next Tuesday, July 11, for the next webinar, titled It Just Gets Better and Better, which are highlights from Better Project and Better Practice award winners. The Better Project award recognizes outstanding accomplishments at individual facilities, and the Better Practice award recognizes implementation of practices and procedures broadly. So join the webinar to learn from several of the 2023 award winners about

their award winning projects and practices.

So with that, I'd like to thank our panelists very much for taking the time to be with us today. Feel free to contact our presenters directly with additional questions, or if we couldn't get to your question during the Q&A period. I encourage you all to follow the Better Buildings Initiative on LinkedIn and Twitter for all the latest news. You can find our handles by their respective icons on the left half of the slide. You'll receive a notice when today's recording, slides and transcript are available on the Better Buildings Solution Center. Thanks everyone for joining.

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