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ENVIRONMENTAL SOCIAL GOVERNANCE (ESG) PANEL



DEVIN GILES
INTERNATIONAL PAPER



CHAD RICHEY
MERRILL LYNCH



PATRICK RUNGE
KING & SPALDING

VISION 2030

BUILDING A BETTER FUTURE FOR PEOPLE,
THE PLANET AND OUR COMPANY

INTERNATIONAL  PAPER

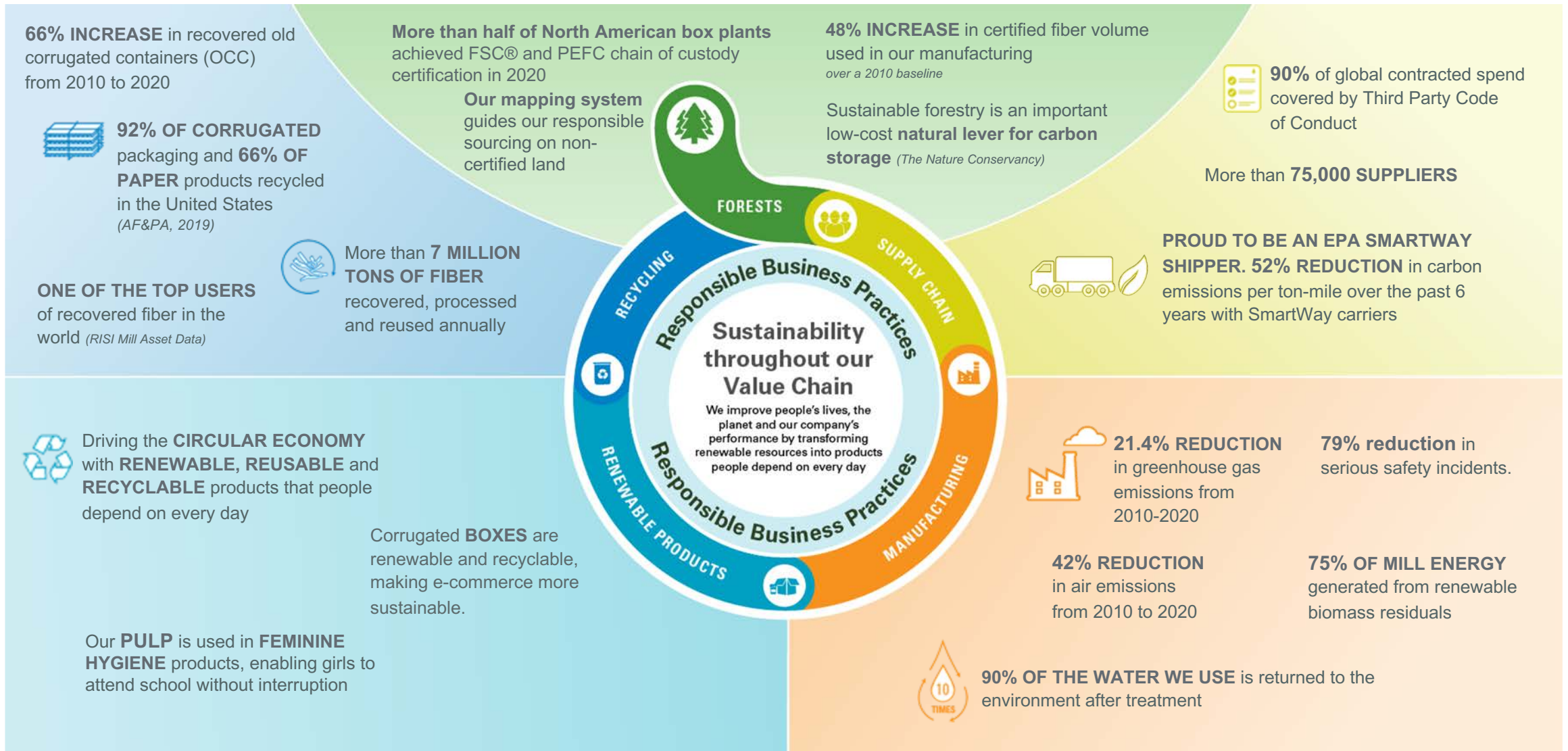
Our Vision is to be among the most successful, sustainable and responsible companies in the world.

The IP Way Forward is our strategic framework for achieving our vision and creating value for all stakeholders for generations to come.



**THE IP WAY
FORWARD**

Value Chain Alignment



All statistics and facts are based on 2020 data

Vision 2020 Goals Results

*data as of 2020, over a 2010 baseline

Improving Our Planet



GOAL: Improve efficiency in purchased energy use by 15%

4.2% improvement in purchased energy efficiency



GOAL: Integrate water management into regular facility assessments and proactively engage with stakeholders in communities to address water-related issues within the watershed

ACHIEVED WITH:

Continued annual facility assessments and launched first partnership in a priority basin; 62% of mills engaging local stakeholders on water



GOAL: Establish processes promoting supply chain transparency, managing risk by monitoring and identifying opportunities to collaborate with suppliers

ACHIEVED WITH:

Standardized scorecards to increase transparency, alignment and collaboration with targeted strategic supplier



GOAL: Reduce fiber lost in the manufacturing process to less than 0.75%

ACHIEVED WITH:

0.68% fiber loss from reporting mills



GOAL: Reduce greenhouse gas (GHG) emissions (direct and indirect) by 20%

ACHIEVED WITH:

21.4% reduction in GHG emissions

Sustaining Forests



GOAL: Increase third-party certified fiber by 35%

ACHIEVED WITH:

48% increase in certified fiber volume



GOAL: Increase recovery of old corrugated containers (OCC) by 15% by exploring new sources and diverting usable fiber from landfills

ACHIEVED WITH:

66% increase in recovery of OCC



GOAL: Reduce manufacturing waste to landfills by 30% and ultimately to zero.

26% reduction in manufacturing waste to landfills



GOAL (restated in 2016): Reduce air emissions (PM, SO₂, NO_x) by 30%

ACHIEVED WITH:

42% reduction in air emissions

Investing in People



GOAL: Injury-free workplace

79% reduction in serious safety incidents



GOAL: Measure and report on our charitable support for hunger, education, health and wellness, and disaster relief in our communities

ACHIEVED WITH:

\$165M donated to charitable organizations since 2010, including more than \$23 million in 2020



GOAL: Reduce mill water discharges of oxygen-depleting substances to receiving streams by 15%

ACHIEVED WITH:

35% decrease in oxygen-depleting substances

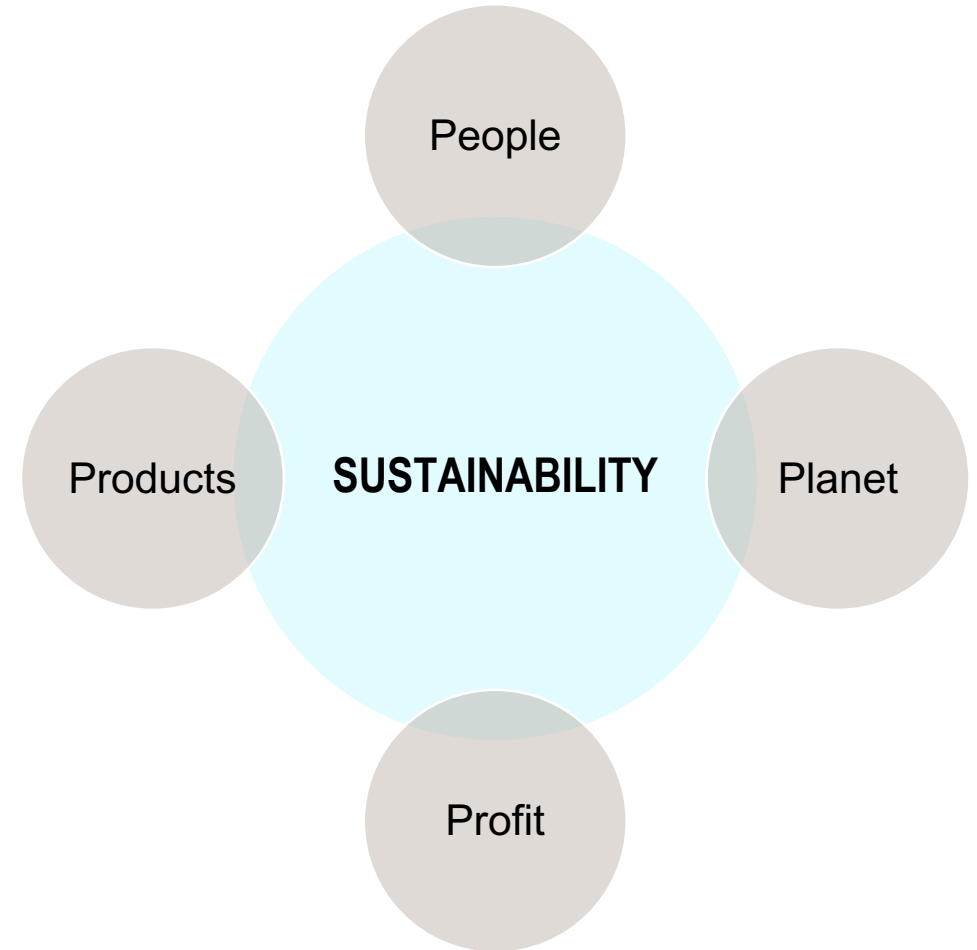
So what does International Paper need

**TO PURSUE OUR
VISION BY 2030?**

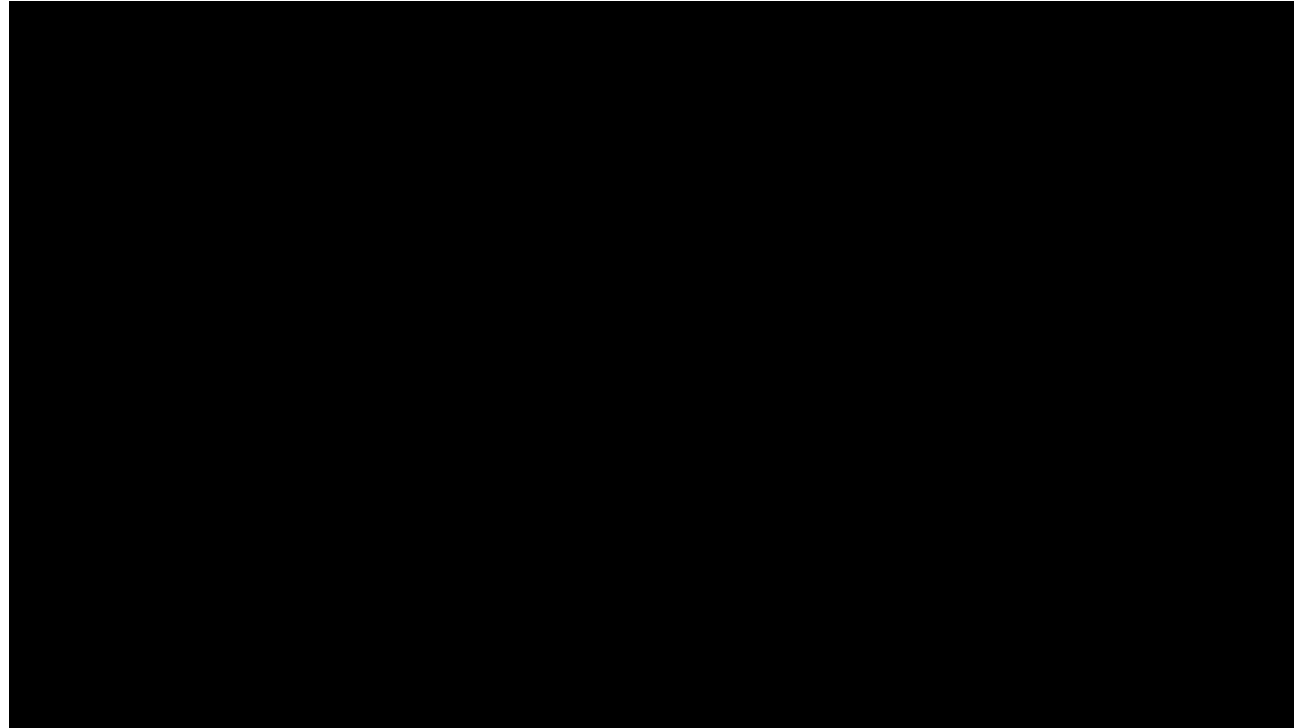
**SUCCESSFUL
SUSTAINABLE
RESPONSIBLE**

SUSTAINABILITY IS ABOUT MORE THAN THE ENVIRONMENT.

It's doing business in a responsible way that recognizes the interdependence between profit, people, the planet and the products we create.



See speaker notes for video playback options.



Looking Ahead: Vision 2030 Goals

BUILDING A BETTER FUTURE FOR PEOPLE, THE PLANET AND OUR COMPANY

HEALTHY & ABUNDANT FORESTS

Lead forest stewardship efforts globally

TARGETS:

100% 

of fiber sourced from sustainably managed forests or recovered fiber while safeguarding forests, watersheds and biodiversity

Conserve and restore

1 MILLION

acres of ecologically significant forestland



SUSTAINABLE OPERATIONS

Improve our climate impact and advance water stewardship

TARGETS:

35% 

reduction in Scope 1, 2 & 3 greenhouse gas emissions, aligned with best-available climate science

25% 

reduction in water use, and implement context-based water management plants at all mills

THRIVING PEOPLE & COMMUNITIES

Promote employee well-being by providing safe, caring and inclusive workplaces and strengthen resilience of our communities

TARGETS:

ZERO

injuries for employees and contractors

Improve the lives of

100 MILLION

people in our communities

30% 

women in our workforce:

- 50% women in salaried positions
- Regional diversity plans, including 30% minority representation in U.S. salaried positions

RENEWABLE SOLUTIONS

Accelerate the transition to a low-carbon economy through innovative fiber-based products

TARGETS:

Advance circular solutions throughout our value chain and create innovative products that are

100% 

reusable, recyclable or compostable

VISION 2030 GOAL:

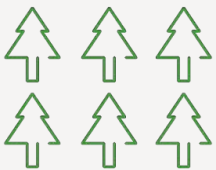
HEALTHY & ABUNDANT FORESTS

Lead forest stewardship efforts globally.

TARGETS:



Source **100%** of our fiber from sustainably managed forests or recovered fiber while safeguarding forests, watersheds and biodiversity



Conserve and restore **1,000,000 acres** (~400,000 hectares) of ecologically significant forestland

CURRENT EXAMPLES:

Mapping for the Forests – Our innovative mapping and due diligence system that guides our responsible fiber procurement on non-certified forestland

Forestland Stewards – This partnership with the National Fish and Wildlife Foundation has helped them achieve:

- 1 million+ acres of native forest and wildlife habitat established or enhanced
- 550+ miles of stream habitat improved
- 20,000 private landowners engaged in implementing forest stewardship practices

VISION 2030 GOAL:

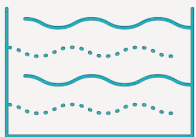
SUSTAINABLE OPERATIONS

Improve our climate impact and advance water stewardship.

TARGETS:



Reduce our Scope 1, 2, & 3 greenhouse gas emissions by 35% vs. 2019, aligned with best-available climate science



Reduce our water use by 25% vs. 2019 and implement context-based water management plans at all mills

CURRENT EXAMPLES:

Aqueduct Alliance – We work with the World Resources Institute (WRI) Aqueduct Alliance, a coalition of organizations at the forefront of thought leadership in water stewardship. WRI's Aqueduct tools inform our facilities' Water Risk Assessments and are guiding the development of our context-based approach to water stewardship.

~70% of mill energy derived from renewable biomass residuals rather than fossil fuels

VISION 2030 GOAL:

THRIVING PEOPLE & COMMUNITIES

Promote employee well-being by providing safe, caring and inclusive workplaces and strengthen the resilience of communities.

TARGETS:



Achieve **zero injuries** for employees and contractors

Improve the lives of **100 million people** in our communities

Achieve **30% overall representation of women** and **50% women in salaried positions**.

- Implement regional diversity plans, including 30% minority representation in U.S. salaried positions

CURRENT EXAMPLES:

75% reduction in serious safety incidents globally in 2019

97% of our sites operated without serious injuries in 2020

\$165 million donated to community organizations since 2010

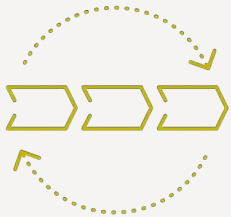
2 million boxes donated to hunger relief agencies in response to the COVID-19 pandemic

VISION 2030 GOAL:

RENEWABLE SOLUTIONS

Accelerate the transition to a low-carbon economy through innovative fiber-based products.

TARGETS:



Advance **circular solutions** throughout our value chain and create innovative products that are **100% reusable, recyclable or compostable**

CURRENT EXAMPLE:

We are among the **world's largest stewards** of wood and recovered fiber. We recover, reprocess or facilitate the sale of **7 million tons of recovered fiber** each year.

Leading the transition to a low-carbon economy – We joined the Ellen MacArthur Foundation Network in 2021 to advance our contributions to the circular economy.

SUSTAINABLE DEVELOPMENT GOALS

Alignment with the United Nations Sustainable Development Goals

With the launch of our Vision 2030 goals, we are tracking the impact of our global citizenship strategy across the United Nations' Sustainable Development Goals (SDGs). Given the nature, scale and reach of our company, we are making the most meaningful contributions to 12 of the SDGs.



INTERNATIONAL  PAPER

VISION
2030

BUILDING A BETTER FUTURE FOR PEOPLE,
THE PLANET AND OUR COMPANY

APPENDIX

Strategic Partnerships in Sustainability



American Forest Foundation



World Wildlife Fund (WWF): International Paper participates in the Global Forest & Trade Network, one of WWF's leading initiatives to combat illegal logging and drive improvements in forest management.

Global Forestry Highlights

GABON AND INDONESIA

Reduced Impact Logging for Climate Mitigation with the Nature Conservancy

USA

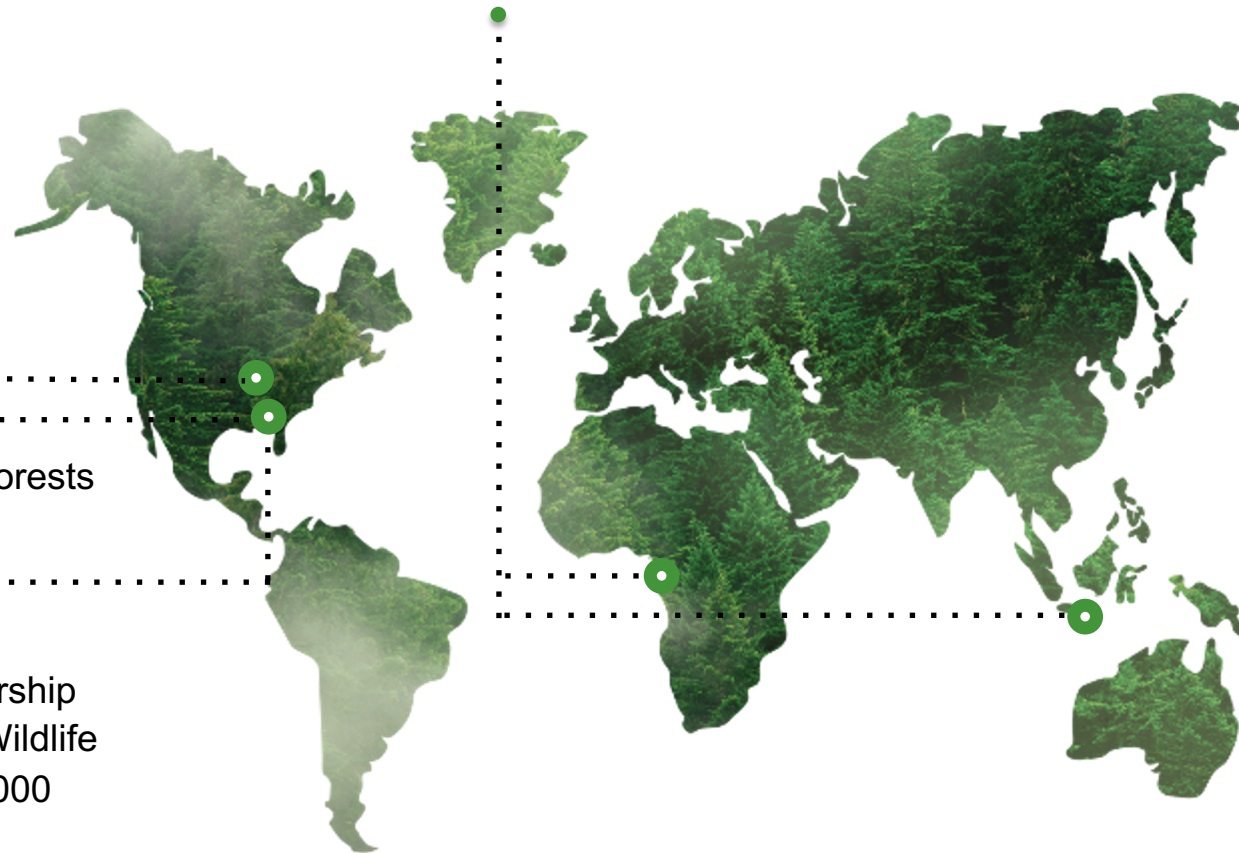
Planted nearly 52,000 trees with Arbor Day Foundation's Community Tree Recovery Program

USA

Innovating for the future of forests with mapping technology

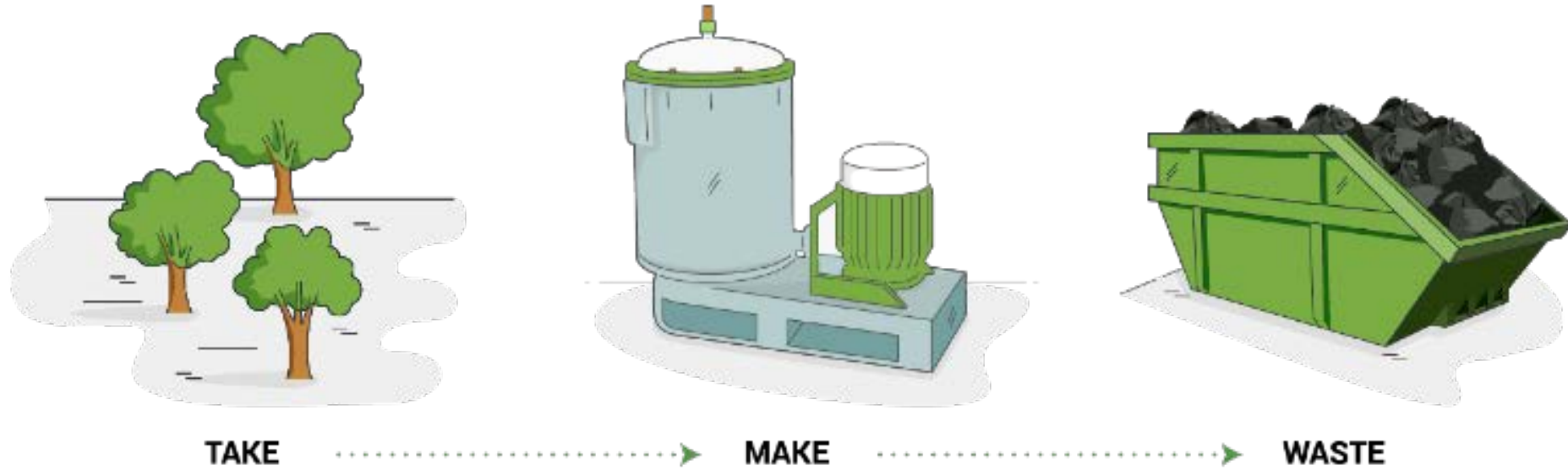
USA

Forestland Stewards partnership with the National Fish and Wildlife Foundation resulted in 600,000 acres of forest ecosystems planted or enhanced



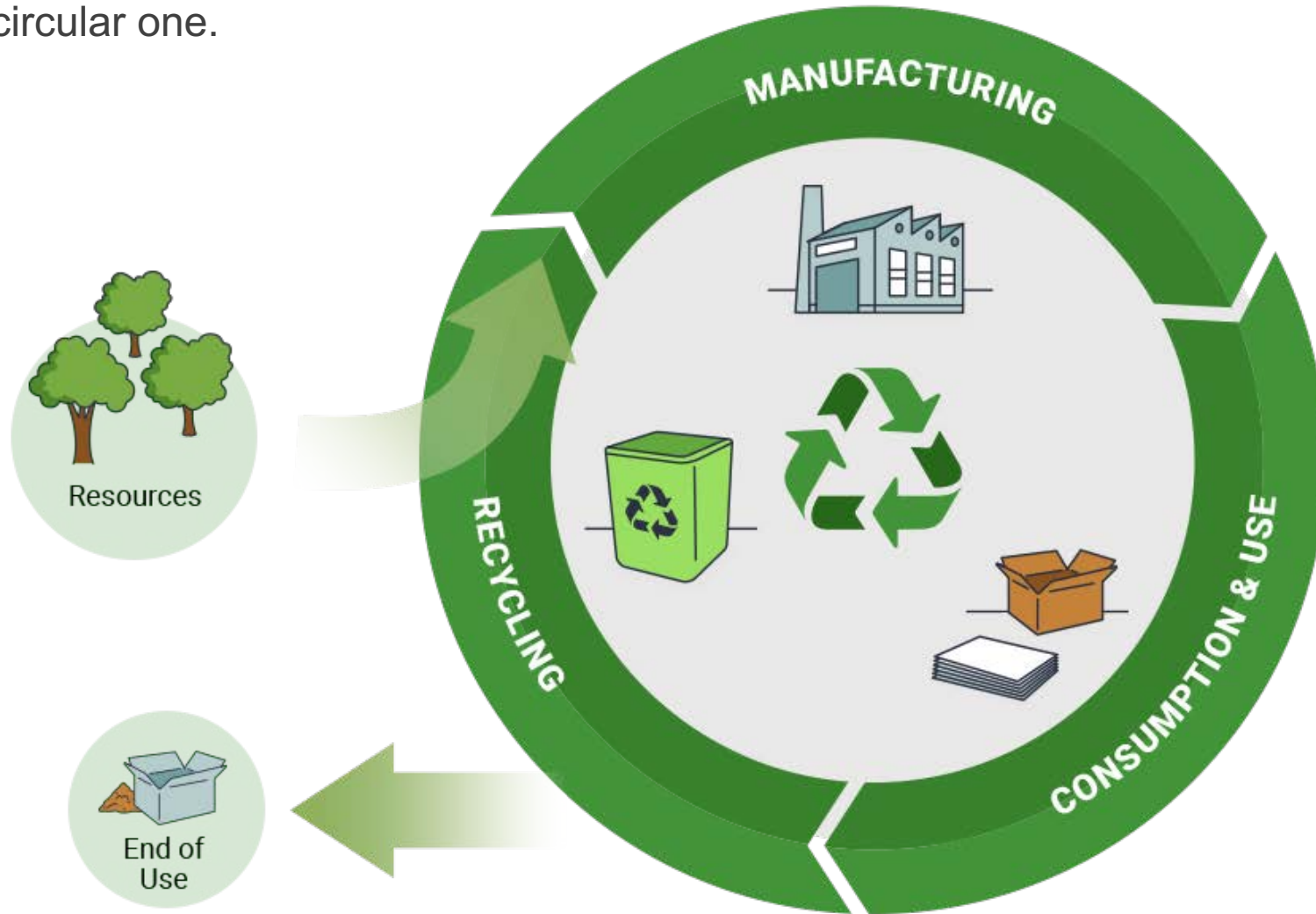
Linear Economy

Embracing the circular economy means moving from a linear process. . .



Circular Economy

... to a circular one.

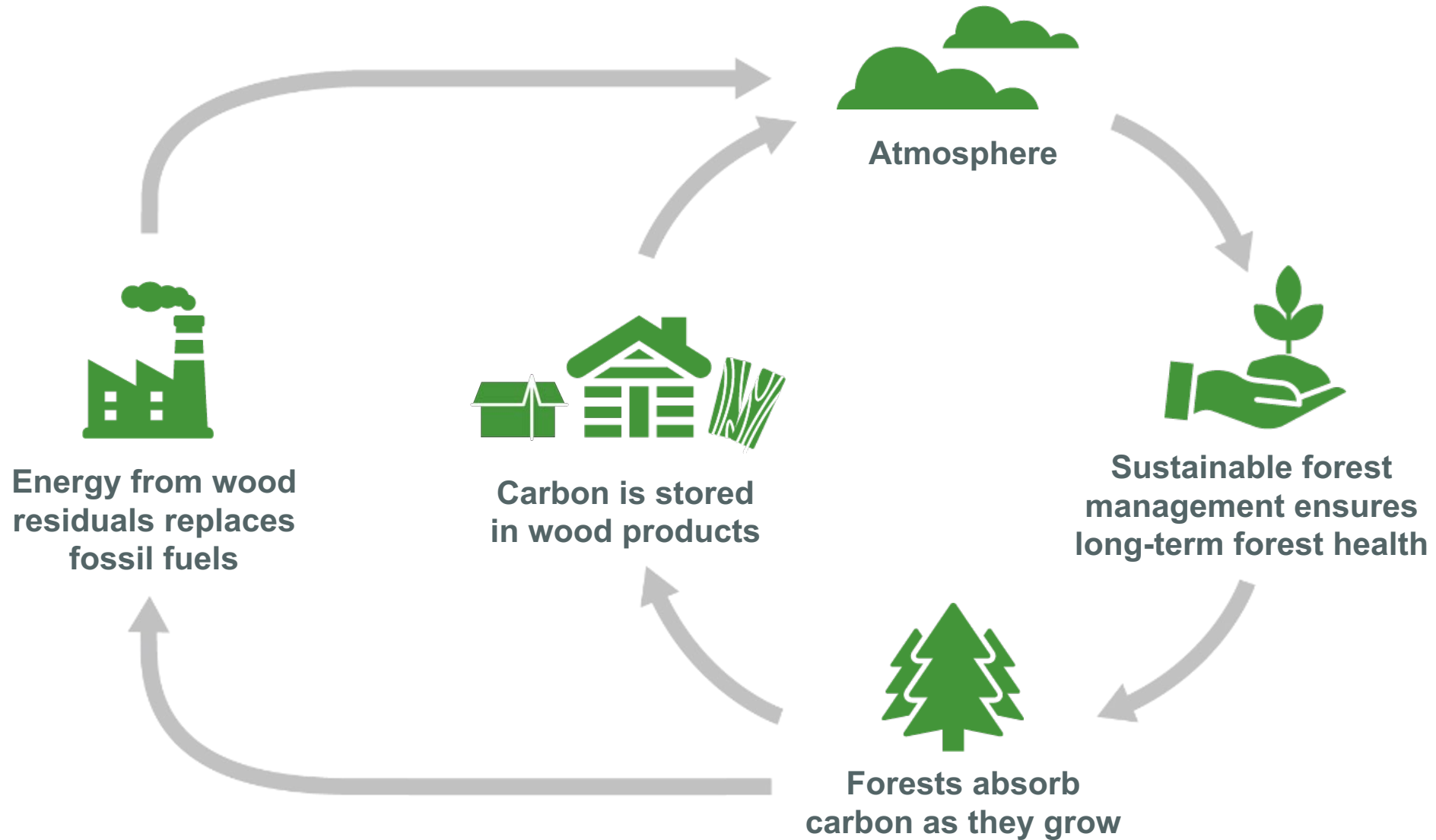


3 Principles of Circular Economy

1. Design out waste and pollution
2. Keep products and materials in use
3. Regenerate natural systems

Source: Ellen MacArthur Foundation

Forests Are Part of the Circular Economy



Ensuring your fiber-based products are responsibly sourced



What's On Our Map?

- Rare plant and animal species
- Areas of high biodiversity
- Areas that provide Important landscape connectivity
- Rare forest types

Community Engagement Highlights

We mobilize our people, products and resources to address critical needs in the areas where our employees live and work.



PEOPLE

\$2.4 million in employee generosity, supporting the International Paper Employee Relief Fund and United Way



PRODUCTS

Commitment to **donate 2 million corrugated boxes** to hunger-relief organizations



RESOURCES

Distributed butterfly kits to 136 schools in U.S. communities, **reaching 53,000 elementary students**



Community Engagement Partnerships



Recycling & Beyond



RECYCLING

Goal:
Increase in recovery of old corrugated containers (OCC) by 15%

2020 Results:
66% increase in recovery of old corrugated containers (OCC) over a 2010 baseline

The Circular Nature of Paper-Based Products

92%
of corrugated packaging and
66%
of all paper products are recovered and recycled in the U.S.*



Resources



End of Use

95%
of pulping chemicals recovered**



*AF&PA, 2019 **NCASI, 2017

Product Highlights

TAILORED SOLUTION,
LESS WASTE



FIBER BASED ON FAST TRACK



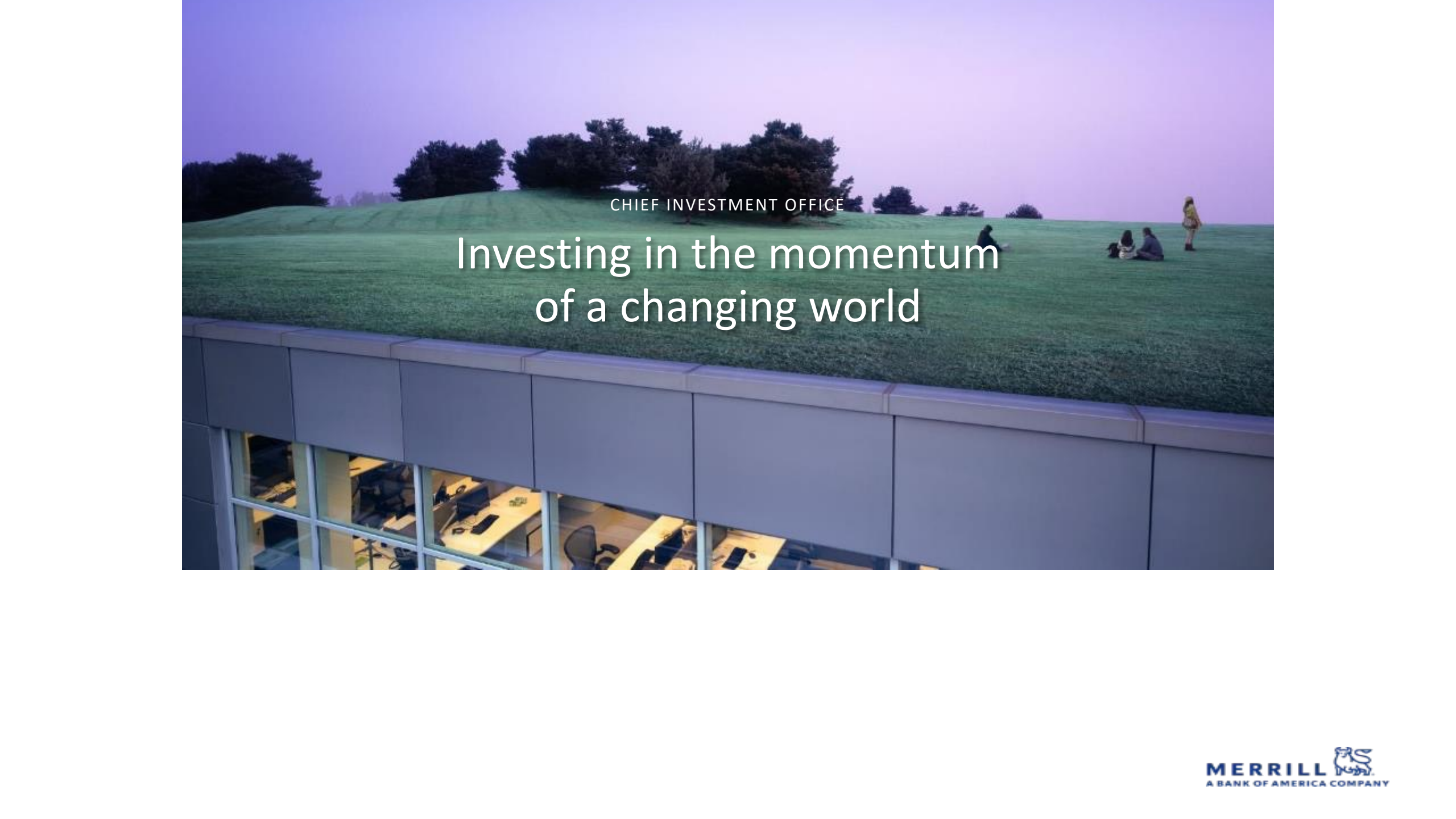
DESIGN ITALY — PRODUCT
ECO-DESIGN AWARD



“International Paper has been our partner for several years now, and they’re always bringing us new ideas. Every year we sit down and we think of how the industry is growing. It’s never sitting still or staying the same. We want to be on the cutting edge of something new.”

Dusty Braddock,
Corporate Purchasing,
Sanderson Farms





CHIEF INVESTMENT OFFICE

Investing in the momentum of a changing world

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All recommendations must be considered in the context of an individual investor's goals, time horizon, liquidity needs and risk tolerance. Not all recommendations will be in the best interest of all investors.

Asset allocation, diversification and rebalancing do not ensure a profit or protect against loss in declining markets.

Impact investing and/or Environmental, Social and Governance (ESG) managers may take into consideration factors beyond traditional financial information to select securities, which could result in relative investment performance deviating from other strategies or broad market benchmarks, depending on whether such sectors or investments are in or out of favor in the market. Further, ESG strategies may rely on certain values based criteria to eliminate exposures found in similar strategies or broad market benchmarks, which could also result in relative investment performance deviating.

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Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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A woman in a light blue coat is plugging a yellow charging cable into an electric car. The background is a blurred outdoor setting.

The future of investing is sustainable

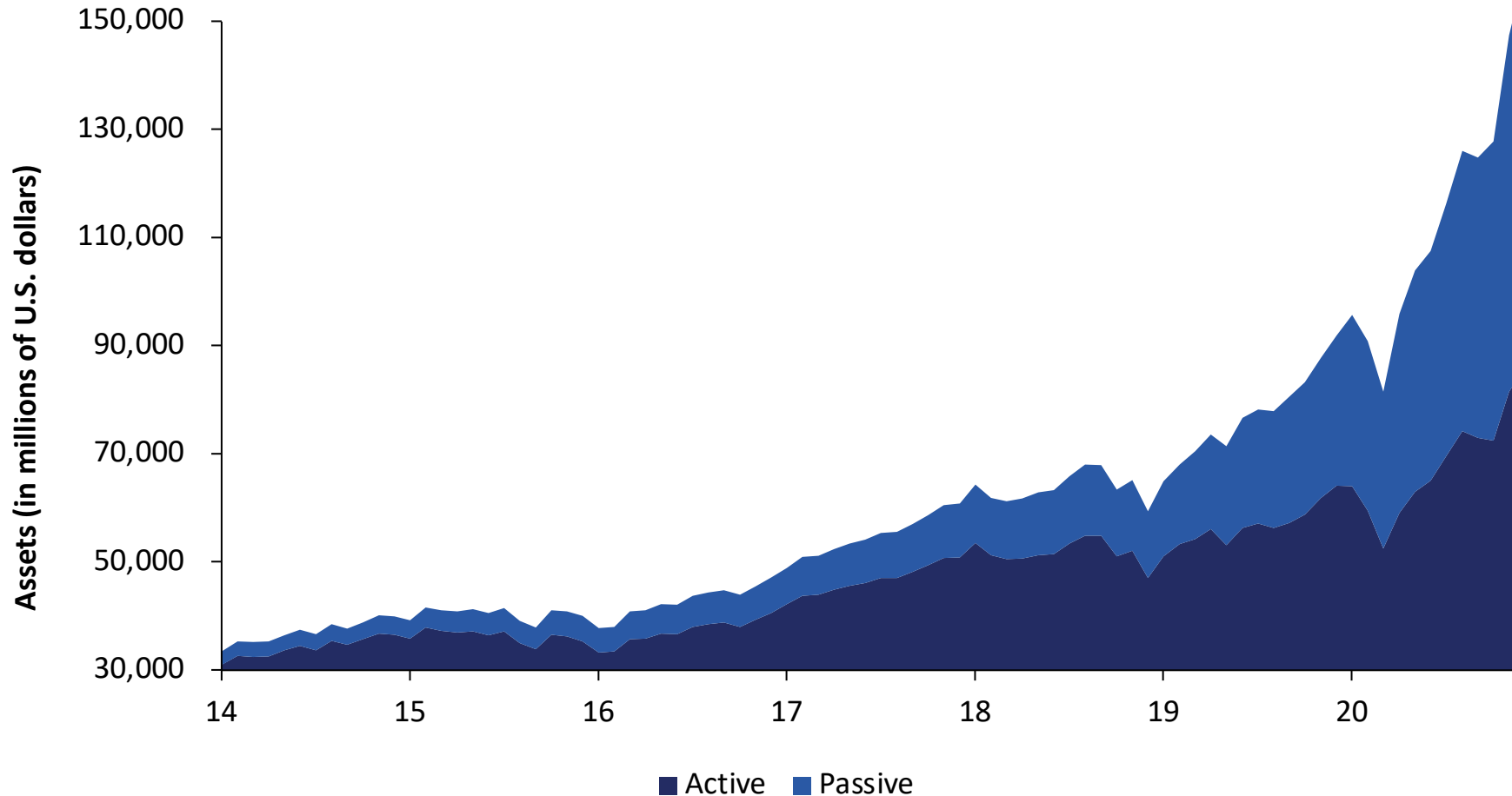
Sustainable investing is experiencing significant growth in the U.S.

Companies with strong sustainability metrics have been shown to outperform

Ignoring sustainability may create a blind spot in your portfolio

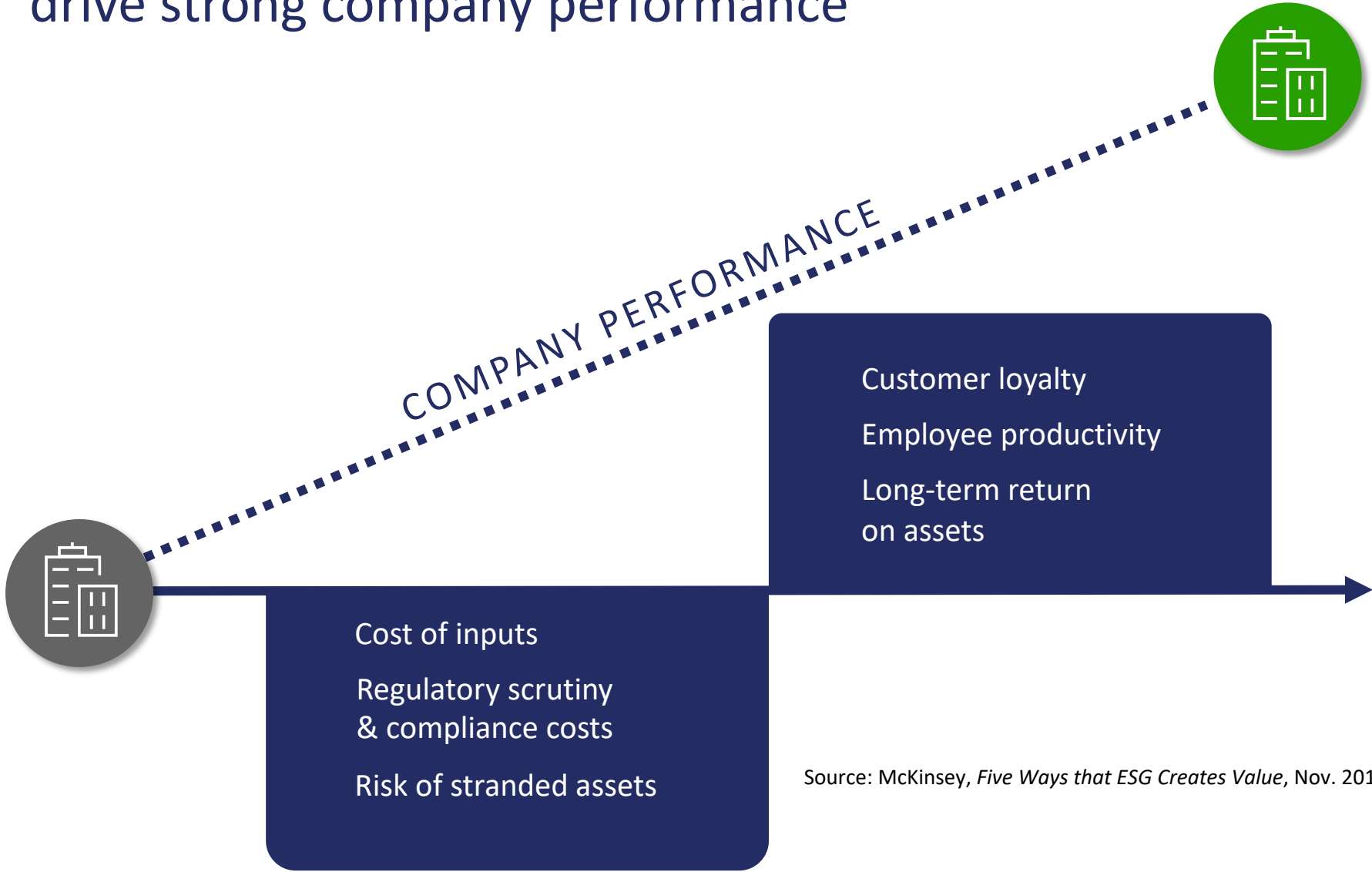
Source: BofA Global Research, "ESG from A to Z: a global primer," November 2019.

Flows into sustainable investments have accelerated and the last two years have seen tremendous growth



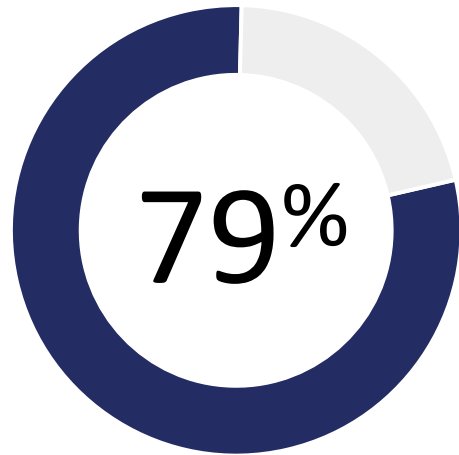
Source: BofA Global Research U.S. Equity & Quant Strategy, SimFund. December 2020.
See glossary at the end of this presentation.

Sustainable business practices have been shown to help drive strong company performance



Source: McKinsey, *Five Ways that ESG Creates Value*, Nov. 2019.

Sustainable business practices can help enhance the top line



of consumers are changing their purchase preferences based on sustainability

80%

want to be able to make a difference in saving the planet for future generations

77%

are concerned about the humane and fair treatment of workers

72%

are personally concerned about their environmental footprint

2 out of 3 consumers say sustainability factors influence the products and services they purchase.

Source: CapGemini, *How sustainability is fundamentally changing consumer preferences*, 2020.

Sustainable business practices can also help enhance the bottom line



Executing ESG initiatives can help combat rising costs and can affect profits by up to

60%



✓	Raw material inputs
✓	Energy consumption
✓	Waste management
✓	Regulatory compliance
✓	Employee productivity

Sustainable business practices can potentially enhance profitability by helping control — and even reduce — the costs of doing business.

Source: McKinsey, *Five Ways that ESG Creates Value*, Nov. 2019.

Companies that operate in sustainable ways may also be better positioned for a changing world



Labor market stresses



Social justice movements



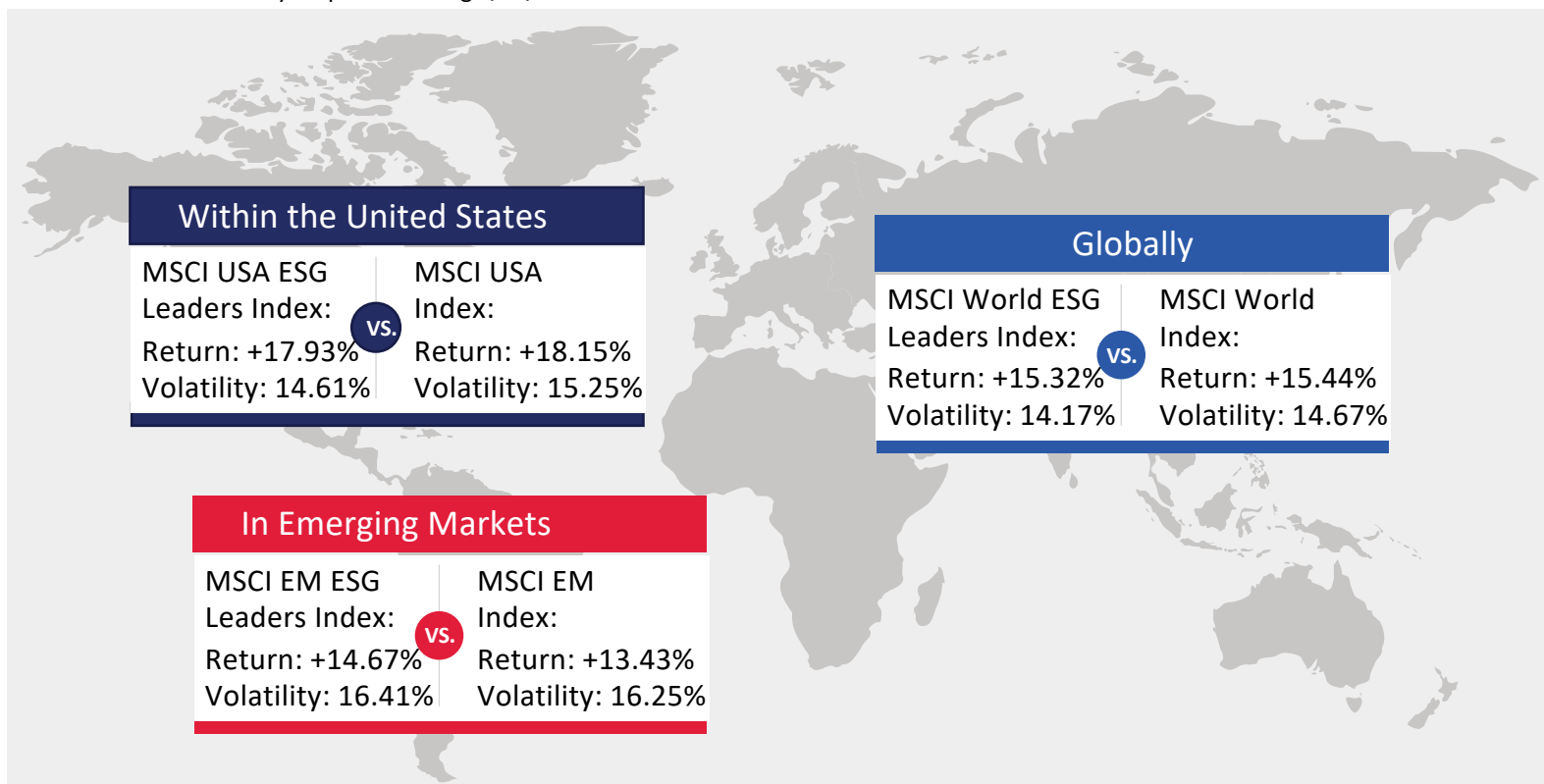
Shifting consumer preferences



Changing regulatory environment

A closer look at sustainable investing shows strong performance characteristics

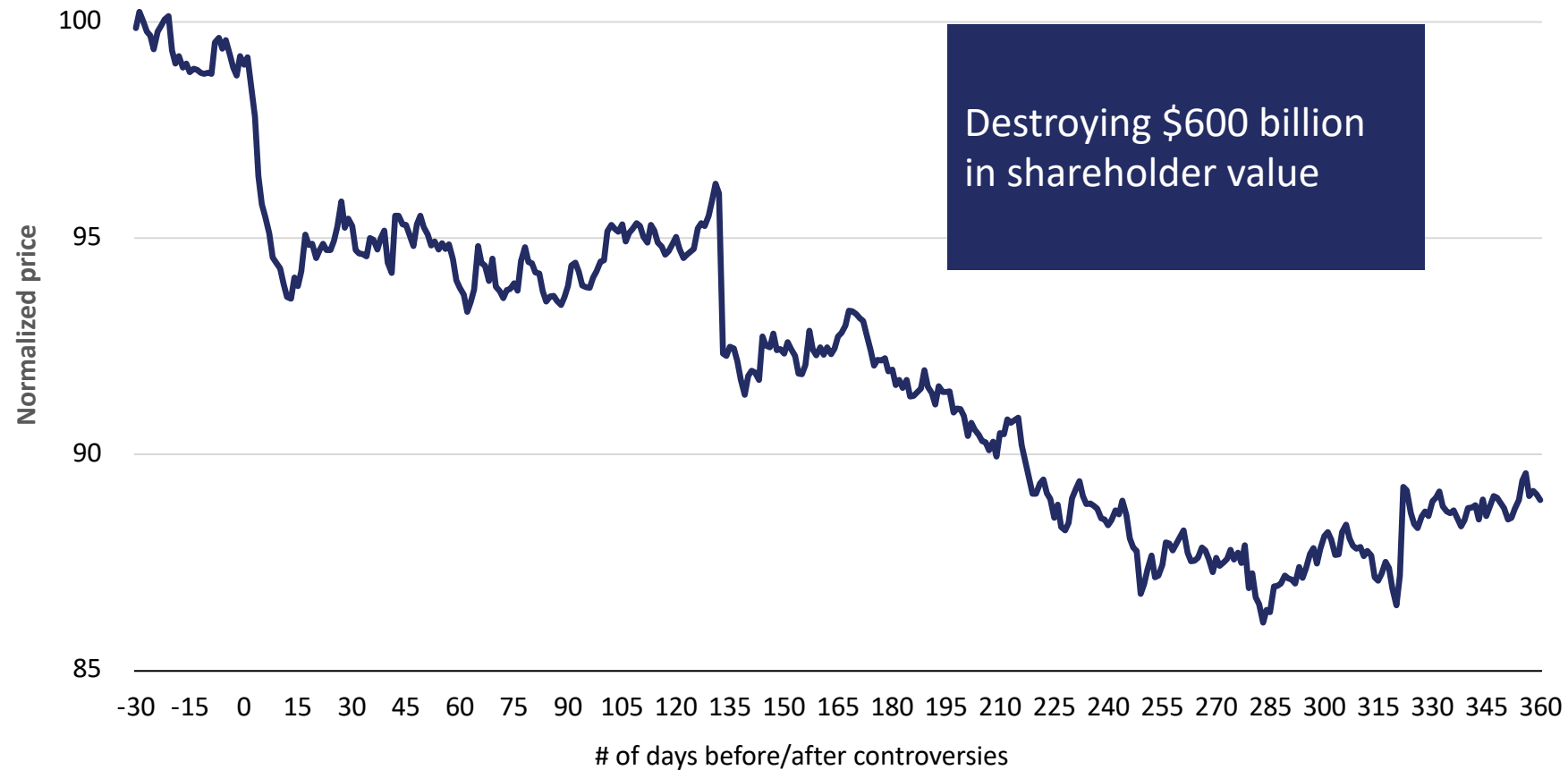
Performance for the five-year period ending 6/30/2021.



Performance for these indices for the three-year and 10-year periods ending June 30, 2021 are as follows: **MSCI USA ESG Leaders**: 3-YR RTN: 19.95%, 3-YR VOL: 18.04% & 10-YR RTN: 14.49%, 10-YR VOL: 13.37%; **MSCI USA**: 3-YR RTN: 19.43%, 3-YR VOL: 18.88% & 10-YR RTN: 15.02%, 10-YR VOL: 13.78%; **MSCI World ESG Leaders**: 3-YR RTN: 16.31%, 3-YR VOL: 17.53% & 10-YR RTN: 11.27%, 10-YR VOL: 13.54%; **MSCI World**: 3-YR RTN: 15.59%, 3-YR VOL: 18.21% & 10-YR RTN: 11.26%, 10-YR VOL: 13.92%; **MSCI EM ESG Leaders**: 3-YR RTN: 13.67%, 3-YR VOL: 18.76% & 10-YR RTN: 7.67%, 10-YR VOL: 16.77%; **MSCI EM**: 3-YR RTN: 11.67%, 3-YR VOL: 18.81% & 10-YR RTN: 4.65%, 10-YR VOL: 17.66%. **Volatility** is a statistical measure of the dispersion of returns for a given security or market index. In most cases, the higher the volatility, the riskier the security. Volatility is often measured as either the standard deviation or variance between returns from that same security or market index. Source: MSCI ESG Research & Morningstar Direct data as of June 30, 2021. Performance for five-year period: July 1, 2016 to June 30, 2021. Certain information contained herein (the "Information") has been provided by MSCI ESG Research LLC, a Registered Investment Adviser under the Investment Advisers Act of 1940, and may include data from its affiliates (including MSCI Inc. and its subsidiaries ("MSCI")), or third party suppliers (each an "Information Provider"), and may have been used to calculate scores, ratings or other indicators and it may not be reproduced or disseminated in whole or in part without prior written permission. **Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index.**

See index definitions at the end of this document. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

And sustainable investments may also help mitigate certain investment risks



Source: BofA Global Research, "When bad news hits good companies," June 2020. Includes 27 major controversies related to data breaches, accounting scandals, sexual harassment and other ESG topics between December 2013 and March 2019.



If you aren't considering sustainable investing, you may possibly miss out on opportunities in the market

A first step may be to think about why you are interested in sustainable investing



Capture growth through innovation

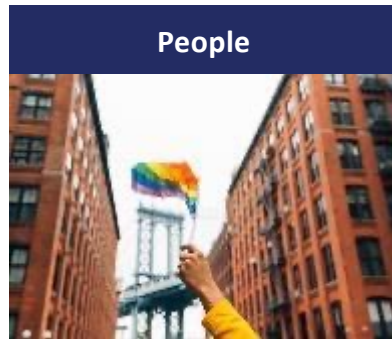


Manage and mitigate risk



Create positive impact in the world

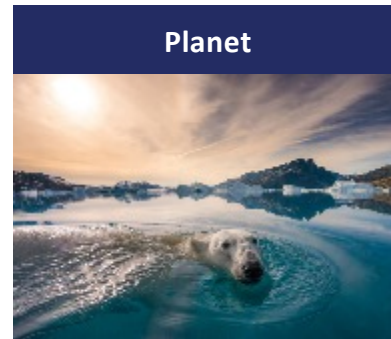
Then consider the impact you may want to make



People

Company's contribution to an engaged workforce and healthy communities

- Good Health & Wellbeing
- Empowerment & Inclusion



Planet

Company's contributions to climate and environmental sustainability

- Climate Action
- Natural Resources



Principles of Governance

Company's commitment to ethics and societal benefit

- Corporate Governance
- Corporate Behavior



Prosperity


Company's contributions to equitable, innovative growth

- Good Jobs & Economic Development
- Sustainable Communities


Please note that the examples under each theme are illustrative of the types of investments possible, and are not necessarily strategies available today.

Sustainable investing is not an all or nothing proposition

INCREASING ADOPTION OF SUSTAINABLE INVESTING PRACTICES



Complement your existing portfolio
by adding new investments that focus on a specific sustainability theme or by creating a complementary, multi-asset sustainability portfolio



Substitute some of your existing holdings
by selling them and using the proceeds to invest in companies or investment managers that have a sustainable focus



Transition all your assets to sustainable strategies
by directing uninvested cash to sustainable strategies and replacing current holdings with multi-asset, sustainable investments over time

Note: Green circles are illustrative of degree of integration of sustainability.

You have choices in how to create a more sustainable future

We can help you integrate your views on sustainability in your portfolio

You have access to a robust platform of sustainable strategies

Sustainability may help support your long-term asset allocation

So what should you consider doing next?



Think about what you have heard here today and if you want to learn more about how you can invest sustainably



Talk to your advisor about the ways sustainable investing can be implemented in your portfolio



Review your current holdings and, if appropriate, adjust based on your sustainability preferences and long-term goals

Let's start a conversation



Ask questions now,
call or email us.



Focus on your goals and remember
your investment strategy.



Schedule time to discuss
how we can help.

Glossary and index definitions

Active strategies seek to outperform the market in comparison to a specific benchmark, with managers making investment and trading decisions for their strategies. **Passive strategies** replicate the investment holdings of a specific benchmark in order to achieve similar results.

The **MSCI Emerging Markets (EM) ESG Leaders Index** is a capitalization weighted index that provides exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers. MSCI EM ESG Leaders Index consists of large and mid cap companies across 27 Emerging Markets (EM) countries. The Index is designed for investors seeking a broad, diversified sustainability benchmark with relatively low tracking error to the underlying equity market. The index is a member of the MSCI ESG Leaders Index series. Constituent selection is based on data from MSCI ESG Research.

The **MSCI Emerging Markets Index** captures large- and mid-cap representation across 27 Emerging Markets (EM) countries. With 1,380 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI USA ESG Leaders Index** is a capitalization-weighted index that provides exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers. MSCI USA ESG Leaders Index consists of large- and mid-cap companies in the U.S. market. The Index is designed for investors seeking a broad, diversified sustainability benchmark with relatively low tracking error to the underlying equity market. The index is a member of the MSCI ESG Leaders Index series. Constituent selection is based on data from MSCI ESG Research.

The **MSCI USA Index** is designed to measure the performance of the large- and mid-cap segments of the U.S. market. With 620 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the U.S.

The **MSCI World ESG Leaders Index** is a capitalization-weighted index that provides exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers. MSCI World ESG Leaders Index is constructed by aggregating the following regional Index MSCI Pacific ESG Leaders Index, MSCI Europe & Middle East ESG Leaders Index, MSCI Canada ESG Leaders Index and MSCI USA ESG Leaders Index. The parent index is MSCI World Index, which consists of large- and mid-cap companies in 23 Developed Markets Countries. The Index is designed for investors seeking a broad, diversified sustainability benchmark with relatively low tracking error to the underlying equity market. The index is a member of the MSCI ESG Leaders Index series. Constituent selection is based on data from MSCI ESG Research.

The **MSCI World Index** captures large- and mid-cap representation across 23 Developed Markets (DM) countries. With 1,600 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

Environmental, Social, Governance – Legal Issues

November 18, 2021

2021 HR, Safety and Environmental Conference

Patrick Runge, Sen. Associate, King & Spalding LLP, Atlanta, GA

— Roadmap

- I. ESG Legal Overview
- II. Biden Administration ESG - Activities and Priorities
- III. Impacts on EHS Managers

ESG Legal Overview



What is ESG?

- Environmental/Social/Governance
- Primarily an investment framework - attempts to describe and categorize certain business “risks.”
- Most relevant to investors and business managers in major corporations.

Environmental

“The environmental factor might focus on a company’s impact on the environment or the risks and opportunities associated with the impacts of climate change on the company, its business and its industry.”

<https://www.investor.gov/introduction-investing/investing-basics/glossary/environmental-social-and-governance-esg-investing>

- **Elements:**
 - Environmental compliance
 - Remediating legacy contamination
 - GHG emissions + energy use
 - Environmental justice



Steelworks, Birmingham, Alabama- 1937
(<https://digitalcollections.nypl.org/items/bca30b60-f839-0137-6759-3bb46aee3440>)

Social

“The social factor might focus on the company’s relationship with people and society, or whether the company invests in its community..”

<https://www.investor.gov/introduction-investing/investing-basics/glossary/environmental-social-and-governance-esg-investing>

- **Elements:**
 - Fostering community relations
 - Knowing your neighbors
 - Understanding your impacts
 - Educating, notifying, and involving community in company activities



Steel mill and workers' houses near Birmingham, Alabama- 1937
(<https://digitalcollections.nypl.org/items/ba309cea-955e-4288-e040-e00a18066c61>)

Governance

“The governance factor might focus on issues such as how the company is run and executive compensation.”

<https://www.investor.gov/introduction-investing/investing-basics/glossary/environmental-social-and-governance-esg-investing>

- **Elements:**
 - Who is running the company?
 - Is management diverse?
 - How are they compensated?
 - Are they prioritizing good citizenship?



American Telephone & Telegraph Exhibit - Robert Kohn and Walter Gifford in Board of Directors Room- 1935-45
(<https://digitalcollections.nypl.org/items/ba309cea-955e-4288-e040-e00a18066c61>)

ESG - Legal Requirements

ESG generally does not involve substantive EHS standards

- Almost all environmental, worker safety, labor, and other laws exist independently of ESG considerations
- Primary ESG hook: U.S. Security and Exchanges Commission (“SEC”) corporate disclosure requirements
 - SEC rules broadly require disclosure of “material” risks to business
 - ESG mismanagement can impact bottom-line; investors interested
 - 2010 Climate Change Guidance: urged disclosure of material climate change risks to business (like other material envtl. risks), but provided little specificity

ESG - Legal Requirements

Substantial Liability for Misrepresentations/Omissions

- Duty to Disclose All Material Information – Rule 12b-20 of the Securities Exchange Act
- Liability for False and Misleading Statements – Sec. 18 of the Securities Exchange Act
- Executive Officer Certification of Reports and Financial Statements
- Control Person Liability – Sec. 20 of the Exchange Act; Sec.15 of the Securities Act

- 15 U.S. Code § 78r - Liability for misleading statements
- 15 U.S. Code § 78ff – Penalties



Biden Administration - ESG Activities and Priorities



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Climate Priorities

- President Biden made Climate Change a central part of his campaign platform
- Investment of \$1.7 trillion over 10 years
- Net-zero emissions by 2050 with a 2025 benchmark
- Rebuild our relations with the international climate community
- Goal: guide all legislation and agency regulations through a climate-conscious lens



Photo: President Biden POTUS@twitter.com
<https://pbs.twimg.com/media/FDM9rd4WYAs9Bfv?format=jpg&name=small>

Environmental Justice (“EJ”) Priorities

- Use an inclusive and empowering All-of-Government approach;
- Make decisions that are driven by data and science
 - Climate and Economic Justice Screening Tool
 - Annual Environmental Justice Scorecard detailing agency environmental justice performance measures.
- Target resources in a way that is consistent with prioritization of environmental and climate justice; and
- Assess and address risks to communities from the next public health emergency.



<https://www.nal.usda.gov/ric/environmental-justice-resources>

— Biden's "ESG" Team

Extreme Emphasis on Climate Change and Environmental Justice in Executive Staffing

For example:

- **White House Counsel on Env'tl. Quality**: Brenda Mallory – worked at SELC
- **Presidential Envoy for Climate** (new position): John Kerry
- **National Climate Advisor** (new position): Gina McCarthy - former head of EPA
- **Secretary of Energy**: Jennifer Granholm, former professor at UC Berkeley
- **Secretary of Interior**: Deb Haaland; activist; history of protesting pipeline projects
- **U.S. EPA Administrator** - Michael S. Regan, Former VP at Env'tl. Defense Fund

Funding Climate Change and EJ

- **EPA FY 2021:**
 - ~ \$12M for EJ; the large majority was enforcement related
 - Scattered funding for climate throughout multiple programs
- **EPA FY 2022:**
 - \$1.8 billion directly allocated to address climate change
 - **\$900M** of that allocation designated for EJ
 - \$282M of EJ budget for enforcement



<https://www.epa.gov/environmentaljustice/national-environmental-justice-community-engagement-calls>

— The Obama/Biden Administration

“I’ve got a pen and I’ve got a phone.”

We’re not just going to be waiting for legislation in order to make sure that we’re providing Americans the kind of help they need. I’ve got a pen and I’ve got a phone And I can use that pen to sign executive orders and take executive actions and administrative actions that move the ball forward

- President Obama (Jan. 14, 2014)



<https://twitter.com/POTUS/status/1451666498888609792>

Executive Orders

EO 13990 (Jan. 20, 2021)

- Directs all executive departments and agencies “to immediately review and . . . take action to address . . . Federal regulations and other actions during the last 4 years that conflict with [environmental justice, climate change, and other] important national objectives, and to immediately commence work to confront the climate crisis.”

EO 14008 (Jan. 27, 2021) -

- Climate considerations will be “an essential element of United States foreign policy and national security.”
- The full capacity of federal agencies will be “organize[d] and deploye[d] . . . to combat the climate crisis to . . . Reduc[e] climate pollution in every sector of the economy.”
- Policy of Administration to “secure environmental justice and spur economic opportunity for disadvantaged communities that have been historically marginalized and overburdened by pollution and underinvestment in housing, transportation, water and wastewater infrastructure, and health care.”

Executive Order 14030 (May 20, 2021)

Climate-Related Financial Risk

“ It is therefore the policy of my Administration to advance consistent, clear, intelligible, comparable, and accurate disclosure of climate-related financial risk . . . , including both physical and transition risks; act to mitigate that risk and its drivers, while accounting for and addressing disparate impacts on disadvantaged communities and communities of color . . . and spurring the creation of well-paying jobs; and achieve our target of a net-zero emissions economy by no later than 2050.”

SEC Climate Disclosure Requirements

SEC investigating expanding required ESG disclosures

- Gary Gensler, Chair of SEC:
 - “When it comes to climate risk disclosures, investors are raising their hands and asking regulators for more. . . . Today, investors increasingly want to understand the climate risks of the companies whose stock they own or might buy.”
 - “I have asked SEC staff to develop a mandatory climate risk disclosure rule proposal for the Commission’s consideration by the end of the year.”
 - “I’ve also asked staff to consider the ways that funds are marketing themselves to investors as sustainable, green, and ‘ESG’ and what factors undergird those claims.”

SEC – Climate Change Disclosures

What might new disclosure requirements look like?

- Require consistent/comparable reporting of “material” risks, potentially in 10-Ks
- Adopt third-party metrics – Task Force on Climate-related Financial Disclosures (“TCFD”) framework, SASB standards from Value Reporting Foundation, etc.
- Describe how ESG issues are managed and incorporated into a company strategy
- Quantify “Scope 1” (company operation, energy use, vehicles, downstream value chain, etc.) and “Scope 2” (essential, closely-related third parties) emissions
- Delineate financial impacts of climate change on the company
- Explain progress toward climate-related company goals (i.e., “net zero,” emission reduction goals)
- **Controversy:** *Will SEC use ESG disclosures to drive broader policy goals?*

ESG: Impacts on EHS Managers



Impact on EHS managers

What will this mean on ground?

- We're not talking about new regulatory requirements
- I'm not responsible for my company's SEC filings
- My facility is located in an area that is pro-business

- I can't control the kind of capital investments that would impact GHG emissions...



Increased Emphasis on EHS Performance

Push to go above-and-beyond mere compliance

- Perception of investors, media, and community becomes much more important
- Meeting minimum requirements/staying out of regulatory enforcement actions may not be good enough
- Desire to demonstrate exemplary EHS performance



Increased Scrutiny of Documentation

Need to tell your story

- Environmental stewardship/social responsibility becomes part of the way companies market to investors
- Need to be 100% accurate; how reliable are your systems?
- Need to well-documented to back-up everything the company claims
- EHS personnel likely to be more involved in SEC filings

Decreased Tolerance for Externalized Costs

2020 and 2021 demonstrated just how differently people judge acceptable risks

- Need to be aware of the general and specific impacts of your processes and products
 - How well are my impacts really understood? Is the science outdated?
 - Who lives around my facility? How are they impacted? What is our relationship?
 - What do they expect of the company?
- Are there steps we can take now, rather than later, to improve?

Take-Away

Increased emphasis on ESG appears inevitable. As a result:

- EHS is likely to become even more important in company planning.
- EHS management will become more high-profile.
- EHS performance will be more more highly scrutinized.

Questions?

Environmental and Workplace Safety Law Under the Biden Administration

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