

ESG: Exploring the “S” in ESG Building Your Company’s Social Impact Strategy

October 2021

Presenters



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Goals for today

Today's panelists will discuss the importance of a company's social impact strategy including:

1. The "S" in ESG: What does the "S" in ESG stand for and what does it mean?
2. Recent examples of how companies have focused on social impact as part of their overall business strategy
3. Why can't corporations just maximize profits for investors? Aren't social impact issues potentially risky?
4. What happens when companies fail to walk the talk
5. Best practices for developing your social impact strategy

Questions & next steps

The Evolution of ESG

- **1980s - 1990s:** Corporate Social Responsibility, Sustainable Development and Triple Bottom Line.
- **2000s:** Carbon Disclosure Project, Principles for Responsible Investment and the introduction of Environmental, Social and Governance.
- **2010s:** Sustainability Accounting Standards Board, International Integrated Reporting Council and Task Force on Climate Related Financial Disclosure.
- **2020s:** ISS adds ESG Scores, S&P ESG indices launched, World Economic Forum Sustainable Value Creation Metrics.



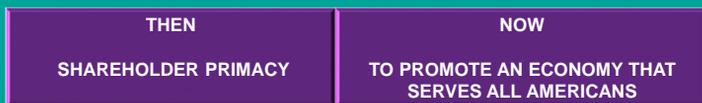
BUILDING A SOCIAL IMPACT STRATEGY AS PART OF YOUR ESG/BUSINESS STRATEGY

Social impact strategy is a process for planning, measuring, and attributing positive social change to an organization's work and actions.

Graph: Cemex



In August 2019, 181 CEOs Sign the Business Roundtable's Statement that Redefined the Purpose of a Corporation



SOCIAL IMPACT

May 2019: Nasdaq Inc. issues its ESG reporting guide for public and private companies

- CEO Pay Ratio
- Gender Pay Ratio
- Employee Turnover
- Gender Diversity
- Temporary Worker Ratio
- Non-Discrimination
- Injury Rate
- Global Health & Safety
- Child & Forced Labor
- Human Rights

SOCIAL IMPACT

November 2019: SEC Approves Human Capital Disclosure Requirements

Effective November 9, 2020, the Securities Exchange Commission (SEC) issued final rules that modernized the requirements of Regulation S-K applicable to disclosure of the description of the business, legal proceedings and risk factors. The new rules require companies to greatly expand their human capital management disclosure using a principles-based approach.

SOCIAL IMPACT

*"Purpose is not the sole pursuit of profits but the animating force for achieving them."
- Larry Fink, CEO of BlackRock Inc.*

August 2021: SEC Approves Nasdaq Diversity Rule

On August 6, 2021, the Securities and Exchange Commission ("SEC") approved Nasdaq's Board Diversity Rule ([Nasdaq Stock Market LLC Rules 5605\(f\) and 5607](#)), which requires listed companies to have at least two diverse board members or to explain their failure to meet the requirement, with some exceptions. The Board Diversity Rule also requires companies to publish statistics on the diversity of their board members.

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ACCOUNTABILITY

- *Robert Foote, derivatively on behalf of Micron Technology, Inc. v. Micron Technology, Inc. et al.*, 1:21-cv-00169-UNA (D. Del. 2021)

- Facebook Beats Derivative Suit Over Board Diversity, For Now:
In [Oceanada v. Zuckerberg](#), No. 20-CV-04444, 2021 WL 1056611 (N.D. Cal. Mar. 19, 2021), the United States District Court for the Northern District of California became the first court to rule on a motion to dismiss claims alleging deficiencies in a company's compliance with policies intended to promote diversity.

BEST PRACTICES FOR DEVELOPING YOUR SOCIAL IMPACT STRATEGY

1. Identify attainable and specific goals
2. Communicate clearly how the company will attain the goals
3. Measure achievement against goals
4. ESG is not exclusively a public or investor relations issue; it should be integrated into the legal and compliance functions, among other departments and should be part of the overall corporate strategy
5. Board of Directors should understand their fiduciary duties related to ESG strategies

Unilever Compass

Win with our brands as a force for good, powered by purpose and innovation

Improve the health of the planet			Improve people's health, confidence and wellbeing		Contribute to a fairer, more socially inclusive world		
Climate action	Protect and regenerate nature	Waste free world	Positive nutrition	Health and wellbeing	Equity, diversity and inclusion	Raise living standards	Future of work
<p>Half our emissions from our operations from growing by 20% per year by 2030</p> <p>Half greenhouse gas impact of top products from growing by 20% by 2030</p> <p>Save water in our operations by 2030</p> <p>Use less fuel. And divert carbon with renewable or recycled carbon in all our packaging and laundry product formulations</p> <p>Stop the largest footprint of any product line with 100% sustainable packaging by 2030</p>	<p>20% reduction in Scope 1 and 2 emissions by 2030</p> <p>100% sustainable sourcing of our key agricultural crops by 2030</p> <p>Engage farmers and smallholders to improve their livelihoods and regenerate ecosystems</p> <p>Implement water stewardship programmes in 100 hotspots by 2030</p> <p>70% of our operations to be water-positive by 2030</p>	<p>20% recycled plastic by 2025</p> <p>100% recyclable, reusable or compostable plastic packaging by 2030</p> <p>Reduce food waste in our operations by 2030</p> <p>Maximize zero waste to landfill in our factories</p>	<p>10 billion retail sales from plant-based meat and dairy alternatives by 2025-2027</p> <p>Double the number of products sold that feature positive nutrition by 2025</p> <p>70% of our portfolio to meet key global nutritional standards by 2025</p> <p>50% of packaged ice cream to contain no more than 24g total sugar per serving by 2025</p> <p>10% of packaged ice cream to contain no more than 200 kcal per serving by 2025</p> <p>80% of our Foods portfolio to help consumers reduce their total intake to no more than 2g per day by 2025</p>	<p>Half a billion people benefit from our health and wellbeing products by 2030</p> <p>100% of our people to be healthy and happy by 2030</p> <p>100% of our people to be safe and secure by 2030</p> <p>100% of our people to be empowered and engaged by 2030</p> <p>100% of our people to be inclusive and diverse by 2030</p> <p>100% of our people to be fair and equitable by 2030</p> <p>100% of our people to be respected and valued by 2030</p> <p>100% of our people to be safe and secure by 2030</p> <p>100% of our people to be empowered and engaged by 2030</p> <p>100% of our people to be inclusive and diverse by 2030</p> <p>100% of our people to be fair and equitable by 2030</p> <p>100% of our people to be respected and valued by 2030</p>	<p>Achieve an equitable and inclusive culture by 2030</p> <p>100% of our people to be safe and secure by 2030</p> <p>100% of our people to be empowered and engaged by 2030</p> <p>100% of our people to be inclusive and diverse by 2030</p> <p>100% of our people to be fair and equitable by 2030</p> <p>100% of our people to be respected and valued by 2030</p> <p>100% of our people to be safe and secure by 2030</p> <p>100% of our people to be empowered and engaged by 2030</p> <p>100% of our people to be inclusive and diverse by 2030</p> <p>100% of our people to be fair and equitable by 2030</p> <p>100% of our people to be respected and valued by 2030</p>	<p>100% of our people to be safe and secure by 2030</p> <p>100% of our people to be empowered and engaged by 2030</p> <p>100% of our people to be inclusive and diverse by 2030</p> <p>100% of our people to be fair and equitable by 2030</p> <p>100% of our people to be respected and valued by 2030</p> <p>100% of our people to be safe and secure by 2030</p> <p>100% of our people to be empowered and engaged by 2030</p> <p>100% of our people to be inclusive and diverse by 2030</p> <p>100% of our people to be fair and equitable by 2030</p> <p>100% of our people to be respected and valued by 2030</p>	<p>Help equip 16 million young people with essential skills by 2030</p> <p>Provide new models to provide our employees with flexible employment options by 2030</p> <p>Recruit or upskill our employees with future-fit skills by 2030</p>
<p>Respect human rights</p> <p>Respect and promote human rights and the effective implementation of the UN Guiding Principles, and ensure compliance with our Responsible Sourcing Policy</p>							

2020 Highlights



Our People	Our Planet	Our Products	Our Governance
<p>19.4% reduction in incident rate</p> <p>16% of U.S. team members are ethnically diverse</p> <p>23% of team members are women</p> <p>48% Manufacturing sites certified in ISO 45001 Health & Safety Management System</p>	<p>4.8% reduction in energy intensity</p> <p>2.9% reduction in greenhouse gas emissions intensity (Scope 1 and 2)</p> <p>3.7% reduction in waste intensity**</p> <p>81% Manufacturing sites certified in ISO 14001 Environmental Management System</p>	<p>30+ world leading brands</p> <p>15 brands are 100+ years old</p> <p>41% of revenue from products that contribute to "net efficiency and/or carbon reduction"</p> <p>97% Manufacturing sites certified in ISO 9001 Quality Management System</p>	<p>10 Board members</p> <p>9 independent directors and 1 independent chairperson</p> <p>30% of Board members are women</p> <p>10% of Board members are ethnically diverse*</p>

2021 Goals

Tenneco's Sustainability Goals	
Material Topic	Goal
 Inclusion, Diversity and Equity	<ul style="list-style-type: none"> • Increase gender diversity to One Third females globally at manager level and above by 2030. • Increase U.S. minority group representation to One Third at manager level and above by 2030.
 Greenhouse Gas Emissions	Reduce Scope 1 and Scope 2 GHG emissions intensity by 30% by 2030 from a 2019 baseline.
 Energy Use	<ul style="list-style-type: none"> • Decrease operational energy demand by 10% by 2030 from a 2019 baseline. • Source 15% more renewable energy by 2030.
 Operational Waste	Reduce waste to landfill by 20% by 2030 from a 2021 baseline.
 Product Safety and Quality	Achieve 100% certification with IATF 16949, ISO 9001 or other applicable quality management standards for manufacturing sites by end of 2025 to standardize quality governance.
 Supplier Management	<ul style="list-style-type: none"> • 100% of strategic partners reaffirm their commitment to the Tenneco Code of Conduct by end of 2022. • 100% of Tenneco's top sustainability "high-risk" and/or "high-impact" suppliers complete a self-assessment questionnaire by end of 2022.
 Conflict Minerals	Develop a strategy by 2024 to phase out, where possible, 3TG smelters and refiners nonconformant with RMI in the supply chain.

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Questions?

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Thank you

