Crowe

ESG news in the new year

Feb. 9, 2022

Sonia Gupta Barros, Partner, Sidley

Chris McClure, Partner, Crowe

Gregg Anderson, Managing Director, Crowe

Presenters

Sonia Gupta Barros

Partner, Sidley

+1 202 736 8387
sbarros@sidley.com

Chris McClure

Partner, Crowe

+1 312 606 7123
chris.mcclure@crowe.com

Gregg Anderson

Managing Director, Crowe

+1 630 586 5142
gregg.anderson@crowe.com

Agenda

01

Updates and expectations on key regulations

02

Understanding frameworks and standards

03

ESG trends and next steps to meet your ESG goals

UPDATES AND EXPECTATIONS ON KEY REGULATIONS

ESG Landscape

Key environmental, social & governance (ESG) issues

Environmental

- Climate change
- Greenhouse gas (GHG) emissions
- Air and water pollution
- Energy consumption
- Water usage
- Waste and recycling
- Environmental justice

Social

- Workplace and product safety
- Employee diversity and inclusion, discrimination, and fair pay
- Collective bargaining
- Human rights
- Conflict regions
- Charitable contributions and community programs
- Cybersecurity and data privacy
- Supply chain management

Governance

- Anti-bribery and corruption
- Compliance
- Corporate purpose and stakeholder interests
- Evaluation and effectiveness
- Board diversity
- Executive compensation
- Political contributions
- Lobbying
- Tax strategy

Environmental and social (E&S) themes on the rise among shareholders

Corporate Purpose	Renewed focus on corporate purpose and impact on non-equity stakeholders
Financial Performance	Thesis that better E&S attentiveness and performance lowers operational risks operations, makes business more sustainable, creates opportunities and improves financial performance
Value Investment Strategies	Belief in specific E&S value theses (e.g., reduced emissions are necessary for a "social license to operate"; workforce diversity drives value and business resilience)
Disclosures	Expectations that better corporate disclosures will increase market value and efficiency
Activism Threat	Recognition that E&S themes increase the attractiveness of a shareholder activism campaign, potentially making it difficult to disregard for the company and other investors
E&S Ratings	Higher E&S ratings can lead to increased liquidity (e.g., through index and fund inclusion) and lower cost of capital

RECENT INVESTOR E&S PRIORITIES

- Climate change (physical and transitional risks)
- Environmental justice
- Worker health and safety (incl. efforts to protect employees from COVID-19)
- Diversity and inclusion (incl. workforce diversity metrics and management/board diversity)
- Human capital management (incl. policies on sick leave and mandatory arbitration)

Select ESG Expectations from the “Big Three”

	BlackRock	Vanguard	STATE STREET
Standards-Based Reporting	• Companies should: • Disclose “sustainability-related risks” in line with the four pillars of TCFD • Publish investor-relevant, industry-specific material metrics and rigorous targets aligned with SASB or comparable standards • Disclose any multinational standards they have adopted, industry initiatives in which they participate, peer group benchmarking undertaken, and assurance processes	• Supports the use of TCFD and SASB	• Companies should use the TCFD’s framework as a guide for developing climate risk disclosure, with SASB-aligned disclosure as a floor
Climate Change	• Companies should disclose how they are preparing to transition to a low-carbon economy in (i) scenario in which global warming is limited to well below 2°C, and (ii) scenario with net zero GHG emissions by 2050 • May vote against directors where concerned about a company’s plans or disclosures; will assess alignment with TCFD and scope 1 and 2 emissions reduction targets	• Evaluates whether board oversight of climate risk is appropriate including materiality, disclosure effectiveness, business strategies and company-specific matters • Supports shareholder proposals that relate to climate-related disclosure, including those that request disclosure on how climate change risks are incorporated into strategy and capital allocation decisions	• Companies should disclose board oversight of climate risk and opportunities, scope 1 and 2 GHG emissions, targets for reducing GHG emissions and net zero transition plans • In addition to supporting climate-related shareholder proposals, State Street may take voting action against directors for unaddressed concerns relating to climate change
Diversity, Equity and Inclusion	• Boards are “encouraged” to have at least two female directors and at least one director from an underrepresented group, and “aspire” to 30% diversity • Companies should disclose diversity aspects relevant to the business and how the board’s diversity characteristics align with the long-term strategy and business model, and whether a diverse slate is considered for all board seats • Disclosures on employee demographics should be in line with the EEOC’s EEO-1 survey	• Boards should represent diversity of personal characteristics including gender, race and ethnicity (disclosed on an aggregate or individual director basis), as well as other attributes including tenure, skills and experience (disclosed on an individual director basis) • Supports shareholder proposals that relate to workforce diversity disclosure, including those that request reasonable disclosure on workforce demographics, including gender and racial/ethnic categories	• Companies should disclose role diversity plays in broader strategies, what diversity goals exist, and how board executes its oversight role in diversity and inclusion • S&P 500 companies should disclose EEO-1 survey response, disclose racial and ethnic composition of board, and have at least 1 director from an underrepresented community; Russell 3000 companies should have at least 30% female directors • Companies should address diversity, equity and inclusion in human capital management disclosure

ESG disclosure and reporting

- U.S. companies are not currently subject to a detailed and uniform mandatory ESG disclosure or reporting framework
- Disclosure of E&S matters is currently mandatory only where otherwise material to the business, except in limited cases (e.g., new human capital resources disclosure for Form 10-K, environmental litigation disclosures)
- Shareholders have encouraged companies to make standardized ESG disclosures to facilitate investment analysis and comparisons between companies
  - Voluntary reporting has grown more standardized: 72% of S&P 500 companies following Sustainability Accounting Standards Board (SASB) standards and 48% following the Task Force on Climate-Related Financial Disclosures (TCFD) standards[(1)]
- Most companies that provide voluntary ESG disclosures do so through a sustainability report, but more are providing voluntary disclosures in SEC filings
  - 92% of S&P 500 companies published a sustainability report in 2020[(2)]
  - A recent Sidley survey of Fortune 50 companies' disclosures in proxy statements found:
    - 90% of such companies made specific climate change disclosures
    - 100% disclosed board diversity statistics, with 96% reporting as to gender and 91% reporting as to race and ethnicity[(3)]

(1) As of June 18, 2021. The Center for Audit Quality, *S&P 500 and ESG Reporting* (Aug. 9, 2021)
(2) Government & Accountability Institute, Inc. 2021 Sustainability Reporting in Focus
(3) Sidley Austin LLP, Environmental, Social, and Governance Disclosures in Proxy Statements: Benchmarking the Fortune 50 (Aug. 31, 2021)

E&S proposals in the 2021 proxy season

- While nonbinding, shareholder proposals on E&S matters — typically requesting reporting on specified corporate activities — draw scrutiny to corporate E&S performance from investors, the media, and other stakeholders
- Investors have become more willing to back E&S proposals in recent years, with a record number of E&S proposals passing this year(1)
  - 34 E&S shareholder proposals have received majority support in 2021, compared to 21 in 2020(1)
  - For the one-year period ending June 30, 2021, out of approximately 170 E&S shareholder proposals it voted on, BlackRock supported 64% of environmental proposals and 35% of social proposals (compared to 6% for environmental proposals and 7% for social proposals for one-year period ending June 30, 2020)(2)
- On Nov. 3, 2021, the SEC staff issued new guidance that will make it more difficult for companies to exclude E&S proposals under Rule 14a-8
  - Under the new guidance, the SEC staff will consider whether the proposal raises issues with a broad societal impact, even if the issue is not significant to the company

(1) Alliance Advisors, 2021 Proxy Season Review, The Advisor (July 2021). Support has been calculated out of votes cast (i.e., excluding abstentions).
(2) BlackRock, Pursuing Long-Term Value for Our Clients: BlackRock Investment Stewardship, A Look into the 2020-2021 Proxy Voting Year

ESG-Related Developments at the SEC

Overview

- While investors and companies have been ahead of the SEC on ESG matters for years, the SEC has begun to actively wield its rulemaking, interpretive, and enforcement capabilities towards ESG disclosure practices at public companies
- The SEC’s increased focus on ESG matters in recent years has been spurred by:
  - Increased prioritization of ESG by investors heightening the materiality of ESG
  - Burgeoning ESG reporting by public companies leading to potential “greenwashing”
  - Divergent approaches under the Trump and Biden administrations toward the role of public companies on ESG practices (especially related to climate change and DEI)
- The SEC is predominately focused on the scope of mandatory ESG disclosures and the quality of ESG disclosures in securities filings
- The SEC’s ESG agenda includes:
  - Heightened security by the Division of Enforcement
  - An expansive view of materiality as applied to existing principle-based disclosure requirements in relation to ESG
  - Potential new disclosure requirements on climate, human capital, and board diversity

SEC’s Climate and ESG Task Force, Division of Enforcement

- In March 2021, SEC announced the formation of a Climate and ESG Task Force within the Division of Enforcement with an initial focus to "identify any material gaps or misstatements in issuers' disclosure of climate risks"
  - False statements concerning ESG targets (e.g., company falsely claims to have reduced methane emissions by a certain percentage)
  - Material omissions of material climate and ESG events (e.g., supply chain issues resulting from natural disasters resulting in increased costs of goods sold, without disclosing the cause)
  - Misleading ESG disclosures and control failures by investment managers
- Prior SEC Enforcement Actions against public companies involving ESG claims include charges against:

Fiat Chrysler Automobiles N.V. paid a $9.5M penalty for making misleading disclosures about an internal audit of its emissions control systems (Sept. 28, 2020)

Lumber Liquidators Holdings, Inc. paid $33M in fines to SEC and DOJ for making false public statements in response to media allegations that the company was selling laminate flooring that contained levels of formaldehyde exceeding regulatory standards (March 12, 2019)

BP p.l.c. paid $525M penalty for misleading investors while its Deepwater Horizon oil rig was gushing into the Gulf of Mexico by significantly understating the flow rate in multiple reports filed with the SEC (Nov. 15, 2012)

SEC's Climate Disclosure Comment Letter

- SEC staff recently issued comments to companies on climate disclosures and posted a sample comment letter on sec.gov for all companies to consider
- General
  - Explain considerations given to providing disclosures in sustainability report and on company website in SEC filings
- Risk factors
  - Disclose material effects of transition risks related to climate change that may affect the business, financial condition, and results of operations
  - Disclose material litigation risks related to climate change and potential impact on the company
- MD&A
  - Identify material pending or existing legislative and regulatory developments (U.S., state & international) and describe any material effect on the business, financial condition, and results of operations
  - Identify and quantify material past and/or future capital expenditures on climate-related projects
  - Discuss indirect consequences of climate-related regulation or business trends
  - Discuss physical effects of climate change on operations and results
  - Quantify material increased compliance costs related to climate change
  - Disclose material information about purchase/sale of carbon credits or offsets

Potential new mandatory climate disclosures

- In late July 2021, SEC Chair Gary Gensler provided insights into what a mandatory climate risk disclosure rule proposal may look like[1]
- Consistent and comparable disclosures that are mandatory and "decision-useful" (i.e., with sufficient detail so that investors gain helpful information)
- Possibly required in the Form 10-K
- Qualitative disclosures – governance, strategy, and risk management related to climate risk
- Quantitative disclosures – metrics related to greenhouse gas emissions (e.g., Scope 1 and Scope 2), financial impacts of climate change, and progress toward climate-related goals
- Scenario analyses on how a business might adapt to the range of possible physical, legal, market, and economic changes that it might contend with in the future
- Disclosure supporting forward-looking commitments
- SEC is also considering new ESG rulemaking for investment managers
  - In a July 2021 speech, Chair Gensler addressed growth in the number of funds marketing themselves as ESG, noting the "huge range of what asset managers might mean by certain terms or what criteria they use".
  - Gensler has directed SEC staff to consider recommendations about whether fund managers should disclose the criteria and underlying data they use. Gensler is also considering making changes to the Names Rule.

1. Chair Gary Gensler, Prepared Remarks Before the Principles for Responsible Investment "Climate and Global Financial Markets" Webinar (July 28, 2021)

Human capital disclosure trends

- Most companies covered the topics of training, recruiting, and retention in the human capital disclosure newly required under Regulation S-K
- Common disclosure trends and topics included:
  - Aspirational statements or forward-looking goals about human capital (e.g., 40% vice presidents are women by 2025)
  - Descriptions of the organizational structure for human capital oversight (e.g., board, board committees, CEO, diversity officers)
  - Diversity and inclusion
    - However, relatively few companies provided specific metrics about human capital (only 16 companies included EEO-1 data in the 10-K)[1]
  - Safety (e.g., COVID-19 planning and remote working)
  - Health (e.g., wellness programs and EAPs)
  - Compensation (e.g., incentive plans, compensation consultants)
  - Culture (e.g., employee engagement)

(1) Based on an Intelligize survey of 427 Form 10-Ks filed by S&P 500 companies between November 9, 2020 and March 5, 2021.

Potential new mandatory human capital and board diversity disclosures

Human capital

- In late June 2021, Chair Gary Gensler provided insights into what a mandatory human capital disclosure rule proposal may look like[(1)]
- Human capital disclosure requirements may address specific metrics on:
  - Workforce demographics including diversity,
  - Additional workforce metrics (e.g., part-time vs. full-time workers, workforce expenses, workforce turnover)
  - Health and safety
  - Skills and development training
  - Compensation and benefits

Board diversity

- NYSE has not proposed board diversity rule changes, but SEC approved Nasdaq board diversity listing rule change in August 2021
- SEC's Regulatory Flexibility Agenda indicates a rule proposal to enhance disclosures about the diversity of board members and nominees is forthcoming

1. Chair Gary Gensler, Prepared remarks at London City Week (June 23, 2021)

Evolving corporate practices

- Determine how to incorporate ESG into the long-term strategy of the business, including who has responsibility for ESG decision-making
- Evaluate ESG risks from an enterprise risk management perspective
- Actively engage with key shareholders and stakeholders (employees, customers, suppliers)
- Consider whether the Board has appropriate ESG oversight structure – and expertise
- Understand and revisit compliance function and internal controls around ESG disclosure
- Consider content and scope of ESG-related disclosures:

Mandatory ESG Disclosures	Voluntary ESG Disclosures
• Revisit materiality determinations in light of SEC's recent focus and investor expectations • Revisit SEC's 2010 climate guidance and recent climate comment letter • Consider enhancing future SEC disclosures • Be cautious of overstating in light of the SEC's focus on misstatements, gaps, and greenwashing • Prepare for new mandatory disclosures	• What and where to report • Which framework and metrics to use • Whether to publicly disclose ESG goals for the company; for individual executives ○ How frequently to report on progress toward goals

UNDERSTANDING FRAMEWORKS AND STANDARDS

Frameworks and standards

The number of frameworks, voluntary standard setters, and measurement criteria in the ESG ecosystem is dizzying

Natural Capital Finance Alliance

Climate Safe Lending Network

IR
Integrated Reporting

GRI
Global Reporting Initiative

TCFD
Task Force on Climate-Related Financial Disclosures

Sedex

PRI
Principles for Responsible Investment

GIIN
Global Impact Investing Network

SASB
Sustainability Accounting Standards Board

TNFD
Taskforce on Nature-related Financial Disclosures

Sustainable Development Goals

OECD Guidelines for Multinational Enterprises

Greenhouse Gas Protocol

CDP
Carbon Disclosure Project

Science Based Targets

ISO
International Organization for Standardization

Transition Pathway Initiative

UNEP Finance Initiative

Deciphering the standards requires understanding stakeholders and materiality

Allianz
Global Investors

ARIEL
Investments

BlackRock

CalPERS

Fidelity
Investments

Goldman Sachs
Asset Management

J.P. Morgan
Asset Management

Morgan Stanley
Investment Management

Putnam
Investments

State Street Global Advisors

UBS
Union Bank of Switzerland

Vanguard

SASB
Sustainability Accounting Standards Board

INTEGRATED THINKING PRINCIPLES

INTEGRATED REPORTING FRAMEWORK

TCFD
Task Force on Climate-Related Financial Disclosures

Deciphering the standards requires understanding stakeholders and materiality

GRI
Global Reporting Initiative

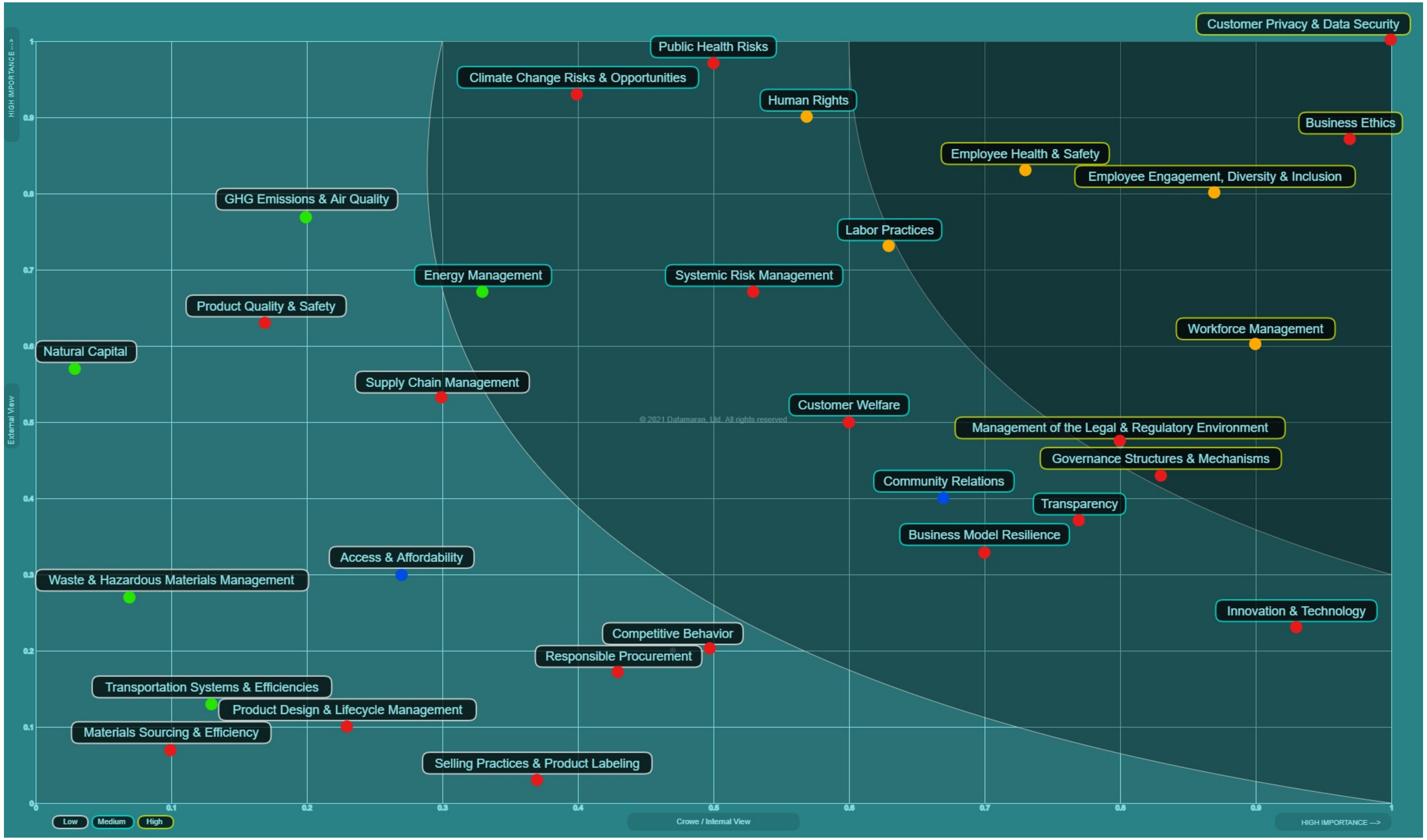
CDSB
Climate Disclosure Standards Board

CDP
Carbon Disclosure Project

WORLD ECONOMIC FORUM

1. https://www.un.org/sustainabledevelopment/wp-content/uploads/2019/01/SDG_Guidelines_AUG_2019_Final.pdf

Materiality matrix example



- Engaged workforce
- Strong communities
- Environmental stewardship
- Trust & transparency

Strong support from TRWG members to simplify the landscape

Will consolidate into the IFRS Foundation

CDSB Climate Disclosure Standards Board

INTEGRATED THINKING PRINCIPLES

INTEGRATED REPORTING FRAMEWORK

SASB STANDARDS

VALUE REPORTING FOUNDATION

Provided technical advice and contributed content

IFRS International Accounting Standards Board

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

WORLD ECONOMIC FORUM

Observers

- International Organization of Securities Commissions (IOSCO)
- International Public Sector Accounting Standards Board (IPSASB)

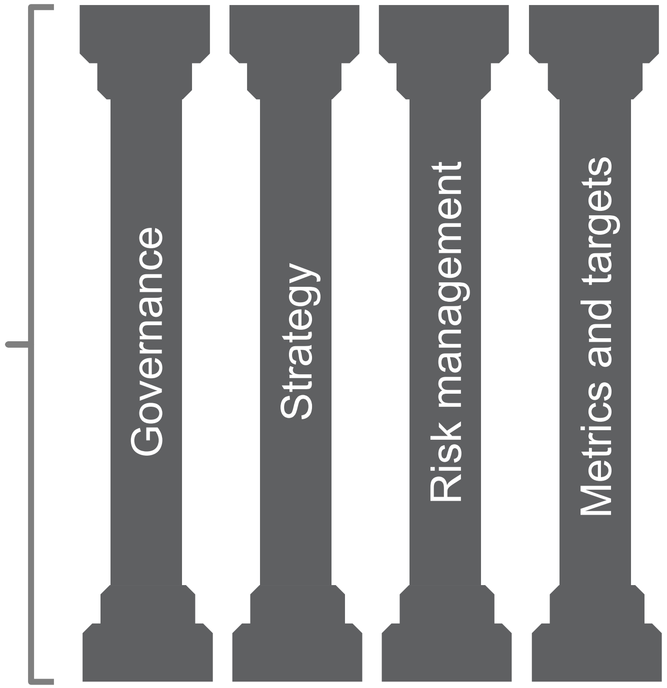
https://www.sasb.org/terms-conditions/

Recommended architecture for ISSB Standards integrates content from Technical Readiness Working Group (TRWG) members into cohesive whole

General requirements
(overall sustainability-disclosure requirements)

Themes
(first: climate)

Industry
(disclosures tailored to industry context)



Disclosures focused on matters critical to the way an entity operates

CDSB Climate Disclosure Standards Board

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SASB STANDARDS

INTEGRATED REPORTING FRAMEWORK

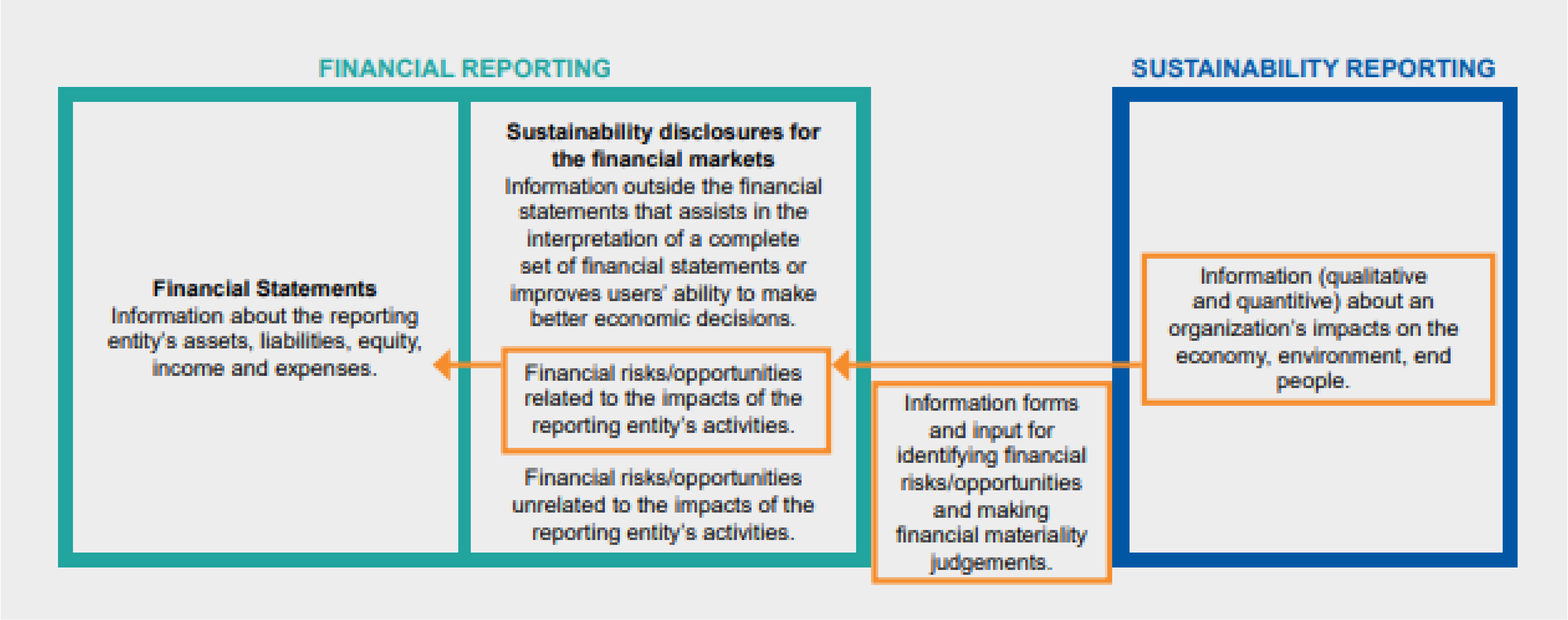
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

WORLD ECONOMIC FORUM

https://www.ifrs.org/groups/technical-readiness-working-group/

WORLD ECONOMIC FORUM

Financial and sustainability reporting



https://www.globalreporting.org/media/ervdeb02/gri-perspective-business-case-for-environment-and-society.pdf

And in Europe

2021

21 April
Publication of a proposal of the **Corporate Sustainability Reporting Directive** (CSRD)

3 November
Announcement of the establishment of an International Sustainability Standards Board (ISSB)

2022

Early 2022
Entry into force of the **Taxonomy Regulation** (climate)

ISSB public consultations*

By end of June 2022
Final agreement between EU institutions on the CSRD*

First draft EU standards proposed by EFRAG to the European Commission*

2023

1 January 2023
Entry into force of the new CSRD reporting requirements (large companies)*

Entry into force of the Taxonomy Regulation (environment)

By end of June 2023
Second draft EU standards proposed by EFRAG to the European Commission (sector-specific and SME standards)*

2024

Q1 2024
Publication of the first reports following the CSRD requirements

2026

1 January 2026
Entry into force of the new CSRD reporting requirements (SMEs)*

https://www.cdsb.net/sites/default/files/european_policy_roadmap_towards_mandatory_and_standardised_reporting_requirements_updt.pdf

SASB Standards adoption

VRF's SASB Standards Reporters

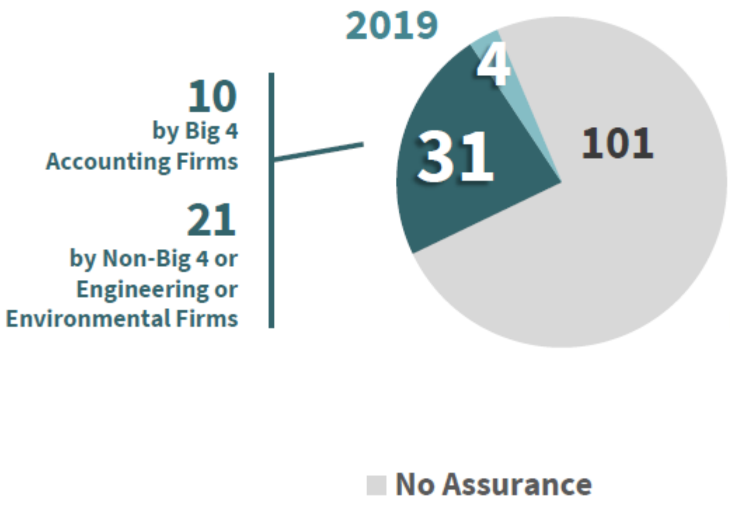
VRF's SASB Standards Corporate Adoption Dashboard		
1514 SASB Standards Reporters since 2019		
665 in S&P Global 1200 Index	**74%** of VRF's SASB 2025 target	**50%** U.S. / **50%** Int'l Global adoption breakdown

Note: The VRF tracks a 3-calendar year moving figure to account for differences in ESG reporting cycles.

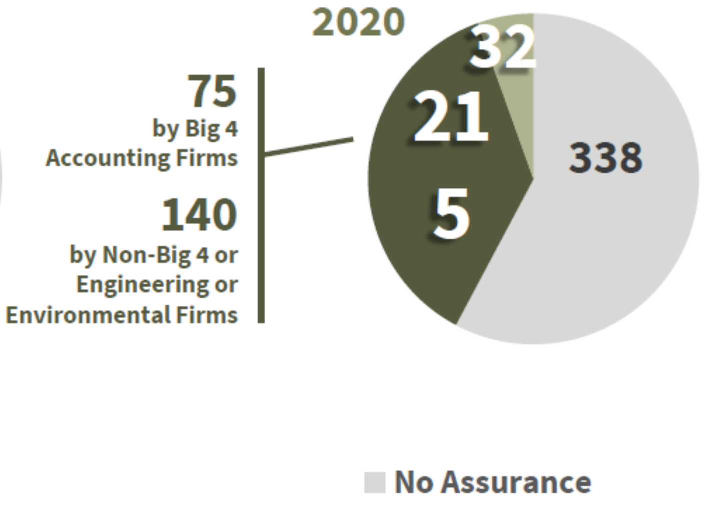
- Over the last three calendar years, **1514** *unique* companies have used the VRF's SASB Standards.
    - Of these, 665 are part of the S&P Global 1200 Index (**74 percent of 2025 adoption target**).
    - 751 are domiciled in the United States (49.6 percent) and 763 abroad (51.4 percent).
    - This represents a 160 percent increase from last year's 3-calendar-year moving figure: 583 companies since 2018.

Standards Support Third-Party Review, Verification and/or Assurance

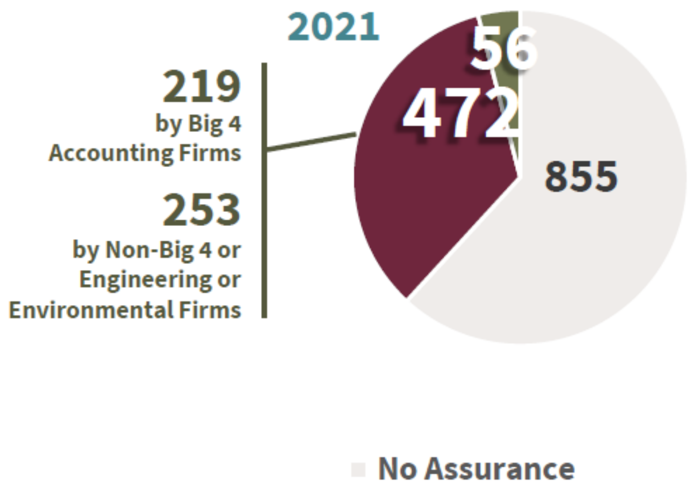
Out of 136 SASB reports in 2019, 35 (26%) had some form of third-party review



Out of 585 reports in 2020, the percentage with third-party assurance rose to 42%.



Out of 1381 reports in 2021, 38% had external verification



ESG TRENDS & NEXT STEPS TO MEET YOUR GOALS

Key ESG trends

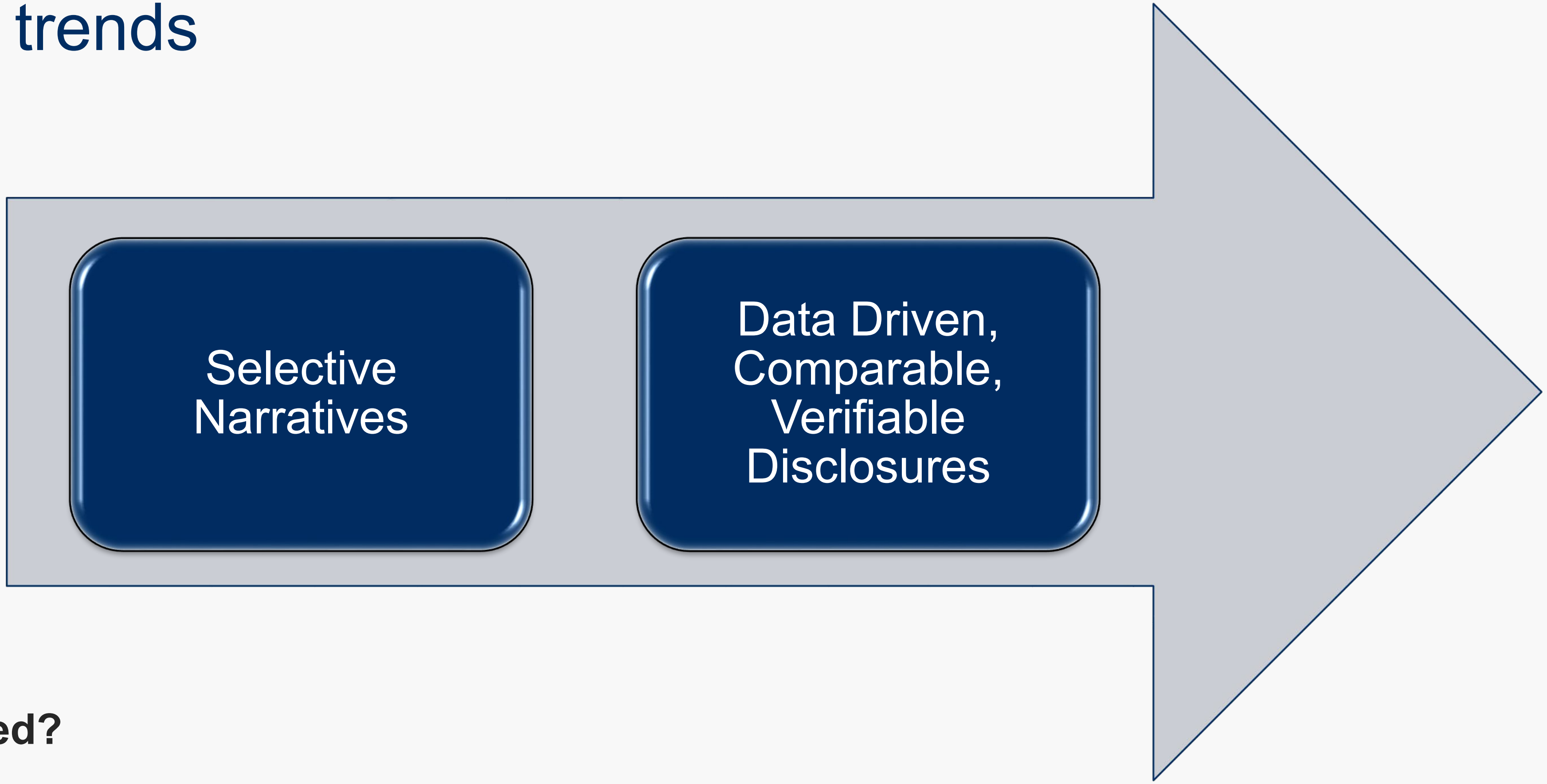
Stakeholders are increasing pressure

- **Regulators**
  - Proliferation of regulations across topics and geographies
  - EU Non-Fin Reporting Directive -> Corporate Sustainability Reporting Directive
  - AHT/Mandatory Human Rights Due Diligence requirements emerging across Europe and Asia
- **Investors**
  - Shift to ESG metrics in capital investment and bank lending

Key ESG trends

- **Customers**
  - Large corporate compliance and ESG goals driving supply chain inquiries
  - Surveys, compliance documentation, supplier scorecard metrics
- **Employees**
  - ESG = satisfied employee in the Great Resignation

Key ESG trends



What is needed?

- Reliable data systems, processes, review
- Internal controls and documentation
- Third-party review/attestation

ESG steps

1. **ESG team – form a broadly inclusive multidisciplinary steering committee:**
    - C-suite champion(s)
    - Sustainability, legal, compliance, supply chain, product quality, trade & customs, finance, IT, investor relations, EHS, HR
    - Don’t forget! Internal audit, M&A
2. **Inventory and evaluate in light of ESG:**
    - Programs
    - Processes – regulatory awareness
    - Goals and alignment

ESG steps

Shareholder letters, websites, requests for information, CSR reporting, codes of conduct
Legislative changes, comment letters, enforcement
Customers
Regulators
Investors
Shareholder letters, websites, reporting
Stakeholder engagement
Employees
Activists
Surveys, social websites, hotlines
Peers
Rankings, websites, reporting
Benchmarking, industry groups, websites, reporting

Sonia Gupta Barros

Partner, Sidley
Washington, D.C.

+1 202 736 8387
sbarros@sidley.com

PRACTICES

- Capital Markets
- Corporate Governance and Executive Compensation
- Securities Enforcement and Regulatory

ADMISSIONS & CERTIFICATIONS

- District of Columbia

EDUCATION

- The University of Chicago Law School (J.D., 1997, Editor-in-Chief, *The University of Chicago Legal Forum*)
- Wright State University (Bachelor, 1992, *summa cum laude*)

SONIA BARROS is a partner in Sidley's Capital Markets group and chairs the group's Public Company Advisory subgroup focused on advising clients in corporate disclosures and governance matters. Formerly the Chief Corporate Governance Counsel in the Division of Corporation Finance at the U.S. Securities and Exchange Commission (SEC), Sonia was the Division's senior advisor on corporate governance policy and disclosures. Prior to that, Sonia served as the Assistant Director in the SEC's Office of Real Estate and Commodities, where she had oversight authority for thousands of transactions and reviews of corporate disclosures, including financial statements, under the Securities Act of 1933 and the Securities Exchange Act of 1934.

Sonia brings extensive experience in advising public companies on SEC disclosures and compliance, corporate governance and capital markets transactions. She plays a strategic role in advising clients on emerging areas of corporate disclosures, including environmental, social, and governance (ESG) issues. Her experience includes a number of leadership roles at the SEC over 17 years and nearly a decade in the private sector.

Experience

While serving as Chief Corporate Governance Counsel, Sonia formed the Division's initial corporate governance function and was the SEC's representative to the Corporate Governance Committee of the Organisation for Economic Co-operation and Development. She also advised on the SEC's recently adopted rules governing proxy solicitations and proxy voting advice businesses. As Assistant Director in the SEC's Office of Real Estate and Commodities, Sonia led the SEC's disclosure review of companies across numerous industries, including REITs, real estate-related finance, real estate marketplace lending, lodging, casino, commodities, stock exchanges, consulting services, and cryptocurrencies.

Her other roles during her tenure with the SEC included Legal Office Chief of the Division's Office of Risk and Strategy (originally the Disclosure Standards Office), where Sonia was part of the leadership team that built the office from the ground up and completed evaluations and assessments of the Division's filing review outcomes. For her efforts, the Division nominated Sonia for the SEC's "Excellence in Leadership Award." Sonia also served as Special Counsel, Attorney-Advisor for the Office of Health Care and Insurance and in the Office of Chief Counsel's Shareholder Proposal Task Force. During her tenure, Sonia played an instrumental role in a number of initiatives, such as the Division's initial efforts for disclosure effectiveness and the SEC's adoption of procedures for appointments to the Investor Advisory Committee.

Sonia's private sector experience prior to the SEC included practicing at two global law firms where Sonia managed securities filings and corporate transactions and advised Fortune 500 and middle market public companies on corporate disclosures and governance issues. Prior to law school, Sonia practiced as a CPA in the audit practice at one of the Big Four accounting firms.

Chris McClure

Partner, Crowe

+1 312 606 7123
chris.mcclure@crowe.com

LICENSES AND CERTIFICATIONS

- Certified Public Accountant (CPA) IL and TX
- Certified Fraud Examiner (CFE)
- Certified in Financial Forensics (CFF)

EDUCATION

- M.B.A. Kellogg School of Management at Northwestern University
- Bachelor of Science Accounting/Finance Trinity University

Christopher is a partner with Crowe, a top 10 accounting and consulting firm with offices around the globe. He assists companies and their counsel in dealing with compliance and investigations. Christopher has significant experience dealing with SEC, EPA, and other regulatory issues.

Christopher leads Crowe efforts to assist clients with ESG and reporting requirements. He is a frequent speaker on the subject, most recently at the AIAG Conflict Minerals Meeting, CFSI Annual Workshop, AIAG Conflict Minerals Symposium, National Association of Corporate Directors, and through the Practicing Law Institute.

Christopher works with a wide variety of manufacturers to design and implement comprehensive compliance programs related to conflict minerals, anti-human trafficking, fraud prevention and anti-bribery, and other regulatory requirements.

Gregg Anderson

Managing Director, Crowe

+1 630 586 5142
gregg.anderson@crowe.com

EDUCATION & CERTIFICATIONS
- Bachelor of Science – Applied Science, Systems Analysis
  Miami University | *Oxford, OH*
- Certified Internal Auditor (CIA)
- Certified in Risk Management Assurance (CRMA)
- Project Management Professional (PMP)
- Certified in Production and Inventory Management (CPIM)
- Certified in Integrated Resource Management (CIRM)

Client Focus

INDUSTRIES
- Financial services
- Manufacturing
- Service
- Technology

SERVICES
- Project management
- GRC program management
- GRC requirements analysis
- GRC solution design
- TPRM design
- Training & communication

PROFESSIONAL AFFILIATIONS
- AICPA Sustainability Task Force
- IIA Chicago West Board of Governors

Profile

Gregg Anderson is a champion for the Crowe sustainable risk management framework and develops related thought leadership and consulting tools leveraged throughout the firm's diverse client base.

Professional and industry experience

Gregg has years of professional experience in risk, compliance, operational, and technology consulting and applies his diverse program management expertise to assist clients in the development of governance, compliance, enterprise risk management, and sustainability programs. Gregg's experience includes:

ERM program implementation: Design and implementation of enterprise risk management programs in manufacturing and distribution, professional services, government, not-for-profits and financial services.

Third-party risk management program design and performance: Develop programs to manage risks inherent in technology partnerships and oversee the performance of those programs.

Governance, risk, and control assessments: Assess and identify improvement opportunities for control environments.

Thought leadership

Gregg is a thought leader and frequent speaker on governance, risk management, and compliance programs. He has published a variety of white papers addressing sustainability accounting and the ESG space and has been a Crowe sustainability leader for several years. Gregg is a participating member of the AICPA Sustainability Services Task Force and contributed to the most recent AICPA and Center for Audit Quality ESG reporting and attestation road map for audit practitioners. Gregg also authored the white paper "Want to Get Serious About Sustainability? Use SASB's Standards to Inform ERM" for the Sustainability Accounting Standards Board.

THANK YOU

Sonia Gupta Barros

Partner, Sidley

+1 202 736 8387

sbarros@sidley.com

Chris McClure

Partner, Crowe

+1 312 606 7123

chris.mcclure@crowe.com

Gregg Anderson

Managing Director, Crowe

+1 630 586 5142

gregg.anderson@crowe.com

This presentation has been prepared by Sidley Austin LLP and Affiliated Partnerships (the Firm) for informational purposes and is not legal advice. This information is not intended to create, and receipt of it does not constitute, a lawyer-client relationship. All views and opinions expressed in this presentation are our own and you should not act upon this information without seeking advice from a lawyer licensed in your own jurisdiction. The Firm is not responsible for any errors or omissions in the content of this presentation or for damages arising from the use or performance of this presentation under any circumstances.

Do not convey to us confidential information until you speak with one of our lawyers and receive our authorization to send that information to us. Providing information to the Firm will not create an attorney-client relationship in the absence of an express agreement by the Firm to create such a relationship, and will not prevent the Firm from representing someone else in connection with the matter in question or a related matter. The Firm makes no warranties, representations or claims of any kind concerning the information presented on or through this presentation. This presentation is dated **February 9, 2022** and changes in laws, rules and regulations (or their interpretation) thereafter could materially affect the content of this presentation.

Attorney Advertising - Sidley Austin LLP, One South Dearborn, Chicago, IL 60603, +1 312 853 7000. Prior results do not guarantee a similar outcome. Photos may include Sidley alumni or other individuals who are not Sidley lawyers. Photos may be stock photographs.

Crowe's ESG Support

Crowe's ESG resources and events

- Resources for your ESG strategy
- ESG due diligence
- Road map to ESG strategy implementation
- Register for the 2/15 event: Navigating ESG Without Breaking the Bank in 2022
- Looking for the latest information on ESG? Sign up for our ESG insights
- On demand webinar: Identifying efficiencies in your ESG strategy

Sidley’s ESG Practice

Sidley's ESG Practice: Recent ESG Thought Leadership by Sidley Attorneys

Reporting and Metrics

- **The Enforcement Angle: SEC's Kelly Gibson**, Sidley Update (Nov. 2021) (link)
- **SEC Climate Change Comment Letters Signal Early Action on Environmental, Social, and Governmental Disclosures**, Sidley Update (Oct. 2021) (link)
- **Environmental, Social and Governance Disclosures in Proxy Statements: Benchmarking the Fortune 50**, Sidley Update (Aug. 2021) (link)
- **European Commission Defers Introduction of Regulatory Technical Standards on Sustainability-Related Disclosures** (Nov. 2020) (link)
- **State Street Letter to Boards Reflects Evolving Investor Expectations for Board and Workforce Diversity Data,** Insights (Oct. 2020) (link)
- **Leading Sustainability Standard-Setters Unite to Develop a More Coherent Reporting System,** Sidley Perspectives on M&A & Corporate Governance (Sept. 2020) (link)
- **Emerging Trends Related to ESG Disclosures Highlighted in U.S. Government Accountability Office Report,** Insights (Aug. 2020) (link)
- **SEC Updates Regulation S-K Disclosure Requirements and Mandates Human Capital Disclosure,** Sidley Update (Aug. 2020) (link)

Corporate Purpose

- **The Corporate Purpose Debate,** Practical Law Journal (Jan. 2020) (link)

Corporate Purpose (cont.)

- **The Corporate Purpose Debate,** Directors and Boards (Oct. 2020) (link)
- **Thoughts on the BRT Statement on the Purpose of the Corporation,** NACD Board Talk (Nov. 2019) (link)

Corporate Governance and Shareholder Activism

- **The Intersection of Shareholder Activism and Corporate ESG Efforts**, Daily Journal (July 2021) (link)
- **Shareholder Activism and ESG: What Comes Next and How to Prepare**, Sidley Update (May 2021) (link)
- **Board Considerations for an Uncertain 2021,** Practical Law (Dec. 2020) (link)
- **Sidley Perspectives on M&A and Corporate Governance** (Sept. 2020) (link)
- **Oversight of EESG Disclosure**, Practical Law (Aug.-Sept. 2020) (link)
- **The Link Between ESG and Business Continuity – What Boards Need to Know,** Corporate Board Member (Spring 2020) (link)

Diversity and Inclusion

- **Addressing Social Justice Issues – Implications for the Board**, Practical Law (Apr.-May 2021) (link)
- **California-Based Corporations Must Have Directors From Underrepresented Communities,** Sidley Perspectives on M&A & Corporate Governance (Sept. 2020) (link)
- **'Being Black in Corporate America' Deserves a Response,** Directors & Boards (June 2020) (link)

Sidley's ESG Practice: Recent ESG Thought Leadership by Sidley Attorneys

Energy

- **Managing ESG Risks through the Energy Downturn,** Texas Lawbook (Nov. 2020) (link)
- **Statutory and Voluntary Programs and Regimes in the United States Focusing on the E in ESG,** Oil, Gas & Energy Law Intelligence (Oct. 2020) (link)
- **ESG Considerations for Energy Executives,** Law 360 (Oct. 2020) (link)
- **The Legal Landscape for Navigating the 'E' of ESG,** Energy Law Advisor (Sept. 2020) (link)
- **COVID-19 Pandemic Used to Challenge Oil and Gas Development in Texas,** Texas Lawyer (Aug. 2020) (link)
- **Can the Yellow School Bus Go Green?** Sidley Podcast (Aug. 2020) (link)
- **Pipeline Infrastructure Planning in the Era of Black Lives Matter,** Utility Dive (Aug. 2020) (link)
- **The 'New Normal' for Renewable Energy Projects in Mexico,** Texas Bar International Newsletter (Summer 2020) (link)

Finance

- **Sustainable Finance Is Here to Stay** (Dec. 2020) (link)
- **Sustainability-Linked Bonds Will Be Eligible As European Central Bank Collateral,** Sidley Update (Sept. 2020) (link)
- **Sustainability-Linked Bonds — A New Feature of the Sustainable Finance Landscape,** Sidley Update (June 2020) (link)

Funds and Investment

- **Impact Investing: United States,** Lexology – Getting the Deal Through (Sept. 2021) (link)
- **How to Be ESG – A Registered Fund Board's Guide to ESG Compliance**, Sidley Update (July 2021) (link)
- **EU ESG Disclosures – Action Points for Non-EU Fund Managers,** Sidley Update (Jan. 2021) (link)
- **CFTC Report Details Threats of Climate Change to the U.S. Financial System,** Sidley Update (Oct. 2020) (link)
- **The European Commission and ESMA Lay Groundwork for AIFMD II,** Hedge Fund Law Report (Sept. 2020) (link)
- **ESG Disclosures for Asset Managers Under the EU Sustainable Finance Disclosure Regulation and Taxonomy Regulation,** Sidley Update (July 2020) (link)
- **EU Advances ESG Related Reforms to Financial Services Regulations,** Sidley Update (June 2020) (link)

Environment

- **Statutory and Voluntary Programs and Regimes in the United States Focusing on the E in ESG,** Oil & Gas Energy Law (Nov. 2020) (link)
- **Senate Democrats Release Climate Roadmap,** Sidley Energy Landscape (Aug. 2020) (link)
- **BlackRock Releases 2020 Engagement Priorities with a Focus on Sustainability and ISS Issues New Climate Voting Policy,** Sidley Update (Mar. 2020) (link)

