

DFIN

ESG Regulatory Report

June 17, 2021

DFIN provides real-time access to the rapidly changing disclosure landscape

Corporations are beginning to disclose Environmental, Social and Governance (ESG) data in their Securities and Exchange Commission, (SEC) compliance filings.

- The SEC recently announced a “Request for Comment on Climate-risk Disclosure and ESG”
- The SEC is reviewing Climate and ESG disclosures to assess compliance and disclosure obligations
- The SEC Announces and Enforcement Task Force Focused on Climate and ESG

Are you keeping up with the evolution of Climate-risk and ESG disclosures filed with the SEC, by your peers and competitors, or industry leading corporations?

EDGAR Pro is the research and benchmarking platform designed to help you uncover intelligence from the rapidly evolving SEC filing landscape. This create an opportunity to analyze SEC disclosures on the evolving trends on climate and ESG reporting.

To stay abreast of this rapidly evolving disclosure landscape, our ESG weekly report, created with EDGAR Pro, provides examples, showing who is currently reporting ESG data to the SEC and how they are incorporating the data into their SEC filings.

- Focus on - Board of Directors Oversight of ESG – Disclosures are rapidly evolving as well as board oversight of ESG and Sustainability.
- The examples below provide insight into how corporations are disclosing Board oversight of ESG and Sustainability in their annual 10-K filings.

CM EXAMPLE # 1:

Registrant: DYNEX Capital Inc.

Ticker: DX

Topic: ESG – Board Oversight of ESG

Document: 10-K

FYE: 12/31/2020

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DYNEX CAPITAL INC (DX) 10-K filed 3/1/2021

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ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INITIATIVES

We believe that environmental, social, and corporate governance ("ESG") practices and initiatives are important in sustaining and growing the Company. We believe ESG initiatives create value by improving the environment and lives of our employees, investors, business partners, and the community. The following are notable ESG policies we had in place as of December 31, 2020 as well as targets we have established for 2021:

- The Company's Board of Directors follows our Corporate Governance Guidelines, adopted in accordance with the requirements of the New York Stock Exchange ("NYSE"), which provide a framework to assist directors in fully understanding and effectively implementing their functions while assuring the Company's ongoing commitment to high standards of corporate conduct and compliance. These Corporate Governance Guidelines cover specific issues including, among other things, the Board's key responsibilities, criteria for membership and selection, committees of the Board, meetings with management, director continuing education, director performance evaluations and compensation, and management succession planning.

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- Our Code of Business Conduct and Ethics ("Code of Conduct") applies to all of our employees, officers and directors and covers a wide range of business practices and procedures designed to foster the highest ethical standards in all business relationships. This policy covers, among other things, compliance with applicable laws, conflicts of interest, confidentiality, fair dealing, discrimination and harassment, health and safety, reporting of suspected violations, and enforcement of our Code of Conduct.
- Our Whistleblower Policy provides a structured and formal process to facilitate confidential, anonymous submissions by employees of the Company and others with concerns or complaints regarding the Company's accounting, internal accounting controls, auditing matters or violations of the Company's Code of Conduct.
- Our Nominating and Corporate Governance Committee is responsible for overseeing our ESG strategies, policies, activities, and communications, including for purposes of risk management.
- In September 2020, our Board of Directors adopted a Board Refreshment and Diversity Policy to ensure a relevant, inclusive and diverse membership on the Board; to provide the Board with the best combination of knowledge, skills, experience and perspectives among its members (including with respect to gender, age, race, culture and experience); and to oversee and support our strategy for the future.
- We adopted the Sustainability Accounting Standards Board ("SASB") Conceptual Framework in 2020 and are committed to reporting within such framework in 2021.
- We established a Steering Committee in 2020, which is actively developing ESG guidelines and has begun prioritizing measurable ESG goals for the Company for 2021 in response to surveys of our employees. The Steering Committee also intends to survey our Board of Directors, investors and community members to assess the materiality and importance of various ESG matters to these stakeholders.

Excerpt for the DYNEX Capital Inc. 2021 10-K

“Our Nominating and Corporate Governance Committee is responsible for overseeing our ESG strategies, policies, activities, and communications, including for purposes of risk management.

- In September 2020, our Board of Directors adopted a Board Refreshment and Diversity Policy to ensure a relevant, inclusive and diverse membership on the Board; to provide the Board with the best combination of knowledge, skills, experience and perspectives among its members (including with respect to gender, age, race, culture and experience); and to oversee and support our strategy for the future
- We adopted the Sustainability Accounting Standards Board (“SASB”) Conceptual Framework in 2020 and are committed to reporting within such framework in 2021
- We established a Steering Committee in 2020, which is actively developing ESG guidelines and has begun prioritizing measurable ESG goals for the Company for 2021 in response to surveys of our employees. The Steering Committee also intends to survey our Board of Directors, investors and community members to assess the materiality and importance of various ESG matters to these stakeholders.”

EXAMPLE # 2:

Registrant: Callaway Golf Co

Ticker: ELY

Topic: ESG -Board Oversight of ESG

Document: 10-K

FYE: 12/31/2020

The screenshot shows the EDGAR pro interface. At the top, there's a navigation bar with 'Dashboard', 'Today', 'Company', 'Industry', 'Search', 'Screener', and 'Analytics'. Below this, the filing information is displayed: 'CALLAWAY GOLF CO (ELY) 10-K filed 3/1/2021'. There are buttons for 'First Hit', 'Previous Hit', 'Next Hit', and 'Last Hit', with a 'NO MORE HITS' message. The main content area shows the start of the 'Environmental and Social Responsibility' section, which begins with the text: 'By being active and visible in the community and by embracing the principles of environmental stewardship, the Company believes it is acting in an environmentally and socially responsible manner. In 2019, the Company, at the direction of its Chief Executive Officer and Board of Directors, launched the Sustainability Program, covering its global footprint with direction to enhance and improve the Company's overall performance in the sustainability space. Core team members, known as Sustainability Champions, have been selected from throughout the organization to drive large scale global projects which build on the Company's ongoing environmental and social sustainability efforts, as well as to promote smaller scale employee-driven initiatives at the local level. These projects and initiatives are benchmarked against the sustainability frameworks published by the Global Reporting Initiative ("GRI") and the Sustainability Accounting Standards Board ("SASB") with respect to sustainability issues that are likely to affect the financial conditions or operating performances of companies in the consumer goods and apparel sectors. In connection with the launching of the Sustainability Program, the Company established the Executive Sustainability Committee comprised of its Chief Executive Officer, Chief Financial Officer and other executive officers. The progress made through the Sustainability Program is reported quarterly to the Executive Sustainability Committee and annually to the Board of Directors.'

Excerpt for the Callaway Golf Co 2021 10-K

“ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

By being active and visible in the community and by embracing the principles of environmental stewardship, the Company believes it is acting in an environmentally and socially responsible manner. In 2019, the Company, at the direction of its Chief Executive Officer and Board of Directors, launched the Sustainability Program, covering its global footprint with direction to enhance and improve the Company's overall performance in the sustainability space. Core team members, known as Sustainability Champions, have been selected from throughout the organization to drive large scale global projects which build on the Company's ongoing environmental and social sustainability efforts, as well as to promote smaller scale employee-driven initiatives at the local level.”

EXAMPLE # 3:

Registrant: Benchmark Electronics Inc.

Ticker: BHE

Topic: ESG – Board Oversight of ESG

Document: 10-K

FYE: 12/31/2020

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BENCHMARK ELECTRONICS INC (BHE) 10-K filed 3/1/2021

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In addition, original design manufacturers (ODMs) that provide design and manufacturing services to OEMs have significantly increased their share of outsourced manufacturing services provided to OEMs in traditional markets, such as computing and telecommunication. Competition from ODMs may increase if our business in these markets grows or if ODMs expand further into or beyond these markets.

Environmental, Social & Governance (ESG) & Sustainability

Benchmark continues to evolve and improve upon its ESG strategy and is implementing and managing long-term, strategic sustainability initiatives. The Nominating/Governance Committee of our Board of Directors is sponsoring this effort and in 2020, Benchmark established an ESG/Sustainability Council. The ESG/Sustainability Council is currently chaired by Stephen J. Beaver, SVP, General Counsel & Chief Legal Officer, who is a member of our senior executive leadership team. The Council also includes a cross-functional team of leaders representing operations, human resources, supply chain, regulatory compliance, finance, marketing communications, investor relations, facilities and the legal department. The team has performed a materiality assessment aligned with the **Sustainability Accounting Standards Board (SASB)** with the goal of developing future reporting that will likely include other frameworks such as the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (SDG) and the Task Force on Climate-Related Financial Disclosures (TCFD). For additional information, see "Human Capital Management" below.

Benchmark's long-term commitment to sustainability is comprehensive, placing increased focus and emphasis on environmental consciousness, social responsibility, ethics and corporate governance, and supply chain ecosystem responsibility. Our goal is to do our part in contributing to a more sustainable world, while providing value to our shareholders consistent with our business objectives. Our sustainability priorities include:

Environmental Responsibility:

- We are committed to protecting the natural environment and our community by complying with all applicable legal and regulatory requirements.
- We engage our employees to accomplish this by conserving energy; reducing consumption of natural resources; preserving air, soil, and water quality; managing waste properly and encouraging reuse or recycling; reducing use of toxic substances and applying an ethical approach to source reduction and disposal efforts.
- All Benchmark manufacturing facilities are either currently certified or undergoing certification to ISO 14001, which is a set of standards related to environmental management and systems. The ISO 14001 standards help organizations minimize adverse impacts to the environment, comply with applicable laws, regulations and other requirements, and achieve continual improvement in these areas.
- Benchmark has launched a number of global initiatives designed to reduce energy consumption in our facilities, including upgrades and/or retrofits in LED and motion detector lighting, cooling towers, compressed air and vacuum systems, and exhaust fans.

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Care for Our People:

- We believe in upholding the principle of human rights, worker safety and observing fair labor practices within our organization and our supply chain.
- We embrace diverse viewpoints and perspectives, recognizing that greater inclusion fosters innovation and achieves better decision making and financial results. Thus, we are strengthening our diversity, equity and inclusion programs with a planned set of actions around organizational training, refreshed company values, and a revitalized recruitment strategy.
- We are committed to ensuring that proper working conditions exist for the safety of our employees, such as the implementation of 6S and visual management practices, developing, implementing and continuously improving our

Excerpt for the Benchmark Electronics Inc. 2021 10-K

The Nominating/Governance Committee of our Board of Directors is sponsoring this effort and in 2020, Benchmark established an ESG/Sustainability Council. The ESG/Sustainability Council is currently chaired by Stephen J. Beaver, SVP, General Counsel & Chief Legal Officer, who is a member of our senior executive leadership team. The Council also includes a cross-functional team of leaders representing operations, human resources, supply chain, regulatory compliance, finance, marketing communications, investor relations, facilities and the legal department. The team has performed a materiality assessment aligned with the Sustainability Accounting Standards Board (SASB) with the goal of developing future reporting that will likely include other frameworks such as the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (SDG) and the Task Force on Climate-Related Financial Disclosures (TCFD).

RELY ON DFIN FOR CRITICAL ESG INTELLIGENCE:

Begin to customize your own search for emerging ESG disclosure trends, such as, Task-force on Climate Related Financial Disclosure [TCFD], Human Capital Resources [HCM] and Diversity and Inclusion [D&I] and much more.

Learn More: [Prepare for your Proxy and 10-K with EDGAR® Pro](#)

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