

DFIN SEC Filings - Trends in ESG Disclosure

October 21, 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.

EXAMPLE # 1:

Registrant: Carlyle Group Inc.

Ticker: CG

Topic: ESG – Board Oversight of ESG

Document: 10-K

FYE: 12/31/2020

The screenshot displays the EDGAR pro interface for the Carlyle Group Inc. 2021 10-K filing. The page title is "ESG and Impact". The main content area contains several paragraphs of text. The first paragraph states: "We are committed to the principle that building a better business means investing responsibly and engaging in communities where we work and invest. As a responsible global organization dedicated to serving all of its stakeholders, Carlyle has made it a priority to invest in a framework and the necessary resources for understanding, monitoring and managing ESG risks and opportunities across its portfolio. In 2008, Carlyle developed a set of Guidelines for Responsible Investment that consider the environmental, social and governance implications of certain investments we make. These guidelines are still in use today to inform our investment decision-making process for our controlled, corporate investments." The second paragraph begins: "Over the years, we have sought to continuously strengthen our governance, resourcing, reporting and transparency on material ESG issues. In 2010, we became the first private equity firm to publish an ESG report. In 2013, Carlyle established our DEI Council, which we believe was the first of its kind in our industry. In early 2014, Carlyle hired its first dedicated ESG professional, adding our first Chief Inclusion and Diversity Officer in 2018 and Global Head of Impact in 2019. In 2020, we further tightened our policies and practices around evaluating new investments for ESG implications, establishing a senior ESG review committee to evaluate more complex ESG issues, in order to help guide our investment analysis. In 2020, we published our inaugural Task Force on Climate-related Financial Disclosures (TCFD) Report, underscoring our evolving approach to climate change and published our first corporate ESG disclosures, utilizing Global Reporting Initiative (GRI) Standards, which provide an internationally recognized framework to communicate our material ESG issues as a firm to our stakeholders." The third paragraph starts: "The Carlyle Group's Board of Directors oversees the firm's approach to ESG and impact. The Board receives updates on our ESG and impact strategy and investment implications at least annually, and receives reports on thematic issues, such as Carlyle's approach to climate risk and opportunity and diversity and inclusion. One of the members of our Board of Directors serves as the ESG and Impact lead." The fourth paragraph begins: "Carlyle has an internal dedicated ESG team with a breadth of experience to help identify critical material ESG issues in our investment processes, as well as a network of outside experts to enable our investment teams to go deeper on the most material factors and potential ESG growth opportunities for a given investment over our hold periods. Our ESG professionals are a part of our Global Investment Resources team. This team includes a Chief Performance Officer, Chief Digital Officer, Chief Information Officer, Chief Procurement Officer, and Head of Government Affairs, as well as dedicated professionals working on healthcare and benefits, and real estate and energy usage, amongst other ESG areas of focus. ESG considerations play an increasing role in our investment processes and the operations of our portfolio companies. Our commitment to sustainability influences strategy, brings new ideas for operational efficiency and helps unlock value. Pursuing tailored ESG strategies that focus on material issues for individual businesses is one way Carlyle is driving impact at our portfolio companies." The fifth paragraph starts: "We encourage our employees to get involved where they live, work and invest through our volunteer and wealth sharing programs. In 2020, 350 Carlyle employees gave over 680 philanthropic gifts which were matched by the firm. These gifts supported over 200 nonprofit organizations globally. We also initiated a significant philanthropic effort in response to COVID-19, donating to nonprofit organizations globally to help relief efforts, as well as a separate firm matching program for

Excerpt for the Carlyle Group Inc. 2021 10-K

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EXAMPLE # 2:

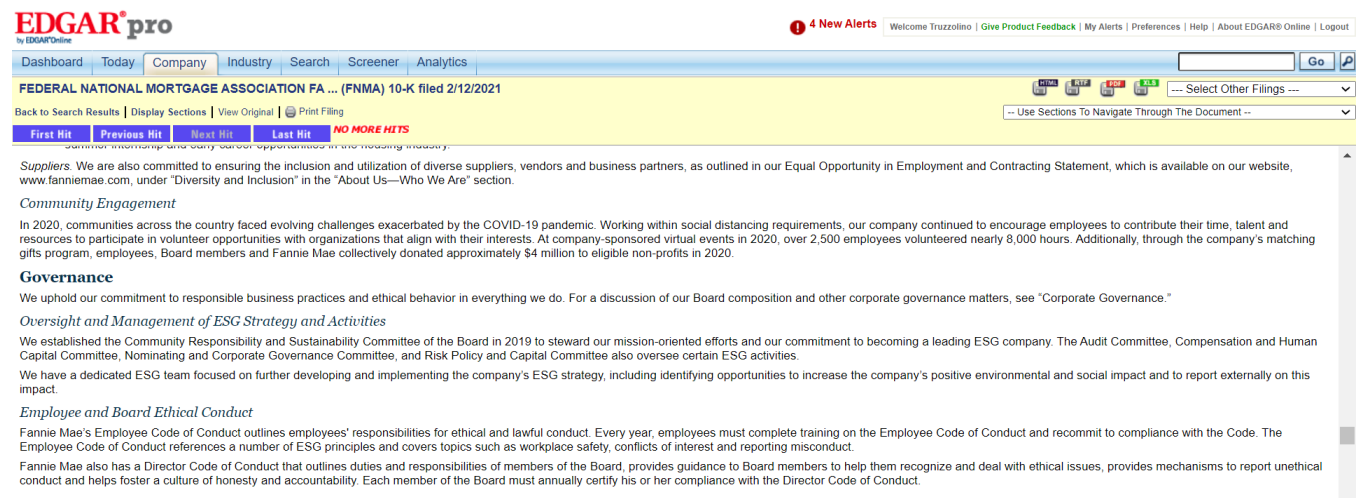
Registrant: Federal National Mortgage Association - Fannie Mae

Ticker: FNMA

Topic: ESG - Board Oversight of ESG

Document: 10-K

FYE: 12/31/2020



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FEDERAL NATIONAL MORTGAGE ASSOCIATION FA ... (FNMA) 10-K filed 2/12/2021

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Suppliers. We are also committed to ensuring the inclusion and utilization of diverse suppliers, vendors and business partners, as outlined in our Equal Opportunity in Employment and Contracting Statement, which is available on our website, www.fanniemae.com, under "Diversity and Inclusion" in the "About Us—Who We Are" section.

Community Engagement

In 2020, communities across the country faced evolving challenges exacerbated by the COVID-19 pandemic. Working within social distancing requirements, our company continued to encourage employees to contribute their time, talent and resources to participate in volunteer opportunities with organizations that align with their interests. At company-sponsored virtual events in 2020, over 2,500 employees volunteered nearly 8,000 hours. Additionally, through the company's matching gifts program, employees, Board members and Fannie Mae collectively donated approximately \$4 million to eligible non-profits in 2020.

Governance

We uphold our commitment to responsible business practices and ethical behavior in everything we do. For a discussion of our Board composition and other corporate governance matters, see "Corporate Governance."

Oversight and Management of ESG Strategy and Activities

We established the Community Responsibility and Sustainability Committee of the Board in 2019 to steward our mission-oriented efforts and our commitment to becoming a leading ESG company. The Audit Committee, Compensation and Human Capital Committee, Nominating and Corporate Governance Committee, and Risk Policy and Capital Committee also oversee certain ESG activities.

We have a dedicated ESG team focused on further developing and implementing the company's ESG strategy, including identifying opportunities to increase the company's positive environmental and social impact and to report externally on this impact.

Employee and Board Ethical Conduct

Fannie Mae's Employee Code of Conduct outlines employees' responsibilities for ethical and lawful conduct. Every year, employees must complete training on the Employee Code of Conduct and recommit to compliance with the Code. The Employee Code of Conduct references a number of ESG principles and covers topics such as workplace safety, conflicts of interest and reporting misconduct.

Fannie Mae also has a Director Code of Conduct that outlines duties and responsibilities of members of the Board, provides guidance to Board members to help them recognize and deal with ethical issues, provides mechanisms to report unethical conduct and helps foster a culture of honesty and accountability. Each member of the Board must annually certify his or her compliance with the Director Code of Conduct.

Excerpt for the Federal National Mortgage Association - Fannie Mae 2021 10-K

“GOVERNANCE

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EXAMPLE # 3:

Registrant: Bank of America Corp.

Ticker: BAC

Topic: ESG – Board Oversight of ESG

Document: 10-K

FYE: 12/31/2020

EDGAR^{pro}
by EDGAROnline

Dashboard Today Company Industry Search Screener Analytics

BANK OF AMERICA CORP/DE/ (BAC) 10-K filed 2/24/2021

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Human Capital Resources

We strive to make Bank of America a great place to work for our employees. We value our employees and seek to establish and maintain human resource policies that are consistent with our core values and that help realize the power of our people. Our Board and its committees, including the Compensation and Human Capital, Audit, Enterprise Risk, and Corporate Governance, ESG and Sustainability Committees, provide oversight of our human capital management strategies, programs and practices. The Corporation's senior management provides regular briefings on human capital matters to the Board and its Committees to facilitate the Board's oversight.

At December 31, 2020 and 2019, the Corporation employed approximately 213,000 and 208,000 employees, of which 82 percent were located in the U.S. at both dates. None of our U.S. employees are subject to a collective bargaining agreement. Additionally, in 2020 and 2019, the Corporation's compensation and benefits expense was \$32.7 billion and \$32.0 billion, or 59 percent and 58 percent, of total noninterest expense.

Diversity and Inclusion

The Corporation's commitment to diversity and inclusion starts at the top of the Corporation with oversight from our Board and CEO. The Corporation's senior management sets the diversity and inclusion goals of the Corporation, and the Chief Human Resources Officer and Chief Diversity & Inclusion Officer partner with our CEO and senior management to drive our diversity and inclusion strategy, programs, initiatives and policies. The Global Diversity and Inclusion Council, which consists of senior executives from every line of business and is chaired by our CEO, has been in place for over 20 years. The Council sponsors and supports business, operating unit and regional diversity and inclusion councils to ensure alignment to enterprise diversity strategies and goals.

Our practices and policies have resulted in strong representation across the Corporation where our broad employee population mirrors the clients and communities we serve. We have a Board and senior management team that are 47 percent and 50 percent racially, ethnically and gender diverse. As of December 31, 2020, over 50 percent of employees were women, and, among U.S.-based employees, nearly 48 percent were people of color, 14 percent were Black/African American and 19 percent were Hispanic/Latino. As of December 31, 2020, the Corporation's top three management levels in relation to the CEO were composed of more than 42 percent women and nearly 20 percent people of color. These workforce diversity metrics are reported regularly to the senior management team and to the Board and are publicly disclosed on our website.

We invest in our leadership by offering a range of development programs and resources that allow employees to develop and progress in their careers. We reinforce our commitment to diversity and inclusion by investing internally in our employee networks and by facilitating conversations with employees about racial, social and economic issues. Further, we partner with various external organizations, which focus on advancing diverse talent. We also have practices in place for attracting and retaining diverse talent, including campus recruitment. For example, in 2020, approximately 45 percent of our campus hires were women, and, in the U.S., approximately 54 percent were people of color.

Fair and Equitable Compensation

The Corporation is committed to racial and gender pay equity by striving to fairly and equitably compensate all of our employees. We maintain robust policies and practices that reinforce our commitment, including reviews with oversight from our Board and senior management. In 2020, our review covered our regional hubs (U.S., U.K., France, Ireland, Hong Kong, and Singapore) and India and showed that compensation received by women, on average, was greater than 99 percent of that received by men in comparable positions and, in the U.S., compensation received by people of color was, on average, greater than 99 percent of that received by teammates who are not people of color in comparable positions.

We also strive to pay our employees fairly based on market rates for their roles, experience and how they perform, and we regularly benchmark against other companies both within and outside our industry to help ensure our pay is competitive. In the first quarter of 2020, we raised our minimum hourly wage for U.S. employees to \$20 per hour, which is above all governmental minimum wage levels in all jurisdictions in which we operate in the U.S.

Health and Wellness – 2020 Focus

The Corporation also is committed to supporting employees' physical, emotional and financial wellness by offering flexible and competitive benefits, including comprehensive health and insurance benefits and wellness resources. In 2020, we took steps to support our employees during the ongoing health crisis resulting from the pandemic, including monitoring guidance from the U.S. Centers for Disease Control and Prevention, medical boards and health authorities and sharing such guidance with our employees. In addition, as a result of the pandemic we transitioned to a work-from-home posture for the substantial majority of our employees and provided various benefits and resources related to the pandemic, including the implementation of child and adult care solutions, offering no-cost COVID-19 testing and mental health resources and additional support for teammates who work in the office, such as transportation and meal subsidies. We continue to engage with state and national governments to understand their vaccination plans for essential workers, including the extent to which that may include some of our employees, and with our employees to educate them about vaccines and the importance of being vaccinated. For more information on our response to the pandemic, including with respect to human capital measures, see Executive Summary – Recent Developments – COVID-19 Pandemic on page 25.

Government Supervision and Regulation

The following discussion describes, among other things, elements of an extensive regulatory framework applicable to BHCs, financial holding companies, banks and broker-dealers, including specific information about Bank of America.

Excerpt for the Bank of America Corp., 2021 10-K

“We strive to make Bank of America a great place to work for our employees. We value our employees and seek to establish and maintain human resource policies that are consistent with our core values and that help realize the power of our people. Our Board and its committees, including the Compensation and Human Capital, Audit, Enterprise Risk, and Corporate Governance, **ESG and Sustainability Committees, provide oversight of our human capital management strategies, programs and practices.** The Corporation's senior management provides regular briefings on human capital matters to the Board and its Committees to facilitate the Board's oversight.”

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