



SEC Filings - Trends in ESG Disclosure

November 18, 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 introduced several new programs to better understand the rapidly changing disclosure needs facing investors surrounding climate risk and ESG. This create an opportunity to analyse SEC disclosure on the evolving trends on climate and ESG reporting.

EDGAR Pro is the research and benchmarking platform designed to help you uncover intelligence from the rapidly evolving SEC filing landscape.

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 – Diversity, Equity & Inclusion

Diversity often focuses on the differences in a group, often referred to as “the mix”. This can include diversity of gender/sexual orientation, age, race, ethnicity and the hard to pin down “cognitive” diversity. In the case of public companies, relevant groups include the Board, C-Suite, senior managers, and employees/workforce at large. *Equity* refers to fairness/equal opportunity to participate and succeed. *Inclusion* is the deliberate act of welcoming diversity and creating an environment where diverse people and perspectives can interact, thrive and succeed, working as a collective whole.

EXAMPLE # 1:

Registrant: APA Corporation

Ticker: APA

Topic: ESG – Diversity, Equity & Inclusion

Document: Proxy Statement

FYE: 12/31/2020

D&I Actions: The Company also took the following D&I-related actions during 2020 and into 2021:

For additional information regarding our ESG efforts, we encourage you to review our 2020 Sustainability Report, available on our website (www.apacorp.com).

Individual Performance

Using the corporate objectives as a foundation, the MD&C Committee receives input from the CEO and President for all other NEOs and assesses the annual incentive compensation target for each executive against market conditions. Where needed, the MD&C Committee further tailors an executive's annual incentive compensation to their responsibilities and performance, the executive's impact on 2020 results, and internal alignment. Our CEO and President evaluates all other officers based on these same criteria. Our independent compensation consultant is involved in the determination of targets and recommended awards for all officers.

For our NEOs, there were no adjustments to annual incentive compensation made as a result of the individual performance element.

Other Considerations

In formulating and assessing the annual incentive compensation plan, we consider whether the elements of the plan advance the Company's long-term strategy and to what degree. While share price performance is considered, our annual incentive compensation program is not an annual TSR program, and we remain focused on the drivers of long-term value creation.

Annual Incentive Compensation Awarded for 2020

The CEO and President's annual incentive compensation award is determined by the MD&C Committee and recommended to the Board for approval. The MD&C Committee approved the CEO and President's recommendation with respect to the annual incentive compensation awards for the other NEOs. The annual incentive compensation awarded to the NEOs for 2020 were as follows:

Named Executive Officer	2020 Target (%)	2020 Target (\$)	2020 Actual (\$)	Actual as Percent of Target
John J. Christmann IV	130	1,690,000	2,315,300	137%
Stephen J. Riney	100	795,000	1,089,150	137%
P. Anthony Lannie	80	556,000	761,720	137%
David A. Pursell	90	607,500	832,275	137%
D. Clay Bretches	100	675,000	924,750	137%

APA Corporation / 2021 Proxy Statement 35

EXAMPLE # 2:

Registrant: Avery Dennison

Ticker: AVY

Topic: ESG - Diversity, Equity & Inclusion

Document: Proxy Statement

FYE: 12/31/2020

DIVERSITY AND INCLUSION

Diversity is one of our core values, reflecting our interest in ensuring an inclusive and respectful environment for people of all backgrounds and orientations and our recognition that we gain strength from diverse ideas and teams. The importance of diversity and inclusion (D+I) to our company is further evidenced by the diversity-related targets included in our 2025 sustainability goals. Over the past several years, we have made consistent progress in our D+I journey, as shown below. In 2020, we redoubled our efforts to drive sustainable change, recognizing the need to accelerate our collective journey toward greater racial and social justice in society. **We are for the first time making publicly available our EEO-1 statistics, which we collect as required by the U.S. Equal Opportunity Commission.** This information, which reflects the voluntary self-identification by our U.S. employees in 2020, can be found in our ESG Download published in March 2021.

HIGHLIGHTS OF D&I JOURNEY

2014-2015	<ul style="list-style-type: none">Established goal of 40%+ female at manager level and aboveEmployees established Northeast Ohio Chinese employee resource group (ERG)
2016	<ul style="list-style-type: none">Launched unconscious bias training for managers globallyReleased D+I Talkabout ToolkitInitiated Women Empowered development programIncreased flexible work arrangementsAdded inclusion index to employee engagement survey
2017	<ul style="list-style-type: none">Employees established Elevate, Women's ERGRequired gender diverse hiring slate goals globallyJoined CEO Action for Diversity & Inclusion
2018	<ul style="list-style-type: none">Employees established Black ERGAdded diversity as company valueLaunched Men as Allies programReviewed director+ level gender pay equity, making adjustments where needed
2019	<ul style="list-style-type: none">Employees established Veterans ERGEmployees established UNITE, LGBTQ+ ERGLaunched North America iBelong D+I employee engagement campaignExpanded gender pay equity review, making adjustments where needed
2020	<ul style="list-style-type: none">Employees established Voz Latina ERGLaunched D+I Town halls in North AmericaEstablished Regional D+I Councils and certain Regional D+I Executive CouncilsIncreased transparency through greater ESG reportingBegan recruiting for enterprise-wide D+I leaderContinued expanding gender pay equity review and began evaluating U.S. racial/ethnic pay equity, making adjustments where needed

10 2021 Proxy Statement | Avery Dennison Corporation

EXAMPLE # 3:

Registrant: Prudential Financial

Ticker: PRU

Topic: ESG – Diversity, Equity & Inclusion

Document: Proxy Statement

FYE: 12/31/2020

Prudential Deepens its Commitment to Racial Equity

Prudential was founded in 1875 on the belief that financial security should be within reach for everyone. We continue to measure our long-term success on our ability to deliver value for shareholders and meet customer needs by solving the financial challenges of our changing world. Our holistic approach cares for our people, planet, society and customers.

With the Board of Directors' full support, in August 2020 Prudential announced nine commitments to further advance racial equity. These commitments accelerate and expand upon Prudential's long-standing racial equality work and reflect the experiences and expectations shared by U.S. employees in Prudential forums. A Racial Equity Task Force, comprised of Prudential senior leaders, is responsible for measuring the achievement of our goals and monitoring their alignment across the enterprise.

Taking Action for Racial Equity:

for our People

- **Evaluate and improve our talent practices** to ensure equal opportunity for all employees.
- **Increase overall diversity** of our senior and mid-level leaders and tie executive compensation to these goals.
- **Mandate Inclusion training** for all U.S. employees.
- **Create greater transparency** of our diversity data internally and externally.
- **Mark Juneteenth** as a day of education and reflection and make Election Day a "no meeting day."

with our Business

- **Design and deliver products, services and operations** in every business and function to improve racial equity outcomes.
- **Allocate resources for R&D** capital to incubate inclusive products, services and distribution channels.

in Society

- **Accelerate our social justice public policy agenda**, focusing on criminal justice reform, police reforms addressing racism, voting rights and closing the racial wealth gap.
- **Allocate resources to invest in institutions**, ventures and high-impact nonprofits working to remove structural barriers to Black economic empowerment.

For more information about our nine commitments to racial equity, go to <https://www.prudential.com/racialequity>

Our History of Commitment to Inclusion and Diversity

1978

Launched Prudential Foundation to eliminate barriers to financial and social mobility for underserved and under-represented populations.

1993

Launched the first of eight employee business resource groups with more than 32% of U.S. employees participating in 2021.

2008

Began national policy advocacy for Multiple Employer Plans to increase access to retirement plans for small business workers, many of whom are women and people of color.

2010

Established an Office of Veterans Initiatives and a VETalent Program to prepare our servicemen and women for civilian careers after completing their service to our country.

2011

Grant support for the Martin Luther King, Jr. Memorial at the National Mall in Washington, D.C.

2014

Founding grant to launch My Brother's Keeper Alliance for boys and young men of color.
Partnered with drive to deliver financial seminars to church-affiliated participants in the Black community, reaching more than 30,000 community members.

2019

Launched an enterprise-wide Inclusion Council chaired by Prudential Chairman and CEO and announced a fully inclusive culture objective as one of four enterprise priorities.
Underwrote and premiered "Legacy Lives On," a documentary created in partnership with Urban One, exploring the historic and current economic challenges facing Black America.
Announced a \$180 million commitment to Opportunity Youth, the largest ever private-sector commitment to young people ages 15-29 who lack access to school, training or steady jobs.

2009

Among first to fund the construction of The Smithsonian National Museum of African American History and Culture, which opened in 2016.

2012

Early adopter of a "b box" policy, removing job applicants' criminal history disclosure requirements for nonfinancial positions.

2018

Tied executive compensation to gender and racial representation targets.
Expanded paid family and medical leave to include fathers and adoptive parents.
Launched emergency savings feature for our defined contribution plan clients as an additional tool to close the wealth gap.
Launched the Financial Wellness Census, a key tool in understanding the racial wealth gap in America.
Initiated a gender and racial total compensation equity analysis and ended pay history recruiting practice prior to becoming N.J. law in 2020.

2020

\$1 billion in impact investing assets under management focused on equity and inclusion issues such as education, affordable housing and financial inclusion.
Launched Gender Pronoun Policy for U.S. employees.
Announced nine commitments to racial equity for our people, with our business, and in society.
Since 1978, Prudential and the Prudential Foundation have invested more than \$320 million in grants and corporate contributions to close the financial divide, of which \$412 million+ has supported racial equity and justice issues for the Black and LatinX populations.
Over 7,000 employees attended racial equity virtual town halls "Owning Our Past" and "Moving to Action".

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](#)

[Contact Us](#) for a free trial today.



Learn about DFIN's end-to-end risk and compliance solutions.

Visit [DFINsolutions.com](https://www.dfin.com) | Call us +1 (800) 823-5304