

Fall 2020

ESG IN PROXY STATEMENTS

These examples of ESG disclosures are meant to showcase the various ways in which a company can describe its ESG accomplishments in its proxy statement. NACD has looked across the Russell 3000 Index companies using data provided by **MYLOGIQ** - Multidimensional Public Company Intelligence to identify companies with ESG disclosure practices in six main categories:

- [Board Oversight and Activities](#)
- [Board Skills](#)
- [Corporate Governance Highlights](#)
- [Letter From the Chair to Shareholders or Stakeholders](#)
- [ESG Accountability Structure](#)
- [Shareholder Engagement Around Environmental and Social Issues](#)

The sample disclosures below were selected from a variety of industries, market-cap sizes, and topics. These serve as examples of the various ways in which it's possible to disclose ESG information.

Board Oversight and Activities

The Board's Role in Risk Oversight

The Company's management is responsible for the day-to-day management of risks and the Board, including through its Committees, is responsible for understanding and overseeing the various risks facing the Company. Effective risk oversight is an important priority of the Board.

The Board implements its risk oversight function both as a whole and through delegation to its Committees, which meet regularly and report back to the Board. To ensure that the Board executes on its priority with an appropriate focus on risk generally, it separated the Risk Committee from the Audit Committee in 2018. The Board has delegated to the Risk Committee, through its Charter, the primary responsibility of assisting the Board in its oversight of the framework, policies and practices used by the Company to identify, assess and manage key strategic and operational risks facing the Company, including risks relating to information security, errors and omissions and conflicts of interest. The Board has also delegated to its other Committees the oversight of risks within their areas of responsibility and expertise. For information on the Board Committees, their responsibilities and areas of risk oversight, see the section above entitled "— General Description of Board Committee Responsibilities."

Environmental, Social and Governance ("ESG") Oversight and Activities

In 2019, the Company formed a cross-functional management committee to coordinate and communicate on the Company's ESG initiatives. Information on our ESG commitments and the various ESG-related awards we have received is available on our website at <https://www.willistowerswatson.com/en-US/About-Us/environmental-social-and-governance>, which information is not part of or incorporated by reference into this Proxy Statement.

With respect to Board oversight of ESG matters in general, the Board takes an approach that the most appropriate Committee should maintain oversight over a particular issue rather than concentrating all ESG initiatives into any one Committee. The Committees report to the Board as appropriate. For example:

- The Risk Committee has the primary responsibility of assisting the Board in its oversight of the framework, policies and practices used by management to identify, assess and manage key strategic and operational risks facing the Company. The Risk Committee considers enterprise risk a key area for regular quarterly review; as such, it reviews business continuity risks, including climate-related risks, if identified as having a material impact on the business strategy or operations.
- The Governance Committee reviews ESG disclosure in the proxy statement and discusses with management on an annual basis, its corporate social responsibility initiatives, which include the Company's environmental sustainability program and charitable contributions.
- The Compensation Committee reviews talent and culture, including inclusion and diversity, as well as social initiatives such as Gender Pay Gap.
- The Audit Committee reviews the ESG disclosure included in our Irish Statutory Accounts.

Consider including disclosure about the board's ESG oversight within the section about the board's role in risk—rather than in a stand-alone section—to signal how ESG is viewed in the boardroom.

Source: Willis Towers Watson PLC, DEF14A, page 20 & 21.

Board Oversight of Environmental and Social Practices

Regions' Board and each of its committees oversee matters related to Regions' ESG practices, performance, and disclosures. The Board, through its standing committees, receives regular updates on ESG progress including shareholder feedback, programmatic updates, and ratings from various ESG data providers. The Board, as overseers of risk and stewards of long-term enterprise value, plays an important oversight role in assessing our environmental and social practices and understanding the potential impact of ESG issues on the Company's operations and business.

NCG Committee

The NCG Committee is responsible for overseeing the Company's practices and reporting with respect to environmental topics, such as climate change, and corporate social responsibilities that are of significance to the Company and its stakeholders - our customers, shareholders, associates, and communities. The NCG Committee also assists the Board in establishing and maintaining effective corporate governance policies and practices.

CHR Committee

The CHR Committee oversees Regions' strategies and policies regarding corporate culture and other HCM functions, including: (i) associate conduct, engagement, and career progression; (ii) diversity and inclusion initiatives and results; (iii) talent acquisition, development, and retention; (iv) performance management; and (v) employment practices.

Risk Committee

The Risk Committee is responsible for the oversight of the Company's risk management practices, including the review and approval of the Risk Management Framework, the Enterprise Risk Appetite Statement, and significant risk management policies and limits that guide the prudent pursuit of risk and reward across the Company. This includes environmental and social risk management topics, such as climate change.

Audit Committee

The Audit Committee is responsible for ensuring that the Company's policies, procedures, and controls that protect our customers and associates are functioning at an optimal level. The Audit Committee also oversees the disclosures of matters significant to our Company, including ESG-related matters, through our financial statements and reports.

Describe *how* the board provides oversight, such as how often the board discusses ESG in the boardroom.

Source: Regions Financial Corp., DEF 14A, page 35.

Board Skills

Summary of Director Qualifications

The members of the Board have a diversity of experience and a wide variety of backgrounds, skills, qualifications and viewpoints that strengthen their ability to carry out their oversight role on behalf of our stockholders. The following matrix highlights key qualifications, skills and attributes each director brings to the Board. The lack of a mark for a particular item does not mean the director does not possess that qualification or expertise. However, a mark indicates a specific area of focus or expertise that the director brings to our Board. More details on each director's qualifications, skills and expertise are included in the director biographies on the following pages.

Name	Accounting / Financial Oversight	Business Development / M&A	ESG Oversight	Executive Leadership	E&P Industry	Finance / Capital Markets	Investor Relations	Marketing / Midstream	Public Company Board	Strategic Planning / Risk Management
Maire A. Baldwin	✓			✓	✓	✓	✓			
Karl E. Bandtel	✓				✓	✓				
Matthew G. Hyde		✓		✓	✓					✓
Pierre F. Lapeyre, Jr.	✓	✓			✓	✓		✓	✓	✓
David M. Leuschen		✓	✓		✓	✓		✓	✓	
Mark G. Papa	✓	✓	✓	✓	✓		✓	✓	✓	✓
Steven J. Shapiro	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jeffrey H. Tepper	✓	✓	✓			✓			✓	✓
Robert M. Tichio	✓	✓	✓		✓	✓			✓	✓

Boards are starting to highlight their director's ESG skills along with traditional areas of expertise.

Source: Centennial Resource Development Inc., DEF 14A, page 6.

ENVIRONMENTAL



The production of energy has environmental impacts, and how we address rapidly evolving environmental regulation is critical to our business. Directors with experience in addressing complex environmental regulations or siting major facilities bring valuable expertise to our Board.

Directors Fowke, Johnson, O'Brien, Owens, Policinski, Prokopanko, Westerlund, Williams, and Yohannes have experience in environmental regulation or project siting.

Describe why this skill set is important for the business and the boardroom.

Source: Xcel Energy Inc., DEF 14A, page 17.

Corporate Governance Highlights

GOVERNANCE BEST PRACTICES

Clawback and Anti-Hedging and Pledging Policies

- Clawback policy permits the Company to recoup certain compensation payments in the event of a significant restatement of financial results for any reason
- Insider Trading Policy prohibits Directors, senior executives, and other designated employees from engaging in any pledging, short sales, or hedging investments involving Company stock (as described on page 24)

Share Ownership Requirements

- CEO, senior executives, and Directors required to hold shares at multiples of their salaries or the cash portions of their annual retainer
- Any executive who has not met the requirements of the Executive Share Ownership Program is subject to the Share Holding Requirement for any net shares resulting from stock option exercises or settlement of PSUs or RSUs

Corporate Governance Principles

- Policies consistent with the Investor Stewardship Group's Corporate Governance Principles (as described on page 16)
- Signatory to Commonsense Corporate Governance Principles 2.0

ESG Oversight and Reporting

- Board oversight and ongoing engagement with senior executives on key matters, including cybersecurity (Audit Committee), organizational diversity and gender pay equity (C&LD Committee), and sustainability and governance practices (G&PR Committee)
- Company's Citizenship Board, comprised of senior executives, directs the Company's environmental, social, and governance programs
- Publish annual Citizenship Report detailing Company's Corporate Citizenship efforts across five key focus areas

Consider adding the company's ESG practices to the Governance Best Practices section of the proxy. Ensure that the board's role is explicitly discussed.

Source: The Procter & Gamble Co., DEF 14a, page iii.

Letter From the Chair to Shareholders

Letter To Our Shareholders

Dear Fellow Shareholders,

2019 was a strong year of positive change for RenaissanceRe, and we believe that our long-term strategic vision drove this success. Our Board of Directors collaborates closely with our executive team on our strategic plan, and designs its oversight of our corporate governance, enterprise risk management and executive compensation program with the express purpose of advancing the plan's execution. This unified approach to oversight of our strategy across these three fronts kept our organization focused and driven towards our goals in 2019.

Shareholder Outreach and Executive Compensation Matters

Our executive compensation program is designed to drive the achievement of our strategic objectives and create shareholder value. It has always reflected a pay-for-performance philosophy that is closely tied to the achievement of our long-term strategic goals. For this reason, in 2019, the Compensation and Corporate Governance Committee tied the incentive compensation of key executives to the achievement of two important strategic growth initiatives—the successful acquisition and integration of Tokio Millennium Re (“TMR”) and organic growth in our core underwriting business, fee income and investment income. Both objectives were achieved. We grew our business organically while successfully integrating TMR—which expanded our revenue stream, customer network and investment opportunities. Underwriting is our most important driver of profitability, and we increased gross premiums written by 45%, resulting in the largest underwriting portfolio in our history. Fee income and investment income are also significant contributors to our bottom line, and we grew both materially. We are confident that these three drivers of profit can continue to create shareholder value in 2020.

Last year, shareholder support of our executive compensation program decreased. This prompted us to pursue a comprehensive shareholder outreach program to better understand your concerns. We reached out to investors representing almost three-quarters of our outstanding shares, and discussed many important topics, including executive compensation. We listened to your feedback, and our Compensation and Corporate Governance Committee implemented several substantive changes to our executive compensation program for 2020, which are discussed in detail in their letter and elsewhere in this proxy statement. We believe these changes strengthen the link between pay and performance, support our underlying business and financial objectives, and better align our executive compensation program with best practice principles. We appreciate all of our shareholders' engagement this past year, and respectfully request your support on this year's say-on-pay proposal.

ESG and Climate Change Matters

We also listened to you on environmental, social and governance (“ESG”) issues. A key focus of our long-term strategic plan is managing growth through an evolving view of risk, in which attention to ESG matters has always played a central role. We are enhancing our public narrative regarding ESG issues to better communicate externally what has always been an implicit part of our culture internally, and look forward to continuing to build upon these efforts in the coming years. Because we assume the risk for extreme weather, we were an early industry leader in understanding and evaluating the impact of human-driven climate change and incorporating it into our risk management models. We believe that our commitment to these issues benefits our stakeholders, communities and environment.

4 RenaissanceRe

Include ESG in the letter to shareholders if it is a key strategic focus.

Source: RenaissanceRE, DEF 14A, page 4.

ESG Accountability Structure

Providing an organizational chart demonstrates to investors how directors create ESG oversight accountability.

ESG Governance Structure

The oversight, executive management, and program implementation of the Company's ESG efforts are structured to ensure these topics are integrated into the foundation of its strong governance framework. The Company established quarterly briefings for Board Committees and Senior Leadership on ESG topics and recently began at least annual discussions with a subcommittee of the Company's ERMC to discuss current and emerging ESG-related risk topics.



Source: PayPal, DEF14A, page 38.

ESG Governance Structure

In fiscal 2020, oversight of ESG activities was formally delegated to the Governance Committee of the Board of Directors and is reflected in the Committee's Charter. The Committee plans to take an active role in the continued evolution of Campbell's ESG strategy and public reporting. To ensure that ESG is appropriately managed throughout the organization, we have designed the following governance structures:

- **Board of Directors:** Oversight of ESG activities has been delegated to the Governance Committee of the Board who will oversee Campbell's ESG strategy and reporting.
- **Chief Executive Officer:** Provides executive direction on ESG strategy.
- **Corporate Leadership Team:** With primary focus on our Executive Vice President & General Counsel who oversees Corporate Responsibility & Sustainability; Executive Vice President, Global Supply Chain who oversees supply chain sustainability; and Executive Vice President, Research & Development who oversees our real food agenda and packaging sustainability initiatives.
- **Vice President, Corporate Responsibility & Sustainability:** Leads Campbell's ESG strategy.
- **Sustainability Steering Committee:** Senior leaders from operating divisions, supply chain, corporate responsibility and sustainability, manufacturing and research & development that meet bi-monthly to drive decision making, accountability and ownership of specific ESG initiatives focused on operational and supply chain sustainability.

Source: Campbell Soup Co., DEF14A, page 27.

Shareholder Engagement Around Environmental and Social Issues

BOARD RESPONSIVENESS TO INVESTORS IN 2019

Our relationship with our stockholders is an important part of our company's success and we have a long tradition of engaging with our stockholders and obtaining their perspectives. Following a disappointing "say on pay" vote in 2019, which received approximately 60% support, we undertook extensive engagement efforts to better understand the reasons for how our investors voted, as well as to obtain their views on other key corporate governance and disclosure matters, and to determine how best to respond.

WHO WE MET WITH	48.1% of shares contacted for engagement	38.9% of shares engaged with overall	28.0% of shares engaged by Chairman of the Board
AN INTEGRATED OUTREACH TEAM	Corporate Legal + Executive Compensation + Corporate Responsibility + Investor Relations		
WHAT WE DISCUSSED	OUR BUSINESS Leadership transition Strategy execution Cultural transformation Financial performance	OUR ESG^a PRACTICES Strategic Growth Equity Awards Board composition Risk oversight ESG disclosures	>50 Separate investor meetings throughout the year
HOW WE RESPONDED	BOARD COMPOSITION	<ul style="list-style-type: none"> Added more disclosure on future director recruitment priorities 	• See Page 25
	BOARD OVERSIGHT	<ul style="list-style-type: none"> Added more disclosure on Board's oversight of cultural transformation 	• See Page 35
	ESG DISCLOSURES	<ul style="list-style-type: none"> Added more disclosure on how we integrate ESG goals into our pay programs Continuing to work to align disclosures with SASB/TCFD^a 	• See Page 78
	STRATEGIC GROWTH EQUITY AWARDS	<ul style="list-style-type: none"> Explained Compensation Committee's rationale for awards Added that the Compensation Committee has no intention to grant additional one-time equity awards to any current executive officers 	<ul style="list-style-type: none"> • See Page 71 • See Page 62
	ANNUAL BONUS PLAN	<ul style="list-style-type: none"> Added more disclosure on business group operational metrics and ESG metrics 	• See Page 78

Discuss the actions taken as a result of shareholder engagement.

Source: Intel Corp., DEF 14A, page 10.

Communicating Shareholder Feedback

The shareholder engagement team regularly reports to the full Board, the Nominating and Corporate Governance Committee and any other committees, as necessary, on the Company's outreach activities, shareholder feedback and recommended best practices.

Our recent engagement initiatives have covered a wide range of important governance topics, providing valuable insights and feedback regarding the following areas of investor focus:

ENGAGEMENT TOPICS

- ✓ Board composition, refreshment and diversity
- ✓ Succession planning
- ✓ Director overboarding
- ✓ Board oversight of long-term corporate strategy and risk management
- ✓ Executive compensation plan design, metrics and alignment with performance
- ✓ Environmental and social issues
- ✓ Workforce planning, human capital management and talent development
- ✓ ESG disclosure and reporting standards
- ✓ Shareholder engagement

No significant concerns were raised by investors this year and investors expressed strong overall support for our governance framework and executive compensation program, including the link between pay and performance.

Board Review and Responsiveness

The Board and its relevant committees consider our shareholders' views and perspectives as part of their decision-making process on key issues related to strategy, governance, compensation and environmental and social responsibility to integrate shareholder input and emerging best practice into our governance process.

Some recent governance enhancements in response to investor input include:

- ✓ **Expanded disclosure on ESG**, including through publication of our first report on climate-related risk and opportunities in accordance with the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) in 2019, and inclusion of more robust and in-depth voluntary disclosure on human capital management in this Proxy Statement.
- ✓ **Formally incorporating oversight and review of culture** in the Compensation Committee Charter in 2019.
- ✓ **Introduction of a Director overboarding policy** to our Corporate Governance Guidelines in 2018, limiting the number of public-company boards on which our directors may serve (excluding service on our Board, up to two outside boards for public company executive officers and four outside public company boards for other directors, unless Nominating and Corporate Governance Committee determines such outside board service would not impair the director's service to the Company).

Even if no concerns were raised by investors, discuss disclosure enhancements made on the behalf of shareholders.

Source: S&P Global Inc., DEF 14A, page 16.

Why NACD?

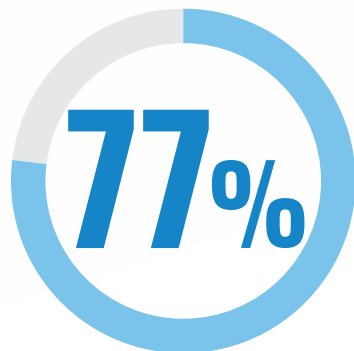
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