The Financial Factors of Environmental & Safety

By Ryan Janoch







Ryan Janoch

Co-Founder of Mapistry

Vision

Mapistry's vision is a world in which every organization's environmental and safety program are a source of employee pride, customer trust, and investor confidence.



Mission

Fuel a **sustainable economy**

by empowering organizations to make

intelligent environmental and safety decisions





Last week, we had the chance to sit down with Kacy Vance, the Environmental Manager at CalPortland. Kacy shared her career path in environmental management and consulting, and discussed the top environmental compliance challenges that pushed her team to pick a digital initiative with Mapistry.

An EHS Journey: moving from Paper to Digital with Kyle Beckman and Sonya Price, MMC Materials

On this week's Coffee & Compliance, we had the opportunity to sit with both Kyle Beckman, Safety and Environmental Manager, and Sonya Price, Area Safety Manager, from MMC Materials. They discussed their journey away from a paper-based

EHS program and shared the improvements they have seen in the last year after adopting digital tools.

For so long, paper documents presented many challenges for the MMC team, including issues of liability, time efficiency, and thoroughness. The goal of digitization was to provide better tools for all inspections to be completed on time and create an increased visibility into what was happening on the ground level of each facility.

Lehigh Hanson Advances Environmental Mapping with Drone Imagery

Lehigh Hanson, one of the leading produces of cement and aggregates in North America, recently integrated the use of their drone imagery capabilities to take their environmental compliance processes to new heights. Now, their teams can remotely capture set conditions and collect field data for their compliance concerneds and amps from the office – all while limiting travel to remote quarry locations. They had been using their drone for operational data, such as stockpile volumes, and were able to leverage the same resource for their environmental teams.

To stay compliant with permit requirements and growing environmental compliance demands, building materials companies, like most in industry, are required to keep an up-to-date and accurate record of their facility maps and operations. All Maintaining this can be both tedious and time consuming, often requiring staff to travel to multiple facility locations and speech dosurs capturing current equipment locations, industrial activity boundaries, and site conditions.

ON-DEMAND WEBINAR

Empower a
Performance Based
Compliance Culture:
How Safety and
Environmental
Digitization is
Driving Results at
US Concrete
Watch Now

The New Age of EHS Technology: How U.S. Concrete is Advancing it's Environmental and Safety Operations

Watch Now (>)

Oldcastle Infrastructure Drives Innovation with its Environmental Compliance Program

By Lauren Alexander

As one of North America's targest building materials companies, Oldscatle Infrastructure is always looking for new and innovative solutions to solve operational and environmental challenges. In an increasingly complex world of environmental compliance, they partnered with Mapistry to embrace digital transformation as a way to make staff more efficient, lower risk and derease operational costs:

Environmental Compliance Challenges in Concrete

Manufacturing: Josh Neff, Folsom Ready Mix

On our latest Coffee and Compliance, we had the chance to hear from Josh Neff, the VP of Operations at Folsom Ready Mix. As someone who built his creer within the industry, Josh shared how his different experiences and roles exposed him to many types of business tructions. Key lessons, the bear greepared; keying on the of decommentation, and being aware of changes to laws and regulations were learned as a result of Josh's experience. This perspective has provided josh with a greater understanding of how thins work to centrolling, and where a doubtiments can be made to improve processes.



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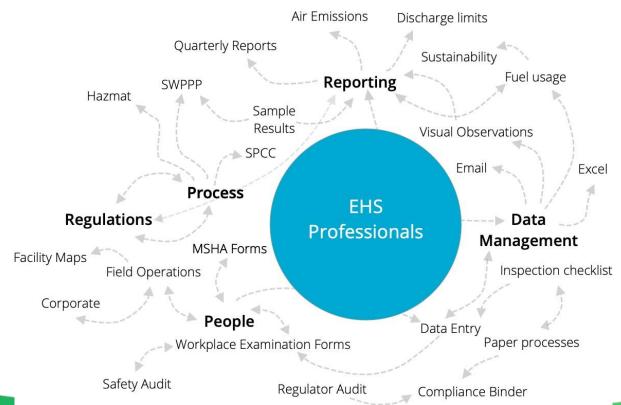
Problem

The speed, complexity and consequences of environmental and safety requirements has outpaced the bandwidth of staff



Traditional manual EHS workflows are not sustainable

Traditional manual EHS workflows are chaotic.





Environmental & safety decisions are complicated!

They are multi-dimensional with many soft costs and ambiguous risks





Compliance programs required less resources and less specialized skills to manage effectively



Paper Worked

Information could reside locally in files, it did not have to be used frequently



Simpler Rules

Regulations were easy enough for non-experts to comprehend



Minimal Oversight

Internal and external oversight and enforcement was limited

Today...

The speed, complexity and consequences of compliance is outpacing the bandwidth of compliance staff



More Connected

There's a need to connect to people, data and documents in real-time



More Complexity

Regulations are evolving quickly and drastically expanding in breadth and depth



Sharp Consequences

Non-compliance has serious legal and financial consequences

2021 Trends We Were Tracking

- ☐ COVID Impact
- Public Data Impact
- ☐ Enforcement Initiatives
- ☐ ESG via Investors & SEC



"You showed up on a bad day, it's never like this"

"We got an NOV"

"Do I delay equipment upgrades another year?" "Let's risk operating without a

"Should we hire an EHS Supervisor?"

"Our SPCC Plan hasn't been updated since the 90's, what is another year?"

permit modification" "It's the way we have always done it"

"They are in the binder"

"We can automate this!"

"Just hire a consultant"

"I can have the batch plant

operator do it"

"Our insurance premiums are what?"

"Let's just estimate the water usage rate for our Sustainability Report based on last year's numbers"

"Isn't that your job?"

All of those statements have a financial factor and <u>a financial decision</u> behind them!

What are the financial factors in environmental & safety that are used to make a decision?



Financial Factors

- ☐ "Core" Compliance Upfront & Ongoing
- ☐ Regulatory & Citizen Enforcement Penalties/Fines
- Investor Impact Access to Capital
- ☐ Brand Reputation A Valuable Marketing Asset
- ☐ Workforce Hiring & Retention
- Shareholder Value





Value Assessment Model

A few of the components....weighting factors, amortization, localized labor costs, age of workers, age of equipment, insurance rates, interest rates, payback periods, distance to protected habitats, outstanding debt, corporate structure, distance from residences, permit fees, union status, number of plants, etc.

Factor #1 "Core" Compliance



Baseline Cost of Compliance

What is my cost to operate?

- ☐ Permits "Right to Operate" (upfront & modifications)
- Human Capital (ongoing)
- Control Measures (Capital, O&M, & Replacement)
- Consultants (ongoing)
- ☐ Software (ongoing)



Market Trends: Resource Constraints

Overcoming operations & environmental staff time demands

Staff Time Constraints

- Staff turnover and reduction
- Rise of remote working conditions and "virtual" audits

Regulatory Complexity Accelerates

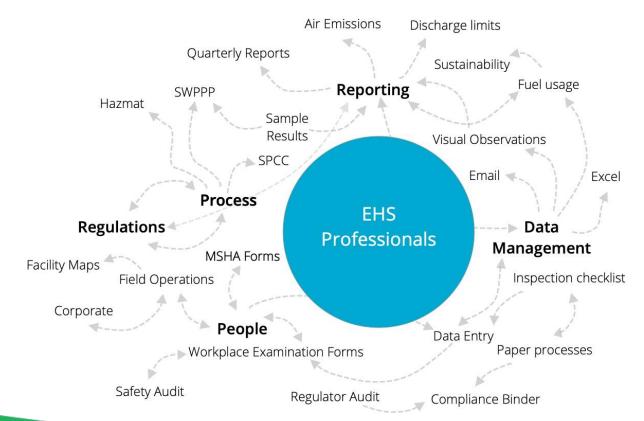
- Data reporting is a massive time investment, even when fully staffed
- Lack technical expertise to interpret results and understand risk levels



An environmental manager fully loaded cost is \$172K to \$258K per year



Traditional manual EHS workflows are chaotic.





What is the cost to do an inspection?

- (Batch Plant Manager) Find the form
- (Batch Plant Manager) Walk the site & fill out the form
- (Batch Plant Manager) Scan the form
- (Batch Plant Manager) Send the email with the scanned form
- (Batch Plant Manager) Tell the shop assistant what needs to be fixed
- (Batch Plant Manager) Document the fix
- (EHS Manager) Calls about the form....she never got it
- (Batch Plant Manager) Resends the form
- (Inspector) Shows up, but the manager isn't there and no ones about the "binder"
- (Assistant Operator) A new form is "pencil-whipped" showing they inspected yesterday
- (Inspector) is suspicious and wants to walk the site....the equipment is dusting
- (Inspector) Issues a NOV

Software vs Staff Time

- ✓ Cut 1/3 of audit questions and up to 60 minutes per site audit

 Lehigh Hanson NAEM Conference & Mapistry Summit conference presentation
- ✓ Up to 75% reduction in inspection time
 No scanning forms, sending to corporate, driving back to the office, or emailing/calling about corrective actions
- ✓ Saves 40 hours/site/year on air emissions reporting

 Eliminated a week of manual data entry from paper logs into two spreadsheets for the annual report (Customer Confidential)
- ✓ 100% reduction in manual sample data entry Import directly from the lab reports

Factor #2 Regulatory & Citizen Enforcement

Market Trends: Enforcement Readiness

Stricter scrutiny of companies' compliance programs

Enforcement is on the Rise

- Biden Administration's focus on environmental justi
- Enforcement Increase by EPA/DOJ
- 2x OSHA Investigators

Growing need to be "Audit Ready"

- Prioritizing software to create visibility and accountability
- Need to build and a maintain an audit trail



Remote Enforcement

The world has gone digital, so will enforcement

Expanded Use of Off-Site Compliance Monitoring by EPA and States

With the COVID-19 public health emergency, the EPA recognized that performing all the on-site inspections planned for FY 2020 would pose a of challenges. To continue compliance assurance, EPA worked to increasuse of off-site compliance monitoring techniques and provided guidance conducting and reporting these activities. In FY 2020, the EPA conducted reported nearly 5,000 separate off-site compliance monitoring activities

Remote Video Partial Compliance Evaluations Workgroup

During the early months of the COVID-19 public health emergency, the EPA and most states were not able to safely conduct routine compliance inspections (i.e. on-site facility visits). In April 2020, the EPA established an EPA /State workgroup to explore ways to use remote video technology for our inspectors to conduct non-comprehensive reconnaissance observations to assess continuing compliance of regulated facility operations. These remote video partial compliance evaluations help the EPA or a state determine whether there are facilities whose conditions warrant a follow-up on-site inspection or an

hio Ohio Environmental

Director's Office

Overview of Ohio EPA Virtual Site Visits

health ates may overnment ncy is over.

Part of Ohio EPA's core mission is to ensure compliance with environmental laws and regulations. During the COVID-19 pandemic, we have been effectively working with virtual tools and technology.

As we optimize our use of various technology tools, the Agency is now exploring opportunities to use these tools in the field through virtual site visits (YSV). In the near term, our ability to expand our field presence with these tools will allow us to continue collecting important information from our regulated entities while also protecting against the potential spread of COVID-19. In the longer-term, adding the use of virtual tools to the Agency's compliance toolkit, both from a compliance inspection and assistance standpoint, can help us reach even more facilities because of the efficiencies gained in reducing travel time, etc.

The Agency will pilot the use of VSVs for select categories of inspections (routine, single program, initial screening, non-enforcement related). We will be asking you to complete a survey after the VSV to help assess the effectiveness and improve the

This fact sheet provides guidance to help you learn which technology you will need and what you can expect during a VSV. The process itself will be very much like our normal inspection process.

Opening Meeting

The first step in the process will be a pre-meeting conducted by Ohio EPA by phone/video conference. We will discuss all logistics to ensure a successful VSV. The actual inspection will be accomplished virtually, using a live streaming application in combination with photographs.

Virtual Facility Walk-Through

During the VSV, you will walk the inspector through portions of the facility to identify all areas that would normally be evaluated on site. This type of evaluation will allow for a compliance/complaint evaluation inspection to occur without our inspectors entering your facility.

The use of virtual tools is not a substitute for the important inperson interactions needed during inspections and other field work

and for effective engagement and outreach. However, the Agency is optimistic about the potential for expanding the use of these tools where they can be effective.

More Information

If you have questions about Ohio EPA inspections, contact your local Ohio EPA district office or the Office of Compliance Assistance and Pollution Prevention (OCAPP) at (614) 464-486 or (800) 329-7518 for Five help. OCAPP is a nonregulatory office of Ohio EPA with a goal of helping businesses understand and comply with the environmental requirements. Click here for an amo of Ohio EPA's district offices.



Virtual Site Visit Tips

- Familiarize yourself with the media platform (ability to connect and stream video/photos) being used. You will need to download Teams or ensure that you are using Google Chrome or Microsoft Edge.
- What equipment do you need for the meeting (camera, phone, headset, earbuds, etc.)?
- Consider using a headset with a
- microphone if your facility is noisy.
- Speak clearly, mute your microphone and turn off your camera when it is not needed.
- Use the web camera in landscape mode versus portrait for most situations.
- When including multiple participants from different locations (supervisors, consultants, legal team, etc.), be aware of bandwidth issues that may affect video and audio quality.
- Update the facility diagram to help designate targeted focal points during the virtual inspection. Provide a copy to your inspector when schouling the VSV.



Baykeeper Patrols Take to the Sky

For 29 years, Baykeeper has used on-the-water boat patrols to monitor San Francisco Bay and look for pollution threats. This year, we're expanding our patrols to the sky, to find and stop more Bay pollution.

Baykeeper is partnering with volunteer pilots to patrol in small planes and with volunteer drone operators to patrol with drones. We're already finding new sources of contamination and collecting evidence to get more pollution stopped.

With patrols by air, Baykeeper is finding new sources of contamination and collecting evidence to stop more Bay pollution.

Almost immediately after launching our aerial

a heavy oil that is alm

tankers' path to accura wildlife and sensitive: And with volum Conservation Flying, during the annual hig

Baykeeper docume that are flooded during predict where Bay Are by sea level rise.

Your gifts are help the-water patrols with boosting our ability to to San Francisco Bay.

spilled. Using drone footag The Use of Drones in Environmental Compliance

Kelly Daly and Patrick Paul

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As use cases for unmanne whose connections to thi headlines on a routine ba of an emerging player in t ground, air, and waterway local and regional mappir resources and environme



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UAV-Based Gas Sensor Systems Help Control Air Pollution From Ocean-Going Vessels

Choptank Riverkeeper Matt Pluta often uses his Mavic Pro to illustrate land and water issues for Shore

Drones change the way advocates

EMAIL A PRINT O MORE

protect the environment

air quality, technology







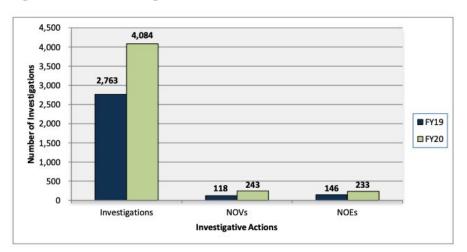
https://www.americaphar.org/groups/environment_energy_resources/publications/natural_resources_environment/2018-19/spring/the-use-drones-environmental https://baykeeper.org/sites/default/files/image_upload/images/SFBayke https://marylandreporter.com/2019/03/18/drones-change

https://www.ioes.ucla



TCEQ DATA

Figure 5-5: Incident Investigations



Note: An NOV or NOE may include multiple violations.

"This increase was in part to staff continuing to conduct in-house investigations during the COVID-19 since they could be accomplished with social distancing precautions in place."

"Earthjustice is pleased to see that President-elect Biden plans to name Merrick Garland as the nation's next Attorney General."



"Because ENRD is the only organization in this country that **files more environmental lawsuits** than Earthjustice."

News Releases from Region 09

U.S. EPA settles with three companies over violations of California's trucking pollution regulations

The companies will pay over \$400,000 in penalties

10/16/2020

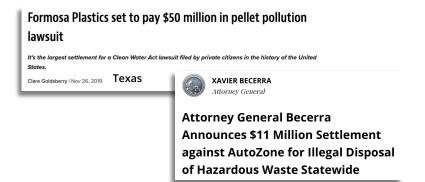
THE ECONOMY > ENVIRONMENT

Wal-Mart Fined \$110 Million Over

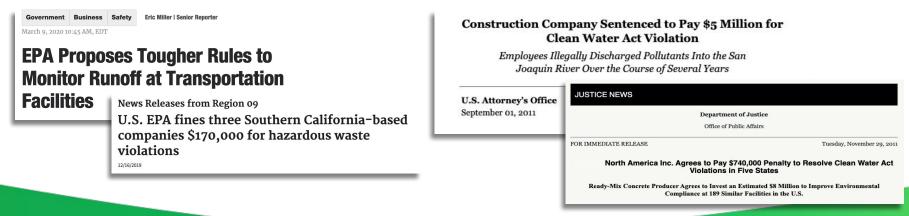
Hazardous Waste

The world's largest retailer pleads guilty to dumping hazardous chemicals in city trash bins and sewer systems.

Agence France-Presse



Companies face fines & penalties





Aggressive Enforcement

- National Compliance Initiatives (NCI) back to National Enforcement Initiatives (NEI)
- 2. Focus on "Next Generation Compliance & Enforcement"
- 3. Wider recognition noncompliance is common

"Next Generation compliance and enforcement was a creation of the Obama EPA and was an attempt to use technology and other approaches to leverage EPA's diminishing resources."

- Carrick Brooke-Davidson of Williams Mullen

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What kinds of violations matter?	4
What do we know about noncompliance?	7
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Overwhelming data in many programs show that serious violations are widespread	13
3. In many programs compliance evidence is spotty, but the signs aren't good	16
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Next, Next Generation Technology For Enforcement

Stanford | Institute for Economic Policy Research (SIEPR)

PEOPLE * RESEARCH *

Innovations for environmental compliance: emerging evidence and opportunities

Feb 2020 Policy Brief

RELATED LINKS

By Elinor Benami, Daniel E. Ho and Anne McDonough

Daniel Ho

KEY TAKEAWAYS

- Environmental practices have improved significantly over the last half century, but noncompliance with environmental law remains stubborn.
- New data sources and machine learning are powerful tools to assess risks, enhance enforcement and improve compliance.
- Learning how to best combine machine learning with compliance interventions will require collaborative partnerships to rigorously pilot and evaluate impacts.

Environmental law aims to protect
the air, water, and land that our
communities are built around. Despite significant
improvements in environmental practices over the last half
century, noncompliance with U.S. environmental regulations
remains pervasive. Tens of millions of Americans remain
exposed to unsafe drinking water and pollution hotspots
where exposure to toxic emissions increase health risks
(Allaire et al. 2018; Gallay 2019).

Some of the best evidence on the extent of noncompliance comes from a series of large-scale, randomly-sampled evaluations conducted by the U.S. Environmental Protection Agency in the early 2000s. The results showed that, for example, 61 percent of municipalities with combined storm and wastewater systems failed to maintain adequate minimum controls for managing overflows. Overflows in these systems can include releases of untreated stormwater, human and industrial wastes, toxic materials, and debris. Separately, over the last eight years, 60 to 75 percent of the nearly 7,000 major facilities with Clean Water Act permits — including the largest and highest impact power plants and wastewater treatment facilities — have reported they are not in compliance with federal law.

Mitigation of Potential Penalty Costs...



Internal costs on consultants & attorneys are typically 2X the external cost



Continued Citizen Suits

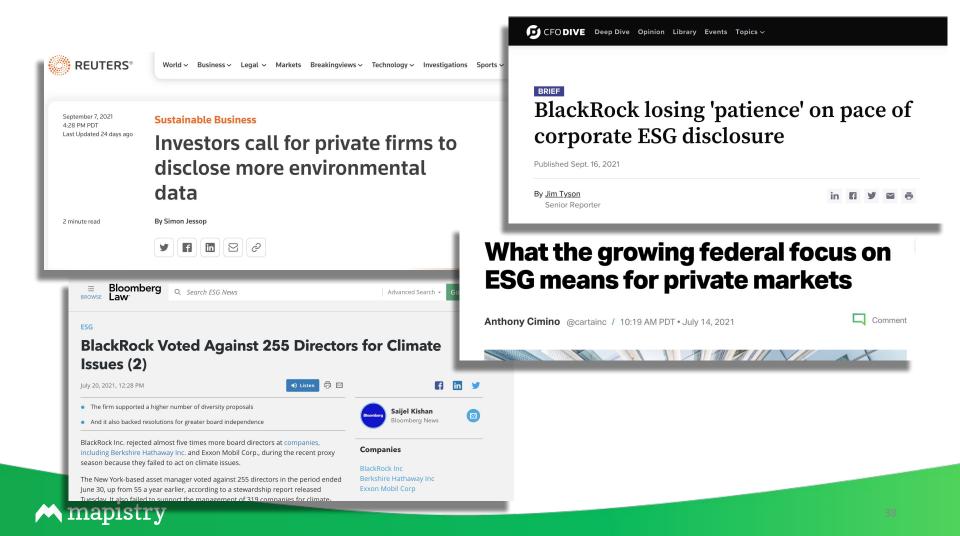
Retired Texas shrimper wins record-breaking \$50 million settlement from plastics manufacturing giant

U.S. District Judge Kenneth M. Hoyt approved the settlement agreement between a scrappy environmental coalition and plastics giant Formosa. The settlement is the largest in U.S. history resulting from a citizen environmental suit.

BY KIAH COLLIER DEC. 3, 2019 UPDATED: 4 PM

Factor #3 Access to Capital

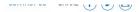




What will be the downstream impact on non-public companies in 2022?

Factor #4 Brand Reputation





EPA Guidance Documents

On October 9, 2019, President Trump signed Executive Order 13891, "Promoting the Rule of Law Through Improved Agency Guidance Documents." Among other things, the Executive Order directs federal agencies to make active guidance documents available via an online aguidance document portal.

On October 31, 2019, the Office of Management and Budget (OMB) issued implementing guidance M-20-02 (PDF), which set deadlines and related information for establishing the searchable, indexed online database for all active guidance documents.

On October 19, 2020, EPA published its final rulemaking EPA Guidance; Administrative
Procedures for Issuance and Public Petitions, providing further detail about the agency's
development and issuance of guidance documents. Additionally, the rule provides the public
the means to petition the agency with requests to modify or withdraw an active guidance document.

This portal contains only documents that meet the definition of "guida does not contain documents that are excluded from that definition. Fo guidance directed to the issuing agency or other agencies that is not in parties and internal executive branch legal advice or legal opinions ad are not "guidance documents" under the Executive Order, their omissi under Section 3(b) of the Executive Order.

EPA's guidance documents lack the force and effect of law, unless expr



The EPA Launched Improved Enforcement and Compliance Activity Dashboards

The EPA launched new versions of the Enforcement and Compliance History Online (ECHO) Air Stationary Source Dashboard and Hazardous Waste Dashboard. These updates provide regulatory agencies, tribes, and the public a more user-friendly experience and the ability to see trends in agency compliance program implementation at a glance.

The public dashboards offer summary trends of EPA, state, and local compliance and enforcement activity, such as the number of violations found, or enforcement actions taken, by year. EPA worked with representatives of state and local government agencies, to improve the dashboards. In the coming months, the EPA will update the ECHO Clean Water and Drinking Water dashboards to this new format.

Smart Mobile Tools for Field Inspectors

Smart Mobile Tools for Field Inspectors (Smart Tools) redesigns the field inspection business process, moving away from paper-based documentation to an electronic suite of tools expected to improve the quality, consistency and timeliness of environmental field inspections. Smart Tools allows EPA and state inspectors to more easily collect and organize information needed to complete high-quality field inspection reports in timely manner. Regional and state inspectors have been involved at every step of system design. Smart Tools is truly "designed by inspectors, for inspectors."

PUBLIC DATA AS A PRIORITY



Public Datasets

NCI Highlights from FY 2020 include:

• Reducing the National Pollutant Discharge Elimination System (NPDES) Significant Non-Compliance one-quarter rate from a FY 2018 baseline of 20.3% to 16.4%, continuing progress toward achieving the goal of cutting the Significant Non-Compliance rate in half by FY 2022.

SEPA COMPLIANCE ADVISORY AND COMPLIANCE ASSURANCE

National Compliance Initiative: Reducing Significant Non-Compliance with National Pollutant Discharge Elimination System Permits

FPA Document # 305F20002

September 2020

Clean Water Agencies Increasing Attention to Significant Non-Compliance Dischargers

- To improve surface water quality and reduce potential impacts on drinking water, EPA and states are focusing increased attention on all individually permitted Clean Water Act National Pollutant Discharge Elimination System (NPDES) permit holders in significant non-compliance (SNC)1
- EPA and state regulators are undertaking this National Compliance Initiative (NCI) to focus increased compliance and enforcement attention on NPDES-regulated facilities in significant non-compliance, regardless of facility size.
- This advisory is designed to help NPDES permittees achieve or maintain compliance and avoid potential enforcement and penalties.

How Can I Prepare for the NCI?

NPDES permittees are encouraged to assess their compliance status in one or both of the following ways:

Review your discharge monitoring reports (DMRs). Use EPA's Enforcement & Compliance History Online (ECHO) tool to look up your facility (see "About ECHO"

If your facility has NPDES violations, EPA recommends that you take immediate action to correct them. Smaller facilities have not often been compliance and enforcement priorities for EPA or the NPDES authorized states. However, under this NCI, more attention will be given to facilities approaching or already in significant non-compliance-no matter their size.

EPA and its state and tribal partners will respond to SNC violations in a timely and appropriate manner. These violations are typically resolved either by prompt return to compliance or return to compliance following an enforcement action. Remember, violations are subject to enforcement by either the state or EPA, with potential federal penalties of up to \$54,883 per day per violation. A prompt return to compliance is critical to reduce the potential for an enforcement action.

Ensuring Timely and Accurate Compliance Data

About ECHO

Enforcement & Compliance History Online (https://echo.epa.gov/) allows permittees to check their compliance status. A Detailed Facility Report in ECHO indicates whether a permittee has violations and is in significant non-compliance.

ECHO provides a quarterly breakdown of compliance history that describes instances of significant noncompliance. These can include an enforcement action or permit compliance schedule violation, violations of effluent permit limits, or a failure to submit timely Discharge Monitoring Reports. (Note: In some cases, significant non-compliance may be incorrectly designated due to data entry errors or data transfer problems.)

To view a Detailed Facility Report in ECHO, select the "Facility Name/ID" tab in the "Quick Search" box and search for the facility with facility-specific information. Click the icon "C" under the "Reports" column. Scroll down to the table titled "Compliance Summary Data" and check for a "Yes" or "No" in the "Current SNC/HPV" column. If it is marked "Yes", review the "Three-Year Compliance History by Quarter" table for additional information.

Under the CWA, NPDES permittees are required to report their own compliance data. States and EPA rely on timely. accurate, and complete self-reporting by permittees (through DMRs and other reports) to evaluate compliance. Failure to report compliance data in a timely and accurate way is a violation of the permit and the CWA. EPA screens self-reported compliance data for signs of misreporting. It may refer facilities for inspection to verify that the reported information is correct, and for criminal or civil enforcement where fraud or violations are identified.

Reducing Penalties Through Voluntary Disclosure

Regulated entities who voluntarily discover, promptly disclose, expeditiously correct, and take steps to prevent recurrence of potential violations may be eligible for a reduction or elimination of any civil penalties that otherwise might apply. Most violations can be disclosed and processed via EPA's automated online "eDisclosure" system (see https://www.epa.gov/compliance/epas-edisclosure). To learn more about EPA's violation disclosure policies, including conditions for eligibility, please review EPA's Audit Policy website at https://www.epa.gov/compliance/epas-audit-policy. Many states also offer incentives for self-policing; please check with the appropriate state agency for more information.

More Information

The resources below can help you correct violations and achieve compliance.

Be sure to check your permit or contact your NPDES permitting authority (state or EPA) for compliance assistance information. For information on your state agency, use: https://www.epa.gov/npdes/contact-us-general-information-about-

Overview of This NCI

> https://www.epa.gov/enforcement/national-compliance-initiative-reducing-significant-non-compliance-national-



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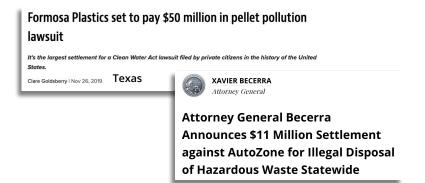
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Wal-Mart Fined \$110 Million Over

Hazardous Waste

The world's largest retailer pleads guilty to dumping hazardous chemicals in city trash bins and sewer systems.

Agence France-Presse



Companies face reputation risk

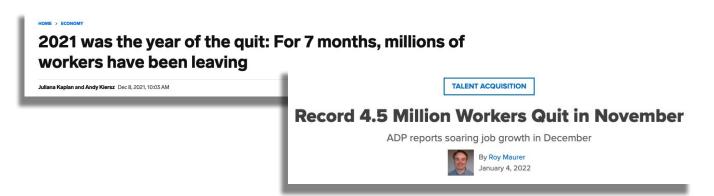






Factor #5 Workforce





38M workers quit jobs in 2021

4.5M in November SHRM 01.04.2022

Attrition may accelerate, as people are willing to guit without another job lined up. Share of respondents, % Employees who have Employees who are at least 'somewhat likely' recently quit (n = 845) to guit in next 3-6 months (n = 1.960) Would only leave with a job in hand Had another offer Would leave without a job in hand Did not have another offer McKinsey & Company

36% who quit did so without another job

40% of employees likely to leave in next 3-6 months

McKinsey 09.2021



Benefits of Sustainability: Improved Employee Attraction, Engagement and Retention

By Grace Olupinyo | June 23, 2020 | Blog, Employees, Executive, Green

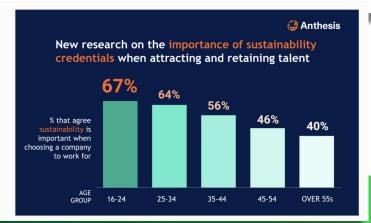






Going Green to Recruit and Retain Employees







Factor #6 Shareholder Value

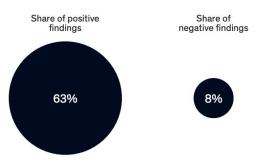


Are returns impacted?

Exhibit 1

Paying attention to environmental, social, and governance (ESG) concerns does not compromise returns—rather, the opposite.

Results of >2,000 studies on the impact of ESG propositions on equity returns



Source: Gunnar Friede et al., "ESG and financial performance: Aggregated evidence from more than 2000 empirical studies," Journal of Sustainable Finance & Investment, October 2015, Volume 5, Number 4, pp. 210–33; Deutsche Asset & Wealth Management Investment; McKinsey analysis

INVESTORS, SEC FOCUS ON ESG

Item 103

Requires disclosure of any material pending legal proceedings including the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Similar information is to be included for any such proceedings known to be contemplated by governmental authorities.

Contains a threshold for disclosure based on a specified dollar amount (\$100,000)

for proceedings relat local environmental Revises Item 103 to:

- Expressly state that the required information may be provided by hypor or cross-reference to legal proceeding disclosure located elsewhere in the document to avoid duplicative disclosured
- Implements a modified disclosure threshold that increases the existing quantitative threshold for disclosure cenvironmental proceedings to which government is a party from \$100,000

Improved Disclosure for Shareholders

We believe that all investors, along with regulators, insurers, and the public, need a clearer picture of how companies are managing sustainability-related questions. This data should extend beyond climate to questions around how each company serves its full set of stakeholders, such as the diversity of its workforce, the sustainability of its supply chain, or how well it protects its customers' data. Each company's prospects for growth are inextricable from its ability to operate sustainably and serve its full set of stakeholders.

The SEC should require that material ESG risks be disclosed in a manner consistent with the presentation of other financial disclosures

Currently, disclosures that are made appear in a variety of types of documents and do not always clearly align with other issuer metrics. Material ESG risks should be presented in a manner consistent with the presentation of other financial disclosures, including temporally aligning data with financial metrics, integrating ESG disclosure into required SEC filings and reports, and making the presentation machine-readable in a standard format and

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Currently, disclosures that are made appear in a variety of types of documents and do not always clearly align with other issuer metrics. Material ESG risks should be presented in a manner consistent with the presentation of other financial disclosures, including temporally aligning data with financial metrics, integrating ESG disclosure into required SEC filings and reports, and making the presentation machine-readable in a standard format and taxonomy.

https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

https://www.sec.gov/rules/final/2020/33-10825.pdf

 $\underline{https://www.sec.gov/files/potential-recommendations-of-the-esg-subcommittee-12012020.pdf}$





Markets

Q Search

SEC Chairman Gensler Orders Review of Funds' ESG Disclosures

Bloomberg

Executive Order on Climate-Related Financial Risk

BRIEFING ROOM

MAY 20, 2021 • PRESIDENTIAL ACTIONS





September 2021 Letters from SEC



The Securities and Exchange Commission (SEC) acknowledged last week that it has stepped up review and investigation of public company climate-related financial and environmental, social, and governance (ESG) disclosures. While the SEC generally keeps matters under investigation confidential, on Wednesday, September 22, the SEC explained on its website that staff are sending letters to public companies. These seek more information about how climate change might affect their financial earnings or business operations. The SEC sent these letters to dozens of companies, including in the agriculture, oil and gas, banking, real estate, and transportation industries.

September 2021

Name ABC Corporation Address

Dear Issuer:

We have reviewed your filing and have the following comments regarding compliance with the topics addressed in the Commission's 2010 Guidance Regarding Disclosure Related to Climate Change, Release No. 33-9106 (Feb. 2, 2010). In some of our comments, we may ask you to provide us with information so we may better understand your disclosure. Please respond to these comments by providing the requested information and/or revising or updating your disclosure as applicable. If you do not believe our comments apply to your facts and circumstances, please tell us why in your response.

General

1. We note that you provided more expansive disclosure in your corporate social responsibility report (CSR report) than you provided in your SEC fillings. Please advise us what consideration you gave to providing the same type of climaterelated disclosure in your SEC fillings as you provided in your CSR report.

Risk Factors

- 2. Disclose the material effects of transition risks related to climate change that may affect your business, financial condition, and results of operations, such as policy and regulatory changes that could impose operational and compliance burdens, market trends that may alter business opportunities, credit risks, or technological changes.
- Disclose any material litigation risks related to climate change and explain the potential impact to the company.



Summary

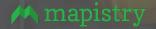
Known Direct & (Mostly) Known Indirect Cost/Risk

- 1 Core compliance can be more (human & financial) capital efficient
- 2 Regulatory Enforcement is increasing, but is avoidable

Emerging Cost/Risk, Unknown Direct & Indirect Cost/Risk

Workforce, Capital Markets, Brand, and Shareholders are factors today

Proactive companies making informed, intelligent environmental & safety decisions can win



FINANCIAL FACTORS FOR PAYBACK PERIOD

- ☐ Risks Soft Cost/Bottom Line
 - Access to Capital
 - Workforce Loss
 - Insurance Premiums & Claims
 - Fines & Lawsuits
 - Shutdowns
 - Brand Reputation/PR
- Efficiency Hard Cost/Bottom Line
 - Executive Time Decision Making
 - EHS Leadership Time Decision Making & Reporting
 - Operations Time EHS Tasks
 - Sustainability Time Reporting
 - EHS Time Tasks & Reporting

Ex. Data entry = 40 hours/month x \$100/hr (fully loaded) = \$4,000/month

- Expenditures Hard Cost/Bottom Line
 - Staff (fully loaded)
 - Consultants
 - Equipment (hard to allocate cost)
 - Legal
- ☐ Revenue Soft Cost/Top Line
 - Access to Capital
 - Marketing
 - Recruiting
 - Workforce Retention
 - Brand Reputation/PR

Ex. Real-Time Monthly Sustainability Metrics \to 5 minutes to download visualization for Bid Package \to Winning a Job

Production Decisions

Ex. Real-Time Air Emissions Calcs \rightarrow Production planning for new, large print job to stay under monthly rolling air limit



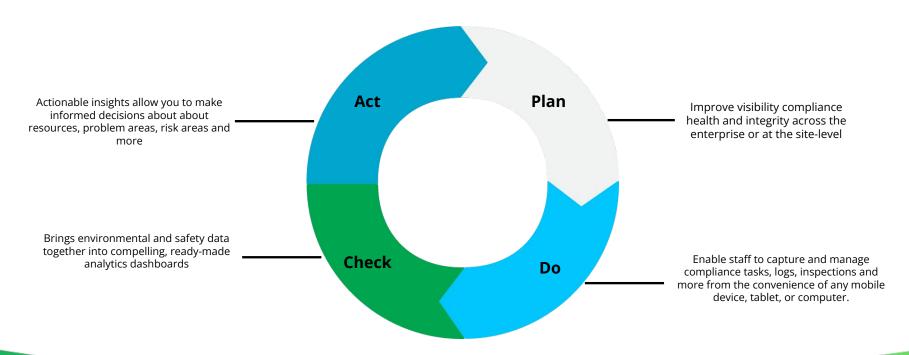
Solution Overview

Proven EHS solutions

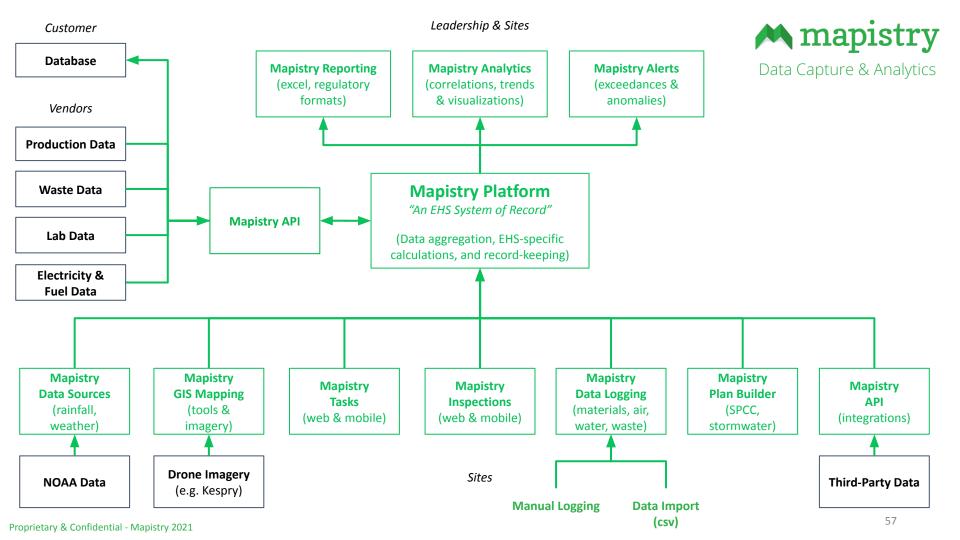


Transforming to Continuous EHS Improvement

Embedding automation and control in day-to-day activities

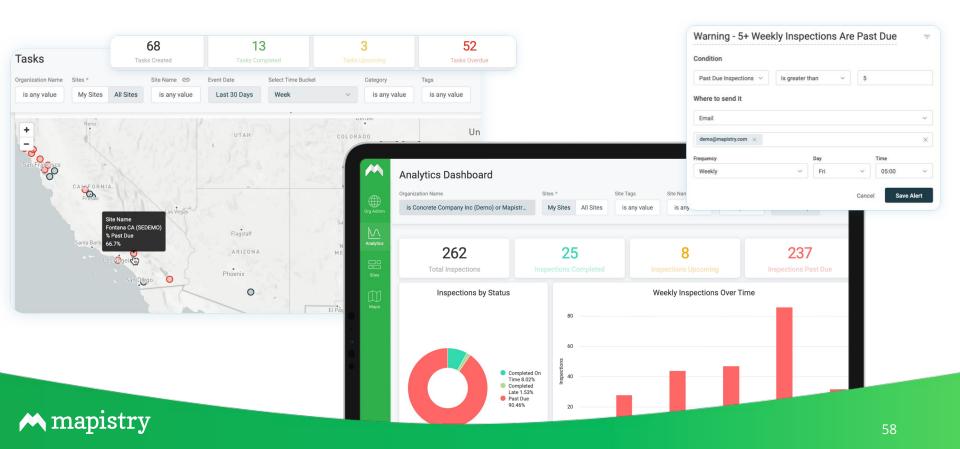






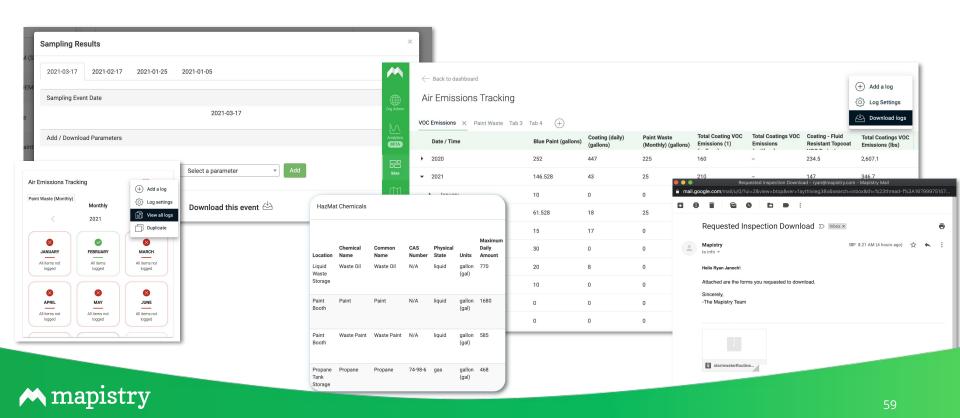
EHS Analytics

Turn environmental and safety data into actionable insights



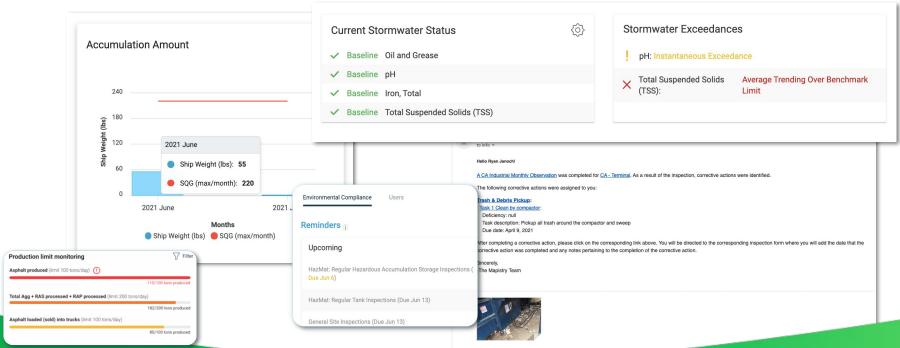
Reporting

Easily export in regulatory formats and Excel spreadsheets



Alerts

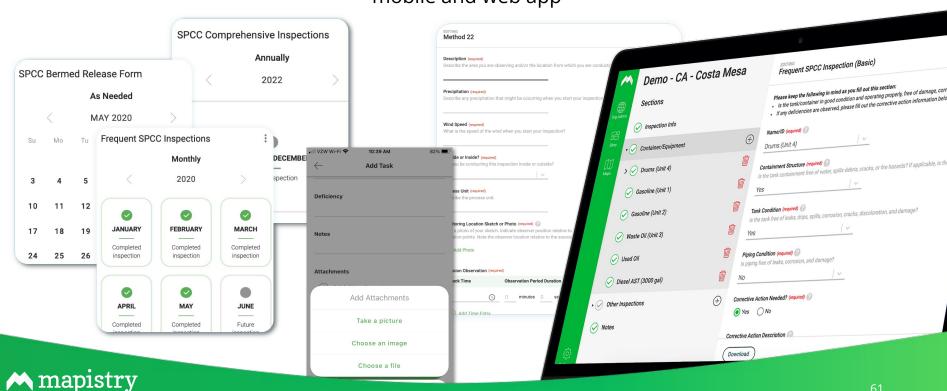
Know about exceedances and compliance gaps instantly





Inspections

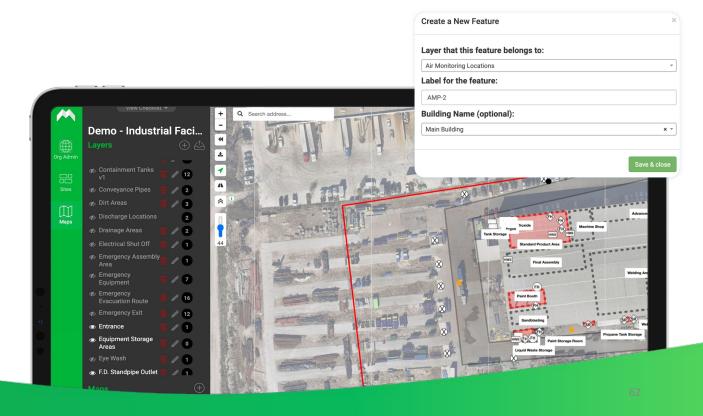
Ensure compliance with inspections built for operational efficiencies via the mobile and web app

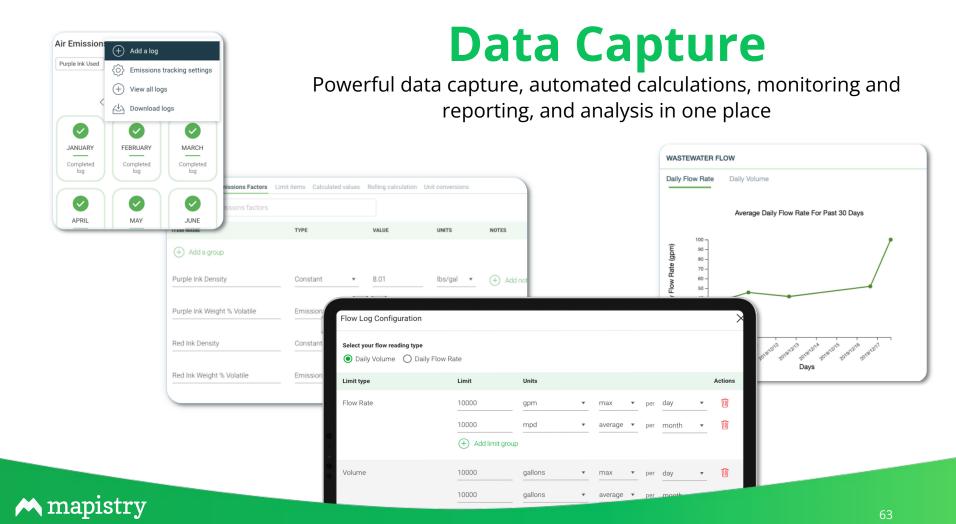


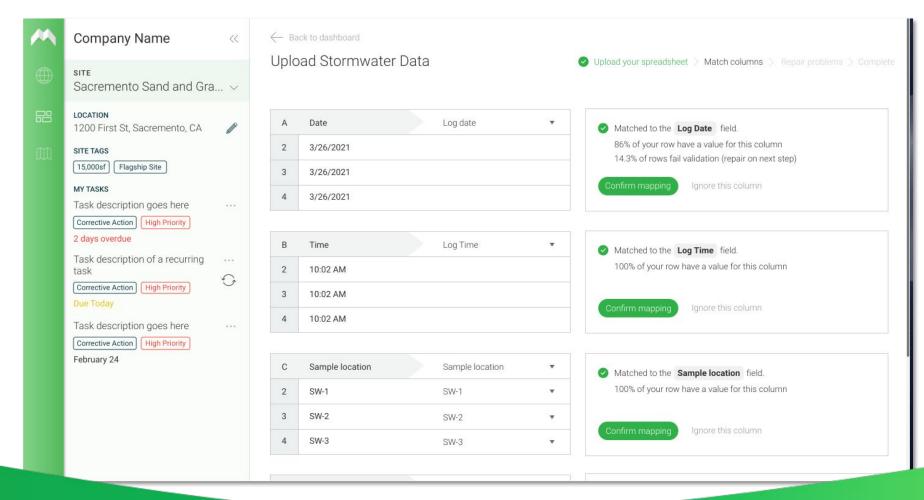
Intelligent Mapping

Quickly and accurately generate facility site maps for all your compliance needs



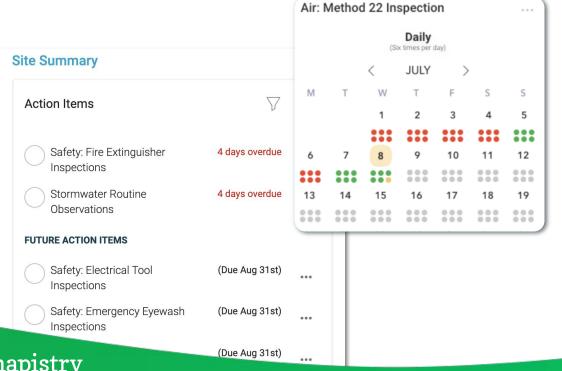


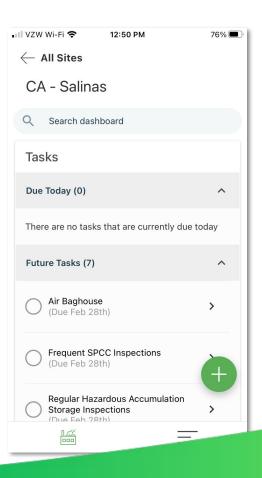




Tasks

Ensure routine tasks and corrective actions are done on time and verify the results





Questions?

Want to build a value assessment?

ryan@mapistry.com

Thank You!



Sources

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- Investors call for private firm environmental data disclosure -

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