

WEBINAR

*Navigating Emerging ESG
Issues—Practical Tips for Life
Sciences Companies*

MAY 11, 2021

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- Questions will be answered as time permits
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WEBINAR

Panelists



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Lillian Brown
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Heidi DuBois
Executive Vice President &
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Cynthia T. Mazareas
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Partner, Securities
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Discussion

1. What is ESG?
2. Investor Activism—Relevance for Life Sciences Companies
3. ESG Disclosure—Relevance of SEC Developments for Life Science Companies
4. ESG Litigation
5. What Should Life Science Boards be Doing?

A modern office interior with large windows, a green plant, and black chairs. The scene is brightly lit with a blue tint. A dark red rectangular box is overlaid in the center, containing white text.

*ESG: An Accelerating
Governance Trend*



Implications of Increasing Stakeholder Activism

- Investor interest in sustainable investing funds
- Investor engagement
 - Sustainability reports
 - KPIs
 - Voting policies
- Increased focus on social inequalities (board diversity, pay equity, HCM, worker conditions)



Impact of Increasing SEC Focus

- ESG is clear priority for SEC
- Expect a shift away from principles-based, voluntary disclosure
- Recent request for public comment on questions relating to climate change disclosures
- Corp Fin calling for development of global disclosure standards
- Climate and ESG Task Force added to Division of Enforcement
- SEC's Investor Advisory Committee is recommending mandatory ESG reporting - potential for mandated disclosure on climate matters, diversity, pay equity, political spending and other ESG topics
- SEC Chair has named first ever Senior Policy Advisor for Climate and ESG
- SEC has signaled increased scrutiny of ESG disclosures (climate risks)



Intersection of Politics and ESG

- Legislative and administrative developments
 - Various bills in House and Senate related to ESG
- DOL initiatives



A modern office interior with large windows, a potted plant, and black chairs around a table. The scene is brightly lit with natural light from the windows. A dark red rectangular overlay is centered in the foreground, containing the title text.

The Governance of E and S



Best Practices for Management of “Mission Critical” Risk

- Actual risks
- Reputational risks
- Board’s duty of oversight
(Caremark line of cases)





ESG Litigation Risk

- Securities law claims / 10b-5 liability
- Derivative claims
- Consumer Protection Laws
- Potential Claimants: regulators/AGs/individuals
- Recent litigation

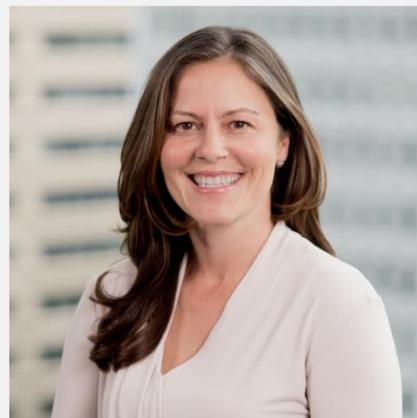


Best Practices for Disclosures

- Apply same rigor as other SEC disclosures (effective controls and procedures)
- Avoid being overly aspirational
- Invoke safe harbor for forward-looking ESG statements, include appropriate disclaimers



Questions



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