

ESG Workshop #7:

Looking Ahead to 2024



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Welcome & Introductions



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Workshop #7 Presenters

Poll

What Sustainability-related topic or task do you anticipate focusing on in 2024?

Agenda



- **Introductions**
- **Goal of the 2023 Workshops**
 - ✓ Preview of the Toolkit
 - ✓ Suggestions for the Toolkit
- **Looking to 2024**
 - ✓ ESG Trends
 - ✓ What would you like to see covered?
 - ✓ *Topics?*
 - ✓ *Format?*
 - ✓ *Cadence?*
- **Other Feedback**

2023 Workshop Series

Month (2023)	Activity
June	Overview, Materiality and Governance. These provide an important overlay for ESG strategy. What do stakeholders think is important, or material, about your company. The role of data, policies and guidance associated with good governance play an important role in the ESG strategy dialogue.
July	Strategy, Goals & Community Descriptions and supporting documents to help develop key topics supporting ESG. Understanding the "S" of Social in ESG.
August	GHG Emissions and Carbon Footprint: A look at GHG emissions, and an introduction to Scopes 1, 2 and 3 emissions.
September	Value Creation & The Whole Works Mapping Tool
October	Understanding Scope 3& 4 emissions: What they include and how they are counted.
November	Reporting Frameworks
December	Looking Ahead to 2024: A review of the toolkit. Taking time to look ahead to future trends and program needs.

All recordings available:
<https://videos.isri.org/category/video-library/esg-workshops/>

Preview Toolkit

- **Background documents**
- **Excel files for ESG information documentation**
- **GHG Calculators**
- **Links to document and guidance to support ESG strategy and reporting**

Landing Page Design Inspiration

INTRO METHODS MINDSETS STORIES RESOURCES


Methods

We've lined up a number of activities to help you understand, define, make, and release circular innovations. Dive in wherever makes most sense for you and your team.

Don't worry about getting it all right on your first go. The more you prototype and learn, the greater your positive impact on the system.

[HELP TO GET STARTED](#)

Search methods




UNDERSTAND Understand Circular Flows	UNDERSTAND Regenerative Thinking	UNDERSTAND Service Flip
UNDERSTAND Insides Out	UNDERSTAND Inspiration: Digital Systems	UNDERSTAND Learn from Nature
DEFINE Define Your Challenge	DEFINE Find Circular Opportunities	DEFINE Building Teams

M MAKE << BACK TO METHODS

User-Centred Research

Understand the needs of everyone involved in the use cycle of your circular proposition(s) – the end users or beneficiaries, but also suppliers, manufacturers, retailers and others who may reuse your materials.

[DOWNLOAD Interview Guide](#)



Watch on YouTube

Toolkit Table of Contents

Chapter 1- Why ESG

- ESG Overview
- ESG Overview Workshop Video
- Climate Related Scenario Analysis
- What is ESG? *Downloadable Primers*
- Sustainable Development Goals- *External Resource*

Chapter 2- Strategy, Goals & Materiality

- Materiality Overview
- Strategy & Goal Setting Overview
- Workshop Videos on Materiality & Strategy
- Materiality Sample Survey- *Template*
- SASB/IFRS Materiality Finder- *External Resource*
- GRI Materiality Guidance- *External Resource*

Chapter 3- Environmental

- Environmental- The "E" Overview
- Overview of Greenhouse Gases
- Environmental Worksheet- *Fillable Data File*
- Workshop Videos on Environmental, GHG Emissions Calculations, Scope 3, Scope 4, WARM Tool
- Greenhouse Gas Protocol- *External Resource*
- How-To Guide on Environmental Calculators
- EPA GHG Calculator- *External Resource*
- EPA WARM Tool- *External Resource*
- EPA Greenhouse Gas Equivalencies Calculator- *External Resource*

Toolkit Table of Contents

Chapter 4- Social

- Social- The "S" Overview
- Social Worksheet- *Fillable Data File*
- Workshop Videos on Social Topics
- Environmental Justice Toolkit- *ISRI Resource*
- Workforce Management Toolkit- *ISRI Resource*
- Community Relations Toolkit- *ISRI Resource*
- UN Global Compact on Human Rights- *External Resource*
- Sample Human Rights Policy- *Template*
- ISRI Safety Resources- *ISRI Resource*
- DEI Best Practices- *External Resources*

Chapter 5- Governance

- Governance, the "G" Overview
- Governance Worksheet- *Fillable Data File*
- Workshop Videos on Governance
- Sample Grievance Policy- *Template*
- Sample Supply Chain Policy- *Template*

Chapter 6- Reporting

- Existing Standards Guidelines
- GRI Standards- *External Resource*
- SASB/IFRS Waste Management Standards- *External Resource*
- Reporting Workshop Recording

Chapter 7- Value Creation

- Workshop Videos on Value Creation
- Whole Works Sustainable Value Creation Map & White Paper- *External Resource*

Preview Example: Overview Documents

Materiality Overview

Material Topics for ESG Strategy Development and Reporting ISRI ESG Tool

In order for a company to effectively develop an ESG strategy and program, it must first identify and prioritize the issues and services that it provides that are most relevant to its stakeholders. How a company addresses these issues plays a critical role in ESG program development.

The Global Research Initiative (GRI) provides the following guidance to start the materiality evaluation process¹:

First - understand the organization's context.

Next, engage with relevant stakeholders and experts on the following steps:

- Identify actual and potential impacts; and
- Assess the significant of the impact.

Finally, test the material topics with experts and information users, and against the topics in the GRI's Sector Standards. Use this to prioritize the most significant impacts to create a list of **Material Topics**².

MATERIALITY: GETTING STARTED

1. Understand the Context

Create a high-level overview of activities and business relationships, the sustainability context in which these occur, and an overview of your stakeholders. This provides the organization with critical information for identifying its actual and potential impacts.

As part of this activity, consider the following in relations to its activities:

- The organization's purpose, value or mission statement, business model, and strategies.
- The types of activities it carries out (e.g., sales, marketing, manufacturing, distribution) and the geographic locations of these activities.
- Products and services offered.
- Sectors the organizations is active in.
- Number of employees, type of employees, etc.

Consider the business relationships the organization has, and the nature of these relationships (long term/short term project or event), and geographic location. To consider the sustainability context of its activities and business relationships, consider:

- Economic, environmental, human rights, and other societal challenges at local, regional, and global levels related to the organization's sectors and geographic location of its activities and business relationships (climate, poverty, water stress).
- Regulatory environment.
- International labor principles.

¹ GRI standards can be downloaded at [GRI - Search \(globalreporting.org\)](https://www.gri.org/)

² GRI Material topics can be downloaded at [GRI - Search \(globalreporting.org\)](https://www.gri.org/)

Next, identify the company's stakeholders across its activities and business relationships, and engage with them on its impacts. Draw a full list of individuals and groups whose interests are affected or could be affected by the organization's activities, including employees, customers, regulators, investors, and community stakeholders. Make sure to identify individuals or groups it does not have direct relationships with but whose could be affected by the organization's activities.

2. Identify actual and potential impacts.

Use information from diverse sources to consider the company's impact on the economy, environment, people, and human rights. It can also use information from legal reviews, anti-corruption compliance management systems, financial audits, etc.

The company should try to understand the concerns of its stakeholders.

- Engage with relevant stakeholders.
- Identify negative impacts – including cause, contribution, or being directly linked.
- Identify positive impacts.

3. Assess the Significant of the impacts

This step involves prioritizing the impacts to determine its material topics for reporting. Assessing the significant of negative impacts and the severity of actual negative impacts is important.

4. Prioritize the most significant topics

Finally, the company can identify its material topics and prioritize its impacts based on their significance. These can be grouped into topics.

This exercise is not intended to reflect whether your company believes an issue is important in general terms. Rather, it is aimed at assisting you in prioritizing among possible ESG issue areas and enabling you to focus on those that are most important, as well as an external signal to stakeholders on how your business applies its focus.

The highest governance body, senior executive, or group of executives should review and approve the list of material topics. Then it is time to determine what to focus on for each material topic.

5. For use in ESG Strategy Development

A well-done materiality assessment is also critical for the development of a company's ESG strategy and program by linking the business of the company to the significant ESG impacts of the organization. Assessing and prioritizing these impacts will help in the development of ESG strategy, goals, and programs, as well as how and what it reports on its ESG progress.



ISRI
Voice of the Recycling Industry™

Institute of
Scrap Recycling
Industries, Inc.

Sample Materiality Assessment

This survey is intended to be used as a **TEMPLATE** for ISRI's member companies who are starting their ESG reporting process. A critical part of ESG reporting is the **materiality assessment**, which includes collecting feedback from employees, customers, investors and other stakeholders in order to gauge what ESG topics are material to a company's operations. The topics listed included in the survey are sourced from SASB's [Waste Management Material Disclosure Topics](#).

INSTRUCTIONS FOR USE: In order to more closely tailor this assessment to your own company's needs and industry, feel free to make a copy of this form and add/delete topics as is most fitting for your company! You should be able to click the three vertical dots at the top-right of your screen and make a copy.

Please avoid editing this form directly, so other companies can continue to see the original and use it as well.

What is your name and role in the company?

Short answer text

Which of the following Environmental topics do you consider most important for our company to develop further? Rate on a scale from 1-5 how important you consider each aspect below, with 1 being not important at all, and 5 being very important:

	1	2	3	4	5
Climate Change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Air Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Preview: Data Collection Tables

Environmental Data

Scope 1																																		
FACILITIES and EQUIPMENT - Background information for fuel emissions and ESG Reporting																																		
Level 1: Site Location																																		
Name																																		
Address																																		
Level 2: Facility type																																		
Select from this list: Office buildings; Manufacturing facility (ie paper or steel mill); Office buildings; Collection Operatic																																		
Level 3: Equipment list																																		
Mobile Equipment - onroad	Select from this list: Residential collection - Natural Gas (NG); Commercial collection																																	
Mobile Equipment - offroad	Select from this list: Yellow iron at LF - combustion engine; Front loaders - comb																																	
Stationary Equipment	Select from this list: Anaerobic Digestion Stationary; Composting Stationary Eq																																	
Level 4: Number of each type of equipment																																		
Mobile equipment onroad:	Number of each from Level 3 list above																																	
Mobile equipment offroad:	Number of each from Level 3 list above																																	
Stationary Equipment:	Number of each from Level 3 list above																																	
FUEL - information needed for emissions calculations																																		
Level 1: Site Location																																		
Name																																		
Address																																		
Level 3: Fuel type																																		
Fleet fuel	Select from this: Diesel fuel; Motor gasoline; Biodiesel (R99); Biodeisel (B-15); Biod																																	
Fuel for stationary equipment above (if applicable):	Select from this: Acetylene; Used Oil; Kerosene; Methanol; Refrigerants; Distillate																																	
Level 3: Amount of Fuel Used																																		
Volume of fuel used: Invoiced volume by type (for each type in Level 3 above)																																		
Units for each fuel type listed Select from this list: US gallon; Diesel Gallon Equivalent (DGE); Gasoline Gallon																																		
Level 4: Conversion to GHGe (update annually)																																		
GHG Emission Factors Hub US EPA																																		
Emission Factors for Greenhouse Gas Inventories (epa.gov)																																		
<p>Red text indicates an update from the 2021 version of this document.</p> <p>Emission Factors for Greenhouse Gas Inventories Last Modified: 01 April 2022</p> <p>Table 2 - Mobile Combustion CO₂</p> <table border="1"> <thead> <tr> <th>Fuel Type</th> <th>kg CO₂ per unit</th> <th>Unit</th> </tr> </thead> <tbody> <tr> <td>Gasoline (Gallon)</td> <td>8.91</td> <td>gallon</td> </tr> <tr> <td>Distillate (120°F)</td> <td>8.90</td> <td>gallon</td> </tr> <tr> <td>Compressed Natural Gas (CNG)</td> <td>19.64</td> <td>gallon</td> </tr> <tr> <td>Diesel Fuel</td> <td>10.21</td> <td>gallon</td> </tr> <tr> <td>Propane (150°F)</td> <td>3.75</td> <td>gallon</td> </tr> <tr> <td>Acetylene (Type and size)</td> <td>9.95</td> <td>gallon</td> </tr> <tr> <td>Acetylene (Volume Gas) (150°F)</td> <td>4.80</td> <td>gallon</td> </tr> <tr> <td>Acetylene (Production Gases) (150°F)</td> <td>9.88</td> <td>gallon</td> </tr> <tr> <td>Other Combustion</td> <td>9.95</td> <td>gallon</td> </tr> <tr> <td>Biodeisel Fuel (B-15)</td> <td>11.07</td> <td>gallon</td> </tr> </tbody> </table> <p>Source: Federal Register (EPA, 40 CFR Part 99, e-CFR, (see link below), Table C-1 (as amended at 81 FR 80032, Dec. 9, 2016), https://www.ecfr.gov/current/title-40/chapter-I/subchapter-C/part-99/subpart-99.13/section-99.13.10</p>		Fuel Type	kg CO ₂ per unit	Unit	Gasoline (Gallon)	8.91	gallon	Distillate (120°F)	8.90	gallon	Compressed Natural Gas (CNG)	19.64	gallon	Diesel Fuel	10.21	gallon	Propane (150°F)	3.75	gallon	Acetylene (Type and size)	9.95	gallon	Acetylene (Volume Gas) (150°F)	4.80	gallon	Acetylene (Production Gases) (150°F)	9.88	gallon	Other Combustion	9.95	gallon	Biodeisel Fuel (B-15)	11.07	gallon
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<p>Scope 1 Scope 2 Scope 3 Products Sold Safety Water</p>																																		

Social

Social Disclosures		Guidance: https://www.globalreporting.org/ . GRI 400 Social Disclosures. Full guidance is provided in GRI Section 400, for each category.
EMPLOYMENT		
New employee hires and employee turnover		
An organization can use the following age groups: Under 30 years old; 30-50 years old; Over 50 years old.		
a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.		
b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.		
Benefits provided to full-time employees that are not provided to temporary or part-time employees		
When compiling the information specified in Disclose 401-2, the reporting organization shall exclude in-kind benefits such as provisions of sports or child day care facilities, free meals during working time, and similar general employee welfare programs.		
a. Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operations, including (at a minimum): i. Life insurance; ii. Health care; iii. Disability and invalidity coverage; iv. parental leave; v. retirement provision; vi. stock ownership; vii. others.		
b. The definition used for 'significant locations of operations'.		
Parental Leave		
Employees entitled to parental leave means those employees that are covered by organizational policies, agreements or contracts that contain parental leave entitlements. To determine who returned to work after parental leave ended and were still employed 12 months later, an organization can consult records from the prior reporting periods.		
a. Total number of employees that were entitled to parental leave, by gender.		
b. Total number of employees that took parental leave, by gender.		
c. Total number of employees that returned to work after parental leave ended that were		
d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender.		
e. Return to work and retention rates of employees that took parental leave, by gender.		
Labor/Management Relations		
Minimum notice periods can be found in corporate policies and standard employment contracts. Different policy statements can exist at a regional level.		
Minimum notice periods regarding operational changes		
a. Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.		

Governance

General Disclosures		From GRI Guidance Document (references below): https://globalreporting.org/publications/documents/english/gri-2-general-disclosures-2021/
Organizational details		
- Legal name		
- Ownership/legal form		
- HQ location		
- Countries of operation		
Entities in organizational's reporting		
a. List all entities included in its sustainability reporting		All entities that the organization controls or has an interest in and are included in its sustainability report, such as subsidiaries, JVs and affiliates, including minority interests. Report information for the same group of entities as covered in its financial report.
b. If the organization has audited consolidated financial statements or financial information filed on public record, specify the difference between the list of entities included in its financial reporting and the list included in its sustainability reporting;		If all entities in the organizations financial reporting are also included in its sustainability reporting, a brief statement of this fact, including a link or reference to the list of entities included in its audited consolidated financial statement or financial information filed on public record is sufficient of 2-2-a and 2-2-b.
c. If the organization consists of multiple entities, explain the approach used for consolidating the information, including:		A minority interest is an ownership interest in an entity that is not controlled by the parent entity.
- whether the approach involves adjustments to information for minority interests;		
- how the approach takes into account mergers, acquisitions, and disposal of entities or parts of entities;		
- whether and how the approach differs across the disclosures in this Standard and across material topics.		
Reporting period, frequency and contact point		
The organization shall:		
a. specify the reporting period for, and the frequency of its sustainability reporting		Is reporting by Calendar Year, or other? Is the financial reporting the same?
b. Specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this;		
c. Report the publication date of the report or reported information		
d. Specify the contact point for questions about the report or reported information.		
Restatement of information		
a. The organization shall report restatements of information made from previous reporting periods and explain:		
- the reason for the restatements		
- the effect of the restatements		
External Assurance		
a. describe its policy and practice for seeking external assurance are highest governance body and senior executives involved		An assurance provider conducting external assurance needs to demonstrate independence from the organization to reach and publish objective and impartial conclusions about the organizations sustainability reporting. (The GRI Guidance Document describes what needs to be in this section more extensively)
b. If the organization's sustainability reporting has been externally assured:		
- provide a link or reference to the external assurance report or statement		
- describe what has been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;		
- describe the relationship between the organization and the assurance provider		
External assurance is increasingly recommended. There are many consultants who specialize in this service.		
Activities, value chain and other business relationships		
a. Report the sector(s) in which it is active;		Provide a few sentences about customers segments: public or private, or other industry-specific categories
b. Describe the value chain, including:		

Q&A / Feedback

**What suggestions do you have for
ISRI's toolkit?**

ESG Trends Anticipated for 2024



- **Overall/Global trends**
- **Federal and state regulatory trends in the U.S.**
- **Industry/Investor trends**

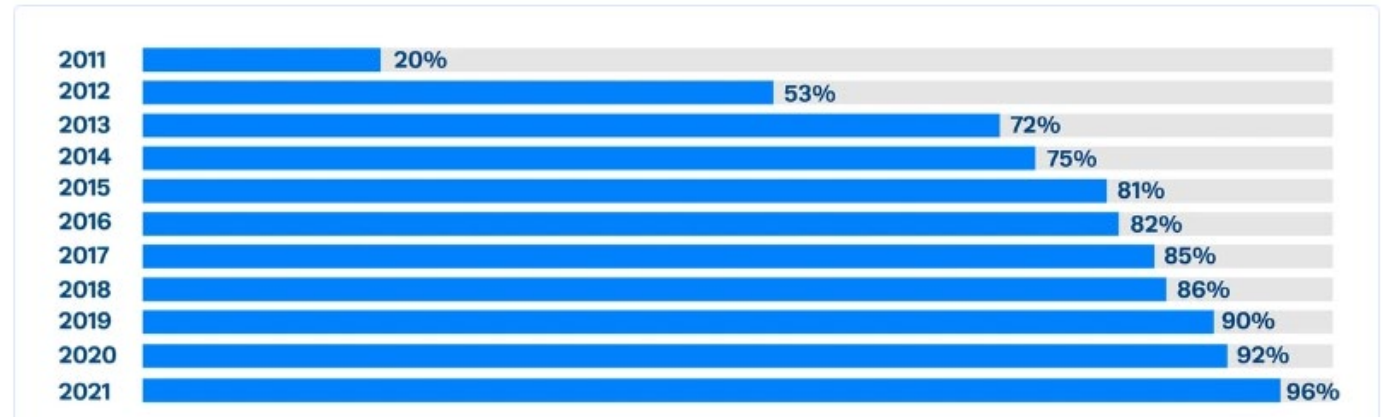
Global Trend: Reporting

Sustainability reporting reached a record high in 2022.*

- **81% of companies in the Russell 1000** publishing a report – an increase of 16% in just one year ,
- **96% of** companies from the S&P 500 Index file sustainability reports

Stakeholders, investors, and regulations demand more information about a company's sustainability goals.

S&P 500: 96% of Companies Issue a Sustainability Report



Only 4% of companies in the S&P Index did not issue a sustainability report in 2021.

European Corporate Sustainability Reporting Directive (CSRD). Passed in 2022, the CSRD will begin to be implemented in 2024, starting with the largest European-based companies. Eventually, smaller companies will be covered as well as those in the supply chain of companies operating in the EU.

Expect the amount of information requested - and provided - to grow

* 2022 Sustainability Reporting In Focus (ga-institute.com)

Global Trend: Supply Chain Transparency

Transparent reporting of upstream and downstream impacts is increasingly expected:

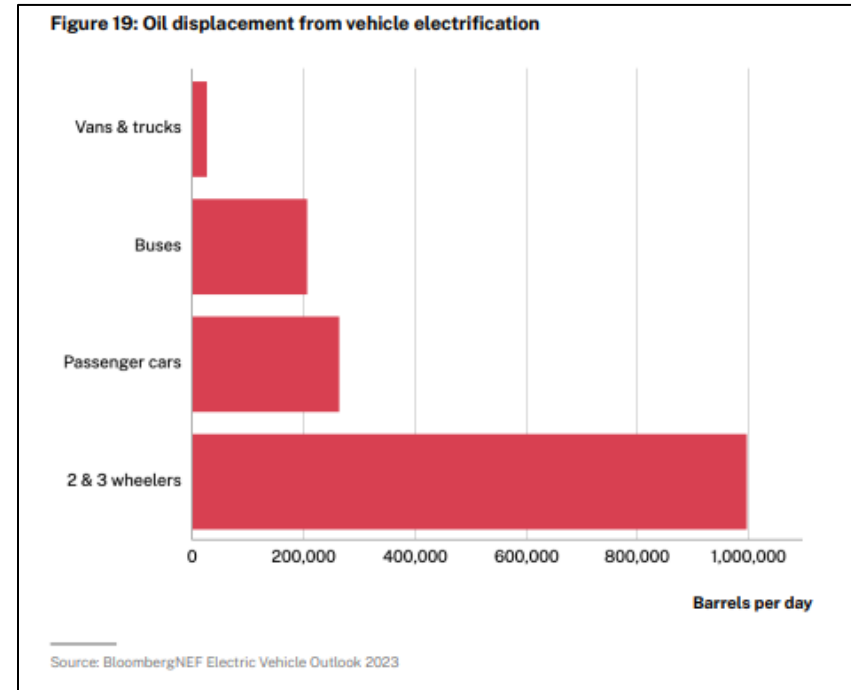
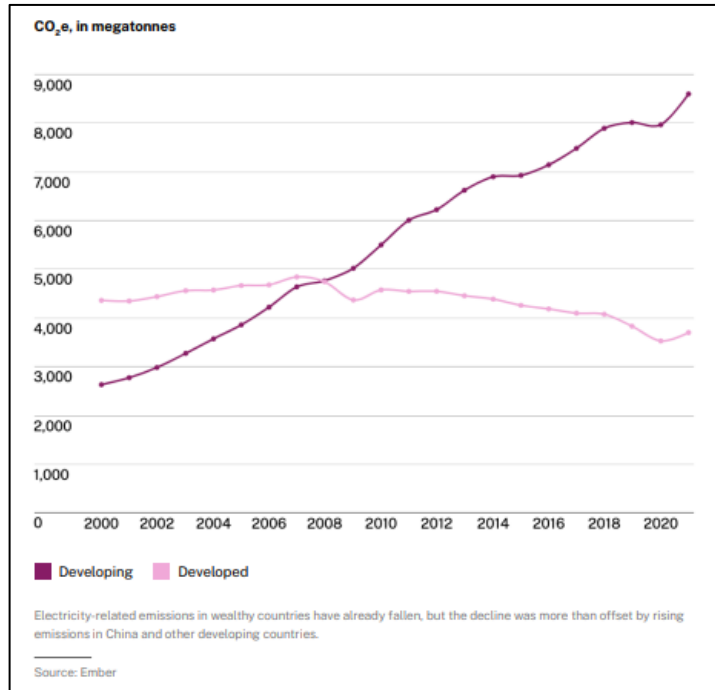
- Companies have reported on their direct environmental and social impacts for years
- Reporting on the impact of your company is no longer enough. **Companies are expected to understand and report on environmental and social impacts of their supply chain**

Amazon was disqualified from SBTi's goal setting program because they did not provide sufficient information on the impact of their supply chain.



Companies will be asked for more information about their supply chains

Global Trend: Renewable Energy



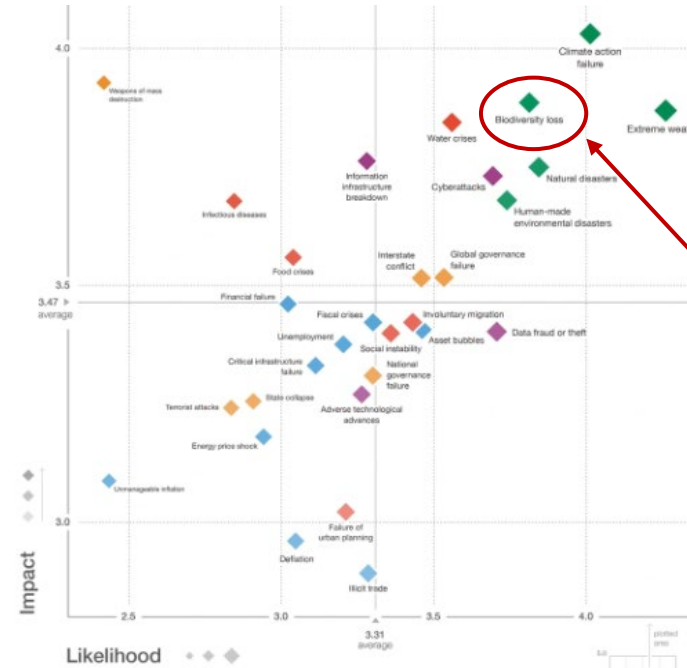
Expectation and regulations are requiring a transition away from fossil fuel extend to all corners of the globe.

- Electricity from fossil fuel has peaked in developed countries. Renewable energy surpassed coal in the United States for the first time in 2022. The use of solar and wind power nearly doubled the levels that had been predicted for 2022.*
- Transportation is considered a subsector of the energy industry. Globally, it's responsible for 20.2% of carbon emissions, and 27% in the U.S (Statista).

The transition to renewable energy will continue.

* Share of global CO₂ emissions by sector 2022 | Statista

Global Trend: Biodiversity



Biodiversity refers to the variety of living species on Earth, including plants, animals, bacteria, and fungi.

Many species are being threatened with extinction due to human activities, putting the Earth's magnificent biodiversity at risk.

The World Economic Forum's Global Risks Report ranks biodiversity loss as one of the top five threats facing humanity in the next decade.

[Global Risk Report 2020 | World Economic Forum | World Economic Forum \(weforum.org\)](#)

- Pollution, climate change, and population growth are all threats to biodiversity. These threats have caused an unprecedented rise in the rate of species extinction.
- Scientists estimate that half of all species on Earth will be wiped out within the next century.* Preserving biodiversity and protecting endangered species and their habitats is quickly growing as a top sustainability priority.

* [Biodiversity \(nationalgeographic.org\)](#)

Source: World Economic Forum Global Risks Perception Survey 2019-2023

Note: Survey respondents were asked to assess the likelihood of the individual global risk on a scale of 1 to 5, 1 representing a risk that is very unlikely to happen and 5 a risk that is very likely to occur. They also assessed the impact of each global risk on a scale of 1 to 5, 1 representing a minimal impact and 5 a catastrophic impact. To ensure legibility, the names of the global risks are abbreviated; see Appendix A for the full name and description.

Expect an increasing emphasis on the protection of biodiversity

Global Trend: Plastic & Packaging

Greener Packaging Unwraps A Cleaner Future

The number of countries enacting strict regulations on single-use plastics has more than double in the past several years.

The focus on **PFAS and Microplastics** will also continue to grow - impacting many types of businesses operations.

- **77 countries** have a total or partial ban on plastic bags
- **175 countries** have committed to a UN resolution to end plastic pollution by the end of 2024.
- The Global Plastic Pact proposes to phase out certain plastic packaging (e.g PS and PVC), but agreement has been difficult.
- Several U.S. states are placing strict requirements for reduction, recyclability and recycled content on packaging.

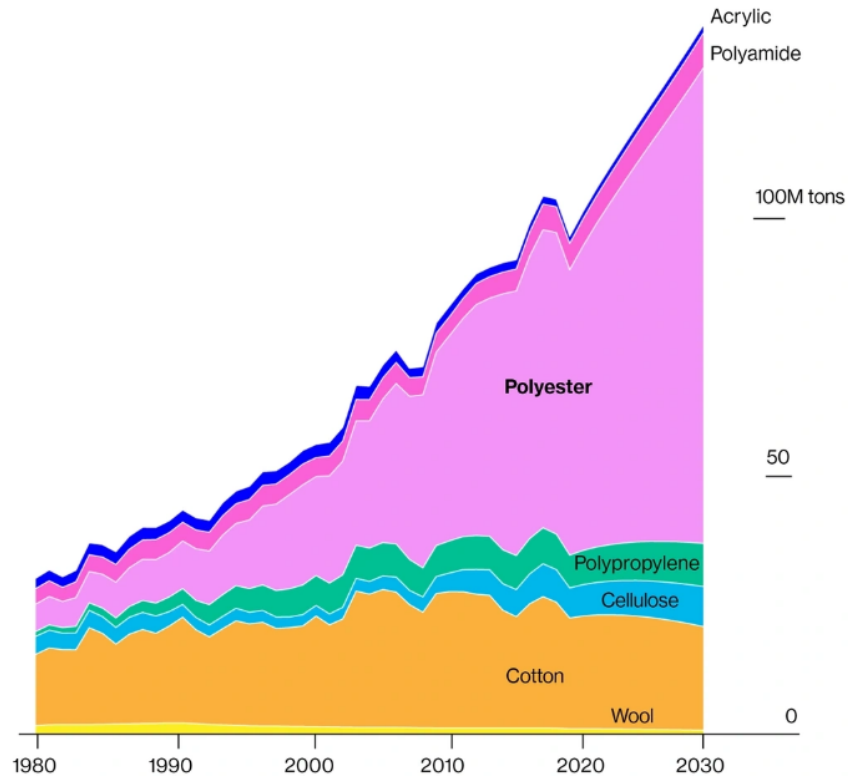


Regulations around plastics and packaging will continue to increase as voluntary programs stall

Global Trend: Textiles

Polyester Has Overtaken Cotton in the 21st Century

Annual global fiber production per year in metric tons, projected through 2030



Source: Tecnon OrbiChem analysis

Fast Fashion is in the Hot Seat*

- The fashion industry is under increasing pressure to change their “fast-fashion” business practices.
- Approximately 11.3 million tons of textile waste go into landfills each year in the United States.
- Fast fashion accounts 20% of the 300 million tons of plastic produced globally each year – mostly from polyester.
- The fashion industry accounts for up to 10% of carbon dioxide output worldwide.

* Source: Bloomberg

Look for more action to reduce, reuse and recycle textiles to reduce their global environmental impact

Global Trend: Building and Construction

New Methods, Materials, And Tech Transform Construction

- **Industry Growth.** The worldwide construction industry is expected to grow by 85% by the year 2030. (Global Constriction Perspectives/Oxford Economics).
- **Global Emissions.** Building and construction contribute nearly 39% of the world's carbon emissions. In 2021, the sector put out 10 gigatons of carbon emissions. This is 5% higher than 2020 levels and 2% more than the pre-pandemic peak reached in 2019. (United Nations)

Trends to look for in the building and construction industry:

- Increased focus on energy efficiency
- Continued development of new construction materials and technologies
- Use of smart building technologies
- Increased use of prefabricated and modular construction
- Greater emphasis on green spaces and nature

Supply chain transparency/ reporting will likely demand more information from recyclers on their impact

Global Trend: Carbon Capture

Carbon Capture, Utilization, and Storage (CCUS) refers to **technologies that capture carbon dioxide** from industrial operations, or other emissions sources. The goal is to either upcycle it by using it for other processes or store it in geological formations to prevent it from getting into the atmosphere.

- **CCUS can reduce carbon in the atmosphere.** Even with green energy, more action is necessary to reduce the total amount of CO₂ in the atmosphere to mitigate climate change.*
- **Cement industry.** The cement industry is responsible for 7% of global emission. CCUS is thought to be the only solution to reducing cement industry emissions.
- **Steel and Iron industry.** CCUS is the most cost-effective way to capture carbon from iron and steel manufacturing.

The number of new CCUS projects underway grew by 44% in 2022 as 61 projects were announced. That brings the total number of CCUS facilities to 196 – 30 are currently in operation.



Carbon capture technology will likely play a role in reducing emissions from iron and steel manufacturing.

* The Intergovernmental Panel on Climate Change (IPCC)

U.S. Federal & State Legislation Trends

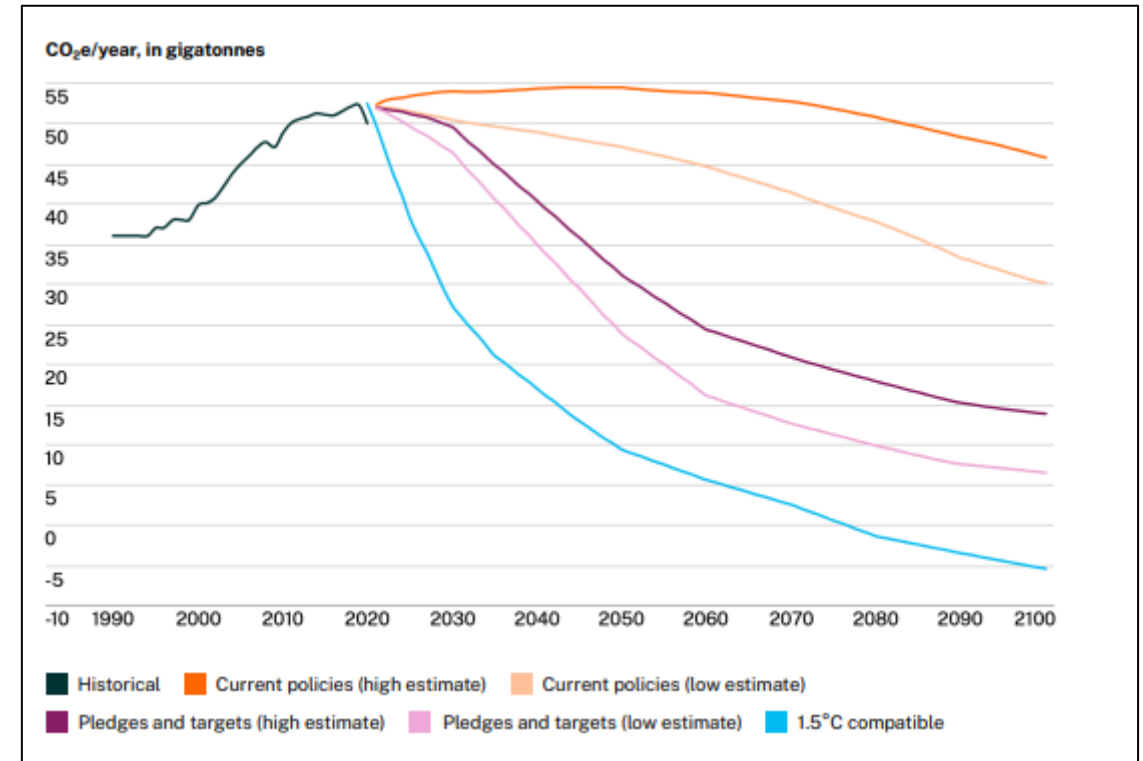
Federal

- The Inflation Reduction Act will pour at least \$391B, and possibly more than \$1 Trillion into advancing clean energy, clean cars and related technologies in the United States. It is intended to kick-start emissions reduction investments in the U.S.*
- SEC regulatory requirements (expected in late 2024).
- Federal ESG legislation is not likely to be passed in 2024.

State

- Additional laws limiting fossil fuel use (natural gas, transportation fuel), and more support for renewable electricity.
- More emissions reporting requirements.
- State ESG legislation will likely be limited to a few states.

The Emissions Gap



The orange lines give high and low estimates of future emissions if countries continue with the policies now on their books. The reddish lines give high and low estimates if countries were to adopt policies stringent enough to meet the promises they have made. The blue line shows an emissions trajectory that could meet the strictest goal of the Paris Agreement, limiting global warming to 1.5°C; in that scenario, residual CO₂ emissions in 2050 would need to be offset by uptake from forest growth or other atmospheric removals.

Source: Climate Action Tracker

Federal Regulatory Trends

SEC. As ESG investment dollars have increase, there is increased regulatory focus, especially from the Securities Exchange Commission (SEC). **SEC is mandated to protect the interest of investors**, including monitoring advertised claims on ESG approaches, measurement of commitments, investing guidelines, and climate change risk.

Based on their mandate and past regulations, expect proposed SEC action on:

- Disclosures (reporting) surrounding **climate change risk**.
- Increasing disclosure and transparency to **eliminate greenwashing** in an effort to strengthen public trust.

SEC has created a **Climate and ESG Task Force** in the Division of Enforcement to identify gaps in public company disclosures of climate risk under current rules.

Although SEC's ESG requirements have not been fully implemented (and may not until after the 2024 election), many companies are preparing for it, and are prepared to comply with the expected regulations.

Federal Administrative Regulations

- **EPA Rulemaking.** The Biden Administration announced rules to reduce GHG emissions from passenger cars, vans, and light trucks as well as buses, freight trucks, and other heavy-duty vehicles. These proposed updates will reduce the equivalent of more than twice the annual U.S. CO2 emissions in 2022.
- **Federal Trade Commission (FTC).** FTC oversees consumer protection around marketing claims and will be updating their Green Guides.

State Regulatory Trends

States are not waiting for Federal legislation. Several have moved ahead with their own sustainability - related laws.

- 1. Climate legislation.** CA, IL, MA, NY, OR & WA have adopted climate legislation requiring emission- reducing efforts associated with electricity and/or transportation fuel.
- 2. Environmental Justice (EJ).*** EJ legislation has increased across the U.S. Over 50% of U.S. states have passed EJ legislation, have permitting regulations, or have an EJ Executive Order in place.
 - Executive Orders in several states establish Advisory Councils or require EJ studies.
 - Multiple states have offices dedicated to addressing disproportionate human health and environmental impacts of their programs and policies.
 - States are using mapping tools and are working to increase public participation in the permitting process.
- 3. Reporting.** CA is the only U.S. state with specific climate reporting requirements. Companies with revenue over \$1B/year must report Scope 1, 2 and 3 emissions after 2025. More states are likely to follow.

* [State and Federal Environmental Justice Efforts \(ncsl.org\)](https://www.ncsl.org)

Industry/Investor Trends

Industry

- **Corporate Business Planning.** While sustainability is sometime seen as a corporate responsibility and Public Relations activity, increasing it has become an integral part of a company's business plans. It can serve as a competitive advantage and can drive increases in revenue. **In one recent survey, 56% of executives said that sustainability is leading to revenue growth for their company** (EcoMena).
- **Aligning Impacts.** Organizations are aligning their impacts with the values in the communities in which they operate.
- **Customers.** Gen Z and Millennials are strong ESG supporters and are being targeted with tailored messaging.

Investors

- **Investor analysis.** Investors are evaluating companies' ESG performance before making investments, and are demanding changes at companies they are invested in.
- **ESG investment challenges.** ESG funds have recently taken a hit due to greenwashing claims and questions about performance. Some of this due to market corrections, but the constriction of ESG funds draws attention to the challenges associated with the evolution of this industry and the need for more transparency in reporting.

Employee/Employment Trends

- **Employee engagement, development, and training**

Helping employees develop new skills and knowledge is an area of emphasis as company's work to keep employee and compete for employees.

- **Diversity, equity, and inclusion (DEI)**

Company work to foster a culture where employees feel heard, seen, and valued. These efforts result in better talent recruitment and retention, more effective teamwork, more diverse products and service ideas, and a better customer experience.

- **Unionization**

Union labor percentages have decreased from 20% in 1983 to 10% in 2022. Labor laws in over 50% of U.S. states make it hard to grow union labor. **In 2023, 88% of American under 30 years old support labor unions.***

- **Data-driven decision making**

The use of data and analytics in the field of human resources is growing. Predictive analytics can help identifying patterns when helping to understand employee needs and improving employee well-being.

* [The US labor movement is popular, but union membership is shrinking \(usatoday.com\).](https://www.usatoday.com/story/news/nation/2023/08/22/union-membership-shrinking/7000000001/)

Greenbiz: Up-and-Coming Topics

Looking Ahead (Greenbiz):

- **Mining and critical minerals.** Look for more on the challenge around achieving global decarbonization, particularly the energy transition, given it requires critical minerals such as cobalt, lithium, copper and other materials often mined in geopolitically iffy regions.
- **Oceans.** What solutions does the ocean have to offer? Is seaweed as a solution? What about using the oceans for carbon removal?
- **Artificial intelligence.** The applications of AI proposals have gone from grand and theoretical to remarkably tactical. Can AI and machine learning create ESG reports? Can it help companies "achieve immediate transparency into their suppliers' ESG profiles?"
- **Justice.** Social justice shows up in more intersectional, and specific, contexts than before, and from more innovators building justice into their business models. Supplements company Ritual pitched a session on identifying and tracking PFAS through the supply chain that would make "explicit intersections between sustainability, human rights, justice and traceability."

Greenbiz' highlighting of these topics are are reminders that they are important topics to keep an eye on

Q&A

**Questions about trends, or other topics
we've missed?**

Planning for 2024: Topics and Format



Potential ESG Topics

Format Options:

- Webinars
- Workshops
- Conference panels
- Other supporting information

Potential Topics

Reporting	Biodiversity	Renewable Energy (Electricity & Fuel)	Employee Trends	Mining/Critical Minerals	Social Justice
Supply Chain Transparency	Plastic/Packaging	Carbon Capture	Investor Trends	Oceans	Governance
Climate Risk Assessment	Textiles	Building & Construction	Federal Legislation & Regulations	Artificial Intelligence	Emissions Reporting

Other Suggestions?

What type of events would you like to see offered in 2024 addressing ESG?

1. Webinars with panelists presenting their experiences

Examples:

- *Employee Relations*
- *Supply Chain Transparency*
- *ESG Reporting*

2. Workshops

Examples:

- *Tactics of reporting. How to get started*
- *Other?*

3. Conference panels

Examples:

- *Chapter Conventions and Events*
- *Safety Conference*

4. Other supporting information

Sustainability Network

Did you know?

ISRI has a Sustainability Network!

- Open to all members
- Quarterly meetings
- Learn from peers
- Guide ISRI's Sustainability programming

Interested?

Email nbetts@isri.org

Upcoming ISRI Events



In-Person:

- **Winter Board Meeting Event** | February 5-7, Coral Gables, FL
- **ISRI 2024 Convention and Exposition:** April 15-18 | Mandalay Bay, Las Vegas, NV

Virtual Events:

- **ISRI Safety & Environmental Council Virtual Event** | December 14
- **Recovered Paper Industry Update Fireside Chat** | January 17

Chapter Events:

- **PNW Chapter Meeting & Elections** | Tacoma, WA, January 18
- **Mid Atlantic Chapter Election Dinner and Cocktail Reception** | Hershey, PA, January 18
- **Northern Ohio Top Golf and Elections** | Independence, OH, January 24

<https://www.isri.org/events-training/>





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Thank you

