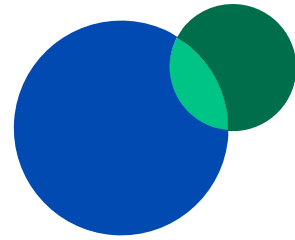


# The Case for a Unified Disclosure Strategy.



**LABRADOR**

Transparency by design



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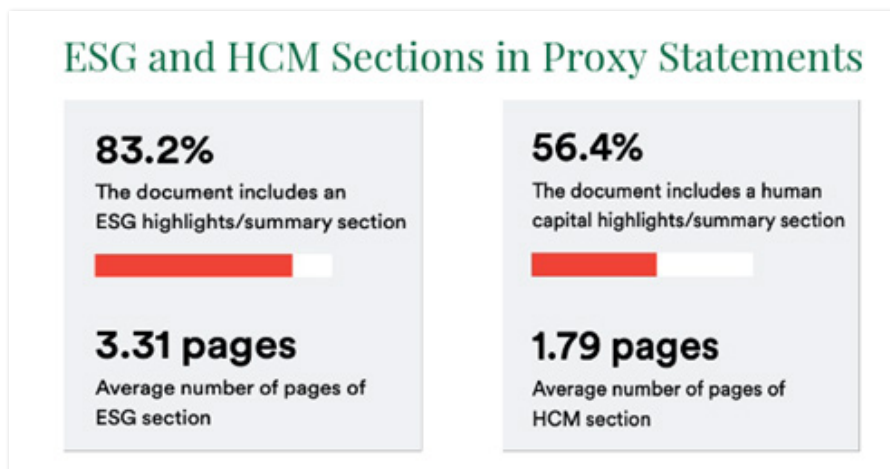
# Current Disclosure Landscape

The regulatory environment is rapidly changing with many jurisdictions implementing or considering ESG disclosure requirements over the last year. To name a few:

- In June 2023, the **International Sustainability Standards Board** released two corporate sustainability reporting standards (IFRS S1 and S2). At the end of 2023, Australia, Canada, Hong Kong, Japan, Malaysia, New Zealand, Nigeria, Singapore, Brazil, Mexico, and the UK said they were exploring or planning to incorporate new IFRS standards.
- In July 2023, the European Commission approved the first set of European Sustainability Reporting Standards under the **Corporate Sustainability Reporting Directive**.
- In August 2023, the SEC released their **final cybersecurity risk disclosure rules**, which were effective for many companies with their 2023 Form 10-K.
- In October 2023, the **California Governor signed three climate disclosure bills**.
- In March 2024, the SEC released **final climate rules**, which for certain large companies, require disclosure of material Scope 1 and 2 emissions. In April, the SEC voluntarily stayed the climate rules pending judicial review.

These new rules come at a time when the current disclosure landscape is already saturated. Many companies address the same topics in different communication channels. As an example, aspects of a company's human capital management and cybersecurity programs are a required component in annual reports on Forms 10-K, but in response to investor and other stakeholder interest, companies also include key aspects of those programs in their proxy statements and ESG reports. Similarly, environmental considerations and climate risk have been a key component of a company's ESG report, but proxy statements also include statements about climate oversight, goals, and progress. Companies must now conduct a different analysis under the SEC's climate rules to determine what information to include in their Form 10-K. To add to the confusion, many companies include the same or complementary disclosures on their website.

As of September 2023, Labrador's benchmarking shows that all but one company in the S&P 250 had published a sustainability report. Many of these companies also disclose ESG information on their website and have an ESG and/or HCM section in their proxy statement.



This comes from Labrador's annual benchmarking exercise of the S&P 250.

With the proliferation of disclosure channels for a single topic, one of the questions that an in-house team contemplates is the depth of coverage for any key topic (beyond what is required for technical compliance) in each of a company's disclosure mediums. Should disclosures be repeated verbatim or can cross references suffice? Should different aspects of a key topic be covered in each communication with the overarching goal to reduce redundancy?

Adding to the pressure is the increased scrutiny by investors and regulators for consistency and comparability. In 2023, the volume of SEC reviews and comment letters exceeded the volume in any other year since 2018<sup>1</sup>. Some comment letters expressly raise consistency between a company's SEC filing and ESG report.

<sup>1</sup> November 2023, Deloitte, On the Radar, SEC Comment Letter Considerations, Including Industry Insights, <https://dart.deloitte.com/USDART/home/publications/deloitte/on-the-radar/sec-comment-letter-considerations>

#### Sample SEC Comment Letter:

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

Scrutiny is extending beyond comment letters to SEC enforcement actions. In October 2023, the SEC filed charges against SolarWinds Corp and its Chief Information Security Officer, and alleged that company management was aware of ongoing cybersecurity issues over several years but did not disclose or address them. The SEC pointed to the security statement on SolarWinds' website, which promoted its cybersecurity practices, in part as the basis for its complaint. This should serve as a renewed lesson for companies that scrutiny extends beyond a company's filed documents and to executives whose responsibilities do not include preparing SEC filings<sup>2</sup>. With the recently enacted rules and more on the horizon, we expect the regulatory demands and pressures to continue.

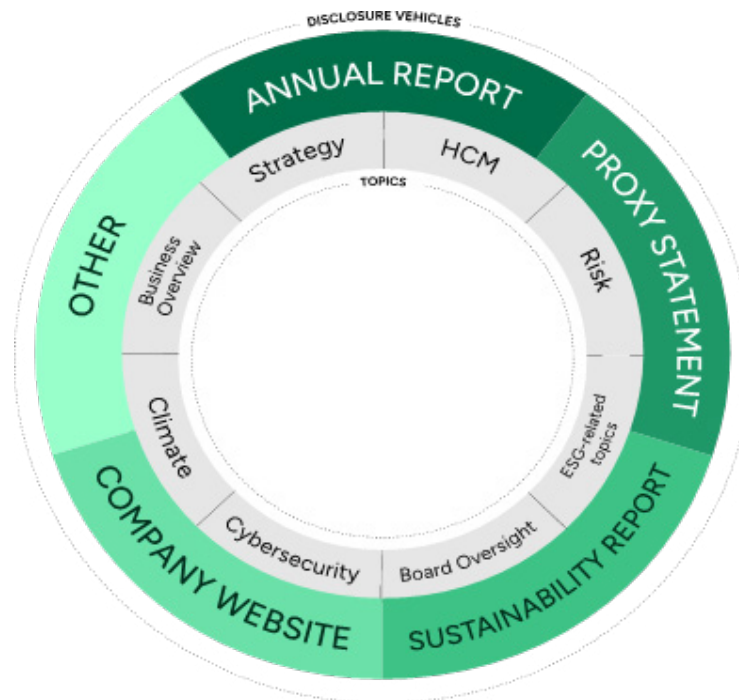
<sup>2</sup> <https://www.whitecase.com/insight-alert/secs-charges-against-solarwinds-and-its-chief-information-security-officer-provide> and <https://www.davispolk.com/insights/client-update/sec-enforcement-against-public-companies-recap-2023>

# Unified Disclosure Strategy

In the midst of these increased demands, it is imperative that companies take a more proactive approach and holistically review their reports and other public statements side-by-side to ensure disclosures are decision useful, complementary, consistent, and thoughtful. This is especially important for key cross-over topics included in multiple places, like strategy, risk, climate, cybersecurity and other ESG and HCM topics.

While complying with regulations and meeting stakeholder expectations are the paramount objectives, simplifying reports and websites and mitigating risk caused by information overload and perceived discrepancies should also be important considerations. For that reason, companies should develop a holistic disclosure strategy that considers:

- Best practices that take into account investor expectations and peer practices
- Depth, location, and substance of disclosures among annual filings, sustainability reports, proxy statements, websites, and other public statements
- Perceived inconsistencies or discrepancies among communication channels



Labrador is beginning to advise companies on the establishment of a unified approach to their disclosures. Included in this Thought Piece are some preliminary thoughts for companies to consider as they look toward unifying their reporting.

# Sustainability Reports

Sustainability reports are a good starting point when considering the development of a unified strategy given their length and complexity. Labrador's recent benchmarking of 100 companies from the S&P 250 shows an average pagination of 92 pages. 90+ page sustainability reports can be hard to navigate for most readers. Infographics and visuals are key to communicating the company's messages effectively. Consider these ideas to streamline:

- Include fewer case studies and customer examples in the report, which should primarily focus on **strategy, goals, progress against goals, and related challenges and trends for the material topics**
  - Migrate more case studies and customer examples to a disclosure hub on the company's website
  - Static information that does not relate to performance against goals could be deleted or moved to the website
  - Website information linked from a company's ESG report should be only "one-click" away for easy access
- Use visual cues throughout the report to direct readers where to find more
- Use the same format in each major section which simplifies the messaging, making it more impactful and allowing readers to quickly find information

Just as important as consistent and impactful design and organizational elements, though, is a **proactive and thorough analysis of the topics covered in a company's ESG report**. A company should ensure their ESG report, paired with their other public-facing documents provide a consistent and unified message of their material topics. Lay your disclosures on key topics side-by-side and ask these questions:

- Do your disclosures provide a coherent and consistent story across reports and website? Remember the SolarWinds lesson that websites can get as much scrutiny from regulators.
- Are you reviewing it to reduce unnecessary duplication and/or adding cross references, as appropriate?
- Do you discuss how the ESG strategy aligns with the company's mission, vision, and purpose and how ESG informs strategy, risk-management, and decision-making?
- Are you considering the needs of your internal and external stakeholders (and maybe even polling them) and peer practices to determine the best way to communicate, i.e., whether communicating some details outside of the larger report would be more effective?

Devotes an entire page to listing publicly available policies and resources (with hyper-links).

# Policies and resources

With this report, Truist publishes a [Disclosure Summary](#). Other policies, reports, and resources may be helpful for stakeholders. Additional resources and policies are published below. Publicly available resources and policies are hyper-linked. Internal policies and resources are not linked. Truist does not disclose internal policies.

## Policies

- [Accounting, Securities, and Legal Violations Policy](#)
- Americans with Disabilities Act Policy (ADA)
- Anti-Bribery and Anti-Corruption Policy
- Business/Sales Practices Risk Policy
- Corporate Information Security Policy
- Enterprise Compliance Risk Management Policy
- Equal Employment Opportunity and Anti-Harassment Policy
- Executive Compensation Recoupment Policy
- Fair Access Policy
- Fair Lending Policy
- [Family and Medical Leave Act \(FMLA\) Policy](#)
- Incentive Compensation Policy
- Pay Policy
- [Privacy Policies and Notices](#)
- Related Party Transactions Policy
- Technology Policy
- Unfair, Deceptive, or Abusive Acts or Practices (UDAAP) Policy

## Resources

- [Annual reports and proxy statements](#)
- [Anti-Money Laundering and Office of Foreign Assets Control \(AML OFAC\) Representation Letter](#)
- [Anti-Money Laundering Program](#)
- [Assurance Statement for 2023 Greenhouse Gas Inventory](#)
- [Board Committees](#)
- [Code of Ethics](#)
- [Corporate Bylaws](#)
- [Corporate Governance Guidelines](#)
- [Financial information and SEC filings](#)
- [Supplier Diversity Impact Report](#)
- [Supplier Onsite Protocols](#)
- [Task Force on Climate-Related Financial Disclosures \(TCFD\) Report](#)
- [Patriot Act Certification](#)
- [Planning for FinCEN's Beneficial Ownership Information Reporting Rule](#)
- [Political Contributions](#)
- [Statement of Political Engagement](#)
- [Supplier Code of Conduct](#)
- [Teammate Handbook](#)
- [Wolfsberg Group Questionnaire](#)

# ADM 2021 Corporate Sustainability Report

Highlights a limited number of spotlight stories with design elements so they are easy to locate.

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# Boston Scientific 2023 Performance Report

Throughout the report, consistently includes an explanation of “Why it matters” and a callout box of policies and related hyper-links.

## Why it matters

We are a company of more than 48,000 people in 52 countries focused on delivering solutions that change and save lives.

Boston Scientific is defined by the collective talent and passion of our people. In 2023, we invested in the development and success of our employees and reinforced our shared [values](#) and commitment to make our company a place where everyone feels they belong. We continued to prioritize fostering a diverse and equitable workplace and enabling employees to contribute to the communities where they live and work.

## Developing our global workforce

We believe when our employees learn and grow in careers that matter, we will advance our mission together. Our global talent practices reflect the company's commitment to career development, well-being, diversity, equity and inclusion (DE&I). In 2023, we deepened our pipeline of future business leaders and innovators by welcoming new talent and accelerating the advancement of employees across the organization.

### 2023 global hiring

**30%**  
Professional level roles<sup>1</sup> filled by internal talent

**23%**  
of hires from internal referrals

**72%**  
of open positions at director level and above hired from within

<sup>1</sup> Professional level roles include regular and defined-term indirect labor positions.

### Policies and related links:

- [BenefitsConnect Global Benefits](#)
- [Boston Scientific Foundation](#)
- [Boston Scientific Foundation Europe](#)
- [Careers at Boston Scientific](#)
- [DE&I at Boston Scientific](#)
- [Environment, Health & Safety Policy](#)
- [Equal Employment Opportunity Policy](#)
- [Global Community Engagement](#)
- [How we approach talent development](#)





# Home Depot 2023 Environmental, Social, and Governance Report

Includes a timeline to show that ESG is embedded in how it runs the business.

## Our ESG Journey

Our culture and values guide every decision we make and are key to our success. In alignment with these values, we have been an ESG-focused Company since we were founded. We have developed and formalized our approach to ESG and have enhanced our transparency and reporting.



# IHG Responsible Business Report 2023

Ties the company's purpose, ambition, and strategic priorities to the company's ESG goals/initiatives.



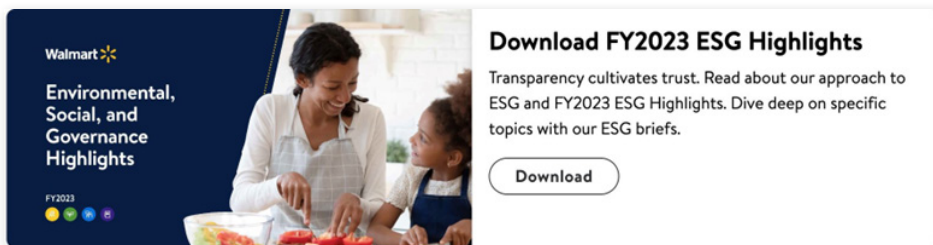
# Specialized Reports

Companies are issuing specialized reports – sometimes annually – on a variety of ESG topics, including human rights, biodiversity and nature, climate risk management and climate action. Several companies also issue Executive Summaries of their full reports and use it with certain stakeholders to convey high-level takeaways. Sometimes companies issue specialized reports to respond to specific regulatory requirements, e.g., gender pay gap reporting in the UK. There is no one size fits all approach to the types of reports a company should issue.

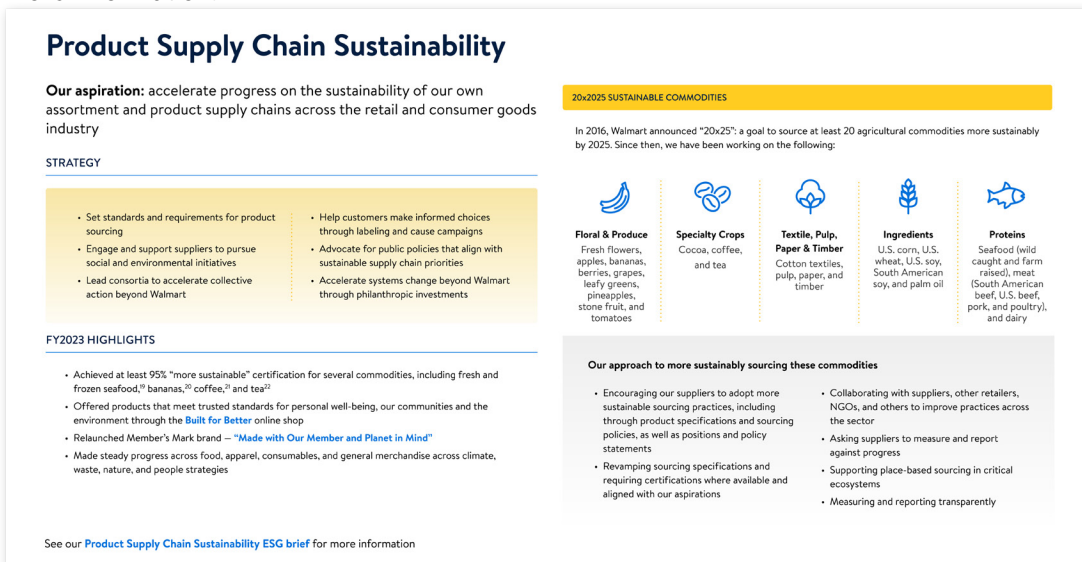
A company should consider what communication methods work best to convey information to its unique stakeholders, and the specialized reports used in its industry or by its peers. If specialized reports are issued, an annual cadence may not be necessary and companies should clearly identify the issuance date and expected update cadence, if known. Care should be taken to reduce unnecessary duplication and increase the use of cross references so readers can quickly understand where to find more.

## Walmart Environmental, Social, and Governance Highlights (FY2023)

Walmart takes a unique approach to their ESG reporting. They publish an ESG Highlights report, which provides an overview of their approach to ESG, priorities, and key highlights from the fiscal year. The highlights report is accompanied by a series of issue briefs that cover each of Walmart’s priority issues in depth. Each issue brief notes the date when it was most recently updated and the relevant period covered in that brief.



The highlights report provides a high-level summary of a priority issue and then hyperlinks to an issue brief for more information.



**Product Supply Chain Sustainability**

**Our aspiration:** accelerate progress on the sustainability of our own assortment and product supply chains across the retail and consumer goods industry

**STRATEGY**

- Set standards and requirements for product sourcing
- Engage and support suppliers to pursue social and environmental initiatives
- Lead consortia to accelerate collective action beyond Walmart
- Help customers make informed choices through labeling and cause campaigns
- Advocate for public policies that align with sustainable supply chain priorities
- Accelerate systems change beyond Walmart through philanthropic investments

**FY2023 HIGHLIGHTS**

- Achieved at least 95% "more sustainable" certification for several commodities, including fresh and frozen seafood,<sup>19</sup> bananas,<sup>20</sup> coffee,<sup>21</sup> and tea<sup>22</sup>
- Offered products that meet trusted standards for personal well-being, our communities and the environment through the **Built for Better** online shop
- Relaunched Member's Mark brand – "Made with Our Member and Planet in Mind"
- Made steady progress across food, apparel, consumables, and general merchandise across climate, waste, nature, and people strategies

See our [Product Supply Chain Sustainability ESG brief](#) for more information

**20x2025 SUSTAINABLE COMMODITIES**

In 2016, Walmart announced "20x25": a goal to source at least 20 agricultural commodities more sustainably by 2025. Since then, we have been working on the following:

- Floral & Produce**  
Fresh flowers, apples, bananas, berries, grapes, leafy greens, pineapples, stone fruit, and tomatoes
- Specialty Crops**  
Cocoa, coffee, and tea
- Textile, Pulp, Paper & Timber**  
Cotton textiles, pulp, paper, and timber
- Ingredients**  
U.S. corn, U.S. wheat, U.S. soy, South American soy, and palm oil
- Proteins**  
Seafood (wild caught and farm raised), meat (South American beef, U.S. beef, pork, and poultry), and dairy

**Our approach to more sustainably sourcing these commodities**

- Encouraging our suppliers to adopt more sustainable sourcing practices, including through product specifications and sourcing policies, as well as positions and policy statements
- Revamping sourcing specifications and requiring certifications where available and aligned with our aspirations
- Collaborating with suppliers, other retailers, NGOs, and others to improve practices across the sector
- Asking suppliers to measure and report against progress
- Supporting place-based sourcing in critical ecosystems
- Measuring and reporting transparently

## General Motors 2023 Sustainability Supplement

Issues a Sustainability Supplement with its Sustainability Report that includes its framework indices and other data.



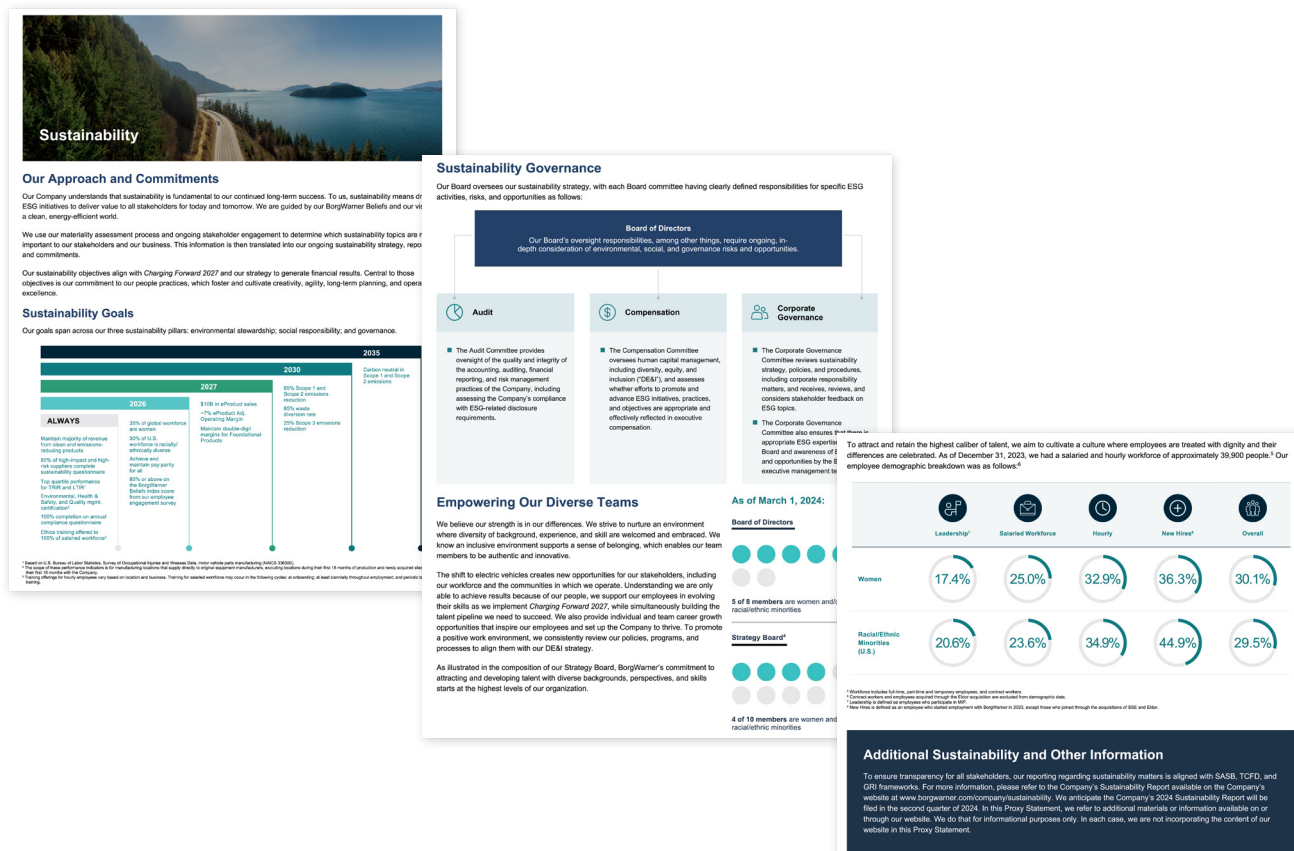
# Proxy Statements

Any unified disclosure approach should also encompass the company's proxy statement since investors routinely expect it to have "beyond compliance" disclosures. For example, investors often expect some disclosure about ESG and HCM in a company's proxy statement since they can be important considerations in vote decisions for directors. At the very least, Labrador recommends that proxy statements include ESG disclosures that:

- Align the ESG strategy with the corporate strategy
- Highlight focus areas and updates on key priorities
- Summarize reporting practices and frameworks
- Identify where readers can find more
- Indicate whether the compensation program includes any ESG metrics
- Discuss the board's role in ESG oversight and distribution of responsibilities among board, committees, and management

## Borg Warner 2024 Proxy Statement

The proxy statement describes the company's sustainability goals and governance, key frameworks and where to find more.



**Sustainability**

**Our Approach and Commitments**

Our Company understands that sustainability is fundamental to our continued long-term success. To us, sustainability means ESG initiatives to deliver value to all stakeholders for today and tomorrow. We are guided by our BorgWarner Beliefs and our vision of a clean, energy-efficient world.

We use our materiality assessment process and ongoing stakeholder engagement to determine which sustainability topics are most important to our stakeholders and our business. This information is then translated into our ongoing sustainability strategy, goals and commitments.

Our sustainability objectives align with *Changing Forward 2027* and our strategy to generate financial results. Central to those objectives is our commitment to our people practices, which foster and cultivate creativity, agility, long-term planning, and operational excellence.

**Sustainability Goals**

Our goals span across our three sustainability pillars: environmental stewardship, social responsibility, and governance.

2026	2027	2030	2035
<p><b>ALWAYS</b></p> <ul style="list-style-type: none"> <li>100% compliance on annual environmental performance goals</li> <li>100% compliance on annual social responsibility goals</li> <li>100% compliance on annual governance goals</li> </ul>	<ul style="list-style-type: none"> <li>30% of global workforce are women</li> <li>30% of U.S. employees are racial/ethnic minorities</li> <li>Address and mitigate any pay ratio for all employees</li> <li>85% of global employees have completed the 2026 and 2027 Environmental, Health &amp; Safety, and Quality mgmt. certification</li> <li>100% compliance on annual governance goals</li> <li>100% compliance on annual social responsibility goals</li> </ul>	<ul style="list-style-type: none"> <li>45% Scope 1 and Scope 2 emissions reduction</li> <li>85% waste diversion rate</li> <li>25% Scope 3 emissions reduction</li> </ul>	<ul style="list-style-type: none"> <li>Carbon neutral in Scope 1 and Scope 2 emissions</li> </ul>

**Sustainability Governance**

Our Board oversees our sustainability strategy, with each Board committee having clearly defined responsibilities for specific ESG activities, risks, and opportunities as follows:

- Board of Directors:** Our Board's oversight responsibilities, among other things, require ongoing, in-depth consideration of environmental, social, and governance risks and opportunities.
- Audit:** The Audit Committee provides oversight of the quality and integrity of the accounting, auditing, financial reporting, and risk management practices of the Company, including assessing the Company's compliance with ESG-related disclosure requirements.
- Compensation:** The Compensation Committee oversees human capital management, including diversity, equity, and inclusion (DE&I), and assesses whether efforts to promote and advance ESG initiatives, practices, and objectives are appropriate and effectively reflected in executive compensation.
- Corporate Governance:** The Corporate Governance Committee reviews sustainability strategy, policies, and procedures, including corporate responsibility matters, and receives, reviews, and considers stakeholder feedback on ESG topics. The Corporate Governance Committee also ensures that appropriate ESG expertise is on the Board and assesses if it and opportunities by the executive management to attract and retain the highest caliber of talent, we aim to cultivate a culture where employees are treated with dignity and their differences are celebrated. As of December 31, 2023, we had a salaried and hourly workforce of approximately 39,900 people.<sup>1</sup> Our employee demographic breakdown was as follows:<sup>2</sup>

**Empowering Our Diverse Teams**

We believe our strength is in our differences. We strive to nurture an environment where diversity of background, experience, and skill are welcomed and embraced. We know an inclusive environment supports a sense of belonging, which enables our team members to be authentic and innovative.

The shift to electric vehicles creates new opportunities for our stakeholders, including our workforce and the communities in which we operate. Understanding we are only able to achieve results because of our people, we support our employees in evolving their skills as we implement *Changing Forward 2027*, while simultaneously building the talent pipeline we need to succeed. We also provide individual and team career growth opportunities that inspire our employees and set up the Company to thrive. To promote a positive work environment, we consistently review our policies, programs, and processes to align them with our DE&I strategy.

As illustrated in the composition of our Strategy Board, BorgWarner's commitment to attracting and developing talent with diverse backgrounds, perspectives, and skills starts at the highest levels of our organization.

**As of March 1, 2024:**

- Board of Directors:** 5 of 8 members are women and racial/ethnic minorities
- Strategy Board:** 4 of 10 members are women and racial/ethnic minorities

	Leadership <sup>3</sup>	Salaried Workforce	Hourly	New Hires <sup>4</sup>	Overall
Women	17.4%	25.0%	32.9%	36.3%	30.1%
Racial/Ethnic Minorities (U.S.)	20.6%	23.6%	34.9%	44.9%	29.5%

**Additional Sustainability and Other Information**

To ensure transparency for all stakeholders, our reporting regarding sustainability matters is aligned with SASB, TCFD, and GRI frameworks. For more information, please refer to the Company's Sustainability Report available on the Company's website at [www.borgwarner.com/company/sustainability](http://www.borgwarner.com/company/sustainability). We anticipate the Company's 2024 Sustainability Report will be filed in the second quarter of 2024. In this Proxy Statement, we refer to additional materials or information available on or through our website. We do that for informational purposes only. In each case, we are not incorporating the content of our website in this Proxy Statement.

# Forms 10-K and Annual Reports

With the issuance of new SEC climate and cybersecurity rules, the audience for the Form 10-K will increase (especially among those who are used to reading visual sustainability reports). Although Forms 10-K have historically been text heavy and dense, more companies are using font, color, headings, infographics, and other design features to enhance their effectiveness and readability.

As part of a unified disclosure strategy, Labrador recommends a more visual Form 10-K that leverages and is visually consistent with the company’s other disclosure materials. This can enhance engagement by investors.

Considerations for the Form 10-K include:

- In the **Business section**, can the company lean into infographics used in investor presentations, proxy statements, ESG reports, and websites to allow for consistency of presentation? This may be particularly useful for information related to business overviews, segment highlights, strategy, key business developments, and human capital management disclosures.
- Can the **Executive Officer biographies** be drafted and formatted consistent with the director biographies in the proxy statement?
- Can an infographic be used at the beginning of the **Risk Factors** section to effectively summarize risks?
- In **MD&A**, can bar charts, callout boxes or other infographics be used to highlight key financial information?
- Could a glossary of terms and abbreviations add to the effectiveness of the disclosure?

For more ideas, see our latest Thought Piece, entitled Improve the Readability and Transparency of Your Form 10-K Through Information Design, <https://www.labrador-company.com/our-thoughts/>.

CEO letters in annual reports should also be considered as it is an important tool in communicating business developments over the last year.



Uses iconography to break up dense text and highlight key information.

### Our Capital

We deploy various forms of capital to execute our strategy in a way that seeks to reflect our corporate values, help our customers succeed, and create value for our stakeholders.

Capital	Strategy	Value
	Leverage financial capital to invest in ourselves and exit businesses to optimize our portfolio, both to drive our strategy and long-term value creation.	We strategically invest financial capital to continue to build our business, create long-term value and provide returns to our stockholders.
	Invest significantly in R&D and IP to enable us to deliver on our accelerated process technology roadmap, introduce leading x86 and xPU products, and develop new businesses and capabilities.	We develop IP to enable next-generation products, create synergies across our businesses, expand into new markets, and establish and support our brands.
	Built manufacturing capacity efficiently to meet the growing long-term global demand for semiconductors, aligned with our IDM 2.0 strategy.	Our geographically balanced manufacturing scope and scale enable us to provide our customers with a broad range of leading-edge products and foundry capabilities.
	Build a diverse, inclusive, and safe work environment to attract, develop, and retain top talent needed to build transformative products.	Our talented employees enable the development of solutions and enhance the intellectual and manufacturing capital critical to helping our customers win the technology inflections of the future.
	Built trusted relationships for both Intel and our stakeholders, including employees, suppliers, customers, local communities, and governments.	We collaborate with stakeholders on programs to empower underserved communities through education and technology, and on initiatives to advance accountability and capabilities across our global supply chain, including accountability for the respect of human rights.
	Strive to reduce our environmental footprint through efficient and responsible use of natural resources and materials used to create our products.	With our proactive efforts, we seek to mitigate climate and water impacts, achieve efficiencies, lower costs, and position ourselves to respond to the expectations of our stakeholders.

**Comprehensive ESG and Corporate Responsibility Strategy: RISE**

Our commitment to corporate responsibility and sustainability leadership is deeply integrated throughout our business. We strive to create an inclusive and positive work environment where every employee has a voice and a sense of belonging, and we are proactive in our efforts to reduce our environmental footprint through efficient and responsible use of natural resources and materials.


We continue to raise the bar for ourselves and leverage our leadership position in the global technology ecosystem to make greater strides in corporate responsibility and apply technology to address social and environmental challenges. Through our RISE strategy, we aim to create a more responsible, inclusive, and sustainable world, enabled by our technology and the expertise and passion of our employees. Our corporate responsibility strategy is designed to increase the scale of our work through collaboration with our stakeholders and other organizations; we know that we cannot achieve the broad social impact to which we aspire by acting alone. More information about our RISE goals, including progress we have made toward achieving them, is included in our Corporate Responsibility Report!

Provides a more visual view of executive officers in their Form 10-K.

**Information About Our Executive Officers**


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**Name, Age, Position and Biographical Data**



**Robert Fauber, 53**  
*President and Chief Executive Officer*

Mr. Fauber has served as the Company's President and Chief Executive Officer since January 2021. Mr. Fauber joined the Board of Directors in October 2020 and he currently serves on the Executive Committee of the Board of Directors. Prior to serving as CEO, Mr. Fauber served as Chief Operating Officer from November 2019 to December 2020, as President of MIS from June 2016 to October 2019, as Senior Vice President—Corporate & Commercial Development of Moody's Corporation from April 2014 to May 2016, and was Head of the MIS Commercial Group from January 2013 to May 2016.



**Richard Steele, 54**  
*Senior Vice President and General Counsel*

Mr. Steele has served as the Company's Senior Vice President and General Counsel since September 2023. Mr. Steele joined Moody's KMV Company in 2006 as its Chief Legal Officer, and was named General Counsel of Moody's Analytics in January 2008. Prior to joining the Company, Mr. Steele was a corporate lawyer at Wilson Sonsini Goodrich & Rosati, and also held senior legal positions at several firms in financial technology, software and venture capital.

Uses infographics in the MD&A to make information more easily digestible.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to promote understanding of our financial condition and results of operations. The MD&A is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and the accompanying Notes to Consolidated Financial Statements. All amounts are presented in millions of dollars, unless otherwise specified. For comparison of 2022 to 2021 results, refer to the "Management's Discussion and Analysis" section of our 2022 Form 10-K.

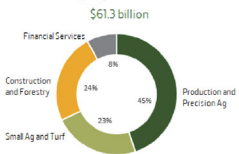
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**OVERVIEW**

Deere & Company is a global leader in the production of agricultural, turf, construction, and forestry equipment and solutions. John Deere Financial provides financing for John Deere equipment, parts, service, and other input costs customers need to run their operations. Our operations are managed through the production and precision agriculture (PPA), small agriculture and turf (SAT), construction and forestry (CF), and financial services operating segments. References to "equipment operations" include PPA, SAT, and CF, while references to "agriculture and turf" include both PPA and SAT.

**Net Sales and Revenues by Segment in 2023**

\$61.3 billion



**Smart Industrial Operating Model and Leap Ambitions**  
We announced the Smart Industrial Operating Model in 2020. This operating model is based on three focus areas:

- Production systems: A strategic alignment of products and solutions around our customers' operations.
- Technology stack: Investments in technology, as well as research and development, that deliver intelligent solutions to our customers through digital capabilities, automation, autonomy, and alternative power technologies.
- Lifecycle solutions: The integration of our aftermarket and support capabilities to more effectively manage customer equipment, service, and technology needs across the full lifetime of a John Deere product.

Our Leap Ambitions were launched in 2022. These ambitions are designed to boost economic value and sustainability for our customers. The ambitions align across our customers' production systems seeking to optimize their operations to deliver better outcomes with fewer resources.

**TRENDS & ECONOMIC CONDITIONS**

**Industry Sales Outlook for Fiscal 2024**

U.S. and CANADA LARGE AG ↓ -10 to -15%	U.S. and CANADA SMALL AG and TURF ↓ -5 to -10%	EUROPE AG ↓ -10%
SOUTH AMERICA AG ↓ -10%	ASIA AG ↓ Down moderately	
U.S. and CANADA CONSTRUCTION EQUIPMENT ↓ -5 to -10%	U.S. and CANADA COMPACT CONSTRUCTION EQUIPMENT ↓ Flat to down 5%	
GLOBAL FORESTRY ↓ -10%	GLOBAL NONCONSTRUCTION ↓ Flat	

**Company Trends** – Customers seek to improve profitability, productivity, and sustainability through technology. Integration of technology into equipment is a persistent market trend. Our Smart Industrial Operating Model and Leap Ambitions are intended to capitalize on this market trend. These technologies are incorporated into products within each of our operating segments. We expect this trend to persist for the foreseeable future. The investments in these technologies and in establishing a Solutions as a Service business model might increase our operating costs and may decrease operating margins during the transition period. Most notably in 2023, we introduced See & Spray™ Ultimate and a new model of See & Spray™ Premium. These technologies were introduced on a limited basis and did not represent a significant percentage of our sales in 2023.

**Company Outlook for 2024**

- Demand is expected to decline in 2024.
- Production volumes will decline to more normal levels in 2024.

**Agriculture and Turf Outlook for 2024**

- We expect large agricultural equipment sales to decline in 2024 in North America, Europe, and South America.
- Demand for small agricultural equipment is expected to moderate in Europe.
- Turf and utility equipment product sales are expected to be lower due to the overall U.S. economic condition and elevated interest rates.

**Market Conditions:**

- Agricultural fundamentals are expected to moderate in 2024 due to lower commodity prices and elevated interest rates, offset by declining input costs and improved customer financials.

## Websites and Other Communication Tools

As noted above, some companies are migrating to a reporting format in which sustainability reports focus on public ESG commitments and performance, with other details included on a dedicated webpage. Companies should proactively review their ESG reports holistically and analyze which disclosures relate to the company's ESG strategy, goals, and progress on prioritized topics. If information does not relate to goals and progress on priority topics, consider whether that information can be deleted entirely or moved elsewhere.

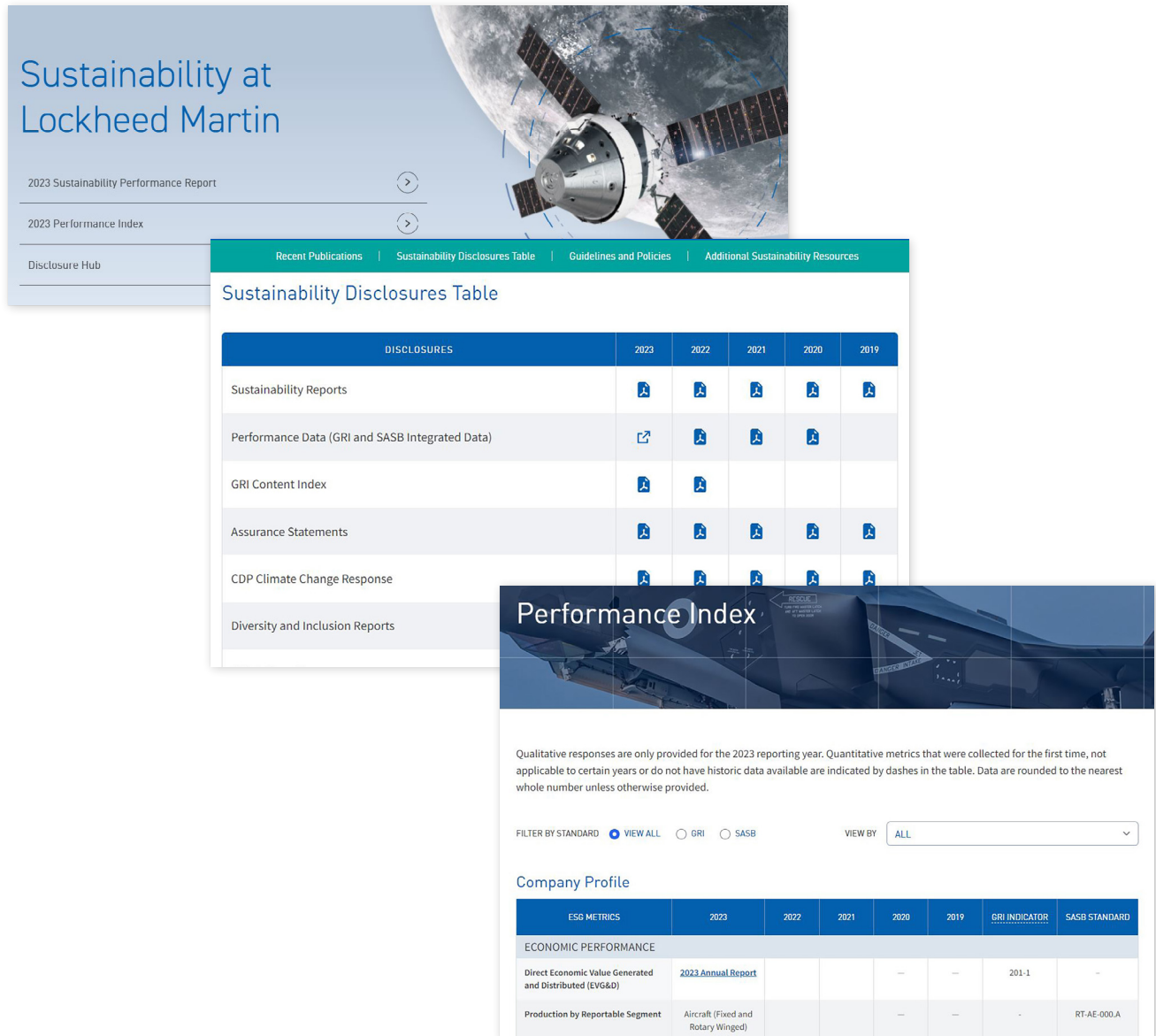
While websites are easier to update and less time-constrained in their preparation, they still require attention to detail to make sure disclosures are accurate and complete. Websites should be easy to navigate and updated to correct stale information. Considerations include:

- Can case studies, customer examples, lists of awards/recognitions and memberships/associations, and other text heavy information be included on the website?
- Can quotes from business leaders be added to provide necessary context and impact?
- Can the company provide one consolidated view of key reports over the last several years in one place?
- Can the ESG metrics be placed prominently on the website so they are easy to find?

Companies are also using other communication tools to deliver key messages. This can include the use of social media, videos, sustainability blogs or other periodic tools like a newsletter. Like specialized reports, there is no one size fits all approach, and companies should engage with their key stakeholders and understand the tools used in their industry or by their peers in developing a unified strategy.

## Lockheed Martin

Includes links to the report, performance index and disclosure hub on the top of the page. Their disclosure hub contains an effective index of their reports over the last five years. Their performance index is prominently displayed and includes data over the last five years.



**Sustainability at Lockheed Martin**

- 2023 Sustainability Performance Report
- 2023 Performance Index
- Disclosure Hub

Recent Publications | Sustainability Disclosures Table | Guidelines and Policies | Additional Sustainability Resources

### Sustainability Disclosures Table

DISCLOSURES	2023	2022	2021	2020	2019
Sustainability Reports					
Performance Data (GRI and SASB Integrated Data)					
GRI Content Index					
Assurance Statements					
CDP Climate Change Response					
Diversity and Inclusion Reports					

### Performance Index

Qualitative responses are only provided for the 2023 reporting year. Quantitative metrics that were collected for the first time, not applicable to certain years or do not have historic data available are indicated by dashes in the table. Data are rounded to the nearest whole number unless otherwise provided.

FILTER BY STANDARD  VIEW ALL  GRI  SASB VIEW BY

#### Company Profile

ESG METRICS	2023	2022	2021	2020	2019	GRI INDICATOR	SASB STANDARD
<b>ECONOMIC PERFORMANCE</b>							
Direct Economic Value Generated and Distributed (EVG&D)	<a href="#">2023 Annual Report</a>			—	—	201-1	—
Production by Reportable Segment	Aircraft (Fixed and Rotary Winged)			—	—	—	RT-AE-000.A



# Learn More

At Labrador, we follow and understand evolutions in corporate communications and transform our knowledge into opportunities for our clients. Our award-winning experience helps companies engage with their stakeholders, including employees, investors, analysts, and others, through effective corporate disclosure materials.

Through our advisory and design services, Labrador can provide bespoke strategy recommendations and create custom infographics. To learn more, contact us at [contact-us@labrador-company.com](mailto:contact-us@labrador-company.com).



LABRADOR

Transparency by design

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