

VIRTUAL COFFEE TALK

Tax ESG ... It's as Easy as A B Z

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Wolters Kluwer



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Agenda

1 ESG ... What Is It?

2 ESG Implicating Tax

3 Tax Encouraging ESG

ESG ... What Is It?

Environmental — Stewardship and impact of operations

Social — Stakeholder relationships and societal benefit

Governance — Corporate leadership and oversight of corporate practices

POLLING QUESTION

Prior to this presentation, have you thought of the role tax has on ESG?

☐ Yes

☐ No

The Government's Role in ESG Focus

- SEC's focus on ESG
 - Examination priorities
 - Creation of a task force
 - Risk Alert regarding ESG investing
 - Sample comment letter released
- DOL's focus on ESG
 - 2020 final rules
 - 2021 enforcement policy statement
 - 2021 proposed rules



ESG “Scores” and Momentum

- ESG “Scores”
 - What is a score?
 - Who provides a score?
- ESG Momentum Growing
 - Business Roundtable
 - Principles for Responsible Investment



Implications for Corporations and Private Equity



FINANCIAL

Investors
Lenders
Rating Agencies
Insurers

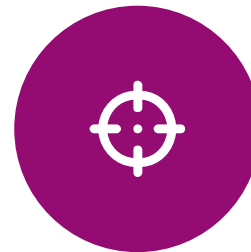


PUBLIC

Community
Media
Government Agencies



TALENT



VALUE CHAIN

Customers
Suppliers

Three Types of Investing

- ESG Investing
 - Focuses on investing in companies that are focusing on ESG
- Socially Responsible Investing
 - Focuses on investing based on the investor's values with an aim to generate social change
- Impact Investing
 - Focuses on investments that have a direct connection with the investor's underlying goals or values



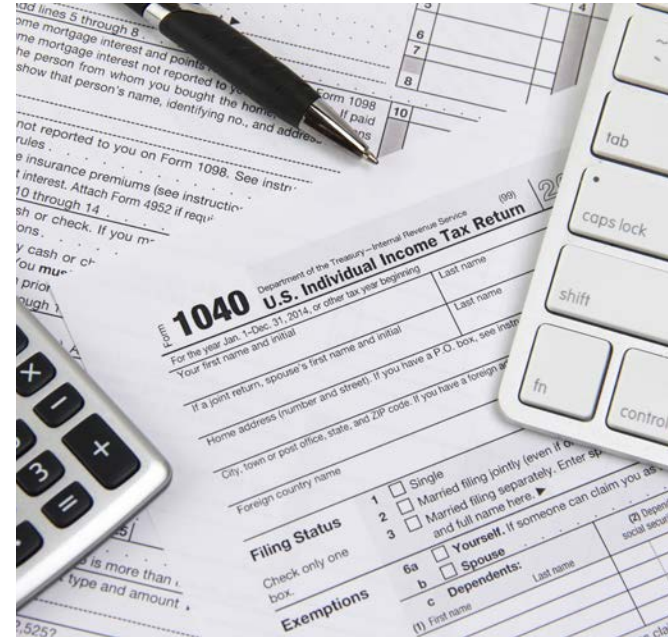
POLLING QUESTION

I believe taxpayers should pay their “fair share” of taxes.

- ☐ True
- ☐ False

Tax and Governance

- Tax Transparency
 - Quantitative measures
 - Qualitative measures
 - “Greenwashing”
- “Fair share”
 - What is it?
 - What role does it play on a taxpayer’s actions?



Examples of Areas Where ESG Implicates Tax

- Business structuring
 - Supply chain analysis
 - A process by which a company transforms their operating models and supply chains for growth or margin improvement to deliver sustainable results
 - Legal entity rationalization
 - A process by which a company “right sizes” its corporate entity chart, frequently focusing on eliminating unnecessary entities
 - Transfer Pricing Analysis
 - A process by which a company evaluates arrangements between related parties based on a “fair market value” standard
- Executive Compensation



Examples of Areas Where ESG Implicates Tax *(continued)*

- Sustainability Linked Loans (SLLs), Bonds (SLBs), and Derivatives (SLDs)
- The role of Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs)
- The impact of exceeding or failing to meet an SPT



POLLING QUESTION

Would you like to be contacted by A&M to discuss your company's approach to ESG, including how tax can play a role in your company's ESG strategies?

- ☐ Yes
- ☐ No
- ☐ Not applicable, I work at an accounting/law firm

Examples of Areas Where Tax Encourages ESG



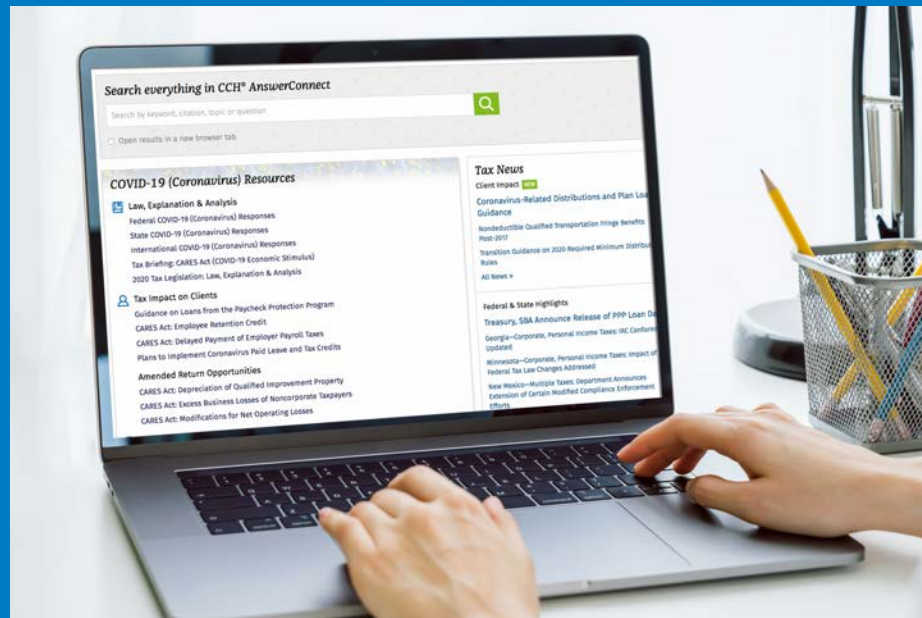
- Energy Production Credits
 - Carbon Capture Credits (section 45Q)
 - Investment Tax Credits (ITCs) (section 48)
 - Production Tax Credits (PTCs) (section 45)
- Commercial Building Energy Efficiency Deductions (section 179D)

Examples of Areas Where Tax Encourages ESG *(continued)*



- Affordable Housing (section 42)
- Historic Rehabilitation (section 47)
- Work Opportunity Tax Credit (WOTC) (section 51)
- Research & Development Credit (section 41)

CCH® AnswerConnect



POLLING QUESTION

Would you like a more in-depth demo or further details on the resources and tools available on CCH® AnswerConnect?

☐ Yes

☐ No

Q&A



The background of the slide is a blue-tinted photograph of a workspace. In the top left, a white computer mouse is visible. In the top center, a pair of white earbuds lies on the surface. The top right shows the keyboard and trackpad of a laptop. The bottom right corner features a white cup of coffee on a saucer. A solid green horizontal band spans the middle of the image, containing the text.

CCH[®] AnswerConnect

[Register here](#) to try it for free or visit CCHAnswerConnect.com to learn more

Thank you for attending

Virtual Coffee Talk — Tax ESG ... It's as Easy as A B Z

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Kevin M. Jacobs

Kevin M. Jacobs is a Managing Director with Alvarez & Marsal Taxand in Washington D.C. and the National Tax Office Practice Leader. He brings more than 15 years of experience in tax matters in both the public and the private sectors.

Prior to joining A&M, Mr. Jacobs was a Senior Technician Reviewer (TCJA) with the IRS Office of Associate Chief Counsel (Corporate) for more than six years, where he advised on tax issues such as corporate re-organizations and corporation-shareholder issues, earning and profits, recovery and allocation of stock basis, liquidations, redemptions, bankruptcies, spin-offs and consolidated returns.

Mr. Jacobs was the principal Associate Chief Counsel (Corporate) attorney on several regulatory projects including the proposed section 382(h) regulations on built-in gains and losses, the global intangible low-taxed income regulations, and debt-equity regulations. He provided substantial contributions to numerous other guidance projects, such as the limitation on interest deductions regulations, and assisted in overseeing the Corporate Division's response to TCJA, including the coordination with Treasury's Offices of Tax Legislative Counsel and International Tax Counsel. Previously, Mr. Jacobs spent more than nine years at law and certified public accounting firms (Ropes & Gray LLP, Latham & Watkins LLP, Dewey Ballantine LLP and Arthur Andersen LLP).

Mr. Jacobs earned a bachelor's degree in accounting, a master's degree in accounting (with a concentration in taxation), a J.D. (magna cum laude) from the University of Florida and an LL.M. in taxation from New York University. He is admitted to practice before multiple courts, including the Supreme Court of the United States, the U.S. Tax Court and the U.S. Court of Federal Claims. He is admitted to the District of Columbia and Florida Bars and is a licensed Certified Public Accountant (CPA) in Florida and Colorado. Mr. Jacobs is a member of several organizations including the American Bar Association, the American Institute of Certified Public Accountants, the International Fiscal Association, and the New York State Bar Association. He is also a frequent speaker on numerous corporate transaction tax matters.


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