G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™

2023 SUSTAINABILITY REPORTING IN FOCUS

Examining 2022 trends of companies on the S&P 500® + Russell 1000®

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Closing the Mid-Cap Reporting Gap: Smaller Half of Russell 1000 Jumps to 82% Reporting

S&P 500® Approaches 100%
Russell 1000® Grows to Record 90%

G&A Institute is pleased to share the 12th edition of our annual research series tracking trends in sustainability reporting by the largest U.S. publicly-traded companies.

Since our first research report covering 2011 corporate sustainability reporting trends, the number of companies publishing sustainability reports has increased steadily each year. Our latest research, which covers the 2022 publication year, reveals record highs in reporting among both large-cap (over $10 billion market cap) and mid-cap ($2 billion-$10 billion market cap) companies, with the gap between large-cap and mid-cap companies narrowing sharply.

The biggest jump in the number of reports published was an additional 14% of companies in the smallest half of the Russell 1000 by market cap. Eighty-two percent (82%) of these companies, which range from approximately $2 billion-$4 billion in market cap, published reports in 2022 compared to 68% in 2021 and 49% in 2020. Companies in the largest half of the Russell 1000 by market cap, which roughly comprises the S&P 500 and includes approximately 90% of large-cap companies, are closing in on 100% reporting, with a record high of 98% publishing reports in 2022. The percentage of reporting companies in the total Russell 1000 rose an additional 9% to an all-time high of 90%.

EXECUTIVE SUMMARY *(continued)*

G&A's research shows that annual sustainability reporting is now firmly established as not only a best practice, but as essential for large- and mid-cap U.S. publicly-traded companies alike. As a result, U.S. companies are better positioned than ever before for expected new regulations on climate reporting.

Our research also analyzes the content of the identified reports to provide detailed breakdowns of reporting frameworks and standards used (i.e. GRI, SASB, TCFD), alignment with initiatives such as SBTi and the SDGs, and trends in external assurance and CDP reporting.

For example, in 2022, half of the Russell 1000 reporting companies are now aligning with the TCFD recommendations, and SASB remains the most-utilized sustainability reporting standard in 2022 among the Russell 1000.

More data and details on our findings are presented in the following report. G&A's trends research focuses on publicly accessible corporate reports on sustainability (also called ESG, corporate responsibility, corporate citizenship, environmental update, or social impact reports).

G&A makes the results of our research and analysis publicly available to benefit a wide range of stakeholders with an interest in corporate sustainability and ESG-related reporting. While some trends are discussed throughout the below report, the detailed results of prior years' research efforts are available online at the G&A website **here**.

G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™

Governance & Accountability Institute, Inc. (G&A) is a strategy consulting, advisory, communications and research firm focused on the key issues of corporate sustainability and responsibility. Founded in 2006 and based in New York City, G&A helps corporate and investor clients develop winning strategies to address stakeholder and shareholder concerns.

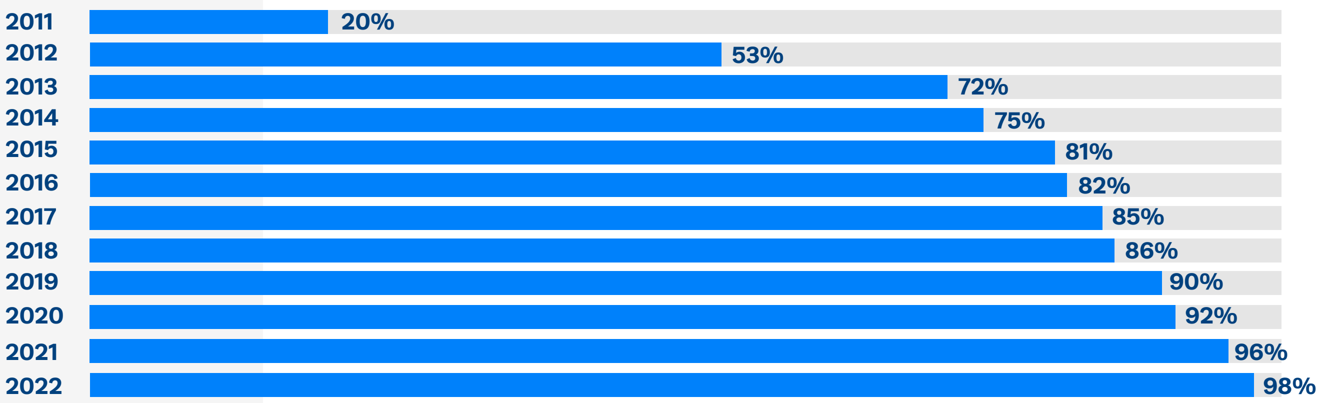
We assist clients to better understand the importance of key ESG performance factors that increasingly affect and shape corporate reputation, access to and cost of capital, capital market valuation, and public and industry perception. G&A helps corporations maximize return on investment at every step of their sustainability journey and achieve sustainability leadership in their industry and sector.

The mission of G&A is to provide actionable information and advice based on independent research and analysis. We help leaders and organizations build trust by addressing critical issues in an informed manner, working to achieve equitable outcomes for all parties involved. Since 2011, G&A has built a comprehensive database of sustainability reporting data based on analysis of thousands of ESG and sustainability reports to help steer strategy for our clients and improve their disclosure and reporting.

THE 12-YEAR TRACK RECORD OF S&P 500 REPORTERS

In 2012, G&A's analysts began researching the sustainability reporting of the S&P 500 companies for the 2011 publication year. This became the foundation for our annual examination of corporate sustainability reporting trends in subsequent years.

The results of our initial research 12 years ago showed that just 20% of the S&P 500 companies published sustainability reports or disclosures, **meaning that 80% of the S&P 500 companies were NOT publishing such reports**. G&A has examined sustainability reporting trends of the S&P 500 companies each calendar year since then **and today the percentage of non-reporters is only 2%.**



RESEARCH EXPANDED TO THE FULL RUSSELL 1000

G&A's research has shown that over the past decade, voluntary sustainability reporting has become a common practice among the S&P 500, consisting of some of the largest companies in the U.S. measured by market cap.

With this in mind, the G&A research team decided in 2019 to start examining the sustainability reporting trends of smaller companies by expanding the scope of the research to include all companies in the Russell 1000. The Russell 1000 Index companies' total market cap represents 93% of all listed stocks in the U.S. equity market.

The composition of the S&P 500 Index is made up of exclusively large-cap companies, while the remaining half of the Russell 1000 Index collects some mid-cap companies in its overall portfolio composition. Currently, the S&P 500 components typically need a market cap of $13 million to be included, while the overall Russell 1000 components have a minimum of at least $2 billion.

This publication marks our fifth year examining the sustainability reporting trends of the Russell 1000 companies. Our report provides year-over-year comparisons to show the evolution in reporting trends.

OVERALL TREND OF RUSSELL 1000 REPORTERS

G&A's analysts have determined that 90% of the total Russell 1000 Index companies published sustainability reports in 2022 – that's up from 70% in 2020 and 60% in 2018.

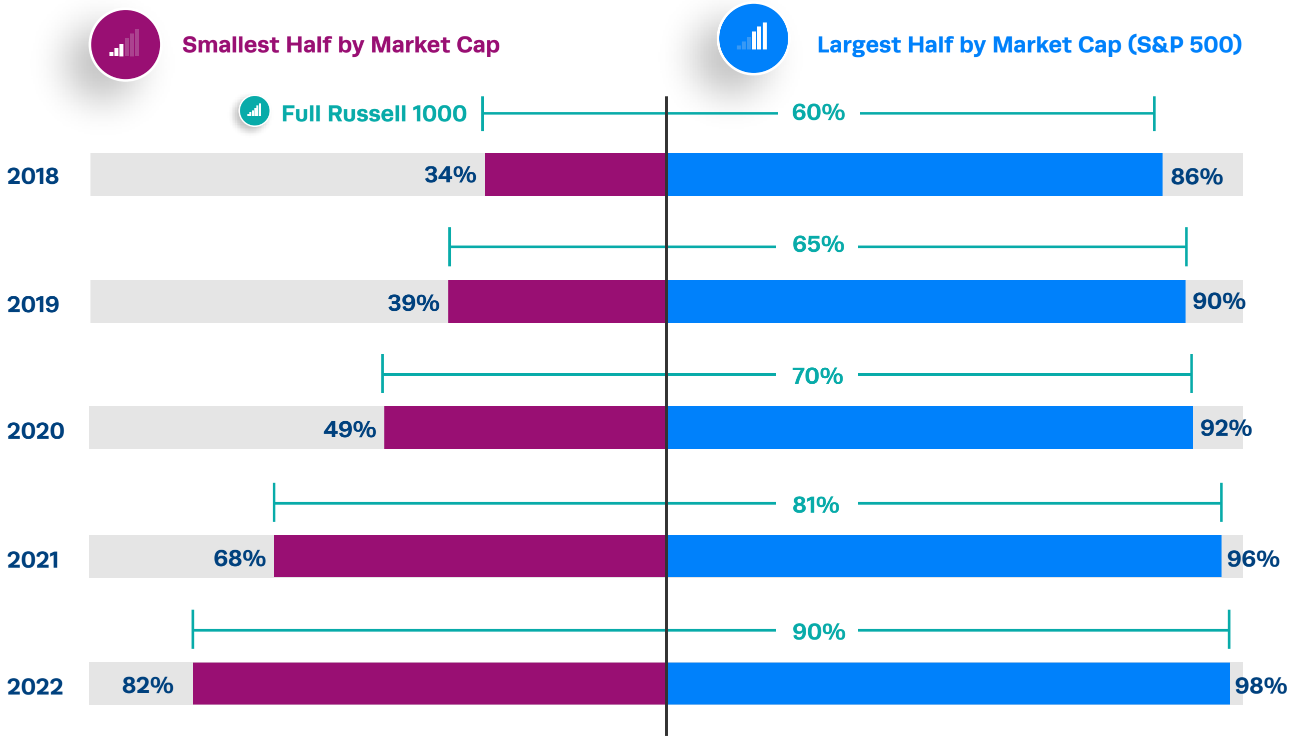
When analyzing the reporting trends of the entire Russell 1000 Index, we broke out the companies into the larger and smaller halves of the index by market cap. The largest half by market cap of the Russell 1000 Index generally comprises the same companies as the S&P 500 Index.

In this examination, we found that of the largest half of companies, 98% published reports in 2022 – an increase from 90% in 2019.

The number of reporters in the smaller half of the Russell 1000 Index, while significantly lower, has been growing rapidly, showing an additional 10% (or more) in reporters each year for the last three years. This growth represents an increase to the 82% publishing reports in 2022 – up from 68% in 2021, and 39% in 2019.

The S&P 500 companies have long been setting an expectation for best practice sustainability reporting. They continue to near 100% reporting while the smaller half of the Russell 1000 is quickly progressing to close the gap in non-reporters.

ANNUAL REPORTING TRACK RECORD OF RUSSELL 1000 COMPANIES



In 2019, G&A expanded our sustainability reporting research to include the full Russell 1000. Our annual research now analyzes trends for the companies included in the full Russell 1000 Index, as well as breakouts for the largest half (S&P 500) and smallest half market cap of the overall index. The annual reporting trends of the S&P 500 companies over the last decade can be found on the prior page.

Source: Governance & Accountability Institute, Inc. 2023 Research – **ga-institute.com**

METHODOLOGY

Research Methodology

Overview of Reporting Initiatives

RESEARCH METHODOLOGY

For the ***2023 Sustainability Reporting in Focus*** report, G&A researched corporate ESG disclosure and reporting activities of the companies listed in the Russell 1000 Index during the calendar year 2022 and expanded upon the ESG factors typically examined by the G&A analyst team and senior staff.

This year's report includes new insights, data, charts, and infographics expanding upon the overall knowledge and understanding of this comprehensive annual research, informed by over a decade of dedicated monitoring and analysis by G&A's expert team.

In this enhanced research effort, G&A examined and analyzed the Russell 1000 Index companies as a whole, as well as a breakout into what we will refer to as two "halves" – the largest firms vs. the smaller of the firms by **Market Cap**. The "largest half of the Russell 1000" generally represents the S&P 500 Index companies and is determined based on company market cap. The "smallest half of the Russell 1000" are the remaining companies in the index, representing smaller market caps than those companies in the S&P 500.

This is an important perspective throughout the research below, as we keep in mind the amount of resources that large-cap companies are able to devote to ESG initiatives and disclosure compared to smaller mid-cap companies.

Note that these two segments of the full Russell 1000 are not necessarily equal "halves." In 2022, there were a total of 1,001 companies included in the full Russell 1000 Index. This total was broken out by market cap to include 499 companies in the S&P 500 Index, and 502 in the smaller "half" of the Russell 1000.

The indices are updated regularly by their owners; as a result, large-cap companies are often added or removed, which can alter the baseline from year to year. For the purposes of this year's research, the list of Russell 1000 companies was pulled as of December 30, 2022.

It is important to note that there are very minor differences between the companies in the S&P 500 Index and those included in the Russell 1000 Index when comparing specific criteria in their index methodologies. Due to these slight differences in index criteria, there were four additional companies listed in the S&P 500, which did not overlap with the Russell 1000. These four additional companies are captured in our analysis of the larger half of companies to provide a more complete picture of U.S. corporate trends by market cap.

In 2021, G&A officially transitioned to **one** comprehensive annual Russell 1000 research publication, which replaced our past two-part annual publications that included a separate report focused on just the S&P 500 companies. For reference, G&A's historical Russell 1000/S&P 500 annual research reports can be found here.

Outstanding Shares
x Share Price =

Market Cap

ABOUT THE INDICES:
RUSSELL 1000
AND S&P 500

The Russell 1000 Index includes the largest publicly-traded U.S. companies by market cap, which make up approximately 93% of the total market capitalization of all listed stocks in the U.S. equity market. The index is provided by FTSE Russell, a wholly owned subsidiary of the London Stock Exchange Group (LSEG).

The S&P 500 measures the stock performance of roughly 500 large-cap companies covering approximately 80% of available market capitalization on U.S. stock exchanges. The S&P 500 is owned by S&P Dow Jones Indices, a division of S&P Global.

REPORT LEGEND

- **Smallest Half by Market Cap**
- **Largest Half by Market Cap (S&P 500)**
- **Full Russell 1000 Companies**

Throughout this report, we have utilized the following three icons for ease of review and reference when examining the results of our research in the various data and infographics within.

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

OVERVIEW OF REPORTING INITIATIVES

How Do Companies Report?

In this research, we analyzed the reporting practices of Russell 1000 Index companies by examining how they:

- **use reporting standards and frameworks such as GRI, SASB, and TCFD;**
- **respond to public reporting surveys such as CDP; and**
- **align with global sustainability initiatives such as the SDGs and SBTi.**

Each approach to sustainability reporting presents a unique perspective. Although these frameworks and initiatives are distinct, most complement one another as described in a joint statement published in 2020. Therefore, it is common for companies to align their sustainability reporting with more than one, if not all, of these initiatives.

1 GRI

2 SASB STANDARDS Now part of IFRS Foundation

3 TCFD

4 CDP

5 SUSTAINABLE DEVELOPMENT GOALS

6 SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

1 GRI

The **GRI Standards** were developed by the Global Reporting Initiative (GRI), established in 1997 by Ceres, a non-governmental organization. First used in 1999, the GRI Standards framework enables any organization – large or small, private or public – to understand and report on their impacts on the economy, environment, and people in a comparable and credible way. The GRI Standards are designed as an easy-to-use modular set delivering an inclusive picture of an organization's material topics and how they manage their impacts. According to GRI: "Three series of Standards support the reporting process: the GRI Topic Standards, each dedicated to a particular topic and listing disclosures relevant to that topic; the GRI Sector Standards, applicable to specific sectors; and the GRI Universal Standards, which apply to all organizations." To promote alignment across international standards, GRI recently collaborated on the development of the European Sustainability Reporting Standards (ESRS) and the International Financial Reporting Standards (IFRS) Foundation's Sustainability Disclosure Standards.

OVERVIEW OF REPORTING INITIATIVES

2

The **SASB Standards** were developed by the Sustainability Accounting Standards Board (SASB) to foster more disciplined and organized reporting by publicly-traded companies regarding ESG performance and disclosure of financially material sustainability information. Designed by investors, the SASB Standards help guide companies in communicating sustainability issues that may affect long-term enterprise value. Available for 77 industries in 11 sectors, specific SASB Standards identify the subset of ESG issues most relevant to financial performance in each industry. SASB merged with the International Integrated Reporting Council (IIRC) in 2021 to form the Value Reporting Foundation (VRF), which was consolidated into the IFRS Foundation in 2022.

3

The **Task Force on Climate-related Financial Disclosures** (TCFD) was created by the Financial Stability Board of the G20 nations in 2015 to review how the financial sector can account for climate-related issues. In 2017, TCFD published the TCFD Recommendations to improve and increase companies' reporting of climate-related financial information, including more effectively disclosing climate-related risks and opportunities. The TCFD framework is structured around four core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. In 2024, the ISSB will take over responsibility for monitoring adoption of the TCFD recommendations.

4

CDP is a not-for-profit organization that maintains the most comprehensive database of disclosures from companies, governments, and cities about their performance related to carbon emissions, water use, deforestation, plastic use, and supply chain engagement. The disclosures are collected through questionnaires, largely on behalf of investors and customers, and are made publicly available. CDP closely aligns with the TCFD reporting recommendations, and starting in 2024 it will incorporate the IFRS S2 Standards, which are also focused on climate-related risks and opportunities.

5

The **Sustainable Development Goals** (SDGs) are part of a 15-year agenda adopted by national governments at the United Nations in 2015. The 17 Goals and 169 underlying targets cover environmental protection, social protection, and good governance providing a common vision for achieving a more sustainable world by 2030.

6

The **Science Based Targets initiative** (SBTi) is a partnership between CDP, the UN Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). SBTi helps companies understand how much and how quickly they need to reduce their emissions to prevent the worst effects of climate change by bringing together experts to provide companies with independent assessment and validation of science-based targets.

Please refer to the ***Looking Ahead: Changes in the Reporting Landscape*** section of this report for more details on prominent recent and upcoming developments to the sustainability standards, frameworks, and initiatives discussed here.

G&A INSTITUTE COMMENTS

Louis Coppola,
Executive Vice President
& Co-Founder

Hank Boerner,
Chairman, Chief Strategist
& Co-Founder

Alex Cohen,
Vice President,
Sustainability Consulting

Elizabeth Peterson,
Vice President,
Sustainability Consulting

Kirstie Dabbs,
Vice President,
Sustainability Consulting

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

G&A INSTITUTE COMMENTS

Louis Coppola
Executive Vice President
& Co-Founder
G&A Institute

“More than a decade has passed since we began this journey together, and each year has brought its own unique challenges and advancements. As I reflect on the evolution of this space, one thing that is unmistakably evident is that the progression of sustainability reporting has been unmistakably vigorous.

We stand at a pivotal inflection point today, where the landscape of sustainability reporting is undergoing a profound transformation. The paradigm has shifted from voluntary to mandatory reporting, a change that carries significant implications. This transition underscores the importance of global regulatory developments that are shaping a more disciplined and robust approach to corporate ESG disclosures.

These developments are instrumental as they now underpin investor confidence, consumer loyalty, and stakeholder trust, as well as operational resilience. Further, they serve as a catalyst for differentiation, innovation, and efficiency in the corporate world and in the capital markets. The mandatory nature of these disclosures has moved beyond a simple check-box exercise to what is now a robust cornerstone of corporate strategy and investment analysis.

At Governance & Accountability Institute, our dedication to monitoring the ever-shifting terrain of sustainability reporting remains steadfast. We do more than just watch from the sidelines; we’re actively engaged in empowering our clients to adeptly maneuver through this newly-charted regulatory territory.

The increasing complexity of ESG disclosure, while challenging, also presents immense opportunities for innovation and leadership within corporate America. This is a chance for organizations to redefine their legacy and set new records.

While there is still work to be done, I urge you to embrace the clarity that these new standards bring forth. Clear guidelines and expectations can serve as a powerful tool for companies to communicate their sustainability narrative more effectively. Within this greater clarity, there is an invitation to lead—to set precedents that will define the future of our society and our one and only planet Earth.

As we move forward, rest assured that G&A is here to guide you through every step of this journey. Together, we will explore and extract the vast potential that lies within these new complexities. Let us harness this moment to not only adapt but to pave the way for a more sustainable and equitable world. Here’s to another year of setting trends, not just following and reporting on them.”

We stand at a pivotal inflection point today, where the landscape of sustainability reporting is undergoing a profound transformation.

G&A INSTITUTE COMMENTS

Hank Boerner
Chairman, Chief Strategist
& Co-Founder
G&A Institute

"For most of my career, I have been involved with, constantly studying, and contributing to the advancement of corporate disclosure practices. To me, corporate reporting is a constant journey, with corporate issuers steadily increasing transparency in an effort to provide "more" for their providers of capital

For publicly-traded companies, today's communication with investors and stakeholders began in earnest almost 100 years ago. The adoption of sweeping laws of the New Deal era, the historic 1933 and 1934 laws passed by the U.S. Congress, became the foundations for corporate disclosure and reporting.

Periodic legislation passed since then (such as Sarbanes-Oxley and Dodd-Frank) and Securities & Exchange Commission rules adoption (such as Regulations FD and S-K) have steadily advanced the state-of-play of disclosure of both financial and non-financial information for corporate boards and C-suites. We now await the release of the SEC's "final rule" for climate-related financial disclosure.

The U.S. corporate community was long cited as a laggard compared to European issuers in releasing important non-financial information, such as for ESG factors, sustainability, ethics, corporate citizenship, and the like. No more!

When G&A began closely monitoring and analyzing the sustainability disclosure practices of U.S.-headquartered companies more than a decade ago, there was a sense that companies were lagging behind what a growing number of investors were seeking in terms of ESG data and narrative.

The pioneering "sustainable and responsible investors" of the late years of the 20th century, and the early years of the 21st, constantly pushed their demands for greater transparency on the U.S. corporate community.

The corporate response began in earnest with the creation of the Global Reporting Initiative (GRI) and embrace of that reporting framework. Our close collaboration with GRI began soon after G&A was established, and in 2010 we began tracking corporate sustainability (and similar titles) reporting as the GRI Data Partner for the U.S., U.K., and Republic of Ireland. Our now-familiar annual trends reporting began at the same time. We're very proud of the work done here at G&A Institute by successive teams of dedicated professionals. Please do take a look at their identification on the end pages of this year's report."

How far we have come since the 2012 findings of our first Trends Report focused on 2011 reporting behaviors!

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

G&A INSTITUTE COMMENTS

Alex Cohen
Vice President,
Sustainability Consulting
G&A Institute

"Sustainability disclosure is entering a new era, moving from a world of voluntary disclosure to one of mandated, standardized disclosure. Voluntary sustainability disclosure standards, such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), played a pivotal role in the early stages of this evolution. The adoption of these frameworks was driven by a recognition that non-financial factors could significantly affect a company's long-term value and reputation. Over time, they gained traction and credibility as more organizations recognized the benefits of ESG reporting.

As the importance of sustainability reporting grew, regulatory bodies around the world began to take notice. Recognizing the need for standardized and reliable ESG information, the European Union (EU) introduced landmark regulation that came into effect in 2021, the Corporate Sustainability Reporting Directive (CSRD). The CSRD mandates sustainability reporting for companies operating within the EU and represents the shift toward a legally binding requirement.

Simultaneously, the International Sustainability Standards Board (ISSB) emerged as a global initiative to establish a common set of sustainability reporting standards. The ISSB's approach seeks to harmonize existing standards and frameworks like SASB and the Task Force on Climate-Related Financial (TCFD) while addressing regional differences and emerging ESG challenges.

Many countries outside of the EU have also recognized the need for standardized sustainability reporting. Some have already begun adopting the ISSB's standards or incorporating ESG reporting into their regulatory frameworks. This convergence toward standardized disclosure aligns with the growing realization that a consistent, comparable, and transparent approach to ESG reporting is essential for investors, stakeholders, and regulators to make informed decisions.

As sustainability reporting continues to evolve, it is poised to become a fundamental aspect of corporate transparency and decision-making in the years to come. Companies with strong disclosure now are well placed to thrive in this new era."

As sustainability reporting continues to evolve, it is poised to become a fundamental aspect of corporate transparency and decision-making in the years to come.

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

G&A INSTITUTE COMMENTS

Elizabeth Peterson
Vice President,
Sustainability Consulting
G&A Institute

Research Supervisor

"After 12 years of tracking the upward trends in sustainability reporting among the S&P 500 companies, we are excitedly nearing 100% – with 98% reporting in 2022. That leaves only nine non-reporting companies left within the S&P 500. We continue to examine the reporting trends of S&P 500 companies with a deepened interest toward the growth of comprehensive reporting among these companies, including the use of various reporting frameworks (GRI, TCFD, SASB, and more).

In 2019, G&A expanded our annual research to include the full Russell 1000 companies and begin tracking trends against the smaller half of the index in comparison to the largest half (the S&P 500). This allows us to measure progress with a focus on company size and market cap value.

In only five years the smaller half of the Russell 1000 jumped from 34% reporting in 2018 – to 82% in 2022. While the smaller half of the Russell 1000 companies continue to make extensive progress to close their gap in non-reporters; the S&P 500 reporters continue to set best practice expectations when it comes to utilizing various sustainability-related reporting frameworks, initiatives, and standards. Our research has found that the S&P 500 reporters are more likely to respond to CDP, seek external assurance, and align with reporting standards and frameworks such as GRI, SASB, and TCFD.

When analyzing our results, our hypothesis has been that smaller companies (by market cap) are less likely to have dedicated sustainability departments and/or comprehensive ESG disclosures. We believe the current trend of less comprehensive reporting by smaller companies is due to not having access to the same level of resources as larger cap companies in the S&P 500. However, with the increased pressures being put on companies (especially those that are publicly-traded) from investors and the threat of mandatory reporting regulations, we expect to see continued progress among the smaller companies, despite their more limited resources.

This report delivers an extensive analysis supporting our theories through the comparison of reporting habits among the larger and smaller cap companies included in the Russell 1000.

Each year G&A attracts an outstanding class of intern analysts who devote several months to carefully parsing the reports of public companies included in the Russell 1000. We thank each of them for the time, passion, and dedication devoted to this research. They are outstanding professionals with a solid foundation in ESG research."

In only five years the smaller half of the Russell 1000 jumped from 34% reporting in 2018 – to 82% in 2022.

Kirstie Dabbs
Vice President,
Sustainability Consulting
G&A Institute

G&A INSTITUTE COMMENTS

"G&A's Sustainability Reporting in Focus research has diligently chronicled an increase in sustainability reporting over the past 12 years, consistently tracking the quantity and type of reporters by presenting the big picture as well as taking a closer look at adoption of various standards and frameworks. We conduct this research to serve as a benchmark over time by examining the same data points with the same methodology to provide an accurate and reliable reference for our audience. I can't help but see a parallel between our approach to consistency in this reporting and Global Reporting Initiative's (GRI) six Reporting Principles outlining the qualities that a sustainability report itself should have: Accuracy. Balance. Clarity. Comparability. Reliability. Timeliness.

As the S&P 500 companies approach 100% reporting, the Russell 1000 reaches 90%, and emerging regulations promise to further increase adoption, I find myself asking – what comes next? How can our research continue to add value for our audience?

The answer that comes to mind is: Now that we are closing the gap around the number of reporters, we need to focus our efforts on closing the gap around the ***quality*** *of reporting. Going forward, companies will not only need to report on sustainability, but will also need to ensure they are providing decision-useful information to stakeholders. As regulations make company leadership responsible for the accuracy of reported information, I anticipate that more robust measures will be adopted by reporting companies to increase data quality. Companies will need to enhance the quality of content with a balance of accurate information including positive and negative trends; clarity of presentation; comparability over time; reliability attained by internal controls and external assurance; and timeliness of information.*

At the same time that regulation is increasing, there are other signals of change that sustainability reporting is poised for further improvement and transparency. Discussion around context-based sustainability reporting tools such as the UN Sustainable Development Performance Indicators, which offer a way for companies to report within the context of natural thresholds, is increasing. There are also a growing number of publicly available repositories that aim to track companies' climate progress, including the Net-Zero Data Public Utility that is currently in development in partnership with CDP.

We at G&A are proud that our research on sustainability reporting has been widely cited to promote adoption among the world's largest companies. At the current inflection point, I look forward to a new era of reporting, with the hope that our research will reflect and promote a higher quality of information in the coming years. I am excited about the progress to come."

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

RESEARCH & ANALYSIS RESULTS

Top Lines by Sector

Non-Reporters Among U.S. Corporates

Trends in Reporting Initiatives

- **Year-Over-Year Trends Overview**
- **Reporting Trends in Focus**
  - GRI
  - SASB
  - TCFD
  - CDP
  - External Assurance
  - SDGs

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

RESEARCH & ANALYSIS RESULTS

In 2022, 90% of the companies included in the Russell 1000 Index published sustainability reports and data disclosures. Only 10% of this important universe of publicly-traded companies did not report during 2022. Throughout our annual research on corporate reporters, we continue to see a steady decrease of sustainability reporting laggards. However, some sectors are progressing more quickly than others. Below we provide sector-based highlights from the 2022 reporting year.

2022 TOP LINES FOR S&P 500 INDEX

100%

Reporting Across Five Sectors

- **Consumer Staples**
- **Energy**
- **Industrials**
- **Materials**
- **Utilities**

Since 2018, Utilities has had 100% of companies disclosing on sustainability, and by 2021, was joined by three additional sectors (Consumer Staples, Materials, Real Estate). In 2022, five sectors reached 100% reporting, including: Consumer Staples, Energy, Industrials, Materials, and Utilities; with Real Estate falling off due to a non-reporting company being added to the index in 2022.

2022 TOP LINES FOR RUSSELL 1000 INDEX

21
Non-Reporters in the IT Sector

TOP SECTORS

Utilities
Four years in a row

Energy
First year

100%
REPORTING

LAGGING SECTOR
Communications
40%
Non-Reporting

OVERALL
101 **Non-Reporters Remain in 2022**

+88
New Reporters Added in 2022

SECTORS MAKING PROGRESS

32
NEW REPORTERS
IT

24
NEW REPORTERS
Health Care

15
NEW REPORTERS
Consumer Discretionary

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

NON-REPORTERS AMONG U.S. CORPORATES IN RUSSELL 1000 INDEX

The chart below presents the number of companies from each GICS® sector that have not published a sustainability report between 2018, 2019, 2020, 2021, and 2022, implying no visible organized focus on sustainability and ESG. More information on GICS sector categories is available here.

G&A Analyst Note: In 2022, the Russell 1000 sectors to see the largest increase in reporters were Health Care and Information Technology. In 2021, non-reporters made up 31% of the Health Care sector, but in 2022 that cohort drops to only 12%; while non-reporters in the Information Technology sector dropped to 13% from 29% in 2021.

🟩 **Progress In Non-Reporters** 🟧 **Needs Improvement in Reporting** 🟦 **No Change**

	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	TOTAL
Russell 1000 Index												
2018 Non-Reporters	32	37	11	16	77	46	49	65	11	42	2	388
2019 Non-Reporters	29	33	10	8	63	45	44	73	10	30	0	345
2020 Non-Reporters	23	30	7	2	48	54	31	83	7	15	0	300
2021 Non-Reporters	19	24	5	2	21	38	17	53	3	7	0	189
2022 Non-Reporters	17	9	4	0	20	14	11	21	1	4	0	101
YOY Change in Non-Reporters	-2	-15	-1	-2	-1	-24	-6	-32	-2	-3	0	-88
% Of Sector Not Reporting	40%	7%	8%	0%	14%	12%	7%	13%	2%	6%	0%	10%
Total Companies in Russell 1000	43	123	52	37	142	117	154	168	59	67	39	1,001
Smallest Half by Market Cap												
2018 Non-Reporters	24	30	8	13	65	36	41	52	11	34	2	316
2019 Non-Reporters	24	27	8	6	59	37	36	63	9	26	0	295
2020 Non-Reporters	18	22	6	2	44	46	25	75	6	14	0	258
2021 Non-Reporters	16	18	5	1	20	34	15	49	3	7	0	168
2022 Non-Reporters	14	8	4	0	18	13	11	20	1	3	0	92
YOY Change in Non-Reporters	-2	-10	-1	-1	-2	-21	-4	-29	-2	-4	0	-76
% Of Sector Not Reporting	67%	12%	20%	0%	24%	24%	13%	22%	3%	8%	0%	18%
Total Companies in Smallest Half	21	67	20	14	75	54	84	92	30	36	9	502
Largest Half by Market Cap (S&P 500)												
2018 Non-Reporters	8	7	3	3	12	10	8	13	0	8	0	72
2019 Non-Reporters	5	6	2	2	4	8	8	10	1	4	0	50
2020 Non-Reporters	5	8	1	0	4	8	6	8	1	1	0	42
2021 Non-Reporters	3	6	0	1	1	4	2	4	0	0	0	21
2022 Non-Reporters	3	1	0	0	2	1	0	1	0	1	0	9
YOY Change in Non-Reporters	0	-5	0	-1	1	-3	-2	-3	0	1	0	-12
% Of Sector Not Reporting	14%	2%	0%	0%	3%	2%	0%	1%	0%	3%	0%	2%
Total Companies in S&P 500	22	56	32	23	67	63	70	76	29	31	30	499

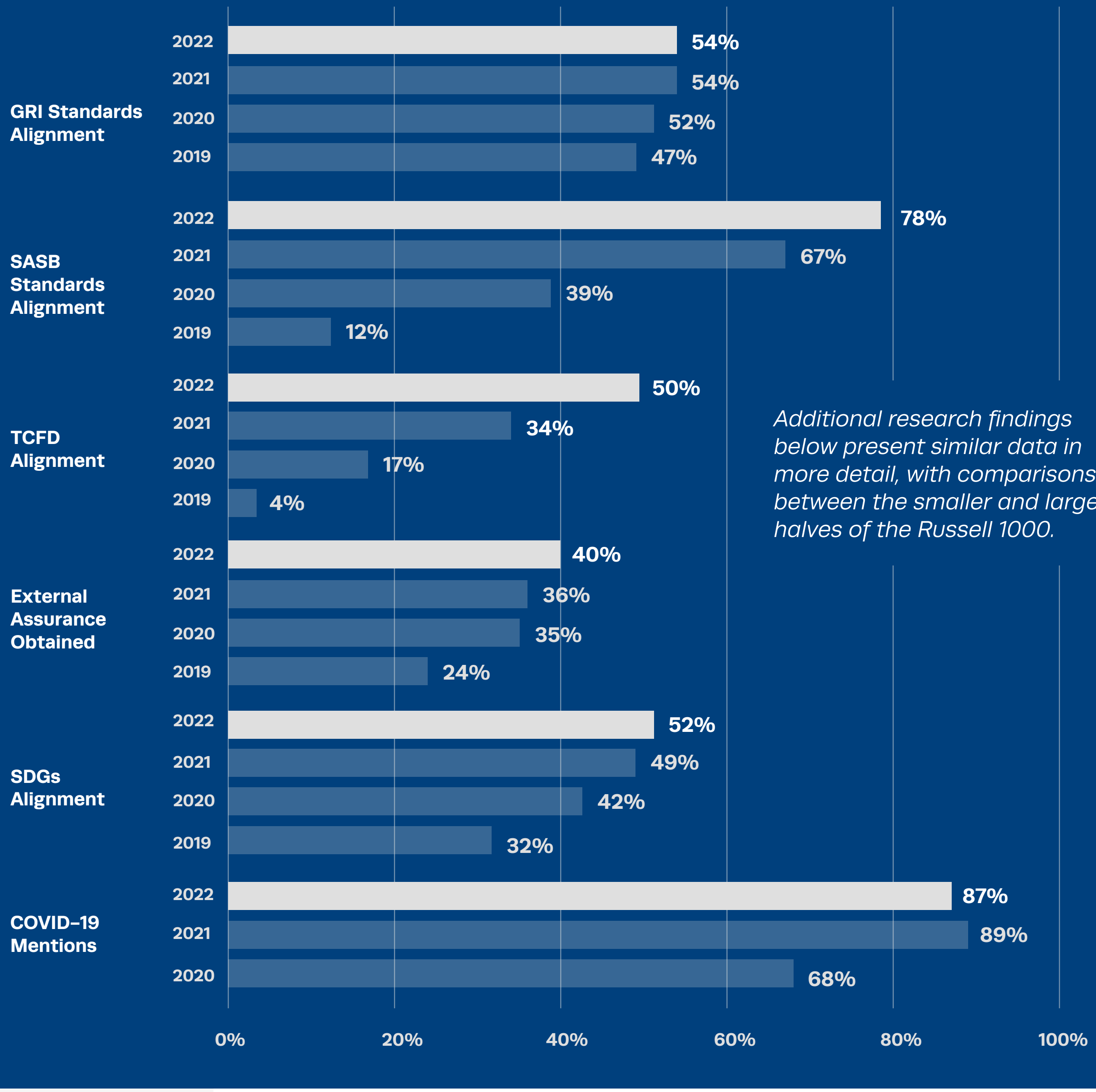
Data Consideration: Total companies in a given sector are subject to increase or decrease year-over-year as companies are removed or added to the Russell 1000 Index re-balancing.

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

TRENDS IN REPORTING INITIATIVES

YEAR-OVER-YEAR TRENDS OVERVIEW

G&A found that 90% of the Russell 1000 companies published sustainability disclosures in 2022. Below is a summary of growth in specific reporting behaviors from 2019 to 2022 for this cohort of reporters:



Additional research findings below present similar data in more detail, with comparisons between the smaller and larger halves of the Russell 1000.

KEY TAKEAWAYS

- For the second consecutive year, SASB was the most-used reporting standard in 2022 among the Russell 1000 – with 78% of sustainability reports aligning with SASB compared to 54% aligned with GRI.
- Use of TCFD among Russell 1000 continues to rapidly grow each year with half of sustainability reports aligning with TCFD compared to 34% in 2021, 17% in 2020, and only 4% in 2019.

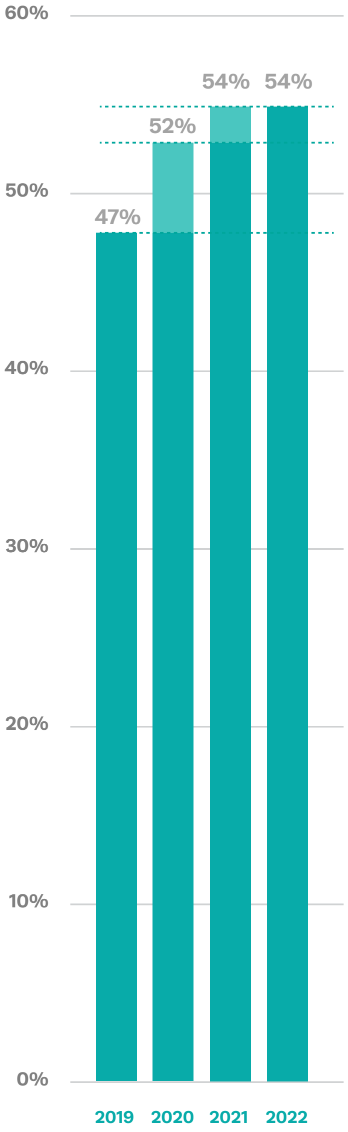
Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

REPORTING TRENDS IN FOCUS

GLOBAL REPORTING INITIATIVE (GRI)

Looking to improve your company's GRI reporting? G&A can help! Learn more

Russell 1000 GRI Reporting in 2022



More than half of Russell 1000 reporters utilize GRI Standards

The Global Reporting Initiative (GRI) has long been the de facto global standard for corporate sustainability reporting. Since 1999, when the first corporate reporters began using the GRI framework, hundreds of companies followed, beginning with the "G1" framework (the first generation, released in early 2000).

With more than six generations since then, as of 2016, the framework is now referred to as the GRI Standards. This development represented a new era for the organization, as it transitioned from a framework to acceptance as a commonly used standard of sustainability reporting. In 2021, GRI revised their Universal Standards to put an emphasis on due diligence and human rights, representing the most significant update to GRI since 2016. Use of the newly revised 2021 standards went into effect beginning January 1, 2023. As G&A's research is focused on the 2022 reporting year it will be interesting to see how this transition to GRI Universal Standards will play out in next year's findings (on the 2023 reporting year). In 2022, 81% of the Russell 1000 reporters were still using the GRI Standards 2016 over the GRI Universal Standards 2021.

Companies have found that the GRI Standards help improve ESG disclosure by providing structure and consistency to their sustainability reporting publications. The standards are modular, allowing for constant updates, expansion, and enhancement of the standards which cover economic, environmental, and social impacts and focus on reporting for a multi stakeholder audience.

Conversations and open consultations around improvement to the standards are ongoing. For example, recent updates and additions to the GRI Standards have applied to various topic-specific disclosures including: GRI 306: Waste (2020) or GRI 207: Tax Strategy (2019). Going forward, GRI is rolling out new sector-specific standards for 40 sectors – starting with those with the highest impact. The new GRI Sector Standards currently available are Oil & Gas (GRI 11), Coal (GRI 12), and Agriculture, Aquaculture, & Fishing (GRI 13). More on this update available here.

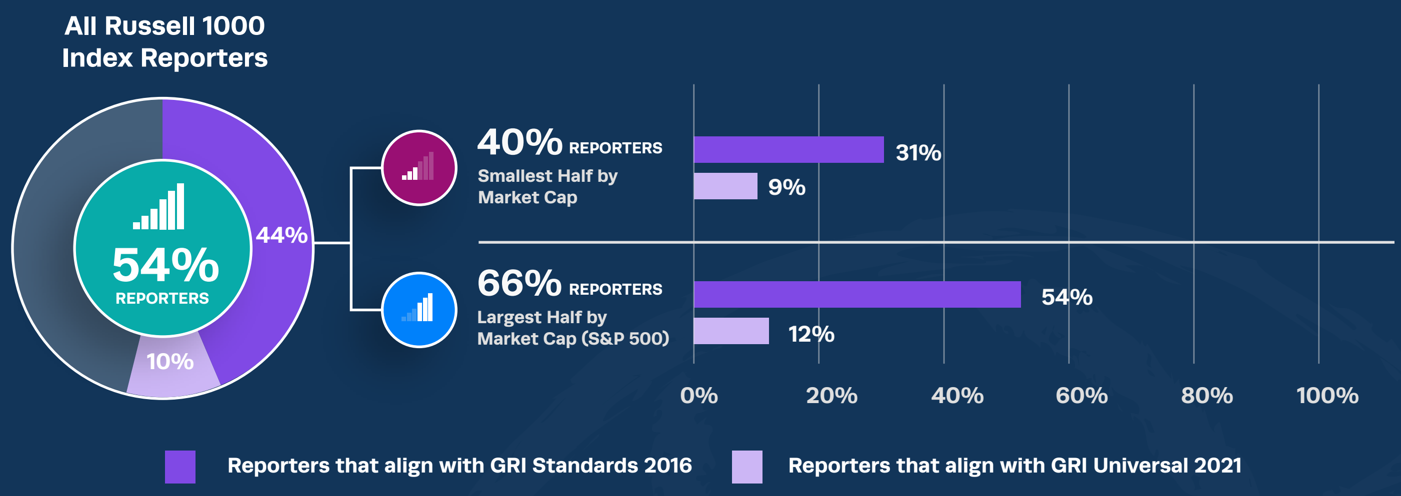
The GRI Standards are aligned with various widely recognized international ESG-related initiatives such as the UN Guiding Principles on Business and Human Rights, the ILO conventions, and the OECD Guidelines for Multinational Enterprises. In 2021, GRI and the European Reporting Advisory Group (EFRAG) started working together to co-construct the European Sustainability Reporting Standards (ESRS) and have agreed to cooperate to align their standards and timelines. Similarly, in 2022, GRI and the International Financial Reporting Standards (IFRS) Foundation signed a Memorandum of Understanding to coordinate to provide "two pillars or international sustainability report" – with IFRS Sustainability Disclosure Standards supporting an investor focus and GRI Standards designed to meet multi-stakeholder needs.

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

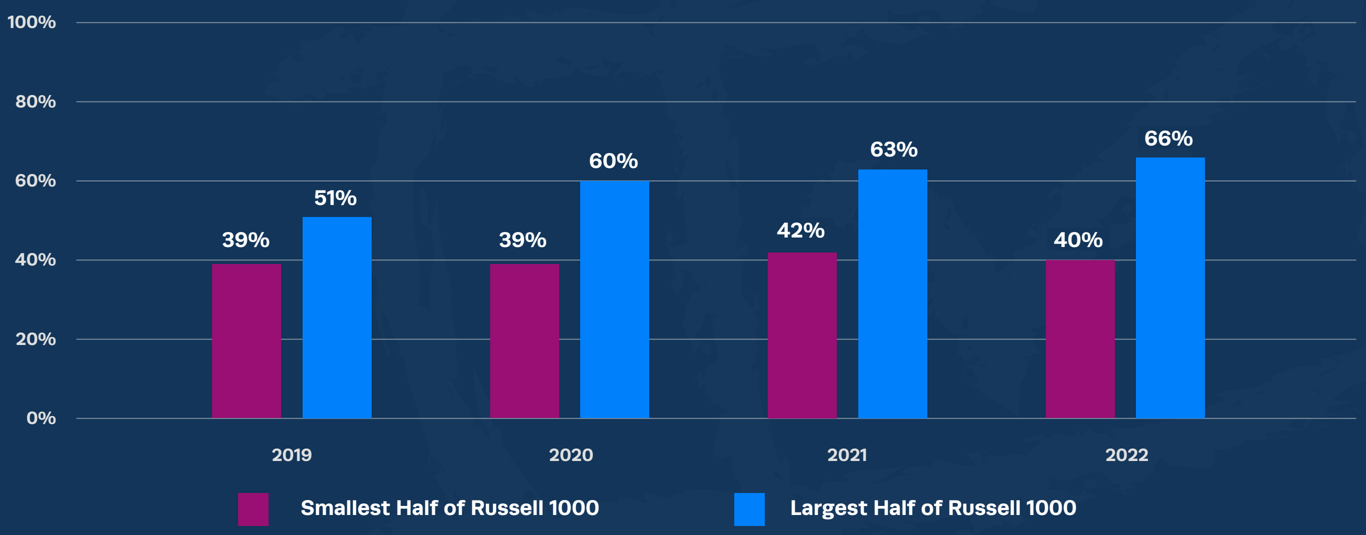
In 2022, more than half (54%) of Russell 1000 reporters utilized the GRI Standards – 60% among the S&P 500 reporters and 40% among reporters within the smaller half of the Russell 1000.

On the this page, we detail the GRI reporting behaviors of the Russell 1000, as well as breakouts for the smaller and larger halves of the index, including the current adoption rate of the GRI Universal Standards 2021 vs. GRI Standards 2016. The next page provides additional details, including the level of accordance against each standard version.

GRI ALIGNMENT IN 2022



GRI ALIGNMENT OVER THE YEARS



Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

BREAKDOWN OF RUSSELL 1000 REPORTERS UTILIZING THE GRI STANDARDS IN 2022

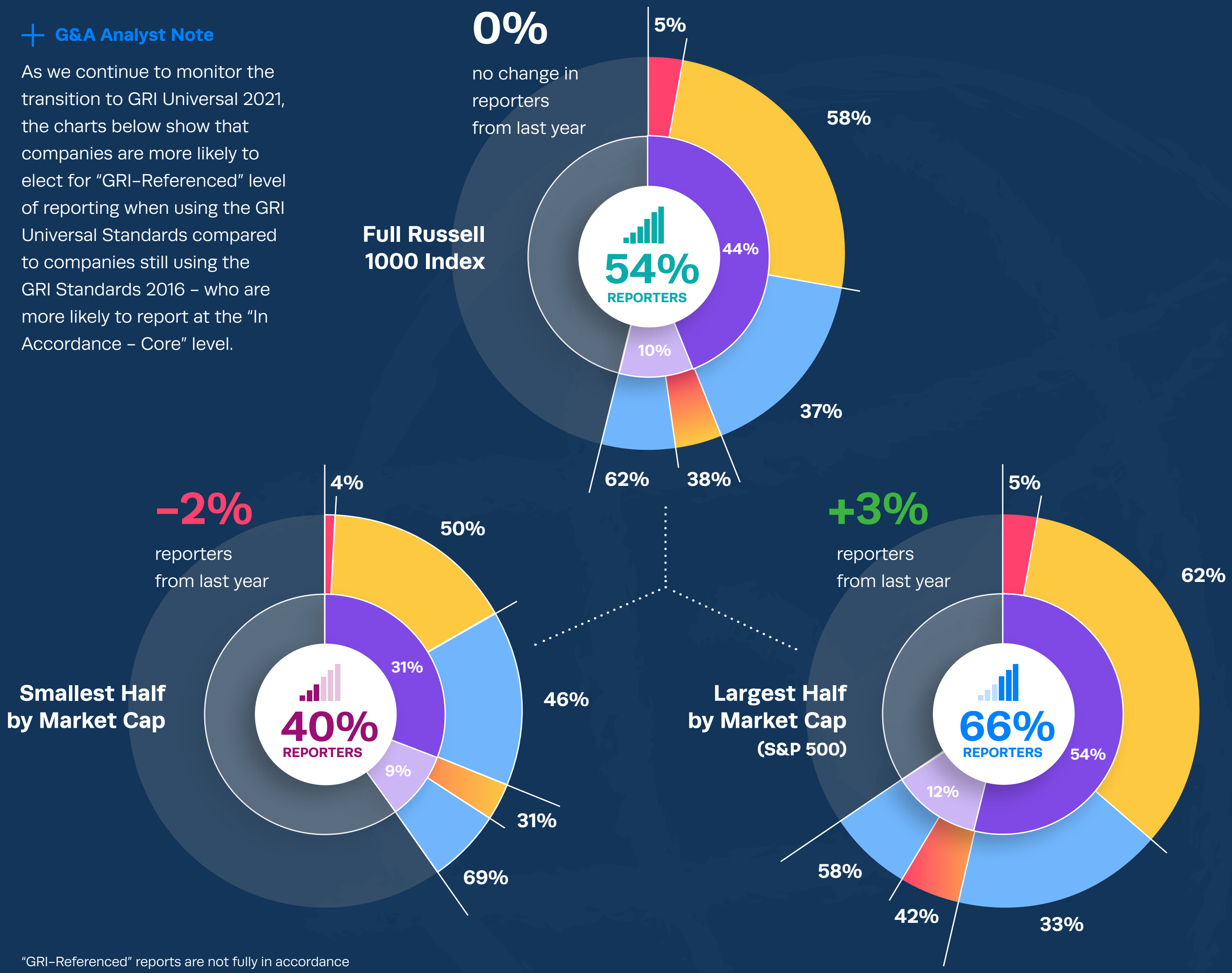
Below, the center of each chart depicts the percentage of reporters that utilize the GRI Standards, the middle ring shows the percentage of these GRI reporters that either use the GRI Standards 2016 or GRI Universal Standards 2021; and the outer ring breaks down that percentage into the level of accordance among each of these standard versions (In Accordance (Universal only), In Accordance – Comprehensive, In Accordance – Core, or GRI – Referenced)

LEGEND

🟪 **Reporters that align with GRI Standards 2016**	🟥 **In Accordance – Comprehensive**	🟨 **In Accordance – Core**	🟦 **GRI–Referenced**
◻ **Reporters that align with GRI Universal 2021**	🟧 **In Accordance**	🟦 **GRI–Referenced**	

+ G&A Analyst Note

As we continue to monitor the transition to GRI Universal 2021, the charts below show that companies are more likely to elect for "GRI–Referenced" level of reporting when using the GRI Universal Standards compared to companies still using the GRI Standards 2016 – who are more likely to report at the "In Accordance – Core" level.



"GRI–Referenced" reports are not fully in accordance with the GRI Standards, but they contain the GRI Content Index and reference certain disclosures.

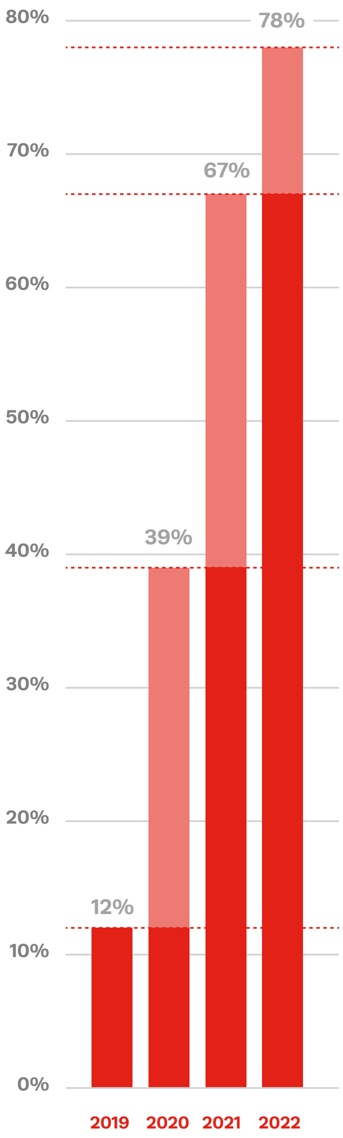
Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

SASB STANDARDS
Now part of IFRS Foundation

Looking to improve your company's SASB reporting? G&A can help! [Learn more]

SASB ALIGNMENTS



The Sustainability Accounting Standards Board (SASB) was organized by investors to instigate more disciplined and organized reporting by publicly-traded companies for ESG performance disclosure, and to ensure that disclosures would be financially material. The SASB Standards were released in 2011 and currently cover 77 industry categories in 11 sectors using the **SASB SICS®** classification.

Recently, SASB was part of a series of consolidation of standards organizations ultimately residing under the International Financial Reporting Standards (IFRS) Foundation in 2023. The International Sustainability Standards Board (ISSB), also part of the IFRS Foundation, has assumed responsibility of the SASB Standards and emphasized their commitment to maintain, enhance, and evolve the standards by updating them to align with the latest IFRS Foundation's Sustainability Disclosure Standards.

The updated SASB Standards play a crucial role in supporting the ISSB disclosure requirements, particularly in the application of IFRS S1 and IFRS S2. IFRS S1 mandates companies to use the SASB Standards to identify and disclose sustainability-related risks and opportunities. An enhancement phase is in progress to increase the international applicability of the non-climate disclosures of the SASB Standards. Furthermore, the ISSB recently updated the SASB Standards to align climate-related topics and metrics with IFRS S2 industry guidance, as well as refined them for better global relevance.

Trends in use of SASB: For the 2022 publishing year, the G&A analyst team determined that 84% of the Russell 1000 reporters either mention or align with SASB. Of the Russell 1000 reporting companies, an all-time high of 78% are in alignment with SASB Standards, while the other 6% simply mention the standards.

With growing discussions around regulating corporate disclosures with SASB, we anticipate that many of those only mentioning the SASB Standards will improve their disclosures in the coming years and advance to full alignment.

An additional 66% of Russell 1000 reporters have utilized SASB since 2019.

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

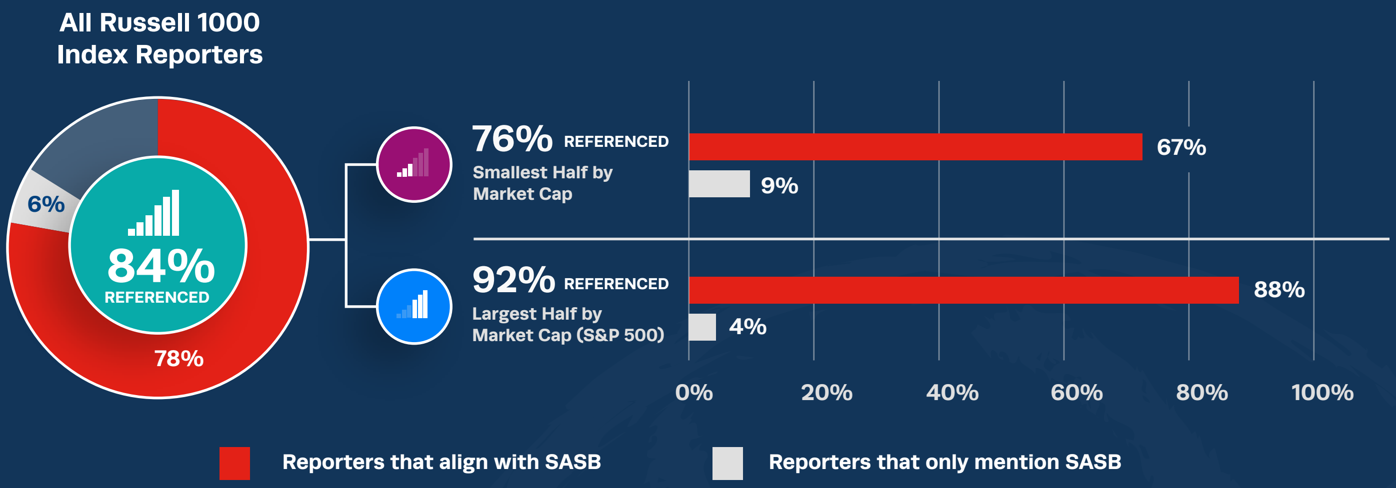
SASB STANDARDS
Now part of IFRS Foundation

+ G&A Analyst Note

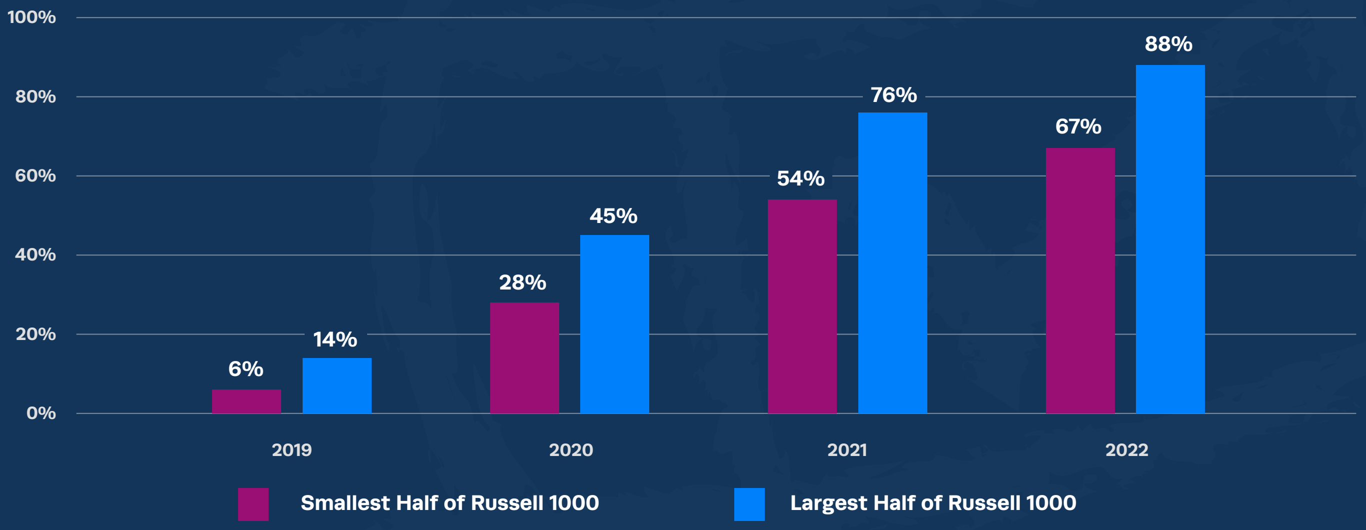
In 2022, we saw a substantial increase in SASB reporters. 78% of the Russell 1000 reporters are aligning with the SASB Standards – an additional 66% – from the 12% that were reporting in 2019 when we first started tracking SASB reporting.

When focusing on just the S&P 500 companies, the number of reporters using SASB increased to a whopping 88% in 2022, whereas the smaller half of the Russell 1000 amounted to 67%. These findings make SASB the most commonly used reporting initiative among the Russell 1000 companies.

SASB MENTIONS & ALIGNMENTS IN 2022



SASB ALIGNMENT OVER THE YEARS



Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Looking for TCFD reporting? G&A can help! Learn more

The Task Force on Climate-Related Financial Disclosures (TCFD) was organized by the G20 nations' Financial Stability Board (FSB), consisting of their countries' finance ministers and central bank governors, to review how the financial sector can account for climate-related issues.

The TCFD worked to develop voluntary, reliable, clear, efficient, and consistent disclosure that companies could use to accurately measure and respond to climate change risks, allowing them to provide relevant information to investors, lenders, insurers, and other stakeholders.

TCFD first published the voluntary TCFD recommendations as a new reporting framework in 2017.

The TCFD recommendations comprise four pillars:

- **Governance**
- **Strategy**
- **Risk Management**
- **Metrics and Targets**

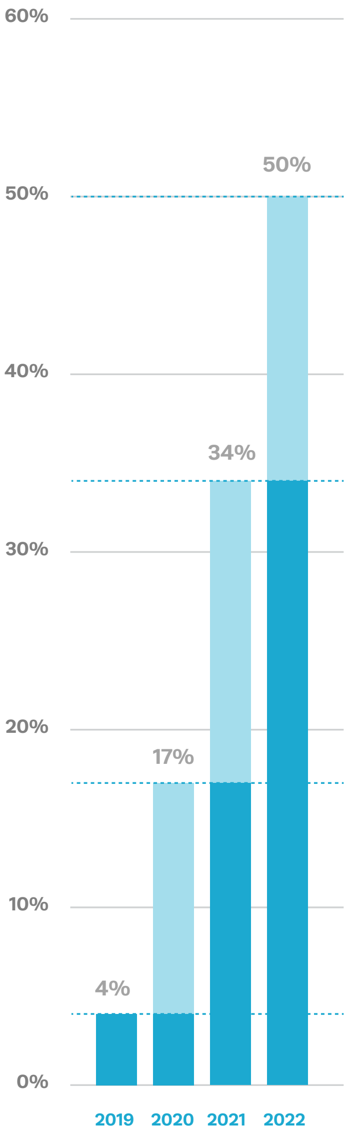
In June 2023, the International Sustainability Standards Board (ISSB) issued the inaugural International Financial Reporting Standards (IFRS) Sustainability Disclosure standards, which fully incorporate the TCFD recommendations. The IFRS Foundation will take responsibility for monitoring progress of the adoption of the TCFD recommendations as of 2024.

Trends in use of TCFD: In 2022, the G&A analyst team determined that 64% of the Russell 1000 reporters either mention or align with TCFD recommendations. Of the Russell 1000 reporting companies, 50% are in alignment with the TCFD recommendations, while the other 14% are simply mentioning the recommendations.

With growing discussions around regulating climate-related corporate disclosure, we anticipate those only mentioning the TCFD recommendations will improve their disclosures in the coming years and advance to full alignment. This will be additional growth building off the influx of TCFD reporters already.

More information on TCFD can be found here.

TCFD ALIGNMENTS



An additional 46% of Russell 1000 reporters have utilized TCFD since 2019.

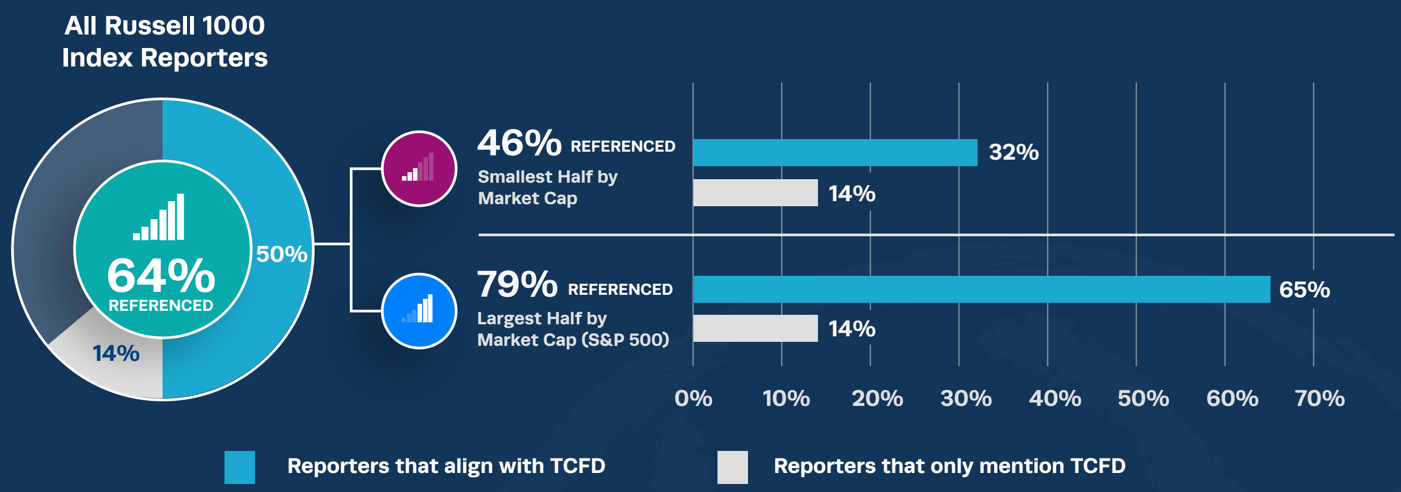
TCFD

G&A Analyst Note

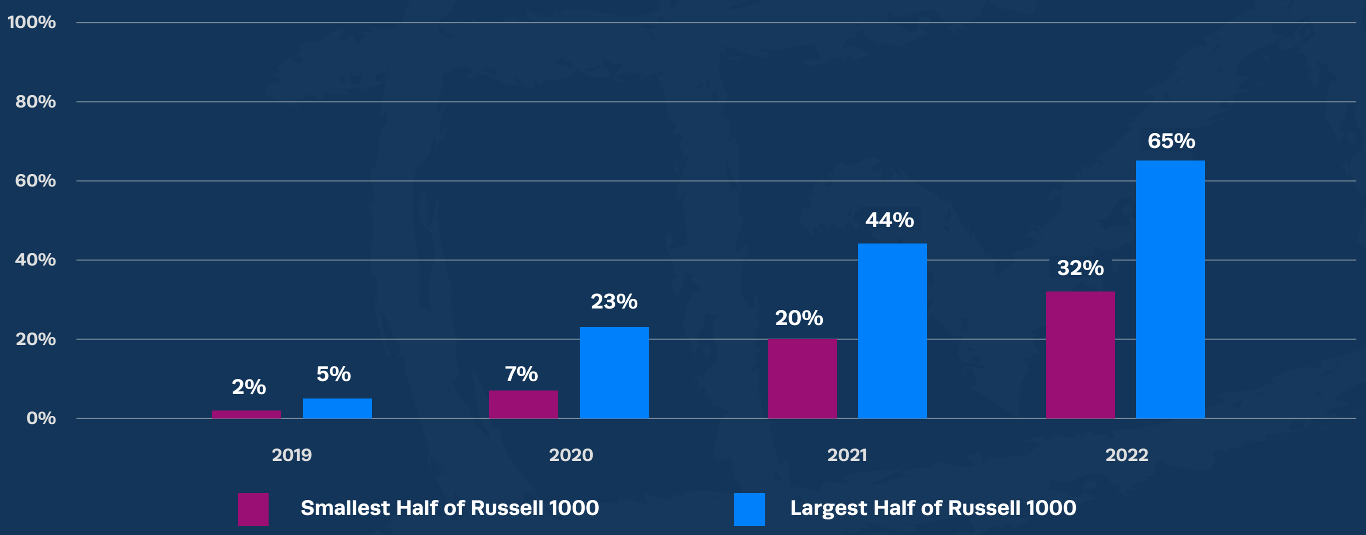
In 2022, we saw a substantial increase in TCFD reporters. An additional 46% of Russell 1000 reporters utilized the TCFD recommendations – up to 50% from 4% in 2019 when we first started tracking TCFD.

When focusing on just the S&P 500 companies, the number of reporters using TCFD increased to 65% in 2022, whereas the smaller half of the Russell 1000 amounts to only half of that – 32% in 2022.

TCFD MENTIONS & ALIGNMENTS IN 2022



TCFD ALIGNMENT OVER THE YEARS



Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

CDP RESPONDERS

Looking to improve your company's CDP Response? G&A can help! Learn more

G&A Analyst Note

In 2022, 25% of the S&P companies responding to the CDP Climate Change questionnaire scored an A- or higher; that percentage drops to less than half (9%) for the smaller half of the Russell 1000 companies.

CDP (formerly the Carbon Disclosure Project) was first organized over two decades ago to guide organizations in disclosing their environmental impact through an annual questionnaire where they are analyzed and scored. Initially, carbon emissions was the focus of the CDP Climate Change response, but over the years, CDP has included topic-specific surveys related to: water, forests, biodiversity, and supply chain. These scores and responses are made publicly available to all stakeholders.

CDP has collaborated with other ESG organizations to align this annual climate survey with various standards and frameworks. Recently, the CDP has made adjustments to align more closely with the TCFD recommendations. Going into 2024, CDP announced a collaboration with the International Financial Reporting Standards (IFRS) Foundation to incorporate the International Sustainability Standards Board (ISSB), particularly in the application of IFRS S2 Climate-related Disclosures, into CDP's disclosure process.

In 2022, 531 (53%) of the Russell 1000 companies responded to the CDP Climate Change questionnaire. For the S&P 500, the percentage of CDP responders was at a high of 74%, but only 32% of the smaller half of the Russell 1000 were CDP responders. Below is a makeup of the overall CDP Climate Change scores from the Russell 1000 responders.

CDP CLIMATE CHANGE

531

of Russell 1000 Index Companies Respond to CDP Climate Change*

CDP FORESTS

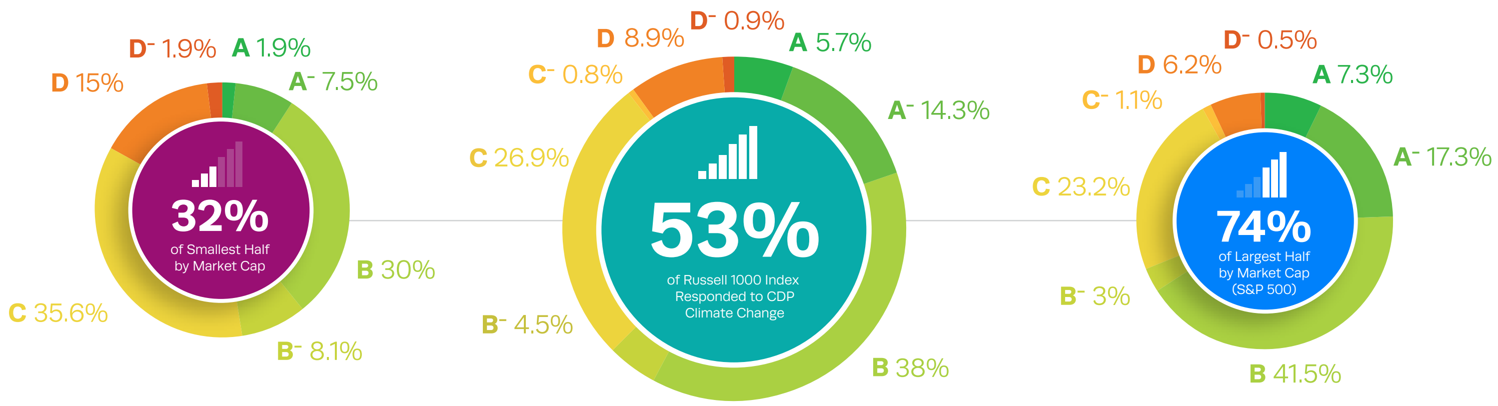
84

of Russell 1000 Index Companies Respond to CDP Forests

CDP WATER SECURITY

224

of Russell 1000 Index Companies Respond to CDP Water Security



* Letter scores assigned by CDP

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

EXTERNAL ASSURANCE

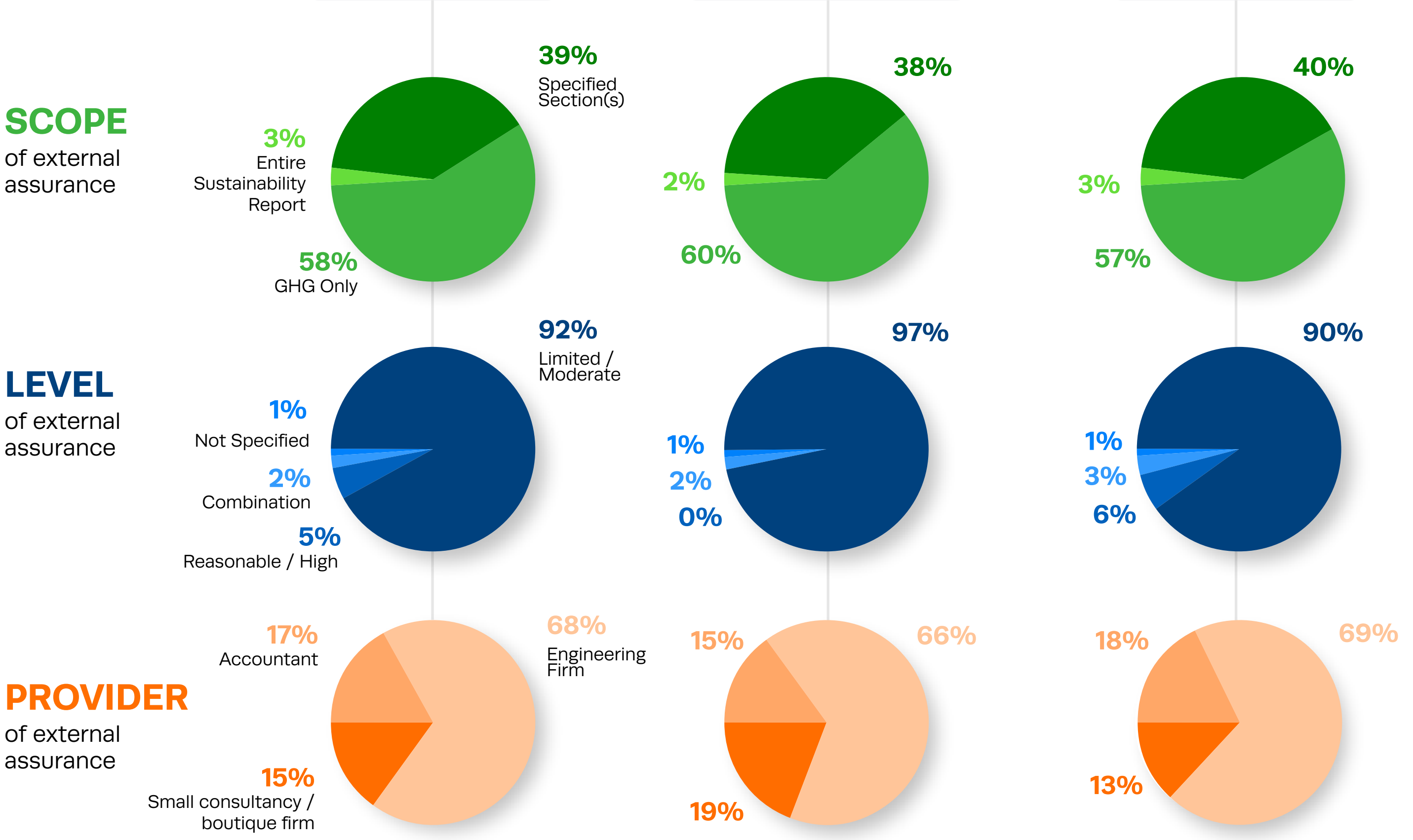
Frequently used synonyms:
assurance, external assurance, verification, or certification

A growing number of companies are choosing the route of external assurance for their environmental and/or social disclosures. Assurance provides increased recognition, transparency, and credibility for a company's ESG disclosures while reducing risk. Seeking external assurance often indicates strong internal reporting and management systems. Overall, assurance improves stakeholder communication and trust.

Among the Russell 1000 reporters, 40% obtained external assurance for their non-financial ESG disclosures in 2022 – that's up from 24% in 2019. When comparing this same percentage between the smallest and largest halves of the Russell 1000, we see the percentage more than doubles for S&P 500 with 57% of reporters obtaining external assurance in 2022.

Approaches to external assurance vary for each reporting company based on provider type, scope of assurance, and level of assurance. The below data shows the various details of assurance among the full Russell 1000, and breakouts of the smallest and largest halves. For example, using the charts below, we can see that more than half of the reporters with external assurance only had their greenhouse gas (GHG) emissions data external assured.

40%	**21%**	**57%**
of Russell 1000 Reporters Seek External Assurance	of Smallest Half by Market Cap	of Largest Half by Market Cap (S&P 500)
Up from **36%** in 2021	Up from **18%** in 2021	Up from **49%** in 2021



Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

SUSTAINABLE DEVELOPMENT GOALS & CORPORATE ALIGNMENT

SDG 8 is among the top SDG alignments from corporations

SDG 13 is among the top SDG alignments from corporations

The Sustainable Development Goals (SDGs) are a global agenda adopted by the world's governments at the United Nations (UN) in 2015, providing a common roadmap to achieving a more sustainable world by 2030.

Why are the SDGs important to businesses?

The halfway point of this global plan is upon us. But progress towards achieving the SDGs has been lost in recent years due to the COVID-19 pandemic, political upheaval, and insufficient action and investment around the world.

With only seven years left to achieve the goals, more effort is needed to address inequalities, the global impacts of the war in Ukraine, the challenges of climate change, and the need for greater data infrastructure. Because corporations are an important part of SDG implementation, capital markets are increasingly expecting more robust alignment with SDGs from companies they invest in. Further, local governments are seeking private partnerships in support of achieving the SDGs.

Aligning corporate strategy and disclosure with the SDGs can lead to better relationships and mutually beneficial partnerships with important stakeholders such as investors, local governments, communities, employees, and others. Showcasing SDG-aligned work also helps others learn from your efforts. In September 2023, the UN held a mid-point stocktaking of the 17 Goals – an SDG Summit – featuring the strongest examples of action from stakeholders like businesses, municipalities, and civil society.

How many reporters align with the SDGs?

In 2022, over 515 companies referenced the SDGs in their ESG reporting disclosures. 472 of those companies had alignments to specific SDGs and their relation to the company's corporate ESG strategy, initiatives, contributions, and other factors. The remaining 43 companies broadly referenced the overall SDGs and their importance. This amounts to 52% of Russell 1000 reporters aligning with the SDGs – an additional 20% compared to 32% of reporters in 2019.

From those 472 companies aligning with the SDGs, there are a total of 4,170 specific alignments with one or more of the 17 SDGs with S&P 500 companies representing the majority of alignments. G&A analysts examined the sustainability reports of the Russell 1000 companies to identify where they aligned their strategies and disclosures with the SDGs and the specific SDGs with which they aligned. We present the results of this analysis in the form of two heatmaps: one by sector and one by specific SDGs.

More information about the SDGs is available **here**.

Looking to align your strategies or reporting with the SDGs? G&A can help! **Learn more**

Source: Governance & Accountability Institute, Inc. 2023 Research – **ga-institute.com**

SDG ALIGNMENT BY SECTOR

In the sectors header across the top, we highlight the five sectors (1–5) with the highest percentage of companies aligning with SDGs.

REPORTING TRENDS IN FOCUS

This heatmap is color-coded by SDG (rows) and allows for quick identification of the sectors reporting the most alignment with specific SDGs. For example, we can see that the Russell 1000 sector aligning with SDG 3 the most are Health Care and Consumer Staples, and that the sectors aligning with SDG 11 the most are Real Estate and Utilities. We can also see that the sectors with the highest number of specific goal alignments overall are: Consumer Staples, Utilities, Real Estate, Materials, and Health Care, respectively.

SDG	Communications	Consumer Discretionary	Consumer Staples 1	Energy	Financials	Health Care 5	Industrials	Information Technology	Materials 4	Real Estate 3	Utilities 2	TOTAL
SDG 1: No Poverty	4%	11%	31%	14%	10%	8%	8%	17%	14%	5%	15%	12%
SDG 2: Zero Hunger	0%	17%	58%	16%	3%	11%	13%	10%	21%	3%	15%	13%
SDG 3: Good Health and Well-Being	31%	33%	54%	41%	20%	54%	35%	27%	47%	49%	31%	36%
SDG 4: Quality Education	27%	25%	38%	32%	19%	26%	27%	34%	33%	24%	26%	28%
SDG 5 Gender Equality	27%	37%	54%	27%	27%	45%	39%	39%	48%	49%	36%	39%
SDG 6: Clean Water and Sanitation	12%	26%	60%	30%	9%	21%	26%	18%	43%	32%	33%	25%
SDG 7: Affordable and Clean Energy	19%	31%	56%	46%	20%	16%	29%	26%	40%	51%	72%	32%
SDG 8: Decent Work and Economic Growth	31%	41%	63%	43%	30%	39%	43%	44%	45%	46%	54%	42%
SDG 9: Industry, Innovation and Infrastructure	8%	19%	25%	32%	14%	30%	41%	37%	38%	33%	62%	31%
SDG 10: Reduced Inequalities	19%	33%	50%	22%	24%	35%	32%	36%	31%	38%	38%	33%
SDG 11: Sustainable Cities and Communities	12%	17%	29%	14%	19%	12%	31%	21%	29%	54%	49%	25%
SDG 12: Responsible Consumption and Production	15%	40%	65%	35%	16%	45%	41%	36%	55%	41%	28%	38%
SDG 13: Climate Action	31%	42%	63%	43%	29%	40%	40%	46%	53%	57%	64%	44%
SDG 14: Life Below Water	8%	17%	38%	27%	5%	8%	10%	5%	28%	3%	21%	12%
SDG 15: Life on Land	15%	22%	52%	38%	7%	7%	13%	10%	34%	13%	36%	17%
SDG 16: Peace, Justice and Strong Institutions	19%	18%	31%	16%	10%	17%	22%	21%	22%	16%	18%	19%
SDG 17: Partnerships for the Goals	19%	15%	29%	11%	11%	21%	17%	16%	33%	19%	15%	18%
% OF REPORTERS IN EACH SECTOR ALIGNING ON SDGS	38%	46%	73%	51%	34%	55%	52%	53%	59%	67%	72%	52%
TOTAL COMPANIES ALIGNING ON SDGS	10	53	35	19	42	57	74	78	34	42	28	472
TOTAL REPORTERS	26	114	48	37	122	103	143	147	58	63	39	900
TOTAL COMPANIES IN RUSSELL 1000	43	123	52	37	142	117	154	168	59	67	39	1001

Source: Governance & Accountability Institute, Inc. 2023 Research – **ga-institute.com**

SDG ALIGNMENT BY SDG

REPORTING TRENDS IN FOCUS

This heatmap is color-coded by sector (columns) and allows for quick identification of the most popular SDG alignments for each sector. For example, in 2022, the most popular SDGs in the Real Estate sector are: SDG 13, SDG 11, and SDG 7. We can also see that the most popular SDGs among the Russell 1000 overall are: SDG 13, SDG 8, SDG 5, SDG 12, and SDG 3, respectively. During the 2020 reporting year, we saw SDG 3: Good Health and Well-Being replace SDG 7 as a top SDG alignment. We attribute SDG 3's rise in importance to the impacts of the COVID-19 pandemic.

In the SDG column on the left-hand side, we highlight the five SDGs (1-5) most aligned with among the Russell 1000 reporters.

SDG	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	TOTAL
SDG 1: No Poverty	4%	11%	31%	14%	10%	8%	8%	17%	14%	5%	15%	12%
SDG 2: Zero Hunger	0%	17%	58%	16%	3%	11%	13%	10%	21%	3%	15%	13%
⑤ SDG 3: Good Health and Well-Being	31%	33%	54%	41%	20%	54%	35%	27%	47%	49%	31%	36%
SDG 4: Quality Education	27%	25%	38%	32%	19%	26%	27%	34%	33%	24%	26%	28%
③ SDG 5 Gender Equality	27%	37%	54%	27%	27%	45%	39%	39%	48%	49%	36%	39%
SDG 6: Clean Water and Sanitation	12%	26%	60%	30%	9%	21%	26%	18%	43%	32%	33%	25%
SDG 7: Affordable and Clean Energy	19%	31%	56%	46%	20%	16%	29%	26%	40%	51%	72%	32%
② SDG 8: Decent Work and Economic Growth	31%	41%	63%	43%	30%	39%	43%	44%	45%	46%	54%	42%
SDG 9: Industry, Innovation and Infrastructure	8%	19%	25%	32%	14%	30%	41%	37%	38%	33%	62%	31%
SDG 10: Reduced Inequalities	19%	33%	50%	22%	24%	35%	32%	36%	31%	38%	38%	33%
SDG 11: Sustainable Cities and Communities	12%	17%	29%	14%	19%	12%	31%	21%	29%	54%	49%	25%
④ SDG 12: Responsible Consumption and Production	15%	40%	65%	35%	16%	45%	41%	36%	55%	41%	28%	38%
① SDG 13: Climate Action	31%	42%	63%	43%	29%	40%	40%	46%	53%	57%	64%	44%
SDG 14: Life Below Water	8%	17%	38%	27%	5%	8%	10%	5%	28%	3%	21%	12%
SDG 15: Life on Land	15%	22%	52%	38%	7%	7%	13%	10%	34%	13%	36%	17%
SDG 16: Peace, Justice and Strong Institutions	19%	18%	31%	16%	10%	17%	22%	21%	22%	16%	18%	19%
SDG 17: Partnerships for the Goals	19%	15%	29%	11%	11%	21%	17%	16%	33%	19%	15%	18%
% OF REPORTERS IN EACH SECTOR ALIGNING ON SDGS	38%	46%	73%	51%	34%	55%	52%	53%	59%	67%	72%	52%
TOTAL COMPANIES ALIGNING ON SDGS	10	53	35	19	42	57	74	78	34	42	28	472
TOTAL REPORTERS	26	114	48	37	122	103	143	147	58	63	39	900
TOTAL COMPANIES IN RUSSELL 1000	43	123	52	37	142	117	154	168	59	67	39	1001

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

LOOKING AHEAD: CHANGES TO THE REPORTING LANDSCAPE

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

LOOKING AHEAD: CHANGES TO THE REPORTING LANDSCAPE

In 2023, a few trends in the corporate ESG reporting landscape continued to progress. The consolidation and interoperability of reporting standards and frameworks increased, as did regulation of sustainability reporting. Climate risk came to the fore as a common thread among standards and regulations, while issues such as biodiversity gained more traction.

In the EU, the regulation trend accelerated in July 2023 with the adoption of the European Sustainability Reporting Standards (ESRS) – a significant step forward for implementation of the Corporate Sustainability Reporting Directive (CSRD) adopted in late 2022.

The consolidation within standards-setting organizations saw a significant development as the International Sustainability Standards Board (ISSB) released its first set of standards integrating both the SASB Standards and TCFD recommendations. Heading into 2024, CDP announced its intention to integrate the ISSB's Standards, the ESRS, and the newly published recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) into its questionnaire.

In the U.S., new climate-related reporting regulations also emerged at the state level in California, while federal regulations remained pending. The G&A team anticipates that regulations will usher in an era of management-level responsibility for controls on non-financial data that is reminiscent of the mandatory changes to U.S. financial reporting driven by the Sarbanes-Oxley Act more than 20 years ago.

About the IFRS Sustainability Disclosure Standards

In 2021, the Trustees of the International Financial Reporting Standards (IFRS) Foundation formed the ISSB with a stated goal of developing "standards that would result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets."

The inaugural IFRS Sustainability Disclosure Standards, IFRS S1 and IFRS S2, were issued by the ISSB in June 2023 and will go into effect on January 1, 2024. They were designed to follow the trajectory of the IFRS Accounting Standards, which have been adopted by over 140 jurisdictions around the world. Building upon the SASB Standards, IFRS S1 provides disclosure requirements related to the sustainability-related risks and opportunities companies face over the short-, medium-, and long-term. The recommendations of the TCFD are built into IFRS S2, which requires disclosures specifically for climate-related risks and opportunities. Dozens of jurisdictions are currently considering adoption, with Brazil already committing to integration within its regulatory reporting.

About the European Sustainability Reporting Standards

In an effort to make sustainability reporting as standardized and obligatory as financial reporting, the European Parliament officially adopted the CSRD in November 2022 to come into effect on January 1, 2024.

Both EU-based and non-EU-based companies that fall within the scope of the CSRD requirements will have to report sustainability information in line with the new ESRS or equivalent standards along a phased implementation timeline spanning 2025-2029. The majority of companies in the Russell 1000 Index operate globally with significant operations in the EU and will therefore be within the scope of CSRD's mandatory sustainability reporting, or at minimum be requested for information from value chain partners that fall within the scope of compliance.

The ESRS are highly aligned with both the GRI and IFRS Sustainability Disclosure Standards; however, the ESRS require a greater level of detail in the form of two mandatory cross-cutting standards (ESRS 1 and ESRS 2) and 10 standards on environmental, social, and governance topics that must be used if material to the reporting company from a "double materiality" perspective.

In Focus: Climate Regulation

What do each of these emerging standards and regulations have in common (besides being part of a growing acronym soup)?

- **ISSB's Sustainability Disclosure Standards (IFRS S1, S2)**
- **EU's Corporate Sustainability Reporting Directive (CSRD)**
- **EFRAG's European Sustainability Reporting Standards (ESRS)**
- **SEC Climate Disclosure Rule (CDR)**
- **California's Climate Corporate Data Accountability Act (SB 253)**
- **California's Climate-Related Financial Risk Act (SB 261)**

They are just a few examples, among an even larger group of regulations and standards, that recognize standardized and assured climate disclosures by corporations around the world as necessary to address climate change, one of the most pivotal issues of our time.

While many companies are struggling to find their way to navigate these new regulations and standards, they share common and familiar ground when it comes to climate disclosures. Each one incorporate concepts and methodologies from:

- **Task Force on Climate-Related Financial Disclosures (TCFD) – which is used to structure the four-pillar climate disclosure approach of Governance, Strategy, Risk Management, Metrics and Targets used throughout all of these.**
- **GHG Protocol Corporate Standard – which is used to conduct the energy and emissions accounting needed to determine a company's GHG emissions (Scope 1, 2, and 3).**
- **GHG Protocol Corporate Value Chain (Scope 3) Standard – which builds upon the Corporate Standard to guide Scope 3 accounting methodologies.**

LOOKING AHEAD: CHANGES TO THE REPORTING LANDSCAPE

Some good news for companies navigating their way through the transition from voluntary to a mandatory disclosure environment is that commonly used voluntary disclosure standards such as GRI, SASB, and the CDP Climate Change questionnaire all utilize these same core methodologies, and many companies have already been using these for years (as shown in our research).

In Conclusion

We expect climate disclosure to mature at a rapid pace in the years to come. In the U.S., the Securities and Exchange Commission (SEC) is working on finalizing their climate disclosure rules. The State of California has decided to forge ahead with its own laws mandating disclosure on Scope 1, 2, and 3 emissions and certain climate risks for companies with operations in the state that meet certain revenue thresholds.

The overall takeaway is that whether it is from Europe or here in the U.S. (federally or locally), the tracking and disclosure of climate-related information is now a necessity for companies around the world.

Our analysts at G&A will continue to monitor these trends and modify our research data points to closely follow the practices of companies adapting to these shifts. Be on the lookout for much more information related to climate disclosure in our annual Trends Reports in the years to come.

2022 REPORTING IN REVIEW:

Alignments Among Russell 1000 Sustainability Reporters

SASB STANDARDS
Now part of IFRS Foundation

78%

GRI

54%

TCFD

50%

Lauren Knauss
Director, Climate Change Consulting
G&A Institute

> ***"The climate disclosure landscape is undergoing a significant transformation, marked by the introduction of increasing regulations. What was once a distant horizon of mandatory climate disclosure has now become an immediate focal point for companies.***
>
> ***The pressure to fully grasp and comply with the evolving climate disclosure mandates is significant.***
>
> ***As businesses transition from voluntary to mandatory climate disclosure reporting, it's essential to recognize that these regulations align closely with established standards and frameworks, including the GHG Protocol, TCFD, CDP, and SBTi. This alignment not only highlights the importance of consistency but also underscores the critical role of uniformity in effectively addressing climate-related issues."***

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

ABOUT G&A

ABOUT THE G&A RESEARCH TEAM

Each year a small group of highly-qualified analysts research, capture, and analyze the prior year's corporate sustainability disclosure and reporting activities. G&A's EVP and Co-founder, Louis D. Coppola, is the architect and overall manager of the research, starting with the conception and research efforts of the first analysis in 2011. In 2023, the G&A analyst team worked under the supervision of Elizabeth Peterson, VP of Sustainability Consulting, with the assistance of Natali Alsunna, Sustainability Analyst, as Team Leader. We proudly recognize the 2023 team of talented analysts: Emma Haynes, Grace Cusack, and Francesca Edralin — all of whom made significant contributions to this study.

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G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™

Interested in participating?

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Our next round of applications is due April 2024.

Specialized Team, Expansive Offerings

At G&A Institute we are experts in corporate ESG performance — a firm's environmental performance, management of social issues, and effective corporate governance. No matter where your organization may be in its sustainability journey, G&A can assist.

HERE IS HOW WE CAN HELP YOU:

Sustainability & ESG Consulting

Enhance your reporting

- Guidance from start to finish in developing a sustainability program
- Materiality assessments and gap analyses to guide ESG strategy and disclosures
- Environmental impact goals and strategies, and target-setting around GHG reduction such as net-zero goals, science-based targets (e.g. **SBTi**), and renewable energy strategies
- Assess climate-related risks and opportunities
- World-class sustainability reporting aligned with **GRI**, **SASB**, **TCFD**, **SDGs**, **Bloomberg GEI**, **CSRD/ESRS**, and other leading frameworks
- Topic-specific, deep-dive reports (e.g. diversity, human rights, climate transition, etc.)
- Enhanced response to ESG surveys for clients and third-party organizations (e.g. **CDP**, **S&P CSA**, **EcoVadis**, and **UN Global Compact Communication on Progress**)
- Create/update ESG-related policies to strengthen performance (e.g. business ethics, codes of conduct, human rights, sustainability)

Communications & Design

Spread the word

- Publish fully designed sustainability reports and annual updates
- Create dedicated sustainability webpages or microsites
- Develop communications, videos, and social media toolkits and campaigns to engage investors, employees, customers, and communities
- Develop strategies to earn ESG awards and recognition

Investor Relations

Engage your investors

- Review ESG investor scores, engage with ratings organizations, strategize and improve programs and disclosures to maximize your scores and ratings (e.g. **MSCI**, **Sustainalytics**, **ISS**, **Bloomberg**, **Refinitiv**, **FTSE Russell**)
- Analyze shareholder base to identify ESG-focused investors and enhance shareholder relationships
- Respond to investor-focused ESG survey

Our Top Services

- **Full-suite Sustainability Reporting**
- **Materiality Assessment**
- **S&P CSA Response**
- **CDP Response**
- **ESG Policy Development**
- **Climate Change/ GHG Inventories**
- **ESG Investor Data Response**

Source: Governance & Accountability Institute, Inc. 2023 Research – ga-institute.com

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G&A is proud to invite your in-depth review of our comprehensive research findings and analysis throughout the report below. As a public service to further G&A's mission of education and information sharing, this report is an important demonstration of our efforts. We will continue to publish annual updates on the sustainability reporting trends found in this report to inform the corporate sustainability community. Our findings are meant to be used by various stakeholder groups, including investors, companies, professionals, governments, and more.

ABOUT G&A INSTITUTE

Governance & Accountability Institute, Inc. (G&A) is a strategy consulting, advisory, communications, and research firm focused on the key issues of corporate sustainability and responsibility. We serve the leaders and boards of organizations in the corporate sector and in the investment community. We assist corporations in creating and executing winning strategies that maximize return on investment at every step of their sustainability journey.

Want to know more? Let's Talk!

For information about the Russell 1000 Index research effort and G&A's suite of sustainability, ESG, and climate change services offered, please contact:

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