



CECP Study: ESG Data Disclosures Increase, Diversity Lags

Annual report analyzing the state of corporate purpose & ESG landscape finds 31.6% growth in companies' net-zero emissions targets

NEW YORK, April 26, 2022—On the heels of newly proposed environmental and social governance (ESG) disclosure requirements from the SEC, a new Chief Executives for Corporate Purpose® (CECP) *Investing in Society* report finds ESG related corporate data disclosures are increasing. And yet despite progress around environmental metrics and governance practices, the study found workforce and board diversity are lagging.

The study, an annual report on the state of corporate purpose that companies use to benchmark their goal setting and disclosures, found companies are adapting very quickly to setting net-zero and carbon-neutrality goals. For example, Fortune 500 companies with net-zero emissions targets rose from 2.9% in 2018 to 31.6% in 2020. The study also confirms that COVID-19 negatively impacted females in the global workforce, with women's representation in management barely increasing from 29% in 2018 to 30% in 2020; and 36% of women in the workforce in 2018 and 36.95% in 2020. Other key findings include:

- **E:** Greenhouse gas (GHG) emissions and energy use both fell early in the pandemic moving from 805 Mt to 709.6 Mt. but rose again as the economy rebounded. Additionally, the number of boards with a dedicated Sustainability Committee rose 18 percentage points, from 41% to 59%. Despite this progress, access to clean water for personal and industrial use remains a key global, systemic issue for companies to manage.
- **S:** Community investment increased substantially and nearly doubled from a median total community investment of \$27B in 2018 to \$45B in 2020, driven by the pandemic and social justice movements. And the number of companies actively managing social supply chain issues—such as supporting human rights or eliminating the use of child labor—has increased by double digits between 2018 and 2020, from 71.3% to 82%.
- **G:** Boards of Directors are becoming increasingly involved in ESG; the number of companies that have a Sustainability Committee reporting into the board grew from 41% in 2018 to 59% in 2020. And while investors are paying more attention to gender diversity on boards, the percentage of women on boards only increased slightly, from 25% to 27.3%, between 2018 and 2020.
- **ESG Disclosures:** Driven by investor demand, companies are increasing the disclosure of material ESG data year-over-year. Median Bloomberg ESG Disclosure Scores increased from 37.19 in 2018 to 44.21 in 2020, an 18.9% increase. Environmental Disclosure Score medians showed a 22% increase between 2018 and 2020, with both investors and society placing greater importance on how a company manages climate-related issues.

Investing in Society analyzes the latest trends in ESG metrics for companies in the Fortune 500. The report summarizes these findings through three tools, including the CECP ESG Scorecard; CECP's ESG Factor Analysis; and a breakdown of each Key Performance Indicator (KPI) in the scorecard with an analysis of the three-year (FY 2018-2020) median performance on each metric, which is enhanced by CECP's thought leadership and a review of sector-wide opinion and research.



"With the SEC guidance looming, companies that do not feel confident in their ESG reporting need a fast-track way to get on board," said Jenna Moore, Manager, ESG & Sustainable Business Insights, CECP. "CECP's *Investing in Society* provides a playbook for what counts, including where companies are making progress and where there is work to be done. It helps companies really focus when expectations are now at their highest."

As companies face increasing pressure from investors, customers, society, and government, there will also be heightened expectations to demonstrate forward-looking goals and policies that create net positive environmental and social impact. CECP helps organizations navigate the evolving ESG landscape by providing research, benchmarking, and tools, such as the Long-Term Plan Framework to guide companies in setting long-term goals to make a positive social impact..

The 2022 edition of *Investing in Society* is available for free on cecp.co.

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About Chief Executives for Corporate Purpose (CECP)

Chief Executives for Corporate Purpose® (CECP) is a trusted advisor to companies on their corporate purpose journeys to build long-term sustainable value and tell their impact stories. Working with CEOs and leaders in corporate responsibility, sustainability, foundations, investor relations, finance, legal, and communications, CECP shares actionable insights with its CEO-led coalition to address stakeholder needs.

Founded in 1999 by actor and philanthropist Paul Newman and other business leaders, CECP is a movement of more than 200 of the world's largest companies that represent \$11.2 trillion in revenues, \$23 billion in total community investment, 14 million employees, 30 million hours of employee engagement, and \$21 trillion in assets under management. CECP helps companies transform their strategy by providing benchmarking and analysis, convenings, and strategy and communications in the areas of societal/community investment, employee engagement, environmental social governance/sustainable business, diversity equity inclusion, and telling the story.

For more information, visit <http://cecp.co>.