2024 EDITION

Investing in Society

The state of corporate purpose:
How companies perform on material issues

Chief Executives for Corporate Purpose®

CECP
25 YEARS

About CECP

Chief Executives for Corporate Purpose® (CECP) is the only business counsel and network dedicated to driving measurable returns on purpose. We promote responsible, purpose-driven business as it increases customer loyalty, builds employee engagement, improves brand trust, attracts top talent, connects with strategic investors, and contributes to the bottom line. More than 200 of the world's leading companies seek to improve their return on purpose through access to CECP's solutions in research and insights, strategy and benchmarking, and convening and communications. With our companies, we harness the power of purpose for the benefit of business, stakeholders, and society.

Contents

Dear Colleagues,

Chief Executives for Corporate Purpose (CECP) is pleased to share the seventh edition of *Investing in Society*. The corporate landscape is experiencing a significant shift in stakeholder expectations. Internal and external stakeholders now expect transparency on material issues and risks connected to purpose and long-term value. At the same time, some issues have been polarized. Companies that were once disclosing valuable diversity, equity, and inclusion (DEI) progress and initiatives are now more guarded. Companies once pressing forward with a Just Transition are now considering scaling back their regenerative economy efforts. Simultaneously, companies are still feeling the tailwinds of the racial equity awakening and economic and trade uncertainties, as well as pressure from stakeholders to act with purpose.

Investing in Society provides a quantitative and qualitative examination of the state of corporate purpose, assessing how social and political pressures are impacting the corporate sector's corporate purpose and long-term sustainable value creation efforts. This year's report analyzes the latest trends in disclosures for companies in the Fortune 500® and S&P Global 1200 to compare corporate sector trends in the U.S. and globally and summarizes these findings through the CECP Integrated Disclosure Scorecard. The scorecard assesses the four-year (2019-2022) median performance of each Key Performance Indicator (KPI).

This 2024 edition and CECP Integrated Disclosure Scorecard aligns with CECP's Integrated Long-Term Plan Framework, which was updated in 2023 to reflect the evolving business landscape and shifting stakeholder priorities. The scope of the original framework was expanded due to the rising importance of climate risk and biodiversity. "Integrated" was added to the name to underscore the importance of integrated thinking in long-term sustainable value creation.

As the world faces mounting challenges—including climate change, geopolitical instability, and technological disruption—organizations should take an integrated, forward-looking approach in operating their business, recognizing that their actions ripple well beyond boardrooms and balance sheets. Transparency is the currency of trust. Stakeholders demand comprehensive disclosures that are not merely glossy reports. Companies that embrace openness will thrive, while opacity on key material issues risks reputational erosion.

In this report, we explore trends, analyze case studies, and provide actionable insights. As we continue this transformative journey, let us remember that disclosures and policies aren't part of a checklist; they are a commitment to a better world—one in which profit aligns with purpose and sustainability becomes synonymous with success.

Sincerely,

Jenna Moore
Senior Manager, ESG & Sustainable Business Insights
CECP

Executive Summary

Investing in Society: 2024 Edition

About this Report:

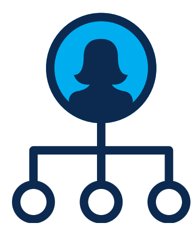
Investing in Society examines how concurrent social and political pressures are impacting the corporate sector's publicly facing disclosures. It also analyzes the latest trends in ESG metrics for companies in the Fortune 500® and S&P Global 1200. Using the CECP Integrated Disclosure Scorecard to summarize these findings, the report explores trends, presents case studies, and provides the actionable insights that corporate purpose leaders need to inform their companies' long-term sustainable value creation strategies.

Key Highlights:

Positive performance on 45 out of the 47 KPIs in the CECP Integrated Disclosure Scorecard.

Strong female representation in leadership positions correlates with positive business performance.

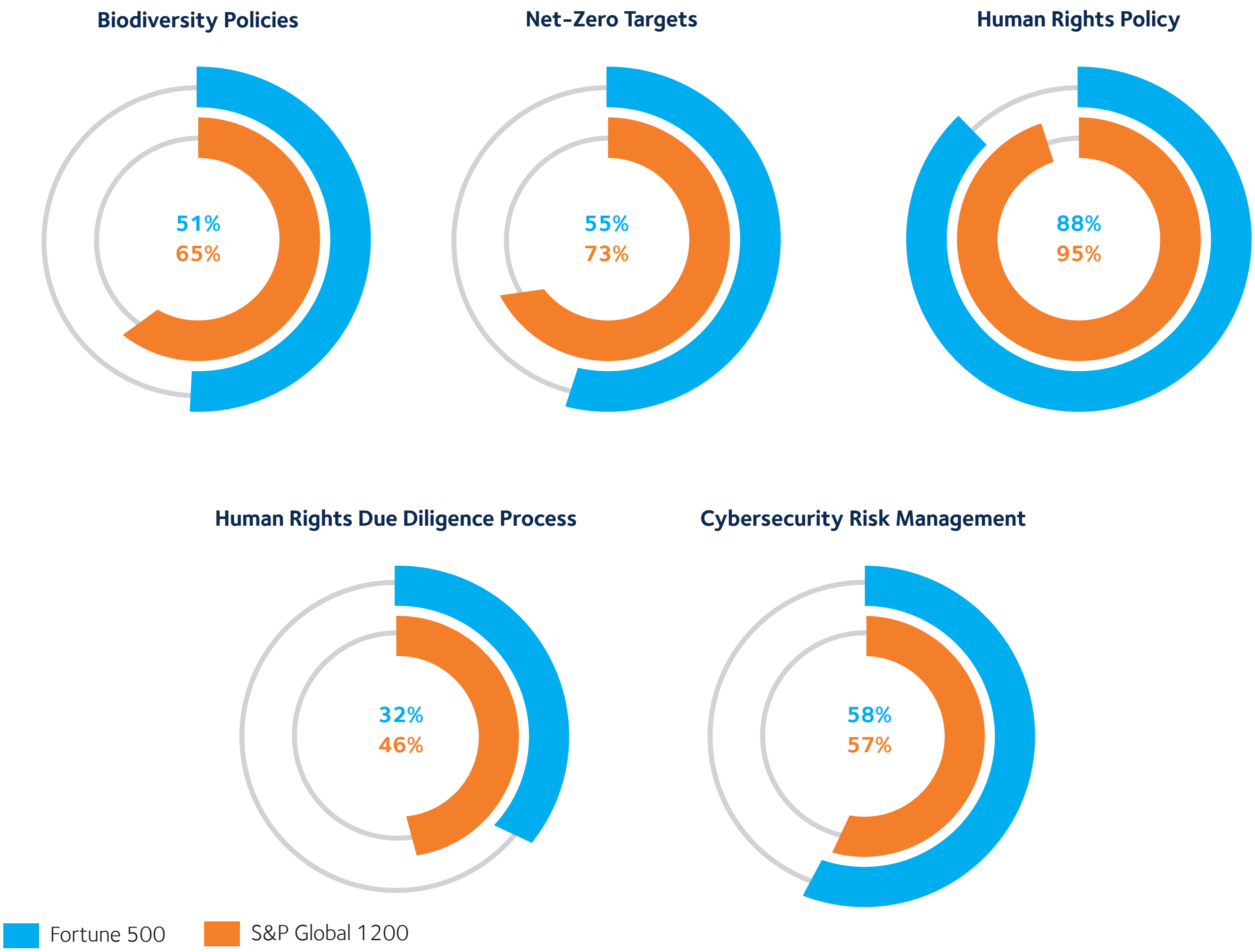
CEOs believe corporate purpose is more important than ever, yet most employees do not know what their company's corporate purpose statement is.



Greater investment in actionable initiatives is needed to achieve gender parity, as recently the percentages of female CEOs, female executives, and women in the workforce have seen minimal growth.

Companies are rapidly linking environmental and/or diversity performance to executive compensation.

Percentage of Companies with:



Share these insights among your corporate peers:

- **CEO:** Geopolitical threats are among the top concerns of CEOs around the globe.
- **CHRO:** Less than half of companies share employee engagement scores.
- **CDO:** Few companies have robust diversity disclosures and targets.
- **CSO:** Half of Fortune 500 companies and two-thirds of S&P Global 1200 companies have biodiversity policies.
- **CFO:** Companies with top revenue growth prioritize GHG emissions-related disclosures and policies.
- **IR:** Investors believe climate risk disclosure is at least as important as financial disclosure.
- **Corporate foundations:** Total community investment is up overall but growing slowly.
- **Chief purpose officer (e.g., CSR, CR, impact, purpose, social):** Purpose matters more than ever, yet most employees do not know what their company's corporate purpose is.

CECP's Integrated Long-Term Plan Framework

CECP and our coalition of companies and their institutional investors are committed to reorienting the capital markets toward the long term.

Our leading research and feedback from institutional investors contribute to the guidance we provide companies to develop and communicate effective long-term strategic plans to inform investment, voting, and engagement decisions. Discussion of the tension between short- and long-term considerations dominated the conversation at CECP's annual CEO gathering, the Board of Boards, in 2015 (Figure 1). Following that event, CECP has led the initiative to operationalize long-term value creation in the capital markets, resulting in the publicly available Integrated Long-Term Plan Framework. Companies use CECP's proprietary Integrated Long-Term Plan Framework to communicate their sustainable value creation strategy and key forward-looking metrics over a three-to-five-year time horizon.

FIGURE 1: Timeline of CECP's Integrated Long-Term Plan Framework

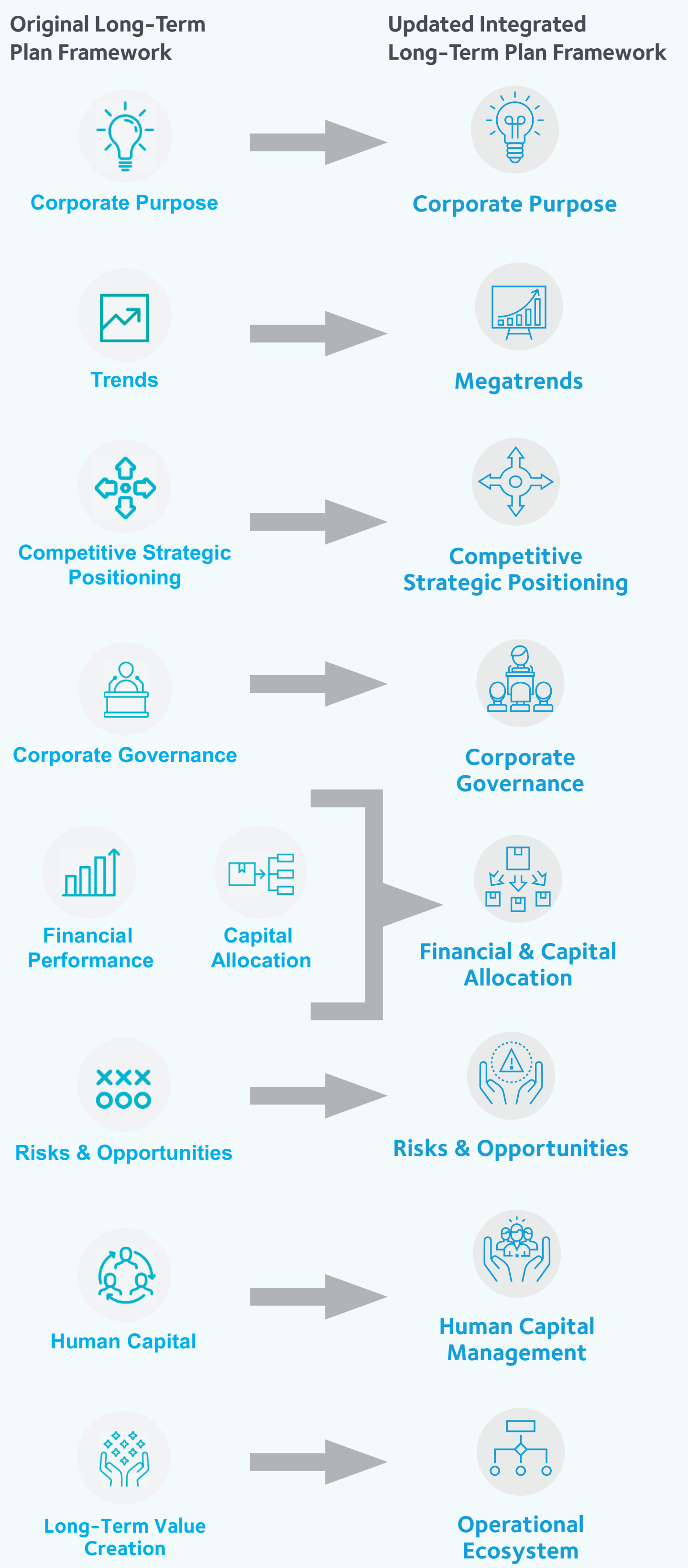
- **2015** CEOs at CECP's annual Board of Boards highlight the need to shift the conversation with investors to focus on long termism.
- **2016** Larry Fink, CEO, BlackRock and Ronald P. O'Hanley, President & CEO, State Street write letters to CEOs and boards requesting a strategic framework for long-term value creation.
- CECP's Strategic Investor Initiative completes a series of roundtables with 200+ senior executives and institutional investors.
- **2017** CECP releases the Long-Term Plan Framework and holds its inaugural CEO Investor Forum, where CEOs of publicly traded companies present their company's plans to create long-term value.
- **2023** CECP releases the updated Integrated Long-Term Plan Framework and more than 50 CEOs have presented their Integrated Long-Term Plans to date.

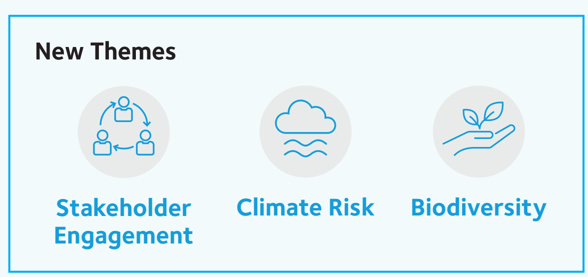
Integrated Long-Term Plans are essential to guiding internal strategic decision-making, communicating forward-looking objectives with stakeholders, and breaking down silos within organizations (Figure 2). These plans should be tracked in short-term reporting (e.g., annual reports) and updated with a regular cadence. Data for Integrated Long-Term Plans may be pulled from various standards, though the framework itself is aligned with the International Sustainability Standards Board (ISSB).

FIGURE 2: Eight Reasons Companies Share Integrated Long-Term Plans

1. **Demonstrate there is an effective, forward-looking strategy**
2. **Show that the company can anticipate and capitalize on megatrends**
3. **Help investors understand how sustainability issues and strategies are material to overall business strategy**
4. **Enable the C-Suite to reflect on the corporate ecosystem, including a consideration of its stakeholders**
5. **Inspire—and retain—key stakeholders, such as employees, customers, partners, suppliers, and more over the long term**
6. **Communicate key priorities to cultivate a long-term investor base**
7. **Create a favorable context for the company to execute short-term actions in the effort to achieve long-term objectives**
8. **Force functions to break down silos within an organization**

FIGURE 3: CECP's Updated Integrated Long-Term Plan Framework





Foundational to the updated framework is how material issues underpin all business practices (Figure 3). This year's *Investing in Society* explores corporate purpose performance in the context of CECP's Integrated Long-Term Plan Framework. Due to limitations in comparing qualitative information, not all themes within CECP's Integrated Long-Term Plan Framework are represented in the quantitative data analysis; therefore, they have been supported with supplemental research.

CECP's Integrated Long-Term Disclosure Assessment

CECP's Integrated Long-Term Disclosure Assessment (ILTDA)—a solution offered only to CECP affiliates—analyzes a company's disclosures oriented to CECP's Integrated Long-Term Disclosure Framework. This assessment provides companies with confidential insights on how their public-facing reports and disclosures align with the information most important to long-term institutional investors and other stakeholders. The ILTDA helps companies communicate their sustainable value creation strategy over a three-to-five-year time horizon.

Contact insights@cecp.co to learn more about how to receive a complimentary ILTDA.

Corporate Disclosure

	FORTUNE 500				S&P GLOBAL 1200			
METRIC	N	2019	2022	Δ	N	2019	2022	Δ
ESG Disclosure Score (Median)	438	51.8	56.5	8.9%	1086	52.8	56.3	6.6%
Environmental Disclosure Score (Median)	438	35.7	43.6	22.2%	1086	37.8	44.1	16.7%
Social Disclosure Score (Median)	438	29.2	32.7	12.1%	1086	32.1	35.1	9.3%
Governance Disclosure Score (Median)	438	87.5	91.2	4.3%	1086	87.5	89.9	2.7%

Numbers in green indicate positive growth.

Corporate disclosures continue to rise but companies are wary about sharing too much.

Companies continue to increase the amount of information and data they're disclosing. Driven by investor demand, all four metrics measuring disclosure have risen from 2019 to 2022. Particularly noteworthy is the substantial growth in environmental disclosures within both the Fortune 500 and S&P Global 1200 datasets. Unsurprisingly, social disclosures saw the second largest increase from 2019 to 2022. The COVID-19 pandemic and racial equity awakening contributed to societal pressures on companies to increase their social disclosures during the four-year period. Governance disclosures increased the least as companies have been disclosing governance data at high levels.

When looking at the year-over-year changes in Fortune 500 disclosure scores, we see significantly smaller growth after environmental, social, and governance (ESG) backlash came to the fore in the U.S. in 2022. Environmental disclosures increased by only 3.7% from 2021 to 2022, compared to a 9.3% increase from 2020 to 2021. Conversely, in the S&P Global 1200, environmental disclosure grew steadily by 4.2% from 2020 to 2021 and 4.1% from 2021 to 2022, driven by the increase in mandatory ESG disclosures around the world. When examining year-over-year trends in social disclosures, we see that companies in the Fortune 500 decreased disclosures by 1.2% from 2021 to 2022, compared to a 3.4% increase from 2020 to 2021. Companies had been proactively communicating more on DEI iniatives after the murder of George Floyd, but began backtracking as DEI backlash emerged. Comparatively, companies in the S&P Global 1200 continued increasing social disclosures each year, up 1.3% from 2021 to 2022.

Variables with significant positive changes driving higher environmental disclosure scores:

- Adopting the Task Force for Climate-Related Financial Disclosures (TCFD) recommendations
- Conducting climate scenario analysis
- Disclosing climate change policy
- Disclosing net-zero targets
- Setting science-based targets
- Discussing climate-related risks

Megatrends

Corporate leaders navigate concurrent external events and trends impacting business operations and long-term value creation. Extreme weather events, societal polarization, and interstate, armed conflict are within the top five global risks projected over the next two years.[1] These risks, in addition to rapid technological advances, will have substantial impacts on how companies operate over the next five years and beyond.

Companies should focus on upskilling employees in generative artificial intelligence (GenAI) to gain a competitive advantage.

GenAI will continue impacting every industry and business function. In the near term, we're likely to see impacts on talent, rapid R&D developments, regulatory developments (e.g., the E.U.'s AI Act), and ongoing business consolidation, particularly in the technology sector.[2] Seventy percent of CEOs agree that GenAI will significantly change the way their company creates, delivers, and captures value over the next three years.[3] Furthermore, 48% agree that GenAI will enhance their company's ability to build trust with stakeholders over the next 12 months.

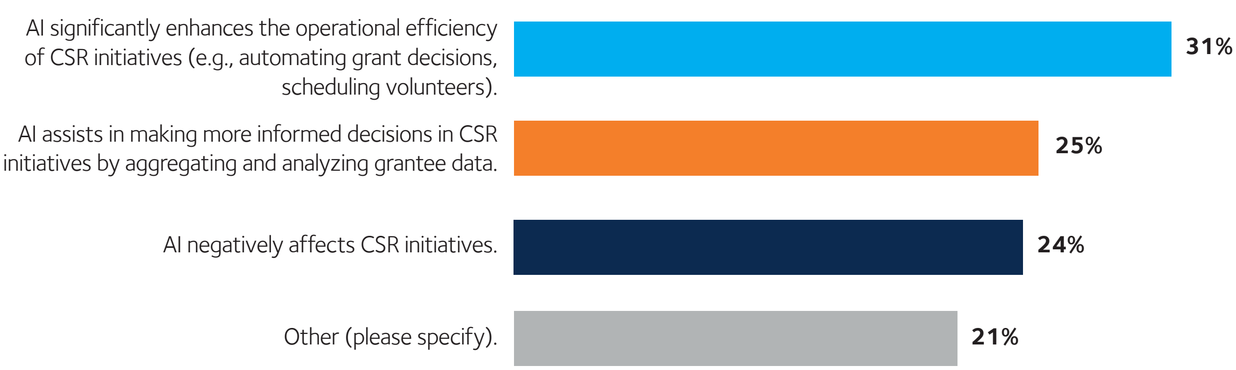
AI's impacts will permeate every aspect of business, extending into sustainability and corporate social responsibility (CSR). In an October 2023 CECP Pulse Survey, more than half of respondents indicated AI positively impacts CSR (Figure 4). Yet only 13% of respondents feel "Very Prepared" regarding their organizations' readiness to leverage AI for the advancement of CSR initiatives. Comparatively, 63% feel "Somewhat Unprepared" or "Very Unprepared." Only 13% feel "Somewhat Prepared." These insights underscore the need for more education, resources, and training in the intersection of AI, sustainability, and CSR.

Increased polarization and geopolitical tensions drive uncertainty.

Societal polarization, particularly the polarization of people, ideas, beliefs, and opinions, is a growing concern in many parts of the world. Wars in Europe and the Middle East, tensions with China, political pushback, and elections this year in the U.S. and Europe have made the issues that organizations navigate ever more complex. **Geopolitical threats are among the top concerns of CEOs around the globe.**[4,5]

Corporate leaders face pressure from employees and customers to take a stand on contentious issues. For instance, after companies swiftly responded to Russia's invasion of Ukraine,

FIGURE 4: How do you perceive the influence of Artificial Intelligence (AI) on various aspects of Corporate Social Responsibility (CSR)?



Source: CECP Pulse Survey, October 2023, N=130.

many employees in the U.S. expected their leadership teams to provide some sort of response to Hamas's attack on October 7, 2023. A CECP Pulse Survey in late October 2023 found that 87% of respondents indicated their company had already responded in some way.[6]

Yet, with diverse and often global employee bases with a multitude of personal beliefs, leaders find it difficult to appease all parties. Divisive topics can be spoken about in regard to their specific implications for companies. For example, climate can be referenced as it relates to a company's use of natural resources or its contribution to air emissions. CECP's *Developing Business Champions* toolkit provides additional authentic and relevant language to bridge divides within your company to ground all levels of employees in your company's purpose without the loaded ESG acronym or other polarized terms. Companies can navigate polarization by getting back to basics. By grounding initiatives in a clear purpose, companies focus on what is material and communicate in neutral language: "our people," "our natural resources," and "our communities."[7] Sometimes when the issue is not material to the business, the best course of action is to remain silent. **CECP offers a framework to guide corporate leaders on when and how to speak up on polarizing issues.**

Backlash in the U.S. hinders corporate climate and diversity initiatives and communications.

In 2022, an ESG backlash emerged in the U.S. This backlash persists in 2024 and will likely accelerate as the U.S. approaches the presidential election in November. Initially, the ESG backlash centered on climate adaptation measures. Yet, in 2023, backlash on affirmative action and DEI metrics were added to the mix, impacting corporate initiatives. In a July 2023 CECP Pulse Survey on impacts from the ruling by the Supreme Court of the United States (SCOTUS) on affirmative action, about a third of companies anticipated the SCOTUS ruling will affect internal DEI initiatives and resources as well as staff recruitment efforts and talent pipelines. Additionally, nearly a quarter of companies predicted it will impact their company's community investment initiatives.[8] DEI-related disclosures and performance are already relatively low in the CECP Integrated Disclosure Scorecard. **We anticipate a shift in employers communicating more on general inclusivity and diversity efforts than on race and ethnicity in 2024.**

To better understand how companies are reacting to this backlash against ESG, CECP polled our affiliates in October 2023 on the most effective action companies can take. Over a third of respondents reported believing in openly sharing their material impact data and future sustainability plans, emphasizing transparency with stakeholders. Interestingly,

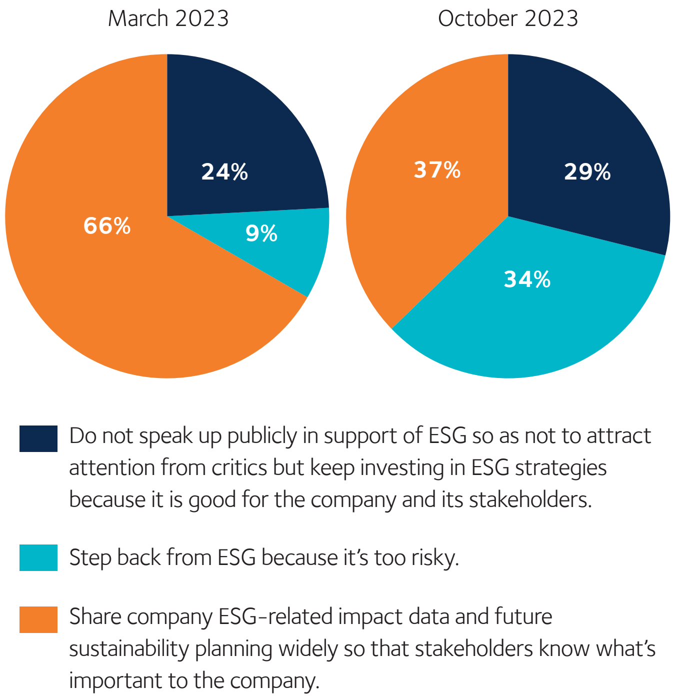
34% responded that stepping back from ESG would be the best approach, due to its perceived risks. Meanwhile, 29% responded that companies should not publicly endorse ESG, to avoid drawing critics' attention, yet still should continue their ESG initiatives given the recognized value of its benefits for the company and stakeholders.

Comparing these answers to those given to the same question in March 2023, we see a notable shift in perspectives (Figure 5). Nevertheless, a significant number of companies still see the value in transparent communication about their initiatives. As companies have navigated an increasingly volatile, uncertain, complex, and ambiguous (VUCA) world driven by polarization and geopolitical tensions, they have become more guarded about the amount of publicly facing information they share. This is playing out in the slow growth around DEI and climate targets in the U.S. (see the Human Capital Management and Climate Risk sections of this report for additional information).

The global economic outlook is lukewarm.

CEOs are not worried about a recession in 2024.[9] Factors such as sustained low unemployment, continued consumer spending, and rising productivity have contributed to a shift in CEO perspective on the economy.[10] While global inflation remains at 5%, economists anticipate inflation to decline in 2024 as central banks consider lower interest rates.[11] With these positive indicators, only half of CEOs worldwide anticipate the global economy to improve or stay the same, a notable increase from the 73% that expected the global economy to decline in 2023. Corporate profits are at an all-time high, driven by the end consumer price of goods remaining high despite production costs declining.[12] In this economic climate, only half of CEOs expect revenue growth over the next three years.[13] Will we see revenue continue to grow exponentially, or will consumers boycott brands capitalizing on "greedflation"?

FIGURE 5: What is the most effective action companies can take in light of the backlash against ESG?



Source: CECP Pulse Survey, March 2023, N=86;
CECP Pulse Survey, October 2023, N=112.

Reporting regulations and disclosure requirements are rapidly evolving.

The ESG reporting landscape is evolving worldwide, with various regulations and frameworks driving transparency, consistency, and responsible business practices.
The International Sustainability Standards Board (ISSB) under the IFRS Foundation responded to the growing demand by the global capital markets for comparable sustainability reporting. In June 2023, the ISSB issued its inaugural standards: one on general requirements (IFRS S1) and one specifically on climate (IFRS S2). Regulators and standard setters around the world have already incorporated or are considering incorporating the ISSB standards into their regulatory frameworks, including Brazil, Canada, Japan, Singapore, and Türkiye, among others.

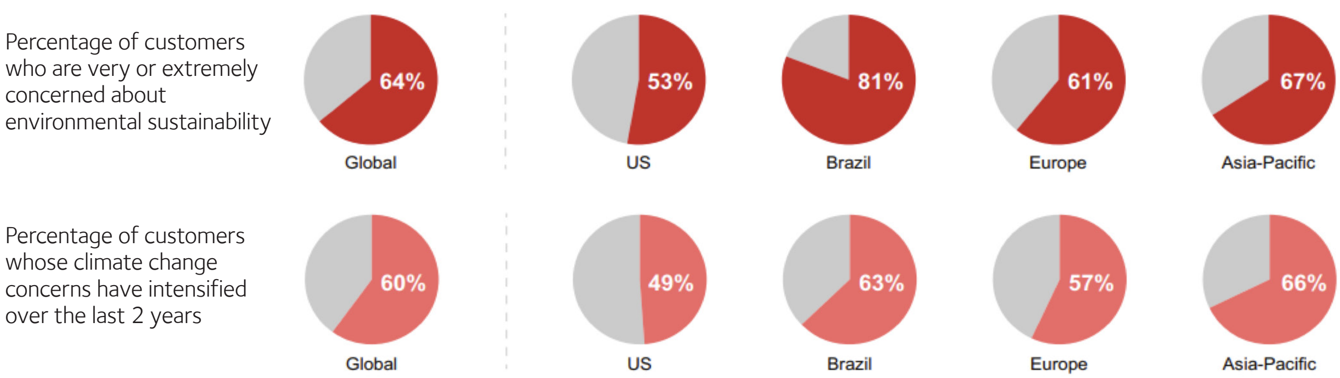
The E.U. has been at the fore of creating global sustainability policies and regulations. The Corporate Sustainability Reporting Directive (CSRD) expands reporting requirements not only for E.U.-based companies, but also for foreign companies of a certain size operating in the E.U. These standards are based on double materiality, which highlights both financial and impact materiality. The first companies subject to CSRD will need to apply the new rules for the first time for their 2024 financial year.[14]

In the U.S., the Security and Exchange Commission (SEC) finalized its ruling on climate-related disclosures on March 6, 2024. Under the new rules, public companies will be required to disclose climate-related risks, climate-related targets, governance and oversight, and Scope 1 and Scope 2 emissions if material. Large Accelerated Filers will be required to comply with the rule starting in the fiscal year 2025.[15] The scope of the final rules is narrower than that of the original proposal made in 2022, notably omitting Scope 3 emissions. The SEC announced a pause for the new rules on April 4, 2024 due to pending litigation, however, the SEC will continue defending the rules. Despite potential roadblocks hindering the SEC rules, we anticipate companies will continue to make strides in measuring their Scope 3 emissions to meet new European regulations and comply with California's Climate-Related Financial Risk Act, contributing to the upward trajectory of ESG Disclosure Scores.

Consumers increasingly prioritize targeted actions, such as waste reduction, pollution mitigation, and minimizing single-use plastics.

Consumers' interest in sustainability has been steadily rising and becoming an ever more critical factor in their purchasing decisions. We're approaching a tipping point where sustainability will no longer be a nice-to-have for brands, but a baseline requirement.[16] Over the past five years, surveys have consistently shown that consumers care about sustainability. A 2023 Bain & Company study surveying over 23,000 consumers around the globe found that 64% of consumers are highly concerned about sustainability (Figure 6) and that sustainability is one of the top four key purchasing criteria for 50% of consumers.[17] Companies that invest in sustainability and make demonstrable strides in reducing environmental impact will gain a competitive advantage. Executives expect revenue from circular products and services to grow by 30% by 2030 over 2021 levels.[18]

FIGURE 6: Globally, 64% of Consumers are Highly Concerned about Sustainability



Source: Bain Consumer Lab ESG Survey, June 2023 (n=23,374), including US, Brazil (reweighted by income and region), Europe (France, Germany, Italy, Netherlands, UK), and Asia-Pacific (China, India, Indonesia, Japan).

Corporate Purpose

Corporate purpose refers to a company's fundamental reason for existence beyond merely generating profit. It encompasses the broader impact a company aims to have on the world to build long-term sustainable value.[19] Stakeholders—customers, investors, suppliers, employees, and communities—expect companies to have an authentic statement of purpose and act in alignment with their mission, vision, and corporate values. A statement of corporate purpose serves as a company's North Star and fuels its strategy. When embedded in a company's culture, purpose connects and aligns visions and goals across the company.

Purpose matters more than ever.

In a VUCA world, having an authentic corporate purpose is more important than ever. Brandpie's latest *CEO Purpose Report*, which surveyed 1,000 CEOs, found that **76% of CEOs agree that the importance of purpose has increased over the last five years and 75% believe it will increase over the next five years.**[20] The survey also found that the number one challenge for CEOs is making corporate purpose actionable and relevant. This is evident from a March 2024 CECP Pulse Survey that asked corporate leaders how many employees in their headquarters country would know what their company's corporate purpose is. Only 22% of respondents said almost all employees would know their company's corporate purpose, pointing to significant gaps in internal communications and embedding the company's core values in daily operations. A surprising 15% of respondents indicated that their company does not have a clear purpose statement.[21]

CECP's Integrated Long-Term Plan Framework and accompanying assessment encourage companies to have a statement of corporate purpose endorsed by their Board of Directors. Through one-on-one interviews with CEOs, CECP's "The Board's Changing Role" found that many CEOs felt a signed statement of corporate purpose by the Board of Directors is important to guiding management on strategic decisions, policies, cultures, and norms.[22] A clearly articulated and communicated corporate purpose provides a roadmap for long-term sustainable value creation. Purpose-driven companies achieve stronger business results and are less prone to the seemingly endless cycle of disruptions described in more detail in the next section.[23] In his 2023 annual letter to shareholders, Jamie Dimon wrote, "Research has shown that purpose-driven companies achieve strong business results and have greater impact by doing better for their customers, employees, and shareholders. In fact, companies with a strong purpose have outperformed the market by 5-7% per year."[24] A recent report by jump quantified the long-term payback on purpose, concluding that purpose-driven companies had a compound annual growth rate (CAGR) of 13.6% over a 20-year period. Furthermore, purpose-driven companies had a CAGR three times higher than their closest industry competitors and five times higher than the S&P 500.[25]

CECP's report *Shared Resilience: Business Lessons to Prepare for Future Rogue Crises* provides leaders with a diagnostic tool to assess where their company stands on the path to purpose.

Competitive Strategic Positioning

As technology and consumer preferences continue to change, companies are seeking new ways to capitalize on opportunities and mitigate risks to stay competitive. Effective strategic positioning helps a company differentiate itself, create a compelling value proposition, and better meet the needs of its customers. Apart from industry-specific initiatives, CECP has identified industry-agnostic trends that companies are prioritizing to build competitive advantage in the short and long term through our Integrated Long-Term Disclosure Assessments.

Data and technology are essential.

As organizations continue prioritizing AI, cloud adoption, cybersecurity, and data-driven decision-making, the digital transformation landscape will continue to evolve. Corporate leaders recognize that digital transformation is not just about technology; it's about fundamentally changing how they operate, generate revenue, and create value. Companies are increasing their investments in digital technologies to become data-driven, digitize operations, and explore new business models. Globally, companies are projected to spend US$3.9 trillion in digital transformation initiatives in 2027, compared to US$2.5 trillion in 2024.[26]

With this increase, the AI industry could be one of the largest contributors of carbon emissions. On average, just one data center uses energy equivalent to that needed to heat 50,000 homes per year.[27] The massive amount of energy that AI and its accompanying hardware will require poses a significant hurdle for cutting global emissions and for companies to meet their net-zero targets.

Companies evolve to meet changing consumer preferences.

By 2030, Millennials and Gen Z will have the most purchasing power in the U.S. These younger generations are 27% more likely than older generations to purchase a brand when they believe the company cares about its impact on people and the planet.[36] Sustainability and transparent communication are significant components in building trust with customers and trusted companies outperform their peers by up to 400%.[37] Expanding sustainability efforts and communications helps companies win trust and customers as consumer preferences shift.

Digital transformation value drivers case studies

- **Microsoft:** Launched an AI-powered Microsoft Edge browser and Bing Chat.[28]
- **Siemens:** Increased investment in digital technologies in manufacturing.[29]
- **AT&T:** Focusing on next-generation opportunities that combine technologies and services.[30]
- **The Travelers Companies:** Prioritizing analytics headcount, including data scientists, statisticians, data engineers, and data and information analysts.[31]

Product value drivers case studies

- **Best Buy:** Began refurbishing and reselling non-new inventory.[32]
- **Nestle:** Aims to source 20% of key ingredients through regenerative agriculture methods by 2025 and 50% by 2050.[33]
- **Entergy:** Plans to more than triple its existing renewable portfolio between 2023 and 2025.[34]
- **Citi:** Set a goal of US$1 trillion sustainable finance by 2030.[35]

Corporate Governance

METRIC	Fortune 500 N	Fortune 500 2019	Fortune 500 2022	Fortune 500 Δ	S&P Global 1200 N	S&P Global 1200 2019	S&P Global 1200 2022	S&P Global 1200 Δ
Percentage of Women on Board (Median)	461	25.0	30.0	**5.0 pp**	1128	27.3	31.0	**3.7 pp**
Board has At Least One Female Director (Percentage)	471	97.7	99.4	**1.7 pp**	1179	93.0	98.2	**5.2 pp**
Female Chairperson or Equivalent (Percentage)	460	5.9	9.6	**3.7 pp**	1127	5.2	9.2	**4.0 pp**
CSR/Sustainability Committee Reporting to the Board (Percentage)	461	53.6	85.4	**31.8 pp**	1129	42.3	66.2	**23.9 pp**
Female Chief Executive Officer or Equivalent (Percentage)	461	5.9	8.7	**2.8 pp**	1126	4.3	6.1	**1.8 pp**
ESG-Linked Compensation for Board (Percentage)	462	0.0	0.9	**0.9 pp**	1129	0.7	2.8	**2.1 pp**
Executive Compensation Linked to Climate (Percentage)	462	8.0	27.5	**19.5 pp**	1127	10.0	28.9	**18.9 pp**
Executive Compensation Linked to ESG (Percentage)	462	30.3	47.6	**17.3 pp**	1128	28.4	45.8	**17.4 pp**
Percentage of Female Executives (Median)	460	20.0	20.0	**0.0 pp**	1114	14.3	20.0	**5.7 pp**
Cybersecurity Risk Management (Percentage)	294	18.7	58.2	**39.5 pp**	745	29.3	57.2	**27.9 pp**
Data Security Risks Discussed (Percentage)	364	92.0	98.1	**6.1 pp**	884	82.5	92.1	**9.6 pp**

Numbers in green indicate positive growth.

Corporate governance is undergoing significant changes as organizations adapt to evolving business landscapes, investor expectations, and regulatory requirements. Stakeholders are paying closer attention to board performance and scrutinizing board quality, effectiveness, and composition. Today, board members are expected to become experts in, and oversee, issues traditionally outside the board's remit. In 2024, geopolitical uncertainty, focus on material issues, technology, shareholder activism, and board culture will continue to shape corporate governance trends.[38]

Companies with female CEOs make accelerated progress toward gender parity at all levels of the organization.

Companies led by female CEOs consistently had a much larger representation of women on their board relative to their counterparts, as well as a much stronger representation of female executives. When comparing companies with female CEOs to those without, the gap of overall female representation widened from 2019 to 2022 across all gender representation metrics—largely driven by the substantial gains from companies with a female CEO (Figure 7).

In both the Fortune 500 and S&P Global 1200 datasets, women-led companies made the greatest strides in closing the gender gap at the executive level. The median percentage of female executives within these companies reached 8.33 percentage points over the four-year period, reaching 33.3% in 2022 in both datasets. By contrast, the median percentage of female executives in male-led companies declined from 24.3% in 2019 to 18.2% in 2022 in the S&P Global 1200 and grew by only 1.3 percentage points in Fortune 500 companies led by male executives. Moreover, companies with higher diverse representation of executive leaders tend to have a higher diverse workforce overall.[39] Greater diversity is linked to more creativity, increased profits, lower employee turnover, and higher engagement, among many additional benefits. **These data suggest that the corporate initiatives in gender inclusion have started to show results, which may indicate a long-term trend unfolding.**

FIGURE 7: **Female CEOs Accelerate Greater Gender Representation at All Levels**

2022 (MEDIAN)

METRICS	FORTUNE 500: WITH FEMALE CEO	FORTUNE 500: WITHOUT FEMALE CEO	FORTUNE 500: DIFFERENCE	S&P GLOBAL 1200: WITH FEMALE CEO	S&P GLOBAL 1200: WITHOUT FEMALE CEO	S&P GLOBAL 1200: DIFFERENCE
% Board	40.0	30.0	**10.0 pp**	40.0	30.0	**10.0 pp**
% Executives	33.3	20.0	**13.3 pp**	33.3	18.2	**15.1 pp**
% Middle Management	39.6	34.0	**5.6 pp**	35.0	31.7	**3.3 pp**
% Workforce	39.0	35.6	**3.4 pp**	41.0	36.3	**4.7 pp**

2019 (MEDIAN)

METRICS	FORTUNE 500: WITH FEMALE CEO	FORTUNE 500: WITHOUT FEMALE CEO	FORTUNE 500: DIFFERENCE	S&P GLOBAL 1200: WITH FEMALE CEO	S&P GLOBAL 1200: WITHOUT FEMALE CEO	S&P GLOBAL 1200: DIFFERENCE
% Board	33.3	25.0	**8.3 pp**	38.2	26.7	**11.5 pp**
% Executives	25.0	18.8	**6.2 pp**	25.0	24.3	**0.7 pp**
% Middle Management	36.5	32.8	**3.7 pp**	30.0	30.8	**-0.8 pp**
% Workforce	32.3	35.0	**-2.7 pp**	40.1	35.8	**4.3 pp**

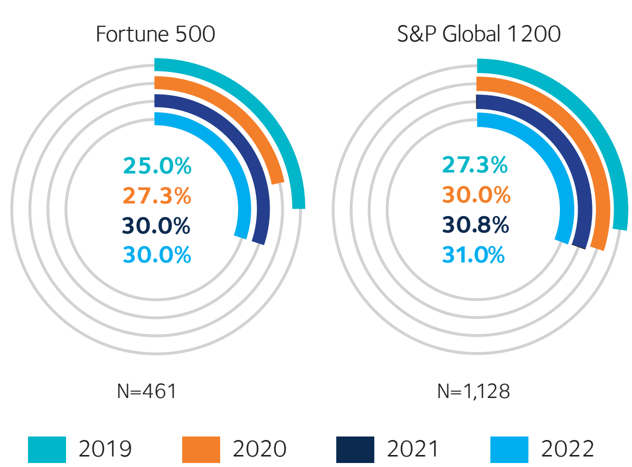
Numbers in green indicate positive growth. Numbers in red indicate negative performance.

Nearly 100% of companies have at least one female director on the board, but fewer than 10% of chairpersons are women.

A combination of legal frameworks, corporate initiatives, stakeholder preferences, societal shifts, and business imperatives continues to drive greater female representation on corporate boards. Over 99% of Fortune 500 companies and 98% of S&P Global 1200 companies have at least one female director. While female representation on Fortune 500 boards has remained relatively steady, representation in the S&P Global 1200 grew by 3.7 percentage points from 2019 to 2022, likely due to legislation in some countries, such as France and Germany, aimed at elevating women to top corporate positions.[40] **Yet, gender parity on boards is still not within sight.** Within both datasets, the median percentage of women on the board remains under one-third: 30% in the Fortune 500 and 31% in the S&P Global 1200. In addition, fewer than 10% of chairpersons are women in both the Fortune 500 and S&P Global 1200 (Figure 8).

Gender parity on corporate boards is a crucial goal, but achieving it remains a complex challenge. One dominant factor inhibiting progress is the persistent lack of representation in the talent pipeline. Examining the talent pipeline reveals that the representation of women decreases when moving up the ranks of the corporate ladder (Figure 9). Corporate boards look to diversify the perspectives by nominating executives from outside the company's industry. Yet, female representation in executive teams is lacking, regardless of industry. The median percentage of female executives in both the Fortune 500 and S&P Global 1200 is only 20%, with 8.7% female CEOs in the Fortune 500 and 6.1% in the S&P Global 1200. The CECP Integrated Disclosure Scorecard shows minimal growth in both variables over the four-year period.

Figure 8: Median Percentage of Women on Boards



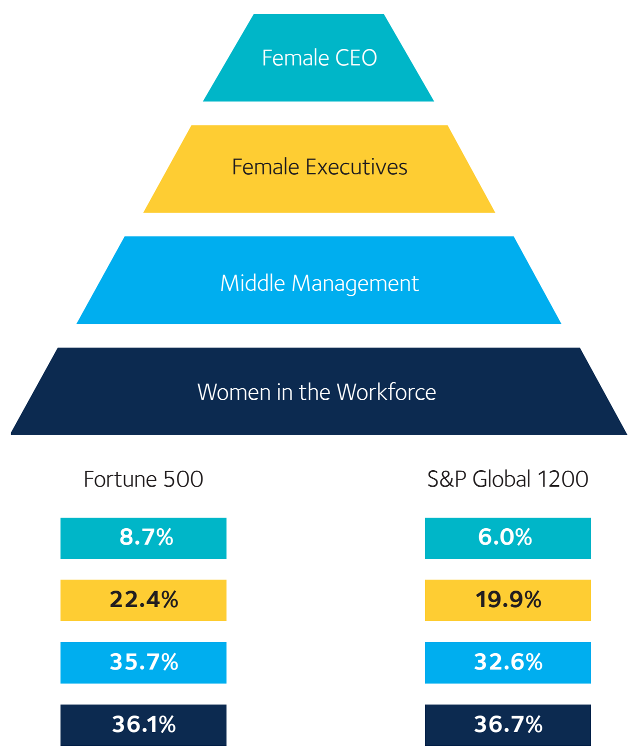
Addressing gender parity on corporate boards requires concerted efforts from organizations, leaders, and stakeholders to create an inclusive environment wherein women's voices are heard and their influence is felt in high-stakes decisions. Increased focus on developing and promoting women to executive positions will build the pipeline for higher female representation in CEO and board positions, in turn driving financial performance. (see Financial and Capital Allocation for further discussion).

More boards have oversight of corporate social responsibility and sustainability.

Boards help position sustainability integration into long-term business strategy and consider the impact of social and environmental trends on business operations. Board oversight of sustainability and CSR is evolving, with increased disclosure, committee structures, and recognition of its impact on business performance. The importance of sustainability and CSR management in relation to business performance is demonstrated in the marked growth in board oversight from 2019 to 2022. By the end of 2022, 85% of Fortune 500 companies formally managed sustainability through a CSR/sustainability committee that reported directly to the board, an increase of 31.8 percentage points over 2019. The S&P Global

FIGURE 9: Female Representation by Level (2022)

Workforce Representation by Seniority



1200 also saw a significant increase of 23.9 percentage points. By the end of 2022, 66.2% of S&P Global 1200 companies had a committee reporting to the board.

In the wake of recent developments in reporting regulations in various jurisdictions (see Megatrends for further discussion) and global frameworks, we anticipate an uptick in board oversight of environmental and social risks in 2024. Yet, despite a greater number of boards overseeing environmental impact and DEI strategy and performance, very few companies tie board compensation to related goals. Only four companies in the Fortune 500 and eighteen companies in the S&P Global 1200 link board compensation to ESG. Will there be an increase in board compensation tied to ESG performance as companies are increasingly held accountable?

Companies with executive compensation linked to ESG have higher revenue growth.

The CECP Integrated Disclosure Scorecard shows that executives are increasingly being held accountable for company performance in relation to DEI and climate issues. In 2022, 47.6% of Fortune 500 companies and 45.8% of S&P Global 1200 companies tied executive compensation to ESG, increases of over 17 percentage points in each dataset. Executive compensation tied to climate also grew significantly from 2019 to 2022. In the Fortune 500, 27% of companies linked climate to executive compensation in 2022, compared to only 8% in 2019. In the S&P Global 1200, 29% tied climate to executive compensation, up from 10% in 2019.

Notably, within the top 10% of companies for revenue growth from 2019-2022, 46% of companies linked executive compensation to ESG, of which 74% shared for all four years.

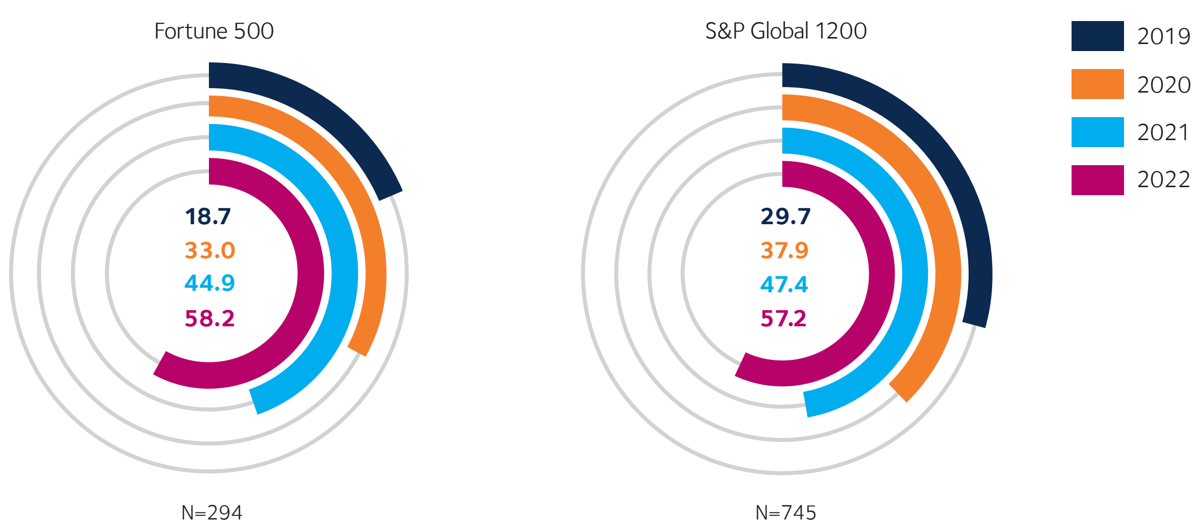
An additional 19% of S&P Global 1200 and 34% of Fortune 500 companies tied executive compensation to ESG between 2020 and 2022. CECP's ILTDA research finds that companies most frequently use GHG emissions or DEI-related metrics in long-term incentive (LTI) plans and annual bonuses.

Leadership is motivated to manage cybersecurity and data security risks.

Managing cybersecurity and data security risks is a critical task for organizations in today's digital landscape. Rapidly evolving technologies are adding new risks and a majority of CEOs are concerned that GenAI adoption will increase their cybersecurity risks.[41] CECP's Integrated Long-Term Plan Framework encourages companies to detail the cybersecurity governance structures in place, including whether the board has oversight, as well as to provide commentary on metrics and targets used to measure cybersecurity. The CECP Integrated Disclosure Scorecard analysis shows that cybersecurity disclosures have increasingly been prioritized by companies (Figure 10).

We're likely to see a significantly higher disclosure rate for fiscal year 2023 data and in 2024. In July 2023, the SEC finalized new cybersecurity risk management, strategy, governance, and incident disclosure rules that went into effect in December 2023. These new rules require public companies to disclose cybersecurity incidents within four business days of determining if the incident is material to investors. The rules also require filers to disclose cybersecurity risk identification processes and management, effects of previous incidents, and board of directors' oversight of cybersecurity risks in the annual report.[42]

FIGURE 10: Percentage of Companies Disclosing Cybersecurity Risk Management



Financial and Capital Allocation

	FORTUNE 500				S&P GLOBAL 1200			
METRIC	N	2019	2022	Δ	N	2019	2022	Δ
Revenue (Median, in US$ Millions)	483	12112.2	16326.6	34.8%	1176	10176.0	10751.2	5.70%
Return on Invested Capital (Median, in US$ Millions)	479	8.8	9.7	10.7%	1159	7.8	7.6	-1.50%
Financial Leverage (Median)	438	3.2	3.3	3.5%	1126	2.6	2.7	3.10%
Capital Expenditures (Median, in US$ Millions)	481	438.0	549.0	25.3%	1018	437.0	532.7	21.9%
R&D Expense (Average, in US$ Millions)	358	909.8	1322.5	45.4%	736	772.9	1053.5	36.3%

Numbers in green indicate positive growth. Numbers in red indicate negative performance.

Despite a dip in financial performance in 2020, companies within the Fortune 500 and S&P Global 1200 had strong growth in the financial indicators analyzed. However, revenue growth was not equal: companies with the highest revenue growth (top decile of companies) significantly outpaced those in the bottom decile. When comparing revenue growth to other variables within the CECP Integrated Disclosure Scorecard, we found correlations between certain disclosures and policies and the companies that had the largest revenue growth.

Companies with top revenue growth prioritize greenhouse gas emissions-related disclosures and policies.

Regardless of revenue growth or decline from 2019 to 2022, all companies discuss at least half of the environmental-related variables analyzed in the CECP Integrated Disclosure Scorecard. Companies with the greatest revenue growth tend to prioritize policies and disclosures related to greenhouse gas emissions. However, it is noteworthy that more companies in the bottom decile of revenue growth disclosed more environmental metrics between 2019 and 2022, compared to the top decile.

Further analysis is required, but it is possible that industry differences or the timing of policy adoption may explain this correlation. For instance, initiating disclosures of this data could potentially lead to a temporary revenue boost as investors and customers receive sought-after sustainability-related information. Companies that have been disclosing this information for several years may have already reaped these medium-term financial benefits.

Top-performing companies track percentage of women in leadership roles.

Companies with the highest revenue growth in the S&P Global 1200 tracked and reported against their gender representation each year: 94% reported the percentage of women on the board and 92% reported the percentage of female executives. Notably, the median percentage of female executives within the top financial performers is 2.4-4.2% higher than that of the bottom decile, indicating that higher representation of women in leadership roles leads to better financial performance. IBM's *Women in Leadership* report highlights that organizations identified as gender equity leaders had 19% higher revenue growth.[43] Despite correlated data on the financial returns of women in leadership, companies have significant work ahead to achieve gender parity throughout all levels of the organization (see the Corporate Governance and Human Capital Management sections for further discussion).

Risks and Opportunities

	FORTUNE 500				S&P GLOBAL 1200			
METRIC	N	2019	2022	Δ	N	2019	2022	Δ
SASB Reporting Company (Percentage)	455	42.6	86.2	43.6 pp	1105	25.2	74.3	49.1 pp
GRI Criteria Compliance (Percentage)	455	52.8	64.0	11.2 pp	1115	61.3	74.1	12.8 pp
Adopts TCFD Recommendations (Percentage)	454	33.5	79.5	46.0 pp	1112	46.5	91.1	44.6 pp
Risks of Climate Change Discussed (Percentage)	460	56.7	82.4	25.7 pp	1115	53.8	81.4	27.6 pp

Numbers in green indicate positive growth.

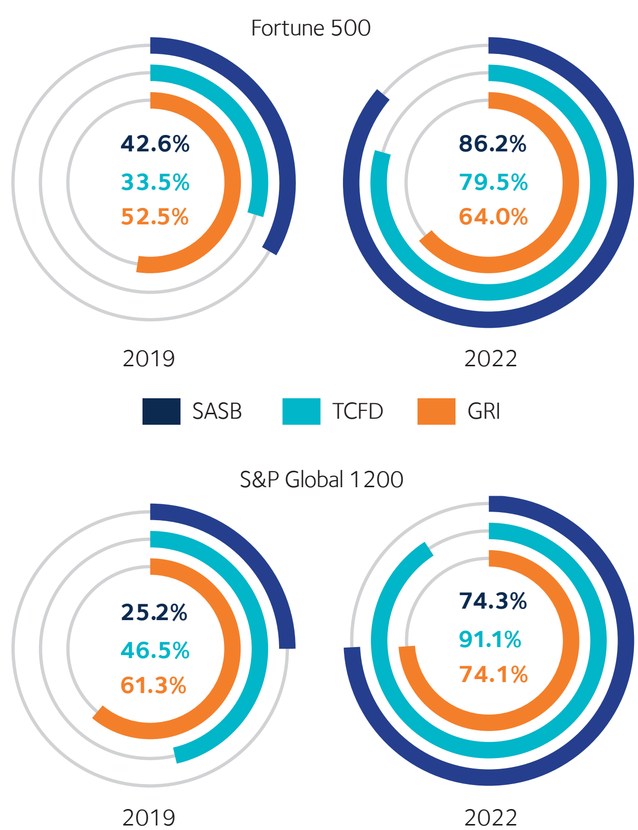
Effectively managing corporate risks and seizing opportunities is essential for long-term value creation. This requires robust risk management practices, strategic planning, agility, and a proactive approach to identifying and addressing both challenges and opportunities. Companies that fail to address material risks, such as climate change impacts, DEI, and corporate governance issues, face reputational damage, regulatory scrutiny, and investor backlash. Global reporting frameworks highlight the material issues for companies to track and manage.

Global frameworks highlight material issues.

A majority of companies use global reporting frameworks to complement formal materiality assessments in identifying financially material issues. However, framework preferences shifted as the reporting landscape evolved. The recommendations made by the Task Force on Climate-Related Financial Disclosures (TCFD) were the most preferred framework for S&P Global 1200 companies in 2022, while Fortune 500 companies used the Sustainability Accounting Standards Board's (SASB) standards more frequently. The Global Reporting Initiative (GRI) was used the least in both datasets in 2022, whereas it led in 2019.

Use of both the SASB's standards and the TCFD's recommendations grew by over 40 percentage points in the four-year period. In 2022, 86.% of Fortune 500 companies used SASB standards and 79% used the TCFD recommendations, compared to 64% using GRI. While S&P Global 1200 companies used GRI the most in 2019, the TCFD recommendations were used by a vast majority of companies in 2022. In 2022, 91% of S&P Global 1200 companies adopted

FIGURE 11: Reporting Framework Usage



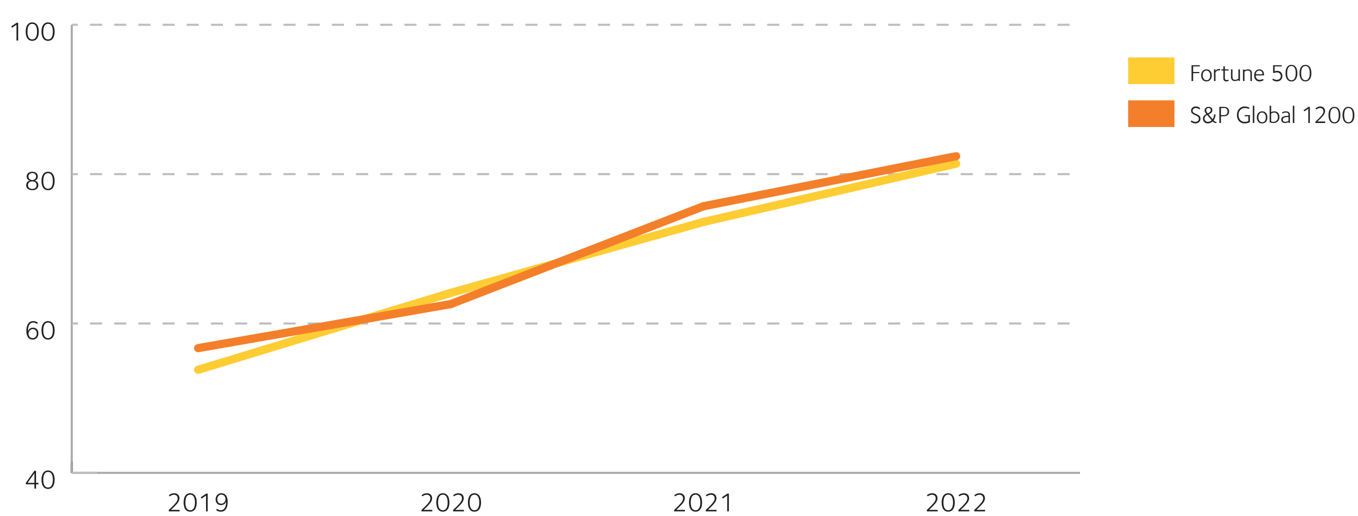
the TCFD recommendations, compared to 74.3% using SASB standards and 74% using GRI (Figure 11).

Since the TCFD recommendations were fully integrated into the ISSB's S2 Standards, the TCFD fulfilled its remit and disbanded on October 12, 2023. Companies can still use the TCFD recommendations and the IFRS Foundation will continue monitoring progress on companies' climate-related disclosures from the TCFD.[44] Moreover, ISSB assumed oversight of the SASB Standards in August 2022. Many jurisdictions are using the ISSB Standards to inform proposed mandatory ESG reporting requirements. **With global framework consolidation and the incorporation of mandatory reporting requirements, we anticipate seeing new frameworks (e.g., IFRS S1 & S2) added to the CECP Integrated Disclosure Scorecard at high adoption rates in coming years.**

Companies are transparent about climate risks.

Addressing climate risk is essential for both compliance and building trust and long-term value. Seventy-nine percent of investors believe climate risk disclosure is as important as financial disclosure.[45] Furthermore, 49% of global investors surveyed by T. Rowe Price increased their focus on ESG investing in 2023.[46] Driven by an evolving regulatory landscape and increased investor demands, more companies than ever are discussing business risks related to climate change in their annual reports. With the finalization of the new SEC climate-related disclosure rules, California's Climate-Related Financial Risk Act, and additional climate-related regulations around the world, we anticipate these numbers to increase even more as companies begin preparing for compliance.

FIGURE 12: Risks of Climate Change Discussed (Percentage)



Stakeholder Engagement

	FORTUNE 500				S&P GLOBAL 1200			
METRIC	N	2019	2022	Δ	N	2019	2022	Δ
Community Engagement Policy (Percentage)	289	18.7	35.0	**16.3 pp**	714	19.1	29.6	**10.5 pp**

Numbers in green indicate positive growth.

Stakeholder engagement is a pivotal element in effective strategic planning. Numerous companies have formalized processes for stakeholder engagement and disclose engagement initiatives across various platforms and stakeholder categories. Historically, certain stakeholder groups—investors, suppliers, employees, and governmental bodies—have received prioritized attention and formal engagement efforts from companies. However, employees and consumers are pressuring companies to more actively involve the communities in which they operate or from which they source.

Nearly a third of reporting companies have community engagement policies.

The number of companies that have implemented initiatives or engagement strategies with local communities (such as community engagement plans, codes, and guidelines for alignment of the organizational interests with those of surrounding communities) or impact assessments to evaluate projects and mitigate potential adverse impacts has grown substantially from 2019 to 2022. In 2022, 35% of Fortune 500 companies and 29.6% of S&P Global 1200 companies established community engagement policies, up from 18.7% and 19%, respectively.

Successful community engagement policies take an integrated approach to involving community members, rather than a top-down approach. For instance, Dell tailors their STEM-related signature and skill-building programs to meet the needs of the communities. Dell partners with local schools to ensure the content of the program is personalized to the local culture.[47]

Total community investment is up overall but growing slowly.

With an increase in companies formalizing community engagement policies, CECP's research shows that total community investments (defined as direct corporate cash, corporate foundation cash, and non-cash such as in-kind or pro bono) increased by 18% overall from 2018 to 2022, indicating that companies remain committed to community investments. CECP's *Giving in Numbers: 2023 Edition* highlights how post-pandemic giving is leveling off, as the median total community investment across companies declined from 2020 to 2022 (Figure 13). In a matched set of companies, total community investments as a percentage of revenue declined from 0.17% in 2021 to 0.15% in 2022. In terms of nominal dollars, total community investments had only a 1% increase from 2021 to 2022. Comparatively, the same matched set of companies had budget increases of 3-5% each year prior to the pandemic.[48] Non-cash community investment significantly slowed the growth. In a matched set of companies, there was an 88% increase in non-cash investments between 2018 and 2020, driving much of the COVID-19 balloon, followed by a drop of 58% in non-cash investments between 2020 and 2022.[49]

Figure 13: Total Community Investments Trends

THREE-YEAR MATCHED SET, INFLATION-ADJUSTED, MEDIANS	2020	2021	2022
Total Community Investments (in US$ Millions), N=167	$42.90	$36.60	$36.80
Total Community Investments as a Percentage of Revenue, N=135	0.20%	0.17%	0.15%
Total Community Investments as a Percentage of Pre-Tax Profit, N=104	1.36%	0.78%	0.96%

Source: CECP, *Giving in Numbers: 2023 Edition.*

Human Capital Management

	FORTUNE 500				S&P GLOBAL 1200			
METRIC	N	2019	2022	Δ	N	2019	2022	Δ
Percentage of Women in Workforce (Median)	299	35.0	35.6	0.6 pp	918	35.1	36.4	1.3 pp
Company Diversity Target Indicator (Percentage)	252	0.8	14.7	13.9 pp	603	5.3	24.9	19.6 pp
Gender Pay Gap Breakout (Percentage)	432	28.7	38.0	9.26 pp	1119	37.5	48.2	10.7 pp
Training Policy (Percentage)	459	80.0	95.4	15.4 pp	1129	90.4	98.1	7.7 pp
Company Discloses Employee Engagement Score (Percentage)	367	16.9	44.4	27.5 pp	920	27.5	49.9	22.4 pp

Numbers in green indicate positive growth.

Human capital management plays a pivotal role in organizations and their long-term sustainable value creation. CECP's latest Factor Analysis—a robust tool to determine which indicators positively or negatively impact a company's ESG performance—identified employee engagement and DEI as having the most potential to elevate a company's ESG performance.[50]

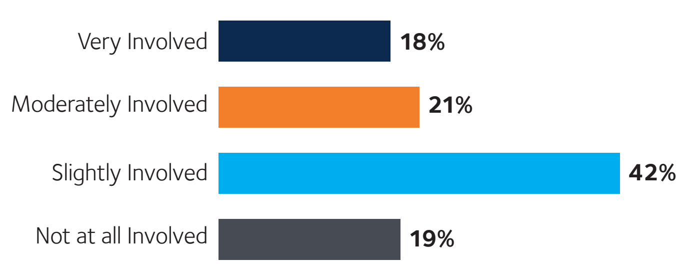
Few companies have robust diversity disclosures and targets.

Fewer than a quarter of Fortune 500 companies disclosed the percentage of minorities in their workforce for the four-year period, and only 13.8% shared metrics for minorities in management for each year from 2019 to 2022. Within the S&P Global 1200, 15.8% of companies disclosed data for minorities in the workforce and only half of those shared metrics for the percentage of minorities in management. **For 2023 and 2024, globally, we anticipate growth in the number of companies disclosing DEI information and a pause by some companies in the U.S. due to politicization of DEI initiatives.**

Companies that consistently discussed diversity targets for each year from 2019 to 2022 in both the Fortune 500 and S&P Global 1200 have made significant progress in establishing diversity objectives. In 2022, 14.7% of companies in the Fortune 500 (N=252) had diversity targets, compared to just two companies in 2019. In the S&P Global 1200, 24.9% of companies (N=603) had diversity targets in 2022, up from 5.3% in 2019.

CEOs often delegate the development of DEI strategy and goals to other executive leaders. The level of CEO engagement in DEI initiatives could contribute to slower growth in achieving DEI targets. A December 2023 CECP Pulse Survey reported only 39% of CEOs are either moderately or very involved in development of DEI strategy and goals (Figure 14), with 61% slightly or not at all involved in development of DEI strategy and goals. There are opportunities for increasing CEO engagement in DEI strategy and goals, which could deliver meaningful change and embedding DEI deeply into company culture and operations.

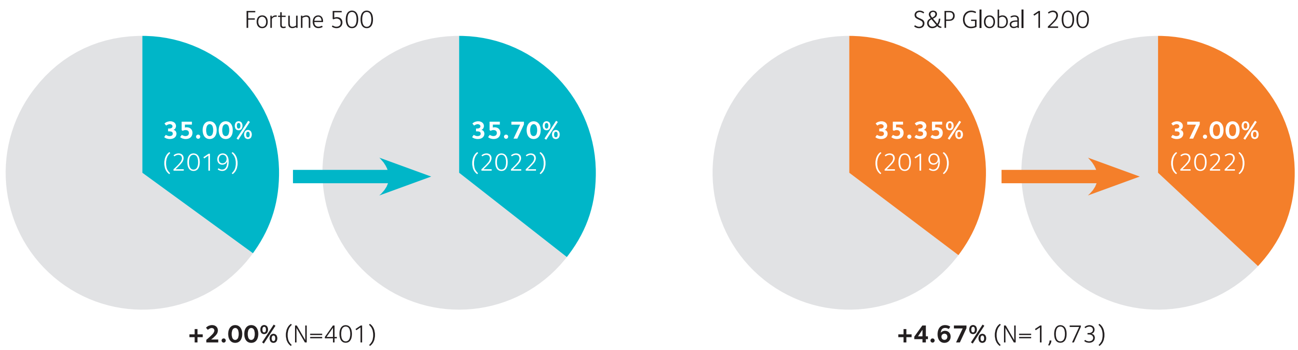
FIGURE 14: To what extent is your CEO involved in the development of DEI strategy and goals at your company?



Source: CECP, Pulse Survey December 2023, N=62.

The percentage of women in the workforce grew marginally.

FIGURE 15: Women in the Workforce Change



Both datasets grew marginally from 2019 to 2022 (Figure 15), driven by discrepancies in representation across industries. The Health Care and Financials industries reported the highest representation of women in the workforce and management. There is a lower reported representation of women in industries such as Energy, Materials, and Utilities in both the Fortune 500 and S&P Global 1200. There is lower reported presence of women in industries such as Utilities, Energy, and Materials in both company groupings (Figure 16).

The gender gap in the global workforce is wider than previously thought, according to a new World Bank study. Although many countries have made progress in enacting equal opportunity laws for women, globally women still have less than two-thirds of the legal rights available to men.[51] Despite the laws in place, countries have established less than 40% of the systems needed for implementation. For instance, 98 economies have legislation guaranteeing equal pay. However, only 35 economies have established pay transparency measures or enforcement mechanisms.[52]

FIGURE 16: Percentage of Female Representation Across Industries by Job Level (2022)

Fortune 500 (Average)

Job Level	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Materials	Real Estate	Technology	Utilities
CEO	4.2	10.4	7.1	2.6	9.5	14.3	7.8	5.0	0.0	13.7	7.7
Executive	20.8	20.8	25.6	17.6	21.5	26.0	21.8	22.2	17.6	24.7	25.6
Middle Management	43.7	42.1	43.5	21.1	46.2	52.3	29.5	25.2	34.5	27.2	27.0
Workforce	41.7	43.3	42.1	46.27	51.3	52.1	28.6	23.1	31.3	34.0	25.1

S&P Global 1200 (Average)

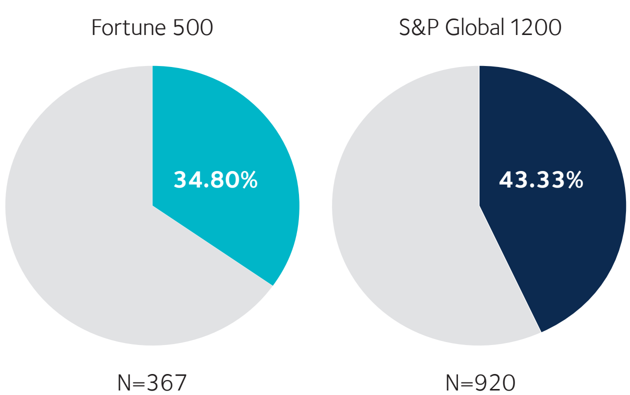
Job Level	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Materials	Real Estate	Technology	Utilities
CEO	4.0	7.0	3.0	4.0	7.0	7.0	5.0	6.0	6.0	7.0	9.0
Executive	22.4	17.3	19.9	22.0	23.1	21.2	18.0	18.0	18.5	17.8	24.0
Middle Management	35.3	32.9	40.0	23.4	40.7	45.6	23.0	23.0	42.7	24.0	27.5
Workforce	39.2	41.2	41.7	26.4	50.0	51.4	27.4	23.2	45.1	33.1	25.3

Companies have more opportunity to address the wide gender gap. Flexible working arrangements enable greater workforce participation. More than 90% of remote-capable employees prefer either hybrid or exclusively remote work, which is close to the 81% that are currently working in hybrid or exclusively remote positions.[53] When employees' work locations align with their preferences, employees tend to be more engaged, less likely to feel burned out, and less likely to quit. This effect is particularly pronounced for women, who bear a disproportionate burden for unpaid domestic care.[54] Offering hybrid or exclusively remote work has resulted in substantial increases in workforce participation rates, especially among women and persons with disabilities. Increased labor market participation not only boosts economic activity through the production and consumption of goods and services but also enhances purchasing power, contributing to overall economic growth.[55]

S&P Global 1200 companies are more likely to share employee engagement scores publicly.

Nearly half of companies disclose employee engagement scores (Figure 17). CECP's Factor Analysis uncovered a strong correlation between employee turnover and ESG performance.[56] Higher turnover leads to increased costs, lost institutional knowledge, and decreased productivity. Employee engagement and job satisfaction have declined in recent years: Gallup's annual employee engagement indicator shows engagement has dropped 2 percentage points from 2021 to 2022, with only 32% of U.S. employees feeling engaged at work. Additionally, the percentage of employees who said the mission or purpose of their company makes their job feel important declined from 39% in 2021 to 33% in 2023.[57]

FIGURE 17: Corporate Disclosure Rates of Employee Engagement Scores, 2022



Overall decreases in employee engagement scores may be indicative of the relatively low employee engagement disclosure rates. Integrating corporate purpose throughout the organization is key to increasing employee engagement. Purpose-driven companies have higher rates of employee retention, productivity, and growth.[58] Prioritizing employee engagement helps decrease employee turnover and, in turn, overall company performance. By focusing on a company's most valuable resource—its employees—companies will be well positioned to drive long-term sustainable value and outperform their peers.

Operational Ecosystem

METRIC	FORTUNE 500 N	FORTUNE 500 2019	FORTUNE 500 2022	FORTUNE 500 Δ	S&P GLOBAL 1200 N	S&P GLOBAL 1200 2019	S&P GLOBAL 1200 2022	S&P GLOBAL 1200 Δ
Product Lifecycle Design (Percentage)	331	23.0	34.7	**11.7 pp**	869	28.8	41.0	**12.2 pp**
Environmental Supply Chain Management (Percentage)	457	73.5	85.1	**11.6 pp**	1127	82.2	90.2	**8.0 pp**
Human Rights Due Diligence Process (Percentage)	449	12.9	32.1	**19.2 pp**	1106	24.2	46.1	**21.9 pp**
Human Rights Policy (Percentage)	457	74.0	88.0	**14.0 pp**	1128	85.2	94.9	**9.7 pp**
Human Rights Remediation Process (Percentage)	447	5.4	18.6	**13.2 pp**	1101	11.4	27.3	**15.9 pp**
Social Supply Chain Management (Percentage)	458	78.4	89.5	**11.1 pp**	1129	85.5	93.6	**8.1 pp**
Supply Chain Modern Slavery Assessment (Percentage)	446	34.3	48.9	**14.6 pp**	1109	38.7	54.2	**15.5 pp**

Numbers in green indicate positive growth.

Sustainability is no longer an isolated function siloed in companies. It permeates every aspect of organizations, from product development to daily operations. Companies that embed sustainability within all aspects of the operational ecosystem create positive impact for themselves, society, and the environment. Across all industries, companies are prioritizing establishing policies and initiatives focused on reducing a company's environmental footprint and human rights violations.

Companies are prioritizing human rights policies, yet action lags.

Companies are expected to be more proactive in protecting human rights within their workforce and throughout their supply chain. All human rights-related metrics within the CECP Integrated Disclosure Scorecard increased from 2019 to 2022, yet few companies are turning their policies into better defined actions. Only 32% of Fortune 500 companies and 46% of S&P Global 1200 companies had a human rights due diligence process, and, in 2022, only 49% of Fortune 500 and 54% of S&P Global 1200 companies conducted supply chain modern slavery assessments. Even fewer companies have a legitimate process in place to provide direct remediation when they have identified adverse human rights impacts that they have caused or contributed to, with 19% of Fortune 500 companies and 27% of S&P Global 1200 companies disclosing a human rights remediation process.

We anticipate an increase in the number of companies reporting on how they are managing human rights in their supply chains as jurisdictions move to hold companies accountable. The European Council approved the Corporate Sustainability Due Diligence Directive (CSDDD) in March 2024. The CSDDD makes foreign and domestic companies operating in the E.U. legally liable for environmental and human rights violations within their supply chains. The scope of the approved CSDDD is significantly reduced from that of the original agreement. The original CSDDD included companies with a minimum of 500 employees and €150 million in turnover in the E.U. The final agreement applies only to companies with at least 1,000 employees and €450 million in turnover—fewer than 30% of companies included in the original scope.[59] The European Parliament formally approved the CSDDD on April 24, 2024, moving it one step closer to adoption by the E.U.

FIGURE 18: How does your company interact with supplier sustainability questionnaires?

Source: CECP Pulse Survey, February 2024, N=199.

Sustainability is increasingly integrated throughout the value chain.

A significant majority of companies have implemented initiatives over the four-year period to reduce the environmental footprint of their supply chain, such as by reducing waste, resource use, or emissions. In 2022, 85% of Fortune 500 companies and 90% of S&P Global 1200 companies had environmental supply chain management initiatives. Nearly 35% of Fortune 500 companies and 41% of S&P Global 1200 companies integrate a product lifecycle design approach, including lifecycle analysis or other methodologies aimed at diminishing the environmental impact of products. For example, Colgate-Palmolive developed a recyclable toothpaste tube and released its design as open source, enabling other manufacturers to reduce single-use plastic in the waste stream.

Business to business (B2B) companies also face pressure to integrate sustainability practices throughout their supply chains. A February 2024 CECP Pulse Survey (Figure 18) found that 33% of respondents receive sustainability questionnaires from their customers. Additionally, 21% of companies request their suppliers to complete sustainability questionnaires. Respondents indicated that carbon footprint, GHG emissions, renewable energy, and human rights practices are the four most important aspects of supplier sustainability questionnaires.[60] As companies are pressured to better manage and report on the environmental impacts of their supply chains through regulations, we are confident there will be increased attention to supply chain due diligence.

Climate Risk

	FORTUNE 500				S&P GLOBAL 1200			
METRIC	N	2019	2022	Δ	N	2019	2022	Δ
Climate Change Policy (Percentage)	459	60.8	87.6	26.8 pp	1126	77.3	93.3	16.0 pp
GHG Emissions Reduction Policy (Percentage)	398	74.1	90.0	15.9 pp	1014	83.0	94.7	11.7 pp
Emissions Reduction Initiatives (Percentage)	460	82.8	93.9	11.1 pp	1128	90.9	97.5	6.6 pp
Company Claims Science-Based Emissions Targets (Percentage)	449	14.3	50.6	36.3 pp	1114	19.4	63.2	43.8 pp
Net-Zero Emissions Target (Percentage)	449	11.6	55.2	43.6 pp	1115	15.9	73.1	57.2 pp
Renewable Electricity Target Policy (Percentage)	447	22.6	40.0	17.4 pp	1110	22.5	44.1	21.6 pp
Climate Adaptation Solutions Implemented (Percentage)	442	5.7	15.4	9.7 pp	1096	7.4	26.9	19.5 pp
Climate Change Opportunities Discussed (Percentage)	449	2.0	7.4	5.4 pp	1108	8.9	25.9	17.0 pp
Climate Scenario Analysis (Percentage)	379	23.2	49.9	26.7 pp	985	26.9	64.9	38.0 pp

Numbers in green indicate positive growth.

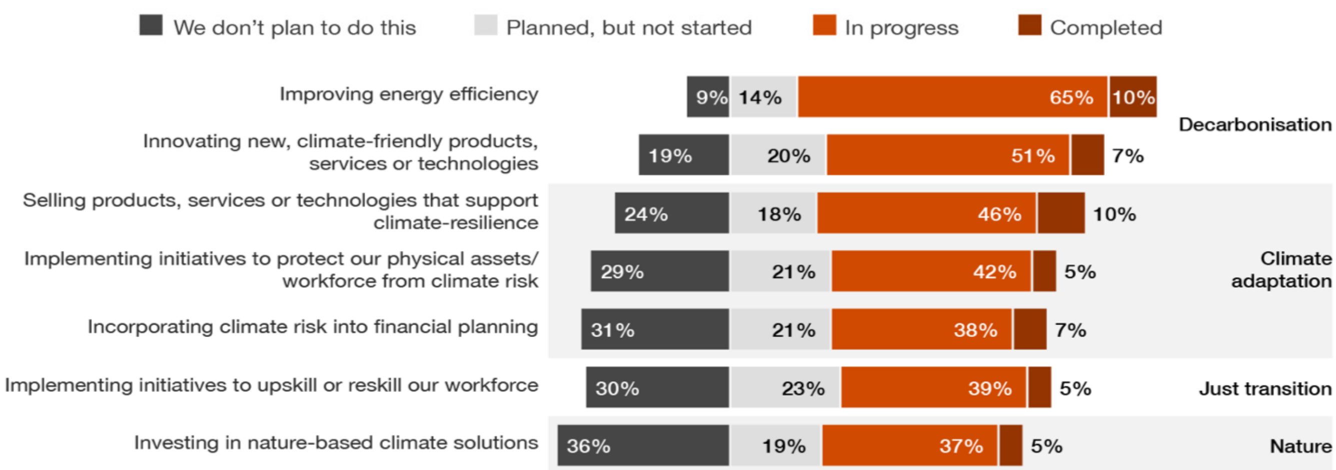
Regulatory policy and action have been excessively limited and slow to reduce climate risk over prior decades. So now, the public expects companies to play a larger role in minimizing the effects of climate change and investors are incorporating climate risk into investment decisions. There is a positive industry-agnostic trend that, of all tracked disclosures, companies are reporting the most on environmental and climate-related metrics.

Climate targets lag climate-related policies.

Driven by increased stakeholder pressure, many more companies in both the Fortune 500 and S&P Global 1200 disclosed climate-related policies and targets in 2022 compared to 2019. Yet, the number of Fortune 500 companies with reduction targets lags that of S&P Global 1200 companies, primarily driven by stricter legislation in the E.U. Only about 50% of Fortune 500 companies had science-based emissions targets and just over 50% had net-zero targets in 2022. Comparatively, in the S&P Global 1200, nearly two-thirds had science-based emissions targets and about three-quarters had net-zero emissions targets.

These findings align with CEO responses to PwC's 27th Annual Global CEO Survey. The study highlights companies that are most focused on decarbonization, with further action needed in other climate-risk areas. Fewer than half of CEOs have enacted initiatives around a Just Transition and Nature (Figure 19). Companies will face increased pressure to address their role in a Just Transition (i.e., greening the economy in a manner that is fair and inclusive) and biodiversity.[61] GRI's Climate Change Topic Standards are currently under revision, with an anticipated release in the second half of 2024, and will require companies to disclose their plans for a Just Transition and how they are mitigating nature loss.[62]

FIGURE 19: CEOs Report Progress on Decarbonization, But Fewer Have Plans for Other Climate Action



Source: PwC, 27th Annual Global CEO Survey.

Few companies discuss climate change opportunities.

Climate change poses many risks, but the transition to a low-carbon economy also creates massive opportunities for organizations to evolve and capitalize on resource efficiency, new products, services, and markets. New green industries may be worth up to US$10.3 trillion to the global economy by 2050.[63] Reporting frameworks—including TCFD, GRI, CSRD, and ISSB—emphasize the importance of transparent reporting on climate-related opportunities, ensuring that companies consider and communicate their strategies and actions in response to climate change.

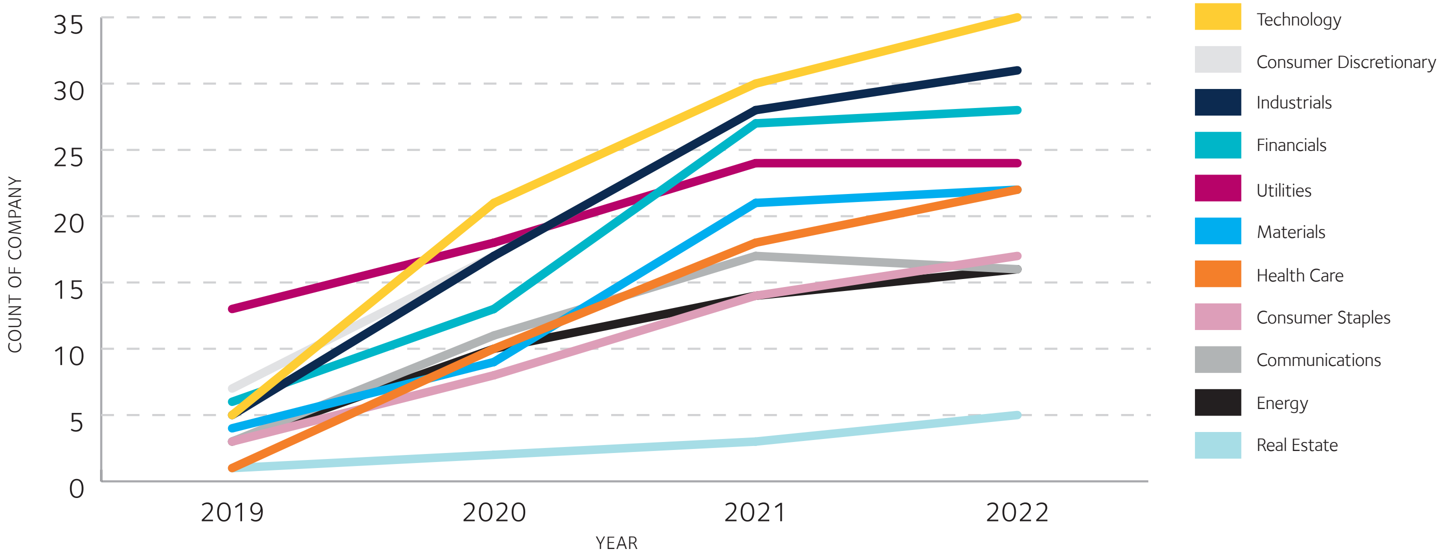
Discussion of climate change opportunities lags considerably behind the other climate-risk variables assessed in the CECP Integrated Disclosure Scorecard. In 2022, only 7.4% of Fortune 500 companies and 25.9% of S&P Global 1200 companies discussed business opportunities related to climate change in their annual reports. For those companies that discussed climate change opportunities for all four years, the materials, real estate, and utilities sectors account for a greater proportion of discussion in annual reports than other industries. Yet, the benefits of disclosing climate change opportunities are numerous across all industries; by identifying and seizing them, companies stand to gain a competitive advantage.

Companies are setting net-zero targets but lack the necessary near-term targets.

Net-zero targets represent ambitious objectives set by organizations or countries to achieve a balance between the total amount of greenhouse gas emissions they produce and the amount they reduce or remove from the atmosphere. The Science Based Target initiative's (SBTi) Net-Zero Standard requires companies to focus on rapid, deep emissions cuts throughout their value chain.

There has been significant growth in the number of companies setting net-zero targets. In 2022, 55% of Fortune 500 and 73% of S&P Global 1200 companies disclosed net-zero targets, up from 11.6% and 15.9% in 2019, respectively,

FIGURE 20: Fortune 500 Net-Zero Targets by Industry



with all industries remaining committed to adopting a net-zero emissions policy. In terms of companies reporting on net-zero emissions, Health Care and Technology had the largest percentage change between 2019 and 2022 (Figure 20).

To achieve net zero by 2050, most companies will have to reduce current carbon use by 90-95%.[64] But only 18% of companies are cutting their emissions fast enough,[65] due to ill-defined emissions reduction roadmaps. Under the SBTi Standard, companies must also set near-term targets to define a clear path on how they plan to achieve their longer-ranged net-zero target. However, in this report's analysis, there was an insufficient number of companies disclosing their SBTi near-term target status to conduct analysis, highlighting the need for companies to take further action on their net-zero targets to ensure progress. With new climate reporting regulations globally, companies will be held accountable for the targets they set; we anticipate seeing a slowdown in the number or aggressiveness of new companies setting net-zero targets in the coming years as they will be held more accountable for their targets and progress per the emerging regulations (see the Megatrends section of this report).

Benefits of disclosing climate change opportunities[66]

- Transparency
- Risk Management
- Financial Implications
- Legal and Regulatory Compliance
- Competitive Advantage
- Resiliency

Biodiversity

METRIC	FORTUNE 500 N	FORTUNE 500 2019	FORTUNE 500 2022	FORTUNE 500 Δ	S&P GLOBAL 1200 N	S&P GLOBAL 1200 2019	S&P GLOBAL 1200 2022	S&P GLOBAL 1200 Δ
Biodiversity Policy (Percentage)	452	36.1	50.9	14.8 pp	1117	48.8	64.9	16.1 pp

Numbers in green indicate positive growth.

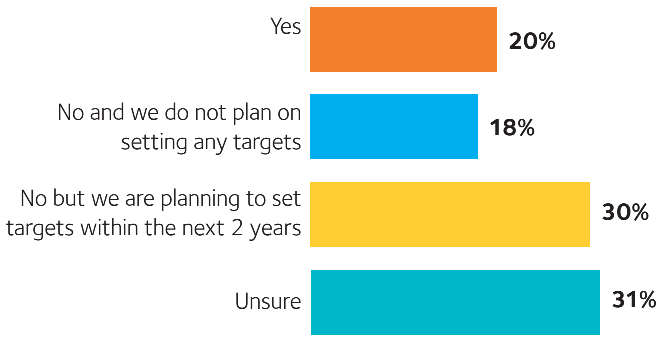
Biodiversity is declining at an unprecedented rate, driven by land use and sea change, overexploitation, climate change, pollution, and invasive species. By 2030, degrading ecosystems could account for the loss of US$2.7 trillion in global GDP.[67] Stakeholders are increasingly paying attention to the risks and opportunities associated with the corporate sector's dependence on natural capital and companies should expect the pressures around biodiversity to grow. We anticipate additional biodiversity KPIs to be added to the scorecard as additional companies begin reporting on their biodiversity impacts.

Half of Fortune 500 companies and two-thirds of S&P Global 1200 companies have biodiversity policies.

Global standards bodies are actively developing biodiversity reporting standards: GRI released an updated biodiversity standard, GRI 101, in January 2024;[68] the Taskforce on Nature-related Financial Disclosures (TNFD) released its recommendations on nature-related issues in September 2023; and the Science Based Targets Network is piloting science-based targets for nature.[69] The number of companies adopting biodiversity policies has grown significantly over the past few years. In 2022, nearly 51% of Fortune 500 companies and 65% of S&P Global 1200 companies reported biodiversity policies, an increase of 14.8 and 16.1 percentage points, respectively.

According to an August 2023 CECP Pulse Survey, 20% of companies have already set biodiversity targets and an additional 30% of companies are planning to set targets within the next two years (Figure 21).[70] In a second question on plans to adopt TNFD's risk management and disclosure framework, 33% of respondents reported that they plan to adopt the framework for 2024, with an additional 22% planning to do so in 2025 or later.[71] This indicates that just under 50% of companies still do not recognize that biodiversity is one of their material issues.We expect that the majority of companies as a percentage will increase over the next few years as they are either already moving in that direction or are planning to do so in the near future in response to growing pressures to prioritize biodiversity impacts.

FIGURE 21: Has your company set biodiversity targets?



Source: CECP, Pulse Survey, August 2023, N=105.

Leading with Purpose

In this report, we explored how geopolitical, societal, and environmental megatrends are impacting the ways companies are disclosing and making progress on their societal commitments. Shareholders and stakeholders are asking companies fundamental questions about their impact and purpose. The exponential power of purpose helps companies drive hard and soft returns because it enables them to project a vision of a better world. It is no longer enough for companies to be successfully competitive based solely on *what* they do. Now, it is imperative they make clear *why* it is important to society that they exist.

The CECP Integrated Disclosure Scorecard highlights that companies understand the imperative to lead with purpose. Nearly all metrics in the scorecard have improved from 2019 to 2022 despite backlash in the U.S. More companies than ever are setting ambitious climate targets, making strides in DEI, and ensuring human rights protections throughout their value chain. As stakeholders—customers, communities, and employees—continue to feel the impacts of climate change and the transition to a green economy, companies will face ever more pressure to ensure they lead with a clear purpose, have a positive impact on communities and the planet, and actively participate in a Just Transition.

How CECP Can Help

CECP has custom-built the only business counsel and network dedicated to driving measurable returns on purpose. We promote responsible, purpose-driven business as it increases customer loyalty, builds employee engagement, improves brand trust, attracts top talent, connects with strategic investors, and contributes to the bottom line.

More than 200 of the world's leading companies seek to improve their return on purpose through access to CECP's solutions in research and insights, strategy and benchmarking, and convening and communications. With our companies, we harness the power of purpose for business, stakeholders, and society.

CECP understands that CEOs and their corporate purpose leaders are under constant pressure to demonstrate how their work is making a positive impact on the business. Reach out to insights@cecp.co to explore strategy development and benchmarking on essential topics with support from our experts.

Appendix

About the Research

The CECP Integrated Disclosure Scorecard evaluates changes in corporate sector performance in relation to CECP's Integrated Long-Term Plan Framework. The scorecard measures how well companies in the Fortune 500 and S&P Global 1200 embrace principles of stakeholder capitalism and long-term sustainable value creation. Using Bloomberg data, CECP, in partnership with KPMG, conducted an analysis of companies' Key Performance Indicators (KPIs) from 2019, 2020, 2021, and 2022 across the Integrated Long-Term Plan Framework. Data from 2023 were excluded due to limited availability. The scorecard indicates the change in median values of these KPIs over the four-year period of 2019-2022 within a matched set of companies that disclosed data for all four years. Previous versions of *Investing in Society* have analyzed trends for a three-year period. *Investing in Society: 2024 Edition* uses a four-year period to account for a pre-COVID-19 baseline.

Companies included in the analysis consist of companies in the Fortune 500 as ranked by *Fortune* Magazine and companies in the S&P Global 1200 Index. Monetary figures are measured in nominal U.S. dollars. Median KPIs that moved in a positive direction over the period 2019-2022 are denoted in green. KPIs that moved in a negative direction over the period 2019-2022 are denoted in red. Movement is denoted by either the overall percentage change over the four-year period or by the number of percentage points (pp) a single metric moved up or down over the four-year period. Year-over-year calculations used a four-year, matched set of companies that reported metrics for all four years.

Disclosure scores range from 0.1 for companies that disclose a minimum amount of ESG data to 100 for those that disclose every data point collected by Bloomberg. A consistent list of topics, data fields, and field weights applies across sectors and regions. Each data point is weighted in terms of importance, with data such as greenhouse gas emissions carrying greater weight than other disclosures.

When choosing which KPIs to include in the scorecard, some data points were omitted due to a low number of company responses. To be able to draw conclusions with a reasonable level of accuracy, we included only KPIs that had data for at least 50% of companies within each dataset.

CECP Integrated Disclosure Scorecard

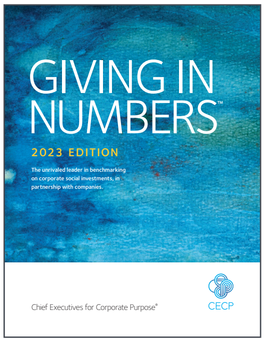
	FORTUNE 500						S&P GLOBAL 1200					
METRIC	**N**	**2019**	**2020**	**2021**	**2022**	**Δ**	**N**	**2019**	**2020**	**2021**	**2022**	**Δ**
DISCLOSURE												
ESG Disclosure Score (Median)	438	51.8	54.7	56.0	56.5	**8.9%**	1086	52.8	54.4	55.9	56.3	**6.6%**
Environmental Disclosure Score (Median)	438	35.7	38.5	42.0	43.6	**22.2%**	1086	37.8	40.7	42.4	44.1	**16.7%**
Social Disclosure Score (Median)	438	29.2	32.0	33.1	32.7	**12.1%**	1086	32.1	33.8	34.6	35.1	**9.3%**
Governance Disclosure Score (Median)	438	87.5	90.6	91.2	91.2	**4.3%**	1086	87.5	87.5	89.3	89.9	**2.7%**
CORPORATE GOVERNANCE												
Percentage of Women on Board (Median)	461	25.0	27.3	30.0	30.0	**5.0 pp**	1128	27.3	30.0	30.8	31.0	**3.7 pp**
Board has At Least One Female Director (Percentage)	471	97.7	99.2	99.6	99.4	**1.7 pp**	1179	93.0	94.3	96.9	98.2	**5.2 pp**
Female Chairperson or Equivalent (Percentage)	460	5.9	6.1	7.6	9.6	**3.7 pp**	1127	5.2	5.9	7.2	9.2	**4.0 pp**
CSR/Sustainability Committee Reporting to the Board (Percentage)	461	53.6	67.0	78.5	85.4	**31.8 pp**	1129	42.3	51.0	60.3	66.2	**23.9 pp**
Female Chief Executive Officer or Equivalent (Percentage)	461	5.9	6.3	7.2	8.7	**2.8 pp**	1126	4.3	4.7	5.7	6.1	**1.8 pp**
ESG-Linked Compensation for Board (Percentage)	462	0.0	0.0	0.4	0.9	**0.9 pp**	1129	0.7	1.1	1.6	2.8	**2.1 pp**
Executive Compensation Linked to Climate (Percentage)	462	8.0	11.7	19.3	27.5	**19.5 pp**	1127	10.0	13.8	20.1	28.9	**18.9 pp**
Executive Compensation Linked to ESG (Percentage)	462	30.3	33.3	42.2	47.6	**17.3 pp**	1128	28.4	31.8	39.2	45.8	**17.4 pp**
Percentage of Female Executives (Median)	460	20.0	20.0	20.0	20.0	**0.0 pp**	1114	14.3	16.7	18.2	20.0	**5.7 pp**
Cybersecurity Risk Management (Percentage)	294	18.7	33.0	44.9	58.2	**39.5 pp**	745	29.3	37.9	47.4	57.2	**27.9 pp**
Data Security Risks Discussed (Percentage)	364	92.0	92.9	95.6	98.1	**6.1 pp**	884	82.5	86.1	88.4	92.1	**9.6 pp**
FINANCIAL & CAPITAL ALLOCATION												
Revenue (Median)	483	12112.2	11789.0	14262.7	16326.6	**34.8%**	1176	10176.0	8889.5	10051.2	10751.2	**5.7%**
Return on Invested Capital (Median)	479	8.8	6.6	8.8	9.7	**10.7%**	1159	7.8	6.2	7.9	7.6	**-1.5%**
Financial Leverage (Median)	438	3.2	3.4	3.5	3.3	**3.5%**	1126	2.6	2.7	2.7	2.7	**3.1%**
Capital Expenditures (Median)	481	438.0	419.3	460.0	549.0	**25.3%**	1018	437.0	418.5	472.2	532.7	**21.9%**
R&D Expense (Average)	358	909.8	1007.4	1134.3	1322.5	**45.4%**	736	772.9	823.3	941.6	1053.5	**36.3%**

	FORTUNE 500						S&P GLOBAL 1200					
METRIC	**N**	**2019**	**2020**	**2021**	**2022**	**Δ**	**N**	**2019**	**2020**	**2021**	**2022**	**Δ**
RISKS & OPPORTUNITIES												
SASB Reporting Company (Percentage)	455	42.6	68.4	80.4	86.2	**43.6 pp**	1105	25.2	52.0	68.0	74.3	**49.1 pp**
GRI Criteria Compliance (Percentage)	455	52.8	58.0	63.1	64.0	**11.2 pp**	1115	61.3	66.2	71.0	74.1	**12.8 pp**
Adopts TCFD Recommendations (Percentage)	454	33.5	57.1	73.4	79.5	**46.0 pp**	1112	46.5	69.7	84.4	91.1	**44.6 pp**
Risks of Climate Change Discussed (Percentage)	460	56.7	62.6	75.7	82.4	**25.7 pp**	1115	53.8	64.1	73.6	81.4	**27.6 pp**
STAKEHOLDER ENGAGEMENT												
Community Engagement Policy (Percentage)	289	18.7	23.5	27.3	35.0	**16.3 pp**	714	19.1	20.3	24.4	29.6	**10.5 pp**
HUMAN CAPITAL MANAGEMENT												
Percentage of Women in Workforce (Median)	299	35.0	35.0	36.0	35.6	**0.6 pp**	918	35.1	35.2	36.0	36.4	**1.3 pp**
Company Diversity Target Indicator (Percentage)	252	0.8	6.0	9.9	14.7	**13.9 pp**	603	5.3	9.1	14.6	24.9	**19.6 pp**
Gender Pay Gap Breakout (Percentage)	432	28.7	33.6	37.5	38.0	**9.26 pp**	1119	37.5	43.0	45.8	48.2	**10.7 pp**
Training Policy (Percentage)	459	80.0	90.0	94.1	95.4	**15.4 pp**	1129	90.4	95.2	97.1	98.1	**7.7 pp**
Company Discloses Employee Engagement Score (Percentage)	367	16.9	23.2	34.3	44.4	**27.5 pp**	920	27.5	34.0	40.8	49.9	**22.4 pp**
OPERATIONAL ECOSYSTEM												
Product Lifecycle Design (Percentage)	331	23.0	26.6	29.3	34.7	**11.7 pp**	869	28.8	33.5	36.8	41.0	**12.2 pp**
Environmental Supply Chain Management (Percentage)	457	73.5	79.2	83.8	85.1	**11.6 pp**	1127	82.2	86.8	89.0	90.2	**8.0 pp**
Human Rights Due Diligence Process (Percentage)	449	12.9	16.9	26.5	32.1	**19.2 pp**	1106	24.2	30.3	40.0	46.1	**21.9 pp**
Human Rights Policy (Percentage)	457	74.0	80.1	85.1	88.0	**14.0 pp**	1128	85.2	90.5	93.2	94.9	**9.7 pp**
Human Rights Remediation Process (Percentage)	447	5.4	8.5	15.0	18.6	**13.2 pp**	1101	11.4	14.9	21.7	27.3	**15.9 pp**
Social Supply Chain Management (Percentage)	458	78.4	84.1	88.4	89.5	**11.1 pp**	1129	85.5	89.8	92.7	93.6	**8.1 pp**
Supply Chain Modern Slavery Assessment (Percentage)	446	34.3	44.4	47.1	48.9	**14.6 pp**	1109	38.7	49.0	52.4	54.2	**15.5 pp**
CLIMATE RISK												

	FORTUNE 500						S&P GLOBAL 1200					
METRIC	**N**	**2019**	**2020**	**2021**	**2022**	**Δ**	**N**	**2019**	**2020**	**2021**	**2022**	**Δ**
Climate Change Policy (Percentage)	459	60.8	73.4	83.0	87.6	**26.8 pp**	1126	77.3	84.2	90.3	93.3	**16.0 pp**
GHG Emissions Reduction Policy (Percentage)	398	74.1	81.7	86.7	90.0	**15.9 pp**	1014	83.0	88.0	91.5	94.7	**11.7 pp**
Emissions Reduction Initiatives (Percentage)	460	82.8	87.6	92.0	93.9	**11.1 pp**	1128	90.9	94.6	96.3	97.5	**6.6 pp**
Company Claims Science-Based Emissions Targets (Percentage)	449	14.3	25.2	40.1	50.6	**36.3 pp**	1114	19.4	32.0	48.8	63.2	**43.8 pp**
Net-Zero Emissions Target (Percentage)	449	11.6	30.5	50.1	55.2	**43.6 pp**	1115	15.9	37.7	62.9	73.1	**57.2 pp**
Renewable Electricity Target Policy (Percentage)	447	22.6	28.4	37.4	40.0	**17.4 pp**	1110	22.5	30.3	39.5	44.1	**21.6 pp**
Climate Adaptation Solutions Implemented (Percentage)	442	5.7	10.0	13.6	15.4	**9.7 pp**	1096	7.4	14.1	22.6	26.9	**19.5 pp**
Climate Change Opportunities Discussed (Percentage)	449	2.0	4.0	6.0	7.4	**5.4 pp**	1108	8.9	14.5	19.6	25.9	**17.0 pp**
Climate Scenario Analysis (Percentage)	379	23.2	33.0	43.0	49.9	**26.7 pp**	985	26.9	41.3	52.6	64.9	**38.0 pp**
BIODIVERSITY												
Biodiversity Policy (Percentage)	452	36.1	41.6	45.6	50.9	**14.8 pp**	1117	48.8	51.9	57.1	64.9	**16.1 pp**

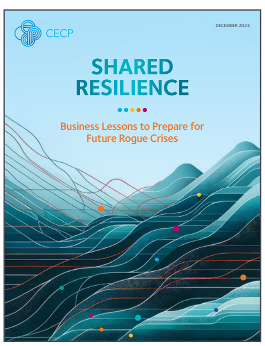
Source: Bloomberg data, CECP analysis.

CECP Thought Leadership



[Giving in Numbers: 2023 Edition]
Giving in Numbers: The unrivaled leader in benchmarking on corporate social investments, in partnership with companies. For over 22 years, CECP has created the largest and most historical dataset on trends in the industry, shared by more than 600 multi-billion-dollar companies and representing more than US$439 billion in corporate social investments in that time. *Giving in Numbers* is embraced by professionals across all sectors globally as a methodology for understanding how corporations invest in society, with topics ranging from cash and in-kind/product, employee volunteerism and giving, and impact measurement.

[Global Impact at Scale: The S in ESG]
In collaboration with the CECP Global Exchange, CECP produces *Global Impact at Scale: The S in ESG*, which highlights international trends in corporate purpose strategies focusing on the "S" in Environmental, Social, and Governance (ESG). The report tracks companies' progress in increasing the number of women in management; diversity, equity, and inclusion (DEI); voluntary employee turnover; and more.



[Shared Resilience: Business Lessons to Prepare for Future Rogue Crises]
This report delves into the responses to, results of, and revelations from the COVID-19 pandemic that can be applied to other crises we may face. In examining these responses, CECP shares four key elements critical to creating shared resilience within a company: purpose, empathy, trust, and integration and congruence.

Acknowledgments

CECP is thankful to KPMG for their support in the data analysis informing the CECP Integrated Disclosure Scorecard.

CECP thanks all contributors: Jenna Moore served as lead author, with contributions from Mark Imus, Carolina Murphy, Kari Niedfeldt-Thomas, and Kate Stobbe.

When referencing findings from this report, please list the source as: Chief Executives for Corporate Purpose. *Investing in Society: 2024 Edition*. Copyright © 2024 by CECP.

Endnotes

1 World Economic Forum, *The Global Risks Report 2024*
2 Future Today Institute, *2024 Tech Trends Report 17th Edition: Artificial Intelligence*
3 PwC, 27th Annual Global CEO Survey
4 PwC, 27th Annual Global CEO Survey
5 Fortune, "CEO optimism soars amid expectations for Fed rate cuts"
6 CECP Pulse Survey, October 2023
7 CECP, "2024 Look Ahead: Addressing Uncertainty Through Purpose"
8 CECP Pulse Survey, July 2023
9 Axios, "CEOs' confidence in economy surges"
10 Reuters, "Strong US worker productivity keeps labor costs in check in fourth quarter"
11 The Economist, "Ten business trends for 2024, and forecasts for 15 industries"
12 Fortune, "'Greedflation' caused more than half of last year's inflation surge, study finds, as corporate profits remain at all-time highs"
13 PwC, 27th Annual Global CEO Survey
14 European Commission, Corporate sustainability reporting
15 SEC, "SEC Adopts Rules to Enhance and Standardize Climate-Related Disclosures for Investors"
16 Harvard Business Review, "Research: Consumers' Sustainability Demands Are Rising"
17 Bain & Company, *The Visionary CEO's Guide to Sustainability*
18 Bain & Company, *The Visionary CEO's Guide to Sustainability*
19 Harvard Law School Forum on Corporate Governance, "On the Purpose of the Corporation
20 Brandpie, *The CEO Purpose Report 2023: Putting Purpose to Work*
21 CECP Pulse Survey, March 2024
22 CECP, "The Board's Changing Role"
23 CECP, "A Deeper Look at the Return on Purpose: Before and During a Crisis"
24 Forbes, "Businesses Gain When Purpose And Profit Go Hand In Hand"
25 jump, The Payback On Purpose
26 IDC, "Worldwide Digital Transformation Spending Forecast to Continue Its Double-Digit Growth Trajectory, According to IDC Spending Guide"
27 MITSloan Management Review, "Tackling AI's Climate Change Problem"
28 Microsoft, *Annual Report 2023*
29 CECP, 11th CEO Investor Forum, CEO Presentation: Barbara Humpton, President & CEO, Siemens North America
30 AT&T, 2022 Sustainability Summary
31 Travelers, *Sustainability Report 2022*
32 Best Buy, *Corporate Responsibility & Sustainability Report Fiscal 2023*
33 Nestlé, *Creating Shared Value and Sustainability Report 2022*
34 Entergy, 2023 Performance Report: *Energy for a Better Future*
35 Citi, *2022 Environmental, Social and Governance Report*
36 Harvard Business Review, "Research: Consumers' Sustainability Demands Are Rising"
37 Deloitte Digital, TrustID
38 CECP, "The Board's Changing Role"
39 CECP, "Elevating ESG Performance through Employee Engagement and DEI"
40 S&P Global, "The Path to Gender Parity"
41 PwC, 27th Annual Global CEO Survey
42 SEC, "SEC Adopts Rules to Enhance and Standardize Climate-Related Disclosures for Investors"
43 IBM, *Women in leadership*
44 IFRS, "ISSB and TCFD"
45 ECGI, "Climate Risk Disclosure and Institutional Investors"
46 Thomas Reuters, "Climate risk a 2024 top priority for ESG investors"
47 Dell, Girls Who Game
48 CECP, *Giving in Numbers: 2023 Edition*
49 CECP, *Giving in Numbers: 2023 Edition*
50 CECP, "Elevating ESG Performance through Employee Engagement and DEI"
51 World Bank, *Women, Business and the Law 2024*
52 World Bank, *Women, Business and the Law 2024*
53 Gallup, "The Future of the Office Has Arrived: It's Hybrid"
54 OECD, "Gender Equality"
55 Time, "No Recession? Thank Women"
56 CECP, "Elevating ESG Performance through Employee Engagement and DEI"
57 Gallup, Employee Engagement
58 Harvard Law School Forum on Corporate Governance, "The Return on Purpose: Before and During a Crisis"
59 Forbes, "EU Releases Full Text of Corporate Sustainability Disclosure Law Ahead of Parliament Vote"
60 CECP Pulse Survey, January 2023
61 PwC, 27th Annual Global CEO Survey
62 GRI, Project for Climate Change Standards
63 Arup, "Green transition creates $10.3T opportunity for the global economy by 2050, a new report finds"
64 SBTi, The Corporate Net-Zero Standard
65 Accenture, *Destination net zero*
66 EPA, Climate Risks and Opportunities Defined
67 Forbes, "How Companies Can Help Support Biodiversity"
68 GRI, Project for Climate Change Standards
69 SBTN, "How SBTN's consultation process shapes science-based targets for nature"
70 CECP Pulse Survey, July 2023
71 CECP Pulse Survey, July 2023

CECP
25 YEARS

Chief Executives for Corporate Purpose (CECP)
+1 212.825.1000
@CECPTweets
cecp.co