



G&A

GOVERNANCE &
ACCOUNTABILITY
INSTITUTE, INC.™

2020

FLASH REPORT RUSSELL 1000®

**Trends on the sustainability
reporting practices of the
Russell 1000 Index companies**

65% of the Russell 1000® Index Published Sustainability Reports in 2019, G&A Research Shows

INTRODUCTION TO G&A RESEARCH ON RUSSELL 1000® ESG REPORTING TRENDS

Governance & Accountability Institute (G&A) is a consulting and research organization providing services to publicly-traded and privately-owned companies to help enhance their public ESG (environmental, social and governance) and sustainability profiles, which investors and other stakeholders are using to gauge company success in various ways.

One of G&A's core specialties is helping companies to expand their ESG disclosures and more effectively embrace the leading reporting frameworks and standards for developing structured reports on ESG factors.

Beginning in 2012, focusing on the increasing volume of sustainability reporting among large-cap companies, G&A analysts researched and monitored the non-financial disclosures and ESG reporting activities of all companies included in the S&P 500 Index® (a widely-used benchmark by investors).

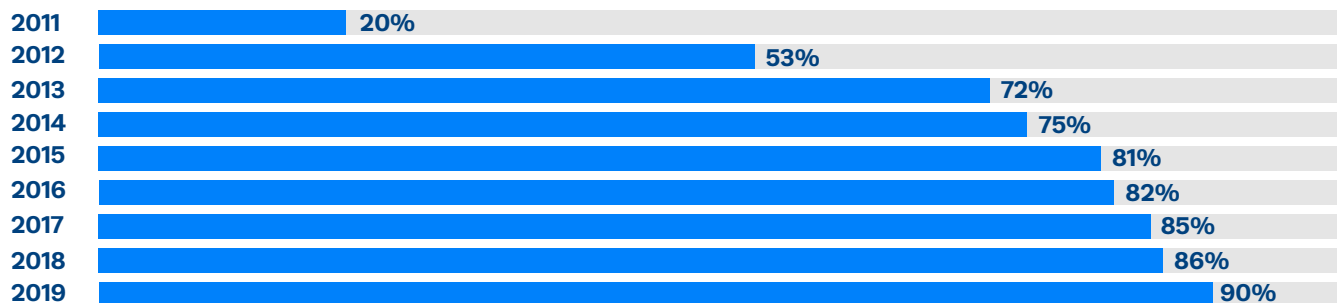
The publication year 2011 became our baseline foundation for the annual examination of corporate ESG and sustainability reporting trends in subsequent years. G&A has examined sustainability reporting trends in all of the S&P 500 companies each calendar year since then.

G&A's research efforts over the past nine years have resulted in capturing and examining a wide variety of publicly-accessible corporate reports, typically titled corporate sustainability, corporate responsibility, corporate citizenship, ESG, environmental update, and the like. The pace of such corporate reporting publications has increased dramatically over recent years, with the S&P 500 companies exerting clear leadership for the corporate sector.

For our baseline year of **2011**, G&A determined that just **20% of the companies included then in the S&P 500® Index** were producing such reports, incorporating ESG data and narrative. At that time, **80% of the S&P 500 companies were NOT publishing such reports.**

Each year moving forward, the trend in corporate sustainability reporting showed a steady increase. In 2019, the G&A team determined that the percentage of **S&P 500 companies producing such reports had grown to 90%!**

THE 9-YEAR TRACK RECORD OF S&P 500 COMPANIES REPORTING



Note: To review detailed reporting breakouts and trends for the S&P 500 companies, see [G&A's 2020 S&P 500 Flash Report](#).

RESEARCH EXPANSION TO INCLUDE THE FULL RUSSELL 1000®

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

With this in mind, the G&A research team decided in 2019 to start to examine the sustainability reporting trends of smaller companies by expanding the scope of the research to include all companies in the Russell 1000. The Russell 1000 Index companies' total market cap represents 92% of all listed stocks in the U.S. equity market.

The smallest company's market cap in the Russell 1000 in 2019 was \$3.6B, so the smaller companies in this index include many mid-caps (generally recognized between \$2B to \$10B), but no small caps (lower than \$2B).

This publication marks our second year of examining the sustainability reporting trends of the Russell 1000 companies – and therefore, the first year we are able to compare year-over-year developments.

2020 G&A RUSSELL 1000® RESEARCH HIGHLIGHTS

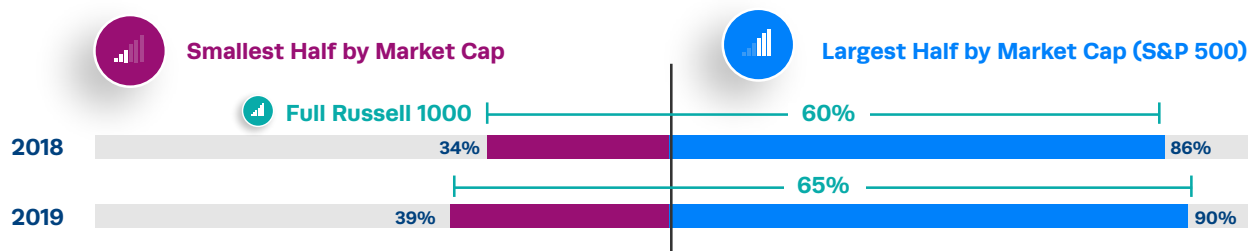
G&A's analysts have determined that 65% of the total Russell 1000 Index companies published sustainability reports in 2019, an increase from 60% in 2018.

In examining all of the Russell 1000 Index companies, we found that of the largest half of companies in the index by market cap, 90% published reports in 2019, an increase from 86% in 2018.

The number of reporters in the smallest half of the index by market cap, while significantly lower, also showed an increase with 39% publishing reports in 2019, an increase from 34% in 2018.

The S&P 500® companies are continuing to set an expectation for best practice. In the coming years, we hope to see the same expansive increase in ESG reporting among the smallest half of the Russell 1000, as we did in the largest half – based on our S&P 500 research.

ANNUAL REPORTING TRACK RECORD OF RUSSELL 1000 COMPANIES



In 2019, G&A expanded our initial S&P 500 research to include the full Russell 1000. Going forward our research will track trends for the companies included in the full Russell 1000 index, as well as, breakouts for the largest half (S&P 500) and smallest half of the overall index by market cap.

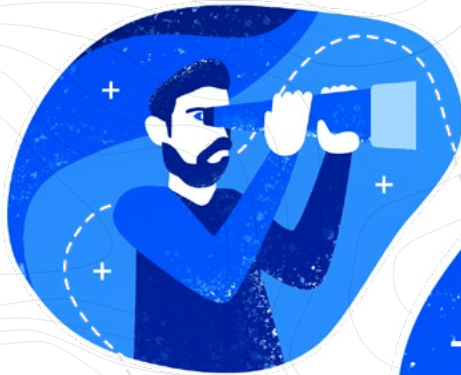
KEY TAKEAWAYS ON RUSSELL 1000 INDEX REPORTERS

- 65% of Russell 1000 companies published sustainability reports in 2019
- 47% of the reporting companies used the widely-accepted GRI Standards
- 23% of the reporting companies in some way referenced or aligned with SASB
- 14% of the reporting companies mentioned or aligned with the TCFD, while 4% of those reported with detailed alignment
- 41% responded to CDP Climate Change questionnaire
- 32% of the reporting companies presented alignments with the SDGs

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

OUR FINDINGS ARE FOR ALL

We invite your in-depth review of G&A's comprehensive research findings and analysis throughout this publication. For example, below we present the non-reporters' year-over-year progress categorized by GICS® Sector from 2018 to 2019. Also included are details regarding the more popular, widely-used reporting frameworks, standards, initiatives, surveys, and other reporting enhancements used by the Russell 1000® companies.



✚ **Note:** Permission is granted for re-use of data results and the graphics presented throughout this publication, however please ensure that credit is accurately attributed to G&A for any replication of representations in this report and that a link is provided back to our website as a source.

METHODOLOGY

The 2020 G&A Russell 1000® research exercise focused on corporate ESG disclosure and reporting activities of the companies listed in the Russell 1000 Index during the calendar year 2019 and expanded upon the ESG factors typically examined by the G&A analyst team and senior staff.

This year's publication and presentation have been enhanced with new charts and infographics added to improve navigation and understanding of the results of this comprehensive annual analysis, informed by almost a decade of dedicated research and monitoring.

In this enhanced research effort, G&A examines and analyzes the Russell 1000 Index companies as a whole, as well as a breakout into two halves: the largest firms by market cap vs. the smaller of the firms by market cap. The "largest half of the Russell 1000" generally represents the S&P 500 Index® companies and is determined based on company market cap. The "smallest half of the Russell 1000" are the remaining companies in the index (representing smaller market caps than those companies in the S&P 500).

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

Outstanding Shares x Share Price = Market Cap

Note that these two breakouts of the full Russell 1000 are not necessarily equal "halves". In 2019, there were 494 companies included in the S&P 500 Index (aka the largest "half" of the Russell 1000) and 487 in the smaller "half" of the Russell 1000.

The indices are updated regularly by their owners; as a result, large-cap companies are often added or removed from time to time, which can alter the baseline from year to year. For the purposes of this year's research, the list of Russell 1000 companies was pulled as of December 31, 2019.

In 2021, G&A plans to transition to **ONE** comprehensive research publication (replacing our current two-part annual publications) to combine our annual [S&P 500 research](#) and our newly-completed and expanded Russell 1000 research (as seen in this publication). With multiple years of data going forward we can examine the year-over-year changes in these cohorts.

LEGEND:



**Smallest Half
by Market Cap**



**Largest Half by
Market Cap (S&P 500)**



**Russell 1000
Index**

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

**Louis Coppola**

Executive Vice President
& Co-Founder
G&A Institute

G&A COMMENTS

Louis Coppola, G&A's EVP & Co-Founder, who has designed and managed all of G&A's annual analyses to date, explains:

"It has been a rewarding experience to help track the uptake of sustainability reporting by the largest companies in the U.S. represented by the S&P 500®. The last few years have seen a significant increase in interest from companies and pressure from a variety of stakeholders – especially investors – for companies to demonstrate their understanding and governance of material ESG issues.

Over the years we have tracked these trends, and G&A has utilized the underlying systems, tools and data to help our clients obtain leadership ESG investment

profiles. We have developed a comprehensive 5-step approach to ESG leadership using a hybrid standards approach which incorporates the best features of the most influential and important reporting standards.

We are really excited to continue to track this trend as ESG is accelerating even among mid-cap companies expanding across the entire market, and becoming more common practice, mature, and sophisticated – both on the investor side with increasingly enhanced methodologies – and on the reporting company side with increasingly standardized, comparable, material, and decision-useful reporting."

**ESG is accelerating
even among mid-cap
companies expanding
across the entire
market, and becoming
more common
practice, mature,
and sophisticated...**



Hank Boerner

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

G&A COMMENTS

Hank Boerner, G&A's Chairman, Chief Strategist & Co-Founder, discusses trends in ESG:

"We've been seeing quite a dramatic increase in corporate reporting related to ESG strategies, risks addressed, and an ever-wider span of metrics where such measurements are possible, with volumes of performance data, narrative on initiatives, and highlights on outcomes or achievements. For nearly a decade we have examined this period of intensification of such reporting, typically led by large-cap companies that have the resources to initiate and enhance their sustainability strategies and then report on their "sustainability journey".

Leading corporate directors and senior executives with strategic approaches to sustainability reporting understand the needs

of the report users and the potential impact on their firm. Think of asset owners/managers, and index managers – many are using the outputs of ESG ratings agencies and data providers as well as building their own ESG methodologies.

The public ESG profiles of companies have become significant factors in the investor's analysis and portfolio decision-making. ESG profiles and data have become an important starting point for asset managers, portfolio managers, and analysts. The higher the quality of disclosure available to ESG raters, the more attractive a corporate issuer may be in that instance. Corporate executives increasingly understand this.

And so, we are not only seeing more sustainability reports being published over the decade, but much more decision-useful ESG data and narrative focused on the material aspects of the company's sustainability journey. The S&P 500®, which represents the largest capitalization U.S. companies, has become very skilled in ESG disclosure and reporting. But what about the smaller half of the companies in the Russell 1000® Index?

What we are seeing is encouraging and demonstrates that company boards and C-suites "get it" about ESG and sustainability and want to tell their story, stressing the material aspects of ESG for the benefit of investors and a range of stakeholders. That is the good news of year's expanded and enhanced research."

The S&P 500, which represents the largest capitalization U.S. companies, has become very skilled in ESG disclosure and reporting. But what about the smaller half of the companies in the Russell 1000 Index?



Elizabeth Peterson

Senior Sustainability Analyst
G&A Institute

G&A COMMENTS

Elizabeth Peterson, Senior Sustainability Analyst at G&A, has been involved in the research since 2017 and oversees the day to day work of the effort, supervising the talented intern-analysts and team members involved. She comments:

"After 9 years of tracking the upward trends in reporting for the S&P 500® companies, the analysis was becoming more of an expectation of increased reporting – with 90% now reporting in 2019. During internal brainstorming to improve G&A's annual research offering, we arrived at a hypothesis that as we examine smaller companies, the less likely they are to have ESG departments and/or comprehensive ESG disclosures. We landed on measuring company size by market cap value. We believe this delay in reporting by smaller companies is due to not having access to the same amount of resources as larger cap companies in the S&P 500. This report delivers an impressive analysis supporting our hypothesis through the

comparison of reporting habits between the larger and smaller cap companies included in the Russell 1000®. With two-years of comparable data, we are already seeing an upward trend (a 5% increase since 2018) of smaller companies picking up the pace when it comes to ESG reporting. In the coming years, we hope to see the same expansive increase in ESG reporting that we saw in our S&P 500 research trickle down into the smaller cap companies in the Russell 1000, as the S&P 500 companies continue to set an expectation for best practices.

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

Read more about our analysts involved in the back of this report.

LOOKING FORWARD

In the year 2020, two major asset management firms – Blackrock and State Street Global Advisors (SSGA) – stressed to public company management teams and their boards the importance of sustainability disclosure and reporting. They urged publicly-traded companies to use the SASB standards in their ESG disclosure efforts.

A growing number of investors are also urging companies to adopt the recommendations of the TCFD framework related to disclosure on climate risk management.

As a result of these widely-publicized requests by major firms, we are seeing increased disclosure overall, as well as, significant broadening of the elements of sustainability and ESG reporting. We anticipate that this trend will only continue to increase. G&A will also be interested to see in next year's research how the COVID-19 pandemic plays a role in sustainability reporting trends of the 2020 publication year.

RESEARCH & ANALYSIS RESULTS

In 2019, 65% of the companies included in the Russell 1000® Index published detailed, comprehensive sustainability reports and data disclosures. Only 35% of this important universe of publicly-traded companies did not report during 2019. Throughout our annual research on corporate reporters, we continue to see a steady decrease of sustainability reporting laggards. However, some sectors are progressing more quickly than others. Below we provide sector-based highlights from the 2019 reporting year.

TOP LINES FOR RUSSELL 1000 INDEX

8

Non-Reporters
in the Energy
Sector

TOP SECTOR

Utilities

100%
REPORTING

LAGGING SECTOR

Communications

59%
NOT REPORTING

SECTOR WITH MOST REPORTS

Industrials

90
COMPANIES

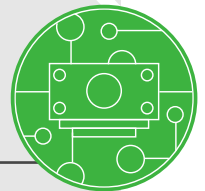
SECTORS
MAKING
PROGRESS

14
NEW REPORTS

Financials

12
NEW REPORTS

Real Estate



G&A Analyst Note

The YOY increase in Non-Reporters in 2019 under the Information Technology (IT) sector can be attributed to the large influx of companies added to the Russell 1000 Index under the IT sector in 2019; which undoubtedly had an adverse effect on the amount of non-reporters.

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

The chart below presents the number of companies from each GICS sector that have not published a sustainability report between 2018 and 2019 – implying no visible organized focus on sustainability and ESG. For more information on GICS sectors categories, visit [here](#).

■ Progress In Non-Reporters ■ Needs Improvement in Reporting ■ No Change

	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	TOTAL
Russell 1000 Index												
2018 Non-Reporters	32	37	11	16	77	46	49	65	11	42	2	388
2019 Non-Reporters	29	33	10	8	63	45	44	73	10	30	0	345
YOY Change In Non-Reporters	-3	-4	-1	-8	-14	-1	-5	+8	-1	-12	-2	-43
% Of Sector Not Reporting	59%	29%	20%	18%	43%	42%	33%	46%	18%	37%	0%	35%
Total Companies in Russell 1000	49	114	51	45	147	108	134	157	56	82	38	981

Smallest Half by Market Cap												
2018 Non-Reporters	24	30	8	13	65	36	41	52	11	34	2	316
2019 Non-Reporters	24	27	8	6	59	37	36	63	9	26	0	295
YOY Change In Non-Reporters	0	-3	0	-7	-6	+1	-5	+11	-2	-8	-2	-21
% Of Sector Not Reporting	86%	53%	44%	33%	72%	79%	56%	71%	31%	51%	0%	61%
Smallest Half of Russell 1000	28	51	18	18	82	47	64	89	29	51	10	487

Largest Half by Market Cap (S&P 500)												
2018 Non-Reporters	8	7	3	3	12	10	8	13	0	8	0	72
2019 Non-Reporters	5	6	2	2	4	8	8	10	1	4	0	50
YOY Change In Non-Reporters	-3	-1	-1	-1	-8	-2	0	-3	+1	-4	0	-22
% Of Sector Not Reporting	24%	10%	6%	7%	6%	13%	11%	15%	4%	13%	0%	10%
Total Companies in S&P 500	21	63	33	27	65	61	70	68	27	31	28	494

REPORTING FRAMEWORKS

In this research, we detail the makeup of Russell 1000® Index reporters through analyzing various reporting frameworks and public reporting surveys. There are many approaches to sustainability reporting. For this research, we examined three varying reporting frameworks – GRI, SASB, and TCFD, and one public reporting questionnaire, CDP.

Each of these presents unique reasons for consideration by corporate management. Although each of these frameworks is distinct in their own way, all are in some ways complementary to one another. Therefore, it is common for companies to align their sustainability reporting with more than one, if not all, of these mentioned frameworks.



GRI is designed for disclosure on a wide range of ESG issues and topics relevant to stakeholders; companies select disclosure topics based by conducting a stakeholder inclusive materiality analysis.



SASB is more narrowly focused on a selected few disclosures relevant to a company's overall sector and is geared more toward an investor audience. The material topics and disclosures are suggested by SASB for each of the 77 industries.



TCFD is a more recently introduced reporting framework and is fixed solely on climate-related financial risk. Disclosures adhere to investors, lenders, insurers, and other stakeholders expectations.



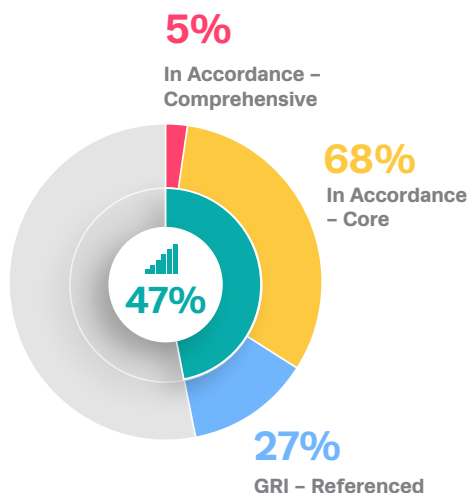
Many companies choose to publicly report their carbon emissions, climate strategy, reduction initiatives, and much more through the CDP Climate Change Questionnaire. Responses to CDP are publicly available and closely aligns with the TCFD. We continue to see trends of these two being used complementary to one another going forward.

REPORTING FRAMEWORKS



G&A is proud to be a GRI Data Partner. We have analyzed thousands of GRI Reports and we can help you. [Learn more](#)

Full Russell 1000 Index Highlights



40,000+

reports now permanently filed in the GRI [Sustainability Disclosure Database](#)

GLOBAL REPORTING INITIATIVE (GRI)

The Global Reporting Initiative (GRI) is the de-facto global standard for corporate sustainability reporting. Since 1999, when the first corporate reporters began publishing using the GRI framework, hundreds of companies followed, beginning with the "G1" framework (the first generation, released in early 2000). There are more than 40,000 reports now permanently filed in the GRI global database for retrieval by stakeholders. The majority of these reporting efforts in the United States are voluntary, as is the adoption of the GRI framework for U.S.-based publicly traded and privately-owned companies.

The foundation of the GRI was established in 1990, following the Exxon Valdez oil spill in Alaska waters by the NGO Ceres, first as the Valdez Principles, then becoming the Ceres Principles, and later adopted and enhanced by a convening of parties including investors by the United Nations in 1994.

Now in its 5th generation, the framework is referred to as the GRI Standards, which represents a new era for the organization as they move from a framework to being accepted as a commonly used standard of reporting. These comprehensive standards were officially updated and adopted in 2017 and are modular, allowing for the constant update, expansion, and enhancement of the standards which cover economic, environmental, and social impacts.

Recent updates and additions to the GRI Standards have applied to GRI 306: Waste (2020), GRI 207: Tax Strategy (2019), GRI 403: Occupational Health & Safety (2018), and GRI 303: Water and Effluents (2018). Conversations and consultations around improvement to the standards are on-going.

In 2019, almost half (47%) of the reporting companies in the Russell 1000® Index utilized the GRI reporting standards to improve ESG disclosure by providing structure and consistency to their sustainability reporting publications. On the next page, we detail the GRI reporting behaviors of the full Russell 1000 companies – as well as breakouts for the smaller and larger halves of the index.

For example, of those reporters utilizing the latest GRI Standards, **we found that the majority of them (68%) chose to report in accordance with the "Core" option.**

A smaller portion (5%) utilize the "Comprehensive" level of reporting. Those adhering to this level of accordance are considered leaders in the reporting realm, as they take it the extra mile.

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

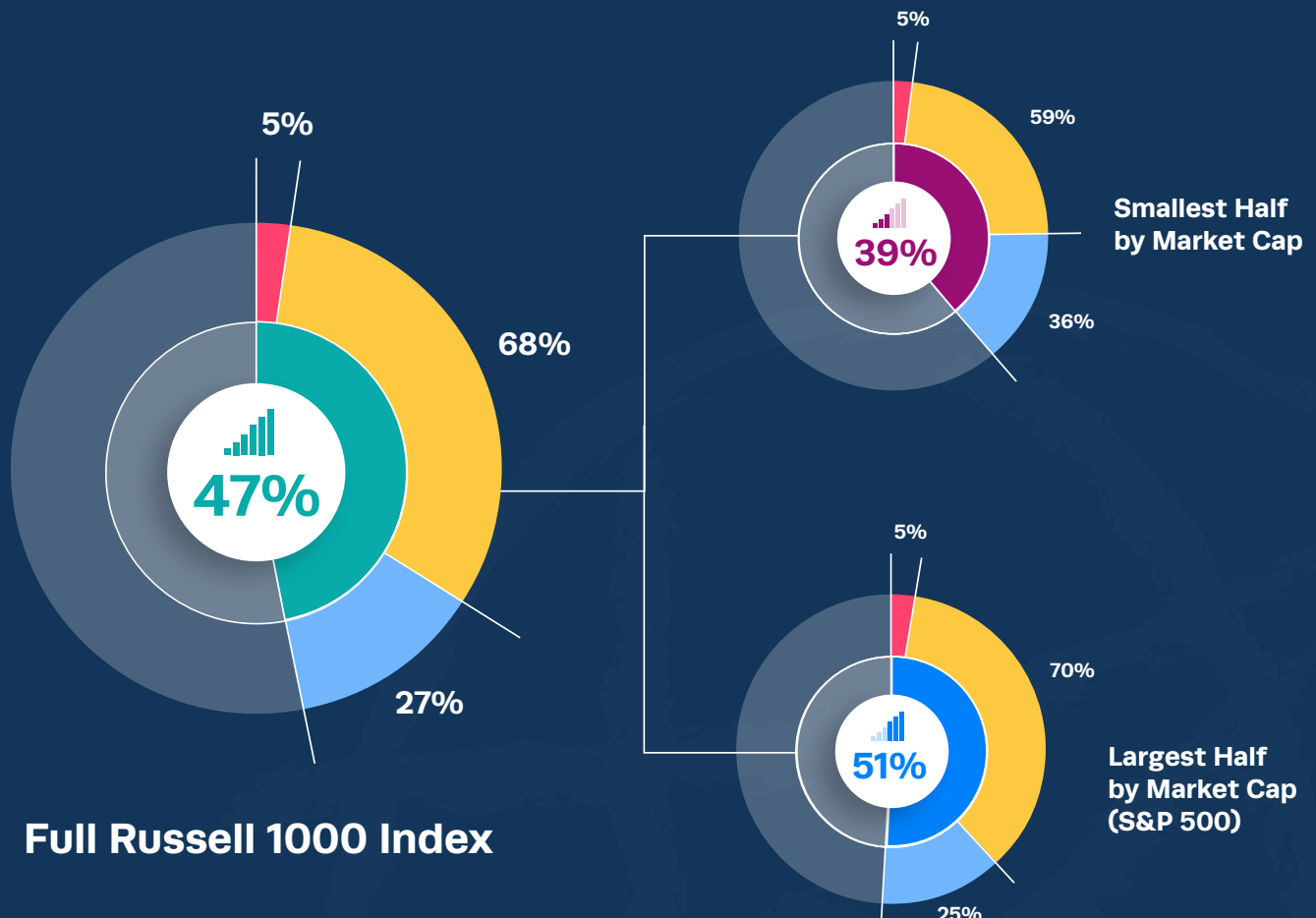
More information on the GRI Standards can be found [here](#).

REPORTING FRAMEWORKS



RUSSELL 1000® REPORTERS UTILIZING THE GRI STANDARDS BROKEN DOWN

Below the center of the charts depict the percentages of each index (full, smallest, and largest) that utilizes the GRI standards, while the outside ring breaks down that percentage into how the standards are being utilized (comprehensive, core or referenced).



+ G&A Analyst Note

When comparing the larger and smaller halves of the Russell 1000, not only does a larger percentage of S&P 500® reporters utilize the GRI Standards in general – a larger portion also adheres to a higher standard with more GRI reporters aligning at the Core-level over a GRI-Referenced report.

LEGEND

- In Accordance – Comprehensive
- In Accordance – Core
- GRI – Referenced

REPORTING FRAMEWORKS



SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

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

[Learn more](#)

+ G&A Analyst Note

Only 6% of reporters among the smaller half of the Russell 1000 reporters disclose in alignment with SASB; the percentage of SASB reporters more then doubles to 14% when examining the largest half of the Russell 1000 reporters.

The Financial Accounting Standards Board (FASB) is familiar to corporate managements and investment professionals as the independent, private sector, not-for-profit organization designated by the U.S. Congress as the primary organizer of financial accounting reporting standards for public and private companies and not-for-profits following the Generally Accepted Accounting Principles ("GAAP"). FASB is recognized by the SEC as the accounting standards-setter.

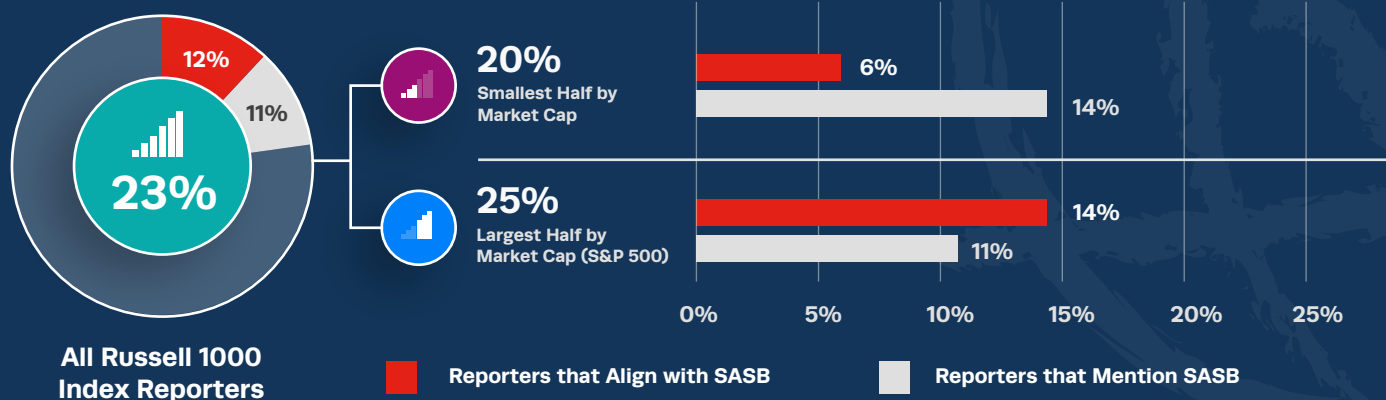
The Sustainable Accounting Standards Board (SASB) was organized by investors to bring more disciplined and organized reporting by publicly-traded companies for ESG performance disclosure and at the same time focusing on what is financially material information. SASB and its universe of supportive investors encourage publicly-traded companies to use its SASB Materiality Map®. At this point, SASB reporting for publicly-traded companies remains voluntary in

the United States. However, this year there has been significant pressure from investors for companies to disclose using SASB, including letters to CEOs and Boards from both Blackrock's and State Street's CEOs urging companies to disclose on material SASB topics for their industry. We anticipate that this year we will see a significant rise in SASB reports.

There are now specific SASB standards for 77 industry categories in 11 sectors. More information on a company's identified industry under SASB's SICs® classification can be found [here](#).

Of the Russell 1000® reporters, 23% are mentioning or aligning with the SASB Standards. This is a fairly equal breakout into those aligning (12%) and those mentioning (11%) the standards. Furthermore, company reporters that are now mentioning SASB is a good indicator of possible future SASB reports being published.

SASB MENTIONS & ALIGNMENTS





TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Looking for
TCFD reporting?
G&A can help!
[Learn more](#)

The Task Force for Climate-Related Financial Disclosures (TCFD) was organized by the G20 nations' Financial Stability Board (FSB); consisting of Finance Ministers and Central Bank Governors, to review how the financial sector can take into account climate-related issues. In 2017, TCFD published the voluntary TCFD Recommendations as a new reporting framework. The TCFD mission is to develop voluntary, reliable, clear, efficient, and consistent disclosure to accurately measure and respond to climate change risks for use by companies to provide relevant information to investors, lenders, insurers, and other stakeholders.

The TCFD recommendations are comprised of four pillars:

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

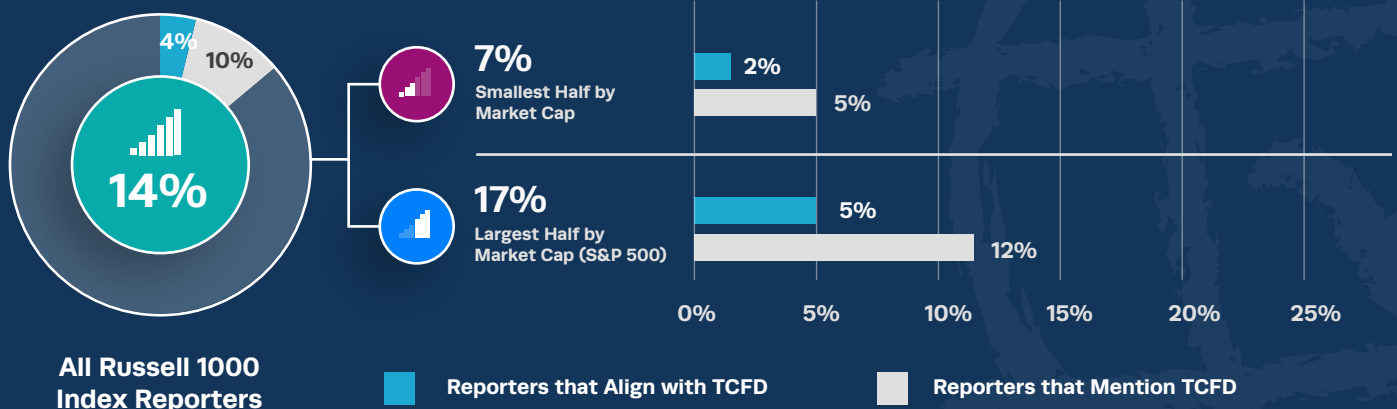
In 2019, the G&A team determined that 14% of the Russell 1000® reporters either mention or align with TCFD Recommendations. Of Russell 1000 Index reporting companies, 4% are in alignment with the TCFD recommendations, while 10% are simply mentioning the recommendations. We anticipate those only mentioning the TCFD recommendations will improve their disclosures in the coming years and advance to full alignment. More information can be found [here](#).



G&A Analyst Note

Only 2% of reporters among the smaller half of the Russell 1000 reporters disclose in alignment with TCFD; the percentage of TCFD reporters more than doubles to 5% when examining the largest half of the Russell 1000 reporters.

TCFD MENTIONS & ALIGNMENTS



REPORTING QUESTIONNAIRE

CDP RESPONDERS



Looking to improve
your company's
CDP Response?
G&A can help!
[Learn more](#)

+ G&A Analyst Note

59% of the Russell 1000 companies responding to the CDP Climate Change questionnaire scored a B or higher.

"CDP" (formerly the Carbon Disclosure Project), was first organized two decades ago by investors to help investors, cities, and corporate managements disclose the environmental impact of their organization through an annual questionnaire where they are scored, ranked, and recognized. These scores and responses are made publicly available for all stakeholders to access and review.

At the start, carbon emissions (now "climate change") was the main focus of the CDP Climate Change response. Over the years CDP has expanded to include specific surveys related to: water,

waste, forests, and supply chain. CDP encourages environmental transparency and accountability as being "vital to tracking progress towards a thriving, sustainable future".

In 2019, 400 (41%) of the Russell 1000 universe responded to the CDP Climate Change questionnaire. The same percentage is 65% when examining just the largest half of the Russell 1000® by market cap and jumps down to 17% for the smaller half. Below is a makeup of the overall CDP Climate Change scores from the Russell 1000 responders.



CDP CLIMATE CHANGE

400

of Russell 1000 Index
Companies Respond to
CDP Climate Change



CDP FORESTS

54

of Russell 1000 Index
Companies Respond
to CDP Forests

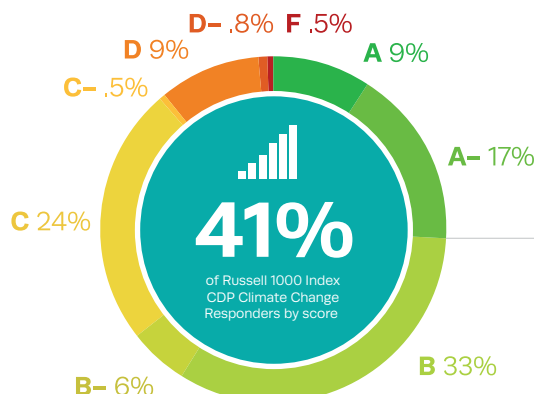


CDP WATER SECURITY

171

of Russell 1000 Index
Companies Respond
to CDP Water Security

Companies that responded to CDP Climate Change:



17%
of Smallest Half
by Market Cap



65%
of Largest Half by
Market Cap (S&P 500)

EXTERNAL ASSURANCE

Frequently used synonyms:

assurance, external assurance, verification, or certification

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

Among the Russell 1000® reporters, 24% of them seek external assurance for their non-financial ESG disclosures. When examining this same percentage broken out into the smallest and largest halves of the Russell 1000, we see that the percentage more than double for large-cap companies.

External assurance varies from company-to-company based on provider type, the scope of

assurance, and level of assurance. The below data shows the various details of assurance among the the full Russell 1000, and breakouts of the smallest and largest halves. For example, 87% of Russell 1000 companies utilizing external assurance – had it conducted at a limited / moderate level.



of Russell 1000 Index Reporters
Seek External Assurance

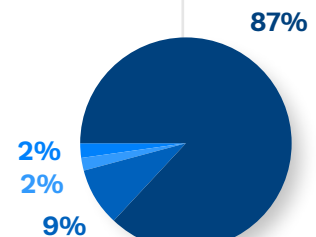
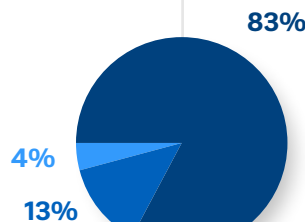
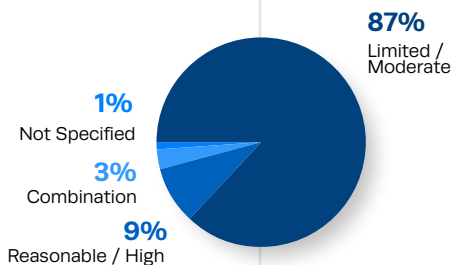


Smallest Half
by Market Cap

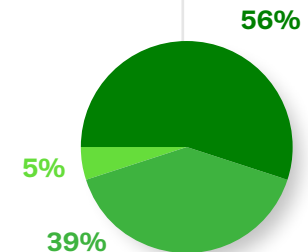
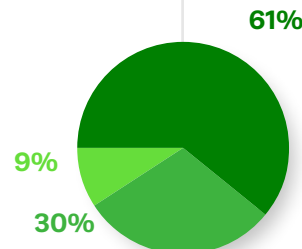
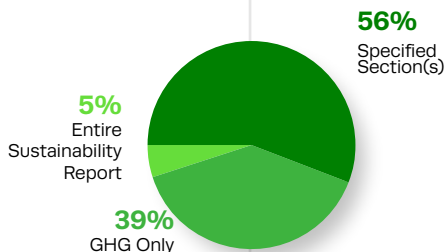


Largest Half by
Market Cap (S&P 500)

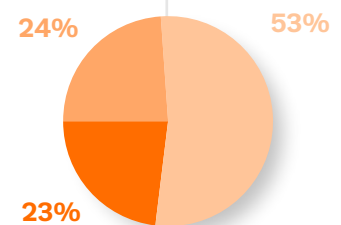
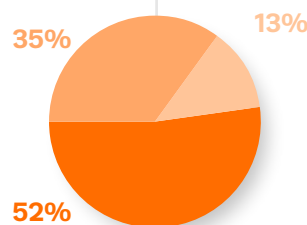
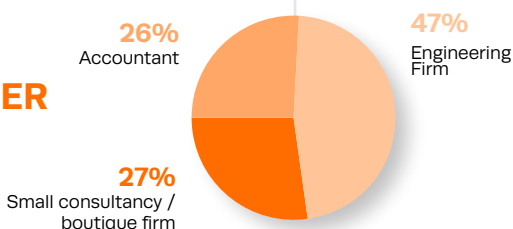
LEVEL of external assurance



SCOPE of external assurance



PROVIDER of external assurance



Looking to align your strategies or reporting with the SDGs? G&A can help! [Learn more](#)

U.N. SUSTAINABLE DEVELOPMENT GOALS BY RUSSELL 1000® COMPANIES

What are the SDGs?

The Sustainable Development Goals (SDGs) were adopted by the United Nations' Member States in 2015. There are 17 major goals and 169 underlying targets. The goals are blueprints for striving to achieve a more sustainable future — following the 2030 Agenda for Sustainable Development, a 15-year plan to achieve the goals.

The SDGs succeeded the seven Millennium Goals, established at the start of the 21st Century, with achievements including improvements in education, decent work, healthcare, and other aspects of societal needs.



Why are they important to corporates?

In September 2019, with just 10 years remaining to achieve the goals, world leaders at the annual SDG Summit called for a Decade of Action and delivery for sustainable development with the need for financing, more national implementation by sovereigns, and strengthened institutions moving toward 2030.

In the 2020–2030 decade, more effort is needed to address inequalities, the challenges of climate change, and investment for creating shared prosperity.

Corporations are an important part of the SDGs implementation, and capital markets players are increasingly expecting more alignment with SDGs from companies they invest in. Further, local governments attempting

to meet their obligations for the goals are actively looking for public and private partnerships with companies operating in their territories.

Aligning strategy and disclosure with the SDGs can lead to better relationships and mutually beneficial partnerships with important stakeholders such as investors, local governments, communities, employees, and others.

How many overall reporters align with the SDGs?

How many mention them?

Over 240 companies reference the SDGs in their ESG reporting disclosures. Some companies reference the overall SDGs and their importance, while 203 of those companies have alignments to specific goals as they relate to the company's corporate ESG strategy, initiatives, contributions,

and other factors. From these 203 companies, there are a total of 1,684 alignments to specific goals with the S&P 500® representing the majority of alignments.

G&A Analysts examined the sustainability reports of the Russell 1000 companies to identify where they aligned their strategies and disclosures with the SDGs, and which particular SDGs they aligned with. We present the results of this analysis in the form of two heatmaps; one by sector and one by SDG. More information about the goals is available [here](#).

TOTAL SDG ALIGNMENTS AMONG 203 COMPANIES



In the SDG column we highlight the top 5 SDGs (1-5) most aligned with by all Russell 1000 Index companies.

SDG ALIGNMENT BY SECTOR

This heatmap is color-coded by SDG (rows) and allows to quickly identify which sector have the strongest alignments with the specific SDG. For example, we can see that sectors that align with SDG 7 the most are Energy and Utilities. We can also see that the sectors with the highest number of specific goal alignments overall are: Materials, Consumer Staples, Consumer Discretionary, Health Care, and Information Technology, respectively.

SDG	SDG Number	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	TOTAL
No Poverty	1	0%	11%	20%	14%	10%	5%	7%	12%	9%	4%	5%	11%
Zero Hunger	2	0%	7%	34%	8%	2%	5%	9%	6%	26%	4%	3%	10%
Good Health and Well-Being	3	5%	22%	34%	27%	8%	33%	8%	17%	24%	21%	11%	21%
Quality Education	4	15%	22%	17%	24%	11%	22%	13%	26%	22%	8%	16%	20%
Gender Equality	5	5%	28%	29%	19%	17%	29%	12%	25%	20%	15%	11%	24%
Clean Water and Sanitation	6	10%	25%	32%	19%	1%	19%	7%	13%	30%	15%	18%	18%
Affordable and Clean Energy	7	0%	26%	22%	27%	13%	19%	11%	20%	26%	23%	32%	24%
Decent Work and Economic Growth	8	10%	32%	34%	27%	21%	25%	14%	31%	30%	21%	21%	30%
Industry, Innovation and Infrastructure	9	5%	12%	17%	8%	10%	19%	12%	18%	26%	12%	24%	16%
Reduced Inequalities	10	5%	17%	20%	14%	12%	16%	11%	18%	13%	6%	8%	16%
Sustainable Cities and Communities	11	0%	19%	22%	5%	17%	3%	9%	14%	20%	23%	16%	16%
Responsible Consumption and Production	12	5%	31%	34%	22%	10%	29%	13%	25%	35%	21%	16%	25%
Climate Action	13	10%	30%	39%	27%	21%	24%	12%	26%	22%	29%	29%	29%
Life Below Water	14	0%	14%	24%	19%	4%	5%	2%	5%	20%	2%	5%	10%
Life on Land	15	0%	22%	29%	16%	2%	8%	3%	7%	24%	6%	16%	13%
Peace, Justice and Strong Institutions	16	0%	15%	17%	16%	6%	14%	7%	10%	15%	6%	11%	13%
Partnerships for the Goals	17	5%	14%	24%	8%	6%	16%	4%	12%	24%	6%	13%	14%

% OF REPORTERS ALIGNING ON SDGS	20%	40%	41%	32%	23%	37%	19%	36%	43%	31%	34%	32%
TOTAL REPORTERS	20	81	41	37	84	63	90	84	46	52	38	636
TOTAL COMPANIES ALIGNING ON SDGS	4	32	17	12	19	23	17	30	20	16	13	203
TOTAL COMPANIES	49	114	51	45	147	108	134	157	56	82	38	981

SDG ALIGNMENT BY SDG

This heatmap is color-coded by Sector (columns) and allows to quickly identify the most popular SDG alignments for each sector. For example, the most popular SDGs among the Industrials sector are SDG 8 and SDG 12. We can also see that the most popular SDGs in the Russell 1000 overall are: SDG 8, SDG 13, SDG 12, SDG 5, and SDG 7, respectively.

In the sector headers we highlight the top 5 sectors (1-5) with the highest percentage of companies aligning with SDGs.

SDG	SDG Number	Communications	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities	TOTAL
No Poverty	1	0%	11%	20%	14%	10%	5%	7%	12%	9%	4%	5%	9%
Zero Hunger	2	0%	7%	34%	8%	2%	5%	9%	6%	26%	4%	3%	9%
Good Health and Well-Being	3	5%	22%	34%	27%	8%	33%	8%	17%	24%	21%	11%	19%
Quality Education	4	15%	22%	17%	24%	11%	22%	13%	26%	22%	8%	16%	18%
Gender Equality	5	5%	28%	29%	19%	17%	29%	12%	25%	20%	15%	11%	20%
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Affordable and Clean Energy	7	0%	26%	22%	27%	13%	19%	11%	20%	26%	23%	32%	20%
Decent Work and Economic Growth	8	10%	32%	34%	27%	21%	25%	14%	31%	30%	21%	21%	25%
Industry, Innovation and Infrastructure	9	5%	12%	17%	8%	10%	19%	12%	18%	26%	12%	24%	15%
Reduced Inequalities	10	5%	17%	20%	14%	12%	16%	11%	18%	13%	6%	8%	13%
Sustainable Cities and Communities	11	0%	19%	22%	5%	17%	3%	9%	14%	20%	23%	16%	14%
Responsible Consumption and Production	12	5%	31%	34%	22%	10%	29%	13%	25%	35%	21%	16%	22%
Climate Action	13	10%	30%	39%	27%	21%	24%	12%	26%	22%	29%	29%	24%
Life Below Water	14	0%	14%	24%	19%	4%	5%	2%	5%	20%	2%	5%	8%
Life on Land	15	0%	22%	29%	16%	2%	8%	3%	7%	24%	6%	16%	11%
Peace, Justice and Strong Institutions	16	0%	15%	17%	16%	6%	14%	7%	10%	15%	6%	11%	11%
Partnerships for the Goals	17	5%	14%	24%	8%	6%	16%	4%	12%	24%	6%	13%	11%

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TOTAL COMPANIES	49	114	51	45	147	108	134	157	56	82	38	981

ABOUT THE G&A RESEARCH TEAM

Each year a small group of highly-qualified interns research, capture and analyze the prior year's corporate sustainability disclosure and reporting activities. G&A's EVP and co-founder Louis D. Coppola, MBA, is the architect and overall supervisor of the research, starting with the conception of, and research efforts of the first analysis in 2011. The **2020 team** worked under the direction of G&A Institute's Senior Sustainability Analyst Elizabeth Peterson with the assistance of Sustainability Reporting Analysts Julia Nehring, MBA, and Reilly Sakai, MBA as team leaders. We proudly recognize the 2020 team of talented Analyst Interns: Lama Alaraj, Sarah El-Miligy, Kelly Mumford, Sofia Yialama, Binyu Zhao; and Supporting Analyst Interns: Yuyou Chen and Jesse Velazquez — all who made significant contributions to this study.

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Interested in participating?

For more information on our Sustainability Reports
Research Analyst Internship, please click [here](#).

Specialized Team, Big Offerings

G&A Institute is a for-profit consulting and research organization with customized resources and services structured to support corporate and investment community clients in every phase of their sustainability journey. Highlights of our suite of services, resources and tools are presented here:

Highlights of G&A's Suite of Services, Resources & Tools

Sustainability & ESG Consulting

- Counseling & Strategy
- Sustainability Reporting
- GRI Standards Gap Analysis
- Assistance with GRI Services
- Gap Analysis
- Materiality Assessments
- Stakeholder Engagement
- Stakeholder Review
- Peer Benchmarking
- Critical ESG Issues Management
- Coaching / Training

Communications & Design

- Report Alert Announcement Services
- Sustainability Awards
- Public Relations Programs
- Marketing
- Campaign Creation
- Positioning & Messaging
- Web Design
- Social Content
- Writing & Editing Assistance
- 3BL / CSRwire Programs

Investor Relations & Capital Markets

- Third Party Investor Data Providers Assistance
- ESG Investor Engagement
- Shareholder List Profiling
- Investor Roadshows
- Investor Perception Surveys



ABOUT THE INSTITUTE

G&A Institute is a sustainability consulting and research firm headquartered in New York City, advising corporations and investors on executing winning strategies that maximize ROI at every step of their sustainability journey.

The G&A consulting team helps corporate and investor clients recognize, understand, and address sustainability issues to address stakeholder and shareholder concerns. The firm's proprietary, comprehensive five-step strategic support program is designed to help organizations achieve sustainability leadership in their industry and sector.

G&A Institute is the Data Partner for the Global Reporting Initiative (GRI) in the U.S.A., U.K., and the Republic of Ireland. The G&A team has performed this pro bono work for more than a decade – analyzing more than 9,000 sustainability reports to date and cataloging tens of thousands of important data points for these reports. The reports become part of the most comprehensive publicly available global sustainability reports database in the world, maintained by the GRI.

THE IMPORTANCE OF THE RUSSELL 1000 INDEX

In 1984, the Russell U.S. Indices (now ranging from mega-cap to micro-cap companies) were launched and today they are the leading benchmarks for institutional investors. These market-weighted benchmarks are typically used to track trends of and investments in the companies listed among the large, mega-cap, mid, small, micro-cap indices. The Russell 3000® Index, which is the compilation of all the indices, seeks to track performance of the largest 3,000 U.S. stocks. The Russell 1000 Index represents the largest (approximately 1,000) U.S. publicly-traded companies by size of their market capitalization.

The indices can be used as performance benchmarks or as the basis for index-linked products – such as index-tracking funds, derivatives, or Exchange-Traded Funds (ETFs).

The indices/benchmarks are maintained by FTSE Russell for U.S. and global markets. FTSE Russell is a wholly-owned subsidiary of the London Stock Exchange (LSE) and is a unit of the Information Services Division. To learn more, click [here](#).

Want to know more? Let's Talk!

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

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