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FLASH REPORT: 60% of Russell 1000® Are Publishing Sustainability Reports, G&A Institute's 2018 Inaugural Benchmark Study Shows

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G&A INSTITUTE RESEARCH HIGHLIGHTS

Since 2011, G&A Institute has tracked the percentage of companies in the S&P 500® Index that publish sustainability reports and has reported dramatic growth since 2011 when just 20% published reports, compared to 86% reporting in 2018.

Now that sustainability reporting has become common practice for the largest 500 companies in the US capital markets (typically included in the S&P 500® Index), the G&A Institute team has expanded its efforts to track the reporting trends of the next 500 largest companies by examining all of the companies in the Russell 1000® Index.

In this inaugural benchmark study, G&A found that 60% of the [total] Russell 1000® published sustainability reports in 2018. Of importance to consider is roughly the top half (by market cap) of companies in the Russell 1000® are the S&P 500®, which the Institute analyzes each year. When we



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now examine the bottom half in the Russell 1000®, beyond the S&P 500, we find that only 34% of these companies are publishing sustainability reports.

New York, New York ? September 4, 2019 ? **Governance & Accountability Institute (G&A)** announces the results of its inaugural study on the 2018 sustainability reporting trends of the companies in the Russell 1000 Index®. This research expands G&A's annual studies, conducted for the last eight years, of the S&P 500® companies to include the next 500 largest companies in the US Capital Markets.

G&A Institute's research team determined that **sixty percent (60%)** of the companies included in the Russell 1000® published sustainability reports in the year 2018.



It's important to note that the S&P 500® Index and Russell 1000® Index overlap, as they are market capitalization weighted indices that contain roughly the largest 500 and 1000 companies in the US capital respectively. This means that the largest half of the Russell 1000® generally mimics the S&P 500®.

Therefore, we believe that it's also important to now look at the second half of the Russell 1000® independently and to track the growth of reporting in this subset of companies. When examining these two subsets (largest half vs smallest half of the Russell 1000®), G&A researchers found that:

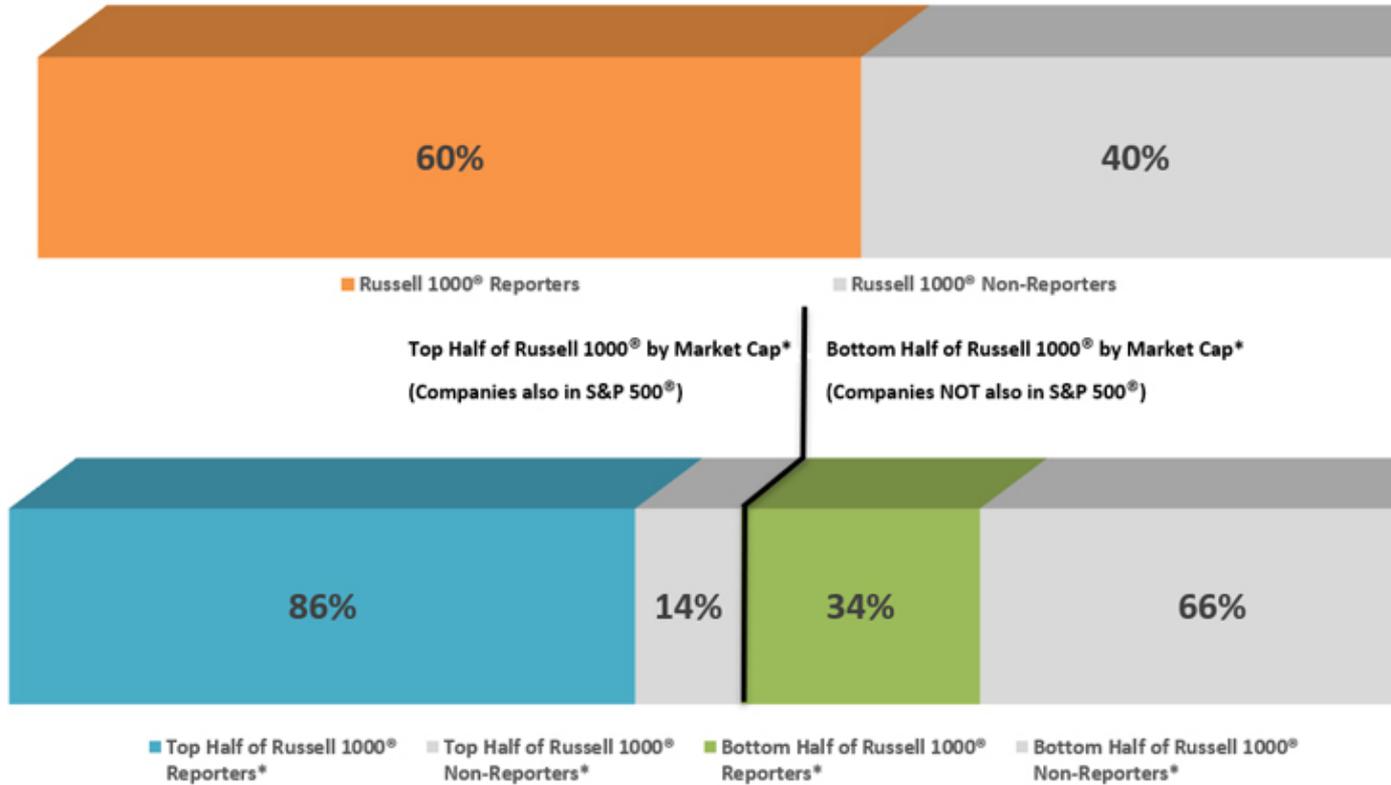
- Only 34% of the smallest half of the Russell 1000® published a report in 2018, in contrast to the 86% of the largest half (S&P 500®) publishing reports in the same year.
- Of the 60% of Russell 1000® companies that do report:
 - ◆ 72% were S&P 500® companies,
 - ◆ while only 28% were from the second half of companies in the index.
- Of the 40% of Russell 1000® companies that do not report:
 - ◆ 83% were the smaller half of companies by market cap,
 - ◆ while only 17% of the non-reporters were S&P 500® companies.

This indicates that the larger publicly-traded companies in the S&P 500® continue to set the pace for corporate sustainability / responsibility / citizenship and related reports by U.S. companies.



Governance & Accountability Institute Research Results

Russell 1000® Companies Publishing Sustainability Reports



Source: Governance & Accountability Institute, Inc. 2018 Research - www.ga-institute.com

COMMENTS

Louis Coppola, EVP & Co-Founder of G&A Institute, who designs and manages the corporate reporting research and analysis, explains: "While it has become common knowledge through studies such as our S&P 500 research that the majority of large-cap companies are publishing sustainability reports, the prevalence of reporting by smaller companies has been lagging.

?Due to numerous pressure points from investors and other important stakeholders building up over the last few years, we anticipate that this group of smaller companies is reaching a tipping point in terms of beginning



their reporting on sustainability matters. We designed this inaugural research project to keep our finger on the pulse of this trend and we look forward to sharing the results in the years to come.

?This inaugural research project will be continued each year by G&A Institute?s research team to track the reporting practices of this expanded group of companies.?

Hank Boerner, Chairman & Co-Founder of the Institute, observes: "Over the past five years we have seen a dramatic increase in the disclosure and structured reporting of large-cap US companies, especially as represented in the S&P 500 Index. These market leaders are responding to increased adoption of sustainable investing strategies and practices by asset owners and their internal and external asset managers -- especially fiduciaries such as public employee pension funds, mutual fund and ETF managers.

?Also, large-cap companies are being asked questions by their B-to-B customers -- especially those companies with prominent brands in the consumer and business marketplaces. Internally, the employee base (the company?s human assets), are expecting and in some cases demanding action on sustainability issues such as climate change and diversity issues.

?The larger companies are devoting substantial resources to enhance their sustainability journeys and to robustly report on their progress. We expect to see this trend continue to move through the publicly-traded company universe, as well as for privately-owned companies. This first report on the total universe of Russell-1000 Index companies is part of our ongoing monitoring of corporate sustainability reporting in the United States and in other countries.

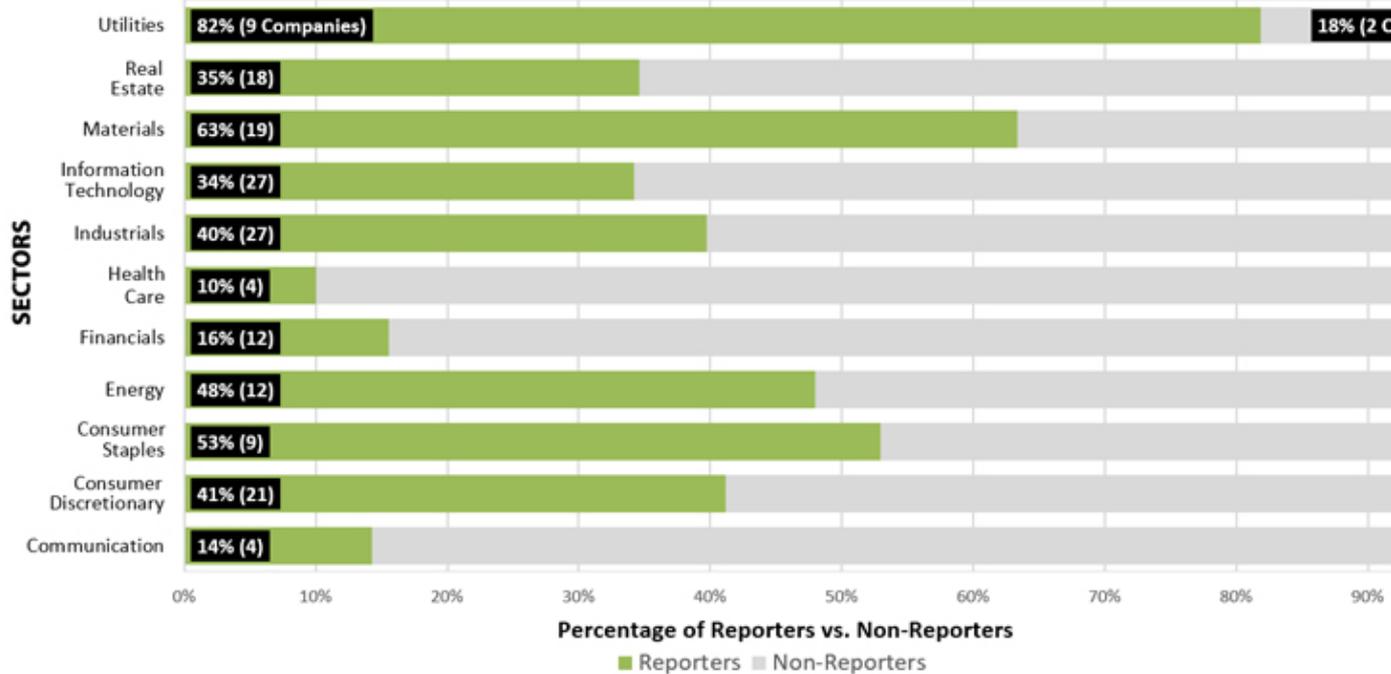
?The results of our annual S&P 500 Index tracking of corporate reporting and now the first total Russell 1000 analysis are clear signals that important stakeholders, and especially providers of capital, expect that publicly-traded companies will be launched on their sustainability journey and telling the story of their progress on a regular basis.?

NON-REPORTERS AMONG THE BOTTOM HALF OF THE RUSSELL 1000®

The chart below presents the number of companies in the bottom half (by market cap) of the Russell 1000 from each GICS* sector that do *not publicly report* on their sustainability opportunities, risks, strategies, actions, programs and achievements -- implying no visible organized focus on corporate sustainability and ESG performance. Some of these companies may not be yet launched on their sustainability journey and so have little to report to their investors and stakeholders.



Governance & Accountability Institute Research Results
BOTTOM HALF OF RUSSELL 1000® BY SECTOR
 Reporters vs. Non-Reporters



Source: Governance & Accountability Institute, Inc. 2018 Research - www.ga-institute.com

Governance & Accountability Institute's research team of talented analyst interns ? Minalee Busi, Jessica Caron, Emilie Ho, Jess Peete ? led by G&A Institute?s Senior ESG Analyst/ Team Leader Elizabeth Peterson -- made significant contributions to this study and we proudly recognize them:



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For more information on our GRI Data Partner Report Analyst Research Interns, please visit

www.ga-institute.com/about-the-institute/the-honor-roll.html

ABOUT GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.

Founded in 2006, Governance & Accountability Institute is a sustainability consulting and research firm headquartered in New York City, advising corporations and investors on devising and executing winning strategies that help to maximize return on investment 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.



G&A Institute is the Data Partner for the Global Reporting Initiative (GRI) in the US, UK, and Republic of Ireland. The G&A team performs this *pro bono* work on behalf of GRI. Over 8+ years, the G&A team has analyzed more than **7,000 sustainability reports** and catalogued hundreds of important data points for these reports.

G&A's sustainability-focused consulting and advisory services are organized into three main pillars: (1) Sustainability/ESG Strategies & Consulting Services; (2) Communications & Recognitions; and (3) Investor / Capital Markets Relations. The resources available within each category include sustainability/CSR reporting assistance; materiality assessments; stakeholder engagement; strategy setting; ESG survey responses; ESG benchmarking; investor ESG data review & enhancement; investor relations ESG programs; investor engagement; sustainability communications; manager coaching; team building; training; advice on third-party awards, recognition, and index inclusions; ESG issues monitoring and customized research.

ABOUT THE *RUSSELL 1000®

The Russell US Indexes (launched in 1984 and ranging from mega-cap to micro-cap) are leading benchmarks for institutional investors. These market-weighted benchmarks are used to track large/mid/small/micro-cap or investment styles. All the indexes roll up to the Russell 3000® Index. The Russell 1000 has the largest by market cap of the US companies that are publicly traded.

The indexes 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 provided FTSE Russell for US 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. Information at: <https://www.ftserussell.com/about-us/our-story>

ABOUT THE *S&P 500®

According to the owner, S&P Dow Jones Indices / McGraw Hill Financial: "The S&P 500® is market-value weighted and is widely regarded as the best single gauge of large cap US equities. There is over US\$9.9 trillion indexed or benchmarked to the index, with index assets comprising approximately US\$3.4 trillion of this total. The index includes 500 leading companies with market-cap of \$6 billion and more and captures approximately 80% coverage of available market capitalization." The index was launched in March 1957. The S&P 500 is a trademarked® property of S&P Dow Jones Indices, McGraw Hill Financial. Index INDEXCBOE:.INX. Ticker: SPX. The long-term average is 12%. S&P Dow Jones Indices is a division of S&P Global (NYSE:SPGI): www.spdji.com

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