

# ESG Ratings & Reporting Trends

## CSE Annual Research in N.America

What Do companies with Improved Financial Results  
have in common in terms of ESG practices and  
frameworks.



## Research Profile

- Selected 660 unique ESG (Sustainability) Reports for the reporting period
- Analyzed ESG reporting practices and standards/frameworks used (e.g. SASB, TCFD, GRI, SDGs, UNGC, ISO26000, CDP, External Assurance)
- Selected companies based on their consolidated ESG ratings from CSRHub, MSCI, CDP, Sustainalytics
- Identify common Corporate ESG Practices and frameworks between Financial Results (Annual Revenues Increase ) and ESG Consolidated Ratings in
  - ESG –Top 50 companies in general
  - ESG- Top10 companies from 12 business sectors

# RESEARCH PROFILE



# ESG Top-10 Companies per Sector - Highlights

## REVENUES

85 % of them show improved revenues between 2017, 2018 and 2019 (3 years period)

## ESG REPORTING

90% publish a stand-alone sustainability (ESG) report

# ESG Risk Ratings

## Research Sectors and ESG Risk Ratings per Sector\*

Sector	Total ESG Risk Score	Environmental Risk Score	Social Risk Score	Governance Risk Score
Food and Beverage	20,37	7,98	10,18	5,67
Agriculture & Mining	21,33	10,53	6,33	4,77
Construction & Engineering	26,6	7,62	11,28	7,5
Consumer Goods	20,8	1,74	11,58	7,4
Finance & Real Estate	28,75	14,625	22,65	19,15
Healthcare	28,11	9,48	18,57	14,79
Retail	18,71	3,27	9,47	5,99
Technology	21,28	11,35	13,89	11,98
Utilities & Refining	30,38	12,33	11,94	6,29
Media	24,33	15,18	16,15	16,20
Multi-Industry	32,25	10,55	13,5	8,125
Distribution	18,57	4,14	8,71	5,76

\*Source Sustainalytics

# ESG TOP-50 Companies Examples

Company Name
Inter-american Development Bank
Bloomberg
PricewaterhouseCoopers
Northwestern Mutual
TIAA-CREF
Microsoft
Edelman
New Balance Athletic Shoe
TELUS Corporation
HP
Ben & Jerry's Homemade Holdings
Fiskars Corporation
Massachusetts Mutual Life Insurance Company
Desjardins
Merchants Bancshares
The Clorox Company
Frontera Energy
Potash Corporation of Saskatchewan
Patagonia
Export Development Canada
The Toronto-Dominion Bank

Company Name
Best Buy Co
Cisco Systems
Xerox
Keurig Green Mountain
Johnson & Johnson
Recreational Equipment
Merck & Co
Signature Group Holdings
Gap Inc
West Marine
Intel
NiSource
S&P Global
General Mills
Colgate-Palmolive Company
Campbell Soup Company
Dr Pepper napple Group
Biogen Idec
Hasbro
Gildan Activewear
State Street Corporation
Kaiser Permanente



# ESG Integration

## Integration of ESG Ratings by top-10 companies per sector

Sector	CSRHub		MSCI		CDP		TCFD Reporting	SASB Reporting	Sustainalytics	
	Average Score	Average Number of Sources	% of companies rated	Average Score	% of companies rated	Average Score			% of Companies Rated	Average Risk Score
Food and Beverage	61,8	43.7	70%	AA	20%	B	30%	50%	60%	20,37
Agriculture & Mining	60,45	17.44	40%	A	-		18%	36%	27%	21,33
Construction & Engineering	54,09	18.73	30%	A	-		18%	9%	46%	26,6
Consumer Goods	63,36	32	40%	A	10%	A	18%	27%	46%	20,8
Finance & Real Estate	65,82	23.111	20%	A	-		55%	46%	46%	28,75
Healthcare	61,36	44.30	80%	A	10%	A	27%	36%	82%	28,11
Retail	62,09	46.45	60%	A	20%	A	36%	46%	64%	18,71
Technology	64	53.6	90%	AA	30%	A	50%	70%	100%	21,28
Utilities & Refining	60,46	36.38	100%	A	10%	A	77%	31%	100%	30,38
Media - Telecommunications	63	39.6	50%	A	10%	A	73%	64%	55%	24,33
Multi-Industry	54,4	34.6	30%	A	-		20%	20%	40%	32,25
Distribution	60,9	44.4	50%	AA	10%	A	30%	50%	70%	18,57

# Common ESG practices that make a difference



Lack of ESG goal setting, application of specific standards and ESG strategies integration to their core strategy, has a significant negative impact on ESG ratings and investors preferences



Organizations with high ESG ratings in average show an increase in their revenues over years. Common characteristics are

- Integrated ESG strategy and publication of in-depth ESG Reporting
- Setting goals and identifying risks and opportunities on issues such as climate change
- Integration and use of Frameworks ( GRI, SASB & TCFD, CDP )
- Frequent materiality assessment through the engagement of key stakeholder groups and understanding their expectations including at least investors, clients, employees.



# TRENDS IN ESG RATINGS

## SASB

The SASB Standards are becoming more and more popular among organizations. 39% of top 10 companies in 12 sectors have used the SASB Standards to provide information in a manner that is most relevant to their financial stakeholders, such as their current and potential investors

## CLIMATE CHANGE

Climate change is becoming constantly a key parameter in setting ambitious goals including Carbon Neutrality .

## TCFD REPORTING

The TCFD recommendations are gaining traction. 38% of the top 10 organizations (based on their ESG Ratings) of 12 leading business sectors report their climate related risks and opportunities based on the TCFD recommendations

## CDP

The percentage of companies that report their carbon-related performance to the CDP is constantly rising, as is the number of companies which pledge their commitments to the Science-based targets initiative for specific carbon emissions reductions.



# ESG RATINGS & REPORTING FINDINGS and TRENDS

## UN SDGs

23% of the sustainability reports reference the Sustainable Development Goals.

**A 10% increase since the previous report was observed**

## EXTERNAL ASSURANCE

33% of ESG Reports were externally assured.

**8% Increase from last year**

## USE OF GRI STANDARDS

The reporting standards of the GRI remain the most widely used standards for sustainability (ESG) reporting. 60% of the reports were published based on the GRI Standards.