



The Current State of Environment Disclosure in Corporate America: Assessing What Data Russell 1000 Companies Publicly Share

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SUMMARY OF KEY FINDINGS

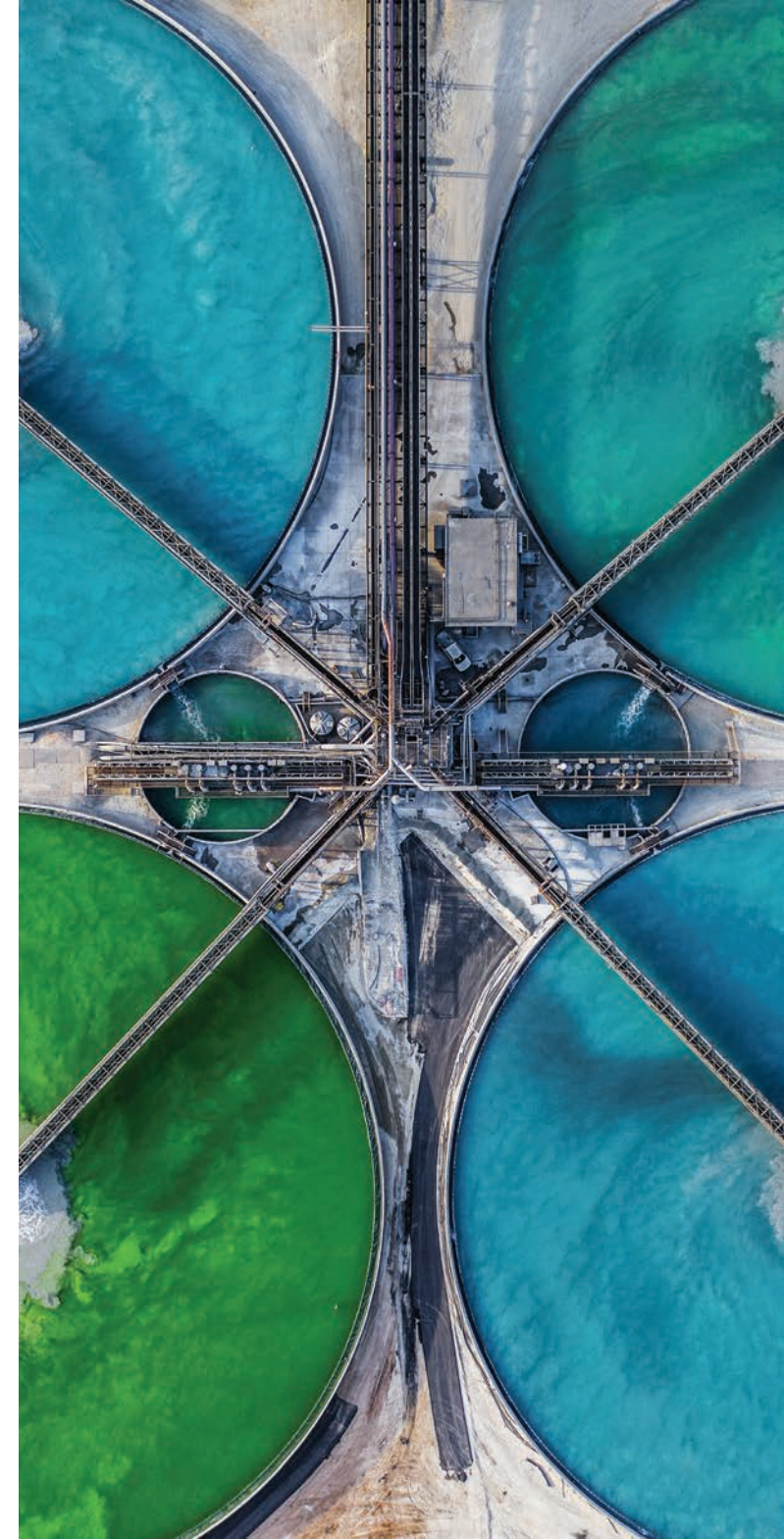
JUST Capital measures corporate behavior that reflects the priorities of the American public. In focus groups and surveys, Americans have identified combating climate change, minimizing pollution, using resources efficiently, and developing sustainable products and services as most important to them when it comes to managing environmental impact. This report assesses 13 environment data points that reflect these priorities and are featured in the [2022 Ranking of America's Most JUST Companies](#). Of the total data points, nine measure performance metrics (emissions, water withdrawal, criteria pollutants, recycled waste) while four measure disclosure of policies (climate commitments).

Overall, disclosures are low. On average, a Russell 1000 company discloses approximately three data points, with the largest companies disclosing about three times as much as the smallest companies. Disclosure rates for these 13 data points range from a low of 7% (Science Based Targets initiative's 1.5°C commitments) to a high of 57% (Scopes 1 and 2 carbon dioxide emissions). About a third of Russell 1000 companies do not disclose any data points.

Disclosures are by no means uniform. Certain industries stand out from the crowd. Companies in the Utilities and Personal Products industries lead on disclosures, having on average eight and seven disclosures respectively. High greenhouse gas (GHG) emitting industries also tend to have the largest number of disclosures, a finding in line with the levels of scrutiny these companies face on their environmental impact. Our analysis also found that Business Roundtable members generate higher GHG emissions than non-members, but also disclose twice as much data.

Each company must make its own choices about which data to measure, review, and disclose. But our results indicate that many Russell 1000 companies have a considerable journey to take to ensure their disclosures align with the priorities of the American public – who comprise the workers, customers, and shareholders of these companies and the communities in which they operate. Certainly, for many of these stakeholders, environment metrics are imperative to understanding if global temperature increases can be limited to less than 1.5°C, avoiding the worst impacts of climate change as determined by the [Intergovernmental Panel on Climate Change \(IPCC\)](#).

The changing regulatory environment in the United States and globally will also help frame suitable pathways for disclosures. The recently proposed [climate reporting requirements](#) from the U.S. Securities and Exchange Commission (SEC), the consolidation of large standard-setters to the [International Sustainability Standards Board](#), and the evolution of the EU's Non-Financial Reporting Directive to the [Corporate Sustainability Reporting Directive](#) emphasize the strong movement for consolidation, standardization, and alignment across parties. Such regulation can help move companies toward more standardized and meaningful disclosures in the future.



METHODOLOGY

JUST Capital assesses Russell 1000 companies’ performance in five “stakeholder” areas: Workers, Communities, Customers, Shareholders and Governance, and the Environment. Companies are assessed on how “just” they are **as defined by the American public**, whose priorities are identified through in-depth focus groups and [survey research](#). JUST Capital analyzes more than 50 environment data points, 13 of which are applicable to all industries (Table 1) and used in this analysis.

These data points are part of JUST Capital’s taxonomy system that nests data points under metrics, and metrics under [Issues](#), determined from focus groups and surveys of the American public. The four Issues pertinent to the Environment stakeholder are (See Table 1):

- 1. **Develops and supports sustainable products and services**
- 2. **Minimizes pollution**
- 3. **Helps combat climate change**
- 4. **Uses resources efficiently**

These Issues measure policy data (the existence of a policy or commitment by a company) and performance data (numerical data that reflect the actions of a company). The majority of the data points in this report are on performance (Figure 1). A propensity to performance measures is expected for environment disclosures, given their long-standing history relative to other ESG areas and focus on company action.

JUST Capital collected all data used in this analysis for 954 companies within the Russell 1000 from public company filings and sustainability or Corporate Social Responsibility (CSR) reports. JUST excluded 46 companies from analysis due to any of the following reasons: no 10-K form, no U.S. employees, holding company, duplicate security with multiple share classes, Real Estate Investment Trust (REIT) with fewer than 500 employees, or acquired since June 2021 (when JUST Capital concluded data collection). Once data are collected, JUST conducts quality assurance of the data and coordinates review from companies. Details can be found in our [Methodology](#).

In this report, we analyze the 13 environment data points, in aggregate, with the following aims:

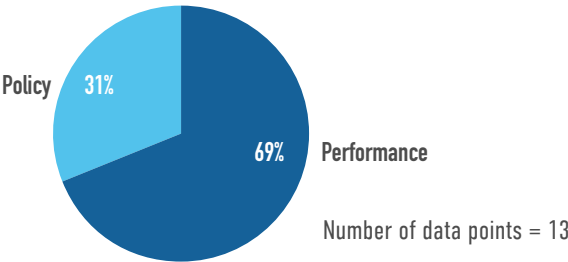
- Assess disclosure rates for the Russell 1000 on data points for the Environment that reflect the priorities of the American public.
- Identify the leading companies and industries in “E” disclosures.
- Identify which company characteristics influence disclosures.
- Inform corporate engagement targeting and programmatic conversations for JUST Capital.
- Inform current debates on ESG disclosure.

Most data in this report reflect company performance.

Table 1: Distribution of JUST Capital’s selected environment data points used in the analysis of this report.

ISSUE	DATA POINT
Develops and supports sustainable products and services	<ul style="list-style-type: none">• Scope 3 CO2 Emissions from the Use of Sold Products• Scope 3 CO2 Emissions from Business Travel• Percent Renewable Energy Consumed
Minimizes pollution	<ul style="list-style-type: none">• Nitrogen Oxide (NOx) Emissions• Sulfur Dioxide (SO2) Emissions• Particulate Matter (PM) Emissions
Helps combat climate change	<ul style="list-style-type: none">• Emissions Reduction Commitment• Net-zero by 2050• SBTi 2°C Commitment• SBTi 1.5°C Commitment• Scope 1 Plus 2 CO2 Emissions
Uses resources efficiently	<ul style="list-style-type: none">• Percent of Total Waste Recycled• Water Intake

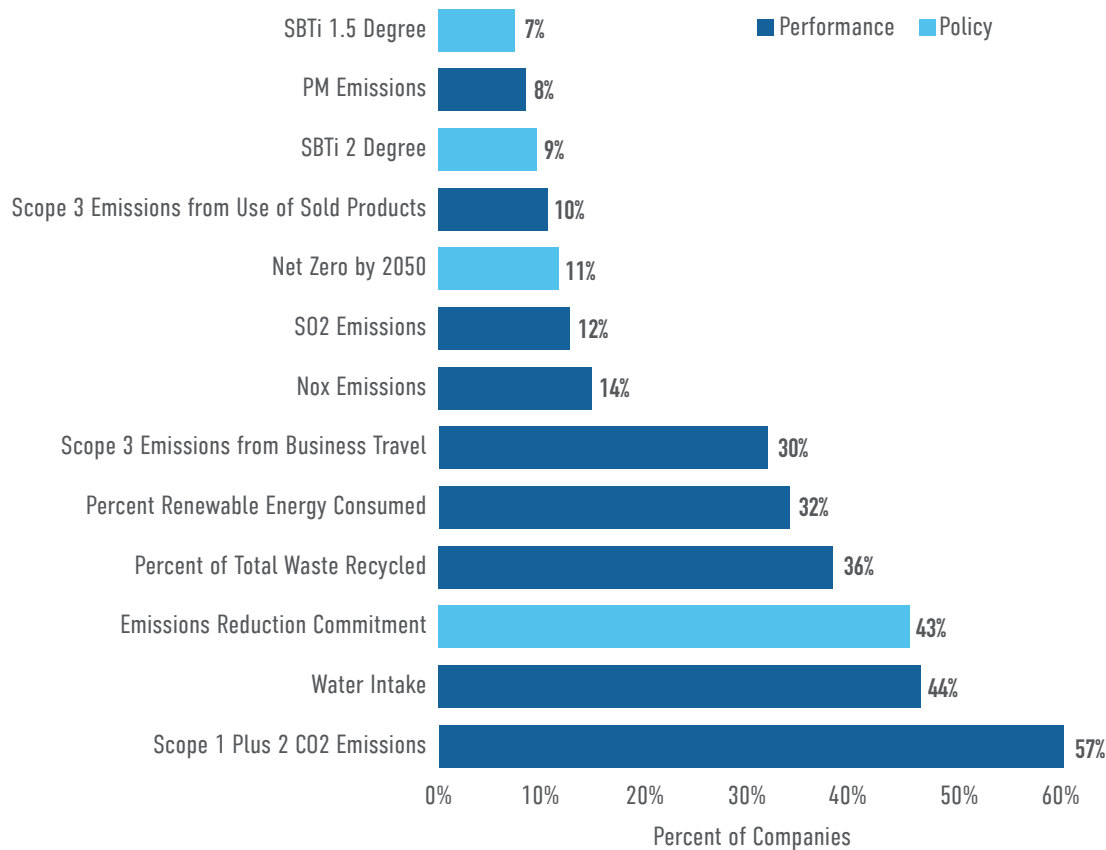
BREAKDOWN OF JUST CAPITAL’S ENVIRONMENT DISCLOSURE DATA POINTS



KEY FINDINGS: THE RUSSELL 1000'S ENVIRONMENT DATA DISCLOSURE

Finding 1: Environment disclosures range from 7% to 57%.

Figure 1: Disclosure rates of 13 selected data points among the Russell 1000.



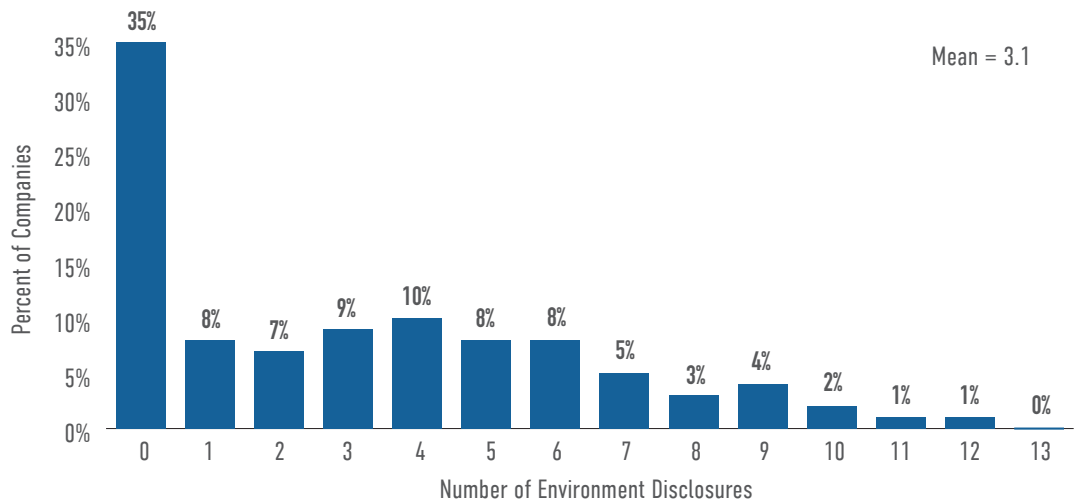
Disclosure rates vary considerably, from a low of 7% to a high of 57% (Figure 1). The lowest was for the disclosure of a verified Science-Based Target (by the [Science Based Target initiative](#), SBTi) in line with a 1.5°C scenario while the highest disclosure was for Scope 1 Plus 2 CO2 emissions. Overall, data points that have been defined for many years – such as water intake and waste recycling – tended to have higher disclosure rates. On the other hand, SBTi and Net-zero commitments, which are relatively newer data points, tend to have much lower disclosure rates. In the case of SBTi targets, companies need external verification by the SBTi to count as a disclosure in our findings.

Scope 1, 2, and 3 emissions are now the subject of the SEC’s proposed rule to incorporate these disclosures into annual company filings. The SEC is proposing that companies disclose their Scope 1 and 2 emissions (separately) and Scope 3 emissions that are material to the company. JUST Capital collects Scope 1 and 2 emissions separately, but aggregates these data in this analysis and for our annual Rankings of America’s Most JUST Companies. JUST will be collecting Scope 3 emissions for [all categories](#) in our 2023 datasets.

Source: JUST Capital

Finding 2: Companies disclose a low number of environment data points.

Figure 2: Distribution of environmental data disclosures as a percentage of the Russell 1000.

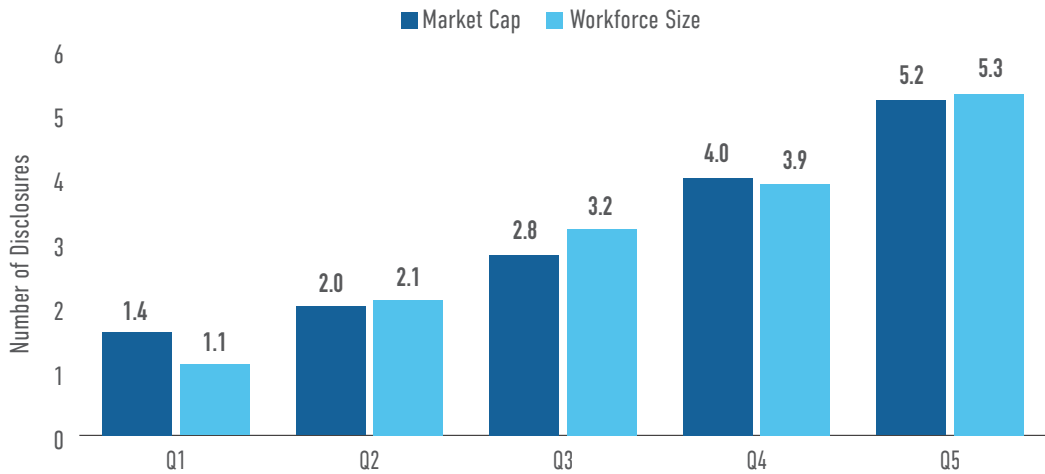


Source: JUST Capital

A Russell 1000 company discloses only three (of 13) data points, on average (Figure 2). Surprisingly, about a third of Russell 1000 companies do not disclose any of the 13 data points. Figure 2 also illustrates a highly differentiated top which discloses large amounts of data compared to a tail where disclosures are few or nonexistent. Finding 4 profiles companies with the most disclosures in further detail.

Finding 3: The largest companies disclose three to five times as much environment data as the smallest companies.

Figure 3: Average number of environment disclosures by company size (market capitalization and workforce size), with Q1 being the smallest and Q5 being the largest. (For composition of quintiles, see Appendix Section A1)



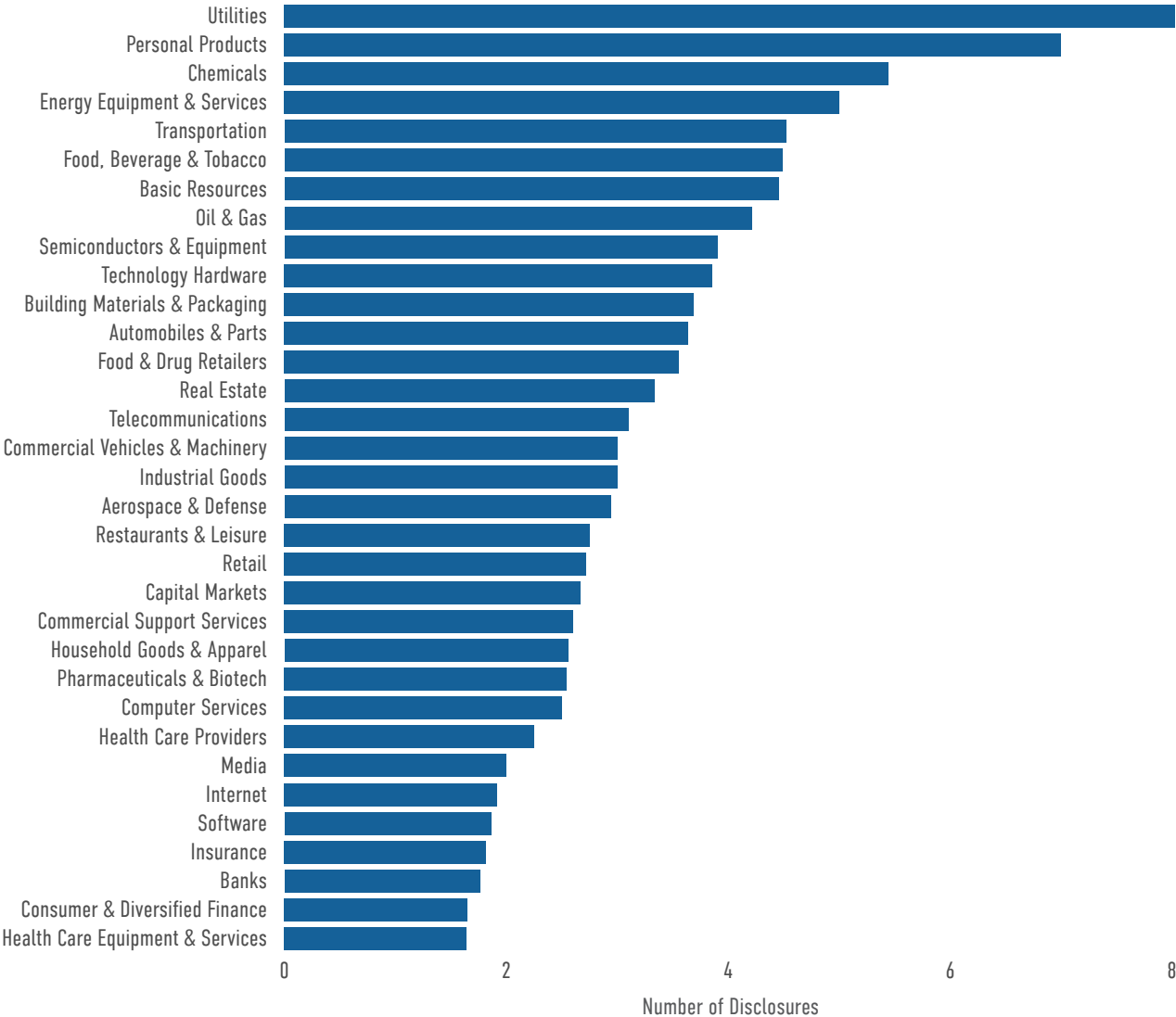
Source: JUST Capital

Figure 3 shows a clear and positive association between company size (measured by market capitalization and workforce size) and disclosure rates: as company size increases, the number of disclosures also increases. In fact, the largest companies disclose, on average, three to five times as much data as the smallest companies. A large company, measured by market capitalization for example, discloses about 5.2 data points while the smallest of companies disclose approximately 1.4 data points.

The reasons for this are multifaceted. Larger companies, while they face unique challenges on their sustainability journey due to their size, typically have more capital to acquire these data, and more resources to produce and publish these disclosures. Larger companies are also far more likely to **face pressure** from shareholders and investors to disclose climate data. In contrast, smaller companies may not experience similar pressures and may not have begun their sustainability journey.

Finding 4: Utilities, Personal Products, and Chemicals industries lead on environment disclosures.

Figure 4: Average number of environment disclosures grouped by industry.



Source: JUST Capital

We use a sector lens to understand which industries make the most and fewest disclosures across the Russell 1000 (Figure 4). The Utilities industry (composed of 38 companies) leads the Russell 1000 with eight disclosures, on average. In fact, Utilities is the only industry where all companies have disclosed at least one environment data point. Utilities is one of the more closely watched industries due to its highly carbon-intensive nature. These companies’ high level of disclosures may also be partly explained by [existing state regulations and requirements](#) to report on the composition of their energy portfolios and associated environment data such as community impacts or other criteria pollutants, where applicable.

Oil & Gas companies are frequently subject to scrutiny from investors and the public on their environment performance. Out of 19 Oil & Gas companies, only three disclose eight or more data points while the remaining 16 report seven or less. There are six Oil & Gas companies, nearly one-third of the industry, that disclose two or fewer data points. The data point with the highest disclosure in this industry, even among those that disclose two or less data points, is water intake. Water intake is a long-established metric for Oil & Gas companies and key to their operations.

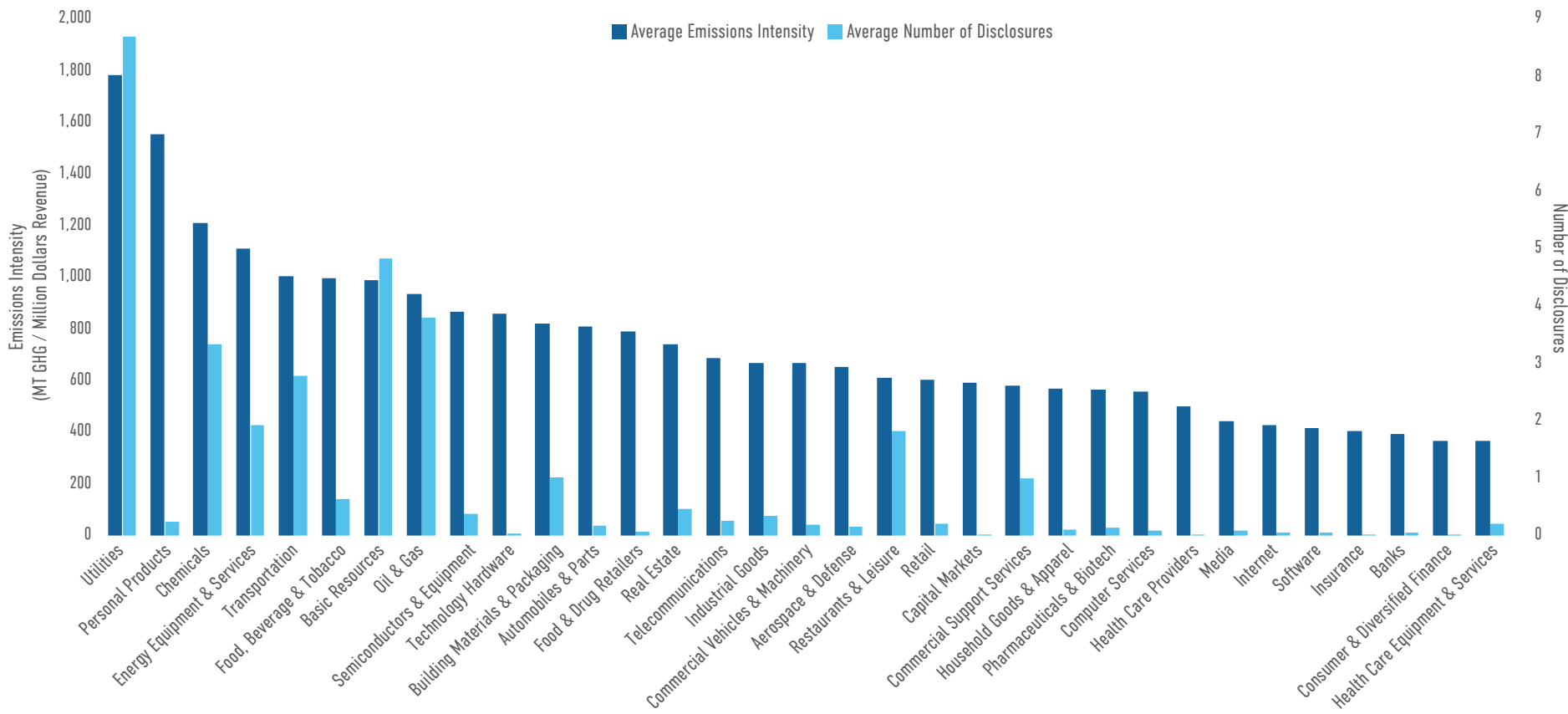
Figure 4 also shows a fairly undifferentiated tail-end of the disclosure distribution, with Banks, Consumer and Diversified Finance, and Health Care Equipment and Services lagging behind on the average number of disclosures. Environment metrics are not perceived as highly material for these industries, which may lead to lower disclosures among other reasons.

Case Study: NRG Energy is a Top Performer in the Utilities Industry

Despite being in a highly environmentally intensive industry, NRG Energy is a leader in disclosure. NRG is working to meet a [2050 net-zero target](#) and the Science-Based Targets initiative (SBTi) has verified its plan. NRG is also the [first power company in North America](#) to have a verified plan that aligns with limiting global warming to [1.5°C](#). This target is still in its infancy and NRG has not yet disclosed a comprehensive framework on how it plans to meet this goal. However, by committing to a plan that is verified by a reputable external environmental organization, NRG is proving that despite industry challenges, prioritizing sustainability is possible.

Finding 5: High emitting industries disclose more environment data.

Figure 5: Average number of environment disclosures group by industry, with emissions intensity* overlaid.



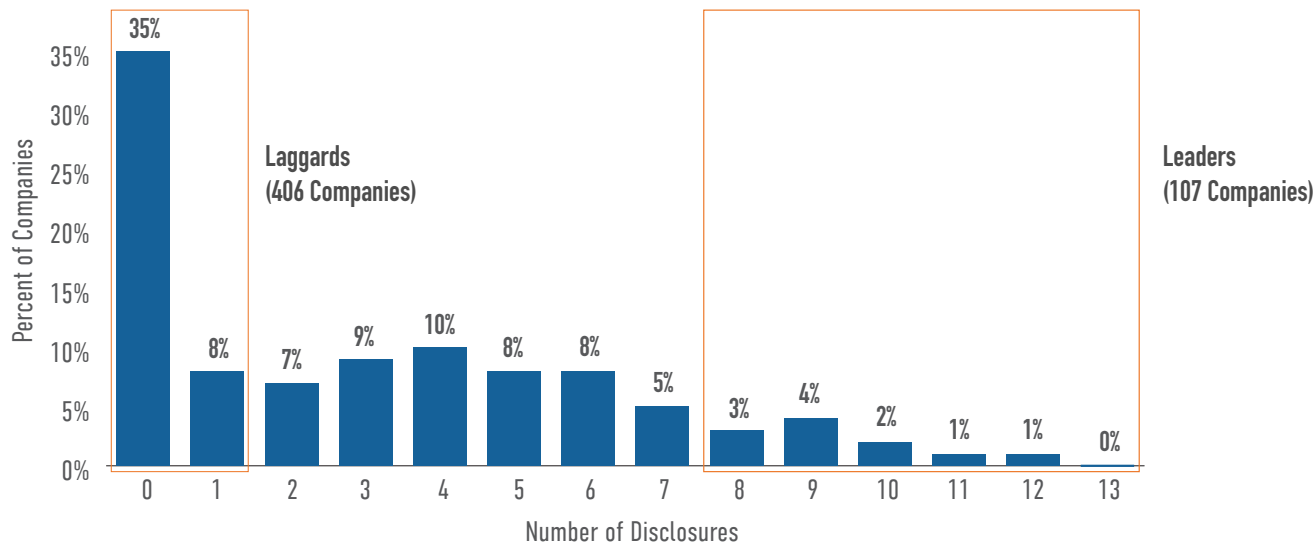
The highest emitting industries tend to disclose the largest amount of data (Figure 5). The emissions-disclosure association may be due to company size or because such sectors, especially Utilities and Oil & Gas, remain under public and investor scrutiny, increasing the need for companies in these industries to disclose their actions.

On the other end of the spectrum, companies in non-carbon intensive industries disclose less and appear to have lower emissions. Their lower emissions may be due to the fact that they do not disclose emissions often, which may be driving this relationship.

Source: JUST Capital
* Average emissions intensity calculated by dividing Scope 1 plus 2 CO2 emissions by global revenue.

Finding 6: Of the Russell 1000, 11% disclose more than seven data points while 43% disclose less than two data points.

Figure 6: Denotation of Leaders and Laggards categorization, which informs further analysis.

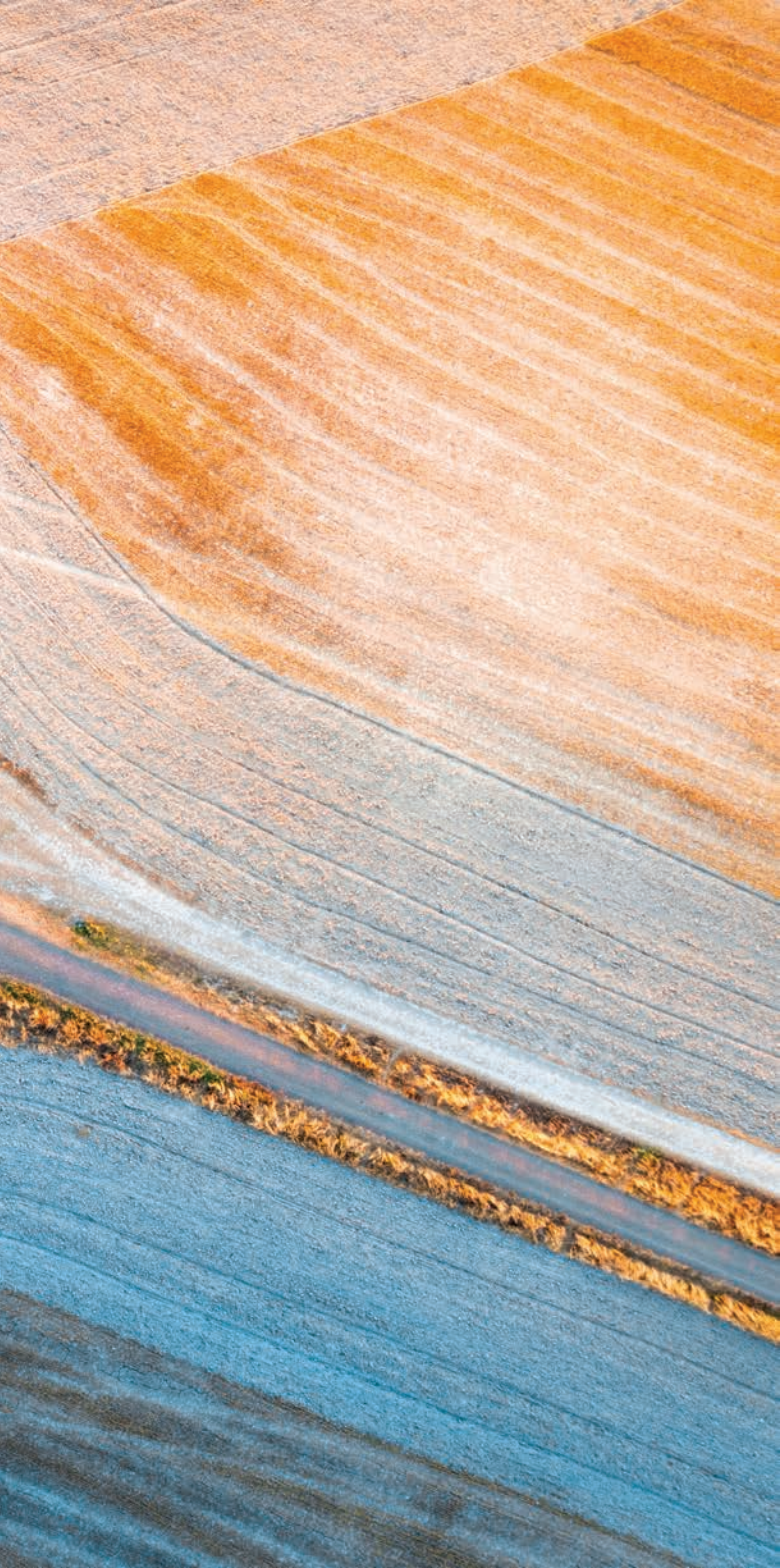


Source: JUST Capital

To further analyze which companies and industries disclose, we divided the disclosure distribution into two categories – Leaders and Laggards. Leaders are defined as companies that disclose eight or more data points of the 13 selected. This comprises 107 of the 954 companies. Conversely, Laggards are companies that disclose less than two data points, which amounts to 406 companies. Only one company discloses all 13 data points: Microsoft.

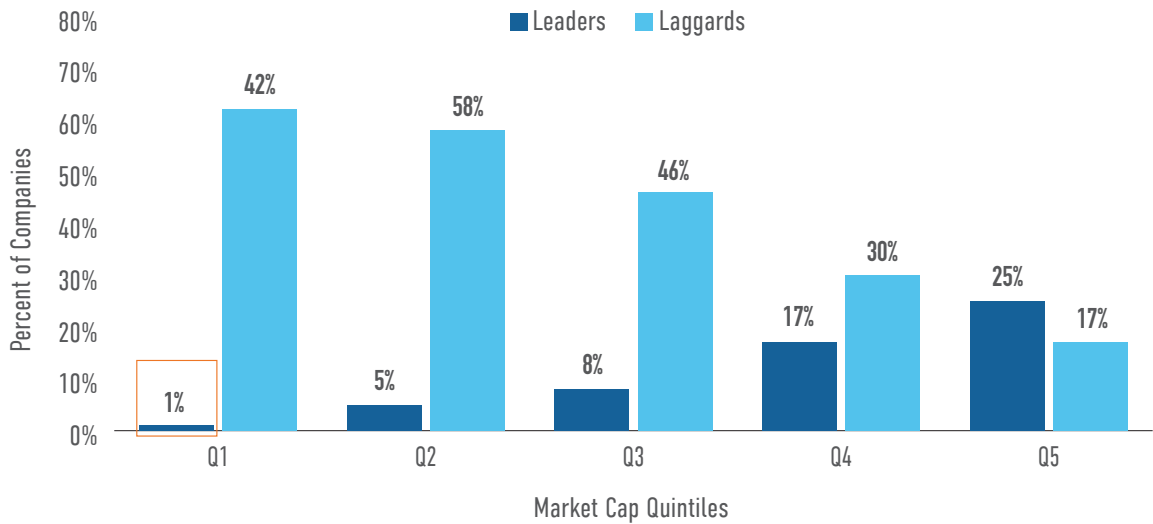
Case Study: Microsoft – The Top Performer in Environment Disclosures

Microsoft disproves the notion that comprehensive environment disclosure is impossible, being the only company in the Russell 1000 to disclose all 13 data points JUST measures. Microsoft’s **ambitious 2030 carbon-negative target**, which informs its 1.5°C SBTi commitment, and its extensive disclosures establish the company as a leader on the Environment stakeholder in our Rankings. Microsoft provides a **full breakdown of all 13 sources of its Scope 3 emissions**, epitomizing emissions transparency. In addition to its thorough **environmental sustainability report**, Microsoft also published a **one-year** update documenting its progress toward its 2030 carbon-negative target, centering transparency in its journey to meet its ambitious goals. These measures have helped Microsoft set an impressive standard of disclosure within the Software industry and the Russell 1000 overall.



Finding 7: Even small companies can have high numbers of environment disclosures.

Figure 7: Leader and Laggard distribution by company size (market capitalization).



Source: JUST Capital

Even though the largest companies tend to disclose the most data, a number of small companies show leadership in disclosures (Figure 7). Within Q1, the smallest grouping of companies by market capitalization, 1% (or two companies) are Leaders, having eight or more disclosures, and 5% (or 10 companies) in Q2 are Leaders.

Conversely, about 17% of the largest companies (Q5) lag behind in disclosures. Profiles and industry distribution of the Leaders and Laggards are shown in Appendix A5 and reflect similar results to Finding 4.

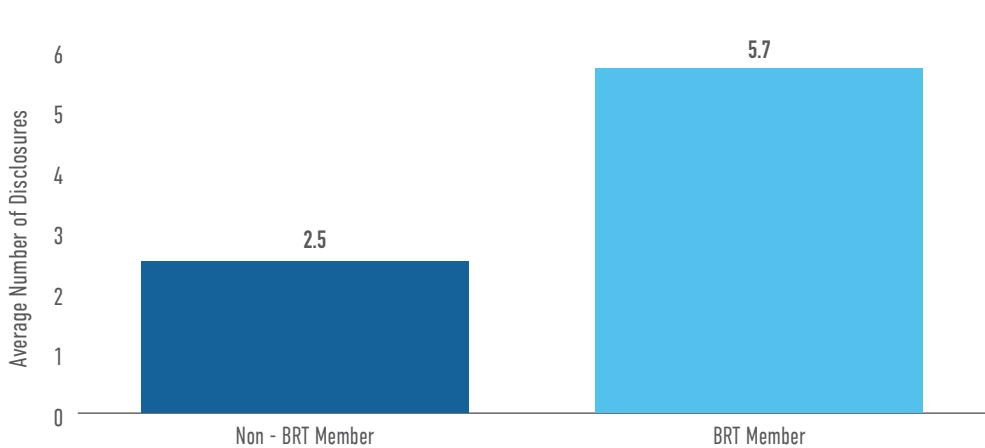
Case Study: Xerox Corporation and The Chemours Company – The Two Leaders in the Smallest Revenue Quintile

Despite falling within Q1, the smallest market capitalization category, both Xerox Corporation and The Chemours Company display a commitment to their sustainability targets through comprehensive reporting and ambitious climate targets. Xerox has committed to reaching **Net Zero emissions by 2040**, as verified by the Science-Based Targets initiative (SBTi), and currently has detailed **externally verified** emissions disclosure in its **CSR Goals and Progress Summary**. Chemours also provides thorough disclosure that breaks down its **Scopes 1, 2, and 3 emissions** as well as complex **air and waste metrics**. Chemours also has **Net Zero ambitions** and has set a 2050 target that aligns with the goals outlined in the Paris Agreement. Both companies prove that it is feasible to provide detailed disclosures on environment performance regardless of market capitalization.



Finding 8: Business Roundtable members disclose two times more environment data points than non-members.

Figure 8: Average number of disclosures from members of the Business Roundtable versus non-members.

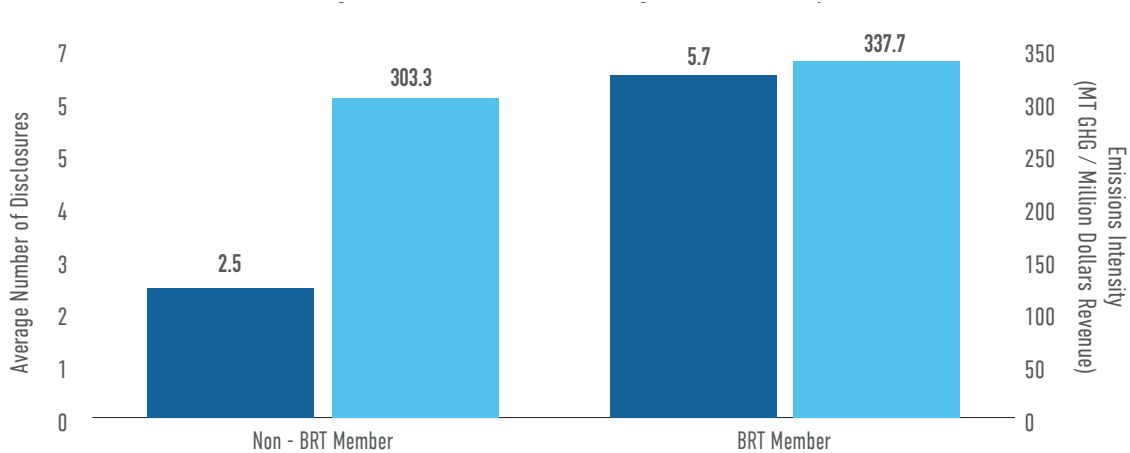


Source: JUST Capital

The **Business Roundtable** (BRT) is “an association of chief executive officers of America’s leading companies working to promote a thriving U.S. economy and expanded opportunity for all Americans through sound public policy.” Based on the publicly available list of BRT members, our analysis examined disclosures among BRT members versus non-members. Overall, BRT members disclose about twice as much data as non-BRT members. On average, BRT members disclose close to six data points, comparable to disclosure rates among the Chemicals industry. If the BRT were itself an industry, it would have the third highest level of disclosure, behind Utilities and Chemicals.

Finding 9: Business Roundtable members have a higher average emission intensity than non-members, likely due to their size.

Figure 9: Average number disclosures and emissions intensity of BRT member companies versus non-members.

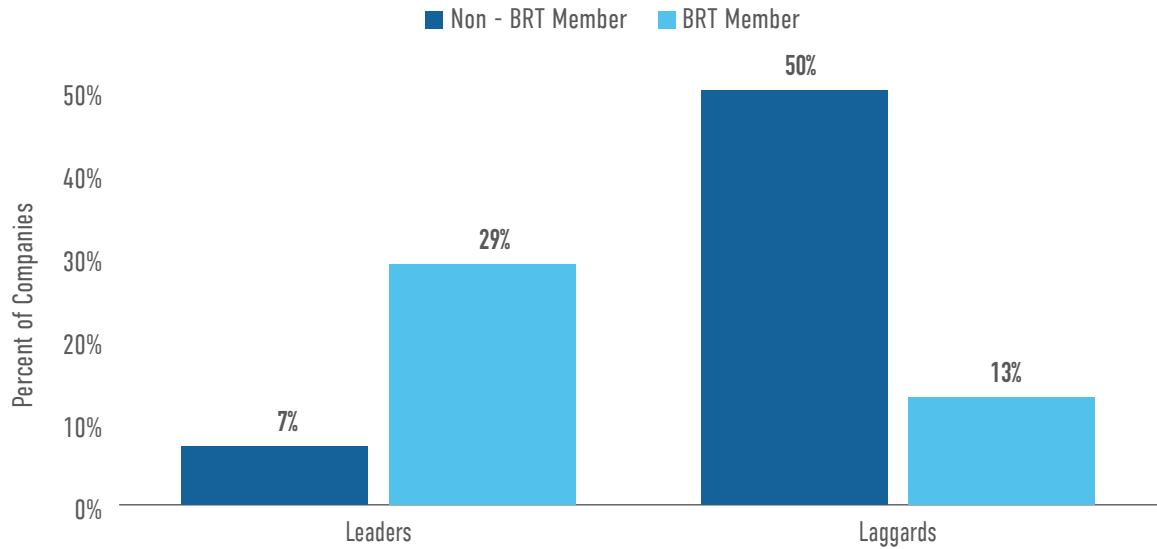


Source: JUST Capital

Related to Finding 8, BRT members emit approximately 1.1 times more GHG. This is matched by approximately twice as many disclosures on environment data points. This is not unexpected, given that BRT Members, by definition, are “America’s leading companies,” which implies that they are large, noteworthy companies that typically emit more GHG.

Finding 10: Business Roundtable members are four times more likely to be leaders on environment disclosures.

Figure 10: Composition of Leaders and Laggards categories with respect to BRT Membership.



Source: JUST Capital

Overall, BRT members are four times more likely to be in the Leader category (at least eight disclosures) than in the Laggard category (less than two disclosures). Approximately 29% of BRT members have eight or more disclosures compared with only 7% non-BRT members. Conversely, BRT members are much less likely to be Laggards. While 50% of non-BRT members have fewer than two disclosures, only 13% of BRT members have such low disclosure rates.



LOOKING AHEAD

Despite the level of standardization, numerous disclosure frameworks, and relatively long history of the “E” pillar of ESG, disclosure on environment metrics important to the American public is relatively low. The newly proposed SEC’s climate-related disclosure standards will bring increased disclosure on company activity and performance, specifically on emissions, though other areas of interest will continue to rely on existing frameworks and voluntary corporate disclosure. This regulation will also address some of the challenges that this report highlights – large companies disclose more and disclosures are highly variable across industries.

Increasing disclosure comes with challenges and choices that companies must face as they create stakeholder value that is differentiated from their peers. Despite these choices and tradeoffs, many companies highlighted in this report have shown clear leadership on voluntary corporate disclosures as a part of doing business and, in doing so, rise in the ranks of America’s Most JUST Companies. Disclosures are a key tool for the public to understand corporate behavior. Though alone, they are not an end. As more companies continue to release more data publicly, it will become more important to understand corporate performance and its trajectory over time and how it affects broader stakeholder needs.

JUST Capital’s analysis on the State of Disclosure will expand to the other stakeholders – Workers, Communities, Customers, and Shareholders – to build a complete picture of where ESG disclosure stands in relation to the priorities of the American public. With multiple entities moving to standardize the approach to “E” disclosure, we hope to be able to both identify barriers to higher disclosure and assist companies in mitigating these to ultimately help stakeholders understand their performance.



APPENDIX

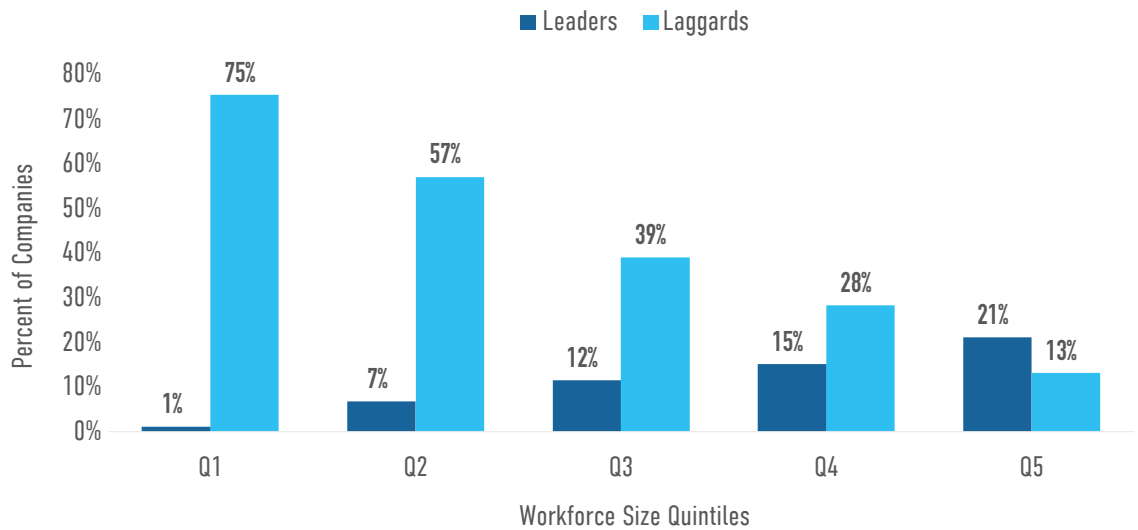
A1: Quintile Composition

Table 2: Composition of Quintiles used in this analysis.

QUINTILE	MARKET CAPITALIZATION	GLOBAL WORKFORCE SIZE
1	\$501.6M – 7.2B	27 – 2,878
2	\$7.2B – 12B	2,886 – 7,555
3	\$12.1B – 21.9B	7,593 – 14,850
4	\$21.9B – 47.5B	14,888 – 38,332
5	\$47.7B – 2.5T	39,000 – 2,300,000

A2: Disclosure Rates by Workforce Size

Figure 11: Environment data disclosure rate by workforce size, with Q1 being the smallest and Q5 being the largest.



Note: Leaders are defined as companies that disclose eight or more data points of the 13 selected. Laggards are companies that disclose less than two data points

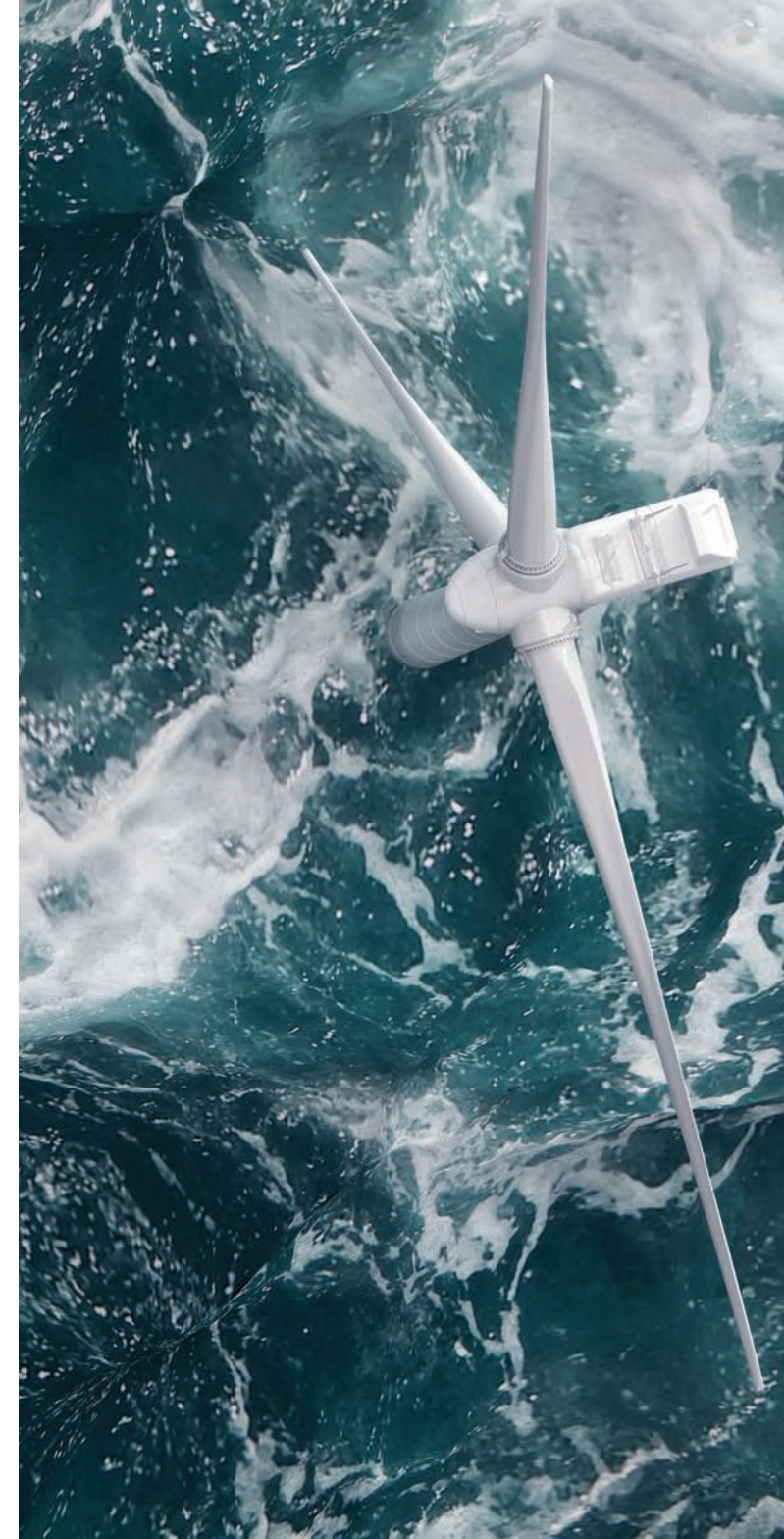
A3: Data Point Selection Note

As stated in the Methodology section of this report, these 13 data points were selected due to their applicability to the Russell 1000. Contextually, our Rankings of America's Most JUST Companies include industry-specific data, which was omitted from this analysis to allow for a more comprehensive analysis.

Since the development of this report, the Science Based Targets initiative (SBTi) has evolved its guidance and standards for commitments specifically from the Oil & Gas sector. SBTi will **no longer accept commitments or validate targets** from the Oil & Gas or other fossil fuel sectors, and will be developing a new methodology for these industries. While this change yields the SBTi-specific data points not applicable to 19 companies in our analysis, the Oil & Gas industry did not disclose any of these data points. Therefore, this change does not impact the outcome of our analysis.

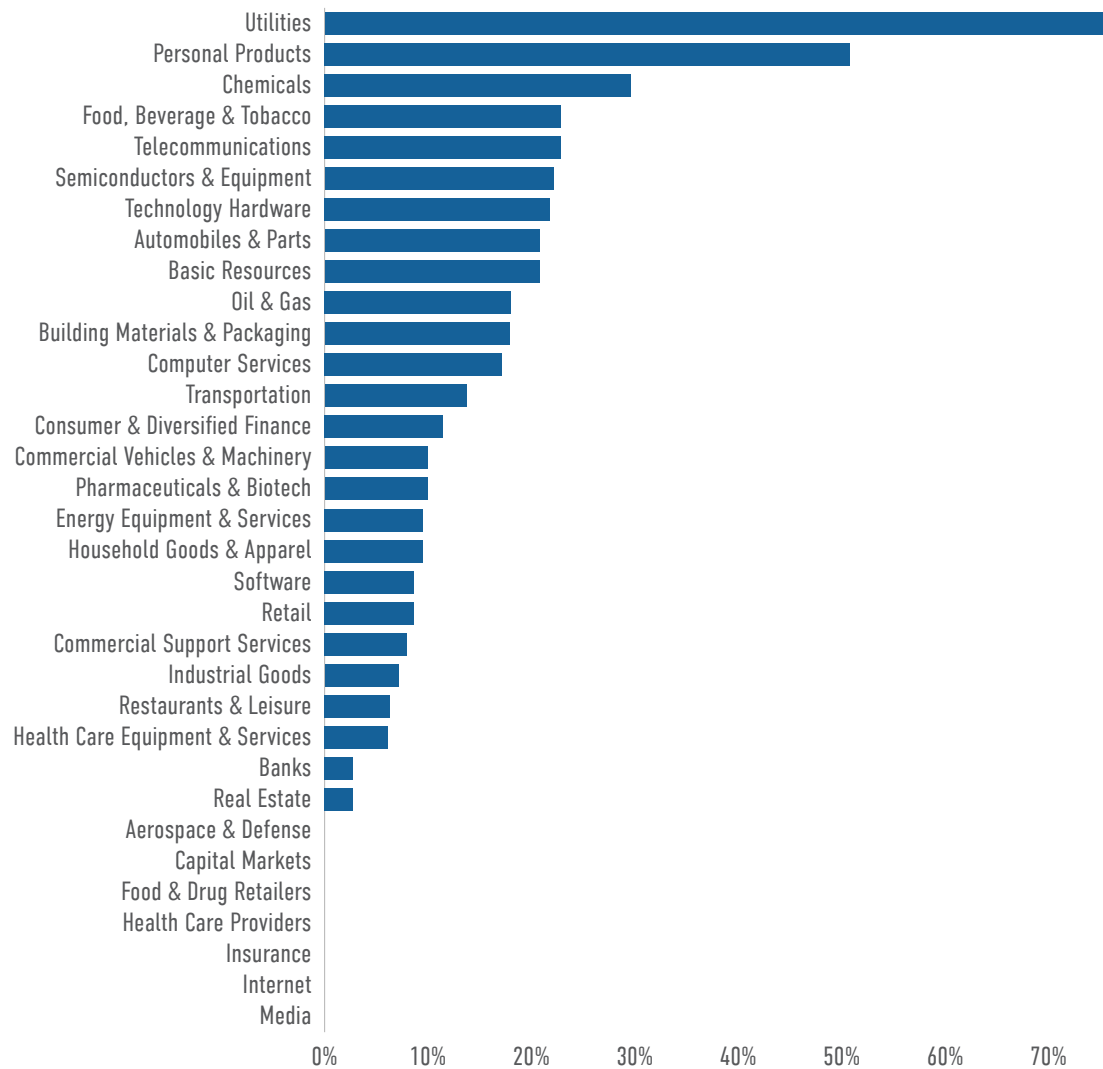
A4: Climate Commitment Categorization Note

The climate commitments collected by JUST Capital are our first iteration of measuring corporate commitment to reducing greenhouse gas emissions. For this analysis, we have treated the four commitment categories (Emissions Reduction, Net Zero by 2050, SBTi 2°C, and SBTi 1.5°C) as additive. Therefore, companies that have set a SBTi 1.5°C target have also been counted in the Emissions Reduction category, as the most rigorous commitment also fulfills the requirements of the least rigorous commitment. Any difference from these disclosure numbers in other analyses of JUST Capital's environment data will be seen with parenthetical specifications on the category disclosure rates (e.g. "Net Zero" by 2050 (only)).



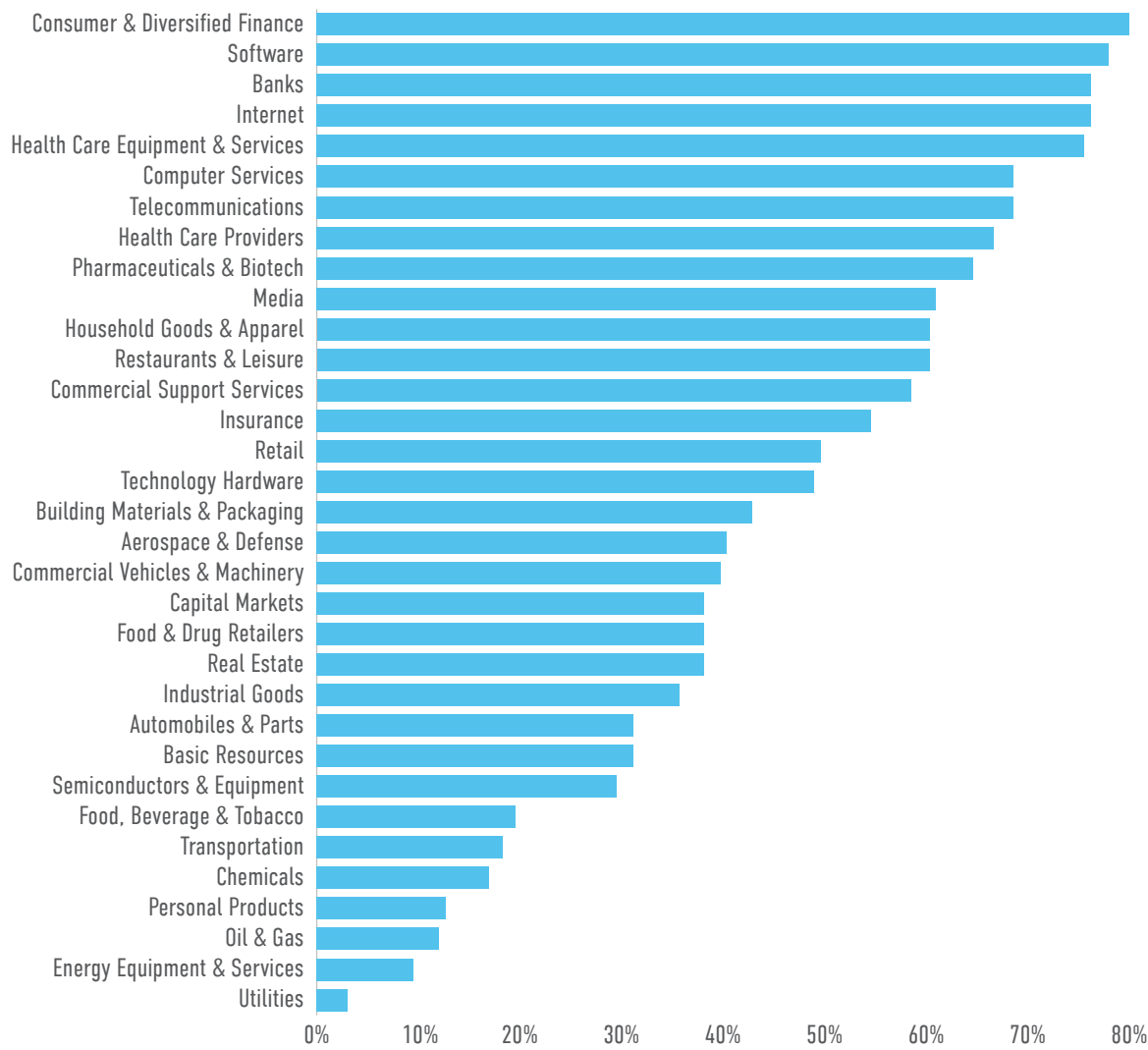
A5. Distribution of Leaders and Laggards by Industry

Figure 12: Distribution of Leaders Category by Industry.



Source: JUST Capital

Figure 13: Distribution of Laggards Category by Industry.



Source: JUST Capital



About JUST Capital

JUST Capital is an ESG research nonprofit dedicated to measuring and improving corporate stakeholder performance – from fair wages to workforce diversity to climate commitments – at America’s largest public companies. Our mission is to tackle the most pressing social challenges of our time by galvanizing the collective power of corporate America. We believe that business and markets can and must be a greater force for good, and that by shifting the resources of the over \$18 trillion private sector, we can address systemic issues at scale. Guided by the priorities of the public, our research, rankings, ESG indexes, and data-driven tools help deliver on the promise of stakeholder capitalism and an economy that works for all Americans. JUST Capital publishes the annual list of America’s Most JUST Companies, the JUST 100, in partnership with CNBC. To learn more, visit: www.justcapital.com.

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