

Earth Day Webcast

April 22, 2022



Topics we will be covering today

- How consumers' and companies' view of sustainability is expanding beyond environmental issues
- Consumers' sustainability priorities and how they align (or don't) with corporate priorities
- How consumers rate industries on their sustainability records—which are leaders and are laggards—and how this compares to corporate disclosures
- What's ahead for corporate disclosure, and how can companies do a better job of conveying their sustainability story to consumers?



Today's Speakers



Paul Washington
(Moderator)
Executive Director,
ESG Center
The Conference Board

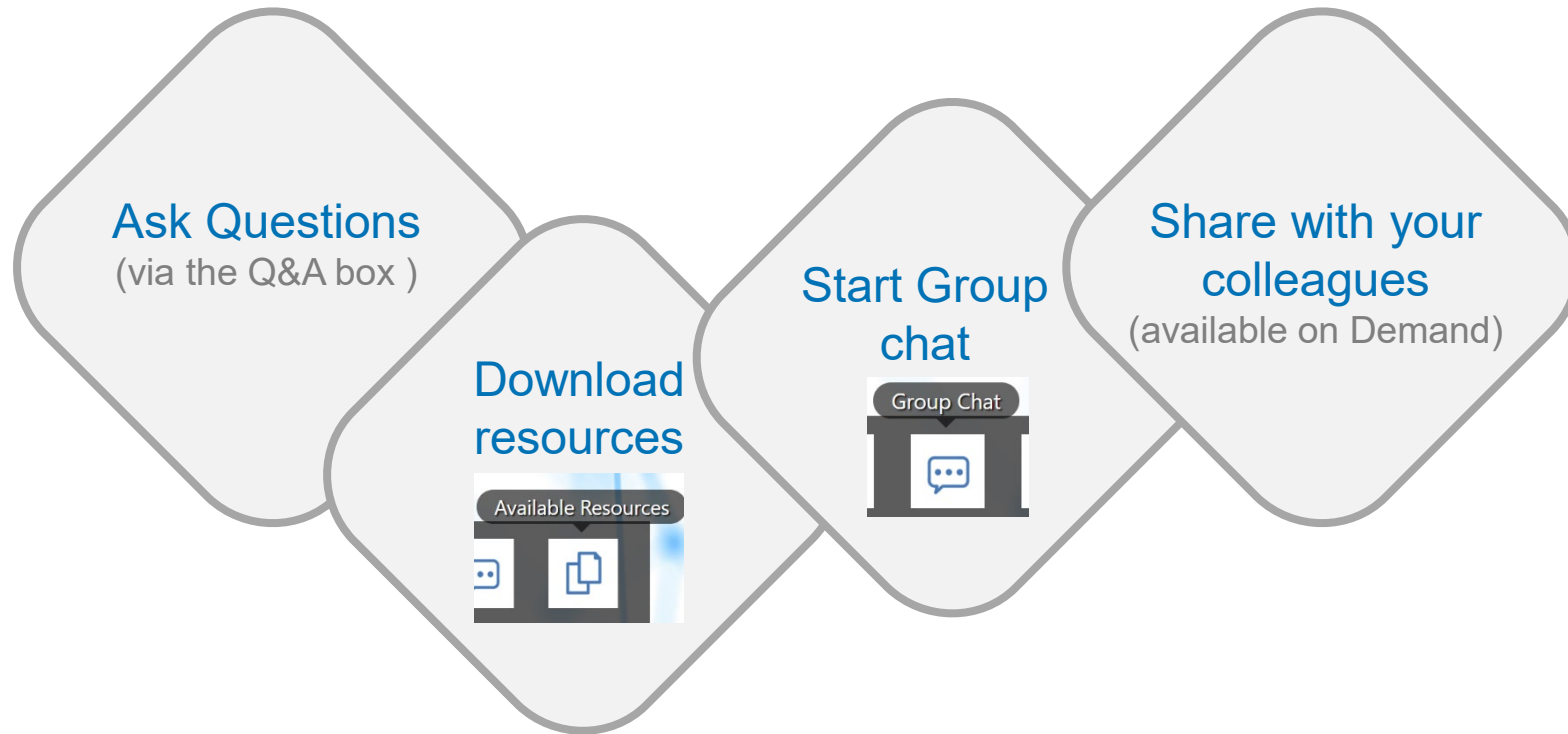


Thomas Singer
Principal Researcher,
ESG Center
The Conference Board



Denise Dahlhoff, PhD
Senior Researcher,
Consumer Research
The Conference Board

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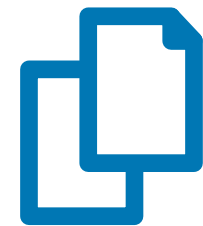
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Audience Poll Question 1:

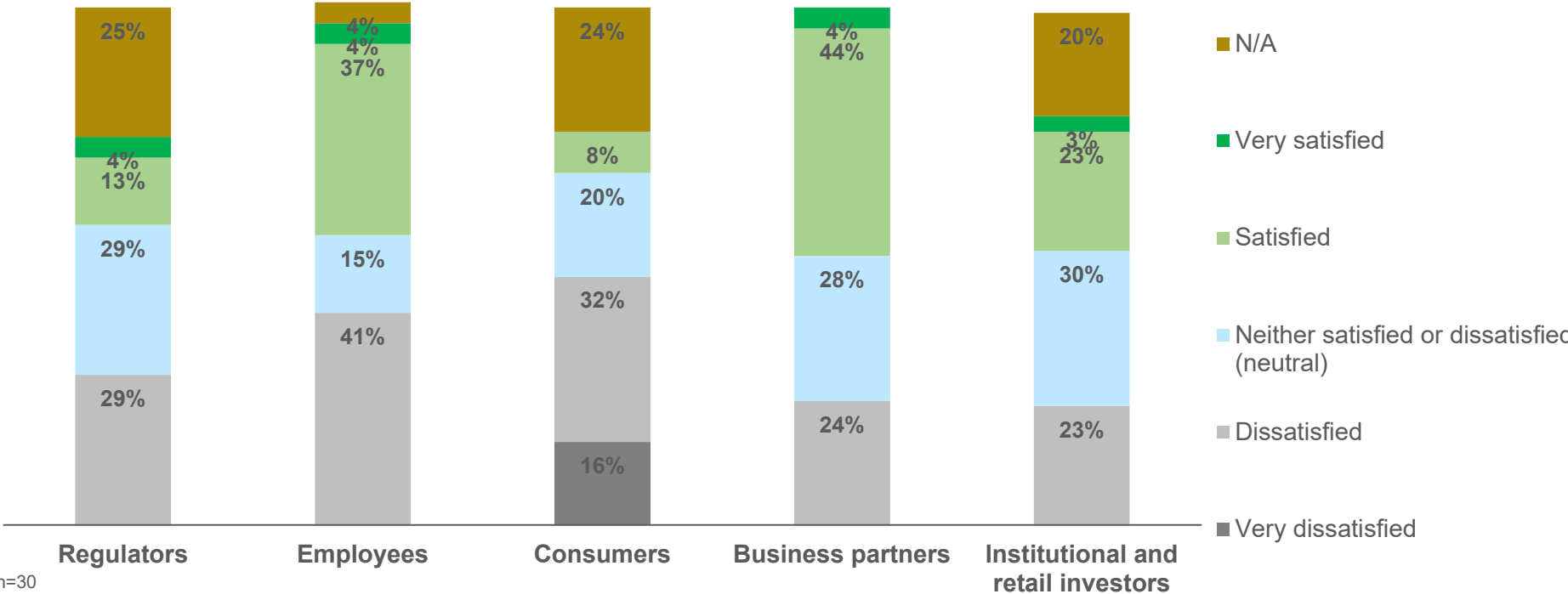
How would you rate how well your company is communicating its sustainability initiatives to consumers?

- Excellent
- Good
- Fair
- Poor
- Not sure



In our recent polling, half of respondents were dissatisfied with their companies' dialogue on sustainability with consumers

How satisfied are you with your two-way engagement on sustainability with:



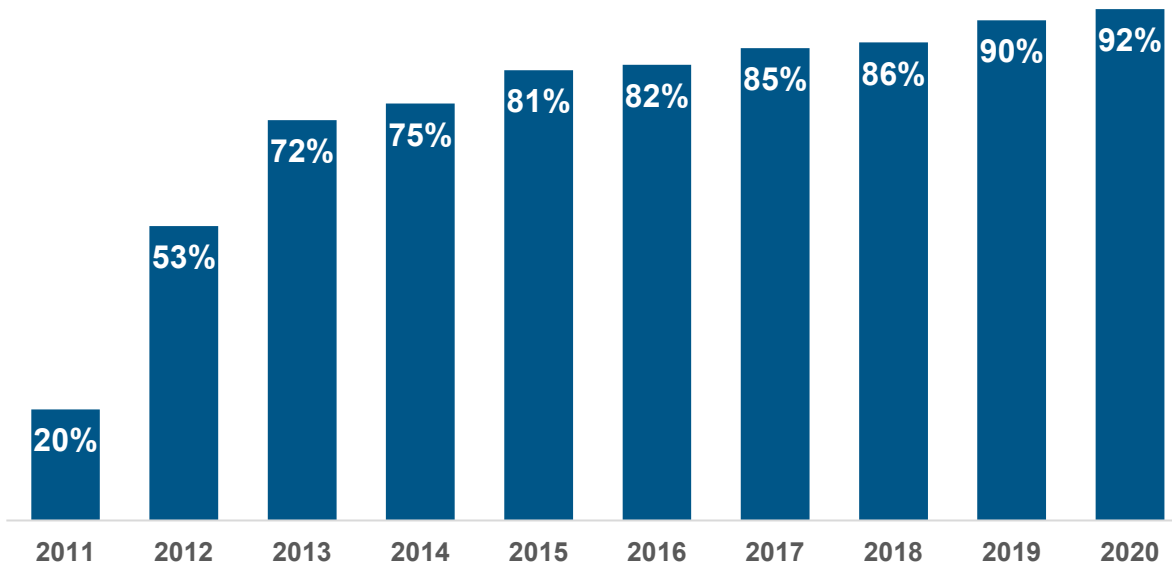
n=30
Source: The Conference Board, 2021.



Companies are broadening sustainability disclosures...

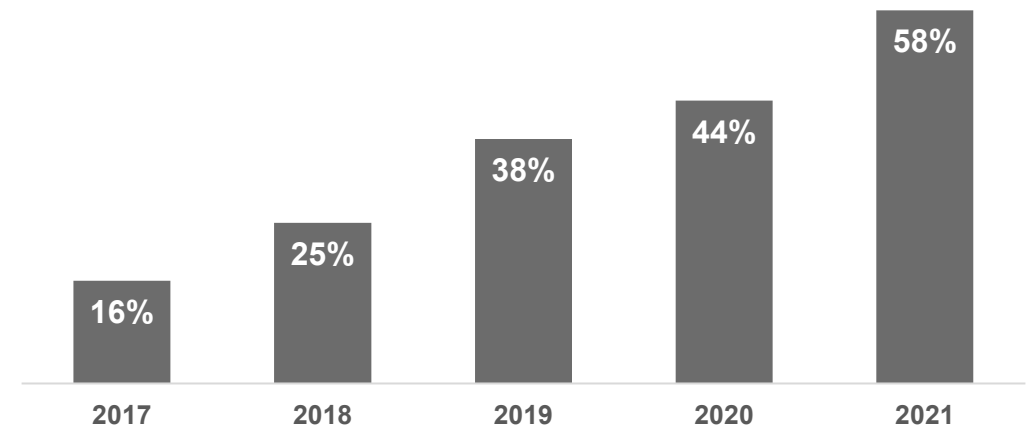
- More than 90% of S&P 500 companies publish sustainability reports, up from 53% ten years ago
- More than half of S&P Global 1200 companies disclose climate-related risks in annual reports

% of S&P 500 companies publishing sustainability reports



Source: G&A Institute

% of S&P Global 1200 companies disclosing climate-related risks in annual reports (2017 – 2021)



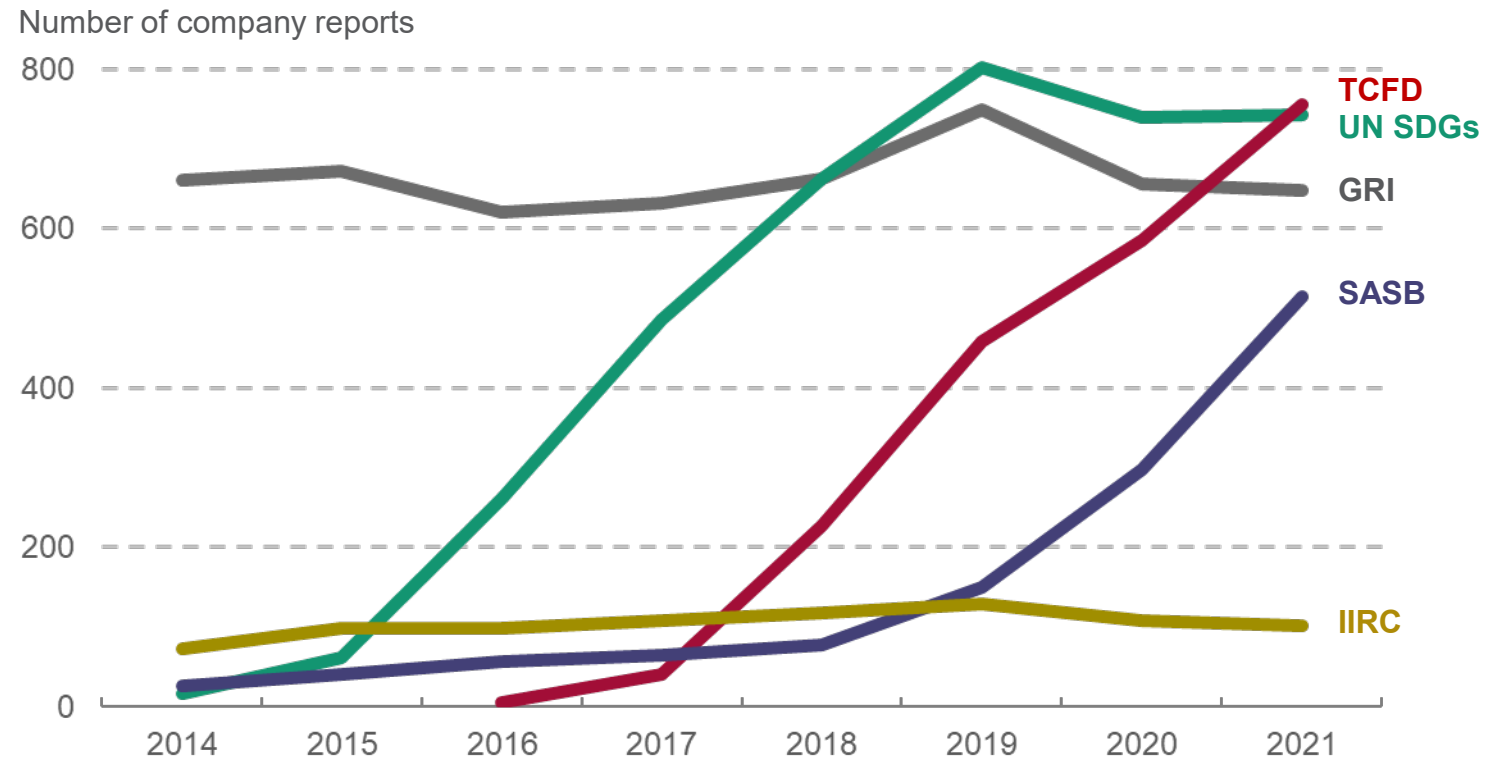
Source: The Conference Board / Bloomberg, 2022.



Including reporting against key frameworks ...

References to sustainability reporting frameworks (2014 – 2021)

S&P Global 1200 company reports (financial and nonfinancial) mentioning some of the most prominent sustainability reporting frameworks



Source: The Conference Board/Datamaran, 2022.



With over 200 issues that fall under the heading of ESG

Environmental (~80)

Biodiversity and conservation	Plastic, packaging, and materials
Climate	Waste
Energy	Water and effluents
Greenhouse gas (GHG) emissions	Air pollution

Social (~100)

Animal rights and welfare	Supply chain and procurement practices
Corporate citizenship and philanthropy	Corporate culture
Economic impact	Diversity, equity, and inclusion (DEI)
Human rights	Talent recruitment and development
Corporate political activity	Employment and labor relations
Public health	Employee health and safety
Product safety	Sexual harassment

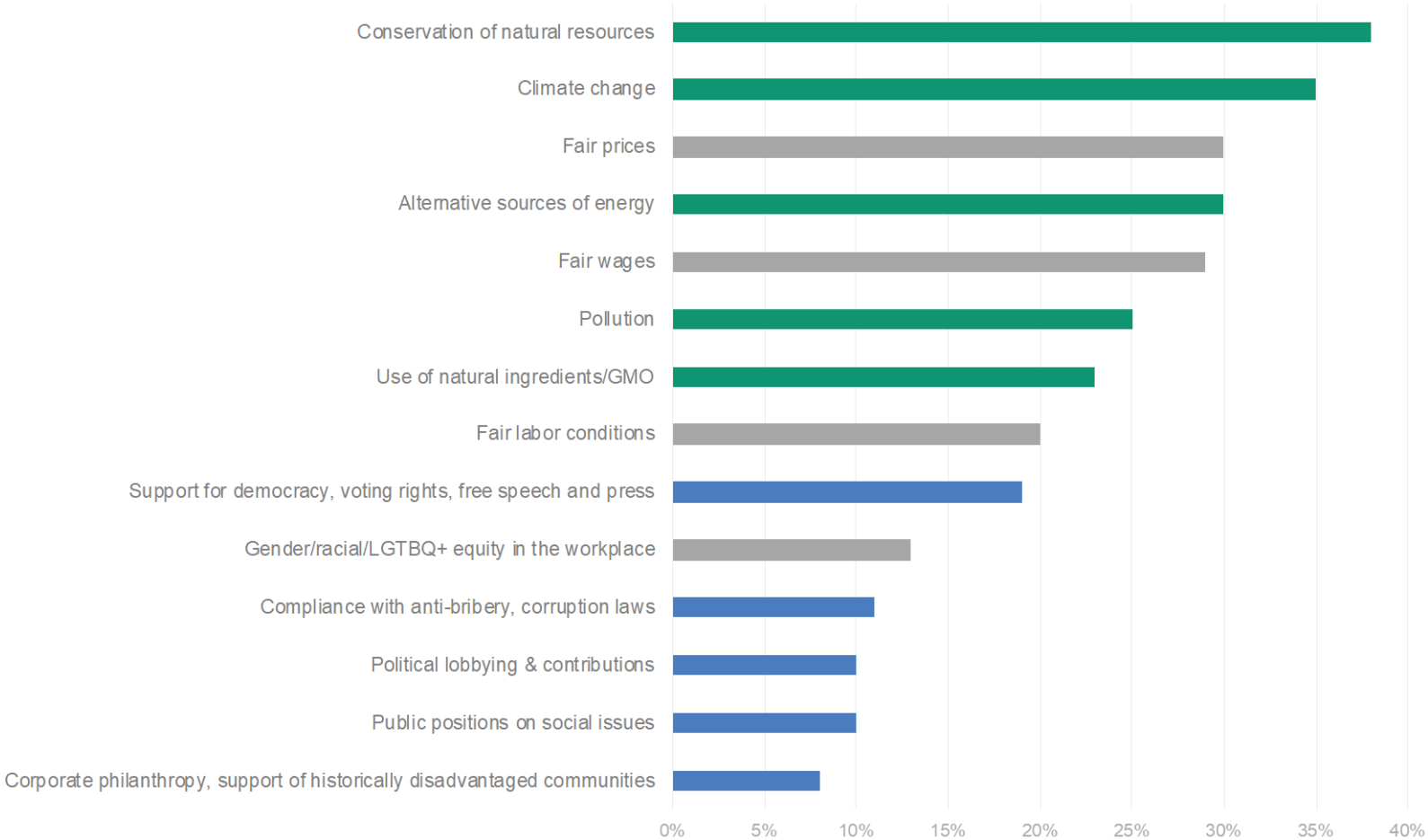
Governance (~50)

Anti-competitive behavior	Data security & privacy
Ethics and compliance	Crisis management
Corporate purpose	Litigation
CEO succession	Intangible assets and innovation
CEO performance evaluation	Corporate reputation
Shareholder engagement	Tax strategy
Stakeholder engagement	Risk management



Consumers still associate sustainability with social dimensions are catching up

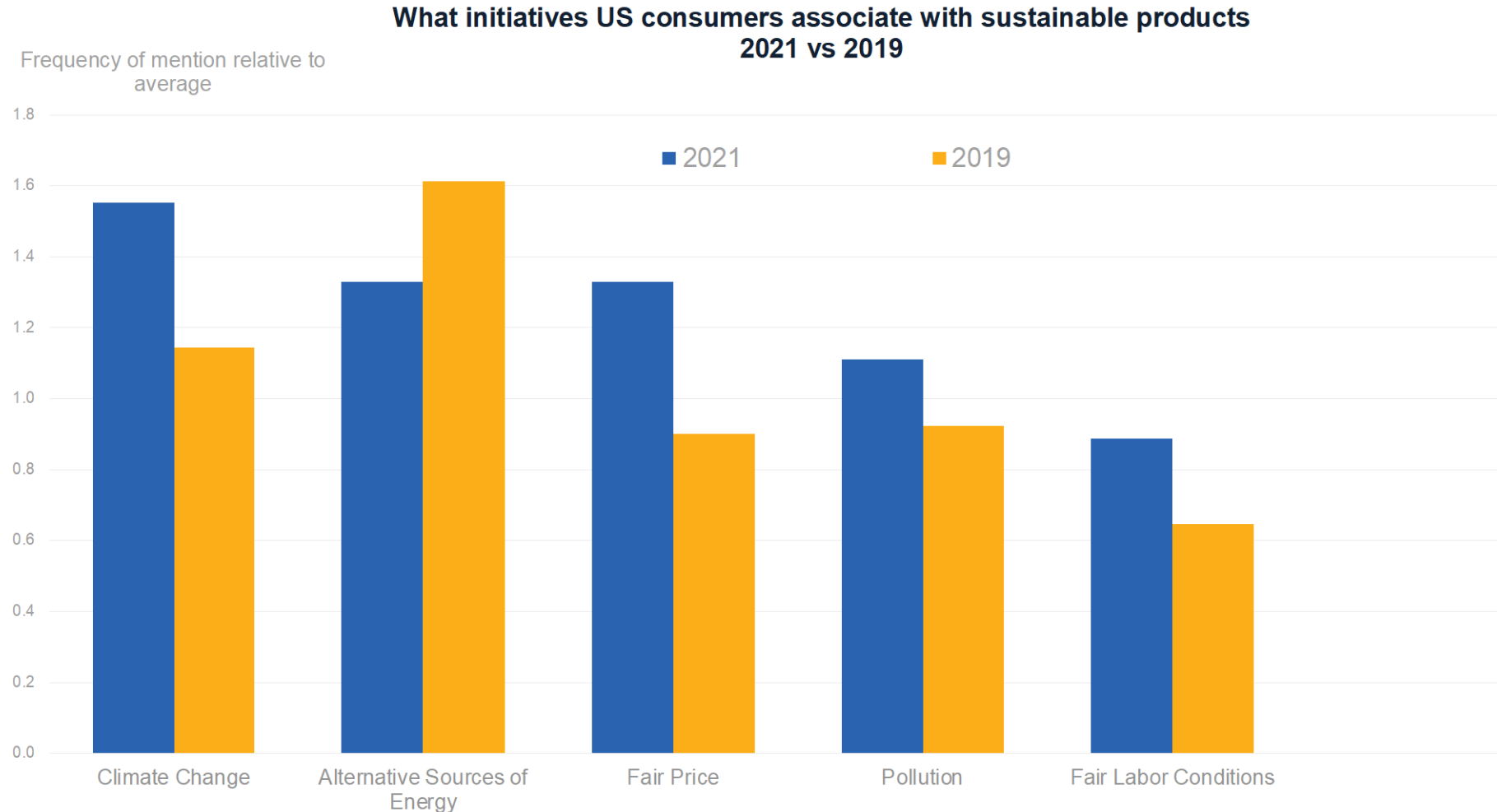
What US consumers associate with sustainable products



Note: 1,923 US adults surveyed
Q: We are interested to know how you think about sustainability for all products and services. Select the top 3 issues which you associate with sustainable products.
Source: The Conference Board + Harris Poll Sustainability Insights



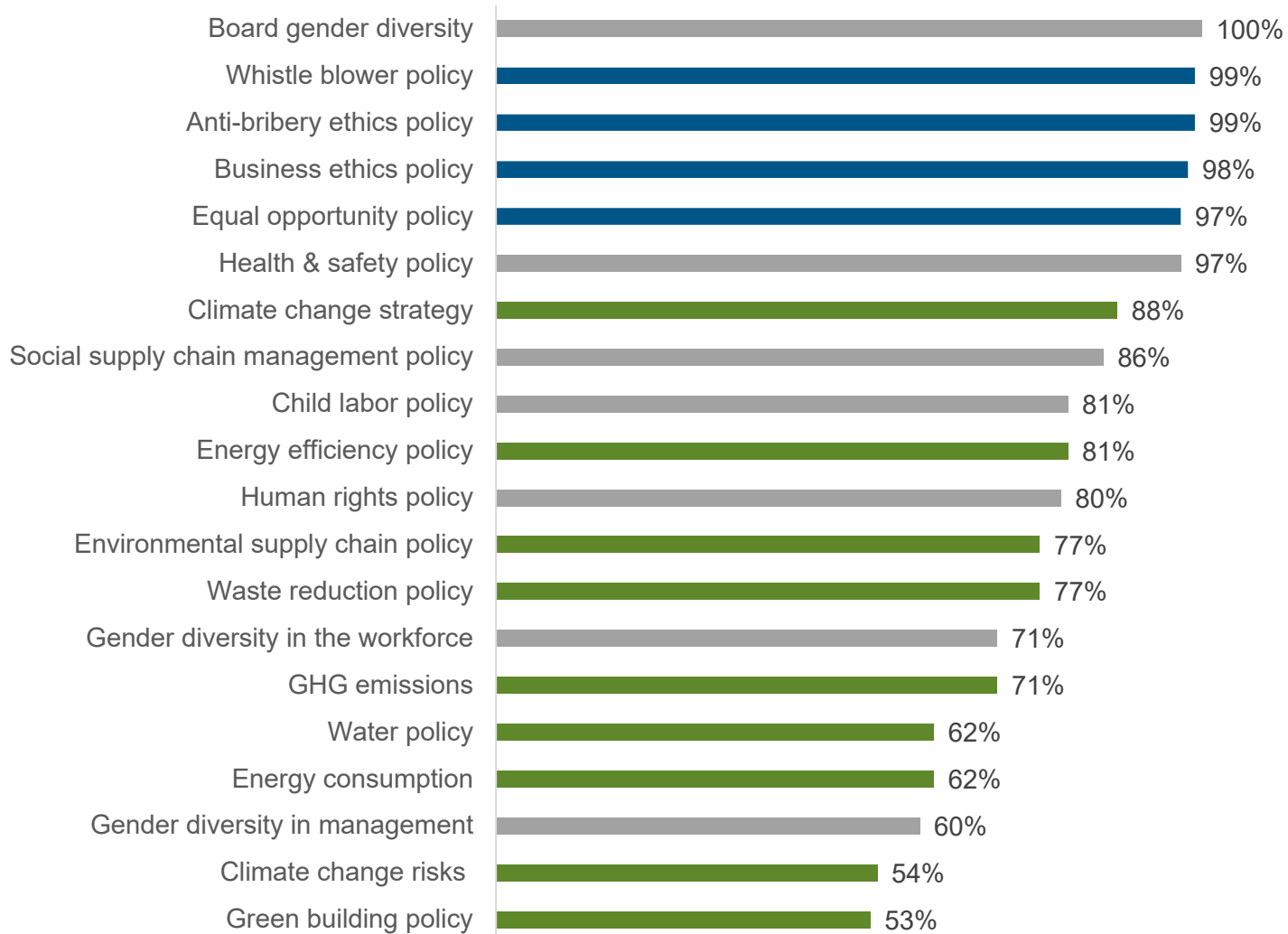
Alternative sources of energy have become a less widespread association. Will this change as the world reorganizes its energy sources?



Note: 1,923 US adults surveyed; values denote the ratio of the association's value to the average value of all associations with sustainable products.
Q: We are interested to know how you think about sustainability for all products and services... (2021)/rank (2019) the top 3 issues which you associate with sustainable products.
Source: The Conference Board + Harris Poll Sustainability Insights



What sustainability topics are S&P 500 companies most commonly disclosing?



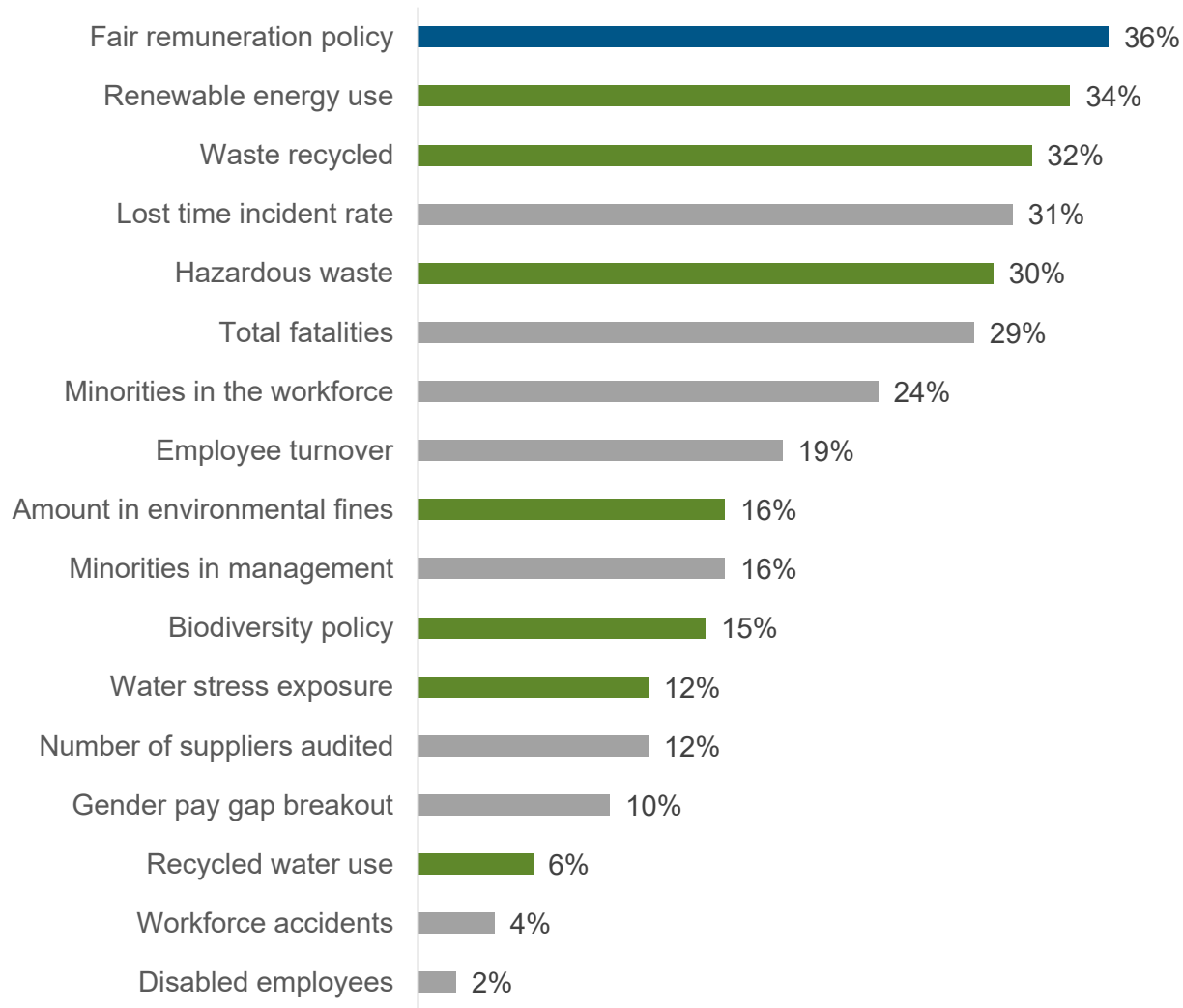
Sustainability topics with highest disclosure rates (S&P 500)

- Board gender diversity
- Ethics and compliance issues
- Health and safety
- Climate change strategy

Source: The Conference Board / ESGAUGE, 2021.



What sustainability topics are S&P 500 companies least disclosing?



Sustainability topics with lowest disclosure rates (S&P 500)

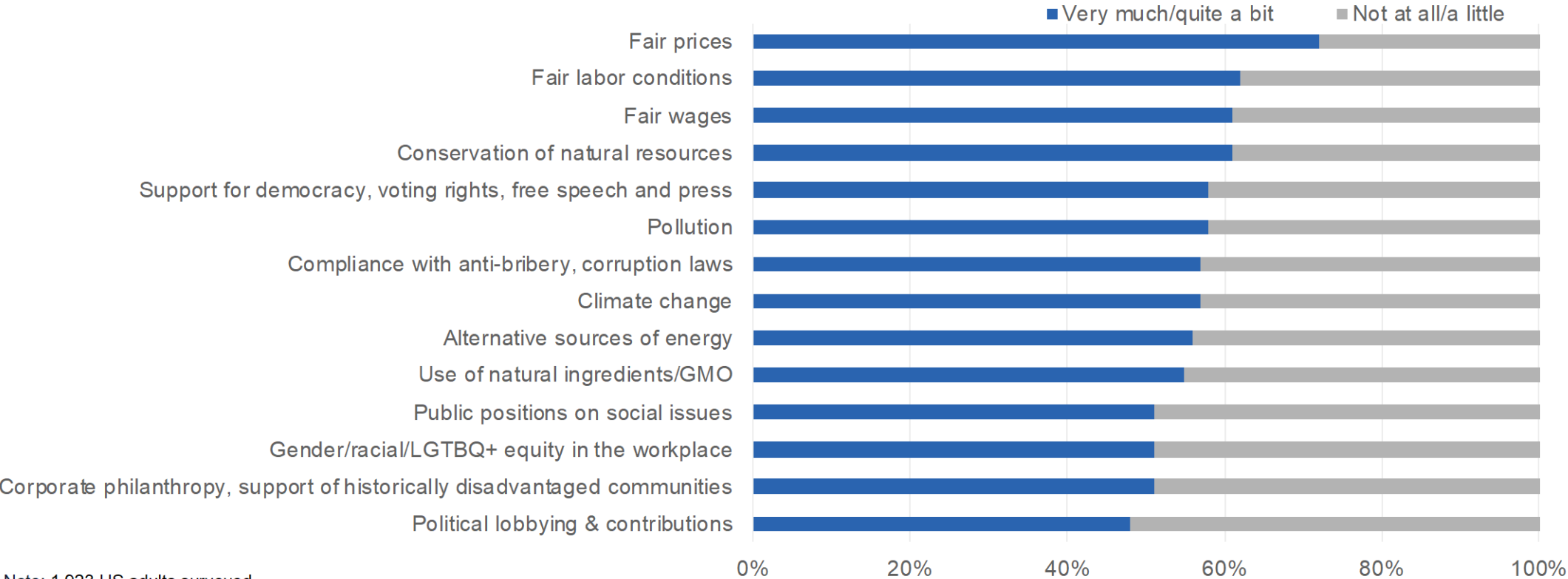
- Fair remuneration
- Fatalities and accidents
- Environmental fines
- Biodiversity
- Gender pay gap
- Diversity beyond gender

Source: The Conference Board / ESGAUCE, 2021.



Meanwhile consumer brand purchases are driven by economic “fairness” issues

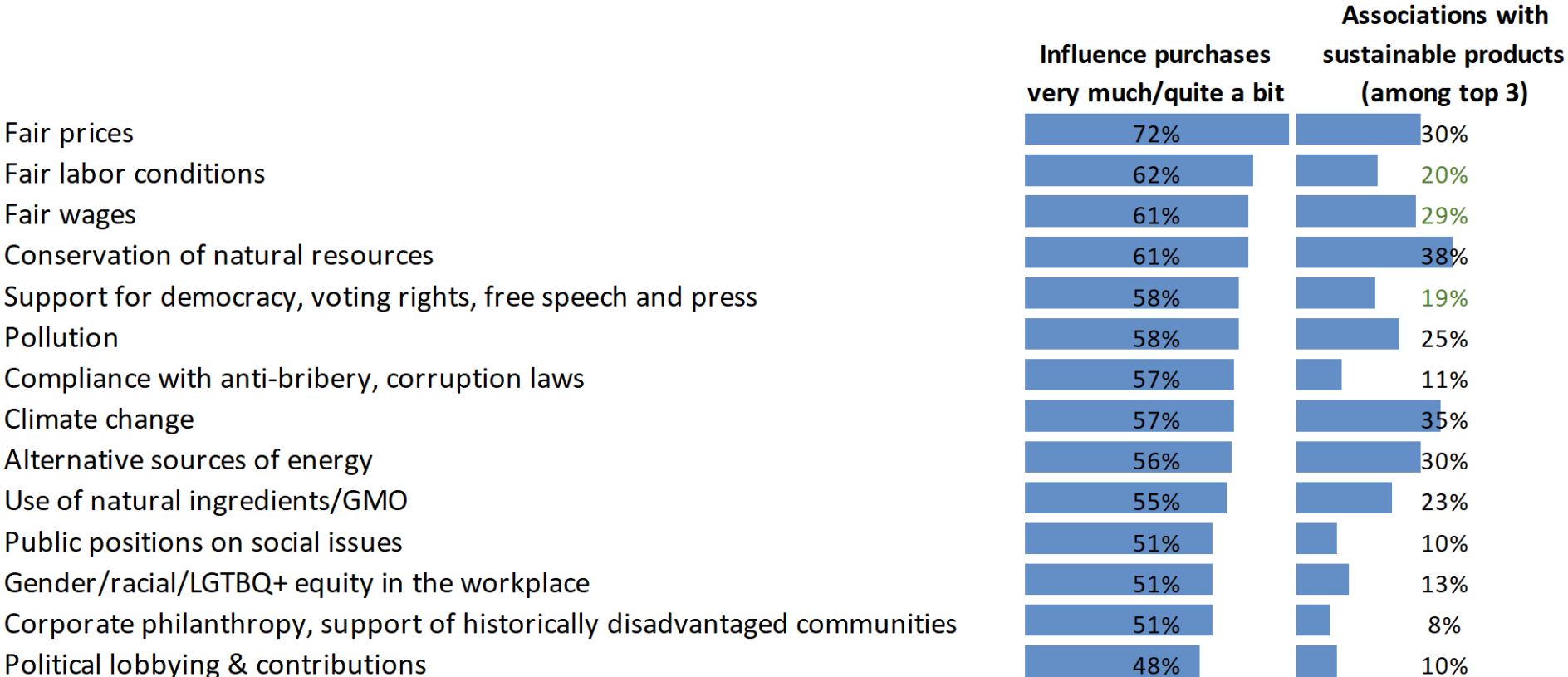
Fair prices, labor conditions, and wages motivate consumers most to buy sustainable products



Note: 1,923 US adults surveyed
Q: To what degree would information about a brand's actions on the following issues influence the brands you buy?
Source: The Conference Board + Harris Poll Sustainability Insights



What people most associate with sustainability isn't necessarily what drives purchases



Source: The Conference Board + Harris Poll Sustainability Insights

Questions: We are interested to know how you think about sustainability for all products and services. From the list below, please select the top 3 issues which you associate with sustainable products.

In general, to what degree would information about a brand's actions on the following issues influence the brands you buy? Very much, quite a bit, a little, not at all



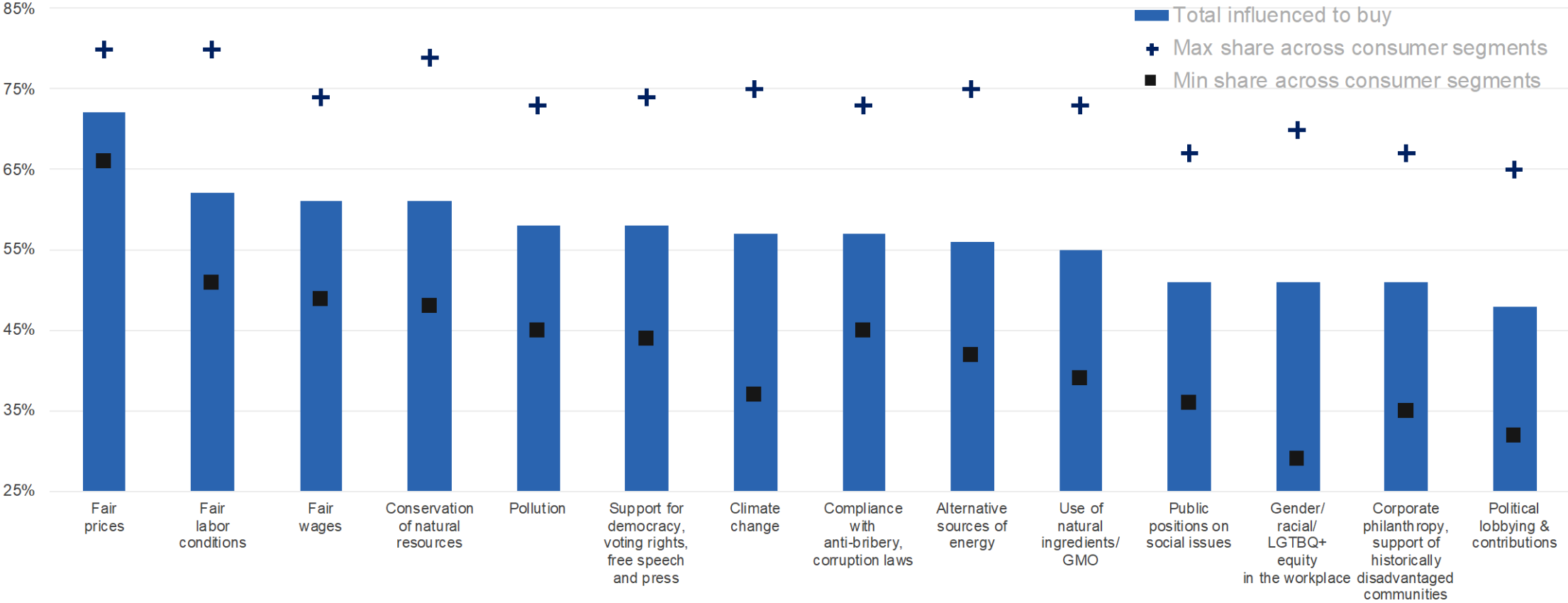
Some notable gaps between what drives consumer purchases and what companies are disclosing

	Influence purchases very much/quite a bit	S&P 500 disclosure rate	Proxy
Fair prices	72%	n/a	n/a
Fair labor conditions	62%	80%	Human rights policy
Fair wages	61%	36%	Fair remuneration policy
Conservation of natural resources	61%	15%	Biodiversity policy
Support for democracy, voting rights, free speech and press	58%	n/a	n/a
Pollution	58%	77%	Waste reduction policy
Compliance with anti-bribery, corruption laws	57%	99%	Anti-bribery ethics policy
Climate change	57%	88%	Climate change strategy
Alternative sources of energy	56%	34%	Renewable energy use
Use of natural ingredients/GMO	55%	n/a	n/a
Public positions on social issues	51%	n/a	n/a
Gender/racial/LGBTQ+ equity in the workplace	51%	10%	Gender pay gap
Corporate philanthropy, support of historically disadvantaged communities	51%	45%	Charitable contributions
Political lobbying & contributions	48%	82%	Corporate political contributions



Equity and climate efforts are well covered in public discussion but people disagree quite a bit on how much they motivate their purchases

Sustainability features impact brand purchases differently across consumer segments

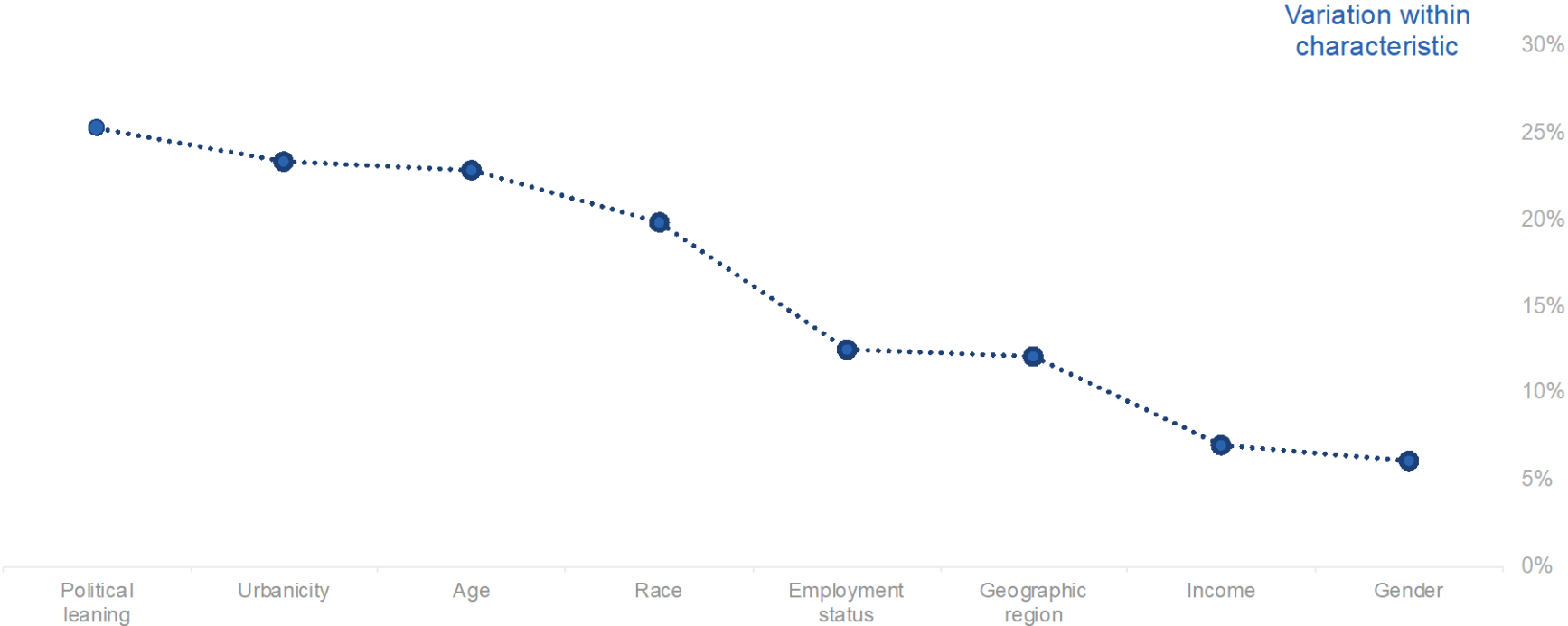


Note: 1,923 US adults surveyed; Max and min across respondents is based on segmenting by gender, age, income, race/ethnicity, geographic region, urbanity/rurality, and political leaning
 Q: To what degree would information about a brand's actions on the following issues influence the brands you buy? Showing "very much" and "quite a bit" responses only.
 Source: The Conference Board + Harris Poll Sustainability Insights



Different gender and income groups disagree the least on whether sustainability features sway their purchases—in contrast to people with different political opinions

**Why consumer segmentation matters in marketing sustainable features:
Opinions vary the most depending on political leanings, least by gender**



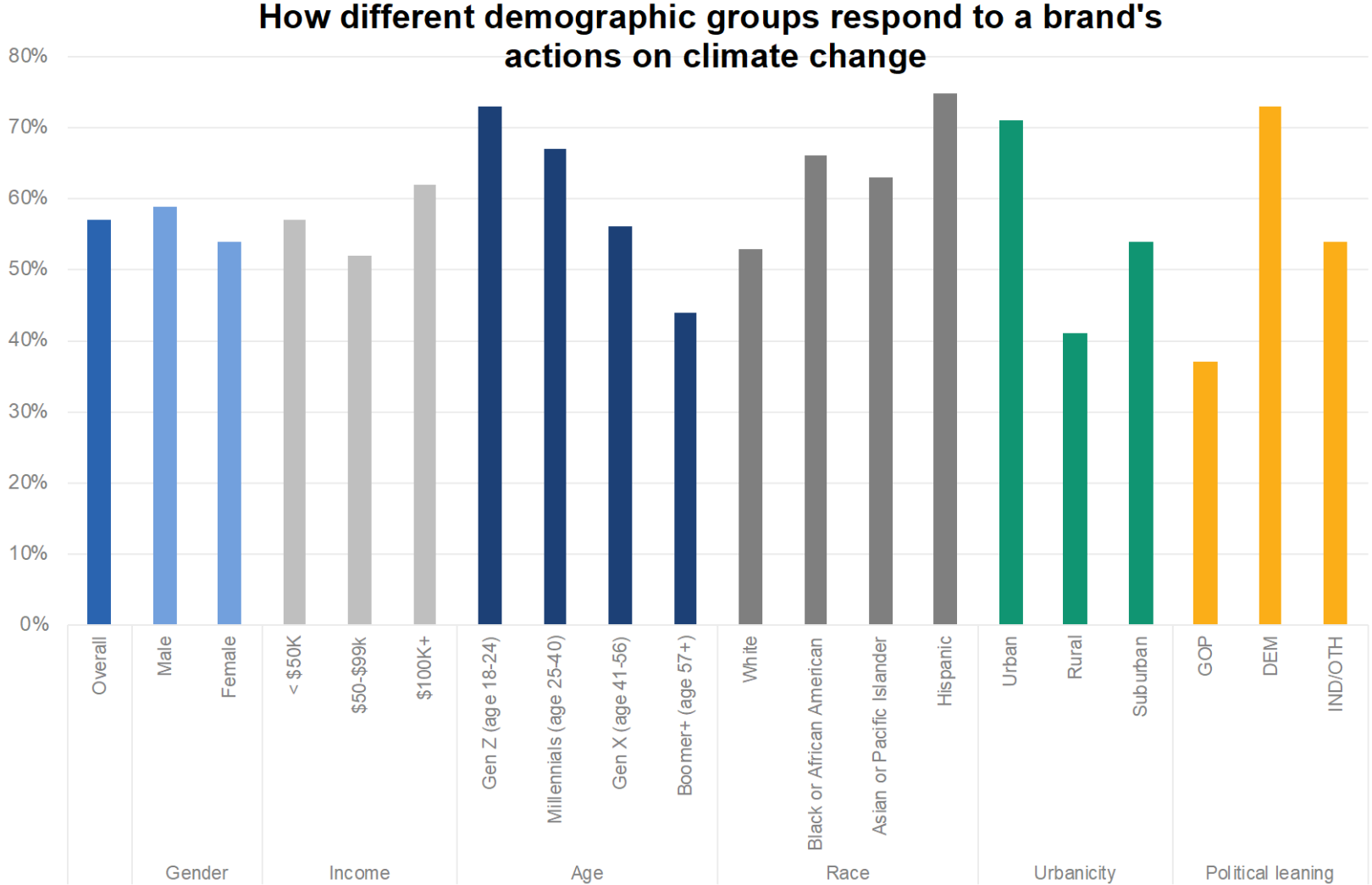
Note: 1,923 US adults surveyed; shows variation of the share of those respondents across demographic characteristic (measured as average max-min range) whose purchases are influenced very much/quite a bit by the following sustainability features: fair prices, fair labor conditions, fair wages, conservation of natural resources, pollution, support for democracy, voting rights, free speech and press, climate change, compliance with anti-bribery, corruption laws, alternative sources of energy, use of natural ingredients/GMO, public positions on social issues, gender/racial/LGBTQ+ equity in the workplace, corporate philanthropy, support of historically disadvantaged communities, political lobbying & contributions.

Q: In general, to what degree would information about a brand's actions on the following issues influence the brands you buy?

Source: The Conference Board + Harris Poll Sustainability Insights



Climate change efforts influence different consumers' purchases quite differently



Note: 1,923 US adults surveyed

Q: In general, to what degree would information about a brand's actions on the following issues influence the brands you buy? Very much, quite a bit, a little, not at all

Source: The Conference Board + Harris Poll Sustainability Insights



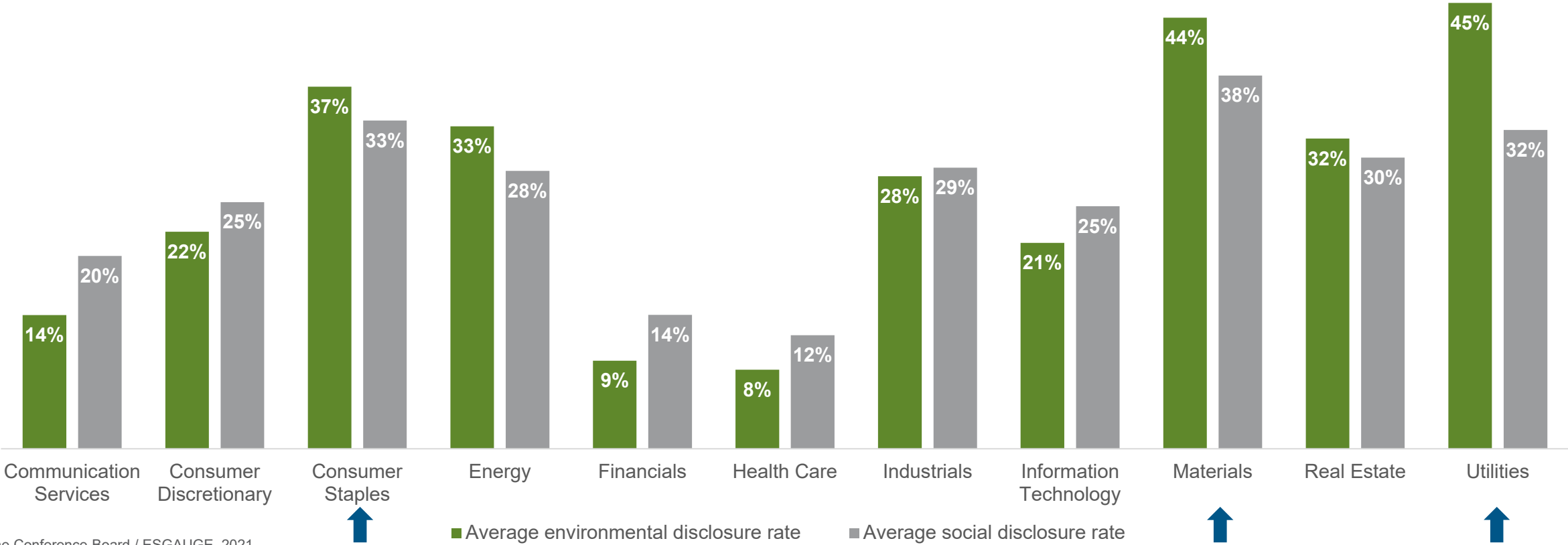
Audience Poll Question 2:

Which of the following sectors has both the highest sustainability disclosure rates and is perceived by consumers as doing the best on sustainability?

- Airlines
- Auto makers
- Food
- Hospitality/hotels
- Pharma
- Tech
- Utilities

On average, utilities, materials, and consumer staples companies have the highest sustainability disclosure rates

Average disclosure rates by sector, select environmental and social topics
(Russell 3000, 2021)



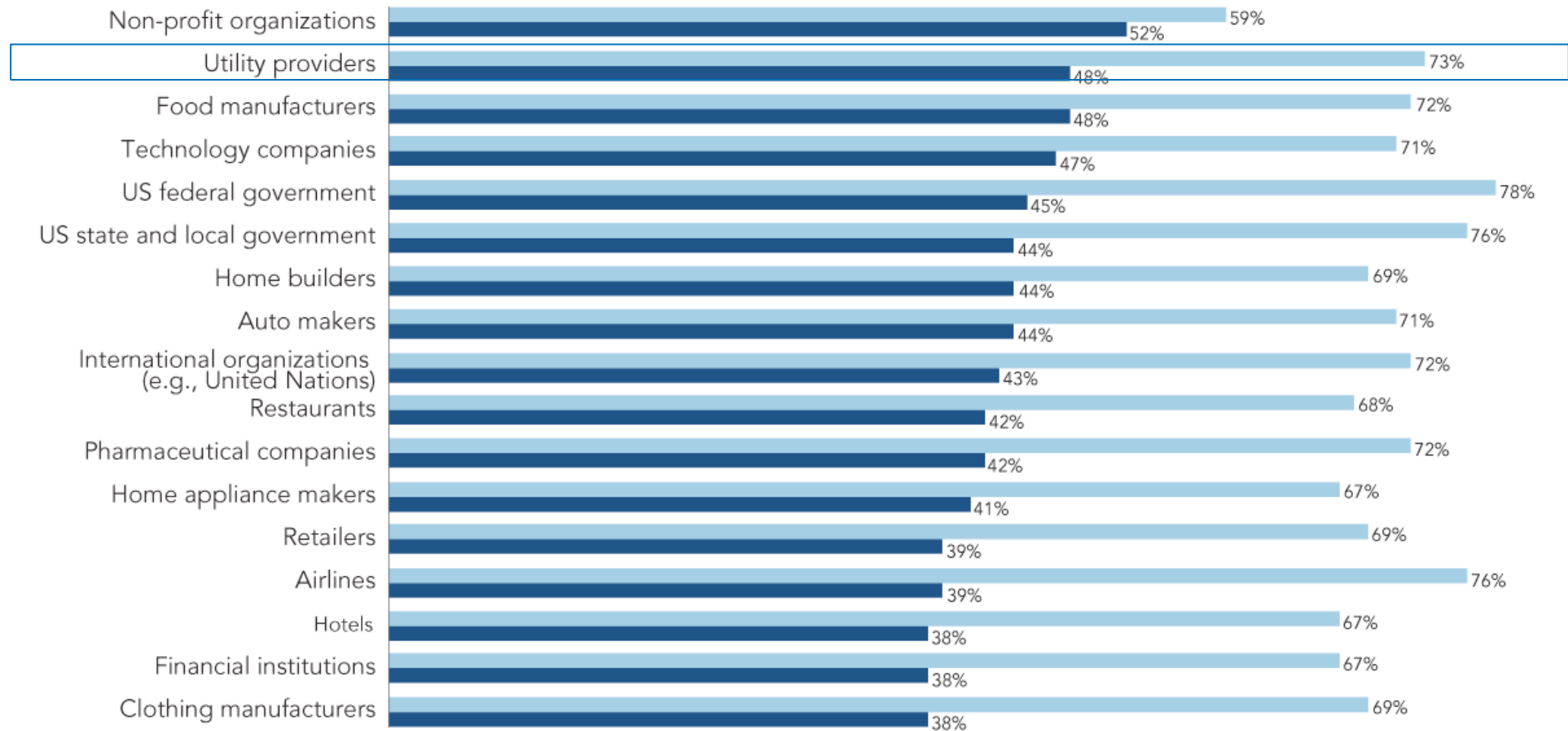
Source: The Conference Board / ESGAUGE, 2021.



Utility, food, tech companies consistently perceived as top 3 regarding sustainability

US consumers see need for more change, even among leaders in sustainability

■ Q: Industries that need to change to become sustainable. % responding "very" and "somewhat" significantly; excluding "not too" or "not at all" significantly. ■ Q: Organizations making a positive impact on sustainability. % responding "very much" and "quite a bit"; excluding "just a little" or "not at all" responses.



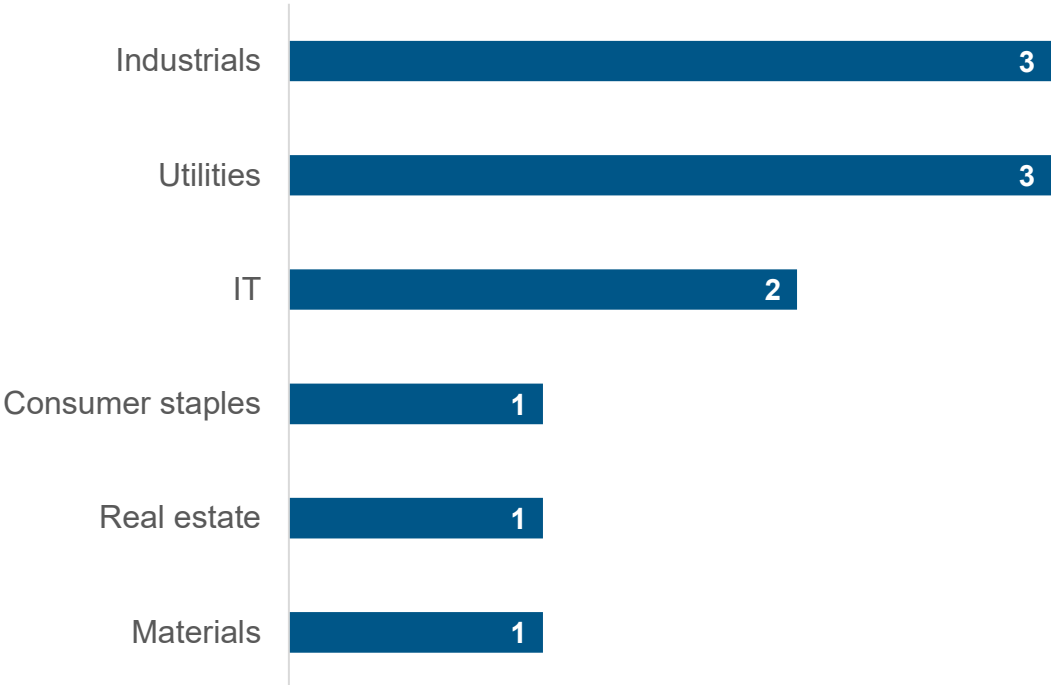
Source: The Conference Board + Harris Poll Sustainability Insights

Note: 1,923 US consumers responded



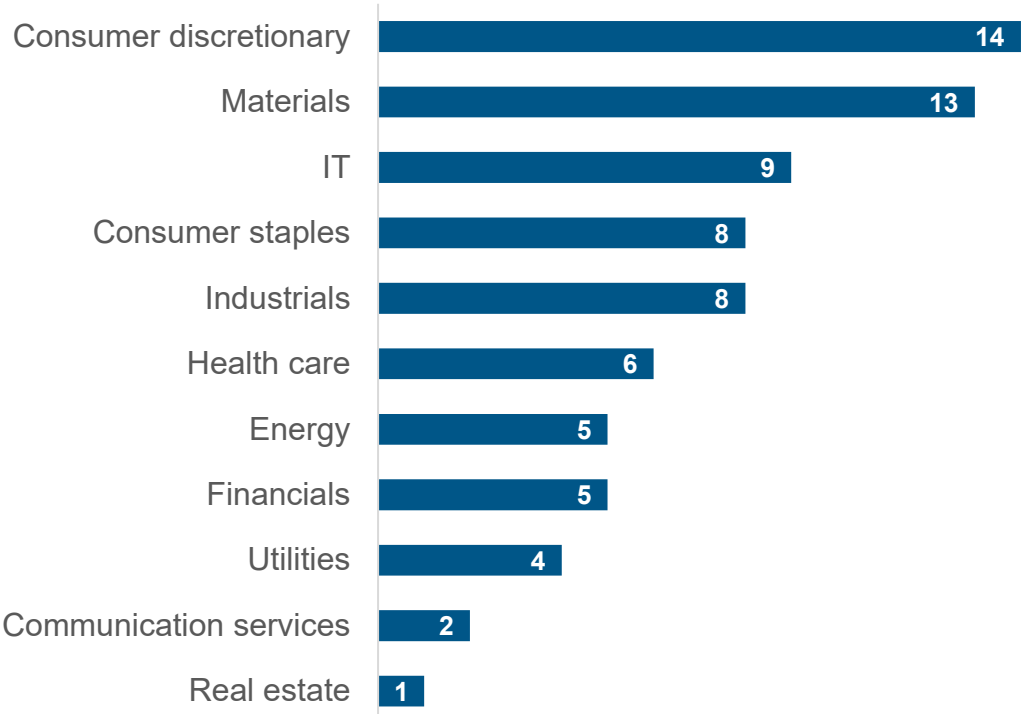
Another perspective on sector performance: Results from sustainability ratings

Number of companies (by sector) receiving a score of A- or better (2022 Corporate Knights Ranking)



Source: Corporate Knights, 2022.

Number of companies (by sector) receiving S&P Global Gold Class distinction (2022)



Source: S&P Global, The Sustainability Yearbook 2022.



Green advertising

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We're the first investor-owned utility to commit to being carbon neutral by 2030.

And we're the #1 energy efficiency provider in the nation.

That's why Eversource has been named the most responsible energy company in America.

Eversource. Our future is clean energy.



0% Waste*
100% Way to go

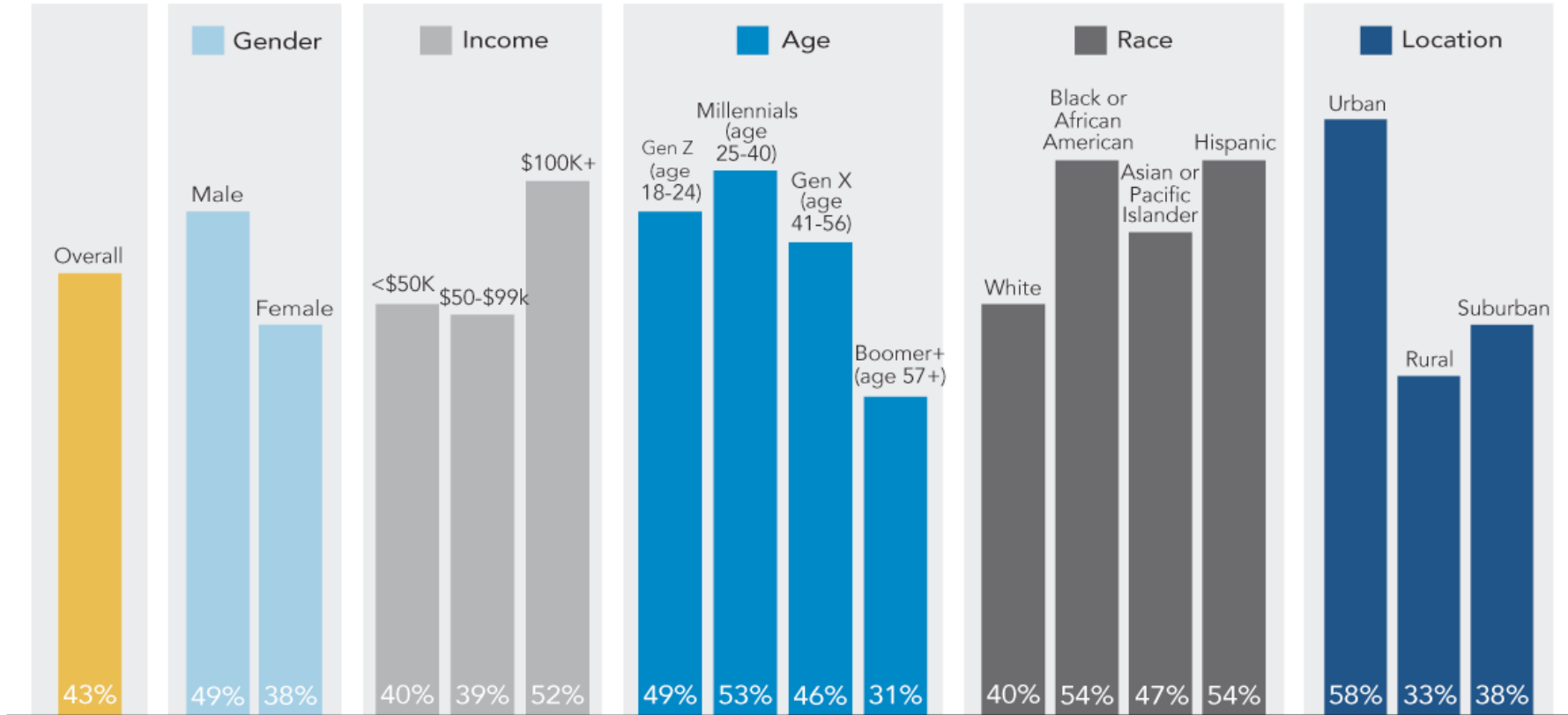
*We are working on a new bottle that is totally biodegradable and made from wood fiber. Probably the way to go.



Younger, urban, non-White consumers recognize corporate sustainability impact most

Views vary among US consumers on degree of positive impact on sustainability by corporations

% responding "very much" and "quite a bit"; excluding "just a little" or "not at all" responses



Q: To what degree do you believe each of the following types of organizations are making a positive impact on sustainability?
Showing "very much" and "quite a bit" responses.

Source: The Conference Board + Harris Poll Sustainability Insights

Note: 1,923 US consumers responded



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<https://www.conference-board.org/topics/plastic/six-ways-to-reduce-ocean-plastic-pollution-report>

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<https://www.conference-board.org/topics/ESG-reporting/telling-your-sustainability-story-overview>

Consumers' Attitudes about Sustainability (Feb 2020)

<https://www.conference-board.org/topics/consumers-attitudes-sustainability/consumers-attitudes-executive-summary>



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