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2017

Sustainability Reporting Trends in North America



Centre for Sustainability & Excellence (CSE)



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Welcome to CSE's second annual Research of Sustainability (CSR) Reporting Trends in North America 2017.

This report presents the sustainability reporting trends for the reporting period of 2015-2016. The Sustainability Reports of five hundred and fifty-one companies from the United States and Canada were analysed, many of them included in the Fortune 500 list of companies. This year the research includes a comparative analysis of companies that publish sustainability reports and have the highest score in CSRHub with respect to their sustainability strategies and performance.

Enjoy the reading,

Nikos Avlonas

Founder and President CSE



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Contents

Executive Summary	3
Major Trends.....	4
About This Research.....	6
Introduction.....	7
Key Findings - Results.....	7
Sector-based Sustainability Reporting Analysis	7
Profile of the Companies-Organizations.....	11
Most Frequent Terms Used for Reporting	15
Size of the Reports	16
Most Frequent Standards and Guidelines for Reporting.....	16
The importance of the Sustainable Development Goals (SDGs).....	18
The External Assurance of the Sustainability Reports.....	19
Use and Compliance to GRI	21
Regional Comparison.....	23
Sustainability Performance and Financial Results.....	24
Conclusions.....	28
About CSE Services (www.cse-net.org).....	31
Glossary	32



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Executive Summary

The research by the Centre for Sustainability and Excellence (CSE) is designed to provide a useful and convenient representation of the current state regarding Sustainability (Corporate Social Responsibility) reporting by companies and organizations that are based in North America. It is intended for a number of stakeholder groups who are interested in the subject, such as investors, business leaders, company boards, CSR and sustainability professionals, NGOs, customers, academics, and students. It is the second research conducted by CSE taking a closer look at the sustainability reporting trends in North America, which for the first time tries to identify the possible links between having a sustainability strategy, goals and reports to the financial performance of companies and organizations.

The research analyses 551 unique sustainability reports for the 2015-2016 reporting period, published by companies and organizations based in North America (U.S.A. and Canada). It examines a number of characteristics regarding the companies and organizations (such as sectors, size, ownership) and their reporting practices (such as standards and guidelines used, extent of use of most common reporting guidelines, external assurance practices as well as the presence of carbon footprint numerical goals and financial performance).

The sectors with the highest reporting presence in the research sample are **Energy and Energy Utilities, Financial Services, Food & Beverage, and Mining**. Most of the companies that publish a sustainability report in North America are from the U.S. In both countries, most of the companies that published a sustainability report for the 2015-2016 period were public companies (79.2% in the U.S. and 79.0% in Canada). Also, there is a significant percentage of Small-Medium Enterprises in both countries that published a sustainability report for the 2015-2016 reporting period (5.1% in the U.S.A. and 8.0% in Canada).

The companies with the highest CSR Ranking presented on [CSRHub](#) have shown evidence that overall Sustainability Reporting and Strategies reflected in these reports have positive impact on the financial performance of the companies according to the analysis of the financial reports of the companies that have high CSR Ranking scores (*above 60*).

The adoption of the **United Nations Sustainability Goals (SDGs)** in 2015 has not been widely used by the companies and organizations in North America yet. Namely, North America has proven to have a low level of engagement with only 6.2% of companies integrating SDGs in their reports. Still, the introduction and implementation of SDGs is in the initial stage, and there are many opportunities for businesses to become familiar with them in order to start contributing to the realization of these universally adopted goals.

The use of specific guidelines for conducting these reports is a growing trend and adds value, integrity, transparency, and reliability to the report. Sixty-five percent (65%) of the companies that published a sustainability report for the 2015-2016 reporting period used the Reporting Guidelines



of the Global Reporting Initiative (GRI). Globally, more than 50% of the reporting companies and organizations seek external assurance for their reports, but the research demonstrates that in North America, 67.5% of the reports that were conducted by using the reporting guidelines of the GRI have not sought external assurance.

North America has not attained the prominent role in sustainable reporting although it is the most developed region. Asia and Europe have been leading the way to the sustainable future. Since the US has officially withdrawn from the Paris 2015 climate accord, it is uncertain whether Canada will bring the North America region forward in this respect. Despite this development, the majority of the largest corporations in the region have specific climate change strategies which aim for significant emission reductions through the improvement of energy efficiency and the use of innovative technology.

Major Trends

- There are business sectors in North America that stand out for their sustainability reporting presence and activity. These sectors are the energy and energy utilities, financial services, food and beverage, and mining. These sectors are the most proactive when it comes to disclosing the data and information on their business activities and operations. For instance, the energy sector is active in the sustainability reporting area due to its large environmental and social impact on the areas where it operates. Also, in the financial sector the sustainability reporting is a means for companies to present to clients, and society in general, their responsible profile and operations, and to communicate with investors and attract new ones. In the U.S., the most active sector is the energy and energy utilities sector and in Canada the most active sector is the mining sector.
- There is a clearly visible trend of public (listed) companies to publish sustainability reports in order to disclose information and be transparent about their sustainability performance.
- In both countries (the USA and Canada) most of the companies that publish sustainability reports are Large and Multinational Enterprises. The global presence of their operations and impacts makes reporting on their sustainability performance a necessity in order to keep their social and environmental license to operate.
- There is a growing trend for Small-Medium Enterprises to publish sustainability reports in order to increase their transparency, attract customers and grow their business. The number of SMEs which published reports for the 2015-2016 period is higher when compared to the 2014 reporting period and is expected to grow in the coming years.
- The reporting guidelines of the Global Reporting Initiative remain the most widely used reporting guidelines for conducting sustainability reports. GRI Reporting Guidelines adds value and enhances some of the benefits of conducting a sustainability report such as improving processes and systems, progressing vision and strategy, reducing compliance costs and gaining a competitive advantage. Sixty-five percent (65%) of the reports



published for the 2015-2016 period used, fully or partially, the guidelines of the Global Reporting Initiative.

- Global trends clearly indicate that companies and organizations seek external assurance for their sustainability reports, but the percentage of companies that did that for the 2015-2016 reporting period has not grown when compared to the 2014 reporting period. We believe that one of the barriers is the high fees of the Assurance Companies operating in this field.
- The adoption of the UN Sustainability Development Goals has been proceeding at a slow pace when it comes to companies and organizations based in North America. However, there is the estimation that 41% of businesses will embed SDGs into strategy and the way they do business within the next five years, and 71% of businesses say they are already planning how they will engage with the SDGs.
- Carbon footprint reduction has become the priority of the companies that are ranked with the highest Sustainability Ranking. All these companies have well stated and measured goals and targets that could be found in their reports and websites.
- Economic growth can be related to the realization of a comprehensive sustainability strategy and reporting of the companies that are committed to sustainable growth. Namely, the increase and decrease in revenue during the period 2014-2016 indicates that about two thirds of companies with high CSR Ranking according to CSRHub (Table 7) have achieved better financial results (as indicated by their revenues) since they have recognized the importance of a comprehensive sustainability strategy and reporting that includes goals, and externally assured performance information and data.





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About This Research

The current research by the Centre for Sustainability and Excellence is intended to provide a useful representation of the current state regarding Sustainability (Corporate Social Responsibility) reporting by companies that are based in North America. It is intended for a number of stakeholder groups who are interested in the subject, such as investors, business leaders, company boards, CSR and sustainability professionals, NGOs, customers, academics and students.

The goals of the research are to identify new trends on Sustainability Reporting and:

- Examine which sectors are more active in sustainability reporting.
- Examine the characteristics of the companies that publish sustainability reports.
- Examine the extent of the use of standards and guidelines for publishing sustainability reports (such as the Global Reporting Initiative and other guidelines).
- Examine the compliance and application level of the reports which were conducted using the GRI's reporting guidelines.
- Examine the practices for seeking external assurance for the sustainability report.
- Examine the possible correlations between the use of GRI reporting framework, the use of the SDGs, the external assurance practices, the goal setting practices regarding the carbon footprint of the organizations, the CSRHub score and the financial results of the companies.





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Introduction

Sustainability Reports are organizational reports that provide information on economic, environmental, and social performance. Sustainability reporting is a tool used to report organizational data as well as to internalize and improve an organization's commitment to sustainable development. They include aspects that are directly or indirectly related to the company and can be of interest to different stakeholder groups such as shareholders, investors, employees, the public, and others. Sustainability reporting is the tool an organization can employ to understand both its exposure to risks and potential business opportunities. Sustainability reporting has become an essential business management tool, and companies and organizations are aware that 'doing business as usual' is no longer a valid option and the shift to 'doing business in a sustainable way' is the only solution that will secure their long-term existence.



Key Findings - Results

Sector-based Sustainability Reporting Analysis

The companies that have published Sustainability Reports for the period 2015-2016 belong to various industries. The most prominent sectors that have stood out in the research analysis, regardless of whether the organization has used any reporting guidelines for publishing the report, are: Energy and Energy utilities (14%), Financial Services (11.6%), Food and Beverage (10.2%) and Mining (6.7%).



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The following table lists the sectors to which all 551 companies and organizations that published a sustainability report for the period 2015-2016 belong:

Sectors	% of total number of companies examined
Energy and Energy Utilities	14.0%
Financial Services	11.6%
Food and Beverage Products	10.2%
Mining	6.7%
Retailers	5.6%
Healthcare Products	5.3%
Technology Hardware	4.9%
Healthcare Services	4.7%
Chemicals	4.4%
Household and Personal Products	3.8%
Telecommunications	2.7%
Automotive	2.7%
Media	2.5%
Tourism/Leisure	2.4%
Consumer Durables	2.4%
Construction Materials	2.2%
Aviation	2.2%
Other (sectors with less than of 2% of each, such as Commercial Services, Equipment, Logistics, Agriculture, Forest and Paper Products, Real Estate, Public Agency, etc.)	11.8%

Table 1: Sectors of companies which have conducted sustainability reporting for the 2015-2016 reporting period.

Breaking down the sectors by country, the sectors with the highest volume of Sustainability reports in the USA are Energy and Energy Utilities, Financial services, and Food and Beverage, while in Canada the most prominent sectors are Mining, Energy and Energy utilities, and Financial services.



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Sectors (US Companies)	% of total number of companies examined
Energy and Energy Utilities	12.9%
Financial Services	10.6%
Food and Beverage Products	12.9%
Healthcare Products	6.4%
Technology Hardware	6.0%
Healthcare Services	5.8%
Retailers	5.8%
Household and Personal Products	4.4%
Chemicals	4.4%
Automotive	3.1%
Tourism and Leisure	2.9%
Construction Materials	2.7%
Consumer Durables	2.7%
Logistics	2.2%
Media	2.2%
Mining	2.2%
Telecommunication	2.2%
Textiles and Apparel	1.8%
Aviation	1.8%
Conglomerates	1.6%
Computers	1.3%
Waste Management	1.3%
Agriculture	1.3%
Other (sectors with less than of 1% of each, such as Commercial Services, Equipment, Forest and Paper Products, Real Estate, Public Agency, etc.)	2.4%

Table 2: Sectors of US companies which have produced a sustainability report for the 2015-2016 reporting period.



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Sectors (Canadian Companies)	% of total number of companies examined
Mining	27.0%
Energy and Energy Utilities	19.0%
Financial Services	16.0%
Telecommunications	5.0%
Retailers	5.0%
Media	4.0%
Chemicals	4.0%
Aviation	4.0%
Agriculture	3.0%
Conglomerates	3.0%
Food and Beverage Products	2.0%
Forest and Paper Products	2.0%
Commercial Services	1.0%
Consumer Durables	1.0%
Household and Personal Products	1.0%
Automotive	1.0%
Waste Management	1.0%
Public Agency	1.0%
Other	1.0%

Table 3: Sectors of Canadian companies which have conducted a sustainability report for the 2015-2016 reporting period.

When compared with the previous report of 2014, there is shift among the top four sectors that are the ones with the highest volume of sustainability reports. Namely, the Energy & Energy Utilities sector has overtaken Financial Services sector and Food & Beverage sector has overtaken Mining. Moreover, the research analysis demonstrates that there has been the rise of reporting in Energy & Energy Utilities sector during the last two years.



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Profile of the Companies-Organizations

The research focuses on sustainability reports published by companies and organizations based in North America: 81.9% of these companies and organizations are based in the USA and 18.1% of them are based in Canada.

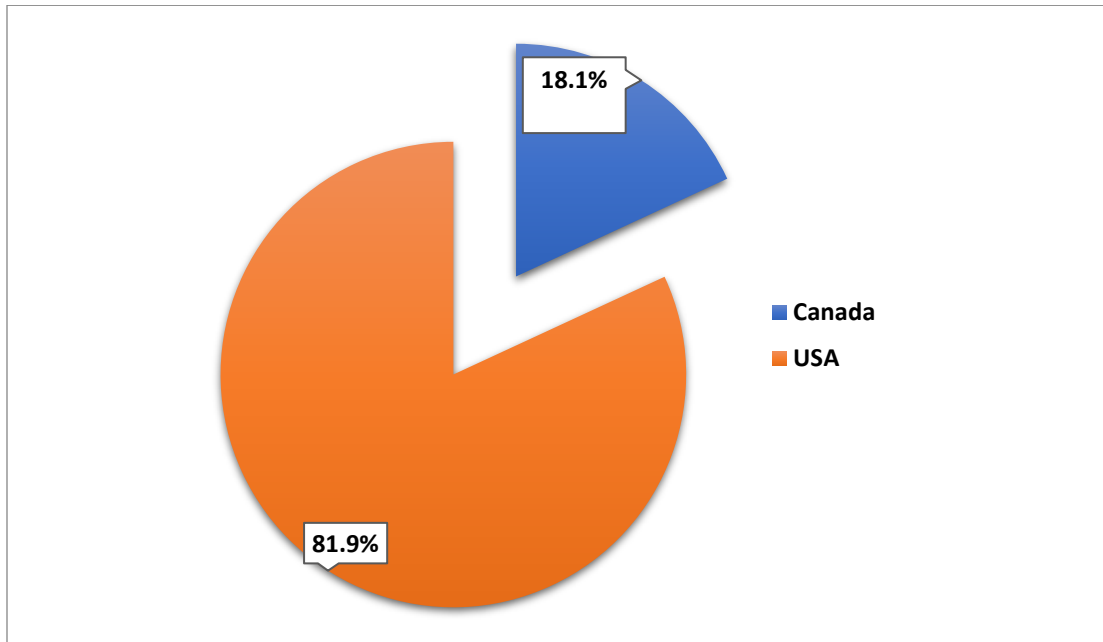


Image 1: Country of origin of the companies and organizations which have published a sustainability report for the 2015-2016 reporting period.

Most of the companies that publish a sustainability report in North America are large companies (50.3%), while 44.1% are Multinational Enterprises (MNEs), and a small but still significant number of them (5.6%) are Small-Medium Enterprises (SMEs).



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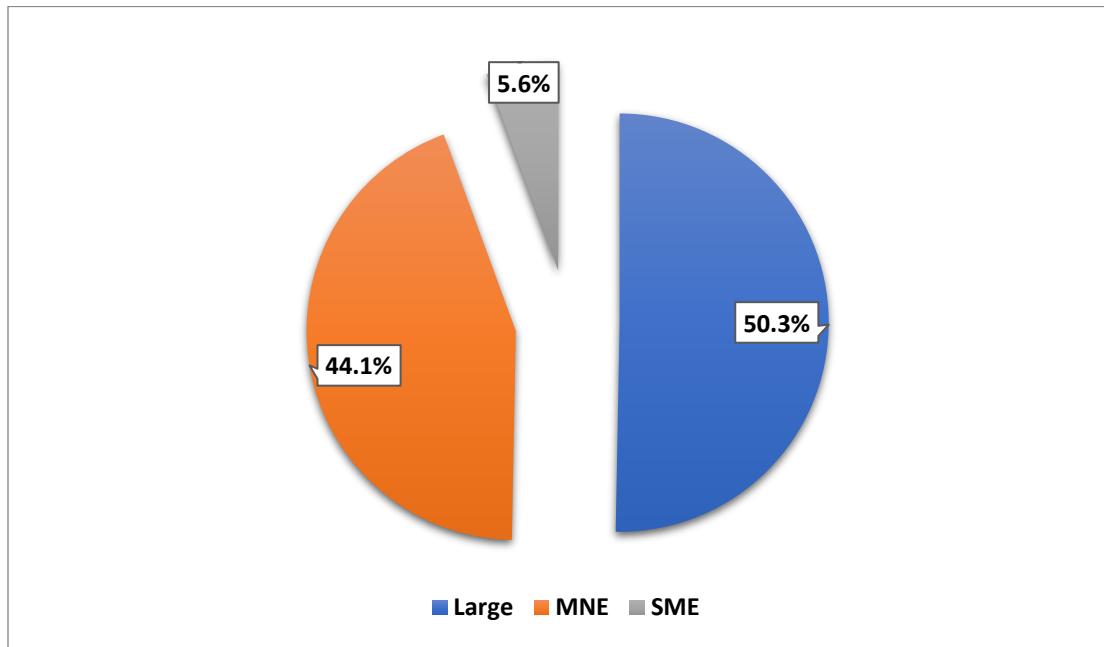


Image 2: Size of the companies/organizations which have published a sustainability report for the 2015-2016 reporting period.

In the USA, there is no large discrepancy between the number of Large (49.2%) and Multinational companies (45.7%) that published a sustainable report for the period 2015-2016, while in Canada the number of Large companies (55%) that published the report is considerably higher compared to the number of Multinationals (37%) that published the report for the same period. The percentage of SMEs that publish a sustainability report is far greater in Canada (8%) than in the USA (5.1%). This change is a significant one that depicts the shift towards greater recognition of sustainability reporting in Canada.



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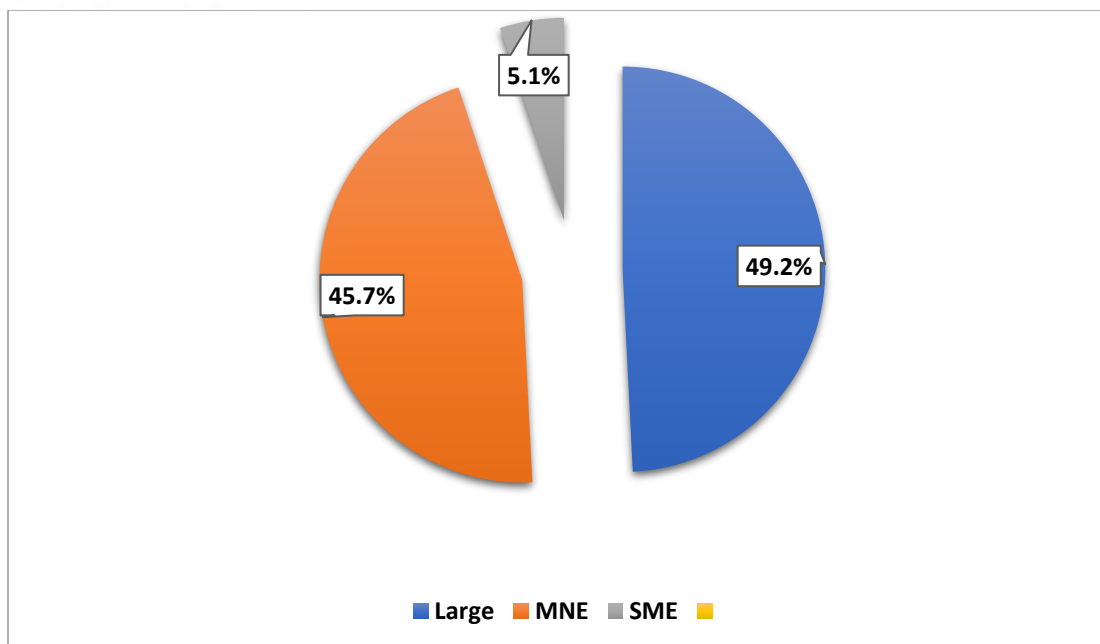


Image 3: Size of the U.S. companies/organizations which have published a sustainability report for the 2015-2016 reporting period.

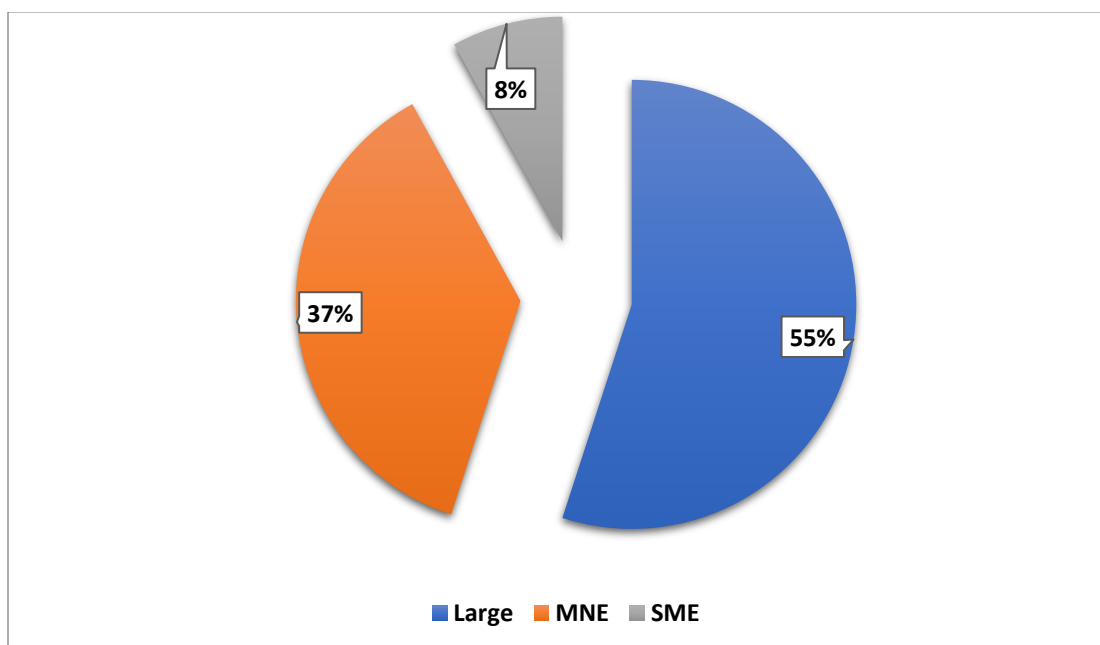


Image 4: Size of Canadian companies/organizations which have published a sustainability report for the 2015-2016 reporting period.



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Most of the companies/organizations that publish sustainability reports are Listed/Public Companies (79.1%).

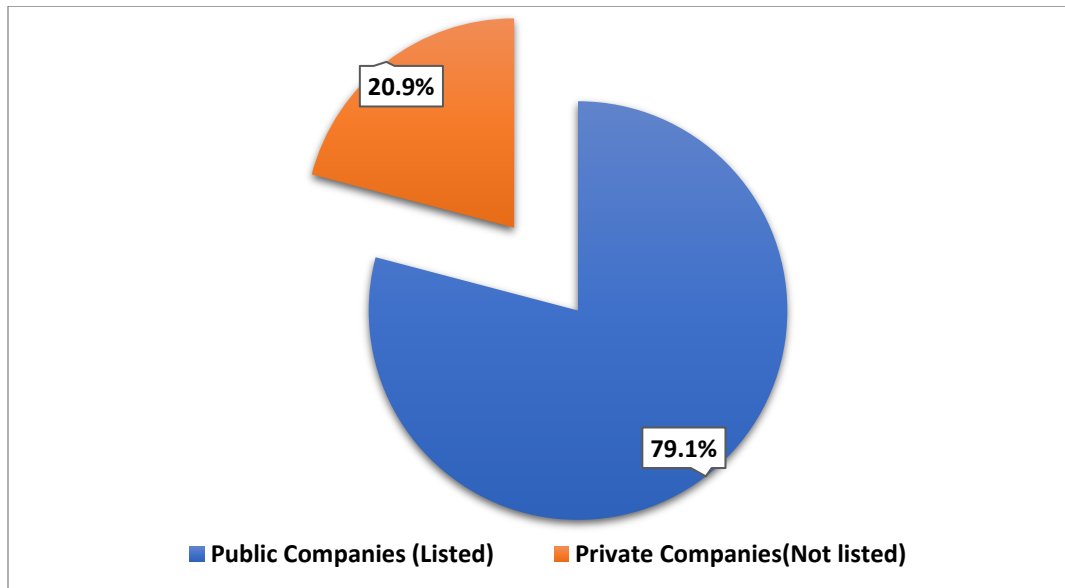


Image 5: Status of the companies which have published a sustainability report for the 2015-2016 reporting period.

In the U.S., the percentage of public companies that published a corporate sustainability report for the 2015-2016 reporting period is 79.2% (image 6), while in Canada the percentage is 79.0%

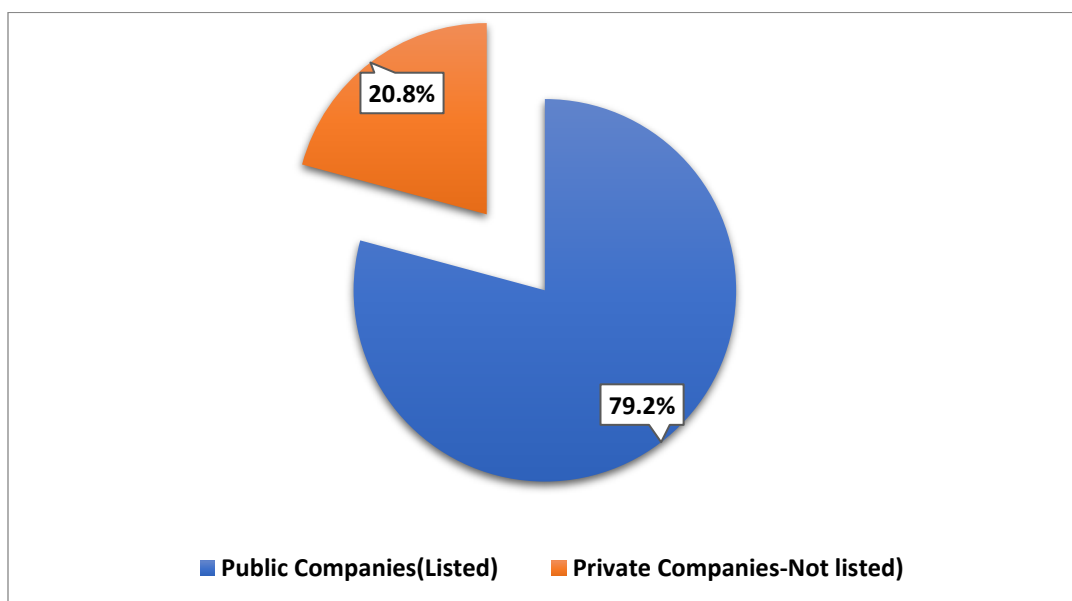


Image 6: Status of the U.S. companies which have published a sustainability report for the 2015-2016 reporting period.



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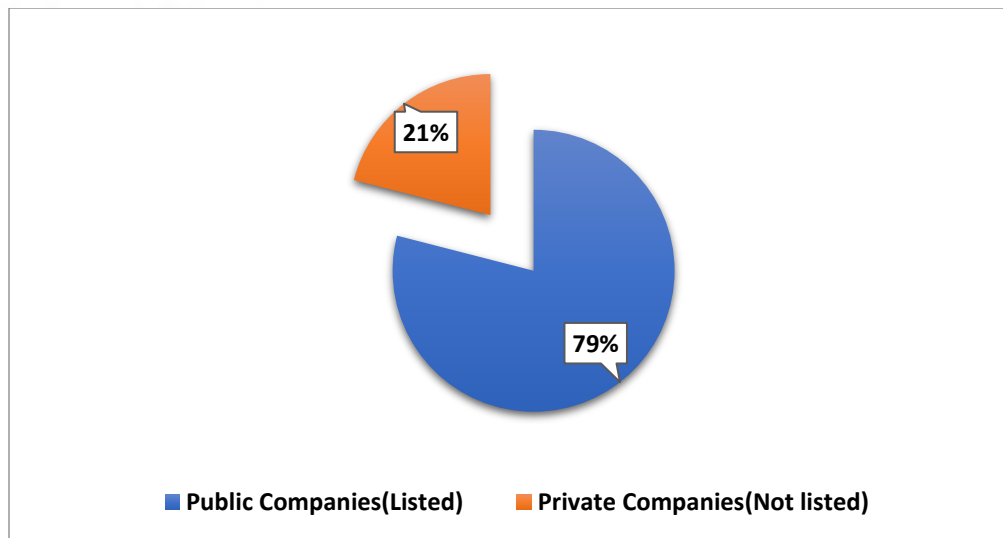


Image 7: Status of the Canadian companies which have published a sustainability report for the 2015-2016 reporting period.

Most Frequent Terms Used for Reporting

The sustainability reports that are published for the period 2015-2016 are found under various terms. Since there are no guidelines or standards, when it comes to naming these reports, each company/organization is free to choose the title which best depicts the interests, interpretations and intended audience of the company/organization and their reports. Nevertheless, there are two terms which are most commonly used: “Sustainability Report” and “Corporate (Social) Responsibility Report”. This trend can be observed in both the U.S. and Canada, with similar percentages for each term in both countries.

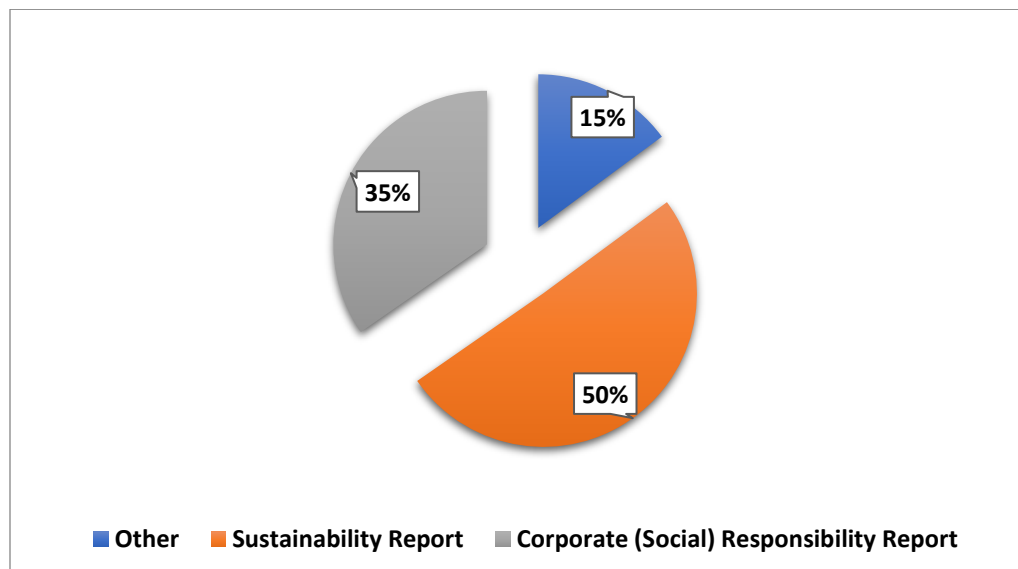


Image 8: Most frequent terms used by companies/organizations which published a sustainability report for the 2015-2016 reporting period.



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Size of the Reports

There are many ways a company or organization can choose to report on its sustainability performance. The reports vary in size, and a variation mostly depends on the intended audience of the report and the use of alternative reporting techniques (such as online reports and the use of microsites).

The average size of reports is 57 pages, both in the USA and Canada.

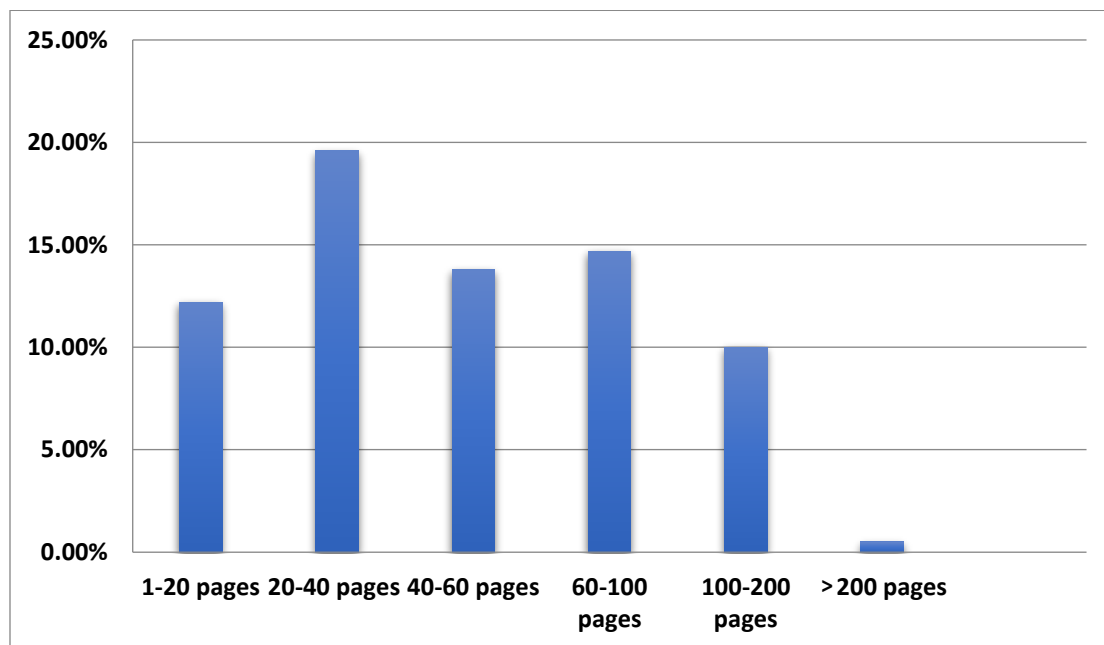


Image 9: Report size (page numbers) for the 2015-2016 reporting period.

Most Frequent Standards and Guidelines for Reporting

Although there are several standards and guidelines each company or organization can employ for conducting their sustainability report, most use the guidelines of the Global Reporting Initiative. 55% of the companies that published a sustainability report for the 2015-2016 reporting period used the G4 version of the Reporting Guidelines of the Global Reporting Initiative. 10% of the reports are characterized as “GRI Referenced”, i.e. reports which have used the Reporting Guidelines of the GRI as a reference but have not followed the Guidelines. Thus, 65% of the reports examined in the research have used, fully or partially, the guidelines of the Global Reporting Initiative. Finally, 35% of the reports were created either by following other standards and guidelines (e.g. CDP, OECD Guidelines, UNGC, ISO26000) or by not following any standards or guidelines.

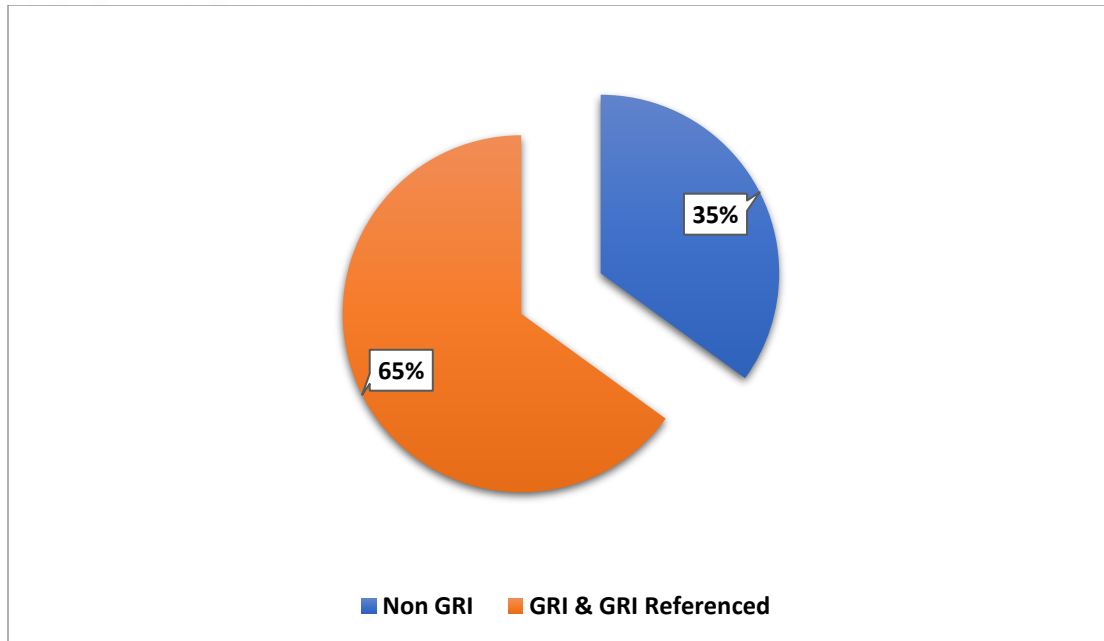


Image 10: Use of the GRI's Reporting Guidelines by the companies which have published a sustainability report for the 2015-2016 reporting period.

The sustainability reports, more often than not, contain information and data that is required by other standards and guidelines that are also established on the three pillars of sustainability (society, economy, and the environment). Thus, 21.2% of the reports include information about the company/organization's compliance with the Carbon Disclosure Project (CDP), 10.7% include information about the company/organization's compliance with the 10 Principles of the United Nation's Global Compact, and 6.2% include information about compliance with the Sustainable Development Goals (SDGs).

Standard-Guidelines	% of reports containing information and data about each standard/guideline
Global Reporting Initiative (GRI)	55.4%
Carbon Disclosure Project (CDP)	21.2%
United Nation's Global Compact (UNGC)	10.7%
Sustainable Development Goals (SDGs)	6.2%
ISO26000	2.9%
Guidelines of the Organization for Economic Co-operation and Development (OECD Guidelines)	2.4%
International Finance Corporation (IFC)	1.1%
AA1000	0.2%

Table 4: Standards, Guidelines and Reporting Guidelines referred in the reports for the 2015-2016 reporting period.



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The importance of the Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development came into force on 1 January 2016. The SDGs were formulated to provide a globally shared normative framework in order to commit countries to make the according efforts to end poverty, protect the planet and ensure prosperity, providing specific targets for each of the 17 goals to be achieved over the next 15 years. Thus, the SDGs define global priorities and aspirations for 2030. Companies and organizations should maximize their contribution to the realization of SDGs by aligning their strategies with these goals.

However, one year on from the adoption of the SDGs, most companies or organizations are not engaging despite being characterized as having a key role to play in achieving the ambitious goals. North America has proved to have low level of engagement with only 6.2% of companies implementing SDGs in their reports. Also, not all SDGs are equally represented in the reports, and only 6% of the companies have integrated all 17 SDGs in their reports. Most of them, 74% have integrated some of the SDGs, and 21% of companies just have mentioned them and stated that they are going to review and assess the approaches to integrating the SDGs.

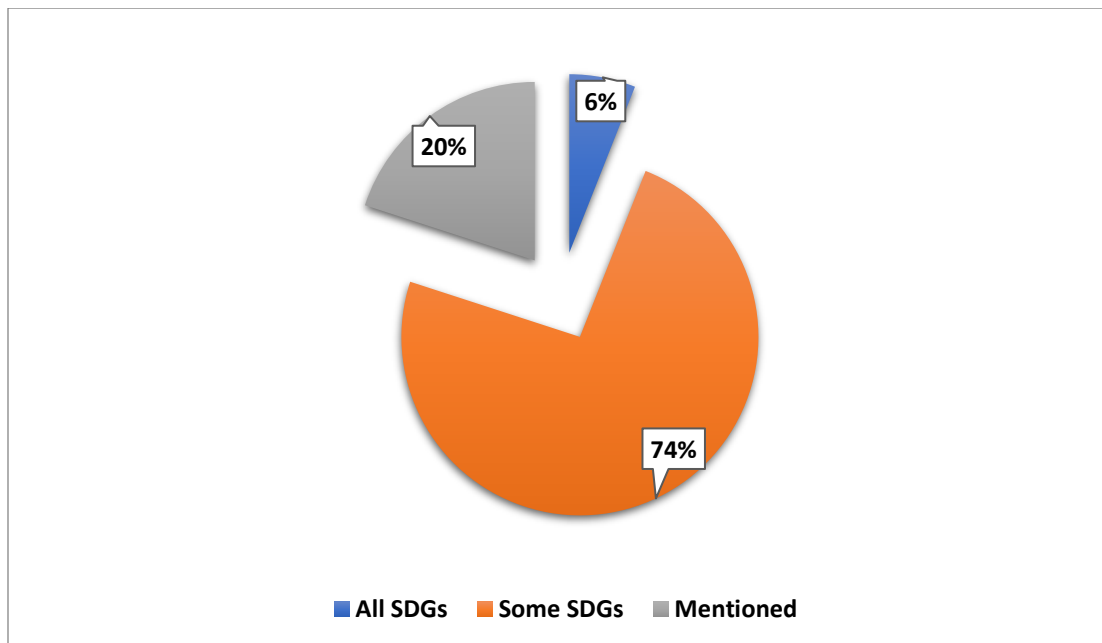


Image 11: The presence of 17 SDGs in the reports published by companies for the 2015-2016 reporting period.

The External Assurance of the Sustainability Reports

The external assurance of the Sustainability Reports is the model that should confirm the quality of the report and the information (both quantitative and qualitative) that is being provided in the report. The aim of the external assurance is to provide transparency and credibility of sustainability information, increase reliability and trust, strengthen the internal management and reporting systems and overall to improve the communication with all relevant stakeholders. In North America (the USA and Canada), the number of external assured reports is still low compared to the EU. There is the assumption that this is due to restrictions of attestation standards on the auditing profession on providing assurance of sustainability reporting in the USA and Canada.

The analysis of GRI reports published for the 2015-2016 period shows that there is only slight improvement in this area when compared to the reporting period of 2014. Only 32.5% of all GRI reports (full or partial use of GRI reporting guidelines) have been externally assured.

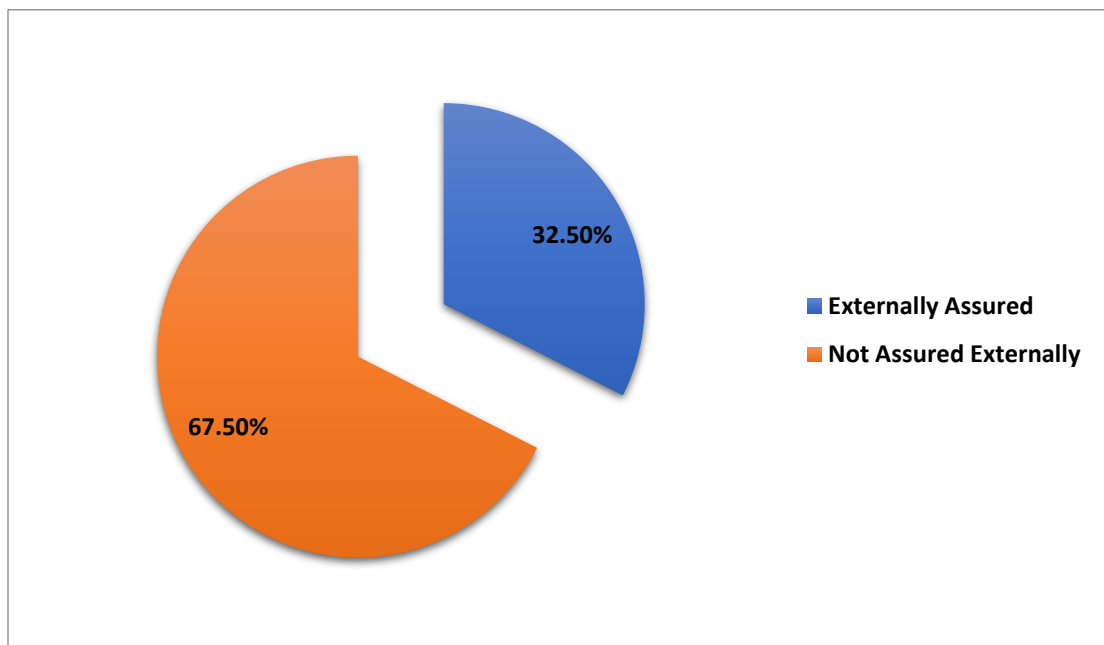


Image 12: Existence or not of external assurance for the GRI sustainability reports for the 2015-2016 reporting period.



The element of the external assurance that is of paramount importance is the use of the internationally accepted assurance standards. Two of the most commonly used, internationally recognized, assurance standards are the Accountability 1000 Assurance Standard (AA1000AS) and the International Standard on Assurance Engagement (ISAE3000). 46.6% of the external assurances have been conducted using the ISAE3000, while 20.7% the AA1000AS (image 13). 1.7% of the external assurances were conducted with both assurance standards.

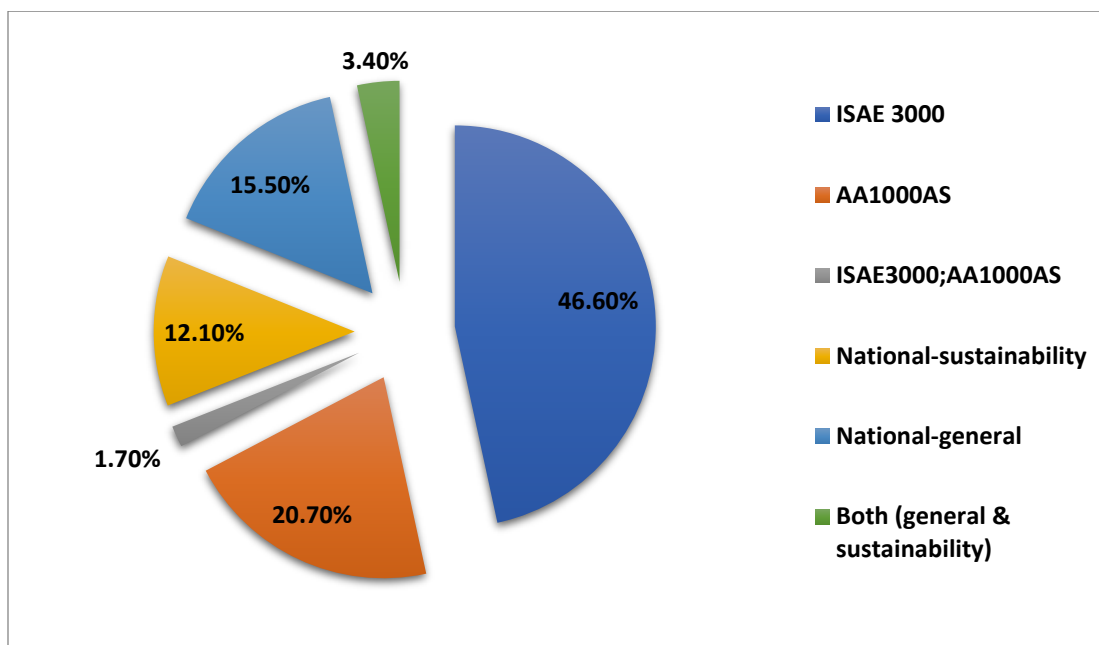


Image 13: Use of assurance standards for the external assurance of sustainability reports.



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Use and Compliance to GRI

By examining only the companies/organizations that have used one of the versions of the GRI's Reporting Guidelines for conducting their sustainability (CSR) reports, it can be determined that the sectors with the most reporting companies/organizations are Financial Services (13.4%), Energy & Energy Utilities (12.9%) and Mining (10.3%).

Sectors	% of total number of companies examined
Financial Services	13.4%
Energy & Energy Utilities	12.9%
Mining	10.3%
Food & Beverage Products	9.5%
Healthcare Products	6.0%
Technology Hardware	5.6%
Retailers	3.9%
Chemicals	3.9%
Household & Personal Products	3.4%
Healthcare Services	3.0%
Telecommunications	3.0%
Tourism/Leisure	2.6%
Construction Materials	2.6%
Automotive	2.2%
Logistics	2.2%
Agriculture	1.7%
Computers	1.7%
Commercial Services	1.3%
Other (sectors with less than 1% each, such as Conglomerates, Consumer Durables, Equipment, Media, Real Estate, Public Agency, etc.)	5.2%

Table 5: Sectors of companies which have conducted sustainability (CSR) reporting using one of the versions of the GRI's Reporting Guidelines for the 2015-2016 reporting period.

The latest version of the GRI's Reporting Guidelines (G4) has been used by the companies/organizations that published the sustainability reports for 2015-2016 period. The companies/organizations could choose between two compliance levels: in accordance core and in accordance comprehensive. The difference between the two levels lies in the number of indicators the company/organization has chosen to disclose in the report for each identified material issue. In the "core" option, the company/organization chooses at least one indicator per material aspect, while in the "comprehensive" option the company/organization must disclose all the available indicators for each identified material aspect. The most companies/organizations



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(67%) have chosen the “core” option, only a small number of them (6%) have chosen “comprehensive” option, and a significant percentage (26%) have not declared a compliance level.

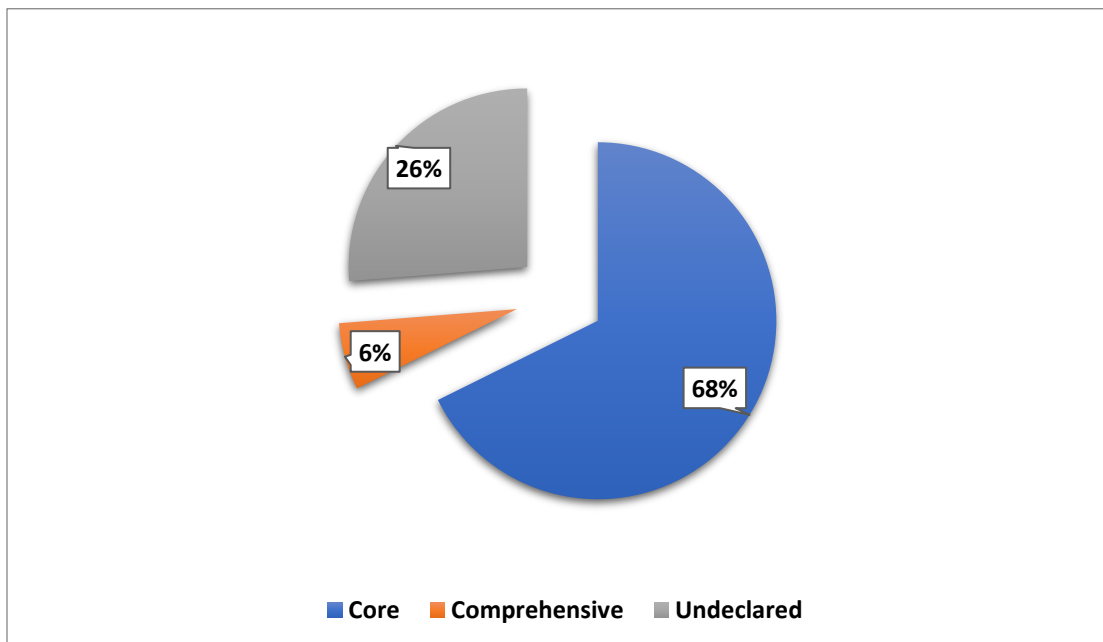


Image 14: Compliance level of the G4 sustainability reports for the 2015-2016 reporting period.



Regional Comparison

The analysis of the reporting engagement level of regions shows that North America is trying to embrace sustainability as closely as Europe and Asia do. The information given on the reporting database of the Global Reporting Initiative platform shows that the number of organizations in Latin America and the Caribbean that publish sustainability reports is higher than North America for both 2015-2016 and the 2014 reporting periods.

	2015-2016 reporting period	2013-2014 reporting period
Regions	Number of organizations with sustainability reports	Number of organizations with sustainability reports
North America	834	849
Europe	2536	2488
Asia	2552	1825
Latin America & Caribbean	974	884
Africa	327	369
Oceania	241	227

Table 6: Regional comparison of the organizations that disclosed sustainability information during the last four years.

The table indicates that all regions, except North America and Africa, have increased their level of engagement within the last two years as compared to the period of 2013-2014. Thus, it could be concluded that the companies/organizations in North America have not become fully aware of the importance of a sustainable business development and the global action towards a decarbonised and sustainable future. However, the region of Asia (China, in particular) has made a leapfrog in just two years in creating a green, clean and environmentally friendly business environment based on all three pillars of sustainability (society, economy and environment).

Prior to the publishing of this report, the USA president Donald Trump announced his decision to withdraw the US from the 2015 Paris climate agreement. The consequences of this historical decision for North America's companies /organizations are yet to be seen. The question is: Will the companies/organizations maintain the level of their effort to implement and employ the new sustainable model of development or their commitment will slow down, inhibiting corporate efforts?



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Sustainability Performance and Financial Results

In order to measure and compare all relevant key performance indicators of the companies with the highest Sustainability score, the following sources have been used:

- CSRHub (Sustainability rankings)
- The reporting database of the Global Reporting Initiative platform (GRI standard, GRI level and use of external assurance)
- Publicly available sustainability/corporate responsibility reports of the companies (implementation level of the SDGs, numerical carbon footprint goals, and financial performance)
- The Nasdaq Stock Market Stock Exchange platform (information on financial performance for the period 2014-2016)
- Financial information provided by companies in their publicly available financial/annual reports

The financial performance of the companies is deduced on the basis of their revenue data recorded within the period 2014-2016. The last column in *Table 7* presents an increase or decrease in revenue the companies recorded within this period. The amount given in the table is the difference between the revenue recorded in 2016 and the revenue recorded in 2014. For this analysis, the 47 companies, out of the 551 companies that were examined in the current research (i.e. companies that published a sustainability report in the 2015-2016 period), with the highest score were taken into account.

#	Company	Sector	Sustainability Ranking Score by CSRHub platform	GRI Version	GRI Level	External Assurance	SDGs	Total Revenues for 2014-2016 (in US \$)	Revenue Change 2014-2016 (in US \$)
1	Deloitte LLP	Commercial Services	72	GRI-G4	Undeclared	-	-	48,573,000,000	+2,610,000,000
2	Seventh Generation	Household and Personal Products	70	GRI-G4	Undeclared	-	-	450,000,000 (2015&2016)	+50,000,000 (2016 – 2015)
3	Bloomberg Financial Group	Financial Services	69	GRI-G4	Comprehensive	YES	-	27,480,000,000	+180,000,000
4	TD Bank Financial Group	Financial Services	69	GRI-G4	Core	ISAE 3000	-	95,702,000,000 (Canadian Dollars)	+4,354,000,000 (Canadian Dollars)



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5	Johnson & Johnson	Household & Personal Products	68	GRI-GR	Core	ISAE3000	✓	216,000,000,000	-2,440,000,000
6	Microsoft Corporation	Computers	68	GRI-G4	Undeclared	-	✓	265,733,000,000	-1,513,000,000
7	Shaw Industries Group	Construction Materials	68	GRI-G4	Core	YES	-	13,370,000,000	+428,000,000
8	Coca Cola Enterprise	Food & Beverage	67	GRI-G4	Core	ISAE 3000; AA1000AS	✓	132,155,000,000	-4,135,000,000
9	Teranga Gold Corporation	Mining	67	GRI-G4	Core	-	-	754,000,000	+8,000,000
10	MillerCoors	Food & Beverage	67	GRI-G4	Undeclared	YES	✓	53,007,000,000 (2014 & 2015)	-431,000,000 (2014&2015)
11	BMO Financial Group	Financial Services	67	GRI-G4	Core	ISAE 3000	-	55,905,000,000 (Canadian Dollars)	+1,321,000,000 (Canadian Dollars)
12	TELUS Corporation	Telecommunications	66	GRI-G4	Core	YES	-	37,300,000,000	+800,000,000
13	Hewlett-Packard Company (HP)	Computers	66	GRI-G4	Core	Yes	-	211,200,000,000	-63,300,000,000
14	Intel Corporation	Technology Hardware	66	GRI-G4	Comprehensive	Yes	✓	170,700,000,000	+3,500,000,000
15	Desjardins	Financial Services	65	GRI-G4	Core	-	-	45,771,000,000 (Canadian Dollars)	+15,000,000 (Canadian Dollars)
16	EMC Corporation	Technology Hardware	65	GRI-G4	Undeclared	-	-	49,100,000,000 (2014 & 2015)	+300,000,000 (2014 & 2015)
17	New Resource Bank	Financial Services	65	Non-GRI	-	-	-	11,062,000	-447,000
18	Genentech	Health Care Products	65	Non-GRI	-	-	-	-	-
19	Merck&Co. Inc.	Health Care Products	64	GRI-G4	Core	Yes	✓	121,500,000,000	-2,400,000,000
20	Dell Inc.	Computers	64	GRI-G4	Comprehensive	-	-	127,090,000,000	+40,900,000,000
21	Biogen Idec	Health Care Products	64	GRI-G4	Core	ISAE3000	✓	31,800,000,000	+1,800,000,000
22	Owens Corning	Construction Materials	64	Citing-GRI	-	-	-	16,287,000,000	+417,000,000
23	Cisco Systems	Technology Hardware	64	GRI-G4	Core	YES	✓	145,000,000,000	+2,105,000,000
24	Praxair	Chemicals	63	GRI-G4	Core	AA1000AS	✓	33,592,000,000	-1,739,000,000
25	Medtronic Inc.	Healthcare Products	63	GRI-G4	Core	-	-		
26	Bristol-Myers Squibb Company		63					51,866,000,000	+3,548,000,000



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and EXCELLENCE**

27	General Mills	Food & Beverage	63	GRI-G4	Undeclared	-	-	52,102,000,000	-1,346,000,000
28	Royal Bank of Canada	Financial Services	63	GRI-G4	Undeclared	-	-	29,500,000,000 (Canadian Dollars)	+1,500,000,000 (Canadian Dollars)
29	Colgate Palmolive	Health Care Products	63	GRI-G4	Undeclared	ISAE3000	-	48,506,000,000	-2,082,000,000
30	Becton Dickinson and Company	Health Care Products	63	GRI-G4	Undeclared	-	-	31,211,000,000	+4,037,000,000
31	Campbell Soup Company	Food & Beverage	63	GRI-G4	Core	National-Sustainability	-	24,311,000,000	-307,000,000
32	Estee Lauder	Household and Personal Products	63	Non-GRI	-	-	-	33,880,000,000	+1,010,000,000
33	Steelcase	Consumer Durables	63	Non-GRI	-	-	-	9,200,000,000	+100,000,000
34	Baxter International	Health Care Products	63	GRI-G4	Undeclared	ISAE3000	-	30,922,000,000	-628,000,000
35	Bombardier	Conglomerates	63	Citing-GRI	-	-	-	54,611,000,000	-3,761,000,000
36	Cummins	Equipment	63	Citing-GRI	-	-	-	55,840,000,000	-1,712,000,000
37	Eli Lilly	Health Care Products	62	GRI-G4	Undeclared	-	-	60,796,000,000	+1,606,000,000
38	Kohlberg Kravis Roberts	Financial Services	62	Citing-GRI	-	-	-	-	-
39	Humana	Financial Services	62	Non-GRI	-	-	-	157,168,000,000	+5,879,000,000
40	Autodesk	Commercial Services	62	GRI-G3	Undeclared	-	-	7,280,000,000	+230,000,000
41	Best Buy	Retailers	62	GRI-G4	Core	-	-	119,270,000	-811,000
42	Kellogg	Food & Beverage	62	Non-GRI	-	-	-	41,119,000,000	-1,566,000,000
43	PepsiCo Inc.	Food & Beverage	62	GRI-G4	Core	Checked but not specified	✓	192,530,000,000	-3,880,000,000
44	Herman Miller	Consumer Durables	62	GRI-G3	Undeclared	-	-	6,288,000,000	+382,000,000.00



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45	Apple	Computers	62	Non-GRI	-	-	-	632,160,000,000	+32,840,000,000
46	Procter Gamble	Household & Personal Products	62	Citing-GRI	-	-	-	210,449,000,000	-9,102,000,000
47	PG&E	Energy Utilities	62	GRI-G4	Undeclared	No	-	51,589,000,000	+576,000,000

Table 7: The list of the companies with the highest CSR score presented with other sustainability indicators.

The list of 47 companies is composed based on their Sustainability score and other relevant sustainability indicators (the use of GRI Standard, the existence of external assurance, the presence of SDGs in their reports, the existence of numerical carbon footprint goals) as well as their financial performance. The analysis is conducted by comparing the Sustainability Ranking Scores of companies that come from a variety of sectors: 17% from the financial services, 17% from the healthcare products sector, 12% from the food & beverages sector, 9% from the household & personal products sector and 9% from the computers sector.

85% of companies listed in Table 7 have used some version of the GRI reporting guidelines (or have cited the GRI – 11%), and 50% of them have used the ‘core’ level of compliance, while 9% have used the ‘comprehensive’ compliance level (Dell, Bloomberg and Intel).

When it comes to the numerical carbon footprint goals, the majority of companies have clearly stated goals and targets as well as the level of transparency and disclosure. Some of these thirty companies have disclosed their negative carbon footprint effects even though it could have adverse consequences for their overall performance. Still, there is growing and strong awareness that the companies should try to make great efforts to achieve their targets and goals despite occasional failures.

It is also worth mentioning that 70% of the top 13 companies in this list have sought external assurance for their sustainability report, a practice that improves the transparency and accountability of the reporting organization.

Also, 21% of these companies have made a reference in their sustainability report to the UN Sustainable Development Goals. This percentage is considered extremely high, given the fact that for this reporting period the SDGs were a recent development. We expect it to rise to an even higher percentage in the next reporting period as companies see their importance for their strategy and sustainability goal setting practices.

The financial analysis of these companies shows that the vast majority (64%) of these companies recorded better financial results, as expressed by their revenues during the 2014-2016 period. The financial performance of these companies, which are the companies with the highest Sustainability score, indicates that Sustainability Reporting and comprehensive strategies that are composed of community, employees, governance and environmental aspects may have a positive impact on their revenues increase.



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Conclusions



Sectors with High Volume of Sustainability Reports

- The sectors with the highest presence in the research sample, regardless of whether the organization has used any reporting guidelines for publishing the report, are Energy and Energy Utilities (14.0%), Financial Services (11.6%), Food and Beverage (10.2%) and Mining (6.7%). The top sectors in the USA are Energy and Energy Utilities (12.9%), Financial Services (10.6%) and Food and Beverage (12.0%), while in Canada the top sectors are Mining (27.0%), Energy and Energy Utilities (19.0%) and Financial Services (16.0%).

Profile of the Companies-Organizations

- 81.9% (451 companies and organizations) of these companies and organizations are from the U.S.A., and 18.1% (100 companies and organizations) are from Canada.
- Most of the companies that publish a sustainability report in North America are large companies (50.3%), while 44.1% of the companies are Multinational Enterprises (MNEs).
- A small, but considerable, percentage (5.6%) of the companies that publish a sustainability report are Small-Medium Enterprises (SMEs).
- Most of the companies/organizations that publish sustainability reports are Listed/Public Companies (79.1%).



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Most Frequent Terms Used for Reporting

- Companies and organizations use various terms to name their reports. There is a wide range of combinations of the terms “sustainability”, “corporate”, “citizenship”, “social”, “responsibility”, “sustainable development” used by companies and organizations. However, there are two terms which are most commonly used, “Sustainability Report” and “Corporate Responsibility Report”.

Size of the Reports

- In both countries, the use of the GRI reporting guidelines results in larger, more comprehensive, sustainability reports, that include all the necessary information for each company’s key stakeholder groups. Non-GRI reports tend to be smaller in size, mostly focusing on the companies’ sustainability programs and initiatives and not their sustainability performance.

Most Frequent Standards and Guidelines for Reporting

- 67% of the North American companies and organizations that published sustainability reports for the 2015-2016 reporting period used some version of the Reporting Guidelines of the Global Reporting Initiative or used it as the reference point.
- 35% of the reports were conducted either by following other standards and guidelines (e.g. UNGC, ISO26000) or by not following any standards or guidelines.
- 21.2% of the reports include the information about the company/organization’s compliance with the Carbon Disclosure Project (CDP).
- 10.7% include the information about the company/organization’s compliance with the 10 Principles of the United Nation’s Global Compact (UNGC).
- 6.2% include the information about the company/organization’s compliance with the 17 Sustainable Development Goals (SDGs).

Use and Compliance to GRI

- The companies/organizations that published the sustainability reports for 2015-2016 period used the latest version of the GRI’s Reporting Guidelines (G4). This is expected to change in the next reporting period, as companies have already started using the new GRI STANDARDS.
- The compliance levels (“in accordance- core” and “in accordance -comprehensive”) communicate the number of indicators the company/organization has chosen to disclose in the report for each identified material issue. The most companies/organizations (67%) have chosen the “core” option, only a small number of them (6%) have chosen “comprehensive” option, and a significant percentage (26%) have not declared a compliance level.

The External Assurance of the Sustainability Reports

- Despite the favourable global trend, the analysis of GRI reports published for the 2015-2016 period indicates that there is only slight improvement in this area. Thus, only 32,5% of all GRI reports have been externally assured.
- The most commonly used, internationally recognized, assurance standards are the Accountability 1000 Assurance Standard (AA1000AS) and the International Standard on



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Assurance Engagement (ISAE3000). 46,6% of the external assurances have been conducted using the ISAE3000, while 20,7% the AA1000AS. 1,7% of the external assurances were conducted using both assurance standards.

- Although the external assurance is considered a good practise globally towards credibility and transparency, and has been closely linked with the sustainability ranking and score of companies, as well as their ability to attract investors, leading Fortune 500 companies do not seek external assurance for their sustainability reports.

Highest Sustainability Score May Indicate Better Financial Results

- The analysis of the 47 companies with the highest Sustainability score (CSRHUB Ranking as of July 2017) that were included in the present research (i.e. that they published a sustainability report for the 2015-2016 period) indicates that there is a correlation between the organization's financial performance and its sustainability performance.
- The vast majority of these 47 companies have clearly stated and measured carbon footprint goals, a strong demonstration that companies take their contribution to climate change seriously, and that they are willing to commit to significant reduction and to the use of innovative technology.
- 85% of these companies have used the GRI standard and 50% of them have used the 'core' level of compliance while 9% have used 'comprehensive'.
- 21% of them have integrated the UN SDGs in their strategies and reports.
- 64% of these companies had an increase in their revenues between 2014 and 2016, a fact that can be interpreted as an indication that strong sustainability strategies and high sustainability ranking and score may have a positive impact on their revenues increase.



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About CSE Services (www.cse-net.org)

CSE is a leading boutique firm specialized in global sustainability (CSR) consulting, coaching and training. Since 2004, early entry into the international sustainability (CSR) services market, CSE has been assisting clients to achieve higher performance, build brand loyalty and innovate through the continuous integration of sustainability principles into their culture, products and/or services. Public and private sector clients benefit from CSE expertise in serving diverse sectors, markets and organizational cultures in the Americas, Europe, Asia and the Middle East.

Integrated Consulting Services from A to Z

Our services and web tools assist businesses and organizational leaders to understand and meet the evolving international standards and frameworks, such as the United Nations Global Compact (UNGC), the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP), Green House Gas Protocol, Dow Jones Sustainability Index (DJSI), ISO 26000 guidelines and other local and international guidelines.

"CSE believes that investment in human capital through education, training and coaching is the single most important determinant of future value for all organizations"

Consulting Services

- Sustainability and Materiality Assessment
- Sustainability Strategies
- Sustainability and Integrated Reporting
- External Verification and Assurance
- SROI and Stakeholder Engagement Programs
- Carbon Reduction and Product Life Cycle Analysis
- Supply Chain Sustainability
- Green Buildings and Events

Pioneering in Sustainability Education for the last 10 years (www.sustainability-academy.org)

CSE is accredited by CMI to provide global training to Sustainability Professionals and is a GRI organizational stakeholder. We have trained over 5,000 Sustainability Professionals from five continents through on-site, online and group training. Courses include:



Certified Sustainability Practitioner Program (Advanced Version), Online Diploma on Corporate Sustainability, Online Certificate for Sustainability Reporting, Online Certificate for Carbon Footprint Reduction, Online Certificate on ESG Performance, Online Diploma on Social Entrepreneurship, Introduction to Social Impact Assessment and SROI.

Our clients include Fortune 500 companies and organizations such as **Walmart, United, NASA, Walgreens, Lloyds Banking Group, Coca Cola, Oracle, Shell, Baker Hughes, Whole Foods, North Face, World Bank.**



Glossary

- Sustainability (CSR) Reporting: an organizational report that gives information about economic, environmental, social and governance information. It is a method to internalize and improve an organization's commitment to sustainable development in a way that can be demonstrated to both internal and external stakeholders.
- Global Reporting Initiative (GRI): an international independent standards organization that helps businesses, government and other organizations understand and communicate their impacts on issues relating to economic, social and environmental performance.
- Indicator (GRI): qualitative or quantitative information about results or outcomes associated with the organization that is comparable and demonstrates change over time.
- Material Aspect (GRI): reflects the organization's significant economic, environmental and social impacts; or the aspects that substantially influence the assessments and decisions of stakeholders.
- United Nations Global Compact (UNGC) is a United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption.
- International Finance Corporation Sustainability Framework (IFC): The IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in developing countries. IFC's Sustainability Framework includes the Policy and Performance Standards on Social and Environmental Sustainability. It provides the private sector clients with a clear and comprehensive view of requirements early in their engagement with IFC.
- ISO26000 provides guidelines for social responsibility (SR). Its goal is to contribute to global sustainable development, by encouraging business and other organizations to practice social responsibility to improve their impacts on their workers, their natural environments and their communities.
- OECD Guidelines: The OECD Guidelines for Multinational Enterprises are the most comprehensive corporate responsibility instrument developed by governments in





existence today. They cover all major areas of business ethics and are addressed to all the activities of multinational enterprises operating in or from the 42 adhering countries. The OECD Guidelines also have a unique implementation mechanism to address issues arising from their non-observance.

- CDP (Carbon Disclosure Project) is an organization based in the United Kingdom which works with shareholders and corporations to disclose the greenhouse gas emissions of major corporations.
- AA1000AS (2008) assurance provides a comprehensive way of holding an organization accountable for its management, performance, and reporting on sustainability issues by evaluating the adherence of an organization to the AccountAbility Principles and the reliability of associated performance information.
- ISAE3000 is a standard for assurance over non-financial information. ISAE3000 is issued by the International Federation of Accountants (IFAC). The standard consists of guidelines for the ethical behaviour, quality management and performance of an ISAE3000 engagement. Generally, ISAE3000 is applied for audits of internal control, sustainability and compliance with laws and regulations.



- MNE (Multinational Enterprises) are organizations that own or control production of products or services in one or more countries other than their home country.

- SME (Small Medium Enterprises) are businesses whose personnel numbers fall below certain limits. Industry Canada defines a small business as one with fewer than 100 paid employees and a medium-

sized business as one with at least 100 and fewer than 500 employees. In the United States, the Small Business Administration sets small business criteria based on industry, ownership structure, revenue and number of employees (the cap is typically 500).



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- **Public Company:** A company that has issued securities through an initial public offering (IPO) and is traded on at least one stock exchange or in the over the counter market. Although a small percentage of shares may be initially "floated" to the public, the act of becoming a public company allows the market to determine the value of the entire company through daily trading.
- **Private Company:** A company whose ownership is private. As a result, it does not need to meet the strict Securities and Exchange Commission filing requirements of public companies.