THE CONFERENCE BOARD
Trusted Insights for Business Worldwide

Sustainability Practices 2015

KEY FINDINGS

THE GLOBAL AWAKENING

COMPANIES RESPOND TO CLIMATE, CORRUPTION, AND OTHER RISKS

The Global Awakening
Companies Respond to Climate, Corruption, and Other Risks

More US companies are aligning sustainability disclosure with global standards through the Global Reporting Initiative (GRI) framework. Even though the overall environmental and social disclosure rate among global companies has remained essentially unchanged over the last year, reporting using the GRI framework continued its rise in the United States, and one out of three large U.S. companies now adopt those guidelines. Exceptional progress has also been made in the transparency of individual practices, such as anti-bribery and climate change.

These are some of the findings from The Conference Board *Sustainability Practices Dashboard 2015*, a comprehensive database and online benchmarking tool that serves as the foundation for this report. The dashboard captures the most recent disclosure of environmental and social practices by large public companies around the world and segments them by market index, geography, sector, and revenue group. Other key findings from this year's data include the following:

Reporting Practices

- GRI reporting continues to rise among US companies, especially large multinational firms subject to international disclosure requirements.
- The overall sustainability disclosure rate (an average across all practices analyzed) grew faster among smaller companies in all regions.
- Report verification and assurance have increased slightly over last year.

Environmental Practices

- The risk climate change poses to a business is being disclosed with more prominence, especially among US companies.
- Greenhouse gas (GHG) emissions disclosure has reached unprecedented levels among smaller companies.
- Water consumption disclosure remains low, despite growing recognition of a global water crisis.

Social Practices

- Disclosure of anti-bribery policies showed the greatest increase among the practices analyzed in response to more aggressive prosecution of corruption cases by several countries.
- Pressure from stakeholders drove significant uptake in human rights policy disclosure.
- Employee turnover increased across all sectors, especially in the United States. The increase is most likely a reflection of modest improvement in labor markets.

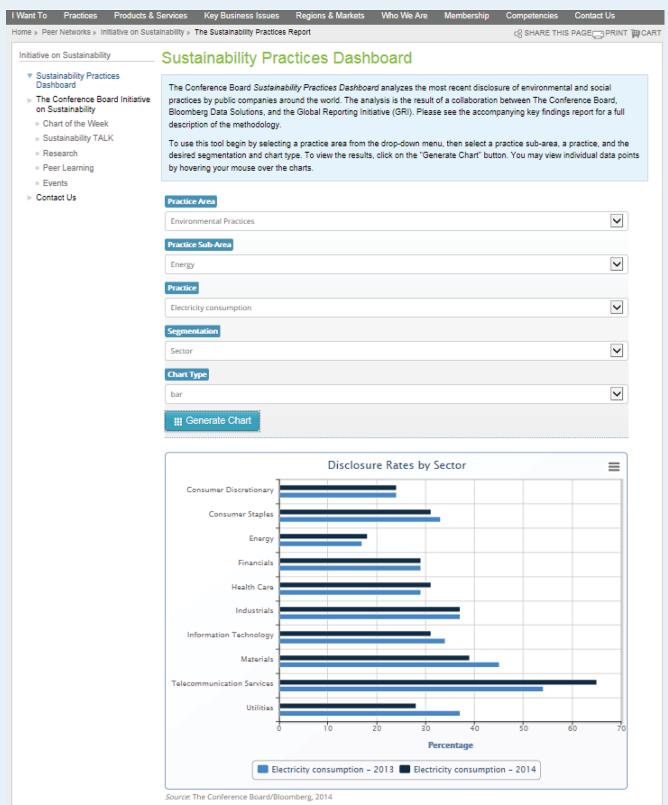
- Corporate charitable and community spend in the S&P Global 1200 increased 13 percent over last year. North American companies continue to replenish their giving programs after the hiatus of the economic recession.
- Sustainability continues to be absent from the executive compensation philosophy of most companies regardless of geographic location.

The Conference Board Sustainability Practices Dashboard

The *Sustainability Practices Dashboard* is a web-based intelligence tool created through collaboration between The Conference Board, Bloomberg, and the Global Reporting Initiative (GRI). The dashboard captures data on 79 environmental and social practices of business corporations in the S&P Global 1200, including:

- Atmospheric emissions
- Energy, electricity, and fuel consumption
- Water consumption
- Waste reduction and sustainable packaging
- Environmental supply chain and procurement policies
- Biodiversity policies
- Labor standards
- Diversity in the workplace
- Human rights practices
- Executive compensation policies linked to ESG performance
- Health & safety policies and measures
- Charitable and political contributions

Data in the *Sustainability Practices Dashboard* can be segmented by three indexes (the S&P Global 1200 index , S&P 500, and Russell 1000), ten sectors, four revenue groups, and four regions. The updated dashboard expands the analysis of the previous edition and introduces year-over-year comparisons to highlight notable trends in sustainability disclosure. An overview of the methodology is available on page 20.



Sustainability Practices was inaugurated as a publication in July 2012 and became a web-based application in 2013, in response to growing demand from company directors, investors, financial analysts, and other stakeholders for comparative data in the sustainability field. With the dashboard, users can view individual sustainability practices by segments and generate customized charts.

Access The Conference Board *Sustainability Practices Dashboard* at **www.conference-board.org/sustainabilitypractices**

Year-Over-Year Trends

Disclosure is increasing

This year's edition of *Sustainability Practices* revealed that for eight out of the ten sectors included, overall disclosure increased with the telecommunication services sector showing the greatest increase over last year (+6 percentage points). Health care and utilities were the only sectors to register decreases (-1 percent each). Disclosure rates by revenue group remained mostly flat, with the exception of companies in the lowest revenue group (less than US$1 billion in annual revenue), which registered an increase in disclosure of 10 percentage points. Trends by region show that companies in both North America and Europe registered slight increases in disclosure, while disclosure rates fell in Latin America and remained unchanged in Asia-Pacific.

Data for two new social practices

This year's edition features data on two new practices: disclosure of child labor policies and adoption of executive compensation policies that include long-term incentives for environmental, social, and governance (ESG) performance. The results show that a mere 3 percent of the largest companies in the world included in the S&P Global 1200 index currently link executive compensation to ESG performance, and 38 percent disclose having a child labor policy.

Reporting Practices

GRI reporting continues to rise among US companies, especially large multinational firms subject to international disclosure requirements Out of the entire S&P 500 sample, the number of companies referencing GRI guidelines in their sustainability reports increased from 25 percent in 2013 to 31 percent in 2014.[1] Among companies in the global sample, the increase was 1 percentage point, with 45 percent of S&P Global 1200 companies issuing reports that reference GRI guidelines. These results are indicative of the systematic efforts made by GRI to create awareness of its disclosure framework in the United States, especially since the establishment of their US Focal Point (now GRI North America) and the publication of the G4 version of the guidelines. Moreover, the findings reveal the evolving regulatory context faced by US companies conducting business abroad.

While sustainability reporting in the United States continues to be a voluntary practice, US companies operating in other countries are increasingly expected to comply with legislation or governmental regulation mandating more transparency on ESG practices and the extra-financial metrics used by companies to assess their performance vis-à-vis those practices. The European Parliament, for example, recently approved the text of a directive that will require companies to disclose information on policies and risks as well as concrete and measurable results regarding environmental matters, social and employee-related policies, respect for human rights, anti-corruption and bribery issues, and diversity on boards of directors.[2] Once adopted by the EU Member

States in the Council, the directive will affect about 6,000 large companies, including US-incorporated multinationals operating in the EU. Needless to say, compliance department and sustainability offices of large companies have been preparing for the reform since the measure was first announced in 2011 by allocating new resources to the collection and processing of this type of information. The directive encourages companies to use existing recognized frameworks for nonfinancial reporting, including GRI's Sustainability Reporting Guidelines.

Stock exchanges have also been active in pushing nonfinancial disclosure. The Johannesburg Stock Exchange (JSE) has required listed companies to report non-financial data since 2010, and in 2012, Brazil's BM&F BOVESPA introduced a "report or explain" listing requirement in collaboration with GRI.[3] In 2014, the World Federation of Exchanges (WFE) launched a Sustainability Working Group to build consensus on the role of ESG data, and the group includes participation from several securities exchanges including NASDAQ OMX.[4]

The Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

The GRI Sustainability Reporting Guidelines are the most widely used sustainability reporting standard in the world. G4, the fourth generation of the Guidelines, was launched in May 2013 to help reporters prepare sustainability reports that matter—and to make robust and purposeful sustainability reporting standard practice.

Some of the main features of G4 include:

A focus on materiality Organizations are encouraged to identify and provide information only on material aspects, i.e. issues that are significant to their economic, environmental, and social impacts that substantively influence the assessments and decisions of stakeholders.

Broader boundaries Organizations must assess and describe whether the impact of each aspect lies inside or outside the organization, such as with suppliers or distributors. Specifically, organizations must consider impacts throughout the value chain, including those within the supply chain.

"In accordance" options Organizations that wish to demonstrate that their reports are "in accordance" with the guidelines must self-declare whether the guidelines have been applied under the "core" or "comprehensive" option. Under the core option, an organization must report at least one indicator for all identified material aspects. Under the comprehensive option, an organization must report all indicators for all identified material aspects.

Source: An Introduction to G4, Global Reporting Initiative, https://www.globalreporting.org/resourcelibrary/GRI-An-introduction-to-G4.pdf

The sustainability disclosure rate grew faster among smaller companies, amid lower hurdles for first-time reporters and more awareness of data collection practices While large businesses have traditionally been the main promoters of voluntary sustainability transparency, in the last year the greatest disclosure rate increase came from smaller companies. Companies in the lowest revenue group (less than US$1 billion in annual revenue) had an average disclosure rate of 25 percent across all the practices covered, up from the 15 percent recorded the previous year. Average disclosure rates remained mostly flat across the other three revenue groups included in the dashboard ($1B–$10B, $10B–$100B, and $100B+). The increase in disclosure among smaller companies was driven primarily by higher disclosure rates across the following practices: social supply chain management policies (+36 percent), human rights policies (+32 percent), women in the workforce (+31 percent), and waste reduction policies (+31 percent).

Nonfinancial reporting continues to be more widespread among large companies, which are generally subject to stronger pressure from stakeholders and can allocate more resources to the collection and analysis of this type of information from various arms of the organization. However, smaller companies are starting to benefit from the lessons learned from their larger peers and are joining in on this practice. Among other reasons, the new reporting guidelines introduced by GRI in 2013 make sustainability reporting less onerous for smaller companies. The G4 Sustainability Reporting Guidelines reduced the number of disclosure items for smaller companies.[5] GRI also recently introduced a supporting booklet for small and medium-sized enterprises (SMEs) that are preparing a sustainability report for the first time.[6]

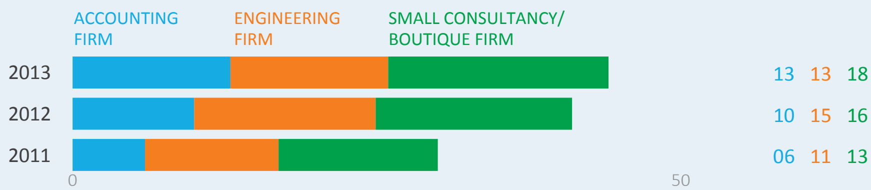
Report verification and assurance have increased slightly over last year With the growth in nonfinancial disclosure also comes the need for report assurance. In the S&P Global 1200, 30 percent of companies are issuing sustainability reports that include third-party verification and assurance, compared to 25 percent in the previous year. Among S&P 500 companies, 12 percent included verification and assurance for their reports in 2014, compared to 8 percent in 2013. The scope of assurance varies and might extend to the entire sustainability report, only specific sections, or just greenhouse gas (GHG) emissions. For example, GRI found that the scope of assurance extended to the full sustainability report in only 30 percent of assured GRI reports published by US companies in 2013.[7]

While still an evolving practice, nonfinancial disclosure may ultimately be expected to undergo verifications and assurance approaching the level currently applicable to financial reporting. These developments would improve data quality and help companies reduce risks associated with data inaccuracies.

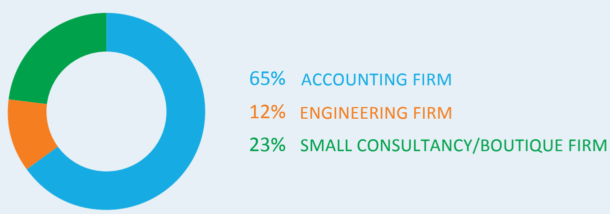
External Assurance of Sustainability Reports by Type of Assurance Provider

Findings from GRI's report *Trends in External Assurance of Sustainability Reports* reveal the most widely used types of external assurance providers. In 2013, 65 percent of assured GRI reports were assured by accountancy firms, 23 percent by small consultancies or boutique firms, and 12 percent by engineering firms. The analysis by region shows accountancy firms had the largest market share in Latin America and Europe, while boutique firms had a slight advantage in Asia.

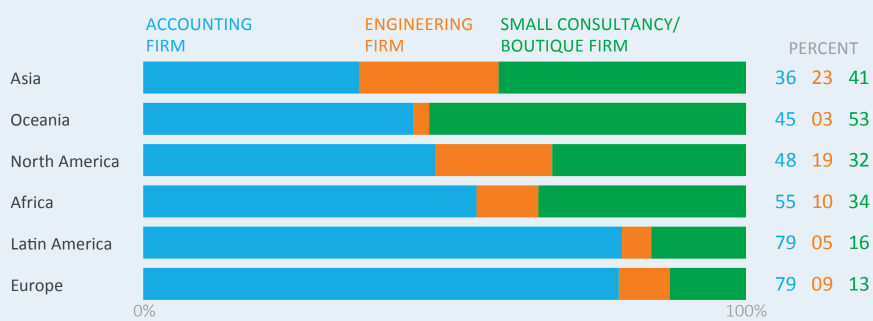
Assured GRI Reports Published by US Companies by Type of External Assurance Provider, 2011–2013



2013 Assured GRI Reports Published by Organizations Worldwide by Type of External Assurance Provider



2013 Assured GRI Reports Published by Organizations Worldwide by Type of External Assurance Provider and Region

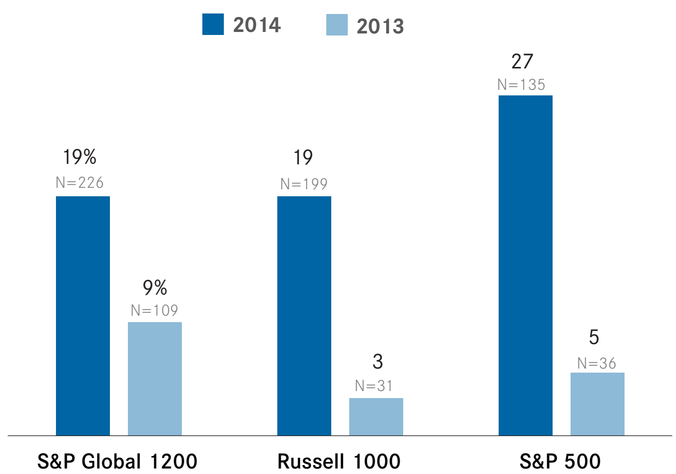


Source: Trends in External Assurance of Sustainability Reports, Global Reporting Initiative, (July 2014), 32-33.

Environmental Practices

Disclosure of the risks of climate change is becoming more prominent, especially among US companies SEC guidance issued a few years ago may be starting to have some impact. This year's data show 27 percent of S&P 500 companies included discussion of the risks associated with climate change in their annual SEC filings, compared to just 5 percent the previous year. The energy sector saw the greatest increase in this practice, with 43 percent of energy companies discussing climate change risks in their annual reports, compared to only 10 percent the previous year.

Figure 1
Disclosure of Climate Change Risks, Rate by Index



Source: The Conference Board/Bloomberg, 2014.

The wider adoption of this type of disclosure by US companies may in part be driven by guidelines introduced in 2010 by the US Securities and Exchange Commission (SEC). The guidelines require companies to disclose the impact that business or legal developments related to climate change may have on their business.[8] The guidelines are applicable to companies in any sector but are particularly relevant for those impacted by existing or future GHG regulations, such as utility and energy companies. In their first few years of implementation, the real impact of the guidelines had been a subject of discussion and investigation, with a number of studies questioning not only the value that investors can derive from them but also whether companies have enough knowledge and understanding of risks to prepare meaningful disclosure.[9] While The Conference Board findings do not speak to the quality of the disclosure, they do indicate an effort is being made by more organizations to investigate the relationship between climate change and their business activities.

Disclosure of greenhouse gas (GHG) emissions reached unprecedented levels among smaller companies, while their median total GHGs emitted decreased slightly Smaller companies by revenue saw a significant jump in disclosure, with 47 percent of companies in the lowest revenue group reporting total GHG emissions, compared to only 25 percent the previous year. While disclosure of total GHG emissions also increased among S&P 500 companies (30 percent versus 26 percent last year), the median amount of GHGs emitted by this sample increased by 7 percent to 888,800 metric tons.

In the overall sample of S&P Global 1200 companies, 43 percent reported total GHG emissions in 2014, compared to 37 percent in 2013. Disclosed median emissions levels equaled 671,575 metric tons, a decrease of 6 percent from the previous year.

Disclosure of GHG emissions will continue to rise as reporting requirements, such as the recent EU mandate, come into effect and become more widespread. In 2014 for example, China's National Development and Reform Commission introduced a GHG reporting requirement for companies that emitted more than 13,000 metric tons of CO_2 in 2010.[10] Although the mandatory reporting periods for these two initiatives have not yet begun, companies likely to be affected by them have been actively preparing for these requirements.

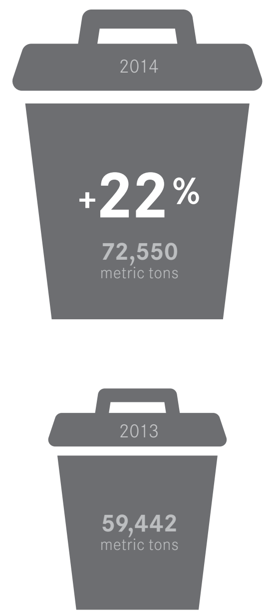
Studies show that energy businesses are particularly vulnerable to water risk, and yet disclosure of water consumption remains low while conflicting reporting systems hinder companies' strategies in the field Though companies are increasingly recognizing water risks (including scarcity or pollution), this awareness has not yet fully translated into greater transparency of a basic metric in the field, such as water consumption. Findings from the latest CDP Global Water Report show that 68 percent of respondents identified water as a substantive business risk.[11] However, disclosure data compiled for the *Sustainability Practices Dashboard* show that only 37 percent of S&P Global 1200 companies reported total water consumption, a slight decrease compared to last year. Disclosure of water consumption is even lower among the S&P 500, with only 21 percent of companies reporting this data.

DISCLOSURE OF TOTAL WATER CONSUMPTION

The discrepancy between risk recognition and disclosure is most evident in the energy sector. Disclosure data reveal that only one quarter of energy companies reported water consumption, the lowest disclosure rate of any sector. This is a significant concern because the energy sector was identified by CDP (in its latest report) as the second most exposed sector to water risks, behind utilities.[12]

To be sure, water disclosure is an area that should continue to be monitored closely. In September 2014, the UN Global Compact released *Corporate Water Disclosure Guidelines* with the goal of reconciling the multiple water assessment metrics and reporting frameworks that have proliferated in recent years.[13] Launched in 2007 as *The CEO Water Mandate*, the harmonization initiative brought together the major firms responsible for those frameworks, including CDP, GRI, Pacific Institute, PricewaterhouseCoopers, and the World Resources Institute. The mandate is expected to overcome some of the roadblocks to improved transparency while driving the convergence of disclosure practices in the field.

With the resurgence of economic growth and manufacturing activities in many parts of the world, companies have been generating more waste and recycling less of it The median amount of waste generated by companies in the S&P Global 1200 was 72,550 metric tons, a 22 percent increase from the previous year. The increase can be attributed in part to an uptick in the global economy in 2013 which accelerated material production and consumption. The greatest increases in waste generation were reported by companies in the utilities sector (+376 percent compared to last year), followed by the materials (+154 percent) and energy (+102 percent) sectors. The information technology, financials, and consumer staples sectors reported modest decreases in median waste generated.



S&P Global 1200

MEDIAN WASTE GENERATED

While the median amount of waste recycled by the S&P Global 1200 decreased slightly compared to last year, some sectors reported significant increases in waste recycling. For example, the median amount of waste recycled by companies in the telecommunications sector increased by 110 percent over last year. This is consistent with greater efforts on the part of telecom companies to manage the proliferation of e-waste through product take-backs and recycling schemes. Sprint, for example, introduced the company's Electronics Stewardship Policy in 2011, which included a goal to collect 100 percent of the company's e-waste for recycling or reuse by 2017.[14]

The Conference Board CEO Challenge® 2015

Since 1999, The Conference Board CEO Challenge® survey has asked CEOs, presidents, and chairmen across the globe to identify their most critical challenges. In the 2015 edition of the survey, based on 943 responses, CEOs rank **Human Capital**, **Innovation**, **Customer Relationships**, **Operational Excellence**, and **Sustainability** as their top five long-term challenges to drive business growth.

For the first time since being included as a challenge in 2011, **Sustainability** rose to a top-five challenge in the survey. However there are considerable ranking variations between regions, with China and India placing it higher than in the United States and Latin America.

CEOs' priorities revolve around meeting market demand for socially and environmentally conscious products and ensuring sustainability is part of their corporate brand identity—they want their organizations to be viewed as socially aware and environmentally friendly. CEOs also recognize the broader concept behind sustainability—the societal license to operate, which relies on building trust by acknowledging both the risks and opportunities related to their company's environmental and social impacts. This goes well beyond mere compliance to proactively embedding sustainability in the corporate culture. However, when it comes to applying environmentally friendly strategies, such as decreasing their carbon footprint or limiting resource use—hard decisions that, early on, can impact costs and profitability—CEOs place them near the bottom of their lists.

For more details on the findings from the survey visit
www.conference-board.org/ceo-challenge

Global challenges

Human Capital retains top spot; **Innovation** rises, and **Sustainability** breaks into the top five

Global N=943	Challenges 2015	Global 2014 N=1020	Global 2013* N=729	Global 2012 N=776
1	Human capital	1	1	2
2	Innovation	T3	3	1
3	Customer relationships	2	4	7
4	Operational excellence	T3	2	N/A
5	Sustainability	8	9	8
6	Corporate brand and reputation	5	8	9
7	Global political/economic risk	6	5	3
8	Government regulation	7	6	4
9	Global/international expansion	9	7	5
10	Trust in business	10	10	N/A

N=Number of overall responses. The response rate varies for each challenge.
Each score represents the mean of the ranks given the challenge. T=Tie.

***Operational Excellence** was added to the list of challenges in 2013 to replace **Cost Optimization**.
Trust in Business was added in 2013 to replace **Investor Relations**.

Source: The Conference Board CEO Challenge 2015, p. 6.

Social Practices

Sustainability continues to be absent from the executive compensation philosophy of most companies Despite its prominence in today's executive jargon, the rate of adoption of some form of pay-for-ESG performance link remains marginal in all geographic regions of the world. Only 3 percent of companies in the S&P Global 1200 are linking executive compensation to ESG performance. In Europe, 6 percent of companies implement this practice, compared to 3 percent in North America and 1 percent in Asia-Pacific. There is much that can be learned from the experiences of organizations that do make a connection between ESG performance and compensation. The lack of codified best practices may help explain the hesitation shown by the wider business community in embracing sustainability as a driver of executive performance and firm growth. As ESG data reporting and goal setting become more widespread and investors increasingly recognize the business value of strong ESG performance, companies that bravely experiment with this practice could move the needle and become models for their peers.

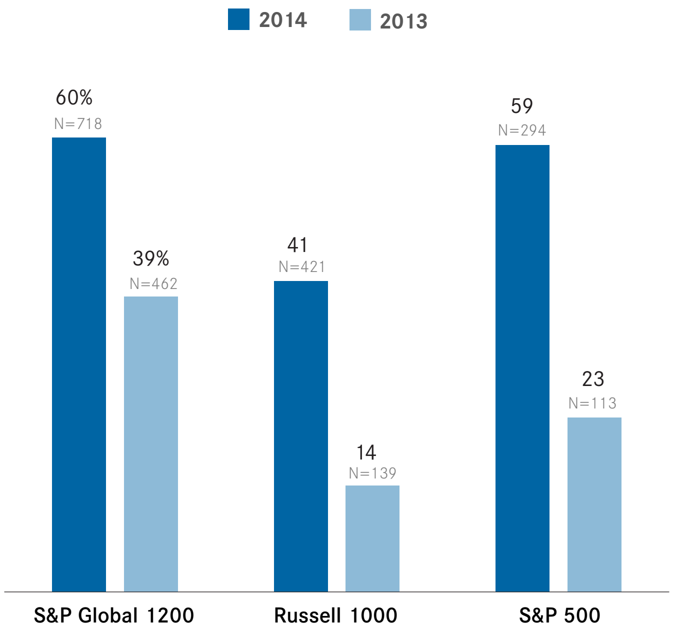
S&P Global 1200

LINKING EXECUTIVE COMPENSATION TO ESG PERFORMANCE

Companies in the materials sector are leading in this emerging area, followed by their counterparts in energy and utilities. This finding can be attributed in part to the important role that safety metrics play in performance evaluations at many companies in these sectors. For example, 20 percent of the formula for Alcoa's corporate annual cash incentive compensation plan for 2013 was based on nonfinancial metrics, of which five percent were related to safety metrics.[15] In 2013, Newmont Mining revised its corporate performance bonus to introduce safety metrics, which now account for 10 percent of the bonus structure.[16] In addition, of the six goals that comprised the personal objectives bonus for Newmont's chief executive officer, two were directly related to sustainability issues.[17]

Disclosure of anti-bribery ethics policies showed the greatest increase among all social and environmental practices This increased disclosure could be a response to the more aggressive prosecution of corruption cases displayed by several countries. Among the entire S&P Global 1200 sample, this year's data reflects an increase by 21 percentage points in the number of companies reporting an anti-bribery ethics policy. The finding is even more pronounced among large US companies; 59 percent of those in the S&P 500 report having an anti-bribery policy compared to 23 percent in the previous year. Disclosure of anti-bribery ethics policies rose significantly across most sectors, with the greatest increases found in the telecommunication services and information technology sectors (+34 and +32 percentage points respectively).

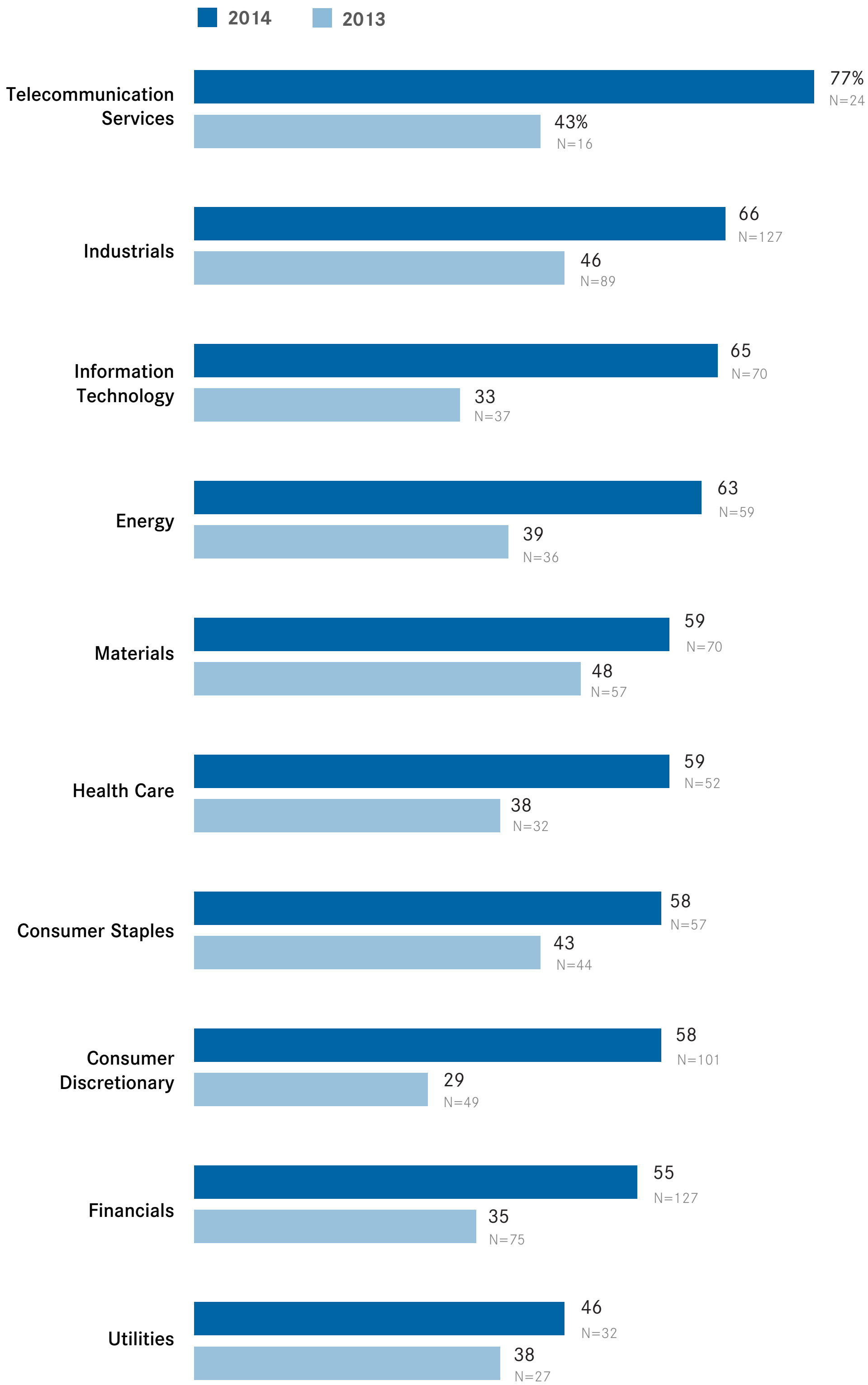
Figure 2
Anti-Bribery Policies, Adoption Rate by Index



Source: The Conference Board/Bloomberg, 2014.

These numbers likely reflect the recent acceleration in the pursuit of corruption and corporate malfeasance cases by several countries. To be sure, reports on Foreign Corruption Practices Act (FCPA) enforcement activity conducted in 2013 document a steep increase in corporate fines and actions against officers.[18] In 2011, the United Kingdom's Bribery Act came into force and represents one of the strictest international legislations on bribery. The Act places the burden of proof on companies to demonstrate the presence of systems and procedures to prevent bribery, such as strong and effective anti-bribery policies. For their part, and partially in response to international pressure to implement anti-bribery conventions, large emerging markets such as China and India have made some progress in the fight against unethical business practices. In December 2012, for example, the Supreme People's Court of the People's Republic of China (PRC) started to define the legal framework against bribery by issuing an interpretation on the application of Chinese criminal law statutes to high-ranking officials engaging in illegal transactions with corporate entities or officers.[19] More significantly, the new administration of President Xi Jinping has, over the past two years, implemented an anti-corruption campaign of a breadth and depth unseen in the history of the modern People's Republic of China. While analysts continue to debate whether the crackdown is more of a "political purge" than a genuine attempt at honest law enforcement or systemic reform, the risk factors for noncompliant multinationals have ramped up regardless. Similarly, in January 2014, India established the public office of an anti-graft ombudsman with broad prosecutorial powers.[20]

Figure 3
Anti-Bribery Policies, Adoption Rate by Sector



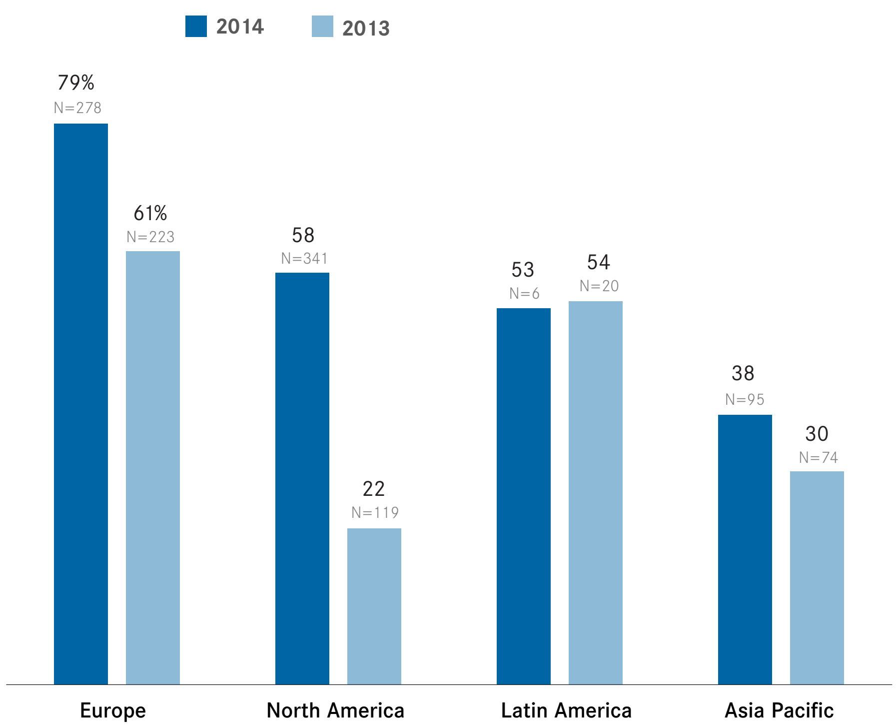
Source: The Conference Board/Bloomberg, 2014.

As enforcement of anti-corruption laws becomes more prevalent in these markets, multinational companies are likely to re-examine and strengthen their current compliance practices. Failing to do so can be costly, as evidenced by the recent case involving the Chinese government's bribery investigation into GlaxoSmithKline which resulted in several prison sentences and a fine of $490 million for the British pharmaceutical company, the largest such fine ever imposed by a Chinese court.[21] Additionally, multinationals in China need to be aware of the dramatically unlevel terms under which business-practice regulations are enforced. Foreign companies face heightened scrutiny and elevated penalties that their local competitors can often avoid. An overabundance of caution and relentless compliance has become the only good option for most multinational corporations, and the increase in published anti-bribery policies is reflective of this new reality.

Pressure from stakeholders drove a significant uptake in human rights policy disclosure The number of S&P Global 1200 companies reporting the presence of a human rights policy increased from 7 percent in 2013 to 51 percent in 2014. For the S&P 500, the increase was 10 percentage points, with 32 percent of companies reporting that they have a human rights policy in place. European companies registered the greatest increase, with 79 percent of companies reporting that they have a human rights policy, compared to 63 percent the previous year.

Figure 4

Anti-Bribery Policies, Adoption Rate by Geography



Source: The Conference Board/Bloomberg, 2014.

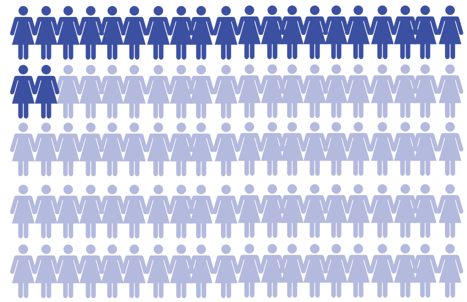
A significant increase in human rights violations reported around the world—up 70 percent since 2008, according to recently released statistics—has prompted stakeholders to place greater pressure on companies to manage social issues in their supply chains.[22] Although traditionally considered activities within the realm of governments, the proactive protection and enforcement of human rights are increasingly being recognized as a business responsibility. In 2008, in an attempt to standardize the assessment of acceptable business conducts, the UN Human Rights Council (UNHRC) endorsed a "Protect, Respect, and Remedy" framework. Three years later, under the framework, the organization issued more practical guiding principles that adhering companies can incorporate into their procurement policies.[23] In particular, corporate policies may rely on the guiding principles to establish a human rights due diligence process (in which the organization becomes aware of, prevents, and addresses their human rights impacts) and track and communicate the company's performance.

Investors, for their part, are aware of the risks businesses face in this area, and companies that violate human rights are often targeted by activist shareholders and voting advisory firms. As documented by 2014 proxy voting data analyzed by The Conference Board in collaboration with FactSet, shareholder proposals related to human rights issues accounted for the largest share of voted proposals on social issues (excluding proposals on political contribution disclosure). Of these human rights proposals, the most frequent request was for companies to assess the human rights risk in their company operations and supply chain.[24]

Employee turnover increased across all sectors, especially in the United States, reflecting modest improvement in labor markets In 2014 the median employee turnover rate for S&P Global 1200 companies was 10 percent, compared to 9 percent in 2013. Among S&P 500 companies, the increase was more pronounced as companies reported a median turnover rate of 12 percent, up from 8 percent the previous year. The overall increase in employee turnover can be attributed in part to modest improvements in the economy and labor market, particularly in the US. For example, *The Conference Board Employment Trends Index*™, which aggregates eight labor-market indicators, increased 5 percent between December 2012 and December 2013, signaling positive employment trends in the US.[25] As new job opportunities become available, dissatisfied employees who had chosen to remain in their jobs due to the lack of options or the uncertainties of the economic situation feel more comfortable to explore the market and make a move.

While median employee turnover grew across most sectors, the greatest increases were reported by companies in the consumer discretionary and energy sectors. The increase among energy companies, in particular, is consistent with the strong job growth that this sector has experienced in recent years. In the US, employment in the oil and gas extraction industry increased 13 percent between December 2011 and December 2013.[26] By comparison, total private sector employment during this same period increased by only 4 percent.

Despite the intense public policy debate on the diversity of business leadership, women continue to account for only 22 percent of management positions in the world's largest companies
European legislation on gender equality in the boardroom has stirred a worldwide debate on the appropriate public policy to foster diversity in business. However, while more companies in the S&P Global 1200 are reporting this data (32 percent in 2014 versus 28 percent in 2013), the median percentage of women in management positions remains unchanged from 2013.



22%

S&P Global 1200

WOMEN IN MANAGEMENT POSITIONS

Companies in Asia-Pacific and Latin America are showing marked improvement in the number of women in management positions. For instance, women accounted for 18 percent of management positions among companies in Asia-Pacific in 2014, up from only 12 percent in 2013. This increase can be attributed in part to a greater focus on gender diversity initiatives undertaken by some of the companies and government leaders in this part of the world. Japanese Prime Minister Shinzo Abe, for example, has made increasing women's participation in leadership positions a core piece of his growth strategy. In 2013, he introduced a goal to raise the proportion of women in leadership positions across all sectors to 30 percent by 2020, calling for companies to proactively appoint women to executive and managerial positions.[27] Among companies in Latin America, the share of women in management stands at 19 percent, up from 15 percent in 2013. This increase is consistent with the rise of gender diversity as a top agenda item among executives in Latin America. For instance, findings from McKinsey's Global Survey show 37 percent of respondents in Latin America said gender diversity was a top priority in 2013, up from 21 percent in 2010.[28] While the increases in women's share of management positions in these two regions are notable, rates remain well below the medians of 23 percent and 22 percent reported by companies in North America and Europe, respectively.

The health care sector continues to report the highest representation of women in management positions (33 percent), while the materials sector reports the lowest median (16 percent). Findings suggest career growth opportunities and leadership responsibilities for females are fewer in the banking and financial services sector. In fact, relative to other sectors, companies in the financials sector report the largest gap between the median percentage of women in the workforce (51 percent) and the median percentage of women in management positions (26 percent)—a gap of 25 points.

Corporate charitable and community spend in the S&P Global 1200 increased 13 percent over last year North American companies continue to replenish their giving programs after the hiatus of the economic recession. In the S&P Global 1200, median philanthropic giving rose from US$9.3 million in 2013 to US$10.5 million in 2014. North American companies confirmed their leadership in this area with a median reported spend of US$18.5 million on charitable contributions, an increase of 39 percent compared to the previous year. Companies from Europe, Asia-Pacific, and Latin America all showed decreases in median contributions compared to 2013, reflecting the continued economic challenges facing companies in these regions. The sector analysis shows the greatest surge in spend came from the consumer staples sector, which reported a 142 percent increase in contributions compared to last year.

Findings from *Giving in Numbers: 2014 Edition*, a report produced by CECP in association with The Conference Board, reveal some of the reasons behind the increase in corporate giving. In particular, the report cites mergers and acquisitions (larger combined giving budgets) as well as in-kind contributions as some of the primary drivers of significant increases in charitable contributions. Other drivers of increased giving include improved business performance and increased participation in matching-gift programs.[29]

To view the full set of benchmarking data, access the *Sustainability Practices Dashboard* at **www.conference-board.org/sustainabilitypractices**

Endnotes

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Methodology

The Conference Board *Sustainability Practices Dashboard* and the analysis included in this report are based on data compiled by Bloomberg and drawn from multiple sources, including periodic sustainability reports, corporate websites, and a survey of corporate sustainability officers. Data included in this edition are from the most recent year available on Bloomberg as of September 19, 2014.

The analysis includes a total of 79 environmental and social practices—encompassing, among others, atmospheric emissions, water consumption, biodiversity policies, labor standards, human rights practices, and charitable and political contributions. For each practice, the analysis illustrates the percentage of companies disclosing on it as well as a median performance value for that practice (for example, the percentage of companies disclosing waste and the median waste generated by those same companies in metric tons). With respect to certain environmental practices (e.g., total GHG emissions, energy and water consumption, and total waste), the analysis includes data on intensity-per-employee and per revenue unit. Employee and revenue data are based on the latest data available on Bloomberg; for the purpose of this analysis, a revenue unit is equivalent to US$1 million.

Benchmarking comparisons are made across three indexes: the S&P Global 1200 (a weighted index of global equities representing approximately 70 percent of global stock market capitalization), the S&P 500 (composed of large-capitalization US companies only), and the Russell 1000 (an index of US equities).

Data from companies in the S&P Global 1200 index are further compared across 10 business sectors defined by the Global Industry Classification Standard Code system (GICS) and four revenue groups (under $1B; $1B–$10B; $10B–$100B; $100B+). For the purpose of the revenue segmentation, the annual revenue of companies is measured in US dollars. Comparisons are also made across four regions: North America, Latin America, Europe, and Asia-Pacific. Regions are based on the country of domicile of the S&P Global 1200 companies.

Sample Distribution, by Sector

	Number of companies	Percent of total
Consumer discretionary	175	15%
Consumer staples	99	8%
Energy	93	8%
Financials	229	19%
Health care	88	7%
Industrials	193	16%
Information technology	107	9%
Materials	118	10%
Telecommunication services	31	3%
Utilities	69	6%
TOTAL	1202	100%

Source: The Conference Board and Bloomberg, 2014.

Sample Distribution, by Revenue Group

Revenue	Number of companies	Percent of total
Under $1 billion	30	2%
$1 to 9.9 billion	537	45%
$10 to 99 billion	581	48%
$100 billion and over	54	4%
TOTAL	1202	100%

Source: The Conference Board and Bloomberg, 2014.

Sample Distribution, by Region

Industry	Number of companies	Percent of total
North America	583	49%
Latin America	19	2%
Europe	350	29%
Asia-Pacific	250	21%
TOTAL	1202	100%

Source: The Conference Board and Bloomberg, 2014.

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Matteo Tonello is managing director of corporate leadership at The Conference Board. In his role, Tonello advises members of The Conference Board on issues of corporate governance, risk management, corporate sustainability and citizenship. He regularly participates as a speaker and moderator in educational programs on best practices and conducts analyses and research in collaboration with leading corporations, institutional investors, and professional firms.

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Institute for Sustainable Value Creation

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