UCLA Center for Impact

UCLA Institute of the Environment & Sustainability

May 29, 2025

DATA WITH PURPOSE:

The State of Corporate Sustainability Disclosure

UCLA Center for Corporate Environmental Performance

Welcome!

- The Open for Good Initiative at UCLA
  - We provide transparent insight into the state of corporate sustainability disclosure among S&P500 companies.
  - Sustainability metrics, such as GHG emissions, are critical because what gets measured gets managed.
  - Transparent data is essential for informing decisions by stakeholders, including employees, investors, and consumers.
- Data and Analysis
  - We use publicly available data, including sustainability reports and regulatory filings.
- Mission and Impact
  - We aim to provide actionable insight into sustainability trends.
  - We highlight areas for improvement to drive more effective corporate transparency.

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The Team

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What We Analyzed

Last week, we launched our **2025 State of Corporate Sustainability Disclosure** report (third annual). This year, we focused our analysis of the **S&P500** on the following topics:

- GHG Emissions
- Climate Risk Assessment
- Climate Strategy
- Climate Governance

Further analysis can be found in the report on the **Center for Impact** website at **UCLA Anderson**.

2025 Report: Key Metrics

Climate	Risk Analysis	Strategy	Governance
• **Scope 1, 2, and 3 emissions** • Carbon reduction goals • Operational and strategic targets	• **Task Force on Climate Related Disclosure (TCFD)** • **Climate risk identification (physical and transition)**	• **Implementation strategy** 　◦ **Adaptation and mitigation** • Engagement strategy 　◦ Suppliers, Customers, Policymakers, & Industry Associations • Climate transition financial planning	• **Governance structure for managing climate** • **Board member competencies**

You can find more information about the non-bolded metrics in our full report.

2025 Report: Data Collection

Data Sources	Metrics	Method of Data Collection
Sustainability Reports	GHG Emissions & Risk Analysis	Manual
Transition Plans	Climate Strategy & Governance	Manual
Proxy Statements	Board-level Competencies	ChatGPT-4o mini

Quantitative metrics, (e.g., GHG emissions) were taken directly from public documents and filings. For each qualitative metric (e.g., renewable energy strategy), companies received a score of "0" if they did not disclose responsive information, "1" if they fully disclosed the relevant information, and "0.5" if they partially disclosed it. Following data collection, we ensured precision through cross-verification by a second team member for each entry.

Our report utilized 2023 data because, at the time of collection, companies had not yet reported their 2024 data. Companies frequently report the year after (e.g. most 2023 data was reported by the end of Q2 of 2024).

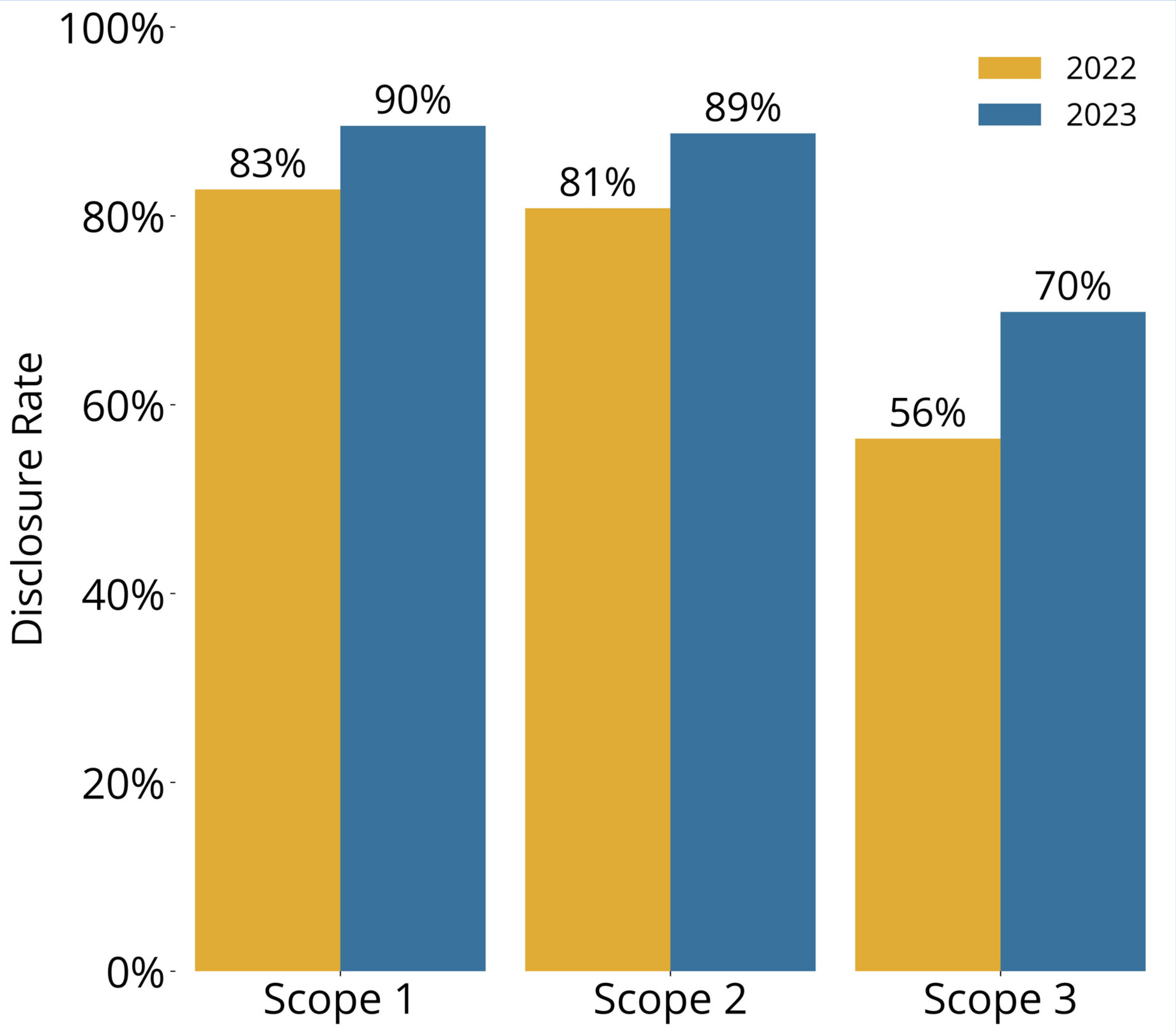
CLIMATE METRICS

GHG Emissions

GHG Emissions

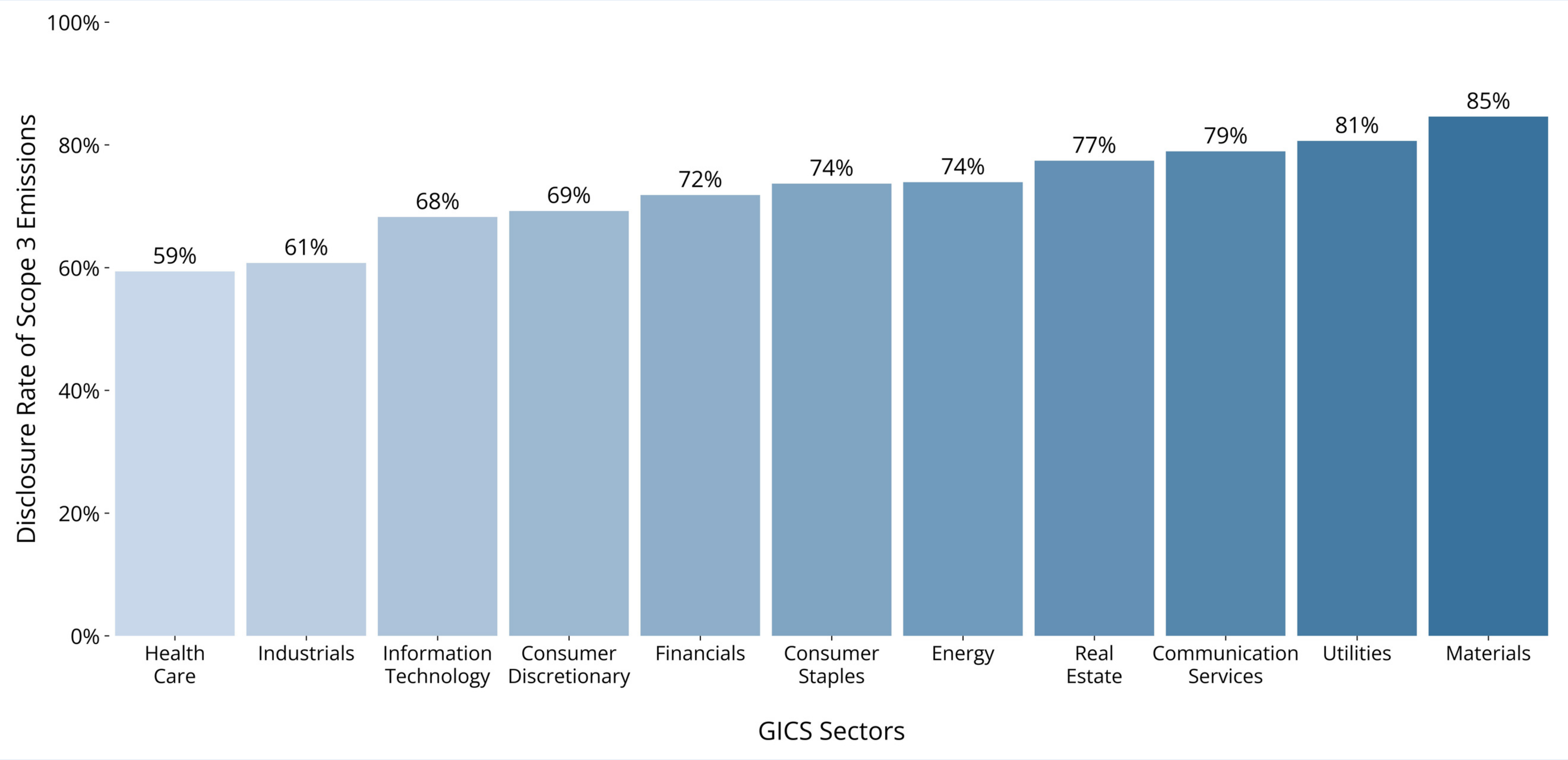
- The S&P 500 showed increased disclosure across Scope 1, 2, and 3 between the 2022 and 2023 reporting years
  - Largest increase in Scope 3 disclosure

- CA SB 253 requires reporting entities to annually disclose Scope 1 and 2 emissions, starting in 2026, and their Scope 3 emissions starting in 2027.



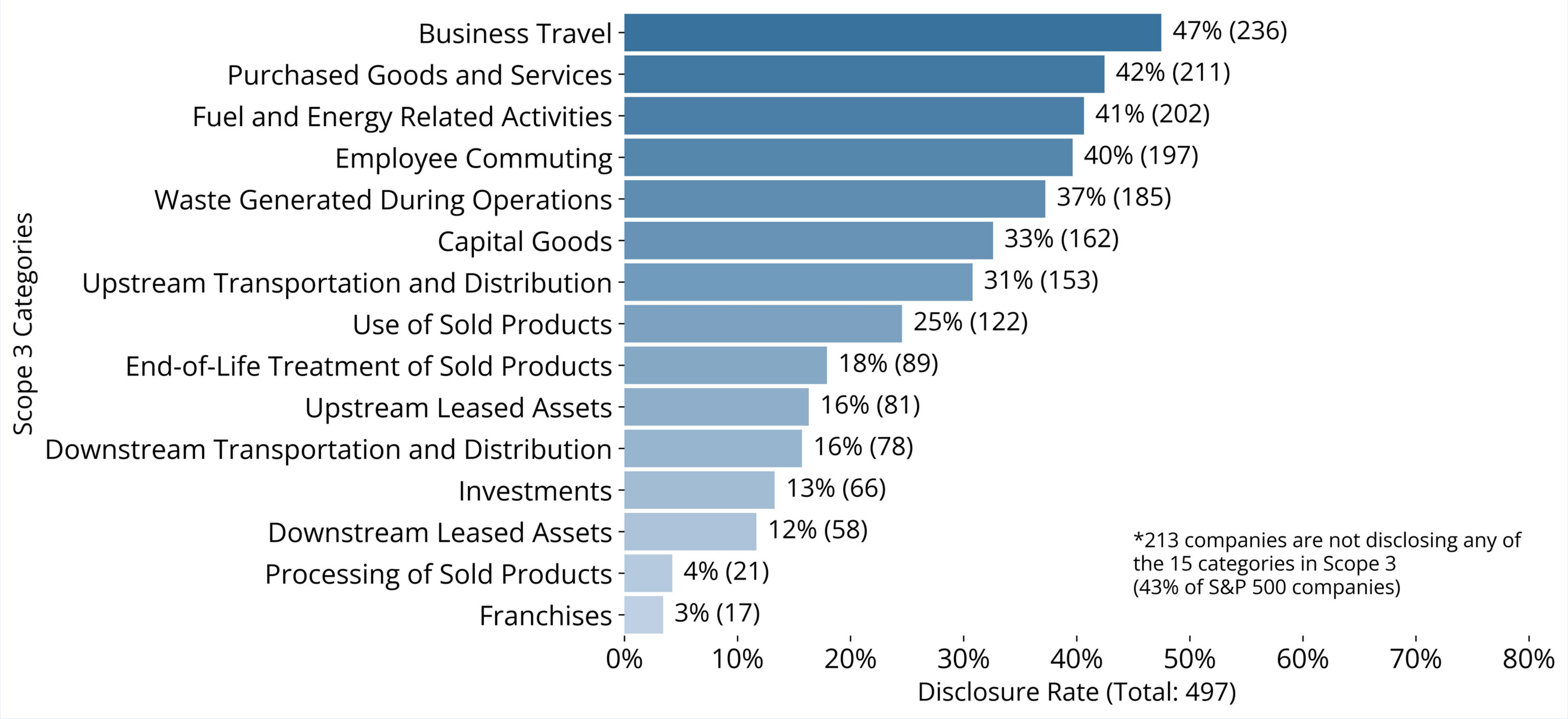
Scope 3 Emissions

Even though **increased disclosure** of Scope 3 emissions is promising start - we still see a **large disparity** across **sectors**. This is an issue because Scope 3 emissions **can represent 70% or more** of a company's total emissions footprint.



Scope 3 Emissions by Category

Only about 50% of companies **provide a categorical inventory** of their Scope 3 emissions. **Business Travel** is the **most commonly** disclosed category; however, it only makes up **12.5%** of total reported Scope 3 emissions.



Scope 3 Emissions: A Complete Inventory

Comcast Corporation (CCZ) discloses an example of a complete Scope 3 inventory.

Though they are not the only company to do this, it is **not very common in the S&P 500.**

Even though **Downstream Leased Assets** remain an **underreported category overall**, it is essential for a company like Comcast to be aware of their Category 13 emissions.

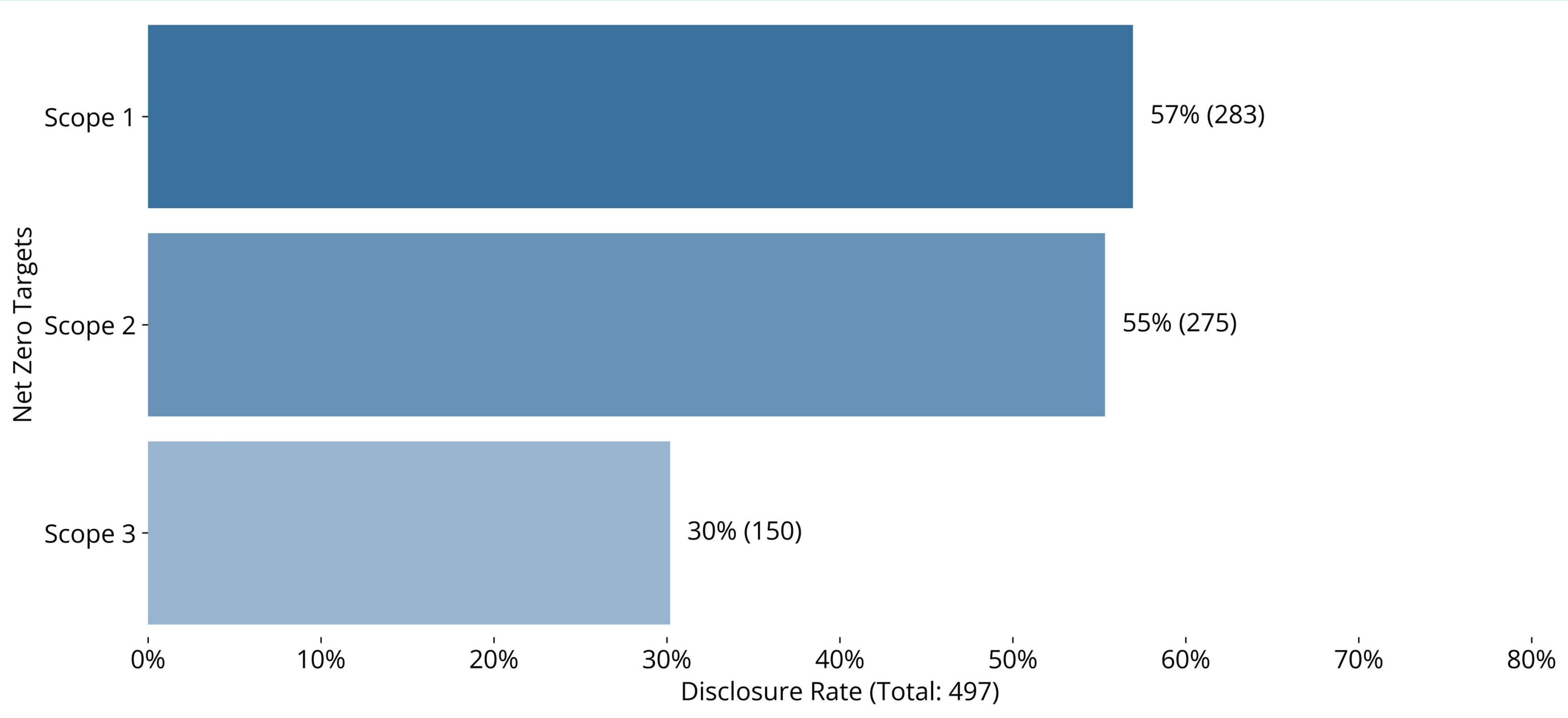
Scope 3 Category	Emissions (MT CO2e)	Percentage of Total Scope 3 Emissions
1. Purchased goods and services	3,466,000	32%
2. Capital goods	1,802,000	17%
3. Fuel- and energy-related activities	386,000	4%
4. Upstream transportation and distribution	273,000	3%
5. Waste generated in operations	21,000	0.2%
6. Business travel	173,000	2%
7. Employee commuting	198,000	2%
8. Upstream leased assets	58,000	0.5%
9. Downstream transportation and distribution	1,000	<0.2%
10. Processing of sold products	0	0%
11. Use of sold products	177,000	2%
12. End-of-life treatment of sold products	17,000	0.2%
13. Downstream leased assets	4,218,000	39%
14. Franchises	Not reported, as this category is not significant	N/A
15. Investments	Not reported, as this category is not significant	N/A
Total	10,790,000	100%

Net -Zero Targets

- **Growing commitment to Net -Zero between 2022 and 2023, especially for Scope 3 emissions** (24% to 30%)
- Targets range from pre-2025 (achieved) to 2045 and beyond

Interim Targets

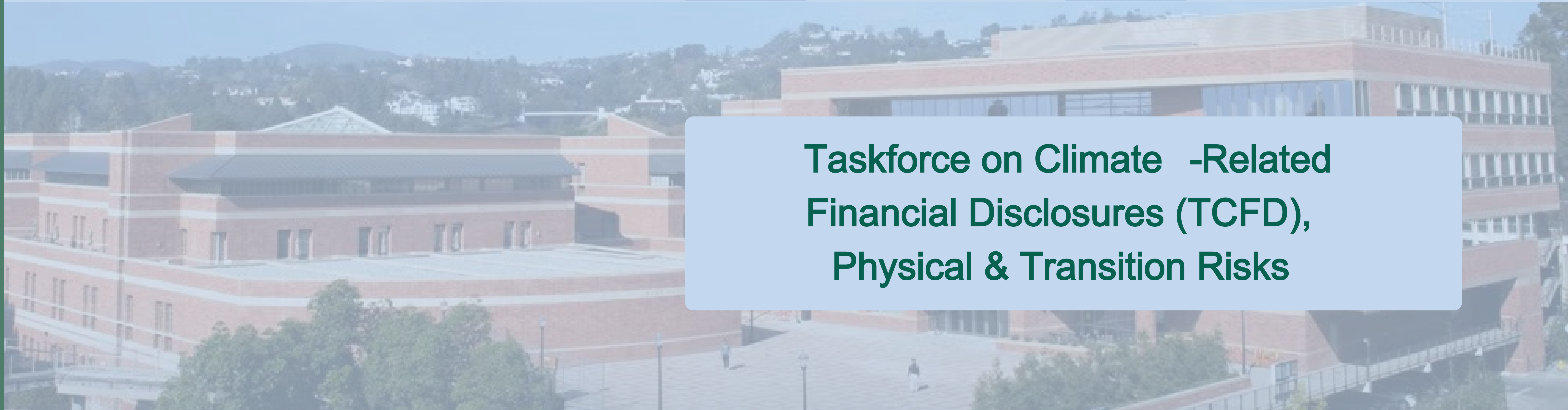
Only 44% of S&P 500 companies disclosed at least one interim target in 2023



Climate Metrics Summary

- Scope 1, 2, and 3 emission disclosures have improved, but the lack of standardization still makes this data hard to use for action.
- Long term Net -Zero targets have remained in place but with little details on interim steps.

RISK ANALYSIS



Taskforce on Climate -Related Financial Disclosures (TCFD), Physical & Transition Risks

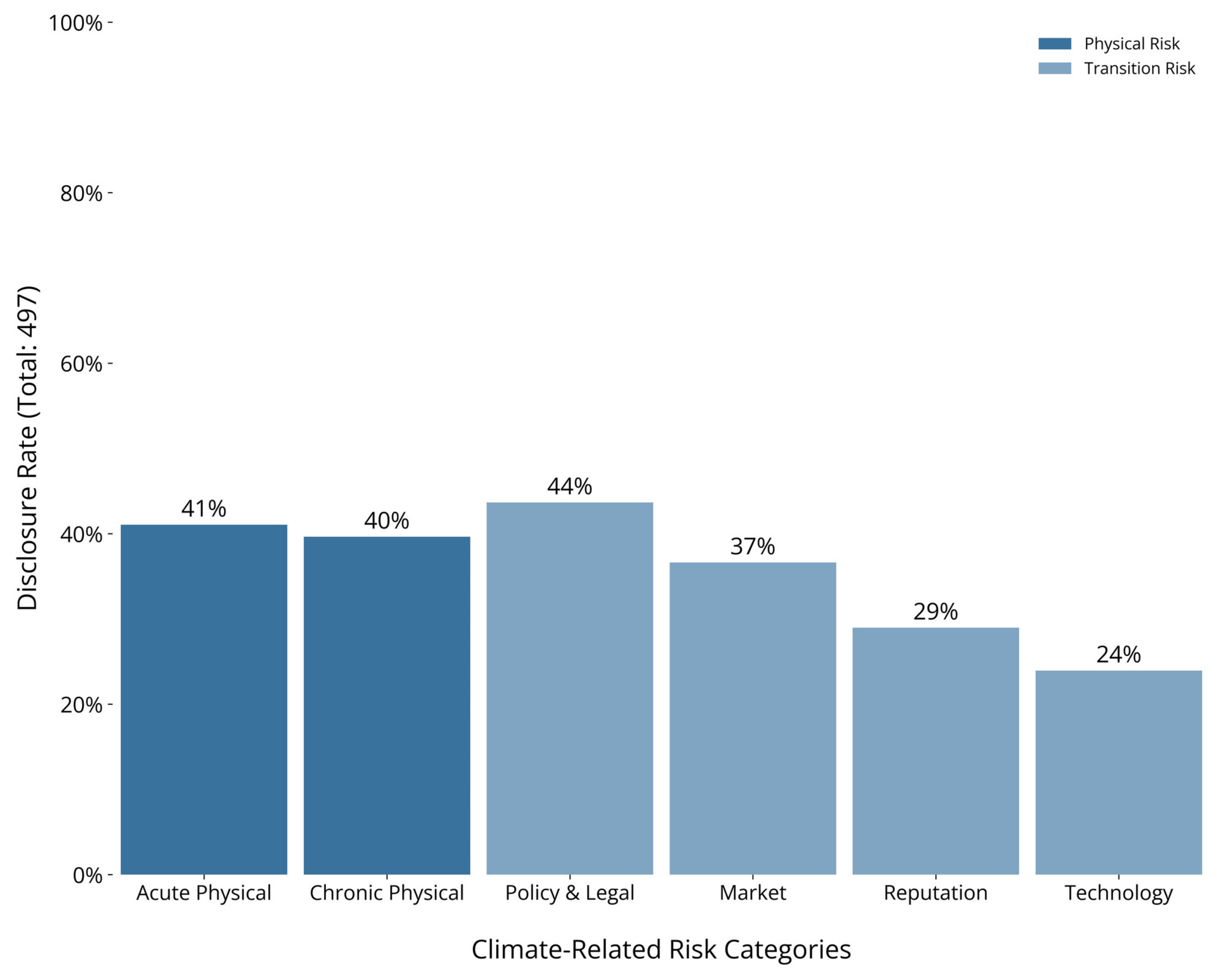
Understanding Climate Risks

- **Physical Risks:** Potential financial losses from direct physical impacts of climate change such as:
  - **Chronic physical risks:** level rise, extreme heat, and increased frequency and severity of weather events
  - **Acute physical risks:** flood, drought, wildfire, hurricane, cyclone, and tornado

- **Transition Risks:** Financial and operational risks due to shifting to a low-carbon economy, such as:
  - Policy changes
  - Technological disruptions
  - Market shifts
  - Evolving stakeholder expectations

Climate -Related Risks

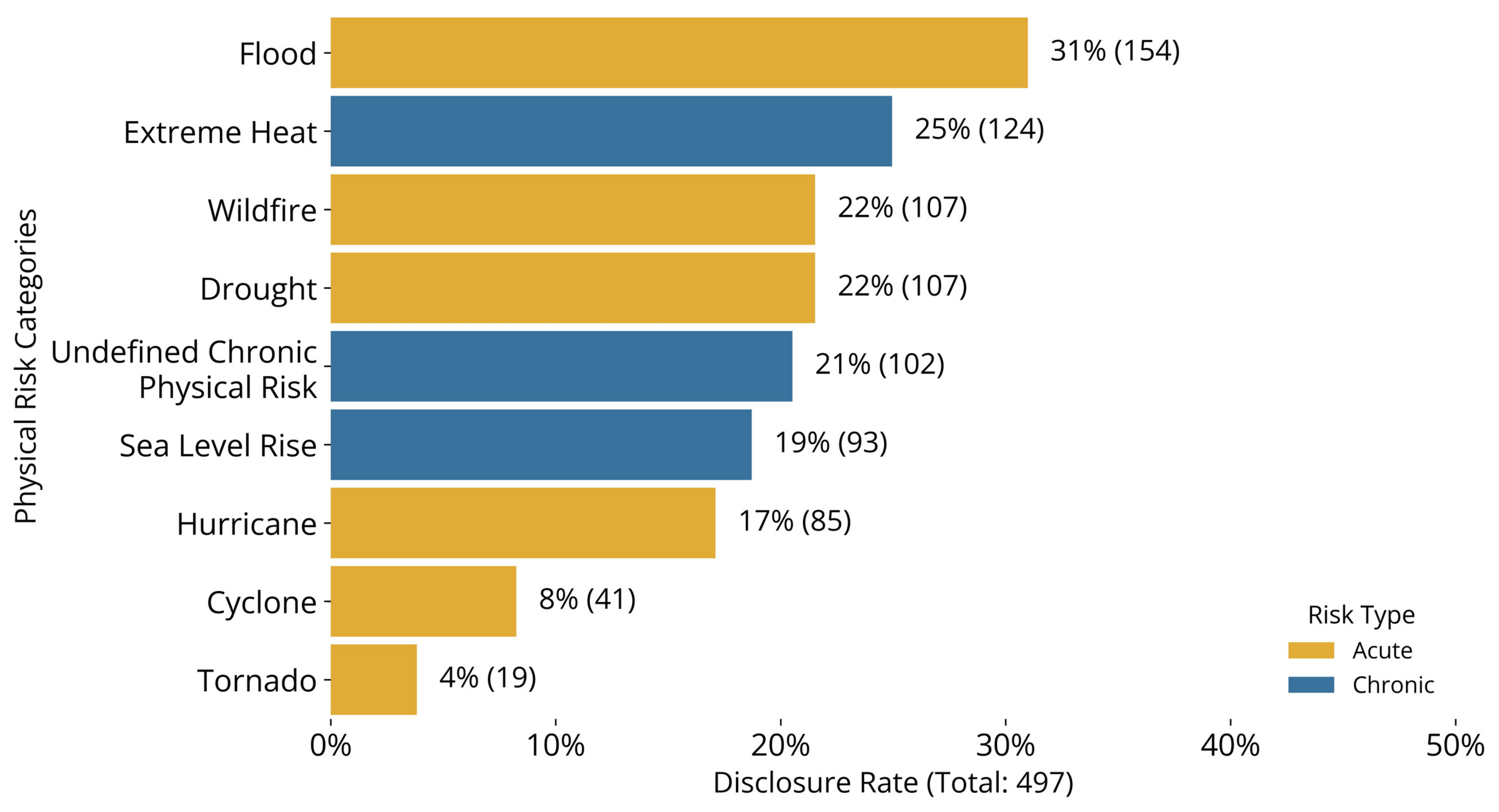
- We observed a range of disclosure of climate -related risks amongst S&P 500 firms
  - 69.5% of S&P 500 firms disclose in line with TCFD*
- CA SB 261 requires reporting entities to biennially publish a report on climate - related financial risks and measures adopted to reduce and adapt to climate - related financial risk starting in 2026



*TCFD was disbanded in 2023; however, the 2023 reporting year had not fully integrated these changes.

Physical Risks

We observed relatively low disclosure rates of specific physical risks.



CLIMATE STRATEGY

Transition Planning, Mitigation & Adaptation Strategies

Climate Transition Plans

A **climate transition plan** is part of an organization's overall strategy that maps targets, actions, and allocation of resources to its transition to a lower-carbon economy. A good transition plan includes the following elements:

Implementation Strategy

Operational actions, such as renewable energy procurement

Engagement Strategy

Collaboration with external stakeholders, such as suppliers

Metrics & Targets

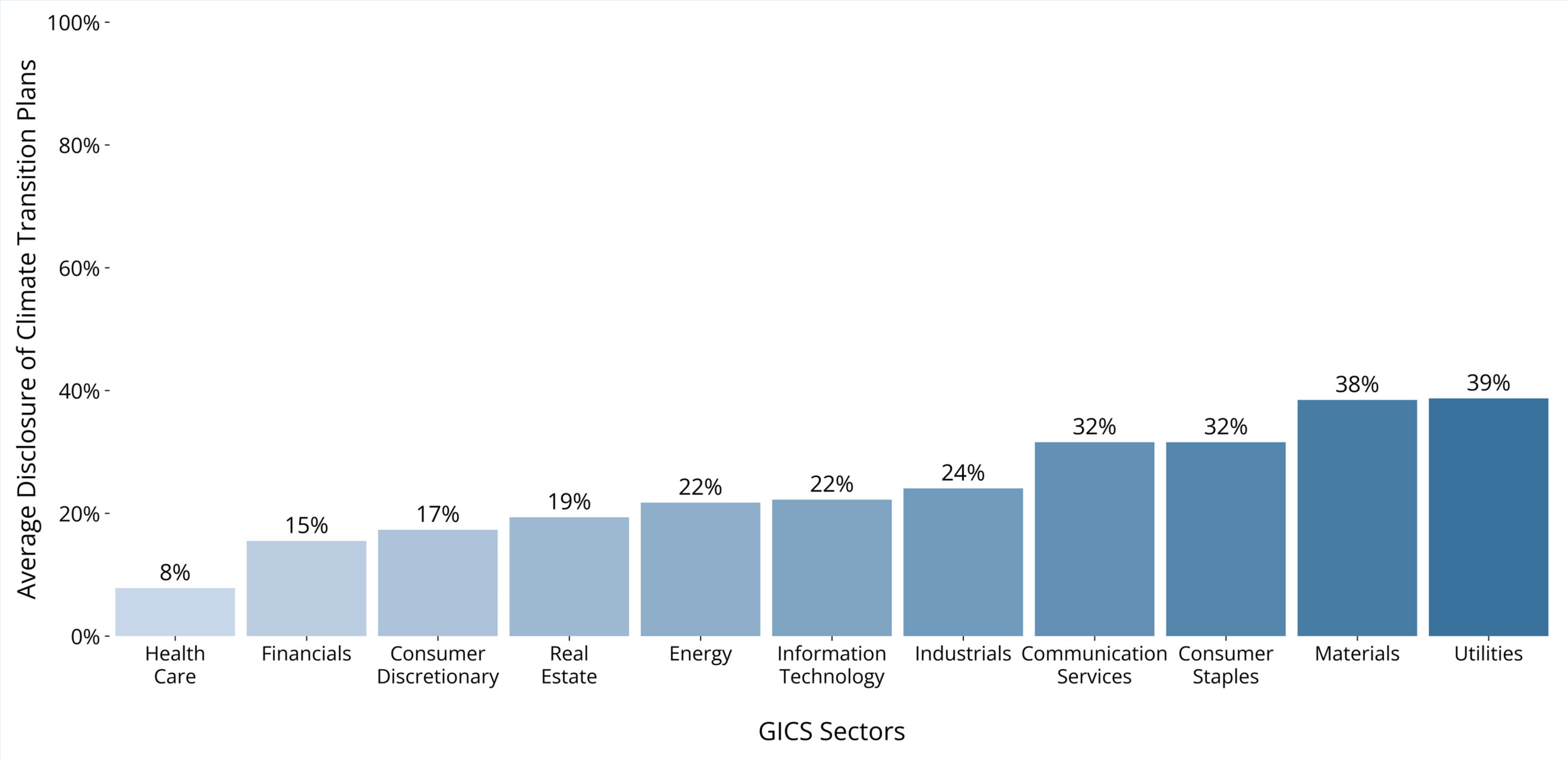
Operational, Financial, and GHG targets and measurements of progress

Governance

Oversight, responsibility, and competencies

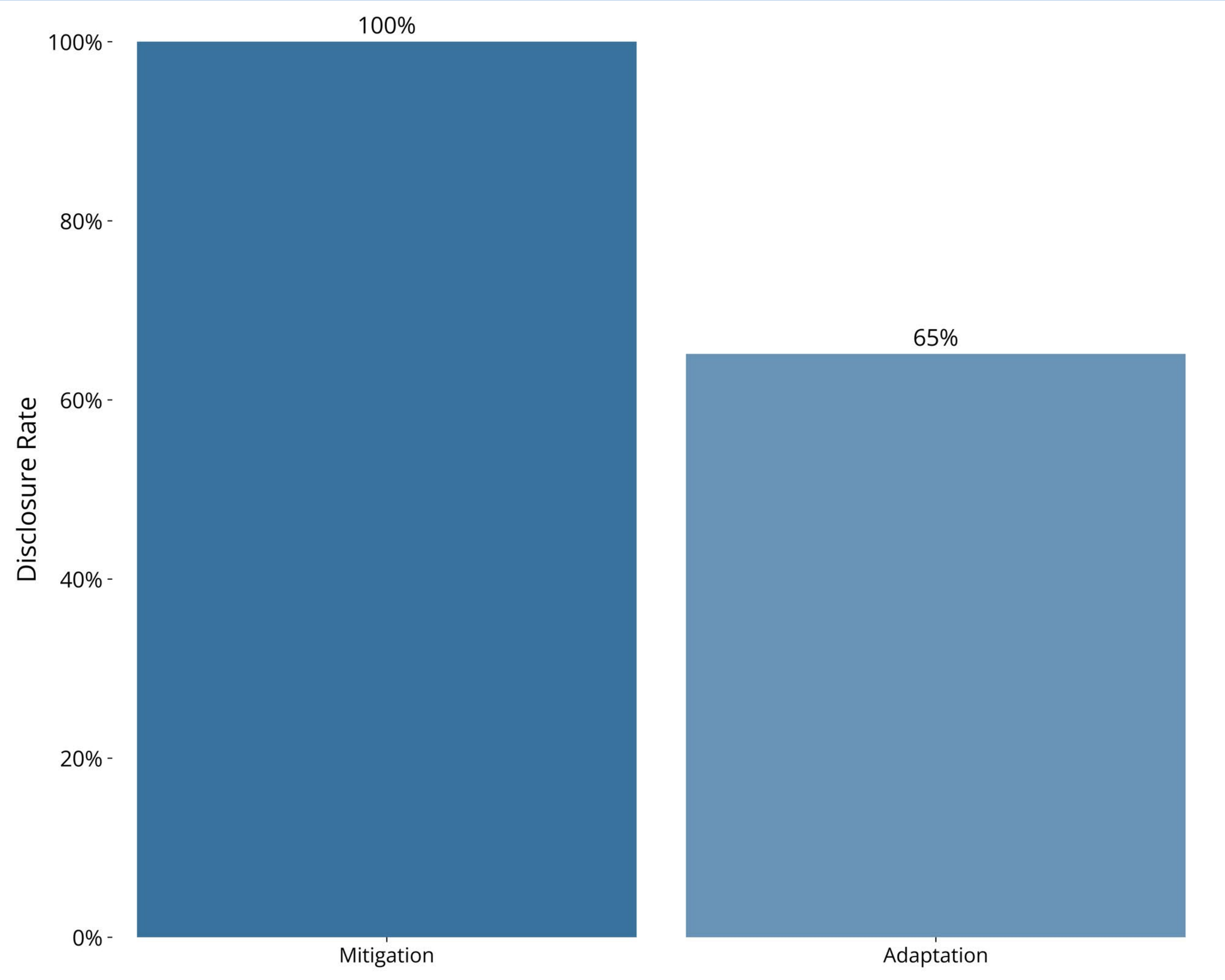
Climate Transition Plans

Overall, 24% of S&P 500 companies publicly disclose a climate transition plan. Some high -emitting sectors, such as Energy and Industrials, fall short on this disclosure.



Climate Strategy

- Stark contrast between disclosed adaptation and mitigation strategies in Climate Transition Plans
  - Mitigation includes:
    - Renewable energy
    - Climate tech/solutions
    - Stop fossil fuel exploration/use
    - Phase out fossil fuel use
    - Decommission fossil fuel assets
  - **Adaptation** includes preventative measures related to **infrastructure**, nature, institutions, and behaviors



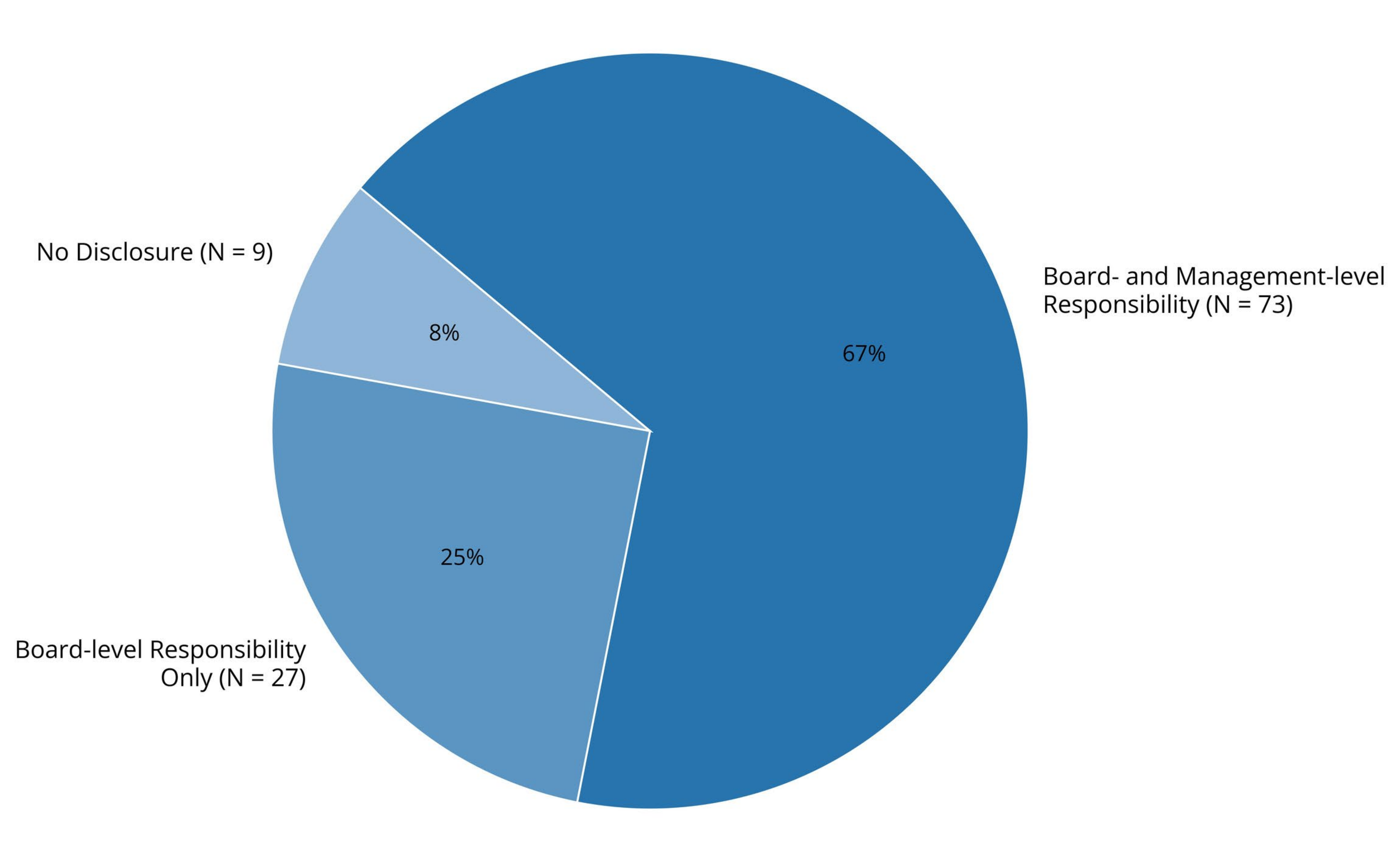
CLIMATE GOVERNANCE

Structure & Competencies

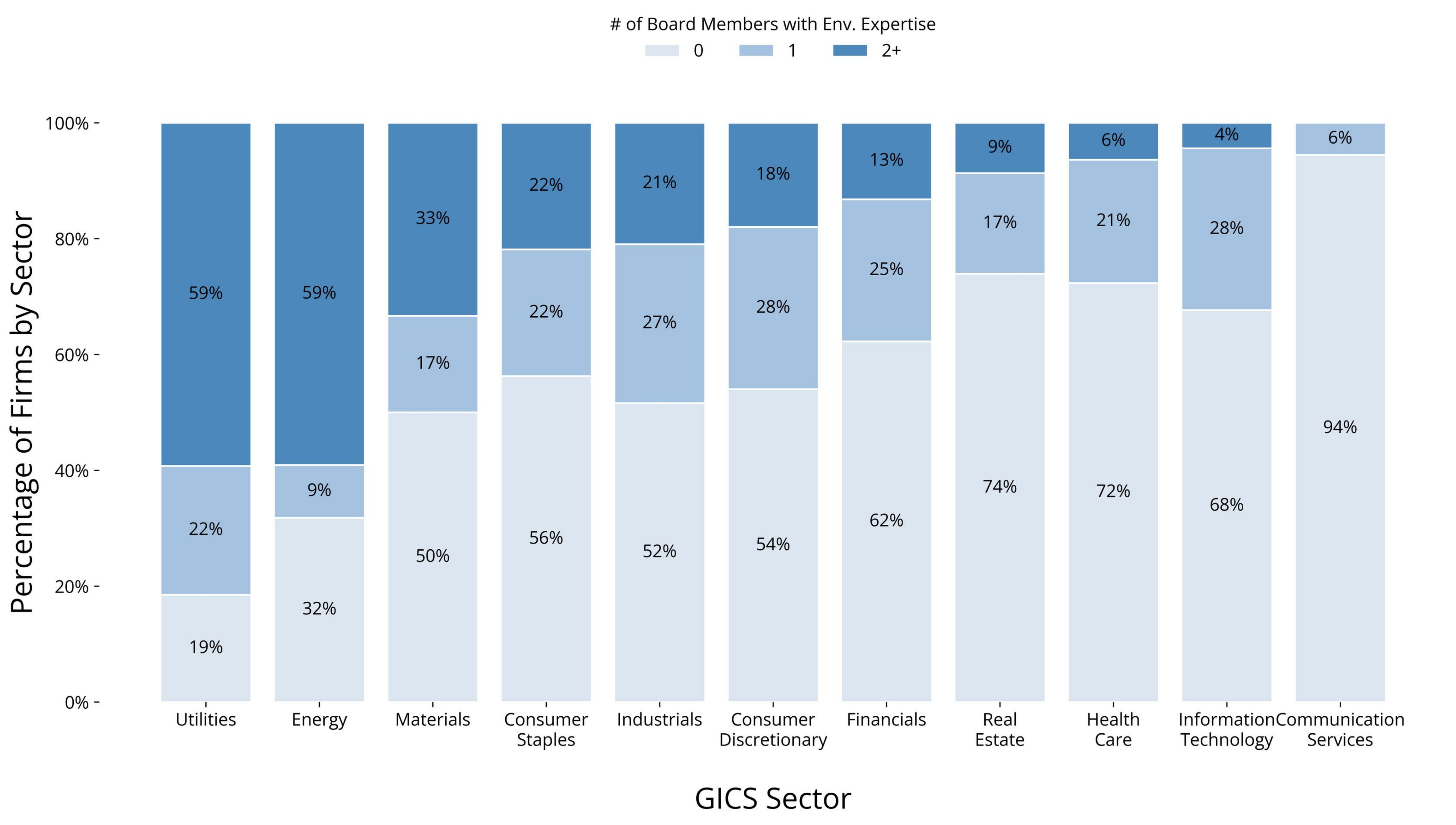
Governance of Climate Strategy

- Refers to the **structure, roles, and responsibilities** within a company that ensure climate-related strategies are **developed, implemented, and monitored**

- This highlights the prevalence of board-level oversight regarding a company's climate transition



Board -Level Environmental Competencies



Environmental competencies can include education or expertise in the following areas:

- sustainability or environmental sustainability
- environmental policy implementation
- sustainable innovation
- environmental projects and experience
- ESG or ESG matters
- climate change
- climate change and emissions oversight
- environmental and energy policy
- renewables or renewable energy

Our data indicate that in 2023, 4,644 individuals served as directors on S&P 500 corporate boards. On average, only 7% of board members were identified as having environmental competencies.

Key Takeaways

- Disclosure rates of **Scope 1, 2, and 3** emissions are improving, in time for **SB 253**.
- The majority of firms align with **TCFD**, but disclose climate-related risks at a lower rate. This is important for **SB 261**.
- Governance of climate is mostly at the **board level** but there still **lacks environmental competencies**.
- There is some emergence of **climate transition planning**, however companies may still lack **integrated strategies** for achieving their long-term targets.
- Climate disclosure overall remains opaque, **calling into question data quality** and **leading to the need to standardized disclosures**.

THANK YOU!

Check out our website! -->

Stay in touch!