CONNECTED IMPACT | RINGER SCIENCES

The Transparency Index 2024

Contents

The Transparency Index 2024 is the first comprehensive analysis of transatlantic sustainability transparency. Connected Impact, in partnership with Ringer Sciences, analysed over 600,000 corporate communications, across 12 months, to generate the first ever assessment of Environmental, Social, and Governance (ESG) disclosures and communications of the top 200 companies in the UK and US.

From boycotts over corporate sponsorships to election-related fake news, the business environment is now subject to complexity, misinformation and obfuscation - and a lack of trust. But trust is essential for healthy economies and business growth.

Transparency is the mechanism by which trust is created and shared. Businesses that disclose and communicate their position - despite the business and political environment, despite the difficulties and risks - deserve great credit. The clear communication of baseline data and incremental improvement is much more important than the glossy promotion of performance.

By analysing 600,000 social media communications, the Index identifies the discrepancies—or **transparency gaps**—between what companies do and disclose, and what they say. We argue that businesses with minimal gaps, balancing communication and disclosure, are better positioned to build trust with investors, consumers, and employees.

Our findings indicate that many companies balance ESG commentary and chatter, with factual disclosures about performance. However, a significant number exhibit transparency gaps, often disclosing more than they communicate; a few over-promote ESG topics relative to actual disclosures.

Armed with this report, you can now see where your business meets the top 200 businesses in the UK and US. This is an opportunity to quantify – and close – the gap between company disclosures and communications so your stakeholders can make better business decisions. This is an opportunity to chart progress and move, together, resolutely, toward fairer markets and responsible business.

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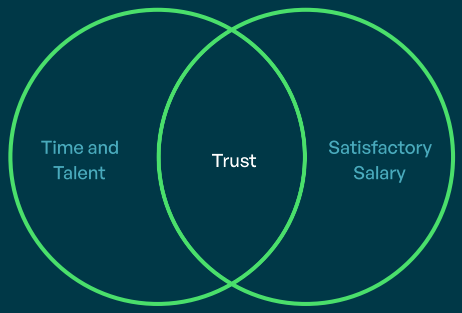
Why **Transparency** Matters

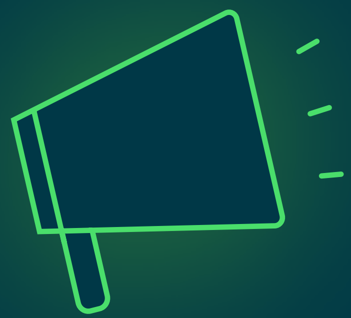


Healthy economies are built on fair exchange. We work hard to exchange goods and services for an acceptable price; we offer our talent and time for a satisfactory salary. Trust determines whether these trades work.

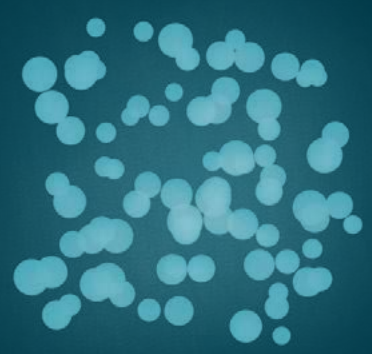
Now add fragility to complexity. **Your stakeholders' trust is hard-won but easily broken.[3]** Ask the investors in the energy company ridiculed for allegedly spending $30m a year on biofuels, while its 'environmental marketing' costs $56m annually. Ask the customers of the asset manager forced to drop its fund's 'carbon calculator' by a consumer protection agency because the reductions were estimates, not calculations.

Transparency is the mechanism by which trust is created and shared. This makes transparency the ultimate catalyst for healthy markets and business growth. The transparency of your business exchanges, disclosures and communications - and the subsequent trust of your employees, customers and investors - grants your business its legitimacy and license to operate. It also makes commercial sense: 64 per cent of consumers are more likely to buy from brands they believe act responsibly.[1]

64%
of consumers choose responsible brands[1]



Businesses that disclose and communicate their Environmental, Social, and Governance position – despite the business and political environment, despite the difficulties and risks – deserve great credit. The clear communication of baseline data and incremental improvement is much more important than the glossy promotion of performance.



In today's complex business environment, dependence on and trust in others is crucial. From corporate sponsorship boycotts to election-related misinformation, **we face an 'infodemic' of complexity and obfuscation.[2]** Amid financial, environmental, energy, and geopolitical crises, the need for reliable, curated information has grown. Trust and transparency are now more valuable than ever in this evolving landscape.

Transparent communication of verified progress shapes stakeholder understanding, supporting informed consumer and investor decisions. Distinguishing tokenistic from genuinely sustainable companies is crucial. Without performance data, capital flow is interrupted.[4] Transparent competitor communications give each business a fair chance to succeed, allowing leaders to scan the market, see peers clearly, and make better strategic decisions.

Transparency helps us all make better business decisions.

More than a decade ago, the Harvard Business Review wrote: “an honest green story starts from inside the company.”[5] This still holds true. Activists, regulators, customers, investors and employees rightly, persistently, seek clarity and accountability.

This is why we created **The Transparency Index 2024.**

Important **regulatory, legal, political** and **cultural developments** in 2023/4.

Since **The Connected Impact Transparency Index 2023**, significant shifts have occurred: ESG now symbolises US political divisions, with 'stakeholder capitalism' and 'woke capitalism' at odds. Financiers rely on ESG frameworks for investments, while consumers prefer less politicised language. In Europe, major frameworks and task groups were consolidated in 2023/4, offering clearer business guidance, amid a rise in legal challenges to socially and environmentally responsible practices.

January 2023
The **Corporate Sustainability Reporting Directive** came into effect. This legislation applies to listed small and medium-sized enterprises (SMEs) and large companies, with the first set of companies as part of the phased entry to begin reporting from 2025. It will also apply to any company with an EU-based subsidiary generating over €150 million from 2028, with first reporting in 2029.

January 2023
The UK **Competition and Markets Authority** (CMA) cited concerns over green claims in the discretionary consumables sector.

March 2023
The European Commission's **Green Claims Directive** proposed companies breaching new rules regarding green claims could face fines of over 4 per cent of their annual turnover. In June 2024, the directive was taken to the **European Parliament** elections who agreed to introduce the directive into European national law within 24 months.

May 2023
Litigation regarding climate change increased, with 190 new cases filed between 1st June 2022 and 31st May 2023. **Climate change litigation** increased to 230 cases in the following 12-month period.[6]

May 2023
Tesla inc is sued over emissions from California plant with plaintiff alleging violations of the federal Clean Air Act.[7]

June 2023
The **International Sustainability Standards Board** published General and Climate-related disclosures fully integrated with the **Taskforce on Climate-related Financial Disclosure** (TCFD) guidance.

August 2023
The **Financial Conduct Authority** (FCA) went into a consultation period regarding the integration of the **Transition Plan Taskforce** (TPT) and **International Sustainability Standards Board** (ISSB)'s standards into the FCA Handbook. The ISSB and TPT are anticipated to form part of mandatory requirements in the UK from 2025.

September 2023
The **Taskforce on Nature-related Financial Disclosures** (TNFD) published guidance after consulting multiple industries and countries. This framework identifies impacts and dependencies on nature, and nature-related business risks and opportunities. The TNFD's disclosure recommendations are incorporated into the **Corporate Sustainability Reporting Directive** (CSRD) and the **European Sustainability Reporting Standards** (ESRS) requirements.

October 2023
The **Transition Plan Taskforce** (TPT) published final version of the disclosure framework. The TPT and the **International Sustainability Standards Board** (ISSB) are both under consideration by UK Government as potential UK sustainability standard requirements as detailed in the **2023 Green Finance Strategy**.

October 2023
With remit complete, and upon request of the **Financial Stability Board** (FSB), **TCFD was disbanded**.

November 2023
The UK Financial Regulator (FCA) releases policy statement on the Sustainability Disclosure Requirements (SDR) to support the "design, delivery and disclosure" and description of funds by fund managers.

December 2023
The **European Sustainability Reporting Standards** were published in the EU's official journal.

December 2023
An investigation was launched into **Unilever** under the UK Green Claims Code consumer protection law for publishing allegedly misleading statements about its products' environmental effects.

January 2024
EU's **Corporate Sustainability Reporting Directive** came into effect for large companies that were already subject to the Non-Financial Reporting Directive. Factors covered by the directive must be tracked and shared in annual reports.

March 2024
UK regulator, CMA, reviewed the environmental claims of three fast fashion brands – **Boohoo**, **Asos** and **Asda** – and identified examples of greenwashing. From March 2024, the companies agreed to provide prominent and transparent information about environmental claims.

March 2024
The **US Securities and Exchange Commission** adopt rules to enhance and standardise climate-related disclosures for investors. The requirements will be phased in from 2025 financial year onwards.

May 2024
The **anti-greenwashing rule** came into effect for all FCA-authorised firms.

Definitions

Transparency means communicating with clarity and sincerity, so business actions and inactions are easy to access, recognise and understand.

To assess transparency, we consider **information symmetry** and the balance of company information and disclosures across different departments, channels and geographies. We consider **accessibility** and how your information is curated, signposted, linked, evidenced and presented for stakeholders. We consider **data integrity** and alignment with reporting guidelines; we consider **data assurance**, units of measurement, and comparability and consistency year-on-year. Lastly, we consider **information quality** and the extent to which it is aligned with internationally recognised reporting frameworks and material sustainability metrics.

Transparency Gap

A transparency gap is the quantified difference between your factual disclosures on a particular topic and your commentary or communication on the same topic. Transparent communication proportionately aligns the quantity and quality of qualitative content on a topic, with detailed and evidenced quantitative disclosure on the same topic. The range of a transparency gap is classified as one of five transparency tiers. Companies in Tier One are more transparent with regard to a specific topic, than companies in Tier Five.

A transparency gap is observed as either a disclosure gap or a communication gap:

Disclosure Gaps

A disclosure gap occurs when the proportion of communication on a topic exceeds a comparable level of disclosure on the same topic.

This indicates there are opportunities to support or rebalance company communications with increased disclosure of activities promoted.

Communication Gaps

A communication gap occurs when disclosure on a topic is comparably more than communication on that same topic.

A communication gap indicates there are opportunities to better communicate disclosed activity with stakeholders to facilitate better business decision making.

Sustainability

Sustainability refers to living, working, operating and trading to meet the needs of today, while ensuring there are sufficient resources available for future generations to meet their needs.

ESG

There is no universally accepted definition of ESG. It refers to the environment, social and governance factors businesses consider when making decisions and analysing the impact of these decisions on their stakeholders. These factors are also used by investors and third parties to assess and measure an organisation's sustainable and ethical decision-making and business operations.

Greenwashing

Greenwashing describes when disinformation is disseminated by an organisation to present an environmentally responsible public image, often at odds with organisational efforts. It is a public image of environmental responsibility promulgated by – or for – an organisation but perceived as unfounded or intentionally misleading.

Greenwashing includes presenting an inaccurate picture of activities by overstating positive improvements and understating more negative elements of the business.

Greenhushing

Greenhushing is when organisations choose not to publicise details of climate targets, or plans to reach targets, to avoid scrutiny and allegations of greenwashing.

Recent research suggests that investors may struggle to differentiate between companies that provide information just to support their appearance as a sustainable business, and those that have high levels of information and performance. This is known as 'decoupling practice' and has similar impacts to 'selective disclosure' or greenhushing.[8]

The **Transparency Index** Rankings

In **The Transparency Index 2023**, analysis revealed a FTSE 100 transparency gap between baseline disclosures and aspirational targets. In some sectors, lack of transparency regarding Scope 3 emissions undermined the FTSE 100's declared net zero ambitions.

A **large transparency gap** was also identified between the **disclosure of ethnic diversity** at board level and at workforce level. This potentially indicated some FTSE boards were **'dressed'** to obscure poor performance elsewhere in the company.

"Sector norms" was a common – but unsatisfactory – reason cited in FTSE annual reports for lack of employee diversity. **The Transparency Index 2023** demonstrated mandatory disclosure recommendations regarding diversity, work better than voluntary 'best practice' recommendations. The FTSE 100 was ranked into **five Transparency Tiers** according to select disclosure scores from combined **Social and Environmental topics**.

Last year, ESG disclosures and communications were combined and analysed in one index. This year, data has been collected and analysed separately as **environment transparency**, **social transparency** and **governance transparency**. This additional detail means our understanding of a company's best practice in one area doesn't occlude poorer practice elsewhere. The new expanded Transparency Index 2024 quantifies the **transparency gap** between factual disclosures and communications on three topics, representing E, S and G respectively: **emissions**, **diversity** and **inclusion**.

See Methodology on page 44 for further information.

Environment Transparency Index 2024

This analysis considers the **environment transparency** of the UK's FTSE 100 and the top 100 largest public and private US companies using publicly available revenue data. The difference between emissions disclosures and communications has been studied as indicative of environment transparency.

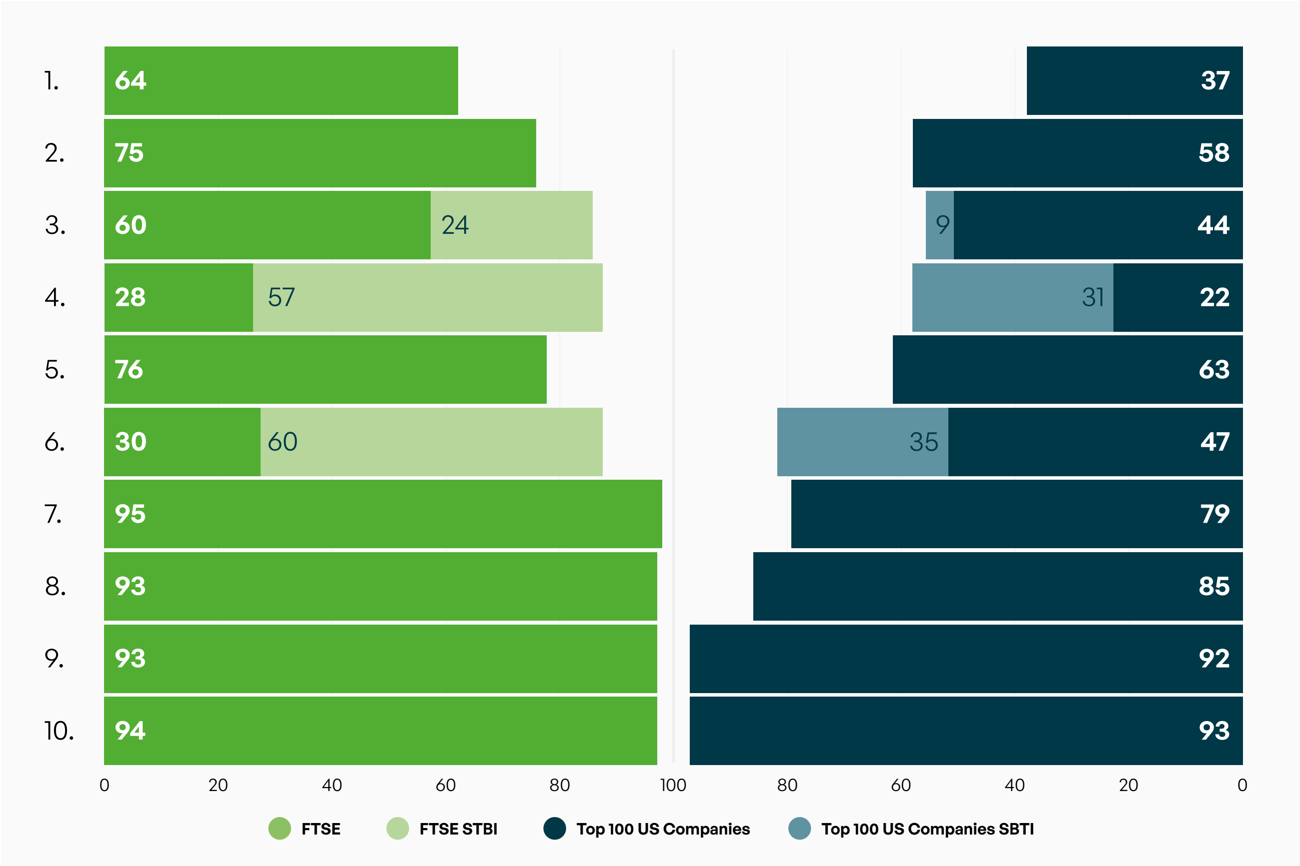
Environment disclosures analysed include:

- **Scope 1 emissions:** Emissions associated with a company's owned or controlled operations[9]
- **Scope 2 emissions:** Emissions associated with purchased electricity
- **Scope 3 emissions:** Indirect emissions, which result from the activities of the company. Scope 3 emissions include those that occur upstream (for example, through purchased materials or goods) and downstream (for example, through waste disposal or transportation of goods)
- Breakdown of Scope 3 emissions to encompass more than Category 6, business travel, according to the GHG Protocol
- Short, medium and long-term reduction targets for the company's operations and supply chain
- Whether targets are science based (Science Based Targets Initiative approved)
- Whether the company has an accessible transition plan

Disclosure of carbon emissions remains a critical indicator of company, market and economic sustainability.

According to the CDP (formerly known as the Carbon Disclosure Project), the largest reductions in Scope 1 and 2 emissions between 2019 and 2022 were observed in the financial services sector (-28%) and chemicals industries (-25%). The metals and mining sector demonstrated an overall increase in Scope 1 and 2 emissions (+3%), whilst steel and agricultural commodities demonstrated negligible change (-5% and -1% respectively).[10]

Full environment transparency is represented by proportionate and balanced alignment between the **detailed, evidenced quantitative disclosure** regarding emissions, with **quantity and quality of qualitative communications** content on the topic of **emissions**.



The above graph details the percentage of FTSE 100 and leading US companies that disclose data or information relating to **13 different climate related areas**:

1. Transition Plan
2. Scope 1&2 Emissions
3a. Target- Net Zero
3b. Disclose a Net Zero target approved by SBTi
4a. Target- Scope 3
4b. Disclose a Scope 3 target approved by SBTi
5. Scope 3 Emissions (Beyond Business Travel)
6a. Target- Scope 1
6b. Disclose a Scope 1 target approved by SBTi
7. Scope 3 Emissions (Total)
8. Alignment with GHG Protocol
9. Scope 2 Emissions
10. Scope 1 Emission

The FTSE 100 disclose more climate change data than the top 100 US companies.

82%

82% of the top US companies disclose a Scope 1 or Scope 1 and 2 emissions target, compared to 90% of the FTSE 100.

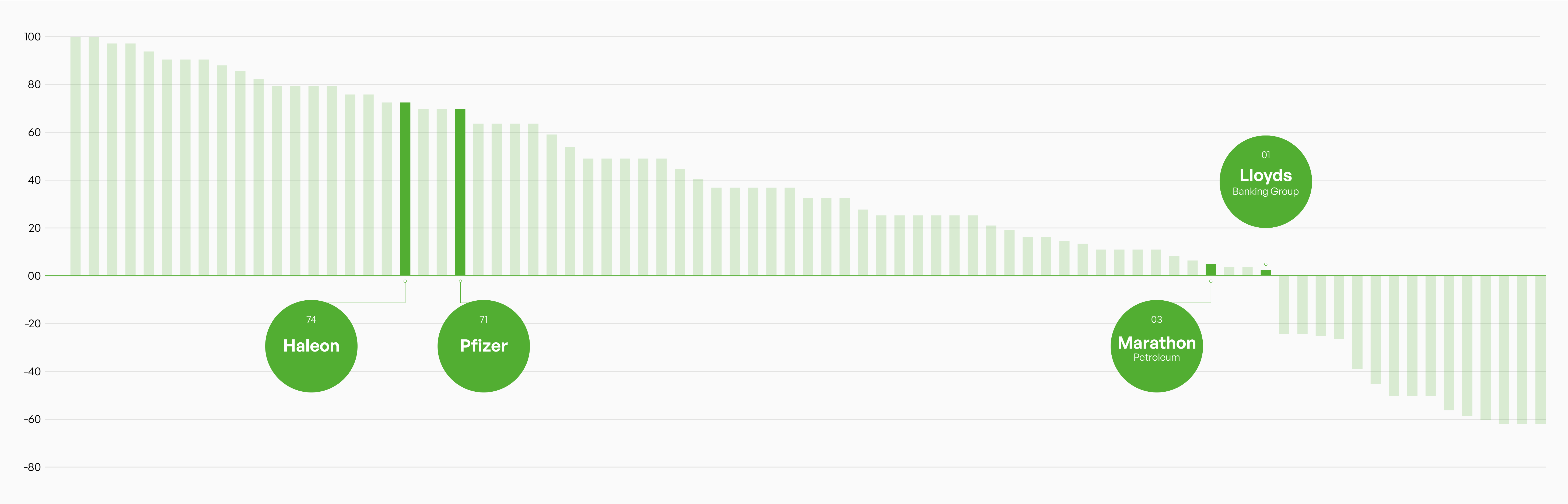
60%

Almost two thirds of the FTSE 100 have an SBTi approved Scope 1 or Scope 1 and 2 emissions target, only 35% of the top US companies have an SBTi target for these emissions.

76%

FTSE 100 companies disclose more about the emissions in their supply chain, with 76% of companies disclosing Scope 3 emissions in two or more categories, compared with 63% of US companies.

Top 14 Tier One Transparent UK/US Companies 2024: Environment Category



The companies on the right demonstrated environment transparency by aligning detailed, evidenced quantitative disclosure regarding emissions, with the quantity and quality of qualitative communications content on the topic of emissions.

Analysis revealed these companies demonstrated greater environment transparency than all other FTSE 100 and top 100 largest US companies sampled. Companies were categorised into five transparency tiers and nine different transparency classifications.

To identify the transparency tiers of other businesses sampled, contact Dr Lucy Walton at **lwalton@connectedimpact.com**

UK

- **Anglo American plc.** *Basic Materials*
- **B&M Euro. Value Retail SA.** *Consumer Discretionary*
- **BT Group plc.** *Telecommunications*
- **Diploma plc.** *Industrials*
- **Land Securities Group plc.** *Real Estate*
- **Lloyds Banking Group plc.** *Financials*
- **Rio Tinto plc.** *Basic Materials*
- **SEGRO plc.** *Real Estate*
- **Smiths Group plc.** *Industrials*
- **Taylor Wimpey plc.** *Consumer Discretionary*

US

- **Amazon.com, inc.** *Technology*
- **ConocoPhillips.** *Energy*
- **Marathon Petroleum Corporation.** *Energy*
- **Plains GP Holdings LP.** *Energy*

Best Practice US Spotlight:
Environment Transparency

Marathon Petroleum Corp. (Marathon Petroleum) demonstrated balanced communications and disclosures.

Marathon Petroleum displays environmental initiatives and achievements on its website homepage, as well as a link to a dedicated 'Sustainability' section. In this section, disclosure of emissions data is presented in an easily accessible way, with quick links to recent sustainability reports and detailed performance analysis. However, the business only reports on 30.7% of all emissions-related disclosures.

Looking at its social media activity, the business does not oversaturate its posts with climate related topics. Those that do relate to climate tend to be news stories – such as the company providing fuel to the world's commercial transatlantic flights using 100% sustainable aviation fuel, as opposed to tokenistic posts about its green targets. This puts Marathon Petroleum in a position of balance – with stakeholders aware of its climate efforts without being misled about its level of activity.

Disclosure of the business' emissions data is presented in an easily accessible way with detailed performance analysis.

100%

Sustainable aviation fuel provided to commercial transatlantic flights

30.7%

Emission-related disclosures reported

Best Practice UK Spotlight:
Environment Transparency

Lloyds Banking Group plc. **disclosed 46.1% of emissions disclosures**, in balance with the proportion of social media posts on the same topic.

Lloyds Banking Group plc (Lloyds) featured an 'Environmental Sustainability' tab on its homepage, which outlines the company's environmental goals, the schemes in place to achieve them, and current progress in green lending and investments.

It provides relevant statistics and information on 46.1% of environmental disclosures, suggesting there is room for improvement. However, we were impressed with the balanced promotion of these efforts on social media, with posts generally focused on social topics, or linking to reports on sustainability – namely on improving the green credentials of the UK's housing stock. It had one post in the period that reported its own targets – reiterating commitments to reduce direct carbon emissions by 90% by 2030.

Lloyds balance promotion of ESG efforts on social media.

90%

Commitment to reduce its direct carbon emissions by 90% by 2030

46%

Emission-related disclosures reported

Some companies did more than they promoted or communicated on the topic of emissions. This **communication gap** occurs when disclosure on a topic is comparably more than communication on the same topic. It indicates there are opportunities to better share disclosed activity with stakeholders.

Pfizer and Haleon demonstrate best practice through their high disclosure of emissions data.

Pfizer

Best Practice US Spotlight:
High Disclosure of Emissions Data

Pfizer inc. **reported 76.9% of environmental disclosures,** significantly higher than many other businesses.

US pharmaceutical company Pfizer provides a detailed breakdown of its Key Performance Indicators (KPIs) for various ESG metrics on its website. The page prominently features its public targets for Scope 1, 2, and 3 emissions from 2019 to 2022. It tracks specific annual progress against these targets, such as a 10% reduction in waste generated in operations and an 80% decrease in investment-related emissions between 2019 and 2022.

The website is straightforward in its presentation, making it easy for stakeholders to assess Pfizer's progress on climate initiatives. However, incorporating more visual elements, such as graphics, would better highlight progress and leadership across the different emissions metrics.

Pfizer prominently feature its public targets for Scope 1, 2, and 3 emissions from 2019 to 2022 on its website.

10%

Reduction in waste generated in operations between 2019 and 2022

80%

Decrease in investment-related emissions between 2019 and 2022

HALEON

Haleon plc. reported **76.9% of environmental disclosures,** marking it as one of the leaders on this metric.

Consumer healthcare company Haleon plc. (Haleon) prominently highlights its disclosures on its website with an easily accessible 'Our Impact' section. This section details progress on Scope 1, 2, and 3 emissions, outlines 2030 targets, and describes actionable strategies and focus areas.

Best Practice US Spotlight: High Disclosure of Emissions Data

Haleon clearly explains the implications of these disclosure regulations for their own business. For example, by noting that Scope 3 covers "active pharmaceutical ingredients".

The information provided is accessible and easy to understand even for those unfamiliar with the technical meanings of Scope 1, 2, and 3 disclosure regulations. In addition to emissions, the company is similarly transparent on palm oil derivatives, plastics, water, and waste.

Its website hosts an 'ESG Reporting Hub,' which includes an accessible, well-organised ESG reporting databook detailing progress in meeting emissions targets.

More comprehensive details are also made available in Haleon's Climate Action Transition Plan, which delves deeper into their strategies for achieving their 2030 targets. Broader reporting on emissions and other ESG factors can be found in the Responsible Business Report, released in April 2024. This report outlines the company's progress against its strategy.

Overall, stakeholders reviewing Haleon find a company committed to environment transparency. Their disclosures on emissions are clear, understandable, and easy to compare, distinguishing them from their FTSE 100 peers.

Social Transparency Index 2024

This analysis considers the **social transparency** of the UK's FTSE 100 and the top 100 largest public and private US companies using publicly available revenue data. The difference between **diversity disclosures and communications has been studied as indicative of social transparency**.

Diversity disclosures analysed include:

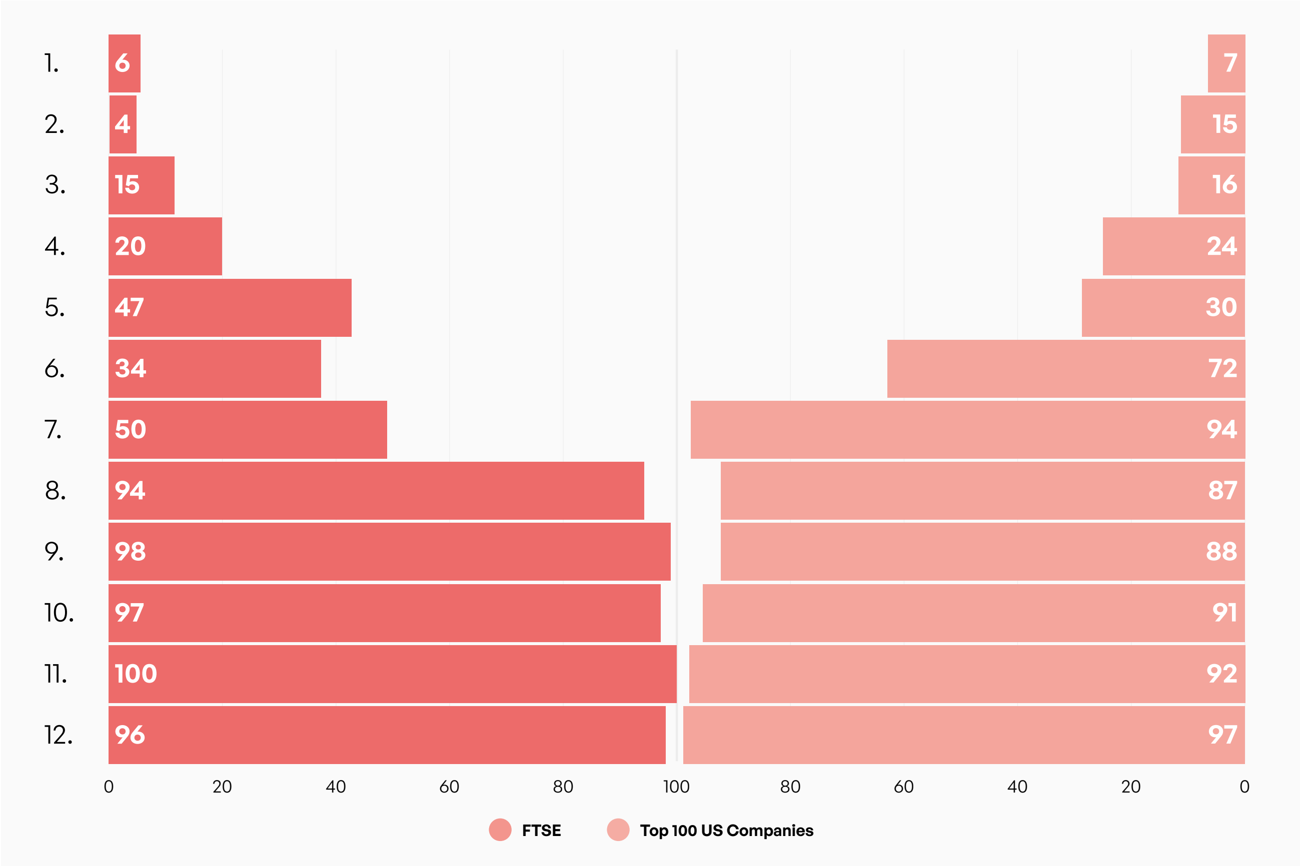
- Workforce diversity: gender, race/ethnicity, LGBTQ+, disability, age category
- Management diversity: gender, race/ethnicity
- Board diversity: gender, race/ethnicity, LGBTQ+, disability, age category
- Pay Gap reporting: gender and ethnicity

In the US, the Equal Employment Opportunity Commission requires companies with more than 100 employees or federal contractors who have at least 50 employees to submit data on the company workforce by employee category and by race, ethnicity and gender.

In the UK, the Financial Conduct Authority (FCA) requires at least one member of a company board to be from an ethnic minority background excluding white ethnic groups. Disclosure of ethnic and gender diversity at board level is mandatory. UK listed companies are required to appoint 40 per cent women to boards or provide an explanation why the company is not able to meet the target.

In March 2022, the UK Government published Inclusive Britain, an initiative to address ethnic disparities and workplace inequalities. Recommendations published March 2024 included the observation that insufficiently robust data on diversity and inclusion is the primary barrier to successful initiatives.[11] Similarly, stateside, Harvard Business Review notes that billions of dollars invested by US firms on employee diversity education programs don't lead to meaningful change. Instead, HBR argues, data-driven diversity metrics are required to identify problems, establish the baseline and measure ongoing progress.[12] While debate churns regarding the best measurement metric and methodology, stakeholders rely on the improvised transparency of business communications.

Full social transparency is represented by proportionate and balanced alignment between the **detailed, evidenced quantitative disclosure** regarding emissions, with **quantity and quality of qualitative communications** content on the topic of **diversity**.



The above graph details the percentage of FTSE 100 and leading US companies that disclose data in **12 different diversity categories**.

1. Board or Leaders Disability Diversity
2. Board or Leaders LGTBQ+ Diversity
3. Workforce LGTBQ+ Diversity
4. Workforce Disability Diversity
5. Workforce Age Diversity
6. Board or Leaders Age Diversity
7. Workforce Ethnic Diversity
8. Leaders and Managers Ethnic Diversity
9. Board Ethnic Diversity
10. Leaders and Managers Gender Diversity
11. Board Gender Diversity
12. Workforce Gender Diversity

In February 2024, the FTSE Women Leaders Review revealed 235 of the FTSE 350 companies reported 40% or more women on boards; 27 of the FTSE 100 companies achieved 40% or above representation across the executive committee and its direct reports. Despite progress made, women remain largely underrepresented in roles including Chair, CEO and Finance Directors. Only 21 FTSE 350 CEO's were women and there was a reduction in the number of women in the Finance Director role (48 in 2023 relative to 50 in 2022).[13]

In June 2023, Fortune reported only 10% Fortune 500 companies had a female CEO. [14]

The top 100 US companies disclose more diversity data than the FTSE 100.

Around a quarter of companies disclosed information on workforce disability, whilst disclosure at board level was atypical (UK 6%; US 7%). In the last quarter of 2023, 24% of the working age population in the UK were recorded as having a disability. The employment rate of the working age population in the UK with a disability was 54.2% relative to 82% of the population without a disability, demonstrating a disability gap of 27.9%.[15]

Gender diversity had the highest level of disclosure across both the FTSE 100 and the top 100 largest public and private U.S. companies, at board level (UK 100%; US 92%) and workforce level (UK 96%; US 97%). Most companies reported gender diversity in either leadership, senior management or management (UK 97%; US 91%).

Whilst most companies reported gender diversity in senior management for their global operations, ethnic diversity in senior management tended to be reported for the US or UK only. In general, greater granularity in reporting of gender diversity across different levels of the organisation were observed relative to racial or ethnic minorities. The top US companies tended to report workforce levels of racial and ethnic minorities (95% companies), whilst only 50% companies in the FTSE 100 reported on workforce ethnicity.

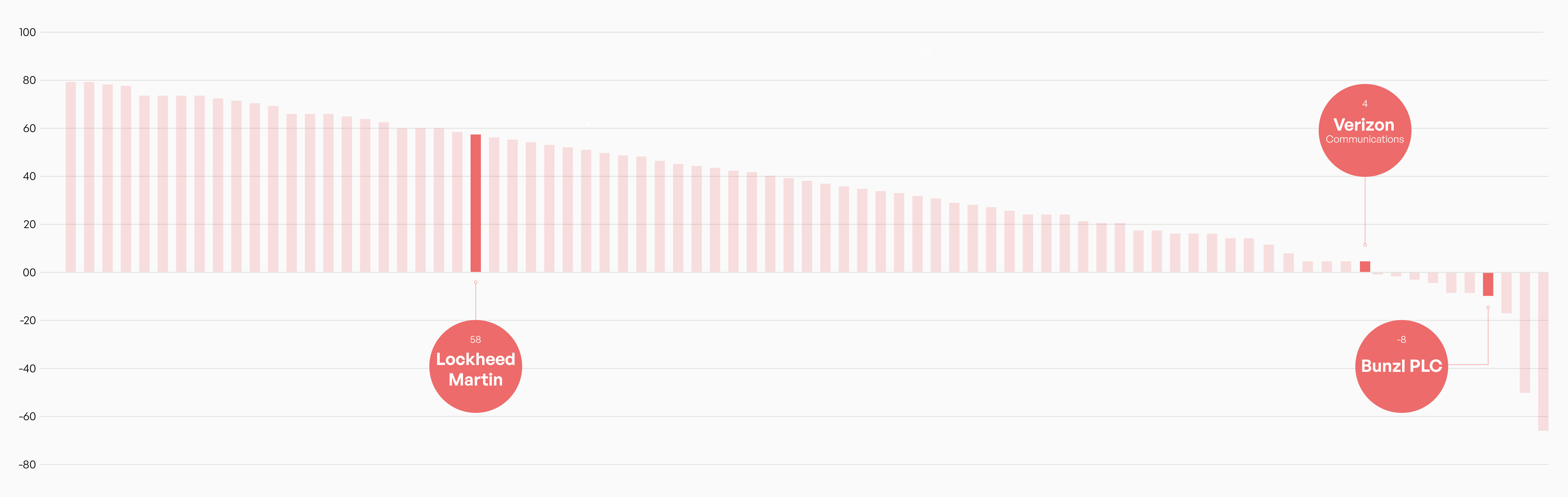
Disclosure of workforce ethnicity was more common in FTSE 100 companies who voluntarily participated in ethnic pay gap reporting. Some notable examples of good practice include:

BURBERRY centrica COMPASS GROUP M&G GSK

High levels of disclosure across US companies were related to mandatory disclosure of demographic information, including race and ethnicity information, as part of the EEO-1, as required by the US Equal Employment Opportunity Commission.[16] In most cases the EEO-1 submission was made accessible from the company's website.

Disclosure of LGBTQ+ at board level was low, however more US companies disclosed the information (15%) than in the FTSE 100 (4%). Disclosure of LGBTQ+ representation at workforce level also remained low (UK 15%; US 16%).

Top 18 Tier One Transparent UK/US Companies 2024: Social Category



The following companies demonstrated social transparency by aligning detailed, evidenced quantitative disclosure regarding diversity and inclusion, with the quantity and quality of qualitative communications content on the topic of diversity and inclusion.

Analysis revealed these companies demonstrated greater social transparency than all other FTSE 100 and top 100 largest US companies sampled. Companies were categorised into five transparency tiers and nine different transparency classifications.

To identify the transparency tiers of other businesses sampled, contact Dr Lucy Walton at **lwalton@connectedimpact.com**

UK

- Admiral Group plc. *Financials*
- Bunzl plc. *Industrials*
- ConvaTec Group plc. *Healthcare*
- Endeavor Mining plc. *Basic Materials*
- Flutter Entertainment plc. *Consumer Discretionary*
- Kingfisher plc. *Consumer Discretionary*
- M&G plc. *Financials*
- WPP plc. *Consumer Discretionary (UK)*

US

- AbbVie, Inc. *Healthcare*
- Allstate Corporation. *Financials*
- CHS Inc. *Consumer Staples*
- Ford Motor Company. *Consumer Discretionary*
- New York Life Insurance. *Financials*
- NIKE, inc. *Consumer Discretionary*
- Progressive Corporation. *Financials*
- Publix Super Markets, inc. *Consumer Staples*
- Verizon Communications inc. *Telecoms*
- Walt Disney Company. *Consumer Discretionary*

verizon

Best Practice US Spotlight:
Social Transparency

Verizon Communications inc. communicated in a way that fairly reflected its level of Diversity, Equity and Inclusion (DEI) **reporting of 66.7% of DEI disclosures.**

Best practice observations included:

US telecoms company Verizon Communications inc. hosts a clear, attractive web page on DEI on its corporate website. It immediately lists key statistics regarding ethnic and diversity mix at board and company level, as well as diversity within the supply chain – a factor not always as prominent on corporate websites.

It notes that the business runs workshops for its leadership team to explore unconscious bias, provides executive mentorship for women and runs marketing training programmes for graduates from diverse backgrounds.

The business reports on just over two-thirds (66.7%) of DEI disclosures. Its social media presence reflects this, with posts analysed during the period tending to focus on efforts to improve gender diversity.

Verizon provides executive mentorship for women and runs marketing training programmes for graduates from diverse backgrounds.

66.7%

DEI disclosures reported

BUNZL

Best Practice UK Spotlight:
Social Transparency

Bunzl plc. **reported on 58.3% of DEI disclosures**, which was in balance with the proportion of social media posts on the topic.

Best practice observations included:

Bunzl plc. provides accessible reports and policies on its 'Sustainability' webpage, ensuring clear social transparency information. Their Diversity, Equity, and Inclusion Policy outlines steps toward fostering a positive working environment for all employees.

According to the Gender Pay Report, Bunzl plc. reduced its mean gender pay gap by 8.2% in 2023 compared to 2022. Men received 89.7% of bonuses compared to 89.2% for women. However, the mean bonus pay gap increased from 2022 due to more men in higher-paying and senior leadership roles. Bunzl plc. openly shares this data and is addressing the issue through initiatives like the 'Inspiring Women in Bunzl' programme.

Bunzl plc. demonstrates strong commitment to diversity, equity, and inclusion through transparent reporting, policies, and new programmes, setting a benchmark for social transparency initiatives.

Bunzl plc. showcases diverse voices through worldwide initiatives including the UK & Ireland's 'Inspiring Ethnicity in Bunzl' and North America's 'Diversity, Equity and Inclusion'.

8.2%

8.2% reduction in mean gender pay gap by in 2023 compared to 2022

58.3%

DEI disclosures reported

Some companies did more than they promoted or communicated on the topic of diversity.
This communication gap occurs when disclosure on a topic is comparably more than promotion or communication on the same topic. It indicates there are opportunities to better share activity with stakeholders. Lockheed Martin Corporation demonstrate best practice through their high disclosure of diversity data.

LOCKHEED MARTIN

Lockheed Martin Corporation (Lockhead Martin) reported on 83% of DEI disclosures, marking it as one of the leaders on this metric.

Diversity progress is noted on its website page, ‘Sustainability, Social Impact and Diversity’. The company implements practices such as Equal Employment Opportunity and Affirmative Action for equitable, productive, inclusive, and diverse work environments.

Best Practice US Spotlight:
High Disclosure of Diversity and Inclusion Data

The company implements practices such as Equal Employment Opportunity and Affirmative Action for equitable, productive, inclusive, and diverse work environments.

Lockheed Martin openly shares information about its support for employees with disabilities and their caregivers. It launched the companywide group Able & Allies to foster awareness and provide support for employees.

Lockheed Martin also runs a STEM Scholarship programme for all students, including those from diverse backgrounds and communities historically underrepresented in STEM fields.

The business discloses on an impressive 83% of DEI disclosures. Its 2022 Global Diversity & Inclusion Year in Review (the latest available) includes a breakdown of gender, people of colour, veterans and people with disabilities at employee and executive level. Notably, it clearly defines ‘executive’ as being ‘director-level (one level below vice president) or higher’.

The business also discloses its split by generation (such as baby boomer) and education (from high school to PhD).

Governance Transparency Index

This analysis considers the **governance transparency** of the UK's FTSE 100 and the top 100 largest public and private US companies using publicly available revenue data. The difference between **ethics disclosures and communications has been studied as indicative of governance transparency**.

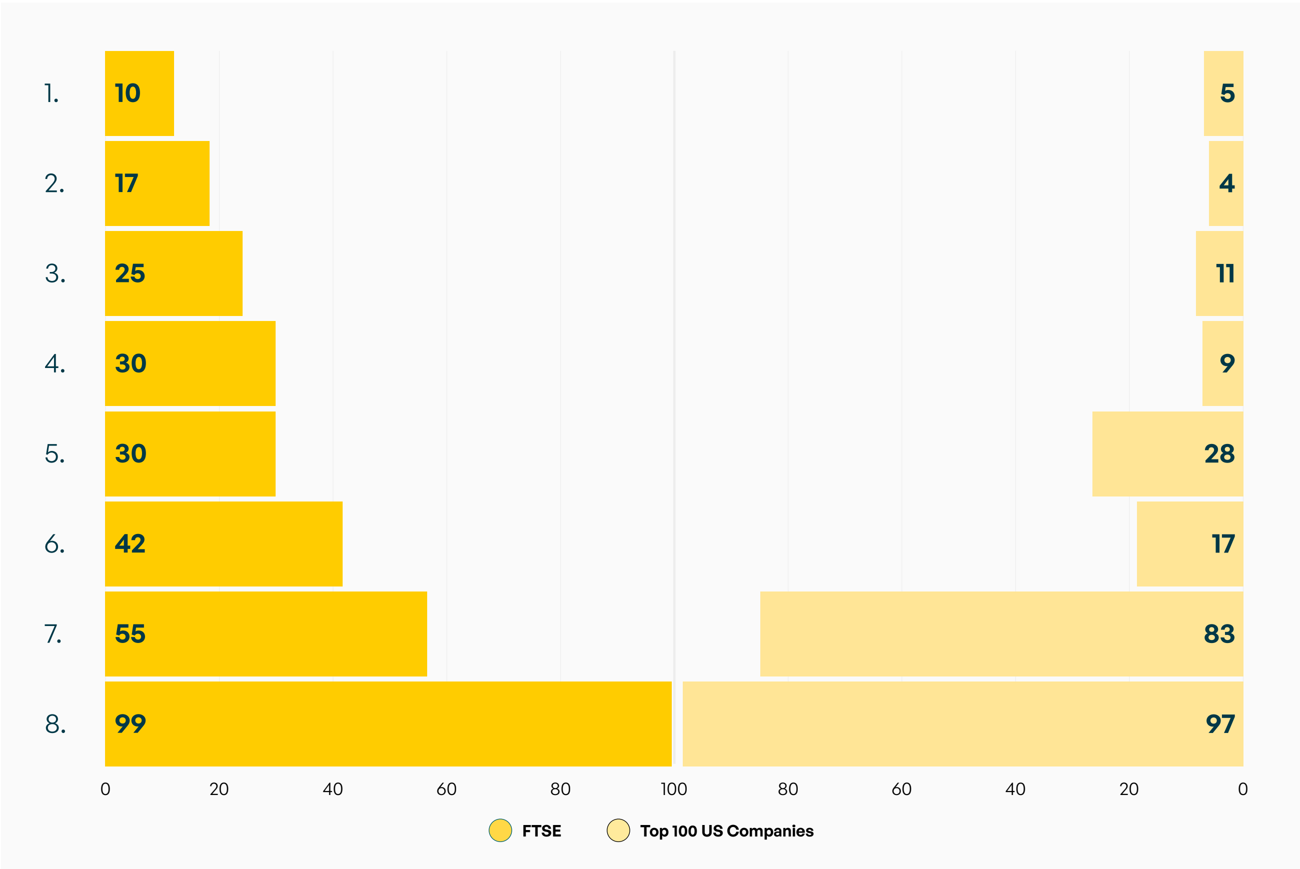
Ethics disclosures analysed include:

- Training completed by employees on ethical issues
- Reporting of incidents of corruption
- Stakeholders involved in addressing ethical issues
- Mechanisms for reporting ethical issues
- Mechanisms for seeking advice on ethical issues
- Supply chain risk management
- Assessment of risk of child-labour, forced and compulsory labour across areas of operations

In both the US and UK, ethical governance covers a range of practices, including how companies manage ethical issues, report and seek advice on these issues, and handle supply chain risk management. In the US, the Securities and Exchange Commission (SEC) mandates public companies to disclose material information affecting investors' decisions, including governance aspects. This includes disclosing ethical lapses and handling such issues. The SEC's whistleblower program encourages reporting unethical practices by offering monetary rewards and confidentiality.[17]

In the UK, the Financial Reporting Council (FRC) oversees the UK Corporate Governance Code, which applies to all FTSE 100-listed companies. This code requires companies to follow a 'comply or explain' approach to governance disclosures.[18]

Full governance transparency is represented by proportionate and balanced alignment between the **detailed, evidenced quantitative disclosure** regarding ethics, with **quantity and quality of qualitative communications** content on the topic of **ethics**.



The above graph details the percentage of FTSE 100 and leading US companies that disclose data in **eight different governance categories**:

1. Reports or Incidents 3
2. Reports or Incidents 2
3. Supply Chain Risks by Country
4. Reports or Incidents 1
5. Business Ethics Related Training Completed
6. Supply Chain Risks by Operations/Supplier
7. Advice Mechanism
8. Reporting Mechanism

The FTSE 100 disclose more governance data than the top 100 US companies.

UK 55%
US 83%

Nearly all FTSE 100 and top US companies provide information about mechanisms for reporting unethical or unlawful behaviour (UK 99%; US 97%). However, far fewer companies provided information on mechanisms for seeking advice in advance of formal reporting (UK 55%; US 83%), the majority lacked anonymity.

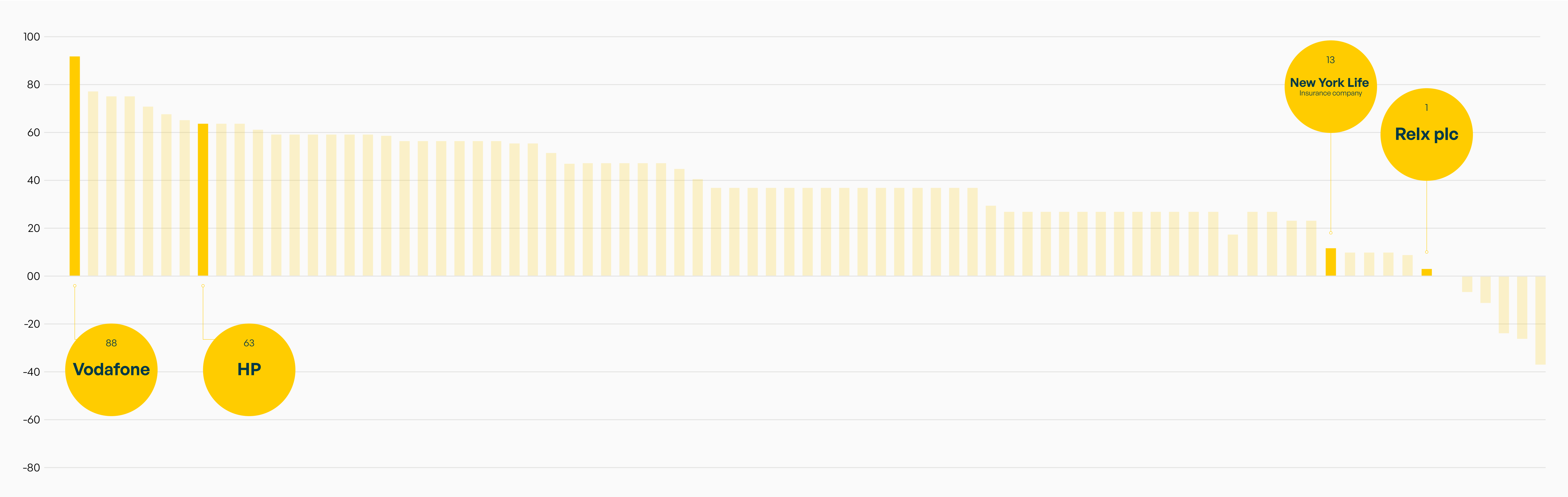
A minority of companies reported concerns through their ethics hotline or instances of corruption (UK 30%; US 9%). UK companies disclosed more than US companies.

UK 30%
US 9%

UK 42%
US 17%

Most companies did not disclose human rights risks within their supply chains. Only 17% of US and 42% of UK companies identified high-risk areas for child or forced labour. More companies are expected to review supply chain due diligence over the next 12 months due to tightening regulations.

Top 29 Tier One Transparent UK/US Companies 2024: Governance Category



The following companies demonstrated **governance transparency** by aligning detailed, evidenced quantitative disclosure regarding ethics, with the quantity and quality of qualitative communications content on the **topic of ethics.**

Analysis revealed these companies demonstrated greater governance transparency than all other FTSE 100 and top 100 largest US companies sampled. Companies were categorised into five transparency tiers and nine different transparency classifications.

To identify the transparency tiers of other businesses sampled contact Dr Lucy Walton at lwalton@connectedimpact.com

UK

- **Admiral Group plc.** *Financials*
- **Antofagasta plc.** *Basic Materials*
- **Archer-Daniels-Midland Company.** *Consumer Staples*
- **Auto Trader Group plc.** *Tech*
- **B&M European Value Retail SA.** *Consumer Discretionary*
- **Barclays plc.** *Financials*
- **Barratt Developments plc.** *Consumer Discretionary*
- **Croda International plc.** *Basic Materials*
- **Diploma plc.** *Industrials*
- **Endeavour Mining plc.** *Basic Materials*
- **Experian plc.** *Industrials*
- **Flutter Entertainment plc.** *Consumer Discretionary*
- **Frasers Group plc.** *Consumer Discretionary*
- **Hikma Pharmaceuticals plc.** *Healthcare*
- **RELX plc.** *Consumer Discretionary*
- **Schroders plc.** *Financials*
- **Taylor Wimpey plc.** *Consumer Discretionary*
- **Unite Group plc.** *Real Estate*

US

- **Albertsons Companies, inc.** *Consumer Staples*
- **Energy Transfer LP.** Energy
- **Exxon Mobil Corporation.** Energy
- **Humana inc.** *Healthcare*
- **International Business Machines Corp.** *Tech*
- **Merck & Co., inc.** *Healthcare*
- **Microsoft Corporation.** *Tech*
- **Morgan Stanley.** *Financials*
- **New York Life Insurance.** *Financials*
- **Progressive Corporation.** *Financials*
- **Walt Disney Company.** *Consumer Discretionary*

Best Practice US Spotlight:
High Disclosure of Governance Data

HP inc. **reported 62.5% of ethics disclosures** and presented a number of targets in its annual sustainability report.

Best practice observations included:

HP Inc. features a 'Governance' tab on its Investor homepage, leading to several pages with information on the company's Board of Directors and the Executive Leadership. Alongside these are governance documents and facilities to report misconduct.

While it does not present metrics on this part of the website, its Sustainable Impact report notes the proportional split of ethics issues reported to the business, such as fraud and labour law. It also notes the proportion of employees who have undertaken privacy and Integrity Training. The presentation is quite dense and could be simplified for a wider audience – but ultimately, we were impressed with the high level of disclosures for stakeholders to review and track.

62.5%

62.5% of ethics related disclosures are reported

Best Practice UK Spotlight:
High Disclosure of Governance Data

Vodafone Group plc. **reports an impressive 87.5% of ethics related disclosures**, putting it amongst the best in class.

Best practice observations included:

Vodafone Group's investor relations website is easy to understand and attractively laid out, making it easy for stakeholders to navigate information on ESG performance.

With specific regard to ethics and ethical behaviour, Vodafone Group's 2024 Annual Report included statistics around usage of its 'Speak Up' anonymous telephone line. It notes the current and previous year's number of concerns reported and which topic they relate to, such as people issues, integrity, and health and safety.

Vodafone Group's 2024 Annual Report included statistics around usage of its 'Speak Up' anonymous telephone line.

87.5%

An impressive 87.5% of ethics related disclosures are reported

Some companies disclosed more than they promoted or communicated on the topic of ethics.
This communication gap occurs when disclosure on a topic is comparably more than promotion or communication on the same topic. It indicates there are opportunities to better share disclosed activity with stakeholders. The New York Life Insurance Group and Relx plc demonstrate best practice through balancing their disclosure on ethics data with their communications.

Best Practice US Spotlight:
Governance Transparency

While having a relatively low ethical disclosure rate, New York Life Insurance communications were balanced and transparent.

New York Life Insurance (New York Life) provides easy access to governance documentation through the 'Corporate Governance' section in the footer of their website, ensuring stakeholders are well-informed.

In its 'Corporate Responsibility Report,' the company ooutlines how its core value 'ethics' is integrated into daily operations. This includes annual mandatory ethics training for all employees and relevant consultants, annual attestation to the Standards of Business Conduct, and a 24/7 ethics hotline for anonymous complaints.

However, it only discloses specific metrics on 12.5% of possible ethics disclosures. While this should be improved, the business maintains balanced communications, ensuring stakeholders are aware of its efforts without being misled.

The business provides annual mandatory ethics training for all employees and relevant consultants and a 24/7 ethics hotline for anonymous complaints.

12.5%

12.5% of ethics disclosures are reported

Best Practice UK Spotlight:
Governance Transparency

Relx plc. **publishes 25% of ethics disclosures** but balances this with a fair, reflective communications strategy.

RELX plc. offers convenient access to governance documents by clicking on the 'Investors' and' Corporate Governance' menus on their website.

The company is dedicated to transparency and provides all important documentation including 'Corporate Governance and Structure', 'Board of Directors', 'Board Committees', 'Code of Ethics and Reporting Concerns' and more.

RELX plc. dedicated 24.2% of its social media posts to ethics topics, making its social promotion reflective of its disclosure level.

RELX plc. dedicated 24.2% of its social media posts to ethics topics reflective of its disclosure level.

25%

Only 25% of ethics disclosures are reported

The Transparency Index Methodology

Connected Impact and Ringer Sciences help the world's most influential organisations **measure and manage** their environmental, social and governmental communications to better **mitigate growing reputational risks of greenwashing and greenhushing**.

By quantifying the gap between what companies do and disclose, and what companies promote and communicate, we deliver company and competitive analyses to help mitigate business risk, navigate reporting complexities, build stakeholder trust and capitalise on the value of ESG.

The Transparency Index 2024 uses our patent-pending proprietary content analysis methodologies and AI technology to generate the first ever assessment of the ESG behaviours and communications of the top 200 companies in the UK and US.

Last year, E, S and G disclosures and communications were combined and analysed in one index. This year, data has been collected and analysed separately as environment transparency, social transparency and governance transparency. This detail means our understanding of a company's best practice in one area doesn't occlude that company's poorer practice elsewhere.

We have analysed over 600,000 data points from the top two hundred companies in the UK and US, examining their ESG disclosures and communications to identify discrepancies and determine best action.

This is the first comprehensive and rigorous analysis of transatlantic sustainability transparency.

Disclosure analysis

We reviewed over 90 mandatory and voluntary sustainability related disclosures, adapted from the International Sustainability Standards Board's Sustainability Disclosure Standards, Task force on Nature-Related Financial Disclosures and the Corporate Sustainability Reporting Directive.

Selected disclosures were relevant to all industry sectors and covered the following topics: climate change, water, waste, nature, diversity and inclusion, health and safety, training and development, corporate governance and business ethics.

The new expanded Transparency Index 2024 quantified the Transparency Gap between factual disclosures and communications on three selected topics, representing E, S and G respectively: emissions, diversity and equity, and ethics.

The disclosures were assessed by reviewing information available on the selected company's corporate and investor relations website pages and embedded documents such as sustainability reports, annual reports and ESG data books. No archival data was reviewed. Data was extracted from the most recently available, accessible reports. Sampled data was compared with retrospective data if available in the most recent published report.

Sampled data:

603,382
Company communications

12
Months

100,000s
Data points

6
Sustainability frameworks

200
Listed comapnies

5
Transparency tiers

90
Mandatory and voluntary disclosure categories

4
Patent-pending methodologies

Social media analysis

We sampled and analysed 22,718 English-language LinkedIn posts and 580,664 English-language X posts from the UK's FTSE 100 and the top 100 largest public and private US companies with active accounts in 2023. These were organic posts, not LinkedIn promotions or engagements.

The social data incorporated the companies owned LinkedIn posts for a three-month representative sample between October 2023 to December 2023 (excluding promotions, engagements), in addition to X data collected over the full month period from January 2023 to December 2023.

Our patent-pending methodologies were then used to sort and tag the full data set into 78 sub-topics under three pillars: environment, social and governance categories. The relative content published on each of the respective themes was estimated. Data was rigorously checked to ensure accurate outcomes.

The Transparency Gap

Transparency was calculated by quantifying the balance and alignment between communications and disclosures. Communications were calculated as a percentile rank of the average communication on a respective topic within the data sample; disclosures were calculated as the percentage disclosure. 100% disclosure represented full alignment with disclosures analysed on the respective topic; 0% represented no disclosure on the topic.

After identifying areas of over and under reporting in the disclosure analysis, we selected topics for more detailed analysis. We selected 13 emissions-related disclosures to represent a company's environmental communications. We selected 12 diversity-related disclosures to represent each company's social disclosures. We selected eight ethics-related disclosures to represent governance communications.

We sampled:

580,664
English-language X posts

22,718
English-language LinkedIn posts

Sorting data into:

78
Sub-topics, over

3
Pillars

Selecting from:

13
Emissions-related disclosures

12
Diversity-related disclosures

8
Governance-related disclosures

Methodological Limitations

The Transparency Index analyses corporate communications and does not consider third-party commentary.

Media communications are a valuable way to detect reputational issues as well as reputational risk, however the Transparency Index focuses on the transparency of the ESG information communicated by the business.

Due to the methodological approach used to calculate the Transparency Tiers, which required an analysis of a company's corporate social media communications (LinkedIn and X), the following companies were excluded from the Transparency Tier categorisation. This was due to insufficient posts on their corporate social media profiles (LinkedIn and X) being available during the representative sample period:

- Apple Inc.
- Ashtead Group plc
- Associated British Foods plc
- Berkshire Hathaway Inc.
- Charter Communications, Inc. (only active with re-posts)
- Costco Wholesale Corporation
- F&C Investment Trust plc
- Fresnillo plc
- Melrose Industries plc
- PBF Energy, Inc.
- Pershing Square Holdings, Ltd

It should be noted that the analysis for Dell Technologies, inc and Cisco Systems, inc was performed solely on data available from X. This was due to the extremely high cadence of posts on LinkedIn, which could not be included into this analysis due to technical limitations.

About Connected Impact and Ringer Sciences

CONNECTED IMPACT

We provide your business with actionable analysis of ESG disclosures, communications and performance to equip you to better navigate reporting complexities and build stakeholder trust.

Find out more:

www.connectedimpact.com

RINGER SCIENCES

Ringer Sciences is a data science and analytics consulting firm that works with companies of all sizes and across industries to help them leverage data to make informed business decisions backed by research.

Using a combination of real-world, social, and third-party data sources, we arm our clients with actionable insights and prescriptive recommendations for immediate impact and outline future opportunities tailored to their specific business goals.

Find out more:

www.ringersciences.com

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Data Summary for the Transparency Index 2024

603,382 Company communications	**12** Months
100,000s Data points	**6** Sustainability frameworks
200 Listed comapnies	**5** Transparency tiers
90 Mandatory and voluntary disclosure categories	**4** Patent-pending methodologies