

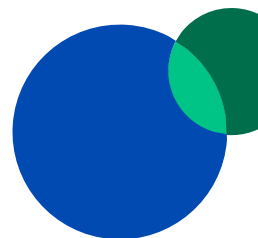
# How & Why Companies Use Visuals to Communicate ESG Goals and Progress.

September 2023



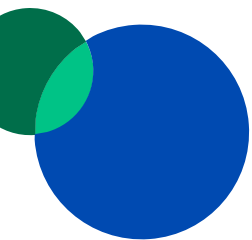
**LABRADOR**

Transparency by design



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# Introduction

With a convergence of global factors like regulations, voluntary frameworks and standards, and stakeholder interests reaching a turning point, it is important for companies to set transparent and measurable environmental, social and governance (ESG) goals in line with their ESG and business strategies. It is, however, not sufficient just to set goals. Companies also need to effectively demonstrate tangible progress toward meeting them. One way to quickly communicate progress is to use clear and compelling visuals.

In this thought piece, we explore different visual elements U.S. companies have used in their annual ESG reports to display progress towards meeting their ESG goals.

# Including Transparent Visuals in ESG Disclosures

Until recently, corporate ESG reporting has been largely voluntary and unregulated. But this is changing. The new Corporate Sustainability Reporting Directive (CSRD) and its European Sustainability Reporting Standards (ESRS) will impact over 50,000 U.S. based companies starting in 2024<sup>1</sup>. The ESRS will require that companies share forward-looking information, including their sustainability targets, indicators and progress. While CSRD will require changes in financial reporting, information shared in non-financial ESG or sustainability reports should be consistent.

In addition, the ESRS will require demonstration of alignment to the Paris Agreement (15°C-2°C limit)<sup>2</sup>, which necessitates that companies set science-based emissions reduction targets and demonstrate year-over-year progress towards meeting them. The ESRS, the new international reporting standards from the International Sustainability Standards Board (ISSB), and the proposed climate rules from the U.S. Securities Exchange Commissions (SEC) all build on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), meaning that they ask for a discussion of climate targets and metrics used to measure progress. These evolutions in ESG reporting make it important that companies communicate their ESG goals, targets and progress in transparent ways.

Visual tools can help companies do just that. Thoughtfully organized financial and ESG or sustainability reports that employ information design principles like visual tools make it easier for stakeholders like regulators, investors, employees, ESG ratings agencies and others to find and understand a company's goals and the progress they have made toward them.

Using visual tools helps to:

- Maintain a consistent and standard practice among a company's financial and ESG reporting that aligns with company branding and communication guidelines.
- Allow stakeholders to more easily and accurately understand a company's ESG progress year over year (YoY).
- Potentially shorten already long reports by using visuals instead of text.
- Create a compelling storytelling component that a company can repurpose for presentations, websites, social media and other platforms.

## Visual Examples

U.S. companies use a variety of reporting practices to showcase their goals, targets, metrics and the progress they have made toward them YoY. Let's explore some effective ways to demonstrate progress visually in ESG reports.

**AMERICAN EXPRESS**  
**2022 ESG REPORT**  
Progress on 2025 Environmental Goals


American Express uses a clear chart format that outlines their environmental goals by sub-category, a high-level overview of each environmental goal, and their performance toward achieving that goal represented with a progress bar. American Express also shows this YoY, making it easy for stakeholders to track.

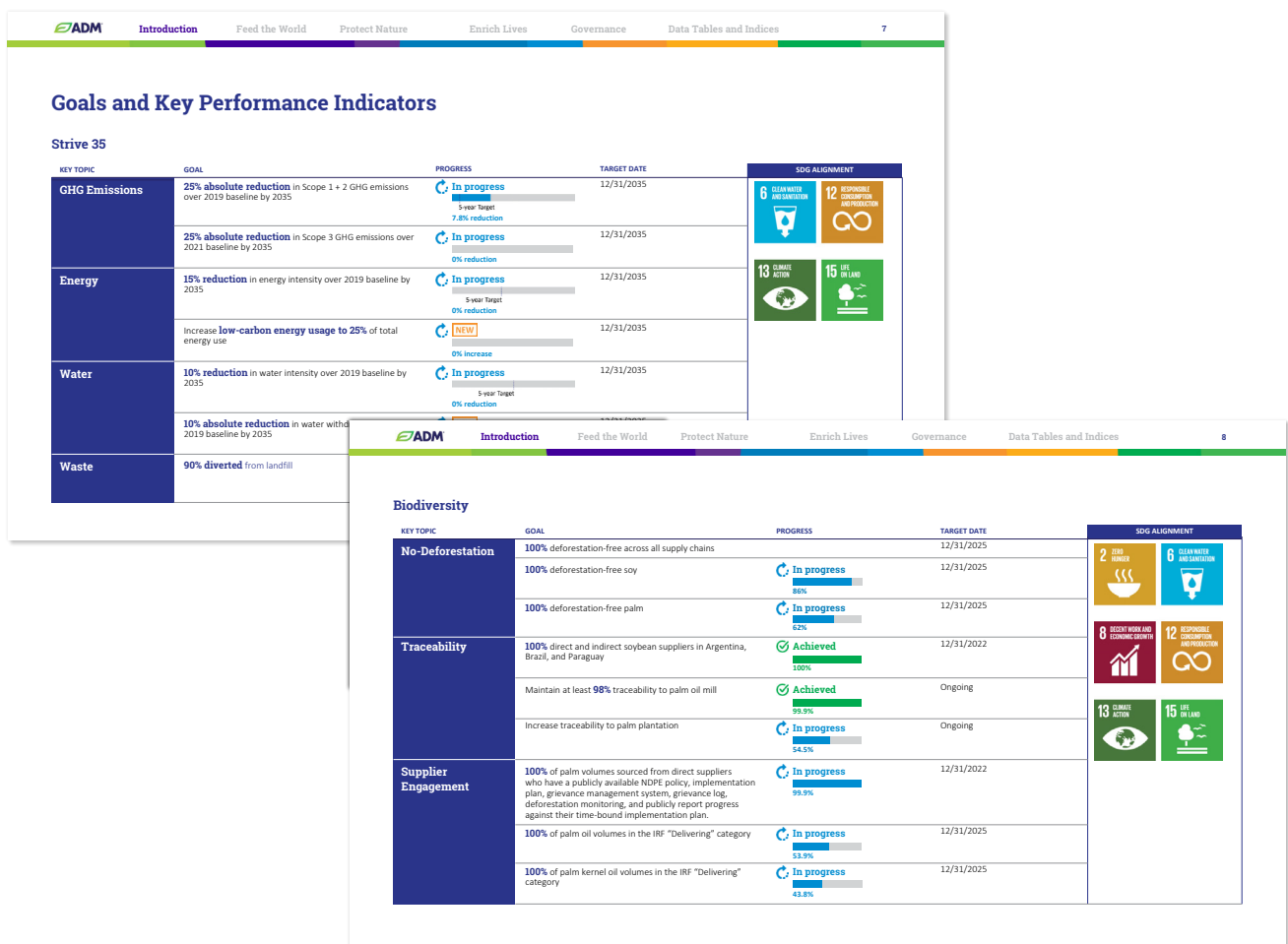


# ARCHER DANIELS MIDLAND (ADM) 2022 CORPORATE SUSTAINABILITY REPORT

## Goals and Key Performance Indicators

ADM also uses a chart format with a progress bar visual to track progress toward goals but goes a step further by including the specific target date for each goal, alignment with the United Nation's Sustainable Development Goals (SDGs), and inclusion of humans rights goals.

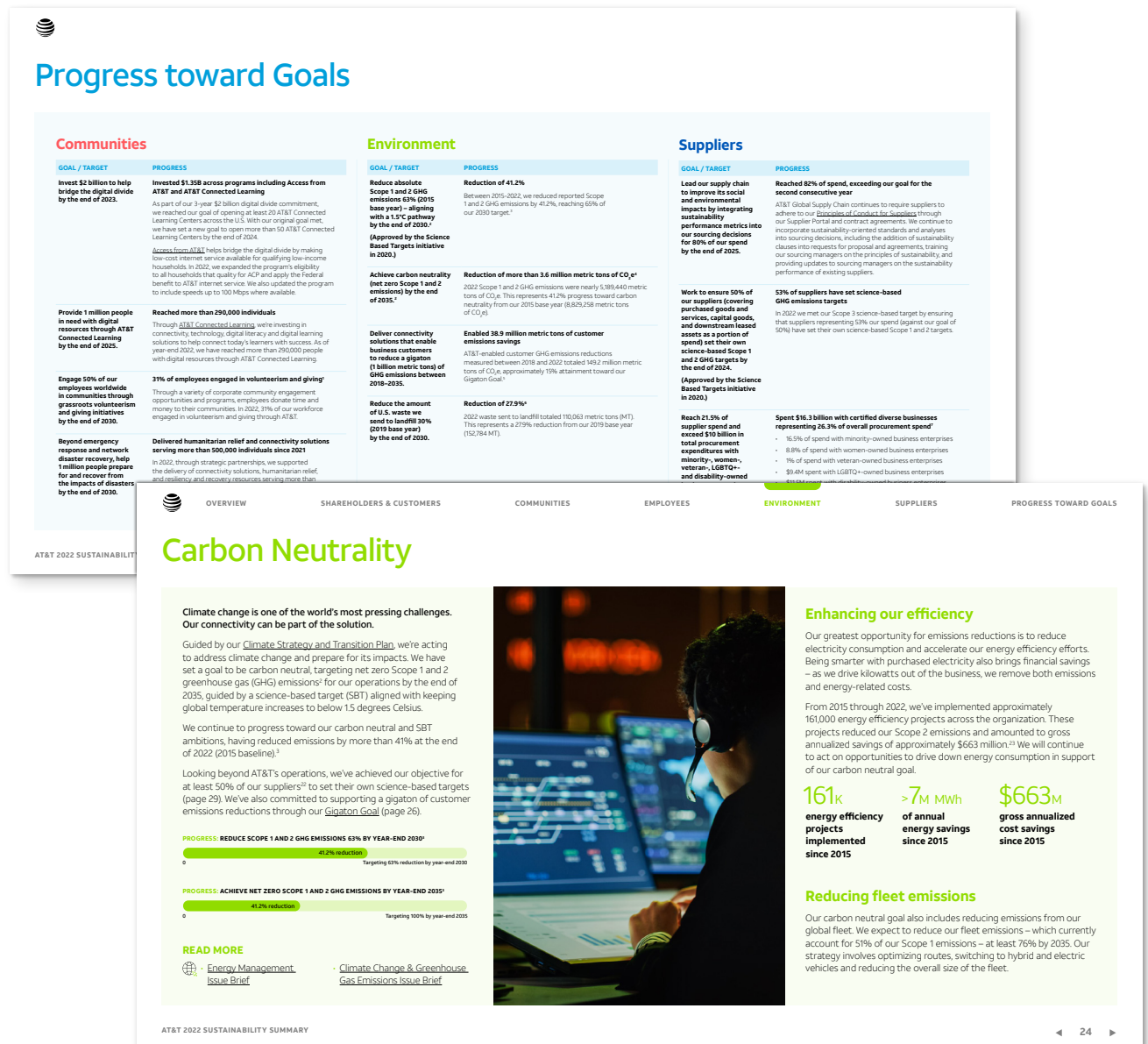
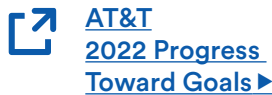
 [Archer Daniels Midland \(ADM\) 2022 Corporate Sustainability Report ►](#)



# AT&T

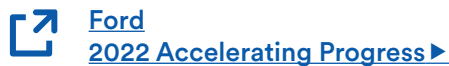
## 2022 PROGRESS TOWARD GOALS

AT&T takes an entirely different approach toward tracking their progress toward goals. They include individual progress trackers in their ESG summary, and also publish a separate report on their website called Progress Toward Goals that uses a chart format to efficiently and effectively display this progress.



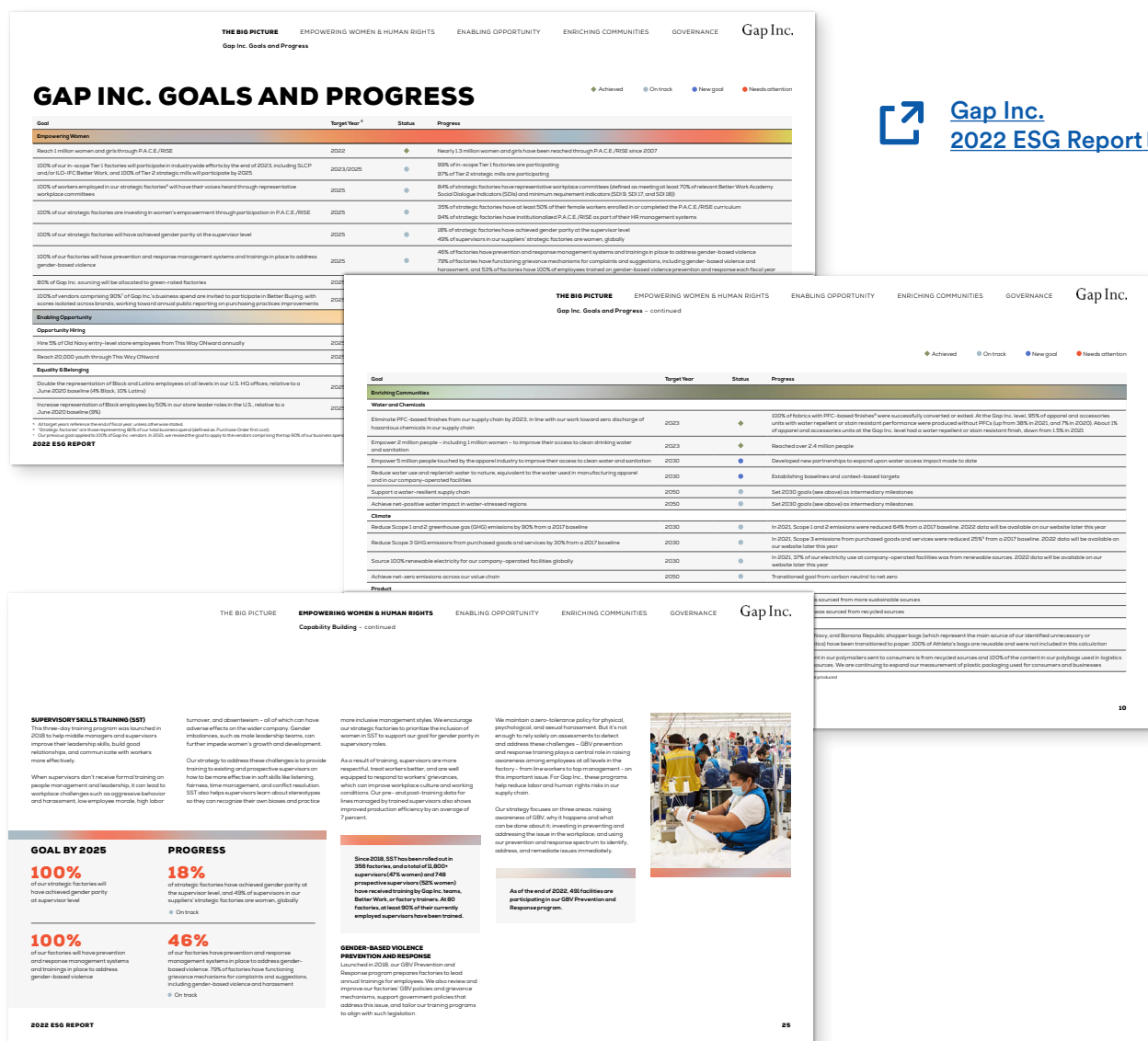
## FORD 2022 ACCELERATING PROGRESS

Ford uses a chart format but includes a more narrative approach to their goals. They also include alignment to UN SDGs and their sustainability aspirations.



# GAP INC. 2022 ESG REPORT

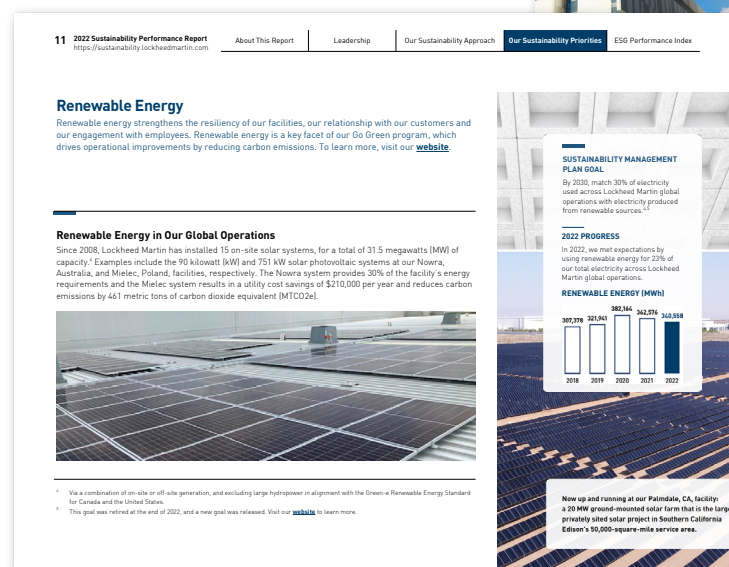
Gap's report provides transparent disclosures and updates on progress toward their goals in a table in the front of the document and progress trackers along with quantitative information about each of their goals. In addition, they include a status icon in which they are transparent about goals that are achieved, on track or need attention. They then add more context around each goal and progress towards meeting it. in relevant sections of the report.



# LOCKHEED MARTIN

## 2022 PERFORMANCE REPORT

Lockheed Martin established a Sustainability Management Plan (SMP) to track short and long-term goals, and their report focuses on explaining progress toward these goals. They include both a highlights page that shows progress toward specific goals under the SMP, and then show progress toward each goal throughout the report.



# KRAFT HEINZ

## 2022 ESG REPORT

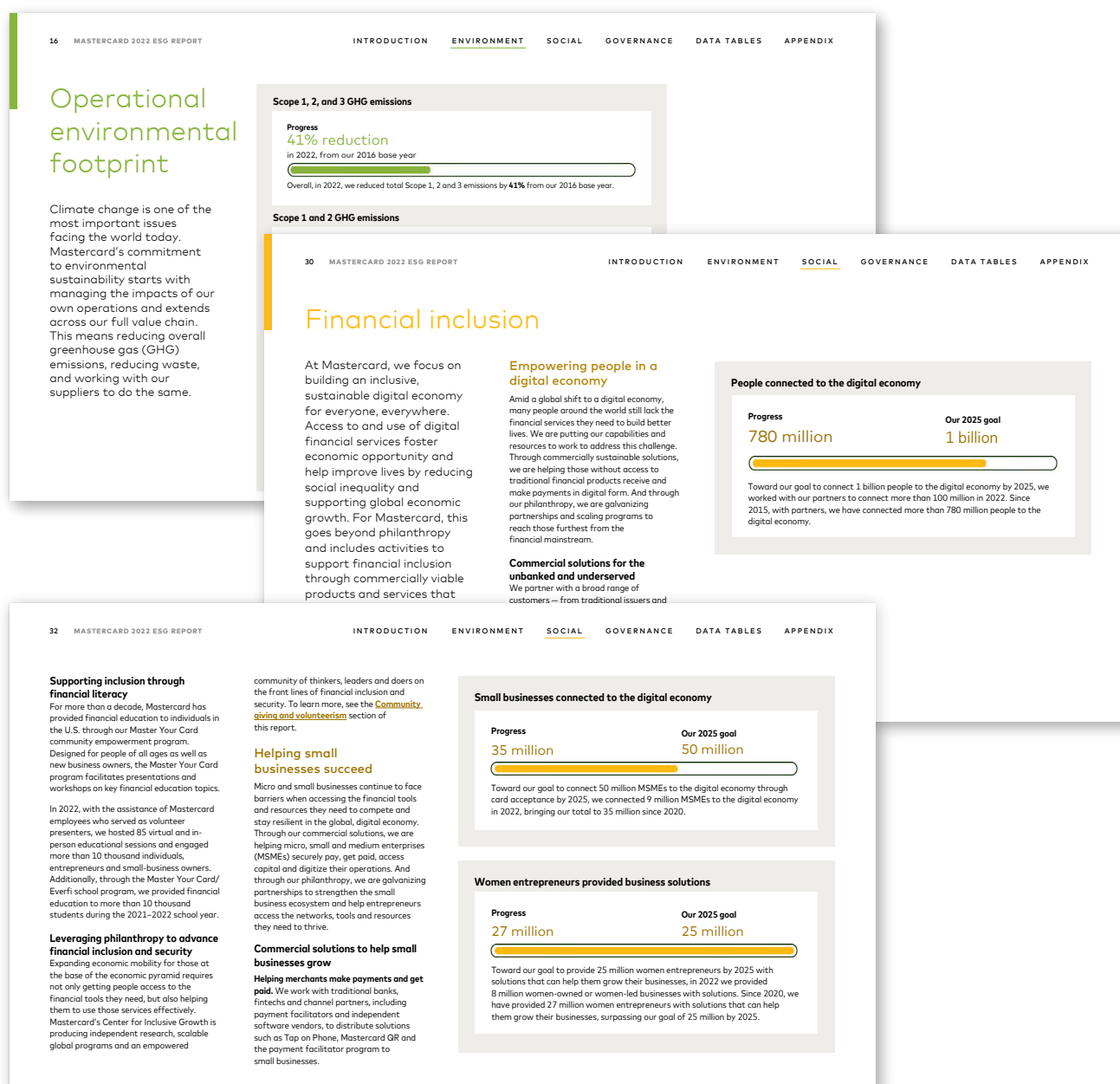
Kraft-Heinz compiles all of its ESG goals in an easy snapshot visual that quickly communicates their goals and progress towards meeting them.



# MASTERCARD

## 2022 ESG REPORT

Mastercard includes their 2025 goals and progress in bar trackers that easily and effectively communicate their headway, while also including narrative that describes the progress in more detail. They include these trackers for all goals included in the report.



# Conclusion

As regulations, voluntary frameworks and stakeholder demands for more detailed ESG information continue to advance, it has become more important than ever that companies ensure their ESG reporting is as accurate, clear and reliable as possible. We suggested that companies consider demonstrating their ESG goals and performance in visual ways in order to enhance communication with all of their stakeholders.

# Citations

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What US companies need to know about the EU's CSRD

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