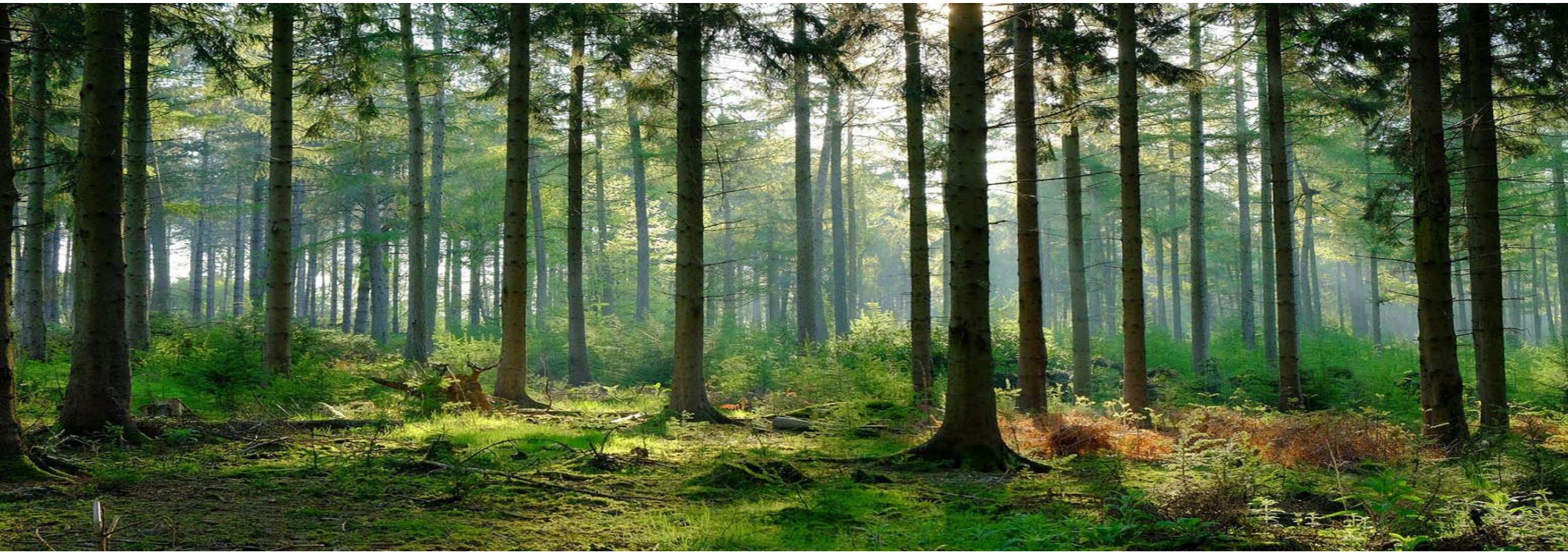
S&P Global ESG

Stifel
December 14, 2020



S&P Global

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Our Team



Evan Greenfield
Sr. Managing Director, Global Head of ESG
S&P Global



Manjit Jus
Global Head of ESG Research
S&P Global



Richard Mattison
CEO, Trucost
S&P Global Market Intelligence



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Global Head of Sustainable Finance Business and Innovation
S&P Global Ratings



Reid Steadman
Managing Director, Global Head of ESG Indices
S&P Dow Jones Indices



Nick Kapur
Senior Director, Product Management
S&P Global Platts

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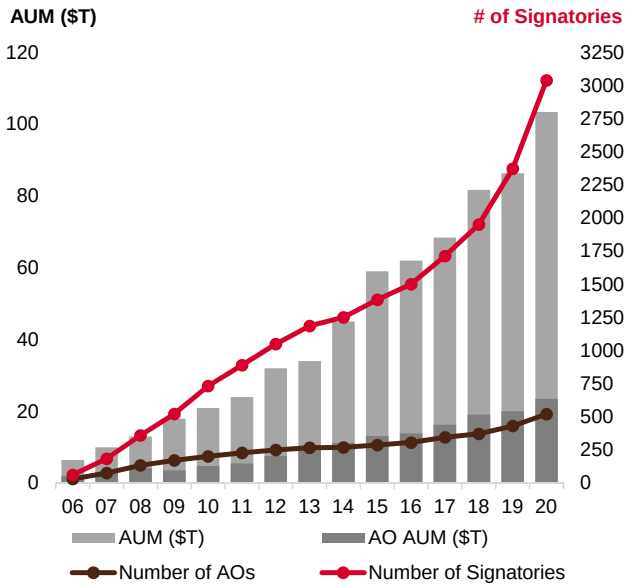
Demand for ESG solutions continues to gain momentum; still early days

Dynamic Market

- During Q1 of the pandemic, global sustainable funds had inflows of $45.7B, ($71.1Bn in Q2 and $80.5Bn in Q3) while the broader fund universe had outflows of $384.7B[1]
- Asset managers are under pressure from asset owners to integrate ESG
- Growing need for more advanced ESG data, analytics and opinions
- Lack of standardization and transparency for ESG frameworks and scores
- Emerging ESG regulatory and policy requirements globally
- Market consolidation and partnerships; competition for ESG capabilities and talent

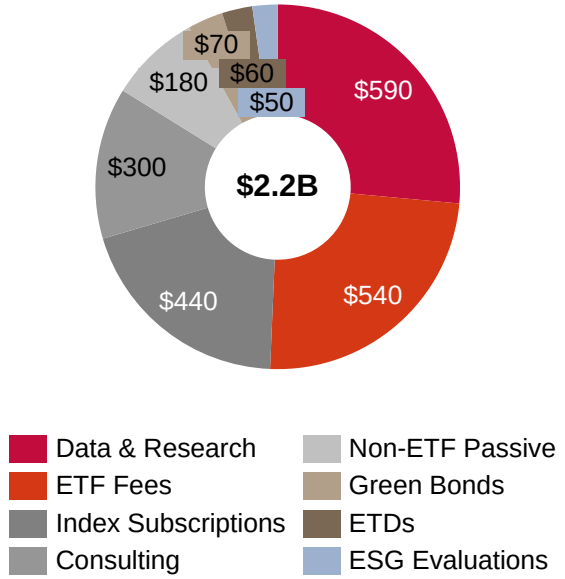
Growing ESG-Linked Assets

More than 3,000 UN PRI signatories with over $100 trillion in associated AUM[2]



Attractive Opportunity

Estimated future addressable market of $2.2B with significant growth[2]



1. Morningstar There's Ample Room for Sustainable Investing to Grow in the U.S. (May 2020) and Global Sustainable Fund Flows (Oct 2020)
2. UN Principles for Responsible Investment (PRI)
3. UBS Research: Will ESG Data and Services Demand Accelerate Post-COVID & Who Will Win? (June 2020)

S&P Global

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S&P Global ESG Vision

Provide innovative ESG insights, essential intelligence, and benchmarks that contribute to a more transparent and sustainable global economy

S&P Global has a unique systems-wide view of financial services based on:

Our deep heritage as a global leader in credit ratings, index solutions, energy & commodity benchmarks, actionable intelligence, and integrated desktop and data solutions

- Depth of company knowledge
- Expertise across asset classes: fixed income, equities, commodities, energy
- Insights via data, news, analytics, and benchmarks
- Distribution that aligns with client workflows: feeds, tools, platforms
- Strong client relationships

20-year legacy in sustainable finance & expertise in environmental metrics

- Deep environmental metrics/insights
- Differentiated ESG framework and data

Market recognition of S&P Global's **transparency, innovation, analytic discipline, and independence**

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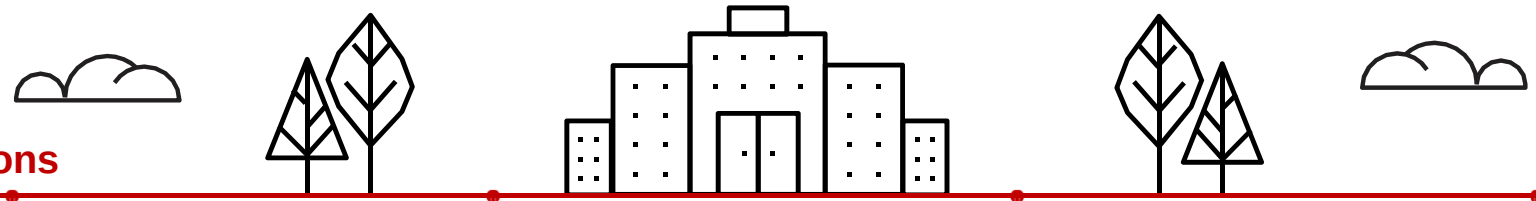
Establish S&P Global as the ESG Market Standard

S&P Global is setting the ESG Standard through focused buildout that leverages and integrates S&P Global's significant capabilities. Focus is on:

- ESG data, scores and opinions that provide relevance and transparency to Capital Markets participants
- Quantifiable and financially material ESG factors
- Forward looking, leading ESG identifiers
- Clearly identified pathways of where and how ESG factors impact a firm's financial and non financial metrics to better identify opportunities and risks
- Fit within established capital market workflows and addresses specific needs of capital market participants
- Addressing a spectrum of ESG needs from screening to risk reduction/returns enhancement

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S&P Global's comprehensive suite of ESG solutions



ESG Solutions

S&P Global Ratings

Fixed Income, Equity, Any Entity

- ESG Evaluations
- ESG RiskAtlas
- Green Evaluations
- Social and Sustainability Evaluations and Frameworks
- ESG in Credit
- Infrastructure research
- Energy research

Market Intelligence

Corporates, Equity, Fixed Income

Environmental and Climate Analytics

- Trucost climate transitionand physical risk data
- Trucost portfolio analytics
- Trucost value chain analytics
- Trucost TCFD reporting
- Credit risk analysis

ESG Scores, Data &Analytics

S&P Dow Jones Indices

Equity & Fixed Income Passive

- ESG indices
  Core ESG, Climate, Thematic, Fixed Income
- ESG exclusions and controversies monitoring
- Customized research and benchmarks

Platts

Corporates

- Energy Transition Prices, News & Analytics
- Long Term and 2 ◦ Scenario Planning Outlooks
- Energy Transition technology& policy analytics
- Renewable and clean energy commodity price assessments
- Energy transition and commodity news

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What makes the Corporate Sustainability Assessment unique?

- **Direct company engagement** working with companies >20 years
- Methodology **built by investment practitioners** with investment processes in mind
- Companies use the framework to **drive measurable change**
- Accepting private data challenges companies on **underreported ESG topics**
- In-depth scoring allows for **precise differentiation of companies**
- Well **balanced methodology** assesses performance on current ESG issues and awareness of upcoming ESG risk and opportunities
- **Independent assurance** of analytical processes

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The CSA: From data to score

General Criteria include

Governance and Economic Dimension

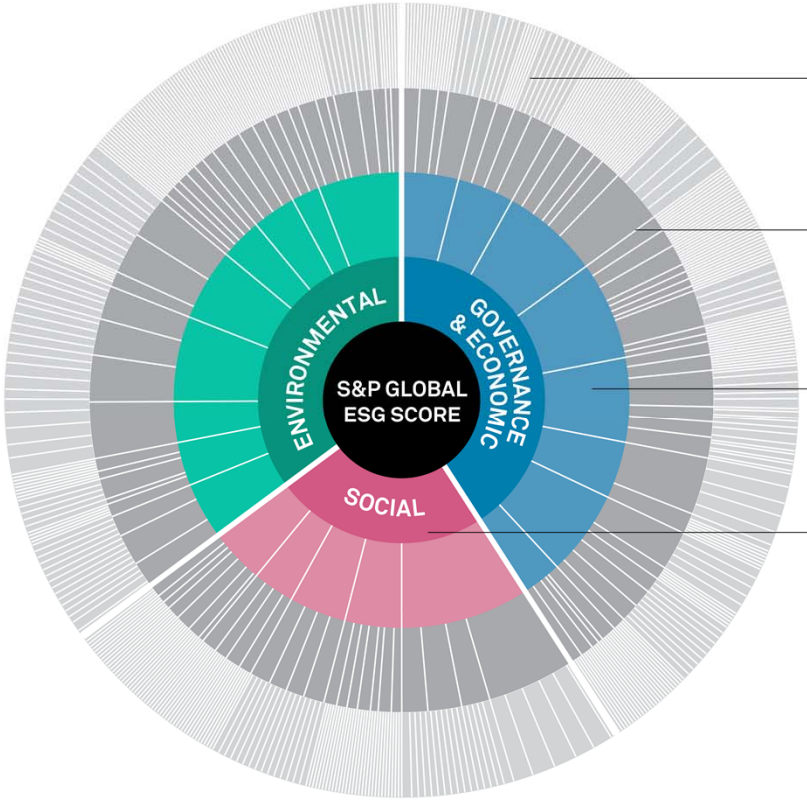
- Corporate governance
- Codes of Business Conduct
- Risk and Crisis Management

Environmental Dimension

- Environmental reporting
- Operational Eco-Efficiency
- Climate Strategy

Social Dimension

- Human Rights
- Human Capital Development
- Corporate Citizenship and Philanthropy



Approx.
1,000
Datapoints
Assessed values, text, checkboxes, documents
Sources: Web-based questionnaire and company documents

Ave.
100
Questions
Weighted data point scores
Up to 50% industry-specific

Ave.
23
Criteria scores
Weighted question scores
61 industry-specific approaches, with tailored questions, criteria and related weightings

3
Dimension scores
Weighted criteria scores
Adjusted for corporate ESG controversies where applicable

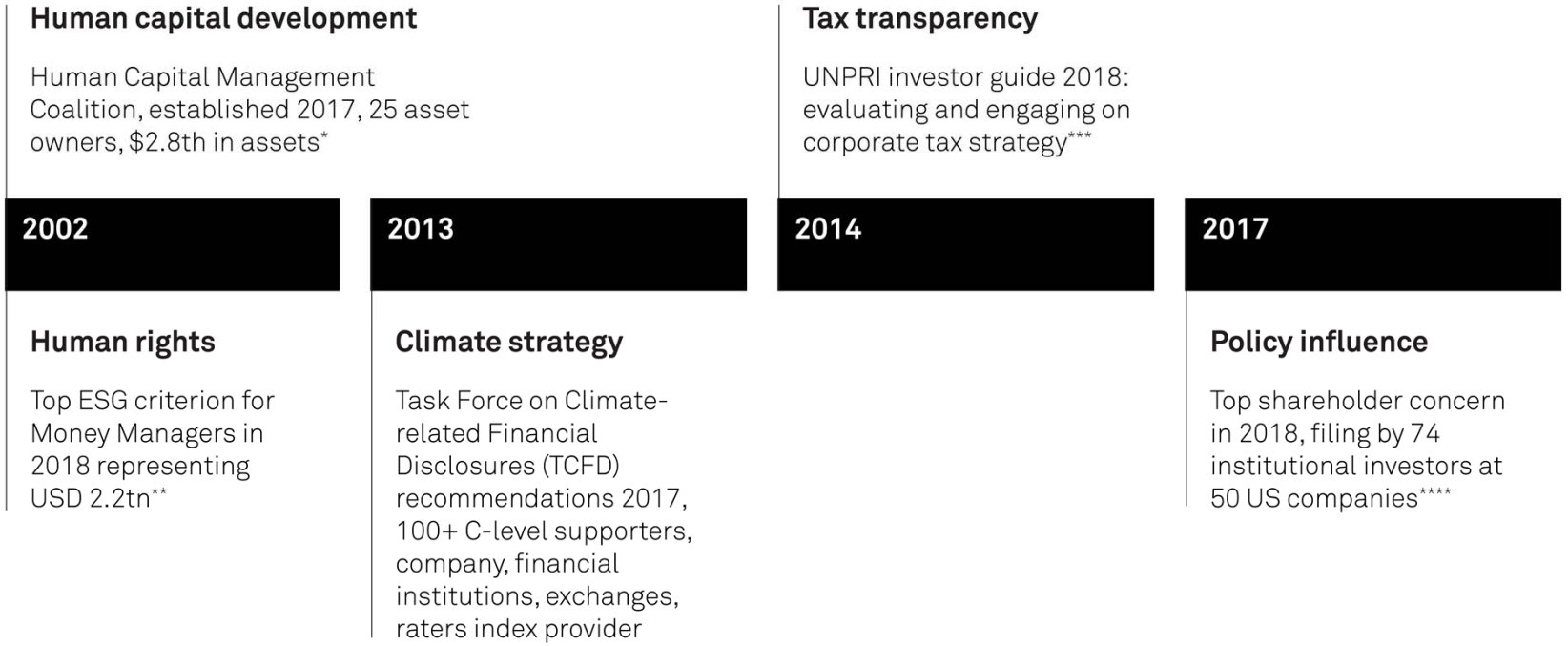
1 **S&P Global ESG Score**
Sum of weighted dimension scores

S&P Global

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The CSA captures emerging and underreported trends early

The timeline shows when topics were introduced in the CSA and when they became the focus of the larger capital market. The head start allows S&P Global to refine the CSA approach to these topics and push corporate reporting and performance each year



Sources: *"Human Capital Management Coalition" CFA/W Trust, 2020, hcmcoalition.org/home/, **"USSIF" The Forum for Sustainable and Responsible Investment , 2019, www.ussif.org, ***"Principles for Responsible Investment PRI, 2020 www.unpri.org, ****Corporate Governance "Corporate Governance", 2020, www.corpgov.net: SAM, part of S&P Global. For illustrative purposes only.

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Scoring example: Human Rights Assessments

Human Rights - Assessment

Has your company conducted an assessment of potential human rights issues across your business activities in the past three years?

Yes. We have proactively conducted an assessment of potential human rights issues in the last 3 years. Please complete the table below related to the portion of activities assessed, the portion of activities where risks have been identified, and the portion of activities with mitigation actions taken. If any of the business categories are not material to your company, select "Not relevant" and provide an explanation.

If an entity has been assessed multiple times in the last three years, it should only be counted once.

For the basis of reporting, please provide the denominator used to calculate the extent of your assessment of your own operations, suppliers, and joint ventures. Please see the information button for definitions and examples.

Category	A. % of total assessed in last three years	B. % of total assessed (column A) where risks have been identified	C. % of risk (column B) with mitigation or remediation process implemented	D. Basis for reporting % (denominator, e.g. costs, FTEs, number of suppliers)
Own Operations (including Joint Ventures where the company has management control) Not relevant max. 1000 chars	# numerical	# numerical	# numerical	T max. 1000 chars
Contractors and **Tier I Suppliers** Not relevant max. 1000 chars	# numerical	# numerical	# numerical	T max. 1000 chars
Joint Ventures (including stakes above 10%) Not relevant max. 1000 chars	# numerical	# numerical	# numerical	T max. 1000 chars

Which groups have been specifically assessed? Check all that apply and provide reference for each tick box.

No references attached
max. 5 allowed

- Own employees
- Children
- Indigenous people
- Migrant labor
- Third-party contracted labor
- Local communities
- Others, please specify

max. 1000 chars

20+ data points contributing to the question score

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Powerful benchmarking capabilities

NEW in 2020
Question-level
Scores

Corporate Sustainability Assessment Scorecard | 2020

SAMPLE COMPANY

FBN Diversified Financial Services and Capital

Markets Member of DJSI World, DJSI North America

SAM
Now a Part of S&P Global

	Company Score	Percentile Ranking	Industry Average	Industry Best	Average Score of DJSI Members: World	Europe	North America	Asia Pacific	Emerging Markets	MILA Pacific Alliance	Weight (%)
Total Sustainability Score:	**67**	**94**	**30**	**84**	**70**	**68**	**56**	**67**			
Governance & Economic Dimension	**68**	**96**	**34**	**76**	**67**	**65**	**60**	**61**			
Anti-crime Policy & Measures	62	91	24	93	75	66	57	75			
Codes of Business Conduct	79	89	44	99	78	73	81	77			
Corporate Governance	64	57	56	87	62	70	79	47			
Customer Relationship Management	89	92	17	100	73	51	24	70			
Financial Stability and Systemic Risk	NAP	N/A	54	100	73	75	70	62			
Information Security/Cybersecurity & System Availability	59	92	24	100	64	55	50	65			
Materiality	64	87	23	100	77	81	45	60			
Policy Influence	55	89	17	95	62	59	42	62			
Privacy Protection	69	99	25	74	48	47	39	42			
Risk & Crisis Management	65	89	28	92	71	66	54	68			
Sustainable Finance	84	96	31	97	62	65	64	56			
Tax Strategy	34	74	26	100	47	43	24	46			
Environmental Dimension	**68**	**84**	**27**	**98**	**82**	**79**	**73**	**80**			
Climate Strategy	58	81	22	97	78	75	70	73			
Environmental Reporting	100	100	37	100	99	98	83	100			
Operational Eco-Efficiency	57	79	27	99	73	70	68	74			
Social Dimension	**64**	**91**	**24**	**93**	**71**	**69**	**44**	**68**			
Corporate Citizenship and Philanthropy	59	84	30	96	81	77	64	84			
Financial Inclusion	96	97	19	100	73	80	41	63			
Human Capital Development	66	94	32	98	70	63	51	62			
Human Rights	31	89	11	95	63	64	16	54			
Labor Practice Indicators	42	77	26	84	60	53	40	58			
Occupational Health and Safety	53	89	19	91	63	53	33	62			
Social Reporting	100	100	41	100	97	96	47	100			
Talent Attraction & Retention	60	89	20	96	68	64	49	69			
Minimum Total Sustainability Score for Index Inclusion					**67**	**61**	**48**	**63**			

Explanations: Percentile ranking, industry average and industry best scores are presented for comparison within the industry universe of companies assessed for inclusion in any Dow Jones Sustainability Index. Average scores of DJSI members values are on a scale from 0 to 100 (best). The minimum lowest score for inclusion in each index is provided at the bottom, excluding the buffer rule and the error margin. For each row, weights are shown as a percentage of the total weight of be found on www.spglobal.com/esg/csa

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S&P Global Switzerland SA - Zürich Branch - Josefstrasse 218 - 8005 Zürich - Switzerland - Phone +41 44 529 5160 - csa@spglobal.com

SAMPLE COMPANY

THQ Computers & Peripherals and Office Electronics

Prepared for Doe, Jane at 15.11.2020 09:25

Score date: CSA 2019 – Annual DJSI Review – 13.11.2020

Selected industry/peer group: THQ Computers & Peripherals and Office Electronics

Corporate Sustainability Assessment Results

Dimension & criteria	Question	Score
Economic Dimension		**29**
Corporate Governance		70.44210526
	Board Structure	95
	Non-executive Chairman/Lead Director	100
	Diversity Policy	50
	Gender Diversity	50
	Board Effectiveness	76
	Average Tenure	100
	Board Industry Experience	0
	Executive Compensation - Success Metrics	50
	Executive Compensation - Alignment with Long-Term Performance	50
	Management Ownership	100
	Management Ownership Requirements	84
	Government Ownership	100
	Family Ownership	#NAP#
	Dual Class Shares	100
	Disclosure of Median or Mean Compensation of all Employees & CEO Compensation	30

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Peer ranking, scores and trend analysis



Criterion	Score	Y-o-Y	Percentile	Y-o-Y	Avg. score	Best score	Weighted gap	Weight
Total	79	+2	84	+11	50	86	-7	100
Governance and Economic Dimension	77	+1	90	+17	50	88	-4.73	43

Export ranking table

Rank	Score	Company Name
1	100	Blueberry Inc
2	97	Applepie Corp
3	94	Strawberry Ltd
4	**90**	**Your Company**
5	87	Maple Corp
6	84	Orange Jam AG
7	81	Raspberry Ltd
8	77	Bananas Inc
9	74	Pineapple NV
10	71	Kiwi Corp

Previous 1 Next

Showing 1 to 10 of 32 entries

Sustainability scores: Company vs. Selected Benchmark

Corporate Governance	78	-1	94	+1	58	85	-0.42	6
Materiality	100	+9	100	+10	48	100	0	2
Risk & Crisis Management	84	+12	81	+14	53	92	-0.32	4
Codes of Business Conduct	95	+3	94	+7	71	98	-0.15	5
Customer Relationship Management	89	+25	87	+27	59	100	-0.44	4
Policy Influence	100	-	100	-	40	100	0	2
Supply Chain Management	93	0	97	+4	51	98	-0.3	6

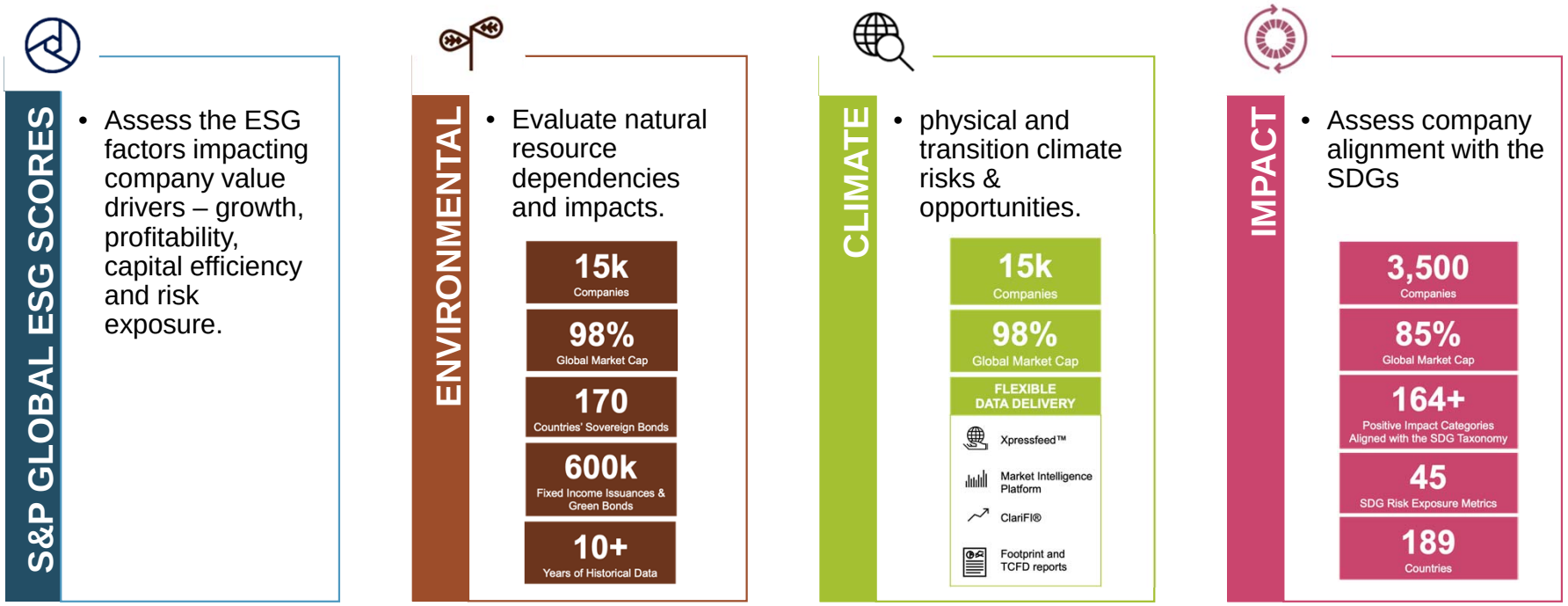
Source: SAM, part of S&P

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Differentiated ESG Datasets and Analytics

S&P Global Market Intelligence ESG datasets and analytics help clients accelerate their alignment with global climate and sustainability goals.



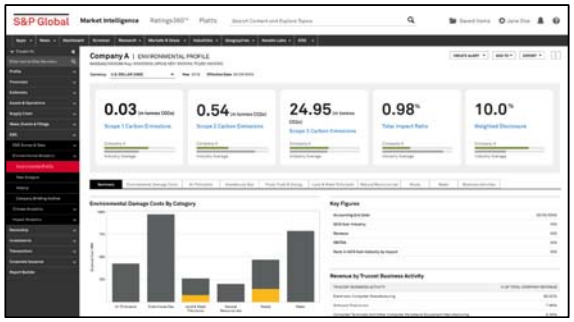
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Powerful desktop, data feed and reporting solutions

Empowering a wide range of use cases at scale.

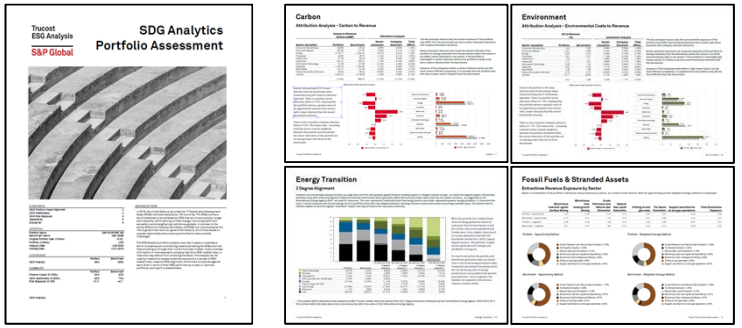
MI Platform

ESG news, ESG data, company screening and portfolio analytics.



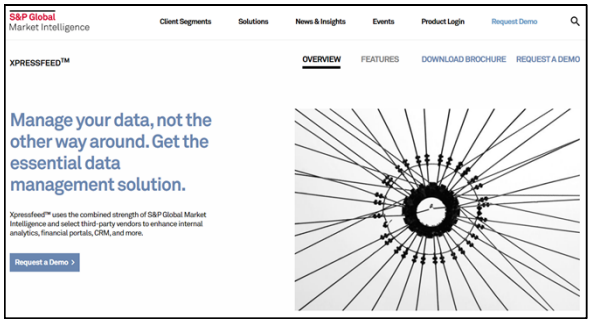
Analytics & reporting

Custom analytics, reporting and capacity buildings.



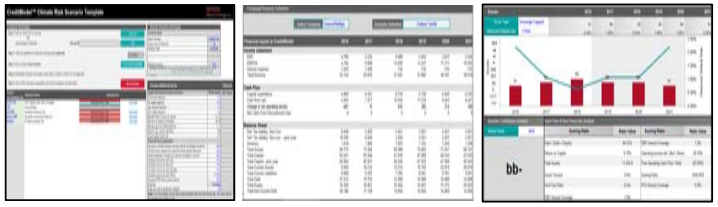
Xpressfeed

ESG scores, Trucost data and 200+ other datasets.



Credit analytics

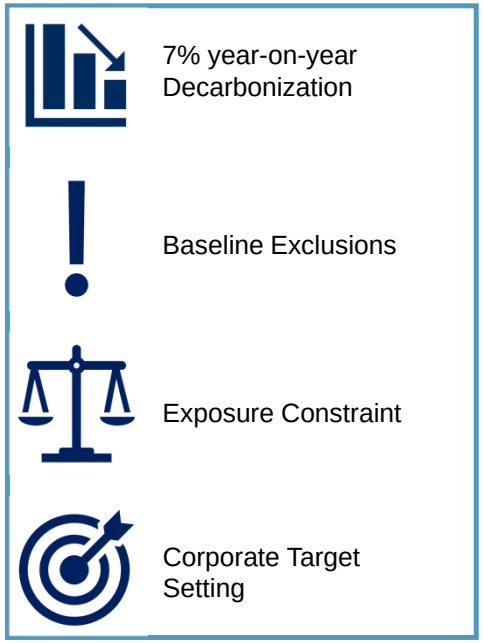
Sophisticated Credit Risk Assessment of Climate Related Impacts



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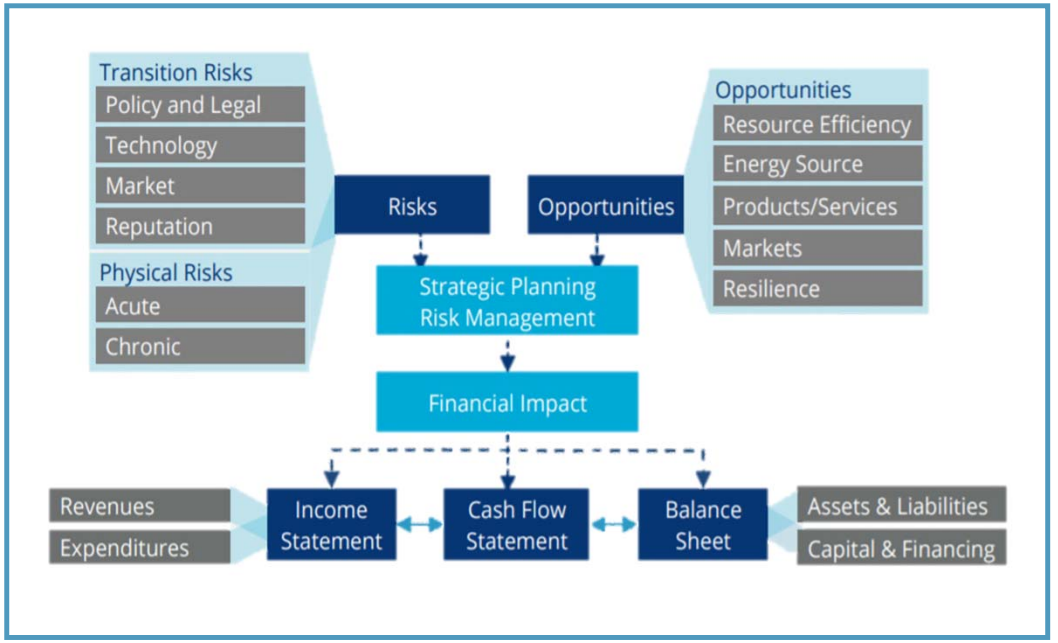
S&P PACT™ Indices:
Climate Frameworks

EU Climate Benchmark Minimum Standard Similarities



Source: S&P Dow Jones Indices. Chart is provided for illustrative purposes.

TCFD Recommendations on Climate Related Financial Risks and Opportunities



Source: TCFD. Chart is provided for illustrative purposes.

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S&P PACT™ Indices:
Key Features



Beyond the Paris Agreement and Align Investments with a 1.5°C trajectory



EU Benchmark Regulation and TCFD Recommendations Aligned



Addresses climate objectives efficiently, maintaining broad, diversified exposure

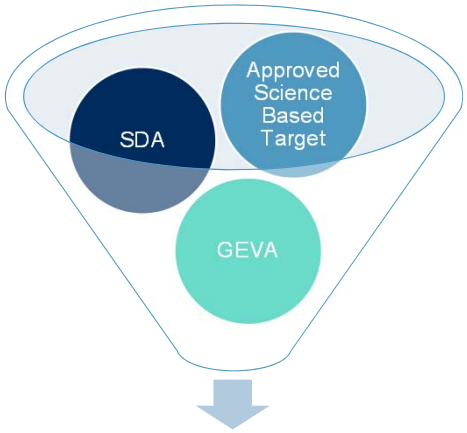
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S&P PACT™ Indices:

Transition Risk: The Transition Pathway Approach - SBTi recommended methodologies

Sectoral Decarbonization Approach (SDA):

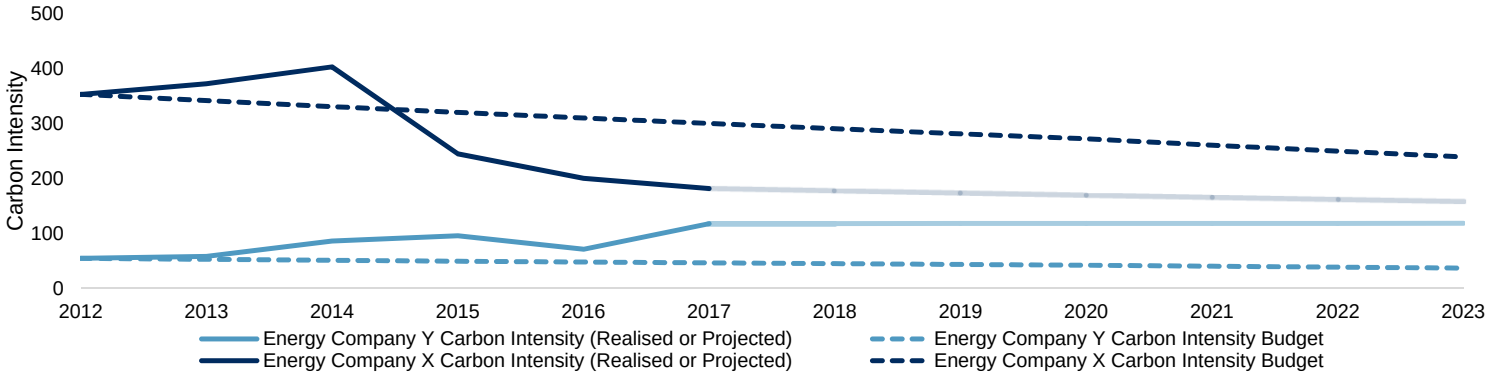
- Homogenous high emitting sectors
- IEA trajectories
- •Industry specific trajectory
- Convergence based
- Output-based denominator for carbon intensity



Transition Pathway Approach

Greenhouse Emissions per unit of Value-Add approach (GEVA)

- Heterogenous sectors
- IPCC trajectories
- •Economy wide trajectory
- Contraction based
- Gross profit denominator for carbon intensity



Source: Trucost. Chart is provided for illustrative purposes.

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S&P 500 ESG Index

Conditions set for the S&P 500 ESG Index to become *the global standard* for US Equity ESG investing.

- Multiple ETFs listed in the US, across Europe, and in Canada.
- Futures trading on the CME gaining momentum.
- Options listed on Cboe in September 2020.
- Strong interest across channels and geographies.
- SAM's Corporate Sustainability Assessment and the S&P 500 ESG Index supporting each other's growth in prominence.

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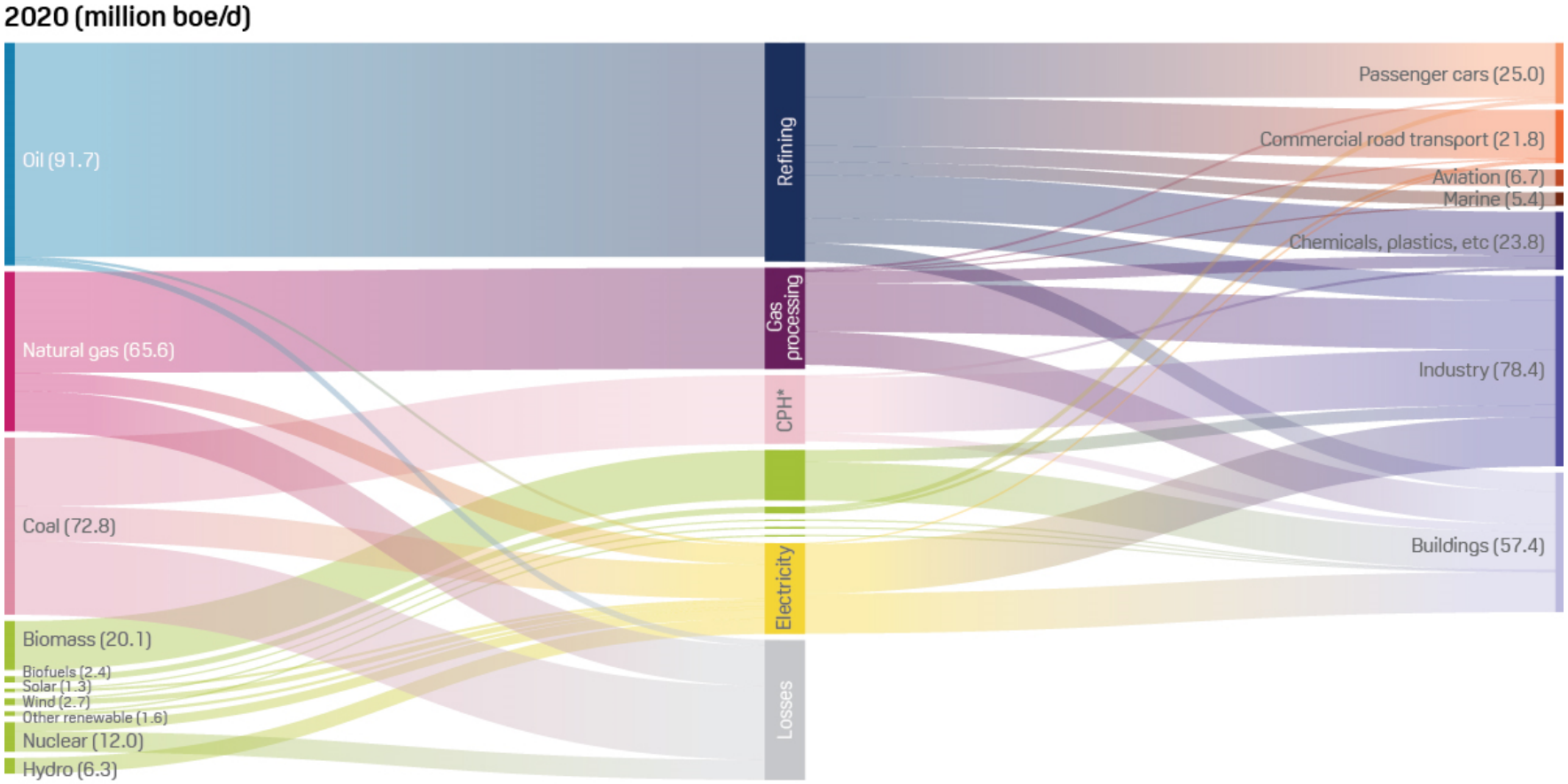
Energy Transition in the Commodity Markets

- Climate risk becoming increasingly quantifiable
- Alternate forms of Energy are scaling as costs are subsiding
- Key unknowns remain



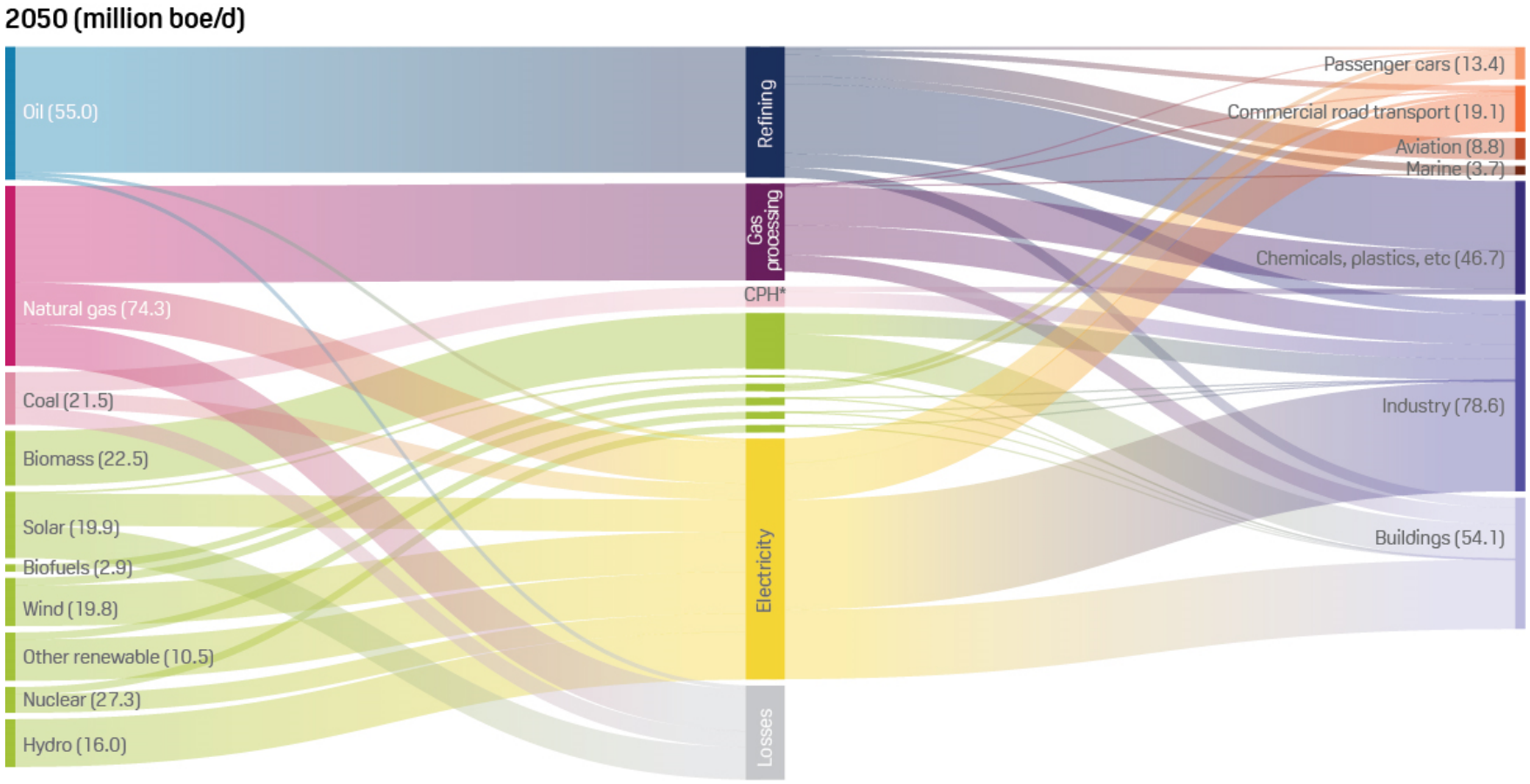
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What is the Energy Transition?



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What is the Energy Transition?

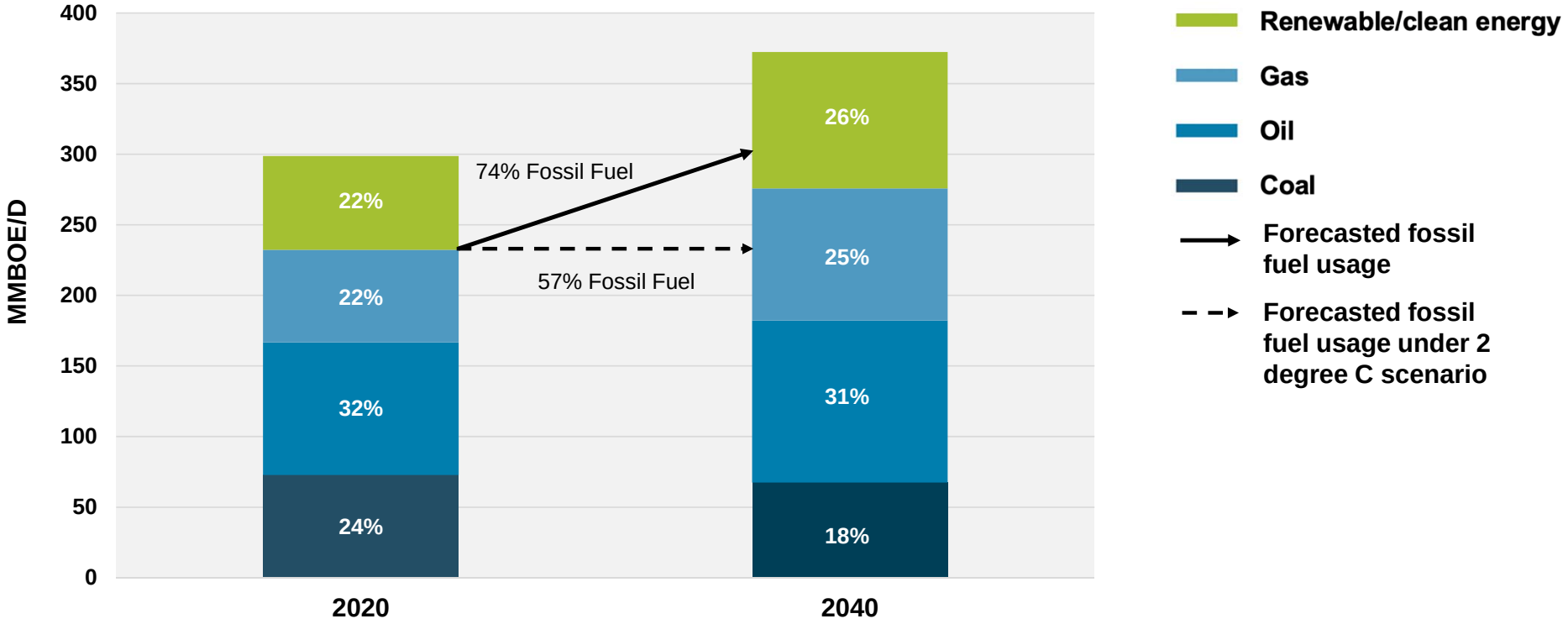


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Harvest Fossil Fuels and Diversify Revenue

Absolute Primary Energy Demand

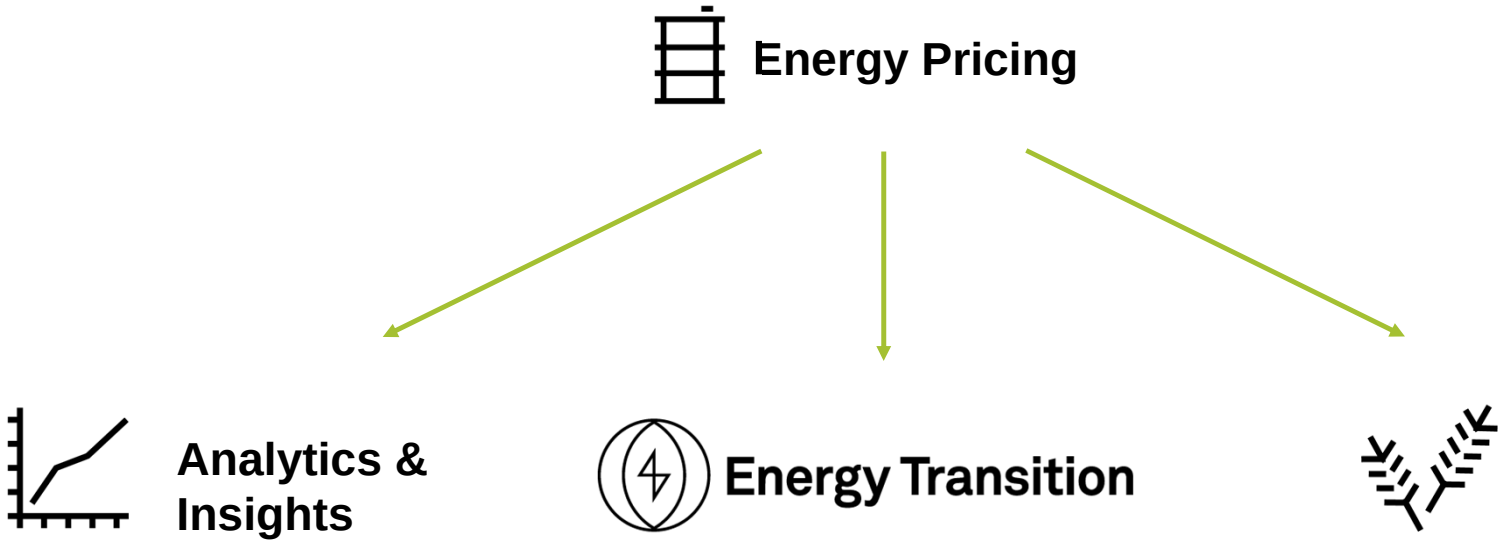


Source: S&P Global Platts Analytics World Energy Demand Model

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Diversifying Platts' core offering



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Diversifying Platts' core offering

Potential revenue growth →

2003-2009

Price Assessments & News

- **Ethanol**
- **LNG**
- RINs/RVOs

Analytics

- **Scenario Planning Service**
- World Energy Demand Model
- Biofuel
- Renewable Energy Credits pricing
- Regional Greenhouse Gas Reports

2010-2014

Price Assessments & News

- LCFS
- Biodiesel
- RECs
- SOX/NOX

Analytics

- California (Carbon, LCFS) market analysis/forecasts
- US Regional REC market analysis

2015-2018

Price Assessments & News

- **Battery metals**
- **nuclear/uranium**

Analytics

- **2 Degree Scenario**
- US/Europe Storage Outlooks
- Electric Vehicle analysis and forecasts

2019

Price Assessments & News

- **Hydrogen**
- **LNG bunkering**
- **Guarantees of origin**

Analytics

- **Hydrogen Analytics**
- Global Wind
- Global Solar Outlook
- European Power 5YF
- Asia/Global Power 5YF

2020

Price assessments & News

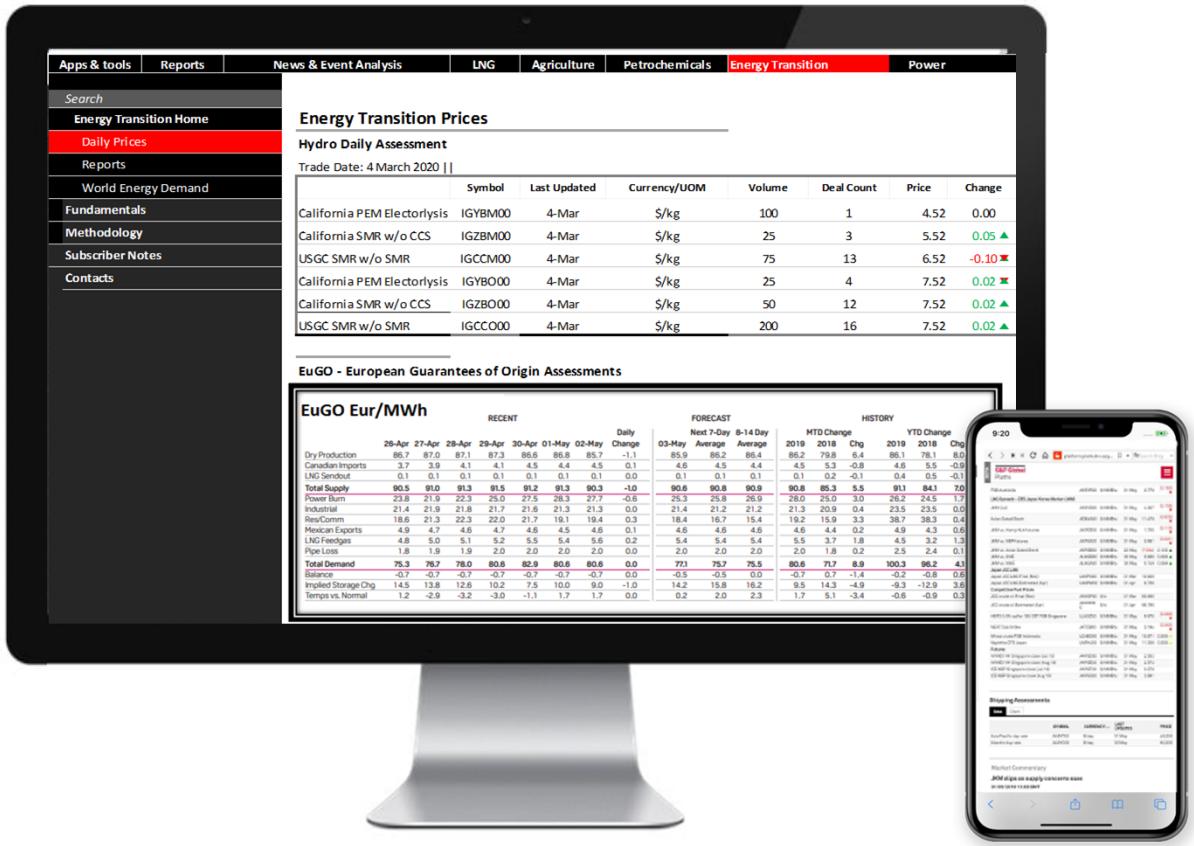
- Power generation curtailment indices
- **Recycled plastics**
- **Low sulfur fuel oil**
- **Renewable biofuels**

Analytics

- **CORSIA Aviation Supply and Demand**
- LT European Power Outlook
- Hydrogen in World Energy Demand Model
- Hydrogen Production Database

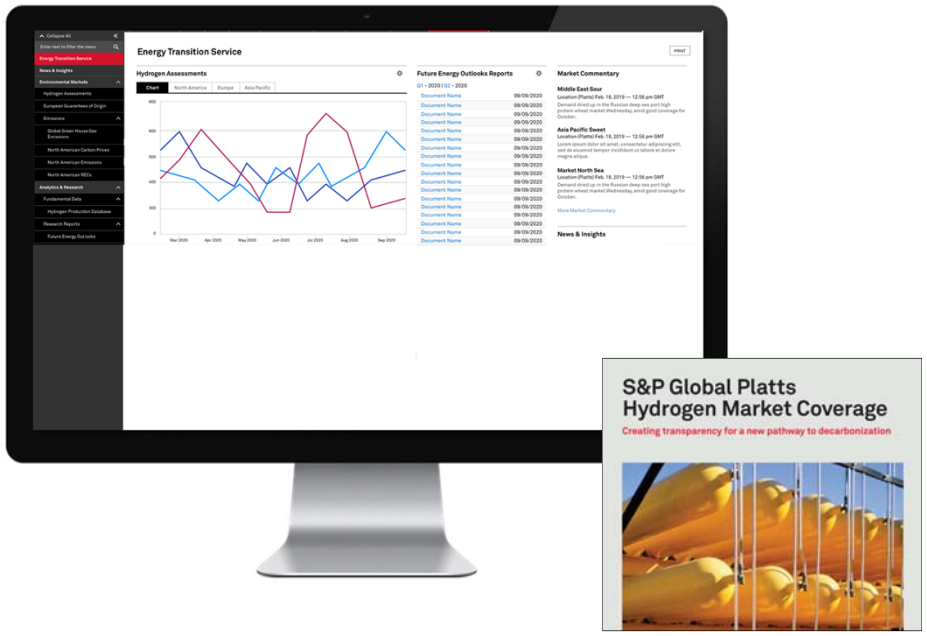
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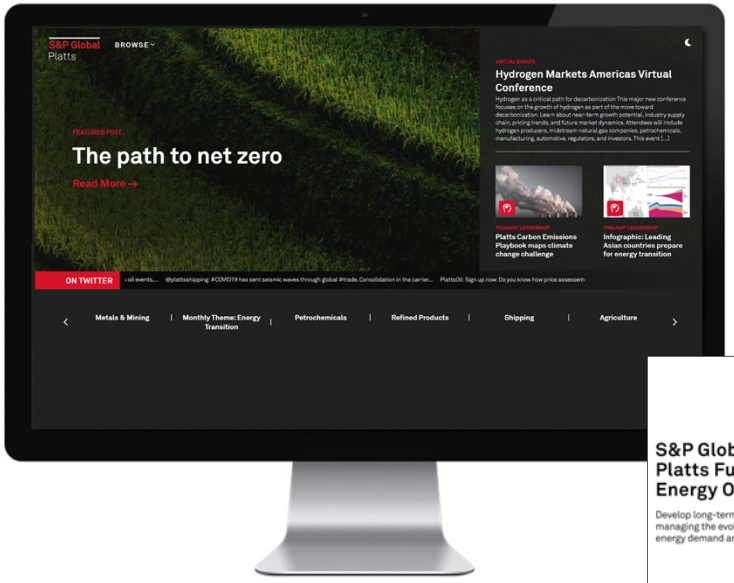
Foundation of Energy Transition Offering: 13th Commodity Vertical



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A new service line for S&P Global Platts in 2021







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