

# CEO's Letter

## Dear Fellow Shareholder:

In a year characterized by challenging macroeconomic conditions and a host of geopolitical risks, S&P Global once again proved its resilience in 2022:

- We made considerable progress on our most important strategic initiative—the transformative merger with IHS Markit. Since we closed the transaction early last year, integration teams have been doing tremendous work aligning processes and bringing people together, which has helped put us ahead of schedule on achieving our synergy targets.
- Four of our six divisions produced Non-GAAP pro forma adjusted revenue growth as we managed through difficult debt issuance and IPO markets.
- And we never stopped investing in organic growth, technology, and innovation to deliver the next generation of exciting new products.

While our diversified business portfolio helped counterbalance a steep decline in revenue from S&P Global Ratings, our financial performance in 2022 did not match the previous year. And although our Non-GAAP pro forma adjusted revenue and Non-GAAP pro forma adjusted diluted earnings per share declined year-over-year, our disciplined approach to cost management and capital allocation, active engagement in our markets, and strategic investments have positioned us to return to growth in 2023.

We are also benefiting from a strong brand, which is a key differentiator in a dynamic business environment. At S&P Global, we have leading positions that power global markets. Our brand is trusted and reliable. We're known for independence, integrity, transparency, and consistency.

In early 2023, Brand Finance, a leading independent brand valuation and strategy consultancy, noted a 31% increase in our brand's value during 2022.

Customers and market participants in financial institutions, businesses, and governments use or interact with our brand every day.

Anyone who watches TV news or opens any app to check how U.S. stocks are doing will see the benchmarks S&P 500 and Dow Jones Industrial Average, and to track global bond markets, there is our family of iBoxx™ indices.

Chief financial officers, treasurers, and others apply our credit ratings and research to evaluate the creditworthiness of a bond or loan.

To read more about our technology-enabled products and innovations visit [spglobal.com/ProductShowcase](https://spglobal.com/ProductShowcase)

# We made considerable progress on our most important strategic initiative—the transformative merger with IHS Markit.

Investors use our data and analytics to build, manage, and analyze their portfolios.

Business leaders, policy makers, and finance professionals turn to our economists or our Purchasing Managers' Index, or PMI™, to understand the outlook for the global economy and business conditions.

Traders, risk managers, and a range of buyers and sellers want to know our benchmark prices for commodities such as Dubai or Dated Brent crude oil or for liquified natural gas.

Customers across the automotive value chain use our insights to learn about the future of the auto sector and make critical capital investment decisions.

And leaders in the private and public sectors rely on our ESG scores, evaluations, and indices; carbon pricing scenario analysis; and second-party opinions to navigate the transition to a sustainable future.

S&P Global's products and services are embedded in our customers' workflows. By helping our customers manage risk and uncover opportunities, we're driving markets forward.

It is this strong brand combined with a great team, a high level of recurring revenue, technology, and a clear strategy that gives us an incredibly strong foundation on which to grow.

## **Our Vision: Powering Global Markets**

Closing the merger with IHS Markit in February of last year presented a chance to reflect on our vision for S&P Global and refresh our strategic framework. We define our strategic focus as Powering Global Markets.

We realize our vision through a strategic framework with five pillars: customer at the core, grow and innovate, expand the power of data and technology, lead and inspire, and execute and deliver. These elements guide how we allocate capital, channel innovation, inspire our people, and ultimately, capitalize on the fantastic long-term growth opportunities in each of our businesses.



### **Customer at the Core**

I've been meeting with customers frequently over the past year. It's been a fabulous opportunity to listen to their feedback. During my visits I've heard three consistent messages.

The first is that our customers are excited about the merger. Some of our best ideas for new or enhanced product features are coming from our customers.

The second message is about data. Every company is going through a digital transformation. Digital transformations require companies to connect their data so it becomes more relevant. That's something we're doing really well. They want to learn from us.

And the third message is about sustainability, energy transition, and climate. Customers tell me they want new data sets, new products, and new intelligence about sustainability issues.

We've been investing in innovation across the company to identify new ways of serving customers, and it's exciting to see those investments starting to pay off.

### **Grow and Innovate**

In late 2022 we introduced a new level of disclosure to our organic growth initiatives: the Vitality Index. It measures the revenue impact of innovation, including product enhancements and new offerings, as a proportion of total revenue.

Our target is to increase the Vitality Index on an ongoing basis to more than 10% of total revenue from 8% in 2021. I'm pleased to report we achieved that goal in 2022, and our focus will remain on innovations with key products like thematic indices, bond valuations, aftermarket research, mobility forecasts, and solutions for the energy transition.

Another part of our growth story is a focus on transformational areas—areas that are rapidly expanding. Two of the most promising business opportunities are private markets and sustainability. We have distinct advantages in these areas because we have assets that nobody else has, we have the technology base, we have the scale, and we have a global sales force.

Today we generate approximately \$400 million in revenue annually from products serving private markets. We offer solutions to private equity customers, private company data, private asset data, as well as ratings, bank loan ratings and assessments for private entities, portfolio monitoring, fund-level data, and benchmarking. By 2026, we expect private markets to become a \$600 million business.

In the sustainability space, we have unique capabilities, particularly in climate. Our business, branded Sustainable, includes products that cover electric vehicles and some energy transition products, sustainability scores on more than 10,000 companies, and sustainable versions of the S&P 400, 500, and 600 indices, among many others. We expect this business to grow at a compounded annual growth rate of 34% to \$800 million by 2026.

### **Expand the Power of Data and Technology**

Differentiated data and leading technology enable us to serve the evolving needs of

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our customers. They're critical to our future success and that's why we're investing in two categories.

First, we continue to ensure we have the highest quality approach to our own digital infrastructure. That means putting resources behind the cloud, cybersecurity, and data governance.

Second, we are applying more resources to help our developers and other teams with the latest agile tools in artificial intelligence and machine learning.

We spent approximately \$2 billion on technology last year. Seventy-three percent of that was invested in infrastructure and foundational systems and the remaining 27% was invested in R&D and new technologies. To increase the value proposition for our customers and succeed in the future, we're shifting that mix. By 2026, we are targeting to invest 60% of annual technology spend in infrastructure and 40% in technology innovations focused on speeding time to market and improving the customer experience.

Our commitment to technology and the capabilities that result from the IHS Markit merger offer exciting opportunities to lead in the digital economy.

## **Lead and Inspire**

There's been no more important priority for us than creating a sense of belonging where our people feel engaged, inspired to do great things, and are connected to our purpose, which we express as Accelerate Progress. Over the past year we've invested in making S&P Global a top place to work with career training programs, new benefits, and a global flexible time-off approach.

Offering our people volunteer opportunities and matching gift programs to support the causes they care about, endowing the S&P Global Foundation, the keystone of our philanthropic initiatives, and updating our environmental goals to reduce water, waste, and energy consumption are also critical components of S&P Global's culture.

All these initiatives allow us to attract, retain, develop, and care for our people.

## **Execute and Deliver**

Our teams continue to be disciplined in their approach to executing our strategy. That means running the company efficiently, making strategic investments in high-growth areas, pursuing a disciplined capital allocation approach, and creating an excellent culture.

We have a proven record of execution, and I am confident our experienced team will deliver great results going forward.

## Integration Progress

We are making substantial progress on our integration with IHS Markit.

The merger, which we detailed in last year's annual report, is generating encouraging conversations with our customers about the increased value we offer as a combined company. As an example, we've generated 6,700 cross-sell referrals since the merger closed, and the conversion rates are strong.

Additionally, we have standardized business practices and we're moving fast on our office integration plan. As of the end of last year, we've consolidated office space in approximately two dozen locations. We continue to be fully focused on the execution of our synergies. As previously disclosed, by 2026 we expect to generate \$600 million in cost synergies and \$350 million in revenue synergies.

The merger has been an extraordinary opportunity for me to get on the road to meet new teams and learn about the products they're creating. I call it a "Day in the Life" program. Over the past year I've spent time with people where they work, getting to analyze different industries, companies, and markets, and understanding their workflows.

As part of our disciplined approach to integration, late last year we also announced our intent to sell the Engineer Solutions business. This is an excellent business with strong growth prospects; however, it proved not to be the right fit for our long-term strategy. Earlier this year, we signed an agreement to sell the business to investment funds managed by KKR for \$975 million in cash. We expect the transaction to close by the end of the second quarter of 2023.

## Positioned for Growth in the Years Ahead

We're very confident about capturing growth opportunities in our markets. We expressed that confidence with the mid-term financial targets we announced during our Investor Day in December last year. We expect to achieve by 2025-2026:

- 7% to 9% organic annual revenue growth;
- An adjusted operating margin in the range of 48% to 50%;
- Low- to mid-teens annual adjusted diluted earnings per share growth; and
- Continued return of capital of at least 85% of free cash flow.

## A Word of Thanks

Our people have been through a lot of change not just in 2022, but over the last several years. I thank them for the excellent work they continue to do handling a complex merger, market uncertainty, and the evolving dynamics of Covid. Amid so much disruption in the world, they are a steady and resilient presence working alongside our customers.

I especially want to express my gratitude to John Berisford, who left the company at the end of last year. John embodied the very best in S&P Global's values. He played a central role in transforming our company and his leadership made so much of our success possible.

We are well positioned for profitable growth in the future because of our strong brand, powerful data and technology, resilient business model, trusted products, clear growth strategy, and the talents of our people around the globe.

I also want to recognize our Board of Directors. We have an all-star Board whose diverse expertise, perspectives, and backgrounds are of incredible value to me and our company.

I extend my heartfelt thanks to Ed Rust, Monique Leroux, Kurt Schmoke, and Bill Amelio, who retired last year, for everything they've done to provide oversight and for their commitment to building long-term shareholder value. It is a testament to their contributions that our record of growth has been so consistent over many years.

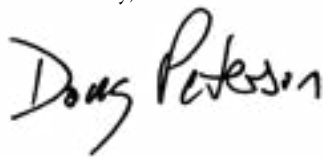
## Looking Ahead

Even with an uncertain global economy this year, we are well positioned for profitable growth in the future because of our strong brand, powerful data and technology, resilient business model, trusted products, clear growth strategy, and the talents of our people around the globe.

For generations, the people of our company have adapted to serve the changing needs of markets. Through every imaginable economic condition and business cycle, they have been there for our customers. The high quality of our people will always be a hallmark of S&P Global. It is their expertise, dedication, and enthusiasm for Powering Global Markets that give me complete confidence our company will produce valuable benefits for all our stakeholders in the years ahead.

Thank you for your support.

Sincerely,

A handwritten signature in black ink that reads "Doug Peterson". The signature is written in a cursive, slightly slanted style.

**Douglas L. Peterson**  
President and CEO