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S&P Global Sustainable1

Investor Client Council

Cycle: 2025
Region: North America
Session: H2 2025

Location: New York
Date: 22nd September 2025
Time: 14.00– 17.00 CET

Sponsor: Leanne Todd
Chair: Katie Gandy
VC/Secretariat: Nicola Gallagher

SESSION AGENDA

14.00 – 14.05: Welcoming Remarks
Co-Chair of the Investor Client Council

14.05 – 14.15: Guidelines & Introductions
Vice-Chair of the Investor Client Council

14.15 – 15.30: Engaging Portfolio Managers on Sustainable Investment (See Attached Briefing)

Assessing transmission mechanisms for sustainability in credit, tools to assess near-term actions vs. long-term targets, and the interplay between them as part of a holistic toolkit: As institutional investors face increasing pressure from stakeholders—such as clients, regulators, and the public—to demonstrate accountability and transparency, the economic rationale for sustainable investing becomes more pronounced.

15.30 – 15.45: Break

15.45 – 16.55: Nexus Topics: Food Energy Water (See Attached Briefing)

The Food-Energy-Water nexus is an increasingly compelling topic for investors due to its critical role in addressing some of the most pressing global challenges, including climate change, resource scarcity, and food security.

16.55 – 17.00: Concluding Remarks
Co-Chair of the Investor Client Council

17.00 – 20.00: Networking Reception, Drinks & Canapés

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SUBJECT BRIEFING

Index-based Solutions for Sustainability

Assessing transmission mechanisms for sustainability in credit, tools to assess near-term actions vs. long-term targets, and the interplay between them as part of a holistic toolkit.

Background

The world is undergoing changes as the energy transition progresses and the concept of sustainability evolves. Within this framework, index-based solutions present potential avenues for market participants looking to achieve their sustainability objectives while effectively navigating the complexities of the investment landscape.

This presentation aims to provide an overview of the latest trends in index-based solutions for sustainability. Key areas of discussion will include:

1. **Diverse Index Investment Strategy Option**s: We will examine the range of index-based solutions available, spanning equities, fixed income, and commodities. Each asset class brings unique opportunities and challenges that should be understood by market participants.

2. **Emerging Themes:** Special attention will be given to the themes that are gaining traction in the sustainability-focused index investment strategy landscape. These include increased exposure to social criteria like Human Capital Development, and initiatives supporting the energy transition, reflecting the evolving demands of market participants.

3. **Focus on Fixed Income:** The sustainability-focused fixed income indices will be highlighted for their noteworthy characteristics, particularly their low tracking error when compared to broad market benchmarks. This feature can position sustainability-focused fixed income indices as a potential option for those seeking to maintain the characteristics of broad market benchmarks, while meeting their impactful sustainability goals.

Through this presentation, participants will gain valuable insights into how to navigate the evolving landscape of index-based solutions, allowing them to make informed decisions that align with their sustainability objectives.

Pre-Read Materials

- Presentation Slides
- Indexology® blogs,
- Charting New Frontiers,
- SPIVA Sustainability,
- The Role of Indices in the Energy Transition,
- S&P DJI's quarterly Sustainability Dashboard.

Questions

1. What are some specific examples of index-based solutions currently being implemented in the equities, fixed income, and commodities that align with sustainability goals?
2. How do emerging themes like social criteria impact the index performance?
3. What is the significance of tracking error in sustainability-focused fixed income indices and how it can impact market participant decisions compared to other asset classes?
4. What challenges do market participants face when considering sustainability-focused index-based solutions, and how can these challenges be effectively addressed?

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SUBJECT BRIEFING

Food & Water Security

Background

The future of agriculture is under threat as crop yields are significantly impacted by climate risk. Agriculture has unique characteristics that pose specific challenges compared to other sectors: it is fragmented, seasonal, and it has an outsized environmental footprint, using more land and water resources than other human activity. The agricultural sector is fragmented in most countries, with many small-scale producers operating independently, leading to important challenges in mitigating climate risk. For example, in India, millions of smallholder farmers cultivate less than two hectares of land, often relying on a single monsoon season to grow staple crops like rice or wheat. This fragmentation limits their access to resources, technology, and markets, reducing their capacity to adapt to unpredictable weather patterns. A delayed or failed monsoon can devastate their yields, leading to food insecurity and financial instability. Additionally, agriculture is shaped by biological processes and seasonal cycles, being bound by nature's calendar. This seasonal dependence means that even a short drought or unseasonal rainfall during the growing period can cause disproportionate damage, illustrating how climate variability hits fragmented, seasonal agriculture hardest.

Among all the physical risks exacerbated by climate change, water availability ranks amongst the most critical ones, given its potential impact on yields. Considering that 66%[1] of agriculture production is rainfed globally, precipitation anomalies become a good proxy for water security in food production. The adoption of sustainable agriculture practices mitigates the risk from significant precipitation anomalies. Certain practices boost soil organic carbon significantly, enhancing the soil's ability to retain water. By improving water infiltration and storage in the soil, these practices increase the resilience of the soil , potentially lowering overall agricultural water demand and costs. Therefore, understanding transition cost for long-term savings is also an important insight in this context.

S&P Global agriculture climate risk analytics quantify how precipitation (and temperature) variability impacts agriculture yields across key crops and producing regions. As yield growth decelerates in a climate scenario, financial implications on the supply chain – starting with farmers in the form of net farm losses – start to roll in. Staple crops tend to have inelastic demand as they have few substitutes, and so supply shortages followed by price volatility increase the risk profile of a crop. These short-term financial losses may limit the adoption of sustainable management practices that are essential to mitigate impacts.

We will focus the session on:

(1) translating climate signals into procurement risk, namely into assessing margin pressure for farmers and other supply chain risks.
(2) Impact measurement by identifying trade and domestic demand impacted, leading to food insecurity issues
(3) Assessing investment opportunities specifically through carbon finance and insurance programs

Questions

1. Where do yield loss, due to climate risk, translate most directly into revenue loss and how are you pricing that risk today?
2. What mechanisms are being used to mitigate climate risk in agribusiness in your portfolio today?
3. Has regenerative agriculture practice as a mitigation strategy been relevant in your agribusiness portfolio? If not, why?
4. What's the most credible KPI to evidence water security in your portfolio?
5. What opportunities do you see for financing sustainable ag and what data would be needed?
6. Why are carbon markets not enabling enough for agriculture sector compared to other sectors?
7. What are some of the other physical risks that are prominent to you apart from water risks?
8. In context of sustainable agriculture, what areas would you be keen to invest in e.g., upstream such as soil carbon projects OR downstream such as ESG-led agribusinesses?

[1] World Resource Institute