

# Materiality Core Subjects



## **S&P Global Statement**

This document is based on the S&P Global ESG Scores Methodology and its Addendum on Materiality. It provides an overview and descriptions of the Materiality Core Subjects used in our materiality research. All criteria covered in the Corporate Sustainability Assessment (CSA) 2025 are clustered and linked to their distinct Materiality Core Subjects.

The S&P Global ESG Scores Methodology of S&P Global Sustainable1 provides investors and other users transparency on the foundation of the CSA questionnaire and its application in developing the S&P Global ESG scores of companies. S&P Global Sustainable1 is separate and distinct from S&P Global Ratings and S&P Dow Jones Indices. Its materiality approach is not a methodology of S&P Global Ratings and does not apply to S&P Global Ratings credit ratings.

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# Governance & Economic Dimension



## Corporate Governance & Ethics

Corporate Governance refers to the system of rules, structures and processes used to direct a company. This is done in the interest of the corporation and its stakeholders, including its owners or shareholders. It implies particular duties, responsibilities and capacities of board directors and executive management. Good corporate governance practices promote accountability, responsibility and transparency. It encompasses systems of checks and balances, incentives for aligned behaviour, policies for board composition and effectiveness. Ethics and responsible business conduct covers codes of conduct, anti-corruption policies, whistleblowing procedures, and measures to ensure fair business practices.



## Information Security

Information Security concerns the ability of companies to protect IT systems from threats including malicious attacks, data loss, service disruptions, and damage. The primary objective is to mitigate information risk by ensuring the confidentiality, integrity, and availability of information. It requires sound governance structures, policies and programs. These include guaranteeing preparedness to respond and ensure business continuity in the event of any attack, escalation mechanisms, response procedures, internal training and vulnerability analysis. While the subject covers data security broadly, issues related to protecting the personal information and rights of individuals such as customers are addressed under the topic privacy protection.



## Policy Influence

Policy Influence concerns transparency around the activities and expenditures of companies when engaging in legislative, political and public discourse. It includes political donations, membership of trade associations or groups, as well as lobbying and spending related to ballots or referendums. Relevant is not only the amounts spent but also the issues supported. It requires transparency regarding corporate policies, guidelines and activities, as well as education of management and employees on responsible involvement, appropriate contributions and the prevention of misinformation.



## Risk & Crisis Management

Risk and Crisis Management refers to governance structures and internal control processes for the effective management of shorter and longer term or emerging risks. It requires the cultivation of an effective risk culture, the use of sensitivity analyses and stress testing. Risk management is preventative and crisis management corrective, responding to an unforeseen event. Proper risk management procedures and practices, including appropriate controls and culture, will enable an organisation to deal with a crisis or emergency more effectively.





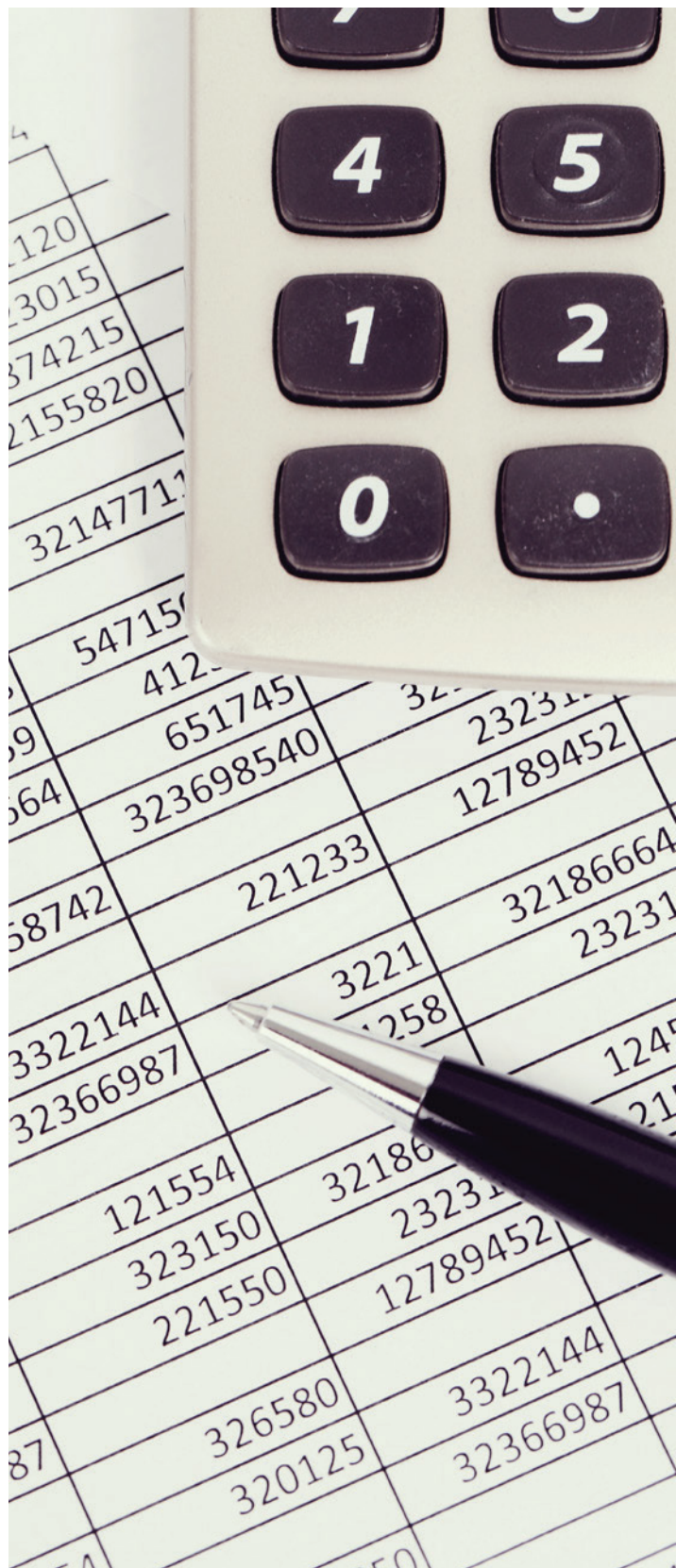
## Supply Chain Management

Supply Chain Management refers to the procurement policies, systems and practices of companies to manage the sourcing, processing and transformation of resources to deliver products and services. Key priorities include resource optimisation and reducing risk exposure, along with the integration of ESG standards beyond own operations. Supply chain risks can relate to for example political unrest, economic misconduct, social impact or environmental harm. It may require supplier collaboration, training, assessments, audits and reporting related to sourcing issues such as conflict minerals.



## Tax Strategy

Tax Strategy refers to an approach to governance, compliance and reporting as regards tax related norms and laws. Tax avoidance is the legal practice of minimising tax bills by using strategies such as profit shifting. It is often characterised as obeying the letter but not the spirit of the law. Therefore, the issue also considers tax transparency and good tax governance. Relevant is the application of minimum tax rates, tax incentives, fair share taxation and the allocation of revenues and profits across jurisdictions.



# Environmental Dimension



## Biodiversity

Companies impact Biodiversity through their operations and value chains. Land use can be seen as proxy for the level of impact. Biodiversity involves ecosystem diversity, species diversity and genetic diversity. It implies the impact and dependency of companies on different ecosystem services. It reflects a systems view, versus considering different natural resources separately. Damage can involve biodiversity loss through for example deforestation. The management of these includes the avoidance of activities near sensitive sites, and the application of mitigation hierarchy approaches to minimise losses and achieve net positive impact.



## Energy

The subject Energy refers to good practices and technologies to advance energy efficiency, cleaner energy, alternative energy and integrated energy systems. Criteria covered under the subject points to diverse industries that are primary users of energy. The aspects covered include gas leakage rates, energy intensity, renewable energy consumption, share of renewable energy in data centres, data centre energy efficiency and energy consumption.



## Climate Transition & Physical Risks

Climate Transition refers to the risks and opportunities presented by climate change and the transition to a low-carbon economy. It focuses on strategies for the management of climate associated risks and impacts as well as energy transition goals. Climate Transition implies regulatory, market and technology developments, including climate solutions and business response throughout the value chain. While Physical Risk exposure is location and company specific, transition risks and opportunities are associated with specific industries and sectors.



## Environmental Policy & Management

Environmental Policy & Management Management refers to the policies, processes and systems of companies to conduct environmental management, including a reliable and effective management of their environmental performance and impacts. The goals, objectives and targets of Environmental Management Systems (EMS) imply all stages of the value chain, including operations and products or services, and is subject to verification, audit and certification. Its associated monitoring and corrective actions include the tracking of any environmental violations and advancing the return on environmental investments.



### Sustainable Products & Services

Sustainable Products and Services refers to the environmental, health, and social attributes of companies' products and services. It covers both environmental health and human health. Related life cycle and stewardship strategies consider market opportunities for more sustainable products and services, for example more resource efficient products and more socially responsible services that positively contribute to societal development. The topic includes industry specific issues such as health and the nutritional value of food products, sustainable financial services, circular fashion, green buildings as well as more climate friendly transport and energy supplies.



### Sustainable Raw Materials

The sourcing and efficient use of resources, natural or living as well as non-living or human-made implies materials, energy, water, land and biomass. Sustainable Raw Materials focuses in particular on sustainable agriculture, sustainable forestry and the use of sustainable raw materials in building and construction. Good practices involved include certification schemes to promote organic or sustainably produced goods. The subject also includes animal welfare and the production of certified animal products.



### Waste & Pollutants

Pollutants contaminate air, water and soil. They include oil spills and emissions of pollutants such as lead, mercury, volatile organic compounds (VOC), nitrogen oxides (NOx) and sulphur oxides (SOx). Waste refers to the management of hazardous and non-hazardous waste, liquid and solid, generated by production and consumption. Related company performance highlights activities such as programs to prevent and reduce pollution and waste, including monitoring, treatment and disposal methods. Waste includes various industry specific types of waste, such as municipal waste, food waste, packaging waste, construction waste and mineral waste.



### Water

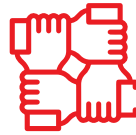
Water concerns the withdrawal, use or consumption, pollution or discharge of water. Through their operations, products and services companies may undertake activities to conserve water. Water also encompasses risks related to water, notably exposure to water stress or scarcity and the management of related regulatory, supply, stakeholder and quality risks. This includes distributive and value chain issues associated with the sharing of water resources with communities, as well as water pollution due to the release of toxic chemicals or micro-plastic pollutants.

# Social Dimension



## Customer Relations

Customer Relations encompasses customer relationship management and responsible marketing and labelling. The latter includes ethical advertising, content moderation and protection of vulnerable groups. Customer relationship management refers to strategies, processes and technologies designed to manage and improve interactions and relationships with customers. This includes managing sales and distribution channels, measuring customer satisfaction, and enhancing online presence and capabilities. Its value chain application includes quality control and audits of distribution networks.



## Human Rights

It is recognised that business enterprises should support and respect Human Rights. Related responsibilities include the need to avoid contributing to and seeking to prevent adverse human rights impacts. It requires the protection of Human Rights in own operations, supply chains, and business relationships. Companies commit to, among others, prevent human trafficking, forced labor and child labor. At stake is the rights of not only employees, but all citizens including vulnerable groups. Business action includes due diligence, assessments, mitigation and remediations.



## Human Capital Management

Human Capital Management is about the effective management of human capital, a critical part of the intangible assets of any company. Human capital management areas range from recruitment and development to performance management and compensation. Development activities include education, training and coaching, ensuring employees have the necessary abilities and skill sets to perform well. The topic also encompasses talent attraction and retention, related employee support programs such as flexible working arrangements and stress management, as well as employee surveying to track core employee wellbeing metrics. Aspects evaluated under this subject include appraisal systems, incentives, turnover rates and employee engagement.



## Labour Practices

Labor Practices concern relations and practices performed within, by and behalf of companies. It includes the promotion of diversity, inclusion and equality. Central are core labour standards such as respecting freedom of association and the right to collective bargaining, as well as fair working conditions and social protection. Efforts to eliminate discrimination require, among others, assessment of the composition of the workforce and equal pay. Critical in some industries is the living wage considering working hours and the basic needs of workers and their families.



### Occupational Health & Safety

Occupational Health and Safety refers to practices and standards designed to support mental and physical health, a healthy and safe working environment, the prevention of harm and the reduction of workplace related injury rates. The aim is to reduce exposure to occupational health and safety risks. This can be managed through, for example, OHS policies, programs, formal and informal controls, and a system for tracking lost-time injury frequency rates and work-related fatalities. Industry specific applications range from safety risks at industrial sites to office ergonomics associated with office work.



### Product / Service Quality & Safety

Product or Service Quality and Safety relates to the research, development, production and delivery of systems designed to ensure the safety and quality of products or services and to minimize risks. This may include health risks (linked with Sustainable Products and Services). Product or service quality concerns Quality Management Systems, and the management of product recalls to prevent a faulty product from reaching the consumer. Excellence in quality among others avoids products or services that pose unnecessary risks to consumer safety.



### Privacy Protection

Privacy Protection concerns the handling of personal information. For an organization it refers to the policies, systems and procedures in place to ensure proper collection, use, storage and destruction of personal data and respecting the rights of data subjects. These include employees and customers. The protection of the personal data is closely followed by many regulators and requires compliance with laws, regulations, and voluntary standards. Implementation mechanisms include the integration of a privacy policy system into companies' risk and compliance management.



### Society & Community Relations

Society & Community Relations refers to companies' strategies to minimize the negative and optimize the positive impacts of their operations, products and services on the communities and societies in which they operate. This includes their developmental impact in boosting access, such as access to water and sanitation, electricity, healthcare and finance. Industry specific issues implied include financial inclusion, social integration, mine closure management and infrastructure. The topic also covers processes such as stakeholder engagement and accountability mechanisms.

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### About S&P Global Sustainable1

[S&P Global Sustainable1](#) is the central source for sustainability intelligence from S&P Global. Sustainable1 matches customers with the sustainability products, insights and solutions from across S&P Global's divisions to help meet their unique needs. Our comprehensive coverage across global markets combined with in-depth sustainability intelligence provides financial institutions, corporations, and governments with expansive insight on business risk, opportunity, and impact as we work towards a sustainable future. Our data and well-informed point of view on critical topics like energy transition, climate resilience, positive impact, and sustainable finance allow us to go deep on the details that define the big picture so customers can make decisions with conviction.

### About S&P Global

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