

CEO's Letter

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Douglas L. Peterson
President and CEO



Dear Fellow Shareholder:

The last year tested everyone. Families struggled with the COVID-19 pandemic and personal loss. People and businesses grappled with a steep decline in global economic activity as lockdowns depressed sales and employment. The killing of George Floyd and rising inequality renewed difficult conversations in the U.S. and around the world about race, diversity and inclusion. A deadly mob attacked the U.S. Capitol. And the physical assets of many large corporations are at risk because of severe weather and climate change.

All these events have increased uncertainty about the future, and they raise important questions about the role of business in society. How does the business community demonstrate responsible leadership? How can large multinational companies like ours deliver on our commitments to provide value to all stakeholders? What are the opportunities to rebuild trust in market-based systems with a purpose to serve everyone with whom we do business?

To be sure, the story of how companies are responding to this moment is still being written. But insights are emerging that tell us something about the most resilient companies. They're the ones that focus on the environment and on societal issues, and that have good governance practices. They're the ones with crisis response plans and that engage with all their stakeholders.

In 2020, our people showed tremendous resilience, responsibility and resolve to support one another, our customers, our communities, our suppliers, and in doing so, have served our shareholders. I'm incredibly proud of them.

Connecting the Past with the Present

Eighty years ago, Paul Babson, the president of Poor's Publishing, and Clayton Penhale of Standard Statistics decided to merge their two companies. The principles on which Standard & Poor's was formed—integrity, independence and insights—are just as relevant to investors and corporate leaders now as they were then. And it is those qualities that are bringing another two great companies together.

Last year, we announced our agreement to merge with IHS Markit (NYSE: INFO). We have enormous respect for IHS Markit and everything its Chairman and CEO Lance Uggla and his team have built. As we look to the future, the combination of our companies will enable us to leverage data and technology so our customers can make even better decisions.

We have a proud tradition of evolution, innovation and resilience that gives me a lot of confidence about the way we will deal with future events. For more than 160 years, we've navigated challenges in a wide range of economic cycles, market conditions and global dynamics.

When Henry Varnum Poor was just getting started with Poor's Publishing in 1860 by writing journals about the emerging railroad industry, America was on the cusp of a secession crisis and the Civil War. When our predecessors who were leading McGraw-Hill Cos. decided to take our company public by listing shares on the New York Stock Exchange in 1929, the country was on the verge of the Great Depression. And when Paul and Clayton merged their companies in 1941, the U.S. was just nine months from entering World War II.

Through it all, our people have displayed integrity, determination and the spirit of innovation.

This year marks our fifth anniversary as S&P Global. This milestone offers a vivid reminder that for generations, the S&P brand has represented trusted financial information. As we go forward, we'll never stop working to earn the trust of markets and all our stakeholders.

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2020 Financial Review

We delivered exceptional financial performance in 2020. While the pandemic has crippled many industries and companies, our unique collection of businesses has continued to thrive by providing the essential intelligence needed by our clients to navigate this period of heightened uncertainty.

Last year, revenue increased 11% to \$7.44 billion and our adjusted diluted earnings per share rose 23% to \$11.69, which compares with the top end of our guidance of \$11.45.

These results are testimony to our resilient business model. We generate about 70% of revenue from subscriptions, non-transaction and asset-linked fees. Upon closing our merger with IHS Markit, the portion of our new company's recurring revenue is projected to increase to 76%.

Another strength of S&P Global is the wide range of sectors that we serve. In addition to financial institutions, we serve numerous industries, including utilities, technology, integrated oil and gas as well as governments. And because of this diversity of revenue, no one industry and certainly no one customer represents a majority of our business. In fact, nonfinancial corporates in industrial categories represent almost 60% of our revenue.

We continue to maintain our strong balance sheet and healthy credit profile for future capital deployment, including steady returns to shareholders.

Powering the Markets of the Future

Having a strategy is one thing. Being able to execute it, especially in times of great unpredictability, is something else. I'm pleased that our long-term strategy, what we call Powering the Markets of the Future, continues to be an effective framework to hold ourselves accountable, allocate capital and chart our path forward. In 2020, we produced meaningful progress in each of the six components of our strategy.

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1. Global Reach and Relevance

To expand globally, we took another big step last year. S&P Global (China) Ratings completed its registration filing with the China Securities Regulatory Commission. This marks the first time that a wholly foreign-owned credit rating agency (CRA) can produce credit ratings in China's exchange bond market, and it gives us the broadest remit of any wholly foreign-owned CRA in China. As you may recall, in 2019, we received the first approval to publish ratings in the interbank bond market.

We also released the China Credit Analytics Platform. This is an integrated desktop solution that generates credit insights on more than 20 million Chinese private companies using differentiated content and localized analytics aligned with the S&P Global standard.

2. Customer Orientation

To strengthen our customers' experiences with our products, we took a number of important actions across the company.

For example, we stepped up the frequency and availability of our research and insights related to the impact of COVID-19 on markets, business sectors and economies. Our customers have expressed overwhelmingly positive feedback and we reached record levels of website visitors and overall interest in our content.

In another example, last summer we began customer trials of S&P Global Platts' faster, more efficient Market on Close (MOC) process. S&P Global Platts editors have been collaborating with Kensho's data scientists to shorten the average two-hour timespan between the market's close and the publication of a range of commodity price assessments by an average of 80%. This enables Platts to publish price assessments faster, so that clients—whether they are in trading, risk or operations—can take actions sooner and with greater understanding. We concluded initial trials with customers earlier this year and we will be rolling the process out across the full range of price assessments in scope in 2021.

And for a richer customer experience, we have added major features to the Market Intelligence desktop. These improvements allow users to more easily customize, navigate and discover our great content, including improvements to our market monitoring dashboard like persona-driven views. High-quality, differentiated content on the desktop—everything from private company data to ESG insights—is core to our strategy.

In the future, I'm excited about the opportunities to unleash new combinations of data, products and technology for our customers. Together with IHS Markit, we'll be better positioned to serve diverse customer segments, including financial services, corporates and the public sector. We'll have leading capabilities across benchmarking, data and analytics, risk management, market insight and research, asset valuations and ratings.

3. Operational Excellence

To realize operational excellence, we completed our 2018 productivity program, achieving \$120 million in annual savings. Some of the key areas of improvement were in standardizing and centralizing processes, consolidating data centers and utilizing robotics, or RPA, to automate routine activities.

Last year, we introduced a new \$120 million productivity program. This initiative to reduce future expenses will take place over the next two to three years and is focused on real estate, procurement, travel and entertainment, and technology infrastructure.

We also demonstrated operational excellence as we moved to a work-from-home model, accelerating conversations we'd been having about the future of work. We continue to focus on incorporating technology solutions to transform how we serve our customers, where we work, and how we work.

4. Technology

To enhance the value we offer to customers, we continue our record of deploying technology. In 2020, we signed an agreement with Snowflake, a cloud data platform. Cloud-based delivery enables customers to simplify their data management and work with multiple large datasets more efficiently. Since Snowflake is cloud agnostic, our data are ready to query and easily accessible.

Across S&P Global we've been deploying more and more sophisticated data science capabilities. Kensho, which we acquired in 2018, continues to prove an effective hub of innovation and product improvements. Kensho's core capabilities in machine learning, alternative-data analysis, search technology, and natural-language processing give us a competitive advantage, and in 2020, enabled customers to move faster and uncover new insights.

And following the merger with IHS Markit, the combination of both companies' artificial intelligence capabilities with the IHS Markit Data Lake—a centralized place to store structured and unstructured data where anybody can use it—will allow our customers to discover completely new insights. It's one of the most compelling aspects of putting our businesses together.

5. Innovation

We had an incredible year of innovation and product launches. Our innovative new offerings span the entire company.

To start with, we created a suite of new environmental, social and governance, or ESG, products. In the last year alone, we launched the S&P 500 ESG Index and ESG Scores and the first European price assessment for sustainable jet fuel, just to name a few.

To underscore the demand for ESG-focused data, benchmarks and analytics, by the end of 2020 assets under management in ESG ETFs based on our indices were \$20.2 billion, up over 200% since the end of 2019. And to meet the growing market's demand for ESG insights, we recently established a new organizational structure to guide our ESG product strategy and growth plans.

I'm also very pleased with last year's introduction of S&P Global Marketplace—a data platform that offers the opportunity to explore, discover and evaluate new datasets in a seamless and intuitive way. There are more than 100 content and solution options available to clients.

Textual data—research documents, regulatory filings, earnings call transcripts and similar unstructured data sets—have become one of the most sought-after pieces of content in Marketplace. Ordinarily, it would take customers an enormous amount of time trying to consume this kind of information, usually one document at a time. Here, we're helping them by applying data science and machine learning. These techniques allow us to source new content, structure it, apply tags that describe the content and link relevant data, and add new search capabilities to help clients find new insights.

6. People First

To put our people first, we expanded our benefits, including extended care leave, new wellness offerings and a new student loan reimbursement program. In response to COVID, we have been taking steps to care of our people. We introduced new and easily accessible wellness programs that promote emotional and mental health, alongside more traditional benefits to support physical well-being.

Attracting and retaining top talent is a priority. In 2020, we welcomed a new member to our senior leadership team. Dan Draper, who was previously with the investment management firm Invesco, is the CEO of S&P Dow Jones Indices, succeeding Alex Matturri who retired last year. Dan has hit the ground running and is proving that there are a lot of opportunities to continue developing innovative indices.

We look forward to welcoming a whole new group of talented people later this year when we expect to close the IHS Markit transaction.

Resilience in 2020 and Beyond: A Focus on ESG

Despite our resilience, we are not immune from risks. Early last year, there were concerns the pandemic could cause a drop in bond issuance, weakness in new sales or subscription renewals, and reduce assets under management connected with our indices. The financial markets finished 2020 strong and we had an excellent year.

But that doesn't mean we stop evaluating emerging risks, as well as opportunities. If anything, the events of the past year have only sharpened our focus on evolving events that could impact our company. This is where putting a priority on ESG factors is critical to maintaining the sustainability of our business.

We need to keep our own house in order if we are to be a true leader in providing the markets with ESG data, benchmarks and analytics. Here's what we're doing.

Environment

As part of our effort to consider climate change in making decisions, last year we were one of the first U.S.-based companies to disclose a carbon-adjusted earnings per share metric. We believe that this measure provides transparency into the previously hidden cost of carbon emissions from our operations. We've also enhanced our environmental disclosures by setting science-based targets for the reduction of our greenhouse gas emissions and publishing our second Task Force on Climate-Related Financial Disclosures report.

Social

In 2020, we moved to address diversity, racial equity and inclusion in our company, with our customers and in our communities. We began educating our workforce about racial justice with a series of guest speakers and courageous conversations. Regardless of your race, sexual orientation, gender, ethnicity—no matter who



you are and no matter where you are—we are committed to creating a more welcoming, inclusive culture.

Our efforts extend to our supply chain and business partners, where we strive to work with minority-, women-, veteran- and LGBTQ-owned businesses globally.

We are deepening our relationships with our community partners too. Over 80% of the grants our foundation awards are directed to organizations whose mission is to promote some form of diversity and inclusion. In 2020, we increased our charitable contributions to \$11 million and we have been very targeted to giving to the communities most in need, whether it's because of COVID or racial injustice.

We've also continued to conduct special research about the value more women in the workforce brings to economies, markets and communities. Under the banner of our #ChangePays campaign, last year we published new research in partnership with AARP about the importance of employers expanding family-friendly benefits and promoting work-life balance.

Of course, the racial and social issues in our communities are not new and they won't be solved in the short term. Yet, I believe we'll make progress both in the business community and across society because asset owners and responsible business leaders are pushing for change.

Governance

Good corporate governance starts at the top and cuts across every part of our company. And it's the culmination of many different factors. Our independent Board of Directors views ESG issues as essential to its oversight of our business strategy. Our largest shareholders who vote their proxies want to talk with us about what we're doing to attract and develop talent, they want to know how we're prepared to respond to cyber incidents and what we're doing to take advantage of technology innovation.

One of the lessons coming out of the pandemic is that remote work requires a new way of thinking to enhance risk management and compliance, especially cybersecurity.

We've gone from several dozen offices to over 20,000 home offices. So, we've enhanced our cyber training and email surveillance.

Effective risk management and governance are only as good as the willingness of people to follow the rules and behave responsibly. That's why we have programs in place to make sure all our people understand and abide by our code of conduct, and that we have a culture of good governance across the organization.

I believe measuring corporate performance and the transparency companies provide about it are important elements of governance. As the market moves toward greater adoption of ESG investing practices, public and private companies should consider how they can increase their ESG disclosures.

2020 Recognition Highlights

Forbes

Most JUST Companies:
The JUST 100 Capital

Fortune

Most Admired Companies

Working Mother

100 Best Companies

The Civic 50 Points of Light

Most Community-Minded
Companies

Newsweek

Most Responsible
Companies

Barron's

100 Most Sustainable
Companies

Drucker Institute

#26 Company Ranking

Human Rights Campaign Foundation

Best Places to Work
for LGBTQ Equality

Our Way Forward Together

The past year has been difficult as each of us has had to wrestle with big changes in our world. I thank the people on the frontlines for all they've done—from the doctors, nurses and scientists, to the police officers and firefighters who keep us safe, to the truck drivers, factory and grocery store workers who do their best to keep supply lines connected, to the community members and nongovernmental organizations pushing for greater equity in society. As business leaders, we need to do our part to create positive change.

As challenging as last year was, it also offered glimpses of inspiration—how we can come together to do great things. In our company, we proved that our long-term strategy, our business portfolio and our people are resilient and act responsibly in everything they do.

As COVID vaccines get administered to more and more people around the globe, we'll gradually see businesses in sectors hit hardest by the pandemic pick up. It may take a year or more to get back to pre-COVID levels for those businesses. With a rebound in the global economy expected this year, normalization across sectors and with a great team, S&P Global is in an excellent position to Power the Markets of the Future.

Thanks for reading and for your interest in our company.

Sincerely,



Douglas L. Peterson

President and CEO