ESG Intelligence to Power the Markets of the Future

Convictions matter. At S&P Global, our purpose is to harness the power of essential data and information so that our customers can make decisions with conviction. Providing essential data means that we go beyond the numbers on a balance sheet. To facilitate long term, sustainable growth, it is imperative to analyze the environmental, social, and governance (ESG) performance of companies and examine how their activities influence the world in which we live.

Around the world, our ratings, indices, and data help investors, companies and governments make decisions with conviction. Increasingly, our products include an ESG lens, adding layers of insight to help our customers better inform strategies to generate alpha while building a sustainable future and meeting the expectations of an evolving market.

- Our ESG evaluations leverage ESG data and analytical expertise to provide insight into the sustainability of a company, portfolio, or financing.
- Our ESG data and analytics quantitatively assess the performance of companies and investment portfolios against financially-material metrics to uncover long-term value.
- Our ESG indices benchmark performance of multiple ESG perspectives.
- Our ESG research defines and promotes perspectives that may reveal tomorrow’s sustainable growth opportunities.

From comprehensive company evaluations to vital data and market benchmarks, S&P Global is building and delivering the tools, standards, and data to meet global market demand for ESG. We are committed to continuing to innovate and expand our ESG capabilities in this rapidly evolving space.
Evaluations

At S&P Global, we have a rich legacy of offering deep analytical expertise and research to help our clients inform their growth strategies. As ESG insights are increasingly required to more holistically understand risks and opportunities and meet disclosures and performance expectations, S&P Global has developed several bespoke evaluations so you can tailor your analytics to drive your sustainability objectives.

ESG Evaluation

S&P Global Ratings, the world’s leading credit rating agency, identifies how ESG performance can impact companies’ and countries’ creditworthiness, and highlights financial risks from trends such as climate change. Our credit ratings incorporate and identify relevant ESG factors where, in our view, they are material to creditworthiness.

Today, investors who deliberately apply an ESG lens to investing are growing rapidly worldwide as more come to realize the risks of separating such issues from business fundamentals. The lack of consistency, standards, and forward view of the majority of ESG information providers result in widespread difficulties for investors looking to integrate ESG factors into their investment decisions.

The S&P Global Ratings ESG Evaluation is for companies looking to help their investors gain a better understanding of their strategy, purpose and management quality. The forward-looking ESG Evaluation is a relative analysis of an entity’s ability to operate successfully now and in the future, determined by both public and private data confidentially provided to our team of analysts rooted in a company’s business and industry. As a result, the final output is S&P Global Ratings’ assessment of an entity’s sustainability efforts that may help them attract short and longer-term investment as needed.

- Help investors better understand an entity’s strategy, corporate purpose, and management quality.
- Compare an entity’s performance to understand areas of strength and weakness and enhance the risk management processes.
- Differentiate an entity’s sustainability efforts from industry peers in the eyes of investors and community.
- Send a strong, proactive message to stakeholders and appeal to women and millennials as employees and customers.
- Be proactive and prepared as more investors request specific objectives around an entity’s ESG strategies and want to monitor its progress.
The S&P Global Ratings ESG Evaluation combines our opinion of an entity’s relative exposure to observable ESG-related risks and opportunities (the ESG “Profile”), with our qualitative opinion of the entity’s long-term preparedness for ESG related opportunities and disruptions (ESG “Preparedness”).

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<tr>
<th>Objective</th>
<th>Features</th>
<th>Use Cases</th>
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<tr>
<td><strong>S&amp;P Global Ratings ESG Evaluation</strong></td>
<td>Offer a forward-looking, cross-sector, relative analysis of an entity’s capacity to operate successfully in the future, grounded in how ESG factors may affect stakeholders and potentially lead to a material direct or indirect financial impact</td>
<td>Develop a benchmark to the market so that issuers can provide more transparency to their investors that may support long-term value creation</td>
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<td>Combines both quantitative and qualitative analysis</td>
<td>Gain a better understanding of a firm’s sustainability strategy, purpose, and management quality</td>
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<td>Captures insights from S&amp;P Global Ratings’ credit analysts based on expert sector knowledge and information gained from interactive meetings with management</td>
<td>Learn more: <a href="http://www.spglobal.com/esgevaluation">www.spglobal.com/esgevaluation</a></td>
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<td>Takes a deep-dive into each industry’s sector-specific ESG risks and opportunities, geography risk, management’s response to our Diagnostic Survey and S&amp;P Global Ratings’ assessment of preparedness for potential disruptions due to longer-term ESG factors</td>
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<td>Incorporates both public and private company data</td>
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**Green Evaluation**

Green issuance and investment is on a firm upward trajectory, propelled by the 2015 Paris Climate Agreement, and the impetus it created to finance $1 trillion a year in investments for renewable energy and other initiatives to limit global warming.

At the same time, long-term investors are also recognizing the threat from greenhouse gases and have begun to diversify portfolios away from carbon-based investment. The final push is coming from corporations as they start to contend with the consequences of increasingly extreme and violent weather and flooding. Many are starting to see that managing environmental exposure may be more than risk management; it may be good for business.

An **S&P Global Ratings Green Evaluation** is an asset-level environmental credential which aims to provide investors with a more comprehensive picture of the green impact and climate risk attributes of their portfolios.

Our independent and data-driven evaluation analyzes and estimates a project or initiative’s environmental impact and/or resilience level, including: Green Buildings, Green Energy, Green Transport, Energy Efficiency, Water, Fossil Fuel Power Plants, Nuclear.

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<td><strong>S&amp;P Global Ratings Green Evaluation</strong></td>
<td>Provide investors with more comprehensive picture of the green impact and climate risk attributes of their portfolios, and can be applied to any type of financing, in part or in full</td>
<td>Asset-level environmental credential</td>
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<td>Assesses environmental net-benefit of the projects financed by the bond’s proceeds over their lifetime – relative to a local baseline</td>
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<td>Integrates comprehensive environmental impact assessment with data from Trucost</td>
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<td>Draws on, but is not limited to, green bond principles and existing taxonomies</td>
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<td>Weighted aggregate of three factors: transparency + governance + (mitigation or adaptation) = green evaluation</td>
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<td>Independent and global credential</td>
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<td>Learn more: <a href="http://www.spglobal.com/greenevaluation">www.spglobal.com/greenevaluation</a></td>
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*S&P Global Ratings’ ESG Evaluation and Green Evaluation are not credit ratings, a measure of credit risk, or a component of our credit rating methodology. However, the information we gather for an ESG Evaluation or Green Evaluation can inform our credit analysis of rated entities.*
ESG Intelligence to Power the Markets of the Future

Trucost SDG Evaluation
Since 2000 Trucost ESG Analysis has been guiding the development of gold standard tools to quantify the economic consequences of environmental impacts along corporate value chains, sectors, regions, and investment portfolios.

Trucost provides financial institutions, corporations, governments, and thought leaders with robust insight to fast-track ESG integration and identify sustainable growth opportunities. In addition to data, analytics, and insights; portfolio footprints and audits; and advisory services, Trucost offers a Sustainable Development Goal (SDG) Evaluation tool to enable companies to identify wider business risks and opportunities aligned with the UN SDGs.

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<td>Trucost SDG Evaluation Tool</td>
<td>Deliver a quantitative analysis of corporate performance on the SDGs across the value chain, from raw material inputs to product use and disposal, within the context of a company’s geographic operations</td>
<td>Identify opportunities to create business value from SDGs</td>
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<td>Provides a score of a company’s overall SDG performance and individual scores for each goal, including positive contributions towards the SDGs as well as negative impacts</td>
<td>Prioritize investment in SDGs where it matters most</td>
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<td>Compares a company’s performance relative to its sector and competitors</td>
<td>Report progress on business alignment with SDGs in a way that is holistic and robust</td>
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<td>Identifies the most relevant SDGs for a company, with prioritized risks and opportunities</td>
<td>Learn more: <a href="http://www.trucost.com/corporate-advisory/sdg-evaluation-tool">www.trucost.com/corporate-advisory/sdg-evaluation-tool</a></td>
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<td>Conducts gap assessment of SDG investments</td>
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S&P Dow Jones Indices (S&P DJI) has a rich history in ESG, pioneering the space with the launch of the world-renowned Dow Jones Sustainability Index (DJSI) in 1999. Twenty years on, S&P DJI continues to lead on ESG indexing capabilities by offering more than 150 headline ESG indices to accommodate diverse investment objectives – ranging from best-in-class approaches like the DJSI to broad market benchmarks like the S&P 500® ESG to replicate the risk/return profile of the parent benchmark. For those wishing to integrate low-carbon or fossil fuel free considerations, we also cater to an array of climate investing needs, including low-carbon, fossil fuel free, and forward-looking approaches in line with the recommendations of the TCFD.

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<th>Core ESG</th>
<th>Climate Aligned</th>
<th>Thematic ESG</th>
<th>Fixed Income</th>
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<td>Best-in-class approaches like the DJSI that target the top 10% of ESG performers; and broad market approaches, like the S&amp;P 500® ESG Index, designed to closely track the benchmark with similar risk/return profiles.</td>
<td>Indices designed to address the risks and opportunities stemming from climate change and the low-carbon transition through carbon reduction objectives, fossil-fuel free strategies, and forward-looking approaches aligned with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).</td>
<td>Indices that focus on specific ESG-related issues, often with a relatively narrow sustainability objective.</td>
<td>Fixed income variants and a suite of indices providing access to the green bond market.</td>
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S&P DJI ESG Scores

S&P DJI ESG Scores provide a granular and industry-specific measure of a company’s ESG performance, driven by up to 1,000 data points per company. S&P DJI ESG Scores are used in the calculation of S&P’s ESG index series, like the S&P 500® ESG Index, and are based on the in-depth annual Corporate Sustainability Assessment issued by SAM, a brand of RobecoSAM.

S&P DJI ESG Scores are available via S&P Dow Jones Indices’ SPICE platform and data feed to help investors understand and manage investment exposures to material ESG issues. S&P DJI ESG Scores offer a headline ESG score, three individual E, S, & G dimensions, and up to 20 industry-specific criteria for a fully transparent and flexible scoring methodology to suit investor needs.
ESG Data and Analytics

In response to the growing demand for financially-material ESG data and analytics, we’re building on our heritage as leading information provider to offer comprehensive ESG data, scores, and analytics to help clients measure ESG impacts on portfolio construction and performance, prepare for future ESG disclosure needs, and inform long-term value creation and financial performance in line with sustainability goals.

S&P Global Market Intelligence combines data and analytics to provide insight into sustainable investing trends across sectors, including power and renewable energy. Credit assessment scorecards for renewable energy products help investment managers better identify and manage potential default risk in their portfolios. Extensive corporate governance coverage and takeover defense scores are available on our platforms, as is Trucost content and tools related to climate change, natural resource constraints, and broader environmental, social, and governance factors. Trucost environmental data is also available via Xpressfeed™.

S&P Global Platts provides benchmark prices, news, data, analytics, and outlooks for the energy, petrochemicals, metals, agriculture, and environmental commodity markets. It also offers innovative, specialized global and regional products covering GHG emissions, conventional pollutants, energy transition technologies (e.g. electric vehicles, power/battery storage, hydrogen), biofuels and renewables. In 2018, the Platts Analytics Scenario Planning Service began offering a 2 Degree Scenario as part of its suite of comprehensive, global, sector, fuel and country-specific long-term energy outlooks, enabling customers to identify market opportunities and test business strategies based on in-depth analysis of emerging trends. Platts has also launched commodity pricing efforts around developing policy-driven market developments - such as recycled plastics, battery metals and environmentally-compliant marine fuels.

Combining insights from our credit analysis worldwide and from public assessments, S&P Global Ratings has created the ESG Risk Atlas to provide a view of relative environmental, social, and governance (ESG) risks we see around the world. The Atlas, which takes the form of an online infographic, reflects our observations about various ESG risks that different sectors and geographies face.
S&P Global’s business divisions collaborate to harness leading-edge technology and innovation to support market demand with an expanded suite of ESG services.

**Company Strategy**


Measure environmental and social impacts across company operations with ESG data from S&P Global Market Intelligence, Trucost, and S&P Global Platts

Use Trucost Carbon Price Risk data to assess the potential impact of future carbon prices on key financial metrics and competitiveness

Identify green transition business opportunities via scenario analysis and quantitative carbon data with Trucost Green Transition Tool

Develop sustainable procurement policies to drive long-term resilience and growth with insights into supply chain data from Trucost Supply Chain Analytics, Panjiva Supply Chain Data, and S&P Global Platts

Run S&P Global Platts’ scenario planning for long-term outlooks of energy demand and supply

**Investment Strategy**

Develop multi-asset investment products (green bonds, optimized indices, green credit lines) that capitalize on the transition to a low-carbon economy

Analyze portfolio performance, including benchmark comparison, to uncover ESG risks and adhere to climate finance/regulatory investment targets

Compare and communicate the positive impact of green investment products, in a way that is data-driven and robust

Gain deeper insights into the risk and opportunities facing businesses in your investment portfolio

Balance risk-adjusted financial returns with sustainability benefits
ESG Research

At S&P Global, we consider sustainability essential to our business and to the communities and markets we serve. As a global company, we understand the essential role our business leaders can play to advance sustainability conversations. Our leaders leverage our own analytical expertise and work with numerous regulatory and industry groups to promote ESG standards and comparability. And, we actively collaborate with national and international forums to shed light on the latest ESG developments across global markets, identifying risks and revealing tomorrow’s sustainable growth opportunities.

Green Finance
Green finance is moving into the mainstream. Investors are increasingly diversifying their portfolios away from climate risk – and ramping up capital allocations in low-carbon assets.

S&P Global Ratings is in a unique and unrivalled position to deliver key insights into the current green finance market. Recent reports have considered the growth of offshore wind power generation, the green bond market in the US and France respectively, and the funding of national climate pledges.

Carbon Market Commentaries
Since 2005, S&P Global Platts has shared daily prices, news and data analysis on the EU Emissions Trading System, including weekly and monthly carbon market commentaries, and third party exchange data, providing critical insight into the impact of carbon markets in the European power and emissions-intensive sectors.

At the World Economic Forum, in January 2018, S&P Global Platts’ President Martin Fraenkel used ‘data wall’ visualizations to demonstrate how policy, technology and changing market dynamics are driving energy transition and carbon risk. Platts also hosts the annual Global Energy Awards, which has categories on renewables and corporate responsibility.

S&P Global ESG Commentary
Our S&P Global Editorial Board, News & Research teams, and S&P Global Economists frequently publish research, engage in consultancy, and produce articles and podcasts to educate on ESG. Topics include regulatory discussions and best practices, the “State of Green Business”, impact analysis, and insight from industry thought leaders.
S&P Global’s Commitment to Corporate Responsibility & Global Sustainability

As our products have a global impact, so do our people. Our Corporate Responsibility mission is rooted in ESG values; a nod to how we draw the essential connection between what we do and how we do it. We deliver the global market insights to assess ESG factors, while at localized levels, our employees exemplify sustainable and inclusive practices throughout our communities.

Markets can have a transformative effect on society and can build a better world. Our conviction on ESG is this: we believe in it, we practice its principles, and we build our products to include it.

ESG, like everything we do, is essential intelligence.
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