



# Ready for Climate?

“Climate transition” & what it means for companies

**DIRK Conference, 2021**

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**Climate Action in Context**

**The Current Situation**

**The Climate Action Wave**

**ESG & Climate Readiness**

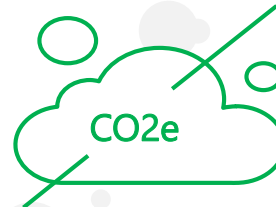
**About IHS Markit**

# The heat is on...the capital market landscape is changing....

**Shell**  
Hague Watershed Ruling!  
Shell ordered to reduce  
CO<sub>2</sub> emissions by 45%  
from 2019 levels by 2030

**Deutsche Bank**  
Counteraction at  
Deutsche Bank:  
"Understanding of  
sustainability is stuck in  
the 90ies"

**IEA**  
Net Zero by 2050  
Roadmap....setting  
out more than 400  
milestones ...  
  
No new exploration!



**CHEVRON**  
  
Investors directed the  
oil giant to deepen  
emission cuts

**ExxonMobil**  
  
Shareholders elected  
at least two board  
members who  
pledged more  
aggressive action on  
climate change

**EU ESG Regulation**  
SFDR, NFRD, CSRD  
etc. will have a  
global impact on  
companies and  
investors  
irrespective of  
origin.

**US EXECUTIVE ORDER**  
Biden directs agencies to  
analyze and mitigate the  
risk Climate Change poses  
to homeowners and  
consumers, businesses  
and workers, and the  
Financial System and  
Federal Government Itself

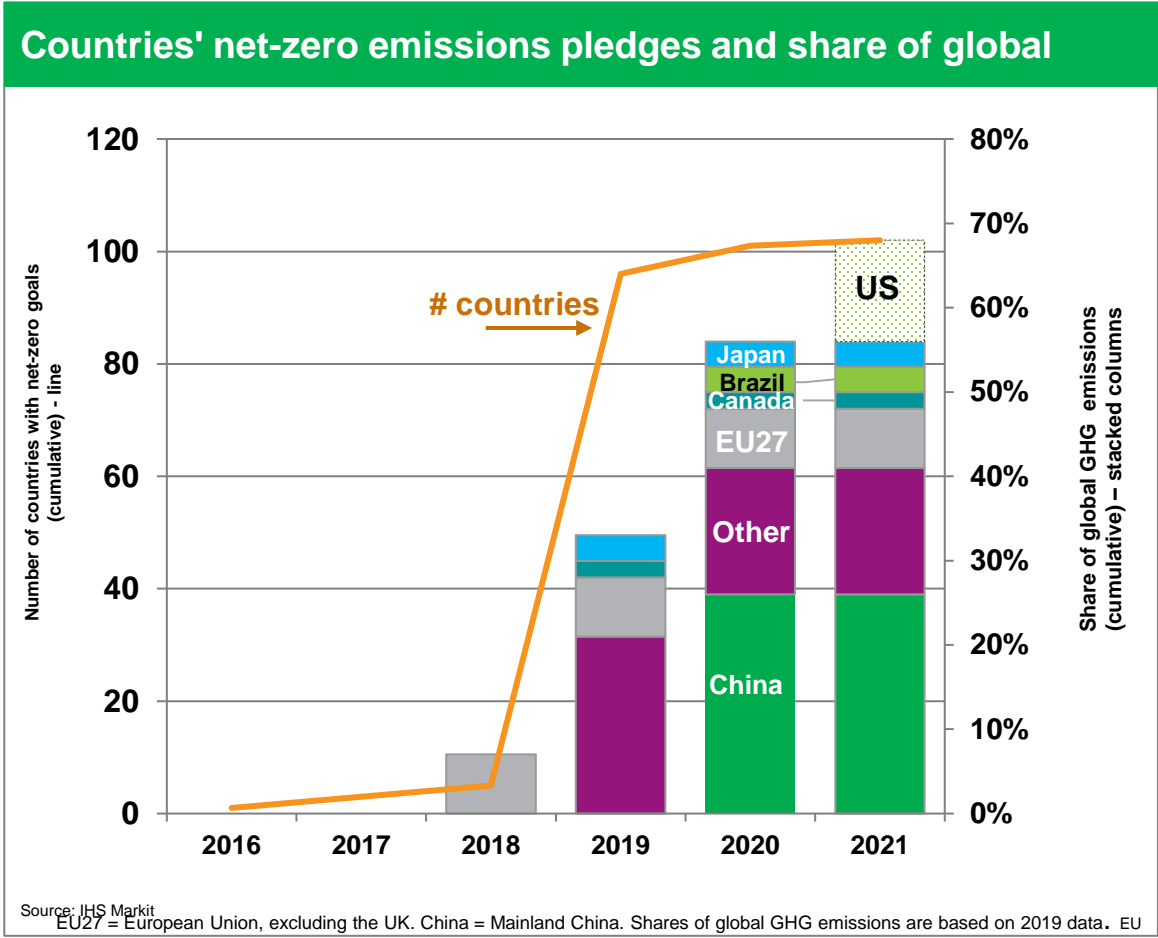
***“...Climate risk is investment risk”***



**Larry Fink, Blackrock, 2021**

## The Climate Action Context

# Last years were leap forward in net-zero emissions targets by countries...



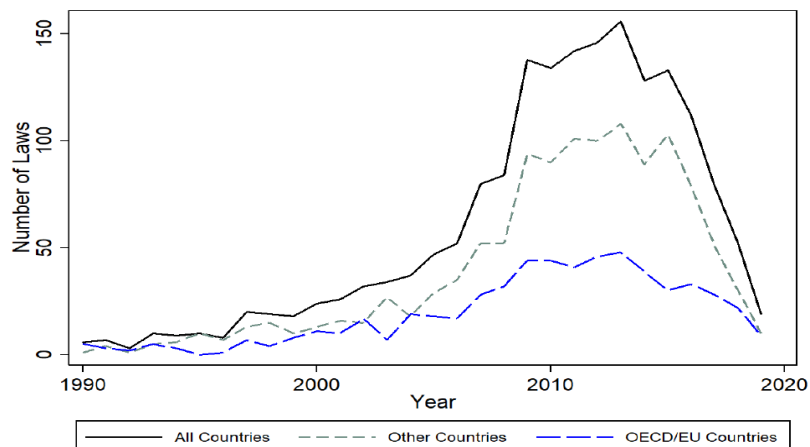
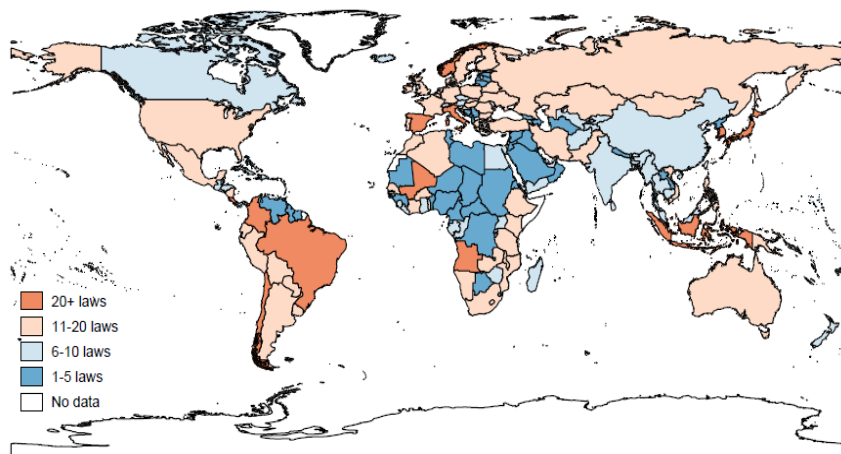
### Top ten world's largest GHG emitters (2019/20)

Rank	Country	Share of GHG emissions	Share of Global GDP	Net-zero target	Pledge year
1	China	26%	16%	Yes	2020
2	USA	12%	25%	No	2021
3	India	7%	3%	No	n/a
4	EU27	7%	18%	Yes	2018
5	Indonesia	5%	1%	No	n/a
6	Russia	4%	2%	No	n/a
7	Brazil	3%	2%	Yes	2020
8	Japan	3%	6%	Yes	2019
9	Canada	2%	2%	Yes	2019
10	Iran	2%	0.3%	No	n/a

EU27 = European Union, excluding the UK. China = Mainland China.  
Source: IHS Markit

# ...and ESG & climate regulation at an all time high...

## Global rise of climate legislation



## Some prominent examples of climate laws

-  UK: Climate Change Act (2008)
-  S Korea: Framework Act on Low Carbon Green Growth (2009)
-  Mexico: General Law on Climate Change (2012)
-  Switzerland: CO<sub>2</sub> Act (rev 2013)
-  France: Energy Transition Law (2015)
-  China: 12<sup>th</sup> and 13<sup>th</sup> Five Year Plan (2011 / 2016)
-  Kenya: Climate Change Act (2016)
-  Sweden: Climate Act (2017)
-  New Zealand Climate Change Response (Zero Carbon) Act
-  EU Sustainable Finance Regulation, Taxonomy, NFRD/CSRD

- EU regulation will have a global impact irrespective of origin
- Public and private companies affected by EU NFRD
- Financial Market Participants (incl. Investors, insurers etc) affected by SFDR, EU taxonomy, Climate Benchmarks etc. driving transparency
  - Info on sustainability & climate risk in all investment products
  - Details on ESG integration, principal adverse impacts (PAI) in 06/21





# ...with financial markets continuing to driving change on climate transition



**NET ZERO ASSET MANAGERS INITIATIVE**



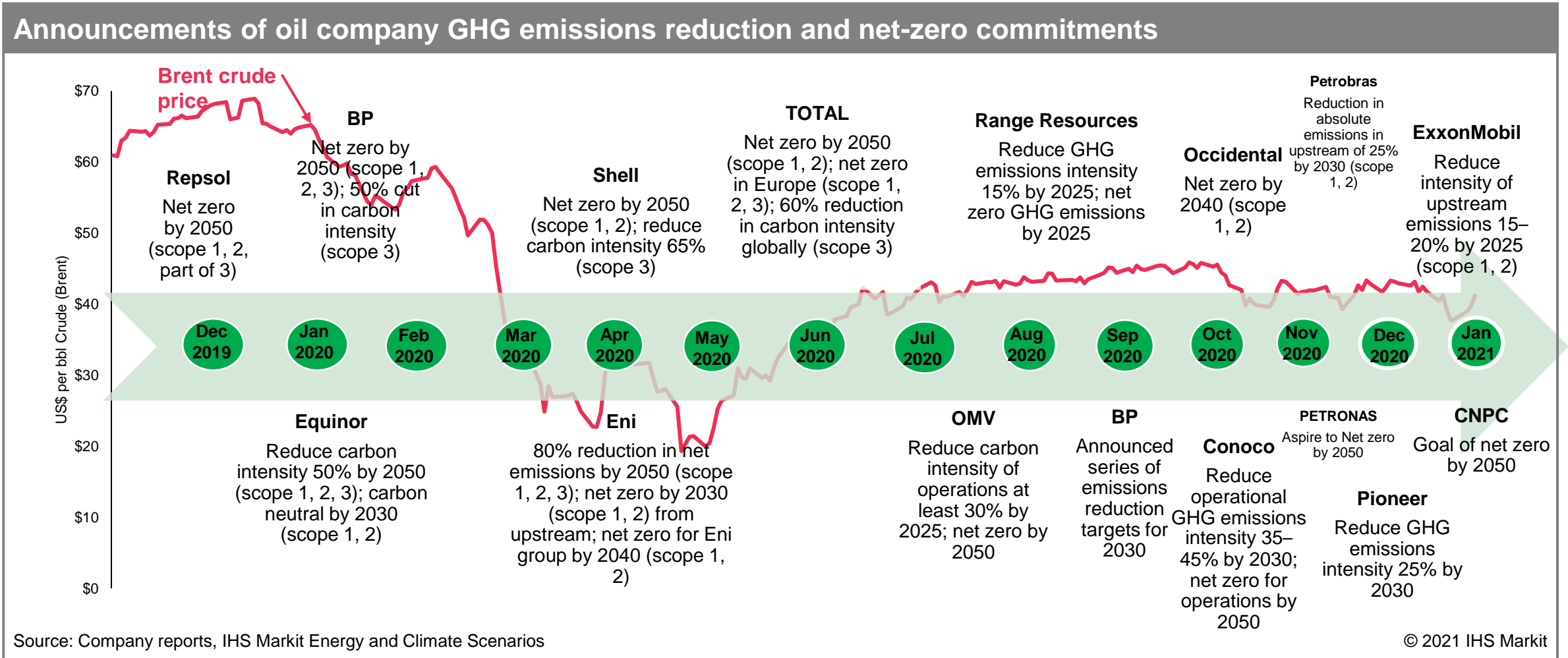
**On the road to Paris?**  
A review of financial institutions' climate-related commitments



**InfluenceMap**  
**Asset Managers and Climate Change 2021**  
How the sector performs on portfolios, engagement and resolutions  
January 2021



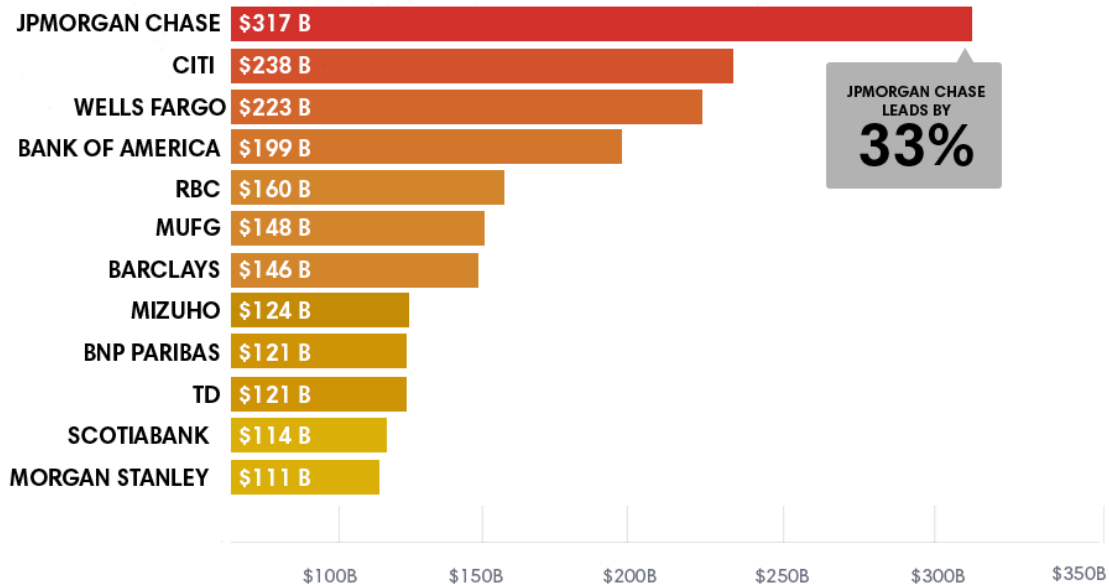
# ...forcing Oil & Gas companies to commit to net-zero targets...





# ...and putting pressure on companies and the financial system...

## Worst banks since Paris Alignment (2016-2020)



## Insurance Ranking to underwriting & investment (2021)

Rank	Insurer	Rating	Score	Governance	Climate change investments	Climate change underwriting	Biodiversity investments	Biodiversity underwriting	Human rights investments	Human rights underwriting	Total assets (US\$ billion)	Country
1	AXA	A	47.5%	Green	Yellow	Orange	Orange	Red	Yellow	Red	875	France
2	Allianz	A	44.8%	Yellow	Orange	Orange	Orange	Red	Yellow	Orange	1134	Germany
3	Aviva	A	43.3%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	610	United Kingdom
4	NN Group	BB	34.3%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	279	Netherlands
5	Desjardins Insurance	B	29.9%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	217	Canada
6	Generali	B	29.5%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	577	Italy
7	Zurich*	CCC	27.3%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	405	Switzerland
8	Swiss Re*	CC	23.5%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	239	Switzerland
9	Munich Re	CC	23.1%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	322	Germany
10	Achmea*	CC	23.0%	Yellow	Orange	Orange	Orange	Red	Yellow	Red	94	Netherlands

*“...Deutsche Bank’s understanding of sustainability is stuck in the 90ies. The bank is clinging to fossil business. For example, Deutsche Bank is arranging Wintershall DEA’s upcoming IPO. While scientific evidence clearly indicates a need to phase out fossil fuel extraction, Wintershall DEA is planning to increase its oil and gas production by 30%. The list of Deutsche Bank’s fossil fuel customers is long and contains illustrious names such as ExxonMobil, Glencore and Chevron.”*



***“Money talks. If we can deploy capital and the power of financial markets, we can ensure companies make the transition needed to cap global warming.”***



**CALPERS PENSION, 2021**

## The Current Situation

# Changing climate landscape: the key developments

## Capital market dynamics are changing rapidly

### Shift to ESG & passive

- Largest inflows to index, ETF & passive mandates
- ESG investments at record high
- Active fund managers also applying passive strategies

### Increased ESG sensitivity

- Cross-asset ESG integration
- Focus on investment & voting discretion
- Increased relevance on ESG data, external third-parties
- Sector & industry specific focus



### Focus on climate transition and climate governance

- Climate change & decarbonisation most significant ESG-driver
- Environmental & social aspects change asset allocation & stewardship
- Regulators & industry pressure

### Active Ownership & pressure to change

“Mandate for change”

- Engagement & Voting (see ExxonMobil)
- Climate Governance
- Activism incl. public engagement

Source: IHS Markit.

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# Increased ESG & carbon portfolio sensitivity of top institutional investors

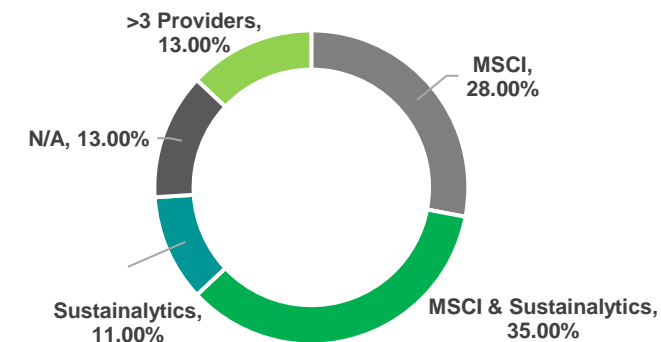
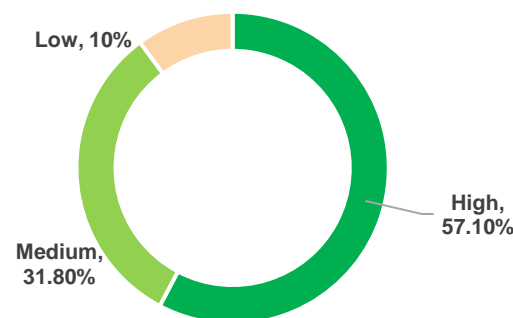
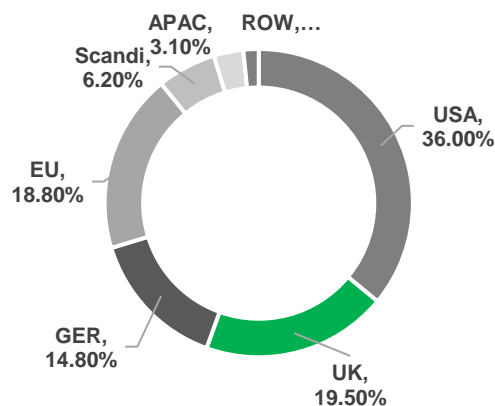
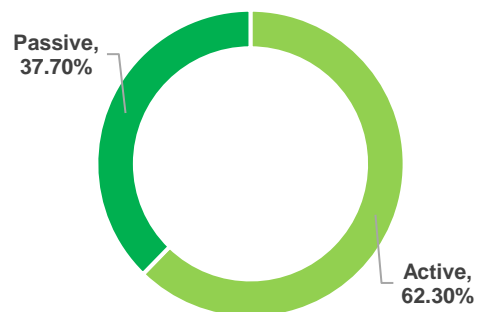
Rank	Firm Name	Total Global Equity \$M	% Holding DAX	ESG Sensitivity	Portfolio Decarbonisation Indicator (FY2020)	>\$103trn UNPRI	>\$52trn CA100+	>\$35trn Net-Zero Alliance	>\$35trn IIGCC	>\$24trn TPI	Orientation	Country
1	Blackrock Group	4,495,549.31	9.96%	High	5.00%	Yes	Yes	Yes	Yes	No	Passive	USA
2	The Vanguard Group, Inc.	4,291,361.64	5.39%	High	5.10%	Yes	No	Yes	No	No	Passive	USA
3	Norges Bank Investment Management	949,098.65	4.05%	High	7.10%	Yes	No	No	No	Yes	Active	NOR
4	DWS Investment GmbH	137,885.82	3.05%	High	4.10%	Yes	No	Yes	Yes	Yes	Active	GER
5	State Street Global Advisors	1,717,344.22	2.79%	Medium	4.30%	Yes	Yes	Yes	No	No	Passive	USA
6	Amundi Asset Management S.A.	155,052.86	2.18%	High	9.20%	Yes	Yes	No	Yes	No	Active	FRA
7	Fidelity Management & Research	1,248,536.73	1.58%	Medium	3.30%	Yes	Yes	Yes	Yes	No	Active	USA
8	Deka Investment GmbH	69,516.50	1.58%	High	6.60%	Yes	No	No	No	No	Active	GER
9	The Capital Group	834,099.83	2.56%	Medium	4.40%	Yes	No	No	No	No	Active	USA
10	Union Investment Privatfonds GmbH*	85,443.44	1.56%	High	9.40%	Yes	Yes	No	Yes	Yes	Active	GER
11	Allianz Global Investors GmbH	80,227.49	1.46%	High	5.20%	Yes	Yes	Yes	Yes	Yes	Active	GER
12	Harris Associates, L.P.	91,769.19	1.27%	Medium	3.80%	Yes	No	No	No	Yes	Active	USA
13	Lyxor Asset Management SAS	42,140.19	1.06%	High	8.20%	Yes	Yes	No	Yes	No	Passive	FRA
14	Baillie Gifford & Company	298,251.98	0.96%	High	5.80%	Yes	No	No	Yes	No	Active	UK
15	Legal & General Investment Management	300,830.14	0.94%	High	8.80%	Yes	Yes	Yes	Yes	Yes	Passive	UK

Orientation

Region

ESG Sensitivity

Rating Provider



***“...Calsters invests in several activist funds...Last year, we started wondering if we could create change at companies by blending the tools available to traditional activists – not least replacing board directors when necessary –with our stewardship priorities, including on climate”***



**CALSTRS PENSION, 2021**

## The Climate Action Wave



# ...leading to record high engagement & stewardship action – Say on Climate

Company Name	Country	Catalyst	Industry	Resolution Text	Resolution Detail	% Voted For	% Voted Against	ISS	Glass Lewis
Aena SME SA	SPA	TCI	Infrastructure	Advisory Vote on Company's Climate Action Plan	Say on Climate	96%	4%	For	Against
BP PLC	UK	Follow This	Oil & Gas	Approve Shareholder Resolution on Climate Change Targets	Climate Change Report	21%	79%	Against	Against
Ferrovial SA	SPA	TCI	Infrastructure	Advisory Vote on the Company's Climate Strategy Report	Say on Climate	98%	2%	For	Against
Atos SE	FRA		Technology	Opinion on Company Ambition to Decarbonisation	Say on Climate	97%	3%	For	Abstain
Barclays PLC	UK	Market Forces	Financials	Approve Market Forces Requisitioned Resolution	Climate Change Report	14%	86%	Mixed	Against
Glencore Plc	UK		Industrials	Advisory Vote on Climate Action Transition Plan	Say on Climate	94%	6%	For	For
Royal Dutch Shell	UK	Follow This	Oil & Gas	Approve the Shell Energy Transition Strategy	Say on Climate	88%	12%	Mixed	Against
Vinci SA	FRA		Construction	Approve Company's Environmental Transition Plan	Say on Climate	98%	2%	For	For
Nestle S.A	SWI		Consumer	Advisory Vote on Nestle's climate roadmap	Say on Climate	97%	3%	For	Against
Unilever Plc	UK		Consumer	Advisory Vote on Climate Transition Plan	Say on Climate	99%	1%	For	For
Aviva Plc	UK		Financials	Approve Climate Financial Related Disclosures	Say on Climate	100%	0%	For	For
Total SE	FRA	CA100+	Oil & Gas	Net Zero Strategy & Scope 3	Say on Climate	>90%	<10%	Mixed	For
HSBC Holdings Plc	UK	ShareAction	Financials	Phase out the financing of coal-fired power and thermal coal	Say on Climate	99%	1%	For	For
Deutsche Bank AG	GER	Urgewald	Financials	Counter-motion Discharge of Board (Climate-strategy failures)	Say on Climate	>95%	<5%	n.a	n.a
Equinor	NOR	Follow This	Oil & Gas	Net Zero Strategy & Scope 3	Say on Climate	39%	61%	For	Against
ExxonMobil	USA	Engine No.1	Oil & Gas	Board Election	Say on Climate	n.a	n.a	For	For
Chevron	USA		Oil & Gas	Net Zero Strategy & Scope 3	Say on Climate	61%	39%	For	For
ConocoPhillips	USA	Follow This	Oil & Gas	Net Zero Strategy & Scope 3	Say on Climate	58%	42%	For	For
RioTinto	UK		Metals & Mining	Emission Reduction & Lobbying	Say on Climate	99%	1%	For	For
IBM	USA		Technology	Diversity, Equity, Inclusion	Social	94%	6%	For	For

Climate focused

“We are members of the Net Zero Asset Manager initiative. We encourage companies to adopt Paris aligned strategies and targets in order to reduce their impact on the climate and manage the energy transition. XYZ lags behind global peers in this regard and is exposed to significant risks as a result. It is of critical importance that the company's accounts and underlying assumptions reflect the anticipated impacts of the energy transition.”



>\$50bn EuM EU Investment Manager

# Engagement, stewardship & activism on “climate action”

**ExxonMobil**

Exxon Mobil (AGM 26 May 2021)



*“The Vanguard funds supported two dissident director nominees to join Exxon’s board. The funds also supported two shareholder proposals related to lobbying. We voted in support of two shareholder proposals, one calling for a report on lobbying payments and policies and the other for a climate lobbying report aligned with the Paris Agreement goals.”*



The Vanguard Group

*“We continue to be concerned about Exxon’s strategic direction and the anticipated impact on its long-term financial performance and competitiveness. In our view, the Board would benefit from the addition of diverse energy experience to augment existing skillsets. As a result, BIS supported three of the four directors nominated by Engine No. 1.”*



The Blackrock Group

*“It does not seem that Exxon has materially improved its disclosures on its indirect lobbying activities through trade associations despite the controversies related to Exxon's lobbying activities and seemingly strong S/H support for more disclosure. These activities are significant: ExxonMobil belongs to the American Fuel amp; Petrochem Manufacturers, American Petroleum Institute, Business Roundtable, Chamber of Commerce, Consumer Energy Alliance, and National Association of Manufacturers, which altogether spent \$122 M on lobbying for 2019.*



Norges Bank Investment

ISS Proxy Analysis & Benchmark Policy Voting Recommendations



Climate Advisory Services' Policy Voting Recommendations



Sustainability Advisory Services' Policy Voting Recommendations

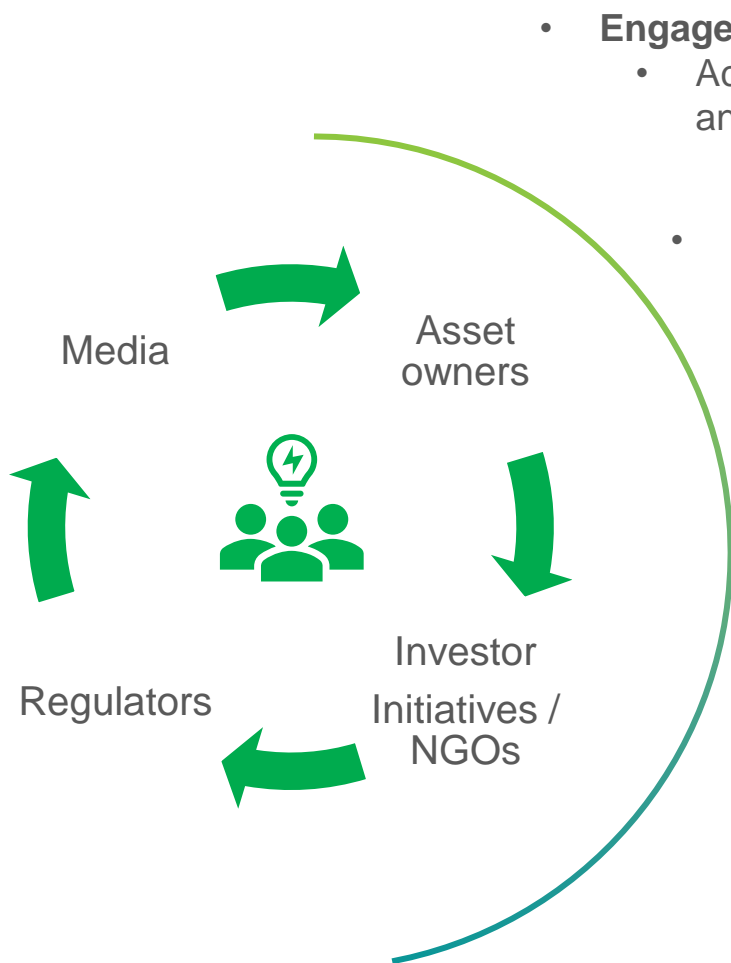


*“Despite Exxon’s recent recognition of climate change risk, there are lingering questions about the extent of its commitment in the area. Exxon continues to make “strategy decisions on what appear to be overly optimistic demand and technology assumptions, and does not provide shareholders with enough information to fully understand how prepared it actually is for an energy transition.”*



ISS

# The capital market spiral driving the ESG, climate & climate action dynamic



- **Engagement focus**
  - Active & passive investors are pressured decarbonize and have to report on “change” by their asset owners
  
- **Ensuring strong climate plans**
  - CA100+ Net zero benchmark scores companies on short, medium & long term GHG reduction targets
  - Capital allocation targets in line with GHG targets
  - Remuneration plans to include climate change targets
  - TCFD aligned climate disclosures
  - Paris-agreement aligned lobbying position
  
- **Active Ownership, Stewardship & Voting**
  - Challenge the executive & supervisory boards on strategy, targets, “qualification” to tackle physical and transition risks
  - Transparency (data, targets, KPIs) and climate transition report e.g. for banks
    - Loan book and “financed emissions”
    - Emissions disclosure requirement for new/loans & underwriting
    - Policies on client decarbonization plans incl. escalation cycle
    - Report absolute emissions (1,2,3) and emissions intensity of financing



Climate action and cost of capital

Impact of emissions and climate disclosure  
Summary of research



Say On Climate

Shareholder voting on climate transition action plans

[www.sayonclimate.org](http://www.sayonclimate.org)

# ...And this will unlikely stop because...

## Market Pressure

### High scrutiny for non-compliance

- Asset managers are scrutinized in their approach in their fight for sustainability capital by asset owners, media and public
- Checks and balances what they “say” vs. “what they do” also with legal implications in several markets, especially driven by retirement and pension funds



## Climate Engagement Scores, 2020

World's 30 Largest Asset Managers & Resolution Leaders



## Evidence of Financial Materiality

### From non- to extra-financial

- Academic & industry studies indicate that ESG doesn't negatively affect performance
- More signs for positive ESG correlation to :
  - Equity multiples,
  - Performance, Valuation, volatility, (re)-financing & reputational risk



## Regulation

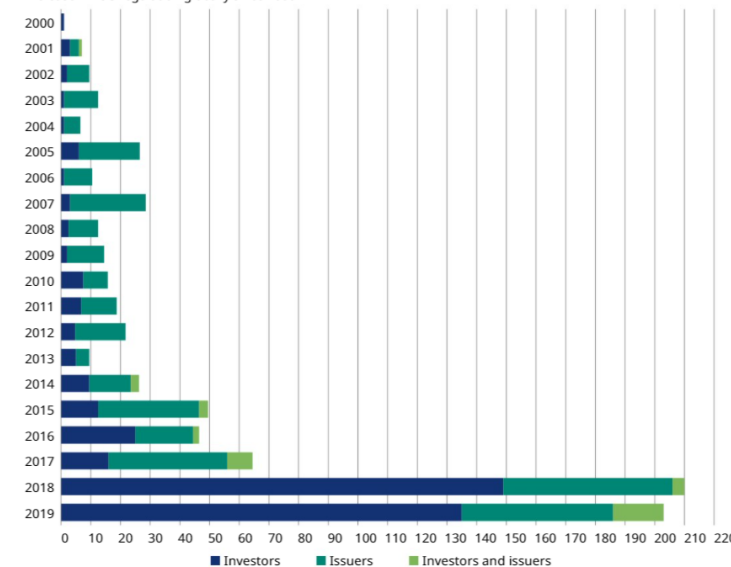
### Unprecedented regulatory burden

- Regulation for both the companies but also investors and asset owners grew exponentially
- +1.700 climate related initiatives, directives and regulations globally, many of which cross-border (incl. China, EU, JPN, US)



### ESG REGULATION IS GROWING EXPONENTIALLY

Increase in ESG regulation globally since 2000



*“...Investors concerned about climate change and sustainability have never been better organized nor have they had more success”*

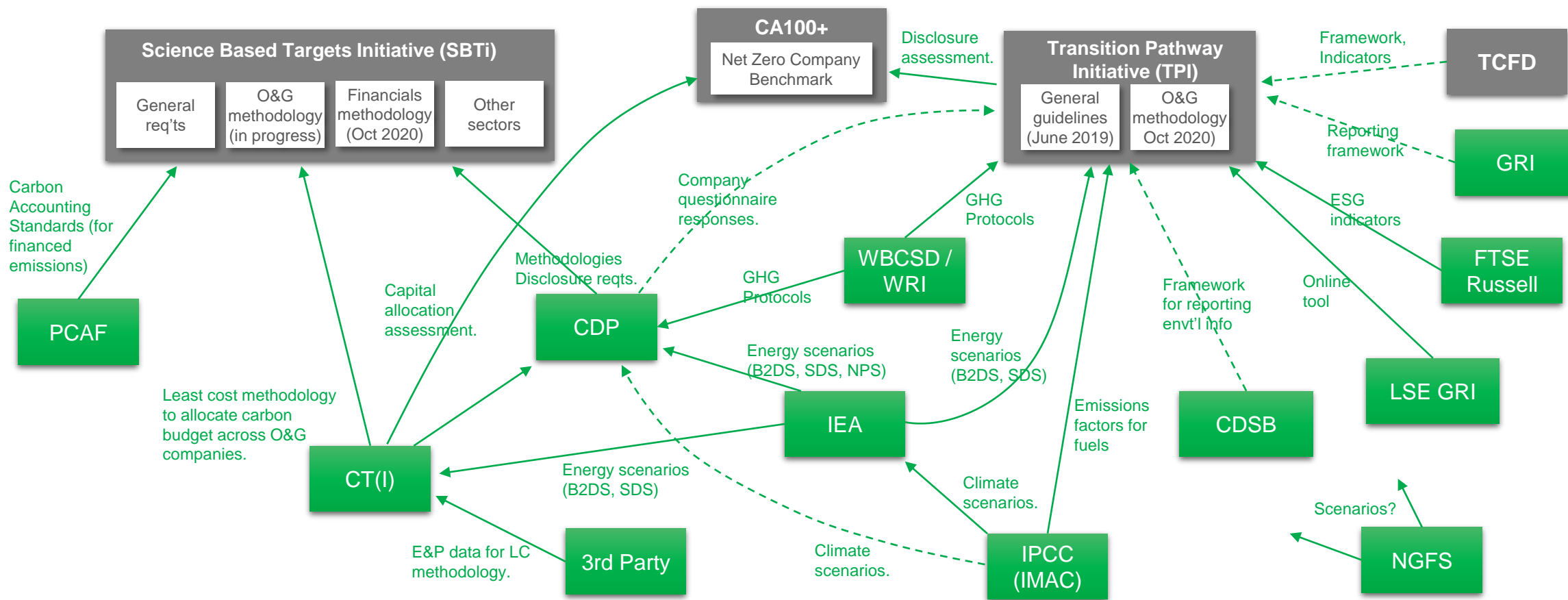


**The Economist, 2020**

## ESG & Climate Readiness



# Assessing Paris Alignment: A complex web of organizations and methodologies



CDP = Carbon Disclosure Project  
 CT(I) = Carbon Tracker (Initiative)  
 IEA = International Energy Agency  
 WRI = World Resources Institute

PCAF = Partnership for Carbon Accounting Financials  
 TCFD = Task Force on Climate-related Financial Disclosures  
 WBCSD = World Business Council for Sustainable Development  
 CDSB = Climate Disclosure Standards Board

IPCC = UN Intergovernmental Panel on Climate Change  
 IMAC = Integrated Assessment Modelling Consortium  
 GRI = Global Reporting Initiative  
 LSE GRI = London School of Economics Grantham Research Inst.

NGFS = Network for Greening the Financial System  
 CA100+ = Climate Action 100+

\*Source & Copyright: IHS Markit, example featuring organizational web regarding Paris alignment, TCFD, SBTi, decarbonization with focus on energy sector, 2021

# ... and learn how the capital market ESG ecosystem evaluates you...

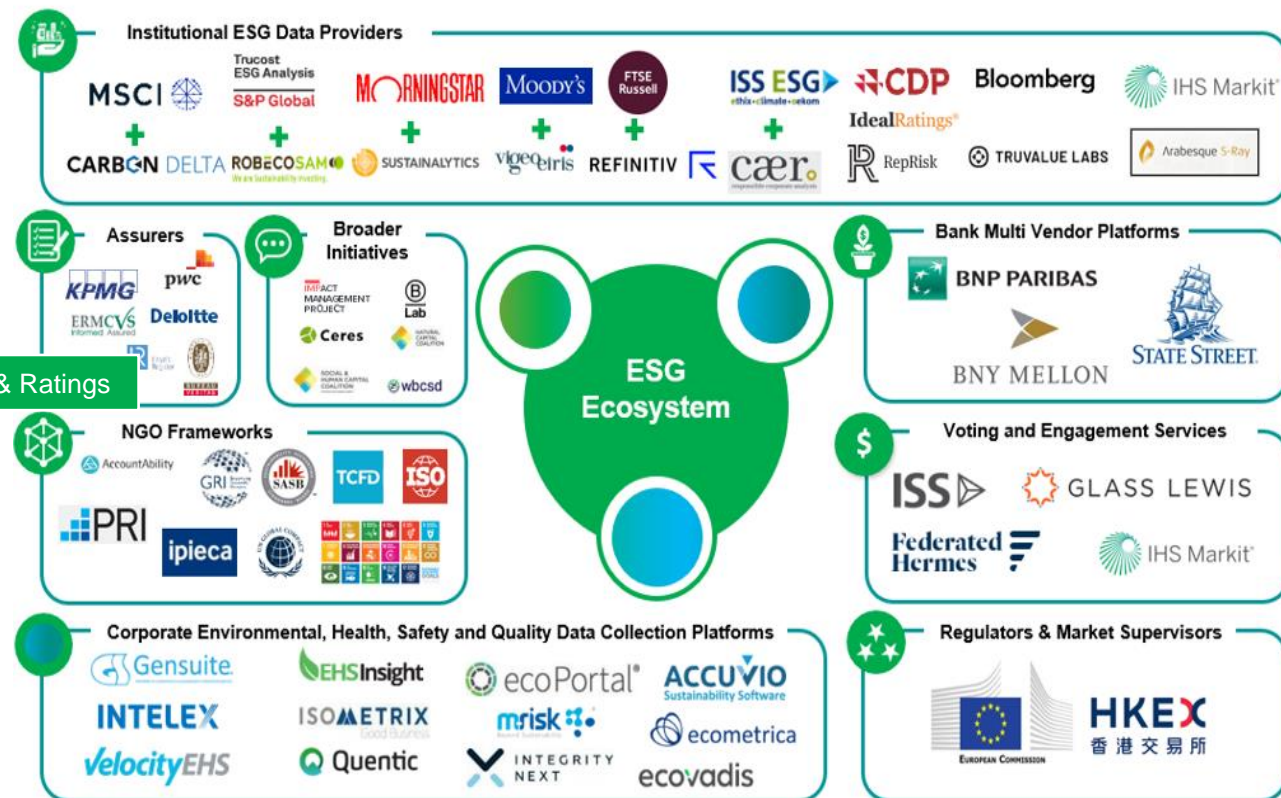
## ESG Reporting Repository

HOME ESG REPORTING ESG ANALYTICS ESG FRAMEWORKS **COMPANY ESG** SOVEREIGN ESG ESG LIBRARY

Company ESG Metrics Company ESG Review Company ESG Peer Selection Company ESG Peer Analytics

Company Name	ESG			
	Company ESG Risk	Environmental Risk	Emission Reduction	Resource Reduction
TLG IMMOBILIEN AG	91	70	99	28
PUMA SE	19	6	15	7
HELLA GMBH & CO KGAA	37	50	63	49
OSRAM LICHT AG	17	11	23	7
ALLIANZ SE	9	1	1	1
STRATEC SE	46	30	24	45
AMADEUS FIRE AG	87	65	63	56
ADLER REAL ESTATE	80	55	55	36
HANNOVER RUECK SE	15	2	6	2
VONOVIA SE	45	26	34	26
QIAGEN NV	4	16	18	19

Scores & Ratings



## ..and what specific ESG integration your investors use to become more sustainable....

Motivation	Avoid			
	Advance			
Approach	Screening	ESG		Impact
		Thematic	Broad	
Strategy	Excludes objectionable companies or industries	Invests based on E,S,G or SDG integration	Invests based on ESG performance of issuer	Intention is to contribute positively on environment, S, or G while creating financial return for clients
Integration	Respective impact of screen (often ratings)	Broad vs. specific exposures (e.g. water)	ESG data integration & weighting. Often active	Measurable contribution incl. active reporting and engagement
Examples	<ul style="list-style-type: none"> <li>• Customized to asset owner demand, e.g</li> <li>• Controversial weapon</li> <li>• Tobacco</li> <li>• Thermal Coal</li> <li>• UNGC violations</li> </ul> <p>Additional screens applied tactical</p>	<p>Strategies that capitalize from long-term trends:</p> <ul style="list-style-type: none"> <li>• Green Revenues</li> <li>• Transition status</li> <li>• Clean Energy</li> <li>• Green Technology</li> <li>• Diversity &amp; Inclusion</li> <li>• Governance</li> </ul>	<p>ESG optimized: e.g. index overweight for better performers</p> <p>Best in Class: conviction towards higher scoring ESG profiles</p> <p>Managed ESG Alpha</p>	<p>Cross-asset strategies linked to tangible impact scenarios:</p> <ul style="list-style-type: none"> <li>• Global impact</li> <li>• Green Bonds, Sustainability Linked Bonds</li> <li>• Renewable power or infrastructure</li> </ul>
Engagement				

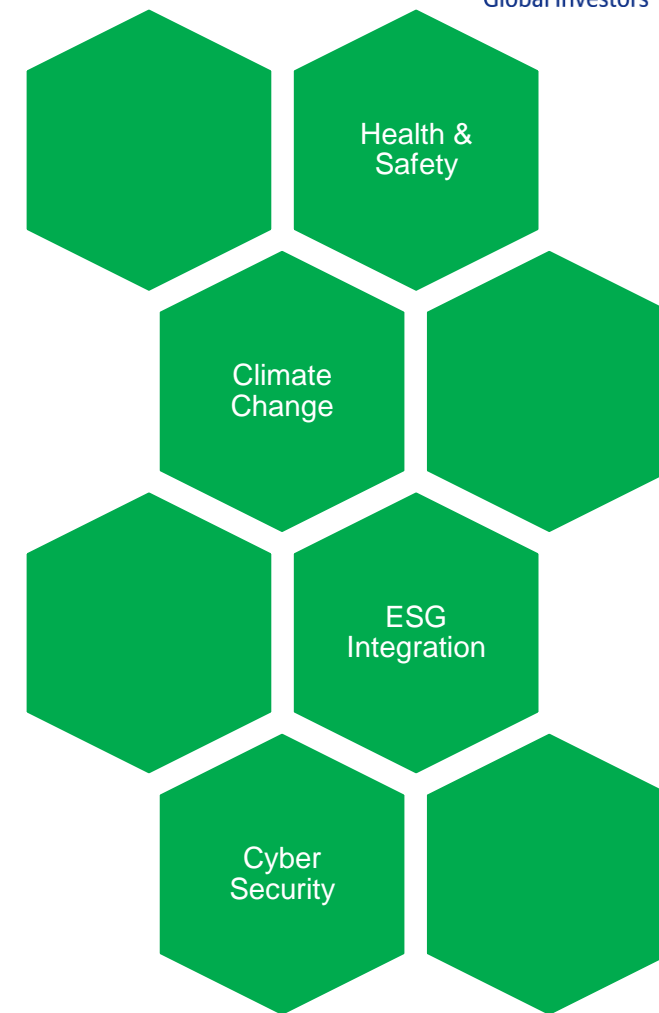
## ...and the ESG DNA of your institutional investors

- **Monitoring vs making an impact:** AGI differentiates between normal research and monitoring meetings undertaken as an active manager, and instances where AGI actively seeks to hold boards and management accountable or make an impact. The latter are classified and reported as engagement meetings. The team's key focus areas in the past year are on the DNA chart (further details on next slide).
- **Transparency:** Allianz Group believes in increased transparency on sustainability matters and, at the start of 2021, it committed to using the [World Economic Forum Stakeholder Capitalism Metrics](#).
- **Low-carbon transition:** Allianz Group has committed to reaching net-zero greenhouse gas emissions in its proprietary investment portfolio by 2050. It collaborates with other asset owners through the [U.N.-convened Net-Zero Asset Owner Alliance](#) (AOA) to support companies in their low-carbon transition by advocating for ambitious decarbonisation strategies and financing.
- **First intermediate net-zero target:** Allianz Group aims to reduce its greenhouse gas emissions in listed equities and corporate bonds by 25% by 2025 compared to the 2019 level. All of its real estate investments will be in line with scientifically based 1.5-degree pathways in terms of total emissions by 2025.
- **Renewable power:** through the [RE100 initiative](#), Allianz Group has committed to minimising the environmental impacts of its business operations and working towards sourcing 100% renewable power for its group-wide operations by 2023.
- **Human rights:** in the German context, Allianz adheres to the [National Action Plan for Business and Human Rights](#) which is based on the U.N. Guiding Principles on Business and Human Rights. If an issuer in its listed investment portfolio is flagged for human rights issues by its external ESG data provider, AGI prioritises this issuer for a systematic engagement

*“Net-Zero Asset Owner Alliance members must enhance their investment process such that all decision-making reflects emission effects. This way we start out by truly changing ourselves and then work with other companies to achieve change and real world impact.”*



Günther Thallinger, ESG Board Chair, Allianz SE & U.N. Net-Zero Asset Owner Alliance



# ...so that you can define your ESG profile accordingly

## ESG Integration Strategy Examples

DWS's responsible investing process: *The ESG Engine*



DWS developed a proprietary software system called “ESG Engine” in direct response to growing data and analytic expertise in the sphere of responsible investing. It combines the different perspectives and approaches of seven leading external data providers, it has become the centerpiece of DWS commitment to integrating ESG into their investment process for all liquid assets across Active, Passive and Alternatives.



- 1 **Fully integrated** – the signals from the ESG Engine are available to the entire platform and comprehensively considered when making investment decisions.
- 2 **360° view** – draws on the expertise of seven leading external providers of ESG data: ISS-Ethix, MSCI, ISS-oekom, RepRisk, SigWatch, Sustainalytics and Trucost.
- 3 **Multi-faceted analysis** – covers ethical concerns as well as risk and opportunities.
- 4 **Exclusion screening** – rules out companies associated with activities that do not meet specific ESG criteria.
- 5 **Norms-based screening** – focuses on human rights abuses, child/forced labor, health and safety, environmental impact and issues around business ethics.
- 6 **Corporate best-in-class rating** – our so-called “SynRating” ranks corporations against their peers and identifies the true leaders and laggards of ESG.
- 7 **Climate impact profiling** – provides expert evaluation of numerous environmental factors, including carbon footprint, use of fossil fuels, carbon ratings and use of natural resources.
- 8 **Sovereign norms-based screening** – benefits from high flexibility to use similar screening approaches to gauge would-be responsible investments in around 200 sovereign nations.
- 9 **Sovereign best-in-class rating** – identifies nations leading in ESG and introduces a deliberate focus on societal freedom.
- 10 **UN Sustainable Development Goals (SDGs)** – identify corporations whose products and services contribute to a better world.
- 11 **ESG of portfolios, funds, indices and ETFs** – Our ESG Fund Rating methodology identifies true ESG funds.

### Sustainability-oriented investment

- Impact investment: UN sustainable development goals
- Decarbonisation of investments
- ESG-optimisation and a best-in-class approach

### Responsible investment

- Engagement (PRI principle)
- ESG integration (PRI principle)
- Exclusion: minimum standards

The range of responsible and sustainability-oriented investment options

Fiduciary duties

Comprehensive



Minimum



## Dare to data! Key metrics for board members to review & communicate with...

<u><b>Economic Metrics</b></u>	<u><b>Energy Use Metrics</b></u>	<u><b>Social License to Operate I: Metrics</b></u>	<u><b>Social License to Operate II: Safety, Spills, Waste, Water</b></u>	<u><b>Diversity &amp; Governance Metrics</b></u>
Supply chain: Supplier spend (\$bn)	Production Energy Intensity (Gj/boe)	Volume of Flared Vented hydrocarbons (mmcf); Cogen capacity	<b>Safety:</b> Fatalities, Recordable incident rate, Lost time incident rate, Illness rate, hours worked, Safety data sheets	Female Employees
Total social investment (\$ mm/\$bn)	Operated direct energy use ('000 Gj)	Scope 1, Scope 2, Scope 3 ...operated direct by hydrocarbons / source, operated indirect (mmtonnes CO <sub>2</sub> e, %)	<b>Spills:</b> Hydrocarbon & non-hydrocarbon spills; E&P Discharges	Minority Employees
Nitrogen Oxide (NO <sub>x</sub> ) taxes	Operated indirect energy use ('000 Gj)	Operated / Equity GHG emissions intensity	<b>Waste:</b> Solid & liquid, hazardous and non-hazardous waste	%International workforce
Environmental Reserve (\$mm)	Net purchased electricity by primary energy source ('000 MWh)	Air Emissions...SO <sub>2</sub> , SO <sub>2</sub> intensity, NO <sub>x</sub> , NO <sub>x</sub> intensity, VOC, VOC intensity	<b>Water:</b> Groundwater, Municipal water, Surface water, Total freshwater, % Reused/recycled	Independent Board Members
Environmental fines & penalties – operated (\$ mm)	Green e-certified renewable energy certificates ('000 MWh)			Female Board Members
Environmental expenditures – remediation (\$mm)				Minority Board Members
				International / Age Diversity of Board
				ESG-linked Compensation
				EITI country presence

## What we recommend....

1

### Take control

- Take control of your own ESG story and drive it
- Internally and externally
- Do not chase rating improvement or index inclusion

2

### Dare to data

- Data is the biggest driver for capital allocation
- Transparency, disclosure, reporting, intelligence is key for all parties

3

### Do not assume

- ESG is big. Probably the biggest megatrend we are facing. But it is also a blackbox, so even some of the portfolio managers and analysts will not know what is running in the background, let alone converse with your CEO about it
- Just because people are not talking about you, or raise concerns, doesn't mean they are not there.
- It is a risk, but it is also a huge opportunity for you in investor relations

4

### Investment

- Know the material drivers for your company, as they change and are very dynamic
- Climate change, climate risk
- Diversity, equity & inclusion
- Biodiversity

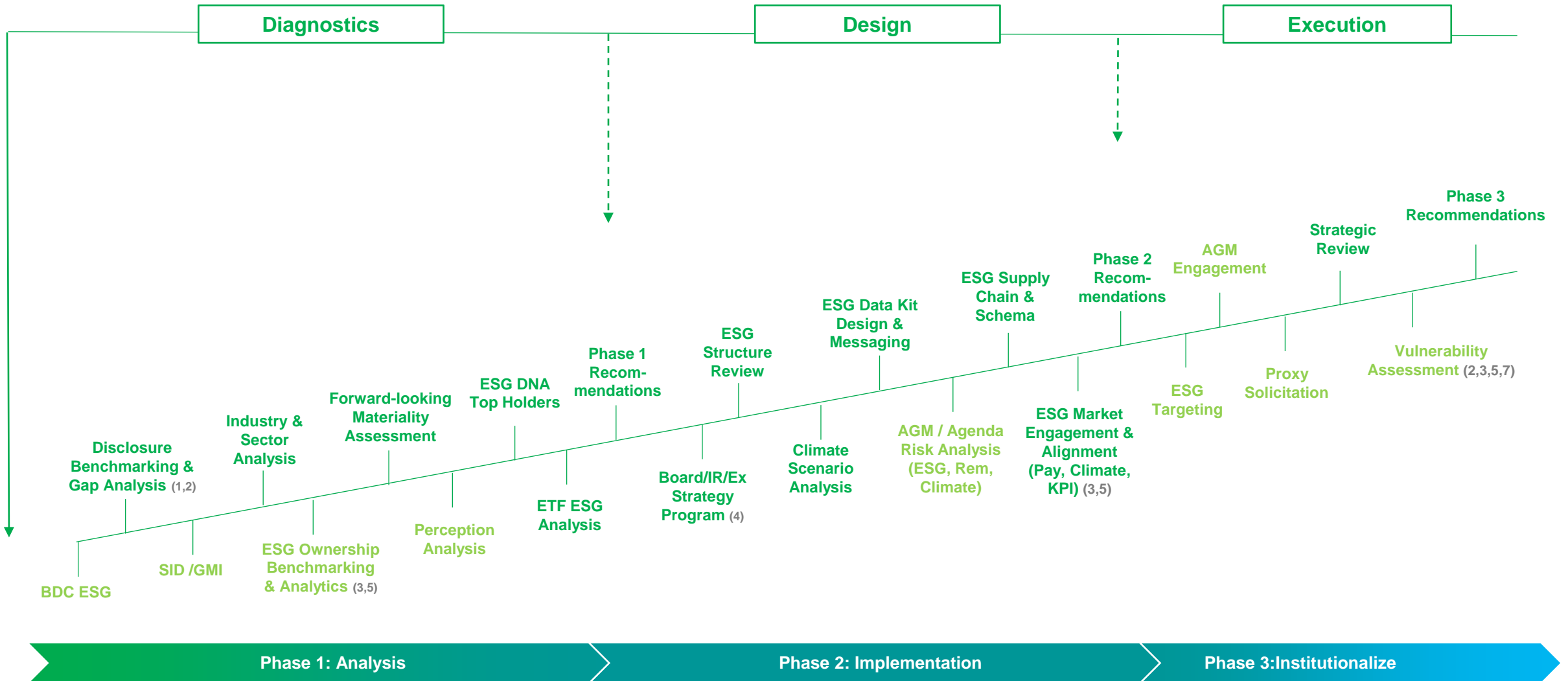
5

### Governance

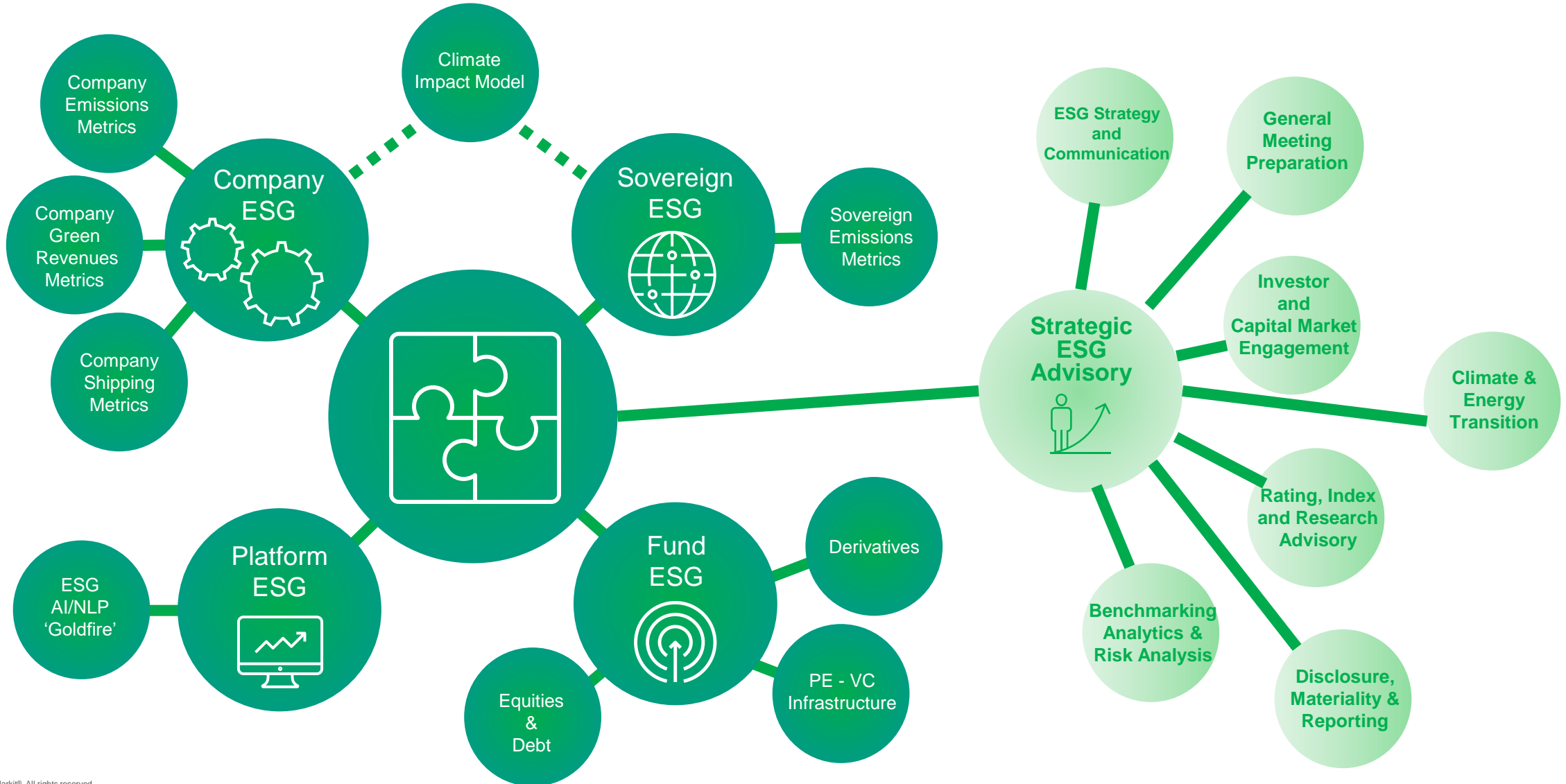
- Governance is how you feel it
- Remuneration incl. ESG KPI's
- Board diversity
- Engagement (board & management). Do you still split your ESG story out in your presentation decks?

## About IHS Markit

# ESG Advisory Capabilities for IR, Board & Executives

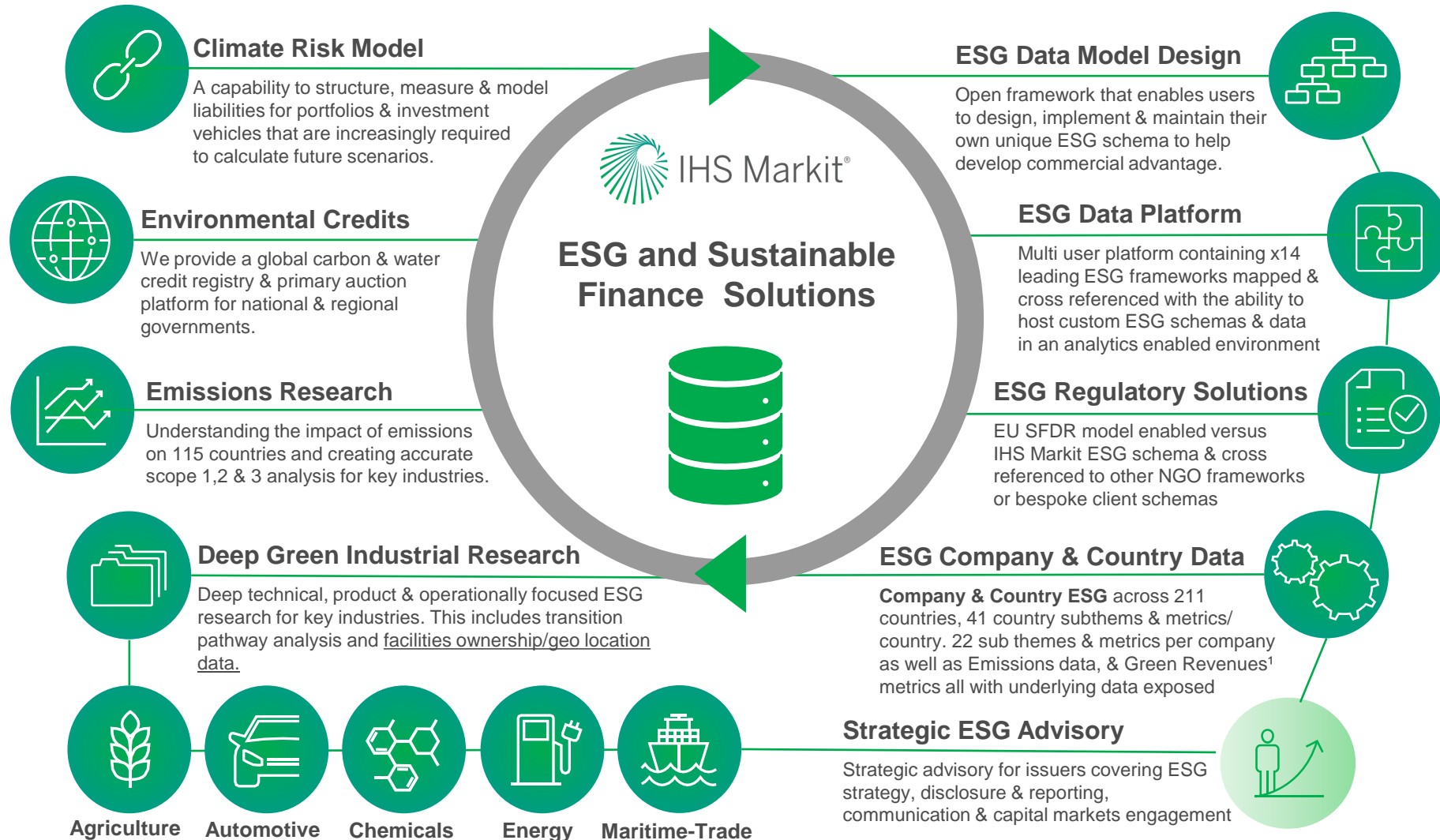


# Our ESG strategy is focused on 5 key product families





# Our Data Driven Approach & Resources for ESG & Sustainable Finance



Selected members  
of + 50 member team

# IHS Markit – Global ESG, Climate & Sustainable Finance Expert Team

## ESG, Climate & Sustainability

### Andreas Posavac, Executive Director



- Andreas is responsible for IHS Markit's M&A, ESG and Governance Advisory Group. He is responsible for the overall strategy of the group, with a focus on advisory services for corporates and their executive teams, IR and sustainability.

### Sabrina Zhang, Director



- Sabrina leads our APAC ESG advisory business and helps companies with climate and ESG strategic consulting projects. She built CDPs China business and has experience at MSCI.

### Kevin Bourne, Managing Director



- Kevin leads our Sustainable Finance team and is focused on building our ESG, Climate and ESG data infrastructure. He has experience building data models, schema's and scores for the LSE and previously worked with HSBC, London Stock Exchange, FTSE as well as Citi in ESG & Sustainability executive roles.

### Susan Farrell, Vice President



- Susan is a Vice President with the Climate & Sustainability team at IHS Markit. She is a specialist in scenario planning and low carbon energy transitions. Her principal expertise lies in the analysis of different outcomes and net-zero targets to inform strategy and investments.

## ESG & Governance Advisory

### Christine Chow, Executive Director



- Christine is responsible for IHS Markit's Global Corporate Governance Advisory and ESG Integration. She has 24 years investment management, research & consulting experience, with a focus on ESG, technology and sustainability.

### Angelika Horstmeier, Director



- Angelika is responsible for IHS Markit's EMEA Governance Advisory Group. She leads our European governance advisory business with a strategic focus on governance and ESG best practice. She joined from D.F.King.

### Reza Eftekhari, Director



- Reza leads IHS Markit's Activism Defence and M&A team in Europe, with special focus on the UK market. Reza is closely looking at ESG and Climate related engagement and its influence on transactions and activism. Reza joined from Morrow Sodali, Georgeson & D.F. King.

### Benoit Belliat, Associate Director



- Benoit joined IHS Markit from ISS Governance Research and leads the special team focused on proxy advisors, remuneration analytics and board evaluations. He is a remuneration expert and focuses on governance and ESG related best practice, with focus on say-on-pay and purpose.

## ESG & Governance Advisory

### Greg Wallace, Executive Director



- Greg leads our sustainable finance research practice and is a quantitative expert, modelling our ESG data products, including our ESG scores and ESG reporting repository on a company, sovereign and fund level.

### Kazuhiko Tahara, Director



- Kazuhiko is in charge of our Japan ESG advisory solutions, advising Japanese corporates on ESG, Governance and Activism risks and best practice disclosure and engagement. He joined from Daiwa Asset Management.

### Cherry Chu, Senior Associate



- Cherry is a Senior Associate in our APAC ESG and Corporate Governance advisory group. She works with international corporates on improved ESG disclosure, ESG research and materiality as well as best practice shareholder engagement & communication. She joined from CECEP Environmental Consulting.

### Yura Ahn, Senior Associate



- Yura is a Senior Associate in our APAC ESG and Corporate Governance advisory group, with a focus on Korean issuers. Her focus is on ESG and Corporate Governance Research as well as shareholder advisory on engagement and AGM preparation. She joined from KCGS.

## ESG Market Intelligence

### Qian Chen, Executive Director



- Qian leads our market perception and sentiment research group, assessing market sentiment and vulnerability status for +500 corporates. The group conducts materiality assessment and ESG / Sustainability focus studies.

### Martin Railton, Director



- Martin runs the market intelligence advisory desks, leading the surveillance, tracking, profiling and capital insights portfolio. His team focuses ESG profiling, targeting & analytics as well as ESG research & newsflow analysis.

### Soffia Alarcon, Director



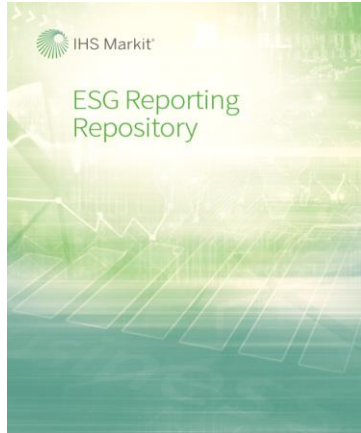
- Soffia is a climate change expert with 12+ years of experience helping governments and businesses mobilize climate finance, adopt low carbon technologies, account their GHG emissions and reductions and therefore become more resource efficient to drive global economic decarbonization.

### Christopher Stroh, Director



- Chris leads the special situations group, with a quantitative and fundamental approach to understanding investor sensitivities, shareholder behaviour with a focus on research, ESG sensitivity as well as mergers, transactions and complex situations.

# IHS Markit's ESG Advisory Teams – Resources & Thought Leadership



Proprietary ESG Research

## Contact:

Andreas Posavac, MBA. BA., CESGA - Global Head of ESG, Governance & M&A Advisory

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