Bloomberg & Sustainalytics

Selected Sustainalytics environmental, social and governance (ESG) assessments are now available to the 320,000 subscribers of the Bloomberg Professional Service (BPS). As a third-party ESG research provider, Sustainalytics will offer clients that subscribe to both platforms access to a subset of Sustainalytics’ ESG ratings and coverage.

Through the BPS, users can access Sustainalytics’ assessments, alongside market data and other third-party and company reported ESG data, and compile them into a Microsoft Office document to support the development of customised ESG models, research and reports.

Sustainalytics’ proprietary indicators will provide investors with a macro level assessment of how companies are managing their ESG capital. All Bloomberg users will have access to high-level company scores and percentile rankings across the environmental, social and governance dimensions. Clients that subscribe to both platforms will have access to more in-depth assessments of approximately 1,600 global, developed market companies.

Sustainalytics Indicators

As a result of the new agreement, all Bloomberg users will be able to access four Sustainalytics Scores with their subscription to the BPS:

1. Sustainalytics Rank
2. Sustainalytics Environmental Percentile
3. Sustainalytics Social Percentile
4. Sustainalytics Governance Percentile

Clients who currently subscribe to developed markets coverage can gain access to eleven additional Sustainalytics Scores on Bloomberg, free of charge, by requesting Sustainalytics’ authorization:

5. Sustainalytics ESG Momentum
6. Sustainalytics Environment Momentum
7. Sustainalytics Social Momentum
8. Sustainalytics Governance Momentum
9. Sustainalytics Environment Controversies
10. Sustainalytics Social Controversies
11. Sustainalytics Governance Controversies
12. Sustainalytics Preparedness Percentile
13. Sustainalytics Disclosure Percentile
14. Sustainalytics Qualitative Performance Percentile
15. Sustainalytics Product Involvement

Users will be able to view these indicators and definitions both through their Bloomberg Terminal and via the Bloomberg Excel Plugin.
Sustainalytics Field Definitions

Accessing Definitions via the Terminal

1) Definitions of each Sustainalytics Bloomberg field are accessible via the Bloomberg Terminal. To obtain the definition for each field, log into Bloomberg and type “Sustainalytics” into the search bar.

2) By clicking on any of the Sustainalytics fields found in the search, a screen listing the definition for that field is displayed. This screen will also display the value for that field when referencing a particular security, but in this case, no security is used and a value of “N.A.” appears.

<table>
<thead>
<tr>
<th>Field</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>X6344</td>
<td>Sustainalytics ESG Momentum</td>
</tr>
<tr>
<td>X6349</td>
<td>Sustainalytics Social Controversies</td>
</tr>
<tr>
<td>X6351</td>
<td>Sustainalytics Product Involvement</td>
</tr>
<tr>
<td>X6343</td>
<td>Sustainalytics Governance Percentile</td>
</tr>
<tr>
<td>X6352</td>
<td>Sustainalytics Preparedness Percentile</td>
</tr>
<tr>
<td>X6345</td>
<td>Sustainalytics Environment Momentum</td>
</tr>
<tr>
<td>X6320</td>
<td>Sustainalytics Rank</td>
</tr>
</tbody>
</table>
### Field Definitions

<table>
<thead>
<tr>
<th>Field</th>
<th>Field Code</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainalytics Rank</strong></td>
<td>X6320</td>
<td>Overall percentile rank assigned to the company based on its total ESG score relative to its industry peers. For the top 1% the percentile is 99%; for the bottom 1% the percentile is 1%. This is Sustainalytics’ most comprehensive percentile rank. Aggregate ESG performance encompasses a company’s level of preparedness, disclosure and controversy involvement across all three ESG (environmental, social and governance) themes.</td>
</tr>
<tr>
<td><strong>Sustainalytics Environment, Social &amp; Governance Percentiles</strong></td>
<td>X6341, X6342, X6343</td>
<td>Industry percentile rank for the company’s environmental (X6341), social (X6342) or governance (X6343) management and performance. For the top 1% the percentile is 99%; for the bottom 1% the percentile is 1%. The environmental percentile is determined by the level of environmental preparedness, quantitative performance and disclosure in addition to environmental controversies. The social percentile is determined by the quality of policies, programmes and management systems concerning employees, suppliers, customers and society in addition to related controversies. The governance percentile is determined by a company’s business ethics, corporate governance structure, political accountability and executive oversight of social and environmental exposure and performance.</td>
</tr>
<tr>
<td><strong>Sustainalytics ESG Momentum</strong></td>
<td>X6344</td>
<td>Year-on-year percentage (%) change in the company’s overall environmental, social and governance (ESG) percentile rank. Positive momentum indicates that a company’s aggregate ESG performance is strengthening, whereas negative momentum indicates weakening performance.</td>
</tr>
<tr>
<td><strong>Sustainalytics Environment, Social &amp; Governance Momentums</strong></td>
<td>X6345, X6346, X6347</td>
<td>Year-on-year percentage (%) change in the company’s environmental (X6345), social (X6346) or governance (X6347) percentile rank. Positive momentum indicates that a company’s aggregate ESG performance is strengthening, whereas negative momentum indicates weakening performance.</td>
</tr>
<tr>
<td><strong>Sustainalytics Environment, Social &amp; Governance Controversies</strong></td>
<td>X6348, X6349, X6350</td>
<td>Controversy assessments reflect the extent to which one or more incidents, involving the company either directly or indirectly, have a negative impact on stakeholders and/or the environment, and pose related risks to companies and their investors. The figures represent the highest category a company is exposed to within the environmental (X6348), social (X6349) or governance (X6350) themes. The score ranges from zero (0) for no identified incidents to five (5) for the most severe controversies.</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>Category 5 – Severe</td>
<td>The event has a severe impact on the environment and society, posing serious risks to the company. This category represents the most egregious corporate behaviour.</td>
<td></td>
</tr>
<tr>
<td>Category 4 – High</td>
<td>The event has a high impact on the environment and society, posing significant risks to the company. This category often reflects structural problems in the company.</td>
<td></td>
</tr>
<tr>
<td>Category 3 – Significant</td>
<td>The event has a significant impact on the environment and society, posing moderate risks to the company.</td>
<td></td>
</tr>
<tr>
<td>Category 2 – Moderate</td>
<td>The event has a moderate impact on the environment and society, posing minimal risks to the company.</td>
<td></td>
</tr>
<tr>
<td>Category 1 – Low</td>
<td>The event has a low impact on the environment and society, posing negligible risks to the company.</td>
<td></td>
</tr>
<tr>
<td>Category 0: No identified events</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Sustainalytics Preparedness Percentile | X6352 | Industry percentile rank for the company’s preparedness to manage environmental, social and governance (ESG) impacts and risks. Key indicators of a company’s ESG preparedness include policies, management systems, programmes and targets. For the top 1% the percentile is 99%; for the bottom 1% the percentile is 1%. |
| Sustainalytics Disclosure Percentile | X6353 | Industry percentile rank for the company based on its sustainability reporting and utilisation of key reporting and verification standards. For the top 1% the percentile is 99%; for the bottom 1% the percentile is 1%. |
| Sustainalytics Qualitative Performance Percentile | X6340 | Industry percentile rank for the company based on qualitative information relating to events and incidents that have resulted in negative environmental, social and governance impacts. For the top 1% the percentile is 99%; for the bottom 1% the percentile is 1%. |
| Sustainalytics Product Involvement | X6351 | Single letter code indicator that identifies a company’s involvement in a specific product area. Involvement includes varying revenue ranges and types. For example, both a tobacco manufacturer who earns >50% of its revenue and a tobacco retailer who earns <5% of its revenue from the sale of tobacco would be captured under this indicator. |

- X = Adult Entertainment
- A = Alcohol
- W = Controversial Weapons
- F = Firearms
- L = Furs and Specialty Leathers
- G = Gambling
- O = Genetically Modified Organisms
- M = Military Contracting
- N = Nuclear Power Generation
- P = Pesticides
- T = Tobacco
Sustainalytics Methodology

Overview

Sustainalytics’ robust analytical framework addresses a broad range of macro-level ESG issues and trends that have a significant, and in some cases material, impact on each industry and company, creating both risks and opportunities for investors. We analyse and rate the performance of over 4,400 companies worldwide from 42 different peer groups. Most of these companies are listed on major indices including the MSCI Global Developed Markets and MSCI Emerging Markets, alongside local indices such as the TSX Composite Index and the S&P500. See Annex 1 for an overview of coverage by market and index.

Our research framework broadly addresses three themes: environment, social and governance, which are subdivided into a range of topics as illustrated in the figure below. At the indicator level, a comprehensive set of core and sector-specific metrics are analysed, scored and weighted to determine a company’s overall ESG performance. Underlying each peer group template is a customised weight matrix designed to further highlight the key ESG issues faced by each peer group.
As part of our company ESG reports, we highlight key indicators that we believe can be particularly material to the company’s business. Each indicator also includes a trend signal that displays the trend of the indicator over the last year, indicating whether it has increased, deceased or remained stable.

Our comprehensive assessment of a company’s ESG performance is structured within four dimensions: Preparedness, Disclosure, Quantitative Performance, and Qualitative Performance. Of the four dimensions, the assessments of three dimensions (Preparedness, Disclosure and Qualitative Performance) are available through Bloomberg.

**Preparedness:** We assess the organisation’s management systems and policies, designed to mitigate material ESG risks. Some examples include: health and safety programmes, programmes and targets for hazardous waste, and others. The Preparedness percentile rank is generated through developing a Preparedness score, derived from Sustainalytics' related E, S and G indicators, and comparing the company’s score to that of its industry peers (see the Percentile Ranking section of this document for more information on this process).

**Disclosure:** This dimension assesses the extent to which the company transparently communicates some of its most material ESG issues to investors and other stakeholders. Some examples include: tax transparency per country, or scope of greenhouse gas emissions. The Disclosure percentile rank is generated through developing a Disclosure score, derived from Sustainalytics' related E, S and G indicators, and comparing the company’s score to that of its industry peers.

**Qualitative Performance:** We monitor and assess a company’s involvement in incidents and controversies, which may reflect inadequate preparedness to manage ESG risks. This dimension does not rely on company disclosure and provides valuable insights with respect to the effective implementation of existing policies and management systems. The Qualitative Performance percentile rank is generated through developing a Qualitative Performance score, derived from Sustainalytics’ related E, S and G indicators, and comparing the company’s score to that of its industry peers.
**Percentile Ranking**

The Sustainalytics percentile rankings available through Bloomberg differ from the percentages available in the Sustainalytics platform for two reasons:

1) **Percentile rankings are developed based off of the Reference Universe** that a company’s scores are benchmarked against. The reference universe used for percentile calculations consists of all Type A companies covered by Sustainalytics; including those not found in the Developed Market index. Consequently, the company percentile ranks available through Bloomberg are in reference to their scores’ placement amongst the list of all Type A companies covered by Sustainalytics.

2) **Percentile rankings are generated on a Peer Group basis.** For example, if Company X operates in the “Diversified Financials” peer group, its rating score would be compared to the rating scores of other companies within this peer group in order to generate a percentile figure. Consequently, a company in a strong performing industry possessing a seemingly low percentage may actually be a strong performer in the context of its industry, and vice versa.

The absolute scores upon which the percentile rankings are based are calculated using a proprietary methodology developed by Sustainalytics and are only accessible through the Sustainalytics platform. The percentile rankings provided through Bloomberg demonstrate how companies are performing in comparison to other companies in their Peer Group.

**Controversies**

Sustainalytics’ sophisticated new processing program monitors thousands of news sources from around the world on a daily basis, with the aim to identify those news items that may be significant from an ESG perspective. We have leveraged our use of technology and created a dedicated team that is focused on this task. We monitor incidents such as a lawsuit, an explosion or a strike, and assess them based on the reputational risk that they pose as well as their impact on stakeholders and the environment. The impact assessment captures the severity and the exceptionality of the event, while as part of the reputational risk assessment, we measure the “notoriety” and exposure of the incident.

The assessment of controversies is based on the severity of the events and incidents using a scale from 1 to 5, whereby the most significant controversies are rated as Category 5.
Category 5 – Severe: The event has a severe impact on the environment and society, posing serious risks to the company. This category represents the most severe corporate conduct.

Category 4 – High: The event has a high impact on the environment and society, posing significant risks to the company. This category often reflects structural problems in the company.

Category 3 – Significant: The event has a significant impact on the environment and society, posing moderate risks to the company.

Category 2 – Moderate: The event has a moderate impact on the environment and society, posing minimal risks to the company.

Category 1 – Low: The event has a low impact on the environment and society, posing negligible risks to the company.

The basis of controversy assessments includes criteria such as:

- The impact of the incident
- Degree of exceptionality
- Sphere of influence
- Recurrence and pattern of incidents
- Company response
- Managerial responsibility
- Overall company preparedness

Accessing Sustainalytics Data on Excel

Bloomberg users can access Sustainalytics data via Excel using the Bloomberg Plugin. It must be noted that you will only be able to use the Bloomberg Plugin and generate values on a Bloomberg Terminal.

Using the Sustainalytics Template

1) Users can filter companies and scores on the “Sustainalytics Data” sheet in Sustainalytics’ Bloomberg Excel file. This sheet contains Sustainalytics field values for approximately 1,600 global, developed market companies. It must be noted that the list of companies covered will periodically be updated due to additions/deletions or corporate actions involving the underlying index. Users who require an updated sheet should contact their account managers at Sustainalytics.
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Sector</th>
<th>Country</th>
<th>Score</th>
<th>Risk Score</th>
<th>Grade</th>
<th>Rating</th>
<th>F&amp;E</th>
<th>R&amp;D</th>
<th>AND</th>
<th>RFP</th>
<th>GRI</th>
<th>Sustainability Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apple Inc.</td>
<td>Tech</td>
<td>US</td>
<td>0</td>
<td>0</td>
<td>A</td>
<td>A</td>
<td>0%</td>
<td>0%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Amazon.com</td>
<td>Retail</td>
<td>US</td>
<td>0</td>
<td>0</td>
<td>A</td>
<td>A</td>
<td>0%</td>
<td>0%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Google Inc.</td>
<td>Tech</td>
<td>US</td>
<td>0</td>
<td>0</td>
<td>A</td>
<td>A</td>
<td>0%</td>
<td>0%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Facebook Inc.</td>
<td>Tech</td>
<td>US</td>
<td>0</td>
<td>0</td>
<td>A</td>
<td>A</td>
<td>0%</td>
<td>0%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Microsoft Corp.</td>
<td>Tech</td>
<td>US</td>
<td>0</td>
<td>0</td>
<td>A</td>
<td>A</td>
<td>0%</td>
<td>0%</td>
<td>85%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

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Analysing Single Securities

Below you will find steps to assist in creating customized sheets for those clients who prefer to develop their own spreadsheet with user-defined filters.

1) The user must first input the desired company’s Bloomberg Ticker or other identifier. The Bloomberg Ticker in the Bloomberg Excel Plugin incorporates the company’s ticker, exchange location and the security type. For instance, the Bloomberg Ticker for 3M is created as follows:

3M Ticker: MMM
Exchange Country: US
Security Type: Equity

MMM + US + Equity = MMM US Equity

2) With the identifier selected and placed in the spreadsheet, the user must then select the Bloomberg tab at the top of the Excel screen and the “Find Fields” option to open the Wizard. In the Wizard, the user can search for “Sustainalytics” and select any (or multiple) fields from the search results. Once complete, click the “Add” button to populate the desired Sustainalytics fields in the spreadsheet.
3) Clicking the “Apply” button will generate the following content in the spreadsheet:

4) As you can see in the image above, this generates a small table, where the top-left corner of the table is designated as cell A5. The user can then select this cell and click the “Populate Table” option under the Bloomberg tab in order to generate values as depicted below.

5) Sustainalytics data is released biweekly, which does not coincide with the default settings of the Bloomberg Plugin. To correct the “#N/A #N/A” results, users must input the formula below (in this case, cell B6) to generate results:

   =BDP($A6, B$5, “FUND_PER=M”)
6) The user can then click and drag the new formula across the table to generate the proper values for that company:
Analyzing Multiple Securities

1) Clients who seek to view Sustainalytics data for a large range of companies can do so through the Wizard in Excel’s Bloomberg Plugin. By selecting the Bloomberg tab in Excel, followed by the “Import Data” drop-down menu, “Real-time/Historical” and finally, “Real-time/Current”, the Wizard will be opened. The user can then choose to add companies based on specific indexes, or user-created portfolios.

It is possible to add securities to a spreadsheet for analysis by Index (above), portfolio (below) or various other options.
2) The user can then select the appropriate fields. In this example, a mix of Sustainalytics fields with fundamental equity metrics were selected:

![Image of data selection interface]

3) By completing the Wizard prompts and making the correct “FUND_PER=M” adjustments (see Point 5 of Analyzing Single Securities), the user will generate a table with all of the values for the selected fields.

Sustainalytics and Bloomberg Intelligence

In light of the addition of Sustainalytics data to the BPS, Bloomberg’s Corporate Governance Team developed a dashboard through the Bloomberg Intelligence function that allows users to sort and chart Sustainalytics data directly in the Bloomberg Terminal. Although data are limited to the four fields permissioned to all Bloomberg users (Sustainalytics Rank and Sustainalytics E, S and G Percentiles), the Bloomberg Intelligence function provides users with a user-friendly and efficient method to analyze company ESG performance.

Users are able to view Sustainalytics’ scores of covered companies from numerous stock indexes such as the S&P500, the STOXX Europe 600 Price Index and the FTSE 100. The function generates a median score for each field depending on the stock index selected and users are able to compare company performance across the index.

Using the Bloomberg Intelligence Function

In order to access Sustainalytics data through the Bloomberg Intelligence function, the user must enter the following command into the Bloomberg Terminal’s search bar:
BI CGOVG SCENARIOS <GO>

Entering this command will lead the user to the following dashboard screen:

![Dashboard Screen]

Once at this screen, the user can then view and sort Sustainalytics data on an index-basis. For example, the user can view the highest scoring companies from the ASX 200, in terms of Sustainalytics ranking, for the month of July, 2014.

1) Select “S&P/ASX 200 (AS51 Index)” from the 95) Peer Group drop-down box:

![Peer Group Drop-Down]

2) Click the “7/2014” column from the table until a descending order is created:

![Table with Scored Companies]

For top 15 percentile is 99%, for bottom 15% percentile is 1%. For scenarios with a greater number of companies, the percentile calculation is based on the number of companies available for that scenario.
The user can also view the greatest changes in Sustainalytics scores from month to month in order to identify performance trends. For example, the user could choose to view the greatest decrease in performance for a company from the FTSE 100 from June, 2014 to July, 2014.

1) Select “FTSE 100 Index (UKX Index)” from the Peer Group drop-down box and select “Sequential” from the Growth drop-down box:

![Sustainalytics Scores Table]

2) Click the “7/2014” column from the table until an ascending order is created:

![Sustainalytics Scores Table]

An additional benefit of the Bloomberg Intelligence function is that it allows users to chart company performance in regards to Sustainalytics’ scores. In the second column of the table, a small preview graph of the company’s performance trend for that field is displayed. By clicking on this image, the user is taken to a screen showing the full chart for that company.
The above graph depicts the Sustainalytics Rank for McGraw Hill Financial Inc. By selecting the “Select Additional Data” button, the user can also view the rankings of other firms by selecting them from the drop-down menu under “Sustainalytics Rank.” This allows the user to compare this ranking against the Sustainalytics Rank of other firms as well as the Median of all firms covered by Sustainalytics on Bloomberg.
Similarly, the user can choose to compare the scores of a company, or companies, for any of the four provided Sustainalytics fields simultaneously. By simply clicking the “Select Additional Data” button, the user is prompted with drop-down menus and a list of covered companies for each Sustainalytics field. Selecting the boxes next to the companies will create a graph for comparative purposes. In the image below, the Sustainalytics E, S and G scores for Facebook are plotted against one another.

If you require any additional information or assistance, please feel free to contact your Sustainalytics account manager.