

ESG Risks = Financial Risks, Opportunities?

Sören Stöber

CIRA Annual Conference

Vienna

17 October 2018

S&P Global

Trucost ESG Solutions

Trucost, part of **S&P Global**, assesses risks relating to climate change, natural resource constraints, and broader environmental, social, and governance factors.



**Investor Portfolios
& Bank Loan
books**



**Companies or
Assets**



**Corporate supply
chains**



Commodities



**New products or
technologies**

Corporate Environmental Data

Carbon and Energy Data

Database of company revenue from fossil fuel or non-renewable energy, fossil fuel reserves, and green:brown technology coverage

Impact Valuation Data

Database of valuations for pricing environmental and social externalities.

Carbon Pricing Risk

Database of carbon pricing risk

ESG Risk Adjusted Commodity Prices

ESG regional issue analysis and risk pricing of hard and soft commodities

ESG Analytics & Tools

- Company ESG Disclosure
- Environmental Footprints
- Supply chain risk and impact analysis
- Net Benefit and Positive Impact Analysis
- Science-based Target Setting
- Total Value (Financial, Social, and Environmental)
- Corporate Carbon Pricing Tool

Why do companies care?



Pressure from regulators, customers, and investors to disclose ESG performance



Avoid risk and reduce costs



Revenue growth: new product development, open new markets, competitive differentiation

South China Morning Post

Hong Kong-listed firms urged to step up efforts on environmental, social and governance disclosure

theguardian

Companies could face court over failing to report gender pay gap

QUARTZ

British lawmakers want to force big companies to report on their climate-change risks

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Bloomberg

Going Greener Can Get You Cheaper Loans at This Dutch Bank

FINANCIAL TIMES

China moves towards launch of carbon trading scheme

CBS NEWS

Over 60 countries have introduced bans, fees to cut single-use plastic waste



“Unilever reveals that its most sustainable brands grew 46% faster than the rest of the business and delivered 70% of its turnover growth.”



TechCrunch

Dell is making jewelry with reclaimed gold from recycled computer guts

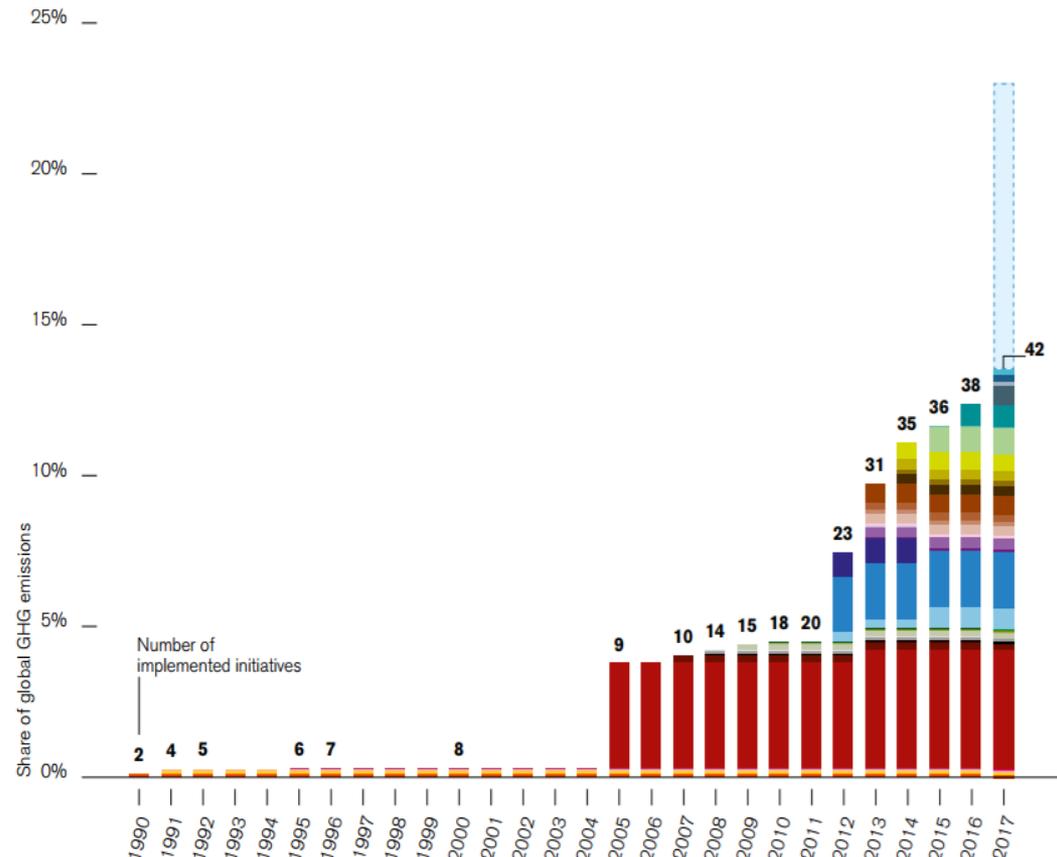


General Motors recycled 92% of all its waste and has created a lucrative scrap business generating nearly \$1 billion in annual revenue.

Example: Carbon Pricing

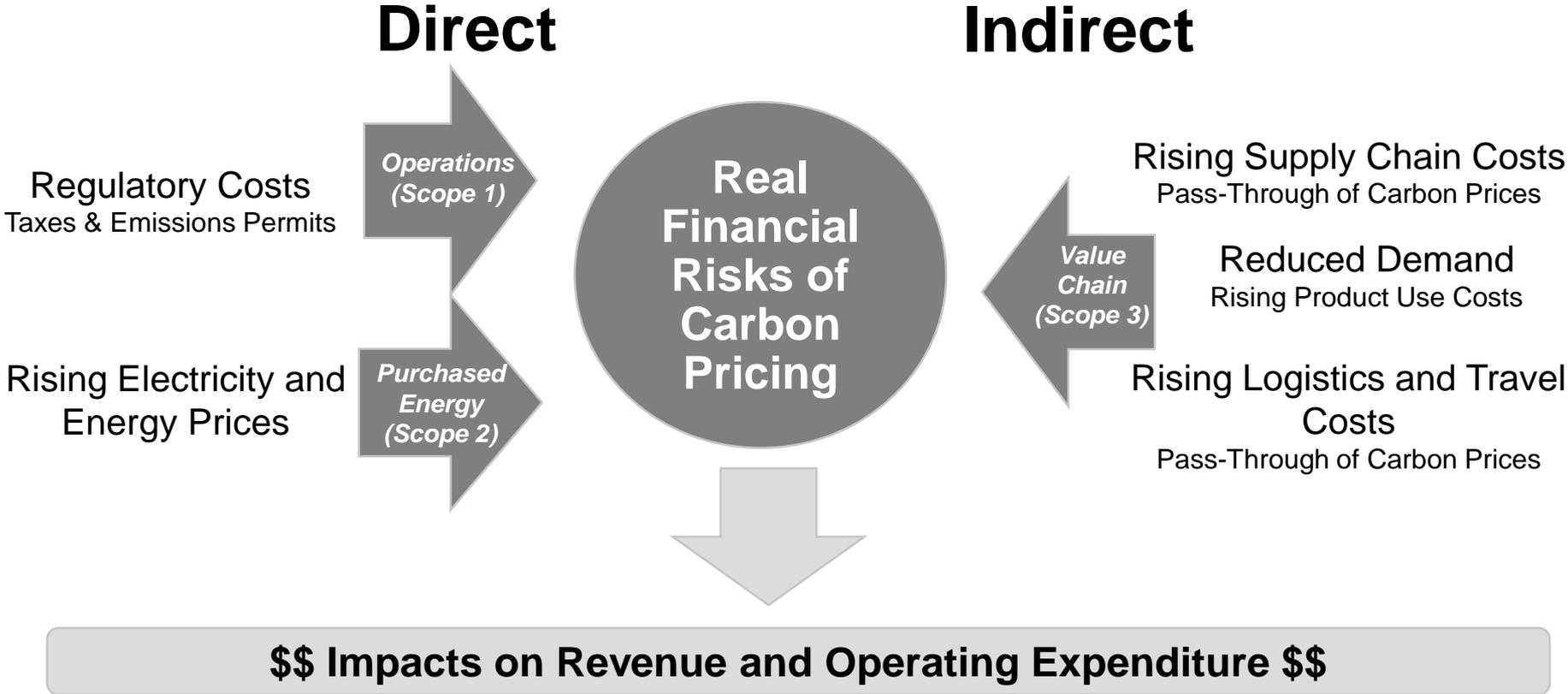
Carbon taxes, emissions trading schemes, and fuel taxes are expected to feature prominently in global efforts to address climate change

- **Carbon Taxes and Emissions Trading Schemes** have been implemented in 42 countries, cities and regions
- Nearly 23% of global emissions are currently priced, increasing with the introduction of the China national ETS in late 2017
- Prices range from **US\$ 1 to US\$ 131** per tonne CO₂e, with most emissions priced **at less than US\$ 25 per tonne** in 2016



Source: World Bank, Ecofys and Vivid Economics (2016)

Financial Implications of Rising Carbon Prices for Corporations

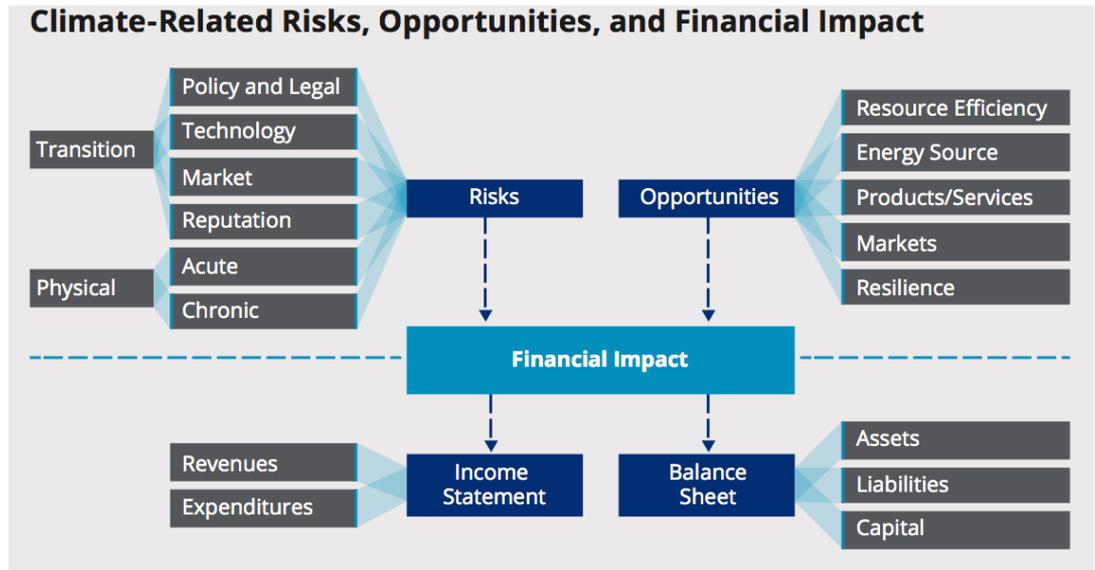


Investor interest in data-led ESG transparency



“The disclosure recommendations will give financial markets the information they need to manage risks, and seize opportunities, stemming from climate change. As a private sector solution to a market issue, the Task Force has focused on the **practical, material disclosures investors want** and **which all capital-raising companies can compile.**”

- Mark Carney, Governor of the Bank of England



Contact Information

UK (HEAD OFFICE)

Trucost Plc

20 Canada Square
Canary Wharf
London, E14 5LH
United Kingdom

T: +44 (0) 20 7160 9800

E: Trucostinfo@spglobal.com

EUROPE

Trucost Plc

40 rue de Courcelles
Paris 75008
France

E: TrucostEMEA@spglobal.com

NORTH AMERICA

Trucost Plc

55 Water Street, 27th Floor
New York
NY 10041

United States of America

T: +1 800 402 8774

E: Trucostnorthamerica@spglobal.com

ASIA

Trucost Plc

Unit 01, Level 69
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

E: Trucostasiapacific@spglobal.com

SOUTH AMERICA

E: Trucostsouthamerica@spglobal.com

ALL OTHER ENQUIRIES PLEASE CONTACT
US ON:

E: Trucostinfo@spglobal.com

Sören Stöber

Account Director

20 Canada Square
London, E14 5LH

T: +44 20 7176 0170

E: soeren.stoeber@spglobal.com

DISCLAIMER

Copyright © 2018 S&P Trucost Limited. Redistribution or reproduction in whole or in part is prohibited without written permission.

This document does not constitute an offer of services in jurisdictions where Trucost and its affiliates do not have the necessary licenses. Trucost is not an investment advisor, and Trucost makes no representation regarding the advisability of investing in any company, security, investment fund or other investment vehicle. A decision to invest in any company, security, investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. Prospective investors are advised to make an investment in any company, security, fund or other vehicle only after carefully considering the risks associated with investing in such funds, as detailed in an offering memorandum or similar document that is prepared by or on behalf of the issuer of the investment fund or other investment product or vehicle.

The materials have been prepared solely for informational purposes only based upon information generally available to the public from sources believed to be reliable. No content contained in these materials (including credit-related analyses and data, research, valuation, models, software or other application or output therefrom) or any part thereof (“Content”) may be modified reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of Trucost. The Content shall not be used for any unlawful or unauthorized purposes. Trucost, its parent S&P Global Market Intelligence and its third-party data providers and licensors (collectively the “Trucost Parties”) do not guarantee the accuracy, completeness, timeliness or availability of the Content. Trucost Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN “AS IS” BASIS. TRUCOST PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall any of the Trucost Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

The Content does not constitute or form part of any offer, invitation to sell, offer to subscribe for or to purchase any shares or other securities and must not be relied upon in connection with any contract relating to any such matter. ‘Trucost’ is the trading name of S&P Trucost Limited a limited company registered in England company number 3929223 whose registered office is at 20 Canada Square, London E14 5HL, UK.