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# DIRECTORS' GUIDE TO THE SASB STANDARDS

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## ABOUT THIS GUIDE

This Guide to SASB Standards for Corporate Directors provides industry-by-industry guidance on how directors can use the SASB Standards to inform and enhance their engagement with management. SASB Standards identify the sustainability issues most likely to impact financial performance of companies in 77 industries. For every industry, Guide suggests questions that facilitate a more complete and robust assessment of long-term risks and value creation. The questions in this Guide are based on the disclosure topics and accounting metrics in the 77 SASB Standards, which can be downloaded [here](#). The "contextual considerations" correspond to activity metrics in the Standards, which help to normalize ESG data and allow for comparisons between companies. Note that the questions also mirror the questions in the "Engagement Guide for Asset Owners and Asset Managers," which help guide investors in their engagements with portfolio companies. In this way, the SASB Standards help create a common language between management, boards and investors. .

## ABOUT THE VALUE REPORTING FOUNDATION

The Value Reporting Foundation is a global nonprofit organization that offers a comprehensive suite of resources designed to help businesses and investors develop a shared understanding of enterprise value — how it is created, preserved or eroded over time. The resources — including Integrated Thinking Principles, the Integrated Reporting Framework and SASB Standards — can be used alone or in combination, depending on business needs. These tools, already adopted in over 70 countries, comprise the 21st century market infrastructure needed to develop, manage and communicate strategy that creates long-term value and drives improved performance.



**The Value Reporting Foundation**  
[valuereportingfoundation.org](https://valuereportingfoundation.org)

The Value Reporting Foundation wishes to thank the staff and outside reviewers for their contributions to this document. The Value Reporting Foundation accepts full responsibility for errors or omissions.

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# INTRODUCTION

**This Directors' Guide to the SASB Standards is designed for boardrooms across the business spectrum and around the world, from large multinationals to small and medium-sized enterprises, public and private. By outlining concise questions on the subset of environmental, social and governance (ESG) issues most relevant in each of 77 industries, this Guide can help directors quickly gain fluency in discussions within the board, with management or with outside stakeholders.**

The SASB Standards, which connect businesses and investors on the financial impacts of sustainability, can assist boards with:

- **Risk oversight** by filtering the expansive universe of possible ESG factors to focus on those likely to affect a business's financial condition, operating performance and cost of capital
- **Strategic planning** by defining ESG topics that are both financially impactful and actionable for management
- **Shareholder engagement** by giving an investor lens on ESG risks and opportunities.

Investors and many regulators world-wide are gravitating to the SASB Standards and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as foundational tools for ESG disclosure and governance. Investors support the SASB Standards because they are industry-specific, metric-driven, focused on financial materiality and developed via a rigorous due process that allows the Standards to evolve alongside the market. The result is decision-useful ESG information — decision-useful for investors as well as for management and the board of directors.

In 2021 we merged the Sustainability Accounting Standards Board (SASB) and International Integrated

Reporting Council to form the Value Reporting Foundation. With our combined resources and relationships, we are dedicated to simplifying the corporate reporting landscape, including by providing active support to the IFRS Foundation as it launches an International Sustainability Standards Board. The Integrated Thinking Principles, the International Integrated Reporting Framework and the SASB Standards are complementary tools that may be used separately or together, depending on the needs of a business.

In recent years I have observed more directors rapidly build expertise in ESG, and not just a single director or committee within a business, but around the boardroom. Directors' networks around the world such as the National Association of Corporate Directors (NACD) as well as individual boards have invited us to demonstrate how the SASB Standards illuminate the connections between sustainability, governance, risk and financial performance. Common among directors is the dawning conviction that ESG disclosure is not an end itself, and sustainability strategy cannot stand separate. Whatever the nature of a business, how is it aligned with ESG and positioned to thrive in a changing world? What questions are shareholders asking directors about ESG issues, and what questions should directors be asking management in fulfillment of their governance and risk oversight duties? Those are the questions you will find in this Guide.



**NEIL STEWART**  
**Director of Corporate Outreach**  
Value Reporting Foundation  
October 2021

Visit [SASB.org](https://sasb.org) for more resources and to download the Standards.

## FOREWORD

Over the last year and a half, change has accelerated in all industries with which I engage. To succeed in today's increasingly complex environment, boards need to take a broader view of value creation; one that encompasses the various resources and relationships used to create value.

I am a director of four companies in four industries: financial services, trading, airlines and manufacturing. At all four companies, environmental, social and governance (ESG) issues have become a priority for the board. While these companies have been discussing environmental issues for the last five years, only more recently has the conversation shifted to a broader swath of ESG issues, and increased investor attention has changed the frequency and priority of these ESG issues on the board agenda.

The ESG issues of most concern vary between these industries. At the financial services firm, investors are asking how the company is investing in its people and engaging with clients to develop their ESG portfolios. At the airline company, investors are asking what they're doing to reduce emissions. At the manufacturing company, investors are asking how they are designing more environmentally friendly products. At the trading company, investors are asking how they are shifting their portfolio away from oil, gas and coal.

To manage ESG issues effectively, boards must focus on the ESG issues that most impact their industry. Sometimes people try to do everything at the same level, but each industry has a uniqueness. The board should question each investment, each business strategy, and consider how it addresses the ESG issues that matter most to their industry. The board should

ask: where is the opportunity for the company to develop the vision related to ESG, and what is the downside if the market focuses more on ESG?

The industry-specific nature of ESG issues brings me to the purpose of this publication, which provides industry-by-industry guidance on how directors can use the SASB Standards to inform and enhance their engagement with management. For each industry, the guide contains a list of questions related to the subset of ESG issues most likely to impact financial performance for companies in that industry. By using the questions as starting points for engagement with management, directors can ensure they are apprised of key ESG-related risks (and opportunities) to the organization's objectives and the effectiveness of management's responses in the context of the organization's strategy and risk appetite.

For many boards, directors' awareness of the rising importance of ESG issues has not yet translated into meaningful engagement with management. This publication is designed to serve as a bridge from awareness to action by facilitating more focused conversations between directors and management. Through these conversations, directors can develop a more complete and nuanced appreciation of the strengths and potential weaknesses of their organization's approach to value creation. This helps boards can take an important step toward unlocking mutually beneficial value for the firm, its shareholders, and beyond.



**IZUMI KOBAYASHI**  
Vice Chair, Keizai Doyukai  
Director, Value Reporting Foundation

## RESEARCH AND STANDARD-SETTING SUMMARY

The rigorous and transparent standard-setting process underlying SASB Standards includes evidence-based research, broad and balanced participation from businesses, investors, and subject matter experts, and oversight and approval from an independent Standards Board.

SASB Standards are designed to evolve alongside the markets. Updates to the Standards are considered via a [project-based model](#), providing the ability to address broad themes, regulatory changes and other trends which affect multiple sectors, while still retaining the ability to pursue targeted, industry-specific issues where appropriate. Research and market engagement provides the SASB Standards Board and SASB Standards Technical Staff with insights that impact the prioritization of projects.

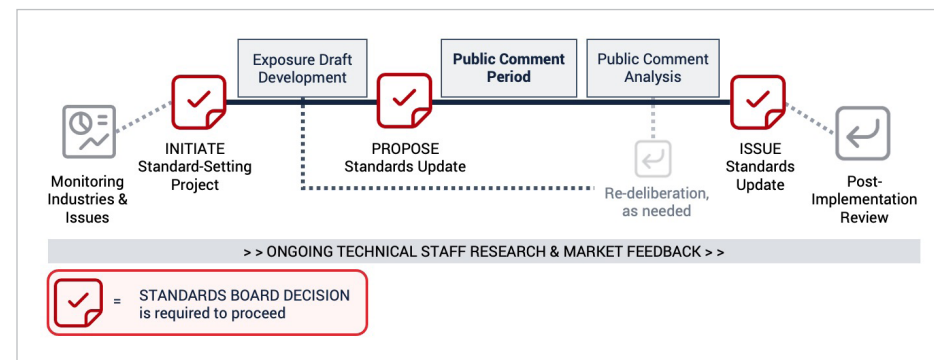
The [SASB Standards Board](#) is an independent

standards board that is accountable for the due process, outcomes, and ratification of SASB Standards, including any changes to the Standards. Members of the SASB Standards Board are appointed by the Value Reporting Foundation Board of Directors.

A core tenet of SASB's approach is ensuring that our Standard-setting activities are market-informed. The Standards Board and Technical Staff actively solicit feedback from market participants as a crucial input for our process to establish and maintain the Standards. Opportunities to [provide feedback](#) include consultation, public comment, advisory groups and working groups.

Below please see an overview of the research and standard-setting process. Visit [here](#) to the status of current projects and see opportunities to provide input. As the Standards are updated, we intend to publish updated versions of this Guide as appropriate.

## OVERVIEW OF RESEARCH AND STANDARD-SETTING PROCESS



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# CONSUMER GOODS SECTOR

## APPAREL, ACCESSORIES & FOOTWEAR



The **Apparel, Accessories & Footwear** industry includes companies involved in the design, manufacturing, wholesaling, and retailing of various products, including men's, women's, and children's clothing, handbags, jewelry, watches, and footwear. Products are largely manufactured by vendors in emerging markets, thereby allowing companies in the industry to primarily focus on design, wholesaling, marketing, supply chain management, and retail activities.

### SOCIAL CAPITAL

#### Management of Chemicals in Products

- › What are the company's processes to maintain compliance with restricted substances regulations?
- › How does the company manage risks and/or hazards associated with chemicals in its finished products?
- › How does the company monitor and manage potential risks and/or hazards associated with chemicals in its finished products?

### BUSINESS MODEL & INNOVATION

#### Environmental Impacts in the Supply Chain

- › How is the company monitoring the wastewater management of its supplier facilities?
- › What environmental issues in the supply chain is the company making the most progress on? Which are most challenging to address?
- › What risks are associated with discharging chemicals at supplier facilities, and what is the company doing to mitigate these risks?
- › What actions are the company taking to increase transparency into environmental impacts in its supply chain? What is the company's progress?

- › What wastewater discharge requirements are in place at supplier facilities?

#### Labor Conditions in the Supply Chain

- › What is the company's strategy to ensure fair treatment and safety of workers at supplier facilities?
- › What is the company's approach to auditing supplier labor and safety conditions, and how does the company see this evolving in the future?
- › What actions are the company taking to increase transparency into labor conditions in its supply chain? What is the company's progress?
- › What are the greatest labor, environmental, health, and safety risks within the company's supply chain? How does the company see or expect to see them manifest, and what is the company doing to mitigate these risks?
- › What social or labor issues in the supply chain is the company making most progress on? Which issues is the company finding most challenging to address?

#### Raw Materials Sourcing

- › What risks are associated with the raw materials that the company is most reliant on? What steps are the company taking to mitigate these risks?
- › To what extent are raw materials certified to environmental and/or social sustainability standards, and to which standards?

### CONTEXTUAL CONSIDERATIONS

#### Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1

## APPLIANCE MANUFACTURING



The **Appliance Manufacturing** industry includes companies involved in the design and manufacturing of household appliances and hand tools. The industry sells and manufactures products around the world, primarily selling products to consumers through retail locations.

### SOCIAL CAPITAL

#### Product Safety

- › What is the company's approach to product safety and preventing the recall of products?
- › What processes does the company have in place to identify and manage safety risks associated with the use of its products?
- › What safety issues or regulations present the most significant risks and opportunities? How does the company see or expect to see them manifest, and what is the company doing to mitigate these risks?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Environmental Impacts

- › How does the company assess the environmental impact of its products, and integrate energy efficiency and other sustainability attributes into product design?
- › What strategies has the company implemented to reduce the end-of-life impacts of its products?

### CONTEXTUAL CONSIDERATIONS

#### Annual production



## BUILDING PRODUCTS & FURNISHINGS



The **Building Products & Furnishings** industry comprises companies involved in the design and manufacturing of home improvement products, home and office furnishings, and structural wood building materials. The industry's products include flooring, ceiling tiles, home and office furniture and fixtures, wood trusses, plywood, paneling, and lumber. Companies typically sell their products through distribution channels to retail stores or through independent or company-owned dealerships.

### ENVIRONMENT

#### Energy Management in Manufacturing

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency in manufacturing and manage the company's energy mix?

### SOCIAL CAPITAL

#### Management of Chemicals in Products

- › How does the company assess and manage risks associated with chemicals in products?
- › How has the company performed in meeting volatile organic compound (VOC) emissions and content standards?
- › What steps does the company take to increase its portfolio of products that meet volatile organic compound emissions and content standards?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Environmental Impacts

- › How does the company manage and account for the lifecycle environmental impacts of its products?

- › How does the company manage recovery and recycling of end-of-life materials?

#### Wood Supply Chain Management

- › What is the company's strategy to manage risks associated with wood fiber production?
- › How does the company incorporate materials certified to forestland and wood fiber standards into its supply chain?

### CONTEXTUAL CONSIDERATIONS

#### Annual production

#### Area of manufacturing facilities

## E-COMMERCE



The **E-Commerce** industry is composed of firms that provide an online marketplace for other firms or individuals to sell their goods and services, as well as retailers and wholesalers that provide an exclusively web-based platform for consumers to buy goods and services. Firms in this industry sell to consumers as well as to other businesses. Because of the accessibility of e-commerce sites, the industry is a global marketplace for buyers and sellers. *Note: The industry scope exclusively applies to "pure-play" e-commerce operations and does not address the manufacturing or brick-and-mortar retail operations of companies. Many consumer goods manufacturers and retailers have incorporated, or are in the process of incorporating, an e-commerce component to their business. SASB has separate standards for the Multiline and Specialty Retailers & Distributors (CG-MR); Apparel, Accessories & Footwear (CG-AA); and Toys & Sporting Goods (CG-TS) industries. Depending on the specific activities and operations of firms in the aforementioned industries, disclosure topics and accounting metrics associated with the E-Commerce industry standard may also be relevant.*

### ENVIRONMENT

#### Hardware Infrastructure Energy & Water Management

- › What is the company's strategy to optimize energy use at data centers and protect against power grid disruptions?
- › What water-related risks is the company exposed to near its data centers? How is the company prepared to mitigate these risks?
- › How does the company integrate environmental considerations into its strategic planning for data centers?

### SOCIAL CAPITAL

#### Data Privacy & Advertising Standards

- › How does the company manage legal risks and public sentiment associated with collecting and sharing user data?
- › What is the company's approach to collecting and using customer data for secondary purposes?

#### Data Security

- › How does the company identify and address vulnerabilities and threats as well as prevent data security breaches?

### HUMAN CAPITAL

#### Employee Recruitment, Inclusion & Performance

- › What is the company's strategy to engage employees and reduce turnover?
- › What initiatives does the company have in place to encourage equitable employment of people from different gender and racial/ethnic groups, especially at management and technical levels? How does this vary by region?
- › What is the company's reliance on visa holders to fill technical positions?

### BUSINESS MODEL & INNOVATION

#### Product Packaging & Distribution

- › How does the company increase efficiency of its logistics operations and decrease the cost and environmental impacts of shipping?
- › What efforts does the company take to optimize packaging to minimize environmental impacts?

### CONTEXTUAL CONSIDERATIONS

#### Entity-defined measure of user activity

**Data processing capacity, percentage outsourced**  
**Number of shipments**

## HOUSEHOLD & PERSONAL PRODUCTS



The **Household & Personal Products** industry comprises companies that manufacture a wide range of goods for personal and commercial consumption, including cosmetics, household and industrial cleaning supplies, soaps and detergents, sanitary paper products, household batteries, razors, and kitchen utensils. Household and personal products companies operate globally and typically sell their products to mass merchants, grocery stores, membership club stores, drug stores, high-frequency stores, distributors, and e-commerce retailers. Some companies sell products through independent representatives rather than third-party retail establishments.

### ENVIRONMENT

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

### SOCIAL CAPITAL

#### Product Environmental, Health, and Safety Performance

- › What strategies does the company employ to monitor, reduce, or eliminate the use of regulated or potentially harmful substances?
- › How does the company assess and manage risks associated with materials and chemicals in products?
- › What processes does the company have in place to identify and manage emerging materials and chemicals of concern?
- › How does the company integrate green chemistry principles into its product design and development?

### BUSINESS MODEL & INNOVATION

#### Packaging Lifecycle Management

- › How does the company incorporate recycled or remanufactured materials into its packaging?
- › What strategies is the company implementing to optimize packaging and reduce its environmental impact?

#### Environmental & Social Impacts of Palm Oil Supply Chain

- › How does the company manage social and environmental externalities of its palm oil supply chain?
- › What efforts does the company take to responsibly source palm oil?

### CONTEXTUAL CONSIDERATIONS

#### Units of products sold, total weight of products sold

#### Number of manufacturing facilities

## MULTILINE AND SPECIALTY RETAILERS & DISTRIBUTORS



The **Multiline and Specialty Retailers & Distributors** industry encompasses a variety of retailing categories such as department stores, mass merchants, home products stores, and warehouse clubs, as well as a smaller segment of distributors like electronics wholesalers and automotive wholesalers. Common to these companies (except for the distribution segment) is that they manage global supply chains to anticipate consumer demands, keep costs low, and keep products stocked in their brick-and-mortar storefronts. This is a highly competitive industry, in which each company category generally has a small number of key players, characterized by generally low margins. The relatively substitutable nature of retail makes companies in this industry especially susceptible to reputational risks.

### ENVIRONMENT

#### Energy Management in Retail & Distribution

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

### SOCIAL CAPITAL

#### Data Security

- › How does the company identify and address vulnerabilities and threats as well as prevent data security breaches?

### HUMAN CAPITAL

#### Labor Practices

- › What is the company's sensitivity to future adjustments in minimum wage, and how does this vary by region?
- › What is the company's strategy to lower in-store employee turnover and associated costs?
- › What is the company's strategy to ensure compliance with labor laws?

### Workforce Diversity & Inclusion

- › What initiatives does the company have in place to encourage equitable employment of people from different gender and racial/ethnic groups, across all employees and specifically at the management level? How does this vary by region?
- › What is the company's strategy to ensure compliance with labor and employment discrimination laws?

### BUSINESS MODEL & INNOVATION

#### Product Sourcing, Packaging & Marketing

- › How is the company positioning itself to capture the growing market for sustainable products?
- › How is the company working with its suppliers to improve the environmental and social impacts of the products it sells?
- › How does the company assess and manage risks related to chemicals in its products?
- › How does the company work with its suppliers to optimize packaging use and minimize costs?

### CONTEXTUAL CONSIDERATIONS

#### Number of: (1) retail locations and (2) distribution centers

#### Total area of: (1) retail space and (2) distribution centers

## TOYS & SPORTING GOODS



The **Toys & Sporting Goods** industry comprises two distinct segments that produce leisure products: companies that manufacture toys and games, and companies that manufacture sporting and athletic goods, such as bicycles, golf clubs, fitness equipment, and other similar products. Companies in this industry primarily sell their products to consumers through retail stores. The level of manufacturing integration varies among and within segments of the industry; manufacturing is based primarily in Asia, with China accounting for a majority of production.

### SOCIAL CAPITAL

#### Chemical & Safety Hazards of Products

- › What is the company's approach to product safety and to preventing the recall of products?
- › What safety issues or regulations present the most significant risks and opportunities? How does the company see or expect to see them manifest, and what is the company doing to mitigate these risks?
- › How does the company assess and manage risks associated with chemicals in its products?

### BUSINESS MODEL & INNOVATION

#### Labor Conditions in the Supply Chain

- › How does the company assess and resolve issues of non compliance with social responsibility codes of conduct in its manufacturing facilities?
- › What strategies is the company implementing to ensure worker health and safety and increase transparency across its supply chain?

### CONTEXTUAL CONSIDERATIONS

#### Annual production

**Number of manufacturing facilities,  
percentage outsourced**

# EXTRACTIVES & MINERALS PROCESSING SECTOR



## COAL OPERATIONS



The **Coal Operations** industry includes companies that mine coal and those that manufacture coal products. Mining activity covers both underground and surface mining, and thermal and metallurgical coal.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

#### Waste Management

- › What is the company doing to ensure the integrity of its tailings impoundments and how significant are their hazard potential?

#### Biodiversity Impacts

- › What is the company's strategy for managing the environmental and biodiversity impacts of its operations?
- › How does the company limit and manage risks and environmental impacts associated with acid rock drainage?
- › How does the company manage its operations in areas of protected conservation status or endangered species habitat to identify and mitigate associated risks?

### SOCIAL CAPITAL

#### Rights of Indigenous Peoples

- › To what extent does the company's operations occur in close proximity to indigenous lands and what policies govern the company's management of proved and probable reserves near indigenous land?
- › What is the company's strategy to manage risks and opportunities associated with indigenous people's rights and interests?

#### Community Relations

- › What is the company's process for managing risks and opportunities associated with its relations with the community in which it operates?
- › Has the company experienced any non-technical delays as a result of community-related issues? How were they resolved?

### HUMAN CAPITAL

#### Labor Relations

- › What are the major risks and opportunities associated with the workforce? How does the company manage relations with its workforce, including those covered under a collective bargaining agreement?
- › How does the company minimize the risk of labor-related production disruptions?

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › What health and safety issues pose the greatest risk to employees and how does the company address those risks?

### BUSINESS MODEL & INNOVATION

#### Reserves Valuation & Capital Expenditures

- › How does the company incorporate emissions regulations and climate change considerations into the valuation of its reserves?

## COAL OPERATIONS (CONT.)



- › Does the company conduct a sensitivity analysis for future price projection scenarios that account for a carbon price; and if so, what do the results indicate?
- › How does pricing and demand for coal and/or climate change regulation impact capital expenditure strategy for exploration and development of assets?

### CONTEXTUAL CONSIDERATIONS

#### Production of thermal coal

#### Production of metallurgical coal

## CONSTRUCTION MATERIALS



**Construction Materials** companies have global operations and produce construction materials for sale to construction firms or wholesale distributors. These primarily include cement and aggregates, but also glass, plastic materials, insulation, bricks, and roofing material. Materials producers operate their own quarries, mining crushed stone or sand and gravel. They may also purchase raw materials from the mining and petroleum industries.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, PM10, dioxins/furans, VOCs, PAHs, and heavy metals)?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

#### Waste Management

- › How has the company performed in managing waste from operations, particularly hazardous waste?

- › How is the company managing risks and opportunities associated with recycling waste from operations?

#### Biodiversity Impacts

- › What is the company's strategy for managing the environmental and biodiversity impacts of its operations?
- › How does the company manage terrestrial disturbance during site development, operations, and post-closure remediation activities?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › How does the company address chronic health risks from silica dust inhalation?

### BUSINESS MODEL & INNOVATION

#### Product Innovation

- › What is the company's strategy with respect to construction materials that are sustainable, improve efficiency, and reduce environmental and health impacts?

### LEADERSHIP & GOVERNANCE

#### Pricing Integrity & Transparency

- › How does the company limit and prevent exposure to risks associated with cartel and anti-trust activities and price fixing?

### CONTEXTUAL CONSIDERATIONS

#### Production by major product line

## IRON & STEEL PRODUCERS



The **Iron & Steel Producers** industry consists of steel producers with iron and steel mills and companies with iron and steel foundries. The steel producers segment consists of companies that produce iron and steel products from their own mills. These products include flat-rolled sheets, tin plates, pipes, tubes, and products made of stainless steel, titanium, and high alloy steels. Iron and steel foundries, which cast various products, typically purchase iron and steel from other firms. The industry also includes metal service centers and other metal merchant wholesalers, which distribute, import, or export ferrous products. Steel production occurs via two primary methods: the Basic Oxygen Furnace (BOF), which uses iron ore as an input, and the Electric Arc Furnace (EAF), which uses scrap steel. Many companies in the industry operate on an international scale. *Note: With a few exceptions, most companies do not mine their own ore to manufacture steel and iron products. There are separate SASB standards for the (EM-MM) industry.*

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Emissions

- › How has the company performed in managing air emissions of industry-specific pollutants (CO, NO<sub>x</sub>, SO<sub>x</sub>, PM10, MnO, PB, VOCs, and PAHs) and how might it improve performance?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

- › How is the company managing fuel consumption and related price and supply risks?
- › What strategies are in place to increase fuel efficiency and manage the company's fuel mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

#### Waste Management

- › How does the company manage waste from operations, particularly hazardous waste?
- › To what extent has the company implemented policies to reduce or recycle waste, and how do such policies relate to the company's overall waste management strategy?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### BUSINESS MODEL & INNOVATION

#### Supply Chain Management

- › How does the company monitor and mitigate the environmental and social impacts in its iron ore and/or coking coal supply chain?

### CONTEXTUAL CONSIDERATIONS

**Raw steel production, percentage from:**  
(1) **basic oxygen furnace processes**,  
(2) **electric arc furnace processes**

#### Total iron ore production

#### Total coking coal production

## METALS & MINING



The **Metals & Mining** industry is involved in extracting metals and minerals, producing ores, quarrying stones, smelting and manufacturing metals, refining metals, and providing mining support activities. It also produces iron ores, rare earth metals, and precious metals and stones. Larger companies in this industry are vertically integrated – from mining across global operations to wholesaling metals to customers.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (CO, NO<sub>x</sub>, SO<sub>x</sub>, PM10, Hg, Pb, and VOCs)?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

#### Waste & Hazardous Materials Management

- › What is the company's strategy to manage its mineral processing waste?
- › What is the company doing to ensure the integrity of its tailings impoundments and how significant is their hazard potential?

#### Biodiversity Impacts

- › What is the company's strategy for managing the environmental and biodiversity impacts of its operations?
- › How does the company limit and manage risks and environmental impacts associated with acid rock drainage?
- › How does the company manage its operations in areas of protected conservation status or endangered species habitat to identify and mitigate associated risks?

### SOCIAL CAPITAL

#### Security, Human Rights & Rights of Indigenous Peoples

- › To what extent do the company's operations occur in close proximity to indigenous lands and what policies govern the company's management of proved and probable reserves near indigenous land?
- › To what extent do the company's operations occur in close proximity to areas of conflict and what policies govern the company's management of proved and probable reserves near such areas?
- › What is the company's engagement strategy to manage risks and opportunities associated with community relations, indigenous rights, and areas of conflict?

#### Community Relations

- › What is the company's process for managing risks and opportunities associated with its relations with the community in which it operates?

## METALS & MINING (CONT.)



- › Has the company experienced any non-technical delays as a result of community-related issues? How were they resolved?

### HUMAN CAPITAL

#### Labor Relations

- › What are the major risks and opportunities associated with the workforce? How does the company manage relations with its workforce, including those covered under a collective bargaining agreement?
- › How does the company minimize the risk of labor-related production disruptions?

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture, including emergency preparedness?

### LEADERSHIP & GOVERNANCE

#### Business Ethics & Transparency

- › What are the company's strategies for preventing corruption and bribery? Does this strategy differ for areas with a relatively high risk of corruption or bribery?

### CONTEXTUAL CONSIDERATIONS

#### Production of (1) metal ores and (2) finished metal products

**Total number of employees, percentage contractors**

## OIL & GAS – EXPLORATION & PRODUCTION



### Oil & Gas – Exploration & Production (E&P)

companies explore for, extract, or produce energy products such as crude oil and natural gas, which comprise the upstream operations of the oil and gas value chain. Companies in the industry develop conventional and unconventional oil and gas reserves; these include, but are not limited to, shale oil and/or gas reserves, oil sands, and gas hydrates. Activities covered by this standard include the development of both on-shore and off-shore reserves. The E&P industry creates contracts with the industry to conduct several E&P activities and to obtain equipment and oilfield services.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › What risks and opportunities do industry-specific sources and types of gross global Scope 1 emissions (flared hydrocarbons, combustion, process emissions, vented emissions, and fugitive emissions) present to the company?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and PM10)?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

- › How is the company addressing and disclosing environmental impacts associated with its hydraulic fracturing activities?
- › How does the company prevent its hydraulic fracturing activities from impacting ground or surface water quality?

#### Biodiversity Impacts

- › What is the company's strategy for managing the environmental and biodiversity impacts of its operations?
- › How does the company limit, manage, and respond to risks and environmental impacts associated with hydrocarbon spills?
- › How does the company manage its operations in areas of protected conservation status, high environmental sensitivity, or endangered species habitat to identify and mitigate associated risks?

### SOCIAL CAPITAL

#### Security, Human Rights & Rights of Indigenous Peoples

- › To what extent does the company's operations occur in close proximity to indigenous lands and what policies govern the company's management of proved and probable reserves near indigenous land?
- › To what extent does the company's operations occur in close proximity to areas of conflict and what policies govern the company's management of proved and probable reserves near such areas?
- › What is the company's engagement strategy to manage risks and opportunities associated with community relations, indigenous rights, and areas of conflict?

#### Community Relations

- › What is the company's process for managing risks and opportunities associated with its relations with the community in which it operates?
- › Has the company experienced any non-technical delays as a result of community-related issues? How were they resolved?

## OIL & GAS – EXPLORATION & PRODUCTION (CONT.)



### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety?
- › How does the company promote a strong safety culture, including emergency preparedness?

### BUSINESS MODEL & INNOVATION

#### Reserves Valuation & Capital Expenditures

- › How does the company incorporate emissions regulations and climate change considerations into the valuation of its reserves?
- › Does the company conduct a sensitivity analysis for future price projection scenarios that account for a carbon price; and if so, what do the results indicate?
- › How does pricing and demand for coal and/or climate change regulation impact capital expenditure strategy for exploration and development of assets, including renewable energy?

### LEADERSHIP & GOVERNANCE

#### Business Ethics & Transparency

- › What are the company's strategies for preventing corruption and bribery? Does this strategy differ for areas with a relatively high risk of corruption or bribery?

#### Management of the Legal & Regulatory Environment

- › How does the company engage in the legal and regulatory process regarding policy proposals that address environmental and social factors affecting the industry?

#### Critical Incident Risk Management

- › What processes has the company implemented to prevent the occurrence of loss of containment incidents?
- › How does the company identify and manage catastrophic and tail-end risks?

### CONTEXTUAL CONSIDERATIONS

**Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas**

**Number of offshore sites**

**Number of terrestrial sites**

## OIL & GAS – MIDSTREAM



The **Oil & Gas – Midstream** industry consists of companies involved in the transportation or storage of natural gas, crude oil, and refined petroleum products. Midstream natural gas activities involve gathering, transport, and processing of natural gas from the wellhead, as well as the removal of impurities, production of natural gas liquids, storage, pipeline transport, and shipping, liquefaction, or regasification of liquefied natural gas. Midstream oil activities mainly involve transport of crude oil and refined products over land, using a network of pipes and pumping stations, as well as trucks and rail cars, and over seas and rivers via tanker ships or barges. Companies that operate bulk stations and terminals, as well as those that manufacture and install storage tanks and pipelines, are also part of this industry.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and PM10)?

#### Ecological Impacts

- › How does the company manage its operations in areas of protected conservation status, endangered species habitat, or other ecologically sensitive areas to identify and mitigate associated risks?

### LEADERSHIP & GOVERNANCE

#### Competitive Behavior

- › What systems and controls does the company have in place to prevent incidents related to federal pipeline and storage regulations?

#### Operational Safety, Emergency Preparedness & Response

- › What policies and practices has the company put in place to prevent the occurrence of pipeline incidents as well as to minimize their impacts should such an incident occur?
- › What is the company's strategy for pipeline integrity management?
- › What management strategies has the company implemented to prevent both accidental and non-accidental releases from rail transportation of products?

### CONTEXTUAL CONSIDERATIONS

**Total metric ton-kilometers of: (1) natural gas, (2) crude oil, and (3) refined petroleum products transported, by mode of transport**

## OIL & GAS – REFINING & MARKETING



### Oil & Gas – Refining & Marketing (R&M)

companies refine petroleum products, market oil and gas products, and/or operate gas stations and convenience stores, all of which comprise the downstream operations of the oil and gas value chain. The types of refinery products and crude oil inputs influence the complexity of the refining process used, with different expenditure needs and intensity of environmental and social impacts.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, PM10, H2S, and VOCs)?
- › What is the company's exposure to risks related to the emission of air pollutants near areas of dense population? What is its strategy to manage these risks?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

#### Hazardous Materials Management

- › What is the company's strategy to manage risks associated with its production of hazardous waste?
- › What is the company's strategy for the safe handling and storage of its petroleum products,

particularly maintaining the integrity of its underground storage tanks?

- › What efforts does the company take to ensure effective cleanup and remediation measures for its operations and closed facilities? How do these efforts vary by region?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### BUSINESS MODEL & INNOVATION

#### Product Specifications & Clean Fuel Blends

- › What is the company's strategy to manage applicable requirements for renewable fuel production?
- › How is the company developing fuel blends that meet regulatory requirements and customer demand?

### LEADERSHIP & GOVERNANCE

#### Pricing Integrity & Transparency

- › What governance systems and controls does the company have in place to prevent, detect, and respond to price fixing or manipulation?

#### Management of the Legal & Regulatory Environment

- › How does the company engage in the legal and regulatory process regarding policy proposals that address environmental and social factors affecting the industry?

#### Critical Incident Risk Management

- › What processes has the company implemented to prevent the occurrence of loss of containment incidents?
- › What systems does the company have in place to manage safety risks and ensure a strong safety culture, including emergency preparedness?

### CONTEXTUAL CONSIDERATIONS

**Refining throughput of crude oil and other feedstocks**

**Refining operating capacity**



## OIL & GAS – SERVICES



**Oil & Gas – Services** companies provide support services, manufacture equipment, or are contract drillers for oil and natural gas exploration and production (E&P) companies. The drilling and drilling-support segment comprises companies that drill for oil and natural gas on-shore and off-shore on a contract basis. Companies in this segment may also manufacture jack-up rigs, semisubmersible rigs, and drill ships. Companies in the oilfield services segment manufacture equipment that is used in the extraction, storage, and transportation of oil and natural gas. They also provide support services such as seismic surveying, equipment rental, well cementing, and well monitoring. These services are commonly provided on a contractual basis, and the customer will purchase or lease the materials and equipment from the service provider. Service companies may also provide personnel or subject matter expertise as part of their scope of service. The contractual relationship between oil and gas services companies and their customers plays a significant role in determining the material impacts of their sustainability performance. Besides the rates charged, companies compete on the basis of their operational and safety performance, technology and process offerings, and reputation.

### ENVIRONMENT

#### Emissions Reduction Services & Fuels Management

- › What is the company's strategy to address air-emissions related risks and provide services and equipment that reduce the greenhouse gas emissions, air pollutants, and fuel consumption of exploration and production operations?
- › How is the company positioned to meet related regulatory requirements for engines?

#### Water Management Services

- › What is the company's strategy for providing customers with technologies and processes to manage water consumption and wastewater disposal risks and costs?
- › How effective is the company at optimizing and managing water consumption and disposal, including recycling?

#### Chemicals Management

- › What is the company's strategy to provide solutions to its clients that mitigate chemical-related risks associated with the use of hydraulic fracturing fluids?

#### Ecological Impact Management

- › How does the company manage land disturbance associated with the scope of the services it provides to its clients?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, including vehicle and emergency-related issues?
- › What management systems are in place to promote a strong safety culture?

### LEADERSHIP & GOVERNANCE

#### Business Ethics & Payments Transparency

- › What are the company's strategies for preventing corruption and bribery? Does this strategy differ for areas with a relatively high risk of corruption or bribery?

#### Management of the Legal & Regulatory Environment

- › How does the company engage in the legal and regulatory process regarding policy proposals that address environmental and social factors affecting the industry?

#### Critical Incident Risk Management

- › What systems does the company have in place to identify and mitigate catastrophic and tail-end risks and ensure a strong safety culture, including emergency preparedness?

### CONTEXTUAL CONSIDERATIONS

#### Number of active rig sites

#### Number of active well sites

#### Total amount of drilling performed

#### Total number of hours worked by all employees

# FINANCIALS SECTOR

## ASSET MANAGEMENT & CUSTODY ACTIVITIES



### The Asset Management & Custody Activities

industry is comprised of companies that manage investment portfolios on a commission or fee basis for institutional, retail, and high net-worth investors. In addition, firms in this industry provide wealth management, private banking, financial planning, and investment advisory and retail securities brokerage services. Investment portfolios and strategies may be diversified across multiple asset classes, which include, but are not limited to, equities, fixed income, and hedge fund investments. Specific companies are engaged in venture capital and private equity investments. The industry provides an essential service in assisting a range of customers from individual retail investors to large, institutional asset owners to meet specified investment goals. Companies in the industry range from large multi-national asset managers with a wide range of investable products, strategies, and asset classes to small boutique firms providing services to a very specific market niche. While large firms generally compete on the basis of management fees charged for their services as well as their potential to generate superior investment performance, the smaller firms generally compete on their ability to provide products and services geared towards individual clients to satisfy their diversification needs. The 2008 financial crisis and subsequent regulatory developments highlight the social impact of the industry in terms of providing fair advice to customers and managing risks at the entity, portfolio, and economy-wide levels. In addition, the collective impact of the industry on the allocation of capital creates a responsibility to integrate sustainability factors in investment decisions and management.

### SOCIAL CAPITAL

#### Transparent Information & Fair Advice for Customers

- › How does the company make sure that communication to customers about its products and services, including risk, suitability, investment alternatives, and the disclosure of conflicts of interest, is clear and transparent?
- › How has the company performed on preventing lack of information transparency, mis-selling of products, or overcharging clients?

### HUMAN CAPITAL

#### Employee Diversity & Inclusion

- › What actions does the company take to ensure gender and racial/ethnic diversity throughout the organization, particularly in management and professional roles? How does this vary by geographic region?
- › What policies does the company employ to prevent discrimination in promoting and compensating its employees?

### BUSINESS MODEL & INNOVATION

#### Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory

- › What is the company's approach to the incorporation of ESG factors into its investment analysis and decision-making process?
- › What is the company's approach to investee engagement on environmental and social issues?
- › What is the company's approach to proxy voting decisions regarding environmental and social issues?

## ASSET MANAGEMENT & CUSTODY ACTIVITIES (CONT.)



### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › How has the company performed on preventing fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other illegal activities?
- › How does the company ensure the effectiveness of its whistleblower policies for timely identification of illegal activities within the firm?

#### Systemic Risk Management

- › How is the company positioned to manage extreme trading volumes in times of financial and economic stress and satisfy liquidity needs of its clients?
- › What is the company's exposure to securities financing transactions and written credit derivatives?

### CONTEXTUAL CONSIDERATIONS

#### (1) Total registered and (2) total unregistered assets under management (AUM)

#### Total assets under custody and supervision

## COMMERCIAL BANKS



**Commercial Banks** accept deposits and make loans to individuals and corporations as well as engage in lending for infrastructure, real estate, and other projects. By providing these services, the industry serves an essential role in the functioning of global economies and in facilitating the transfer of financial resources to their most productive capacity. The industry is driven by the volume of deposits, quality of loans made, the economic environment, and interest rates. It is further characterized by risk from mismatched assets and liabilities. The regulatory environment that governs the commercial banking industry saw significant changes in the wake of the financial crisis of 2008 and continues to evolve today. These and other regulatory trends have the potential to impact shareholder value and sustainability performance. Commercial banks with global operations must manage new regulations in multiple jurisdictions that are creating regulatory uncertainty, particularly around consistent application of new rules.

### SOCIAL CAPITAL

#### Data Security

- › How does the company identify and address vulnerabilities and threats as well as prevent data security breaches?

#### Financial Inclusion & Capacity Building

- › How do the company's lending practices promote small businesses, community development, and financial literacy?
- › How does the company manage financial inclusion and capacity building with risks associated with lending to unbanked, underbanked, or underserved customers?

### BUSINESS MODEL & INNOVATION

#### Incorporation of Environmental, Social, and Governance Factors in Credit Analysis

- › What is the company's credit exposure to different industries and what is the company's exposure to sustainability-related risks and opportunities?

- › What is the company's approach to the incorporation of ESG factors into its financing, lending, and decision-making processes?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › How has the company performed on preventing fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other illegal activities?
- › How does the company ensure the effectiveness of its whistleblower policies for timely identification of illegal activities within the firm?

#### Systemic Risk Management

- › How does the company manage its capital requirements and is it well positioned to absorb shocks arising from financial and economic stress?
- › How is the company positioned to meet regulatory requirements and respond to changes in regulation? How does this vary geographically?

### CONTEXTUAL CONSIDERATIONS

**(1) Number and (2) value of checking and savings accounts by segment: (a) personal and (b) small business**

**(1) Number and (2) value of loans by segment: (a) personal, (b) small business, and (c) corporate**

## CONSUMER FINANCE



The **Consumer Finance** industry provides loans to consumers. The largest segment of the industry is comprised of revolving credit loans through credit card products. Additional loan services include auto, micro lending, and student loans. Some companies in the industry also provide consumer-to-consumer money transfers, money orders, prepaid debit cards, and bill payment services. Industry performance is determined by consumer spending, rates of unemployment, per capita GDP, income, and population growth. Recent shifts toward consumer protection and transparency have aligned and will continue to align the interests of society with those of long-term investors. Companies that effectively manage their social capital will therefore be better positioned to maximize their financial capital.

### SOCIAL CAPITAL

#### Customer Privacy

- › How does the company manage leveraging customer personal data for revenue opportunities with maintaining customer privacy?
- › How does the company minimize legal or reputational risks arising from the usage of customer data?

#### Data Security

- › How does the company identify and address vulnerabilities and threats as well as prevent data security breaches?
- › What actions does the company take to prevent credit and debit card fraud and reduce costs associated with fraudulent activities?

#### Selling Practices

- › How does the company balance its capacity building with risks associated with lending to customers with low FICO scores, particularly to unbanked and underbanked segments? What actions does the company take to minimize the amount of debt written off?
- › While advertising and marketing its products and services to customers, how does the company make sure that communication of information, including fees and penalties,

- › debt cancellation, deferment, or forbearance, as well as other add-on products, is clear and done in a transparent manner?
- › What regulations and policies govern the company's selling and servicing of products, and how does the company maintain compliance with these guidelines?

### CONTEXTUAL CONSIDERATIONS

**Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account**

**Number of (1) credit card accounts and (2) pre-paid debit card accounts**

# INSURANCE



The **Insurance** industry provides both traditional and nontraditional insurance-related products. Traditional policy lines include property, life, casualty, and reinsurance. Nontraditional products include annuities, alternative risk transfers, and financial guarantees. Companies in the insurance industry also engage in proprietary investments. Insurance companies generally operate within a single segment in the industry, e.g., property and casualty, although there are some large insurance companies with diversified operations. Similarly, companies may vary based on the level of their geographic segmentation. While large companies may underwrite insurance premiums in multiple countries, smaller companies generally operate at a national or even local level. Insurance premiums, underwriting revenue, and investment income drive industry growth, while insurance claim payments present the most significant cost and source of uncertainty for profits. Insurance companies provide products and services that enable the transfer, pooling, and sharing of risk necessary for a well-functioning economy. Insurance companies, through their products, can also create a form of moral hazard, lowering incentives to improve underlying behavior and performance, and thus contributing to sustainability impacts. Similar to other financial institutions, insurance companies face risks associated with credit and financial markets. Within the industry, companies that engage in non-traditional or non-insurance activities, including credit default swaps (CDS) protection and debt securities insurance, have been identified by regulators as being more vulnerable to financial market developments, and subsequently, more likely to amplify or contribute to systemic risk. As a result, insurance companies face the potential of being designated as Systemically Important Financial Institutions, thus exposing them to enhanced regulation and oversight.

## SOCIAL CAPITAL

### Transparent Information & Fair Advice for Customers

- › What policies and practices has the company developed to prevent the lack of information

transparency, mis-selling of products, or overcharging clients?

- › How does the company ensure that communication to customers about its products and services is clear and transparent?

## BUSINESS MODEL & INNOVATION

### Incorporation of Environmental, Social, and Governance Factors in Investment Management

- › What is the company investment portfolio's exposure to different industries and what is the level of exposure to sustainability-related risks and opportunities within the portfolio?
- › What is the company's approach to the incorporation of ESG factors into its investment strategies and management processes?

### Policies Designed to Incentivize Responsible Behavior

- › How do the company's policies promote the adoption of energy efficient and low carbon technology?
- › What products does the company provide that incentivize environmentally responsible actions or behavior to reduce the environmental risk exposure of its underwriting portfolio?

### Environmental Risk Exposure

- › What is the company's portfolio exposure to weather-related natural catastrophes?
- › How does the company integrate environmental risk factors into its underwriting process to minimize potential losses?

## LEADERSHIP & GOVERNANCE

### Systemic Risk Management

- › What is the company's exposure to derivative instruments and securities lending activities?
- › How does the company manage capital- and liquidity-related risks associated with systemic non-insurance activities?

## CONTEXTUAL CONSIDERATIONS

**Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance**

# INVESTMENT BANKING & BROKERAGE



The **Investment Banking & Brokerage** industry consists of firms performing a wide range of functions in the capital markets, including assisting with the capital-raising and allocation process, and providing market-making and advisory services for corporations, financial institutions, governments, and high net-worth individuals. Specific activities include financial advisory and securities underwriting services conducted on a fee basis; securities and commodities brokerage activities, which involves buying and selling securities or commodities contracts and options on a commission or fee basis for investors; and trading and principal investment activities, which involves the buying and selling of equities, fixed income, currencies, commodities, and other securities for client-driven and proprietary trading. Investment banks also originate and securitize loans for infrastructure and other projects. Companies in the industry generate their revenues from global markets and, therefore, are exposed to various regulatory environments. The industry continues to face regulatory pressure to reform and disclose aspects of operations that present systemic risks. Specifically, firms are facing new capital requirements, stress testing, limits on proprietary trading, and increased scrutiny on compensation practices.

## HUMAN CAPITAL

### Employee Diversity & Inclusion

- › What actions does the company take to ensure gender and racial/ethnic diversity throughout the organization, particularly in management and professional roles? How does this vary by geographic region?
- › What policies does the company employ to prevent discrimination in promoting and compensating its employees?

## BUSINESS MODEL & INNOVATION

### Incorporation of Environmental, Social, and Governance Factors in Investment Banking & Brokerage Activities

- › What is the company's approach for integrating ESG factors in its research, advisory services, origination, underwriting, sales and trading, and principal transaction activities?
- › What is the current level of ESG factor integration into its investment banking and brokerage products and services?

## LEADERSHIP & GOVERNANCE

### Business Ethics

- › How has the company performed on preventing fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other illegal activities?
- › How does the company ensure the effectiveness of its whistleblower policies for timely identification of illegal activities within the firm?

### Professional Integrity

- › What internal controls does the company have in place to prevent conflicts of interest, bias, and negligence and ensure that employees fulfill their fiduciary duty to their clients?
- › How does the company manage legal and reputational risks associated with professional integrity and duty of care?

### Systemic Risk Management

- › How does the company manage its capital requirements and is it well positioned to absorb shocks arising from financial and economic stress?
- › How is the company positioned to meet regulatory requirements and respond to changes in regulation? How does this vary geographically?



## INVESTMENT BANKING & BROKERAGE (CONT.)



### Employee Incentives & Risk Taking

- › How does the company structure its compensation policies to manage employee risk-taking?
- › How does the company monitor employee risk-taking and compliance with risk limits, and how does it respond to breaches of these limits?

### CONTEXTUAL CONSIDERATIONS

(1) Number and (2) value of (a) underwriting, (b) advisory, and (c) securitization transactions

(1) Number and (2) value of proprietary investments and loans by sector

(1) Number and (2) value of market making transactions in (a) fixed income, (b) equity, (c) currency, (d) derivatives, and (e) commodity products

## MORTGAGE FINANCE



The **Mortgage Finance** industry provides an essential public good in enabling consumers to purchase homes, and contributes to the overall home ownership rate. Companies in the industry lend capital to individual and commercial customers with property as collateral. The primary products are residential and commercial mortgages, while other services offered include: mortgage servicing, title insurance, closing and settlement services, and valuation. In addition, mortgage finance firms own, manage, and finance real estate related investments such as mortgage pass-through certificates and collateralized mortgage obligations. Recent trends in the regulatory environment indicate a significant shift toward consumer protection, disclosure, and accountability. Legislation passed in response to the 2008 mortgage crisis demonstrates the potential for further alignment between the interests of society and those of long-term investors.

### SOCIAL CAPITAL

#### Lending Practices

- › How does the company manage risks associated with originating mortgages to customers with low FICO scores and balance such risks against opportunities for growth? What actions does the company take to minimize their risk of foreclosures and mortgage modifications?
- › How does the company structure compensation of its loan originators?
- › How does the company ensure transparency and minimize legal risks associated with communications to customers or remuneration of loan originators?

#### Discriminatory Lending

- › What techniques, including but not limited to, internal controls, monitoring of loan portfolio, and disclosures to borrowers, has the company implemented to ensure non discriminatory mortgage lending?
- › How has the company performed on preventing discrimination in mortgage lending?

### BUSINESS MODEL & INNOVATION

#### Environmental Risk to Mortgaged Properties

- › What is the company's mortgage portfolio exposure to risks associated with weather-related natural catastrophes, and how does the company manage these risks?
- › How does the company integrate environmental and climate-related risk factors into its mortgage origination and underwriting process?

### CONTEXTUAL CONSIDERATIONS

(1) Number and (2) value of mortgages originated by category: (a) residential and (b) commercial

(1) Number and (2) value of mortgages purchased by category: (a) residential and (b) commercial



## SECURITY & COMMODITY EXCHANGES



**Security and Commodity Exchanges** operate marketplaces in the form of physical trading floors or electronic platforms for trading financial securities, commodities, or other financial instruments. Companies in the industry primarily generate revenue from fees on trades and for clearing transactions as well as listing fees. Competition for fees continues to increase with the advent of alternative trading platforms that offer less expensive trades and provide listing services. Recent trends in the regulatory environment suggest a greater focus on transparency, risk management, and market stability. As new policies and market transformations encourage more responsible management of social capital and strong governance, firms that can address all forms of capital—not just financial—will be better positioned to protect shareholder value in the future.

### BUSINESS MODEL & INNOVATION

#### Promoting Transparent & Efficient Capital Markets

- › What actions does the company take to ensure timely and complete dissemination of information to all market participants?
- › What risks and opportunities related to transparency and efficiency are presented by automated trading systems?
- › What is the company's policy to encourage companies listed on its exchange(s) to publicly disclose ESG information?

### LEADERSHIP & GOVERNANCE

#### Managing Conflicts of Interest

- › What is the company's process for identifying and accessing conflicts of interest that arise between the exchanges' regulatory obligations and the interests of its members, market operations, listed issuers, and shareholders? How successful is the company at managing those conflicts?
- › What policies and practices has the company developed to prevent fraud, insider

trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other illegal activities?

#### Managing Business Continuity & Technology Risks

- › What are the company's policies and practices to ensure the confidentiality, integrity, and availability of data across its data platforms on a continuous basis?
- › How does the company respond to technology errors and market disruptions, and how effectively does it minimize the duration of downtime and prevent future issues?
- › How does the company identify and address vulnerabilities and threats as well as prevent data security breaches?

### CONTEXTUAL CONSIDERATIONS

**Average daily number of trades executed, by product or asset class**

**Average daily volume traded, by product or asset class**

## FOOD & BEVERAGE SECTOR

## AGRICULTURAL PRODUCTS



The **Agricultural Products** industry is engaged in processing, trading, and distributing vegetables and fruits, and producing and milling agricultural commodities such as grains, sugar, consumable oils, maize, soybeans, and animal feed. Agricultural products are sold directly to consumers and to businesses for use in consumer and industrial products. Companies in the industry typically purchase agricultural products from entities that grow such products (either directly or indirectly) to then conduct value-adding activities (e.g., processing, trading, distributing, and milling). Agricultural products companies are also involved in wholesale and distribution. Companies in the industry may source a substantial portion of agricultural commodities from third-party growers in various countries. Therefore, managing sustainability risks within the supply chain is critical to securing a reliable supply of raw materials and reducing the risk of price increases and volatility over the long term.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › How does the company manage and optimize fuel consumption, including the use of renewable fuels?

#### Energy Management

- › How is the company managing operational energy consumption and related price and supply risks?
- › What strategies are in place to increase operational energy efficiency and manage the company's energy mix?

#### Water Management

- › What strategies does the company employ to minimize potential water supply disruptions

or cost increases, particularly in water stressed regions?

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What water quality and/or quantity permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### SOCIAL CAPITAL

#### Food Safety

- › What systems does the company have in place to ensure food safety in its manufacturing and/or production process?
- › What is the company's exposure to food safety-related risks and how does it manage these risks?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, including seasonal and migrant employees?

### BUSINESS MODEL & INNOVATION

#### Environmental & Social Impacts of Ingredient Supply Chain

- › To what extent are agricultural products certified to environmental and/or social standards, and to which standards?
- › How does the company assess and address supplier performance on issues related to social and environmental responsibility? What is the company's process to improve areas of poor performance?
- › What is the company's exposure to environmental and social risks arising from contract growing and commodity sourcing, and what strategies does it use to manage these risks?

#### GMO Management

- › What is the company's management strategy for the use of genetically modified organisms?

## AGRICULTURAL PRODUCTS (CONT.)



### Ingredient Sourcing

- › What is the company's exposure to supply chain disruption risks related to climate change and water scarcity and how is the company managing these risks?
- › What are the main social and/or environmental externalities associated with the company's supply chain? How does the company foresee these affecting yield or production? What is the company's strategy to reduce these externalities?

### CONTEXTUAL CONSIDERATIONS

#### Production by principal crop

#### Number of processing facilities

#### Total land area under active production

#### Cost of agricultural products sourced externally

## ALCOHOLIC BEVERAGES



The **Alcoholic Beverages** industry includes companies that brew, distill, and manufacture various alcoholic beverages, including beer, wine, and liquor. Companies in this industry transform agricultural products, including sugar, barley, and corn, into finished alcoholic beverages. The largest companies have global operations, with portfolios of numerous branded products. Levels of vertical integration within the industry vary due to regulation in different markets. Breweries generally have multiple manufacturing facilities to provide access to different markets, while vintners and distillers are typically located where they have a history of production.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?

### SOCIAL CAPITAL

#### Responsible Drinking & Marketing

- › How do company marketing and labeling policies meet legal drinking age regulation?
- › How is company performance on compliance with marketing and labeling codes, and how does it resolve incidents of non-compliance?
- › What is the company's exposure to marketing and/or labeling regulations related to the promotion of responsible consumption of alcohol?
- › How does the company marketing and labeling policy promote the responsible consumption of alcohol?

### BUSINESS MODEL & INNOVATION

#### Packaging Lifecycle Management

- › What is the company's strategy to optimize packaging?
- › What strategy is the company taking to incorporate recycled/ renewable and/or recyclable or compostable material in packaging?

#### Environmental & Social Impacts of Ingredient Supply Chain

- › How does the company assess and address supplier performance on issues related to social and environmental responsibility? What is the company's process to improve areas of poor performance?

#### Ingredient Sourcing

- › What is the company's exposure to supply chain disruption risks related to climate change and water scarcity and how is the company managing these risks?
- › What are the main social and/or environmental externalities associated with the company's supply chain? How does the company foresee these affecting yield or production? What is the company's strategy to reduce these externalities?

### CONTEXTUAL CONSIDERATIONS

#### Volume of products sold

#### Number of production facilities

#### Total fleet road miles traveled

## FOOD RETAILERS & DISTRIBUTORS



The **Food Retailers & Distributors** industry consists of companies engaged in wholesale and retail sales of food, beverage, and agricultural products. Store formats include retail supermarkets, convenience stores, warehouse supermarkets, liquor stores, bakeries, natural food stores, specialty food stores, seafood stores, and distribution centers. Companies may specialize in one type of store format or have facilities that contain multiple formats. Products are typically sourced worldwide and include fresh meat and produce, prepared foods, processed foods, baked goods, frozen and canned foods, nonalcoholic and alcoholic beverages, and a wide selection of household goods and personal care products.

### ENVIRONMENT

#### Fleet Fuel Management

- › How does the company manage and optimize fuel use, including the use of renewable fuel sources?

#### Air Emissions from Refrigeration

- › What actions does the company take to limit emissions from refrigerants?
- › What is the company's exposure to refrigerant emissions-limiting regulations?
- › How is the company positioned to reduce the use of environmentally harmful refrigerants?

#### Energy Management

- › How is the company managing operational energy consumption and related price and supply risks?
- › What strategies are in place to increase operational energy efficiency and manage the company's energy mix?

#### Food Waste Management

- › What is the company's strategy to manage food waste?
- › How does the company minimize environmental and social externalities associated with food waste?

### SOCIAL CAPITAL

#### Data Security

- › How does the company identify and address vulnerabilities and threats as well as prevent data security breaches?

#### Food Safety

- › What systems does the company have in place to prevent or mitigate food safety violations?
- › What is the company's exposure to food safety-related risks and how does it manage these risks?

#### Product Health & Nutrition

- › What strategies does the company employ to offer and market products that promote health and nutritional attributes?
- › How does the company manage shifting trends in customer health and nutritional concerns associated with the company's products?

#### Product Labeling & Marketing

- › How is company performance on compliance with marketing and labeling codes, and how does it resolve incidents of non-compliance?
- › What is the company's exposure to marketing and/or labeling regulations?
- › What is the company's strategy on labeling GMO ingredients?

### HUMAN CAPITAL

#### Labor Practices

- › What is the company's sensitivity to future adjustments in minimum wage, and how does this vary by region?
- › What are the major risks and opportunities associated with the workforce? How does the company manage relations with its workforce, including those covered under a collective bargaining agreement?
- › How does the company minimize the risk of labor-related production disruptions?
- › What is the company's strategy to ensure compliance with labor laws?

## FOOD RETAILERS & DISTRIBUTORS (CONT.)



### BUSINESS MODEL & INNOVATION

#### Management of Environmental & Social Impacts in the Supply Chain

- › To what extent are products certified to environmental and/or social standards, and to which standards?
- › How is the company positioned address risks and opportunities associated with sales of cage-free eggs and gestation crate-free pork?
- › How does the company manage environmental and social risks within the supply chain, including animal welfare?
- › What is the company's strategy to optimize packaging?
- › What strategy is the company taking to incorporate recycled/ renewable and/or recyclable or compostable material in packaging?

### CONTEXTUAL CONSIDERATIONS

**Number of (1) retail locations and (2) distribution centers**

**Total area of (1) retail space and (2) distribution centers**

**Number of vehicles in commercial fleet**

**Ton miles travelled**

## MEAT, POULTRY & DAIRY



The **Meat, Poultry & Dairy** industry produces raw and processed animal products, including meats, eggs, and dairy products, for human and animal consumption. Key activities include animal raising, slaughtering, processing, and packaging. The industry's largest companies have international operations, and companies are vertically integrated to varying degrees, depending on the type of animal produced. Large industry operators typically rely on contract or independent farmers to supply their animals, and may have varying degrees of control over their operations. The industry sells products primarily to the Processed Foods industry and to retail distributors that distribute finished products to key end markets including restaurants, livestock and pet feed consumers, and grocery retailers.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality permits, standards, and regulations apply to the company? How does

the company work to maintain compliance with these guidelines?

#### Land Use & Ecological Impacts

- › How does the company manage animal litter and manure and related environmental risks?
- › How do the company's land management practices align with established conservation plan criteria?
- › What is the company's strategy for managing environmental externalities from concentrated animal feeding operations?
- › How much of the company's animal protein production is from concentrated animal feeding operations?

### SOCIAL CAPITAL

#### Food Safety

- › What systems does the company have in place to ensure food safety in its manufacturing and/or production process?
- › What is the company's exposure to food safety-related risks and how does it manage these risks?

#### Antibiotic Use in Animal Production

- › What are the company's policies and practices regarding the use of medically important and not medically important antibiotics?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety?
- › How does the company manage and mitigate acute and chronic respiratory health conditions in employees?

### BUSINESS MODEL & INNOVATION

#### Animal Care & Welfare

- › How is the company positioned to capture revenue opportunities associated with gestation crate-free pork sales?

## MEAT, POULTRY & DAIRY (CONT.)



- › How is the company positioned to capture revenue opportunities associated with cage-free egg sales?
- › What animal welfare standards does the company follow? What steps does the company take to ensure these standards are met in its own production and the production of its supply chain?

### Environmental & Social Impacts of Animal Supply Chain

- › How do the company's suppliers' land management practices align with established conservation plan criteria?

### Animal & Feed Sourcing

- › How does the company manage animal feed sourcing risks from environmental and social factors?
- › How is the company prepared to handle climate change related risks and opportunities in its feed and livestock supply chain?

### CONTEXTUAL CONSIDERATIONS

#### Number of processing and manufacturing facilities

#### Animal protein production, by category; percentage outsourced

## NON-ALCOHOLIC BEVERAGES



The **Non-Alcoholic Beverages** industry produces a broad range of beverage products, including various carbonated soft drinks, syrup concentrates, juices, energy and sport drinks, teas, coffee, and water products. The industry is dominated by large, international companies. Companies partake in syrup manufacturing, marketing, bottling operations, and distribution, with larger companies typically being more vertically integrated into operations that bottle, sell, and distribute the finished products.

### ENVIRONMENT

#### Fleet Fuel Management

- › How does the company manage and optimize fuel use, including the use of renewable fuel sources?

#### Energy Management

- › How is the company managing operational energy consumption and related price and supply risks?
- › What strategies are in place to increase operational energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

### SOCIAL CAPITAL

#### Health & Nutrition

- › How does the company manage shifting trends in customer health and nutritional concerns associated with the company's products?
- › What strategies does the company employ to offer and market products that promote health and nutritional attributes?
- › How do products related to nutritional health concerns perform compared to the company's other products?

### Product Labeling & Marketing

- › How does the company manage its advertising targeted towards children?
- › What is the company's strategy on labeling GMO ingredients?
- › How is company performance on compliance with marketing and labeling codes, and how does it resolve incidents of non-compliance?
- › What is the company's exposure to marketing and/or labeling regulations?

### BUSINESS MODEL & INNOVATION

#### Packaging Lifecycle Management

- › What is the company's strategy to optimize packaging?
- › What strategy is the company taking to incorporate recycled/renewable and/or recyclable or compostable material in packaging?

### Environmental & Social Impacts of Ingredient Supply Chain

- › How does the company perform and assess supplier performance on issues related to social and environmental responsibility? What is the company's process to improve areas of poor performance?

#### Ingredient Sourcing

- › What is the company's exposure to supply chain disruption risks related to climate change and water scarcity and how is the company managing these risks?
- › What are the main social and/or environmental externalities associated with the company's supply chain? How does the company foresee these affecting yield or production? What is the company's strategy to reduce these externalities?

### CONTEXTUAL CONSIDERATIONS

#### Volume of products sold

#### Number of production facilities

#### Total fleet road miles traveled



## PROCESSED FOODS



The **Processed Foods** industry includes companies that process and package foods such as bread, frozen foods, snack foods, pet foods, and condiments for retail consumer consumption. Typically, these products are made ready to consume, are marketed for retail consumers, and can be found on food retailers' shelves. The industry is characterized by large and complex ingredient supply chains, as many companies source ingredients from around the world. Large companies operate globally, and international opportunities are driving growth.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quantity and/or quality permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### SOCIAL CAPITAL

#### Food Safety

- › What systems does the company have in place to ensure food safety in its manufacturing and/or production process?
- › How does the company track and ensure the quality and safety of food throughout its supply chain?

- › What is the company's exposure to food safety-related risks and how does it manage these risks?

#### Health & Nutrition

- › How does the company manage shifting trends in customer health and nutritional concerns associated with the company's products?
- › What strategies does the company employ to offer and market products that promote health and nutritional attributes?
- › How do these products perform compared to the company's other products?

#### Product Labeling & Marketing

- › How does the company manage its advertising targeted towards children?
- › What is the company's strategy on labeling GMO ingredients?
- › How is company performance on compliance with marketing and labeling codes, and how does it resolve incidents of non-compliance?

### BUSINESS MODEL & INNOVATION

#### Packaging Lifecycle Management

- › What is the company's strategy to optimize packaging?
- › What strategy is the company taking to incorporate recycled/renewable and/or recyclable or compostable material in packaging?

#### Environmental & Social Impacts of Ingredient Supply Chain

- › To what extent are products certified to environmental and/or social standards, and to which standards?
- › How does the company assess and address supplier performance on issues related to social and environmental responsibility? What is the company's process to improve areas of poor performance?

## PROCESSED FOODS (CONT.)



### Ingredient Sourcing

- › What is the company's exposure to supply chain disruption risks related to climate change and water scarcity and how is the company managing these risks?
- › What are the main social and/or environmental externalities associated with the company's supply chain? How does the company foresee these affecting yield or production? What is the company's strategy to reduce these externalities?

### CONTEXTUAL CONSIDERATIONS

#### Weight of products sold

#### Number of production facilities

## RESTAURANTS



Companies in the **Restaurants** industry prepare meals, snacks, and beverages to customers' orders for immediate on- and off-premises consumption. Broadly divided into three sub-categories, the restaurant industry includes limited-service eating places, casual full-service eating places, and upscale full-service eating places. Limited-service restaurants provide services to customers who order and pay before eating. Fast-food restaurants represent the largest share of the limited-service restaurants segment. Full-service restaurants offer more service, food for consumption primarily on-premise, and typically reflect higher quality food and prices.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

#### Food & Packaging Waste Management

- › What strategies are in place to minimize and manage food and packaging waste?
- › What is the company's strategy to reduce packaging?
- › What strategy is the company taking to incorporate recycled/renewable and/or recyclable or compostable material in packaging?

### SOCIAL CAPITAL

#### Food Safety

- › What systems does the company have in place to ensure food safety?

- › What is the company's exposure to food safety-related risks and how does it manage these risks?

### Nutritional Content

- › How does the company's business strategy and management of its products incorporate nutritional and dietary guidelines?
- › What is the company's strategy regarding its offerings to children?
- › How does the company manage its advertising targeted towards children?

### HUMAN CAPITAL

#### Labor Practices

- › What is the company's strategy to reduce employee turnover and associated costs?
- › What is the company's sensitivity to future adjustments in minimum wage, and how does this vary by region?
- › What is the company's strategy to ensure compliance with labor and employment discrimination laws?

### BUSINESS MODEL & INNOVATION

#### Supply Chain Management & Food Sourcing

- › What environmental and social standards guide the company's food and ingredient sourcing?
- › How is the company positioned to address risks and opportunities associated with usage of cage-free eggs and gestation crate-free pork?
- › How does the company manage ingredient sourcing risks from environmental and social factors?

### CONTEXTUAL CONSIDERATIONS

**Number of (1) company-owned and (2) franchise restaurants**

**Number of employees at (1) company-owned and (2) franchise locations**

## TOBACCO



The **Tobacco** industry is comprised of companies that manufacture tobacco products including cigarettes, cigars, and smokeless tobacco products. Many large tobacco companies operate globally. Companies may obtain or sell exclusive rights to sell certain brands of cigarettes in diverse markets. Most tobacco is grown by independent tobacco farmers, who typically sell their crops to tobacco merchants or to manufacturers under contract.

### SOCIAL CAPITAL

#### Public Health

- › How is the company managing its product mix to reduce negative externalities from its products? What related challenges and opportunities are the company facing?
- › How is the company managing risks and opportunities associated with "tobacco harm reduction" products?
- › How do management strategies for products vary by geographic market?

#### Marketing Practices

- › What is the company's exposure to marketing, labeling, and/or advertising regulations?
- › How does the company manage its advertising, promotion, and sponsorship activities to align with the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC)?
- › How does the company manage its labeling and packaging practices to align with the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC)?

### CONTEXTUAL CONSIDERATIONS

**Combustible tobacco product sales volume: (1) cigarette, (2) cigar, and (3) other smoked tobacco products**

**Non-combustible product sales volume: (1) traditional smokeless tobacco, (2) non-tobacco nicotine products, (3) heated tobacco products, and (4) nicotine replacement therapy products**

# HEALTH CARE SECTOR

## BIOTECHNOLOGY & PHARMACEUTICALS



The **Biotechnology & Pharmaceuticals** industry develops, manufactures, and markets a range of brand-name and generic medications. A significant portion of the industry is driven by research and development, a high risk of product failure during clinical trials, and the need to obtain regulatory approval. Concerns over pricing practices and consolidation within the sector have created downward pricing pressures. Demand for the industry's products is largely driving by population demographics, rates of insurance coverage, disease profiles, and economic conditions.

### SOCIAL CAPITAL

#### Safety of Clinical Trial Participants

- › What policies has the company put in place to ensure the quality and patient safety of clinical trials of products, including the oversight of those trials performed by clinical research organizations?
- › What is the company's approach to managing risks associated with clinical trials in developing countries?

#### Access to Medicines

- › What is the company's strategy for developing drugs and pricing schemes that meet the needs of patients in low-income and middle-income countries?
- › What is the company's strategy with respect to access to its products that are deemed essential by the World Health Organization (WHO)?

#### Affordability & Pricing

- › What is the company's approach to prevent incidents associated with reverse-payments for delaying generic development?
- › What is the company's approach to managing health care cost containment in its strategy for setting prices for its products?

### Drug Safety

- › How does the company manage the quality and safety of its products, and ensure that information related to safety is communicated to customers?
- › What processes does the company have in place to identify and manage safety risks associated with the manufacture and use of its products?
- › What steps is the company taking to ensure quality throughout its manufacturing supply chain and to limit the incidence of FDA enforcement actions?

### Counterfeit Drugs

- › What are the company's policies to maintain the traceability of its products and prevent counterfeiting?
- › What is the company's process for alerting customers and business partners of potential or known risks associated with counterfeit products?

### Ethical Marketing

- › What protocols does the company have in place to ensure the veracity of marketing claims? How does the company manage risks associated with advertising?
- › How does the company limit the promotion of off-label use of its products?

### HUMAN CAPITAL

#### Employee Recruitment, Development & Retention

- › What strategies does the company employ to attract, recruit, and retain scientists and research and development personnel?
- › How does the company limit turnover for employees at all levels of operation?

# BIOTECHNOLOGY & PHARMACEUTICALS (CONT.)



## BUSINESS MODEL & INNOVATION

### Supply Chain Management

- › What steps is the company taking to ensure manufacturing quality and to limit the incidence of FDA enforcement actions?

## LEADERSHIP & GOVERNANCE

### Business Ethics

- › What policies and practices has the company implemented to prevent the incidence of corruption and bribery?
- › What is the company's policy with respect to its interactions with health care professionals, and how does the company ensure this code is followed?

## CONTEXTUAL CONSIDERATIONS

### Number of patients treated

### Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)

# DRUG RETAILERS



The **Drug Retailers** industry comprises companies that operate retail pharmacies and distribution centers that supply retail stores. Stores may be company-owned or franchised. Large companies operate mainly in the U.S. and source drugs and other merchandise through wholesalers and distributors. The majority of the industry's revenues are derived from consumer sales of prescription and over-the-counter pharmaceutical products; other goods sold include household goods, personal care products, and a limited selection of groceries. Additionally, the pharmacy retailer segment is expanding its health-focused services by offering clinics at various retail locations, which adds to the industry's shifting sustainability landscape.

## ENVIRONMENT

### Energy Management in Retail

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

## SOCIAL CAPITAL

### Data Security & Privacy

- › What is the company's strategy to secure customer's personal health information records and other personally identifiable information?
- › What policies are in place to ensure compliance with health information and privacy regulations and how does the company address incidents of non-compliance?

### Drug Supply Chain Integrity

- › How is the company engaging suppliers to reduce the occurrence of compromised and counterfeit drugs within the supply chain?
- › What processes does the company have in place to identify and manage safety risks associated with the manufacture and use of its products?

### Management of Controlled Substances

- › How does the company ensure proper dispensing of controlled substances?

- › To what controlled substances regulations is the company subject? How does the company ensure compliance with these regulations and resolve issues of non-compliance?

### Patient Health Outcomes

- › What is the company's strategy to increase medication adherence among its customers?
- › What controls does the company have in place to prevent prescription dispensing errors?
- › How does the company manage legal risks associated with prescription dispensing?

## CONTEXTUAL CONSIDERATIONS

### Number of pharmacy locations

### Total area of retail space

### Number of prescriptions filled, percentage for controlled substances

### Number of pharmacists

## HEALTH CARE DELIVERY



The **Health Care Delivery** industry owns and manages hospitals, clinics, and other health care-related facilities. Companies provide a range of services, including inpatient and outpatient care, surgery, mental health, rehabilitation, and clinical laboratory services. Demand for health care delivery services is driven largely by rates of insurance coverage, demographics, illness, and injury rates. The U.S. Patient Protection and Affordable Care Act (PPACA) increased the number of individuals with insurance, however, the future of this legislation remains uncertain. The industry is characterized by high fixed labor and facilities costs, and an increased regulatory emphasis on reduced costs of care and improved outcomes. Health care delivery companies also face significant competition for patients and resources from private, nonprofit, and religious health care systems.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Waste Management

- › What is the company's strategy to manage its generation and disposal of medical and pharmaceutical waste?

### SOCIAL CAPITAL

#### Patient Privacy & Electronic Health Records

- › What is the company's strategy to secure customer's personal health information records and other personally identifiable information?
- › What policies are in place to ensure compliance with health information and privacy regulations and how does the company address incidents of non-compliance?

#### Access for Low-Income Patients

- › What is the company's strategy to manage the impacts and effects of having patients with a mix of insurance statuses at its facilities?

#### Quality of Care & Patient Satisfaction

- › What management structures and practices has the company implemented to ensure the quality of care it provides? To what extent do these practices align with applicable regulations related to quality of care?
- › What policies and practices has the company employed to prevent adverse health consequences for its patients, hospital-acquired conditions, and excess readmissions?

#### Management of Controlled Substances

- › To what controlled substances regulations is the company subject? How does the company ensure compliance with these regulations and resolve issues of non-compliance?
- › What strategies, such as the use of a prescription drug monitoring program, does the company use to manage risks associated with prescribing practices for controlled substances?

#### Pricing & Billing Transparency

- › How does the company manage the pricing of its services and procedures, and ensure that this information is communicated to patients?

### HUMAN CAPITAL

#### Employee Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

#### Employee Recruitment, Development & Retention

- › How does the company encourage employee retention and attract qualified job candidates?

### BUSINESS MODEL & INNOVATION

#### Climate Change Impacts on Human Health & Infrastructure

- › What is the company's exposure to climate change-related physical and health risks? What

## HEALTH CARE DELIVERY (CONT.)



strategies is the company using to address these risks?

- › To what extent are the company's facilities compliant with applicable emergency preparedness regulations? How does the company plan to address compliance with such regulations going forward?

### LEADERSHIP & GOVERNANCE

#### Fraud & Unnecessary Procedures

- › How does the company manage and prevent incidence of medical insurance-related fraud?

### CONTEXTUAL CONSIDERATIONS

#### Number of (1) facilities and (2) beds, by type

#### Number of (1) inpatient admissions and (2) outpatient visits



## HEALTH CARE DISTRIBUTORS



**Health Care Distributors** purchase, inventory, and sell pharmaceutical products and medical equipment to hospitals, pharmacies, and physicians. Demand for the industry's services is driven largely by rates of insurance, pharmaceutical spending, illness, and demographics. Increased enrollment in government insurance programs under the U.S. Patient Protection and Affordable Care Act, electronic health records, and consolidation throughout the Health Care sector will likely continue to shape the industry. The health care sector continues to face an emphasis on reduced costs and improved efficiencies, which will also impact the Health Care Distributors industry. Companies in this industry face challenges from consolidation and partnerships between pharmacies, payers, and manufacturers.

### ENVIRONMENT

#### Fleet Fuel Management

- › What strategies has the company implemented to manage the fuel efficiency of its transportation fleet?

### SOCIAL CAPITAL

#### Product Safety

- › What processes or practices has the company put in place to guarantee the safety of its products?
- › How does the company manage and mitigate risks related to the toxicity/chemical safety, abuse potential, or delivery of its products?

#### Counterfeit Drugs

- › What are the company's policies to maintain the traceability of its products and prevent counterfeiting?
- › What are the company's due diligence processes to qualify its drug and medical equipment suppliers?
- › What is the company's process for alerting customers and business partners of potential or known risks associated with counterfeit products?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Management

- › How is the company managing costs and environmental impacts associated with product packaging?
- › What is the company's strategy for take-back, reuse, and recycling of its products?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › What policies and practices has the company implemented to prevent the incidence of corruption, bribery, conflicts of interest, or other unethical business practices?

### CONTEXTUAL CONSIDERATIONS

**Number of pharmaceutical units sold by product category**

**Number of medical devices sold by product category**

## MANAGED CARE



The **Managed Care** industry offers health insurance products for individual, commercial, Medicare, and Medicaid members. Companies also provide administrative services and network access for self-funded insurance plans and manage pharmacy benefits. Enrollment in managed care has traditionally been correlated with employment rates, while revenues are driven by the inflation of medical costs. The Patient Protection and Affordable Care Act reduced the percentage of uninsured adults, and created additional demand for the industry's plans. However, legislative uncertainty and a focus on reducing health care costs may create downward pricing pressure and continue to drive consolidation within the industry. In addition, a focus on patient outcomes and plan performance continue to shape the industry's sustainability risks and opportunities.

### SOCIAL CAPITAL

#### Customer Privacy & Technology Standards

- › What is the company's strategy to secure customer's personal health information records and other personally identifiable information?
- › What policies are in place to ensure compliance with health information and privacy regulations and how does the company address incidents of non-compliance?

#### Access to Coverage

- › How does the company manage compliance with medical loss ratio regulations?
- › How does the company manage patient access to coverage, including policies related to plan costs and rate increases?

#### Plan Performance

- › What strategies are in place to ensure the quality and competitiveness of the company's insurance plans?
- › How does the company manage the relative performance of its plans with measured against applicable rating systems?
- › How does the company ensure the accurate assessment of customers' insurance claims?

### Improved Outcomes

- › How is the company working to prioritize improved health outcomes for customers?
- › What is the company's approach to encouraging customer utilization of preventative health services?

### BUSINESS MODEL & INNOVATION

#### Climate Change Impacts on Human Health

- › What is the company's exposure to climate change-related physical and health risks? What strategies is the company using to address these risks?
- › How does the company manage risks related to climate-change related shifts in geographic incidence, morbidity, and mortality of illnesses and diseases? To what extent is this incorporated into its insurance risk models?

### CONTEXTUAL CONSIDERATIONS

**Number of enrollees by plan type**

## MEDICAL EQUIPMENT & SUPPLIES



The **Medical Equipment & Supplies** industry researches, develops, and produces medical, surgical, dental, ophthalmic, and veterinary instruments and devices. Products are used in settings, including hospitals, clinics, and laboratories, and range from disposable items to highly specialized equipment. The increased prevalence of diseases associated with unhealthy lifestyles and an aging population are important factors that may impact growth in this industry. Emerging markets and the expansion of health insurance in the U.S. will contribute to further growth. However, the extension of government insurance programs, provider and payer consolidation, and regulatory emphasis on reduced costs in all markets may result in downward pricing pressure.

### SOCIAL CAPITAL

#### Affordability & Pricing

- › What is the company's approach to manage health care cost containment in its strategy for setting prices for its products?
- › What is the company's strategy for clearly communicating price information to customers or their agents?

#### Product Safety

- › What processes does the company have in place to identify and manage safety risks associated with the manufacture and use of its products?
- › What steps is the company taking to ensure manufacturing and product quality and to limit the incidence of FDA enforcement actions?

#### Ethical Marketing

- › What protocols does the company have in place to ensure the veracity of marketing claims? How does the company manage risk associated with advertising?
- › How does the company limit the promotion of off-label use of its products?

### BUSINESS MODEL & INNOVATION

#### Product Design & Lifecycle Management

- › How does the company assess and manage the environmental and human health impacts associated with chemicals in its products?
- › What is the company's strategy for take-back, reuse, and recycling of its products?

#### Supply Chain Management

- › What are the company's policies to maintain the traceability of its products throughout the distribution chain?
- › What steps is the company taking to ensure manufacturing and product quality and to limit the incidence of FDA enforcement actions?
- › How does the company manage risks associated with the use of critical materials?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › What policies and practices has the company implemented to prevent the incidence of corruption and bribery?
- › What is the company's policy with respect to its interactions with health care professionals, and how does the company ensure this code is followed?

### CONTEXTUAL CONSIDERATIONS

#### Number of units sold by product category

# INFRASTRUCTURE SECTOR

# ELECTRIC UTILITIES & POWER GENERATORS



## The Electric Utilities & Power Generators

industry is made up of companies that generate electricity; build, own, and operate transmission and distribution (T&D) lines; and sell electricity. Utilities generate electricity from a number of different sources, commonly including coal, natural gas, nuclear energy, hydropower, solar, wind, and other renewable and fossil fuel energy sources. The industry comprises companies operating in both regulated and unregulated business structures. Regulated utilities maintain a business model in which they accept comprehensive oversight from regulators on their pricing mechanisms and their allowed return on equity, among other types of regulation, in exchange for their license to operate as a monopoly. Unregulated companies, or merchant power companies, are often independent power producers (IPPs) that generate electricity to sell to the wholesale market, which includes regulated utility buyers and other end-users. Furthermore, the industry is divided across regulated and deregulated power markets—referring to how far up the value chain regulated utility operations span. Regulated markets typically contain vertically integrated utilities that own and operate everything from the generation of power to its retail distribution. Deregulated markets commonly split generation from distribution, designed to encourage competition at the wholesale power level. Overall, companies in the industry are challenged with the complex mission of providing reliable, accessible, low-cost power while balancing the protection of human life and the environment.

## ENVIRONMENT

### Greenhouse Gas Emissions & Energy Resource Planning

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?

- › What is the company's strategy to manage Scope 1 and GHG emissions in general, and from power deliveries specifically? What are the results to date?
- › How does the company consider GHG emissions when purchasing wholesale electricity?
- › What is the company's compliance goals and strategies for renewable portfolio standards? What are the results to date?
- › What are the potential costs, risks, and opportunities associated with achieving renewable energy targets?

### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, PM, Hg, and Pb)?
- › How does the company limit and manage risks associated with air emissions of pollutants in or near areas of dense population?

### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality and/or quantity permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### Coal Ash Management

- › How does the company manage its coal ash waste stream?
- › What are the company's largest risks associated with the generation and management of coal ash, including environmental compliance, disposal and recycling costs, increased capex requirements, etc.?

# ELECTRIC UTILITIES & POWER GENERATORS (CONT.)



## SOCIAL CAPITAL

### Energy Affordability

- › How does the company balance revenue generation with providing a fair price to customers, and how does this balance change depending on type of customer?
- › How does the company manage affordability of low income customers to minimize customer non-payment?
- › How does the company account for economic conditions of the service territory, such as average household incomes, when proposing rates and considering capital investments?

## HUMAN CAPITAL

### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

## BUSINESS MODEL & INNOVATION

### End-Use Efficiency & Demand

- › How does the company work with its customers to improve the efficiency of their electricity use?
- › Does the company work with regulators to establish financial incentives the company can earn for improving its customers' energy efficiency? Describe any such rate structures that are currently in place, including rate structures that mitigate financial risks around energy use and demand.

## LEADERSHIP & GOVERNANCE

### Nuclear Safety & Emergency Management

- › Has the company experienced any significant issues or concerns associated with nuclear compliance regulations?
- › What policies are in place to ensure safety and emergency preparedness related to nuclear power?

## Grid Resiliency

- › What strategies does the company have in place to test for, and ensure the reliability and quality of, its service networks?
- › Are significant capital investments needed in order to improve the long-term reliability and quality of the distribution network?
- › What is the company's strategy for upgrading and improving distribution networks?

## CONTEXTUAL CONSIDERATIONS

**Number of: (1) residential, (2) commercial, and (3) industrial customers served**

**Total electricity delivered to: (1) residential, (2) commercial, (3) industrial, (4) all other retail customers, and (5) wholesale customers**

**Length of transmission and distribution lines**

**Total electricity generated, percentage by major energy source, percentage in regulated markets**

**Total wholesale electricity purchased**

## ENGINEERING & CONSTRUCTION SERVICES

The **Engineering & Construction Services** industry provides engineering, construction, design, consulting, contracting, and other related services that support various building and infrastructure projects. The industry is primarily made up of four major segments: engineering services, infrastructure construction, non-residential building construction, and building sub-contractors and construction-related professional services. The infrastructure construction segment includes companies that design and/or build infrastructure projects such as power plants, dams, oil and gas pipelines, refineries, highways, bridges, tunnels, railways, ports, airports, waste treatment plants, water networks, and stadiums. The non-residential building construction segment includes companies that design and/or build industrial and commercial facilities such as factories, warehouses, data centers, offices, hotels, hospitals, universities, and retail spaces like malls. The engineering services segment includes companies that provide specialized architectural and engineering services such as design and development of feasibility studies for many of the project types listed above. Finally, the building sub-contractors and other construction-related professional services segment includes smaller companies that provide ancillary services such as carpentry, electrical, plumbing, painting, waterproofing, landscaping, interior design, and building inspection. The industry's customers include infrastructure owners and developers in the public and private sectors. Large companies in this industry operate and generate revenue globally and typically specialize in multiple segments.

### ENVIRONMENT

#### Environmental Impacts of Project Development

- › What is the company's strategy for managing the ecological impacts (and their related permitting risks) of its development projects, including water use, air emissions, and biodiversity loss?

### SOCIAL CAPITAL

#### Structural Integrity & Safety

- › What practices does the company engage in to ensure the ultimate performance of the

structures it designs and builds for customers?

- › How does the company manage liability risks associated with project defects and safety?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### BUSINESS MODEL & INNOVATION

#### Lifecycle Impacts of Buildings & Infrastructure

- › What kinds of resource efficiency design services and features does the company offer in its developments and plans?
- › What risks and opportunities are associated with the company's incorporation of sustainable and efficient design?
- › What third-party standards does the company use in its design and build considerations?

#### Climate Impacts of Business Mix

- › How does the company consider its exposure to carbon-energy projects in the context of potential regulation such as a carbon tax or limits on GHGs?
- › Does the company engage in specific risk-sharing elements in contracts involving carbon energy?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › What are the company's strategies for preventing corruption and bribery? Does this strategy differ for areas with a relatively high risk of corruption or bribery?
- › What strategies does the company use to prevent bribery, corruption, and anti-competitive behavior, especially in the project bidding process?

### CONTEXTUAL CONSIDERATIONS

#### Number of active projects

#### Number of commissioned projects

#### Total backlog

## GAS UTILITIES & DISTRIBUTORS

The **Gas Utilities & Distributors** industry is made up of gas distribution and marketing companies. Gas distribution involves operating local, low-pressure pipes to transfer natural gas from larger transmission pipes to end users. Gas marketing companies are gas brokers that aggregate natural gas into quantities that fit the needs of their different customers and then deliver it, generally through other companies' transmission and distribution lines. A relatively smaller portion of this industry is involved in propane gas distribution; therefore this standard is focused on natural gas distribution. Both types of gas are commonly used for heating and cooking by residential, commercial, and industrial customers. In structurally regulated markets, the utility is granted a full monopoly over the distribution and sale of natural gas. A regulator must approve the rates utilities charge to avoid the abuse of their monopoly position. In deregulated markets, distribution and marketing are legally separated and customers have a choice of which company to buy their gas from. In this case, a utility is guaranteed a monopoly only over distribution and is legally required to transmit all gas equitably along its pipes for a fixed fee. Overall, companies in the industry are tasked with providing safe, reliable, low-cost gas, while effectively managing their social and environmental impacts, such as community safety and methane emissions.

### SOCIAL CAPITAL

#### Energy Affordability

- › How does the company balance revenue generation with providing a fair price to customers, and how does this balance change depending on type of customer?
- › How does the company manage affordability of low income customers to minimize customer non-payment?
- › How does the company account for economic conditions of the service territory, such as average household incomes, when proposing rates and considering capital investments?

### BUSINESS MODEL & INNOVATION

#### End-Use Efficiency

- › How does the company work with its customers to improve the efficiency of their gas use?
- › Does the company work with regulators to establish financial incentives the company can earn for improving its customers' gas efficiency? Describe any such rate structures that are currently in place, including rate structures that mitigate financial risks around gas use and demand.

### LEADERSHIP & GOVERNANCE

#### Integrity of Gas Delivery Infrastructure

- › How does the company promote a strong safety culture, including emergency preparedness and response, throughout the value chain?
- › How does the company assess and manage the integrity of gas delivery infrastructure, including risks related to safety and emissions?
- › How does the company measure the effectiveness of its safety improvement programs and investments?

### CONTEXTUAL CONSIDERATIONS

**Number of: (1) residential, (2) commercial, and (3) industrial customers served**

**Amount of natural gas delivered to: (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third party**

**Length of gas (1) transmission and (2) distribution pipelines**



## HOME BUILDERS



The **Home Builders** industry is comprised of companies that develop new homes and residential communities. Development efforts generally include the acquisition of land, site preparation, the construction of homes, and home sales. The majority of industry activity is focused on the development and sale of single-family homes, which are typically part of company-designed residential communities. A smaller segment is centered on townhomes, condominiums, multi-family housing, and mixed-use development. Many companies in the industry offer financing services to individual homebuyers. The industry is fragmented, as there is a large number of developers of all sizes, which vary in company structure and geographic focus. Listed companies tend to be significantly larger, and more integrated than the numerous privately held home builders.

### ENVIRONMENT

#### Land Use & Ecological Impacts

- › What is the company's strategy for managing the environmental impact of its developments?
- › How does the company ensure compliance with environmental regulations, and how do these regulations differ by region?
- › How does the company factor water availability into its siting decisions?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### BUSINESS MODEL & INNOVATION

#### Design for Resource Efficiency

- › How strongly does the company prioritize the integration and adoption of resource efficiency design features in its buildings?
- › What is the company's strategy for managing risks and opportunities associated with incorporating resource efficiency into building design?

#### Community Impacts of New Developments

- › How does the company's site selection process incorporate features like access to public transportation, walkable neighborhoods, and other community services and impacts?
- › Does the company prioritize compact developments and development on infill sites?

#### Climate Change Adaptation

- › What is the company's exposure to climate change-related risks?
- › How does the company incorporate climate change-related risks into its siting and development decisions?

### CONTEXTUAL CONSIDERATIONS

#### Number of controlled lots

#### Number of homes delivered

#### Number of active selling communities

## REAL ESTATE



The **Real Estate** industry is composed of companies that own, develop, and generally operate income-producing real estate assets. Companies in this industry are commonly structured as real estate investment trusts (REITs) and operate in a wide range of segments within the real estate industry, including residential, retail, office, health care, industrial, and hotel properties. REITs typically focus on the direct ownership of real estate assets, thereby providing investors with the opportunity to obtain real estate exposure without direct asset ownership and management. Although REITs are often concentrated in one segment of the Real Estate industry, many REITs are diversified through investment in multiple property types.

### ENVIRONMENT

#### Energy Management

- › Does the company seek to measure the energy consumption and improve efficiency of tenant spaces?
- › What is the strategy to increase energy efficiency of its overall portfolio?
- › How are building energy management considerations incorporated into property investment analysis and operational strategy?
- › What energy rating systems does the company use and how widely are they used across the portfolio?

#### Water Management

- › How does the company manage water pricing and supply risks in regions of significant water stress?
- › How is the company increasing water efficiency and managing tenant and customer water

usage? What are the major risks associated with the company's water usage?

### BUSINESS MODEL & INNOVATION

#### Management of Tenant Sustainability Impacts

- › What specific actions, programs, lease clauses, and requirements does the company implement to increase the sustainability performance of its tenants (e.g., increase tenants' energy and water efficiency)?
- › How does the company measure tenant and building energy and water consumption?

#### Climate Change Adaptation

- › What are the company's views on its portfolio's exposure to climate change, including physical and regulatory risks?
- › What is the company's approach to measuring and managing climate change-related risks?

### CONTEXTUAL CONSIDERATIONS

#### Number of assets, by property subsector

#### Leasable floor area, by property subsector

#### Percentage of indirectly managed assets, by property subsector

#### Average occupancy rate, by property subsector



## REAL ESTATE SERVICES



The **Real Estate Services** industry is composed of companies that provide a range of services to real estate owners, tenants, investors, and developers. Primary services include property management, brokerage, appraisal, and information services for real estate owners. Property management services may include leasing, tenant relations, building maintenance, and building security. Many companies also provide brokerage services, facilitating sales and leasing transactions. Appraisals and other advisory or information services are other specialized services that are commonly provided to clients. Companies in the industry play important roles in the real estate value chain, which is a substantial part of the global economy.

### BUSINESS MODEL & INNOVATION

#### Sustainability Services

- › How does the company incorporate sustainability and energy efficiency services into its business model?
- › How does the company work with clients to improve resource efficiency in the properties it manages?

### LEADERSHIP & GOVERNANCE

#### Transparent Information & Management of Conflict of Interest

- › What internal controls does the company have in place to ensure that employees fulfill their professional duty to their clients?
- › How does the company monitor and prevent conflicts of interest, bias, negligence, and other issues of professional integrity?

### CONTEXTUAL CONSIDERATIONS

**Number of property management clients, categorized by: (1) tenants and (2) real estate owners**

**Floor area under management with owner operational control**

**Number of buildings under management with owner operational control**

**Number of leases transacted, categorized by: (1) tenants and (2) real estate owners**

**Number of appraisals provided**

## WASTE MANAGEMENT



The **Waste Management** industry includes companies that collect, store, dispose of, recycle, or treat various forms of waste from residential, commercial, and industrial clients. Types of waste include municipal solid waste, hazardous waste, recyclable materials, and compostable or organic materials. Major companies are commonly vertically integrated, providing a range of services from waste collection to landfilling and recycling, while others provide specialized services such as treating medical and industrial wastes. Waste-to-energy operations are a distinct industry segment. Certain industry players also provide environmental engineering and consulting services, mostly to large industrial clients.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What steps does the company take to mitigate or re-capture site emissions at the source?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › To what extent does the company manage and capitalize on revenue opportunities from the capture of landfill gas?

#### Fleet Fuel Management

- › How does the company manage and optimize the fuel use of its fleet, including use of natural gas or renewable fuel sources?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and HAPs)?
- › What is the company's exposure to risks related to air pollutants in or near areas of dense population? What is its strategy to limit and manage these risks?

#### Management of Leachate & Hazardous Waste

- › What is the company's strategy to prevent, manage, and accurately report on toxic releases, including the use of the Toxic Release Inventory, if applicable?

- › How is company performance on managing the containment of landfill and hazardous waste?
- › Have there been any releases to groundwater requiring corrective action?

### HUMAN CAPITAL

#### Labor Practices

- › What are the major risks and opportunities associated with the workforce? How does the company manage relations with its workforce, including those covered under a collective bargaining agreement?
- › How does the company minimize the risk of labor-related production disruptions?

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › How does the company minimize road transportation-related incidents and limit vehicle and driving-related risks?

### BUSINESS MODEL & INNOVATION

#### Recycling & Resource Recovery

- › How does the company assist customers in diverting recyclable and compostable waste from landfill?
- › What programs does the company have to collect and process electronic waste?
- › What financial risks and opportunities is the company exposed to relating to recycling, resource recovery, and diversion from landfill?

### CONTEXTUAL CONSIDERATIONS

**Number of customers by category: (1) municipal, (2) commercial, (3) industrial, (4) residential, and (5) other**

**Vehicle fleet size**

**Number of: (1) landfills, (2) transfer stations, (3) recycling centers, (4) composting centers, (5) incinerators, and (6) all other facilities**

**Total amount of materials managed, by customer category: (1) municipal, (2) commercial, (3) industrial, (4) residential, and (5) other**

## WATER UTILITIES & SERVICES



Companies in the **Water Utilities & Services** industry own and operate water supply and wastewater treatment systems (generally structured as regulated utility businesses), or provide operational and other specialized water services to system owners (usually market-based operations). Water supply systems include the sourcing, treatment, and distribution of water to residences, businesses, and other entities such as governments. Wastewater systems collect and treat wastewater, including sewage, graywater, industrial waste fluids, and stormwater runoff, before discharging the resulting effluent back into the environment.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Distribution Network Efficiency

- › How efficiently does the company operate its distribution networks?
- › What strategies are in place to increase water efficiency and limit non-revenue water losses?

#### Effluent Quality Management

- › How does the company monitor and manage wastewater to ensure effluents meet regulatory quality standards?
- › What are the greatest risks to the company's effluent water quality management?

### SOCIAL CAPITAL

#### Water Affordability & Access

- › How does the company balance revenue generation with providing a fair price to customers, and how does this balance change depending on type of customer?
- › How does the company account for economic conditions of the service territory, such as average household incomes, when proposing rates and considering capital investments?

- › How does the company manage affordability of low income customers to minimize customer non-payment?

#### Drinking Water Quality

- › To what drinking water regulations is the company subject? What practices does the company engage in to ensure water quality?
- › How is the company managing potential risks associated with drinking water contaminants?

### BUSINESS MODEL & INNOVATION

#### End-Use Efficiency

- › How does the company work with customers to improve the efficiency of their use?
- › How much of the company's revenue is generated from rate structures designed to promote water conservation and revenue resilience?

#### Water Supply Resilience

- › Does the company have an integrated resource plan that addresses water scarcity risks and ensuring supply resilience?
- › What are the risks and opportunities associated with the quality and availability of water resources?

#### Network Resiliency & Impacts of Climate Change

- › How does the company ensure the reliability and resilience of its networks and services to the impact of severe weather events, including the risks of sanitary sewer overflows (SSOs)?
- › What is the company's operational exposure to the potential effects of climate change, including risks around water scarcity and extreme weather events?
- › How is the company managing its distribution and wastewater infrastructure to account for potential impacts of climate change?

## WATER UTILITIES & SERVICES (CONT.)



### CONTEXTUAL CONSIDERATIONS

**Number of: (1) residential, (2) commercial, and (3) industrial customers served, by service provided**

**Total water sourced, percentage by source type**

**Total water delivered to: (1) residential, (2) commercial, (3) industrial, and (4) all other customers**

**Average volume of wastewater treated per day, by (1) sanitary sewer, (2) stormwater, and (3) combined sewer**

**Length of (1) water mains and (2) sewer pipe**

# RENEWABLE RESOURCES & ALTERNATIVE ENERGY SECTOR

## BIOFUELS

The **Biofuels** industry consists of companies that produce biofuels and process raw materials for production. Biofuels are manufactured using organic feedstocks and are used primarily as transportation fuels. Companies typically source feedstocks, which include food, oil crops, and animal products, from agricultural product distributors. Ethanol and biodiesel are the most widely produced biofuels, while other types include biogas, biohydrogen, and synthetic biofuels, produced from a variety of organic feedstocks. Biofuels companies' customers are chiefly fuel-blending and fuel-supply companies, including major integrated oil companies. While biofuels are produced worldwide, the publicly listed companies in the Biofuels industry operate primarily in the U.S., though some have minor operations abroad, notably in India, Brazil, and South Korea. Government regulations related to the use of renewable fuel are a significant demand driver in the industry.

### ENVIRONMENT

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, PM10, and HAPs)?
- › To what air quality permits, standards, and regulations is the company subject? What strategies does the company use to maintain compliance with these guidelines?

#### Water Management in Manufacturing

- › How is the company increasing water efficiency and managing water use in its manufacturing operations? What are the major risks associated with the company's water use?
- › What strategies does the company employ in water-stressed regions to minimize potential supply disruptions or cost increases?
- › What water quality permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### BUSINESS MODEL & INNOVATION

#### Lifecycle Emissions Balance

- › What is the company's strategy to manage the lifecycle greenhouse gas emissions of its products and what are its results to date?

#### Sourcing & Environmental Impacts of Feedstock Production

- › How does the company monitor and mitigate environmental and social impacts in its feedstock supply chain?
- › How much of the company's biofuels production is third-party certified to an environmental sustainability standard?

### LEADERSHIP & GOVERNANCE

#### Management of the Legal & Regulatory Environment

- › How does the company manage risks and opportunities related to the subsidies it receives through government programs?
- › What is the company's exposure to government regulations and policy proposals related to social and environmental issues? How does this exposure affect the company's goals and long-term business sustainability?
- › What is the company's strategy for engaging policymakers and regulators on environmental and social impacts of biofuels?

#### Operational Safety, Emergency Preparedness & Response

- › How does the company ensure operational safety and promote a strong safety culture, including emergency preparedness and response?

### CONTEXTUAL CONSIDERATIONS

#### Biofuel production capacity

**Production of:** (1) renewable fuel, (2) advanced biofuel, (3) biomass-based diesel, and (4) cellulosic biofuel

**Amount of feedstock consumed in production**



## FORESTRY MANAGEMENT



The **Forestry Management** industry consists of companies that own and/or manage natural and planted forestry lands and timber tracts, or operate non-retail tree nurseries and rubber plantations. The industry conducts its operations on lands that can be company-owned or leased from public or private landowners. Companies typically sell timber to wood products manufacturers, pulp and paper producers, energy producers, and a variety of other customers. The industry's largest companies operate primarily in and are domiciled in the U.S. and Canada. Some have international operations including in Brazil and New Zealand. While some integrated companies may also operate sawmills, wood products facilities, or pulp and paper facilities, sustainability issues arising from these activities are addressed in SASB's Building Products & Furnishings (CG-BP) and Pulp & Paper Products (RR-PP) industry standards.

### ENVIRONMENT

#### Ecosystem Services & Impacts

- › How much of the company's forestland is managed according to a third-party sustainable forest management standard?
- › What is the company's exposure to operational risks from operating within areas of forestland with protected conservation status or endangered species habitats?
- › How does the company manage opportunities related to ecosystem services provided by forestlands?

### SOCIAL CAPITAL

#### Rights of Indigenous Peoples

- › What is the company's exposure to and practices for mitigating risks near indigenous land?
- › What is the company's community engagement strategy to manage risks and opportunities associated with community rights and interests and indigenous rights?

### BUSINESS MODEL & INNOVATION

#### Climate Change Adaptation

- › How does the company manage risks and opportunities related to forest management and timber production presented by climate change?

### CONTEXTUAL CONSIDERATIONS

**Area of forestland owned, leased, and/or managed by the entity**

**Aggregate standing timber inventory**

**Timber harvest volume**

## FUEL CELLS & INDUSTRIAL BATTERIES



The **Fuel Cells & Industrial Batteries** industry consists of companies that manufacture fuel cells for energy production and energy storage equipment such as batteries. Manufacturers in this industry mainly sell products to companies for varied energy-generation and energy-storage applications and intensities, from commercial business applications to large-scale energy projects for utilities. Companies in the industry typically have global operations and sell products to a global marketplace.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › What human health hazards pose the greatest risks to the workforce?
- › How does the company assess, monitor, and reduce exposure to health risks in its workforce?

### BUSINESS MODEL & INNOVATION

#### Product Efficiency

- › What investments is the company making in improving battery storage capacity, efficiency, and operating lifetime/fuel cell energy efficiency and operating lifetime? What are the results to date?

#### Product End-of-life Management

- › What investments is the company making in developing reusable or recyclable products? What are the results to date?
- › How is the company improving materials efficiency and reducing waste, including through recycling?

- › What is the company's strategy for using, reclaiming, and disposing of hazardous materials in products?

#### Materials Sourcing

- › What is the company's exposure to risks of potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### CONTEXTUAL CONSIDERATIONS

**Number of units sold**

**Total storage capacity of batteries sold**

**Total energy production capacity of fuel cells sold**



## PULP & PAPER PRODUCTS



The **Pulp & Paper Products** industry consists of companies that manufacture a range of wood pulp and paper products, including pulp fiber, paper packaging and sanitary paper, office paper, newsprint, and paper for industrial applications. Companies in the industry typically function as business-to-business entities and may have operations in multiple countries, such as the U.S., Canada, and Brazil. While some integrated companies own or manage timber tracts and are engaged in forest management, sustainability issues arising from these activities are addressed in SASB's Forestry Management (RR-FM) industry standard.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, PM, and HAPs)?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and optimize the company's energy mix? How, and to what extent, is the use of self-generated energy, energy from biomass, or renewable energy to offset grid electricity consumption part of that strategy?

#### Water Management

- › How is the company increasing water efficiency and managing water use in its manufacturing operations? What are the major risks associated with the company's water use?

- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality and/or quantity permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### BUSINESS MODEL & INNOVATION

#### Supply Chain Management

- › How does the company monitor and mitigate the environmental and social impacts in its wood fiber supply chain?
- › What is the company's strategy around optimizing fiber mix (virgin/recycled) to balance environmental and economic trade-offs over the lifecycle?

### CONTEXTUAL CONSIDERATIONS

#### Pulp production

#### Paper production

#### Total wood fiber sourced

## SOLAR TECHNOLOGY & PROJECT DEVELOPERS



### The Solar Technology & Project Developers

industry comprises companies that manufacture solar energy equipment, including solar photovoltaic (PV) modules, polysilicon feedstock, solar thermal electricity-generation systems, solar inverters, and other related components. Companies may also develop, build, and manage solar energy projects and offer financing or maintenance services to customers. Two primary technologies are utilized in the industry: PV and concentrated solar power (CSP). Within solar PV, there are two main technologies: crystalline silicon-based solar and thin-film solar, which includes panels made using copper indium gallium selenide and cadmium telluride. The primary markets for solar panels are residential, non-residential (commercial and industrial), and utility-scale projects. Companies in the industry operate globally.

### ENVIRONMENT

#### Energy Management in Manufacturing

- › What strategies are in place to manage risks associated with energy consumption? How, and to what extent, is the use of self-generated energy, energy from biomass, or renewable energy to offset grid electricity consumption part of that strategy?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management in Manufacturing

- › How is the company managing and optimizing its water usage in its manufacturing operations? What are the major risks associated with the company's water usage?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

#### Hazardous Waste Management

- › How is the company performing in reducing and recycling hazardous waste?
- › What measures is the company taking to prevent the occurrence and/or limit the impact of spills?

### Ecological Impacts of Project Development

- › How does the company manage risks associated with the ecological impacts of solar project development?
- › What is the company's strategy for managing the ecological and community impacts throughout the project development lifecycle?

### BUSINESS MODEL & INNOVATION

#### Management of Energy Infrastructure Integration & Related Regulations

- › How does the company manage risks associated with regulatory and policy developments related to solar energy integration into existing energy infrastructure? What are the greatest risks and opportunities it has identified?

#### Product End-of-life Management

- › What investments is the company making in developing reusable or recyclable products? What are the results to date?
- › How is the company improving materials efficiency and reducing waste, including through recycling and product design?
- › What strategies does the company employ to monitor, reduce, or eliminate the presence of potentially harmful chemicals in its products?

#### Materials Sourcing

- › What is the company's exposure to risks of potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?
- › How does the company monitor and mitigate potential negative environmental and social externalities and associated business risks associated with its polysilicon supply chain?

### CONTEXTUAL CONSIDERATIONS

#### Total capacity of photovoltaic (PV) solar modules produced

#### Total capacity of completed solar energy systems

#### Total project development assets



## WIND TECHNOLOGY & PROJECT DEVELOPERS



The **Wind Technology & Project Developers** industry comprises companies that manufacture wind turbines, blades, towers, and other components of wind power systems. Companies that develop, build, and manage wind energy projects are also included within the scope of this industry. Manufacturers may also offer post-sale maintenance and support services. Turbines can be installed onshore or offshore, which can cause differences in wind-generating capacity and create challenges in project development for each type of installation. Most major wind technology companies operate globally.

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### BUSINESS MODEL & INNOVATION

#### Ecological Impacts of Project Development

- › What investments is the company making in designing products to minimize ecological and community impacts, such as designing quieter turbines or turbines that have less impact on wildlife?
- › What is the company's strategy in addressing community or ecological impacts?

#### Materials Sourcing

- › What is the company's exposure to risks or potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

#### Materials Efficiency

- › What is the company's risk exposure to price or supply volatility for the major input materials used in its products?
- › How is it optimizing the efficiency of materials, such as steel, used in manufacturing wind turbines?

### CONTEXTUAL CONSIDERATIONS

**Number of delivered wind turbines, by wind turbine class**

**Aggregate capacity of delivered wind turbines, by wind turbine class**

**Amount of turbine backlog**

**Aggregate capacity of turbine backlog**

# RESOURCE TRANSFORMATION SECTOR

## AEROSPACE & DEFENSE



Companies in the **Aerospace & Defense** industry include manufacturers of commercial aircraft, aircraft parts, aerospace and defense products, as well as defense prime contractors. Commercial aircraft manufacturers represent approximately one quarter of industry revenues and sell mainly to commercial airlines and governments. Aerospace and defense parts manufacturers represent the largest segment of the industry by total revenue, selling primarily to governments. Both aerospace and defense manufacturers operate globally and serve a global customer base. Defense primes represent approximately one quarter of total industry revenues and manufacture products including military aircraft, space vehicles, missile systems, ammunition, small arms, naval ships, and other commercial and military vehicles. Their customers consist of various government agencies and related businesses with global operations. The defense prime category also includes firearms manufacturers that sell to law enforcement agencies, businesses, distributors, retailers, and consumers. Key sustainability topics within the industry include the energy efficiency and emissions profile of products and management of manufacturing energy and waste.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Hazardous Waste Management

- › What are the company's primary sources of hazardous waste, and what strategies are in place to reduce these waste streams? What is the company's progress to date?
- › What measures is the company taking to prevent the occurrence and/or limit the impact of spills?

### SOCIAL CAPITAL

#### Data Security

- › What efforts does the company take to identify and address vulnerabilities and threats related to data security in company operations and products?

#### Product Safety

- › What processes does the company have in place to identify and manage safety risks associated with the manufacture and use of its products?
- › How does the company identify and limit the use of counterfeit parts in its products?
- › What safety issues or regulations present the most significant risks and opportunities? How does the company see or expect to see them manifest, and what is the company doing to mitigate these risks?

### BUSINESS MODEL & INNOVATION

#### Fuel Economy & Emissions in Use-phase

- › What strategies is the company implementing to reduce risks and capitalize on opportunities associated with the fuel economy and emissions of its products?

#### Materials Sourcing

- › What is the company's exposure to risks or potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › How has the company performed on preventing bribery, corruption, and illicit international trade?
- › What is the company's exposure to regions with high corruption?
- › What strategies does the company use to manage business ethics risks throughout the value chain?

### CONTEXTUAL CONSIDERATIONS

#### Production by reportable segment

#### Number of employees

## CHEMICALS



Companies in the **Chemicals** industry transform organic and inorganic feedstocks into more than 70,000 diverse products with a range of industrial, pharmaceutical, agricultural, housing, automotive, and consumer applications. The industry is commonly segmented into basic (commodity) chemicals, agricultural chemicals, and specialty chemicals. Basic chemicals, the largest segment by volume produced, include bulk polymers, petrochemicals, inorganic chemicals, and other industrial chemicals. Agricultural chemicals include fertilizers, crop chemicals, and agricultural biotechnology. Specialty chemicals include paints and coatings, agrochemicals, sealants, adhesives, dyes, industrial gases, resins, and catalysts. Larger firms may produce basic, agricultural, and specialty chemicals, while most companies are specialized. Chemicals companies typically manufacture and sell products globally.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and HAPs)?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix? How, and to what extent, is the use of self-generated energy or renewable energy to

offset grid electricity consumption part of that strategy?

### Water Management

- › How is the company increasing water efficiency and managing water use in its manufacturing operations? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › What water quality permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### Hazardous Waste Management

- › What are the company's primary sources of hazardous waste, and what strategies are in place to reduce these waste streams?

### SOCIAL CAPITAL

#### Community Relations

- › What is the company's process for managing risks and opportunities associated with its relationship to the communities in which it operates?

### HUMAN CAPITAL

#### Workforce Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › What human health hazards pose the greatest risks to the workforce?
- › How does the company assess, monitor, and reduce exposure to health risks in its workforce?

### BUSINESS MODEL & INNOVATION

#### Product Design for Use-phase Efficiency

- › What is the company's strategy for capturing revenue opportunities associated with products that enhance use-phase resource efficiency?

## CHEMICALS (CONT.)



### Safety & Environmental Stewardship of Chemicals

- › What is the company's product exposure to hazardous chemicals and how are these hazards managed?
- › What is the company's view on developing alternative products that can reduce potential environmental and human health impacts?

### Genetically Modified Organisms

- › What is the company's management strategy for the use of genetically modified products?

### LEADERSHIP & GOVERNANCE

#### Management of the Legal & Regulatory Environment

- › What is the company's exposure to government regulations and policy proposals related to social and environmental issues? How does this exposure affect the company's goals and long-term business sustainability?

#### Operational Safety, Emergency Preparedness & Response

- › What are the company's biggest challenges with respect to managing the acute and chronic health and safety of employees and contract workers, and how are these challenges managed?
- › How effective is the company at preventing transport-related incidents?

### CONTEXTUAL CONSIDERATIONS

#### Production by reportable segment

## CONTAINERS & PACKAGING



The **Containers & Packaging** industry converts raw materials, including metal, plastic, paper, and glass, into semi-finished or finished packaging products. Companies produce a wide range of products, including: corrugated cardboard packaging, food and beverage containers, bottles for household products, aluminum cans, steel drums, and other forms of packaging. Companies in the industry typically function as business-to-business entities and many operate globally.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, VOCs, and PM)?

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix? How, and to what extent, is the use of self-generated energy or renewable energy to offset grid electricity consumption part of that strategy?

#### Water Management

- › How is the company increasing water efficiency and managing water use in its manufacturing operations? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or

cost increases, particularly in water stressed regions?

- › What water quality and/or quantity permits, standards, and regulations apply to the company? How does the company work to maintain compliance with these guidelines?

### Waste Management

- › What are the company's primary sources of hazardous waste, and what strategies are in place to reduce these waste streams?

### SOCIAL CAPITAL

#### Product Safety

- › What processes does the company have in place to identify and manage safety risks associated with the manufacture and use of its products?
- › How does the company monitor and manage potential risks and/or hazards associated with materials in its finished products?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Management

- › What is the company doing to reduce the environmental impact of its products throughout their lifecycles?
- › How does the company incorporate renewable, recyclable, and reusable products into its strategy?

#### Supply Chain Management

- › What risks does the company face sourcing key raw materials?
- › How is the company managing these risks and limiting potential exposure to rising costs or materials shortages?

### CONTEXTUAL CONSIDERATIONS

#### Amount of production, by substrate

**Percentage of production as: (1) paper/wood, (2) glass, (3) metal, and (4) plastic**

#### Number of employees

## ELECTRICAL & ELECTRONIC EQUIPMENT



The **Electrical & Electronic Equipment** industry consists of companies that develop and manufacture a broad range of electric components, including power generation equipment, energy transformers, electric motors, switchboards, automation equipment, heating and cooling equipment, lighting, and transmission cables. These include: non-structural commercial and residential building equipment, such as Heating, Ventilation, and Air Conditioning (HVAC) systems, lighting fixtures, security devices, and elevators; electrical power equipment; traditional power generation and transmission equipment; renewable energy equipment; industrial automation controls; measurement instruments; and electrical components used for industrial purposes, such as coils, wires, and cables. Companies in this mature and competitive industry operate globally and typically generate a significant portion of their revenue from outside the country of their domicile.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Hazardous Waste Management

- › What are the company's primary sources of hazardous waste, and what strategies are in place to reduce these waste streams?
- › What measures is the company taking to prevent the occurrence and/or limit the impact of spills?

### SOCIAL CAPITAL

#### Product Safety

- › What processes does the company have in place to identify and manage safety risks associated with the manufacture and use of its products?
- › What safety issues or regulations present the most significant risks and opportunities? How does the company see or expect to see them

manifest, and what is the company doing to mitigate these risks?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Management

- › What strategies does the company employ to monitor, reduce, or eliminate the presence of potentially harmful chemicals in its products?
- › What is the company doing to reduce the environmental impact of its products throughout the lifecycle, including strategies to make products more energy efficient or recyclable?
- › What is the company's strategy for capitalizing on the opportunities associated with demand for products that enhance resource efficiency?

#### Materials Sourcing

- › What is the company's exposure to risks or potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › What are the company's strategies for preventing corruption and bribery? Does this strategy differ for areas with a relatively high risk of corruption or bribery?

### CONTEXTUAL CONSIDERATIONS

#### Number of units produced by product category

#### Number of employees

## INDUSTRIAL MACHINERY & GOODS



The **Industrial Machinery & Goods** industry manufactures equipment for a variety of industries including construction, agriculture, energy, utility, mining, manufacturing, automotive, and transportation. Products include engines, earth-moving equipment, trucks, tractors, ships, industrial pumps, locomotives, and turbines. Machinery manufacturers utilize large amounts of raw materials for production, including steel, plastics, rubber, paints, and glass. Manufacturers may also perform the machining and casting of parts before final assembly. Demand in the industry is closely tied to industrial production, while government emissions standards and customer demand are driving innovations to improve energy efficiency and limit air emissions during product use.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

### HUMAN CAPITAL

#### Employee Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › How does the company assess, monitor, and reduce exposure to health and safety risks in the workplace?

### BUSINESS MODEL & INNOVATION

#### Fuel Economy & Emissions in Use-phase

- › What is the company's approach to managing the energy efficiency and air emissions of its products?
- › What goals has the company set with respect to developing fuel efficient products and meeting regulatory requirements?

### Materials Sourcing

- › What is the company's exposure to risks or potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### Remanufacturing Design & Services

- › What opportunities and risks is the company exposed to related to remanufactured products and remanufacturing services?

### CONTEXTUAL CONSIDERATIONS

#### Number of units produced by product category

#### Number of employees



# SERVICES SECTOR

## ADVERTISING & MARKETING



The **Advertising & Marketing** industry is comprised of companies that create advertising campaigns for use in media, display, or direct mail advertising and related services including market research. Advertising and marketing companies are engaged primarily by businesses selling consumer products, entertainment, financial services, technology products, and telecommunications services. Larger advertising companies are structured as holding companies, owning multiple agencies across the globe that provide a wide range of services such as custom publishing, brand consultancy, mobile and online marketing, and public relations. For any advertising campaign, the same company may be engaged in all aspects, from graphic arts and content creation to data analytics, marketing research, and media planning and buying, or the company may be in charge only of certain aspects.

### SOCIAL CAPITAL

#### Data Privacy

- › What types of consumer data does the company use to target its ads? Has the company identified any risks from these practices?
- › How does the company balance the benefits of targeted advertising with legal risks and maintaining consumer trust?

#### Advertising Integrity

- › What protocols does the company have in place to ensure the veracity of claims in its advertising? How does the company manage risk associated with advertising claims?
- › To what extent does the company align its campaigns with industry self-regulatory procedures?
- › What is the company's exposure through advertising campaigns to alcohol or tobacco products?

### HUMAN CAPITAL

#### Workforce Diversity & Inclusion

- › What is the company's strategy to effectively reach the diverse audiences targeted by its clients?
- › What initiatives does the company have in place to encourage equitable employment of people from different gender and racial/ethnic groups, especially at management and professional levels? How does this vary by region?

### CONTEXTUAL CONSIDERATIONS

#### Median reach of advertisements and marketing campaigns

#### Number of exposures to advertisements or marketing campaigns

#### Median frequency of exposures

#### Number of employees



## CASINOS & GAMING



Publicly held **Casinos & Gaming** companies operate gambling facilities and/or platforms, including brick-and-mortar casinos, riverboat casinos, online gambling websites, and racetracks. The broader industry in the U.S. is dominated by privately held Native American casinos, which significantly outnumber publicly held casinos. Native American casinos are generally owned and operated by tribes, but sometimes can be managed by commercial casino operators or other management companies. The industry is characterized by high levels of regulatory oversight, which represents the main barrier to entry for new operators. Fewer than half of U.S. states have legalized commercial casinos in some form, although industry regulation varies significantly worldwide.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

### SOCIAL CAPITAL

#### Responsible Gaming

- › How effectively does the company implement responsible gambling standards and discourage problem gambling?

### HUMAN CAPITAL

#### Smoke-free Casinos

- › What is the company's policy regarding smoking in its casinos? How does this vary by region and what anti-smoking regulations is the company subject to?
- › How does the company protect its workers' long-term health, especially with regards to exposure to second-hand smoke?

### BUSINESS MODEL & INNOVATION

#### Internal Controls on Money Laundering

- › What is the company's exposure to money laundering-related risks? How does the company mitigate these risks?
- › What are the company's biggest challenges related to deterring, identifying, and reporting incidences of money laundering?

### CONTEXTUAL CONSIDERATIONS

#### Number of tables

#### Number of slots

#### Number of active online gaming customers

#### Total area of gaming floor

## EDUCATION



The **Education** industry includes education institutions that are profit-seeking and generate revenue from student fees. At the primary and secondary levels, this includes mostly education management organizations (EMOs) and some businesses. At the tertiary (or higher) level, services are delivered on a full-time, part-time, distance-learning, and occasional basis across establishments such as junior colleges, business and secretarial schools, colleges, universities, and professional schools including medical, pharmaceutical, and veterinary programs. An increasing number of students in for-profit universities take courses online.

### SOCIAL CAPITAL

#### Data Security

- › What efforts does the company take to identify and address vulnerabilities and threats as well as prevent data security breaches?
- › What are the company's policies related to the collection, use, and retention of student information?

#### Quality of Education & Gainful Employment

- › What strategies does the company have in place to ensure the timely graduation of its students?
- › What strategies does the company have in place to support student's job placement and career success?
- › How much do typical students earn upon graduation compared to their debt load?

#### Marketing & Recruiting Practices

- › What protocols does the company have in place to ensure the veracity of key performance statistics shared with prospective students? How does the company manage the risk associated with advertising claims and mandatory disclosures?
- › How does amount of money spent on marketing and recruiting compare to the amount spent on instruction and student services?
- › How much funding does the school receive from government sources and from private student loans?

### CONTEXTUAL CONSIDERATIONS

#### Number of students enrolled

#### Number of applications received for enrollment

#### Average registered credits per student, percentage online

#### Number of: (1) teaching staff and (2) all other staff

## HOTELS & LODGING



The **Hotels & Lodging** industry is composed of companies that provide overnight accommodation, including hotels, motels, and inns. It is a competitive industry that is primarily comprised of large hotel chains and in which customers base purchase decisions on a wide range of factors including quality and consistency of services, availability of locations, price, and loyalty program offers. Businesses are often structured in one or more of the following ways: direct revenue from hotel services, including room rental and food and beverage sales; management and franchise services with fee revenue from property management; and vacation residential ownership with revenue from sales of residential units.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

#### Ecological Impacts

- › What is the company's exposure to environmental risks associated with its facilities and operations?
- › What is the company's management strategy for preserving ecosystem services near its facilities, especially in areas with protected conservation status?

### HUMAN CAPITAL

#### Labor Practices

- › What is the company's strategy to reduce employee turnover and associated costs?
- › What is the company's strategy to ensure compliance with labor laws?
- › What is the company's sensitivity to future adjustments in minimum wage, and how does this vary by region?
- › How does the company prevent and resolve issues related to worker harassment?

### BUSINESS MODEL & INNOVATION

#### Climate Change Adaptation

- › What is the exposure of the company's properties to flood risks?

### CONTEXTUAL CONSIDERATIONS

#### Number of available room-nights

#### Average occupancy rate

#### Total area of lodging facilities

#### Number of lodging facilities and the percentage that are: (1) managed, (2) owned and leased, (3) franchised

## LEISURE FACILITIES



The **Leisure Facilities** industry is comprised of companies that operate entertainment, travel, and recreation facilities and services. Companies in this industry operate amusement parks, movie theaters, ski resorts, sports stadiums, and athletic clubs and other venues. Leisure facilities companies mainly generate revenue by providing live, digital, and/or interactive entertainment to millions of guests and customers annually across various locations.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

### SOCIAL CAPITAL

#### Customer Safety

- › How successfully does the company monitor the safety of its facilities, respond to safety issues, and prevent customer injury and death?

### HUMAN CAPITAL

#### Workforce Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### CONTEXTUAL CONSIDERATIONS

#### Attendance

#### Number of customer-days

## MEDIA & ENTERTAINMENT



**Media & Entertainment** companies create content and/or acquire rights to distribute content over cable or broadcast media, including entertainment programs, news, music, and children's programming. Companies in this industry also publish books, newspapers, and periodicals, and broadcast radio and local television programming.

### SOCIAL CAPITAL

#### Media Pluralism

- › What hiring and promotional practices does the company have in place to ensure that the company's demographics reflect the population the company is serving?
- › What policies are in place to ensure media content reflects the diversity of the audience or target population?

#### Journalistic Integrity & Sponsorship Identification

- › What is the company's exposure to legal risks associated with libel and slander?
- › What internal controls does the company have in place to ensure accuracy of content and journalistic integrity?
- › Within each relevant media form, how does the company distinguish embedded advertising from non-sponsored content?

### LEADERSHIP & GOVERNANCE

#### Intellectual Property Protection & Media Piracy

- › What is the company's exposure to intellectual property-related risks and opportunities?

### CONTEXTUAL CONSIDERATIONS

(1) Total recipients of media and the number of (2) households reached by broadcast TV, (3) subscribers to cable networks, and (4) circulation for magazines and newspapers

Total number of media productions and publications produced

## PROFESSIONAL & COMMERCIAL SERVICES



The **Professional & Commercial Services** industry includes companies that rely on the unique skills and knowledge of their employees to serve a range of clients. Services are often provided on an assignment basis, where an individual or team is responsible for the delivery of services to clients. Offerings include, but are not limited to, management and administration consulting services, such as staffing and executive search services; legal, accounting, and tax preparation services; and financial and non-financial information services. Non-financial information service providers may specialize in an array of topics such as energy, healthcare, real estate, technology, and science. Financial information service companies include credit and rating agencies as well as data and portfolio analytics providers. Customers of professional and commercial service providers include private and public for-profit institutions and non-profit organizations.

### SOCIAL CAPITAL

#### Data Security

- › What efforts does the company take to identify and address vulnerabilities and threats as well as prevent data security breaches?
- › What are the company's policies related to the collection, use, and retention of customer information?

### HUMAN CAPITAL

#### Workforce Diversity & Engagement

- › What initiatives does the company have in place to encourage equitable employment of people from different gender and racial/ethnic groups, especially at management and professional level? How does this vary by region?
- › How effectively does the company encourage employee retention and engagement?

### LEADERSHIP & GOVERNANCE

#### Professional Integrity

- › What internal controls does the company have in place to prevent conflicts of interest, bias, and negligence and ensure that employees fulfill their fiduciary duty to their clients?
- › What professional integrity regulations apply to company operations and how does the company ensure compliance with these regulations?

### CONTEXTUAL CONSIDERATIONS

Number of employees by: (1) full-time and part-time, (2) temporary, and (3) contract

Employee hours worked, percentage billable

# TECHNOLOGY & COMMUNICATIONS SECTOR

## ELECTRONIC MANUFACTURING SERVICES & ORIGINAL DESIGN MANUFACTURING



The **Electronic Manufacturing Services (EMS) & Original Design Manufacturing (ODM)** industry consists of two main segments. EMS companies provide assembly, logistics, and after-market services for original equipment manufacturers. The ODM segment of the industry provides engineering and design services for original equipment manufacturers and may own significant intellectual property. Although EMS & ODM companies produce equipment for a variety of sectors, the industry is closely associated with the Hardware industry, which consists of companies that design technology hardware products such as personal computers, consumer electronics, and storage devices for both personal consumers and businesses.

### ENVIRONMENT

#### Water Management

- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?
- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?

#### Waste Management

- › What are the company's primary sources of hazardous waste, and what strategies are in place to reduce these waste streams?
- › How is the company performing in reducing and recycling waste?

### HUMAN CAPITAL

#### Labor Practices

- › How does the company minimize the risk of labor-related production disruptions?

#### Labor Conditions

- › How does the company ensure worker health and safety, and promote a strong safety culture?
- › To what code(s) of conduct are the company and its suppliers' facilities audited? How does the company encourage compliance and resolve non-compliance?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Management

- › What strategies does the company employ to recover, recycle, or re-use material from end-of-life products?
- › How does the company reduce the environmental impact of products throughout their lifecycle?

#### Materials Sourcing

- › What is the company's exposure to risks of potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### CONTEXTUAL CONSIDERATIONS

#### Number of manufacturing facilities

#### Area of manufacturing facilities

#### Number of employees

## HARDWARE



The **Hardware** industry consists of companies that design and sell technology hardware products, including computers, consumer electronics, communications equipment, storage devices, components, and peripherals. Many companies in the industry rely heavily on the Electronic Manufacturing Services & Original Design Manufacturing (EMS & ODM) industry for manufacturing services. The industry is expected to continue to grow as the use of technology rapidly grows, especially from consumers in emerging markets.

### SOCIAL CAPITAL

#### Product Security

- › How does the company manage and prevent data security risks in products?

### HUMAN CAPITAL

#### Employee Diversity & Inclusion

- › What actions is the company taking to ensure gender and racial/ethnic diversity throughout the organization, specifically at management levels and in technical positions?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Management

- › What strategies does the company employ to monitor, reduce, or eliminate the presence of potentially harmful chemicals in its products?
- › How does the company manage risks and opportunities related to environmental standards and regulations and respond to increasing customer demand for sustainable products?
- › What strategies does the company employ to recover, recycle, or re-use material from end-of-life products?

#### Supply Chain Management

- › How does the company screen, select, and manage its suppliers to mitigate exposure to environmental and social risks?
- › What major supply chain-related risks is the company exposed to?

### Materials Sourcing

- › What is the company's exposure to risks of potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### CONTEXTUAL CONSIDERATIONS

#### Number of units produced by product category

#### Area of manufacturing facilities

#### Percentage of production from owned facilities

## INTERNET MEDIA & SERVICES



The **Internet Media & Services** industry consists of two main segments. The Internet Media segment includes companies providing search engines and internet advertising channels, online gaming, and online communities such as social networks, as well as content, usually easily searchable, such as educational, medical, health, sports, or news content. The Internet-based Services segment includes companies selling services mainly through the Internet. The industry generates revenues primarily from online advertising, on usually free content, with other sources of revenue being subscription fees, content sales, or sale of user information to interested third parties.

### ENVIRONMENT

#### Environmental Footprint of Hardware Infrastructure

- › What is the company's strategy to optimize energy use and protect against power grid disruptions?
- › What is the company's strategy to optimize water use, especially in water-stressed regions?
- › How does the company integrate environmental considerations into its strategic planning for data centers?

### SOCIAL CAPITAL

#### Data Privacy, Advertising Standards & Freedom of Expression

- › What is the company's exposure to government-required monitoring, blocking, content filtering, and censoring of data? How does the company manage these requirements and what effect does this have on the company's reputation and growth?
- › How does the company balance the use of customer personal data for revenue opportunities with legal risks and maintaining customer trust?
- › What is the company's approach to collecting and using customer data for secondary purposes?

- › How does the company respond to requests for customer information from governments or law enforcement?

### Data Security

- › What efforts does the company take to identify and address vulnerabilities and threats as well as prevent data security breaches?
- › How does the company integrate third-party cybersecurity standards into its data security practices?

### HUMAN CAPITAL

#### Employee Recruitment, Inclusion & Performance

- › What is the extent of the company's reliance on employees who are foreign nationals?
- › What strategies does the company employ to attract, recruit, and retain qualified technical candidates?
- › What actions is the company taking to ensure gender and racial/ethnic diversity throughout the organization, specifically at management levels and in technical positions?

### LEADERSHIP & GOVERNANCE

#### Intellectual Property Protection & Competitive Behavior

- › How does the company manage the legal environment surrounding anti-competitive behavior and the protection of its intellectual property?

### CONTEXTUAL CONSIDERATIONS

#### Entity-defined measure of user activity

(1) Data processing capacity, (2) percentage outsourced

(1) Amount of data storage, (2) percentage outsourced



## SEMICONDUCTORS



The **Semiconductors** industry includes companies that design or manufacture semiconductor devices, integrated circuits, their raw materials and components, or capital equipment. Some companies in the industry provide outsourced manufacturing, assembly, or other services for designers of semiconductor devices.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's strategy to reduce its Scope 1 and perfluorinated compound emissions?

#### Energy Management in Manufacturing

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Water Management

- › What strategies does the company employ to minimize potential water supply disruptions or cost increases, particularly in water stressed regions?

#### Waste Management

- › What are the company's primary sources of hazardous waste, and what strategies, including recycling, are in place to reduce these waste streams?

### HUMAN CAPITAL

#### Employee Health & Safety

- › How does the company assess, monitor, and reduce exposure to health and safety risks in the workplace?

#### Recruiting & Managing a Global & Skilled Workforce

- › What strategies does the company employ to attract, recruit, and retain qualified technical candidates?

### BUSINESS MODEL & INNOVATION

#### Product Lifecycle Management

- › What strategies does the company employ to monitor, reduce, or eliminate the presence of potentially harmful chemicals in its products?
- › How does the company design and market energy efficiency in its products and respond to increasing customer demand for sustainable products?

#### Materials Sourcing

- › What is the company's exposure to risks of potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

### LEADERSHIP & GOVERNANCE

#### Intellectual Property Protection & Competitive Behavior

- › How does the company manage the legal environment surrounding anti-competitive behavior and the protection of its intellectual property?

### CONTEXTUAL CONSIDERATIONS

#### Total production

#### Percentage of production from owned facilities

## SOFTWARE & IT SERVICES



### The Software & Information Technology (IT)

**Services** industry offers products and services globally to retail, business, and government customers, and includes companies involved in the development and sales of applications software, infrastructure software, and middleware. The industry is generally competitive, but with dominant players in some segments. While relatively immature, the industry is characterized by high-growth companies that place a heavy emphasis on innovation and depend on human and intellectual capital. The industry also includes IT services companies delivering specialized IT functions, such as consulting and outsourced services. New industry business models include cloud computing, software as a service, virtualization, machine-to-machine communication, big data analysis, and machine learning. Additionally, brand value is key for companies in the industry to scale and achieve network effects, whereby wide adoption of a particular software product leads to self-perpetuating growth in sales.

### ENVIRONMENT

#### Environmental Footprint of Hardware Infrastructure

- › What is the company's strategy to optimize energy use and protect against power grid disruptions?
- › What is the company's strategy to optimize water use, especially in water-stressed regions?
- › How is the company increasing water efficiency and managing water use? What are the major risks associated with the company's water use?
- › How does the company integrate environmental considerations into its strategic planning for data centers?

### SOCIAL CAPITAL

#### Data Privacy & Freedom of Expression

- › How does the company respond to requests for customer information from governments or law enforcement?

- › How does the company balance the use of customer personal data for revenue opportunities with legal risks and maintaining customer trust?
- › What is the company's exposure to government-required monitoring, blocking, content filtering, and censoring of data? How does the company manage these requirements and what effect does this have on the company's reputation and growth?
- › What is the company's approach to collecting and using customer data for secondary purposes?

### Data Security

- › What efforts does the company take to identify and address vulnerabilities and threats as well as prevent data security breaches?
- › How does the company integrate third-party cybersecurity standards into its data security practices?

### HUMAN CAPITAL

#### Recruiting & Managing a Global, Diverse & Skilled Workforce

- › What is the company's exposure to labor shortages from having a lack of access to qualified technical STEM candidates?
- › What strategies does the company employ to attract, recruit, and retain qualified technical candidates?
- › What does the company do to ensure gender and racial/ethnic diversity throughout the organization, specifically at management levels and in technical positions?

### LEADERSHIP & GOVERNANCE

#### Intellectual Property Protection & Competitive Behavior

- › How successful is the company in complying with the applicable regulations related to anti-competitive behavior?

## SOFTWARE & IT SERVICES (CONT.)



### Managing Systemic Risks from Technology Disruptions

- › How does the company prevent and respond to performance issues and service disruption, and how effectively does it minimize the duration of downtime and prevent future issues?

#### CONTEXTUAL CONSIDERATIONS

(1) Number of licenses or subscriptions,  
(2) percentage cloud-based

(1) Data processing capacity, (2)  
percentage outsourced

(1) Amount of data storage, (2)  
percentage outsourced

## TELECOMMUNICATION SERVICES



The **Telecommunication Services** industry consists of wireless and wireline telecommunication companies, as well as companies that provide cable and satellite services. The wireless services segment provides direct communication through radio-based cellular networks and operates and maintains the associated switching and transmission facilities. The wireline segment provides local and long distance voice communication via the Public Switched Telephone Network. Wireline carriers also offer voice over internet protocol (VoIP) telephone, television, and broadband internet services over an expanding network of fiber optic cables. Cable providers distribute television programming from cable networks to subscribers. They typically also provide consumers with video services, high-speed internet service, and VoIP. These services are traditionally bundled into packages that provide subscribers with easier payment options than paying for each service separately. Satellite companies distribute TV programming through broadcasting satellites orbiting the Earth or through ground stations. Companies serve customers primarily in their domestic markets, although some companies operate in several countries..

#### ENVIRONMENT

##### Environmental Footprint of Operations

- › What is the company's strategy to optimize energy use and protect against power grid disruptions?

#### SOCIAL CAPITAL

##### Data Privacy

- › What is the company's approach to collecting and using customer data for secondary purposes?
- › How does the company balance the use of customer personal data for revenue opportunities with legal risks and maintaining customer trust?

- › How does the company respond to requests for customer information from governments or law enforcement?

##### Data Security

- › What efforts does the company take to identify and address vulnerabilities and threats as well as prevent data security breaches?

#### BUSINESS MODEL & INNOVATION

##### Product End-of-life Management

- › How is the company improving materials efficiency and reducing waste, including through recycling?

#### LEADERSHIP & GOVERNANCE

##### Competitive Behavior & Open Internet

- › How successful is the company in complying with the applicable regulations related to anti-competitive behavior?
- › Does the company prioritize download speed of commercially-associated content over non-associated content?
- › How does the company balance risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices?

##### Managing Systemic Risks from Technology Disruptions

- › How does the company prevent and respond to service interruptions, and how effectively does it minimize the duration of interruptions and prevent future issues?
- › What is the level of capital investment the company has made into improving the reliability and quality of the service network?

#### CONTEXTUAL CONSIDERATIONS

**Number of wireless subscribers**

**Number of wireline subscribers**

**Number of broadband subscribers**

**Network traffic**

# TRANSPORTATION SECTOR

## AIR FREIGHT & LOGISTICS



**Air Freight & Logistics** companies provide freight services and transportation logistics to both businesses and individuals. There are three main industry segments: air freight transportation, post and courier services, and transportation logistics services. Companies in the industry earn revenue from one or more of the segments and range from non-asset-based to asset-heavy. Transportation logistics services include contracting with road, rail, marine, and air freight companies to select and hire appropriate transportation. Services can also include customs brokerage, distribution management, vendor consolidation, cargo insurance, purchase-order management, and customized logistics information. The industry is key to global trade, granting it a degree of demand stability.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, and PM10)?

### HUMAN CAPITAL

#### Labor Practices

- › What is the company's exposure to risks and opportunities related to the classification and compensation of drivers who are independent contractors?
- › What is the company's strategy to ensure compliance with labor laws?

#### Employee Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### BUSINESS MODEL & INNOVATION

#### Supply Chain Management

- › How does the company balance the need for fast, efficient delivery with ensuring worker safety within its supply chain?
- › How is the company prepared to meet increasing demand for low-carbon logistics solutions?

### LEADERSHIP & GOVERNANCE

#### Accident & Safety Management

- › How does the company manage safety-related issues in its ground and air fleets?
- › How does the company balance the need for fast, efficient delivery with worker safety?
- › How does the company minimize vehicle-related incidents and limit driving-related risks?

### CONTEXTUAL CONSIDERATIONS

**Revenue ton kilometers (RTK) for: (1) road transport and (2) air transport**

**Load factor for: (1) road transport and (2) air transport**

**Number of employees, number of truck drivers**

## AIRLINES



The **Airlines** industry is comprised of companies that provide air transportation globally to passengers for both leisure and business purposes. This includes commercial full-service, low-cost, and regional airlines. Full-service carriers typically use a hub-and-spoke model to design their routes within countries and internationally. Low-cost carriers usually offer a smaller number of routes as well as no-frills service to their customers. Regional carriers typically operate under contract to full-service carriers, expanding the network of the larger carriers. Many airline companies also have a cargo segment in their operations from which they generate additional revenue. It is common within the industry for companies to form partnerships or join alliances in order to increase network size. Operating as an alliance allows airlines to offer customers access to international or otherwise underserved itineraries on multiple airlines under one ticket. At the same time, airlines share some overhead costs and increase their competitive position in the global market without having to operate outside their home country.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › What are the major types of fuel consumed?
- › How does the company limit its exposure to fossil fuel-related risks?

### HUMAN CAPITAL

#### Labor Practices

- › What are the major risks and opportunities associated with the workforce? How does the company manage relations with its workforce,

including those covered under a collective bargaining agreement?

- › How does the company minimize the risk of labor-related production disruptions?

### LEADERSHIP & GOVERNANCE

#### Competitive Behavior

- › To what anti-competitive behavior regulations is the company subject? How does the company ensure compliance with these regulations?

#### Accident & Safety Management

- › How does the company manage safety-related issues in its aircraft?
- › How does the company balance customer demand for fast travel with worker and customer safety?

### CONTEXTUAL CONSIDERATIONS

#### Available seat kilometers (ASK)

#### Passenger load factor

#### Revenue passenger kilometers (RPK)

#### Revenue ton kilometers (RTK)

#### Number of departures

#### Average age of fleet

## AUTO PARTS



Companies in the **Auto Parts** industry supply motor vehicle parts and accessories to original equipment manufacturers (OEM). Auto parts companies typically specialize in the manufacturing and assembly of certain parts or accessories, such as engine exhaust systems, alternative drivetrains, hybrid systems, catalytic converters, aluminum wheels (rims), tires, rearview mirrors, and onboard electrical and electronic equipment. Although the larger automotive industry includes several tiers of suppliers that provide parts and raw materials used to assemble motor vehicles, the scope of SASB's Auto Parts industry includes only Tier 1 suppliers that supply parts directly to OEMs. The scope of the industry excludes captive suppliers, such as engine and stamping facilities, that are owned and operated by OEMs. Similarly, it excludes Tier 2 suppliers, which provide inputs for the Auto Parts industry.

### ENVIRONMENT

#### Energy Management

- › How is the company managing energy consumption and related price and supply risks?
- › What strategies are in place to increase energy efficiency and manage the company's energy mix?

#### Waste Management

- › How is the company improving materials efficiency and reducing waste in manufacturing, including through recycling?

### SOCIAL CAPITAL

#### Product Safety

- › What is the company's exposure to product safety-related risks and how does it manage these risks?

### BUSINESS MODEL & INNOVATION

#### Design for Fuel Efficiency

- › How does the company identify and manage opportunities for fuel efficient or emissions-reducing products?

#### Materials Sourcing

- › What is the company's exposure to risks or potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

#### Materials Efficiency

- › How does the company incorporate recycled or remanufactured materials into its manufacturing process?
- › How is the company improving the recyclability and reusability of its products?

### LEADERSHIP & GOVERNANCE

#### Competitive Behavior

- › To what anti-competitive behavior regulations is the company subject? How does the company ensure compliance with these regulations?

### CONTEXTUAL CONSIDERATIONS

#### Number of parts produced

#### Weight of parts produced

#### Area of manufacturing plants

## AUTOMOBILES



The **Automobiles** industry includes companies that manufacture passenger vehicles, light trucks, and motorcycles. Industry players design, build, and sell vehicles that run using a range of traditional and alternative fuels and powertrains. They sell these vehicles to dealers for consumer retail sales as well as sell directly to fleet customers, including car rental and leasing companies, commercial fleets, and governments. Due to the global nature of this industry, nearly all companies have manufacturing facilities, assembly plants, and service locations in several countries around the world. The Automobiles industry is highly concentrated, with a few large manufacturers and a diversified supply chain. Given the industry's reliance on natural resources and sensitivity to the business cycle, revenues are typically cyclical.

### SOCIAL CAPITAL

#### Product Safety

- › How does the company ensure compliance with vehicle safety regulations and prioritize customer safety?
- › What safety issues or regulations present the most significant risks and opportunities? How does the company see or expect to see these opportunities manifest, and what is the company doing to mitigate these risks?
- › What is the company's process for identifying and investigating safety-related defect complaints?
- › What is the company's exposure to vehicle safety-related risks and how does it manage these risks?

### HUMAN CAPITAL

#### Labor Practices

- › What are the major risks and opportunities associated with the workforce? How does the company manage relations with its workforce, including those covered under a collective bargaining agreement?
- › How does the company minimize the risk of labor-related production disruptions?

### BUSINESS MODEL & INNOVATION

#### Fuel Economy & Use-phase Emissions

- › How is the company positioned to address the market for fuel-efficient vehicles compared to its peers?
- › What are the company's greatest risks related to fuel economy and emissions?

#### Materials Sourcing

- › What is the company's exposure to risks or potential disruptions in the supply chain arising from the use of critical materials, and how is the company managing these risks?

#### Materials Efficiency & Recycling

- › What measures does the company take to improve materials efficiency and reduce waste in manufacturing?
- › How is the company improving the recyclability and reusability of its products, and what programs are available for reclamation of end-of-life material?

### CONTEXTUAL CONSIDERATIONS

#### Number of vehicles manufactured

#### Number of vehicles sold

## CAR RENTAL & LEASING



Companies in this industry rent or lease passenger vehicles to customers. Car rentals are typically for periods of less than a month, while leases are for a year or more. The industry includes car-sharing business models where rentals are measured hourly and typically include subscription fees. Car rental companies operate out of airport locations, which serve business and leisure travelers, and out of neighborhood locations, which mostly provide repair-shop and weekend rentals. The industry is concentrated, with several dominant market players, who operate globally using a franchise model. The growth of public transit and ride-sharing services in major metropolitan areas may represent a threat to the long-term profitability of the **Car Rental & Leasing** industry if customers chose to hail rides or take public transit rather than rent vehicles.

### SOCIAL CAPITAL

#### Customer Safety

- › What safety rating systems apply to the company's rental fleet vehicles and how do the vehicles perform against these ratings?
- › How does the company ensure that its fleet is safe for customers?
- › What is the company's policy on rental of recalled vehicles?

### BUSINESS MODEL & INNOVATION

#### Fleet Fuel Economy & Utilization

- › What environmental factors are considered in fleet vehicle purchases?
- › How does the company optimize its fleet utilization rate?

### CONTEXTUAL CONSIDERATIONS

#### Average vehicle age

#### Total available rental days

#### Average rental fleet size



## CRUISE LINES



The **Cruise Lines** industry comprises companies that provide passenger transportation and leisure entertainment, including deep sea cruises and river cruises. The industry is dominated by a few large companies. Cruises aim to provide a luxury resort experience for thousands of passengers at a time. The Cruise Lines industry has often been the fastest-growing segment of the travel industry, but is very cyclical.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › What are the company's major sources of energy? How is the company managing energy consumption and the related price and supply risks?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, and PM10)?

#### Discharge Management & Ecological Impacts

- › How does the company balance customer demand to visit ecologically sensitive areas with the need to preserve them and encourage sustainable tourism?
- › To what discharge regulations is the company subject? What is the company's policy on the treatment and disposal of onboard waste and wastewater?
- › How does the company mitigate the risks associated with operating in marine protected areas and areas of protected conservation status?

### SOCIAL CAPITAL

#### Customer Health & Safety

- › How does the company prevent crime onboard its vessels and investigate alleged incidents?
- › How does the company maintain sanitary conditions in order to limit injuries and gastrointestinal illnesses?

### HUMAN CAPITAL

#### Labor Practices

- › How does the company manage applicable labor laws to ensure that it is in compliance throughout its vessels' routes?
- › How does the company ensure work hours remain within applicable limits and ensure compensation for overtime?

#### Employee Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### LEADERSHIP & GOVERNANCE

#### Accident Management

- › What processes does the company have in place to mitigate the potential for significant accidents?
- › How does the company ensure onboard passenger and worker safety, and promote a strong safety culture, including emergency preparedness and response?

### CONTEXTUAL CONSIDERATIONS

#### Available lower berth kilometers (ALB-KM)

#### Average passenger cruise days (APCD)

#### Number of shipboard employees

#### Cruise passengers

#### Number of vessel port calls

## MARINE TRANSPORTATION



The **Marine Transportation** industry consists of companies that provide deep-sea, coastal, and/or river-way freight shipping services. It is of strategic importance to international trade and its revenues are tied to macroeconomic cycles. Key activities include transportation of containerized and bulk freight, including consumer goods and a wide range of commodities, and transportation of chemicals and petroleum products in tankers. Due to the global scope of the industry, companies operate in many countries and under diverse legal and regulatory frameworks.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › What are the company's major sources of energy? How is the company managing energy consumption and the related price and supply risks?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, and PM10)?

#### Ecological Impacts

- › How does the company mitigate the risks associated with operating in marine protected areas and areas of protected conservation status?
- › What measures is the company taking to limit the ecological impact of spills and operational discharges?

### HUMAN CAPITAL

#### Employee Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### LEADERSHIP & GOVERNANCE

#### Business Ethics

- › What is the nature of the company's operations in regions of high corruption?
- › What strategies does the company use to prevent corruption and bribery?

#### Accident & Safety Management

- › What processes does the company have in place to mitigate the potential for significant accidents?
- › How does the company ensure onboard passenger and worker safety, and promote a strong safety culture, including emergency preparedness and response?
- › How does the company ensure onboard worker safety, and promote a strong safety culture, including emergency preparedness and response?

### CONTEXTUAL CONSIDERATIONS

#### Number of shipboard employees

#### Total distance traveled by vessels

#### Operating days

#### Deadweight tonnage

#### Number of vessels in total shipping fleet

#### Number of vessel port calls

#### Twenty-foot equivalent unit (TEU) capacity

## RAIL TRANSPORTATION



The **Rail Transportation** industry consists of companies that provide rail freight shipping and support services. Key activities include shipping containerized and bulk freight, including consumer goods and commodities. Rail companies typically own, maintain, and operate their rail networks, which may require significant capital expenditures. The U.S. operates the longest railroad network in the world, followed closely by Russia, China, India, Canada, Germany, and France. The industry exhibits economies of density due to its network effects, lending itself to natural monopoly conditions. Together with the large sunk costs of rail infrastructure, this provides a competitive advantage to incumbent firms in the industry and creates barriers to entry for new firms.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › What are the major types of fuel consumed?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, and PM10)?

### HUMAN CAPITAL

#### Employee Health & Safety

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?

### LEADERSHIP & GOVERNANCE

#### Competitive Behavior

- › How does the company ensure compliance with anti-competitive behavior regulations?

#### Accident & Safety Management

- › How does the company minimize rail accidents and incidents?
- › How does the company limit the impact of accident and non-accident releases?
- › How frequently does the company perform railway integrity inspections?

### CONTEXTUAL CONSIDERATIONS

#### Number of carloads transported

#### Number of intermodal units transported

#### Track miles

#### Revenue ton miles (RTM)

#### Number of employees

## ROAD TRANSPORTATION



The **Road Transportation** industry consists of companies that provide long- and short-haul freight trucking services. Key activities include the shipment of containerized and bulk freight, including consumer goods and a wide variety of commodities. The industry is commonly broken down into two categories: truckload (vehicles carrying the goods of only one customer) and less-than-truckload (vehicles carrying the goods of multiple customers). Owner-operators comprise the vast majority of the industry due to the relative ease of entry, while a few large operators maintain market share through contracts with major shippers. Large companies often subcontract with owner-operators to supplement their owned fleet.

### ENVIRONMENT

#### Greenhouse Gas Emissions

- › What is the company's exposure to emissions-limiting regulations? How does the geography of the company's operations factor into this analysis?
- › What is the company's strategy to manage Scope 1 emissions? What are the results to date?
- › What are the major types of fuel consumed?

#### Air Quality

- › How has the company performed in managing risks associated with its air emissions of industry-specific pollutants (NO<sub>x</sub>, SO<sub>x</sub>, and PM10)?

### HUMAN CAPITAL

#### Driver Working Conditions

- › How has the company performed in addressing employee health and safety, and how does it promote a strong safety culture?
- › How does the company manage and reduce employee turnover?
- › What health issues pose the greatest risks to the company's drivers? How does the company mitigate those risks?

### LEADERSHIP & GOVERNANCE

#### Accident & Safety Management

- › How does the company minimize vehicle-related incidents and limit driving-related risks?
- › What measures is the company taking to prevent the occurrence and/or limit the impact of spills?

### CONTEXTUAL CONSIDERATIONS

#### Revenue ton miles (RTM)

#### Load factor

#### Number of employees, number of truck drivers

