

SUSTAINALYTICS CORPORATE SOLUTIONS

ESG Assessment Platform

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About Sustainalytics' Corporate Solutions

Sustainalytics, a Morningstar Company, is a leading global ESG research, ratings, and data firm supporting corporations and their financial intermediaries to consider sustainability issues in their policies, practices, and capital projects. As the leading second-party opinion provider in the market, Sustainalytics offers issuers credible verification on the use of proceeds for sustainable finance products. Corporations also leverage Sustainalytics' ESG Risk Ratings to understand and promote their ESG performance with their internal and external stakeholders. The firm has received awards in recognition of its ESG solutions and opinion services, most recently from Climate Bonds Initiative, Environmental Finance and GlobalCapital. With 17 offices globally, Sustainalytics has more than 1,200 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com



Build a more sustainable supply chain

Even if your company meets the highest ESG performance standards, many of your suppliers and partners may not. Studies have estimated that up to 90% of a company's sustainability impacts originate in a firm's supply chain¹.

Companies with large, globally diversified supplier portfolios and business relationships need access to fast and reliable ESG data. To support this need, Sustainalytics' ESG Assessment Platform helps organizations **assess the overall sustainability of the organizations they work with, from customers to suppliers to partners.**

- Sustainalytics rates over 13,000 companies worldwide
- Add companies on-demand and get a predicted ESG Risk Rating
- Tailored frameworks for 40+ industries
- Gain insight into material corporate ESG risk
- Identify companies who prioritize supply chain sustainability



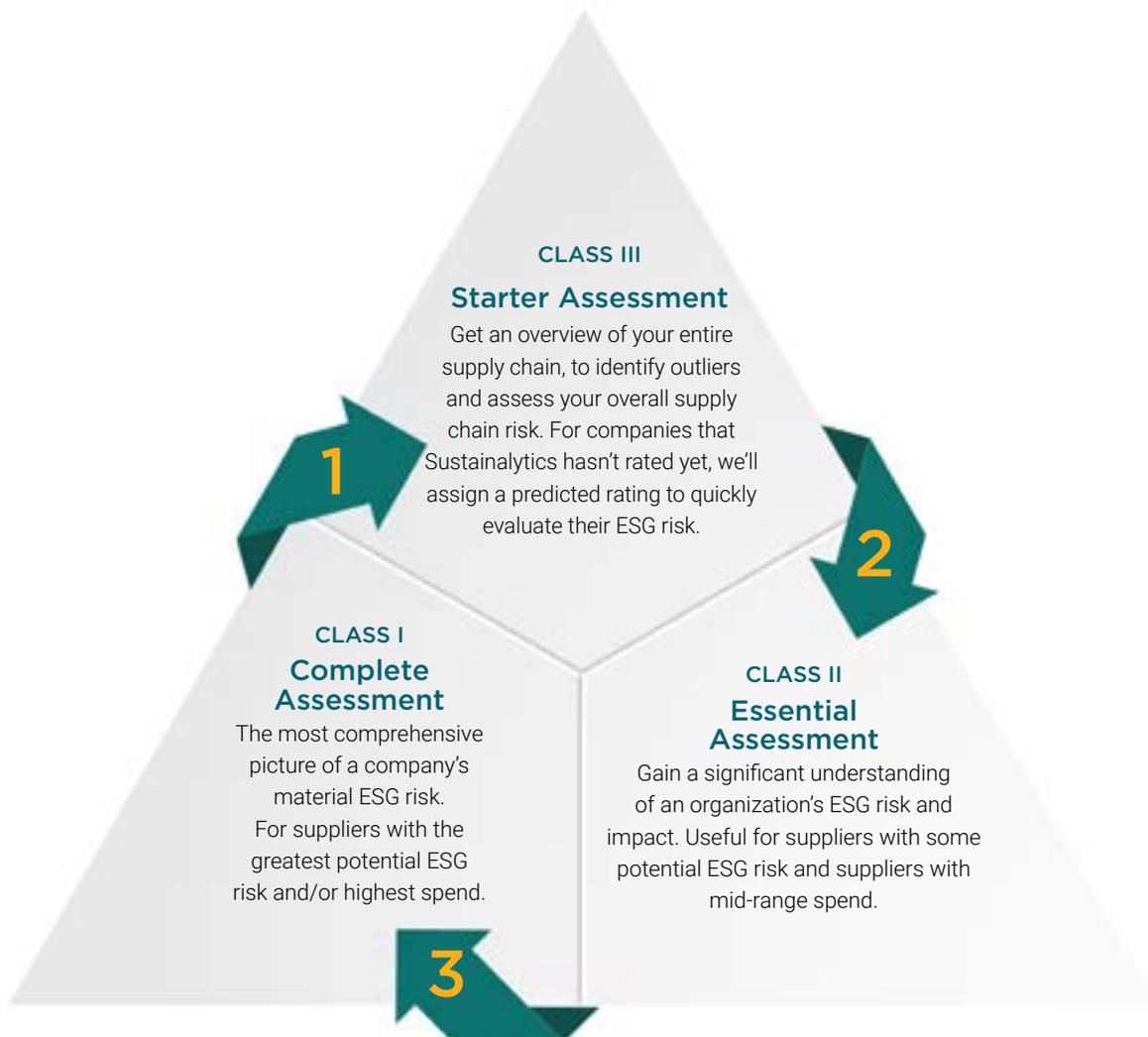
How it works

Sustainalytics's ESG Assessment Platform lets you determine which suppliers, partners, and customers are most financially material to your business and require the most in-depth evaluation.

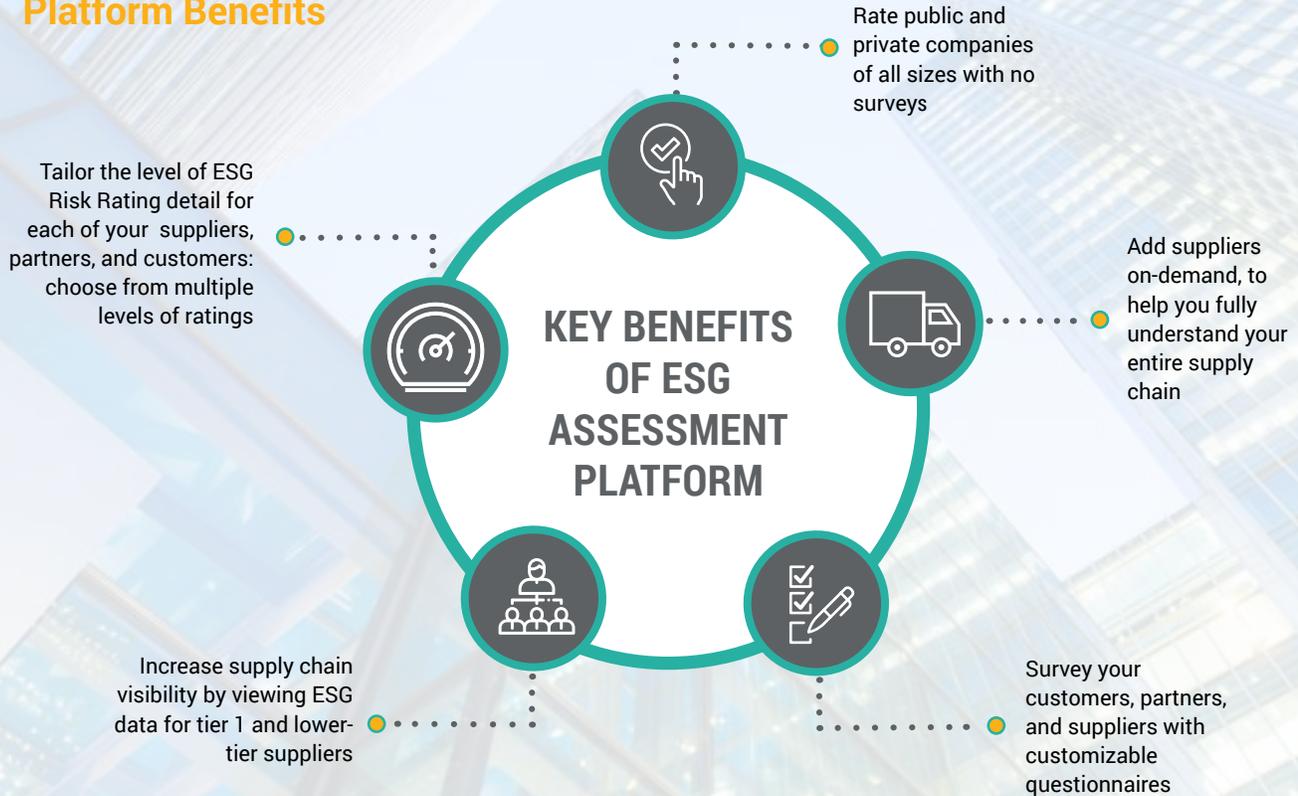
Multiple classes of ratings mean that you can customize the level of detail for each company, so you can cover a broader section of your supply chain. And by adding companies that Sustainalytics hasn't rated yet on-demand, buyers can rate more of their suppliers.

Sustainalytics' ESG Risk Ratings offer clear insights into company-level ESG risk by measuring the size of an organization's unmanaged ESG risk. This is measured by a unique set of material ESG issues, so it only considers issues which have a potentially substantial impact on the company's economic value.

By providing an absolute measure for assessing company ESG risk, Sustainalytics' ratings are comparable for companies in different industries.



Platform Benefits



Product features

 <p>Identify ESG Risks</p> <p>Evaluate important sustainability issues in your supply chain including corporate governance, environmental regulations, and labor conditions.</p>	 <p>Fast, accurate ratings</p> <p>Evaluate more of your suppliers and partners with detailed ESG research, and quickly get predicted ESG Risk Ratings for companies that Sustainalytics hasn't rated yet.</p>	 <p>See top-rated companies</p> <p>See which suppliers, partners, and customers excel at managing their ESG Risk Ratings by viewing Sustainalytics' Top-Rated Companies badges.</p>	 <p>Aggregate your risk</p> <p>Assess direct and indirect suppliers and private companies—and compare their ESG Risk Ratings across industries, sectors, and regions.</p>
 <p>Onboarding support</p> <p>Get up and running faster. Sustainalytics will manage your supplier, partner, and customer data uploading and validation.</p>	 <p>Map companies</p> <p>Visualize your entire portfolio of companies by mapping and filtering companies based on geography, risk category, and more.</p>	 <p>View data on private companies</p> <p>Sustainalytics rates private companies without surveys by collecting publicly available data from third-party datasets.</p>	 <p>Track your portfolio</p> <p>Track the performance of your portfolio of assessed companies to specific performance indicators, and receive an alert when their rating changes.</p>

¹Bové, A. and Swartz, S. (2016), 'Starting at the source: Sustainability in supply chains,' McKinsey & Company, accessed (12.01.21) at: <https://www.mckinsey.com/business-functions/sustainability/ourinsights/starting-at-the-source-sustainability-in-supply-chains>.

Use cases



Supply chain assessment

Evaluate your suppliers to better understand the potential material ESG risks in your supply chain, from tier 1 suppliers to suppliers in your tail spend.



Socio-economic impact

Measure the economic and social impact of your organization's activities with an independent analysis, using existing data in the ESG Assessment Platform (additional service).



Partner assessments

Before entering into a new partnership agreement, review a potential partner's ESG Risk Rating as well as the company's direct or indirect suppliers.



Customer assessment

Evaluate the ESG Risk Rating for your customers, to better support risk-based ESG screening.

Predicted ratings

Sustainalytics' Predicted ESG Risk Rating is an **instant indicator of a company's sustainability risk**, combining our renowned ESG research with a machine learning algorithm. These predictive ratings can be assessed more quickly, which helps corporations rate more companies in their supply chain.

- ✓ Quickly generate ESG Risk Ratings for large numbers of companies, even when only limited public information is available
- ✓ Quantitatively estimate an ESG Risk Rating and categories for companies not currently rated by our analysts
- ✓ Prediction accuracy rates of up to 90% (for companies in high and severe risk categories)

ESG Risk Ratings Prediction Model (RRPM)



Theoretical grounding



Machine learning technology



Advanced data analytics



ESG Risk Ratings Prediction Model (RRPM)

Step 1

Sustainalytics establishes a peer group for the target company, based on analysis of business activity, geography, and size.

We generate an initial estimate of the target company's ESG risk by averaging the ESG risk scores of comparable companies.

Step 2

We apply a proprietary machine-learning algorithm to enhance the predictive power of the model, by taking additional factors into account.

Step 3

Sustainalytics generates an estimated Risk Rating score for the target company.

ESG Risk Rating

16.6 Low Risk

Negligible	Low	Med	High	Severe
0-10	10-20	20-30	30-40	40+

Why Sustainalytics



30 years

ESG experience and developing innovative solutions.



Largest Second-Party Opinion Provider

As recognized by Environmental Finance and the Climate Bonds Initiative.



Global presence

With offices in 17 locations.

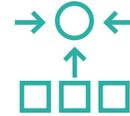


Our analysts speak over **40 languages**.



End-to-End ESG Solutions

ESG Products and services that serve the entire value chain.



Single Market Standard

Consistent approach to ESG assessments across investment spectrum.

Recent Awards



Are you looking to assess the ESG risk exposure of your suppliers?
Contact us today to connect with our team of experts.

MORNINGSTAR SUSTAINALYTICS

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