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FACTSET'S USER SYMPOSIUM + EXPERIENCE

Navigating the Future ESG
Landscape

Housekeeping

- Today's event will last approximately 45 minutes
- Submit questions via the Q&A engagement tool, they will be addressed at the end
- Technical questions will be addressed right away
- You will receive a recording of the presentation

Agenda

- ESG Market Trends and Challenges
- Evaluating ESG with FactSet
- Live Demo: Screening, Portfolio Analytics, and E.U. Regulation Compliance



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ESG Market Trends and Challenges

“

ESG investing is the most significant development in money management since the creation of the exchange-traded fund two decades ago and it will reshape finance just as passive funds have.



”

Continuing ESG Momentum

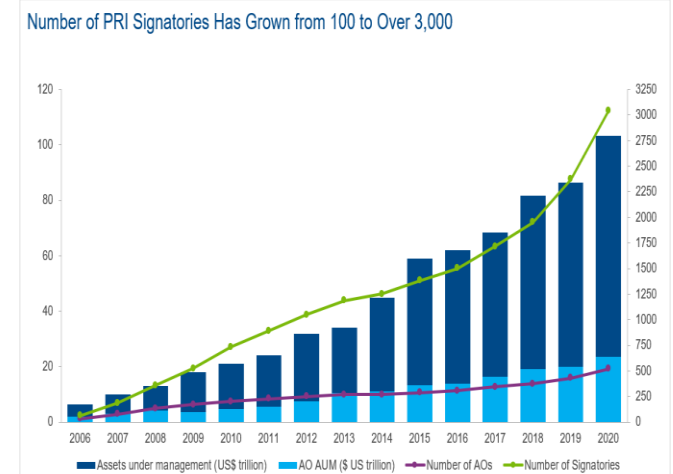
ESG IN NUMBERS



RECORD FLOWS INTO ESG THROUGH 2020



INCREASING DEMAND FOR ESG DATA



During A Time of Crisis, ESG Has Become Table Stakes

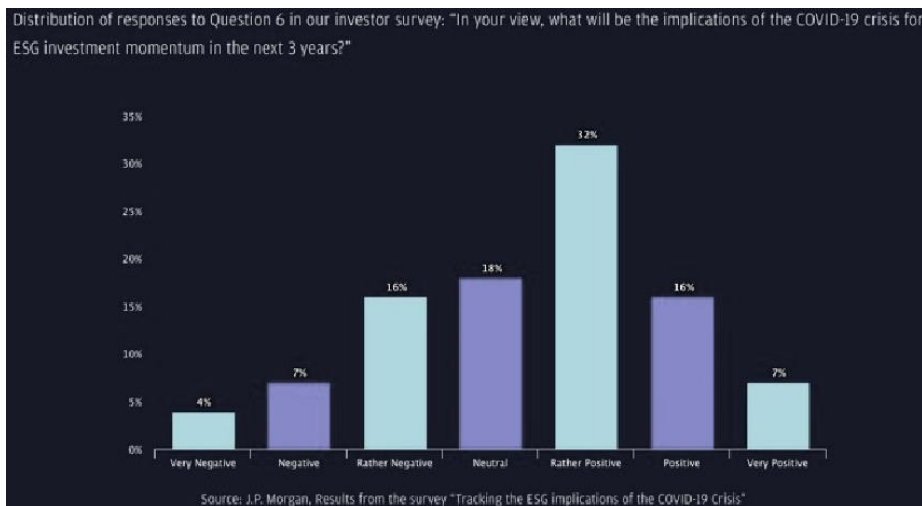
Investors see ESG as being increasingly important in the context of COVID-19.

“The 2021 shareholder meeting season will see boards and management scrutinized over their response to the COVID-19 pandemic. In addition to that near-term challenge, investors and others will be looking to see how companies are rebuilding their businesses for long-term sustainability and value creation.”

BlackRock Investment Stewardship
Expectations 2021

“We believe that pandemics and environmental risks are viewed as similar in terms of impact, representing an important wake-up call for decision-makers. The impacts of the COVID-19 crisis on the real economy and the financial system highlight the limits of most forecasting models.”

Jean-Xavier Hecker & Hugo Dubourg
Co-Heads of Sustainability & ESG Research





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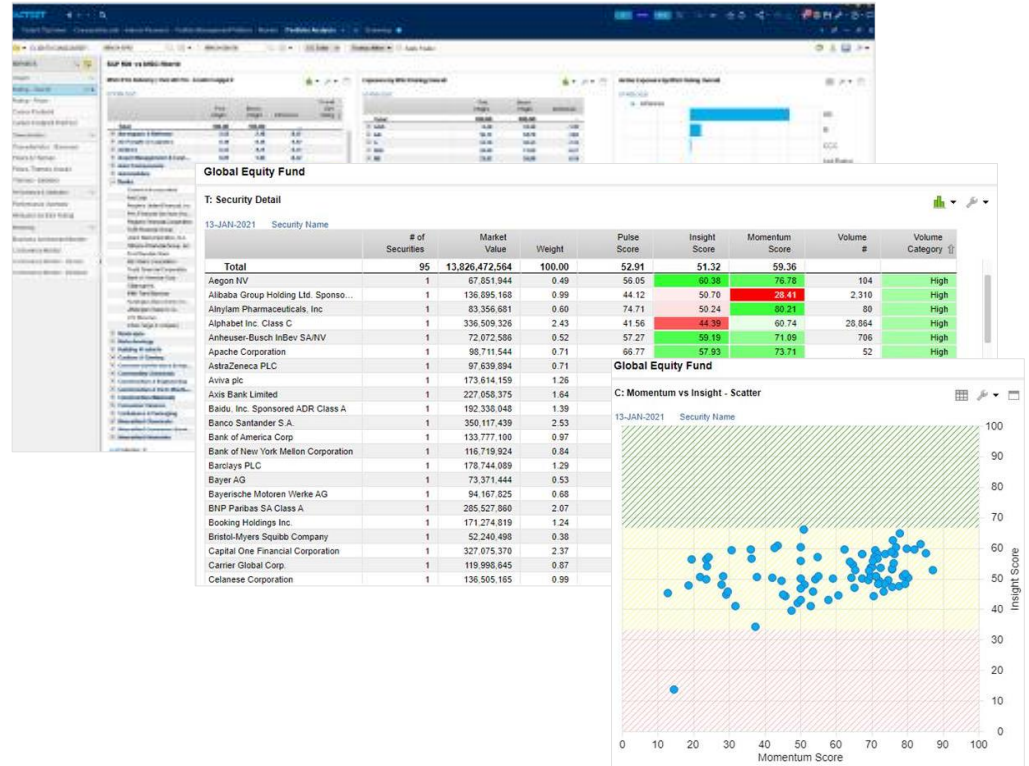
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Evaluating ESG with FactSet

Unique Content and Flexible Integration



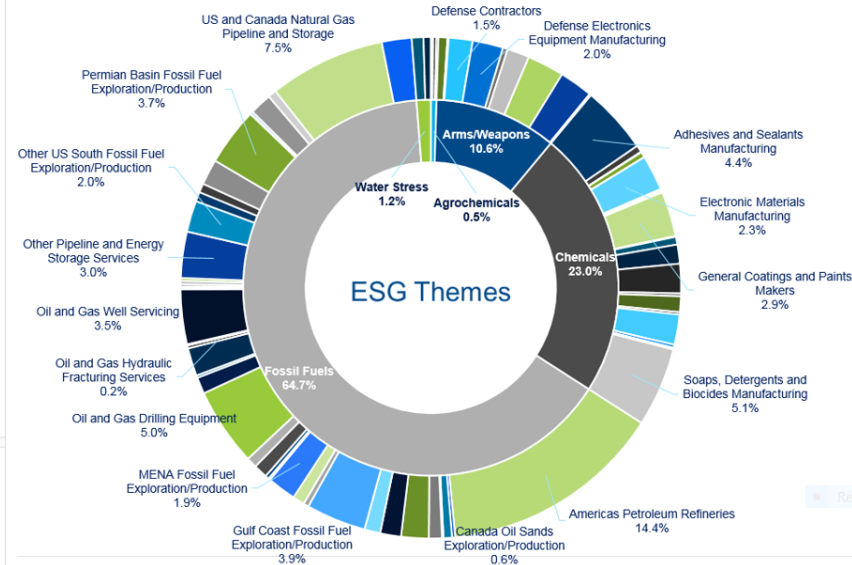
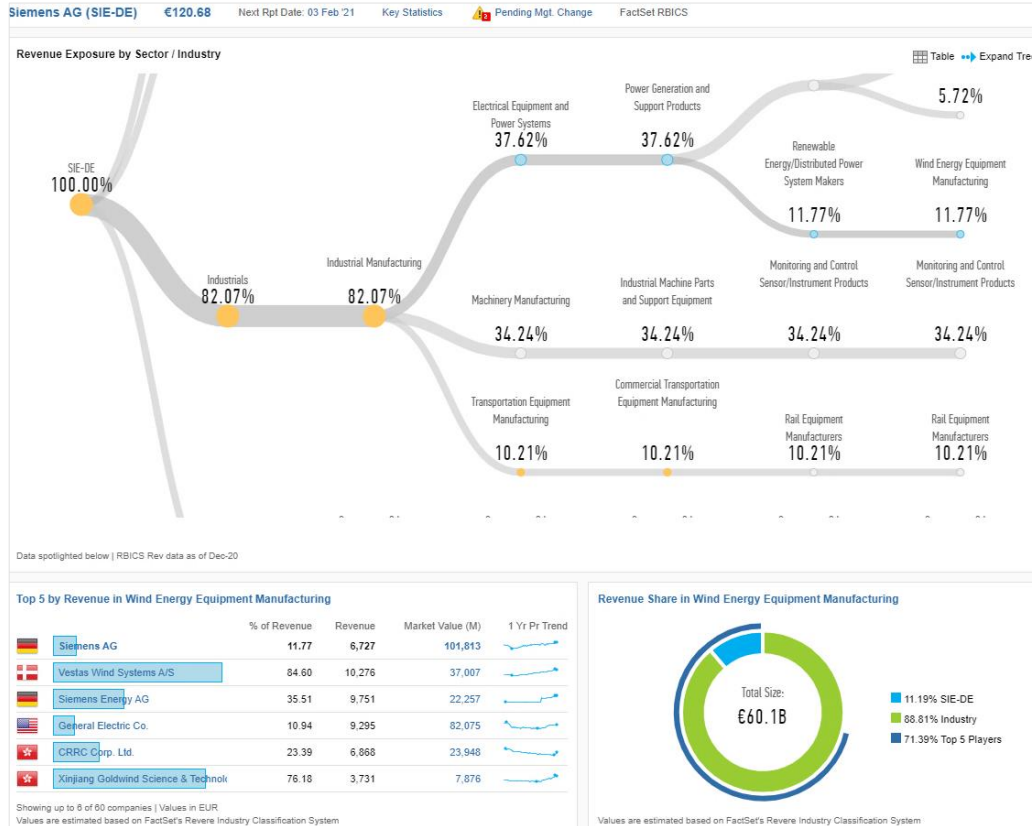
ESG Investing From Start to Finish



A 360° Approach

	TRADITIONAL ANALYST APPROACH	MODERN AI-BASED APPROACH
RAW DATA	<ul style="list-style-type: none">• Extensive use of surveys• Collection of content from corporate sustainability reports• Focus on environmental metrics	<ul style="list-style-type: none">• Collection of disclosed data points using ESG frameworks<ul style="list-style-type: none">– WEF/IBC, IFRS, SASB• ESG signals from alternative data; real-time indicators• Science-led data; satellite and government• Increasing focus on social and environmental impact
DERIVED DATA	<ul style="list-style-type: none">• Based on analyst judgement• Broad set of scores across E, S, and G, but no standard criteria• Relatively static with less transparency• Very little correlation across providers• Valued as industry standard for benchmarking	<ul style="list-style-type: none">• Focus on non-corporate data; news and industry reporting• ESG signals generated by AI and machine learning• Timely• Transparency to source documents• SASB is being adopted as a standard for materiality

FactSet's Reverse Business Industry Classification System (RBICS)



Our Forward-Looking Strategy

Data



- Corporate Disclosure
- Third-Party Data - Observed
- Industry Classification
- Supply Chain
- Deep Sector
- Private Company

Insight



- ESG Signals & Scores
- Third-Party Ratings
- ESG Indices and ETFs
- Regulatory Tools

Workflow



- Feeds Into Client Data Lakes
- Universal Screener Templates
- PA Dashboards
- Reporting Frameworks
- Risk Models

FactSet is uniquely positioned to become the leading source of non-financial corporate data and derived signals that are tightly integrated into our clients' essential workflows.

- Launch Truvalue Lab's SDG and SFDR Solutions
- Align with emerging regulation in the EU, UK, and Canada with a focus on SFDR
- Create parity across the FactSet Workstation and Open:FactSet Marketplace
- Ramp up ingestion of non-financial corporate disclosure with a focus on climate
- Coordinate closely with deep sector and private company initiatives on data collection
- Enable proprietary indices
- Intelligently integrate internal and external ESG content into the workstation for efficient client onboarding



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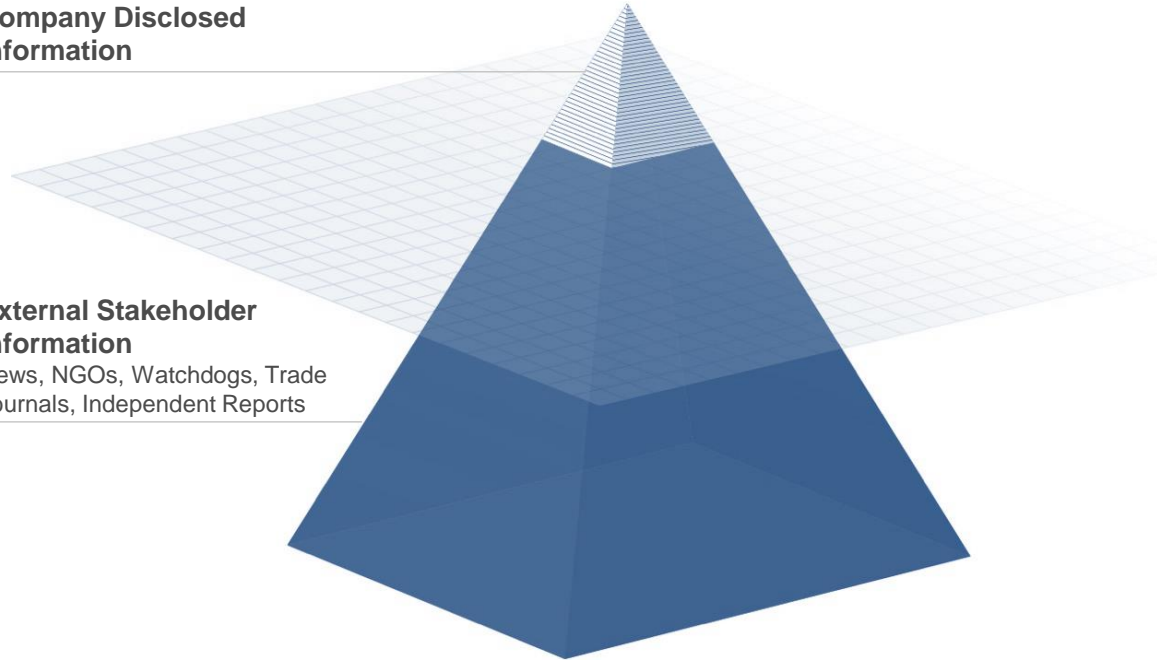
Live Demo

High-Level Value Proposition

Unique ESG Data

**Company Disclosed
Information**

**External Stakeholder
Information**
News, NGOs, Watchdogs, Trade
Journals, Independent Reports



High-Level Value Proposition

It's important to have both views for a more holistic understanding.

3M COMPANY (MMM)
 Industry: Industrial Conglomerates
 Country: United States of America

MSCI ESG RATINGS: **AAA**

3M's rating remains unchanged since September, 2016. 3M is a leader among 37 companies in the industrial conglomerates industry.

ESG Rating history
 MSCI ESG Rating history data over the last five years or since records began.

ESG Rating distribution
 Universe: MSCI ACWI Index constituents industrial conglomerates, n=37.

ESG LAGGARD	AVERAGE	ESG LEADER
3M is not a laggard on any of the Key Issues that we evaluated for its industry.	3M does not score in the average range on any of the Key Issues that we evaluated for its industry.	<ul style="list-style-type: none"> CORPORATE GOVERNANCE LABOR MANAGEMENT OPPORTUNITIES IN CLEAN TECH CORRUPTION & INSTABILITY TOXIC EMISSIONS & WASTE

Bar chart showing scores for Corporate Governance (24%), Corruption & Instability (8%), and Toxic Emissions & Waste (8%). 3M is a LEADER in all three categories.

3M compares to apions, tobacco, rgy, health, education ctive. For more details,

Company Reported

TRUVALUE LABS
 CCC Rating Equivalent

INSIGHT INDUSTRY PERCENTILE: **2nd**

3M Insight Score: 45/100
 Momentum Industry Percentile: 30th

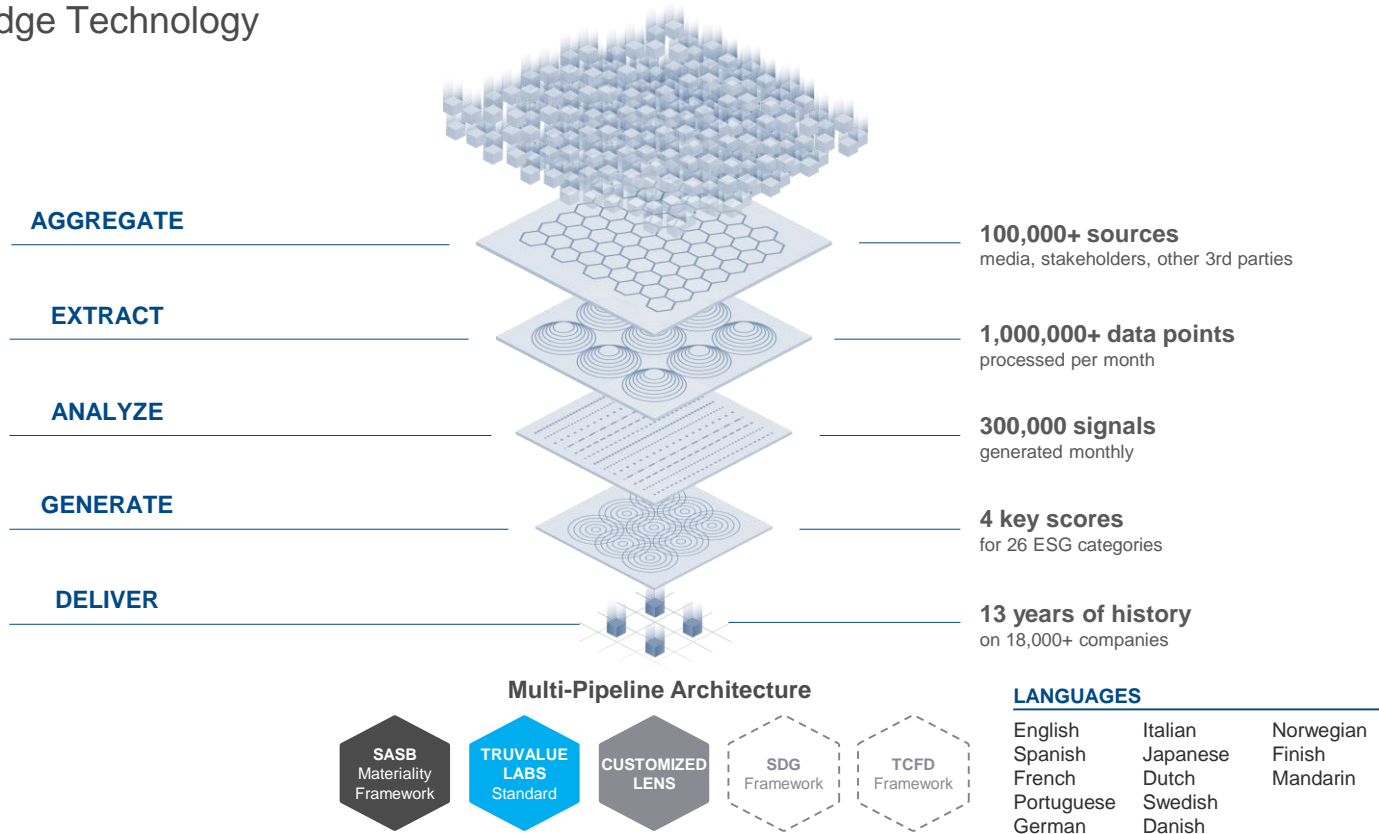
News items:

- CLASS ACTION UPDATE for VNTR, MMM, EROS and RBGLY: Levi & Korsinsky, LLP Reminds Investors of Class Actions... MarketScreener 14 Aug, 2019
- INVESTOR ALERT: Law Offices of Howard G. Smith Announces the Filing of a Securities Class Action on Behalf ... Digital Journal 30 Jul, 2019
- 3M Discloses Internal Investigation Into Potential FCPA Violation In China Business Insider 27 Jul, 2019
- State of Alabama permitted 3M to release toxic chemicals into Tennessee River for years, records show WHNT 20 Jun, 2019
- New Hampshire sues 3M, DuPont, other chemical companies The Canadian Press 29 May, 2019
- New F... The Canadian Press 29 May, 2019

External Stakeholder

High-Level Value Proposition

Leading Edge Technology



High-Level Value Proposition

Leading Edge Technology

Source

Tagging of
multiple entities

Material and non-
material categories

- Energy Management
- GHG Emissions
- Supply Chain Management
- Product Design and Lifecycle Mgmt.

The image shows a screenshot of a news article with several annotations. The article title is "Transportable, tradable 'green' hydrogen earmarked to replace oil". Below the title, there is a source line: "polity.org.za · by Martin Creamer · 16 Aug 2019". The main content area lists four entities: "Anglo American Pl...", "Daimler AG", "Praxair Inc", and "Toyota Motor Corp". Each entity name is followed by one or more tags in rounded rectangular boxes: "ENERGY MANAGEMENT", "GHG EMISSIONS", and "SUPPLY CHAIN MANAGEMENT". Below the entity list, there are two bullet points. The first bullet point discusses the production of 'Green' hydrogen using PGM catalysts. The second bullet point discusses PGM beneficiation opportunities in South Africa. At the bottom of the article, there is a quote from "JOHANNESBURG (miningweekly.com)" about clean hydrogen production in South Africa. On the left side of the screenshot, there are three lines of text with arrows pointing to specific parts of the article: "Source" points to the source line, "Tagging of multiple entities" points to the entity list and tags, and "Material and non-material categories" points to the tags and the bullet points.

Transportable, tradable 'green' hydrogen earmarked to replace oil

polity.org.za · by Martin Creamer · 16 Aug 2019

Anglo American Pl... ENERGY MANAGEMENT GHG EMISSIONS SUPPLY CHAIN MANAGEMENT

Daimler AG PRODUCT DESIGN AND LIFECYCLE MANAGEMENT ENERGY MANAGEMENT SUPPLY CHAIN MANAGEMENT

Praxair Inc ENERGY MANAGEMENT GHG EMISSIONS SUPPLY CHAIN MANAGEMENT

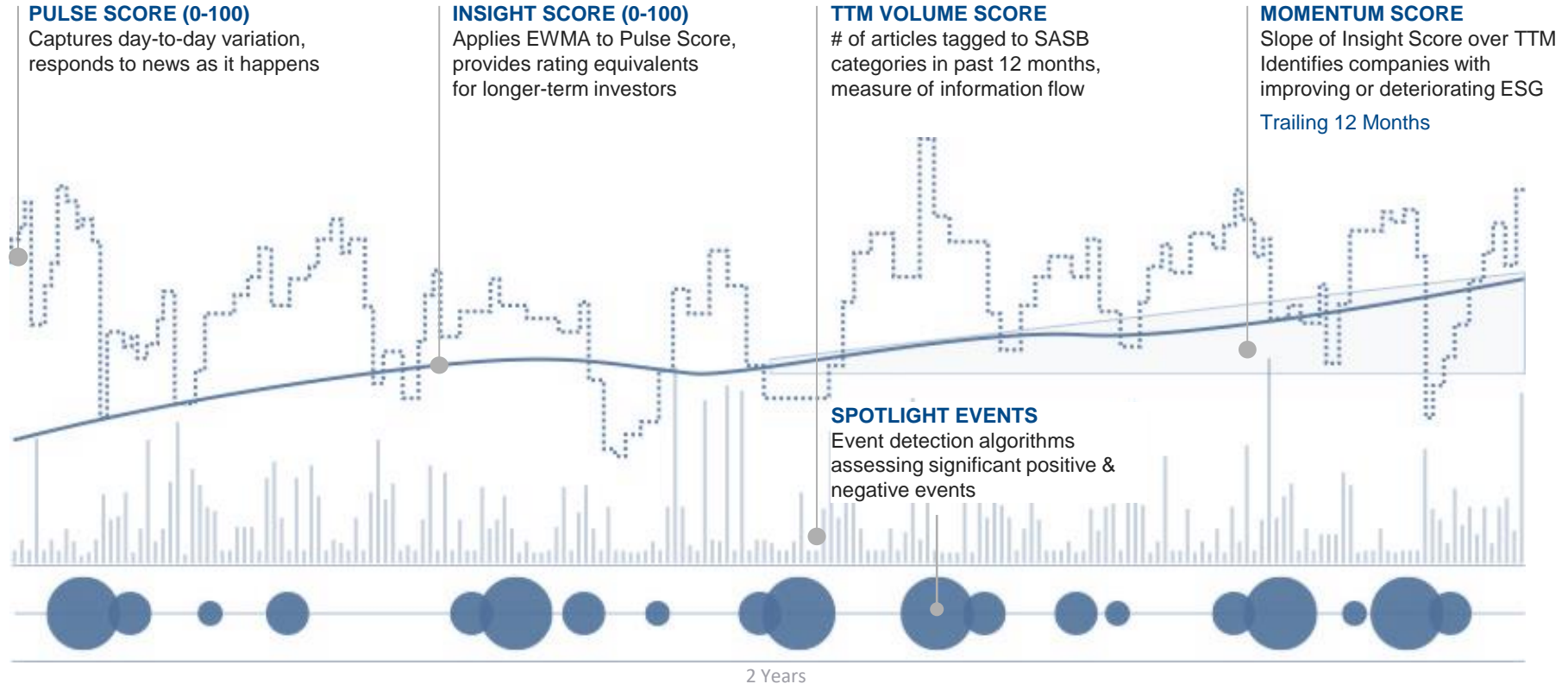
Toyota Motor Corp PRODUCT DESIGN AND LIFECYCLE MANAGEMENT ENERGY MANAGEMENT SUPPLY CHAIN MANAGEMENT

- 'Green' hydrogen is produced by splitting water into hydrogen and oxygen in electrolysers that use PGM catalysts; LOHC requires PGMs for its hydrogenation and dehydrogenation processes; and fuel cells require PGMs to generate electricity.
- Presenting unique PGM beneficiation opportunities is South Africa's prominent global position as a location particularly well suited to the generation of the cheapest renewable energy for the production of hydrogen, a chemical energy carrier with a very high energy storage density.

JOHANNESBURG (miningweekly.com) – Clean hydrogen, which South Africa is ideally placed to produce because of its superior sunshine, available land and platinum abundance, is earmarked to replace oil in a world anxious to mitigate climate change, the planet's most pressing current problem.

High-Level Value Proposition

External Stakeholder Scores



FactSet Workstation Use Cases



Portfolio Monitoring & Idea Generation

Investigate how to identify consistent long-term performers in your universe leveraging Universal Screening.



Fundamental Equity Portfolio Reporting

Utilize Dynamic Materiality to uncover the most critical SASB categories. Use time series reporting to understand sector, and country and region trends as aligned to current allocations.



Fixed Income: Risk Mitigation

Leverage 100,000+ sources to identify issuers that need further due diligence and potential engagement. Marry traditional spread analysis with Truvalue's ESG Ranks to identify laggards.



SDG Portfolio Alignment and Impact

Demonstrate how my portfolio is aligned to the SDGs or specific impact themes. How can I analyze which SDGs are relevant to my portfolio and what kind of impact (positive or negative) they have?



SFDR

Perform a Sustainability Risk Assessment on your portfolio to understand granular exposures to SASB categories. Using industry relative scoring, reassess which names require action.



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Q&A



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Thank you!