Growing Private/Public Overlapping Interests

- Growth Profit
- Security Prosperity

Purpose Value

Technology

- Environmental trends
- Social trends
- Government trends

G. Kell 2/2018
Digitalization & Decarbonization
Driving Market Transformation

INDUSTRIAL ERA

Strategy
Profit, Scale, Analog

Organization
Hierarchical, Rigid, Limited Disclosure

Human Resources
Labor as a Cost

Natural Resources
A Cost Factor

Policy/Society
Defensive, Compliance Optimization

Powered by
Fossil Fuels

FUTURE FIT

Purpose, Speed, Digital

Networked, Agile, Transparent

HR as Intangible Asset

Good Stewardship, Competitive Advantage

Corporate Statesmanship, Supporting Smart Climate & Social Policies

Clean Electricity

GK January 2019
S-Ray ESG Score: companies with superior scores significantly outperform the stock market

The “Top 20%” outperform the “Bottom 20%” by 4.3% annually

- Cumulated stock price performance of six portfolios.
- “Universe” is the performance of all companies which are evaluated by Arabesque S-Ray®.
- Q1 to Q5 are quintiles which are selected based on the S-Ray ESG Score.
- Q1 comprises the worst 20% based on the S-Ray ESG score. Q5 comprises the best 20% ESG scores.
- The portfolios are rebalanced on a quarterly basis.

Insights:
- The portfolio of the “Top 20%” S-Ray ESG scores outperforms the “Bottom 20%” scores by 4.3% p.a.
- The volatility of the Top 20% is significantly lower than the volatility of the Bottom 20%.
- The Bottom 20% companies underperform the overall investment universe by 2.4% p.a.