SDG IMPACT MEASUREMENT

NAVIGATING THE LANDSCAPE OF SDG-RATING PROVIDERS

EBS Universität

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The sustainable investments industry has dramatically evolved in the last decades. More recently, investors have expressed interest in companies whose products contribute directly to addressing the 17 Sustainable Development Goals (SDGs). Since measuring the positive contribution of investments in reaching these goals is no easy task, this student report gives actionable tips that allow investors to better navigate among the various SDG-rating providers.

BACKGROUND

The field of sustainable finance attracts substantial interest by investors. In capitalism, this can be a key mechanism to achieve sustainable development.

Private high net worth investors play a vital role herein. This is due to (a) the substantial amount of capital that is controlled by families following decades of wealth concentration – 0.7% of the global population control about USD 140 trillion, ca. 50% of global wealth – and (b) the unconstrained, conviction-driven, and innovative way these families can deploy their capital.

Important barriers remain, however, to turn more of this interest into action. Surveys show that 60% of high net worth individuals are interested in sustainable finance, but less than 10% deploy their capital accordingly. Thus, substantial capital that could advance sustainable development remains untapped.

In Spring 2021, we brought groups of EBS students together with three real-world private impact investors and one fund to help them overcome four specific such barriers. The results were summarized in four student reports, in collaboration with the Center for Sustainable Finance and Private Wealth (CSP) at University of Zurich. The reports cover the four topics of

- Life Science Impact Investing,
- Voting and Engagement in Public Equities,
- Integrating climate change and racial equity into real-estate investments,
- and the topic of this report, namely: Measuring the impact of investments on the U.N. Sustainable Development Goals (SDGs),

The SDGs have become a critical framework and common language in the investment community. At the same time, investors increasingly and rightfully demand to understand the impact that their investments have. Measuring impact against the SDG framework is therefore a key question to tackle. I am glad that with this short student report we can bring more clarity to this important topic.

Towards impact,

Prof. Dr. Falko Paetzold
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CHOOSING A RATING PROVIDER FOR THE SDG IMPACT FOR FINANCIAL INVESTMENTS:

Case Introduction

With the launch of the 17 Sustainable Development Goals (SDGs) in 2015 by the United Nations, attention started to shift from ESG solutions to SDG- or impact-aligned strategies in the fund management industry. While ESG solutions focus on the sustainability of a company's ESG and operational processes and policies, SDG- or impact-aligned strategies add a layer of analysis by measuring the positive impact of a company's products and services on society and the environment.

Currently, most fund managers, I being one of them, rely on the many existing SDG rating and metric providers to measure the impact our investments. As of now, I have been using MSCI ESG, yet have a plentitude of questions related to navigating ESG ratings and their providers efficiently. Examples of my concerns are:

- *How do I choose a SDG rating provider to quantify the impact of my funds? Is MSCI ESG the best?*
- *How do I show the positive impact to my clients and legal authorities?*
- *Are quantitative metrics sufficient to capture the essence of positive impact creation?*

As a fund manager, I am looking for practical solutions to measure the positive contribution of sustainable funds to the SDGs. This is of utmost importance for the clients of the funds I manage. My clients want to see tangible results and expect constant engagement with companies for better performance. Presenting evidence of positive impact is also critical in order to comply with the EU Sustainable Finance Disclosure Regulation (SDFR), which sets out rules on sustainability-related disclosures for financial products.

My question to the EBS students was the following: How to measure SDG impact for sustainable funds?

Christoph Klein

Christoph Klein is the founder and managing partner of ESG Portfolio Management GmbH, an asset manager for investment funds and segregated accounts embedding the United Nations Sustainable Development Goals in their approaches. Christoph is also head of the DVFA Bond Commission and a member of the DVFA Sustainable Investing Commission and the UN PRI Fixed Income Working Group.

METHODOLOGY

The research analyzed the existing companies/frameworks that provide SDG impact ratings. The general analysis was followed by a deep dive into three companies (Figure 1) identified as the most suitable for Christoph's needs. Then, an additional in-depth study on the SDG rating methodologies employed by the rating providers was conducted.

The conclusions derived from the research process were supported by interviews with professionals working in the sector.

***Figure 1**.:SDG Rating Providers analyzed*

KEY FINDINGS

Before diving into the findings, it is worth noting that achieving alignment does not correspond to achieving impact. Knowing the different natures of the two approaches and the question posed by Christoph, the three service providers and tools scrutinized as part of this research project were chosen due to their ability to assess and measure impact.

Impact-Cubed, South Pole, and ISS-ESG – the rating providers identified as best suited to address Christoph's needs – represent actors that have developed some of the best SDG rating tools enabling the tracking of alignment as well as impact. Nevertheless, it should be noted that MSCI ESG remains a valid candidate thanks to its renowned reputation and the broad range of tools it offers to private investors and organizations.

The key findings that were provided to Christoph are outlined below.

1. The case for using an external provider to measure SDG impact.

The best way to measure impact on the SDGs is to use an external service provider, rather than creating an in-house rating system that may result in data that is difficult to verify and compare across the sector. In fact, an external rating provider offers brand reputation, industry expertise, and comparable metrics. These advantages help fund managers achieve more transparency for their funds' when sharing performance and impact reports with key stakeholders, such as investors and legal authorities.
Providers with a complete range of services are: MSCI ESG, Sustainalytics (owned by Morningstar), ISS-ESG, and Trucost (owned by S&P).

2. Impact-Cubed appears optimal for SDG impact measurement of an investment portfolio.

The research identified Impact-Cubed's Portfolio Impact Footprint as one of the best tools for reporting impact results that align with the SDGs. The tool calculates the actual impact of the companies in the portfolio and compares them against a chosen benchmark. The tool also enables a fund manager to compare the results between relevant funds. There is no geographic or market cap limitation, and the full impact report can be customized to the client's needs.

***Figure 2**.:Example of an impact spider chart*
Source: Impact-Cubed

3. South Pole appears optimal for a focus on environmental SDG impact.

South Pole Group is a consulting-services firm. Its offering includes environmental solutions for SDG-aligned investment funds. The tool SDG Impact Assessment provides a report composed of a quantitative and a qualitative section indicating the positive and negative impact on environmental SDGs of a given portfolio or fund. In addition, the tool reports information regarding other, non-environmental SDGs in terms of impact correlation. For example, positive impact of a company to SDG 6 (clean water and sanitation) may result in a positive correlated impact to SDG 3 (good health and well-being). In this case, the tool outlines the correlation of the two SDGs. In addition, the report provides insights from the five best companies of the fund, compares the fund's performance to a designated benchmark, and can be adjusted to the client's needs.

***Figure 3**.:Environmental SDGs highlighted from UN 17 SDGs*
Source: United Nations

4. ISS-ESG appears optimal for SDG impact measurement selection of services and brand-awareness among external stakeholders.

ISS-ESG is the biggest of the three selected providers. It is recommended for a bank or asset manager that wants to benefit from a broad range of services and a stellar reputation. ISS-ESG offers two solutions: SDG Solutions Assessment and SDG Impact Rating.

The first tool offers a combination of quantitative and qualitative results and conducts a general mapping around the chosen SDGs and aims at quantifying the alignment of 15 objectives ¬¬(Figure 4) to the SDGs. The assessment is completed by investigating the negative or positive impact of each product or service on the SDGs.

Launched in 2020, the second tool is still new to the market and represents a step towards measuring the impact of the company's value chain and contrasting this assessment against an industry benchmark.

***Figure 4**.:15 sustainability objectives*
Source: SDG Solution Assessment tool by ISS-ESG

5. SDG impact measurement should consider both qualitative and quantitative metrics.

To measure the positive impact of investments on the SDGs, the best solution is to combine qualitative and quantitative metrics. It is crucial to look beyond numbers by choosing rating providers that offer the possibility of customized fund reports. For example, the ISS-ESG - via the SDG Impact Rating Tool - provides detailed assessments of a company's positive or negative impact on the SDGs. Granular scores can be accessed to develop custom ratings that support unique impact investing objectives. Another possibility to measure SDG impact is to use two different providers (one quantitative, one qualitative/sector-specific) for a detailed analysis on how the company contributes to the SDGs. When possible, such an analysis should examine the whole value chain of the operations of the company.

KEY RECOMMENDATION

1. Specify your definition of impact by selecting those SDGs that are addressed by your investment strategy.

Impact is defined as a change (positive or negative) in social, environmental, or economic wellbeing caused by an entity. However, the general description is far from sufficient when designing an investment strategy that aims to positively contribute to the SDGs. Tying the areas of your interest to you (for example: education services) to the supported SDGs (in this case SDG 4, 8, and 16) helps to establish simple, concrete, and actionable goals. Investment and impact strategies benefit from clear goals rendering greater transparency and measurability.

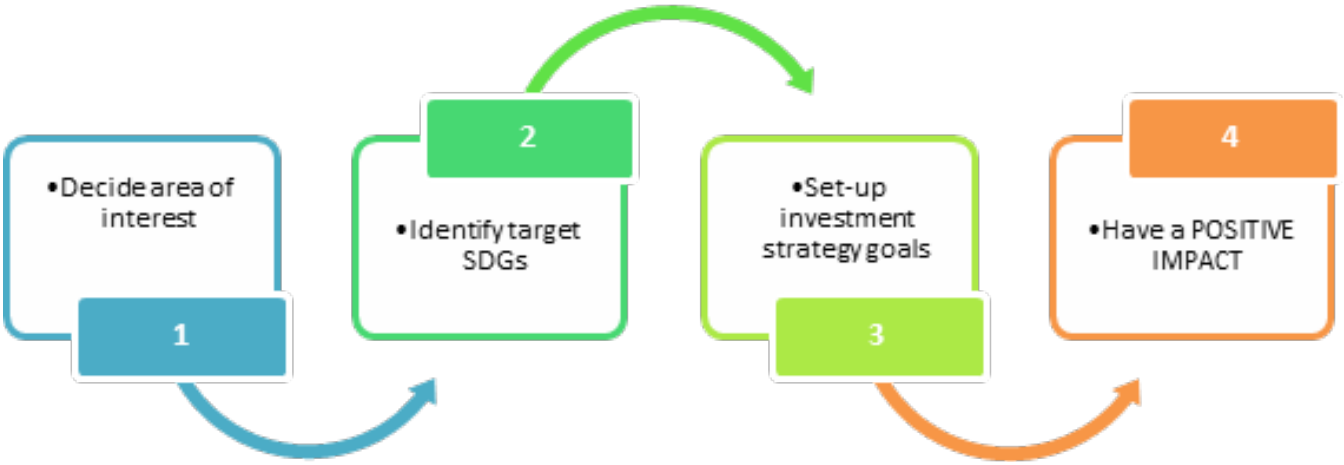

***Figure 5**.:Flow-chart impact definition*
Source: own elaboration

2. Each SDG provider has pros and cons. The optimal choice depends on what you need and want.

The first research question concerned the choice of the best SDG-rating provider for Christoph. This is a debated issue and before selecting the three providers examined in this research, a list of pros and cons was drafted for all 12 SDG-rating providers (see Appendix for the full comparison table and a link to the online-version). It is thus safe to conclude that the best provider is the one that offers what Christoph in his specific case was looking for in terms of services, metrics, coverage, industry, and customization.

3. Talk to companies that already use one SDG-rating provider and learn from their experiences.

It is beneficial to learn from the experiences of peers, especially knowing the dynamic changes seen in the sustainable finance sector. Also, for the underlying research the insights from banks who have already experience in the industry was very valuable.

4. Stay updated on the topic of EU Taxonomy Regulation in order to start the process of aligning your reporting and activities with disclosure requirements.

The EU's Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation together establish a European classification framework intended to set the frameworks economic activities identified as sustainable. The Taxonomy, effective as of January 2022, requires fund managers to disclose the measurable sustainability of the funds promoted as sustainable. If sustainability requirements are not met, funds need to include disclaimers in their offering. Given the legislative changes seen in the sector, it is advisable to start aligning strategies and impact measurements with the new regulation in order to avoid the risk of being labeled as an entity offering greenwashed services.

5. Make use of the provided fund evaluation framework.

When establishing a single family office, any other investor can focus on investing into funds scoring the highest in the fund evaluation framework developed throughout the project. Focusing on the funds that perform the best can help achieve meaningful impact. Alternatively, investors can change the metrics of the framework or apply it to other funds. This approach allows investors to make investment decisions based on metrics reflecting their preferences.

6. Get registered and consider shareholder engagement through a stewardship service provider.

Investors should consider working on shareholder activism for their own portfolio of shares through a stewardship service provider such as ISS, Hermes EOS, or others. Working with such a provider promises an exciting mixture between a ‚buy route' (i.e., investing in funds) and a ‚make route' (i.e., hiring an in-house voting & engagement team). If an investor were to apply this methodology, he would opt for direct investments through shares, whilst mandating a service provider to execute voting proxies and engage with the management of investee firms on his behalf. This approach promises the highest liquidity and non-diluted voting rights, while leveraging service providers large client base and a pool of like-minded investors, which makes it easier to take a more systematic and transparent approach through active participation. Furthermore, in this approach the cost structure for the services offered is – typically – flat and does not rise with increasing AUM. Since stewardship service providers only cater to institutional clients, U.S. based single family office would need to register with the SEC before taking advantage of their offerings.

7. Watch out for impact-washing in products such as ETFs.

We recommend impact-interested investors to take a careful look when seeing products that are typically very passively managed and thus inherently are more prone to having little impact - such as ETFs – and products with a lack of transparency. An exception could be activist-driven ETFs such as the product released by Engine No. 1 (ticker: VOTE).

AVENUES FOR FURTHER RESEARCH

SDG investment strategies add a layer of analysis on pure ESG strategies by investing in companies that explicitly contribute to the reaching of global sustainability goals. In the last years, the data required to assess this contribution is improving fast. However, the bounty of SDG rating providers makes comparisons between different providers a challenge. For this reason, further research on the harmonization of SDG providers is needed. The SFDR and the EU Taxonomy already embrace the intention of building a common EU framework for sustainable investment reporting, yet much room for short- and long-term improvements exists.

CONCLUSION

With the new generation of millennials taking the lead in the marketplace, the sustainable finance industry has experienced record growth. In fact, wealthy millennials are demanding more active involvement to fight global challenges, such as climate change, world hunger, poverty, and social inequalities with sustainable investments strategies. System-level frameworks like the UN SDGs present a strong case for positive impact through market transactions.

However, how to measure impact? As discussed, there is no simple answer and no one-size-fits-all solution. As a start, investors need to clearly define which targets they are seeking to address with strategies and make their case by either using existing data or creating the data to prove their impact. More testing of new tools is needed.

LIMITATIONS

The methods of measuring the impact of their voting & engagement approaches are not clearly defined in most asset management firms. This calls for standardization and uniform impact-reporting frameworks, as well as for the further exploration of the mechanisms through which shareholder activism achieves positive impact in the real world.

A challenge encountered in the research concerning family offices, and how they integrate shareholder activism, was the confidentiality of this secretive investor segment. This knowledge gap could be filled by designing a research project with an extended data collection specifically from family offices.

Lastly, the research scrutinizing the five identified investment funds noted that the higher the AUM, the lower the expenses. However, literature suggests that the average expense ratio is hardly tied to AUM. This observation is a question calling for additional investigations.

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Martina Bortot is a Master's student in Finance at EBS Universität für Wirtschaft und Recht. Graduated cum laude from University of Trieste (Italy) with a Bachelor's in Economics and Financial Markets she is currently working as an Intern at Amazon Italy. Martina is passionate about the world of sustainable finance and impact investing.

ACKNOWLEDGEMENTS

I would like to express my special thanks to my EBS team colleagues Josue Drury and Josefine Kamati who collaborated with me by working on this case consulting project. I would also like to thank Katja Friedrichs for her support in arranging interviews with professionals and help during the review sessions and the essay draft. Finally, I would like to thank Professor Falko Paetzold, who gave me the great opportunity to turn my essay into a white paper. For the collaboration, I would also like to thank the Center for Sustainable Finance and Private Wealth (CSP) at University of Zurich.

APPENDIX

Please find the complete SDG providers comparison table below, as well as under the following link online: https://bit.ly/3CvVlwT

SDG Impact Measurement - RATING SYSTEMS

KEY

- Revenue-based
- ratings/scales/scores
- impact number
- classification of products & services
- Targeted SDG framework based on impact themes
- Customized SDG Report
- ? no information
- / Not applicable

SDG Impact Measurement Providers	Tool	Owner	Method	Standardized Score	Data collection	Coverage	Results	Advantages	Disadvantages
1. Impact-cubed	Portfolio Impact Footprint	Impact-cubed (before by Auriel Investors LLP)	Measures investment exposure to 14 ESG factors. Then uses this to determine the portion of total risk exposed to risk was used to reach ESG exposure. It provides portfolio level assessment. It is used by institutional investors.	No	Data companies reporting + public datasets. In case of missing data, estimates outcome by using inhouse models.	10,000 companies in 46 countries	Assessment of alignment to 14 categories in the fields of ESG and product & services	I. Easy to understand II. Company-specific results III: Quite high coverage	1. Not very clear how to align to SDG 2. Not quantifiable impact measurement 3. Some categories may not significantly contribute to social impact 4. Diffcult to compare to other ratings
2. Imug	Impact 360°	Imug	Imug evaluates quantitative and qualitative impact assessment of individual projects contribution to SDGs and provides a report and a label wawrd	?	?	On-demad based	Ad-hoc sustainability report and earning of a label	I. Impact meaurement quantified and tested --> earning of a label II. Company-specific results III. Report in German also	1. Not very clear how to align to SDG 2. diifcult to compare to other used ratings 3. Could be costly in terms of resources to provide
3.1 Inrate 1	ESG Impact Ratings	Inrate	Comprises Inrate's core product analysis of CSR and annual reports + impact of production and productsby measuring the positive and negative impact of companies. Inrate's Sustainability Assessments are based on 3 main pillars of research: 1) Business Segmentation Analysis 2) CSR Assessment 3) Controversy Involvement Research	Yes (12 step scale A+ to D-)	Data companies reporting, public datasets, NGOs and media reports and additional sources	3,000 titles	Easily reading report with scale of grades	I. Implementation of ethical standards and norms for investors to spot these companies II. Improvement of impacts: engagement and proxy voting activities and to shift capital to companies with better sustainability impacts III. Risk-return improvement IV. Easily comparable between industries and rating systems	1. Too many variables, seems to lose the actual scope of SDG impact 2. Maybe not very useful for an asset manager that already scans for these sustainable investments
3.2 Inrate 2	SDG Portfolio Analysis	Inrate	Allows to measure companies' positive and negative impacts on individual SDGs based on REVENUES from specific products and services categories by using Business Segmentation Analysis. Inrate thereby aims to provide a flexible and effective tool for reporting on a porfolios' performance regarding the SDGs.	% graph	Financial report for revenue data	2,800 companies	Analysis of portfolio share in each company and see how much it contributes to SDGs	I. Applicable to equity and bond portfolios II. Internal or external reporting tool for institutionalinvestors III. Shows positive and negative impacts of a portfolio towards all 17 SDGs + benchmark comparison IV. Company-specific report djusted to client needs	1. Difficult to assess SDG Impact --> assess company impact (each action) and then see how many stakes of that company the portfolio holds 2. **How to assess UNQUANTIFIABLE social impact? Like something not related to sales revenue** 3. Methodology quite difficult to implement
4. IRIS	IRIS+ Metrics	GIIN	Free website of identification of generally acceped metrics for estimating ESG of investments products, based on the 17 SDG. IRIS+ aligns SDGs to two categories of metrics: 1) IRIS+ Core Metrics are key impact performance indicators that impact investors can use to assess the effects of their investments 2) IRIS+ Catalog of metrics, where every SDG target is matched to the IRIS+ thematic taxonomy.	No	?	?	Find which metrics to use for estimating impact on each of 17 SDGs	I. Tool free of charge to estimate SDG impact	1. Personal work about finding useful data and select which metrics to use -> there are 644 metrics
5. ISS-ESG	SDG Solutions Assessment	ISS	Measures the impact and contribution towards the UN SDGs in publicly traded funds and portfolios. They offer 15 social (7) and environmental (8) objectives aligned with SDGs.	Yes (From -10 to 10 translated into 5 broader perform. categories)	Data from ESG reports and ratings of the company	10,000 companies	Results provided in form of a report with 75 individual data points based on Revenue Percentages and Objective Scores; final outcome is SDG Solutions Score (5 point scale)	I. Score results easy to interpret for external stakeholders and comparable to other providers II. Revenue based makes approach more quantitative, so measurable	1. Revenue-based, so less qualitative 2. Data taken from ESG ratings that may under/over value impact in certain categories
5. ISS-ESG	SDG Impact Rating	ISS	The SDG Impact Rating provides investors with a holistic measurement of a company's positive or negative impact on the 17 SDGs across more than 100 data factors. Impact is measured thematically for each of the goals, as well as at an aggregate level.	Yes (From -10 to 10 from high negative to high positive impact)	Data from ESG reports and ratings of the company	>6,500 companies	The results are provided in a report with 100 individual data points focused on positive/negative impact of investments, value chain and possible controversies over the SDG impact, always compared to industry peers	**I. SPECIFIC PORFOLIO REPORT FOR ASSET MANAGERS for measuring overall impact** II. Score results easy to interpret for external stakeholders and comparable to other providers III. Appraoch more quantitative, so measurable	1. Less qualitative 2. Data taken from ESG ratings that may under/over value impact in certain categories

6. MSCI ESG	ESG Manager	MSCI	Online ESG research and analytics platform designed to provide asset managers and owners with an integrated suite of tools to efficiently manage research, analysis and compliance tasks across the spectrum of ESG factors.	\	\	\	Ratings, Analytics and Research reports all in one platform	\	\
6. MSCI ESG	MSCI Sustainable Impacts Metrics	MSCI	MSCI Sustainable Impact Metrics can be used as a stand-alone set of metrics that allow investors to measure their exposure to listed companies providing sustainable impact solutions. The metrics can also be applied towards more complex frameworks, such as exposure to companies potentially aligned with the European Union's Taxonomy of Sustainable Activities, with options for applying minimum ESG standards to minimize exposure to adverse impacts and risk of breaching global norms.	No (% revenue)	Data from MSCI ESG Research	>10,300 corporations	Quantified report of revenue exposure to sustainable impact solutions and support actionable thematic allocations	I. Revenue-based report --> Measure revenue exposure of a portfolio (per $M invested) II. ESG alignemnt + EU Taxonomy alignment III: access to other connected tools and platforms like ESG Manager	1. Miss qualitative results 2. Not clear how to interpret impact revenue % 3. Engagement is not improved
6. MSCI ESG	MSCI SDG Alignemnt Tool	MSCI	SDG Alignment Tool is designed to provide a holistic view of companies' net contribution – both positive and negative – towards addressing each of the 17 UN SDGs. SDG Alignment assessments and scores include analysis of companies' operations, products and services, policies, and practices and their net contribution.	No (score + assessment)	ONLY publicly available sources: corporate disclosure, media sources, government databases, NGO, trade and industry associations, multilateral organizations, academic think tanks.	>8,600 instruments	Provides 17 SDG Net Alignment scores and 17 SDG Net Alignment assessments (including Strongly Aligned, Aligned, Neutral, Misaligned and Strongly Misaligned)	I. Validated & refined: built following "Institutional Investing for the SDGs," joint discussion paper with the OECD II. Total quantified view of alignment III. Flexible model but strong foundation on MSCI ESG Research products like Sustainable Impact Metrics, ESG Ratings and Business Involvement Screening Research IV. Accessible via ESG Manager	1. Miss qualitative results because uses data from MSCI Sustainable Impact Metrics (all those disadvantages apply)
7. SEB	SEB Impact Metrci Tool	SEB	SEB Impact Metric Tool, is a quantitative analysis tool that measures sustainability in equity portfolios. In addition to measuring the extent to which an investment portfolio is aligned with the SDG's, it also measures the percentage of a portfolio that can be classified as green according to the EU taxonomy.	Yes (Q-Score)	Publicly available company information a s well as in-house research	50,000 Instututions	Portfolio Return and Q-Score based on the Impact Metric Tool	I. Quantitative analysis that measures sustainability in equity portfolios --> % SDGs and % of the portfolio that can be classified as green according to EU Taxonomy+ % financial return II. Very useful for asset managers	1. Difficult to be compared to other providers 2. Not well-known and not used by many investors
8. Sinzer	Sinzer Software Tool	Sinzer	Sinzer is a cloud-based application that can be accessed through a web browser from anywhere. It is used for social impact management. Two Approaches to measure and manage social impact: (1) SROI (Social Return on Investment) (2) SIF (Strategic Impact Framework)	No	Global Value Exchange which uses several data sources like SDG indicators, IRIS, GRI, Progress out of Poverty Index, TEEB Valuation Database and IFL Sustainability Framework.	?	There are two export options for reporting your impact analysis: an Excel document or a Word document	Sinzer has started to develop a database that: I. Contains all SDG, IRIS and GRI indicators, metrics and targets via the platform https://standards.sinzer.org/standards II. Provides suggestions on links between these three datasets, meaning we are linking product-service level metrics to national indicators (SDGs).	1.Does not give a specifc report with standardized metrics 2. Difficult to compare 3. Many metrics, requires time to use it
9. South Pole	SDG Impact Assessments	South Pole (Zurich, Switzerland)	Quantitatve + Qualitative Research fro SDG Alignment How? 1) to which SDG is mostly aligned 2)% of fund contribution to SDGs 3)% comparison to benchmark financial perf.	No	South Pole research	Based on data availability of the company/fund	Case-by-case analysis by provifing a detailed report to the client	I. Result is company-specific II. SDG Impact quantified III. Possibility of improvement IV. Benchmark for financial performance	1. Result success based on data availability 2. Difficult to compare with other providers 3. Issue with regulators about few information regarding data collection
10. Sustainalytics 1	Sustainable Product Research	Morningstar Inc.	Analysis of company's revenues (quantitative) + 12 indicators that relate to UN 17 SDG	Yes	Company reports and inside research	>10,000 companies worldwide	More "standardized" output since many companies should be analyzed	I. Worldwide recognition and standardized score II. Understandable and comparable with others III: Huge coverage IV. Investors consult it very much V. Quantification via revenue %	1. Focus is more on finding sustainable companies than measuring impact 2. Results not tailored-made, categories fixed and rigid 3. Revenue quantification may not always be accurate 4. No understandable and standardized score 5. No benchmark for portfolios --> not very useful for fund managers
10.1 Sustainalytics 2	Impact Metrics	Morningstar Inc.	Set of company-level metrics that provide a useful measure of impact. Each metric can be used to report on at least one theme in our new Impact Framework and for at least one of the 17 SDGs. Reporting on the company-specific or fund-level impact of their investments to security selection and product creation.	?	43 impact metrics, related to companies' products & services and own operations	>12,000 companies worldwide	?	I. Impact assessment II. Transparency III. Recognition of a worldwide ratings provider	1. Not very extensive report
11.1 Trucost 1	SDG Evaluation Tool	S&P Global	Quantitative analysis of corporate performance on the SDGs across the value chain, scorecards and results for each SDG separately.	Yes Scorecards	Company reports and inside research	?	Report with ratings	I. Determine which SDGs are relevant to each business --> case studies provided II. Identify opportunities to create value from SDGs III. Report progress on business alignment and model data where info is not available IV. Data validation: comprehensive assessment of a company's environmental reporting process	1. Ratings may lack qualitative approach 2. Comparison of ratings may be difficult if scales are not homogeneous
11.2 Trucost 2	SDG Impact Specific Tool	S&P Global	SDG specific tool for assessing impact-specific data.	No	?	15,000 companies for SDG Impact Tool	Case-by-case analysis and tailormade answers	I. Very specific SDG Impact Results II. Possibility of improvement spotting in missing areas	1. No score provided 2. Specific results
12.1 Vigeo Eiris 1	SDG Assessment	Vigeo Eiris (Montreuil, Paris)	Measurement of companies' contribution to achieving the SDGs through their behaviour in8 categories across 3 angles of analysis: 1) Acting Responsibly, 2) Mitigating & Remediating Harm, 3) Finding Opportunities	Yes 1-5 step scale	?	>4,500 companies as benchmark	Quite standardized results	I. Assessment of impact and ideas for improvement II. Benchmark with other companies III. Research customization	1. Not available for all companies 2. Specific results are more difficult to compare 3. Standardized score difficult to compare 4. not much used by investors
12.2 Vigeo Eiris 2	Sustainable Goods and Services	Vigeo Eiris (Montreuil, Paris)	Analysis of the company's products and services --> An evaluation showing what percentage of a company's activities are contributing to sustainable development Measurement of the company's involvement in the 9 themes of analysis Classification of the company's performance	?	Customisable database	?	Quite standardized results	I. Measure the % contribution of your portfolio in sustainable goods & services II. Deepen your approach to cover sustainable activities, in addition to high ESG standards	1. Not available for all companies 2. Specific results are more difficult to compare 3. not much used by investors

Sources and Recommended Reading

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- *PRI. EU Sustainable Finance Taxonomy: https://www.unpri.org/policy/eu-sustainable-finance-taxonomy*

- *DNB SDG Impact Assessment Working Group: https://www.dnb.nl/en/green-economy/sustainable-finance-platform/sdg-impact-assessment-working-group/*

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