

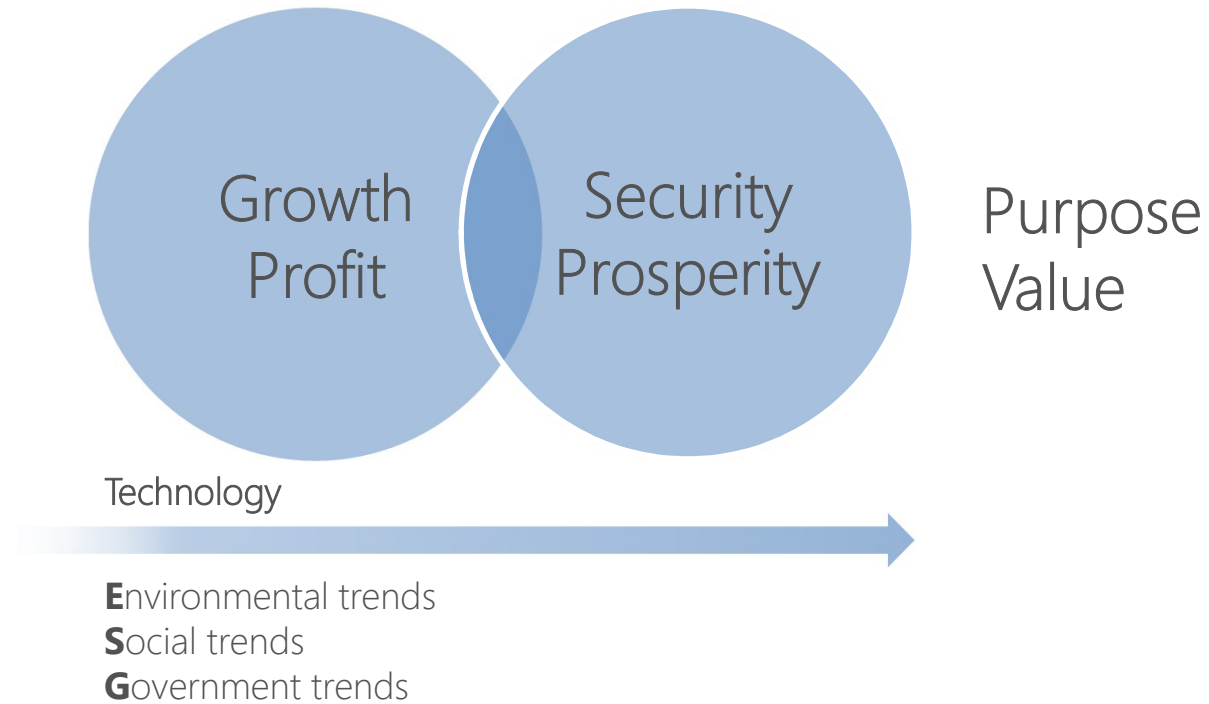


# **Environmental, Social and Governance (ESG) DATA Driving One of the Most Significant Developments in Financial Markets: SUSTAINABILITY**

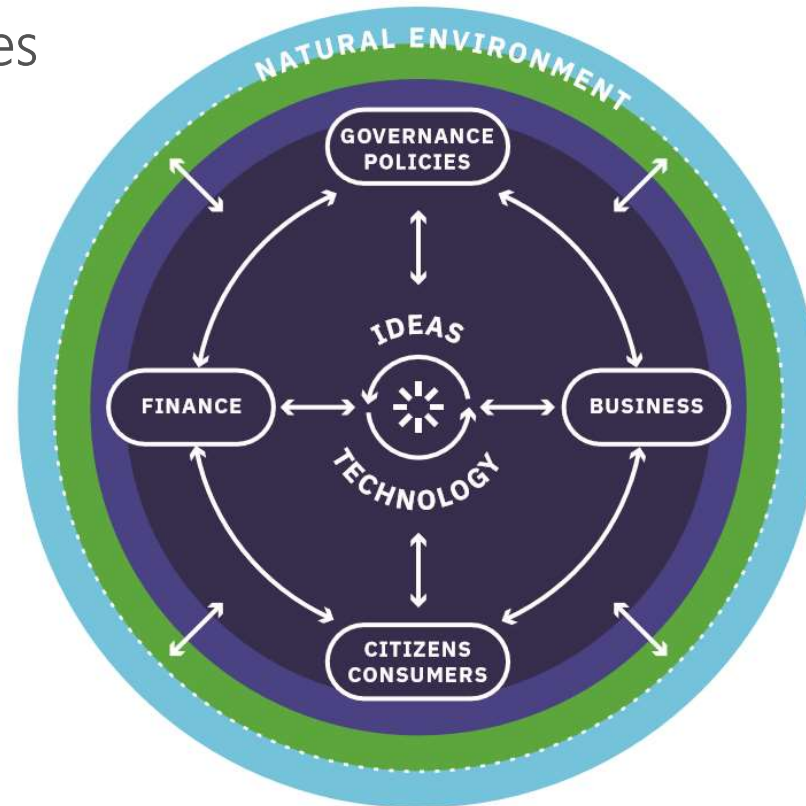
Georg Kell

Chairman, Arabesque Asset Management

# Growing Private/ Public Overlapping Interests

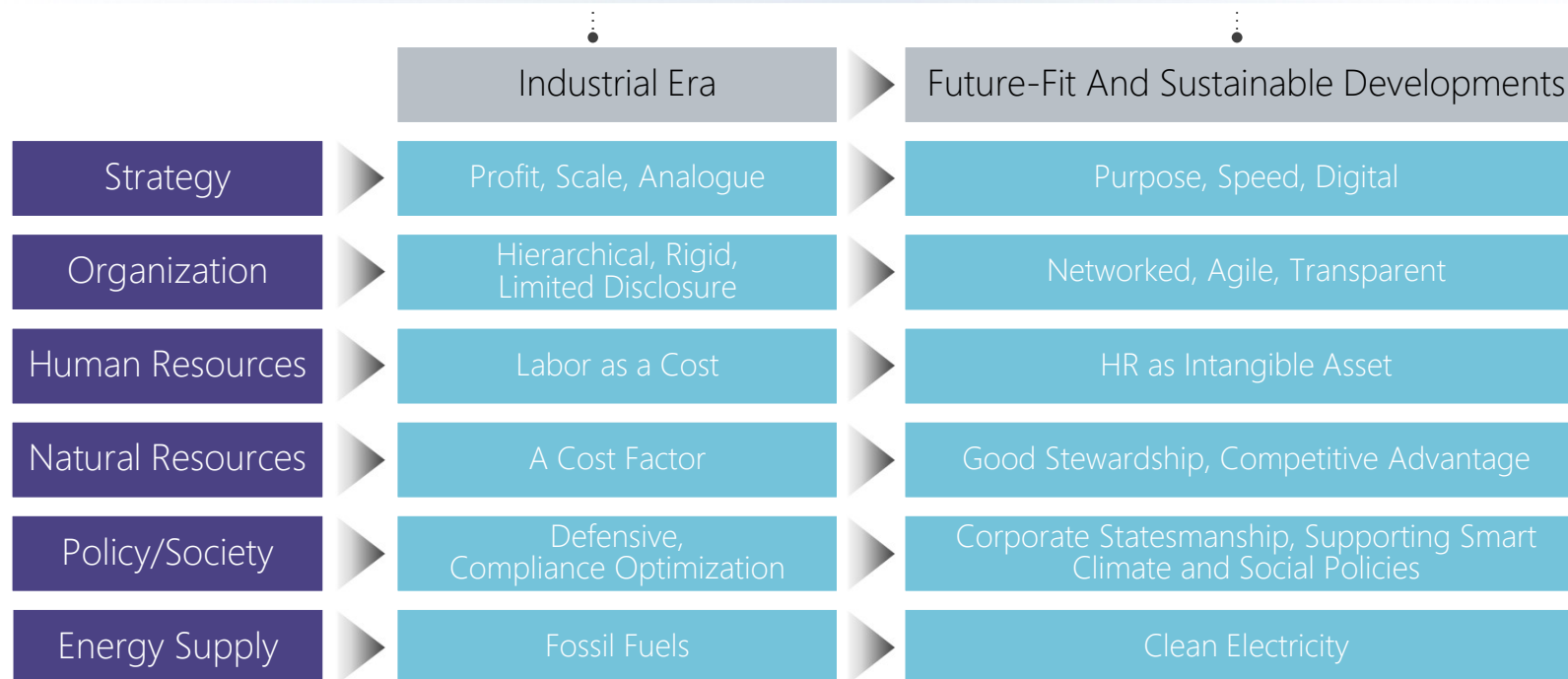


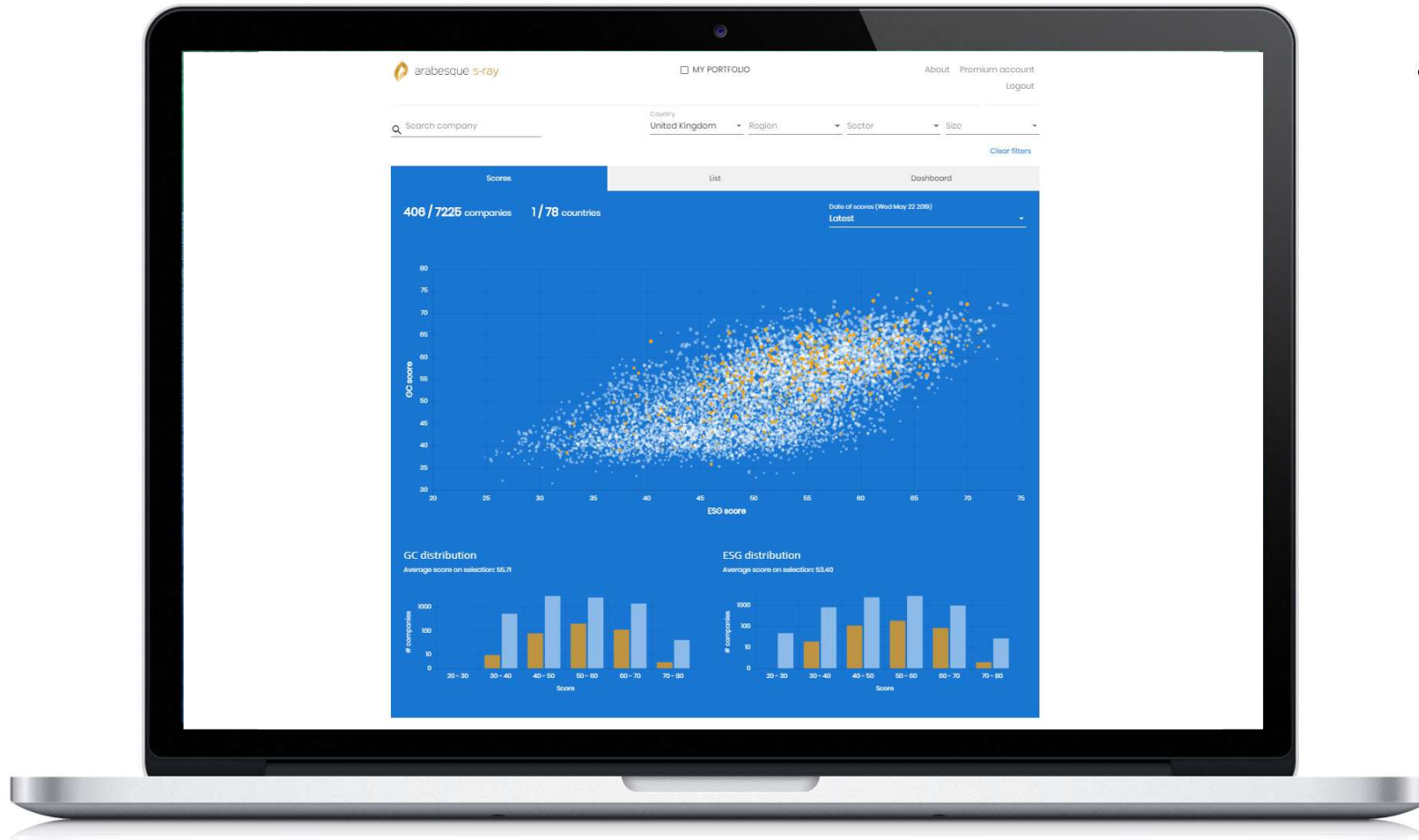
# Market Interdependencies



# Decarbonization and Digitalization Driving Market Transformation

Shift of Value Drivers: Agility, Transparency and Social Commitment Become Key Factors For Successful Companies



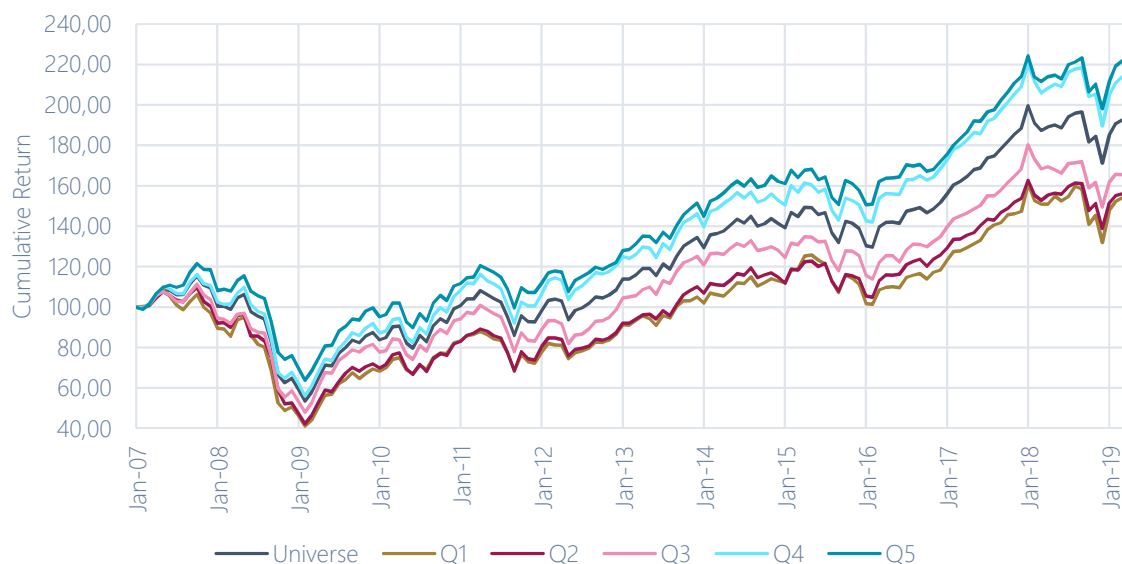




arabesque

# Integrating ESG does not hurt financial performance !

## Arabesque S-Ray® Data - ESG Scores



- Cumulated stock price performance of six portfolios.
- "Universe" is the market cap weighted performance of all companies (>7000), 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% based on the S-Ray ESG Scores.
- The portfolios are rebalanced on a quarterly basis.

### Insights

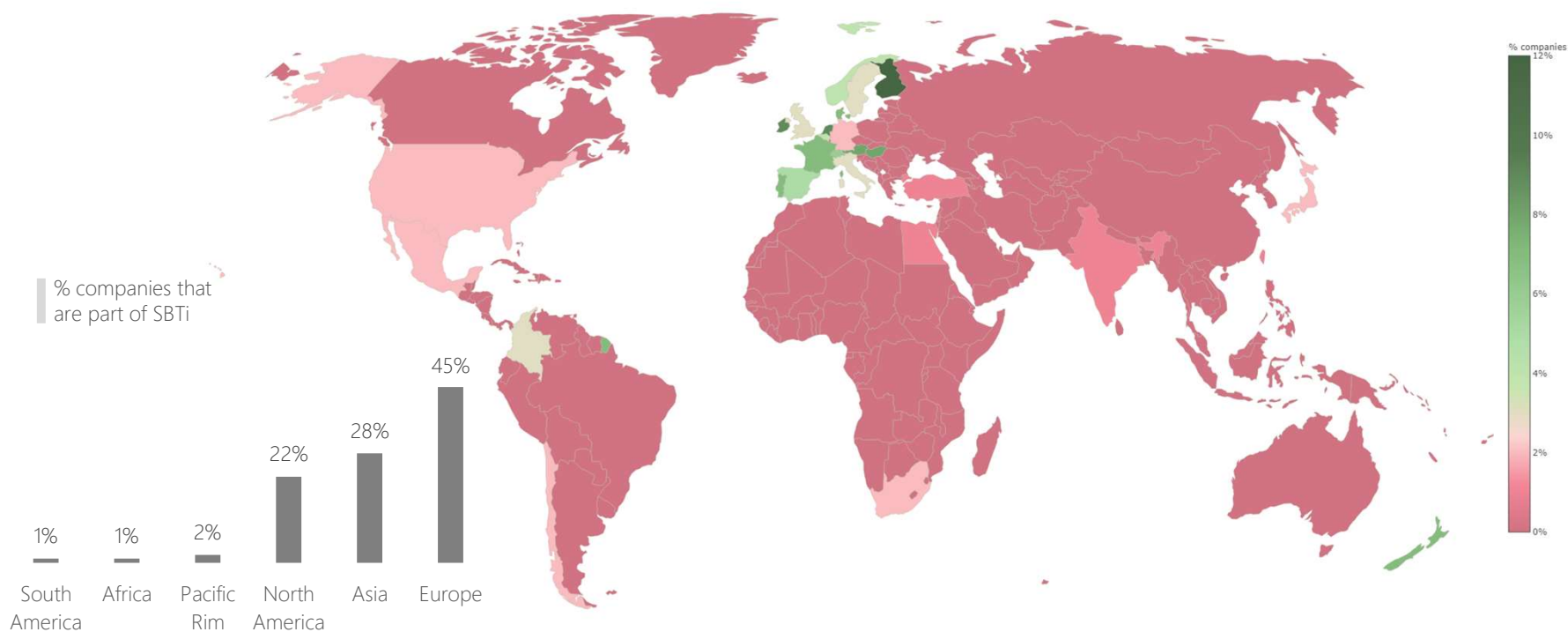
- The "Top 20%" based on S-Ray® ESG Scores outperform the "Bottom 20%" by **3.2% p.a.\***.
- The volatility of the "Top 20%" is **3.7% p.a.\* lower** than the volatility of the "Bottom 20%".
- The Bottom 20% companies underperform the overall investment universe by **1.9% p.a.\***.
- **Integrating environmental, social and governance data with quantitative investment strategies does not hurt financial performance.**

\*Performance from 31/01/2007 to 31/03/2019 in USD, gross of fees and transaction costs.



arabesque

# Country-level Coverage of Companies taking part in the Science Based Targets Initiative\* (SBTi)



\*<https://sciencebasedtargets.org/about-the-science-based-targets-initiative/>