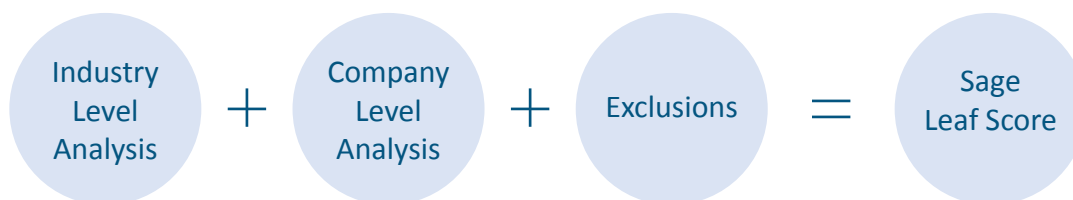


SAGE'S ESG LEAF SCORE METHODOLOGY

No two companies are alike. This is exceptionally apparent from an ESG perspective, where the challenge lies not only in assessing the differences between companies, but also in the differences across industries. Although a company may be a leader among its peer group, the industry in which it operates may expose it to risks that cannot be mitigated through company management. By combining an ESG macro industry risk analysis with a company-level sustainability evaluation, the Sage Leaf Score bridges this gap, enabling investors to quickly assess companies across industries. Our Sage Leaf Score, which is based on a 1 to 5 scale (with 5 leaves representing ESG leaders), makes it easy for investors to compare a company in, for example, the energy industry to a company in the technology industry, and to understand that all 5-leaf companies are leaders based on their individual company management and the level of industry risk that they face.



Industry Level Analysis

Financial Materiality ESG Factor Weighting

Environmental Factors

GHG Emissions
Hazardous Waste Management
Water Management
Renewable Energy Programs
Carbon Intensity Trends
Recycled Material Use

Social Factors

Supply Chain Management
Community Involvement Programs
Employee Training
Long Term Incident Rate Trend
Discrimination Policy
Health & Safety Management

Governance Factors

Anti-Bribery & Corruption Policy
ESG Performance Targets
Board Diversity
Board Independence
Remuneration Policies
Political Involvement Policies

Industry Risk Profile Assessment

Critical Incident Risk
Detrimental Environmental Impact Risk
Low Carbon Economy Transition Risk
Social Adversity Risk
Decreased Investor Demand Risk
Unmanageable Industry Risk
Climate Change Risk

Company Level Analysis

Peer Group Comparison

Evaluate sustainability metrics of each company in a specified industry as compared to its overall peer group. This evaluation allows for ranking of leaders to laggards for each industry.

Controversy Analysis

Examination of critical incident risk by individual company. This analysis considers major issues that the company has faced in the recent past and the handling of major issues by management.

ESG Momentum Evaluation

ESG Momentum evaluates the sustainability past trend and forward trajectory of each individual company. This metric signals whether a company is improving or deteriorating with regard to ESG principles.

Exclusions



Tobacco



Coal Mining & Extraction



Small Arms



Human Rights Violations

Sage Leaf Score

