ESG 17
SCREEN

2023

SUSTAINABILITY DRIVERS
METHODOLOGY

Screen17 Sustainability Drivers

Making the SDGs investible

At the heart of Screen17's corporate assessment lies a set of research-informed Sustainability Drivers. These Sustainability Drivers are specific aspects of corporate performance that affect or "drive" its sustainability assessment. Aligned to one or more SDGs, they provide a way to convert the SDGs into scorable features and thus make them investible.

Multiple Data Sources, One General Framework

Screen17's Sustainability Drivers have been defined following the review of current frameworks and standards for assessing corporate sustainability performance.

To ensure cross-industry and cross-company comparability, the general framework of Sustainability Drivers is consistent across firms and independent of the sector and individual business model of the assessed company. However, all the relevant Sustainability Drivers feature industry-specific materiality weights.

Screen17 has identified 64 drivers to fully encompass all aspects of a corporation across two dimensions (See Page 4 & 5 for full list of drivers):

Business Operations - The Business Operations dimension covers all main aspects of the company's operations. 28 Business Operations categories are considered within Screen17's sustainability assessment. They reflect all the distinct facets of a corporate sustainability performance and are intended to be mutually exclusive and collectively exhaustive.

E.g. - Workforce Diversity & Inclusion, Soil Quality, Animal Welfare

Products and Services - The Product and Service Sustainability Driver Score provides a measure of the company's exposure to the product or service (usually as a percentage of revenue share) as well as an assessment of the product type. There are 36 Product and Service categories. All of them are equipped with associated Sustainability Driver Scores. The identified product and service categories are not intended to be exhaustive but covering the most prevalent sustainability topics.

E.g. - Military Equipment, Communication Tools, Agricultural Supplies & Services

Sustainability Driver Scores

The two dimensions use different score components to build the basis of the score calculations. However, in general there are two broad groups of components:

01 | Relevance

Assessment of the companies' exposure to a product or service for a company or the relative importance of the companies' business operations.

02 | Quality

Assessment of the product or service type or the companies' business operations performance.

Business Operations Driver Scores

The overall score for each Business Operations Driver is calculated based on two underlying components, the 3-tiered performance score component and the materiality component and the materiality component which is used to weight the relevance of the performance score to a specific industry.

Performance Score Components (Quality)	Materiality Weights (Relevance)
The overall performance score features a combined assessment of 3 elements: • Corporate controversies • Performance related indicators • Management of the company's sustainability performance	Materiality Weights indicate the relative importance of Business Operations Sustainability Drivers for different industry-groups (based on the Global Industry Classification Standard (GICS))

Products & Services Driver Scores

In general, the Product Sustainability Driver score provides a measure of the company's exposure to the product or service. These scores can eventually be understood as a specific product or service contribution to, or detraction from, on one or more of the SDGs.

Performance/Service Type Score (Quality)	Product Exposure Score (Relevance)
The product type score assesses a company's product mix in a particular driver. A company's revenue is evaluated with respect to two dimensions: • The product types, • The actual type of involvement	The product exposure score assesses the relevance of a Sustainability Driver for a company, measured by the relative revenue generated through relevant product types or services categorised to the specific Sustainability Driver.

Sustainability Driver Polarity

All Screen17 Sustainability Driver Scores are numerical and range from -100 to +100. A score of 100 denotes the best possible assessment, in line with a science-based approaches or a theoretical optimum. A score of -100 is the worst possible assessment (as historically observed or theoretically possible). Thereby, the score for a Sustainability Driver can have positive, negative, or mixed polarity as described in the table below.

Polarity	Value Range	Explanation	Example
Positive	0-100	Possible value range for scores that feature positive sustainability effects on the related Sustainability Driver	Renewable Energy Technologies
Negative	-100–0	Possible value range for scores that feature negative sustainability effects on the related Sustainability Driver	Fossil Fuels
Mixed	-100-100	Possible value range for scores that feature positive and/or negative sustainability effects on the related Sustainability Driver	Power Generation

Absolute vs. Relative Assessment

When computing the Sustainability Driver Scores, rather than considering the absolute number of products/services being produced/offered (Product Driver Scores) or externalities being generated (Business Operations Driver Scores), our sustainability assessment applies a relative approach ruling out any company size biases.

Product Driver Scores

The assessment is mainly based on the relation of different product types. For example, in an instance where two companies generate the same share of revenues from power generation based on fossil fuels, but one of them generates twice the amount of power output, both will still receive the same score based on the sustainability assessment.

Business Operations Driver Scores

01 | Quantitative indicators

In this instance the same concept applies as with the Product Driver Scores using, for example, the number of externalities generated relative to the company size, e.g., In the case of emissions the carbon emissions (externalities generated) relative to the enterprise value.
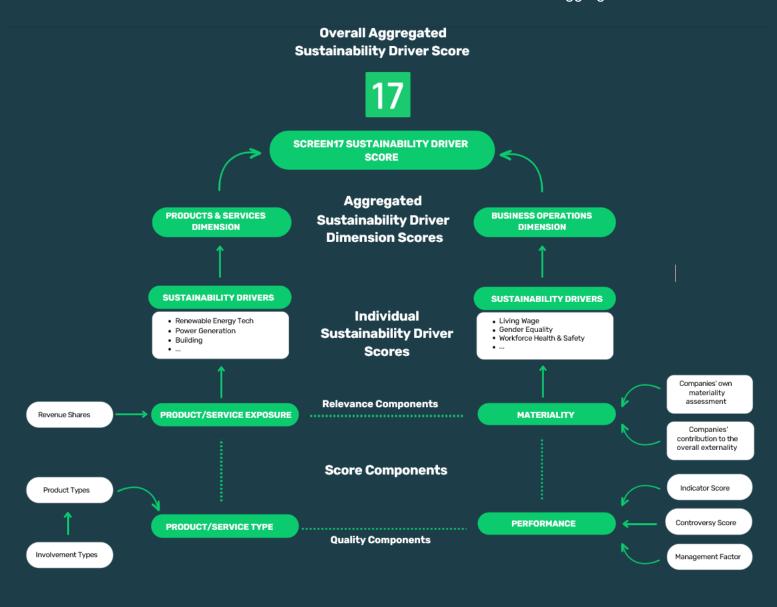
02 | Corporate controversies

Only corporate controversies are not assessed in relation to the company size in order to not relativize corporate misconduct with the size of the company, e.g., cases of child

labor are assessed absolutely in order to avoid relativizing very severe allegations concerning the use of child labor.

Final Score Calculation

Once a score has been assigned to each sustainability driver, they are combined and an overall weighted average for each dimension is calculated. Finally, the two dimension scores are amalgamated into a single overall Sustainability Driver Score. Investors can view this score on both a portfolio wide and individual entity level on the Screen17 App. Additionally, by allocating the sustainability drivers to the relevant SDGs, an individual and overall SDG score can be calculated for each dimension and as an aggregated score-

Overall Aggregated Sustainability Driver Score

Contact us with any questions or requests via:

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To find out more about ESG Screen17 visit our website at:

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