

**A Look Back at 2022**

**International & European ESG  
Performance**

**January 2023**

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# Agenda

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## **Define Signals and Metrics**

### **Review of 2022**

**Intl Developed- ESG Rank and Confluence ESG Signals**  
**Global All – ESG Rank vs ESG Carbon Signal**

### **European ESG Factor Review for 2022**

**Top/Bottom 10% of iShares Europe (IEV)**

### **CODI Model Portfolios**

**Europe Model**

### **Carbon Emissions of Investment Benchmarks**

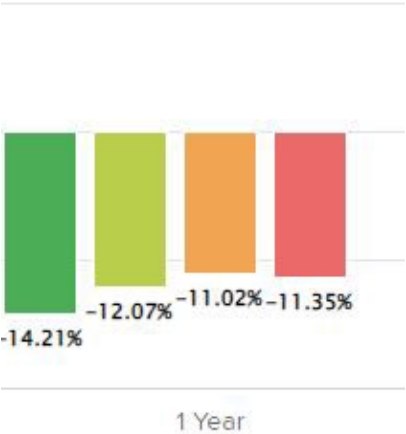
**Europe and EAFE Indices**

# Defining Signals

	Description	Use Cases
<b>ESG Rank</b>	Equal-weighted score of E, S, and G pillars	Risk Analysis Reporting
<b>Performance ESG</b>	Score based on Top 5 ESG KPIs positively correlated with residual returns	Risk Analysis Reporting Investment Signal
<b>Alpha ESG Signal</b>	Rank based on 12-month return model of residual returns, ESG data and deltas	Risk Analysis Investment Signal
<b>Alpha ESG Carbon Signal</b>	Rank based on 12-month return model of residual returns, Carbon metrics, ESG data and their deltas	Risk Analysis Investment Signal

# 2022 Intl Developed ESG Recap

ESG Rank



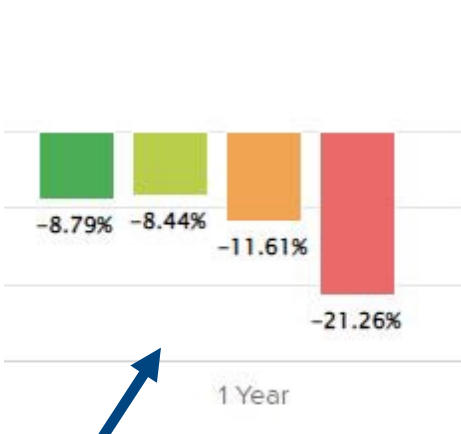
Performance ESG



Alpha ESG



Alpha ESG Carbon



● Top 25% (203 assets) ● 50-75% (206 assets) ● 25-50% (200 assets) ● Bottom 25% (203 assets)

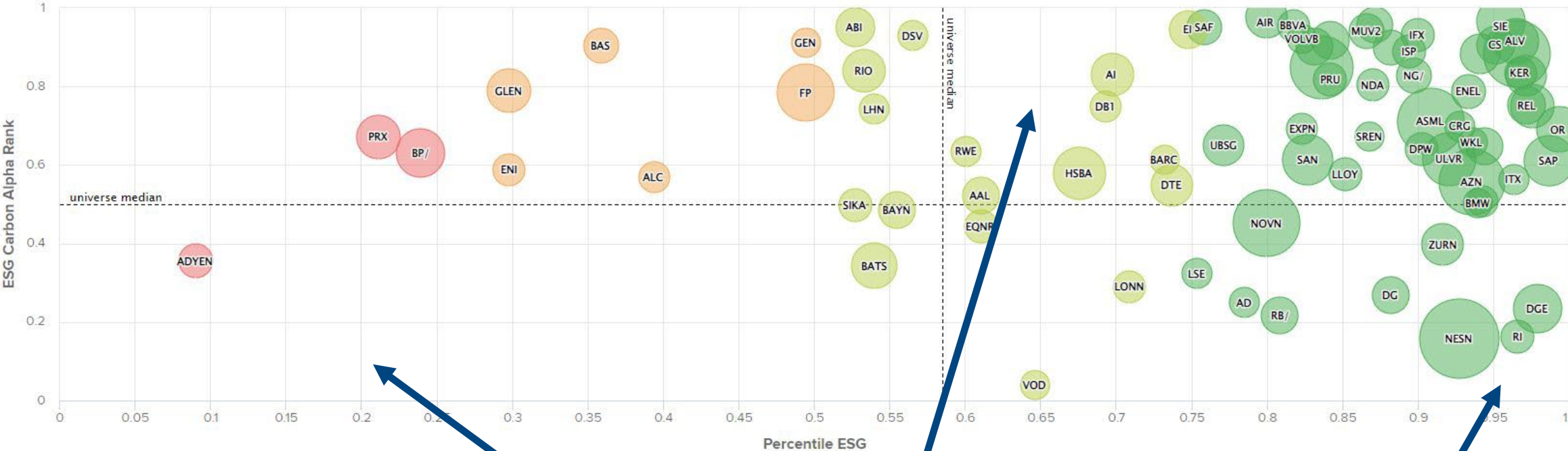
**Note:**

- Equal-weighted performance by quartile
- Signals/ranks updated quarterly

**Confluence new signal adds value for long/short**



# Europe – Signal vs ESG Rank



Long Candidates in top right quartile

Shorts or underweight stocks; High Rank ESG stocks forecasted to decline like NESN, DGE, RI

# Europe ESG Factor 2022 Review

## Best performing ESG Factors and Signals from the IEV

## Top/Bottom defined at the 10% threshold of the IEV Universe

## Energy Stocks sit in the first spots delivering a lot of alpha

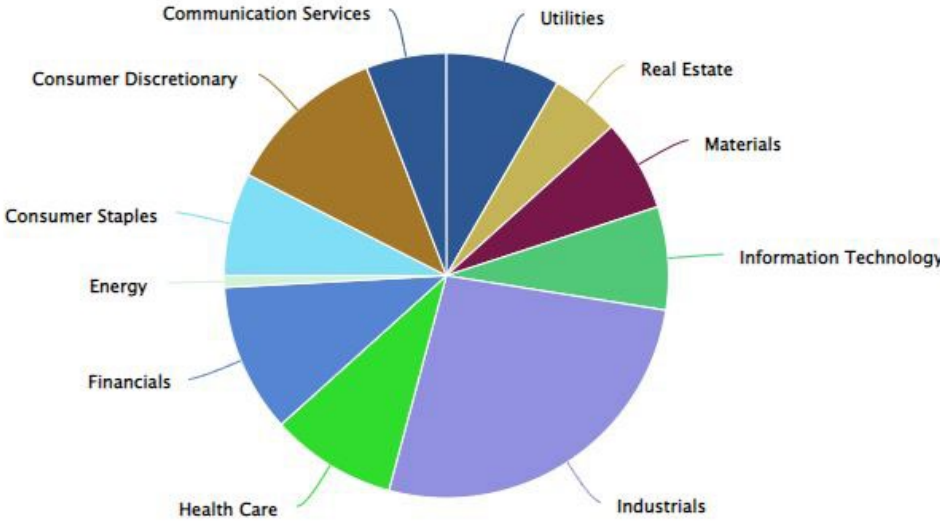
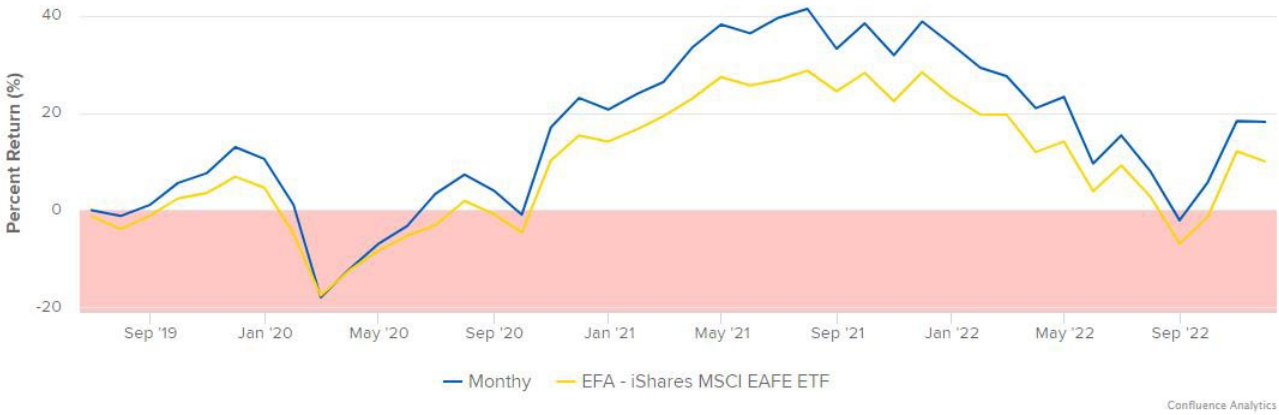
## ESG Factors and Signals added value versus the benchmark and ESG Universe (highlighted in darker green)

Rank	ESG Factor	1yr Return	Attribution	Alpha	Ave # Companies
1	Bottom Scope 3 Carbon	-1.57	16.82	12.59	30
2	Bottom Carbon (Rev Intensity)	-4.17	14.22	9.99	22
3	Bottom Carbon (MktCap Intensity)	-7.43	10.96	6.73	17
4	Top S	-11.25	7.14	2.91	81
5	Top Diversity	-12.21	6.18	1.95	85
6	Top ESG Performance**	-12.43	5.96	1.73	80
7	Top E	-13.51	4.88	0.65	73
8	Top Carbon (Rev Intensity)	-13.61	4.78	0.55	67
9	Top ESG	-13.83	4.56	0.33	93
10	IEV ETF	-14.16			
11	Bottom ESG Alpha	-14.17	4.22	0	52
12	Top Carbon (MktCap Intensity)	-15.24	3.15	-1.07	54
13	Top G	-15.96	2.43	-1.79	86
14	Bottom E	-17.21	1.18	-3.05	4
15	ESG Universe (EQW)	-18.39		-4.23	297

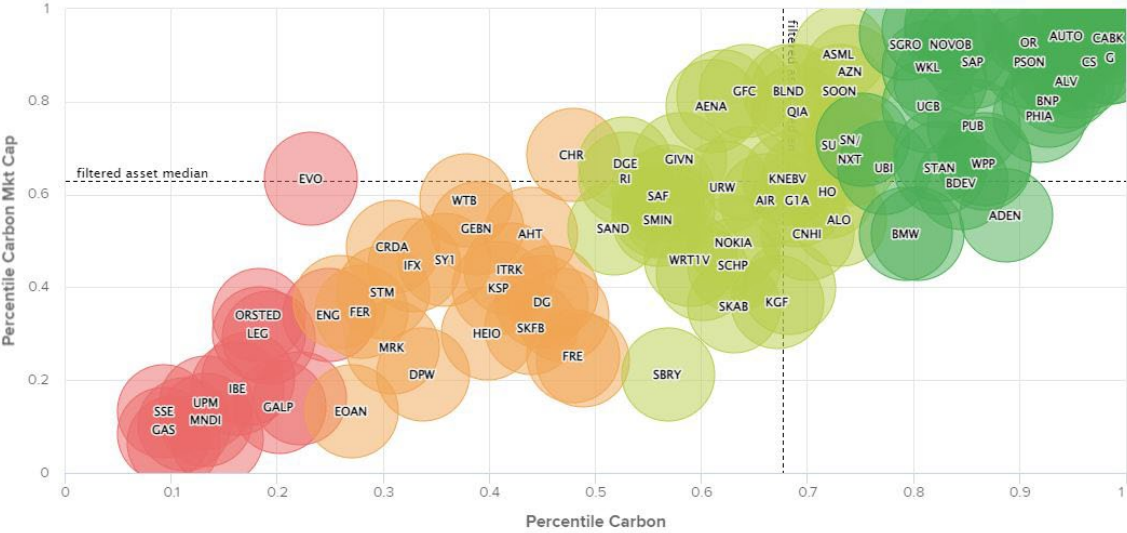
Note:

- Attribution is the return in excess to ESG Universe
- Alpha is the return in excess to the IEV ETF

# Climate Optimized - Europe Model



Metric	Monthly Rebalance	Benchmark
1 Month Percent Return	-0.16 %	-1.86 %



## CODI – Europe

In-line performance for 2022 at 80% reduction in emissions

Performance ESG major signal driving selection

Net Zero cost 22bps

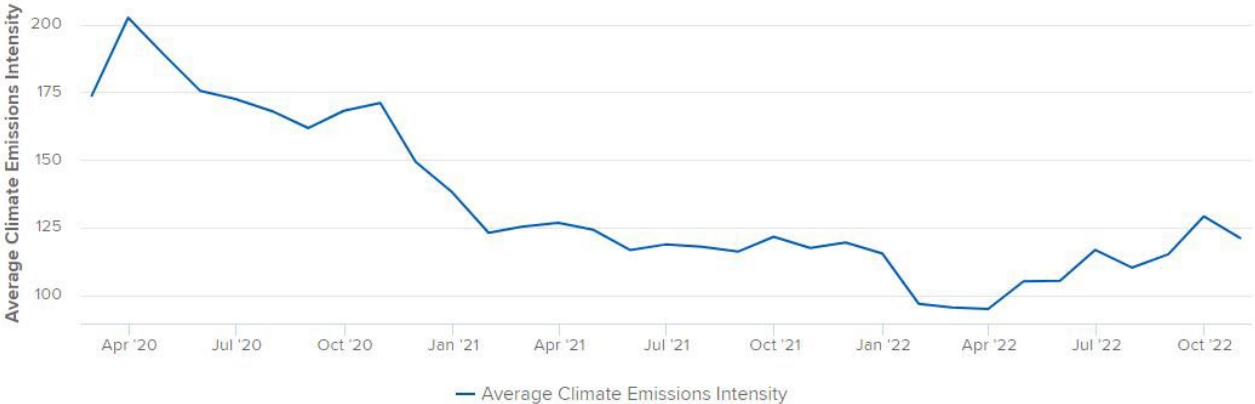


# Benchmark ETF Emissions



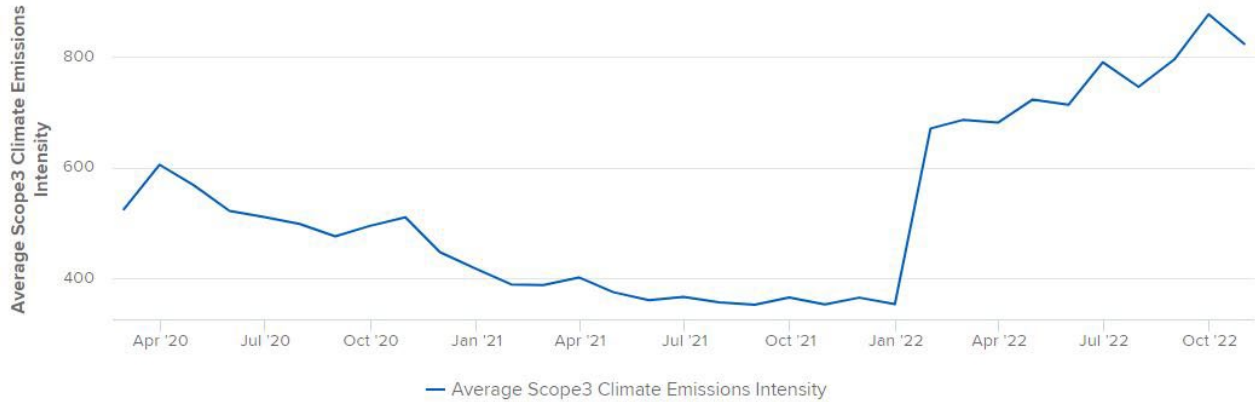
# EFA ETF Emissions Details

Avg Climate Emissions Intensity (tons of GHG/tCO2e per \$MM Invested) [↓](#)



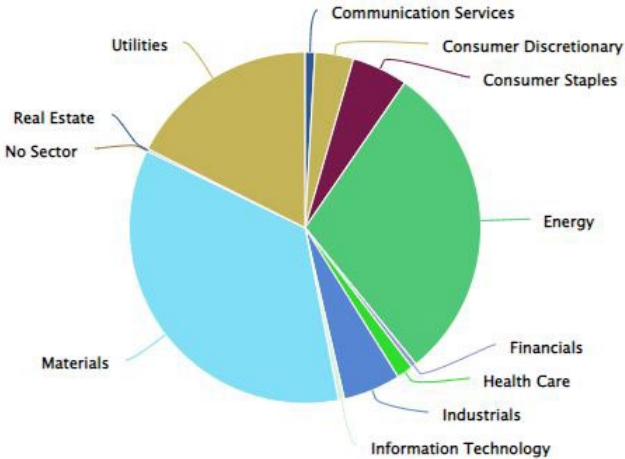
Confluence Analytics

Avg Scope3 Climate Emissions Intensity (tons of GHG/tCO2e per \$MM Invested) [↓](#)

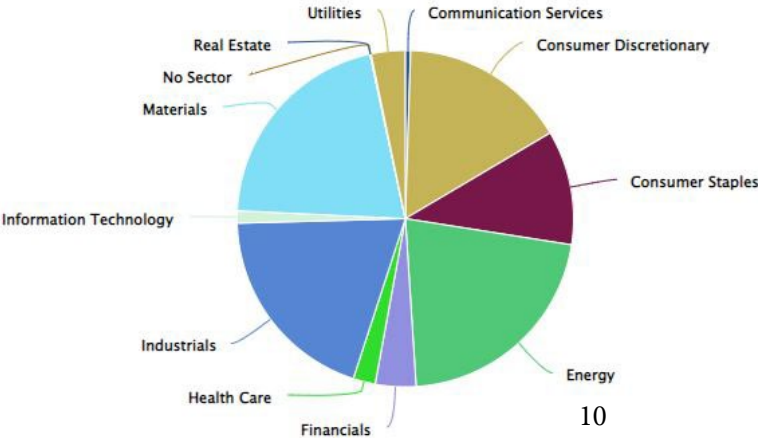


Confluence Analytics

Percent Total Emissions Per Sector

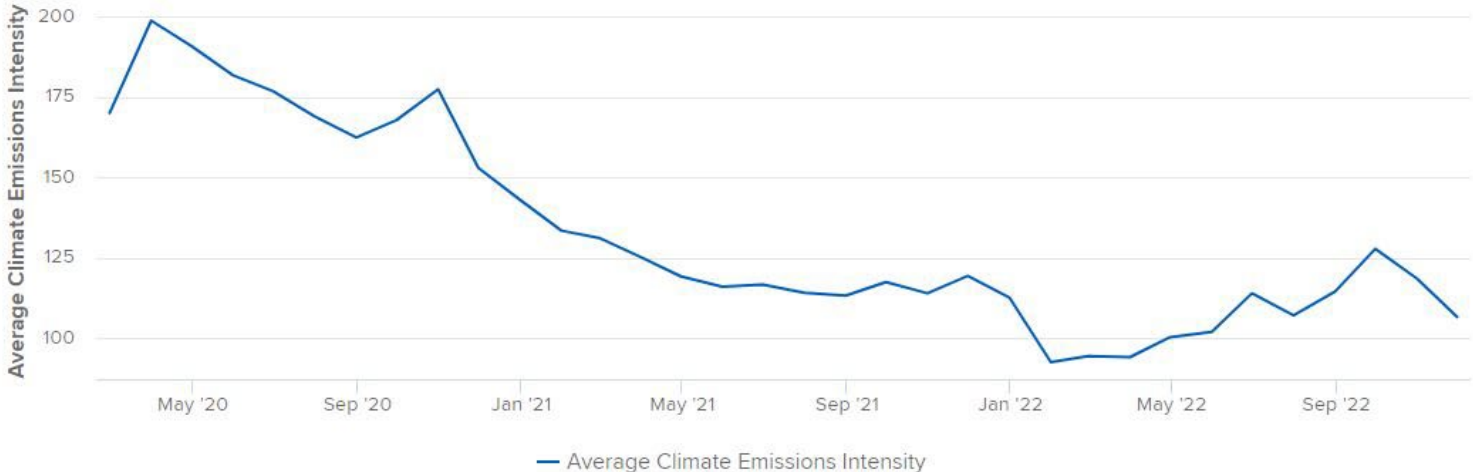


Percent Scope 3 Emissions Per Sector

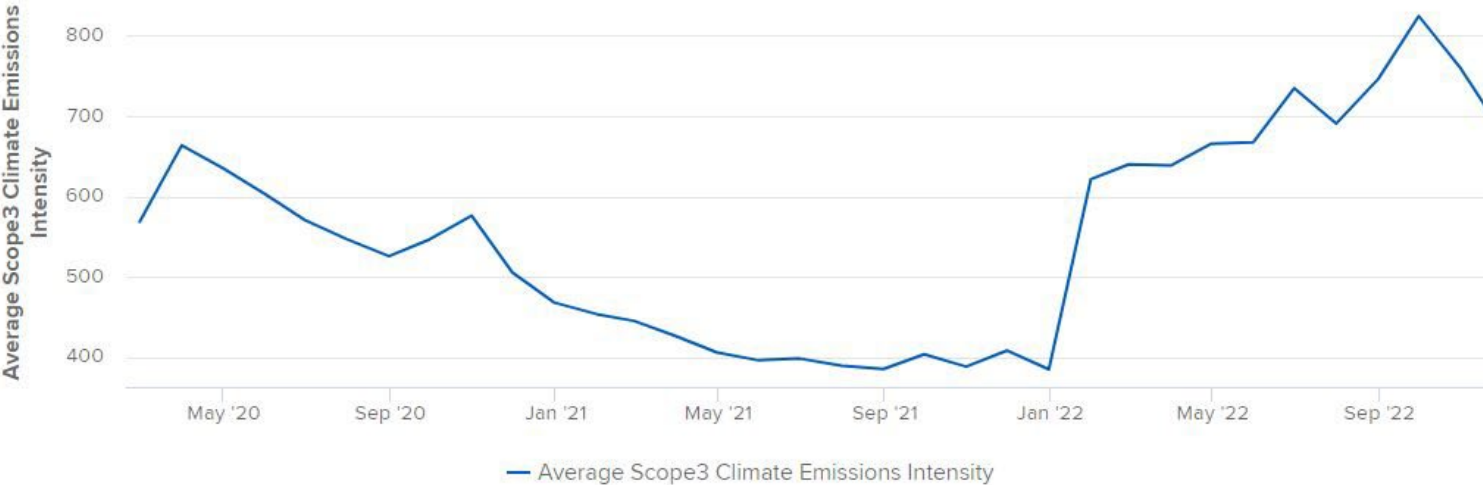
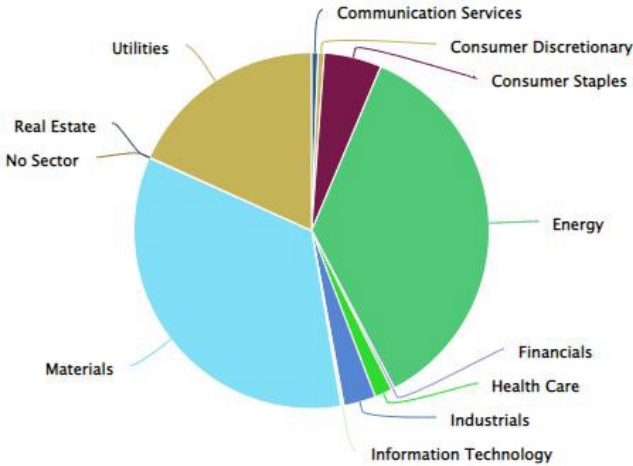


# IEV ETF Emissions Details

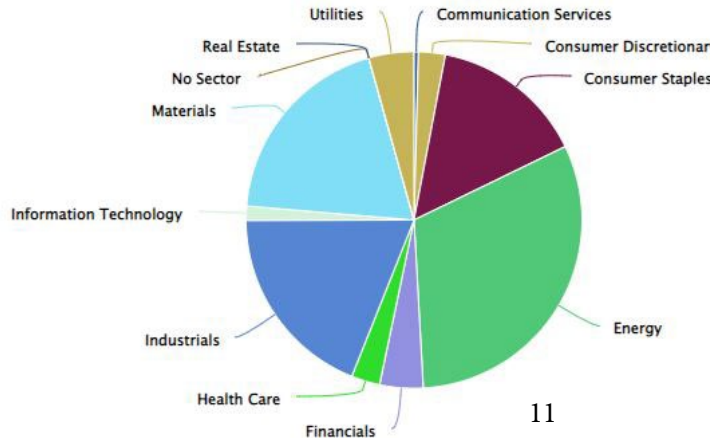
Avg Climate Emissions Intensity (tons of GHG/tCO2e per \$MM Invested)



Percent Total Emissions Per Sector



Percent Scope 3 Emissions Per Sector



# Thank you!

