



Materials Sector – ESG Building Blocks

June 2022

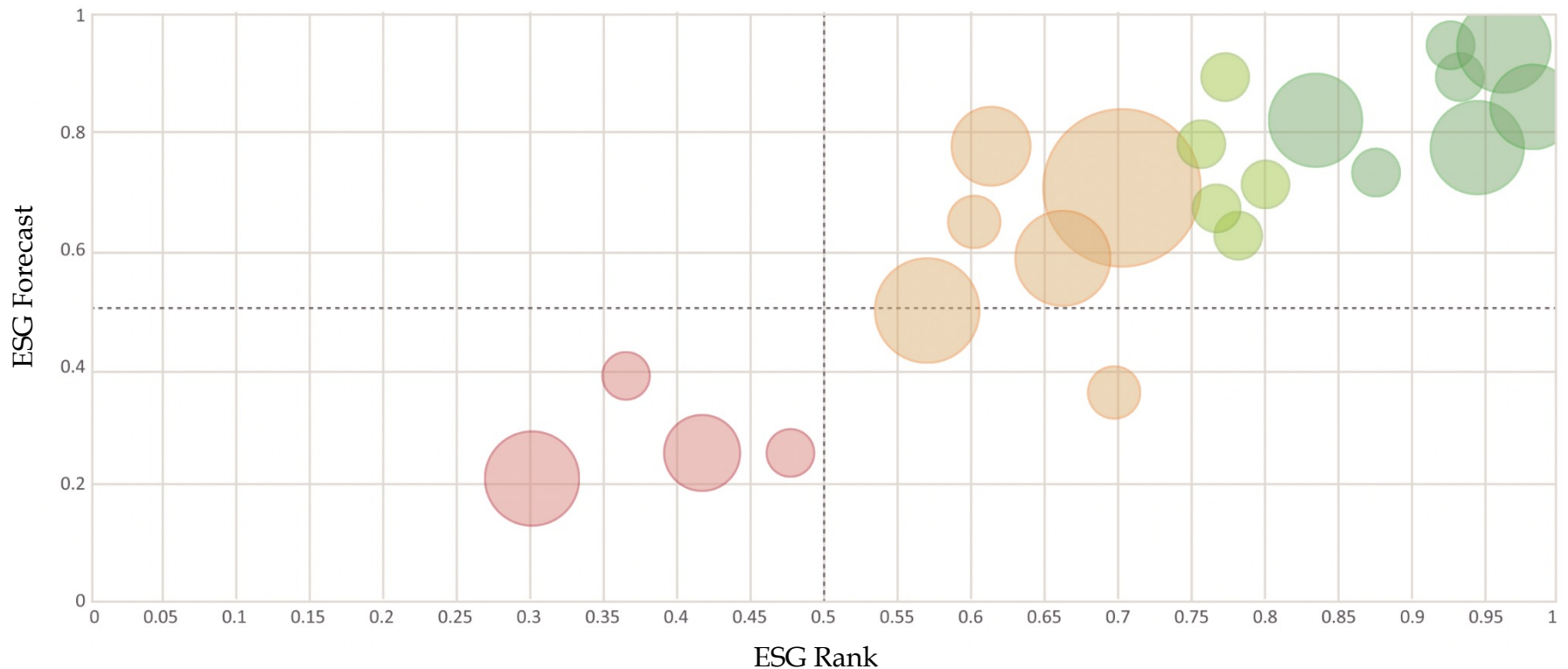
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Lots of Dispersion Within the ESG Building-Block Sector

- 2022 has been a stock picker's field in Materials as relative performance has run the gamut from an ESG perspective with strong ESG companies both outperforming (IP, AMCR, LYB, NEM) and underperforming (ECL, BLL).
- Fundamental execution has been divided into two distinct clusters with a select group of companies exhibiting strong ROIC (return on invested capital) and sales growth (notably NUE, CF, LYB), while others lag (NEM, IP). Also of note is the good fundamental execution of sector ESG leaders LYB and FCX.
- Price momentum and ESG – Long candidates: ALB, LYB, FCS; Short candidates: SHW, VMC.
- Carbon intensity has also shown a good deal of dispersion in Materials with leaders (IFF, ECL, FMC, SHW) significantly more efficient than laggards (CF, LYB, WRK, IP, NUE).
- ESG ranking and ESG Alpha – Residual return expectations for ESG laggards MLM, NUE, and VMC are relatively poor. Conversely, AMCR, NBLL, APD, IFF, ECL, FCX, LIN have strong alpha expectations and lead in sector ESG ranks.

Confluence Generates Actionable ESG Data

We make ESG data more effective and actionable. Our ESG Signal Matrix provides clear insights to help investors manage risk and boost returns because the signals serve as building blocks that can power performance-focused ESG solutions.



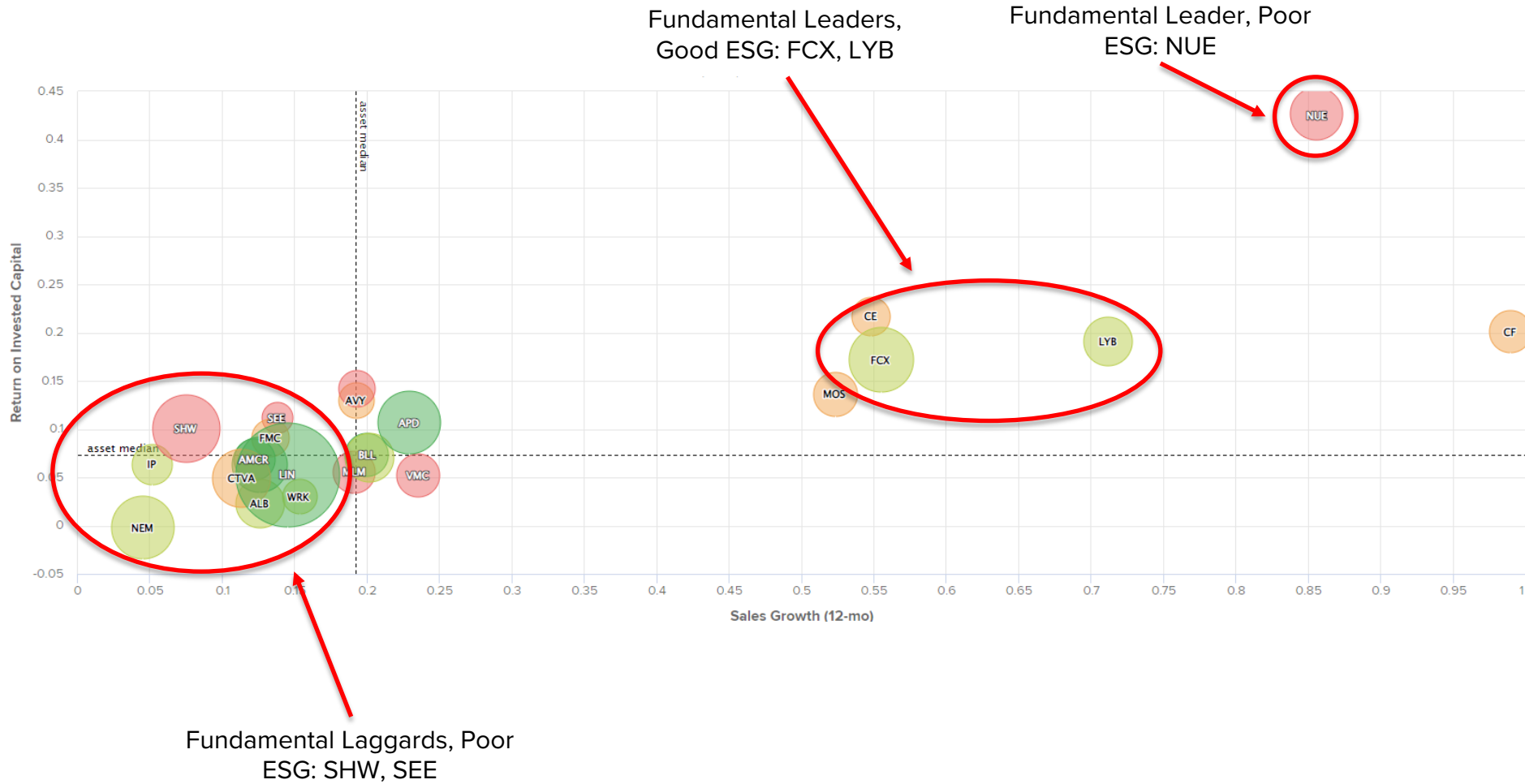
US Materials – YTD Performance Landscape (Color: ESG Rank)

YTD Outperformers, Good ESG: IP, AMCR, LYB, NEM



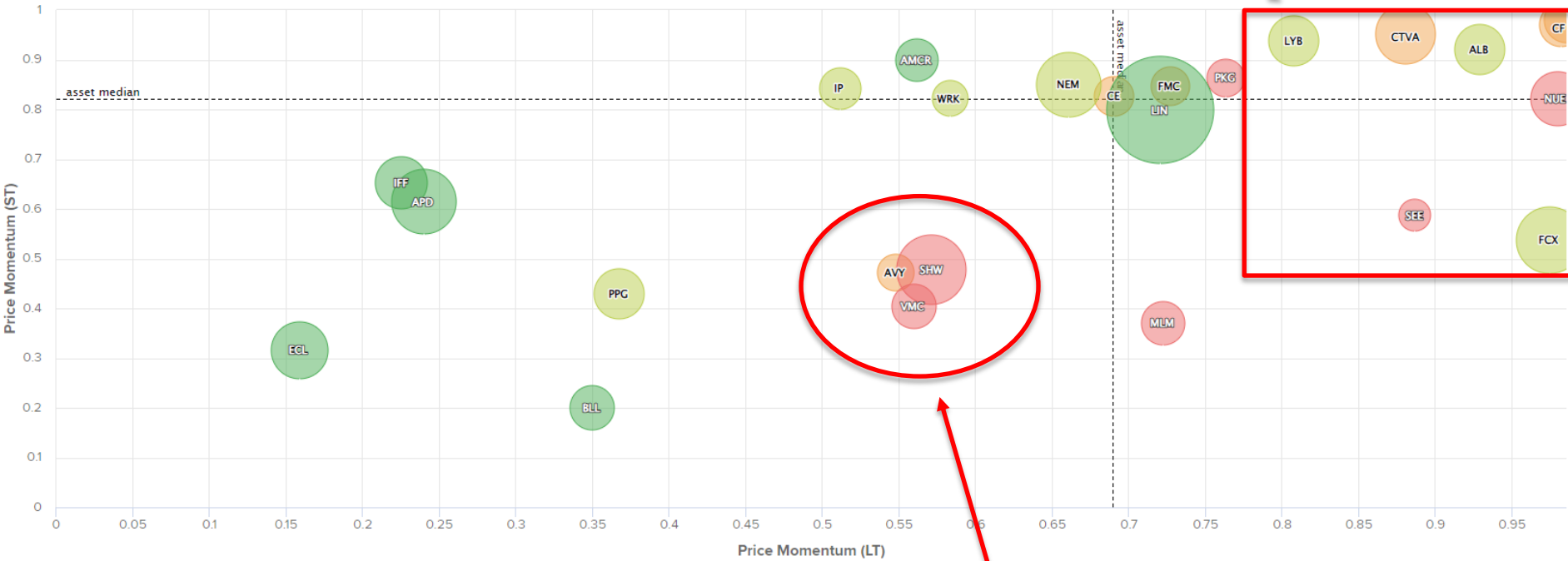
YTD Underperformance, Poor ESG: MLM

YTD Underperformance, Good ESG: BLL, ECL, APD, IFF



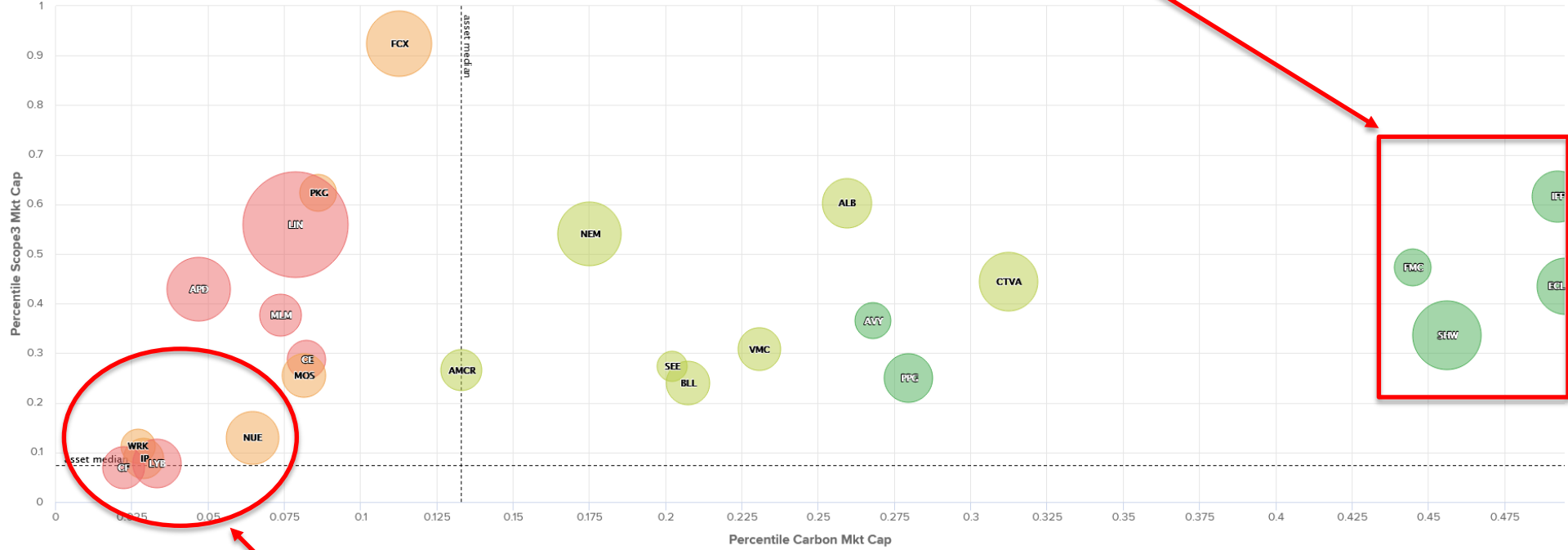
US Materials – Price Momentum Matrix (Color: ESG Rank)

Strong LT Momentum, Good ESG.
Long candidates: ALB, LYB, FCX



Avg. LT Momentum, Poor ESG.
Short candidates: SHW, VMC

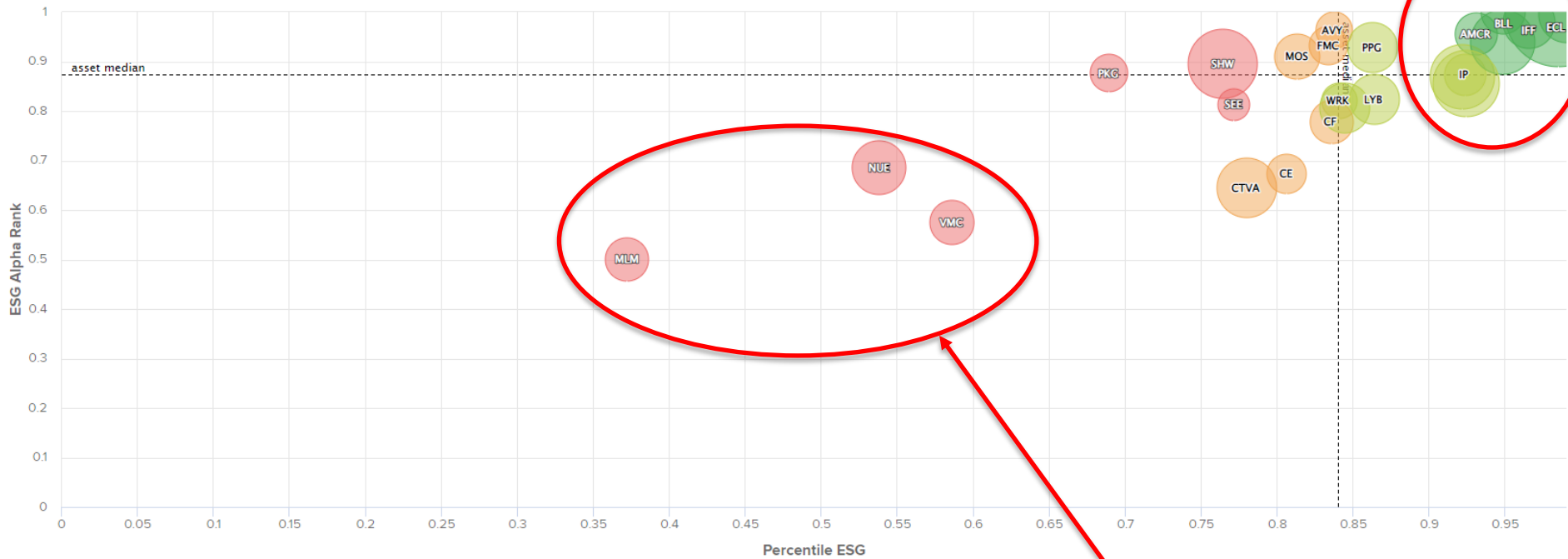
Least Carbon Intensive:
IFF, ECL, FMC, SHW



Most Carbon Intensive: CF, LYB,
WRK, IP, NUE

US Materials – ESG Signal Matrix (Color: ESG Rank)

Highly Ranked ESG Positive Residual Return Forecast:
AMCR, BLL, APD, IFF, ECL, FCX, LIN



ESG Sector Laggards both by Rank and Return Expectation:
MLM, NUE, VMC

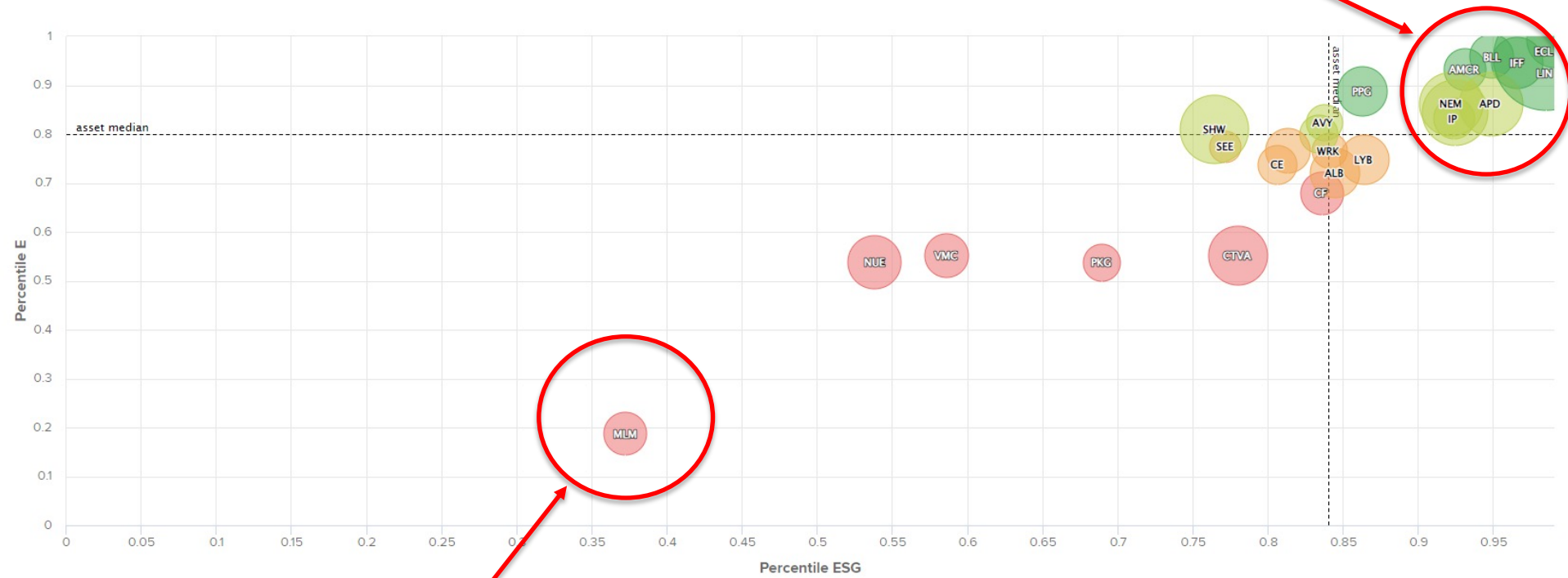
ESG Filters To Identify Positive/Negative Outliers

- The following is a series of charts that look at the US Large Cap Materials sector and assesses which companies stand out positively and negatively on the main pillars of E,S,G.
- Positive ESG and Environmental concurrence is strongest with ECL, IFF, BLL, AMCR, LIN, and APD. Conversely, MLM stands out as a laggard on both fronts.
- Similar to Environmental, Social/ESG leaders also include ECL, IFF, BLL, LIN, and APD. Laggards on the Social/ESG intersection: MLM, NUE, and VMC.
- Concurrence in Governance and ESG have notable leaders (IFF, ECL, LIN, APD, FCX, NEM) and laggards (MLM, NUE, VMC), as well as a few notable outliers with good ESG ranks, but poor Governance (PKG, SHW) – which often presents a stark warning for diligent investors.

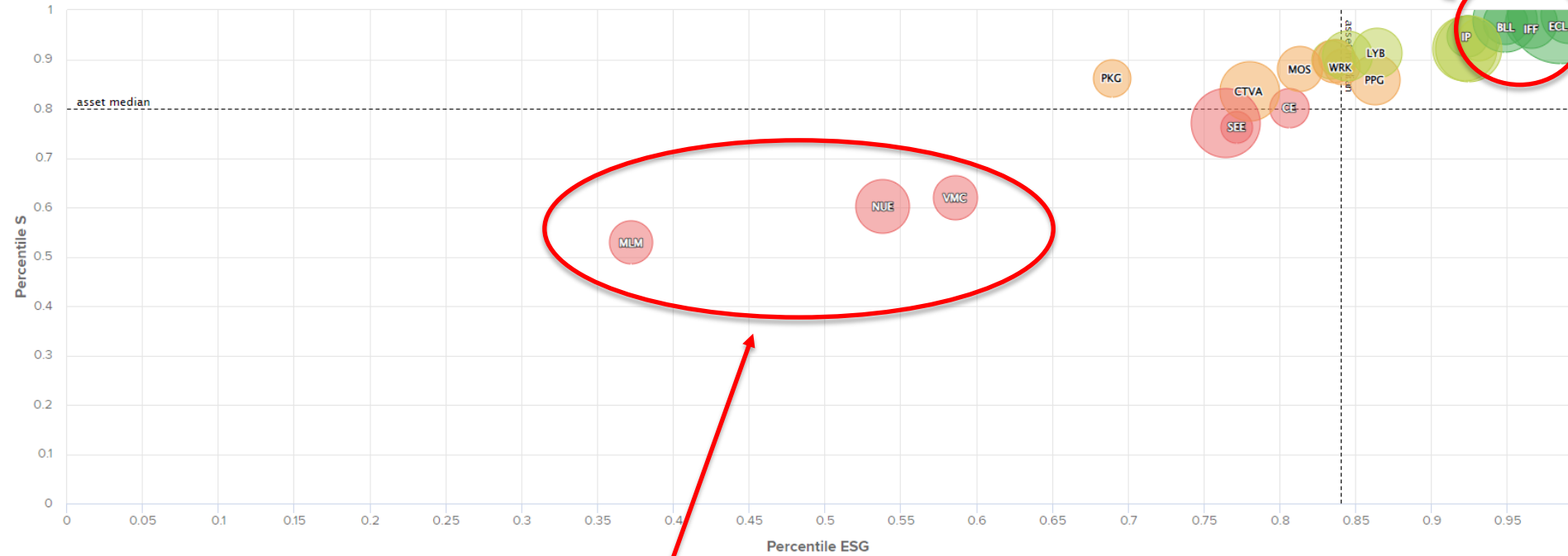
US Materials – ESG Outliers E (Color: E Rank)

High Ranked ESG, Strong Environmental:
ECL, IFF, BLL, AMCR, LIN, APD

Low Ranked ESG, Poor Environmental: MLM

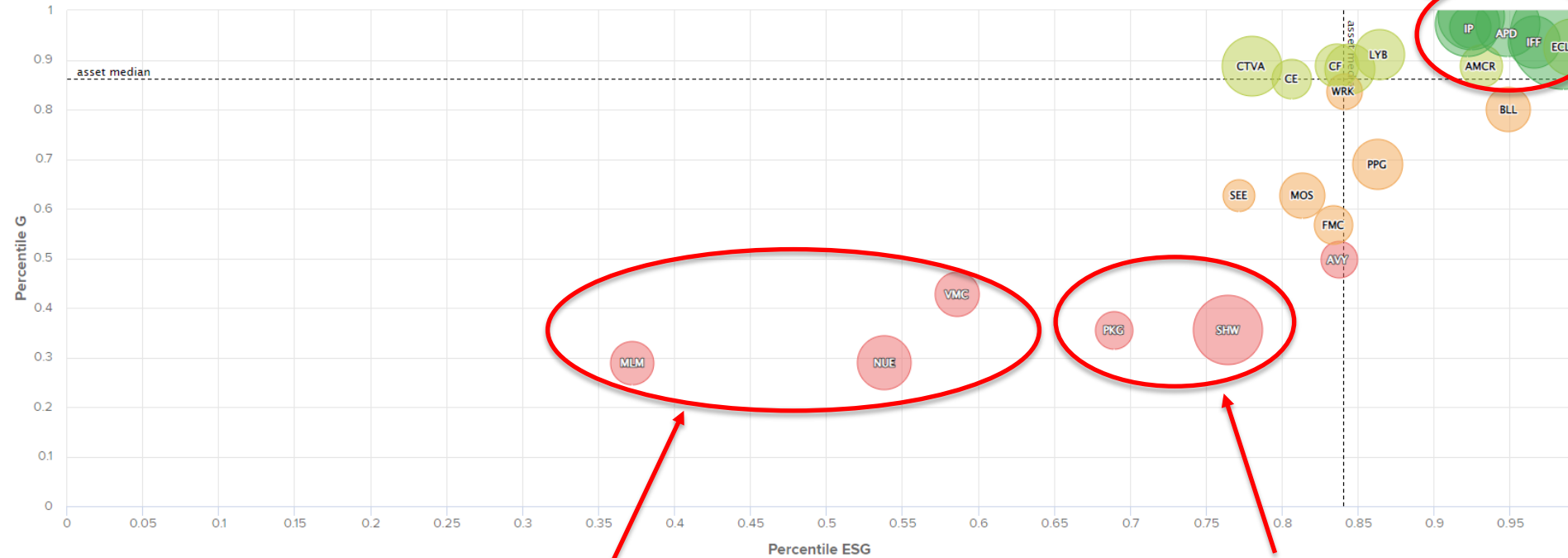


High Ranked ESG; Strong Social:
BLL, IFF, ECL, LIN, APD



Sector Laggards in ESG and
Social: MLM, NUE, VMC

High Ranked ESG; Strong Governance:
IFF, ECL, LIN, APD, FCX, NEM



Sector Laggards in ESG and Governance: MLM, NUE, VMC

Sector Outliers: Good ESG, Poor Governance: PKG, SHW

<u>Company</u>	<u>Ticker</u>	<u>Market Cap</u>	<u>ESG Rank</u>	<u>E Rank</u>	<u>S Rank</u>	<u>G Rank</u>	<u>ESG Alpha Rank</u>
LINDE PUBLIC LIMITED COMPANY	LIN	162,188,848	99%	95%	100%	95%	100%
Ball Corporation	BLL	28,909,100	95%	96%	97%	80%	99%
International Flavors & Fragrances Inc.	IFF	33,447,742	96%	94%	97%	94%	97%
Air Products and Chemicals, Inc.	APD	55,409,393	94%	84%	98%	96%	96%
Ecolab Inc.	ECL	50,548,431	99%	99%	99%	93%	96%
Arcor Limited	AMCR	17,150,529	95%	94%	96%	88%	93%
Avery Dennison Corporation	AVY	14,327,357	83%	82%	90%	45%	92%
Newmont Mining Corporation	NEM	62,968,058	93%	84%	94%	98%	92%
Packaging Corporation of America	PKG	14,628,102	64%	48%	82%	32%	91%
The Mosaic Company	MOS	24,492,566	80%	70%	87%	70%	90%
The Sherwin-Williams Company	SHW	65,449,415	75%	79%	73%	48%	84%
LyondellBasell Industries	LYB	33,725,945	84%	70%	86%	91%	84%
WestRock Company	WRK	12,378,973	81%	70%	88%	78%	83%
FMC Corporation	FMC	16,563,755	80%	76%	86%	58%	81%
Freeport-McMoRan Copper & Gold Inc.	FCX	72,360,807	91%	81%	91%	99%	77%
International Paper	IP	17,301,078	92%	81%	95%	96%	75%
CF Industries Holdings, Inc.	CF	21,364,842	82%	61%	86%	91%	74%
PPG Industries, Inc.	PPG	30,951,934	85%	84%	85%	78%	68%
Nucor Corporation	NUE	39,953,983	55%	50%	65%	32%	68%
Albemarle Corporation	ALB	25,899,407	81%	66%	85%	86%	65%
Vulcan Materials Company	VMC	24,393,942	58%	54%	60%	48%	55%
Martin Marietta Materials, Inc.	MLM	24,015,055	23%	12%	40%	28%	37%
CELANESE CORPORATION	CE	15,434,142	71%	63%	69%	78%	26%
Sealed Air Corporation	SEE	9,920,669	69%	76%	54%	54%	26%
Corteva Agriscience	CTVA	41,774,947	67%	26%	72%	87%	24%



Thank You

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