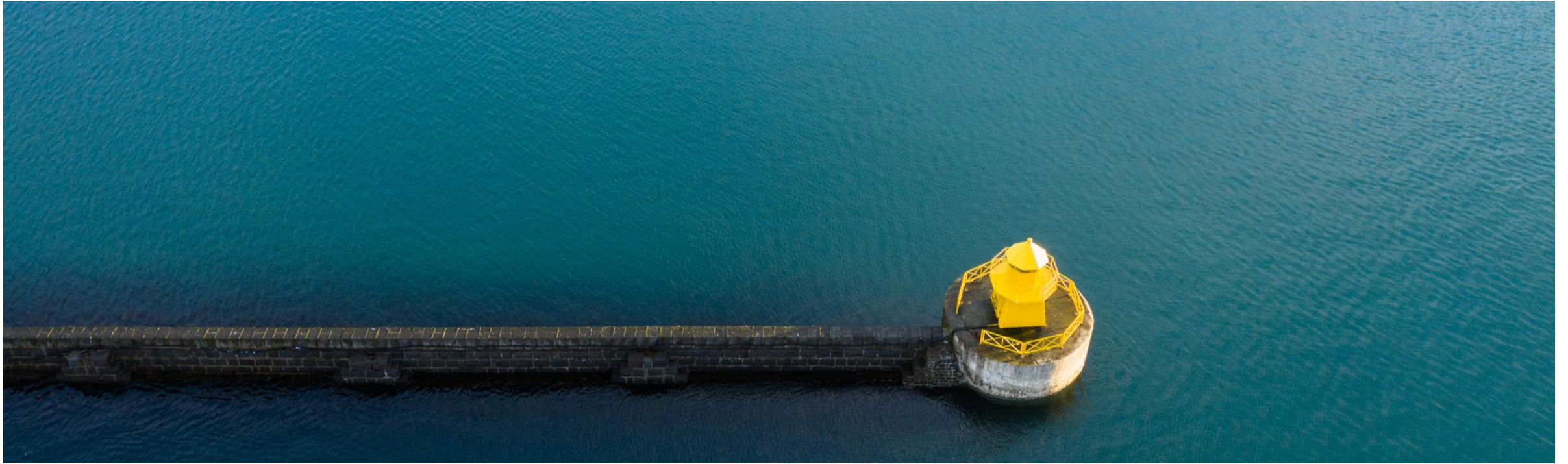


2021 CSA Methodology Updates

March 2021



Introduction

As part of the methodology development process for the 2021 CSA, we have created new questions and updated existing ones to ensure we are capturing the most material sustainability topics.

Please find below the new and updated questions for affected criteria in 2021. Please note that some criteria are industry-specific, and may not be applied to your industry.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Biodiversity	ALU Aluminum BVG Beverages COL Coal & Consumable Fuels COM Construction Materials ELC Electric Utilities FDR Food & Staples Retailing FOA Food Products FRP Paper & Forest Products GAS Gas Utilities HOM Homebuilding MNX Metals & Mining MUW Multi and Water Utilities OGX Oil & Gas Upstream & Integrated REA Real Estate STL Steel TOB Tobacco	<ul style="list-style-type: none"> • The criterion has been reviewed to better assess companies commitment to biodiversity and their exposure. • A new question 'No Deforestation Commitment' was added. • The existing questions 'Biodiversity Commitment and Biodiversity Exposure & Assessment' were expanded to include scope and supporting evidence.
Building Materials	CON Construction & Engineering	<ul style="list-style-type: none"> • The question 'Recycled Concrete' has been expanded and renamed to 'Recycled Building Materials'. • The scope of the question has been broadened to take into account all types of input materials and the related ratio of recycled/re-used content for each of these across a company's operations.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Climate Strategy	All Industries	<ul style="list-style-type: none"> • In order to further align the criterion Climate Strategy with the Task Force on Climate-related Financial Disclosure (TCFD) and the EU Taxonomy Regulation, four new questions have been introduced. • The two new questions 'Climate Risk Assessment: Physical Risks' and 'Climate Risk Assessment: Transition Risks' replace the question 'Scenario Analysis', which has been deleted. • Additionally, another two questions have been added, 'Physical Climate Risk Adaptation' and 'Climate Risk Management'.
Efficiency & Reliability	AIR Airlines	<ul style="list-style-type: none"> • The criterion has been reviewed to reflect the recent changes in the airline industry. • The question 'Share of Short-Haul Flights' has been deleted, while both questions 'Load Factor' and 'Delays Exceeding 15 minutes' have been brought together into one criterion. • For both questions, companies now have the option to provide either the breakdown of the indicators or the average. • Companies reporting on the breakdown, which is considered as best practice, can also tick the data consistency option in case their definition of short and long-haul flights differs from the CSA definition. • Both questions are now partially public, meaning that additional credit will be granted for publicly available evidence.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Financial Stability & Systemic Risk	BNK Banks FBN Diversified Financial Services and Capital Markets	<ul style="list-style-type: none"> The question 'Global Systemically Important Banks' was updated in 2021 and the layout modified to bring clarity and streamline the question flow.
Food Loss & Waste	AIR Airlines BVG Beverages CNO Casinos & Gaming COS Personal Products FDR Food & Staples Retailing FOA Food Products REX Restaurants and Leisure Facilities RTS Retailing TRT Hotels, Resorts & Cruise Lines	<ul style="list-style-type: none"> The new criterion has been introduced to assess a company's preparedness in dealing with food loss and waste issues. Whilst the 'Commitment' question assesses programs a company has in place to manage overall food loss and waste volumes, the 'Impact' question assesses a company's performance in terms of total food loss and waste volume, alternative uses and the share of food loss & waste volumes, which are ultimately discarded.
Human Capital Development	All Industries	<ul style="list-style-type: none"> The question 'Training and Development Inputs' has been updated to incorporate the aspects of coverage and data breakdown, and to reward companies that publicly report on this topic. The question now aims to ascertain the coverage of the training and development given to employees as well as whether a company has broken down the data into groups such as Age, Gender, Management Level, Race and Type of training. The question 'Return on Employee Development Investment' has been deleted.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Human Rights	All Industries	<ul style="list-style-type: none"> The 'Commitment' question has been expanded to include the content of companies' commitment. The 'Due Diligence' question now includes actual or potential human rights issues covered and groups at risk covered in the company due diligence.
Labor Practice Indicators	All Industries	<ul style="list-style-type: none"> The questions in this criterion have been reviewed to reflect the ongoing developments in the fields of diversity, inclusion and equity. The question 'Diversity' has been replaced by three new questions 'Workforce Breakdown: Gender', 'Workforce Breakdown: Race/Ethnicity' and 'Workforce Breakdown: Other Minorities'. The existing question 'Equal Remuneration' has been renamed 'Gender Pay Indicators' and now encompasses a variety of pay gap indicators.
Living Wage	CON Construction & Engineering COS Personal Products FDR Food & Staples Retailing FOA Food Products ICS Commercial Services & Supplies MNX Metal & Mining REX Restaurants & Leisure Facilities RTS Retailing TEX Textiles, Apparel & Luxury Goods THQ Computers & Peripherals and Office Electronics TRT Hotels, Resorts & Cruise Lines	<ul style="list-style-type: none"> The criterion Living Wage has been moved into the scored part of the CSA, and is now in the social dimension. The existing question 'Living Wage Methodology' has been expanded to incorporate coverage. A new question 'Living Wage Commitment' has been added and the existing four questions remain unchanged.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Low Carbon Strategy	AUT Automobiles	<ul style="list-style-type: none"> In this criterion, two additional questions have been created that will further capture automotive companies' exposure to the energy transition via their electric vehicle portfolio.
Occupational Health and Safety	ALU Aluminum ARO Aerospace & Defense ATX Auto Components AUT Automobiles BLD Building Products BTC Biotechnology BVG Beverages CHM Chemicals COL Coal & Consumable Fuels COM Construction Materials CON Construction & Engineering COS Personal Products CTR Containers & Packaging DHP Household Durables DRG Pharmaceuticals ELC Electric Utilities ELQ Electrical Components & Equipment FDR Food & Staples Retailing FOA Food Products GAS Gas Utilities HOM Homebuilding HOU Household Products ICS Commercial Services & Supplies IDD Industrial Conglomerates	<ul style="list-style-type: none"> In 2021, we have expanded the number of metrics companies can use when answering the following questions for both employees and contractors: Lost Time Injury Frequency Rate and Total Recordable Injury Rate. The questions 'Lost Time Injury Frequency Rate (LTIFR) Employees' and 'Total Recordable Injury Rate (TRIFR) Employees' have now become public questions, requiring publicly available evidence. Furthermore, the question 'Occupational Illness Frequency Rate (OIFR) Employees' has been deleted.

2021 CSA Methodology Updates

Criterion	Industries Impacted Continued	Key Changes in 2021
Occupational Health and Safety	IEQ Machinery and Electrical Equipment ITC Electronic Equipment, Instruments & Components LEG Leisure Equipment & Products and Consumer Electronics LIF Life Sciences Tools & Services MNX Metal & Mining MTC Health Care Equipment & Supplies MUW Multi Water and Utilities OGR Oil & Gas Refining & Marketing OGX Oil & Gas Upstream & Integrated OIE Energy Equipment & Services PIP Oil & Gas Storage & Transportation REA Real Estate REX Restaurants & Leisure Facilities RTS Retailing TCD Trading Companies & Distributors TEX Textiles, Apparel & Luxury Goods TOB Tobacco TRA Transportation and Transportation Infrastructure TRT Hotels, Resorts & Cruise Lines STL Steel	<ul style="list-style-type: none">• In 2021, we have expanded the number of metrics companies can use when answering the following questions for both employees and contractors: Lost Time Injury Frequency Rate and Total Recordable Injury Rate.• The questions 'Lost Time Injury Frequency Rate (LTIFR) Employees' and 'Total Recordable Injury Rate (TRIFR) Employees' have now become public questions, requiring publicly available evidence.• Furthermore, the question 'Occupational Illness Frequency Rate (OIFR) Employees' has been deleted.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Product Quality and Recall Management	ATX Auto Components AUT Automobiles	<ul style="list-style-type: none"> One new question, and one updated question, have been addressed in the 2021 update to the CSA. These additions address material considerations for companies within the automotive and automotive component industries, particularly pertaining to product quality and reliability, proactive recall management and customer satisfaction.
Product Stewardship	ARO Aerospace & Defense ATX Auto Components AUT Automobiles CMT Communications Equipment DHP Household Durables ELQ Electrical Components & Equipment IDD Industrial Conglomerates IEQ Machinery and Electrical Equipment ITC Electronic Equipment, Instruments & Components LEG Leisure Equipment & Products and Consumer Electronics THQ Computers & Peripherals and Office Electronics	<ul style="list-style-type: none"> The question 'End of Life Cycle Responsibility' has been changed to include data over a period of four years to measure the progress of companies. Companies will also receive extra points when the references are publicly available. To accommodate for ease of reporting, a few minor revisions have been made to the formulation and reporting units.
Risk & Crisis Management	All Industries	<ul style="list-style-type: none"> The question 'Emerging Risks' has been reviewed to make our expectations to companies clearer and more transparent. There is now a list of requirements available to companies that need to be met for a risk to be considered emerging.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Sustainable Agricultural Practices	BVG Beverages FDR Food & Staples Retailing FOA Food Products TOB Tobacco REX Restaurants & Leisure Facilities	<ul style="list-style-type: none"> The question 'Animal Welfare Certifications' was renamed to 'Certifications of Animal Products' and combined with existing 'MSC Certification' and 'ASC Certification' questions. The existing question, 'Certification of Agricultural Raw Materials' was renamed 'Certification of Agricultural Crops' and updated. Similarly, the existing question 'Guidelines and Standards for Agricultural Commodities' was renamed to 'Sustainable Agriculture Commitment' and updated.
Sustainable Construction	COM Construction Materials	<ul style="list-style-type: none"> One new question, 'Attributes of Building Materials' has been added. This new question has been implemented to broaden the scope and the granularity of the data captured through the 'Sustainable Construction' criterion. The question is aligned with the information construction companies are themselves required to report on, regarding the selection process applied to building materials. The scope of the data includes Environmental and Health Product Declarations, as well as characteristics specification such as locally extracted or recovered materials, rapidly renewable materials, recycled content materials, and exclusion of "red listed" prohibited materials.
Sustainable Finance	FBN Diversified Financial Services and Capital Markets	<ul style="list-style-type: none"> The question 'ESG Products & Services for Data Providers' has been added to the criterion 'Sustainable Finance'. Financial Institutions active in the sub sector of 'Financial Data Providers' had no question tailored to their activities. The new question allows companies to report on their ESG products and services in the data, ratings, analytics and research product categories.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Tax Strategy	ALU Aluminum ATX Auto Components AUT Automobiles BNK Banks BTC Biotechnology BVG Beverages CHM Chemicals CMT Communications Equipment CNO Casinos & Gaming COL Coal & Consumable Fuels COM Construction Materials COS Personal Products CSV Diversified Consumer Services CTR Containers & Packaging DHP Household Durables DRG Pharmaceuticals FBN Diversified Financial Services and Capital Markets FDR Food & Staples Retailing FOA Food Products FRP Paper & Forest Products HOU Household Products IMS Interactive Media, Services & Home Entertainment	<ul style="list-style-type: none">• There is an increasing demand for tax transparency from investors and other stakeholders, and regulatory bodies are considering further requirements for detailed public reporting on a country-by-country level.• With the updates of our questions, we aim to obtain a better understanding of a company's tax strategy, the governance aspects, and tax transparency, preparing companies for future expectations in this area.• The two questions which have been updated this year are 'Tax Strategy' that has been renamed 'Tax Strategy & Governance' and 'Tax Reporting'.

2021 CSA Methodology Updates

Criterion	Industries Impacted Cont.	Key Changes in 2021
Tax Strategy	INS Insurance ITC Electronic Equipment, Instruments & Components LEG Leisure Equipment & Products and Consumer Electronics LIF Life Sciences Tools & Services MNX Metals & Mining MTC Health Care Equipment & Supplies OGR Oil & Gas Refining & Marketing OGX Oil & Gas Upstream & Integrated OIE Energy Equipment & Services PUB Media, Movies & Entertainment REX Restaurants & Leisure Facilities RTS Retailing SEM Semiconductors & Semiconductor Equipment SOF Software STL Steel TEX Textiles, Apparel & Luxury Goods THQ Computers & Peripherals and Office Electronics TLS Telecommunication Services TOB Tobacco TRT Hotels, Resorts & Cruise Lines TSV IT services	<ul style="list-style-type: none">• There is an increasing demand for tax transparency from investors and other stakeholders, and regulatory bodies are considering further requirements for detailed public reporting on a country-by-country level.• With the updates of our questions, we aim to obtain a better understanding of a company's tax strategy, the governance aspects, and tax transparency, preparing companies for future expectations in this area.• The two questions which have been updated this year are 'Tax Strategy' that has been renamed 'Tax Strategy & Governance' and 'Tax Reporting'.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
<p>Talent Attraction & Retention</p>	<p>All Industries</p>	<ul style="list-style-type: none"> • The criterion has been expanded in 2021 to include three new questions ‘Hiring’, ‘People Analytics’ and ‘Strategic Workforce Planning’. • The question ‘People Analytics’ assesses whether companies are applying advanced analytics and use of large data sets in human capital management. • In ‘Strategic Workforce Planning’, we assess whether companies have started applying People Analytics for their Strategic Workforce Planning. • By applying data analysis, companies try to estimate future company’s workforce needs along with studying external landscape. • The question ‘Hiring’ assesses the ability of companies to attract qualified and talented employees, and also includes a data breakdown by categories such as age, gender, management level and race. • The existing questions ‘Employee Turnover Rate’ and ‘Trend of Employee Engagement’ have been updated to allow for greater transparency in data breakdown. • The question ‘Employee Turnover Rate’ has been expanded to include public reporting and data breakdown. • ‘Trend of Employee Engagement’ has been updated to allow the breakdown of data to additional groups such as Age, Management Level and Race.

2021 CSA Methodology Updates

Criterion	Industries Impacted	Key Changes in 2021
Transmission & Distribution	ELC Electric Utilities MUW Multi and Water Utilities GAS Gas Utilities	<ul style="list-style-type: none">• The two questions 'Electricity Transmission and Distribution Losses' and 'Electricity Transmission and Distribution Reliability' have been updated.• Furthermore, the criterion has now been extended to the industry Gas Utilities.

Disclaimer

Unless otherwise noted, all information, data and other material, including ratings or scores (all such information, “Content”) contained in this publication and other reports, materials, or websites of S&P Global Inc. and/or its affiliates is the exclusive property of S&P Global (Switzerland) SA, a subsidiary of S&P Global Inc., and/or its relevant affiliates (individually and collectively “S&P”) and may not be copied or reproduced in any form except with the prior written permission of S&P. The Content shall not be used for any unlawful or unauthorized purposes. This publication is derived from sources believed to be accurate and reliable, but it is each reader’s responsibility to evaluate the accuracy, completeness and usefulness of any opinions, statements or other Content contained in this publication. The Content and any other material and information in this publication are provided “as is” and without warranties of any kind, either expressed or implied. S&P Global (Switzerland) SA, a subsidiary of S&P Global Inc., and/or its relevant affiliates disclaim all warranties, expressed or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose.

S&P (and any third-party providers, as well as their directors, officers, shareholders, employees or agents) does not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall S&P (and any third-party providers, as well as their directors, officers, shareholders, employees or agents) be liable for any direct, indirect, special, incidental, and/or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profit and opportunity costs) in connection with any use of the Content (including, without limitation, any opinions or other information expressly or implicitly contained in this publication).

Any opinions and views in this publication reflect the current judgment of the authors and may change without notice. Further, any opinions and views expressed by CSA participants do not reflect the policies or positions of S&P or any other person, organization or company. The Content contained in this publication is distributed with the understanding that the authors, publishers and distributors are not rendering legal, accounting or other professional advice or opinions on specific facts or matters and accordingly assume no liability whatsoever in connection with its use. The Content contained in this publication constitutes neither a solicitation, nor a recommendation, nor an offer to buy or sell investment instruments or others services, or to engage in any other kind of transaction, and such information is not directed to persons in any jurisdiction where the provision of such Content would run counter to local laws and regulations. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

For information provided as part of the CSA questionnaire refer to our “Use of Information and Confidentiality Policy” https://portal.csa.spglobal.com/survey/documents/Use_of_Information_Policy.pdf and for personal information provided to S&P refer to S&P Global’s Privacy Policy: <https://www.spglobal.com/en/privacy/privacy-policy-english>.

Copyright© 2021 S&P Global Inc. All rights reserved.