

# S&P Global Business Involvement Screens

Methodology

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# 01

## Introduction

### Objective

S&P Global Business Involvement Screens ('Screens') measure companies' direct and indirect exposures to specific products and services, quantified as percentages of total company revenue and total company ownership. S&P Global offers Screens covering thirty-two products and services that fall into four broad categories. For each of the Screens, S&P Global provides definitions of the product or service, analyst descriptions of company exposure, the method used to calculate revenue, revenue ranges, actual revenue numbers and data source documentation where available.

*For more information, view [Appendix II - S&P Global Business Involvement Screens by Category](#).*

### Interpretation

The Screens are measured on a scale of 0% - 100%, where 100% represents full revenue exposure to the specific product or service. The revenue exposure metric may be calculated from an exact (disclosed), estimated or a proxy revenue value. Each company is assessed for direct and indirect exposure to products and services and those metrics are aggregated at the category level. Direct exposure is quantified as revenue derived from providing the product or service, while indirect exposure is quantified as ownership of a company that provides the product or service. Both direct and indirect revenue exposures are classified into revenue ranges, which are relative to total company revenue and total company ownership respectively. Direct revenue exposure ranges include <5%, 5-9.99%, 10-24.99%, 25-50% and >50%. Indirect revenue exposure (company ownership) ranges include 10-24.99% and 25-50%. Less than 10% ownership is not considered significant exposure and more than 50% ownership is treated as direct exposure. As objective measurements normalized by revenue and company ownership, the Screens are comparable across all companies regardless of industry.

*For more information, view [Appendix I - Example S&P Global Business Involvement Screens](#).*

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# 02

## Research Structure

### Research Process

S&P Global Business Involvement Screens are researched and constructed on an annual basis by a dedicated team of S&P Global ESG Research analysts. Each company in the research universe is assessed upon the release of its annual report. Screens are built using information published by companies (e.g., annual reports, company websites, product descriptions), media and stakeholder sources (e.g., NGO reports, news articles, government records) and S&P Global data (e.g., S&P Global CSA data points, Environmental Analytics, Panjiva Supply Chain Intelligence). S&P Global analysts gather this information on a company- by-company basis.

Once relevant data is compiled, it undergoes extensive review and multiple phases of quality control to ensure its validity and accuracy, including the evaluation of the data relative to historical values and industry peers.

In addition to the annual assessment cycle, companies are continually monitored by S&P Global for significant corporate actions, media reports or activities that might impact the information captured in the Screens.

### Research Universe

+17,000 companies are evaluated by S&P Global on their revenue and company ownership exposures to construct the S&P Global Business Involvement Screens. This research universe comprises companies that are part of core S&P Dow Jones Indices, including:

- S&P 500
- S&P 1200
- S&P Global Large Mid
- S&P 400 Mid Cap
- S&P 600 Small Cap
- BSE 100
- S&P/NZX 50
- S&P/ASX 300
- Dow Jones Sustainability World Diversified Index
- TOPIX
- S&P China 500
- S&P Global Clean Energy Index

S&P Global continually monitors the constituents that compose these indices and adds additional coverage as companies join these benchmarks. In addition, S&P Global will add coverage for the Screens per client interest and request.

*For more information view – [S&P Global ESG Research Universes](#) (Requires S&P Capital IQ Pro subscription).*

## Research Design

The Screens are built from six distinct components, all available to clients, to provide a comprehensive evaluation of company exposure to products & services:

- 1. Revenue Exposure:** Numerical metrics of both the amount and the corresponding percentage of total revenue exposed to a product or service.
- 2. Analytical Description:** Text description of the specific business segments in which a product or service was found and how the revenue exposure was calculated.
- 3. Revenue Range:** Numerical range segmented into five thresholds, relative to total revenue, reflecting direct exposure to a product or service.
  - Less than 5% of the company's revenues are derived from the involvement activity.
  - 5-9.99% of the company's revenues are derived from the involvement activity.
  - 10-24.99% of the company's revenues are derived from the involvement activity.
  - 25-50% of the company's revenues are derived from the involvement activity.
  - More than 50% of the company's revenues are derived from the involvement activity.
- 4. Significant Ownership (Percentage):** Numerical metric of the percentage of total ownership of a company with direct exposure to a product or service. Companies that own between 10-50% of a company with direct exposure to a product or service are considered to have significant ownership. Companies with more than 50% ownership are considered to have direct exposure. The significant ownership percentage is calculated relative to all shares held by the owner.
- 5. Significant Ownership Range:** Numerical range segmented into two thresholds, relative to total ownership (shares held) of a company with direct revenue exposure to a product or service.
  - 10 to 24.99% of ownership
  - 25 to 50% of ownership
- 6. Evidencing:** Text taken directly from the information source that describes company exposure to a product or service. When accessing Screens through the S&P Capital IQ Pro platform, clients may navigate to source documentation via hyperlinks.

## Research Governance

The team at S&P Global Sustainable1 that is responsible for managing the Screens includes multidisciplinary analysts with industry-specific responsibilities and expertise. This team is responsible for the entire process from the annual assessment and quality control to developing new Screens and expanding coverage.

The S&P Global Business Involvement Screens Council ('Council') is the governing body for all methodology changes to the Screens. The Council comprises appointed S&P Global ESG Research team members, including the Head of ESG Research Solutions at S&P Global Sustainable1. The Head of ESG Research at S&P Global Sustainable1 chairs the Council.

The Council is responsible for reviewing and validating major proposed changes to company involvement data, such as a large increase or decrease in revenue exposure, an addition or deletion of types of involvement or a significant change in data availability.

## Quality Control

Data collected for the Screens is subjected to extensive review and multiple phases of quality control to ensure their validity and accuracy. Reviews are performed by specially trained and experienced analysts, using pre-defined and rules-based verification frameworks. Verification includes crosschecking documentation with S&P Global CSA data points and Environmental Analytics, evaluating media & stakeholder reports and reviewing

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# 03

## Construction

### Data Normalization

The Screens use revenue as a normalization factor to measure direct exposure and shares held as a normalization factor to measure indirect (ownership) exposure.

### Calculating Revenue Exposure Values

The revenue exposure values for the Screens may be exact (disclosed), estimated or proxy values and are calculated in different ways:

- 1. Exact (Disclosed) Revenue Exposure:** When a company publicly discloses revenue derived from involvement in a specific product or service covered in the Screens, analysts use this value (after running it through verification and quality control processes).
- 2. Estimated Revenue Exposure:** When a company does not publicly disclose revenue derived from involvement in a specific product or service covered in the Screens, analysts calculate an estimated revenue value. This is done by using any existing disclosed revenue data and the number of total business segments within a company.
- 3. Proxy Revenue Exposure:** When a company does not publicly disclose revenue derived from involvement in a specific product or service covered in the Screens, and it is not possible to estimate revenue exposure, analysts will utilize a proxy metric for minimum involvement based on the company's business operations.

### Calculating Significant Ownership Values

To calculate significant ownership values of companies with exposure to products and services covered by the Screens, S&P Global utilizes its proprietary in-depth research on ownership structures to ensure the highest data quality standards. This ownership structure data is available separately on the S&P Capital IQ Pro platform.

### Data Standardization & Packaging

Once revenue and significant ownership data has been collected, normalized and verified, S&P Global provides definitions of the product or service, analyst descriptions of company exposure, the method used to calculate revenue, revenue ranges, actual revenue numbers and data source documentation in a standardized format – packaged as S&P Global Business Involvement Screens.

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# 04

## Maintenance

### Corporate Actions

Companies are evaluated for revenue exposure and significant ownership at the issuer level. If a company acquires another company or is spun-off from a parent, the Screens will be re-calculated to reflect the new revenue exposure and significant ownership values. Corporate actions are reviewed and processed on a monthly basis.

### Annual Updates

The Screens methodology is reviewed and adjusted on an annual basis to reflect comprehensive coverage of relevant products and services, developments in industry classifications and increased sophistication of the research process and design.

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# 05

## Access

### Data Delivery

The S&P Global Business Involvement Screens data set is available via a number of flexible data delivery options, with intra-day delivery through cloud or feed solutions offered on the following platforms: ClariFI, FTP, Snowflake and Xpressfeed. Data on Xpressfeed can be queried and exported in a format compatible with Tableau, and data on ClariFI can be put in text files and internal databases for use in Tableau and Alteryx.

For more information, review the [data delivery options](#).

### S&P Capital IQ Pro

The S&P Global Business Involvement Screens data set is available on the S&P Capital IQ Pro platform and can be exported into a range of formats, including Microsoft Office Platforms and PDFs. Clients may access revenue values in 80+ currencies on the platform.

For more information, review the [S&P Capital IQ Pro platform](#).



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## Appendix I

### Example S&P Global Business Involvement Screens

The following example demonstrates a snapshot of the S&P Global Business Involvement Screens for a fictitious energy company, specifically looking at three products & services that fall into the 'Energy and Fossil Fuels' category.

Energy & Fossil Fuels				
% of Total Revenue	Revenue Exposed (\$M)	Total Revenue (\$M)	Highest % of Ownership	Ownership Involvement
35.7 %	41,721.81	116,867.81	15%	1 of 13 screens

Involvement Type	Revenue (\$M)	Revenue Exposed/Total Revenue (%)	Revenue Range	Ownership Involvement (%)	Ownership Range
<b>Arctic Drilling</b>	12,271.12	10.5	10-24.99%	-	-
Extraction and/or Production	12,271.12	10.5	10-24.99%	-	-
<b>Nuclear</b>	-	-	-	15	10 to 24.99%
Generation	-	-	-	-	-
Supporting Products and Services	-	-	-	-	-
Transmission & Distribution	-	-	-	15	10 to 24.99%
<b>Shale Oil and Gas</b>	29,450.68	25.2	25-50%	-	-
Extraction and/or Production	29,450.68	25.2	25-50%	-	-

# 07

## Appendix II

### S&P Global Business Involvement Screens by Category

Consumer Products & Services	
Adult Entertainment	Production
	Retail and Distribution
Alcohol	Production
	Related Products and Services
	Retail and Distribution
Cannabis	Wholesale (Medical)
	Wholesale (Recreational)
	Retail (Medical)
	Retail (Recreational)
Fur and Specialty Leather	Production
	Retail and Distribution
Gambling	Operations
	Specialized Equipment
	Supporting Products and Services
Genetically Modified Organisms	Development
	Growth
Palm Oil	Growers
	Processors and Traders
Pesticides	Production
	Retail
Predatory Lending	Operations
Tobacco	Production
	Related Products and Services
	Retail and Distribution

Defense & Weapons	
Anti-Personnel Mines	Customized Weapons
	Related Products and Services
Biological and Chemical Weapons	Customized Weapons
	Related Products and Services
Blinding Laser Weapons	Customized Weapons
	Related Products and Services
Cluster Munitions	Customized Weapons
	Related Products and Services
Depleted Uranium	Customized Weapons
	Related Products and Services
Incendiary Weapons	Customized Weapons
	Related Products and Services
Military Contracting	Integral Military Weapons
	Non-weapons
	Weapon Related
Nuclear Weapons	Customized Weapons
	Related Products and Services
Private Prisons	Operations
	Supporting Products and Services
Riot Control	Offerings
	Weapons
Small Arms	Production of Key Components
	Production of Small Arms Weapons for Civilian Use
	Production of Small Arms Weapons for Non-civilian Use
	Retail and Distribution of Small Arms Weapons

Energy & Fossil Fuels	
Arctic Drilling	Extraction and/or Production
Coal	Manufacturing Coal Products
	Metallurgical Coal Mining
	Thermal Coal Mining
Coal Expansion	Power Plants
	Mining
	Infrastructure

<b>Nuclear</b>	Generation
	Supporting Products and Services
	Transmission and Distribution
<b>Oil Sands or Tar Sands</b>	Extraction and/or Production
<b>Shale Oil and Gas</b>	Extraction and/or Production
<b>Thermal Coal</b>	Generation
	Supporting Products and Services
	Transmission and Distribution
<b>Ultra Deep Sea Drilling</b>	Extraction and/or Production

<b>Healthcare</b>	
<b>Abortion</b>	Operations
	Production
	Supporting Products and Services
<b>Contraception</b>	Operations
	Production
	Retail and Distribution
<b>Stem Cells</b>	Cryopreservation of Human Embryos
	Technologies and Products
	Use of Stem Cells in Research and Development
	Use of Stem Cells in Therapy Development

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