

Sustainable investing through BT Panorama

Sustainability scores



What is sustainable investing?

Sustainable investing is a term commonly used to describe investment decisions that take into account 'ESG' analysis, which is based on environmental, social and governance (ESG) factors. These factors, at times, have also been known to affect the risk and return of investments.

Is interest in sustainable investing really growing?

Investors are placing increasing importance on sustainability issues. In a 2019 survey, the Morgan Stanley Institute of Sustainable Investing found that 85% of individual investors are interested in sustainable investing.¹ In 2021, over 3,800 firms managing in excess of \$121 trillion have joined this global network of investors working to promote responsible investing.²

Why? Because some investors want to know they are investing in companies rated as having strong sustainable practices. Others see ESG as a set of factors often overlooked in traditional analysis that should be incorporated for a more complete assessment of an investment.

How does sustainable investing align with BT Panorama?

The following information in relation to sustainable investing is available through BT Panorama:

1. **A list of sustainable investment options** - these were developed by BT's internal Investment Research and Governance (IRG) team. The list is available to financial advisers only – [find out more](#).
2. **Sustainability scores for investment options** – this is a set of scores which identify how well an investment is managing the ESG factors (or risks) it is exposed to. See more information on scoring below.
3. **Knowledge and insights** – several helpful tools and articles covering sustainable investment and ESG topics are available via the [BT Academy website](#).

What are the sustainability scores on BT Panorama?

The sustainability scores are available for the ASX200 listed companies and a range of managed funds. Scores are based on a scale of 0 to 100, where 100 represents the the highest exposure to unmanaged ESG risk and 0 indicates lowest exposure to ESG risk.

The sustainability scores and associated commentary for ASX200 are provided directly by Sustainalytics, a global provider of company-level ESG research and ratings. The scores for the relevant managed funds are provided by Morningstar in partnership with Sustainalytics.

Is deeper analysis of scores available?

For the ASX200 listed companies, BT Panorama will provide access to in depth commentary, detailed ESG scoring and controversies information, all supplied by Sustainalytics.

Why does BT Panorama provide Sustainability scores?

There is a growing level of investor interest in sustainable investing worldwide, but a lack of information and tools that investors can use to help evaluate investments on a sustainability basis. We are giving investors a new way to engage with their investments in relation to ESG factors so more investors can align their portfolio in a way which makes it meaningful to them.

1. Sustainable Signals: The Individual Investor Interest Driven by Impact, Conviction and Choice. Morgan Stanley Institute for Sustainable Investing, February 2019.

2. <https://www.unpri.org/about>

How are sustainability scores calculated?

For the ASX200 listed companies, Sustainalytics assesses the company's performance across a range of material ESG issues along with the company's involvement in ESG-related controversies. For managed funds, Morningstar assesses the holdings of the fund and applies an asset-weighted average of the ESG risk scores from Sustainalytics in relation to the underlying investments to provide a fund level Corporate Sustainability Score. For companies with Sustainalytics' Comprehensive coverage, fund level scoring is also displayed under the Environmental, Social and Governance Pillar scores. Companies with Sustainalytics' Core coverage will have a combined ESG risk score, also displayed at the fund level, as Unallocated. A specific Sovereign Sustainability Score is also provided for fixed-income options deemed to carry sovereign ESG risk. For more detailed information, see the [Methodology summary](#).

Do the sustainability scores suggest a 'buy' or 'sell' recommendation for investments?

Not at all. The sustainability scores only reflect information on the ESG performance of available investments. These scores are not an evaluation of an investment's financial performance, nor a qualitative evaluation of the overall investment merit.

Who are Sustainalytics and Morningstar?

Sustainalytics is a global firm with a reputation for transparent and insightful research. The firm has 200 analysts, covering 11,000 companies on ESG performance across more than 40 sectors. Sustainalytics transparent scoring methodology is a quantitative indicator-driven approach that uses 60-80 performance indicators per company. In addition, the firm's research analysts offer controversy assessments on more than 14,000 companies. Its ability to update controversial incident indicators in a timely fashion ensures the latest information is incorporated in the scores.

Morningstar is a global provider of independent investment research providing data on more than 500,000 investment offerings. The company offers a vast line of products and services for individual investors, financial advisers, asset managers, and retirement plan providers and sponsors. The company has operations in 27 countries.

For more information

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Important to know

Role of Sustainalytics

Sustainalytics Australia Pty Ltd ABN 37 607 393 028 (Sustainalytics) is a global research firm specialised in environmental, social and governance (ESG) research and analysis and its role is solely limited to providing research and ESG analysis in order to facilitate well-informed decision-making. Sustainalytics makes no representation or warranty, whether expressed or implied, regarding the advisability of investing in any asset or including companies in investable universes and/or portfolios nor shall it accept any liability for damage or loss arising from the use of this overview or information contained herein in any manner whatsoever. Sustainalytics does not provide financial or investment advice and nothing in this document should be read and construed as constituting financial or investment advice. Investors are expected to independently determine their investment decisions and the general information contained in this overview should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

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Role of BT

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