



BLUESKY
INVESTMENT MANAGEMENT

A Broader Perspective on Investing

VALUE INVESTING EVOLVED

ESG Data - Applications

Why utilize ESG?

- Socially responsible investing
 - Aligning portfolios with ethical/moral values*
 - Exclusionary screening*
- Environmental, social and governance (ESG) integration
 - Assess company risks and opportunities*
 - Opportunity for positive investments in companies leading on ESG issues*

ESG Data in Asset Management

A focus on financial materiality represents an opportunity to mainstream ESG integration

- Data challenges

- Hundreds of data points, most of which are immaterial*

- Self reported data can be inconsistent*

- Third party ESG data can be subjective*

- Data can be backward looking*

- Need to discriminate between material and immaterial ESG factors

- Empirical research needed to correlate ESG factors to corporate financial performance*

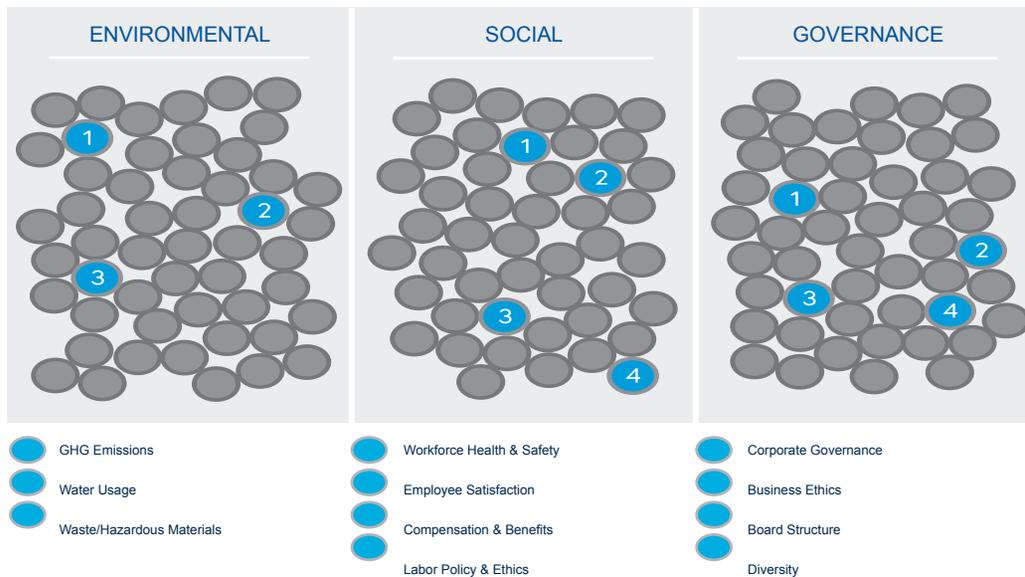
- Integration of financially material factors is completely aligned with fiduciary duty*

How ESG Performance Can Enhance Value

	Value Creation	Risk
ENVIRONMENT	Companies can increase profitability through effective resource management, waste reduction and adoption of sustainable processes	Poor environmental performance can increase cost of capital, operating costs, and create potential liabilities including fines and lawsuits
HUMAN CAPITAL/ WORKPLACE	A high quality workplace can be key in attracting and retaining top talent, which can increase productivity, reduce employee turnover, and create significant competitive advantages	Poor management of human capital can create higher turnover, increase costs, and make companies less competitive
GOVERNANCE/ SUPPLY CHAIN	Sound governance practices can create a culture of transparency and accountability, ensuring a license to operate and reinforcing brand reputation. Prudent management of the supply chain can ensure fair treatment of the workforce and suppliers, and ensure that materials come from ethical sources. Strong brand reputation can boost demand for products or services	Poor governance can result in fines, legal costs, disruptions to materials, labor and productivity; it can negatively impact revenues, increase cost of capital, and severely damage brand reputation
BUSINESS INNOVATION	New products and services designed to address today's sustainability challenges can win new customers and create significant growth	Failure to innovate can affect pricing power and negatively impact revenues as business shifts to competitors, resulting from changing consumer preferences and/or increasing regulation

BlueSky ESG Roadmaps™

SAMPLE RESEARCH: MATERIALS SECTOR/GLOBAL



- The growing body of ESG data is dominated largely by immaterial information
- BlueSky only integrates financially material ESG data that adds value to our process
- Over 40 unique BlueSky ESG Roadmaps™ comprised of material ESG factors unique to each sector and



ESG Integration – Path Forward

Better information can lead to better investment outcomes

- Investment analysis focused on a wider set of **financially material** information can drive better investment decisions
- Broadening fundamental selection process to include ESG analysis can improve long-term performance and reduce individual security risk:
 - Provides better understanding of how a company operates*
 - Allows for a more complete assessment of corporate risk*
 - Assesses more accurately competitive positioning and future opportunity*
- Mainstream appeal to all types of investors