



ESG in the Americas

Top Performers, Trends, and Challenges

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Research Framework and Key Insights

Scope and Context

Why ESG?

The transition to a sustainable future is making ESG considerations a top priority for companies across industries and countries. The purpose of this report is to provide an overview of the ESG environment in the Americas, highlighting some examples of ESG initiatives implemented by top-performing companies in four markets in the region.

Focus on the Americas

This report aims to explore the potential of companies in the Americas, in terms of ESG, highlighting key players implementing innovative solutions to achieve their **sustainable agendas before 2050**

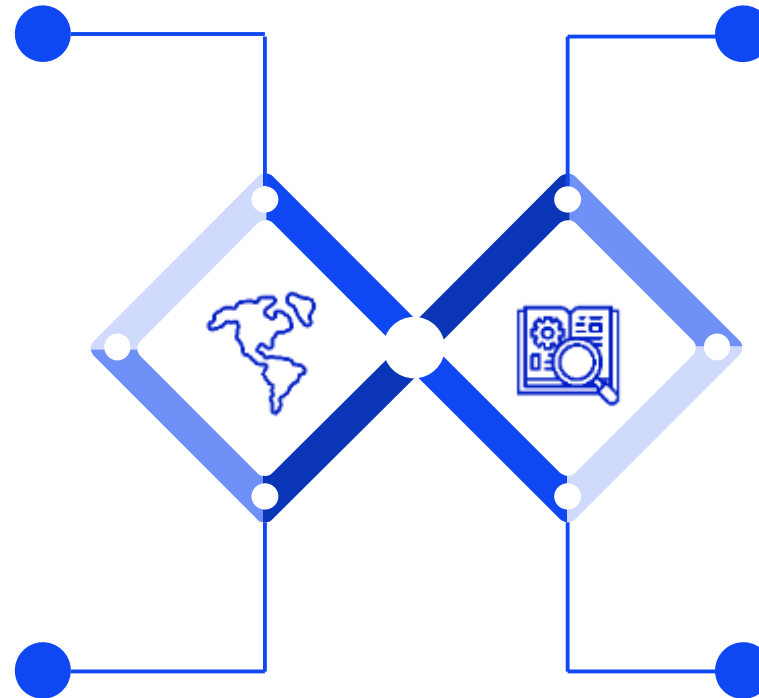
To provide an overview of ESG efforts in the region, two company examples are selected from different countries in the Americas (namely the **USA, Canada, Mexico, and Brazil**). The companies are **from different industries and were selected based on their performance on different sustainability metrics**

Selection of ESG rating agency

Since ESG is a wide topic with no standard consensus on how it should be measured, there are several ESG data providers available, such as:

- MSCI
- Sustain analytics
- Bloomberg
- FTSE Russell
- ISS Global
- S&P Global

Standards & Poor's Global (S&P) was selected as the rating agency guiding this report since its ESG Yearbook is a **benchmark tool for the analysis of 700+ companies** across industries and countries



Research Framework

Based on S&P 2022 Yearbook

This report focuses on the analysis of the ESG environment in the Americas in 2022

Infomineo leveraged the ESG scores published by S&P since their calculation employs metrics relating to standard ESG practices and industry-specific factors

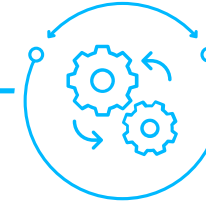
The ESG scores range from 0 to 100 and are based on the S&P Global Corporate Sustainability Assessment (CSA)

Source: S&P 2022 Yearbook



The CSA applies 61 industry-specific questionnaires, with **key sustainability dimensions** common to all industries such as:

- Climate Strategy
- Operational Eco-efficiency
- Corporate Citizenship & Philanthropy
- Human Rights
- Business Ethics and
- Risks & Crisis Management



S&P also defines 5 categories to allocate companies within its global ranking:

- **Gold Class:** companies with a minimum total score of 60. These are also within their **industries' top 1% of performers.**
- Silver Class: score of at least 57
- Bronze Class: score of at least 54
- **Industry Mover:** companies with the **strongest ESG score improvement in their industry (compared to 2020)**
- Members: all companies within the yearbook are also in the top 15% of their industry

Scope

In order to narrow the scope of this research, only **gold-class companies** and **industry movers** were considered as the selection criteria for the key players in the Americas, while only gold-class companies are highlighted as “top ESG performers”.

Executive Summary



The evolution from CSR to comparable, data-driven ESG reporting is gaining momentum

The importance of companies transitioning from CSR models to ESG frameworks is based on three paradigm shifts: a focus on transparency and specific metrics, a growing emphasis on value creation, and system-based thinking



Top ESG performers in the Americas promote global ESG best practices in 14 industries

The Americas region is home to 27% of the total top ESG performers globally. North America (the US and Canada), and Latin American countries such as Brazil, and Mexico lead the way for other markets in the region

Key Findings



Key players in the Americas are “role-models” for peers within the same industry

The companies presented in this report are key players in the Americas and top performing across different ESG areas, which is why their ESG initiatives are designed to guide other firms in and outside their industries along their “ESG journey”



ESG trends and challenges in the Americas highlight the need for holistic thinking

Challenges in the Americas, such as reporting standardization and greenwashing, and trends such as data-driven ESG investment highlight comparable data and multi-dimensional thinking as key tools to reach sustainability goals



General Overview

Corporate Social Responsibility's evolution to ESG

Since 2005, companies have been transitioning towards data-driven sustainability reports



Corporate Social Responsibility (CSR)

- Reflects **corporate engagement**
- It is a company's **framework for sustainable business practices**
- It is designed to help companies maintain a **positive brand image among shareholders**
- Companies are **not required** to engage in CSR reporting
- CSR initiatives and reporting are generally **developed independently by each company**

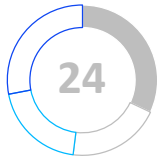
Environmental, Social and Governance (ESG)

- Reflects core **changes to a business model**
- It is the **assessable outcome** concerning a company's overall **sustainability performance**
- ESG shifts **from a shareholder-centric philosophy to one focused on all stakeholders.**
- In some countries, ESG is **no longer voluntary** but part of corporate compliance
- **Data-driven** ESG reporting frameworks can be **developed by agencies or companies known as "industry leaders"**.

Out of the 75 gold-class companies worldwide included in the S&P Index, 27% of them are located within the Americas

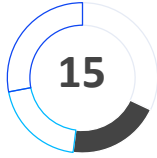
Top performers in the Americas contribute ESG best practices across 14 global industries

Total number of gold-class companies by region



Europe

The **UK and Italy** account for half of Europe's top-performing ESG companies, with professional services, leisure facilities, and IT services as key industries.



Asia-Pacific

Out of the 15 gold-class companies in the region, 8 are in **South Korea**. Automobiles, Oil & Gas, and Steel are key industries for ESG top performers.



North America

Companies in the **US and Canada** alone represent 20% of the top ESG performers globally. Metals & Mining is the only industry in which each country has one top performer.



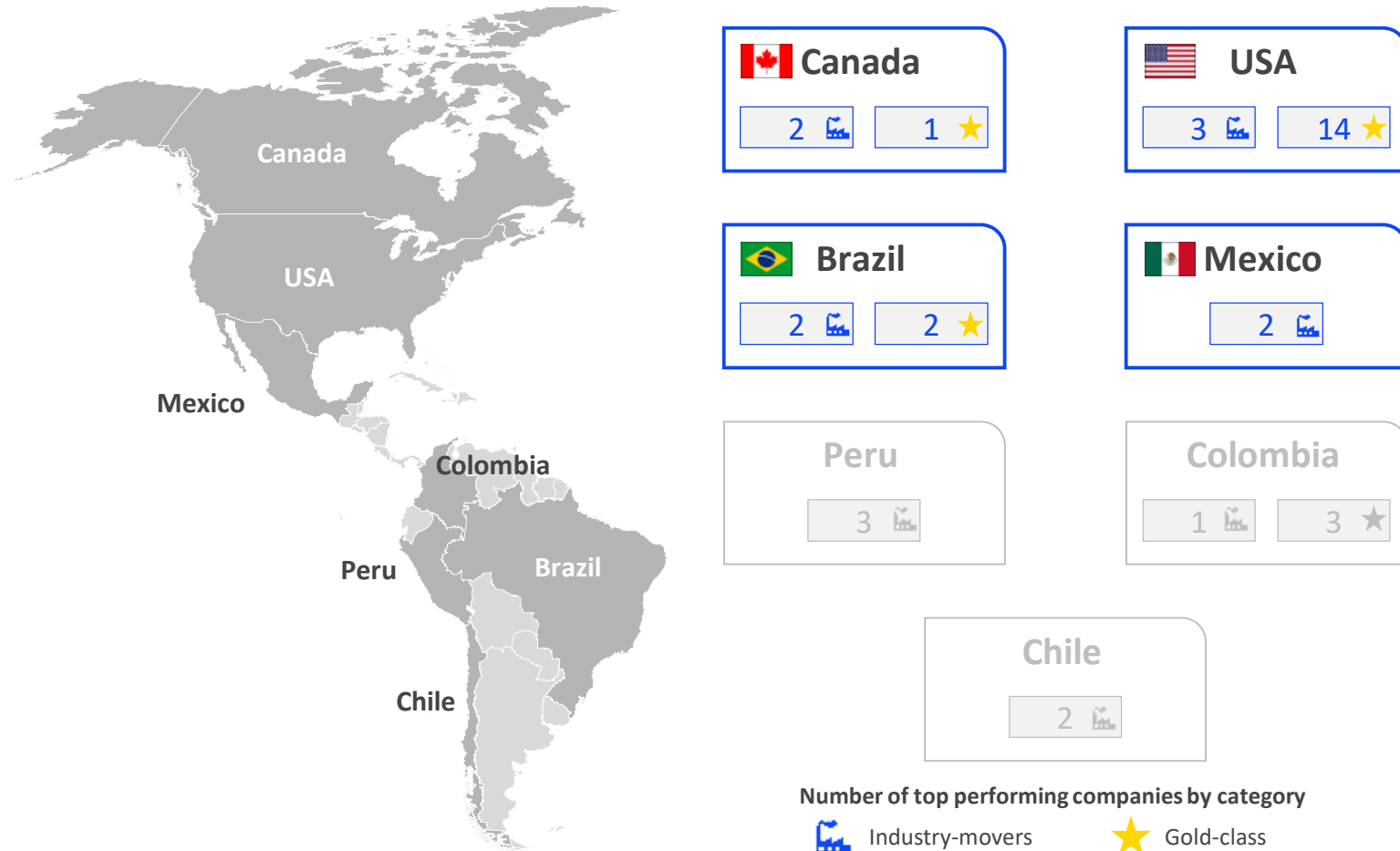
Emerging Markets (incl. Latin America)*

Thailand and Taiwan's top ESG players promote best practices in the semiconductor, banking, and chemicals industries.










*Note: Emerging Markets comprise Argentina, Brazil, Chile, China, Colombia, Hungary, India, Malaysia, Mexico, Peru, Philippines, Russia, South Africa, Taiwan, Thailand and Turkey | Source: S&P 2022 Yearbook

The best ESG performers in the Americas are distributed across 7 countries

The USA is the country with the most top ESG players in the region



Top ESG performers in the Americas belong to a variety of industries, such as:

-  Containers & Packaging
-  Oil & Gas
-  Metals & Mining
-  Retail
-  Food
-  Transportation & Infrastructure
-  Paper & Forest Products
-  Real Estate
-  Restaurants and Leisure facilities



Benchmark of key ESG performers in the Americas



Top USA performers across industries

Ball Corporation



- **Industry:** Containers & Packaging
- **Business Description:** Ball Corporation supplies innovative, sustainable aluminum packaging solutions for beverage, personal care and household products customers, as well as aerospace and other technologies and services to commercial and government customers.
- **Sustainability Strategy:** As a key component of their Drive for 10 vision, the company defined 10 goals to reach before 2030: real circularity, climate leadership, material health, resource efficiency, responsible sourcing, health, safety & well-being, diversity & inclusion, talent development, employee experience and community.

Top performing ESG area

Product Stewardship

ESG Category

The Williams Companies



- **Industry:** Oil & Gas (storage and transportation)
- **Business Description:** Williams handles 30% of the natural gas in the United States that is used every day for heating, power generation, and industrial use. With interstate natural gas pipelines and gathering & processing operations throughout the country, they deliver natural gas products to fuel the clean energy economy.
- **Sustainability Strategy:** Invest locally, support STEM education, strengthen and protect communities, support diversity in the workforce, achieve a 56% reduction in emissions by 2030 and reach net zero by 2050.

Top performing ESG area

Risks & Crisis Management

ESG Category

Key Initiatives



Climate Leadership

Ball Corporation is about to deliver 3 aerospace missions that study climate, air quality, and weather/land imaging to inform science and policy that advance social and environmental justice across the planet (2025).



ESG Midstream Industry Collaboration

Williams launched the first-ever Midstream Company ESG Reporting Template, which allows midstream energy infrastructure companies to present their sustainability metrics that matter most to investors in a transparent and comparable way.



Industry-movers



Gold-class

Top Canadian performers across industries

Teck Resources Limited

Teck

- **Industry:** Metals and Mining
- **Business Description:** One of Canada’s largest mining companies, with operations and projects in Canada, the United States, Chile, and Peru.
- **Sustainability Strategy:** Teck’s strategy is composed of eight strategic themes: health and safety, climate change, responsible production, our people, tailings management, water, biodiversity, and communities / Indigenous People. They maintain external commitments towards sustainability with key industry organizations such as the International Council on Mining and Metals (ICMM), the Mining Association of Canada (MAC), and The Copper Mark.

Top performing ESG area

Social Impacts

ESG Category

Canadian Pacific Railway



- **Industry:** Transportation and Infrastructure
- **Business Description:** Engages in the provision of rail services. It offers rail and intermodal transportation services, bulk commodities, merchandise freight, and intermodal traffic.
- **Sustainability Strategy:** CP’s Climate Strategy is based on 5 principles: understanding climate-related risks and opportunities; reduction of the carbon footprint; response to physical risks from climate change; integration of climate factors across their business and engagement with stakeholders.

Top performing ESG area

Operational eco-efficiency

ESG Category

Key Initiatives



Disclosure of 60 ESG data sets

Teck’s “Sustainability Report Suite” includes 60+ ESG data sets and fact sheets to provide a comprehensive disclosure on sustainability and ESG performance



Carbon Emissions Calculator

CP’s calculator allows its customers to explore the impacts of their own footprint and make decisions to reduce freight transportation emissions by choosing the lowest carbon-emitting mode of transportation.



Top Brazilian performers across industries

Klabin S.A.



- **Industry:** Containers & Packaging
- **Business Description:** Since 1899, Klabin has transformed raw materials into products with multiple uses, renewable and biodegradable. They are leaders in the production of paper and cardboard for packaging, corrugated cardboard packaging, and industrial bags, in addition to selling wood in logs.
- **Sustainability Strategy:** Their 2030 agenda is composed of 11 goals: Biodiversity, Clients & Products, Socio-environmental performance of suppliers, Local Development, Diversity, Health & Occupational Safety, Information Security, Energy Use, Waste, Water Use and Climate Changes.

Top performing ESG area Labor Practice Indicators

ESG Category ★

Lojas Renner



- **Industry:** Retail
- **Business Description:** Renner is an omnichannel retailer specializing in fashion and lifestyle in Brazil. It is present in all five regions of the country and has stores in Argentina and Uruguay.
- **Sustainability Strategy:** Renner's 2030 commitments are: Humane and Diverse Relationships, Climate, Circular and Regenerative Solutions, and Connections That Amplify. They promote the concept of "Responsible Fashion".

Top performing ESG area Supply Chain Management

ESG Category ★

Key Initiatives



Forest Stewardship Council Certification

This certification allowed Klabin to be the first Brazilian company to ensure sustainability throughout its entire supply chain



Responsible Fashion Cycle

From 2018 to 2021, the company developed the "Responsible Fashion strategic cycle" guided by five objectives to advance sustainability management and minimize socio-environmental risks along their supply chain



Top Mexican performers across industries

Fibra Terrafina



- **Industry:** Real Estate
- **Business Description:** Fibra Terrafina is a real estate investment trust anchored by an industrial portfolio and constituted to acquire, own, develop and manage industrial real estate (i.e., warehouses and other light manufacturing properties) in Mexico.
- **Sustainability Strategy:** Based on a materiality assessment made in 2019, Terrafina defined a strategy along 3 transversal axes (Engagement and Transparency, Resilience and Anticorruption, and Ethics) and 5 pillars (Planet, Portfolio, Economy, Talent, and Community).

Top performing ESG area Stakeholder Engagement

ESG Category

Grupo Alsea



- **Industry:** Restaurants & Leisure Facilities
- **Business Description:** Alsea is a restaurant operator in Latin America and Spain of global brands in the quick service, coffee shop, casual and family dining segments. The company operates more than 4,000 units in Mexico, Spain, Argentina, Colombia, Chile, France, Portugal, Netherlands, Belgium, Luxembourg and Uruguay.
- **Sustainability Strategy:** Alsea's ESG model is based on 3 pillars (growth, development and balance), 4 commissions (Responsible Consumption, Quality of Life, Environment and Community Development) and a 3-level sustainability management.

Top performing ESG area Business Ethics

ESG Category

Key Initiatives



Long-term focus: promoting green portfolios

In 2021, Terrafina made a compromise to certify 100% of its new acquisitions as sustainable according to top certifications such as LEED and WELL, setting new industry standards



Code of Ethics and Anticorruption Policy

Alsea's sustainable management includes high ethical standards, such as a zero-tolerance policy towards corruption and bribery across all levels of operation

A person in a dark suit stands in profile on the left, looking out over a city skyline. The sky is bright and hazy, suggesting sunrise or sunset. The city buildings are silhouetted against the light. A blue gradient bar is at the bottom.

Current ESG Trends and Challenges

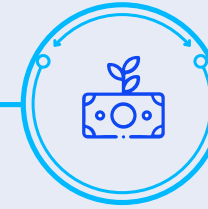
Current Trends

Sustainability is demanding a holistic, data-driven approach to deciding where to go next



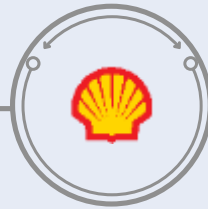
Gender equality and ESG

Based on a study published in 2019 by the World Bank, increasing the gender diversity of the boards of directors of companies in the Americas might be a key component with the potential to bring high overall ESG returns at a very low cost, due to the strength of the female talent pool in the region.



Data-driven ESG investment

Transparency is an increasing demand among ESG investors in the Americas. Portfolio managers are more frequently adjusting their models based on ESG data. This trend is then driving demand for quality and comparable ESG data.



For example, the growth of the percentage of women in Shell's top-management positions has helped the company strengthen its clean technology venture business and enhance its overall ESG performance.



In 2022, the global investment firm Carlyle announced its collaborative initiative, "ESG Data Convergence Project", as a USD 8.7 trillion commitment to guide ESG investing by highlighting risks and value creation opportunities.

Current Challenges

The growing adoption of ESG in the Americas does not come without risks



Discrepancies in reporting

There is a global absence of globally accepted standards to inform company measurements, definitions, and disclosures regarding ESG standards. Nevertheless, key ESG frameworks such as the Integrated Reporting and the CDSB (Climate Disclosure Standards Board) have been developed to gradually standardize ESG reporting globally

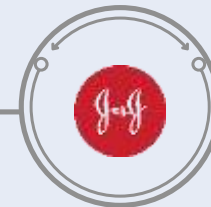


Greenwashing in ESG Investments

Greenwashing is the practice of businesses representing themselves as sustainable while providing false or misleading information about their practices. Increased interest in ESG investing has attracted less conscientious actors aiming to profit from the trend. Hence, as ESG continues to influence investment opportunities, greenwashing will also grow as a potential risk



For example, in 2021, 150+ firms, including HSBC, IBM, and Heineken, adopted the “Stakeholder Capitalism Metrics” developed by the World Economic Forum as a tool to standardize their ESG reporting frameworks



In 2019, Johnson & Johnson was removed from the S&P ESG index due to the announcement of an investigation into carcinogens in J&J’s products

How Infomineo can help

Here are some activities that Infomineo can support you with

If you would like to discuss any of the content here, please contact our VPs on LinkedIn

Assess your baseline

Infomineo can help you assess your baseline according to different methodologies and regulations

- *Assess the ESG market size and growth forecast by identifying ESG global AUM statistics, sustainable debt volumes, ESG ETF/ETP instruments*
- *Assess the sustainable opportunities and solutions offered in different industries and sectors*
- *Benchmark best practices of companies and countries in ESG adoption and implementation*

Benchmark your score

We can also benchmark ESG best practices in terms of score and identify key areas for potential improvement

- *Benchmark country-specific laws and regulations governing the issuance and listing of financial products, monitoring, reporting, and disclosing of ESG practices*
- *Benchmark best practices of companies and countries in ESG adoption and implementation*

Identify key initiatives

Infomineo is able to identify from benchmark the type of ESG initiatives that you could consider as best practices

- *Identify key ESG strategies adopted, and initiatives to promote ESG adoption and implementation, highlighting success stories and key learnings*
- *Map out value chains of sustainable practices in different sectors and key players across these value chains*
- *Identify the key credentials, accreditations, and licenses required for ESG practices*



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