

Visual Insights into ESG: Exploratory Data Analysis of S&P 500 Financial Sector

Importing the Dataset and the Necessary Libraries

```
In [14]: warnings
warnings.filterwarnings('ignore')

import pandas as pd
import numpy as np
import matplotlib.pyplot as plt
import matplotlib.lines as mlines
import seaborn as sns
import plotly.express as px

data = pd.read_csv("SP 500 ESG Risk Ratings.csv")
```

Exploratory Analysis

```
In [3]: # Overview of the dataset and it's structure.
data.head()
```

```
Out[3]:
```

	Symbol	Name	Address	Sector	Industry	Full Time Employees	Description	Total ESG Risk Score	Environment Risk Score	Governance Risk Score	Social Risk Score	Controversy Level	Controversy Score	ESG Risk Percentile	ESG Risk Level
0	A	Agilent Technologies Inc	5301 Stevens Creek Boulevard Santa Clara, CA ...	Healthcare	Diagnostics & Research	18,000	Agilent Technologies, Inc. provides applicatio...	15.0	0.3	6.3	8.6	Low	1.0	11th percentile	Low
1	AAL	American Airlines Group Inc	1 Skyview DriveFort Worth, TX 76159vUnited ...	Industrials	Airlines	132,500	American Airlines Group Inc., through its subs...	29.0	12.0	5.0	12.0	Moderate	2.0	62nd percentile	NaN
2	AAP	Advance Auto Parts Inc	4200 Six Forks RoadRaleigh, NC 27609vUnited...	Consumer Cyclical	Specialty Retail	40,000	Advance Auto Parts, Inc. provides automotive r...	12.0	0.0	3.0	8.0	Moderate	2.0	4th percentile	Negligible
3	AAPL	Apple Inc	One Apple Park WayvCupertino, CA 95014vUnited...	Technology	Consumer Electronics	164,000	Apple Inc. designs, manufactures, and markets ...	17.0	0.6	9.2	6.9	Significant	3.0	15th percentile	Low
4	ABBV	Abbvie Inc	1 North Waukegan RoadvNorth Chicago, IL 60064...	Healthcare	Drug Manufacturers —General	50,000	Abbvie Inc. discovers, develops, manufactures,...	28.0	1.1	9.9	16.8	Significant	3.0	55th percentile	Medium

```
In [4]: # Overview of statistical properties of the dataset.
data.describe()
```

```
Out[4]:
```

	Total ESG Risk score	Environment Risk Score	Governance Risk Score	Social Risk Score	Controversy Score
count	433.000000	433.000000	433.000000	433.000000	433.000000
mean	21.422633	5.679984	6.673903	9.045035	1.896074
std	7.264458	5.339965	2.201049	3.813788	0.940748
min	7.000000	0.000000	3.000000	1.000000	0.000000
25%	16.000000	1.500000	5.000000	6.600000	1.000000
50%	21.000000	3.800000	6.000000	8.700000	2.000000
75%	26.000000	8.900000	7.700000	11.600000	2.000000
max	46.000000	25.000000	15.500000	21.000000	5.000000

Visualising the Makeup of ESG Scores by Sector

```
In [5]: custom_colors = {
    'Environment Risk Score': "#06d6a0",
    'Governance Risk Score': "#118ab2",
    'Social Risk Score': "#ff0166"
}

# Calculating Sector-wise Average ESG Scores
sector_avg_scores = data.groupby('Sector')[['Environment Risk Score', 'Governance Risk Score', 'Social Risk Score']].mean().reset_index()

# Extracting sector names and scores
sectors = sector_avg_scores['Sector']
environment_scores = sector_avg_scores['Environment Risk Score']
governance_scores = sector_avg_scores['Governance Risk Score']
social_scores = sector_avg_scores['Social Risk Score']

# Creating the Bar Chart
fig, ax = plt.subplots(figsize=(10, 8))

bar_width = 0.4
index = range(len(sectors))

bar1 = ax.bar(index, environment_scores, bar_width, color=custom_colors['Environment Risk Score'], label='Environment')
bar2 = ax.bar(index + bar_width, governance_scores, bar_width, color=custom_colors['Governance Risk Score'], label='Governance')
bar3 = ax.bar(index + 2*bar_width, social_scores, bar_width, color=custom_colors['Social Risk Score'], label='Social')

# Customising the Layout and Displaying the Plot
ax.set_xlabel('Sector')
ax.set_ylabel('Average ESG Risk Score')
ax.set_title('Average ESG Risk Score By Sector')
ax.set_xticks(index + bar_width)
ax.set_xticklabels(sectors, rotation=90)
ax.legend()

plt.tight_layout()
plt.show()
```

Looking into the Financial Services Industry: Comparative Analysis of Variable Correlations

```
In [41]: # Selecting only numeric data for correlation
numeric_data = data.select_dtypes(include=[np.number])
numeric_financial_data = numeric_data[data['Sector'] == 'Financial Services']

# Calculate the correlation matrices
correlation_matrix_all = numeric_data.corr()
correlation_matrix_financial = numeric_financial_data.corr()
first_variable = numeric_data.columns[0]

# Creating a figure with two subplots so that the output can be arranged side by side
fig, axes = plt.subplots(2, 2, figsize=(10, 8), sharey=True)

# Data and titles for each subplot
datasets = [(correlation_matrix_all, 'All Sectors'), (correlation_matrix_financial, 'Financial Sector')]

# Looping for plotting the heatmaps
for ax, (dataset, title) in zip(axes, datasets):
    correlations_with_first = dataset[first_variable].to_frame()
    sns.heatmap(correlations_with_first, annot=True, cmap='Spectral', vmin=-.1, vmax=.1, fmt='.2f', ax=ax, cbar=False)
    ax.set_title(title)

# Displaying everything to minise overlap
fig.suptitle('Comparative ESG Score Correlations: Across All Sectors vs. Financial Sector', fontsize=12)
plt.tight_layout(rect=[0, 0, 1, 0.95])
sm = plt.cm.ScalarMappable(cmap='Spectral', norm=plt.Normalize(vmin=-.1, vmax=.1))
sm.set_array([]) # You can also use sm._A = []
fig.colorbar(sm, ax=axes.ravel().tolist(), orientation='vertical', fraction=.05, pad=.05)
plt.show()
```

Visualisation and Analysis of ESG Scores in the Financial Services Sector

```
In [37]: # Filtering data for the Financial Sector
financial_sector_data = data[data['Sector'] == 'Financial Services']

# Selecting ESG scores for the Financial Sector
esg_scores_financial = financial_sector_data[['Total ESG Risk score', 'Environment Risk Score', 'Governance Risk Score', 'Social Risk Score']]

mean_esg_scores = data[['Total ESG Risk score', 'Environment Risk Score', 'Governance Risk Score', 'Social Risk Score']].mean()

# Custom color palette
colors = ["#ef476f", "#06d6a0", "#118ab2", "#ff0166", "#2b2d42"]

# Creating subplots for histograms and distribution plots
fig, axes = plt.subplots(nrows=2, ncols=4, figsize=(10, 10))
plt.subplots_adjust(hspace=.5)

for i, score_type in enumerate(mean_esg_scores.index):
    # Distribution plot for each score type
    sns.kdeplot(data[score_type], color=colors[i], ax=axes[0, i], linestyle=':', alpha=.4)
    axes[i, i].set_title(f'Distribution of {score_type}')

    average_line = mlines.Line2D([], [], color=colors[i], linestyle=':', label=f'S&P 500 Average')

# Adding a legend to the figure, below the subplots
fig.legend(handles=[average_line], loc='upper center', bbox_to_anchor=(0.5, -.05), fancybox=True, shadow=False, ncol=1)
plt.tight_layout(rect=[0, 0.05, 1, 0.95])
fig.suptitle('ESG Scores for S&P 500 Financial Sector', fontsize=10, y=-.05)

# Looping through each ESG score type and creating plots
for i, score_type in enumerate(esg_scores_financial.columns):
    # Histogram on the first row
    sns.histplot(financial_sector_data[score_type], kde=True, color=colors[i], ax=axes[0, i])
    axes[0, i].set_title(f'Histogram of {score_type}')
    # Distribution plot on the second row
    sns.kdeplot(financial_sector_data[score_type], shade=True, color=colors[i], ax=axes[1, i])

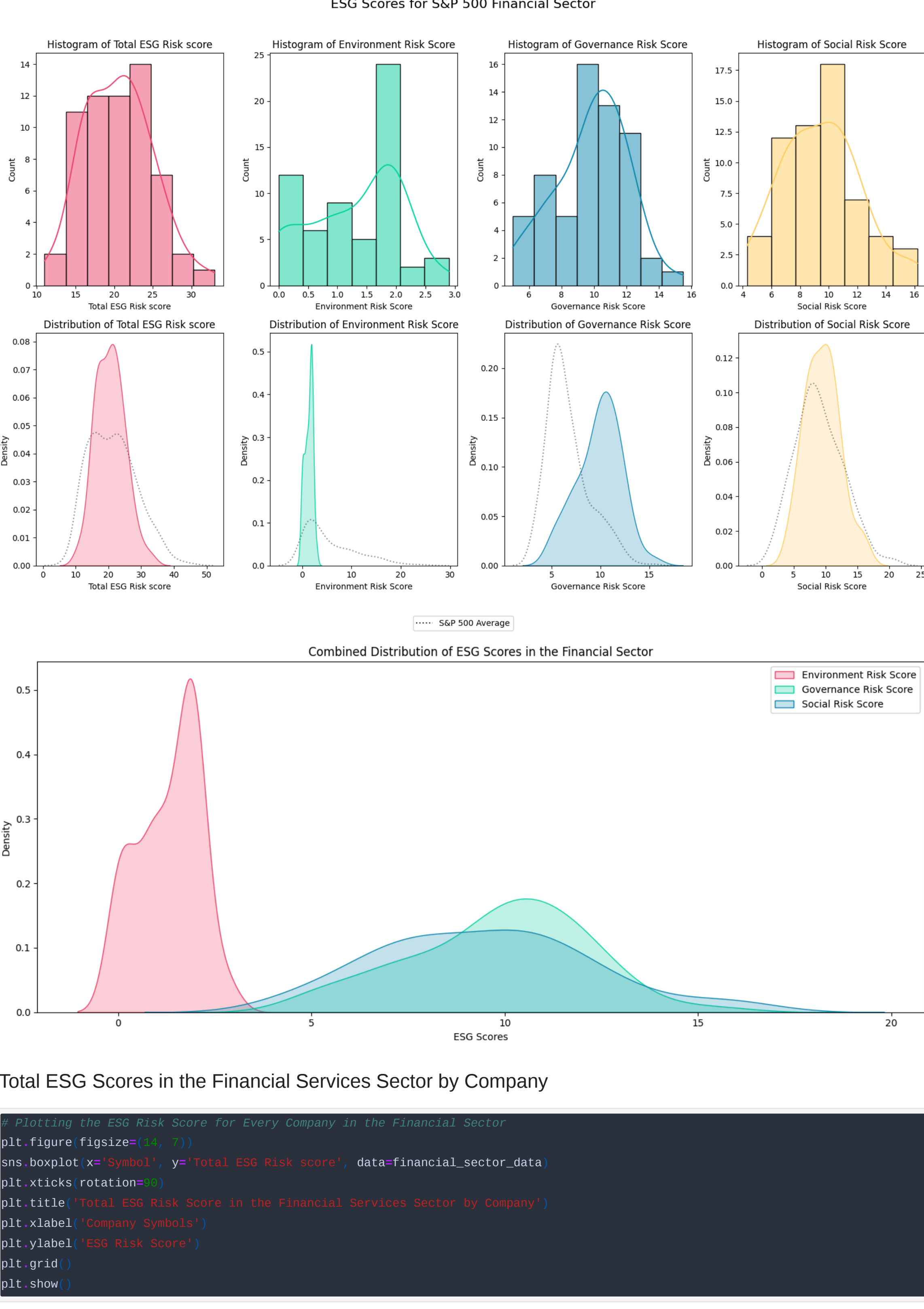
# Displaying Plot
plt.tight_layout()
plt.show()

plt.figure(figsize=(10, 8))

# Plotting Combined Distribution Graph
for i, col in enumerate(esg_scores_financial.columns[0:4]):
    sns.kdeplot(
        esg_scores_financial[col],
        color=colors[i],
        label=col,
        fill=True
    )

plt.xlabel('ESG Scores')
plt.ylabel('Density')
plt.title('Combined Distribution of ESG Scores in the Financial Sector')

plt.legend()
plt.tight_layout()
plt.show()
```



Total ESG Scores in the Financial Services Sector by Company

```
In [38]: # Plotting the ESG Risk Score for Every Company in the Financial Sector
plt.figure(figsize=(10, 8))
sns.boxplot(x='Symbol', y='Total ESG Risk score', data=financial_sector_data)
plt.xticks(rotation=90)
plt.title('Total ESG Risk Score in the Financial Services Sector by Company')
plt.xlabel('Company Symbols')
plt.ylabel('ESG Risk Score')
plt.grid()
plt.show()
```

