



BlackRock Sustainability

Predictive ESG Classification

Meet The Team



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team at ESG-focused
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Overview



01

Audience.

BlackRock, the world's largest asset manager, wants to include climate risk in its investment decisions.

02

Business Context.

They want to scout new public companies to invest in.

03

Deliverables.

1. Insights
2. Predictive model
3. Second-Order recommendations

How Are Companies Rated?



Morgan Stanley Capital International



ESG

1. Environmental
2. Social
3. Governance

Data



ESG Rating Data:

Kaggle Dataset - 2022 MSCI ESG
Rating/Score Data

Public Company Information:

Kaggle Dataset - 2021 Fortune 1k
Company metrics



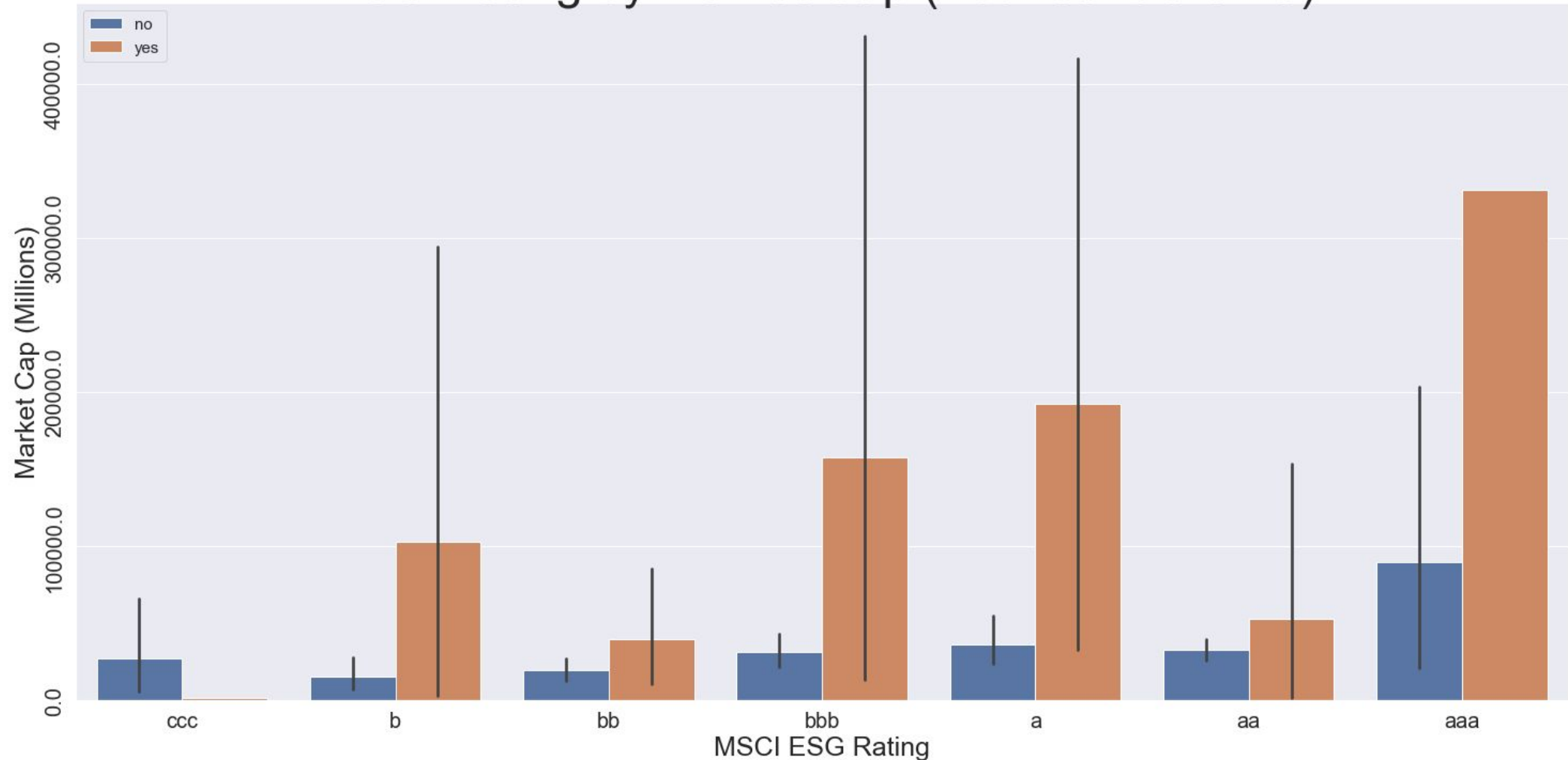
How Does ESG Impact Value?



How Does ESG Impact Value?



ESG Rating by Market Cap (Founder as CEO)



How should we Classify?



Simple:



- Accuracy: 76%
- precision: 75%

Complex - 6 Classes:



- Accuracy: 44%
- precision: 44%

Simplicity vs complexity

1. Less Categories leads to better accuracy
2. Complex Predictions need more data
3. Look into classifying for E, S, and G separately

Conclusion



01

Modelling.

1. Models work better for the different targets
2. Access to ESG data is valuable
3. Existing features best on Env.

02

Recommendations.

1. Partner with Rating company (MSCI)
2. Invest on Financials, then on leadership stats

03

Next Steps.

1. More data
2. Compare against another Rating company standard
3. Value over time for ESG Corps



Thank you!

Do you have any questions?