

Example 1: Prompt: Please score the following fund strategy based on its alignment with each of the six ESG categories described below. Assign scores between 0 and 1, where: A score of 1 indicates that the category is a primary focus of the strategy. Scores between 0.1 and 0.9 indicate partial alignment. A score of 0 indicates that the category is not relevant to the strategy. ESG Categories and Descriptions: **Apply Exclusions:** This approach refers to excluding sectors, companies, or practices that investors consider harmful or not in alignment with sustainability criteria. Exclusions may include traditional "sin" stocks (such as alcohol, tobacco, and gambling), companies involved in controversial weapons, fossil fuels, or companies with significant controversies or unethical practices. **Limit ESG Risk:** This involves taking steps to limit ESG risks, also known as ESG integration. It includes using ESG ratings and data in the risk-management process to assess material ESG risks. Investors may price ESG risk into valuation models or avoid investments with high ESG risks to mitigate potential negative impacts on financial performance. **Seek ESG Opportunities:** Investors use ESG information to identify companies that are sustainability leaders or those seeking to improve their ESG practices for competitive advantages. This may involve favoring companies with better ESG ratings or investing in sectors that are poised for growth due to their focus on sustainable practices. **Practice Active Ownership:** Active ownership or stewardship involves engaging directly with companies on ESG issues, proposing shareholder resolutions, supporting ESG-related proxy voting, participating in investor coalitions, and advocating for policies that address sustainability concerns. **Target Sustainability Themes:** Thematic investing explicitly targets one or more sustainability themes, such as climate action, healthy ecosystems, social issues like diversity and inclusion, or alignment with the United Nations Sustainable Development Goals. **Assess Impact:** This focuses on measuring the social or environmental impact of investments. It involves integrating impact assessments into security selection and portfolio construction, with impact reporting providing transparency on the societal outcomes achieved by the investments. **Fund Strategy:** "The fund avoids companies with poor human rights records, invests in renewable energy projects, and actively engages with companies to improve labor practices."

RESULT:

Apply Exclusions:

Score: 0.7

Explanation: The strategy avoids companies with poor human rights records, which aligns with the concept of exclusions based on ethical and sustainability criteria. However, it doesn't explicitly state exclusions for other sectors like fossil fuels, controversial weapons, or "sin" stocks.

Limit ESG Risk:

Score: 0.4

Explanation: While the strategy excludes companies with poor human rights records, it doesn't explicitly mention using ESG ratings or a comprehensive risk management approach to limit ESG risks. The focus seems more on ethical exclusions than a systematic integration of ESG risk assessments.

Seek ESG Opportunities:

Score: 0.6

Explanation: By investing in renewable energy projects, the fund seeks to capitalize on sectors aligned with sustainability, which suggests a focus on ESG opportunities. However, there's no mention of using ESG ratings to identify industry leaders or a best-in-class approach.

Practice Active Ownership:

Score: 0.9

Explanation: The strategy includes active engagement with companies to improve labor practices, indicating a strong emphasis on stewardship and active ownership. This aligns closely with direct engagement and promoting sustainable practices within invested companies.

Target Sustainability Themes:

Score: 0.8

Explanation: The fund's investment in renewable energy projects demonstrates a clear focus on climate-related sustainability themes. However, the strategy does not explicitly cover other thematic areas like social inclusion or the broader United Nations Sustainable Development Goals.

Assess Impact:

Score: 0.3

Explanation: While the fund's activities (investing in renewable energy and improving labor practices) have the potential for positive impact, there is no explicit focus on measuring or reporting the social or environmental impact of its investments.

ESG Category	Score
Apply Exclusions	0.7
Limit ESG Risk	0.4
Seek ESG Opportunities	0.6
Practice Active Ownership	0.9
Target Sustainability Themes	0.8
Assess Impact	0.3

Example 2:

Prompt:

Please score the following fund strategy based on its alignment with each of the six ESG categories described below. Assign scores between 0 and 1, where:

A score of 1 indicates that the category is a primary focus of the strategy.

Scores between 0.1 and 0.9 indicate partial alignment.

A score of 0 indicates that the category is not relevant to the strategy.

ESG Categories and Descriptions:

Apply Exclusions:

This approach refers to excluding sectors, companies, or practices that investors consider harmful or not in alignment with sustainability criteria. Exclusions may include traditional "sin" stocks (such as alcohol, tobacco, and gambling), companies involved in controversial weapons, fossil fuels, or companies with significant controversies or unethical practices.

Limit ESG Risk:

This involves taking steps to limit ESG risks, also known as ESG integration. It includes using ESG ratings and data in the risk-management process to assess material ESG risks. Investors may price ESG risk into valuation models or avoid investments with high ESG risks to mitigate potential negative impacts on financial performance.

Seek ESG Opportunities:

Investors use ESG information to identify companies that are sustainability leaders or those seeking to improve their ESG practices for competitive advantages. This may involve favoring companies with better ESG ratings or investing in sectors that are poised for growth due to their focus on sustainable practices.

Practice Active Ownership:

Active ownership or stewardship involves engaging directly with companies on ESG issues, proposing shareholder resolutions, supporting ESG-related proxy voting, participating in investor coalitions, and advocating for policies that address sustainability concerns.

Target Sustainability Themes:

Thematic investing explicitly targets one or more sustainability themes, such as climate action, healthy ecosystems, social issues like diversity and inclusion, or alignment with the United Nations Sustainable Development Goals.

Assess Impact:

This focuses on measuring the social or environmental impact of investments. It involves integrating impact assessments into security selection and portfolio construction, with impact reporting providing transparency on the societal outcomes achieved by the investments.

Fund Strategy:

"The fund focuses on integrating ESG data into its investment process to manage risks and enhance long-term returns. It actively engages with companies on environmental practices, avoids investments in sectors like tobacco and firearms, and invests in companies that lead in clean energy and social inclusion initiatives"

Output:

Based on the provided fund strategy, here are the scores for its alignment with each of the six ESG categories:

Apply Exclusions:

Score: 0.8

Explanation: The fund avoids investments in sectors like tobacco and firearms, which aligns strongly with the application of exclusions based on sustainability and ethical considerations. However, there is no explicit mention of excluding fossil fuels or other "sin" stocks.

Limit ESG Risk:

Score: 1.0

Explanation: The strategy explicitly focuses on integrating ESG data into its investment process to manage risks. This indicates a strong commitment to limiting ESG risks through a comprehensive ESG integration approach.

Seek ESG Opportunities:

Score: 0.9

Explanation: The fund invests in companies that lead in clean energy and social inclusion initiatives, clearly targeting companies that are sustainability leaders. This aligns well with the strategy of seeking ESG opportunities for long-term growth.

Practice Active Ownership:

Score: 0.8

Explanation: The strategy includes active engagement with companies on environmental practices, indicating a commitment to active ownership. However, it does not specifically mention shareholder resolutions or proxy voting, which could strengthen this category further.

Target Sustainability Themes:

Score: 0.9

Explanation: The fund targets thematic areas such as clean energy and social inclusion, aligning well with the focus on sustainability themes. It shows a clear alignment with climate action and social equity goals.

Assess Impact:

Score: 0.5

Explanation: While the fund's focus on clean energy and social inclusion suggests potential for positive impact, the strategy does not explicitly mention impact measurement or reporting. Thus, the alignment with impact assessment is partial but not a primary focus.

ESG Category	Score
Apply Exclusions	0.8
Limit ESG Risk	1.0
Seek ESG Opportunities	0.9
Practice Active Ownership	0.8
Target Sustainability Themes	0.9
Assess Impact	0.5

Example 3: Prompt: Please score the following fund strategy based on its alignment with each of the six ESG categories described below. Assign scores between 0 and 1, where: A score of 1 indicates that the category is a primary focus of the strategy. Scores between 0.1 and 0.9 indicate partial alignment. A score of 0 indicates that the category is not relevant to the strategy. ESG Categories and Descriptions: Apply Exclusions: This approach refers to excluding sectors, companies, or practices that investors consider harmful or not in alignment with sustainability criteria. Exclusions may include traditional "sin" stocks (such as alcohol, tobacco, and gambling), companies involved in controversial weapons, fossil fuels, or companies with significant controversies or unethical practices. Limit ESG Risk: This involves taking steps to limit ESG risks, also known as ESG integration. It includes using ESG ratings and data in the risk-management process to assess material ESG risks. Investors may price ESG risk into valuation models or avoid investments with high ESG risks to mitigate potential negative impacts on financial performance. Seek ESG Opportunities: Investors use ESG information to identify companies that are sustainability leaders or those seeking to improve their ESG practices for competitive advantages. This may involve favoring companies with better ESG ratings or investing in sectors that are poised for growth due to their focus on sustainable practices. Practice Active Ownership: Active ownership or stewardship involves engaging directly with companies on ESG issues, proposing shareholder resolutions, supporting ESG-related proxy voting, participating in investor coalitions, and advocating for policies that address sustainability concerns. Target Sustainability Themes: Thematic investing explicitly targets one or more sustainability themes, such as climate action, healthy ecosystems, social issues like diversity and inclusion, or alignment with the United Nations Sustainable Development Goals. Assess Impact: This focuses on measuring the social or environmental impact of investments. It involves integrating impact assessments into security selection and portfolio construction, with impact reporting providing transparency on the societal outcomes achieved by the investments/ **Fund Strategy: "The fund prioritizes investing in companies that demonstrate strong commitments to diversity and social equity. It avoids sectors associated with high carbon emissions, such as fossil fuels and heavy manufacturing. The fund actively uses its shareholder voting rights to influence corporate governance and engages in dialogues to improve environmental policies. Additionally, it seeks investments in sectors that contribute to sustainable urban development and clean water initiatives."**

Output:

Apply Exclusions:

Score: 0.9

Explanation: The strategy clearly excludes investments in high carbon-emitting sectors like fossil fuels and heavy manufacturing. This demonstrates a strong alignment with the exclusion approach.

However, it does not explicitly mention exclusions related to other "sin" stocks (e.g., tobacco, alcohol, or gambling).

Limit ESG Risk:

Score: 0.7

Explanation: The strategy focuses on avoiding sectors with high carbon emissions, which helps mitigate ESG risks. However, it does not specifically state the use of ESG ratings or data in its risk management process.

Seek ESG Opportunities:

Score: 0.8

Explanation: The fund seeks investments in sectors that contribute to sustainable urban development and clean water initiatives, which aligns with seeking ESG opportunities in high-growth, sustainability-focused areas. However, it doesn't explicitly focus on identifying sustainability leaders using ESG ratings.

Practice Active Ownership:

Score: 1.0

Explanation: The strategy emphasizes active use of shareholder voting rights and engaging in dialogues to improve corporate governance and environmental policies. This demonstrates a strong focus on active ownership and stewardship.

Target Sustainability Themes:

Score: 1.0

Explanation: The fund targets specific sustainability themes, such as social equity, sustainable urban development, and clean water initiatives. This aligns perfectly with thematic investing aimed at achieving specific sustainability goals.

Assess Impact:

Score: 0.6

Explanation: While the strategy focuses on sectors with positive environmental and social contributions, it does not explicitly mention measuring or reporting the impact of its investments. Thus, there is partial alignment with assessing impact, but it is not the primary focus.

ESG Category	Score
Apply Exclusions	0.9
Limit ESG Risk	0.7
Seek ESG Opportunities	0.8
Practice Active Ownership	1.0
Target Sustainability Themes	1.0
Assess Impact	0.6

Example 4:

The fund emphasizes investing in technology companies that are pioneering innovative solutions to reduce their environmental footprint. It also seeks to invest in firms with strong workplace policies promoting employee well-being and diversity. The fund avoids companies with significant legal or regulatory issues but does not explicitly exclude any particular sectors."

Output:

Apply Exclusions:

Score: 0.4

Explanation: The strategy avoids companies with significant legal or regulatory issues, indicating some level of exclusion based on ethical criteria. However, it does not explicitly exclude specific sectors (like fossil fuels, tobacco, or "sin" stocks), so the alignment with exclusions is partial.

Limit ESG Risk:

Score: 0.7

Explanation: By avoiding companies with significant legal or regulatory issues, the fund aims to limit potential risks. Additionally, investing in firms that focus on reducing their environmental footprint indirectly limits ESG risks. However, there is no explicit mention of a systematic ESG risk integration process.

Seek ESG Opportunities:

Score: 0.9

Explanation: The strategy focuses on investing in technology companies that are reducing their environmental footprint and promoting workplace diversity and well-being, aligning well with seeking ESG opportunities in sustainability-focused firms.

Practice Active Ownership:

Score: 0.3

Explanation: There is no explicit mention of engaging with companies through shareholder voting, resolutions, or advocacy. Therefore, the alignment with active ownership is limited.

Target Sustainability Themes:

Score: 0.8

Explanation: The fund emphasizes investment in technology companies focused on environmental innovation and workplace well-being, aligning with themes related to climate action and social equity. However, it doesn't target specific sustainability themes like clean water or sustainable urban development.

Assess Impact:

Score: 0.5

Explanation: While the fund's focus on environmental footprint reduction and employee well-being implies a positive impact, it does not explicitly measure or report on the social or environmental outcomes of its investments.

ESG Category	Score
Apply Exclusions	0.4
Limit ESG Risk	0.7
Seek ESG Opportunities	0.9
Practice Active Ownership	0.3
Target Sustainability Themes	0.8
Assess Impact	0.5

Example 5:

"The fund seeks stable returns by investing in established consumer goods companies that have

demonstrated resilience in their supply chains. It looks for companies that are gradually adopting more sustainable sourcing practices and have a history of community involvement. However, it does not explicitly prioritize environmental or social metrics in its selection process."

Output:

Apply Exclusions:

Score: 0.2

Explanation: The strategy does not explicitly exclude any sectors, industries, or companies based on sustainability criteria. It focuses on resilience in supply chains rather than excluding based on ethical or environmental concerns.

Limit ESG Risk:

Score: 0.6

Explanation: The strategy looks for established companies with resilient supply chains and those gradually adopting more sustainable sourcing practices. This indicates some consideration of ESG risks, although it is not a primary focus.

Seek ESG Opportunities:

Score: 0.5

Explanation: The fund invests in companies that are gradually adopting sustainable sourcing practices and have community involvement, which suggests partial alignment with seeking ESG opportunities. However, it is not explicitly focused on identifying sustainability leaders or using ESG ratings.

Practice Active Ownership:

Score: 0.1

Explanation: There is no mention of engaging with companies, shareholder resolutions, or any form of active ownership. Thus, this category is largely irrelevant to the strategy.

Target Sustainability Themes:

Score: 0.4

Explanation: The strategy acknowledges community involvement and sustainable sourcing practices, which align partially with social and environmental themes. However, targeting sustainability is not a primary focus of the fund.

Assess Impact:

Score: 0.2

Explanation: The strategy does not emphasize measuring or reporting the social or environmental impact of its investments. It focuses more on stable returns rather than explicitly assessing the impact of its investment choices.

ESG Category	Score
Apply Exclusions	0.2
Limit ESG Risk	0.6
Seek ESG Opportunities	0.5
Practice Active Ownership	0.1
Target Sustainability Themes	0.4
Assess Impact	0.2