Challenges & Opportunities in Financing the Sustainable Development Goals
At BlackRock, we have an opportunity, a responsibility even, to make a positive difference to society.

Larry Fink
Private Markets: Impact Measurement is Difficult

### Financial
- Clear Currency
- Established Accounting Guidelines
- Third-Party Auditing
- \( = \text{Profit/Loss} \)

### Social
- No Clear Currency
- No Accounting Framework
- No Third-Party Auditing
- \( = \ldots? \)
Public Markets: ESG Data is limited

• Intangible Assets: From 17% (1975) to 84% (2015) of S&P 500 Market Value*

• While ESG captures increasingly material investment information that is relevant to the SDGs:
  • Company reporting is still inconsistent and inadequate
  • Third-party data sources are still nascent and have limited history

Source: Ocean Tomo Intangible Asset Market Value Study, 2017
Sustainable Investing: Research & Insights are Still Early Stage

Competitive, risk-adjusted returns

Measureable impact against SDGs
Private Markets: Industry Standards are Emerging

Different methods, no market standard

Gold standard: open source and transparent
Public Markets: ESG Data is Rapidly Improving

- Company Reporting
- Third-Party Research
- Big Data Opportunities
Research & Insights: Increasing Links Between ESG & Performance

Sources: BlackRock Investment Institute, ASSET4 and MSCI, July 2016. Notes: The analysis above calculates the carbon intensity of all MSCI World companies by dividing their annual carbon emissions by annual sales. Companies are ranked and bucketed in five quintiles based on their year-over-year change in carbon intensity. We then analyze each quintile’s stock price performance versus the MSCI World Index. Most improved means the 20% of companies that posted the greatest annual decline in carbon intensity. Data are from March 2012 through April 2016. The example is for illustrative purposes only. Past performance is no indication of future results.