UGI receives AAA rating for environmental, social and governance standards

https://www.wfmz.com/news/area/southeastern-pa/ugi-receives-aaa-rating-for-environmental-social-and-governance-standards/article_26ca2de0-9027-11ed-89e4-2f4e89851429.html

UGI Corp. said its environmental, social and governance (ESG) practices have earned it an AAA rating for 2022.

That rating places the Montgomery County-based natural gas and electricity utility in the top 7% of similar companies evaluated by MSCI ESG Research.

ESG ratings reflect how a company deals with sustainability, people and ethics. MSCI's criteria include carbon emissions, labor management and pay, among many others. By its standards, energy companies that deal in fossil fuels can rank high for ESG.

"We are delighted to receive this rating upgrade, which affirms our commitment to corporate social responsibility and sustainability," UGI Chief Executive Officer and President Rogert Perreault said in a **statement.**

"We remain focused on advancing our ESG mission and helping the families, businesses and communities that we serve in their own sustainability initiatives," he said.

UGI's headquarter is in Valley Forge. The company operates natural gas and electric utilities in Pennsylvania, natural gas utilities in West Virginia, and distributes liquefied petroleum gas. UGI also has operations in France, Belgium and the Netherlands.

Shares in the company are traded on the New York Stock Exchange under the ticker symbol UGI. They last traded at $39.46.

MSCI, based in New York, provides ratings and analysis to investors.

By: **Robert D. Cedergren**, CPA, CGMA, CITP, CISM, CISA, CGEIT – Partner in Charge of Risk Advisory Services at Wipfli LLP

https://philadelphiapact.com/esg-frameworks-and-scores-explained/

There's a growing call for sustainable, responsible business practices. Investors, lenders, large public/private customers, and consumers alike are all looking to ESG (environmental, social, governance) data to influence their investment and purchasing decisions.

But how are companies disclosing their ESG data? And who's monitoring it all? Here is an introduction to ESG reporting frameworks, standards, and rating systems.

YOUR PRIORITIES, TRACKED AND REPORTED

For many organizations, the values behind ESG are not new. Information companies are already concerned about data privacy. Food manufacturers are already tracking product sourcing. Others are investing in equity and inclusion. What ESG reporting does is take your impact in those areas and report out in public, transparent ways.

Generally, however, ESG reporting is about more than transparency. Companies that embark on ESG reporting often do it to provide a sense of internal momentum and accountability to meeting and improving on identified goals.

LEADING ESG FRAMEWORKS

There is no universal standard or framework for ESG. Companies can design their own structure or use one of the many voluntary ESG reporting frameworks emerging in the marketplace.

ESG frameworks have been developed by nonprofit organizations, NGOs, industry groups and others. These frameworks vary in where they focus and the metrics they recommend. However, efforts are underway to build consensus and greater consistency among the tools.

GLOBAL REPORTING INDEX (GRI)

One of the most common ESG frameworks is the Global Reporting Initiative (GRI). This framework focuses on sustainability reporting. In its 2020 annual report, GRI reported that three-quarters of the Global 250 (the world's 250 largest companies) and two-thirds of the N100 (5,200 companies representing the largest 100 firms in 52 countries) use GRI.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)

SASB and GRI are cooperative, mutually-supportive frameworks. Where SASB differs is its focus on sustainability-risks most likely to affect an organization's financial condition, including its balance sheet, income statement or market valuation.

CARBON DISCLOSURE PROJECT (CDP)

CDP is a nonprofit that companies (as well as cities and states) use to verify their carbon emissions. While CDP is not strictly a framework, its survey can help leaders think about various aspects of their business and how to improve. CDP has significant traction in the global marketplace and includes a public rating component for top performers.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The TCFD framework was created by the Financial Stability Board to develop recommendations on the types of information that companies should disclose to support investors, lenders, and insurance underwriters in appropriately assessing risks related to climate change.

SCIENCE BASED TARGETS

The Science Based Targets initiative (SBTi) is a partnership between the Carbon Disclosure Project, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). Science-based targets provide companies with a defined path to reduce emissions in line with the Paris Agreement goals.

UN GLOBAL COMPACT

Members of the UN Global Compact must produce an annual "Communication on Progress" (COP) that details their work to embed the compact's principles into their strategies and operations. With over 15,000 companies participating across 160 countries, the UN Global Compact describes itself as "the world's largest corporate sustainability initiative."

ESG RATINGS

While an ESG framework is a tool your company can use for self-reporting, ESG ratings are grades or evaluations given to you by third parties. Generally focused on publicly traded companies, these ratings are meant to measure a company's exposure to ESG risks.

SustainAbility calculates there are more than 600+ ESG rating tools, globally. These are some of the leaders:

- Bloomberg ESG Data Service
- Dow Jones Sustainability Index
- Institutional Shareholder Services Inc. (ISS ESG)
- Morgan Stanley Capital International (MSCI)
- Morningstar Sustainalytics
- S&P Global Corporate Sustainability Assessment

Critics of EGS ratings point to inconsistencies in scores and data calculation, and investors are aware of these limitations. According to a SustainAbility survey, investors generally consider these scores a starting point for their own research.

BUILD-YOUR-OWN RANKING

While the rating tools above are targeted at large, publicly traded companies, smaller organizations can incorporate other "good citizen" rating tools within their ESG efforts.

Consider public ranking programs such as the Working Mother Top 100, Best Places to Work, the Disability Equality Index, corporate citizenship awards from the U.S. Chamber of Commerce – whatever priority your organization cares about, you can probably find an award or rating program targeted toward those values. Participating in these programs can help benchmark your performance and guide ongoing improvements.

HOW WIPFLI CAN HELP

Many organizations are identifying their ESG impact and developing strategies to prioritize and disclose ESG. If you're interested in exploring ESG and learning how it can benefit your business, check out our web page on our ESG services.

Contact us to learn more or continue reading on:

- ESG 101: What is it and why now?
- How ESG adds value to your business
- The benefits of establishing a successful ESG program
- ESG: Not just for public companies

If you would like to receive articles like these directly to your inbox, sign up here

Toomey Leads Charge Against ESG ratings firms

https://www.foxbusiness.com/politics/toomey-leads-charge-against-esg-ratings-firms

The Pennsylvania Senator says the firms 'lack complete transparency'

By Eleanor Terrett FOXBusiness

close

GOP mounts counteroffensive to Wall Street's ESG investing trend

Pennsylvania Senator Pat Toomey is retiring after serving 18 years in Congress. Still, before he leaves, he's providing a blueprint for how a potential GOP majority can defang the effort to push controversial "ESG" mandates on corporate America.

Toomey, a Republican, has requested information from a dozen firms, including proxy advisors and ratings agencies on how they come up with scores that rank how various corporations adhere to so-called Environmental, Social and Governance edicts, FOX Business has learned. He plans to hand over the information to his GOP colleagues, who are promising to mount investigations into the ESG movement armed with subpoena power if Congress runs red after next week's midterms, people close to the matter say.

ESG is a broad term to describe an investing technique that has become both popular and controversial in recent years as some investors demanded corporate policies that took into account societal needs, not just maximizing shareholder value. It seeks to force public companies to take steps to protect the environment, create governance mandates that ensure diversity and adhere to principles that better society.

Sen. Pat Toomey, R-Pa., questions Treasury Secretary Steven Mnuchin during a Congressional Oversight Commission hearing on Capitol Hill in Washington, Thursday Dec. 10, 2020. (Sarah Silbiger/The Washington Post via AP, Pool) ((Sarah Silbiger/The Washington Post via AP, Pool) / AP Newsroom)

WHAT IS ESG? INVESTING WITH ENVIRONMENTAL, SOCIAL AND GOVERNANCE IN MIND

The Biden Administration has been pushing ESG through its various corporate regulatory agencies like the Securities and Exchange Commission. Asset managers and exchanges like the Nasdaq, meanwhile, are attempting to direct investment money to those public companies that adhere to ESG mandates.

But economists and GOP lawmakers have criticized the movement for forcing politically progressive standards on boardrooms. Critics, for instance, say that ESG has had a marginal impact on reducing the world's carbon footprint since foreign companies like those in China are exempt. Critics also contend ESG has had a deleterious impact on American consumers, forcing energy companies to scale back on production, leading to higher gas prices.

A key component of the $2.7 trillion ESG ecosystem are nearly a dozen firms that assign grades to public companies based on how well they comply with ESG standards. The companies include proxy advisers like ISS that recommend how shareholders vote on corporate policies, but also other outfits that grade public companies on their ESG efforts.

Both play a role in how big asset managers allocate investment funds and thus shape corporate policy.

Toomey, and other Republican lawmakers, have been increasingly vocal in their criticism of the ESG movement likening it to corporate blackmail. Companies, bullied by progressive activists, regulators in the White House, and egged on by ESG rating firms seeking a profit from the burgeoning business, cave to ESG demands. If the GOP takes both chambers of Congress, as recent polls suggest, ESG will be the focus of hearings and investigation targeting its top players, and regulatory officials such as those at the SEC that are enacting new rules demanding ESG disclosures from public companies, Fox Business has learned.

Workers arrive at Goldman Sachs headquarters in New York, US, on Wednesday, June 15, 2022. The Securities and Exchange Commission is looking into whether some investments for the funds are in breach of ESG metrics promised in marketing materials, one (Photographer: Michael Nagle/Bloomberg via Getty Images / Getty Images)

ESG INVESTING HAS DAMAGED CREDIBILITY OF ASSET MANAGERS LIKE BLACKROCK

In September, Toomey who serves as a ranking member on the Senate Banking Committee sent letters to twelve companies believed to be key players enforcing ESG edicts requesting information regarding the criteria they use to give public companies ESG scores. They include outfits such as MSCI, ISS, Bloomberg, Sustainalytics, Moody's, Carbon Disclosure Project, S&P Global, FTSE Russell, RepRisk, FactSet, Refinitiv, and Arabesque S-Ray.

According to Toomey, only half of those companies complied with requests for information on condition of confidentiality, while the other half gave incomplete information or did not respond at all. As a result, the Republican Senator has sent follow-up letters to those six firms: ISS, Carbon Disclosure Project, RepRisk, Arabesque S-Ray, FactSet and Sustainalytics (an arm of investment management firm Morningstar) urging them to respond to his request for transparency.

HERITAGE FOUNDATION UNVEILS INITIATIVE OPPOSING ESG POLICIES PUSHED BY 'WOKE' CORPORATIONS

"What's ironic is that these firms' entire business model is forcing companies to be transparent," a Toomey aide tells FOX Business. "But the firms themselves lack complete transparency when it comes to disclosing how they go about scoring these companies."

Press officials from the companies did not respond to requests for comment.

Toomey’s letters to the companies also stated that there is "bi-partisan concerns" over the opacity of rating methodologies and the veracity of third-party data used to provide the criteria that companies must meet in order to receive a good rating. Some Democrats, worried about ESG stoking inflation on blue collar workers, have begun to question the investment theory despite its widespread support among progressives and environmentalists that are also key constituencies.

One problem Toomey is concerned with is how ESG ratings are derived. According to Toomey’s office, ESG ratings often rely on publicly-sourced data collected by external analysts, or data that is self-reported by the company being rated. That data can sometimes be skewed depending on the source of the information.

The sourcing data can also come from politically suspect sources, Toomey’s office says. For example, the Senate Banking Committee’s review of Sustainalytics’ sourcing found multiple data points from state-controlled media organizations including Russian state media, and Palestinian Rights Groups. In Sustainalytics’ response to Toomey’s original letter, the firm refused to answer whether they had ever used state-controlled foreign media as a data source.

Sustainalytics did not immediately respond to requests for comment.

MANHATTAN, NEW YORK, UNITED STATES - 2022/05/25: Participant seen holding a sign at the protest. More than 100 New Yorkers held a protest outside BlackRock Headquarters in

Manhattan. BlackRock has been at the forefront of the ESG debate. (Photo by Erik McGregor/LightRocket via Getty Images / Getty Images)

As next week's midterms approach and Republican lawmakers eye control of both the House and the Senate, members are laying the groundwork to begin overhauling progressive corporate policies on a scale larger than just the ESG rating firms and proxy advisers.

Ticker	Security	Last	Change	Change %
BLK	BLACKROCK INC.	742.66	-9.41	-1.25%

Part of this includes GOP plans to scale back ESG efforts by regulatory agencies, asset managers like BlackRock, and exchanges like the Nasdaq, which has its own ESG listing requirements, Fox Business has learned.

Stambaugh Champions Legislation to Eliminate ESG Scores

https://www.pahousegop.com/News/27502/Latest-News/Stambaugh-Champions-Legislation-to-Eliminate-ESG-Scores

MAR. 24, 2022

HARRISBURG – The biggest financial firms in the nation are using subjective social justice measures to determine what businesses can get money, according to Rep. Perry Stambaugh (R-Perry/Cumberland). And, unless steps are taken to stop this practice, consumers will likely be impacted as well, he said.

Stambaugh has partnered with Reps. Russ Diamond (R-Lebanon), Dave Zimmerman (R-Lancaster), and Greg Rothman (R-Cumberland) on legislation to curb the overly broad expansion of environmental, social, and governance (ESG) scores. Banks, investment firms, and financial institutions are increasingly using these scores to determine what businesses qualify for loans and other necessary services like insurance–essentially, picking winners and losers.

“Many in the international monetary elite who espouse ESG principles believe access to capital is not a right, but a privilege,” Stambaugh said. “They contend that financial and business plan metrics should no longer drive investment – instead, ‘responsible and sustainable’ practices as selected by them should.”

“I am concerned our nation is reaching a point where very soon consumers with ‘good’ ESG scores may receive lucrative offers, easier loan terms, and even targeted packages designed to reward certain behaviors tied to ever-changing values and whims,” he continued. “Using ESG scores to control individual actions is an insidious infringement on personal liberty, and certainly stands in opposition to our country’s foundation of capitalism.”

The soon-to-be-introduced bill, known as the Virtue, Liberty, and Independence Act, after Pennsylvania’s state motto, would prohibit any business or corporation in the Commonwealth from using ESG scores as a sole condition of financing or providing services. It would also prevent ESG scores from being exclusively or primarily used in decision-making in consumer transactions, and it would block state Treasury and retirement plans from exclusively utilizing ESG scores when making investment decisions.