

JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg

ESG Risk Rating

4.8

Updated Nov 19, 2021

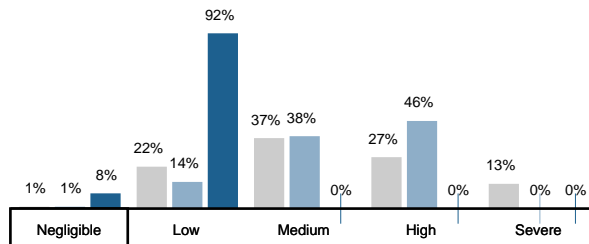
-20.9

Momentum

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	6/14652	1 st
Diversified Financials INDUSTRY	1/892	1 st
Multi-Sector Holdings SUBINDUSTRY	1/438	1 st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. JAB Holding Co. SARL	17.6 Low	74.7 Strong	4.8 Negligible
2. Criteria Caixa SA	34.4 Low	64.2 Strong	13.4 Low
3. DekaBank Deutsche Girozentrale	39.6 Medium	59.0 Strong	17.4 Low
4. KKR Group Finance Company III LLC	40.7 Medium	55.4 Strong	19.5 Low
5. Noah Holdings Ltd	37.8 Medium	45.8 Average	21.2 Medium

JAB Holding Co. SARL

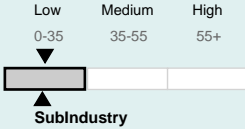
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

17.6 **-12.4**
Low **Momentum**
Beta = 1.04



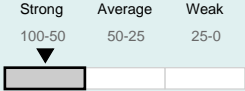
JAB Holding operates on a few continents resulting in diverse and widespread operations, which are subject to various regulations. Ethical infractions such as bribery and corruption, conflicts of interest or insider trading could lead to investigations, fines and settlement costs. In addition, the company's success relies on its investment team responsible for identifying and analyzing investment opportunities, as well as for monitoring investee companies' performance. Inability to attract and retain professionals with expertise in areas such as finance, law and taxation can result in operational inefficiencies and subpar financial returns. Furthermore, JAB Holding has controlling and anchor stakes in its investees. Inability to integrate ESG considerations in the investment strategies and involvement in controversial projects could result in stakeholder scrutiny and reputational damage.

The company's overall exposure is low and is similar to subindustry average. ESG Integration - Financials, Human Capital and Business Ethics are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

74.7 **+59.5**
Strong **Momentum**



JAB Holding's overall ESG-related disclosure is weak and not in accordance with GRI reporting standards, signalling inadequate accountability to investors and the public. The company's ESG-related issues are overseen by the board of directors, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score Category	ESG Risk Management Score Category	ESG Risk Rating Score Category	Contribution to ESG Risk Rating
Corporate Governance	5.0 Medium	61.0 Strong	2.0 Negligible	41.0%
Human Capital	4.2 Medium	58.5 Strong	1.9 Negligible	39.2%
ESG Integration -Financials	4.2 Medium	88.5 Strong	0.5 Negligible	10.2%
Business Ethics	4.2 Medium	93.8 Strong	0.5 Negligible	9.7%
Overall	17.6 Low	74.7 Strong	4.8 Negligible	100.0%

Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

Category (Events)

🚨 Severe (0)

⚠️ High (0)

⚠️ Significant (0)

⚠️ Moderate (0)

⚠️ Low (1)

Labour Relations

🟢 None (10)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Environmental Impact of Products

Lobbying and Public Policy

Sanctions

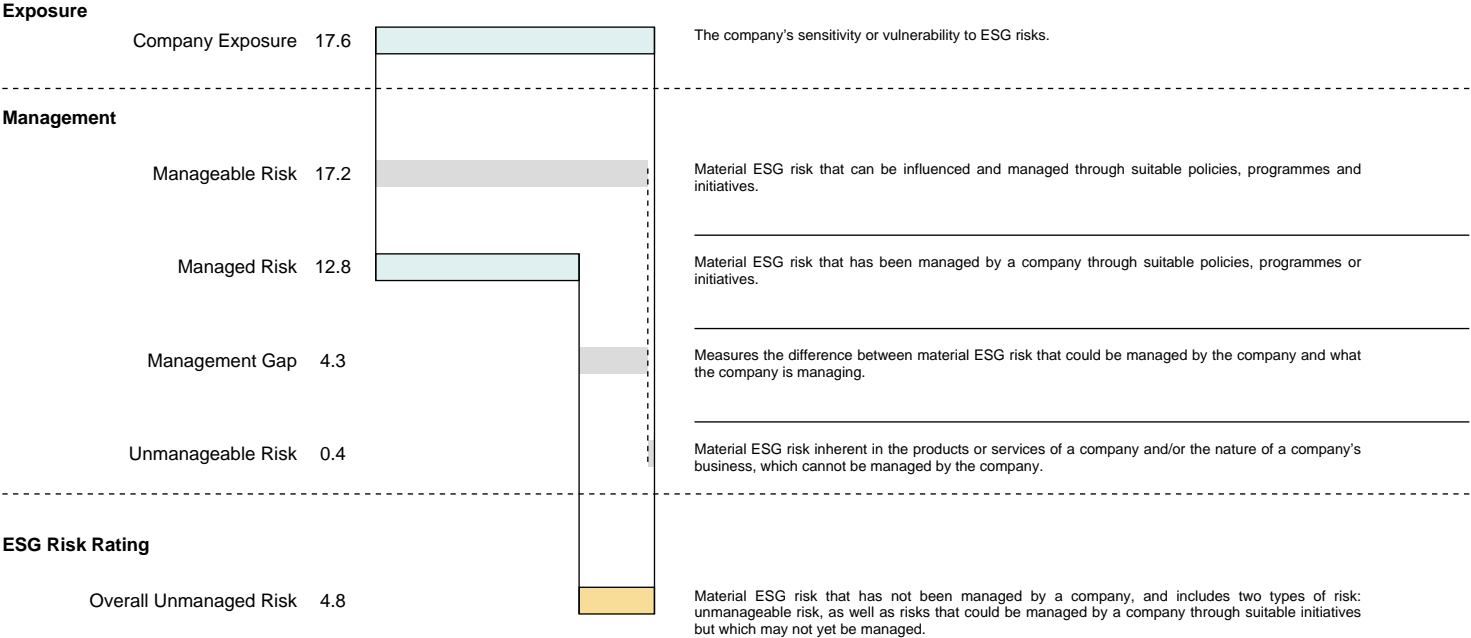
Social Impact of Products

Society - Human Rights

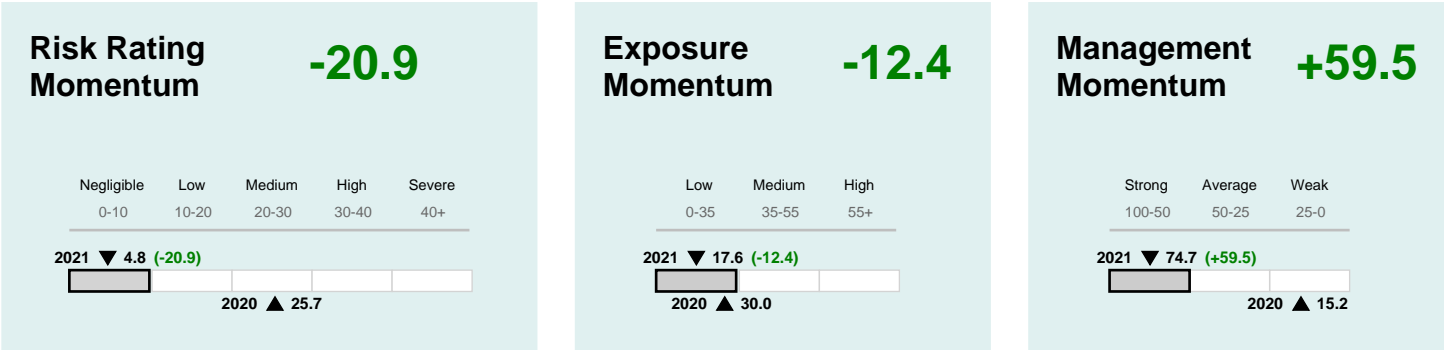
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Risk Decomposition



Momentum Details



JAB Holding Co. SARL

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Issue

Contribution 41.0 %



Corporate Governance

Corporate Governance represents foundational structures for the management of ESG risks.

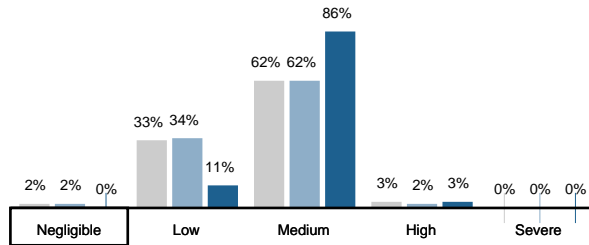
ESG Risk Rating

2.0

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	88/4673	3rd
Diversified Financials INDUSTRY	5/276	2nd
Multi-Sector Holdings SUBINDUSTRY	3/96	3rd

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. Scentre Management Ltd.	5.0 Medium	72.0 Strong	1.4 Negligible
2. DekaBank Deutsche Girozentrale	5.0 Medium	69.0 Strong	1.6 Negligible
3. JAB Holding Co. SARL	5.0 Medium	61.0 Strong	2.0 Negligible
4. Criteria Caixa SA	5.0 Medium	60.0 Strong	2.0 Low
5. Noah Holdings Ltd	9.0 High	50.8 Average	4.4 Medium

JAB Holding Co. SARL

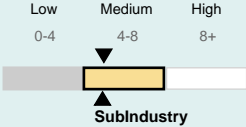
Multi-Sector Holdings Luxembourg

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

5.0
Medium

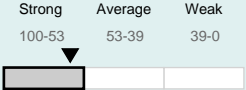


The company is not publicly traded, which positions stakeholder governance as the company's main governance area of focus. It may face decreased scrutiny of some governance practices compared to publicly traded companies. This translates into medium exposure to baseline Corporate Governance risk.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

61.0
Strong



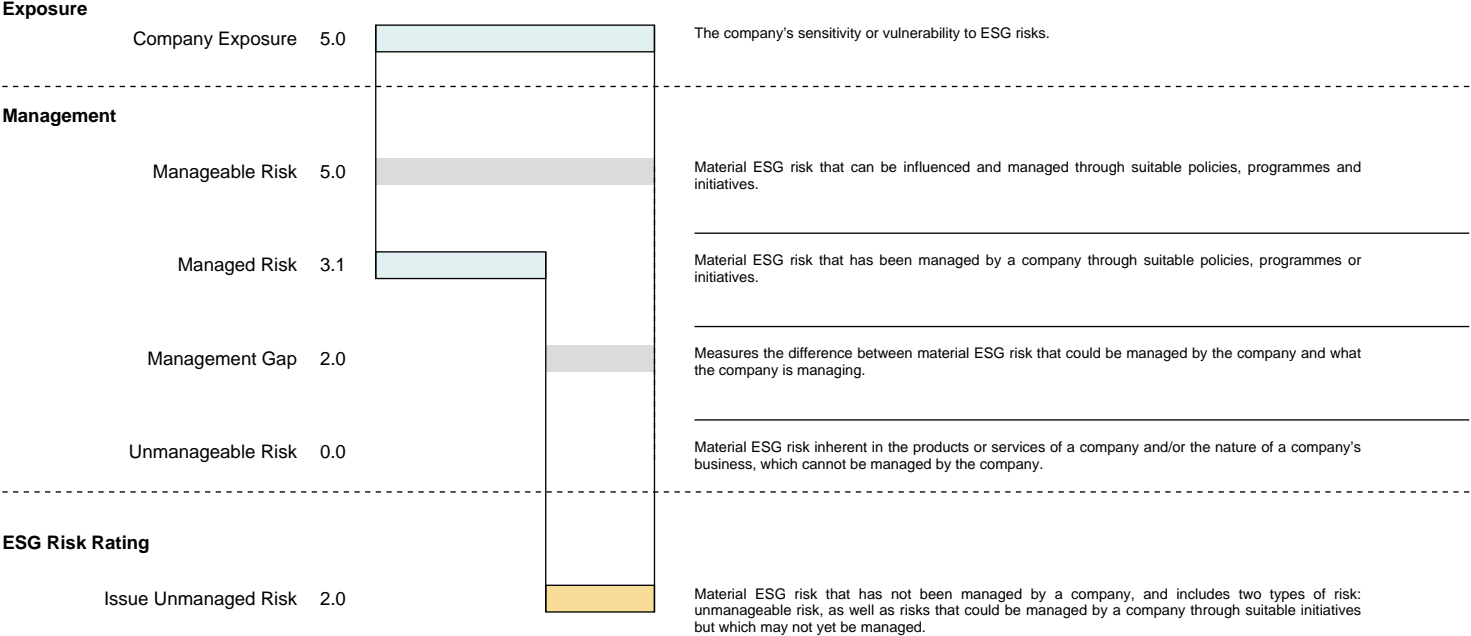
Overall, we rate the company's corporate governance management as strong.

Corporate Governance Pillars	Raw Score	Weight	Weighted Score
Stakeholder Governance	61	100.0%	61.0
Totals		100.0%	61.0

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Risk Decomposition



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Issue

Contribution 39.2 %



Human Capital

Human Capital focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

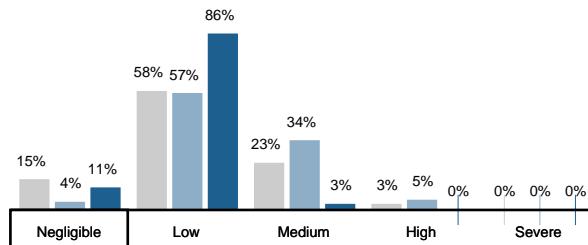
ESG Risk Rating

1.9

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	503/4402	12th
Diversified Financials INDUSTRY	5/274	2nd
Multi-Sector Holdings SUBINDUSTRY	2/94	2nd

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. JAB Holding Co. SARL	4.2 Medium	58.5 Strong	1.9 Negligible
2. DekaBank Deutsche Girozentrale	6.6 Medium	70.0 Strong	2.2 Low
3. Scentre Management Ltd.	6.0 Medium	59.8 Strong	2.6 Low
4. Criteria Caixa SA	5.7 Medium	48.8 Average	3.1 Low
5. Noah Holdings Ltd	5.4 Medium	37.9 Average	3.5 Low

JAB Holding Co. SARL

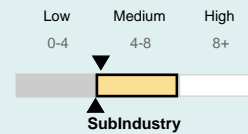
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ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

4.2
Medium



JAB Holding's employees are one of its key assets for providing high quality services to clients. In 2020, it employed around 50 professionals, including 10 partners. Inability to effectively retain and manage employees may lead to skill shortages, high training costs, compliance failures and operational inefficiencies. Moreover, given the societal scrutiny on diversity and inclusion, failure to ensure that appropriate initiatives are implemented in this area might expose the company to lawsuits and negative publicity.

The company's exposure to Human Capital issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x 1.05
Company Issue Exposure	4.2

Beta Indicators

Beta Signal

Labour Relations	0.01
Operating Performance	0.03
Solvency	0.00
Financial Flexibility	0.03
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Overall Beta	1.05

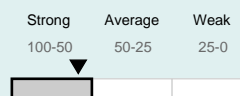
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Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.


ESG Risk Management

58.5
Strong



JAB Holding caters to its own employees' satisfaction and, respectively, commits to maintain work environment free from any kind of discrimination and to provide all employees with equal opportunities and the right to freedom of association. Furthermore, JAB Holding's board of directors oversees and monitors the holding's progress over diversity and inclusion issues, while the gender pay gap is tracked on an annual basis. Having a moderate employee turnover rate, JAB Holding tracks employees' satisfaction by conducting periodical surveys and annual performance reviews.

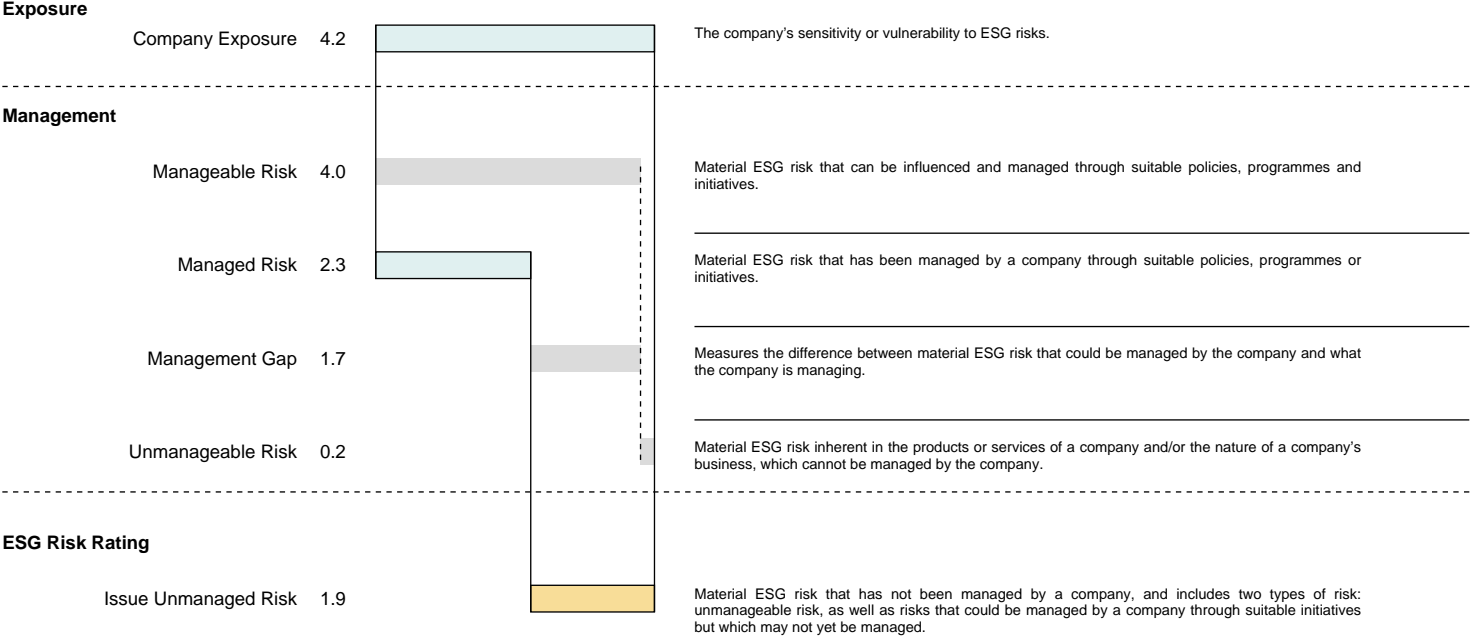
The company has above average preparedness measures to address Human Capital issues and has been implicated in minor controversies related to the issue. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Discrimination Policy	100	14.3%	14.3
Freedom of Association Policy	100	4.8%	4.8
Human Capital Development	75	26.1%	19.6
Diversity Programmes	50	21.4%	10.7
Employee Turnover Rate	50	4.8%	2.4
Gender Pay Equality Programme	50	9.5%	4.8
Collective Bargaining Agreements	25	4.8%	1.2
Employee Training	20	4.8%	1.0
Gender Pay Disclosure	0	4.8%	0.0
 Labour Relations	Category 1	5%	0.0
Weighted Sum			58.5

JAB Holding Co. SARL

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Risk Decomposition



JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg

Issue

Contribution 10.2 %



ESG Integration - Financials

ESG Integration - Financials includes all ESG integration activities by financial institutions that are either driven by financial downside risk considerations or by business opportunities.

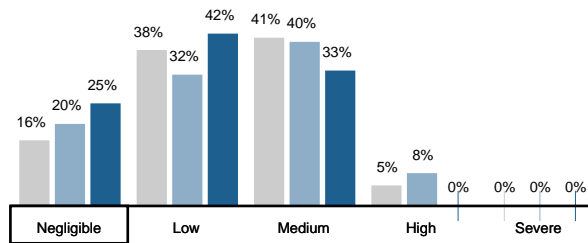
ESG Risk Rating

0.5

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK (1 st = lowest risk)	PERCENTILE (1 st = lowest risk)
Global Universe	16/1091	2nd
Diversified Financials INDUSTRY	9/225	5th
Multi-Sector Holdings SUBINDUSTRY	5/96	5th

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. JAB Holding Co. SARL	4.2 Medium	88.5 Strong	0.5 Negligible
2. Criteria Caixa SA	5.6 Medium	51.9 Strong	2.7 Low
3. DekaBank Deutsche Girozentrale	7.4 Medium	55.1 Strong	3.3 Low
4. Noah Holdings Ltd	6.3 Medium	29.1 Average	4.5 Medium
5. Scentre Management Ltd.	7.0 Medium	3.0 Weak	6.8 High

JAB Holding Co. SARL

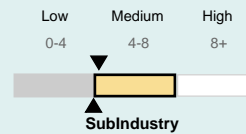
Multi-Sector Holdings Luxembourg

ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

4.2
Medium



Jab Holding manages more than USD 50 billion of capital (in FY2020) invested mainly in businesses as beverages, fast-casual restaurants, pet care, beauty and luxury as well as indulgence. Considering the growing awareness and demand for responsible investment by clients, inability to integrate ESG considerations in its investment strategies and involvement in controversial activities such as animal testing of products could result in financial losses, reputational damage and stakeholder scrutiny.

The company's exposure to ESG Integration -Financials issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x 1.05
Company Issue Exposure	4.2

Beta Indicators

Beta Signal

Environmental Impact of	0.00
Social Impact of Products	0.00
Carbon Impact of Products	0.00
Society - Human Rights	0.00
Operating Performance	0.03
Solvency	0.00
Financial Flexibility	0.03
Asset Performance	0.00
Headquarters Location	-0.03
Sales Location	0.00
Responsible Asset Portfolio	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Overall Beta	1.05

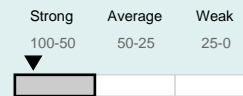
JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg





Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

ESG Risk Management

88.5
Strong



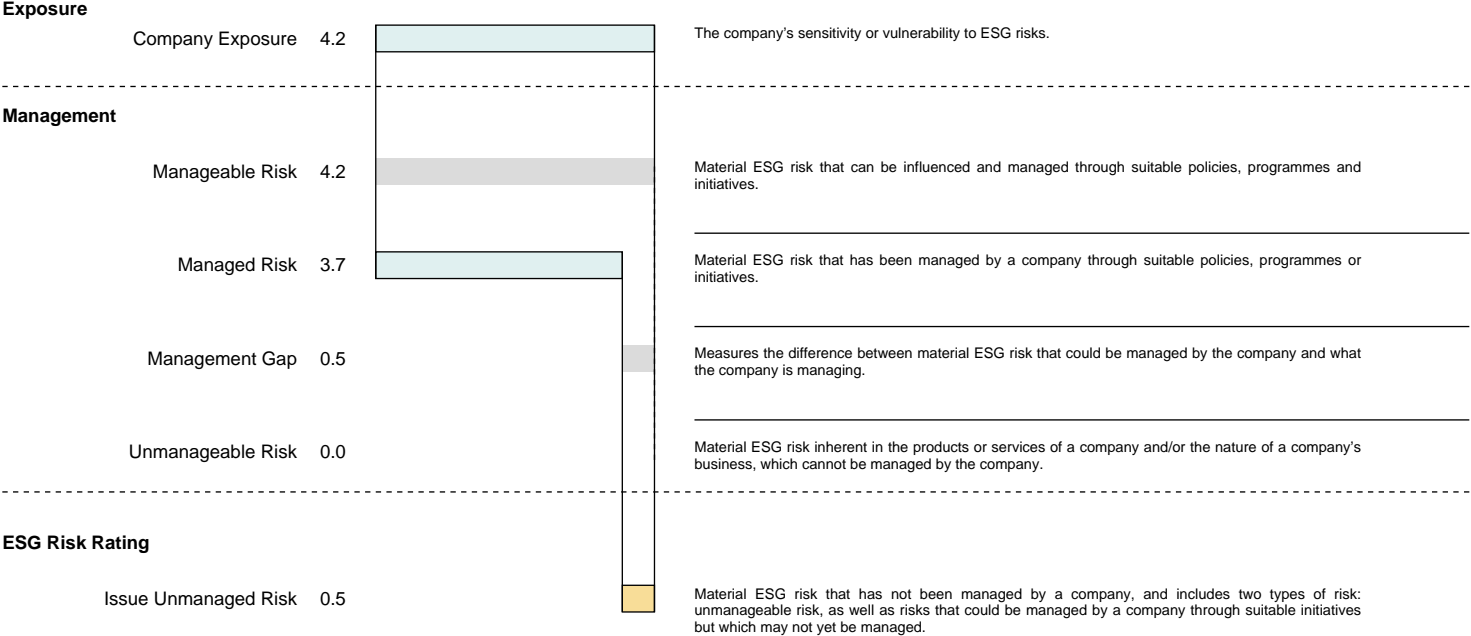
To tackle ESG risks related to investments, JAB Holding elaborated a strong Responsible Investment and Stewardship Policy, which identifies conditions for abstaining from investing or to excluding companies from the investment portfolio, ESG criteria and best-in-class approach to pursue while considering an investment opportunity. Finally, the policy establishes principles of engagement with portfolio investments. All these commitments are reflected in the company's responsible investment programme, which is also complimented by continuous ESG risk monitoring within the investment portfolio and board of directors' responsibility for the implementation of JAB Holding's responsible investment policy. In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Responsible Investment Policy	100	53.8%	53.8
Responsible Investment Programme	75	46.2%	34.6
 Carbon Impact of Products	Category 0	0%	0.0
 Environmental Impact of Products	Category 0	0%	0.0
 Social Impact of Products	Category 0	0%	0.0
 Society - Human Rights	Category 0	0%	0.0
Weighted Sum			88.5

JAB Holding Co. SARL

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Risk Decomposition



JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg

Issue

Contribution 9.7 %

Business Ethics

Business Ethics focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

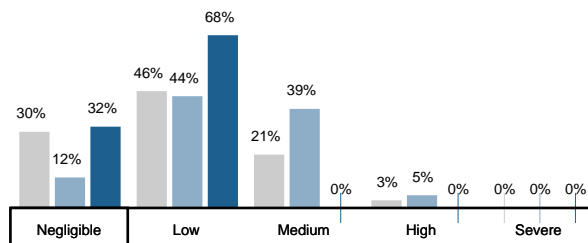
ESG Risk Rating

0.5

Negligible Risk



ESG Risk Rating Distribution



ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 st = lowest risk)	(1 st = lowest risk)
Global Universe	64/4277	2nd
Diversified Financials INDUSTRY	1/276	1st
Multi-Sector Holdings SUBINDUSTRY	1/96	1st

Peers Table

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. JAB Holding Co. SARL	4.2 Medium	93.8 Strong	0.5 Negligible
2. Criteria Caixa SA	5.7 Medium	59.6 Strong	2.5 Low
3. Noah Holdings Ltd	5.4 Medium	50.0 Average	2.8 Low
4. DekaBank Deutsche Girozentrale	6.6 Medium	60.0 Strong	2.8 Low
5. Scentre Management Ltd.	6.0 Medium	53.1 Strong	3.0 Low

JAB Holding Co. SARL

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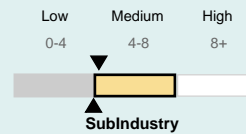
ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

ESG Risk Exposure

4.2

Medium



Jab Holding operates in the Northern and Southern Americas as well as in four European countries, which requires the company to comply with a set of different regulatory frameworks. Ethical infractions such as bribery and corruption, conflicts of interest, insider trading and violations of accounting and reporting standards could lead to investigations, fines and settlement costs.

The company's exposure to Business Ethics issues is medium and similar to the subindustry exposure.

Exposure Analysis

Subindustry Issue Exposure	4.0
Issue Beta	x 1.05
Company Issue Exposure	4.2

Beta Indicators

Beta Signal

Accounting and Taxation	0.00
Anti-Competitive Practices	0.00
Bribery and Corruption	0.00
Business Ethics	0.00
Lobbying and Public Policy	0.00
Sanctions	0.00
Operating Performance	0.03
Solvency	0.00
Financial Flexibility	0.03
Asset Performance	0.00
Qualitative Overlay	0.00
Subindustry Correction Factor	0.00
Exceptional Event Adjustment	0.00
Total Beta Signal	0.05
Baseline	+1.00
Overall Beta	1.05

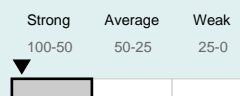
JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.







ESG Risk Management

93.8
Strong



To mitigate risks of unethical behavior, JAB Holding elaborated a detailed code of conduct, which tackles such issues as bribery and corruption, conflicts of interest, insider trading and others. These commitments are supported by a very strong ethical programme, which includes regular training of employees on compliance and ethical standards, procedures to investigate ethical violations and undertake corrective actions as well as an internal system to detect corruption. Furthermore, employees and third parties can use anonymously an independent whistleblower channel to report any suspected ethical or legal violations related to Jab Holding without any fear of being retaliated against.

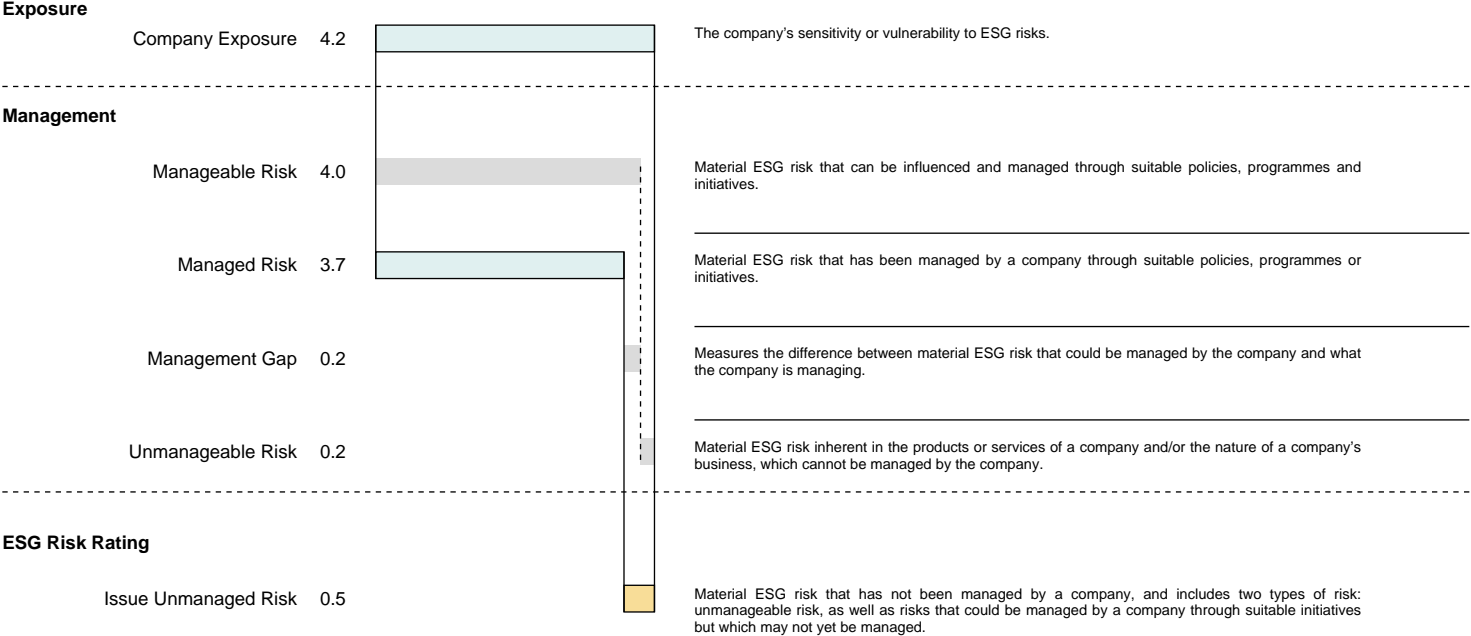
In our view, the company's management of the issue is above average.

Management Indicators	Raw Score	Weight	Weighted Score
Bribery & Corruption Policy	100	15.0%	15.0
Bribery & Corruption Programmes	100	25.0%	25.0
Business Ethics Programme	100	30.0%	30.0
Lobbying and Political Expenses	100	5.0%	5.0
Political Involvement Policy	75	5.0%	3.8
Whistleblower Programmes	75	20.0%	15.0
 Accounting and Taxation	Category 0	0%	0.0
 Anti-Competitive Practices	Category 0	0%	0.0
 Bribery and Corruption	Category 0	0%	0.0
 Business Ethics	Category 0	0%	0.0
 Lobbying and Public Policy	Category 0	0%	0.0
 Sanctions	Category 0	0%	0.0
Weighted Sum			93.8

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Risk Decomposition



Appendix



Management Details



Corporate Governance

Stakeholder Governance

61 Outperformer

Raw Score

In reviewing the company's practices regarding ESG stakeholder governance, points of attention for JAB Holding Co. SARL are: ESG Governance, Bribery & Corruption Policy and Discrimination Policy.

- ESG Governance: A board member or a board committee is responsible for overseeing ESG issues
- Bribery & Corruption Policy: The company has a very strong policy
- Discrimination Policy: The company has a strong policy



Indicators	Score
ESG Governance	100
Environmental Policy	0
Whistleblower Programmes	75
Tax Disclosure	0
Discrimination Policy	100
Scope of Social Supplier Standards	50
GHG Reduction Programme	100
Green Procurement Policy	60
ESG Reporting Standards	0
Verification of ESG Reporting	0
Global Compact Signatory	100
ESG Performance Targets	0
Political Involvement Policy	75
Lobbying and Political Expenses	100
Bribery & Corruption Policy	100

Appendix

Exposure Details

Human Capital

EA.E.22 - Labour Relations

0.01
Beta Signal

The company is involved in low-level controversies of this type, signaling higher exposure to this issue.

EA.F.1 - Operating Performance

0.03
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): -75.62%
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of August 2021): 0.46
Subindustry Median (3 Period Exponentially Weighted Average as of August 2021): 0.36
Source: Morningstar, August 2021. All Rights Reserved., FactSet, August 2021. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.03
Beta Signal

The company has a very weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): -194.64%
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.67%
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved., FactSet, December 2020. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

Appendix

Exposure Details

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

S.1.1 - Freedom of Association Policy

100	4.75%	4.8
Raw Score	Weight	Weighted Score

The company has a strong policy on freedom of association

Sources

JAB Holding Co. SARL Human Rights Policy, released July 2021

S.1.2 - Discrimination Policy

100	14.25%	14.3
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- List of the types of discrimination the company is committed to eliminate
- Reference to the ILO conventions
- Commitment to ensure equal opportunity

Sources

JAB Holding Co. SARL Code of Conduct, released July 2021
 JAB Holding Co. SARL Human Rights Policy, released July 2021
 The company provide feedback on 31 January 2020

S.1.3 - Diversity Programmes

50	21.38%	10.7
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Managerial or board level responsibility for diversity initiatives
- Diversity monitoring or audits
- Employee affinity groups, diversity councils, or networking groups
- Training and guidance regarding diversity
- Mentorship programmes
- Targeted recruitment
- Diversity initiatives that go beyond legal compliance
- Initiatives supporting a diverse workforce

Sources

JAB Holding Co. SARL Human Capital Program, released July 2021
 Prior to research start date, the company sent documents / comments on 14 October 2021
 The company provide feedback on 31 January 2020
 The company provided Feedback on 11 November 2021
 The company provided Feedback on 16 November 2021

S.1.3.1 - Gender Pay Equality Programme

50	9.50%	4.8
Raw Score	Weight	Weighted Score

The company has an adequate programme

Criteria

- Quantitative targets and deadlines
- Global gender pay gap audit or compensation review
- Initiatives to close the gender pay gap
- Commitment to gender pay equality
- Monitoring and measurement

Sources

JAB Holding Co. SARL Human Capital Program, released July 2021
 The company provided Feedback on 16 November 2021

Appendix



Management Details

S.1.3.2 - Gender Pay Disclosure

0	4.75%	0.0
Raw Score	Weight	Weighted Score

Based on available evidence, the company does not disclose related information

Criteria

- Disclosure of the company's global median raw gender pay gap
- Disclosure of ratio of basic salary and remuneration of women to men for specific employment categories (level or function)
- Disclosure of the company's global mean (average) raw gender pay gap

S.1.5 - Employee Turnover Rate

50	4.75%	2.4
Raw Score	Weight	Weighted Score

The company's employee turnover rate is average

Sources

Prior to research start date, the company sent documents / comments on 14 October 2021

S.1.4 - Collective Bargaining Agreements

25	4.75%	1.2
Raw Score	Weight	Weighted Score

Disclosure is insufficient to determine the percentage of the company's employees that are covered by collective bargaining agreements

Sources

JAB Holding Co. SARL Human Rights Policy, released July 2021

S.1.5.2 - Human Capital Development

75	26.13%	19.6
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Initiatives for talent development
- Formal mechanisms to promote an open feedback culture
- Initiatives for talent retention
- Regular formal performance reviews for all permanent employees aligned with career development
- Reporting on human capital development metrics
- Quantitative targets related to human capital development
- Reporting on human capital risk assessment
- Initiatives for talent recruitment

Sources

JAB Holding Co. SARL Human Capital Program, released July 2021

The company provided Feedback on 11 November 2021

The company provided Feedback on 16 November 2021

S.1.6.1 - Employee Training

20	4.75%	1.0
Raw Score	Weight	Weighted Score

The company does not disclose the number of training days that employees receive

Appendix



Management Details

Labour Relations Events



Category 1 Event - Low

Incident History



Locations: Banbury, UK

Tags: Labour Relations

Banbury workers accept deal with the company

Global Unions - 18 August 2021

Update: Protest over company's push to rehire 291 workers at inferior
Global Unions - 03 May 2021

Update: Banbury workers vote to strike over "fire and rehire" plans
Banbury Guardian - 16 April 2021

Update: JDE Peet's plans to dismiss and rehire 291 workers in Banbury
Global Unions - 24 March 2021

Appendix

Exposure Details

ESG Integration - Financials

EA.E.17 - Environmental Impact of Products

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.32 - Social Impact of Products

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.46 - Carbon Impact of Products

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.48 - Society - Human Rights

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.03
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): -75.62%
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of August 2021): 0.46
Subindustry Median (3 Period Exponentially Weighted Average as of August 2021): 0.36
Source: Morningstar, August 2021. All Rights Reserved.,
FactSet, August 2021. All Rights Reserved.

EA.F.3 - Financial Flexibility

0.03
Beta Signal

The company has a very weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): -194.64%
Subindustry Median (Trailing 3 Years): 12.83%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00
Beta Signal

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.67%
Subindustry Median (Trailing 3 Years): 4.35%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

Appendix



Exposure Details

EA.G.1 - Headquarters Location

- 0.03
Beta Signal

The location of the company's headquarters indicates slightly lower exposure to this issue.

Luxembourg: Lower exposure
Source: Sustainalytics Country Risk Rating, December 2020.

EA.G.3 - Sales Location

0.00
Beta Signal

The location of the company's sales is unknown.

EA.P.5 - Responsible Asset Portfolio

0.00
Beta Signal

Data for this company is not yet available.

EA.S.1 - Qualitative Overlay

0.00
Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00
Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00
Beta Signal

Appendix



Management Details

G.1.3.2 - Responsible Investment Policy

100	53.85%	53.8
Raw Score	Weight	Weighted Score

The company has a strong policy

Criteria

- Commitment to exclusion based on the companies' activities
- Commitment to engage with companies on ESG issues
- Commitment to integrate ESG factors or select best-in-class companies according to ESG factors

Sources

JAB Holding Co. SARL Responsible Investment and Stewardship Policy, released July 2021

G.1.3.6 - Responsible Investment Programme

75	46.15%	34.6
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Managerial responsibility for responsible investment
- Other initiatives to promote responsible investment
- Objectives and targets related to responsible investment
- Active ownership
- Prior ESG risk assessment of investment
- Reporting on RI implementation and performance
- Investment exclusions based on ESG factors
- Requirements for investment managers to integrate ESG issues into investment strategies
- Continuous monitoring of ESG risks
- Best-in-class investments based on ESG factors

Sources

JAB Holding Co. SARL Responsible Investment and Stewardship Policy, released July 2021

JAB Holding Co. SARL Responsible investment and Stewardship Policy, accessed 12 November 2021

The company provided Feedback on 11 November 2021

The company provided Feedback on 16 November 2021

Appendix

Exposure Details



Business Ethics

EA.E.2 - Accounting and Taxation

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.4 - Anti-Competitive Practices

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.6 - Bribery and Corruption

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.7 - Business Ethics

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.23 - Lobbying and Public Policy

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.E.30 - Sanctions

0.00
Beta Signal

The company is not involved in any controversies of this type.

EA.F.1 - Operating Performance

0.03
Beta Signal

The company has a very weak net income margin.

Average Net Income Margin (Trailing 3 Years): -75.62%
Subindustry Median (Trailing 3 Years): 17.74%
Source: Morningstar, December 2020. All Rights Reserved.,
FactSet, December 2020. All Rights Reserved.

EA.F.2 - Solvency

0.00
Beta Signal

The company has an average debt-equity ratio.

Average Debt to Equity Ratio (3 Period Exponentially Weighted Average as of August 2021): 0.46
Subindustry Median (3 Period Exponentially Weighted Average as of August 2021): 0.36
Source: Morningstar, August 2021. All Rights Reserved.,
FactSet, August 2021. All Rights Reserved.

Appendix



Exposure Details

EA.F.3 - Financial Flexibility

0.03

Beta Signal

The company has a very weak cash flow ratio.

Average Free Cash Flow Ratio (Trailing 3 Years): -194.64%
 Subindustry Median (Trailing 3 Years): 12.83%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.F.4 - Asset Performance

0.00

Beta Signal

The company has an average return on assets.

Average Return on Assets (Trailing 3 Years): 3.67%
 Subindustry Median (Trailing 3 Years): 4.35%
 Source: Morningstar, December 2020. All Rights Reserved.,
 FactSet, December 2020. All Rights Reserved.

EA.S.1 - Qualitative Overlay

0.00

Beta Signal

The analyst did not apply a qualitative overlay.

EA.S.2 - Subindustry Correction Factor

0.00

Beta Signal

EA.S.3 - Exceptional Event Adjustment

0.00

Beta Signal

Appendix



Management Details

G.1.1 - Bribery & Corruption Policy

100	15.00%	15.0
Raw Score	Weight	Weighted Score

The company has a very strong policy

Criteria

- Prohibition of bribery
- Guidelines of what is considered acceptable behaviour
- There is no evidence of a formal policy but the company has a general statement addressing the issue
- Definition of conflicts of interest and commitment to minimize these
- Definition of bribery or corruption
- Definition and prohibition of facilitation payments

Sources

JAB Holding Co. SARL Code of Conduct, released July 2021
 On Friday, November 13, 2020, Sustainalytics sent JAB Holding Co. SARL the Sustainalytics ESG Feedback Report
 On Friday, Thursday October 28, 2021, Sustainalytics sent JAB Holding Co. SARL the Sustainalytics ESG Feedback Report
 The company provide feedback on 31 January 2020
 The company provided Feedback on 11 November 2021
 The company provided Feedback on 16 November 2021
 The company provided Feedback on 26 November 2020
 The company provided Feedback on 26 November 2020 (Analyst comments)

G.1.1.1 - Bribery & Corruption Programmes

100	25.00%	25.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Managerial responsibility for bribery and corruption
- Regular training on bribery and corruption
- Operating guidelines addressing record keeping, approval procedures and appropriate behaviour
- Internal monitoring system to detect corruption
- Regular bribery and corruption risk assessments
- Annual signoff of the policy on bribery and corruption by employees
- Mechanisms for employees to consult on ethical issues

Sources

JAB Holding Co. SARL Compliance Program, released July 2021
 The company provide feedback on 31 January 2020

G.1.2 - Whistleblower Programmes

75	20.00%	15.0
Raw Score	Weight	Weighted Score

The company has a strong programme

Criteria

- Proactively communicated to employees
- Available in local languages
- Non-retaliation policy
- An independent, reporting hotline available 24/7
- Structures in place to process whistleblower reports
- Available to suppliers, customers and other third parties
- Possibility for anonymous reporting and reports are treated confidentially
- Disclosure on the number of reports received, the types of misconduct and measures taken

Sources

JAB Holding Co. SARL Compliance Program, released July 2021
 JAB Holding Co. SARL Corporate Website, Whistleblowing, report.whistleb.com; accessed 12 November 2021
 The company provide feedback on 31 January 2020
 The company provided Feedback on 11 November 2021

G.1.2.1 - Business Ethics Programme

100	30.00%	30.0
Raw Score	Weight	Weighted Score

The company has a very strong programme

Criteria

- Commitment to address major business ethics risks
- Incident investigation and corrective actions
- Operating guidelines
- Managerial responsibility for business ethics
- Annual training of employees on the Code of Conduct
- Board responsibility for business ethics issues
- Ethical risk assessments
- Measures to deter non-compliance and reduce exposure to unethical opportunities

Sources

JAB Holding Co. SARL Code of Conduct, released July 2021
 JAB Holding Co. SARL Compliance Program, released July 2021
 The company provide feedback on 31 January 2020
 The company provided Feedback on 11 November 2021

Appendix



Management Details

G.3.1 - Political Involvement Policy

75	5.00%	3.8
Raw Score	Weight	Weighted Score

The company has an adequate policy

Criteria

- Prohibits political involvement of any kind on the company's behalf
- Approved by senior management
- Partially prohibits political involvement
- Commits the company to disclose political donations and/or lobbying expenditures

Sources

JAB Holding Co. SARL Code of Conduct, released July 2021

G.3.2 - Lobbying and Political Expenses

100	5.00%	5.0
Raw Score	Weight	Weighted Score

The company states that it does not make political contributions or political spending

Sources

European Commission & European Parliament Transparency Register, www.ec.europa.eu; accessed 19 October 2021

OpenSecrets, www.opensecrets.org; accessed 19 October 2021

The company provided Feedback on 16 November 2021

JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg

GLOSSARY OF TERMS

Beta (Beta, β)






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

Excess Exposure

The difference between the company's **exposure** and its **subindustry exposure**.

Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

Management

A company's handling of ESG risks.

Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

JAB Holding Co. SARL

Multi-Sector Holdings Luxembourg

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